

Sustainability Report

2026

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CEO Message



Hideto Oomi

Representative Director,
President and CEO

Engaging in sustainability initiatives is not only a core social responsibility of the Aozora Group, but also an important management issue with respect to the Group's efforts to enhance corporate value over the medium to long term. We recognize that such key themes as the need to address climate change, respect human rights, and effectively manage human capital are more than just passing trends. They represent both challenges and opportunities that must be viewed from a long-term perspective, and we advance these initiatives by integrating them into our Group's management strategies and business model.

In conjunction with the formulation of our Mid-term Plan, we reviewed our Materiality criteria and set specific KPIs linked to efforts aimed at business priority areas in 2025. By continuing to monitor and disclose details of these KPIs, we will monitor the progress of our sustainability activities from both quantitative and qualitative perspectives and undertake any change in course as may be necessary.

We have expanded the range of new services to our customers at multiple stages of their business lifecycle by leveraging our financial intermediary capabilities and collaboration with external partners, including project finance for renewable energy to promote decarbonization, venture support, and business revitalization. As a banking group that "creates possibilities," we will continue to work alongside customers and society to help realize a sustainable future going forward.

This Sustainability Report provides our Group's specific sustainability activities. We invite you to review it at your leisure.

<Basic Policy on Sustainability Initiatives>

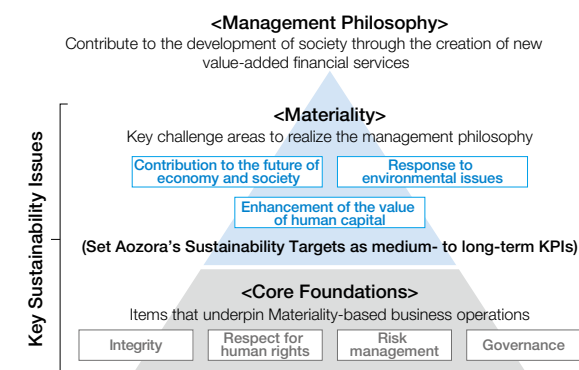
- ① Strive to enhance the Group's medium- to long-term corporate value by balancing social and economic value.
- ② In all of our businesses, undertake initiatives that are aligned with the Group's areas of strength and characteristics.
- ③ As a company listed on the Prime Market, respond appropriately to the expectations and demands of stakeholders.

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	 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	- Support for structural transformation through equity investments with a primary focus on engagement, M&A advisory, LBO finance, transition support, and real estate business - Support for start-ups through the provision of venture debt as well as solutions offered by GMO Aozora Net Bank - Support for companies' business recovery and restart through recovery funds provided by Aozora Loan Services
		Risk	Deterioration in business results due to insufficient or delayed responses to changes in the social structure	
	 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	- Support for companies by promoting sustainable finance and consulting on decarbonization - Reduction of GHG emissions as a business entity, and phased measurement and reduction of GHG emissions in the investment and loan portfolio - Improvement of a risk management framework, including enhanced climate change scenario analysis, and the strengthening of risk tolerance
	 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	- Developing, hiring, and deploying human resources in line with business strategies, and redeployment of human resources to focus areas - Support for career development, creation of a more comfortable workplace, and high job satisfaction - Creation of a work environment where personnel with a diverse range of backgrounds/values can play an active role, and improvement of diversity, equity & inclusion
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
 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			
 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 ₂ (91% reduction from FY2020)
	GHG emissions in the investment and loan portfolio (Scope 3: category 15)	FY2050	Net zero	Please refer to page 14
	Balance of project financing for coal-fired power plants	FY2040	Zero	Balance: 13.6 billion yen
 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

Sustainability Promotion

Governance

Sustainability Promotion System

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 our overall management strategy.

The Bank’s Board of Directors is responsible for overseeing sustainability-related opportunities and risks. Comprised of directors with diverse backgrounds, including those with expertise and experience related to sustainability, the Board resolves matters regarding the setting and reviewing of Aozora’s Sustainability Targets, our management goals, covering areas on which Aozora Group focuses. In addition, the Board of Directors approves the results of the review of Key Sustainability

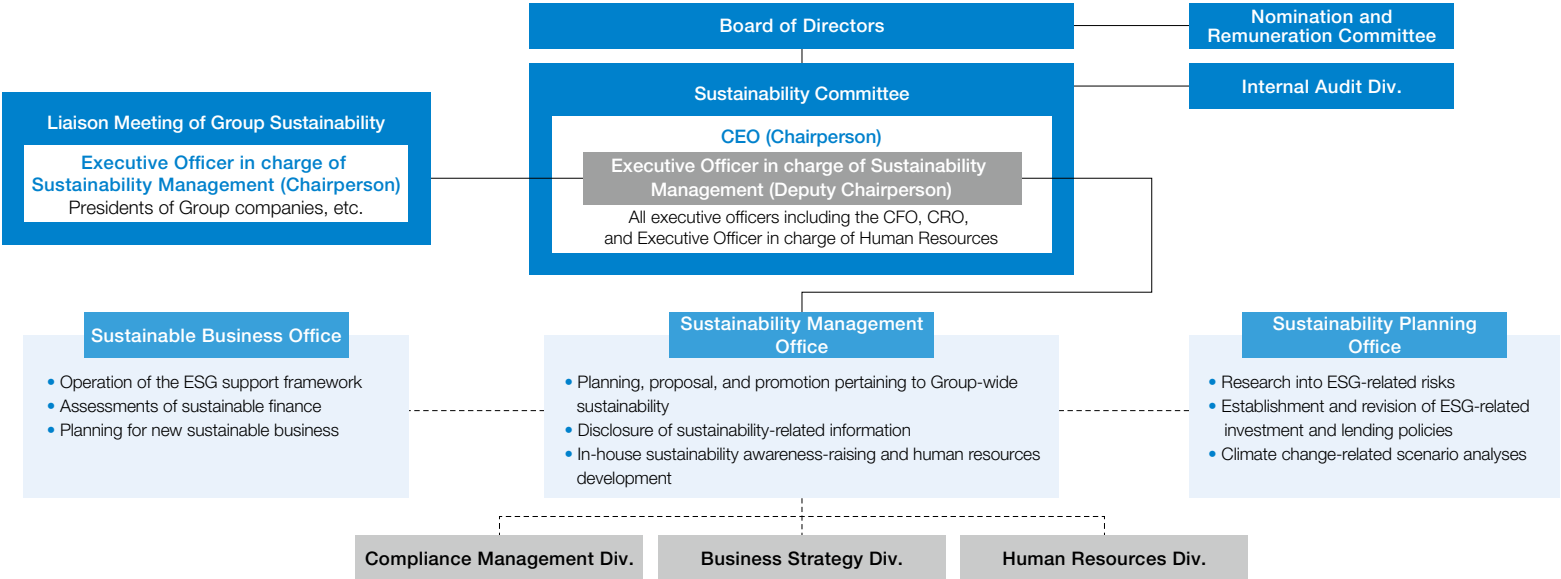
Issues (Materiality and Core Foundations) and also reviews the progress being made on the promotion of sustainability.

Serving an executive function, the Sustainability Committee is chaired by the CEO, with the Executive Officer in charge of Sustainability Management serving as deputy chair. Meetings of the Sustainability Committee are attended by the CFO, CRO, and all other executive officers. The Committee is responsible for identifying and assessing sustainability-related opportunities and risks across the entire Group, considering specific measures and confirming their progress, and submitting proposals and reports to the Board of Directors as necessary.

The status of progress and achievement of Aozora’s Sustainability Targets is considered an important qualitative factor in determining remuneration of internal directors and executive officers.

Status of Sustainability Committee Meetings Held in FY2025

Members	CEO (Chairperson), the Executive Officer in charge of Sustainability Management (Deputy Chairperson), all executive officers including CFO, CRO, and Executive Officer in charge of Human Resources, Standing Audit & Supervisory Board Member, etc.
Number of meetings held	6
Main agenda items	• Incorporation of sustainability promotion into our business plan • Progress of sustainability promotion measures • Raising, and setting new, Aozora Sustainability Targets • Status of FY2024 GHG emission measurements and reduction • FY2025 results and FY2026 plans relating to social contribution activities • Revision of Investment and Lending Policies regarding Environmental and Societal Issues • Establishment of a green loan (funding) framework • Initiatives for measuring GHG emissions in the investment and loan portfolio



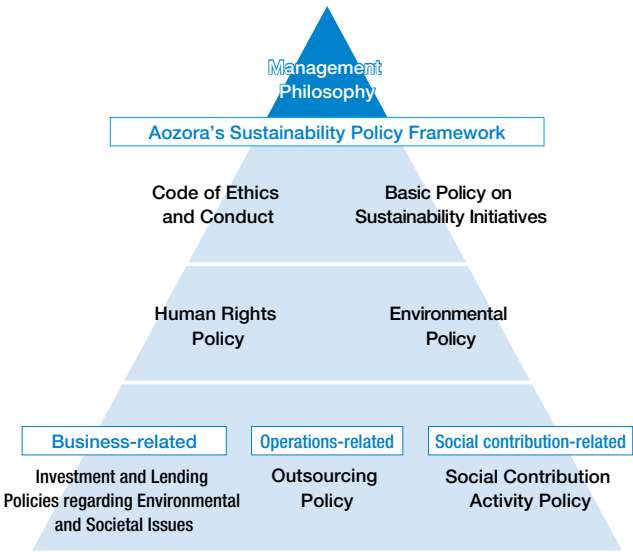
Sustainability Promotion

Sustainability Policy Framework

Aozora’s management philosophy is to contribute to the development of society through the creation of new value-added financial services. To put this philosophy into practice, we have established a Code of Ethics and Conduct as a guideline to which all Aozora officers and employees must strictly adhere.

We have also put in place a Basic Policy on Sustainability Initiatives as a guideline for the Group’s sustainability-related activities and the cornerstone of its management structure and systems.

As a sustainability-related approach based on this code and these guidelines, we are promoting measures aimed at realizing our management philosophy by putting into action specific initiatives in business, operational, and social contribution activities in accordance with the Group’s Human Rights and Environmental policies.



Strategy

Materiality and Core Foundations

In light of social trends, the expectations as well as requirements of stakeholders, and their importance to Aozora’s corporate management, Aozora defines Materiality as a key challenge area in terms of both opportunities and risks, and Core Foundations as items that underpin Materiality-based business operations.

With regard to Materiality, Aozora has set three priorities: “Contribution to the future of economy and society” from the perspective of generating social and economic value through our focus businesses, “Response to environmental issues,” as a global issue that requires a response on a global scale, and “Enhancement of the value of human capital,” as an essential element for

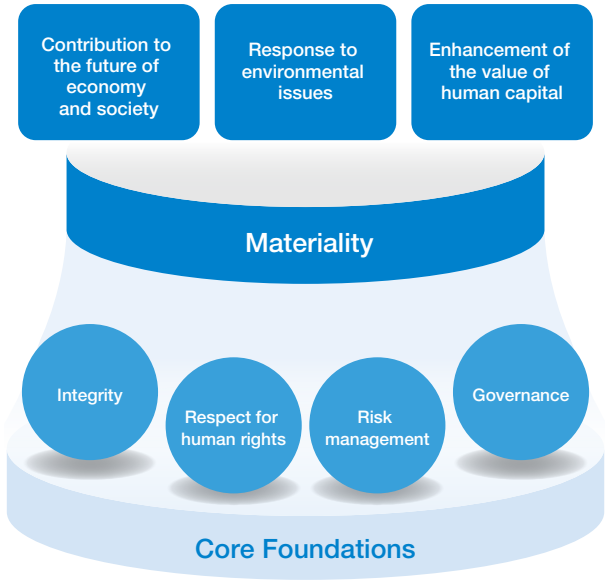
Aozora’s sustainability.

We have adopted four factors as Core Foundations: Integrity, Respect for human rights, Risk management, and Governance.

Aozora will continue to flexibly review Key Sustainability Issues in response to changes in the business environment while building a PDCA cycle that is integrated with our management strategy, and will steadily promote Group-wide efforts to resolve these issues. At the same time, on an ongoing basis we will review measures designed to achieve established targets, taking into consideration changes in our operating environment.

Please refer to page 3 for details about Materiality and Core Foundations.

Key Sustainability Issues



Process for Identifying Materiality and Core Foundations

- STEP 1.

Identification of Environmental and Social Issues

Issues were listed in light of the overlap between various sustainability-related guidelines and management strategies and businesses
- STEP 2.

Analysis and Organization of Significant Themes

Issues were assessed along the two axes of “importance to stakeholders” and “importance to Aozora” and items determined to be particularly important were chosen as Materiality candidates
- STEP 3.

Dialogue with Stakeholders

Confirmed whether there were any discrepancies in issues to be considered and recognized through interviews with internal and external stakeholders
- STEP 4.

Discussions and Decisions at Management Meetings

Resolved by the Board of Directions following discussion and finalization of the proposed Materiality and Core Foundations by the Sustainability Committee and Management Committee

* Aozora conducts regular reviews, taking into consideration changes in the business environment as well as stakeholders’ perspectives.

Sustainability Promotion

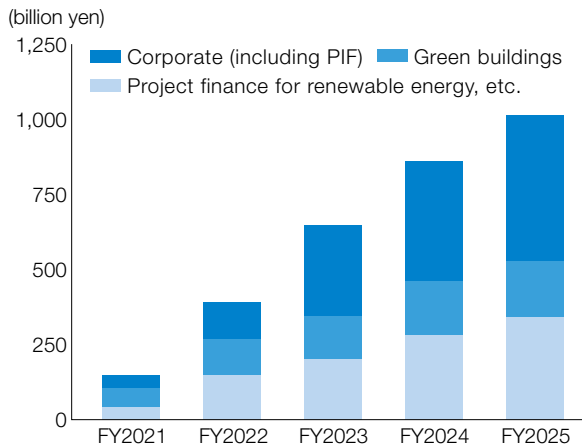
Promoting Sustainable Finance

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

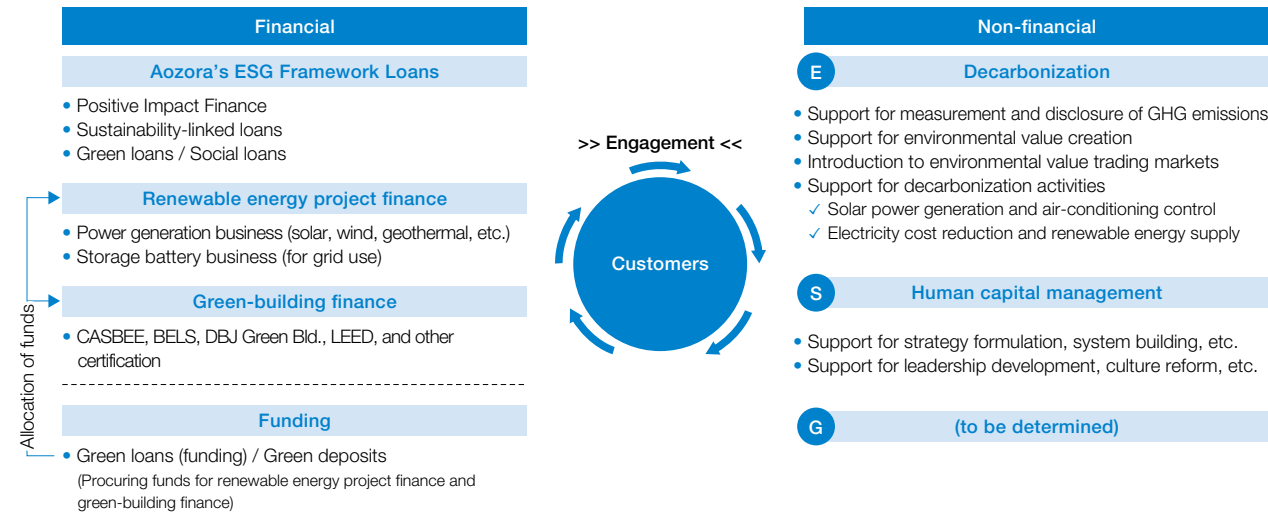
Aozora provides both financial and non-financial solutions to support customers’ initiatives to solve environmental, social, governance and other sustainability issues.

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



Sustainability Promotion

Interview with Companies Engaged in SDG Activities

Aozora posts feature articles on its website to recognize customers that focus on sustainability initiatives.

Through the Strategic Investments Business, which includes equity investments with a primary focus on engagement, we are working to support our customers' efforts to resolve a range of social issues, aiming to realize a sustainable society in tandem with them.

For details, please refer to the Bank's website.

<https://www.aozorabank.co.jp/sustainability/withblue/>
(Japanese only)

Risk Management

Risk Appetite Framework / Key Risks

We have established a Risk Appetite Framework to appropriately manage risk toward achieving business strategies and financial plans, and to enhance corporate value in a sustainable way.

We have established an integrated risk management framework that categorizes risk by risk factors including credit risk, market risk, liquidity risk, and operational risk, and manage risk according to each risk characteristic to identify, evaluate, and control overall risk exposure.

Risks related to sustainability are also incorporated into each key risk category, which is updated annually, and used in discussions for business plans by the Board of Directors, Management Committee, and Sustainability

Committee. We have specifically identified the following as key risks related to sustainability.

- Declining competitiveness due to changes in social/ industrial structures: Deterioration in the Aozora Group's corporate value resulting from a decline in its ESG rating; deterioration in the corporate value of investees and borrowers due to delays in addressing climate change and human rights issues and occurrence of associated losses
- Sustainability of human resources: Shortage and departure of human resources who are capable of responding to changes in the business environment or possess the skill sets necessary for our focus business areas

For details of our Risk Appetite Framework, please refer to page 22 of the Annual Report, and for details about Key Risks, please refer to the Financial and Corporate Data Section.

Investment and Lending Policies regarding Environmental and Societal Issues

Under our Investment and Lending Policies regarding Environmental and Societal Issues, we have in place policies on initiatives for addressing issues that may have a negative impact on the environment or society. By prohibiting or discouraging investments in, and financing to, companies or projects that may have a negative impact, we are taking appropriate measures to address social issues, including environmental and human rights concerns, while also mitigating risks within the Group itself.

The Policies are reviewed from time to time through discussions by the Management Committee and

Sustainability Committee in response to changes in the business environment, societal demands, and business activities.

For details on 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

Metrics and Targets

Aozora's Sustainability Targets

We have announced the establishment of Aozora's Sustainability Targets as long-term management goals aimed at creating social and economic value and shared across the entire Group.

Aozora's Sustainability Targets are comprised of 18 issues linked to three Materiality issues. We have set medium- to long-term numerical targets centered on Aozora's focus areas and commit to contributing sustainably to the environment and society.

We regularly monitor the status of progress toward these targets, and also review any changes in target items, including updates and additions, as required. In March 2026, we updated target values, which included upward revisions to multiple items. We also added new targets such as "LBO finance origination/syndication amount," "AUM of investment trusts and fund wrap products," and "employee engagement score."

Initiatives to Address Climate Change (Response to TCFD Recommendations)

Governance

Aozora has established a program led by the Sustainability Committee to advance sustainability initiatives under the supervision of the Board of Directors.

Aozora has identified “Response to Environmental Issues” as a Materiality issue. In particular, we have positioned climate change as the most important issue to be addressed in tandem with management.

[Please refer to page 5 for governance related to sustainability promotion as well as page 3 for details on Materiality.](#)

Strategy

Aozora is aware that its response to climate change serves as a means of mitigating risk as well as a major business opportunity.

For this reason, Aozora has organized the climate-related risks that are anticipated to have an impact on its business, and categorized the opportunities created through developing and providing financial products and services, the Bank’s primary business, with the aim of realizing a decarbonized society.

Based on this awareness of opportunities and risks, we will consider and promote strategic initiatives to enhance resilience against climate change.

Opportunities Related to Climate Change

Opportunities	Time Frame
- Generate further synergies with the Strategic Investments Business (structured finance, etc.) across the Group - Expand initiatives in green energy finance, transition finance, etc. (geothermal power, offshore wind power, storage battery systems, etc.) - Expand opportunities to provide decarbonization solutions in non-financial areas by capturing customer needs for implementing a transition plan toward decarbonization - Expand opportunities to provide asset management products for retail customers considering ESG from multiple perspectives - Identify new business opportunities through collaboration with emissions-trading and decarbonization-related innovative companies (including venture companies)	Short- to medium-term
- Increase financing opportunities for new energy-related technology developments in areas such as hydrogen and ammonia, CCS* and DAC* - Increase financing opportunities for fundamental fuel conversion and energy-saving promotion in the manufacturing, transport sectors, and other sectors - Increase the scope of transaction opportunities with retail customers who embrace our value of contributing to the realization of a decarbonized society	Medium- to long-term

* CCS: Carbon Capture and Storage, a technology that captures and stores CO₂; DAC: Direct Air Capture, a technology that extracts and captures CO₂ directly from the atmosphere

Risks Related to Climate Change

Risk Classification	Transition Risk	Time Frame	Physical Risk	Time Frame
Credit risk	Risks of incurring losses from impairment of the credit portfolio due to a deterioration in customers’ business performance or financial condition caused by policies, technological advances, changes in consumer preferences, etc.	Short- to long-term	- Risks of incurring losses from impairment of the credit portfolio due to a deterioration in customers’ business performance or collateral damage caused by natural disasters - Risks arising from a significant adverse impact on Aozora or customers’ businesses due to greater frequency in cases of heatstroke or viral pandemics	Short- to long-term
Market risk	Risks of incurring losses from fluctuations in the values of securities held, financial derivatives, etc., caused by such issues as a decrease in customers’ earnings or impairment in the value of existing assets	Short- to long-term	Risks of incurring losses from fluctuations in the value of the securities portfolio, etc., due to market disruption caused by the impact of extreme weather, or changes in the medium- to long-term outlook or the expectations of market participants	Short- to long-term
Liquidity risk	Risks arising from limited funding sources, deposit outflows or cash flow pressure due to a decline in Aozora’s creditworthiness caused by factors such as a delayed response to transition risk	Short- to long-term	Risks arising from increased demand for funding from customers affected by extreme weather, and an increased outflow of funds for reconstruction and recovery	Short- to long-term
Operational risk	Risks arising from increases in equipment expenditures made to reduce GHG emissions or to strengthen business continuity	Short- to long-term	Risks of incurring losses and suspending operations at the Head Office, branches, and data centers as a result of damage caused by extreme weather	Short- to long-term
Reputation risk	- Risks arising from deterioration in Aozora’s reputation due to lack of a response to climate change or assessments by stakeholders of our response being inappropriate or insufficient - Risks arising from a deterioration in Aozora’s reputation and adverse impact on employment due to continued transactions with customers who are not sufficiently environmentally conscious and due to our delays in its transition	Short- to long-term	Risks arising from a deterioration in Aozora’s reputation and suspension of business due to the lack of support for customers affected by extreme weather	Short- to long-term

(Note) Aozora defines short-term as up to 3 years (the period covered by the Mid-term Plan); medium-term as 3–10 years, and long-term as 10–30 years.

Initiatives to Address Climate Change (Response to TCFD Recommendations)

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.

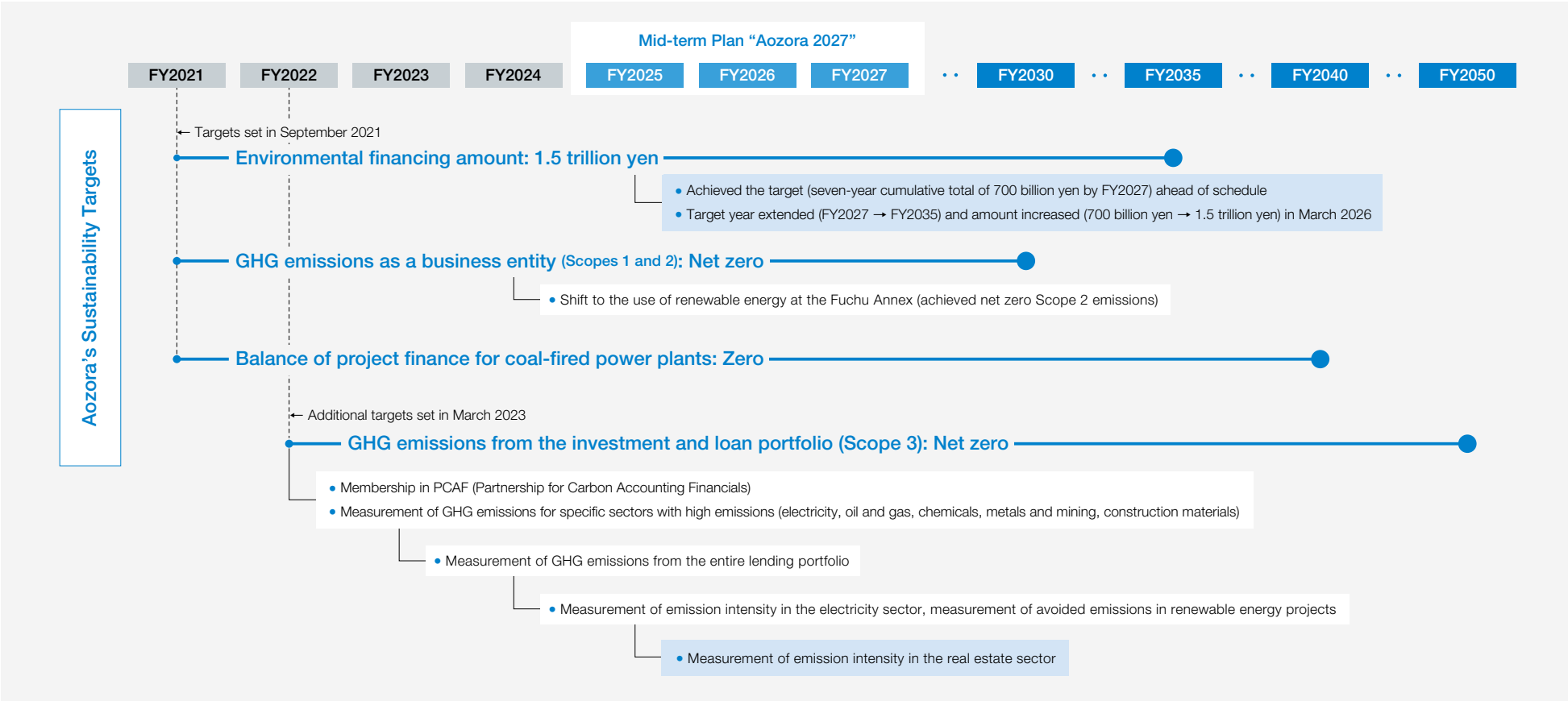
By FY2030, Aozora aims to achieve net zero GHG emissions as a business entity mainly through

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.



Initiatives to Address Climate Change (Response to TCFD Recommendations)

Supporting Customers' Initiatives to Decarbonize

Supporting customers' initiatives for decarbonization with a view to realizing a decarbonized society is an important role that Aozora should assume as a financial institution. This support also presents the potential for multiple business opportunities.

In addition to financial support, including renewable energy project finance as one of our strengths, we are also focused on developing and providing non-financial decarbonization solutions by collaborating with external business partners.

Aozora is promoting an environmental business that is balanced between social and economic value

by offering comprehensive support for our customers' environmental initiatives.

Initiatives for Decarbonization as a Business Entity

We continue promoting upgrades to energy-saving equipment and devices as well as seeking the cooperation of suppliers with the intent to "achieve net zero emissions in Scope 1 and Scope 2 by FY2030," which is one of Aozora's Sustainability Targets.

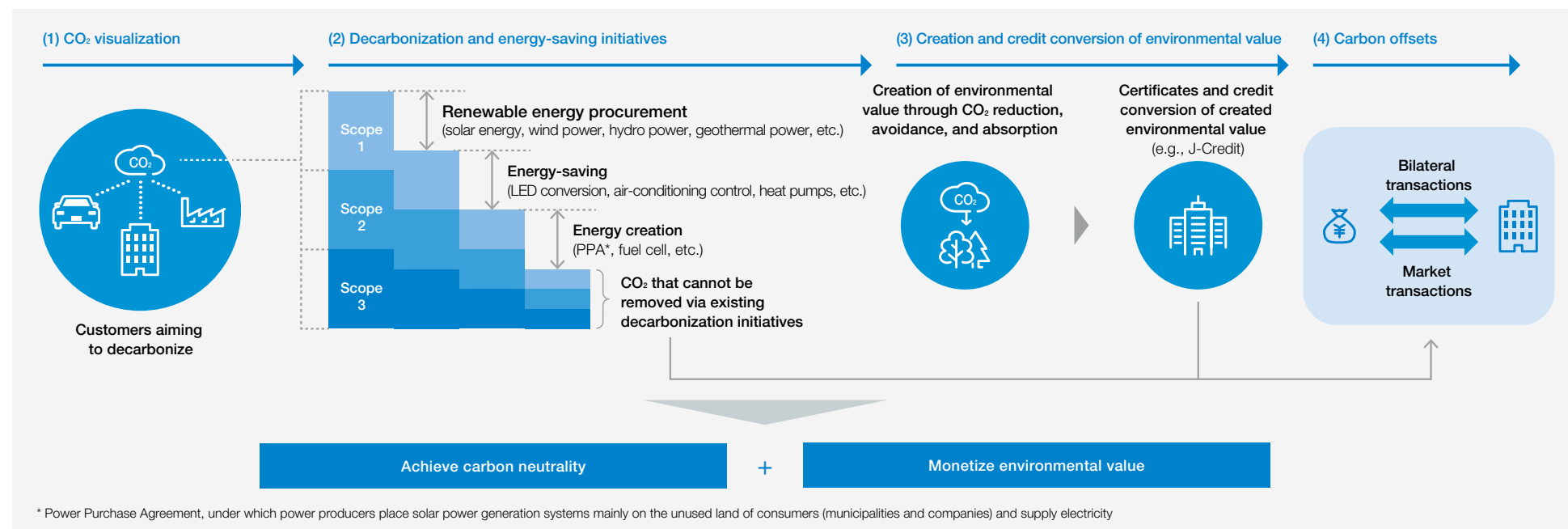
Aozora's Head Office, which is located in the Sophia School Corporation Sophia Tower, uses only renewable energy-driven electricity. We are also gradually transitioning to green electricity at each branch office at

the time of relocation or any other similar circumstances.

Our Fuchu Annex proceeds with its upgrade to energy-saving equipment in consideration of the impact on the environment. As one example, approximately 80% of lighting in the annex has been converted to LED, and the air conditioning system has been replaced with the latest water-cooled system. Moreover, the electricity consumed is effectively sourced from renewable energy through the use of carbon offsets.

Aozora has made progress in replacing the Bank's cars at its Head Office and branch offices with ecofriendly vehicles. In addition, we installed battery chargers for electric vehicles and PHV on the first floor of the Head Office, which are also available for our customers' use.

Customers' Decarbonization Support System in Aozora's ESG Support Framework



Initiatives to Address Climate Change (Response to TCFD Recommendations)

Status of Carbon-related Assets

Aozora discloses the status of outstanding loans and percentages by sector for carbon-related assets, taking into account the TCFD recommendations.

Carbon-related Assets (loan outstandings) (As of March 31, 2026)

Sector	Loan Outstandings (billion yen)	Percentage
Oil and gas	36.7	0.8%
Coal	-	-
Electricity*	97.0	2.2%
Energy sub-total	133.7	3.0%
Air cargo transportation	14.7	0.3%
Air passenger transportation	10.7	0.2%
Maritime transportation	6.7	0.2%
Rail	31.0	0.7%
Road transportation	16.1	0.4%
Vehicles/components	25.4	0.6%
Transportation sub-total	104.6	2.3%
Metals and mining	45.7	1.0%
Chemicals	132.4	3.0%
Construction materials	16.8	0.4%
Capital goods (buildings, etc.)	207.4	4.6%
Real estate management/ development	1,001.2	22.3%
Materials, construction materials sub-total	1,403.4	31.3%
Beverages	24.2	0.5%
Agriculture	1.1	0.0%
Packaged foods/meat	15.4	0.3%
Paper/forest products	38.0	0.9%
Agriculture, beverages, and forest product sub-total	78.7	1.8%
Total for all sectors	1,720.4	38.4%

* Excludes renewable energy providers

Scenario Analysis

The results of our quantitative scenario analysis through 2050 are as follows. The breakdown of our carbon-related assets (loan outstandings) as of March 31, 2026, showed no significant change compared to the end of the previous fiscal year. Moreover, the financial impact was assessed to be limited.

Looking ahead, we will expand our knowledge of analysis methods and strive to enhance accuracy, and work to assess climate resilience more effectively through scenario analyses.

	Transition Risk	Physical Risk
Scenario	IEA (International Energy Association) World Energy Outlook STEPS (3°C) scenario, NZE (1.5°C) scenario	IPCC (Intergovernmental Panel on Climate Change) RCP 8.5 scenario (4°C scenario) / RCP 2.6 scenario (2°C scenario)
Method of analysis	Preliminary calculation of loss reserves increases after assessing the degree of impact on corporate customers' business results (damage to their creditworthiness) based on parameters and public information, etc., in addition to considering an increase in investment burden in the future	Preliminary calculation of an increase in loss reserves arising from damage to properties after assessing the rate of damage due to the properties adversely impacted by flooding / high tides (effects of direct harm to properties and suspended business activities)
Subject of analysis	Electricity, energy, automotive, and real estate sectors (excluding non-recourse loans, REITs) as well as raw materials sector* (accounted for 18.4% of total loan outstandings) Note: As of March 31, 2023	Collateral for domestic and overseas real estate non-recourse loans (accounted for 15.1% of total loan outstandings) Note: As of June 30, 2021
Results of analysis	The following has been confirmed: - The electricity sector faced rising costs from carbon price increases. In addition, the development of technologies for reducing GHG emissions and changes in the electricity mix were important - For the energy and automotive sectors, it was important to respond to changes in market needs toward a transition to a decarbonized society - The raw materials sector was comparatively vulnerable to rising costs from carbon price increases	The following has been confirmed: There were only a limited number of properties with a risk of damage due to flooding / high tides as many properties were robust collateral and located in areas less susceptible to natural disasters
Loss reserves expected to increase	In comparison with current loss reserves, we expect an increase of up to 20 billion yen by 2040, and an increase of up to 4 billion yen in 2050 as our financial condition improves with the overall progress of a transition to a net-zero society	An increase of around 1 billion yen is expected in the period until 2050
Assessment of financial impact, etc.	Since there have been no significant changes in the loan portfolio, the composition of carbon-related assets, and the underlying macroeconomic environment (outlooks for future carbon prices, energy mix, investment, etc.), we determined that the financial impact would not change significantly and therefore did not conduct a new analysis in FY2025. Looking ahead, we will review whether to conduct an analysis as necessary.	We did not conduct a new analysis in FY2025, as the assumption that the impact of increased natural disasters and extreme weather does not typically change significantly over periods of several years. Moving forward, we review whether to conduct an analysis as necessary.

* Transition risk analysis scope: Important sectors in the credit portfolio were identified using a risk map based on the degree of impact from climate change. The selected sectors were raw materials, real estate (excluding non-recourse loans and REITs), as well as the electricity, energy, and automotive sectors, which have comparatively small exposure but a significant impact.

Initiatives to Address Climate Change (Response to TCFD Recommendations)

Risk Management

We manage climate change risk as an important financial risk within the traditional financial risk categories, including credit risk, market risk, liquidity risk, and operational risk, and integrate the management of this risk into our existing risk management framework. In addition, we incorporate climate change risk into Aozora's "Key Risks" and use it in discussions of our risk appetite framework 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 as follows. These policies are reviewed as necessary through discussions by the Management Committee and the Sustainability Committee in response to changes in the business environment, social demands, and business activities.

- For any transactions that are believed to fall under the prohibited credit category, the Credit Committee or Investment Committee is responsible for making credit decisions by comprehensively reviewing the background, features, and other factors of each transaction
- Our policy prohibits the financing of new projects for coal-fired power plants as well as the expansion of existing power generating facilities
- We identify, assess, and manage environmental and social risks based on Equator Principles when making investments or loans for large-scale development projects

For details on 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

Metrics and Targets

Climate change-related metrics and targets are as follows. In addition to the GHG emission intensity and avoided emissions in the electricity sector (project finance) from the previous fiscal year, we newly measured emissions intensity in the real estate sector in the fiscal year under review.

	FY2025 Results	Targets
GHG emissions as a business entity (Scopes 1 and 2)* ¹	91% reduction (vs. FY2020)	Net zero by FY2030
GHG emissions from the investment and loan portfolio (Scope 3: category 15)* ¹	Refer to page 14	Net zero by FY2050
Amount of project financing for coal-fired power plants* ¹	Balance 13.6 billion yen	Zero balance by FY2040
Environmental financing amount* ¹	Total approx. 793 billion yen	1.5 trillion yen by FY2035 (15 years)
Emission intensity in the electricity sector	191g-CO ₂ /kWh	-
Emission intensity in the real estate sector* ²	65g-CO ₂ /m ²	-

*¹ Aozora's Sustainability Targets

*² Emission intensity in the real estate sector was measured based on REITs (both publicly and privately placed) that disclose intensity data.

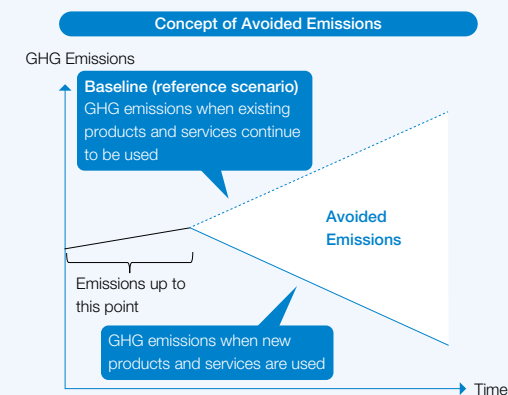
Avoided Emissions in the Electricity Sector (Project Finance)

The Aozora Group measures avoided emissions on a loan outstanding basis as of the end of each fiscal year for project financing for the electricity sector, following the concept developed by the PCAF.

As for avoided GHG emissions in accordance with "Avoided Emissions" under the PCAF guidance, we calculate "GHG emissions reduced by providing renewable energy power in place of fossil fuel-fired power generation through a renewable energy electricity generation project financed by Aozora" using the emission factor for a fossil fuel that constitutes the largest part of the electricity generation mix in the region.

	(kt-CO ₂)
FY2023	FY2024
199	193

* In FY2024, where the location is within Japan, calculations are based on the national average emission factor for electric utilities.



Initiatives to Address Climate Change (Response to TCFD Recommendations)

GHG emissions in financial institutions are primarily comprised of financed emissions (indirect emissions) associated with investments and loans. The Aozora Group has expanded the scope of assets covered to include stocks and bonds in addition to loans from current fiscal year measurements.

GHG Emissions from the Investment and Loan Portfolio (Scope 3: category 15)

		Oil and gas	Electricity	Air cargo transportation	Air passenger transportation	Maritime transportation	Rail	Road transportation	Vehicles/ components	Metals and mining	Chemicals	Construction materials	Capital goods (buildings, etc.)	Real estate management/ development	Beverages	Agriculture	Packaged foods/meat	Paper/ forest products	Other	Total
Financed Emissions (kt-CO₂)																				
Loans	Scopes 1 & 2	326	1,355	48	28	7	46	39	6	674	229	4	129	17	13	19	169	43	620	3,771
	Scope 3	367	353	27	16	4	26	21	91	393	433	44	592	95	50	8	77	75	2,045	4,716
	Loan Outstandings (unit: billion yen)	48	166	18	6	3	23	11	32	36	109	16	174	553	16	1	14	31	1,546	2,802
Stocks and Bonds	Scopes 1 & 2	37	429	10	47	4	0	0	0	15	40	0	6	1	6	11	58	0	53	716
	Scope 3	57	84	14	26	2	0	0	0	7	70	0	20	6	23	5	22	0	168	506
	Investment Outstandings (unit: billion yen)	5	39	11	10	2	0	0	0	1	19	0	4	65	5	1	2	0	180	345
Data Quality Score (1 rated highest, 5 rated lowest)																				
Loans	Scopes 1 & 2	4.6	4.2	4.9	4.0	4.0	4.0	4.4	4.5	4.1	4.2	4.0	4.2	4.5	4.0	4.0	4.2	4.0	4.1	4.2
	Scope 3	4.6	4.8	4.9	4.0	4.0	4.0	4.4	4.5	4.1	4.2	4.0	4.2	4.5	4.0	4.0	4.2	4.0	4.1	4.3
Stocks and Bonds	Scopes 1 & 2	4.0	4.0	4.0	4.0	4.0	-	-	4.0	4.0	4.0	-	4.2	4.6	4.0	4.1	4.0	-	4.7	4.5
	Scope 3	4.0	4.0	4.0	4.0	4.0	-	-	4.0	4.0	4.0	-	4.2	4.6	4.0	4.1	4.0	-	4.7	4.5
Common	Measurement Coverage Rate	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Applicable assets (PCAF criteria)	Corporate loans, project financing, stocks and bonds
Applicable fiscal year	FY2024
Formulas used in calculations (for PCAF scores 3–4)	Financed emissions = Attribution factor x GHG emissions <Attribution factor> Investment and loan exposure ÷ (Interest-bearing debt + equity of customers or projects) <GHG emissions> Customer's disclosed values, or estimated values
Formulas used in calculations (for PCAF score 5)	Financed emissions = Investment and loan exposure x Emission factors

(Notes)

* Investment and loan exposure refers to the balance as of the end of the applicable fiscal year. The coal sector is not listed due to a zero balance.

* Other sectors: A total of the sectors that fall outside the above 18 sectors, including communications, finance, retail and service

* Measurement coverage rate: Projects under construction are not subject to measurement.

* Measurement results may change significantly due to additional data availability and accuracy accompanying expanded disclosure by customers and advances in estimation methodologies.

* The coefficients used when calculating estimated values are the emissions factors from the PCAF database.

These emission factors are subject to change as a result of future refinements, etc., which may have a significant effect on the calculation results.

* Given the nature of Scopes 1, 2, and 3, multiple sectors and companies may report the same GHG emissions in duplicate.

Data Quality	Method to Estimate Emissions	Conditions, etc.
Score 1	Emissions reported by companies	Third-party verified emissions data calculated in accordance with the GHG Protocol can be used
Score 2	Emissions from business activities	Non-verified emissions data calculated in accordance with the GHG Protocol can be used
Score 3		Estimated based on the energy consumption of the company and the emissions factor
Score 4		Estimated based on the production output of the company and the emissions factor
Score 5	Emissions from economic activities	Estimated based on the net sales of the company and the emissions factor per net sales for the sector
		Estimated based on investment and loan exposure to the company and the emissions factor per asset for the sector
		Estimated based on investment and loan exposure to the company, carbon intensity per net sales for the sector, and the asset turnover ratio for the sector

Response to Natural Capital and Biodiversity

We recognize the importance of the nature-related risks in our investments and loans, as our Group is indirectly linked to nature capital through its investments and loans.

To better grasp the relationship between the Group's business and natural capital, we analyze our dependency and impact across various sectors in accordance with the LEAP approach*¹. Employing ENCORE*², we analyzed and evaluated the nature and degree of "dependency" and "impact" by sector.

Collectively, these analyses revealed that the Public Utilities, Raw Materials, and Food and Beverage sectors have a high degree of dependency and impact on water-related ecosystem services. Moreover, we are conducting research and analyses into water-related risks and countermeasures in business activities across the value chain by utilizing customers' business activities and disclosure of information.

Moving forward, we will incorporate the results of the research and analyses into our risk management framework and in other areas, including our investment and lending policies.

*1 A systematic evaluation approach for nature-related risks and opportunities. LEAP is comprised of the four phases of Locate, Evaluate, Assess and Prepare.

*2 A tool to evaluate dependency and impact on nature.

Evaluation of Dependencies by Sector (Heat Map)

		Real estate	Capital goods	Consumer services	Public utilities	Raw materials	Commercial / professional services	Consumer durables / apparel	Transport	Energy	Pharmaceuticals / biotechnology	Food and beverages
Ecosystem services	Biomass supply											
	Solid waste cleanup											
	Soil and sediment containment											
	Water purification											
	Soil and quality adjustment											
	Biological control											
	Air filtration											
	Flood mitigation											
	Genetic sampling											
	Global-scale climate regulation											
	Water supply											
	Maintenance of nursery plant populations and habitats											
	Local climate regulation											
	Pollination											
	Storm damage mitigation											
	Flow regulation											
	Rainfall pattern adjustment											

Evaluation of Impact by Sector (Heat Map)

		Real estate	Capital goods	Consumer services	Public utilities	Raw materials	Commercial / professional services	Consumer durables / apparel	Transport	Energy	Pharmaceuticals / biotechnology	Food and beverages
Impact drivers	Disturbances (noise, light, etc.)											
	GHG emissions											
	Freshwater use areas											
	Seabed utilization areas											
	Non-GHG air pollutants											
	Harvesting of biological resources											
	Harvesting of non-biological resources											
	Discharges of toxic pollutants into water/soil											
	Discharges of eutrophication substances into water/soil											
	Solid waste generation and discharge											
	Land use areas											
	Water usage											
	Invasions of non-native species											



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

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/

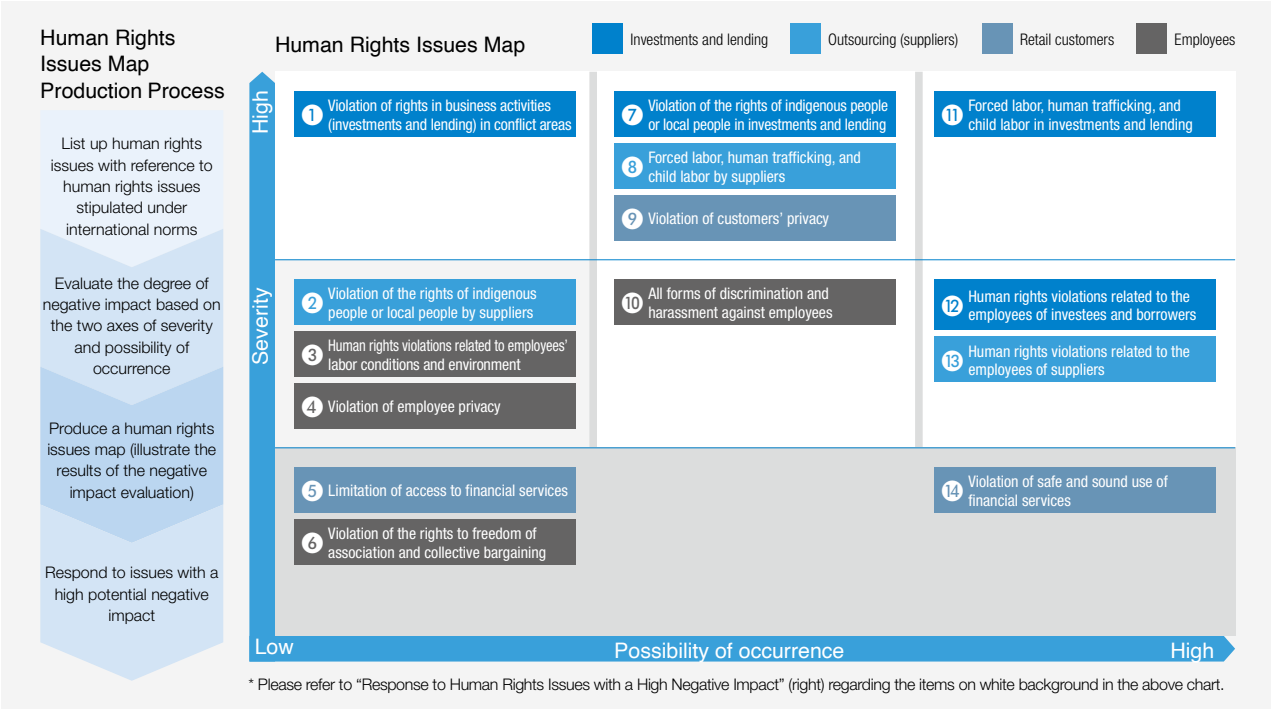
Remedial Initiatives (Grievance Mechanism)

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 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 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) 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 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 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.

Enhancement of the Value of Human Capital

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.



Enhancement of the Value of Human Capital

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. Fostering and recruitment of human resources capable of creating added value	• Recognition for taking on challenges*1 FY2024: 47% ⇒ FY2025: 52% (FY2027 target: 55%) • Number of people hired (new graduate and mid-career hires) FY2024: 80 ⇒ FY2025: 108	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. Deployment of human resources capable of creating added value to focus areas of business	Ratio of employees in the Strategic Investments Business*2 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. Fair allocation of rewards for human resources capable of creating added value	• Correct the tendency toward centralized evaluations ⇒ Completed ahead of schedule	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 Lack of organizational cohesion	4. Transformation into an organization that creates added value	• Employee engagement score FY2024: 61 ⇒ FY2025: 63 (target: 60 or above) • Element lacking in workplace fulfillment*1 “Sense of unity and cohesion” Ranked top in FY2024 ⇒ Ranked top in FY2025 (FY2027 target: 2nd or lower) • Employee stock ownership plan participation rate FY2024: 50.1% ⇒ FY2025: 82.2%	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

Enhancement of the Value of Human Capital

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*¹ 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)* ²
			Leadership Development Training	
			Female Leadership Development Program	
Business Training		Strategic Investments Seminar		
		Aozora Career Academy (Corporate, Financial institutions, Retail business)* ³		
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* ¹		
	Career Support Leave Program	Graduate School Program		

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

*3 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.

Enhancement of the Value of Human Capital



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	• Leverage the experts with experience in structured finance • Provide high-potential young employees with opportunities to gain on-the-job experience • Optimize personnel allocation using the talent management system and other tools • Reorganize the business groups into three units to enhance internal talent mobility
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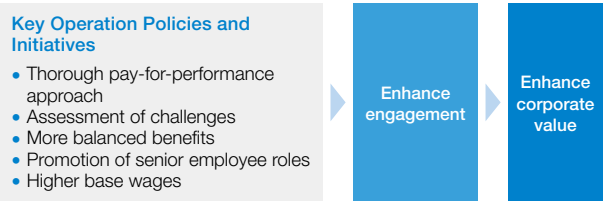
Enhancement Initiatives	• Personnel shift to front offices, strengthening of rotations, and revitalization of job posting system • Strengthening of specialized human resources recruitment • Strengthening of the balance of rewards for retention and recruitment of specialized human resources
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3 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



Enhancement of the Value of Human Capital

4

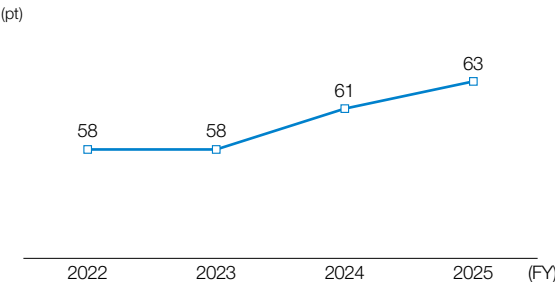
Transformation into an organization that creates added value

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



In addition, the following three issues were identified.

- 1 Proactive practice of the management philosophy (on a day-to-day operation 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

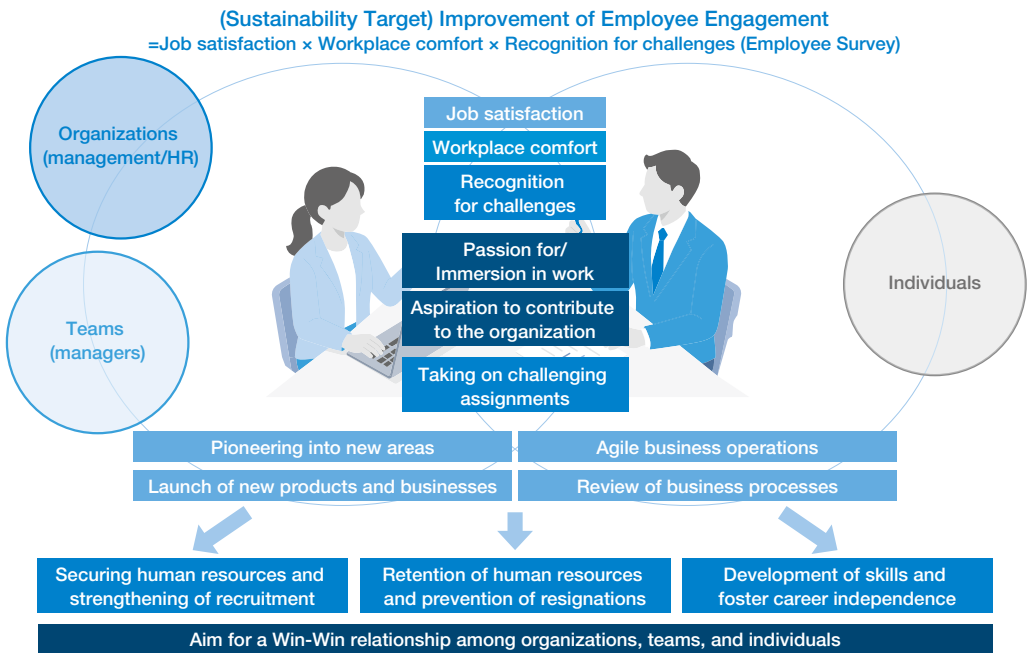
To address these issues, we are implementing initiatives such as those listed on the right. We will further enhance employee engagement through these initiatives in an effort to become a company in which employees take pride, as well as one that offers job satisfaction and attracts people willing to take on challenging assignments.

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



Enhancement of the Value of Human Capital

Foundation for Sustainable Growth

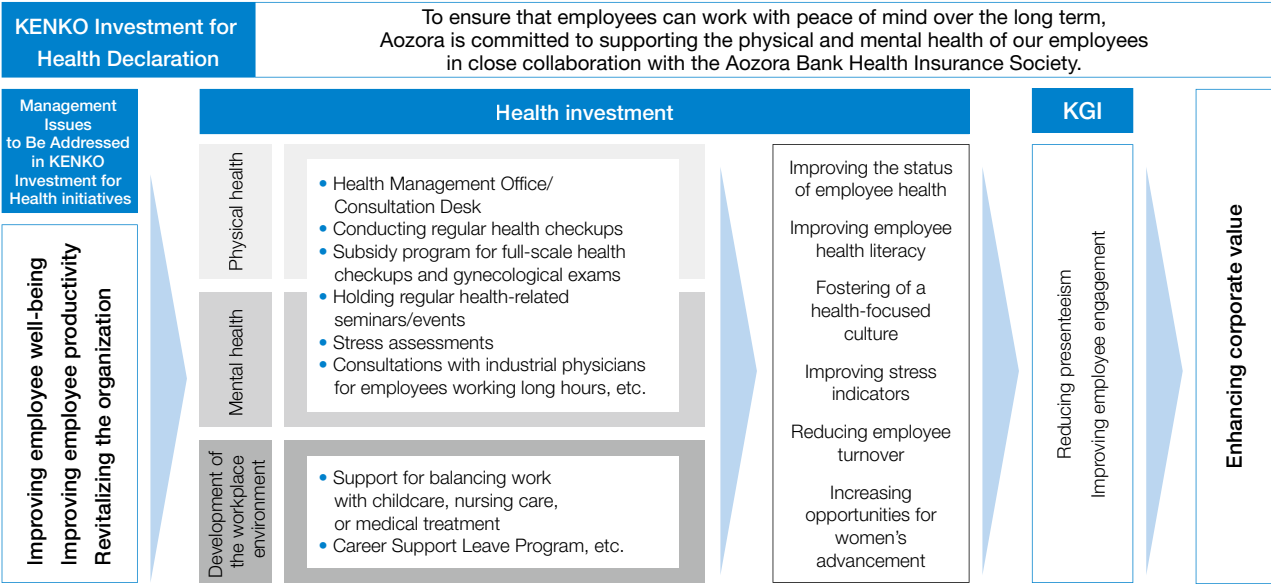
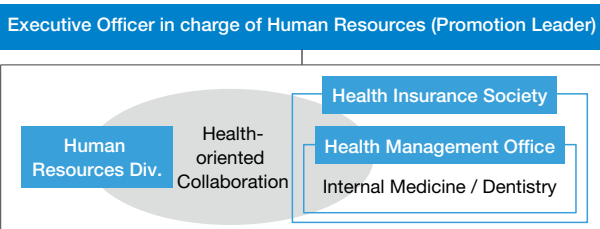
Enhancing Employee Well-being

We believe that in order to realize Aozora Group’s management philosophy, “contribute to the development of society through the creation of new value-added financial services,” it is vital that we establish an environment in which our employees who drive this mission can work with peace of mind over the long term. The well-being*¹ of our employees forms the foundation for this vision and is equally essential for the enhancement of our corporate value. To enhance employee well-being, we are committed to promoting both “KENKO Investment for Health”**² and financial wellness initiatives that support employees’ physical, mental, and financial stability.

KENKO Investment for Health Initiatives

The results of our efforts to promote KENKO Investment for Health initiatives indicate that Aozora is a relatively healthy organization, with participation rates in regular health checkups and health screenings remaining at a high level as well as an employee presenteeism*³ score below the national average. Aozora has now been certified as an Outstanding Organization of KENKO Investment for Health*⁴ for six consecutive years.

KENKO Investment for Health System



Enhancing Employees’ Financial Wellness

Recognizing that the long-term economic stability of each and every employee is a key priority, we are working to establish systems to achieve this goal. By enhancing employee engagement, we will not only be supporting the lives of our employees and their families through the expansion of these systems, but also be driving the sustainable growth of the Aozora Group, ultimately achieving the fulfillment of all of our stakeholders.

List of Programs and Measures to Enhance Financial Wellness

Compensation	Wealth Accumulation Support
- Competitive compensation system - Raised pay-scale for five consecutive years FY2022: 0.5% FY2023: 10,000 yen increase in monthly salary FY2024: 3.5% FY2025: 3.0% FY2026: 3.5%	- Employee stock ownership plan (50,000 yen special stipend annually + incentive pay: 20%) ⇒Employee stock ownership plan membership increase: 50.1% in FY2024 → 82.2% in FY2025 - Self-support-type individual pension plan (financial assistance: 5%-20%) - Asset accumulation savings
Welfare Programs	
- Cafeteria-style benefits menu (annual subsidy up to 22,000 yen) - Allowance supporting repayment of scholarships - Rent subsidy - Permission for secondary employment and side jobs - Childcare and nursing care leave programs	- Second career support program (for those aged 55 and over) - Full-scale health checkup subsidy support (including gynecological option) - Additional benefit for high medical expenses (maximum co-payment amount 20,000 yen per month) - Corporate pension plan
Contingency Planning	
- Medical leave program (paid leave possible for up to 18 months) - Medical mutual aid (mutual aid society)	- Group term insurance - Special condolence money program - Bereaved scholarship program

*1 Well-being refers to a state in which each employee is not only physically and mentally healthy, but also socially secure and fulfilled.
 *2 “KENKO Investment for Health” is a registered trademark of the Nonprofit Organization Kenkokeiei.
 *3 Presenteeism refers to a state in which employees are physically present at work but unable to perform their business duties due to health issues. It is considered a major source of costs and losses for a company. Results are based on the employee survey using the University of Tokyo’s Single-Item Presenteeism Question (SPQ), and the average value is taken from the SPQ.
 *4 Recognition system relating to the KENKO Investment for Health program run by Japan’s Ministry of Economy, Trade and Industry.

Enhancement of the Value of Human Capital

Diversity, Equity & Inclusion (DEI)

The Aozora Group positions the promotion of diversity, equity, and inclusion (DEI) as a core component of our management strategy for achieving sustainable growth and greater corporate value. In this era of rapid change, incorporating diverse perspectives and values into management decision-making not only fosters new value creation but also enhances an organization's risk resilience and adaptability, ultimately leading to increased organizational strength. We believe that by creating an environment in which a diverse workforce can fully leverage their respective capabilities we will increase our overall level of employee engagement. This in turn will

Human Resource and Working Environment Development Policies

Policies	Actions
Hiring and appointing people not just based upon ability, but also emphasizing diversity	- Continue to employ mid-career hires as well as new graduates - Strengthen recruitment of female professionals - Promote appointment of human resources while considering diversity
Support female employees' career development	- Support female employees in taking on the challenge of undertaking operations where they do not have experience - Support career formation through such means as leadership development training for women, cross-industry exchange programs, etc.
Create a working environment where all employees can play an active role	- Focus on investing in human capital in terms of both extrinsic and intrinsic rewards - Continue efforts to improve employee engagement - Create an environment where employees with disabilities can work with peace of mind

serve as a driving force in further enhancing our corporate value. To that end, we are focusing on supporting women's empowerment, recruiting experienced professionals with diverse backgrounds, including non-Japanese, and creating an environment in which employees with disabilities can work with peace of mind.

Creating Opportunities for Female Employees

A key strength of the Group lies in an environment in which all employees can build sustainable careers regardless of their gender. As a result, Aozora's female employees have longer average tenures than their male counterparts, and many women are playing active roles in a wide range of divisions.

Our ongoing efforts to support women's empowerment have led to steady progress in ensuring diversity in our management. The ratio of female executive officers has reached 25%, and the number of women playing central management roles is increasing. In addition, as a result of initiatives designed to develop our next-generation of leaders, which we launched in FY2023, the ratio of female managers has exceeded 15%.

Ensuring diversity at the decision-making level is essential for enhancing corporate value, as it increases organizational risk resilience and reduces the loss of human capital. The next challenge is to establish this positive development as a sustainable business practice. We will accelerate our talent management initiatives to develop the next generation of female managers and their candidates as well as the ongoing appointment of women to all decision-making levels, including management, with

the aim to further increase the ratio of female managers.

The Group's gender pay gap stands at 67.9%. The primary reason for this disparity is the low ratio of women in managerial positions. Other contributing factors include the relatively small number of women working in focus areas such as the Strategic Investments Business as well as a tendency that long-tenured female employees remain in specific job categories or career ranks such as back-office operations. Following the career course integration implemented in FY2020, there is no difference in performance evaluation or pay between men and women within the same career course or rank.

To resolve these challenges, Aozora will continue to provide fair opportunities to fully leverage the capabilities of our female employees, drive strategic talent development and placement, and promote a broader shift in organizational awareness, thereby increasing their promotion to managers as well as to senior-level positions over the medium to long term. Through these efforts, we believe, the gender pay gap will steadily narrow over time.

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%

Enhancement of the Value of Human Capital

Female Leader Development: Initiative on Cross-industry Exchange Program



Yukiko Morita

Executive Officer
in charge of Operations

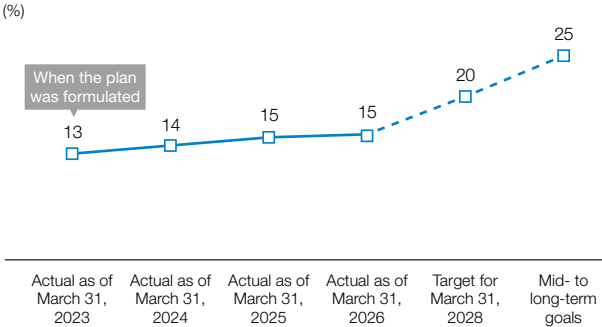
Aozora has held networking events with female managers who are active in prominent roles in a variety of industries since FY2024. The goals of this initiative are to raise the participants' awareness of assuming more important roles and to support the creation of a network that inspires one another. At the FY2025 networking event, Executive Officer Yukiko Morita spoke to the group as a representative of the Bank's female executives. One key point that Ms. Morita conveyed was "try not to search for a single role model, but rather to carefully adopt the best qualities from other people," which resonated deeply with those present. Following this cross-industry networking event, we held a "Career Seminar on Designing Your Own Future" for candidates to become the Bank's female managers in the future. We shared what we had learned from the networking event and provided participants with an opportunity to think positively about their own career paths. Positive feedback from them included "I felt like I wasn't alone, and this event gave me courage."

The Aozora Group will remain committed to promoting DEI to create an environment in which all employees can work while leveraging their unique attributes and qualities.

Examples of Initiatives to Promote Women's Empowerment

- FY2020: Integrated career courses (abolished "ippan shoku" and integrated employees into professional career categories)
- FY2021: Set a target ratio for female deputy managers
- FY2023: Launched the internal female leadership development program
- FY2024: Launched external cross-industry exchange programs for female managers
- FY2025: Launched new external cross-industry exchange programs for female employees

Ratio of Female Managers



Creating an Environment Where Diverse Talents Can Thrive

Aozora aims to become an organization chosen not only by its customers but also by all stakeholders, including shareholders and employees. For that reason, we are committed to building a workplace where all employees can thrive by respecting diversity and providing fair opportunities to everyone. We continue to support a balance between childcare and work regardless of gender. As a result, the childcare leave utilization rate has reached 100% for male employees as well.

Examples of Initiatives Supporting Work-Childcare Balance

- Introduced Fathers' Post-Natal Childcare Leave Program in FY2022
⇒ In FY2024, the program was revised to require eligible employees to take at least five days of childcare leave annually
- Held Summer Vacation Kids Day and Family Day Events

With a view toward establishing DEI as its organizational culture, the Aozora Group launched Aozora Ally in 2022 and has since been continuing to push forward initiatives that support employees with diverse backgrounds, including persons with disabilities and LGBTQ+ individuals. In FY2025, we worked to foster a workplace culture of mutual acceptance of diversity by putting in place more comfortable working systems for everyone. One example of this was the revision of our personnel regulations to include same-gender partners in the leave system such as congratulations or condolence leave.

Enhancement of the Value of Human Capital

Creating a Comfortable Workplace for Employees with Disabilities

—Working together to turn diverse backgrounds into value—

The Aozora Group is committed to creating a workplace environment and fostering understanding to ensure that employees with diverse backgrounds, including those with disabilities, can play active roles. In 2021, Aozora received the Excellent Company Award for the Employment of Persons with Disabilities (Tokyo Governor's Award). In 2026, the Bank was selected as a "Barrier-free Mindset" Good Practice Company for 2025 by the Tokyo Metropolitan Government.

<"Barrier-free Mindset" Good Practice Company selected by the Tokyo Metropolitan Government>

The Tokyo Metropolitan Government registers companies working to raise employees' awareness as "Barrier-Free Mindset" Support Companies. Among these registered companies, those demonstrating particularly outstanding initiatives from the perspective of innovation, originality, and impact are selected and announced as "Barrier-free Mindset" Good Practice Companies.

For more information on Aozora's initiatives to support the "Barrier-Free Mindset" project, please refer to the following external website:

https://kokorobf-support.tokyo/assets/pdf/r7/ninteiR7_aozorabank.pdf (Japanese only)



To work with peace of mind

A range of measures have been implemented to make the workplace more accessible and comfortable for employees with disabilities. To ensure employees with visual impairments feel at ease, for example, we have introduced reading and text resizing software as well as enhanced vision equipment. We also use UD Talk®* in response to suggestions received from employees with hearing impairments, who in turn conduct workshops on its usage. UD Talk® is now utilized as a matter of routine in internal online meetings, video-based training sessions, and other occasions. We have established an environment in which it is easy to seek advice, including regular meetings tailored to individual preferences.



* UD Talk® is a speech-to-text app using voice recognition systems.

Career building support program

Many employees utilize the career building support program. Some of them aim to obtain professional qualifications and certifications and others participate in the year-round Job Support Program (in-house side jobs), which allows participants to gain practical experience in their preferred divisions without a personnel transfer while continuing in their current roles. They are broadening the scope of their careers by taking the opportunity to think proactively about their career development.

While remaining in charge of middle and back office duties in corporate sales, I also handle public relations tasks through the Job Support Program.



Enhancement of the Value of Human Capital

Sign language lessons

To offer an opportunity to learn sign language as a language in its own right with the aim of facilitating communication and building a solid internal network beyond divisions, employees with hearing impairments regularly conduct sign language lessons both in person and online. Through practical lessons, we deepen our understanding of the characteristics of disabilities as well as challenges facing those with disabilities, while also learning how to communicate from the other person's perspective. This in turn leads to the creation of an environment in which everyone can work comfortably.



Message from a Member of the “Kotonoha” Sign Language Team

While engaging in sign language-related activities since 2020, we launched the cross-divisional Kotonoha project a year ago, simply driven by the desire to promote sign language as a recognized language. Since the launch of Kotonoha, an increasing number of people within the Bank have been greeting us using sign language, and we truly feel that the significance of this initiative is taking hold.



People often say that learning sign language seems difficult. However, rather than encouraging learning, we would be happy if they could know that this form of communication exists.

Simulated experiences of disabilities

As part of our efforts to share information about the conditions faced by people with disabilities and deepen the understanding of diversity, we offer on an ongoing basis simulated experiences of disabilities such as visual and hearing impairments as well as physical disabilities (using a wheelchair). By deepening their understanding of a range of people with disabilities present in society as well as by experiencing simulated disabilities, participants come to view the issue as a personal matter and apply this insight to their daily interactions with customers. In recent years, employees with disabilities have been serving as instructors, primarily in divisions that make in-person contact with customers, to expand initiatives to, for example, share the insights gained from their actual experiences.

Feedback from Participants

Participant I: Actually experiencing disabilities exposed me to the inconvenience as well as emotions that I had never felt before.

Participant K: I realized that what I take for granted is not necessarily taken for granted by others.

Participant A: This experience brought home to me, once again, the importance of imagining the other person's point of view and responding with compassion. I would like to apply these insights to how I serve all customers, not only those with disabilities, but also the elderly and anyone requiring special consideration.



Simulated experience of hearing impairment



Simulated experience of visual impairment

Abilympics

Aozora Group employees won the Gold Prize in the Database category and received the Award for Effort in the DTP category at the 24th Tokyo Skills Competition for Persons with Disabilities (Tokyo Abilympics). The skills and experience gained through the competition are being applied to daily tasks and to enhancing the skills of the entire workplace. The gold prize winner will compete as the Tokyo representatives in the Database category at the All-Japan Abilympics event.



Reference: External outreach

- Workplace tours held (for high school students from special needs schools)
- Participation in the “Vocational Rehabilitation Workshop” held by the Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers
- Instructor sent to a training session run by the “Skill Improvement Project for Cooperation with Employment Support Project Organizations” under the Tokyo Metropolitan Government’s Bureau of Social Welfare
- Implementation of programs at mental health day care centers and labor transition support offices as a means to support preparing for the stable employment of people with disabilities who are seeking jobs



Workplace tour

Enhancement of the Value of Human Capital

Interviews with Employees with disabilities

Toru Ito

—Mental and Developmental Disabilities—
Fuchu Document Mailing Service

Q: What kind of work do you do?

A: I am responsible for dispatching all our mail from various divisions to destinations both inside and outside the Bank as well as collecting and delivering mail for our internal courier services operating between specific locations. We handle an average of about 500 mail items a day, and the volume can reach several thousand during peak periods. Under the Job Support Program, I also undertake tasks relating to documents entrusted to us by customers.

Q: What do you find helpful about working here?

A: Since there are opportunities for regular meetings, I can consult about everything from my physical well-being to how I handle my tasks, thereby gradually expanding the scope of my work at my own pace. This has also enabled me to take on new challenging tasks.



◆Comments from work colleagues◆

Mr Ito has a very cheerful personality, is considerate of those around him, and enjoys working while having occasional conversations about various topics. He contributes to improvements in operational efficiency at the Fuchu Document Mailing Service by sharing his view in many areas, including proposals and insights gained from his fresh perspective, regarding the tasks we handle as a matter of routine. Looking ahead, his effort and attitude will help drive the Fuchu Document Mailing Service to unite as one team.

Q: What things have you kept in mind from the time you joined the Bank until now?

A: With no experience in working at a financial institution, I was very nervous and anxious when I joined the Bank. However, with the support of those around me and by gradually taking on tasks, I have been able to settle into the workplace environment and the work itself over time.

I started by thoroughly managing my basic physical condition and approaching my tasks with the mindset of “just give it a try” rather than feeling any fear or hesitation. As it turned out, things went surprisingly well, and I could accumulate a series of small successes.

On the other hand, when facing a particularly challenging situation, I sought support from those around me, and then actively prepared while considering the best possible approach to the next step. I think that I am growing without even realizing it.

Q: What do you consider to be the Bank’s strengths?

A: With an understanding of specific matters to be considered, Aozora shares the actual difficulties facing us through regular one-on-one meetings. If we want to take the next career step, the Bank also encourages us to take on new challenges, such as participating in the Job Support Program. Thanks to this support system being in place, employees can play active roles in a variety of divisions.

Q: Please leave us with a final message.

A: “Pursue possibilities to unlock your own potential.” Even when something felt like a weak point, I moved forward little by little with the courage to try it out, driven by the belief that doing so might actually expand the range of what I could achieve. It is fine for each of us to move at our own pace and I believe that our way of thinking also gradually changes and grows as we move forward. I also believe that by moving forward step by step, leveraging our own unique strengths, receiving support to address our weaknesses, and making new discoveries, we can “create possibilities.” Even as I move forward and sometimes take a step back, I am gradually increasing upon what I am able to do. I would be happy if my journey could serve as an encouragement to other employees who are striving in the same way.

Asaka Kanda

—Hearing Impairment—
Operations Management Division,
Domestic Settlement Operation Group

Q: What kind of work do you do?

A: I am primarily responsible for tasks relating to corporate deposits. My duties include processing deposit and withdrawal transactions, opening and closing accounts, and managing online banking services, such as registrations, changes, and closure.

Q: What do you find helpful about working here?

A: For instance, my colleagues take off their masks and speak clearly when talking to me and also provide support whenever I run into difficulties, so I feel very comfortable at work. I joined Aozora as a new grad, and at first I was anxious because so many things were new to me. However, a senior colleague encouraged me, saying “We receive a lot of energy from your smile and proactive attitude toward work. The team will spare no effort to support you, and we look forward to your continued success.” These words have inspired me to work even harder.

Q: Please leave us with a final message.

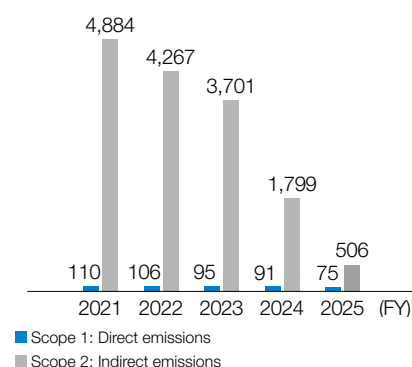
A: Regardless of whether they have a disability, everyone has their own strengths and weaknesses. Given an environment in which we can support one another, rather than striving for perfection on our own, we can take on new challenges with peace of mind. Supported by those around me, I feel that I am growing with each passing day. I hope this message brings some courage and hope to anyone who feels anxious about work.



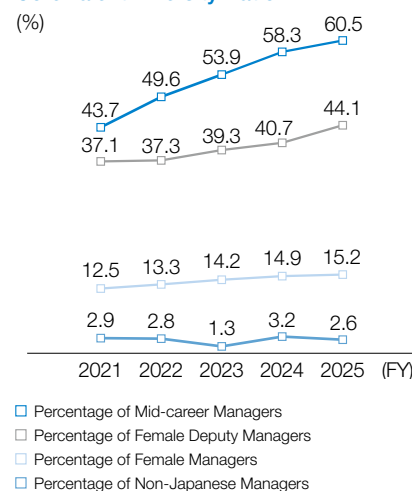
ESG-related Information

Non-financial Highlights

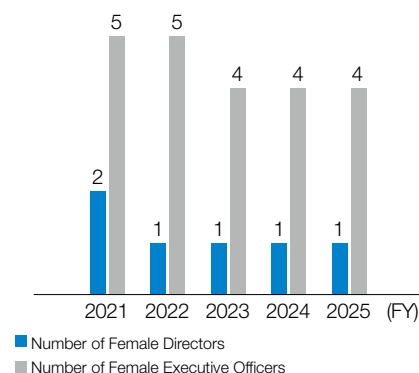
CO₂ Emissions (t-CO₂)



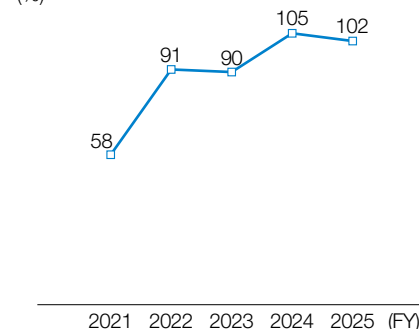
Core Talent Diversity Ratio (%)



Number of Female Directors / Number of Female Executive Officers (people)



Percentage of Eligible Male Employees Taking Childcare Leave* (%)



* The rate of childcare leave taken is calculated by the number of employees who took childcare leave during the applicable fiscal year (a) divided by the number of employees with children born during the applicable fiscal years (b), rounded down to a single decimal place. Note that the aforementioned (a) includes employees on childcare leave with children who were born before the applicable fiscal year but who have newly taken childcare leave in the applicable fiscal year, thus it is possible that the rate could exceed 100%.

ESG Information

Evaluation by Third Parties



KENKO Investment
for Health



"Eruboshi" certification



"Kurumin" certification



Good Practice Company
for Barrier-Free Minds

Support for and Participation in External Initiatives



The United Nations
Global Compact



CDP



Equator Principles



Sustainability Data
Standardization
Consortium



Partnership for Carbon Accounting Financials



Principles for Financial Action for
the 21st Century

Inclusion in ESG Indexes (As of July 2026)



FTSE JPX Blossom
Japan Index

2026 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)



FTSE JPX Blossom
Japan Sector
Relative

2026 CONSTITUENT MSCI NIHONKABU
ESG SELECT LEADERS INDEX



For details of non-financial information, please refer to "Non-financial Information Index" in the Financial and Corporate Data Section of the Annual Report.

For the latest information, please refer to the Bank's website
https://www.aozorabank.co.jp/english/sustainability/ESG_information/



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