



Tokyo Kiraboshi Financial Group, Inc.

2020 Annual Report



Safeguarding your aspirations;
connecting them with reality

Tokyo Kiraboshi Financial Group, Inc.

Message from management

First, I would like to express my gratitude to you all for your support.

My name is Hisanobu Watanabe, and I was recently appointed as President.

While I feel the heavy responsibilities of the position of President, we will continue to diligently strive to become the region's No. 1 urban-type regional financial group which is truly favored by our customers in the Tokyo metropolitan area so that we may develop together with everyone in the local community who support us with their patronage on a daily basis.

I humbly request your continued guidance and encouragement.

I would like to express my heartfelt sympathies for everyone in Japan who has been affected by the spread of COVID-19 since the beginning of this year. Because this state of emergency has occurred, we strongly recognize that being of service to everyone in the local community is the reason for our existence as a financial institution, and we have carried out our social mission in this regard. Specifically, in addition to the "emergency lending program" which we started offering in February, we responded to the needs of customers from March, and established the "COVID-19 Kiraboshi Fund" with an examination period of three business days or less as a matter of principle. Furthermore, we set up "loan consultation desks" and "holiday consultation desks" and coordinated with the Japan Finance Corporation, etc. to prepare a consultation system for everyone in the local community.

Amid these circumstances, Kiraboshi Bank, Ltd., which was founded in May 2018, completed its system integration in May of this year. Although there were temporary service outages and changes to the products, etc. during the integration period, which created a significant inconvenience for our customers, we are now able to provide the same level of service at all branches.

Through this integration we have created a true single bank which will be able to further display the integrated synergy effects which utilize the merged strengths, and going forward we will further accelerate initiatives directed at improving customer convenience.

Moreover, the current fiscal year will be the final fiscal year of the "Start-up☆Kiraboshi" Medium-term Business Plan. This plan designates the goal of becoming "a comprehensive service business that is also strong in finance" as the future image to aim for, and we shall continue to strive to enhance the Group's collective strength to meet the various needs of our customers.

In addition, to further implement activities which are consistent with a customer orientation, we will take care to provide proposals according to customer needs under "Kiraboshi Life Design Securities Co., Ltd." which will start in August of this year and enhance the higher quality enrichment of consulting functions.

Going forward, our goal is to become a Group which contributes to local development and satisfies our customers. On behalf of the Group, I appreciate your support and encouragement.

July 2020

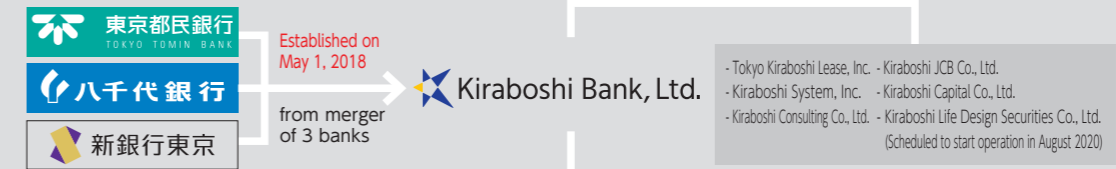
Tokyo Kiraboshi Financial Group



Business name: Tokyo Kiraboshi Financial Group, Inc.

Head office 3-10-43 Minami Aoyama, Minato-ku, Tokyo
 Established October 1, 2014
 Capital ¥27.5 billion
 Exchange listing Tokyo Stock Exchange, First Section (Securities Code: 7173)
 Website https://www.tokyo-kiraboshifg.co.jp

(As of June 30, 2020)



Group companies	Kiraboshi Service Co., Ltd.	Kiraboshi Credit Guarantee Co., Ltd.	Yachiyo Credit Guarantee Co., Ltd.
	Kiraboshi Business Service Co., Ltd.	Kiraboshi Credit Service Co., Ltd.	Kiraboshi Business Consulting Shanghai Co., Ltd.
	Kiraboshi Tech, Inc.	KIRABOSHI BUSINESS CONSULTING VIETNAM Co., Ltd.	

Relocation of head office

The Company relocated its head office on June 26, 2020 from Shinjuku in Shinjuku-ku (Shinjuku office) to Minami Aoyama in Minato-ku (Kiraboshi Bank Aoyama head office).

Management philosophy

To be a financial group for small and medium-sized enterprise customers and individual customers in the Tokyo metropolitan area that will contribute to the development of local communities through comprehensive financial services.

Management policy

- Achieve enduring existence as a local regional bank through the provision of unique financial services > **A bank that sparkles**
- Leverage the special features of the Tokyo area to continue to meet new challenges in order to contribute to the development of our customers and of local economies > **A bank that rises to the challenge**
- We put great value on the "ideas" of customers, the region, and our employees so as to become a necessary and always trusted presence > **A bank that brings together ideas**

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Hisanobu Watanabe

President, Tokyo Kiraboshi Financial Group, Inc.
 President, Kiraboshi Bank, Ltd.

Message from top management

Aiming to be a comprehensive service business that is also strong

in finance, and the one to which the customer gives the first call



Introduction

My name is Hisanobu Watanabe, and I was recently appointed as President.

Based on the management philosophy of the Group, we shall fulfill our responsibility as a local bank group and strive to become “a comprehensive service business that is also strong in finance” that is endeared to our customers and shareholders, so we humbly request your further support and patronage.

I wish to express my condolences to all of those who have lost loved ones due to the recent COVID-19. I would also like to offer my heartfelt sympathies to everyone who has been affected and to those whose lifestyles have been impacted by the spread of the infection.

Hisanobu Watanabe

President, Tokyo Kiraboshi Financial Group, Inc.
President, Kiraboshi Bank, Ltd.

■ Management environment and opportunities

In recent years, business succession problems due to the lack of successors within companies and other social problems are becoming severe as the country ages and the population decreases.

On the one hand, the business environment in the Tokyo area which forms the business infrastructure of the Group continues to increase due to the population influx, new industries are constantly being created, and it is a massive market with growth potential where powerful companies that change social trends congregate. The GDP of the Tokyo area exceeds ¥140 trillion or approximately one quarter of the domestic total, and the loan balance exceeds ¥230 trillion, which is approximately 40% of the domestic volume. Utilizing this market to grow in a sustainable manner together with the local community is also the task of the Group.

Moreover, the increase of COVID-19 and problems due to climate change are also spreading recently, and the role of a regional financial institution is significantly growing in importance with respect to building a sustainable society.

To summarize my career, I was involved in credit risk management and business restructuring support for about 20 years and experienced many different areas of banking such as the disposal of bad loans after the bursting of the economic bubble and business restructuring after the Lehman shock. One thing I can say is that business conditions have a cycle and “no crisis lasts forever.” In such difficult times as these, I think that it is the social mission of financial institutions to be of service to companies, particularly everyone at small and medium-sized enterprises.

I absolutely believe that we can overcome the market chaos due to the recent COVID-19, business continuity, and other global crises.

■ Targeting sustainable growth of the local economy Initiatives for the Medium-term Business Plan

Amid these circumstances, we formulated the “Start-up☆Kiraboshi” Medium-term Business Plan in anticipation of the situation five years and ten years from now and will strive to take on the challenge of new business models and streamline management under the three major measures of “Enrichment of consulting functions,” “Developing human resources that are trusted and chosen for their ‘dialogue’,” and “Business process re-engineering to strengthen contact with customers.”

Moreover, we established “a business model that takes ‘dialogue’ as its starting point” with the goal of earning the trust of customers and becoming a “first call” bank.

Two years have passed since the Medium-term Business Plan started, but the effects are appearing in three major areas.

The first area is “management streamlining.” The Group’s Kiraboshi Bank, Ltd. chose to merge three banks into one, and as a result the effects are mainly appearing in the branch integration, systems integration, and also in the streamlining of the personnel. On the one hand, the costs required by the merger exceeded ¥3 billion each year, and during excessive periods expenses of over ¥4 billion were recorded. However, the current fiscal year (FY2020) is the final year, and going forward the effect of the cost reductions due to the merger will directly tie into the performance.

The second area is “support for mainstay operations.” Support for mainstay operations are activities which provide information according to customer needs and are positioned within the Group as a First Call exercise. First Call involves mainstay operation support for corporates and owner-managers as well as providing life plan support for individual customers, and the number of contacts is established as a KPI (7,000 per year). As a result of these activities, we vastly exceeded the targets by reaching 11,290

Message from top management

contacts in FY2018 and 14,870 contacts in FY2019. Moreover, the first call exercise is tied to continuous and stable revenue and is steadily showing results by reaching ¥2.1 billion in FY2018 and ¥4.4 billion in FY2019 with a focus on fee and commission income from corporate customers.

The third area is “group strategy.” The enhancement of the overall group capability is essential to resolve the wide range of issues from customers. Therefore, we established a consulting company, FinTech company, and a capital company. In addition, we are poised to open a securities company in August of this year, which will largely complete the Group development. Going forward, we will become a single group, meet the needs of our customers, and grow together with our customers.

As a result of these efforts, in FY2019 the profit (FG) was ¥7.6 billion, net core business income (BK) was ¥15.5 billion, core OHR (BK) reached

77%, and the numerical targets listed in the final fiscal year of the Medium-term Business Plan were all achieved in the second year.

Moreover, in order to meet the needs of our customers, we focused on the following measures within the Medium-term Business Plan.

* (FG) Tokyo Kiraboshi Financial Group, Inc., (BK) Kiraboshi Bank, Ltd.

Overseas strategy (from the Tokyo area to Southeast Asia)

For small and medium-sized enterprise customers, business expansion in overseas markets, particularly the lively Southeast Asian region, is increasing in importance, and we have been engaged in enhancing our overseas support. Specifically, rather than shifting conventional manufacturing sites overseas, we are connecting Japan’s high-technology and high-quality services and products to Southeast Asian companies to revitalize our customers. Because this is difficult to accomplish only in Japan, considering issues such as business succession and shifting our attention overseas will make this possible. Therefore, in order to gather information which is useful to business, we invested in a local Singapore fund and dispatched personnel in July 2019. Moreover, during the same month we started a business alliance with Shinhan Bank Japan, the local Japanese subsidiary of the South Korean Shinhan Financial Group which has 122 offices in Southeast Asia (as of December 2019), which significantly expanded the breadth of our information gathering sites. We have also been strengthening the organization by establishing a local subsidiary in Ho Chi Minh City, Vietnam in October 2019 in addition to our consulting subsidiary in Shanghai, China.

Support at diverse stages

The Group has established a system which can support companies at diverse stages from start up to growth and maturity phases. We have set

up two funds according to customer needs under Kiraboshi Capital Co., Ltd., which was established in September 2018. The first fund is the “Yume Kagayaki Fund 1” which supports business succession needs. The second fund is the “Yume Habataki Fund 1” which responds to additional capital in preparation for IPOs. The “Yume Habataki Fund 1” formed in March 2019 has executed 11 investments in about one year. In addition, under the slogan of “making Kiraboshi Bank the natural partner for start-ups,” we are focusing our efforts on supporting customers in the start-up phase and steadily accumulating results with 5,322 start-up support cases in the fiscal year ended March 31, 2019, and 10,652 cases in the fiscal year ended March 31, 2020.

Customer-oriented business operations

With the advancing decline in the birth rate and aging population and the arrival of the era of 100-year lifespans, we must respond to the asset management needs of customers which will further expand and diversify in the future.

In order to further pursue a truly customer-oriented business operation, it is important to expand the product lineup to meet customer needs even more than before while also increasing our expertise with respect to asset management.

To achieve this, we plan to open a securities subsidiary in August 2020. The goal of establishing the subsidiary is to provide stable management plans based on long-term diversified investments which are easy for the elderly to understand while also focusing on sales for the balance of assets under management to establish a business model which consists of balance management fees. Moreover, as part of our customer-oriented business operation, we plan to make the investment trust commission fees free for major customers with the goal of improving the customer operational efficiency (cost return).



Digital strategy

Digitization is essential for improving customer convenience. Digitization efforts which we were unable to implement due to system integration restrictions after the birth of Kiraboshi Bank can now be gradually rolled out due to the completion of the system integration in May of this year. The “goal” that we are aiming for is an operation which does not use seals, cash, or paper.

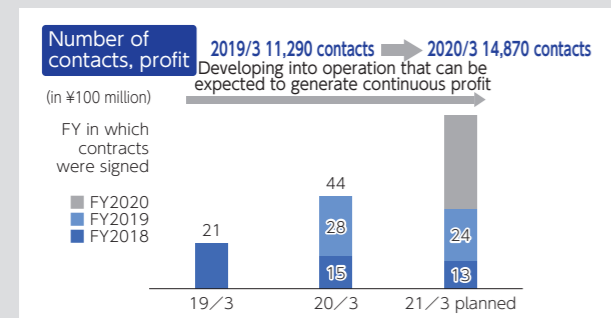
Moreover, we are also focusing our efforts on FinTech and have advanced research on digital money top-up utilizing the “Maekyu service” through the Group’s Kiraboshi Tech, Inc. We are currently working on making it possible to provide the digital money top-up function to Maekyu users and the wallet function to all salaried employees.

Human resources development

In order to promote the consulting business based on “dialogue” which is backed by the Group, it is important to train talented “Kiraboshi People” who can think and act on their own to provide consulting. Therefore, we are significantly revising the training program and incorporating many types of interactive training in addition to the conventional classroom training. In addition, there are also many non-financial proposals to customers, and we are actively dispatching personnel to external organizations as well as hiring specialized personnel and foreigners.

In order to sum up the Medium-term Business Plan, we will steadily execute the KPIs listed in the plan during the current fiscal year while also resolutely tackling the challenge of being able to sufficiently respond to the rapid environmental changes with a sense of urgency.

First Call exercise



Opening ceremony of subsidiary in Vietnam

Message from top management

■ Responding to COVID-19

Since the start of 2020, the severity of the business and living environment has increased with the spread of COVID-19 and the stagnation of the movement of people, items, and services, etc.

As the economic situation continues to deteriorate and a stronger demonstration of the financing function is required, we are strengthening our support system for the financing of small and medium-sized enterprises and the rapid deterioration of industry conditions to rapidly and proactively provide support through measures such as the establishment of the emergency lending program in February 2020.

Moreover, we are extending the utmost consideration for the health and safety of our customers and employees by constructing an environment which will enable the continuation of operations by reducing the simultaneous risk of infection by employees engaged in the same work at each head office and sales office based on support for the policy of voluntarily staying indoors.

In addition, the working styles of employees

have significantly changed with the recent adoption of online meetings and teleworking from the perspective of preventing the spread of COVID-19.

■ System integration

On May 6, 2020, the integration of the two core systems, which were used in parallel after the merger, was completed. During this process, customers were inconvenienced due to product and service changes as well as temporary suspensions of ATMs and other services. However, we were able to safely complete the system integration with the understanding and cooperation of all of our customers.

As a result of this integration, a common set of services can now be used at all branches of Kiraboshi Bank.

Going forward, we will be able to more rapidly provide highly convenient products and services to broadly meet the needs of all customers.

■ Governance

In consideration of the fact that corporate governance is one of the most important management issues, we are promoting the strengthening of the Group business management system and supervisory functions by utilizing the knowledge of outside officers and external experts.

Moreover, we are striving to ensure the soundness and appropriateness of business operations by positioning legal compliance as one of the most important management issues and fostering a corporate culture which emphasizes compliance. It was under these circumstances that a scandal (cash embezzlement) by a former staff member of Kiraboshi Bank, Ltd. was discovered in June 2019. Beginning with the customers who were victimized, we sincerely apologize for troubling and worrying the customers that we do business with, all of our shareholders, and the local residents.

In addition to all of the officers and employees deeply reflecting on how this situation occurred, establishing a "Recurrence Prevention Project Team," and adding attorneys and Outside Audit & Supervisory Board Members as members, we

shall apply that knowledge while also implementing drastic measures to prevent a recurrence which includes a code of conduct for sales managers to expend the utmost effort to restore trust.

Moreover, as part of our efforts to strengthen the cybersecurity management system, we are carrying out exercises which cover both countermeasures during ordinary times and countermeasures during an emergency. Going forward, we plan to continue deploying new services and business process re-engineering which utilize the promotion of teleworking and digital technologies, and we will strive to ensure the safety and reliability of computer systems, devices, and telecommunications networks from external and other attacks as well as the safety management of various types of information.

From now on, we will further advance the creation of conditions which allow risk ownership and corporate ethics to take hold and permeate the organization as a Group which is trusted by all of our shareholders, customers, and society.

■ SDG initiatives

In May 2019, the Group announced its SDGs under the main themes of "Environmental protection," "Contributing to local communities," "Creating shared value with the customer," "Employees' work style reform and promotion of diversity," and "Dialogue with shareholders and investors" which we are undertaking to create a sustainable society.

In particular, responding to climate change will protect our natural capital and lead to the maintenance of ecology related services. As the sense of crisis intensifies with respect to global warming, the construction of sustainable local communities requires that we aim for net zero carbon dioxide emissions.

Going forward, the Group will continue to resolve social and environmental issues in the region and strive to contribute to sustainable growth through resource and energy conservation through financial transactions using FinTech, initiating the handling of privately placed SDG bonds and other forms of SDG promotional support among partner companies through financial services, environmental load

reduction through operational streamlining and productivity improvements, and social contribution activities directed at environmental preservation and protection.



Closing remarks

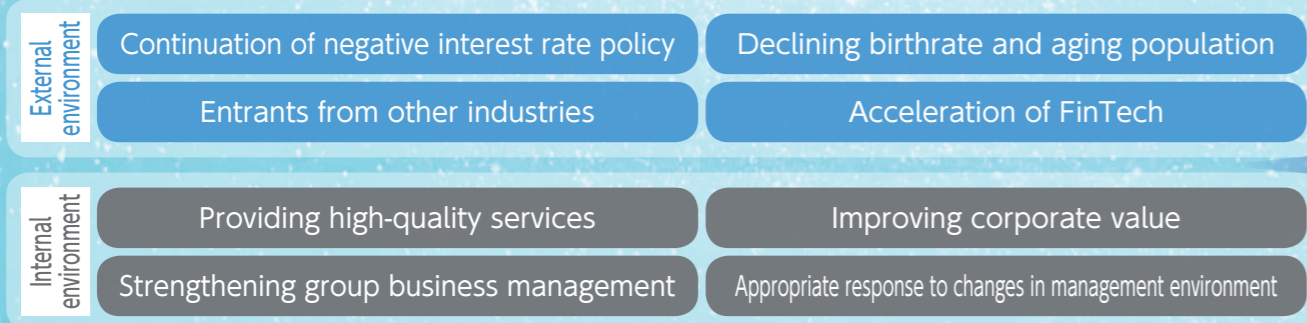
While the Group is a company which has only recently been established, we do have a culture which can tackle every type of challenge in an era in which the business models of financial institutions are significantly changing. Going forward, we will maximize the positive effects of the merger, leverage our resourcefulness and the collective strength of the Group companies, and contribute to the sustainable development of the local economy and local communities. On behalf of the Group, I ask for your continued support and encouragement in the future.



Kiraboshi Bank, Ltd.
(Aoyama head office)

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Establishing the “comprehensive service business that is also strong in finance” Group brand



Future image
 “A comprehensive service business that is also strong in finance”

Medium-Term Business Plan

Concept

- (1) Creation of a “new kind of urban regional bank for the Tokyo area”
- (2) Commitment by the Group to contribute to the development of the Tokyo area (with a tangible presence in the Tokyo area)
- (3) Start-up spirit based on “Challenge & Speed”

Business model

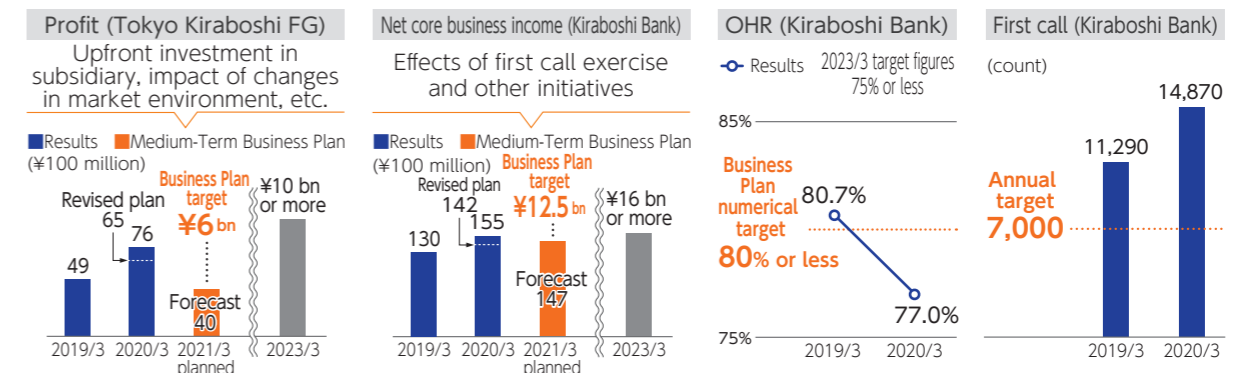
“Building a business model that takes dialogue as its starting point”

We aim at a management approach that, by maintaining “high-quality” contacts with customers, local communities, investors and employees, improves satisfaction for everybody

Main measures

- (1) **Enrichment of consulting functions**
 Through enrichment of consulting functions, aim to be a bank to which customers will give the first call.
- (2) **Human resources development focusing on dialogue abilities for being chosen and trusted**
 Developing “Kiraboshi People”
 “Kiraboshi People” are able to win the trust of customers, think and act by putting themselves in their shoes, and experience success as a result.
- (3) **Business process re-engineering to strengthen contact with customers**
 Realize work styles that make tangible the meaningfulness of work and enable emotional fulfillment through reform of awareness and value of work.

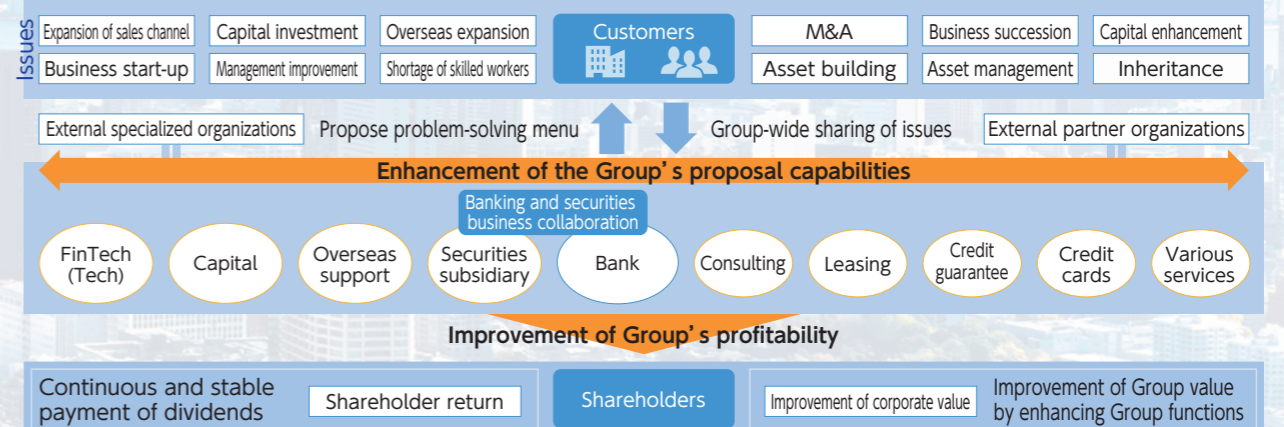
Numerical targets



Leverage the collective strength of the Group with the aim of developing a comprehensive service business that is also strong in finance

Provision of solutions through Group wide collaboration

- Provide consulting services to improve corporate value
- Ensure commitment to customer-oriented business practice
- Serve the functions of a trading company in the Tokyo metropolitan area



2016
 Apr Business integration with ShinGinko Tokyo
 TokyoTY Financial Group, Inc.
 ↑ 新銀行東京

2014
 Oct Birth of Tokyo TY Financial Group
 東京都民銀行 八千代銀行
 ↓ TokyoTY Financial Group, Inc.

2018
 May Birth of Kiraboshi Bank
 Kiraboshi Bank, Ltd.
 Sept Establishment of Kiraboshi Capital
 To respond to the needs in mezzanine, funding (incl. IPOs)
 Kiraboshi Capital Co., Ltd.

2017
 Apr Establishment of Kiraboshi Consulting
 To strengthen consulting functions aimed at enhancing comprehensive financial services
 Kiraboshi Consulting Co., Ltd.
 Nov Establishment of Kiraboshi Tech
 To expand into the FinTech area
 Kiraboshi Tech, Inc.

2020
 May Systems integration
 June Head Office relocation
 Relocation from Shinjuku-ku (Shinjuku office) to Minato-ku (Kiraboshi Bank Aoyama head office)
 Aug Scheduled operation start of Kiraboshi Life Design Securities

2019
 Aug Conversion of three companies to wholly-owned subsidiaries
 To enhance group function (Tokyo Kiraboshi Lease, Kiraboshi System and Kiraboshi JCB)
 Oct Opening of subsidiary in Vietnam
 Dec Establishment of securities subsidiary
 To embrace a new challenge of developing securities business in the Tokyo area

Business model

Tokyo Kiraboshi Financial Group's Strengths

- Operational
- Has a history of
- In addition to a

base in Tokyo area, Japan's greatest concentration of economic strength working for SMEs in collaboration with local governments such as Tokyo Metropolitan Government and related organizations lending-centric business model, is actively promoting a consulting business that makes dialogue with the customer as the starting point

INPUT Management resources utilized > Business model that takes dialogue as the starting point (the "first call cycle") > OUTPUT Product/service being proposed > Creating value with stakeholders

Financial capital

- Sound loan assets
- Abundant net assets

Human capital

- Diverse human resources
- Kiraboshi People*

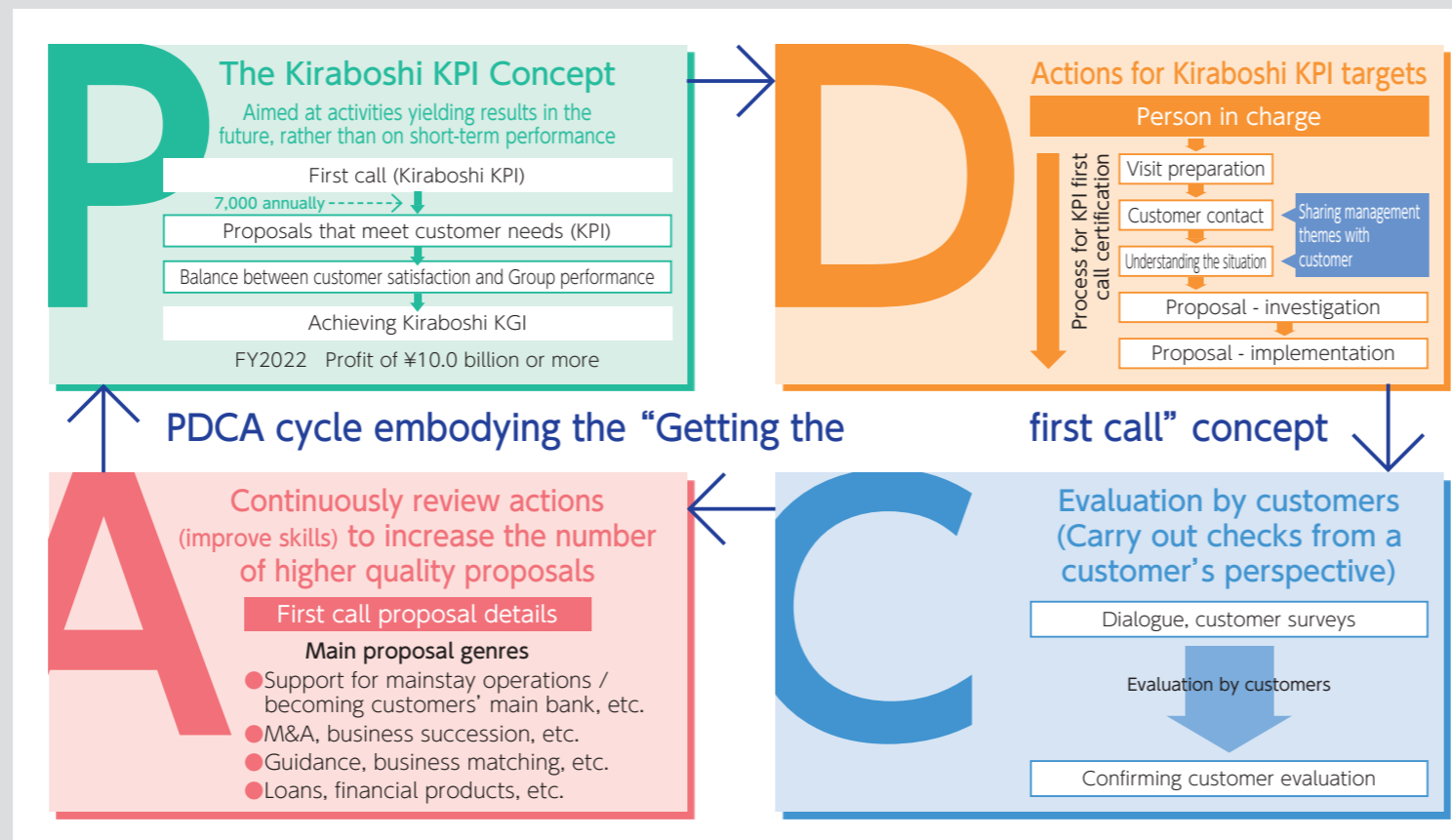
*People who are able to win the trust of customers, think and act by putting themselves in their shoes, and experience success as a result.

Intellectual capital

- Evaluation of business feasibility
- Consulting functions
- Diverse funding methods
- Trust functions
- Collaboration with FinTech

Social/related capital

- Branch network with close ties to local communities
- Networks with external organizations
- Asian network (China, Thailand, Vietnam, etc.)
- Collective strength of Kiraboshi Group
- Customer base



Becoming the bank customers call first

Creating shared value

Creating corporate value / Improving satisfaction

Expanding operational base

Contributing to the revitalization of

the region/regional development

Services for individuals

- Deposits
- Asset management / administration (investment trusts, government bonds, insurance, etc.)
- Housing loans / loans for specific purposes ...etc.

Services for corporations

- Loans, forex, trust functions
- Equity finance
- Consulting services
- Business matching
- Supporting start-ups, M&A, business succession
- Support for overseas expansion ...etc.

Other

- Regional headquarters structure
- Intra-group collaboration
- External collaboration
- Maekyu service
- Internet banking
- Kiraboshi Bank app ...etc.

Creating shared value

Customer

- Providing highly specialized consulting services through dialogue
- Realizing customer-oriented business operations
- Enhanced convenience

Environment / local communities

- Initiative to contribute to environmental problems such as the aging of society and climate change
- Contributing to the sustainable development of local communities, which is the operational base of the Group
- Resolving societal issues through our mainstay operations

Employees

- Developing "Kiraboshi People"
- Putting in place an environment in which diverse human resources can work to implement the business model
- Achieving work-life balance by providing flexible work styles
- Involvement of diverse human resources

Shareholders and investors

- Maximizing shareholder value over the medium to long-term
- Constructive dialogue
- Highly transparent disclosure including non-financial information

A business model that starts with an understanding of the customer,

[Robust management base that supports our business model]

Corporate governance, integrated risk management, compliance, financial capital, human capital, intellectual capital, social/related capital

and in which being selected by them ultimately leads to profits

[CSR management]

Based on its management philosophy, the Group seeks to help form sustainable local communities through the three action areas of "contribution to the local economy," "contribution to local communities," and "initiatives for environmental problems."

Toward sustainable development



Tokyo Kiraboshi Financial Group SDG Declaration

The Tokyo Kiraboshi Financial Group aims to be “a comprehensive service business that is also strong in finance.” Based on its management philosophy of “to be a financial group for small and medium-sized enterprise customers and individual customers in the Tokyo metropolitan area that will contribute to the development of local communities through comprehensive financial services,” the Group is working, through its corporate activities, on initiatives related to the SDGs adopted by the United Nations summit, and seeking to realize a sustainable society and to create shared societal value.

To achieve the Sustainable Development Goals (“SDGs”) adopted by the United Nations in 2015, the Group has drawn up a “Tokyo Kiraboshi Financial Group SDG Declaration,” the main themes of which are (1) environmental protection, (2) contributing to local communities, (3) creation of shared value with the customer, (4) employee’s work style reform and promotion of diversity, and (5) dialogue with shareholders and investors, all of which have a close affinity to the management philosophy and its three CSR action areas, with the objective of working to resolve societal needs and problems through the provision of a variety of products, services and the CSR activities.

Environmental protection

In order to leave to those people living in local communities, and to the children who will be the bearers of the next generation, a future environment that enables a safe and abundant future lifestyle and one in which they can live securely and healthily, the Group is taking measures to conserve and protect the environment that take into account climate change and global warming, and striving to help realize a sustainable society by means of its local environmental activities and financial services.



Dialogue with shareholders and investors

In order to achieve sustainable development for the Company and enhance shareholder value, as well as raise the transparency and objectivity of management, we are striving to assist in the development of local communities through strengthening structures associated with corporate governance and working to ensure compliance.



Contributing to local communities

While deepening our dialogue with customers and those living in local communities, we take initiatives to create a safe and abundant society in which everybody can live securely and healthily, and work to realize a sustainable society.



Creation of shared value with the customer

By utilizing financing and various kinds of funds based on business feasibility evaluations, as well as providing sophisticated consulting functions in such areas as business start-up, the expansion of sales channels, and business succession that match the company’s stage of life, we will create shared value with the customer, and contribute to the sustainable growth of the local economy.



Employee’s work style reform and promotion of diversity

In addition to promoting Kenko Keiei (health and productivity management*) by encouraging a work-life balance, the Group is taking steps that include supporting the contribution of women, and creating an environment in which all employees, irrespective of gender or age, can feel satisfaction in their work, thus facilitating the development of diverse human resources and the realization of diverse work styles.



*“Kenko Keiei” is a registered trademark of Workshop for the Management of Health on Company and Employee.

E Environment

Environmental protection P15



S Social

Contributing to local communities P17



Creation of shared value with the customer P19



Employee’s work style reform and promotion of diversity P25



G Governance

Dialogue with shareholders and investors P29



Tokyo Kiraboshi Financial Group’s basic policy on CSR

The Tokyo Kiraboshi Financial Group aspires to become the region’s No. 1 urban regional bank, and we regard the practice of CSR management to contribute to the formation of sustainable local communities as one of management’s key priorities. Based on its management philosophy, the Group is actively involved in CSR activities in the three action areas of “contribution to the local economy,” “contribution to local communities,” and “initiatives for environmental problems.”



Environmental protection



In order to leave to those people living in local communities, and to the children who will be the bearers of the next generation, a future environment that enables a safe and abundant future lifestyle and one in which they can live securely and healthily, the Group is taking measures to conserve and protect the environment that take into account climate change and global warming, and striving to help realize a sustainable society by means of its local environmental activities and financial services.

Investments in green bonds/green finance

With interest in Environmental, Social and Governance (ESG) investing rising on a global scale, there has been an expansion in green investing initiatives that seek to deploy funds into environmental businesses and businesses that generate environmental improvements, etc. In addition to investing in the “Tokyo Green Bonds” that the Tokyo Metropolitan Government sold as the first such instruments issued by a local governmental entity in Japan, the Group invested in the Green Jointly Operated Designated Money Trust (product name “The UUR Green Trust”) structured by Sumitomo Mitsui Trust Bank.



Protection of the natural environment (setting up parks)

Response to climate change (installation of high-tide defense facilities)

(Photo credit: courtesy of Tokyo Metropolitan Government)

Environmentally aware branch equipment

So as to reduce CO₂ emissions, the Aoyama office uses environmentally friendly facilities such as solar power generation, the reuse of rainwater, and the creation of rooftop greenery. We are also moving forward with environmentally aware branch designs, such as switching branch lighting to LED bulbs. Furthermore, we are working on initiatives to counter global warming through our business activities, such as offering financial products and services that lead to environmental protection.



Aoyama office

Certified under the “Tokyo Forest Action” accreditation system

With regard to the Kiraboshi Bank Aoyama head office and the Takinogawa branch (and central operations center) that were constructed using materials from Tama, the use of Tokyo forestry resources was appreciated by the Tokyo Metropolitan Government, which certified the Group under the “Tokyo Forest Action accreditation system (recognition of CO₂ volume fixed by means of buildings, etc.).”



Takinogawa branch (and central operations center)

Aoyama head office

Signing of collaboration agreement relating to planting of “Corporate Forests - Kiraboshi Forest” forestry resources

As part of the “the campaign for growing low pollen forests,” the Group signed a collaboration agreement related to the planting of “Corporate Forests - Kiraboshi Forest” forestry resources in March 2019, through which it will encourage sustainable forestry management through forest protection activities. Furthermore, in October 2019 the Group conducted environmental training for employees, and carried out planting activities to raise awareness for the environment.



Cooperating with “campaign for growing low pollen forests”

The Group’s Kiraboshi Bank is extending its cooperation to the “the campaign for growing low pollen forests” in order to allow healthy forests to be maintained into the future, while also contributing to efforts to prevent global warming. As part of these efforts, it makes a donation every year to the Tokyo Development Foundation for Agriculture, Forestry and Fisheries’ “donation for growing low pollen forests.”



Provision of environmentally aware products, services, etc.

The Group’s Kiraboshi Bank offers environmentally aware financial products, such as “growing low pollen forests” term deposit accounts and “Nikko Eco Fund (an Internet-only product).” Such deposits result in donations to the Tokyo Development Foundation for Agriculture, Forestry and Fisheries’ “donation for growing low pollen forests.” Moreover, we started handling the “Kiraboshi SDGs Private Placement Bonds” in June 2020 to expand the adoption of SDGs and support initiatives to resolve environmental and social issues. In addition, we are striving to promote the adoption of the J-Credit Scheme* in cooperation with external organizations.



*The J-Credit Scheme is certified by Japan as a system of “credits” for the amount of CO₂ and other greenhouse gas emissions reduced and absorbed through the introduction of energy-saving devices, forestry management, and other initiatives.

Kiraboshi Eco Passbook (web passbook), Kiraboshi Bank app

The Kiraboshi Eco Passbook (Web passbook) is a web passbook service that, instead of a paper passbook, can be used to confirm up to 37 months of transaction details in a Kiraboshi Home Direct account. The Kiraboshi Bank app is a free smartphone app that can be used to view account activity and balance information in the way similar to that of a paper passbook. This environmentally friendly service results in a reduction in paper resource usage.



Utilizing paperless meeting management systems, electronic approval and reporting systems

Board of Directors meetings and management meetings, etc. are held using tablets, etc. without any paper. In addition, we are promoting a shift to paperless operations by managing the creation, referencing, approval, and subsequent document management of approval forms and report forms from the headquarters, etc. with an electronic approval and reporting systems. Shifting to a paperless operation not only reduces the volume of paper used but also leads to an acceleration of decision-making and productivity improvements.

Signing the “21st Century Principles of Financial Action”

Kiraboshi Bank, Ltd. has signed the “Principles of financial action toward the formation of a sustainable society (commonly known as the 21st Century Principles of Financial Action).” The Group is strengthening initiatives for environmental and social issues directed at the achievement of SDGs and will strive to develop sustainable local communities.

The actions of each and every individual are important

Our SDG initiatives are not limited only to the activities of the organization. The actions of each and every individual are also required for the achievement of these goals. As the everyday behavior of each of our employees also relates to the SDGs, we will here introduce a selection of the day-to-day actions taken by them. Going forward, our employees will work as one toward the achievement of the SDGs.

- Drive to save electricity by turning off lights in places where no people are present
- Adoption of “Cool Biz” and “Warm Biz”
- Recommending use of own reusable bag and bottle
- PET bottle recycling programs, etc.



Contributing to local communities



While deepening our dialogue with customers and those living in local communities, we take initiatives to create a safe and abundant society in which everybody can live securely and healthily, and work to realize a sustainable society.

CSR initiatives through the promotion of sports

On "Kiraboshi Bank Day," which we hold every year as a support event in collaboration with TOKYO FOOTBALL CLUB Co., Ltd., which manages the "FC Tokyo" J. League club, we award funds for children's education.

We endorse the "SPORTS of HEART" project, which aims to create a Japan in which everybody can share a rich and fulfilling life, and we also sponsored the "SPORTS of HEART 2019" sports and culture festival, which can be enjoyed both by those with and without disabilities.

In addition, in April 2019 we hired two top athletes for the first time, and going forward we will continue to contribute to the development of local communities through the promotion of sports.

The two athletes have been designated as elite athletes for FY2020.



Shingo Sawa (Athletics - pole vault)



Dan Iwasa (speed skating - short track)

Certified as a "Tokyo Sports Promotion Company"

The Group hosts the "Dream Cup" as part of its CSR measures for the sound development of local children. We sponsor sports events in local communities, such as soccer events for girls and local volleyball. These initiatives have received widespread recognition, leading to the Company being certified by the Bureau of Tokyo 2020 Olympic and Paralympic Games Preparation as a "2019 Tokyo Sports Promotion Company" and by the Japan Sports Agency as a "2019 Sports Yell Company." We will continue to play an active part in sports promotion activities into the future.



Sponsorship of local marathon events

In March 2019, as part of the "Community Dialogue Project" run by the Johoku/Nishi Tokyo regional headquarters, the Group sponsored the "Nerima Kobushi Half Marathon," in addition to which many employees played an active role as volunteers.

December 2019 saw the holding of "MINATO City Half Marathon 2019," and we were sponsors of this marathon event as a financial institution whose head office is located in Minato City.



Staff and others who participated "MINATO City Half Marathon 2019"

Cooperation with TEAM BEYOND

The Group is registered at the "TEAM BEYOND*" fan site set up by the Tokyo Metropolitan Government for sports for those with disabilities (para sports), and cooperates in the promotion of para sports.

*TEAM BEYOND is a Tokyo-based team that seeks to create a future in which everybody can express their individuality through para sports.



Initiatives for training "dementia supporters"

Against the backdrop of the rapid aging of society, we are carrying out initiatives to train "dementia supporters" with the aim of achieving local communities in which those suffering from dementia and their families can have peace of mind in their daily lives.

The Group has implemented initiatives whereby people can obtain "dementia supporter" qualifications, and "dementia supporters" are assigned to each department and branch.



Educational support for students and children

Through sponsorship of the Japan Football Association's "JFA Kokoro Project," we support the "Dream Class" program in which "Dream-Teachers," whose members include currently active athletes and former alumni of the project, and who convey "the importance of having a dream" mostly to audiences consisting mainly of 5th-grade elementary school children.



Dream-Teacher: Naohiro Ishikawa (soccer)

Hosting lectures provided through donations at the "TMU Premium College"

As part of the "Agreement to Support SMEs Through Academic-Industrial Collaboration" initiative signed between the Group and Tokyo Metropolitan University in August 2017, the "Kiraboshi Bank Finance Academy" lecture provided through donations was held a total of five times at the "TMU Premium College" from October 2019.



Tokyo Metropolitan University

Cooperation with the Nihon University College of Art (aimed at creating new value)

In June 2020, we signed a "Cooperation Agreement" with the Nihon University College of Art for the purpose of revitalizing the local economy and developing local communities as well as to contribute to the evolution of arts education and research. Through this cooperation, "Kiraboshi Bank" will be able to create new forms of value in addition to conventional financial services, and the students will be able to gain experience as creators by becoming directly involved in business strategy and financial services while at the "Nihon University College of Art," which will allow both parties to maximally utilize each of their strengths. This cooperation will lead to local and regional revitalization without being caught up in conventional frameworks for partnerships between industry and academia, and we hope to continue such initiatives in the future.

Cooperating with blood donations

As part of our activities to support local communities, we also cooperate with blood donation drives. By continuing these activities so as to help save more lives, we cooperate with the blood donation centers of the Tokyo Japan Red Cross to enable us to save the precious lives of those who need blood transfusions due to illness or injury, and will carry on these endeavors into the future.



Cooperation with UNICEF fund-raising activities, etc.

The Group runs "a foreign coins collection program," and the donations thus collected are put to use in support activities for children conducted by UNICEF in 150 or more countries and regions.

Also, within the Group, as part of our everyday volunteer activities we collect used stamps and cards and donate them to the Minato Council of Social Welfare.



Donations to Ronald McDonald House

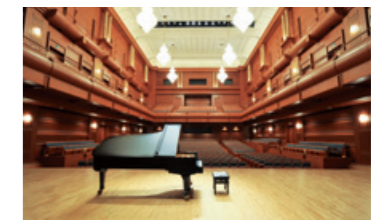
Ronald McDonald House is operated by Ronald McDonald House Charities Japan, and offers accommodation to lighten the economic and emotional burden of seriously ill children and their families. The Group makes donations to this charity every year. We will continue with this support to enable children with a future to be supported by their families while they are cured of their illnesses, allowing them to grow strong and healthy.



Ronald McDonald House Charities Japan

Initiatives for local art and cultural activities

The Group also sponsors the NIPPON STEEL Arts Foundation, which is based in the Kioi Hall. In addition, by sponsoring the creation and communication of the arts and culture, and the training and education of people in this area, such as by sponsoring the Tokyo Metropolitan Symphony Orchestra (support for seats for younger people), and by hosting the "Kiraboshi Christmas Concert" at the Aoyama office, the Group actively supports local art and cultural activities.



Kioi Hall

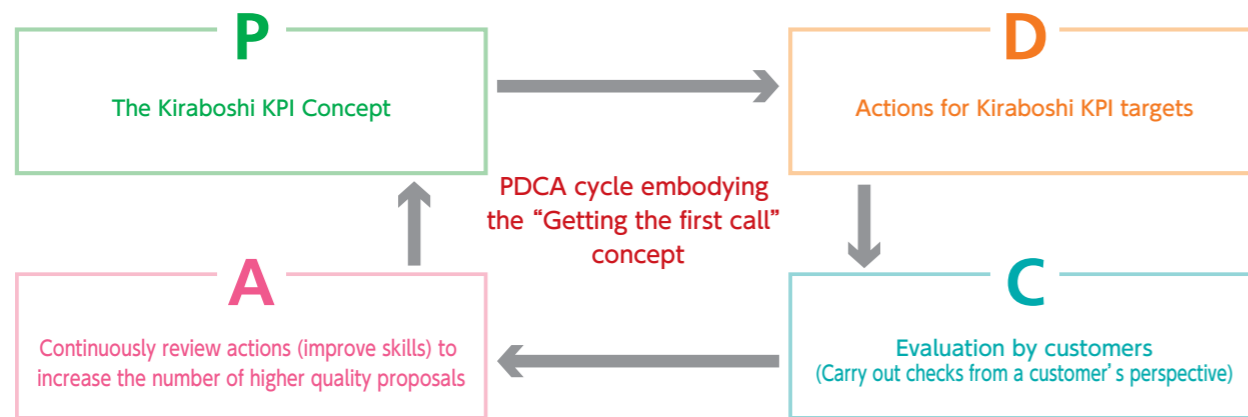
Creation of shared value with the customer



By utilizing financing and various kinds of funds based on business feasibility evaluations, as well as providing sophisticated consulting functions in such areas as business start-up, the expansion of sales channels, and business succession that match the company's stage of life, we will create shared value with the customer, and contribute to the sustainable growth of the local economy.

First call concept and PDCA

"The number of first call contacts," to which proposals are made in relation to support for mainstay operations or life plans, has been made a KPI, and in the fiscal year ended March 31, 2020, a total of 14,870 such contacts were made, significantly exceeding the annual target of 7,000.



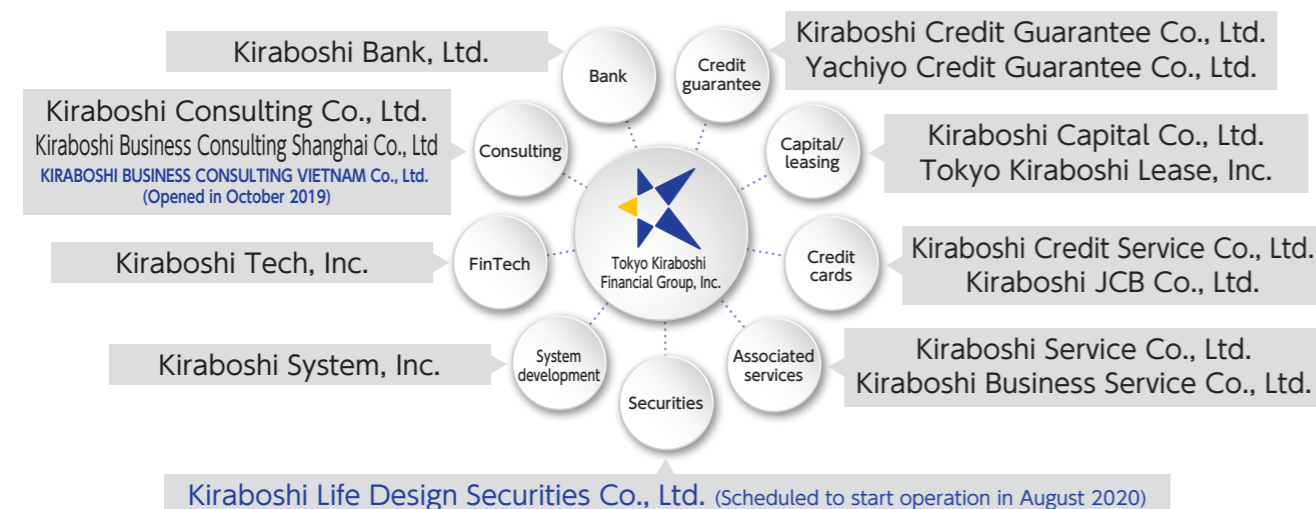
Enhancing the collective strength of the Group

Pursuing group synergistic effects

The Group is made up from the Company and 15 group companies and by providing a wide range of financial products and services to local people, is enhancing its collective strength to enable it to become "a comprehensive service business that is also strong in finance."

To further promote a customer-oriented business operation and to be able to provide products and services which meet the needs of customers more than ever before, we plan to open "Kiraboshi Life Design Securities Co., Ltd." in August 2020.

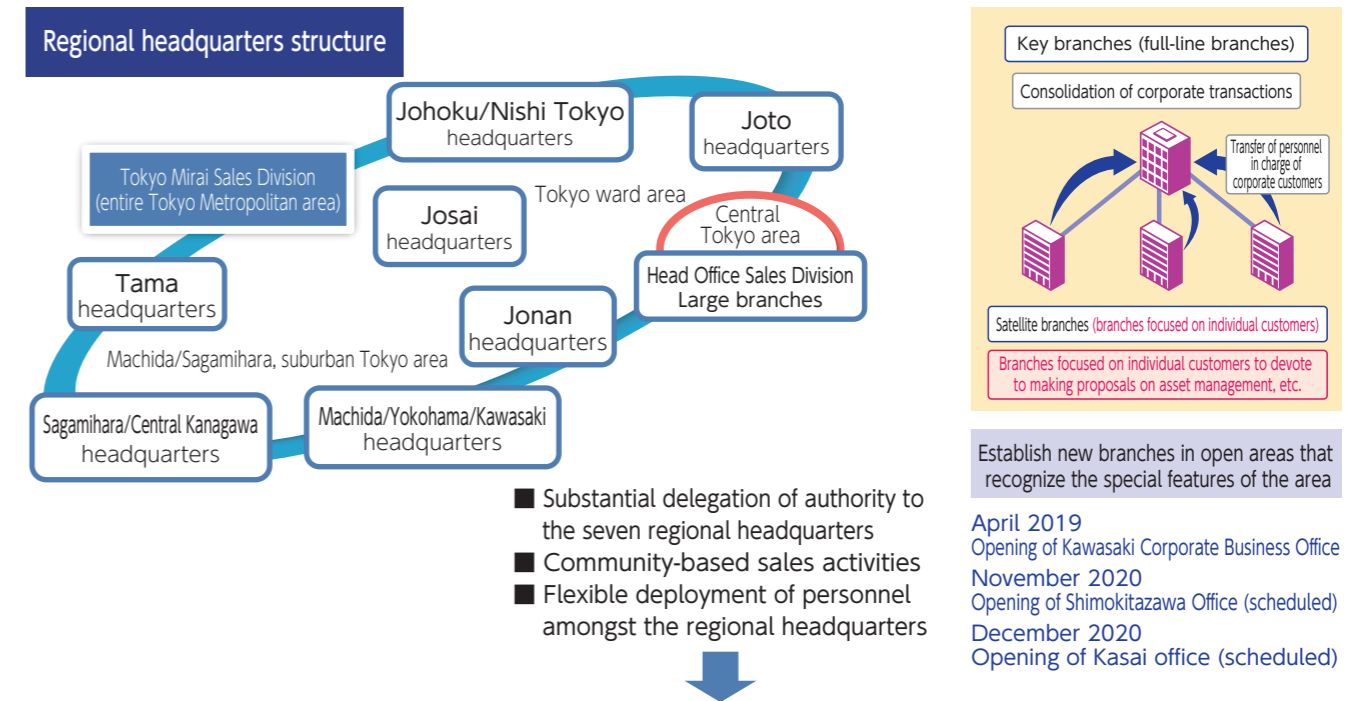
As of March 31, 2020



Regional headquarters structure and a key satellite strategy

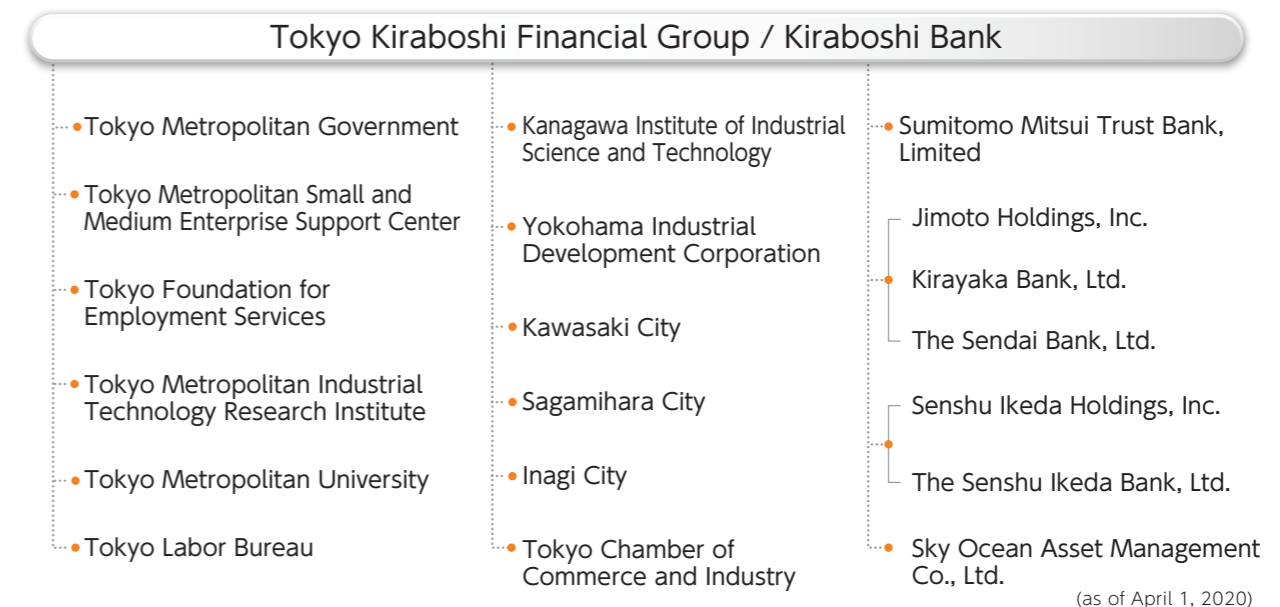
The Group has introduced a regional headquarters structure in preparation for "building a customer-oriented sales structure." With each regional headquarters providing the centers, going forward we will develop close-knit "dialogue" with customers and regions.

By using the regional headquarters structure and key satellite strategy, as well as opening locations in open territories in such a way as to meet local characteristics and needs, we will build a network with "dialogue" as the starting point



Respond to the needs specific to the special features of the area (market) with a sense of speed and through "dialogue" with the community and customers.

Collaboration with external organizations



Creation of shared value with the customer

| Support for expansion/operations overseas

From the perspective of the small and medium-sized enterprises in the Tokyo area that constitutes the operational base of the Group, overseas markets, and those in Asian regions in particular, are becoming increasingly important as an extension of the domestic market. At the same time, we believe that technology and services that are already mature in Japan will, going into the future, be readily accepted among Asian regions that are still in their growth phase (the "time machine" model). Moreover, in this situation local companies hold the potential to inherit businesses from Japanese companies, or to become joint operators of businesses and growth drivers. We will act as a bridge between such local Asian companies on the one hand and our customers on the other, developing the "New Overseas Strategy" described below in order to respond to customer needs.

◆Kiraboshi Bank's new overseas strategy

1. Provide opportunities to small and medium-sized enterprise customers for alliances, business matching and cross-border M&A, etc., with local Asian companies by offering information on such organizations
2. Invest in or collaborate with offshore funds in order to obtain information on local Asian companies (Strengthen information network in Asian regions)
3. Following on from the only consulting subsidiary in Shanghai (China) operated by a regional financial institution, establish a consulting subsidiary in Ho Chi Minh, Vietnam (reinforce the China-plus-one support structure)

| Supporting business start-ups

The Company set up a "start-up support group" within Consulting Division providing assistance for the various needs of founders and entrepreneurs, as well as providing bridges to external start-up support agencies. Moreover, we are expanding the menu of support services through coordination with the Group companies including "Kiraboshi Capital Co., Ltd.," "Kiraboshi Consulting Co., Ltd.," and "Kiraboshi Tech, Inc."

In addition, we exhibited at the "Tokyo International Industry Exhibition" in November 2019 to introduce the Group's initiatives for supporting SMEs and local revitalization. Once again, we set up an exhibition corner as we did the previous year featuring 10 companies, where female managers play an active role, that the Group has supported since their establishment under the theme of "Making Kiraboshi Bank the natural partner for start-ups." Through cooperation with the "Tokyo Venture Championship 2019 [supported by the Tokyo Metropolitan Government]" and other events, we will strive to provide business growth support for entrepreneurs aiming to create unicorn companies and job creation.



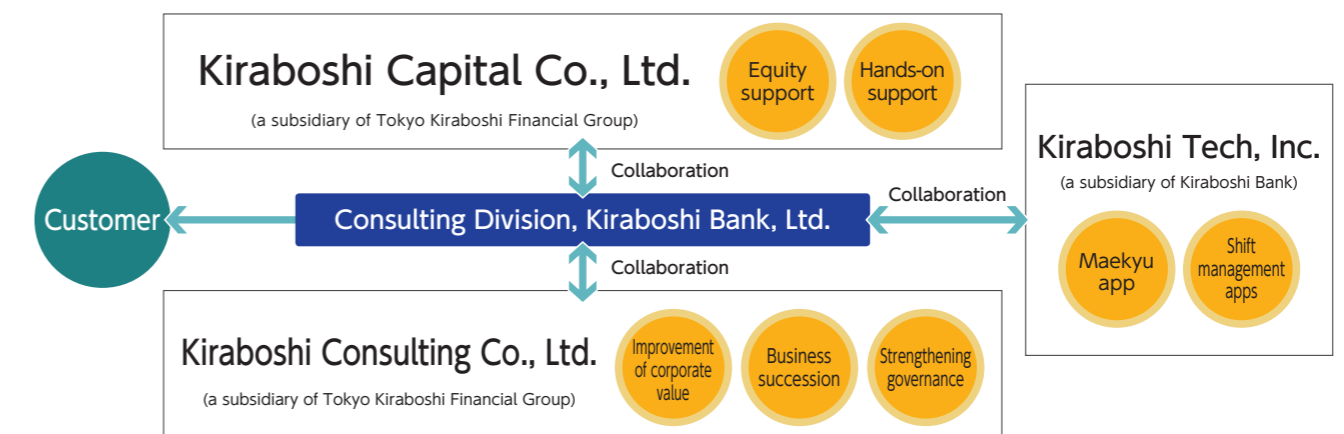
Tokyo International Industry Exhibition 2019



Tokyo Venture Championship 2019

Supporting customers with a full-fledged consulting organization

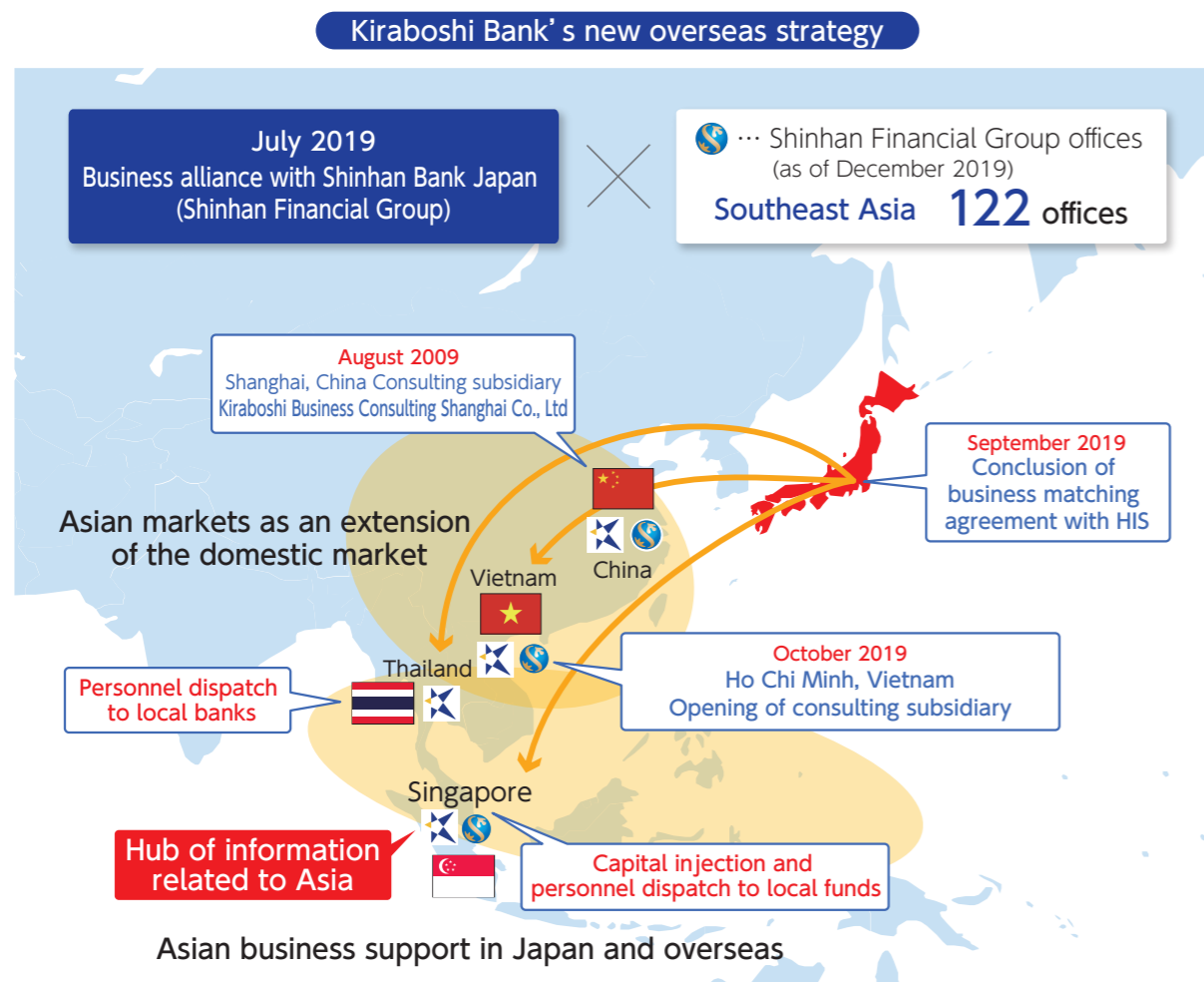
Through the collective strength of our Group, Kiraboshi Bank provides a wide range of financial products and services to everyone in the local community as "a comprehensive service business that is also strong in finance."



Selected benchmarks			
	FY2017	FY2018	FY2019
Number of start-up support cases	3,012	5,322	10,652
Support for drawing up start-up plans	1,529	687	1,745
Financing to customers during start-up period (executed)	1,058	1,173	1,247
Introducing financial agencies affiliated with the government and institutions supporting start-ups	276	1,192	3,365
Subsidies, financing and investment in venture businesses	149	2,270	4,295

*FY2017 count also includes cases received at sales offices.

Proprietary benchmarks			
	FY2017	FY2018	FY2019
Number of start-ups supported in partnership with local government organizations, etc.	194	1,053	2,160

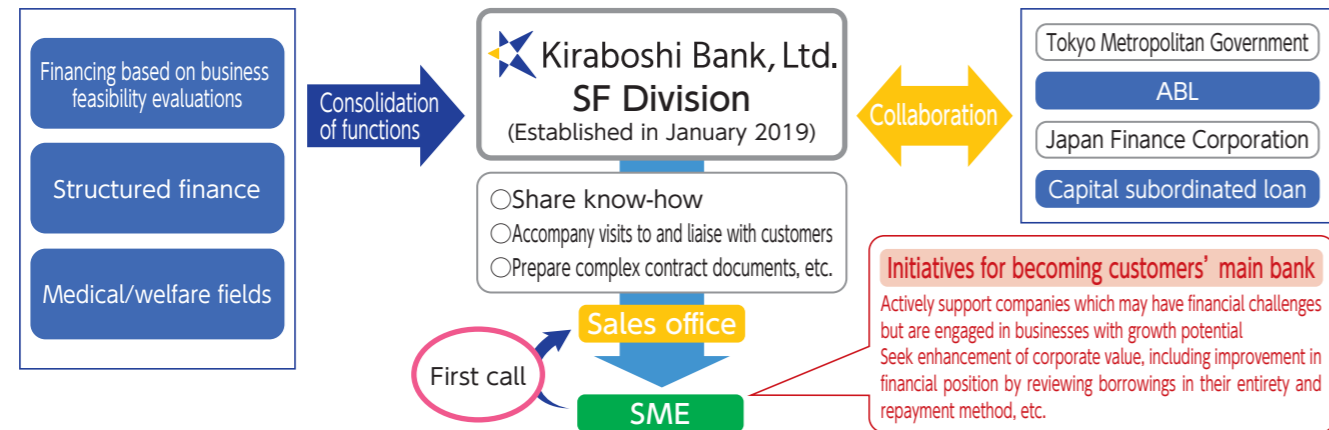


Creation of shared value with the customer

Status of initiatives related to the support of management for small and medium-sized enterprises, as well as the revitalization of the region

<Offer consulting functions by leveraging contact with the broad customer base to which we have access as a local regional bank to display the specialization within the overall Group>

◆Demonstrating consulting functions and strengthening relationships by leveraging contact with the broad customer base
The Group continues to aim to be the main bank for small and medium-sized enterprises in the Tokyo area, working to provide support for growth that helps raise customer productivity, demonstrating its consulting functions and striving to strengthen relationships.



● Business matching

The Group works actively to provide venues for business discussions and for the exchange of information with customer companies, such as by assigning specialists in business matching. We host a variety of business discussion and information exchange meetings to support the expansion of our customers' sales channels.

Selected benchmarks		FY2017	FY2018	FY2019
Number of companies where support for expanding sales channels was provided	Local	745	891	1,100
	Overseas	103	140	45
	Total	848	1,031	1,145

Selected benchmarks		FY2017	FY2018	FY2019	
Total number of customers and number of customers by region	Total number of customers		27,750	26,397	25,797
	Number of customers by region	Local	21,040	19,867	19,565
		Tokyo	5,484	5,231	5,011
		Kanagawa prefecture	1,226	1,299	1,221

Shared benchmarks		FY2017	FY2018	FY2019
Among companies that conduct transactions with a financial institution as their main bank, the number (group) that has shown improvements in management indicators or increases in the number of employees	Number of companies using us as main bank	9,404	9,432	9,855
	Value of financing to companies using us as main bank	¥777.5 billion	¥941.5 billion	¥1,149.2 billion
	Number of companies showing improvement in management indicators, etc.	6,747	6,126	4,566

● Multifaceted support for medical/welfare field

In an environment characterized by the declining birthrate and aging population, we have positioned the "medical/welfare field" as a growth area and a local industry for the Tokyo Metropolitan area, to which we will provide multifaceted assistance not only through financing but also through support for mainstay operations, etc.

Proprietary benchmarks	FY2017	FY2018	FY2019
Number of consulting support deals with medical and nursing care businesses	88	82	81

BCP measures

The Group is striving to strengthen its response capabilities with respect to business continuity through regulations and system maintenance for responding to natural disasters and infectious diseases, etc. In addition, we are introducing a safety verification system and maintaining the functions of buildings and facilities, etc. to be able to use facilities and systems, etc. in a continuous and stable manner while also implementing measures such as assessing facility aging, carrying out appropriate maintenance management, and conducting anti-disaster drills to prepare for various types of disasters, accidents, and infectious diseases, etc. In particular, because the impact of the novel coronavirus disease (COVID-19), etc. has increased, we established an emergency response headquarters headed by the President of Kiraboshi Bank, a subsidiary of the Company. To prevent infection, we are striving to implement measures to reduce the risk of simultaneous infection by employees engaged in the same work by changing the business hours and implementing measures to prevent closed spaces, crowded places, and close-contact settings (Three Cs) at branches, instituting more diverse and flexible work styles, and reviewing the work attendance conditions.

◆ Investment participation in the "2019 Wide Area Reconstruction Support Fund for Typhoon Damage"

The Group participated as a limited partner in an investment in the "2019 Wide Area Reconstruction Support Fund for Typhoon Damage" (hereinafter, "Fund") which was newly established in January 2020 by the Regional Economy Revitalization Corporation (REVIC) of Japan. The primary purpose of the Fund is to release excessive debt, provide necessary capital, and offer physical support to companies, etc. that have suffered damage due to typhoons and other disasters. As a financial institution which is deeply rooted in the local community, we are helping companies, etc. who have been affected by disasters to continue, reopen, and rebuild their businesses to achieve early recovery and reconstruction in disaster-affected areas through the Fund. Furthermore, the name and rules, etc. of the Fund have changed due to the fact that businesses affected by the spread of COVID-19 were added to the scope in June 2020.

◆ Enhancement of financial intermediary and consulting functions

Providing full support to customers in the "fight against COVID-19"

Enhancement of financial support and consulting functions

February 2020: **Started offering assistance in applying for emergency lending program, set up loan consultation desks**

March: Conducted a survey of approx. 25,000 companies on business impact of COVID-19

March: **Established COVID-19 Kiraboshi Fund (applicants receive responses in principle within 3 business days), started loan consultation on holidays and loan modification fee waivers related to business feasibility financing**

April: Expanded holiday loan consultation to all branches

May: Extended period for operating holiday loan consultation (Some branches operated during the Golden Week period)

June: Started accepting consultation on funding problems via the Internet (ended holiday loan consultation)

Kiraboshi support package	
Funding	<ul style="list-style-type: none"> Effectively interest-free loans, unsecured loans Original COVID-19 relief fund Consultation on funding problems
Subsidies/grants (information and guidance)	<ul style="list-style-type: none"> Ministry of Health, Labour and Welfare Ministry of Economy, Trade and Industry Tokyo Metropolitan Government Kanagawa prefecture Saitama prefecture Chiba prefecture
Support of mainstay operations (Business matching, etc.)	<ul style="list-style-type: none"> Development of business plan, management plan Cost reduction (rent, electricity, communication, other expenses) HR support Accounts receivables guarantee Subcontracting receivables protection (construction industry) ICT implementation support Equipment procurement / leasing

* Responding to inquiries on diverse subjects including collaboration with administrative bodies and public financial institutions, and use of directed credit programs and subsidies



Employee's work style reform and promotion of diversity



In addition to promoting Kenko Keiei* (health and productivity management) by encouraging a work-life balance, the Group is taking steps that include supporting the contribution of women, and creating an environment in which all employees, irrespective of gender or age, can feel satisfaction in their work, thus facilitating the development of diverse human resources and the realization of diverse work styles.

*"Kenko Keiei" is a registered trademark of Workshop for the Management of Health on Company and Employee.

Setting up of "Diversity Promotion Section"

In order to promote diversity management as a management strategy, we established a "Diversity Promotion Office" in October 2018 to positively promote organizational diversity including the active participation of women. We are promoting various initiatives such as the hosting of the "Kiraboshi Women's Inclusion Network" to support the recognition and improvement of issues in women's careers and the "Meetup with Outside Directors," and the "Declaration to achieve a 100% rate for male employees taking childcare leave." In December 2018, in recognition of the quality of its initiatives related to the promotion of women's active participation and advancement, the Company was certified at the highest "Stage 3 level" of the "Eruboshi" by the Minister of Health, Labour and Welfare.



"Kiraboshi-style" work style reform

Respect for diverse human resources

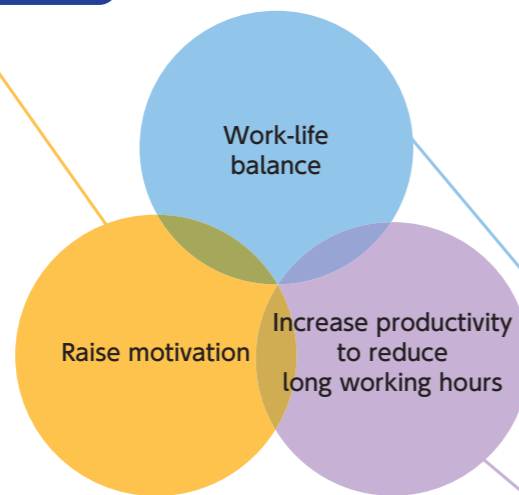
- ◎Promote women's active participation and advancement, and utilize personnel irrespective of their nationality or whether they have disabilities

Support for self-determined career design

- ◎Establish female career path and raise the rate of promotion for women in management roles
- ◎Start investigation of career design support and training system

Communication reform

- ◎Reform internal communication and visualize personnel information by initiating a trial of 1 on 1 meetings and 360° evaluations



Supporting flexible work styles

- ◎Introduce mobile work and launch a work from home and flex time system trial

Support for balancing work and home

- ◎Enrich system for supporting balance between work and childcare/caregiving
- ◎Encourage male employees to take childcare leave

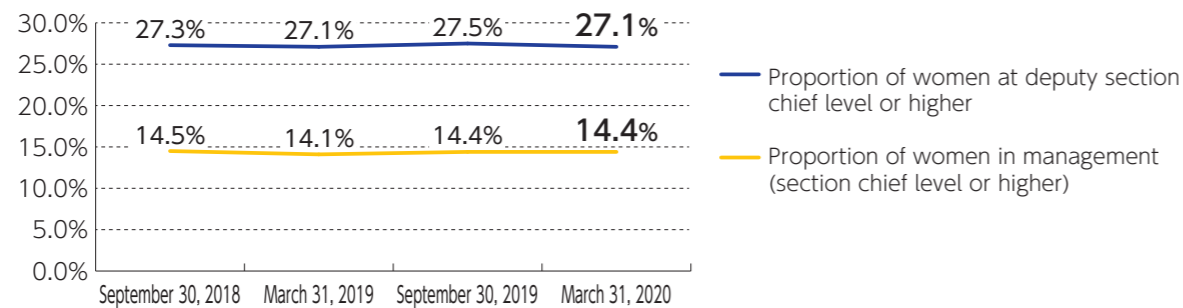
Health and productivity management

- ◎Acquire the "Silver Certification" under the "Healthy Company Declaration"

Business process re-engineering at sales offices and headquarters

- ◎Promote the reform of work and the value of work (Project ZERO)
- ◎Reform awareness to facilitate appropriate time management and resolve long working hours

Proportions of women in management and at deputy section chief level (or higher)



Introducing mobile work and launching a work from home and flex time system trial

Supporting flexible work styles that are uncoupled from time and place, such as considering the adoption of mobile-working



Initiating a trial of 1 on 1 meetings and 360° evaluations

Stimulating communication, assessing diverse staff member skills, and providing career design support



Hosting Kiraboshi Women's Inclusion Network and Meetup with Outside Directors

Sharing work-related concerns, recognizing issues, and supporting improvements, etc.



Developing trusted human resources

In order to realize the Group's future vision of becoming "a comprehensive service business that is also strong in finance" as described in the "Start-up☆Kiraboshi" Medium-term Business Plan, we are implementing the "Developing Kiraboshi People Program" to develop human resources who can internalize the concerns and issues of customers and take action with a strong sense of ownership.

Human resources development policy

- Leadership-oriented human resources with a sense of responsibility and ambition who can act in a way which exceeds expectations and their role
- Facilitation-oriented human resources who understand the essence of things and share their true meaning while respecting diversity
- Innovation-oriented human resources with a broad viewpoint and a strong sense of curiosity who can enjoy new things

Programs	Target year	Purpose
First Penguin Program Practical Course (FPP practical course)	All employees (excluding first year)	Developing "Kiraboshi People"
First Penguin Program Leadership Course (FPP Leadership Course)	Late 30s to mid 40s	Conceiving and executing ideas about types of value that Kiraboshi can provide in the future

*"Kiraboshi People" are able to win the trust of customers, think and act by putting themselves in their shoes, and experience success as a result.

Development platform for Kiraboshi People

Fundamental financial competence

- Obtaining financial knowledge
- OJT
- Self-development



Improve character/practical skills

- Implement new programs for human resources development in line with HR development policies
- Kiraboshi report
- First penguin program
- Innovation board
- Training camp for mid-career staff jointly with officers
- Training specific to rank



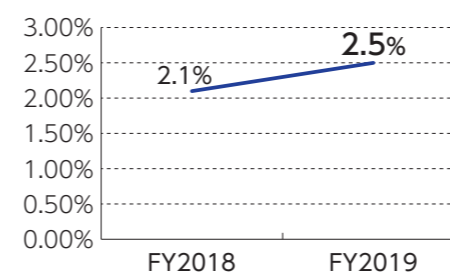
Dispatch, etc. personnel to external organizations in and outside of Japan

- Administrative organizations/economic organizations
- Financial institutions, fund companies, and others
- Graduate schools
- Overseas related (finance/public)
- Medical
- FinTech related, etc.

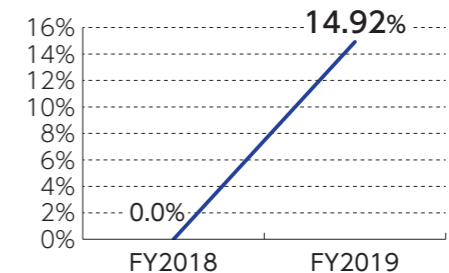
Dispatch to affiliated Group companies

- Kiraboshi Consulting Co., Ltd.
- Kiraboshi Tech, Inc.
- Kiraboshi Capital Co., Ltd.
- Shanghai local subsidiary, etc.

Employment rate of people with disabilities



Rate of male employees taking childcare leave



<<About the leave taking rate>>
Ratio of male employees who had a child during the fiscal years above and took childcare leave within the same fiscal year

Digitalization / FinTech strategy

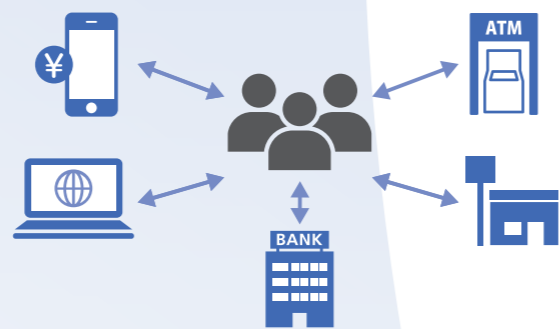
Productivity improvement through digitalization and business process re-engineering

- Completed systems integration in May 2020 for improved convenience and productivity
- Toward improved customer convenience

“Goal” Seal-less, cashless and paperless bank

Enhancement of Kiraboshi Bank app functions

- Greater living convenience and higher added value of bank accounts
- Enhanced non-face-to-face channel



Business process re-engineering

- Roll out of electronic approval system, expense settlement system etc. in all branches



Toward improved productivity through business process re-engineering

Use of tablet computers and smartphones

- Development of Groupware, promotion of paperless office
- Phased distribution of mobile PCs and smartphones to sales personnel



Promotion of Project “ZERO”

- Simplification of back-office processes (such as deposit seal slips, address change procedure, loss related work, inheritance work)



Trial implementation of mobile-working and hot-desking

Strengthen flexibility to ensure business continuity through use of video conferencing, mobile-working, etc.



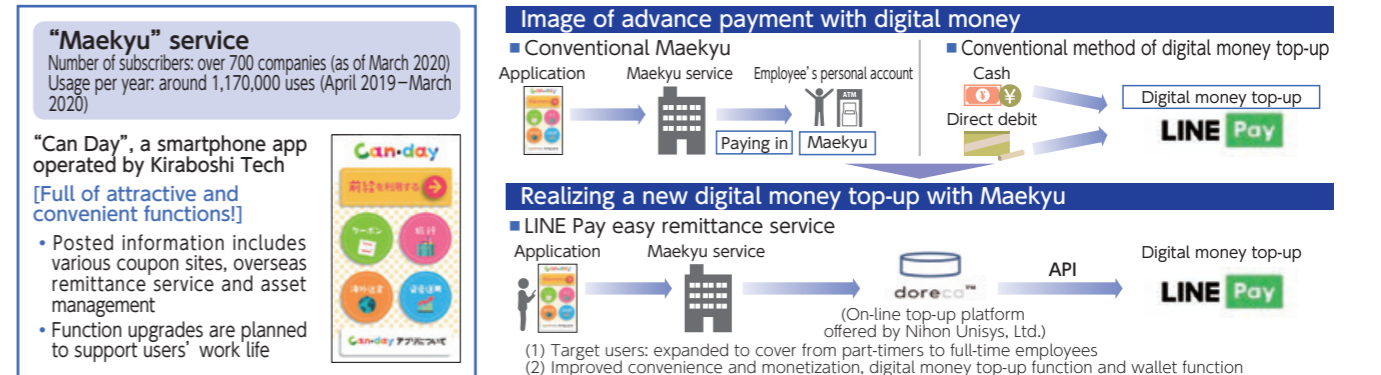
Systems integration

Improvement of customer convenience through digitalization

Development and provision of Maekyu service using FinTech

Digital strategy

In April 2020, initiated verification test of digital money top-up applying the “Maekyu” scheme on Group employees

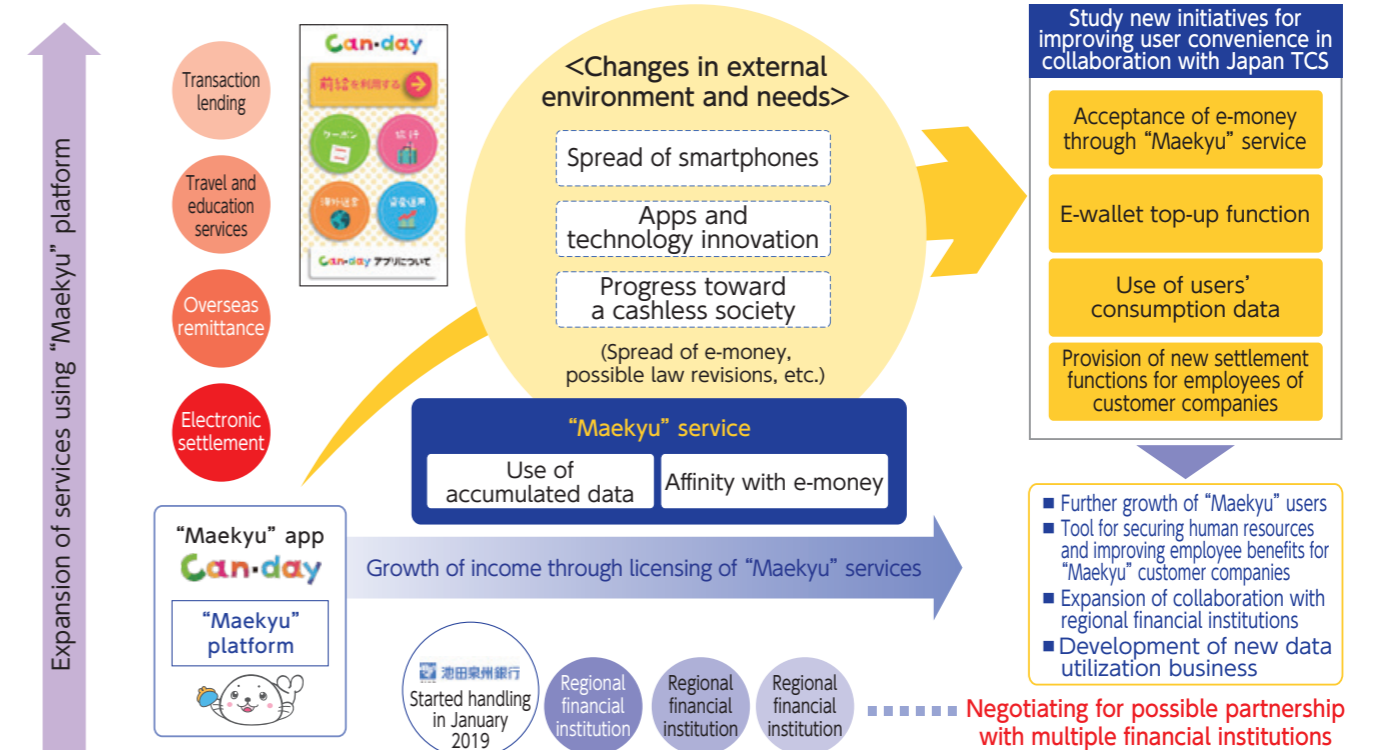


“Maekyu” service

Maekyu is the banking industry’s first service that enables salary payment at any time, allowing people to receive money before payday, within the limits of work done (a patent was received for the business model in June 2005). Against the backdrop of recent labor shortages, it has been well received by companies aiming to secure staff and improve retention ratios, and with the increase in the number of companies deploying the service, the number of transactions is also rising nationwide.

We also established Kiraboshi Tech, Inc., which develops various kinds of apps and provides new services with FinTech and venture companies, and in August 2018 released the “Can day” smartphone app for users of the “Maekyu” service. Furthermore, we have granted a license for the use of the “Maekyu” service to The Senshu Ikeda Bank*, which began full-scale provision of the service in January 2019. Going forward, we will continue to actively pursue collaborations with regional banks, accelerating its deployment over a wide area.

*Kiraboshi Bank, Ltd. and The Senshu Ikeda Bank, Ltd. are both banks whose base is in major conurbations, namely the Tokyo and Osaka areas respectively, and whose goal is to contribute to the development and revitalization of economic society. With this in mind, on January 27, 2017, the two banks signed an agreement on a Tokyo-Osaka partnership that “connects” the Tokyo and Osaka areas.



Dialogue with shareholders and investors



In order to achieve sustainable development for the Company and enhance shareholder value, as well as raise the transparency and objectivity of management, we are striving to assist in the development of local communities through strengthening structures associated with corporate governance and working to ensure compliance.

Information Disclosure Policy

Under our management philosophy, that is “to be a financial group for small and medium-sized enterprise customers and individual customers in the Tokyo metropolitan area that will contribute to the development of local communities through comprehensive financial services,” the Group is committed to making timely and appropriate disclosure and provision of information that is easy to understand, not only on financial information but also on non-financial information such as management strategies and issues and information on risks and governance, in an aim to win more trust and reputation from our customers, shareholders, and local communities, etc. The Group has established the “Information Disclosure Policy” for the timely and appropriate disclosure and provision of information that is easy to understand to stakeholders, and strives to disclose information in a fair and equitable manner.

Holding briefing sessions for investors

The Group is engaged in IR activities such as holding briefing sessions for institutional investors and private investors so that stakeholders including our customers, local communities, shareholders understand the management status and other aspects of the Group.



Results briefing (held on December 10, 2019)

	Activities (timing in FY2019, etc.)
Japanese institutional investors and securities analysts	Business results briefing (June and December) and individual meetings (as necessary)
Individual shareholders and private investors	Results briefing for private investors (July, October, January, and February)

Dividend policy

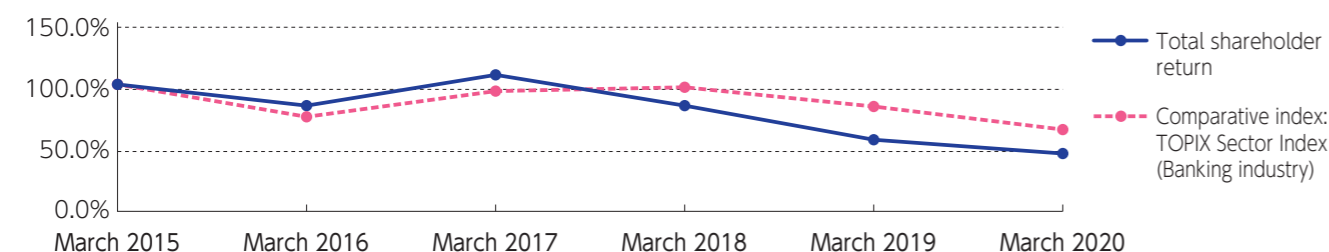
The Company takes into account the public nature of its role as a bank holding company, so that as well as striving to ensure financial soundness by maintaining appropriate internal reserves, it regards returning profits to shareholders as a key management measures, having adopted a basic policy of implementing consistent and stable dividends.

Introduction of performance-based stock remuneration plan

Through the introduction of this plan, the Company will clarify the linkage between remuneration and the Company’s performance and share value, and ensure that Directors will share benefits and risks due to share price fluctuations with shareholders, thereby raising awareness of contributing to expand its performance and to improve corporate value on a medium to long-term basis.

Total shareholder returns and comparative index trends for the past five years

The trends in “total shareholder returns” over the past five years are compared below to the total returns in the TOPIX Sector Index (Banking industry). These “total shareholder returns” are the ratio of the revenue received due to the share investment (dividends + capital gains) divided by the investment amount (share price) which are calculated as shown below by dividing the revenue for each period by the share price from five periods before.



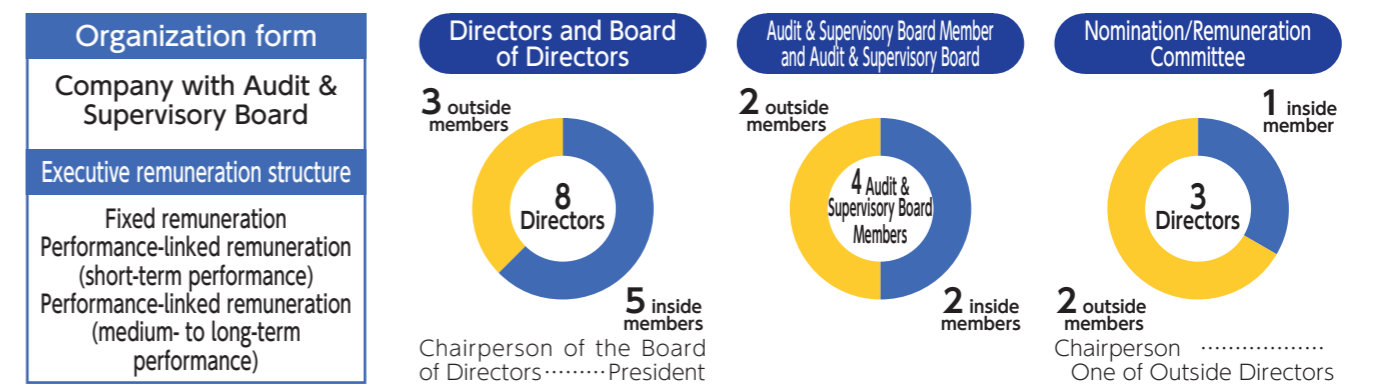
Status of corporate governance

Basic approaches to corporate governance

The Company considers corporate governance to be one of the most important management issues and has established the “Basic Policy on Corporate Governance” directed at the realization of the management philosophy “to be a financial group for small and medium-sized enterprise customers and individual customers in the Tokyo metropolitan area that will contribute to the development of local communities through comprehensive financial services” and the management policies of being “(1) A bank that sparkles, (2) A bank that rises to the challenge, and (3) A bank that brings together ideas.” In order to put in place the “system that ensures properness of business operations” of the Company and Group companies, the Board of Directors of the Company has resolved the “Basic Internal Control Policy” and endeavors to improve its effectiveness.

Basic policy on corporate governance / Status of putting in place the internal control system
<https://www.tokyo-kiraboshifg.co.jp>

Outline of corporate governance system



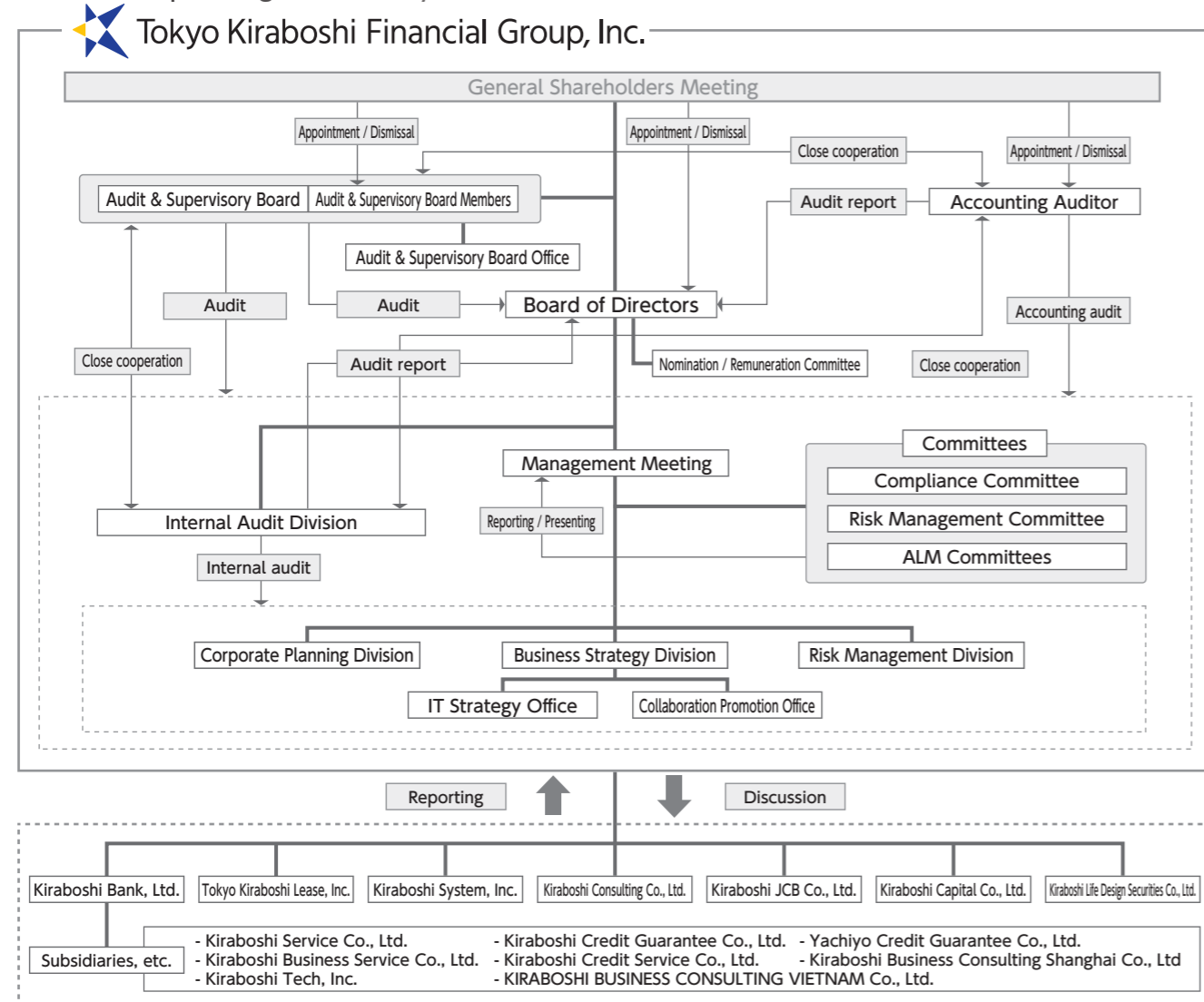
Basic Policy on Corporate Governance

- The Board of Directors of the Company decides important matters such as management policies and strategies in accordance with applicable laws and regulations as well as the Regulations for the Board of Directors, and endeavors to put in place a system for supervising the execution of duties by Directors through such measures as receiving reports on the status of execution of business delegated to the Management Meeting and Directors and other important matters.
- The Company strives to ensure the appropriateness of management supervision and audit functions as well as a system for efficient business execution, by effectively utilizing the management supervisory function realized by the appointment of highly independent Outside Directors and Outside Audit & Supervisory Board Members and the audit function performed by Audit & Supervisory Board Members and Audit & Supervisory Board, and by enhancing the effectiveness of corporate governance. As an organizational design for this purpose, the Company has adopted a company with Audit & Supervisory Board, and has voluntarily established the “Nomination/Remuneration Committee,” the majority of which consists of Outside Directors, striving to ensure the objectivity and transparency in Directors’ appointment and decisions about their remunerations.
- In order to put in place a system that ensures properness of business operations, the Board of Directors will resolve the “Basic Internal Control Policy” and endeavor to improve its effectiveness.
- In order to ensure the sound and appropriate business operations of each Group company, the Company endeavors to conduct suitable management of various risks as a whole group under appropriate group business management (governance).
- While striving to establish corporate ethics based on its social mission as a regional financial group, the Company endeavors to ensure the soundness and appropriateness of business operations, upholding its basic policy of fostering the corporate culture that emphasizes compliance and is accredited by shareholders and trusted by customers and society.
- The Company takes appropriate steps to ensure that shareholders’ rights are substantially secured, including putting in place an environment that enables shareholders to exercise their rights appropriately. The Company will also make efforts to disclose information in a prompt, accurate, and equitable manner in order to enable its stakeholders to accurately understand the current status of the Company for the purpose of achieving sustainable growth of the stakeholders and the Company.
- The Company has established three action guidelines as basic approaches to CSR, “contribution to the local economy,” “contribution to local communities,” and “initiatives for environmental problems,” and is committed to practicing CSR management and contributing to the formation of a sustainable local community. In order to contribute to the achievement of the SDGs advocated by the United Nations, the Company has established the “Tokyo Kiraboshi Financial Group SDG Declaration.” Under the main themes of “environmental protection,” “contribution to the local community,” “creation of shared value with the customer,” “employees’ work style reform and promotion of diversity,” and “dialogue with shareholders and investors,” the Company is committed to making contributions towards the realization of a sustainable society, the aim of SDGs, by understanding SDGs and acting for SDGs by each officer and employee.

Outline of corporate governance system

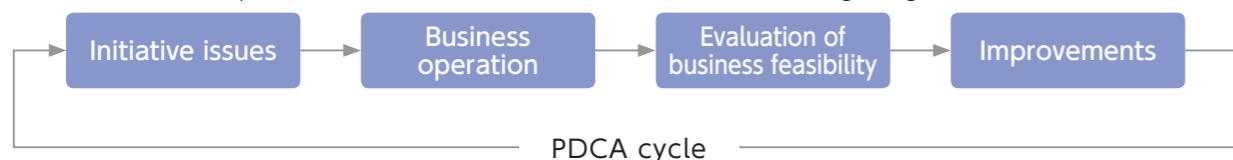
The Company is a company with Audit & Supervisory Board, and the Board of Directors, Audit & Supervisory Board Members, and the Audit & Supervisory Board supervise and audit the execution of duties by Directors. The Company believes that the appropriateness of management supervision and audit functions as well as a system for efficient business execution are ensured by effectively utilizing the management supervisory function realized by the appointment of highly independent Outside Directors and Outside Audit & Supervisory Board Members and the audit function performed by Audit & Supervisory Board Members and the Audit & Supervisory Board, and by enhancing the effectiveness of corporate governance. The main business management organizations involved in the management decision-making, execution, and supervision of the Company are as follows.

Chart of corporate governance system (as of July 1, 2020)



Initiative to improve the effectiveness of the Board of Directors

The Company implements Director self-evaluations with respect to the effectiveness of the Board of Directors and discusses those results with the members of the Board of Directors to improve the effectiveness of the entire Board. During FY 2019, each of the Directors and Audit & Supervisory Board Members (including outside members) conducted a self-evaluation in a survey format covering ways to improve the operation of the Board of Directors, the appropriate deliberation conditions, and management issues. Those results were summarized and then evaluated and analyzed by the Board of Directors. Going forward, we will strive to further improve the effectiveness of the Board of Directors and strengthen governance.



Business execution and supervisory function

Directors and Board of Directors

The Board of Directors consists of eight Directors (including three Outside Directors). The Board of Directors has a system in place that enables the holding of one meeting in principle each month and other extraordinary meetings whenever the need arises in order to decide important matters such as management policies and strategies and to supervise the execution of duties by Directors through such measures as receiving reports on the status of business execution and other important matters.

Nomination/Remuneration Committee

The Company has voluntarily established the Nomination/Remuneration Committee as an advisory body with the intent of securing objectivity and transparency regarding personnel matters and remuneration of Directors. The Nomination/Remuneration Committee consists of four Directors or less (including at least two Outside Directors) appointed by the resolution of the Board of Directors, with its chairperson being appointed out of Outside Directors by the resolution of the Board of Directors.

Management Meeting

Under the Board of Directors, the Company has established the Management Meeting that consists of Directors, etc. of the Company and holds one meeting in principle each week and other extraordinary meetings whenever the need arises. The Management Meeting decides important matters other than those to be resolved by the Board of Directors and matters delegated by the Board of Directors, and receives reports on the status of business execution and other important matters.

Committees

The Company has set up the "Compliance Committee," the "Risk Management Committee," and the "ALM Committee" as the subordinate organizations to the Management Meeting for each area of important management issues, and has established a system that increases expertise and agility. Each Committee meets regularly and at any time whenever the need arises in accordance with their respective rules.

Audit and supervisory functions

Audit & Supervisory Board Member and Audit & Supervisory Board

The Company's Audit & Supervisory Board consists of two full-time Audit & Supervisory Board Members and two part-time Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members). The Audit & Supervisory Board strives to strengthen the audit structure by ensuring effective monitoring functions for Directors' decision-making and business execution. Each Audit & Supervisory Board Member conducts audits on execution of duties by Directors, internal control, and other related matters by engaging in such activities as attending the Board of Directors' meetings and other important meetings, reviewing important approval and other documents, and conducting audits to each division of the Company and investigations on subsidiaries, in accordance with audit policies and plans established by the Audit & Supervisory Board. Audit & Supervisory Board Members and the Audit & Supervisory Board are striving for effective audits by maintaining close cooperation with the internal audit departments, the Accounting Auditor, and other relevant parties, by exchanging opinions on priority audit issues in regular meetings with Representative Directors and other executives, or otherwise.

Internal audit

The Company's internal audits have been conducted by the Internal Audit Division, a division established independently from the rest of the Group, based on the "Medium-Term Internal Audit Plan" and the "Annual Internal Audit Plan" approved by the Board of Directors. Results of the audit have been reported regularly to the Board of Directors. The Company has a system in place that enables the close cooperation between audits by Audit & Supervisory Board Members and accounting audits through attending to regular meetings and exchanging opinions and information as appropriate. The system also ensures that internal control departments provide explanations, reports, and supplementary materials for audits by Audit & Supervisory Board Members at regular meetings, while explanations and supplementary materials are provided to accounting audits as necessary.

Audit by Audit & Supervisory Board Members

Audit & Supervisory Board Members conduct audits on execution of duties by Directors, internal control, and other related matters by engaging in such activities as attending the Board of Directors' meetings and other important meetings, reviewing important approval and other documents, and conducting audits to each division of the Company and investigations on subsidiaries, in accordance with audit policies and plans established by the Audit & Supervisory Board. Audit & Supervisory Board Members and the Audit & Supervisory Board are striving for effective audits by maintaining close cooperation with the internal audit departments, the Accounting Auditor, and other relevant parties, by exchanging opinions on priority audit issues in regular meetings with Representative Directors and other executives, or otherwise. The Company has elected one Substitute Audit & Supervisory Board Member to prepare for the case where the number of Audit & Supervisory Board Members falls below the number required by laws and regulations. In addition, two assistants to Audit & Supervisory Board Members are assigned to support audits by Audit & Supervisory Board Members.

Accounting audit

The Group's accounting audit is conducted by Ernst & Young ShinNihon LLC.

Status of putting in place the internal control system

Under the Companies Act and the Regulation for Enforcement of the Companies Act, in order to put in place the “system that ensures properness of business operations” of the Company and Group companies, the Board of Directors of the Company has resolved the “Basic Internal Control Policy” as follows and endeavors to improve its effectiveness. We will continue to review and enhance the content as appropriate.

1. **System to ensure that Directors and employees execute their duties in compliance with laws and regulations and the Articles of Incorporation**
 - (1)The Company will establish the Basic Compliance Policy to ensure that officers and employees of the Company and Group companies comply with laws and regulations, the Articles of Incorporation, and social norms, and the proper and sound business operations. In addition, the Basic Compliance Regulations will be established as specific action guidelines for compliance.
 - (2)The Company will establish the Compliance Committee and the division supervising compliance to have comprehensive monitoring and management of the status of compliance by the Company and Group companies and to put in place a system for compliance.
 - (3)The Company will establish the Internal Audit Division that is independent of the departments to be audited, and the Internal Audit Division will regularly audit the status of business operations by the Company and Group companies and report the audit results to the Board of Directors.
 - (4)In accordance with the Whistleblowing Management Rules, the Company will set up an organization for consultation and receiving whistleblowing reports about violations of laws and regulations by officers and/or employees, handle the consultations and reports properly, and put in place a system to protect whistleblowers and relevant parties.
 - (5)The Company will establish the Customer Protection Management Policy and the Conflict of Interest Management Policy, put in place a system for the improved protection and convenience of customers of the Company and Group companies, and put in place a system for managing conflicts of interest to prevent undue harm to the customers' interest.
 - (6)In accordance with the Basic Policy on Dealing with Antisocial Forces which is established as a basic policy for the elimination of any relationship with antisocial forces, the Company will put in place a system for eliminating relationships with antisocial forces that threaten the order and safety of civil society. The Company will also systematically respond to unreasonable demands, etc. from antisocial forces.
 - (7)In accordance with the Insider Trading Prevention Management Rules, the Company will put in place a system to appropriately manage important undisclosed facts about transaction partners of the Company and the Group companies that are learned in the course of business.
2. **System for retaining and managing information on the execution of duties by Directors**

The Company will establish a structure for retaining and managing information related to the execution of duties by Directors for a considerable period of time. The Company will also prepare and retain the minutes of important meetings involving the Directors such as the General Shareholders Meetings and the Board of Directors' meetings in accordance with the Document Management Regulations.
3. **Regulations and other systems to the management of the risk of loss**
 - (1)The Company will establish the Group Basic Policy for Risk Management in order to establish the soundness in the management of the Company and the Group companies and to secure proper profits appropriate to various risks.
 - (2)In order to ensure the appropriateness and soundness of business operations of the Company and the Group companies, the Company will establish the Comprehensive Risk Management Regulations and conduct proper risk management corresponding to the type and extent of risks.
 - (3)The Company will establish the Risk Management Committee and the division supervising risk management to manage various risks in the Company and the Group companies and to put in place a system for controlling the risk of loss.
 - (4)The Company will establish a system in which the Internal Audit Division verifies the appropriateness and effectiveness of the risk management structure at the division supervising risk management, and strive to enrich and strengthen the risk management structure.
 - (5)In order to quickly restore business operations in the event of a crisis, the Company will establish the Basic Policy on Business
4. **System to ensure that Directors execute their duties efficiently**
 - (1)The Company will set management targets, establish management plans, and conduct business management based on appropriate methods.
 - (2)The Company will establish the Regulations for the Board of Directors, manage the Board of Directors appropriately, and set up the Management Meeting, etc., and the Board of Directors will delegate the decisions on certain matters to the Management Meeting, etc. The Management Meeting, etc. will, in addition to making decisions on the delegated matters, discuss matters to be resolved by the Board of Directors beforehand in order to assist the Board of Directors in its decision-making.
 - (3)The Company will stipulate the rules for duties, authorities, and decision-making by formulating the Organization Regulations, the Rules for Division of Duties, and the Job Authority Rules, to ensure that Directors and all officers and employees execute their duties efficiently.
5. **System to ensure properness of business operations of the corporate group comprising the Company and the Group companies**
 - (1)Based on the management philosophy, the Company and the Group companies will share business strategies as a corporate group and conduct management on a group-wide basis. Regarding the management of the Group companies by the Company, the Company will establish the Group Business Management Regulations that stipulate basic rules for discussion and reporting on important matters such as management plans of subsidiaries, etc., and put in place a system to ensure the sound, appropriate, and efficient operation of the Group.
 - (2)The Company and the Group companies will put in place the internal control structure for financial reporting of the Company and the Group companies based on the Basic Policy for the Internal Control Over Financial Reporting, and ensure the appropriateness and credibility of financial reports.
 - (3)The Company and the Group companies will take appropriate actions in accordance with laws and regulations regarding intra-group transactions, and will conduct appropriate management with an emphasis on ensuring the soundness of the Group's business operations, based on the Basic Policy for Intra-Group Transactions, Etc. and the Basic Policy for Intra-Group Business Alliance.
 - (4)The Company will establish the Basic Policy on Related Party Transactions regarding transactions made between the parties stipulated in Article 8, paragraph 17 of the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements such as the Company's officers, the Group companies (consolidated subsidiaries and equity method affiliates), and major shareholders (related party transactions), and will ensure the soundness and appropriateness of each company's business operations as well as the common interests of shareholders in accordance with laws and regulations.
 - (5)The Internal Audit Division will conduct audits to ensure the proper business operations based on the Basic Policy on Internal Audits and provide necessary advice to optimize the operations.
 - (6)The Company will put in place a system for immediately reporting to the Company's Directors when officers or employees of the Company or the Group companies discover material violations of laws and regulations or other important matters related to compliance within the Group companies. In addition, the Company will clearly state the standards for reporting to the Company by its subsidiaries and put in place a system for reporting the matters necessary for the management of the Group.
 - (7)The Company will put in place a system in which no officers or employees who have reported in accordance with paragraph (6) above will be subject to disadvantageous treatment due to the reporting.
6. **Matters concerning the assignment of employees who assist duties of Audit & Supervisory Board Members**

Continuity and appropriately put in place the structure for crisis management.

The Company will assign employees who assist duties of Audit & Supervisory Board Members (hereinafter the “Assistants”) to increase the efficiency and effectiveness of their duties.

7. **Matters concerning the independence of the Assistants mentioned in item 6 from Directors**
 - (1)Appointment, transfer, performance appraisal, and disciplinary action of the Assistants will require the prior consent of the Audit & Supervisory Board Members.
 - (2)The Company will put in place a system that prevents the Assistants from being in charge of execution of business in addition to the assisting duties.
8. **System for reporting by Directors and employees to Audit & Supervisory Board Members and other systems involving reporting to Audit & Supervisory Board Members**
 - (1)When Directors and employees of the Company and the Group companies discover that there is a risk of significant damage to the Company and the Group companies, they will report the fact to Audit & Supervisory Board Members in accordance with the Regulations on Reporting to Audit & Supervisory Board Members. In addition to matters stipulated in laws and regulations and rules, Audit & Supervisory Board Members may request reports from Directors, employees in internal audit departments, and other persons if necessary. No

person who has reported to Audit & Supervisory Board Members, etc. will be subject to disadvantageous treatment due to the reporting.

- (2)The Company will put in place a system for its internal audit departments to report to Audit & Supervisory Board Members the results of internal audits on the Company and the Group companies.
9. **Other systems to ensure that Audit & Supervisory Board Members perform audits effectively**
 - (1)The Company will put in place a system in which audits are effectively conducted through the cooperation including the exchange of opinions between Audit & Supervisory Board Members and the Accounting Auditor, Representative Directors, risk management departments, audit departments, and in-house divisions responsible for internal control functions.
 - (2)The Company will promptly prepay or reimburse such expenses, or process such obligations that arise with regard to execution of duties by Audit & Supervisory Board Members if requested by them. The Company will bear the costs for obtaining advice from external experts if the Audit & Supervisory Board Members consider it necessary.

Outside Directors and Outside Audit & Supervisory Board Members

Functions, roles, and appointment of Outside Directors and Outside Audit & Supervisory Board Members

Outside Directors have a wealth of experience and advanced insights as a corporate manager, certified public accountant, or managing director of the Chamber of Commerce and Industry. They provide pertinent advice and recommendations from an independent standpoint regarding the overall management of the Company, and are responsible for strengthening the decision-making and supervisory functions about the management of the Company. Outside Audit & Supervisory Board Members are responsible for strengthening the audit function on the execution of duties by Directors based on their specialized knowledge as an attorney or certified public accountant. The following “standards of independence regarding outside officers” are established for and govern the appointment of Outside Directors and Outside Audit & Supervisory Board Members based on the functions and roles that outside officers should have in corporate governance.

Standards of independence regarding outside officers

The Company and its subsidiary banks (hereinafter the “Group”) determine independence regarding candidates for Outside Director and Outside Audit & Supervisory Board Member based on the following standards.

1. (1)The person is not an Executive Director, Executive Officer, or a manager or other employee (collectively hereinafter the “Business Executors, etc.”) of the Group, and was not a Business Executor, etc., of the Group within 10 years prior to appointment. However, for candidates for Outside Audit & Supervisory Board Member, the requirement of not having been a Non-executive Director (Note 1) of the Group within 10 years prior to appointment is added.
- (2)For candidates for Outside Director that were Non-executive Directors or Audit & Supervisory Board Members of the Group within 10 years prior to appointment, these persons must not have been a Business Executors, etc., of the Group within 10 years prior to appointment to that position. For candidates for Outside Audit & Supervisory Board Member that were Audit & Supervisory Board Members of the Group within 10 years prior to appointment, these persons must not have been Business Executors, etc., or Non-executive Directors of the Group within 10 years prior to appointment to that position.
- (3)The party is not a spouse or a relative to within the second degree of an officer, etc. (Note 2), manager or other important employee (excluding those who are officers, etc.) of the Group.
2. The person is not a major shareholder (Note 3) of the Company or an officer, etc., or employee (excluding those who are officers, etc.) of a company of which the Group is a major shareholder.
3. (1)The person does not hold the Group as a major transaction partner (Note 4) and is not the parent company or a significant subsidiary, and if that person is a company, is not a Business Executor, etc., of said company and was not a Business Executor, etc., within the past three years.
- (2)The person is not a major transaction partner of the Group and is not the parent company or a significant subsidiary, and if that person is a company, is not a Business Executor, etc., of said company and was not a Business Executor, etc., within the

past three years.

- (3)The person is not an employee, etc., of an organization that receives donations, etc., over a certain amount (an average of ¥10 million per annum for the past three years or 30% or more of average annual expenses of said organization, whichever is higher) from the Group.
4. The person is not an officer, etc., of a company, parent company of said company, or subsidiary of said company that receives officers, etc., from the Group.
5. The person is not the Accounting Auditor of the Group or an employee, etc., of said Accounting Auditor and was not responsible for the audit operations of the Group within the past three years as said employee, etc.
6. The person is an attorney, certified public accountant, or other consultant, etc., who has not received an average of ¥10 million or more per annum for the past three years aside from officer remuneration in cash or other property as profit from the Group. Additionally, the person is not an employee, etc., of an advisory firm such as a legal office, etc., that holds the Group as a major transaction partner (an advisory firm that received payment from the Group of 2% or more of its consolidated net sales on average over the past three fiscal years).
7. The person is not a person with which a constant, essential conflict of interest with general shareholders of the Company may arise for reasons other than those considered above.

(Note 1) A “Non-executive Director” refers to a Director that is not an Executive Director.

(Note 2) An “officer, etc.” refers to a Director (including an Outside Director), Audit & Supervisory Board Member (including an Outside Audit & Supervisory Board Member), Executive Officer, Counselor, and Advisor.

(Note 3) A “major shareholder” is a person or company, etc., that directly or indirectly possesses voting rights equal to 10% or more of total voting rights as of the end of the most recent fiscal year.

(Note 4) A “major transaction partner” is determined on the standard of 2% or more of annual consolidated net sales (annual consolidated ordinary revenue for the Company) as of the end of the most recent fiscal year.

Risk management system

Status of putting in place the risk management system

The Group considers the risk management as one of the top priority management issues and, in order to ensure the sound and appropriate business operations of each Group company, endeavors to conduct suitable management of various risks as a whole group under appropriate group business management (governance). The Group has established the Risk Management Committee that discusses the establishment, revision, and abolishment of the Risk Management Regulations or other regulations and considers formulation of policies for the development and establishment of the Group's risk management system. In addition, the Group has established the Risk Management Division as the division supervising the risk management in the Group and put in place the risk management system.

Group Basic Policy for Risk Management

1. Considering the risk management as the top priority issue in the management of the Group, the Group will recognize the importance of risk management of the entire Group, including management of risks specific to the group system such as outline of the characteristics of various risks and the spread of risks. The Group will conduct suitable management by establishing the management system for each type of risk.
2. The Group will manage subsidiaries so that the appropriate risk management is performed by them from the viewpoint of ensuring soundness.

Integrated risk management

Integrated risk management within the Group means to manage the risk in the Group as a whole, by integrating the management of various risks held by the Group companies, comprehensively identifying risks specific to the group system that individual Group companies alone cannot deal with, such as the spread of risk within the Group, and comparing the risk with the Group companies' financial capability (net assets). The Group estimates the maximum potential loss involving credit risk, market risk, and operational risk based on the measured amount of risk. Then, in order to use limited capital effectively, the Group allocates risk capital by using core capital as allocation source and compares the capital with the actual amount of risk to confirm that the Group has not taken excessive risks in comparison with its financial capabilities, thereby maintaining and ensuring the soundness of management.

Credit risk management

Credit risk means the risk of incurring losses due to decreased or lost asset value caused by a deterioration in the financial condition of the parties to which the credit has been granted. The Group strives to maintain the soundness of its credit portfolio by avoiding concentration risk through such measure as keeping the percentage of credit in the total amount of credit below a certain level for large concentration risk that an excessive amount of credit is made available to a specific party or for industry concentration risk that credit is concentrated to a specific industry.

Market risk management

Market risk means the risk of incurring losses due to fluctuations in the value of assets and liabilities and in the amount of generated revenue as a result of fluctuations in various market risk factors such as interest rates, stock prices, and exchange rates. It is roughly divided into interest rate risk, price fluctuation risk, and exchange rate risk. The Group controls the amount of market risk to avoid becoming excessive through such measures as setting limits for holdings and losses, monitoring the status of compliance, measuring the amount of risk such as VaR, and comparing it with the allocated risk capital. In addition, the Group evaluates market risk comprehensively using the stress scenarios that reflect events that could have a significant impact on the Group or other means.

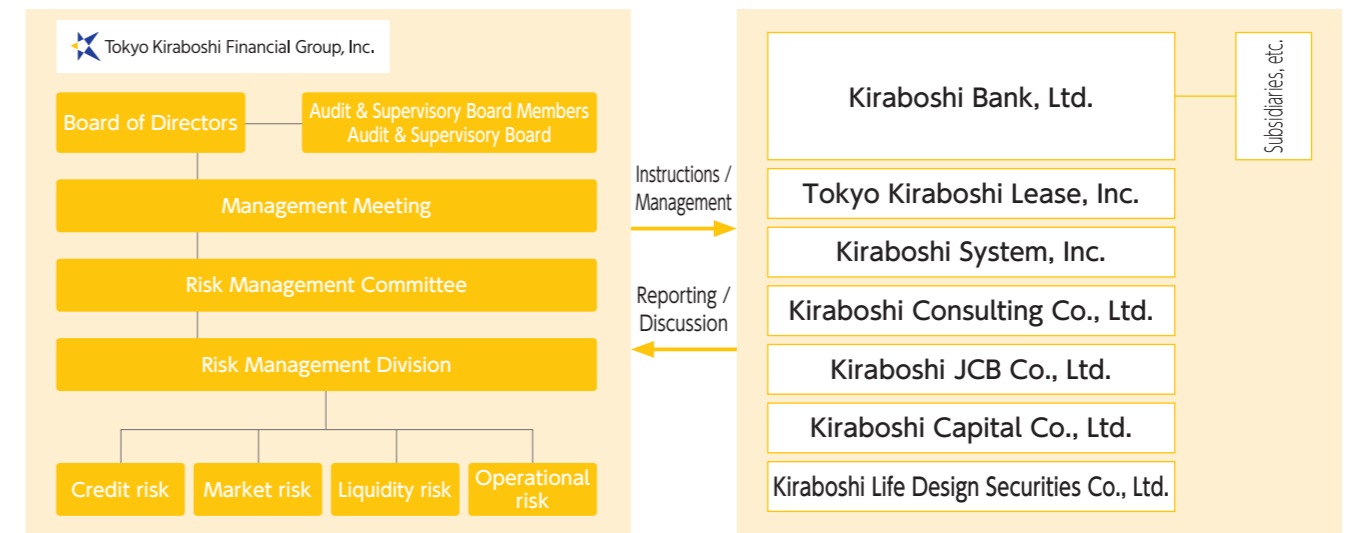
Liquidity risk management

Liquidity risk is the risk of incurring losses caused by difficulty in securing the necessary funds or being forced to raise funds at a significantly higher interest rate than usual due to a mismatch between investment and funding periods or an unexpected outflow of funds (cash flow risk), and the risk of incurring losses caused by inability to trade in the market or being forced to trade at a significantly unfavorable price than usual due to market turmoil or other factor (market liquidity risk). The Group takes every possible measure to manage liquidity risk through such measures as appropriately managing the status of fund investment and procurement, maintaining stable funding, and holding above a certain amount of assets that can be liquidated in a short period of time as current assets.

Operational risk management

Operational risk means a wide range of risks related to business operations in general, including the risk of incurring losses caused by business process, activities of officers or employees, improper or non-functional systems, or external events. The Group categorizes the operational risk according to its characteristics into administrative risk, system risk, legal risk, or other risk. The Group has designated divisions responsible for each risk and an integrated management division, and puts in place a risk management system that covers business operations in general.

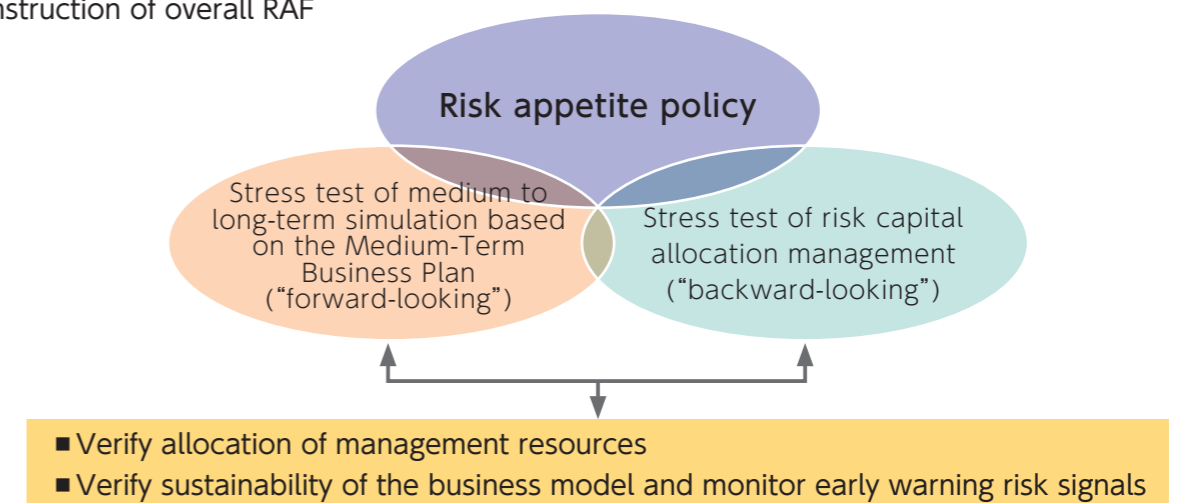
● Chart of risk management system



Trial implementation of Risk Appetite Framework

The Risk Appetite Framework (RAF) is a framework for clarifying the risk appetite for the sake of achieving business strategies and financial plan, thereby conducting business management and risk management. Introduction of RAF improves the transparency of the management plans, enables a company to seek more profit opportunities and conduct business management while controlling risks. The Group has started a trial implementation of RAF for the purpose of achieving sustainable growth with a good balance of income, risk, and capital.

● Construction of overall RAF



Initiatives for strengthening cyber security management

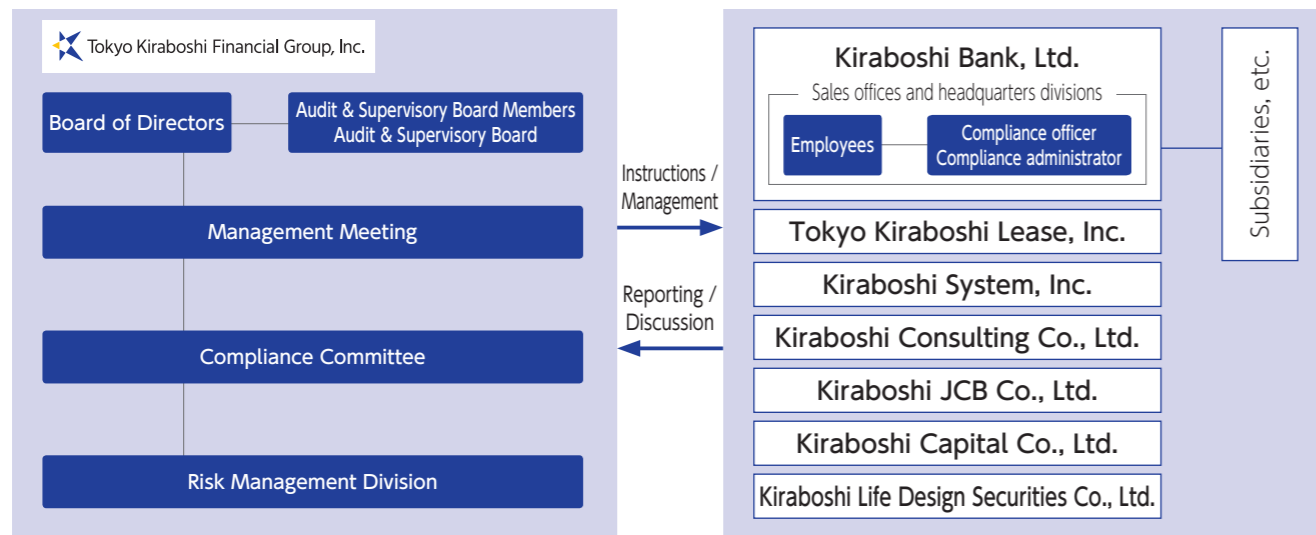
Considering the diversifying threats of cyber-attacks as one of the risks, we are stepping up efforts on cyber security measures. We have established a specialized organization for cyber security, and strengthened the monitoring structure to prevent damage. We also strive to raise awareness of employees by regularly delivering emails that mimic targeted attack emails or other means.

Compliance system

Status of putting in place the compliance system

The Group regards compliance as one of the top priority management issues, strives to establish corporate ethics based on its social mission as a regional financial group, and endeavors to ensure the soundness and appropriateness of business operations, upholding its basic policy of fostering the corporate culture that emphasizes compliance and is trusted by shareholders, customers, and society. The Group also has established the Compliance Committee to propose measures for the compliance-related matters of the Group and to strengthen the compliance function. In addition, the Group has assigned the officer in charge of the Risk Management Division as the chief compliance officer, established the Risk Management Division as the division supervising compliance-related matters, and put in place the compliance system.

● Chart of compliance system



Basic Compliance Policy

The Group regards compliance as one of the top priority management issues, strives to establish corporate ethics based on its social mission as a regional financial group, and has established its basic policy to foster the corporate culture that emphasizes compliance and is accredited by shareholders and trusted by customers and society. The Group stipulates the following "Action Principles" to implement the basic policy.

- Social responsibility and public mission of bank**
We will recognize the importance of our social responsibility and public mission at all times and strive to win the unwavering trust through sound business operations.
- Customer-first principle**
We will consider customers first, satisfy customer needs, leverage our creativity and ingenuity, and provide high-quality financial services. We will live up to customers' trust and always pursue with a sincere attitude what customers expect us to do.
- Strict compliance with laws, regulations, and rules**
We will strictly comply with all laws, regulations, and rules and carry out sincere and fair corporate activities that do not violate social norms.
- Developing together with local communities**
We will contribute to the economic and cultural development of prosperous and vibrant local communities through our financial services.
- Respect for human rights of employees, etc.**
We will respect human rights and individuality of employees and ensure a safe and comfortable working environment.
- Elimination of relationship with antisocial forces**
We firmly confront antisocial forces that threaten the order and safety of civil society and ensure to eliminate any relationship with them.

Status of putting in place a system for eliminating antisocial forces

In order to eliminate any relationship with antisocial forces, the Company has established the "Basic Policy on Dealing with Antisocial Forces" and the "Basic Rules on Dealing with Antisocial Forces" and puts in place the system for this purpose. The Risk Management Division has the centralized function to control information on antisocial forces, and the Company and the Group companies strive to collect and share information on antisocial forces.

Basic Policy on Dealing with Antisocial Forces

The Group eliminates and will eliminate any relationship whatsoever with antisocial forces that threaten the order and safety of civil society, will comply with the following basic policy, and ensure sound and responsible business operations.

- Deal with antisocial forces that threaten the order and safety of civil society as an organization and maintain a firm attitude against them.
- Endeavor to strengthen close cooperation with the police and other external specialized agencies in preparation for unreasonable demands by antisocial forces even under normal circumstances.
- Eliminate any relationship whatsoever including transactions with antisocial forces.
- Reject firmly any unreasonable demands from antisocial forces, including taking civil or criminal actions.
- Reject firmly any requests for providing funds or benefits to antisocial forces.

Group Basic Policy for Protection of Personal Information

The Group recognizes that it is its social responsibility to handle personal information of customers in a proper and strict manner. It has established the following basic policy and will do everything possible to protect personal information by complying with the policy.

- Compliance with relevant laws and regulations**
The Group will comply with personal information protection-related laws and regulations and other norms with respect to the protection of customers' personal information.
- Proper acquisition of personal information**
The Group will acquire customers' personal information in a lawful and fair manner to the extent necessary for business.
- Purpose of use**
The Group will notify or announce the purpose of using personal information and will use it only within the scope of that purpose unless otherwise stipulated in laws and regulations, and will not use it for any other purpose.
- Contracting-out**
When contracting out the handling of personal information, the Group will appropriately supervise the contractor to ensure that the personal information of customers will be safely managed.
- Provision to third parties**
The Group will not provide personal information to any third party without the consent of the person who provided it or unless stipulated in laws and regulations.
- Responding to customers' inquiry, etc.**
The Group will establish the procedures for disclosure, correction, and deletion of personal data, and respond sincerely to questions, opinions, and complaints regarding the handling of personal information, and inquiries regarding its contents and corrections.
- Security control measures**
When controlling personal information, the Group will take appropriate security control measures to prevent loss, falsification, and leakage, and put in place a re-sponsibility system necessary for protecting personal information.
- Continuous improvement**
The Group will continuously review and strive to improve the management system and initiatives to protect personal information. In addition, the Group will educate all officers and employees to ensure that they understand the importance of protecting personal information and handle personal information appropriately.

Financial ADR system

Kiraboshi Bank, Ltd. of the Group has established a specialized department for various consultations and complaints from customers, and contracted with the "Japanese Bankers Association Consultation Office," a designated dispute resolution body, to facilitate the quick and flexible solution of issues.

The designated dispute resolution body which Kiraboshi Bank, Ltd. has contracted with

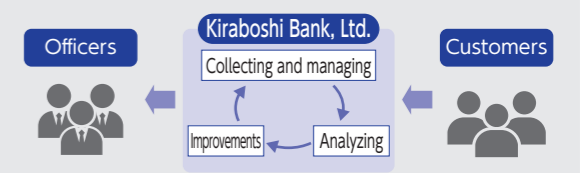
Japanese Bankers Association	Contact: Japanese Bankers Association Consultation Office
	Telephone number: 0570-017109 or 03-5252-3772

Whistleblowing system

The Group has established the "Hotline System" as a mechanism for responding properly to an employee, dispatched worker, part-time worker, or other staff who initiates whistleblowing or wishes to have a consultation about compliance issues (including harassment). Kiraboshi Bank, Ltd. has established a contact point for whistleblowing in the Compliance Section of Risk Management Department and in the law firm which its legal counsel works for. This whistleblowing system is strictly stipulated in the Group's internal regulations as to the confidential treatment of a whistleblower's identity and the prohibition of disadvantageous treatment of a whistleblower.

Putting the "customer feedback" to practical use

At Kiraboshi Bank, Ltd. we collect, manage and analyze the customer feedback and strive to improve our services. In addition, the customer feedback is centrally managed at the Customer Relations Center, and information is shared with officers.



Initiatives for Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT)

The Group considers the prevention of money laundering, etc. as one of the most important management issues, and its basic policy is to establish an effective management system to maintain the public trust, while making efforts to constantly verify and improve the system. In recognition of its importance, we have put in place a system to ensure the effectiveness and appropriateness of the money laundering prevention system.

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This document contains forward-looking statements on the Group's results. These statements are not intended to guarantee future results, as they are subject to risks and contain uncertainties. Please keep in mind that future results may differ due to factors including changes in the business environment.