

Integrated Report
—Annual Report—
(Financial and Corporate Data Section)
April 1, 2024 – March 31, 2025

2025

Please refer to Aozora Bank’s Integrated Report (Annual Report Main Section) 2025 for information on businesses and strategies.

Editorial Policy _____

This document (Main Section and Financial and Corporate Data Section) is an Annual Report (document explaining the Bank’s business operations and financial condition) created in compliance with Article 21 of the Banking Act.

Forward-Looking Statement _____

This document contains forward-looking statements regarding the Bank’s financial condition and results of operations. These forward-looking statements, which include the Bank’s views and assumptions with respect to future events, involve certain risks and uncertainties. Actual results may differ from forecasts due to changes in economic conditions and other factors.

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Corporate Data

Corporate History

April	1957	Established as the Nippon Fudosan Bank, Limited (capital: ¥1 billion) in accordance with the Long-Term Credit Bank Law
July	1964	Started foreign exchange business as an authorized foreign exchange bank
September		Listed stock on the Tokyo Stock Exchange
February	1970	Listed stock on the Osaka Securities Exchange
October	1977	Changed name to the Nippon Credit Bank, Ltd.
February	1994	Established the Nippon Credit Trust Bank, Ltd. (currently GMO Aozora Net Bank, Ltd.)
December	1998	Started special public management and terminated listing of stock on the Tokyo Stock Exchange and the Osaka Securities Exchange
September	1999	NCB Servicer Co., Ltd. (currently Aozora Loan Services Co., Ltd.), commenced servicer operations
September	2000	Ended special public management
January	2001	Changed name to Aozora Bank, Ltd.
July	2005	Established New York Representative Office
April	2006	Converted from “Long-Term Credit Bank” to an “Ordinary Bank” Established Aozora Securities Co., Ltd.
November		Listed on the First Section of the Tokyo Stock Exchange
May	2007	Established Shanghai Representative Office
April	2009	Established Internet Branch (currently BANK Branch) and commenced Internet banking services
August	2012	Announced the Comprehensive Recapitalization Plan
March	2013	Launched Aozora Cash Card Plus (Visa debit) Established Aozora Regional Consulting Co., Ltd.
February	2014	Established Aozora Investment Management Co., Ltd.
May		Established Singapore Representative Office
January	2015	Established Aozora Real Estate Investment Advisors Co., Ltd.
June		Full repayment of public funds
December		Established a subsidiary, Aozora Europe Limited, in London
May	2016	Completed conversion to new Kanjo-kei core banking system
May	2017	Moved headquarters Established ABN Advisors Co., Ltd.
April	2018	Established Aozora Corporate Investment Co., Ltd.
July		GMO Aozora Net Bank, Ltd. commenced Internet banking services
October		Completed transfer of trust operations from GMO Aozora Net Bank, Ltd. and started concurrent trust operations
June	2020	Purchased an ownership stake in Orient Commercial Joint Stock Bank, a commercial bank based in Vietnam (making it an equity method affiliate of Aozora)
September		Aozora North America, Inc., the Bank’s New York subsidiary, commenced finance operations
April	2022	Listed on the Prime Market segment of the Tokyo Stock Exchange following the restructuring of its market segments
November	2023	Established a subsidiary, Aozora Asia Pacific Limited, in Hong Kong
May	2024	Entered into a Capital and Business Alliance Agreement with Daiwa Securities Group Inc.

Business Activities (As of July 1, 2025)

● Deposits

Deposits

Checking accounts, savings accounts, time deposits, deposits-at-notice, non-residents' deposits in yen and deposits in foreign currencies

Negotiable certificates of deposit

● Lending

Loans

Loans on deeds, loans on notes and overdraft

Discount on promissory notes

Bankers' acceptances and discounts on commercial bills

● Securities investment business

Public bonds, local bonds, corporate bonds, equity and other securities for cash reserves for payment of the deposit and fund management

● Domestic exchange

Such services as money orders between branches of the Bank and those of other banks, collection of payments, etc.

● Foreign exchange

Remittance to foreign countries and other foreign currency-related businesses

● Consignment of bonds

Consignment business for soliciting or managing public bonds and issue agent or payment agent

● Trust operations

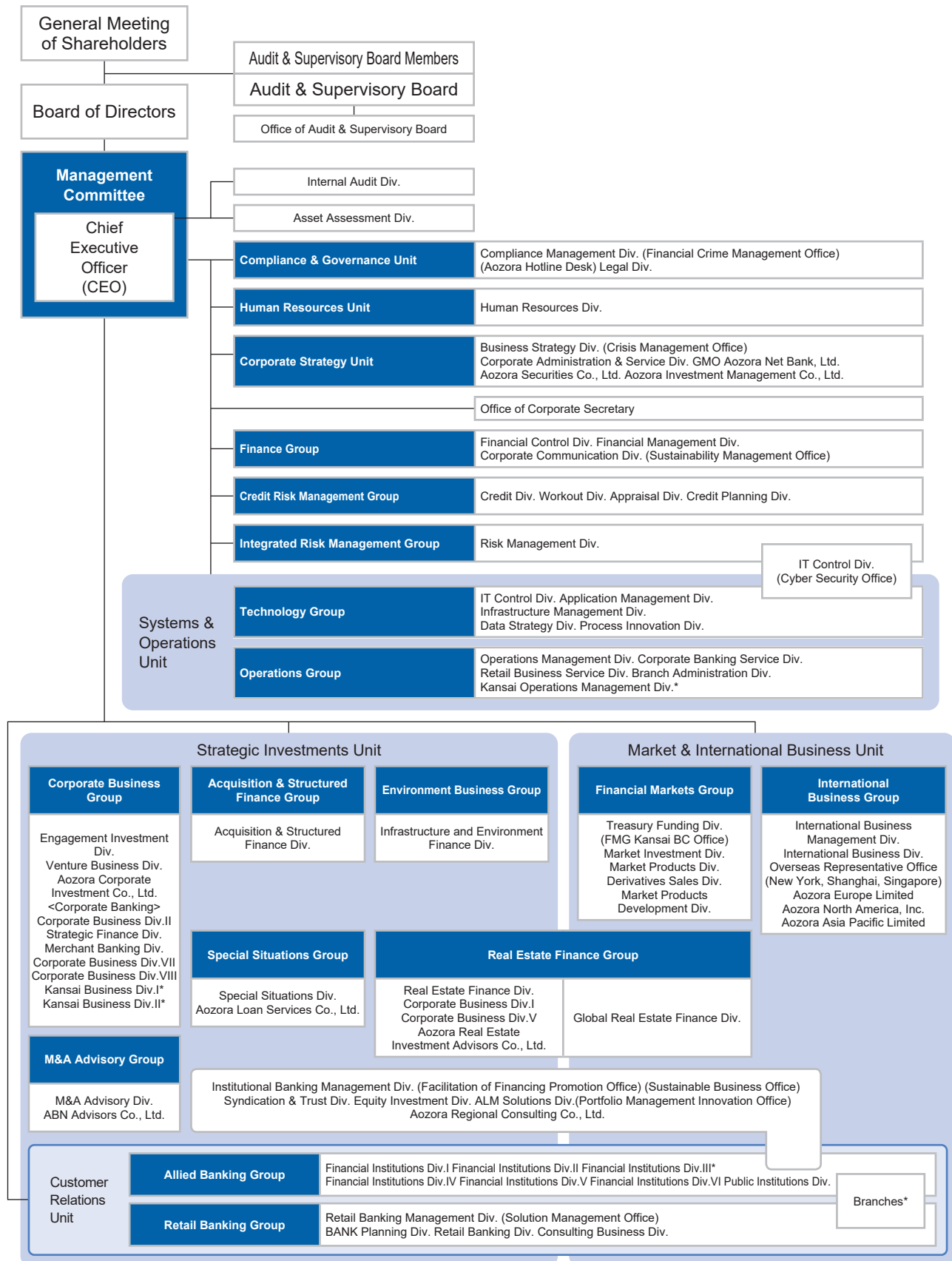
Management of various trust assets including cash, securities, monetary claims and real estate

● Other services

1. Guarantee of liabilities (acceptances and guarantees)
2. Lending of securities
3. Underwriting of public bonds
4. Over-the-counter sales of securities investment trusts
5. Trust business for secured corporate bonds
6. Agency business
 - ① Revenue agency for Bank of Japan
 - ② Handling of funds for regional public entities, including those in Tokyo
7. Custody services
8. Interest rate, currency and other derivative transactions
9. Over-the-counter sales of insurance products
10. Financial instruments intermediary business
11. Business matching services

Corporate Data

Organization Chart (As of July 1, 2025)



*Branches Kansai Br.(Kansai Business Div.I, Kansai Business Div.II, Financial Institutions Div.III, Kansai Operations Management Div.), Nagoya Br., Fukuoka Br., Sendai Br., Hiroshima Br., Sapporo Br., Takamatsu Br., Kanazawa Br., Shinjuku Br., Nihonbashi Br., Shibuya Br., Ueno Br., Ikebukuro Br., Yokohama Br., Chiba Br., Osaka Br., Umeda Br., Kyoto Br., BANK Br., BANK Blue Br., BANK Sky Br., BANK Marine Br., BANK Cobalt Br.

Directors, Audit & Supervisory Board Members and Executive Officers (As of July 1, 2025)

Directors and Audit & Supervisory Board Members

Executive Officers

Director and Chairman	Koji Yamakoshi*
Representative Director and President	Hideto Oomi*
Representative Director and Deputy President	Masayoshi Ohara*
Director and Senior Managing Executive Officer	Takashi Kato*

Senior Managing Executive Officers	Masaki Onuma Toru Takahashi
Managing Executive Officers	Jun Shinozaki Kazuhiro Yasuda Tetsuji Okuda Hiroki Nakazato Naoko Tanaka

Directors	Sakie Tachibana Fukushima Hideyuki Takahashi Hideaki Saito Koichi Tadano Hiromasa Kawashima
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Executive Officers	Hiroshi Suzuki Shu Takahashi Yukiko Morita Takashi Hagio Jun Nakashima Hiroshi Kaneko Mitsuhiro Segawa Mayumi Takada Kouji Igarashi Kosuke Takai Chiharu Hirota Kimiaki Satou Taro Kitai Yoshitsugu Kusuda Toshiya Furutaku
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Standing Audit & Supervisory Board Member	Satoshi Hashiguchi
Audit & Supervisory Board Members	Toraki Inoue Junichi Maeda

*Serving as Executive Officer concurrently

Staff Profile (As of March 31, 2025)

Number of Employees	Average Age	Average Years of Service	Average Yearly Salary
1,936 (123)	44.5	16.5	9,068 thousand yen

Notes: 1. The number of employees includes executive officers and locally hired staff overseas, but excludes temporary employees.

2. The figure in parentheses is the average number of temporary employees for the year.

3. The average yearly salary includes bonuses and pay other than fixed wages.

Corporate Data

Executive Officers



Koji Yamakoshi
Director and Chairman
Executive Officer



Takashi Hagio
Executive Officer
Head of Corporate Strategy Unit and in
charge of Office of Corporate Secretary



Masaki Onuma
Senior Managing Executive Officer
Chief Risk Officer (CRO)



Hideto Oomi
Representative Director and
President
Chief Executive Officer (CEO)



Hiroshi Suzuki
Executive Officer
Head of Compliance & Governance
Unit



Toshiya Furutaku
Executive Officers
Deputy Head of CRO



Masayoshi Ohara
Representative Director and
Deputy President
Executive Officer



Chiharu Hirota
Executive Officer
Head of Human Resources Unit



Kosuke Takai
Executive Officer
Chief Credit Risk Officer (CCRO)



Takashi Kato
Director and Senior
Managing Executive Officer
Chief Financial Officer (CFO)



Mayumi Takada
Executive Officer
In charge of Sustainability Management
Deputy Chief Financial Officer



Toru Takahashi
Senior Managing Executive Officer
Chief Information Officer (CIO)



Yukiko Morita
Executive Officer
Head of Operations Group



Yoshitsugu Kusuda
Executive Officers
Deputy Head of CIO

Strategic Investments Unit



Jun Shinozaki
Managing Executive Officer
Head of Corporate Business Group



Kazuhiro Yasuda
Managing Executive Officer
Head of Corporate Banking Group



Hiroshi Kaneko
Executive Officer
Deputy Head of Corporate Banking Group



Hiroki Nakazato
Managing Executive Officer
Head of Acquisition & Structured Finance Group
Head of Environment Business Group



Shu Takahashi
Executive Officer
Head of M&A Advisory Group



Taro Kitai
Executive Officers
Co-Head of Corporate Banking Group



Kimiaki Satou
Executive Officer
Head of Special Situations Group



Kouji Igarashi
Executive Officer
Head of Real Estate Finance Group

Customer Relations Unit



Naoko Tanaka
Managing Executive Officer
Head of Allied Banking Group



Jun Nakashima
Executive Officer
Head of Retail Banking Group

Market & International Business Unit



Tetsuji Okuda
Managing Executive Officer
Head of Financial Markets Group



Mitsuhiro Segawa
Executive Officer
Head of International Business Group

Corporate Data

Office Directory (As of July 1, 2025)

Overseas Network

● Representative Offices

New York Representative Office

Chief Representative
Keisuke Yamamoto

Address

680 Fifth Avenue, Suite #503, New
York, NY 10019, U.S.A.
Tel: +1-212-830-1680
Fax: +1-212-314-3124

Shanghai Representative Office

Chief Representative
Yoichi Nakanishi

Address

27F, Hang Seng Bank Tower,
1000 Lujiazui Ring Road,
Pudong New Area,
Shanghai 200120,
People's Republic of China
Tel: +86-21-3899-6288
Fax: +86-21-6841-2882

Representative Office Registered in Singapore

Chief Representative
Kohei Nakai

Address

50 Raffles Place,
#16-05A Singapore Land Tower,
Singapore 048623
Tel: +65-6221-9221
Fax: +65-6221-9421

Domestic Network

● Head Office

6-1-1, Kojimachi,
Chiyoda-ku, Tokyo 102-8660
Japan
SWIFT: NCBTJPJT

● Branch Offices

Sapporo

4-1-4, Kita Sanjo-nishi,
Chuo-ku, Sapporo 060-0003

Sendai

3-2-1, Chuo, Aoba-ku,
Sendai 980-0021

Shinjuku*

6-1-1, Kojimachi,
Chiyoda-ku, Tokyo 102-8660

Nihonbashi

2-2-1, Nihonbashi-muromachi,
Chuo-ku, Tokyo 103-0022

Shibuya

1-7-7, Shibuya, Shibuya-ku,
Tokyo 150-0002

Ueno

2-2-1, Nihonbashi-muromachi,
Chuo-ku, Tokyo 103-0022

Ikebukuro

2-28-13, Minami-Ikebukuro,
Toshima-ku, Tokyo 171-0022

Chiba

2-15-11, Fujimi, Chuo-ku,
Chiba 260-0015

Yokohama

1-1-1, Minamisaikai, Nishi-ku,
Yokohama 220-0005

Kanazawa

2-37, Kamitsutsumicho,
Kanazawa 920-0869

Nagoya

3-28-12, Meieki, Nakamura-ku,
Nagoya 450-6404

Kyoto

79, Kankobokocho,
Muromachi-Higashiiru, Shijo-dori,
Shimogyo-ku, Kyoto 600-8009

Kansai

1-12-12, Umeda, Kita-ku,
Osaka 530-0001
(Kansai Branch deals solely with corporate clients.)

Osaka

1-12-12, Umeda, Kita-ku,
Osaka 530-0001

Umeda

1-12-12, Umeda, Kita-ku,
Osaka 530-0001

Hiroshima

13-13, Motomachi, Naka-ku,
Hiroshima 730-0011

Takamatsu

9-6, Konyamachi,
Takamatsu 760-0027

Fukuoka

2-8-36, Tenjin, Chuo-ku,
Fukuoka 810-0001

Bank Branch

Bank Blue Branch

Bank Sky Branch

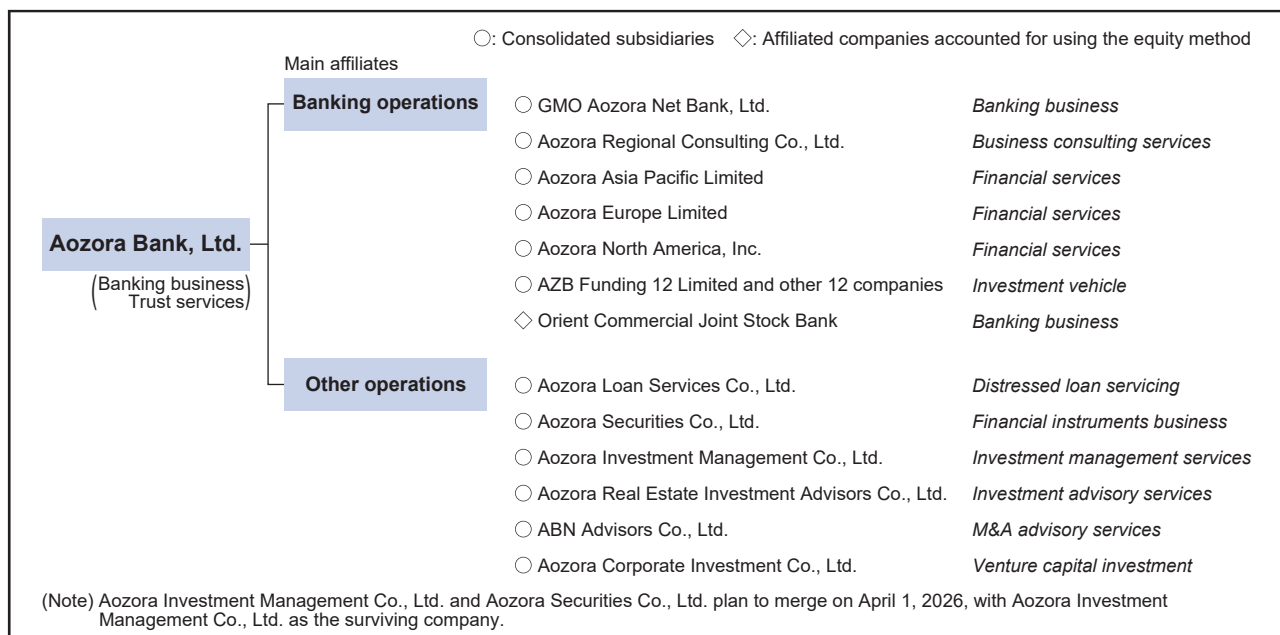
Bank Marine Branch

Bank Cobalt Branch

6-1-1, Kojimachi,
Chiyoda-ku, Tokyo 102-8660
<https://www.aozorabank.co.jp/bank/>

* Shinjuku Branch relocated to the first floor of the Bank's Head Office, March 31, 2025. Following the relocation, the Shinjuku Branch and the Retail Banking Division conduct business operations concurrently at the same location using the "branch-in-branch method."

Business Network (As of March 31, 2025)



Corporate Data

Subsidiaries and Affiliated Companies (As of March 31, 2025)

Consolidated Subsidiaries

(%)

Company Name	Location	Business Activities	Established	Capital	Voting Rights	Group Shareholding
GMO Aozora Net Bank, Ltd.	Shibuya-ku, Tokyo	Banking business	February 28, 1994	24,129 millions of JPY	85.1	—
Aozora Loan Services Co., Ltd.	Chiyoda-ku, Tokyo	Distressed loan servicing	June 18, 1996	500 millions of JPY	67.6	—
Aozora Securities Co., Ltd.	Chiyoda-ku, Tokyo	Financial instruments business	January 23, 2006	3,000 millions of JPY	100.0	—
Aozora Regional Consulting Co., Ltd.	Chiyoda-ku, Tokyo	Business consulting services	March 21, 2013	10 millions of JPY	100.0	—
Aozora Investment Management Co., Ltd.	Chiyoda-ku, Tokyo	Investment management services	February 4, 2014	450 millions of JPY	100.0	—
Aozora Real Estate Investment Advisors Co., Ltd.	Chiyoda-ku, Tokyo	Investment advisory services	January 6, 2015	150 millions of JPY	100.0	—
ABN Advisors Co., Ltd.	Chiyoda-ku, Tokyo	M&A advisory services	May 24, 2017	200 millions of JPY	100.0	—
Aozora Corporate Investment Co., Ltd.	Chiyoda-ku, Tokyo	Venture capital investment	April 24, 2018	15 millions of JPY	100.0	—
Aozora Asia Pacific Limited	Hong Kong, People's Republic of China	Financial services	November 20, 2023	2,000 thousands of USD	100.0	—
Aozora Europe Limited	London, United Kingdom	Financial services	December 15, 2015	1,000 thousands of GBP	100.0	—
Aozora North America, Inc.	New York, USA	Financial services	November 21, 2006	411 thousands of USD	100.0	—
AZB Funding 12 Limited	Dublin, Ireland,	Investment vehicle	January 30, 2020	0 thousands of USD	—	—
Other 12 companies						

Affiliated Companies Accounted for Using the Equity Method

(%)

Company Name	Location	Business Activities	Established	Capital	Voting Rights	Group Shareholding
Orient Commercial Joint Stock Bank	Ho Chi Minh City, Vietnam	Banking business	May 10, 1996	24,711 billions of VND	15.0	—

Other Associated Companies

(%)

Company Name	Location	Business Activities	Established	Capital	Voting Rights
Daiwa Securities Group Inc.	Chiyoda-ku, Tokyo	Holding company	December 27, 1943	247,397 millions of JPY	23.9

Management Support and Efforts for Regional Economic Revitalization

Aozora has been making various efforts to fully leverage the Group's competencies and effectively uses a high degree of expertise and abundant know-how in order to solve management issues faced by its customers, including medium-sized companies and SMEs, and to revitalize local communities.

Specifically, Aozora actively works on the following initiatives ① through ④ in cooperation with regional financial institutions in order to meet various needs at start-up and growth stages as well as in business succession and business recovery of customers:

① Support for nurturing start-up companies

To support the growth of our promising start-up customers, not only Aozora Bank but also Group Companies cooperate each other to establish Aozora Start-up Ecosystem Support Framework that provides support according to each growth stage of companies and offers one-stop support services. Group Companies include Aozora Corporate Investment Co., Ltd. that provides investments and loans for start-ups with a focus on venture debt, B Spark that offers solutions for customers facing DX challenges in any region in cooperation with start-ups having advanced knowledge, GMO Aozora Net Bank, which aims to be the No. 1 bank for small businesses and start-ups, providing a variety of services tailored to customers in the early stages of business, etc.

② Solutions for business succession issues

For business succession issues, Aozora established Solution Management Office aimed to provide our customers, who are medium-sized companies' or SME owners, with professional consulting services and meet various needs.

We continue to fully leverage Aozora Group's competencies represented by ABN Advisors, Co., Ltd. registered as an M&A support institution of Small and Medium Enterprise Agency and AJ Capital Co., Ltd. running business succession funds in order to provide various solutions to customers and address business succession issues faced by the medium-sized companies and SMEs and revitalization of local economies also in cooperation with regional financial institutions and local companies across Japan.

③ Promotion of business recovery support

We promote support for management improvement and business recovery according to customers' reality through our specialty in tailor-made sales activities. Specific examples include financing such as DIP finance for medium-sized company and SME customers aiming at business recovery, assistance for M&A toward the business succession and support for management improvement effectively using a network of outside experts.

Additionally, Aozora provides support for the business recovery of medium-sized company and SME customers and the regional economic revitalization through establishing and operating business recovery funds in collaboration with regional financial institutions.

④ Solutions for issues of regional financial institutions

Aozora assists regional financial institutions and their clients in solving diversified issues faced by them by leveraging the various financial service functions of Aozora Group.

In addition, Aozora has formed alliances with many regional financial institutions to provide solutions to their clients and has built a cooperative relationship toward business solutions for regional core businesses, medium-sized companies and SMEs.

We recognize that one of the most important roles of a financial institution is to provide customers with a smooth supply of funds. Based on our Basic Policy for Facilitation of Finance, we are prepared to respond appropriately to consultations from customers who are affected by recent increased prices, overseas situations, labor shortages, and other factors.

Customer Information Management

The Aozora Group believes it is an important business responsibility to appropriately manage customer information based on Need to Know Principle and to stably operate the information systems designed to provide reliable financial services to its customers. In light of these responsibilities, we have developed Internal Rules (Security Policy), which stipulate the basic policy and organizational structure regarding the protection of all information assets held by the Group.

In addition, Aozora has developed its Privacy Policy and Basic Policy, which determines the basic concept and policy to safely manage personal information and data acquired and held by Aozora, and prevent unauthorized access causing damage, falsification and leakage of customer information, and has disclosed them at sales branches and on the website.

Appropriate Management System for Conflict of Interest

Aozora has established a system for managing conflict of interest in order to carry out its business in a fair and sincere manner while always taking a customer-oriented perspective.

Specifically, based on the Policy to Manage Conflict of Interest, the Bank appropriately manages conflict of interest to prevent unreasonable damage to the interests of its customers by defining the transactions in which conflict of interest may exist and the methods for identifying such transactions, the types of conflict of interest that are covered under the Policy, how to manage conflict of interest, scope of Group Companies that are covered under the Policy, and the management system for conflict of interest.

Anti-bribery Initiatives

Aozora has established the Basic Policy on Anti-bribery, which prohibits all Aozora's officers and employees from giving, offering, or promising improper corporate hospitality, gifts, and other benefits to public officials in any country as well as from giving or receiving excessive corporate hospitality, gifts or other benefits beyond socially acceptable limits. In addition, we continue to provide opportunities for all officers and employees to learn more about our anti-bribery policy.

Customer Support Management System

With respect to management of responses to customer's voice received by the Bank ("customer support"), the Bank has established basic policies on receiving customers' inquiries, contacts for advice, requests and complaints, and responding to them, as well as processes keeping records and managing reports/responses. We ensure prompt and attentive responses, and precise reporting to the management. As to customers' inquiries, contacts for advice, requests and complaints that business branches, Call Center and the Customer Service Office receive, the Bank makes the best efforts to properly respond to them so that customers are satisfied. We identify and analyze backgrounds or causes of customer's voice.

To timely respond to customers' complaints and solve disputes with them, the Bank offers information on ADR institutions, such as the Japanese Bankers Association (JBA), Trust Companies Association of Japan and the Financial Instruments Mediation Assistance Center (FINMAC), to customers.

The Bank has concluded a basic contract for implementation of procedures with the following ADR institutions:

Japanese Bankers Association (Designated Dispute Resolution Organization for Banking Services)

Contact: JBA Consultation Desk
(Tel: 0570-017109 or 03-5252-3772)

Trust Companies Association of Japan
Contact: Trust Counseling Center
(Tel: 0120-817335 or 03-6206-3988)

Tax Compliance

The Aozora Group recognizes that complying with tax laws and properly paying tax liabilities in all countries where it conducts business are part of our social responsibilities as a business entity. As such, we have developed the "Aozora Bank Group Tax Compliance Policy", as a way to raise awareness of tax compliance among the Group's officers and employees.

Human Resources Strategy

Aozora Group's Career Development Support Programs <Framework/Program>

Area	Contents
Job rotation for junior employees	Program to have junior employees to do various jobs at three divisions during the first eight years, so that they can use experiences for career development and establish internal network.
Communication Forum	Online forum where employees in Japan can develop closer communication and stronger teamwork. Since FY2023, Forum handled Aozora Mission, Vision and Action to deepen employees' understanding on Aozora management philosophy.
Short-term Trainee Program	Intensive program that allows employees to learn unexperienced businesses in other divisions for short periods.
Job-posting Program	Internal job-posting program that supports employees in realizing their career aspirations. Approximately 70 positions are posted a year.
Career Course Conversion	Program that allows Global Sogo-shoku, Regional Sogo-shoku and IT-shoku to change their career track.
Job Support Program	Career development system where employees can temporarily take on new job responsibilities in their preferred division while staying in the current position.
Mushashugyo Program	Program that dispatches junior or mid-level employees to outside entities to enhance their creativity and expertise.
Real Estate Core Talent Development Program	From FY 2025, the program content has been changed from real estate appraiser development to real estate core talent development, focusing on more practical aspects. It is divided into three levels: beginner, intermediate, and advanced, and is designed to flexibly support the career development of participants. The qualification as a real estate appraiser can also be obtained at the bank's expense.
Overseas Trainee Program	Global talent development program that dispatches young or mid-level employees to work at Aozora's overseas offices for two years.
Grad School Dispatch	Program to foster core talents to the management by dispatching employees who are expected to be able to develop strategies to grad schools. The Bank pays school fees. We also offer Executive MBA program for general managers and managers.
Strategic Investments Seminar	The existing talent development for Aozora's Strategic Investments Business has been reviewed, and starting from FY 2025, a Strategic Investments Seminar will be launched with management-level individuals and veteran employees with experience in Strategic Investments Business taking the lead. The seminar aims to nurture core talents in the field of investment banking, which is a focus area.
AI and Data Utilization Talent Development Program	Since FY 2022, a systematic program for nurturing AI talent has been provided. In the FY 2024, a talent development program was implemented to cultivate individuals who can utilize AI and data in business operations.
English proficiency enhancement program	Global talent development program through support for English conversation lessons.
Skill-building support initiatives	Financial support to encourage employees to acquire any of 60 qualifications useful for banking business. Financial support of up to 70,000 yen per year is offered when employees complete self-development programs.
Support for secondary employment	The Bank lifted restrictions on secondary employment (only when self-employed or serving as external companies' officer) and created Second Employment Guidelines in FY2020.
The Alumni Network	The Alumni Network, a system for hiring former employees who have contributed to the Aozora Bank Group, was introduced in April 2024. This system strengthens our recruitment capabilities and fosters long-term relationships.
Referral Recruitment Incentive	The referral hiring allowance was newly established in April 2024 to enhance hiring through personal and friend referrals, strengthening the recruitment of specialized personnel.
The career consultation desk	The career consultation desk, which was established in October 2023, is available for anyone to use at any time. Certified career consultants provide career advice according to the wishes of the employees.

Human Resources Strategy

<Training>

Area	Contents
Junior Employees Training	Basic training for junior employees during their first three years.
OJT Support	OJT Trainers training, Followers training.
Business Stance Training	The training aimed at improving the skill set necessary to excel in the Aozora Group, focusing on cultivating a business stance for new employees. Introduced from the fiscal year 2024.
Women Leaders Development Training	Program aimed at potential female managers. It is designed to help them re-recognize the roles and expectations of female leaders and acquire essential skills as leaders.
Management capability building	New Managers Training, New GMs Training, Managers Training (360 degree feedback, coaching).
Promotion Preparation Training	Starting from FY2025, the annual training has been discontinued. Instead, training on necessary management skills based on the role criteria of the higher-ranking employees (those awaiting promotion) is being conducted, including external surveys and 360-degree surveys.
Career Ownership Program	Training that urges employees aged around 50 to proactively think their career and to design their life plan.
Proactive Career Training	Training to urge employees, whose jobs and roles were greatly changes at the age of 55, to have proactive mindset for self-growth. It was introduced in FY2022.
Aozora University	Internal and external specialists give specialized lectures on a wide range of topics, including Strategic Investments Business, business recovery support, DX and SGDs. In FY2022, Takumi-mastery project started.
Training/Seminar Platform	System to solely manage training and seminars sponsored by Business Groups in order to promote sharing of knowledge and skills Bank-wide.

Programs for better working environment

Program	Overview
"4 day on 3 day off" Work Program	System that allows employees aged 55 or over to select one more off day. It was introduced in April 2022.
Flextime Program	System that allows employees to alter their start and finish times as long as they achieve a certain number of hours-worked per month.
Work from Home and Mobile Work Program	System that allows employees to work outside of the office based on their personal work style, introduces in April 2017. The hybrid work model, combining remote and office work, has become established since the COVID-19 pandemic.
Staggered Work Hours Program	System that allows employees to alter their workday start and finish times in order to avoid rush-hour commutes while maintaining their regular number of daily hours-worked.
Short Time Work Program	Employees engaged in childcare or caregiving: Childcare is available until the end of the third grade of elementary school, and caregiving is a system that allows employees to shorten their working hours for family members requiring a care level of 2 or higher. Those aged 55 and above: Implemented from April 2022.
Exemption of Overtime, Late-night, and Holiday Work	Program that allows exemption of overtime, late-night and holiday work for employees who are pregnant, within one year of giving birth, on maternity leave, employees who are raising children who have not yet entered elementary school, or need to provide nursing care.
Maternity Leave Program	Leave granted 6 weeks prior and 8 weeks after giving birth.
Childcare Leave Program	Leave granted when an employee's child is under 1 and half years old, or until the end of April past the child's first birthday.
Postnatal Paternity Leave System	System that was introduced in response to the revised Child Care and Family Care Leave Law, with unique elements added by our bank. It allows for up to four weeks of paid leave and temporary employment during leave, accommodating flexible work styles. To increase the rate of paternity leave taken by men, we will require male employees eligible from fiscal 2024 to take at least five days a year.
Child Nursing Care Leave	5 days of leave granted per year, or 10 days in the case of more than one child, for use when their third grade of elementary school age child is sick or injured etc. (employees eligible for caring for their children when their classes are closed, including participation in entrance and graduation ceremonies.)
Nursing care "Kyuka" leave	Leave granted when an employee must provide nursing care to family members. 10 days per year, or 20 days in the case of more than one family member.
Nursing Care "Kyugyou" Leave Program	Leave granted when an employee must provide daily nursing care to family members. 365 days in total, possible to divide this leave into up to 12 parts if necessary.
Carrer Support Leave	A long-term leave system for studying abroad or attending graduate school to improve one's skills, accompanying a spouse's job transfer or Infertility treatment etc.

Risk Management

Risk Definition

The Aozora Group classifies, defines and manages the risks as follows that should be managed.

Risk Classification	Risk Definition
Credit Risk	Credit Risk is defined as the risk of incurring losses due to the impairment or loss of asset values (including off-balance-sheet assets) as a result of deterioration in the credit standing of counterparties (including the government of a country or region).
Market Risk	Market Risk refers to the risk of incurring losses due to fluctuations in the value of the Group's assets and liabilities caused by market movements.
Liquidity Risk	Liquidity Risk refers to the risk of becoming insolvent due to a failure to ensure sufficient asset liquidity to meet liabilities or an unexpected outflow of funds as well as the risk of incurring losses due to a significant rise in funding costs on liabilities (Funding Liquidity Risk). The other type of Liquidity Risk is the risk of incurring losses that result from not being able to engage in market transactions mainly due to market turbulence or thin trading volumes as well as from being forced to transact at extremely unfavorable prices ('market liquidity risk').
Operational Risk	Operational Risk refers to the risk of loss arising from inappropriate or failed internal business processes, activities of directors, officers and employees, or systems, or from external events.
Operations Risk	Operations Risk is the risk of the Group's incurring loss from the neglect by officers, employees (hereinafter called "officers or employees") to properly conduct administrative work due to human errors or processing failures and from the accidents caused by them.
System Risk	System Risk is the risk that the Group may incur a loss due to inadequate systems, etc., including the breakdown or malfunction of the Group's or external computer systems, or due to the improper use of computer systems by its directors, officers and employees, or third parties (including system risk to address cybersecurity threats).
Compliance Risk	Compliance Risk refers to the risk that the Group may incur a loss as legal responsibilities or social reputation are harmed by directors, officers and employees engaging in activities or actions in violation of compliance, whether business or personal (including penalty risk and litigation risk).
Legal Risk	Legal Risk, pertaining to the business activities of the Group, refers to the risk that expected profit cannot be acquired or unexpected loss is incurred due to such factors as the non-existence of a fact, and inadequate evidence or legal grounds, as to the matters that have been judged or should be judged for such activities as well as the matters used as the bases for judgment.
Human Risk	Human risk is the risk of the Group incurring a loss from labor disputes & reconciliations, etc., due to the violations of laws including labor laws or HR management against compliance; neglect in leaving the environment where crisis or incidents are liable to happen as it is or inadequate working environment measures for external factors such as terrorism, natural disasters, infectious diseases; harassments or acts of discrimination; and other reasons. It refers to the risk of losing profit-earning opportunities due to the shortage or drain of personnel who can deal with the changes in the business environment or those with the skill sets necessary for the Bank's focused business areas.
Tangible Asset Risk	Tangible Asset Risk is the risk of the Group incurring a loss, which is attributable to the damage to its properties, etc., caused by external factors such as the acts of nature/third parties, as well as human errors, incidents, etc., of officers and employees. (IT equipment is included in system risk).
Reputation Risk	Reputation Risk refers to the risk of the Group incurring losses due to the inadequate handling by the Group or its officers/employees, risk events that have materialized in connection with business operations, rumors that are not based on facts, or the deterioration of the Group's reputation, etc.
Crisis & Disaster Risk	Crisis & Disaster Risk refers to the risk that a loss is incurred by the occurrence of an event where disaster damages such as natural disasters, material systems failures, cyber-attacks, terrorism and armed attacks have a serious impact on the Group's business operations in part or in whole, and require cross-sectional response.

Risk Management

<Key Risks>

The Aozora Group identifies the following items as its key risks among the many risk factors posed by the environment in our business operations in FY2025.

The Group takes preventive measures against key risks and, if a risk has materialized, will mitigate such risk to controllable levels. We discuss our risk appetite and business planning based on key risks, and also strive for a higher level of risk management.

Key Risks	Upper Section: Major Risk Factors Lower Section: Major Countermeasures
Increase in credit costs	• Deterioration in the economic environment due to heightened political and geopolitical risks, including the U.S. reciprocal tariffs • Accelerating inflation and deteriorating economy due to the different timing of monetary policy execution among global central banks • Delays in responding to changes in the business environment, including climate change • Decline in the corporate value of investees and borrowers whose respect for human rights is not enough
	• Establish various policies and guidelines regarding selective origination for quality investments and loans as well as credit risk avoidance. • Implement capital control including stress testing. • Support investees and borrowers in their sustainability initiatives mainly through sustainable financing.
Deterioration in unrealized gains/losses on the securities portfolio	• Accelerating inflation and deteriorating economy due to heightened political and geopolitical risks, including the U.S. reciprocal tariffs, as well as the different timing of monetary policy execution among global central banks • Deterioration in the economic environment due to sudden changes in interest rates, equity prices, and foreign exchange rates
	• Build an efficient and highly liquid portfolio diversified by interest rate, equity, and credit risk, and implement flexible risk control by taking into consideration market trends and the broader financial environment.
Instability of funding	• Accelerating inflation and deteriorating economy due to the different timing of monetary policy execution among global central banks • Intensified competition for deposits • Deterioration in the funding environment due to sudden changes in interest rates, equity prices, and foreign exchange rates as well as financial market turmoil
	• Conduct predictive risk management using early warning indicators from various perspectives as well as monitoring and verification through liquidity stress testing, with the aim to early identify changes in the funding environment.
Outbreak of crises such as cyberattacks and system failures	• Material impact on part or all of the Group's business operations mainly due to cyberattacks and critical system failures (including third parties)
	• Enhance knowledge related to cyberattacks among all officers and employees. • Evolve technological countermeasures. • Strengthen detection capabilities. • Implement recovery drills, including for business groups.
Outbreak of large-scale disasters and other crises	• Material impact on part or all of the Group's business operations mainly due to natural disasters, terrorism, armed attacks, and pandemics
	• Develop a crisis management structure and business continuity plans (BCP) in preparation for potential large-scale disasters. • Strengthen crisis response capabilities and ensure effectiveness through regular drills and education for officers and employees.

Key Risks	Upper Section: Major Risk Factors
	Lower Section: Major Countermeasures
Reduced competitiveness due to changes in the social structure or industrial structure	• Lost growth opportunities due to a delay in responding to changes in the business environment, including global industrial transition and rapid advances in digital technologies • Deteriorated funding environment and lost financing opportunities due to lower ESG evaluation provided to the Bank
	• Develop human resources (DX human resources) capable of utilizing data and information in business workplaces. • Drive sustainability initiatives in business and as a business entity throughout the entire the Group.
Inadequate response to financial crimes, occurrence of internal fraud and information leaks	• Occurrence of losses to customers due to criminal activities • Failure in taking measures against financial crimes such as money laundering • Failure in responding appropriately to economic sanctions under the Foreign Exchange and Foreign Trade Act • Failure in building an adequate framework to eliminate anti-social elements
	• Develop higher ethical values and implement compliance programs. • Enhance the level and effectiveness of the three-line defense framework for preventing and early detecting misconduct.
Sustainability of human resources	• Shortage and outflow of human resources who are capable of responding to changes in the business environment or possess the skill sets necessary for focus business areas
	• Conduct ongoing investment in human capital that will lead to sustainable growth and enhanced corporate value. • Redeploy human resources to focus business areas through strategic personnel transfer and promotion as well as external recruitment activities.

Risk Management

Comprehensive Risk Management

The Aozora Group acknowledges the importance of risk management, and strives to achieve growth and enhance its capital by stable profit through efficient management of corporate resources and sound risk-taking. Thus, the Group aims to realize its corporate philosophy: "Contribute to the development of society through the creation of new value-added financial services".

In addition, for comprehensive risk management, the Group has set out the scopes and definitions of risks to be managed, including credit risk, market risk and operational risk, and evaluates and manages each risk according to its characteristics. Risk management operations are conducted by the Management Committee and each Committee to which the Board of Directors and the Management Committee, delegated its authority as the core component of the Group's risk management, while the Board of Directors is committed to ensuring appropriate corporate governance by approving material decisions of each Committee and receiving reports on risk management.

Capital Management System

One of the most important challenges for the Aozora Group is increasing capital efficiency while securing financial soundness. Therefore, the establishment of an appropriate capital management system and the improvement in return on capital is one of our top priorities. Capital management comprises risk capital management and regulatory capital management. Risk capital management aims for internal management, and is the process to verify that the Bank's business size is controlled by allocating capital to individual business groups according to their business characteristics and risk categories after setting certain limits on the total amount of capital from the perspective of maintaining the financial soundness of the Bank, and that adequate capital corresponding to the risk the Bank faces is secured on a sustained basis. Regulatory capital management is the process to verify whether capital is at an adequate level in view of the securing of the minimum required capital for regulatory capital purposes and target capital ratios.

<Internal Capital Adequacy and Assessment Process>

An internal capital adequacy and assessment process is in place to ensure the adequacy of capital reserves against risk by monitoring the total capital amount for the fiscal year and the actual risk profile.

The Group assesses its internal capital adequacy by periodically monitoring the risk capital and the risk capital usage through a comparison with capital for the year and also by conducting stress tests to estimate the Bank's potential losses, risk and possible capital requirements in the event that economic and market environments, the conditions for assessments of risks, undergo stressed conditions.

The Bank estimates risk capital for major risks, i.e., credit, market and operational risks, using the following methodologies.

Our approach for measuring the risk capital of credit risk is based on the concept of unexpected loss (credit value at risk). First, we estimate probability of default (PD) rates by internal rating category, nonrecovery rates of loss given default (LGD) by collateral type and default correlations, and then calculate credit value at risk with a confidence interval of 99.9%, and a one-year holding period. The calculated credit value at risk corresponds to risk capital.

We employ the VaR approach for the measurement of risk capital for market risk. Risk capital is estimated with a confidence level of 99.9% and the holding period depends on the business characteristics and liquidity of the asset. Risk capital for operational risk is based on the regulatory capital approach (Standardized Measurement Approach: the measurement approach using the Bank's business size and historical operational risk losses, etc.).

<Risk Capital Allocation>

Risk capital is allocated to business groups according to their risk tolerance and expected returns with the goal of improving the financial soundness, profitability and efficiency of the Bank as a whole. The Board of Directors initially determines the capital that will not be allocated to individual business groups (unallocated capital) in view of the amount of capital required for continued business growth and future capital policies, and subsequently allocates capital to individual business groups up to the amount of capital remaining after subtraction of unallocated capital. In addition, for individual business groups, capital for credit risk, market risk and operational risk is allocated in line with the management and business strategies. Individual business groups are responsible for conducting operations within their risk capital allocation, and capital usage is reported approximately monthly to senior management.

Credit Risk Management

Credit risk is the risk of incurring losses due to the impairment or loss of asset value, including off-balance sheet assets, as a result of deterioration in the credit standing of counterparties (including the government of a country or region). The Aozora Bank is committed to maintaining the soundness of the Bank's assets by making efforts to control loss in the event of the materialization of credit risk within the acceptable range through the accurate identification of credit risk, its measurement and appropriate risk-based pricing, while providing value-added financial solutions to our clients.

(1) Credit Risk Management System

Our approach to managing credit risk is both at the transaction level and at the portfolio level. The Bank maintains a sound asset portfolio for the Group through strict credit screening and ex post facto management of transactions including the predictive control of our clients, as well as a focus on eliminating credit risk concentration at the portfolio level.

Approval Authority for investment and loan transactions resides with the Credit Committee or Investment Committee, whose members include Representative Directors, Chief Risk Officer and Chief Credit Risk Officer, and deliberations for investment and loan transactions are made at the respective Committees.

The Credit Committee and Investment Committee delegate part of Approval Authority to Chief Credit Risk Officer, who, in turn, re-delegates the authority delegated by the respective Committees to individuals in Credit Divisions or Business Divisions, within certain

limits.

The Group's credit portfolio is carefully monitored and reported to the Board of Directors and the Management Committee on a regular basis.

(2) Credit Rating System

Credit ratings are subject to review on a regular basis based on the updated financial results of our clients and, where appropriate, when changes are identified in the quality of their credit.

Business unit analysts recommend a rating at the inception of a credit relationship, and these recommendations are approved by our credit divisions.

The Asset Assessment Division has the authority to perform ratings examinations and to make necessary amendments.

The Bank examines its credit rating system through benchmarking (comparative verification of our ratings with those assigned by rating agencies) and back testing (assessment of significance of the credit rating system based on past default).

<Obligor Rating>

Ratings for each borrower are assigned based on the probability of default. The rating is determined after passing through the process of a quantitative and qualitative evaluation of each borrower.

<Facility Rating>

Each credit transaction also receives facility ratings, which consider collectability with collateral and/or guarantee, and a tenor of credit facility, so that the Bank is able to assess their risk/return profile and quantify credit risks. We recognize the credit risk mitigation effect of collateral while taking into consideration the level of correlation between deterioration of credit and collateral values. In addition, we assign credit ratings to guarantors to recognize the credit risk mitigation effect.

Risk Management

<Expected Loss Grade>

An expected loss grade is assigned to transactions, such as non-recourse real estate loans, securitization of monetary claims and structured bonds in senior/junior tranches, by ranking the occurrence of loss.

<Utilization of Credit Ratings>

Credit ratings are an integral component of the approval system for credit assessment, interest rate spread, etc. Ratings are also used to conduct self-assessment and are employed as benchmarks to quantify credit risks.

(3) Quantification of Credit Risk

Our understanding of the credit risk exposure of our clients and their groups is the starting point for credit risk management. We centrally manage all assets with credit risk such as loans, securities, equities, funds, securitized transactions and off-balance-sheet transactions (including commitment lines, derivative transactions, etc.). With regard to counterparty risk for derivative transactions, we take the market value at the time of measurement and market value fluctuation risk in the future as the exposure, and manage this by setting a credit line (credit limit) for the relevant counterparty.

In our portfolio management, unexpected loss is calculated and analyzed on a monthly basis, and the comparisons between the derived unexpected loss and allocated capital are regularly reported to the Board of Directors and Management Committee. The Bank's internal model employs a holding period of one year and a confidence interval of 99.9%. Unexpected loss is measured using parameters such as PD, LGD, intra-sector correlation, inter-sector correlation and parent/subsidiary correlation of the borrower group.

(4) Credit Portfolio Management

We seek management of our credit portfolio with an emphasis on adequate risk/return, based on credit rating, etc.

For concentration risk, we manage this by setting guidelines on exposure by country/region/industry or by the rating of borrowers. For example, concentration risk is managed by establishing credit limits for respective credit ratings, and then establishing additional concentration limits or guideline on the portfolio related to real estate risks. For status on the credit portfolio and those sectors to which we have a particularly large credit exposure, we provide the Bank's senior management with reports on a regular basis.

Market Risk Management

Market risk is the risk of incurring losses due to fluctuations in the value of the Aozora Group's assets and liabilities caused by market movements. The Bank performs a comprehensive analysis of the market risk affecting all assets, liabilities and off-balance-sheet transactions for its trading and banking businesses. We manage market risk appropriately through the documentation of our management of products, risk management methods and market price valuation methods.

(1) Procedures for Market Risk Management

The Board of Directors and Management Committee allocate capital for market risk to the entire Group and respective front-office business groups and units, and set risk and loss limits, etc., based on the allocated capital. The status of usage of and compliance with these risk and loss limits, and the risk control status including the confirmation of risk reduction methods or the effectiveness of hedging, are centrally monitored by Risk Management Division, which is independent from front-office units in terms of organization and human resources. The Division directly reports the status to Chief Risk Officer and Executive Officers in charge of front-office units on a daily basis, and regularly reports the status to the Board of Directors, Management Committee, and Asset and Liability Committee.

(2) Overview of Market Risk Measurement Methods

The Bank uses VaR to quantify the market risk for the trading and banking businesses and as a basis for setting market risk limits and for monitoring risk. VaR is a statistical measure of estimated maximum losses that could arise for a defined period at a given confidence interval, and serves as a common standard of measurement for estimating maximum losses that could arise as a result of fluctuations in risk factors such as interest rates of various countries, stock prices and exchange rates. The Bank calculates VaR using the historical simulation method.

» Market risk for the entire bank

1. The Value at Risk (VaR) number at term-end

(100 Millions of Yen)

	March 31, 2024				
	Interest rate	Equity	Forex	Others	Total
Trading	14	3	5	0	21
Banking	36	13	9	12	51
Total	51	17	14	12	72

Notes: 1. "Others" includes hedge funds and credit derivatives, etc.

2. The above figures are based on a holding period in accordance with each business and product (a period of 10, 20, 60 and 250 days respectively) and a 99% confidence level.

3. The figures for total VaR do not represent the sum of individual components, due to correlations.

(100 Millions of Yen)

	March 31, 2025				
	Interest rate	Equity	Forex	Others	Total
Trading	5	1	4	0	10
Banking	51	21	9	12	77
Total	57	22	14	13	87

2. The highest, lowest and average VaR number during the disclosure period

(100 Millions of Yen)

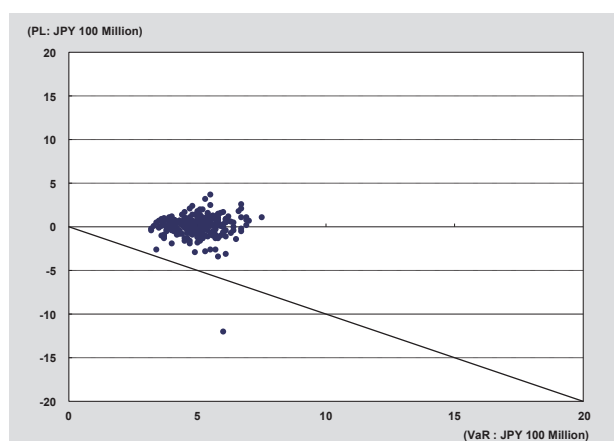
	March 31, 2024			
	Average	Maximum	Minimum	As of March 31, 2024
Trading	23	32	17	21
Banking	107	141	51	51

(100 Millions of Yen)

	March 31, 2025			
	Average	Maximum	Minimum	As of March 31, 2025
Trading	15	23	9	10
Banking	64	85	48	76

(3) Back Testing

The Bank verifies the reliability of its VaR through back testing that compares VaR calculated by using a one-day holding period and daily profits/losses. The following graph represents the results of back testing for VaR in connection with trading business operations over 244 business days from April 1, 2024 through March 31, 2025. As a result of the back testing, the daily losses exceeded daily VaR on one business day. This result supports the reliability of the Bank's VaR.



(4) Stress Testing

To complement VaR, the Bank regularly conducts stress tests to assess the potential impact of volatile market movements that could exceed statistical estimates. The Bank sets stress scenarios that simulate the impact of the largest fluctuations in market risk factors equivalent to past market turbulence, including those in interest rates, stock prices and foreign exchange rates, on the Bank's current positions, and market situations that influence the slope of the yield curves. The anticipated amount of loss in such hypothetical circumstances is reported to the Asset and Liability Committee.

(5) Risk-weighted Assets and Capital Requirement for Market Risk

The Bank classifies the trades with the purpose of gaining profits by controlling risks arising from short-term price fluctuations in the markets, including derivative sales or trading operations, into the trading book. Among the financial instruments classified into the trading book in FSA's Ministerial Public Notice, we classify those held for the purposes other than trading into the banking book by reporting them to the FSA in advance. For foreign exchange risk associated with the instruments classified into the trading book and the banking book, the amounts of risk-weighted assets for market risk (derived by dividing the total of market risk equivalent amounts by 8%) and capital requirement for market risk are calculated.

Transfers of positions between the banking and trading books are not implemented. Also, the transactions for the purpose of hedging the market risk of banking book positions and financing /investment transactions are carried out through internal transactions with Internal Risk Transfer Desk set up within a trading desk.

(6) Market Liquidity Risk Management

Market liquidity risk is the risk of incurring losses that result from not being able to engage in market transactions mainly due to market turbulence or thin trading volumes as well as from being forced to transact at extremely unfavorable prices. The Risk Management Division monitors the Bank's position relative to market size to ensure that the position does not become excessive.

(7) Funding Liquidity Risk Management

Liquidity Risk refers to the risk of becoming insolvent due to a failure to ensure sufficient asset liquidity to meet liabilities or an unexpected outflow of funds as well as the risk of incurring losses due to a significant rise in funding costs on liabilities. The Financial Management Division centrally monitors the funding liquidity risk of yen- and foreign currency denominated funds and ensures that the Bank's funding capabilities are sufficient to meet its contractual obligations by holding sufficient cash on hand and a sufficient level of securities with high liquidity. The Board of Directors and Asset and Liability Committee approve the Sources and Uses Plan on a monthly and annual basis. The Financial Management Division reports the liquidity status directly to Chief Financial Officer, Chief Risk Officer, and other relevant Executive Officers on a daily basis. Additionally, as a precaution against liquidity risk, we conduct simulations assuming scenarios where our funding is hindered, confirming the availability of sufficient cash on hand and collateral necessary for settlements to maintain our asset size, and conducting training to review the steps for response measures.

Operational Risk Management

Operational Risk is defined as the "risk of loss arising from inappropriate or failed internal business processes, activities of directors, officers and employees, or systems, or from external events". The Aozora Bank fully recognizes the importance of operational risk management, and appropriately establishes and manages the operational risk management system in line with the basic policies set out in the Master Policy "Operational Risk".

(1) Comprehensive Management of Operational Risk

The Bank manages operational risk by classifying it into eight types comprising operations risk, system risk, compliance risk, legal risk, human risk, tangible asset risk, reputation risk, and crisis & disaster risk. It comprehensively manages operational risk of the Group by formulating a management policy and establishing a specialized risk management unit for each risk type classified as well as establishing a unit tasked with the centralized control of operational risk.

Any operational risk loss events that actually occur within the Group are immediately reported by the unit where the event occurred to each risk management unit, and are managed centrally through the system. Each risk management unit analyzes the cause and appropriately takes countermeasures. Any material operational risk loss events are reported individually to the management, where the causes and countermeasures are discussed.

In addition, all divisions/offices/branches and subsidiaries, etc. of the Group perform a risk and control self-assessment for their own operations, and identify and evaluate risks. The risk management unit identifies and evaluates risks using individual hearing surveys and questionnaires, etc., for each division/office/branch, which are implemented based on risks.

As to operational risk, required capital is secured in view of regulatory capital.

Operational risk will change in accordance with factors such as the Group's commitment to a new business and changes in the external environment. The Bank strives to maintain the appropriate management system that is able to handle such changes while utilizing the information on external loss incidents.

(2) Securing operational resilience

In order to secure operational resilience, the Bank selects 38 operations in five categories as priority operations by considering impact on the financial system and customers, and sets RLO (recovery level objective) and RTO (recovery time objective) as indices so that we can deliver a minimum resilience level of the priority operations.

For implementation of the priority operations, the Bank has made efforts to secure internal and external management resources by promoting various actions, such as securing organizations and human resource and facilitating system redundancy. We have comprehensively implemented risk management for system failures and cyber security incidents that affect not only the Bank but also vendors (third parties).

We continue to keep our operational resilience framework effective by regular verification and review.

(3) Operations Risk Management

The Bank has documented operations risk management policy and rules. The Compliance Management Division, which is independent of business divisions, supervises operations risks and takes the initiative in implementing necessary measures in close cooperation with the Process Innovation Division. It aims to enhance routine procedures on a bank-wide-basis by documenting all administrative procedures in the form of manuals for each business operation as well as providing guidance and training on specific processes. It is also responsible for building an effective and stable administrative system by monitoring organizational structure. Further methods to more efficiently perform routine procedures and to improve business quality are being discussed and implemented to mitigate human error arising from administrative processes.

(4) System Risk Management

We believe that it is an important management issue to properly manage customer information and confidential information as well as stably operate the information system so that the provision of financial services is not confused due to system troubles such as information system breakdowns or malfunctions, and information leaks due to unauthorized access to our system.

In the Bank, in order to properly protect information assets and ensure stable operation of information systems, we have established the following system and are continuously implementing necessary measures.

In the internal regulations (security policy and system risk management policy), we designate the Chief

Information Officer (CIO) as the person in charge of control and management of overall information system security, and assign a data administrator, system administrator, and network administrator for each system, striving for protecting data, managing to prevent unauthorized use, and preventing the emergence of system risks.

As our efforts on enhancing information management, we set access rights to information systems to limit access to information to the minimum necessary. In addition, regarding the use of new external systems and services using the cloud, etc., we assess the security measures, access control and status of monitoring prior to the introduction, and regularly assess after the introduction as well. By regularly conducting trainings such as e-learning, we continuously educate officers and employees on the importance of information management.

For information systems and infrastructure, according to the importance, we take measures such as redundancy of computer equipment/lines, backup device installation, and obtaining a backup. For system implementation, change or migration, we provide adequate verification to prevent incidents, as well as maintain coordinated framework and schedule with sufficient time. In preparation for the event of an incident, we have established the IT-BCP and emergency contact system to promptly report to the business divisions and management, and have carried out trainings on system restoration and emergency contact.

In order to detect the occurrence of an incident at an early stage, we conduct provisional initial operational checks immediately after the start of services when updating them for customers. When these services are affected by system failures, our Operations Group, Technology Group, and other related divisions work closely to promptly disclose information while recognizing the importance of providing appropriate responses for customers in addition to working on early system recovery. We are committed to improving the Bank's systems so as to provide appropriate guidance and responses to our customers.

Risk Management

(5) Crisis/disaster risk management

A part or the whole of the Group operations could be seriously affected by a large-scale natural disasters, such as earthquakes and typhoon, serious system failures, cyber-attacks, terrorism, armed attacks or pandemic. Anticipating these risk events, the Bank has maintained and strengthened its crisis management and the business continuity framework so as to minimize impact on financial system and secure operational resilience.

In normal times, we set a resilience level, such as RTO (recovery time objective), for the priority operations we select, and develop business continuity plans (BCP), which describe responses and business continuity processes, by assessing impact from the assumption that the infrastructure, systems and personnel for major operations are not available in crisis times. The Bank has conducted various drills and training sessions for officers and employees to more effectively implement crisis management.

When a crisis occurs, Command Center, consisting of the Bank President, Executive Officers, and Manager of Crisis Management Office and General Managers of major divisions, is established to lead and supervise activities, such as information collection and restoration processes. The President is responsible for make decisions on implementation of the BCP and other actions as Head of the Command Center.

We have also developed a framework to implement primary operations in a back-up office in Kansai Branch if Yotsuya Head Office and Fuchu Annex cannot function because of an earthquake that directly hits Tokyo Metropolitan area.

(6) Other Operational Risk management

To manage operational risk comprehensively, the Bank also defines legal risk, compliance risk, human resource risk, tangible asset risk and reputation risk as operational risks. As for the legal risk and the compliance risk that may result in damages arising from illegal activities, the violation of internal rules, and issues such as lawsuits, the Legal Division and the Compliance Management Division monitor legal risks and compliance risks, respectively, in an integrated manner, conduct investigation and analysis, and implement measures to mitigate the occurrence or recurrence of incidents.

Through the following initiatives, we are working to reduce the risk of shortage or outflow of human resources necessary for the realization of business strategies and continuity, as well as the risk of losing profit-earning opportunities:

- Continuation of human capital investment contributing to the sustainable growth and enhancement of corporate value of the Group
- Shifting of human resources to focused business areas through strategic personnel reassignments, promotions, and external recruitment
- Development of 'human resources' supporting the enhancement of corporate value through various training programs and talent management
- Support for employees' career autonomy through career counseling and expansion of business experience areas
- Employee surveys aimed at improving workplace satisfaction

Human risk may result in losses caused by labor disputes, etc. To mitigate such risk, the Human Resources Division appropriately operates the HR framework and takes actions based on monitoring results of human risk at each branch/division.

The tangible asset risk, which describes loss resulting from damage to fixed assets caused by external factors such as natural disasters or accidents, is mitigated by the Corporate Administration & Service Division through monitoring of the inventories and losses of tangible assets and implementing of disaster and crime-prevention measures.

The Bank analyzes potential reputation risk when planning new business and/or products, and the Corporate Communication Division makes efforts to identify and prevent the spread of adverse rumors that may occur through the daily monitoring of information sources such as the media. Officers and employees are obliged to report any reputational risk they detect to the Corporate Communication Division, which then reports to management as necessary.

Policies

- Code of Ethics and Conduct
- Aozora Bank Group Environmental Policy
- Aozora Bank Group Human Rights Policy
- Aozora Bank Group Social Contribution Activity Policy
- Investment and Lending Policies regarding Environmental & Societal Issues
- Aozora Bank Group Outsourcing Policy
- Aozora Bank Group Basic Policy on the Elimination of Anti-Social Elements
- Aozora Bank Group Basic Policy on Anti-Money Laundering
- Aozora Bank Group Basic Policy on Anti-bribery
- Aozora Bank Group Tax Compliance Policy
- Aozora Bank Group Basic Policy on Customer-Oriented Business Conduct
- Customer-Oriented Business Conduct Policy

Code of Ethics and Conduct

Preamble

The mission of the Aozora Bank Group is to “contribute to the development of society through the creation of new value-added financial services” as finance professionals through its vision to “adapt to a rapidly changing world while remaining a trusted, valued and specialized financial service provider”. The Group seeks to achieve sustainable growth and the creation of mid- to long-term corporate value through contributions to the well-being of all of its stakeholders including customers, shareholders, society-at-large, as well as its own officers and employees.

- The Group contributes to the development of society through the creation of new value-added financial services (Aozora Mission).
- The Group adapts to a rapidly changing world while remaining a trusted, valued and specialized financial service provider (Aozora Vision).

Company Code of Conduct

1. The Bank’s Public Mission

The Aozora Bank Group recognizes the public nature of banking operations, including fund settlement and intermediary functions that are indispensable for economic activity. Through its sound business management, the Group seeks to establish an unwavering trust with all of its stakeholders, including customers, shareholders, society-at-large, as well as its own officers and employees.

- The Group recognizes its responsibility in supporting the financial infrastructure that is indispensable for society. The Group strives to establish a framework that enables us to continue our crucial operation without interruption even in the event of a large-scale disaster, cyber attack or system failure.
- The Group's management strives to construct a corporate ethics framework which it aims to establish and promote throughout the organization through a wide variety of initiatives in order to maintain and improve a high level of trust.
- The Group provides proper financial intermediary services, a crucial role of the financial industry, through sound risk taking upon careful assessment of economic, market, investment/lending target, and customer conditions.

2. Providing High-Quality Services that Meet Customers’ Needs

The Aozora Bank Group provides products and services that meet the true needs of its customers while always taking a customer-oriented perspective, and performs its duties with fairness and integrity.

- The Aozora Bank Group establishes a corporate culture in which all of its officers and employees share an awareness of and practice Customer-Oriented Business Conduct.
- The Group strives to research, develop and select highly satisfactory products and services that meet the true needs of its customers, and aims to achieve best practices.
- When providing products/services to or performing transactions with customers, the Group offers clear and appropriate explanations not only on the benefits for customers but also on the risks and fees for customers.
- The Group appropriately manages transactions that may result in conflict of interest so as not to unduly harm the interests of its customers.
- The Group provides customers with necessary and appropriate information, including financial market trends and product information, and offers high-quality advice and ongoing follow-up support.

- The Group uses “Customer’s Voice” to improve its services, provide appropriate products, and enhance its business operations.

3. Compliance

The Aozora Bank Group complies with all applicable laws and regulations in its business operations, conducts sensible corporate activities in conformity with social norms and common sense, and strives to completely eliminate unlawful activities such as bribery, illegal political or other donations, the provision of illicit benefits, etc.

- In order to ensure fairness and protect its investors, the Group correctly interprets and strictly complies with relevant laws and regulations, as well as the rules regarding financial instrument transactions. In addition, the Group conducts its operations in accordance with general social norms and ethics with respect to matters not covered by laws and regulations.
- The Group strictly manages insider information obtained by its officers and employees in the course of their duties in order to prevent insider trading.
- The Group uses and shares customer information to the extent appropriate for business needs and purposes. In addition, it has established and complies with a set of internal rules based on applicable laws and regulations and also performs security measures, including systems upgrades, in order to safely manage and prevent the unauthorized access, unauthorized use, leakage, falsification, etc. of such information
- The Group maintains appropriate business relationships with customers and appropriate relationships with civil services. The Group performs operations so as not to violate laws such as the National Public Service Ethics Act in order to avoid accusations of bribery or breach of trust.
- The Group strives to eliminate any abuse of its superior position as a lender, such as the signing of an unfair tie-in contract in the context of its existing business relationship with a customer, forcing the purchase of goods or services, or the binding of deposits that have not been officially acquired as collateral.

4. Communication with Society

The Aozora Bank Group strives to proactively, effectively and fairly disclose management and other information and ensures proper understanding and trust of its operations through constructive dialogue with its wide-range of stakeholders.

- The Group strives towards the appropriate and timely disclosure of information and operates in order to maintain and improve the soundness, reliability, and transparency of the capital markets with full awareness of its social mission.

5. Respect for Human Rights

The Aozora Bank Group understands and respects the dignity and human rights of all people, including its customers, officers and employees, while striving to eliminate discrimination.

- The Group establishes a corporate culture that respects human rights in the workplace, partially by conducting in-house training on human rights issues for all officers and employees.
- The Group ensures that human rights are respected through its communications with customers, suppliers, outsourcees, etc., and takes appropriate actions to make improvements as necessary.

6. Improving the Working Environment for Officers and Employees

The Aozora Bank Group supports the sustainable growth and respects the diversity of its officers and employees, and strives to create a comfortable working environment free from unfair treatment and discrimination that prioritizes the health and safety of its employees. The Group also maintains fair hiring practices and treatment so that employees have the opportunity to fully demonstrate their abilities through their work.

- The Group strives to create a sense of unity among its officers and employees in order to develop a workplace where employees support the growth of their colleagues while respecting the diverse life-styles, ways of thinking, and working styles.
- The Group expects its officers and employees to respect one another's gender, personalities, individuality, privacy, and differing values while working to create a workplace free of all types of harassment, including sexual and power harassment.
- The Group values the work-life balance of its officers and employees and strives to support those involved in childbirth, childcare, and nursing care, and work to create an efficient and comfortable workplace where every officer and employee can find motivation in their lives and careers.
- The Group works to maintain and improve the physical and mental health of all its officers and employees as well as their families.

7. Responding to Environmental Problems

The Aozora Bank Group is actively committed to developing initiatives to tackle environmental problems. In addition to reducing the environmental impact of its business activities through the efficient use of resources and waste reduction, etc., the Group also supports its customers' efforts to address environmental issues including climate change, through the provision of financial services.

- The Group strives to reduce its greenhouse gas emissions and power consumption as a business operator while reducing waste through recycling.
- The Group supports its customers' promotion of the transition to a low-carbon/decarbonized society through project finance for renewable energy businesses, such as solar power and wind power generation, and sustainable finance for corporate customers.
- The Group established an investment and lending policy that takes environmental and societal issues into consideration. Based on this policy, the Group strives to make improvements through dialogue with customers whose businesses may have a negative impact on the environment and work to reduce environmental and social risks by restricting or prohibiting credit when no improvement can be made.

8. Contribution to Society

The Aozora Bank Group participates in Japanese society as a "good corporate citizen" and proactively engages in activities that contribute to its development.

- The Group aims to develop an environment committed to providing opportunities for volunteer activities and other kinds of social participation as well as introducing a social participation support system, all while respecting the self-motivation of its individual officers and employees.

9. Preventing Relationships with Anti-social Elements, Anti-money Laundering, Combating the Financing of Terrorism, Countering Proliferation Financing, and Compliance with Economic Sanctions

The Aozora Bank Group strives to confront anti-social elements that pose a threat to public order and safety while ensuring that the Group categorically blocks any relationship with such elements. In addition, the Group is committed to anti-money laundering including the prevention of crimes involving the misuse of deposit accounts, combating the financing of terrorism, and countering proliferation financing ("anti-money laundering"), as well as compliance with economic sanctions.

- The Group resolutely committed to the elimination of organizations and groups engaged in anti-social activities, and strives to prevent any and all relationships with them, including transactions.
- The Group properly verifies the identity of customers when opening accounts and conducting other transactions, and continuously checks customer information thereafter. In addition, the Group monitors account activity to prevent financial crimes such as deposit account-related fraud.
- The Group responds appropriately to economic sanctions by properly fulfilling its confirmation obligations under the Foreign Exchange and Foreign Trade Act.
- The Group strives to improve its level of security, including in its Internet banking services, in order to ensure the safety of deposits and other transactions which forms the basis of trust in the banking and financial systems.

Individual Behavior

The officers and employees of the Aozora Bank Group practice right conduct with honesty, sincerity and integrity, complying with all laws, regulations and other rules, whether public and private, and in accordance with social norms and common sense.

- The officers and employees of the Aozora Bank Group are committed to the ongoing implementation of "Aozora Action (Action Guidelines)":
 1. Provide specialized and value-added financial services
 2. More quickly, while responding patiently and politely
 3. Prioritize teamwork and provide a more comfortable working environment
 4. Respect one's colleagues and support professional growth of all team members
 5. Learn from the past while adapting to and focusing on the future
 6. Take smart risks in new areas based upon our skills and experience
 7. Actively contribute to the sustainable growth of society
- The officers and employees of the Aozora Bank Group strive to always prioritize the interests of the Aozora Bank Group and its customers, even if the personal interests of the officers and employees conflict with the interests of customers or the Aozora Bank Group.
- The officers and employees of the Aozora Bank Group are committed to acting ethically and reasonably regarding social and economic matters, and fully understand that the following transactions are prohibited and pledge not to engage in them:
 - Private investment trading of securities for the exclusive purpose of pursuing speculative profits or highly speculative trading such as margin trading and futures trading
 - Pursuing personal profits using information, etc., obtained in the course of performing job duties
 - Private loans between officers or employees and external business partners such as customers and vendors. Private loans between individual officers and employees (excluding small amounts or short-term reimbursement)
 - Claims for expenses that differ from the actual situation

Policies

- The officers and employees of the Aozora Bank Group do not accept corporate hospitality or gifts beyond socially-acceptable limits.
- The officers and employees of the Aozora Bank Group pay close attention to the management of information obtained in the course of their job duties, and properly manage confidential information that requires protection.
- The officers and employees of the Aozora Bank Group respect the human rights and differing values of individuals inside and outside the company related to corporate activities, and do not discriminate on the basis of race, ethnicity, religion, nationality, social status, gender, age, sexual orientation, disability, etc.
- Each officer and employee of the Aozora Bank Group are personally committed to proactively and continuously working to maintain and improve their awareness of harassment prevention in order to prevent any type of harassment whether in or outside the workplace.
- The officers and employees of the Aozora Bank Group are expected to comply with any and all laws, regulations, as well as internal rules, and to respond in a timely and appropriate manner, including reporting to supervisors, the corporate headquarters or Aozora Hotline, if they recognize a violation or any action that is suspected of deviating from general social norms, common sense or ethical standards.

Aozora Bank Group Environmental Policy

1. Basic Philosophy

Mankind's economies and societies are dependent on the multiple benefits bestowed by nature and the Earth's ecological system. The Aozora Bank Group recognizes that the well-being of the environment is a critical issue facing the entire globe. The Aozora Bank Group works to reduce environmental burden as a business entity by complying with environmental laws, regulations and rules, and intends to actively contribute to the sustainable development of society mainly by raising awareness of various environmental issues and supporting initiatives to resolve them through its business activities.

2. Positioning of Environmental Policy

The Aozora Bank Group recognizes its environmental initiatives as a set of important business challenges. The "Aozora Bank Group Environmental Policy", which was established in line with our management philosophy, sets our policy on environmental initiatives based on the "Code of Ethics and Conduct" that all officers and employees across the Aozora Bank Group are required to comply with.

3. Initiatives to Resolve Environmental Issues through Business Activities

The Aozora Bank Group works to raise customers' environmental awareness and support borrowers and investees in addressing environmental issues, including their transition to a low-carbon and decarbonized society, by providing products and services that contribute to environmental solutions. As stated in our "Investment and Lending Policies regarding Environmental & Societal Issues" and other policies, we recognize the possibility that the business activities of borrowers and investees may have a negative impact on the environment, and strive to make improvements through dialogue with them. When no improvements can be made, we will work further to reduce negative environmental impacts mainly by restricting or prohibiting credit.

4. Reduction of Environmental Burden as a Business Entity

The Aozora Bank Group works on resource and energy saving, waste reduction, green procurement and other initiatives as a business entity. As stated in the "Aozora Bank Group Outsourcing Policy", we remain concerned about the negative environmental impact of suppliers' business activities mainly in relation to the purchase of goods and services required for business operations, including IT systems and facilities, and outsourcing, and intend to reduce environmental burden through communication with them.

5. Stakeholder Engagement

The Aozora Bank Group facilitates dialogue with a wide variety of stakeholders involved in business activities to promote environmental conservation activities.

6. Information Disclosure

The Aozora Bank Group strives to actively disclose information on its environmental initiatives to earn the trust of society.

Aozora Bank Group Human Rights Policy

1. Basic Philosophy (Commitment to Respect for Human Rights)

The Aozora Bank Group intends to fulfill its responsibility to eliminate from its business operations any activities that are in opposition to the protection and promotion of human rights as well as any exploitative practices, including slavery, human trafficking, forced labor and child labor, while remaining dedicated to complying with applicable laws and regulations in the regions where it conducts business.

We also support the following international norms and standards on human rights:

- International Bill of Human Rights (Universal Declaration of Human Rights and International Covenants on Human Rights)
- ILO Declaration on Fundamental Principles and Rights at Work
- Guiding Principles on Business and Human Rights
- Children's Rights and Business Principles

2. Positioning of Human Rights Policy

The Aozora Bank Group recognizes the possibility that its business activities may have an impact on human rights. The "Aozora Bank Group Human Rights Policy", which was established in line with our management philosophy, sets our policy on initiatives for upholding the sanctity of human rights based on the "Code of Ethics and Conduct" that all officers and employees across the Aozora Bank Group are required to comply with.

3. Human Rights of Officers and Employees

The Aozora Bank Group works to eliminate all forms of discrimination in hiring and employment, and provides its officers and employees with a workplace free from human rights abuses, including discrimination or harassment mainly based on race, ethnicity, religion, creed, nationality, birthplace, social identity, family origin, gender, age, sexual orientation, gender identity, disability, pregnancy, marital status and health status. We also respect the rights to freedom of association and collective bargaining. In addition, we provide training sessions covering a range of human rights issues to raise awareness among officers and employees.

4. Human Rights of Retail Customers

The Aozora Bank Group respects the human rights of retail customers and exerts every effort to protect their privacy. We strive to ensure an environment that enables customers to have secure access to funding as well as provide our financial products and services in a fair and responsible manner.

5. Human Rights of Borrowers and Investees

The Aozora Bank Group respects the human rights of borrowers and investees. We also remain concerned about the negative impact of borrowers and investees' business activities on human rights and, as stated in our "Investment and Lending Policies regarding Environmental & Societal Issues", prohibit any investments in and loans to companies whose business activities are in violation of international human rights norms.

6. Human Rights of Suppliers

The Aozora Bank Group respects the human rights of suppliers mainly in relation to the purchase of goods and services required for business operations, including IT systems and facilities, and outsourcing. We also remain concerned about the negative impact of suppliers' business activities on human rights and, as stated in the "Aozora Bank Group Outsourcing Policy", work to respect human rights through communication with them.

7. Human Rights Due Diligence

The Aozora Bank Group strives to properly conduct human rights due diligence as a means to identify, prevent, and mitigate any potential negative impacts of business activities on human rights.

As stated in our "Investment and Lending Policies regarding Environmental & Societal Issues" and other policies, if there is a possibility that the business activities of borrowers and investees may have a negative impact on human rights, we strive to make improvements through dialogue with them. When no improvements can be made, we will work further to reduce risk mainly by restricting or prohibiting credit. When financing large-scale projects, we conduct environmental and social due diligence, including respect for human rights, in accordance with the Equator Principles.

8. Remedial Actions

The Aozora Bank Group continues developing a system to receive consultation requests and reports on human rights from various stakeholders. We encourage customers to request consultation by telephone or other means. We have also established a whistle-blower system called “Aozora Hotline Program”, which enables officers and employees to make reports through internal and external contact points. If the Aozora Bank Group causes or contributes to any negative impacts on human rights, we will take appropriate measures to remedy the situation.

Aozora Bank Group Social Contribution Activity Policy

1. Basic Philosophy

The Aozora Bank Group works to address social issues through both financial services and social contribution activities by promoting its initiatives to “contribute to the sustainable development of society” and “participate in society as a ‘good corporate citizen’” as stated in its management philosophy and Code of Ethics and Conduct. Our social contribution activities are defined as activities that are provided without seeking compensation to work on social issues that may be difficult to address through business operations, and that are socially important but not fully supported. The Aozora Bank Group believes that, in order to realize a sustainable society, it is possible to create synergies that contribute to resolving issues by leveraging the characteristics of our business operations and social contribution activities mainly through a fusion of these features.

2. Positioning of Social Contribution Activity Policy

The “Aozora Bank Group Social Contribution Activity Policy” sets our policy on social contribution activities based on the “Aozora Bank Group Environmental Policy” and “Aozora Bank Group Human Rights Policy”, which were prepared under our “Code of Ethics and Conduct” established in line with the management philosophy.

3. Implementation of Social Contribution Activities

In its social contribution activities, the Aozora Bank Group provides management resources, including donations, and implements joint programs with external organizations, as well as encourages officers and employees to take part in social contribution activities mainly by offering volunteer opportunities and introducing support systems. We believe that these social contribution activities enable officers and employees to broaden their views and enhance their autonomy, which will then contribute to the dissemination of our management philosophy.

4. Main Areas of Activity

The Aozora Bank Group has defined its main areas of activity from the perspective of both urgent priorities in resolving social issues and topics that interest officers and employees, and promotes social contribution activities in cooperation with internal and external stakeholders. Currently, the main areas of activity are as follows:

- Environmental conservation
 - Support for initiatives to reduce environmental burden
- Support for the next generation as bearers of the future
 - Financial, economic, educational and other support for the sound growth of the next generation who will lead the future, as well as support for the next generation in difficult circumstances due to a range of factors
- Regional and community support
 - Support for promoting the invigoration of regional economies in cooperation with local organizations in areas closely related to corporate activities, including places where business is conducted
- Disaster recovery support
 - Emergency support for large-scale natural disasters and humanitarian crises

5. Communication and Information delivery

The Aozora Bank Group promotes social contribution activities through enhanced communication with stakeholders and actively delivers information regarding these activities and results.

Investment and Lending Policies regarding Environmental & Societal Issues

Today's global society is increasingly focused on initiatives designed to resolve environmental and societal issues, including protection of the global environment and human rights, elimination of unfair labor practices and prevention of corruption, in a bid to achieve Sustainable Development Goals (SDGs) and become carbon neutral.

Our economies and societies are built on receiving a range of benefits from nature and ecosystems. We are expected to address environmental initiatives as a key global issue by becoming more aware of climate change in conjunction with natural capital and biodiversity. With respect of social issues, demands for respecting human rights, improving our living infrastructure, and providing higher-quality education and medical services are especially increasing more than ever.

Companies are now expected to fulfill their responsibilities to the environment and society by taking into consideration the entire supply chain of their own business activities. Financial institutions are also expected to contribute to the mitigation of negative impact and expansion of positive impact on the environment and society through their investment and lending activities.

The Aozora Bank Group has pledged to "contribute to the development of society through the creation of new value-added financial services" in its management philosophy, and to "actively contribute to the sustainable growth of society" is one of its key priorities.

In order to fully realize its management philosophy, the Aozora Bank Group focuses on "response to climate change," "respect for human rights," "promoting industrial transition" and other challenge areas as key issues (ESG Materiality) in light of social trends, expectations and requests from stakeholders, and the importance of the issues to corporate management in the Aozora Bank Group.

Based on the "Aozora Bank Group Environmental Policy," which defines the Group's policy towards environmental issues, and the "Aozora Bank Group Human Rights Policy," which defines the Group's policy towards human rights issues, the Aozora Bank Group has established a set of "Investment and Lending Policies regarding Environmental & Societal Issues" (hereinafter referred to as "the Policies") as a means of working towards sustainable growth in tandem with its customers through investments and loans that contribute to the sustainable development of society.

The Aozora Bank Group's investment and lending activities pursuant to the Policies are operated in compliance with the laws and regulations of all relevant countries and regions.

1. Basic approach

The Aozora Bank Group intends to proactively engage in financing initiatives to support solutions to environmental and social issues as well as transition to new industrial and social structures, and also develop new products and services.

The Aozora Bank Group properly identifies environmental and social risks, strives to improve issues through dialogue with customers whose businesses may have a negative impact on the environment and society, and works to reduce environmental and social risks by restricting or prohibiting credit when no improvement can be made.

2. Investment and lending policy governance

(1) Governance

The Aozora Bank Group provides investments and loans based on the Policies. To better facilitate this initiative in response to the demands of the business environment and society, changes in business activity and other factors, the Aozora Bank Group reviews the Policies as needed through discussions at the Sustainability Committee as well as the decisions of the Management Committee.

(2) Application to individual cases

The approval of individual credit transactions is made by the Credit Committee or Investment Committee based on the verification mainly through a discussion with the customer regarding (1) the customer's creditworthiness, (2) profitability of the transaction given its risk level, and (3) impact of the transaction on the environment and society (a positive or negative effect of the investment or loan on the environment or society). Towards becoming carbon neutral, the Aozora Bank Group also obtains as much information as possible regarding the amount of greenhouse gas (GHG) emissions produced by the customer and uses this information when verifying the above criteria.

3. Specific activities

(1) Promotion of investments and loans that support initiatives to address environmental and societal issues

The Aozora Bank Group strives for the creation of social value in its financial business and proactively contributes to its customers' efforts to develop solutions to environmental and societal issues through investments and loans as a means to realize environmental sustainability and societal growth.

With regard to responding to climate change, not all countries, regions or industries can immediately achieve decarbonization due to technological and budget constraints. Under these circumstances, it is important to develop technology and provide financial support to help them realize a steady transition towards decarbonization.

In addition, financial institutions are required to measure and reduce greenhouse gas emissions in their investment and loan portfolios (financed emissions). Providing transition finance to companies that proactively work towards decarbonization may temporarily increase the financed emissions of financial institutions.

The Aozora Bank Group intends to proactively make investments and loans that contribute to reducing greenhouse gas emissions across our entire society, based on an appropriate assessment of the effect of reduction, even if financed emissions increase temporarily.

The Aozora Bank Group also proposes appropriate sustainable finance depending on the customer's awareness of issues and situation by leveraging "Aozora's ESG Support Framework" and other initiatives.

(2) Policies regarding financing that may have a negative impact on the environment or society

The Aozora Bank Group sets forth its "cross-sectoral" and "specific sector" policies regarding loans and investments that may have a negative impact on the environment or society in the Policies.

When considering approval of individual credit transactions, the Aozora Bank Group verifies specific loans from the perspective of environmental and social issues by researching the negative impact and associated risks of the customer's business (including relevant supply-chains involved) on the environment and society based on information provided by the customer as well as publically-available/disclosed information and confirms the customer's implementation of initiatives to mitigate and avoid such impacts and risks.

①[Cross-sectoral] Businesses subject to the prohibition of financing through investments and loans

The following cases are considered to involve material risks to or negative impact on the environment and society. When such risk to or negative impact on the environment and society is identified, the Aozora Bank Group will decline to provide an investment or loan.

- Businesses which have a negative impact on wetlands registered under the Ramsar Convention
- Businesses which have a negative impact on UNESCO World Heritage sites (with the exception of businesses that have received the advanced consent of the government of the relevant country and UNESCO)
- Businesses which violate the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) (with special consideration to the reservation clause of each country)
- Businesses that are involved in child labor, forced labor or human trafficking
- Businesses that are involved with, or have the purpose of, committing illegal acts violating the laws and regulations of a country to which the customer belongs, acts violating international norms on environmental issues and human rights in cases where a country to which the customer belongs falls behind in developing laws regarding the environment and human rights, and acts against the public order and conventional morality, as well as anti-social elements

②[Cross-sectoral] Businesses requiring special attention

As the following cases involve risks to or negative impact on the environment and society, the Aozora Bank Group confirms the customer's implementation of initiatives to mitigate and avoid these risks and makes a deliberate determination when considering making investments and loans.

- Businesses which have a negative impact on the regional societies of indigenous peoples
- Businesses that require the expropriation of land leading to the involuntary resettlement of inhabitants
- Businesses that have a negative impact on high conservation value areas
- Businesses that cause or contribute to human rights infringement in a disputed area

③[Cross-sectoral] Project finance (Equator Principles)

When considering providing financing or project finance advisory services (commissioned to the Bank) for projects which fall into the scope of the Equator Principles, the Aozora Bank Group will verify the customer's adherence to the requirements set out in the Principles.

In the case of considering providing financing or project finance advisory services for projects which do not fall into the scope of the Equator Principles, the Aozora Bank Group will confirm the customer's implementation of initiatives that take into account environmental and social issues as appropriate when a negative impact on the environment and society, or the risk thereof, as determined by the Principles is identified.

④[Specific Sector] Coal-fired power generation

<Issue overview>

Coal-fired power generation draws concerns regarding climate change and air pollution, such as emitting more greenhouse gases than other power generation measures. There are also fears that it may disrupt the smooth transition to a decarbonized society, one of the main goals of the Paris Agreement.

<Policy>

The Aozora Bank Group will decline to provide financing for the construction of new coal-fired power plants or expansion of coal-fired power generation facilities.

Meanwhile, the Group will proactively provide investments and loans to support its customers' initiatives that contribute to the transition to a decarbonized society, including carbon dioxide capture, usage, and storage technologies.

⑤[Specific Sector] Coal mining

<Issue overview>

Greenhouse gas emissions may increase mainly as a result of coal combustion at thermal power generation plants.

The Aozora Bank Group recognizes the need to take into account the impact on ecosystems, including the transfer of soils arising from development work and hazardous waste discharged from coal mines.

There is a possibility that improper management will lead to a mining accident or forced labor. Also, human rights infringement, including the involuntary resettlement of indigenous peoples or inhabitants, may occur in connection with development work.

<Policy>

When considering making investments or loans for the development of a new coal mine, the Aozora Bank Group will confirm the customer's implementation of initiatives that take into account environmental and social issues.

The Aozora Bank Group will decline to make an investment or loan for mountaintop removal (MTR) coal mining which has a substantial impact on the environment.

The Aozora Bank Group also will decline to make an investment or loan for the development of new coal mines that supply power generation operators with coal, as this may increase the amount of greenhouse gas emissions in the future.

⑥[Specific Sector] Oil and gas

<Issue overview>

While oil and gas are indispensable sources of energy for society, the Aozora Bank Group will take into account their impact on climate change via greenhouse gas emissions.

Regarding oil sands, shale oil and gas, oil and gas pipelines, and development in the Arctic Circle (the area 66°33' north of the equator), the Aozora Bank Group will take into account soil and water contamination, the impact on ecosystems, and local communities of indigenous peoples.

<Policy>

When considering making investments or loans for oil sands, shale oil and gas, oil and gas pipelines, and development in the Arctic Circle (the area 66°33' north of the Equator), the Aozora Bank Group will confirm the customer's implementation of initiatives that take into account environmental and social issues.

⑦[Specific Sector] Large-scale hydroelectric power generation

<Issue overview>

While hydroelectric power generation contributes to the clean energy supply, the Aozora Bank Group will take into account the impact of dam construction on ecosystems and local residents' living environment (including involuntary resettlement).

<Policy>

When considering making investments or loans for new large-scale hydroelectric power generation (with an embankment of 15 meters or higher, as well as output of 30,000KW or above), the Aozora Bank Group will confirm the customer's implementation of initiatives that take into account environmental and social issues.

⑧[Specific Sector] Biomass power generation

<Issue overview>

While biomass power generation is a power generating system that can be a major source of renewable energy, biomass burning emits greenhouse gasses. In this context, the Aozora Bank Group recognizes the need to confirm the customer's implementation of initiatives that take into account environmental and social issues such as measures to mitigate greenhouse gas emissions for the entire life cycle, including the fuel production process.

In particular, woody biomass power generation involves the risk of impacting ecosystems, damaging biodiversity, and infringing indigenous peoples' rights due to a large-scale deforestation in the course of fuel production and processing.

<Policy>

When considering making investments or loans for biomass power generation, the Aozora Bank Group will confirm the customer's implementation of initiatives that take into account environmental and social issues such as the measures to mitigate greenhouse gas emissions for the entire life cycle. In the case of woody biomass power generation, the Aozora Bank Group will also confirm the customer's implementation of initiatives that take into account environmental and social issues, including combustion materials.

⑨[Specific Sector] Deforestation

<Issue overview>

Forests are important for conservation of biodiversity, and also play an significant role in mitigating climate change through their natural ability to capture and store carbon dioxide.

For businesses involved in unregulated and large-scale deforestation for the purpose of producing timber, paper and pulp, the Aozora Bank Group will take into account factors including a higher risk of climate change attributable to an increase in CO₂ emissions, damage to biodiversity, damage to soils due to ground subsidence or flood, and a substantial negative impact on local residents' living environment.

<Policy>

When considering making investments or loans for businesses involved in deforestation, the Aozora Bank Group will confirm the customer's implementation of initiatives that take into account environmental and social issues.

When making an investment or loan for the development of large agricultural farms involving deforestation, the Aozora Bank Group requests its customers to disclose their compliance with NDPE (No Deforestation, No Peat, No Exploitation).

⑩[Specific Sector] Palm oil

<Issue overview>

The production of palm oil may cause human rights issues, such as infringement on indigenous peoples' rights and child labor, as well as environmental issues, including deforestation or burning of native trees and damage to biodiversity.

<Policy>

When providing investments or loans for the development of palm oil plantations, the Aozora Bank Group requests its customers to disclose their compliance with NDPE.

When considering making investments or loans for businesses associated mainly with the distribution of palm oil, the Aozora Bank Group will confirm the customer's implementation of initiatives that take into account environmental and social issues, including whether they have obtained RSPO (Roundtable on Sustainable Palm Oil) certification.

In addition, the Aozora Bank Group requests its customers to enhance their supply chain management and traceability so that the same initiatives also take place in their supply chain.

⑪[Specific Sector] Tobacco manufacturing

<Issue overview>

The Aozora Bank Group will take into account human rights issues with the aim to abolish child and forced labor during the cultivation of tobacco plants as the raw material. Smoking tobacco may also cause health hazards such as lung cancer and impaired respiratory function.

<Policy>

When considering making investments or loans for tobacco manufacturing, the Aozora Bank Group will confirm the customer's implementation of initiatives that take into account environmental and social issues regarding child and forced labor and health hazards.

⑫[Specific Sector] Inhumane weapons

<Issue overview>

Cluster munitions, which are a form of air-dropped explosive weapons that release smaller submunitions over a wide area, and their undetonated submunitions have also caused substantial damage to civilians. The international community, including Japan, has recognized cluster munitions as inhumane weapons and ratified the "Convention on Cluster Munitions."

Similar to cluster munitions, nuclear, biological, and chemical weapons, as well as antipersonnel land mines, that have been manufactured to be used for military purposes have a non-discriminatory and substantial impact, including on civilians, and are recognized within the international community as an important humanitarian concern.

<Policy>

The Aozora Bank Group will decline to make an investment or loan for the manufacturing of inhumane weapons such as cluster munitions.

⑬[Specific Sectors] Nuclear power

<Issue overview>

Nuclear technologies, equipment and materials have the potential to be diverted for military use. There are also concerns that a nuclear incident may have a long-term and wide-ranging impact on the environment or society.

<Policy>

When considering making investments or loans for nuclear-related businesses, the Aozora Bank Group will gather information regarding the customer's implementation of, and stance on, initiatives that take into account environmental and social issues.

⑭[Specific Sectors] Plastics

<Issue overview>

While plastics contribute to the reduction of food waste, etc., the effective usage rate of recycled and reused plastic materials is low compared to other materials such as metal, and there are concerns about environmental contamination caused by plastic waste flowing into the ocean as a result of inadequate processing.

<Policy>

When considering making investments or loans for plastic-related businesses, the Aozora Bank Group will gather information regarding the customer's implementation of, and stance on, initiatives that take into account environmental and social issues.

⑮[Specific Sectors] Shipping

<Issue overview>

While ships emit less CO₂ per unit of transportation compared to other means of transportation, they still cause other environmental issues, including the emission of sulfur oxides, greenhouse gases, ballast water, ocean plastic waste, and oil spills.

<Policy>

When considering making investments or loans for ship-related businesses, the Aozora Bank Group will gather information regarding the customer's implementation of, and stance on, initiatives that take into account environmental and social issues.

⑩[Specific Sectors] Mines

<Issue overview>

The Aozora Bank Group will take into account the impact of the development of mines, such as the effect of forest destruction and hazardous waste on ecosystems, the forced displacement of inhabitants, child and forced labor, and corruption in politically unstable regions.

<Policy>

When considering making investments or loans for mine-related businesses, the Aozora Bank Group will gather information regarding the customer's implementation of, and stance on, initiatives that take into account environmental and social issues.

4. Measures to promote these initiatives

(1) Internal training

The Aozora Bank Group conducts educational training seminars and disseminates information in order to deepen the understanding by its officers and employees of the risks to the environment and society as well as promote their compliance with relevant rules and procedures.

(2) Engagement

The Aozora Bank Group works to make sure its investments and loans that take into consideration environmental and social issues are in line with common sense and societal expectations by engaging in dialogue with customers (engagement).

Aozora Bank Group Outsourcing Policy

1. Basic Philosophy

Our economy and society are built on a foundation of various mutually beneficial transactions with other parties and supported through collaborations with suppliers who facilitate the purchase of goods and the subcontracting of services (hereinafter referred to as "outsourcing") required for business operations, including IT systems and facilities. The Aozora Bank Group will actively contribute to the sustainable development of society by promoting responsible outsourcing activities that take into consideration environmental and social issues, such as human rights, in collaboration with its suppliers.

2. Role of Outsourcing Policy

In addition to its in-house initiatives, the Aozora Bank Group recognizes that environmental and human rights initiatives conducted throughout the supply chain are an important management issue. The "Aozora Bank Group Outsourcing Policy" outlines the Bank's outsourcing initiatives based on the "Aozora Bank Group Environmental Policy" and "Aozora Bank Group Human Rights Policy", which were both developed based on the Bank's "Code of Ethics and Conduct" in accordance with its management philosophy.

3. Aozora Bank Group Outsourcing Policy

- 1) Fairness in choosing suppliers
 - When choosing suppliers, the Aozora Bank Group considers factors such as proper quality and service, adherence to delivery deadlines, economic rationality, compliance with laws and regulations, information management, as well as respect for human rights and the environment. In the case of an ongoing business partnership, including operations subcontracting, the Group will monitor the supplier as necessary.
- 2) Compliance with laws, regulations, and social norms
 - The Aozora Bank Group conducts outsourcing in compliance with all applicable laws and regulations as well as in adherence with social norms.
 - The Aozora Bank Group firmly confronts any antisocial forces that threaten social order and safety, and completely blocks relationships with them.
 - The Aozora Bank Group maintains a fair and transparent relationship with its suppliers. To that end, the Group prohibits all officers and employees from giving and receiving corporate hospitality or gifts with suppliers beyond socially-acceptable limits.
- 3) Consideration of the importance of human rights and the environment
 - The Aozora Bank Group strives to respect human rights and reduce its potential impact on environmental factors, such as climate change and biodiversity, when conducting outsourcing activities.
- 4) Collaboration with suppliers
 - The Aozora Bank Group respects all of its suppliers as partners and strives to maintain a relationship of trust and cooperation by responding with fairness and sincerity. The Group also publicly discloses its Outsourcing Policy and communicates closely with its suppliers in consideration of environmental and human rights issues in order to develop a mutual understanding with them that contributes to the sustainable development of society.

4. Expectations for Suppliers

In order to implement outsourcing in accordance with the policy set forth in Article 3, the Aozora Bank Group expects its suppliers to understand and cooperate on the following:

- 1) Compliance with laws, regulations, and social norms
 - Compliance with all applicable laws and regulations as well as social norms
- 2) Information management
 - Appropriate protection and management of information in accordance with the Act on the Protection of Personal Information and related laws and regulations

Policies

- 3) Respect for human rights
 - Provision of a safe and comfortable working environment for employees
 - Prevention of discrimination and harassment
 - Respect for freedom of association and collective bargaining rights under the law
 - Due consideration to not engage in child labor, forced labor, or human trafficking in overall business activities, including the supply chain
- 4) Environmental considerations
 - Reduction in the use of resources and energy
 - Use of low-carbon/carbon-free energy and lower greenhouse gas emissions
 - Effective use of resources by reducing, reusing and recycling waste
 - Reduction in the use and emission of substances that impact the environment and people
 - Sustainable use of forests and other natural resources
 - Consideration of impacts on biodiversity and ecosystems

Aozora Bank Group Basic Policy on the Elimination of Anti-Social Elements

The Aozora Bank Group (the Group) has introduced the following initiatives in order to confront anti-social elements that pose a threat to public order and safety while ensuring that the Group categorically blocks any relationship with such elements.

(1) Institutional response

The Group has produced an institutional response to anti-social elements, starting with management, through the clear statements found in its ethical behavior criteria and internal rules. The Group also ensures the safety of its employees from anti-social elements.

(2) Cooperation with external specialized organizations

The Group always strives to establish and maintain close cooperative relationships with external specialist organizations, including law enforcement agencies, the Tokyo Center for Removal of Criminal Organizations, and attorneys.

(3) Blocking all relationships (including transactions)

The Group strives to prevent any and all relationships with anti-social elements, including transactions.

The Group refuses to perform any action that may serve to provide income/funding for anti-social elements, including but not limited to backdoor deals, monetary contributions/membership fees, and subscribing to informational magazines.

(4) Civil and criminal legal response in case of an emergency

The Group thoroughly rejects any unreasonable demands made by anti-social elements and takes the necessary civil and criminal legal actions in response.

Aozora Bank Group Basic Policy on Anti-Money Laundering

The Aozora Bank Group is aware that preventing money laundering, combating the financing of terrorism, countering proliferation financing, and responding to economic sanction constitute the most important issues facing the global financial system. The Bank has established a framework to comply with domestic and international laws, regulations, and rules, while also making an on-going effort to further strengthen its preventive measures against money laundering, financing of terrorism, and proliferation financing, and its response to economic sanctions (hereafter “anti-money laundering”).

(1) Organizational structure

The Aozora Bank Group has developed internal regulations and an organizational structure, which includes the establishment of an Anti-Money Laundering Centralized Management Division, in order to properly implement the following management measures/initiatives while conducting an on-going review to ensure their effectiveness.

(2) Customer management policy

The Aozora Bank Group determines whether or not to accept a transaction with a customer, including account opening, in accordance with its internal procedures. In addition, when conducting transactions, it takes appropriate measures in line with the risk-based approach, such as conducting preventative measures based on customer characteristics, type of transaction, county/region, and products/services. The Aozora Bank Group also utilizes the results of its periodic monitoring and analysis (including profiling) of customer transactions in order to conduct a review of its preventative measures.

(3) Management policy for correspondent counterparties

The Aozora Bank Group collects information and performs appropriate evaluations regarding its correspondent counterparties, and manages them based on their risk-profiles.

(4) Employee training policy

The Aozora Bank Group provides timely and on-going financial crime prevention training for its employees that consists of knowledge acquisition as well as learning methods for the proper management of customers, such as verification at the time of transaction and the creation of transaction records, and for the appropriate response to economic sanctions.

(5) Internal audit policy

The Aozora Bank Group regularly conducts internal audits regarding anti-money laundering and works to further improve its anti-money laundering framework and policies based on the results of these audits.

(6) Reporting of suspicious transactions

The Aozora Bank Group has developed a system for conducting daily monitoring of its customers' transactions, including new account openings, and ensuring the proper response to, as well as immediate reporting to the relevant authorities of, any suspicious customers or transactions detected as a result of said monitoring.

Aozora Bank Group Basic Policy on Anti-bribery

Based on its mission; “to contribute to the development of society through the creation of new value-added financial services”, the Aozora Bank Group (the “Group”) aims to “adapt to a rapidly changing world while remaining a trusted, valued and specialized financial service provider”. The Group believes that in order for a company to fulfill its social responsibility while promoting sustainable growth, it is necessary to earn the trust of its customers and society with high ethical standards. The Group shall observe all applicable laws and regulations in the countries/regions where it conducts business, and strive to eliminate any fraudulent activities including bribery and corruption.

For prevention of bribery, the Group shall take the following actions:

- (1) Prohibition of bribery of public officials, etc.
The Group shall prohibit all officers and employees from offering or promising to offer improper entertainment, gifts, and other benefits, either directly or indirectly, to public officials, etc. in any country in association with their duties.
- (2) Prohibition of offering excessive entertainment and gifts
The Group shall prohibit all officers and employees from offering or accepting excessive entertainment or gifts beyond the socially accepted limits, even if it is permissible under applicable laws and regulations.
- (3) Implementing risk assessment on bribery
The Group shall constantly implement risk assessment on bribery and adequately review its approach to anti-bribery based on the result of such assessment.
- (4) Preparation and retention of records
With respect to offering or accepting entertainment and gifts, the Group shall prepare records promptly and accurately.
- (5) Training
The Group shall constantly provide training on the prevention of bribery to all officers and employees.
- (6) Whistle-blower system
Any violation of laws, regulations, and internal rules pertaining to bribery shall be subject to reporting in the whistle-blower system. Under the system, no adverse dispositions against a person who makes such a report in good faith shall be allowed.
- (7) Disciplinary procedures
Any violation of laws, regulations, and internal rules pertaining to bribery shall be subject to disciplinary actions including punitive dismissal.
- (8) Monitoring
The Group shall constantly perform risk-based monitoring including internal auditing concerning the operation of the anti-bribery system.

Aozora Bank Group Tax Compliance Policy

1. Basic Philosophy

The Aozora Bank Group is committed to complying with the tax laws of all countries where it conducts businesses and enhancing tax compliance in recognition of its responsibility to fulfill tax liabilities as one of its corporate social responsibilities.

2. Role of Tax Compliance Policy

The “Aozora Bank Group Tax Compliance Policy” outlines the Bank’s tax initiatives based on the Bank’s “Code of Ethics and Conduct”, in accordance with its management philosophy.

3. Aozora Bank Group Tax Compliance Policy

1) Legal Compliance

The Aozora Bank Group will comply with laws of each jurisdiction, tax treaties, as well as the tax-related standards published by international organizations such as the OECD Transfer Pricing Guidelines and the BEPS Action Plan, while also properly completing all statutory procedures, including the filing of tax returns and tax payments.

2) Tax Planning

The Aozora Bank Group recognizes the importance of tax compliance and making tax payments as appropriate, and will not engage in any business activities where the sole aim is to achieve tax avoidance or develop tax avoidance structures outside of normal business operations. The Bank also seeks to appropriately manage tax costs by eliminating double taxation as well as by utilizing incentives, reliefs and exemptions in order to improve corporate value.

3) Relationship with Tax Authorities

The Aozora Bank Group strives to establish good relationships with tax authorities by disclosing all relevant information in a timely and appropriate manner. The Bank also endeavors to settle disagreements with tax authorities regarding tax related issues, if applicable, through discussions of the most appropriate interpretations of available decrees, precedent cases, etc.

4) Tax Risk Management

The Aozora Bank Group aims to resolve various tax issues appropriately by obtaining the opinion of external tax advisors and/or seeking advices for rulings from the tax authorities in advance which have jurisdiction where the Bank’s Finance Group manages its tax compliance framework. The Bank also strengthens its tax governance through the increase of tax literacy among executives and regular employees through internal education and training about taxes

Aozora Bank Group Basic Policy on Customer-Oriented Business Conduct

1. Basic idea

Aozora Group's mission is to contribute to the development of society through the creation of new value-added financial services as a financial professional. We aim to remain a highly specialized financial group that is trusted and loved by our customers, responding flexibly to changes in the times.

To this end we will always stand in the position of our customers, provide products and services that meet the customers' true needs and conduct our business with integrity and fairness.

2. Positioning of Basic Policy on Customer-Oriented Business Conduct

"Aozora Bank Group Basic Policy on Customer-Oriented Business Conduct" is consistent with Aozora Group's operating principle, and is defined to promote Group-wide customer-oriented business conduct under Code of Ethics and Conduct which all the officers and employees of Aozora Group are required to comply with.

We will continuously monitor how the customer-oriented business conduct is implemented and make an improvement under the leadership of the senior management.

3. Aozora Bank Group Basic Policy on Customer-Oriented Business Conduct

1) Customer support

- We make an effort to propose and provide the most appropriate products and services to the customers based on their future life and business planning.
- If we determine that our products and services are not the most suitable for our customers, we may refrain from proposing or providing them.
- When we provide each product or service, or make a transaction, we explain not only advantages for the customer but also risks and fees in an easy-to-understand and appropriate manner. At the same time, we share information to improve the customers' financial literacy.
- We appropriately manage transactions that may cause a conflict of interest so as not to unfairly impair the interests of consumers.
- We provide the customers with necessary and appropriate information including a financial market trend and product information, and offer high-quality advice and ongoing after-sales support.
- We make use of "customer feedback" to improve the services, provide the appropriate products and improve our operation.

2) Products

- We make an effort to study, develop and select highly satisfactory products and services that meet the customers' true needs, and aim to achieve best practice.
- We work closely with divisions and companies that originate the products and make decisions on the introduction of products and services under the supervision of the senior management. After introduction we continuously monitor and improve the quality of the products and services based on actual sales results or "customer feedback". We have in place a product governance system to review or discontinue the products and services as necessary.

3) Human resources

- Aozora Group intends to establish a corporate culture in which all the officers and employees share awareness of and practice customer-oriented business conduct.
- We strive to develop highly specialized human resources through comprehensive training and support for obtaining qualifications.
- We will establish an appropriate performance evaluation system that contributes to promoting the customer-oriented business conduct.

Customer-Oriented Business Conduct Policy

1. Formulation and Disclosure of Customer-Oriented Business Conduct Policy

The "Aozora Bnank Group Basic Policy on Customer-Oriented Business Conduct" is in line with the management philosophy of the Aozora Group and is established for the purpose of promoting customer-oriented business conduct across the Group under the "Code of Ethics and Conduct" that all officers and employees of the Group are required to comply with. In order to appropriately meet the needs of retail customers, Aozora formulated the "Customer-Oriented Business Conduct Policy" based on that basic policy.

As a financial professional, the Bank's mission is to contribute to the development of society by creating new value-added financial services, and we aim to remain a trusted, valued and specialized financial institution while adopting to a rapidly changing world.

The Bank and its officers and employees are committed to carrying out our business in a fair and sincere manner, while maintaining the customer-oriented business conduct recognizing the importance of "helping our customers through specialized services in pursuit of the best interests of the customers".

Recognizing the importance of instilling and establishing its customer-oriented business conduct further, the status of activities according to this policy will be reported to and discussed at the Customer Committee, which is responsible for deliberation on the development of a framework and various measures for the promotion of customer-oriented approach and the customer protection management, and we will strengthen its efforts to practice the policy and disclose the status of those efforts every six months.

In addition, the Bank will review the policy on a regular basis for better business management.

2. For the pursuit of the best interests of customers

The Bank believes that meeting the diverse needs of our customers, such as those who want to accumulate assets or protect and pass them on to the next generation, will lead to their best interest and also to our growth. We will appropriately provide advanced financial and non-financial services and expertise tailored to the characteristics and needs of our customers in collaboration within the Group as well as with external partners. If the Bank determines that a product or service we offer is not the best product or service for a customer, we may not propose or offer it to the customer.

To pursue the best interests of our customers, all officers and employees are obliged to submit an "Annual Written Confirmation of Compliance on the Aozora Group Code of Ethics and Conduct", and we strive to instill the "corporate culture" that aims for the best interests of the customers by periodically conducting training and similar activities.

The Bank has established and is committed to a product governance framework in which its management team is involved in the origination, selection, sale and management of financial products that will contribute to the best interests of the customers. When providing consultations for customers on asset management, the Bank will make diversified investment proposals after accurately recognizing the customers' needs and fully understanding the customers' financial knowledge, investment experience, transaction purpose, asset status, risk tolerance, life plan, etc. We support our customers' mid- to long-term and stable asset building, and will not make proposals that do not match the customers' wishes, or propose a review of financial products in a short period of time that does not suit the interests of the customers. The positioning of the main financial products is as follows.

<Investment Trusts>

The Bank will propose investment trusts as the core product of diversified investment, based on fund diversification and time diversification. For instance, for customers who are just starting their asset building, we offer products that allow "investment trust accumulation" at a fixed amount on a fixed date each month, and for customers who wish to invest a large amount of funds, we offer those that include a time diversification mechanism.

In addition, we will increase the number of products corresponding to the new NISA system so that many customers can take advantage of the new NISA system that started in January 2024.

In addition to asset management consultation, for customers who want to "leave a legacy" or "prepare for the future", the Bank also provides a wide range of consulting services that meet the needs of its customers, such as proposals of insurance products, support on wealth transfer and business succession, etc., in order to help protect and pass on their accumulated assets to the next generation.

The Bank will constantly verify and evaluate the results and progress of the above activities, and will announce some of the results in the "Status of Initiatives".

3. Appropriate management system for conflict of interest

The Bank strives to accurately understand and identify the possibility of conflict of interest with customers in transactions and the possibility of conflict of interest when developing and introducing products, and determine whether the customer's interests are unreasonably harmed by the transaction that may cause conflict of interest, in a bid to pursue appropriate management to prevent conflict of interest.

When proposing financial products and services, the Bank will not select products by considering fees paid by the company that provides the product or will not prioritize products of our Group companies, but always will make proposals from the customer's point of view.

An overview of the Bank's conflict of interest management system is published in the "Policy to Manage Conflict of Interest".

4. Fees to be borne by customers

The Bank will consider fees to be borne by customers as one of the important information to make their decision on transactions. We will thus strive to ensure transparency as well as provide easy-to-understand explanations, including presenting comparisons with similar products and alternative products. In addition, we will post the information on the Bank's website and BANKTM app for easy confirmation.

Regarding the details of fees and other costs, when proposing financial products and services, the Bank will ask customers to check with the Important Information Sheet, the documents delivered prior to the conclusion of the contract, or the prospectus, and after the transaction, we will ask them to check with the reports and others.

5. Providing important information in an easy-to-understand manner

The Bank will explain important information in an easy-to-understand manner using the Important Information Sheet, sales materials, legal documents, and materials presenting easy comparison for each product, in order to propose financial products and services suitable for customers. In addition, we will also post the information on the Bank's website and BANKTM app for easy confirmation. The major "important information" is as follows.

- ・Risks, returns, and transaction conditions of the financial products and services
- ・Attributes of potential customers for sale of the products
- ・Reasons for selecting the financial products and services
- ・Fees received as compensation for services to customers as well as fees received from third parties (Even in the same products, if the fee varies depending on the quantity, currency, course, etc., such information will be included.)
- ・Packaged or not

6. Providing services suitable for customers

<Maintenance of branches and infrastructure>

The Bank will provide "BANKTM" services for customers who do not have Aozora's branch nearby. We offer "Bank The Debit" and "Bank The Savings" as services for "Spending" and "Saving", and "BANK The Teiki (time deposit)" as a service for "Increasing", as well as financial products such as investment trusts.

<Efforts to enhance financial literacy>

The Bank will help enhance its customers' financial literacy by expanding services such as "BANK The Partner", which supports many customers in achieving their life plans from a neutral perspective through seminars and e-mail delivery services, etc.

<Providing financial products>

After accurately recognizing the customers' needs and fully understanding the customers' financial knowledge, investment experience, transaction purpose, asset status, risk tolerance, life plan, etc., the Bank will carefully consider the target asset amount and study appropriate asset ratio using "Aozora Model Portfolios". Then we select and propose the financial products suitable for each and every customer from the diverse product line-up, while also giving due consideration to the complexity of the product, the potential risks, whether it is packaged or not, and other characteristics of the product. In addition, we will also post the information including product line-up on the Bank's website and BANKTM app for easy confirmation.

The Bank will coordinate with a wide range of domestic and international asset management companies and insurance companies, and based on the attributes of the target potential customers, we will improve our product line-up that will contribute to our customers' mid-to long-term asset accumulations by introducing financial products and services and reviewing their handling. In addition, in order to understand customers' diverse needs, we will conduct regular surveys to customers, and make good use of the results to improve our product line-up.

When introducing new financial products and services, the Bank will strive to evaluate the product governance framework of product origination companies, etc. And including financial products originated by the Bank, the product group conducts verification, which includes research and analysis as well as confirmation of management framework, in terms of various issues and problems with clarification of target customers, risk/return/cost of products, and sales solicitation framework for customers. Then the product group consults with the compliance division, and when necessary, these issues are discussed at the Integrated Risk Committee, the Customer Committee, etc.

Even after the Bank starts handling financial products and services, we will check the results of the verification of products, etc. conducted at the time of introduction, and review or discontinue the products, etc. as necessary. In addition, in order to provide better financial products, we share customer feedback regarding financial products with product origination companies, etc., and such information on financial products originated by the Bank is also shared between the sales divisions and the origination divisions.

In preparation for introducing complicated or high-risk financial products to customers or providing information for those with limited investment experience, the Bank will take a more cautious approach by establishing solicitation rules such as suitability judgments and solicitation start criteria. In addition, we will monitor whether confirmation of the customer's intention and explanation to the customer were properly performed, and will provide instructions and training to sales personnel in order to improve and enhance the explanation to customers.

- * Regarding the Supplementary Principle 4 (Note 3) of the "Principles for Customer-Oriented Business Conduct" published by the FSA (Financial Services Agency), as the Bank does not outsource the investment management, we do not conduct verification of the management, etc. of outsourced companies as guided in the Principle.
- * Regarding the Supplementary Principle 5 (Note 1) of the "Principles for Customer-Oriented Business Conduct" published by the FSA, as the Bank does not originate financial products for which the judgment of the person who manages the investment is important, we do not provide information about its management system in accordance with the characteristics of individual financial products as guided in the Principle.

<Detailed follow-up services>

The Bank will make proposals while giving due consideration to the customer's life plan, and after the sale of financial products and services as well, we will regularly provide information such as the status of customer's owned products and market trends, and in addition, we will provide information from a long-term perspective in response to changes in the customer's life stage. Through those efforts, we will contribute to the asset formation of our customers for a long time.

<Responding to Customers' Voice>

The Bank will take seriously the customers' feedback received in the branches and call center as well as from customer satisfaction surveys, interviews, etc. and make good use of them for our service improvement, product design, etc.

The Bank will constantly verify and evaluate the results and progress of the above activities, and will announce the results in the "Status of Initiatives".

7. Consultant training policy and appropriate motivational framework

In order to promote the customer-oriented business conduct, we evaluate our performance based on items that are useful to our customers. The items include contribution in supporting customers' mid- to long-term asset formation and increase, courteous consulting services tailored to asset formation needs, and contribution to the realization and satisfaction of customers' needs for life plan through solution proposals.

To instill the customer-oriented business conduct, we developed the "Specialized Retail Training Program" that fully considers enhancement of consulting skills and improvement of compliance awareness, and for realizing highly specialized consulting services, all sales personnel are required to obtain financial planner qualifications.

Regarding the framework for consultant training and appropriate motivation, such as training implementation and its understanding level, performance evaluation system, the Bank will regularly check, verify and evaluate the results and progress status.

Non-financial Information Index

Environmental Data

Category	FY2020	FY2021	FY2022	FY2023	FY2024
Greenhouse gas emissions (t-CO ₂)					
Scope 1 ^{*1}	114	110	106	95 ^{*13}	91 ^{*14}
Scope 2 Market-based method ^{*2}	6,243	4,884	4,267	3,701 ^{*13}	1,799 ^{*14}
Scope 2 Location-based method ^{*2}				5,761	5,313
Scope 3 (1. Purchased goods and services) ^{*3}	92	85	83	78	58
(2. Capital goods) ^{*4}	7,413	8,632	4,974	12,006 ^{*13}	5,597 ^{*14}
(3. Fuel- and energy-related activities) ^{*5}	1,121	1,122	1,084	1,109	1,087
(5. Waste generated in operations) ^{*6}	25	25	26	38	35
(6. Business travel) ^{*7}	64	64	135	201	195
(7. Employee commuting) ^{*8}		295	379	700	693
(15. Investment and loan portfolio) ^{*9}	Please refer to page 62 in the Main Section.				
Direct energy consumption ^{*1}					
City gas (thousand m ³)	20	19	13	10	11
Heavy oil / Kerosene (kl)	5	5	6	8	6
Gasoline / Light oil (kl)	24	23	26	23	23
Indirect energy consumption ^{*2}					
Electricity (thousand kWh)	13,052	12,794	12,160	12,602	12,019
Percentage of renewable energy-driven electricity ^{*10}	0%	21%	23%	26%	67%
Vapor (GJ)	50	0	0	0	0
Hot water (GJ)	1,515	1,499	1,281	904	1,057
Cold water (GJ)	5,481	6,112	6,469	6,729	6,499
Waste ^{*11}					
Amount (t)	168	173	160	151	161
Recycled amount (t)	123	123	110	119	119
Recycling ratio	73%	71%	68%	79%	74%
Amount of printing paper purchased (t) ^{*12}	50	47	45	43	32

*1 Scope 1 emissions and direct energy consumption cover Aozora's domestic bank offices (Head Office, Fuchu Annex, and all branches; the same applies below).

For Scope 1, in principle, actual measurements of used amount were calculated based on the "List of Calculation Methods and Emission Factors in the Calculation, Reporting, and Publication System" published by the Ministry of the Environment.

*2 Scope 2 emissions and indirect energy consumption cover Aozora's consolidated operations (excluding consolidated subsidiaries with no offices; the same applies below).

For Scope 2, in principle, actual measurements of used amount were calculated based on the "adjusted emission factor (market-based method)" and "national average emission factor (location-based method)" from the "List of Emission Factors by Electric Power Company" under the "Act on Promotion of Global Warming Countermeasures."

Of the consolidated subsidiaries, the emissions of GMO Aozora Net Bank were calculated based on the ownership ratio of 50% in and before FY2022, and 100% in FY2023 and beyond.

*3 Scope 3 Category 1 covers Aozora's domestic bank offices, and the amount of printing paper and other paper purchased was calculated based on the Ministry of the Environment's Emission Intensity Database (formally known as the "Emission Intensity Database for Calculating Greenhouse Gas Emissions, etc. of Organizations through Supply Chains" (Ver. 3.5) published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry; the same applies below).

*4 Scope 3 Category 2 covers Aozora Bank's non-consolidated operations (domestic bank offices and overseas representative offices; the same applies below), and the amount of capital investment was calculated based on the Ministry of the Environment's Emission Intensity Database.

*5 Scope 3 Category 3 covers Aozora's consolidated operations, and the electricity, hot water, and cold water consumption was calculated based on the Ministry of the Environment's Emission Intensity Database.

*6 Scope 3 Category 5 covers Aozora's domestic bank offices, and the amount of wastes was calculated based on the Ministry of the Environment's Emission Intensity Database.

*7 Scope 3 Category 6 covers Aozora Bank's non-consolidated operations, and the length of the business travel and public transportation costs were calculated based on the Ministry of the Environment's Emission Intensity Database.

*8 Scope 3 Category 7 covers Aozora Bank's non-consolidated operations, and the commuting expenses (train and bus) were calculated based on the Ministry of the Environment's Emission Intensity Database.

*9 Scope 3 Category 15 covers Aozora Bank's non-consolidated operations as well as overseas subsidiaries' operations, and the corporate loans and project financing in FY2023 were calculated based on the Partnership for Carbon Accounting Financials (PCAF) database.

*10 The percentage of renewable energy-driven electricity includes virtual renewable energy such as purchasing non-fossil fuel energy certificates.

*11 Wastes cover Aozora's domestic bank offices, excluding general industrial wastes in branch offices.

*12 The amount of printing paper purchased covers Aozora's domestic bank offices.

*13 With regard to greenhouse gas emissions in FY2023, independent third-party assurance was obtained from Deloitte Tohmatsu Sustainability Co., Ltd. for Scope 1, Scope 2, and Scope 3 Category 2.

*14 With regard to greenhouse gas emissions in FY2024, third-party assurance will be obtained for Scope 1, Scope 2, and Scope 3 Category 2. The figures for FY2024 are the aggregate of the current figures, and the figures after obtaining third-party assurance will be disclosed on Aozora's website.

*15 There are no activities applicable to Category 4 and 8-14 of Scope 3 due to the nature of the business.

Non-financial Information Index

Social Data

Employee data (non-consolidated)^{*1}

Category		FY2020	FY2021	FY2022	FY2023	FY2024
Number of employees		1,933	1,966	1,980	1,964	1,936
	Male	1,034	1,056	1,068	1,049	1,026
		53%	54%	54%	53%	53%
	Female	899	910	912	915	910
		47%	46%	46%	47%	47%
Temporary employees		125	117	127	121	123
Locally hired overseas staff ^{*2}		39	43	38	41	40
Employee composition	New grad hires	58%	59%	60%	61%	60%
	Mid-career hires	42%	41%	40%	39%	40%
Average age		43.3	43.4	43.8	44.1	44.5
	Male	44.0	43.9	44.3	44.5	44.9
	Female	42.5	42.8	43.2	43.5	44.5
Average length of tenure (years)		14.9	15.1	15.7	16.1	16.5
	Male	14.5	14.6	15.2	15.5	15.7
	Female	15.4	15.8	16.4	16.8	17.4
Average annual salary (1,000 yen)		8,089	8,232	8,696	8,873	9,068
Annual salary gap (male = 100%) ^{*3}				66.6%	65.0%	65.8%
	Regular employees			66.1%	65.3%	65.9%
	Non-regular employees			53.4%	55.8%	59.2%
Number of new grad hires		64	70	51	53	41
	Male	45	41	27	32	23
		70%	59%	53%	60%	56%
	Female	19	29	24	21	18
		30%	41%	47%	40%	44%
Number of mid-career hires		46	37	33	30	39
	Male	32	26	24	18	27
		70%	70%	73%	60%	69%
	Female	14	11	9	12	12
		30%	30%	27%	40%	31%
Male/female ratio (new grads and mid-career)	Male	70%	63%	61%	60%	63%
	Female	30%	37%	39%	40%	38%
New grad / mid-career ratio	New grad hires	58%	65%	61%	64%	51%
	Mid-career hires	42%	35%	39%	36%	49%
Retention of new grads 3 years after employment		87%	95%	97%	87%	84%
Number of retirees (non-mandatory retirement)		47	47	49	57	64
		2.4%	2.4%	2.5%	2.9%	3.3%
Female managers ratio ^{*4}		11.8%	12.5%	13.3%	14.2%	14.9%
Non-Japanese managers ratio ^{*2}		2.9%	2.9%	2.8%	2.9%	3.2%
Mid-career managers ratio		42.5%	43.7%	49.6%	53.9%	58.3%
Employees' monthly average overtime hours ^{*5}		10.3	11.8	11.3	10.6	10.8
Days of paid leave used (annual average)		13.3	14.4	15.2	16.1	16.2
Employees with disabilities (as of June when submitting a report to authorities)	Number of employees	29	33	35	35	36
	Employment ratio	2.2%	2.4%	2.5%	2.4%	2.6%
Number of childcare leave users ^{*6}		61	55	60	77	68
	Male	24	22	33	39	37
		65%	58%	91%	90%	105%
	Female	37	33	27	38	31
		100%	100%	108%	100%	96%
Female reinstatement ratio after childcare leave		100%	100%	100%	100%	100%
Number of unpaid nursing care leave users		1	1	1	0	1
Number of paid nursing care leave users		19	19	23	29	32
Number of employees suffering work-related accidents		6	3	11	12	10
Number of applicants for secondary employment		16	31	37	42	42
Training hours per employee		30.8	32.5	33.4	28.2	31.4
Total of training hours		59,533	63,951	66,135	55,308	60,777
Total of training participants		5,184	11,393	19,201	24,075	23,362
Training cost per employee (1,000 yen) ^{*7}		26.3	27.3	80.4	51.8	60.6

- *1 Employee data for Aozora Bank only
- *2 Data of employees of domestic and overseas Group companies, excluding GMO Aozora Net Bank
- *3 The number of employees is calculated in accordance with the Act on the Promotion of Women's Active Engagement in Professional Life, under which those seconded from other companies to the Bank are included and those seconded from the Bank to other companies are excluded, using the following formula: Male and female wage differences = Female average annual wage ÷ Male average annual wage; and Average annual wage = Total wages ÷ Number of employees.
Please refer to page 71 in the Main Section for factors behind the gender pay gap.
- *4 Managers refer to the total of general managers and group managers.
- *5 Non-statutory overtime hours of employees except those in supervisory or managerial positions
- *6 Childcare leave ratio = Number of employees who used childcare leave during the fiscal year under review (a) ÷ Number of employees whose spouse has given birth during the fiscal year under review (b) rounded down to one decimal point
Since (a) above includes employees whose children were born before the fiscal year in question but who took new childcare leave in the fiscal year in question, the take-up rate may exceed 100%.
- *7 Includes cost for external instructors and usage costs for self-development support systems

Status of female employees

Category	July 2021	July 2022	July 2023	July 2024	July 2025
1. Executive officers	4 16.7%	5 18.5%	5 22.7%	4 21.1%	4 18.2%
Category	March 2021	March 2022	March 2023	March 2024	March 2025
2. General managers	11 11.5%	11 9.6%	10 9.4%	7 7.1%	6 6.0%
3. Group managers	64 11.8%	71 13.2%	71 14.1%	70 15.8%	71 17.1%
4. Total of (2+3)	75 11.8%	82 12.5%	81 13.3%	77 14.2%	77 14.9%
5. Deputy managers	107 33.5%	123 37.1%	115 37.3%	117 39.3%	118 40.7%
6. Female employees	899 46.5%	910 46.3%	912 46.1%	915 46.6%	910 47.0%

Respect for human rights

Category	FY2020	FY2021	FY2022	FY2023	FY2024
Number of employees completing e-learning on human rights				2,147	2,150

Social contribution

Category	FY2020	FY2021	FY2022	FY2023	FY2024
CSR expenses (million yen)*1	35	35	23	31	20
Number of participants in volunteer activities*2		248	175	203	225

*1 Includes monetary equivalent of donated stockpiles

*2 Started to be calculated in FY2021

Non-financial Information Index

Governance

Corporate governance (status of activity of the Board of Directors and each committee)

Category	FY2020	FY2021	FY2022	FY2023	FY2024
Composition of the directors and the Board of Directors meeting					
Number of persons	8	8	8	8	9
Number of outside directors	4	4	4	4	5
Number of independent outside directors	4	4	4	4	4
Percentage of independent outside directors	50.0%	50.0%	50.0%	50.0%	44.4%
Number of female directors	1	1	2	1	1
Percentage of female directors	12.5%	12.5%	25.0%	12.5%	11.1%
Number of Board of Directors meetings held	15	15	15	13	17
Average attendance ratio of the Board of Directors meeting	100%	100%	100%	99%	100%
Nomination and Remuneration Committee					
Number of Nomination and Remuneration Committee meetings held	7	6	7	6	5
Average attendance ratio of the Nomination and Remuneration Committee	100%	100%	100%	100%	100%
Audit and Compliance Committee					
Number of Audit and Compliance Committee meetings held	6	6	6	6	7
Average attendance ratio of the Audit and Compliance Committee	100%	100%	100%	100%	100%

Compliance

Category	FY2020	FY2021	FY2022	FY2023	FY2024
Number of cases opened by the Aozora Hotline (whistle-blower program)					
Total	7	10	13	16	21
Internal contact point	4	4	7	7	12
External contact point	3	6	6	9	9
Number of compliance incidents					
Cease and desist notice by relevant government ministries and agencies	0	0	0	0	0
Suspension of operation/business due to misconduct	0	0	0	0	0
Criminal accusation due to an incident or an accident violating a law	0	0	0	0	0

Cybersecurity

Category	FY2020	FY2021	FY2022	FY2023	FY2024
Number of targeted email training for all officers and employees*	2	3	3	3	3

* This training was provided to the domestic and overseas officers and employees across the Aozora Group, excluding GMO Aozora Net Bank.

Consolidated Business Results

Consolidated Financial Highlights [Five-Year Summary]

Years Ended March 31

(Millions of yen)

	2025	2024	2023	2022	2021
Ordinary income	231,460	246,299	183,292	134,737	155,755
Trust fees	373	370	377	444	386
Ordinary profit (loss)	17,561	(54,816)	7,356	46,294	38,982
Net income (loss) attributable to owners of the parent	20,518	(49,904)	8,719	35,004	28,972
Comprehensive income (loss)	21,561	(42,703)	(38,507)	13,611	79,781
Share capital	125,966	100,000	100,000	100,000	100,000
Total equity	459,685	391,078	431,119	487,265	490,006
Total assets	7,762,434	7,603,002	7,184,070	6,728,653	5,916,866
Bonds payable	124,640	181,397	147,773	168,959	198,365
Deposits ^(Note 1)	5,672,901	5,776,372	5,497,352	4,871,556	4,012,506
Loans and bills discounted	4,206,564	4,071,295	3,881,373	3,317,125	2,948,808
Securities	1,355,458	1,186,561	1,278,749	1,478,178	1,393,357
Net assets per share (yen)	3,258.51	3,285.94	3,751.95	4,222.79	4,233.53
Basic net income (loss) per share (yen)	154.26	(427.22)	74.67	299.81	248.27
Diluted net income per share (yen) ^(Note 2)	154.02	—	74.54	299.38	247.90
Consolidated capital adequacy ratio (domestic standard) (%)	10.72	9.23	9.43	10.37	11.03
Net cash provided by (used in) operating activities	(56,900)	133,949	(61,382)	253,900	728,732
Net cash provided by (used in) investing activities	(147,849)	167,439	213,939	(23,830)	(223,529)
Net cash provided by (used in) financing activities	46,592	2,136	(18,068)	(16,059)	(14,882)
Cash and cash equivalents, end of year	1,341,599	1,499,756	1,196,230	1,061,743	847,732
Trust assets ^(Note 3)	935,579	905,987	871,414	879,535	730,209

Notes: 1. Deposits include negotiable certificates of deposit (NCDs).

2. Diluted net income per share for the year ended March 31, 2024 is not described in the above table, because of net loss per share although there are diluted shares.

3. '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). The company operating the trust business among the Bank and its subsidiaries is the Bank.

Consolidated Financial Review

1. Consolidated and Equity-Method Companies

(Number of Companies)

Years Ended March 31	2025	2024	Change
Consolidated subsidiaries	24	25	(1)
Subsidiaries and affiliated companies accounted for using the equity method	1	1	0

The consolidated financial statements include the accounts of the Bank, its significant subsidiaries and affiliated companies.

The number of consolidated subsidiaries was 24 and 25 as of March 31, 2025 and 2024, respectively.

The number of subsidiaries and affiliated companies accounted for using the equity method was 1 as of March 31, 2025 and 2024, respectively.

Aozora Asia Pacific Finance Limited was excluded from the scope of consolidation as a subsidiary because the business transfer and distribution of residual assets had been completed.

There was no change in subsidiaries and affiliated companies accounted for using the equity method from March 31, 2024.

2. Analysis of Business Results

(1) Income

(Millions of yen)

Years Ended March 31	2025	2024	Change
Total income	¥234,869	¥248,169	¥(13,299)
Interest income	161,104	166,436	(5,332)
Interest on loans and discounts	128,297	132,121	(3,824)
Interest and dividends on securities	22,499	26,964	(4,465)
Interest on due from banks	1,103	1,523	(420)
Other interest income	9,204	5,826	3,377
Fees and commissions income (including trust fees)	31,511	26,165	5,345
Gains on trading account transactions	3,706	11,304	(7,598)
Other ordinary income	24,417	27,590	(3,173)
Gains on sales of bonds and other securities	3,351	8,139	(4,787)
Gains on foreign exchange transactions	—	—	—
Gains on derivatives	951	322	629
Other	20,113	19,128	985
Other income	14,130	16,672	(2,541)
Gains on sales of stocks and other securities	3,833	10,278	(6,444)
Gains on investments in money held in trust	323	374	(50)
Equity in earnings of associates	2,265	2,342	(76)
Recoveries of written-off receivables	2,490	758	1,731
Reversal of provision for credit losses on off-balance-sheet instruments	742	—	742
Gains on disposal of fixed assets	0	0	(0)
Reversal of foreign currency translation adjustment	3,408	1,869	1,538
Other	1,066	1,048	18

- Total income was ¥234.8 billion, a decrease of ¥13.2 billion year-on-year
- Interest income was ¥161.1 billion, a decrease of ¥5.3 billion year-on-year
 - Net interest income increased by ¥6.6 billion mainly due to a higher yield on loans in response to the BOJ's policy rate hike as well as an increase in interest on deposits with the BOJ
- Fees and commissions income were ¥31.5 billion, an increase of ¥5.3 billion year-on-year
 - Loan-related fee income grew strongly and exceeded the previous year's level, mainly driven by LBO finance, renewable energy finance, and real estate finance
 - GMO Aozora Net Bank made steady progress in generating revenues from its core business (remittances and debit card), which led to a significant increase in its fee income year-on-year
- Gains on trading account transactions were ¥3.7 billion, a decrease of ¥7.5 billion year-on-year
- Other ordinary income was ¥24.4 billion, a decrease of ¥3.1 billion year-on-year

(2) Expenses

(Millions of yen)

Years Ended March 31	2025	2024	Change
Total expenses	¥215,483	¥301,343	¥(85,860)
Interest expenses	112,393	124,362	(11,968)
Interest on deposits	15,657	14,396	1,261
Interest on bonds payable	6,067	5,407	660
Interest on borrowings and rediscounts	2,861	1,926	935
Interest expenses on interest rate swaps	35,011	43,576	(8,565)
Other interest expenses	52,795	59,055	(6,260)
Fees and commissions expenses	6,859	5,744	1,114
Losses on trading account transactions	560	9,671	(9,110)
Other ordinary expenses	15,286	40,794	(25,507)
Amortization of bond issuance costs	179	211	(32)
Losses on foreign exchange transactions	6,603	6,717	(114)
Losses on sales of bonds and other securities	1,092	23,188	(22,096)
Losses on redemption of bonds and other securities	137	3,555	(3,417)
Losses on devaluation of bonds and other securities	142	—	142
Other	7,132	7,121	10
General and administrative expenses	62,384	62,424	(40)
Other expenses	17,998	58,346	(40,348)
Losses on sales of stocks and other securities	289	8,187	(7,898)
Losses on devaluation of stocks and other securities	288	455	(167)
Write-off of loans	6,215	683	5,532
Provision of allowance for loan losses	6,105	44,584	(38,479)
Provision of allowance for credit losses on off-balance-sheet instruments	—	1,463	(1,463)
Losses on disposition of loans	357	1,081	(723)
Losses on disposal of fixed assets	2	7	(4)
Losses on impairment of fixed assets	263	220	43
Other	4,475	1,661	2,814

- Total expenses were ¥215.4 billion, a decrease of ¥85.8 billion year-on-year
- Interest expenses were ¥112.3 billion, a decrease of ¥11.9 billion year-on-year
 - Foreign currency funding costs decreased as a result of the loss cut taken on legacy assets (foreign bonds) in the year ended March 31, 2024 as well as a decline in foreign currency basis costs
- Other ordinary expenses were ¥15.2 billion, a decrease of ¥25.5 billion year-on-year
 - The decrease was due to the absence of loss cuts associated with restructuring the securities portfolio conducted in the previous year
- General and administrative expenses were ¥62.3 billion
 - While General and administrative expenses increased slightly, the Bank continued to operate with a sharply focused cost control mindset throughout the year in the face of broader inflationary pressures.
 - With a continued focus on investments in human resources, Aozora put into effect pay-scale increase of 3.5% for the year ended March 31, 2025 and 3.0% for the year ending March 31, 2026.
- Other expenses were ¥17.9 billion, a decrease of ¥40.3 billion year-on-year
 - Provision of allowance for loan losses were ¥6.1 billion, a decrease of ¥38.4 billion year-on-year due to the decrease of the expenses for U.S. office loans from the previous year.
 - Credit-related expenses for U.S. office loans were a net expense of ¥3.7 billion and credit-related expenses for other than U.S. office loans were a net expense of ¥5.7 billion mainly from loans to domestic borrowers facing earnings performance issues.

Consolidated Financial Review

(3) Net income

(Millions of yen)

Years Ended March 31	2025	2024	Change
Income (loss) before income taxes	¥19,386	¥(53,174)	¥72,560
Income taxes	(248)	(1,437)	1,189
Current	2,059	810	1,248
Deferred	(2,307)	(2,247)	(59)
Net income (loss)	19,634	(51,737)	71,371
Net income (loss) attributable to non-controlling interests	(884)	(1,832)	947
Net income (loss) attributable to owners of the parent	¥20,518	¥(49,904)	¥70,423

- Income (loss) before income taxes was ¥19.3 billion, as compared to loss of ¥53.1 billion in the previous year
- Consolidated net income (loss) attributable to owners of the parent was ¥20.5 billion, as compared to net loss of ¥49.9 billion in the previous year
- Net income per share was ¥154.26

3. Analysis of Financial Condition

(1) Loans and bills discounted

(Millions of yen)

Years Ended March 31	2025	2024	Change
Total loans	¥4,206,564	¥4,071,295	¥135,268
Domestic loans	2,904,274	2,598,139	306,134
Overseas loans	1,302,290	1,473,156	(170,866)
Ratio of overseas loans	31.0%	36.2%	(5.2%)

Breakdown of Loans and Bills Discounted by Industry (Consolidated)

(Millions of yen)

Years Ended March 31	2025	2024
Domestic offices (excluding Japan offshore market accounts)	¥3,298,786	¥3,098,275
Manufacturing	369,666	300,950
Agriculture, forestry and fisheries	883	152
Mining, quarry and gravel extraction	—	—
Construction	25,765	16,668
Electricity, gas, heat supply and water	140,184	126,090
Information and communications	117,077	128,199
Transport and postal service	58,669	42,792
Wholesale and retail trade	75,646	85,987
Finance and insurance	411,033	363,825
Real estate	748,573	758,169
Leasing	208,079	183,255
Various services	168,009	162,957
Local government	4,931	813
Others	970,263	928,411
Overseas offices (including Japan offshore market accounts)	907,777	973,019
Government	—	—
Financial institutions	—	—
Others	907,777	973,019
Total	¥4,206,564	¥4,071,295

Notes: 1. 'Domestic offices' includes the Bank (except foreign branches) and consolidated subsidiaries in Japan.

2. 'Overseas offices' includes foreign branches of the Bank and consolidated subsidiaries based overseas.

Non-performing loans ('NPLs') based on the Banking Act and the Financial Reconstruction Act (Consolidated)

(Millions of yen)

Years Ended March 31	2025	2024	Change
Bankrupt and similar credit	¥—	¥18	¥(18)
Doubtful credit	76,241	118,572	(42,331)
Special attention credit	15,472	12,514	2,957
Loans overdue for three months or more	6,088	6,361	(272)
Restructured loans	9,383	6,153	3,230
Subtotal	91,713	131,105	(39,392)
Normal credit	4,176,195	3,996,188	180,006
Total credit	¥4,267,908	¥4,127,294	¥140,614
NPL ratio	2.1%	3.2%	(1.1)%

- Total Loans were ¥4,206.5 billion, an increase of ¥135.2 billion compared to March 31, 2024
- Domestic loans were ¥2,904 billion, an increase of ¥306.1 billion compared to March 31, 2024
 - Domestic loans increased mainly due to corporate loans, LBO finance, and loans to the public sector amid increasing interest rates
- Overseas loans were ¥1,302.2 billion, a decrease of ¥170.8 billion from March 31, 2024
 - Overseas loans decreased as a result of a decrease in both corporate loans and overseas real estate non-recourse loans on a U.S. dollar basis, which was in line with our annual plan (risk-taking policy).
- NPL ratio (consolidated) was 2.1%, a decrease of 1.1% from March 31, 2024
 - Doubtful credit decreased by ¥42.3 billion (principally due to a decrease of ¥41.9 billion in U.S. office loans) from March 31, 2024 as a result of the collection of U.S. non-recourse office loans as workouts steadily progressed.

(2) Securities

(Millions of yen)

Years Ended March 31	2025	2024	Change
Japanese debt securities	¥265,438	¥189,160	¥76,278
Japanese national government bonds	128,590	52,528	76,061
Japanese local government bonds	33,700	29,080	4,619
Japanese short-term corporate bonds	—	—	—
Japanese corporate bonds	103,147	107,551	(4,403)
Japanese stocks	29,957	31,125	(1,167)
Other securities	1,060,062	966,276	93,786
Foreign securities	892,797	793,547	99,250
Others	167,265	172,729	(5,463)
Total	¥1,355,458	¥1,186,561	¥168,896

- Securities were ¥1,355.4 billion, an increase of ¥168.8 billion compared to March 31, 2024

(3) Deposits and bonds payable

(Millions of yen)

Years Ended March 31	2025	2024	Change
Deposits	¥5,672,901	¥5,776,372	¥(103,471)
Time deposits	2,652,757	2,424,603	228,153
Liquid deposits	2,954,968	3,299,769	(344,801)
Other	65,175	51,999	13,176
Bonds payable	¥124,640	¥181,397	¥(56,756)

Note: Total of deposits and time deposits include negotiable certificates of deposit (NCDs).

- Total core funding (deposits and bonds payable) was ¥5,797.5 billion, a decrease of ¥160.2 billion from March 31, 2024
 - The Bank continued to work towards returning to a more optimal level of liquidity reserves that increased towards March 31, 2024, which led to a decrease in retail deposit balances, while the corporate deposit balance increased.
 - An increase in interest rates on time deposits at BANKTM led to a shift of funds from ordinary deposits, which was in line with Aozora's policy on deposit management

(4) Equity

- Equity was ¥459.6 billion, an increase of ¥68.6 billion from March 31, 2024. Share capital and capital surplus increased as new shares were issued to Daiwa Securities Group Inc. through a third party allotment.
- Net assets per common share were ¥3,258.51

Consolidated Financial Statements

Consolidated Balance Sheet

Aozora Bank, Ltd. and Consolidated Subsidiaries
March 31, 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Assets			
Cash and cash equivalents (Notes 3 and 27)	¥1,341,599	¥1,499,756	\$8,972,108
Due from banks (Note 27)	67,772	80,025	453,236
Call loans and bills bought (Note 27)	31,782	17,269	212,550
Monetary claims bought (Note 27)	58,530	68,093	391,428
Trading account assets (Notes 4, 12, 27 and 28)	262,803	173,713	1,757,532
Money held in trust (Notes 6 and 27)	12,728	12,963	85,122
Securities (Notes 5, 7, 12 and 27)	1,355,458	1,186,561	9,064,795
Loans and bills discounted (Notes 7, 12 and 27)	4,206,564	4,071,295	28,131,909
Foreign exchange (Notes 7, 8, 12 and 27)	46,420	51,267	310,439
Other assets (Notes 7, 12, 16 and 27)	331,054	420,921	2,213,970
Tangible fixed assets (Note 9)	22,385	23,159	149,704
Intangible fixed assets (Note 9)	19,075	18,962	127,568
Retirement benefit asset (Note 17)	9,430	8,741	63,065
Deferred tax assets (Note 25)	51,583	44,580	344,971
Customers' liabilities for acceptances and guarantees (Notes 7 and 10)	18,711	18,084	125,133
Allowance for loan losses (Note 11)	(71,025)	(87,929)	(474,994)
Allowance for investment losses	(2,439)	(4,463)	(16,316)
Total	¥7,762,434	¥7,603,002	\$51,912,220

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Liabilities and Equity			
Liabilities:			
Deposits (Notes 13 and 27)	¥5,672,901	¥5,776,372	\$37,938,215
Call money and bills sold (Note 27)	5,000	—	33,438
Securities sold under repurchase agreements (Notes 12 and 27)	27,924	29,903	186,750
Cash collateral received for securities lent (Notes 12 and 27)	345,719	260,689	2,312,039
Trading account liabilities (Notes 4, 27 and 28)	209,155	165,078	1,398,750
Borrowed money (Notes 12, 15 and 27)	726,300	563,300	4,857,219
Bonds payable (Notes 14 and 27)	124,640	181,397	833,551
Other liabilities (Notes 16 and 27)	160,816	204,195	1,075,483
Retirement benefit liability (Note 17)	10,353	10,912	69,237
Provision for credit losses on off-balance-sheet instruments	1,218	1,960	8,148
Reserves under special laws	8	8	55
Deferred tax liabilities (Note 25)	—	21	—
Acceptances and guarantees (Note 10)	18,711	18,084	125,133
Total liabilities	7,302,748	7,211,924	48,838,018
Equity:			
Shareholders' equity:			
Share capital (Note 18)	125,966	100,000	842,417
Capital surplus (Note 18)	113,483	87,498	758,933
Retained earnings (Notes 18 and 33)	241,485	228,444	1,614,962
Treasury stock—at cost (Note 18)	(2,894)	(3,015)	(19,356)
Total	478,040	412,928	3,196,956
Accumulated other comprehensive income (loss):			
Valuation difference on available-for-sale securities	(39,532)	(45,803)	(264,380)
Deferred gains or losses on hedges	517	4,332	3,462
Foreign currency translation adjustment	9,604	10,137	64,233
Remeasurements of defined benefit plans (Note 17)	2,286	2,277	15,290
Total	(27,123)	(29,056)	(181,395)
Share acquisition rights (Notes 18 and 19)	501	532	3,353
Non-controlling interests	8,267	6,673	55,288
Total equity	459,685	391,078	3,074,202
Total	¥7,762,434	¥7,603,002	\$51,912,220

See the accompanying notes to consolidated financial statements.

Consolidated Statement of Operations

Aozora Bank, Ltd. and Consolidated Subsidiaries
Year Ended March 31, 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Income:			
Interest income:			
Interest on loans and discounts	¥128,297	¥132,121	\$858,004
Interest and dividends on securities	22,499	26,964	150,468
Interest on due from banks	1,103	1,523	7,378
Other interest income	9,204	5,826	61,554
Trust fees	373	370	2,501
Fees and commissions income	31,137	25,794	208,234
Gains on trading account transactions	3,706	11,304	24,788
Other ordinary income (Note 20)	24,417	27,590	163,293
Other income (Note 21)	14,130	16,672	94,498
Total income	234,869	248,169	1,570,718
Expenses:			
Interest expenses:			
Interest on deposits	15,657	14,396	104,711
Interest on bonds payable	6,067	5,407	40,579
Interest on borrowings and rediscounts	2,861	1,926	19,135
Interest expenses on interest rate swaps	35,011	43,576	234,145
Other interest expenses	52,795	59,055	353,074
Fees and commissions expenses	6,859	5,744	45,875
Losses on trading account transactions	560	9,671	3,752
Other ordinary expenses (Note 22)	15,286	40,794	102,234
General and administrative expenses (Note 23)	62,384	62,424	417,202
Other expenses (Note 24)	17,998	58,346	120,365
Total expenses	215,483	301,343	1,441,072
Income (loss) before income taxes	19,386	(53,174)	129,646
Income taxes (Note 25):			
Current	2,059	810	13,772
Deferred	(2,307)	(2,247)	(15,431)
Total income taxes	(248)	(1,437)	(1,659)
Net income (loss)	19,634	(51,737)	131,305
Net income (loss) attributable to non-controlling interests	(884)	(1,832)	(5,915)
Net income (loss) attributable to owners of the parent	¥20,518	¥(49,904)	\$137,220

	Yen		U.S. dollars (Note 1)
	2025	2024	2025
Per share information:			
Basic net income (loss) per share of common stock (Note 30)	¥154.26	¥(427.22)	\$1.03
Diluted net income per share of common stock (Note 30)	154.02	—	1.03
Cash dividends applicable to the year:			
Common stock	79.00	76.00	0.53

See the accompanying notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Aozora Bank, Ltd. and Consolidated Subsidiaries
Year Ended March 31, 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Net income (loss)	¥19,634	¥(51,737)	\$131,305
Other comprehensive income (loss) (Note 29):			
Valuation difference on available-for-sale securities	6,265	(385)	41,901
Deferred gains or losses on hedges	(3,814)	3,359	(25,510)
Foreign currency translation adjustment	(2,748)	1,503	(18,378)
Remeasurements of defined benefit plans	8	3,606	57
Share of other comprehensive income (loss) in associates	2,215	950	14,819
Total other comprehensive income	1,927	9,034	12,889
Comprehensive income (loss) (Note 29)	¥21,561	¥(42,703)	\$144,194
Comprehensive income (loss) attributable to:			
Owners of the parent	¥22,451	¥(40,838)	\$150,144
Non-controlling interests	(889)	(1,864)	(5,950)

See the accompanying notes to consolidated financial statements.

Consolidated Financial Statements

Consolidated Statement of Changes in Equity

Aozora Bank, Ltd. and Consolidated Subsidiaries
Year Ended March 31, 2025

	Millions of yen												
	Shareholders' equity					Accumulated other comprehensive income (loss)					Share acquisition rights	Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury stock—at cost	Total	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total			
Balance, April 1, 2023	¥100,000	¥87,481	¥291,898	¥(3,099)	¥476,280	¥(45,449)	¥972	¥7,683	¥(1,328)	¥(38,122)	¥503	¥(7,541)	¥431,119
Net income (loss) attributable to owners of the parent			(49,904)		(49,904)								(49,904)
Cash dividends paid			(13,548)		(13,548)								(13,548)
Purchase of treasury stock (Note 18)				(0)	(0)								(0)
Disposal of treasury stock (Note 18)		17		84	101								101
Net changes in items during the year						(353)	3,359	2,453	3,606	9,066	29	14,214	23,310
Balance, March 31, 2024	¥100,000	¥87,498	¥228,444	¥(3,015)	¥412,928	¥(45,803)	¥4,332	¥10,137	¥2,277	¥(29,056)	¥532	¥6,673	¥391,078
Net income (loss) attributable to owners of the parent			20,518		20,518								20,518
Issuance of new shares	25,966	25,966			51,933								51,933
Cash dividends paid			(7,478)		(7,478)								(7,478)
Purchase of treasury stock (Note 18)				(0)	(0)								(0)
Disposal of treasury stock (Note 18)		18		121	139								139
Net changes in items during the year						6,270	(3,814)	(532)	8	1,932	(31)	1,593	3,494
Balance, March 31, 2025	¥125,966	¥113,483	¥241,485	¥(2,894)	¥478,040	¥(39,532)	¥517	¥9,604	¥2,286	¥(27,123)	¥501	¥8,267	¥459,685

	Thousands of U.S. dollars (Note 1)												
	Shareholders' equity					Accumulated other comprehensive income (loss)					Share acquisition rights	Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury stock—at cost	Total	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total			
Balance, March 31, 2024	\$668,762	\$585,157	\$1,527,753	\$(20,164)	\$2,761,508	\$(306,316)	\$28,972	\$67,793	\$15,233	\$(194,318)	\$3,561	\$44,631	\$2,615,382
Net income (loss) attributable to owners of the parent			137,220		137,220								137,220
Issuance of new shares	173,655	173,655			347,310								347,310
Cash dividends paid			(50,011)		(50,011)								(50,011)
Purchase of treasury stock (Note 18)				(2)	(2)								(2)
Disposal of treasury stock (Note 18)		121		810	931								931
Net changes in items during the year						41,936	(25,510)	(3,560)	57	12,923	(208)	10,657	23,372
Balance, March 31, 2025	\$842,417	\$758,933	\$1,614,962	\$(19,356)	\$3,196,956	\$(264,380)	\$3,462	\$64,233	\$15,290	\$(181,395)	\$3,353	\$55,288	\$3,074,202

See the accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Aozora Bank, Ltd. and Consolidated Subsidiaries
Year Ended March 31, 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Cash flows from operating activities:			
Income (loss) before income taxes	¥19,386	¥(53,174)	\$129,646
Adjustments for:			
Depreciation and amortization	7,252	7,174	48,503
Losses on impairment of fixed assets	263	220	1,761
Equity in losses (earnings) of associates	(2,265)	(2,342)	(15,150)
Increase (decrease) in allowance for loan losses	(16,903)	43,813	(113,045)
Increase (decrease) in allowance for investment losses	(2,023)	953	(13,534)
Decrease (increase) in retirement benefit asset	(987)	(16)	(6,607)
Increase (decrease) in retirement benefit liability	(205)	(28)	(1,372)
Increase (decrease) in provision for credit losses on off-balance-sheet instruments	(742)	1,464	(4,964)
Interest income (accrual basis)	(161,104)	(166,436)	(1,077,404)
Interest expenses (accrual basis)	112,393	124,362	751,645
Losses (gains) on securities	(5,314)	16,969	(35,543)
Losses (gains) on money held in trust	(323)	(374)	(2,166)
Foreign exchange losses (gains)	20,106	(200,203)	134,465
Losses (gains) on disposal of fixed assets	2	7	20
Net decrease (increase) in trading account assets	(89,090)	(22,428)	(595,803)
Net increase (decrease) in trading account liabilities	44,076	43,200	294,770
Net decrease (increase) in loans and bills discounted	(146,171)	(74,014)	(977,540)
Net increase (decrease) in deposits	(103,471)	279,019	(691,975)
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	163,000	37,686	1,090,082
Net decrease (increase) in due from banks (excluding due from the Bank of Japan)	11,928	3,214	79,774
Net decrease (increase) in call loans and bills bought and others	(4,950)	68,158	(33,107)
Net increase (decrease) in call money and bills sold and others	3,020	(28,320)	20,202
Net increase (decrease) in cash collateral received for securities lent	85,029	44,705	568,648
Net decrease (increase) in foreign exchange—assets	11,830	14,758	79,118
Increase (decrease) in straight bonds—issuance and redemption	(56,756)	33,624	(379,567)
Interest and dividends received (cash basis)	159,242	160,459	1,064,954
Interest paid (cash basis)	(110,567)	(123,750)	(739,432)
Other, net	8,161	(73,833)	54,583
Subtotal	(55,182)	134,870	(369,038)
Income taxes paid	(1,717)	(920)	(11,488)
Net cash provided by (used in) operating activities	(56,900)	133,949	(380,526)
Cash flows from investing activities:			
Purchase of securities	(596,135)	(742,715)	(3,986,729)
Proceeds from sales of securities	315,934	707,562	2,112,853
Proceeds from redemption of securities	137,881	209,839	922,097
Increase in money held in trust	(24,095)	(39,926)	(161,142)
Decrease in money held in trust	24,641	40,162	164,792
Purchase of tangible fixed assets	(1,447)	(2,394)	(9,680)
Purchase of intangible fixed assets	(4,628)	(5,082)	(30,952)
Proceeds from sales of tangible fixed assets	0	3	0
Settlement of asset retirement obligations	—	(10)	—
Net cash provided by (used in) investing activities	(147,849)	167,439	(988,761)
Cash flows from financing activities:			
Repayments of lease obligations	(345)	(394)	(2,310)
Proceeds from issuance of shares	51,933	—	347,310
Proceeds from stock issuance to non-controlling interests	2,500	—	16,719
Cash dividends paid	(7,478)	(13,548)	(50,011)
Cash dividends paid to non-controlling interests	(16)	(15)	(112)
Purchase of treasury stock	(0)	(0)	(2)
Proceeds from sales of treasury stock	—	0	—
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	—	16,095	—
Net cash provided by (used in) financing activities	46,592	2,136	311,594
Net increase (decrease) in cash and cash equivalents	(158,156)	303,525	(1,057,693)
Cash and cash equivalents, beginning of year	1,499,756	1,196,230	10,029,801
Cash and cash equivalents, end of year (Note 3)	¥1,341,599	¥1,499,756	\$8,972,108

See the accompanying notes to consolidated financial statements.

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Notes to Consolidated Financial Statements

Aozora Bank, Ltd. and Consolidated Subsidiaries
Year Ended March 31, 2025

1. Basis of Presentation of Consolidated Financial Statements

The accompanying consolidated financial statements of Aozora Bank, Ltd. (the 'Bank') and consolidated subsidiaries (together, the 'Group') have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act, the Banking Act of Japan and other related accounting regulations, and in accordance with accounting principles generally accepted in Japan ('Japanese GAAP'), which are different in certain respects as to the application and disclosure requirements of IFRS Accounting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. Japanese yen figures of less than one million yen are truncated, except for per share data. As a result, the totals do not necessarily equal the sum of the individual amounts. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at the rate of ¥149.53 to \$1.00, the rate of exchange at March 31, 2025. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. Summary of Significant Accounting Policies

(1) Use of Estimates

The preparation of consolidated financial statements in accordance with Japanese GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change in the near term include, but are not limited to, those that are related to the determination of the allowance for loan losses, deferred tax assets, and the valuation of financial instruments.

(2) Consolidation

The consolidated financial statements include the accounts of the Bank, its significant subsidiaries and affiliated companies. The number of consolidated subsidiaries was 24 as of March 31, 2025 and 25 as of March 31, 2024. The number of subsidiaries and affiliated companies accounted for using the equity method was 1 as of March 31, 2025 and 2024.

Aozora Asia Pacific Finance Limited was excluded from the scope of consolidation as a subsidiary because it has been dissolved in line with the transfer of business and distribution of residual assets during the year ended March 31, 2025.

Under the control and influence concepts, those entities in which the Bank, directly or indirectly, is able to exercise control over finance and operations are fully consolidated, and those entities over which the Group has the ability to exercise significant influence should be accounted for by the equity method.

Practical Issues Task Force ('PITF') No. 20, 'Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations,' issued by the Accounting Standards Board of Japan ('ASBJ'), provides additional guidance on how the control and influence concepts should be practically applied to investment vehicles, such as limited partnerships, *Tokumei Kumiai* arrangements (a silent partnership under the Commercial Code of Japan),

and other entities with similar characteristics in order to prevent these investment vehicles from being inappropriately excluded from consolidation.

The consolidated financial statements do not include the accounts of certain subsidiaries such as Aozora Chiiki Saisei Co., Ltd., because the combined total assets, total income, net income (loss) and retained earnings, etc. of such subsidiaries would not have a material effect on the accompanying consolidated financial statements.

Investments in unconsolidated subsidiaries and affiliated companies, such as AJ Capital Co., Ltd., AZ-Star Co., Ltd. and B Spark Inc. are generally stated at cost. These companies are not accounted for using the equity method of accounting because the effect on the accompanying consolidated financial statements would not be material even if the equity method of accounting had been applied to the investments in these companies.

Goodwill is amortized over an appropriate period not to exceed 20 years under the straight-line method. Immaterial goodwill is expensed as incurred. A bargain purchase gain is charged to operations on the acquisition date after reassessing the procedures to allocate the acquisition price and ensure that an acquirer has correctly identified all of the assets acquired and all of the liabilities assumed with a review of such procedures used.

All significant intercompany balances and transactions are eliminated in consolidation. All material unrealized profits resulting from transactions within the Group are also eliminated.

The Group applies the ASBJ Implementation Guidance No. 22, 'Implementation Guidance on Determining a Subsidiary and an Affiliate for Consolidated Financial Statements', which clarifies the conditions where a company does not regard an entity as a subsidiary and an affiliated company even if the company holds the controlling interest of the entity or exercises significant influence on the entity.

CRE HOLDINGS SUB 1 LLC is not treated as an affiliated company even though the Group owns 20% to 50% of its voting rights, because the Group obtains the voting rights primarily to benefit from the appreciation of the investment

resulting from growth or restructuring the investee's businesses and the investment meets the conditions of the Paragraph 24 of the ASBJ Implementation Guidance No.22.

In accordance with PITF No. 18, 'Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements,' foreign subsidiaries' financial statements prepared in accordance with either IFRS Accounting Standards or generally accepted accounting principles in the United States are used for the consolidation process with certain limitations.

(3) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and due from the Bank of Japan.

(4) Trading Account Assets/Liabilities

Transactions for trading purposes (for the purpose of seeking to capture gains arising from short-term changes in interest rates, currency exchange rates or market prices of securities and other market-related indices or arbitrage opportunities) are included in 'Trading account assets' or 'Trading account liabilities,' as appropriate, on a trade-date basis. Trading account assets and liabilities are stated at fair value.

Profits and losses (interest received and paid, dividend, gains and losses on sales, and valuation gains and losses) on transactions for trading purposes are shown as 'Gains on trading account transactions' and 'Losses on trading account transactions,' as appropriate.

(5) Securities

All securities are classified and accounted for, depending on management's intent, as follows:

- 1) Trading securities which are held for the purpose of earning capital gains in the near term (other than securities booked in trading accounts) are reported at fair value, and the related unrealized gains and losses are recognized in the consolidated statement of income.
- 2) Held-to-maturity debt securities which are expected to be held to maturity with the positive intent and ability to hold them to maturity are reported at amortized cost.
- 3) Stocks in unconsolidated subsidiaries and affiliated companies which are not accounted for by the equity method are reported at acquisition cost (using the moving-average method).
- 4) Available-for-sale securities are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported within accumulated other comprehensive income as a separate component of equity. The cost of sale of these securities is determined mainly by the moving-average method.

Non-marketable equity securities are measured at cost. The cost of non-marketable equity securities stated at cost is determined by the moving-average method.

For other-than-temporary declines in fair value, the cost of securities is reduced to fair value and the impairment losses are recognized by a charge to operations.

The Group records its interests in investment limited partnerships, associations under the Civil Code of Japan, and *Tokumei Kumiai* arrangements, based on its proportionate share of the net assets in such entities, and recognizes its share of profits or losses in a manner similar to the equity method of accounting. The Group records such interests in 'Securities.'

' Securities included in money held in trust on behalf of the

Group are accounted for in the same manner as the securities mentioned above.

(6) Derivatives and Hedging Activities

Derivative financial instruments (other than derivatives booked in trading accounts) are classified and accounted for as follows:

- 1) All derivatives other than those used for hedging purposes are recognized as either assets or liabilities and measured at fair value, with gains or losses recognized currently in the consolidated statement of income.
- 2) Derivatives used for hedging purposes, if they meet certain hedging criteria, including high correlation of fair value movement and effectiveness between the hedging instruments and the hedged items and the assessment of its effectiveness, are recognized as either assets or liabilities and measured at fair value. Valuation gains or losses on derivatives used for hedging purposes are primarily deferred over the terms of the hedged items within accumulated other comprehensive income as a component of equity and are charged to operations when the gains and losses on the hedged items are recognized.

(a) Hedges of Interest Rate Risk

The Bank applies deferral hedge accounting to hedges of interest rate risk associated with financial assets and liabilities, principally by portfolio hedging, in accordance with 'Accounting and Auditing Treatments on the Application of Accounting Standards for Financial Instruments in the Banking Industry' (the Japanese Institute of Certified Public Accountants ('JICPA') Industry Committee Practical Guideline No.24, March 17, 2022), or by individual hedging.

Under the JICPA Industry Committee Practical Guideline No.24, portfolio hedges to offset changes in fair value ('fair value hedges') and portfolio hedges to fix cash flows ('cash flows hedges') are applied by grouping hedging instruments (such as interest rate swaps) and hedged items (such as loans or deposits) by their maturities. The assessment of hedge effectiveness is generally based on the consideration of interest rate indices affecting the respective fair values of the group of hedging instruments and hedged items.

With regard to an individual hedge to offset changes in fair value of fixed-rate instruments, since principal conditions underlying in available-for-sale securities (debt securities, etc.) and bonds payable as hedged items and interest rate swaps as hedging instruments are substantially on the same terms, the hedge is deemed highly effective.

(b) Hedges of Foreign Currency Risk

The Bank applies deferral hedge accounting to hedges of foreign currency risk associated with foreign currency-denominated financial assets and liabilities in accordance with 'Accounting and Auditing Treatments for Foreign Currency Transactions in the Banking Industry' (the JICPA Industry Committee Practical Guideline No. 25, October 8, 2020).

In accordance with the JICPA Industry Committee Practical Guideline No. 25, the Bank designates certain currency swaps and foreign exchange swaps for the purpose of funding foreign currencies as hedges for the exposure to changes in foreign exchange rates associated with foreign currency-denominated assets or liabilities when the foreign currency positions on the hedged assets or liabilities are expected to exceed the corresponding foreign currency

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positions on the hedging instruments. Hedge effectiveness is reviewed by comparing the total currency position of the hedged items with that of the hedging instruments by currency.

For hedging the foreign currency exposure of foreign currency-denominated available-for-sale securities (other than debt securities), which were designated in advance, fair value hedge accounting is adopted on a portfolio basis when the cost of the hedged securities is covered with offsetting liabilities denominated in the same foreign currency as the hedged securities.

(c) Hedges of Securities Price Fluctuation Risk

The Bank designates available-for-sale securities (stock, etc.) for price fluctuation risk of stocks and available-for-sale securities (debt securities, etc.) for price fluctuation risk of listed investment trusts as hedged items and total return swaps as hedging instruments, and applies individual deferral hedge accounting.

The assessment of hedge effectiveness is generally based on the comparison of changes in fair value of the hedged item and hedging instruments.

(d) Intercompany and Intracompany Derivative Transactions

For intercompany and intracompany derivative transactions for hedging purposes ('Internal derivatives'), including currency and interest rate swaps, the Bank currently charges gains and losses on internal derivatives to operations or defers them within accumulated other comprehensive income as a component of equity without elimination in accordance with the JICPA Industry Committee Practical Guidelines No. 24 and No. 25. These reports permit a bank to retain the gains and losses on internal derivatives in its consolidated financial statements without elimination if the bank establishes and follows strict hedging criteria by entering into mirror-image offsetting transactions with external third parties after the designation of internal derivatives as hedging instruments.

(7) Tangible Fixed Assets and Intangible Fixed Assets

Tangible fixed assets and intangible fixed assets are stated at cost.

Depreciation of tangible fixed assets of the Group is computed primarily by the declining-balance method at rates based on the estimated useful lives of the assets, while the straight-line method is applied to buildings, including structures and equipment attached to buildings, of the Bank. The ranges of useful lives are principally from 15 years to 50 years for buildings and from 5 years to 15 years for other tangible fixed assets.

Amortization of intangible fixed assets of the Group is computed by the straight-line method over the estimated useful lives of the assets. Costs of software developed or obtained for internal use are amortized over the estimated useful lives of the software (principally from 5 years to 13 years).

Lease assets under finance lease transactions, in which

substantial ownership is not deemed to be transferred, are depreciated by the straight-line method over the lease term. The salvage value is zero or the guaranteed amounts if specified in the lease contracts.

(8) Long-Lived Assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or asset group or the net selling price at disposition.

(9) Deferred Charges

Corporate bond issuance expenses are deferred and amortized by the straight-line method over the terms of the corporate bonds. Share issuance expenses are deferred and amortized by the straight-line method over the three years.

(10) Write-Off of Loans and Allowance for Loan Losses

Loans to borrowers who are assessed as 'Bankrupt' (in the process of legal proceedings for bankruptcy, special liquidation, etc.) or 'De facto bankrupt' (in serious financial difficulties and are not deemed to be capable of restructuring) under the Bank's self-assessment guidelines are written off to the amounts expected to be collected through the disposal of collateral or execution of guarantees, etc. The amounts deemed to be uncollectible and written off were ¥24,356 million (\$162,887 thousand) and ¥22,731 million at March 31, 2025 and 2024, respectively.

For loans to borrowers who are assessed as 'In danger of bankruptcy' (not yet bankrupt but are in financial difficulty and are highly likely to go bankrupt in the foreseeable future), a specific allowance is provided for the loan losses at an amount considered to be necessary based on an overall solvency assessment of the borrowers and expected collectible amounts through the disposal of collateral or execution of guarantees, etc. For loans whose future cash flows of principal and interest are reasonably estimated, the difference between the discounted cash flows and the carrying amount is accounted for as an allowance for loan losses (the 'DCF method').

For other loans, the Bank provides the expected loan loss for the average remaining period of loans (almost three to four years respectively), after classifying the loans into four groups of corporate loans in North America/Europe, Asia, overseas real estate non-recourse loans and other loans, based on the characteristics of risk. The expected loan loss is determined based on the average rates of loan loss experience or bankruptcy over a certain period of time in the past, responding to the average remaining period with certain adjustments such as future prospects by considering the

latest trend of loan loss experience. However, for borrowers with a large credit exposure that are categorized as 'Need attention,' under the internal credit rating system, the loan loss amount estimated by the DCF method is reflected as an addition to the allowance for loan losses determined based on the estimated loan loss ratio, if necessary. For certain borrowers other than those mentioned above that have a large credit exposure over a certain amount, an allowance is provided in addition to an amount determined based on an expected loan loss rate, according to the above method.

The allowance for loans to restructuring countries is provided for the amount of expected losses based on an assessment of political and economic conditions in their respective countries.

All loans are monitored in accordance with the internal self-assessment standard and other guidance on an ongoing basis. The operating divisions or branches review the internal credit ratings of borrowers which also determines the borrower categories. The internal credit ratings are then approved by the divisions in charge of credit. The division in charge of asset assessment, which is independent of the operating divisions or branches and the divisions in charge of credit, reviews the appropriateness of the internal credit ratings on a sample basis.

Based on the borrower categories as of year-end determined by the aforementioned process, the operating divisions or branches initially determine write-offs and the allowance for loan losses, and the division in charge of asset assessment verifies and determines the final amounts.

With regard to the allowance for loan losses of consolidated subsidiaries, a general allowance is determined for the amount of estimated loan losses using historical loan loss data over a defined period in the past. For loans to 'In danger of bankruptcy' borrowers and 'De facto bankrupt' and 'Bankrupt' borrowers, a specific allowance is provided or the uncollectible amount is written off based on an assessment of collectability of individual loans.

The independent internal audit divisions periodically audit the appropriateness of the write-offs and allowances based on the self-assessment on a regular basis.

Additional Information

For overseas real estate non-recourse loans, the Bank assumes a decrease in market liquidity mainly due to the deteriorating environment of the U.S. real estate market, and particularly U.S office market are expected to stabilize during the FY2025, considering the market trends.

In line with this, for all borrowers of overseas real estate non-recourse loans that require careful monitoring in the future, the loan loss amount mainly estimated by the DCF method is reflected as an addition to the allowance for loan losses determined based on the estimated loan loss ratio.

(11) Allowance for Investment Losses

Allowance for investment losses is provided for estimated losses on certain investments based on an assessment of the issuers' financial condition and uncertainty about future recoverability of the decline in realizable values of the investments.

(12) Asset Retirement Obligations

Asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such a tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

(13) Provision for Credit Losses on Off-Balance-Sheet Instruments

Provision for credit losses on off-balance-sheet instruments is provided for credit losses on commitments to extend loans and other off-balance-sheet financial instruments based on an estimated loss ratio or individually estimated loss amount determined by the same methodology used in determining the amount of allowance for loan losses.

(14) Reserves under Special Laws

Reserves under special laws are reserves for financial products' transaction liabilities which are provided for compensation for losses from securities brokering in consolidated domestic subsidiaries in accordance with the Financial Instruments and Exchange Act, Article 46-5 and the Cabinet Office Ordinance on Financial Instruments Business, Article 175.

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(15) Retirement and Pension Plans

The Group accounts for retirement benefit liabilities (assets) based on the defined retirement benefit obligations and plan assets at the consolidated balance sheet date. The defined retirement benefit obligations are calculated based on the benefit formula attribution of the expected benefit over the service period of employees. Prior-service cost is amortized using the straight-line method over a period within the employees' average remaining service period at incurrence. Net actuarial gain and loss are amortized using the straight-line method over a period (five years) within the employees' average remaining service period commencing from the next fiscal year after incurrence.

Some consolidated subsidiaries adopt a simplified method based on the defined retirement benefit obligations for each retirement plan that would be required if all employees retired voluntarily at the consolidated balance sheet date.

(16) Lease Transactions

All finance lease transactions are capitalized to recognize lease assets and lease obligations on the consolidated balance sheet.

All other leases are accounted for as operating leases.

(17) Income Taxes

Deferred income taxes are recorded to reflect expected future consequences of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. These deferred taxes are measured by applying currently enacted tax rates to the temporary differences. The Bank assesses the realizability of deferred tax assets based on consideration of the available evidence, including future taxable income, future reversals of existing temporary differences, and tax-planning strategies. The Bank reduces the carrying amount of a deferred tax asset to the extent that it is not probable that sufficient taxable income will be available to allow the benefit of part or all of that deferred tax asset to be realized. Such reduction may be reversed to the extent that it becomes probable that sufficient taxable income will be available and warrant the realization of tax benefits.

The Bank and some of its domestic consolidated subsidiaries have applied the group relief system.

(18) Foreign Currency Items

Assets and liabilities denominated in foreign currencies held by the Bank are translated into Japanese yen at the exchange rates prevailing at the consolidated balance sheet date except for investments in equity securities of unconsolidated subsidiaries or affiliated companies, which are translated at historical rates.

Assets and liabilities denominated in foreign currencies which are held by consolidated subsidiaries are translated into Japanese yen at the exchange rates as of their respective balance sheet dates, while equity accounts are

translated at historical rates. Differences arising from such translations are shown as 'Foreign currency translation adjustment' within accumulated other comprehensive income as a separate component of equity.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into Japanese yen at the average exchange rate. Differences arising from such translation are included in 'Non-controlling interests' or 'Foreign currency translation adjustment' as a separate component of equity in the consolidated balance sheet.

(19) Per Share Information

Basic net income (loss) per share is computed by dividing net income (loss) attributable to common stockholders by the weighted-average number of shares of common stock outstanding for the period, retroactively adjusted for stock splits or reverse stock splits.

Diluted net income per share reflects the potential dilution that would occur if dilutive options and warrants were exercised or the securities were converted into common stock, also retroactively adjusted for stock splits or reverse stock splits. Diluted net income per share of common stock assumes full conversion of the preferred stock at the beginning of the year (or at the time of issuance) with an applicable adjustment for related dividends to preferred stock, unless the preferred stock has an antidilutive effect.

Net assets per share of common stock are computed by dividing net assets attributable to common stockholders by the number of shares of common stock outstanding at the end of the fiscal year.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective periods including dividends to be paid after the end of the fiscal years.

(20) Accounting Pronouncements not yet implemented

"Accounting Standard for Leases" (ASBJ Statement No.34, issued on September 13, 2024), 'Implementation Guidance on Accounting Standard for Leases' (ASBJ Guidance No.33, issued on September 13, 2024), etc.

1) Summaries

Accounting standards that provide for the recognition of assets and liabilities for all leases held by lessees, taking into account international accounting standards.

2) Effective date

The Group plans to apply this standard and Implementation Guidance from the beginning of the fiscal year starting on April 1, 2027.

3) Impact when applied

Its impact is being assessed.

(21) Significant Accounting Estimates

Among items recorded in the consolidated financial statements for the year ended March 31, 2025 with accounting estimates, items that significantly affect the consolidated financial statements for the year ending March 31, 2026 are described below:

1) Allowance for loan losses

(a) Amounts recorded in the consolidated financial statements

Allowance for loan losses: ¥71,025 million (\$474,994 thousand) and ¥87,929 million at March 31, 2025 and 2024, respectively

(b) Information contributing to understanding of the detail of the significant accounting estimates related to recognized item

(i) Determination method

The determination method of the allowance for loan losses is described in Note 2 'Summary of Significant Accounting Policies' (10) 'Write-Off of Loans and Allowance for Loan Losses.'

(ii) Major assumptions

i) Outlook of future business performance of borrowers in determination of borrower category

For determining borrower categories, characteristics such as profit earning capability and cash flow generating capability are individually examined and evaluated with consideration of external environment. Specifically, for borrowers who have recorded goodwill derived from M&A transactions, the feasibility of the estimated cash flows generated from the acquired business is individually examined and evaluated.

ii) Estimation of future cash flows of underlying real estate properties in real estate non-recourse loans (i.e., loans for which the repayment source is provided only by cash flows generated from underlying real estate properties)

Since the estimation of future cash flows of underlying real estate properties is a significant element in determining the borrower categories for real estate non-recourse loans, rents, vacancy rates, discount rates or other factors are individually examined and evaluated.

For overseas real estate non-recourse loans, the Bank assumes a decrease in market liquidity mainly due to the deteriorating environment of the U.S. real estate market, and particularly U.S office market are expected to stabilize during the FY2025, considering the market trends.

For non-recourse loans backed by underperforming office properties in the U.S. due to the changes in working styles in the post-COVID-19 period, in order to prepare for the disposal of these properties, for cases where there is a possibility of debt recovery in the future, the Bank evaluates the property considering the risk of price decline during the FY2025 and determines individual borrower category considering the possibility of the debt recovery through the disposal of properties. The allowance for loan losses is made based on the estimated disposal price assuming the price decline risk.

(iii) Effect over the consolidated financial statements for the year ending March 31, 2026

In case the assumptions used for the original estimation change due to fluctuations in business performance of individual borrower or changes in the U.S. real estate market, the allowance for loan losses can be significantly affected in the consolidated financial statements for the year ending March 31, 2026.

2) Recoverability of deferred tax assets

(a) Amounts recorded in the consolidated financial statements

Deferred tax assets: ¥51,583 million (\$344,971 thousand) and ¥44,580 million at March 31, 2025 and 2024, respectively

(b) Information contributing to understanding of the detail of the significant accounting estimates related to recognized item

(i) Determination method

Deferred tax assets are recorded by estimating future taxable income in accordance with the corporate category based on the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No.26), and determining the recoverability of deferred tax assets as a result of scheduling of deductible temporary differences and tax loss carryforwards.

(ii) Major assumptions

Estimates of future taxable income are based on the group's business plan, which takes into account the past performance of each business, the current business environment and business policies. Major assumptions are the outlook for profitability of each unit under the new Mid-term Business Plan, credit-related expenses and the outlook for the interest rate policy by the Bank of Japan.

(iii) Effect over the consolidated financial statements for the year ending March 31, 2026

In case the assumptions used for the original estimates change, due to future changes in the financial and economic environment, the deferred tax assets can be significantly affected in the consolidated financial statements for the year ending March 31, 2026.

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3. Cash and Cash Equivalents

Cash and cash equivalents as of March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Cash on hand	¥3,092	¥3,587	\$20,682
Due from the Bank of Japan	1,338,506	1,496,168	8,951,426
Total	¥1,341,599	¥1,499,756	\$8,972,108

4. Trading Account Assets and Liabilities

Trading account assets and liabilities as of March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Trading account assets:			
Trading account securities derivatives for hedging	¥1,323	¥1,566	\$8,850
Trading account financial derivatives	261,480	172,146	1,748,682
Total	¥262,803	¥173,713	\$1,757,532
Trading account liabilities:			
Trading account securities derivatives for hedging	¥250	¥1,607	\$1,673
Trading account financial derivatives	208,904	163,470	1,397,077
Total	¥209,155	¥165,078	\$1,398,750

5. Securities

Certain amounts shown in the following tables include negotiable certificates of deposit in 'Due from banks', trading securities and trading account securities for hedging classified as 'Trading account assets' and certain beneficiary interests in trust classified as 'Monetary claims bought' in addition to 'Securities' stated in the consolidated balance sheet.

'Securities' stated in the consolidated balance sheet as of March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Japanese national government bonds	¥128,590	¥52,528	\$859,962
Japanese local government bonds	33,700	29,080	225,377
Japanese corporate bonds	103,147	107,551	689,815
Japanese stocks	29,957	31,125	200,343
Foreign bonds	570,987	493,961	3,818,546
Other	489,075	472,314	3,270,752
Total	¥1,355,458	¥1,186,561	\$9,064,795

As of March 31, 2025 and 2024, securities included equity investments in unconsolidated subsidiaries and affiliated companies that amounted to ¥68,731 million (\$459,648 thousand) and ¥65,125 million, respectively.

No trading securities were held as of March 31, 2025 and 2024.

No held-to-maturity bonds were held as of March 31, 2025 and 2024.

The costs and carrying amounts of available-for-sale securities with fair value as of March 31, 2025 and 2024, were as follows:

	Millions of yen			Thousands of U.S. dollars		
	Carrying amount	Cost	Difference	Carrying amount	Cost	Difference
March 31, 2025						
Carrying amount exceeding cost:						
Japanese stocks	¥22,973	¥9,928	¥13,044	\$153,639	\$66,400	\$87,239
Japanese national government bonds	53,929	53,925	4	360,661	360,631	30
Japanese local government bonds	138	138	0	924	923	1
Japanese corporate bonds	19,266	19,065	200	128,848	127,504	1,344
Foreign bonds	89,267	87,103	2,164	596,987	582,513	14,474
Other	79,960	72,500	7,459	534,743	484,855	49,888
Subtotal	265,535	242,661	22,874	1,775,802	1,622,826	152,976
Carrying amount not exceeding cost:						
Japanese stocks	4,038	4,507	(468)	27,010	30,140	(3,130)
Japanese national government bonds	74,660	79,465	(4,804)	499,301	531,433	(32,132)
Japanese local government bonds	33,562	34,287	(724)	224,453	229,300	(4,847)
Japanese corporate bonds	83,881	85,206	(1,325)	560,966	569,831	(8,865)
Foreign bonds	481,719	533,566	(51,846)	3,221,560	3,568,292	(346,732)
Other	201,664	219,967	(18,303)	1,348,657	1,471,061	(122,404)
Subtotal	879,527	957,000	(77,473)	5,881,947	6,400,057	(518,110)
Total	¥1,145,063	¥1,199,661	¥(54,598)	\$7,657,749	\$8,022,883	\$(365,134)
March 31, 2024						
Carrying amount exceeding cost:						
Japanese stocks	¥26,398	¥11,196	¥15,202			
Japanese national government bonds	—	—	—			
Japanese local government bonds	2,210	2,202	7			
Japanese corporate bonds	31,440	31,146	293			
Foreign bonds	72,487	71,020	1,466			
Other	77,457	68,349	9,107			
Subtotal	209,994	183,917	26,077			
Carrying amount not exceeding cost:						
Japanese stocks	2,482	2,898	(415)			
Japanese national government bonds	52,528	54,708	(2,180)			
Japanese local government bonds	26,870	27,089	(219)			
Japanese corporate bonds	76,111	76,859	(748)			
Foreign bonds	421,473	483,586	(62,112)			
Other	206,946	226,118	(19,171)			
Subtotal	786,413	871,261	(84,847)			
Total	¥996,407	¥1,055,178	¥(58,770)			

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The Group has adopted its impairment criteria based on the severity of decline of securities by borrower category of the issuer of securities in the determination of significant declines. A significant decline is regarded as an other-than-temporary decline unless the significant decline is reasonably recoverable. Impairment losses are recognized for other-than-temporary declines.

For the year ended March 31, 2025, the Group wrote off a total of ¥277 million (\$1,854 thousand), which was comprised of ¥135 million (\$903 thousand) for stocks and ¥142 million (\$950 thousand) for corporate bonds.

For the year ended March 31, 2024, the Group wrote off Japanese stocks included in marketable available-for-sale securities in the amount of ¥75 million.

If the fair value declines more than 50% from the acquisition cost or amortized cost, the Group generally deems the decline to be significant and other-than-temporary. However, based on the borrower category of the issuer of securities, the following impairment criteria determine whether or not the fair value decline is significant under the internal standards for write-offs and reserves.

'In danger of bankruptcy,' 'De facto bankrupt' and 'Bankrupt' ... if the fair value declines from cost.

'Need attention' ... if the fair value declines more than 30% from cost.

'Normal' ... if the fair value declines more than 50% from cost.

For debt securities categorized as 'Normal,' the fair value decline is deemed significant if the fair value declines more than 30% from cost.

For securities, whose fair value remains below a certain level, the fair value decline is deemed significant even if it does not meet the above criteria.

'Bankrupt' borrower means an issuer of securities under legal proceedings, such as bankruptcy or liquidation. 'De facto bankrupt' borrower means an issuer of securities in a similar condition as 'Bankrupt' borrower. 'In danger of bankruptcy' borrower means an issuer of securities that is not currently bankrupt but is highly likely to become bankrupt. 'Need attention' borrower means an issuer of securities that needs to be monitored carefully. 'Normal' borrower means an issuer of securities categorized as other than 'Bankrupt,' 'De facto bankrupt,' 'In danger of bankruptcy' or 'Need attention.'

As of March 31, 2025 and 2024, there were no securities loaned under unsecured lending agreements, loan for use agreements, or lease agreements.

As of March 31, 2025 and 2024, there were no securities received under unsecured lending agreements, lending agreements with cash collateral or resale agreements, etc., and those received as collateral for derivative transactions, which the Group has the right to be freely sold or repledged.

Proceeds from sales of available-for-sale securities and the gross realized gains and losses on these sales for the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen			Thousands of U.S. dollars		
	Proceeds from sales	Gross realized gains	Gross realized losses	Proceeds from sales	Gross realized gains	Gross realized losses
March 31, 2025						
Japanese stocks	¥6,824	¥3,833	¥286	\$45,638	\$25,636	\$1,918
Japanese national government bonds	217,213	43	56	1,452,641	294	381
Japanese local government bonds	49	—	0	334	—	1
Japanese corporate bonds	2,897	—	24	19,380	—	162
Foreign bonds	10,839	269	600	72,492	1,805	4,014
Other	60,794	3,445	551	406,571	23,039	3,685
Total	¥298,619	¥7,592	¥1,519	\$1,997,056	\$50,774	\$10,161
March 31, 2024						
Japanese stocks	¥26,314	¥8,065	¥84			
Japanese national government bonds	115,009	—	19			
Japanese local government bonds	6,358	1	15			
Japanese corporate bonds	1,592	0	7			
Foreign bonds	79,523	173	12,000			
Other	507,092	13,232	22,804			
Total	¥735,892	¥21,474	¥34,931			

There were no securities reclassified due to the change of the holding purpose during the years ended March 31, 2025 and 2024.

'Valuation difference on available-for-sale securities' stated in the consolidated balance sheet as of March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Net unrealized gains	¥(54,598)	¥(58,770)	\$(365,134)
Available-for-sale securities	(54,598)	(58,770)	(365,134)
Other money held in trust	—	—	—
(+) Deferred tax assets	15,006	12,913	100,360
Valuation difference on available-for-sale securities (before adjustments)	(39,591)	(45,857)	(264,774)
(-) Non-controlling interests	(58)	(53)	(394)
(+) The Bank's interest in valuation difference on available-for-sale securities held by equity method affiliate	—	—	—
Valuation difference on available-for-sale securities	¥(39,532)	¥(45,803)	\$(264,380)

6. Money Held in Trust

The carrying amounts and related valuation gains recognized in earnings for money held in trust classified as for investment purposes as of March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Carrying amounts	¥12,728	¥12,963	\$85,122
Unrealized gains recognized in earnings	—	—	—

None of the money held in trust was categorized as held-to-maturity or available-for-sale as of March 31, 2025 and 2024.

7. Loans and Bills Discounted

Loans and bills discounted as of March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Bills discounted	¥3,353	¥6,457	\$22,428
Loans on notes	1,932	3,628	12,923
Loans on deeds	4,022,790	3,906,352	26,902,902
Overdrafts	178,487	154,857	1,193,656
Other	—	—	—
Total	¥4,206,564	¥4,071,295	\$28,131,909

Non-performing loans based on the Banking Act and the Financial Reconstruction Act as of March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Bankrupt and similar credit	¥—	¥18	\$—
Doubtful credit	76,241	118,572	509,872
Special attention credit	15,472	12,514	103,472
Loans overdue for three months or more	6,088	6,361	40,719
Restructured loans	9,383	6,153	62,753
Subtotal	91,713	131,105	613,344
Normal credit	4,176,195	3,996,188	27,928,813
Total credit	¥4,267,908	¥4,127,294	\$28,542,157

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The above amounts are stated after write-offs of uncollectible amounts but before the deduction of the allowance for loan losses.

Non-performing loans based on the Banking Act and the Financial Reconstruction Act are listed in the second table above. These include corporate bonds in securities (limited to those for which payment of principal and interest is guaranteed in whole or in part, and the issuance of such bonds is through private placement of securities (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act)), loans and bills discounted, foreign exchanges, accrued interest and suspense payables in other assets, customers' liabilities for acceptances and guarantees and securities in the case of loaned securities in the notes to the consolidated balance sheet (limited to only those subject to usage and lending or lending agreement).

'Bankrupt and similar credit' refers to the credit of borrowers who have filed for bankruptcy, corporate reorganization, composition, etc., as well as those borrowers who are in an equivalent situation.

'Doubtful credit' refers to the credit with serious doubt concerning the recovery of principal and receiving of interest as contract provisions, because the borrower's financial condition and business results have worsened, although they have not reached the point of management collapse, excluding loans to 'Bankrupt and similar credit'.

'Loans overdue for three months or more' refers to those loans excluding loans to 'Bankrupt and similar credit' and 'Doubtful credit' for which principal or interest remains unpaid for at least three months.

'Restructured loans' refers to those loans excluding loans to 'Bankrupt and similar credit', 'Doubtful credit' and 'Loans overdue for three months or more' for which agreement was made to provide a reduction or a moratorium on interest payments, or concessions in the borrower's favor on interest or principal payments or to waive claims in order to support the borrowers' recovery from financial difficulties.

'Normal credit' refers to credits to borrowers whose financial condition and business results have no particular problem and which are not categorized in any of the above categories.

Overdraft contracts and contracts for loan commitments are those by which the Group is bound to extend loans up to a prearranged amount, upon the request of customers, unless the customer is in breach of contract conditions. The unutilized balance of these contracts amounted to ¥549,101 million (\$3,672,185 thousand) and ¥506,660 million as of March 31, 2025 and 2024, respectively. ¥446,025 million (\$2,982,849 thousand) and ¥395,517 million of these amounts relate to contracts with residual contractual terms of one year or less as of March 31, 2025 and 2024, respectively.

Bills discounted are accounted for as financing transactions in accordance with 'Accounting and Auditing Treatments on the Application of Accounting Standards for Financial Instruments in the Banking Industry' (the JICPA Industry Committee Practical Guideline No.24), although the Bank has the right to sell or repledge them without restriction. The face values of such bills discounted held as of March 31, 2025 and 2024, were ¥3,353 million (\$22,428 thousand) and ¥6,457 million, respectively.

8. Foreign Exchange

Foreign exchange as of March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Assets:			
Due from foreign banks	¥46,420	¥51,267	\$310,439
Total	¥46,420	¥51,267	\$310,439

9. Tangible Fixed Assets and Intangible Fixed Assets

Tangible fixed assets as of March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Buildings	¥9,695	¥10,355	\$64,842
Land	9,235	9,235	61,764
Lease assets	999	1,313	6,682
Construction in progress	46	—	314
Other	2,407	2,254	16,102
Total	¥22,385	¥23,159	\$149,704
Accumulated depreciation	¥27,909	¥27,218	\$186,645

Intangible fixed assets as of March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Software	¥19,008	¥18,895	\$127,118
Other	67	67	450
Total	¥19,075	¥18,962	\$127,568

10. Customers' Liabilities for Acceptances and Guarantees

All contingent liabilities arising from acceptances and guarantees are included in acceptances and guarantees. As a contra account, customers' liabilities for acceptances and guarantees are shown as assets representing the Group's right of indemnity from customers.

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11. Allowance for Loan Losses

Allowance for loan losses as of March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
General allowance	¥37,809	¥37,475	\$252,853
Specific allowance	33,216	50,453	222,141
Total	¥71,025	¥87,929	\$474,994

12. Pledged Assets and Collateralized Debts

The carrying amounts of assets pledged as collateral and collateralized debts as of March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Assets pledged as collateral:			
Securities	¥383,811	¥300,286	\$2,566,788
Loans and bills discounted	673,214	459,489	4,502,204
Total	¥1,057,026	¥759,776	\$7,068,992
Collateralized debts:			
Securities sold under repurchase agreements	¥27,924	¥29,903	\$186,750
Cash collateral received for securities lent	345,719	260,689	2,312,039
Borrowed money	247,700	100,000	1,656,524
Total	¥621,343	¥390,593	\$4,155,313

In addition, the following assets were pledged or deposited as margin money for future trading and collateral for transactions, including exchange settlements and derivatives as of March 31, 2025 and 2024:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Securities	¥122,771	¥29,309	\$821,050
Loans and bills discounted	377	144	2,523
Foreign exchange	14,953	15,146	100,000
Other assets:			
Margin deposits for futures transactions	962	962	6,434
Cash collateral paid for financial instruments	115,837	141,751	774,674
Guarantee deposits	43,923	79,350	293,741
Total	¥298,824	¥266,663	\$1,998,422

13. Deposits

Deposits as of March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Current deposits	¥37,198	¥21,089	\$248,767
Ordinary deposits	2,870,313	3,222,985	19,195,571
Saving deposits	47,071	55,109	314,796
Deposits at notice	385	585	2,578
Time deposits	2,578,157	2,283,223	17,241,739
Negotiable certificates of deposit	74,600	141,380	498,897
Other	65,175	51,999	435,867
Total	¥5,672,901	¥5,776,372	\$37,938,215

14. Bonds Payable

Bonds payable as of March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars	Interest rates
	2025	2024	2025	
Three-year unsecured straight bond issued by the Bank	¥20,000	¥30,000	\$133,753	0.11% - 0.43%
Three-year unsecured straight bond issued by the Bank in U.S. dollars	97,164	143,824	649,798	1.05% - 5.90%
Five-year unsecured domestic straight bond issued by the Bank in U.S. dollars	7,476	7,573	50,000	1.70%
Total	¥124,640	¥181,397	\$833,551	

Annual maturities of bonds payable as of March 31, 2025, were as follows:

Years Ending March 31	Millions of yen	Thousands of U.S. dollars
2026	¥69,797	\$466,778
2027	54,843	366,773
2028	—	—
2029	—	—
2030	—	—
Total	¥124,640	\$833,551

15. Borrowed Money

The weighted-average annual interest rate applicable to borrowed money was 0.53% and 0.54% as of March 31, 2025 and 2024, respectively.

Borrowed money does not include subordinated borrowings as of March 31, 2025 and 2024.

Annual maturities of borrowed money as of March 31, 2025, were as follows:

Years Ending March 31	Millions of yen	Thousands of U.S. dollars
2026	¥258,000	\$1,725,406
2027	13,000	86,939
2028	2,500	16,719
2029	26,500	177,222
2030	20,500	137,096
2031 and thereafter	405,800	2,713,837
Total	¥726,300	\$4,857,219

Apart from borrowed money, lease obligations are included in 'Other liabilities.' Annual maturities of lease obligations as of March 31, 2025, were as follows:

Years Ending March 31	Millions of yen	Thousands of U.S. dollars
2026	¥244	\$1,633
2027	193	1,295
2028	193	1,295
2029	193	1,294
2030	193	1,294
2031 and thereafter	80	539
Total	¥1,099	\$7,350

Note: Lease obligations above include interest expense which is amortized over the lease term by the straight-line method. The weighted-average effective interest rates applicable to the lease obligations are not disclosed accordingly.

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16. Other Assets and Liabilities

Other assets and liabilities as of March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Other assets:			
Accrued income	¥17,207	¥17,367	\$115,079
Accounts receivable	21,098	42,286	141,099
Financial derivatives	84,316	92,377	563,874
Cash collateral paid for financial instruments	115,837	141,751	774,674
Guarantee deposits	43,923	79,350	293,741
Other	48,672	47,788	325,503
Total	¥331,054	¥420,921	\$2,213,970
Other liabilities:			
Income taxes payable	¥1,645	¥641	\$11,007
Accrued expenses	9,792	7,239	65,491
Accounts payable	13,015	18,290	87,041
Financial derivatives	74,643	122,070	499,185
Cash collateral received for financial instruments	27,311	13,051	182,652
Asset retirement obligations	2,242	2,094	15,000
Other	32,164	40,808	215,107
Total	¥160,816	¥204,195	\$1,075,483

17. Retirement and Pension Plans

The Bank and certain consolidated subsidiaries have defined retirement benefit plans for their employees. Such retirement benefits are made in the form of a lump-sum severance payment from the Group and annuity payments from trustees etc.

Changes in defined retirement benefit obligation for the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Defined retirement benefit obligation at the beginning of fiscal year	¥38,110	¥41,944	\$254,867
Service cost	1,464	1,710	9,793
Interest cost	443	163	2,965
Actuarial losses (gains)	(2,137)	(3,248)	(14,296)
Benefits paid	(2,630)	(2,459)	(17,589)
Defined retirement benefit obligation at the end of fiscal year	¥35,250	¥38,110	\$235,740

Changes in plan assets for the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Fair value of plan assets at the beginning of fiscal year	¥35,938	¥34,529	\$240,344
Expected return on plan assets	898	863	6,009
Actuarial gains (losses)	(1,546)	1,430	(10,342)
Contributions from employer	425	456	2,843
Benefits paid	(1,388)	(1,341)	(9,286)
Fair value of plan assets at the end of fiscal year	¥34,327	¥35,938	\$229,568

Reconciliation between the liability and asset recorded in the consolidated balance sheet and the balances of defined retirement benefit obligation and plan assets for the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Funded defined retirement benefit obligation	¥24,897	¥27,197	\$166,503
Plan assets	(34,327)	(35,938)	(229,568)
	(9,430)	(8,741)	(63,065)
Unfunded defined retirement benefit obligation	10,353	10,912	69,237
Net liability (asset) arising from defined retirement benefit obligation	¥922	¥2,171	\$6,172
Retirement benefit liability	¥10,353	¥10,912	\$69,237
Retirement benefit asset	(9,430)	(8,741)	(63,065)
Net liability (asset) arising from defined retirement benefit obligation	¥922	¥2,171	\$6,172

Components of net periodic retirement benefit costs for the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Service cost	¥1,464	¥1,710	\$9,793
Interest cost	443	163	2,965
Expected return on plan assets	(898)	(863)	(6,009)
Recognized actuarial losses (gains)	(535)	518	(3,582)
Net periodic defined retirement benefit costs	¥473	¥1,529	\$3,167

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The breakdown of 'Remeasurements of defined benefit plans' in Other comprehensive income (loss), before adjusting for income taxes and tax effects, for the years ended March 31, 2025 and 2024, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Amortization of prior-service cost	¥—	¥—	\$—
Recognized actuarial gains	55	5,198	372
Total	¥55	¥5,198	\$372

The breakdown of 'Remeasurements of defined benefit plans' in Accumulated other comprehensive income (loss), before adjusting for income taxes and tax effects, as of March 31, 2025 and 2024, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Unrecognized prior-service cost	¥—	¥—	\$—
Unrecognized actuarial losses	3,338	3,282	22,327
Total	¥3,338	¥3,282	\$22,327

Plan assets

(1) Asset allocation of plan assets as of March 31, 2025 and 2024, was as follows:

	2025	2024
Bonds	48.4%	46.8%
Stocks	18.3	17.7
Cash and deposits	16.9	20.2
Other	16.4	15.3
Total	100.0%	100.0%

(2) Determination of expected long-term rate of return on plan assets

The Bank considers the asset allocation of plan assets and the expected long-term rate of return on diverse assets which plan assets comprise in the present and future, in order to determine the expected long-term rate of return on plan assets.

Principal actuarial assumptions used for the years ended March 31, 2025 and 2024, were as follows:

	2025	2024
Discount rate	1.9%	1.2%
Expected long-term rate of return on plan assets	2.5%	2.5%

18. Equity

(1) Share Capital and Capital Surplus

Authorized number of common stock was 289,828 thousand as of March 31, 2025 and 2024.

Changes in the number of issued shares of common stock and treasury stock for the years ended March 31, 2025 and 2024, consisted of the following:

	Thousands			
	Number of shares			
	As of April 1, 2024	Increase	Decrease	As of March 31, 2025
Issued stock				
Common stock ^(Note1)	118,289	21,500	—	139,789
Treasury stock				
Common stock ^(Note2)	1,467	0	58	1,408

Note1: The increase is due to the issuance of new shares through a third-party allotment.

Note2: The increase is due to buybacks of shares constituting less than one trade unit, and the decrease is due to exercise of share acquisition rights.

	Thousands			
	Number of shares			
	As of April 1, 2023	Increase	Decrease	As of March 31, 2024
Issued stock				
Common stock	118,289	—	—	118,289
Treasury stock				
Common stock ^(Note)	1,508	0	41	1,467

Note: The increase is due to buybacks of shares constituting less than one trade unit, and the decrease is due to exercise of share acquisition rights.

Share acquisition rights

Share acquisition rights as of March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Share acquisition rights as stock options	¥501	¥532	\$3,353

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Cash dividends

Cash dividends paid during the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen	Yen	Thousands of U.S. dollars	U.S. dollars
	Total amounts	Per share	Total amounts	Per share
Year ended March 31, 2025				
(Record date: December 31, 2024) ^(Note 1)				
Common stock	¥2,629	¥19.00	\$17,583	\$0.13
(Record date: September 30, 2024) ^(Note 2)				
Common stock	¥2,629	¥19.00	\$17,583	\$0.13
(Record date: June 30, 2024) ^(Note 3)				
Common stock	¥2,219	¥19.00	\$14,844	\$0.13
(Record date: March 31, 2024) ^(Note 4)				
Common stock	¥—	¥—	\$—	\$—
Year ended March 31, 2024				
(Record date: December 31, 2023) ^(Note 5)				
Common stock	¥—	¥—		
(Record date: September 30, 2023) ^(Note 6)				
Common stock	¥4,439	¥38.00		
(Record date: June 30, 2023) ^(Note 7)				
Common stock	¥4,438	¥38.00		
(Record date: March 31, 2023) ^(Note 8)				
Common stock	¥4,671	¥40.00		

- Notes: 1. Cash dividends applicable to the three-month period ended December 31, 2024, were approved at the Board of Directors' meeting held on February 3, 2025.
2. Cash dividends applicable to the three-month period ended September 30, 2024, were approved at the Board of Directors' meeting held on November 15, 2024.
3. Cash dividends applicable to the three-month period ended June 30, 2024, were approved at the Board of Directors' meeting held on August 2, 2024.
4. Year-end cash dividends applicable to the year ended March 31, 2024, were not distributed, as approved at the Board of Directors' meeting held on May 13, 2024. Therefore, the description has been omitted.
5. Cash dividends applicable to the three-month period ended December 31, 2023, were not distributed, as approved at the Board of Directors' meeting held on February 1, 2024. Therefore, the description has been omitted.
6. Cash dividends applicable to the three-month period ended September 30, 2023, were approved at the Board of Directors' meeting held on November 13, 2023.
7. Cash dividends applicable to the three-month period ended June 30, 2023, were approved at the Board of Directors' meeting held on August 2, 2023.
8. Year-end cash dividends applicable to the year ended March 31, 2023, were approved at the Board of Directors' meeting held on May 17, 2023.

(2) Companies Act and Banking Act of Japan

The Bank is subject to the Companies Act and Banking Act of Japan.

1) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the stockholders' meeting. For companies that meet certain criteria such as:

(1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors is prescribed as one year rather than two years of a normal term by the company's Articles of Incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has so prescribed in its Articles of Incorporation. The Bank meets all of the above criteria and its Articles of Incorporation prescribe the authority for dividend declaration by the Board of Directors.

The Companies Act permits companies to distribute dividends in kind (noncash assets) to stockholders subject to certain limitations and additional requirements.

Interim dividends may also be paid once a year upon resolution by the Board of Directors if the Articles of Incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the stockholders, however, the amount of equity after dividends must be maintained at no less than ¥3 million.

2) Increases/decreases and transfers of common stock, reserves and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the

equity account charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that capital stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the stockholders.

Under the Banking Act of Japan, an amount equivalent to 20% of the aggregate amount of cash dividends and certain other appropriations of surplus associated with cash outlays applicable to each period shall be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital equals 100% of stated capital. The amount of total additional paid-in capital and legal reserve that exceeds 100% of the stated capital may be available for dividends by resolution of the stockholders.

3) Treasury stock and treasury stock acquisition rights

The Companies Act also allows for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the stockholders which is determined by a specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

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19. Stock Options

(1) Expenses for stock options as of March 31, 2025, and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
General and administrative expenses	¥107	¥131	\$722

(2) Outline, volume and changes in stock options

The outline of stock options was as follows:

	Stock options for FY2024	Stock options for FY2023	Stock options for FY2022
Title and number of eligible persons	4 directors of the Bank 19 executive officers of the Bank	4 directors of the Bank 22 executive officers of the Bank	4 directors of the Bank 23 executive officers of the Bank
Number of stock options by share class ^(Note)	45,280 shares of common stock	54,260 shares of common stock	56,420 shares of common stock
Grant date	July 12, 2024	July 10, 2023	July 8, 2022
Condition for vesting	None	None	None
Requisite service period	None	None	None
Exercise period	From July 13, 2024 to July 12, 2054	From July 11, 2023 to July 10, 2053	From July 9, 2022 to July 8, 2052

	Stock options for FY2021	Stock options for FY2020	Stock options for FY2019
Title and number of eligible persons	4 directors of the Bank 20 executive officers of the Bank	4 directors of the Bank 18 executive officers of the Bank	4 directors of the Bank 18 executive officers of the Bank
Number of stock options by share class ^(Note)	51,540 shares of common stock	64,110 shares of common stock	47,420 shares of common stock
Grant date	July 12, 2021	July 10, 2020	July 11, 2019
Condition for vesting	None	None	None
Requisite service period	None	None	None
Exercise period	From July 13, 2021 to July 12, 2051	From July 11, 2020 to July 10, 2050	From July 12, 2019 to July 11, 2049

	Stock options for FY2018	Stock options for FY2017	Stock options for FY2016
Title and number of eligible persons	4 directors of the Bank 17 executive officers of the Bank	4 directors of the Bank 17 executive officers of the Bank	4 directors of the Bank 18 executive officers of the Bank
Number of stock options by share class ^(Note)	25,540 shares of common stock	26,540 shares of common stock	34,330 shares of common stock
Grant date	July 13, 2018	July 13, 2017	July 15, 2016
Condition for vesting	None	None	None
Requisite service period	None	None	None
Exercise period	From July 14, 2018 to July 13, 2048	From July 14, 2017 to July 13, 2047	From July 16, 2016 to July 15, 2046

	Stock options for FY2015
Title and number of eligible persons	4 directors of the Bank 16 executive officers of the Bank
Number of stock options by share class ^(Note)	22,970 shares of common stock
Grant date	July 14, 2015
Condition for vesting	None
Requisite service period	None
Exercise period	From July 15, 2015 to July 14, 2045

Note: Numbers of stock options are shown on the basis of the post share consolidation effective October 1, 2017.

Volume and Changes in Stock Options

The number of stock options was as follows:

	Stock options for FY2024	Stock options for FY2023	Stock options for FY2022	Stock options for FY2021	Stock options for FY2020	Stock options for FY2019
Before vested						
At the beginning of fiscal year	—	—	—	—	—	—
Granted	45,280 shares	—	—	—	—	—
Forfeited	—	—	—	—	—	—
Vested	45,280 shares	—	—	—	—	—
Outstanding	—	—	—	—	—	—
After vested						
At the beginning of fiscal year	—	54,260 shares	48,680 shares	41,880 shares	36,660 shares	20,130 shares
Vested	45,280 shares	—	—	—	—	—
Exercised	—	10,630 shares	11,640 shares	10,110 shares	12,150 shares	7,500 shares
Forfeited	—	—	—	—	—	—
Exercisable	45,280 shares	43,630 shares	37,040 shares	31,770 shares	24,510 shares	12,630 shares

	Stock options for FY2018	Stock options for FY2017	Stock options for FY2016	Stock options for FY2015
Before vested				
At the beginning of fiscal year	—	—	—	—
Granted	—	—	—	—
Forfeited	—	—	—	—
Vested	—	—	—	—
Outstanding	—	—	—	—
After vested				
At the beginning of fiscal year	9,320 shares	5,520 shares	5,430 shares	2,400 shares
Vested	—	—	—	—
Exercised	3,540 shares	1,150 shares	1,250 shares	920 shares
Forfeited	—	—	—	—
Exercisable	5,780 shares	4,370 shares	4,180 shares	1,480 shares

Note: Numbers of stock options are shown on the basis of the post share consolidation effective October 1, 2017.

Unit price information was as follows:

	Stock options for FY2024	Stock options for FY2023	Stock options for FY2022	Stock options for FY2021	Stock options for FY2020	Stock options for FY2019
Exercise price	¥1	¥1	¥1	¥1	¥1	¥1
Average stock price when exercised	—	2,608	2,609	2,613	2,611	2,610
Fair value on grant date	¥2,385	¥2,417.5	¥2,396	¥2,248	¥1,537	¥2,352

	Stock options for FY2018	Stock options for FY2017	Stock options for FY2016	Stock options for FY2015
Exercise price	¥1	¥1	¥1	¥1
Average stock price when exercised	2,624	2,624	2,624	2,624
Fair value on grant date	¥3,832	¥3,980	¥3,420	¥4,380

Note: Unit prices are shown on the basis of the post share consolidation effective October 1, 2017.

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(3) Valuation technique used for valuing the fair value of stock options

Stock options for FY2024 granted in the year ended March 31, 2025 were valued using the Black-Scholes option pricing model.

The principal parameters and estimation methods were as follows:

	Stock options for FY2024
Expected volatility ^(Note 1)	37.2%
Average expected life ^(Note 2)	2 years
Expected dividends ^(Note 3)	¥76 (\$0.5) per share
Risk-free interest rate ^(Note 4)	0.34%

Notes: 1. Expected volatility is calculated based on the actual price of common stock of the Bank on each trading day from July 4, 2022 to July 8, 2024.

2. Average expected life could not be estimated rationally due to insufficient amount of data. It was estimated based on average tenures of the Bank's directors and executive officers.

3. Expected dividends are estimated based on the actual dividends on common stock paid for the year ended March 31, 2024.

4. Japanese national government bond yield applicable to the average expected life.

(4) Method of estimating the number of stock options vested

Only the actual number of forfeited stock options is reflected because it is difficult to rationally estimate the actual number of stock options that will be forfeited in the future.

20. Other Ordinary Income

Other ordinary income for the years ended March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Gains on sales of bonds and other securities	¥3,351	¥8,139	\$22,413
Gains on derivatives	951	322	6,367
Other	20,113	19,128	134,513
Total	¥24,417	¥27,590	\$163,293

Note: The 'Other' category primarily includes gains from investments in partnerships.

21. Other Income

Other income for the years ended March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Gains on sales of stocks and other securities	¥3,833	¥10,278	\$25,636
Gains on investments in money held in trust	323	374	2,167
Recoveries of written-off receivables	2,490	758	16,653
Reversal of provision for credit losses on off-balance-sheet instruments	742	—	4,964
Equity in earnings of associates	2,265	2,342	15,150
Gains on disposal of fixed assets	0	0	0
Reversal of foreign currency translation adjustment	3,408	1,869	22,795
Other	1,066	1,048	7,133
Total	¥14,130	¥16,672	\$94,498

Note: Reversal of foreign currency translation adjustment for the year ended March 31, 2025 is recorded due to the exclusion of Aozora Asia Pacific Finance Limited from consolidation, after it has been dissolved in line with the transfer of business and distribution of residual assets.

Reversal of foreign currency translation adjustment for the year ended March 31, 2024 is recorded because Aozora GMAC Investment Limited was excluded from consolidation due to the distribution of residual assets from liquidation.

22. Other Ordinary Expenses

Other ordinary expenses for the years ended March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Amortization of bond issuance costs	¥179	¥211	\$1,199
Losses on foreign exchange transactions	6,603	6,717	44,160
Losses on sales of bonds and other securities	1,092	23,188	7,306
Losses on redemption of bonds and other securities	137	3,555	921
Losses on devaluation of bonds and other securities	142	—	951
Other	7,132	7,121	47,697
Total	¥15,286	¥40,794	\$102,234

Note: The 'Other' category primarily includes losses from investments in partnerships.

23. General and Administrative Expenses

General and administrative expenses for the years ended March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Salaries and related expenses	¥24,621	¥24,535	\$164,660
Depreciation	7,252	7,174	48,503
Other	30,509	30,714	204,039
Total	¥62,384	¥62,424	\$417,202

24. Other Expenses

Other expenses for the years ended March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Losses on sales of stocks and other securities	¥289	¥8,187	\$1,934
Losses on devaluation of stocks and other securities	288	455	1,927
Write-off of loans	6,215	683	41,570
Provision of allowance for loan losses	6,105	44,584	40,829
Provision of allowance for credit losses on off-balance-sheet instruments	—	1,463	—
Losses on disposition of loans	357	1,081	2,393
Losses on disposal of fixed assets	2	7	20
Losses on impairment of fixed assets	263	220	1,760
Other	4,475	1,661	29,932
Total	¥17,998	¥58,346	\$120,365

Note: The 'Other' category primarily includes the estimated losses associated with system malfunctions at GMO Aozora Net Bank, Ltd.

25. Income Taxes

The Bank and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in effective statutory tax rates of approximately 30.6% for the years ended March 31, 2025 and 2024.

The Bank and some of its domestic consolidated subsidiaries have applied the group relief system. The accounting and disclosure of corporate tax, local corporate tax and tax effect accounting is in accordance with the 'Practical Solution on the Accounting and Disclosure under the Group Relief System' (ASBJ PITF No.42 August 12, 2021).

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The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities as of March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Deferred tax assets:			
Tax loss carryforwards ^(Note 2)	¥26,367	¥27,080	\$176,333
Allowance for loan losses	22,908	27,278	153,203
Devaluation of securities	840	760	5,623
Valuation difference on available-for-sale securities	18,170	18,615	121,516
Difference related to investment in consolidated subsidiaries	—	—	—
Write-off of loans	77	75	519
Other	21,969	16,978	146,925
Total of tax loss carryforwards and temporary differences	90,333	90,788	604,119
Less valuation allowance for tax loss carryforwards	(10,341)	(13,856)	(69,158)
Less valuation allowance for temporary differences	(23,405)	(27,072)	(156,526)
Total valuation allowance ^(Note 1)	(33,746)	(40,929)	(225,684)
Total deferred tax assets	56,587	49,859	378,435
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(799)	(260)	(5,346)
Deferred gains or losses on hedges	(274)	(1,911)	(1,838)
Other	(3,929)	(3,127)	(26,280)
Total deferred tax liabilities	(5,003)	(5,300)	(33,464)
Net deferred tax assets	¥51,583	¥44,559	\$344,971

The expiration of tax loss carryforwards and its deferred tax assets are as follows:

Year ended March 31, 2025

	Millions of yen						
	1 year or less	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years	Total
Deferred tax assets related to tax loss carryforwards ^(Note 2)	¥87	¥330	¥2	¥1,272	¥1,553	¥23,121	¥26,367
Less valuation allowance for tax loss carryforwards	—	(226)	—	(1,271)	(1,548)	(7,294)	(10,341)
Net deferred tax assets related to tax loss carryforwards	¥87	¥103	¥2	¥1	¥4	¥15,826	(Note 3) ¥16,025

	Thousands of U.S. dollars						
	1 year or less	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years	Total
Deferred tax assets related to tax loss carryforwards ^(Note 2)	\$583	\$2,209	\$16	\$8,511	\$10,388	\$154,626	\$176,333
Less valuation allowance for tax loss carryforwards	—	(1,516)	—	(8,500)	(10,358)	(48,784)	(69,158)
Net deferred tax assets related to tax loss carryforwards	\$583	\$693	\$16	\$11	\$30	\$105,842	(Note 3) \$107,175

Year ended March 31, 2024

	Millions of yen						
	1 year or less	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years	Total
Deferred tax assets related to tax loss carryforwards ^(Note 2)	¥0	¥87	¥324	¥2	¥1,236	¥25,429	¥27,080
Less valuation allowance for tax loss carryforwards	(0)	(87)	(324)	(0)	(1,236)	(12,207)	(13,856)
Net deferred tax assets related to tax loss carryforwards	¥—	¥—	¥—	¥1	¥—	¥13,222	(Note 4) ¥13,223

Notes: 1. Valuation allowance decreased by ¥7,182 million (\$48,035 thousand) from March 31, 2024, primarily due to an increase in taxable income and a decrease in valuation difference on available-for-sale securities
2. The amount of tax loss carryforwards is multiplied by the effective statutory tax rate.

3. Of the tax loss carryforward of the ¥26,367 million (\$176,333 thousand) (multiplied by the effective statutory tax rate), the Group recorded deferred tax assets of ¥16,025 million (\$107,175 thousand) as of March 31, 2025. The Group expects to record taxable income in the future, and therefore has decided that part of tax loss carryforwards will be recoverable.
4. Of the tax loss carryforward of the ¥27,080 million (multiplied by the effective statutory tax rate), the Group recorded deferred tax assets of ¥13,223 million as of March 31, 2024. The Group expects to record taxable income in the future, and therefore has decided that part of tax loss carryforwards will be recoverable.

Reconciliation between the effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of operations for the years ended March 31, 2025 and 2024, were as follows:

	2025	2024
Effective statutory tax rate	30.6%	—%
Valuation allowance	(24.9)	—
Expenses not deductible for income tax purposes	1.0	—
Change of effective tax rate for the calculation of deferred tax assets	(4.1)	—
Equity gains of associated companies	(3.6)	—
Retained earnings of associated companies	2.4	—
Other—net	(2.7)	—
Actual effective tax rate	(1.3)%	—%

Note: The information for the year ended March 31, 2024 has been omitted since the Group recorded loss before income taxes.

Adjustments to Deferred Tax Assets and Deferred Tax Liabilities due to Change in Corporate Tax Rate

As the 'Partial Revision of Income Tax Act, etc.' (Act no.13, 2025) passed the National Diet on March 31, 2025, the 'Special Corporation Tax for Defense' will be imposed from the fiscal years beginning on or after April 1, 2026.

As a result, the effective tax rate used in the calculation of deferred tax assets and deferred tax liabilities for temporary differences, etc. that are expected to be realized in the fiscal years beginning on or after April 1, 2026 was increased from the previous 30.62% to 31.52%.

Due to this revision of the tax rate, deferred tax assets increased by ¥1,318 million (\$8,820 thousand), deferred tax liabilities increased by ¥131million (\$882 thousand), valuation difference on available-for-sale securities increased by ¥447 million (\$2,991 thousand), deferred gains or losses on hedges decreased by ¥32 million (\$216 thousand), remeasurements of defined benefit plans decreased by ¥30 million (\$201 thousand), and income taxes-deferred decreased by ¥802 million (\$5,363 thousand).

26. Lease Transactions

(1) Finance lease transactions

The Group leases certain fixed assets, such as system-related equipment.

(2) Operating lease transactions

The minimum rental commitments under non-cancelable operating leases as of March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Due one year or less	¥2,241	¥2,227	\$14,992
Due after one year	3,051	2,559	20,404
Total	¥5,292	¥4,786	\$35,396

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27. Financial Instruments and Related Disclosures

(1) Overview of financial instruments

1) Basic policy for financial instruments

The main business of the Group is banking operations, which consist of deposit taking, lending, domestic exchange services, foreign exchange services, etc. Additionally, the Group pursues securities operations (trading of marketable securities, securities investments, etc.), and other financial services, such as trust banking operations and loan-servicing operations.

The Group holds financial assets, such as loans and securities, and raises funds from sources such as deposits and bonds payable. Since the major operation of the Group is the handling of financial instruments involving credit risk and/or market risk, it seeks to avoid the occurrence of unexpected losses by properly managing various risks relating to financial instruments.

Also, the Group intends to stabilize and optimize profitability by maintaining an appropriate level of interest rate risk associated with assets and liabilities of the Group, liquidity risk, and price fluctuation risk of securities, etc., based on the policy of asset liability management (ALM, comprehensive management of assets and liabilities). Derivative transactions are also used to maintain interest rate risk derived from on-balance-sheet assets and liabilities at an adequate level, and are intended to achieve stable profitability and efficient operations.

2) Main items of financial instruments and related risks

Financial assets held by the Group mainly comprise loans to both domestic and foreign corporate entities and securities, etc.

Loans are subject to credit risk which includes the risk of default caused by deteriorated credit of the borrowers. Loans to the 10 largest borrowers of the Group accounted for about 20% and 17% of the total outstanding balance of loans as of March 31, 2025 and 2024, respectively. A default by any of the borrowers with large credit exposures or a material change in our relationship with any of them could negatively affect the business results and financial condition of the Group. Also, the proportion of loans to real estate businesses and the coverage ratio of loans collateralized by real estate properties are material in the loan portfolio of the Group. Therefore, in the event that the real estate market or the real estate industry were to become stagnant, the quality of the loans protected by real estate collateral would deteriorate; the creditworthiness of the borrowers in the industry would be undermined; or the cash flows from the underlying properties of real estate nonrecourse loans would be negatively affected. In such cases, there is a possibility that an additional allowance for loan losses or credit costs may arise. Also, in addition to credit risk and interest rate risk, overseas loan exposures are subject to various risks, including foreign exchange fluctuation risk, and risks relating to the changes in the market and/or the economic environment.

Securities held by the Group primarily consist of debt securities, stocks and fund investments, which are subject to various risks, such as the credit risk of the issuer, interest rate fluctuation risk, and market price fluctuation risk. Securities held by the Group include those backed by assets such as real estate properties, housing loans, etc. These securities are exposed to the risks dependent on the economic environment or transaction trends in relation to the underlying assets, in addition to other general risks related to interest rate fluctuations in the market, foreign exchange fluctuations, bond price movements, movements of the stock market, etc. Also, securities face market liquidity risk. This risk materializes when market liquidity of financial assets becomes almost nonexistent because of an abrupt deterioration in the financial environment, tumultuous movements in the financial markets, etc., resulting in the drastic decline in price at the time of disposition beyond expectations.

Financial liabilities of the Group are mainly deposits, negotiable certificates of deposit and bonds payable. Since funds procured by the Group through deposit taking, etc., will be due one after another, refinancing of the existing liabilities is always necessary through continued deposit taking, or bond issuance, etc. However, in the event the market environment becomes unstable, sufficient funding would become difficult or more expensive. The Group is exposed to such risk and the funding liquidity risk as well.

These financial assets and financial liabilities are also subject to interest rate fluctuation risk involved in the mismatch of intervals to repricing interest rates. From the viewpoint of ALM, the interest rate risk amount for the entire balance sheet is managed at an appropriate level, partly using derivative transactions (interest rate swaps, etc.).

Regarding assets denominated in foreign currencies, since funding of the Group is primarily conducted by taking deposits and issuing bonds payable in Japanese yen, the Group seeks to avoid foreign exchange fluctuation risk through currency matching between the funding side and the asset side, using currency swaps, etc.

Derivative transactions are one of the primary operations of the Group. The derivative instruments are provided to fulfill our customers' hedge requirements for market risk (interest rate, foreign exchange, etc.). Trading derivative instruments are booked in the trading accounts, which seek gains on short-term fluctuations and arbitrage opportunities in interest rates, currency prices, market prices of securities and related indices. Moreover, the Group implements derivative transactions for the purpose of optimizing ALM, in order to maintain the interest rate risk derived from on-balance-sheet assets and liabilities at an adequate level.

The Group uses interest rate futures, interest rate options, and interest rate swaps as interest rate derivatives, currency swaps, foreign exchange forwards and currency options as currency derivatives, and also futures and options related to equities and bonds, commodity-related transactions and credit derivative transactions. These derivative transactions are exposed to market risk, which implies potential loss from market fluctuations in market prices, volatility of underlying interest rates, foreign exchange and so forth, and to credit risk, which implies potential loss from contractual default by counterparties.

Concerning derivative transactions for the purpose of optimizing ALM, the Group uses the deferral method of hedge accounting. The hedging instruments, hedged items, hedged policy and the effectiveness of hedging are described in Note 2 'Summary of Significant Accounting Policies' (6) 'Derivatives and Hedging Activities.'

The Group applies deferral hedge accounting and fair value hedge accounting to hedges of foreign currency risk associated with foreign currency-denominated financial assets and liabilities. The hedging instruments, hedged items, hedged policy and the effectiveness of hedging are described in Note 2 'Summary of Significant Accounting Policies' (6) 'Derivatives and Hedging Activities.'

3) Risk management system concerning financial instruments

The Group, while pursuing various operations, is endeavoring to develop and maintain an adequate risk management system, to avoid the occurrence of unexpected losses and to realize highly reliable and sound management of the Group by adequately undertaking certain risks within the capacity of the Group and securing reasonable profit well-balanced with the undertaken risks.

The basic points of risk managements are documented as internal Master Policies and Procedures in the risk management category. The basic framework of risk management, including capital allocation and risk limits, is determined by the Board of Directors. Within this framework, the Risk Management Division is in charge of credit risk, market risk, comprehensive risk and operational risk. Also, the Internal Audit Division is responsible for verifying the appropriateness and effectiveness of the risk management system. The Board of Directors, the Management Committee ('MC'), and other concerned committees receive risk situation reports from each risk management function as well as audit reports from the Internal Audit Division, supervising the risk situation based on these reports or employing the information thereof for managerial decisions, and maintaining/improving the overall risk management system.

(a) Credit risk management

In order to maintain a sound asset portfolio of the entire Group including consolidated subsidiaries, the Group has implemented credit risk management, with the approach both at the transaction level, which entails strict credit screening and ex post facto management of individual transactions including predictive control of our clients, and at the portfolio level focusing on eliminating credit risk concentration. The Group has established a management system, including a credit rating system, quantification of credit risk, management of risk capital, management of concentration risk (large credit exposure, real estate risk, country risk, etc.), asset securitization transaction, management of problem loans, and so forth. Also, concerning verification of credit ratings, self-assessments, and write-offs and reserves, the Asset Assessment Division is in charge of overall control and is responsible for adequately grasping the reality of the asset portfolio and properly implementing write-off/reserve appropriations, in cooperation with other concerned functions.

(i) Approval authority for individual credit undertaking

Credit and investment transactions are approved under the authority of the Credit Committee or the Investment Committee consisting of Representative Directors, the Chief Risk Officer ('CRO'), the Chief Credit Risk Officer ('CCRO'), etc., and proposals are discussed at and reported to each Committee. The approval authorities of the Credit Committee and the Investment Committee are partly delegated to the CCRO, furthermore the approval authority delegated to the CCRO from each Committee is redelegated to the credit functions or to business front office functions to a certain extent.

(ii) Credit rating system

Credit ratings are an integral component of the approval system for credit assessment and the decision for interest rate spread, etc. They are also used to conduct self-assessments and are employed as benchmarks for quantifying credit risks. The credit rating system of the Group is composed of 'Obligor Rating', 'Facility Rating' and 'Expected Loss Grade'. 'Obligor Rating' is given, in principle, to all customers for whom the Group is undertaking credit risk, and this rating represents the degree of creditworthiness of the borrower. 'Facility Rating' represents the degree of credit cost of a credit transaction in consideration of Obligor Rating and transaction conditions such as a tenor of credit facility, guarantee and collateral. Also, 'Expected Loss Grade' represents the degree of credit cost of a credit transaction which relies on cash flow arising from specified underlying assets such as real estate nonrecourse loans, securitization of monetary claims and structured bonds in senior/junior tranches. As for the credit rating processes, rating recommendations are given by the respective business divisions/branches at inception, and the recommendation is then approved by the Credit Divisions.

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Credit ratings are subject to review on a regular basis based on the updated financial results of each respective borrower, and on an as-needed basis whenever there is a symptom of a material change in the creditworthiness of any borrower. As for the credit rating given by business divisions/branches and the Credit Divisions, the Asset Assessment Division, which is an independent division for verification of ratings, reviews the appropriateness of credit ratings on a sample basis. Also, the Group examines its credit rating system itself through benchmarking (comparative verification of our ratings with those assigned by external agencies) and back testing (assessment of the significance of credit rating based on past default).

(iii) Quantification of credit risk

The Group centrally manages all assets with credit risks, irrespective of the type of transaction, including not only loans, securities, equities and fund investments, and securitized transaction facilities, but also off-balance-sheet transactions such as commitment lines, derivative transactions, and the like. The credit risk amount of our portfolio is quantified by Value at Risk (VaR) according to our internal model, etc., and the quantified result is regularly reported to the Board of Directors, etc., together with the credit portfolio situation of the entire Group. The internal model of the Bank employs a holding period of 1 year and a confidence interval of 99.9%. Unexpected Loss (UL) is quantified using parameters, such as Probability of Default (PD), Loss Given Default (LGD), intra-sector correlation, inter-sector correlation, and parent subsidiary correlation of the borrower group.

(iv) Credit portfolio management

Concerning credit portfolio management, the Group examines the credit portfolio through the calculation and analysis of Expected Loss (EL) and UL assuming the occurrence of stress scenarios, such as the downgrading of credit ratings and declining real estate prices.

The Group also controls credit concentration risk by setting a guideline value for credit exposure for each country, region, industry or rating assigned to a customer.

(b) Market risk management

The Group performs, from various viewpoints, comprehensive analysis and understanding of the market risk affecting all assets and liabilities and off-balance-sheet transactions for its trading and banking businesses, in order to manage market risk properly.

(i) Quantification of market risk

The Group uses VaR to quantify the market risk for the trading and banking businesses and as a basis for setting market risk limits and for monitoring risk. The Bank has computed VaR with an internal model utilizing historical simulation.

The assumptions for computing VaR include a holding period in accordance with each business and product (a period of 10, 20, 60 and 250 days respectively), a 99% confidence interval, an observation period of 2 years for the trading account, and 5 years for the banking account in principle. The Group conducts back testing to verify the reliability of VaR by comparing daily computed VaR with daily gains or losses. To complement VaR, the Group regularly conducts stress testing to assess the potential impact of volatile market movements that could exceed statistical estimates. The results of the stress testing are reported to the ALM Committee, etc.

(ii) Quantitative information of market risk

i) Financial instruments held for trading purposes

The VaR of financial instruments (trading account securities, derivatives, etc.) held for trading purposes by the Bank was ¥1,007 million (\$6,741 thousand) and ¥2,117 million as of March 31, 2025 and 2024, respectively. Market risk in the financial instruments held for trading purposes by certain consolidated subsidiaries is immaterial.

The back testing of the VaR calculated with internal models over the 244 business days from April 1, 2024 to March 31, 2025, and the 244 business days from April 1, 2023 to March 31, 2024, resulted in one business day and no business day with actual daily losses beyond VaR. This result supports the reliability of the Bank's internal models which have captured market risks with sufficient accuracy. However, the VaR represents the market risks arising with a certain probability using a statistical methodology based on historical market movements. It may not be able to capture the risks arising under drastic market movements beyond normal estimates.

ii) Financial instruments held for other than trading purposes

The main financial instruments in the Bank which are affected by interest rate risk, the typical risk parameter in the Bank, are 'Loans and bills discounted,' bonds/notes of 'Securities,' 'Deposits,' 'Bonds payable,' interest rate swaps and currency swaps of 'Derivatives', etc.

The VaR of financial instruments held for other than trading purposes by the Bank was ¥7,690 million (\$51,432 thousand) and ¥5,181 million as of March 31, 2025 and 2024, respectively. Market risks in the financial instruments held for other than trading purposes by certain consolidated subsidiaries are immaterial. However, as with financial instruments held for trading purposes, the VaR represents the market risks arising with a certain probability using a statistical methodology based on historical market movements. It may not be able to capture the risks arising under drastic market movements beyond normal estimates.

(iii) Procedures for market risk management

The Group documents its handling of products, risk management methods and market price valuation methods under market risk management. The compliance with limits of risks and losses, etc., allocated to the front office, business units and divisions, is monitored by the Risk Management Division, which is independent from the front offices in terms of organization and human resources. The Risk Management Division monitors the market risk and profit/loss on a daily basis for trading operations, and on a daily or monthly basis for banking operations, and reports on them directly to the CRO and Executive Officer(s) in charge of the front offices. The Risk Management Division also makes periodic reports to the Board of Directors, the MC and the ALM Committee. In the event a large loss is reported in excess of the maximum expected loss amount computed in advance, a cause analysis is conducted. Also, a discussion point, which is positioned as cross-section risk management between market risk and credit risk, is set up by asset class in order to strengthen the monitoring function for price fluctuation risks.

Market liquidity risk is the potential for losses caused by the inability to execute market transactions as a result of market turbulence and thin trading or by the necessity to execute transactions at extremely unfavorable prices. Regarding management of market liquidity risk, the Risk Management Division monitors the position relative to market size in order to ensure that the position does not become excessive.

(c) Funding liquidity risk management

The Financial Management Division centrally monitors the funding liquidity risk of yen and foreign currency-denominated funds and takes all possible measures to ensure that the Bank holds a sufficient level of assets such as cash on hand and securities with high liquidity to properly meet its contractual obligations. The Financial Management Division also plans for the sources and uses of funds both annually and monthly, and reports the cash flow status directly to the Chief Financial Officer ('CFO'), the CRO, and related Executive Officer(s) on a daily basis. In order to prepare for funding liquidity risk, the Financial Management Division conducts a funding simulation to confirm that the Bank has sufficient cash on hand to maintain its asset size and collateral for settlement as well as a drill to confirm response procedures.

(d) Operational risk management

The Group recognizes operations risk, legal risk, compliance risk and system risk in handling financial instruments as operational risk, and manages them comprehensively. Actual loss events that have already occurred are gathered by the Risk Management Division. Potential risks that would lead to actual loss events are identified and assessed through risk control self-assessment, etc.

(e) Comprehensive risk management

The Group establishes a basic policy on comprehensive risk management. The basic policy sets forth the scope of target risk categories, such as credit risk, market risk and operational risk, and their definitions. The policy also defines the risk management procedures which consist of the identification, assessment, monitoring and control of the target risks. The Group is committed to managing risks in compliance with this basic policy, and is always endeavoring to improve the risk management system. In the framework of comprehensive risk management, the Group specifies every risk in a comprehensive manner, ensures that these risks are controlled within allowable limits with reference to the Group's capital through implementation of integrated stress testing together with liquidity risk, etc., and aims at securing an adequate level of profit well balanced with the corresponding risks.

4) Supplemental explanation for fair value of financial instruments

Since the calculations for the fair value of financial instruments are based on certain conditions and assumptions, calculated prices would differ if different conditions and assumptions are adopted.

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(2) Matters concerning fair value of financial instruments and breakdown by level within fair value hierarchy

Carrying amounts, fair values of financial instruments, their difference and fair values by level within fair value hierarchy are as follows.

The amounts shown in the following tables do not include non-marketable equity securities and investments in partnerships (see 'Non-marketable equity securities and investments in partnerships').

The fair values of financial instruments are classified into the following three levels based on the observability and significance of the inputs used in the fair value measurement.

Level 1 : Fair value determined based on quoted prices for the asset or liability in an active market among the observable inputs to the fair value measurement

Level 2 : Fair value determined based on observable inputs to the fair value measurement other than Level 1 inputs

Level 3 : Fair value determined based on significant unobservable inputs to the fair value measurement

If multiple inputs with a significant impact on the fair value measurement are used, the financial instrument is classified into the lowest priority level of fair value measurement in which each input belongs.

1) Assets and liabilities of financial instruments measured at fair value as of March 31, 2025 and 2024

	Millions of yen				Thousands of U.S. dollars			
	2025				2025			
	Carrying Amount				Carrying Amount			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥—	¥—	¥11,383	¥11,383	\$—	\$—	\$76,127	\$76,127
Securities								
Available-for-sale	514,566	543,403	28,563	1,086,533	3,441,227	3,634,075	191,023	7,266,325
Japanese stocks	25,694	1,317	—	27,012	171,835	8,814	—	180,649
Japanese national government bonds	128,590	—	—	128,590	859,962	—	—	859,962
Japanese local government bonds	—	33,700	—	33,700	—	225,377	—	225,377
Japanese corporate bonds	—	94,549	8,598	103,147	—	632,311	57,503	689,814
Foreign bonds	294,223	256,798	19,965	570,987	1,967,652	1,717,374	133,520	3,818,546
Other ^(Note 1)	66,058	157,036	0	223,095	441,778	1,050,199	0	1,491,977
Assets total	¥514,566	¥543,403	¥39,946	¥1,097,916	\$3,441,227	\$3,634,075	\$267,150	\$7,342,452
Derivatives ^(Notes 2 and 3)								
Interest rate contracts	¥(2)	¥35,807	¥1	¥35,807	\$(14)	\$239,469	\$12	\$239,467
Foreign exchange contracts	—	25,076	—	25,076	—	167,702	—	167,702
Equity contracts	1,050	—	—	1,050	7,026	—	—	7,026
Bond contracts	29	(239)	—	(209)	197	(1,599)	—	(1,402)
Commodity derivatives	—	563	—	563	—	3,772	—	3,772
Credit derivatives	—	997	—	997	—	6,673	—	6,673
Derivatives total	¥1,077	¥62,206	¥1	¥63,286	\$7,209	\$416,017	\$12	\$423,238

	Millions of yen			
	2024			
	Carrying Amount			
	Level 1	Level 2	Level 3	Total
Monetary claims bought	¥—	¥—	¥20,060	¥20,060
Securities				
Available-for-sale	346,966	538,166	34,902	920,034
Japanese stocks	27,808	1,072	—	28,881
Japanese national government bonds	52,528	—	—	52,528
Japanese local government bonds	—	29,080	—	29,080
Japanese corporate bonds	—	93,733	13,817	107,551
Foreign bonds	205,331	267,545	21,084	493,961
Other ^(Note 1)	61,297	146,733	0	208,030
Assets total	¥346,966	¥538,166	¥54,962	¥940,094
Derivatives ^(Notes 2 and 3)				
Interest rate contracts	¥0	¥40,124	¥3	¥40,127
Foreign exchange contracts	—	(63,164)	—	(63,164)
Equity contracts	(41)	—	—	(41)
Bond contracts	0	(303)	—	(302)
Commodity derivatives	—	595	—	595
Credit derivatives	—	1,405	—	1,405
Derivatives total	¥(40)	¥(21,342)	¥3	¥(21,380)

Notes: 1. In accordance with the Paragraph 24-3 and 24-9 of the 'Implementation Guidance on Accounting Standard for Fair Value Measurement' (ASBJ Guidance No. 31, issued on June 17, 2021), investment trusts where the net asset value is deemed to be the fair value are not included in the balance of the above table. As of March 31, 2025, the carrying amounts of investment trusts to which the treatment in Paragraph 24-3 and 24-9 are applied are ¥4,608 million (\$30,821 thousand) and ¥39,537 million (\$264,413 thousand), respectively. Similarly, as of March 31, 2024, the respective carrying amounts are ¥4,809 million and ¥41,503 million.

Reconciliation between the beginning and ending balance of investment trusts to which the treatment in Paragraph 24-9 is applied

Millions of yen							
2025							
As of April 1, 2024	Included in earnings of the period (Note i)	Included in other comprehensive income (Note ii)	Net amount of purchase, sale, redemption	The amount to which the net asset value of the investment trusts is deemed to be the fair value	The amount to which the net asset value of the investment trusts is not deemed to be the fair value	As of March 31, 2025	Net unrealized gains (losses) on investment trusts held at consolidated balance sheet date included in earnings of the period
¥41,503	¥1,411	¥(828)	¥(2,549)	¥—	¥—	¥39,537	¥(61)

Thousands of U.S. dollars							
2025							
As of April 1, 2024	Included in earnings of the period (Note i)	Included in other comprehensive income (Note ii)	Net amount of purchase, sale, redemption	The amount to which the net asset value of the investment trusts is deemed to be the fair value	The amount to which the net asset value of the investment trusts is not deemed to be the fair value	As of March 31, 2025	Net unrealized gains (losses) on investment trusts held at consolidated balance sheet date included in earnings of the period
\$277,560	\$9,441	\$(5,537)	\$(17,051)	\$—	\$—	\$264,413	\$(412)

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Millions of yen							
2024							
As of April 1, 2023	Included in earnings of the period (Note i)	Included in other comprehensive income (Note ii)	Net amount of purchase, sale, redemption	The amount to which the net asset value of the investment trusts is deemed to be the fair value	The amount to which the net asset value of the investment trusts is not deemed to be the fair value	As of March 31, 2024	Net unrealized gains (losses) on investment trusts held at consolidated balance sheet date included in earnings of the period
¥54,184	¥4,603	¥(3,955)	¥(13,328)	¥—	¥—	¥41,503	¥1,222

Notes: i. Included in 'Other ordinary income' in the consolidated statement of operations.

ii. Included in 'Valuation difference on available-for-sale securities' under 'Other comprehensive income' in the consolidated statement of comprehensive income.

As for investment trusts to which the treatment in Paragraph 24-3 is applied, notes (3) and (4) in Paragraph 24-7 are omitted due to immaterial total amount recorded on the carrying amounts as of March 31, 2025 and 2024.

- Derivatives recorded in 'Trading account assets', 'Trading account liabilities', 'Other assets' and 'Other liabilities' are aggregated and shown herein in total. Assets and liabilities attributable to the derivative contracts are totally offset and the net liability position as a consequence of offsetting would be represented with brackets, if any.
- As for derivative transactions for which hedge accounting is applied, ¥28,928 million (\$193,464 thousand) and negative ¥42,832 million are recorded on the carrying amounts as of March 31, 2025 and 2024, respectively. These are currency swaps, etc. designated as hedging instruments in order to offset market fluctuations of foreign currency-denominated loans, etc., which are hedged items, and deferral hedge accounting is mainly applied.

2) Assets and liabilities of financial instruments not measured at fair value as of March 31, 2025 and 2024

'Cash and cash equivalents', 'Due from banks', 'Call loans and bills bought', 'Securities purchased under resale agreements', 'Cash collateral provided for securities borrowed', 'Foreign exchange', 'Negotiable certificates of deposit', 'Call money and bills sold', 'Securities sold under repurchase agreements', and 'Cash collateral received for securities lent' are omitted from the following tables, since these instruments are mostly with short maturities (one year or less), and the fair value of these instruments is approximately equal to the book value.

	Millions of yen					
	2025					
	Fair Value				Carrying Amount	Difference
	Level 1	Level 2	Level 3	Total		
Monetary claims bought ^(Note 1)	¥—	¥—	¥52,873	¥52,873	¥47,135	¥5,738
Money held in trust	—	3,751	10,303	14,055	12,728	1,326
Loans and bills discounted ^(Note 2)	—	643,054	3,561,682	4,204,736	4,136,263	68,472
Assets total	¥—	¥646,806	¥3,624,858	¥4,271,665	¥4,196,127	¥75,537
Deposits (excluding negotiable certificates of deposit)	¥—	¥2,970,085	¥2,621,908	¥5,591,993	¥5,598,301	¥(6,307)
Borrowed money	—	—	726,324	726,324	726,300	24
Bonds payable	—	125,040	—	125,040	124,640	399
Liabilities total	¥—	¥3,095,125	¥3,348,232	¥6,443,358	¥6,449,242	¥(5,883)

	Thousands of U.S. dollars					
	2025					
	Fair Value				Carrying Amount	Difference
	Level 1	Level 2	Level 3	Total		
Monetary claims bought ^(Note 1)	\$—	\$—	\$353,600	\$353,600	\$315,222	\$38,378
Money held in trust	—	25,092	68,903	93,995	85,122	8,873
Loans and bills discounted ^(Note 2)	—	4,300,504	23,819,180	28,119,684	27,661,766	457,918
Assets total	\$—	\$4,325,596	\$24,241,683	\$28,567,279	\$28,062,110	\$505,169
Deposits (excluding negotiable certificates of deposit)	\$—	\$19,862,806	\$17,534,331	\$37,397,137	\$37,439,318	\$(42,181)
Borrowed money	—	—	4,857,381	4,857,381	4,857,219	162
Bonds payable	—	836,224	—	836,224	833,551	2,673
Liabilities total	\$—	\$20,699,030	\$22,391,712	\$43,090,742	\$43,130,088	\$(39,346)

	Millions of yen					
	2024					
	Fair Value				Carrying Amount	Difference
	Level 1	Level 2	Level 3	Total		
Monetary claims bought ^(Note 1)	¥—	¥—	¥53,635	¥53,635	¥48,008	¥5,626
Money held in trust	—	3,351	11,140	14,491	12,963	1,528
Loans and bills discounted ^(Note 2)	—	665,653	3,403,429	4,069,083	3,984,065	85,018
Assets total	¥—	¥669,005	¥3,468,205	¥4,137,211	¥4,045,037	¥92,173
Deposits (excluding negotiable certificates of deposit)	¥—	¥3,308,898	¥2,327,470	¥5,636,368	¥5,634,992	¥1,376
Borrowed money	—	—	563,143	563,143	563,300	(156)
Bonds payable	—	178,310	—	178,310	181,397	(3,086)
Liabilities total	¥—	¥3,487,208	¥2,890,613	¥6,377,822	¥6,379,689	¥(1,867)

Notes: 1. Allowance for loan losses provided to 'Monetary claims bought' is directly deducted from the carrying amounts due to immateriality.

2. General allowance for loan losses and specific allowance for loan losses provided to 'Loans and bills discounted' are deducted by ¥70,300 million (\$470,143 thousand) and ¥87,229 million as of March 31, 2025 and 2024, respectively.

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Description of the valuation techniques and inputs used to measure fair value

(1) Monetary claims bought

Fair value of trust beneficiary rights, recorded as monetary claims bought which meet the criteria of securities for the purpose of accounting treatment, is measured using the same method as described in (3) Securities, below. The fair value is mainly determined as the present value of estimated future cash flows, discounted by the market interest rates, less accrued interest and is classified as Level 3. The estimated future cash flows are calculated by adjusting contractual payment of principal and interest and reflecting Probability of Default (PD) and Loss Given Default (LGD). PD is based on the internal credit ratings and LGD is based on the situations of underlying assets and collateral.

Fair value of monetary claims bought other than the above is measured using the same techniques as described in (4) Loans and bills discounted, below and is classified as Level 3.

(2) Money held in trust

Fair value of securities held as trust assets in individually operated money trusts whose main purpose is to manage securities is measured using the same techniques as described in (3) Securities, below and is classified as each level based on the type of the securities.

Fair value of monetary claims held as trust assets is measured using the same techniques as described in (4) Loans and bills discounted, below and is classified as either Level 2 or Level 3.

Notes on money held in trust by purpose of holding are described in Note 6, 'Money Held in Trust.'

(3) Securities

Fair value of stocks is valued at market prices quoted at exchanges and is mainly classified as Level 1 based on market activity.

Bonds that have a market price announced by certain industry associations or provided by information vendors are valued at those prices. Fair value of Japanese national government bonds etc. is classified as Level 1. Fair value of other bonds is classified as Level 2. Fair value of bonds that do not have a market price announced by certain industry associations or provided by information vendors is mainly determined as the present value of estimated future cash flows, discounted by the market interest rates, less accrued interest and is classified as Level 3. The estimated future cash flows are calculated by adjusting contractual payment of principal and interest and reflecting PD and LGD. PD is based on the internal credit ratings and LGD is based on the situations of underlying assets and collateral.

Fair value of investment trusts with market prices quoted at exchanges is valued at the price and is classified as Level 1 or Level 2 based on market activity. In addition, fair value of investment trusts with no market prices is valued at the net asset value and classified as Level 2 if there are no material restrictions on cancellation or repurchase requests that would require compensation for the risk from market participants.

Notes on securities by purpose of holding are described in Note 5, 'Securities.'

(4) Loans and bills discounted

Fair value of loans and bills discounted is mainly determined as the present value of estimated future cash flows, discounted by the market interest rates, less accrued interest and is classified as Level 3. The estimated future cash flows are calculated by adjusting contractual payment of principal and interest and reflecting PD and LGD. PD is based on the internal credit ratings and LGD is based on the situations of underlying assets and collateral.

Concerning compound financial instruments to which bifurcation accounting is applied, the contractual payments of principal and interest for the calculations are those of the host contracts where embedded derivatives are separated under bifurcation accounting. As for loans that are quantitatively insignificant, the book value is deemed as fair value.

Fair value of loans and bills discounted that have a price provided by information vendors is classified as Level 2 or Level 3.

As for loans to 'Bankrupt' borrowers, 'De facto bankrupt' borrowers and 'In danger of bankruptcy' borrowers, the collectable amount through the disposal of collateral or the execution of guarantees, or the present value of estimated future cash flows, etc., is deemed as the fair value and is classified as Level 3.

(5) Deposits

Fair value of deposits on demand is deemed as the payment amount if demanded on the consolidated balance sheet date (book value) and is classified as Level 2. Fair value of time deposits is principally determined as the present value of contractual payments of principal and interest less accrued interest and is classified as Level 3. The discount rate is the market interest rate, adjusted with average funding spreads of the Group observed within a specified period preceding the consolidated balance sheet date. Concerning compound financial instruments to which bifurcation accounting is applied, the contractual payments of principal and interest for the calculations are those of the host contracts where embedded derivatives are bifurcated under bifurcation accounting.

(6) Borrowed money

Since the fair value of borrowed money with short maturities is approximately equal to the book value, the fair value is deemed as the book value and is classified as Level 3. Other than that, the fair value is measured using the same techniques as for time deposits described in (5) Deposits above and is classified as Level 3. Concerning compound financial instruments to which bifurcation accounting is applied, the contractual payments of principal and interest for the calculations are those of the host contracts where embedded derivatives are bifurcated under bifurcation accounting.

(7) Bonds payable

Fair value of bonds payable is mainly measured using a market price announced by certain industry associations or provided by information vendors and is classified as Level 2.

(8) Derivatives

Fair value of listed derivatives is based on their closing prices. Fair value of over-the-counter derivative transactions is based on the discounted cash flow method or option pricing models, etc., using inputs such as interest rate, foreign exchange rate, volatility, etc. Fair value of over-the-counter derivative transactions is measured with adjustment of the counterparties' credit risk or the Group's own credit risk (Credit Value Adjustment or Debit Value Adjustment). Fair value of listed derivative transactions is mainly classified as Level 1. Fair value of over-the-counter derivative transactions is classified as Level 2 if observable inputs are available or impact of unobservable inputs to the fair values is not significant. If impact of unobservable inputs to the fair values is significant, it is classified as Level 3.

Information about assets and liabilities measured at fair value and classified as Level 3

(1) Quantitative Information on significant unobservable inputs

Years Ended March 31

	2025			
	Valuation technique	Significant unobservable inputs	Range	Weighted average
Monetary claims bought	Discounted cash flow method	Probability of default	0.0%—0.0%	0.0%
		Recovery rate	55.0%	55.0%
Securities	Discounted cash flow method	Probability of default	0.0%—4.5%	0.4%
		Recovery rate	55.0%—60.0%	56.5%
Derivatives				
Interest rate contracts	Option pricing model	Correlation between interest rates	0.8%	—
		Correlation between interest rate and foreign exchange rate	(10.0%)—2.0%	—

	2024			
	Valuation technique	Significant unobservable inputs	Range	Weighted average
Monetary claims bought	Discounted cash flow method	Probability of default	0.0%—0.1%	0.1%
		Recovery rate	55.0%	55.0%
Securities	Discounted cash flow method	Probability of default	0.0%—9.7%	1.1%
		Credit Spread	0.4%	0.4%
		Recovery rate	55.0%—60.0%	56.9%
Derivatives				
Interest rate contracts	Option pricing model	Correlation between interest rates	1.1%	—
		Correlation between interest rate and foreign exchange rate	(15.9%)—5.0%	—

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(2) Reconciliation between the beginning and ending balance, and net unrealized gains (losses) recognized in earnings of the period

	Millions of yen							
	2025							
	As of April 1, 2024	Included in earnings of the period (Note 1)	Included in other comprehensive income (Note 2)	Net amount of purchase, sale, issuance and settlement	Transfers into Level 3	Transfers out of Level 3	As of March 31, 2025	Net unrealized gains (losses) on assets and liabilities held at consolidated balance sheet date included in earnings of the period (Note 1)
Monetary claims bought	¥20,060	¥—	¥(46)	¥(8,630)	¥—	¥—	¥11,383	¥—
Securities								
Available-for-sale								
Japanese corporate bonds	13,817	—	(91)	(5,127)	—	—	8,598	—
Foreign bonds	21,084	—	(119)	(1,000)	—	—	19,965	—
Other	0	—	—	—	—	—	0	—
Derivatives (Note 3)								
Interest rate contracts	¥3	¥(1)	¥—	¥—	¥—	¥—	¥1	¥(1)

	Thousands of U.S. dollars							
	2025							
	As of April 1, 2024	Included in earnings of the period (Note 1)	Included in other comprehensive income (Note 2)	Net amount of purchase, sale, issuance and settlement	Transfers into Level 3	Transfers out of Level 3	As of March 31, 2025	Net unrealized gains (losses) on assets and liabilities held at consolidated balance sheet date included in earnings of the period (Note 1)
Monetary claims bought	\$134,155	\$—	\$(314)	\$(57,714)	\$—	\$—	\$76,127	\$—
Securities								
Available-for-sale								
Japanese corporate bonds	92,406	—	(614)	(34,289)	—	—	57,503	—
Foreign bonds	141,006	—	(798)	(6,688)	—	—	133,520	—
Other	0	—	—	—	—	—	0	—
Derivatives (Note 3)								
Interest rate contracts	\$22	\$(10)	\$—	\$—	\$—	\$—	\$12	\$(10)

	Millions of yen							
	2024							
	As of April 1, 2023	Included in earnings of the period (Note 1)	Included in other comprehensive income (Note 2)	Net amount of purchase, sale, issuance and settlement	Transfers into Level 3	Transfers out of Level 3	As of March 31, 2024	Net unrealized gains (losses) on assets and liabilities held at consolidated balance sheet date included in earnings of the period (Note 1)
Monetary claims bought	¥31,597	¥—	¥(58)	¥(11,479)	¥—	¥—	¥20,060	¥—
Trading account assets	55	3	—	(59)	—	—	—	—
Securities								
Available-for-sale								
Japanese short-term corporate bonds	10,999	6	—	(11,006)	—	—	—	—
Japanese corporate bonds	16,135	0	(80)	(2,236)	—	—	13,817	—
Foreign bonds	21,193	—	(109)	—	—	—	21,084	—
Other	0	—	—	(0)	—	—	0	—
Derivatives (Note 3)								
Interest rate contracts	¥9	¥(5)	¥—	¥—	¥—	¥—	¥3	¥(5)
Equity contracts	7,811	(9,918)	—	2,107	—	—	—	—
Commodity derivatives	0	(0)	—	—	—	—	—	—

Notes: 1. Included in consolidated statement of operations.

2. Included in 'Valuation difference on available-for-sale securities' under 'Other comprehensive income' in the consolidated statement of comprehensive income.

3. Derivatives recorded in 'Trading account assets', 'Trading account liabilities', 'Other assets' and 'Other liabilities' are aggregated and shown herein in total. Assets and liabilities attributable to the derivative contracts are totally offset and the net liability position as a consequence of offsetting would be represented with brackets, if any.

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(3) Description of the fair value valuation process

The Financial Control Division of the Group establishes policies and procedures for the calculation of fair value and procedures for the use of valuation models, and the front division develops valuation models in accordance with such policies and procedures. The Risk Management Division verifies the reasonableness of the fair value valuation models, the inputs used, and the calculated fair values. In addition, the Financial Control Division classifies the fair value level based on the results of such verifications. If quoted prices obtained from third parties are used, those values are verified by using appropriate methods such as confirming the valuation techniques and inputs used, and comparing the fair value with that of similar financial instruments.

(4) Description of the sensitivity of the fair value to changes in significant unobservable inputs

Probability of default

Probability of default is an estimate of the likelihood that the default event will occur, and the Group will be unable to collect the contractual amounts. A significant increase (decrease) in the default rate would result in a significant decrease (increase) in a fair value.

Credit spread

Credit spread is an additional risk premium required for the financial assets relative to the yield on risk-free assets in the secondary market. A significant increase (decrease) in the credit spread would result in a significant decrease (increase) in a fair value.

Recovery rate

Recovery rate is an estimated proportion of the total outstanding balance of a bond or loan that is expected to be collected in a liquidation scenario. Recovery rate would affect estimation of future cash flows to a certain extent. A significant increase (decrease) in the recovery rate would result in a significant increase (decrease) in a fair value.

Correlation

Correlation is an indicator of the relation of variables such as interest rate, foreign exchange rate, stock price and commodity price. Correlation is estimated based on actual results in the past and is mainly used in valuation technique of complex derivatives. A significant change in correlation would generally result in a significant increase or decrease in a fair value according to the contractual terms of the financial instrument.

Non-marketable equity securities and Investments in partnerships

The following instruments are not included in 'Securities' in the above tables of 'Matters concerning fair value of financial instruments and breakdown by level within fair value hierarchy.'

Years Ended March 31

	Carrying amount	
	2025	
	Millions of yen	Thousands of U.S. dollars
Non-marketable equity securities (Notes 1 and 3)	¥11,368	\$76,026
Investments in partnerships (Note 2)	177,902	1,189,741

	Carrying amount
	2024
	Millions of yen
Non-marketable equity securities (Notes 1 and 3)	¥11,035
Investments in partnerships (Note 2)	178,151

Notes: 1. Non-marketable equity securities include unlisted stocks, etc. and those fair values are not disclosed in accordance with the Paragraph 5 of 'Implementation Guidance on Disclosures about Fair Value of Financial Instruments' (ASBJ Guidance No.19, issued on March 31, 2020).
 2. Fair value of investments in partnerships is not disclosed in accordance with the Paragraph 24-16 of 'Implementation Guidance on Accounting Standard for Fair Value Measurement' (ASBJ Guidance No. 31, issued on June 17, 2021).
 3. The Group wrote off unlisted stocks, etc. in the amount of ¥153 million (\$1,024 thousand) during the year ended March 31, 2025. The Group wrote off unlisted stocks, etc. in the amount of ¥380 million during the year ended March 31, 2024.

Maturity analysis for claims and securities with contractual maturities as of March 31, 2025 and 2024

Year Ended March 31, 2025

	Millions of yen					
	1 year or less	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Due from banks	¥1,406,279	¥—	¥—	¥—	¥—	¥—
Call loans and bills bought	31,782	—	—	—	—	—
Monetary claims bought ^(Note 1)	14,057	4,340	—	5,507	7,474	—
Securities:						
Available-for-sale securities with fixed maturity	148,075	97,482	149,795	118,742	124,183	198,147
Loans and bills discounted ^(Note 2)	1,346,397	828,783	990,630	583,345	197,541	183,625
Total	¥2,946,591	¥930,605	¥1,140,425	¥707,594	¥329,199	¥381,772

	Thousands of U.S. dollars					
	1 year or less	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Due from banks	\$9,404,661	\$—	\$—	\$—	\$—	\$—
Call loans and bills bought	212,550	—	—	—	—	—
Monetary claims bought ^(Note 1)	94,010	29,025	—	36,832	49,987	—
Securities:						
Available-for-sale securities with fixed maturity	990,275	651,924	1,001,774	794,103	830,492	1,325,132
Loans and bills discounted ^(Note 2)	9,004,195	5,542,590	6,624,959	3,901,192	1,321,082	1,228,020
Total	\$19,705,691	\$6,223,539	\$7,626,733	\$4,732,127	\$2,201,561	\$2,553,152

Notes: 1. Of monetary claims bought, the portion whose collection is unforeseeable, such as loans to 'Bankrupt' borrowers, loans to 'De facto bankrupt' borrowers and loans to 'In danger of bankruptcy' borrowers, amounting to ¥27,150 million (\$181,574 thousand) as of March 31, 2025, is not included in the table.

2. Of loans and bills discounted, the portion whose collection is unforeseeable, such as loans to 'Bankrupt' borrowers, loans to 'De facto bankrupt' borrowers and loans to 'In danger of bankruptcy' borrowers, amounting to ¥76,241 million (\$509,871 thousand) as of March 31, 2025, is not included in the table. There are no loans that do not have fixed maturity.

Year Ended March 31, 2024

	Millions of yen					
	1 year or less	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Due from banks	¥1,576,194	¥—	¥—	¥—	¥—	¥—
Call loans and bills bought	17,269	—	—	—	—	—
Monetary claims bought ^(Note 1)	15,438	10,835	724	3,081	12,988	—
Securities:						
Available-for-sale securities with fixed maturity	87,445	113,614	77,827	63,028	131,031	210,174
Loans and bills discounted ^(Note 2)	1,188,634	928,356	961,752	503,762	199,700	170,499
Total	¥2,884,982	¥1,052,807	¥1,040,303	¥569,872	¥343,721	¥380,673

Notes: 1. Of monetary claims bought, the portion whose collection is unforeseeable, such as loans to 'Bankrupt' borrowers, loans to 'De facto bankrupt' borrowers and loans to 'In danger of bankruptcy' borrowers, amounting to ¥25,023 million as of March 31, 2024, is not included in the table.

2. Of loans and bills discounted, the portion whose collection is unforeseeable, such as loans to 'Bankrupt' borrowers, loans to 'De facto bankrupt' borrowers and loans to 'In danger of bankruptcy' borrowers, amounting to ¥118,590 million as of March 31, 2024, is not included in the table. There are no loans that do not have fixed maturity.

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Maturity analysis for interest-bearing liabilities as of March 31, 2025 and 2024

Year Ended March 31, 2025

	Millions of yen					
	1 year or less	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Deposits (excluding negotiable certificates of deposit)	¥4,415,944	¥258,929	¥298,472	¥144,266	¥132,187	¥348,500
Negotiable certificates of deposit	74,600	—	—	—	—	—
Call money and bills sold	5,000	—	—	—	—	—
Securities sold under repurchase agreements	27,924	—	—	—	—	—
Cash collateral received for securities lent	345,719	—	—	—	—	—
Borrowed money	258,000	15,500	47,000	80,500	151,700	173,600
Bonds payable	69,797	54,843	—	—	—	—
Total	¥5,196,986	¥329,272	¥345,472	¥224,766	¥283,887	¥522,100

	Thousands of U.S. dollars					
	1 year or less	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Deposits (excluding negotiable certificates of deposit)	\$29,532,166	\$1,731,621	\$1,996,070	\$964,802	\$884,017	\$2,330,642
Negotiable certificates of deposit	498,897	—	—	—	—	—
Call money and bills sold	33,438	—	—	—	—	—
Securities sold under repurchase agreements	186,750	—	—	—	—	—
Cash collateral received for securities lent	2,312,039	—	—	—	—	—
Borrowed money	1,725,406	103,658	314,318	538,354	1,014,512	1,160,971
Bonds payable	466,778	366,773	—	—	—	—
Total	\$34,755,474	\$2,202,052	\$2,310,388	\$1,503,156	\$1,898,529	\$3,491,613

Note: Deposits on demand (current deposits, ordinary deposits and deposits at notice) are included in '1 year or less.'

Year Ended March 31, 2024

	Millions of yen					
	1 year or less	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years
Deposits (excluding negotiable certificates of deposit)	¥4,446,496	¥250,735	¥282,921	¥101,095	¥181,075	¥372,667
Negotiable certificates of deposit	141,380	—	—	—	—	—
Call money and bills sold	—	—	—	—	—	—
Securities sold under repurchase agreements	29,903	—	—	—	—	—
Cash collateral received for securities lent	260,689	—	—	—	—	—
Borrowed money	105,500	23,300	29,000	29,800	180,800	194,900
Bonds payable	55,433	125,964	—	—	—	—
Total	¥5,039,403	¥400,000	¥311,921	¥130,895	¥361,875	¥567,567

Note: Deposits on demand (current deposits, ordinary deposits and deposits at notice) are included in '1 year or less.'

28. Derivatives

The qualitative nature of derivative transactions, such as the type of derivatives, policy and purpose of using derivatives, risks and risk control systems for derivatives, are described in Note 27, 'Financial Instruments and Related Disclosures.'

(1) Derivative transactions for which hedge accounting is not applied

The Group had the following derivative contracts, which were listed on exchanges, outstanding as of March 31, 2025 and 2024:

	Millions of yen				Thousands of U.S. dollars			
	Contract or notional amount	Due after 1 year	Fair Value	Valuation gain/(loss)	Contract or notional amount	Due after 1 year	Fair Value	Valuation gain/(loss)
March 31, 2025								
Interest rate contacts;								
Futures sold	¥34,822	¥—	¥(0)	¥(0)	\$232,881	\$—	\$(4)	\$(4)
Futures bought	14,313	—	(1)	(1)	95,723	—	(10)	(10)
Bond contracts:								
Futures sold	4,058	—	(4)	(4)	27,138	—	(32)	(32)
Futures bought	8,509	—	10	10	56,906	—	68	68
Futures options purchased	3,738	—	23	3	25,000	—	160	23
Equity contracts:								
Index futures sold	4,497	—	82	82	30,077	—	553	553
Index futures bought	986	—	5	5	6,599	—	38	38
Index options written	22,660	7,850	(229)	1,326	151,545	52,498	(1,535)	8,874
Index options purchased	21,012	6,850	1,191	4	140,525	45,810	7,971	29
March 31, 2024								
Interest rate contacts;								
Futures sold	¥1,806	¥—	¥0	¥0				
Futures bought	—	—	—	—				
Bond contracts:								
Futures sold	835	—	(3)	(3)				
Futures bought	183	—	0	0				
Futures options purchased	2,271	—	3	(3)				
Equity contracts:								
Index futures sold	1,657	—	1	1				
Index futures bought	1,427	—	2	2				
Index options written	74,420	30,829	(1,603)	3,483				
Index options purchased	52,269	15,850	1,557	(931)				

Notes: 1. The contracts or notional amounts of derivatives which are shown in the above table do not necessarily represent the amounts exchanged by the parties and do not measure the exposure of the Group to credit or market risk.

2. Derivative transactions shown above are stated at fair value in the accompanying consolidated financial statements.

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The Group had the following derivative contracts, which were not listed on exchanges, outstanding as of March 31, 2025 and 2024:

	Millions of yen				Thousands of U.S. dollars			
	Contract or notional amount	Due after 1 year	Fair Value	Valuation gain/(loss)	Contract or notional amount	Due after 1 year	Fair Value	Valuation gain/(loss)
March 31, 2025								
Interest rate contracts:								
Interest rate swaps:								
Receive fixed and pay floating	¥4,834,946	¥4,174,240	¥(159,571)	¥(159,571)	\$32,334,292	\$27,915,741	\$(1,067,157)	\$(1,067,157)
Receive floating and pay fixed	5,053,509	4,206,543	190,695	190,695	33,795,959	28,131,769	1,275,302	1,275,302
Receive floating and pay floating	504,010	368,150	13,820	13,820	3,370,629	2,462,048	92,423	92,423
Other contracts sold	2,186,069	1,890,500	(10,826)	(10,826)	14,619,605	12,642,948	(72,402)	(72,402)
Other contracts bought	771,535	702,455	1,691	1,691	5,159,734	4,697,753	11,315	11,315
Foreign exchange contracts:								
Currency swaps	684,172	299,005	(4,013)	(4,013)	4,575,485	1,999,636	(26,838)	(26,838)
Forward exchange contracts sold	452,908	38,503	(15,104)	(15,104)	3,028,877	257,500	(101,014)	(101,014)
Forward exchange contracts bought	305,418	85,473	35,438	35,438	2,042,525	571,618	237,002	237,002
Options written	774,059	528,500	(54,088)	(23,269)	5,176,616	3,534,412	(361,726)	(155,619)
Options purchased	701,603	481,369	34,334	10,643	4,692,059	3,219,218	229,616	71,178
Commodity derivatives:								
Commodity swaps:								
Receive fixed and pay floating	20,251	4,319	271	271	135,436	28,888	1,813	1,813
Receive floating and pay fixed	19,675	4,176	292	292	131,582	27,932	1,959	1,959
Credit derivatives:								
CDS sold	121,395	100,895	1,994	1,994	811,844	674,748	13,339	13,339
CDS bought	111,900	89,750	(996)	(996)	748,345	600,214	(6,667)	(6,667)
Internal transactions:								
Interest rate swaps:								
Receive fixed and pay floating	473,062	388,386	(8,632)	(8,632)	3,163,663	2,597,381	(57,732)	(57,732)
Receive floating and pay fixed	341,000	321,000	3,167	3,167	2,280,479	2,146,726	21,180	21,180
Currency swaps	657,600	260,300	4,863	4,863	4,397,780	1,740,788	32,527	32,527
Forward exchange contracts sold	—	—	—	—	—	—	—	—
Forward exchange contracts bought	—	—	—	—	—	—	—	—
March 31, 2024								
Interest rate contracts:								
Interest rate swaps:								
Receive fixed and pay floating	¥3,921,232	¥3,541,776	¥(64,358)	¥(64,358)				
Receive floating and pay fixed	4,311,483	3,900,835	107,254	107,254				
Receive floating and pay floating	409,048	348,881	4,468	4,468				
Other contracts sold	2,338,495	2,066,495	(7,427)	(7,427)				
Other contracts bought	852,507	701,227	190	190				
Foreign exchange contracts:								
Currency swaps	778,870	306,057	(7,060)	(7,060)				
Forward exchange contracts sold	656,842	52,942	(38,031)	(38,031)				
Forward exchange contracts bought	410,962	113,296	52,274	52,274				
Options written	850,571	525,297	(65,238)	(32,513)				
Options purchased	766,693	476,240	39,790	13,657				
Commodity derivatives:								
Commodity swaps:								
Receive fixed and pay floating	19,493	6,647	(2,317)	(2,317)				
Receive floating and pay fixed	18,943	6,351	2,912	2,912				
Credit derivatives:								
CDS sold	147,280	112,645	2,899	2,899				
CDS bought	137,695	99,630	(1,493)	(1,493)				
Internal transactions:								
Interest rate swaps:								
Receive fixed and pay floating	488,073	432,512	(10,417)	(10,417)				
Receive floating and pay fixed	—	—	—	—				
Currency swaps	714,000	260,400	8,067	8,067				
Forward exchange contracts sold	0	—	0	0				
Forward exchange contracts bought	0	—	(0)	(0)				

Notes: 1. The contracts or notional amounts of derivatives which are shown in the above table do not necessarily represent the amounts exchanged by the parties and do not measure the exposure of the Group to credit or market risk.
2. Derivative transactions shown above are stated at fair value in the accompanying consolidated financial statements.
3. Other contracts sold and bought of 'Interest rate contracts' were mainly swaptions.
4. Foreign exchange profit/loss generated from the notional amount exposure of currency swaps, amounting to a loss of ¥56 million (\$376 thousand) and a loss of ¥19 million as of March 31, 2025 and 2024, respectively, are excluded from 'Fair Value' and 'Valuation gain/(loss)' shown above.
5. Commodity derivatives are mainly related to oil and non-ferrous metal.
6. CDS is the abbreviation for credit default swaps.
7. 'Sold' credit derivatives represent credit risk taking. 'Bought' credit derivatives represent credit risk transfer.

(2) Derivative transactions for which hedge accounting is applied

The Group had the following derivative contracts for which hedge accounting is applied as of March 31, 2025 and 2024:

	Millions of yen			Thousands of U.S. dollars		
	Contract or notional amount	Due after 1 year	Fair Value	Contract or notional amount	Due after 1 year	Fair Value
March 31, 2025						
Interest rate contracts						
Interest rate swaps						
Receive fixed and pay floating	¥341,000	¥321,000	¥(3,167)	\$2,280,479	\$2,146,726	\$(21,180)
Receive floating and pay fixed	473,062	388,386	8,632	3,163,663	2,597,381	57,732
Bond contracts						
Total return swaps	58,978	—	(239)	394,425	—	(1,598)
Foreign exchange contracts:						
Currency swaps	638,200	253,033	(4,863)	4,268,043	1,692,195	(32,527)
Forward exchange contracts	875,564	—	9,290	5,855,442	—	62,130
March 31, 2024						
Interest rate contracts						
Interest rate swaps						
Receive fixed and pay floating	¥—	¥—	¥—			
Receive floating and pay fixed	488,073	432,512	10,417			
Bond contracts						
Total return swaps	59,626	—	(303)			
Foreign exchange contracts:						
Currency swaps	740,315	268,714	(8,067)			
Forward exchange contracts	683,284	—	(18,507)			

- Notes: 1. The contracts or notional amounts of derivatives which are shown in the above table do not necessarily represent the amounts exchanged by the parties and do not measure the exposure of the Group to credit or market risk.
2. The main hedged items for interest rate swaps are interest-bearing financial assets or liabilities, such as loans, available-for-sale securities and deposits.
3. The main hedged items for total return swaps are stock-price-bearing financial assets, such as available-for-sale securities.
4. The main hedged items for currency swaps and forward exchange contracts are foreign-currency-denominated financial assets or liabilities, such as loans and securities.
5. For the interest rate swaps shown above, deferred hedge accounting is applied mainly in accordance with the JICPA Industry Committee Practical Guideline No. 24.
6. For the currency swaps and forward exchange contracts shown above, deferred hedge accounting is applied mainly in accordance with the JICPA Industry Committee Practical Guideline No. 25.
7. Foreign exchange profit/loss generated from the notional amount exposure of currency swaps, amounting to a gain of ¥19,275 million (\$128,908 thousand) and a loss of ¥26,372 million as of March 31, 2025 and 2024, respectively, are excluded from 'Fair Value' shown above.

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29. Other Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Reclassification and tax effect related to comprehensive income			
Valuation difference on available-for-sale securities:			
Difference arising during the year	¥9,972	¥(13,519)	\$66,695
Reclassification adjustment to profit or loss	(5,800)	20,665	(38,794)
Amount before income taxes and income tax effect	4,172	7,146	27,901
Income taxes and income tax effect	2,093	(7,532)	14,000
Valuation difference on available-for-sale securities	6,265	(385)	41,901
Deferred gains or losses on hedges:			
Gains (losses) arising during the year	(72,416)	(70,193)	(484,295)
Reclassification adjustment to profit or loss	66,965	75,036	447,837
Amount before income taxes and income tax effect	(5,451)	4,842	(36,458)
Income taxes and income tax effect	1,637	(1,482)	10,948
Deferred gains or losses on hedges	(3,814)	3,359	(25,510)
Foreign currency translation adjustment:			
Adjustments arising during the year	(379)	4,412	(2,535)
Reclassification adjustment to profit or loss	(3,408)	(1,869)	(22,795)
Amount before income taxes and income tax effect	(3,787)	2,542	(25,330)
Income taxes and income tax effect	1,039	(1,039)	6,952
Foreign currency translation adjustment	(2,748)	1,503	(18,378)
Remeasurements of defined benefit plans:			
Adjustments arising during the year	591	4,679	3,954
Reclassification adjustment to profit or loss	(535)	518	(3,582)
Amount before income taxes and income tax effect	55	5,198	372
Income taxes and income tax effect	(47)	(1,591)	(315)
Remeasurements of defined benefit plans	8	3,606	57
Share of other comprehensive income (loss) in associates:			
Adjustments arising during the year	2,215	950	14,819
Reclassification adjustment to profit or loss	—	—	—
Amount before income taxes and income tax effect	2,215	950	14,819
Income taxes and income tax effect	—	—	—
Share of other comprehensive income (loss) in associates	2,215	950	14,819
Other comprehensive income total	¥1,927	¥9,034	\$12,889

30. Per Share Information

The reconciliation of differences between basic and diluted net income per share (EPS) for the years ended March 31, 2025 and 2024, was as follows:

	Millions of yen	Thousands of Shares	Yen	U.S. dollars
	Net Income (loss)	Weighted-Average Number of Shares	EPS	
Year Ended March 31, 2025				
Basic EPS—Net income attributable to common stockholders (Net income attributable to owners of the parent)	¥20,518	133,006	¥154.26	\$1.03
Effect of dilutive securities— Share acquisition rights to shares	—	213		
Diluted EPS—Net income for computation	¥20,518	133,220	¥154.02	\$1.03
Year Ended March 31, 2024				
Basic EPS—Net loss attributable to common stockholders (Net loss attributable to owners of the parent)	¥(49,904)	116,812	¥(427.22)	
Effect of dilutive securities— Share acquisition rights to shares	—	—		
Diluted EPS—Net loss for computation ^(Note)	¥—	—	¥—	

Note: Diluted EPS is not described because of net loss per common share although there are dilutive shares for the year ended March 31, 2024.

Net assets per share of common stock as of March 31, 2025 and 2024, were as follows:

	Yen		U.S. dollars
	2025	2024	2025
Net assets per share of common stock	¥3,258.51	¥3,285.94	\$21.79

Net assets per share of common stock as of March 31, 2025 and 2024, were calculated based on the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Total equity	¥459,685	¥391,078	\$3,074,202
Deductions from total equity:			
Non-controlling interests	8,267	6,673	55,288
Share acquisition rights	501	532	3,353
Net assets attributable to common stock at the end of the year	¥450,916	¥383,871	\$3,015,561
Number of shares of common stock at the end of the year used for the calculation of net assets per share of common stock (shares in thousands)	138,381	116,822	

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31. Segment Information

(1) Segment information

Segment information for the years ended March 31, 2025 and 2024, was as follows:

Due to the increased importance of GMO Aozora Net Bank, Ltd. (hereafter referred to as 'GMO Aozora Net Bank'), a consolidated subsidiary of the Bank, GMO Aozora Net Bank has been newly presented as a reportable segment.

In addition, due to a change in internal management, gains (losses) on equity derivatives, etc. are included in business revenue and are presented as 'Gains (losses) on stock transactions, etc.'

The information regarding reportable segments for the year ended March 31, 2024 has been updated to reflect these new operating segments and internal management method.

1) Description of reportable segments

(a) Identification of operating segments

The Bank has classified its Group's business operations into business groups based upon the nature of the customers served and products offered: Institutional Banking Group, Structured Finance Group, International Business Group, Market Group, Customer Relations Group and GMO Aozora Net Bank. The Bank has designated these business groups as operating segments and reportable segments for the purpose of the disclosures contained herein.

Financial information for these groups is regularly reported to the Management Committee, which comprises members from amongst the Executive Officers who are approved and appointed by the Board of Directors, and is utilized for management decisions on the allocation of resources, an evaluation of the performance of each business group, etc.

(b) Services provided by each reportable segment

Institutional Banking Group consists of Corporate Banking Group and M&A Advisory Group. Institutional Banking Group offers financial services to corporate customers. Major services offered by Institutional Banking Group are loans and deposits, sale of financial products, private equity operations, M&A advisory, and other financial services.

Structured Finance Group consists of Acquisition & Structured Finance Group, Environment Business Group, Special Situations Group and Real Estate Finance Group. Structured Finance Group offers financial services that require specialized expertise such as acquisition finance, environmental project finance, corporate restructuring finance, real estate finance and other financial services.

International Business Group consists of International Finance Group. International Business Group offers financial services that require specialized expertise such as overseas loans and investments, and other financial services.

Market Group consists of Financial Markets Group. Market Group offers derivatives and foreign exchange products to customers, trading derivatives and foreign exchange products, as well as ALM operations.

Customer Relations Group consists of Allied Banking Group and Retail Banking Group. Customer Relations Group offers financial services to financial institutions, public sector customers and retail customers. Major services offered by Customer Relations Group are loans and deposits, sale of financial products (for financial institutions and public sector customers) and the sale of investment products, including deposits, investment trusts and insurance (for retail customers), and other financial services.

GMO Aozora Net Bank is a consolidated subsidiary of the Bank. GMO Aozora Net Bank offers loans and deposits, foreign exchange (for corporate customers, mainly startups and small and medium-sized enterprises) and deposits (for retail customers), and other financial services.

2) Methods of measurement for the amounts of business revenue, profit (loss), assets and liabilities by reportable segments

Business revenue, profit (loss), assets and liabilities of reportable segments are recognized and measured mainly in accordance with accounting policies applied to consolidated financial statements.

Business revenue includes 'Consolidated net revenues,' 'Equity in earnings of associates,' and 'Gains (losses) on stock transactions.'

The Bank calculates its net interest income from funding and investing across reportable segments based on i) the internal transfer rates determined by the average rate of funding by the currency and by contractual term, and ii) an expense allocation ratio for funding activities. In addition, the expenses related to the operations of the Bank's Head Office, which is not directly related to its business activities, is excluded from each reportable segment.

Fixed assets are not allocated to reportable segments, while the associated expenses are allocated to specific reportable segments and included in the segments' expenses.

3) Business revenue, profit (loss), assets and liabilities by reportable segment

Year ended March 31, 2025

	Millions of yen						
	Institutional Banking	Structured Finance	International Business	Market	Customer Relations	GMO Aozora Net Bank	Total
Consolidated net revenue	¥16,130	¥38,120	¥15,252	¥453	¥8,020	¥9,210	¥87,187
Equity in earnings of associates	—	—	2,265	—	—	—	2,265
Gains (losses) on stock transactions, etc.	415	(979)	—	2	659	—	96
Business revenue	16,545	37,141	17,517	455	8,679	9,210	89,549
General and administrative expenses	9,841	14,636	7,872	4,309	10,479	9,611	56,750
Business profit (loss)	6,704	22,504	9,644	(3,853)	(1,799)	(400)	32,799
Segment assets	1,216,743	1,703,670	1,031,250	2,326,971	189,784	941,563	7,409,983
Segment liabilities	265,836	101,689	21	1,034,782	4,835,857	946,549	7,184,737

	Thousands of U.S. dollars						
	Institutional Banking	Structured Finance	International Business	Market	Customer Relations	GMO Aozora Net Bank	Total
Consolidated net revenue	\$107,872	\$254,938	\$102,003	\$3,031	\$53,639	\$61,596	\$583,079
Equity in earnings of associates	—	—	15,150	—	—	—	15,150
Gains (losses) on stock transactions, etc.	2,776	(6,552)	—	14	4,409	—	647
Business revenue	110,648	248,386	117,153	3,045	58,048	61,596	598,876
General and administrative expenses	65,814	97,885	52,651	28,817	70,083	64,276	379,526
Business profit (loss)	44,834	150,501	64,502	(25,772)	(12,035)	(2,680)	219,350
Segment assets	8,137,117	11,393,500	6,896,612	15,561,907	1,269,208	6,296,818	49,555,162
Segment liabilities	1,777,812	680,063	145	6,920,236	32,340,383	6,330,162	48,048,801

- Notes: 1. Due to the nature of the banking business, the Bank uses 'Business revenue' as a substitute for 'Sales' as would be used by non-financial service companies. 'Business revenue' includes 'Consolidated net revenue,' 'Equity in earnings of associates,' and 'Gains (losses) on stock transactions, etc.' Consolidated net revenue represents the total of net interest income, trust fees, net fees and commissions, net gains on trading account transactions and net other ordinary income. Gains (losses) on stock transactions, etc. represents the total of Gains (losses) on sales of stocks and other securities, losses on devaluation of stocks and other securities and Gains (losses) on equity derivatives, etc. The Bank oversees its revenue by reportable segment using business revenue. The Bank offsets interest income and interest expense for the management purpose, therefore, revenue in transactions between reportable segments is not disclosed.
2. Depreciation expenses are included in the general and administrative expenses of each reportable segment, but are not disclosed as a separate item, because in the calculation process of the business profit (loss), a part of depreciation expenses is allocated to each reportable segment, aggregated with other general and administrative expenses. Therefore, depreciation expenses by reportable segment are not managed separately. The amount of depreciation expense for the year is ¥7,252 million (\$48,503 thousand).
3. Segment assets of International Business Group include investments in entities applying equity methods of ¥35,508 million (\$237,468 thousand).

Year ended March 31, 2024

	Millions of yen						
	Institutional Banking	Structured Finance	International Business	Market	Customer Relations	GMO Aozora Net Bank	Total
Consolidated net revenue	¥15,720	¥41,580	¥14,997	¥(33,161)	¥7,582	¥5,156	¥51,876
Equity in earnings of associates	—	—	2,342	—	—	—	2,342
Gains (losses) on stock transactions, etc.	570	(12)	2,189	(8,484)	248	(4)	(5,493)
Business revenue	16,291	41,567	19,529	(41,646)	7,830	5,151	48,725
General and administrative expenses	9,725	13,709	8,319	4,399	10,800	8,572	55,526
Business profit (loss)	6,566	27,858	11,209	(46,046)	(2,969)	(3,420)	(6,801)
Segment assets	1,123,844	1,806,654	1,103,567	2,426,912	128,841	581,638	7,171,459
Segment liabilities	240,779	91,380	13	859,139	5,312,689	615,829	7,119,831

- Notes: 1. Due to the nature of the banking business, the Bank uses 'Business revenue' as a substitute for 'Sales' as would be used by non-financial service companies. 'Business revenue' includes 'Consolidated net revenue,' 'Equity in earnings of associates,' and 'Gains (losses) on stock transactions, etc.' Consolidated net revenue represents the total of net interest income, trust fees, net fees and commissions, net gains on trading account transactions and net other ordinary income. Gains (losses) on stock transactions, etc. represents the total of Gains (losses) on sales of stocks and other securities, losses on devaluation of stocks and other securities and Gains (losses) on equity derivatives. The Bank oversees its revenue by reportable segment using business revenue. The Bank offsets interest income and interest expense for the management purpose, therefore, revenue in transactions between reportable segments is not disclosed.
2. Depreciation expenses are included in the general and administrative expenses of each reportable segment, but are not disclosed as a separate item, because in the calculation process of the business profit (loss), a part of depreciation expenses is allocated to each reportable segment, aggregated with other general and administrative expenses. Therefore, depreciation expenses by reportable segment are not managed separately. The amount of depreciation expense for the year is ¥7,174 million.
3. Segment assets of International Business Group include investments in entities applying equity methods of ¥31,027 million.

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4) Reconciliation between total segment amounts and the consolidated financial statements

(a) Reconciliation between total business revenue of reportable segments and business revenue derived from the consolidated statement of income for the years ended March 31, 2025 and 2024, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Total business revenue of reportable segments	¥89,549	¥48,725	\$598,876
Variances resulting from profit or loss not covered by reportable segments or differences in the basis of revenue and expense recognition and measurement	473	5,777	3,164
Business revenue derived from the consolidated statement of income	¥90,023	¥54,502	\$602,040

(b) Reconciliation between total business profits and income before income taxes in the consolidated statement of income for the years ended March 31, 2025 and 2024, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Total business profits (losses)	¥32,799	¥(6,801)	\$219,350
Variances resulting from profit or loss not covered by reportable segments or differences in the basis of revenue and expense recognition and measurement	(5,655)	(556)	(37,820)
Amortization of actuarial differences on retirement benefit plans, etc.	494	(564)	3,308
Credit-related expenses, etc.	(9,445)	(46,930)	(63,170)
Others, including net extraordinary income	1,193	1,678	7,978
Income (loss) before income taxes in the consolidated statement of income	¥19,386	¥(53,174)	\$129,646

Note: Credit-related expenses, etc., represent the total of write-offs of loans, provision of allowance for loan losses and losses on disposition of non-performing loans.

(c) Reconciliation between total segment assets and total assets in the consolidated balance sheet as of March 31, 2025 and 2024, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Total segment assets	¥7,409,983	¥7,171,459	\$49,555,162
Allowance for loan losses	(37,809)	(37,475)	(252,853)
Assets not allocated to reportable segments	390,260	469,019	2,609,911
Total assets in the consolidated balance sheet	¥7,762,434	¥7,603,002	\$51,912,220

Note: As of March 31, 2025, assets not allocated to reportable segments include foreign exchange of ¥46,420 million (\$310,439 thousand), other assets of ¥246,738 million (\$1,650,096 thousand), fixed assets of ¥41,460 million (\$277,272 thousand) and deferred tax assets of ¥51,583 million (\$344,971 thousand). As of March 31, 2024, assets not allocated to reportable segments include foreign exchange of ¥51,267 million, other assets of ¥328,544 million, fixed assets of ¥42,121 million and deferred tax assets of ¥44,580 million.

(d) Reconciliation between total segment liabilities and total liabilities in the consolidated balance sheet as of March 31, 2025 and 2024, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Total segment liabilities	¥7,184,737	¥7,119,831	\$48,048,801
Liabilities not allocated to reportable segments	118,011	92,093	789,217
Total liabilities in the consolidated balance sheet	¥7,302,748	¥7,211,924	\$48,838,018

Note: As of March 31, 2025, liabilities not allocated to reportable segments include other liabilities of ¥81,350 million (\$544,044 thousand) and retirement benefit liability of ¥10,353 million (\$69,237 thousand). As of March 31, 2024, liabilities not allocated to reportable segments include other liabilities of ¥77,401 million and retirement benefit liability of ¥10,912 million.

(e) Detailed information on revenues from contracts with customers

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Fees and commissions income (including trust fees)	¥31,511	¥26,165	\$210,735
Loan business and deposit related	9,795	8,409	65,505
Securities and agency related	8,152	6,250	54,522
Others	13,563	11,506	90,708

Note: Of fees and commissions income (including trust fees), revenues from loan business and deposit related are mainly recorded in Institutional Banking Group and Structured Finance Group, revenues from securities and agency related are mainly recorded in Customer Relations Group and revenues from others are mainly recorded in GMO Aozora Net Bank.

The above table also includes revenues based on ASBJ Statement No. 10 'Accounting Standard for Financial Instruments' and other guidance.

(2) Related information

1) Segment information by service

Year ended March 31, 2025

	Millions of yen				
	Lending	Securities investment	Derivatives, etc.	Others	Total
Ordinary income from external customers	¥140,937	¥45,691	¥8,553	¥36,279	¥231,460

	Thousands of U.S. dollars				
	Lending	Securities investment	Derivatives, etc.	Others	Total
Ordinary income from external customers	\$942,534	\$305,565	\$57,203	\$242,621	\$1,547,923

Note: 'Ordinary income', that is calculated as total income less non-recurring income such as gains on disposal of fixed assets, is presented instead of 'Sales' as would be used by non-financial service companies.

Year ended March 31, 2024

	Millions of yen				
	Lending	Securities investment	Derivatives, etc.	Others	Total
Ordinary income from external customers	¥140,446	¥61,187	¥15,117	¥29,547	¥246,299

Note: 'Ordinary income', that is calculated as total income less non-recurring income such as gains on disposal of fixed assets, is presented instead of 'Sales' as would be used by non-financial service companies.

2) Segment information by geographic region

(a) Ordinary income

The information by geographic region has been omitted as the transaction data on each customer regarding interest income, gains on sales of securities and income related to derivative transactions, etc., were not available to be segmented by customers' domicile.

(b) Tangible fixed assets

The information by geographic region has been omitted as the amounts of tangible fixed assets located in Japan exceeded 90% of the total amount of tangible fixed assets in the consolidated balance sheet as of March 31, 2025 and 2024.

3) Segment information by major customer

The information by major customer has been omitted as ordinary income from any particular customer was less than 10% of ordinary income in the consolidated statement of income.

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(3) Segment information on impairment losses on fixed assets by reportable segment

For the year ended March 31, 2025

The description is omitted because it is immaterial.

For the year ended March 31, 2024

The description is omitted because it is immaterial.

(4) Segment information on amortization and unamortized portion of goodwill by reportable segment

Not applicable

(5) Segment information on profit on negative goodwill by reportable segment

Not applicable

32. Related-Party Transactions

(1) Related-Party Transactions

There were no material related party transactions to be disclosed for the years ended March 31, 2025 and 2024.

(2) Information on the parent company (including entities similar to partnerships) is as follows:

1) Parent company

Not applicable

2) Summarized financial information regarding significant affiliated company

For the year ended March 31, 2025, significant affiliated company is Orient Commercial Joint Stock Bank, and the summarized consolidated financial information are as follows:

	Millions of yen	Thousands of U.S. dollars
	December 31, 2024	
Total Assets	¥1,740,416	\$11,639,248
Total Liabilities	1,544,056	10,326,063
Total Equity	196,360	1,313,185

	Millions of yen	Thousands of U.S. dollars
	For the year ended December 31, 2024	
Total Income	¥120,044	\$802,811
Income before income taxes	24,037	160,756
Net income	19,040	127,336

33. Subsequent Events

(1) Appropriation of retained earnings

The following distribution of retained earnings to the stockholders of record as of March 31, 2025, was approved at the Board of Directors' meeting held on May 14, 2025.

	Millions of yen	Thousands of U.S. dollars
Year-end dividends:		
Common stock, ¥22.00 (\$0.15) per share	¥3,044	\$20,360



Deloitte Touche Tohmatsu LLC
Marunouchi Nijubashi Building
3-2-3 Marunouchi
Chiyoda-ku, Tokyo 100-8360
Japan

Tel: +81 (3) 6213 1000
Fax: +81 (3) 6213 1005
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INDEPENDENT AUDITOR'S REPORT

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

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of Aozora Bank, Ltd. and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2025, and the consolidated statement of operations, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

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, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Member of
Deloitte Touche Tohmatsu Limited

Independent Auditor's Report

In the audit for the consolidated financial statements for the year ended March 31, 2025, we identified following matters as key audit matters:

- Estimation of an allowance for loan losses
- Recoverability of deferred tax assets

Estimation of an allowance for loan losses	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
The Group recorded an allowance for loan losses of 71.0 billion yen against loans of 4,206.5 billion yen and other accounts receivable in the consolidated financial statements as of March 31, 2025. As described in Note 2 "Summary of Significant Accounting Policies" (10) "Write-off of Loans and Allowance for Loan Losses" to the consolidated financial statements, loans are monitored in accordance with the internal self-assessment standard and other guidance on an ongoing basis. The operating divisions or branches review the internal credit ratings of the borrowers, which also determine the borrower categories. The internal credit ratings are then approved by the divisions in charge of credit. In addition, the division in charge of asset assessment, which is independent of the operating divisions or branches and the divisions in charge of credit, reviews the appropriateness of the internal credit ratings on a sample basis. For the allowance for loan losses, the operating divisions or branches initially determine the write-offs of loans and the allowances for loan losses, and the division in charge of asset assessment verifies and determines the final amounts based on the borrower categories as of year-end following the aforementioned process. The allowance for loan losses depends on the borrowers' financial conditions, the value of collateral held, and the effect of the external environment, such as U.S. office market, interest rates, foreign exchange rates or inflation, and requires significant judgment by management. As described in Note 2 "Summary of Significant Accounting Policies" (21) "Significant Accounting Estimates" 1) "Allowance for loan losses" to the consolidated financial statements, for the accounting estimate for overseas real estate non-recourse loans, the Group assumes a decrease in market liquidity mainly due to the deteriorating environment of the U.S. real estate market, and particularly U.S. office market are expected to stabilize during the FY2025, considering the market trends.	We performed the following audit procedures, among others, to examine the allowance for loan losses. (Evaluation of controls) • We tested the effectiveness of the control that the division in charge of asset assessment evaluated whether the determination of borrower categories conformed with the internal self-assessment standard and other guidance. • We tested the effectiveness of the control that the division in charge of asset assessment evaluated whether the valuation of the underlying real estate properties for the real estate non-recourse loans, including rents, vacancy rates, discount rates or other factors, conformed with the processes prescribed in the internal appraisal standard and other guidance. (Substantive procedures) • We read the internal self-assessment standard, appraisal standard and other guidance used for the determination of borrower categories and appraisal of collateral real estate, and evaluated the appropriateness thereof. • For overseas real estate non-recourse loans, we evaluated the rationality of the assumption that U.S. office market conditions are expected to stabilize during the FY2025 by examining the status of credit portfolios and the perception of the market environment in external agency reports.

With the changes in working style in the post-COVID-19 period, for non-recourse loans backed by office properties in the U.S. where market conditions are sluggish, preparing for the disposal, the Group evaluated underlying properties considering the price decline risk during the FY2025 and determined each borrower's category. For loans that are likely to transition to debt recovery through the disposal of underlying properties, the Group recorded the allowance for loan losses based on the estimated disposal price assuming the price decline risk. The Group's valuation of underlying properties based on the above assumption, and determination of borrower categories and estimation of disposal price considering this valuation involve a high degree of uncertainty and significant judgment on estimation. Based on the above considerations, we determined that the estimation of the allowance for loan losses, especially the evaluation of real estate non-recourse loans backed by office properties in the U.S., were particularly significant to our audit of the consolidated financial statements for the year ended March 31, 2025, and identified them as a key audit matter.	• Additionally, for the Group's valuation of underlying properties of important overseas real estate non-recourse loans, considering the price decline risk based on such assumptions, we evaluated the rationality of the estimation through inspection of real estate appraisal reports prepared by the Group and external agency reports including factors such as rents, vacancy rates or discount rates with the assistance of our valuation specialists. In addition, with regard to the determination of borrower categories or estimation of the disposal price of underlying properties of loans that are likely to transition to debt recovery through the disposal of underlying properties, we evaluated the rationality of the estimation through inquiry of each responsible department, inspection of related materials, examination of the loan recovery status through the sale of collateral properties, and examination of the appropriateness of the disposal price with the assistance of our valuation specialists.
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Recoverability of deferred tax assets	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
As described in Note 2 "Summary of Significant Accounting Policies" (21) "Significant Accounting Estimates" 2) "Recoverability of deferred tax assets" to the consolidated financial statements, the Group recorded deferred tax assets of 51,583 million yen, Among these deferred tax assets on tax loss carryforward was 16,025 million yen, and it was mainly derived from a lump sum disposal for the rebalance of the securities portfolio and liquidations of an overseas subsidiary in the year ended March 31, 2024. The Group estimated future taxable income according to the corporate category based on the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26) and recorded deferred tax assets.	We performed the following audit procedures, among others, to examine the recoverability of deferred tax assets: (Evaluation of controls) • We tested the effectiveness of the controls related to the recoverability of deferred tax assets including formulation and approval of the business plan. (Substantive procedures) • For the corporate category, we read supporting materials prepared by the Group, and assessed the trend of past taxable income and the progress of the business plan, and evaluated the corporate category made by the Group and the rationality of the estimation period for future taxable income. • For the business plan, we inquired of management about the outline of the plan and underlying business environment, and read various minutes and related materials.

Independent Auditor's Report

Future taxable income is estimated based on the Group's business plan. This business plan is formulated considering the profitability of each unit under the new Mid-term Business Plan, future credit-related expenses and the outlook for the interest rate policy by the Bank of Japan, based on the Group's past business performance (including credit-related expenses and the disposal of securities), recent business environment, and business policies. The estimation of taxable income is particularly affected by future economic conditions, interest rates, and other financial and economic conditions, including estimation period, and involves a high degree of uncertainty and significant judgment. Based on the above considerations, we determined that the recoverability of deferred tax assets, especially the business plan on which estimates of future taxable income depend, was particularly significant to our audit of the consolidated financial statements for the year ended March 31, 2025, and identified it as a key audit matter.	• For each estimate in the business plan, we mainly performed the following procedures and evaluated its reasonableness: —For the profitability of each unit under the new Mid-term Business Plan, we compared with past performance, and examined consistency with the latest business environment, business policy, external information on market and so on. —For credit-related expenses, we read related materials, inquired to the responsible division, and examined the consistency with the past long-term results of credit-related expenses. —For the effect from the outlook for the interest rate policy by the Bank of Japan, we read related materials, inquired to the responsible division, and examined the consistency with business policy or external information on interest rate trends.
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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 Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

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 and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. 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. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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, actions taken to eliminate threats or safeguards applied.

Independent Auditor's Report

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2025, which were charged by us and our network firms to Aozora Bank, Ltd. and its subsidiaries were 339 million yen and 67 million yen, respectively.

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.

Deloitte Touche Tohmatsu LLC

July 8, 2025

Income Analysis (Consolidated)

Interest-Earning Assets and Interest-Bearing Liabilities

Years Ended March 31

(Millions of yen, %)

	Average balance			Interest income/expenses			Return/rates		
	2025	2024	Change	2025	2024	Change	2025	2024	Change
Interest-earning assets	5,831,231	6,086,481	(255,249)	157,757	166,436	(8,678)	2.70	2.73	(0.03)
Due from banks	59,828	60,469	(640)	1,103	1,523	(420)	1.84	2.51	(0.67)
Call loans and bills bought	53,644	222,980	(169,335)	325	812	(487)	0.60	0.36	0.24
Securities purchased under resale agreements	9	4	4	0	(0)	0	0.10	(0.10)	0.20
Cash collateral provided for securities borrowed	—	—	—	—	—	—	—	—	—
Securities	1,308,846	1,441,320	(132,473)	22,499	26,964	(4,465)	1.71	1.87	(0.16)
Loans and bills discounted	4,125,329	4,088,421	36,907	127,971	131,308	(3,337)	3.10	3.21	(0.11)
Interest-bearing liabilities	6,900,143	6,802,136	98,006	112,382	124,354	(11,972)	1.62	1.82	(0.20)
Deposits	5,650,831	5,670,605	(19,773)	15,511	14,384	1,126	0.27	0.25	0.02
Negotiable certificates of deposit	70,760	42,539	28,221	146	12	134	0.20	0.02	0.18
Call money and bills sold	1,863	14,237	(12,373)	41	463	(422)	2.20	3.25	(1.05)
Securities sold under repurchase agreements	29,293	51,450	(22,157)	1,518	2,838	(1,320)	5.18	5.51	(0.33)
Cash collateral received for securities lent	310,241	286,182	24,058	15,318	15,050	268	4.93	5.25	(0.32)
Borrowed money	662,146	547,334	114,811	2,820	1,462	1,357	0.42	0.26	0.16
Bonds payable	151,822	179,213	(27,390)	6,067	5,407	660	3.99	3.01	0.98

Note: Interest-earning assets are shown after deduction of non-interest-earning deposits, etc. Interest-bearing liabilities are shown after deduction of amounts equivalent to money held in trust.

Fees and Commissions

Years Ended March 31

(Millions of yen)

	2025	2024	Change
Net fees and commissions	24,651	20,420	4,230
Fees and commissions income (including trust fees)	31,511	26,165	5,345
Deposits and loan operations	9,795	8,409	1,385
Foreign exchange operations	5,208	3,754	1,454
Securities-related operations	5,916	4,891	1,024
Agency services	2,236	1,358	877
Guarantee operations	138	134	4
Fees and commissions expenses	6,859	5,744	1,114
Foreign exchange operations	2,287	1,441	846

Gains on trading account transactions

Years Ended March 31

(Millions of yen)

	2025	2024	Change
Net gains on trading account transactions	3,145	1,633	1,511
Gains on trading account transactions	3,706	11,304	(7,598)
Gains on trading securities	85	—	85
Gains on trading account securities	—	8,275	(8,275)
Gains on trading account financial derivatives	3,621	3,029	592
Gains on other trading account transactions	—	—	—
Losses on trading account transactions	560	9,671	(9,110)
Losses on trading securities	—	9,671	(9,671)
Losses on trading account securities	560	—	560
Losses on trading account financial derivatives	—	—	—
Losses on other trading account transactions	—	—	—

Income Analysis (Consolidated)

Other Ordinary Income

Years Ended March 31

(Millions of yen)

	2025	2024	Change
Net other ordinary income	9,130	(13,204)	22,334
Other ordinary income	24,417	27,590	(3,173)
Gains on foreign exchange transactions	—	—	—
Gains on sales of bonds and other securities	3,351	8,139	(4,787)
Gains on redemption of bonds and other securities	79	—	79
Gains on derivatives	951	322	629
Other	20,034	19,128	906
Other ordinary expenses	15,286	40,794	(25,507)
Losses on foreign exchange transactions	6,603	6,717	(114)
Losses on sales of bonds and other securities	1,092	23,188	(22,096)
Losses on redemption of bonds and other securities	137	3,555	(3,417)
Losses on devaluation of bonds and other securities	142	—	142
Amortization of bond issuance costs	179	211	(32)
Losses on derivatives	—	—	—
Other	7,132	7,121	10

Non-Consolidated Business Results

Non-Consolidated Financial Highlights [Five-Year Summary]

Years Ended March 31

(Millions of yen)

	2025	2024	2023	2022	2021
Ordinary income	204,228	221,737	164,564	119,899	149,454
Trust fees	374	370	379	444	386
Ordinary profit (loss)	13,769	(60,992)	3,180	41,014	41,473
Net income (loss)	15,698	(50,792)	(8,127)	29,854	29,526
Share capital	125,966	100,000	100,000	100,000	100,000
Number of issued shares (in thousands)					
Common stock	139,789	118,289	118,289	118,289	118,289
Total equity	406,726	344,004	405,177	480,047	489,440
Total assets	6,779,341	6,942,657	6,767,805	6,446,916	5,735,238
Bonds payable	124,640	181,397	147,773	168,959	198,365
Deposits ^(Note 1)	4,756,277	5,184,442	5,115,374	4,597,581	3,855,140
Loans and bills discounted	3,852,978	3,880,684	3,710,072	3,230,905	2,918,317
Securities	1,324,991	1,194,907	1,319,450	1,494,578	1,445,782
Net assets per share (yen)	2,935.55	2,940.12	3,465.23	4,107.62	4,189.77
Common stock dividends per share (yen)	79.00	76.00	154.00	149.00	124.00
1st quarter end	(19.00)	(38.00)	(38.00)	(32.00)	(30.00)
2nd quarter end	(19.00)	(38.00)	(38.00)	(32.00)	(30.00)
3rd quarter end	(19.00)	(0.00)	(38.00)	(40.00)	(30.00)
Year end	(22.00)	(0.00)	(40.00)	(45.00)	(34.00)
Basic net income (loss) per share (yen)	118.02	(434.82)	(69.60)	255.69	253.01
Diluted net income per share (yen) ^(Note 2)	117.83	—	—	255.33	252.65
Dividend payout ratio (%) ^(Note 2)	66.94	—	—	58.27	49.00
Capital adequacy ratio (domestic standard) (%)	10.14	8.68	8.99	10.33	11.13
Number of employees ^(Note 3)	1,936	1,964	1,980	1,966	1,933
Trust assets ^(Note 4)	935,579	905,987	871,414	879,535	730,209
Loans and bills discounted (Trust account) ^(Note 4)	79,463	53,897	35,642	38,790	28,116
Securities (Trust account) ^(Note 4)	184,441	170,977	173,256	184,418	176,573
Electronic payment instruments and performance-guarantee electronic payment instruments (Trust account) ^(Note 4)	—	—			
Crypto-assets and performance-guarantee crypto-assets (Trust account) ^(Note 4)	—	—	—		
Rights represented by securities transferred and recorded electronically (Trust account) ^(Note 4)	—	—	—	—	—

Notes: 1. Deposits include negotiable certificates of deposit (NCDs).

2. Diluted net income per share for the year ended March 31, 2024 and 2023 is not described in the above table, because of net loss per share although there are diluted shares. Dividend payout ratio for the year ended March 31, 2024 and 2023 is not described in the above table, because of net loss.

3. Number of employees includes executive officers and locally hired overseas staff, but excludes the Bank's employees seconded to other firms.

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).

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheet (Unaudited)

Aozora Bank, Ltd.

March 31, 2025

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Assets			
Cash and cash equivalents	¥852,601	¥1,172,046	\$5,701,877
Due from banks	27,357	29,561	182,958
Call loans	31,782	17,269	212,550
Monetary claims bought	31,379	43,069	209,854
Trading account assets	262,803	173,713	1,757,532
Money held in trust	5,216	5,367	34,884
Securities	1,324,991	1,194,907	8,861,040
Loans and bills discounted	3,852,978	3,880,684	25,767,260
Foreign exchange	46,420	51,267	310,439
Other assets	302,413	359,723	2,022,430
Tangible fixed assets	21,278	22,459	142,305
Intangible fixed assets	9,004	9,892	60,219
Prepaid pension costs	6,651	5,663	44,485
Deferred tax assets	52,039	44,783	348,023
Customers' liabilities for acceptances and guarantees	24,711	24,084	165,259
Allowance for loan losses	(69,850)	(87,371)	(467,132)
Allowance for investment losses	(2,439)	(4,463)	(16,316)
Total	¥6,779,341	¥6,942,657	\$45,337,667

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Liabilities and Equity			
Liabilities:			
Deposits	¥4,756,277	¥5,184,442	\$31,808,183
Call money	5,000	—	33,438
Securities sold under repurchase agreements	27,924	29,903	186,750
Cash collateral received for securities lent	345,719	260,689	2,312,039
Trading account liabilities	209,155	165,078	1,398,750
Borrowed money	726,300	563,300	4,857,219
Bonds payable	124,640	181,397	833,551
Other liabilities	141,618	177,471	947,088
Provision for retirement benefits	10,187	10,491	68,129
Provision for credit losses on off-balance-sheet instruments	1,080	1,794	7,226
Acceptances and guarantees	24,711	24,084	165,259
Total liabilities	6,372,614	6,598,653	42,617,632
Equity:			
Share capital	125,966	100,000	842,417
Capital surplus:			
Legal capital surplus	113,280	87,313	757,574
Other capital surplus	203	185	1,359
Retained earnings:			
Legal retained earnings	12,686	12,686	84,845
Other retained earnings	195,944	187,724	1,310,401
Treasury stock—at cost	(2,894)	(3,015)	(19,356)
Valuation difference on available-for-sale securities	(39,478)	(45,754)	(264,020)
Deferred gains or losses on hedges	517	4,332	3,462
Share acquisition rights	501	532	3,353
Total equity	406,726	344,004	2,720,035
Total	¥6,779,341	¥6,942,657	\$45,337,667

Note: The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at the rate of ¥149.53 to \$1.00, the approximate rate of exchange at March 31, 2025.

Non-Consolidated Statement of Operations (Unaudited)

Aozora Bank, Ltd.

Year Ended March 31, 2025

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Income:			
Interest income:			
Interest on loans and discounts	¥120,789	¥122,217	\$807,796
Interest and dividends on securities	23,007	27,000	153,864
Interest on due from banks	974	1,346	6,520
Other interest income	7,856	5,923	52,543
Trust fees	374	370	2,506
Fees and commissions income	17,950	15,422	120,048
Gains on trading account transactions	3,621	11,304	24,220
Other ordinary income	22,265	26,733	148,902
Other income	7,387	21,360	49,403
Total income	204,228	231,679	1,365,802
Expenses:			
Interest expenses:			
Interest on deposits	15,607	15,012	104,377
Interest on bonds payable	6,067	5,407	40,579
Interest on borrowings and rediscounts	2,861	1,926	19,135
Interest expenses on interest rate swaps	35,011	43,576	234,145
Other interest expenses	52,794	59,055	353,073
Fees and commissions expenses	2,124	2,094	14,206
Losses on trading account transactions	560	9,918	3,752
Other ordinary expenses	16,956	42,466	113,401
General and administrative expenses	45,908	47,237	307,017
Other expenses	12,828	56,100	85,790
Total expenses	190,721	282,796	1,275,475
Income (loss) before income taxes	13,506	(51,116)	90,327
Income taxes:			
Current	1,351	(120)	9,038
Deferred	(3,543)	(203)	(23,694)
Total income taxes	(2,191)	(323)	(14,656)
Net income (loss)	¥15,698	¥(50,792)	\$104,983

Note: The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at the rate of ¥149.53 to \$1.00, the approximate rate of exchange at March 31, 2025.

Non-Consolidated Financial Statements

Non-Consolidated Statement of Changes in Equity (Unaudited)

Aozora Bank, Ltd.

Year Ended March 31, 2025

	Millions of yen									
	Share capital	Capital surplus		Retained earnings		Treasury stock-at cost	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Share acquisition rights	Total equity
		Legal capital surplus	Other capital surplus	Legal retained earnings	Other retained earnings					
Balance, April 1, 2023	¥100,000	¥87,313	¥167	¥12,686	¥252,065	¥(3,099)	¥(45,432)	¥972	¥503	¥405,177
Net income (loss)					(50,792)					(50,792)
Cash dividends paid					(13,548)					(13,548)
Purchase of treasury stock						(0)				(0)
Disposal of treasury stock			17			84				101
Net changes in items during the year							(321)	3,359	29	3,067
Balance, March 31, 2024	¥100,000	¥87,313	¥185	¥12,686	¥187,724	¥(3,015)	¥(45,754)	¥4,332	¥532	¥344,004
Net income					15,698					15,698
Issuance of new shares	25,966	25,966								51,933
Cash dividends paid					(7,478)					(7,478)
Purchase of treasury stock						(0)				(0)
Disposal of treasury stock			18			121				139
Net changes in items during the year							6,275	(3,814)	(31)	2,430
Balance, March 31, 2025	¥125,966	¥113,280	¥203	¥12,686	¥195,944	¥(2,894)	¥(39,478)	¥517	¥501	¥406,726

	Thousands of U.S. dollars (Note)									
	Share capital	Capital surplus		Retained earnings		Treasury stock-at cost	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Share acquisition rights	Total equity
		Legal capital surplus	Other capital surplus	Legal retained earnings	Other retained earnings					
Balance, March 31, 2024	\$668,762	\$583,919	\$1,238	\$84,845	\$1,255,429	\$(20,164)	\$(305,989)	\$28,972	\$3,561	\$2,300,573
Net income					104,983					104,983
Issuance of new shares	173,655	173,655								347,310
Cash dividends paid					(50,011)					(50,011)
Purchase of treasury stock						(2)				(2)
Disposal of treasury stock			121			810				931
Net changes in items during the year							41,969	(25,510)	(208)	16,251
Balance, March 31, 2025	\$842,417	\$757,574	\$1,359	\$84,845	\$1,310,401	\$(19,356)	\$(264,020)	\$3,462	\$3,353	\$2,720,035

Note: The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at the rate of ¥149.53 to \$1.00, the approximate rate of exchange at March 31, 2025.

Income Analysis (Non-Consolidated)

Net Revenue, Business Profit

Years Ended March 31

(Millions of yen)

	2025			2024		
	Total	Domestic operations	International operations	Total	Domestic operations	International operations
Net interest income	40,296	26,365	13,931	31,517	22,025	9,491
Interest income	152,628	42,390	117,120	156,487	33,477	128,005
		[6,881]			[4,994]	
Interest expenses	112,332	16,025	103,188	124,970	11,452	118,513
			[6,881]			[4,994]
Trust fees	374	374	—	370	370	—
Net fees and commissions	15,826	14,163	1,662	13,328	11,630	1,697
Fees and commissions (income)	17,950	15,229	2,721	15,422	12,666	2,756
Fees and commissions (expenses)	2,124	1,065	1,059	2,094	1,035	1,059
Net gains on trading account transactions	3,060	5,921	(2,860)	1,386	(1,463)	2,849
Gains on trading account transactions	3,621	6,745	(3,124)	11,304	8,454	2,849
Losses on trading account transactions	560	824	(263)	9,918	9,918	—
Net other ordinary income	5,308	7,951	(2,643)	(15,733)	7,930	(23,664)
Other ordinary income	22,265	11,663	10,602	26,733	15,053	11,680
Other ordinary expenses	16,956	3,711	13,245	42,466	7,122	35,344
Net revenue	64,866	54,776	10,090	30,869	40,493	(9,624)
Net revenue ratio (%)	1.13	1.06	0.40	0.53	0.79	(0.36)
Business profit	18,379	—	—	(20,649)	—	—
Business profit before provision of general allowance for loan losses	18,463	—	—	(15,803)	—	—
Core business profit	16,378	—	—	2,800	—	—
Core business profit excluding cancellation on investment trusts	16,056	—	—	258	—	—

Notes: 1. Domestic operations include yen-denominated transactions by domestic offices, while international operations include foreign currency-denominated transactions by domestic offices and transactions by overseas offices. Yen-denominated nonresident transactions and Japan offshore market accounts are included under international operations.

2. Interest expenses are shown after deduction of amounts equivalent to interest expenses on money held in trust (¥11 million for the year ended March 31, 2025 and ¥7 million for the year ended March 31, 2024).

3. Figures in brackets [] indicate interest received/paid as a result of interdepartmental lending and borrowing activities between domestic and international operations.

4. Net revenue ratio is calculated as follows:

$$\text{Net revenue ratio} = \frac{\text{net revenue}}{\text{average balance of interest-bearing assets}} \times 100$$

5. Business profit is calculated by deducting the net provision of general allowance for loan losses and general and administrative expenses from net revenue.

6. Business profit before provision of general allowance for loan losses is calculated by deducting the general and administrative expenses from net revenue.

7. Core business profit is calculated by deducting gains (losses) on bond transactions from business profit before provision of general allowance for loan losses.

8. Core business profit excluding cancellation on investment trusts is calculated by deducting cancellation on investment trusts from core business profit.

Income Analysis (Non-Consolidated)

Ratios

Years Ended March 31

(%)

	2025	2024
Ordinary profit to total assets	0.20	—
Ordinary profit to equity	3.66	—
Net income to total assets	0.23	—
Net income to equity	4.18	—

- Notes: 1. Return on assets, as calculated using ordinary profit or net income = $\frac{\text{ordinary profit or net income}}{(\text{average balance of total assets} - \text{customers' liabilities for acceptances and guarantees})} \times 100$
2. Return on equity, as calculated using ordinary profit or net income = $\frac{\text{ordinary profit or net income}}{(\text{equity, beginning of year} + \text{equity, end of year}) \div 2} \times 100$
3. As the year ended March 31, 2024 was an ordinary loss and a net loss, ratios are not shown.

Yield on Interest-Earning Assets, Interest Rate on Interest-Bearing Liabilities, Net Yield/Interest Rate

Years Ended March 31

(%)

	2025			2024		
	Total	Domestic operations	International operations	Total	Domestic operations	International operations
Yield on interest-earning assets	2.71	0.81	4.65	2.72	0.65	4.84
Interest rate on interest-bearing liabilities	2.59	1.06	4.30	2.71	0.95	4.67
Net yield/interest rate	0.12	(0.25)	0.35	0.01	(0.30)	0.17

Average Balance of Interest-Earning Assets and Interest-Bearing Liabilities

Years Ended March 31

(Millions of yen)

		2025			2024		
		Total	Domestic operations	International operations	Total	Domestic operations	International operations
Balance of interest-earning assets	Average balance	5,549,931	4,945,972 [1,910,816]	2,514,775	5,733,824	5,085,800 [1,991,962]	2,639,986
	Interest income/expense	150,516	40,278 [6,881]	117,120	156,487	33,477 [4,994]	128,005
	Return/rates (%)	2.71	0.81	4.65	2.72	0.65	4.84
Due from banks	Average balance	19,808	219	19,588	26,701	1,448	25,253
	Interest income/expense	974	0	974	1,346	0	1,346
	Return/rates (%)	4.92	0.03	4.97	5.04	0.00	5.33
Call loans	Average balance	52,877	48,684	4,192	100,026	82,811	17,215
	Interest income/expense	324	146	177	872	(14)	887
	Return/rates (%)	0.61	0.30	4.24	0.87	(0.01)	5.15
Securities purchased under resale agreements	Average balance	9	9	—	4	4	—
	Interest income/expense	0	0	—	(0)	(0)	—
	Return/rates (%)	0.10	0.10	—	(0.10)	(0.10)	—
Cash collateral provided for securities borrowed	Average balance	—	—	—	—	—	—
	Interest income/expense	—	—	—	—	—	—
	Return/rates (%)	—	—	—	—	—	—
Securities	Average balance	1,324,177	421,960	902,216	1,478,528	510,030	968,497
	Interest income/expense	23,007	3,763	19,243	27,000	5,895	21,104
	Return/rates (%)	1.73	0.89	2.13	1.82	1.15	2.17
Loans and bills discounted	Average balance	3,895,584	2,435,057	1,460,527	3,879,060	2,373,622	1,505,438
	Interest income/expense	120,465	29,315	91,149	121,345	23,000	98,344
	Return/rates (%)	3.09	1.20	6.24	3.12	0.96	6.53
Balance of interest-bearing liabilities	Average balance	6,114,458	5,564,858 [1,910,816]	2,460,415 [1,910,816]	6,305,055	5,689,440 [1,991,962]	2,607,577 [1,991,962]
	Interest income/expense	112,332	16,025 [6,881]	103,188 [6,881]	124,970	11,452 [4,994]	118,513 [4,994]
	Return/rates (%)	1.83	0.28	4.19	1.98	0.20	4.54
Deposits	Average balance	4,865,146	4,801,481	63,664	5,173,526	5,046,858	126,668
	Interest income/expense	15,461	12,731	2,730	15,000	8,645	6,354
	Return/rates (%)	0.31	0.26	4.28	0.28	0.17	5.01
Negotiable certificates of deposit	Average balance	70,760	70,760	—	42,539	42,539	—
	Interest income/expense	146	146	—	12	12	—
	Return/rates (%)	0.20	0.20	—	0.02	0.02	—
Call money	Average balance	1,863	1,086	776	14,237	6,475	7,762
	Interest income/expense	41	2	38	463	0	462
	Return/rates (%)	2.20	0.24	4.94	3.25	0.01	5.95
Securities sold under repurchase agreements	Average balance	29,293	—	29,293	51,450	—	51,450
	Interest income/expense	1,518	—	1,518	2,838	—	2,838
	Return/rates (%)	5.18	—	5.18	5.51	—	5.51
Cash collateral received for securities lent	Average balance	310,241	—	310,241	286,182	—	286,182
	Interest income/expense	15,318	—	15,318	15,050	—	15,050
	Return/rates (%)	4.93	—	4.93	5.25	—	5.25
Borrowed money	Average balance	662,146	662,140	6	547,331	547,328	2
	Interest income/expense	2,820	2,819	0	1,462	1,462	0
	Return/rates (%)	0.42	0.42	4.97	0.26	0.26	5.69
Bonds payable	Average balance	151,822	24,438	127,384	179,213	42,415	136,798
	Interest income/expense	6,067	82	5,984	5,407	104	5,302
	Return/rates (%)	3.99	0.33	4.69	3.01	0.24	3.87

Notes: 1. Interest-earning assets are shown after deduction of non-interest-earning deposits, etc. Interest-bearing liabilities are shown after deduction of amounts equivalent to money held in trust.

2. Figures in brackets [] indicate the average balances of interdepartmental lending and borrowing activities between domestic and international operations and corresponding interest income/expenses.

Income Analysis (Non-Consolidated)

Analysis of Interest Income and Interest Expenses

Years Ended March 31

(Millions of yen)

		2025			2024		
		Total	Domestic operations	International operations	Total	Domestic operations	International operations
Interest income	Volume-related increase (decrease)	(5,018)	(920)	(6,071)	3,109	770	4,528
	Rate-related increase (decrease)	(952)	7,721	(4,814)	48,230	3,816	43,538
	Net increase (decrease)	(5,971)	6,801	(10,885)	51,339	4,586	48,067
Due from banks	Volume-related increase (decrease)	(347)	(0)	(301)	7	0	2
	Rate-related increase (decrease)	(23)	0	(69)	645	(1)	650
	Net increase (decrease)	(371)	0	(371)	652	(0)	653
Call loans	Volume-related increase (decrease)	(411)	5	(671)	(202)	13	89
	Rate-related increase (decrease)	(136)	155	(38)	689	(4)	389
	Net increase (decrease)	(547)	161	(709)	486	8	478
Securities purchased under resale agreements	Volume-related increase (decrease)	(0)	(0)	—	—	—	—
	Rate-related increase (decrease)	0	0	—	(0)	(0)	—
	Net increase (decrease)	0	0	—	(0)	(0)	—
Cash collateral provided for securities borrowed	Volume-related increase (decrease)	—	—	—	—	—	—
	Rate-related increase (decrease)	—	—	—	—	—	—
	Net increase (decrease)	—	—	—	—	—	—
Securities	Volume-related increase (decrease)	(2,818)	(1,018)	(1,444)	401	(146)	863
	Rate-related increase (decrease)	(1,174)	(1,113)	(417)	3,174	1,578	1,280
	Net increase (decrease)	(3,993)	(2,131)	(1,861)	3,575	1,431	2,143
Loans and bills discounted	Volume-related increase (decrease)	516	595	(2,933)	5,506	1,473	3,835
	Rate-related increase (decrease)	(1,397)	5,719	(4,261)	37,297	1,304	36,189
	Net increase (decrease)	(880)	6,315	(7,195)	42,803	2,778	40,025
Interest expenses	Volume-related increase (decrease)	(3,777)	(250)	(6,688)	3,750	598	3,045
	Rate-related increase (decrease)	(8,860)	4,824	(8,636)	58,732	1,222	58,931
	Net increase (decrease)	(12,638)	4,573	(15,324)	62,482	1,820	61,976
Deposits	Volume-related increase (decrease)	(894)	(420)	(3,160)	630	476	(372)
	Rate-related increase (decrease)	1,354	4,505	(463)	3,083	323	3,287
	Net increase (decrease)	460	4,085	(3,624)	3,714	800	2,914
Negotiable certificates of deposit	Volume-related increase (decrease)	8	8	—	1	1	—
	Rate-related increase (decrease)	125	125	—	7	7	—
	Net increase (decrease)	134	134	—	8	8	—
Call money	Volume-related increase (decrease)	(402)	(0)	(416)	(52)	0	52
	Rate-related increase (decrease)	(19)	2	(7)	332	1	224
	Net increase (decrease)	(422)	1	(424)	279	2	277
Securities sold under repurchase agreements	Volume-related increase (decrease)	(1,222)	—	(1,222)	(263)	—	(263)
	Rate-related increase (decrease)	(98)	—	(98)	1,447	—	1,447
	Net increase (decrease)	(1,320)	—	(1,320)	1,184	—	1,184
Cash collateral received for securities lent	Volume-related increase (decrease)	1,265	—	1,265	(21)	—	13
	Rate-related increase (decrease)	(996)	—	(996)	8,012	—	7,978
	Net increase (decrease)	268	—	268	7,991	—	7,991
Borrowed money	Volume-related increase (decrease)	306	306	0	163	163	—
	Rate-related increase (decrease)	1,050	1,050	(0)	34	33	0
	Net increase (decrease)	1,357	1,357	0	197	197	0
Bonds payable	Volume-related increase (decrease)	(826)	(44)	(364)	342	(35)	1,012
	Rate-related increase (decrease)	1,487	22	1,046	3,547	41	2,871
	Net increase (decrease)	660	(21)	682	3,889	5	3,884

Note: Changes due to a combination of volume- and rate-related increases (decreases) have been included in rate-related increase (decrease).

Fees and Commissions

Years Ended March 31

(Millions of yen)

	2025			2024		
	Total	Domestic operations	International operations	Total	Domestic operations	International operations
Net fees and commissions	15,826	14,163	1,662	13,328	11,630	1,697
Fees and commissions income	17,950	15,229	2,721	15,422	12,666	2,756
Deposits and loan operations	9,726	9,192	533	8,261	7,695	566
Foreign exchange operations	130	116	13	168	154	14
Securities-related operations	1,709	1,709	—	1,065	1,065	—
Agency services	4,983	2,900	2,082	4,095	2,021	2,074
Guarantee operations	150	81	69	147	80	66
Fees and commissions expenses	2,124	1,065	1,059	2,094	1,035	1,059
Foreign exchange operations	125	59	65	138	69	68

Gains on trading account transactions

Years Ended March 31

(Millions of yen)

	2025			2024		
	Total	Domestic operations	International operations	Total	Domestic operations	International operations
Net gains on trading account transactions	3,060	5,921	(2,860)	1,386	(1,463)	2,849
Gains on trading account transactions	3,621	6,745	(3,124)	11,304	8,454	2,849
Gains on trading securities	—	—	—	—	—	—
Gains on trading account securities	—	—	—	8,275	4,672	3,602
Gains on trading account financial derivatives	3,621	6,745	(3,124)	3,029	3,782	(752)
Gains on other trading account transactions	—	—	—	—	—	—
Losses on trading account transactions	560	824	(263)	9,918	9,918	—
Losses on trading securities	—	—	—	9,918	9,918	—
Losses on trading account securities	560	824	(263)	—	—	—
Losses on trading account financial derivatives	—	—	—	—	—	—
Losses on other trading account transactions	—	—	—	—	—	—

Income Analysis (Non-Consolidated)

Other Ordinary Income

Years Ended March 31

(Millions of yen)

	2025			2024		
	Total	Domestic operations	International operations	Total	Domestic operations	International operations
Net other ordinary income	5,308	7,951	(2,643)	(15,733)	7,930	(23,664)
Other ordinary income	22,265	11,663	10,602	26,733	15,053	11,680
Gains on foreign exchange transactions	—	—	—	—	—	—
Gains on sales of bonds and other securities	3,353	1,518	1,835	8,139	4,105	4,034
Gains on redemption of bonds and other securities	79	—	79	—	—	—
Gains on derivatives	951	—	951	322	—	322
Other	17,880	10,144	7,735	18,271	10,947	7,323
Other ordinary expenses	16,956	3,711	13,245	42,466	7,122	35,344
Losses on foreign exchange transactions	8,401	—	8,401	8,233	—	8,233
Losses on sales of bonds and other securities	1,068	60	1,008	23,188	197	22,991
Losses on redemption of bonds and other securities	137	112	25	3,555	3,513	41
Losses on devaluation of bonds and other securities	142	142	—	—	—	—
Amortization of bond issuance costs	188	76	111	227	101	125
Losses on derivatives	—	—	—	—	—	—
Other	7,018	3,320	3,698	7,262	3,310	3,952

General and Administrative Expenses

Years Ended March 31

(Millions of yen)

	2025	2024
General and administrative expenses	45,908	47,237
Salaries and allowances	18,963	19,204
Retirement benefit expenses	362	1,459
Welfare expenses	553	583
Depreciation	4,809	5,053
Rent and lease expenses	3,257	3,110
Building and maintenance expenses	198	236
Supplies expenses	286	285
Utilities expenses	364	370
Traveling expenses	207	210
Communication expenses	537	555
Advertising expenses	239	404
Taxes and dues	2,098	1,880
Other	14,029	13,881

Electronic Payment Instruments (Non-Consolidated)

None

Crypto Assets (Non-Consolidated)

None

Deposit Operations (Non-Consolidated)

Balance of Deposits

Years Ended March 31

(Millions of yen, %)

		2025			2024		
		Total	Domestic operations	International operations	Total	Domestic operations	International operations
Deposits							
Liquid deposits	Average balance	2,426,812	2,426,812	—	2,807,001	2,807,001	—
	(%)	(49.88)	(50.54)	—	(54.26)	(55.62)	—
	Term-end balance	2,041,288	2,041,288	—	2,706,812	2,706,812	—
	(%)	(43.60)	(44.28)	—	(53.67)	(54.33)	—
Interest-bearing deposits	Average balance	2,400,213	2,400,213	—	2,775,185	2,775,185	—
	(%)	(49.33)	(49.99)	—	(53.64)	(54.99)	—
	Term-end balance	2,003,257	2,003,257	—	2,683,662	2,683,662	—
	(%)	(42.79)	(43.46)	—	(53.21)	(53.87)	—
Time deposits (in general)	Average balance	2,372,531	2,372,531	—	2,237,335	2,237,335	—
	(%)	(48.77)	(49.41)	—	(43.25)	(44.33)	—
	Term-end balance	2,567,238	2,567,238	—	2,273,276	2,273,276	—
	(%)	(54.84)	(55.69)	—	(45.08)	(45.63)	—
Deregulated interest rate time deposits (fixed)	Average balance	1,469,007	1,469,007	—	1,354,552	1,354,552	—
	(%)	(30.19)	(30.59)	—	(26.18)	(26.84)	—
	Term-end balance	1,648,360	1,648,360	—	1,397,125	1,397,125	—
	(%)	(35.21)	(35.76)	—	(27.70)	(28.04)	—
Deregulated interest rate time deposits (floating)	Average balance	903,524	903,524	—	882,782	882,782	—
	(%)	(18.57)	(18.82)	—	(17.06)	(17.49)	—
	Term-end balance	918,877	918,877	—	876,151	876,151	—
	(%)	(19.63)	(19.93)	—	(17.37)	(17.59)	—
Others	Average balance	65,802	2,137	63,664	129,189	2,521	126,668
	(%)	(1.35)	(0.05)	(100.00)	(2.49)	(0.05)	(100.00)
	Term-end balance	73,150	1,393	71,757	62,973	1,817	61,155
	(%)	(1.56)	(0.03)	(100.00)	(1.25)	(0.04)	(100.00)
Subtotal	Average balance	4,865,146	4,801,481	63,664	5,173,526	5,046,858	126,668
	(%)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)
	Term-end balance	4,681,677	4,609,920	71,757	5,043,062	4,981,907	61,155
	(%)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)
Negotiable certificates of deposit	Average balance	70,760	70,760	—	42,539	42,539	—
	Term-end balance	74,600	74,600	—	141,380	141,380	—
Total	Average balance	4,935,907	4,872,242	63,664	5,216,065	5,089,397	126,668
	Term-end balance	4,756,277	4,684,520	71,757	5,184,442	5,123,287	61,155

Notes: 1. Liquid deposits = Current deposits + ordinary deposits + saving deposits + deposits at notice

2. Time deposits (in general) = Time deposits

Deregulated interest rate time deposits (fixed) = Deregulated interest rate time deposits for which the interest up to the due date is determined when the deposits are made.

Deregulated interest rate time deposits (floating) = Deregulated interest rate time deposits for which the interest varies according to changes in market interest rates during the period of deposit.

Deposit Operations (Non-Consolidated)

Balance of Time Deposits by Residual Period

Years Ended March 31

(Millions of yen)

	2025			2024		
	Total	Deregulated interest rate (fixed)	Deregulated interest rate (floating)	Total	Deregulated interest rate (fixed)	Deregulated interest rate (floating)
Less than 3 months	402,778	364,038	38,739	459,982	451,781	8,201
3–6 months	535,517	500,759	34,758	284,705	272,068	12,637
6 months–1 year	443,147	388,985	54,162	328,450	318,981	9,468
1–2 years	129,759	87,768	41,991	174,342	87,671	86,671
2–3 years	132,289	96,178	36,111	87,762	49,971	37,791
More than 3 years	923,744	210,629	713,115	938,032	216,651	721,380
Total	2,567,238	1,648,360	918,877	2,273,276	1,397,125	876,151

Balance of Deposits by Depositor

Years Ended March 31

(Millions of yen, %)

	2025		2024	
	Balance	Share	Balance	Share
Corporate	737,149	15.75	708,148	14.04
Retail	2,965,602	63.34	3,365,187	66.73
Public sector	103,492	2.21	121,165	2.40
Financial institutions	875,433	18.70	848,561	16.83
Total	4,681,677	100.00	5,043,062	100.00

Note: The above balance does not include negotiable certificates of deposit and deposits in Japan offshore market accounts.

Deposits per Office

Years Ended March 31

(Number of offices, Millions of yen)

	2025			2024		
	Total	Domestic offices	Overseas offices	Total	Domestic offices	Overseas offices
Number of offices	20	20	—	20	20	—
Deposits per office	237,813	237,813	—	259,222	259,222	—

Notes: 1. Deposits include negotiable certificates of deposit.

2. Number of offices does not include domestic sub-branches and overseas representative offices.

Deposits per Employee

Years Ended March 31

(Number of employees, Millions of yen)

	2025			2024		
	Total	Domestic offices	Overseas offices	Total	Domestic offices	Overseas offices
Number of employees	1,967	1,967	—	1,999	1,999	—
Deposits per employee	2,418	2,418	—	2,593	2,593	—

Notes: 1. Deposits include negotiable certificates of deposit.

2. Number of employees represents the average number of employees in each fiscal year. The number of employees in domestic offices includes head office staff.

Loan Operations (Non-Consolidated)

Balance of Loans and Bills Discounted

Years Ended March 31

(Millions of yen)

		2025			2024		
		Total	Domestic operations	International operations	Total	Domestic operations	International operations
Loans on deeds	Average balance	3,702,902	2,242,375	1,460,527	3,686,727	2,181,288	1,505,438
	Term-end balance	3,678,644	2,315,152	1,363,492	3,722,527	2,181,461	1,541,066
Loans on notes	Average balance	2,704	2,704	—	7,409	7,409	—
	Term-end balance	1,932	1,932	—	3,628	3,628	—
Overdrafts	Average balance	186,785	186,785	—	178,817	178,817	—
	Term-end balance	169,047	169,047	—	148,070	148,070	—
Bills discounted	Average balance	3,192	3,192	—	6,106	6,106	—
	Term-end balance	3,353	3,353	—	6,457	6,457	—
Total	Average balance	3,895,584	2,435,057	1,460,527	3,879,060	2,373,622	1,505,438
	Term-end balance	3,852,978	2,489,485	1,363,492	3,880,684	2,339,617	1,541,066

Note: The Bank carries out partial and direct write-off of loans. This also applies to the table shown below.

Balance of Loans and Bills Discounted by Residual Period

Years Ended March 31

(Millions of yen)

	2025			2024		
	Total	Fixed interest	Floating interest	Total	Fixed interest	Floating interest
1 year or less	1,850,482			1,882,214		
1–3 years	671,827	219,702	452,124	716,230	239,697	476,532
3–5 years	718,615	231,119	487,496	687,837	221,394	466,442
5–7 years	394,034	82,990	311,043	360,063	62,145	297,918
Over 7 years	218,017	53,335	164,682	234,337	75,669	158,668
Indefinite period	—	—	—	—	—	—
Total	3,852,978			3,880,684		

Notes: 1. Maturity is based on scheduled final maturity dates.

2. No distinction has been made between fixed interest and floating interest for loans and bills discounted with a residual period of 1 year or less.

Ratio of Loans and Bills Discounted to Deposits

Years Ended March 31

(Millions of yen, %)

	2025			2024		
	Total	Domestic operations	International operations	Total	Domestic operations	International operations
Loans and bills discounted (A)	3,852,978	2,489,485	1,363,492	3,880,684	2,339,617	1,541,066
Deposits (B)	4,756,277	4,684,520	71,757	5,184,442	5,123,287	61,155
Ratio(A)/(B)	81.00	53.14	1,900.13	74.85	45.66	2,519.90
Average during the year	78.92	49.97	2,294.08	74.36	46.63	1,188.48

Note: Deposits include negotiable certificates of deposit.

Loans and Bills Discounted per Office

Years Ended March 31

(Number of offices, Millions of yen)

	2025			2024		
	Total	Domestic offices	Overseas offices	Total	Domestic offices	Overseas offices
Number of offices	20	20	—	20	20	—
Loans and bills discounted per office	192,648	192,648	—	194,034	194,034	—

Note: Number of offices does not include domestic sub-branches and overseas representative offices.

Loan Operations (Non-Consolidated)

Loans and Bills Discounted per Employee

Years Ended March 31

(Number of employees, Millions of yen)

	2025			2024		
	Total	Domestic offices	Overseas offices	Total	Domestic offices	Overseas offices
Number of employees	1,967	1,967	—	1,999	1,999	—
Loans and bills discounted per employee	1,958	1,958	—	1,941	1,941	—

Note: Number of employees represents the average number of employees in each fiscal year. The number of employees in domestic offices includes head office staff.

Loans and Bills Discounted to Small and Medium-Sized Enterprises (SMEs)

Years Ended March 31

(Number of borrowers, Millions of yen, %)

	2025		2024	
	Number of borrowers	Value	Number of borrowers	Value
Total loans and bills discounted (A)	6,907	3,852,978	8,445	3,880,684
Loans and bills discounted to small and medium-sized enterprises (SMEs) (B)	6,692	2,804,143	8,234	2,909,686
(B)/(A)	96.88	72.77	97.50	74.97

Notes: 1. In this table, the balance of loans and bills discounted does not include Japan offshore market accounts.

2. SMEs are defined as companies having capital of not more than ¥300 million (¥100 million in wholesale, and ¥50 million in retail, food service and leasing business categories), or companies with not more than 300 full-time employees (100 in wholesale and leasing, 50 in retail and food service business categories), etc.

Consumer Loans Outstanding

Years Ended March 31

(Millions of yen)

	2025	2024
Consumer loans	6,660	10,129
Housing loans	448	535
Others	6,212	9,594

Note: Consumer loans outstanding includes personal housing loans, as well as personal loans for general spending purposes and tax payments, and does not include business loans to sole proprietorships or their owners.

Breakdown of Loans and Bills Discounted by Industry

Years Ended March 31

(Millions of yen, %)

	2025		2024	
	Balance of loans and bills discounted	Share	Balance of loans and bills discounted	Share
Domestic offices (excluding Japan offshore market accounts)	3,852,978	100.00	3,880,684	100.00
Manufacturing	369,101	9.58	300,600	7.75
Agriculture, forestry and fisheries	830	0.02	107	0.00
Mining, quarry and gravel extraction	—	—	—	—
Construction	22,049	0.57	14,450	0.37
Electricity, gas, heat supply and water	139,965	3.63	125,992	3.25
Information and communications	115,559	3.00	127,175	3.28
Transport and postal service	58,025	1.51	42,429	1.09
Wholesale and retail trade	73,587	1.91	84,526	2.18
Finance and insurance	409,901	10.64	363,730	9.37
Real estate	747,165	19.39	757,253	19.51
Leasing	208,074	5.40	183,249	4.72
Various services	160,711	4.17	158,610	4.09
Local government	4,931	0.13	813	0.02
Others	1,543,072	40.05	1,721,743	44.37
Overseas offices (including Japan offshore market accounts)	—	—	—	—
Government	—	—	—	—
Financial institutions	—	—	—	—
Others	—	—	—	—
Total	3,852,978		3,880,684	

Note: Domestic offices refer to the Bank's head office and branch offices; overseas offices refer to the Bank's overseas branch offices.

Non-performing loans ('NPLs') based on the Financial Reconstruction Act by Industry

Years Ended March 31

(Millions of yen)

	2025	2024
Domestic offices (excluding Japan offshore market accounts)	90,972	130,459
Manufacturing	12,550	6,792
Agriculture, forestry and fisheries	—	107
Mining, quarry and gravel extraction	—	—
Construction	—	—
Electricity, gas, heat supply and water	—	—
Information and communications	—	—
Transport and postal service	45	—
Wholesale and retail trade	292	121
Finance and insurance	—	—
Real estate	—	—
Leasing	—	—
Various services	41	129
Local government	—	—
Others	78,042	123,309
Overseas offices (including Japan offshore market accounts)	—	—
Government	—	—
Financial institutions	—	—
Others	—	—
Total	90,972	130,459

Note: NPLs based on the Financial Reconstruction Act include accrued interest and suspense payments in other assets and customers' liabilities for acceptances and guarantees.

Loan Operations (Non-Consolidated)

Balance of Loans and Bills Discounted, Classified by Purpose

Years Ended March 31

(Millions of yen, %)

	2025		2024	
	Balance of loans and bills discounted	Share	Balance of loans and bills discounted	Share
Funds for capital investment	349,692	9.08	399,092	10.28
Funds for working capital	3,503,286	90.92	3,481,591	89.72
Total	3,852,978	100.00	3,880,684	100.00

Breakdown of Balance of Acceptances and Guarantees

Years Ended March 31

(Millions of yen)

	2025	2024
Acceptances of bills	—	—
Letters of credit	10,583	10,709
Guarantees	14,128	13,375
Total	24,711	24,084

Breakdown of Loans and Bills Discounted by Collateral

Years Ended March 31

(Millions of yen)

	2025	2024
Securities	9,881	10,517
Claims	37,341	34,607
Merchandise	—	—
Real estate	207,350	239,019
Others	598	5,876
Subtotal	255,171	290,020
Guaranteed	161,668	82,770
Unsecured	3,436,138	3,507,893
Total	3,852,978	3,880,684

Breakdown of Collateral for Customers' Liabilities for Acceptances and Guarantees

Years Ended March 31

(Millions of yen)

	2025	2024
Securities	—	—
Claims	—	—
Real estate	—	—
Others	—	—
Subtotal	—	—
Guaranteed	5,374	4,846
Unsecured	19,337	19,238
Total	24,711	24,084

Write-Off of Loans

Years Ended March 31

(Millions of yen)

	2025	2024
Write-off of loans	4,610	1,244

Allowance for Loan Losses

Years Ended March 31

(Millions of yen)

	2025					2024				
	Balance at beginning of year	Provision	Reduction during year		Balance at end of year	Balance at beginning of year	Provision	Reduction during year		Balance at end of year
			Used for specific purpose	Other				Used for specific purpose	Other	
General allowance	37,177	37,261	—	37,177	37,261	33,611	37,177	—	33,611	37,177
Specific allowance	[-431]					[-1,170]				
	50,626	32,589	23,341	27,285	32,589	10,765	50,194	1,130	9,635	50,194
	[-431]					[-1,170]				
Related to non-residents	49,473	29,856	22,646	26,827	29,856	9,186	49,042	—	9,186	49,042
Allowance for loans to restructuring countries	—	—	—	—	—	—	—	—	—	—

Note: Figures in parentheses for balance at beginning of year indicate translation difference due to foreign exchange fluctuations.

Loans to restructuring countries

None

Loan Operations (Non-Consolidated)

NPLs based on the Banking Act and the FRA

* NPLs: Non-performing loans

* FRA : Financial Reconstruction Act

Years Ended March 31

Non-consolidated

(Billions of Yen)

	2025	2024
NPLs based on the Banking Act and the FRA		
Bankrupt and similar credit	—	0.0
Doubtful credit	75.5	118.2
Special attention credit	15.4	12.1
Loans overdue for 3 months or more	6.0	6.3
Restructured loans	9.3	5.7
Subtotal (A)	90.9	130.4
Normal credit	3,834.6	3,818.6
Total credit (B)	3,925.5	3,949.0
(A/B)	2.31%	3.30%

Consolidated

(Billions of Yen)

	2025	2024
NPLs based on the Banking Act and the FRA		
Bankrupt and similar credit	—	0.0
Doubtful credit	76.2	118.5
Special attention credit	15.4	12.5
Loans overdue for 3 months or more	6.0	6.3
Restructured loans	9.3	6.1
Subtotal (A)	91.7	131.1
Normal credit	4,176.1	3,996.1
Total credit (B)	4,267.9	4,127.2
(A/B)	2.14%	3.17%

Allowance Ratios for Each Category of Borrower, Based on Asset-Assessments

Years Ended March 31

Non-consolidated

(%)

Definition of Borrower Categories	2025	2024
Normal	0.3	0.4
Need attention:		
Other need attention borrowers	7.6	6.8
Special attention borrowers (Allowance Ratio to unsecured)	54.3	34.6
In danger of bankruptcy (Allowance Ratio to unsecured)	98.1	100.0
De facto bankrupt and bankrupt (Allowance Ratio to unsecured)	100.0	100.0

Asset-Assessment, NPLs based on the FRA, Write-Offs and Allowance

(After partial and direct write-off, Non-Consolidated Basis) as of March 31, 2025

(Billions of Yen)

Borrower categories for self-assessment	NPLs based on the FRA		Allowance & Coverage	Allowance Ratio	Coverage Ratio
	Loans	other			
Bankrupt borrowers	Bankrupt and similar credit —		Collateral/Guarantee coverage Allowance	100.0%	100.0%
De facto bankrupt borrowers			— —		
In Danger of Bankruptcy borrowers	Doubtful credit 75.5		Collateral/Guarantee coverage Allowance Estimated collections	98.1%	99.2%
			42.3 32.5 0.6		
Need Attention borrowers	Special attention credit 15.4		Collateral/Guarantee coverage Allowance Estimated collections	54.5%	54.5%
			— 8.4 7.0		
Normal borrowers	Normal credit 3,834.6				
	NPL Credit 90.9		Collateral/Guarantee coverage Allowance Estimated collections	NPLs based on the FRA Allowance Ratio 84.3%	NPLs based on the FRA Coverage Ratio 91.6%
			42.3 40.9 7.6		
	Total credit	3,925.5	Total allowance	69.8	

Allowance Ratio = Allowance / (NPL Credit – Collateral, Guarantees, etc.)

Coverage Ratio = (Collateral, Guarantees + Allowance) / NPL Credit

<Definitions of Borrower Categories>		<Definitions of NPLs based on the Banking Act and the FRA>	
Normal	Business performance is strong and no special financial problems exist.	Bankrupt and similar credit	Bankrupt and similar credit refers to the credit of borrowers who have filed for bankruptcy, corporate reorganization, composition, etc., as well as those borrowers who are in an equivalent situation.
Need attention	Borrowers that need to be monitored carefully because of weak business fundamentals, financial problems or problematic lending conditions.	Doubtful credit	Doubtful refers to the credit of borrowers, excluding bankrupt and similar credit with serious concern for recovery of principal and receiving of interest as contract provisions, as those borrower's financial condition and business result have worsened, although they have not gone bankrupt.
In danger of bankruptcy	Borrowers that are not currently bankrupt but are highly likely to become bankrupt.	Special attention credit	Loans overdue for 3 months or more and Restructured loans.
De facto bankrupt	Borrowers that are substantially bankrupt but are not legally or practically bankrupt yet.	Loans overdue for 3 months or more	Loans overdue for 3 months or more refer to those loans, excluding bankrupt and similar credit and doubtful credit for which principal or interest remains unpaid for at least 3 months.
Bankrupt	Borrowers that are legally or practically bankrupt.	Restructured loans	Restructured loans refer to those loans, excluding bankrupt and similar credit, doubtful credit and loans overdue for 3 months or more for which agreement was made to provide reduction or a moratorium on interest payments, or concessions in the borrower's favor on interest or principal payments or to waive claims for the purpose of assisting the reconstruction of insolvent borrowers.
<Definitions of Asset Classifications>		Normal credit	Normal credit refers to credit to borrowers whose financial condition and business results have no particular problem and which are not categorized in any of the above categories.
Category I	Assets that present no particular risk of collectability or impairment of value.		
Category II	Assets, including credits, which bear above-average risk of collectability.		
Category III	Assets that bear substantial risk of final collectability or impairment of value, and are likely to incur losses.		
Category IV	Assets deemed to be uncollectable or valueless.		
<Write-Off and Allowance Rules>			
Normal and Need attention borrowers	A general allowance is provided by applying the estimated loan-loss ratio determined based on the historical loan-loss data over a defined period in the past. However, for borrowers with large credit exposure, the loan-loss amount estimated by the DCF method is reflected as an addition to the allowance for loan losses calculated based on the estimated loan-loss ratio, if necessary.		
In danger of bankruptcy borrowers	A specific allowance is provided for the loan losses at an amount considered to be necessary based on an overall solvency assessment of the borrowers and expected collectible amounts through the disposal of collateral or execution of guarantees, etc. For loans whose future cash flows of principal and interest are reasonably estimated, the difference between the discounted cash flows and the carrying value is accounted for as an allowance for loan losses.		
De facto bankrupt and Bankrupt borrowers	In principle, the full amounts of credits that bear substantial risk of final collectability or impairment of value, and credits deemed to be uncollectable or valueless are written off directly.		

Securities (Non-Consolidated)

Balance of Securities Held

Years Ended March 31

(Millions of yen, %)

		2025			2024		
		Total	Domestic operations	International operations	Total	Domestic operations	International operations
Total	Average balance (%)	1,324,177	421,960	902,216	1,478,528	510,030	968,497
	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)
	Term-end balance (%)	1,324,991	444,405	880,585	1,194,907	409,106	785,800
	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)
Japanese national government bonds	Average balance (%)	63,690 (4.81)	63,690 (15.09)	—	38,571 (2.61)	38,571 (7.56)	—
	Term-end balance (%)	74,670 (5.64)	74,670 (16.80)	—	42,530 (3.56)	42,530 (10.40)	—
Japanese local government bonds	Average balance (%)	15,349 (1.16)	15,349 (3.64)	—	13,706 (0.93)	13,706 (2.69)	—
	Term-end balance (%)	17,068 (1.29)	17,068 (3.84)	—	12,403 (1.04)	12,403 (3.03)	—
Japanese short-term corporate bonds	Average balance (%)	—	—	—	218 (0.01)	218 (0.04)	—
	Term-end balance (%)	—	—	—	—	—	—
Japanese corporate bonds	Average balance (%)	104,045 (7.86)	104,045 (24.66)	—	130,865 (8.85)	130,865 (25.66)	—
	Term-end balance (%)	103,147 (7.78)	103,147 (23.21)	—	103,137 (8.63)	103,137 (25.21)	—
Japanese stocks	Average balance (%)	34,335 (2.59)	34,335 (8.14)	—	36,956 (2.50)	36,956 (7.25)	—
	Term-end balance (%)	47,272 (3.57)	47,272 (10.64)	—	45,934 (3.84)	45,934 (11.23)	—
Others	Average balance (%)	1,106,755 (83.58)	204,538 (48.47)	902,216 (100.00)	1,258,209 (85.10)	289,711 (56.80)	968,497 (100.00)
	Term-end balance (%)	1,082,832 (81.72)	202,246 (45.51)	880,585 (100.00)	990,901 (82.93)	205,100 (50.13)	785,800 (100.00)

Note: Total for 'Others' is the sum of domestic operations for 'Others' and international operations.

Balance of Securities by Residual Period

Years Ended March 31

(Millions of yen)

	2025						2024					
	Japanese national government bonds	Japanese local government bonds	Japanese short-term corporate bonds	Japanese corporate bonds	Japanese stocks	Others	Japanese national government bonds	Japanese local government bonds	Japanese short-term corporate bonds	Japanese corporate bonds	Japanese stocks	Others
Less than 1 year	29,977	2,020	—	2,960	/	51,478	25,000	1,892	—	488	/	48,565
1–3 years	—	2,907	—	22,722		62,938	—	3,553	—	18,609		71,861
3–5 years	—	4,863	—	7,812		137,119	—	2,557	—	10,553		64,715
5–7 years	—	2,137	—	327		116,277	—	2,182	—	4,604		56,240
7–10 years	28,761	5,138	—	2,255		88,027	—	2,217	—	264		128,549
Over 10 years	15,932	—	—	67,069		115,146	17,530	—	—	68,615		124,028
Indefinite period	—	—	—	—	47,272	511,844	—	—	—	—	45,934	496,939
Total	74,670	17,068	—	103,147	47,272	1,082,832	42,530	12,403	—	103,137	45,934	990,901

Ratio of Securities to Deposits

Years Ended March 31

(Millions of yen, %)

	2025			2024		
	Total	Domestic operations	International operations	Total	Domestic operations	International operations
Securities (A)	1,324,991	444,405	880,585	1,194,907	409,106	785,800
Deposits (B)	4,756,277	4,684,520	71,757	5,184,442	5,123,287	61,155
Ratio (A)/(B)	27.85	9.48	1,227.16	23.04	7.98	1,284.91
Average during the year	26.82	8.66	1,417.13	28.34	10.02	764.59

Note: Deposits include negotiable certificates of deposit.

Securities Business (Non-Consolidated)

Underwriting of Public Bonds

(Millions of yen)

	2025	2024
Japanese national government bonds	—	—
Japanese local government bonds and government-guaranteed bonds	—	—
Total	—	—

Over-the-Counter Sales of Public Bonds and Securities Investment Trusts

(Millions of yen)

	2025	2024
Japanese national government bonds	—	—
Japanese local government bonds and government-guaranteed bonds	—	—
Total	—	—
Securities investment trusts	92,382	112,246

International Operations (Non-Consolidated)

Foreign Exchange Transactions

Years Ended March 31

(Millions of U.S. dollars)

		2025	2024
Outward exchange:	Foreign bills sold	3,342	4,477
	Foreign bills bought	—	—
Incoming exchange:	Foreign bills payable	1,189	1,406
	Foreign bills receivable	—	—
Total		4,531	5,883

Balance of Assets in International Operations

Years Ended March 31

(Millions of yen)

	2025			2024		
	Total	Domestic offices	Overseas offices	Total	Domestic offices	Overseas offices
Balance of assets in international operations	2,452,465	2,452,465	—	2,573,147	2,573,147	—

Trust Business Operations (Non-Consolidated)

Statement of Trust Assets and Liabilities

Years Ended March 31

(Millions of yen)

Account	2025	2024
(Assets)		
Loans and bills discounted	79,463	53,897
Loans on deeds	79,463	53,897
Securities	184,441	170,977
Government bonds	6,256	5,764
Local government bonds	9,075	9,075
Corporate bonds	26,356	21,159
Foreign securities	142,753	134,977
Beneficiary rights	4,530	4,806
Securities held in custody accounts	196,487	221,189
Monetary claims	255,047	302,209
Monetary claims on home mortgage	660	839
Other monetary claims	254,386	301,370
Tangible fixed assets	72,787	73,263
Real estate	72,787	73,263
Other claims	204	739
Cash and cash equivalents	142,616	78,903
Due from banks	142,616	78,903
Total assets	935,579	905,987
(Liabilities)		
Money trusts	197,446	183,079
Money entrusted, other than money trusts	218,635	132,401
Securities trusts	196,680	221,372
Monetary claims trusts	22,434	35,565
Composite trusts	300,383	333,569
Total liabilities	935,579	905,987

Notes: 1. 'Beneficiary rights,' which the Bank acquired from a trust where the Bank acts as entrustor and trustee, is deducted from the total amount of beneficiary rights in the trust account, in order to avoid duplication.
The principal balance of the corresponding trust account is deducted from liabilities by the same amount.
2. There are no balances for guaranteed trusts.

Balance of Money Trusts under Management

Years Ended March 31

(Millions of yen)

Type	2025	2024
Money trusts	197,446	183,079
Total	197,446	183,079

Note: There are no balances for pension trusts, asset formation benefit trusts or loan trusts.

Trust Business Operations (Non-Consolidated)

Balance of Securities Related to Money Trusts

Years Ended March 31

(Millions of yen, %)

Type	2025		2024	
	Balance	Percentage	Balance	Percentage
Government bonds	6,256	3.40	5,764	3.38
Local government bonds	9,075	4.93	9,075	5.32
Short-term corporate bonds	—	—	—	—
Corporate bonds	26,026	14.13	20,829	12.20
Stocks	—	—	—	—
Other securities	142,753	77.54	134,977	79.10
Total	184,111	100.00	170,647	100.00

Note: There are no balances for pension trusts, asset formation benefit trusts or loan trusts.

Balance of Principal of Money Trusts by Trust Period

Years Ended March 31

(Millions of yen)

Type	2025	2024
Money trusts		
Less than 1 year	2,511	0
1-2 years	10,186	11,022
2-5 years	326	433
Over 5 years	755	794
Others	—	—
Total	13,779	12,250

Note: There are no balances for loan trusts.

Operational Status of Money Trusts by Type

Years Ended March 31

(Millions of yen)

Type	2025	2024
Money trusts		
Loans and bills discounted	—	—
Securities	184,111	170,647
Crypto assets	—	—
Electronic payment instruments	—	—
Money trusts Total	184,111	170,647
Total Loans and bills discounted	—	—
Total Securities	184,111	170,647
Total Crypto assets	—	—
Total Electronic payment instruments	—	—
Total Loans and bills discounted, Securities, Crypto assets and Electronic payment instruments	184,111	170,647

Note: There are no balances for pension trusts, asset formation benefit trusts or loan trusts.

The followings are not applicable.

- Balance of guaranteed trust (including trust assets entrusted to other banks for asset management) by type.
- Balance of loans and bills discounted, crypto assets and electronic payment instruments held in money trusts by type.
- Balance of loans and bills discounted related to money trusts by category (loans on deeds, loans on bills and bills discounted).
- Balance of loans and bills discounted related to money trusts by contract term.
- Balance of loans and bills discounted related to money trusts by type of collateral (securities, claims, commodities, real estate, guarantees and unsecured).
- Balance of loans and bills discounted related to money trusts by purpose of use (capital spending and working capital).
- Balance of loans and bills discounted related to money trusts by industry and ratios to total loans.
- Balance of loans and bills discounted to Small and Medium-Sized Enterprises (SMEs) related to money trusts and ratios to total loans and bills discounted.
SMEs are defined as companies having capital of not more than ¥300 million (¥100 million in wholesale, and ¥50 million in retail, food service and leasing business categories), or companies with not more than 300 full-time employees (100 in wholesale and leasing, 50 in retail and food service business categories), etc.
- Balance of loans and bills discounted related to guaranteed trust (including trust assets entrusted to other trust banks for asset management).
Loans are 'Bankrupt and similar credit,' 'Doubtful credit,' 'Loans overdue for three months or more' and 'Restructured loans.'
- Balance of crypto assets by type.
- Balance of electronic payment instruments by type.

Capitalization (Non-Consolidated)

History of Capitalization

(Millions of yen)

Month/Year	Capital increases	Capital thereafter	Remarks
Sep. 2000	66,666	419,781	Compensatory private placement (common stock, 333,334 thousand shares); Issue price ¥300; Transfer to capital ¥200
Oct. 2000	(260,000)	159,781	Non-compensatory reduction of capital • Capital reduction of ¥105,287 million by redemption of the 2nd preferred stock, 102,000 thousand shares; the 3rd preferred stock, 386,398 thousand shares; and the 4th preferred stock, 71,856 thousand shares • Capital reduction of ¥154,712 million exceeding face amount of common stock and transferred to capital
Oct. 2000	260,000	419,781	Compensatory private placement (the 5th preferred stock, 866,667 thousand shares); Issue price ¥300; Transfer to capital ¥300
Nov. 2012	(319,781)	100,000	Capital reduction (Change in capital composition) Capital stock was reduced by ¥319,781 million. Of which, ¥53,980 million was transferred to legal capital surplus, and the remaining ¥265,801 million was transferred to other capital surplus.
July 2024	25,966	125,966	Compensatory private placement (common stock, 21,500 thousand shares); Issue price ¥2,415.5; Transfer to capital ¥1,207.75

Major Shareholders

(As of March 31, 2025)

	Number of shares held	Percentage of total outstanding shares
Daiwa Securities Group Inc.	33,056 Thousands	23.65%
The Master Trust Bank of Japan, Ltd. (Trust Account)	16,985	12.15
The Nomura Trust and Banking Co., Ltd. (Trust Account 2052255)	4,300	3.08
Custody Bank of Japan, Ltd. (Trust Account)	2,867	2.05
Aozora Bank, Ltd.	1,408	1.01
STATE STREET BANK WEST CLIENT - TREATY 505234	1,294	0.93
JP MORGAN CHASE BANK 385794	1,007	0.72
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	920	0.66
SMBC Nikko Securities Inc.	901	0.64
STATE STREET BANK AND TRUST COMPANY 505103	847	0.61
Nojima Corporation	682	0.49
Others	75,518	54.01
Total	139,789	100.00

Note: The above table was compiled based on the Bank's Shareholder Registry as of March 31, 2025.

Ownership and Distribution of Shares

(As of March 31, 2025)

Classification	Stock Status (1 <i>tangen</i> unit = 100 shares)								Fractional shares of common stock
	National and municipal governments	Financial institutions	Financial instruments firms	Other domestic companies	Foreign Investors		Individuals and others	Total	
					Other than individuals	Individuals			
Number of shareholders	—	37	40	851	259	498	105,329	107,014	—
Number of shares held (<i>tangen</i>)	—	267,435	36,810	389,606	103,979	2,986	594,634	1,395,450	244,418
Percentage of total number of shares	—	19.17	2.64	27.92	7.45	0.21	42.61	100.00	—

Notes: 1. Treasury stock of 1,408,328 shares comprises 14,083 *tangen* units under Individuals and others and 28 shares under Fractional shares of common stock.

2. In the Other domestic companies column, shares in the name of Japan Securities Depository Center Incorporated represent one *tangen* unit.

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

This section describes the information consistent with FSA Notice Number 7, Basel III Pillar III—Market Discipline, based on Article 19-2.1.5.d and 19-3.1.3.c of the Ordinance for the Enforcement of the Banking Act (Ministry of Finance Ordinance Number 10, 1982), issued in 2014.

‘Notice’ in this section refers to FSA Notice Number 19, Basel III Pillar I—Minimum Capital Requirements and Buffers, issued in 2006.

The Bank received agreed-upon procedures from Deloitte Touche Tohmatsu LLC (‘DTT’) as an external audit on the calculation of the capital adequacy ratio (on both consolidated and non-consolidated basis) in accordance with the JICPA Practical Guidelines on Professional Services 4465 ‘Practical Guidelines on Agreed-Up Procedures for Calculation of Capital Adequacy Ratio and Leverage Ratio.’ DTT performed procedures to the extent agreed with the Bank on limited part of the internal control system relating to the calculation of the capital adequacy ratio, and reported the results to the Bank. This external audit is not part of the financial statement audits or the internal control audit, and does not express any opinion or conclusion regarding the capital adequacy ratio itself or the internal control system for calculation of the capital adequacy ratio.

Composition of Capital Disclosure

Composition of Capital Disclosure (Consolidated)

(Basel III)

(Millions of Yen)

Items	March 31, 2025	March 31, 2024
Core capital: instruments and reserves (1)		
Directly issued qualifying common share capital and preferred share capital with mandatory conversion clause plus related stock surplus and retained earnings	475,144	413,130
of which: capital and capital surplus	239,449	187,498
of which: retained earnings	241,633	228,647
of which: treasury stock (–)	2,894	3,015
of which: national specific regulatory adjustments (earnings to be distributed) (–)	3,044	–
of which: other than above	–	–
Accumulated other comprehensive income included in Core capital	11,891	12,414
of which: foreign currency translation adjustment	9,604	10,137
of which: remeasurements of defined benefit plans	2,286	2,277
Share award rights and Share acquisition rights to common shares and preferred shares with mandatory conversion clause	501	532
Adjusted non-controlling interests (amount allowed in group Core capital)	834	697
Total of general allowance for loan losses and eligible provisions included in Core capital	38,759	38,261
of which: general allowance for loan losses	38,759	38,261
of which: eligible provisions	–	–
Eligible non-cumulative perpetual preferred shares subject to transitional arrangements included in Core capital	–	–
Eligible capital instruments, other than non-cumulative perpetual preferred shares, subject to transitional arrangements included in Core capital	–	–
Capital instruments issued using public capital injection programs included in Core capital	–	–
Amounts equivalent to 45% of land revaluation excess subject to transitional arrangements included in Core capital	–	–
Non-controlling interests subject to transitional arrangements included in Core capital	2,605	2,548
Core capital: instruments and reserves (A)	529,736	467,585

(Millions of Yen)

Items	March 31, 2025	March 31, 2024
Core capital: regulatory adjustments (2)		
Total intangible assets (net of related tax liability, excluding those relating to mortgage servicing rights)	18,476	18,707
of which: goodwill (including those equivalent)	4,119	4,102
of which: other intangibles other than goodwill and mortgage servicing rights	14,357	14,605
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	16,025	13,223
Shortfall of eligible provisions to expected losses	—	—
Securitization gain on sale	—	—
Gains and losses due to changes in own credit risk on fair valued liabilities	522	574
Defined-benefit pension fund net assets (prepaid pension costs)	6,457	6,064
Investments in own shares (excluding those reported in the Net assets section)	0	1
Reciprocal cross-holdings in capital instruments	—	—
Investments in the common stock and preferred stock with mandatory conversion clause of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	—	—
Amount exceeding the 10% threshold on specified items	—	—
of which: significant investments in the common stock and preferred stock with mandatory conversion clause of financials	—	—
of which: mortgage servicing rights	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—
Amount exceeding the 15% threshold on specified items	—	—
of which: significant investments in the common stock and preferred stock with mandatory conversion clause of financials	—	—
of which: mortgage servicing rights	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—
Core capital: regulatory adjustments (B)	41,483	38,572
Regulatory capital		
Regulatory capital ((A)–(B)) (C)	488,253	429,013
Risk-weighted assets (3)		
Credit risk assets	4,248,928	4,273,156
Total of items subject to transitional arrangements included in risk-weighted assets	—	—
of which: investments in capital instruments of financials	—	—
of which: other than above	—	—
Risk assets derived from market risk equivalents	177,658	238,982
Internal risk transfer	—	—
Risk assets derived from operational risk equivalents	127,227	133,497
Floor adjustment	—	—
Total risk-weighted assets (D)	4,553,814	4,645,636
Consolidated capital adequacy ratio		
Consolidated capital adequacy ratio ((C)/(D))	10.72%	9.23%

Note: Consolidated capital adequacy ratio is calculated based on the Notice.

The Bank uses the domestic standard applicable to Japanese banks without overseas branches or banking subsidiaries.

Methods used to calculate risk-weighted assets and amounts of required capital for each risk are as follows:

(Millions of Yen)

	Methods	March 31, 2025	March 31, 2024
Total required capital			
Credit risk	Standardized approach	182,152	185,825
Market risk equivalents	Standardized approach and Simplified standardized approach	169,957	170,926
		7,106	9,559
Operational risk equivalents	Standardized approach	5,089	5,339

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

Composition of Capital Disclosure (Non-Consolidated)

(Basel III)

(Millions of Yen)

Items	March 31, 2025	March 31, 2024
Core capital: instruments and reserves (1)		
Directly issued qualifying common share capital and preferred share capital with mandatory conversion clause plus related stock surplus and retained earnings	442,142	384,894
of which: capital and capital surplus	239,449	187,498
of which: retained earnings	208,631	200,411
of which: treasury stock (–)	2,894	3,015
of which: national specific regulatory adjustments (earnings to be distributed) (–)	3,044	–
of which: other than above	–	–
Share award rights and Share acquisition rights to common shares and preferred shares with mandatory conversion clause	501	532
Total of general allowance for loan losses and eligible provisions included in Core capital	38,074	37,796
of which: general allowance for loan losses	38,074	37,796
of which: eligible provisions	–	–
Eligible non-cumulative perpetual preferred shares subject to transitional arrangements included in Core capital	–	–
Eligible capital instruments, other than non-cumulative perpetual preferred shares, subject to transitional arrangements included in Core capital	–	–
Capital instruments issued using public capital injection programs included in Core capital	–	–
Amounts equivalent to 45% of land revaluation excess subject to transitional arrangements included in Core capital	–	–
Core capital: instruments and reserves (A)	480,717	423,223
Core capital: regulatory adjustments (2)		
Total intangible assets (net of related tax liability, excluding those relating to mortgage servicing rights)	6,166	6,863
of which: goodwill (including those equivalent)	–	–
of which: other intangibles other than goodwill and mortgage servicing rights	6,166	6,863
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	15,826	13,218
Shortfall of eligible provisions to expected losses	–	–
Securitization gain on sale	–	–
Gains and losses due to changes in own credit risk on fair valued liabilities	522	574
Defined-benefit pension fund net assets (prepaid pension costs)	4,555	3,929
Investments in own shares (excluding those reported in the Net assets section)	0	1
Reciprocal cross-holdings in capital instruments	–	–
Investments in the common stock and preferred stock with mandatory conversion clause of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	–	–
Amount exceeding the 10% threshold on specified items	–	–
of which: significant investments in the common stock and preferred stock with mandatory conversion clause of financials	–	–
of which: mortgage servicing rights	–	–
of which: deferred tax assets arising from temporary differences (net of related tax liability)	–	–
Amount exceeding the 15% threshold on specified items	–	–
of which: significant investments in the common stock and preferred stock with mandatory conversion clause of financials	–	–
of which: mortgage servicing rights	–	–
of which: deferred tax assets arising from temporary differences (net of related tax liability)	–	–
Core capital: regulatory adjustments (B)	27,070	24,587
Regulatory capital		
Regulatory capital ((A)–(B)) (C)	453,646	398,635

(Millions of Yen)

Items	March 31, 2025	March 31, 2024
Risk-weighted assets (3)		
Credit risk assets	4,196,612	4,240,752
Total of items subject to transitional arrangements included in risk-weighted assets	—	—
of which: investments in capital instruments of financials	—	—
of which: other than above	—	—
Risk assets derived from market risk equivalents	176,477	238,105
Internal risk transfer	—	—
Risk assets derived from operational risk equivalents	97,712	111,316
Floor adjustment	—	—
Total risk-weighted assets (D)	4,470,802	4,590,174
Non-consolidated capital adequacy ratio		
Non-consolidated capital adequacy ratio ((C)/(D))	10.14%	8.68%

Note: Non-consolidated capital adequacy ratio is calculated based on the Notice.

The Bank uses the domestic standard applicable to Japanese banks without overseas branches or banking subsidiaries.

Methods used to calculate risk-weighted assets and amounts of required capital for each risk are as follows:

(Millions of Yen)

	Methods	March 31, 2025	March 31, 2024
Total required capital		178,832	183,606
Credit risk	Standardized approach	167,864	169,630
Market risk equivalents	Standardized approach	7,059	9,524
Operational risk equivalents	Standardized approach	3,908	4,452

Qualitative Disclosure

1. Items pertaining to the scope of consolidation

- (1) A discrepancy between the definition of companies belonging to the group of companies (hereafter, 'Consolidated Group') subject to calculation of consolidated capital adequacy ratio, in accordance with Article 26 of the Notice, and companies included within the scope of accounting consolidation, and cause of the discrepancy

Subsidiaries deemed as 'financial subsidiaries' according to the Notice but excluded from the scope of accounting consolidation are included in the Consolidated Group in accordance with Article 26 of the Notice.

- (2) Number of consolidated subsidiaries, names of principal consolidated subsidiaries and major lines of business

Number of consolidated subsidiaries for the consolidated financial statements: 24

Principal consolidated subsidiaries:

GMO Aozora Net Bank, Ltd. (banking business)
Aozora Loan Services Co., Ltd. (distressed loan servicing)
Aozora Securities Co., Ltd. (financial instruments business)
Aozora Regional Consulting Co., Ltd. (business consulting services)
Aozora Investment Management Co., Ltd. (investment management services)
Aozora Real Estate Investment Advisors Co., Ltd. (investment advisory services)
ABN Advisors Co., Ltd. (M&A advisory services)
Aozora Corporate Investment Co., Ltd. (venture capital investment)
Aozora Asia Pacific Limited (financial services)
Aozora Europe Limited (financial services)
Aozora North America, Inc. (financial services)
AZB Funding 12 Limited (investment vehicle)

- (3) Number of affiliates conducting financial services and having applied Article 32 of the Notice, and names, amounts of total assets and net assets and main business of such affiliates

Not applicable

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

(4) Names, amounts of total assets and net assets, and main business of companies belonging to the Consolidated Group but not included in the scope of accounting consolidation, and companies not belonging to the Consolidated Group but included in the scope of accounting consolidation

(Companies belonging to the Consolidated Group but not included in the scope of accounting consolidation)

(Millions of Yen)

Name	Total assets	Net assets	Main business
AT Investments Co., Ltd.	328	244	financial services
AHT Investments	10	10	financial services
Tokyo Recovery	14	3	financial services
Aozora Recovery Acquisition 1	3,983	4	financial services
Chiba-Musashino Partner	160	3	financial services
Shinkumi Recovery Co., Ltd.	672	3	financial services
Aozora Recovery Support Co., Ltd.	4,190	3	financial services
AL3 Co., Ltd.	31	3	financial services
Aozora Asset Co., Ltd.	4,299	2	financial services
Fukushima Recovery Co., Ltd.	155	149	financial services
Aozora Chiiki Saisei Co., Ltd.	5,224	10	financial services

(Companies not belonging to the Consolidated Group but included in the scope of accounting consolidation)

Not applicable

(5) Summary of restrictions on the movement of cash and equity capital within the Consolidated Group

Not applicable

2. Summary of equity financing methods

The Aozora Bank Group executes equity financing through the issuance of shares of common stock as follows.

(As of March 31, 2024)

Item	Common Stock
Issuing entity	Aozora Bank
Amounts included in core capital	¥239,449 million

3. Outline of capital adequacy assessment method

The Bank manages its risk based on 'risk capital,' for internal management, in order to control the risk of its business within intended scope and to secure sufficient capital that match the risk it faces. We assess our capital adequacy by comparing the amounts of total capital to amount of risk capital which will be used for the fiscal year, and thus confirming that an adequate amount of capital for the risk is secured.

As assessment is also made from the perspective of whether the Bank can maintain sufficient capital in the light of the estimated loss assumed in a stress-testing on the Bank's capital position and ensure the continuous operation for the following fiscal year onwards, and secure the required capital adequacy ratio. The status of risk capital is reported to the senior management on monthly basis in principle.

4. Items pertaining to credit risk

(1) Summary of risk management policies and procedures

The policies and procedures applied to risk management at Aozora Bank are described in the Risk Management of this annual report under the heading 'Credit Risk Management,' in the Consolidated Financial Statements: Basic Requirements for the Preparation of Consolidated Financial Statements and the Non-Consolidated Financial Statements: Significant Accounting Policies.

(2) Eligible rating agencies used for the judgement on risk weight

The eligible rating agencies which we use for the judgment on risk weight are as follows. We do not use country risk scores of OECD or Export Credit Agencies.

Type of exposure	Eligible rating agencies used
Sovereign (including government-affiliated organizations)	Rating and Investment Information, Inc. (R&I)
Financial institutions (including securities firms)	Japan Credit Rating Agency, Ltd. (JCR)
Securitization	Moody's Investors Service (Moody's)
Exposures to corporates	S&P Global Ratings(S&P)

5. Risk management policy associated with credit risk mitigation and outline of procedures

The Bank uses a standard form of documentation for collateral or guarantee contracts which we confirm as to its legal enforceability. When this standard documentation is not used, we take steps such as confirming the legal enforceability of each contract, among other procedures in the process of our decision to grant or refuse a transaction.

The concentration of credit and market risks resulting from the use of credit risk mitigation is modest.

(Major collateral)

Type of collateral	Valuation	Management policy	Procedures
Financial assets (deposits at Aozora Bank, securities)	Notional amount or market price	Prices are reviewed on a monthly basis. (Prices of listed securities are reviewed every business day.)	In the calculation of risk-weighted assets, such financial collateral are applied as eligible credit risk mitigations. If a strong positive correlation exists between the credit risk of the counterparty and that of the subject eligible for financial collateral, we do not use such collateral as a credit risk mitigation.
Real estate, etc.	Appraisal	Value is reviewed annually or semi-annually according to the credit strength of the borrower.	
Nominative claims, etc.	Amount of billed receivables	Change in creditworthiness of the underlying obligor is monitored appropriately.	
Others	Judged individually	Judged individually	

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

(Guarantees/CDS)

	Type and creditworthiness of counterparty
Guarantees	We individually judge the creditworthiness of the guarantor or the necessity of obtaining a proof thereof. We use a guarantee transaction as a credit risk mitigation contingent on the following: 1. The risk weight of the guarantor must be lower than that of the borrower. 2. The guarantor must be a sovereign or financial institution. 3. If a guarantor is not a sovereign or financial institution, the Bank will use the rating of the guarantor assigned by eligible ratings agencies for the judgment of risk weight.
CDS	The providers of protection in CDS transactions mainly consist of domestic and overseas financial institutions, and we judge the creditworthiness of the protection provider individually. When a CDS transaction is used as a credit risk mitigation, we set the minimum requirement of meeting the prerequisites of a guarantee as stated above.

(Off-setting/Netting)

	Policy/procedures/type of transaction/scope
Loan and deposit at Aozora Bank (On-balance-sheet netting)	(Policy) In extending a loan, we conclude a contract with a clause of special agreement on general requirements needed for offsetting, which allows legal offsetting of loans and deposits at Aozora Bank. In the calculation of risk-weighted assets, an amount after netting of a loan and deposit at Aozora subject to the offsetting agreement is treated as an exposure after credit risk mitigations are applied. (Type and scope of transactions) Claim against which the balance on the deposit account is off-set: Loans Claims used to off-set a loan: Time deposits (Procedures) Under the appropriate maturity control, we apply credit risk mitigations through netting of a loan provided by Aozora and time deposits at Aozora. However, if the remaining period of the loan exceeds the remaining period of time deposits at Aozora, credit risk mitigating effects are recognized only when the initial contract period of time deposits at Aozora is one year or longer and the remaining period as of the base date of calculation is over 3 months.
Derivatives	(Policy) We apply netting for derivative transactions subject to a legally enforceable netting agreement. Transactions exempt from calculation of credit equivalent amounts are not included in the target transactions of netting. (Type and scope of transactions) Interest derivatives, foreign exchange derivatives, credit derivatives, equity derivatives, commodity derivatives, and other various derivatives. (Procedures) We use the ISDA Master Agreement, whose legal enforceability has been confirmed by an outside law firm, as the standard form of derivative transactions. We have also confirmed that there is rational legal opinion for its use.
Repo-style transactions	(Policy) We apply netting for repo-style transactions subject to a legally enforceable netting agreement. (Type and scope of transactions) Repo-style transactions (Procedures) We use a contract, whose legal enforceability has been confirmed by an outside law firm, as the standard form of repo-style transactions. We have also confirmed that there is rational legal opinion for its use.

6. Summary of risk management policies and procedures associated with counterparties to derivative product transactions and long-term settlement transactions

Policies and procedures are described under 'Risk Management,' 'Credit Risk Management' and 'Market Risk Management.' The Bank is obliged to provide additional collateral for derivative product transactions when there is a deterioration of its credit quality.

7. Items pertaining to securitization exposures

(1) Summary of risk management policies and risk characteristics

Securitization transactions refer to transactions which are structured with two or more tranches in line with underlying credit and which are either partially or wholly transferred to a third party.

The main role of the Bank in securitization transactions is that of investor or servicer. Sometimes, it may also act as originator or swap provider.

Securitization transactions have various risks depending on underlying assets and the Bank's role in securitization transactions.

Risk management policies are described under 'Risk Management' and 'Credit Risk Management.'

(2) Summary of system development and management status in accordance with No. 1 to No. 4 of Paragraph 1, Article 248 of the Capital Adequacy Ratio Notice (this includes cases in which Paragraph 2 of Article 302-2 apply).

Regarding securitization transactions (including resecuritization transactions), individual transactions and portfolios are monitored in accordance with risk characteristics by establishing monitoring policies for each product in line with the underlying assets.

(3) Policy for using securitization transactions as credit risk mitigation

Securitization transactions as a way to manage the portfolio are considered when necessary.

(4) Name of method used to calculate the amount of credit risk assets for securitization exposures

This is described in this document under the heading 'Quantitative Disclosures' 2. (1).

(5) Name of method used to calculate equivalent market risk amounts of securitization exposures

Not applicable.

(6) Name of SPE types and whether the Bank or its consolidated subsidiaries have securitization exposures to securitization transactions which Aozora Group makes for a third party's assets using an SPE for securitization.

There are no applicable securitization transactions as of March 31, 2025.

(7) Names of subsidiaries (excluding consolidated subsidiaries) and affiliates which have securitization exposures to securitization transactions made by the Aozora Group (including securitization transactions in which the Aozora Group uses SPEs)

There are no applicable subsidiaries or affiliates as of March 31, 2025.

(8) Accounting policy for securitization transactions

When the Group originates securitization transactions, the following treatments are applied:

- The Group recognizes the securitization transactions as sale of assets if conditions required for the elimination of assets, based on the Accounting Standards for Financial Instruments, have been satisfied.
- The Group recognizes sale of assets when the assets are reassigned (delivery standard).
- The Group records remainders at the acquisition price. However, if severe impairment mars assessment of the securitized assets, the Group will consider a charge-off.
- The Group provides the necessary amount of provisions for off-balance credits including liquidity facilities or credit facilities, based on internal Write-off and Reserve Standards and related rules.

When the Group acquires securitized products, the assets are treated according to the Accounting Standards for Financial Instruments.

(9) Names of eligible rating agencies used for the judgment of risk weights according to type of securitization exposure

This is described in this document under the heading 'Qualitative Disclosure' 4. (2).

8. Items pertaining to CVA risk

(1) Names of calculation approach for CVA risk and summary of transactions calculated by each approach

We use reduced version of the BA-CVA.

Calculation target is derivative transactions except exposures to central counterparty (No. 2 of Paragraph 2 of Article 270 of the Capital Adequacy Ratio Notice).

(2) Characteristic of CVA risk and summary of CVA risk management

CVA stands for credit valuation adjustment specified at a counterparty level. CVA values are effected by change of counterparty credit risk and market risk factors.

We reflect CVA to fair value of derivative transactions, and monitor CVA risk by calculating quarterly.

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

9. Items pertaining to market risk

- (1) Summary of risk management policies, procedures and structure
 - (2) Methods used to identify, evaluate, manage and reduce risk as well as to monitor the effectiveness of hedging
 - (3) Policies and procedures to specify the scope of products classified into the trading book (including the methods to specify, manage and monitor positions with low liquidity)
 - (4) Status of transfers of products between the trading book and banking book, and in the event of a transfer, its reason, and the market value and fair value on a gross basis of the product transferred
 - (5) Status of risk transfers of IRT desks
 - (6) Scope of the system related to reporting and measurement, and its content
- These items are described in the Risk Management section of this annual report under the heading 'Market Risk Management.'

10. Items pertaining to operational risk

- (1) Summary of risk management policies and procedures
This item is described in the Risk Management section of this annual report under the heading 'Operational Risk Management'.
- (2) Calculation Method of BI
It is calculated as the sum of ILDC, SC and FC, in accordance with Article 305 of the Capital Adequacy Ratio Notice.
- (3) Calculation Method of ILM
Based on No. 3 of Paragraph 1, Article 306 of the Capital Adequacy Ratio Notice, ILM is set to "1".
- (4) Whether there is any business unit excluded from the calculation of BI in calculating the amount corresponding to operational risk
There is no applicable business unit as of March 31, 2025.
- (5) Whether there is any extraordinary loss excluded from the calculation of ILM in calculating the amount corresponding to operational risk
There is no applicable loss as of March 31, 2025.

11. Summary of policies and procedures for risk management related to equity exposures

Policies and procedures are described under 'Risk Management section,' 'Credit Risk Management' and 'Market Risk Management.'

Accounting policies applicable to equity exposures are as follows:

The Group evaluates equity exposures by holding purposes, in line with the Accounting Standards for Financial Instruments.

- a) Stocks in subsidiaries and affiliates are stated at cost.
- b) Available-for-sale securities are reported at fair value.
- c) Non-marketable equity securities are stated at cost.

We apply equity risk weights to investment for listed Real Estate Investment Trust out of investments for real estate investment trust.

12. Items pertaining to interest rate risk

- (1) Summary of risk management policies and procedures
Consolidated and non-consolidated interest rate risk is measured on a quarterly basis and the CRO reports Δ EVE and related items to the ALM Committee, etc. Interest rate risk is controlled by using bond transactions, funds, swaps to which hedge accounting is applied, bond and interest rate futures, and options for those.
- (2) Summary of interest rate risk calculation method
Interest rate risk in the banking book is measured in such a way that the interest due date under contract for each transaction is recognized as the maturity date, and prepayments of fixed rate housing loans and term deposits are assumed. We adopt the assumed rates for repayment and cancellation set by the Regulator. For liquid deposits, "core deposits" (liquid deposits that are to remain in the bank for a long period without withdrawal) are considered. The balance of core deposits is estimated by the internal model using the data including market and deposit interest rates, and macro environments. The maximum maturity set to liquid deposits is 10 years, and the average maturity is 0.9 years on a non-consolidated basis and 0.6 years on a consolidated basis. For the aggregation of interest rate risk amount calculated per currency, Δ EVE is calculate by adding only the currencies with positive Δ EVE and Δ NII is calculated by simply adding up Δ NII of each currency. Also, spreads are considered in cash flows.
Other items are described in the Risk Management section of this annual report under the heading 'Market Risk Management'.

Quantitative Disclosure

1. Names of subsidiaries classified as other financial institutions under the Notice whose capital is short of the regulatory amount required, and total shortfall amount of such subsidiaries

(As of March 31, 2025 and 2024)

Not applicable

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

2. Items pertaining to Capital Adequacy

(1) Breakdown by Portfolio

(Non-Consolidated)

(100 Million Yen)

Portfolio category	Risk Weight (%)	March 31, 2025	
		Amount of credit risk assets	Amount of capital requirements
1. Cash	0	—	—
2. Japanese central government/bank	0	—	—
3. Foreign central government/bank	0~150	136	5
4. Bank for International Settlements(BIS)	0	—	—
5. Japanese local public bodies	0	—	—
6. Non-central government public sector entities (PSEs) of foreign countries	20~150	188	7
7. Multilateral development banks(MDBs)	0~150	—	—
8. Japan Finance Organization for Municipalities (JFM)	10~20	5	0
9. Organs affiliated with the Japanese government	10~20	10	0
10. Three major local public corporations	20	1	0
11. Banks, type I financial instruments business operators and insurance companies	20~150	888	35
Type I financial instruments business operators and Insurance companies	20~150	336	13
12. Covered bonds	10~100	—	—
13. Corporates (Including Specialised lending)	20~150	23,022	920
Specialised lending	20~150	1,925	77
14. SMEs and individuals	45~100	71	2
Transactors	45	—	—
15. Real estate properties	20~150	3,728	149
Residential mortgages	20~75	3	0
Income producing residential real estates	30~150	4	0
Income producing commercial real estates	70~150	3,655	146
Other real estates	60	—	—
ADC	100~150	65	2
16. Subordinated debt, and other capital, etc.	150	2,384	95
17. Past due loans (excluding Residential mortgages)	50~150	621	24
18. Past due Residential mortgages	100	0	0
19. Items in process of collection	20	—	—
20. Loans guaranteed by Credit Guarantee Association, etc.	0~10	—	—
21. Loans guaranteed by Regional Economy Vitalization Corporation of Japan (REVIC), etc.	10	—	—
22. Equity, etc.	250~400	963	38
23. Others	100~1250	2,308	92
Exposure for significant investments	1250	—	—
Exposure for investments in other financials excluding common equity and other TLAC liabilities	250	804	32
Amounts below the thresholds for deduction (subject to 250% risk weight)	250	1,092	43
Investments in other TLAC Liabilities of other financial entities ,where the bank does not own more than 10% of the issued share capital	250	—	—
Investments in other TLAC Liabilities of other financial entities ,where the bank owns more than 10% of the issued share capital	150	170	6
Among other external TLAC liabilities the exposure, which were excluded from regulatory adjustments of Tier 2 capital and other own TLAC liabilities	150	—	—
Others	100	241	9
24. Securitization	—	772	30
STC	—	—	—
Short-term STC	—	—	—
Non-performing loans	—	—	—
Others	—	772	30
25. Re-securitization	—	—	—
26. Exposure relating to funds	—	5,656	226
Look-through approach	—	5,635	225
Mandate-based approach	—	21	0
Simple approach(subject to 250% RW)	—	—	—
Simple approach(subject to 400% RW)	—	—	—
Fall-back approach	—	0	0
27. Unsettled transactions	—	—	—
28. The exposures related to the capital instruments of other financial institutions that are not included in the credit risk assets subject to phase-out arrangements	—	—	—
Total	—	40,759	1,630

Notes:1.Amount of exposure After deducting the amount equivalent to partial direct write-offs, specific allowance for loan losses and allowance for loans to restructuring countries.
The amount is equivalent to credit extension set forth in the Notice (after the effect of deducting the amount equivalent to credit extension under netting agreement).
2.Amount of credit risk assets After credit risk mitigation.
3.Amount of capital requirements As the Bank is subject to domestic standards, the amount is calculated as 'credit risk assets ×4%.'
4.Securitization exposure There are no securitization transactions sponsored by the Aozora Group.
5.Indication method after the decimal point The amount is rounded down to the whole number.
As for 1.2.3.5, the same applies to the following charts.

(Non-Consolidated)

(100 Million Yen)

Portfolio category	Risk Weight (%)	March 31, 2024	
		Amount of credit risk assets	Amount of capital requirements
1. Cash	0	—	—
2. Japanese central government/bank	0	—	—
3. Foreign central government/bank	0~150	148	5
4. Bank for International Settlements(BIS)	0	—	—
5. Japanese local public bodies	0	—	—
6. Non-central government public sector entities (PSEs) of foreign countries	20~150	203	8
7. Multilateral development banks(MDBs)	0~150	—	—
8. Japan Finance Organization for Municipalities (JFM)	10~20	5	0
9. Organs affiliated with the Japanese government	10~20	10	0
10. Three major local public corporations	20	1	0
11. Banks, type I financial instruments business operators and insurance companies	20~150	983	39
Type I financial instruments business operators and Insurance companies	20~150	259	10
12. Covered bonds	10~100	—	—
13. Corporates (Including Specialised lending)	20~150	23,156	926
Specialised lending	20~150	2,331	93
14. SMEs and individuals	45~100	106	4
Transactors	45	—	—
15. Real estate properties	20~150	4,833	193
Residential mortgages	20~75	3	0
Income producing residential real estates	30~150	11	0
Income producing commercial real estates	70~150	4,367	174
Other real estates	60	—	—
ADC	100~150	450	18
16. Subordinated debt, and other capital, etc.	150	1,936	77
17. Past due loans (excluding Residential mortgages)	50~150	835	33
18. Past due Residential mortgages	100	0	0
19. Items in process of collection	20	—	—
20. Loans guaranteed by Credit Guarantee Association, etc.	0~10	—	—
21. Loans guaranteed by Regional Economy Vitalization Corporation of Japan (REVIC), etc.	10	—	—
22. Equity, etc.	250~400	601	24
23. Others	100~1250	2,414	96
Exposure for significant investments	1250	—	—
Exposure for investments in other financials excluding common equity and other TLAC liabilities	250	933	37
Amounts below the thresholds for deduction (subject to 250% risk weight)	250	1,064	42
Investments in other TLAC Liabilities of other financial entities ,where the bank does not own more than 10% of the issued share capital	250	—	—
Investments in other TLAC Liabilities of other financial entities ,where the bank owns more than 10% of the issued share capital	150	166	6
Among other external TLAC liabilities the exposure, which were excluded from regulatory adjustments of Tier 2 capital and other own TLAC liabilities	150	—	—
Others	100	251	10
24. Securitization	—	933	37
STC	—	—	—
Short-term STC	—	—	—
Non-performing loans	—	—	—
Others	—	933	37
25. Re-securitization	—	—	—
26. Exposure relating to funds	—	5,270	210
Look-through approach	—	5,216	208
Mandate-based approach	—	54	2
Simple approach(subject to 250% RW)	—	—	—
Simple approach(subject to 400% RW)	—	—	—
Fall-back approach	—	0	0
27. Unsettled transactions	—	—	—
28. The exposures related to the capital instruments of other financial institutions that are not included in the credit risk assets subject to phase-out arrangements	—	—	—
Total	—	41,440	1,657

Note: Securitization exposure

There are no securitization transactions sponsored by the Aozora Group.

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

(Consolidated)

(100 Million Yen)

Portfolio category	Risk Weight (%)	March 31, 2025	
		Amount of credit risk assets	Amount of capital requirements
1. Cash	0	—	—
2. Japanese central government/bank	0	—	—
3. Foreign central government/bank	0~150	136	5
4. Bank for International Settlements(BIS)	0	—	—
5. Japanese local public bodies	0	—	—
6. Non-central government public sector entities (PSEs) of foreign countries	20~150	188	7
7. Multilateral development banks(MDBs)	0~150	—	—
8. Japan Finance Organization for Municipalities (JFM)	10~20	5	0
9. Organs affiliated with the Japanese government	10~20	11	0
10. Three major local public corporations	20	1	0
11. Banks, type I financial instruments business operators and insurance companies	20~150	890	35
Type I financial instruments business operators and Insurance companies	20~150	318	12
12. Covered bonds	10~100	—	—
13. Corporates (Including Specialised lending)	20~150	23,281	931
Specialised lending	20~150	1,925	77
14. SMEs and individuals	45~100	158	6
Transactors	45	—	—
15. Real estate properties	20~150	3,728	149
Residential mortgages	20~75	3	0
Income producing residential real estates	30~150	4	0
Income producing commercial real estates	70~150	3,655	146
Other real estates	60	—	—
ADC	100~150	65	2
16. Subordinated debt, and other capital, etc.	150	2,384	95
17. Past due loans (excluding Residential mortgages)	50~150	1,336	53
18. Past due Residential mortgages	100	0	0
19. Items in process of collection	20	15	0
20. Loans guaranteed by Credit Guarantee Association, etc.	0~10	—	—
21. Loans guaranteed by Regional Economy Vitalization Corporation of Japan (REVIC), etc.	10	—	—
22. Equity, etc.	250~400	655	26
23. Others	100~1250	2,778	111
Exposure for significant investments	1250	—	—
Exposure for investments in other financials excluding common equity and other TLAC liabilities	250	804	32
Amounts below the thresholds for deduction (subject to 250% risk weight)	250	1,499	59
Investments in other TLAC Liabilities of other financial entities ,where the bank does not own more than 10% of the issued share capital	250	—	—
Investments in other TLAC Liabilities of other financial entities ,where the bank owns more than 10% of the issued share capital	150	170	6
Among other external TLAC liabilities the exposure, which were excluded from regulatory adjustments of Tier 2 capital and other own TLAC liabilities	150	—	—
Others	100	304	12
24. Securitization	—	775	31
STC	—	—	—
Short-term STC	—	—	—
Non-performing loans	—	—	—
Others	—	775	31
25. Re-securitization	—	—	—
26. Exposure relating to funds	—	4,935	197
Look-through approach	—	4,914	196
Mandate-based approach	—	21	0
Simple approach(subject to 250% RW)	—	—	—
Simple approach(subject to 400% RW)	—	—	—
Fall-back approach	—	0	0
27. Unsettled transactions	—	—	—
28. The exposures related to the capital instruments of other financial institutions that are not included in the credit risk assets subject to phase-out arrangements	—	—	—
Total	—	41,282	1,651

Note: Securitization exposure

There are no securitization transactions sponsored by the Aozora Group.

(Consolidated)

(100 Million Yen)

Portfolio category	Risk Weight (%)	March 31, 2024	
		Amount of credit risk assets	Amount of capital requirements
1. Cash	0	—	—
2. Japanese central government/bank	0	—	—
3. Foreign central government/bank	0~150	148	5
4. Bank for International Settlements(BIS)	0	—	—
5. Japanese local public bodies	0	—	—
6. Non-central government public sector entities (PSEs) of foreign countries	20~150	203	8
7. Multilateral development banks(MDBs)	0~150	—	—
8. Japan Finance Organization for Municipalities (JFM)	10~20	5	0
9. Organs affiliated with the Japanese government	10~20	14	0
10. Three major local public corporations	20	1	0
11. Banks, type I financial instruments business operators and insurance companies	20~150	888	35
Type I financial instruments business operators and Insurance companies	20~150	239	9
12. Covered bonds	10~100	—	—
13. Corporates (Including Specialised lending)	20~150	23,354	934
Specialised lending	20~150	2,331	93
14. SMEs and individuals	45~100	177	7
Transactors	45	—	—
15. Real estate properties	20~150	4,833	193
Residential mortgages	20~75	3	0
Income producing residential real estates	30~150	11	0
Income producing commercial real estates	70~150	4,367	174
Other real estates	60	—	—
ADC	100~150	450	18
16. Subordinated debt, and other capital, etc.	150	1,936	77
17. Past due loans (excluding Residential mortgages)	50~150	1,530	61
18. Past due Residential mortgages	100	0	0
19. Items in process of collection	20	29	1
20. Loans guaranteed by Credit Guarantee Association, etc.	0~10	—	—
21. Loans guaranteed by Regional Economy Vitalization Corporation of Japan (REVIC), etc.	10	—	—
22. Equity, etc.	250~400	389	15
23. Others	100~1250	2,749	109
Exposure for significant investments	1250	—	—
Exposure for investments in other financials excluding common equity and other TLAC liabilities	250	933	37
Amounts below the thresholds for deduction (subject to 250% risk weight)	250	1,358	54
Investments in other TLAC Liabilities of other financial entities ,where the bank does not own more than 10% of the issued share capital	250	—	—
Investments in other TLAC Liabilities of other financial entities ,where the bank owns more than 10% of the issued share capital	150	166	6
Among other external TLAC liabilities the exposure, which were excluded from regulatory adjustments of Tier 2 capital and other own TLAC liabilities	150	—	—
Others	100	291	11
24. Securitization	—	939	37
STC	—	—	—
Short-term STC	—	—	—
Non-performing loans	—	—	—
Others	—	939	37
25. Re-securitization	—	—	—
26. Exposure relating to funds	—	4,563	182
Look-through approach	—	4,508	180
Mandate-based approach	—	54	2
Simple approach(subject to 250% RW)	—	—	—
Simple approach(subject to 400% RW)	—	—	—
Fall-back approach	—	0	0
27. Unsettled transactions	—	—	—
28. The exposures related to the capital instruments of other financial institutions that are not included in the credit risk assets subject to phase-out arrangements	—	—	—
Total	—	41,764	1,670

Note: Securitization exposure

There are no securitization transactions sponsored by the Aozora Group.

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

Exposure to Central Counterparties

(Non-Consolidated)

(100 Million Yen)

Category	March 31, 2025		March 31, 2024	
	Amount of credit risk assets	Amount of capital requirements	Amount of credit risk assets	Amount of capital requirements
Qualifying central counterparty	9	0	9	0
Other central counterparty	—	—	—	—
Total	9	0	9	0

(Consolidated)

(100 Million Yen)

Category	March 31, 2025		March 31, 2024	
	Amount of credit risk assets	Amount of capital requirements	Amount of credit risk assets	Amount of capital requirements
Qualifying central counterparty	9	0	9	0
Other central counterparty	—	—	—	—
Total	9	0	9	0

Items pertaining to CVA Risk

(Non-Consolidated)

(100 Million Yen)

Reduced BA-CVA	March 31, 2025			March 31, 2024		
	Amount of components	Amount calculated by dividing equivalent CVA risk amount by 8%	Amount of capital requirements	Amount of components	Amount calculated by dividing equivalent CVA risk amount by 8%	Amount of capital requirements
Aggregation of systematic components of CVA risk	251			211		
Aggregation of idiosyncratic components of CVA risk	88			60		
Total		1,197	47		957	38

Notes: 1. Aggregation of systematic components of CVA risk

This value is K_{reduced} calculated by assuming ρ as 1. K_{reduced} is defined in Provision 270-3-4 of the Notice.

2. Aggregation of idiosyncratic components of CVA risk

This value is K_{reduced} calculated by assuming ρ as 0. K_{reduced} is defined in Provision 270-3-4 of the Notice.

(Consolidated)

(100 Million Yen)

Reduced BA-CVA	March 31, 2025			March 31, 2024		
	Amount of components	Amount calculated by dividing equivalent CVA risk amount by 8%	Amount of capital requirements	Amount of components	Amount calculated by dividing equivalent CVA risk amount by 8%	Amount of capital requirements
Aggregation of systematic components of CVA risk	251			211		
Aggregation of idiosyncratic components of CVA risk	88			60		
Total		1,197	47		957	38

Notes: 1. Aggregation of systematic components of CVA risk

This value is K_{reduced} calculated by assuming ρ as 1. K_{reduced} is defined in Provision 270-3-4 of the Notice.

2. Aggregation of idiosyncratic components of CVA risk

This value is K_{reduced} calculated by assuming ρ as 0. K_{reduced} is defined in Provision 270-3-4 of the Notice.

(2) Amount of Capital Required to cover Credit Risk related to Exposure held in Funds:

This item is described in (1) Breakdown by Portfolio.

(3) Amount calculated by dividing equivalent CVA risk amount by 8% and Amount of capital requirements for CVA risk, as well as the amount according to each method used by the Bank.

This item is described in (1) Items pertaining to CVA Risk.

(4) Amount derived by dividing the sum of market risk equivalents by 8%, amount of capital required to cover market risk and amounts presented by each method used by the Consolidated Group:

In the calculation of the capital adequacy ratio as of March 31, 2025 and March 31, 2024, the regulatory capital for market risk and its breakdown are as follows:

(Millions of Yen)

	March 31, 2025			
	Risk-weighted Asset		Capital Requirement	
	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated
Market Risk	177,658	176,477	7,106	7,059
Of which, the portion to which the Standardised Approach is applied	176,477	176,477	7,059	7,059
General Interest Rate Risk	106,291	106,291	4,252	4,252
Equity Risk	703	703	28	28
Commodities Risk	0	0	0	0
Foreign Exchange Risk	40,322	40,322	1,613	1,613
Credit Spread Risk (Non-securitisations)	4,214	4,214	169	169
Credit Spread Risk (securitisations (non-CTP))	—	—	—	—
Credit Spread Risk (securitisations (CTP))	—	—	—	—
Default Risk (Non-securitisations)	3,007	3,007	120	120
Default risk (securitisations (non-CTP))	—	—	—	—
Default risk (securitisations (CTP))	—	—	—	—
Residual Risk Add-on	21,940	21,940	878	878
Others	—	—	—	—
Of which, the portion to which Internal Model Approach is applied	—	—	—	—
Of which, the portion to which Simplified Approach is applied	1,182	—	47	—
Amount of interest rate risk (general market risk and individual risks)	—	—	—	—
Amount of equity risk (general market risk and individual risks)	—	—	—	—
Amount of commodities risk	—	—	—	—
Amount of foreign exchange risk	1,182	—	47	—
Amount of individual risks associated with securitisation exposures	—	—	—	—

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

(Millions of Yen)

	March 31, 2024			
	Risk-weighted Asset		Capital Requirement	
	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated
Market Risk	238,982	238,105	9,559	9,524
Of which, the portion to which the Standardised Approach is applied	238,105	238,105	9,524	9,524
General Interest Rate Risk	136,079	136,079	5,443	5,443
Equity Risk	33,953	33,953	1,358	1,358
Commodities Risk	0	0	0	0
Foreign Exchange Risk	37,453	37,453	1,498	1,498
Credit Spread Risk (Non-securitisations)	6,971	6,971	279	279
Credit Spread Risk (securitisations (non-CTP))	—	—	—	—
Credit Spread Risk (securitisations (CTP))	—	—	—	—
Default Risk (Non-securitisations)	1,973	1,973	79	79
Default risk (securitisations (non-CTP))	—	—	—	—
Default risk (securitisations (CTP))	—	—	—	—
Residual Risk Add-on	21,676	21,676	867	867
Others	—	—	—	—
Of which, the portion to which Internal Model Approach is applied	—	—	—	—
Of which, the portion to which Simplified Approach is applied	876	—	35	—
Amount of interest rate risk (general market risk and individual risks)	—	—	—	—
Amount of equity risk (general market risk and individual risks)	—	—	—	—
Amount of commodities risk	—	—	—	—
Amount of foreign exchange risk	876	—	35	—
Amount of individual risks associated with securitisation exposures	—	—	—	—

(5) Risk assets derived from operational risk equivalents and amount of capital required to cover operational risk, and amount of BI and BIC

Business Indicator and subcomponents

(Non-Consolidated)

(Millions of Yen)

	March 31, 2025	March 31, 2024	March 31, 2023
ILDC	38,149	39,944	
Interest and lease income	146,416	147,237	95,832
Interest and lease expense	112,343	124,978	62,495
Interest earning assets	5,804,394	6,072,266	5,875,894
Dividend income	6,212	9,250	9,316
SC	16,341	15,723	
Fee and commission income	18,325	15,793	11,919
Fee and commission expense	2,124	2,094	2,841
Other operating income	840	795	1,349
Other operating expense	330	494	394
FC	10,651	18,542	
Net P&L on the trading book	3,060	1,386	3,682
Net P&L on the banking book	7,697	-13,878	-2,248
BI	65,141	74,210	
BIC	7,817	8,905	
BI gross of excluded divested activities	65,141	74,210	
Reduction in BI due to excluded divested activities	—	—	

For the year ended March 31, 2023, the figures of BI and BIC are not calculated as it is before the application of the finalised Basel III framework.

(Consolidated)

(Millions of Yen)

	March 31,2025	March 31,2024	March 31,2023
ILDC	47,288	48,255	
Interest and lease income	154,927	157,218	104,271
Interest and lease expense	112,393	124,362	62,490
Interest earning assets	6,738,488	6,652,664	6,269,344
Dividend income	6,177	9,217	9,299
SC	27,289	22,768	
Fee and commission income	31,126	25,817	17,423
Fee and commission expense	6,859	5,744	4,383
Other operating income	3,151	1,807	2,542
Other operating expense	591	493	462
FC	10,240	17,974	
Net P&L on the trading book	3,145	1,633	4,196
Net P&L on the banking book	9,919	-11,099	-726
BI	84,818	88,998	
BIC	10,178	10,679	
BI gross of excluded divested activities	84,818	88,998	
Reduction in BI due to excluded divested activities	—	—	

For the year ended March 31, 2023, the figures of BI and BIC are not calculated as it is before the application of the finalised Basel III framework.

Minimum required operational risk capital

(Non-Consolidated)

(Millions of yen *excluding ILM)

	March 31,2025	March 31,2024
BIC	7,817	8,905
ILM	1	1
Minimum required operational risk capital(ORC)	7,817	8,905
Operational risk RWA	97,712	111,316

(Consolidated)

(Millions of yen *excluding ILM)

	March 31,2025	March 31,2024
BIC	10,178	10,679
ILM	1	1
Minimum required operational risk capital(ORC)	10,178	10,679
Operational risk RWA	127,227	133,497

(6) Total capital requirements:

This information is described in 'Composition of Capital Disclosure.'

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

3. Items pertaining to Credit Risk

(1) Breakdown of year-end Credit Risk Exposure Balance by Area, Industry and Residual Period, as well as Category:

Breakdown of Exposure by Area

(Non-Consolidated)

(100 Million Yen)

Area	March 31, 2025				March 31, 2024			
	Loans, etc.	Securities	Derivatives	Total	Loans, etc.	Securities	Derivatives	Total
Japan	38,705	4,695	928	44,330	41,479	4,270	764	46,515
Overseas	14,287	8,671	759	23,718	15,960	7,802	611	24,374
Total	52,993	13,367	1,688	68,049	57,440	12,073	1,375	70,889

Notes: 1. Loans, etc. include on-balance and off-balance-sheet exposure such as loans and commitment lines, other than securities and derivatives.

2. Disclosure of the average balance is not made because there is no significant difference between the average risk position of the exposure for the term and the balance at the term-end.

(Consolidated)

(100 Million Yen)

Area	March 31, 2025				March 31, 2024			
	Loans, etc.	Securities	Derivatives	Total	Loans, etc.	Securities	Derivatives	Total
Japan	51,738	4,689	928	57,357	49,541	3,921	764	54,227
Overseas	14,328	8,610	759	23,698	16,019	7,741	611	24,371
Total	66,067	13,300	1,688	81,055	65,560	11,663	1,375	78,599

Notes: 1. Loans, etc. include on-balance and off-balance-sheet exposure such as loans and commitment lines, other than securities and derivatives.

2. Disclosure of the average balance is not made because there is no significant difference between the average risk position of the exposure for the term and the balance at the term-end.

Breakdown of Exposure by Industry Sector

(Non-Consolidated)

(100 Million Yen)

Industry sector	March 31, 2025				March 31, 2024			
	Loans, etc.	Securities	Derivatives	Total	Loans, etc.	Securities	Derivatives	Total
Sovereign	12,017	5,947	1	17,966	15,395	4,849	1	20,247
Financial institution	2,092	281	1,032	3,406	2,264	256	826	3,347
Manufacturing	6,190	487	94	6,773	5,540	500	80	6,121
Agriculture/forestry/fisheries	77	—	—	77	73	—	—	73
Mining	0	—	—	0	0	—	—	0
Construction	364	2	0	366	297	11	0	308
Utilities (electric power/gas/ heat supply/water service)	2,046	394	51	2,493	2,206	429	95	2,731
Information & telecommunications	2,310	130	0	2,441	2,508	78	0	2,587
Transport	876	242	48	1,166	758	184	40	983
Wholesale/retail	1,798	136	171	2,105	1,909	93	94	2,096
Other financial business (moneylending, leasing)	10,359	4,707	275	15,342	10,230	4,622	218	15,071
Real estate	9,962	1,000	10	10,973	11,073	1,002	11	12,087
Various services (excluding leasing)	3,485	29	2	3,517	3,475	39	5	3,520
Others	1,412	6	0	1,419	1,705	5	0	1,711
Total	52,993	13,367	1,688	68,049	57,440	12,073	1,375	70,889

Notes: 1. Loans, etc. include on-balance and off-balance sheet exposure such as loans and commitment lines, other than securities and derivatives.

2. Disclosure of the average balance is not made because there is no significant difference between the average risk position of the exposure for the term and the balance at the term-end.

(Consolidated)

(100 Million Yen)

Industry sector	March 31, 2025				March 31, 2024			
	Loans, etc.	Securities	Derivatives	Total	Loans, etc.	Securities	Derivatives	Total
Sovereign	23,842	6,654	1	30,498	22,566	5,161	1	27,729
Financial institution	2,228	123	1,032	3,384	2,250	123	826	3,200
Manufacturing	6,190	487	94	6,773	5,540	500	80	6,121
Agriculture/forestry/fisheries	77	—	—	77	73	—	—	73
Mining	0	—	—	0	0	—	—	0
Construction	364	2	0	366	297	11	0	308
Utilities (electric power/gas/ heat supply/water service)	2,046	394	51	2,493	2,206	429	95	2,731
Information & telecommunications	2,312	130	0	2,442	2,509	78	0	2,588
Transport	876	242	48	1,166	758	184	40	983
Wholesale/retail	1,798	136	171	2,105	1,909	93	94	2,096
Other financial business (moneylending, leasing)	10,362	4,095	275	14,732	10,233	4,037	218	14,489
Real estate	9,962	1,000	10	10,973	11,073	1,002	11	12,087
Various services (excluding leasing)	3,485	25	2	3,513	3,470	35	5	3,511
Others	2,520	6	0	2,527	2,669	5	0	2,675
Total	66,067	13,300	1,688	81,055	65,560	11,663	1,375	78,599

Notes: 1. Loans, etc. include on-balance and off-balance sheet exposure such as loans and commitment lines, other than securities and derivatives.

2. Disclosure of the average balance is not made because there is no significant difference between the average risk position of the exposure for the term and the balance at the term-end.

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

Breakdown of Exposure by Residual Period

(Non-Consolidated)

(100 Million Yen)

Residual period	March 31, 2025				March 31, 2024			
	Loans, etc.	Securities	Derivatives	Total	Loans, etc.	Securities	Derivatives	Total
< 1 year	8,343	688	218	9,250	6,916	523	224	7,663
≥ 1 year < 5 years	19,776	2,158	571	22,506	21,001	1,426	389	22,817
≥ 5 years	24,873	10,520	898	36,293	29,522	10,123	762	40,408
Total	52,993	13,367	1,688	68,049	57,440	12,073	1,375	70,889

Notes: 1. Loans, etc. include on-balance and off-balance-sheet exposure such as loans and commitment lines, other than securities and derivatives.

2. Exposure with a residual period of ≥ 5 years also include the transactions for which no maturity period is stipulated.

3. Disclosure of the average balance is not made because there is no significant difference between the average risk position of the exposure for the term and the balance at the term-end.

(Consolidated)

(100 Million Yen)

Residual period	March 31, 2025				March 31, 2024			
	Loans, etc.	Securities	Derivatives	Total	Loans, etc.	Securities	Derivatives	Total
< 1 year	11,690	1,305	218	13,214	8,743	638	224	9,606
≥ 1 year < 5 years	19,776	2,248	571	22,596	20,751	1,623	389	22,764
≥ 5 years	34,600	9,746	898	45,245	36,065	9,401	762	46,228
Total	66,067	13,300	1,688	81,055	65,560	11,663	1,375	78,599

Notes: 1. Loans, etc. include on-balance and off-balance-sheet exposure such as loans and commitment lines, other than securities and derivatives.

2. Exposure with a residual period of ≥ 5 years also include the transactions for which no maturity period is stipulated.

3. Disclosure of the average balance is not made because there is no significant difference between the average risk position of the exposure for the term and the balance at the term-end.

(2) Balance of year-end Past Due Exposure, Breakdown by Area and Industry:

Breakdown of Past Due Exposure by Area

(Non-Consolidated)

(100 Million Yen)

Area	March 31, 2025				March 31, 2024			
	Loans, etc.	Securities	Derivatives	Total	Loans, etc.	Securities	Derivatives	Total
Japan	106	—	—	106	64	—	—	64
Overseas	486	—	—	486	747	—	—	747
Total	592	—	—	592	811	—	—	811

Notes: 1. This section indicates items which is subject to Provision 71 and 72 of the Notice.

2. Loans, etc. include on-balance and off-balance sheet exposure such as loans and commitment lines, other than securities and derivatives.

(Consolidated)

(100 Million Yen)

Area	March 31, 2025				March 31, 2024			
	Loans, etc.	Securities	Derivatives	Total	Loans, etc.	Securities	Derivatives	Total
Japan	582	—	—	582	528	—	—	528
Overseas	486	—	—	486	747	—	—	747
Total	1,069	—	—	1,069	1,275	—	—	1,275

Notes: 1. This section indicates items which is subject to Provision 71 and 72 of the Notice.

2. Loans, etc. include on-balance and off-balance sheet exposure such as loans and commitment lines, other than securities and derivatives.

Breakdown of Past Due Exposure by Industry Sector

(Non-Consolidated)

(100 Million Yen)

Industry sector	March 31, 2025				March 31, 2024			
	Loans, etc.	Securities	Derivatives	Total	Loans, etc.	Securities	Derivatives	Total
Sovereign	—	—	—	—	—	—	—	—
Financial institution	—	—	—	—	—	—	—	—
Manufacturing	99	—	—	99	59	—	—	59
Agriculture/forestry/fisheries	—	—	—	—	0	—	—	0
Mining	—	—	—	—	—	—	—	—
Construction	—	—	—	—	—	—	—	—
Utilities (electric power/gas/ heat supply/water service)	—	—	—	—	—	—	—	—
Information & telecommunications	—	—	—	—	—	—	—	—
Transport	0	—	—	0	—	—	—	—
Wholesale/retail	2	—	—	2	—	—	—	—
Other financial business (moneylending, leasing)	7	—	—	7	8	—	—	8
Real estate	482	—	—	482	742	—	—	742
Various services (excluding leasing)	—	—	—	—	0	—	—	0
Others	0	—	—	0	0	—	—	0
Total	592	—	—	592	811	—	—	811

Notes: 1. This section indicates items which is subject to Provision 71 and 72 of the Notice.

2. Loans, etc. include on-balance and off-balance sheet exposure such as loans and commitment lines, other than securities and derivatives.

(Consolidated)

(100 Million Yen)

Industry sector	March 31, 2025				March 31, 2024			
	Loans, etc.	Securities	Derivatives	Total	Loans, etc.	Securities	Derivatives	Total
Sovereign	—	—	—	—	—	—	—	—
Financial institution	—	—	—	—	—	—	—	—
Manufacturing	99	—	—	99	59	—	—	59
Agriculture/forestry/fisheries	—	—	—	—	0	—	—	0
Mining	—	—	—	—	—	—	—	—
Construction	—	—	—	—	—	—	—	—
Utilities (electric power/gas/ heat supply/water service)	—	—	—	—	—	—	—	—
Information & telecommunications	—	—	—	—	—	—	—	—
Transport	0	—	—	0	—	—	—	—
Wholesale/retail	2	—	—	2	—	—	—	—
Other financial business (moneylending, leasing)	7	—	—	7	8	—	—	8
Real estate	482	—	—	482	742	—	—	742
Various services (excluding leasing)	—	—	—	—	0	—	—	0
Others	476	—	—	476	463	—	—	463
Total	1,069	—	—	1,069	1,275	—	—	1,275

Notes: 1. This section indicates items which is subject to Provision 71 and 72 of the Notice.

2. Loans, etc. include on-balance and off-balance sheet exposure such as loans and commitment lines, other than securities and derivatives.

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

(3) Year-end balances and year-on-year changes for general allowance for loan losses, specific allowance for loan losses and allowance for loans to restructuring countries:

Breakdown of Allowance by Area (Non-Consolidated)

(100 Million Yen)

Area	March 31, 2025	March 31, 2024	Difference
General allowance	372	371	0
Specific allowance	325	501	(176)
Japan	27	11	15
Overseas	298	490	(191)
Allowance for loans to restructuring countries	—	—	—
Total	698	873	(175)

Breakdown of Allowance by Area (Consolidated)

(100 Million Yen)

Area	March 31, 2025	March 31, 2024	Difference
General allowance	378	374	3
Specific allowance	332	504	(172)
Japan	33	14	19
Overseas	298	490	(191)
Allowance for loans to restructuring countries	—	—	—
Total	710	879	(169)

Breakdown of Allowance by Industry Sector (Non-Consolidated)

(100 Million Yen)

Industry sector	March 31, 2025	March 31, 2024	Difference
General allowance	372	371	0
Specific allowance	325	501	(176)
Sovereign	—	—	—
Financial institution	—	—	—
Manufacturing	25	9	16
Agriculture/forestry/fisheries	—	0	(0)
Mining	—	—	—
Construction	—	—	—
Utilities (electric power/gas/heat supply/water service)	—	—	—
Information & telecommunications	—	—	—
Transport	—	—	—
Wholesale/retail	0	1	(0)
Other financial business (moneylending, leasing)	8	8	(0)
Real estate	289	481	(191)
Various services (excluding leasing)	0	0	—
Others	—	—	—
Allowance for loans to restructuring countries	—	—	—
Total	698	873	(175)

Breakdown of Allowance by Industry Sector (Consolidated)

(100 Million Yen)

Industry sector	March 31, 2025	March 31, 2024	Difference
General allowance	378	374	3
Specific allowance	332	504	(172)
Sovereign	—	—	—
Financial institution	—	—	—
Manufacturing	26	9	16
Agriculture/forestry/fisheries	0	0	(0)
Mining	—	—	—
Construction	1	0	0
Utilities (electric power/gas/heat supply/water service)	0	0	(0)
Information & telecommunications	0	0	0
Transport	0	0	0
Wholesale/retail	1	1	0
Other financial business (moneylending, leasing)	8	8	(0)
Real estate	290	481	(191)
Various services (excluding leasing)	3	1	1
Others	—	—	—
Allowance for loans to restructuring countries	—	—	—
Total	710	879	(169)

(4) Write-offs by industry sector:**Breakdown of Write-Offs by Industry Sector (Non-Consolidated)**

(100 Million Yen)

Industry sector	March 31, 2025	March 31, 2024	Difference
Sovereign	—	—	—
Financial institution	—	—	—
Manufacturing	3	0	3
Agriculture/forestry/fisheries	—	—	—
Mining	—	—	—
Construction	—	—	—
Utilities (electric power/gas/heat supply/water service)	—	—	—
Information & telecommunications	1	7	(6)
Transport	—	—	—
Wholesale/retail	—	4	(4)
Other financial business (moneylending, leasing)	—	—	—
Real estate	40	—	40
Various services (excluding leasing)	—	—	—
Others	—	0	(0)
Total	46	12	33

Note: The table shows the breakdown of the write-off of loans in the Statement of Operations.

Breakdown of Write-Offs by Industry Sector (Consolidated)

(100 Million Yen)

Industry sector	March 31, 2025	March 31, 2024	Difference
Sovereign	—	—	—
Financial institution	—	—	—
Manufacturing	3	—	3
Agriculture/forestry/fisheries	—	—	—
Mining	—	—	—
Construction	—	—	—
Utilities (electric power/gas/heat supply/water service)	—	—	—
Information & telecommunications	—	—	—
Transport	—	—	—
Wholesale/retail	—	3	(3)
Other financial business (moneylending, leasing)	—	—	—
Real estate	40	—	40
Various services (excluding leasing)	—	—	—
Others	17	3	14
Total	62	6	55

Notes: 1. The table shows the breakdown of the write-off of loans in the Statement of Operations.

2. The 'Write-offs' include write-offs made by Aozora Loan Services Co., Ltd., which are shown on the 'Others' line.

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

(5) Breakdown of Exposure by Portfolio Category

(Non-Consolidated)

(100 Million Yen)

Portfolio category	March 31, 2025					
	Exposure before CCF and CRM		Exposure after CCF and CRM			RWA density
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	
1. Cash	30	—	30	—	—	0%
2. Japanese central government/bank	11,147	3,308	11,147	836	—	0%
3. Foreign central government/bank	3,975	—	3,975	—	136	3%
4. Bank for International Settlements (BIS)	—	—	—	—	—	—
5. Japanese local public bodies	227	—	227	—	—	0%
6. Non-central government public sector entities (PSEs) of foreign countries	942	—	942	—	188	20%
7. Multilateral development banks (MDBs)	—	—	—	—	—	—
8. Japan Finance Organization for Municipalities (JFM)	17	500	17	50	5	7%
9. Organs affiliated with the Japanese government	397	300	397	30	10	2%
10. Three major local public corporations	9	—	9	—	1	14%
11. Banks, type I financial instruments business operators and insurance companies	2,845	4,324	2,845	601	888	26%
Type I financial instruments business operators and Insurance companies	715	4,064	715	525	336	27%
12. Covered bonds	—	—	—	—	—	—
13. Corporates (Including Specialised lending)	28,945	2,893	28,866	1,198	23,022	77%
Specialised lendings	1,851	127	1,851	47	1,925	101%
14. SMEs and individuals	62	—	62	—	71	115%
Transactors	—	—	—	—	—	—
15. Real estate properties	3,893	107	3,893	40	3,728	95%
Residential mortgages	4	—	4	—	3	75%
Income producing residential real estates	3	—	3	—	4	150%
Income producing commercial real estates	3,851	86	3,851	32	3,655	94%
Other real estates	—	—	—	—	—	—
ADC	34	21	34	8	65	150%
16. Subordinated debt, and other capital, etc.	1,901	—	1,901	—	2,384	125%
17. Past due loans (excluding Residential mortgages)	592	3	592	0	621	105%
18. Past due Residential mortgages	0	—	0	—	0	100%
19. Items in process of collection	—	—	—	—	—	—
20. Loans guaranteed by Credit Guarantee Association, etc.	—	—	—	—	—	—
21. Loans guaranteed by Regional Economy Vitalization Corporation of Japan (REVIC), etc.	—	—	—	—	—	—
22. Equity, etc.	736	—	736	—	963	131%
Total	55,724	11,438	55,645	2,757	32,021	55%

(Non-Consolidated)

(100 Million Yen)

Portfolio category	March 31, 2024					
	Exposure before CCF and CRM		Exposure after CCF and CRM			RWA density
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	
1. Cash	35	—	35	—	—	0%
2. Japanese central government/bank	13,983	2,688	13,983	1,693	—	0%
3. Foreign central government/bank	3,220	—	3,220	—	148	5%
4. Bank for International Settlements (BIS)	—	—	—	—	—	—
5. Japanese local public bodies	134	—	134	—	—	0%
6. Non-central government public sector entities (PSEs) of foreign countries	1,018	—	1,018	—	203	20%
7. Multilateral development banks (MDBs)	—	—	—	—	—	—
8. Japan Finance Organization for Municipalities (JFM)	17	500	17	50	5	7%
9. Organs affiliated with the Japanese government	84	300	84	30	10	9%
10. Three major local public corporations	8	—	8	—	1	16%
11. Banks, type I financial instruments business operators and insurance companies	2,626	5,987	2,626	786	983	29%
Type I financial instruments business operators and Insurance companies	434	3,364	434	471	259	29%
12. Covered bonds	—	—	—	—	—	—
13. Corporates (Including Specialised lending)	28,025	2,323	27,936	1,113	23,156	80%
Specialised lendings	2,200	149	2,200	87	2,331	102%
14. SMEs and individuals	92	—	92	—	106	115%
Transactors	—	—	—	—	—	—
15. Real estate properties	4,826	189	4,826	70	4,833	99%
Residential mortgages	4	—	4	—	3	75%
Income producing residential real estates	7	—	7	—	11	150%
Income producing commercial real estates	4,559	73	4,559	24	4,367	95%
Other real estates	—	—	—	—	—	—
ADC	253	115	253	46	450	150%
16. Subordinated debt, and other capital, etc.	1,922	—	1,922	—	1,936	101%
17. Past due loans (excluding Residential mortgages)	809	28	808	1	835	103%
18. Past due Residential mortgages	0	—	0	—	0	100%
19. Items in process of collection	—	—	—	—	—	—
20. Loans guaranteed by Credit Guarantee Association, etc.	—	—	—	—	—	—
21. Loans guaranteed by Regional Economy Vitalization Corporation of Japan (REVIC), etc.	—	—	—	—	—	—
22. Equity, etc.	601	—	601	—	601	100%
Total	57,407	12,015	57,317	3,744	32,821	54%

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

(Consolidated)

(100 Million Yen)

Portfolio category	March 31, 2025					
	Exposure before CCF and CRM		Exposure after CCF and CRM			RWA density
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	
1. Cash	30	—	30	—	—	0%
2. Japanese central government/bank	20,038	6,771	20,038	4,298	—	0%
3. Foreign central government/bank	3,975	—	3,975	—	136	3%
4. Bank for International Settlements (BIS)	—	—	—	—	—	—
5. Japanese local public bodies	395	—	395	—	—	0%
6. Non-central government public sector entities (PSEs) of foreign countries	942	—	942	—	188	20%
7. Multilateral development banks (MDBs)	—	—	—	—	—	—
8. Japan Finance Organization for Municipalities (JFM)	17	500	17	50	5	7%
9. Organs affiliated with the Japanese government	407	300	407	30	11	3%
10. Three major local public corporations	9	—	9	—	1	14%
11. Banks, type I financial instruments business operators and insurance companies	3,020	3,864	3,020	486	890	25%
Type I financial instruments business operators and Insurance companies	719	3,664	719	470	318	27%
12. Covered bonds	—	—	—	—	—	—
13. Corporates (Including Specialised lending)	29,137	3,755	29,058	1,266	23,281	77%
Specialised lendings	1,851	127	1,851	47	1,925	101%
14. SMEs and individuals	211	—	211	—	158	75%
Transactors	—	—	—	—	—	—
15. Real estate properties	3,893	107	3,893	40	3,728	95%
Residential mortgages	4	—	4	—	3	75%
Income producing residential real estates	3	—	3	—	4	150%
Income producing commercial real estates	3,851	86	3,851	32	3,655	94%
Other real estates	—	—	—	—	—	—
ADC	34	21	34	8	65	150%
16. Subordinated debt, and other capital, etc.	1,901	—	1,901	—	2,384	125%
17. Past due loans (excluding Residential mortgages)	1,069	4	1,069	0	1,336	125%
18. Past due Residential mortgages	0	—	0	—	0	100%
19. Items in process of collection	76	—	76	—	15	20%
20. Loans guaranteed by Credit Guarantee Association, etc.	—	—	—	—	—	—
21. Loans guaranteed by Regional Economy Vitalization Corporation of Japan (REVIC), etc.	—	—	—	—	—	—
22. Equity, etc.	499	—	499	—	655	131%
Total	65,625	15,303	65,546	6,172	32,793	46%

(Consolidated)

(100 Million Yen)

Portfolio category	March 31, 2024					
	Exposure before CCF and CRM		Exposure after CCF and CRM			RWA density
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	
1. Cash	35	—	35	—	—	0%
2. Japanese central government/bank	19,307	4,635	19,307	3,639	—	0%
3. Foreign central government/bank	3,220	—	3,220	—	148	5%
4. Bank for International Settlements (BIS)	—	—	—	—	—	—
5. Japanese local public bodies	302	—	302	—	—	0%
6. Non-central government public sector entities (PSEs) of foreign countries	1,018	—	1,018	—	203	20%
7. Multilateral development banks (MDBs)	—	—	—	—	—	—
8. Japan Finance Organization for Municipalities (JFM)	17	500	17	50	5	7%
9. Organs affiliated with the Japanese government	128	300	128	30	14	9%
10. Three major local public corporations	8	—	8	—	1	16%
11. Banks, type I financial instruments business operators and insurance companies	2,831	3,027	2,831	421	888	27%
Type I financial instruments business operators and Insurance companies	439	2,964	439	416	239	28%
12. Covered bonds	—	—	—	—	—	—
13. Corporates (Including Specialised lending)	28,154	2,578	28,066	1,180	23,354	80%
Specialised lendings	2,200	149	2,200	87	2,331	102%
14. SMEs and individuals	236	—	236	—	177	75%
Transactors	—	—	—	—	—	—
15. Real estate properties	4,826	189	4,826	70	4,833	99%
Residential mortgages	4	—	4	—	3	75%
Income producing residential real estates	7	—	7	—	11	150%
Income producing commercial real estates	4,559	73	4,559	24	4,367	95%
Other real estates	—	—	—	—	—	—
ADC	253	115	253	46	450	150%
16. Subordinated debt, and other capital, etc.	1,922	—	1,922	—	1,936	101%
17. Past due loans (excluding Residential mortgages)	1,273	28	1,272	1	1,530	120%
18. Past due Residential mortgages	0	—	0	—	0	100%
19. Items in process of collection	145	—	145	—	29	20%
20. Loans guaranteed by Credit Guarantee Association, etc.	—	—	—	—	—	—
21. Loans guaranteed by Regional Economy Vitalization Corporation of Japan (REVIC), etc.	—	—	—	—	—	—
22. Equity, etc.	389	—	389	—	389	100%
Total	63,818	11,258	63,729	5,393	33,512	48%

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

(6) Breakdown of Exposure by Portfolio Category and Risk Weight

(Non-Consolidated)

(100 Million Yen)

Portfolio category	March 31, 2025														
	Exposure after CCF and CRM														
	0%		20%		50%		100%		150%		Others		Total		
Japanese central government/bank	11,983		—		—		—		—		—		11,983		
Foreign central government/bank	3,468		389		117		—		—		—		3,975		
Bank for International Settlements (BIS)	—		—		—		—		—		—		—		
	0%		10%		20%		50%		100%		150%		Others	Total	
Japanese local public bodies	227		—		—		—		—		—		—	227	
Non-central government public sector entities (PSEs) of foreign countries	—		—		942		—		—		—		—	942	
Japan Finance Organization for Municipalities (JFM)	17		50		—		—		—		—		—	67	
Organs affiliated with the Japanese government	324		102		—		—		—		—		—	427	
Three major local public corporations	2		—		6		—		—		—		—	9	
	0%		20%		30%		50%		100%		150%		Others	Total	
Multilateral development banks (MDBs)	—		—		—		—		—		—		—	—	
	20%		30%		40%		50%		75%		100%		150%	Others	Total
Banks, type I financial instruments business operators and insurance companies	1,813		1,330		239		61		—		0		—	—	3,446
Type I financial instruments business operators and Insurance companies	570		514		106		50		—		—		—	—	1,241
	10%		15%		20%		25%		35%		50%		100%	Others	Total
Covered bonds	—		—		—		—		—		—		—	—	—
	0%	20%	30%	50%	75%	80%	85%	100%	130%	150%	Others	Total			
Corporates (Including Specialised lending)	334	5,017	—	4,797	3,082	202	552	14,646	561	859	11	30,065			
Specialised lendings	—	115	—	—	34	202	—	984	561	—	—	1,898			
	100%		150%			250%			400%			Others		Total	
Subordinated debt, and other capital, etc.	—		1,901			—			—			—		1,901	
Equity, etc.	—		—			718			18			—		736	
	45%			75%			100%			Others			Total		
SMEs and individuals	—			—			0			61			62		
Transactors	—			—			—			—			—		
	20%	25%	30%	40%	50%	70%	75%	Others	Total						
Real estate properties (Residential mortgages)	—	—	—	—	—	—	—	4	—	4					
	30%	35%	45%	60%	75%	105%	150%	Others	Total						
Real estate properties (Income producing real estates)	—	—	—	—	—	—	—	3	—	3					
	70%		90%		110%		112.5%		150%		Others		Total		
Real estate properties (Commercial real estates)	591		1,991		1,255		—		45		—		3,883		
	60%					Others					Total				
Real estate properties (Other real estates)	—					—					—				
	100%			150%			Others			Total					
Real estate properties (ADC)	—			43			—			43					
	50%			100%			150%			Others			Total		
Past due loans (excluding Residential mortgages)	103			327			161			0			592		
Past due Residential mortgages	—			0			—			—			0		
	0%			10%			20%			Others			Total		
Cash	30			—			—			—			30		
Items in process of collection	—			—			—			—			—		
Loans guaranteed by Credit Guarantee Association, etc.	—			—			—			—			—		
Loans guaranteed by Regional Economy Vitalization Corporation of Japan (REVIC), etc.	—			—			—			—			—		

Note: As for "Subordinated debt, and other capital, etc." and "Equity, etc.", the amount of exposure is stated in the category of fully phased-in risk weight.

(Non-Consolidated)

(100 Million Yen)

Portfolio category	March 31, 2024											
	Exposure after CCF and CRM											
	0%	20%	50%	100%	150%	Others	Total					
Japanese central government/bank	15,676	—	—	—	—	—	15,676					
Foreign central government/bank	2,654	448	117	—	—	—	3,220					
Bank for International Settlements (BIS)	—	—	—	—	—	—	—					
	0%	10%	20%	50%	100%	150%	Others	Total				
Japanese local public bodies	134	—	—	—	—	—	—	134				
Non-central government public sector entities (PSEs) of foreign countries	—	—	1,018	—	—	—	—	1,018				
Japan Finance Organization for Municipalities (JFM)	17	50	—	—	—	—	—	67				
Organs affiliated with the Japanese government	13	100	—	—	—	—	—	114				
Three major local public corporations	1	—	6	—	—	—	—	8				
	0%	20%	30%	50%	100%	150%	Others	Total				
Multilateral development banks (MDBs)	—	—	—	—	—	—	—	—				
	20%	30%	40%	50%	75%	100%	150%	Others	Total			
Banks, type I financial instruments business operators and insurance companies	1,011	1,839	518	43	—	0	—	—	3,412			
Type I financial instruments business operators and Insurance companies	309	452	106	37	—	—	—	—	906			
	10%	15%	20%	25%	35%	50%	100%	Others	Total			
Covered bonds	—	—	—	—	—	—	—	—	—			
	0%	20%	30%	50%	75%	80%	85%	100%	130%	150%	Others	Total
Corporates (Including Specialised lending)	7	4,555	—	4,208	2,763	365	467	14,926	812	916	26	29,050
Specialised lendings	—	143	—	—	45	365	—	920	812	—	—	2,287
	100%	150%	250%	400%	Others	Total						
Subordinated debt, and other capital, etc.	—	1,917	—	—	—	5	1,922					
Equity, etc.	—	—	—	584	16	—	601					
	45%	75%	100%	Others	Total							
SMEs and individuals	—	—	0	92	92							
Transactors	—	—	—	—	—							
	20%	25%	30%	40%	50%	70%	75%	Others	Total			
Real estate properties (Residential mortgages)	—	—	—	—	—	—	4	—	4			
	30%	35%	45%	60%	75%	105%	150%	Others	Total			
Real estate properties (Income producing real estates)	—	—	—	—	—	—	7	—	7			
	70%	90%	110%	112.5%	150%	Others	Total					
Real estate properties (Commercial real estates)	677	2,253	1,532	—	119	—	4,583					
	60%	Others	Total									
Real estate properties (Other real estates)	—	—	—									
	100%	150%	Others	Total								
Real estate properties (ADC)	—	300	—	300								
	50%	100%	150%	Others	Total							
Past due loans (excluding Residential mortgages)	140	479	190	0	810							
Past due Residential mortgages	—	0	—	—	0							
	0%	10%	20%	Others	Total							
Cash	35	—	—	—	35							
Items in process of collection	—	—	—	—	—							
Loans guaranteed by Credit Guarantee Association, etc.	—	—	—	—	—							
Loans guaranteed by Regional Economy Vitalization Corporation of Japan (REVIC), etc.	—	—	—	—	—							

Note: As for "Subordinated debt, and other capital, etc." and "Equity, etc.", the amount of exposure is stated in the category of fully phased-in risk weight.

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

(Consolidated)

(100 Million Yen)

Portfolio category	March 31, 2025													
	Exposure after CCF and CRM													
	0%	20%		50%		100%		150%		Others		Total		
Japanese central government/bank	24,337	—		—		—		—		—		24,337		
Foreign central government/bank	3,468	389		117		—		—		—		3,975		
Bank for International Settlements (BIS)	—	—		—		—		—		—		—		
	0%	10%	20%		50%		100%		150%		Others	Total		
Japanese local public bodies	395	—		—		—		—		—		395		
Non-central government public sector entities (PSEs) of foreign countries	—	—		942		—		—		—		942		
Japan Finance Organization for Municipalities (JFM)	17	50		—		—		—		—		67		
Organs affiliated with the Japanese government	324	112		—		—		—		—		437		
Three major local public corporations	2	—		6		—		—		—		9		
	0%	20%		30%		50%		100%		150%		Others	Total	
Multilateral development banks (MDBs)	—	—		—		—		—		—		—	—	
	20%	30%	40%		50%		75%		100%		150%	Others	Total	
Banks, type I financial instruments business operators and insurance companies	1,919	1,368	152		62		—		4		—		3,506	
Type I financial instruments business operators and Insurance companies	570	514	51		50		—		3		—		1,190	
	10%	15%		20%		25%		35%		50%		100%	Others	Total
Covered bonds	—	—		—		—		—		—		—		—
	0%	20%	30%	50%	75%		80%	85%	100%		130%	150%	Others	Total
Corporates (Including Specialised lending)	334	5,017	—		4,797	3,084	202	552	14,902		561	859	13	30,325
Specialised lendings	—	115	—		—	34	202	—	984		561	—	—	1,898
	100%		150%			250%			400%			Others		Total
Subordinated debt, and other capital, etc.	—		1,901			—			—			—		1,901
Equity, etc.	—		—			481			18			—		499
	45%			75%			100%			Others			Total	
SMEs and individuals	—			210			0			—			211	
Transactors	—			—			—			—			—	
	20%	25%		30%		40%		50%		70%		75%	Others	Total
Real estate properties (Residential mortgages)	—	—		—		—		—		—		4	—	4
	30%	35%		45%		60%		75%		105%		150%	Others	Total
Real estate properties (Income producing real estates)	—	—		—		—		—		—		3	—	3
	70%		90%		110%		112.5%		150%		Others		Total	
Real estate properties (Commercial real estates)	591		1,991		1,255		—		45		—		3,883	
	60%					Others					Total			
Real estate properties (Other real estates)	—					—					—			
	100%			150%			Others			Total				
Real estate properties (ADC)	—			43			—			43				
	50%		100%			150%			Others			Total		
Past due loans (excluding Residential mortgages)	103		327			637			—			1,069		
Past due Residential mortgages	—		0			—			—			0		
	0%		10%			20%			Others			Total		
Cash	30		—			—			—			30		
Items in process of collection	—		—			76			—			76		
Loans guaranteed by Credit Guarantee Association, etc.	—		—			—			—			—		
Loans guaranteed by Regional Economy Vitalization Corporation of Japan (REVIC), etc.	—		—			—			—			—		

Note: As for "Subordinated debt, and other capital, etc." and "Equity, etc.", the amount of exposure is stated in the category of fully phased-in risk weight.

(Consolidated)

(100 Million Yen)

Portfolio category	March 31, 2024												
	Exposure after CCF and CRM												
	0%	20%	50%	100%	150%	Others	Total						
Japanese central government/bank	22,947	—	—	—	—	—	22,947						
Foreign central government/bank	2,654	448	117	—	—	—	3,220						
Bank for International Settlements (BIS)	—	—	—	—	—	—	—						
	0%	10%	20%	50%	100%	150%	Others	Total					
Japanese local public bodies	302	—	—	—	—	—	—	302					
Non-central government public sector entities (PSEs) of foreign countries	—	—	1,018	—	—	—	—	1,018					
Japan Finance Organization for Municipalities (JFM)	17	50	—	—	—	—	—	67					
Organs affiliated with the Japanese government	13	144	—	—	—	—	—	158					
Three major local public corporations	1	—	6	—	—	—	—	8					
	0%	20%	30%	50%	100%	150%	Others	Total					
Multilateral development banks (MDBs)	—	—	—	—	—	—	—	—					
	20%	30%	40%	50%	75%	100%	150%	Others	Total				
Banks, type I financial instruments business operators and insurance companies	1,148	1,876	179	47	—	0	—	—	3,252				
Type I financial instruments business operators and Insurance companies	309	452	51	41	—	—	—	—	856				
	10%	15%	20%	25%	35%	50%	100%	Others	Total				
Covered bonds	—	—	—	—	—	—	—	—	—				
	0%	20%	30%	50%	75%	80%	85%	100%	130%	150%	Others	Total	
Corporates (Including Specialised lending)	7	4,555	—	4,208	2,765	365	462	15,123	812	916	29	29,246	
Specialised lendings	—	143	—	—	45	365	—	920	812	—	—	2,287	
	100%	150%	250%	400%	Others	Total							
Subordinated debt, and other capital, etc.	—	1,917	—	—	5	1,922							
Equity, etc.	—	—	372	16	—	389							
	45%	75%	100%	Others	Total								
SMEs and individuals	—	235	0	—	236								
Transactors	—	—	—	—	—								
	20%	25%	30%	40%	50%	70%	75%	Others	Total				
Real estate properties (Residential mortgages)	—	—	—	—	—	—	4	—	4				
	30%	35%	45%	60%	75%	105%	150%	Others	Total				
Real estate properties (Income producing real estates)	—	—	—	—	—	—	7	—	7				
	70%	90%	110%	112.5%	150%	Others	Total						
Real estate properties (Commercial real estates)	677	2,253	1,532	—	119	—	4,583						
	60%				Others				Total				
Real estate properties (Other real estates)	—				—				—				
	100%			150%			Others			Total			
Real estate properties (ADC)	—			300			—			300			
	50%		100%		150%		Others		Total				
Past due loans (excluding Residential mortgages)	140		479		654		—		1,273				
Past due Residential mortgages	—		0		—		—		0				
	0%		10%		20%		Others		Total				
Cash	35		—		—		—		35				
Items in process of collection	—		—		145		—		145				
Loans guaranteed by Credit Guarantee Association, etc.	—		—		—		—		—				
Loans guaranteed by Regional Economy Vitalization Corporation of Japan (REVIC), etc.	—		—		—		—		—				

Note: As for "Subordinated debt, and other capital, etc." and "Equity, etc.", the amount of exposure is stated in the category of fully phased-in risk weight.

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

(7) Outstanding Exposure after Credit Risk Mitigation by Risk Weight:

(Non-Consolidated)

(100 Million Yen)

Risk Weight	March 31, 2025				March 31, 2024			
	Exposure before CCF and CRM		CCF density	Exposure after CCF and CRM	Exposure before CCF and CRM		CCF density	Exposure after CCF and CRM
	On-balance sheet amount	Off-balance sheet amount			On-balance sheet amount	Off-balance sheet amount		
< 40%	24,610	8,048	18%	26,042	25,284	6,446	35%	27,571
> 40% ≤ 70%	5,482	1,500	30%	5,911	5,053	3,897	17%	5,706
75%	2,980	239	48%	3,086	2,645	234	56%	2,768
80%	202	—	—	202	365	—	—	365
85%	535	40	47%	552	466	7	40%	467
> 90% ≤ 100%	16,421	1,333	45%	16,965	17,260	1,035	45%	17,660
> 105% ≤ 130%	1,757	161	36%	1,816	2,289	154	37%	2,345
150%	2,923	114	79%	3,014	3,316	239	56%	3,451
250%	718	—	—	718	584	—	—	584
400%	18	—	—	18	16	—	—	16
1,250%	—	—	—	—	—	—	—	—
Others	73	—	—	73	123	—	—	123
Total	55,724	11,438	24%	58,402	57,407	12,015	31%	61,062

Note: As for "Subordinated debt, and other capital, etc." and "Equity, etc.", the amount of exposure is stated in the category of fully phased-in risk weight.

(Consolidated)

(100 Million Yen)

Risk Weight	March 31, 2025				March 31, 2024			
	Exposure before CCF and CRM		CCF density	Exposure after CCF and CRM	Exposure before CCF and CRM		CCF density	Exposure after CCF and CRM
	On-balance sheet amount	Off-balance sheet amount			On-balance sheet amount	Off-balance sheet amount		
< 40%	33,899	12,216	40%	38,793	31,140	8,493	50%	35,373
> 40% ≤ 70%	5,510	1,040	32%	5,824	5,084	937	32%	5,372
75%	3,192	239	48%	3,298	2,883	234	56%	3,005
80%	202	—	—	202	365	—	—	365
85%	535	40	47%	552	462	7	40%	462
> 90% ≤ 100%	16,613	1,490	45%	17,225	17,391	1,191	45%	17,857
> 105% ≤ 130%	1,757	161	36%	1,816	2,289	154	37%	2,345
150%	3,400	114	79%	3,491	3,780	239	56%	3,915
250%	481	—	—	481	372	—	—	372
400%	18	—	—	18	16	—	—	16
1,250%	—	—	—	—	—	—	—	—
Others	13	—	—	13	34	—	—	34
Total	65,625	15,303	40%	71,718	63,818	11,258	48%	69,122

Note: As for "Subordinated debt, and other capital, etc." and "Equity, etc.", the amount of exposure is stated in the category of fully phased-in risk weight.

4. Items pertaining to Credit Risk Mitigation Techniques

Breakdown of Exposure for which Credit Risk Mitigations are Applied

(Non-Consolidated)

(100 Million Yen)

Credit risk mitigation	March 31, 2025	March 31, 2024
Eligible financial collateral	16	66
Cash and deposits at Aozora	4	57
Debt securities	—	—
Equities	11	9
Others	—	—
Guarantees and credit derivatives	1,800	1,151
Guarantees	1,800	1,151
Credit derivatives	—	—
Total	1,816	1,217

Note: The exposure above does not include the amount for which a credit risk mitigation is recognized through netting between loans and deposits with the Bank under the netting agreement (Provision 117 of the Notice) and the repo and the derivative transactions, etc.

(Consolidated)

(100 Million Yen)

Credit risk mitigation	March 31, 2025	March 31, 2024
Eligible financial collateral	16	66
Cash and deposits at Aozora	4	57
Debt securities	—	—
Equities	11	9
Others	—	—
Guarantees and credit derivatives	1,800	1,151
Guarantees	1,800	1,151
Credit derivatives	—	—
Total	1,816	1,217

Note: The exposure above does not include the amount for which a credit risk mitigation is recognized through netting between loans and deposits with the Bank under the netting agreement (Provision 117 of the Notice) and the repo and the derivative transactions, etc.

5. Items pertaining to Counterparty Risk on Derivative Transactions and Long-Settlement Transactions

(1) Credit-equivalent Amount of Derivative Transactions and Long-Settlement Transactions

(Non-Consolidated)

(100 Million Yen)

	March 31, 2025	March 31, 2024
Replacement cost(RC)	592	341
Potential future exposures(PFE)	613	640
Credit-equivalent amount(RC + PFE) x 1.4	1,688	1,375
Amount of credit risk assets	650	580
Collateral used in this transaction		
Received collateral	2,762	2,178
Cash and deposits at Aozora	2,674	2,060
Debt securities	87	118
Posted collateral	948	1,194
Cash and deposits at Aozora	948	1,194
Debt securities	—	—

Note: Credit-equivalent amount is calculated by SA-CCR.

(Consolidated)

(100 Million Yen)

	March 31, 2025	March 31, 2024
Replacement cost(RC)	592	341
Potential future exposures(PFE)	613	640
Credit-equivalent amount(RC + PFE) x 1.4	1,688	1,375
Amount of credit risk assets	650	580
Collateral used in this transaction		
Received collateral	2,762	2,178
Cash and deposits at Aozora	2,674	2,060
Debt securities	87	118
Posted collateral	948	1,194
Cash and deposits at Aozora	948	1,194
Debt securities	—	—

Note: Credit-equivalent amount is calculated by SA-CCR.

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

(2) Breakdown of Credit Derivative Transactions

(Non-Consolidated)

(100 Million Yen)

Type of transaction	Purchase or supply of guarantee	March 31, 2025	March 31, 2024
		Notional principal	Notional principal
Transactions subject to the calculation of credit-equivalent amount		2,332	2,849
Credit derivatives (credit reference asset of single organization)	Purchase	1,119	1,376
	Supply	1,213	1,472
First-to-default type	Purchase	—	—
	Supply	—	—
Second-to-default type	Purchase	—	—
	Supply	—	—
Transactions not subject to the calculation of credit-equivalent amount	Purchase	—	—

Note: The transactions not subject to the calculation of credit-equivalent amount are figures used for credit risk mitigations.

(Consolidated)

(100 Million Yen)

Type of transaction	Purchase or supply of guarantee	March 31, 2025	March 31, 2024
		Notional principal	Notional principal
Transactions subject to the calculation of credit-equivalent amount		2,332	2,849
Credit derivatives (credit reference asset of single organization)	Purchase	1,119	1,376
	Supply	1,213	1,472
First-to-default type	Purchase	—	—
	Supply	—	—
Second-to-default type	Purchase	—	—
	Supply	—	—
Transactions not subject to the calculation of credit-equivalent amount	Purchase	—	—

Note: The transactions not subject to the calculation of credit-equivalent amount are figures used for credit risk mitigations.

6. Items pertaining to Securitization Transactions

(1) Securitization Transactions originated by the Aozora Group

Amount and Category of Underlying Assets.

All underlying assets are asset transfer-type securitizations.

(Non-Consolidated)

(100 Million Yen)

Category of underlying assets	March 31, 2025	March 31, 2024
Corporate exposures	—	—
Retail exposures	—	—
Residential loan receivables	—	—
Lease receivables	—	—
Others	—	—
Total	—	—

(Consolidated)

(100 Million Yen)

Category of underlying assets	March 31, 2025	March 31, 2024
Corporate exposures	—	—
Retail exposures	7	11
Residential loan receivables	—	—
Lease receivables	—	—
Others	—	—
Total	7	11

Past due Exposure or Default and Losses during the Year

(Non-Consolidated)

(100 Million Yen)

Category of underlying assets	March 31, 2025		March 31, 2024	
	Past due or default	Losses during the year	Past due or default	Losses during the year
Corporate exposures	—	—	—	—
Retail exposures	—	—	—	—
Residential loan receivables	—	—	—	—
Lease receivables	—	—	—	—
Others	—	—	—	—
Total	—	—	—	—

(Consolidated)

(100 Million Yen)

Category of underlying assets	March 31, 2025		March 31, 2024	
	Past due or default	Losses during the year	Past due or default	Losses during the year
Corporate exposures	—	—	—	—
Retail exposures	—	—	—	—
Residential loan receivables	—	—	—	—
Lease receivables	—	—	—	—
Others	—	—	—	—
Total	—	—	—	—

Amount of Assets Held for the Purpose of Securitizations

As of March 31, 2024 and 2025, there were no assets held for the purpose of securitizations.

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

Summary of Exposure Securitized during the Year

It is securitization of loan receivables.

(Non-Consolidated)

(100 Million Yen)

Category of underlying assets	March 31, 2025	March 31, 2024
Corporate exposures	—	—
Retail exposures	—	—
Residential loan receivables	—	—
Lease receivables	—	—
Others	—	—
Total	—	—

(Consolidated)

(100 Million Yen)

Category of underlying assets	March 31, 2025	March 31, 2024
Corporate exposures	—	—
Retail exposures	—	—
Residential loan receivables	—	—
Lease receivables	—	—
Others	—	—
Total	—	—

Amount of Gain (Loss) Recognized for the Period in Connection with Securitization Transactions

(Non-Consolidated)

(100 Million Yen)

Category of underlying assets	March 31, 2025	March 31, 2024
Corporate exposures	—	—
Retail exposures	—	—
Residential loan receivables	—	—
Lease receivables	—	—
Others	—	—
Total	—	—

(Consolidated)

(100 Million Yen)

Category of underlying assets	March 31, 2025	March 31, 2024
Corporate exposures	—	—
Retail exposures	—	—
Residential loan receivables	—	—
Lease receivables	—	—
Others	—	—
Total	—	—

Securitization Exposure Held by the Aozora Group

(Non-Consolidated)

As of March 31, 2024 and 2025, there were no assets held by the group.

(Consolidated)

(100 Million Yen)

Category of underlying assets	March 31, 2025					
	Securitization exposure		Resecuritization exposure		Total	
	On-Balance	Off-Balance	On-Balance	Off-Balance	On-Balance	Off-Balance
Corporate exposures	—	—	—	—	—	—
Retail exposures	1	—	—	—	1	—
Residential loan receivables	—	—	—	—	—	—
Lease receivables	—	—	—	—	—	—
Others	—	—	—	—	—	—
Total	1	—	—	—	1	—

(100 Million Yen)

Category of underlying assets	March 31, 2024					
	Securitization exposure		Resecuritization exposure		Total	
	On-Balance	Off-Balance	On-Balance	Off-Balance	On-Balance	Off-Balance
Corporate exposures	—	—	—	—	—	—
Retail exposures	1	—	—	—	1	—
Residential loan receivables	—	—	—	—	—	—
Lease receivables	—	—	—	—	—	—
Others	—	—	—	—	—	—
Total	1	—	—	—	1	—

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

Outstanding Securitization Exposure by Risk Weight and Capital Requirement Thereof

(Non-Consolidated)

As of March 31, 2024 and 2025, there were no exposures.

(Consolidated)

(100 Million Yen)

Risk Weight	March 31, 2025							
	Securitization exposure				Resecuritization exposure			
	On-Balance		Off-Balance		On-Balance		Off-Balance	
	Outstanding	Capital requirement	Outstanding	Capital requirement	Outstanding	Capital requirement	Outstanding	Capital requirement
0%	—	—	—	—	—	—	—	—
> 0% ≤ 20%	—	—	—	—	—	—	—	—
> 20% ≤ 50%	—	—	—	—	—	—	—	—
> 50% ≤ 100%	—	—	—	—	—	—	—	—
> 100% < 1,250%	1	0	—	—	—	—	—	—
1,250%	—	—	—	—	—	—	—	—
Total	1	0	—	—	—	—	—	—

(100 Million Yen)

Risk Weight	March 31, 2024							
	Securitization exposure				Resecuritization exposure			
	On-Balance		Off-Balance		On-Balance		Off-Balance	
	Outstanding	Capital requirement	Outstanding	Capital requirement	Outstanding	Capital requirement	Outstanding	Capital requirement
0%	—	—	—	—	—	—	—	—
> 0% ≤ 20%	—	—	—	—	—	—	—	—
> 20% ≤ 50%	—	—	—	—	—	—	—	—
> 50% ≤ 100%	—	—	—	—	—	—	—	—
> 100% < 1,250%	1	0	—	—	—	—	—	—
1,250%	—	—	—	—	—	—	—	—
Total	1	0	—	—	—	—	—	—

Capital Increase due to Securitization Transactions

As of March 31, 2024 and 2025, there were no capital increase due to securitization transactions.

Securitization Exposure calculated by Risk Weight of 1,250%

As of March 31, 2024 and 2025, there were no securitization exposure calculated by risk weight of 1,250%.

Securitization Exposure subject to early Amortization Provisions

As of March 31, 2024 and 2025, there were no securitization exposure subject to early amortization provisions.

Presence/Absence of Method applied to Reduce Credit Risk to Resecuritization Exposure in which the Aozora Group hold as an originator and Breakdown of Risk-Weight Categories Applied to Guarantors

As of March 31, 2024 and 2025, there were no resecuritization exposure held by the group as an originator.

(2) Securitization Transactions in which the Aozora Group invests

Securitization Exposure held by the Group

(Non-Consolidated)

(100 Million Yen)

Category of underlying assets	March 31, 2025					
	Securitization exposure		Resecuritization exposure		Total	
	On-Balance	Off-Balance	On-Balance	Off-Balance	On-Balance	Off-Balance
Corporate exposures	2,534	—	—	—	2,534	—
Retail exposures	540	100	—	—	540	100
Residential loan receivables	—	—	—	—	—	—
Lease receivables	—	—	—	—	—	—
Others	—	—	—	—	—	—
Total	3,075	100	—	—	3,075	100

(100 Million Yen)

Category of underlying assets	March 31, 2024					
	Securitization exposure		Resecuritization exposure		Total	
	On-Balance	Off-Balance	On-Balance	Off-Balance	On-Balance	Off-Balance
Corporate exposures	2,727	—	—	—	2,727	—
Retail exposures	739	—	—	—	739	—
Residential loan receivables	—	—	—	—	—	—
Lease receivables	—	—	—	—	—	—
Others	—	—	—	—	—	—
Total	3,467	—	—	—	3,467	—

(Consolidated)

(100 Million Yen)

Category of underlying assets	March 31, 2025					
	Securitization exposure		Resecuritization exposure		Total	
	On-Balance	Off-Balance	On-Balance	Off-Balance	On-Balance	Off-Balance
Corporate exposures	2,534	—	—	—	2,534	—
Retail exposures	540	100	—	—	540	100
Residential loan receivables	—	—	—	—	—	—
Lease receivables	—	—	—	—	—	—
Others	—	—	—	—	—	—
Total	3,075	100	—	—	3,075	100

(100 Million Yen)

Category of underlying assets	March 31, 2024					
	Securitization exposure		Resecuritization exposure		Total	
	On-Balance	Off-Balance	On-Balance	Off-Balance	On-Balance	Off-Balance
Corporate exposures	2,727	—	—	—	2,727	—
Retail exposures	739	—	—	—	739	—
Residential loan receivables	—	—	—	—	—	—
Lease receivables	—	—	—	—	—	—
Others	—	—	—	—	—	—
Total	3,467	—	—	—	3,467	—

Disclosure Based on Basel III

Capital Accord Pillar III—Market Discipline

Outstanding Securitization Exposure by Risk Weight and Capital Requirement Thereof

(Non-Consolidated)

(100 Million Yen)

Risk Weight	March 31, 2025							
	Securitization exposure				Resecuritization exposure			
	On-Balance		Off-Balance		On-Balance		Off-Balance	
	Outstanding	Capital requirement	Outstanding	Capital requirement	Outstanding	Capital requirement	Outstanding	Capital requirement
0%	—	—	—	—	—	—	—	—
> 0% ≤ 20%	2,957	23	—	—	—	—	—	—
> 20% ≤ 50%	—	—	—	—	—	—	—	—
> 50% ≤ 100%	55	1	100	2	—	—	—	—
> 100% < 1,250%	62	3	—	—	—	—	—	—
1,250%	—	—	—	—	—	—	—	—
Total	3,075	28	100	2	—	—	—	—

(100 Million Yen)

Risk Weight	March 31, 2024							
	Securitization exposure				Resecuritization exposure			
	On-Balance		Off-Balance		On-Balance		Off-Balance	
	Outstanding	Capital requirement	Outstanding	Capital requirement	Outstanding	Capital requirement	Outstanding	Capital requirement
0%	—	—	—	—	—	—	—	—
> 0% ≤ 20%	3,023	23	—	—	—	—	—	—
> 20% ≤ 50%	109	1	—	—	—	—	—	—
> 50% ≤ 100%	236	7	—	—	—	—	—	—
> 100% < 1,250%	98	4	—	—	—	—	—	—
1,250%	—	—	—	—	—	—	—	—
Total	3,467	37	—	—	—	—	—	—

(Consolidated)

(100 Million Yen)

Risk Weight	March 31, 2025							
	Securitization exposure				Resecuritization exposure			
	On-Balance		Off-Balance		On-Balance		Off-Balance	
	Outstanding	Capital requirement	Outstanding	Capital requirement	Outstanding	Capital requirement	Outstanding	Capital requirement
0%	—	—	—	—	—	—	—	—
> 0% ≤ 20%	2,957	23	—	—	—	—	—	—
> 20% ≤ 50%	—	—	—	—	—	—	—	—
> 50% ≤ 100%	55	1	100	2	—	—	—	—
> 100% < 1,250%	62	3	—	—	—	—	—	—
1,250%	—	—	—	—	—	—	—	—
Total	3,075	28	100	2	—	—	—	—

(100 Million Yen)

Risk Weight	March 31, 2024							
	Securitization exposure				Resecuritization exposure			
	On-Balance		Off-Balance		On-Balance		Off-Balance	
	Outstanding	Capital requirement	Outstanding	Capital requirement	Outstanding	Capital requirement	Outstanding	Capital requirement
0%	—	—	—	—	—	—	—	—
> 0% ≤ 20%	3,023	23	—	—	—	—	—	—
> 20% ≤ 50%	109	1	—	—	—	—	—	—
> 50% ≤ 100%	236	7	—	—	—	—	—	—
> 100% < 1,250%	98	4	—	—	—	—	—	—
1,250%	—	—	—	—	—	—	—	—
Total	3,467	37	—	—	—	—	—	—

Securitization Exposure calculated by Risk Weight of 1,250%

As of March 31, 2024 and 2025, there were no securitization exposure calculated by risk weight of 1,250%.

Presence/Absence of Method applied to Reduce Credit Risk to Resecuritization Exposure in which the Aozora Group invests and Breakdown of Risk-Weight Categories Applied to Guarantors

As of March 31, 2024 and 2025, there were no res securitization exposure to which methods to reduce credit risk have been applied.

(3) Securitization exposure in which Aozora Group invests that is subject to the calculation of the market risk amount

There was no securitization exposure in which Aozora Group invests that was subject to the calculation of the market risk amount as of March 31, 2024 and 2025.

(4) Securitization exposure originated by Aozora Group that is subject to the calculation of the market risk amount

There was no securitization exposure originated by Aozora Group that was subject to the calculation of the market risk amount as of March 31, 2024 and 2025.

Disclosure Based on Basel III Capital Accord Pillar III—Market Discipline

7. Items pertaining to market risk

This information is described in the Risk Management section of this annual report under the heading 'Market Risk Management.'

8. Items pertaining to equity exposures in the banking book

(1) Balance sheet amount

(Millions of Yen)

	March 31, 2025		March 31, 2024	
	Non-consolidated	Consolidated	Non-consolidated	Consolidated
Balance sheet amount	54,749	31,050	47,546	26,368
Listed stock exposures	27,060	27,060	22,971	22,971
Other	27,688	3,989	24,575	3,397

(2) Gains and losses on sales, and write-offs of equity exposure

(Millions of Yen)

	March 31, 2025		March 31, 2024	
	Non-consolidated	Consolidated	Non-consolidated	Consolidated
Gains on sales	3,175	3,175	8,444	8,444
Losses on sales	289	289	8,423	336
Write-off	288	288	450	455

(3) Unrealized gains/losses recognized on the balance sheet but not recognized on the statement of income

(Millions of Yen)

	March 31, 2025		March 31, 2024	
	Non-consolidated	Consolidated	Non-consolidated	Consolidated
Unrealized gains (losses)	8,820	8,820	11,481	11,481

(4) Unrealized gains/losses not recognized on the balance sheet or the statement of income

(As of March 31, 2025 and 2024)

Consolidated: Not applicable

Non-consolidated: Not applicable

9. Amount of Exposure held in Funds

Amount of Exposure held in Funds

(Non-Consolidated)

(100 Million Yen)

Calculation approach	March 31, 2025	March 31, 2024
Look-through approach	4,988	4,827
Mandate-based approach	13	54
250%	—	—
400%	—	—
Fall-back approach = 1,250%	0	0
Total	5,002	4,881

(Consolidated)

(100 Million Yen)

Calculation approach	March 31, 2025	March 31, 2024
Look-through approach	4,451	4,317
Mandate-based approach	13	54
250%	—	—
400%	—	—
Fall-back approach = 1,250%	0	0
Total	4,465	4,371

10. Items pertaining to interest rate risk

• Non-consolidated

(Millions of Yen)

IRRBB1 : Interest rate risk					
Item No.		a	b	c	d
		Δ EVE		Δ NII	
		March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
1	Parallel up	10,365	1,534	4,357	3,595
2	Parallel down	3,555	24,650	Δ 4,001	7,237
3	Steepener	17,995	9,213	/	/
4	Flattener	/	/	/	/
5	Short-term interest rate up	/	/	/	/
6	Short-term interest rate down	/	/	/	/
7	Maximum	17,995	24,650	4,357	7,237
		e		f	
		March 31, 2025		March 31, 2024	
8	Regulatory capital	453,646		398,635	

• Consolidated

(Millions of Yen)

IRRBB1 : Interest rate risk					
Item No.		a	b	c	d
		Δ EVE		Δ NII	
		March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
1	Parallel up	17,260	3,952	Δ 748	Δ 27
2	Parallel down	1,639	16,373	1,142	10,280
3	Steepener	18,630	10,216	/	/
4	Flattener	/	/	/	/
5	Short-term interest rate up	/	/	/	/
6	Short-term interest rate down	/	/	/	/
7	Maximum	18,630	16,373	1,142	10,280
		e		f	
		March 31, 2025		March 31, 2024	
8	Regulatory capital	488,253		429,013	

Disclosure Related to Remuneration

This section describes the information consistent with FSA Notice Number 11, items pertaining to remuneration, issued on March 14, 2018 in accordance with Articles 19-2.1.6, 19-3.4, and 34-26-1-5 of the Ordinance for the Enforcement of the Banking Act.

1. Items pertaining to the framework of remuneration for officers and employees of the Aozora Group

(1) Scope of 'officers and employees' covered herein

As stated in the remuneration notice, the scope of 'officers' and 'employees' ('officers and employees' together) covered herein, subject to disclosure, is as follows:

(a) Scope of 'officers' covered herein

'Officers' refers to the Bank's directors, including outside directors and members of the Audit & Supervisory Board.

(b) Scope of 'employees' covered herein

'Employees' refers to Bank employees and those of its main consolidated subsidiaries who receive high remuneration and who also have a significant influence on the execution of business of the Bank and its main consolidated subsidiaries or on its assets.

(i) Scope of 'main consolidated subsidiaries' covered herein

A 'main consolidated subsidiary' is defined as one in which the ratio of its total assets exceeds 2% of the total consolidated assets of the Bank.

(ii) Scope of 'Receivers of high remuneration' covered herein

'Receivers of high remuneration' refers to those who are remunerated above 'the average level of remuneration for officers' which is calculated by dividing the total remuneration amount by the number of officers, which are both stated in the Bank's Securities Report.

(iii) Scope of 'those who have a significant influence on the execution of business of the Bank and its main consolidated subsidiaries or on its assets' covered herein

'Those who have a significant influence on the execution of business of the Bank and its main consolidated subsidiaries or on its assets' refers to those who have a significant influence on the execution of business of the Bank and its main consolidated subsidiaries when engaged in transactions or matters of management, or those who have a significant influence on its assets when losses are incurred as a result of transactions. Specifically, this refers to executive officers, general managers, and any other such persons to which this definition applies.

(2) Determination of remuneration for officers and employees covered herein

(a) Determination of remuneration for officers covered herein

The Bank has established a Nomination and Remuneration Committee (NRC) which is delegated authority by the Board of Directors (BoD) for the purpose of complementing the BoD's supervisory function over its directors. The NRC comprises mainly outside directors and in order to ensure the sound management and suitable business execution of the Bank, the NRC, which is independent from business promotion groups, discusses and determines the amounts of remuneration for individual directors in line with the basic policies for determining remuneration as stipulated by the BoD.

The remuneration for individual members of the Audit & Supervisory Board is determined based on discussions among the members of the Audit & Supervisory Board in accordance with Article 387-2 of the Companies Act and based on deliberations and recommendations by NRC.

(b) Determination of remuneration for employees covered herein

The remuneration of employees in the Aozora Group is determined and paid according to the basic policy stated in the Bank's 'Human Resource Master Policy.' Remuneration of the Bank's employees is determined in accordance with the policy on HR rules developed and documented by the HR Division independently from business promotion groups. Individual remuneration amounts for executive officers are discussed and determined by the NRC.

Individual remuneration amounts of certain employees that exceeds a certain level will be reported to the NRC. The remuneration for managers with a certain level of responsibility is determined upon approval from the President and Deputy Presidents of the Bank. In the Bank's consolidated subsidiaries, the HR or related divisions establish the remuneration policy and develop the remuneration framework independently from business promotion groups. The consolidated subsidiaries regularly submit a report on their remuneration policy and related matters to the Bank's HR Division.

(c) Determination of remuneration for overseas officers and employees

Remuneration for overseas officers and employees is determined based on prior discussions held between overseas subsidiaries and the relevant divisions of the Bank or HR Division in accordance with local rules, regulations and employment practices. The remuneration amounts of individual employees which exceed a certain level will be reported to the NRC.

(3) Total remuneration paid to members of the NRC and the total number of meetings held

	No. of meetings held during the year ended March 31, 2025
Meetings of NRC	●

The sum of individual remunerations of NRC members is not stated as it is difficult to calculate how much of an individual NRC member's total remuneration corresponds to remuneration paid for NRC-related duties.

2. Items pertaining to assessing the validity of the design and implementation of the remuneration framework for Aozora Group's 'officers and employees'

Remuneration policy

(a) Remuneration policy for 'officers' covered herein

The remuneration for officers basically consists of the base remuneration (fixed remuneration), bonus and Equity Compensation Type Stock Options for internal directors (full-time directors) and solely of base remuneration (fixed remuneration) for outside directors as well as ASB members. The base remuneration is determined by checking the appropriate level based on the research data obtained by engaging a dedicated third-party institution. The amount of bonus is determined based on achieved performance and the standard amounts set per position and responsibilities. The value granted as Equity Compensation Type Stock Options are determined at an appropriate level by the NRC and BoD based on discussions on the proportion of cash remuneration, bonus and equity compensation type stock options so as to function as sound incentives towards sustainable growth.

(b) Remuneration policy for 'employees' covered herein

Remuneration for the Bank's employees and its main consolidated subsidiaries' officers and employees is determined based on an evaluation of their performance which reflects their contribution to the business results.

The Bank's HR Division confirms that the Bank and its main consolidated subsidiaries do not depend too heavily on 'pay for performance' in the remuneration of the Bank's employees and its main consolidated subsidiaries' officers and employees, by checking the remuneration framework, performance evaluation status and actual remunerations.

3. Items pertaining to the consistency between the remuneration framework for officers and employees and risk management in the Aozora Group, and the link between remuneration and business performance

As for the directors, the ceiling amount of 600 million yen has been approved at the 82nd general shareholders' meeting held on June 26, 2015 as the base remuneration and bonus for directors, including those for external directors, and the ceiling of remuneration for ASB members, including external ASB members, was approved in the amount not more than 60 million yen at the 73rd general shareholders' meeting held on June 23, 2006.

As to stock acquisition rights as the Equity Compensation Type Stock Options, allotments to internal directors (full-time directors) were approved at the 88th general shareholders' meeting held on June 26, 2014 in the total annual value up to 150 million yen (and up to 7,500 units) in addition to the base remuneration and bonus.

In determining the remuneration of employees of the Aozora Group, including those who fall under the scope of 'employees,' a budget is drawn up after considering the financial status of the Group. In addition to the authorized quota for those to be granted to full-time directors, Equity Compensation Type Stock Options are also granted to executive officers of the Bank based on decisions made by NRC and BoD.

4. Items pertaining to remuneration type, total amounts and method of payment for Aozora Group's officers and employees

Total remuneration amounts for those who fall under the scope of 'officers' and 'employees' (from April 1, 2024 to March 31, 2025)
(Number of Persons, Millions of Yen)

Classification	Number of persons	Total remuneration	Basic remuneration	Bonus	Stock options	Provision for retirement allowance	Others
'Officers' (including external officers)							
'Employees' (including executive officers)							

Notes: 1. The 'officers' listed above are the Bank's directors (including outside directors) and members of the Audit & Supervisory Board.

The breakdown of the Total Remuneration for officers for the year ended March 31, 2025 is as follows:

Remuneration to directors:

Remuneration to the members of the Audit and Supervisory Board ("ASB"):

of which remuneration to outside directors and external members of ASB:

● million yen

● million yen

● million yen

2. The above table includes one director, two outside directors and one outside ASB Member who retired at the close of the 90 General Meeting of Shareholders on June 22, 2023.

3. Because there are no 'employees' subject to disclosure in the Bank's major consolidated subsidiaries, the above 'employees' are the only ones among the Bank's employees, including the Bank's executive officers, to whom this applies.

4. There is no deferred bonus to be paid in subsequent years as of this fiscal year.

5. The exercise periods of stock options (Compensation Type Stock Acquisition Rights) are as follows. As per the Agreement for Allotment of Stock Options, the exercise is deferred until the holder ceases to be both an executive officer and a director of the Bank even during the exercise period.

Name of Stock Option Issuance	Exercise Periods	Amount Outstanding (millions of yen)
The Second Equity Compensation Type Stock Options	As from July 15, 2015 through July 14, 2045	10
The Third Equity Compensation Type Stock Options	As from July 16, 2016 through July 15, 2046	18
The Fourth Equity Compensation Type Stock Options	As from July 14, 2017 through July 13, 2047	21
The Fifth Equity Compensation Type Stock Options	As from July 14, 2018 through July 13, 2048	35
The Sixth Equity Compensation Type Stock Options	As from July 12, 2019 through July 11, 2049	47
The Seventh Equity Compensation Type Stock Options	As from July 11, 2020 through July 10, 2050	56
The Eighth Equity Compensation Type Stock Options	As from July 13, 2021 through July 12, 2051	94
The Ninth Equity Compensation Type Stock Options	As from July 9, 2022 through July 8, 2052	116
The Tenth Equity Compensation Type Stock Options	As from July 11, 2023 through July 10, 2053	131

6. A payment of compensation with an extraordinary nature was not applicable during the year ended March 31, 2024 such as a guaranteed bonus, sign-on bonus and additional retirement allowance on involuntary separation among 'officer' and 'employees'.

5. Other items pertaining to the framework of the Bank's 'officers and employees'

There are no specific items to be stated here other than the ones already stated above.

Share Procedure Information

(As of July 1, 2025)

- **Fiscal Year** From April 1 to March 31
- **Ordinary General Meeting of Shareholders** Held in June
- **Record Date for Determination of Dividends** March 31, June 30, September 30 and December 31
- **Record Date** Ordinary General Meeting of Shareholders : March 31 (also to be held in other cases as deemed necessary, whereby the record date will be set and advance notice given)
- **Public Notifications** Electronic public notice via the Internet. In the event that public notice cannot be made via the Internet, the Nihon Keizai Shimbun will be used.
- **Listed on** The Prime Market Segment of the Tokyo Stock Exchange
- **Securities Code** 8304
- **Number of Shares Constituting One Unit (tangen)** 100 shares
- **Shareholder Registry Administrator and Special Account Management Institution** Sumitomo Mitsui Trust Bank, Limited
4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
- Handling Office of Shareholder Registry Administrator** Stock Transfer Agency Business Planning Department,
Sumitomo Mitsui Trust Bank, Limited
4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
- (Mailing address)** Stock Transfer Agency Business Planning Department,
Sumitomo Mitsui Trust Bank, Limited
8-4, Izumi 2-chome, Suginami-ku, Tokyo, 168-0063
- (Contact number)** 0120-782-031 (toll free only if calling from Japan)
- **Inquiries regarding shares and notification of changes**
We ask that shareholders direct all inquiries, including change of address, to their securities company. For those shareholders who do not have an account with a securities firm, inquiries should be directed to the agent above.
- **Regarding the 'special account'**
Prior to the implementation of the electronic share certificate system in Japan, an account was established with Sumitomo Mitsui Trust Bank, Limited, for shareholders who did not use JASDEC's hofuri system. Such shareholders should direct all matters related to change of address and other inquiries to the agent above.

