

Tokyo TY Financial Group Results Briefing for the First Half of the Fiscal Year Ending March 31, 2018



東京TYFG

December 7, 2017

TokyoTY Financial Group, Inc.
(TSE1 Listed Code: 7173)

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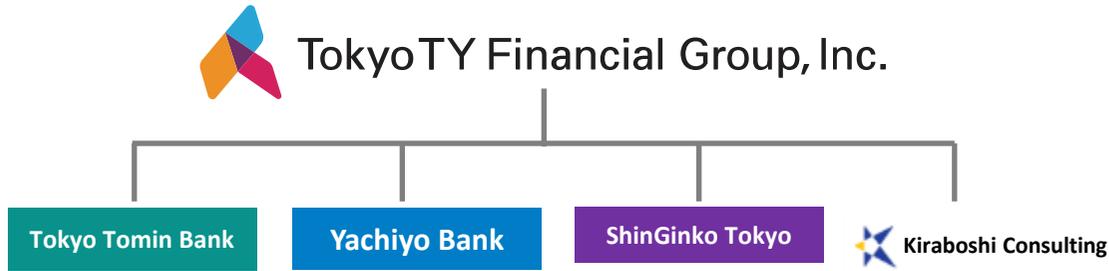
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Company profile



Major Group companies



Company history

- December 1924 **Founded The Yachiyo Bank, Limited**
- December 1951 **Established The Tokyo Tomin Bank, Limited**
- April 2004 **Established ShinGinko Tokyo, Limited**
- October 2014 **Business integration by The Tokyo Tomin Bank, Limited and The Yachiyo Bank, Limited**
Established Tokyo TY Financial Group, Inc.
- September 2015 **Final agreement regarding business integration between Tokyo TY Financial Group, Inc. and ShinGinko Tokyo, Limited**
Signed the Agreement on a Comprehensive Affiliation for Industrial Development in Tokyo with the Tokyo metropolitan government
- December 2015 **Resolved to proceed with concrete reviews and preparations for a three-bank merger by The Tokyo Tomin Bank, Limited, The Yachiyo Bank, Limited, and ShinGinko Tokyo, Limited around FY2017**
- April 2016 **Business integration between Tokyo TY Financial Group, Inc., and ShinGinko Tokyo, Limited**
- August 2016 **Conditional upon obtaining approval from the relevant authorities, it was resolved at a meeting of the board of directors that there would be a merger between the three banks on May 1, 2018, in addition to which announcements were made concerning future business policies and overall strategy.**
- April 2017 **Established Kiraboshi Consulting Co., Ltd.**
- November 2017 **Established Kiraboshi Tech, Inc.**

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

A bank that sparkles

Achieve enduring existence as a local regional bank through the provision of unique financial services

A bank that rises to the challenge

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 brings together ideas

We put great value on the “ideas” of customers, the region, and our employees so as to become a necessary and always trusted presence

Vision aimed for

Become the urban regional bank group most favored by customers in the Tokyo metropolitan area

Profile of subsidiaries

■ Profile of subsidiaries

As of September 30, 2017

	Three-bank total	The Tokyo Tomin Bank	The Yachiyo Bank	ShinGinko Tokyo
Establishment	-	December 12, 1951	December 6, 1924 (founding date)	April 1, 2004*
Head office location	-	3-10-43 Minami Aoyama, Minato-ku, Tokyo	5-9-2 Shinjuku, Shinjuku-ku, Tokyo	1-21-1 Nishishinjuku, Shinjuku-ku, Tokyo
Capital	-	55.6 billion yen	43.7 billion yen	20.0 billion yen
Total assets	5,590.5 billion yen	2,782.3 billion yen	2,349.3 billion yen	458.9 billion yen
Net assets	285.9 billion yen	110.0 billion yen	110.9 billion yen	64.9 billion yen
Number of employees	3,241	1,523	1,575	143
Number of branches (including sub-branches)	164	78	85	1

*The date upon which the Tokyo metropolitan government acquired all of the shares in BNP Paribas Private Bank Ltd. to establish ShinGinko Tokyo is the date upon which ShinGinko Tokyo was established. It was established as a corporation on April 5, 1999.

Outline of merger

Bank after merger



Holding company



The origin of the bank's name

Constellation. Twinkling stars.
We want to make the dreams of our customers glitter even brighter in the Tokyo area.
Into this name we put our desire for something clean-cut that also feels easy to get to know, that takes the customers' ideas into safekeeping and uses them to bridge the way to the next generation.

The ideas we wanted to put into the logo mark and color

"Kiraboshi" is a design representing somebody facing forward and beginning to walk with head held high, and represents our feeling of wanting to move forward with and contribute to the local community, as a bank that rises to the challenge.
Expressing our desire to become a bank that places great value on the "ideas" of customers and employees, and to become a gleaming presence in local communities, we used dark blue to symbolize "trustworthiness" and "sincerity," while yellow represents "future promise" and "independence."

Merger schedule

Effective date of merger
May 1, 2018

 TokyoTY Financial Group, Inc.

3 Banks Merger

Tokyo Tomin Bank | Yachiyo Bank | ShinGinko Tokyo



 Kiraboshi Bank, Ltd.

Core systems to be consolidated by the target date of FY2020

- **At the point of merger on May 1, 2018**
ShinGinko Tokyo's systems will be consolidated with those of Tokyo Tomin Bank and the systems of Yachiyo Bank and Tokyo Tomin Bank will be connected via a relay system.
- **Unification of core systems**
 - By the target date of FY2020, Yachiyo Bank systems to be consolidated with those of Tokyo Tomin Bank to unify core systems
 - Subsystems to be consolidated in turn

Management philosophy, management policy, overall strategy

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

Overall strategy

1. Fulfill the function of a true financial intermediary by using close relationships with customers to resolve problems and practice support of their mainstay operations

3. Leverage the special features of the Tokyo area to strengthen our functions and offer new value by building broadly based networks, as well as unearthing new business areas

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

4. Strengthen the management structure from a medium- to long-term perspective

Summary of business results and profit plan

Summary of business results for the first half of the fiscal year ending March 31, 2018 (1) [Tokyo TYFG, consolidated]



Business performance (Tokyo TYFG Consolidated)

(¥ billion)

*Amounts of less than 100 million yen have been rounded down.

No.		Tokyo TYFG (Consolidated)		
		2016/9	2017/9	Change
1	Consolidated ordinary income	40.8	42.2	1.4
2	Consolidated gross business profit	36.2	35.9	(0.2)
3	Consolidated gross core business profit	35.3	35.6	0.2
4	Net interest income	27.3	27.2	(0.0)
5	Net fees and commissions	6.5	7.2	0.6
6	Other business income	2.2	1.3	(0.8)
7	Expenses	29.9	30.6	0.6
8	Credit-related costs	0.6	(0.3)	(0.9)
9	Gains on stocks and other securities	0.0	1.9	1.9
10	Profit on investments based on the equity method	0.0	0.0	(0.0)
11	Others	(0.7)	(1.8)	(1.1)
12	Ordinary profit	4.9	5.7	0.7
13	Extraordinary profit	19.3	(0.0)	(19.3)
14	Gain on bargain purchase*	19.4	-	(19.4)
15	Income before income taxes	24.3	5.7	(18.5)
16	Income taxes	0.7	0.8	0.1
17	Net income	23.5	4.8	(18.7)
18	Profit (loss) attributable to non-controlling interests	0.0	0.0	(0.0)
19	Profit attributable to owners of parent	23.5	4.8	(18.7)

Achievement rate (Tokyo TYFG Consolidated)

(¥ billion)

*Amounts of less than 100 million yen have been rounded down.

	2017/9 results	Initial plans	Vs. initial plans
Ordinary profit	5.7	3.0	+2.7
Profit attributable to owners of parent	4.8	1.5	+3.3

Summary (1) Tokyo TYFG (Consolidated)

○ Ordinary profit of ¥5.7 billion was posted, up ¥700 million year on year, while profit attributable to owners of parent came to ¥4.8 billion, a decrease of ¥18.7 billion year on year.

*Profit attributable to owners of parent of ¥23.5 billion for the first half of FY2016 included a gain on bargain purchase of ¥19.4 billion arising from the business integration with ShinGinko Tokyo. (Profit attributable to owners of parent was ¥4.1 billion after excluding the gain on bargain purchase (¥23.5 billion - ¥19.4 billion)).

○ Ordinary profit exceeded initial plans by ¥2.7 billion, while profit attributable to owners of parent was higher by ¥3.3 billion.

*In the first half of FY2017, there was an increase in gain on sales of securities and a decline in credit-related costs due to progress in reducing expenses at consolidated subsidiaries and cutting strategic shareholdings, in addition to which the implementation period for certain measures was pushed back to the third quarter of FY2017 and beyond, leading to results that significantly surpassed initial forecasts.

Summary of business results for the first half of the fiscal year ending March 31, 2018 (2) [Three-bank total/individual banks]



Business performance

(¥ billion)

*Amounts of less than 100 million yen have been rounded down.

No.		Three bank total (non-consolidated)			Tokyo Tomin Bank (non-consolidated)		Yachiyo Bank (non-consolidated)		ShinGinko Tokyo (non-consolidated)	
		2016/9	2017/9	Change	2016/9	2017/9	2016/9	2017/9	2016/9	2017/9
1	Ordinary income	43.8	45.4	1.6	21.6	23.1	18.6	17.8	3.5	4.5
2	Gross business profit	38.6	38.2	(0.3)	18.9	19.0	16.8	16.0	2.7	3.1
3	Gross core business profit	37.7	37.8	0.1	18.7	19.0	16.1	15.7	2.7	3.0
4	Net interest income	31.1	30.9	(0.1)	14.9	14.6	13.4	13.3	2.6	3.0
5	Net fees and commissions	5.3	5.8	0.5	2.9	3.4	2.3	2.3	0.0	0.0
6	Other business income	2.1	1.3	(0.8)	1.0	0.9	1.1	0.3	0.0	0.0
7	Of which, gains (losses) on bonds, etc.	0.9	0.4	(0.5)	0.1	0.0	0.6	0.3	0.0	0.0
8	Expenses	29.3	29.8	0.4	14.4	15.2	12.8	12.5	2.0	2.0
9	Of which personnel expenses	14.7	14.4	(0.3)	6.7	6.6	7.1	7.0	0.7	0.7
10	Of which non-personnel expenses	12.3	12.5	0.1	6.7	7.1	4.5	4.3	1.0	1.0
11	Net core business income	8.3	8.0	(0.3)	4.2	3.7	3.3	3.2	0.6	1.0
12	Transfer to reserve for general possible loan losses	(0.6)	(0.5)	0.1	(0.1)	(0.0)	(0.4)	(0.4)	(0.0)	-
13	Net business income	9.8	8.9	(0.9)	4.6	3.9	4.4	3.9	0.7	1.0
14	Non-recurring profit (loss)	(2.1)	(0.2)	1.9	(0.7)	0.4	(1.3)	(1.2)	(0.0)	0.6
15	Of which, reversal of allowance for loan losses	-	1.0	1.0	-	-	-	-	-	1.0
16	Of which, loss from write-off of non-performing loans	1.5	1.3	(0.2)	0.8	0.5	0.6	0.7	0.0	0.0
17	Of which, gains (losses) on stocks and other securities	(0.2)	2.0	2.3	0.0	1.9	(0.3)	0.1	-	-
18	Ordinary profit	7.6	8.6	0.9	3.8	4.3	3.0	2.6	0.7	1.6
19	Extraordinary profit (loss)	(0.0)	(0.0)	0.0	(0.0)	0.0	(0.0)	(0.0)	-	-
20	Income taxes	0.8	0.9	0.1	0.6	0.5	0.0	0.4	0.1	0.0
21	Net income	6.7	7.6	0.9	3.2	3.8	2.9	2.1	0.6	1.6
22	Credit-related costs	0.7	(0.2)	(0.9)	0.6	0.4	0.2	0.3	(0.2)	(1.0)
23	Consolidated ordinary income	42.5	44.1	1.6	20.7	22.2	18.3	17.3		
24	Consolidated ordinary profit	6.1	7.0	0.8	2.9	3.2	2.5	2.0		
25	Profit attributable to owners of parent	5.0	5.7	0.7	2.0	2.7	2.3	1.4		

Summary (2) [Three-bank total/individual banks]

- ① Despite dividends received from subsidiaries of The Tokyo Tomin Bank and The Yachiyo Bank, the three-bank total (non-consolidated) of net interest income declined by ¥100 million year on year, due to declining interest income as a result of the negative interest rate policy pushing down yields on loans and deposits.
- ② The three-bank total (non-consolidated) of net income rose by ¥900 million year on year to ¥7.6 billion, assisted by decreases in credit-related costs and increases in gains (losses) on stocks and other securities.
- ③ The three-bank total of consolidated ordinary profit increased by ¥800 million year on year, and profit attributable to owners of parent rose by ¥700 million over the same period.

Plan for the fiscal year ending March 31, 2018

2018/3 plan (Tokyo TYFG consolidated)

(¥ billion)

	2017/9 results	2018/3 plan	Progress rate
Ordinary profit	5.7	5.0	114.0%
Profit attributable to owners of parent	4.8	3.2	150.0%

* With regard to the plan (Tokyo TYFG consolidated) for FY2017, in addition to declining interest income as a result of the negative interest rate policy, we expect expenses in relation to the three-bank merger, the posting of part of the expenses associated with the relocation to the new Aoyama Head Office of the banking subsidiaries, and upgrades to office and system equipment in the third quarter and beyond. Overall, therefore, we consider results to be in line with plans.

[Plan for the fiscal year ending March 31, 2018]

In FY2017 we will work to improve revenue by means of the following measures.

- Increasing loans to SMEs by strengthening initiatives for intellectual property management support, management support and support for mainstay operations based on evaluations of business feasibility, etc.
- Increasing fees and commissions through the consulting business in partnership with Kiraboshi Consulting, etc.
- Strengthening the support structure for fostering SMEs, providing support for start-ups through enhanced collaboration with local governments and their related organizations in Tokyo and other prefectures, and working with regional banking groups, etc. to actively roll out measures to support mainstay operations
- The three-bank total for credit-related costs is forecast to be ¥1.2 billion, due to such factors as the relative stability of business conditions for borrowers and continuous initiatives aimed at reconstruction support, etc.

2018/3 plan (three-bank total and individual banks)

No.		Three-bank total			Tokyo Tomin Bank (non-consolidated)			Yachiyo Bank (non-consolidated)			ShinGinko Tokyo (non-consolidated)		
		2017/9 Results	2018/3 Plan	Progress rate	2017/9 results	2018/3 plan	Progress rate	2017/9 results	2018/3 plan	Progress rate	2017/9 results	2018/3 plan	Progress rate
1	Gross core business profit	37.8	69.8	54.1%	19.0	35.0	54.2%	15.7	29.1	53.9%	3.0	5.6	53.5%
2	Of which, net interest income	30.9	57.7	53.5%	14.6	27.1	53.8%	13.3	25.1	52.9%	3.0	5.5	54.5%
3	Expenses	29.8	59.2	50.3%	15.2	30.4	50.0%	12.5	24.6	50.8%	2.0	4.1	48.7%
4	Net core business income	8.0	10.5	76.1%	3.7	4.6	80.4%	3.2	4.4	72.7%	1.0	1.4	71.4%
5	Credit-related costs	(0.2)	1.2	-	0.4	1.4	-	0.3	1.1	-	(1.0)	(1.3)	-
6	Ordinary profit	8.6	8.4	102.3%	4.3	3.3	130.3%	2.6	2.9	89.6%	1.6	2.1	76.1%
7	Net income	7.6	6.4	118.7%	3.8	2.1	180.9%	2.1	2.2	95.4%	1.6	2.0	80.0%
8	Ordinary profit (consolidated)*	7.0	7.4	94.5%	3.2	2.9	110.3%	2.0	2.3	86.9%			
9	Profit attributable to owners of parent (consolidated)*	5.7	4.8	118.7%	2.7	1.3	207.6%	1.4	1.5	93.3%			

* The figures for the consolidated three-bank total are the total for The Tokyo Tomin Bank and The Yachiyo Bank on a consolidated basis, and ShinGinko Tokyo on a non-consolidated basis.

Interest income



■ Status of interest income (three-bank total)

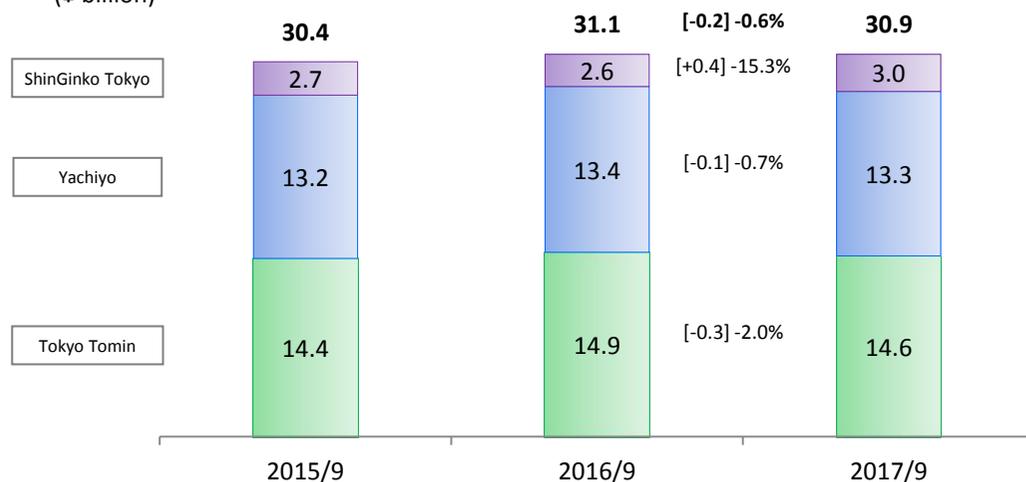
(¥ billion, %)

Account	Item	16/9	17/9	Change
Loan	Average balance	3,549.2	3,601.5	+52.3
	Yield	1.30	1.22	-0.08
	Interest	23.2	22.1	-1.1
Securities	Average balance	1,348.4	1,228.4	-120.0
	Yield	1.33	1.57	+0.24
	Interest and dividends	8.9	9.7	+0.8
Deposits	Average balance	4,798.9	4,777.3	-21.6
	Yield	0.04	0.03	-0.01
	Interest	1.1	0.8	-0.3

■ Status of interest income (by bank)

(Figures within brackets are year-on-year changes; percentages are change rates)

(¥ billion)



■ Measures to improve interest income

Securing loan yields

○ Due to negative interest rate policies, we expect loan yields to decrease, but we will work to reduce the scale of the decline through such measures as strengthening financing to small and medium-sized enterprises based on evaluations of business feasibility, mining them for new opportunities, and offering consulting.

Diversification of securities investments

○ Diversifying investments to secure returns while keeping a close watch on market trends

Improve procurement costs (the deposit yield) through measures such as reviewing preferential interest rate products

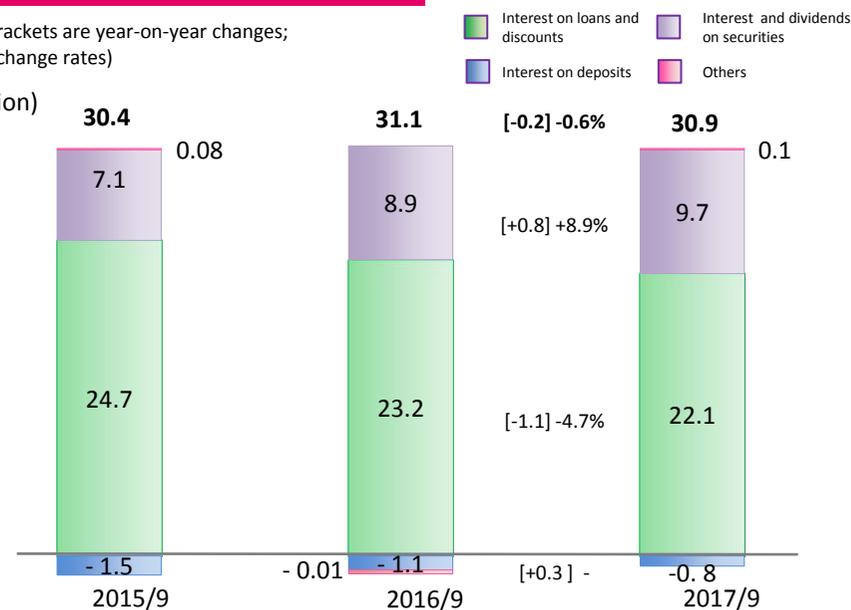
○ Improve the deposit yield through means such as reviewing each preferential interest rate deposit product and the interest rate premiums on large time deposits, and reinforcing demand deposits

○ The three-bank total for net interest income in FY2017 is forecast to be ¥57.7 billion.

■ Status of interest income (by account)

(Figures within brackets are year-on-year changes; percentages are change rates)

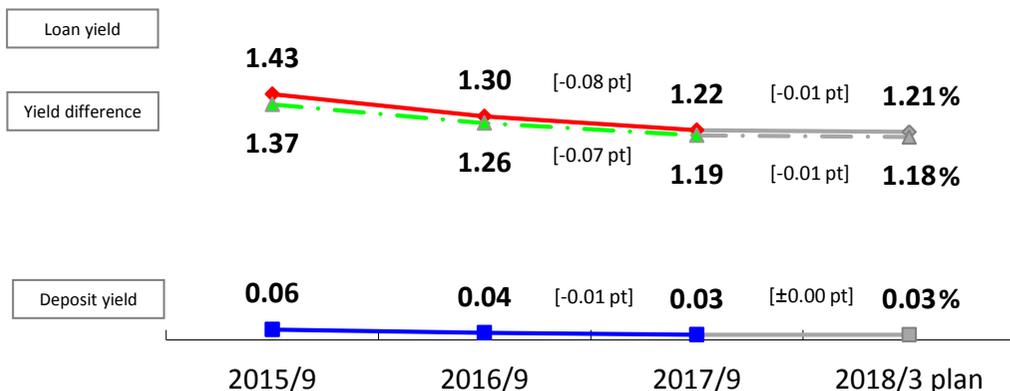
(¥ billion)



Yields

Yields (three-bank total)

(Figures within brackets are year-on-year changes.)



Loan yield

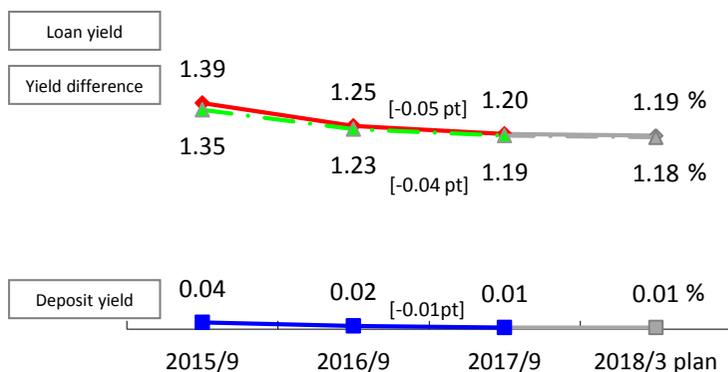
○ In the first half of FY2017, due partly to negative interest rate policies, the three-bank total loan yield declined by 0.08 points year on year, but due to the use of financing initiatives, etc., based on business feasibility evaluations, the fall in yields began to improve.

Initiatives to improve loan yields

○ Due to negative interest rate policies, we expect loan yields to decrease, but we will work to reduce the scale of the decline through such measures as strengthening financing to small and medium-sized enterprises based on evaluations of business feasibility, mining them for new opportunities, and offering consulting.

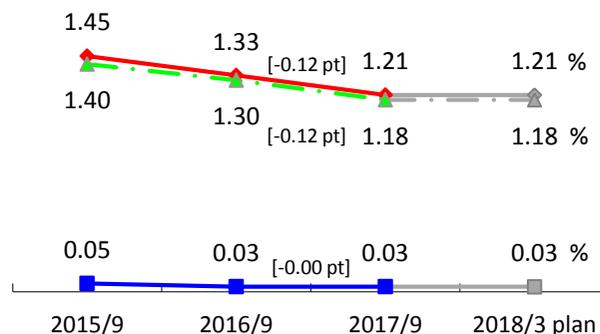
Yields (Tokyo Tomin)

(Figures within brackets are year-on-year changes.)



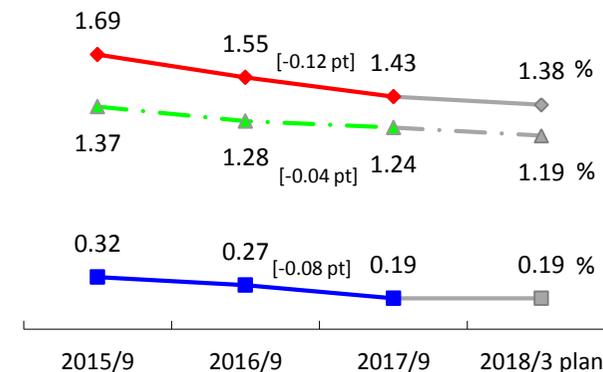
Yields (Yachiyo)

(Figures within brackets are year-on-year changes.)



Yields (ShinGinko Tokyo)

(Figures within brackets are year-on-year changes.)



Loans



Loan balance (Tokyo TYFG consolidated)

(¥ billion)

	2016/9	2017/9	YoY
Loan balance at end of period	3,608.7	3,636.4	+27.7

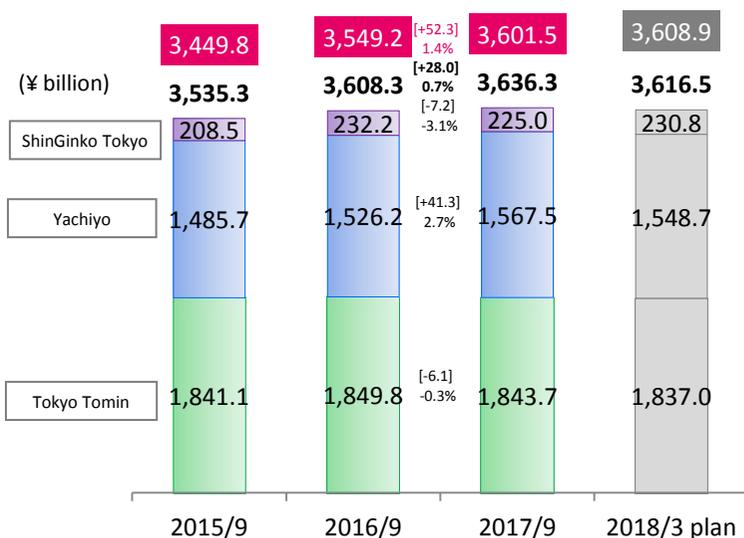
◆ Tokyo TYFG deposit-loan ratio **76.6%**

Loan balances

- The loan balance of Tokyo TYFG on a consolidated basis rose by ¥27.7 billion year on year to ¥3,636.4 billion.
- As a result of strengthening the sales structure through such measures as supporting the opening-up of corporate clients, loans to small and medium-sized enterprises rose by ¥69.6 billion year on year.
- The loan portfolio is diversified over a range of industries.

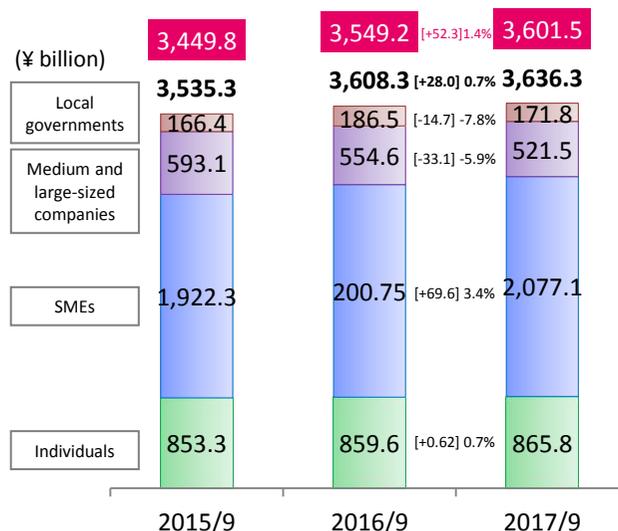
Loan balance by bank (three-bank total)

(The numbers in white are average balances for the term; figures within brackets are year-on-year changes; percentages are change rates.)



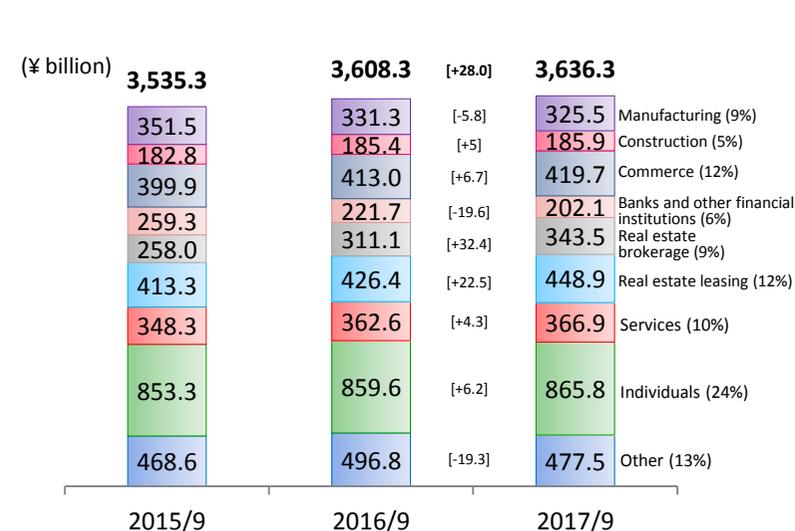
Loan balance by type of customer (three-bank total)

(The numbers in white are average balances for the term; figures within brackets are year-on-year changes; percentages are change rates.)



Loan balance by industry (three-bank total)

(Figures within brackets are year-on-year changes; % figures indicate percent of total)

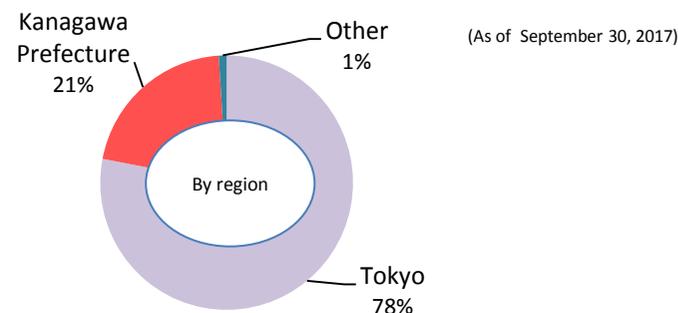


Deposits

Deposit balance

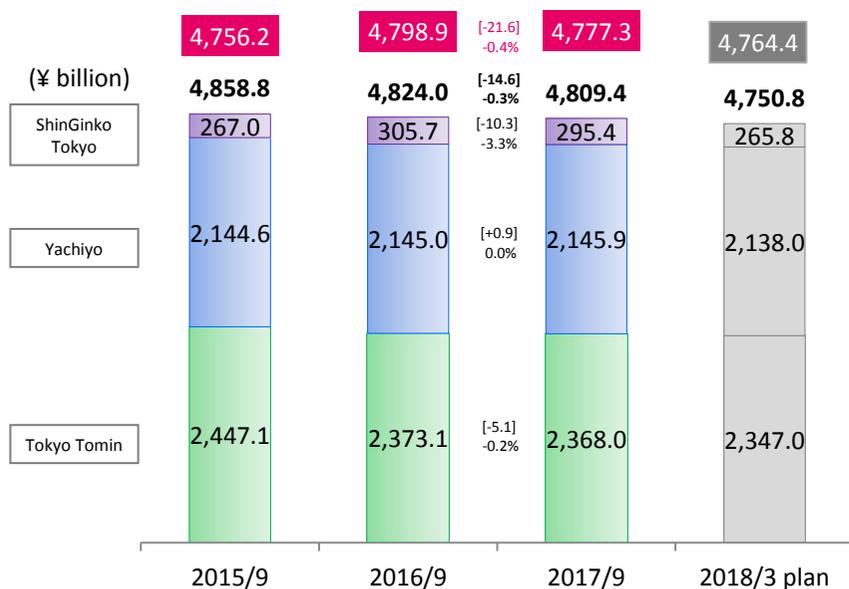
- Corporate customer deposits increased by ¥56.3 billion due to factors such as the continuation of moves to secure working capital, but individual deposits declined ¥53.8 billion as a result of the normalization of interest rates and so on. The three-bank total deposit balance decreased by ¥14.6 billion year on year.
- By region, the Tokyo metropolis and Kanagawa Prefecture accounted for 99% of the balance.
- Efforts were made to increase balances by promoting the acquisition of corporate demand deposits as well as pension and salary payment accounts, and by increasing personal deposits through the handling of deposit products in response to the needs of various generations.

Composition of deposit balance by region (three-bank total)



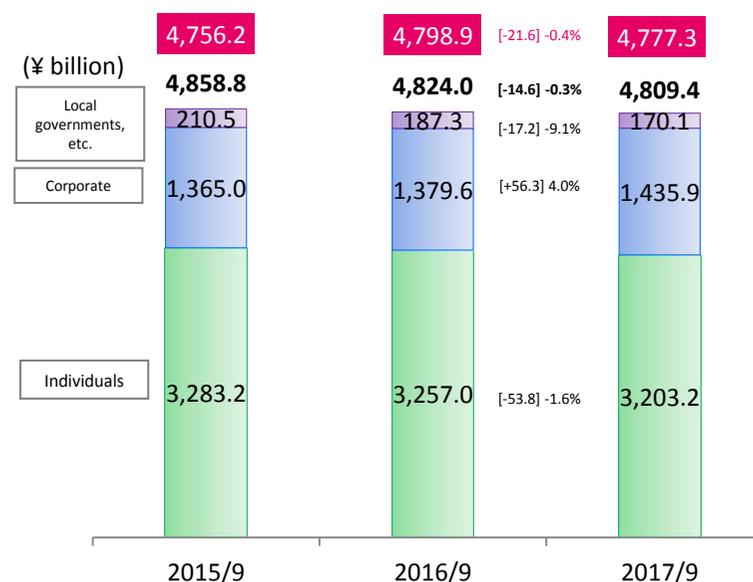
Deposit balance by bank

(The numbers in white are average balances for the term; figures within brackets are year-on-year changes; percentages are change rates.)



Deposit balance by client (three-bank total)

(The numbers in white are average balances for the term; figures within brackets are year-on-year changes; percentages are change rates.)

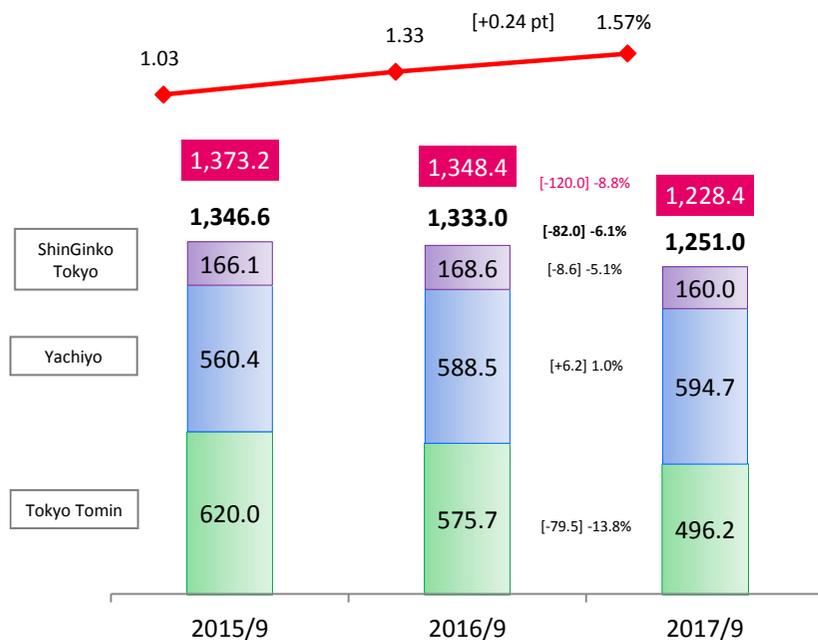


Securities balance

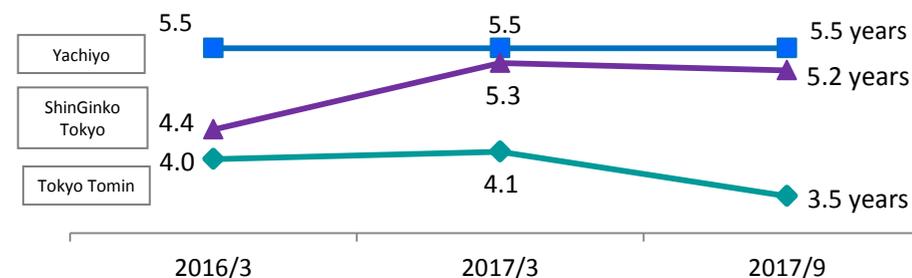
- As a result of efforts to diversify and decentralize investments with the aim of mitigating interest rate risk and securing yields, such as by channeling redemption proceeds from government and municipal bonds into foreign bonds, the three-bank total securities balance fell by ¥82.0 billion year on year.
- The three-bank total yield on securities rose 0.24 points year on year to 1.57%, due to the effect of diversified investment.
- Within an environment of continued low interest rates, efforts will be made to thoroughly ensure management of investment volumes, the amount of risk, and duration as we keep a close watch on market trends while securing profits through flexible and diversified investments in instruments including foreign bonds, corporate bonds, and investment trusts.

Securities balance and yields by bank (three-bank total)

(The numbers in white are average balances for the term; figures within brackets are year-on-year changes; percentages are change rates.)

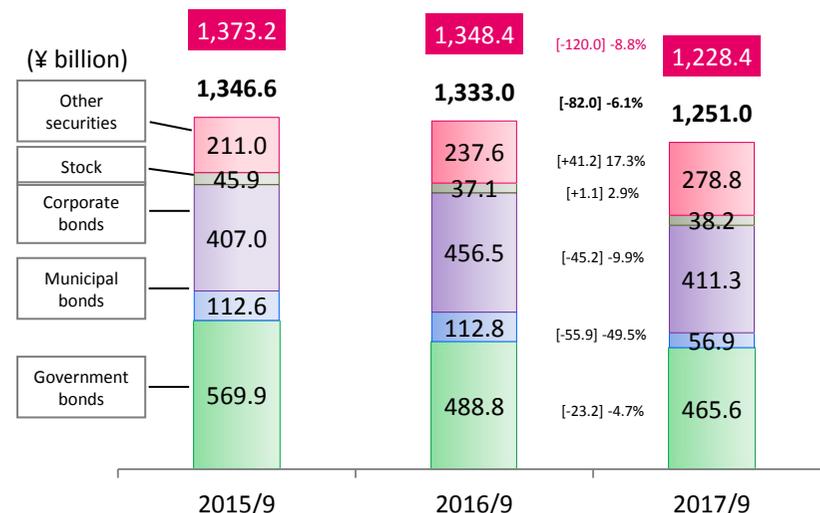


Duration



Securities balance by investment (three-bank total)

(The numbers in white are average balances for the term; figures within brackets are year-on-year changes; percentages are change rates.)



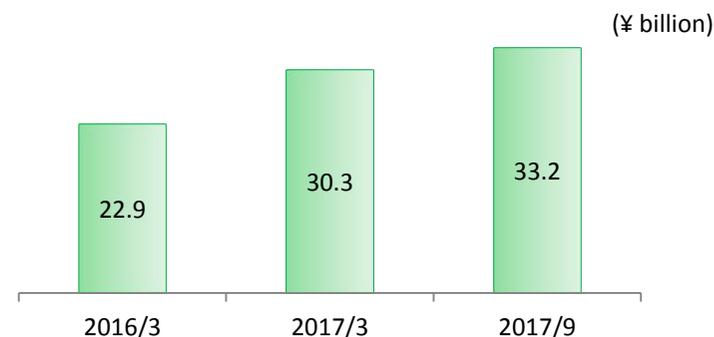
Assets under management



Status of assets under management (Tokyo Tomin Bank and Yachiyo Bank)

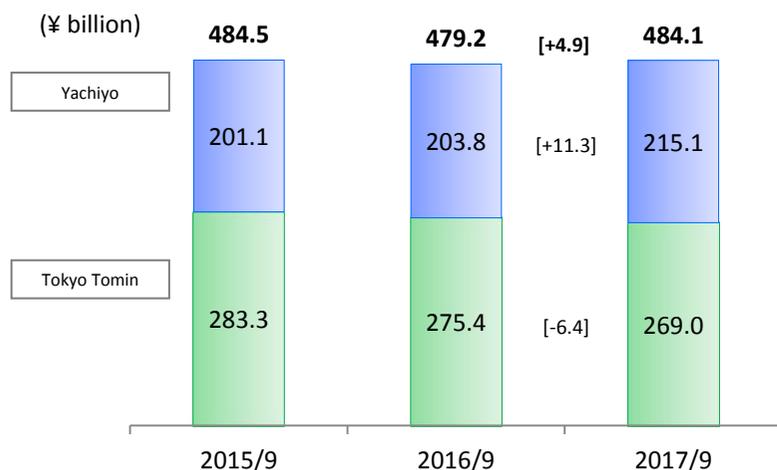
- With regard to investment trusts, as a result of promoting the accumulation of balances, primarily in core assets, the two-bank total rose ¥2.2 billion year on year to ¥215.8 billion.
 - As for insurance, due to the introduction of new foreign currency-denominated products, sales were robust, causing the total balance for the two banks to increase by ¥11.4 billion year on year to ¥221.0 billion.
- * ShinGinko Tokyo does not manage assets related to investment trusts, insurance, etc.

Outstanding balance (two-bank total) of core funds (investment trusts)



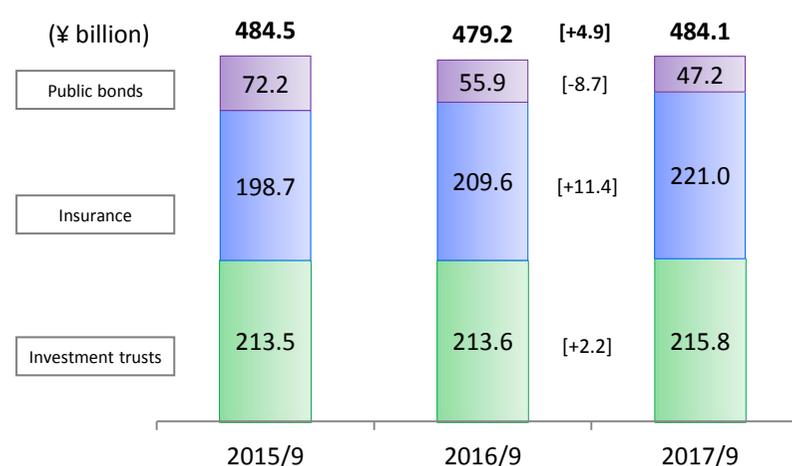
Balance of assets under management by bank

(Figures within brackets are year-on-year changes.)



Balance of assets under management by item (two-bank total)

(Figures within brackets are year-on-year changes.)



Problem assets subject to disclosure under the Financial Reconstruction Law and credit-related costs



Value and ratio of problem assets subject to disclosure under the Financial Reconstruction Law (in the case of partial direct write-offs)

○ The value of problem assets subject to disclosure under the Financial Reconstruction Act fell by ¥6.4 billion to ¥80 billion on a three-bank total basis, while the disclosure assets ratio declined by 0.20 points over the same period.

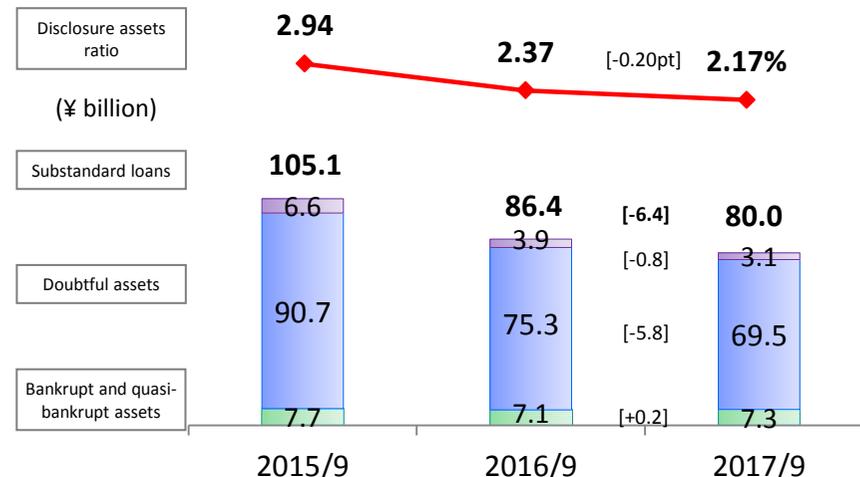
Credit-related costs

- Due to such factors as the relative stability of business conditions for borrowers and our focus on reconstruction support, etc., we expect total credit-related costs on a three-bank total basis to remain at low levels, and to fall by ¥930 million year on year.
- Due to such factors as the relative stability of business conditions for borrowers and our focus on reconstruction support, etc., we expect this to remain at low levels.

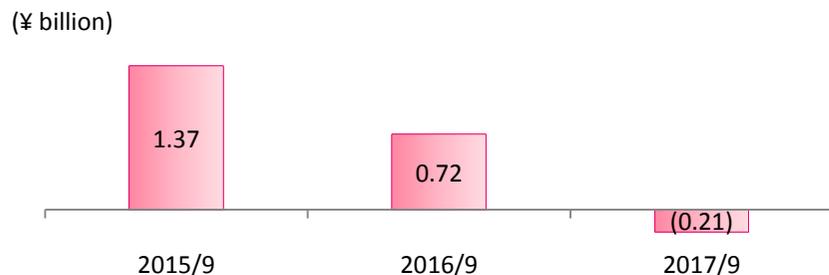
* While the three banks did not make any partial direct write-offs, this states the figures in the case of partial direct write-offs.

Value and ratio of problem assets subject to disclosure (three-bank total)

(Figures within brackets are year-on-year changes.)



Credit-related costs (three-bank total)



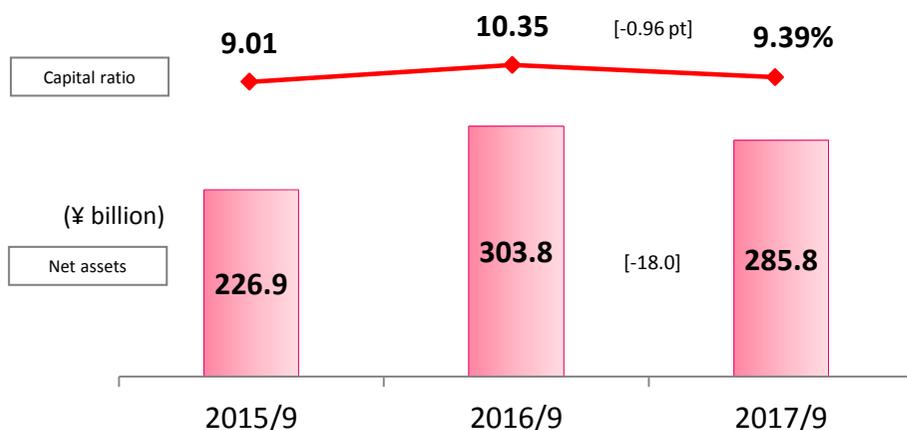
Coverage status of problem assets subject to disclosure under the Financial Reconstruction Law (three-bank total) [Before partial direct write-offs]

	(¥ billion)
	2017/9
Covered amount	74.5
Reserve for possible loan losses	22.0
Collateral, guarantees, etc.	52.4
Problem assets	91.0
Coverage ratio	81.8%

Capital ratio/Core OHR/ROE

Consolidated capital ratio (Tokyo TYFG)

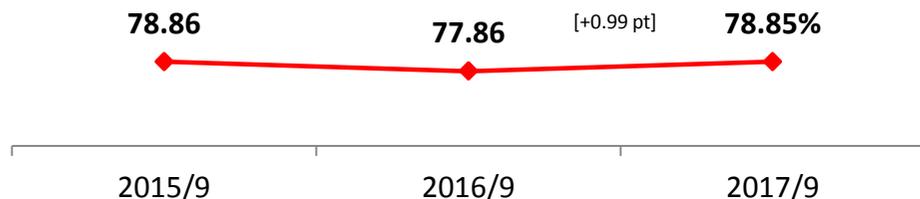
(Figures within brackets are year-on-year changes.)



*Figures for ShinGinko Tokyo are not included in September 2015

Core OHR (three-bank total)

(Figures within brackets are year-on-year changes.)



Consolidated capital ratio

○ The consolidated capital ratio for the Tokyo TYFG fell by 0.96 points year on year to 9.39% mainly as a result of increased loans to small and medium-sized enterprises, while consolidated net assets fell by ¥18.0 billion to ¥285.8 billion year on year.

Core OHR

○ Core business profit was flat, but due to higher than originally expected costs, etc. related to the construction of the new Aoyama Head Office for The Tokyo Tomin Bank, the three-bank total core OHR rose 0.99 points year on year.

ROE (consolidated)

○ Consolidated ROE was affected by falling loan yields, but due to pushing ahead with reductions in strategic shareholdings, which resulted in an increase in gains on sales of securities, and due to declines in credit-related costs, profit attributable to owners of parent increased, causing ROE on a three-bank total basis to improve by 0.35 points year on year.

ROE (consolidated)

(%)

	2015/9	2016/9	2017/9
Three-bank total	4.73	3.68	4.03

$$\text{*ROE (consolidated)} = \frac{\text{Profit attributable to owners of parent} \times 365 + 183}{(\text{Net assets at the beginning of the period} + \text{net assets at the end of the period}) \div 2} \times 100$$

*The consolidated figures are calculated as the total for Tokyo Tomin Bank and Yachiyo Bank on a consolidated basis, and ShinGinko Tokyo on a non-consolidated basis.

Future business strategy

Kiraboshi Bank's course of action



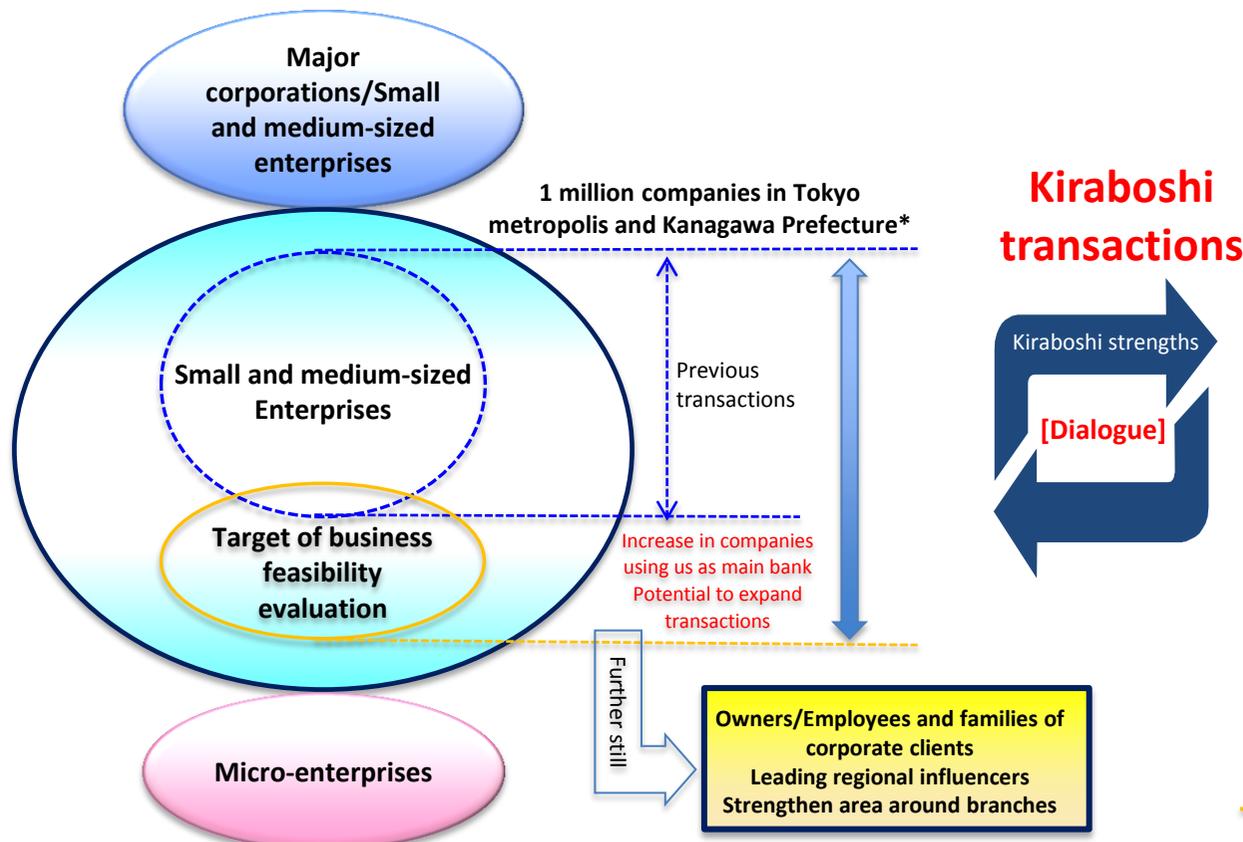
Fiscal year	2017	2018	2019	2020	2021	2022
		Birth of  Kiraboshi Bank, Ltd.				
Key events	Establishment of central operations center Completion of Aoyama Head Office	Introduction of new personnel system/human resources development program Move to new sales structure				
Streamlining and efficiency-improving measures		Improving headquarters efficiencies/optimizing allocation of personnel Strategic branch policy/arrangement of new offices		System consolidation		
Measures to expand revenue	Establishment of Kiraboshi Consulting Establishment of Kiraboshi Tech	Customer-oriented problem-solving support (increasing loans to SMEs) Strengthening consulting functions to raise revenue Strengthening partnership promotion FinTech initiatives				

Kiraboshi Bank's target customer group

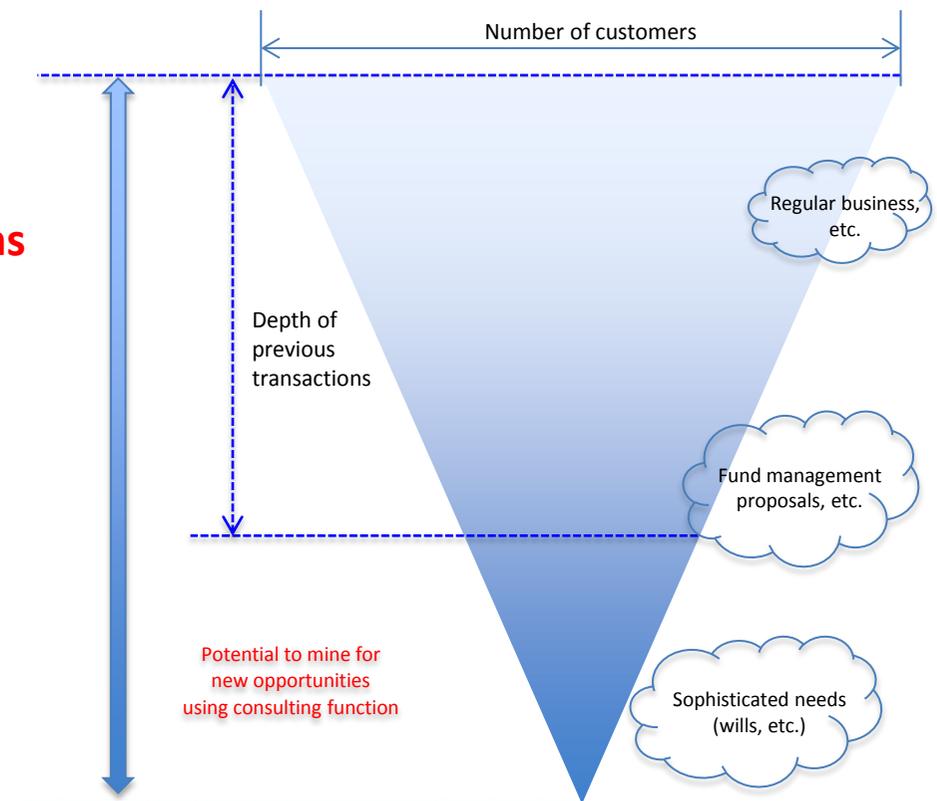
■ Tokyo area market

- [Tokyo's fertile markets and the dominance of the Tokyo area] Small and medium-sized enterprises (companies), which are the main target for Kiraboshi, are dramatically more numerous and more heavily concentrated in the Tokyo area than in other prefectures.
- This is an environment in which we have ample opportunity to differentiate ourselves from mega banks and Shinkin in particular, and demonstrate the appeal of our business feasibility evaluation business.
- We will further deepen our transactions with individual customers by leveraging our consulting functions through sales that emphasize "dialogue," which is a strength of the Kiraboshi Bank.

Responding to the financing needs of corporate customers



Unearthing new needs for individual customers



Synergistic effects from merger and merger consolidation costs

- With regard to streamlining measures implemented as part of the one-bank approach, we will commit ¥2.5 billion in additional measures to the initial plans for ¥8.0 billion.
- By implementing these in tandem with more than ¥2.0 billion in revenue expansion measures, we will work to expand net core business income.

Synergistic effects from merger* Annual effects forecast to merge by FY2022

Previous streamlining measures	Approx. ¥8.0 billion	<ul style="list-style-type: none"> ① Improving headquarters efficiency: Approx. ¥4.0 billion ② Rebuilding existing branch network: Approx. ¥1.5 billion ③ System integration: Approx. ¥2.5 billion
Additional streamlining measures	¥2.5 billion plus	<ul style="list-style-type: none"> ① Improving headquarters efficiency: Approx. ¥1.0 billion ② Rebuilding existing branch network: Approx. ¥1.5 billion ③ Improving operating efficiency: Several hundred million yen
Revenue expansion measures, etc.	More than ¥2.0 billion	<ul style="list-style-type: none"> ① Customer-orientated problem-solving support (increasing loans to SMEs) ② Strengthening consulting functions to raise revenue ③ Strengthening partnership promotion

Merger consolidation costs

Total investment in merger consolidation **Approx. ¥20.0 billion** (system consolidation, replacing signage, and handling customers, etc.)

FY2016
¥1.1 billion of expenses posted



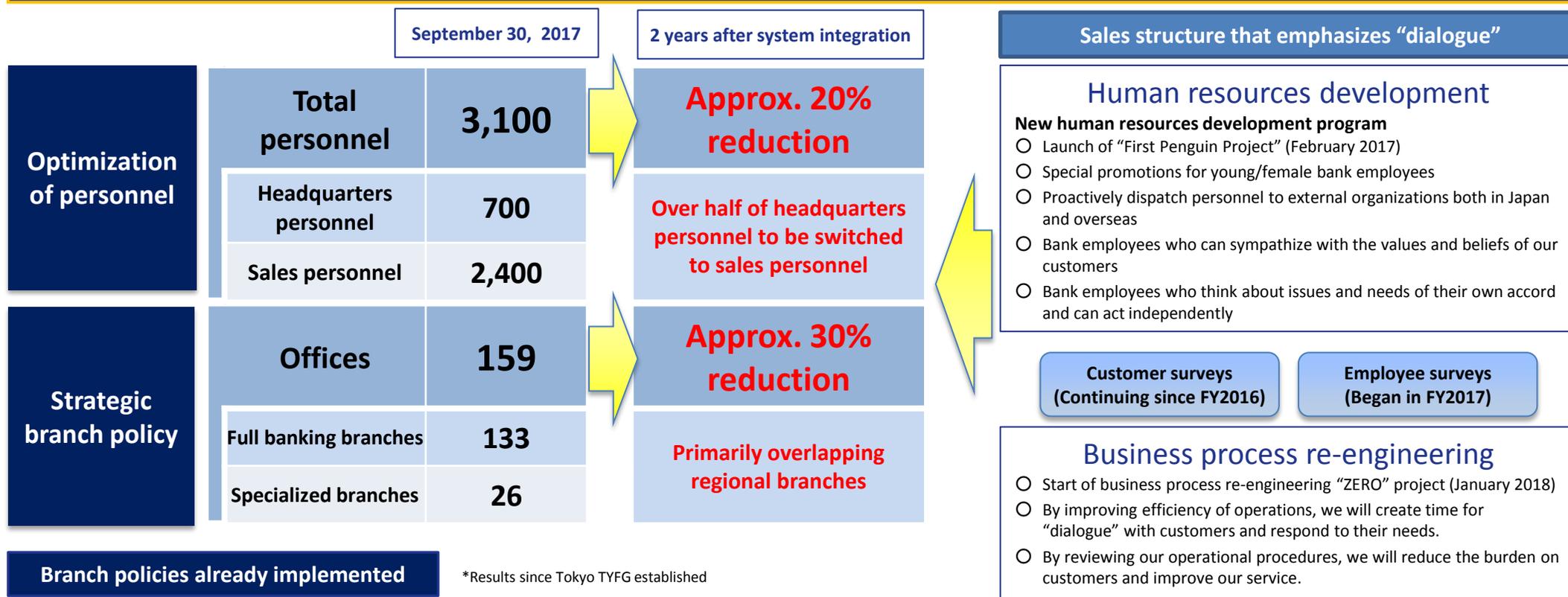
FY2017
¥2.2 billion forecast to be posted



Remaining expenses forecast to be posted in turn

Strategic branch policy and optimization of personnel allocation

- Personnel engaged in overlapping headquarters operations will be reassigned to sales divisions, leading to a reduction in total personnel of about 20%
- Streamlining of officers from May 2018 onward in line with the three-bank merger
- Primarily review overlapping regional branches to result in reduction of about 30%
- As well as developing human resources and promoting business process re-engineering, we will continually conduct customer surveys and employee surveys, improve awareness and motivation of employees and work to build a sales structure that emphasizes “dialogue.”



Branch policies already implemented

*Results since Tokyo TYFG established

- <Branch in branch> Nihonmatsu/ Shiroyama, Higashi Ikebukuro/Nishi Ikebukuro, Chofu/ Musashi Sakai Minami, Kamata/Nishirokugo, Kinshicho/ Joto
 <Specialized branches> Aihara, Ichigao, Fujimigaoka, Higashi Fuchu, Kobuchi, Kinshicho Station North Exit Office
 <Consolidation of headquarters functions into Aoyama/Shinjuku offices> <Shift to central operations center>

Strategic branch policy that recognizes the special features of the region

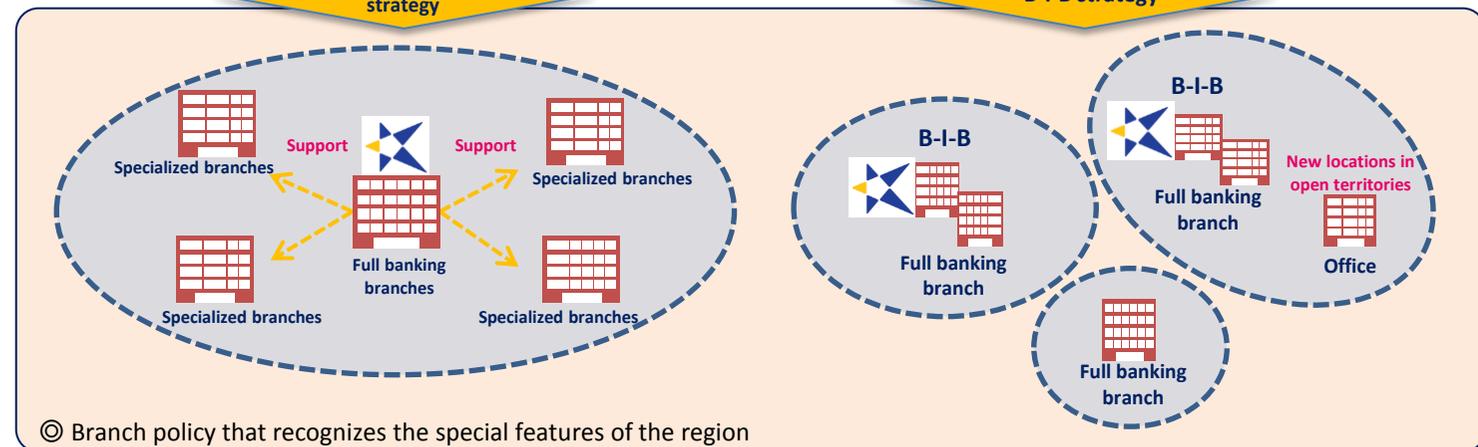
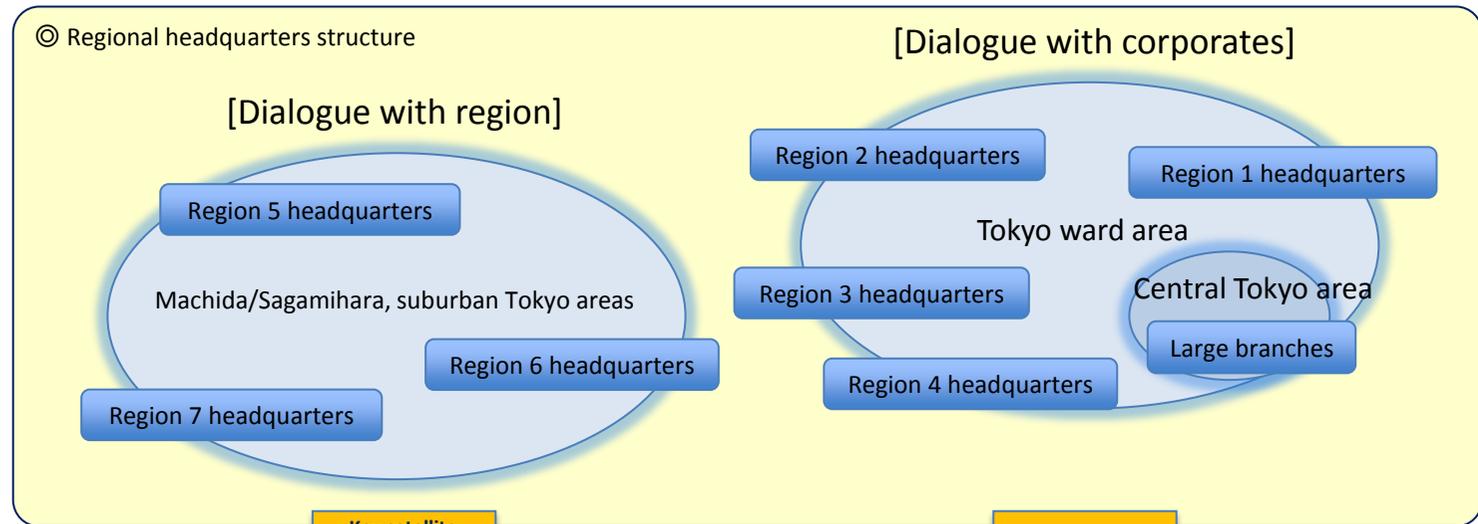


- Introduce regional headquarters to devolve significant authority to local offices to improve the sense of speed in responding to needs specific to the special features of the region (market)
- Promote a branch-in-branch approach, primarily for overlapping branches, after the merger. Promote the switch from full banking branches to specialized branches that match the special features of the region
Consider strategic opening of new branches in open territories
- Consolidate highly specialized personnel in full banking branches, create sales personnel, and build a sales structure that emphasizes “dialogue” with customers

◎ Regional special features and targets

	[Machida/ Sagami-hara, suburban Tokyo areas]	[Central Tokyo area] [Tokyo ward area]
Regional share	High	Low - medium
Regional special features	Many micro-enterprises, landlords, individuals	Concentration of small and medium-sized enterprises
Target	Sophisticated fund management needs, consulting on inheritances, etc. Further regional collaboration	Corporate funding needs and business succession issues

◎ Regional headquarters structure

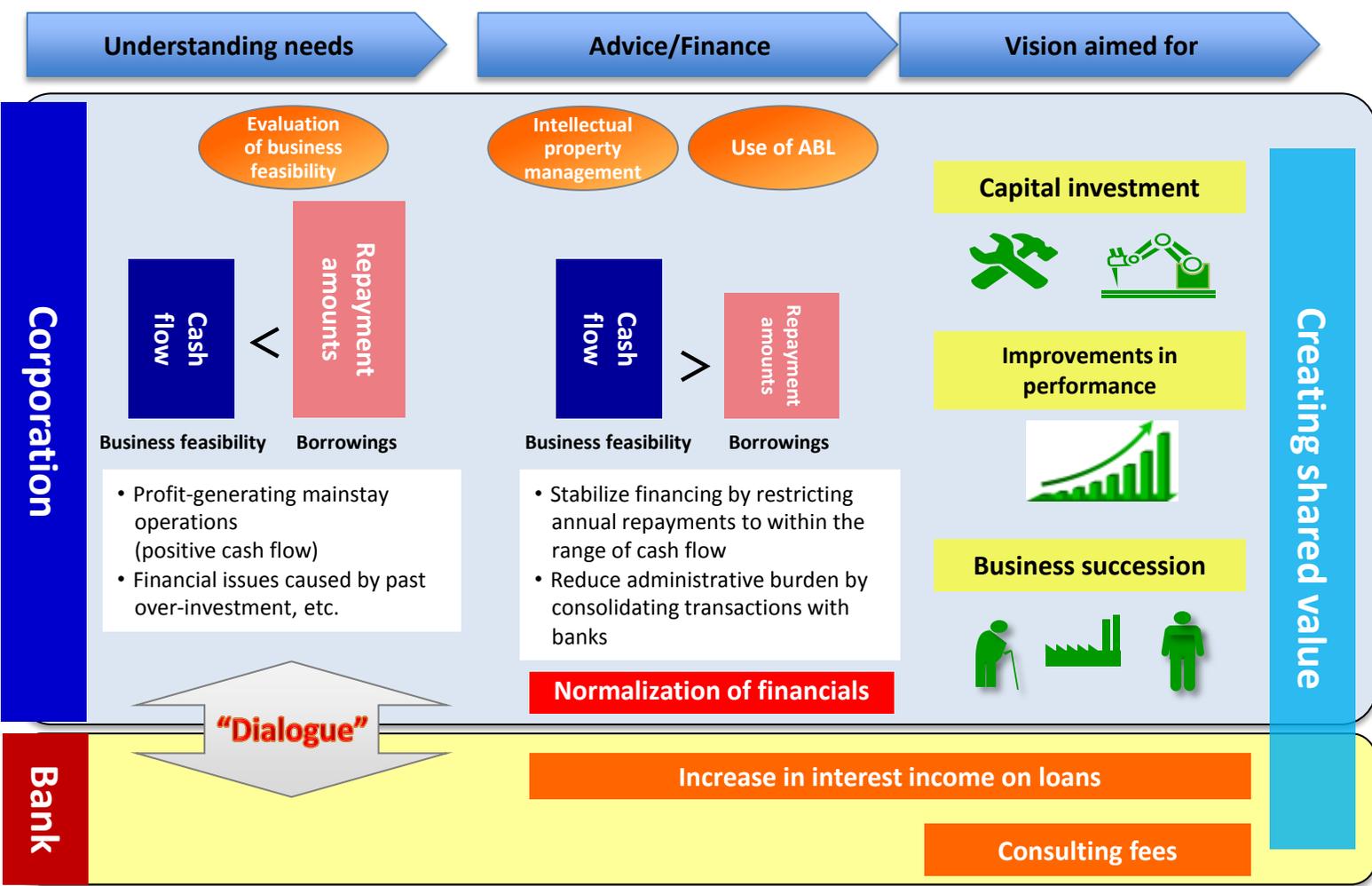


◎ Branch policy that recognizes the special features of the region

Problem-solving and mainstay operations support for SMEs based on evaluations of business feasibility

■ Fulfill the function of a true financial intermediary by using close relationships with customers to resolve problems and practice support of their mainstay operations
 Financing based on evaluations of business feasibility (initiatives for intellectual property management support/asset-based lending)

Examples of strengthening initiatives for management support of customers based on evaluations of business feasibility



Results for funding based on business feasibility evaluation (benchmark)

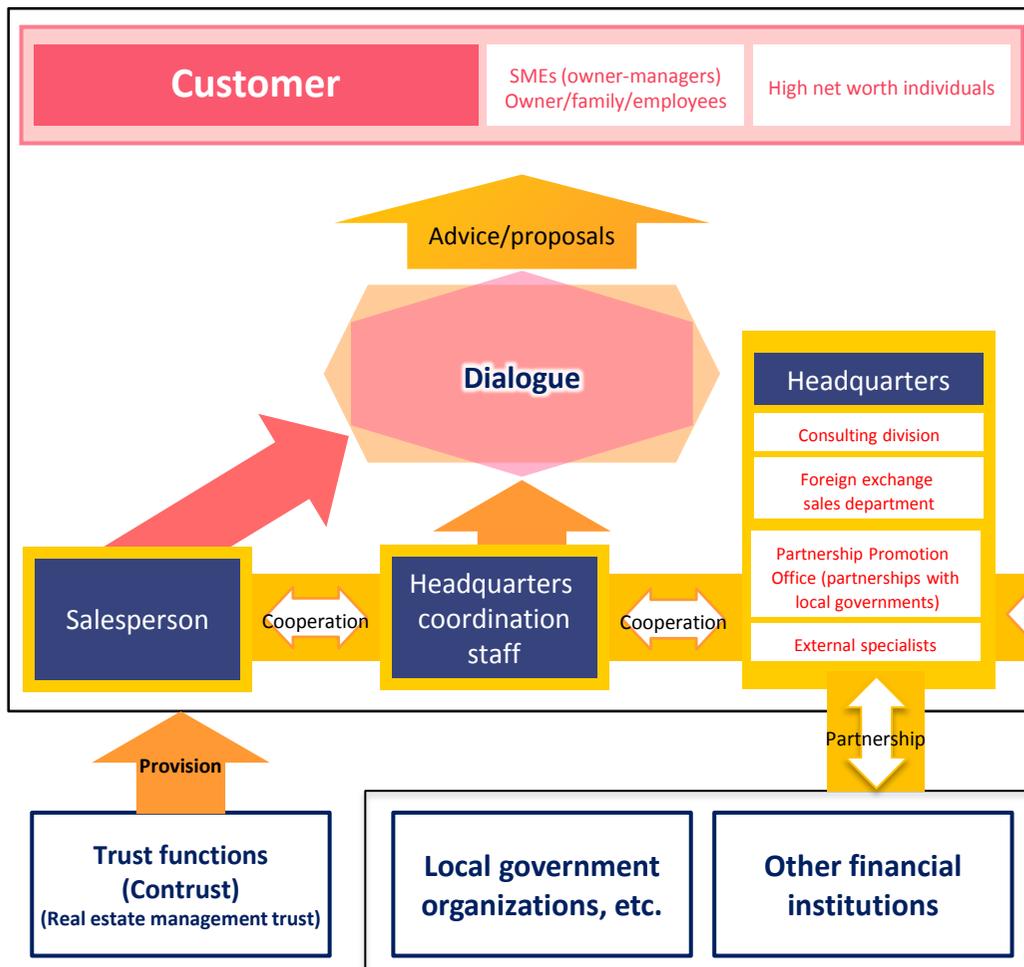
Fiscal year	Number of borrowers	Funding balance
FY2015	525	90.0 billion yen
FY2016	1,775	370.3 billion yen

Strengthening of consulting functions

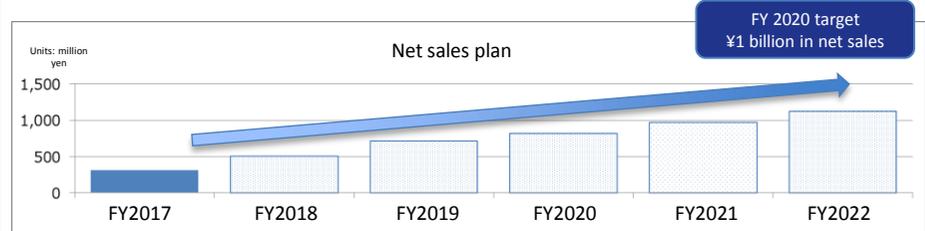
-Improving profitability-



Expansion of advisory fees due to strengthening of consulting functions
 Various types of support provided by Kiraboshi Consulting Co., Ltd. (IPO, strengthening governance, business succession, M&A, etc.)



Expand added value provided by offering highly specialized advice



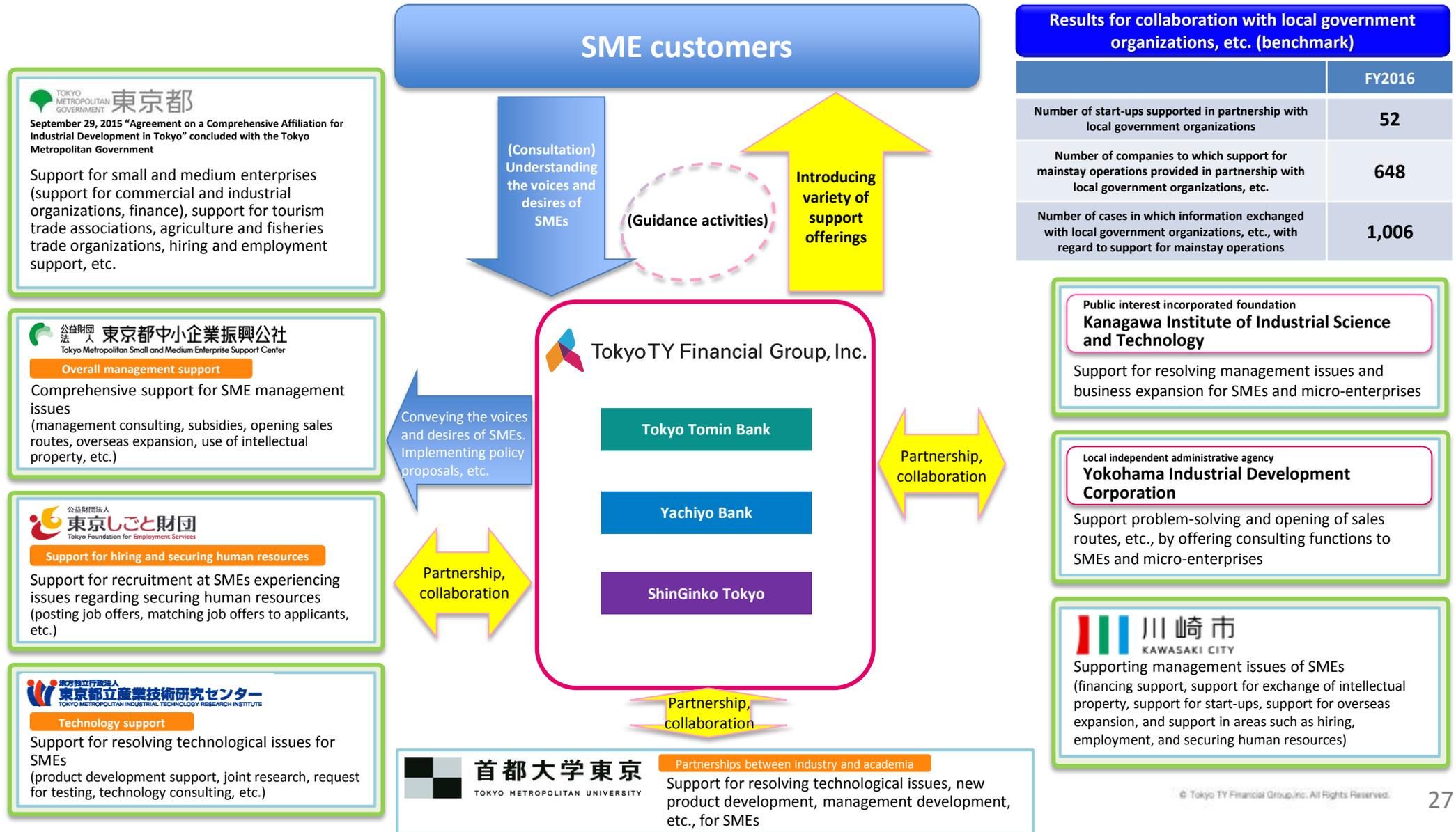
<Main business areas>

Business succession	Business value assessment	Share price measures
	M&A	Inheritance measures, etc.
	Capital policy support	
Creating business value	Support for drawing up business plans	Support for overseas expansion
	M&A	Support for IPO
	Transformation of profit structure, etc.	
Strengthening governance	Support for human resources, labor	Building internal control system
	Risk management	Restructuring of organization, businesses, etc.

Strengthening partnership promotions



Strengthening partnership with local governments, such as the Tokyo Metropolitan Government and related organizations



Strengthening partnership promotions

■ Through partnerships with financial institutions, we will provide financial services that allow us to respond to a variety of customer needs, and to strengthen our consulting functions.

Expanding fee business through business tie-ups (June 2016)



Aiming to expand the fee business and the customer base by offering sophisticated financial services that address diverse customer needs



TokyoTY Financial Group, Inc.

Tokyo Tomin Bank

Yachiyo Bank

ShinGinko Tokyo

Building our support network for mainstay operations so that it links the Tokyo area with other regions

An agreement on a Tokyo-Osaka partnership that “connects” the Tokyo and Osaka areas (January 2017)



Mainstay operations support network (November 2016)



Contributing to stable asset formation by customers through business tie-ups (August 2016)



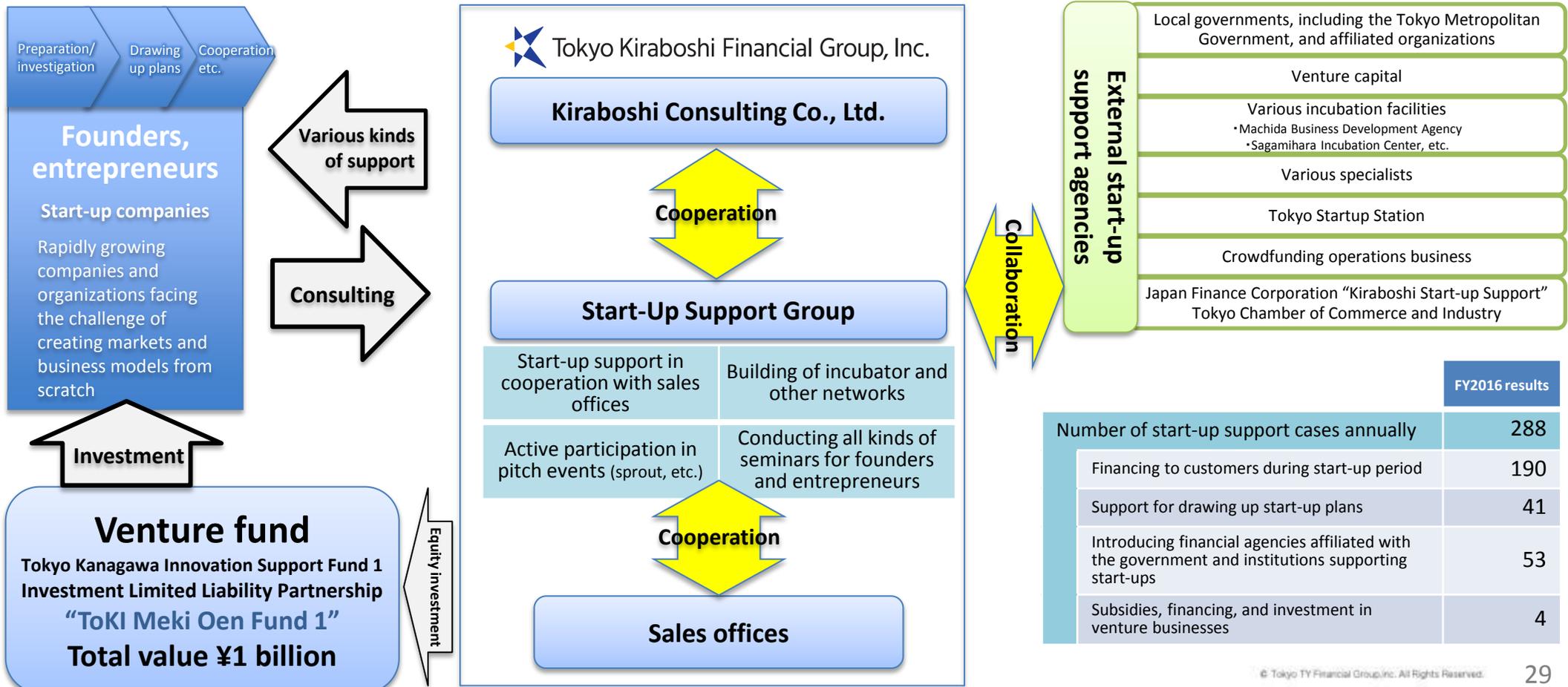
By leveraging know-how related to the “Core & Satellite Management Strategy” we will work to improve our capability to provide products that meet customer needs.

By building our support network for mainstay operations so that it links the Tokyo area with other regions, we will strengthen our consulting functions and support SMEs.

Initiatives to support start-ups

Working to make Kiraboshi Bank the natural partner for start-ups within three years

- The Group, whose home territory is the Tokyo area in which founders and entrepreneurs are overwhelmingly concentrated, **aims to build a structure for supporting founders**, becoming a “hub” for the business development of such founders and entrepreneurs, working in partnership with external networks such as those of the Tokyo Metropolitan Government to provide a variety of solutions from the public, private, and banking sectors.
- **By taking initiatives led by the Group not only in relation to the expansion of financing products, but also in the use of equity to provide support, we will respond to the various funding needs of founders with a fusion of direct and indirect finance.**
- With the aim of **making Kiraboshi bank recognized** among founders, entrepreneurs, and stakeholders **as the natural partner for start-ups**, we will reinforce our structures while developing various related measures.

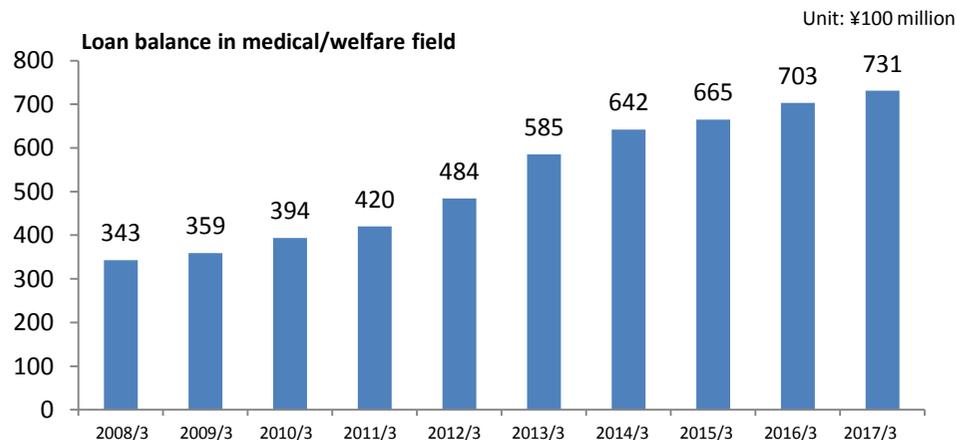
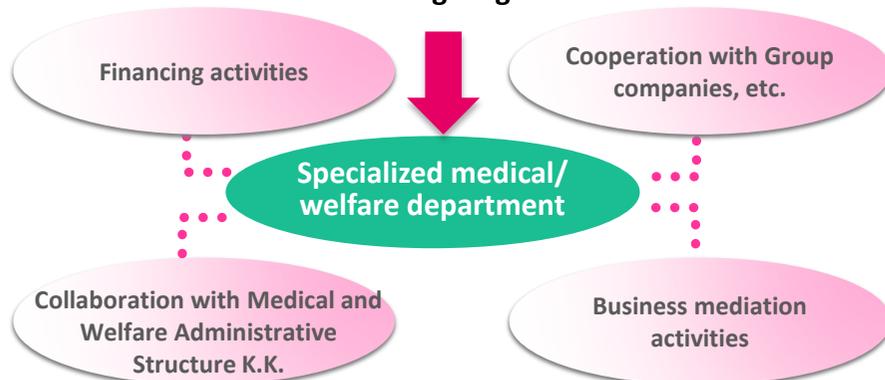


Initiatives to support the medical sector and overseas expansion

- In an environment characterized by the aging of society and a declining birthrate, 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 assistants not only through financing but also through support for mainstay operations.
- As a department specialized in this field, it will respond to a variety of needs such as M&A, consulting, and proposals to healthcare professionals for asset management, etc.

- For overseas-related business support for SMEs, primarily in Asia, we make use of Tomim Business Consulting Shanghai Co., Ltd., the only consulting affiliate of a regional bank, and form business tie-ups with local banks in Asian countries.
- We also utilize tie-ups with the overseas offices of public organizations such as the Thailand Branch Office of the Tokyo Metropolitan Small and Medium Enterprise Support Center, the Bangkok office of the Tokyo Metropolitan Industrial Technology Research Institute, and JETRO.

Medical corporations, private practitioners, and business operators in areas related to caregiving

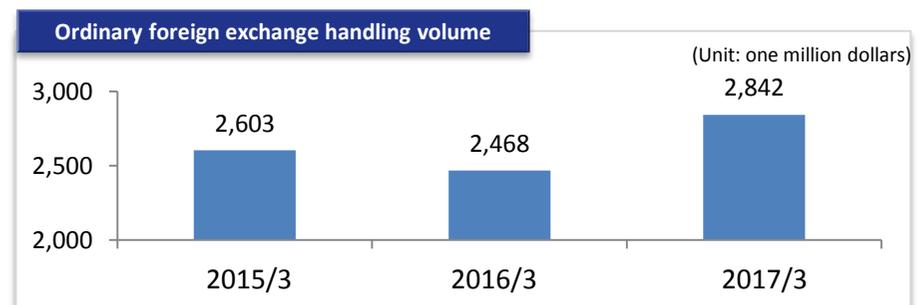


The number of counterparties for Tokyo TYFG foreign exchange-related transactions (corporates, owner managers) was approximately 2,900 (FY2017 first half).

Our track record in terms of trade transactions handled is one of the best of all regional banks nationwide. (FY2016 results)

Import transactions (outward remittances/import settlements) 39,381

Export Transactions (incoming remittances/purchase of export bills) 10,892

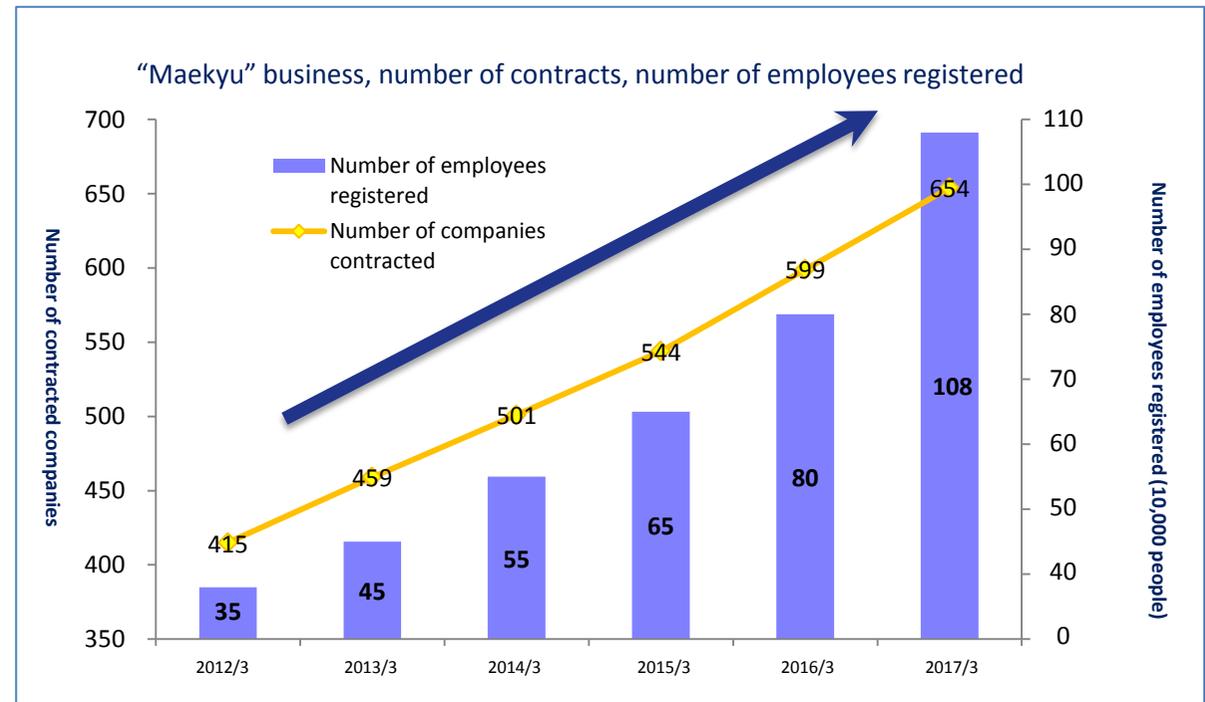
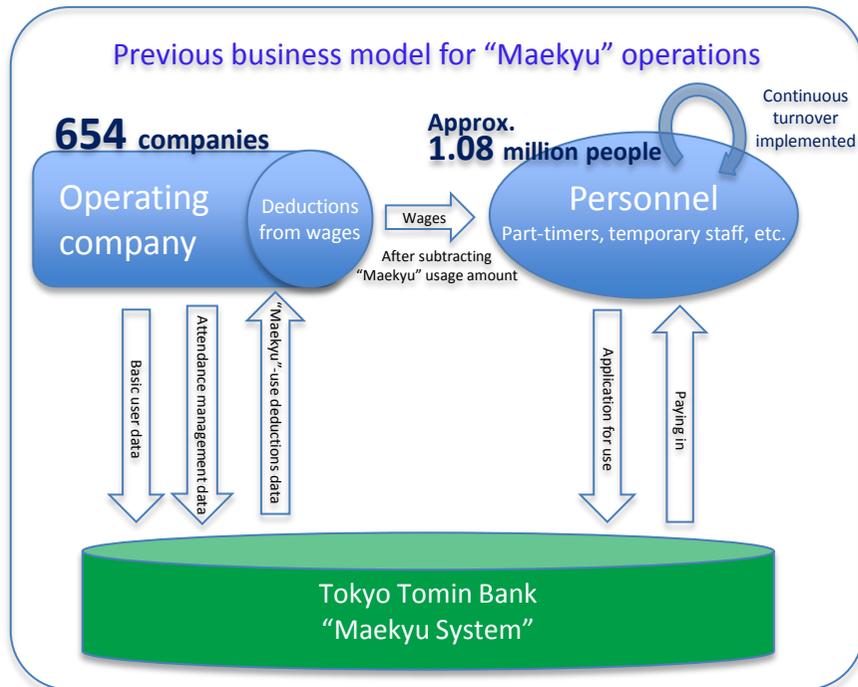


FinTech initiatives “Maekyu”

-Rising to the challenge of new business domains-

- Strengthening the functionality of the “Maekyu” platform and putting it to good use gives us a foothold in the **FinTech** business, allowing us to move into new business areas.
- The “Maekyu” business is a service that allows part-time and temporary staff working at companies to fulfill their various funding needs before payday.* Against the backdrop of recent labor shortages, it is being deployed by an increasing number of companies aiming to secure staff and improve retention ratios by offering generous benefits, and has grown into an important source of income for the Group.

*An account with the Group is not necessary to use the “Maekyu” service, but it is necessary for the employee to have a salary account and the employing company to conclude a contract with The Tokyo Tomin Bank.



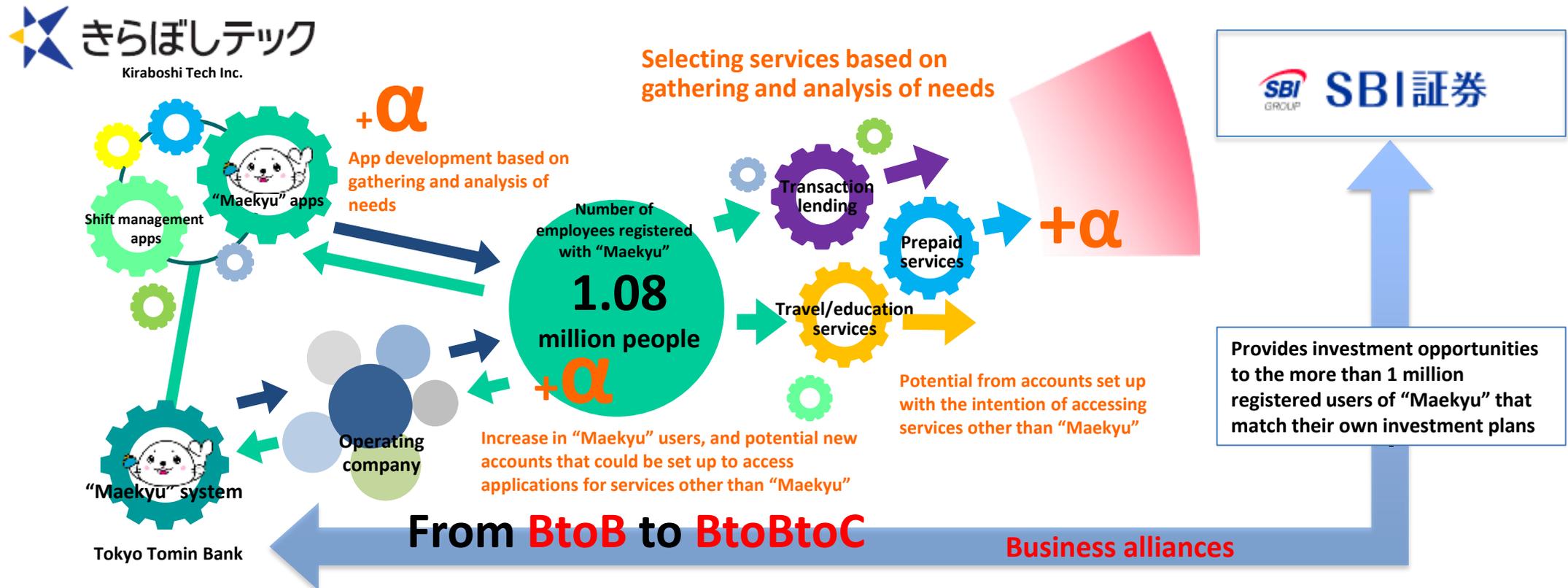
*Employee data is continuously being updated with new data.

*The special feature is the function that enables direct settlement (deductions from wages).

FinTech initiatives “Maekyu”

-Rising to the challenge of new business domains-

- Kiraboshi Tech, Inc., established
Taking a step beyond the “Maekyu” business model, by working to offer new added value for the 1.08 million people registered as employees, we are considering tie-ups with FinTech venture companies with the goal of winning new revenue opportunities, and have begun the building of a new business model.
- Partnership with SBI Securities
Support the opening of accounts at SBI Securities, a major online securities firm, for those registered with the “Maekyu” service, providing investment opportunities that match investment plans, such as small-scale investment trust accumulation services

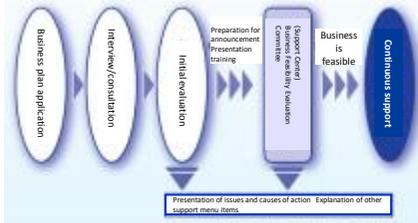


CSR initiatives

Stance of the Tokyo TY Financial Group toward CSR

The Tokyo TY Financial Group views the implementation of CSR management and contribution to the formation of sustainable local communities to be an essential management issue. Based on the management policy “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,” we have established the three action guidelines of **“contributing to the regional economy,”** **“contributing to local communities,”** and **“initiatives towards environmental issues,”** and we will actively engage in CSR activities.

■ Contributing to the regional economy



Initiatives for growth areas that leverage the business feasibility evaluations business

We handle the “Jigyō no Chikara” (“Strength of Business”) business feasibility evaluation financing system in partnership with the Tokyo Metropolitan Small and Medium Enterprise Support Center, as well as the “Chizai no Chikara” (“Strength of Intellectual Property”) intellectual property evaluation financing system. By leveraging the know-how of the Support Center, we provide an appropriate evaluation for the customer’s ideas and technological capabilities, work to improve our financial intermediary functions and contribute to the development of the regional economy.

■ Contributing to local communities



Participating in the “TEAM BEYOND” para sports fan site

We participate in the TEAM BEYOND fan site set up by the Tokyo Metropolitan Government to boost interest across society in para sports, and encourage officers and employees to register and work together to promote para sports.



Working with “Building a regional society that supports the elderly, etc.”

We have signed an “Agreement between the Metropolitan Government and the company for the building of a regional society that supports the elderly, etc.” with the Tokyo Metropolitan Government, and are taking initiatives to achieve a society in which elderly people can feel secure by “keeping gentle watch” and providing training for “dementia supporters” as well as preventing bank-related scams.

■ Initiatives towards environmental issues



Collaboration with “Fundraising to build forests with less pollen”

We donate an amount equivalent to a fixed rate applied to the balance of “building forests with less pollen” fixed deposit accounts to the “Fundraising to build forests with less pollen” program operated by the Tokyo Development Foundation for Agriculture, Forestry and Fisheries.



Implementing cleaning activities on the Tama and Sagami rivers

Personnel of the three banks and their families work together to carry out cleaning activities on the Tama and Sagami rivers, getting involved through the Group in initiatives aimed at environmental problems. These activities were also attended by children, so that the program also had an educational aspect.

Thank you for attending this presentation today.

- Please direct any comments or questions about these briefing materials or other IR topics to the IR office below.

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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.