

Tokyo Kiraboshi Financial Group

Results Briefing for the Fiscal Year Ended March 31, 2021



June 9, 2021

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Tokyo Kiraboshi FG

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Overview of the Group



Overview of the Group

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 group that sparkles

A group that rises to the challenge

A group that brings together ideas

Vision aiming for

Be a Tokyo-based platform owner that creates new values for customers
~ From Tokyo to Japan and to Asia ~

Company history

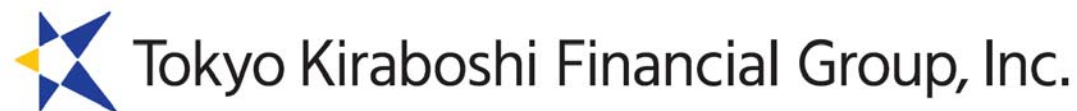
2014	October Business integration by The Tokyo Tomin Bank, Limited and The Yachiyo Bank, Limited
2016	April Business integration of "Tokyo TY Financial Group, Inc." with ShinGinko Tokyo, Limited
2018	May Birth of Kiraboshi Bank (merger of 3 banks) Changed business name to Tokyo Kiraboshi Financial Group, Inc.
2020	May Systems integration June Head Office relocation (Shinjuku ⇒ Aoyama)

Overview of Tokyo Kiraboshi Financial Group, Inc and Kiraboshi Bank, Ltd.



Tokyo Kiraboshi FG

(as of March 31, 2021)



Location of head office	3-10-43 Minami Aoyama, Minato-ku, Tokyo
Capital	¥27.5 billion
Consolidated total assets	¥5,921.9 billion



(as of March 31, 2021)

Location of head office	3-10-43 Minami Aoyama, Minato-ku, Tokyo
Capital	¥43.7 billion
Total assets	¥5,902.2 billion

(Group companies) (as of April 1, 2021)

Kiraboshi Credit Guarantee Co., Ltd.	Guarantee operations
Yachiyo Credit Guarantee Co., Ltd.	Guarantee operations
Kiraboshi business office service, Inc.	Payroll operations, etc.
Kiraboshi Business Service Co., Ltd.	Centralized administrative services
Kiraboshi Tech, Inc.	Fintech services
Kiraboshi Insurance Agency CO., LTD.	Insurance agency business
Kiraboshi Business Consulting Shanghai Co., Ltd.	Consulting
KIRABOSHI BUSINESS CONSULTING VIETNAM Co., Ltd.	Consulting

(Group companies) (as of April 1, 2021)

Tokyo Kiraboshi Lease, Inc.	General leasing business
Kiraboshi System, Inc.	System processing outsourcing
Kiraboshi Consulting Co., Ltd.	Consulting
Kiraboshi JCB Co., Ltd.	Credit card business
Kiraboshi Capital Co., Ltd.	Structuring and administration of funds
Kiraboshi Life Design Securities Co., Ltd.	Securities business
Kiraboshi Digital Bank Preparatory Co., Ltd. [Scheduled to start operation in FY2021]	Banking business

Summary of Business Results

Summary of Business Results for the Fiscal Year Ended March 31, 2021



Tokyo Kiraboshi FG

(¥100 million)

Kiraboshi Bank (non-consolidated)		2020/3	2021/3	Change
1	Gross core business profit	677	692	14
2	Net interest income	564	587	22
3	Of which, interest on loans and discounts	441	463	22
4	Of which, interest on securities	136	125	(10)
5	Of which, interest on deposits	(13)	(2)	11
6	Non-interest income	113	104	(8)
7	Expenses	(522)	(524)	(2)
8	Net core business income	155	167	12
9	Credit-related costs	(114)	(84)	29
10	Gains (losses) on bonds	62	14	(47)
11	Gains (losses) on stocks and other securities	(10)	43	54
12	Other non-recurring profit (loss) (including merger and systems integration costs)	(45)	(54)	(8)
13	Ordinary profit	47	88	40
14	Extraordinary profit (loss)	45	(1)	(46)
15	Income taxes	(5)	(38)	(32)
16	Net income	86	48	(38)
17	Merger and systems integration costs	(42)	(26)	16

(¥100 million)

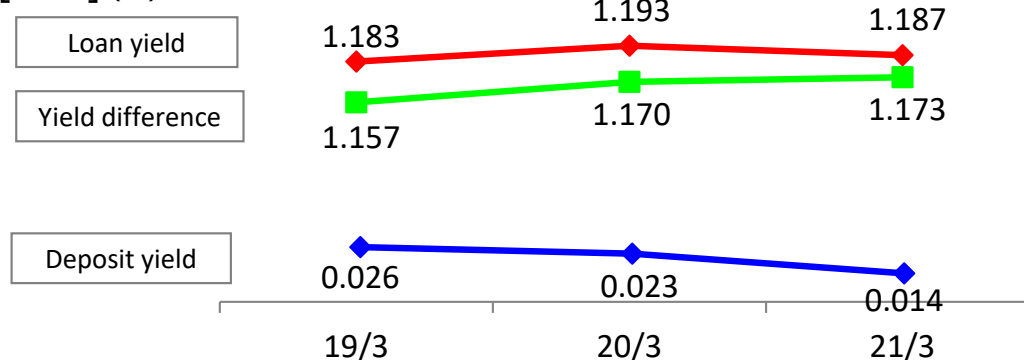
Tokyo Kiraboshi FG (consolidated)	2020/3 results	2021/3 results	2021/3 plan	Year-on-year	Full-year achievement rate
Ordinary profit	23	82	57	256%	143%
Profit attributable to owners of parent	76	41	40	(46%)	102%

[Diff. b/w consolidated and non-consolidated]

(¥100 million)

Kiraboshi Bank (non-consolidated) net income	48
Group's consolidated net income [¥800 million of negative effects such as startup deficit of newly-established Group companies]	5
Book value adjustment of bonds owned at the time of business integration, etc.	(12)
Tokyo Kiraboshi FG (consolidated) net income	41

[Yield] (%)



* In calculating figures for 2020/3 and beyond, interest subsidies are added to interest on loans and discounts.

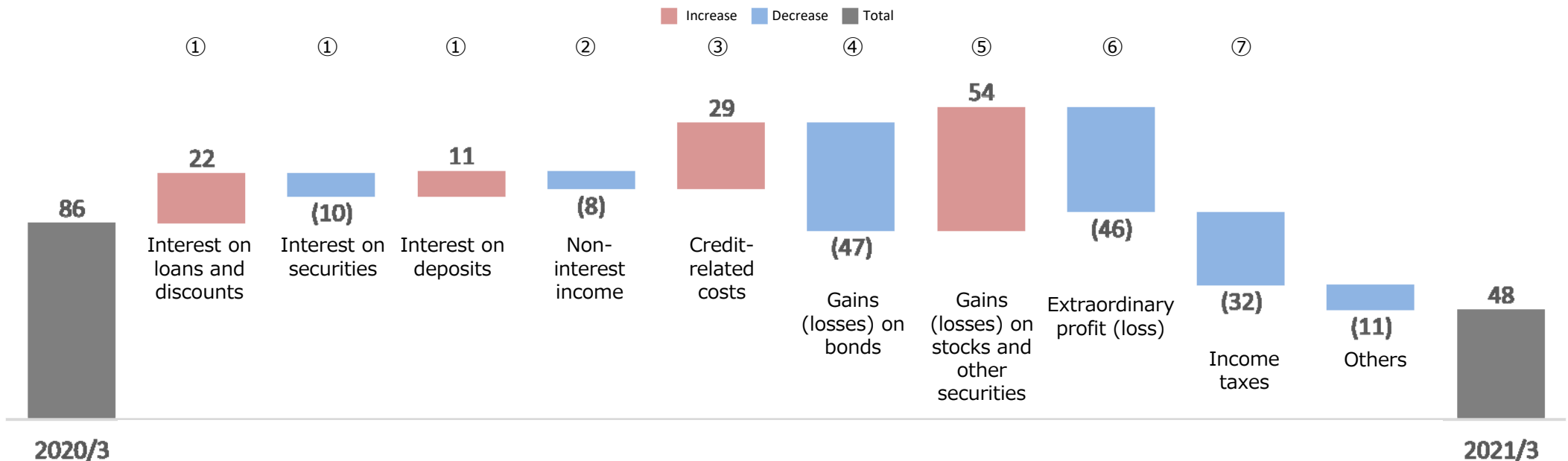
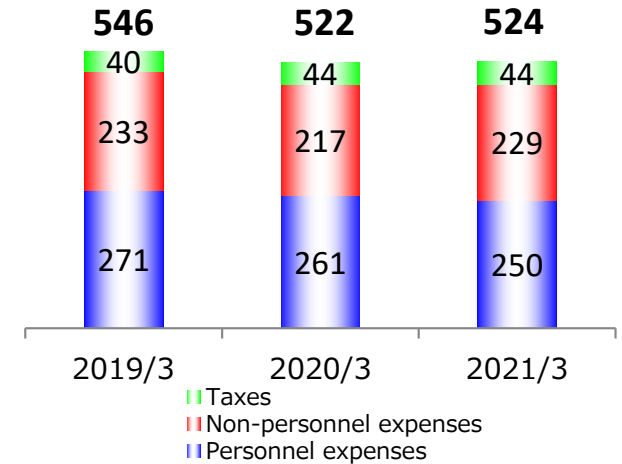


Factors Affecting Net Income (Kiraboshi Bank)

[Factors affecting net income] (¥100 million)

- ① Net interest income:
An increase of ¥2.2 billion year-on-year reflecting increases in interest on loans and discounts and in interest subsidies associated largely with COVID-19 related loans, offsetting a decrease in interest on securities attributable primarily to sale and redemption of Japanese government bonds.
- ② Non-interest income:
A decrease of ¥0.8 billion year-on-year due in part to voluntary restraint of sales activities during the state of emergency.
- ③ Credit-related costs:
A decrease of ¥2.9 billion year-on-year notwithstanding provision made in consideration of the impact of COVID-19 on restaurants and hotels, due in part to a reversal of additional provision that had been made in FY2019 for possible impact of COVID-19.
- ④ Gains (losses) on bonds:
A decrease of ¥4.7 billion year-on-year reflecting sale of government bonds executed in FY2019 that was intended to be appropriated for the additional provision made.
- ⑤ Gains (losses) on stocks and other securities:
An increase of ¥5.4 billion year-on-year due largely to sale of stocks held for strategic purposes.
- ⑥ Extraordinary profit:
A decrease of ¥4.6 billion year-on-year reflecting recognition in FY2019 of the gain on transfer of the Shinjuku Office.
- ⑦ Income taxes:
An increase of ¥3.2 billion year-on-year due to a decrease in deferred tax assets in FY2020 resulting from sale of the Shinjuku Office, etc. in FY2019 which led to reduction in tax loss carryforward.

* [Breakdown of expenses] (¥100 million)



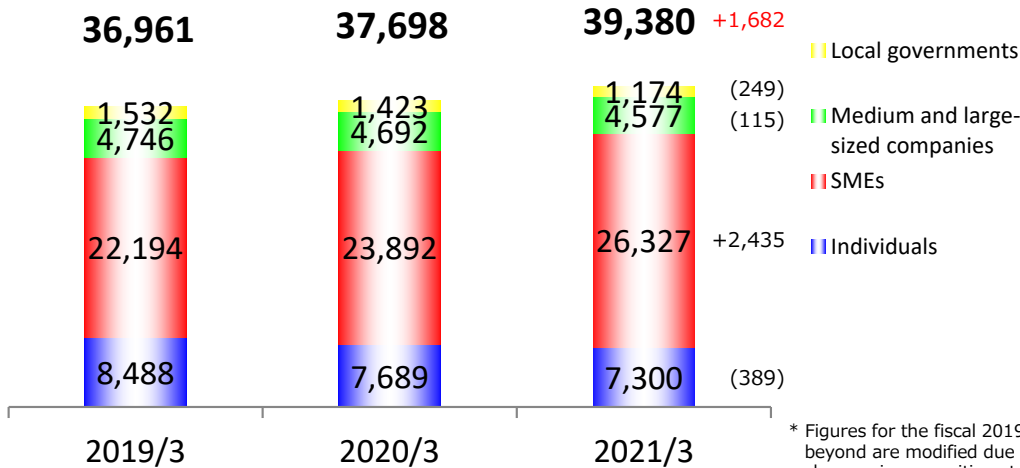


Loans (Kiraboshi Bank)

Increase in loan balance (up ¥168.2 billion YoY) associated primarily with COVID-19-related loans and SME financing to support mainstay operations

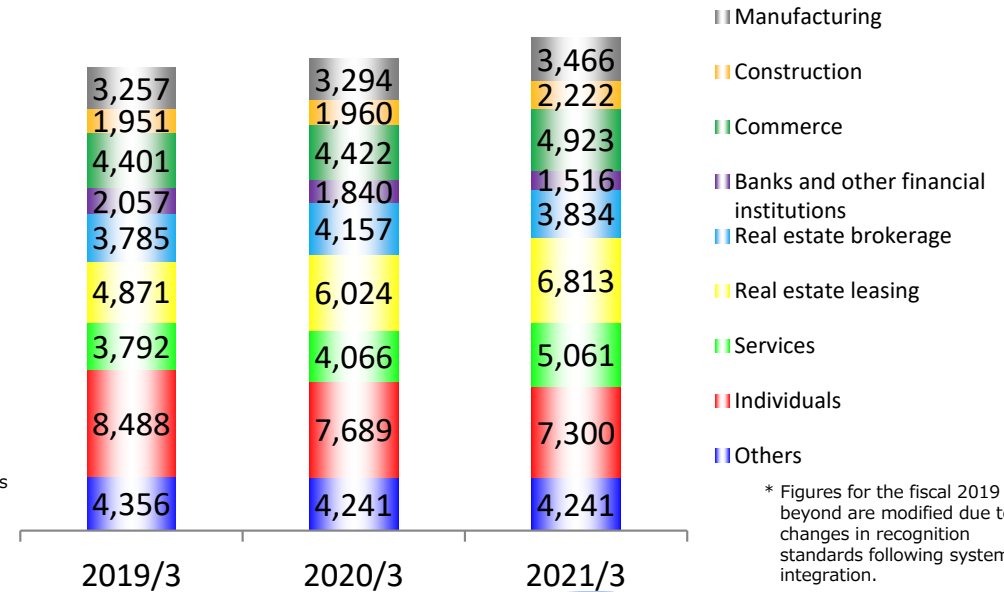
Loan balance by type of customer

(¥100 million)
YoY



Loan balance by industry

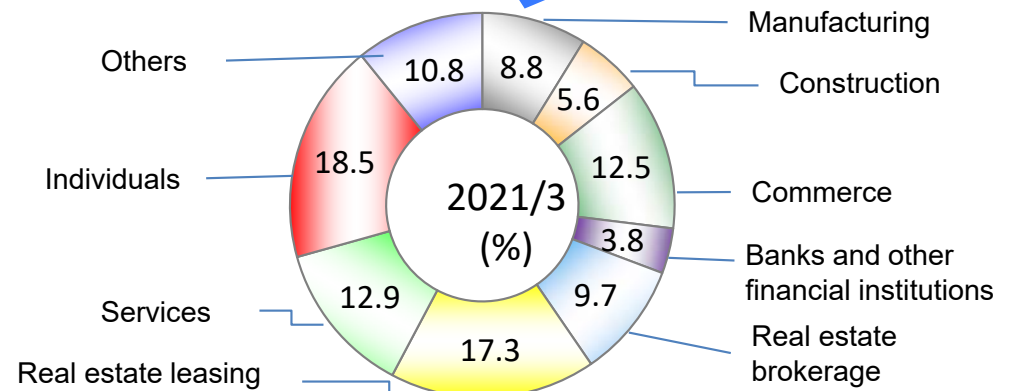
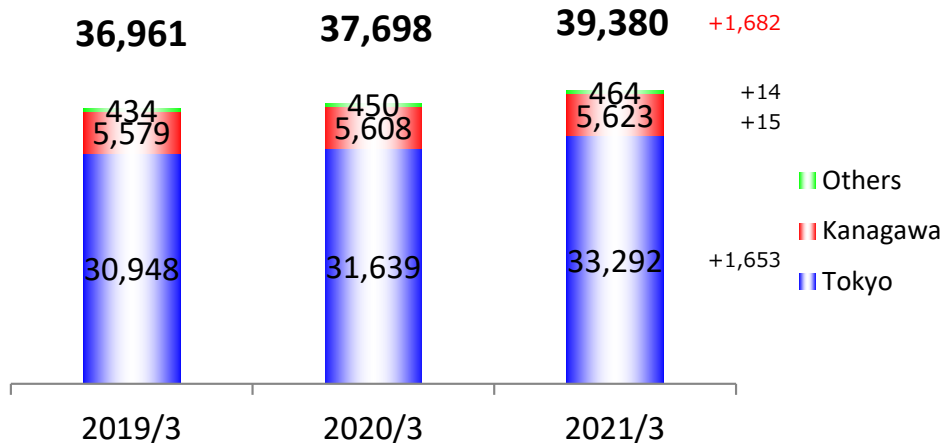
(¥100 million)



Loan balance by region

(¥100 million)

YoY



* Figures for the fiscal 2019 and beyond are modified due to changes in recognition standards following systems integration.

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Deposits and Assets under Management (Kiraboshi Bank)

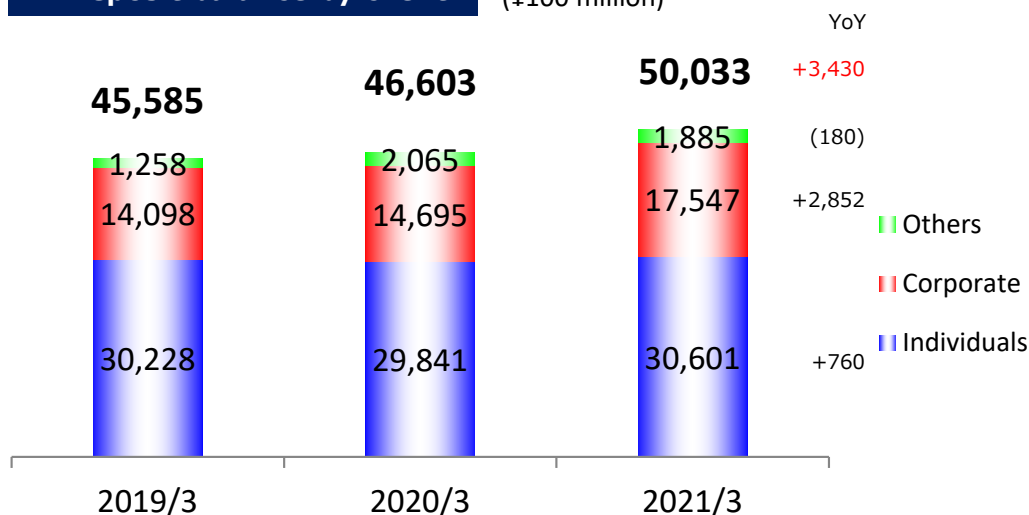


Tokyo Kiraboshi FG

Increase in deposit balance, primarily due to increase in cash on hand notably of SMEs (up ¥343.0 billion YoY)
Increase in balance of assets under management on the back of customer-oriented sales approach becoming the norm (up ¥64.0 billion YoY)

Deposit balance by client

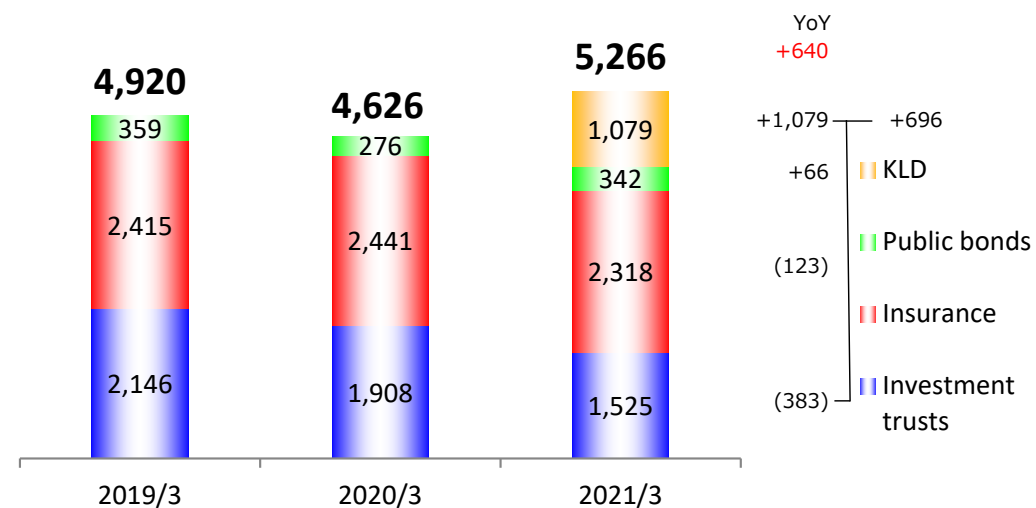
(¥100 million)



Balance of assets under management

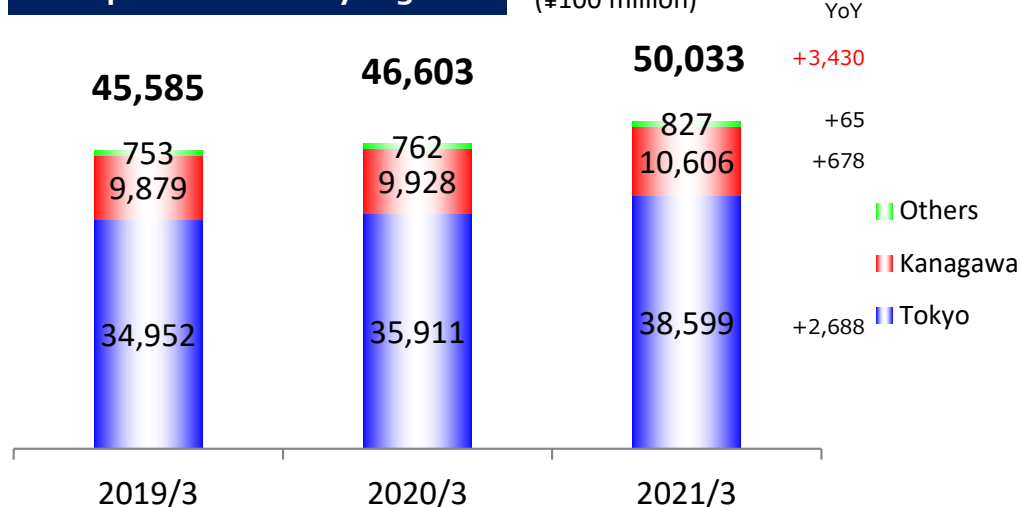
(¥100 million)

* KLD: Kiraboshi Life Design Securities Co., Ltd.

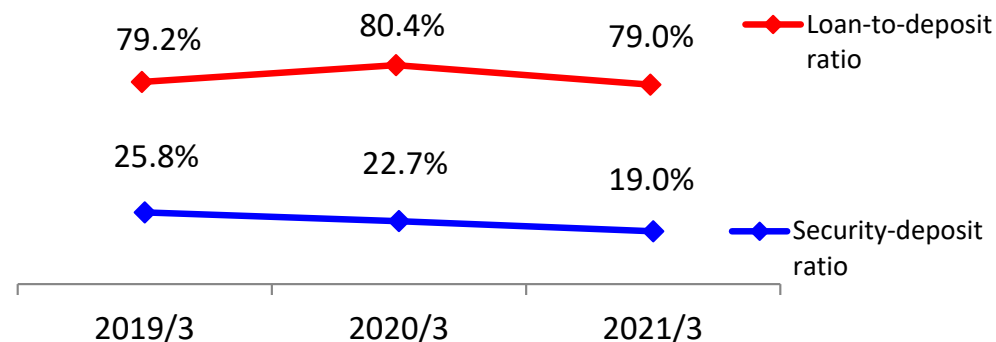


Deposit balance by region

(¥100 million)



Loan-to-deposit ratio / Security-deposit ratio



Securities (Kiraboshi Bank)

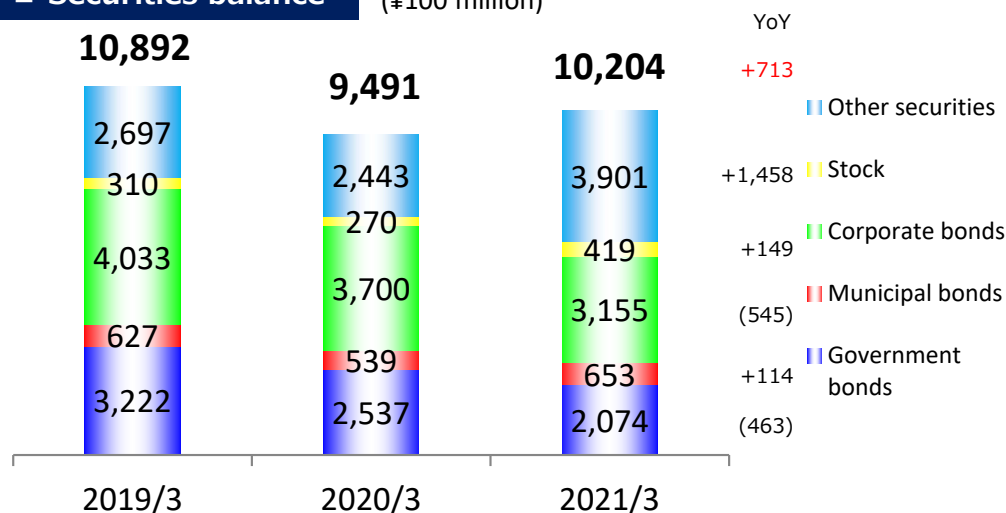


Tokyo Kiraboshi FG

Promotion in diversification of investment management and portfolio diversification while aiming for risk diversification and stable profits

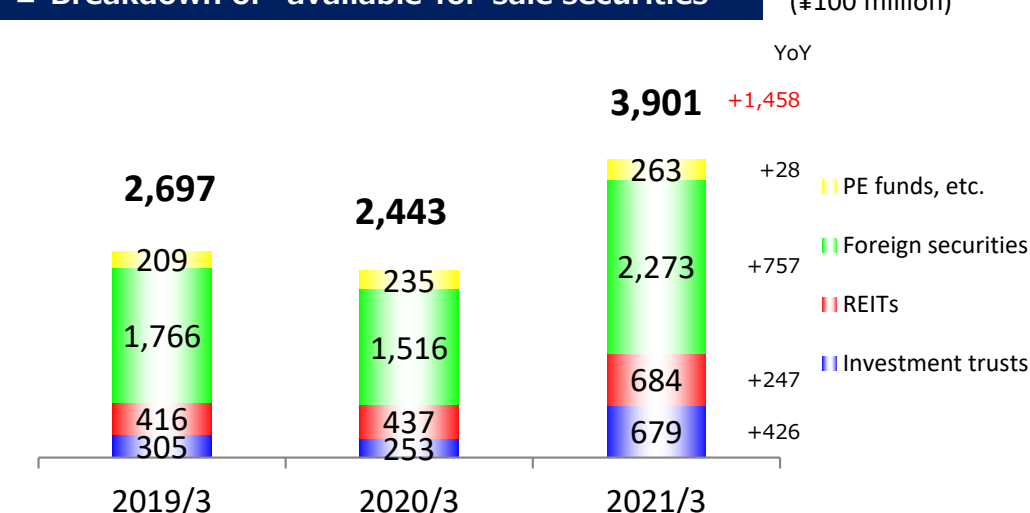
Securities balance

(¥100 million)



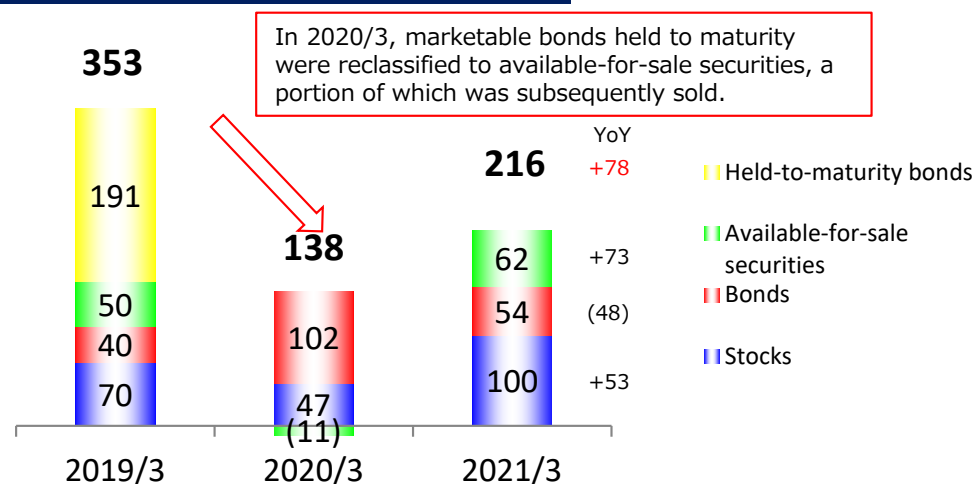
Breakdown of "available-for-sale securities"

(¥100 million)

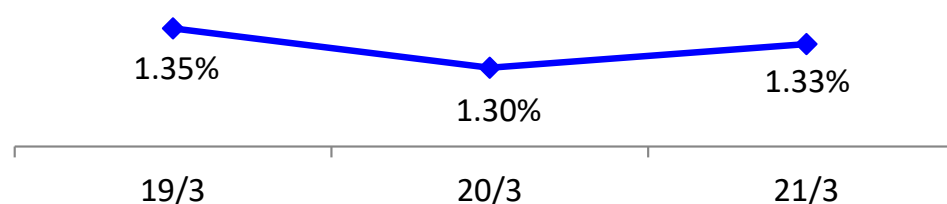


Valuation gain/loss on securities

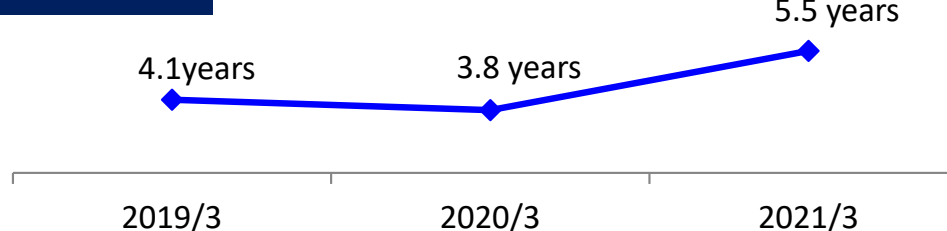
(¥100 million)



Yield on securities



Duration



Problem Assets Subject to Disclosure under the Financial Reconstruction Law and Credit-Related Costs (Kiraboshi Bank)

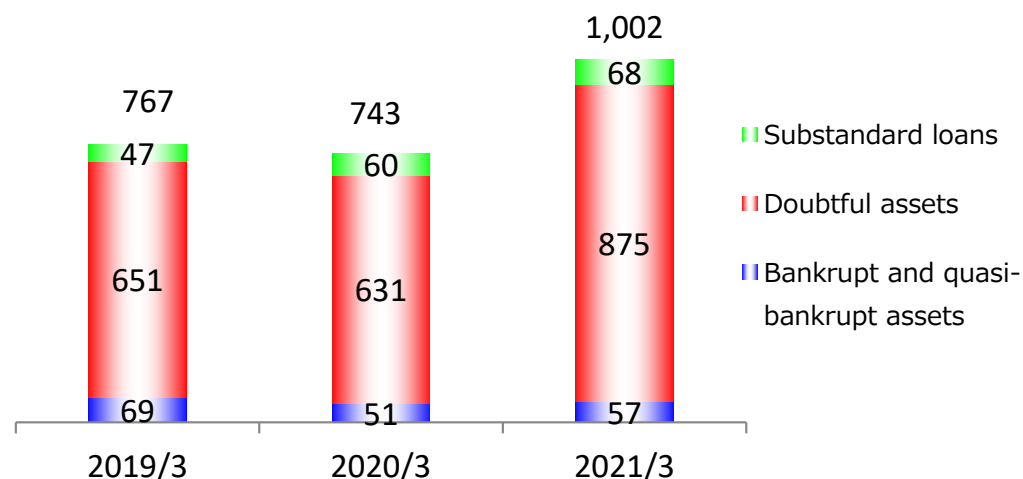


Tokyo Kiraboshi FG

Increase in the value of problem assets subject to disclosure due to deterioration in borrower classification, etc. Decrease of ¥2.9 billion YoY in credit-related costs notwithstanding provision made in consideration of the impact of COVID-19 on restaurants, etc., due in part to a reversal of additional provision that had been made in FY2019 for possible impact of COVID-19

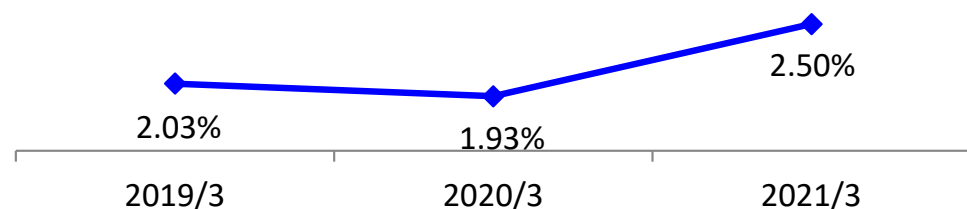
Value of problem assets subject to disclosure (¥100 million)

[After partial direct write-offs]



Ratio of problem assets subject to disclosure

[After partial direct write-offs]



Credit-related costs (¥100 million)

2019/3	2020/3	2021/3	Change
43	114	84	(29)

Coverage status of problem assets subject to disclosure under the Financial Reconstruction Law

[Before partial direct write-offs]

(¥100 million)

	2021/3
Covered amount	844
Reserve for possible loan losses	245
Collaterals, guarantees, etc.	599
Problem assets	1,139
Coverage ratio	74.1%

[Value of problem assets subject to disclosure]

Value of problem assets subject to disclosure increased due in part to an event of default caused by a customer's inappropriate accounting treatment as well as deterioration in corporate performance attributable largely to COVID-19 pandemic and the resulting slowdown in economic activities.

[Credit-related costs]

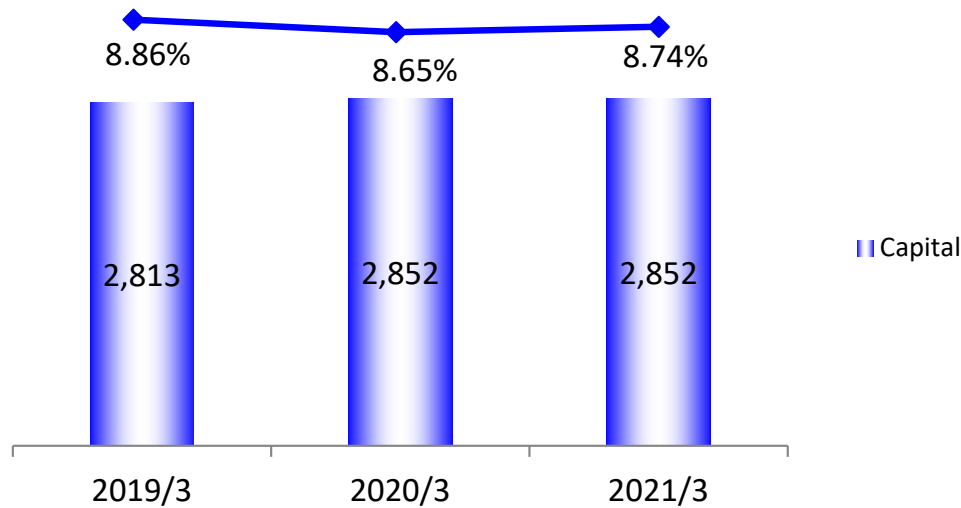
Credit-related costs decreased by ¥2.9 billion year-on-year notwithstanding provision made in consideration of the impact of COVID-19 on restaurants and hotels, due in part to a reversal of additional provision that had been made in FY2019 for possible impact of COVID-19.



Capital Ratio/Core OHR/ROE

Capital ratio rose by 0.09 points YoY, core OHR improved by 1.3 points YoY

Consolidated capital ratio (Tokyo Kiraboshi FG) (¥100 million)

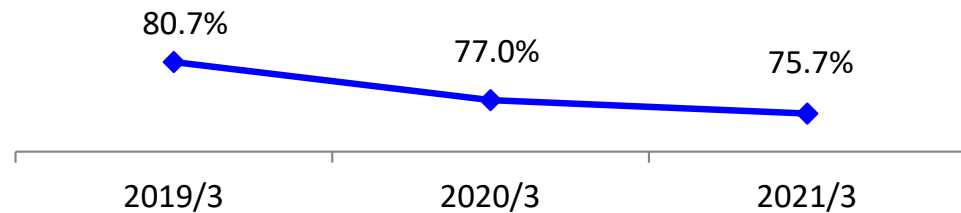


ROE (Tokyo Kiraboshi FG) (%)

2019/3	2020/3	2021/3
1.68	2.60	1.37

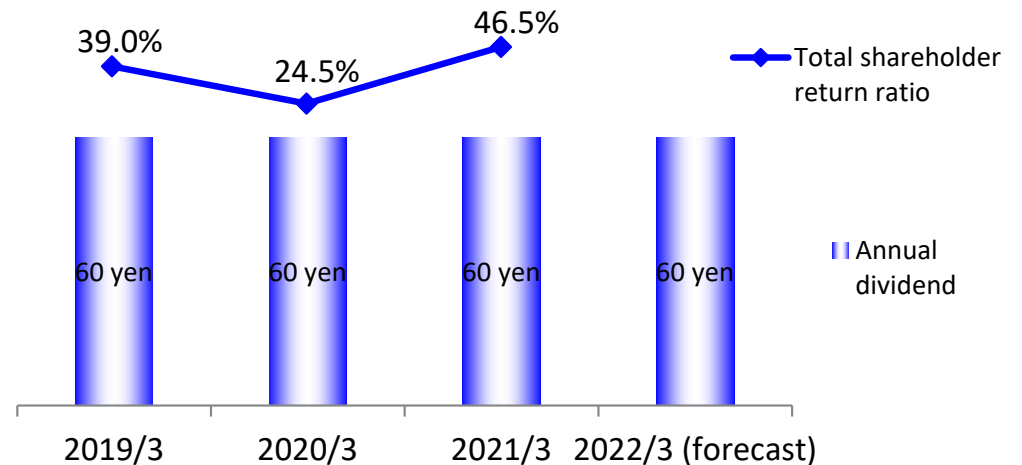
$$* \text{ROE (consolidated)} = \frac{\text{Profit attributable to owners of parent}}{(\text{Net assets at the beginning of the period} + \text{net assets at the end of the period}) \div 2} \times 100$$

Core OHR (Kiraboshi Bank)



$$* \text{CoreOHR} = \frac{\text{Expenses}}{\text{Gross core business profit}} \times 100$$

Annual dividend per share, total shareholder return ratio (Tokyo Kiraboshi FG)



* For total shareholder return ratio, medium-term target is set at 20% - 30%.

**Profit Plan for the Fiscal Year Ending
March 31, 2022 and the New Medium-
Term Business Plan**



Plan for the Fiscal Year Ending March 31, 2022

2022/3 plan (Kiraboshi Bank)

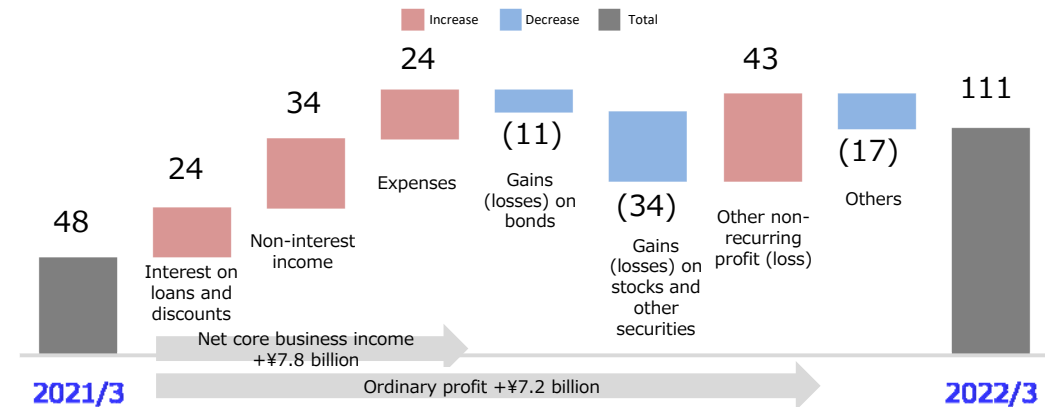
(¥100 million)

2022/3 plan (Tokyo Kiraboshi FG, consolidated)

	2021/3 results A	2022/3 plan B	Difference (B-A)	
1	Gross core business profit	692	745	53
2	Net interest income	587	606	18
3	Of which, interest on loans and discounts	463	488	24
4	Of which, interest on securities	125	120	(5)
5	Of which, interest on deposits	(2)	(3)	(1)
6	Non-interest income	104	139	34
7	Expenses	(524)	(499)	24
8	Net core business income	167	245	78
9	Credit-related costs	(84)	(86)	(1)
10	Gains (losses) on bonds	14	3	(11)
11	Gains (losses) on stocks and other securities	43	9	(34)
12	Other non-recurring profit (loss)	(54)	(10)	43
13	Ordinary profit	88	161	72
14	Income taxes	(38)	(49)	(10)
15	Net income	48	111	63

	2021/3 results A	2022/3 plan B	Difference (B-A)
Ordinary profit	82	152	70
Profit attributable to owners of parent	41	100	58

[Factors affecting net income (Kiraboshi Bank)] (¥100 million)



[Net core business income]

Despite a decrease in interest on securities, an increase of ¥7.8 billion from the fiscal year ended March 31, 2021 is projected to reflect increases in interest on loans and discounts attributable to COVID-19 related loans and business financing activities, and in non-interest income led by commissions from corporate customers, in addition to a reduction in costs through continued implementation of efficiency improvement measures, etc.

[Ordinary profit]

Despite a forecast of decreases in gains on bonds and gains on stocks and other securities, an increase of ¥7.2 billion from the fiscal year ended March 31, 2021 is projected given that, from FY2021, there will no longer be merger and systems integration costs which were recognized in other non-recurring profit (loss).

[Tokyo Kiraboshi FG]

A ¥1.1 billion difference between consolidated and non-consolidated net income to result due to startup deficit of strategically launched subsidiaries, amortization in accounting for loss on redemption of securities and other factors



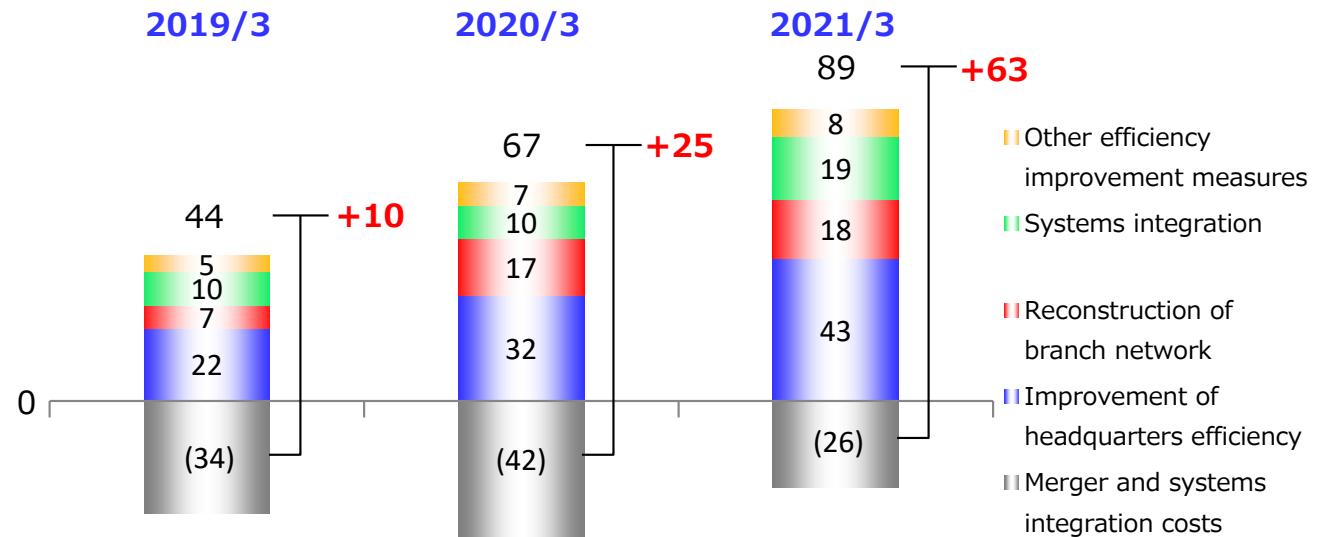
Review of Previous Medium-Term Business Plan

- Actual results outperformed KPIs and KGIs (financial targets) set in the previous Medium-Term Business Plan, with the exception of “consolidated net income”
- First calls substantially exceeded target number and have become entrenched in sales activities
- To demonstrate the Group’s presence in the Tokyo market, efforts were made to “improve management efficiency” and “enhance Group capabilities”, setting the stage for moving on to the new Medium-Term Business Plan

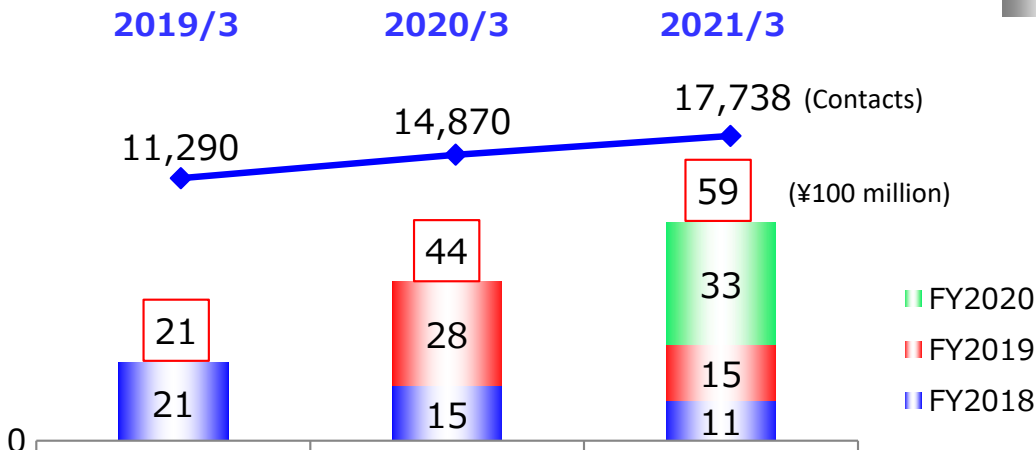
[Numerical Targets]

Item	Initial targets	Actual results
Net income (Tokyo Kiraboshi FG)	¥6.0 billion	¥4.1 billion
Net core business income (Kiraboshi Bank)	¥12.5 billion	¥16.7 billion
OHR (Kiraboshi Bank)	80%	75%

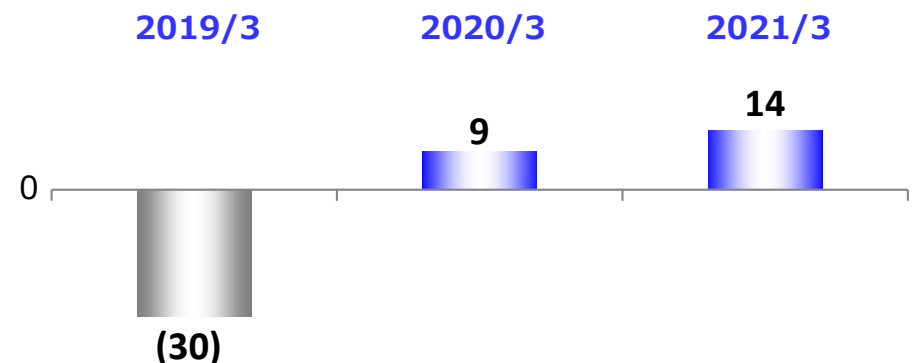
[Integration effects / Merger costs] (¥100 million)



[Number of first calls and impact on income]



[Changes in profit from customer business] (¥100 million)



* Income generated from consulting sales to address customers’ issues

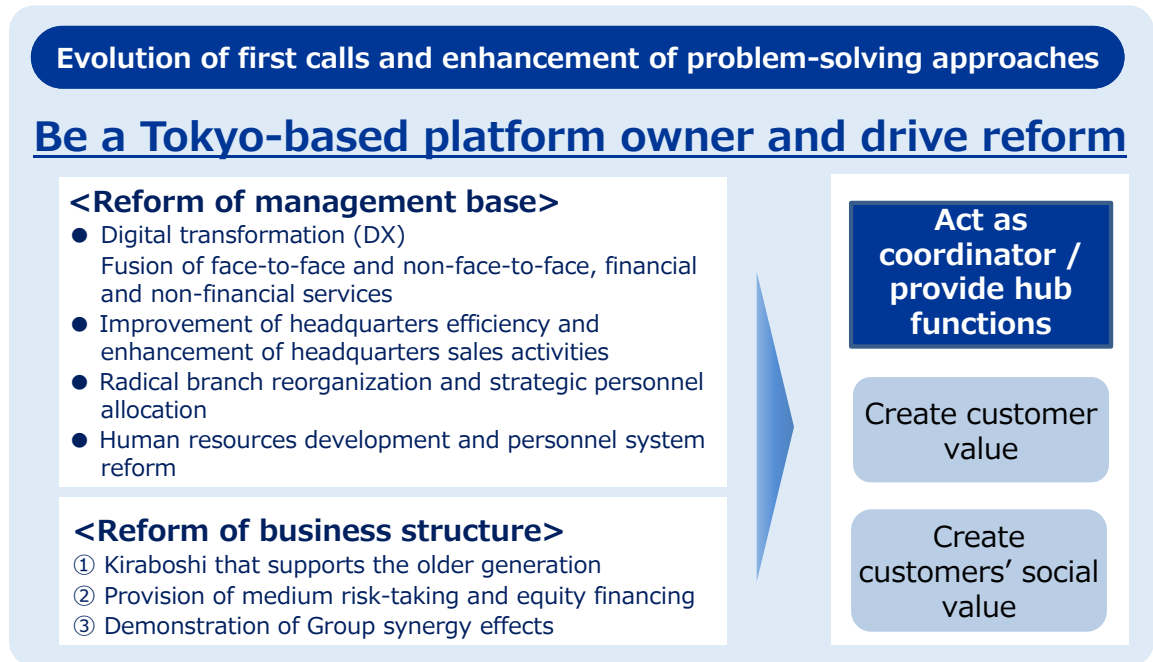
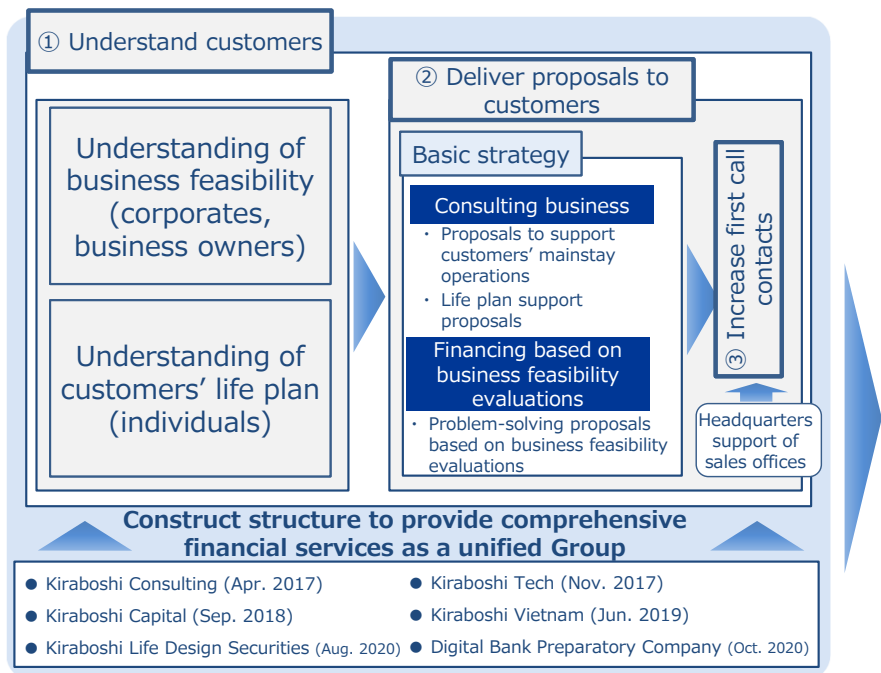
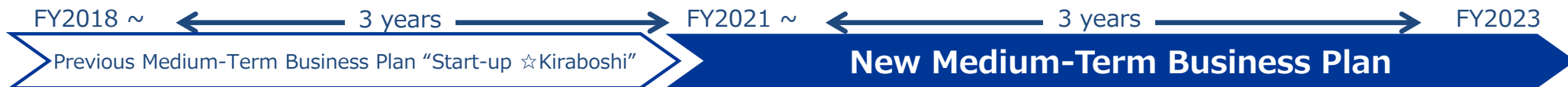
* Calculation method: (loan balance x loan and deposit rate margin) + income from fees and commissions - general and administrative expenses

Business Strategy of the New Medium-Term Business Plan



Tokyo Kiraboshi FG

- “First call” exercise set out in the previous Medium-Term Business Plan has taken hold. The new Medium-Term Business Plan seeks to strengthen proposal capabilities based on “first call” approach. Be a Tokyo-based platform owner and drive reform



Group business strategy

Examples of platform functions

① Life plan support business

Business tools for older adults

② Digital Bank business

Cross-industrial collaboration to respond to diverse life scenes

③ Start-up support business

Support from early stage to IPO

④ Business succession business

Unified support covering corporate management, business succession, asset management and overseas business development

⑤ Medical institutions support business

Contribution to sustained growth of community health care services

⑥ Corporate reconstruction (management support) business

Management support package

Vision of the New Medium-Term Business Plan (FY2021-FY2023)



Tokyo Kiraboshi FG

Management philosophy

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

Management policy

A group that sparkles

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

A group 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 local economies

A group that brings together ideas

We put great value on the “thoughts” of customers, the region, and our employees, and seek to develop a presence that is always in need and worthy of trust.

Vision we are aiming for

Previous Medium-Term Business Plan “Start-up ☆ Kiraboshi”

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

New Medium-Term Business Plan

Be a Tokyo-based platform owner that creates new values for customers

~ From Tokyo to Japan and to Asia ~

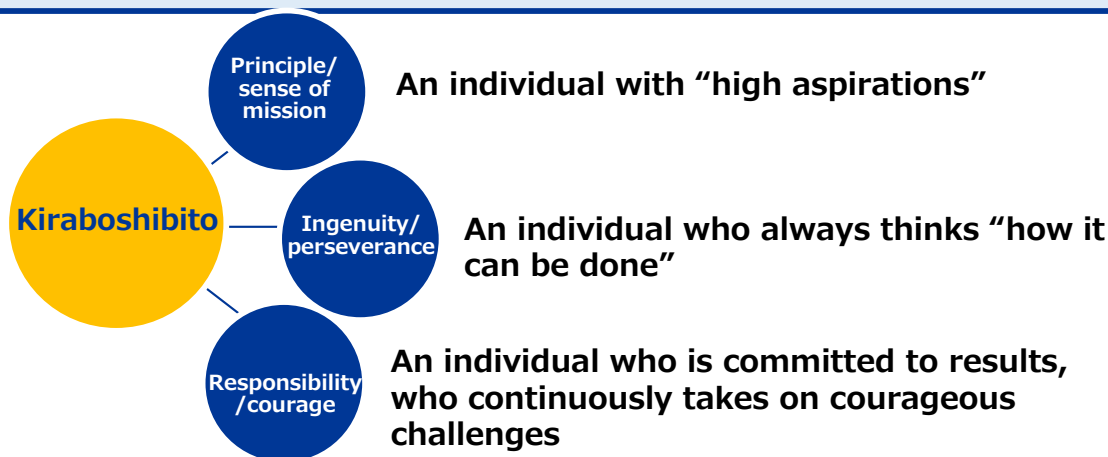
Vision of the future: Comprehensive service business that is also strong in finance.

<Kiraboshi philosophy>

Guided by awareness, values and mindset that are to be shared by all officers and employees, **accomplish the goals of contributing to society, seeking growth of the organization, achieving self-fulfillment and realizing one’s own happiness**

<Three principles of action guideline for Kiraboshibito>

~Who are “Kiraboshibito” ~
People who put “Kiraboshi philosophy” into practice



Analysis of Business Environment and Financial Targets, Capital Policy



Tokyo Kiraboshi FG

1. Strengths and weaknesses of the Company

	Positive factors		Negative factors	
Internal environment	Strength	<p>Collective strength of the Group's related companies that can respond to the diverse needs Integration and merger processes completed ahead of schedule, leading to efficiency improvements producing further tangible effects in the coming period Collaboration with administrative agencies and various other external organizations</p>	Weakness	<p>Quality of equity capital is an issue due to preferred stock outstanding Low productivity, high OHR First call exercise has taken hold but quality is an issue</p>
	Opportunity	<p>Fertile Tokyo market Review of regulations on the scope of banking business Creation of new businesses from ESG/SDGs initiatives</p>	Threat	<p>Continuation of negative interest rates Entry of new players such as FinTech companies Decrease in commission rates on assets under management</p>
External environment				

2. Financial targets / Capital policy

① Financial targets (KGI)

	FY2019 actual	FY2020 actual	FY2021 planned	FY2022 planned	FY 2023 planned
ROE <consolidated>	2.6%	1.3%	3.2%	5.0%	5.9%
Core OHR (note) <Kiraboshi Bank non-consolidated>	77.0%	75.7%	67.0%	59.8%	57.3%
Profit attributable to owners of parent <consolidated>	¥ 7.6 bn	¥ 4.1 bn	¥ 10.0 bn	¥ 16.0 bn	¥ 20.0 bn
Profit from customer business <Kiraboshi Bank non-consolidated>	¥ 0.9 bn	¥ 1.4 bn	¥ 12.4 bn	¥ 20.5 bn	¥ 23.4 bn
Subsidiaries' contribution to consolidated profit <consolidated>	¥ 1.1 bn	¥ 0.3 bn	(¥ 0.4 bn)	¥ 0.4 bn	¥ 2.3 bn
Capital ratio <consolidated>	8.6%	8.7%	8.6%	8.3%	8.3%

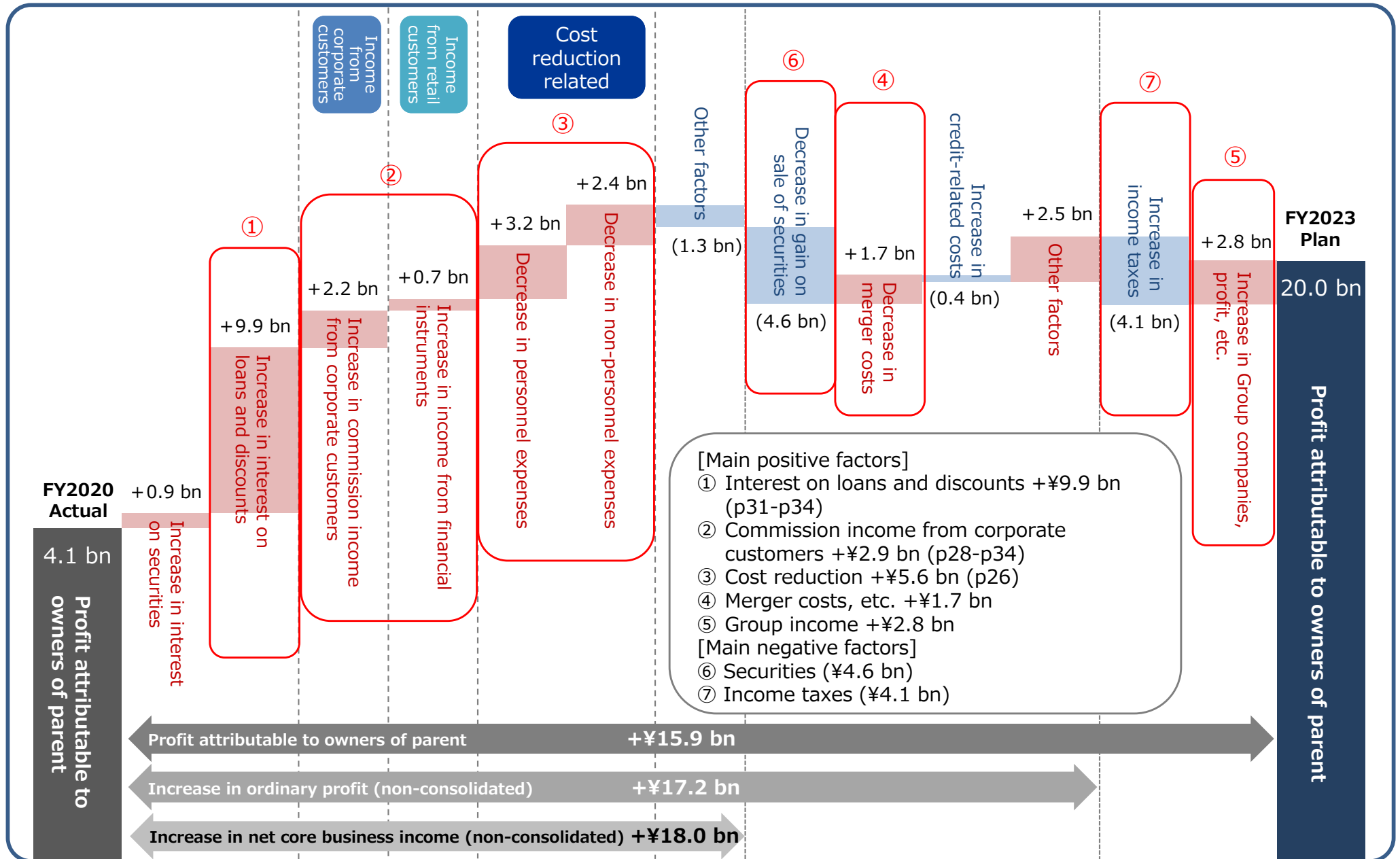
(Note) Core OHR: Expenses / Gross core business profit

② Capital policy

○ Secure sufficient equity capital to fulfill the function to help smooth financing, seek to improve profitability and capital efficiency, and secure financial strength to allow lump sum redemption of preferred shares



Image of Income Growth over Three Years

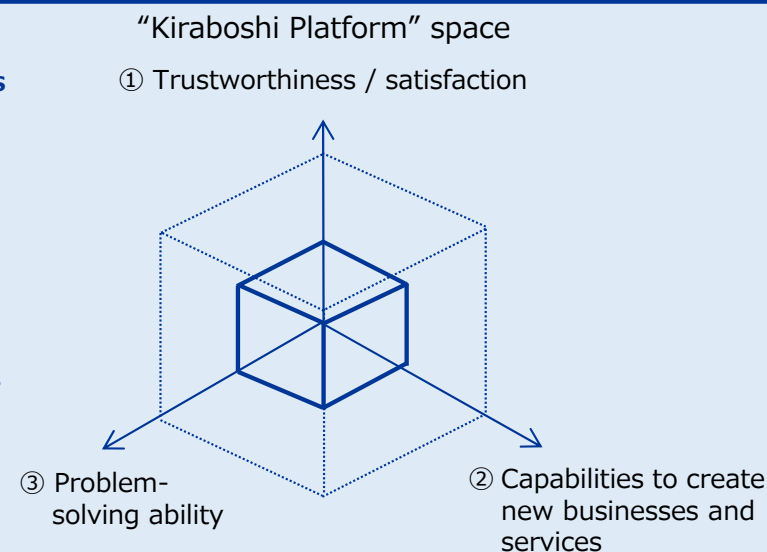


New Medium-Term Business Plan: Vision

To be worthy of customers' trust and contribute to the development of customers and local communities
Be a Tokyo-based platform owner that creates new values for customers

[Enrichment of Tokyo-based Kiraboshi Platform]

- "Kiraboshi Platform" is a space for delivering, to various players and business operators, the Group's capabilities in creating new businesses and services and its problem-solving abilities, to jointly create shared values and services.
- "Kiraboshi Platform" not only provides support in traditional businesses (such as financing, business restructuring and business succession), but also gives active support from an ESG investing perspective, to creative activities that seek to originate new profit-making businesses from solutions to the various social issues addressed in the SDGs.
- "Kiraboshi Platform" is a three-dimensional space built on the three pillars of
 - ① trustworthiness and satisfaction,
 - ② capabilities to create new businesses and services, and
 - ③ problem-solving ability.



The new Medium-Term Business Plan seeks to grow these three pillars evenly and thereby expand the "Kiraboshi Platform" space.

- ① Enhancement of trustworthiness / satisfaction → Further promote first-call exercise, reinforce governance, risk-control and compliance structures
- ② Enhancement of capabilities to create new businesses and services → Enhance Group's collective capabilities, develop skills of officers and employees
- ③ Enhancement of problem-solving ability → Provide long-term support by taking risks such as underwriting subordinated loans and preferred shares, make use of trust scheme, etc.

In order to increase effectiveness of ①, ② and ③ above, the following initiatives will be implemented to ultimately respond to the expectations of all stakeholders (customers, local communities, employees, shareholders)

- ◇ Push forward with DX and improve customer convenience, review branch and headquarters functions, carry out strategic resource allocation that is optimal for the entire Group
 - Having leveraged merger and integration opportunities to improve efficiency such as through BIB operation, embark on further branch reorganization and strengthening of headquarter sales activities
- ◇ Human resources development and personnel system reform:
 - Provide a place where each individual employee can grow as a professional, provide support for the realization of diverse work styles
 - Pursue penetration of corporate philosophy and implementation of SDG actions



Example of Tokyo-based Platform

- Build a “Tokyo-based platform” for creating new values through collaboration with administrative organs and across industries (airports and other social infrastructure, companies in entertainment, art, sports and other similar industries)
- Be a coordinator connecting customers with companies in other industries, provide hub functions and contribute to the creation of customer values and to solving social issues

Kiraboshi platform, concrete example of Tokyo-based ecosystem: Tokyo Kiraboshi FG acting as coordinator to provide platform functions

Concrete example of Tokyo-based ecosystem

① Collaboration with administrative organs

[Comprehensive collaboration with Tokyo Metropolitan Government, Kawasaki City, etc.]

Mutual collaboration in implementation of initiatives for industrial development, including support for SMEs, with the aim of achieving sustained development of regional economies
Collaboration in infrastructure and financial areas in pursuit of the International Financial Center concept

② Collaboration with Haneda Airport [Agreement signed on April 20, 2021]

A. [Comprehensive collaboration with Haneda Future Research Institute Incorporated]

Development of local economies around Haneda Airport and promotion of culture and arts
Matters related to initiatives aimed at achieving the SDGs
Digitalization of services to Haneda Airport users, etc.
Scheduled to separately conclude basic business alliance agreement with Haneda Future Research Institute
→ customer marketing, development of new business domains, etc.

B. [Provision of Maekyu services to Haneda Airport facility employees]

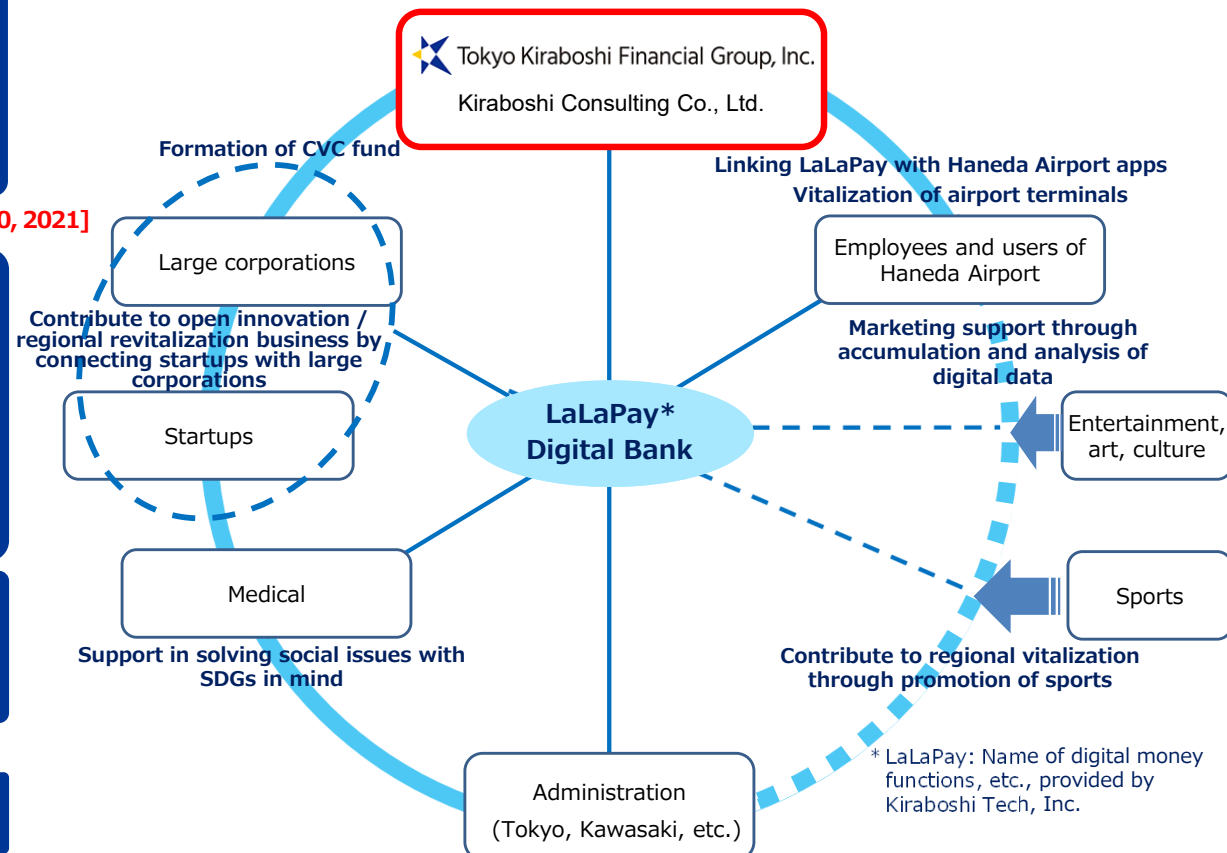
Use of “Maekyu” services and trial implementation for the use of LaLaPay in airport facilities

③ CVC funds formation [Structured on May 20, 2021]

Create funds through collaboration with startups and large corporations

Image of Tokyo-based ecosystem

Fusion of financial and non-financial services
Provision of financial services starting with non-financial services



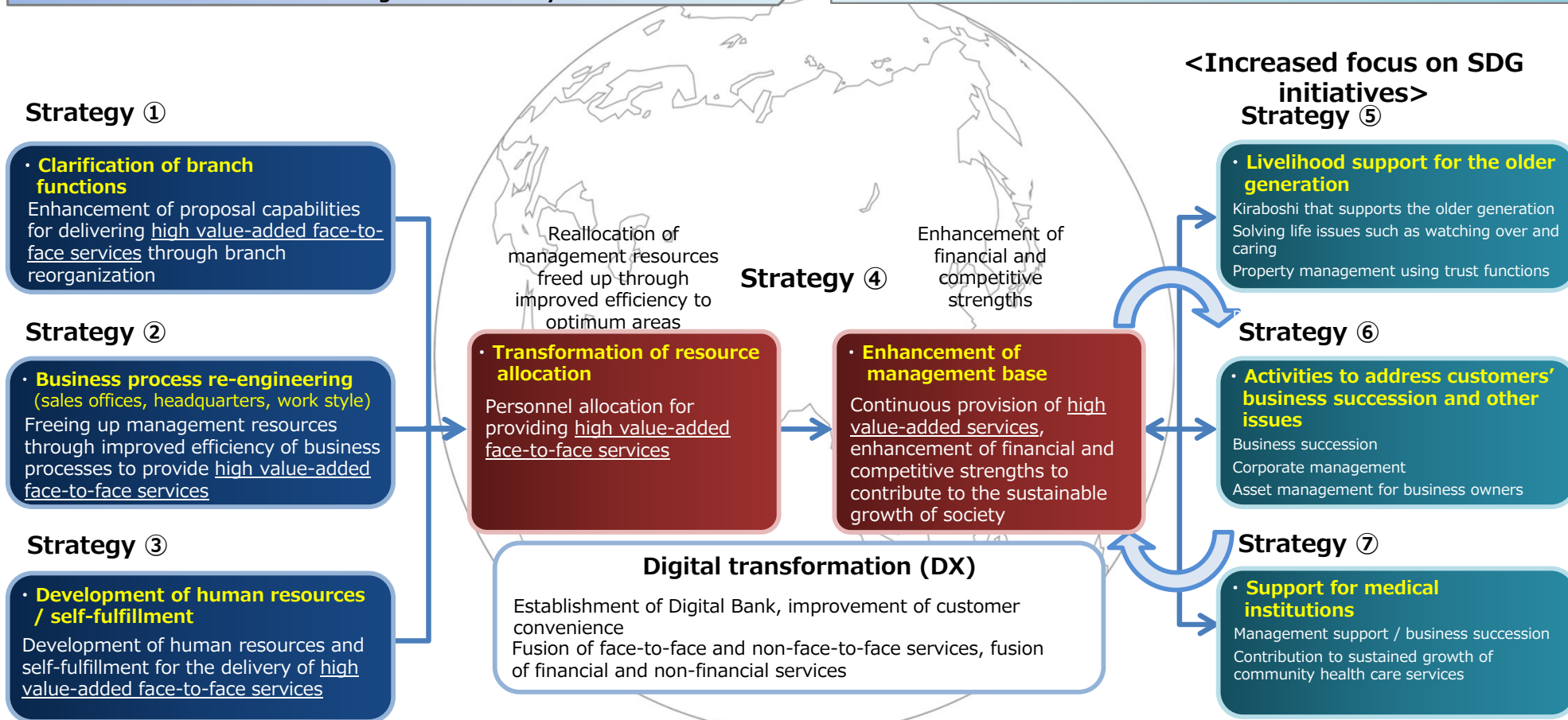
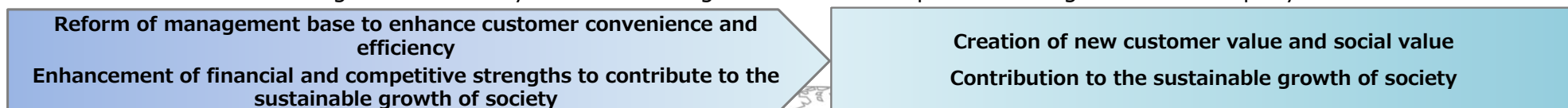
Overall Flow of ESG/SDG-Related Strategy of the Medium-Term Business Plan



Tokyo Kiraboshi FG

(Medium-term business strategy as it relates to ESG/SDGs) = Realization of corporate philosophy

- The Company secures solid financial strength and enhances its competitive strength → serves to help customers achieve sustainable growth and contribute to the sustainable growth of local communities
- Leverage the Group's collective strength to push forward SDG initiatives in the three priority areas of "support for the older generation", "integrated support for business succession, corporate management and asset management" and "management support for medical institutions".
- Contribute to the sustainable growth of society while enhancing financial and competitive strengths of the Company



Strategy of the Medium-Term Business Plan in Relation to ESG/SDG Initiatives



Tokyo Kiraboshi FG



Branch reorganization and improvement of operational efficiency to free up management resources and improve customer convenience, human resources development and self-fulfillment

	Specific action items and ESG classification	Description	Focus items and SDG targets	Related indicators	
Strategy (1) Clarification of branch functions	S S E	Function-specific branch: Life design station	Community engagement Shared value Next generation / Women 	Retail-focused branches 19 locations in FY2020 → 34 locations in FY2023	
	S E	Transformation of all branches to next-generation branch setup		Deliver customer-oriented services through a mix of face-to-face and non-face-to-face channels <ul style="list-style-type: none"> Strengthen face-to-face in-person proposal and consulting services Move to paperless, passbook-less and cashless 	Productivity improvement (gross core business profit per head) ¥23 mn → ¥32 mn
	S E	Efficiency improvement in branch sales operation		Deliver customer-oriented services through a mix of face-to-face and non-face-to-face channels <ul style="list-style-type: none"> Free up personnel for allocation to high quality face-to-face services 	Use of external talents Increase in mid-career hires
Strategy (2) Business process re-engineering	S E	Improvement of headquarters efficiency	Community engagement Shared value Accountability / Transparency 		
	S E	Development of Human Resources / Self-Fulfillment		Develop and make effective use of human resources for the delivery of high quality services and improvement of productivity <ul style="list-style-type: none"> Develop human resources, create happiness for all officers and employees 	
Strategy (3) Development of Human Resources / Self-Fulfillment	S	Human resources development	Community engagement Shared value Accountability / Transparency 		
	S	Personnel system reform / realization of diverse work styles			

Personnel allocation and enhancement of financial and competitive strengths for providing high-value-added services and contributing to the sustainable growth of society

Strategy (4) Transformation of resource allocation	S	Personnel allocation to consulting and other divisions	Community engagement Shared value Accountability / Transparency 	ROE 5.9%, core OHR 57.3% Capital ratio 8.3% Net income ¥20.0 bn, profit from main line business ¥23.4 bn
	S	Centralization of routine and strategic support functions		
Digital transformation (DX)	S E	Establishment of Digital Bank, IT support for older adults	Community engagement Shared value Accountability / Transparency 	Internet users: 68,000 customers → 400,000 customers Support for improving financial literacy
	S	Improvement of customer convenience		

Provision of high-value-added services by enhancing financial strength and with invested management resources, contribution to the sustainable growth of society

Strategy (5) Livelihood support for the older adult segment	S	Life plan support / asset management	Community engagement Shared value Environmental protection 	Increase in the number of business owner customers with assets under management: 1,000 accounts Increase in the outstanding balance of assets under management of business owner customers: ¥50.0 bn	
	S	Business targeted at the older adult segment			Provide support in asset building and asset management that continue to the next generation, support in inheritance and business succession <ul style="list-style-type: none"> Provide services aligned to life stage/plan through goal-based approach Kiraboshi Package - services that match to all life scenes anytime, anywhere
	S	Transactions with business owners, inheritance, property management			Promote consulting services and provide financing based on business feasibility evaluations <ul style="list-style-type: none"> Provide combined services encompassing corporate management, business succession (inheritance), asset management and overseas strategy Build main bank relationship through business feasibility evaluation, take action against climate change risks
Strategy (6) Activities to address customers' business succession and other issues	S	Business succession	Community engagement Shared value Environmental protection 	In the ¥0.3 to 10 bn annual sales zone Number of loan customers with main bank relationship: +600 customers Financing to customers with main bank relationship: +¥600 bn Number of customers receiving startup financing (3 years): 6,000 customers Kiraboshi Package: 60,000 customers Business succession support: over 1,000 customers Support to medical institutions: over 400 institutions	
	S	Business financing			Promote consulting services and provide financing based on business feasibility evaluations <ul style="list-style-type: none"> Provide management support and financing to medical institutions, social welfare corporations, etc. (use of funds) Engage in regional revitalization activities at various locations, in collaboration with administrative organs, etc.
Strategy (7) Support for medical institutions	S	Collaboration in administrative policy measures	Community engagement Shared value Environmental protection 		
	S	Responses to novel coronavirus			
	S	Local medical activities			

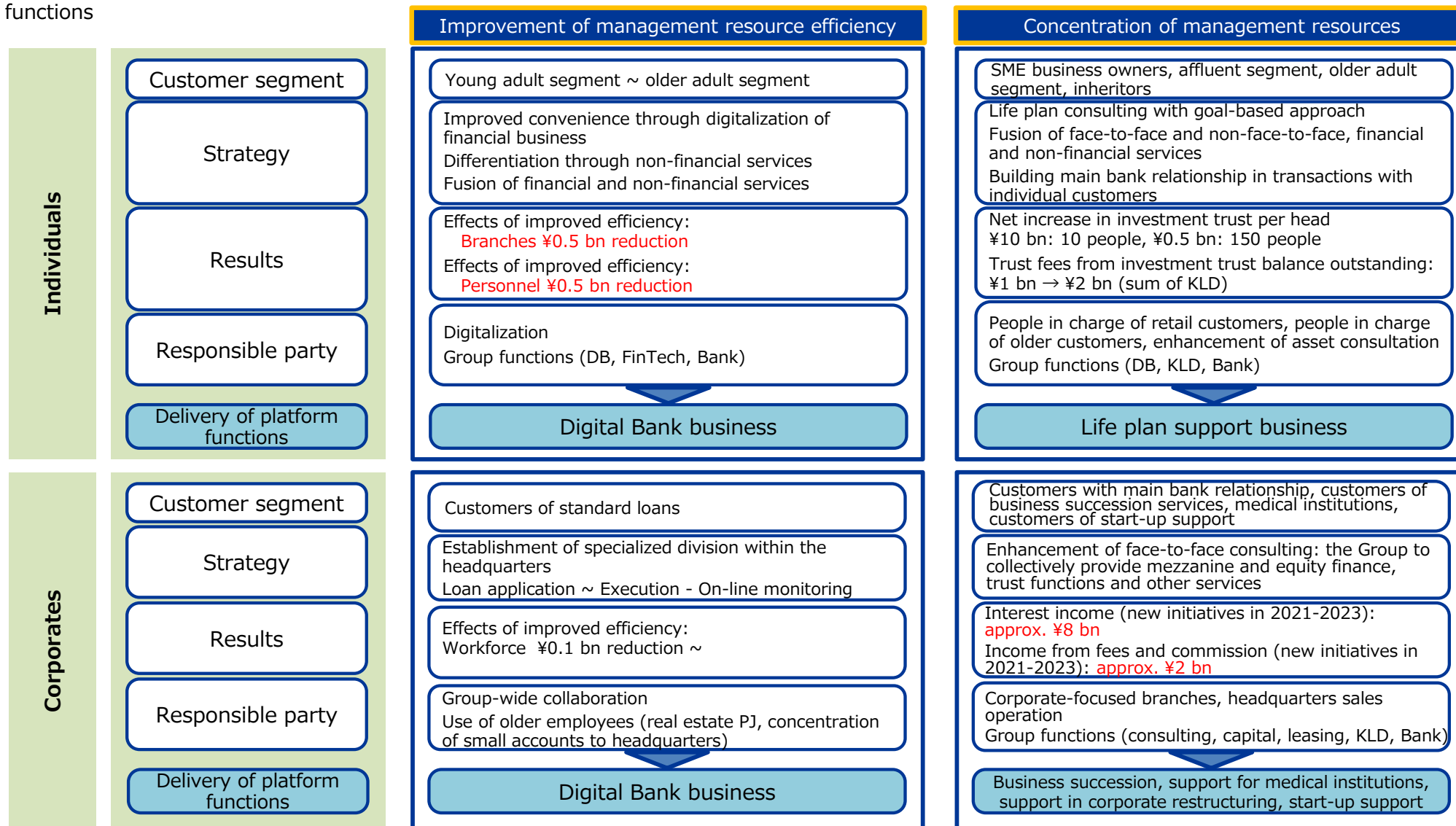
Enhancement of corporate governance	G	Establishment of chief sustainability officer position	Accountability / Transparency 		
	G	Revision of credit policy			Improve the effectiveness of the board of directors to achieve sustainable growth and enhancement of corporate value <ul style="list-style-type: none"> Enhance Group governance to respond to diverse customer needs
	G	Support for TCFD recommendations (Feb.), establishment of necessary structure and disclosure			

Efficiency Improvement and Concentration of Management Resources



Tokyo Kiraboshi FG

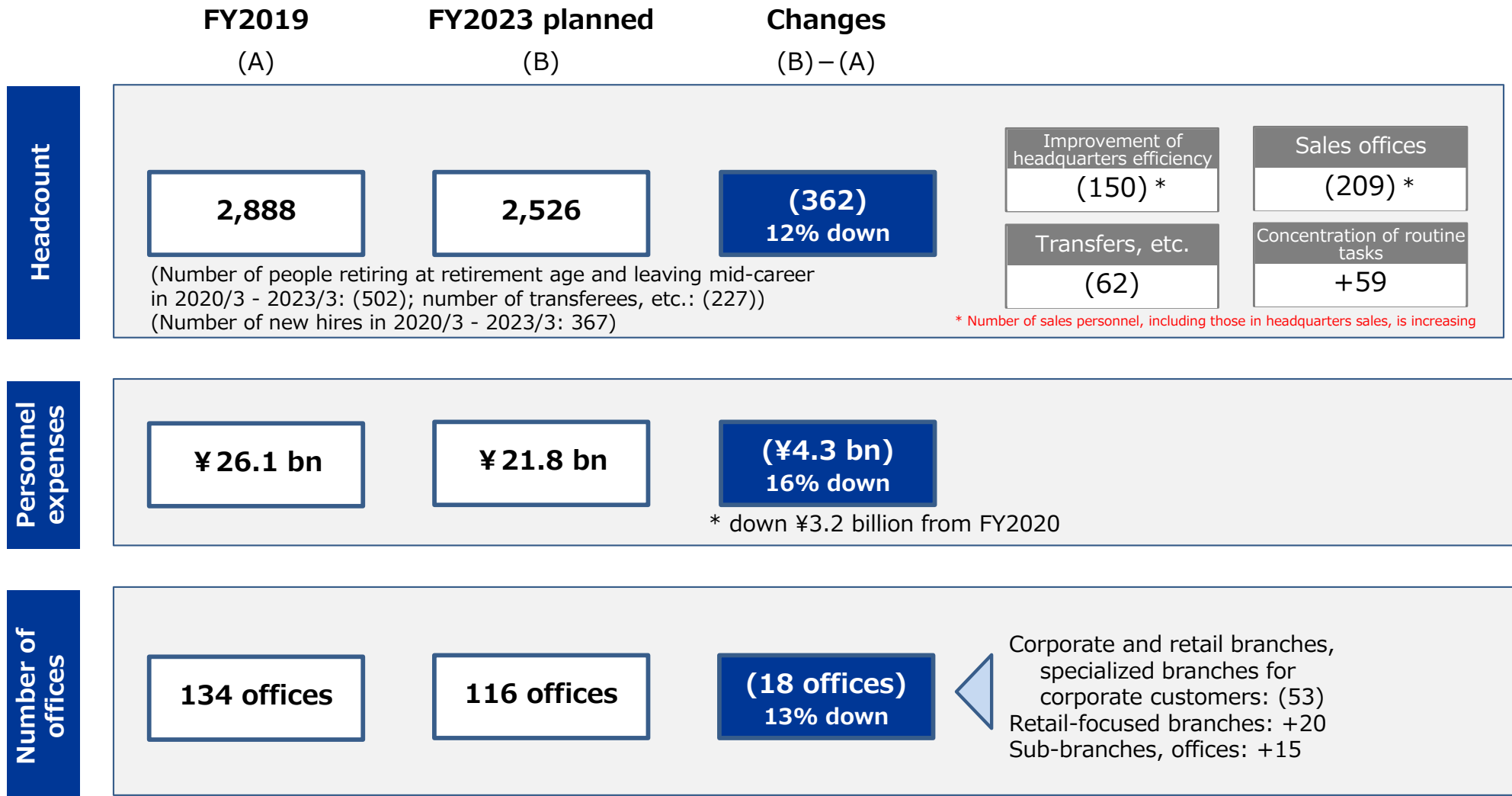
- Improve customer convenience through digitalization, concentrate freed-up management resources on face-to-face sales and consulting functions
- Provide the functions of a Tokyo-based platform owner collectively as a Group. Act as local community coordinator in collaboration with different industries and administrative organizations
- Tokyo-based platform is an open platform that allows collaboration with nationwide regional banks, and offers various sub-platforms for different functions





Transformation of Resource Allocation

- Create time for “offensive actions” through business process re-engineering, branch reorganization and review of branch operation. Reallocate freed-up personnel to sales and strategic areas
- Concentrate routine tasks and administrative work requiring expertise in a strategic support function department
- Maximize Group synergies jointly with all Group companies through reform of personnel system and strategic allocation (transfer) of personnel to Group companies, etc.

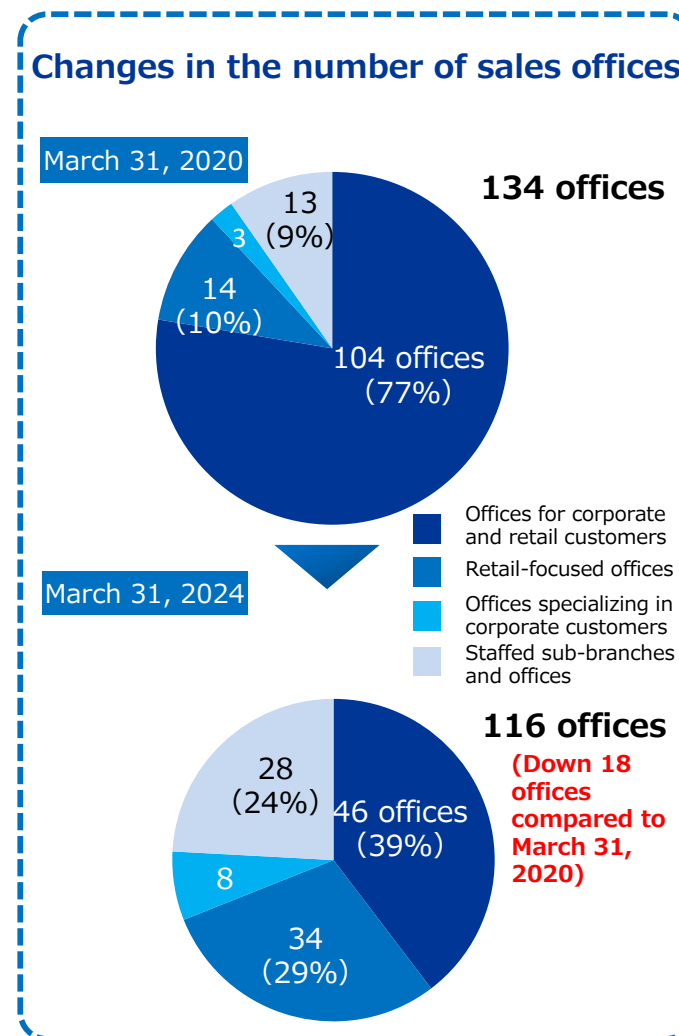
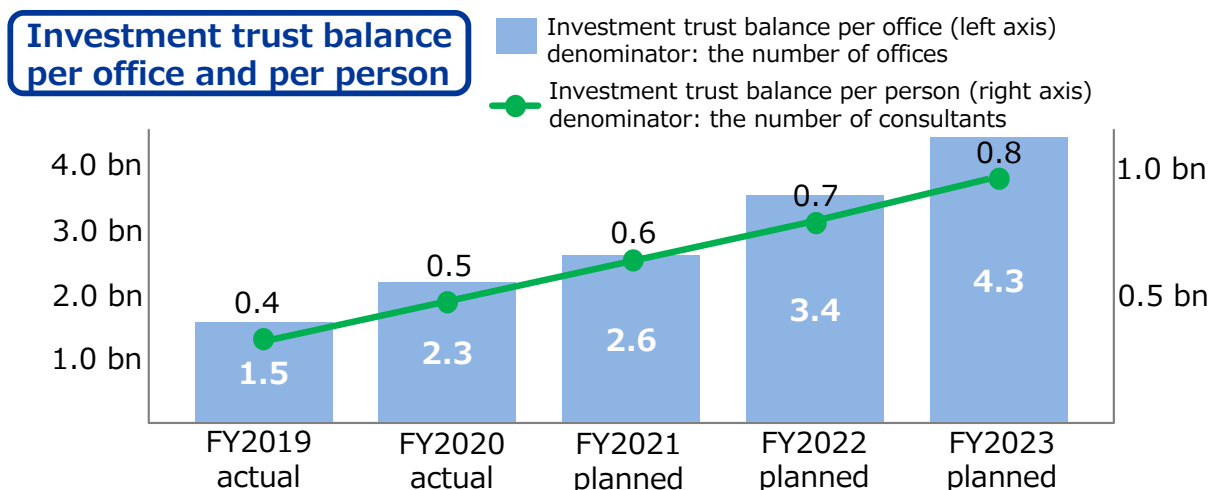
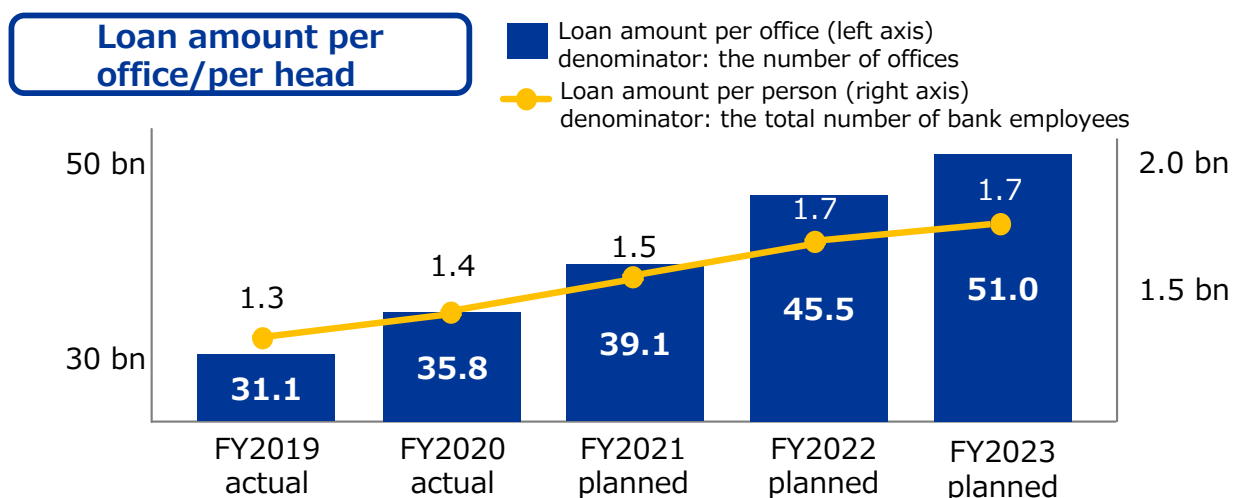


Branch Strategy / Changes in Productivity (Number of Sales Offices and Headcount)



Tokyo Kiraboshi FG

- **Improve customer convenience and rationalize number of offices through fusion of face-to-face and non-face-to-face services**
Consolidate offices engaged in corporate transactions for concentration of management resources: increase loan balance per office and per head
- **Expand points of contact with customers through specialized branches, strengthen consulting functions**
Increase offices specializing in retail transactions and interact with customers: increase investment trust balance per office and per head





Retail Customer Strategy

- Promote establishment of main bank relationship with individual customers through delivery of financial and non-financial services tailored to specific customer segment
- Deliver financial services starting with non-financial services (comprehensive service business that is also strong in finance)
- Improve customer convenience by combining face-to-face and non-face-to-face channels. Optimize customer services aligned to individual needs

Attributes	Financial services				Non-financial services
	Life plan support business			Digital bank business	
	Asset management FD marketing	Housing and rental property loan Effective use of assets	Property management Property succession	Deposits / foreign exchange Fund transfer	
Affluent segment Landlord segment Business owner segment Primary division (persons) in charge Persons in charge at KLD* Financial consultant Branch Manager Persons in charge of corporate customers	<ul style="list-style-type: none"> • Collaboration with KLD Securities: intermediary, referral • Life plan support business (goal-based approach) • Use of face-to-face no-load features 	<ul style="list-style-type: none"> • Provision of rental property loan in connection with purchase, replacement and use of real estate • Use of real estate management trust • Enrichment of housing loans and "double" loans (expand list of corporate and vendor partners) 	<ul style="list-style-type: none"> • Strengthen transactions with heirs • Transactions with business owners • Business consultation / business succession (succession method, tax support), asset management 	<ul style="list-style-type: none"> • Digital Bank • Establishment of scheme for customer transfer • Improvement of convenience (UI/UX) • Internet banking • Opening of web accounts, notification of change, seal-less, etc. 	<ul style="list-style-type: none"> • Travel, leisure, vendor introduction, postpartum accommodation, housekeeping service, etc.
Older adult segment Persons in charge of retail customers Persons in charge of older adult segment	<ul style="list-style-type: none"> • Promotion of fund wrap service • Single-premium, level premium insurance 	<ul style="list-style-type: none"> • Proposal on reverse mortgage loans 	<ul style="list-style-type: none"> • Kiraboshi Package (property management trust, testamentary trust, living trust, etc.) • Strengthen transactions with heirs 	<ul style="list-style-type: none"> • Next-generation branches • Use of tablets in the branches, web-based accounting forms 	<ul style="list-style-type: none"> • Provision of non-financial contents through Kiraboshi Package, etc. • Caregiving, health care, medical examination, housekeeping services, etc.
Young adult segment Working segment Persons in charge of retail customers In branches	<ul style="list-style-type: none"> • Enhancement of accumulation-type investment trusts 	<ul style="list-style-type: none"> • Enrichment of housing loans and "double" loans (expand list of corporate and vendor partners) 	<ul style="list-style-type: none"> • Strengthen transactions with heirs 		<ul style="list-style-type: none"> • Travel, leisure, dining, etc. • Maekyu: use of LaLaPay (electronic money)
Non-face-to-face channel (all segments)	<ul style="list-style-type: none"> • Opening of web accounts, electronic delivery • API connections with DB and KLD Securities • Paperless operation 	<ul style="list-style-type: none"> • Enrichment of non-face-to-face functions (web-based pre-screening) 	<ul style="list-style-type: none"> • Provision of Kiraboshi Package through Digital Bank (smartphone) and Internet banking (INB) 	<ul style="list-style-type: none"> • Digital Bank (smartphone) • Internet banking (INB) 	<ul style="list-style-type: none"> • Digital Bank (smartphone)
Internal targets, KPI, etc.	Assets under management of business owner customers KPI Number of customers +1,000 Outstanding balance +¥50 bn		Kiraboshi Package Users: 60,000 KPI	Individual Internet users: KPI 68,000 customers → 400,000 customers Effects of improved efficiency: approx. ¥1 bn/yr	

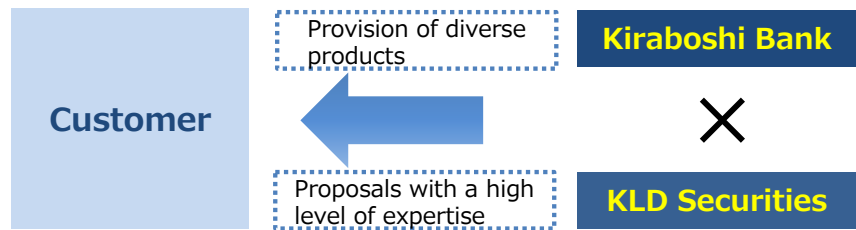
* KLD: Kiraboshi Life Design Securities



Life Plan Support Business: FD (fiduciary duty)

- Commitment to customer-oriented business practice based on fiduciary duties

Measures related to customer-oriented business operations



Banking and securities business collaboration

[The ideas that went into the company name]
Kiraboshi Life Design Securities Co., Ltd. (launched in Aug. 2020)

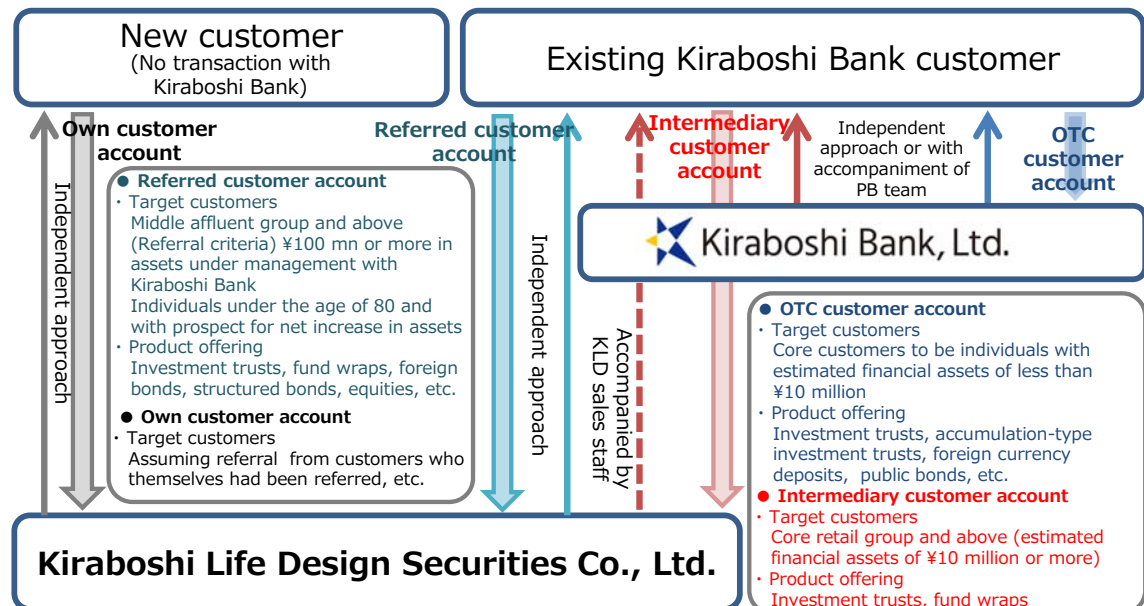
- To realize customers' ultimate objectives in building their assets
- To feel empathy with customers' enjoyment and happiness
- To be a bridge to the next generation

Measurement scheme in which customer's enjoyment/happiness = **evaluation of sales offices**

FD-based marketing in practice

From "product proposal" to "proposal aiming together with customers to reach their goals"

- **Abolished AuM profit target in all branches**
 - **Built sales structure designed to link growth in AuM balance to growth in profits**
 - **Waiving of sales commissions on investment trusts**
- (for customers of securities subsidiary with ¥10 million or more in assets under management)



Livelihood Support for the Older Adult Segment

~ business tools for the older adult segment (Kiraboshi Package) ~



Tokyo Kiraboshi FG

With focus on middle affluent group, give full personal support to the older adult segment from both financial and non-financial aspects (construction of a comprehensive package/platform)

- Leverage the relationship of trust with the older adult segment, which accounts for a large proportion of Kiraboshi Bank's deposit transactions, to build trust with the next generation (heirs)

Financial Proposals for property management and succession with focus on trust and insurance



Non-financial Proposals for relieving anxieties of the older adults by partnering with vendors

Direction of business with the older adult segment

Provide financial services only, such as asset management
Product orientation

**2025 problem = diversification of needs
FD requirement (customer-oriented approach)**

Respond to the overall needs of the older adult segment, including non-financial services
Market orientation

Main targets

Older adult segment (60 years of age and above) (1) Deposit + AuM of ¥5~10mn 60,000 individuals, ¥460bn (@¥7m)
(2) ¥10mn ~ 80,000 individuals, ¥1,760.0bn (@¥21m)

Sum of (1) + (2) 140,000 individuals, ¥2,220.0bn

Responsible party/structure

(1) Persons in charge of retail business and older adult segment approx. 100 people (relations)
(2) Financial consultants/KLD Securities/PB staff 350 people (consulting)

Financial contents

Realize the thoughts of caring for older adult segment customers and their family members

Needs in property management

- Property management trust
- Trust product with restrictions on cancellation
- Trust product with proxy withdrawal functions
- Inheritance-type trust product
- Life insurance

Needs in property succession

- Testamentary trust
- Inheritance arrangement operation
- Living trust
- Successive beneficiary trust (Living trusts for real estate)
- KLD services for heirs receiving assets

Kiraboshi Package

KPI 60,000 users

Non-financial contents

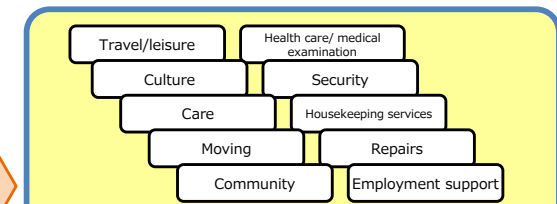
Eliminate "inconvenience" felt by the older adult segment and their family members, realize a prosperous post-retirement life

Creation of a web page for advice on solving post-retirement life problems

Aiming for fusion of rich and innovative contents

- I want to improve inconvenience in xxx
- I want to participate in xxx
- I want to know about xxx

Staff in charge of the older adult segment listened carefully to the various challenges facing the older adult customers



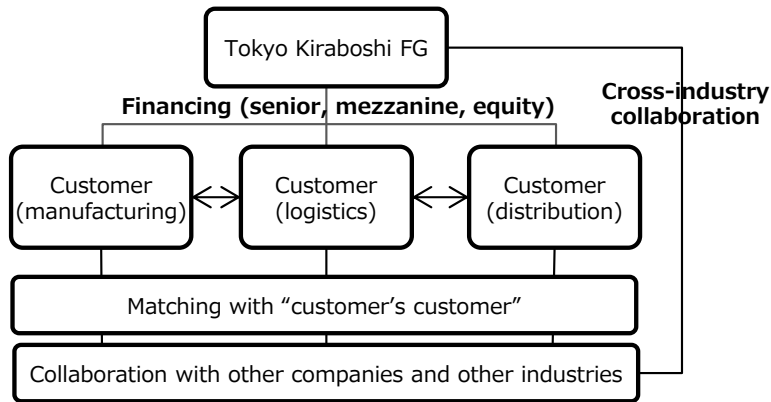
- Partnering with vendors for the contents of the various genres on the menu
- The menu was partly developed jointly with startups



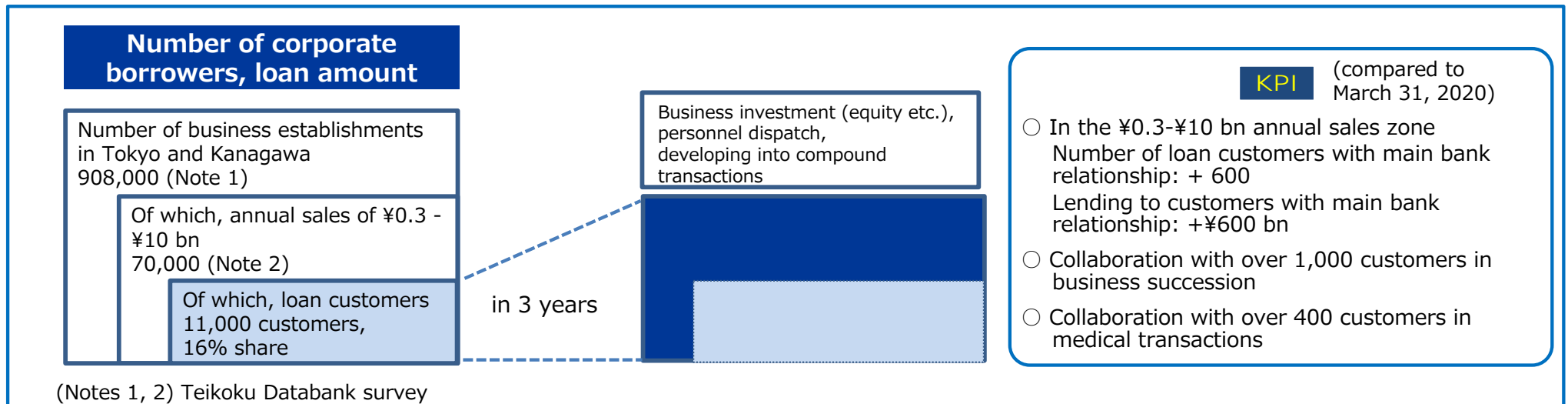
Corporate Customer Strategy

- Leverage the collective strength of the Group to enhance problem-solving capabilities aligned to the changes in social structure, and contribute to creation of customer value and to solving social issues

[Provide hub functions as a platform owner]



- Examples of platform to respond to customer's management issues: Support for business start-up, business succession, support for corporate restructuring, support for medical institutions
- Coordinate value chain and contribute to creation of customer's new businesses



Activities to Address Customers' Business Succession and Other Issues



Tokyo Kiraboshi FG

- Combining Group-wide resources to promote activities in business succession, establishment of main bank relationship, transactions with business owners, corporate management, overseas expansion, etc.
- Business succession by matching the businesses of SME customers with those of other operators

Collaboration between sales offices and SF Division

KPI

- Collaboration with over 1,000 customers in business succession business (44,000 corporate customers)
- Establishment of main bank relationship, capital funding in collaboration with funds, deepening of transactions with business owners
- Use of business tools with patterned approaches

Collaboration among Group companies

- Tax support and management consulting in collaboration with Kiraboshi Consulting
- Mezzanine and equity financing in collaboration with Kiraboshi Capital
- Asset management and asset building in collaboration with KLD Securities

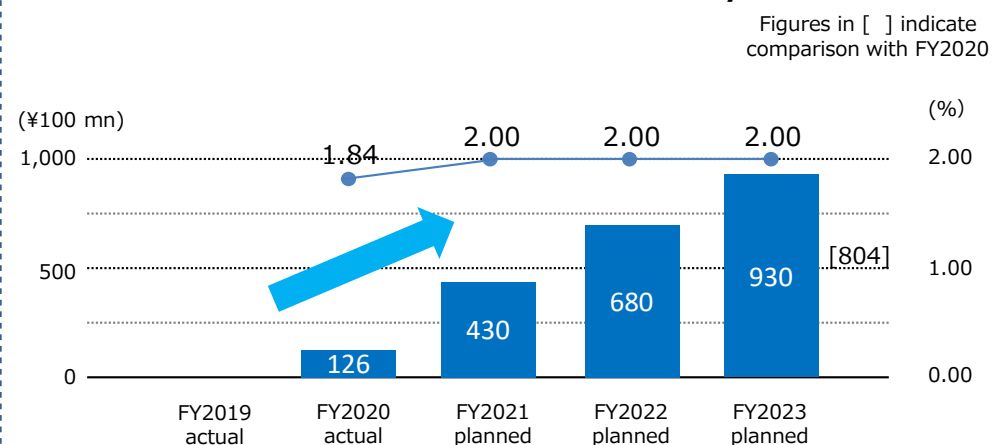
Risk management system

- Strict credit control and identification of proper risk and return balance
- Improvement both in profitability by office and comprehensive profitability by taking into consideration the RAF perspective

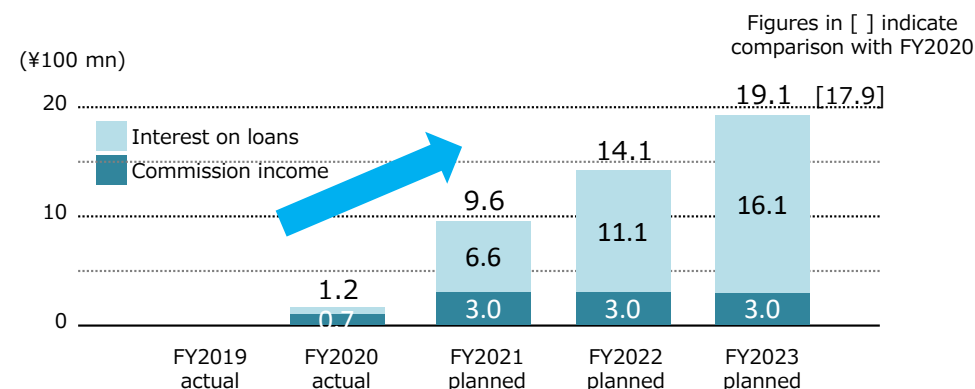
Human resources development

- Development of professionals in collaboration with external funds

Business succession balance and yield



Interest on loans / Commission income



Business Financing

(Structured and mezzanine financing such as LBO loans, non-recourse loans and mezzanine loans)



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- Enhance problem-solving capabilities to address customers' diverse challenges, establish a specialized structured finance team within SF Division
- Strengthen due diligence and screening/risk management structures for speedy deal processing

Collaboration between sales offices and SF Division

- Reduce sales offices' burden on referrals from sales offices
- Centralize contact point for negotiations on terms and conditions, etc., in SF Division
- Project members to identify and examine issues associated with a deal
- Officers to take part from an early stage and decide the direction to follow

Collaboration among Group companies

- Industry and market surveys conducted in collaboration with Kiraboshi Consulting
- Mezzanine finance structured in collaboration with Kiraboshi Capital

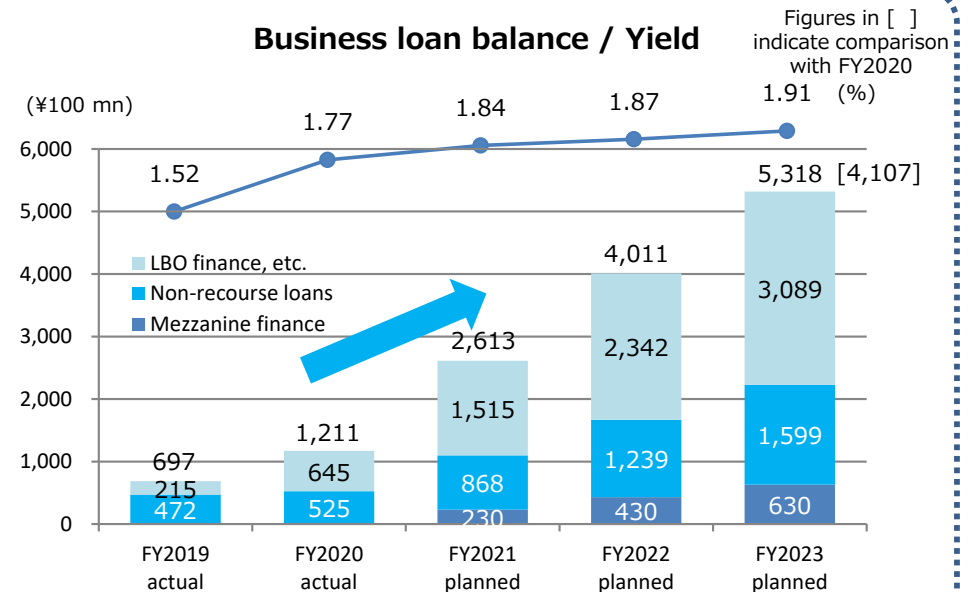
Risk management system

- Establish the guidelines (such as for handling LBO finance)
- Establish a dedicated structured finance screening team (3 to 4 people)
- Set up a system for ongoing monitoring of covenants, budget control, etc.
- Designate a responsible department (SF Division) to perform integrated risk management

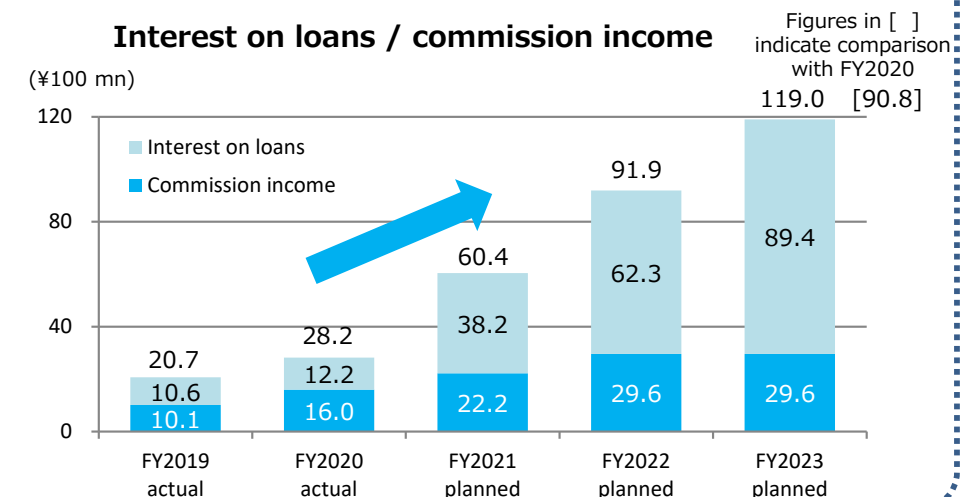
Human resources development

- Enhance expertise by bringing in outside talents
- Develop professionals with competitive edge

Business loan balance / Yield



Interest on loans / commission income





Support for Medical Institutions

- Support medical institutions in business succession and management, provide support in asset management, contribute to the sustainable growth of community healthcare and solving social issues
- Enhance problem-solving ability to strengthen management support

Support for medical institutions

Collaboration between sales offices and SF Division

KPI

- Collaboration with over 400 customers in medical transactions (1,200 customers in medical transactions)
- Promptly execute capital financing to institutions in a state of insolvency
- Seek to establish main bank relationship with medical institutions for stable cash flow

Collaboration among Group companies

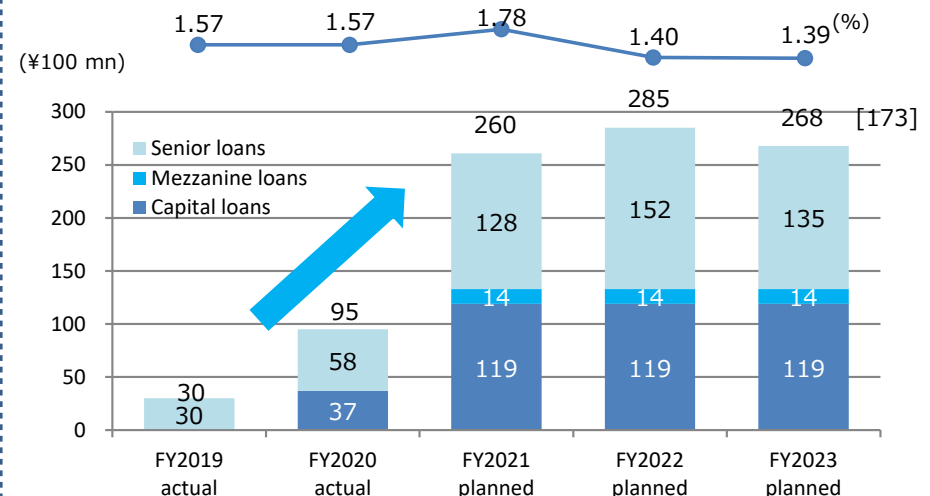
- Healthcare consulting in collaboration with Kiraboshi Consulting
- Mezzanine and equity financing in collaboration with Kiraboshi Capital

Solving social issues in collaboration with administrative organs

- Build new financing scheme in collaboration with administrative organs

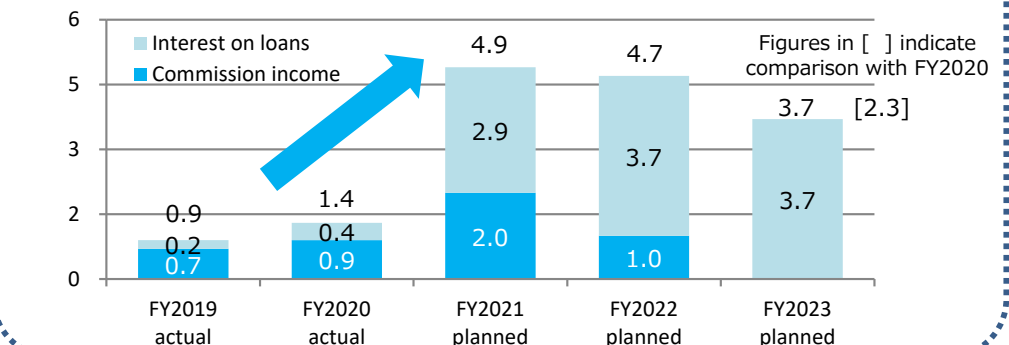
Balance and yield of mezzanine loans, capital loans, etc., handled by Medical and Welfare Business Division

Figures in [] indicate comparison with FY2020



* Aside from the above, the Medical and Welfare Business Division had an outstanding loan balance of ¥85.7 billion as of March 31, 2021.

Interest on loans / Commission income

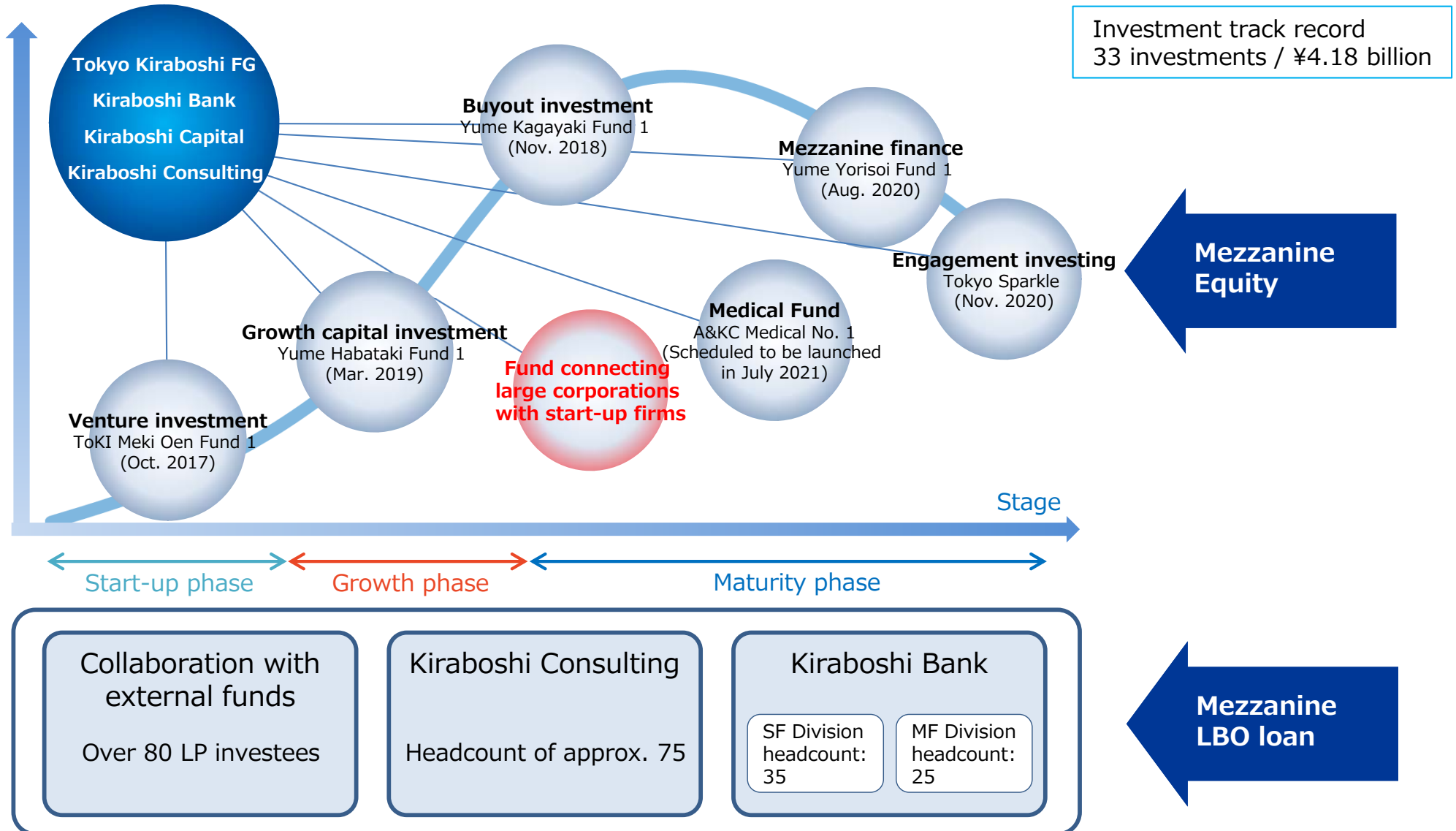


Figures in [] indicate comparison with FY2020



Group Collaboration Including Equity Financing

- Kiraboshi Bank, Kiraboshi Consulting and Kiraboshi Capital collaborating to provide support at diverse stages, from start-up to growth phase and to maturity phase



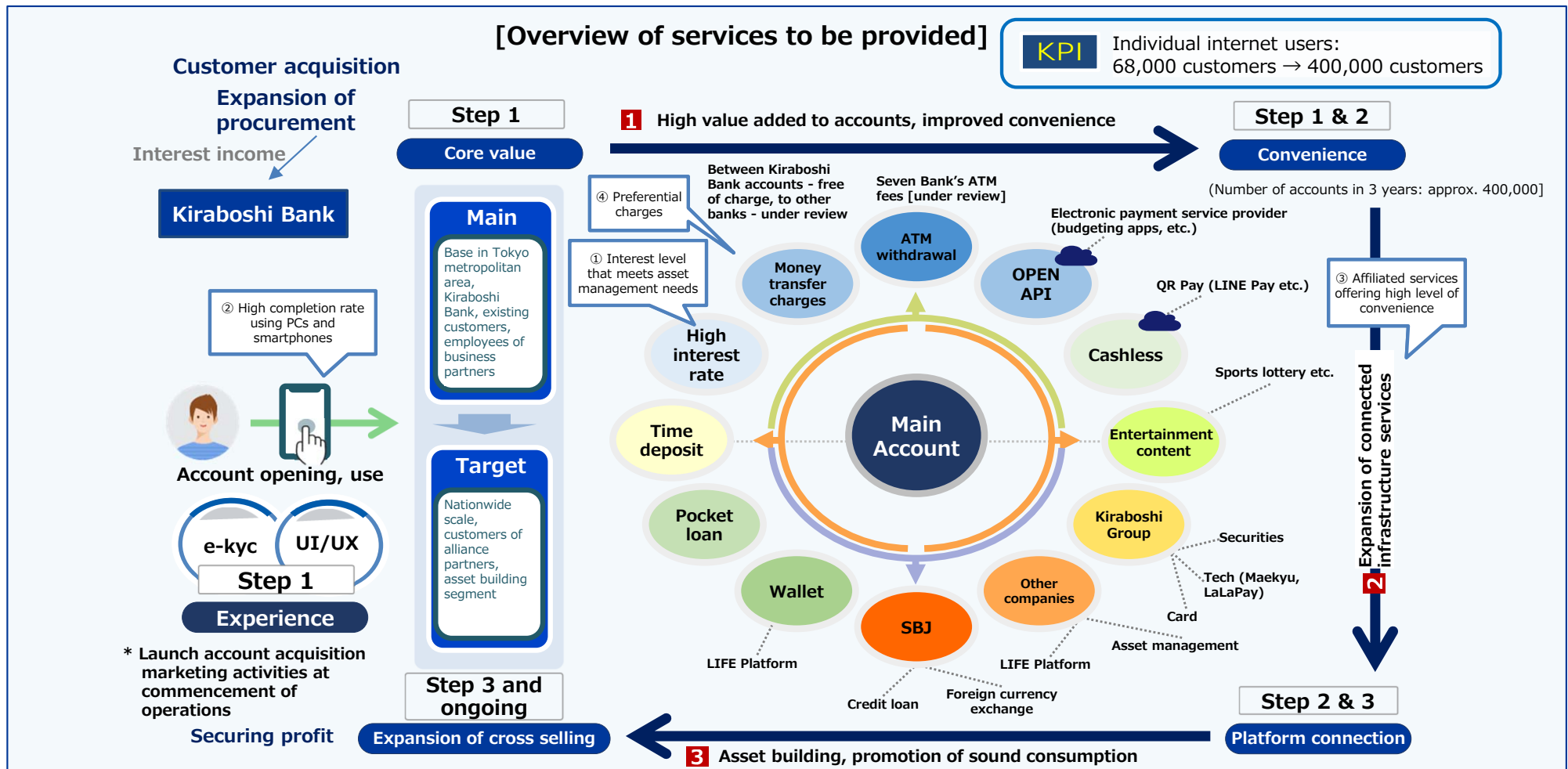
Digital Bank Business: Features and Business Concept



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[Features]

- Reduce initial investment and development period to the minimum to minimize costs and respond with speed**
Build infrastructure based on cloud banking system of SBJ*
* Shinhan Bank Japan: subsidiary in Japan of Shinhan Financial Group which has at its core Shinhan Bank, a leading bank in Korea.
- Initially specialize in deposit and foreign exchange functions, lending out all investment operations to other banks within the Group**
From the second year onward, collaborate on API with Kiraboshi Tech's wallet and other services to develop lending functions etc.; build platforms by leveraging the Group's collective strength and collaboration with external parties
- Seek improved convenience for existing customers of Kiraboshi Bank (option for existing customers to switch to Digital Bank)**

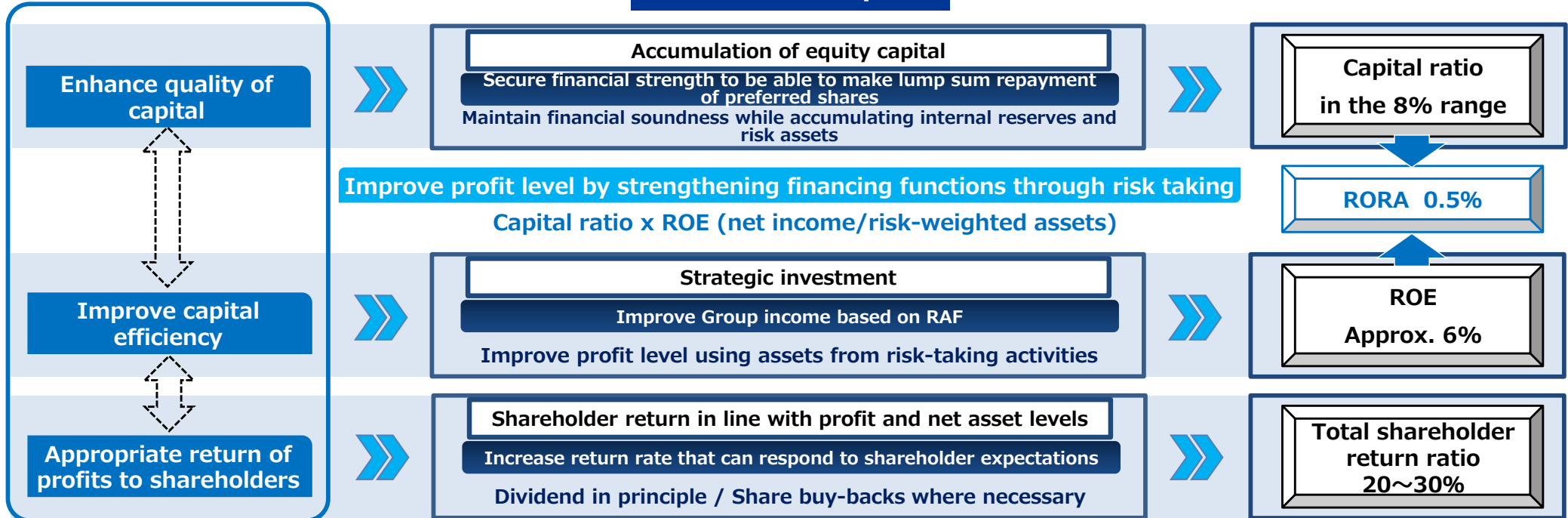


Capital Policy

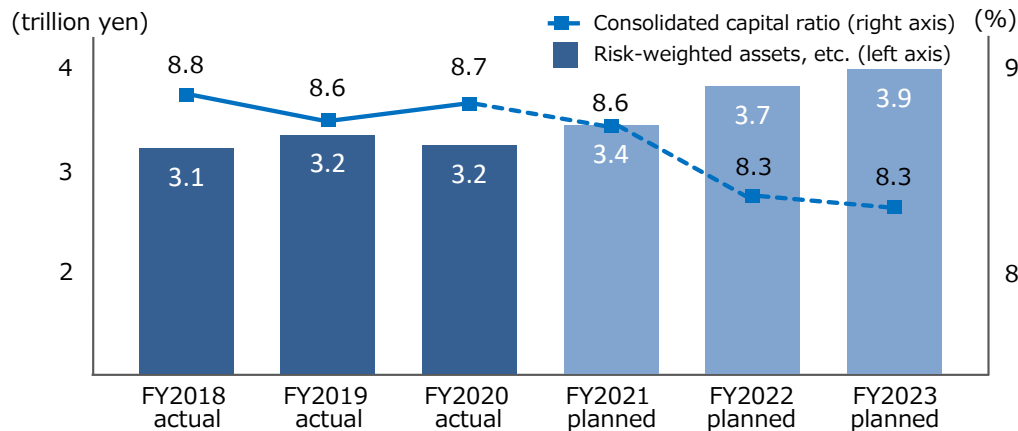


Tokyo Kiraboshi FG

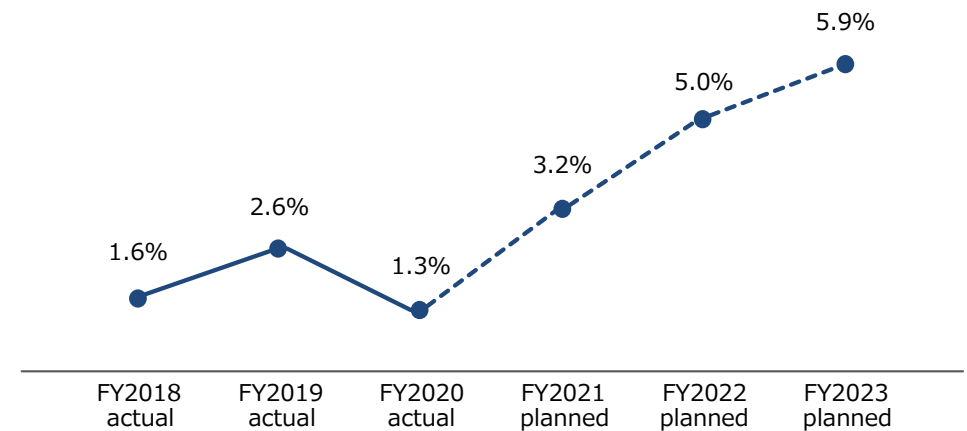
Basic concept



Consolidated capital ratio



Consolidated ROE

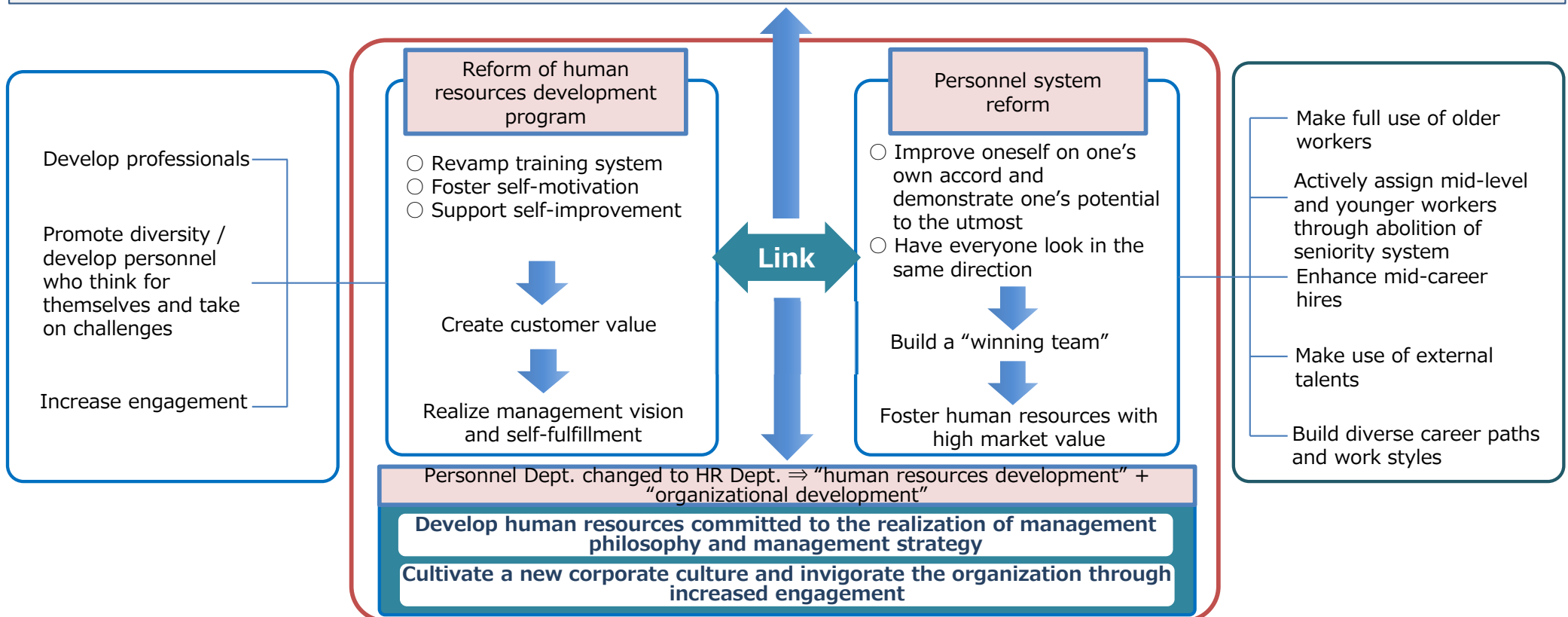
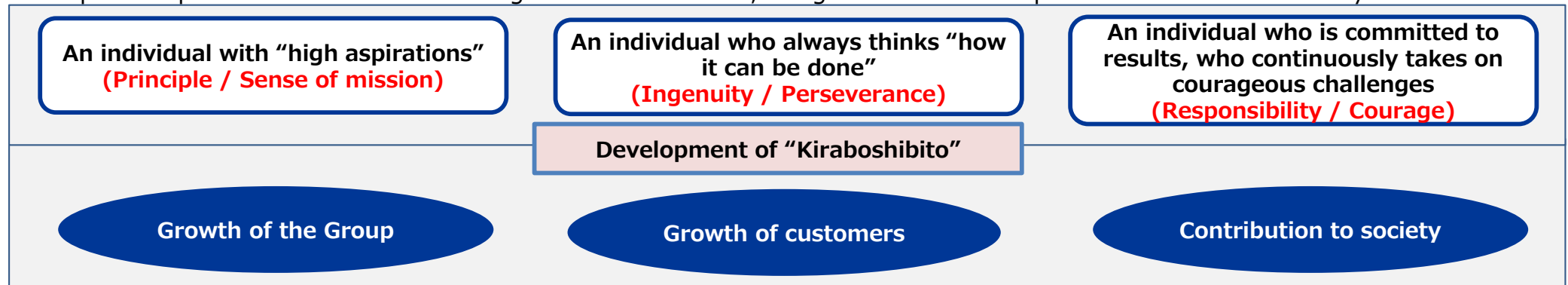


Development of Human Resources / Self-Fulfillment



Tokyo Kiraboshi FG

- By linking reform of human resources development program with reform of personnel system, develop "Kiraboshibito" who can put into practice commitment to the growth of customers, the growth of the Group and contribution to society





Summary

[Initiatives of the previous Medium-Term Business Plan]

- Vision: “Be the urban regional bank group most favored by customers in the Tokyo metropolitan area”
- Placed top priority on “improving management efficiency” with achievement in sight for annual cost reduction in excess of ¥10.0 billion.
- Implemented initiatives to build “new business models” such as 1) structured finance, 2) securities business, 3) consulting business, and 4) capital business.

[Initiatives of the new Medium-Term Business Plan]

- Vision: “Be a Tokyo-based platform owner that creates new values for customers”
- Collaboration between Kiraboshi Group and its customers to open a new horizon of business development through use of their respective platforms and contents
- Challenging targets set at a level that will demonstrate the Group’s presence in the Tokyo market (planning to achieve profit of ¥20 billion in the fiscal year ending March 31, 2024).
- Capital policy (improvement of capital efficiency, etc.)

[Kiraboshi philosophy]

- Accomplish the goals of contributing to society, seeking growth of the organization, achieving self-fulfillment and realizing one’s own happiness

[Three principles of action guideline for Kiraboshibito (people who put the Kiraboshi philosophy into practice)]

- An individual with “high aspirations”
- An individual who always thinks “how it can be done”
- An individual who is committed to results, who continuously takes on courageous challenges

- ❑ Figures in this document are calculated in units of a million yen, but are presented in units of 100 million yen. The total amount therefore may not match the total for each item.
- ❑ Please note that some of the figures in this document are taken from preliminary reports.
- ❑ 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.

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

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