

Tokyo Kiraboshi Financial Group

Results Briefing for the Fiscal Year Ended March 31, 2018



June 7, 2018

Contents



Overview of the Group	
Overview of the Group	p.4
Outline of the three-bank merger	p.5
Summary of business results	
Summary of business results for the fiscal year ended March 31, 2018 (1) [Tokyo Kiraboshi FG, consolidated]	P.7
Summary of business results for the fiscal year ended March 31, 2018 (2) [Three-bank total]	P.8
Loans and yields	P.9
On loans to the real estate sector (1)	P.10
On loans to the real estate sector (2)	P.11
Loans and assets under management	P.12
Securities	P.13
Problem assets subject to disclosure under the Financial Reconstruction Law and credit-related costs	P.14
Capital ratio/Core OHR/ROE	P.15
Plan for the fiscal year ending March 31, 2019	P.16

Medium-term business plan Start up ☆ Kiraboshi	
Outline of medium-term business plan	P.18
Profit plan (1) (Volume and yields)	P.19
Profit plan (2) (Gross core business profits, etc.)	P.20
Profit plan (3) (Expenses, etc.)	P.21
Profit plan (4) (Optimization of personnel allocation)	P.22
Profit plan (5) (Strategic branch policy)	P.23
Regional headquarters structure to achieve effective customer contact	P.24
Leveraging of consulting functions	P.25
Initiatives for individual customers and promotional structure	P.26
Strengthening group strategy through “dialogue”	P.27
Strengthening collaboration with external organizations	P.28
Initiatives to support start-ups - Working to make Kiraboshi Bank the natural partner for start-ups -	P.29
Strengthening support in the areas of medical/welfare and overseas expansion	P.30
Strengthening solutions that make use of the trusts function	P.31



Overview of the Group

Overview of the Group



Tokyo Kiraboshi FG

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	Signed the Agreement on a Comprehensive Affiliation for Industrial Development in Tokyo with the Tokyo metropolitan government
April 2016	Business integration between Tokyo TY Financial Group, Inc., and ShinGinko Tokyo, Limited
June 2016	Business and capital tie-up with Sumitomo Mitsui Trust Bank, Limited
August 2016	Conditional upon obtaining approval from the relevant authorities, it was resolved 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.
November 2016	Alliance with Jimoto Holdings, Inc.
January 2017	Alliance with Senshu Ikeda Holdings, Inc.
April 2017	Established Kiraboshi Consulting Co., Ltd.
October 2017	Formation of ToKI Meki Oen Fund 1
November 2017	Established Kiraboshi Tech, Inc.
May 2018	Birth of Kiraboshi Bank Changed business name to Tokyo Kiraboshi Financial Group, 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

Outline of the three-bank merger



Tokyo Kiraboshi FG

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

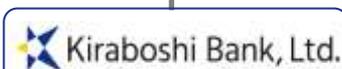
"Kiraboshi" is a design representing somebody facing forward and beginning to walk with head held high, and represents our feeling of wanting to move forward with and contribute to the local community, as a bank that rises to the challenge.
Expressing our desire to become a bank that places great value 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."

Birth of Kiraboshi Bank

May 1, 2018



Tokyo Tomin Bank Yachiyo Bank ShinGinko Tokyo



Core systems to be consolidated by the target date of the first half of FY2020

○At the point of merger on May 1, 2018

ShinGinko Tokyo's systems were consolidated with those of Tokyo Tomin Bank and the systems of Yachiyo Bank and Tokyo Tomin Bank were connected via a relay system.

○Unification of core systems

By the target date of the first half of FY2020, former Yachiyo Bank systems to be consolidated with those of former Tokyo Tomin Bank to unify core systems and sub systems etc.



Summary of business results

Summary of business results for the fiscal year ended March 31, 2018 (1)

[Tokyo Kiraboshi FG, consolidated]



Tokyo Kiraboshi FG

Business performance (Tokyo Kiraboshi FG, consolidated)

(¥ billion)

No.		2017/3	2018/3	Change
1	Consolidated ordinary income	83.0	82.6	(0.4)
2	Consolidated gross business profit	71.2	68.4	(2.7)
3	Excluding gains/losses on bonds etc.	69.9	69.8	(0.1)
4	Of which, net interest income	55.0	54.0	(1.0)
5	Of which, net fees and commissions	12.6	14.1	1.4
6	Of which, other business income	3.4	0.2	(3.1)
7	Expenses	59.0	59.0	(0.0)
8	Credit-related costs	2.8	2.0	(0.8)
9	Gains on stocks and other securities	1.1	2.5	1.4
10	Profit on investments based on the equity method	0.0	0.0	(0.0)
11	Others	(2.1)	(5.2)	(3.0)
12	Ordinary profit	8.3	4.7	(3.5)
13	Extraordinary profit	19.1	0.0	(19.1)
14	Gain on bargain purchase	19.4	—	(19.4)
15	Income before income taxes	27.4	4.7	(22.7)
16	Income taxes	1.8	1.0	(0.8)
17	Net income	25.5	3.6	(21.8)
18	Profit (loss) attributable to non-controlling interests	0.0	0.0	(0.0)
19	Profit attributable to owners of parent	25.5	3.6	(21.8)

Achievement rate (Tokyo Kiraboshi FG, consolidated)

(¥ billion)

	2018/3 plans	2018/3 results	Achievement rate	Vs. initial plans Change
Ordinary profit	5.0	4.7	94.5%	(0.3)
Profit attributable to owners of parent	3.2	3.6	114.9%	0.4

Summary (1) Tokyo Kiraboshi Financial Group (Consolidated)

- Ordinary profit of ¥4.7 billion was posted, a decrease of ¥3.5 billion year on year.
- Profit attributable to owners of parent came to ¥3.6 billion, a decrease of ¥21.8 billion year on year. Profit attributable to owners of parent of ¥25.5 billion for the fiscal year ended March 31, 2017 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 ¥6.1 billion after excluding the gain on bargain purchase (¥25.5 billion - ¥19.4 billion)).
- Compared with the projections presented in the plan of the fiscal year ended March 31, 2018, ordinary profit decreased ¥0.3 billion while profit attributable to owners of parent was slightly higher, with an increase of ¥0.4 billion.

Summary of business results for the fiscal year ended March 31, 2018 (2)

[Three-bank total]



Tokyo Kiraboshi FG

(¥ billion)

Business performance		Three bank total (non-consolidated)		
		2017/3	2018/3	Change
1	Ordinary income	88.0	86.1	(1.8)
2	Gross business profit	73.7	70.2	(3.5)
3	Of which, gross core business profit	72.1	71.5	(0.6)
4	Of which, net interest income	60.0	1 58.8	(1.2)
5	Of which, net fees and commissions	10.0	2 11.2	1.2
6	Of which, other business income	3.5	0.0	(3.5)
7	Of which, gains (losses) on bonds, etc.	1.6	3 (1.2)	(2.9)
8	Expenses	57.7	4 57.3	(0.3)
9	Of which personnel expenses	29.2	28.4	(0.7)
10	Of which non-personnel expenses	24.5	24.3	(0.2)
11	Net core business income	14.3	14.1	(0.2)
12	Transfer to reserve for general possible loan losses	(0.7)	(0.3)	0.3
13	Net business income	16.7	13.2	(3.5)
14	Non-recurring profit (loss)	(4.6)	(4.7)	(0.1)
15	Of which, reversal of allowance for loan losses	1.5	0.9	(0.6)
16	Of which, loss from write-off of non-performing loans	5.4	3.4	(2.0)
17	Of which, gains (losses) on stocks and other securities	0.9	2.8	1.9
18	Ordinary profit	12.1	8.4	(3.6)
19	Extraordinary profit (loss)	(0.3)	(0.0)	0.2
20	Income taxes	2.2	1.1	(1.0)
21	Net income	9.6	7.2	(2.3)
22	Credit-related costs	2.9	5 2.1	(0.8)

Summary (2) [Three-bank total]

- Net interest income came to ¥58.8 billion (decrease of ¥1.2 billion year on year) as a result of a further decline in the lending rates from the effect notably of the negative interest rate policy.
 - Interest on loans and discounts down ¥2.0 billion year on year
 - Interest on securities up ¥0.4 billion year on year
- Net fees and commissions came to ¥11.2 billion (increase of ¥1.2 billion year on year), as a result of increase in sales of investment trusts and life insurance products.
- Losses on bonds etc. of ¥1.2 billion were recorded (a negative ¥2.9 billion change year on year) due in part to losses on sales notably of US Treasury bonds.
- Expenses came to ¥57.3 billion (decrease of ¥0.3 billion year on year), reflecting further reductions in both personnel and non-personnel expenses.
- Credit-related costs remained low at ¥2.1 billion (decrease of ¥0.8 billion year on year), as corporate performance followed a recovery trend.

Loans and yields



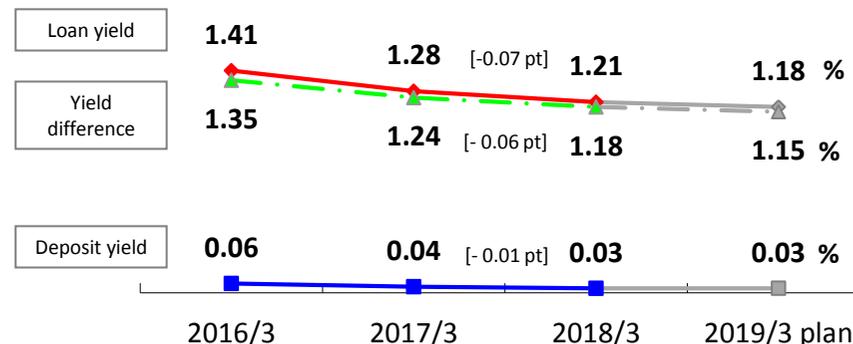
* For 2016/3 to 2018/3, the figures represent the total of the former Tokyo Tomin Bank, the former Yachiyo Bank and the former ShinGinko Tokyo on a non-consolidated basis.

Tokyo Kiraboshi FG

- Loans to SMEs increased through focused efforts in evaluation of business feasibility and support of mainstay operations.
- The loan portfolio is diversified over a range of industries to reduce the risks.
- While loan yields are on the decline partly from the effect of the negative interest rate policy, efforts are made to curtail the fall in yields by providing high value added services and flexible support, in addition to increased efforts in financing based on evaluations of business feasibility.

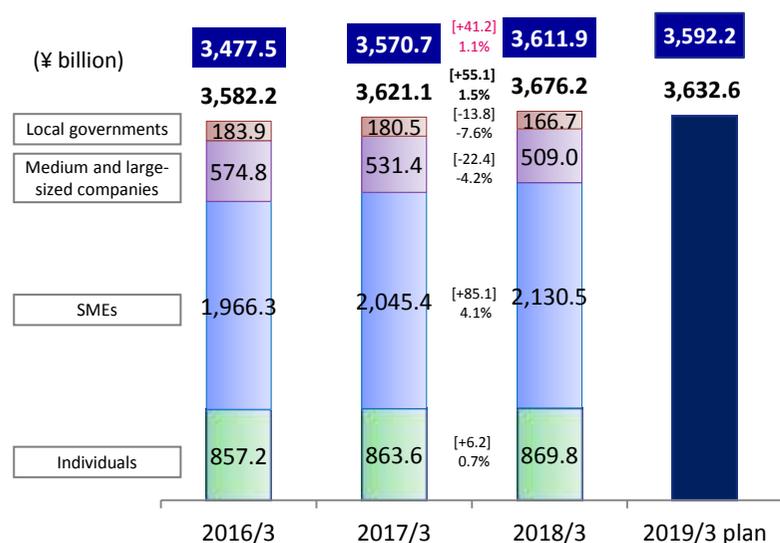
Yields (three-bank total)

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



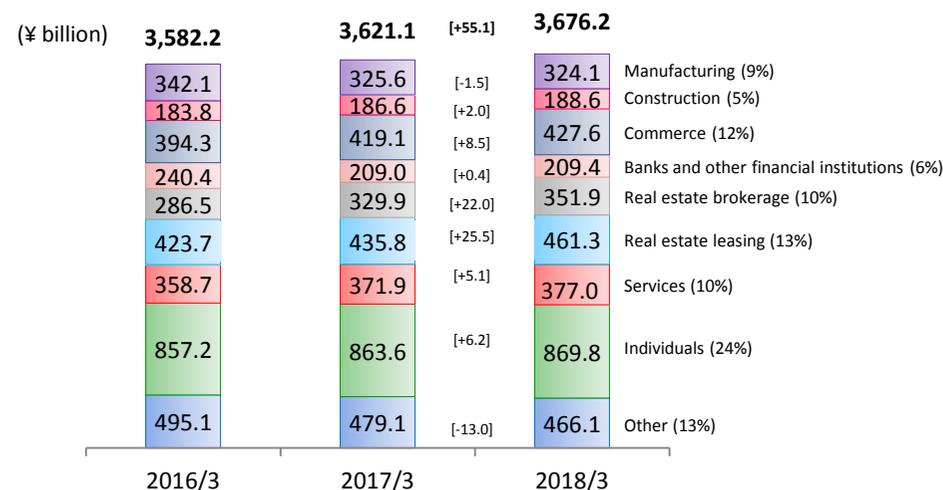
Loan balance by type of customer (three-bank total)

(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)

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





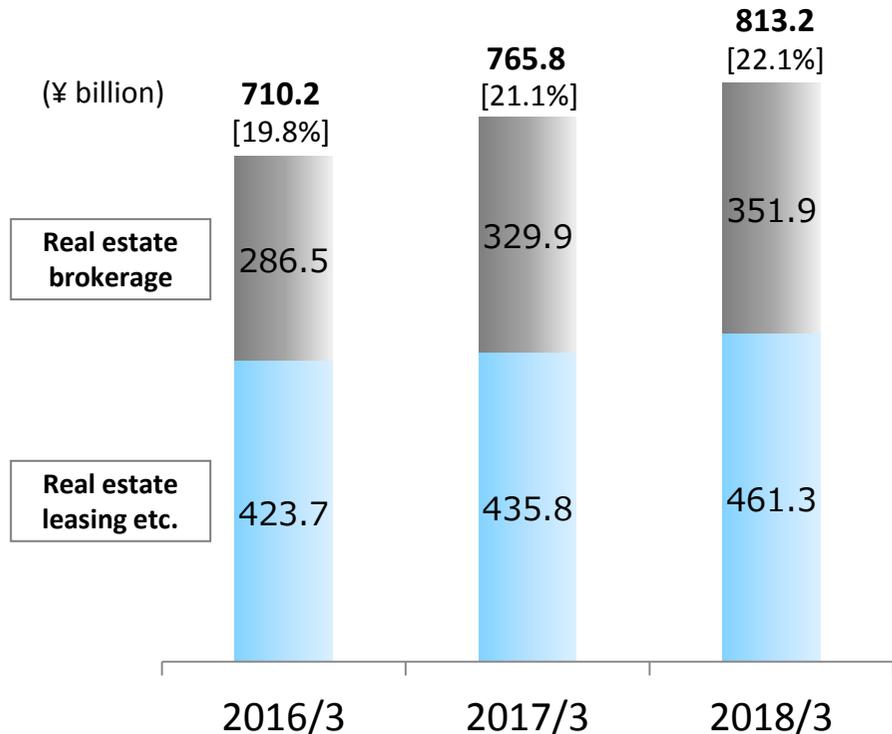
On loans to the real estate sector (1)

- Positioning the real estate sector as the local industry of the “Tokyo Metropolis”, efforts are made to respond to actual needs of local customers, and thereby diversify exposure.
- In real estate leasing business, full attention is given to risk management, which includes inspection of each individual target property to check such aspects as rent level as the source of repayment.
- Real estate leasing as a percentage of total lending is approximately 20%. The policy is to construct a balanced loan portfolio.

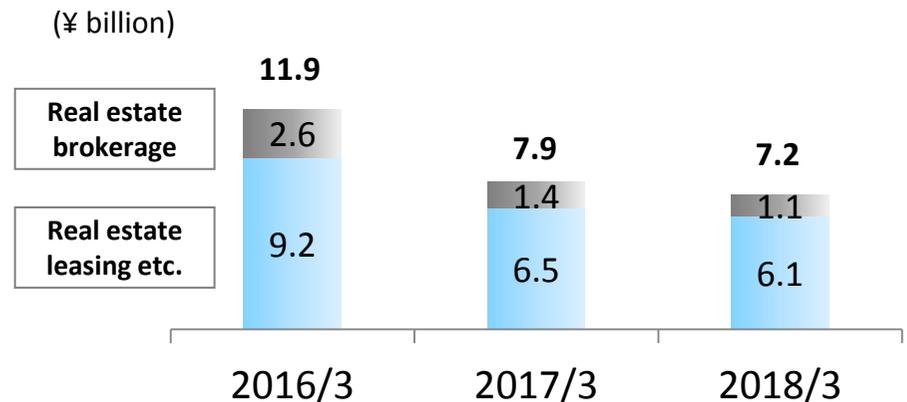
* Figures within brackets are percentages of the total loan balance.

Loan balance to the real estate sector

Average balance per loan
Approx. ¥60 million



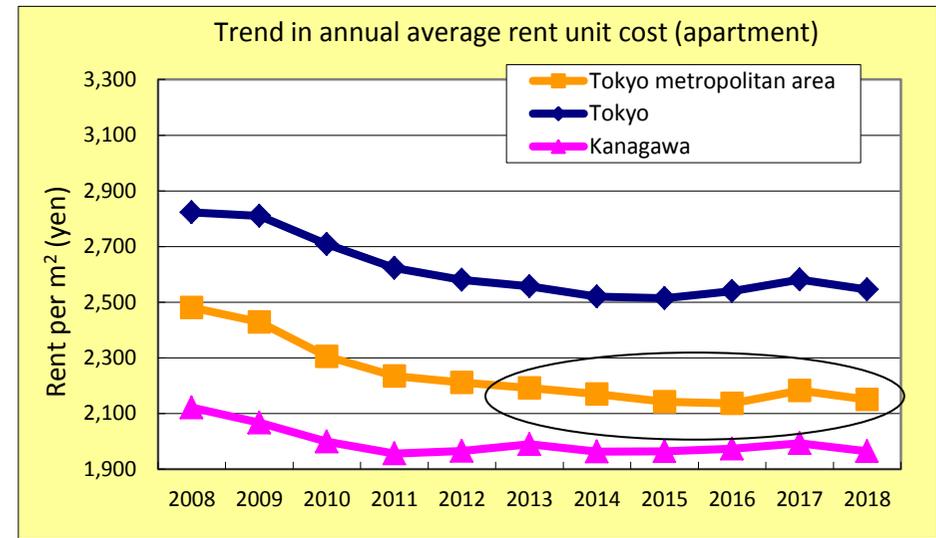
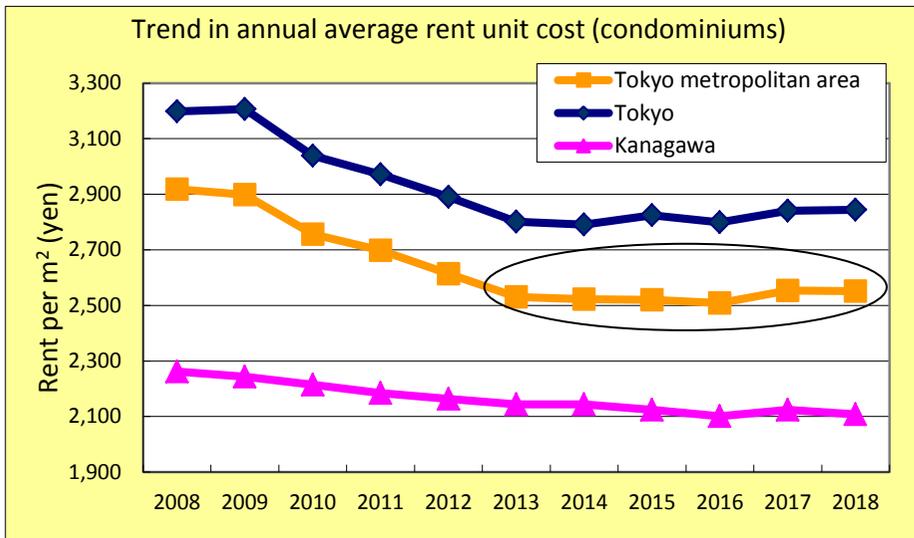
Risk-monitored loan to the real estate sector



On loans to the real estate sector (2)

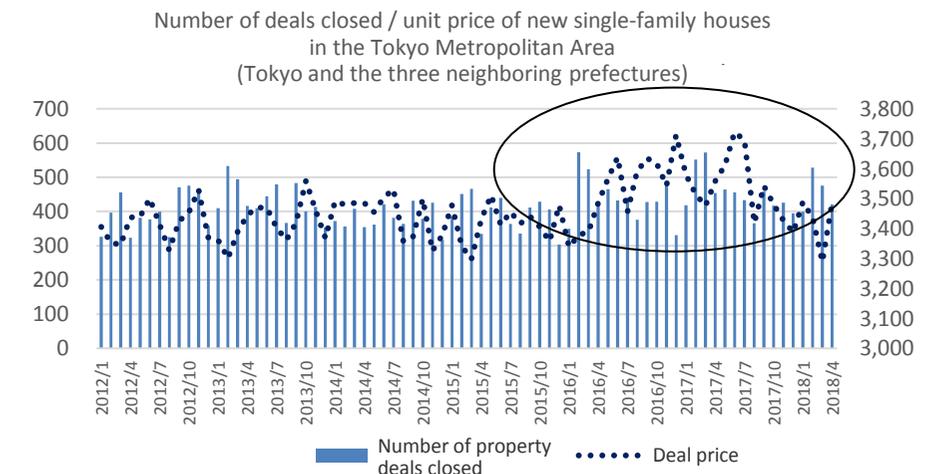
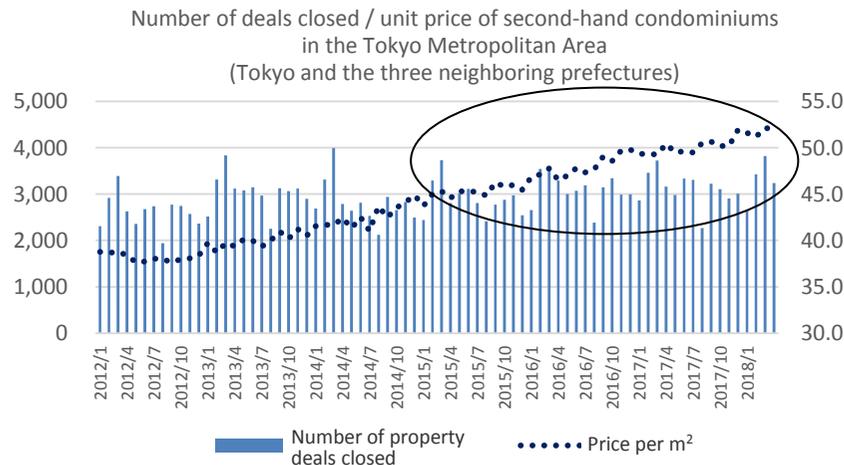


- Rent per unit of rental properties in Tokyo are showing signs of bottoming out for both condominiums and apartments, moving more or less flat since 2013.
- The number of property deals closed and prices show firm trends for both “second-hand condominiums” and “new single-family houses” in the Tokyo Metropolitan Area (Tokyo and the three neighboring prefectures), which is a major market for the Group.



Source: “Trends in Residential Rental Property Transactions in the Tokyo Metropolitan Area”, Real Estate Information Network for East Japan (public interest incorporate foundation)

Source: “Trends in Residential Rental Property Transactions in the Tokyo Metropolitan Area”, Real Estate Information Network for East Japan (public interest incorporate foundation)



Deposits and assets under management

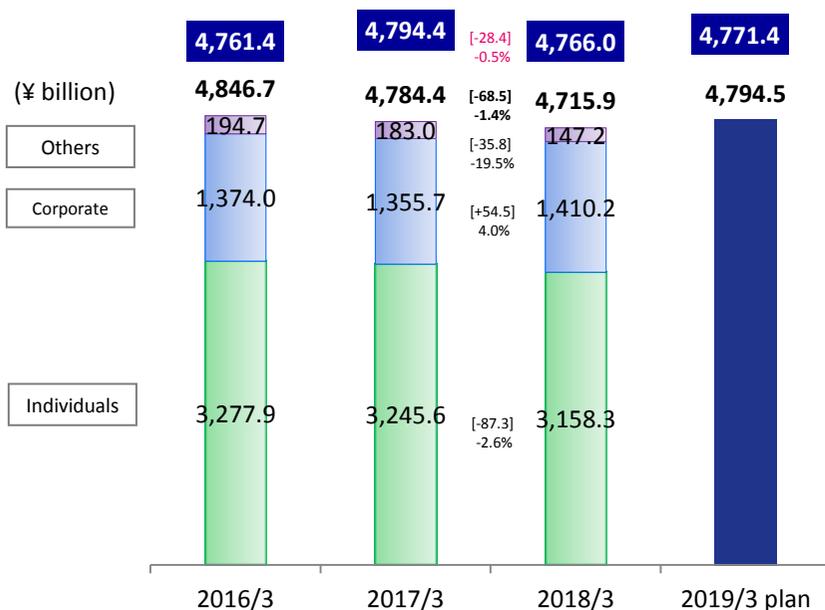


Tokyo Kiraboshi FG

- In the fiscal year ended March 31, 2018, corporate customer deposits increased by ¥54.5 billion, while individual deposits decreased by ¥87.3 billion due in part to time deposits with premium interest rate reaching maturity. As a result, deposit balance declined by ¥68.5 billion year on year.
- With regard to investment trusts, the deployment of core/satellite strategy was pushed forward to promote accumulation of balance primarily in core assets. However, total balance decreased due partly to the decline in net asset value reflecting market price fluctuations and other factors.
- As for insurance, due to the introduction of new foreign currency-denominated products, sales were robust.

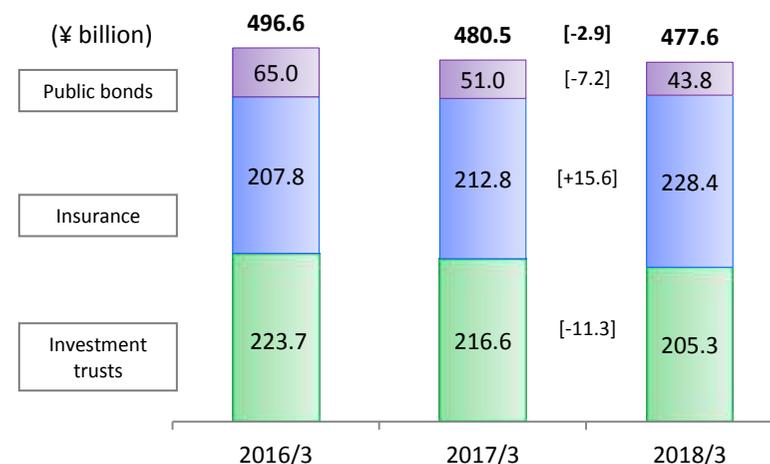
Deposit balance by client (three-bank total)

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



Balance of assets under management by item

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

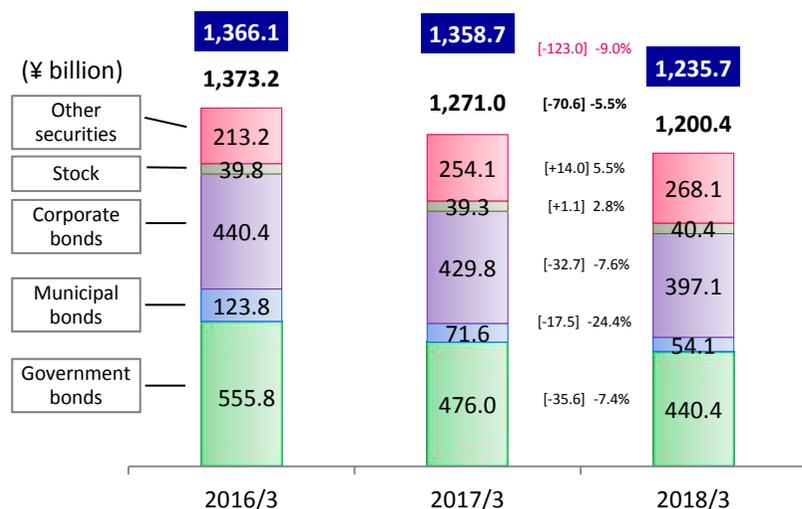


* Balance of assets under management of the former Tokyo Tomin Bank and former Yachiyo Bank. Former ShinGinko Tokyo was not engaged in the management of assets such as investment trusts and life insurance products.

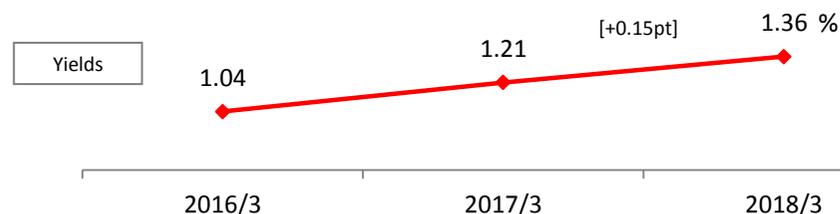
- Amidst the low interest rate environment, the outstanding balance of securities decreased by ¥70.6 billion year on year, a large proportion of which was accounted for by government bonds. On the other hand, the balance of “Other securities”, which include trust beneficiary rights, increased by ¥14.0 billion as a result of continued efforts in diversification of investment management and portfolio diversification.
- In 2018/3, yield on securities rose 0.15 points year on year to 1.36%, attributable largely to dividends associated with exits from investments made through corporate restructuring funds.
- Constructing ladder type portfolio to achieve risk diversification and stable profits, and thereby avoid increase in duration.
- Continued efforts will be made in diversification of investment management and portfolio diversification while ensuring control of risk amount in order to avoid excessive interest rate risk.

Securities balance • Yields (three-bank total)

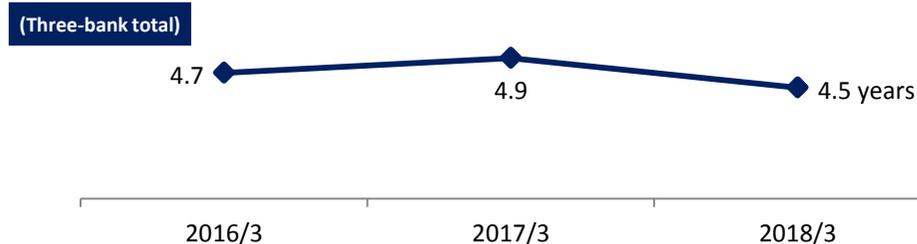
(The numbers in white are average balances for the term; figures within brackets are year-on-year changes; percentages are change rates.)



Yield on securities (three-bank total)



Duration (three-bank total)



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



Tokyo Kiraboshi FG

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

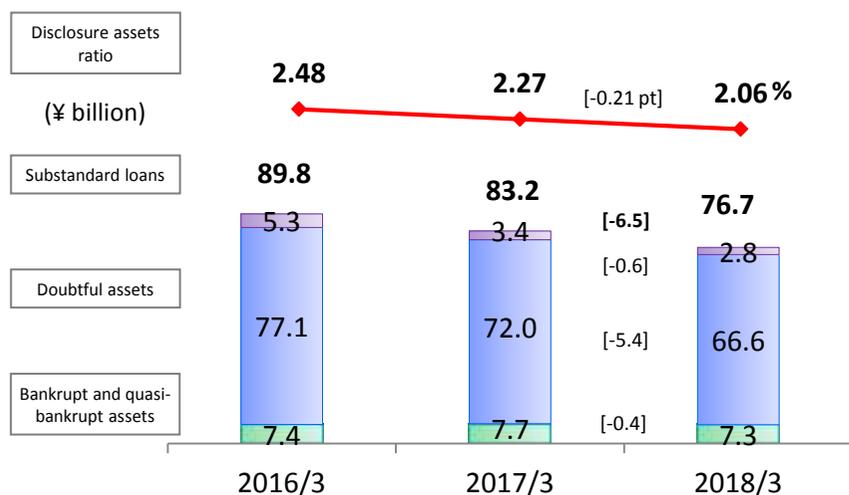
- The value of problem assets subject to disclosure under the Financial Reconstruction Law fell by ¥6.5 billion to ¥76.7 billion on a three-bank total basis, while the disclosure assets ratio declined by 0.21 points over the same period.

Credit-related costs

- Credit-related costs in the fiscal year ended March 31, 2018 decreased by ¥0.81 billion to ¥2.11 billion on a three-bank total basis. Due to such factors as the relative stability of business conditions for borrowers and our focus on reconstruction support, etc., the level remains low.

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

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



Credit-related costs

(¥ billion)

	2016/3	2017/3	2018/3	Change
Three-bank total	0.36	2.92	2.11	(0.81)

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

(¥ billion)

	2018/3
Covered amount	70.1
Reserve for possible loan losses	20.3
Collateral, guarantees, etc.	49.7
Problem assets	86.4
Coverage ratio	81.1%

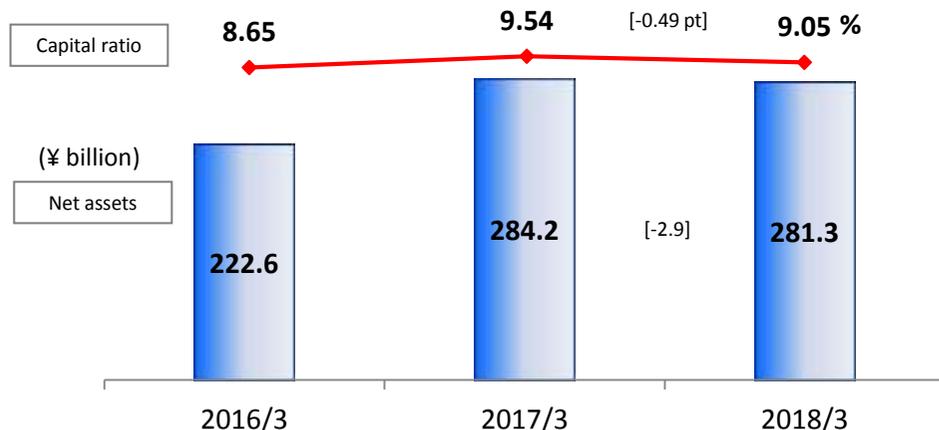
Capital ratio/Core OHR/ROE



Tokyo Kiraboshi FG

Consolidated capital ratio (Tokyo Kiraboshi Financial Group)

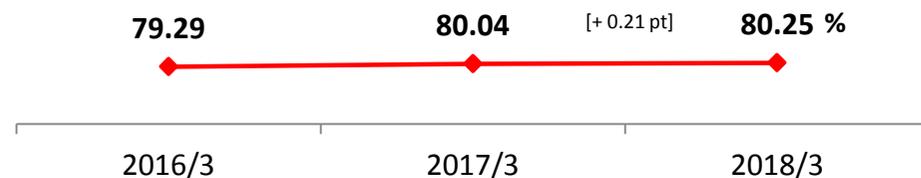
(Figures within brackets are year-on-year changes.)



*Figures for former ShinGinko Tokyo are not included in 2016/3

Core OHR (three-bank total)

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



$$\text{Core OHR} = \frac{\text{Expenses}}{\text{Consolidated gross core business profit}} \times 100$$

Capital ratio

The consolidated capital ratio for the Tokyo Kiraboshi Financial Group fell by 0.49 points year on year to 9.05% mainly as a result of increased loans to small and medium-sized enterprises, while consolidated net assets fell to ¥281.3 billion.

Core OHR

As a result partly of decrease in gross core business profit due to decline in loan yields, the core OHR rose 0.21 points year on year on a three-bank total basis.

ROE (consolidated)

ROE (consolidated) fell by 1.15 points year on year on a three-bank total basis as a result of a decrease in profit attributable to owners of parent that was caused primarily by the decline in loan yields.

ROE (consolidated)

	2016/3	2017/3	2018/3
Three-bank total	5.24	3.01	1.86

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

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



Plan for the fiscal year ending March 31, 2019

2019/3 plan (Tokyo Kiraboshi FG, consolidated)

(¥ billion)

	2018/3 results	2019/3 plan	Change	2021/3 Mid-term Plan
Profit attributable to owners of parent	3.6	1 3.2	(0.4)	6.0

2019/3 plan (Kiraboshi Bank)

(¥ billion)

	2018/3 results	2019/3 plan	Change	2021/3 Mid-term Plan
1 Gross core business profit	71.5	65.5	(6.0)	-
2 Of which, net interest income	58.8	2 53.0	(5.8)	-
3 Expenses	57.3	3 57.2	(0.1)	-
4 Net core business income	14.1	8.3	(5.8)	12.5
5 Credit-related costs	2.1	4 2.4	0.3	-
6 Ordinary profit	8.4	2.4	(6.0)	-
7 Net income	7.2	3.9	(3.3)	-
8 Ordinary profit (consolidated)*	7.2	3.4	(3.8)	-
9 [consolidated] Profit attributable to owners of parent*	5.3	5 4.4	(0.9)	-

Main factors of the profit plan

- 1** Consolidated profit of Tokyo Kiraboshi FG is planned at ¥3.2 billion (down ¥0.4 billion year on year).
- 2** Net interest income is planned at ¥53.0 billion (down ¥5.8 billion year on year) in consideration of the effect of negative interest policy and other factors.
 - Decrease of ¥1.2 billion in interest on loans and discounts.
 - Decrease of ¥4.4 billion in interest on securities.
- 3** Expenses are planned at ¥57.2 billion, unchanged from the previous fiscal year, to reflect achievement of improvement in headquarters efficiency, system consolidation with the former ShinGinko Tokyo, Limited and other factors, offsetting such anticipated costs as initial expenses relating to branch rearrangement.
- 4** Credit-related costs are planned to grow by ¥0.3 billion, a main factor being increase in loans to SMEs through promotion of business feasibility evaluations financing.
- 5** Profit attributable to owners of parent is planned at ¥4.4 billion (down ¥0.9 billion year on year) which includes factors mentioned above.

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



Medium-term Business Plan

Start-up Kiraboshi

Outline of medium-term business plan



Tokyo Kiraboshi FG

Start-up Kiraboshi

*Announced on March 30, 2018

Period May 2018 - March 2021 (3 years)

<Concept of the company name>

- ① Creating “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
(having a tangible presence in the Tokyo area)
- ③ Start-up spirit based on “Challenge & Speed”

Business models “Building Business models with dialogue”

Aiming for a management approach that leads to enhancement of customer satisfaction through high quality contacts with customers, community, investors and employees.

Main measures

① **Enrichment of consulting functions**

Through enrichment of consulting functions, aim to be a bank that customers would give the first call.

② **Human resources development focusing on dialogue for being chosen and trusted**

Developing “Kiraboshi People”

“Kiraboshi People” are able to win the trust of customers, act as if standing 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

<Tokyo Kiraboshi FG>

Net income ¥6.0 billion

<Kiraboshi Bank>

Net core business income ¥12.5 billion

OHR 80%

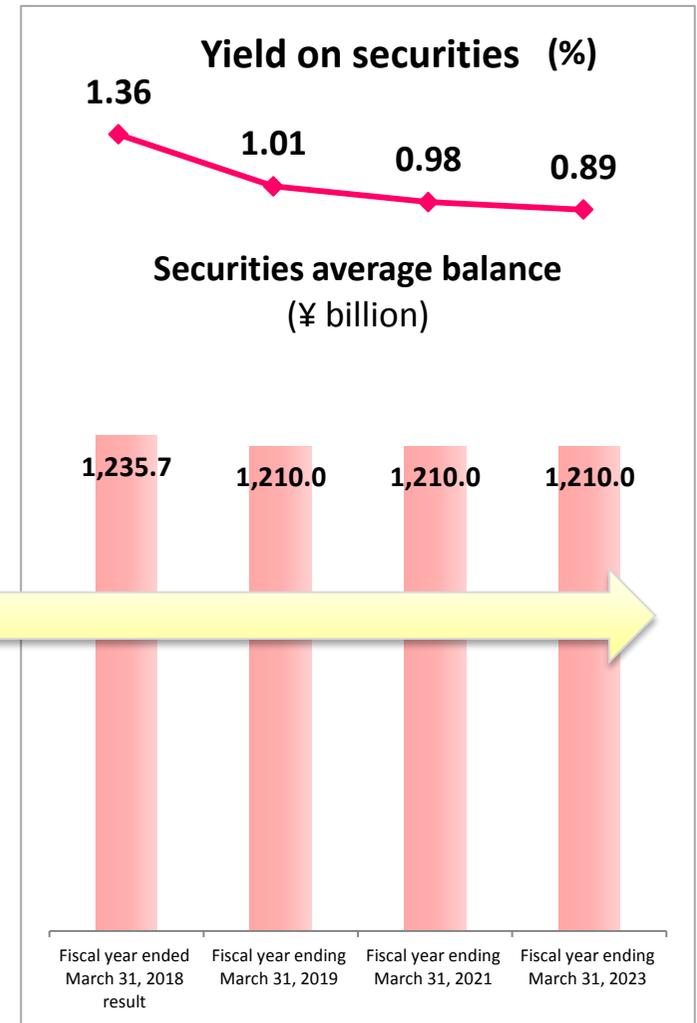
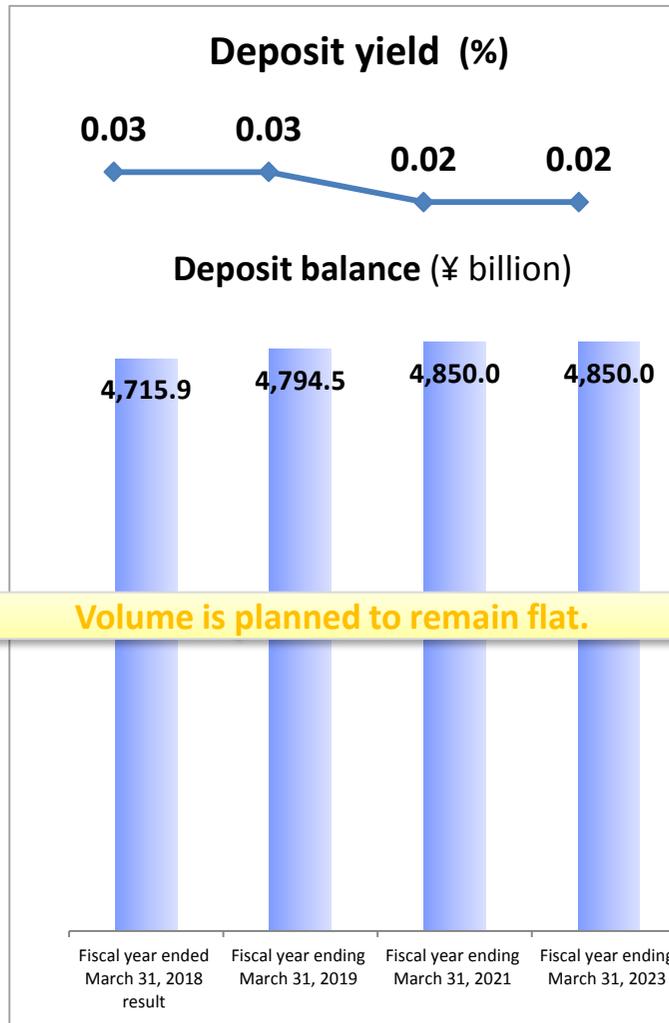
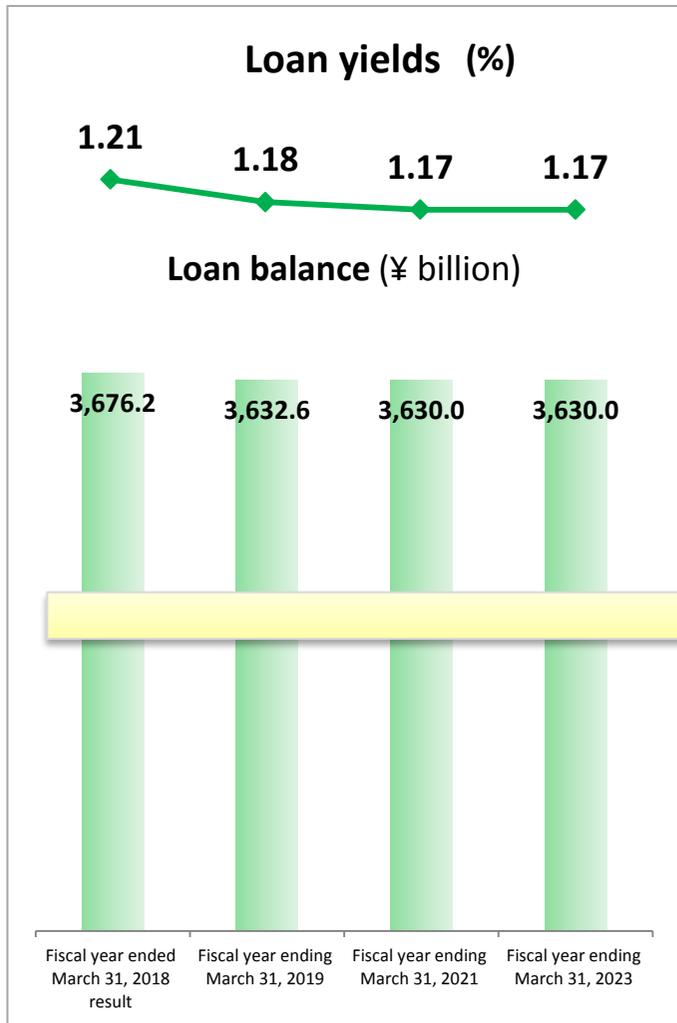
Target for “first calls”(*) 7,000 annually

- (*) • Number of proposals made to support mainstay operations (corporates, owner managers)
• Number of proposals made to support life plans (individuals)



Profit plan (1) (Volume and yields)

- Outstanding balances of loans, deposits and securities are planned to remain flat, to reflect change in business model from one seeking earnings improvement through volume expansion to one that places priority on consulting functions.
- Decline in yields to be curtailed by raising the proportion of loans to SMEs through consulting business, financing based on business feasibility evaluations and other initiatives that have “dialogue” as the starting point.

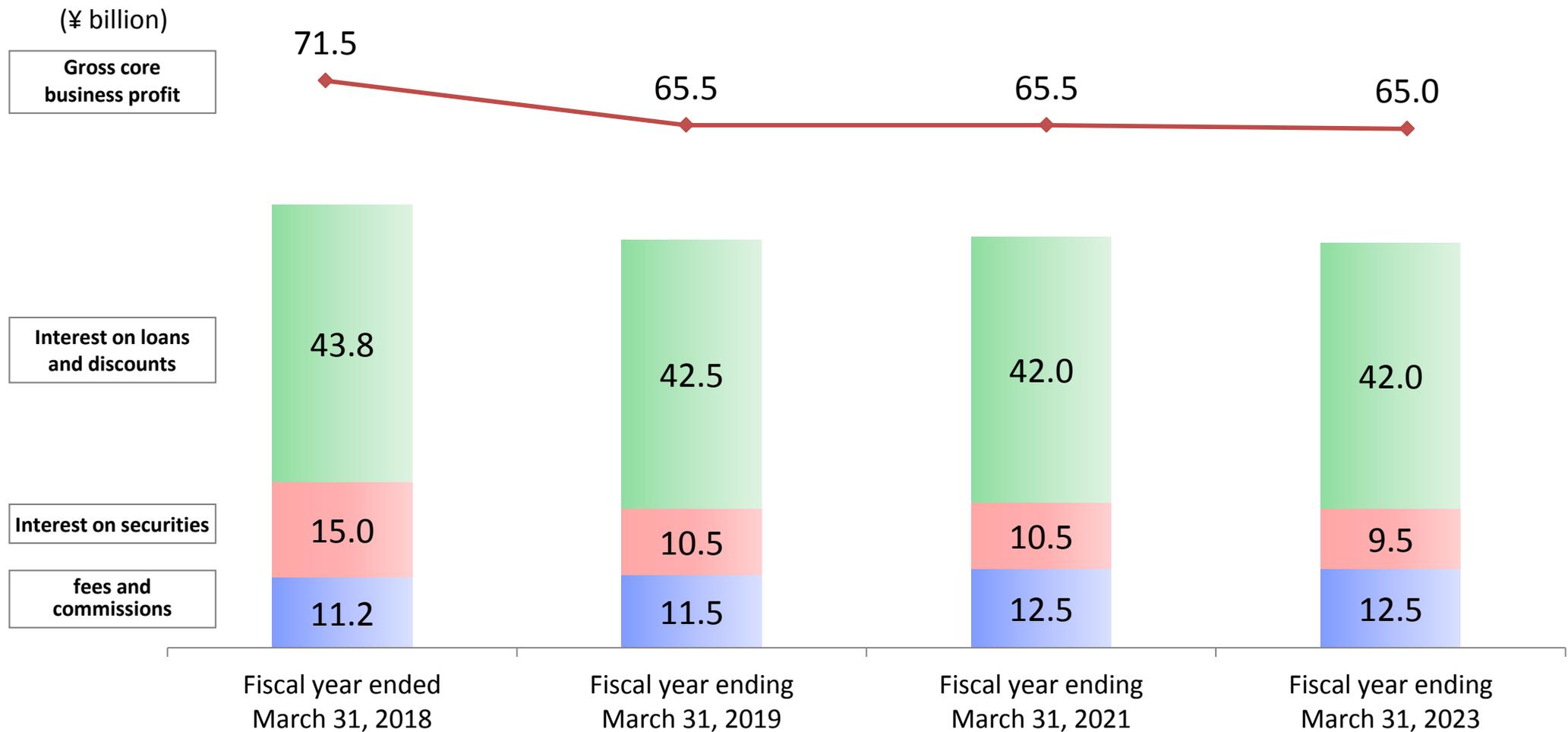


Volume is planned to remain flat.



Profit plan (2) (Gross core business profits, etc.)

- While the effect of negative interest rate policy will continue, interest on loans and discounts is planned to remain flat in and after fiscal year ending March 31, 2019, to be achieved by bolstering SME financing.
- Interest on securities in fiscal year ending March 31, 2019 is conservatively planned given market environment and other factors.
- Increase in fees and commissions will be sought by focusing on understanding customers' needs and promoting customer-first sales activities to strengthen sales of financial products and consulting business.

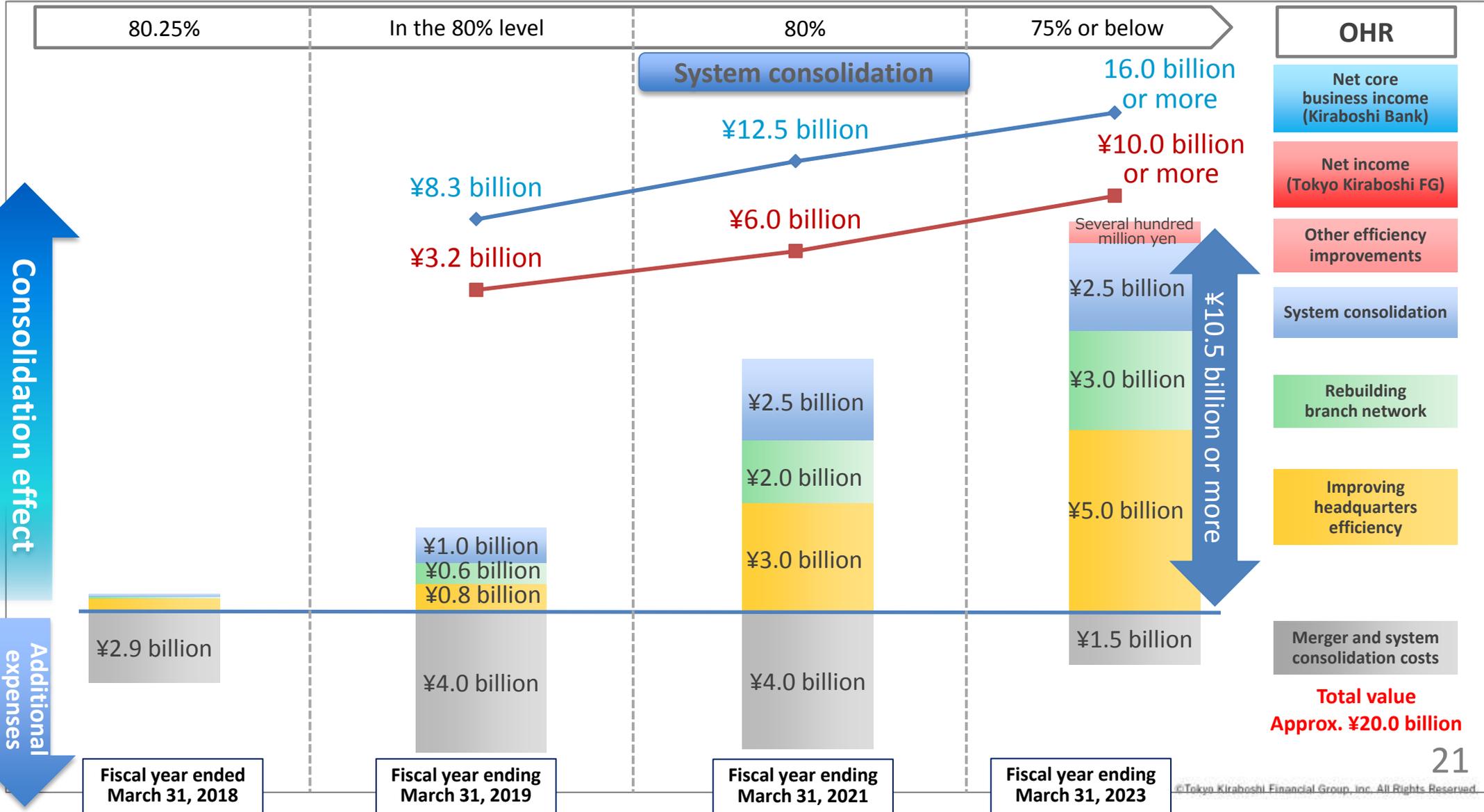




Profit plan (3) (Expenses, etc.)

Tokyo Kiraboshi FG

- Although profit in fiscal year ending March 31, 2019 is expected to decline given the heavy burden of the merger costs, the effect of the integration on such fronts as improvement of headquarters efficiency, rebuilding of branch network and systems integration should gradually materialize.
- As a result of cost-cutting effect that leverages on the “strength of the merged bank”, net core business income and net income in fiscal year ending March 31, 2023 are planned to be no less than ¥16.0 billion and ¥10.0 billion respectively.





Profit plan (4) (Optimization of personnel allocation)

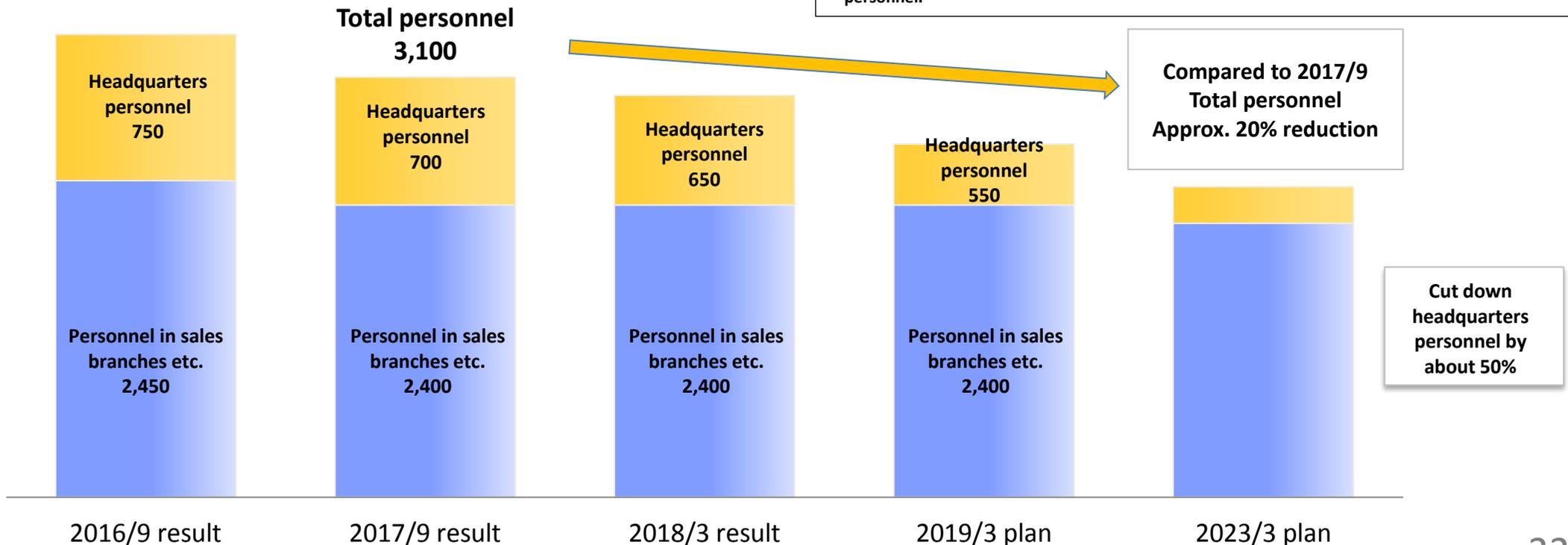
- Personnel engaged in overlapping headquarters operations will be reassigned to sales divisions, leading to a reduction in total personnel of about 20% by the fiscal year ending March 31, 2023 (as compared to 2017/9).
- Reallocation progressing as planned, with headcount in the headquarters and sales branches etc. brought to 650 and 2,400 respectively, as of March 31, 2018.
- Human resources development and business process re-engineering will enable optimization of personnel allocation.

Cultivation of personnel who can think and act

- Developing “Kiraboshi People” who are able to win the trust of customers, act as if standing in their shoes, and experience success as a result
- Proactively dispatch personnel to external organizations both in Japan and overseas, and proactively cultivate personnel with expertise.
- Provide female and young employees with opportunities to take active roles in the workplace.

Time creation through business process re-engineering

- Established the business process re-engineering team “ZERO” in January, 2018, and put in place a system to push it forward.
- Business process re-engineering to create time for “dialogue” with customers
- Review business procedures and reduce the business burden of customers, and transfer these initiatives to enhanced customer satisfaction.
- Proactively review headquarters operations and proceed with reduction in headquarters personnel.



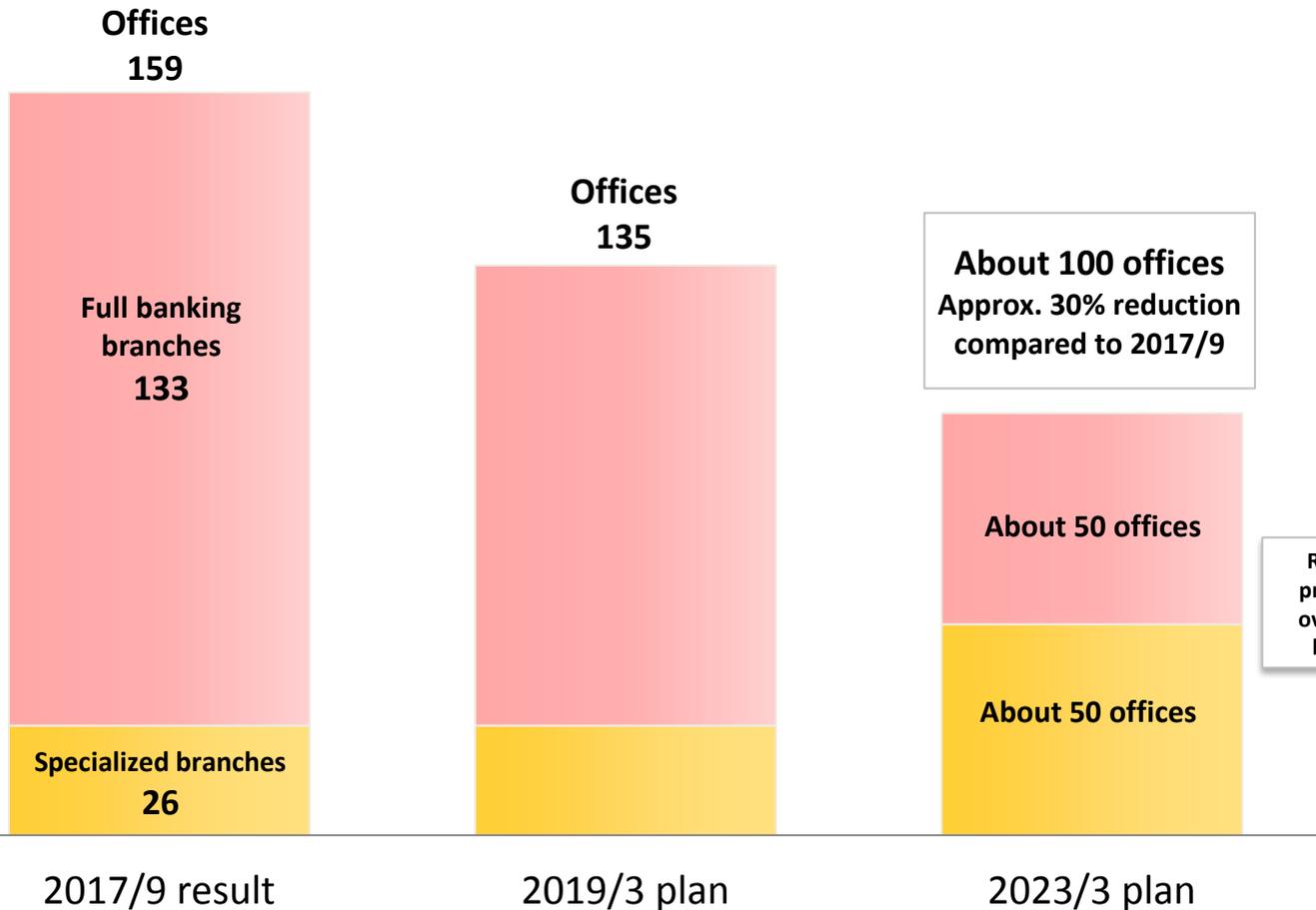


Profit plan (5) (Strategic branch policy)

- Reduce the number of offices by about 30% by the fiscal year ending March 31, 2023 (as compared to 2017/9) by promoting branch-in-branch approach primarily for regionally overlapping branches.
- Promote switch from full banking branch to specialized branch in line with the regional features.
- With due consideration to systems consolidation, it is planned to roll out establishment of new offices in a form that matches to the regional features, whether it be specialized branch catering to corporate customers or to individual customers.

Rearrangement implemented to 5 branch in branches and 6 specialized branches.

Rearrangement to 24 branch in branches scheduled during fiscal year ending March 31, 2019



Reduction primarily of overlapping branches

Rolling out establishment of new offices that match to the regional features, such as specialized branch catering to corporate or individual customers or other



Regional headquarters structure to achieve effective customer contact



Building omnidirectional relationships

- Our sales area is the whole of the Tokyo Metropolitan area, and we are aiming at an omnidirectional sales style.

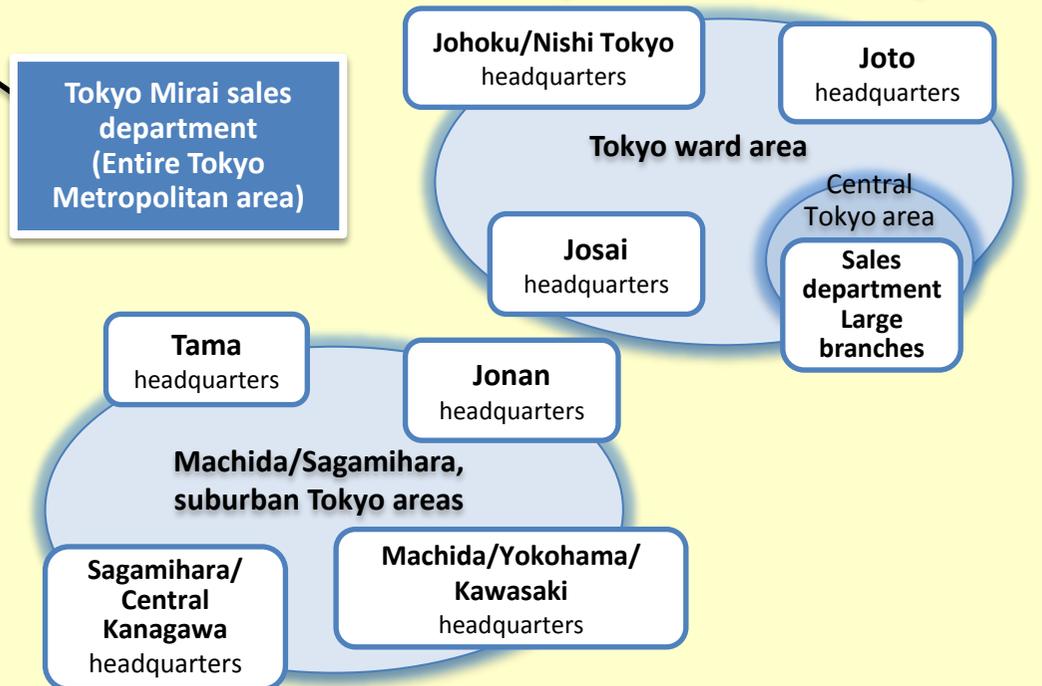
“Dialogue” with region

- Many micro-enterprises, landlords, individuals
 - Sophisticated fund management needs, consulting on inheritances, etc.
 - Further regional collaboration
- > Knowledge regarding loans to **real estate**
 - > **Community-based** sales
 - > Networking with local governments, including **Sagamihara City and Machida City**

- Development of regional headquarters structure -

◎ Regional headquarters structure

- Getting closer to the customer/region -



Introduce regional headquarters structure 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)

“Dialogue” with corporates

- Small and medium-sized enterprises are concentrated in the Tokyo area.
- Respond to corporate funding needs and business succession issues.
- > Management support for **M&A, business rehabilitation**
- > Collaboration with **Tokyo Chamber of Commerce and Industry**
- > Knowledge regarding loans to **medical/welfare**

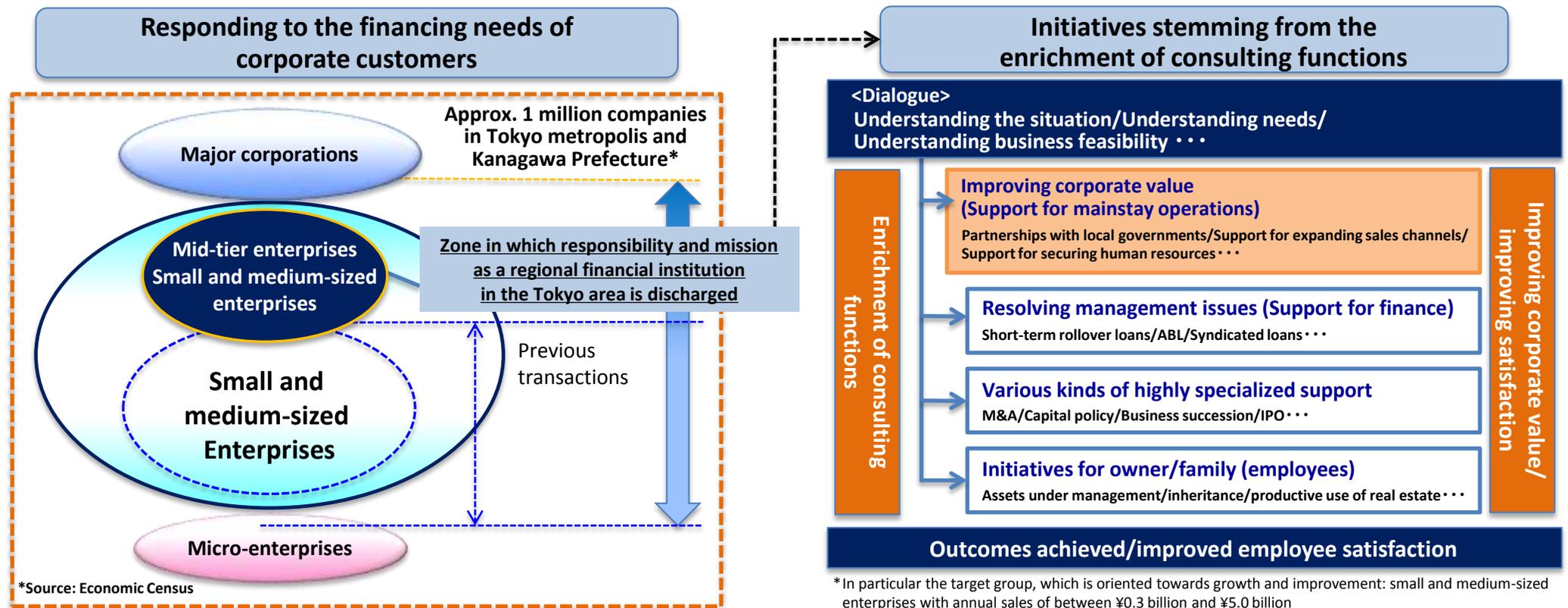
Strategic opening of new branches

Strategic opening of new branches
(open territories)
Areas in which small and medium-sized enterprises and individuals are concentrated and that we can expect to open up

Leveraging of consulting functions



- Understanding business feasibility (understanding the customer) to discover latent needs and issues, and create optimal proposals ⇒ As a result, we discharge our mission and responsibility as a regional financial institution in the Tokyo area
- **Strengthening consulting operations support structure**
 - Understand the customer through dialogue, and seek to build relationships of trust by providing optimal proposals that utilize the consulting functions
 - Various types of support provided by Kiraboshi Consulting Co., Ltd. (IPO, strengthening governance, business succession, M&A, etc.), in addition to collaboration with financial institutions, etc.



*Source: Economic Census

Benchmark	2016/3	2017/3	2018/3
Number of customers receiving loans based on evaluation of business feasibility	525 companies	1,775 companies	4,478 companies
Above numbers as a percent of the total number of borrowers	1.9%	6.3%	16.1%
Outstanding balance of loans based on evaluation of business feasibility	¥90.0 billion	¥370.3 billion	¥637.6 billion
Above numbers as a percent of the outstanding balance of loans to the relevant borrowers	3.8%	15.5%	25.8%

Benchmark	2016/3	2017/3	2018/3
Number of customers receiving M&A support	32 companies	48 companies	97 companies
Benchmark	2016/3	2017/3	2018/3
Number of customers receiving business succession support	399 companies	460 companies	672 companies

*In particular the target group, which is oriented towards growth and improvement: small and medium-sized enterprises with annual sales of between ¥0.3 billion and ¥5.0 billion

Initiatives for individual customers and promotional structure

Initiatives as “day-to-day financial advisor” in preparation for realizing a customer-oriented sales structure

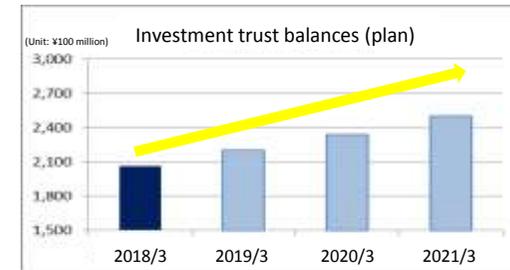
- Strengthening structures based on strategy for each customer segment/development of highly specialized human resources (cooperative structure between regional headquarters and sales offices)
- Focus on main target groups, including owners of small and medium-sized enterprises with whom it is possible to meet face-to-face, their families, employees of our customers, local people of property, etc. in the “middle-affluent group” and the “core retail group”
- Strengthen support for elderly people in the region

Strategy for each customer segment

Customer group	Target	Solutions
Super-affluent group	People of property (upper) (Estimated financial assets of more than ¥1 billion)	Asset management/ Health management/ Education of sons
Middle-affluent group <i>(Face-to-face sales)</i>	Owners of small and medium-sized enterprises Families of the same Leading regional influencers/people of property (Estimated financial assets of more than ¥100 million)	Asset management/asset administration Inheritance support Business succession Productive use of real estate, etc.
Core retail group <i>(Face-to-face sales)</i>	Customer employees General customers (Estimated financial assets of more than ¥10 million)	Asset formation (core funds) Various loans, etc.
Mass retail group <i>(Non face-to-face sales)</i>	General customers (Young group)	Asset formation Various loans Transactional lending, etc.

Note: The Middle-affluent and Core retail groups are highlighted as the 'Main target group'. A vertical pink arrow on the right indicates 'High Specialization' for these groups.

Promote investment trusts in preparation for the shift from saving to asset formation



- In preparation for “the shift from saving to asset formation,” accumulate investment trust balances
- ◆ Strengthen proposals for long-term management
- ◆ Review evaluation of sales offices for core fund initiatives

Approach young group

- ◆ Utilize the “Maekyu” platform of Kiraboshi Tech
- ◆ Collaboration with FinTech companies by utilizing Open API strategy

Implement consulting that begins with dialogue (day-to-day financial advisor)

- <Asset management/asset administration needs>
 - Strengthen initiatives aimed at shift from deposits to core funds. **Towards “the shift from saving to asset formation”**
 - Expand number of highly specialized human resources and product line-up. Strengthen sophisticated consulting sales.
- <Financing (loan) needs>
 - Speedy response to projects/demonstrate dominance in home relocation loans /strengthen activities within area of responsibility

Build a support structure for elderly people in the region

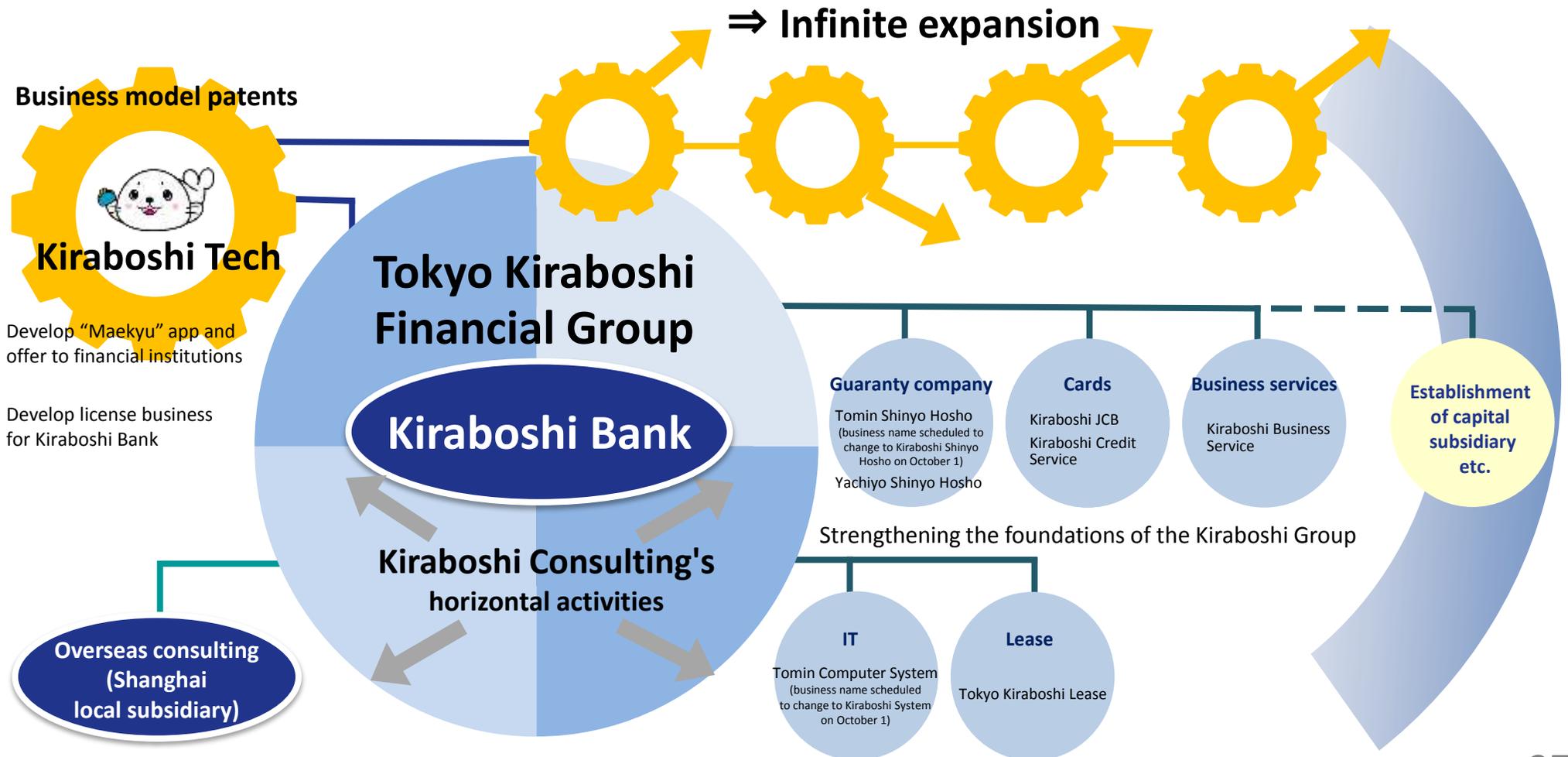
- Kiraboshi Bank's goal is to be a bank that supports the active seniors of the region -
 - Consider allocating partners to act as consultants for active seniors in ways appropriate to local characteristics
 - Support for senior founders
- Strengthen support for seniors**



Strengthening group strategy through “dialogue”

■ Restructuring and rebuilding of Group companies in preparation for “A comprehensive service business that is also strong in finance,” as well as establishing the Group brand

- With the goal of providing solutions appropriate to the customer's life cycle, we seek to strengthen consulting functions, and to utilize the human resources of all Group companies to improve service (human resource development by transfers within the group).
- Accelerating the restructuring of Group companies with the aim of expanding and diversifying Group revenue streams.



Strengthening collaboration with external organizations



Strengthening partnerships with local governments, such as the Tokyo Metropolitan Government and related organizations/financial institutions

Tokyo Metropolitan Government and related organizations



September 25, 2015 "Agreement on a Comprehensive Affiliation for Industrial Development in Tokyo" concluded

- Support for small and medium enterprises (support for commercial and industrial organizations, finance), support for tourism trade associations, agriculture and fisheries trade organizations, hiring and employment support, etc.

Overall management support



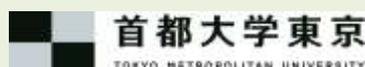
Support for hiring and securing human resources



Technology support



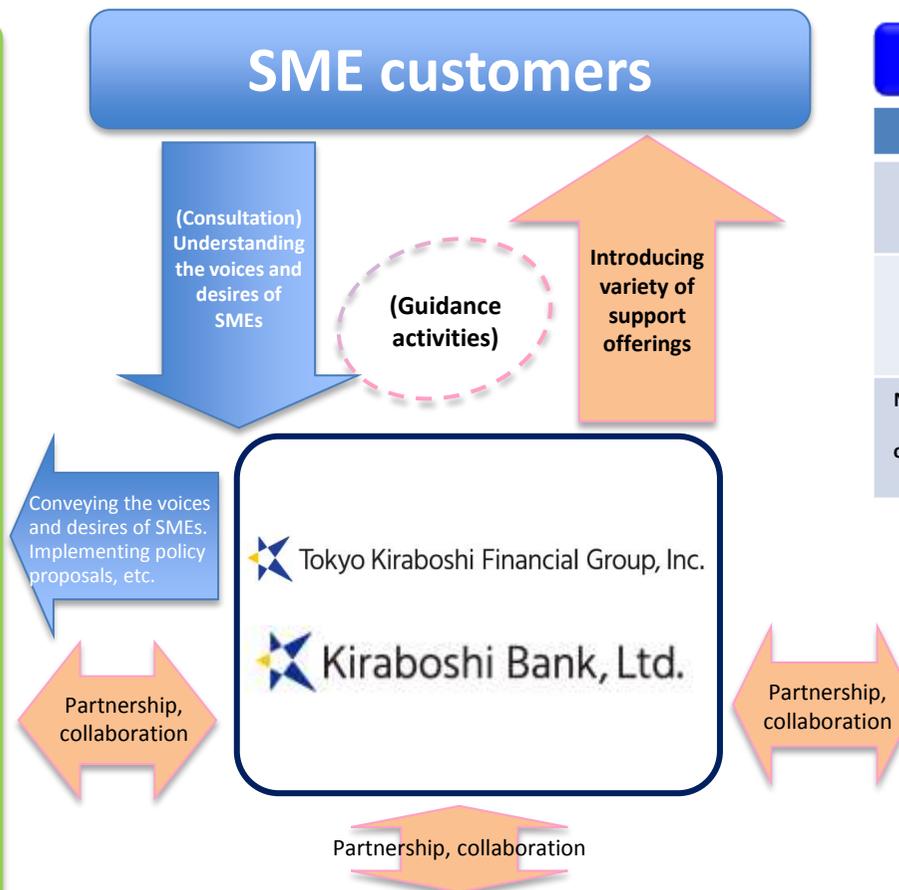
Partnerships between industry and academia



Support for work style reforms/securing of human resources

- Support work style reforms and securing of human resources for the small and medium-sized enterprises (matching of human resources using grants and Hello Work)

SME customers



Results for collaboration with local government organizations, etc. (benchmark)

	2017/3	2018/3
Number of start-ups supported in partnerships with local government organizations	52	194
Number of companies to which support for mainstay operations has been provided in partnership with local government organizations, etc.	648	1,472
Number of cases in which information has been exchanged with local government organizations, etc., with regard to support for mainstay operations	1,006	2,448

Kanagawa Prefecture and affiliated organizations / Kawasaki City

Local independent administrative agency Kanagawa Institute of Industrial Science and Technology

- Support for resolving management issues and business expansion for SMEs and micro-enterprises

Public interest incorporated foundation Yokohama Industrial Development Corporation

- Support problem-solving and opening of sales routes, etc., by offering consulting functions to SMEs and micro-enterprises



- Supporting management issues of SMEs (financing support, support for exchange of intellectual property, support for start-ups, support for overseas expansion, and support in areas such as hiring, employment, and securing human resources)

* Display those with which an "Agreement on a Comprehensive Affiliation" have been concluded

Initiatives to support start-ups

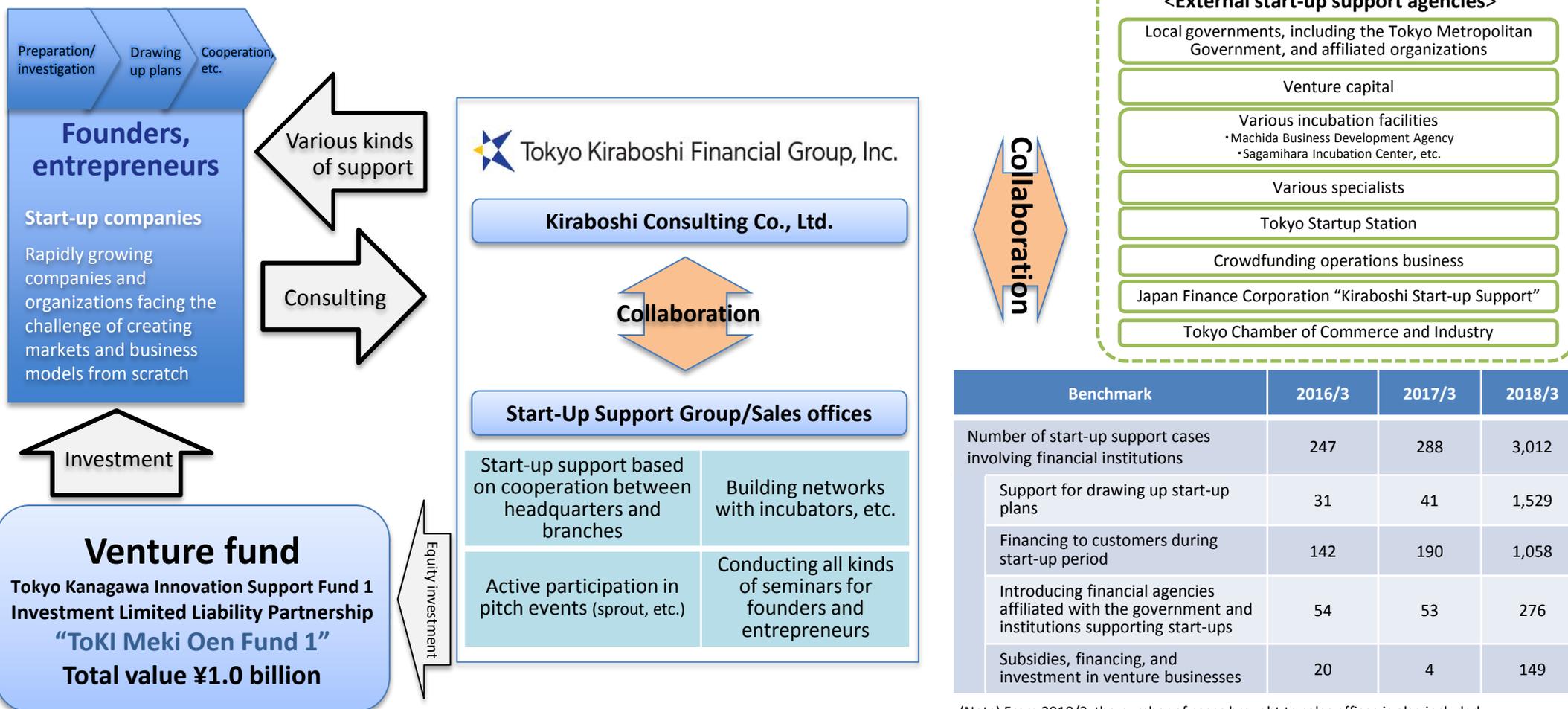
- Working to make Kiraboshi Bank the natural partner for start-ups -



Tokyo Kiraboshi FG

Collaborate with Tokyo Metropolitan Government and external networks, and strengthen support structure for start-ups

- Provide a variety of solutions from the public, private, and banking sectors.
- We will respond to the various 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.



Benchmark	2016/3	2017/3	2018/3
Number of start-up support cases involving financial institutions	247	288	3,012
Support for drawing up start-up plans	31	41	1,529
Financing to customers during start-up period	142	190	1,058
Introducing financial agencies affiliated with the government and institutions supporting start-ups	54	53	276
Subsidies, financing, and investment in venture businesses	20	4	149

(Note) From 2018/3, the number of cases brought to sales offices is also included.

Strengthening support in the areas of medical/welfare and overseas expansion

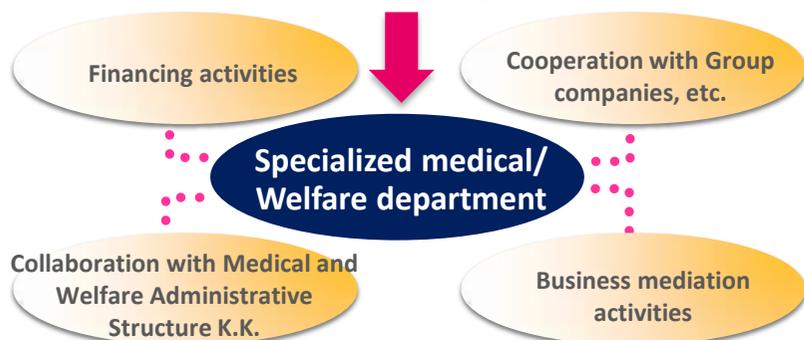


Tokyo Kiraboshi FG

■ In the specialized department for the medical/welfare field, we will provide not only finance, but also multifaceted assistance by supporting mainstay operations

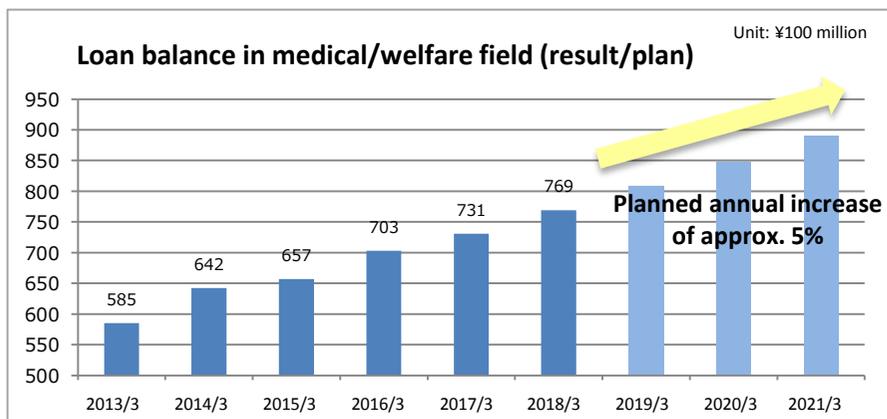
■ We will also utilize alliances with Tomlin Business Consulting Shanghai Co., Ltd, and the overseas branches of public bodies

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



Benchmark	2017/3	2018/3
Number of consulting support deals with medical and nursing care businesses	27*	88

*2017/3 result represents number of deals during the 6 month period from Oct. 2017 to Mar. 2018.

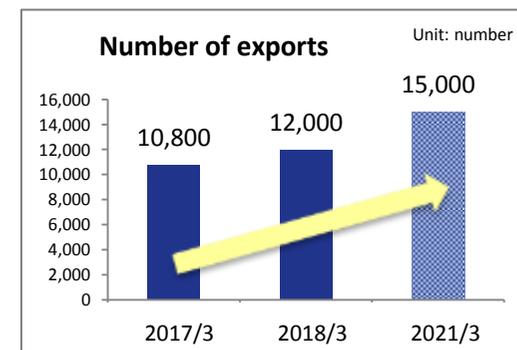
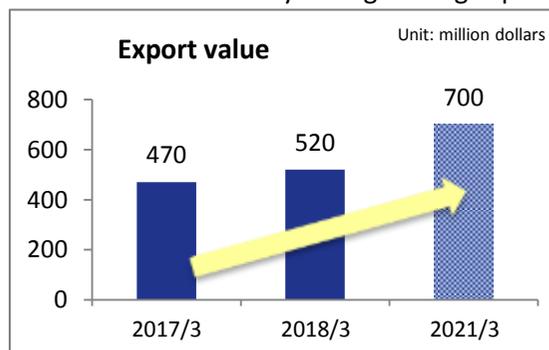


The number of counterparties for Tokyo Kiraboshi FG foreign exchange-related transactions (corporates, owner managers) was **approximately 2,900** (As of March 31, 2018)

Our track record in terms of trade transactions handled is one of the best of all regional banks nationwide. (Results of the fiscal year ended March 31, 2018)
Import transactions (outward remittances/import settlements)
 Approx. 38,000
Export Transactions (incoming remittances / purchase of export bills)
 Approx. 12,000

Benchmark	2017/3	2018/3
Number of deals to support overseas expansion and overseas transactions	455	519

Further enhance our track record in the top class of regional banks for trade transactions by strengthening export transactions



Strengthening solutions that make use of the trusts function



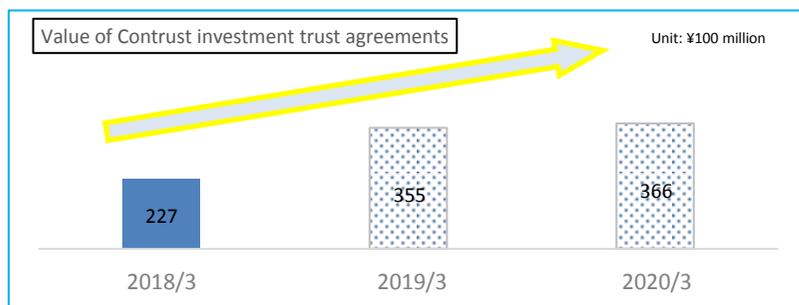
■ Utilize strength/know-how in trust functions within the Kiraboshi Bank branch network

- Strive to strengthen structural aspects, and further reinforce the products that differentiate us from other banks (Contrust)
- Expand revenue opportunities in real estate management trusts and create new revenue opportunities by developing new products

“Contrust,” a public construction cost credit trust

Differentiation from and dominance over other banks

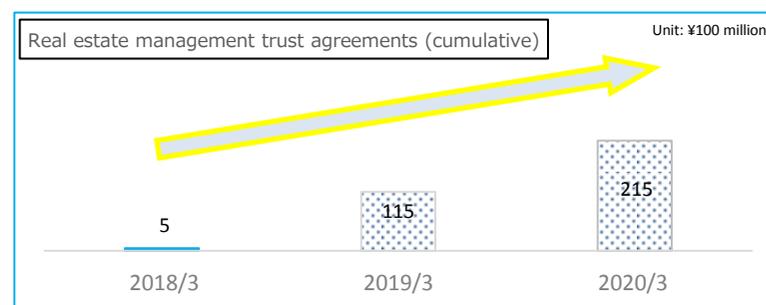
- This is a trust product that is backed by the credit strength of the entity placing orders for public works, enabling contract payments for public works to be converted into funds quickly and with agility
- On April 1, 2017, ordering entities covered by this product were expanded to allow it to be used with public works construction orders placed by Taito Ward, Meguro Ward, Nakano Ward (all part of Tokyo) and Kawasaki City (Kanagawa Prefecture.) (as of March 31, 2018, 48 local governments, etc.)
- **Due to the merger, it becomes possible to develop services within the Kiraboshi Bank network (increasing our dominance in the product that differentiates us from other banks)**



Real estate management trust

Expanded revenue opportunities

- **Enhance real estate-related solutions menu of Kiraboshi Bank (expand revenue opportunities)**
- Advantages of real estate trusts
 - ① Because the real estate can be converted to a trust beneficiary right and transferred to a third party, the off-balance sheet effect improves financial indicators
 - ② Converting the real estate to a trust beneficiary right enables diversification of funding measures
 - ③ By outsourcing administration related to possession of real estate, the burden of clerical work is reduced





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

Tokyo Kiraboshi Financial Group, Inc.
Corporate Planning Division

E-mail IR@kiraboshibank.co.jp

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.