

【TRANSLATION】

[NOTICE: This Notice of Convocation is a translation of the Japanese original for reference purposes only, and in the event of any discrepancy, the Japanese original shall prevail.]

Aozora Bank, Ltd.

Securities Code 8304

The Convocation Notice for the 89th FY Ordinary General Meeting of Shareholders

■ Date & Time

June 22, 2022 (Wednesday)

10:00 a.m. (reception opens at 9:00 a.m.)

■ Venue

KIOI CONFERENCE of TOKYO GARDEN TERRACE KIOICHO

Kioicho1-4, Chiyoda-ku, Tokyo

(Please refer to map on the last page)

*** Please be aware that the venue for this year's
General Meeting of Shareholders has been
changed.**

■ Proposals for Resolution

Proposal No.1 Partial Amendment to Articles of Incorporation	(P. 9)
Proposal No.2 Appointment of Eight Directors	(P.10)
Proposal No.3 Appointment of One Audit & Supervisory Board Member	(P.27)
Proposal No.4 Appointment of Two Alternate Audit & Supervisory Board Members	(P.29)

Note that the Board of Directors have resolved to pay a year-end common share dividend of 45 yen per share for the 89th FY (4th quarter).

As a result, the full-year dividend per common share for the 89th FY is 149yen.

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Please read the "Information regarding the General Meeting of Shareholders" and "Information regarding the General Meeting of Shareholders livestream" on pages 2-4 in advance of the General Meeting.

- There will be no thank-you gift for attendees.
- The General Meeting of Shareholders will be livestreamed (with viewer participation).

Message from the CEO



Kei Tanikawa
Representative Director, President
and Chief Executive Officer

I would like to extend my appreciation to all of Aozora's shareholders for their ongoing interest and support.

This document represents the Convocation Notice for the 89th FY Ordinary General Meeting of Shareholders to be held on Wednesday June 22, 2022.

I would also like to extend my deepest sympathies to everyone who has been affected by the global COVID-19 pandemic and increasing geopolitical risk.

Despite the significant impact of COVID-19 throughout the year, the overall economic environment in FY2021 continued on its recovery trend, and we saw the further acceleration of the existing turning point for the industrial structure. Net earnings, business profit, and profit attributable to owners of parent all increased year-on-year as a result of our strong customer-related business.

In FY2022, amid heightened uncertainty due to concerns over rising inflation and emerging geopolitical risk, it is crucial to anticipate the coming difficult business environment that will require close assessment of the impact of disruptions in supply chains and long-term inflation in addition to careful analysis and judgment of a wide range of risks.

Based on our Mid-term Plan which we announced in May 2020, entitled "Aozora 2022", we have been focused on our Strategic Investments Business which is designed to foster new business and support corporate restructuring and business recovery through proactive risk-taking as part of the "Aozora Mission" to "contribute to the development of society through the creation of new value-added financial services", as described in our Management Philosophy. In addition, we announced the establishment of our "Sustainability Targets" in September, 2021, which span each business and support group across the entire Aozora Group, and are proactively promoting initiatives designed to achieve these targets.

FY2022, the final year of the "Aozora 2022" Mid-term Plan, will be an important year to establish the foundations for our future business and transitioning to our next Mid-term Plan, which will be entitled "Aozora 2025", while also striving to achieve our goals by focusing on these initiatives.

Please be aware that this year's General Meeting will not be held at the Hotel Grand Palace. We would like to express our sincere gratitude to them for hosting us over many years.

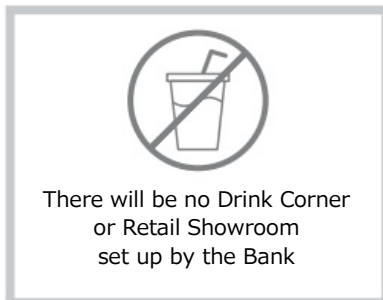
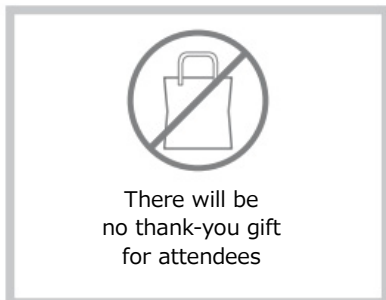
As with last year, in order to properly communicate with our shareholders who will be unable to attend the General Meeting in person, we will offer a livestream of the General Meeting which will be accessible to eligible shareholders. For more information, please refer to the attached "Information regarding the General Meeting of Shareholders livestream."

At this time, I would like to once again express my gratitude to all of our shareholders for their continued interest and support.

Information regarding the General Meeting of Shareholders

While the Bank is taking every possible precaution to prevent the spread of COVID-19 at the venue, we encourage shareholders to give due consideration regarding whether or not they choose to attend the General Meeting in person in light of the latest COVID-19 conditions.

We will provide a livestream of the General Meeting (with viewer participation) for our shareholders who reside in remote areas or do not intend to visit the venue, so please feel free to make use of this alternative.



Exercise of voting rights:

We encourage you to exercise your voting rights in advance in writing or via the Internet. If you participate in the General Meeting via livestream, we also ask that you please exercise your voting rights in advance. Please see pages 7 and 8 regarding the early exercise of voting rights.

Measures to prevent the spread of COVID-19 at the venue of the General Meeting

■ Shareholders who will attend the General Meeting and vote in person are required to bring and wear a face mask on the date of the General Meeting. We will place alcohol disinfectant bottles near the reception desk as well as perform thermographic inspections to check attendees' temperatures should the need arise. If you have recently returned to Japan from overseas, please inform our reception staff accordingly. We may refuse entry or ask you to leave if you have a fever, feel unwell or it has been less than the stay-at-home period requested by the Ministry of Health, Labour and Welfare since you returned to Japan from overseas.



Wear a facial mask



Alcohol disinfection



Thermographic inspection

- Aozora staff tasked with organizing the General Meeting will only be allowed to do so upon undergoing a health check, including body temperature, and wearing a face mask. In addition, some staff members may also wear gloves depending on the situation.
- We plan to abridge our detailed reports and discussions at the General Meeting in order to shorten the length of the meeting compared to previous years. For shareholders who will attend the General Meeting, please look through the Convocation Notice in advance.
- There will be no thank-you gift for attendees.
- There will be no Drink Corner or Retail Showroom set up by the Bank.

Questions and comments from shareholders

■ We welcome you to send us pre-planned questions and comments in advance of the General Meeting either in writing or via e-mail. While we will be unable to respond individually to any question or comment, we will pick from those with a high interest among shareholders during the General Meeting and upload the questions/comments along with the Bank's responses to the Aozora website at a later date.

Mailing address: General Meeting of Shareholders Administration Group
Corporate Communication Division, Aozora Bank, Ltd.
6-1-1, Kojimachi, Chiyoda-ku, Tokyo 102-8660

E-mail address: shitsumon2022@aozorabank.co.jp

Acceptance period: No later than 5 p.m. on June 20 (Monday) 2022

Information regarding the General Meeting of Shareholders livestream



The General Meeting of Shareholders will be livestreamed via the internet.
For details, please refer to the descriptions below as well as the enclosed "Notice on the General Meeting of Shareholders livestream."

What is the General Meeting of Shareholders livestream (with viewer participation)?



- This service enables the shareholders who will not attend the General Meeting in person to be able to view a livestream of the event via the Aozora website dedicated to the General Meeting of Shareholders upon verification of shareholder status with a valid ID and password.
- Shareholders viewing the livestream **are not considered attendees as defined in the Companies Act. As such, they cannot exercise their voting rights on the day of the General Meeting. We encourage them to cast their vote in writing or via the Internet by 17:15, Tuesday, June 21, 2022.** In addition, shareholders viewing the livestream **cannot propose any questions or motions as specified under the Companies Act of Japan, but may send comments to the General Meeting of Shareholders Administration Group while watching the video feed.**

How to participate in the General Meeting of Shareholders livestream



- If you join the General Meeting via livestream, please visit the log-in screen and enter your ID (shareholder number) and password (zip code) indicated on the "Exercise of Voting Right Form." For details, please refer to the enclosed "Notice on the General Meeting of Shareholders livestream."
- The livestream display has a comment field. Any comments forwarded to us are not deemed as questions under the Companies Act. However, we plan to post or reply to these questions on Aozora's website on the day of or at a later date following the General Meeting, unless they include any personal information or inappropriate content, such as a message that may constitute a personal attack.

Other notice regarding the General Meeting of Shareholders livestream

- Video/sound distortion or temporary suspension may occur due to network issues or system failure. The Bank is not responsible for any damages incurred by shareholders for reasons mainly attributable to the aforementioned network issues or system failure.
- Any expenses incurred from accessing the livestream, including communication devices, Internet connection fees and communication charges, shall be borne by shareholders.
- The livestream is available only to shareholders who were on the Bank's shareholder list as of March 31, 2022. Other shareholders may not view the livestream.
- We have taken every possible measure in order to livestream the General Meeting. However, shareholders may be unable to join the General Meeting in cases where the livestream is suspended due to any contingency, such as an unstable network environment and system failure, or cancelled due to unforeseen circumstances.
- Actions including video/sound recording and broadcasting of the livestream are prohibited in order to protect shareholders' image rights.
- The livestream of the General Meeting will be recorded from the back of the venue, and due care will be taken not to include images of attending shareholders. However, please be aware that some shareholders may unavoidably appear on the stream for reasons mainly attributable to the venue.

Contact

■ ID (shareholder number) and password (zip code)

The Sumitomo Trust and Banking Co., Ltd. (shareholder list manager):
General Meeting of Shareholders Dedicated Virtual Support Line

TEL: 0120-782-041 (toll-free, Japanese only)

Weekdays: 9:00-17:00 (excluding weekends and holidays)

■ How to view the General Meeting of Shareholders livestream

General Meeting of Shareholders Virtual Help Desk

TEL: 0120-245-022 (toll-free, Japanese only)

Thursday, June 2, 2022 to Tuesday, June 21, 2022: 9:00-17:00 (excluding weekends and holidays)

Wednesday, June 22, 2022 (the date of the General Meeting): from 9:00 through until meeting's end

Other inquiries regarding the General Meeting of Shareholders

Aozora Bank, Ltd.:

General Meeting of Shareholders Administration Group, Corporate Communication Division

TEL: 03-6752-1111 (main number, Japanese only)

Weekdays: 9:00-17:00 (excluding weekends and holidays)

Post disclosure regarding the General Meeting

■ We will upload a video of the General Meeting to the Aozora website

(<https://www.aozorabank.co.jp/english/ir/stock/meeting/>). We plan to make the video available starting in early July once preparations are complete.

Information updates until the date of the General Meeting

- The venue, start time and other information regarding the General Meeting are subject to change based on the circumstances of the COVID-19 pandemic or relevant instruction from the government and prefectural governors prior to the date of the General Meeting. For further updates, please visit the Aozora website (<https://www.aozorabank.co.jp/english/ir/stock/meeting/>) even if you have successfully pre-registered to attend the General Meeting and vote in-person. We also encourage all participants to check the latest information before visiting the venue on the date of the General Meeting.



Aozora website dedicated to the General Meeting of Shareholders

<https://www.aozorabank.co.jp/english/ir/stock/meeting/>



End

The Convocation Notice for the 89th FY Ordinary General Meeting of Shareholders

Dear Shareholders,

Kei Tanikawa
Representative Director and President, Chief Executive Officer
Aozora Bank, Ltd.
1-1, Kojimachi 6-chome, Chiyoda-ku, Tokyo

You are cordially invited to participate in Aozora Bank Ltd.'s 89th FY Ordinary General Meeting of Shareholders as described below.

While the Bank is taking every possible precaution to prevent the spread of COVID-19 at the venue, we encourage shareholders to give due consideration regarding whether or not they choose to attend the General Meeting in person in light of the latest COVID-19 conditions. In cases where a State of Emergency or semi-emergency coronavirus measures has been declared, we ask that our shareholders please refrain from visiting the venue on the day of the General Meeting regardless of their health condition. **We will provide a livestream of the General Meeting (with viewer participation) for our shareholders who reside in remote areas or do not intend to visit the venue, so please feel free to make use of this alternative (please refer to pages 3-4).**

If you do not intend to visit the venue on the day of the General Meeting, you may exercise your voting rights in advance in writing or via the Internet. **We will ask for your cooperation in exercising your voting rights by no later than 5:15 p.m. on June 21 (Tuesday) 2022, in consideration of the following “Reference Material for the General Meeting of Shareholders.”**

Thank you.

Best Regards,
(Note) For instructions on how to exercise voting rights, please refer to the
“Notice on Exercise of Voting Rights” on pages 7-8.

1. Date & Time Wednesday, June 22, 2022 at 10:00 a.m.

2. Place KIOI CONFERENCE of TOKYO GARDEN TERRACE KIOICHO
Kioicho1-4, Chiyoda-ku, Tokyo

Please be aware that the venue for this year's General Meeting of Shareholders has been changed.

3. Agenda of the meeting

- Reports**
1. Business Report, Consolidated Financial Statements and Reports of Audit Results of Consolidated Financial Statements by the Independent Auditor and the Audit & Supervisory Board for the 89th FY (from April 1, 2021 to March 31, 2022)
 2. Reports on the Financial Statements for the 89th FY (from April 1, 2021 to March 31, 2022)

Proposals for Resolution:

Proposal No.1: Partial Amendment to Articles of Incorporation

Proposal No.2: Appointment of Eight Directors

Proposal No.3: Appointment of One Audit & Supervisory Board Member

Proposal No.4: Appointment of Two Alternate Audit & Supervisory Board Members

End

- ~~~~~
- ◎ In the case of attendance by proxy, please present a document that proves the delegated authority at the reception desk as well as Exercise of Voting Rights Form (Under the Articles of Incorporation, attending the General Meeting of Shareholders as a proxy is limited to only one other shareholder with voting rights).
 - ◎ Pursuant to laws and regulations and the provision of Article 15 of the Articles of Incorporation, the Notes to the Consolidated Financial Statements and Notes to the Non-consolidated Financial Statements are disclosed on the Company's website (<https://www.aozorabank.co.jp/>) and therefore not included in this notice and attached material. Note that the Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Audit & Supervisory Board Member or the accounting auditor are included in the attached documents indicated in the convocation and also provide the Notes to the Consolidated Financial Statements and Notes to the Non-consolidated Financial Statements disclosed on the Company's website.
 - ◎ Please note that, in the event of any necessary revision to the Reference Materials for the General Meetings of Shareholders, the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements, we will inform you of such revision on the Company's website (<https://www.aozorabank.co.jp/>).

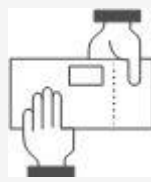
Notice on Exercise of Voting Rights

Once you have reviewed the Shareholder's Meeting Reference Materials (pages 9 to 32), we ask that you please exercise your voting rights regarding each proposal.

The following three methods may be used to exercise your voting rights. We ask that our shareholders please vote using either method B or C

A Attend the Shareholder's Meeting


- Date & Time:
June 22, 2022 (Wednesday) 10:00 a.m.



Please present the "Exercise of Voting Right Form" at the reception desk.
Please also have your Convocation Notice for the 89th FY Ordinary General Meeting of Shareholders (this document) on hand.

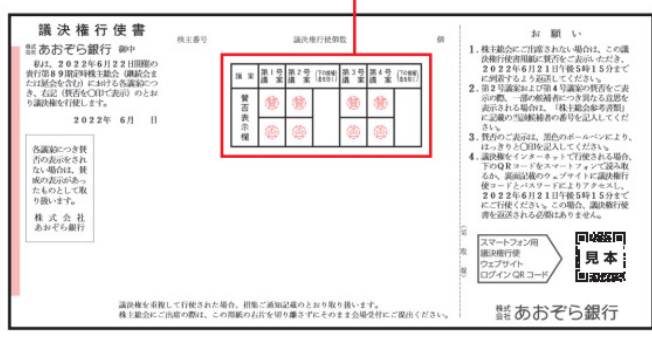
B Exercise Your Voting Right in Writing

- Valid Date:
June 21, 2022 (Tuesday)
Must be received no later than 5:15 p.m.



Please write your vote of approval or disapproval on the enclosed "Exercise of Voting Rights Form" and return the form to us by mail.

How to fill-out the Exercise of Voting Rights Form



Please write your vote of approval or disapproval

Proposal No.1 Proposal No.3

Approval >> ○ on 「賛」
Disapproval >> ○ on 「否」

Proposal No.2 Proposal No.4

Approval of all candidates >> ○ on 「賛」
Disapproval of all candidates >> ○ on 「否」
Disapproval of specific candidate(s) >> ○ on 「賛」, then fill-in the identification number of the candidate(s) of whom you disapprove

1. 株主総会にご出席されない場合は、この議決権行使書に賛否を記入いただき、2022年6月21日午後5時15分までにお送りください。

2. 第2号議案および第4号議案の賛否を二重に記入し、「一部候補者」の欄に賛否を明示される場合は、「株主総会参加者票」に記された当該候補者の番号を記入してください。

3. 賛否のご表明は、票色のボールペンにより、ボールペン式記入機に入力してください。

4. 議決権をインターネットで行使される場合、下のQRコードをスマートフォンで読み取るか、画面記載のウェブサイトにて議決権行使コードとパスワードによりアクセスし、2022年6月21日午後5時15分までにご行使ください。この場合、議決権行使書を送られる必要はありません。

スマートフォン用
議決権行使
ウェブサイト
QRコード

同封
見本
封筒

株式会社
あおぞら銀行

Electronic platform for executing voting rights (for institutional investors)

Institutional investors may exercise their voting rights for the 89th FY Ordinary General Meeting of Shareholders through the electromagnetic form operated by ICJ Inc.

C

Exercise your Voting Right via the Internet



- Valid Date:
June 21, 2022 (Tuesday)
No later than 5:15 p.m.

“Smart Voting” Method

1 You can easily exercise your voting rights by scanning the QR code^{②*} located in the lower right of your Exercise of Voting Rights Form and entering your “Voting Right Exercise Code” and “Password”.

Note: If you wish to update or change your vote, it will be necessary to re-scan the QR code^② and re-enter the “Voting Right Exercise Code” and the “Password” shown on the Exercise of Voting Rights Form.

2 Next, follow the instructions on the screen to select your approval/disapproval^④

Exercise of the Voting Right Code and Password Method

1 Exercise of the voting right via the Internet is possible through the “Smart Voting” method or by accessing the following website dedicated to exercise of the voting right designated by **Sumitomo Bank** from a PC, smartphone, or cell phone: <https://www.web54.net>.

2 Input the “Exercise Code” provided on the enclosed “Exercise Voting Rights Form”.

Input the “Exercise Code”
Click “Log in”

3 Input the “Password” provided on the enclosed “Exercise Voting Rights Form”.

Enter your temporary password.
Please create a new password for use the next time you log in.
Click “Register”

4 Next, follow the instructions on the screen to select your approval/disapproval.

* QR code is a registered trademark of DENSO WAVE INCORPORATED.

If you have any questions about the exercise of your voting rights via the Internet via PC, smartphone or cell phone, please contact the following department.

Web Support, Stock Transfer Agency Department,
Sumitomo Mitsui Trust Bank, Limited.
[Toll-free Hotline] 0120-652-031 (9:00a.m.-9:00p.m.)

- A. If you decide to exercise your voting right in writing and/or via the Internet more than once, please note the following.
- If you exercise your voting right more than once in writing, the exercise made with the most recent reissue of the Exercise of Voting Rights Form shall prevail.
 - If you exercise your voting right more than once via the Internet, the last exercise made shall prevail.
 - If you exercise your voting right both in writing and via the Internet, the exercise via the Internet shall prevail.
- B. If neither approve nor disapprove is selected for a proposal item, the proposal shall be considered to be approved.

Reference Materials for the General Meeting of Shareholders

Proposals and Reference Matters

Proposal No.1: Partial Amendment to Articles of Incorporation

1. Reasons for amendments

The amended provisions stipulated in the proviso to Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) will come into effect on September 1, 2022. Following this, in preparation for the introduction of a system for providing materials for the General Meetings of Shareholders in an electronic format, the Bank will amend its Articles of Incorporation as follows:

(1) Proposed amendments to Paragraph 1 of Article 15 stipulate that measures shall be taken to provide information contained in the Reference Materials for the General Meetings of Shareholders, etc. in an electronic format.

(2) Proposed amendments to Paragraph 2 of Article 15 limit the scope of matters contained in the documents delivered to shareholders who request paper-based documents.

(3) The provision regarding the online disclosure and deemed provision of Reference Materials for the General Meetings of Shareholders, etc. (Article 15 of the current Articles of Incorporation) will no longer be required and will be deleted.

(4) In line with the aforementioned additions and deletions, supplementary provisions regarding the effective date and related matters will be incorporated.

2. Details of amendments









The proposed amendments to the Articles of Incorporation are as follows:

(Changes are underlined)

Current Articles of Incorporation	Proposals for Amendments
<p>(Internet Disclosure and Deemed Provision of Reference Documents for General Meetings of Shareholders, Etc.) Article 15</p> <p>The Bank may be deemed to have provided to the shareholders, upon the convocation of a general meetings of shareholders, any information concerning the matters to be described or indicated in the reference documents for the general meetings of shareholders, business reports, financial statements, consolidated financial statements, accounting audit reports and audited reports, by disclosing such items through the Internet pursuant to the provisions set forth by the regulations stipulated by the Ministry of Justice.</p>	<p>(Delete)</p> <p>(Measures for Electronic Provision) <u>Article 15</u></p> <p>1. <u>The Bank shall, upon the convocation of a general meeting of shareholders, provide information contained in the reference documents for the general meetings of shareholders, etc. electronically.</u></p> <p>2. <u>Among the matters to be provided electronically, the Bank may choose not to include all or a part of the matters stipulated in the Ministry of Justice Order in the paper copies to be delivered to shareholders who have requested delivery of paper copies by the record date for voting rights.</u></p>
<p>(Newly added)</p>	<p>(Supplementary Provisions)</p> <p>1. <u>The deletion of the pre-amendment Article 15 (Internet Disclosure and Deemed Provision of Reference Documents for General Meetings of Shareholders, Etc.) and the establishment of the new post-amendment Article 15 (Measures for Electronic Provision) shall come into effect on September 1, 2022, the date of enforcement of the amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (the "Date of Enforcement").</u></p> <p>2. <u>Notwithstanding the provisions of the preceding paragraph, pre-amendment Article 15 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meetings of Shareholders, Etc.) of the Articles of Incorporation shall remain in force with respect to a general meeting of shareholders to be held on a date within six months from the Date of Enforcement. Pre-amendment Article 15 (Internet Disclosure and Deemed Provision of Reference Documents for General Meetings of Shareholders, Etc.)</u> <u>The Bank may be deemed to have provided to the shareholders, upon the convocation of a general meeting of shareholders, any information concerning the matters to be described or indicated in reference documents for general meetings of shareholders, business reports, financial statements, consolidated financial statements, accounting audit reports and audited reports, by disclosing such items via Internet channels pursuant to the provisions set forth by the regulations stipulated by the Ministry of Justice.</u></p> <p>3. <u>These supplementary provisions shall be deleted on the date when six months have elapsed from the Date of Enforcement or three months have elapsed from the date of the general meeting of shareholders set forth in the preceding paragraph, whichever is later.</u></p>

Proposal No.2 Appointment of Eight Directors

At the close of this Ordinary General Meeting of Shareholders, the term of office of all eight directors shall expire. This is to propose, therefore, that eight directors be elected. Candidates are shown below, and the matters concerning each candidate are described on pages 11 to 26.

Candidate No.	Name	Current Positions and Areas of Responsibility	Board Meeting Attendance	Number of years served as director at the close of this General Meeting
1	<div style="display: flex; align-items: center;"> <div style="border: 1px solid black; padding: 2px; margin-right: 5px;">For Reappointment</div> <div style="border: 1px solid black; padding: 2px; margin-left: 5px;">Inside</div> </div> Kei Tanikawa	 Representative Director, President and Chief Executive Officer	Attended all 15 Board meetings during the relevant fiscal year	4 years
2	<div style="display: flex; align-items: center;"> <div style="border: 1px solid black; padding: 2px; margin-right: 5px;">For Reappointment</div> <div style="border: 1px solid black; padding: 2px; margin-left: 5px;">Inside</div> </div> Koji Yamakoshi	 Representative Director, Deputy President and Executive Officer	Attended all 15 Board meetings during the relevant fiscal year	2 years
3	<div style="display: flex; align-items: center;"> <div style="border: 1px solid black; padding: 2px; margin-right: 5px;">For Reappointment</div> <div style="border: 1px solid black; padding: 2px; margin-left: 5px;">Inside</div> </div> Hideto Oomi	 Representative Director, Deputy President and Executive Officer, Head of Institutional Business Promotion Group	Attended all 12 Board meetings during the relevant fiscal year	1 year
4	<div style="display: flex; align-items: center;"> <div style="border: 1px solid black; padding: 2px; margin-right: 5px;">For Reappointment</div> <div style="border: 1px solid black; padding: 2px; margin-left: 5px;">Inside</div> </div> Tomomi Akutagawa	 Director, Senior Managing Executive Officer, in charge of Sustainability Management	Attended all 15 Board meetings during the relevant fiscal year	3 years
5	<div style="display: flex; align-items: center;"> <div style="border: 1px solid black; padding: 2px; margin-right: 5px;">For Reappointment</div> <div style="border: 1px solid black; padding: 2px; margin-left: 5px;">Outside</div> <div style="border: 1px solid black; padding: 2px; margin-left: 5px;">Independent director</div> </div> Hiroyuki Mizuta	 Director	Attended all 15 Board meetings during the relevant fiscal year	9 years
6	<div style="display: flex; align-items: center;"> <div style="border: 1px solid black; padding: 2px; margin-right: 5px;">For Reappointment</div> <div style="border: 1px solid black; padding: 2px; margin-left: 5px;">Outside</div> <div style="border: 1px solid black; padding: 2px; margin-left: 5px;">Independent director</div> </div> Ippei Murakami	 Director	Attended all 15 Board meetings during the relevant fiscal year	8 years
7	<div style="display: flex; align-items: center;"> <div style="border: 1px solid black; padding: 2px; margin-right: 5px;">For Reappointment</div> <div style="border: 1px solid black; padding: 2px; margin-left: 5px;">Outside</div> <div style="border: 1px solid black; padding: 2px; margin-left: 5px;">Independent director</div> </div> Tomonori Ito	 Director	Attended all 15 Board meetings during the relevant fiscal year	8 years
8	<div style="display: flex; align-items: center;"> <div style="border: 1px solid black; padding: 2px; margin-right: 5px;">New candidate</div> <div style="border: 1px solid black; padding: 2px; margin-left: 5px;">Outside</div> <div style="border: 1px solid black; padding: 2px; margin-left: 5px;">Independent Director</div> </div> Sakie Tachibana Fukushima	 —	—	—

Candidates for Directors

Candidate No.

1

Kei Tanikawa

60 years old
(Date of birth: May 17, 1962)

For reappointment

Inside



■ Brief Personal History, Positions, Areas of Responsibility and Concurrent Major Posts

Apr. 1985	The Nippon Credit Bank, Ltd. (currently Aozora Bank, Ltd.)
Aug. 2010	General Manager of Financial Institutions Management Division
July 2012	Executive Officer, Head of Business Banking Group
Apr. 2014	Executive Officer, Head of Allied Banking Group
July 2014	Managing Executive Officer, Head of Allied Banking Group
July 2015	Managing Executive Officer, Head of Corporate Strategy Unit, Head of Compliance & Governance Unit, Office of Corporate Secretary
July 2016	Managing Executive Officer, Head of Corporate Strategy Unit and Office of Corporate Secretary
July 2017	Senior Managing Executive Officer, Head of Business Banking Group and Head of Corporate Banking Group
June 2018	Representative Director, Deputy President and Executive Officer, Head of Business Banking Group and Head of Corporate Banking Group
July 2018	Representative Director, Deputy President and Executive Officer
Oct. 2018	Representative Director, Deputy President and Executive Officer, Head of Trust Business Group
June 2020	Representative Director, President and Chief Executive Officer (CEO) (current)

| Number of years served as director 4 years
(At the close of this Ordinary General Meeting of Shareholders)

| Board Meeting Attendance (FY2021) Attended all 15 Board meetings during the relevant fiscal year

| Number of Bank's shares Owned by Candidate 17,208
The above states the sum of the shares held directly by the candidate and includes shares held through the Executive Stock Ownership Plan (ESOP). (Fractional shares are rounded off.)

▪ Reason for nomination as a candidate for director

Mr. Kei Tanikawa has been engaged in a variety of banking businesses such as corporate banking business and financial institutions business and he has made a considerable contribution to the corporate management as Executive Officer (since July 2012), supervising various groups/divisions. The Bank believes he is an adequate candidate because of his deep insight in financial businesses as well as his extensive experience and prudent judgment.

▪ Matters concerning Directors and Officers liability insurance contract

Mr. Tanikawa is currently a director of the Bank, and the Bank has entered into a directors and officers liability insurance contract with insurance companies as stipulated in Article 430-3, paragraph (1) of the Companies Act, in which he is included as an insured party. The said contract covers compensations for damages and legal dispute fees that an insured party may incur due to claims for damages caused by the insured parties' acts (including failure to act) based on their positions as directors and officers, and the Bank has assumed the costs of insurance premiums in full for all of the insured parties with respect to this insurance contract. In case this proposal is approved and resolved, and he assumes the position of Director, he will be included as an insured party. The Bank plans to renew the said insurance contract under the same terms and conditions during his term of office.

Candidate No

2

Koji Yamakoshi

59 years old
(Date of birth: July 22, 1962)

For reappointment

Inside



▪ Brief Personal History, Positions, Areas of Responsibility and Concurrent Major Posts

Apr. 1986	The Nippon Credit Bank, Ltd. (currently Aozora Bank, Ltd.)
Apr. 2007	General Manager of Special Finance Division
Dec. 2009	Deputy Head of Specialty Finance Group, and General Manager of Special Situations Division
July 2012	Executive Officer, Deputy Head of Specialty Finance Group
Nov. 2012	Executive Officer, Head of Specialty Finance Group
July 2016	Managing Executive Officer, Head of Specialty Finance Group
Jan. 2017	Managing Executive Officer, Head of Specialty Finance Group, and General Manager of Global Real Estate Structured Debt Division
July 2018	Managing Executive Officer, Head of Business Banking Group and Head of Corporate Banking Group
July 2019	Senior Managing Executive Officer, Head of Business Banking Group and Head of Corporate Banking Group
June 2020	Director, Senior Managing Executive Officer, Head of Business Banking Group and Head of Corporate Banking Group
July 2020	Director, Senior Managing Executive Officer, Head of Corporate Banking Group
June 2021	Representative Director, Deputy President and Executive Officer, Head of Corporate Banking Group
July 2021	Representative Director, Deputy President and Executive Officer (current)

| Number of years served as director 2 years
(At the close of this Ordinary General Meeting of Shareholders)

| Board Meeting Attendance Attended all 15 Board meetings during the
(FY2021) relevant fiscal year

| Number of Bank's shares Owned by 3,559
Candidate The above states the sum of the shares held directly by the candidate and includes shares held through the Executive Stock Ownership Plan (ESOP). (Fractional shares are rounded off.)

▪ Reason for nomination as a candidate for director

Mr. Koji Yamakoshi has been engaged in a variety of banking businesses such as specialty finance business and he has made a considerable contribution to the corporate management as Executive Officer (since July 2012) and subsequently Head of Specialty Finance Group and Head of Corporate Banking Group. The Bank believes he is an adequate candidate because of his deep insight in financial businesses as well as extensive experience and prudent judgment.

▪ Matters concerning Directors and Officers liability insurance contract

Mr. Yamakoshi is currently a director of the Bank, and the Bank has entered into a directors and officers liability insurance contract with insurance companies as stipulated in Article 430-3, paragraph (1) of the Companies Act, in which he is included as an insured party. The said contract covers compensations for damages and legal dispute fees that an insured party may incur due to claims for damages caused by the insured parties' acts (including failure to act) based on their positions as directors and officers, and the Bank has assumed the costs of insurance premiums in full for all of the insured parties with respect to this insurance contract. In case this proposal is approved and resolved, and he assumes the position of Director, he will be included as an insured party. The Bank plans to renew the said insurance contract under the same terms and conditions during his term of office.

Candidate No

3

Hideto Oomi

56 years old
(Date of birth: July 19, 1965)

For reappointment

Inside



-
- Brief Personal History, Positions, Areas of Responsibility and Concurrent Major Posts
- | | |
|-----------|---|
| Apr. 1989 | The Nippon Credit Bank, Ltd. (currently Aozora Bank, Ltd.) |
| Aug. 2007 | General Manager of Leveraged Finance Division |
| Dec. 2009 | General Manager of Acquisition & Project Finance Division |
| Oct. 2011 | General Manager of Hiroshima Branch |
| Nov. 2012 | General Manager of Business Strategy Division |
| July 2016 | Executive Officer, Special Assignment |
| July 2019 | Managing Executive Officer, Head of Corporate Strategy Unit, Office of Corporate Secretary and Special Assignment |
| June 2020 | Managing Executive Officer, Head of Corporate Strategy Unit, Head of Trust Business Group, Office of Corporate Secretary and Special Assignment |
| Apr. 2021 | Managing Executive Officer, Head of Strategic Investments Group, Head of Trust Business Group, Head of Corporate Strategy Unit and Office of Corporate Secretary |
| June 2021 | Representative Director, Deputy President and Executive Officer, Head of Strategic Investments Group, Head of Trust Business Group, Head of Corporate Strategy Unit and Office of Corporate Secretary |
| July 2021 | Representative Director, Deputy President and Executive Officer, Head of Strategic Investments Group and Head of Trust Business Group |
| Apr. 2022 | Representative Director, Deputy President and Executive Officer, Head of Institutional Business Promotion Group (current) |

| Number of years served as director 1 year
(At the close of this Ordinary General Meeting of Shareholders)

| Board Meeting Attendance (FY2021) Attended all 12 Board meetings during the relevant fiscal year

| Number of Bank's shares Owned by Candidate 6,807
The above states the sum of the shares held directly by the candidate and includes shares held through the Executive Stock Ownership Plan (ESOP). (Fractional shares are rounded off.)

▪ Reason for nomination as a candidate for director

Mr. Hideto Oomi has been engaged in a variety of banking businesses such as corporate banking business and business strategy and he has made a considerable contribution to the corporate management as Executive Officer (since July 2016), supervising various groups/divisions. The Bank believes he is an adequate candidate because of his deep insight in financial businesses as well as extensive experience and prudent judgment.

▪ Matters concerning Directors and Officers liability insurance contract

Mr. Oomi is currently a director of the Bank, and the Bank has entered into a directors and officers liability insurance contract with insurance companies as stipulated in Article 430-3, paragraph (1) of the Companies Act, in which he is included as an insured party. The said contract covers compensations for damages and legal dispute fees that an insured party may incur due to claims for damages caused by the insured parties' acts (including failure to act) based on their positions as directors and officers, and the Bank has assumed the costs of insurance premiums in full for all of the insured parties with respect to this insurance contract. In case this proposal is approved and resolved, and he assumes the position of Director, he will be included as an insured party. The Bank plans to renew the said insurance contract under the same terms and conditions during his term of office.

Candidate No

4

Tomomi Akutagawa

59 years old
(Date of birth: November 30, 1962)

For reappointment

Inside



▪ Brief Personal History, Positions, Areas of Responsibility and Concurrent Major Posts

Apr. 1985	The Nippon Credit Bank, Ltd. (currently Aozora Bank, Ltd.)
July 2010	General Manager of Financial Management Division
July 2013	Deputy Chief Financial Officer (CFO) and General Manager of Financial Management Division
July 2014	Executive Officer and Deputy CFO and General Manager of Financial Management Division
Oct. 2014	Executive Officer and Deputy CFO
July 2017	Managing Executive Officer, Head of Corporate Strategy Unit and Office of Corporate Secretary
June 2019	Director, Managing Executive Officer, Head of Corporate Strategy Unit and Office of Corporate Secretary
July 2019	Director, Senior Managing Executive Officer, CFO
Apr. 2021	Director, Senior Managing Executive Officer, CFO and in charge of Sustainability Management
July 2021	Director, Senior Managing Executive Officer, in charge of Sustainability Management (current)

| Number of years served as director 3years
(At the close of this Ordinary General Meeting of Shareholders)

| Board Meeting Attendance (FY2021) Attended all 15 Board meetings during the relevant fiscal year

| Number of Bank's shares Owned by Candidate 5,746
The above states the sum of the shares held directly by the candidate and includes shares held through the Executive Stock Ownership Plan (ESOP). (Fractional shares are rounded off.)

▪ Reason for nomination as a candidate for director

Ms. Tomomi Akutagawa has been engaged in a variety of banking businesses such as financial management and she has made a considerable contribution to the corporate management as Executive Officer and Deputy CFO (since July 2014) and subsequently Head of Corporate Strategy Unit and CFO. The Bank believes she is an adequate candidate because of her deep insight in financial businesses as well as extensive experience and prudent judgment.

▪ Matters concerning Directors and Officers liability insurance contract

Ms. Akutagawa is currently a director of the Bank, and the Bank has entered into a directors and officers liability insurance contract with insurance companies as stipulated in Article 430-3, paragraph (1) of the Companies Act, in which she is included as an insured party. The said contract covers compensations for damages and legal dispute fees that an insured party may incur due to claims for damages caused by the insured parties' acts (including failure to act) based on their positions as directors and officers, and the Bank has assumed the costs of insurance premiums in full for all of the insured parties with respect to this insurance contract. In case this proposal is approved and resolved, and she assumes the position of Director, she will be included as an insured party. The Bank plans to renew the said insurance contract under the same terms and conditions during her term of office.

(Note) The family register name of Tomomi Akutagawa is Tomomi Sasaki.

Candidate No

5

Hiroyuki Mizuta

72 years old
(Date of birth: November 30, 1949)

For
reappointment

Outside

Independent
director



■ Brief Personal History, Positions, Areas of Responsibility and Concurrent Major Posts

Apr. 1974	The Kyowa Bank, Ltd. (currently Resona Bank, Limited)
Nov. 2003	President and Representative Director, The Kinki Osaka Bank, Ltd. (currently Kansai Mirai Bank, Limited)
June 2006	Director, President and Representative Executive Officer of Resona Holdings, Inc.
June 2007	President and Representative Director, Resona Bank, Limited Executive Officer, Group Strategy Dept., Resona Holdings, Inc. (In charge of Corporate Management of Resona Bank, Limited)
Oct. 2008	President, The Resona Foundation for Small and Medium Enterprise Promotion
May 2009	Retired as President of Resona Bank, Limited and Executive Officer of Resona Holdings, Inc.
June 2010	Outside Director of Nippon Dentsu Co., Ltd. Director of Nippon Television City Corporation (currently TOKYO TOWER Co., Ltd)
June 2011	Representative Director and Chairman of TOKYO TOWER Co., Ltd (current)
June 2013	Director, Aozora Bank, Ltd. (current)
June 2016	Executive Advisor, Nippon Dentsu Co., Ltd.

| Number of years served as director 9years
(At the close of this Ordinary General Meeting of Shareholders)

| Board Meeting Attendance (FY2021) Attended all 15 Board meetings during the relevant fiscal year

| Number of Bank's shares Owned by Candidate 4,831
The above states the sum of the shares held directly by the candidate and includes shares held through the Executive Stock Ownership Plan (ESOP). (Fractional shares are rounded off.)

▪ Reason for nomination as a candidate for director and expected roles

Mr. Hiroyuki Mizuta has served as Director, President and Representative Executive Officer of Resona Holdings, Inc. and Representative Director and Chairman of TOKYO TOWER Co., Ltd and he has wealth of experience, credentials and deep insight as a top management of corporate institutions in the banking and non-financial sectors, as well as extensive knowledge of banking retail business and corporate finance business. He has appropriately supervised the management of the Bank as an Outside Director since June 2013.

The Bank, having high regard for his experience and capabilities, requests the continued appointment as Outside Director, as the Bank expects him to provide overall oversight and advice on the execution of duties by executive officers, with an objective viewpoint, toward the enhancement of the Bank's corporate value over the mid- to long-term, if he is elected as an Outside Director.

▪ Matters concerning interests and independence

There are no other particular business related interests between Mr. Mizuta and the Bank. The Bank currently is making some transactions including deposits with Resona Holdings, Inc. where Mr. Mizuta previously served as Executive Officer and with its affiliated bank where he served as President and Representative Director, however more than 10 years have passed since he retired from these positions and, therefore, there is no matter concerning independence.

Mr. Mizuta is nominated as Outside Director and also as Independent Director in accordance with the requirements of the Tokyo Stock Exchange, Inc.

▪ Matters concerning Limited Liability contract and Directors and Officers liability insurance contract

The Bank has an agreement with Mr. Mizuta regarding the liability limit stipulated in Paragraph 1 - Article 423 of the Companies Act, pursuant to Paragraph 1 - Article 427, which is stating that in case of "bona fides without any significant delinquency", the amount of the liability limit is in accordance with the amount stipulated in Paragraph 1 - Article 425. In case this proposal is approved and resolved, and he assumes the position of Outside Director, this agreement continues to be effective.

Mr. Mizuta is currently a director of the Bank, and the Bank has entered into a directors and officers liability insurance contract with insurance companies as stipulated in Article 430-3, paragraph (1) of the Companies Act, in which he is included as an insured party. The said contract covers compensations for damages and legal dispute fees that an insured party may incur due to claims for damages caused by the insured parties' acts (including failure to act) based on their positions as directors and officers, and the Bank has assumed the costs of insurance premiums in full for all of the insured parties with respect to this insurance contract. In case this proposal is approved and resolved, and he assumes the position of Outside Director, he will be included as an insured party. The Bank plans to renew the said insurance contract under the same terms and conditions during his term of office.

Candidate No

6

Ippei Murakami

77 years old
(Date of birth: March 3, 1945)

For
reappointment

Outside

Independent
director



▪ Brief Personal History, Positions, Areas of Responsibility and Concurrent Major Posts

Apr. 1967	Nisshin Flour Milling Inc. (currently Nisshin Seifun Group Inc.)
June 1995	Director (Planning and Finance)
June 2000	Managing Director
July 2001	Nisshin Seifun Group Inc.(Group holding company) Managing Director (Finance and Accounting)
June 2004	Managing Director (Finance and Accounting, Corporate Planning [deputy])
June 2005	Managing Director (Finance and Accounting, Corporate Planning)
June 2006	Managing Director (Corporate Planning)
June 2007	Senior Managing Director (Corporate Planning)
Oct. 2007	President and Representative Director
Apr. 2011	Director and Senior Consultant
June 2011	Special Advisor (current)
June 2014	Director, Aozora Bank, Ltd. (current)
Apr. 2021	Chair of the Board of Trustees, Kwansei Gakuin (current)

| Number of years served as director 8years
(At the close of this Ordinary General Meeting of Shareholders)

| Board Meeting Attendance (FY2021) Attended all 15 Board meetings during the relevant fiscal year

| Number of Bank's shares Owned by Candidate 9,651
The above states the sum of the shares held directly by the candidate and includes shares held through the Executive Stock Ownership Plan (ESOP). (Fractional shares are rounded off.)

▪ Reason for nomination as a candidate for director and expected roles

Mr. Ippei Murakami has served as President and Representative Director of Nisshin Seifun Group Inc. and Chair of the Board of Trustees of Kwansei Gakuin and he has wealth of experience, credentials and deep insight as a top management of corporate institution and educational institution, as well as extensive knowledge of corporate finance and accounting. He has appropriately supervised the management of the Bank as an Outside Director since June 2014.

The Bank, having high regard for his experience and capabilities, requests the continued appointment as Outside Director, as the Bank expects him to provide overall oversight and advice on the execution of duties by executive officers, with an objective viewpoint, toward the enhancement of the Bank's corporate value over the mid- to long-term, if he is elected as an Outside Director.

▪ Matters concerning interests and independence

There are no other particular business related interests between Mr. Murakami and the Bank. Mr. Murakami is nominated as Outside Director and also as Independent Director in accordance with the requirements of the Tokyo Stock Exchange, Inc.

▪ Matters concerning Limited Liability contract and Directors and Officers liability insurance contract

The Bank has an agreement with Mr. Murakami regarding the liability limit stipulated in Paragraph 1 - Article 423 of the Companies Act, pursuant to Paragraph 1 - Article 427, which is stating that in case of "bona fides without any significant delinquency", the amount of the liability limit is in accordance with the amount stipulated in Paragraph 1 - Article 425.

In case this proposal is approved and resolved, and he assumes the position of Outside Director, this agreement continues to be effective.

Mr. Murakami is currently a director of the Bank, and the Bank has entered into a directors and officers liability insurance contract with insurance companies as stipulated in Article 430-3, paragraph (1) of the Companies Act, in which he is included as an insured party. The said contract covers compensations for damages and legal dispute fees that an insured party may incur due to claims for damages caused by the insured parties' acts (including failure to act) based on their positions as directors and officers, and the Bank has assumed the costs of insurance premiums in full for all of the insured parties with respect to this insurance contract. In case this proposal is approved and resolved, and he assumes the position of Outside Director, he will be included as an insured party. The Bank plans to renew the said insurance contract under the same terms and conditions during his term of office.

Candidate No

7

Tomonori Ito

65 years old
(Date of birth: January 9, 1957)

For
reappointment

Outside

Independent
director



■ Brief Personal History, Positions, Areas of Responsibility and Concurrent Major Posts

Apr. 1979	Bank of Tokyo, Ltd. (currently MUFG Bank, Ltd.)
Mar. 1990	Vice President of Investment Banking Group, Bank of Tokyo Trust Company, New York
Mar. 1995	Union Bank of Switzerland, Tokyo Branch (currently UBS)
Aug. 1997	General Manager of Tokyo Branch and Head of Investment Banking, Union Bank of Switzerland
June 1998	Head of Investment Banking and Managing Director, UBS Securities Japan Co., Ltd.
Apr. 2011	Visiting Professor, Graduate School of International Corporate Strategy, Hitotsubashi University
May 2012	Outside Board Member of PARCO CO., LTD.
Oct. 2012	Professor, Graduate School of International Corporate Strategy, Hitotsubashi University (currently Department of International Corporate Strategy, Hitotsubashi University Business School)
July 2013	Outside Corporate Auditor, AIN PHARMACIEZ INC.
June 2014	Director, Aozora Bank, Ltd. (current)
June 2016	Outside Director, Electric Power Development Co., Ltd. (current)
May 2019	Retired as Outside Board Member of PARCO CO., LTD.
Apr. 2020	Adjunct Professor, Department of International Corporate Strategy, Hitotsubashi University Business School
Sep. 2021	Professor, Institute for Business and Finance, Waseda University Business School (current) Visiting Lecturer, Department of International Corporate Strategy, Hitotsubashi University Business School (current)
Apr. 2022	Specially-appointed Professor, Graduate School of Business Administration, Kyoto University of Advanced Science (current)

| Number of years served as director 8years
(At the close of this Ordinary General Meeting of Shareholders)

| Board Meeting Attendance (FY2021) Attended all 15 Board meetings during the relevant fiscal year

| Number of Bank's shares Owned by Candidate 2,000
The above states the sum of the shares held directly by the candidate and includes shares held through the Executive Stock Ownership Plan (ESOP). (Fractional shares are rounded off.)

▪ Reason for nomination as a candidate for director and expected roles

Mr. Tomonori Ito, after having experience in the domestic/global financial institutions, has served as Professor of Department of International Corporate Strategy at Hitotsubashi University Business School and Professor of Institute for Business and Finance at Waseda University Business School and he has wealth of experience and credentials in the global finance business and deep insight as Professor of a business school, as well as extensive knowledge of investment banking business including M&A. He has appropriately supervised the management of the Bank as an Outside Director since June 2014.

The Bank, having high regard for his experience and capabilities, requests the continued appointment as Outside Director, as the Bank expects him to provide overall oversight and advice on the execution of duties by executive officers, with an objective viewpoint, toward the enhancement of the Bank's corporate value over the mid- to long-term, if he is elected as an Outside Director.

▪ Matters concerning interests and independence

There are no other particular business related interests between Mr. Ito and the Bank. Mr. Ito is nominated as Outside Director and also as Independent Director in accordance with the requirements of the Tokyo Stock Exchange, Inc.

▪ Matters concerning Limited Liability contract and Directors and Officers liability insurance contract

The Bank has an agreement with Mr. Ito regarding the liability limit stipulated in Paragraph 1 - Article 423 of the Companies Act, pursuant to Paragraph 1 - Article 427, which is stating that in case of "bona fides without any significant delinquency", the amount of the liability limit is in accordance with the amount stipulated in Paragraph 1 - Article 425.

In case this proposal is approved and resolved, and he assumes the position of Outside Director, this agreement continues to be effective.

Mr. Ito is currently a director of the Bank, and the Bank has entered into a directors and officers liability insurance contract with insurance companies as stipulated in Article 430-3, paragraph (1) of the Companies Act, in which he is included as an insured party. The said contract covers compensations for damages and legal dispute fees that an insured party may incur due to claims for damages caused by the insured parties' acts (including failure to act) based on their positions as directors and officers, and the Bank has assumed the costs of insurance premiums in full for all of the insured parties with respect to this insurance contract. In case this proposal is approved and resolved, and he assumes the position of Outside Director, he will be included as an insured party. The Bank plans to renew the said insurance contract under the same terms and conditions during his term of office.

Candidate No

8

Sakie Tachibana Fukushima

72 years old
(Date of birth: September 10, 1949)

New Candidate

Outside

Independent
director



▪ Brief Personal History, Positions, Areas of Responsibility and Concurrent Major Posts

Sep. 1974	Instructor, Department of East Asian Languages and Civilizations, Harvard University
June. 1980	Braxton International
Sep. 1987	Bain & Company, Inc.
Aug. 1991	Korn/Ferry International-Japan (currently Korn/Ferry Japan)
May 1995	Member of the Board of Directors, Korn/Ferry International (U.S. Headquarters)
Sep. 2000	Regional Managing Director, Korn/Ferry International-Japan
July 2001	President and Representative Director, Korn/Ferry International-Japan
May 2009	Chairman and Representative Director, Korn/Ferry International-Japan
July 2010	President and Representative Director, G&S Global Advisors Inc. (current)
Apr. 2011	Vice Chairperson, Japan Association of Corporate Executives (through April 2015)
June 2016	Outside Director, Ushio Inc. (current)
June 2019	Outside Director, Konica Minolta Inc. (current)
June 2020	Outside Director, Kyushu Electric Power Company, Incorporated (current)

▪ Message to our shareholders

I have been involved in Corporate Governance (CG) in the United States since 1995, when I became a member of the board of directors of the headquarters of the American company for which I was working. Since 2002, I have served as an outside director of 12 Japanese corporations so have experienced first-hand the changes in CG in both countries. Both governance structure and its implementation/operation are key for effective CG. In Japan, CG has been enhanced by the provision of more options for governance structure and by introducing the CG Code for its effective operation. This is the first time for me to work as an outside director of a financial institution, so I am now in a learning mode. A crucial role for an outside director in a Japanese company is to introduce benchmarks from outside to avoid management that “appears to be common sense by those in the company but appears devoid of common sense when viewed from outside.” Based on my 30-year experience engaged in the business strategies of various global companies and in human capital consulting, I have found that providing benchmarks from other companies is critical for Japanese companies because their top management often has experience working in only one company. In the midst of a drastically changing world environment including in the financial industry, I will do my best to maximize the bank’s corporate value by supervising the execution of offensive and defensive strategies from the perspective of our shareholders.

Number of years served as director	—
Board Meeting Attendance (FY2021)	—
Number of Bank's shares Owned by Candidate	—

- Reason for nomination as a candidate for director and expected roles

Ms. Sakie Tachibana Fukushima has served as Representative Director and President, and then Chairman of Korn/Ferry Japan. She has also served as outside director of many Japanese listed companies and she has wealth of experience, credentials and deep insight as a top management of corporate institutions, as well as extensive knowledge of the management of global human resources and corporate governance.

The Bank, having high regard for her experience and capabilities, requests an appointment as Outside Director candidate, as the Bank expects her to provide overall oversight and advice on the execution of duties by executive officers, with an objective viewpoint, toward the enhancement of the Bank's corporate value over the mid- to long-term.

- Matters concerning interests and independence

There are no other particular business related interests between Ms. Fukushima and the Bank. Ms. Fukushima is nominated as Outside Director and also as Independent Director in accordance with the requirements of the Tokyo Stock Exchange, Inc.

- Matters concerning Limited Liability contract and Directors and Officers liability insurance contract

In case this proposal is approved and resolved, and she assumes the position of Outside Director, the Bank will enter into an agreement with Ms. Fukushima regarding the liability limit stipulated in Paragraph 1 - Article 423 of the Companies Act, pursuant to Paragraph 1 - Article 427, which is stating that in case of "bona fides without any significant delinquency", the amount of the liability limit is in accordance with the amount stipulated in Paragraph 1 - Article 425.

In case this proposal is approved and resolved, and Ms. Fukushima assumes the position of Outside Director, she will be included as an insured party of the directors and officers liability insurance contract as stipulated in Article 430-3, paragraph (1) of the Companies Act, that the Bank has executed with insurance companies. The said contract covers compensations for damages and legal dispute fees that an insured party may incur due to claims for damages caused by the insured parties' acts (including failure to act) based on their positions as directors and officers, and the Bank has assumed the costs of insurance premiums in full for all of the insured parties with respect to this insurance contract. The Bank plans to renew the said insurance contract under the same terms and conditions during her term of office.

(Note) The family register name of Sakie Tachibana Fukushima is Sakie Tachibana.

Proposal No.3 Appointment of One Audit & Supervisory Board Member

At the close of this Ordinary General Meeting of Shareholders, the term of office of Audit & Supervisory Board Member Mr. Satoshi Hashiguchi shall expire. This is to propose, therefore, One Audit & Supervisory Board Member to be elected, with the consent of the Audit & Supervisory Board.

Candidate is shown below.

Candidate for Audit & Supervisory Board Member

Satoshi Hashiguchi

61 years old
(Date of birth: June 9, 1961)

For reappointment

Inside



▪ Brief Personal History, Positions and Concurrent Major Posts

Apr. 1984	The Nippon Credit Bank, Ltd.(currently Aozora Bank, Ltd.)
Nov. 2002	Joint General Manager of Financial Engineering Division
Apr. 2004	Joint General Manager of Treasury Division
Apr. 2006	General Manager of Securities Investment Division
Apr. 2008	Joint General Manager of Fund Investment Division
Apr. 2009	General Manager Treasury Funding Division
Aug. 2010	General Manager of Financial Institutions Division I
Oct. 2011	General Manager of Nagoya Branch
Oct. 2013	General Manager of Internal Audit Division
June 2018	Standing Audit & Supervisory Board Member(current)

| Number of years served as Audit & Supervisory Board Member 4years
(At the close of this Ordinary General Meeting of Shareholders)

| The meetings of the Audit & Supervisory Board attendance (FY 2021) Attended all 13 meetings of the Audit & Supervisory Board during the relevant fiscal year
Attended all 15 Board meetings during the relevant fiscal year

| Number of Bank's shares Owned by Candidate 1,766
The above states the sum of the shares held directly by the candidate and includes shares held through the Executive Stock Ownership Plan (ESOP). (Fractional shares are rounded off.)

▪ Reason for nomination as a candidate for Audit & Supervisory Board Member

Mr. Satoshi Hashiguchi has been engaged in a variety of businesses such as corporate banking, financial management and market operations and he made a considerable contribution to the Bank as a General Manager of Internal Audit Division. The Bank believes he is an adequate candidate because he has experience in verifying internal control from an objective standpoint independent of business execution as a General Manager of Internal Audit Division.

▪ Matters concerning interests

There are no other particular business related interests between Mr. Hashiguchi and the Bank.

▪ Matters concerning Limited Liability contract and Directors and Officers liability insurance contract

The Bank has an agreement with Mr. Hashiguchi regarding the liability limit stipulated in Paragraph 1 - Article 423 of the Companies Act, pursuant to Paragraph 1 - Article 427, which is stating that in case of "bona fides without any significant delinquency", the amount of the liability limit is in accordance with the amount stipulated in Paragraph 1 - Article 425. In case this proposal is approved and resolved, and he assumes the position of Standing Audit & Supervisory Board Member, this agreement continues to be effective.

Mr. Hashiguchi is currently a Standing Audit & Supervisory Board Member, and the Bank has entered into a directors and officers liability insurance contract with insurance companies as stipulated in Article 430-3, paragraph (1) of the Companies Act, in which he is included as an insured party. The said contract covers compensations for damages and legal dispute fees that an insured party may incur due to claims for damages caused by the insured parties' acts (including failure to act) based on their positions as directors and officers, and the Bank has assumed the costs of insurance premiums in full for all of the insured parties with respect to this insurance contract. In case this proposal is approved and resolved, and he assumes the position of Standing Audit & Supervisory Board Member, he will be included as an insured party. The bank plans to renew the said insurance contract under the same terms and conditions during his term of office.

Proposal No.4 Appointment of Two Alternate Audit & Supervisory Board Members

In order to prepare for a vacancy in the number of Audit & Supervisory Board Members as required by law, it is proposed to appoint two alternate Audit & Supervisory Board Members, with the consent of the Audit & Supervisory Board.

Mr. Harutoshi Yoshimura is the candidate for a substitute to the Standing Audit & Supervisory Board Member and Mr. Mitch R. Fulscher is the candidate for a substitute to the Audit & Supervisory Board Members other than the Standing Audit & Supervisory Board Member.

The candidates are shown below.

Candidates for Alternate Audit & Supervisory Board Member

Candidate No

1

Harutoshi Yoshimura

57 years old
(Date of birth: April 17, 1965)

Inside



▪ Brief Personal History, Positions and Concurrent Major Posts

Apr. 1989	The Nippon Credit Bank, Ltd. (currently Aozora Bank, Ltd.)
July 2009	Joint General Manager, Financial Institutions Management Division
Aug. 2011	Deputy General manager, Takamatsu Branch
Aug. 2013	General Manager, Takamatsu Branch
July 2016	General Manager, Public Institutions Division
June 2018	General Manager, Financial Institutions Division I
July 2021	General Manager of Office of Audit & Supervisory Board (current)

| Number of Bank's shares Owned by 411
Candidate

The above states the sum of the shares held directly by the candidate and includes shares held through the Employee Stock Ownership Plan (ESOP). (Fractional shares are rounded off.)

▪ Reason for nomination as a candidate for Alternate Audit & Supervisory Board Member

Mr. Harutoshi Yoshimura is qualified for the responsibilities of a Standing Audit & Supervisory Board Member and is the candidate for alternate Standing Audit & Supervisory Board Member because he has enough experience and knowledge in the banking business.

▪ Matters concerning interests

There are no other particular business related interests between Mr. Yoshimura and the Bank. The Bank will enter into contracts with Mr. Yoshimura to the effect that, if he is without knowledge and is not grossly negligent in performing the duties of Audit & Supervisory Board Member, the liabilities of the Audit & Supervisory Board Member under Paragraph 1 - Article 423 of the Companies Act shall be limited to the amount stipulated by Paragraph 1 - Article 425 of the Companies Act in accordance with the provisions of Paragraph 1 - Article 427 of the Companies Act.

Once Mr. Yoshimura assumes his office as an Audit & Supervisory Board Members, he will be included as an insured party of the directors and officers liability insurance contract as stipulated in Article 430-3, paragraph (1) of the Companies Act, that the Bank has executed with insurance companies. The said contract covers compensations for damages and legal dispute fees that an insured party may incur due to claims for damages caused by the insured parties' acts (including failure to act) based on their positions as directors and officers, and the Bank has assumed the costs of insurance premiums in full for all of the insured parties with respect to this insurance contract. The Bank expects that the relevant insurance contract will be updated without amendment of its detail, regardless of his assumption.

Candidate No

2

Mitch R. Fulscher

80 years old
(Date of birth: August 18, 1941)

Outside



▪ Brief Personal History, Positions and Concurrent Major Posts

1963	ARTHUR ANDERSEN (Chicago)
1969	ARTHUR ANDERSEN (Chicago), Audit Manager
1974	ARTHUR ANDERSEN (Chicago), Audit Partner
1986	ARTHUR ANDERSEN (Tokyo), Managing Partner
1991	ARTHUR ANDERSEN (Los Angeles), Partner
1997	KPMG AZSA LLC (formerly Asahi & Co.), US GAAP Expert
1998	Futures Industry Association Japan, Chairman
2002	MELAMED & ASSOCIATES, Japan Representative
2003	PROTIVITI JAPAN, Senior Advisor
June 2004	Aozora Bank, Ltd., Outside ASB Member
2004	Showa Jisho, Outside Auditor
2012	Retired as Showa Jisho, Outside Auditor
2014	Futures Industry Association Japan, President and Representative Director
2015	Futures Industry Association Japan, Advisor to Executive Committee, Chairman Emeritus (current)

| Number of Bank's shares Owned by 4,800
Candidate

The above states the sum of the shares held directly by the candidate and includes shares held through the Executive Stock Ownership Plan (ESOP). (Fractional shares are rounded off.)

▪ Reason for nomination as a candidate for Alternate Audit & Supervisory Board Member

Mr. Mitch R. Fulscher is qualified for the responsibilities of an outside Audit & Supervisory Board Member and is the candidate for alternate outside Audit & Supervisory Board Member because he is expected to contribute to the Bank's management from the following background: Holding a U.S. CPA, he has extensive experience, achievements and specialized knowledge as an accounting specialist and is independent from the day-to-day management responsibilities for the bank's operations and activities.

▪ Matters concerning interests and independence

There are no other particular business related interests between Mr. Fulscher and the Bank. Mr. Fulscher is the candidate for alternate outside Audit & Supervisory Board Member, so when he assumes the office of Audit & Supervisory Board Member, he is the candidate for independent Audit & Supervisory Member in accordance with the requirements of the Tokyo Stock Exchange, Inc.

When Mr. Fulscher assumes the office of Audit & Supervisory Board Member, the Bank will enter into a contract with him to the effect that, if he is without knowledge and is not grossly negligent in performing the duties of Audit & Supervisory Board Member, the liabilities of the Audit & Supervisory Board Member under Paragraph 1 - Article 423 of the Companies Act shall be limited to the amount stipulated by Paragraph 1 - Article 425 of the Companies Act in accordance with the provisions of Paragraph 1 - Article 427 of the Companies Act.












Once Mr. Fulscher assumes his office as an Audit & Supervisory Board Members, he will be included as an insured party of the directors and officers liability insurance contract as stipulated in Article 430-3, paragraph (1) of the Companies Act, that the Bank has executed with insurance companies. The said contract covers compensations for damages and legal dispute fees that an insured party may incur due to claims for damages caused by the insured parties' acts (including failure to act) based on their positions as directors and officers, and the Bank has assumed the costs of insurance premiums in full for all of the insured parties with respect to this insurance contract. The Bank expects that the relevant insurance contract will be updated without amendment of its detail, regardless of his assumption.

End

Note 1

Skill and Expertise of Directors and Audit & Supervisory Board Members

Upon approval of Proposal 2 and 3 following the close of this year's General Meeting of Shareholders, the Bank plans to appoint the following Directors and Audit & Supervisory Board Members (to be decided at the Board of Director's Meeting following the close of this year's General Meeting of Shareholders).

		Committee to which the candidate is planned to belong	
		Nomination and Remuneration Committee	Audit & Compliance Committee
Inside Director	Kei Tanikawa 	○	
	Koji Yamakoshi 		
	Hideto Oomi 		
	Tomomi Akutagawa 		
Outside Director	Hiroyuki Mizuta 		○ Chairperson
	Ippei Murakami 		○
	Tomonori Ito 	○ Chairperson	
	Sakie Tachibana Fukushima 	○	
Inside Board Member	Satoshi Hashiguchi 		Observer
Outside Board Member	Kiyoto Hagiwara 		Observer
	Toraki Inoue 		Observer

* Not all of the expertise that each Director or Audit & Supervisory Board Member possesses

Expertise of Directors and Audit & Supervisory Board Members						
Corporate management	Banking and finance	Financial accounting	Legal, Compliance/Risk Management	Global Affairs	IT/DX	Sustainability
<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>			
	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>		
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<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		

<Basic Policy for Nominating Directors and Audit & Supervisory Board Member Candidates>

In order to realize Aozora's basic corporate governance policy, the Bank has established the following basic guidelines for nominating directors and Audit & Supervisory Board members.

Basic Guidelines for Nominating Director Candidates

Candidates should:

1. Possess substantial management knowledge and expertise
2. Have superior insight, be able to make management decisions and exercise sound judgment
3. Be committed to the duties of director
4. Be able to earn the trust of the Bank's stakeholders, including shareholders
5. In the case of outside directors, be able to conduct management oversight and offer appropriate advice

Basic Guidelines for Nominating Audit & Supervisory Board Member Candidates

Candidates should:

1. Possess substantial management knowledge and expertise
2. Have knowledge of fundamental rules and regulations related to financial and banking businesses, as well as finance and accounting
3. Be fair, impartial, and able to perform duties from an independent standpoint
4. Be able to earn the trust of the Bank's stakeholders
5. Have the ability to communicate effectively with shareholders, the Board of Directors, and senior management to ensure management soundness and transparency

<Procedure for Nominating Directors >

The Nomination & Remuneration Committee, of which the majority comprises outside directors, deliberates on the nomination of director candidates and makes recommendations to the Board of Directors.

The Board of Directors determines whether or not to accept the recommendations of the Nomination & Remuneration Committee for nominating Directors in accordance with the basic guidelines for such nomination or appointment.

<Procedure for Nominating Audit & Supervisory Board Members>

The Nomination & Remuneration Committee, of which the majority comprises outside directors, deliberates on the nomination of Audit & Supervisory Board candidates and makes recommendations to the Board of Directors, taking into consideration the views of the Audit & Supervisory Board.

The Board of Directors determines whether or not to accept the recommendations of the Nomination & Remuneration Committee with the consent of the Audit & Supervisory Board in accordance with the relevant basic guidelines.

The above is an excerpt from the Bank's "Corporate Governance Report" hosted on the Tokyo Stock Exchange website.

Independence Criteria for Outside Directors and Outside Audit & Supervisory Board Members

Outside Directors, Outside Audit & Supervisory Board Members and its candidates who does not fall under any of the following categories shall deemed to be independent.

1. (1) A person who currently is, or has been during the last ten years prior to his/her appointment, an Executive (Executive Director, Executive Officer or other employee) of the Bank or its subsidiaries.

(2) A person who had served as a Director, Accounting Advisor and/or Audit and Supervisory Board Member (excluding a person who served as an Executive) of the Bank or its subsidiaries at some time during the 10 years prior to his/her appointment, had also served as an Executive of the Bank or its subsidiaries in the 10 years prior to his/her appointment as such Director, Accounting Advisor and/or Audit and Supervisory Board Member.
2. A person who is a major business partner (2% or more of consolidated net revenue of the Bank or consolidated net sales of the said major business partner) or an Executive thereof of the Bank or its subsidiaries.
3. A consultant, accounting expert and/or legal expert, who has received large amounts of money or other assets (more than an average of JPY 10 million per year over the last three years) from the Bank or its subsidiaries in addition to any compensation received as a director/an Audit & Supervisory Board Member, and/or a person who belongs to a consulting firm, accounting firm and/or legal firm, etc. which has received large amounts of money or other assets (2% or more of consolidated sale revenue of the said firm) from the Bank or its subsidiaries.
4. A person who has been any of the following (1) to (3) during the last ten years prior to his/her appointment.
 - (1) A person who has been an Executive and/or non-executive director of the parent company of the Bank
 - (2) An Audit & Supervisory Board Member of the parent company of the Bank (limited to cases when the Audit & Supervisory Board Member shall be designated as Independent)
 - (3) A person who has been an Executive of fellow subsidiaries of the Bank
5. A person who has “recently” fallen under any of 1 through 4 above. (“recently” means where a time can be deemed to be substantively the same as the present. For example, a person is not independent if that person was a major business partner at the time when a matters to be proposed to the shareholders meeting regarding his/her appointment was decided.)
6. A close relative (a spouse or family member within the second degree of kinship, excluding those who is not an “important person”) falls under any of 1 through 5 above. (“important person” means, for example, an executive officer/manager-level employee of a company, and in the case of 3 above, a holder of professional qualification such as a Certified Public Accountant and Attorney-at-Law)
In the case of 1 above, those who fall under each item at present.

Business Report

- Fiscal Year 2021 -

(April 1, 2021 — March 31, 2022)

1. Current Status of the Bank

(1) Business Developments and Results of the Corporate Group [Financial and Economic Environment]

The domestic economy in FY2021 faced considerable negative affects throughout the year amidst the COVID-19 pandemic, while recovery trends continued overall and the export, mining and manufacturing industries improved in particular against the backdrop of the global economic recovery. However, service industries continued to endure difficult operating conditions as the Japanese government declared the implementation of priority measures, such as for prevention of the spread of disease. In the U.S., the overall economic recovery was more observable as a result of a normalization in economic conditions along with continued progress in COVID-19 vaccination rates. At the beginning of the year, new inflationary pressures were observed across a broader range of goods such as rents and other service prices in addition to the earlier rise in goods prices which were mainly the result of supply constraints and disruptions.

In Japan, the long-term interest rate (10-year Treasury yield) fluctuated between 0% and 0.1% from April to December, subsequently increasing to 0.25% after the beginning of the year due to the rise in long-term U.S. interest rates and rising inflationary expectations. The Nikkei, after breaking 30,000 in September, pulled back and then further declined after the beginning of the year. The Nikkei temporarily fell below 25,000 in early March due to a sharp rise in energy prices as a result of the conflict in Ukraine since late February, while rose to around 28,000 at the end of the fiscal year. The Japanese yen remained in a relatively narrow range around 110 yen in the first half of the fiscal year, however moved around 115 yen after the beginning of the year due to factors such as rising U.S. interest rates. Since mid-March, the yen has rapidly weakened against the dollar, reaching the mid-120 yen range at the end of the fiscal year. In the United States, the long-term interest rate (10-year Treasury yield) remained relatively stable in the mid-1% range from April to December, while rose from the mid-1% range to 2.0% after the beginning of the year as inflation accelerated and the Fed tightened its monetary policy. The U.S. stock market was relatively strong, with the Dow Jones Industrial Average reaching the high 36,000 level at the beginning of the year. However, in the face of a tighter Fed policy, the conflict in Ukraine, and higher energy prices, the market declined faster in the second half of February, temporarily falling below 33,000, and then recovered to the 35,000 level by the end of the fiscal year.

[Main Business Activities of the Corporate Group]

Aozora Bank Group consists of Aozora Bank, 25 consolidated subsidiaries and 1 affiliated company accounted for using the equity method that provide a variety of financial services, such as financial instruments, trust, investment management, investment advisory, M&A advisory services and venture capital investment, in addition to our primary banking business, and distressed loan servicing.

[Analysis of Operating Results and Financial Conditions]
The results of Aozora Group for FY2021 are as follows.

(i) Operating Results

(Unit: JPY 100 million)

Net revenue	1,030
Change from FY2020	+64

Profit attributable to owners of parent	350
Change from FY2020	+60

Business profit	478
Change from FY2020	+51

Full-year dividend per common share	149 yen
4Q dividend	45.00 yen

(Unit: JPY 100 million)

	FY2020	FY2021	Change
Net revenue ※1	965	1,030	64
Net interest income	500	516	15
Net fees and commissions	124	140	15
Net gain on trading account transactions	134	166	32
Gains (losses) on bond transactions	81	45	(36)
Net other ordinary income excluding gains (losses) on bond transactions	124	162	38
General and administrative expenses	(549)	(577)	(28)
Gains (losses) on equity method investments	11	26	15
Business profit ※2	426	478	51
Credit-related expenses	(43)	(37)	6
Gains (losses) on stock transactions	23	20	(3)
Other	(17)	1	18
Ordinary profit	389	462	73
Extraordinary profit (loss)	(0)	(3)	(3)
Profit before income taxes	389	459	69
Total income taxes	(122)	(129)	(7)
Profit	267	330	62
Loss attributable to non-controlling interests	22	19	(2)
Profit attributable to owners of parent	289	350	60

※1 Net revenue = (Interest income – Interest expenses)

+ (Trust fees + Fees and commissions - Fees and commissions payments)
+ (Gain on trading account transactions - Loss on trading account transactions)
+ (Other ordinary income - Other ordinary expenses)

※2 Business profit = Net revenue - General and administrative expenses

+ Gains (losses) on equity method investments

※3 Regardless of nature of accounts, income or profits are shown as positive and expenses or losses are shown as negative amount on the table above.

For FY2021, net revenue was 103.0 billion yen, an increase of 6.4 billion yen year-on-year, and business profit was 47.8 billion yen, an increase of 5.1 billion yen. Profit attributable to owners of parent was 35.0 billion yen, an increase of 6.0 billion yen.

Net interest income was 51.6 billion yen, an increase of 1.5 billion yen year-on-year mainly due to higher loan outstandings.

Non-interest income was 51.3 billion yen, an increase of 4.9 billion yen year-on-year. Customer-related business revenue, such as loan fees, gains from limited partnerships, and earnings from investment product sales to retail customers, were strong throughout the fiscal year.

General and administrative expenses were 57.7 billion yen, an increase of 2.8 billion yen. Personnel expenses increased due to the hiring of additional staff in the Bank's business areas of focus, and IT-related expenses increased mainly for cybersecurity, infrastructure development, and compliance regulations related to the Bank's market operations.

Gains/losses on equity method investments were a net gain of 2.6 billion yen.

Consolidated business profit was 47.8 billion yen, an increase of 5.1 billion yen.

Credit-related expenses were a net expense of 3.7 billion yen, as compared to a net expense of 4.3 billion yen in FY2020. Gains/losses on stock transactions were a gain of 2.0 billion yen. Ordinary profit were 46.2 billion yen, an increase of 7.3 billion yen year-on-year, and profit before income taxes were 45.9 billion yen, an increase of 6.9 billion yen year-on-year.

Total income taxes (corporation tax, resident tax, business tax and deferred income taxes) were a net expense of 12.9 billion yen.

As a result of the above factors, profit attributable to owners of parent was 35.0 billion yen, an increase of 6.0 billion yen year-on-year. Net income per share (basic) was 299.81 yen, as compared to 248.27 yen per share (basic) in FY2020.

For this fiscal year the Bank has decided to pay a full-year dividend per common share of 149 yen.

Profit/loss by segment

(Unit: JPY 100 million)

	FY2020	FY2021	Change
Retail Banking Group	(25)	(7)	18
Institutional Banking Group	117	158	40
Allied Banking Group	22	10	(12)
Specialty Finance Group	125	118	(7)
International Finance Group	51	87	35
Financial Markets Group	255	210	(44)

The Bank has classified its Group's business operations into business groups based upon the nature of the customers served and products offered: Retail Banking Group, Institutional Banking Group, Allied Banking Group, Specialty Finance Group, International Finance Group, and Financial Markets Group. The Bank has designated these business groups as operating segments and reportable segments for the purpose of the disclosures contained herein.

Profit/loss by segment for FY2021 is calculated as net revenue general and administrative expenses plus gains/losses on equity method investments by each segment.

In response to changes in the overall business environment as well as the Bank's financing structure, the Bank changed its methods for calculating the profits and losses of reportable segments starting in FY2021. Profit/loss by segment for FY2020 is calculated based on the updated methods.

(ii) Financial Conditions

Total assets were 6,728.6 billion yen as of March 31, 2022, an increase of 811.7 billion yen, compared to March 31, 2021.

Loans and bills discounted were 3,317.1 billion yen, an increase of 368.3 billion yen from March 31, 2021. Domestic loans increased 192.9 billion yen and overseas loans increased 175.3 billion yen. Securities increased by 84.8 billion yen from March 31, 2021, to 1,478.1 billion yen.

Total liabilities were 6,241.3 billion yen, an increase of 814.5 billion yen compared to March 31, 2021. Total core funding (deposits, negotiable certificates of deposit and bonds payable) was 5,040.5 billion yen, an increase of 829.6 billion yen from March 31, 2021.

Total equity was 487.2 billion yen, a decrease of 2.7 billion yen from March 31, 2021. Net assets per common share were 4,222.79 yen, as compared to 4,233.53 yen per common share as of March 31, 2021.

[Management Policy, Management Environment and Challenges to be Addressed, etc.]

Aozora Group’s management policy, management environment and challenges to be addressed are described below. The matters regarding the future in the text are judgments by Aozora as of the end of the current fiscal year.

The following (i) Management Philosophy and (ii) Business Plan are excerpts from the Bank’s news release “Aozora Announces New Mid-term Plan, AOZORA 2022” published in May 2020:

(i) Management Philosophy

Aozora Mission

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

Aozora Vision

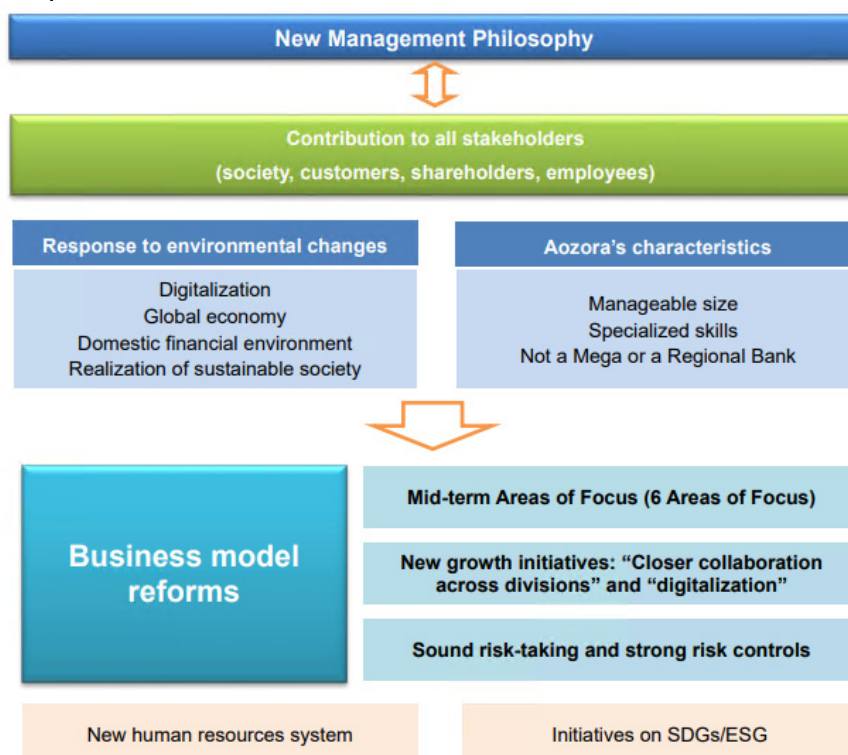
- Adapt to a rapidly changing world while remaining a trusted, valued and specialized financial service provider

Aozora's Key Priorities

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

(ii) Business Plan

(1) General picture of AOZORA 2022



<Mid-term areas of focus (6 Areas of Focus)>

Retail Banking	Corporate Finance	Financial Institutions
Specialized consulting and integrated financial services for retail customers	Established position as the key player in restructuring business such as M&A and buyout finance	Contribution to the revitalization of local economy by solving the management issues of regional financial institutions
Specialty Finance	International	Financial Markets
Expanded specialty finance by capitalizing on high-level expertise in real estate and business recovery finance	Enhanced capacity for flexibly controlling the portfolio by forming a seamless monitoring framework on a global scale	Better capability for risk-hedging sales and product development, establishment of the portfolio resistant to market fluctuation

<New growth initiatives: “Closer collaboration across divisions” and “digitalization”>

- Active support for corporate customers
- Enhanced consulting services for retail customers
- Provision of solutions to financial institutions
- Support for FinTech-related businesses in collaboration with GMO Aozora Net Bank (GANB)

(2) Mid-Term Plan targets

Earnings targets

Under the Mid-Term Plan, Aozora will focus on the further development of its core business model’s “6 Areas of Focus” as well as new growth initiatives. For FY2022, the final year of the plan, Aozora will aim to exceed the FY2019 earnings level.

In light of uncertain conditions, annual earnings targets will be communicated at the beginning of each fiscal year.

KPIs targets

The table below shows our KPIs (Key Performance Indicator) targets over the Mid-Term Plan period. Aozora aims for stable and sustainable growth while maintaining efficiency as one of its key strengths.

Key Performance Indicators (KPIs)	Mid-Term Plan Targets (FY2020-2022)
Overhead Ratio (OHR)	Below 55%
Business Profit* ROA	1%
ROE	8% or higher

* Including gains/losses on equity method investments

(3) Capital and dividend policies

To enhance our sustainable corporate value, Aozora has created and adheres to a capital and dividend policy which aims to maintain a proper balance among “stable shareholder returns”, “strategic investments” and “financial strength.”

Equity capital

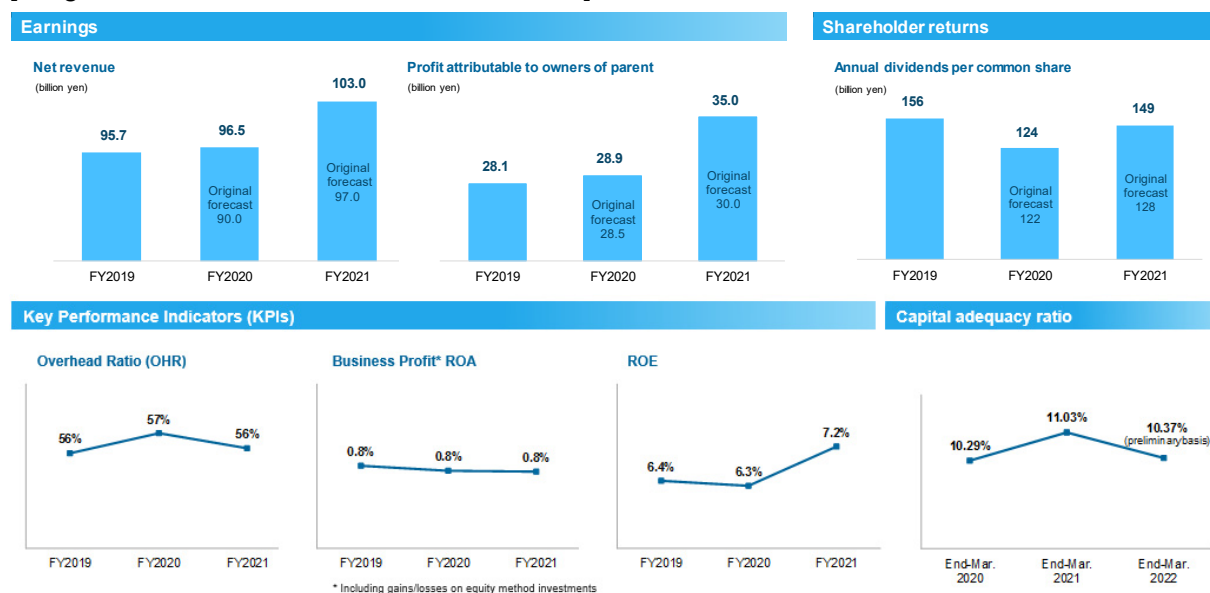
Aozora’s capital adequacy ratio (domestic standard) targets are 9% on a full implementation of the Basel III basis and 9.5% on an operational basis.

Shareholder returns

Management’s intent is to deliver a cash dividend with a target payout ratio of 50%. Dividend payments will continue to be made on a quarterly basis.

(iii) Challenges to be Addressed, etc.

[Progress of Mid-term Plan “AOZORA 2022”]



<Progress of Aozora’s Sustainability Targets>

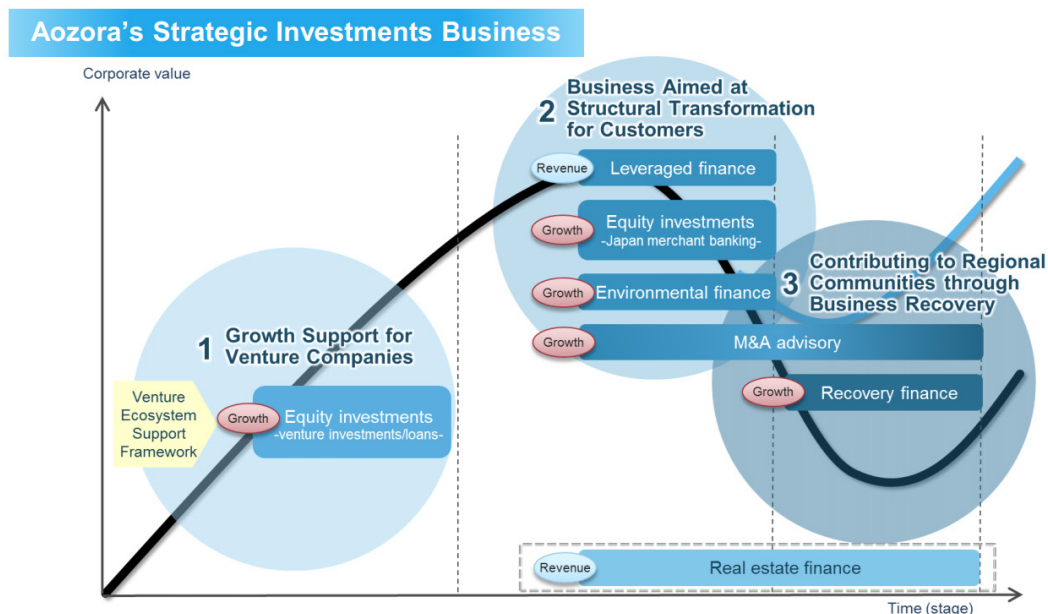
The Bank announced the establishment of Aozora’s Sustainability Targets in September 2021 as common goals for all of its business and support groups. In FY2021, the initial year of implementing these targets, our progress was encouraging, as shown below. We will make further efforts to achieve these targets across the Group. The progress and achievement of these targets are key factors in our qualitative evaluations to determine the performance and remuneration of executive officers.

Promoting Aozora’s Strategic Investments Business Realizing “Financial Inclusion”	Promoting Innovation																							
<p>◆ Growth Support for Venture Companies</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>FY2021-FY2030 Targets</th> <th>FY2021 Results</th> </tr> </thead> <tbody> <tr> <td>Number of Venture-related Investments:</td> <td style="text-align: center;">100 transactions</td> <td style="text-align: center;">12</td> </tr> <tr> <td>GMO Aozora Net Bank Small businesses & start-ups:</td> <td style="text-align: center;">200,000 account openings</td> <td style="text-align: center;">23,600 (approx.)</td> </tr> </tbody> </table> <p>◆ Contributing to Regional Communities through Business Recovery</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>FY2021-FY2025 Targets</th> <th>FY2021 Results</th> </tr> </thead> <tbody> <tr> <td>Number of Business Recovery Fund-based transactions:</td> <td style="text-align: center;">100 transactions</td> <td style="text-align: center;">21</td> </tr> </tbody> </table>			FY2021-FY2030 Targets	FY2021 Results	Number of Venture-related Investments:	100 transactions	12	GMO Aozora Net Bank Small businesses & start-ups:	200,000 account openings	23,600 (approx.)		FY2021-FY2025 Targets	FY2021 Results	Number of Business Recovery Fund-based transactions:	100 transactions	21								
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<p style="text-align: center;">Promoting “Industrial Transition”</p> <p>◆ Investments Designed to Support Structural Transformation</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>FY2021-FY2025 Targets</th> <th>FY2021 Results</th> </tr> </thead> <tbody> <tr> <td>Number of equity investments with a primary focus on engagement:</td> <td style="text-align: center;">100 transactions</td> <td style="text-align: center;">33</td> </tr> </tbody> </table>			FY2021-FY2025 Targets	FY2021 Results	Number of equity investments with a primary focus on engagement:	100 transactions	33																	
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Response to Climate Change Environmental Protection																								
<p>◆ Sustainable Financing Amount</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>FY2021-FY2030 Targets</th> <th>FY2021 Results</th> </tr> </thead> <tbody> <tr> <td>Total:</td> <td style="text-align: center;">1 trillion yen</td> <td style="text-align: center;">148.5 billion yen</td> </tr> <tr> <td>Includes Environmental Financing of</td> <td style="text-align: center;">700 billion yen</td> <td style="text-align: center;">137.7 billion yen</td> </tr> </tbody> </table> <p>◆ CO2 Emissions as a Business Entity</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>By FY2030 Targets</th> <th>By FY2050* Targets</th> <th>FY2021 Results</th> </tr> </thead> <tbody> <tr> <td></td> <td style="text-align: center;">↓ 50% reduction (compared to FY2020)</td> <td style="text-align: center;">0 (net zero) *Or as early as possible</td> <td style="text-align: center;">To be disclosed in the Annual Report (late August)</td> </tr> </tbody> </table> <p>◆ Amount of Project Financing for Coal-fired Power Plants</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>By FY2040 Targets</th> <th>As of March 31, 2022</th> </tr> </thead> <tbody> <tr> <td></td> <td style="text-align: center;">0 (zero)</td> <td style="text-align: center;">29.2 billion yen</td> </tr> </tbody> </table>			FY2021-FY2030 Targets	FY2021 Results	Total:	1 trillion yen	148.5 billion yen	Includes Environmental Financing of	700 billion yen	137.7 billion yen		By FY2030 Targets	By FY2050* Targets	FY2021 Results		↓ 50% reduction (compared to FY2020)	0 (net zero) *Or as early as possible	To be disclosed in the Annual Report (late August)		By FY2040 Targets	As of March 31, 2022		0 (zero)	29.2 billion yen
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	0 (zero)	29.2 billion yen																						
Protecting and Providing for the Next Generation Life Satisfaction																								
<p>◆ Business/Asset Succession Consulting</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>FY2021-FY2025 Targets</th> <th>FY2021 Results</th> </tr> </thead> <tbody> <tr> <td>Number of Consulting contracts:</td> <td style="text-align: center;">1,800</td> <td style="text-align: center;">314</td> </tr> </tbody> </table>			FY2021-FY2025 Targets	FY2021 Results	Number of Consulting contracts:	1,800	314																	
	FY2021-FY2025 Targets	FY2021 Results																						
Number of Consulting contracts:	1,800	314																						

[FY2022 Key Initiatives]

1. Laying the foundations for Aozora’s Strategic Investments Business

- Laying the foundations for Aozora’s Strategic Investments Business in the final year of the “AOZORA 2022”
- Ongoing focus on leveraged finance and real estate finance as key sources of revenue
- Equity investments, environmental finance, recovery finance and M&A advisory as growth businesses



■ Leveraged finance

M&A needs are expanding from major corporations to regional mid-sized companies and SMEs on the back of the accelerating trend towards corporate structural transformation. As such, we will strengthen our organizational proposal capability for domestic LBO finance in order to flexibly respond to market needs, including proposals for various a wide variety of structured finance through Aozora’s Strategic Investments Business.

For overseas corporate finance, we will ensure an operational structure flexibly responding to environmental change by continuing our focus on risk diversification and maintaining/improving the credit quality of our portfolio amid heightened concerns regarding geopolitical risks and inflation.

■ Real estate finance

Aozora maintains its disciplined and selective approach towards domestic real estate finance by leveraging its financial expertise and proven track record established over many years. We intend to proactively originate real estate-related sustainable finance, including financing for green buildings.

For overseas real estate finance, we will take a disciplined and selective approach towards the U.S. real estate finance market amid ongoing concerns about the risks associated with rising interest rates, while the market continues to recover.

■ Equity investment

Amid the current historic turning point for the industrial structure, Aozora strives to support customers in their growth and business recovery by leveraging its experience and expertise in investments ranging from debt to equity finance. We will promote equity investments with a primary focus on engagement, in pursuit of achieving sustainable growth in tandem with our customers, through risk taking, dialogue with senior management and problem-solving proposals as a financial partner with a deep understanding of our customers' business.

In our investments and loans to venture companies, we will provide assistance that contributes to the mid- to long-term enhancement of their corporate value through Aozora's Venture Ecosystem Support Framework, our venture company support service that utilizes Aozora's network.

■ Environmental finance

The Bank has arranged financing for multiple renewable energy power plants in Japan since 2012. In January 2022, Aozora established the Infrastructure and Environment Finance Division by consolidating related domestic and overseas divisions/groups. We will proactively expand environmental financing, including financing for renewable energy projects and the transition of existing power-generating facilities to renewable sources, and explore new innovative areas by leveraging our knowledge and experience domestically and overseas.

■ Recovery finance

Aozora intends to respond to the restructuring finance needs of our corporate and regional financial institution customers as well as recovery finance needs for assets adversely impacted by the COVID-19 pandemic. We will strive to establish our position as a leading domestic player in recovery finance by collaborating with our group company Aozora Loan Services.

■ M&A advisory

ABN Advisors, a group company of Aozora, will focus on business succession-related M&A advisory services, while the Bank remains focused on medium-sized domestic and overseas markets. We intend to focus on cross-border M&A projects, particularly related to Vietnam by collaborating with Orient Commercial Joint Stock Bank (OCB), our local business and capital partner.

<Customer network>

We will expand the customer network for our retail and regional financial institution customers as a way to quickly provide advanced financial services provided by our business groups.

◇ Network of regional financial institutions

We utilize our nation-wide network of regional financial institutions as the common customer platform across the Aozora Group with a view to developing a wide range of business areas. Through our Regional Finance Partner Bank Task Force, we will provide various services, including business recovery/restructuring/succession and M&A support, securities investment and risk management support as well as retail business support regarding asset management.

◇ Retail customers

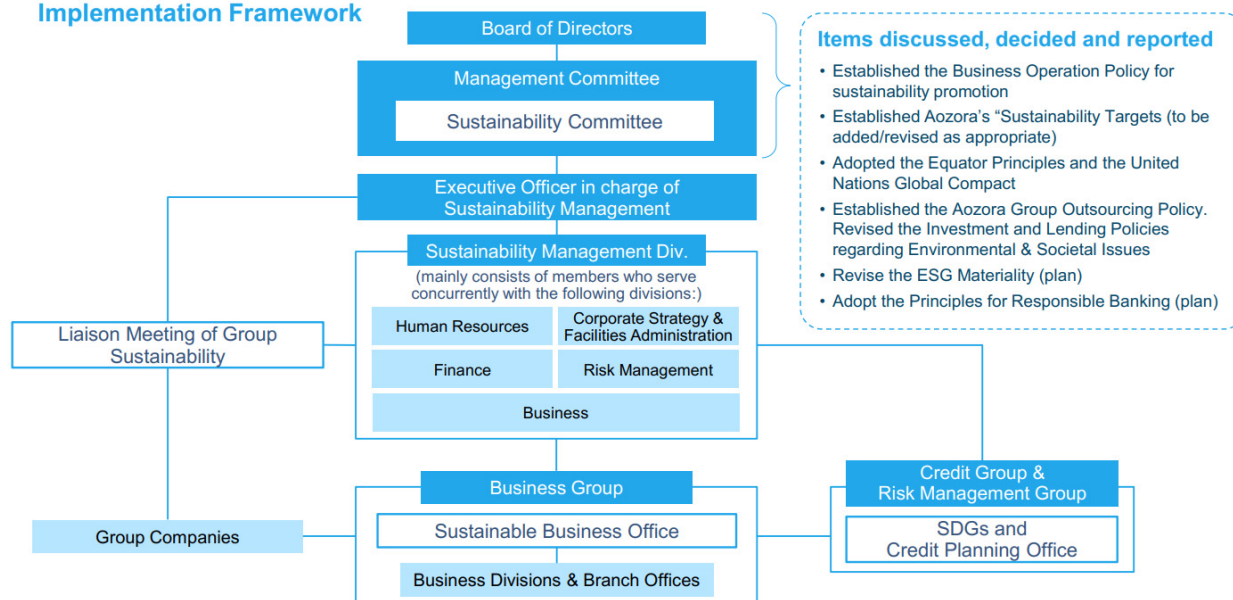
Through our platform for our retail customers, Aozora provides solutions to the diverse needs of SMEs, small business owners and affluent individuals. By combining our traditional branches located throughout Japan and smartphone banking app BANK™, we strive to realize convenient and comprehensive financial services through specialized consulting services at our branches and the BANK™ app.

2. Sustainability Initiatives

<Sustainability initiatives>

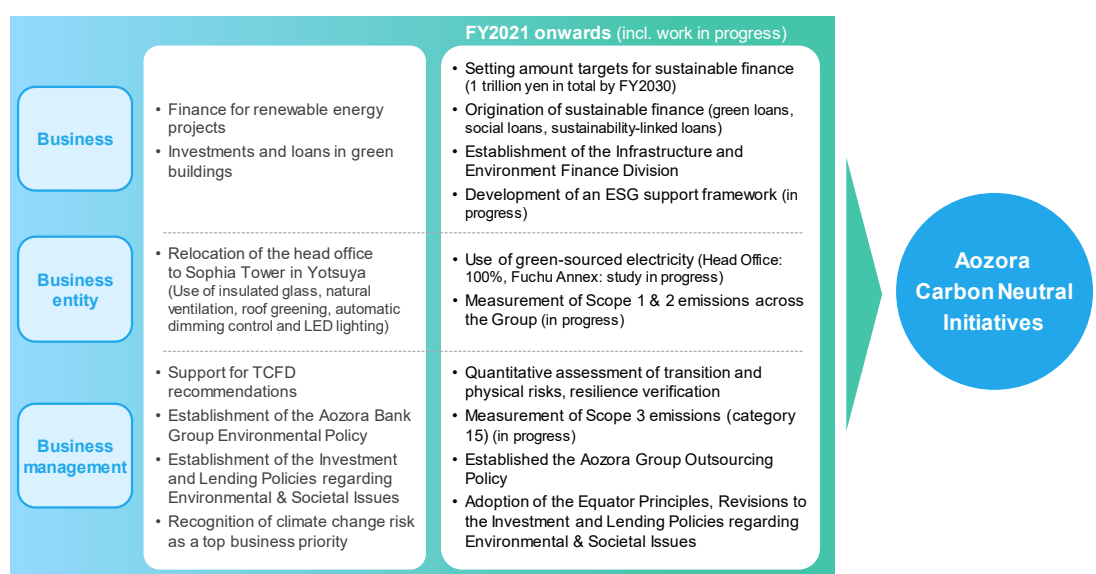
- We established an implementation framework led by the Sustainability Committee (chaired by the CEO) with oversight by the Board of Directors and have been promoting sustainability initiatives while working closely with senior management.

Sustainability Implementation Framework



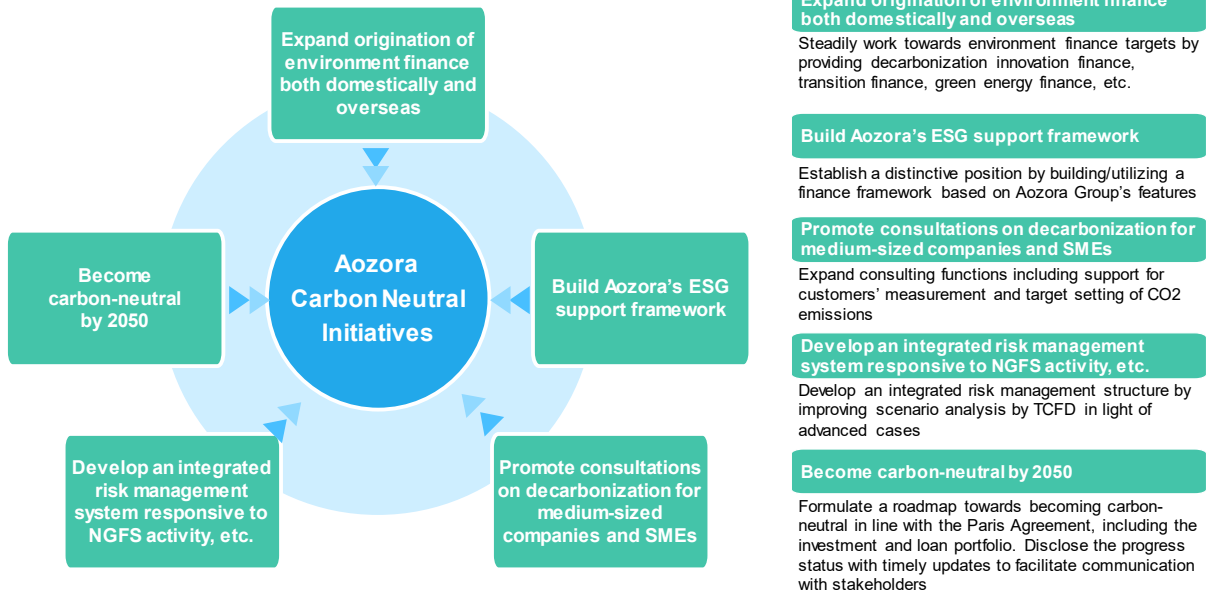
<Response to climate change>

- We have positioned climate change as a top business priority and leveraged our strengths in business operations as well as making continued efforts to reduce CO2 emissions as a business entity and developing a risk-focused business management platform.
- In our business plan for FY2022, we have integrated the aforementioned initiatives into “Aozora Carbon Neutral Initiatives” as a way to define Aozora’s role in realizing a decarbonized society.



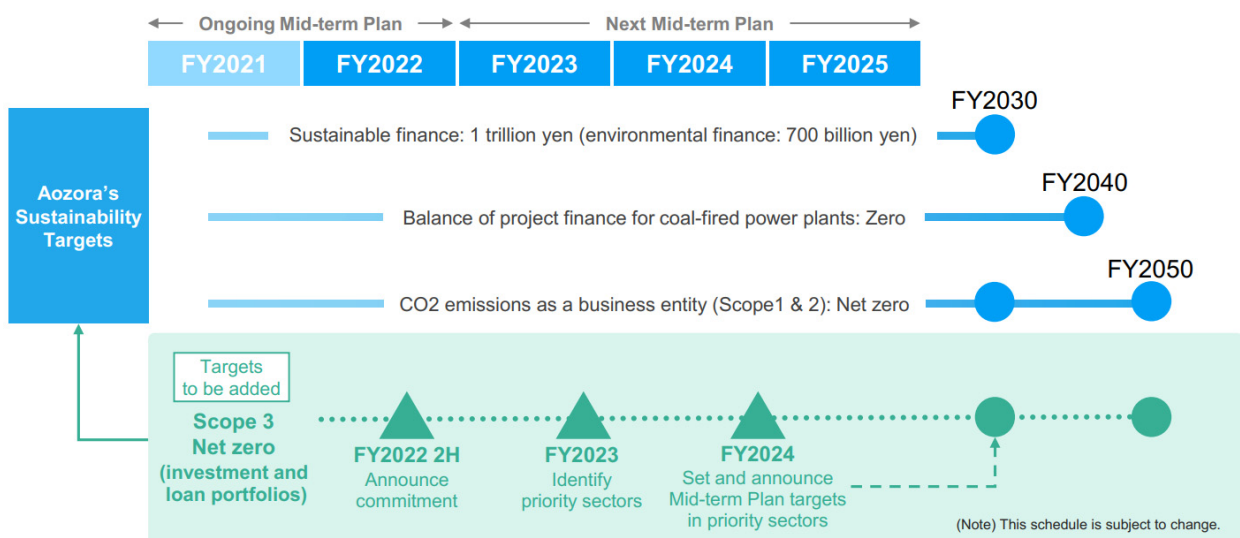
- Through these initiatives, Aozora aims to become carbon-neutral by 2050 by promoting approaches towards decarbonization as a business operator as well as proactively supporting its customers' responses to climate change and transition to decarbonized operations through engagement.

Aozora Carbon Neutral Initiatives



- In addition to its current target of achieving net zero CO2 emissions by FY2050 as a business entity (Scope 1 and 2), Aozora intends to formulate a roadmap to become carbon-neutral in line with the Paris Agreement, including a new investment and loan portfolio in light of Scope 3 emissions. We will disclose progress with timely updates to facilitate communication with our stakeholders.

Roadmap to become carbon-neutral



3. Key risks and preventative measures recognized in the FY2022 Business Plan

<Decrease in values of held securities due to market turmoil>

Despite growing uncertainties due to rising inflation and emerging geopolitical risk, Aozora has developed a risk management framework that allows for an appropriate early-stage response by establishing a wide range of consultation points regarding risk volume and losses. The Bank also strives to maintain an efficient portfolio with high liquidity comprised of a balanced mix of risks including interest rate, equity and credit risk, in addition to flexible risk control in light of market conditions and the financial environment through discussions of its policies as appropriate, rebalancing and resizing its securities position, as well as hedging.

<Deterioration in credit quality>

Aozora conducts disciplined investment and loan operations by originating individual investments in line with established loan management policies and investment plans while also conducting regular monitoring and reporting in addition to carefully observing the impact of supply chain disruptions and long-term inflation on business activity. The Bank also maintains its selective origination policy regarding investment/loan transactions while carefully analyzing business risk and considering the diversification of its borrowers and investment/loan volumes. In addition, the Bank conducts capital control, including stress testing, based on a set of established guidelines designed to limit credit concentration risk.

<Unstable foreign currency funding>

Aozora has worked to develop a framework that ensures a sufficient level of liquidity available under stressed conditions along with monitoring and verification through periodic stress testing. The Bank also continues to work towards long-term and stable foreign currency funding, including the ongoing issuance of foreign currency-denominated bonds, and diversify its countermeasures, such as by establishing an emergency-use foreign currency funding facility.

<IT Risk>

Aozora works to improve the awareness of all officers and employees regarding the ever-increasing threat of cyberattacks while maintaining and enhancing cyber-security tolerance across the Group through the evolution of multi-layered technical defense measures, enhancement of its detection capabilities, including monitoring, and response/recovery drills involving business groups. The Bank also strives to maintain and enhance the effectiveness of its system failure response through measures such as the close sharing of information and conducting of drills.

<Delay in Aozora's structural/business transformation>

For further details, please refer to "FY2022 Key Initiatives" (page 43~).

<Anti-money laundering, anti-terrorism financing and transactions with anti-social elements, insider trading>

As part of its annual compliance program, Aozora develops plans for and checks the status of its trainings, monitoring, dissemination of laws, regulations, and internal Bank rules as well as other activities.

The Bank also works to further establish and instill its Code of Ethics and Conduct through initiatives such as ongoing dispatches from top management in addition to requests for written pledges.

Aozora intends to develop an anti-money laundering customer management system and ensure the ongoing effectiveness of its response to the targets of economic sanctions as well as promote the further enhancement of these systems based on the revised Anti-Money Laundering Guidelines and Foreign Exchange Inspection Guidelines.

The Bank also continues to promote awareness of insider trading prevention among its officers and employees through the implementation of alerts, trainings, e-learning, and other measures.

<Sustainability of human resources>

The introduction of a new human resources system enables Aozora to eliminate the barriers of age and restrictive career courses and appoint specialized personnel as a financial group that continues to take on new challenges as one unified team.

(2) Assets and Profit or Loss of the Corporate Group and the Bank

A) Assets and Profit or Loss of the Corporate Group

(Unit: JPY 1 million)

	FY2018	FY2019	FY2020	FY2021
Ordinary Income	160,136	184,406	155,755	134,737
Ordinary Profit	47,796	43,330	38,982	46,294
Profit attributable to owners of parent	36,130	28,142	28,972	35,004
Comprehensive Income	30,923	(6,437)	79,781	13,611
Total Equity	448,710	424,758	490,006	487,265
Total Assets	5,255,048	5,299,815	5,916,866	6,728,653

(Notes) Figures are rounded down to the nearest unit specified.

B) Assets and Profit or Loss of the Bank

(Unit: JPY 1 million)

	FY2018	FY2019	FY2020	FY2021
Deposits	3,196,659	3,325,989	3,855,140	4,597,581
Time Deposits	2,465,322	2,400,595	2,346,518	2,386,837
Other	731,336	925,394	1,508,621	2,210,743
Debentures (Long-Term Credit Bank Bond)	51,360	44,660	-	-
Bonds Payable (Excluding Long-Term Credit Bank Bond)	232,586	215,275	198,365	168,959
Loans and Bills Discounted	2,782,131	2,937,508	2,918,317	3,230,905
Retail	1,904	1,539	1,385	1,192
Small/ Medium Companies	2,154,198	2,360,774	2,238,984	2,516,346
Other	626,028	575,194	677,948	713,366
Trading Account Assets	199,898	259,369	154,611	133,008
Trading Account Liabilities	177,764	211,223	140,451	129,227
Securities	1,314,968	1,151,561	1,445,782	1,494,578
Government Bonds	-	-	29,773	51,352
Other	1,314,968	1,151,561	1,416,009	1,443,225
Total Assets	5,205,876	5,212,668	5,735,238	6,446,916
Domestic Exchange Transactions	7,259,228	9,448,358	8,656,941	10,150,717
Foreign Exchange Transactions	USD million 9,450	USD million 11,576	USD million 8,848	USD million 3,800
Ordinary Profit	51,335	45,342	41,473	41,014
Profit	38,043	28,669	29,526	29,854
Net Income per Share	JPY 326.06	JPY 245.70	JPY 253.01	JPY 255.69
Trust Assets	797,320	835,481	730,209	879,535
Trust Fees	189	462	386	444

(Notes) 1. Figures are rounded down to the nearest unit specified.

2. The balance of 'Deposits' and 'Other' under 'Deposits' includes negotiable certificates of deposit.
3. 'Long-Term Credit Bank Bond' represents a long-term credit bank bond, as classified in Item 5, Paragraph 2, Article 2 of the Deposit Insurance Act.
4. 'Trust Assets' is assets in trust pertaining to trust business under the Act on Engagement in Trust Business by a Financial Institution (the Concurrent Business Act).

(3) Employees of the Corporate Group

	March 31, 2022	
	Banking Business	Other Operations
Number of Employees	2,201	181

- (Notes)
1. The Number of Employees includes locally hired staff overseas.
 2. Subsidiaries which operate auxiliary businesses or operate businesses alternately for the Bank, are classified as 'Banking Business.' Other subsidiaries are classified as 'Other Operations.'

(4) Major Branches and Offices of the Corporate Group

A) Banking operations

i. Major Branches and Number of Branches

The Bank:

Domestic: Head office, Sapporo, Sendai, Shinjuku, Nihonbashi, Shibuya, Ueno, Ikebukuro, Chiba, Yokohama, Kanazawa, Nagoya, Kyoto, Kansai, Osaka, Umeda, Hiroshima, Takamatsu, Fukuoka, BANK Branch, Financial Oasis Jiyugaoka (Shibuya Branch Jiyugaoka Office)

Total 21

Financial Oasis Jiyugaoka was relocated and consolidated into the Shibuya Branch on April 4, 2022

Overseas: None

In addition to the above, the Bank has 3 overseas representative offices:

New York Representative Office, Shanghai Representative Office, Singapore Representative Office

Subsidiaries:

GMO Aozora Net Bank, Ltd.: Tokyo Head office
Aozora Regional Consulting Co., Ltd.: Tokyo Head office
Aozora Asia Pacific Finance Limited: Hong Kong, People's Republic of China
Aozora Europe Limited: London, United Kingdom
Aozora North America, Inc.: New York, USA
AZB Funding: Cayman Islands, British West Indies
AZB Funding 2: Cayman Islands, British West Indies
AZB Funding 3: Cayman Islands, British West Indies
AZB Funding 4 Limited: Dublin, Ireland
AZB Funding 5: Cayman Islands, British West Indies
AZB Funding 6: Cayman Islands, British West Indies
AZB Funding 7: Cayman Islands, British West Indies
AZB Funding 8 Limited: Dublin, Ireland
AZB Funding 9 Limited: Dublin, Ireland
AZB Funding 10 Limited: Dublin, Ireland
AZB Funding 11 Limited: Dublin, Ireland
AZB Funding 12 Limited: Dublin, Ireland

Affiliated corporation, etc:

Orient Commercial Joint Stock Bank: Ho Chi Minh, Vietnam

ii. List of agencies of the Bank

Name	Main Address	Other Operations
Tsukuba Bank, Ltd.	11-7, Chuo 2-chome, Tsuchiura City, Ibaraki	Banking

Banking agency business at branches of Tsukuba Bank, Ltd. ended on May 31, 2022.

iii. Agent activities operated by the Bank

Corporate name of the Principal Bank
GMO Aozora Net Bank, Ltd.

B) Other operations

Aozora Loan Services Co., Ltd.: Tokyo Head office

Aozora Securities Co., Ltd.: Tokyo Head office

Aozora Investment Management Co., Ltd.: Tokyo Head office

Aozora Real Estate Investment Advisors Co., Ltd.: Tokyo Head office

ABN Advisors Co., Ltd.: Tokyo Head office

Aozora Corporate Investment Co., Ltd.: Tokyo Head office

(5) Capital Investments of the Corporate Group

A) Total Capital Investments

(Unit: JPY 1 million)

Operation Segment	Amount
Banking	6,007
Other	7
Total	6,014

B) Establishment of Material Facilities, etc.

(Unit: JPY 1 million)

Operating Segment	Company Name	Description	Amount
Banking	The Bank	Market system development	1,621
		Network infrastructure and information system construction	1,144
		Retail system development	772
	GMO Aozora Net Bank, Ltd.	Internet banking system enhancement and development	1,081

(Notes) The amounts in the table above show fixed assets, etc. recorded in FY2021

(6) Parent company and major subsidiaries

A) Parent company

None

B) Subsidiaries

(As of March 31, 2022)

Company Name	Location	Principal Business Activities	Stated Capital (JPY 1 million)	Voting Rights held by the Bank (%)	Other
GMO Aozora Net Bank, Ltd.	Shibuya-ku, Tokyo	Banking business	17,290	85.10%	—
Aozora Loan Services Co., Ltd.	Chiyoda-ku, Tokyo	Distressed loan servicing	500	67.60%	—
Aozora Securities Co., Ltd.	Chiyoda-ku, Tokyo	Financial instruments business	3,000	100.00%	—
Aozora Regional Consulting Co., Ltd.	Chiyoda-ku, Tokyo	Business consulting services	10	100.00%	—
Aozora Investment Management Co., Ltd.	Chiyoda-ku, Tokyo	Investment management services	450	100.00%	—
Aozora Real Estate Investment Advisors Co., Ltd.	Chiyoda-ku, Tokyo	Investment advisory services	150	100.00%	—
ABN Advisors Co., Ltd.	Chiyoda-ku, Tokyo	M&A advisory services	200	100.00%	—
Aozora Corporate Investment Co., Ltd.	Chiyoda-ku, Tokyo	Venture capital investment	15	100.00%	—
Aozora Asia Pacific Finance Limited	Hong Kong, People's Republic of China	Financial services	11,376 (100,000 Thousands of USD)	100.00%	—
Aozora Europe Limited	London, United Kingdom	Financial services	180 (1,000 Thousands of GBP)	100.00%	—
Aozora North America, Inc.	New York, USA	Financial services	45 (411 Thousands of USD)	100.00%	—
AZB Funding	Cayman Islands, British West Indies	Investment vehicle	0 (0 Thousands of USD)	—	—
AZB Funding 2	Cayman Islands, British West Indies	Investment vehicle	0 (0 Thousands of USD)	—	—
AZB Funding 3	Cayman Islands, British West Indies	Investment vehicle	0 (0 Thousands of USD)	—	—
AZB Funding 4 Limited	Dublin, Ireland	Investment vehicle	0 (0 Thousands of EUR)	—	—
AZB Funding 5	Cayman Islands, British West Indies	Investment vehicle	0 (0 Thousands of USD)	—	—
AZB Funding 6	Cayman Islands, British West Indies	Investment vehicle	0 (0 Thousands of USD)	—	—
AZB Funding 7	Cayman Islands, British West Indies	Investment vehicle	0 (0 Thousands of USD)	—	—
AZB Funding 8 Limited	Dublin, Ireland	Investment vehicle	0 (0 Thousands of USD)	—	—
AZB Funding 9 Limited	Dublin, Ireland	Investment vehicle	0 (0 Thousands of USD)	—	—
AZB Funding 10 Limited	Dublin, Ireland	Investment vehicle	0 (0 Thousands of EUR)	—	—
AZB Funding 11 Limited	Dublin, Ireland	Investment vehicle	0 (0 Thousands of USD)	—	—
AZB Funding 12 Limited	Dublin, Ireland	Investment vehicle	0 (0 Thousands of USD)	—	—
Orient Commercial Joint Stock Bank	Ho Chi Minh, Vietnam	Banking business	70,128 (15,401 Billions of VND)	15.00%	—

(Notes)1. The amounts are rounded down to the nearest unit specified. Percentages of voting rights held by the Bank are rounded down to two decimal places.

2. "Stated Capital" converted into JPY is calculated using the exchange rates at the time of acquisition.

[Principal Business Alliances]

1. The Bank provides cash dispensing services and balance inquiry services through the use of automatic cash dispensers in collaboration with Resona Bank, Limited., Saitama Resona Bank, Limited, Mizuho Bank, Ltd., MUFG Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mitsubishi UFJ Trust and Banking Corporation, Mizuho Trust & Banking Co., Ltd., Shinsei Bank, Limited and the Shoko Chukin Bank, Ltd.
2. To provide account holder confirmation services for cash transfers using automatic cash dispensers, the Bank has agreements with Resona Bank, Limited., Saitama Resona Bank, Limited, Mizuho Bank, Ltd., MUFG Bank, Ltd., Sumitomo Mitsui Banking Corporation, Shinsei Bank, Limited, the Shoko Chukin Bank, Ltd., PayPay Bank Corporation, Seven Bank, Ltd., Rakuten Bank, Ltd., AEON Bank, Ltd., Citibank, N.A., SMBC Trust Bank Ltd., SBI Sumishin Net Bank, Ltd., Sony Bank Incorporated, au Jibun Bank Corporation, Shinhan Bank Japan, Daiwa Next Bank, Ltd., ORIX Bank Corporation, GMO Aozora Net Bank Ltd., Lawson Bank, Inc., Minna Bank, Ltd., UI Bank Co., Ltd., Mitsubishi UFJ Trust and Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, member banks of Regional Banks Association of Japan, member banks of the Second Association of Regional Banks, Shinkin Banks which are members of the National Association of Shinkin Banks, Shinkumi Banks which are members of the Shinkumi Federation Bank, Rokin Banks which are members of the Federation of Labour Bank Workers Union of Japan, the Norinchukin Bank and its member Credit Federations of Agricultural Cooperatives, Credit Federation of Fishery Cooperatives, Agricultural Cooperatives, Fishery Cooperatives, and Agricultural Cooperatives of which are members of Credit Federation of Agricultural Cooperatives.
3. The Bank signed an arrangement with JAPAN POST BANK Co., Ltd., to provide cash dispensing services and balance inquiry services through the use of automatic teller machines on January 6, 2001, and automatic teller machine account holder confirmation services on March 23, 2009. In addition, the Bank replaced its branch ATMs with JAPAN POST ATMs on August 27, 2018 in cooperation with JAPAN POST BANK which provides ATM installation services.
4. The Bank entered into a partnership with Seven Bank, Ltd. starting on August 27, 2018, regarding the provision of cash dispensing services, balance inquiry services and ATM card PIN number change services.
5. The Bank arranged a business alliance with Tokio Marine & Nichido Life Insurance Co., Ltd. for the joint provision of life insurance products (excluding private pension insurance) on October 1, 2002.
6. The Bank formed a comprehensive business alliance with the Bank of Yokohama, Ltd. in the investment banking area on May 24, 2007.
7. The Bank formed a comprehensive business alliance with the Toho Bank, Ltd. relating to loan business on August 6, 2007.
8. Based on the comprehensive master agreement on November 20, 2007, the Bank formed a business alliance with Sumitomo Trust & Banking Group (currently Sumitomo Mitsui Trust Group).
9. On August 20, 2009, the Bank formed a strategic business partnership with Tsukuba Bank, Ltd., aiming to expand its customer base in order to enhance competitiveness and profitability. Tsukuba Bank, Ltd. was formed following the conclusion of a merger agreement between Kanto Tsukuba Bank and Ibaraki Bank on March 1, 2010.
10. The Bank formed a comprehensive business alliance with the Hokkaido Bank, Ltd. in the area of agricultural sector finance on August 26, 2009.
11. The Bank concluded a master agreement for the formation of a strategic business partnership with Kirayaka Bank, Ltd. on February 9, 2011 to take full advantage of their strengths and enhance their responsiveness to various customer needs. The Bank concluded an agreement for business matching with Kirayaka Bank, Ltd. on February 6, 2013.
12. On February 6, 2013, the Bank reached an agreement for business matching with THE SENDAI BANK, LTD.
13. On March 4, 2013, the Bank launched the “Aozora Cash Card Plus” which features the addition of a Visa debit card function provided by Visa Worldwide (Japan) Co., Ltd.
14. On March 15, 2013, the Bank signed an agreement for business recovery support with THE HOWA BANK, LTD., the Miyazaki Taiyo Bank, Ltd. and the Minami-Nippon Bank, Ltd.
15. On March 26, 2013, the Bank reached an agreement for business matching with TOMATO BANK, LTD.
16. On November 8, 2013, the Bank concluded an agreement for cross-border M&A advisory services with Oversea-Chinese Banking Corporation Limited (Head Office: Singapore).
17. On November 14, 2013, the Bank signed an agreement with KANEMATSU CORPORATION related to support for overseas business expansion through cross-border business matching.
18. On June 19, 2014, the Bank reached an agreement for cross-border M&A advisory services with PT Bank Central Asia TBK (Head Office: Jakarta, Republic of Indonesia).
19. On November 28, 2014, the Bank concluded an agreement for cross-border M&A advisory

- services with KASIKORNBANK PUBLIC COMPANY LIMITED (Head Office: Bangkok, The Kingdom of Thailand).
20. The Bank formed a comprehensive business alliance with CTBC Financial Holding Co., Ltd. (Head Office: Taipei, Republic of China) on June 19, 2015, aimed at strengthening business cooperation in Asia, mainly in Taiwan.
 21. On March 28, 2016, the Bank reached an agreement for regional revitalization with Bank of the Ryukyus, Limited.
 22. On May 23, 2016, the Bank concluded an agreement for cross-border M&A advisory services with BDO Unibank, Inc. (Head Office: Makati, Republic of the Philippines)
 23. The Bank entered into a capital and business alliance regarding a joint venture Internet bank, which will be operated by Aozora Trust Bank (currently GMO Aozora Net Bank, Ltd.), with GMO Internet, Inc. on June 24, 2016 and with GMO CLICK Holdings, Inc. (currently GMO Financial Holdings, Inc.) on July 21, 2016.
 24. The Bank formed a comprehensive business alliance with Ho Chi Minh City Securities Corporation (Head Office: Ho Chi Minh City, Vietnam) on November 8, 2017, aimed at strengthening business cooperation for two-way cross-border M&A advisory services.
 25. The Bank formed a business alliance with Beijing Zhongguancun Kejin Technology Co., Ltd. and Mercuria Investment Co., Ltd. on February 8, 2019, aimed at business development and strengthening cooperation among the three companies.
 26. The Bank formed a business alliance with China Renaissance Holdings Limited. (Head Office: Beijing, China) on December 11, 2019 mainly in a bid to facilitate cross-border M&A transactions between Japan and China.
 27. The Bank formed a business and capital alliance with Orient Commercial Joint Stock Bank (Head Office: Ho Chi Minh City, Vietnam) on December 6, 2019, aimed at collaboration and provision of investment banking services including M&A advisory services in Vietnam (a 15% equity investment was made on June 30, 2020).
 28. The Bank signed a three-party business collaboration agreement with SVB Capital (Head Office: California, the U.S.) and Aozora Corporate Investment Co., Ltd. (a wholly-owned subsidiary of Aozora Bank) on December 2, 2020, aimed at strengthening support for start-up companies.
 29. The Bank formed a business alliance with THE TOTTORI BANK, LTD. on December 18, 2020, regarding customer support for regional economic revitalization.
 30. The Bank formed a business alliance with the Miyazaki Taiyo Bank, Ltd. on March 19, 2021, regarding customer support for regional economic revitalization.
 31. The Bank signed a three-party business collaboration agreement with Genesis Alternative Ventures Pte. Ltd. (Head Office: Singapore) and Aozora Corporate Investment Co., Ltd. on June 4, 2021, aimed at strengthening support for start-up companies.

(7) Assignment of Operations

None

(8) Other Major Issues Concerning the Current Status of the Corporate Group

None

2. Matters Concerning Directors and Audit & Supervisory Board Members

(1) Directors and Audit & Supervisory Board Members

(As of March 31, 2022)

Name	Title and Line of Business	Major Concurrent Post	Other
Kei Tanikawa	President Executive Officer (Representative Director) CEO	—	—
Koji Yamakoshi	Deputy President Executive Officer (Representative Director)	—	—
Hideto Oomi	Deputy President Executive Officer (Representative Director) Head of Strategic Investments Group and Head of Trust Business Group	—	—
Tomomi Akutagawa	Director and Senior Managing Executive Officer, in charge of Sustainability Management	—	—
Shunsuke Takeda	Director (outside)	Advisor, ORIX Corporation	—
Hiroyuki Mizuta	Director (outside)	Representative Director & Chairman, TOKYO TOWER Co., Ltd	—
Ippei Murakami	Director (outside)	Special Advisor, Nisshin Seifun Group Inc.	—
		Chair of the Board of Trustees, Kwansei Gakuin	
Tomonori Ito	Director (outside)	Outside Director, Electric Power Development Co., Ltd.	—
		Professor, Institute for Business and Finance, Waseda University Business School	
		Visiting Lecturer, Department of International Corporate Strategy, Hitotsubashi University Business School	
Satoshi Hashiguchi	Audit & Supervisory Board Member (full-time)	—	—
Kiyoto Hagiwara	Audit & Supervisory Board Member (outside)	—	—
Toraki Inoue	Audit & Supervisory Board Member (outside)	Toraki Inoue Certified Public Accountant Office	Holds CPA qualification
		Representative Director and President, Accounting Advisory Co., Ltd.	
		Supervisory Director, GLP J-REIT	
		Auditor, Kyulux, Inc.	
		Outside Audit & Supervisory Board Member ETVOS Co., Ltd.	

(Notes) 1. Messrs. Shunsuke Takeda, Hiroyuki Mizuta, Ippei Murakami and Tomonori Ito, outside directors, and Kiyoto Hagiwara and Toraki Inoue, outside audit & supervisory board members, meet the definition of independent directors based on the rules of Tokyo Stock Exchange.

2. The changes of a director's title and line of business are as follows:

Name	June 24, 2021	July 1, 2021
Koji Yamakoshi	Representative Director, Deputy President and Executive Officer, Head of Corporate Banking Group	Representative Director, Deputy President and Executive Officer

Name	June 24, 2021	July 1, 2021
Hideto Oomi	Representative Director, Deputy President and Executive Officer, Head of Strategic Investments Group, Head of Trust Business Group, Head of Corporate Strategy Unit and Office of Corporate Secretary	Representative Director, Deputy President and Executive Officer, Head of Strategic Investments Group and Head of Trust Business Group

Name	April 1, 2021	July 1, 2021	January 1, 2022
Tomomi Akutagawa	Director, Senior Managing Executive Officer, CFO and in charge of Sustainability Management	Director, Senior Managing Executive Officer, in charge of Sustainability Management	Director, Senior Managing Executive Officer, in charge of Sustainability Management

(2) Director and Audit & Supervisory Board Member Remuneration and Benefits

1) Remuneration of Directors and Audit & Supervisory Board members

FY2021 (period as from April 1, 2021 through March 31, 2022) (Unit: JPY 1 million)

Category	# of officers	Remuneration in total			
			Fixed Base	Performance Based (Bonus)	Non-cash Incentives (Stock Options)
Directors (excl. Outside Directors)	5	285	171	70	43
Full-time ASB Member (excl. Outside ASB Members)	1	29	29	—	—
Outside Directors	4	56	56	—	—
Outside ASB Members	2	24	24	—	—

(Note) The above includes one director who retired at the close of the 88th General Meeting of Shareholders on June 24, 2021.

Performance based remuneration (Bonus) refers to the amount allocated for bonuses (70 million yen) during FY2020. The actual amount of bonuses paid in June 2021 to four directors (which excludes Outside Directors) in recognition of their services rendered during FY2020 was 56 million yen based on the allocation for bonuses in the amount of 64 million yen reserved during FY2020.

2) Policy and Procedure for Determining Director/Executive Officer Remuneration
-Basic Policy for Determining Director, Audit & Supervisory Board Member, and Executive Officer Remuneration-

(Policy for Determining Remuneration for Directors)

In order to pursue our mission to “contribute to the development of society through the creation of new value-added financial services”, the Bank believes it is necessary to provide a setting that encourages high-potential employees to work consistently with high morale, motivation and pride to make sound business decisions.

To this end, the Bank has designed a remuneration system based on the following basic policy.

(a) Remuneration Framework in line with the Bank's Vision

The Bank aims to build a compensation framework which reflects business performance in line with its objectives and values.

- (b). Remuneration framework appropriately reflecting the Bank's performance
The Bank's remuneration framework is based on 'Pay for performance' and reflects the Bank's commitment to sustainable growth, sound risk-taking through appropriate risk management, compliance, and customer protection.
- (c). Remuneration framework serving the interests of stakeholders including shareholders
The Bank will adopt a remuneration framework that is consistent with the values of stakeholders, including shareholders.
- (d). Remuneration methodology guaranteeing effective governance
In determining remuneration, the Bank will ensure transparency and independence from any specific influences.

(Policy on Determination of the Amount or Calculation Method of Remuneration for Directors)

The Nomination and Remuneration Committee (hereinafter referred to as "NRC"), which consists mainly of outside directors in order to ensure transparency, independence and objectivity in the determination process, is authorized by the Board of Directors to determine the amount of each director's remuneration in accordance with the policy approved by the Board of Directors based on the policy recommendations of the NRC on determining individual remuneration.

The NRC consists of the following members:

Chairperson of the Committee:	Shunsuke Takeda, Outside Director
Other Committee Members:	Tomonori Itoh, Outside Director Kei Tanikawa, Representative Director and President

The Bank pays, in principle, fixed base remuneration, performance-based bonus and equity compensation type stock options to directors (other than outside directors), and only fixed base remuneration to outside directors.

It was resolved at the 82nd General Meeting of Shareholders on June 26, 2015 to set the aggregate annual remuneration ceiling for directors at 600 million yen, including basic remuneration as well as the performance bonus. The Bank had eight directors (including four outside directors) as of the end of 82nd General Meeting of Shareholders.

(a) Base Remuneration (Fixed Base Remuneration)

Base remuneration comprises a fixed amount payable during each month of service, which varies with the type of position (full-time or part-time), job title and responsibility. We use data from an outside specialized agency to check and benchmark whether the level of base remuneration amounts is appropriate before determining it.

The guideline for base remuneration for the President and Deputy President(s) is set through a band-range applicable to each position (title) which determines their respective fixed base remuneration to reflect their responsibilities and experience.

(b) Bonus (Performance-based remuneration)

The bonus amount is initially set at the equivalent of 40% of the individual basic remuneration amount (the "Base Bonus Amount"). The individual amount of bonus (performance-based remuneration) payable at a certain time after the close of each fiscal year is then decided by applying a rate within the pre-determined scope ranging from 0% to 250% of the Base Bonus Amount for every full-time director while considering key indicators during each fiscal year as shown below. Specifically, the rate and bonus amount is determined by considering the following indicators and the Bank's performance during the applicable period.

- Achievement rates of Business Profit and Net Earnings
- Achievement rates of KPIs (Key Performance Indicators) such as OHR (Over-head Ratios), ROE(Return on Equity) and ROA(Return on Assets)
- Achievement and maintenance of the Capital Adequacy Ratio
- Assessment of undue risk and occurrence of serious compliance incidents
- Implementation/introduction of measures and strategies, including the launch of new businesses, from a mid- to long-term perspective

Among the above key indicators, achievement rates of Business Profit and Net Earnings are the basic indicators that determine business results. Achievement rates of OHR, ROE and ROA as KPIs as well as the Capital Adequacy Ratio are key indicators for the targets in the Bank's Mid-Term Business Plan. These achievement rates, therefore, are taken into account as quantitative evaluation indicators to determine bonus amounts. In order to encourage not only enhancement of short-term business performance but also business implementation from a mid- to long-term perspective, factors such as undue risk taking, making serious compliance violations, and the implementation/introduction of measures and strategies from a mid- to long-term perspective, including the launch of new businesses, are also fully considered as qualitative evaluation indicators.

Targets and results (FY2020) of the indicators related to performance-based remuneration are stated below:

	FY2020 Announced Forecast	FY2020 Results
Business Profit	34.5 billion yen	42.6 billion yen
Net Earnings ^{*1}	28.5 billion yen	28.9 billion yen

(Reference) FY2021 Announced Forecast ^{*5}	(Reference) FY2021 Results
42.5 billion yen	47.8 billion yen
30.0 billion yen	35.0 billion yen

	Mid-term Targets ^{*4}	FY2020 Results
OHR	Below 55%	57.0%
ROA ^{*2}	1%	0.8%
ROE	8% or higher	6.3%
Capital Adequacy Ratio ^{*3}	Minimum 9%	11.03%

(Reference) FY2021 Results
56.1%
0.8%
7.2%
10.37%

^{*1} Profit attributed to owners of parent

^{*2} Consolidated business profit ROA including gains/losses on equity method investments

^{*3} 2021 results are preliminary figures

^{*4} Mid-term Business Plan Targets, "Aozora 2022" (FY2020~2022)

^{*5} Expected values as of the beginning of the period announced in May 2021. The earnings forecast was revised in January 2022.

(c) Equity compensation type stock options (as non-cash incentives)

The NRC discussed ratios of cash remuneration and equity compensation type stock options so that the stock options can be one of the proper incentives for sustainable growth, and set the ratio at 25% of the Base Remuneration amount, payable at a certain time after the close of each fiscal year.

The number of options to be granted is determined based on a resolution of the Board of Directors in accordance with the "Equity Compensation Type Stock Options Manual".

A resolution that share acquisition rights will be allotted in addition to base remuneration to full-time directors within 150 million yen a year (and up to 7,500 options per year) was approved at the 81st General Meeting of Shareholders on June 26, 2014.

Further details are described under section 5, "Matters Pertaining to the Equity Compensation Type Stock Options."

(Grounds that the Judgements Made by the Board of Directors Regarding each Director's Yearly Remuneration as Decided by the NRC Conform to and are Consistent with the Aforementioned Policies:)

In determining the individual amount of remuneration for each director, the Board of Directors respects the decision made by the NRC meetings and is confident in its judgement that said Committee meeting has made a fair determination. The Board of Directors has reasonable grounds to believe that said Committee meeting has performed due analysis on the achievement of business results and managerial contribution by each director upon deliberate reflection based on multiple points of views in conformity with the policy on determining remuneration.

(Policy on Determination of ASB Member Remuneration and Calculation)

ASB members discuss and determine individual remuneration amounts by considering discussions and proposals made at the NRC.

The Bank pays only the fixed base remuneration payable during each month of service in accordance with the policy below. The upper limit of total ASB members' base remuneration is 60 million yen based on the resolution at the 73rd General Meeting of Shareholders on June 23, 2006. The Bank had three ASB members as of the end of 73rd General Meeting of Shareholders.

Base Remuneration (Fixed Base Remuneration)

Base remuneration amount is fixed and varies with work status (full-time or part-time), assigned audit duties, remuneration for directors, etc. We use data from an outside specialized agency to check whether the level of base remuneration amounts is appropriate before determining it.

(3) Limited Liability Contract

Name	Limited Liability Contract
Shunsuke Takeda	For each liability set out in Article 423-1 of the Companies Act, they are liable for up to the total monetary amount set out in Article 425-1 of the Companies Act.
Hiroyuki Mizuta	
Ippei Murakami	
Tomonori Ito	
Satoshi Hashiguchi	
Kiyoto Hagiwara	
Toraki Inoue	

(4) Indemnity Agreement

No items to report.

(5) Summary of Directors and Officers Liability Insurance Contract

The Bank has entered into a directors and officers liability insurance contract with insurance companies as stipulated in Article 430-3, paragraph (1) of the Companies Act, insuring the Directors, Audit & Supervisory Board Members, and Executive Officers, etc., of the Bank and its subsidiaries. The said insurance contract covers compensations for damages and legal dispute fees that an insured party may incur due to claims for damages caused by the insured parties' acts (including failure to act) committed by them in connection with their duties as officers, etc. of the Bank and its subsidiaries.

The Bank and its subsidiaries bear the entire premium for the contract. However, in order to ensure that the appropriateness of the execution of duties by the insured is not impaired, there are certain exemptions; for example, damages that the insured has caused intentionally or with gross negligence will not be covered.

3. Matters Concerning Outside Directors and Audit & Supervisory Board Members

(1) Concurrent Post and Other Status of Outside Directors and Audit & Supervisory Board Members

(As of March 31, 2022)

Name	Concurrent Post and Other Status	Relationship with the Bank
Shunsuke Takeda	Advisor, ORIX Corporation	Customer (loans, etc.)
Hiroyuki Mizuta	Representative Director & Chairman, TOKYO TOWER Co., Ltd	—
Ippei Murakami	Special Advisor, Nisshin Seifun Group Inc.	—
	Chair of the Board of Trustees, Kwansei Gakuin	—
Tomonori Ito	Outside Director, Electric Power Development Co., Ltd.	—
	Professor, Institute for Business and Finance, Waseda University Business School	—
	Visiting Lecturer, Department of International Corporate Strategy, Hitotsubashi University Business School	—
Toraki Inoue	Toraki Inoue Certified Public Accountant Office	—
	Representative Director and President, Accounting Advisory Co., Ltd	—
	Supervisory Director, GLP J-REIT	Customer (loans, etc.)
	Auditor, Kyulux, Inc.	—
	Outside Audit & Supervisory Board Member ETVOS Co., Ltd.	—

(2) Activity Status of Outside Directors and Audit & Supervisory Board Members

(As of March 31, 2022)

Name	Term served	Attendance at Board meetings, etc.	Remarks or other activities performed at Board meetings, etc.
Shunsuke Takeda	14 yrs 10 ms	Attended all 15 Board meetings during the relevant fiscal year	He was expected to provide overall oversight and to offer advice on the execution of duties by executive officers, with an objective viewpoint, toward the enhancement of the Bank's corporate value over the mid- to long-term, based on his wealth of experience, credentials and deep insight as a top management of corporate institutions in the financial and non-financial sectors. He has fulfilled his role and conducted management oversight through actively expressing opinions at the Board meetings based on the said viewpoint.
Hiroyuki Mizuta	8 yrs 10 ms	Attended all 15 Board meetings during the relevant fiscal year	He was expected to provide overall oversight and to offer advice on the execution of duties by executive officers, with an objective viewpoint, toward the enhancement of the Bank's corporate value over the mid- to long-term, based on his wealth of experience, credentials and deep insight as a top management of corporate institutions in the banking and non-financial sectors. He has fulfilled his role and conducted management oversight through actively expressing opinions at the Board meetings based on the said viewpoint.
Ippei Murakami	7 yrs 10 ms	Attended all 15 Board meetings during the relevant fiscal year	He was expected to provide overall oversight and to offer advice on the execution of duties by executive officers, with an objective viewpoint, toward the enhancement of the Bank's corporate value over the mid- to long-term, based on his wealth of experience, credentials and deep insight as a top management of a corporation. He has fulfilled his role and conducted management oversight through actively expressing opinions at the Board meetings based on the said viewpoint.
Tomonori Ito	7 yrs 10 ms	Attended all 15 Board meetings during the relevant fiscal year	He was expected to provide overall oversight and to offer advice on the execution of duties by executive officers, with an objective viewpoint, toward the enhancement of the Bank's corporate value over the mid- to long-term, based on his wealth of experience and credentials in the domestic/global financial institutions and deep insight as Professor of a business school. He has fulfilled his role and conducted management oversight through actively expressing opinions at the Board meetings based on the said viewpoint.
Kiyoto Hagiwara	6 yrs 10 ms	Attended all 15 Board meetings during the relevant fiscal year. Attended all 13 Audit & Supervisory Board meetings during the relevant fiscal year	Expressing opinions and making proposals at the Board meetings and the Audit & Supervisory Board meetings based on substantial experience and insight in the finance and banking business.
Toraki Inoue	5 yrs 10 ms	Attended all 15 Board meetings during the relevant fiscal year. Attended all 13 Audit & Supervisory Board meetings during the relevant fiscal year	Expressing opinions and making proposals at the Board meetings and Supervisory Board meetings based on substantial experience in Auditor and Supervisor of business corporations and insight as a CPA.

(3) Remuneration and Benefits to Outside Directors and Audit & Supervisory Board Members

(Unit: JPY 1 million)

	Number of Recipients	Remuneration and Benefits from the Bank	Remuneration and Benefits from the Bank's Parent, etc.
Total Remuneration and Benefits	6	80	—

4. Share Data of the Bank

(1) Number of Shares	(In thousands)
Authorized Shares	289,828
Number of Shares Issued	118,289

- (Notes) 1. The number of shares Issued includes treasury shares of 1,517 thousand.
2. The number of shares is in thousands, rounded down to the nearest thousand.

(2) Number of Shareholders as of the End of This Fiscal Year	92,810
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(3) Major Shareholders

(As of March 31, 2022)

Name of Shareholder	Contributed Capital	
	Number of Shares Held (in thousands)	Percentage of Total Outstanding Shares
The Master Trust Bank of Japan, Ltd. (Trust Account)	18,224	15.60%
Custody Bank of Japan, Ltd. (Trust Account)	5,263	4.50%
The Nomura Trust and Banking Co., Ltd. (Trust Account2052255)	5,000	4.28%
SMBC Nikko Securities Inc.	2,676	2.29%
JP MORGAN CHASE BANK 385781	1,548	1.32%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	1,445	1.23%
STATE STREET BANK WEST CLIENT - TREATY 505234	1,326	1.13%
BNYM AS AGT/CLTS NON TREATY JASDEC	1,250	1.07%
MSIP CLIENT SECURITIES	993	0.85%
GOLDMAN SACHS JAPAN CO.,LTD. BNYM	905	0.77%

- (Notes) 1. 'The major shareholders' are top 10 shareholders, excluding treasury shares held by the Bank (1,517 thousand shares), described in the above table.
2. 'Number of Shares Held' is in thousands and rounded down to the nearest thousand.
3. 'Percentage of Total Outstanding Shares' is rounded down to two decimal places.
4. 'Percentage of Total Outstanding Shares' is calculated excluding treasury shares held by the Bank (1,517 thousand shares).
5. In the above table, we have calculated the number of common shares and its percentage held by each shareholder based upon the Bank's Shareholder Registry as of March 31, 2022.

(4) Shares held by officers

None

(5) Other Major Issues Concerning Shares

None

5. Stock Options

The following outlines the Equity Compensation Type Stock Options held by directors of the Bank as of the end of the fiscal year, out of the Equity Compensation Type Stock Options, which had been issued to Directors (other than Outside Directors) and Executive Officers of the Bank as a part of executive compensation, pursuant to Articles 236, 238 and 240 of the Companies Act.

Name of Stock Options	Allotment Date	Number of Stock Options (units)	Number of Common Shares to be Delivered upon Exercise of Options (shares)	Issue Price per unit of Stock Options (in Yen)	Exercise Price per Share (in Yen)	Exercise Period
2 nd Series	July 14, 2015	2,297	22,970	43,800	1	July 15, 2015 ~ July 14, 2045
3 rd Series	July 15, 2016	3,433	34,330	34,200	1	July 16, 2016 ~ July 15, 2046
4 th Series	July 13, 2017	2,654	26,540	39,800	1	July 14, 2017 ~ July 13, 2047
5 th Series	July 13, 2018	2,554	25,540	38,320	1	July 14, 2018 ~ July 13, 2048
6 th Series	July 11, 2019	4,742	47,420	23,520	1	July 12, 2019 ~ July 11, 2049
7 th Series	July 10, 2020	6,411	64,110	15,370	1	July 11, 2020 ~ July 10, 2050
8 th Series	July 12, 2021	5,154	51,540	22,480	1	July 13, 2021 ~ July 12, 2051

- (Notes)
- Option holders (grantees) can only exercise the granted Stock Options (their holdings) in whole at once during the ten day period immediately following the day on which the holder ceases to be in the position of a Director and Executive Officer of the Bank.
 - The number of shares indicates those after one-for-ten reverse stock-split effective October 1, 2017.
 - The acquisition of stock options through transfer requires approval through a resolution by the Board of Directors.
 - When the General Meeting of Shareholders (or the Board of Directors if approval of the General Meeting of Shareholders is not required) approves a resolution to conclude a merger agreement under which the Bank will be a defunct company, an absorption-type company split agreement/ an incorporation-type company split plan under which the Bank will be a split company, or a share exchange agreement/ a share transfer plan under which the Bank will be a wholly-owned subsidiary, the Bank may acquire stock options, which are not exercised as of a day separately specified by the Board of Directors, without contribution on said day.

(1) Stock Options held by directors of the Bank as of March 31, 2022

Name of Stock Options	Holders	Number of Stock Options(units)	Number of Common Shares to be Delivered upon Exercise of Options (shares)	Number of Holders
2 nd Series	Directors of the Bank (Other than Outside Directors)	240	2,400	3
3 rd Series		447	4,470	4
4 th Series		395	3,950	4
5 th Series		551	5,510	4
6 th Series		1,225	12,250	4
7 th Series		2,130	21,300	4
8 th Series		1,951	19,510	4

(Notes) The Numbers of Stock options include options granted prior to their appointments as Director of the Bank.

(2) Stock Options issued to employees during this fiscal year

Name of Stock Options	Grantees (Recipients)	Number of Stock Options(units)	Number of Common Shares to be Delivered upon Exercise of Options (shares)	Number of Holders
8 th Series	Executive Officers of the Bank	3,203	32,030	20

6. Matters Concerning Independent Auditors

(1) Independent Auditors

(Unit: JPY 1 million)

Name	Fees for This Fiscal Year	Other
Deloitte Touche Tohmatsu LLC Designated Engagement Partner, Shigehiko Matsumoto Arata Otake Masashi Tsurumi	233	Reason for acknowledgment of the fees by the Audit & Supervisory Board ('the ASB): The ASB of the Bank received documents and direct explanation from the independent auditors, analyzed and confirmed audit priority areas, audit items, audit hours of prior years and year-to-year changes in audit fees. The ASB then compared the audit plan of the previous business year with actual performance and verified the achievement of the audit, in order to consider and assess audit items in the audit plan in the relevant business year, audit hours and details of the audit framework and appropriateness of the estimated audit remuneration. As a result, the ASB acknowledged the remuneration for the independent auditors, in accordance with the Article 399-1 of the Companies Act. Non-audit services: Comfort letter for issuance corporate bonds, etc.

- (Notes) 1. The amounts in the table above are in million yen and rounded down to the nearest million.
 2. When including the Bank's subsidiaries in the total, independent auditor fees for this fiscal year were 279 million yen.
 3. 'Fees for This Fiscal Year' as classified above includes both the fees related to the audit under the Companies Act and under the Financial Instruments and Exchange Act because such audit fees cannot be clearly separated.

(2) Limited Liability Contract
None

(3) Compensation Contract
None

(4) Other Matters Related to Accounting Auditors

- i. Determination of dismissal or non-reappointment of auditors
 The ASB of the Bank shall, in principle, determine removal of the independent auditors, upon consent of all its Members, if it concludes that the independent auditors fall under any of the items specified in the Article 340-1 of the Companies Act. In this case, an appointed ASB Member shall report the fact of removal and its reason in the first general meeting of shareholders to be convened after the removal.
 If the ASB comprehensively concludes that it is difficult for the independent auditors to execute their duty properly, the ASB shall, in principle, determine the detail of the proposal on the removal or non-reappointment, to be submitted to the general meeting of shareholders.
- ii. Audit of financial statements of the Bank's major subsidiaries by other auditors than the Bank's auditor
 Of the Bank's major subsidiaries, the financial statements of Aozora Asia Pacific Finance Limited, Aozora Europe Limited, AZB Funding 4 Limited, AZB Funding 8 Limited, AZB Funding 9 Limited, AZB Funding 10 Limited, AZB Funding 11 Limited and AZB Funding 12 Limited are audited by audit firms which are in the same network as the Bank's audit firm.

7. Policy towards Parties who can Influence the Financial and Operational Decision-making Process

None

8. Framework for Ensuring the Appropriateness of Business Operations

The summary of “Internal Control Programs” is as follows:

Aozora Bank (hereinafter the Bank) determines the following basic policies concerning development of a system for appropriate business (internal control programs) of the Bank and the Bank’s subsidiaries based on the Companies Act and the Ordinance for Enforcement of the Companies Act.

1. Ensure Execution of Fiduciary Responsibilities by Directors and Employees in compliance with Laws, Regulations and the Articles of Incorporation

- (1) The Bank develops Internal Rules concerning a compliance system including Master Policy “Code of Conduct and Ethics” as a code of conduct for officers and employees of the Bank to fulfill their duties while complying with laws and regulations, and asks the officers and employees to submit “Annual Acknowledgment of Code of Conduct and Ethics”.
- (2) The Bank appoints two or more Outside Directors who have knowledge and experience in the management and supervise the execution of operations by the Bank from an independent perspective for the purpose of ensuring management disciplines and improving a supervisory function of the Board of Directors.
- (3) The Bank establishes Nomination & Remuneration Committee to deliberate appointment and remuneration of Directors and Executive Officers as well as Audit & Compliance Committee to assess matters concerning internal control. Both of the committees consists of mainly Outside Directors and deliberate such matters thoroughly and professionally as entrusted by the Board of Directors, and report the results of the deliberations to the Board of Directors.
- (4) The Bank establishes a division controlling compliance matters and puts in place a compliance system through developing Internal Rules concerning compliance matters, providing compliance training programs, checking the compliance status as well as developing and implementing remedial actions. The division controlling compliance matters annually develops, as “Compliance Program”, a specific action plan to put in place a compliance system including responses to newly established and revised laws and regulations, development of Internal Rules and training programs and obtains approval by the Board of Directors. In addition, the division reports its progress to Audit & Compliance Committee and the Board of Directors on a regular basis.
- (5) The Bank establishes an Internal Audit Group which functions independently from all business groups. The Internal Audit Group audits the development and operation of the internal control system from an independent perspective based on the annual audit plan approved by the Board of Directors and periodically reports the status of internal audits to the Chief Executive Officer (CEO), Management Committee, Audit & Compliance Committee and the Board of Directors.
- (6) In order to prevent, discover early and remedy scandals caused by violations of laws or illicit behaviors, the Bank maintains "Aozora Hotline Program", a whistle-blower system which enables officers and employees of the Bank to directly report to in-house and outside special contacts when they learn any cases which violate or may violate laws and regulations or Internal Rules.
- (7) The Bank develops a system necessary to remove any unjustified involvement by Anti-Social Elements and to eliminate or avoid all transactions with them including provision of funds. In addition, the Bank develops a control structure to prevent the Bank from being used, directly or indirectly, by money laundering or terrorist financing such as constantly confirming customers’ status.
- (8) The Bank establishes a customer protection system (management of customer explanation, customer support, customer information, outsourcing and prevention of conflict of interests) to protect customers and to improve customers’ conveniences.
- (9) The Bank establishes a system necessary to prevent insider trading and unfair transactions by individual officers and employees where customer information is used by such officers and employees.
- (10) The Bank develops a system necessary to comply with bribery prevention-related laws and regulations as well as prevent corruption.

2. Ensure Efficient Execution of Duties & Responsibilities by Directors

To ensure prompt decision-making on business execution, the Bank has established a Management Committee consisting of members appointed by the Board of Directors from among Directors and Executive Officers and delegates the business execution-related authorities to such Committee. In addition, Management Committee establishes various committees consisting of committee members having professional expertise, experiences and judgment as its lower organizations and delegates its authorities to them.

3. Safekeeping and Management of Information regarding Execution of Fiduciary Responsibilities of Directors

Based on laws, regulations and various Internal Rules for document management, the Bank appropriately manages and keeps the information on execution of Directors' responsibilities including the minutes of the Board Meeting and other various important committees.

4. Internal Rules and Structure to Manage Risk of Loss

- (1) The Bank defines a basic policy and a management procedure for risks recognized by the Bank and the Bank's Subsidiaries in Master Policy "Comprehensive Risk Management". Further, the Bank classifies risks arising from operations into a market risk, a credit risk, a liquidity risk and an operational risk (including system risk to respond to cyber security) and develops Internal Rules defining basic policies by risk category.
- (2) Each division in charge by risk category periodically reports the risk management status to Management Committee, Audit & Compliance Committee and the Board of Directors.
- (3) Internal Audit Group audits effectiveness and appropriateness of the risk management system and reports the results to Chief Executive Officer (CEO), Management Committee, Audit & Compliance Committee and the Board of Directors. In addition, such Group shares information as necessary with ASB Members, Audit & Supervisory Board and Accounting Auditors for cooperative purposes.
- (4) The Bank establishes "Business Continuity Plan (BCP)" to respond to risks having a material impact on the business continuity including spread of infectious diseases, natural disasters, system failures, cyberattacks, etc. Chief Executive Officer (CEO) is responsible for all business responses in an emergency situation.

5. Ensure Appropriate Operations of the Bank and the Bank's Subsidiaries

- (1) The Bank defines the basic policies for management/control, compliance, and risk management systems of the Bank's subsidiaries in Master Policy "Management of Group Companies" to ensure appropriate and effective operation of the business in the Bank and the Bank's Subsidiaries.
- (2) The Bank and the Bank's Subsidiaries have established an integrated internal control system for the Bank and the Bank's subsidiaries while respecting their independence and autonomy. In addition, in conformance with applicable laws and restrictions, the Bank ensures that the Bank's policies and procedures including the "Code of Conduct and Ethics" are fully understood by the Bank's subsidiaries.
- (3) The Bank and the Bank's subsidiaries have established systems to control conflicts of interest and to prevent unreasonable damage to customers' interest as well as a system to cause the terms of transactions between the Bank and the Bank's Subsidiaries and between the Bank's Subsidiaries to comply with the Arm's Length Rule.
- (4) To ensure credibility and appropriateness of the financial reporting of the Bank and the Bank's subsidiaries on a consolidated basis, the Bank develops a system for proper internal control over financial reporting by establishing Procedure "Internal Control over Financial Reporting".
- (5) To the extent of not violating laws and regulations, Internal Audit Group audits business activities of each of the Bank's subsidiaries.

6. Ensure Effective Auditing by ASB Members

- (1) The Bank establishes Office of Audit & Supervisory Board (“ASB”) to support its members’ duties and appropriately allocates employees to support such activities. The authority to give instructions to such employees belongs to ASB Members and such employees are interviewed and evaluated by Standing ASB Member. In addition, decisions on transfer, promotion, compensation and punishment of such employees require the consent by Standing ASB Member.
- (2) ASB Members may directly require the officers and employees of the Bank and the Bank’s subsidiaries to make a report as necessary (including implementation status of the Hot Line program and details of whistle blowers’ reports).
- (3) Officers and employees of the Bank and the Bank’s subsidiaries immediately make a report to ASB Members whenever they find violations against laws and regulations at the Bank or the Bank’s subsidiaries or any event which may cause a serious damage to the Bank or the Bank’s subsidiaries. The officers and employees who report to ASB Members will not be unfairly treated due to any such reporting, which is clearly stated in HR Rules and other Internal Rules.
- (4) Officers and employees cooperate with ASB Members when auditing based on an audit plan annually developed by Audit & Supervisory Board (including a budget).
- (5) ASB Members may get advice as needed from external professionals including attorneys and certified accountants about auditing for effective audits.
- (6) The Bank incurs the various costs for execution of the ASB Members’ responsibilities (including the expense related to Paragraph (5) above).

(Summary of Framework for Ensuring the Appropriateness of Business Operations)

The following is a summary of the operational status of the Bank’s basic policy for the development of Internal Control Programs:

1. Framework for Ensuring that Directors and Employees Perform Their Duties in Accordance with Laws, Regulations and the Articles of Incorporation
 - The Bank has decided upon a “Code of Conduct and Ethics”, which stipulates laws and regulations that officers and employees must comply with while performing their duties. All officers and employees of the Aozora Bank Group must submit an “Annual Acknowledgment of the Code of Conduct and Ethics” to indicate that they have understood and will comply with the “Code of Conduct and Ethics”.
 - The Bank nominates several candidates, with consideration for independence, for outside directors, who are then approved and appointed at the General Meeting of Shareholders. Four of the eight directors are independent outside directors as of the end of this fiscal year. The Nomination and Remuneration Committee, where the majority of the members are outside directors, and the Audit and Compliance Committee, which comprises outside directors, complement the supervisory function and fulfill check-and-balance function for Representative Directors and Executive Officers, by checking and verifying responsible matters from various professional standpoints, being entrusted by the Board of Directors.
 - The Bank has established a Compliance Management Division which is in charge of risk management operations concerning the compliance with laws and regulations for the entire Aozora Bank Group. The Division has developed a set of internal policies based on the laws and regulations which must be complied with, and made efforts to develop and produce its legal compliance framework by conducting training and making it known to maintain and improve the understanding and awareness of compliance issues among the Bank’s officers and employees. Moreover, the Division develops an annual “Compliance Program”, which is designed to be a concrete action plan for achieving the objectives of the compliance framework, and delivers semiannual reports regarding the progress of the Program to the Audit and Compliance Committee and the Board of Directors.
 - With respect to trainings/announcements based on the plan set at the beginning of the year, the Bank has put in place the environment that enables employees to attend these trainings/awareness programs from home or remote environment as well as learning by video materials. The Bank has conducted trainings/awareness programs covering points to note from a compliance perspective to promote Aozora-type strategic investment banking business and timely material issues including cybersecurity and information management.
 - The Internal Audit Division conducts an internal audit based on the Annual Internal Audit Plan approved by the Board of Directors each fiscal year. The Division reports monthly to the Chief Executive Officer (CEO) and the Management Committee, as well as semi-annually to the Audit & Compliance Committee, the Board of Directors and quarterly to the Audit & Supervisory Board (ASB).
 - The Aozora Bank Group has established a whistle-blowing system, the Aozora Hotline Program, which is designed to prevent, aid in the early discover of, and take corrective action against the violation of laws and other misconduct. Every officer and employee can report any inappropriate activities which violate or may violate internal rules, laws, regulations, or other norms directly to the in-house and outside (a law firm) channels for

whistle-blowers. The Division delivers a semiannual report on the operational status of the “Aozora Hotline Program” and the number of whistle-blowing cases to the Audit and Compliance Committee and the Board of Directors.

- The Bank has affirmed its position against anti-social elements in its “Procedure for the Elimination of Anti-Social Elements”, and established various systems to eliminate intervention by and prevent business relationships with anti-social elements. The Bank has positioned the prevention of money laundering and financing for terrorism/measures against financial crimes such as Proliferation Financing and responses to economic sanctions under the Foreign Exchange and Foreign Trade Law as critical business challenges, has put a management framework into place and has maintained it.
 - With the heightened risks of money laundering etc. amid the various measures which the Bank provides with improved convenience in non-face-to-face transactions reflecting various customer needs, the Bank has been working on maintenance/enhancement of its fraud detection system through cross-referencing with various lists and transaction monitoring on a daily basis.
 - The Bank has developed internal rules for determining concrete countermeasures for ensuring proper customer protection based on its “Customer Protection” Master Policy, which stipulates its basic policy on customer protection and initiatives for improving customer convenience. The Director responsible for customer protection management, who is appointed by the Board of Directors, supervises overall customer protection management. The Customer Protection Committee, which comprises members including the Executive Officer in charge of compliance and governance, holds meetings once a month to review the framework for customer protection.
 - While working on improvement of services to respond to growing needs for cashless/non-face-to-face transactions, the Bank also has verified/reviewed the standards for linking one's bank accounts to other accounts at fund transfer service providers or has tightened verification system in terms of security in personal authentication upon Internet banking system update.
 - In order to prevent insider trading by its officers and employees, the Bank has established and maintained a system in which the Compliance Management Division centralizes all important information collected by the Bank and strictly controls all confidential insider information.
 - The Bank has established Procedure “Anti-Bribery”, has put in place a structure and is continuously making it known in order to comply with anti-bribery laws and regulations in each country and prevent any corruption.
2. Ensure Efficient Execution of Duties and Responsibilities by the Directors
- The Management Committee comprises Executive Officers (including Representative Directors) appointed by the Board of Directors. The Management Committee convenes on a weekly basis and determines important matters related to the Bank's daily operations, in accordance with the policies set forth by the Board of Directors. The Management Committee has the following sub-committees to which it delegates authority: the Asset and Liability Management Committee, the Integrated Risk Committee, the Credit Committee, the Investment Committee, the CAPEX Committee, the Customer Protection Committee and the Sustainability Committee. Sub-committees comprise members with substantive knowledge and experience in various aspects of the Bank's business operations, as well as sound decision-making capabilities.
3. Safekeeping and Management of Records regarding Execution of Fiduciary Responsibilities of Directors
- The Bank appropriately manages and keeps important documents such as the minutes of the Board of Directors Meeting, the Management Committees and other various committees and the relevant written approval documents for the mandatory period, based on laws, regulations and internal rules.
4. Internal Rules and Framework for Managing Risk of Loss
- For the implementation of appropriate risk management activities, the Bank has established committees such as the Asset and Liability Committee and the Integrated Risk Committee and the responsible departments to control the risks, to understand, evaluate and control the risks. The Bank appoints the Chief Risk Officer (CRO) from amongst Executive Officers as a responsible person for risk management.
 - The Bank has set the basic policies and rules that stipulate the scope of risks to be controlled, their definitions, risk characteristics and evaluations, monitoring and control. Each risk management division controls the risks in an appropriate manner within the framework.
 - The Management Committee, the Audit & Compliance Committee and Board of Directors receive risk control reports from the risk management divisions to understand, evaluate and control the risks in an appropriate manner.

- The Internal Audit Division conducts audits of the effectiveness and legitimacy of risk controls, and reports the results to the Chief Executive Officer (CEO) and the Management Committee monthly, to the Audit & Compliance Committee and the Board of Directors semi-annually, to the ASB quarterly.
The Internal Audit Division is always cooperating with the Accounting Auditors through joint audit activities including the ASB Members.
 - The Bank has developed a Business Continuity Plan (BCP) in preparation for large-scale disasters such as earthquakes occurring directly beneath the Tokyo metropolitan area, system failures, cyberattacks, and the spread of infectious diseases, and is verifying its effectiveness at any time.
In addition, by conducting various trainings and trainings for all officers and employees, the Bank is working to foster awareness of crisis management and improve its effectiveness.
 - For COVID-19 infections, the Bank has made efforts such as expanding remote work and telecommuting, introducing split work, conducting screening tests in important business departments, and restricting meals between officers and employees, to prevent internal infections and cluster outbreaks, and is working to strengthen Business Continuity system.
5. Framework for Ensuring the Appropriateness of Business Operations of the Bank and Subsidiaries
- Based on the Bank's Master Policy entitled "Management of Group Companies" which encompasses management, compliance and risk management frameworks, Executive Officers responsible for business promotion of the group subsidiaries supervise management of the subsidiaries in collaboration with the relevant divisions, while each risk management division directly manages the relevant risk of the subsidiaries. The Bank and its subsidiaries have signed a "Master Advisory and Corporate Governance Agreement", which defines specific issues agreed upon by the Bank and the subsidiaries for which the subsidiaries must consult with in advance or report to the Bank and other compliance requirements to ensure effectiveness of management.
 - In order to avoid any infringement upon customers' interests in favor of the interests of the Bank and third parties, the Bank has formulated a "Management of Conflict of Interest and Compliance with Arm's Length Rule" Procedure so as to properly manage any transactions between the Bank or its subsidiaries and customers, which may result in conflicts of interest and ensure that terms and conditions of such transactions do not infringe upon the arm's length rule. The Customer Protection Committee, which comprises the Executive Officer in charge of compliance and governance, verifies semi-annually the management of conflicts of interests.
 - The Bank is committed to developing and maintaining a proper internal control system in line with the Procedure "Internal Control Over Financial Reporting" to ensure the appropriateness and reliability of financial reporting of the Bank and the Bank's subsidiaries on a consolidated basis. The Bank also evaluates the effectiveness of internal control for financial reporting and discloses the internal control report annually.
 - The Internal Audit Division conducts internal audits on the Bank and the subsidiaries in accordance with the Master Policy "Internal Audit" and the Procedure "Supervision and Governance of Group Companies."
6. Framework for Ensuring the Effectiveness of Audit by ASB members
- The Bank has assigned a full-time general manager and staff to establish the Office of Audit & Supervisory Board (OASB). Under the supervision of the ASB members and ASB, the OASB is in charge of supporting the ASB members and administering the ASB meetings.
 - The OASB and its General Manager report directly to the full-time ASB member on a day-to-day basis. Their performance reviews are conducted by the full-time ASB member, and decisions on such matters as personnel and performance appraisals require the consent of the full-time ASB member (and the ASB, if necessary).
 - All directors and employees of the Bank and the subsidiaries can report directly to the ASB members and the ASB about important issues on management and business operations, including internal audit results and inside information reported through the whistle blowing system, and others issues which the ASB members consider necessary. They are not subject to disadvantageous treatment due to such reporting.
 - The directors and employees cooperate in attendance and reporting to the ASB Meeting based on the audit plan.
 - The Bank reimburses for any expenses incurred by the ASB members and the ASB in the ordinary course of their audits, including fees for external professionals, such as lawyers, which they consider necessary for an effective and professional audit.

9. Matters Concerning Wholly-owned Subsidiaries

None

10. Matters Concerning Transactions with the Parent Company

None

11. Matters Concerning Accounting Advisor

None

12. Other

Policy on Execution of Authority Granted to the Board of Directors in accordance with the Articles of Incorporation Based on Article 459-1 of the Companies Act

(Policy on distribution of retained earnings and purchases of treasury shares)

The Bank has stipulated in the Articles of Incorporation that the Board of Directors is authorized to make resolutions in respect to Article 459-1 of the Companies Act, in order to secure the timely implementation of capital-related measures.

As announced in mid-term plan for 2020-2022, entitled “Aozora 2022” in May 2020, the Bank has made it a policy to set the dividend payout ratio at 50% of consolidated net income (profit attributable to owners of parent). The Bank has made it a principle to give back performance-based returns to the shareholders through dividend payments, and continue to pay dividends on common shares on a quarterly basis.

Regarding the execution by the Board of Directors of its entrusted authority for the distribution of retained earnings and purchases of treasury shares, the Bank considers comprehensively the business performance and business prospects, in order to enhance corporate value and make an appropriate return of profits to its shareholders.

Consolidated balance sheet as of March 31, 2022

(Millions of yen)

(Assets)		(Liabilities)	
Cash and due from banks	1,141,946	Deposits	4,838,056
Call loans and bills bought	122,243	Negotiable certificates of deposit	33,500
Monetary claims bought	101,687	Call money and bills sold	16,121
Trading account assets	133,021	Securities sold under repurchase agreement	69,876
Money held in trust	20,930	Cash collateral received for securities lent	356,956
Securities	1,478,178	Trading account liabilities	129,227
Loans and bills discounted	3,317,125	Borrowed money	432,342
Foreign exchanges	63,878	Bonds payable	168,959
Other assets	306,215	Other liabilities	166,022
Tangible fixed assets	21,785	Provision for bonuses	4,332
Buildings, net	10,322	Provision for bonuses for directors (and other officers)	86
Land	9,235	Retirement benefit liability	10,974
Leased assets, net	478	Provision for credit losses on off-balance-sheet instruments	407
Other tangible fixed assets	1,749	Provision for contingent loss	453
Intangible fixed assets	20,140	Reserves under special laws	8
Software	20,072	Deferred tax liabilities	23
Other intangible fixed assets	67	Acceptances and guarantees	14,038
Retirement benefit asset	4,964	Total liabilities	6,241,387
Deferred tax assets	31,729	(Equity)	
Customers' liabilities for acceptances and guarantees	14,038	Share capital	100,000
Allowance for loan losses	(48,677)	Capital surplus	87,476
Allowance for investment loss	(553)	Retained earnings	301,700
		Treasury shares	(3,117)
		Total shareholders' equity	486,060
		Valuation difference on available-for-sale securities	3,985
		Deferred gains or losses on hedges	(157)
		Foreign currency translation adjustment	3,450
		Remeasurements of defined benefit plans	(233)
		Total accumulated other comprehensive income	7,045
		Share acquisition rights	390
		Non-controlling interests	(6,229)
		Total equity	487,265
Total assets	6,728,653	Total liabilities and equity	6,728,653

Consolidated statement of income
(For the fiscal year ended March 31, 2022)

(Millions of yen)

Ordinary income		134,737
Interest income	66,141	
Interest on loans and discounts	44,792	
Interest and dividends on securities	20,283	
Interest on call loans and bills bought	(54)	
Interest income on securities purchased under resale agreements	(0)	
Interest on deposits with banks	11	
Other interest income	1,109	
Trust fees	444	
Fees and commissions	17,300	
Gain on trading account transactions	16,642	
Other ordinary income	28,066	
Other income	6,142	
Recoveries of written off receivables	156	
Reversal of provision for credit losses on off-balance-sheet instruments	205	
Other	5,780	
Ordinary expenses		88,443
Interest expenses	14,529	
Interest on deposits	6,179	
Interest on negotiable certificates of deposit	3	
Interest on call money and bills sold	24	
Interest expenses on securities sold under repurchase agreements	82	
Interest expenses on cash collateral received for securities lent	356	
Interest on borrowings and rediscounts	1,171	
Interest on bonds	1,957	
Other interest expenses	4,754	
Fees and commissions payments	3,720	
Other ordinary expenses	7,334	
General and administrative expenses	57,490	
Other expenses	5,368	
Provision of allowance for loan losses	2,702	
Other	2,665	
Ordinary profit		46,294
Extraordinary income		0
Gain on disposal of non-current assets	0	
Extraordinary losses		319
Loss on disposal of non-current assets	49	
Impairment losses	269	
Profit before income taxes		45,975
Income taxes-current	13,110	
Income taxes-deferred	(173)	
Total income taxes		12,937
Profit		33,038
Loss attributable to non-controlling interests		(1,966)
Profit attributable to owners of parent		35,004

Consolidated statement of changes in equity
(For the fiscal year ended March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share Capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	100,000	87,412	283,464	(3,260)	467,615
Cumulative effects of changes in accounting policies			(657)		(657)
Restated balance	100,000	87,412	282,806	(3,260)	466,958
Changes during period					
Dividends of surplus			(16,109)		(16,109)
Profit attributable to owners of parent			35,004		35,004
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		64		142	207
Net changes in items other than shareholders' equity					
Total changes during period	-	64	18,894	142	19,102
Balance at end of period	100,000	87,476	301,700	(3,117)	486,060

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total equity
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	27,196	(750)	(971)	974	26,449	482	(4,541)	490,006
Cumulative effects of changes in accounting policies		(1)			(1)			(659)
Restated balance	27,196	(752)	(971)	974	26,447	482	(4,541)	489,346
Changes during period								
Dividends of surplus								(16,109)
Profit attributable to owners of parent								35,004
Purchase of treasury shares								(0)
Disposal of treasury shares								207
Net changes in items other than shareholders' equity	(23,210)	595	4,421	(1,208)	(19,402)	(91)	(1,688)	(21,182)
Total changes during period	(23,210)	595	4,421	(1,208)	(19,402)	(91)	(1,688)	(2,080)
Balance at end of period	3,985	(157)	3,450	(233)	7,045	390	(6,229)	487,265

Non-consolidated balance sheet as of March 31, 2022

(Millions of yen)

(Assets)		(Liabilities)	
Cash and due from banks	980,590	Deposits	4,564,081
Cash	6,288	Current deposits	36,782
Due from banks	974,301	Ordinary deposits	1,972,403
Call loans	122,243	Saving deposits	32,352
Monetary claims bought	78,477	Deposits at notice	995
Trading account assets	133,008	Time deposits	2,386,837
Trading securities derivatives	14,392	Other deposits	134,709
Trading account securities derivatives for hedging	10,570	Negotiable certificates of deposit	33,500
Trading account financial derivatives	108,045	Call money	16,121
Money held in trust	9,639	Securities sold under repurchase agreements	69,876
Securities	1,494,578	Cash collateral received for securities lent	356,956
Government bonds	51,352	Trading account liabilities	129,227
Local government bonds	133,452	Trading account securities derivatives for hedging	14,936
Short-term corporate bonds	34,998	Trading account financial derivatives	114,290
Corporate bonds	129,837	Borrowed money	432,100
Stocks	65,525	Borrowings from other banks	432,100
Other securities	1,079,411	Bonds payable	168,959
Loans and bills discounted	3,230,905	Other liabilities	155,968
Bills discounted	5,674	Income taxes payable	6,525
Loans on bills	24,443	Accrued expenses	3,819
Loans on deeds	3,057,969	Unearned revenue	311
Overdrafts	142,817	Variation margins of futures markets	6,728
Foreign exchanges	63,878	Financial derivatives	101,576
Due from foreign banks (our accounts)	63,878	Cash collateral received for financial instruments	7,239
Other assets	286,308	Lease liabilities	510
Prepaid expenses	971	Asset retirement obligations	2,022
Accrued revenue	8,234	Other	27,237
Margin deposits for futures transactions	962	Provision for bonuses	3,854
Financial derivatives	53,268	Provision for bonuses for directors (and other officers)	70
Cash collateral paid for financial instruments	143,786	Provision for retirement benefits	10,367
Bond issuance costs	259	Provision for credit losses on off-balance-sheet instruments	403
Other	78,826	Acceptances and guarantees	25,381
Tangible fixed assets	21,147	Total liabilities	5,966,868
Buildings, net	10,046	(Equity)	
Land	9,235	Share capital	100,000
Leased assets, net	478	Capital surplus	87,476
Other tangible fixed assets	1,386	Legal capital surplus	87,313
Intangible fixed assets	12,125	Other capital surplus	163
Software	12,059	Retained earnings	291,448
Other intangible fixed assets	66	Legal retained earnings	12,686
Prepaid pension costs	5,132	Other retained earnings	278,761
Deferred tax assets	31,962	Retained earnings brought forward	278,761
Customers' liabilities for acceptances and guarantees	25,381	Treasury shares	(3,117)
Allowance for loan losses	(47,910)	Total shareholders' equity	475,807
Allowance for investment loss	(553)	Valuation difference on available-for-sale securities	4,007
		Deferred gains or losses on hedges	(157)
		Total valuation and translation adjustments	3,850
		Share acquisition rights	390
		Total equity	480,047
Total assets	6,446,916	Total liabilities and equity	6,446,916

Non-consolidated statement of income
(For the fiscal year ended March 31, 2022)

(Millions of yen)

Ordinary income		119,899
Interest income	59,857	
Interest on loans and discounts	38,463	
Interest and dividends on securities	20,298	
Interest on call loans	(34)	
Interest income on securities purchased under resale agreements	(0)	
Interest on deposits with banks	22	
Other interest income	1,107	
Trust fees	444	
Fees and commissions	14,975	
Fees and commissions on domestic and foreign exchanges	196	
Other fees and commissions	14,778	
Gain on trading account transactions	15,432	
Net gain on trading securities	7,576	
Net gain on trading account securities	2,251	
Net gain on trading account financial derivatives	5,604	
Other ordinary income	26,537	
Gain on foreign exchange transactions	2,583	
Gain on sale of bonds	9,408	
Gain on financial derivatives	1,082	
Other	13,462	
Other income	2,652	
Recoveries of written off receivables	135	
Reversal of provision for credit losses on off-balance-sheet instruments	206	
Gain on sale of stocks and other securities	2,034	
Gain on money held in trust	78	
Other	196	
Ordinary expenses		78,885
Interest expenses	14,186	
Interest on deposits	6,130	
Interest on negotiable certificates of deposit	3	
Interest on call money	24	
Interest expenses on securities sold under repurchase agreements	82	
Interest expenses on cash collateral received for securities lent	356	
Interest on borrowings and rediscounts	878	
Interest on bonds	1,957	
Interest expenses on interest rate swaps	2,768	
Other interest expenses	1,986	
Fees and commissions payments	7,324	
Fees and commissions on domestic and foreign exchanges	158	
Other fees and commissions	7,165	
Other ordinary expenses	7,498	
Loss on sale of bonds	4,908	
Amortization of bond issuance costs	214	
Other	2,375	
General and administrative expenses	45,684	
Other expenses	4,191	
Provision of allowance for loan losses	2,848	
Written-off of loans	1,062	
Provision of allowance for investment loss	0	
Loss on sale of stocks and other securities	1	
Other	278	
Ordinary profit		41,014
Extraordinary income		0
Gain on disposal of non-current assets	0	
Extraordinary losses		319
Loss on disposal of non-current assets	49	
Impairment losses	269	
Profit before income taxes		40,695
Income taxes-current	11,569	
Income taxes-deferred	(728)	
Total income taxes		10,841
Profit		29,854

Non-consolidated statement of changes in equity
(For the fiscal year ended March 31, 2022)

(Millions of yen)

	Shareholders' equity								
	Share Capital	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings		
					Retained earnings brought forward				
Balance at beginning of period	100,000	87,313	98	87,412	12,686	265,675	278,361	(3,260)	462,513
Cumulative effects of changes in accounting policies						(657)	(657)		(657)
Restated balance	100,000	87,313	98	87,412	12,686	265,017	277,703	(3,260)	461,855
Changes during period									
Dividends of surplus						(16,109)	(16,109)		(16,109)
Profit						29,854	29,854		29,854
Purchase of treasury shares								(0)	(0)
Disposal of treasury shares			64	64				142	207
Net changes in items other than shareholders' equity									
Total changes during period	-	-	64	64	-	13,744	13,744	142	13,951
Balance at end of period	100,000	87,313	163	87,476	12,686	278,761	291,448	(3,117)	475,807

(Millions of yen)

	Valuation and translation adjustments			Share acquisition rights	Total equity
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of period	27,195	(750)	26,445	482	489,440
Cumulative effects of changes in accounting policies		(1)	(1)		(659)
Restated balance	27,195	(752)	26,443	482	488,780
Changes during period					
Dividends of surplus					(16,109)
Profit					29,854
Purchase of treasury shares					(0)
Disposal of treasury shares					207
Net changes in items other than shareholders' equity	(23,188)	595	(22,593)	(91)	(22,684)
Total changes during period	(23,188)	595	(22,593)	(91)	(8,733)
Balance at end of period	4,007	(157)	3,850	390	480,047

Independent Auditors' Report for the Consolidated Financial Statements (COPY)

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 13, 2022

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

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant: Shigehiko Matsumoto

Designated Engagement Partner,
Certified Public Accountant: Arata Otake

Designated Engagement Partner,
Certified Public Accountant: Masashi Tsurumi

Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements of Aozora Bank, Ltd. and its consolidated subsidiaries (the "Group"), namely, the consolidated balance sheet as of March 31, 2022, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from April 1, 2021 to March 31, 2022, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022, and its consolidated financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

Independent Auditors' Report for the Financial Statements (COPY)

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 13, 2022

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

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant: Shigehiko Matsumoto

Designated Engagement Partner,
Certified Public Accountant: Arata Otake

Designated Engagement Partner,
Certified Public Accountant: Masashi Tsurumi

Opinion

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the nonconsolidated financial statements of Aozora Bank, Ltd. (the "Company"), namely, the nonconsolidated balance sheet as of March 31, 2022, and the nonconsolidated statement of income and nonconsolidated statement of changes in equity for the 89th fiscal year from April 1, 2021 to March 31, 2022, and a summary of significant accounting policies and other explanatory information, and the accompanying supplemental schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2022, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the nonconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

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

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

Our objectives are to obtain reasonable assurance about whether the nonconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these nonconsolidated financial statements.

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

- Identify and assess the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the nonconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader. "The accompanying supplemental schedules" referred to in this report are not included in the attached financial documents.

The Audit & Supervisory Board's Report (COPY)

(Translation)

The Audit & Supervisory Board's Report

The Audit & Supervisory Board (hereafter "ASB") prepared this ASB's Report, following deliberation, based on the Audit & Supervisory Board Member's (hereafter "ASB Member") Report prepared by each ASB Member, and make the following report on the execution of duties by Directors for the 89th business year that commenced on April 1, 2021 and ended on March 31, 2022.

1. The Method and Contents of the Audit by ASB Members and the ASB

- (1) The ASB defined the audit policy, the division of duties, received reports on how audits were actually implemented and results thereof from each ASB Member, received reports on the actual execution of duties from Directors, etc. and the Accounting Auditor (Independent Auditor Tohmatsu), and sought any necessary explanations.
- (2) Each ASB Member complied with the standard of ASB audit predefined by the ASB, followed the audit policy and the division of duties, communicated with Directors, Internal Audit Division and employees, etc., gathered information and improved the auditing environment, and implemented the audit in the following method:
 - 1) The ASB Member attended the Board of Directors meetings and other important meetings, received reports on the actual execution of duties from Directors and employees, etc. and sought any necessary explanations, inspected important documents for approval, and examined operations and assets concerning the Head Office and principal offices. As to subsidiaries, the ASB communicated and exchanged information with Directors and ASB Members, etc. of these subsidiaries, and received any necessary reports from them. As to audit implementation, the ASB utilized telephone/online communication measures as necessary.
 - 2) The ASB periodically received reports on the conditions of the establishment and operations of the system that has been installed and improved based on the resolution of the Board of Directors, that is written in the Business Report, on the improvement of the system provided in Article 100.1 and 100.3 of the Enforcement Regulation of the Companies Act (the internal control system) and contents thereof, to secure the system to ensure the compliance of the execution of duties by Directors with applicable laws and regulations of Japan as well as the Articles of Incorporation, and to secure the appropriateness of other operations of the corporation, from Directors and employees, etc. and sought any necessary explanations. And as for internal control over financial reporting, the ASB received reports of progress and assessment on it from Directors, etc. and the Auditor Deloitte Touche Tohmatsu LLC and sought any necessary explanation and expressed opinion.
 - 3) The ASB monitored and examined to see whether the Accounting Auditor retains its independent position and implements adequate audit, as well as received from the Accounting Auditor Reports on the actual execution of its duties, and sought any necessary explanation from the Accounting Auditor. The ASB also was informed by the Accounting Auditor that the Accounting Auditor has improved its "Systems to Ensure the Proper Conduct of Professional Duties" (the item listed in the each section of Article 131 of the Corporate Accounting Rules) in accordance with "Standards for Audit Quality Control" (by Business Accounting Council on October 28, 2005), etc., and the ASB sought any necessary explanation from the Accounting Auditor.

Based on the above-mentioned method, the ASB examined the Business Report and its supplementary schedule, the financial statements for the said business year (Balance Sheet, Income Statement, Statement of Changes in Net Assets, Significant accounting policies and other Notes) and their Supplementary schedule, as well as the consolidated financial statements (Consolidated Balance Sheet, Consolidated Income Statement, Consolidated Statements of Changes in Net Assets, Significant accounting policies applied in the preparation of the consolidated financial statements and other Notes).

2. Results of the Audit

- (1) Results of the Audit on the Business Report and its Supplementary Schedule
 - 1) The ASB acknowledges that the Business Report and its supplementary schedule present the correct conditions of the Company in accordance with applicable laws and regulations of Japan as well as the Articles of Incorporation.
 - 2) There is no illegal act in the execution of duties of Directors or material fact in violation of applicable laws and regulations of Japan or the Articles of Incorporation.
 - 3) The ASB acknowledges that contents of the resolutions of the Board of Directors on the internal control system are reasonable, and there is no finding in the contents written in the Business Report and the execution of duties of Directors related to the said internal control system. And as for internal control over financial reporting, no material weakness has been reported neither from Directors, etc. nor the Auditor Deloitte Touche Tohmatsu LLC at the time of writing this report.
- (2) Results of the Audit on the Financial Statements and their Supplementary Schedule
The ASB acknowledges that the method and results of the audit implemented by the Accounting Auditor Deloitte Touche Tohmatsu LLC are reasonable.
- (3) Results of the Audit on the Consolidated Financial Statements
The ASB acknowledges that the method and results of the audit implemented by the Accounting Auditor Deloitte Touche Tohmatsu LLC are reasonable.

May 17, 2022

The Audit & Supervisory Board of Aozora Bank, Ltd.

Standing Audit & Supervisory Board Member Satoshi Hashiguchi
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)
Kiyoto Hagiwara
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)
Toraki Inoue

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Guide to the Venue for Ordinary General Meeting of Shareholders

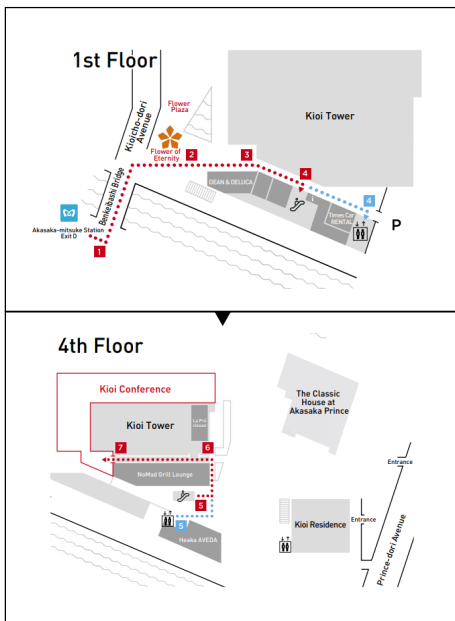
Place: **TOKYO GARDEN TERRACE KIOICHO Kioi Conference**

Kioicho 1-4, Chiyoda-ku, Tokyo

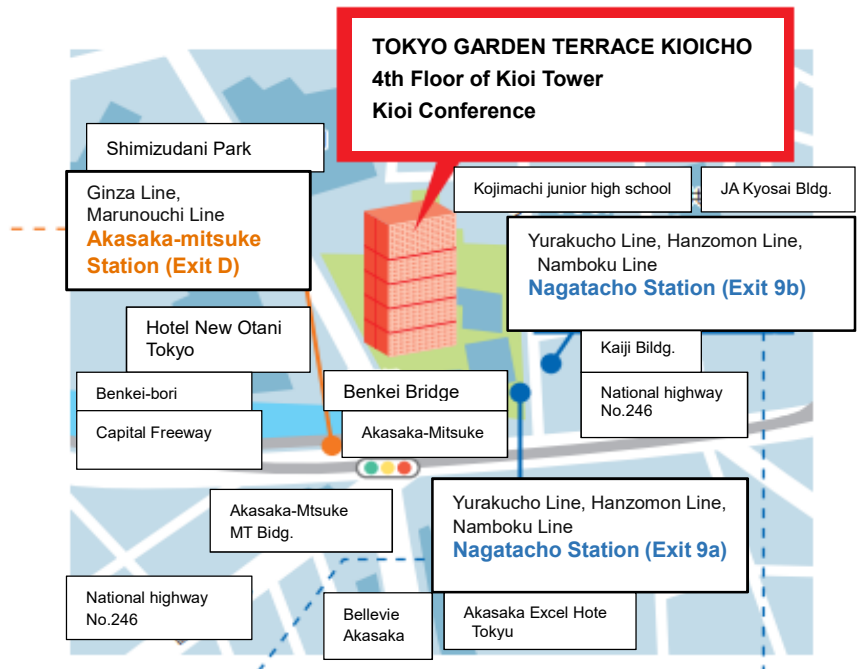
Please be aware that the venue for this year's General Meeting of Shareholders has been changed.

Access: **Directly connected to Nagatacho Station/ 1-minute walk from Akasaka-mitsuke Station**
 Access to 5 Tokyo Metro lines (Yurakucho Line, Hanzomon Line, Namboku Line, Ginza Line and Marunouchi Line)

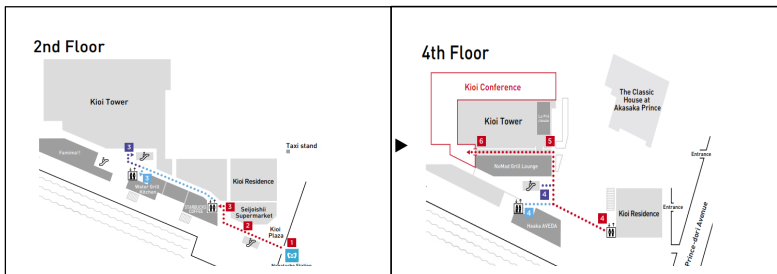
From Akasaka-mitsuke Station (Exit D)



Cross the Benkeibashi Bridge to the Kioi Tower. From the first floor with restaurants and shops, take the elevator or escalator up to the fourth floor.

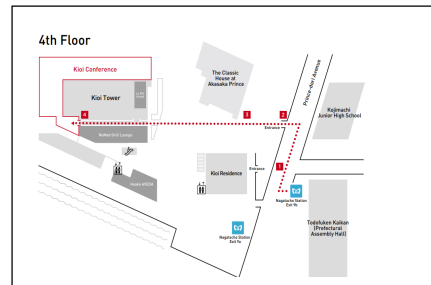


From Nagatacho Station (Exit 9a)



Walk through the connecting passageway from Exit 9a of the Nagatacho Station to the second floor of Kioi Tower. From there, take the elevator or escalator up to the fourth floor.

From Nagatacho Station (Exit 9b)



Walk straight from the entrance gate and enter through the automatic doors of Kioi Tower.