



June 23, 2026

Company name: Aozora Bank, Ltd.
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(Listed exchange: TSE, Code 8304)
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Allocation of Equity Compensation Type Stock Options

Tokyo June 23, 2026 — Aozora Bank, Ltd. (President and CEO: Hideto Oomi; Head Office: Tokyo) ('Aozora' or 'the Bank') today announced that its Board of Directors approved a resolution for allocating equity compensation type stock options to Executive Officers (excluding those concurrently serving as directors; the same applies hereinafter) based on Article 236, Article 238, and Article 240 of the Companies Act.

1. Reason for the Allocation of Stock Options

Equity compensation type stock options will be allocated in order to further motivate Executive Officers to contribute to the enhancement of business performance and corporate value of the Bank, and to strengthen their awareness of shareholder-focused management.

2. Outline of the Allocation of Stock Options

(1) Name of the stock options plan

Aozora Bank, Ltd. 13th equity compensation type stock options

(2) Eligibility, number of persons eligible for allocation, and number of stock options

Seventeen (17) Executive Officers of the Bank; 2,435 units in total

(3) Total number of stock options

2,435 units

This is the number of stock options to be allocated. In the event that the number of allocated stock options decreases as a result of non-acceptance on the part of Executive Officers, or for other reasons, the total number of stock options allocated will reflect the decrease.

(4) Class and number of underlying shares for stock options

The class of the underlying shares is Aozora common shares, and the number of those shares per unit of stock options is 10 shares.

In the case of stock splits (including allocation of shares without contribution; the same applies hereinafter) or reverse stock splits of its common shares after the date of the allocation of stock options, the Bank will adjust the number of shares to be granted regarding the unexercised portion of stock options as of the date of stock splits or reverse stock splits, using the formula below. When the number of shares after adjustment includes a fraction of less than one unit, the fraction is rounded down to nil.

$$\text{Number of underlying shares after adjustment} = \\ \text{'Number of underlying shares before adjustment'} \times \text{'Ratio of the stock split or reverse stock split'}$$

In the event that the Bank engages in a merger, company split, or share exchange after the date of allocation, or when it is necessary to adjust the number of underlying shares due to any comparable cases, the Bank will adjust the number of underlying shares within the reasonable range by taking into account the terms and conditions of such merger, company split, or share exchange.

(5) Method of calculating the amount payable (allocation price) for stock options

The amount payable for stock options is calculated by multiplying the number of underlying shares by the option price per share, which is calculated using the following base figures (ii)–(vii) based on the Black-Scholes model. (Any fraction of less than one yen is rounded up to one yen.)

$$C = S \cdot e^{-qt} \cdot N(d_1) - X \cdot e^{-rt} \cdot N(d_2)$$

where

$$d_1 = \{\ln(S/X) + (r - q + \sigma^2/2)t\} / (\sigma \sqrt{t})$$

$$d_2 = d_1 - \sigma \sqrt{t}$$

- (i) Option value per share (C)
- (ii) Stock price (S): TSE closing price of Aozora common shares on the day of allocation (If there is no closing price, the closing price on the immediately preceding date)
- (iii) Exercise price (X): 1 yen
- (iv) Estimated remaining period (t): 2 years
- (v) Volatility (σ): Calculated based on the closing prices of the Bank's common shares in regular trading on the final trading day of each week during a continuous historical period corresponding to the estimated remaining period set forth in above (iv).
- (vi) Risk-free interest rate (r): Yield on JGBs with remaining maturity corresponding to the estimated remaining period set forth in above (iv).
- (vii) Dividend yield (q): Latest annual dividend per share divided by the stock price set forth in above (ii).
- (viii) Cumulative distribution function on standard normal distribution (N (·)).

The value calculated above is a fair value of the stock options and thus the allocation does not constitute an advantageous placement. In lieu of paying the relevant amount payable in cash, Executive Officers acquire the stock options by setting off their monetary compensation claims equivalent to the total stock option amount payable to them against their obligations of the amount payable for such stock options.

(6) Date of allocation

July 13, 2026

(7) Amount of assets to be contributed upon exercise of stock options

The amount of assets contributed upon exercise of each stock option is calculated by multiplying the exercise price per share to be granted or transferred set at one yen by the number of underlying shares.

(8) Period during which stock options are exercisable

From July 14, 2026 to July 13, 2056. If the final day of the exercise period falls on a non-business day of the Bank, the preceding business day shall be deemed the final day.

(9) Terms and conditions for the exercise of stock options

A stock option holder may exercise the allocated stock options only once during the ten-day period following the day on which the holder ceases to be a full-time Director and an Executive Officer of the Bank.

(10) Restrictions on the transfer of stock options

The acquisition of stock options through transfer requires approval by the Board of Directors.

(11) Matters regarding acquisition of stock options

- (i) When a stock option holder cannot exercise the allocated stock options pursuant to the provision set forth in above (9) or the provisions in a stock option allocation agreement before such exercise, the Bank may acquire the said stock options without contribution on a day separately specified by the Board of Directors.
- (ii) When the Ordinary General Meeting of Shareholders (or the Board of Directors, if approval of the General Meeting of Shareholder is not required) approves a resolution to conclude a merger agreement under which the Bank will be a defunct company, an absorption-type company split agreement or an incorporation-type company split plan under which the Bank will be a split company, or a share exchange agreement or a share transfer plan under which the Bank will be a wholly-owned subsidiary, the Bank may acquire the unexercised portion of the stock options as of a day separately specified by the Board of Directors, without contribution on the same day.

(12) Matters regarding capital and capital reserves to be increased due to the granting of shares upon exercise of stock options

- (i) The amount of capital to be increased due to the granting of shares upon exercise of stock options shall be half of the capital increase limit calculated in accordance with Article 17, Paragraph (1), of the Regulation on Corporate Accounting. When the calculated result includes a fraction of less than one yen, such fraction is rounded up to one yen.
- (ii) The amount of capital reserves to be increased due to the granting of shares upon exercise of stock options is calculated by subtracting the amount of capital to be increased as stated in above (i) from the capital increase limit stated in above (i).

(13) Handling of stock options to be allocated upon organization restructuring

In the case of a merger (only when the Bank is absorbed as the non-surviving company through the merger), absorption-type company split, incorporation-type company split, share exchange, or share transfer (collectively hereinafter referred to as 'Organization restructuring Actions') by the Bank, any stock options that remain unexercised as of the effective day of the Organization restructuring Actions (hereinafter referred to as 'Remaining Stock Options') shall be allocated as stock options of a joint stock company as stated in (a) through (e) of Article 236, Paragraph (1), Item (viii), of the Companies Act (hereinafter referred to as the 'Reorganized Company') in accordance with the conditions set forth below. In such case, the Remaining Stock Options shall be extinguished, and new stock options of the Reorganized Company shall be allocated in their place. However, such event applies only when the new allocation of stock options of the Reorganized Company in accordance with the conditions below is prescribed in a merger agreement, an absorption-type company split agreement, an incorporation-type company split plan, a share exchange agreement, or a share transfer plan.

- (i) Number of stock options of the Reorganized Company to be allocated
The number of such stock options shall be the same as the number of the Remaining Stock Options owned by stock option holders.
- (ii) Class and number of underlying shares for stock options of the Reorganized Company
The class of these underlying shares for stock options shall be common shares of the Reorganized Company, and the number of common shares of the Reorganized Company to be granted upon exercise of the stock options shall be determined pursuant to above (4), taking into consideration factors including the terms and conditions of the Organization restructuring Actions.
- (iii) Amount of assets to be contributed upon exercise of stock options
The amount of assets contributed upon exercise of each stock option to be allocated

is calculated by multiplying the exercise price after organization restructuring, as stated below, by the number of underlying shares for the said stock options. The exercise price after organization restructuring shall be one yen per share of the Reorganized Company granted through the exercise of the stock options to be allocated.

(iv) Period during which stock options are exercisable

The period shall be from either the beginning of the period for exercising stock options as stated in above (8) or the effective day of the Organization restructuring Actions, whichever comes later, to the end of the period for exercising stock options as stated in above (8).

(v) Matters regarding acquisition of stock options

These matters are determined pursuant to above (11).

(vi) Restrictions on the transfer of stock options

The acquisition of stock options through transfer requires approval by the Board of Directors of the Reorganized Company.

(vii) Matters regarding capital and capital reserves to be increased due to the granting of shares upon exercise of stock options

These matters are determined pursuant to above (12).

(14) Number of shares less than one unit

When the number of shares granted to a stock option holder upon exercise of the allocated stock option includes a fraction of less than one unit, such fraction is rounded down to nil.

(15) Place to handle payment for assets contributed upon exercising stock options:

Head Office of Aozora Bank, Ltd.

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