

New Mid-term Plan

“Aozora 2027” (FY2025–27)

May 14, 2025



01	Outline of “Aozora 2027”	- 2	04	Business Strategy	- 13
	Aozora 2027 for Sustainable Growth	- 3		Business Strategy	- 14
	Key Performance Indicators	- 4		Strategic Investments Unit	
	Business Strategy for Sustainable Growth	- 5		Market & International Business Unit	- 15
	Funding Strategy for Sustainable Growth	- 6		Customer Relations Unit	
	Composition of Profit Attributable to Owners of Parent and Assumption for ROE	- 7		Expected Impact of Alliance with Daiwa Securities Group	- 18
02	Human Capital Strategy	- 8		GMO Aozora Net Bank (GANB)	- 19
	Concept of Human Capital	- 9	05	Review of Previous Mid-term Plan and Risk Appetite Policy	- 20
03	Capital Policy	- 10		Review of Previous Mid-term Plan “Aozora 2025”	- 21
	Capital Policy	- 11		Risk Appetite Policy	- 22
	Initiatives to Enhance Corporate Value (Logic Tree)	- 12	06	Sustainability	- 23
				Redefinition of Materiality	- 24
				Aozora’s Sustainability Targets	- 25

(Note) Unless otherwise stated, all amounts stated have been rounded down to the nearest unit.



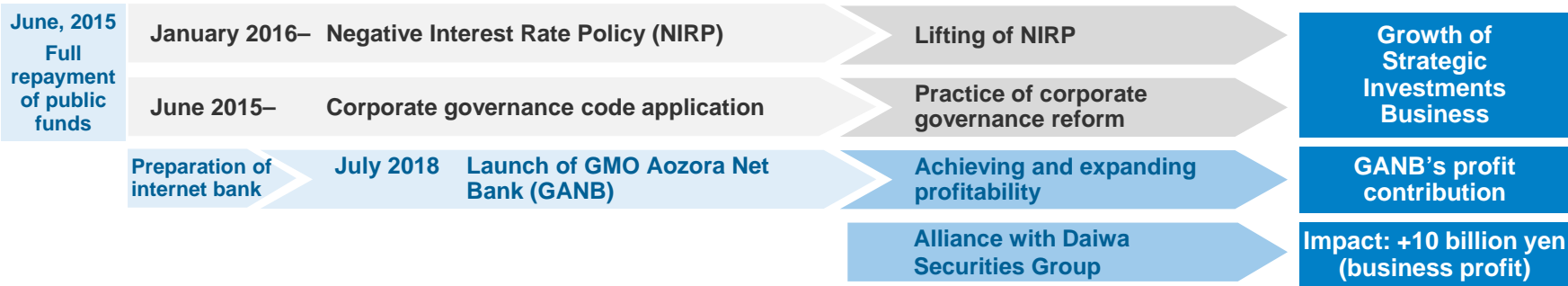
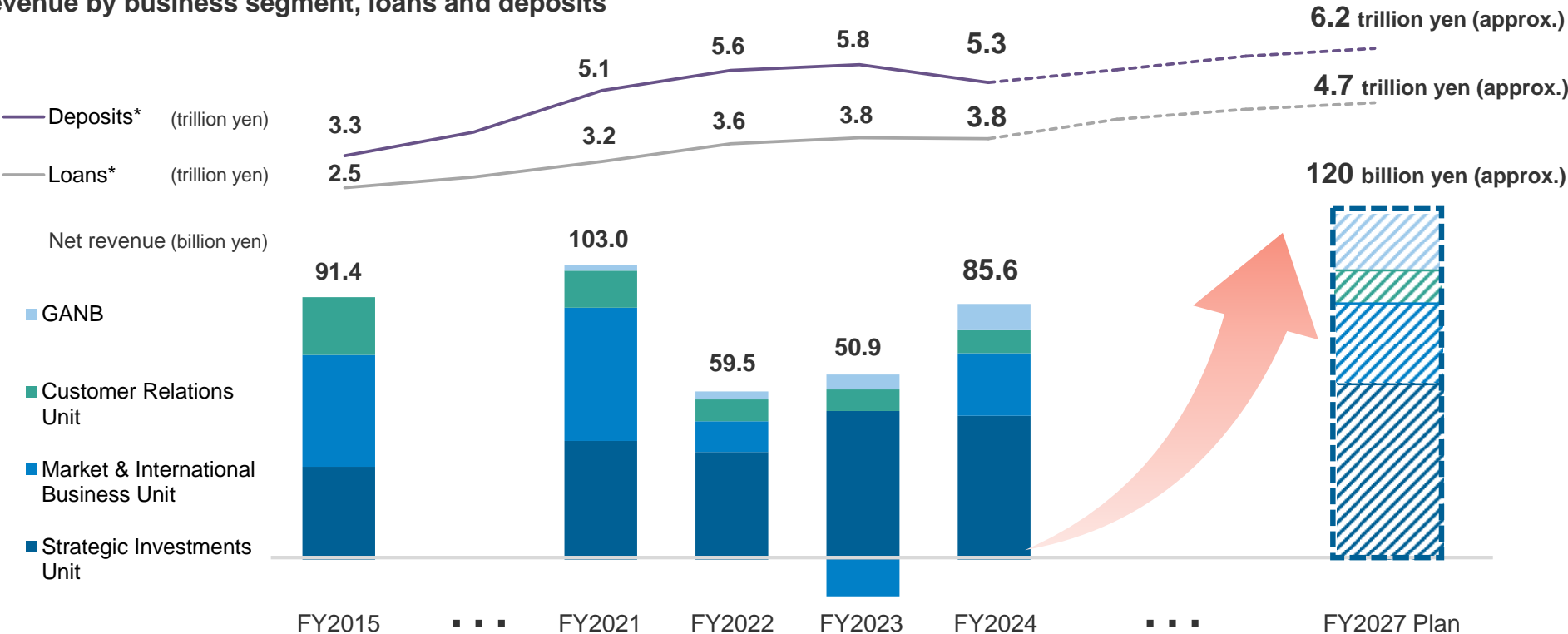
Outline of “Aozora 2027”

Aozora 2027 for Sustainable Growth

Management Philosophy

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

Net revenue by business segment, loans and deposits



* Excluding GANB's deposits and loans

Aozora 2027 —Key Performance Indicators—

KPIs in “Aozora 2027”

	FY2023	FY2024	FY2027 Plan	FY2029 Target
Profit attributable to owners of parent	-49.9 billion yen	20.5 billion yen	33.0 billion yen	50.0 billion yen
ROE	-	4.9%	7% (approx.)	8% or higher
CET1 ratio	7.1%	8.7%	8% or higher	9% or higher
Earning assets*	4.4 trillion yen	4.5 trillion yen	5.5 trillion yen	-
Impact of Alliance with Daiwa Securities Group (business profit basis)	-	-	+10.0 billion yen	-

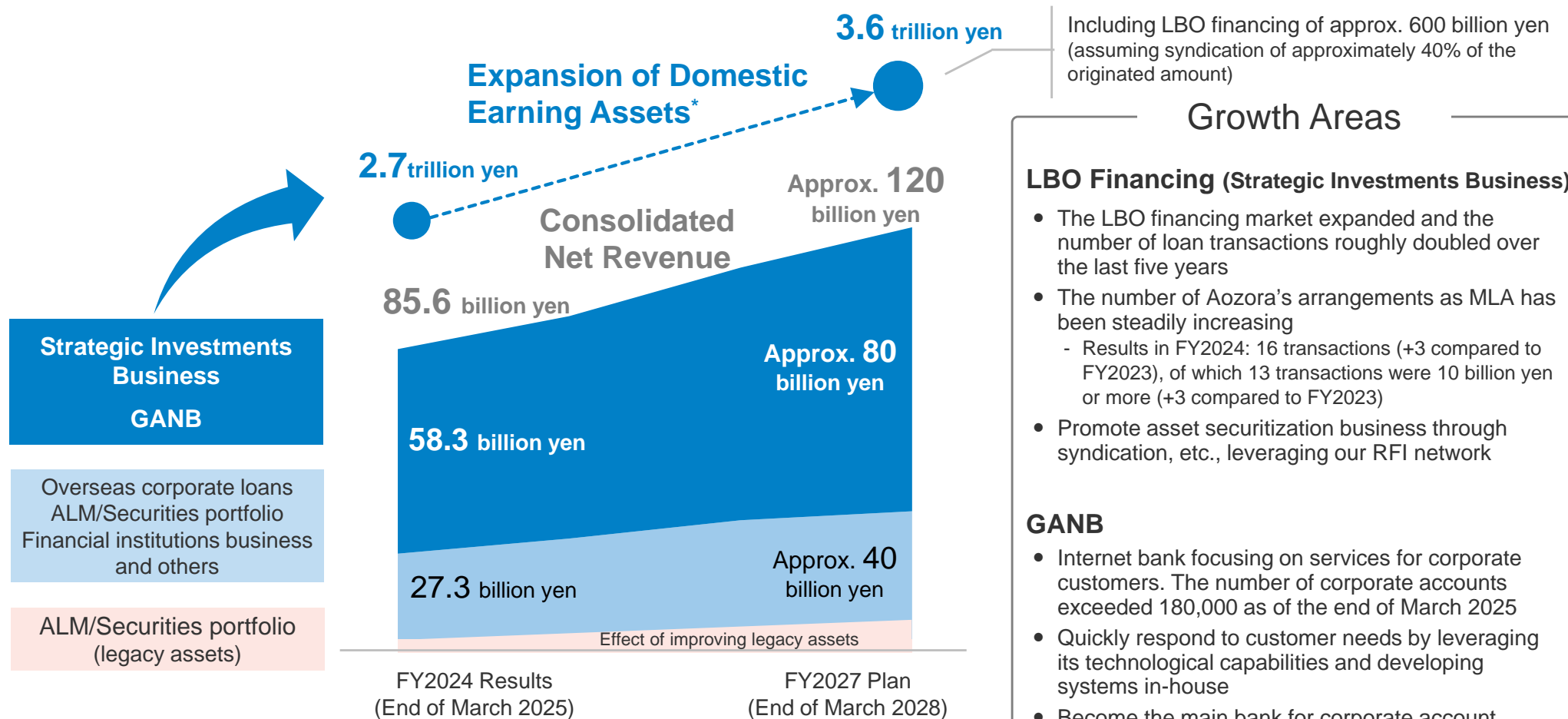
Assumptions for yen interest rates (policy rates)

- 0.75% from July 2025
- 1.0% from April 2026

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

Growth of Strategic Investments Business and GMO Aozora Net Bank (GANB)

Domestic earning assets* and net revenue plan

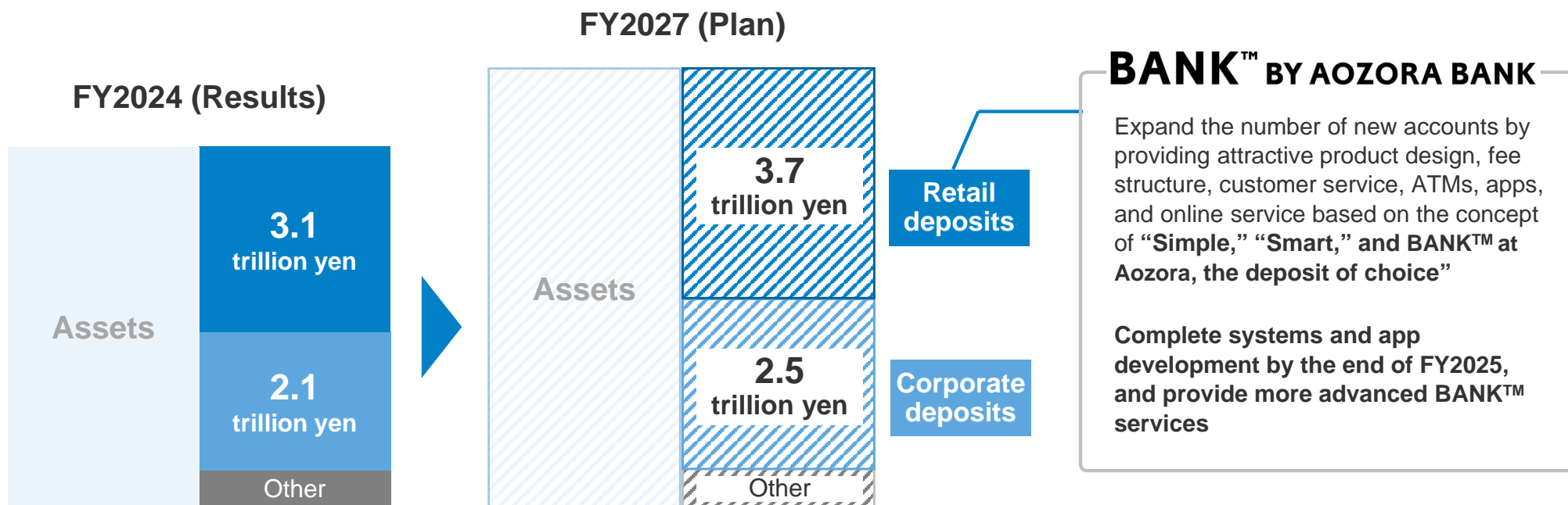


* Earning Assets: Total of loans and securities outstanding (excluding loans to government and JGBs)

Further stabilize funding base by attracting deposits from diversified retail and corporate customers

- Increase more stable deposits by offering attractive products
- Increase the number of retail deposit accounts and balances, mainly through the BANK™ internet banking service
- Expand the number of corporate accounts by leveraging the alliance with Daiwa Securities Group

Funding Plan*

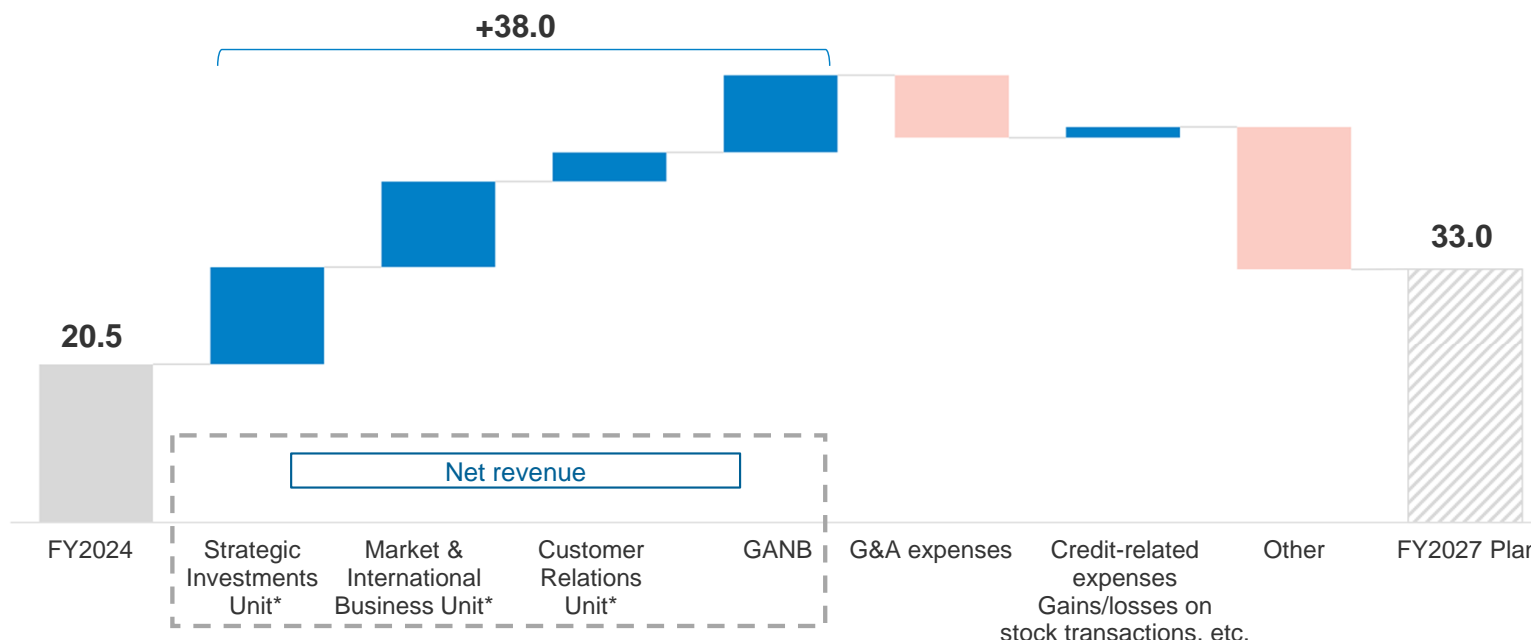


* Excluding GANB's deposit balance

Aozora 2027 —Composition of Profit Attributable to Owners of Parent and Assumption for ROE—

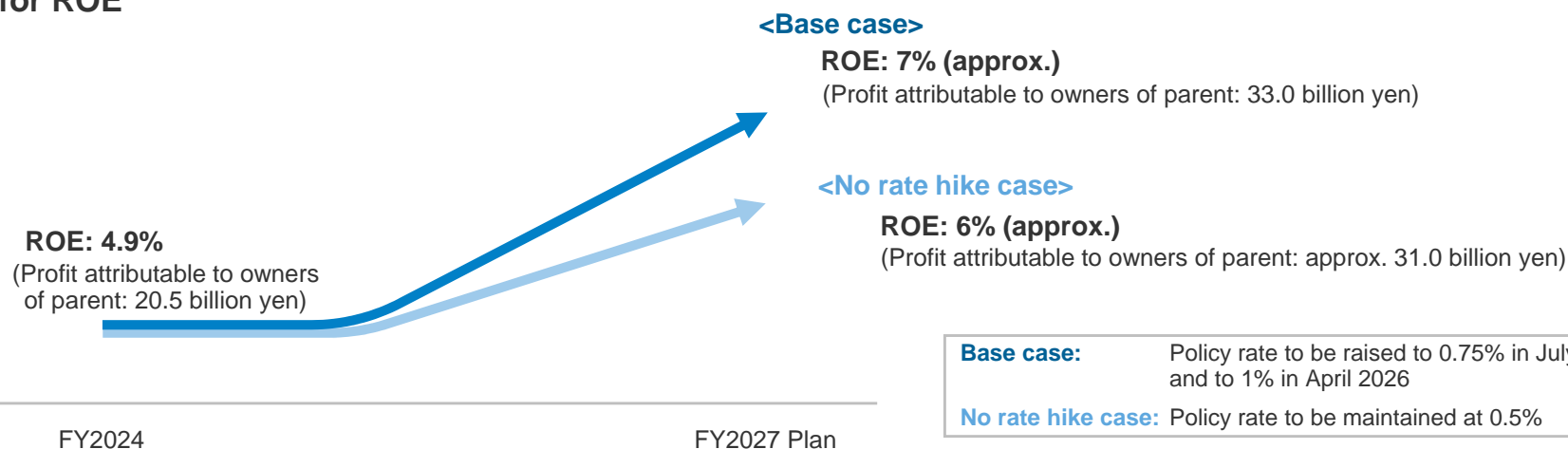
Profit attributable to owners of parent

(billion yen)



* Aozora's business groups were consolidated into these three units (see page 14).

Assumption for ROE



Base case: Policy rate to be raised to 0.75% in July 2025 and to 1% in April 2026

No rate hike case: Policy rate to be maintained at 0.5%



Human Capital Strategy

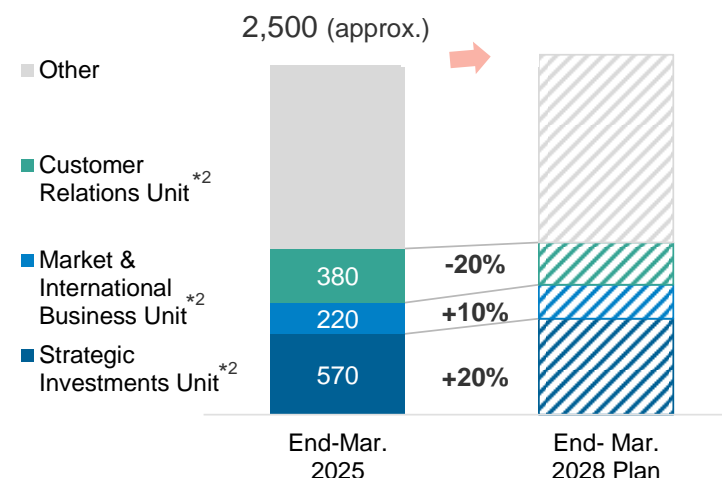
Aozora promotes “fostering” of its Group employees and facilitates their “change” to human resources who are responsible for “**creating added-value**” in the financial area, with the aim to make all stakeholders fulfilled. We also intend to become a company where employees can take pride and feel job satisfaction

HR strategy

—Human capital investments that lead to creating added-value—



Headcount plan*1



*1 Consolidated basis

*2 Aozora’s business groups were consolidated into these three units (see page 14).

Medium- to long-term strategy

- Aim to develop and foster human resources in the long term through the redeployment to our Strategic Investments Business, which cannot be replaced with IT systems, as well as a focused approach to fostering junior employees and bringing onboard highly specialized mid-career professionals

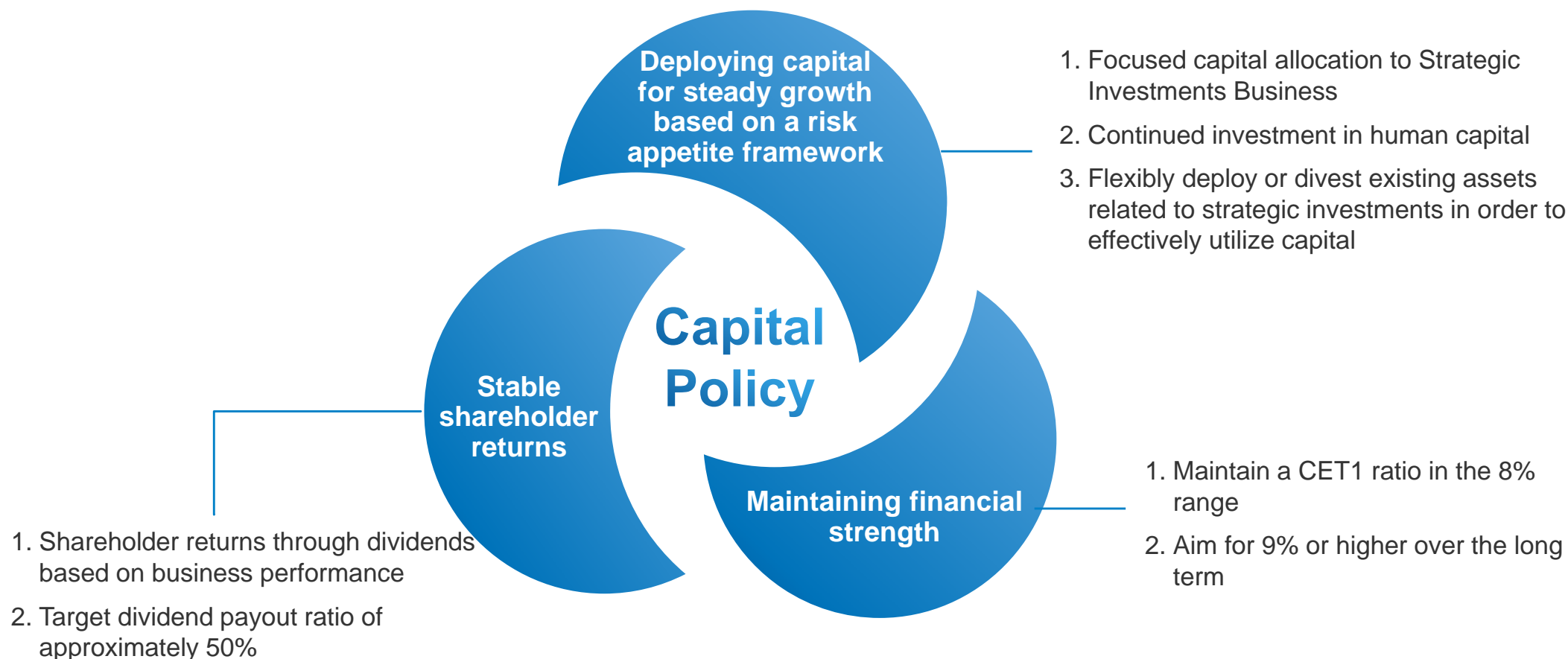


Capital Policy

Capital Policy

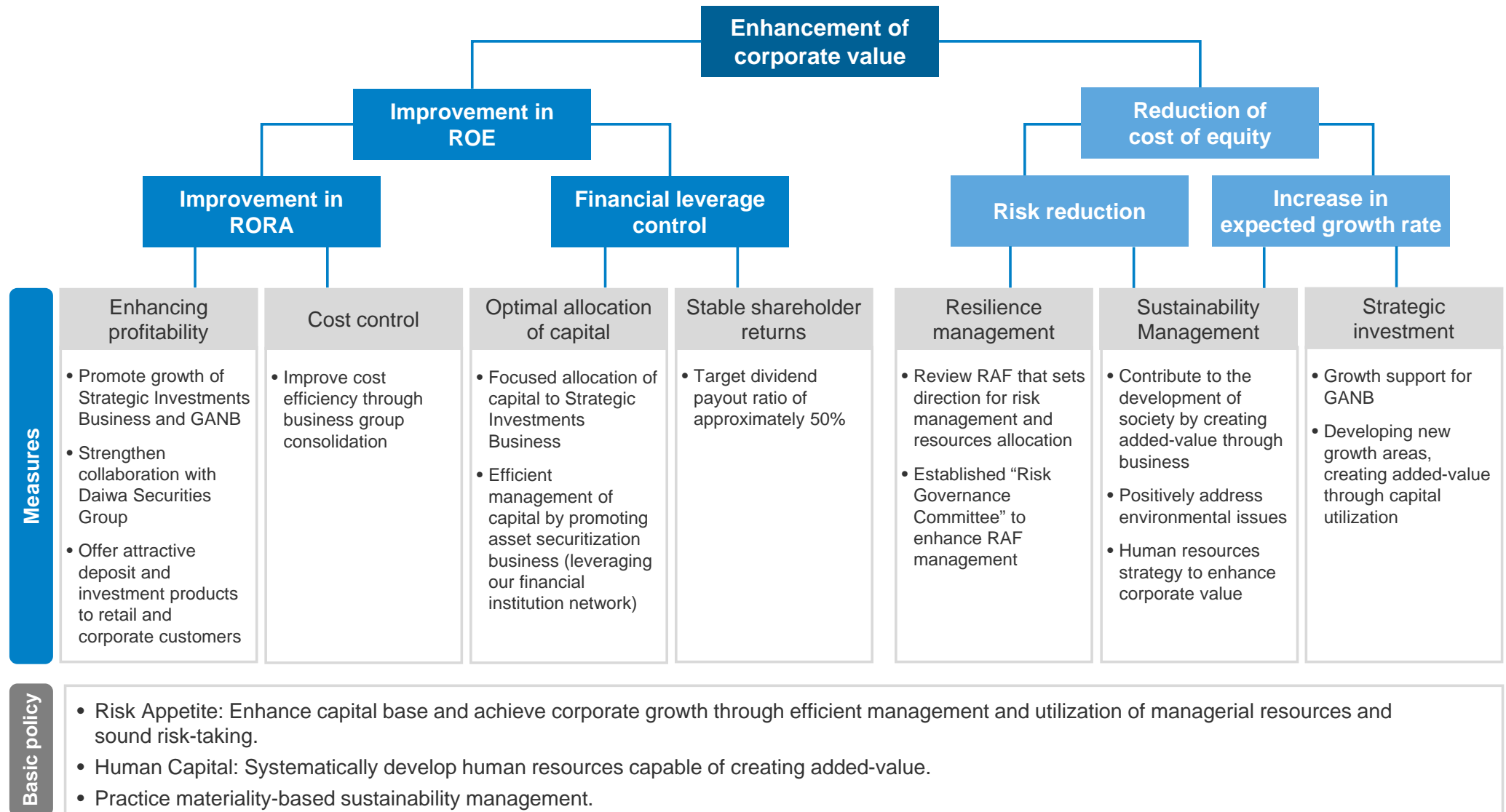
Steadily capture growth opportunities by focusing on the Bank's Strategic Investments Business
Achieve ROE above our cost of capital and increase corporate value leading to a P/B ratio over 1x

Implement a capital policy that balances “**deploying capital for steady growth based on a risk appetite framework**,” “**maintaining financial strength**,” and “**stable shareholder returns**”



Initiatives to Enhance Corporate Value (Logic Tree)

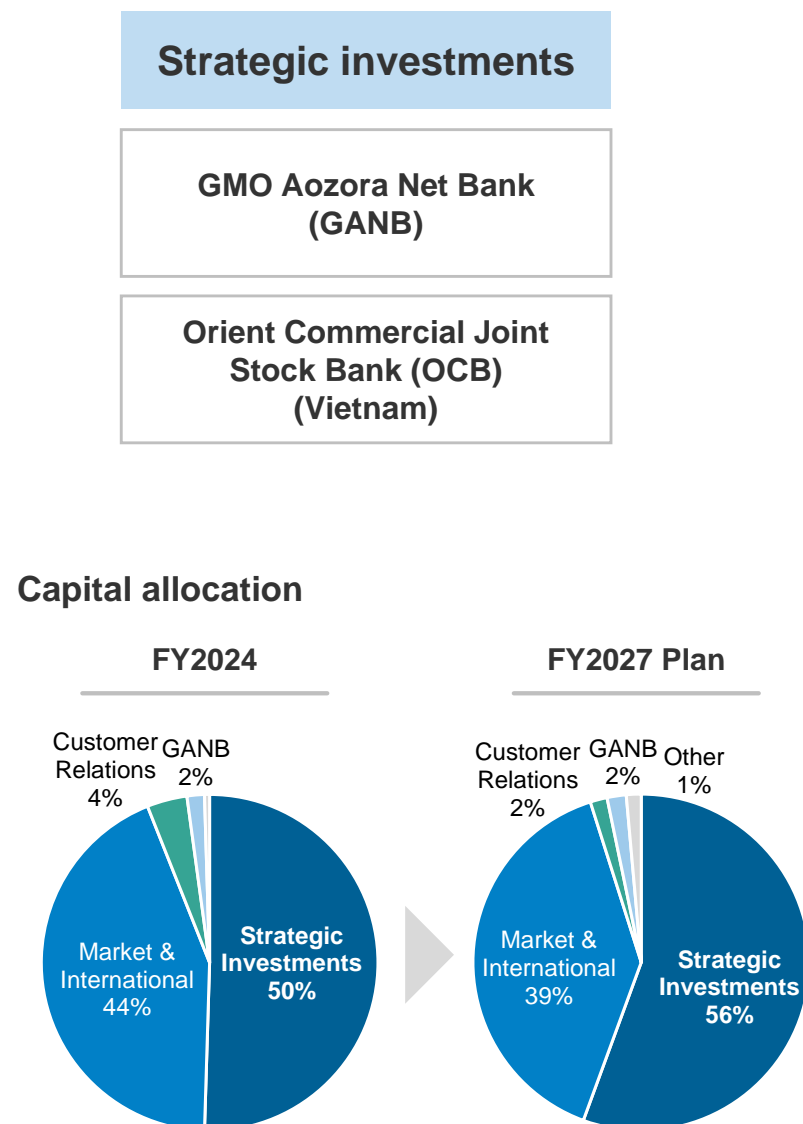
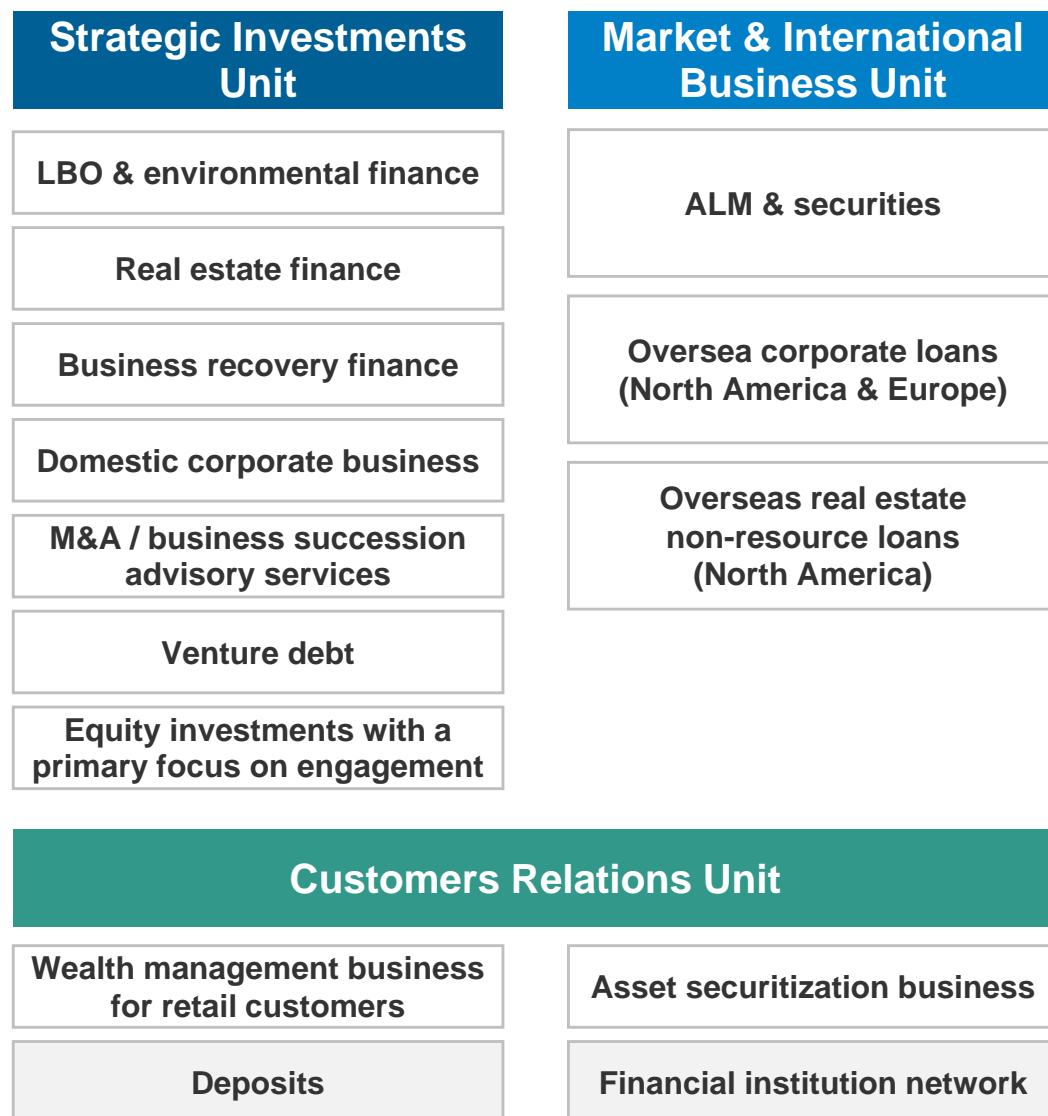
Aiming for sustainable enhancement of corporate value through improvement in ROE and reduction of cost of capital





Business Strategy

**Aozora consolidated its business groups into three units,
with the focused allocation of managerial resources to the Strategic Investments Unit**



Strategic Investments Unit

Basic Strategy I

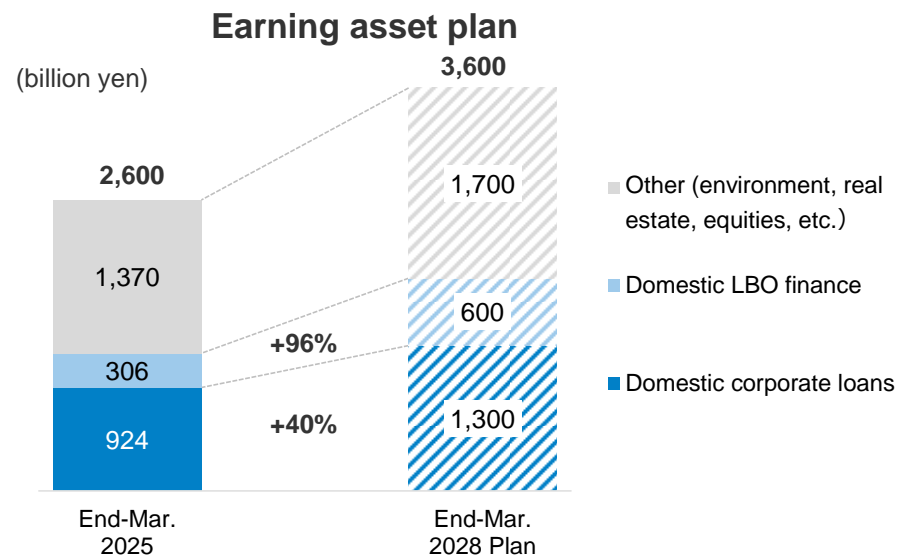
- Enhance customer base by leveraging the alliance with Daiwa Securities Group and grow balance sheet by making investments/loans to domestic companies and projects

Basic Strategy II

- Strengthen asset securitization business, including syndication of LBO and environmental finance, leveraging our regional financial institution network

Basic Strategy III

- Improve sales efficiency by strengthening sales representatives training and flexibly reallocating capital and human resources



Business-related profit* and resources

	FY2024 Results	FY2027 Plan
Business-related profit	26 billion yen	36 billion yen
Business-related profit ROE	12.8%	14%
Headcount	570	

* Business-related profit: Business profit + Gains/losses on stock transactions, etc.

Reference: Net interest margin (domestic)

	FY2024 Results	FY2027 Estimate
Net interest margin (domestic)	0.8%	
Incl. loan-related fee income	0.9%	

Basic Strategy I

ALM/Securities portfolio

- Rebuild a balanced portfolio of securities in foreign currency and yen by responding flexibly to changing conditions in accordance with our risk appetite policy

Basic Strategy II

International business

- Maintain portfolio quality and generate stable income through selective origination and flexible replacement of quality loans

Basic Strategy III

ALM/Securities portfolio

Overseas RE finance

- Actively promote workout of U.S. office loans which are classified as legacy assets

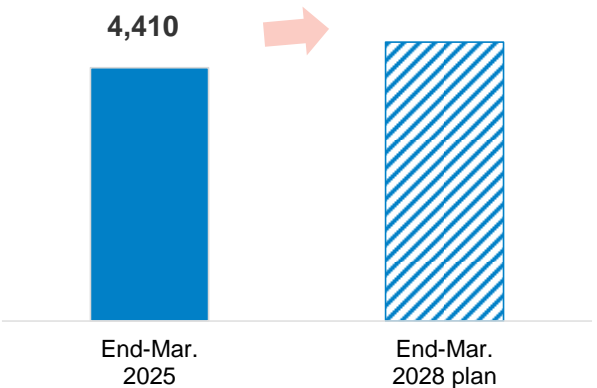
Business-related profit* and resources

	FY2024 Results	FY2027 Plan
Business-related profit	8.9 billion yen	19 billion yen
Business-related profit ROE	5.0%	10%
Headcount	220	

* Business-related profit: Business profit + Gains/losses on stock transactions, etc.

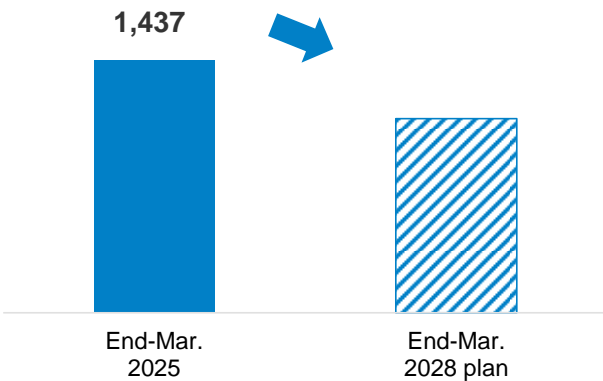
Overseas corporate loans outstanding

(US\$ million)



U.S. office loans outstanding

(US\$ million)



Customer Relations Unit

Basic Strategy I

Retail business

FI business

- Further strengthen asset management business for retail customers by shifting from product sales-oriented approach through introducing Daiwa Securities' fund wraps and expanding sales of investment trusts through RFIs

Basic Strategy II

Retail business

- Expand both the number and balance of retail deposit accounts by enhancing services based on competitive interest rates and a new BANK™ concept ("Simple," "Smart," "Aozora's BANK™, the deposit of choice")

Basic Strategy III

FI business

- Provide new investment opportunities and services, including structured finance, to RFIs

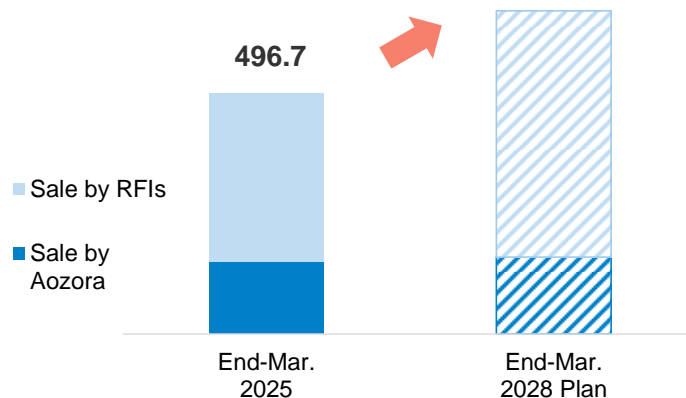
Business-related profit* and resources

	FY2024 Results	FY2027 Plan
Business-related profit	-1.7 billion yen	2.5 billion yen
FI business	0.7 billion yen	0.5 billion yen
Retail business	-2.5 billion yen	2.0 billion yen
Headcount	380	➔

* Business-related profit: Business profit + Gains/losses on stock transactions, etc.

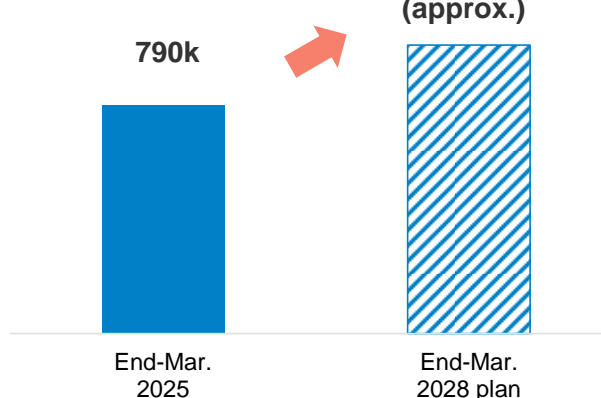
AUM of public investment trusts for retail investors

(billion yen)



Number of retail deposit accounts

1m (approx.)



Merger of Aozora Investment Management and Aozora Securities

Aozora Investment Management and Aozora Securities to be merged on April 1, 2026. Aozora intends to strengthen the development and sales of publicly offered investment trusts for retail customers as well as promote the provision of value-added products for institutional investors through integrated production and sales in the business.

Expected Impact of Alliance with Daiwa Securities Group

Alliance impact target for FY2027: **+10.0 billion yen (business profit basis)**

1 Corporate business

Corporate lending (incl. support for growing companies)

- Offer corporate finance by leveraging Daiwa Securities Group's diverse range of client base
- Expand business by integrating Aozora's structured finance and investments/loans for start-ups, in which it has expertise, and Daiwa Securities Group's investment banking business

FY2025 plan

Business profit
0.8 billion yen

Financing amount (total)
150.0 billion yen

FY2027 targets

Business profit
2.5 billion yen

Financing amount (total)
380.0 billion yen

2 Corporate business

M&A

- Respond to active funding needs in the domestic LBO finance market by integrating Aozora's capability of originating/selling LBO finance, which is among its strengths, and Daiwa Securities Group's ability of sourcing corporate M&A

FY2025 plan

Business profit
1.1 billion yen

Financing amount (total)
45.0 billion yen

FY2027 targets

Business profit
3.0 billion yen

Financing amount (total)
185.0 billion yen

3 Corporate business

Real estate-related business

- Provide investments/loans and services for Daiwa Securities Group's Real Estate Asset Management Division by leveraging Aozora's expertise in real estate finance
- Offer real estate-related solutions, including business matching service for domestic real estate companies. Also expand business support to M&A, wealth management services and other areas

FY2025 plan

Business profit
0.4 billion yen

Financing amount (total)
380.0 billion yen

FY2027 targets

Business profit
1.5 billion yen

Financing amount (total)
165.0 billion yen

4 Retail business

wealth management

- Cross-sell Daiwa Securities Group's fund wraps to Aozora's retail customers
- Post sales representatives of Aozora's Retail Banking Group to Daiwa Securities in pursuit of developing insights and achieving cost effectiveness

FY2025 plan

Business profit
1.1 billion yen

Fund wrap balances
15.0 billion yen

FY2027 targets

Business profit
3.0 billion yen

Fund wrap balances
80.0 billion yen

GMO Aozora Net Bank (GANB)

FY2024

Profitability achieved
(non-consolidated business profit basis)

Transition to a
stable earnings base

Basic strategy I

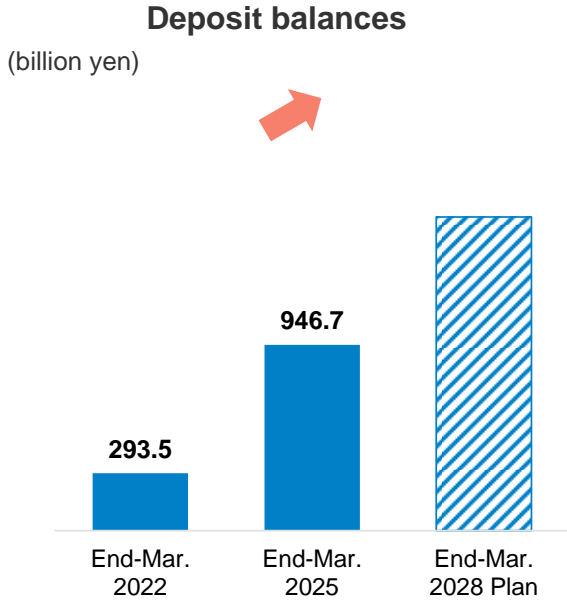
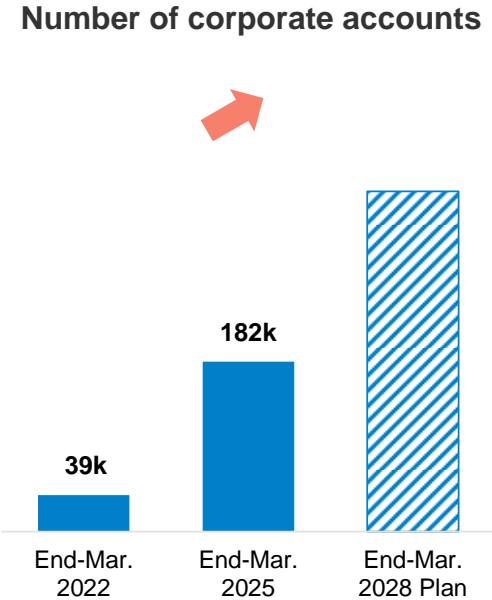
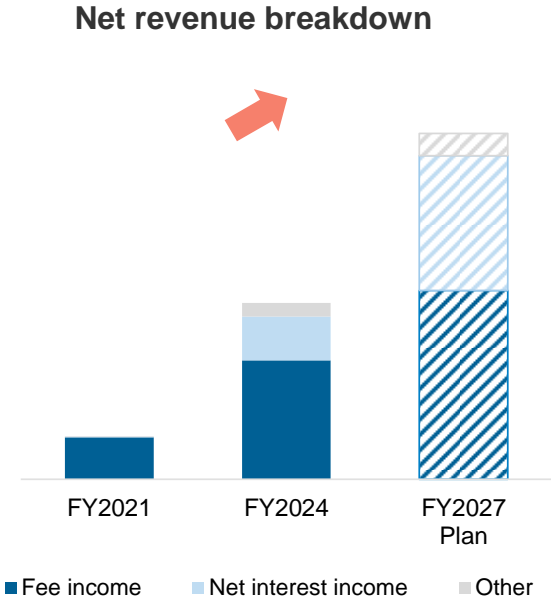
- No. 1 Bank among Small Businesses and Start-ups**
Aim to improve earnings from active accounts by increasing the number of corporate accounts with Aozora as the main settlement bank

Basic strategy II

- No. 1 Embedded Finance Services (BaaS)**
Accelerate a BaaS strategy to establish the second growth driver

Basic strategy III

- No. 1 Tech-first Banking Services**
Work to increase the percentage of engineers and improve AI development capabilities as a means to enhance systems development capabilities





Review of Previous Mid-term Plan and Risk Appetite Policy

Review of Previous Mid-term Plan “Aozora 2025”

Results of key indicators

	Previous Mid-term Plan "Aozora 2025"			New Mid-term Plan "Aozora 2027"
	FY2023 Results	FY2024 Results	FY2025 Target	FY2027 Plan
Profit attributable to owners of parent	-49.9 billion yen	20.5 billion yen	37.0 billion yen	33.0 billion yen
ROE	—	4.9%	8.0%	approx. 7%
Capital adequacy ratio	9.2%	10.7%	9% or higher	—
CET1 ratio	7.1%	8.7%	—	8% or higher

- During the previous Mid-term Plan period, the Bank was not sufficiently prepared for sudden changes in the external environment due to the concentration of risk in specific portfolios (U.S. office loans and foreign currency securities). Based on this reflection, **we clarified the positioning of our risk appetite framework and strengthened our risk governance**
- Demand for LBO financing associated with business restructuring and succession in Japan expanded year by year. Our Strategic Investments Business experienced steady growth and its progress was almost in line with the plan during the previous Mid-term Plan period

Risk Appetite Policy

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.”

Outline of “Aozora 2027” Risk Appetite Policy

- Focused allocation of managerial resources to the Strategic Investments Unit as a key business area with a view to realizing Aozora’s management philosophy
- The Market & International Business Unit will work within its risk capacity to stabilize the overall earnings of the Aozora Group
- Maintain a stable funding base in line with business growth and asset expansion
- Secure stable earnings and enhance capital adequacy through risk-taking within the scope of management capacity and business strength
- Resolve balance sheet issues concerning U.S. office loans and securities portfolio management

Establishment of the Risk Governance Committee (from July 2025)

Reorganized the former Audit and Compliance Committee into the Risk Governance Committee as an advisory body to strengthen the effectiveness of internal control and risk appetite framework operations by the Board of Directors. The majority of the committee members are outside directors, and the committee will conduct an in-depth review of the establishment and operation of the risk appetite framework, aiming to always achieve the best practices



Sustainability

Redefinition of Materiality

- Aozora conducts a regular review of Materiality, taking into consideration changes in the business environment as well as stakeholders' perspectives
- Starting from FY2025, key challenge areas that are influential in terms of both opportunities and risks are redefined as “Materiality,” and items that underpin Materiality-based business operations are positioned as “Critical Bases”

Materiality

Contribution to the future of
economy and society

Response to
environmental issues

Enhancement of the
value of human capital

Progress on the KPIs set for each Materiality issue is reviewed as Aozora's Sustainability Targets

Critical Bases

Integrity

Respect for
Human Rights

Governance

Risk management

Materiality

Key challenge areas in both opportunities and risks, in light of the importance to Aozora's corporate management as well as expectations/demands from stakeholders and social trends

Critical Bases

Items that underpin Materiality-based business operations

Aozora's Sustainability Targets

Progress	Results	Target			
	(March 31, 2025)	FY2025	FY2030	FY2040	FY2050
Target 1: Contribution to the future of economy and society					
Growth support for venture companies					
Number of venture-related investments	Total: 117	Total: 130			
GMO Aozora Net Bank					
Number of account openings by small businesses and start-ups	Total: Approx. 163k		Total: 200k		
Contributing to regional communities through business recovery					
Number of business recovery fund-based transactions	Total: 125	Total: 150			
Investments designed to support structural transformation					
Number of equity investment transactions with a primary focus on engagement*	Total: 128	Total: 130			
Retail customer platform					
Number of business and asset succession consulting contracts	Total: 985	Total: 1,000			
Number of non-financial service customers	Per year: 599	Per year: 3,000			

* Non-consolidated basis

(Note) "Total" in the above Results columns refers to a total from April 2021.

Aozora's Sustainability Targets

	Results (March 31, 2025)	Target			
		FY2025	FY2030	FY2040	FY2050
Target 2: Response to environmental issues					
Sustainable financing amount	Total: Approx. 860.0 billion yen	Total: 1 trillion yen (by FY2027)			
└ Including environmental financing	Total: Approx. 667.0 billion yen	Total: 700 billion yen			
Achieving carbon neutrality					
GHG emissions as a business entity (Scopes 1 & 2, compared to FY2020)	To be disclosed in the Annual Report (late-July)	Net zero			
GHG emissions in investment and loan portfolio (Scope 3: category 15)		Net zero			
Balance of project financing for coal-fired power plant*1		Balance: 17.6 billion yen	Net zero		
Target 3: Enhancement of the value of human capital					
Percentage of female managers*2, 6 / deputy managers*3, 6	14.9% / 40.7%	20% / 40% (by March 31, 2028)			
Percentage of eligible male employees taking childcare leave*4, 6	105%	100% (by March 31, 2028)			
Percentage of non-Japanese managers*5	3.2%	3% (by March 31, 2028)			
Percentage of mid-career managers*6	58.3%	40% (by March 31, 2028)			

*1 Non-consolidated basis

*2 Managers: Total of general managers and group managers

*3 Deputy managers: One level below managers

*4 Percentage of eligible male employees taking childcare leave = (a) Number of male employees who took childcare leave during FY2023 / (b) Number of male employees with children born during FY2023. Please note that the aforementioned (a) includes employees who have children born in or before FY2023 but have newly taken childcare leave in FY2024. As a result, the percentage could exceed 100%.

*5 Non-Japanese managers: Include those working in domestic/overseas subsidiaries excluding GMO Aozora Net Bank

*6 "Percentage of female managers / deputy managers," "Percentage of eligible male employees taking childcare leave," and "Percentage of mid-career managers" are compiled on a non-consolidated basis due to the unavailability of consolidated data.

(Note) "Total" in the above Results columns refers to a total from April 2021.

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