

To all of our shareholders

Aozora Bank, Ltd.

Questions and comments received from shareholders at
Aozora Bank's 92nd Ordinary General Meeting of Shareholders (June 24, 2025)

We appreciate our shareholders for their attendance and livestream viewing of our 92nd Ordinary General Meeting of Shareholders ("General Meeting") held on June 24, 2025. Shareholders' questions and comments are summarized below. We would like to ask for our shareholders' understanding and continued support.

1. Question submitted in advance

We invited questions from our shareholders in writing and via email in advance of the General Meeting again this year. However, no questions were submitted in advance.

2. Questions received at the General Meeting and livestream viewers' comments introduced at the General Meeting (Q&A session summary)

(1) Questions received at the General Meeting

(1)-1	Credit risk management policy
Aozora's response	<p>We're accelerating our initiatives to ensure stronger risk management following the lessons we learned in fiscal year 2023. We've established a risk appetite statement, based on which the types and level of risk taking are reviewed by our outside directors and executive team and incorporated in our business plan. Since economic trends remain uncertain, we'll provide financing while controlling risks, and also make timely and appropriate provisions by monitoring borrowers as well as progress on projects.</p> <p>Our newly established Risk Governance Committee evaluates and deliberates on whether Aozora takes risks appropriately, and not excessively, to generate earnings through sound risk taking while paying utmost attention to effective credit risk management. Global political and economic conditions are likely to remain uncertain, but we remain</p>

	<p>confident that we can provide the necessary financing to support our customers' initiatives to improve capital efficiency by leveraging the normalization of domestic interest rates and a positive economic cycle. With this confidence in mind, we intend to enhance our risk management structure and achieve our new Mid-term Plan targets.</p>
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(1)-2	<p>(A) Outlook for future dividend payment (B) Measures to improve a PBR (C) Appointment of female officers</p>
Aozora's response	<p>(A) and (B) Our annual dividend forecast is 88 yen for this fiscal year. For the next fiscal year and onwards, the dividend amount is yet to be confirmed, but the payout ratio is expected to be around 50% of net earnings. We'll strive to reach a PBR of 1x through the achievement of our new Mid-term Plan goals as well as subsequently set financial targets. Above all, we intend to realize the dividend and PBR levels as expected by our shareholders through achievement of our earnings plan by capturing the following four growth opportunities: (i) normalization of domestic interest rates; (ii) corporate governance reforms among Japanese companies; (iii) contribution of GMO Aozora Net Bank ('GANB') to our earnings; and (iv) expansion of business opportunities under the alliance with the Daiwa Securities Group ('Daiwa').</p> <p>(C) With regard to the appointment of female officers, at present, one of our nine directors and four of our 24 executive officers are female. As a company listed on the Prime Market of the Tokyo Stock Exchange, we consider promoting both internal and external personnel to officers so as to increase the percentage of female officers to 30% by 2030. We also intend to expand diversity in the organization by taking into consideration factors including not only gender but also nationality, age, new grads, and mid-career hires, while providing training and awareness-raising sessions designed to expand our internal female talent pool. While we value the personality and ability of candidates when appointing an officer, we'll work to ensure a more diversity-focused organization and officer structure.</p>

(1)-3	Role of outside directors and their contribution to Aozora's business
Aozora's response	We believe that our outside director's role is to provide their views and advice to the executive team, and that the Risk Governance Committee, the majority of which is comprised of outside directors, is responsible for

	identifying and assessing any vulnerabilities or gaps in risk judgment and risk management. Over the past year, we held a series of discussions on how to return to profitability at the Board and other meetings involving outside directors. As a result, we could record positive earnings in fiscal year 2024 and set our direction for the future. We accordingly recognize that our outside directors contribute very significantly to Aozora.
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(1)-4	Direction of retail banking business, including the alliance with Daiwa
Aozora's response	<p>Our primary focus is to continue to earn the trust of our retail customers and receive their deposits, which are the foundation of our growth. Through our BANKTM function, we're working towards enhanced services such as higher usability of the app, an increase in the number of free bank transfers and, as always, competitive interest rates. We believe that providing the same basic services to all of our customers without any conditions leads to our differentiation from other banks. We also intend to offer new products and services in asset management consultations for mass-affluent customers, especially seniors, by leveraging our alliance with Daiwa.</p> <p>First, we aim to ensure that customers feel confident to deposit their money with us while constantly working towards improvements. For customers with asset management needs, we'll build a better structure that responds to their various needs by leveraging Daiwa's wide-ranging products.</p>

(1)-5	GANB's measures against fraudulent accounts
Aozora's response	<p>Amid an increasing number of customers attempting to open fraudulent accounts across the industry, GANB has advanced security solutions as an internet-only bank. GANB addresses this issue as a top priority each and every day by collaborating with Aozora for enhanced countermeasures while also exchanging information with the relevant authorities and other banks.</p> <p>We'll pursue customer-friendly services while enhancing the effectiveness of these anti-crime measures in collaboration with financial institutions, involving the relevant authorities.</p>

(1)-6	Employment of those with disabilities, including intellectual disabilities
Aozora's	At present, those with disabilities represent 2.6% of our employees, higher

response	<p>than the legally required rate of 2.5%. While many of our disabled employees face physical challenges or have visual or hearing impairments, we welcome any suggestions from our shareholders. We've also created an environment where employees with disabilities can work actively, and they engage in the same work at the same place as non-disabled employees. For example, they prepared the pages showcasing the work environment for employees with disabilities in our annual report. We also provide simulated experience programs designed to deepen the level of understanding among non-disabled employees. We're aware that the employment of those with disabilities is important from the perspective of diversity in human resources and fulfillment of social responsibilities, and we'll remain focused on this important issue.</p>
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(2) Livestream viewers' comments (introduced at the General Meeting)

(2)-1	Reasons for maintaining quarterly dividends while not reducing costs
Aozora's response	<p>Based on our recognition that the percentage of our retail shareholders is high and they value stable dividend payments, quarterly dividends are positioned as part of our initiative to enhance the attractiveness of Aozora's shares with a view to encouraging long-term holding by our shareholders. We also believe that these payments enable us to return profits in a timely manner depending on business conditions. With regard to G&A expenses, we take cost control measures while limiting the pace of, as well as carefully monitoring, cost increases by efficiently investing in priority areas such as IT and human resources.</p> <p>There are many shareholders who highly value quarterly dividend payments. Following this, we'll continue to consider and make decisions comprehensively while working to absorb costs within the budget.</p>

(2)-2	Management's evaluation of the current share price
Aozora's response	<p>We believe that meeting the goals set out in our new Mid-term Plan will enable us to generate higher net earnings which will be the source of future dividends, as well as a higher share price. We'll engage in daily business operations towards the achievement of our plan.</p>

(2)-3	Security measures for internet banking
Aozora's response	<p>We ensure the security of our customers using multi-factor authentication such as one-time passwords. We recognize that there have been frequent reports on phishing scams in Japan, and we conduct ongoing monitoring to respond quickly to newly discovered phishing sites.</p> <p>We believe that promptly introducing the most effective countermeasures is important while updating our understanding of the latest scams.</p>

(2)-4	The amount of irrecoverable loans and stronger collection measures
Aozora's response	<p>We disclose the amount of potentially irrecoverable loans as “non-performing loans based on the Financial Reconstruction Act.” Our credit and sales divisions work together to respond carefully to these loans while assessing the situation of each borrower. As for U.S. office loans, collection is progressing even under uncertain market conditions. We don't expect any significant additional losses at this point as our loss reserves have incorporated a certain measure of an expected further decline in values. Our policy of collecting these loans remains unchanged. The Bank's NPL ratio, including U.S. office loans, was 2.14% as of March 31, 2025. Exposure to NPLs also decreased as we strengthened our collection measures.</p>

3. Other major comments received from shareholders who viewed the General Meeting via livestream

We have consolidated our response to other important comment received from a viewer of the livestream below.

This comment was not answered in time for the General Meeting due to the time of receipt.

3-1	Differentiation from megabanks and share price strategies in light of growth potential in megabanks' equity price
Aozora's response	<p>Aozora will strive to achieve its new Mid-term Plan by promoting our Strategic Investments Business as a growth driver, expanding earnings at GANB, and benefiting from our alliance with Daiwa, with the aim to gain a better reputation from the market. We'll continue to actively conduct IR activity while also steadily establishing our track record.</p>