

# Integrated Report —Annual Report—

April 1, 2025 – March 31, 2026

# 2026

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### Editorial Policy

Drawing from its value creation story, the Aozora Group publishes an Integrated Report as a key means of promoting dialogue with all of its stakeholders. This document is provided, taking into consideration the International Integrated Reporting Framework published by the IFRS Foundation as well as the Ministry of Economy, Trade and Industry's “Guidance for Collaborative Value Creation.”

In preparing the FY2026 edition of the Bank's Integrated Report, we have structured the content in a manner that explains our distinctive business model in an easy-to-understand manner. As a bank that is neither a megabank nor a regional bank, we aim to clearly convey the path the Bank is taking to enhance its corporate value.

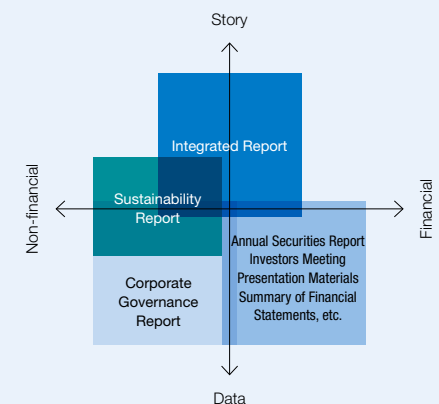
The “About Aozora Bank” section of the Report provides an overview of the Group's business model. In the “Value Creation Strategy” and “Value Creation Foundation” sections that follow, we describe specific strategies, covering initiatives employed on the frontlines of our business, the risk management framework that supports these initiatives, and our human resources strategy.

We hope that this document will help you better understand the initiatives we are taking to achieve further growth.

### Forward-looking Statements

This document contains forward-looking statements regarding Aozora's financial condition and results of operations. These forward-looking statements, which include Aozora's views and assumptions with respect to future events, involve certain risks and uncertainties. Actual results may differ from forecasts due to changes in economic conditions and other factors.

### Information Disclosure Framework



## Management Philosophy

# Mission

A o z o r a M i s s i o n

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

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

# Vision

A o z o r a V i s i o n

# Action

A o z o r a ' s  
K e y P r i o r i t i e s

1. Provide specialized and value-added financial services
2. Move quickly, while responding patiently and politely
3. Prioritize teamwork and provide a more comfortable working environment
4. Respect one's colleagues and support professional growth of all team members
5. Learn from the past while adapting to and focusing on the future
6. Take smart risks in new areas based upon our skills and experience
7. Actively contribute to the sustainable growth of society



# Business Portfolio

| Business domain                                                                                                                                                                                                            | Business units                                                                                                                                                             | Main services                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Value creation strategy for each business                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p><b>Structural transformation</b><br/>Providing banking products and services that support our customers' corporate transformation</p> | <p><b>Strategic Investments Unit</b></p> <ul style="list-style-type: none"> <li>Corporate finance</li> <li>Structured finance</li> </ul> <p><b>GMO Aozora Net Bank</b></p> | <p>■ <b>Corporate finance</b><br/>Domestic corporate lending, venture debt, and equity investments with a primary focus on engagement</p> <p>■ <b>Structured finance</b><br/>LBO loans, real estate finance, and business recovery</p> <p>■ <b>A technology bank that focuses on corporate customers</b><br/>An online-only bank established through a joint venture between Aozora Bank and the GMO Internet Group</p> <ul style="list-style-type: none"> <li>Financial products and services that support Japanese companies as they face the need for structural transformation</li> <li>Going beyond traditional lending, the business is distinguished by its focus on providing solutions designed to enhance corporate value and resolve social issues</li> <li>Deliver significant convenience at a low cost by leveraging advanced IT technology</li> </ul> | <p>Supporting Corporate Transformation and Addressing Social Issues<br/>—Strategic Investments Business—</p> <p>P27</p> <p>Remaining Our Customers' Primary Bank of Choice<br/>—GMO Aozora Net Bank—</p> <p>P34</p> <p>Main customers:  </p>                                                                        |
|  <p><b>Global market</b><br/>Supporting the Group's growth by leveraging our market functions</p>                                         | <p><b>Market &amp; International Business Unit</b></p> <ul style="list-style-type: none"> <li>Financial markets</li> <li>Overseas investments/lending</li> </ul>           | <p>■ <b>Market business</b><br/><b>Investments in securities/ALM</b><br/>Manage the Bank's overall funding and investment operations</p> <p><b>Provide derivative products</b><br/>Meet customers' hedging and investment needs</p> <p>■ <b>International business</b><br/>Overseas corporate finance<br/>Collaboration with Tokyo by New York and London offices</p> <ul style="list-style-type: none"> <li>Actively participate in the domestic and international interest rate, foreign exchange, equity, and credit markets; responsible for balancing the Group's overall earnings and risk profile from a global perspective</li> </ul>                                                                                                                                                                                                                        | <p>Supporting Group-wide Growth through Knowledge of Global Markets<br/>—The Market &amp; International Business Unit—</p> <p>P36</p> <p>Main customers:  </p>                                                                                                                                                  |
|  <p><b>Investment opportunities</b><br/>Customer-oriented deposit and wealth management business</p>                                    | <p><b>Customer Relations Unit</b></p> <ul style="list-style-type: none"> <li>Deposit funding</li> <li>Wealth management business</li> </ul>                                | <p>■ <b>Financial institutions and regional corporations</b><br/>Corporate deposits, syndicated loans, trust-based investment products</p> <p>■ <b>Retail customers</b><br/>Online deposit service "BANK™," Aozora Investment Management, and fund wraps</p> <ul style="list-style-type: none"> <li>Provide investment opportunities to customers through our origination and distribution (O&amp;D) capabilities, driven by close collaboration between the Strategic Investments Unit and our financial institutions and regional corporations sales teams</li> <li>We support our customers throughout their lives through both savings and investment services</li> </ul>                                                                                                                                                                                        | <p>Creating Value through a Unique Network<br/>—Financial Institutions Business—</p> <p>P28</p> <p>Asset Management in a Positive Interest Rate Environment<br/>—Retail Business—</p> <p>P31</p> <p>Main customers:   </p> |

# CEO Message

## Looking Back on FY2025

FY2025 was a year in which we not only gained greater confidence in our growth trajectory, but also more clearly recognized the challenges that lay ahead as we work to expand even further.

In FY2025, the performance of the three growth drivers identified in our Mid-term Plan “Aozora 2027”—our Japan-focused Strategic Investments Business, the synergies generated through our capital and business alliance with Daiwa Securities Group, and the growth of GMO Aozora Net Bank (GMO Aozora)—all exceeded expectations. Of note in the domestic market, structured finance, one of our key strengths, continued to expand, resulting in an increase of 260 billion yen in our domestic loan outstandings. Supported by an improvement in loan-to-deposit interest rate spreads, domestic net interest income increased 10.3 billion yen, or 41%, compared with the previous fiscal year. Moreover, non-interest income increased 9.3 billion yen, or 25%, year on year driven by the higher level of LBO loan arrangement fees attributable to growth in M&A transactions as well as an increase in capital gains from investment funds. As a result, profit attributable to owners of parent exceeded our original forecast for a second consecutive year, allowing us to provide higher shareholder returns in the form of a dividend increase.

Recognizing the gravity of the net loss incurred two years ago, we have taken steps to address all outstanding legacy issues and to become a bank with which all stakeholders can confidently maintain a long-term relationship. Drawing upon ongoing discussions by the Board of Directors, we have established and are operating a mechanism that utilizes our risk appetite framework not only as a “defensive” tool, but also as an “offensive” compass. Here, we have reaffirmed our direction of



Discovering seeds  
of possibility.

Thinking together.

Expanding horizons.

Bringing vision to life.

**Hideto Oomi**

Representative Director  
President and CEO

## CEO Message

establishing risk appetite policies by business unit and stabilizing earnings while maintaining our pace of new growth investments.

Meanwhile, we recognize that our share price below a price-to-book ratio (PBR) of 1 times remains a challenge for us. While our Mid-term Plan “Aozora 2027” has gotten off to a promising start, our ROE remains at 5.5%, which is below our 8% target.

Japan's economy and society are currently at a turning point, and a clear path has emerged for Aozora to capitalize on this opportunity toward achieving our goals. As more and more companies engage with the capital markets, pursue sustainable growth, and enhance corporate value, our Strategic Investments Business—a key growth driver—will grow further, leading to an improvement in our ROE. Furthermore, the challenges of societal transition—including a declining population and inflation—serve as new business opportunities that will drive our future growth. Guided by our founding spirit of “pioneering new fields considered challenging by society,” we have deepened relationships with customers and opened up new areas of business by tackling challenging problems. Whenever we view challenging issues as “interesting” and seek solutions through creativity and ingenuity, this can lead to the creation of unique and profitable new businesses for our company. We recognize that the current market environment is one in which Aozora can grow by practicing our management philosophy of “contribute to the development of society through the creation of new value-added financial services.” I consider myself fortunate to have been involved in many of Aozora's new ventures, and I feel the same sense of enthusiasm now as I did back then.

In this message, I will outline the current status and future vision of Aozora, which occupies a unique position due to our history and evolution.

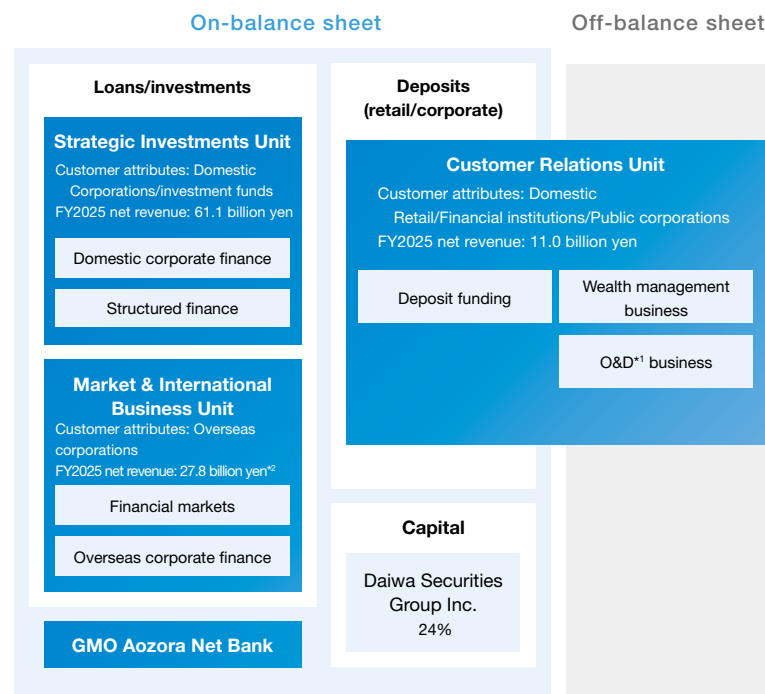
### Characteristics of Each Business Unit

By combining businesses with different revenue structures, cycles, risk profiles, and capital efficiency, we can minimize earnings volatility while enabling the risk-taking necessary for growth investments. This is the foundation of our Group's business portfolio strategy.

In FY2025, we were able to build a foundation for stable growth by leveraging the growth momentum provided mainly by our Strategic Investments Unit and also by allocating the necessary resources to each division and business area.

Moving forward, we are committed to improving our ROE, securing the stability and growth of profits, and achieving a PBR of over 1 times by leveraging our strengths and addressing the transformation needs of the market. For our shareholders, we will deliver stable returns based on increased earnings together with our capital policy of maintaining a dividend payout ratio of approximately 50%.

[P17 “CFO Message”](#)



\*1 Origination & Distribution

\*2 Excluding legacy assets

### Strategic Investments Unit

- A group-wide growth driver that addresses the structural transformation needs of the corporate sector
- Cash flow-based lending and structured finance
  - In addition to financial statements, analyzes future cash flows and provides the funds necessary for corporate transformation while mitigating credit risk by adjusting collateral as well as contract terms and conditions
- Works to expand the customer base and achieve sustainable profit growth

FY2027 business unit RORA plan: 1.6%

### Market & International Business Unit

- Responsible for enhancing the balance between revenue and risk across the Group from a global perspective by engaging in domestic and overseas financial markets
- Supports domestic businesses through diversification across regions, currencies, and industries; works to secure stable earnings and diversify risk
- Utilizes the knowledge gained from participating in global markets as well as experienced professionals as an information platform in management decisions and the development of businesses

FY2027 business unit RORA plan: 1.6%\*<sup>2</sup>

### Customer Relations Unit

- Focused on deposit funding and the wealth management (AUM) business that provides products tailored to customer asset management needs
- Leveraging the Group's product distribution capabilities and regional financial institutions network, engages in origination and distribution (O&D) business activities that structure, customize, and distribute loans tailored to customers' needs
- Earnings are mainly derived from capital efficient fee income businesses

FY2027 business unit RORA plan: 17.9%

## CEO Message



### **Strategic Investments Business: Cash Flow-based Lending and Structured Finance — Providing Financial Services Necessary for Transformation**

In an effort to move away from a post-bubble deflationary economy and transition to a growth-oriented economy, many companies are considering dramatic transformations such as expanding their scale through consolidation, withdrawing from underperforming businesses, and enhancing efficiency through the use of AI. Moreover, the collective impact of the Corporate Governance Code taking root in Japanese companies, the need for management to be more conscious of their cost of capital and stock prices, and the rise of activist investors have highlighted the importance of restructuring of capital and financing. Faced with a virtuous cycle of wages and prices that they have not experienced for some time and an unprecedented population decline, the vast majority of companies in Japan are looking for partners who can help them explore, broaden, and shape future strategic options.

These changes in the environment have created an excellent opportunity for Aozora to leverage its strengths

and deepen ties with our customers, and this has already been reflected in our results for FY2025. Management decisions such as M&A, going-private transactions, share buybacks, the acquisition and development of real estate, and business restructuring inevitably involve future risks. Our Strategic Investments Business is equipped

with the expertise to provide the funding necessary for these transformational initiatives. This expertise is grounded not only in the analysis of financial statements that reflect customers' past performance, but also in the assessment of future cash flows and efforts to mitigate credit risk by structuring collateral as well as contract terms and conditions.

### **Providing Integrated Banking and Securities Services with Daiwa Securities Group**

In the first year of our alliance with Daiwa Securities Group, we focused on gaining a mutual understanding of each other's strengths and corporate cultures, as well as on laying the groundwork for more tangible commercial synergies. In the second year, FY2025, synergy effects began to gradually emerge, and as momentum grew, we reported business profit of 3.5 billion yen, exceeding our initial plans. Drawing on Daiwa Securities' customer base, opportunities to make proposals to their customers increased, with roughly 40% of the Bank's new customers acquired on a referral basis. In FY2025, the total amount of investments and loans arising from the alliance had reached 286 billion yen.

### **Complementary Relationship and Governance**

Behind the smooth progress of this alliance are a modest equity relationship and strong complementary relationship. Daiwa Securities' strength lies in its customer relationships with the vast majority of publicly listed companies in Japan, for which it serves as the lead underwriter. Meanwhile, our bank has strength in specialized lending, such as cash flow-based lending and structured finance. However, due to the number of our customers, opportunities to fully leverage these capabilities had been limited. When Daiwa Securities identifies M&A or share repurchase needs among its corporate customers, mainly listed companies, it collaborates with us given our strength in cash flow-based lending and structured finance, thereby enabling more advanced and diversified proposals.

A customer-oriented approach and governance are central to our alliance. We do not share customer information between the two groups until we receive a "Consent to Information Sharing" from the customer. Only when an agreement is executed, do we leverage the wide array of solutions offered by both groups to put forward proposals that help address each customer's issues. At the same time, we recognize the critical need to ensure fair benefits for all stakeholders, including shareholders other than Daiwa Securities Group and other investors. This applies equally to Daiwa Securities Group. Even for deals referred to us, we engage in thoroughgoing discussions from an independent perspective before making the decision whether to proceed. We believe that maintaining an appropriate level of distance and strict discipline while collaborating in a manner that maximizes the strengths of each group is the key to a successful integrated banking and securities services partnership.

## CEO Message

### GMO Aozora Net Bank—Achieved Profitability

As the first online-only bank focusing primarily on corporate customers, GMO Aozora provides payment settlement, sales proceeds receipt, and other services at an unrivalled level of convenience and low cost. As a result, support for GMO Aozora continues to grow, especially among small and medium-sized enterprises (SMEs) as well as startups. As a measure of this support, corporate accounts now exceed 250,000 and settlement fees have also increased. Deposit balances linked to customers' payment and settlement transactions have now surpassed 1.3 trillion yen, and the net interest income has increased since the Bank of Japan lifted its negative interest rate policy. In addition to new customers, the increase in payment and settlement transactions and in deposit balances driven by the growth of our existing SME and startup customers has contributed to the rapid growth in GMO Aozora's performance.

The unrivalled convenience and low cost of GMO Aozora's services is facilitated by the bank's insistence on developing systems in-house. Our business partner, GMO Internet Group, is committed to the business strategy of developing and operating all of its services in-house. This approach has consistently been reflected in the strategy of GMO Aozora as an online-only bank since it commenced operations. Currently, 40% of GMO Aozora's officers and employees are systems engineers. Based on this high level of professional expertise, the bank offers outstanding services from a wide range of perspectives. This includes the ease with which an account can be opened, the speed with which an application can be made and account activated, the low level of fees, and the extensive nature of its bank APIs. As an illustration of how the bank's efforts have been publicly recognized, GMO Aozora was ranked No. 1 on the 2025 Main Bank Growth Rate Ranking in surveys conducted by both Tokyo Shoko Research and Teikoku Databank.

In May 2026, GMO Aozora announced a pioneering

strategy to become an AI Bank, identifying three aspects to its AI agent transformation: (1) to become an AI Bank for customers, (2) reinvent the banking function through AI, and (3) become an AI Bank for AI. On this basis, GMO Aozora is one of the world's first\* commercial banks to simultaneously pursue an AI agent transformation strategy across all three aspects. As a frontrunner in this new banking model in the AI era, GMO Aozora is embarking on the next stage of growth.

[P35 “Special Feature 3: GMO Aozora Net Bank Is Moving beyond Its Corporate-focused Strategy in Its Efforts to Become the AI Bank by GMO Aozora”](#)

\* As of May 2026, according to GMO Aozora

### Wealth Management (Asset Management) Business—Increase in Assets under Management

We began sales of fund wrap products, and within six months the balance of assets under management totaled approximately 70 billion yen. When combined with investment trusts structured by Aozora Investment Management and sold to retail customers at branches of regional financial institutions, total assets under management increased by more than 100 billion yen in just one year. This reflects the decision to discontinue sales of complex structured bonds and to focus on customer-oriented business management. With the government advocating “Japan as a leading asset management center” and a subsequent favorable market, retail customer asset management is expected to gather additional momentum. This in turn is anticipated to help drive sustainable growth going forward.

[P32 “Special Feature 2: For a Prosperous Future for Japan”](#)

In the Bank's origination and distribution (O&D) business, which involves structuring and customizing loans tailored to customers' needs (origination) and then distributing them to other financial institutions and other institutional

investors, Aozora was ranked 4th in the domestic league table\*. This capability has opened up the potential to expand our fee-based businesses regardless of the size of our funding or capital.

[P29 “Special Feature 1: Strategic Investments Business × Financial Institutions Business”](#)

\* Source: LSEG 2025 syndicated loan league table mandated arranger category

### To Further Enhance Management Stability

Regarding legacy assets, the primary factor behind the net loss incurred two years ago, we have taken a significant step forward by making progress in the workout of U.S. office loans and the reduction of foreign securities. At the same time, we are taking fundamental steps to strengthen risk governance through a range of initiatives, including upgrading our risk appetite framework and shifting to a “Foundation Internal Ratings-Based (FIRB) approach”, thereby building a strong risk management platform to support future growth.

### Legacy Assets—Major Step Toward a Positive Conclusion

Aozora began the U.S. office loan workout (debt recovery) process in FY2023 after posting provisions that factored in risks over the next two years. With the balance of legacy assets down to one-third of the initial amount and credit costs normalized, we completed the workout phase as of the end of March 2026. Furthermore, we initiated steps to dispose of securities with no maturity dates from our foreign securities portfolio. Unrealized losses on securities (legacy assets) have declined from the original amount of 64.7 billion yen to 47.9 billion yen, marking a major step toward bringing this issue to a close.

Due to the measures we have taken, there are now clear signs that the risks associated with legacy assets (U.S. office loans and foreign securities) are at a normalized level. Looking ahead, we will work to gradually

## CEO Message

reduce legacy assets while carefully monitoring the remaining balance.

### Strengthening Risk Governance

The main factors that led to the net loss incurred two years ago were the concentration of risks in specific asset classes and our inability to weather dramatic changes in the external environment. Reflecting on these, the Risk Governance Committee, an advisory body to the Board of Directors, engaged in thorough discussions on the development and operation of a risk appetite framework and put in place a system to report the results to the entire Board.

In discussions on individual transactions, we place greater emphasis on alignment with our risk appetite and capital efficiency, with reference to risk assets and risk adjusted return (RORA), rather than focusing solely on profitability. As a result, a stronger risk culture is taking root in the entire organization. In March 2026, Japan's Financial Services Agency authorized our transition to the more advanced FIRB approach, as a credit risk measurement method for calculating the capital adequacy ratio. Our CET1 ratio also stood at 9.6% as of March 31, 2026, expanding our capacity to take on risks to support growth.

[P22 "CRO Message"](#)

### Deposit Strategy

Stable deposit funding is critically important for ensuring stable management. Established as a long-term credit bank, we were, in principle, restricted from taking deposits to avoid competition with city and regional banks, but instead were permitted to raise funds by issuing debentures. As a result, although we were able to efficiently raise funds with a small number of branches and offer long-term loans, our involvement in daily settlement activities with retail and corporate customers was limited, as were our liquid deposits. This continued even after our

conversion to an ordinary bank in 2006.

Given this background, we launched BANK™, an online-only deposit service in 2019, as a strategy to turn the weakness of our limited branch network into a strength by leveraging the new Internet channel. Employing the Internet as our primary sales channel, we were able to enhance convenience. We were also able to pass on the cost savings from our small number of branches and low operating costs in the form of BANK™ ordinary deposit interest rates, set at levels comparable to time deposits. Our service met the needs of high net worth customers and gained strong recognition as a new type of savings account. While competition for deposits has begun to intensify following the Bank of Japan's lifting of its negative interest rate policy, the appeal of BANK™ remains unchanged even against the backdrop of ongoing expectations toward higher interest rates. BANK™ accounts currently total approximately 650,000, representing 44% of our total deposit balance.

Meanwhile, we are also placing considerable importance on expanding our customer base beyond retail customers. Many companies and municipal governments use deposits as their primary means of managing funds. We are working diligently to cultivate new opportunities while drawing on referrals from Daiwa Securities Group. This in turn is contributing to an increase in corporate deposits. Moreover, we are enhancing the fund management efficiency across the Group by channeling deposits from GMO Aozora to the Bank. As GMO Aozora's deposits are linked to the settlement of funds, we have gained indirect access to a pool of more stable deposits.

Through these means, Aozora is ensuring the funding stability required to support customers' corporate transition and wealth accumulation from a long-term perspective on an ongoing basis by building a diverse and highly stable deposit base from a wide range of customers.

### Creating Possibilities — Based on Our Human Resources Strategy and the Use of AI, We Are Working to Realize Our Management Philosophy

In July 2026, we announced a new brand concept, "Aozora Bank: Creating Possibilities." This brand concept expresses the future we aspire to create by putting into practice our management philosophy of "contribute to the development of society through the creation of new value-added financial services." It is a declaration and commitment to become a group that creates possibilities for our customers' businesses and lives, for the growth and careers of each and every employee, and for society and the financial sector through finance.

And these words embody the very essence of our founding spirit of "pioneering new fields considered challenging by society." This spirit to take on challenges is our core purpose and the source of our value creation. As CEO, I strongly believe that one of my most important responsibilities is to ensure that this spirit is deeply ingrained in our organizational culture and to create an environment in which all of our officers and employees can find fulfillment in their work while maximizing their own potential.

Looking over my banking career, which now spans over 30 years, I have faced countless challenges and experienced numerous failures. I am convinced that this life story has helped make me the person I am today. For this very reason, I truly hope that all officers and employees will boldly take on challenges without the fear of failure. I believe that any failure that results from the sincere effort to take on a challenge is a valuable lesson for future success.

To this end, we are carrying out concrete measures on multiple fronts. For example, we have introduced a more differentiated evaluation framework. Rather than focus solely on short-term performance, this system ensures that organizations and individuals who create essential

## CEO Message

added value that contributes to customer satisfaction are more fairly evaluated and compensated. In addition, we have upgraded and expanded our employee stock ownership plan in an effort to encourage participation, thereby fostering a stronger sense among all officers and employees of viewing the company from a shareholder's perspective and of actively participating in the Group's management. Through these measures, we are working to highlight and share the importance of enhancing corporate value and to foster a sense of "unity and solidarity," an issue identified in employee surveys.

Over and above these systems and programs, we are actively promoting the use of generative AI as a powerful tool to accelerate innovation across our organization. By introducing such AI tools as *Blue Intelligence* and *neoAI Chat Cloud*, we are fundamentally transforming the way tasks are performed. These tasks include gathering information and preparing documents. However, our true objective in adopting AI tools goes well beyond increasing operating efficiency. We hope to redirect the valuable resource of "time," generated through AI savings, toward critical value creation activities that can only be achieved through a human touch. Among a host of activities, we refer to our dialogue with customers, the creation of new ideas, and the pursuit of self-improvement.

We also pay close attention to the more than 600 candid comments received through our annual employee surveys, and are restructuring our organizations to break down silos and actively promoting interaction among personnel to ensure increased collaboration between divisions. Through investment in our people and active use of AI, we are working to enhance the competitiveness of Aozora's business portfolio.

[P38 "Human Resources Strategy"](#)

[P46 "Developing Data Infrastructure and Leveraging AI"](#)

## Sustainability

Engaging in sustainability activities is a key part of a company's social responsibility. More than just a passing trend, sustainability issues demand a long-term perspective. Accordingly, we view sustainability as an essential management strategy to be integrated into our business operations. Based on this understanding, we reviewed our current approach toward Materiality when formulating our Mid-term Plan in 2025. Moving forward, we will address sustainability issues by setting specific KPIs linked to our businesses and continue to monitor progress.

Through a wide range of activities, including the provision of renewable energy-related project finance geared toward promoting decarbonization, support for venture companies, and business revitalization, we are expanding the delivery of new services by not only leveraging our proprietary intermediary functions, but also collaborating with external partners in a bid to ensure the sustainable development of the economy and society.

[P47 "Sustainability Promotion"](#)

## Seeking What Is Truly "Interesting," Even in Difficult Challenges

In the late 1980s, when I was looking for a job, Japan's bubble economy was at its peak. It was very much a seller's market where students held the upper hand when choosing a company to join. Under these circumstances, I decided to focus on banks and ultimately chose this Bank because I was

attracted by the role that banks play. Behind Japan's miraculous post-war growth was the presence of banks that supplied funds to companies suffering from chronic funding shortages. Over and above this function, banks were also deeply involved in the management of corporate customers through cross-shareholdings and the assignment of personnel. For example, even a company such as Honda Motor Co., Ltd., which burgeoned to become one of Japan's leading global companies after the war, faced funding difficulties in its early years after incorporation. Banks took risks to provide their support, creating the catalyst for the company's success in the U.S. Mr. Takeo Fujisawa, a strong supporter of founder Mr. Soichiro Honda, wrote in his book\*: "I was openly candid, disclosing in full, including details of all negative issues to the banks. With a complete account of the ins and outs, banks could make an accurate decision." Learning this as a student, I was deeply impressed. I recognized that banks fulfilled much more than just a lending function. In awe of their role as a partner that walks side-by-side with companies, I knew then that this was what I wanted to

\* "There is no end to Management" written by Takeo Fujisawa (published by Bungeishunju Ltd. in November 1986)



## CEO Message

do. Believing that a long-term credit bank that specializes in industrial finance was the best fit, I began my career as a banker in 1989. However, with the collapse of the economic bubble, the banking sector was met with considerable instability during the 1990s. We were no exception and were faced with the critical need to reconstruct and reorganize. Rather than the companies themselves, banks began to place greater emphasis on credit structuring considerations such as collateral, guarantees, and debtor classifications under the Inspection Manual for Deposit-Taking Institutions. As such, the picture that I envisioned as a student regarding the relationship between banks and companies began to change.

It was during this period of change that I first became familiar with LBO loans. The catalyst was Mr. Masayoshi Son, then president of SoftBank Corp. At the time of our relaunch as Aozora Bank in 2001, Mr. Son, the president of our major shareholder at the time, commented out of the blue: “I want you to become an ‘interesting’ bank.” Not knowing what he meant, I asked him to clarify his thoughts on “interesting.” Here, he explained to me the concept of “time machine management:” bringing business models that proved successful overseas to Japan and rolling them out at the earliest possible opportunity. With this as a hint, I looked into financial products and services that existed overseas, but were not available in Japan, which led me to LBO loans, real estate non-recourse loans, debtor-in-possession (DIP) financing, and non-performing loan investments. Taking into consideration the perceived high risk, lack of hands-on experience, and low level of anticipated acceptance, each of these products were met with little or no interest by other banks. To undertake and provide each of these financing methods, a detailed analysis and deep understanding toward the evaluation of a company’s future cash flow as opposed to its current status and

performance is absolutely critical. As a matter of course, the degree of understanding is commensurate with the ability to take on risks. As a bank with a longstanding involvement in industrial finance, we were one of the first to participate. Accordingly, our activities in each of these fields have blossomed into one of the Bank’s flagship businesses. Over the ensuing period, this approach has led to cash flow-based lending. Drawing on each of these developments, we are acutely aware that companies are willing to be honest and direct when we take the time to think things through, listen attentively, and thoroughly consider the best course of action in order to understand the essence of an issue.

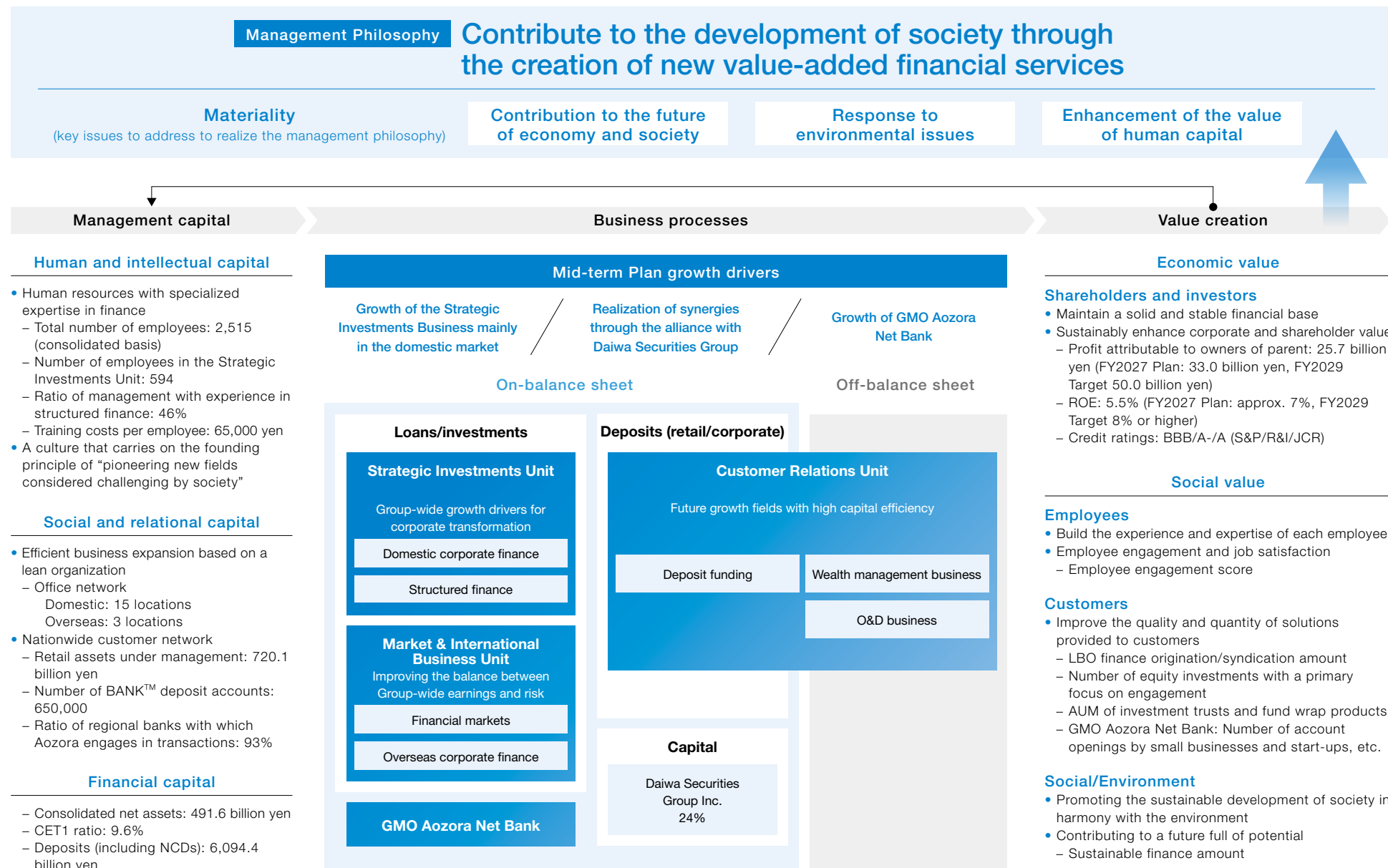
As a new and untouched field, LBO loans first caught the attention of private equity funds that had just begun operating in Japan, and we started to receive a steady stream of inquiries. While definitions of “interesting” are numerous and varied depending on the individual, for the banking industry, which deals in “money,” an industry that is difficult to differentiate due to its homogeneous nature, “having something that is unique” is a critical factor. For its part, Aozora, which is neither a megabank nor a regional bank with close ties to the local community, has since its founding consistently pioneered new fields considered challenging by society and initiated “one-of-a-kind” activities. In doing so, we have put into practice our management philosophy of “contribute to the development of society through the creation of new value-added financial service.” With the clock that had lain dormant for 30-odd years starting to tick, now is the time to take on difficult assignments, including those we had given up. As long as one has an idea and the curiosity, one can capitalize on any opportunity. Speaking from experience, instances where I have introduced change or set in motion something that was considered challenging, have ultimately become both interesting and rewarding. I would argue

that “challenging” and “interesting” are two sides of the same coin. I believe that interesting people and opportunities will naturally gravitate when thoroughly thinking things through and tackling even challenging issues.

A corporate culture that focuses on what is “interesting,” even when confronted by difficulties, is essential in achieving our vision. While “workplace comfort” continues to trend upward in our annual employee surveys, employees’ feelings toward “job satisfaction” remain unchanged. Pioneering new fields considered challenging by society is of course not easy. Having said this, I would like to convey to employees that this work can be both interesting and satisfying. As Head of Strategic Investments Seminar, I intend to share my own experiences directly from this year.

Our alliance partners, GMO Internet Group and Daiwa Securities Group, come from different industries and as such offer a wealth of opportunities to make new discoveries. I hope to foster a culture in which officers and employees from each interact and celebrate one another’s challenges. Confronting, thinking through, and overcoming a difficulty is an experience that everyone will find interesting. I strongly believe that through these experiences we will “create possibilities” for customers, employees, and society at large. As each experience builds upon previous experience, we will actively capture business opportunities that help resolve social issues. Going forward, we will continue to be a financial group that leads in this era of change as a bank that “creates possibilities.”

# Value Creation Process

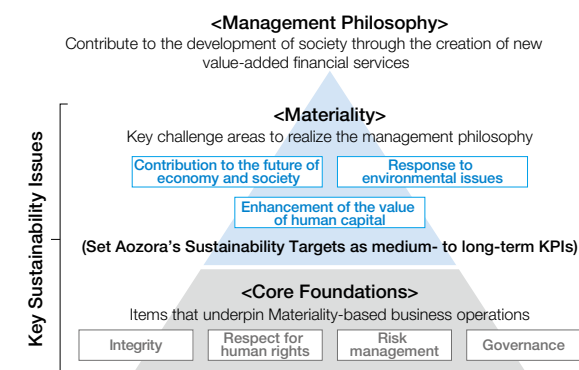


# Materiality and Core Foundations

Aozora has identified certain Key Sustainability Issues (Materiality and Core Foundations) to realize its management philosophy in light of their importance to Aozora's corporate management as well as expectations/demands from stakeholders and social trends.

"Materiality" refers to the issues on which Aozora must focus to realize its management philosophy. Among the various issues identified, including their impact on the

Group's performance and corporate value and the impact that the Group's business activities have on stakeholders, Aozora defined Materiality as those issues with a significant impact in terms of both opportunity and risk. "Core Foundations" are the issues that underpin Materiality-based business operations, and are defined as issues with a significant impact solely from a risk perspective.



|                  |                                                                                                                                        | Background (Opportunity and Risk) |                                                                                                                                                                                                        | Main Initiatives                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|------------------|----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Materiality      | <br>Contribution to the future of economy and society | Opportunity                       | Growing and expanding opportunities to provide solutions in response to increased diversification and complexity in corporate management issues                                                        | <ul style="list-style-type: none"> <li>Support for structural transformation through equity investments with a primary focus on engagement, M&amp;A advisory, LBO finance, transition support, and real estate business</li> <li>Support for start-ups through the provision of venture debt as well as solutions offered by GMO Aozora Net Bank</li> <li>Support for companies' business recovery and restart through recovery funds provided by Aozora Loan Services</li> <li>Support for companies by promoting sustainable finance and consulting on decarbonization</li> <li>Reduction of GHG emissions as a business entity, and phased measurement and reduction of GHG emissions in the investment and loan portfolio</li> <li>Improvement of a risk management framework, including enhanced climate change scenario analysis, and the strengthening of risk tolerance</li> <li>Developing, hiring, and deploying human resources in line with business strategies, and redeployment of human resources to focus areas</li> <li>Support for career development, creation of a more comfortable workplace, and high job satisfaction</li> <li>Creation of a work environment where personnel with a diverse range of backgrounds/values can play an active role, and improvement of diversity, equity &amp; inclusion</li> <li>Compliance with the Code of Ethics and Conduct</li> <li>Ensuring strict compliance with, and higher levels of, Customer-oriented Business Management</li> <li>Implementation of compliance programs</li> <li>Establishment and implementation of a human rights due diligence framework based on international norms</li> <li>Raising of awareness of human rights and elimination of harassment in the workplace</li> <li>Strengthening of risk governance based on the risk appetite framework</li> <li>Establishment of a more transparent corporate governance structure</li> <li>Strengthening of cybersecurity and crisis management structures</li> <li>Strengthening and improving the effectiveness of internal audits</li> </ul> |
|                  |                                                                                                                                        | Risk                              | Deterioration in business results due to insufficient or delayed responses to changes in the social structure                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|                  | <br>Response to environmental issues                  | Opportunity                       | Growing needs for financing and solutions to respond to climate change and conserve natural capital                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|                  |                                                                                                                                        | Risk                              | Deterioration in business results mainly due to the occurrence of natural disasters and tightening of regulations, and decline in stakeholder confidence                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|                  | <br>Enhancement of the value of human capital       | Opportunity                       | Enhanced corporate competitiveness resulting from the securing of human resources that support the provision of highly professional and distinctive financial services                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|                  |                                                                                                                                        | Risk                              | Personnel departures due to a workplace environment that does not respond to the diversification of values and changes in our social structure                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Core Foundations | Integrity                                                                                                                              | Risk                              | Risk of legal violations or being subject to administrative actions due to neglect of compliance, and damage to reputation and loss of public trust due to acts against social norms                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|                  | Respect for human rights                                                                                                               | Risk                              | Risk of legal violations or being subject to administrative actions due to involvement in or neglect of human rights abuses, and damage to reputation and loss of public trust                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|                  | Risk management                                                                                                                        | Risk                              | Damage to business continuity mainly due to a deterioration in financial strength caused by inappropriate risk taking                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|                  | Governance                                                                                                                             | Risk                              | Damage to creditworthiness triggered by improper corporate governance, and material impact on the sustainability of corporate management due to delayed responses to system failures and other factors |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

## Aozora's Sustainability Targets

Aozora has established "Aozora's Sustainability Targets" as long-term business targets aimed at creating social and economic value.

Recognizing that the target year for its business-related goals had been reached, and in light of the steady progress made, Aozora took steps to review its Sustainability Targets in FY2025. As part of this review, the Bank set new targets while raising the benchmarks for achieving its various goals. Brief details are presented in the following table.

| Materiality                                                                                                                            | Target KPI                     |                                                                              | Target Year             | Target Value            | FY2025 Results                                                        |
|----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|------------------------------------------------------------------------------|-------------------------|-------------------------|-----------------------------------------------------------------------|
| <br>Contribution to the future of economy and society | Strategic Investments Business |                                                                              |                         |                         |                                                                       |
|                                                                                                                                        | Updated                        | Number of venture-related investments                                        | FY2030*1                | Total: 300              | Total: 170                                                            |
|                                                                                                                                        | Updated                        | Number of business recovery fund-based transactions                          | FY2030*1                | Total: 300              | Total: 147                                                            |
|                                                                                                                                        | Updated                        | Number of equity investments with a primary focus on engagement              | FY2030*1                | Total: 250              | Total: 159                                                            |
|                                                                                                                                        | New target                     | LBO finance origination/syndication amount                                   | FY2030*2                | Total: 750 billion yen  | —                                                                     |
|                                                                                                                                        | New target                     | Number of business succession support agreements                             | FY2030*2                | Total: 150              | —                                                                     |
|                                                                                                                                        | Customer Relations             |                                                                              |                         |                         |                                                                       |
|                                                                                                                                        | New target                     | Number of applications for testamentary trust and estate settlement services | FY2030*2                | Total: 1,000            | —                                                                     |
|                                                                                                                                        | New target                     | AUM of investment trusts and fund wrap products                              | FY2030*2                | Total: 500 billion yen  | Total: 349.7 billion yen                                              |
|                                                                                                                                        | GMO Aozora Net Bank            |                                                                              |                         |                         |                                                                       |
| <br>Response to environmental issues                | Updated                        | Number of account openings by small businesses and start-ups                 | FY2030*1                | Total: 400 thousand     | Total: Approx. 221 thousand                                           |
|                                                                                                                                        | Updated                        | Sustainable financing amount                                                 | FY2035*3                | Total: 2 trillion yen   | Total: Approx. 1.016 trillion yen                                     |
|                                                                                                                                        | Updated                        | └ Including environmental financing                                          | FY2035*3                | Total: 1.5 trillion yen | Total: Approx. 793 billion yen                                        |
|                                                                                                                                        |                                | GHG emissions as a business entity (Scopes 1 & 2, compared to FY2020)        | FY2030                  | Net zero                | 581 t-CO <sub>2</sub> (91% reduction from FY2020)                     |
|                                                                                                                                        |                                | GHG emissions in the investment and loan portfolio (Scope 3: category 15)    | FY2050                  | Net zero                | <a href="#">Please refer to page 14 of the Sustainability Report.</a> |
|                                                                                                                                        |                                | Balance of project financing for coal-fired power plants                     | FY2040                  | Zero                    | Balance: 13.6 billion yen                                             |
| <br>Enhancement of the value of human capital       |                                | Percentage of female managers / deputy managers                              | FY2027                  | 20 / 40%                | 15.2% / 44.1%                                                         |
|                                                                                                                                        |                                | Percentage of eligible male employees taking childcare leave                 | FY2027                  | 100%                    | 102%                                                                  |
|                                                                                                                                        |                                | Percentage of non-Japanese managers                                          | FY2027                  | 3%                      | 2.6%                                                                  |
|                                                                                                                                        |                                | Percentage of mid-career managers                                            | FY2027                  | 40%                     | 60.5%                                                                 |
|                                                                                                                                        | New target                     | Employee engagement score*4                                                  | Maintain the same level | 60pt                    | 63pt                                                                  |

\*1 Total for FY2021 to FY2030 \*2 Total for FY2026 to FY2030 \*3 Total for FY2021 to FY2035 \*4 Average score for "Workplace comfort," "Job satisfaction," and "Recognition for challenges" in the employee survey

# Stakeholder Communications

## Communications with Shareholders and Investors

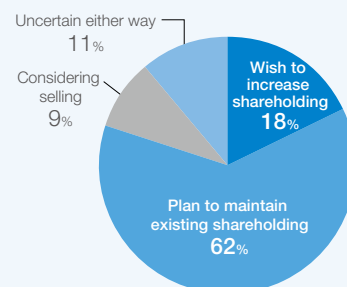
### Retail Investors

Aozora conducts surveys of individual shareholders to solicit their evaluations and requests regarding such topics as our IR activities and corporate image. The feedback obtained is incorporated into our future activities. At the same time, we share inquiries received as valuable input to management, which in turn helps ensure improvements.

#### Key Concerns of Individual Shareholders

- Financial results
- Quarterly dividends
- Stock price trends

### 2025 Individual Shareholder Survey



### Institutional Investors

Meetings are held both in Japan and overseas to help institutional investors gain a deeper understanding of the Bank's management policies and financial condition.

#### Key Concerns of Institutional Investors

- Future environment for the Strategic Investments Business
- Disposal of legacy assets
- Expected impact of the alliance with Daiwa Securities Group
- GMO Aozora Net Bank

### Investor Meeting Details in FY2025

|                                                                                     |                                              |
|-------------------------------------------------------------------------------------|----------------------------------------------|
| Teleconferences and presentation meetings with institutional investors and analysts | Number of meetings held: 7                   |
| One-on-one meetings with institutional investors and analysts                       | Total number of participating companies: 220 |
| Retail investors meetings                                                           | Number of meetings held: 3                   |

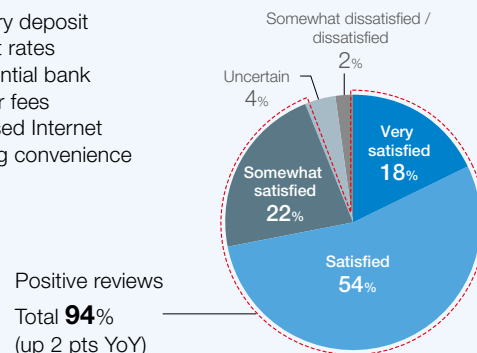
## Communications with Customers

Through its annual customer satisfaction surveys, Aozora works diligently to improve its sales activities as well as products and services.

#### Key Concerns of Retail Customers

- Ordinary deposit interest rates
- Preferential bank transfer fees
- Increased Internet banking convenience

### 2025 Retail Customer Satisfaction Survey



## Communications with Employees

Aozora encourages open communications between management and the Group's employees.

#### Primary Initiatives

- Town hall meeting: Held in June 2026 for all officers and employees; a Family Day was also held on the same day for the families and partners of officers and employees
- Internal small-sized meetings led by management executives
- Weekly publication of the in-house newsletter AOZORA Photo News
- Employee survey



Scene from a town hall meeting

## Communications with Society

Aozora engages in social contribution activities across multiple fields, including financial and economic education, participation in local community activities, donations, and volunteer activities.



Scene from the Charity Run

#### Primary Financial and Economic Education Initiatives

- Conducted the joint course "Basic Banking Seminar" sponsored by Aozora for students of the Faculty of Economics at Sophia University
- Commenced an endowment course funded by Aozora Investment Management Co., Ltd. at the Graduate School of Business Administration and Faculty of Business Administration, Kobe University

For information regarding other social contribution activities, please refer to the Bank's website.

<https://www.aozorabank.co.jp/english/sustainability/society/CSR/>

# Value Creation Strategy

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## CFO Message

We remain committed to improving our ROE and reducing the cost of capital as we enhance profitability and deepen our dialogue with stakeholders.



**Takashi Kato**

Director, Deputy President and CFO

### FY2025 in Review

FY2025, the first fiscal year of Mid-term Plan “Aozora 2027,” yielded solid results.

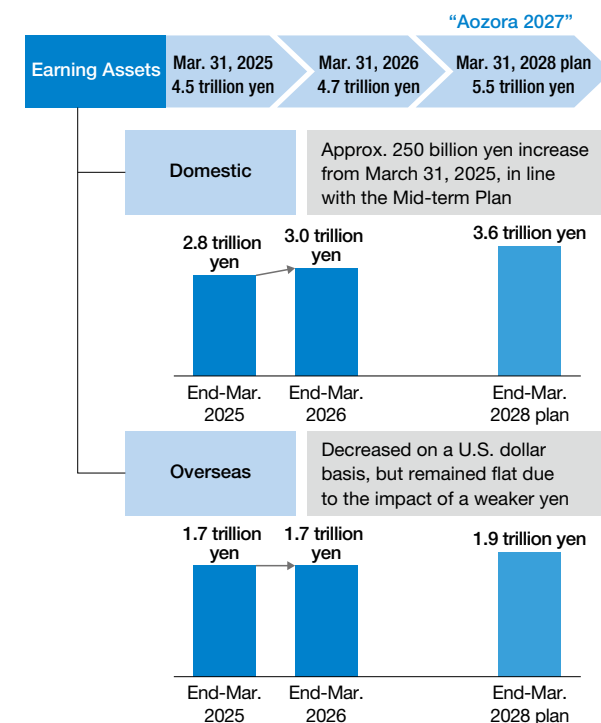
We reported a substantial increase in earnings, driven largely by our Strategic Investments Business in Japan. In addition to the continued growth in our customer base and a steady upswing in domestic net interest income attributable to our alliance with Daiwa Securities Group Inc., this strong performance was also due to positive trends in non-interest income primarily from loan-related fee income and gains from limited partnerships. Our earnings were further enhanced by steady growth in profitability from GMO Aozora Net Bank. With contributions from the Strategic Investments Business, synergies with Daiwa Securities Group, and GMO Aozora Net Bank—the three growth drivers identified under our Mid-term Plan—all exceeding plan, I believe that the likelihood of achieving our goals set out in the plan is increasing.

This year we undertook a partial disposal of our legacy assets, in specific terms certain credit ETFs without maturity dates, while repositioning our ALM securities investment portfolio. Although this action had a negative impact on earnings in the short term, I firmly believe it was an essential decision in order to lay the groundwork for stable growth going forward. Steady progress was also made in the pay down of U.S. office loans, bringing the special treatment period to a close as of March 31, 2026.

Turning to our balance sheet, total assets increased to 8.6 trillion yen, bringing the 10 trillion yen milestone within sight. Loans increased by approximately 280 billion yen compared with the end of the previous fiscal year. This was largely due to growth in our domestic Strategic Investments Business. As for our overseas loans, we

|                                                                        | FY2025<br>Results | FY2026<br>Plan | FY2027<br>Plan |
|------------------------------------------------------------------------|-------------------|----------------|----------------|
| Profit attributable to owners of parent                                | 25.7 bn yen       | 27.0 bn yen    | 33.0 bn yen    |
| ROE                                                                    | 5.5%              | —              | 7% (approx.)   |
| CET1 ratio (FIRB basis)                                                | 9.6%              | —              | 10–11%         |
| Earning assets*                                                        | 4.7 tn yen        | —              | 5.5 tn yen     |
| Impact of alliance with Daiwa Securities Group (business profit basis) | 3.5 bn yen        | 6.5 bn yen     | 10.0 bn yen    |

### Earning Assets\*



\* Total of loans and securities, excluding loans to the government, government bonds, etc.

## CFO Message

continued to prioritize credit quality, particularly with respect to corporate loans in North America. As such, the quality of our portfolio remains quite strong.

The balance of deposits etc. increased by approximately 370 billion yen to 6.6 trillion yen. Despite a year-on-year decline of approximately 100 billion yen, the balance of retail deposits saw a positive turnaround of approximately 30 billion yen compared with the end of December 2025. This change mainly reflected revisions to deposit interest rates in light of interest rate hikes by the Bank of Japan. Corporate deposits increased by approximately 260 billion yen, more than offsetting the decline in retail deposits. With respect to efforts aimed at diversifying our funding structure, I will comment in more detail later.

As of the end of March 2026, the Bank's capital adequacy ratio stood at 10.87%, and its CET1 ratio 9.6%. Effective as of March 31, 2026, we have changed our credit risk measurement approach from the "Standardized Approach (SA)" to the "Foundation Internal Ratings-Based Approach (FIRB)."

### FY2026 Business Strategy: For Sustainable Growth

In FY2026, the second fiscal year of our Mid-term Plan, we will focus on two key themes. First, we will further enhance the effectiveness of our Risk Appetite Framework (RAF). Second, we will pursue "earnings quality" that is more resilient to changes in the external environment.

RAF, the most important concept overall as well as in risk management, continued to evolve in FY2025. We are committed to disciplined decision-making, based on discussions by our Risk Governance Committee, an

advisory body to the Board of Directors, with respect to critical management decisions such as balancing growth investments with financial strength and the allocation of capital across businesses. We recognize that this framework is much more than just a "defensive" tool. The Group's RAF must function as an "offensive" compass that enables us to effectively capture growth opportunities. In addition to prioritizing the allocation of management resources to our Strategic Investments Business, a key growth driver, we will continue to invest in non-financial capital (human capital and IT-related assets), as the foundation for future growth, as we work toward strengthening our growth potential in a sustainable manner.

In the pursuit of the second theme, "earnings quality," we will bolster our Group's distinctive businesses from a balance sheet management perspective. In specific terms, we will focus on the following three business areas.

#### Strategic Investments Business:

We will strengthen our domestic corporate loan activities by expanding our alliance with Daiwa Securities Group. Leveraging our strength in structured finance, an area in which Aozora has traditionally held a competitive advantage, we will improve capital efficiency while at the same time enhancing the balance between return and risk.

#### O&D Business/Wealth Management Business:

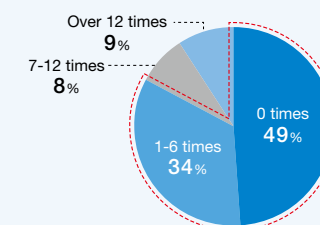
Aozora will broadly respond to the growing asset management needs in a positive interest rate environment. This includes the distribution of environment-related project finance targeting regional financial institutions, funds for LBO finance, real estate funds utilizing Aozora Real Estate Investment Advisors, syndicated loans, trust-

based products, investment trusts originated and sold by Aozora Investment Management, and Daiwa Securities' fund wrap products. We aim to diversify risk and improve the efficiency of capital by expanding businesses that do not rely on our balance sheet.

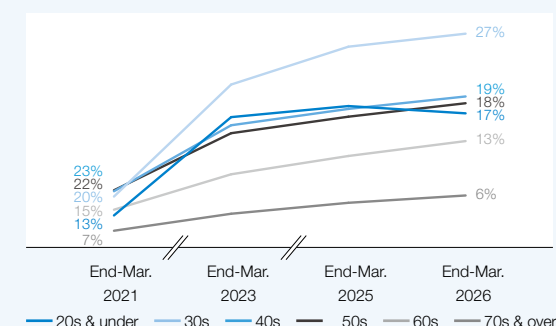
#### Characteristics of Aozora's Retail Deposits

While classified as "liquid deposits," a key characteristic of BANK<sup>TM</sup> ordinary deposits is that, in practice, a high proportion of customers hold them for savings purposes. In addition, both customer age groups and deposit balances have become increasingly diversified. This results in a structure with minimal concentration in any specific customer segment.

#### Withdrawal Frequency of BANK<sup>TM</sup> Ordinary Deposits over One Year (By Account)



#### BANK<sup>TM</sup> Customer Accounts by Age Group



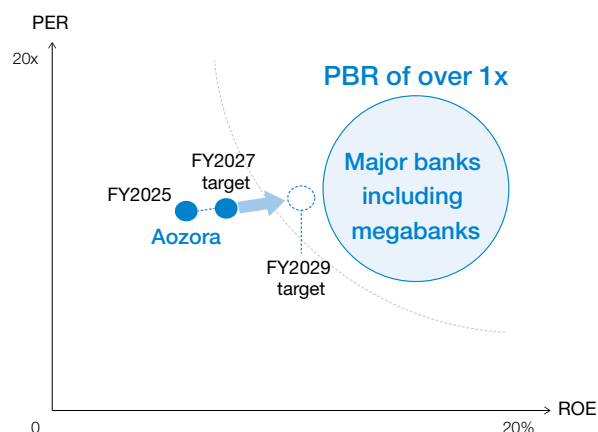
## CFO Message

### Funding in Light of the Normalization of Interest Rates:

Amid the “shift from savings to investments” movement and developments in digitalization, retail customers’ mindsets and behavior toward deposits are exhibiting significant change. Under these circumstances, we will adopt a balanced funding approach encompassing retail and corporate deposits as well as bonds, based on a thorough analysis of each customer’s characteristics and needs. At the same time, we acknowledge that the effectiveness of our comprehensive asset and liability management (ALM), which spans both asset management and funding that we have developed over many years, is being questioned more than ever before. With this in mind, we will take steps to further enhance our ALM capabilities, starting with the flexible management of short- and long-term interest rate risks.

### Enhancing Corporate Value

We have set an ROE target of 8% or higher and a PBR of over 1x by FY2029. We recognize that many of our



peer banks trade at PBRs in excess of 1x.

Recognizing that our stock price has been lagging behind that of our peers, we have made addressing this issue a top management priority.

I believe that the most important driver for improving our PBR is to raise ROE by pursuing a higher “quality of earnings.” I am convinced that demonstrating the ability to consistently generate returns that exceed our cost of capital across the entire business portfolio is the most reliable way to change how we are valued by the market. We will strengthen our management of capital efficiency from FY2026 and ensure that each business division operates with a greater focus on risk-adjusted return

#### Improving profitability

- **Further enhance Strategic Investments Business**  
(Expand domestic corporate finance, structured finance businesses, etc.)
- **Expand collaboration with Daiwa Securities Group**
- **Drive further growth of GMO Aozora Net Bank**  
(Expand both fee income and interest income)
- **Promote asset securitization**  
(Origination & distribution (O&D) business, etc.)
- **Reduce legacy assets**  
(Foreign currency securities and U.S. office loans)

#### Enhancing capital efficiency

- **Build a stable revenue structure based on a strong and diverse customer base**
- **Improve RORA by strengthening RORA management by business unit**
- **Prioritize capital allocation to Strategic Investments Business**

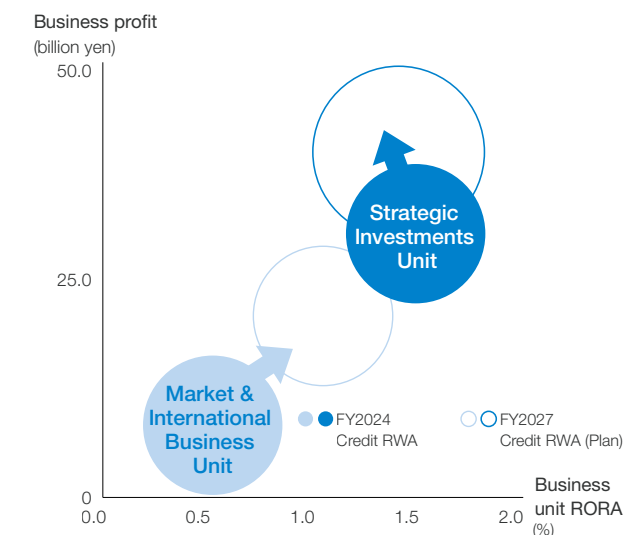
(RORA\*), thereby contributing to an improvement of our overall ROE.

\* RORA: Business profit/Credit risk assets (internal control basis)

### RORA and Capital Allocation

The diagram below illustrates the relationship between risk assets and RORA plans for each business unit under our Mid-term Plan. We will expand risk assets in our Strategic

#### Risk Assets and Business Unit RORA Plans



#### Business Unit RORA Results and Plans

|                                      | FY2024      | FY2025      | FY2027 Plan |
|--------------------------------------|-------------|-------------|-------------|
| <b>Aozora Group</b>                  | <b>0.9%</b> | <b>1.1%</b> | <b>1.4%</b> |
| Strategic Investments Unit           | 1.7%        | 2.5%        | 1.6%        |
| Market & International Business Unit | 0.6%        | 0.3%        | 1.2%        |
| Customer Relations Unit              | -2.0%       | 1.9%        | 17.9%       |
| GMO Aozora Net Bank                  | -1.3%       | 6.8%        | 8.3%        |

## CFO Message

Investments Unit, which serves as our growth driver, while also increasing highly sustainable businesses such as domestic corporate lending. In addition, we will further promote our asset securitization business, including origination & distribution (O&D), to improve capital efficiency. In the Market & International Business Unit, we will further improve RORA by rebuilding our securities portfolio, supported by stable earnings from overseas corporate loans.

### Capital Policy

Our capital policy under our Mid-term Plan remains unchanged with a focus on both maintaining financial strength and stable shareholder returns. Aozora's financial strength, as reflected in its CET1 ratio, continues to

improve faster than originally anticipated owing to the transition to the FIRB approach and a reduction in unrealized losses on securities. Taking this into consideration, we have revised our CET1 ratio target level upward from the initial "8% or higher" (SA basis) to "10–11%" (FIRB basis). While continuing to provide steady shareholder returns, we will also address how to more effectively deploy capital, including strategic allocation of capital to growth areas and capital recycling, as a key management issue.

### Sustainability Management

I firmly believe that developing human resources with highly specialized expertise and promoting the Group-wide use of AI are essential investments for

continuously improving the efficiency of capital going forward. The business growth generated through these investments directly embodies our three core Materiality issues, namely, our efforts to "contribute to the future economy and society," "respond to environmental issues," and "enhance the value of human capital." By strengthening our internal foundation while deepening relationships with society, we will build a platform from which to secure sustainable growth. Moreover, through financial and non-financial initiatives aimed at enhancing corporate value, we intend to achieve a PBR of more than 1x as early as possible.

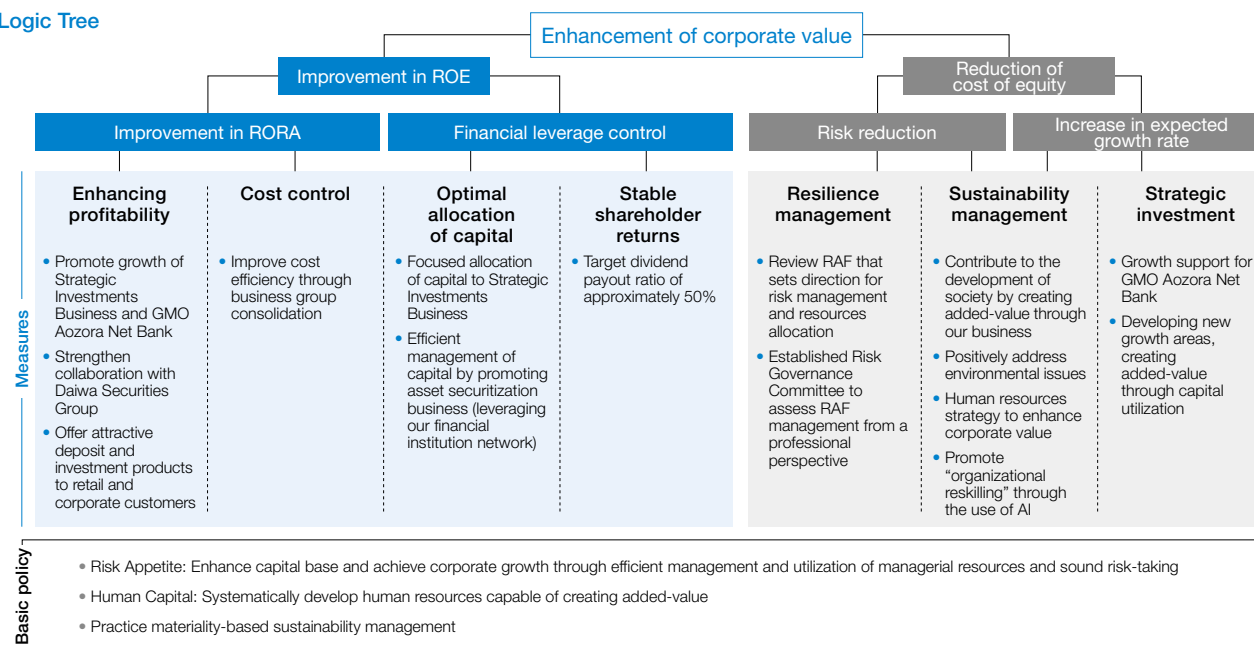
## Dialogue with Stakeholders

I strongly believe that dialogue with our stakeholders, including shareholders and institutional investors, is essential for enhancing corporate value. Based on this belief, and while placing considerable importance on the timely and easy-to-understand disclosure of information, every effort is being made to actively create opportunities for dialogue in a variety of formats.

In FY2025, we held a total of seven teleconferences and presentations for institutional investors and analysts. In complementing these efforts, we are also working to upgrade and expand the content of our initiatives. This includes online presentation meetings for retail investors and small meetings with institutional investors.

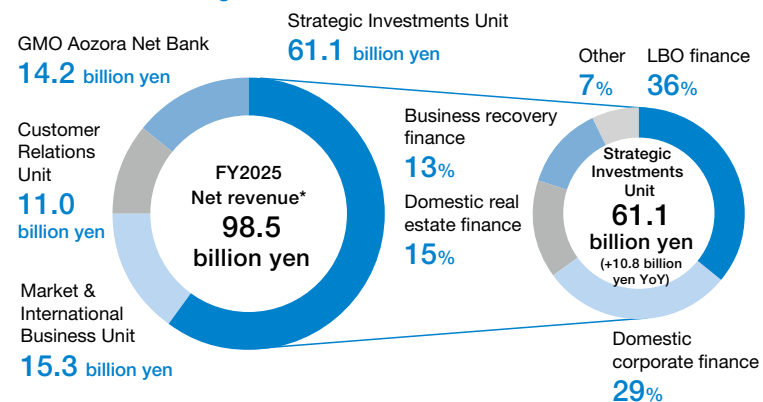
The feedback and questions we receive through this dialogue serve as important input for improving the content of our disclosure and in deliberations on management issues. Moving forward, we will continue to enhance the quality and frequency of this dialogue and to further deepen our relationships of mutual trust with all stakeholders.

### Logic Tree



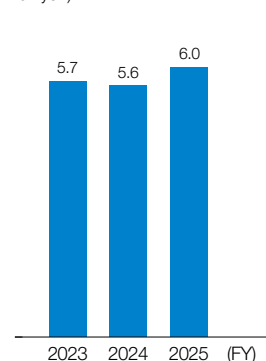
# Financial and Non-financial Highlights

## Breakdown of Net Revenue by Unit / Breakdown of Strategic Investments Unit Net Revenue

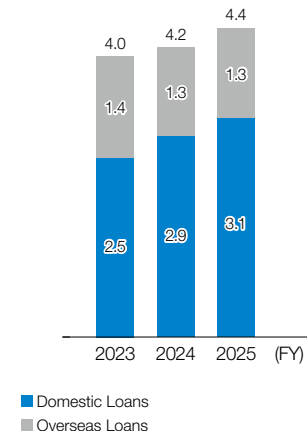


\* Totals do not match because net revenue includes gains / losses that are not attributable to particular units.

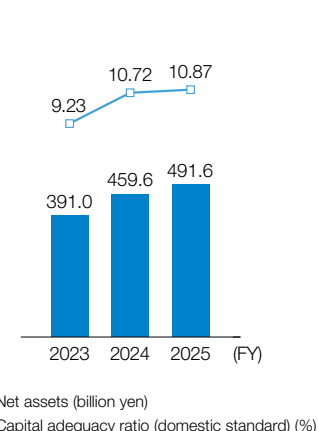
## Deposits / Negotiable Certificates of Deposit (trillion yen)



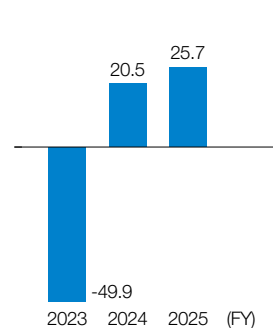
## Loans and Bills Discounted (trillion yen)



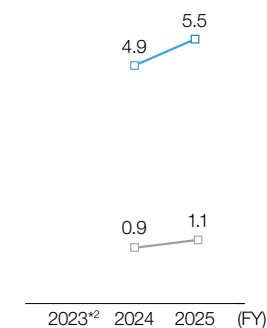
## Net Assets / Capital Adequacy Ratio



## Profit Attributable to Owners of Parent (billion yen)



## ROE / RORA\*1 (%)

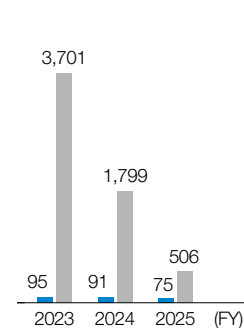


□ ROE □ RORA

\*1 RORA: Business profit / Risk-weighted assets (internal control basis)

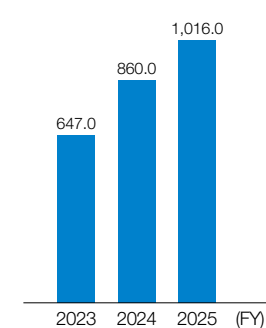
\*2 Not shown due to negative value

## CO<sub>2</sub> Emissions (t-CO<sub>2</sub>)

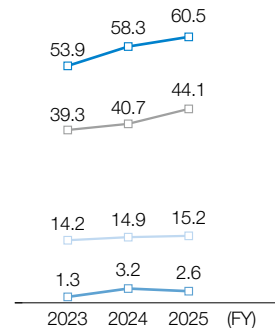


■ Scope 1: Direct emissions  
■ Scope 2: Indirect emissions

## Sustainable Financing Amount (Cumulative total from FY2021) (billion yen)



## Core Talent Diversity Ratio (%)



□ Percentage of Mid-career Managers  
□ Percentage of Female Deputy Managers  
□ Percentage of Female Managers  
□ Percentage of Non-Japanese Managers

## CRO Message

We are committed to creating financial value through strategic risk-taking and robust risk governance.



**Toshiya Furutaku**  
Executive Officer  
Chief Risk Officer (CRO)

### FY2025 in Review —Risk Appetite Management

The Aozora Group has established a risk appetite framework (RAF) to ensure that it engages in appropriate risk-taking while maintaining proper levels of risk control. In support of the Group's RAF operations, we put forward three policies that together form our risk appetite statement (RAS). In specific terms, the basic risk appetite policy serves as a long-term risk appetite guideline aligned with the Group's management philosophy, while the risk appetite policy sets out the medium-term direction for risk-taking, and the Bank's risk-taking policy is incorporated into each fiscal year's operations. Guided by our RAS, we work to manage risks in a manner consistent with our management strategy.

Under our Mid-term Plan "Aozora 2027," we positioned the Strategic Investments Business as a key growth driver, and clearly articulated "sustainable growth through proactive risk-taking" and "a balance between soundness and capital efficiency" as key pillars of our risk appetite policy. Drawing on the lessons learned from the losses incurred in connection with the U.S. office loans and foreign currency securities portfolios (legacy assets), we focused largely on how to restructure proactive risk-taking that leverages our unique financial capabilities in FY2025.

The recognition of losses on legacy assets brought to light several issues, including a bias toward specific assets and regions, as well as insufficient resilience against sudden changes in the market environment. However, we recognize that the underlying issue is not the act of risk-taking itself. Instead, the issue lies in not fully clarifying our policy and operations regarding to what extent and in which areas of business we can take risk.

With this in mind, we identified our vision with respect to the Group's business structure based on our RAS—the core of our RAF—and established a framework for governing the business portfolio in a way that maintains this structure. We redefined the sectors and products on which we must focus from the perspectives of growth potential, profitability, and capital efficiency, and established concrete indicators for credit exposure and the concentration of risk in both domestic and international transactions. Furthermore, we have worked to transition to a management approach that undertakes risks in a strategic manner by making decisions based on these indicators with respect to credit screening and the formulation of investment and lending policies.

At the same time, we have moved steadily forward and made considerable progress in recovering and reducing legacy assets.

One area in which I personally believe a real change has been made over the past year is that discussions considering diversification, balance of the overall business portfolio and risk tolerance were made by the Board of Directors and Risk Governance Committee, which serves as an advisory body in a more systematic manner and more continuously than before. Based on updates to key risks that correspond to economic and market conditions as well as the results of stress tests, these two bodies have further deepened fundamental discussions over multiple issues, including why we are aiming for a particular revenue structure and which risks we are willing to undertake and to what extent.

Meanwhile, we recognize the critical need to further instill both the RAF and RAS into our operational processes. In this regard, the Risk Management and other relevant divisions must adopt an easy-to-understand

## CRO Message

cascade approach to portfolio management based on such indicators as risk-weighted assets and return on risk-weighted assets (RORA), as well as provide assistance through appropriate reporting and dialogue. This will enable each business division to select the approach that best aligns with our risk appetite policy and serves as the best means for achieving the targets, including the capital adequacy ratio.

Under our management strategy based on the RAF and RAS, the Group's policy is to pursue greater revenue stability and to enhance the unique characteristics of the Group by growing the Strategic Investments Business, which leverages the Group's strengths, and by expanding the international business in a disciplined manner. As the CRO, I intend to spearhead efforts aimed at effectively governing risk management under the supervision of the

Board of Directors and the Risk Governance Committee. In this manner, I will provide robust support to ensure that initiatives are executed in a continuous and sound manner.

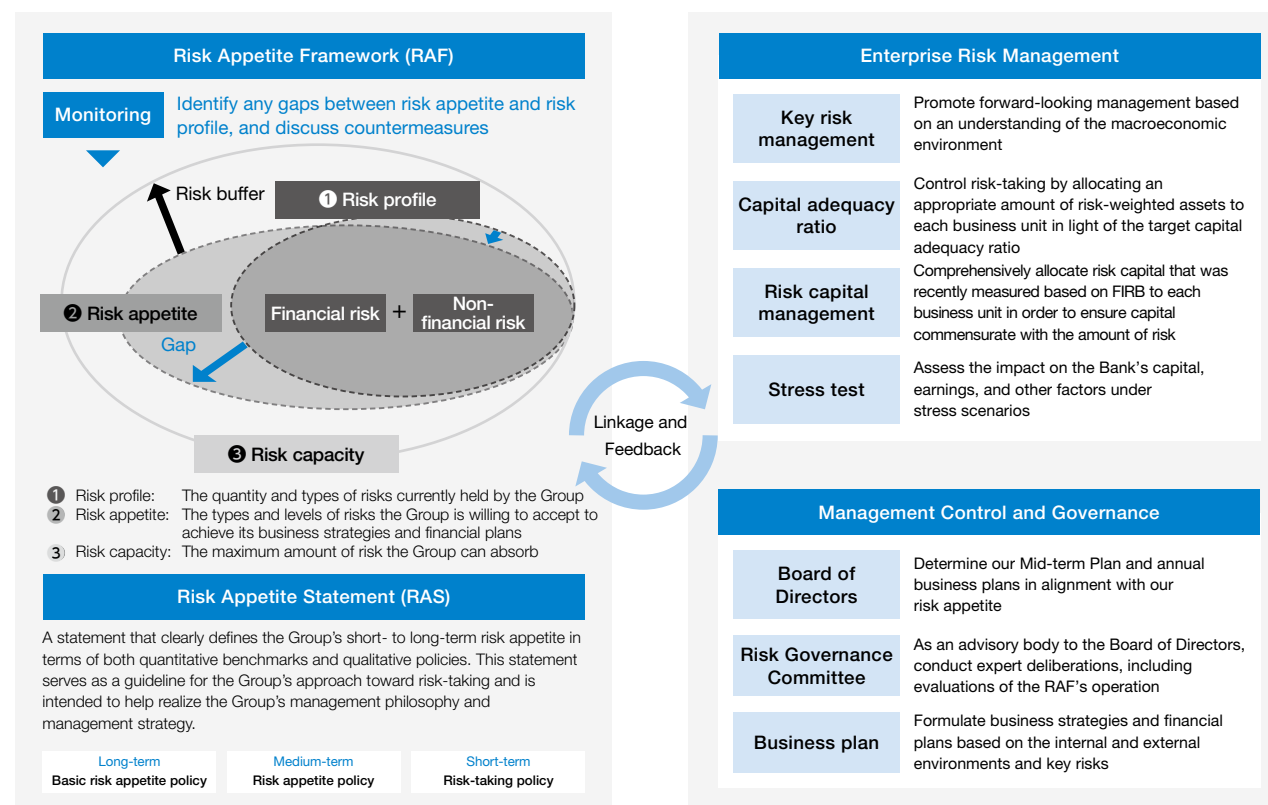
## Issues Regarding RAF Operations

We view the RAF as a comprehensive management tool that integrates the Group's business strategies, financial policies, and levels of risk tolerance.

From my perspective, I believe that over the past year the RAF has steadily evolved from a simple collection of management indicators into an underlying structure for supporting management decision-making.

Specifically, steps have been taken to strengthen the process for incorporating risk appetite indicators and stress test results from the stage of formulation of both the Group's fiscal year business plan and each business unit's plan. When embarking on new growth investments, it is now standard practice to quantitatively verify risk capacity together with the impact on key risks. Thereafter, the Board of Directors discusses the anticipated returns and downside risk in combination.

At the same time, the status of RAF operations and changes in our risk profile are regularly reported to the Board of Directors and the Risk Governance Committee, which was reorganized in July 2025. This Committee, in which outside directors comprise a majority, conducts timely reviews and provides constructive advice on material risk events and changes in key risks following in-depth discussions regarding future scenarios. As far as frontline operations are concerned, issues are now being reported to the Board of Directors at an accelerated pace. This has in turn led to an increasing number of opportunities to change course based on prior



## CRO Message

broad-ranging discussions. Drawing on the lesson learned from past losses, I am confident this illustrates a concrete improvement in the quality of dialogue between the Board of Directors and the frontline.

Nevertheless, issues remain. First, while the RAF indicator framework is continually evolving and becoming more robust, it is not necessarily clear enough for all stakeholders to understand intuitively. In order to ensure that our stakeholders can better sense how the RAF will alter the direction of risk in concrete terms, we must further simplify our explanations and make them more specific.

Second, establishing management approaches that integrate non-financial risks is becoming increasingly important. From the perspectives of cyber, human resource, conduct, and other areas of risk, we will focus on initiatives that seek to comprehensively manage each risk within the RAF structure, including the management of key risks.

I believe that one of my most important responsibilities is to ensure the ongoing evolution of our RAF as a mechanism for enhancing corporate value. I will therefore continue to deepen dialogue with the Board of Directors and outside directors, as well as enhance the quality of RAF operations while taking into consideration frontline perspectives and changes in the market.

### Embedding a Sound Risk Culture Across the Group

Once a sound risk culture is embedded, it will become second nature to always consider risk and return, and capital efficiency in alignment with the Group's RAS when

evaluating new transactions and business opportunities. Specifically, we discuss risk and return, and capital efficiency simultaneously in credit screening and at investment and lending review meetings, consciously questioning the types of risk appetite with which transactions are linked or if the loss benchmark can be tolerated under stress scenarios, as well as other issues.

We also have been holding open discussions regarding past losses, including why we reached the decisions we made and what signs were overlooked, and have continued to engage in efforts to share the insights uncovered therefrom throughout our entire organization.

As a for-profit company, even if we are expected to maintain business agility and generate revenues, the most important stance we can take is to fully consider the types of risks and the processes for taking these risks from the perspectives of the Group's strengths, the value we provide to our customers, and the RAS.

The foundation of the Group's risk-taking is the fundamental professional discipline of thoroughly debating transactions in credit screening and committees, based on a clear articulation of not only the expected returns, but also the foreseeable risks and uncertainties of any new investments or transactions. By thoroughly identifying risk and bringing together diverse perspectives in a cross-organizational manner, we will engage in more effective decision-making. It is therefore my intent to continue perfecting this positive, responsible risk-taking approach as the standard for the entire Group.

The opinions and expectations from our stakeholders obtained through dialogue will provide us with significant insights as we seek to further strengthen the Group's risk culture. As the CRO, I myself will take the lead in

continuing to communicate the importance of a sound risk culture, and hope to build an unyielding foundation for supporting the sustainable growth of our Group through ongoing dialogue with all frontline staff.

#### Basic Risk Appetite Policy

Through efficient management and utilization of managerial resources as well as sound risk-taking, Aozora intends to generate stable earnings, enhance its capital base, and achieve corporate growth, thereby realizing its management philosophy of "Contribute to the development of society through the creation of new value-added financial services."

For details about Key Risks, please refer to page 61 and the Financial and Corporate Data Section.

# Interview with Outside Directors 1

## Toward Sustainable Growth



### Hideyuki Takahashi

Outside Director,  
Chairperson of the Risk Governance Committee

Hideyuki Takahashi has served as Director and Deputy President, Group CFO, and Deputy Chairman of the Board of Directors of Mizuho Financial Group, Inc., as well as Representative Director and President of Mizuho Research Institute Ltd. (now Mizuho Research Institute of Mizuho Bank, Ltd.). He has a wealth of experience, credentials, and deep insight as a member of senior management of corporate institutions in the banking and non-financial sectors, as well as extensive knowledge of finance and accounting and corporate governance of financial institutions. He was appointed as an Outside Director of the Bank in June 2023.

### Hideaki Saito

Outside Director,  
Risk Governance Committee Member

Hideaki Saito has served as President and CEO of NEXTIA Life Insurance Co., Ltd. (currently AXA Life Insurance Co., Ltd.), President and CEO of Japan Systems Co., Ltd. and Partner of consulting firms and has a wealth of experience, credentials, and deep insight as a member of senior management of corporate institutions and as a strategic consultant, as well as extensive knowledge of IT/digital. He was appointed as an Outside Director of the Bank in June 2023.

### ■ Implementing a Risk Appetite Framework to Support Appropriate Risk-taking

**Takahashi** Aozora's business model differs from that of typical commercial banks, such as regional banks, in that it aims to provide innovative approaches and a diverse range of financial solutions tailored to the varied needs of its customers. To achieve this, it is essential to make full use of appropriate risk-taking measures that go beyond conventional lending, while also establishing a robust capital base and strengthening risk governance.

In this regard, we recognize the importance of firmly embedding our risk appetite framework (RAF) as an effective tool. To this end, the Risk Governance Committee has engaged in extensive discussions regarding RAF operations in line with the Mid-term Plan and business plans. Looking back on the past year, I believe that the RAF has firmly taken root within the Bank's management.

Specifically, I consider the incorporation of key risks as the starting point for the RAF to be a significant achievement. The Bank's risk governance has advanced significantly through the introduction of early warning indicators for each key risk and the alignment of capital management with the RAF. A distinctive feature of the RAF is that its operations encompass not only quantitative risk but also other forms of non-financial risks, such as systems, compliance, and human capital risks.

Aozora's corporate culture has always been grounded in a willingness to take on new challenges while maintaining a keen sense of risk awareness. Consequently, I believe that the discussions held by the Risk Governance Committee over the past year have been successfully reflected in our actual risk-management platform, enabling the Company to strengthen its risk governance to a much higher level.

**Saito** In the process leading up to current RAF operations, I sensed a strong determination not to repeat the same mistakes following the financial loss incurred two years ago. It is important to recognize that the RAF also serves as a framework for taking appropriate risks. I am convinced that Aozora's culture and uniqueness lie in its willingness to take on challenges in new fields and develop business models unlike those of other banks. It is for that very reason that we must adopt an approach that carefully assesses the situation—using the RAF as a common foundation for balancing offense and defense—by comparing the level and nature of the risks currently held against the risks that should actually be undertaken. In fact, I believe that discussions in FY2025 have proceeded in that very direction. With the

## Interview with Outside Directors 1

RAF fully operational, a key challenge will be how to ensure that it does not become a mere formality as a risk management framework, but rather instills in the workplace an understanding that it is a tool for taking appropriate risks.

**Takahashi** Adopting the mindset of “taking the risks we should be taking in the right way” is crucial to realizing the Bank’s vision. Even if the Bank were to adopt the strategy of promoting its Strategic Investments Business, it will not be able to realize that vision without the ability to take on the associated risks. To that end, I believe it will be crucial for us as outside directors to assess risks objectively and, rather than simply acting as a brake, to play a role in encouraging the executive team to move forward.

From the current fiscal year, the Bank has incorporated return on risk-weighted assets (RORA), which represents the rate of return on risk assets, as a metric for capital management. Cascading the RAF concept to the front-line operational level, the Bank is thereby ensuring that it functions with a tangible set of metrics for the sales side. Utilizing this as a benchmark to understand where a business stands relative to RORA standards—and to consider the reasons behind that position—will help instill a stronger risk culture throughout the organization.

**Saito** I feel that Aozora Bank inherently possesses the DNA and risk culture required to take necessary risks. Looking ahead, I believe that the Bank’s operations will be based on the RAF, which in turn entails shifting away from a binary “do or don’t” approach, toward discussions that encompass a broader range of asset classes.

### ■ Ensuring the Effectiveness of the Board of Directors

**Takahashi** When seeking to enhance the effectiveness of the Board of Directors, rather than consider the Board in isolation, it is important to take into account our relationships with the Audit & Supervisory Board, the Risk Governance Committee, and the Nomination and Remuneration Committee.

In its institutional design as a Company with an Audit and Supervisory Board, our Audit & Supervisory Board members obtain extensive information on execution processes and then make suggestions from their perspective. The Audit & Supervisory Board members also participate in the Risk Governance Committee as observers. While the general trend is for companies to transition from a Company with an Audit and Supervisory Board to one with an Audit and Supervisory Committee, focusing on how to enhance the effectiveness of our Board of Directors through close collaboration between executive and oversight functions is of the utmost importance. In that sense, I believe Aozora’s governance is functioning extremely well.

Looking ahead, in addition to these governance structures, a key challenge will

be to streamline opportunities for coordination with the executive team—such as through executive sessions—thereby allowing the Board of Directors to focus more of its agenda on medium- to long-term growth strategies.

**Saito** As far as the “continuous” improvement of Board of Directors’ meetings is concerned, the agenda has evolved from a traditional focus on matters requiring statutory resolution to now encompassing such topics as IT, human resources strategy, and medium- to long-term growth strategies. From a logistics perspective, operational methods have also seen significant improvement. This includes keeping the volume of materials concise and clarifying key discussion points in advance.

On the other hand, a future challenge will be to clarify the division of roles between each meeting body and create a system that allows the Board of Directors to focus more on the agenda that management should inherently discuss. With regard to the setting of the agenda, I believe it would be effective to strengthen the secretariat function and solicit input from each director in advance regarding the topics to be discussed.

### ■ Ongoing Dialogue with Investors

**Takahashi** The status of IR activities is regularly reported to the Board of Directors. This enables us to monitor the status of our engagement with shareholders and investors. In FY2024, there were also opportunities for small-group meetings with institutional investors. If there is investor demand, I would like to actively participate in such initiatives in my capacity as an outside director.

Engagement with retail investors is also extremely important. To convey the necessary information in an effective manner, I believe it is essential to move beyond a passive stance. Instead, the Bank must proactively organize its messaging and establish a clear IR strategy.

**Saito** The reports on IR activities provided by the executive team have been extremely informative, and outside directors are increasingly posing questions at Board of Directors’ meetings regarding investors’ perspectives. There is a widely shared understanding among the outside directors that they serve as representatives of our shareholders.

It is essential that the Bank communicates information in a clear and accessible manner to enable retail investors to better understand Aozora’s business model. Including this point, I believe that IR policies and engagement strategies with shareholders and investors are matters that should continue to be discussed at Board of Directors’ meetings.

# Supporting Corporate Transformation and Addressing Social Issues

## —Strategic Investments Business—

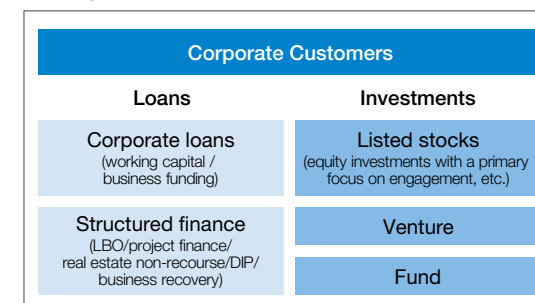
### Overview of the Strategic Investments Business

The Aozora Group's Strategic Investments Business provides financing to Japanese companies undergoing a structural transformation such as business succession, industry reorganization, and the shift toward decarbonization. Going beyond traditional lending, our business is distinguished by its focus on providing solutions designed to enhance corporate value and resolve social issues.

The Strategic Investments Business is rooted in our structured finance business, which was built from the ground up following our re-privatization in 2000. We were quick to engage in LBO, business recovery, and real estate finance,

when there were only a few such transactions in Japan at the time. By evaluating the viability of a business based on future cash flows rather than relying primarily on collateral, and through carefully structured loan agreements, we were able to provide financing for transactions that had traditionally been difficult to fund. Building on our accumulated expertise, we then expanded our business into such areas as project finance, venture debt, and equity investments with a primary focus on engagement. These areas are positioned as growth drivers under our Mid-term Plan "Aozora 2027."

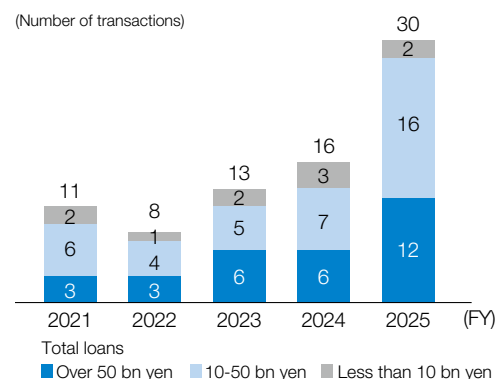
### Positioning of the Strategic Investments Business —From Loans to Investments Based on Business Viability Assessments—



### Sources of Competitive Advantage

Our strengths lie in our structured finance track record cultivated over more than 20 years since the market's inception as well as the depth of our experienced team of specialists and networks. Focusing primarily on evaluations of a business's viability based on its future cash flows, we make consistent credit decisions across the board, from LBO finance and venture debt to equity investments with a primary focus on engagement, and design optimal funding approaches for both our customers and the bank. Leveraging our strong relationships with private equity funds, regional financial institutions, and Daiwa Securities Group, we are uniquely positioned to meet a broad range of financing needs, from large-scale transactions to asset securitization.

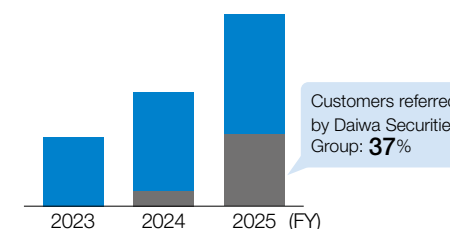
### Track Record in LBO Finance —Top-tier Market Share in Japan for Large-scale Transactions—



### Medium- to Long-term Drivers and Business Model Evolution

Supporting the structural transformation needs of the corporate sector, the Strategic Investments Business's growth potential is expanding even further. In addition to growing our customer base through collaboration with Daiwa Securities Group and bolstering transaction sourcing by leveraging networks with regional financial institutions, we will utilize AI, including our Large-scale Language Model (LLM) developed in-house, to enhance our industry and company analysis capabilities as well as to develop Strategic Investments Business human resources. Through these means, we will strengthen our ability to address a broad range of financial needs and drive growth in Aozora's earnings base.

### Number of New Customers



# Creating Value through a Unique Network—Financial Institutions Business—

## Overview of the Financial Institutions Business

The Customer Relations Unit, which covers financial institutions and regional corporations, serves as the business platform for the services provided by the entire Group.

### 1) Investment products

The return to a positive interest rate environment has further increased the need to invest funds efficiently. Through our Origination & Distribution (O&D) business—a collaborative effort between our Strategic Investments Unit, which specializes in structured finance, and our teams covering financial institutions and regional corporations—we provide customers with attractive

investment opportunities. Every effort is made to address a variety of investment needs by leveraging our expertise to develop new products, such as investment products that utilize our trust capabilities.

### 2) Solutions to regional issues

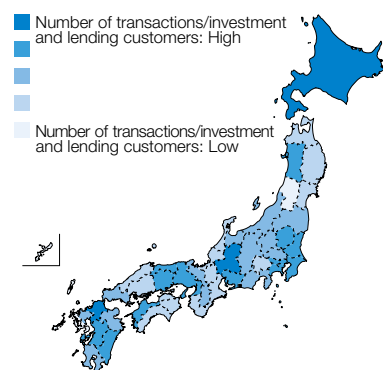
Through collaboration across the entire Group, we provide solutions to issues faced by communities and the customers of regional financial institutions. We flexibly address diverse needs through a process of collaboration between Group companies, including Aozora Loan Services, which has a track record of more than 20 years as a market-leading bank-affiliated servicer, Aozora

Investment Management, which offers a unique lineup of investment trusts, Aozora Corporate Investment, which is a pioneer in the venture debt market in Japan, and AJ Capital, which supports business succession as well as corporate growth and development for our customers.

Leveraging our leading nationwide network of regional financial institutions built since our establishment over more than 60 years ago, we take a meticulous approach toward addressing evolving challenges and provide solutions across Aozora in an effort to enhance value for customers and local communities.

## Sources of Competitive Advantage

The map to the right illustrates the Group's nationwide network with regional banks and second-tier regional banks. Through in-depth dialogue, we gain an understanding of customers' fundamental needs and issues and provide optimal solutions. Building on such information-gathering opportunities as workshops, we also work diligently to deepen relationships built on trust. Our annual regional bank and second-tier regional bank receptions hosted by Aozora for approximately 50 years continue to receive high praise as a forum for top executives to deepen their interactions with industry peers.

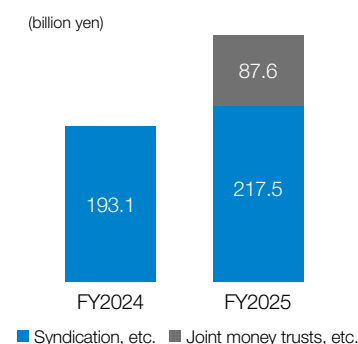


Ratio of regional banks with which Aozora engages in transactions: 93%  
(including transactions of Aozora Investment Management, Aozora Corporate Investment, AJ Capital, and other Group companies)

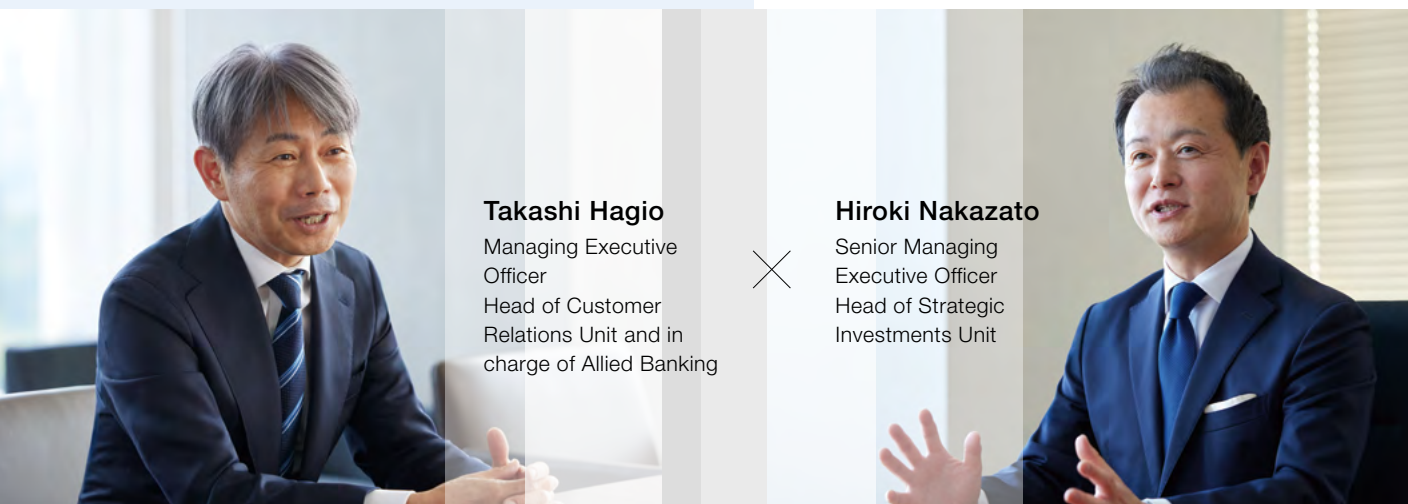
## Medium- to Long-term Drivers and Business Model Evolution

Newly established in July 2025, the ALM Solutions Division plays an important role in promoting the asset securitization business. While analyzing the needs of investors, this Division develops and markets products based on a market-in approach. Making the most of the Group's O&D capabilities, energies are directed toward evolving our business model into that of a comprehensive solutions partner with a close affinity to customers to address management needs in their efforts to secure sustainable growth.

### Annual Cumulative O&D Sales



## Special Feature 1 Strategic Investments Business × Financial Institutions Business: Origination and Distribution (O&D) Business Employing a Two-pronged Approach



**Takashi Hagio**

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

**Hiroki Nakazato**

Senior Managing Executive Officer  
Head of Strategic Investments Unit

Aozora's Strategic Investments Business continues to gain momentum, as signified by the record-high number of syndicated loans for which we served as lead arranger\*<sup>1</sup> in FY2025. Providing the impetus for this growth, the Origination & Distribution (O&D) business is built on a collaboration between the Strategic Investments Unit, which is responsible for originating transactions, and the team covering financial institutions and regional institutions (investors) in the Customer Relations Unit. Here, the executives of both units discuss their respective strengths and future growth strategies.

### The True Value of the O&D Business behind the Surge in League Table Rankings

Taking a significant leap up the syndicated loan league tables\*<sup>2</sup>, Aozora placed fourth as a mandated lead arranger and fifth as a bookrunner in FY2025.

**Nakazato** This achievement is the result of our O&D business, underpinned by the two-pronged origination and distribution model we have promoted for many years. I take great pride in the respect in which this business is held by the market.

**Hagio** This achievement is the result of cross-divisional collaboration. The team covering financial institutions and regional corporations captures investors' needs through daily communications and the Strategic Investments Unit, led by Mr. Nakazato, engages in providing specialized products. This recent surge in success could not have been possible without that collaboration.

Could you please elaborate on the factors that led to this assessment?

**Nakazato** Our lifeline lies in our distribution capabilities—specifically, ensuring that investors deeply understand the risk profiles of the transactions we have arranged and having a broader set of investors available to purchase them. We can focus on arranging transactions precisely because we can clearly see environments in which investors can invest with confidence. This cycle of trust is the very source of our competitiveness.

**Hagio** To that end, our idea is to place great importance on a “market-in” approach. Through dialogue with investors nationwide, we make great efforts to ascertain their credit appetite—specifically, the returns sought by investors and the levels of acceptable risk.

Based on an in-depth understanding of investors' needs, the Strategic Investments Unit is able to confidently take risks and commit to underwriting large-scale transactions.

\*1 Mandated Lead Arranger (MLA)

\*2 Source: LSEG

### LBO Finance Leading the Market

I understand that LBO (leveraged buyout) finance, a major pillar of the O&D business, has seen a significant growth driver alongside the market's expansion.

**Nakazato** Structured finance is a core area of our expertise. Notably in FY2025, we achieved a record high in terms of the number of LBO financing transactions we arranged—a financing method utilized in M&A transactions led by private equity (PE) funds. As the market expands against the backdrop of growing social needs, such as for business succession and carve-outs, our presence is growing quite strongly.

## Special Feature 1 Strategic Investments Business × Financial Institutions Business

In what ways does your market presence manifest itself?

**Nakazato** First, we are highly regarded by PE funds. We have established good relationships with them that ensure we are the first to be consulted by numerous PE funds at the initial stage of a deal. This is clear evidence that we are recognized not merely as a finance provider, but also as a partner that provides optimal financing solutions for a company to enhance its value. We are also very highly regarded as an arranger. We frequently lead syndications to success even for highly complex deals that other financial institutions might hesitate to undertake.

When Aozora arranges a transaction, investors are more confident about participating in it. This kind of trust underpins our robust transaction-origination capabilities.

**Hagio** The key to distribution lies in ensuring that investors, regional financial institutions in particular, understand highly specialized transactions such as LBO financing. We are far more than a mere sales channel. We conduct in-depth analyses of PE funds' investment strategies and the business fundamentals of target companies, and carefully explain their risk-return profiles in terms that are easy for investors to understand. By forming informal alliances with investors through, for instance, joint study sessions and workshops, and building strong, trust-based relationships, we support investors in investing in new asset classes with greater confidence. This initiative is generating a virtuous O&D cycle, ensuring a continuous supply of high-quality LBO financing to the market.

### Project Finance That Meets Society's Needs

Can you tell us about the challenges you face in project finance, which is another key pillar of your business?

**Nakazato** We pay particular attention to financing within the renewable energy sector, especially solar power generation as well as the battery storage systems that equalize fluctuations in power output caused by weather conditions. Risk analysis for storage batteries is particularly challenging. However, we have established risk assessment methods and worked to advance the product commercialization process ahead of the market. The fact that the market views us as “the go-to bank for energy storage projects” is a major strength.

**Hagio** For the new products, the role of our team covering financial institutions is crucial. We are committed to providing meticulous support—clearly explaining complex structures and risks—to ensure that investors can invest with more confidence.

### Striving for Even Greater Heights

In closing, what is your outlook for the future?

**Nakazato** By accurately ascertaining changes in society and markets, we will make deeper inroads with our O&D business in the areas such as LBO as well as project financing, which are our strengths, aiming to establish a position as a leading player.

**Hagio** The team covering financial institutions in the Customer Relations Unit will contribute to the growth of the Group by fulfilling its role as a vital link connecting investors with the innovative products developed by the Strategic Investments Unit. Each of these business units is one half of a whole. We will continue to work closely together and remain an indispensable presence for our customers, investors, and society, who require financing. We welcome your expectations as the Aozora Group faces its next challenge.

### Unwavering Trust in and High Hopes for Our “Comrades-in-Arms” Who Have Been at Our Side Since the Market's Inception

In 2001, Aozora was there for that memorable inaugural deal when I took my first steps as an LBO financing specialist. At that time, Aozora was truly the market frontrunner, and we laid the foundation for Japan's structured finance market as we meticulously reviewed each and every contract clause, while feeling our way forward.

Throughout our long-standing collaboration, we have overcome numerous challenges together with President and CEO Oomi and Senior Managing Executive Officer Nakazato in particular. I still vividly remember the complex case I had to deal with under very challenging circumstances immediately following the Great East Japan Earthquake in 2011. At that moment, I felt strongly that we were not merely business partners, but “comrades-in-arms” who were overcoming challenges together. That unwavering relationship of trust is in itself our very strength.

In recent years, Aozora's ability to maintain discipline and offer highly specialized proposals, even if the market is said to have become commoditized, is owed much to the presence of an in-house team of lawyers dedicated to specific deals as well as an organizational culture that fosters extensive and thorough discussions. Engaging, as external experts, with an in-depth understanding of the inherent features of each transaction, deliberations are consistently conducted at a high level. This in turn helps improve the quality of a deal's structure. I am convinced that this professional approach and organizational structure instill enormous confidence in PE funds.

Building on the expertise and trust cultivated to date, I have high expectations that Aozora will play an even greater role as the “bonding agent” that connects diverse industry players and as a coordinator that drives the robust development of the entire market going forward.



**Kentaro Suzuki**  
Attorney  
TMI Associates

# Asset Management in a Positive Interest Rate Environment—Retail Business—

## Overview of the Retail Business

In addition to the delivery of services to retail customers through both digital and in-person channels, Aozora supports its customers in realizing their life planning goals through the dual-approach of savings and investments.

As part of our digital approach, the BANK™ smartphone app provides user-friendly products and services with attractive interest rates on deposits under the concept of “simple and smart.” With its limited number of physical locations, Aozora is able to keep branch operating costs low and pass these savings on to customers in the form of attractive interest rates. At the same time, we have provided our customers with added convenience through digital technologies. The concept of combining the “simply” attractive interest rates with “smart” digital

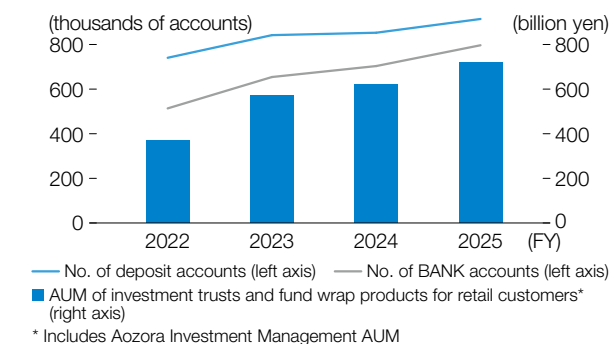
services has been well received. We serve the needs of 650,000 account holders (as of March 31, 2026).

Through its face-to-face approach, Aozora offers a wide range of asset management products, including distinctive investment trusts provided by Aozora Investment Management and fund wrap products in partnership with Daiwa Securities. We also provide comprehensive consulting services across such broad ranging fields as asset and business succession planning.

While the strongly trending shift from savings to investment continues to attract considerable attention, financial needs depending on customers’ lifestyle as well as the balance between spending and asset management vary quite widely. The Group therefore helps customers

accumulate wealth by offering distinctive products and services in a way that is tailored to their specific needs.

### No. of Retail Deposit Accounts and AUM



## Key Features of the Retail Business

### Consulting services that align closely with each customer and garner their trust

The primary feature of the retail business is its ability to provide hybrid services that combine meticulous, face-to-face consulting with the products and services offered through the BANK™ smartphone app under the concept of “simple and smart.”

Through its face-to-face consulting, Aozora places a priority on building long-term relationships of mutual trust with all manner of customers, including high net worth and older customers. As a result, the proposals Aozora has

offered through dialogue with each customer have been well received. AUM for investment trusts and fund wrap products reached 720 billion yen (as of March 31, 2026).

As a member of the Group, Aozora Investment Management provides investment trusts that support the accumulation of customers’ wealth and realization of their fulfilling life. The distinctive funds offered have received strong recognition from both customers and market participants, including best-in-class fund awards from outside evaluation agencies.

### Retail Customer Satisfaction Survey Results\*

|                                                        | FY2024 | FY2025 | Change |
|--------------------------------------------------------|--------|--------|--------|
| Branch teller satisfaction                             | 5.39   | 5.51   | +0.12  |
| Staff ability to offer customers options and solutions | 5.45   | 5.61   | +0.16  |



Shibuya Branch

\* Satisfaction is scored on a scale of 1 to 7

## Special Feature 2 For a Prosperous Future for Japan

### —“Value-added Services” in a Leading Asset Management Center—

We support our customers throughout their lives through both savings and investments services. The Aozora Group’s vision is to create a new form of wealth accumulation support.



**Fujimagari** Under the broad theme of “For a Prosperous Future for Japan,” I would ask that we discuss the goals of Aozora Group’s retail business from three different perspectives.

My responsibilities include planning and providing consulting services to our retail customers with a focus on wealth accumulation and asset succession.

**Hiruma** Aozora Investment Management’s philosophy is to “protect and grow our customers’ valuable assets to the best of our ability.” With this in mind, we develop customer-centric investment trusts and provide access to global investment opportunities through our market-leading management strategies. We have expanded this approach nationwide by collaborating not only with Aozora Bank, but also with regional financial institutions.

**Ogose** The BANK Planning Division plans and operates BANK™, a financial service delivered through a smartphone app. Featuring attractive interest rates on deposits and a fee structure that offers uniform benefits to all of our customers, our user-friendly service design has

#### Daisuke Ogose

General Manager  
BANK Planning  
Division

been well-received and is serving the needs of approximately 650,000 customers nationwide.

**Fujimagari** Fund wrap products and investment trusts play a central role in our mission of supporting customers’ efforts to accumulate wealth over the medium to long term.

A fund wrap is a long-term investment product in which we work with customers to envision their life goals and design an asset allocation strategy accordingly. At the same time, we position investment trusts as products that facilitate the taking of that first step into investing and offer a unique lineup in partnership with Aozora Investment Management.

**Hiruma** Among the many best-selling products offered by the Bank, our funds have enjoyed the support of customers for more than 10 years since their inception.

#### Hirohiko Fujimagari

General Manager  
Retail Banking  
Management Division

Some of the funds have also received awards for excellence from external evaluation agencies, and we have now expanded the lineup to numerous financial institutions nationwide, such as regional banks and credit unions.

I am convinced that our ongoing efforts to fine tune our products and operating processes, coupled with our track record of consistent performance, have contributed to the current expansion.

**Fujimagari** A feature common to both Aozora Investment Management’s products and the fund wraps is the concept of long-term investment through asset diversification. As household expenses continue to rise, we work to alleviate customers’ anxieties about the future by helping them strike an appropriate balance between spending and investments. To that end, I believe our role

#### Miki Hiruma

Executive Officer  
Head of Retail Marketing Division  
Aozora Investment Management Co., Ltd.

## Special Feature 2 For a Prosperous Future for Japan

is to establish a lineup of products suitable for long-term relationships and to put in place an after-sales support system.

**Ogose** BANK™ provides a secure place for customers to deposit their funds, primarily emergency savings and capital awaiting investment. An increasing number of people have come to know Aozora Bank and appreciate the convenience of completing transactions entirely online as well as our attractive interest rates. In this sense, BANK™ is serving as a conduit for customers across the country to get to know Aozora Bank.

**Fujimagari** Today's theme is "Japan as a leading asset management center," but in practice it is the proper balance between savings and investments that truly matter. In this context, "money that needs to be protected" and "money that can be invested to pursue growth" are both important to our customers.

**Ogose** Playing a key role in securely safeguarding the former, BANK™ also serves as a gateway for interested customers for face-to-face consultations, through which we offer opportunities to consider investment trusts and fund wraps.

**Hiruma** Looking at Japan as a whole, the proportion of investment trusts within household financial assets has yet to reach 10%. To genuinely help realize the goal of Japan becoming an asset management center, the most important step is first and foremost to broaden the investment base. In that sense, I believe that a flow, starting with a broad entry point like BANK™ that then connects those who need them to banking consulting services and investment products, is of paramount importance.

**Fujimagari** In our face-to-face consultations, we provide support not only for medium- to long-term wealth accumulation, but also for life events. This includes inheritance and succession to the next generation. Our

goal is to accompany customers throughout their entire lives and put forward recommendations that look ahead to the prosperity of the next generation.

**Ogose** With the passage of time, BANK™ will continue to grow its fan base by focusing on attractive interest rates as well as simple, smart products, thereby laying the groundwork for customers to discover the investment and asset succession services unique to the Aozora Group.

Furthermore, I am convinced that the fusion of digital and face-to-face interaction is key to supporting wealth accumulation. We will enhance convenience by means of technology while also remaining committed to preserving the warmth of real-world interaction. In this regard, we can become a trusted partner for our customers at every stage of their lives by working together as a unified Group. In promoting the shift in investments from being something for "a select few" into something "for everyone," we will continue to take on challenges going forward.

**Hiruma** At Aozora Investment Management, we do so much more than simply offer products. Through financial education, our goal is to instill in our customers the awareness that asset management is an essential "life skill" for a better quality of life. I would like us to work together with the Aozora Group and with regional financial institutions to foster a stronger investment culture in Japan.

**Fujimagari** The roles to be played are quite clear: BANK™ to support savings, Aozora Investment Management to ensure investment quality, and consulting that works closely with each and every customer. These three elements working in concert to support customers' lives through both savings and investments will ultimately lead to Japan becoming a leading asset management center.

### Working as a Partner Dedicated to Fully Supporting Our Customers' Dreams —From the Consulting Front Lines—

I am currently responsible for addressing retail customers' wealth accumulation needs from the Nihonbashi Branch in Tokyo.

Japan is now poised to make a major shift toward becoming a leading asset management center. Against this backdrop, I believe that the valuable service required of us as a financial institution is not merely to sell products, but rather to help our customers bring their dreams to fruition and accompany them throughout their life's journey.

We offer a wide range of services designed to support our customers throughout their lives, and fund wraps, offered jointly with Daiwa Securities, are just one example. A fund wrap is a product designed to promote the optimal allocation of assets, drawing from dialogue with customers, as well as the management of assets on their behalf. This in turn is a powerful means through which to help customers bring their dreams to fruition and to achieve their future goals. For this very reason, I prioritize above all else, engaging with each individual customer in a sincere manner and building relationships of trust when putting forward a proposal.

In particular, I make it a point to ensure that each customer takes the time to carefully review their customized proposal. By visualizing their life plans, I hope that customers are able to form a specific image of a bright future and take their first steps toward wealth accumulation with a sense of satisfaction.

Accordingly, I place the highest priority on setting aside time for dialogue for that purpose.

In an effort to remain a partner with whom customers feel comfortable entrusting their business, I will continue to contribute to building a prosperous future for everyone.



**Yasuko Kawada**

Manager,  
Consulting Sales  
Department 3  
Nihonbashi Branch

# Remaining Our Customers' Primary Bank of Choice—GMO Aozora Net Bank—

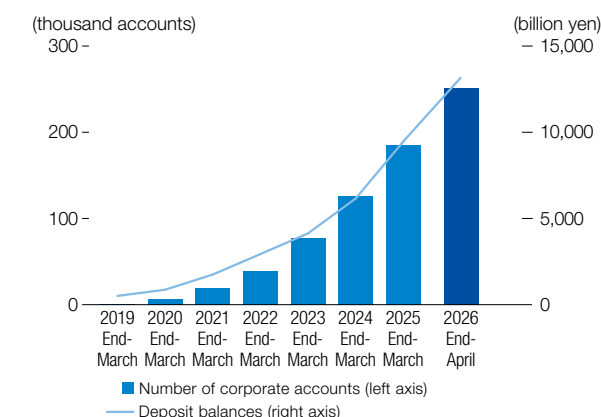
## Overview of GMO Aozora Net Bank

An online-only bank established through a joint venture between Aozora Bank and GMO Internet Group, GMO Aozora Net Bank (GMO Aozora) is a unique financial institution distinguished by its advanced technical capabilities and services tailored specifically for corporate customers. Guided by the vision: “All for our customers. Strive to be the No. 1 Tech Bank,” GMO Aozora has identified a three-pillar foundation for its medium- to long-term strategy and is working diligently to become: the “No. 1 Bank among Small Businesses and Start-ups” as well as “No. 1 in Banking as a Service (BaaS)” and “Tech-first Banking Services.”

As of April 2026, the number of corporate accounts had reached 250,000 with the balance of deposits surpassing 1.3 trillion yen. GMO Aozora is gaining support from small- and medium-sized enterprises (SMEs) as well as startups by expanding services that reduce the administrative burden on small businesses. This includes supporting the direct debit payment of national taxes and social insurance premiums and addressing Pay-easy needs.

One of the key features of the bank's business model is the provision of BaaS. By enabling the integration of banking functions into the services of a wide range of companies, GMO Aozora is helping to enhance the value of the services offered to its corporate customers.

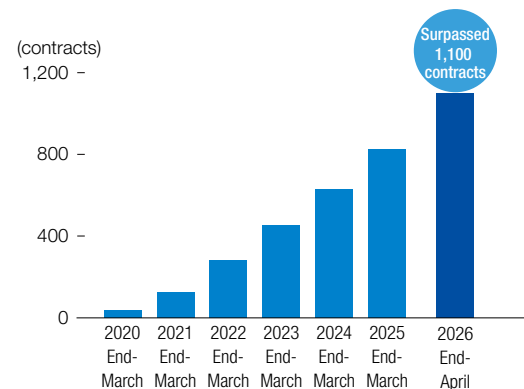
### Number of Corporate Accounts/Deposit Balances



## Source of Competitive Advantage

Driven by engineers who account for approximately 40% of its officers and employees, GMO Aozora's competitive advantage stems from its in-house systems development structure. In internalizing this function, the bank is able to engage in rapid product development while providing a flexible support structure, low-cost operations, and the industry's lowest bank transfer fees to other banks. Moreover, GMO Aozora is accelerating the delivery of value as the bank of choice through various means, including the provision of the largest number of API offerings in Japan with a total of 35 types, which are in principle available free of charge.

### Total Number of “BaaS by GMO Aozora” Service Contracts (Includes the Cumulative Total of API Connection Contract Services)



## Technology and Speed

Since its inception, GMO Aozora has strived to enhance convenience by leveraging its technology and speed, with a particular focus on services tailored to corporate customers. As a result, GMO Aozora was ranked No. 1 on the “Main Bank Growth Rate Ranking” in surveys conducted by both Tokyo Shoko Research and Teikoku Databank in 2025, while continuing its growth toward becoming the preferred bank of choice.

To ensure we remain the bank of choice in the years to come, we will provide a series of services which enable us to support and accelerate the business growth of our corporate customers. Positioning the next five years as our “second phase of growth,” as the world's first “AI Bank” to implement a switch to AI agents in three areas at the same time, we will continue to forge ahead with our plans to double our current levels and reach 500,000 corporate accounts and 2,000 BaaS contracts.

[For details regarding the “AI Bank” concept, please refer to page 35.](#)

## Special Feature 3 GMO Aozora Net Bank Is Moving beyond Its Corporate-focused Strategy in Its Efforts to Become the “AI Bank byGMO Aozora”



**Satoru Mizumachi**  
President,  
Representative Director  
GMO Aozora Net Bank



**Takehito Kaneko**  
Chairman,  
Representative Director  
GMO Aozora Net Bank

Since our launch in 2018, we have worked diligently to secure growth as a “next-generation tech bank” by drawing on our technology and speed. In FY2025, we achieved positive net profit, marking a major milestone toward the establishment of a solid management foundation.

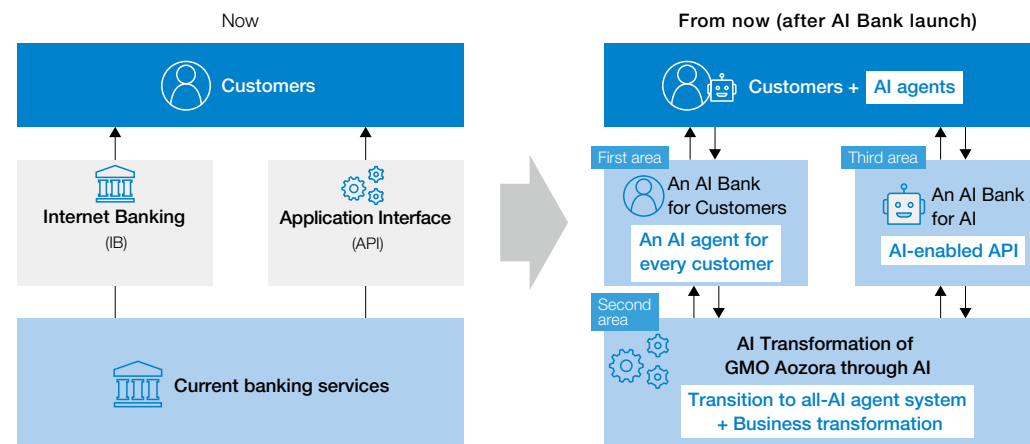
The environment in which we operate is currently undergoing dramatic changes due to the evolution of AI. We believe that we are facing an era of unparalleled transformation, characterized by an AI divide that could pose a threat to our very survival. This era is also marked by intensifying market competition where real-time forecasting in an uncertain market will become essential.

Moving beyond our current strategy focused on corporate customers, we are embarking on a



May 27, 2026  
Business Strategy Briefing:  
Announcement of “AI Bank” Initiative

Before/After: Three Areas of Banking Being Transformed by AI



fully fledged initiative to become an “AI Bank” in a bid to provide added value to customers via AI.

### Three Areas of Banking Being Transformed by AI

Current banking services—including internet banking and API offerings—operate as one-way services from the bank to the customer. In contrast, an “AI bank” delivers banking services optimized for each individual customer via a dedicated AI agent.

#### (1) An AI Bank for Customers

This represents the ultimate in personalized banking, where a dedicated AI agent supports each individual customer. This will facilitate a host of capabilities, ranging from the creation of interfaces tailored to specific usage patterns and preferences to the provision of “AI-CFO” functions, such as treasury management, accounting support, as well as assistance with business decision-making for sole proprietors.

#### (2) AI Transformation of GMO Aozora

In addition to providing AI agents to our customers, we are advancing their use as part of our banking operations. We are advancing an AI Transformation (AX) initiative by replacing our current 2,800 internal business processes with 1,100 AI agents, thereby evolving into an organization with exceptional productivity.

#### (3) An AI Bank for AI

We are entering an era in which customers communicate with banks, or even with one another, through AI agents. In addition to the extensive suite of APIs we have developed to date, we are building an “Agentic API” that will allow AI agents to autonomously select and execute optimal financial functions. Working to remain the bank of choice by people and AI alike, we will build a financial infrastructure that is ideally suited to the AI era.

# Supporting Group-wide Growth through Knowledge of Global Markets

## —The Market & International Business Unit—

### Overview of the Market & International Business Unit

The Market & International Business Unit participates in the domestic and overseas interest rate, foreign exchange, equity, and credit markets, and serves the role of balancing revenue and risk for the entire Group from a global perspective.

#### ① Investments in Securities / ALM

By making diversified investments primarily in the domestic and overseas interest rate and equity markets and managing the Bank's securities portfolio in a disciplined manner, the Market & International Business Unit works to generate stable earnings while improving the strength of the Bank's balance sheet. Moreover, the Unit strives to secure earnings opportunities on its yen currency balance sheet amid periods of higher yen interest rates associated with the Bank of Japan's interest rate

hikes, and to build a funding base that strikes a balance between cost and stability.

#### ② Derivatives and Trading Business

The derivatives business offers customized proposals tailored to the actual demands of companies and provides risk hedge solutions that support the primary businesses of customers by leveraging in-house developed pricing systems and product development capabilities. The trading business works to refine its assessment models and risk management while taking an appropriate position from a customer flow perspective, thereby balancing stable earnings and hedge management even during volatile market conditions.

#### ③ International Business

In our overseas corporate finance focused on North

America, a highly experienced team of professionals in our leveraged finance business, based in New York, extends high-quality, strongly underwritten senior loans, and seeks to diversify regions, currencies, and industries to complement the domestic portfolio. The insight this team acquires locally on credit markets and macroeconomics is also applied to our risk appetite and product development in Japan, and also functions as an information platform for enhancing decision-making across the Group.

Through these means, the Market & International Business Unit plays a role in supporting the sustainable growth of the Group and bolstering resilience against changes in market conditions from the three perspectives of "stable earnings," "risk diversification," and "global information and human resources platform."

### Sources of Competitive Advantage

The competitive advantages of the Market & International Business Unit stem from its global experts who can coordinate closely between our Tokyo office and overseas offices in New York and London, as well as a disciplined risk culture. In the derivatives business, its strengths lie in the ability to consistently and flexibly provide solutions that link markets and customer businesses by using the in-house developed pricing systems and by carefully identifying customer needs.

### Medium- to Long-term Growth Drivers and Business Model Evolution

Diversifying the business portfolio, expanding earnings opportunities, and diversifying risk are becoming increasingly important as means to address today's uncertain external environment. The Market & International Business Unit secures stable earnings from ALM and investments in securities as well as from overseas corporate finance, and provides more earnings opportunities and the effect of diversifying risk by developing derivatives based on customer flows. By enhancing risk management and fostering global talent, the Market & International Business Unit will build a portfolio that is more resilient to market fluctuations, and further strengthen its information dissemination capabilities.

#### Positioning of the Market & International Business



## Special Feature 4 Interviews with Two Professionals



**Anthony Pui**

President of Aozora North America, Inc.

### A Professional Facing the Markets —U.S. Corporate Loan Investments—

Since joining Aozora Bank in 2004, I have dedicated my career to the International Business Unit (now Global Investment Division), primarily focused on the U.S. and European leveraged loan markets. Today, I am based in our New York office at Aozora North America, Inc. (ANA), where I lead our U.S. corporate loan investment platform.

#### The Role of Our U.S. Business in Delivering Stable Earnings and Risk Diversification

ANA's mission is to deliver attractive long-term, risk-adjusted returns through disciplined investments in high-quality U.S. corporate leveraged loans. We focus on senior secured loans to large and upper middle-market companies with stable cash flows and resilient business models.

Our U.S. leveraged loan business complements Aozora's domestic operations and plays an essential role in stabilizing the Group's overall earnings profile. Specifically, it creates three distinct sources of value: (1) "earnings stability" with income streams that are less correlated with our domestic business; (2) "risk diversification" through geographic and sector diversification, and (3) "information and insight" by capturing early insights into global market trends and incorporating them into the Group's strategy.

#### An Investment Philosophy Rooted in Discipline and Prudence

ANA's investment philosophy is simple: "Protect the downside; the upside will follow." We place capital preservation at the center of investment decisions, managing risk of loss through strong loan structures. Our realistic, rather than optimistic, perspective allows ANA to deliver sustainable long-term returns.

Today's market environment, characterized by higher-for-longer interest rates, presents an attractive opportunity to invest in loans to stronger companies on more favorable terms. The lessons learned from the Lehman Shock and the COVID-19 pandemic, including the importance of stability and the need for genuine diversification, are embedded in our organization and culture. We aim to remain a steady, disciplined provider of capital across business cycles.

#### Managing a Global Team

To me, "a professional facing the markets" is someone who remains calm under pressure, bases decisions on facts, and continues to learn from past mistakes. Having members with work experience in both Japan and the U.S. enables smooth coordination between various Aozora offices and is a major strength of our global platform.



**Shinichi Yamazoe**

General Manager  
Derivatives Sales Div.

### A Foreign Exchange Professional Maintaining an Affinity with Customers' Businesses and Uncovering Latent Needs

#### The Role of Foreign Exchange Derivative Sales

Our team is responsible for risk hedging product proposals that employ foreign exchange derivatives. This does not, however, simply entail the sale of products. We work diligently to gain a deep understanding of our customers' operating environments, the nature of their businesses, and each management's market outlook. This allows us to then accurately identify latent risks. Based on this, our role is to develop and offer optimal solutions.

To secure the position of preferred choice amid the myriad of proposals available, it is vital that we deliver a level of added value that our competitors are unable to match. Through ongoing dialogue, we carefully craft proposals tailored to the needs of each individual customer. We take pride in this process as the basis of our value and an inherent strength.

#### What We Value

We maintain an unwavering commitment to "integrity" as the hallmark of our interactions with customers. While developments in AI today allow easy access to financial information, we remain convinced that the provision of value has a human element that AI is unable to replicate. Our value is not only derived from the delivery of knowledge and information, but also stems from the candid comments that we believe are in the best interests of customers from time to time.

The same can be said for our outlook toward the market. Our success in connecting with customers depends on the ability of team members to provide opinions in their own words and to explain their thinking and logic. The fact that a proposal is well-thought-out and based on each team member's thorough analysis holds genuine value.

#### Teamwork

Foreign exchange derivative transactions require collaboration among a wide range of in-house departments, including front divisions, dealers, product development as well as the middle and back offices. Here, it is equally important to clearly express the objectives and significance of each and to foster an environment in which all work toward the same goal. In doing so, we overcome differences in perspective and create a sense of unity as a team.

The appeal of this endeavor rests in the dynamism of bringing together a diverse group of professionals to work toward a single goal. Standing shoulder to shoulder, we will continue to deliver value that exceeds the expectations of customers by leveraging the strength of this unique approach.

# Human Resources Strategy

Having positioned human capital as its driving force for growth, Aozora will work to realize greater corporate value over the medium to long term by implementing a human resources strategy that draws on its management strategies through development of talent who have the willingness to take on challenging assignments and build a cohesive organization.

## The Aozora Group's Human Resources Strategy

Under its management philosophy of “contributing to the development of society through the creation of new value-added financial services,” the Group provides high-quality financial services by leveraging its expertise and robust proposal capabilities despite its compact size with approximately 2,500 employees. We strongly believe that human capital that can take on challenging assignments is the source of enhancing the Group's corporate value. For this reason, the goal of our human resources strategy, and, in turn, a key feature of our management strategy, is to enhance the value of human capital, as a small group of elite professionals.

Mid-term Plan “Aozora 2027” outlines the vision for our human resources strategy as “fostering” the “growth” of Aozora's employees who “create added value,” thereby ensuring that all stakeholders are “fulfilled.” In order to realize our vision, human resources that take on challenging assignments and deliver solutions from a customer-oriented perspective, and an organization that swiftly makes decisions and moves cohesively toward the realization of its management philosophy in a way that motivates this talent are both indispensable. Through the implementation of a human resources strategy closely integrated with our management philosophy and business strategy, we will work diligently to develop this kind of talent and build such an organization, aiming for greater corporate value over the medium to long term.



**Chiharu Hirota**

Executive Officer  
(Head of Human Resources Unit)

## Enhancing Aozora's Corporate Value over the Medium to Long Term



## Human Resources Strategy

### Investment in Human Capital under the Mid-term Plan

Based on the belief that “human capital” is the source of enhancement of corporate value, the Aozora Group is committed to bolstering its investment in human capital, focusing not only on extrinsic rewards, but also intrinsic rewards.

Despite a business environment characterized by high labor mobility, past investments in human capital have helped maintain employee retention rates at a high level, contributing to an earnings recovery from FY2024.

- **Extrinsic rewards:** Maintain a competitive compensation system (pay-scale increases implemented for five consecutive years), introduce a stock compensation program for employees
- **Intrinsic rewards:** Improve employee engagement and well-being by fostering a rewarding and safe working environment

In order to bridge the gap between the vision of our human resources strategy and reality, we outlined four basic policies for investment in human capital under the Mid-term Plan as shown in the table below. These basic policies are designed to help ensure that our investment in human capital leads to the creation of added value. In specific terms, while raising the overall level of human

resources through an expansion in the number of personnel who “create added value,” we reassign personnel to priority areas, including the Strategic Investments Business, seeking to support priority businesses through organizational cohesion and reward value-creating talent by ensuring that compensation is matched to the level of contribution. The measures aligned to these basic policies implemented in FY2025 have already produced results. (Please refer to “Core KPIs, etc.” in the table below).

Aozora will continue to invest in human capital in line with these four basic policies, regardless of changes in the economic environment.

### Our Vision of the Human Resources Strategy: Human Capital Investment That Leads to Creating Added Value

| Current issues                                                                               | Basic policy                                                                                              | Core KPIs, etc.                                                                                                                                                                                                                                                                                                                                                                                 | Vision                                                                                                                                         |
|----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| Lack of human resources that are “creating added value”                                      | 1. <b>Fostering and recruitment of human resources</b> capable of creating added value                    | <ul style="list-style-type: none"> <li>• Recognition for taking on challenges*1<br/>FY2024: 47% ⇒ FY2025: 52% (FY2027 target: 55%)</li> <li>• Number of people hired (new graduate and mid-career hires)<br/>FY2024: 80 ⇒ FY2025: 108</li> </ul>                                                                                                                                                | Secure and develop value-creating talent through a consistent recruitment and training policy based on our vision for human resources          |
| Reassignment of personnel to priority areas for “creating added value” only halfway complete | 2. <b>Deployment of human resources</b> capable of creating added value to <b>focus areas of business</b> | Ratio of employees in the Strategic Investments Business*2<br>FY2024: 19% ⇒ FY2025: 20% (FY2027 target: 24%)                                                                                                                                                                                                                                                                                    | Support growth in focus areas by visualizing and reallocating human resources                                                                  |
| Insufficient differentiation in compensation for value-creating talent                       | 3. <b>Fair allocation of rewards for human resources</b> capable of creating added value                  | <ul style="list-style-type: none"> <li>• Correct the tendency toward centralized evaluations<br/>⇒ Completed ahead of schedule</li> </ul>                                                                                                                                                                                                                                                       | Enhance employee motivation and improve overall performance by more fairly allocating compensation for personnel who create the added value    |
| Further practice of the management philosophy<br><br>Lack of organizational cohesion         | 4. <b>Transformation into an organization</b> that creates added value                                    | <ul style="list-style-type: none"> <li>• Employee engagement score<br/>FY2024: 61 ⇒ FY2025: 63 (target: 60 or above)</li> <li>• Element lacking in workplace fulfillment*1 “Sense of unity and cohesion”<br/>Ranked top in FY2024 ⇒ Ranked top in FY2025 (FY2027 target: 2nd or lower)</li> <li>• Employee stock ownership plan participation rate<br/>FY2024: 50.1% ⇒ FY2025: 82.2%</li> </ul> | Build an organization that can flexibly and swiftly resolve challenging assignments as a cohesive group in line with our management philosophy |

\*1 Based on employee surveys \*2 Consolidated basis; excludes those who are supporting the Strategic Investments Unit

## Human Resources Strategy

1

### Fostering and recruitment of human resources capable of creating added value

#### Human Resource Development

We understand that realizing the Group's management strategies requires human resources that take on challenging assignments and deliver solutions from a customer-oriented perspective. In that context, the Bank initiated steps to revise and restructure its human resources development programs in FY2025 to foster independence and encourage each individual to take on challenges, moving away from the year-based standardized programs. Moreover, we have introduced a new talent management system to better visualize the skills and experience of employees. We will seek to more

effectively develop human resources in order to increase the number of employees who are able to excel.

#### Development of Strategic Investments Business Professionals

We recognize that the most pressing challenge at present is to develop the human resources necessary to spearhead the Strategic Investments Business, an area of business focus. In FY2025, we launched the Strategic Investments Seminar, a small-group, intensive training initiative through which officers with extensive experience in Strategic Investments Business act as lecturers. CEO Oomi has taken on the role of seminar director since FY2026 and is sharing his thirty-year experience in structured finance with future generations. In addition to imparting knowledge, this seminar helps participants gain

practical skills. For similar reasons, Aozora also offers several other Strategic Investments Business human resources development programs in collaboration with third-party organizations. As one example of particular note, young talent who have acquired one year of front-line experience in investments with a primary focus on engagement as part of the Mushashugyo\*<sup>1</sup> program at Asuka Corporate Advisory Co., Ltd. arrive ready to act on their own on the front lines of business.

#### Human Resources Development Programs

The majority of the Bank's training programs are developed in-house.

|                              | All Employees                           | Non-management Employees                                                                 | Managers                              | Senior Employees                                   |
|------------------------------|-----------------------------------------|------------------------------------------------------------------------------------------|---------------------------------------|----------------------------------------------------|
| Training                     | Communication Forum                     | 1st-2nd Year Training                                                                    |                                       | Proactive Career Training                          |
|                              | Aozora University                       | Business Mindset Training                                                                |                                       | Career Ownership Training                          |
|                              | Training/Seminar Platform               |                                                                                          |                                       |                                                    |
|                              | English Proficiency Enhancement Program |                                                                                          |                                       |                                                    |
| Selective Training           |                                         | Leader Mindset Training                                                                  | Pre-Deputy Manager Training           | Manager Training (position-specific)* <sup>2</sup> |
|                              |                                         |                                                                                          | Leadership Development Training       |                                                    |
|                              |                                         |                                                                                          | Female Leadership Development Program |                                                    |
| Business Training            |                                         | Strategic Investments Seminar                                                            |                                       |                                                    |
|                              |                                         | Aozora Career Academy (Corporate, Financial institutions, Retail business)* <sup>3</sup> |                                       |                                                    |
| Experience Expansion Program | Career Course Conversion Program        | Job Rotation                                                                             |                                       | Second Career Support Program                      |
|                              | Job Support Programs                    | Job-posting Program                                                                      |                                       |                                                    |
|                              | Short-term Trainee Program              | Overseas Trainee Program                                                                 |                                       |                                                    |
|                              | Consultation with a Career Consultant   | Mushashugyo Program* <sup>1</sup>                                                        |                                       |                                                    |
|                              | Career Support Leave Program            | Graduate School Program                                                                  |                                       |                                                    |

\*<sup>1</sup> A secondment program where participants work one to two years at a corporation or a Group company \*<sup>2</sup> Content revised to place greater emphasis on organizational development and talent development to strengthen management capabilities

\*<sup>3</sup> Previously independent training programs by groups have been integrated into a structured curriculum

#### Comments from a Participant of the Strategic Investments Seminar



**Kenshin Izumi**

Structured Finance Group  
Strategic Finance Division

After joining the Bank as a new grad, I worked in the corporate lending business for SMEs at the Kansai Branch. Today, I focus on corporate loans for large companies in the Strategic Finance Division. In order to deepen my understanding of LBO finance, which requires a particularly high-level of expertise among the different corporate lending businesses, I applied for this year's Strategic Investments Seminar. During the seminar, I learned about non-recourse loan origination

methods. The seminar helped me better understand the importance of cash-flow analysis, risk analysis, and structuring measures that increase the probability of us recovering our loans in LBO finance, which depends on the earning power of specific businesses and assets as opposed to the creditworthiness of the company. At the same time, I experienced the difficulty of incorporating all of them into loan agreements. The Bank offers an environment that enables employees to experience the Strategic Investments Business from early on in their careers as long as they are interested. Participating in the Strategic Investments Seminar has further increased my desire to become deeply involved in the day-to-day operations of this business in the near future.

## Human Resources Strategy



**Shinya Kawabata**

Representative Director  
and President  
Aozora HR Lab. &  
Consulting Co., Ltd.

Ever since we were first established in 2013 as Aozora Regional Consulting Co., Ltd. we have supported the development of regional financial institutions personnel through business assessments as well as regional revitalization studies and research as a bank-derived think tank. More recently, we integrated Aozora's internal human resources development functions and relaunched as Aozora HR Lab. & Consulting Co., Ltd. This move has melded the human development know-how held by the Group as we advance to a new stage. Our mission is to organize an environment that allows

all employees to exercise their spirit of challenge that is the Group's DNA, and assist in individuals' endeavors.

For the very reason that today's advancements in technology have clouded the future, we must know our customers, face challenges, and pioneer new frontiers through ingenuity. We will therefore focus all of our efforts on foundational human resources development so that Aozora's employees will have confidence when they engage with customers and be able to provide timely, appropriate financing.

Under the slogan of "contributing to the development of an enriched society by turning out exceptional financial professionals," we aspire to a presence that will continue to play a role into the future by developing and deploying professionals that are relied upon by society through the qualitative enhancement of human capital and the advancement of financial skills.

### Recruitment of Human Resources Capable of Creating Added Value

We recognize human resources sustainability and diversity through reinforced and entrenched human capital as one of our challenges, and therefore we are strengthening our recruitment strategy.

The Bank has long focused on mid-career hiring, where people with a broad range of experience and values are joining Aozora ready to contribute. In recent years, we have focused on recruiting people with high potential,

particularly experts in the financing areas. In FY2025, we strengthened alumni hiring (rehiring of former employees) and referral hiring (hires through employees' referrals), and introduced direct recruiting. As a result, these efforts brought the mid-career hiring ratio to 39%.

As far as new graduate recruitment is concerned, we hire people with diverse backgrounds by expanding our sourcing routes to include international students and graduates of overseas universities.

In order to retain specialized human resources, we are working to collect and analyze information through retention interviews and questionnaires for retirees, as well as to improve the balance between evaluations and rewards, striving to become an organization of choice.

[For details on hiring ratios and average annual compensation, please refer to "Non-financial Information Index" in the Financial and Corporate Data Section.](#)

### 2

### Deployment of human resources capable of creating added value to focus areas of business

To ensure the growth of its Strategic Investments Business as a key focus area, reassigning personnel and increasing the number of specialized human resources are of the utmost importance. To address this, we are promoting the following initiatives.

#### Strategic Investments Business Personnel Ratio Targets March 31, 2028 24%

|                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Initiatives to Reassign Personnel to the Strategic Investments Business | <ul style="list-style-type: none"> <li>• Leverage the experts with experience in structured finance</li> <li>• Provide high-potential young employees with opportunities to gain on-the-job experience</li> <li>• Optimize personnel allocation using the talent management system and other tools</li> <li>• Reorganize the business groups into three units to enhance internal talent mobility</li> </ul> |
|-------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                         |                                                                                                                                                                                                                                                                                                                                                |
|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Enhancement Initiatives | <ul style="list-style-type: none"> <li>• Personnel shift to front offices, strengthening of rotations, and revitalization of job posting system</li> <li>• Strengthening of specialized human resources recruitment</li> <li>• Strengthening of the balance of rewards for retention and recruitment of specialized human resources</li> </ul> |
|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### 3

### Fair allocation of rewards for human resources capable of creating added value

The Group seeks individuals who adopt a customer-oriented perspective and are capable of taking on and resolving challenging assignments. To remain the top choice for these individuals, Aozora's basic policy is to reward them fairly by ensuring competitive compensation levels and properly evaluating their contributions to added value creation. Under this policy, our Mid-term Plan raised "fair evaluation and allocation of rewards" aiming to realize a virtuous cycle consisting of greater employee engagement and corporate value through continued investments in human capital.

#### Decision-making Policy for Employee Compensation

|                    |                                                                                                           |
|--------------------|-----------------------------------------------------------------------------------------------------------|
| Reward structure   | Basic salary, bonuses, retirement benefits (retirement bonus, defined-benefit pension), employee benefits |
| Compensation level | Maintain competitive compensation levels                                                                  |

#### Key Operation Policies and Initiatives

- Thorough pay-for-performance approach
- Assessment of challenges
- More balanced benefits
- Promotion of senior employee roles
- Higher base wages

Enhance  
engagement

Enhance  
corporate  
value

## Human Resources Strategy

4

### Transformation into an organization that creates added value

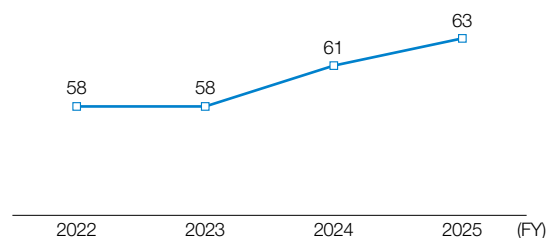
#### Improvement in Employee Engagement

To enhance corporate value, it is vital to improve individual job satisfaction and engagement, as well as enhance the quality of human capital. Aozora therefore conducts an annual employee survey to identify issues in improving engagement and to reflect these in specific initiatives. As a result of the past initiatives, we saw a steady rise in the engagement score, but the survey provided two important insights for future growth.

The first is to create a workplace environment in which employees can work with a sense of unity and that increases “job satisfaction” while maintaining “workplace comfort,” which is already at a high level. The second is to ensure that each employee takes on challenges without fear of change, and to further instill a culture that praises these endeavors as an organization.

#### Employee Engagement Score

(pt)



In addition, we will advance various initiatives intended to resolve the following three issues identified by the survey.

- 1 Proactive practice of the management philosophy (on a routine work level)
- 2 Assistance for growth of young and mid-level employees who will take responsibility for future generations, and the incorporation of their feedback
- 3 Nurturing a sense of unity and solidarity that crosses generations, units, and job categories

#### Initiatives to Improve Employee Engagement

- **Annual employee survey:** Survey results are discussed among executive officers and incorporated into human resources systems, Mid-term Plan, and business measures
- **Monthly use of Wevox engagement measurement tool:** Enables visualization and analysis to support workplace-driven organizational development and enhance management capabilities

#### Initiatives to Strengthen Organizational Unity

- **Ongoing town hall meetings (once per year):** Direct dialogue between management and employees to instill the management philosophy
- **Launch of branding project:** Stronger corporate branding for internal and external use centered on the idea of “Creating Possibilities,” beginning with the transformation of branding for internal use into an opportunity to improve job satisfaction and the sense of unity among employees

We will further enhance employee engagement through these initiatives in an effort to become a company in which employees take pride, as well as one that offers job satisfaction and attracts people willing to take on challenging assignments.

## Foundation for Sustainable Growth

### Enhancing Employee Well-being

We promote both KENKO Investment for Health\* and financial wellness initiatives that support employees’ physical, mental, and financial stability with a view to enhancing employee well-being.

\* “KENKO Investment for Health” is a registered trademark of the Nonprofit Organization Kenko-keiei.

For information about enhancing employee well-being (KENKO Investment for Health and financial wellness), please refer to page 22 of the Sustainability Report.

### Diversity, Equity & Inclusion (DEI)

The Group positions the promotion of diversity, equity, and inclusion (DEI) as a core component of its management strategy. In addition to prioritizing the promotion of women’s empowerment as well as the mid-career hiring of experienced professionals with diverse backgrounds, including foreign nationals, we focus on putting in place an environment in which employees with disabilities can work with safety.

#### Goals and Progress

| Categories                            | Current ratios       | Target ratios        |
|---------------------------------------|----------------------|----------------------|
|                                       | As of March 31, 2026 | As of March 31, 2028 |
| Female managers                       | 15.2%                | 20%                  |
| Female deputy managers                | 44.1%                | 40%                  |
| Non-Japanese managers                 | 2.6%                 | 3%                   |
| Mid-career managers                   | 60.5%                | 40%                  |
| Male employees taking childcare leave | 102%                 | 100%                 |

For information about the promotion of DEI (creating opportunities for female employees and creating an environment where diverse talents can thrive), please refer to page 23 of the Sustainability Report.

## Interview with Outside Directors 2

### Enhancing Corporate Governance and Human Capital



**Sakie Tachibana Fukushima**

Outside Director  
Chairperson of the Nomination and Remuneration Committee

Sakie Tachibana Fukushima has served as Director of Korn/Ferry International (U.S. Headquarters), a U.S. listed firm, as well as President and Chairperson of Korn/Ferry Japan. She has also served as an outside director of several Japanese listed companies and has a wealth of experience, credentials, and deep insight as a member of senior management of corporate institutions, as well as extensive knowledge of the management of global human resources and corporate governance. She was appointed as an Outside Director of the Bank in June 2022.



**Koichi Tadano**

Outside Director  
Nomination and Remuneration Committee Member

After serving as President, CEO, and Representative Director of Tadano Ltd., Koichi Tadano assumed his current position as the company's Chairman of the Board and Representative Director. Mr. Tadano has extensive management experience as a senior manager of a corporate institution, with deep insight regarding business development and market trends from a global perspective. He was appointed as an Outside Director of the Bank in June 2024.

#### ■ Composition of the Board of Directors and the Appointment of a CEO

**Fukushima** In FY2025, the Nomination and Remuneration Committee primarily discussed: (1) the composition and operation of the Board of Directors; (2) the remuneration system for internal directors; and (3) the CEO succession plan.

As far as (1) the composition and operation of the Board of Directors is concerned, taking into consideration the purpose and intent of Japan's Corporate Governance Code, it is important to ensure that independent outside directors constitute a majority of the Board of Directors. In addition to the recent rise in geopolitical risks, it has become increasingly important to respond to rapidly changing market conditions, including business restructuring beyond traditional boundaries within the financial industry driven by digital technology innovations. Under these circumstances, both the Nomination and Remuneration Committee and the Board of Directors deliberated on the most appropriate composition of the Board in FY2025, resulting in the appointment of one additional independent outside director in FY2026. I believe that this has enabled the Bank to broaden its skill set from the perspective of corporate management and finance as well as global affairs and human capital, thereby strengthening our overall governance. At the same time, to strike a balance between the compatibility and independence of outside directors, the Bank has shortened the cumulative tenure of its outside directors to six years as a general guideline and up to a maximum of eight years.

Turning to (2) the remuneration system for internal directors, reflecting on past cases where the Bank placed too much emphasis on short-term performance resulting in excessive risk-taking, discussions were held on designing a system that would allow directors to concentrate on enhancing corporate value over the medium to long term. Based on this background, steps were taken to introduce a stock remuneration plan that would allow the Bank to ensure that interests were more closely aligned with those of our shareholders.

While the CEO has served as Chairperson of the Board of Directors since FY2026, we also discussed the pros and cons of an internal director responsible for the executive function serving as the chairperson. While there is the view that an outside director should serve as chairperson, I believe that the optimal governance structure for a company should be determined based on its specific circumstances.

## Interview with Outside Directors 2

**Tadano** There is no absolute correct answer as to whether an internal or external director should serve as chairperson. With this in mind, I believe that the decision should be made after taking into account the specific circumstances surrounding each company. As far as Aozora is concerned, in light of the highly specialized nature of its business, the current structure in which the CEO, who is well-versed in its internal affairs, serves as chair, and independent outside directors, who make up the majority of the Board of Directors, does make sense to me. At the same time, we are today living in an era of rapid environmental changes where there is no such thing as “business as usual.” Against this backdrop, I am convinced that those who possess relentless tenacity and rugged resilience should take the lead.

I assumed the role of outside director around the same time as the current CEO took office and have witnessed firsthand his excellent management skills. Drawing from my own experience as a top executive, I recognize that business leaders grapple with whether their decisions are the right ones when conditions are uncertain. It is for that very reason that I believe that we, as outside directors, should support management’s decision-making, engage in objective and candid debate, and judge matters strictly on their merits. Once a decision has been reached, we should then fully support its execution.

In addition, I believe it is crucial for outside directors to maintain their independence or, in other words, provide an “outsider’s perspective.” I consider the ideal outside directors would be those who can build a genuine rapport while still maintaining clear boundaries.

Aozora’s Board of Directors currently possesses a very broad range of skills. Having said this, I believe it would still be better for the Bank to enhance the Board’s expertise in light of the ever-accelerating pace of evolution in new areas such as AI. However, given the limited number of Board members, I feel it is equally important to find ways to incorporate external expertise through various means,

including study sessions. The key here is to accurately identify which skills required of our directors may be lacking. In this regard, I believe a skills matrix is a highly effective tool for improving the composition of the Board of Directors.

**Fukushima** One cannot overstate the important role that outside directors play not only in providing oversight, but also in offering their support. In relation to the CEO succession plan, the Nomination and Remuneration Committee must remain acutely aware that it is charged not only with the responsibility of selecting the CEO, but also the heavy “responsibility for appointments” regarding whether the appointed CEO contributes to enhancing corporate value.

In drawing up (3) the CEO succession plan, limited involvement by outside directors was identified as an issue in the past. In order to address this issue, steps were taken to establish a forum for extensive discussions comprised entirely of independent outside directors. This has helped to create an opportunity to solicit feedback from the non-members of the Nomination and Remuneration Committee. In addition to outside directors interviewing all candidates, the CEO participates in meetings with independent outside directors to present the succession plan and exchange views. In my view, Aozora Bank now has a process in place through which to incorporate a wider range of opinions when formulating its succession plan.

Candidates for the position of CEO are categorized into those ready for immediate appointment and those who require further development. In this regard, we have established development programs tailored to each group. I strongly believe that interaction between outside directors and executive officer candidates is beneficial not only for assessing the candidates’ capabilities, but also for deepening outside directors’ own understanding of the business, thereby yielding positive results for both.

## Interview with Outside Directors 2

### ■ Securing and Retaining Human Capital for Strategic Investments Business and Promoting Diversity

**Tadano** With regard to securing and retaining human capital for the Strategic Investments Business, discussions have been held by the Nomination and Remuneration Committee in conjunction with the Bank's effort to promote diversity. I myself view Strategic Investments Business professionals as specialists, but given the importance of diversity—and bearing in mind the concept of the T-shaped professional—I believe it is necessary to cultivate both specialists and generalists. With this in mind, I recognize the critical need to foster the ability to act autonomously—the capacity to drive one's own work—by increasing opportunities for changes in the work environment, such as departmental transfers or relocations, particularly when developing younger employees.

To promote diversity, it is also essential to increase the degree of autonomy granted to each employee, while maintaining core values and a culture that underpin the entire organization. I have heard that, most recently, the Bank has been working to make all employees more aware of its corporate philosophy. I look forward to seeing more progress made with these initiatives, with the entire Bank working as one in its efforts to enhance corporate value.

In my regular interaction with Aozora employees, I sense an inner energy beneath their earnest demeanor, something likely cultivated over a history of overcoming a range of challenges. I sense that Aozora possesses a natural aptitude to proactively build a culture that the Bank itself believes in.

**Fukushima** I could not agree more that core values and a corporate culture are essential. I often use the phrase “flexible on the outside, resilient on the inside.” To me, the ideal form of diversity involves holding firm to one's core principles and beliefs while responding to diverse human capital and situations with a “flexible but resilient” approach. It is equally important to avoid focusing solely on attributes such as gender and nationality, and instead to recognize that such attributes are merely one part of the individuality that constitutes a person.

If you look at the results of the FY2025 employee survey, the score for “workplace comfort” was high at 81%, while the scores for “job satisfaction” and “recognition for having taken on challenges” were 56% and 52%, respectively. This indicates that we will have to further cultivate a corporate culture that encourages taking on challenges. To that end, in addition to the departmental transfers mentioned earlier by Director Tadano, I would like to see Aozora actively create opportunities to gain external perspectives through a range of measures, including interaction with Daiwa Securities Group. I would also hope that the Bank continues to foster self-motivated talent capable of advancing Aozora toward its ideal vision.



**Satoko Gibbs**

Outside Director,  
Nomination and  
Remuneration Committee  
Member

### Message from the New Outside Director

Over the course of my career, I have been involved in M&A, corporate strategy and business operations at financial institutions and global companies, while also supporting executive decision-making, driving organizational transformation, and working on the development of corporate leaders.

In addition, I have completed specialized training for non-executive directors (the Financial Times Non-Executive Director Diploma) and possess expertise in board dynamics and corporate governance. In recent years, through my advisory work with management teams, I have contributed

not only to enhancing the effectiveness of strategy execution, but also to advancing governance aimed at improving corporate value and capital efficiency.

Drawing on this experience and expertise, at Aozora Bank I will provide advice and oversight from a constructive and independent perspective, focusing on the effectiveness and soundness of management strategy, and will strive to contribute to the sustainable enhancement of the Bank's corporate value over the medium to long term.

# Developing Data Infrastructure and Leveraging AI

## —Integration of AI-driven “Information Gathering and Organization” and High-level Human “Decision-making”—

The strength of the Aozora Group lies in its ability to provide unique services by leveraging its specialized expertise. The use of AI is essential for further honing this strength and delivering value at a higher level and with greater speed to meet the diverse needs of each and every one of our customers. We view AI not merely as a tool for streamlining operations, but as a form of partner that enables our employees to focus on more complex and nuanced “decision-making.” By entrusting AI with “information gathering and organization” tasks, we will work to enhance the capabilities of the entire organization and put into practice the creation of new value.

### Key to Leveraging AI: Developing a Strategic Data Infrastructure

Organizing the underlying data is the most critical step to getting the most out of AI’s capabilities. The emergence of generative AI has dramatically transformed how we leverage data. Recognizing this transformation, the Bank is strategically and incrementally developing infrastructure to leverage data and AI.

In Phase 1 (FY2020–22), we developed a data infrastructure for our retail customers. In the subsequent Phase 2 (FY2023–25), we focused upon the expansion of our capabilities, for example by introducing in-house developed Aozora LLM (Large-scale Language Model) and a cloud-based AI system dedicated to the Aozora

Group. In 2026, based on a business alliance agreement with neoAI Inc., we plan to further accelerate the integration of generative AI into the Group’s business processes. Looking ahead, in Phase 3 (FY2026 onward), we will work to further advance our use of AI by proceeding with the integration of corporate customer data, including such unstructured data as daily sales information, and linking that data to our business systems.

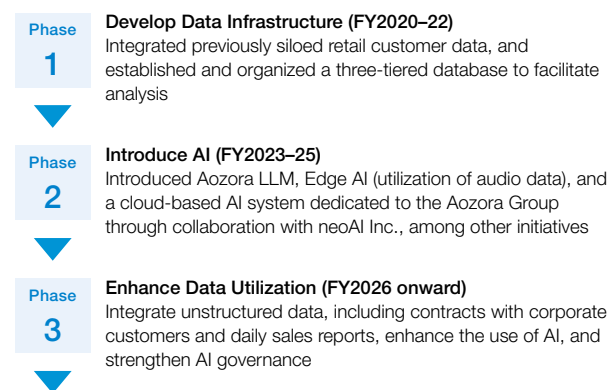
### Toward the Sustainable Enhancement of Corporate Value through “Organizational Reskilling”

Human capital is the driving force behind the Group’s growth. The use of AI enables even less experienced

employees to leverage insights gained from more experienced staff members and historical data, thereby increasing the quality and speed of decision-making. This will also lead to the enhancement of individual capabilities, and in turn drive “organizational reskilling,” which will enhance the capabilities of the organization as a whole.

Moving forward, we will leverage our enhanced data infrastructure and AI to free up time, redirecting that time toward creative activities that only humans can perform, including dialogue with customers and value creation. By doing so, we will generate new possibilities together with our customers with the aim of achieving sustainable growth in corporate value.

### Roadmap



Enhance corporate value by strengthening sales capabilities and improving operational efficiency through the use of AI to leverage Group-wide knowledge

### Case Studies of Leveraging AI

| Frontline Issue                                                                                                                                                                                                          | Improvements by Organizing Data and Leveraging AI                                                                                                                                                                                                         | Feedback from the Frontline                                                                                                                                                                                                                           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Case Study (1): Corporate/Industry Analysis Research</b><br>Corporate analysis is very time-consuming work, and the quality of the analyses varies depending on the experience of the person responsible.             | Generative AI tools instantly collate and summarize vast amounts of publicly available information and internal data. This has enabled anyone to quickly obtain in-depth research results comparable to those of a veteran specialist.                    | <b>Employee responsible for corporate sales:</b><br>Streamlining the time-consuming process of corporate analysis has enabled me to direct more time to making proposals to our customers.                                                            |
| <b>Case Study (2): Development of Strategic Investments Business Professionals</b><br>Expansion of human resources possessing advanced expertise that is required to strengthen business operations                      | Trained on extensive transaction data and expert insights, AI serves a key role as a partner that supports junior staff in driving transactions forward, thereby enabling practical on-the-job training (OJT).                                            | <b>Employee responsible for the Strategic Investments Business:</b><br>By acquiring practical knowledge from AI, we can expect staff members to reach a higher level sooner and the entire team to improve its ability to drive transactions forward. |
| <b>Case Study (3): Legal Support for Finance Transactions</b><br>For complicated transactions, we are required to establish contract terms promptly and appropriately, taking into account precedents and similar cases. | We plan to install a database that systematically accumulates past contract cases and insights from legal consultations. We will work to create an environment in which our contract knowledge can be shared and utilized across the entire organization. | <b>Employee responsible for legal affairs:</b><br>Sharing and utilizing contract knowledge across the entire organization not only reduces the time spent on legal consultations, but can also be expected to mitigate legal risks.                   |

# Sustainability Promotion



**Mayumi Takada**

Executive Officer  
in charge of Sustainability  
Management

## We Will Continue to Create Value while Aiming to Sustainably Grow with Society

Recent trends in sustainability have not necessarily followed a single path across global markets. We have in fact witnessed headwinds that have impeded investments as well as scenarios that have caused ESG activities to regress. Despite this, we must remain resilient to such short-term changes in the external environment and continue our efforts to promote sustainability.

Earnestly confronting challenges, including responding to climate change, conserving biodiversity, respecting human rights, and putting a “circular economy” into practice, to pass on a sustainable society to future generations is, as I see it, both one of our social responsibilities as a company and the basis of our management to sustainably enhance corporate value into the future.

Financial institutions play a role in driving innovation in society and the economy through the flow of funds. The Aozora Group is advancing initiatives, in concert with customers, for decarbonization as well as respecting human rights across the entire supply chain through investments and lending that take into consideration environmental and societal issues. In doing so, we will go beyond simply mitigating risk to also helping generate new growth opportunities.

In this time of constant change, we must consistently undertake initiatives that are genuinely necessary from an unwavering, long-term perspective. To balance social and economic value, we will work hand-in-hand with our diverse range of stakeholders toward a sustainable future.



For details, please refer to the  
Sustainability Report.

<https://www.aozorabank.co.jp/english/sustainability/report/pdf/sustainabilityReport2026.pdf>

### Governance

Under the supervision of the Board of Directors, Aozora has established a sustainability promotion system led by the Sustainability Committee to advance sustainability initiatives that are integrated with its overall management strategy in accordance with the Basic Policy on Sustainability Initiatives.

For details on the Sustainability Promotion System, please refer to page 5 of the Sustainability Report.

- For details on the Basic Policy on Sustainability Initiatives, please refer to the Bank's website.

<https://www.aozorabank.co.jp/english/sustainability/promotion/>

### Strategy

In order to achieve a decarbonized society, Aozora has established the Roadmap to Becoming Carbon-neutral, under which it works to guide our transition into the real economy, capture business opportunities, and engage in risk management in an integrated manner.

For details on the Roadmap to Becoming Carbon-neutral, please refer to page 10 of the Sustainability Report.

For details on climate change-related opportunities and risks, please refer to page 9 of the Sustainability Report.

### Risk Management

We incorporate climate change risk into Aozora's “Key Risks” and use it in discussions of our risk appetite and business planning to enhance the effectiveness of risk management. When we initiate individual projects, we respond in accordance with the Aozora Bank Group Investment and Lending Policies regarding Environmental and Societal Issues.

For details on Key Risks, please refer to the Financial and Corporate Data Section.

For details on our Risk Appetite Framework, please refer to page 22.

- For details on the Aozora Bank Group Investment and Lending Policies regarding Environmental and Societal Issues, please refer to the Bank's website.

[https://www.aozorabank.co.jp/english/sustainability/policy/pdf/investment\\_and\\_loans.pdf](https://www.aozorabank.co.jp/english/sustainability/policy/pdf/investment_and_loans.pdf)

### Metrics and Targets

We have announced the establishment of Aozora's Sustainability Targets aimed at creating social and economic value, which are shared across the entire Group.

For details on Aozora's Sustainability Targets, please refer to page 14.

For details on GHG emissions in the investment and loan portfolio, please refer to page 14 of the Sustainability Report.

## Sustainability Promotion

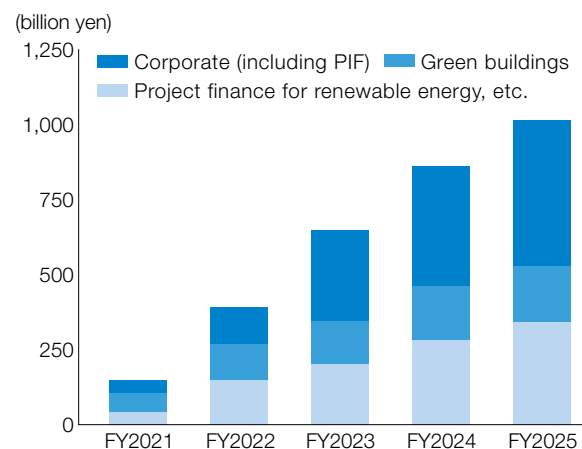
### Promoting Sustainable Finance

Aozora has set the goal for sustainable financing at 2 trillion yen (including environmental financing of 1.5 trillion yen) by FY2035 (for 15 years) as part of Aozora's Sustainability Targets.

In addition to project finance for renewable energies and green-building finance, the areas in which we have been actively engaging, we are focusing on corporate loans centered on Positive Impact Finance (PIF)\* with the aim to achieve our targets.

\* Finance designed to continuously support our customers in the expansion of positive impacts or in the mitigation of negative impacts on the environment, society, and economy arising from their activities by providing comprehensive analysis and evaluations of these impacts

### Sustainable Financing Amount (Total)



### Aozora's ESG Support Framework

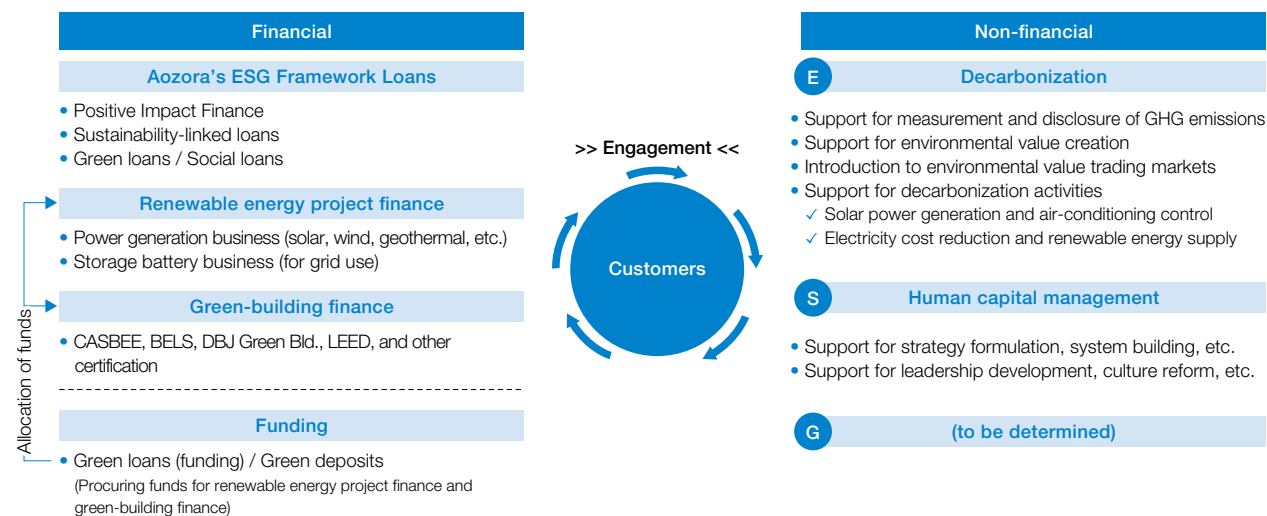
Aozora provides both financial and non-financial solutions to support customers' initiatives to solve environmental, social, governance and other sustainability issues.

In the financial area, we offer sustainable finance proposals in accordance with our customers' recognition of the issues and circumstances. For our PIF, sustainability-linked loans, green loans, and social loans, we obtained a second opinion from Rating and Investment Information, Inc. (R&I), which has determined that our evaluation framework and system were compliant with international principles and domestic guidelines (Aozora's ESG Framework Loan).

In the non-financial area, we support customers' sustainability-related initiatives through collaboration with external partners that provide solutions regarding decarbonization and human capital management. Moving forward, we will further develop and expand upon the range of our solutions in a phased manner.

Given that the development of human resources who are experts in sustainability is an important issue for financial institutions, we have been focusing on this area by proactively conducting training and study sessions.

### Aozora's ESG Support Framework



# Initiatives to Address Climate Change

## Roadmap to Becoming Carbon-neutral

As part of our medium- to long-term initiatives for the risks and opportunities related to climate change, Aozora has developed a roadmap and specific plan of action to achieve carbon-neutrality in line with the items of the Paris Agreement.

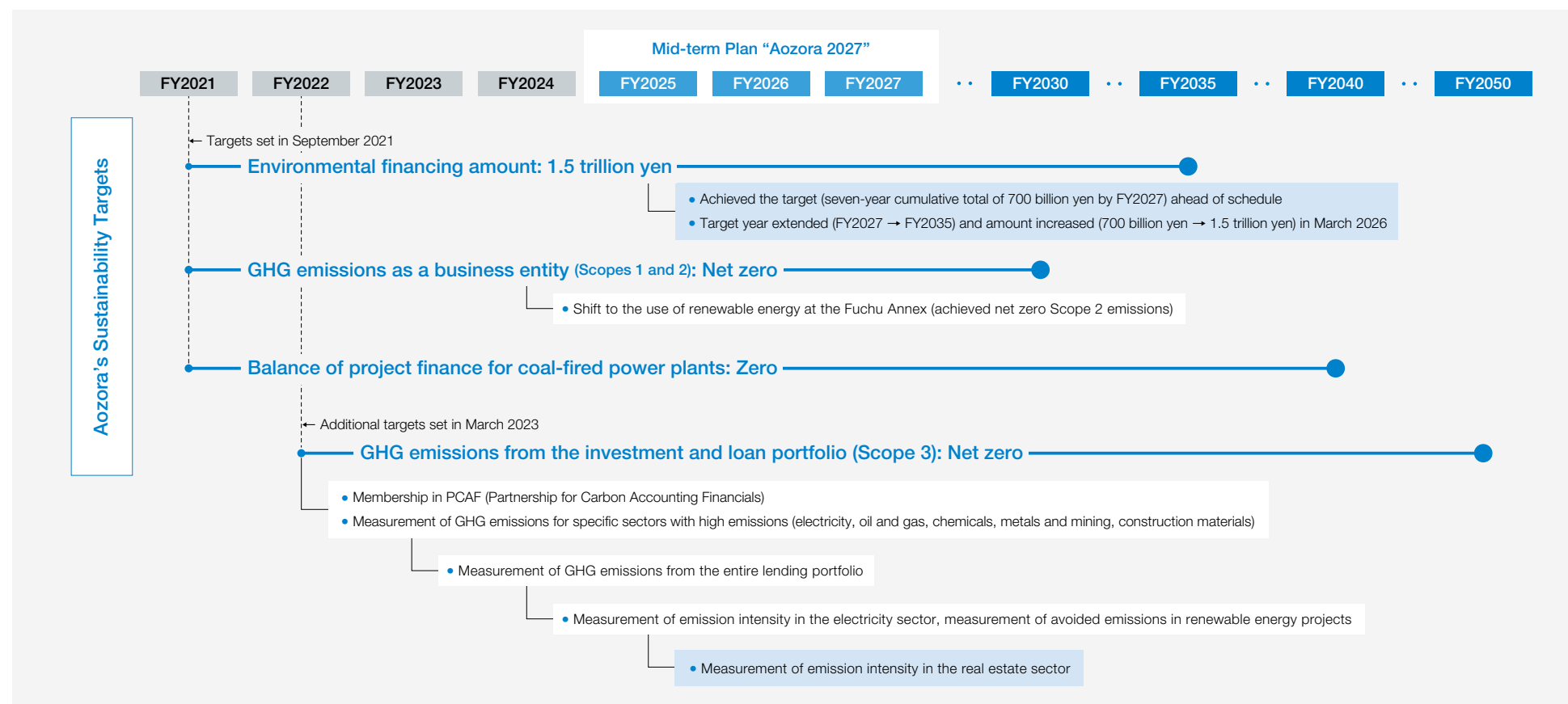
By FY2030, Aozora aims to achieve net zero GHG emissions as a business entity mainly through

energy-saving initiatives and the conversion of consumed electricity to renewable energy sources.

By FY2050, the Bank aims to achieve net zero GHG emissions across its investment and loan portfolio with a view to realizing decarbonization throughout the supply chain. We will continuously review our initiatives for reaching this goal in line with changes in the environment.

Moreover, we will provide environmental finance,

including project finance for renewable energy projects, to support customers' initiatives for decarbonization, and will promote phasing out exposure in project financing for coal-fired power plants.



# Respect for Human Rights

## Commitment to Human Rights

The Aozora Bank Group Human Rights Policy clearly states that the Group intends to fulfill its responsibility to eliminate any activities that are in opposition to the protection and promotion of human rights as well as any exploitative practices, including slavery, human trafficking, forced labor and child labor from its business operations, while remaining dedicated to complying with applicable laws and regulations in the regions where it conducts business. For more details on the Aozora Bank Group Human Rights Policy, please refer to the Bank's website.

[https://www.aozorabank.co.jp/english/sustainability/policy/pdf/human\\_rights.pdf](https://www.aozorabank.co.jp/english/sustainability/policy/pdf/human_rights.pdf)

## Human Rights Due Diligence Initiatives

We identified and evaluated human rights issues with a high potential negative impact and developed a human rights issues map. We continuously review and revise the map in accordance with changes in the business environment and other factors.

For more details of initiatives regarding customers as well as officers and employees, please refer to the Bank's website.

[https://www.aozorabank.co.jp/english/sustainability/society/human\\_rights/](https://www.aozorabank.co.jp/english/sustainability/society/human_rights/)

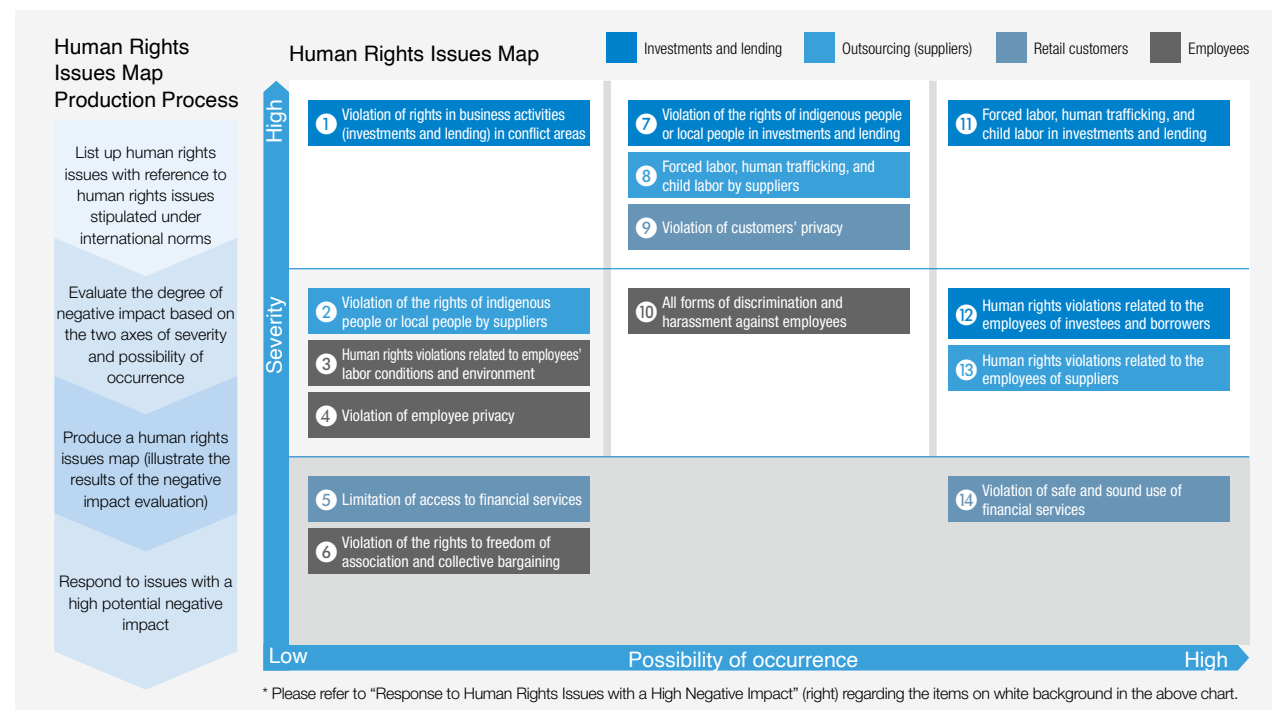
## Remedial Initiatives (Grievance Mechanism)

In addition to the customer complaint desk, the Aozora Group has established the Aozora Hotline Program for officers and employees to receive consultations and file reports on human rights issues. This system is available to suppliers and job seekers as well as the officers and employees.

For more details on the Aozora Hotline Program, please refer to the Bank's website.

<https://www.aozorabank.co.jp/english/corp/governance/compliance/#whistleBlower>

## Identification and Evaluation of Human Rights Issues with a High Negative Impact



## Response to Human Rights Issues with a High Negative Impact

| Human Rights Issue                | Current Response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Investments and lending<br>1 7 11 | Our Investment and Lending Policies regarding Environmental and Societal Issues ban investments and lending sector-wide for businesses engaged in child labor, forced labor, and human trafficking. When considering investments and lending to businesses that may violate human rights in conflict areas or aid in doing so, we examine whether customers have made efforts to reduce and avoid risks and make decisions on transactions with caution. We signed the Equator Principles and conduct initiatives considering the negative impact that large-scale development projects may have on the environment and societies. |
| Investments and lending<br>12     | Aozora determines a policy for responding to each individual case according to reputational information and other matters related to investees and borrowers.                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Outsourcing (suppliers)<br>8 13   | We create a basic check sheet regarding outsourcing management for annual reviews of whether there is negative or reputational information related to matters such as outsourcees' violation of human rights. Furthermore, when we place an order for construction, etc., we also produce an outside vendor risk evaluation check sheet to examine and evaluate risks related to the environment and human rights.                                                                                                                                                                                                                 |
| Retail customers<br>9             | Aozora has formulated the personal information protection policy (Privacy Policy) and disclosed it at branches and on its website, while implementing organizational, personnel, and technical safety management measures for managing personal data such as the establishment of rules, training and system improvements.                                                                                                                                                                                                                                                                                                         |
| Employees<br>10                   | Aozora's Code of Ethics and Conduct, which sets ethical and behavioral standards for our officers and employees, declares efforts to create workplaces free of discrimination and harassment, and we produce and disseminate a Compliance Handbook. We also regularly conduct training covering the various forms of harassment.                                                                                                                                                                                                                                                                                                   |

# Value Creation Foundation

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# Corporate Governance

## Corporate Governance Philosophy

Aozora aims to achieve sustainable growth and enhance corporate value by incorporating its management philosophy into its daily business operations. For this purpose, Aozora has established a disciplined management system and positioned the proper establishment and effective operation of its corporate governance structure as an important management initiative while striving to continuously strengthen it as a foundation for pursuing transparency and efficiency.

As a Company with an Audit and Supervisory Board, Aozora has established the Nomination and Remuneration Committee and the Risk Governance Committee as voluntary advisory bodies to the Board of Directors. In addition to the fact that a majority of our Board of Directors consists of outside directors, the chairperson and the majority of the members of both committees are independent outside directors, thereby ensuring the

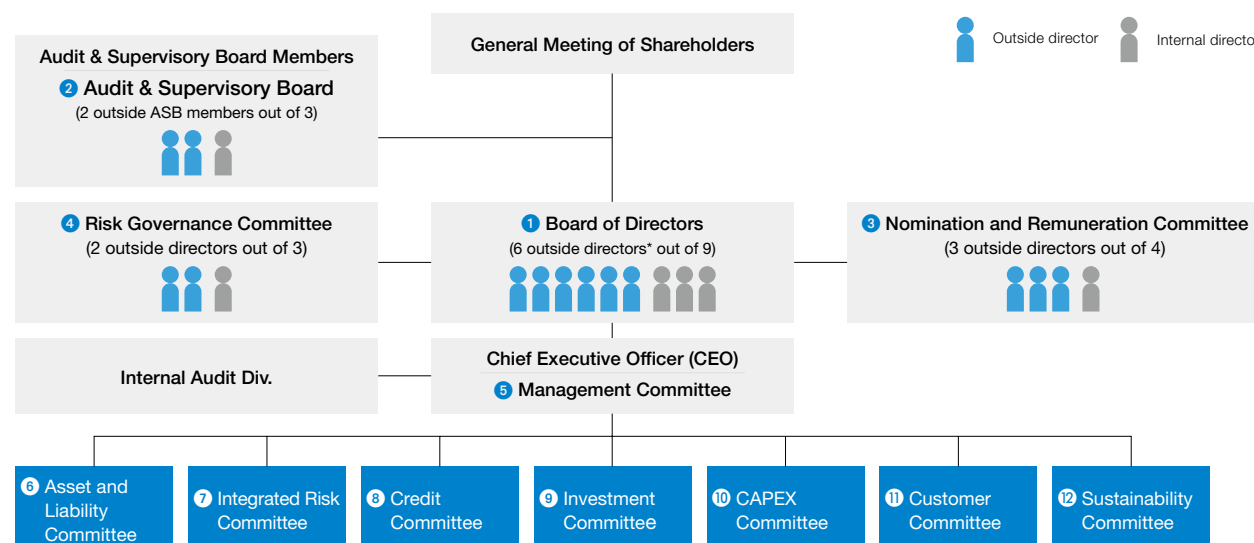
independence and objectivity of the Board of Directors. The majority of the Audit & Supervisory Board is also composed of outside Audit & Supervisory Board members, and we have established an environment where each auditor can actively express their opinions to the Board of Directors.

Through the separation of management oversight and business execution, the Board of Directors determines basic management policy and strategies and oversees the execution of business operations, while executive officers conduct daily business operations with authority delegated to them by the Board of Directors. The Management Committee is the highest decision-making body for the execution of daily business, and is comprised of members from among the executive officers, who are approved and appointed by the Board of Directors. This structure improves the speed of decision-making, while subcommittees are also established to improve efficiency in the execution of business operations.

## Composition of the Board of Directors

1. The Board of Directors shall not have more than 12 directors, which is the maximum number of directors stipulated in the Articles of Incorporation.
2. Nomination of Director candidates shall be based on the “Basic Policy for Nominating Director and Audit & Supervisory Board Member Candidates, and Appointing and Dismissing Senior Management Including the CEO.”
3. The composition of the Board of Directors shall take into consideration diversity and mix of experience, with a wealth of knowledge and expertise in areas including banking and finance, financial accounting, risk management, legal and compliance, among other areas, in addition to deep insight of Aozora’s business.
4. The Board of Directors shall be comprised of internal directors who possess extensive knowledge and experience in business execution and outside directors who supervise management from an objective standpoint. Judgment of outside directors’ independence shall be made based on the “Independence Criteria for Outside Directors and Outside Audit & Supervisory Board Members” and the percentage of independent outside directors, in principle, shall be a half or more.

## Corporate Governance Structure



\* Five of the six outside directors are designated as independent.

Ratio of Outside Directors\*



6 of 9 directors  
66.7 %

Ratio of Female Directors



2 of 9 directors  
22.2 %

Directors' Length of Tenure



Less than 3 years: 4 directors  
3 years up to 5 years: 5 directors

## Corporate Governance

### Overview of Each Meeting Body

| Main Agenda Items for FY2025            |                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                  | Management Status                                                                                          |
|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| ① Board of Directors                    | <ul style="list-style-type: none"> <li>Reorganization of the Audit and Compliance Committee into the Risk Governance Committee</li> <li>Status of risk appetite framework management</li> <li>Progress of Mid-term Plan "Aozora 2027" and the business plan for FY2025</li> <li>Business operations of subsidiary GMO Aozora Net Bank</li> <li>Integrated risk report, compliance program progress report, internal audit summary</li> </ul> | <ul style="list-style-type: none"> <li>Review of quarterly financial results, full-year earnings forecasts</li> <li>Review of revisions to key risks</li> <li>FY2026 risk appetite framework operations</li> <li>Business plan for FY2026</li> <li>Revision of regulations of the Board of Directors</li> <li>Analysis of the Board of Directors' effectiveness, etc.</li> </ul> | 14 meetings held<br>1 hour and 53 minutes average meeting time (49% for explanation vs. 51% for questions) |
| ② Audit & Supervisory Board             | <ul style="list-style-type: none"> <li>Status confirmation of year-end audit, interim audit, and quarterly on-site audit implementation</li> <li>Key Audit Matters (KAM)</li> <li>Status of self-assessment and write-off/reserve</li> <li>Status of internal audit implementation</li> </ul>                                                                                                                                                | <ul style="list-style-type: none"> <li>Consent to the proposed nomination of candidates for Audit &amp; Supervisory Board members and alternate Audit &amp; Supervisory Board members</li> <li>Consent to the reappointment of an independent accounting auditor and remuneration proposals, etc.</li> </ul>                                                                     | 14 meetings held                                                                                           |
| ③ Nomination and Remuneration Committee | <ul style="list-style-type: none"> <li>CEO succession plan, training plans</li> <li>Review of the length of tenure of directors and Audit &amp; Supervisory Board members</li> <li>Review of base remuneration and bonuses paid to directors and executive officers</li> <li>Issuance of stock acquisition rights as equity compensation-type stock options</li> </ul>                                                                       | <ul style="list-style-type: none"> <li>FY2026 executive management structure and systems (promotion to executive officer, etc.)</li> <li>Selection of director and Audit &amp; Supervisory Board member candidates</li> <li>Introduction of a performance-linked restricted stock remuneration plan for directors, etc.</li> </ul>                                               | 9 meetings held                                                                                            |
| ④ Risk Governance Committee             | <ul style="list-style-type: none"> <li>Status of risk appetite framework operations</li> <li>Improvements to internal control metrics and reporting formats</li> <li>Review of revisions to key risks</li> <li>Review of the FY2026 risk appetite statement</li> </ul>                                                                                                                                                                       | <ul style="list-style-type: none"> <li>FY2026 risk appetite framework operations</li> <li>Business plan for FY2026</li> <li>Integrated risk report, compliance program progress report, internal audit summary, etc.</li> </ul>                                                                                                                                                  | 6 meetings held*<br>* Includes the Audit and Compliance Committee prior to reorganization                  |

For an overview of each committee, please refer to the Bank's website.

<https://www.aozorabank.co.jp/english/corp/governance/structure/>

### Overview of the Management Committee and Its Sub-committees

|                                 |                                                         | Chaired by                             | The Number of Meetings<br>Held in FY2025 | Purpose                                                                                                                                                                               |
|---------------------------------|---------------------------------------------------------|----------------------------------------|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ⑤ Management Committee          |                                                         | CEO                                    | 45                                       | Determine important matters related to Aozora's execution of its daily business                                                                                                       |
| ⑥ Asset and Liability Committee |                                                         | CFO                                    | 14                                       | Monitor and evaluate important matters and deliberate and determine management policies regarding asset and liability management, including plans for the sources and uses of funds   |
| ⑦ Integrated Risk Committee     |                                                         | CRO                                    | 9                                        | Develop risk management procedures and verify and approve risk analysis methods<br>Maintain a proper internal control environment and launch new businesses/products                  |
| ⑧ Credit Committee              |                                                         | CCRO                                   | 86                                       | Approve credit transactions and establish a credit risk asset portfolio aligned with management policies                                                                              |
| ⑨ Investment Committee          |                                                         | CCRO                                   | 44                                       | Approve investment transactions, establish investment policies, ensure accurate understanding of investment risk, build and maintain a secure and profitable portfolio                |
| ⑩ CAPEX<br>Committee            | Approval and management of IT-related proposals         | CIO                                    | 12                                       | Approve and monitor IT projects required to realize business plans and strategies                                                                                                     |
|                                 | Approval and management of facilities-related proposals | Head of Corporate Strategy Unit        | 6                                        | Approve and monitor facilities-related projects required to realize business plans and strategies                                                                                     |
| ⑪ Customer Committee            |                                                         | Head of Compliance and Governance Unit | 26                                       | Deliberation and approval regarding the framework and measures for customer-oriented business promotion and customer protection management                                            |
| ⑫ Sustainability Committee      |                                                         | CEO                                    | 6                                        | Basic matters of Group-wide sustainability promotion as well as important matters regarding sustainability promotion mainly in Aozora's business and initiatives as a business entity |

(Note) CEO: Chief Executive Officer, CFO: Chief Financial Officer, CRO: Chief Risk Officer, CCRO: Chief Credit Risk Officer, CIO: Chief Information Officer

## Corporate Governance

### Board of Directors, Audit & Supervisory Board Members

For biographies of directors and Audit & Supervisory Board members, please refer to the Bank's website.

<https://www.aozorabank.co.jp/english/corp/info/officer/>

For details on the "Independence Criteria for Outside Directors and Outside Audit & Supervisory Board Members," please refer to the Corporate Governance Report.

<https://www.aozorabank.co.jp/english/corp/governance/structure/pdf/governance.pdf>

#### Outside Directors: 6



**Sakie Tachibana Fukushima**

Job title: Outside Director  
(Independent)  
Length of tenure: 4 years  
Board meeting attendance: 100%  
Aozora shares owned: 2,725



**Hideyuki Takahashi**

Job title: Outside Director  
(Independent)  
Length of tenure: 3 years  
Board meeting attendance: 100%  
Aozora shares owned: 272



**Hideaki Saito**

Job title: Outside Director  
(Independent)  
Length of tenure: 3 years  
Board meeting attendance: 100%  
Aozora shares owned: 1,442



**Koichi Tadano**

Job title: Outside Director  
(Independent)  
Length of tenure: 2 years  
Board meeting attendance: 100%  
Aozora shares owned: 865



**Hiromasa Kawashima**

Job title: Outside Director  
Length of tenure: 2 years  
Board meeting attendance: 100%  
Aozora shares owned: —



**Satoko Gibbs**

Job title: Outside Director  
(Independent)  
Length of tenure: —  
Board meeting attendance: —  
Aozora shares owned: —



**Hideto Oomi**

Job title: Representative Director  
President and CEO  
Length of tenure: 5 years  
Board meeting attendance: 100%  
Aozora shares owned: 23,534



**Masayoshi Ohara**

Job title: Representative Director,  
Deputy President and  
Executive Officer  
Length of tenure: 3 years  
Board meeting attendance: 100%  
Aozora shares owned: 8,155

#### Internal Directors: 3

#### Outside ASB Members: 2



**Takashi Kato**

Job title: Director, Deputy  
President and CFO  
Length of tenure: 2 years  
Board meeting attendance: 100%  
Aozora shares owned: 11,811



**Toraki Inoue**

Job title: Audit & Supervisory  
Board Member  
(Independent)  
Length of tenure: 10 years  
Board meeting attendance: 100%  
ASB meeting attendance: 100%  
Aozora shares owned: 1,325



**Junichi Maeda**

Job title: Audit & Supervisory  
Board Member  
(Independent)  
Length of tenure: 3 years  
Board meeting attendance: 100%  
ASB meeting attendance: 100%  
Aozora shares owned: 2,726



**Tomoko Yugeta**

Job title: Audit & Supervisory  
Board Member  
Length of tenure: —  
Board meeting attendance: —  
ASB meeting attendance: —  
Aozora shares owned: 316

#### Standing ASB Member: 1

#### Notes:

1. Five of the outside directors as well as all of the outside Audit & Supervisory Board members satisfy the requirements for independence set forth by the Tokyo Stock Exchange and Aozora's "Independence Criteria for Outside Directors and Outside Audit & Supervisory Board Members" and are designated as independent. Hiromasa Kawashima has not been designated as independent because he is an officer of Daiwa Securities Group Inc., which is a major shareholder.

2. Length of tenure refers to service as of June 23, 2026.

3. Board meeting and ASB meeting attendance refers to meetings held during FY2025.

4. Number of Aozora shares owned as of March 31, 2026

## Corporate Governance

### Expertise of the Board of Directors

The Board of Directors consists of internal officers who are well versed in business execution and outside officers who oversee management from an objective standpoint.

Under our management philosophy—“Contribute to the development of society through the creation of new value-added financial services”—the Bank will strive to achieve sustainable growth and enhance corporate value over the medium to long term by addressing social issues, taking into account perspectives of sustainability such as ESG and DEI\*. In order to achieve our goal, the Bank set forth the necessary skills and expertise of directors and Audit & Supervisory Board members as “global affairs” and “IT/digital,” which require higher levels of expertise, in addition to a wealth of knowledge on “corporate management,” “financial accounting,” “legal, compliance/ risk management,” “banking and finance,” and “human capital,” which are the foundations of financial institution management.

\* Diversity, equity, inclusion. These are said to be essential elements for the growth of organizations and society.

### Expertise Required of Members of the Board of Directors (Knowledge, Experience, and Capabilities)

|                      | Necessary Expertise                | Definition                                                                                                                                                                                                   | Reasons for Selection                                                                                                                                                                                                     |
|----------------------|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Oversight Functions  | Corporate Management               | Experience in organizational management such as a corporate leader                                                                                                                                           | We consider that insights into and a vision on organizational operations developed through management experience are necessary to achieve sustainable growth and medium- to long-term corporate value enhancement.        |
|                      | Financial Accounting               | Specialized knowledge and experience in financial strategy and financial reporting (accounting and tax affairs)                                                                                              | We intend to work to achieve sustainable growth by appropriately implementing our capital policy while also ensuring financial soundness.                                                                                 |
|                      | Legal, Compliance/ Risk Management | Extensive and specialized knowledge and experience in laws and regulations, internal controls, and risk management                                                                                           | We intend to continue fair and sound business operations.                                                                                                                                                                 |
| Aozora's Focus Areas | Banking and Finance                | Insight and ability regarding traditional financial business, as well as the ability to explore new areas and create new added-value financial services                                                      | We intend to continue to contribute to the development of society by creating new added-value financial services through our Strategic Investments Business focused on structured finance, which is our area of strength. |
|                      | Global Affairs                     | Insight and ability regarding business expansion and market operations from a global perspective                                                                                                             | We consider that activities that lead to creating value from a global perspective are necessary to develop new services with reference to overseas business models.                                                       |
|                      | Human Capital                      | Insight into personnel and organizational development, as well as experience and the ability to implement human resources strategies and human capital investment that are linked to our management strategy | Under the concept that “human capital” is our primary source of value creation, we regard the human resources strategy as part of our management strategy and value human capital.                                        |
|                      | IT/Digital                         | Understanding of IT and digital areas, ability in business innovation, and experience in IT/digital businesses                                                                                               | We consider the IT and digital areas as foundations for our business and customer services and also a significant means that contribute to solutions to the challenges we face.                                           |

|                                   |          |                           | Committee Members                     |                           | Expertise of Directors and Audit & Supervisory Board Members |                      |                                    |                      |                |               |            |
|-----------------------------------|----------|---------------------------|---------------------------------------|---------------------------|--------------------------------------------------------------|----------------------|------------------------------------|----------------------|----------------|---------------|------------|
|                                   |          |                           |                                       |                           | Oversight Functions                                          |                      |                                    | Aozora's Focus Areas |                |               |            |
|                                   |          |                           | Nomination and Remuneration Committee | Risk Governance Committee | Corporate Management                                         | Financial Accounting | Legal, Compliance/ Risk Management | Banking and Finance  | Global Affairs | Human Capital | IT/Digital |
| Directors                         | Internal | Hidetoshi Oomi            | ●                                     |                           | ●                                                            |                      |                                    | ●                    | ●              |               | ●          |
|                                   |          | Masayoshi Ohara           |                                       | ●                         | ●                                                            |                      | ●                                  | ●                    | ●              | ●             |            |
|                                   |          | Takashi Kato              |                                       |                           | ●                                                            | ●                    |                                    | ●                    | ●              |               |            |
|                                   | Outside  | Sakie Tachibana Fukushima | ●                                     | Chairperson               | ●                                                            |                      |                                    |                      | ●              | ●             |            |
|                                   |          | Hideyuki Takahashi        |                                       | Chairperson               | ●                                                            | ●                    | ●                                  | ●                    |                |               | ●          |
|                                   |          | Hideaki Saito             |                                       | ●                         | ●                                                            |                      |                                    | ●                    | ●              |               | ●          |
|                                   |          | Koichi Tadano             | ●                                     |                           | ●                                                            |                      |                                    |                      | ●              |               |            |
|                                   |          | Hiromasa Kawashima        |                                       |                           |                                                              |                      | ●                                  | ●                    |                | ●             |            |
|                                   |          | Satoko Gibbs              | ●                                     |                           |                                                              |                      |                                    | ●                    | ●              | ●             |            |
| Audit & Supervisory Board Members | Internal | Tomoko Yugeta             |                                       | Observer                  |                                                              |                      | ●                                  |                      | ●              |               |            |
|                                   |          | Toraki Inoue              |                                       | Observer                  | ●                                                            | ●                    | ●                                  | ●                    |                |               |            |
|                                   | Outside  | Junichi Maeda             |                                       | Observer                  | ●                                                            |                      | ●                                  |                      | ●              |               |            |

## Corporate Governance

### Evaluation of Board of Directors' Effectiveness

Aozora works to further enhance the effectiveness of its Board of Directors through a continuous improvement process (PDCA cycle) of analyzing and evaluating the Board of Directors' effectiveness each fiscal year as well as considering and providing solutions to new and existing issues.

The Board of Directors conducts self-evaluations based on each member's evaluation and opinion regarding the Board's management, oversight, and other functions that fully draw on the knowledge, experience, and capabilities of each director and Audit & Supervisory Board member. These evaluations are carried out in light of the Board's fiduciary duties and accountability to the Bank's shareholders, with the aim of achieving the Bank's sustainable growth and enhanced corporate value over the medium to long term.

- ◆ Evaluation target: Board of Directors' meetings held in FY2025 (14 times in total)
- ◆ Evaluators: All Board and ASB members (nine directors and three ASB members)
- ◆ Evaluation method: Questionnaire survey (multiple-choice and free-response style)
- ◆ Final evaluation: Confirmation of how to address issues identified through discussions and evaluations at the Board of Directors

| Evaluation Items                 | Issues Identified in the FY2024 Evaluation                                                                                                                                                                                                                                                                                                                                                                                                                                        | Initiatives Implemented in FY2025                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Evaluation Results in FY2025 and Identified Challenges                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Initiatives Expected for FY2026 (Examples)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Discussions at the Board         | <ul style="list-style-type: none"> <li>Business operations in line with our risk appetite policy and risk-taking policy, and monitoring of progress on the new Mid-term Plan</li> <li>Review and deliberation on the quantitative impact of the business alliance with Daiwa Securities Group Inc.</li> <li>Focused discussions on specific topics that contribute to medium- to long-term growth</li> <li>Discussions aimed at strengthening the governance framework</li> </ul> | <ul style="list-style-type: none"> <li>Monitored progress on the Risk Appetite Framework (RAF) operations throughout the year</li> <li>Monitored collaboration with Daiwa Securities Group Inc. and progress on the business performance throughout the year</li> <li>Discussed specific topics in response to requests from directors</li> <li>Deliberated on a review of the composition and tenure of the Board of Directors</li> <li>Streamlined items for resolution and reporting, and introduced agenda items</li> </ul> | <ul style="list-style-type: none"> <li>Established the monitoring framework by introducing the RAF in full scale, and evolved to a stage where the business strategy discussion process was managed within the RAF framework</li> <li>Involvement of the Board of Directors from the early stages of formulating the business plan (implemented the PDCA cycle properly: issues identified by the Risk Governance Committee ⇒ deliberation and monitoring by the Board of Directors)</li> <li>Deepened discussions on the composition of the Board of Directors, resulting in a majority of independent outside directors. Also revised the criteria for matters to be submitted to the Board</li> <li>Shared the need to further deepen discussions on several topics, including "more focused discussions on medium- to long-term strategies," "sustainability," and "human capital development and diversity"</li> </ul> | <ul style="list-style-type: none"> <li>Enhance the deliberation and monitoring function of the Board of Directors through more effective utilization of committees and informal meetings</li> <li>Ensure opportunities for more focused discussions by systematically selecting medium- to long-term strategies and priority themes based on the results of questionnaire on the Board's effectiveness evaluation</li> <li>Hold in-depth discussions on "sustainability" and "human resource development and diversity," priority issues recognized in the Board's self-assessment for FY2025</li> </ul> |
| Operation of the Board           | <ul style="list-style-type: none"> <li>Further enhancement of the level of the Board's operations primarily by using materials that are more focused on key points and by providing concise explanations</li> <li>More opportunities for executive officers to interact with the Board of Directors</li> </ul>                                                                                                                                                                    | <ul style="list-style-type: none"> <li>Continuously worked to improve meetings formats and the way materials were presented (e.g., held multiple briefings on business progress in the form of informal meetings)</li> <li>By increasing briefing opportunities provided by the responsible executive officers, enhanced outside directors' understanding of individual business operations and shared talent information</li> </ul>                                                                                            | <ul style="list-style-type: none"> <li>An overall assessment that improvements were observed such as key points on proposals distributed in advance, effective use of prior briefings, improved materials and explanations, and providing summary comments from the President</li> <li>Recognized the need for ongoing improvements based on other feedback requesting continuous efforts to provide easier-to-understand materials and explanations, which included improving the way summaries are prepared</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                    | <ul style="list-style-type: none"> <li>Further enhance the quality of materials and explanations from the perspective of allocating sufficient time to deliberation on important matters</li> <li>Track and follow up the timely information sharing and findings identified through the use of AI tools</li> <li>Increase opportunities for informal communication between outside directors and officers/employees</li> </ul>                                                                                                                                                                          |
| Dialogue with shareholders, etc. | <ul style="list-style-type: none"> <li>Reflection of the views shared through dialogue with shareholders and institutional investors in discussions at the Board of Directors</li> <li>In-depth discussions on the overall IR policy and activities</li> </ul>                                                                                                                                                                                                                    | <ul style="list-style-type: none"> <li>In addition to regular IR presentations for domestic and overseas institutional investors and analysts, actively held one-on-one meetings with investors in Japan and abroad, and provided timely feedback to the Board of Directors on investors' reaction and related matters</li> </ul>                                                                                                                                                                                               | <ul style="list-style-type: none"> <li>Assessed that reports on IR activities had been appropriately provided</li> <li>Recognized the need for discussions on the basic IR policy at the Board of Directors as well as on engagement strategies with investors and analysts as an issue that needs to be addressed going forward</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <ul style="list-style-type: none"> <li>Enhance the level of discussing capital allocation and other topics at the Board of Directors</li> <li>Deliberate on IR policies, including a timely review</li> <li>Facilitate dialogue between outside directors and institutional investors</li> </ul>                                                                                                                                                                                                                                                                                                         |

## Corporate Governance

### Evaluation Results in FY2025

In FY2025, the Board of Directors confirmed certain improvements in its effectiveness as the Bank implemented initiatives aimed at promoting more in-depth, active discussions, taking into account the issues identified in the previous year's evaluation results.

In particular, through deliberation and a resolution establishing a Board structure in which independent outside directors constitute a majority, our corporate governance

has been strengthened, thereby further enhancing the Board's oversight function over management.

The Board also evaluated that overall Board management was proper and effective as its roles and responsibilities were appropriately fulfilled through constructive discussions and an exchange of views on important matters, including business strategy, as well as the effective oversight and monitoring of the Bank's executives.

For FY2026, the Board of Directors will strive to ensure a higher level of effectiveness through more focused discussions on medium- to long-term strategies and other initiatives to enhance corporate value, while further utilizing committees, informal meetings, and executive sessions as well as addressing issues identified based on the diverse opinions expressed in the free-comment section of the self-evaluation.

## Discussions by the Board Regarding Key Agenda Items in FY2025

### ① Progress of Mid-term Plan "Aozora 2027"

While efforts in general under our Mid-term Plan "Aozora 2027" progressed steadily in FY2025, the first year of the Plan, issues in the external environment, including growing competition for deposits, are posing a significant challenge. We recognize the importance of maintaining a stable funding base that strikes a balance between retail and corporate deposits while constantly monitoring trends and acting accordingly.

Of equal importance in steadily advancing the Mid-term Plan "Aozora 2027" is the need to systematically dispose of legacy assets. Here, we must also strike a balance between addressing the interests and expectations of diverse stakeholders, including shareholders, through business performance growth.

### ② Status of Risk Appetite Framework Management

To achieve the Bank's mission, it is vital that we engage in our businesses at a certain scale in order to gain expertise on new financial know-how. At the same time, it is important to thoroughly discuss the appropriate scope of such activities and reflect this in our risk-taking policy. In doing so, we must establish a framework that, after setting objective criteria, encourages proactive risk-taking and enables effective monitoring.

### ③ Business Plan for FY2026

In formulating a business plan for FY2026, we discussed key risks beginning with the review process for our risk appetite framework. Our objective was to accurately assess the business environment and develop policies and countermeasures for potential risks, including tail risks faced by the Bank, based on their probability of occurrence and impact should they materialize. We believe it is important to monitor indicators that allow for a comprehensive review of progress across each business, starting with ROE.

## Corporate Governance

### Support Framework for Outside Directors and Audit & Supervisory Board Members

To support our outside directors and Audit & Supervisory Board members, Aozora provides seminars from time to time by inviting experts from outside the Bank. In addition, for newly appointed outside directors and Audit & Supervisory Board members, the executive officer in charge of each business group provides orientation sessions to explain the Bank's business operations. Prior to assuming their office, newly appointed directors collect and share key information on Aozora's main governance-related regulations and business operations, and also attend multiple briefing sessions to deepen their understanding of its overall business, as well as finance, IT, human resources, risk management, and sustainability. After assuming office, they keep their understanding of the

#### Specific Implementation Matters in FY2025

- Provided timely information on the status of U.S. office loans and the securities portfolio, which are balance sheet issues
- Utilized prior explanations and informal Board of Directors meetings regarding important discussions
- Had executive officers in charge of the business groups provide business progress updates to the Board of Directors
- Solicited additional topics from directors and Audit & Supervisory Board members for discussion during meetings of the Board of Directors, and submitted the proposed topics as agenda items
- Conducted a total of three lectures by lawyers and economists
- Updated the information devices provided to outside directors and Audit & Supervisory Board members to enhance the efficiency of information sharing and strengthen communications

Bank's business current, by receiving a briefing on the business situation directly from each responsible officer.

### Basic Policy for Nominating Director and Audit & Supervisory Board Member Candidates, and Appointing and Dismissing Senior Management Including the CEO

In nominating director and Audit & Supervisory Board member candidates, and appointing and dismissing senior management including the CEO, the Board of Directors takes into account the proper scope and diversity of the positions and has established the following basic guidelines.

- Basic Guidelines for Nominating Director Candidates
- Basic Guidelines for Nominating Audit & Supervisory Board Member Candidates
- Reappointment of Directors and Audit & Supervisory Board Members
- Basic Guidelines for Appointing and Dismissing Senior Management (Executive Officers)
- Basic Guidelines for Appointing and Dismissing the CEO

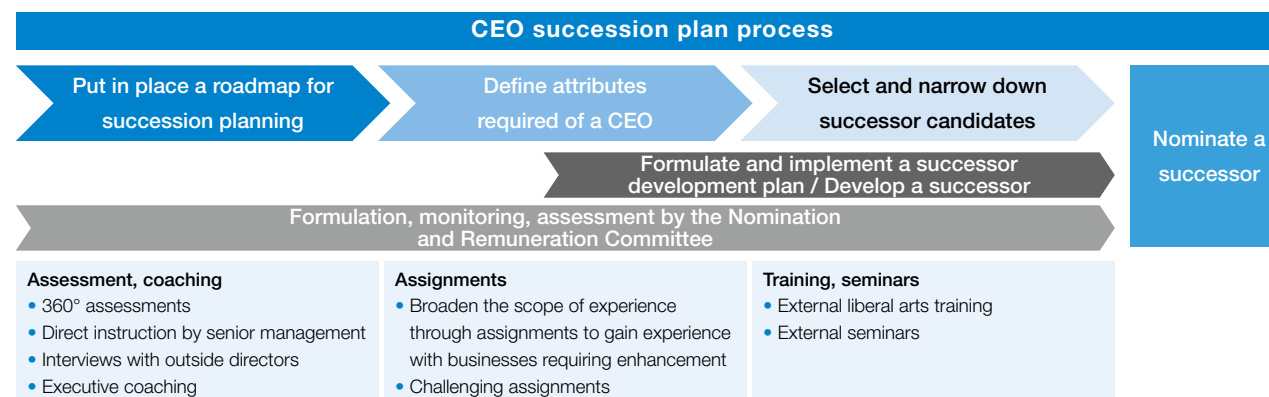
For details regarding the nomination of director and Audit & Supervisory Board member candidates as well as the appointment and dismissal of senior management, including the CEO, please refer to the Corporate Governance Report.

<https://www.aozorabank.co.jp/english/corp/governance/structure/pdf/governance.pdf>

### Formulation of CEO Succession Plan

As part of its efforts to achieve sustainable growth and enhance corporate value, Aozora has formulated a CEO succession plan led mainly by the Nomination and Remuneration Committee. Based on this plan, the Bank systematically develops human resources that can embody the management philosophy and take responsibility for senior management positions in the future. As part of the succession plan, Aozora has formulated a roadmap and defined the qualities, capabilities, and work experience for the CEO. This roadmap is then used to select several candidates. Potential candidates are developed and selected through critical work assignments that require enhancement, third-party-based coaching and assessments, and interviews with outside directors.

#### CEO Succession Plan



## Corporate Governance

### Directors' Remuneration

#### Basic Policy for Determining Remuneration for Directors, etc.

In order to realize the Group's management philosophy to "contribute to the development of society through the creation of new value-added financial services," Aozora recognizes the necessity of providing proper incentives and a work environment that allows successful and high-potential employees to perform their duties consistently while maintaining high morale, motivation, and pride. To this end, the Bank has designed a remuneration system based on the following basic policy.

1. Remuneration framework in line with Bank's vision  
The Bank aims to build a compensation framework that reflects business performance in line with its objectives and values.
2. Remuneration framework appropriately reflecting the Bank's performance  
The Bank's remuneration framework is based on "pay for performance" and reflects the Bank's commitment to sustainable growth, sound risk-taking through appropriate risk management, compliance, and customer protection.
3. Remuneration framework serving the interests of shareholders and other stakeholders  
The Bank has adopted a remuneration framework that is consistent with the values of its shareholders and other stakeholders.
4. Remuneration methodology that supports effective governance  
The Bank ensures that remuneration decisions are made with full transparency and free from specific influence.

#### Policy on Determination of the Amount and Calculation Method of Remuneration for Directors

The Bank has established the policy regarding the determination of the details of individual directors' remuneration, etc., with the approval of the Board of Directors based on the proposal of the Nomination and Remuneration Committee as a voluntary advisory body. Under this policy, the Nomination and Remuneration Committee, which is mainly comprised of outside directors, determines remuneration payable to each director, with the Board's delegation, from the perspective of ensuring that the remuneration determination process is transparent, independent, and objective.

In principle, the Bank pays fixed-base remuneration, bonus (performance-based remuneration), and equity compensation-type stock options (stock acquisition rights

as non-cash remuneration) to internal directors and only fixed-base remuneration to outside directors.

#### Changes to the Policy on Determination of the Amount and Calculation Method of Remuneration for Directors

With respect to the remuneration structure for internal directors, a resolution was approved at the 93rd Ordinary General Meeting of Shareholders held on June 23, 2026, to change the structure, effective from the performance evaluation period for FY2026, to consist of: base remuneration (fixed-based remuneration), bonus (short-term performance-based remuneration), and performance-linked restricted stock remuneration (medium- to long-term performance-linked and non-cash remuneration). This change is intended to avoid excessive risk-taking and an undue focus on short-term

#### Director and Audit & Supervisory Board Member Remuneration Framework (FY2025\*)

| Type of Remuneration  |                                                                                       | Payment Eligibility |                   |             | Payment Criteria                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------|---------------------------------------------------------------------------------------|---------------------|-------------------|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                       |                                                                                       | Internal Directors  | Outside Directors | ASB Members |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Base remuneration     | Fixed-base remuneration                                                               | ●                   | ●                 | ●           | Using external survey data, Aozora first verifies the appropriate benchmark in accordance with the job title and responsibility on a full-time and part-time basis, after which the Nomination and Remuneration Committee determines the amount of fixed remuneration, which is paid on a monthly basis.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Monetary remuneration | Bonus                                                                                 | ●                   | -                 | -           | Following the end of each fiscal year, performance-based remuneration is paid in an amount, determined by the Nomination and Remuneration Committee, within a range of 0% to 250% of the standard amount, which stands at 40% of the base remuneration. The rate and bonus amount for each director are determined based on the following indicators.<br><b>Quantitative assessment</b><br><ul style="list-style-type: none"> <li>Profit attributable to owners of parent</li> <li>ROE</li> <li>CET1 ratio</li> </ul> <b>Qualitative assessment</b> <ul style="list-style-type: none"> <li>Changes in earning assets (Total of loans and securities (excluding loans to the government, government bonds, etc.))</li> <li>Impact of alliance with Daiwa Securities Group Inc. (business profit basis)</li> <li>Performance of Aozora's share price</li> </ul> |
| Equity compensation   | Equity compensation-type stock options* (medium- to long-term incentive remuneration) | ●                   | -                 | -           | Following the end of each fiscal year, a certain number of equity compensation-type stock options are granted in an amount, determined by the Board of Directors, equivalent to 25% of the base remuneration.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

\* Equity compensation-type stock options were discontinued and replaced with a performance-linked restricted stock remuneration from FY2026.

## Corporate Governance

performance, which are not commensurate with the strength of the Bank's Group, while at the same time strengthening medium- to long-term incentives aimed at improving corporate value, thereby more closely aligning the interests of directors with those of shareholders.

As for the total remuneration framework, in light of the aforementioned objectives, the Bank will maintain the maximum annual amount of 600 million yen for base remuneration and performance-based bonus. At the same time, to contribute to the enhancement of the Bank's medium- to long-term corporate value and shareholder value, the Bank will discontinue the equity compensation-type stock options remuneration framework (currently a limit of 150 million yen per year), which has been granted at a uniform fixed rate, and instead establish a new annual framework of 250 million yen for performance-linked restricted stock remuneration, the amount of which will vary according to performance. As a general rule, performance-linked restricted stock will be subject to transfer restrictions until retirement as well as to malus and clawback provisions, in order to minimize any impairment of shareholder value.

### Policy on Determination of Audit & Supervisory Board Member Remuneration and Calculation

ASB members determine their individual remuneration amounts after discussion among themselves, taking into account the deliberations and proposals made at the Nomination and Remuneration Committee.

ASB members only receive fixed-base remuneration.

### Strategic Shareholdings Policy

In principle, Aozora does not have cross-shareholdings\* where the associated benefits and risks are not commensurate with the cost of capital and where the purpose of the investment is not clearly identified.

Strategic shareholdings are composed of two different types: (i) equities held traditionally to maintain and strengthen relationships with existing customers (traditional equity investments); and (ii) equities acquired and held to support investee companies in enhancing their corporate value through dialogue with their senior management as a shareholder in the course of promoting our Strategic Investments Business (equity investments

with a primary focus on engagement).

With regard to traditional equity investments, we make an assessment of whether the associated risks and benefits, including the investment purpose, RORA-based profitability, and business development potential, are commensurate with the cost of capital at the Board of Directors each year, and gradually sell any equities if they are determined to be "less significant" in business terms.

As for equity investments with a primary focus on engagement, Aozora proactively invests in companies whose corporate value is expected to increase based on dialogue with their senior management. We conduct progress monitoring on engagement during the equity holding period, and may sell equities depending on the degree to which the original investment purpose and return targets are met. We also report the status of investments to the Board of Directors, thereby maintaining our framework for equity investments with a primary focus on engagement at an appropriate level.

When exercising voting rights on shares held, the Bank exercises all of its voting rights from the perspective of whether or not each agenda item is expected to make a contribution to the medium- to long-term increase in value/sustainable growth of Aozora's business partners or the Bank's medium- to long-term economic benefit based on the Guidelines for Exercising Voting Rights established with the approval of the Integrated Risk Committee.

\* "Strategic shareholdings" in this Integrated Report are equivalent to "investments in equity securities held for other than pure investment (specified equity securities)" in the Securities Report.

### Protecting Minority Shareholders

For details regarding Aozora's policy on Group management and its approach to maintaining independence from other affiliated companies, please refer to the Corporate Governance Report.

<https://www.aozorabank.co.jp/english/corp/governance/structure/pdf/governance.pdf>

#### Remuneration of Directors and ASB Members (April 1, 2025 to March 31, 2026)

| Category                                  | Number<br>(Number of<br>Officers) | Remuneration in Total<br>(million yen) |                   |                                           |                                          |
|-------------------------------------------|-----------------------------------|----------------------------------------|-------------------|-------------------------------------------|------------------------------------------|
|                                           |                                   |                                        | Base Remuneration | Performance-based<br>Remuneration (Bonus) | Non-cash Remuneration<br>(Stock Options) |
| Directors (excl. outside directors)       | 4                                 | 327                                    | 175               | 106                                       | 46                                       |
| ASB member<br>(excl. outside ASB members) | 1                                 | 29                                     | 29                | -                                         | -                                        |
| Outside directors                         | 5                                 | 56                                     | 56                | -                                         | -                                        |
| Outside ASB members                       | 2                                 | 24                                     | 24                | -                                         | -                                        |

Notes:

1. The performance-based remuneration (bonus) is recorded as the director's bonus reserve for the respective fiscal year.

2. The performance-based remuneration (bonus) was confirmed (85 million yen) at the Nomination and Remuneration Committee held on April 22, 2026, and was paid in June 2026.

For details of director's remuneration, please refer to the Bank's Corporate Governance Report.

<https://www.aozorabank.co.jp/english/corp/governance/structure/pdf/governance.pdf>

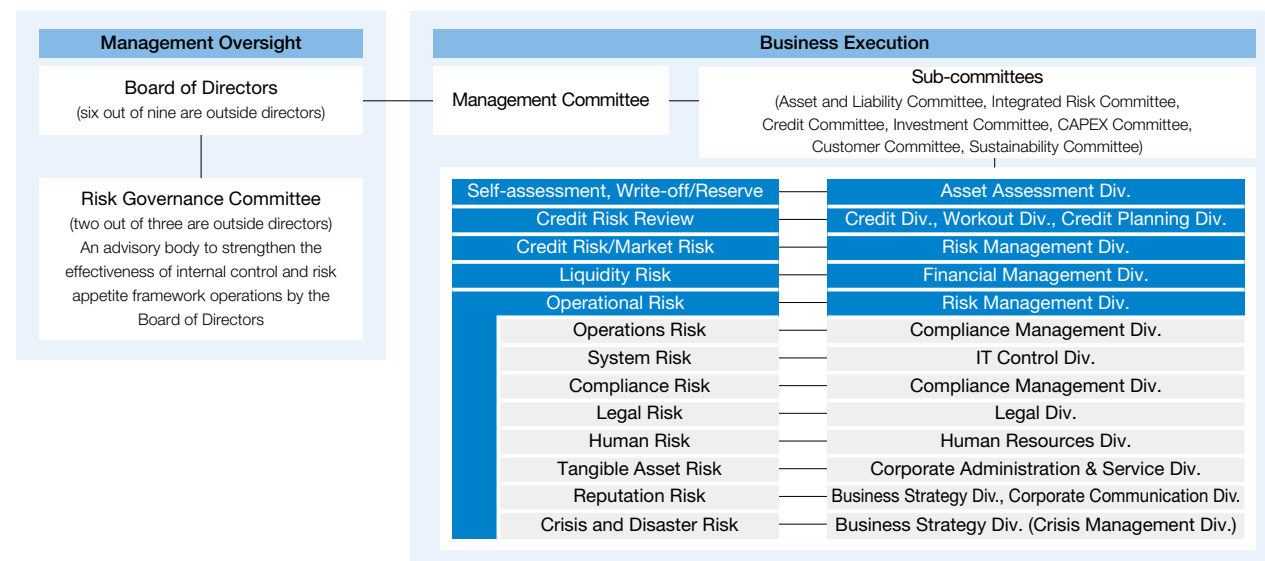
# Risk Management

## Basic Policy

The Aozora Group positions risk management as an important foundation for engaging in Materiality-based management. We are working to enhance our risk management through the establishment of a system to appropriately ascertain and control risks individually and in the aggregate, and through appropriate and disciplined management based on regulations stipulated for each risk category.

Through efficient management and utilization of managerial resources and sound risk-taking, we will realize Aozora's management philosophy to "contribute to the development of society through the creation of new value-added services" with a basic policy of sustainable and stable accumulation of earnings, capital adequacy, and corporate growth.

## Risk Management Structure



The status of risks is also reported to the Board of Directors and the Risk Governance Committee on a regular and as-needed basis, and the appropriateness and effectiveness of risk management are discussed to ensure the effectiveness of risk governance.

## Key Risks

We discuss our risk appetite framework and business planning based on the following key risks, and also strive for a higher level of risk management.

- Increase in credit costs
- Instability of funding
- Deterioration in unrealized gains/losses on securities portfolio
- Damage due to cyberattacks
- Damage due to system failures
- Inadequate response to financial crimes
- Risk of internal fraud and misconduct
- Outbreak of large-scale disasters and other crises
- Reduced competitiveness due to changes in the social structure or industrial structure
- Sustainability of human resources

☞ Please refer to the Financial and Corporate Data Section for details of key risks.

# Compliance

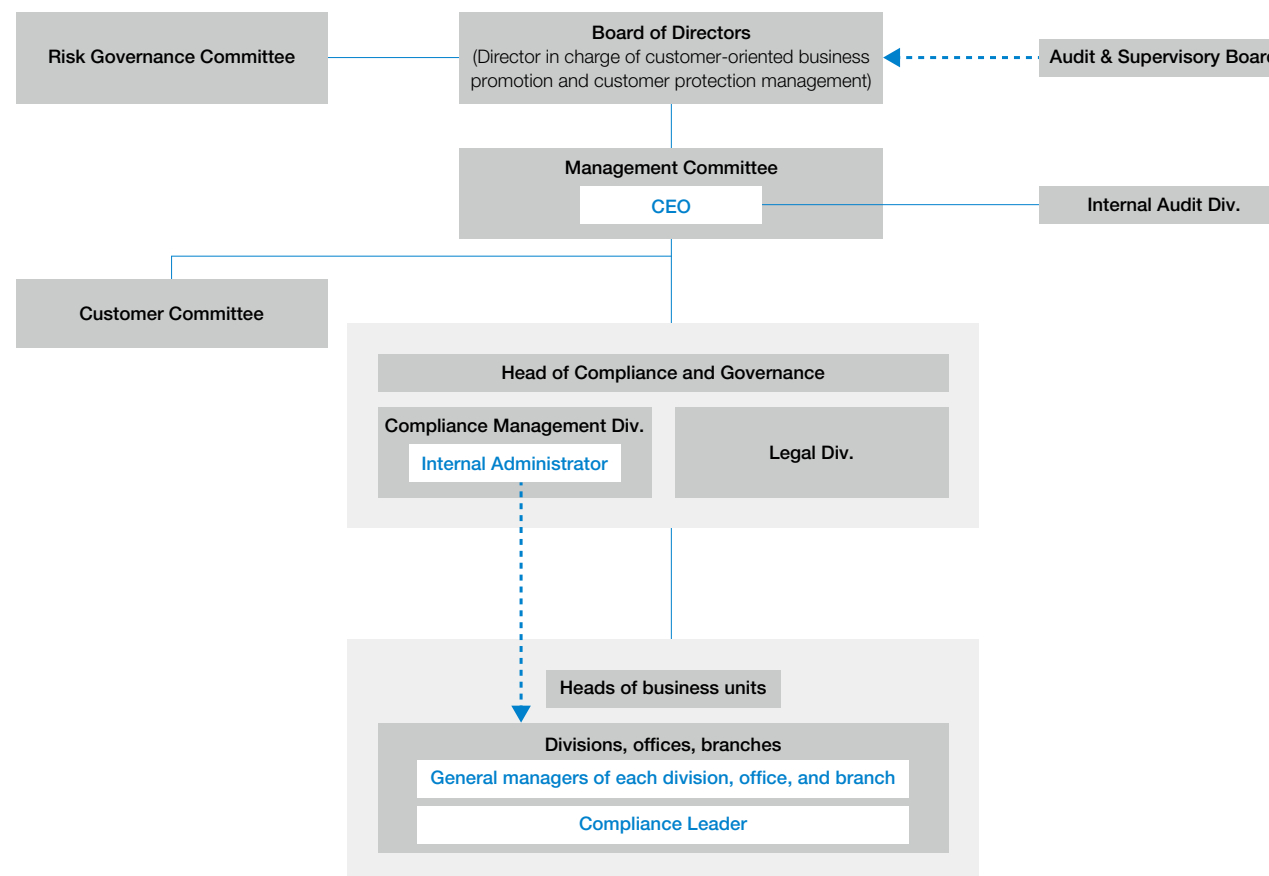
## Basic Policy

Aozora will anticipate and accurately grasp changes in multiple risks in the internal and external environments, comply with all laws and regulations as they pertain to its business operations, and sincerely engage in corporate activities that conform to social norms, business practice, and the perspectives of users. To prevent our corporate value from being damaged by fraud or scandal, we will also work diligently to continuously improve and enhance our internal control functions while raising awareness toward compliance among our officers and employees. In similar fashion, we will further enhance our management systems for compliance and legal risks, including conduct risk.

## Management Structure

Aozora has a Compliance Management Division and a Legal Division in place as the supervising divisions for compliance and legal risks, and these divisions develop internal rules regarding compliance. The two divisions also conduct seminars and e-learning periodically to maintain and improve compliance awareness. As a specific action plan to realize our compliance framework, the Compliance Management Division develops annual compliance programs that are disseminated and implemented throughout the Group. The progress and achievement status of these programs are reported to the Board of Directors on a semi-annual basis. Aozora has also established a Code of Ethics and Conduct as a standard of conduct that every officer and employee must remain in compliance with. All Group officers and employees pledge on an annual basis that they understand and comply with the Code of Ethics and Conduct.

### Management Structure



For information regarding the Aozora Bank Group Code of Ethics and Conduct, please refer to the Bank's website.

<https://www.aozorabank.co.jp/english/corp/governance/ethics/>

## Compliance

### Customer-oriented Business Management

Aozora has established and disclosed its Basic Policy on Customer-Oriented Business Management in order to provide products and services that meet the true needs of customers, always from the standpoint of customers, and conduct business in a sincere and fair manner. In addition, for our retail business, specific action plans based on this policy are separately established, reviewed semi-annually, and the status of the initiatives are also disclosed on a semi-annual basis.

With regard to its product governance framework, Aozora has put in place a system in which it makes decisions on the introduction of products and services with the involvement of the management bodies such as the Customer Committee. The Bank also reviews or discontinues products or services as necessary as a result of ongoing post-launch evaluations.

Based on the basic policy, Aozora strives to develop highly specialized human resources to ensure that it can propose and provide the most suitable products and services to its customers. In addition, the Customer Committee reviews and discusses matters related to customer-oriented business management as well as the status of customer protection management and reports the results of these reviews to the Management Committee, the Board of Directors, and other bodies as necessary.

For information regarding the Aozora Bank Group Basic Policy on Customer-Oriented Business Conduct, please refer to the Bank's website.

🔗 <https://www.aozorabank.co.jp/english/corp/governance/fiduciary/>

### Elimination of Anti-social Elements Anti-money Laundering Initiatives

Aozora clearly states in the Basic Policy on the Elimination of Anti-Social Elements that it categorically blocks any relationship with anti-social elements. Aozora has established close cooperative relationships with outside specialized agencies, including law enforcement agencies and attorneys. On this basis, the Bank does not tolerate any form of business relationship with anti-social elements.

Moreover, with respect to the prevention of financial crimes, including money laundering, the financing of terrorism, proliferation financing, and compliance with economic sanctions under the Foreign Exchange and Foreign Trade Act (Anti-Money Laundering Measures), we have adopted and declared the Aozora Bank Group Basic Policy on Anti-Money Laundering and are continuously working to enhance our controls.

For information regarding the Aozora Bank Group Basic Policy on the Elimination of Anti-Social Elements, please refer to the Bank's website.

🔗 <https://www.aozorabank.co.jp/english/corp/governance/compliance/pdf/compliance01.pdf>

For information regarding the Aozora Bank Group Basic Policy on Anti-Money Laundering, please refer to the Bank's website.

🔗 <https://www.aozorabank.co.jp/english/corp/governance/compliance/pdf/compliance02.pdf>

### Addressing the Threat of Special Fraud and Fraudulent Use of Bank Accounts

With special fraud running rampant across Japan, the number of victims and value of damages have been rising continuously.

Against this backdrop, Aozora has taken a strict stance against fraudulent use of bank accounts through the following actions in order to ensure customers can use their accounts safely and with peace of mind.

- Uncompromising verification of customers' identity, purpose of transaction, and occupation when opening new accounts
- Ongoing monitoring of customer status for existing accounts
- Day-to-day monitoring
- Where any suspicious indications are identified, refusal of the relevant transaction and future transactions, as well as swift reporting to the authorities as a suspicious transaction

### Insider Trading Prevention

To prevent insider trading by officers and employees, steps are taken to strictly manage the information obtained in the course of business and to regularly provide training to officers and employees on the prevention of insider trading. In addition, all Group officers and employees pledge every year to comply with Internal Rules on insider trading prevention.

## Compliance

### Compliance-related Awareness Activities

To maintain and improve compliance awareness among our officers and employees, we conduct training and e-learning on an ongoing basis.

In FY2025, we provided a total of 24 training programs (eight of which were intended for all Group officers and employees). The attendance rate for training intended for all Group officers and employees was generally 100%. Moreover, we conduct monthly e-learning programs on compliance to provide basic knowledge on the subject. The main themes were as follows:

#### (Main Training Themes)

Insider trading prevention, money laundering prevention and compliance with the Foreign Exchange and Foreign Trade Act, anti-social organization checks, the management of information assets, and the prevention of bribery

### Whistle-blower Program

Aozora has established a whistle-blower program called the Aozora Hotline Program in order to detect and correct at an early stage any conduct that breaches laws, regulations, and other rules, and to foster a clean, open, and fair corporate culture. As whistle-blowing contacts for officers, employees, and other personnel of Group companies, we have set up an internal contact, and have also arranged for an outside law firm to act as an outside point of contact.

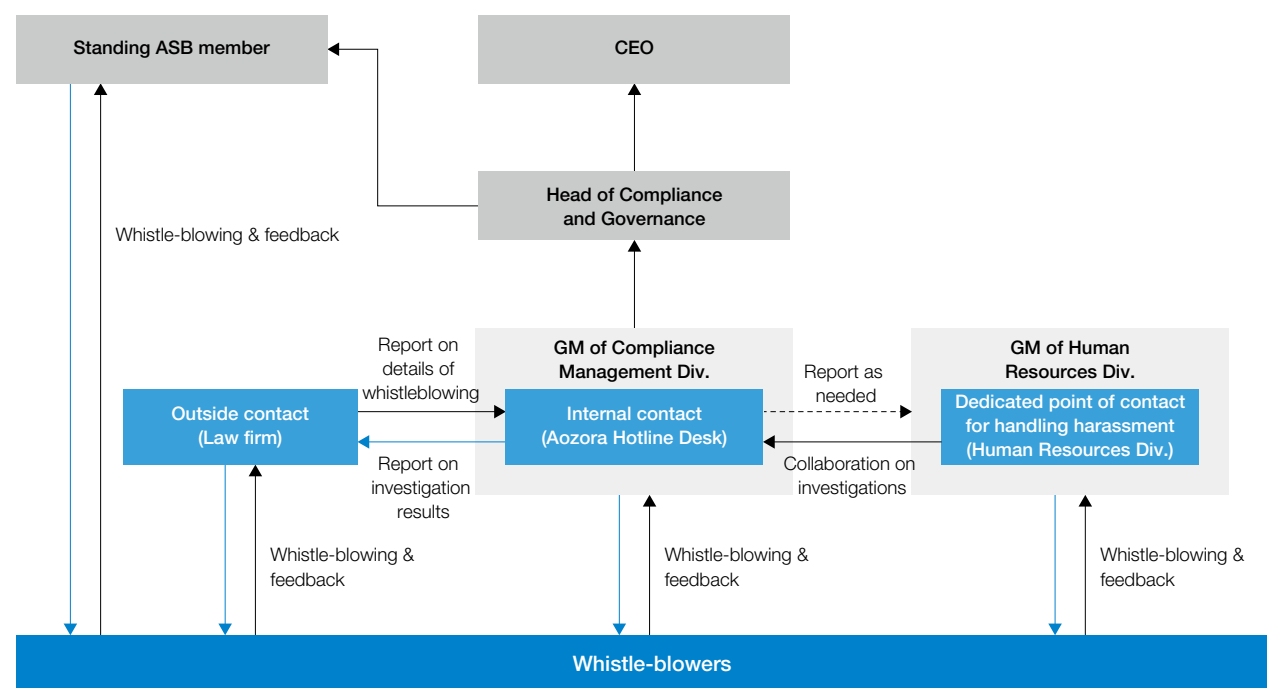
We are working to create an environment that makes it easier to use the whistle-blower program. Among a host of measures, the program allows for anonymous reporting. In addition, all officers and employees are

provided with a special postal envelope addressed to the contact point outside Aozora in advance.

In order to protect whistle-blowers, the program tightly controls information and protects privacy, and strictly prohibits any unfavorable treatment of whistleblowers. If any violation of the law, misconduct, or other such activity is confirmed as a result of whistle-blower investigations,

Aozora will promptly take corrective and preventive measures. Aozora also established a follow-up framework designed to verify whether corrective measures sufficiently function after a certain period of time has passed, and whether whistleblowers have suffered any unfair treatment.

In FY2025, there were no whistle-blower cases that had a significant impact on the management of Aozora.



For information on customer information management, appropriate management system for conflict of interest, anti-bribery initiatives, customer support management system, and tax compliance, please refer to Compliance in the Financial and Corporate Data Section.

# Internal Audit

## Role and Function

The Internal Audit Division (IAD) operates independently from all business groups and supporting units. IAD independently examines and evaluates whether the Group's internal controls are functioning properly and effectively, and offers constructive and practical recommendations for business improvement. As of March 31, 2026, 28 employees were directly engaged in internal audits.

Internal audits are conducted in line with audit plans, which are developed according to the Annual Internal Audit Plan approved by the Board of Directors and the Management Committee each fiscal year. When developing the audit plan, IAD carries out risk assessments based on the type and degree of inherent risk within each business group, supporting unit, and Group company, as well as the status of internal controls, and determines factors such as the frequency, complexity, and deployable resources of audits.

## Audits Conducted in FY2025

| Type of Audit                                   | Number of Audits |
|-------------------------------------------------|------------------|
| Audits for business groups and supporting units | 13               |
| Cross-sectional target audits                   | 31               |
| System audits                                   | 4                |
| J-SOX audits                                    | 34               |
| Total                                           | 82               |

## Positioning of IAD within the Organization

IAD reports directly to the Chief Executive Officer (CEO) and shares the status of the Group's internal controls with the CEO mainly through periodic reporting. In addition to reporting the results of individual audits to the Management Committee monthly, IAD, on an independent basis from the executive function, reports on audit policies, summaries of audits, and other matters, directly to the Board of Directors and the Risk Governance Committee annually.

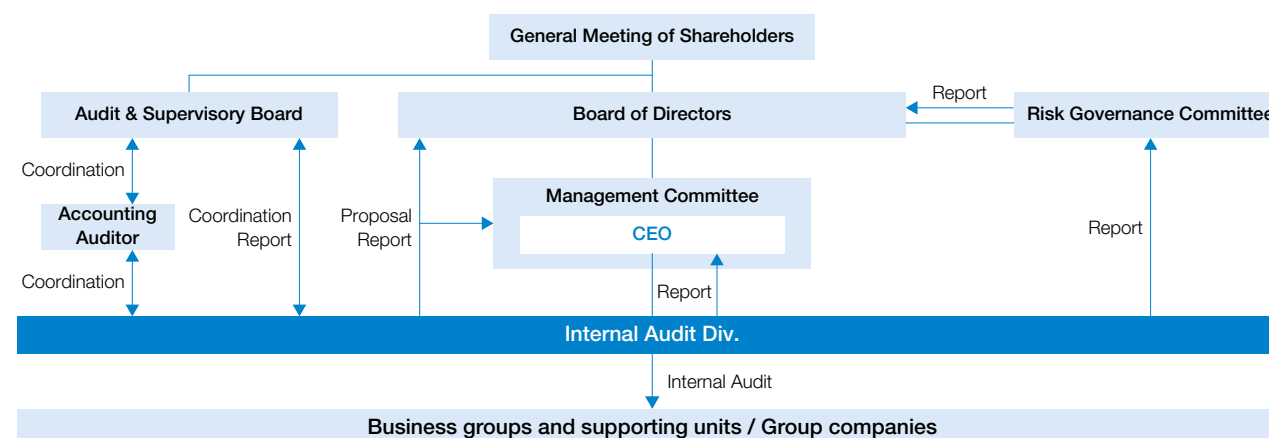
In order to better fulfill its audit mission, IAD exchanges information and opinions as necessary with the Audit & Supervisory Board and its members, and also works closely with them and the Accounting Auditor through periodic three-way audit meetings.

## Efforts to Improve Audit Quality and Effectiveness

The Bank's internal audit is structured to ensure that internal audits are conducted on a risk basis in accordance with the global internal audit standards of the Institute of Internal Auditors (IIA). In addition to an internal quality assessment conducted annually, IAD periodically undergoes an external quality assessment by a third-party organization in order to further improve the Bank's internal audits. Moreover, steps are taken to support further improvements in the internal audits of Group companies through a dual role assignment system between Aozora and the audit divisions of Group companies in order to strengthen Group governance.

To improve the effectiveness of its internal audits, IAD engages in the ongoing development of internal and recruitment of external audit team members with a high level of expertise. In addition, IAD supports its audit team members to obtain professional certifications, such as Certified Internal Auditor (CIA) and Certified Information System Auditor (CISA).

## Internal Audit Structure



# Cybersecurity

## Basic Policy

Cybersecurity is one of Aozora's main areas of focus as a bank that has a responsibility for its customers' important assets and information. Incidents such as information leaks and service outages caused by cyberattacks could have a material impact not only on Aozora's management, including damage to our customers and affecting business continuity, but also on society as a whole. In order to provide reliable financial services, Aozora considers the stable operation of information systems to be one of its most important management responsibilities. We work to maintain the cybersecurity system and reduce risks across the entire Aozora Group.

## Management Structure

Aozora has established a security policy and a systems risk management policy, and conducts cybersecurity

management with the active engagement of senior management based on a risk appetite statement approved by the Board of Directors.

To strengthen our cybersecurity management framework, we have appointed a CISO\*<sup>1</sup>, who is responsible for overall cybersecurity management. With this initiative, we have established a system through which the CISO reports to the CIO\*<sup>2</sup> as well as the CRO\*<sup>3</sup> from a Risk Management Group's checks and balances perspective. The Cyber Security Office, a dedicated cybersecurity department formed within the IT Control Division, is responsible for establishing systems, strengthening countermeasures, monitoring, and emergency responses. We have also established a Cyber Security Incident Response Team "Aozora CSIRT," which spans across the related groups/divisions and Group companies. By sharing cybersecurity trends and risks inherent within the Group as well as conducting ongoing cybersecurity training, the entire Group is prepared for emergency situations. Moreover, the

Aozora cybersecurity management framework regularly undergoes third-party assessments based on the CRI Profile\*<sup>4</sup> and other external cybersecurity frameworks.

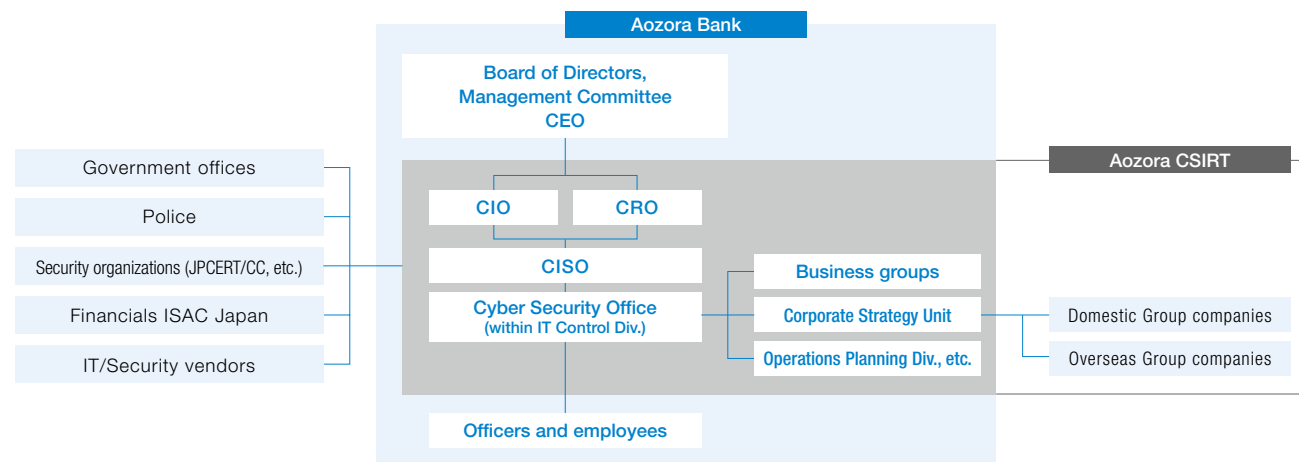
\*1 Chief Information Security Officer

\*2 Chief Information Officer

\*3 Chief Risk Officer

\*4 A cybersecurity framework established for financial institutions, which the Cyber Risk Institute, a not-for-profit organization maintains and updates.

## Cybersecurity Management Structure



## Initiatives to Enhance Security

### Multi-layered Technical Countermeasures and Verification of Effectiveness

- Entrance measures to prevent unauthorized network intrusion
- Exit measures to prevent the leakage of information
- Internal measures that presume attacks on the internal network
- Verification of effectiveness of technical countermeasures through TLPT\*<sup>5</sup> by external experts

### Strengthening of Cyber-resilience

- Regular cybersecurity exercises involving members of the management team
- Recovery tests using actual systems and equipment on the assumption that an incident has occurred

### Analysis of Threat Trends

- Gathering information such as vulnerabilities, attack strategies, and case studies of damage suffered by other companies
- Systematic responses based on a study of potential impacts affecting Aozora and related risks

### Security Training for Employees

- Enhancement of ability to identify suspicious emails and ability to respond when opening them through targeted email training
- Training through e-learning, videos, and online seminars based on the results of targeted email training and threat trends

\*5 Threat-Led Penetration Testing (attack tests based on the threat analysis results to evaluate technical countermeasures and response procedures)

# Key Financial Data

## Overview of Consolidated Financial Results

(million yen)

|                                                  | FY2015  | FY2016  | FY2017  | FY2018  | FY2019  | FY2020  | FY2021  | FY2022  | FY2023  | FY2024  | FY2025  |
|--------------------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Net revenue                                      | 91,403  | 85,273  | 87,479  | 83,840  | 95,711  | 96,546  | 103,011 | 59,573  | 50,924  | 85,638  | 98,591  |
| Net interest income                              | 49,804  | 45,646  | 49,054  | 50,284  | 48,789  | 50,089  | 51,612  | 51,080  | 42,074  | 48,710  | 52,361  |
| Net fees and commissions                         | 11,464  | 9,290   | 11,396  | 12,949  | 12,655  | 12,481  | 14,024  | 13,333  | 20,420  | 24,651  | 31,813  |
| Net gains on trading account transactions        | 12,208  | 20,433  | 17,094  | 8,340   | 18,073  | 13,401  | 16,642  | 4,196   | 1,633   | 3,145   | 4,318   |
| Net other ordinary income                        | 17,926  | 9,902   | 9,933   | 12,265  | 16,191  | 20,574  | 20,731  | -9,036  | -13,204 | 9,130   | 10,098  |
| G&A expenses                                     | -42,806 | -45,001 | -46,848 | -49,433 | -53,398 | -54,988 | -57,792 | -59,362 | -61,860 | -62,878 | -66,944 |
| Gains/losses on equity method investments        | —       | —       | —       | —       | —       | 1,111   | 2,620   | 2,380   | 2,342   | 2,265   | 2,926   |
| Business profit                                  | 48,597  | 40,272  | 40,631  | 34,407  | 42,312  | 42,669  | 47,839  | 2,591   | -8,594  | —       | —       |
| Gains/losses on stock transactions               | 1,421   | 474     | 8,015   | 13,294  | 11,663  | 2,375   | 2,033   | 8,495   | 1,634   | 3,256   | 1,139   |
| Business profit*                                 | —       | —       | —       | —       | —       | —       | —       | —       | —       | 27,144  | 35,256  |
| Credit-related expenses                          | 4,745   | 11,079  | 8,748   | -1,018  | -11,742 | -4,348  | -3,740  | -1,700  | -46,930 | -9,445  | -8,465  |
| Ordinary profit                                  | 55,721  | 51,764  | 57,984  | 47,796  | 43,330  | 38,982  | 46,294  | 7,356   | -54,816 | 17,561  | 27,183  |
| Extraordinary profit/loss                        | -4      | -1      | -21     | -1      | -4      | -4      | -319    | -2      | 1,642   | 1,824   | -12     |
| Income taxes                                     | -12,204 | -8,079  | -15,465 | -13,767 | -17,743 | -12,230 | -12,937 | -698    | 1,437   | 248     | -574    |
| Net earnings                                     | 43,512  | 43,683  | 42,496  | 34,027  | 25,582  | 26,746  | 33,038  | 6,655   | -51,737 | 19,634  | 26,597  |
| Profit attributable to non-controlling interests | -13     | 165     | 567     | 2,103   | 2,560   | 2,226   | 1,966   | 2,064   | 1,832   | 884     | -891    |
| Profit attributable to owners of parent          | 43,499  | 43,849  | 43,064  | 36,130  | 28,142  | 28,972  | 35,004  | 8,719   | -49,904 | 20,518  | 25,705  |

|                                  |        |        |        |        |        |        |        |        |        |        |        |
|----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Foreign exchange rate (US\$/JPY) | 112.68 | 112.18 | 106.27 | 111.00 | 108.83 | 110.72 | 122.43 | 133.54 | 151.46 | 149.53 | 159.89 |
|----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|

\* From FY2024, business profit includes gains/losses on stock transactions, etc. (Gains/losses on stock transactions, etc. = Gains/losses on stock transactions + Net provision of allowance for investment loss + Gains/losses on equity derivatives).

## Key Financial Data

### Overview of Consolidated Balance Sheet

(million yen)

|                                        | FY2015    | FY2016    | FY2017    | FY2018    | FY2019    | FY2020    | FY2021    | FY2022    | FY2023    | FY2024    | FY2025    |
|----------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Total assets                           | 4,592,921 | 4,586,007 | 4,912,792 | 5,255,048 | 5,299,815 | 5,916,866 | 6,728,653 | 7,184,070 | 7,603,002 | 7,762,434 | 8,601,673 |
| Loans and bills discounted             | 2,511,622 | 2,521,874 | 2,611,278 | 2,779,894 | 2,954,122 | 2,948,808 | 3,317,125 | 3,881,373 | 4,071,295 | 4,206,564 | 4,486,392 |
| Securities                             | 923,526   | 937,949   | 1,139,803 | 1,240,838 | 1,073,670 | 1,393,357 | 1,478,178 | 1,278,749 | 1,186,561 | 1,355,458 | 1,434,823 |
| Total liabilities                      | 4,187,422 | 4,165,661 | 4,475,557 | 4,806,337 | 4,875,056 | 5,426,859 | 6,241,387 | 6,752,951 | 7,211,924 | 7,302,748 | 8,110,061 |
| Deposits                               | 2,710,531 | 2,718,589 | 2,846,878 | 3,102,804 | 3,349,659 | 3,978,506 | 4,838,056 | 5,463,352 | 5,634,992 | 5,598,301 | 6,030,775 |
| Negotiable certificates of deposit     | 221,600   | 134,513   | 124,060   | 127,927   | 47,240    | 34,000    | 33,500    | 34,000    | 141,380   | 74,600    | 63,700    |
| Total net assets                       | 405,498   | 420,345   | 437,234   | 448,710   | 424,758   | 490,006   | 487,265   | 431,119   | 391,078   | 459,685   | 491,611   |
| Shareholders' equity                   | 383,710   | 405,867   | 427,184   | 443,087   | 453,635   | 467,615   | 486,060   | 476,280   | 412,928   | 478,040   | 491,547   |
| Retained earnings                      | 199,785   | 221,940   | 243,190   | 259,021   | 269,545   | 283,464   | 301,700   | 291,898   | 228,444   | 241,485   | 254,992   |
| Accumulated other comprehensive income | 20,833    | 12,421    | 8,535     | 5,431     | -26,587   | 26,449    | 7,045     | -38,122   | -29,056   | -27,123   | -12,232   |
| Non-controlling interests              | 772       | 1,759     | 1,183     | -166      | -2,734    | -4,541    | -6,229    | -7,541    | 6,673     | 8,267     | 11,669    |

### Financial Indicators

|                                                             |        |        |          |          |          |          |          |          |          |          |          |
|-------------------------------------------------------------|--------|--------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Consolidated capital adequacy ratio (domestic standard) (%) | 11.03  | 10.75  | 10.39    | 10.27    | 10.29    | 11.03    | 10.37    | 9.43     | 9.23     | 10.72    | 10.87    |
| Dividend per share (DPS) (yen)                              | 18.6   | 18.7   | 184*     | 154      | 156      | 124      | 149      | 154      | 76       | 79       | 91       |
| Dividend payout ratio (consolidated) (%)                    | 50     | 50     | 50       | 50       | 65       | 50       | 50       | 206      | —        | 51       | 49       |
| Book-value per share (BPS) (yen)                            | 346.83 | 358.61 | 3,735.00 | 3,844.08 | 3,659.84 | 4,233.53 | 4,222.79 | 3,751.95 | 3,285.94 | 3,258.51 | 3,463.73 |
| Earnings per share (EPS) (yen)                              | 37.29  | 37.59  | 369.16*  | 309.67   | 241.18   | 248.27   | 299.81   | 74.67    | -427.22  | 154.26   | 185.75   |
| Consolidated return on equity (ROE) (%)                     | 10.6   | 10.7   | 10.1     | 8.2      | 6.4      | 6.3      | 7.1      | 1.9      | —        | 4.9      | 5.5      |

\* Aozora implemented a one-for-ten reverse stock split of its common stock effective October 1, 2017. We calculated dividend per share and earnings per share for FY2017 based on the assumption that the reverse stock split would be implemented at the beginning of FY2017.

# Organization Chart (As of July 1, 2026)



\* Branches Kansai Br. (Kansai Business Div. I, Kansai Business Div. II, Financial Institutions Div. III, Kansai Operations Management Div.), Nagoya Br., Fukuoka Br., Sendai Br., Hiroshima Br., Sapporo Br., Takamatsu Br., Kanazawa Br., Shinjuku Br., Nihonbashi Br., Shibuya Br., Ueno Br., Ikebukuro Br., Yokohama Br., Chiba Br., Osaka Br., Umeda Br., Kyoto Br., BANK Br., BANK Blue Br., BANK Sky Br., BANK Marine Br., BANK Cobalt Br.

## Company Information (As of March 31, 2026)

### Company Profile

**Corporate Name** Aozora Bank, Ltd.

**Head Office** 6-1-1 Kojimachi, Chiyoda-ku,  
Tokyo 102-8660, Japan

**Date of Establishment** April 1957

**Total Assets (Consolidated)** ¥8,601.6 billion

**Credit Ratings** BBB/A-/A (S&P/R&I/JCR)

**Office Network** Domestic: 15 locations  
Overseas: New York, London, Singapore

**Major Subsidiaries\*** GMO Aozora Net Bank, Ltd.  
Aozora Loan Services Co., Ltd.  
Aozora HR Lab. & Consulting Co., Ltd.  
Aozora Investment Management Co., Ltd.  
Aozora Real Estate Investment  
Advisors Co., Ltd.  
Aozora Corporate Advisory Co., Ltd.  
Aozora Corporate Investment Co., Ltd.  
Aozora Europe Limited  
Aozora North America, Inc.

\* As of July 1, 2026

**Number of Full-time Employees (Consolidated Basis)** 2,515

### Share Information

#### Share Status

|                                   |             |
|-----------------------------------|-------------|
| Total number of authorized shares | 289,828,200 |
| Total number of shares issued     | 139,789,418 |
| Total number of shareholders      | 106,452     |

#### Ownership and Distribution of Shares

| Classification                               | Share Status (Number of Shares Constituting One Trading 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 (trading unit)         | —                                                                         | 268,541                | 43,111                      | 372,250                  | 176,532                | 2,765       | 532,456                | 1,395,655                         |
| Percentage to the 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 trading 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.

#### Major Shareholders

| Name of Shareholder                                            | Number of Shares Held (thousands) | Percentage to Total Number of Shares Issued (%) |
|----------------------------------------------------------------|-----------------------------------|-------------------------------------------------|
| Daiwa Securities Group Inc.                                    | 33,056                            | 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                                            |
| Other                                                          | 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.

This document (Main Section and Financial and Corporate Data Section) is an Annual Report (document explaining Aozora's business operations and financial condition) created in compliance with Article 21 of the Banking Act.

For material requests or inquiries, please contact customer service at each branch or call the Aozora Home Call center at 0120-250-399.

(Weekdays: 9 am–7 pm; Weekends and holidays: 9 am–5 pm; December 31 to January 3: No service)

Please also visit our website at <https://www.aozorabank.co.jp/english>

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