

【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 **90** th Ordinary General Meeting of Shareholders

■ Date & Time

June 22, 2023 (Thursday)

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)

■ Proposals for Resolution

Proposal No.1 Appointment of Eight Directors

Proposal No.2 Appointment of One Audit & Supervisory
Board Member

Proposal No.3 Appointment of Two Alternate Audit &
Supervisory Board Members

Note that the Board of Directors have resolved to pay a year-end common share dividend of 40 yen per share for the 90th fiscal year (4th quarter).

As a result, the full-year dividend per common share for the 90th fiscal year is 154 yen.

- There will be no thank-you gift for attendees.
- The General Meeting of Shareholders will be livestreamed.
(Please see pages 9-10 for details.)
- Shareholders may exercise their voting rights in advance in writing or via the Internet.

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Message from the CEO

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 90th Ordinary General Meeting of Shareholders to be held on Thursday, June 22, 2023.

In FY2022, the final year of the Mid-term Plan "Aozora 2022", we focused on Aozora's Strategic Investments Business, which is designed to foster new business and support corporate restructuring and business recovery through selective risk-taking, and proactively worked on Aozora's Sustainability Targets. Our full-year results demonstrated customer-related business driven by Aozora's Strategic Investments Business was strong, which has resulted in steady progress on building the operating base towards our new Mid-term Plan. We also achieved Aozora's Sustainability Targets as initially planned.

However, we missed the initial earnings forecast for FY2022 and also fell short of our KPIs (Key Performance Indicators), mainly due to restructuring our securities portfolio amid higher interest rates in the U.S. and transforming the structure of our retail business.

The FY2022 full-year dividend is 154 yen per common share, the same level as the initial dividend forecast, as the customer-related business continued to perform strongly and the capital adequacy ratio remained adequate.

We announced on May 17 that we had established its new Mid-term Plan "Aozora 2025" (FY2023–25) — Fostering, Change and Recovery —. The three years of the "Aozora 2025" are expected to be a period of historic change in the environment, including a shift in accommodative monetary policies, deglobalization and supply chain restructuring, recovery from the COVID-19 pandemic, increasing geopolitical risks, and the progress of decarbonization and DX (Digital Transformation). We believe that this situation will provide a great opportunity for us to "contribute to the development of society through the creation of new value-added financial services" as the Aozora Mission, which is part of our corporate philosophy, by leveraging the Aozora Group's established expertise.

Under the new Mid-term Plan "Aozora 2025", we will work to enhance our corporate value through the achievement of KPI targets, including ROE of 8%, while expanding Aozora's Strategic Investments Business through focused allocation of resources as well as creating the Aozora Ecosystem with our customers and business partners for mutual growth.

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



Kei Tanikawa
Representative Director, President and
Chief Executive Officer

Before the General Meeting of Shareholders

From the date of receipt of the Convocation Notice to June 21, 2023 (Wednesday)

See disclosure documents



- ▶ Aozora website dedicated to the General Meeting of Shareholders

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

(Note) Disclosure documents are posted on the Tokyo Stock Exchange's (TSE) website (Information Service Regarding Companies Listed on the TSE).

→ <https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>

Please visit the above-mentioned TSE website, enter "Aozora Bank" in "Stock name (company name)" or "8304" (the Bank's securities code) in "Code", select "Basic information" and then "Publicly available documents / PR information", and see information in the "Convocation Notice of the General Meeting of Shareholders / General Meeting of Shareholders materials" section under "Publicly available documents".

(Note) In addition to the above, these documents are also posted on the website of PRONEXUS INC.

→ <https://d.sokai.jp/8304/teiji/>



The main contents of the Convocation Notice are also available on the smartphone

<https://p.sokai.jp/8304/>



Exercise your voting rights in advance

Validity Date:

No later than 5:15 p.m.
on June 21, 2023 (Wednesday)

We encourage you to exercise your voting rights in advance using any one of the methods described below. If you participate in the General Meeting via livestream, we also ask that you please exercise your voting rights in advance.

▶ Please check pages 7–8 for details.

PC Smartphone

Mailing

Please write your vote of approval or disapproval

Send pre-planned questions

Acceptance period:

No later than 5 p.m.
on June 20 (Tuesday) 2023

- We welcome you to send us pre-planned questions regarding meeting agenda in advance of the General Meeting of Shareholders 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: shitsumon2023@aozorabank.co.jp

On the day of the General Meeting of Shareholders

For those participating in the General Meeting of Shareholders in person



Venue, date and time

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

June 22 (Tuesday) 2023
(reception opens at 9:00 a.m.)

▶ For details, please see page 11.

Information regarding the General Meeting of Shareholders



There will be no thank-you gift for attendees



There will be no Drink Corner or Retail Showroom set up by the Bank



Alcohol disinfection



Thermometry

For those participating in the General Meeting of Shareholders via



Date of livestream

June 22, 2023
(on Thursday from 10:00 a.m.)

The General Meeting of Shareholders will be livestreamed via the Internet.

- ▶ For details, please see pages 9–10 as well as the "Notice on the General Meeting of Shareholders livestream" enclosed with the Convocation Notice for the 90th Ordinary General Meeting of Shareholders.

After the end of General Meeting of Shareholders



See post disclosure regarding the General Meeting of Shareholders

See presentation materials

See answers to questions submitted in advance of the General Meeting of Shareholders

See the result of exercised voting rights

We will upload a video of the General Meeting to the Aozora website. We plan to make the video available starting in early July once preparations are complete.

Aozora website dedicated to the General Meeting of Shareholders
<https://www.aozorabank.co.jp/corp/ir/stock/meeting/>



Securities Code: 8304

Dispatched on: June 6, 2023

Measures for electronic provision taken on: May 30, 2023

Dear Shareholders,

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

The Convocation Notice for the 90th Ordinary General Meeting of Shareholders

You are cordially invited to participate in Aozora Bank Ltd.'s 90th Ordinary General Meeting of Shareholders as described below.

Upon the convocation of this General Meeting of Shareholders, electronic provision measures have been taken for information related to Reference Materials for the General Meeting of Shareholders (matters subject to measures for electronic provision), which is posted as "the Convocation Notice for the 90th Ordinary General Meeting of Shareholders" on the websites mentioned below. We ask for your cooperation in visiting any one of these websites to see details.

Aozora website: A site dedicated to the General Meeting of Shareholders	https://www.aozorabank.co.jp/corp/ir/stock/meeting/	
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Tokyo Stock Exchange website: Information Service Regarding Companies Listed on the TSE	https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?SHow=Show	
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On the TSE website, please enter "Aozora Bank" in "Stock name (company name)" or "8304" (the Bank's securities code) in "Code", select "Basic information" and then "Publicly available documents / PR information", and see information in the "Convocation Notice of the General Meeting of Shareholders / General Meeting of Shareholders materials" section under "Publicly available documents".

PRONEXUS website: A site for Reference Materials for the General Meeting of Shareholders	https://d.sokai.jp/8304/teiji/	
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While we will take every possible precaution to prevent the spread of COVID-19, we ask that our shareholders visit the venue after checking the current status of the pandemic as well as their health condition as of the date of the General Meeting of Shareholders.

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 9–10).

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 (Wednesday) 2023, in consideration of the following "Reference Materials for the General Meeting of Shareholders."**

Thank you for your cooperation.

(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 Thursday, June 22, 2023 at 10:00 a.m.

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

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 90th fiscal year (from April 1, 2022 to March 31, 2023)
 2. Reports on the Financial Statements for the 90th fiscal year (from April 1, 2022 to March 31, 2023)

Proposals for Resolution:

Proposal No. 1: Appointment of Eight Directors

Proposal No. 2: Appointment of One Audit & Supervisory Board Member

Proposal No. 3: 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 Bank's Articles of Incorporation, notes to the consolidated financial statements and notes to the non-consolidated financial statements among the matters subject to measures for electronic provision are omitted from the document that refers to matters subject to measures for electronic provision (Convocation Notice of the 90th Ordinary General Meeting of Shareholders).
As such, the business report, consolidated financial statements and non-consolidated financial statements described in the said document are part of the documents audited by the Independent Auditor who prepared accounting audit reports and by the Audit & Supervisory Board who prepared audit reports.
 - ◎ Please note that, in the event of any necessary revision to the matters subject to measures for electronic provision, we will inform you of the original and revised matters on the Aozora website and Tokyo Stock Exchange website as well as the PRONEXUS INC. website that posts Reference Materials for the General Meeting of Shareholders.
 - ◎ For the 90th Ordinary General Meeting of Shareholders, we have sent the document that refers to matters subject to measures for electronic provision (Convocation Notice of the 90th Ordinary General Meeting of Shareholders) to all shareholders, regardless of whether they have requested delivery of printed copies.

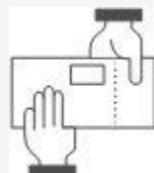
Notice on Exercise of Voting Rights

Once you have reviewed the Reference Materials for the General Meeting of Shareholders (pages 12 to 34), we ask that you please exercise your voting rights regarding each proposal.

The following three methods may be used to exercise your voting rights. Shareholders who will not attend the meeting in person are encouraged to vote using either method B or C.

A Attend the Shareholder's Meeting

- Date & Time:
June 22, 2023 (Thursday) 10:00 a.m.



Please present the "Exercise of Voting Rights Form" enclosed with the Convocation Notice for the 90th Ordinary General Meeting of Shareholders at the reception desk.

Please also have your Convocation Notice for the 90th Ordinary General Meeting of Shareholders (this document) on hand.

B Exercise Your Voting Rights in Writing

- Validity Date:
No later than 5:15 p.m.
on June 21, 2023 (Wednesday)



Please write your vote of approval or disapproval on the "Exercise of Voting Rights Form" enclosed with the Convocation Notice for the 90th Ordinary General Meeting of Shareholders and return the form to us by mail so that it arrives no later than the expiration of the Exercise Period.

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 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

Proposal No. 2

Approval >> ○ on [賛]
Disapproval >> ○ on [否]

C Exercise your Voting Rights via the Internet

- Validity Date:
No later than 5:15 p.m.
on June 21, 2023 (Wednesday)



"Smart Voting" Method

- 1 You can easily exercise your voting rights by scanning the QR code[®]* 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[®] and re-enter the "Voting Rights 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



* 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.

Exercise of the Voting Rights 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 Aozora Bank from a PC, smartphone, or cell cellphone:
<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.

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

Electronic platform for executing voting rights (for institutional investors)

Institutional investors may exercise their voting rights for the 90th Ordinary General Meeting of Shareholders through the electromagnetic form operated by ICJ Inc.

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 "Notice on the General Meeting of Shareholders livestream" enclosed with the Convocation Notice for the 90th Ordinary General Meeting of Shareholders.

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 5:15 p.m., on Wednesday, June 21, 2023. 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 Rights Form." For details, please refer to the "Notice on the General Meeting of Shareholders livestream" enclosed with the Convocation Notice for the 90th Ordinary General Meeting of Shareholders.
- 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, 2023. 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)

Sumitomo Mitsui Trust Bank, Limited. (Shareholders registry administrator):
General Meeting of Shareholders Dedicated Virtual Support Line

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

Weekdays: 9:00 a.m.–5:00 p.m. (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)

Tuesday, June 6, 2023 to Wednesday, June 21, 2023 — Weekdays: 9:00 a.m.–5:00 p.m. (excluding weekends and holidays)

Thursday, June 22, 2023 (the date of the General Meeting): from 9:00 a.m. 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

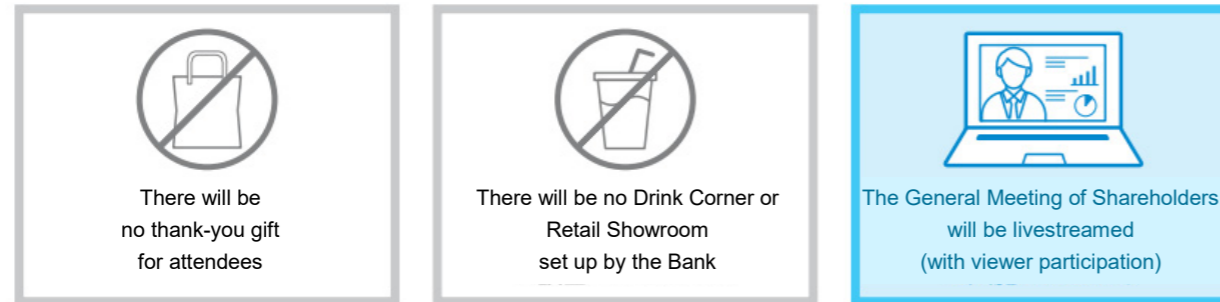
TEL: 03-6752-1111 (main number, Japanese only)

Weekdays: 9:00 a.m.–5:00 p.m. (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 regarding the General Meeting of Shareholders

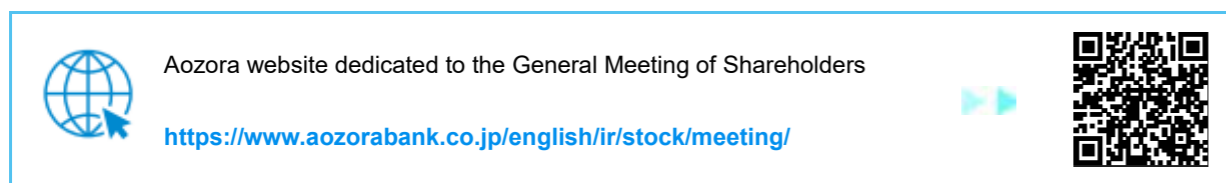


Important information regarding the venue of the General Meeting of Shareholders

- We will ensure continuous ventilation and disinfection of equipment and facilities at the venue. Shareholders are requested to make their own decisions about wearing masks when visiting the venue.
- Alcohol disinfectant bottles and a non-contact temperature sensor will be placed near the reception desk. We appreciate your understanding and cooperation. If you have a fever or feel unwell, please contact Aozora staff.
- 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.
- There will be no thank-you gift for attendees.
- There will be no Drink Corner or Retail Showroom set up by the Bank.

Information updates until the date of the General Meeting

- Details about the management of the General Meeting of shareholders are subject to change and updates based on the circumstances of the COVID-19 pandemic or relevant instruction from the government and other public authorities on or prior to the date of the General Meeting. For updates, please visit the Aozora website (<https://www.aozorabank.co.jp/english/ir/stock/meeting/>). Shareholders are also encouraged to check the latest information before visiting the venue on the date of the General Meeting.



End

Reference Materials for the General Meeting of Shareholders

Proposals and Reference Matters

Proposal No.1 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 13 to 28.

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	For Reappointment Inside Kei Tanikawa	Representative Director, President and Chief Executive Officer	Attended all 15 Board meetings during the relevant fiscal year	5 years
2	For Reappointment Inside Koji Yamakoshi	Representative Director, Deputy President and Executive Officer	Attended all 15 Board meetings during the relevant fiscal year	3 years
3	For Reappointment Inside Hideto Oomi	Representative Director, Deputy President and Executive Officer, Head of Institutional Business Promotion Group	Attended all 15 Board meetings during the relevant fiscal year	2 years
4	For Reappointment Outside Independent director Ippei Murakami	Director	Attended all 15 Board meetings during the relevant fiscal year	9 years
5	For Reappointment Outside Independent director Sakie Tachibana Fukushima	Director	Attended all 12 Board meetings during the relevant fiscal year	1 year
6	New Candidate Inside Masayoshi Ohara	Senior Managing Executive Officer, Chief Risk Officer	—	—
7	New Candidate Outside Independent director Hideyuki Takahashi		—	—
8	New Candidate Outside Independent director Hideaki Saito		—	—

Candidates for Directors

Candidate No.

1

Kei Tanikawa

61 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	5 years (At the close of this Ordinary General Meeting of Shareholders)
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Board Meeting Attendance (FY2022)	Attended all 15 Board meetings during the relevant fiscal year
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Number of Bank's shares Owned by Candidate	20,123 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.)
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■ Reason for nomination as a candidate for director

Mr. Kei Tanikawa has been engaged in a broad range of banking businesses such as corporate banking and financial institutions and has made a considerable contribution to the corporate management as an Executive Officer (since July 2012), supervising multiple groups/divisions. He has led all of the Bank group as Representative Director, President and Chief Executive Officer (since June 2020), after serving as Representative Director, Deputy President (since June 2018) and has a thorough knowledge of the Bank group's overall business operations. The Bank believes he is an adequate candidate because of his deep insight in financial businesses as well as extensive experience and sound 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

60 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	3 years (At the close of this Ordinary General Meeting of Shareholders)
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Board Meeting Attendance (FY2022)	Attended all 15 Board meetings during the relevant fiscal year
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Number of Bank's shares Owned by Candidate	5,014 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.)
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■ Reason for nomination as a candidate for director

Mr. Koji Yamakoshi has been engaged in a broad range of banking businesses such as specialty finance and has made a considerable contribution to the corporate management as an Executive Officer (since July 2012) and subsequently Head of Specialty Finance Group and Head of Corporate Banking Group. He has been responsible for a wide range of business operations and involved in the overall management of the Bank group as Representative Director and Deputy President (since June 2021) and he has a thorough knowledge of the bank group's overall business operations. The Bank believes he is an adequate candidate because of his deep insight in financial businesses as well as extensive experience and sound 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

57 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	2 years (At the close of this Ordinary General Meeting of Shareholders)
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Board Meeting Attendance (FY2022)	Attended all 15 Board meetings during the relevant fiscal year
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Number of Bank's shares Owned by Candidate	9,718 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.)
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■ Reason for nomination as a candidate for director

Mr. Hideto Oomi has been engaged in a broad range of banking businesses such as corporate banking and corporate strategy and has made a considerable contribution to the corporate management as an Executive Officer (since July 2016), supervising multiple groups/divisions. He has been involved in the overall management as a Representative Director and Deputy President (since June 2021), has also led institutional banking business activities as Head of Institutional Business Promotion Group, and has a thorough knowledge of the bank group's overall business operations. The Bank believes he is an adequate candidate because of his deep insight in financial businesses as well as extensive experience and sound 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

Ippei Murakami

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

For reappointment	Outside	Independent director
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■ 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	9 years (At the close of this Ordinary General Meeting of Shareholders)
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Board Meeting Attendance (FY2022)	Attended all 15 Board meetings during the relevant fiscal year
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Number of Bank's shares Owned by Candidate	9,958 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.)
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■ 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 a 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, from 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.

5

Sakie Tachibana Fukushima

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

For reappointment	Outside	Independent director
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■ 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)
June 2022	Director, Aozora Bank, Ltd. (current)

(*) Ms. Sakie Tachibana Fukushima will retire from the position of Outside Director of KONICA MINOLTA, INC. at the close of the firm's ordinary general meeting of shareholders scheduled on June 20, 2023.

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

Ms. Sakie Tachibana Fukushima has served as Director of Korn/Ferry International, a U.S. listed firm as well as President and Chairman of Korn/Ferry Japan. She has also served as an outside director of several Japanese listed companies and she has a 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. She has appropriately supervised the management of the Bank as an Outside Director since June 2022. The Bank, having high regard for her experience and capabilities, requests the continued appointment as Outside Director, as the Bank expects her to provide overall oversight and advice on the execution of duties by executive officers, from an objective viewpoint, toward the enhancement of the Bank's corporate value over the mid- to long-term, if she is elected as an Outside Director.

Number of years served as director	1 year (At the close of this Ordinary General Meeting of Shareholders)
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Board Meeting Attendance (FY2022)	Attended all 12 Board meetings during the relevant fiscal year
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Number of Bank's shares Owned by Candidate	340 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.)
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■ 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

The Bank has 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 she assumes the position of Outside Director, this agreement continues to be effective.

Ms. Fukushima 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 Outside 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 1) The family register name of Sakie Tachibana Fukushima is Sakie Tachibana.

(Note 2) In March 2023, Kyushu Electric Power Company, Incorporated (the Company), where Ms. Sakie Tachibana Fukushima was serving as an outside director, received a cease and desist order and a surcharge payment order in accordance with the Antimonopoly Act from Japan Fair Trade Commission on the grounds that there had been activities that violated the Antimonopoly Act in regard to government contracts bids in the extra-voltage power and high-voltage power segment. Ms. Fukushima frequently provided opinions and advice on a daily basis from the perspective of group governance, risk management, compliance with laws and regulations, etc., at the meetings of the Board of Directors and other meetings of the Company to prevent violations of laws and regulations. After the receipt of cease and desist order, etc., she has fulfilled her duties, including making recommendations regarding the importance of compliance with laws and regulations, investigation of the causes, and measures for preventing recurrence, at the meetings of the Board of Directors and other meetings of the Company.

(Note 3) In January 2023, Kyushu Electric Power Company, Incorporated (the Company), where Ms. Sakie Tachibana Fukushima was serving as an outside director, was found to have had unauthorized access to customer information, etc. of other retail electricity providers using the system owned by Kyushu Electric Power Transmission and Distribution Co., Inc., outside emergency disaster response operations outsourced to the Company from Kyushu Electric Power Transmission and Distribution Co., Inc. In April 2023, the Company has received business improvement order, etc. under the Electricity Business Act from the Ministry of Economy, Trade, and Industry. Ms. Fukushima frequently provided opinions and advice on a daily basis from the perspective of group governance, risk management, compliance with laws and regulations, etc., at the meetings of the Board of Directors and other meetings of the Company to prevent violations of laws and regulations. After the receipt of business improvement order, etc., she has fulfilled her duties, including making recommendations regarding the importance of compliance with laws and regulations, investigation of the causes, and measures for preventing recurrence, at the meetings of the Board of Directors and other meetings of the Company.

Candidate No.

6

Masayoshi Ohara

59 years old
(Date of birth: August 28, 1963)

New Candidate

Inside



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

Apr. 1988	The Nippon Credit Bank, Ltd. (currently Aozora Bank, Ltd.)
Oct. 2011	General Manager of Financial Institutions Division I
July 2012	General Manager of Human Resources Division
Aug. 2013	Deputy Chief Risk Officer (CRO) and General Manager of Market Risk Management Division
July 2014	Executive Officer, Head of Financial Markets Group
July 2017	Managing Executive Officer, Head of Financial Markets Group
July 2018	Managing Executive Officer, CRO and Chief Credit Risk Officer (CCRO)
July 2019	Senior Managing Executive Officer, CRO and CCRO
July 2021	Senior Managing Executive Officer, CRO (current)

■ Message to our shareholders

Since joining the Bank in 1988, I have engaged in financial markets division, financial institutions division and corporate management division, etc. and was appointed as Executive Officer and Head of Financial Markets Group in July 2014. After assuming the position as Chief Risk Officer (CRO) and Chief Credit Risk Officer (CCRO), I have been mainly responsible for risk management. Currently, the global situation continues to be uncertain due to the side effects arising from monetary policy tightening by global central banks, growing geopolitical risks due to fragmented world and diversification of values, and frequent natural disasters caused by climate change. Furthermore, Japan has been experiencing a prolonged period of slow growth and weak demand for funds, as well as rapid digitization and declining birthrate and aging population, and it is required to make significant changes in economic society. Even under these circumstances, I believe that the functions required for financial institutions, such as “sound performance of their financial intermediary function” and “appropriate provision of financial services”, will remain unchanged going forward. As the Bank’s Chief Risk Officer, I will continue to make every effort to ensure that the Bank will perform these functions appropriately and accurately to meet the expectations of shareholders and other stakeholders, even in the current uncertain environment.

Number of years served as director -

Board Meeting Attendance (FY2022) -

Number of Bank’s shares Owned by Candidate 2,183
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. Masayoshi Ohara has been engaged in a broad range of banking businesses such as market business and has made a considerable contribution to the corporate management as an Executive Officer and Head of Financial Markets Group (since July 2014) and subsequently CRO and CCRO. The Bank believes he is an adequate candidate because of his deep insight in financial businesses as well as extensive experience and sound judgment.

■ Matters concerning Directors and Officers liability insurance contract

Mr. Ohara is currently a Senior Managing Executive Officer 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.

7

Hideyuki Takahashi

66 years old
(Date of birth: April 20, 1957)

New Candidate

Outside

Independent
director



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

Apr. 1980	The Industrial Bank of Japan Ltd. (currently Mizuho Bank, Ltd.)
Apr. 2007	Senior Corporate Officer, Executive Officer, Strategic Planning Group, Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)
Apr. 2009	Managing Executive Officer, Head of Financial Institutions, Mizuho Corporate Bank, Ltd.
Apr. 2010	Managing Executive Officer, CFO, Head of Financial Control & Accounting Group, Mizuho Corporate Bank, Ltd.
Apr. 2012	Managing Executive Officer, Group CFO, Mizuho Financial Group, Inc.
Apr. 2013	Director and Deputy President, Group CFO, Mizuho Financial Group, Inc.
Apr. 2014	Director, Mizuho Financial Group, Inc.
June 2014	Director and Deputy Chairman of the Board of Directors, Chairman of the Audit Committee, Chairman of the Risk Committee, Mizuho Financial Group, Inc.
June 2017	President & CEO, Mizuho Research Institute Ltd. (currently Mizuho Research & Technologies, Ltd.)
June 2019	Chairman, The Kyoritsu Co., Ltd. Outside Director, Sunshine City Corporation (current)
June 2020	Outside Corporate Auditor, Hanwa Co., Ltd. (current) Outside Director, Audit & Supervisory Committee Member, WOWOW Inc. (current)
Jan. 2022	Representative Director and President, Topaz Advisory, Inc.
Jan. 2023	Advisor, Topaz Capital Inc. (current)

■ Message to our shareholders

I joined the Industrial Bank of Japan (currently Mizuho Bank, Ltd.) in 1980. During my banking career, I have been mainly responsible for corporate management and financial strategies, and after the holding company transitioned to a Company with Nominating Committee, etc., I have involved in governance reform as Deputy Chairman of the Board of Directors, Chairman of the Audit Committee and Chairman of the Risk Committee.

At present, corporate management of financial institutions are facing two significant challenges.

The first is that we are facing the need to redefine our raison d'être as a financial institution, as ESG and digitalization lead to discontinuous changes in social and economic structures and transform the existing values themselves.

The second is the need to respond to constant materialization of unexpected risks such as extreme weather events and the Ukraine crisis.

In order to ride out these major trend of times, it is important for the executive line officers to have "management skills" with speed and resilient responsiveness.

I believe Corporate Governance underpins these "management skills" and the keystone of this is the Board of Directors.

With my experience in the management of financial institutions, I will do my best to contribute to the sustainable growth of the Bank as an outside director.

Number of years served as director -

Board Meeting Attendance (FY2022) -

Number of Bank's shares Owned by Candidate -

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

Mr. Hideyuki Takahashi has served as Deputy President and Group CFO, and Deputy Chairman of the Board of Directors of Mizuho Financial Group, Inc. as well as Representative Director and President of Mizuho Research & Technologies, Ltd. and he has a 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 finance and accounting and corporate governance of financial institutions. The Bank, having high regard for his experience and capabilities, requests an appointment as Outside Director candidate, as the Bank expects him to provide overall oversight and advice on the execution of duties by executive officers, from 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 Mr. Takahashi and the Bank. Mr. Takahashi 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 he assumes the position of Outside Director, the Bank will enter into an agreement with Mr. Takahashi 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 Mr. Takahashi assumes the position of Outside Director, 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 plans to renew the said insurance contract under the same terms and conditions during his term of office.

Candidate No.

8

Hideaki Saito

60 years old
(Date of birth: May 6, 1963)

New Candidate Outside Independent director



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

Apr. 1986	The Norinchukin Bank
Apr. 1989	Chief Researcher, Banking Bureau, Ministry of Finance
Apr. 1998	The Boston Consulting Group
July 2006	Partner and Managing Director, The Boston Consulting Group
Apr. 2010	Managing Director, Cisco Systems G.K.
Apr. 2011	Senior Managing Director, Cisco Systems G.K.
Feb. 2013	President and CEO, NEXTIA Life Insurance Co., Ltd. (currently AXA Direct Life Insurance Co., Ltd.)
July 2019	Partner, Bain and Company
Aug. 2021	President and CEO, Japan Systems Co., Ltd. (current)
Jan. 2022	Representative Director, NetCam Systems Corporation (current)
May 2023	Director, Blueship. Co., Ltd. (current)

■ Message to our shareholders

I have worked in the financial and IT industries and gained management experience as president. In addition, as a management consultant, I have worked on a variety of management issues in many industries, not limited to finance and IT, and have had firsthand experience of the management styles and governance models of Japanese, American and European companies. I will provide the essence of these diverse experiences in order to maximize the Bank's corporate value. For example, in the IT area, I believe it is important to consider from the business model stage, not only the efficiency of IT investment, but also the areas that should be strengthened to demonstrate the Aozora Bank's unique characteristics, areas where efficiency should be pursued, and areas where we should not explore. It is also essential to keep up with constantly evolving technology trends. I will do my best to contribute to maximizing corporate value by pursuing the strengths of the Bank from the perspective of our shareholders.

Number of years served as director -

Board Meeting Attendance (FY2022) -

Number of Bank's shares Owned by Candidate -

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

Mr. Hideaki Saito has served as President and CEO of AXA Direct Life Insurance Co., Ltd., President and CEO of Japan Systems Co., Ltd. and Partner of consulting firms and he has a wealth of experience, credentials and deep insight as a top management of corporate institutions and a strategic consultant, as well as extensive knowledge of DX/IT.

The Bank, having high regard for his experience and capabilities, requests an appointment as Outside Director candidate, as the Bank expects him to provide overall oversight and advice on the execution of duties by executive officers, from 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 Mr. Saito and the Bank.

Mr. Saito 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 he assumes the position of Outside Director, the Bank will enter into an agreement with Mr. Saito 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 Mr. Saito assumes the position of Outside Director, 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 plans to renew the said insurance contract under the same terms and conditions during his term of office.

Proposal No.2 Appointment of One Audit & Supervisory Board Member

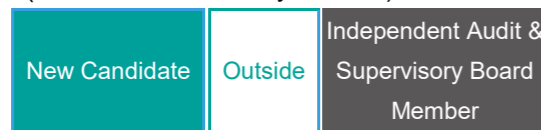
At the close of this Ordinary General Meeting of Shareholders, the term of office of Audit & Supervisory Board Member Mr. Kiyoto Hagiwara shall expire. This is to propose, therefore, One Audit & Supervisory Board Member to be elected, with the consent of the Audit & Supervisory Board.

Candidate is shown below.

Candidate for Audit & Supervisory Board Member

Junichi Maeda

67 years old
(Date of birth: January 9, 1956)



■ Brief Personal History, Positions and Concurrent Major Posts

Apr. 1978	The Bank of Japan(BOJ)
Sep. 2000	General Manager, Matsue Branch, BOJ
Aug. 2006	Director-General, Personnel and Corporate Affairs Department, BOJ
Mar. 2009	General Manager, Nagoya Branch, BOJ
June 2011	Senior Managing Director, The Hokkoku Bank, Ltd.
Jan. 2012	Senior Managing Director, General Manager of Audit Department, The Hokkoku Bank, Ltd.
Apr. 2012	Senior Managing Director, General Manager of Management Administration Department and Legal Office, The Hokkoku Bank, Ltd.
June 2013	Representative Senior Managing Director, The Hokkoku Bank, Ltd.
June 2021	Outside Director, Custody Bank of Japan, Ltd.(current)

■ Message to our shareholders

After graduating from the university, I worked at the Bank of Japan for a long time. At the central bank, I experienced various jobs, mainly matters concerning management of financial institutions, such as inspections for them and a response to the unperformed loan cases. After retiring the Bank of Japan, I had an opportunity to join management of a regional bank. Currently, I am also assuming a position of an outside director of an asset management bank. Business models of these two banks are remarkably different from that of the Aozora Bank. Furthermore, environment surrounding management of financial institutions has significantly changed, in comparison with that of the time of my career at the Bank of Japan. However, I think that there is something common in the basic sense of value, a viewpoint and a concept of compliance and risk management, for management of financial institutions, where credit is highly valued, regardless of the relevant business model and surrounding environment. I promise to fulfill of the duty of the Standing Auditor, depending on these basis of the judgment.

Number of years served as Audit & Supervisory Board Member —

The meetings of the Audit & Supervisory Board attendance (FY 2022) —

Number of Bank's shares Owned by Candidate —

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

Mr. Junichi Maeda is qualified for the responsibilities as an outside Audit & Supervisory Board Member because he has substantial experience and expertise in the finance and banking business, and his position is independent from the day-to-day management responsibilities of the operations and activities of the Bank.

■ Matters concerning interests

There are no other particular business related interests between Mr. Maeda and the Bank. Mr. Maeda is nominated as Outside Audit & Supervisory Board Member and also as Independent Audit & Supervisory Board Member 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 Mr. Maeda assumes the position of Outside Audit & Supervisory Board Member, the Bank will enter into an agreement with Mr. Maeda 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 Mr. Maeda assumes the position of Outside Audit & Supervisory Board Member, 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 plans to renew the said insurance contract under the same terms and conditions during his term of office.

Proposal No.3 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. Kenzo Oka 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

58 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 Candidate 481

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.

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

When Mr. Yoshimura assumes the office of Audit & Supervisory Board Member, 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

Kenzo Oka

65 years old
(Date of birth: July 14, 1957)

Outside



■ Brief Personal History, Positions and Concurrent Major Posts

Apr. 1982	SEISHUN PUBLISHING Co., Ltd.
Apr. 1997	Registration CPA
Oct. 1998	Century Audit Corporation (currently Ernst & Young Shin Nihon LLC)
May 2000	Partner, Century Audit Corporation
July 2008	Senior Partner, Shin Nihon LLC (currently Ernst & Young Shin Nihon LLC)
June 2016	Chairman, Chiyoda Subchapter, Tokyo Chapter, JICPA
Dec. 2019	CPA Examination Commissioner (current)
July 2020	Kenzo Oka Certified Public Accountant Office (current)
Jan. 2022	Registration CFE

Number of Bank's shares Owned by Candidate 100

The above states the shares held directly by the candidate. (Fractional shares are rounded off.)

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

Mr. Kenzo Oka 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 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. Oka and the Bank.

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

Mr. Oka 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. Oka assumes the office of Audit & Supervisory Board Member, the Bank will enter into a contract with Mr. Oka 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. Oka 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

The items described in the Note 1–4 (pages 35–38) below are excerpts from the Bank’s Corporate Governance Report, including subsequent additions and revisions. These descriptions will be included in the Corporate Governance Report that will be disclosed in July 2023.

Note 1 Composition of the Board of Directors

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

Note 2 Basic Policy for Nominating Directors and Audit & Supervisory Board Member Candidates, and Appointing and Dismissing Senior Management Including the CEO

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

The Composition of the Board of Directors shall take into consideration diversity and combination, with wealth of knowledge and expertise in areas including banking and finance, financial accounting, risk management, legal and compliance and so forth in addition to deep insight of the Bank Group’s business.

Basic Guidelines for Nominating Audit & Supervisory Board Member Candidates

Candidates should:

1. Possess substantial management knowledge and expertise
2. Have knowledge of core financial rules and regulations, 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

Reappointment of Directors and Audit & Supervisory Board Members

For reappointment of Directors and Audit & Supervisory Board Members, the above basic guidelines, performance of his/her duties and contribution to the Bank’s management as Director/Audit & Supervisory Board Member during his/her term of office shall be considered each fiscal year.

The maximum term of office of each official corporate title of full-time director shall be determined by the internal regulations of the Management Committee.

The maximum term of office of outside directors shall be 10 terms 10 years.

The maximum term of office of outside Audit & Supervisory Board Members shall be 3 terms 12 years.

Basic Guidelines for Appointing and Dismissing Senior Management

(1) Basic Guidelines for Appointing Senior Management

1. Possesses substantial knowledge and expertise required for proper business operations
2. Has superior insight, ability to make decisions on business operations and exercise sound judgment
3. Demonstrates leadership skills and ability to assume responsibility for important management functions related to the Bank’s business strategy

(2) Basic Guidelines for Dismissing Senior Management

1. Acts against the public interest
2. Becomes unable to perform duties due to health problems
3. Causes serious damage to the Bank’s corporate value due to negligence

Basic Guidelines for Appointing and Dismissing the CEO

(1) Basic Guidelines for Appointing the CEO

In addition to the Basic Guidelines for Appointing Senior Management:

1. Has superior top management leadership skills
2. Has substantial management experience and achievements
3. Optimal candidate for the continued improvement of the Bank’s corporate value

(2) Basic Guidelines for Dismissing the CEO

In addition to the Basic Guidelines for Dismissing Senior Management:

1. Fails to exercise top management leadership
2. Determined to be unqualified as CEO due to failure in fulfilling shareholders’ mandate

Formulation of CEO succession plan

Formulate a succession plan that includes the following, with the aim of securing potential CEO successors who can contribute to the sustainable enhancement of the Bank's corporate value for a smooth transition in the future.

1. Overall policy including roadmap
2. Capability requirements for CEO in light of the strategic directions and environmental changes
3. Candidate selection and training plan

Note 3 Procedures for Nominating Directors, etc.

Procedure for Nominating Directors, and Appointing and Dismissing Senior Management Including the CEO

The Nomination & Remuneration Committee, of which the majority comprises outside directors, deliberates on the nomination of director candidates as well as the appointment and dismissal of the CEO and other senior management, 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 as well as appointing the CEO and other senior management in accordance with the basic guidelines for such nomination or appointment.

In cases where the CEO or other senior management falls under any of the above basic guidelines for dismissal, in principle, the Board of Directors will determine whether or not to dismiss them in accordance with the recommendations of the Nomination & Remuneration Committee.

Procedure for Nominating Audit & Supervisory Board Members

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

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.

Note 4 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.

Note 5 Skill and Expertise of Directors and Audit & Supervisory Board Members

Upon approval of Proposal 1 and 2 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).

	Name	Committee to which the candidate is planned to belong				
		Nomination and Remuneration Committee	Audit & Compliance Committee			
Directors	Inside Directors	 Kei Tanikawa	●			
		 Koji Yamakoshi				
		 Hideto Oomi				
		 Masayoshi Ohara				
	Outside Directors	 Ippei Murakami <small>Independent director</small>		● Chairperson		
		 Sakie Tachibana Fukushima <small>Independent director</small>	● Chairperson			
		 Hideyuki Takahashi <small>Independent director</small>		●		
		 Hideaki Saito <small>Independent director</small>	●			
		Board Members	Inside Board Member	 Satoshi Hashiguchi		Observer
			Outside Board Members	 Toraki Inoue <small>Independent director</small>		Observer
 Junichi Maeda <small>Independent director</small>				Observer		

Expertise of Directors and Audit & Supervisory Board Members							
	Corporate management	Banking and finance	Financial accounting	Legal, Compliance/Risk Management	Global Affairs	IT/DX	Sustainability
●	●		●				
●	●		●	●			
●	●			●	●	●	
		●		●			●
●			●	●			
●					●		●
●	●	●	●	●		●	
●	●				●	●	
		●		●	●		
●			●	●	●		
●	●			●			

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

Business Report

- Fiscal Year 2022 -

(April 1, 2022 — March 31, 2023)

1. Current Status of the Bank

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

The global economy in FY2022 looked to shift toward a normalization of economic activities following the COVID-19 pandemic, while inflationary pressures increased against the backdrop of rising energy prices due to concerns over geopolitical risks arising from the conflict in Ukraine. In response, central banks in major European and U.S. countries tightened monetary policy, which led to growing concerns of an economic slowdown. As the failure of several of U.S. regional banks at the end of the fiscal year triggered increased anxiety about the financial system and waning in the speculation of further interest rate hikes, the financial and economic environment remained volatile throughout the fiscal year. The negative affects of COVID-19 eased in the domestic economy and an overall recovery trend continued. An upward pressure on prices intensified as the consumer price index recorded its highest rate of increase in 40 years since the second oil shock, due to factors such as rising import costs caused by high natural resource prices and a weak yen.

In the financial markets, the domestic long-term interest rate (10-year JGB yield) remained in the 0.2% range since April. However, the rate subsequently increased to the 0.5% range when the Bank of Japan Monetary Policy Meeting in December decided to expand the allowable range of fluctuation in the long-term interest rate to +/- 0.5%, and then began to decline due to concerns about the overseas financial system, reaching the 0.3% range at the end of the fiscal year. The Nikkei, after breaking 29,000 in August, and then falling to the 25,000 level in line with overseas stock markets, subsequently recovered to the 28,000 level at the end of the fiscal year. The Japanese yen depreciated from the low-120 yen range in April to the 152 yen level in October. However, the yen then gradually appreciated as the widening gap between Japan-U.S. interest rates came to a halt, reaching a low range of 130 yen at the end of the fiscal year.

In the United States, the Fed implemented a series of interest rate hikes aimed at controlling inflation, and the long-term interest rate (10-year Treasury yield) rose from the 2.3% range in April to over 4% in late September. After November, speculation regarding a potential slowdown in the pace of interest rate hikes intensified, and financial system instability in March triggered a waning of future rate hikes, resulting in a 3.3% range at the end of the fiscal year. The U.S. stock market remained weak amidst rising inflation and interest rates, and the Dow Jones Industrial Average fell below 29,000 at the end of September from 34,000 in April and then started to recover against the backdrop of falling long-term interest rates, rising to the 33,000 level at 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 FY2022 are as follows.

(i) Operating Results

(Unit: Billions of yen)

Net revenue	59.5	Profit attributable to owners of parent	8.7
Change from FY2021	(43.4)	Change from FY2021	(26.2)
Business profit	2.5	Full-year dividend per common share	154 yen
Change from FY2021	(45.2)	4Q dividend	40.00 yen

(Unit: Billions of yen)

	FY2021	FY2022	Change
Net revenue ※1	103.0	59.5	(43.4)
Net interest income	51.6	51.0	(0.5)
Non-interest income	51.3	8.4	(42.9)
General and administrative expenses	(57.7)	(59.3)	(1.5)
Gains (losses) on equity method investments	2.6	2.3	(0.2)
Business profit ※2	47.8	2.5	(45.2)
Credit-related expenses	(3.7)	(1.7)	2.0
Gains (losses) on stock transactions	2.0	8.4	6.4
Other	0.1	(2.0)	(2.1)
Ordinary profit	46.2	7.3	(38.9)
Extraordinary profit (loss)	(0.3)	(0.0)	0.3
Profit before income taxes	45.9	7.3	(38.6)
Total income taxes	(12.9)	(0.6)	12.2
Profit	33.0	6.6	(26.3)
Loss attributable to non-controlling interests	1.9	2.0	0.0
Profit attributable to owners of parent	35.0	8.7	(26.2)

Reference: Net revenue by business group (management accounting basis)

	FY2021	FY2022	Change
Customer-related business excl. financial market related and retail business	68.9	69.3	0.3
Retail business	8.0	2.8	(5.1)
Financial market-related business	25.9	(12.6)	(38.6)

※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 FY2022, net revenue was 59.5 billion yen, a decrease of 43.4 billion yen year-on-year, and business profit was 2.5 billion yen, a decrease of 45.2 billion yen. Profit attributable to owners of parent was 8.7 billion yen, a decrease of 26.2 billion yen, which is significantly lower than FY2021, mainly due to a loss-cut to a portion of the unrealized losses in the market-related business.

Net revenue from customer-related business (excluding financial market-related and retail businesses) mainly driven by Aozora's Strategic Investments Business was strong and 69.3 billion yen with a 0.3 billion yen increase year-on-year.

Net revenue from financial market-related business was a net loss of 12.6 billion yen, 38.6 billion yen lower compared to the previous year because the Bank continued risk reduction operations in the securities portfolio throughout the fiscal year and implemented a loss-cut to a portion of the unrealized losses. Net revenue from retail business was 2.8 billion yen, a 5.1 billion yen decrease from the previous year due to a change in the Bank's policy regarding the sale of structured bonds.

Net interest income on loans increased by approximately 10.0 billion yen year-on-year due to increase in both average outstandings and interest margins. Net interest income on securities decreased by approximately 8.0 billion yen due to declining interest margin caused by higher interest rates in the U.S. Therefore net interest income was 51.0 billion yen, almost flat year-on-year.

Non-interest income was 8.4 billion yen, a decrease of 42.9 billion yen year-on-year due to losses related to risk reduction operations in the securities portfolio and allowances for investment losses as a result of re-valuation of the limited partnerships portfolio.

General and administrative expenses were 59.3 billion yen, an increase of 1.5 billion yen from the previous year. Personnel expenses increased as the Bank has continued to invest in human capital, including pay-scale increases and personnel system reform.

Gains/losses on equity method investments were a net gain of 2.3 billion yen.

Business profit was 2.5 billion yen, a decrease of 45.2 billion yen from the previous year.

Although an additional reserve was made in 4Q, as a result of the re-valuation of overseas real estate non-recourse loans based on conservative appraisals mainly in the office sector, credit-related expenses were a net expense of 1.7 billion yen, compared to a net expense of 3.7 billion yen in the previous year, which was within the range of initial expectations. Gains/losses on stock transactions were a net gain of 8.4 billion yen mainly due to the exit transactions of equity investments related to Aozora's Strategic Investments Business.

Ordinary profit were 7.3 billion yen, a decrease of 38.9 billion yen year-on-year, and profit before income taxes were 7.3 billion yen, a decrease of 38.6 billion yen year-on-year.

Total income taxes (corporation tax, resident tax, business tax and deferred income taxes) were a net expense of 0.6 billion yen.

As a result of the above factors, profit attributable to owners of parent was 8.7 billion yen, a decrease of 26.2 billion yen year-on-year. Net income per share (basic) was 74.67 yen, as compared to 299.81 yen per share (basic) in FY2021.

For this fiscal year the Bank has decided to pay a full-year dividend per common share of 154 yen, the same as the initial dividend forecast and an increase of 5.0 yen year on year.

Profit/loss by segment

	(Unit: Billions of yen)		
	FY2021	FY2022	Change
Institutional Banking Group	5.8	3.0	(2.8)
Structured Finance Group	20.2	18.9	(1.3)
International Business Group	10.6	15.7	5.0
Market Group	21.1	(17.5)	(38.6)
Customer Relations Group	0.5	(2.4)	(3.0)

The Bank has designated Institutional Banking Group, Structured Finance Group, International Business Group, Market Group, and Customer Relations Group as reportable segments for the purpose of the disclosures contained herein.

Each reportable segment consists of the following business groups.

Institutional Banking Group

: Corporate Banking Group and M&A Advisory Group

Structured Finance Group

: Acquisition & Structured Finance Group, Environment Business Group, Special Situations Group and Real Estate Finance Group

International Business Group

: International Finance Group and Asia Investment Group

Market Group

: Financial Markets Group

Customer Relations Group

: Allied Banking Group and Retail Banking Group

The Bank calculates its segment profit (loss) as Business revenue minus General and administrative expenses. Business revenue includes 'Consolidated net revenue', 'Gains (losses) on equity method investments', and 'Gains (losses) on stock transactions.'

(ii) Financial Conditions

Total assets were 7,184.0 billion yen as of March 31, 2023, an increase of 455.4 billion yen, compared to March 31, 2022.

Loans and bills discounted were 3,881.3 billion yen, an increase of 564.2 billion yen from March 31, 2022. Domestic loans increased by 382.6 billion yen. Environmental finance and loans to borrowers with strong credit ratings contributed to the increase. Overseas loans increased by 181.5 billion yen. The Bank maintained portfolio quality through selective loan origination and flexible rebalancing in response to market conditions for North American corporate loans and cautious approach based on conservative credit analysis for overseas real estate non-recourse loans.

Securities decreased by 199.4 billion yen from March 31, 2022, to 1,278.7 billion yen due to a decrease of foreign government bonds, Japanese government bonds and municipal bonds as a result of risk reduction operations in the securities portfolio.

Total liabilities were 6,752.9 billion yen, an increase of 511.5 billion yen compared to March 31, 2022. Total core funding (deposits, negotiable certificates of deposit and bonds payable) was 5,645.1 billion yen, an increase of 604.6 billion yen from March 31, 2022. The balance of retail deposits was 3,739.6 billion yen, an increase of 491.6 billion yen compared to March 31, 2022 and approximately 80% of the total retail deposit balance was covered by the Deposit Insurance Corporation of Japan.

Total equity was 431.1 billion yen, a decrease of 56.1 billion yen from March 31, 2022. The valuation difference on available-for-sale securities decreased by 49.4 billion yen compared to March 31, 2022 as a result of increased unrealized losses in the Bank's securities portfolio. Net assets per common share were 3,751.95 yen, as compared to 4,222.79 yen per common share as of March 31, 2022.

[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

[Business Plan and Key risks (Challenges to be Addressed)]

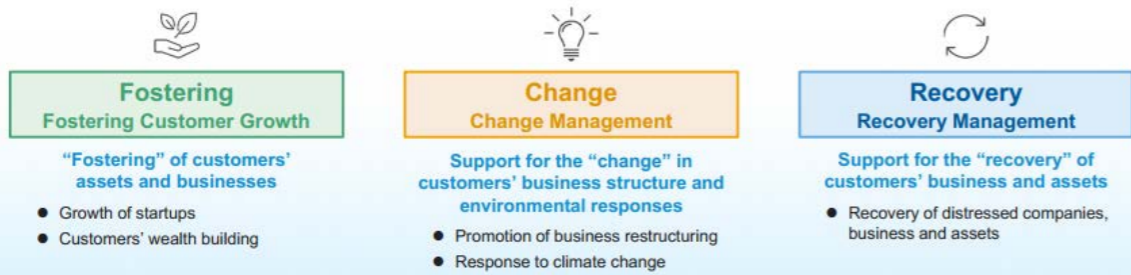
(i) Business Plan

The Aozora Group announced on May 17, 2023 that it has established its new Mid-term Plan “Aozora 2025” for the three-year period beginning in FY2023. The following are excerpts from the disclosed materials “FY2022 Financial Results and New Mid-term Plan (FY2023–25)”.

Goals under the new Mid-term Plan “Aozora 2025”

The three years of the “Aozora 2025” are expected to be a period of historic change in the environment

Three phases where the Aozora Group plans to leverage its strengths



Expand Aozora’s Strategic Investments Business through focused allocation of resources



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

Contribute to the growth of all stakeholders including society, customers, shareholders and employees by creating distinctive and value-added services tailored to customers in a rapidly changing environment

Outline of the new Mid-term Plan “Aozora 2025”

Aozora 2025

— Fostering, Change and Recovery —



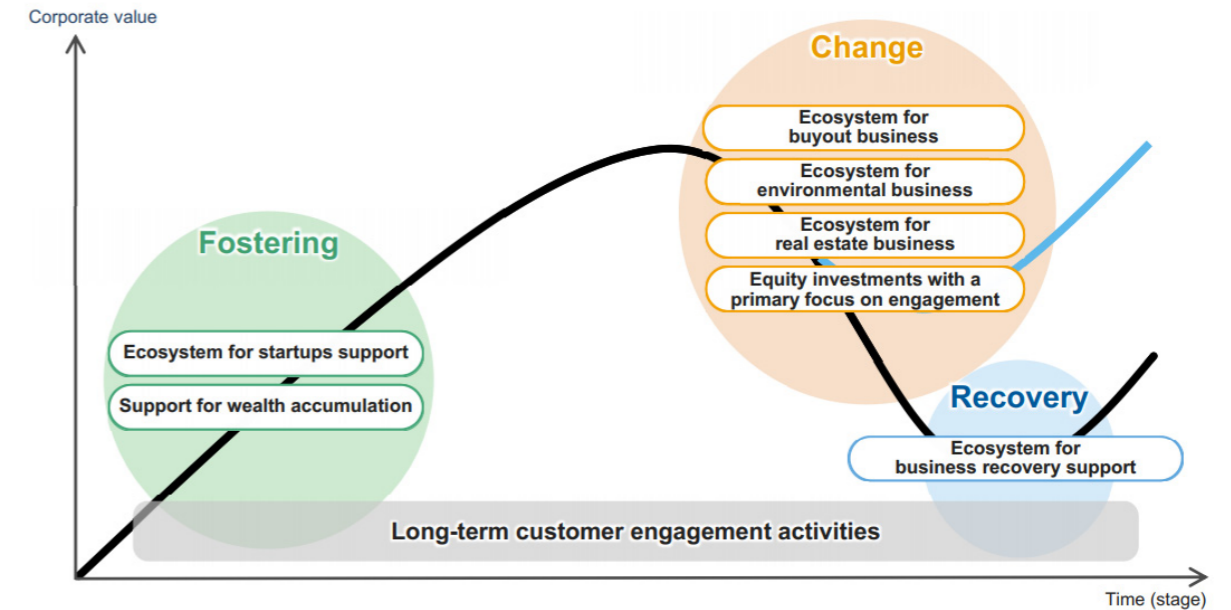
Financial KPIs (final fiscal year)	Capital efficiency	ROE: 8% (medium- to long-term target: 10%)
	Financial strength	Capital adequacy ratio: 9% or higher
	Productivity	Business-related profit*1 per employee: 20 million yen
	Funding efficiency	Business-related profit RORA*2: 1.3%
	Earnings	Profit attributable to owners of parent: 37.0 billion yen

*1 Business profit + Gains/losses on stock transactions, *2 (Business profit + Gains/losses on stock transactions)/Risk-weighted assets

Capital policy
Maintain a capital policy which aims to sustain a proper balance among “stable shareholder returns”, “strategic investments” and “financial strength” • Capital adequacy ratio (domestic standard) of 9% or higher, ROE of 10% in the medium- to long-term while maintaining a proper balance with financial strength • Focus on Aozora’s Strategic Investments Business through focused allocation of capital to business areas with higher growth and earnings potential • Aim to increase the annual dividend per common share to 158 yen based on a 50% dividend payout ratio for FY2025, the final year of the Mid-term Plan • Maintain dividend payments on a quarterly basis

1. Aozora’s Strategic Investments Business

Promote long-term engagement with customers through investment and financing activities, ranging from debt to equity, in three phases (Fostering/Change/Recovery) where the Aozora Group plans to leverage its strengths, and create the Aozora Ecosystem* with customers for mutual growth



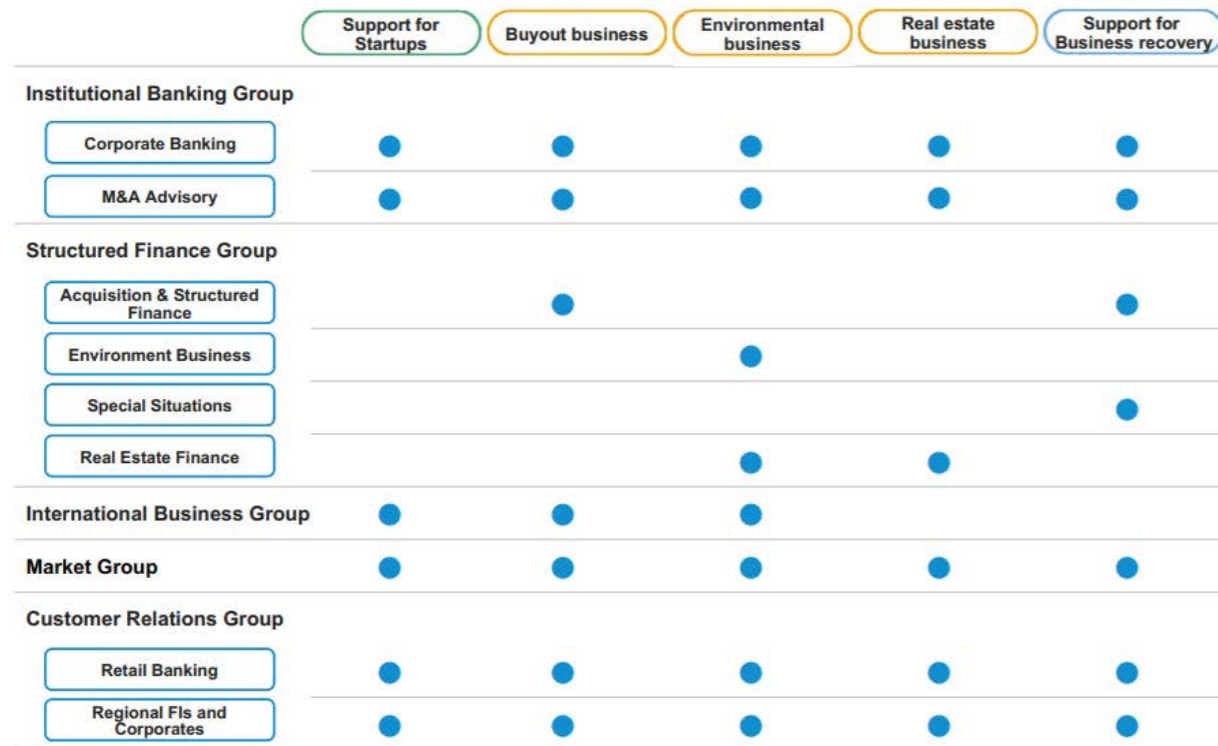
* The Aozora Ecosystem refers to an ecosystem where the Aozora Group and its customers and business partners perform their assigned roles, or work as a unit, to pursue the business development of customers at each phase of growth.

1-(1) Aozora Ecosystem

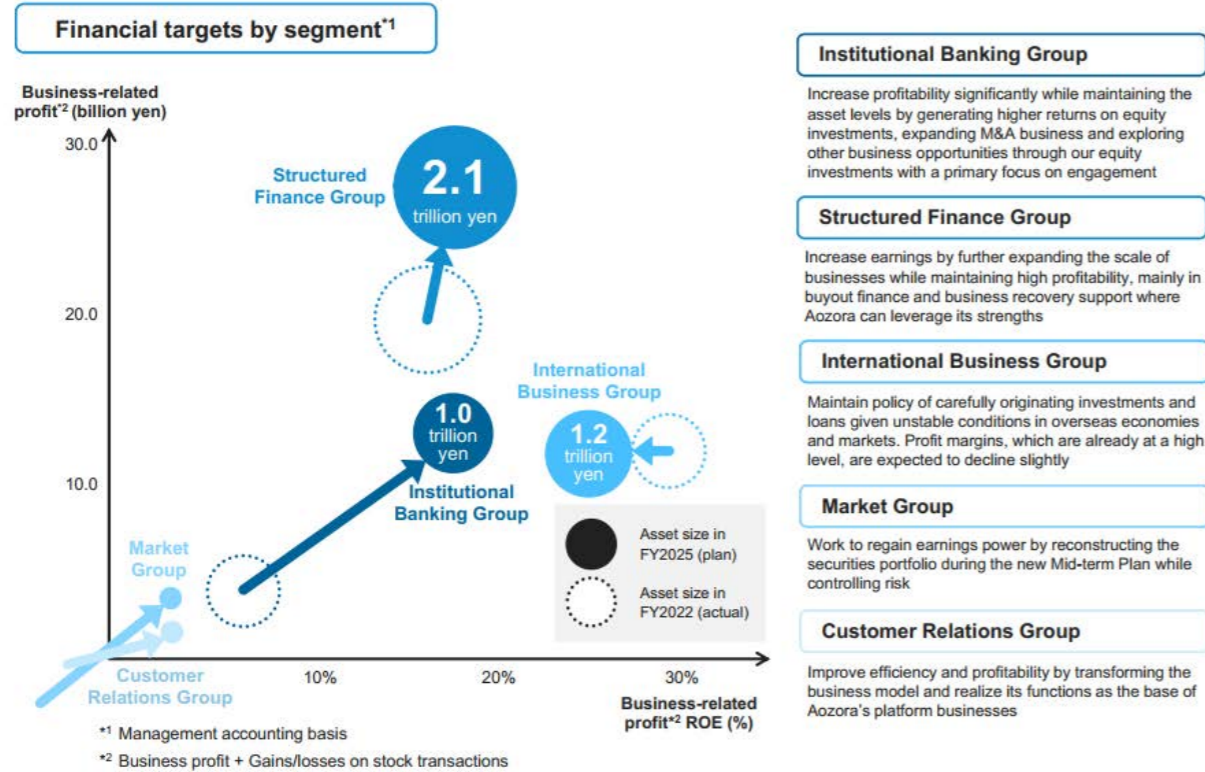
“Aozora 2025” Key Points

Fostering	Support for startups	Foster startups by providing products and services that support their funding, business and human resources Funding: Support at each growth phase mainly through venture debt-based investments/loans Business: Aozora Group’s total support for business expansion and enhanced corporate value HR: Human resource support	• Enhance engagement with startups to support their growth • Establish the use of venture debt as a key funding source • Double the number of staff
Change	Buyout business	Provide solutions, ranging from information service to support for exit transactions, to promote industrial transition through business restructuring and succession Support customers’ business transition, including business selection and concentration approach, mainly through leveraged finance, equity investments via private equity funds and M&A advisory services	• Establish position as a leading bank by investing in private equity funds, mainly related to LBO finance • Contribute to the development of sound buyout markets through syndications
	Environmental business	Promote Green Transformation (GX) initiatives aimed at realizing a decarbonized society Contribute to the realization of a decarbonized society by providing project finance for renewable energy, sustainable finance and other solutions for customers working on climate change initiatives	• Promote the development of new power sources and encourage broader use of transition energy • Create and increase investment and financing opportunities through syndicated loans with regional financial institutions
	Real estate business	In addition to investments and loans, provide a wide range of services and products of the Aozora Group and its business partners Contribute to the sustainable growth and development of society and economy by offering the Aozora Group’s wide-ranging services/products, including debt, equity and business matching	• Provide new, convenient and multifaceted financial services corresponding to the changing real estate market by utilizing real estate tech and responding to SDGs
Recovery	Support for business recovery	Provide solutions tailored for each phase of the business cycle in order to address local issues through recovery management Support customers’ business/asset recovery through the use of recovery finance and Aozora Loan Services’ loan servicing as well as M&A advisory services and other solutions	• Make investments in overseas business recovery claims • Strengthen cooperation with RFIs, law firms, and other partners to promote support for business recovery and provide solutions such as M&A advisory for exit from restructuring processes

1-(2) Business groups building the Aozora Ecosystem



1-(2) Mid-term financial targets by business group



1-(2) Institutional Banking Group

Corporate Banking

- Support the enhancement of customers' corporate value by promoting equity investments with a primary focus on engagement based on in-depth conversations with, and proposals to, our customers
- Provide financial, business and human resources supports and services needed by startups for their growth
- Improve profitability by promoting M&A advisory, derivatives, business succession, business recovery, digital transformation, decarbonization and other related businesses that lead to solutions for both customers and society



* Mainly acquiring minority shares in cooperation with investment partners, providing support for enhancing corporate value in tandem with investees' owner/management, and receiving returns in the form of capital gains and dividend

M&A Advisory

- Increase the number of closed deals and expand revenues by enhancing sourcing capabilities in M&A business through hiring of experts as well as collaboration mainly with M&A boutiques that have a focus on a specific region, sector or expertise.
- Focus on providing solutions to the business succession issues of small business owners and SMEs as well as invigorating regional economies by collaborating mainly with regional financial institutions across Japan to work together on business succession M&A initiatives



1-(2) Structured Finance Group (1/2)

Acquisition & Structured Finance

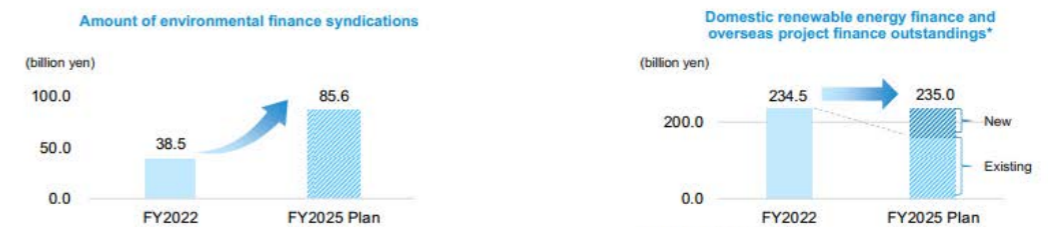
- Promote the transformation and restructuring of industries through LBO and M&A finance for business selection and concentration, privatization, as well as business restructuring, succession and recovery
- Establish Aozora's position as a leading bank by further improving its status in the LBO market, and enhance its syndication capabilities for risk control



* Commitment basis

Environment Business

- Continue to work on domestic and overseas project finances and work with regional financial institutions to expand syndicated loans
- Support customers' GX promotion and develop a new source of revenue from innovative technologies and areas with growth potential by integrating our knowledge and expertise regarding domestic and overseas project finance

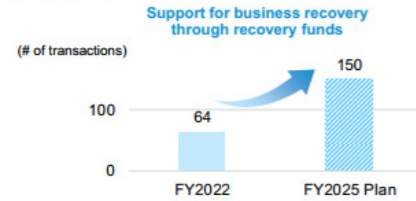


* Commitment basis

1-(2) Structured Finance Group (2/2)

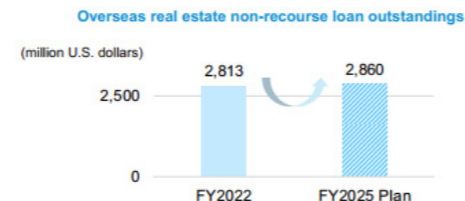
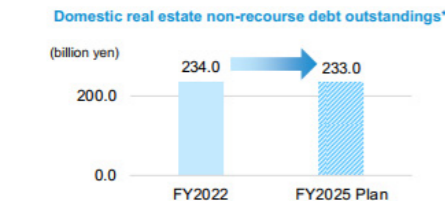
Special Situations

- Strengthen relationships with our business partners, including regional financial institutions and law firms, to capture business recovery support needs of regional financial institutions and corporates, and for assets adversely impacted by the COVID-19 pandemic, as well as promote DIP finance
- Support the realization of customers' business revitalization plan and proceed with collection from existing investments that have completed business recovery. Actively engage in consultation with financial institutions on support for business recoveries and advance new investments in business recovery claims



Real Estate Finance

- Develop real estate-related financial services through providing sustainable finance that contributes to SDGs as well as leveraging technologies
- Identify domestic transactions that have growth potential and stable cash flow and continue disciplined portfolio management
- For overseas assets, prioritize collection in FY2023, mainly commercial real estate office loans. Cautiously consider the timing of new lending opportunities under the changing real estate market environment, while strengthening risk control including portfolio rebalancing



* Total of real estate non-recourse loans and bonds

1-(2) International Business Group

International Business

- Improve portfolio quality through disciplined portfolio management responding to changing market conditions, which include selective origination of North American and European corporate loans with attractive risk-return as well as flexible rebalancing
- Support OCB's growth by capturing the needs of Japanese customers doing business in Vietnam and introducing OCB's financial services to them, as well as capture growth opportunities in the Vietnamese economy through existing equity method investments



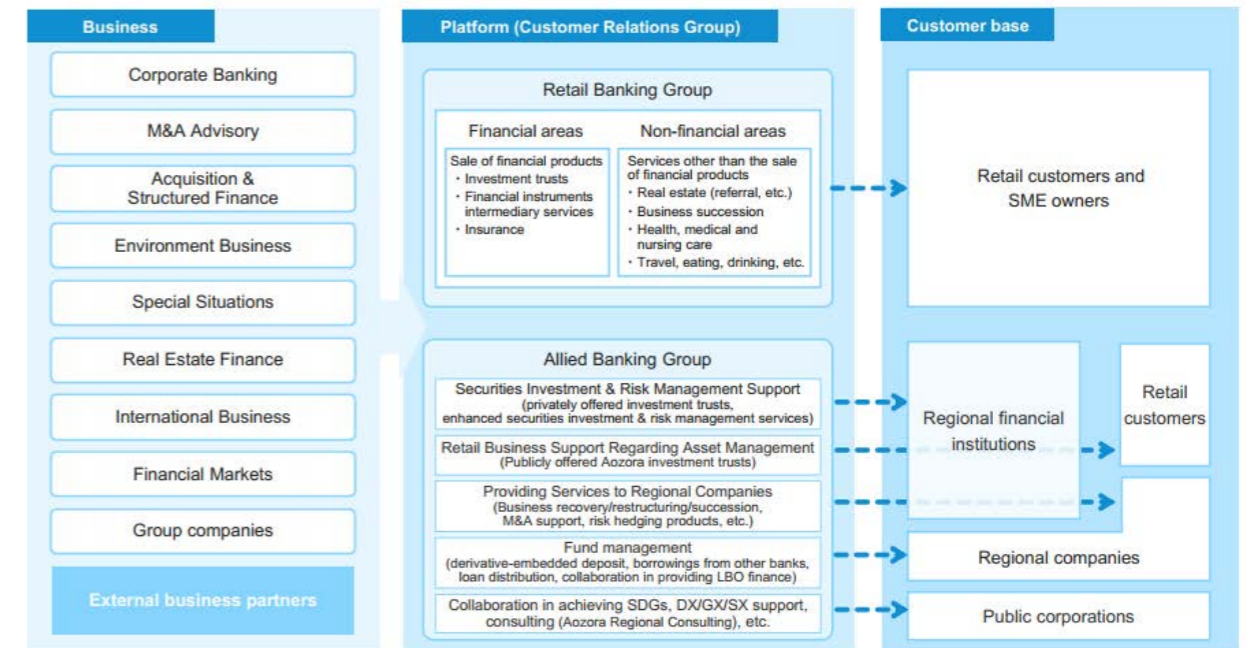
1-(2) Market Group

Financial Markets

- Restructure the Bank's securities portfolio that is more resilient against downside risks by while carefully identifying risks and expanding risk control methods including hedging instruments, given potential recession risks
- Provide products that meet customer needs, such as hedging instruments against multiple risks, provide sales support to customer relations divisions, and manage positions appropriately to ensure stable derivative related income

2. Aozora's Platform Business

Provide Aozora's broad financial and non-financial services and expertise tailored to the characteristics and needs of retail and regional financial institution customers by collaborating with Group companies and external business partners



2-(1) Customer Relations Group

Retail Banking

- Shift from a business model based on fees and commissions from financial product sales to a platform business based on providing solutions for the diverse needs of customers
- Serve as a platform covering retail customers, ranging from asset formation generations to affluent individuals, as well as SME owners and provide financial and non-financial services that meet customer needs through sales activities combining consultancy and digital marketing as well as expanding non-financial services



Regional FIs and Corporates

- Serve as an enhanced platform covering financial institutions across Japan, regional corporates and public corporations. Aim to increase the AUM of publicly offered Aozora's investment trusts that are provided to regional financial institutions for their retail customers, as well as collaborate with other business groups to promote our syndicated loans, distribution of Aozora's loans and business recovery support
- Strengthen engagement with regional banks that need to respond to the changing financial and economic environment



3. Investments in Human Capital

Increase investments in human capital by 2 billion yen over the next three years in order to provide attractive rewards and opportunities for skill development by employees willing to take on new challenges, as well as hire mid-career professionals. Realize “Fostering”, “Change” and “Recovery” in the Aozora Group’s working environment

Evaluations and rewards

Payment of attractive rewards based on merit-based personnel evaluation and compensation

Organization

An organization where each individual is conscious of “career autonomy” and realizes self-driven career development

Human resources

Resource redeployment within the Aozora Group through retention of key employees in the focus areas of business, flexible personnel reshuffle and productivity enhancement

Workplace environment

A work environment where Group officers and employees can take on challenges, grow and perform with a sense of unity, and where both ease and satisfaction of work can be achieved

Career development

- Placing career consultants
- Broader business experience within the Group (training, short-term trainee, e-learning, etc.)
- Business experience outside the Group (Mushashugyo program, Executive MBA, postgraduate school enrollment, etc.)
- Support for self-development and reskilling

Flexible resource transfer

- Strategic personnel changes in response to the business environment
- Job Support Program (in-house side jobs)
- Effective use of HR-Tech (skill, experience, career orientation, personnel assessment data and talent management)

Hiring mid-career professionals

- Hiring mid-career professionals in key business areas
- Focus areas of business, including DX and cybersecurity
- Building an attractive reward system
- Hiring of alumni

4. Promotion of DX (Digital Transformation)

Secure the Aozora Group’s competitive advantage and enhance its corporate value by transforming its business (products and services) and corporate culture through the use of wide-ranging information assets (data) and digital technologies

4 initiatives for DX

Proper management, accumulation and use of diverse information assets (data)

- Reorganize the information asset management system
- Secure and maintain data quality that meets usage purposes, and ensure efficiency in data extraction and use

DX talent development

- Transfer key personnel driving DX to business divisions
- Raise awareness of DX literacy among Aozora officers/employees

Open communication

- Introduce business chat apps and expand online conference tools
- Grant access rights by project, and ensure faster information sharing

System improvement

- Streamline operations and share duties regardless of employees’ working place through digitalization
- Improve stability through enhanced information linkage and loose coupling of the overall system

To achieve:

New business/services

Enhanced productivity

Sustainability

Job satisfaction
Work style reforms

5. Promotion of Aozora Sustainability

Aozora’s Sustainability Targets

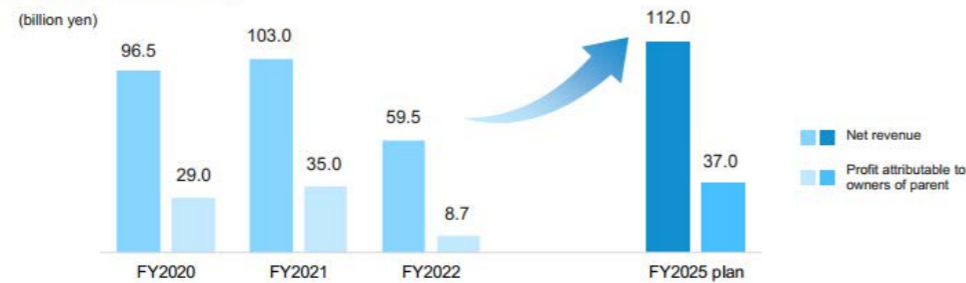
	Results FY2022	Targets			
		FY2025	FY2030	FY2040	FY2050
Target 1: Investments Designed to Support Structural Transformation					
Growth Support for Venture Companies					
Number of venture-related investments	Total: 46 transactions	→ 130			
GMO Aozora Net Bank Small businesses & startups	Total: 62K account openings	→ 200K			
Contributing to Regional Communities through Business Recovery					
Number of business recovery fund-based transactions	Total: 64 transactions	→ 150			
Investments Designed to Support Structural Transformation					
Number of equity investments with a primary focus on engagement	Total: 77 transactions	→ 130			
Target 2: Response to Climate Change					
Sustainable financing amount	Total: 400 billion yen (approx.)	→ 1 trillion yen by FY2027			
↳ Includes environmental financing of	Total: 350 billion yen (approx.)	→ 700 billion yen			
Becoming Carbon Neutral					
CO2 emissions as a business entity (Scope 1 & Scope 2, compared to FY2020)	Emission: To be disclosed in the Annual Report (late July)	→ 0 (net zero)			
New CO2 emissions in the investment and loan portfolio (Scope 3: Category 15)	Emission: To be disclosed in the Annual Report (late July)	→ 0 (net zero)			
Amount of project financing for coal-fired power plants	Outstanding: 27.5 billion yen	→ 0			
Target 3: Retail Banking Platform					
Business/asset succession consulting Number of consulting contracts*	Total: 492 transactions	→ 1,000			
New Number of customers receiving non-financial services	274 customers	→ 3,000			
* Both results and targets were revised as Aozora reclassified some items under this category into the new targets set in the new Mid-term Plan “Aozora 2025”.					
Target 4: Diversity & Inclusion (diversity of core personnel)					
Percentage of female managers / female deputy managers	13.3% / 37.3%	→ 20% / 40% by FY2027			
Percentage of male employees taking childcare leave	91%	→ 100% by FY2027			
Percentage of non-Japanese managers	2.8%	→ 3% or higher at any time			
Percentage of mid-career managers	49.6%	→ 40% or higher at any time			

Mid-term financial targets

Key performance indicators		FY2021 (results)	FY2022 (results)	FY2025 (targets)
Capital efficiency	ROE	7.2%	1.9%	8% (medium- to long-term: 10%)
Financial strength	Capital adequacy ratio	10.4%	9.4% (preliminary basis)	9% or higher
Productivity	Business-related profit* ¹ per employee	19 million yen	4 million yen	20 million yen
Business Group Earnings	Business-related profit* ² RORA	1.1%	0.2% (preliminary basis)	1.3%
Earnings level	Profit attributable to owners of parent	35.0 billion yen	8.7 billion yen	37.0 billion yen

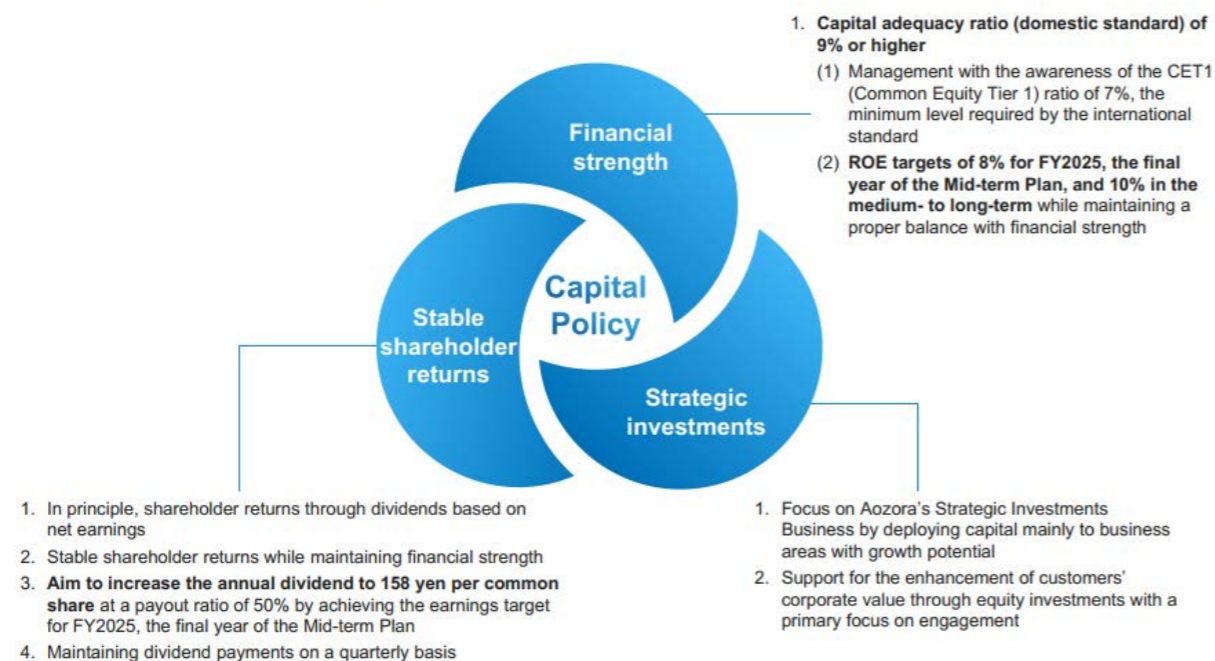
*1 Business profit + Gains/losses on stock transactions, *2 (Business profit + Gains/losses on stock transactions)/Risk-weighted assets

Target earnings (net revenue and profit attributable to owners of parent)



Capital policy

Maintain a proper balance among “stable shareholder returns”, “strategic investments” and “financial strength”



(ii) Key risks

The Aozora Group recognizes the risks that may have a significant impact on management as key risks in its FY2023 business operations. We work to enhance risk management by focusing on the key risks when discussing our risk appetite and business planning.

Deterioration in credit quality

Amid growing uncertainties about the direction of the economy, including the risk of economic recession triggered by central bank interest rate hikes as well as increasing geopolitical tensions, the Aozora Group selectively originates higher quality loans through careful screening of borrowers' business risk in accordance with its credit management and investment management policies as well as a set of established guidelines, with a view to building a diversified and high-quality loan portfolio. With regard to existing credit exposures, we work to identify any sign of risk through timely analysis for proactive credit management.

Decrease in value of held securities due to market volatility

In an environment where the outlook remains uncertain, the Aozora Group aims to build a portfolio with high liquidity and implement flexible risk control while taking into account the correlation among interest rates, equity values and credit quality. In addition, we have developed a framework that allows for an early and appropriate response by establishing various points to check regarding risk levels and losses.

Instability of funding due to turmoil and increased volatility in the financial market

With regard to cash flow in yen and foreign currencies, we take every possible measure to secure necessary funds to cover a range of settlements by holding adequate securities with high liquidity. In addition, we regularly perform a simulation of funding pressures as a means to confirm the adequacy of funds on hand to maintain our asset size, and also conduct exercises aimed to test our procedures for securing funds.

Outbreak of wide-scale disasters, cyberattacks, system failures and other crises

To prevent any significant impact of natural disasters, cyberattacks, serious system failures, terrorism, armed attacks, pandemics and other threats on the Aozora Group's operations, we strive to ensure operational resilience mainly by formulating business continuity plans (BCP), exercising a set of drills at regular intervals and developing backup sites. Our cybersecurity initiatives include the evolution of multi-layered technical defense measures, enhancement of detection capabilities and recovery drills involving both business groups and IT groups.

Delay in the Aozora Group's structural/business transformation

For details, please refer to the Outline of the new Mid-term Plan "Aozora 2025" (page 45 onwards)

Inadequate response to financial crimes, occurrence of internal frauds and information leaks

The Aozora Group 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. As part of our annual compliance program, we develop plans for and check the status of our training programs, monitoring, dissemination of laws, regulations, and internal Bank rules as well as other activities. In addition, Aozora works to further establish and instill its Code of Ethics and Conduct by delivering regular messages from top management as well as receiving written pledges from all officers and employees. We also continue to promote awareness of insider trading prevention and information management among officers and employees mainly through alerts, trainings and e-learning.

Sustainability of human resources

Any shortage and departure of employees who are capable of responding properly to the changing business environment or have skill sets required for our focus areas of business, including Aozora's Strategic Investments Business, could pose a risk to the Aozora Group's sustainable growth that can be achieved through the implementation of business operations and strategies. For the Bank's personnel development strategy, please refer to Investments in Human Capital (page 51 onwards) in the new Mid-term Plan "Aozora 2025".

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

A) Assets and Profit or Loss of the Corporate Group

(Unit: Millions of yen)

	FY2019	FY2020	FY2021	FY2022
Ordinary Income	184,406	155,755	134,737	183,292
Ordinary Profit	43,330	38,982	46,294	7,356
Profit attributable to owners of parent	28,142	28,972	35,004	8,719
Comprehensive Income	(6,437)	79,781	13,611	(38,507)
Total Equity	424,758	490,006	487,265	431,119
Total Assets	5,299,815	5,916,866	6,728,653	7,184,070

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

B) Assets and Profit or Loss of the Bank

(Unit: Millions of yen)

	FY2019	FY2020	FY2021	FY2022
Deposits	3,325,989	3,855,140	4,597,581	5,115,374
Time deposits	2,400,595	2,346,518	2,386,837	2,232,558
Other	925,394	1,508,621	2,210,743	2,882,816
Debentures (Long-term credit bank bond)	44,660	-	-	-
Bonds payable (Excluding long-term credit bank bond)	215,275	198,365	168,959	147,773
Loans and bills discounted	2,937,508	2,918,317	3,230,905	3,710,072
Retail	1,539	1,385	1,192	14,213
Small/ Medium companies	2,360,774	2,238,984	2,516,346	2,777,723
Other	575,194	677,948	713,366	918,135
Trading account assets	259,369	154,611	133,008	151,229
Trading account liabilities	211,223	140,451	129,227	121,877
Securities	1,151,561	1,445,782	1,494,578	1,319,450
Government bonds	-	29,773	51,352	18,381
Other	1,151,561	1,416,009	1,443,225	1,301,068
Total assets	5,212,668	5,735,238	6,446,916	6,767,805
Domestic exchange transactions	9,448,358	8,656,941	10,150,717	8,559,530
Foreign exchange transactions	USD million 11,576	USD million 8,848	USD million 3,800	USD million 4,155
Ordinary profit	45,342	41,473	41,014	3,180
Profit (loss)	28,669	29,526	29,854	(8,127)
Net income (loss) per share	JPY 245.70	JPY 253.01	JPY 255.69	JPY (69.60)
Trust assets	835,481	730,209	879,535	871,414
Trust fees	462	386	444	379

- (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, 2023	
	Banking Business	Other Operations
Number of Employees	2,238	204

- (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

Total 20

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
Aozora APF (Ireland) Limited: Dublin, Ireland

Affiliated corporation, etc:

Orient Commercial Joint Stock Bank : Ho Chi Minh, Vietnam

ii. List of agencies of the Bank

None

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 Coporate Investment Co., Ltd.: Tokyo Head office

(6) Parent company and major subsidiaries, etc.

- A) Parent company
None
B) Major subsidiaries, etc.

(As of March 31, 2023)

Company Name	Location	Principal Business Activities	Stated Capital	Voting Rights held by the Bank (%)	Other
GMO Aozora Net Bank, Ltd.	Shibuya-ku, Tokyo	Banking business	(JPY millions) 21,629	85.12%	—
Aozora Loan Services Co., Ltd.	Chiyoda-ku, Tokyo	Distressed loan servicing	(JPY millions) 500	67.60%	—
Aozora Securities Co., Ltd.	Chiyoda-ku, Tokyo	Financial instruments business	(JPY millions) 3,000	100.00%	—
Aozora Regional Consulting Co., Ltd.	Chiyoda-ku, Tokyo	Business consulting services	(JPY millions) 10	100.00%	—
Aozora Investment Management Co., Ltd.	Chiyoda-ku, Tokyo	Investment management services	(JPY millions) 450	100.00%	—
Aozora Real Estate Investment Advisors Co., Ltd.	Chiyoda-ku, Tokyo	Investment advisory services	(JPY millions) 150	100.00%	—
ABN Advisors Co., Ltd.	Chiyoda-ku, Tokyo	M&A advisory services	(JPY millions) 200	100.00%	—
Aozora Corporate Investment Co., Ltd.	Chiyoda-ku, Tokyo	Venture capital investment	(JPY millions) 15	100.00%	—
Aozora Asia Pacific Finance Limited	Hong Kong, People's Republic of China	Financial services	(Thousands of USD) 100,000	100.00%	—
Aozora Europe Limited	London, United Kingdom	Financial services	(Thousands of GBP) 1,000	100.00%	—
Aozora North America, Inc.	New York, USA	Financial services	(Thousands of USD) 411	100.00%	—
AZB Funding	Cayman Islands, British West Indies	Investment vehicle	(Thousands of USD) 0	—	—
AZB Funding 2	Cayman Islands, British West Indies	Investment vehicle	(Thousands of USD) 0	—	—
AZB Funding 3	Cayman Islands, British West Indies	Investment vehicle	(Thousands of USD) 0	—	—
AZB Funding 4 Limited	Dublin, Ireland	Investment vehicle	(Thousands of EUR) 0	—	—
AZB Funding 5	Cayman Islands, British West Indies	Investment vehicle	(Thousands of USD) 0	—	—
AZB Funding 6	Cayman Islands, British West Indies	Investment vehicle	(Thousands of USD) 0	—	—
AZB Funding 7	Cayman Islands, British West Indies	Investment vehicle	(Thousands of USD) 0	—	—
AZB Funding 8 Limited	Dublin, Ireland	Investment vehicle	(Thousands of USD) 0	—	—
AZB Funding 9 Limited	Dublin, Ireland	Investment vehicle	(Thousands of USD) 0	—	—
AZB Funding 10 Limited	Dublin, Ireland	Investment vehicle	(Thousands of EUR) 0	—	—
AZB Funding 11 Limited	Dublin, Ireland	Investment vehicle	(Thousands of USD) 0	—	—
AZB Funding 12 Limited	Dublin, Ireland	Investment vehicle	(Thousands of USD) 0	—	—
Aozora APF (Ireland) Limited	Dublin, Ireland	Investment vehicle	(Thousands of USD) 0	—	—
Orient Commercial Joint Stock Bank	Ho Chi Minh, Vietnam	Banking business	(Billions of VND) 15,401	15.00%	—

(Note) 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.

(5) Capital Investments of the Corporate Group

A) Total Capital Investments

(Millions of yen)

Operating Segment	Amount
Banking	4,947
Other	50
Total	4,998

B) Establishment of Material Facilities, etc.

(Millions of yen)

Operating Segment	Company Name	Description	Amount
Banking	The Bank	Market system development	362
		Network infrastructure and information system construction	829
	GMO Aozora Net Bank, Ltd.	Internet banking system enhancement and development	1,854

(Note) The amounts in the table above show fixed assets, etc. recorded in FY2022

[Principal Business Alliances]

1. In alliance with the following financial institutions, we provide cash payment and balance inquiry services using ATM.
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Resona Bank, Limited, Saitama Resona Bank, Limited, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust & Banking Co., Ltd., Mitsubishi UFJ Trust and Banking Corporation, The Shoko Chukin Bank, Ltd., SBI Shinsei Bank, Limited
2. In alliance with Japan Post Bank, Co., Ltd. (“Japan Post Bank”), we provide cash deposit, payment, and balance inquiry services using ATM. In addition, we have installed Japan Post Bank ATMs in our branches.
3. In alliance with Seven Bank, Ltd., we provide cash deposit, payment, balance inquiry, and cash card PIN change services using ATM.
4. In alliance with Tokio Marine & Nichido Life Insurance Co., Ltd., we jointly offer life insurance (excluding individual annuities).
5. In alliance with Visa Worldwide Japan Co., Ltd., we offer “Aozora Cash Card Plus” added with “Visa debit card” features.
6. We have formed a capital and business alliance with GMO Internet Group, Inc., GMO Financial Holdings, Inc., and GMO Aozora Net Bank, Ltd. to jointly operate Internet banking businesses.
7. We have formed a business alliance with the following partners for M&A business.
Sangyo Sosei Advisory Inc., DOGAN, Inc., Meinan M&A co.,Ltd.
8. We have various business alliances with domestic financial institutions as follows.
 - Comprehensive business alliance between the two groups of companies : Sumitomo Mitsui Trust Bank, Limited
 - Comprehensive business alliance in the area of investment banking business for corporations : The Bank of Yokohama, Ltd.
 - Comprehensive business alliance for overall loan operations : The Toho Bank, Ltd.
 - Strategic business alliance to expand customer base by enhancing competitiveness and profitability : Tsukuba Bank, Ltd.
 - Comprehensive business alliance in agriculture : The Hokkaido Bank, Ltd.
 - Strategic business alliance to strengthen responsiveness to diverse customer needs : The Kirayaka Bank, Ltd.
 - Business alliance for business matching : The Kirayaka Bank, Ltd., THE SENDAI BANK LTD., TOMATO BANK, LTD.
 - Business alliance for business recovery support : The Howa Bank, Ltd., The Miyazaki Taiyo Bank, Ltd., The Minami-Nippon Bank, Ltd.
 - Business alliance for regional revitalization : Bank of The Ryukyus, Limited
 - Business alliance for customer support services related to regional economic revitalization : THE TOTTORI BANK, LTD., The Miyazaki Taiyo Bank, Ltd.
 - Business alliance to realize decarbonization and carbon neutrality : THE TOTTORI BANK, LTD.
 - Business alliance for DX support services (alliance with our affiliate B Spark Inc.) : The Ehime Bank, Ltd., THE TOTTORI BANK, LTD., TOMATO BANK, LTD., Osaka Prefectural Credit Federation of Agricultural Co-operatives, and 2 other companies
9. We have various business alliances with overseas financial institutions as follows.
 - Business alliance for cross-border M&A operations
Oversea-Chinese Banking Corporation Limited (Head office: Singapore),
PT Bank Central Asia TBK (Head office: Jakarta, Indonesia),
KASIKORNBANK PUBLIC COMPANY LIMITED (Head office: Bangkok, Thailand),

- BDO Unibank, Inc. (Head office: Makati, Philippines)
- Comprehensive business alliance to strengthen cooperation in the Asian region centered on Taiwan : CTBC Financial Holding Co., Ltd. (Head office: Taipei, Republic of China)
- Comprehensive business alliance to strengthen cooperation in two-way cross-border M&A operations : Ho Chi Minh City Securities Corporation (Head office: Ho Chi Minh, Vietnam)
- Business alliance to strengthen relationships and expand business, etc. : Formed in three companies - Aozora, Beijing Zhongguancun Kejin Technology Co. Ltd., and Mercuria investment Co., Ltd.
- Business alliance to promote cross-border M&A between Japan and China, etc. : China Renaissance Holdings Limited. (Head office: Beijing, China)
- Capital and business alliance for the purpose of collaboration and provision of M&A advisory and other investment banking operations in Vietnam (15% investment as of June 30, 2020) : Orient Commercial Joint Stock Bank (Head office: Ho Chi Minh, Vietnam)
- Business alliance to strengthen support for startup companies : Formed in three companies – Aozora, SVB Capital (Head Office: California, U.S.A.), and Aozora Corporate Investment Co., Ltd. (Wholly-owned subsidiary of Aozora Bank)
- Business alliance to strengthen support for startup companies : Formed in three companies – Aozora, Genesis Alternative Ventures Pte Ltd (Head office: Singapore), and Aozora Corporate Investment Co., Ltd.

(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, 2023)

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 Institutional Business Promotion Group	—	—
Tomomi Akutagawa	Director and Senior Managing Executive Officer, in charge of Sustainability Management	—	—
Hiroyuki Mizuta	Director (outside)	Adviser, 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	
		Specially-appointed Professor, Graduate School of Business Administration, Kyoto University of Advanced Science	
		Outside Director, Mitsui Sumitomo Insurance Company, Limited	
Sakie Tachibana Fukushima	Director (outside)	President and Representative Director, G&S Global Advisors Inc.	—
		Outside Director, Ushio Inc.	
		Outside Director, KONICA MINOLTA, INC.	
		Outside Director, Kyushu Electric Power Company, Incorporated	
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.	

(Note) Messrs. Hiroyuki Mizuta, Ippei Murakami, Tomonori Ito and Mrs. Sakie Tachibana Fukushima, 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) Director and Audit & Supervisory Board Member Remuneration and Benefits

1) Remuneration of Directors and Audit & Supervisory Board members

FY2022 (period as from April 1, 2022 through March 31, 2023) (Unit: Millions of yen)

Category	# of officers	Remuneration in total		
		Fixed Base	Performance Based (Bonus)	Non-cash Incentives (Stock Options)
Directors (excl. Outside Directors)	4	236	182	7
Full-time ASB Member (excl. Outside ASB Members)	1	29	29	—
Outside Directors	5	56	56	—
Outside ASB Members	2	24	24	—

(Note) The above remuneration of Performance Based (Bonus) is allocated for the FY2022, and will be paid in June 2023.

The above table includes one outside director who retired at the close of the 89th General Meeting of Shareholders on June 22, 2022.

As reported at the General Meeting of Shareholders on June 22, 2022, the provision for the remuneration of Performance Based (Bonus) for the FY2021 was 70 million yen, and the actual amount of bonuses paid in June 2022 to four directors (excluding Outside Directors) was 105 million yen.

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: Tomonori Itoh, Outside Director
 Other Committee Members: Sakie Tachibana Fukushima, 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 NRC 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), ROA(Return on Assets) and ROE(Return on Equity)
- 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
- Progress and achievement of the Bank-announced sustainability initiative targets

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, ROA and ROE 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, the implementation/introduction of measures and strategies from a mid- to long-term perspective, including the launch of new businesses, and progress and achievement of the Bank-announced sustainability initiative targets are also fully considered as qualitative evaluation indicators.

Targets and results (FY2022) of the indicators related to performance-based remuneration are stated below. Based on this result, the Bonuses of Representative Directors are not to be paid.

	FY2022 Announced Forecast ^{*2}	FY2022 Results
Business Profit	46.0 billion yen (4.5 billion yen)	2.5 billion yen
Net Earnings ^{*1}	36.0 billion yen (10.0 billion yen)	8.7 billion yen

	Mid-term Targets ^{*5}	FY2022 Results
OHR	Below 55%	99.6%
ROA ^{*3}	1%	0.04%
ROE	8% or higher	1.9%
Capital Adequacy Ratio ^{*4}	Minimum 9%	9.43%

^{*1} Profit attributed to owners of parent

^{*2} Earnings forecast announced at the beginning of the FY2022. Figures in parentheses are revised earnings forecast announced in January 2023. (The announcement on January 27, 2023, “Aozora Announces Revision to FY2022 Full-Year Earnings Forecast”)

^{*3} Business profit ROA including gains/losses on equity method investments

^{*4} FY2022 result is preliminary figure

^{*5} Mid-term Business Plan Targets, “Aozora 2022” (FY2020~2022)

(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. At the time of the conclusion of this General Meeting of Shareholders regarding, there were four full-time directors.

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
Hiroyuki Mizuta	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.
Ippei Murakami	
Tomonori Ito	
Sakie Tachibana Fukushima	
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, 2023)

Name	Concurrent Post and Other Status	Relationship with the Bank
Hiroyuki Mizuta	Adviser, 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	—
	Specially-appointed Professor, Graduate School of Business Administration, Kyoto University of Advanced Science	—
	Outside Director, Mitsui Sumitomo Insurance Company, Limited	Customer (loans, etc.)
Sakie Tachibana Fukushima	President and Representative Director, G&S Global Advisors Inc.	—
	Outside Director, Ushio Inc.	—
	Outside Director, KONICA MINOLTA, INC.	—
	Outside Director, Kyushu Electric Power Company, Incorporated	—
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, 2023)

Name	Term served	Attendance at Board meetings, etc.	Remarks or other activities performed at Board meetings, etc.
Hiroyuki Mizuta	9 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	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 institution and educational institution. He has fulfilled his role and conducted management oversight through actively expressing opinions at the Board meetings based on the said viewpoint.
Tomonori Ito	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 and credentials in the global finance business 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.
Sakie Tachibana Fukushima	10 ms	Attended 12 Board meetings during the relevant fiscal year	She 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 her wealth of experience, credentials and deep insight as an executive of many domestic/global corporate institutions. She has fulfilled her role and conducted management oversight through actively expressing opinions at the Board meetings based on the said viewpoint.
Kiyoto Hagiwara	7 yrs 10 ms	Attended all 15 Board meetings during the relevant fiscal year. Attended all 14 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	6 yrs 10 ms	Attended all 15 Board meetings during the relevant fiscal year. Attended all 14 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: Millions of yen)

	Number of Recipients	Remuneration and Benefits from the Bank	Remuneration and Benefits from the Bank's Parent, etc.
Total Remuneration and Benefits	7	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 1,508 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 130,620

(3) Major Shareholders (As of March 31, 2023)

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)	14,093	12.06%
The Nomura Trust and Banking Co., Ltd. (Trust Account 2052255)	5,000	4.28%
Custody Bank of Japan, Ltd. (Trust Account)	3,038	2.60%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	1,367	1.17%
STATE STREET BANK WEST CLIENT - TREATY 505234	969	0.82%
GMO Internet Group, Inc.	800	0.68%
SMBC Nikko Securities Inc.	755	0.64%
Nomura Securities Co., Ltd. (Proprietary Account)	625	0.53%
Yoshitoki Ishii	450	0.38%
Custody Bank of Japan, Ltd. (Trust Account 4)	444	0.38%

(Notes) 1. 'The major shareholders' are top 10 shareholders, excluding treasury shares held by the Bank (1,508 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 (1,508 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, 2023.

(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
9 th Series	July 8, 2022	5,642	56,420	23,960	1	July 9, 2022 ~ July 8, 2052

- (Notes) 1. 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.
2. The number of shares indicates those after one-for-ten reverse stock-split effective October 1, 2017.
3. The acquisition of stock options through transfer requires approval through a resolution by the Board of Directors.
4. 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, 2023

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
9 th Series		1,949	19,490	4

(Note) 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
9 th Series	Executive Officers of the Bank	3,693	36,930	23

6. Matters Concerning Independent Accounting Auditors

(1) Independent Accounting Auditors

(Unit: JPY million)

Name	Fees for This Fiscal Year	Other
Deloitte Touche Tohmatsu LLC Designated Limited Liability Partner, Shigehiko Matsumoto Arata Otake Masashi Tsurumi	248	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 accounting 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 accounting 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 296 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 Independent Accounting Auditors

i. Determination of dismissal or non-reappointment of auditors

The ASB of the Bank shall, in principle, determine removal of the independent accounting auditors, upon consent of all its Members, if it concludes that the independent accounting 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 accounting 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 system to comply with laws, regulations and other standards, 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 (including officers and employees within one year of their retirement) 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 necessary systems to prevent money laundering, terrorist financing, and proliferation financing, and to comply with other economic sanctions under the Foreign Exchange and Foreign Trade Act.
- (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 establishes 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 has established a "Business Continuity Plan (BCP)" to respond to risks potentially having a material impact on business continuity including spread of infectious diseases, natural disasters, system failures, cyberattacks, etc. The 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 has established an 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 the Standing ASB Member. In addition, decisions on transfer, promotion, compensation and punishment of such employees require the consent by the 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 Management Committee, the Audit and Compliance Committee and the Board of Directors.
 - With respect to training and 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 training and awareness programs from home or a remote environment as well as learning by video materials. The Bank has conducted training and awareness programs covering points to note from a compliance perspective to promote Aozora's Strategic Investments 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 activity 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 Management Committee, 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 multiple 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 specific 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 in charge of 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, for ensuring proper customer protection the Bank has verified/reviewed the standards for linking customer bank accounts to other accounts at fund transfer service providers and has also tightened the verification system in terms of security in personal authentication of debit cards 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.
 - For the management of cybersecurity risk which is becoming increasingly important, the Bank has established the system in which it sets up CyberSecurity Office and appoints personnel with high level of expertise to maintain the system, perform monitoring and deal with emergency situations. The Bank has also established Computer Security Incident Response Team with Chief Technology Officer (CTO) acting as a Chairman to brace for emergency situations at the entire Bank and the Bank’s Subsidiaries.
- The Management Committee, the Audit & Compliance Committee and Board of Directors timely receive risk control reports from the risk management divisions to understand, evaluate and flexibly 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 training programs for all officers and employees, the Bank is working to foster awareness of crisis management and improve its effectiveness.
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 developed 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

Consolidated balance sheet as of March 31, 2023

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 stock)

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 2023-2025, entitled 'Aozora 2025' in May 2023, the Bank will provide stable returns to shareholders in the form of dividend payment based on the result of net earnings in principle, while maintaining financial strength. In addition, the Bank will continue to pay dividends 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 stock, 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.

(Millions of yen)

(Assets)		(Liabilities)	
Cash and due from banks	1,275,003	Deposits	5,463,352
Call loans and bills bought	78,311	Negotiable certificates of deposit	34,000
Monetary claims bought	75,209	Call money and bills sold	10,000
Trading account assets	151,285	Securities sold under repurchase agreements	48,224
Money held in trust	13,083	Cash collateral received for securities lent	215,983
Securities	1,278,749	Trading account liabilities	121,877
Loans and bills discounted	3,881,373	Borrowed money	525,613
Foreign exchanges	76,873	Bonds payable	147,773
Other assets	284,650	Other liabilities	151,280
Tangible fixed assets	21,617	Provision for bonuses	4,373
Buildings, net	9,837	Provision for bonuses for directors (and other officers)	25
Land	9,235	Retirement benefit liability	11,288
Leased assets, net	247	Provision for credit losses on off-balance-sheet instruments	496
Other tangible fixed assets	2,297	Reserves under special laws	8
Intangible fixed assets	19,392	Deferred tax liabilities	22
Software	19,325	Acceptances and guarantees	18,630
Other intangible fixed assets	67	Total liabilities	6,752,951
Retirement benefit asset	3,873	(Equity)	
Deferred tax assets	53,577	Share capital	100,000
Customers' liabilities for acceptances and guarantees	18,630	Capital surplus	87,481
Allowance for loan losses	(44,052)	Retained earnings	291,898
Allowance for investment loss	(3,509)	Treasury shares	(3,099)
		Total shareholders' equity	476,280
		Valuation difference on available-for-sale securities	(45,449)
		Deferred gains or losses on hedges	972
		Foreign currency translation adjustment	7,683
		Remeasurements of defined benefit plans	(1,328)
		Total accumulated other comprehensive income	(38,122)
		Share acquisition rights	503
		Non-controlling interests	(7,541)
		Total equity	431,119
Total assets	7,184,070	Total liabilities and equity	7,184,070

Consolidated statement of income
(For the fiscal year ended March 31, 2023)

(Millions of yen)

Ordinary income		183,292
Interest income	113,570	
Interest on loans and discounts	87,006	
Interest and dividends on securities	23,397	
Interest on call loans and bills bought	348	
Interest on deposits with banks	765	
Other interest income	2,052	
Trust fees	377	
Fees and commissions	17,338	
Gain on trading account transactions	14,832	
Other ordinary income	23,798	
Other income	13,374	
Recoveries of written off receivables	1,199	
Other	12,175	
Ordinary expenses		175,936
Interest expenses	62,490	
Interest on deposits	11,278	
Interest on negotiable certificates of deposit	3	
Interest on call money and bills sold	184	
Interest expenses on securities sold under repurchase agreements	1,654	
Interest expenses on cash collateral received for securities lent	7,058	
Interest on borrowings and rediscounts	1,268	
Interest expenses on bonds	1,517	
Interest expenses on interest rate swaps	22,570	
Other interest expenses	16,955	
Fees and commissions payments	4,383	
Loss on trading account transactions	10,636	
Other ordinary expenses	32,835	
General and administrative expenses	59,463	
Other expenses	6,127	
Provision of allowance for loan losses	1,110	
Provision of allowance for credit losses on off-balance-sheet instruments	84	
Other	4,932	
Ordinary profit		7,356
Extraordinary income		0
Gain on disposal of non-current assets	0	
Extraordinary losses		2
Loss on disposal of non-current assets	2	
Profit before income taxes		7,354
Income taxes-current	437	
Income taxes-deferred	260	
Total income taxes		698
Profit		6,655
Loss attributable to non-controlling interests		(2,064)
Profit attributable to owners of parent		8,719

Consolidated statement of changes in equity
(For the fiscal year ended March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share Capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	100,000	87,476	301,700	(3,117)	486,060
Changes during period					
Dividends of surplus			(18,567)		(18,567)
Change in scope of consolidation			45		45
Profit attributable to owners of parent			8,719		8,719
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		4		18	22
Net changes in items other than shareholders' equity					
Total changes during period	-	4	(9,802)	18	(9,779)
Balance at end of period	100,000	87,481	291,898	(3,099)	476,280

	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	3,985	(157)	3,450	(233)	7,045	390	(6,229)	487,265
Changes during period								
Dividends of surplus								(18,567)
Change in scope of consolidation								45
Profit attributable to owners of parent								8,719
Purchase of treasury shares								(0)
Disposal of treasury shares								22
Net changes in items other than shareholders' equity	(49,435)	1,129	4,233	(1,095)	(45,167)	112	(1,311)	(46,366)
Total changes during period	(49,435)	1,129	4,233	(1,095)	(45,167)	112	(1,311)	(56,146)
Balance at end of period	(45,449)	972	7,683	(1,328)	(38,122)	503	(7,541)	431,119

Non-consolidated balance sheet as of March 31, 2023

Non-consolidated statement of operations
(For the fiscal year ended March 31, 2023)

(Assets)		(Liabilities)	
Cash and due from banks	1,056,452	Deposits	5,081,374
Cash	4,601	Current deposits	34,399
Due from banks	1,051,850	Ordinary deposits	2,629,614
Call loans	78,311	Saving deposits	49,846
Monetary claims bought	51,723	Deposits at notice	935
Trading account assets	151,229	Time deposits	2,232,558
Trading securities derivatives	7,811	Other deposits	134,020
Trading account securities derivatives for hedging	4,493	Negotiable certificates of deposit	34,000
Trading account financial derivatives	138,924	Call money	10,000
Money held in trust	4,517	Securities sold under repurchase agreements	48,224
Securities	1,319,450	Cash collateral received for securities lent	215,983
Government bonds	18,381	Trading account liabilities	121,877
Local government bonds	14,336	Trading account securities derivatives for hedging	14,001
Short-term corporate bonds	10,999	Trading account financial derivatives	107,876
Corporate bonds	110,616	Borrowed money	525,600
Stocks	61,053	Borrowings from other banks	525,600
Other securities	1,104,062	Bonds payable	147,773
Loans and bills discounted	3,710,072	Other liabilities	137,842
Bills discounted	7,223	Accrued expenses	5,749
Loans on bills	14,034	Unearned revenue	231
Loans on deeds	3,543,033	Variation margins of futures markets	981
Overdrafts	145,781	Financial derivatives	78,431
Foreign exchanges	76,873	Cash collateral received for financial instruments	21,386
Due from foreign banks (our accounts)	76,873	Lease liabilities	260
Other assets	249,721	Asset retirement obligations	1,914
Prepaid expenses	1,275	Other	28,885
Accrued revenue	17,490	Provision for bonuses	3,817
Margin deposits for futures transactions	962	Provision for bonuses for directors (and other officers)	7
Variation margins of futures markets	667	Provision for retirement benefits	10,609
Financial derivatives	74,550	Provision for credit losses on off-balance-sheet instruments	514
Cash collateral paid for financial instruments	81,168	Acceptances and guarantees	25,004
Bond issuance costs	361		
Other	73,245	Total liabilities	6,362,628
Tangible fixed assets	21,026	(Equity)	
Buildings, net	9,565	Share capital	100,000
Land	9,235	Capital surplus	87,481
Leased assets, net	247	Legal capital surplus	87,313
Other tangible fixed assets	1,978	Other capital surplus	167
Intangible fixed assets	10,896	Retained earnings	264,752
Software	10,830	Legal retained earnings	12,686
Other intangible fixed assets	65	Other retained earnings	252,065
Prepaid pension costs	5,647	Retained earnings brought forward	252,065
Deferred tax assets	53,595	Treasury shares	(3,099)
Customers' liabilities for acceptances and guarantees	25,004	Total shareholders' equity	449,134
Allowance for loan losses	(43,206)	Valuation difference on available-for-sale securities	(45,432)
Allowance for investment loss	(3,509)	Deferred gains or losses on hedges	972
		Total valuation and translation adjustments	(44,460)
		Share acquisition rights	503
		Total equity	405,177
Total assets	6,767,805	Total liabilities and equity	6,767,805

		(Millions of yen)	
Ordinary income			164,564
Interest income		105,148	
Interest on loans and discounts		78,541	
Interest and dividends on securities		23,424	
Interest on call loans		385	
Interest on deposits with banks		693	
Interest income on interest rate swaps		529	
Other interest income		1,572	
Trust fees		379	
Fees and commissions		11,539	
Fees and commissions on domestic and foreign exchanges		207	
Other fees and commissions		11,332	
Gain on trading account transactions		14,832	
Net gain on trading account securities		10,943	
Net gain on trading account financial derivatives		3,888	
Other ordinary income		22,672	
Gain on sale of bonds		5,914	
Gain on financial derivatives		1,957	
Other		14,799	
Other income		9,992	
Recoveries of written off receivables		1,070	
Gain on sale of stocks and other securities		8,576	
Gain on money held in trust		62	
Other		283	
Ordinary expenses			161,384
Interest expenses		62,495	
Interest on deposits		11,286	
Interest on negotiable certificates of deposit		3	
Interest on call money		184	
Interest expenses on securities sold under repurchase agreements		1,654	
Interest expenses on cash collateral received for securities lent		7,058	
Interest on borrowings and rediscounts		1,265	
Interest expenses on bonds		1,517	
Interest expenses on interest rate swaps		22,570	
Other interest expenses		16,955	
Fees and commissions payments		2,841	
Fees and commissions on domestic and foreign exchanges		139	
Other fees and commissions		2,702	
Loss on trading account transactions		11,150	
Net loss on trading securities		11,150	
Other ordinary expenses		33,759	
Loss on foreign exchange transactions		7,810	
Loss on sale of bonds		16,109	
Loss on redemption of bonds		590	
Loss on devaluation of bonds		373	
Amortization of bond issuance costs		165	
Other		8,709	
General and administrative expenses		46,105	
Other expenses		5,032	
Provision of allowance for loan losses		1,089	
Write-off of loans		1,482	
Provision of allowance for credit losses on off-balance-sheet instruments		111	
Loss on devaluation of equity securities		80	
Other		2,267	
Ordinary profit			3,180
Extraordinary income			0
Gain on disposal of non-current assets		0	
Extraordinary losses			11,021
Loss on disposal of non-current assets		2	
Loss on valuation of shares of subsidiaries and associates		11,018	
Loss before income taxes			7,840
Income taxes-current		(78)	
Income taxes-deferred		366	
Total income taxes			287
Loss			8,127

Non-consolidated statement of changes in equity
(For the fiscal year ended March 31, 2023)

(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 Retained earnings brought forward	Total retained earnings		
Balance at beginning of period	100,000	87,313	163	87,476	12,686	278,761	291,448	(3,117)	475,807
Changes during period									
Dividends of surplus						(18,567)	(18,567)		(18,567)
Loss						(8,127)	(8,127)		(8,127)
Purchase of treasury shares								(0)	(0)
Disposal of treasury shares			4	4				18	22
Net changes in items other than shareholders' equity									
Total changes during period	-	-	4	4	-	(26,695)	(26,695)	18	(26,672)
Balance at end of period	100,000	87,313	167	87,481	12,686	252,065	264,752	(3,099)	449,134

(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	4,007	(157)	3,850	390	480,047
Changes during period					
Dividends of surplus					(18,567)
Loss					(8,127)
Purchase of treasury shares					(0)
Disposal of treasury shares					22
Net changes in items other than shareholders' equity	(49,440)	1,129	(48,310)	112	(48,197)
Total changes during period	(49,440)	1,129	(48,310)	112	(74,870)
Balance at end of period	(45,432)	972	(44,460)	503	405,177

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

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 16, 2023

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, 2023, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from April 1, 2022 to March 31, 2023, 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, 2023, 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 16, 2023

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, 2023, and the nonconsolidated statement of operations and nonconsolidated statement of changes in equity for the 90th fiscal year from April 1, 2022 to March 31, 2023, 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, 2023, 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 the "Opinion" section of this English translation 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 90th business year that commenced on April 1, 2022 and ended on March 31, 2023.

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 19, 2023

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

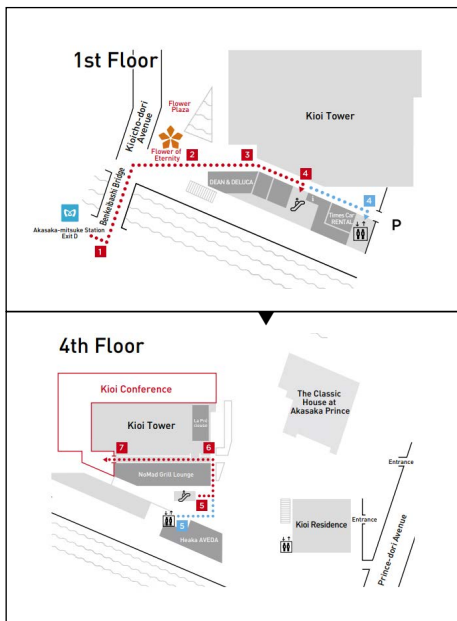
The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Guide to the Venue for Ordinary General Meeting of Shareholders

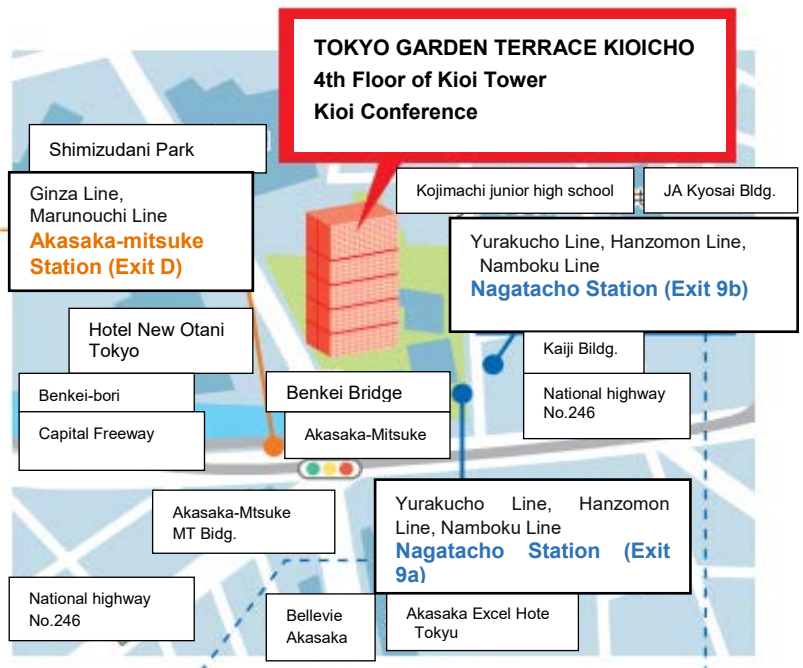
Place: **TOKYO GARDEN TERRACE KIOICHO Kioi Conference**
 Kioicho 1-4, Chiyoda-ku, Tokyo

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)

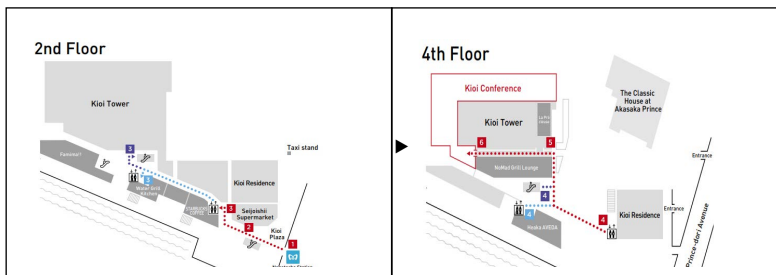
From Akasaka-mitsuke Station (Exit D)



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.

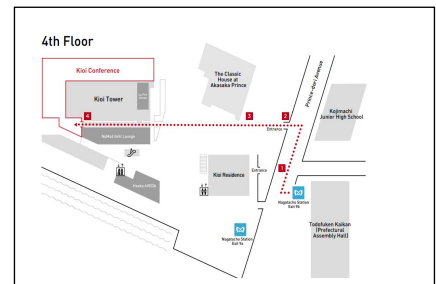


From Nagatacho Station (Exit 9a)



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.