

# Tokyo Kiraboshi Financial Group

## Results Briefing for the First Half of the Fiscal Year Ending March 31, 2022



December 2, 2021

# Contents



## Overview of the Tokyo Kiraboshi Financial Group

What the Tokyo Kiraboshi Financial Group Is Aiming for	P.4
Overview of Tokyo Kiraboshi Financial Group, Inc. and Kiraboshi Bank, Ltd.	P.5

## Summary of Business Results

Summary of Business Results for the First Half of the Fiscal Year Ending March 31, 2022	P.7
Factors Affecting Net Income (Kiraboshi Bank)	P.8
Loans (Kiraboshi Bank)	P.9
Deposits and Assets under Management (Kiraboshi Bank)	P.10
Securities (Kiraboshi Bank)	P.11
Problem Assets Subject to Disclosure under the Financial Reconstruction Law and Credit-Related Costs (Kiraboshi Bank)	P.12
Capital Ratio/Core OHR/ROE	P.13
<Reference> Plan for the Fiscal Year Ending March 31, 2022 (announced on May 13, 2021)	P.14

## Actions in the New Medium-Term Business Plan

Medium-Term Business Plan Promotion Platform	P.16
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Financial Targets (KGI) of Medium-Term Business Plan and Progress	P.17
Achievements of Initiatives in the Medium-Term Business Plan (Summary)	P.18
Business Strategy (Corporate Customers)	P.19
Business Strategy (Corporate Customers / Business Financing)	P.20
Business Strategy (Corporate Customers / Medical Institutions Support Business)	P.21
Business Strategy (Corporate Customers / Equity and Mezzanine Finance)	P.22
Business Strategy (Trust Business / Retail Customers)	P.23
Portfolio of Securities	P.24
Improvement of Management Efficiency	P.25
Capital Policy	P.26
Sustainability Initiatives	P.27
Digital Bank Business	P.28
Digital Strategy of Kiraboshi Tech, Inc.	P.29
Further Promotion of Partnership with External Organizations	P.30
Example of Tokyo-based Platform	P.31

# Overview of the Tokyo Kiraboshi Financial Group

# What the Tokyo Kiraboshi Financial Group Is Aiming for



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 will contribute 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 thoughts

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.

From May 2018

From April 2021

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

New Medium-Term Business Plan

## Vision we are aiming for

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

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

~ From Tokyo to Japan and to Asia ~

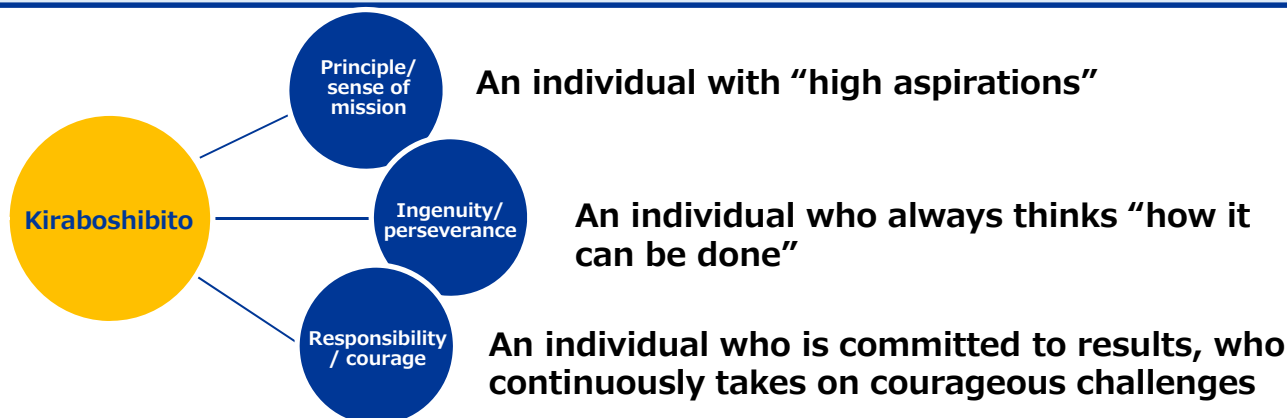
**Vision of the future: Comprehensive service business that is also strong in finance.**

## <Kiraboshi philosophy>

### <Three principles of action guideline for Kiraboshibito>

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

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



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



Tokyo Kiraboshi FG

Reviewed 11 out of 16 companies following establishment of Tokyo Kiraboshi FG

A: converted to equity-method affiliate (item 8)  
B: converted to fully-owned subsidiary (items 9, 10, 12)

Blue: newly established (items 5, 7, 11, 13, 14, 15, 16)



Tokyo Kiraboshi Financial Group, Inc.

(as of September 30, 2021)

Location of head office	3-10-43 Minami Aoyama, Minato-ku, Tokyo
Capital	¥27.5 billion
Consolidated total assets	¥6,386.8 billion

①



Kiraboshi Bank, Ltd.

(as of September 30, 2021)

Location of head office	3-10-43 Minami Aoyama, Minato-ku, Tokyo
Capital	¥43.7 billion
Total assets	¥6,368.8 billion

(Group companies)

(as of September 30, 2021)

Company name	Business description	Ownership ratio
② Kiraboshi Credit Guarantee Co., Ltd.	Guarantee operations	100%
③ Yachiyo Credit Guarantee Co., Ltd.	Guarantee operations	100%
④ Kiraboshi Business Service Co., Ltd.	Centralized administrative services	100%
⑤ Kiraboshi Tech, Inc.	Fintech services	100%
⑥ Kiraboshi Business Consulting Shanghai Co., Ltd.	Consulting	100%
⑦ KIRABOSHI BUSINESS CONSULTING VIETNAM CO., LTD.	Consulting	100%

(Equity-method affiliate)

⑧ Kiraboshi Insurance Agency CO., LTD. [A]	Insurance agency business	37%
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(Group companies)

(as of September 30, 2021)

Company name	Business description	Ownership ratio
⑨ Tokyo Kiraboshi Lease, Inc. [B]	General leasing business	100%
⑩ Kiraboshi System, Inc. [B]	System processing outsourcing	100%
⑪ Kiraboshi Consulting Co., Ltd.	Consulting	100%
⑫ Kiraboshi JCB Co., Ltd. [B]	Credit card business	100%
⑬ Kiraboshi Capital Co., Ltd.	Structuring and administration of funds	100%
⑭ Kiraboshi Life Design Securities Co., Ltd.	Securities business	100%
⑮ Kiraboshi business office service, Inc.	Payroll operations, etc.	100%
⑯ Kiraboshi Digital Bank Preparatory Co., Ltd. [Scheduled to start operation in FY2021]	Banking business	100%

# Summary of Business Results

# Summary of Business Results for the First Half of the Fiscal Year Ending March 31, 2022



Tokyo Kiraboshi FG  
(¥100 million)

Kiraboshi Bank (non-consolidated)		2020/9	2021/9	Change
1	Gross core business profit	341	357	+16
2	Net interest income	288	298	+10
3	Of which, interest on loans and discounts	229	239	+10
4	Of which, interest on securities	61	59	(1)
5	Of which, interest on deposits	(1)	(0)	+1
6	Non-interest income	52	58	+6
7	Expenses	(264)	(257)	+6
8	Net core business income	76	99	+22
9	Credit-related costs	(48)	(30)	+17
10	Gains (losses) on bonds	20	3	(16)
11	Gains (losses) on stocks and other securities	31	(0)	(32)
12	Other non-recurring profit (loss)	(37)	(1)	+35
13	Ordinary profit	42	69	+27
14	Income taxes	(15)	(22)	(6)
15	Net income	26	46	+19

(¥100 million)

Tokyo Kiraboshi FG (consolidated)	2020/9 results	2021/9 results	2021/9 plan (*)	Year-on-year	Full-year achievement rate
Ordinary profit	35	73	55	+109.0%	49.3%
Profit attributable to owners of parent	20	47	35	+131.6%	47.6%

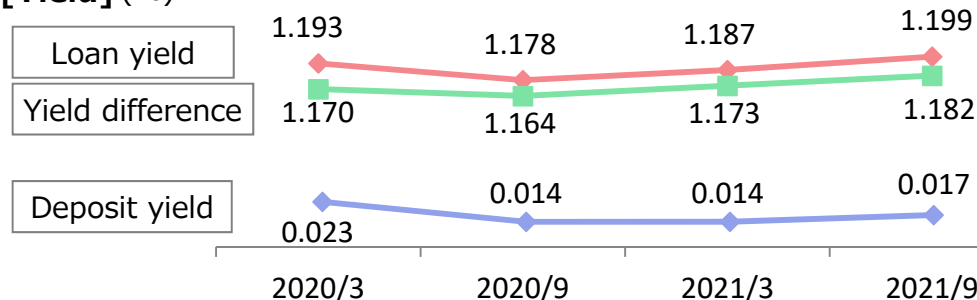
## \* Achievement rate of the 2021/9 plan

- Ordinary profit 134.5%
- Profit attributable to owners of parent 136.1%

[Diff. b/w consolidated and non-consolidated]  
(¥100 million)

Kiraboshi Bank (non-consolidated) net income	46
Group's consolidated net income [¥600 mn of negative effects including startup deficit of newly-established Group companies]	4
Amortization (adjustment of book value of bonds owned at the time of business integration) and other adjustments	(3)
<b>Tokyo Kiraboshi FG (consolidated) net income</b>	<b>47</b>

[Yield] (%)



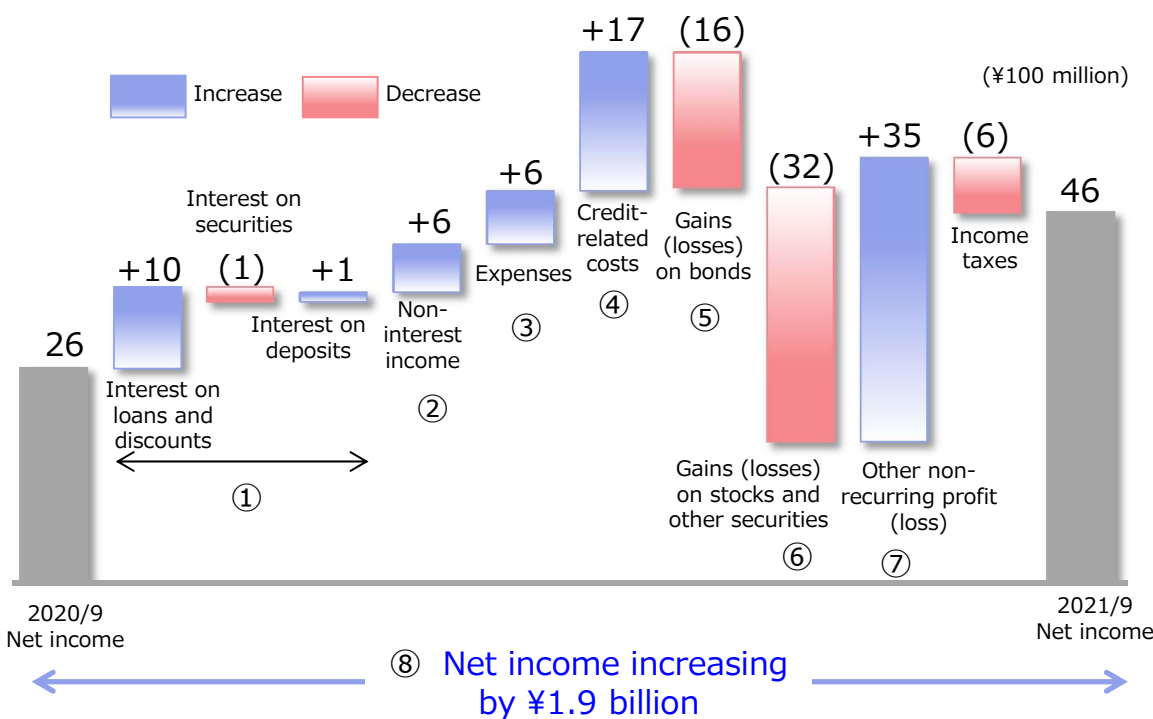
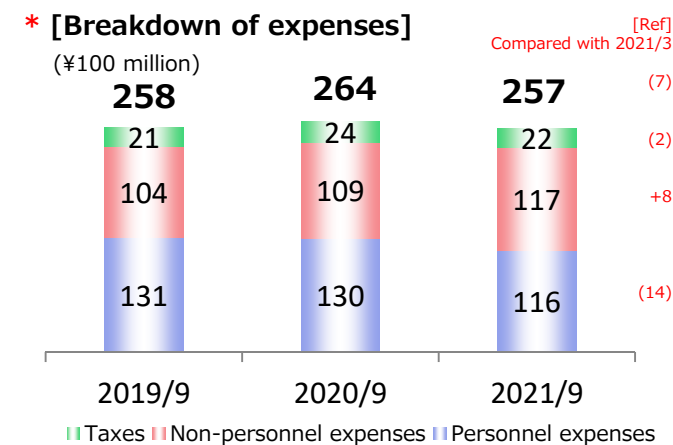
\* Figures for 2020/3 and beyond are calculated by adding interest subsidies to interest on loans and discounts, in an amount equivalent to interest on certain loans such as effectively interest-free and unsecured loans that are reimbursed later by local governments.

# Factors Affecting Net Income (Kiraboshi Bank)



[Factors affecting net income (year-on-year)] (¥100 million)

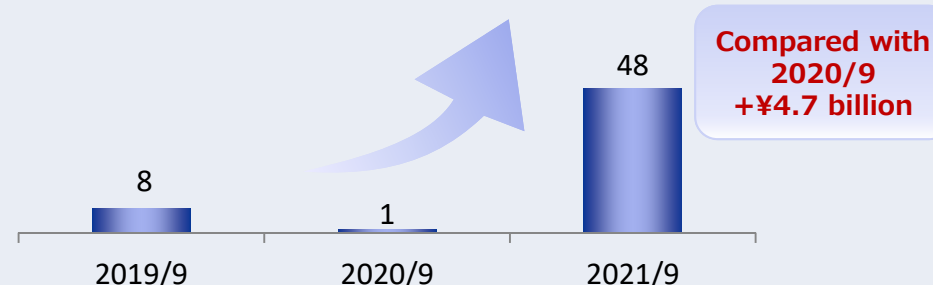
- ① Net interest income: An increase of ¥1.0 billion year-on-year in interest on loans and discounts attributable largely to promotion of transactions for main bank relationship building, business financing activities and COVID-19 related loans.
- ② Non-interest income: An increase of ¥0.6 billion year-on-year due to solid performance of commission from corporate customers such as in business financing.
- ③ Expenses (\*): A decrease of ¥0.6 billion year-on-year reflecting decrease in personnel expenses, despite an increase in non-personnel expenses, which was due in part to recording of BIB (branch-in-branch) implementation expenses.
- ④ Credit-related costs: A decrease of ¥1.7 billion year-on-year resulting partly from enhancement of credit management system.
- ⑤ Gains (losses) on bonds: A decrease of ¥1.6 billion year-on-year due largely to absence of gain from sale of bonds which was recorded in the previous fiscal year.
- ⑥ Gains (losses) on stocks and other securities: A decrease of ¥3.2 billion year-on-year given absence of gain from sale of stocks held for strategic purposes which was recorded in the previous fiscal year.
- ⑦ Other non-recurring profit (loss): An increase of ¥3.5 billion year-on-year as a result primarily of decrease in merger and systems integration costs.
- ⑧ Net income: An increase of ¥1.9 billion year-on-year.



## [Changes in profit from customer business]

(¥100 million)

Profit from customer business expanded significantly as a result notably of increases in interest on loans and discounts as well as commission income from corporate customers, and decrease in expenses.



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

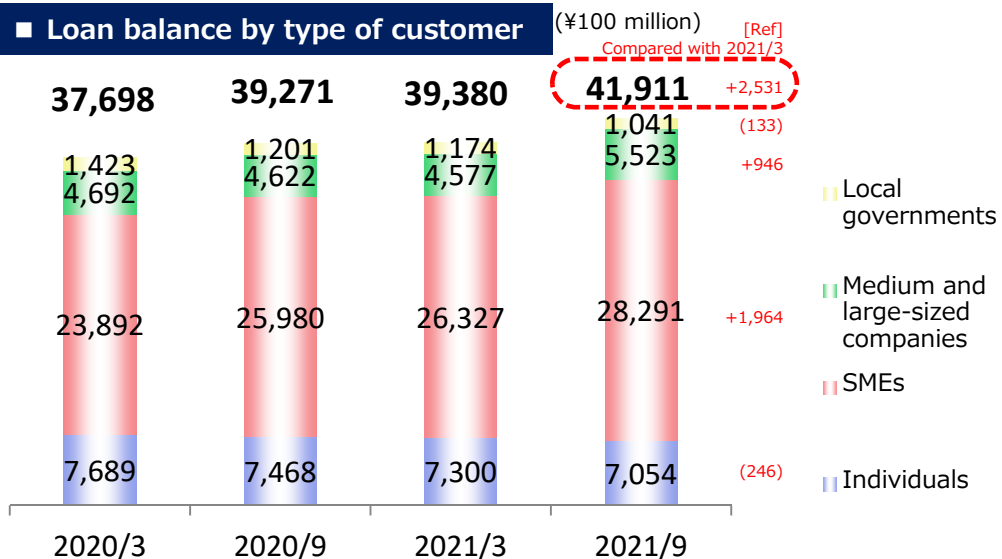




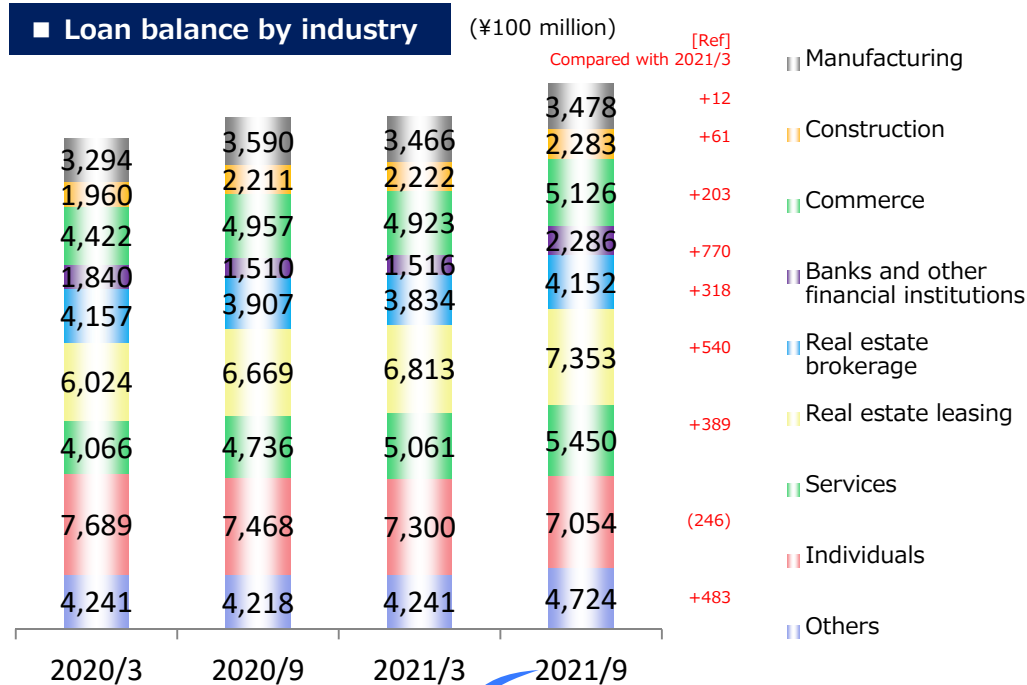
# Loans (Kiraboshi Bank)

Increase in loan balance associated primarily with COVID-19 related loans and SME financing resulting from promotion of transactions for main bank relationship building (up ¥253.1 billion compared with March 31, 2021)

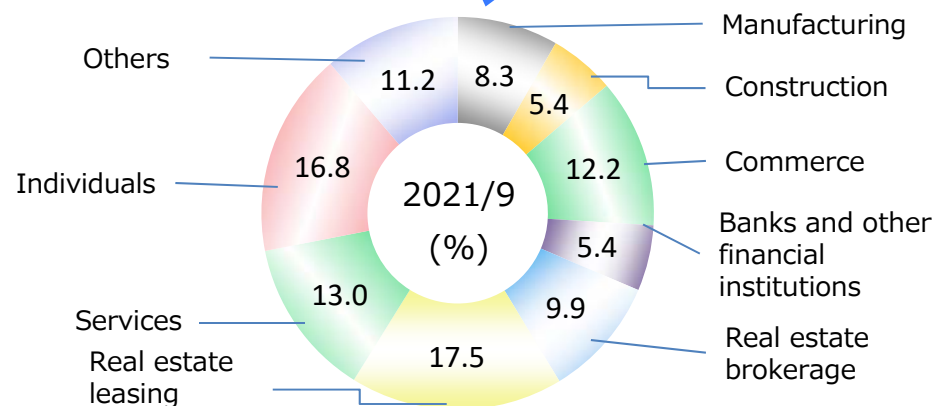
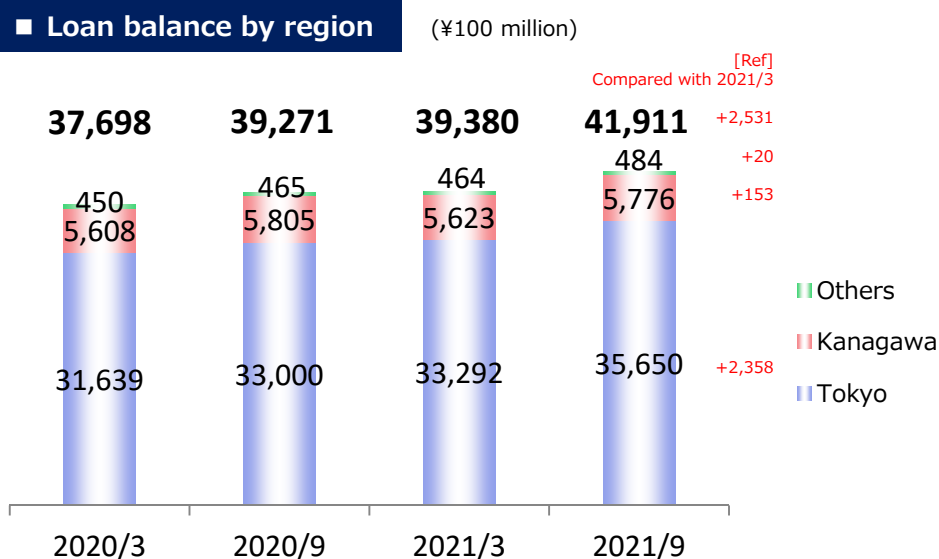
## Loan balance by type of customer



## Loan balance by industry



## Loan balance by region



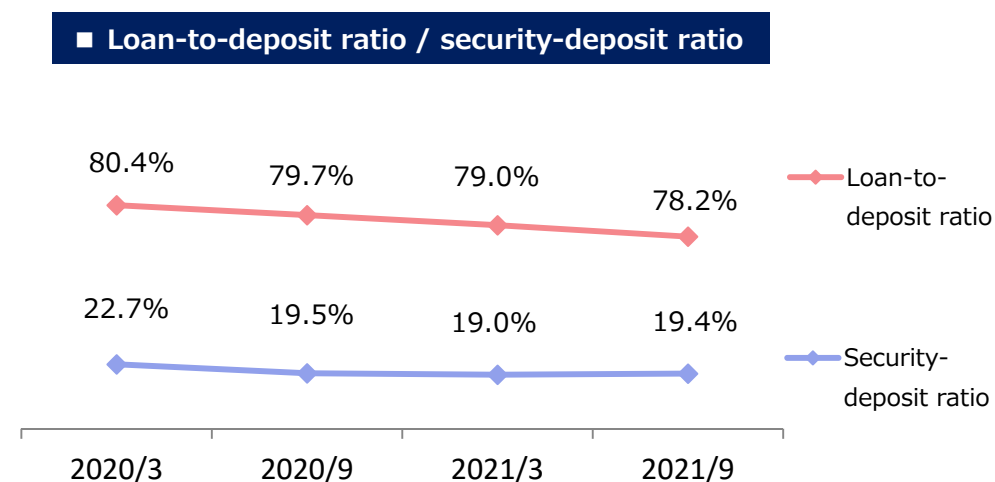
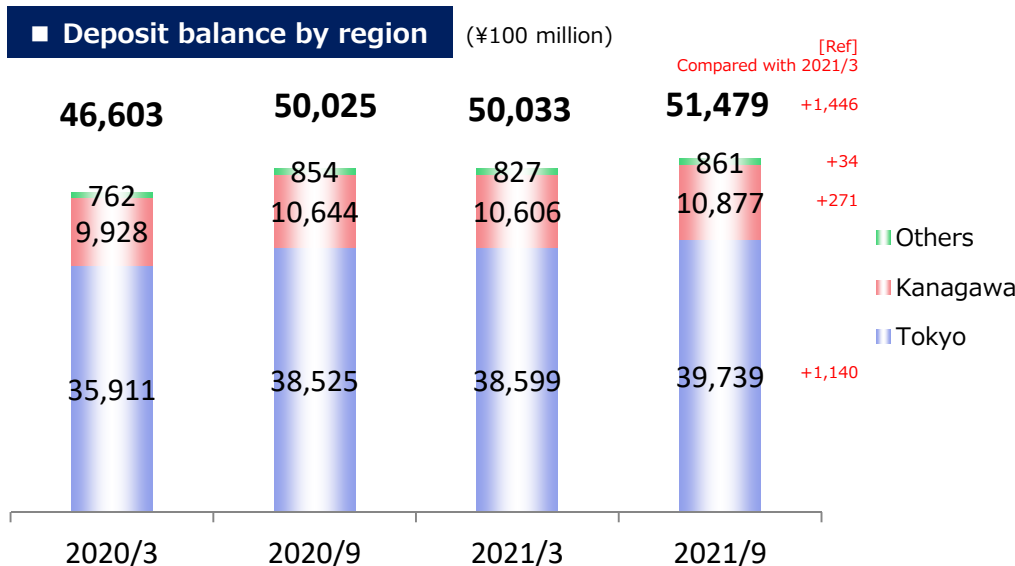
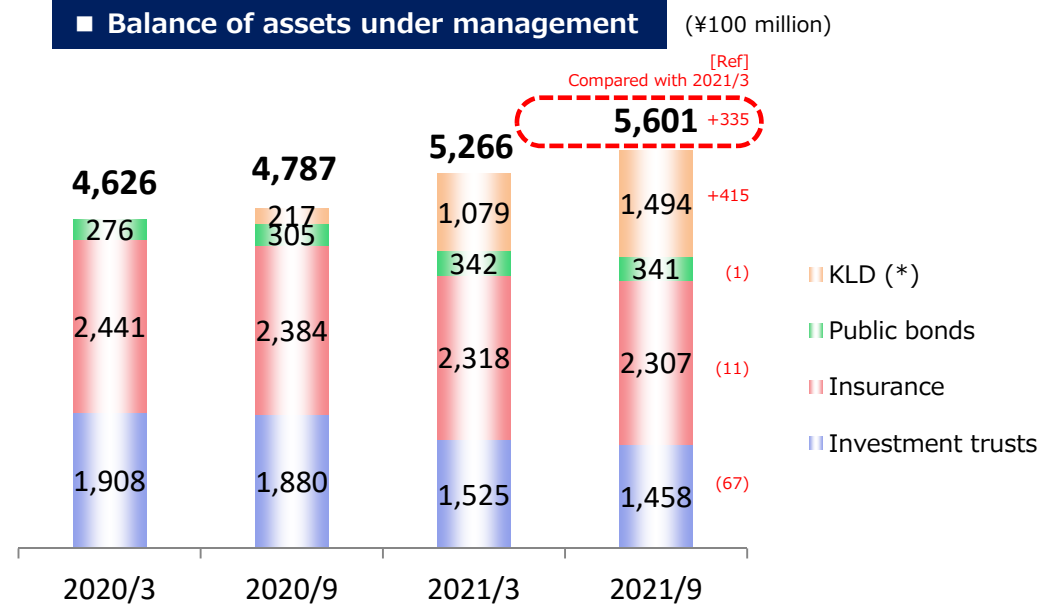
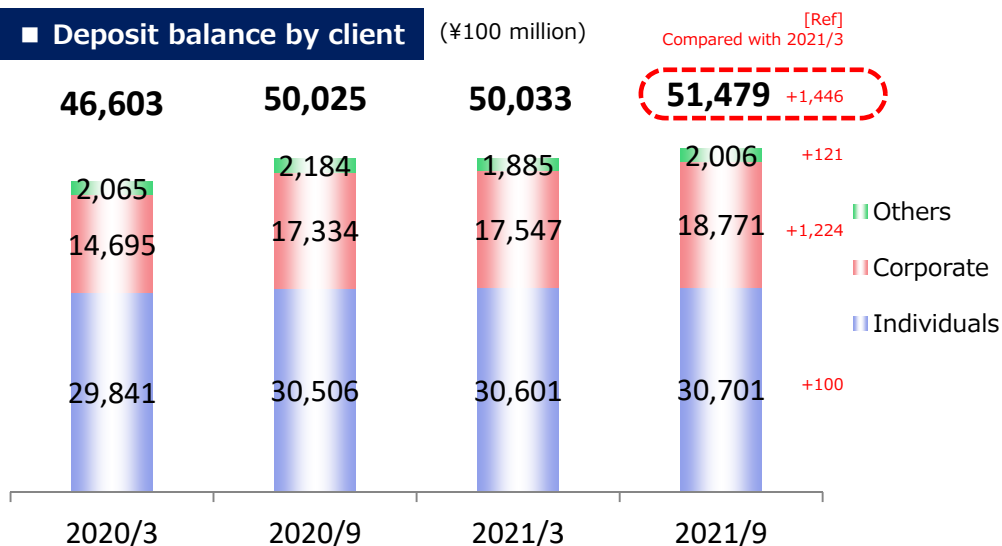
# Deposits and Assets under Management (Kiraboshi Bank)



Tokyo Kiraboshi FG

Increase in deposit balance largely reflecting increase in cash on hand notably of SME customers (up ¥144.6 billion compared with March 31, 2021)

Accumulation of assets in securities subsidiary contributing to overall balance of assets under management



# Securities (Kiraboshi Bank)

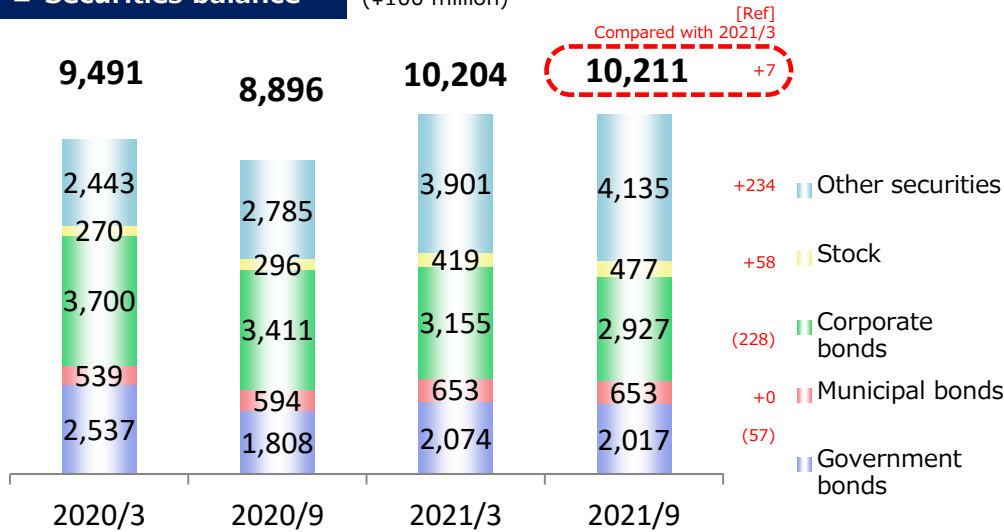


Tokyo Kiraboshi FG

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

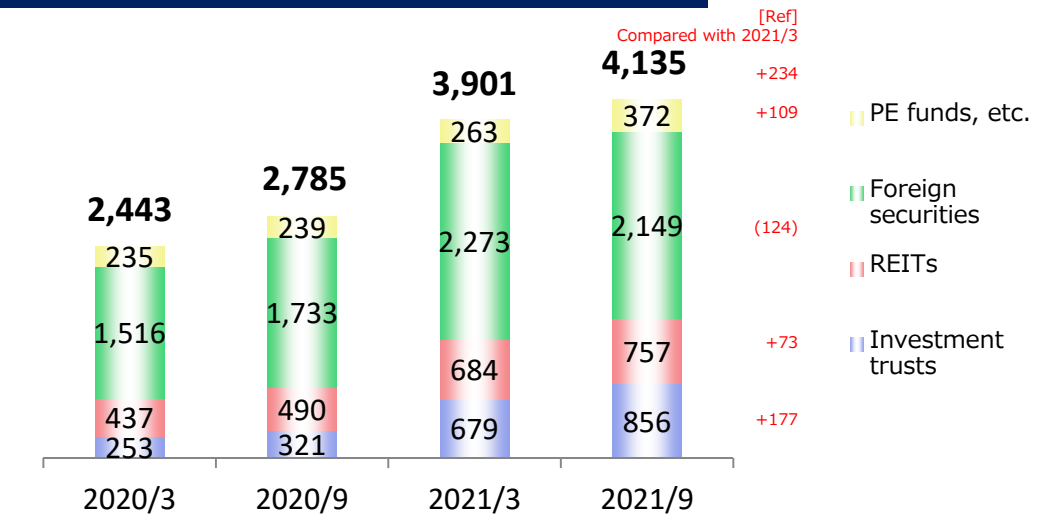
## Securities balance

(¥100 million)



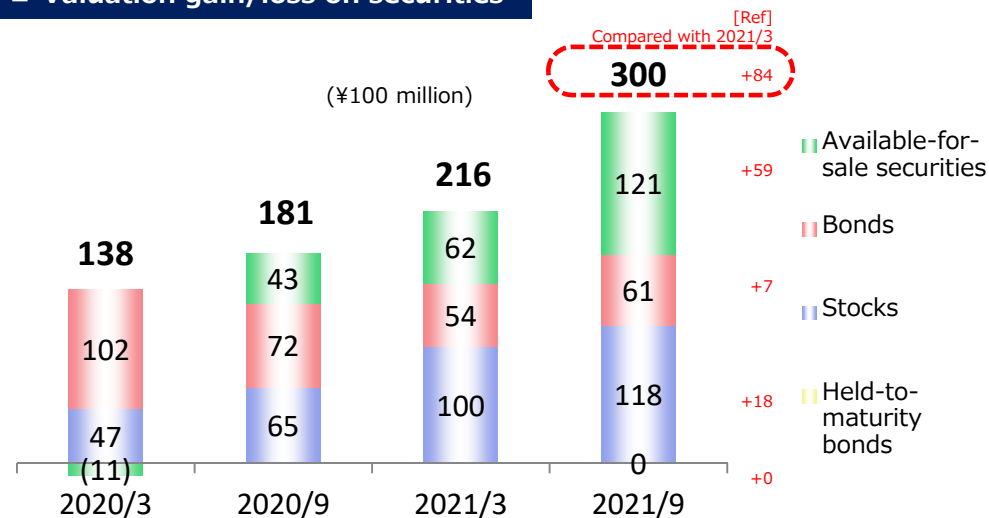
## Breakdown of "available-for-sale securities"

(¥100 million)

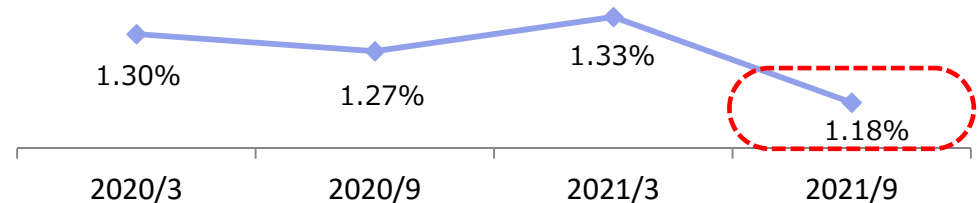


## Valuation gain/loss on securities

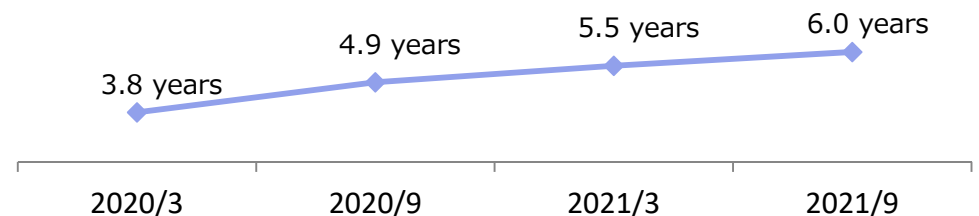
(¥100 million)



## Yield on securities



## Duration (overall bond portfolio)



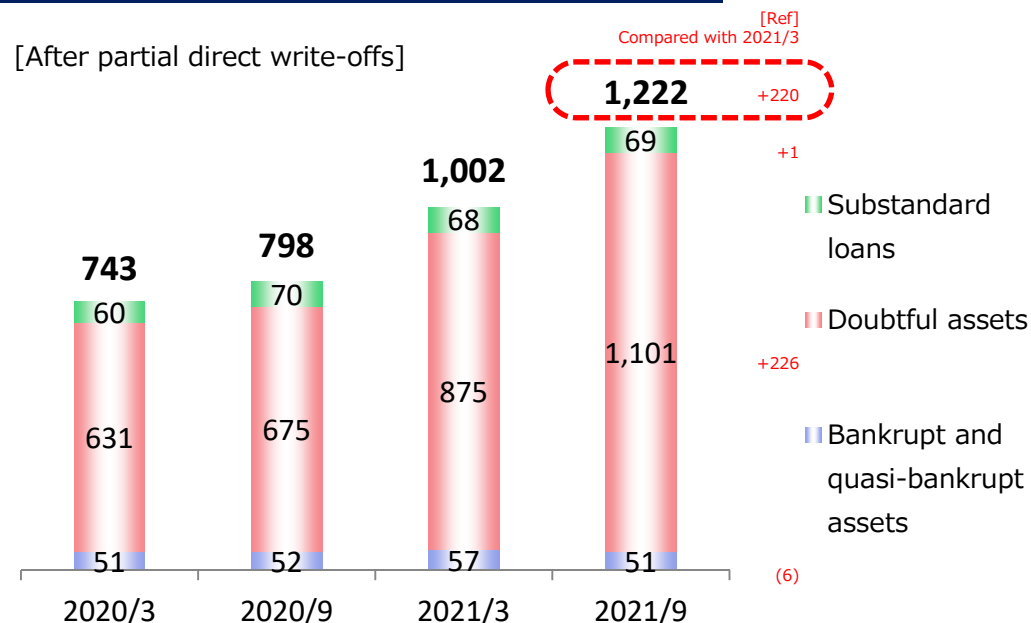
# Problem Assets Subject to Disclosure under the Financial Reconstruction Law and Credit-Related Costs (Kiraboshi Bank)



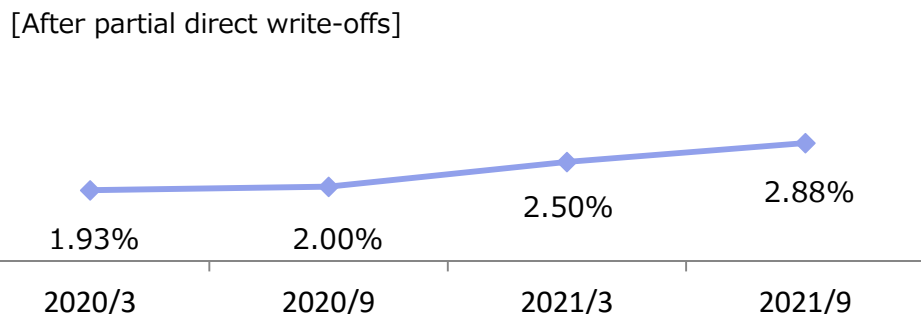
Tokyo Kiraboshi FG

A decrease of ¥1.7 billion YoY in credit-related costs resulting partly from enhancement of credit management system

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



## Ratio of problem assets subject to disclosure



## Credit-related costs (¥100 million)

2019/9	2020/9	2021/9	Change
36	48	30	(17)

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

[Before partial direct write-offs] (¥100 million)

	2020/9	2021/9
Covered amount	737	1,052
Reserve for possible loan losses	249	247
Collaterals, guarantees, etc.	488	805
Problem assets	969	1,358
Coverage ratio	76.1%	77.4%

[Value of problem assets subject to disclosure]  
Value of problem assets subject to disclosure increased reflecting provision of assistance loans to customers after securing a certain level of coverage based on business feasibility evaluation, deterioration of corporate performance due in part to the slowdown in economic activities caused by COVID-19 pandemic, and other factors. Coverage ratio increased YoY.

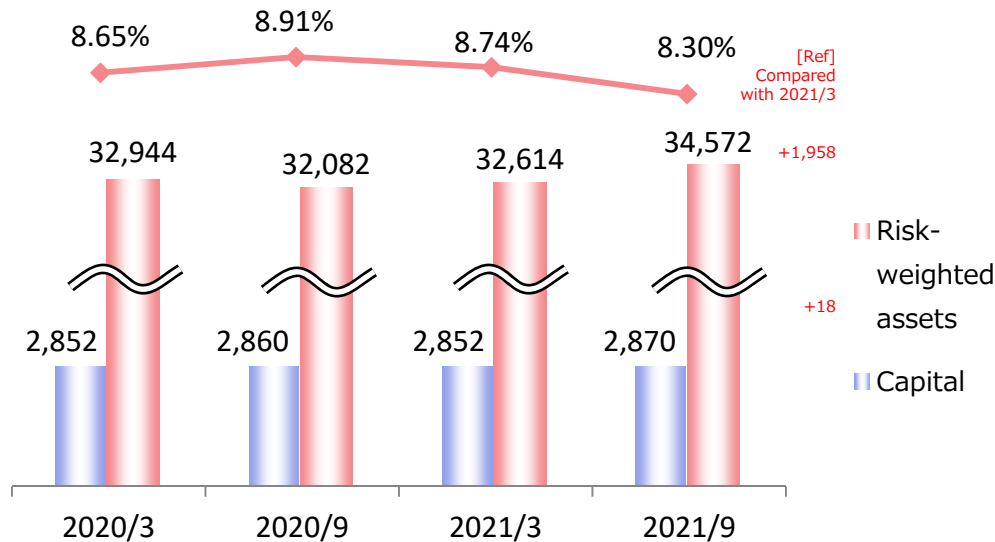
[Credit-related costs]  
Credit-related costs decreased by ¥1.7 billion YoY to ¥3.0 billion, resulting partly from enhancement of credit management system.



# Capital Ratio/Core OHR/ROE

Capital ratio declined by 0.61 points YoY due to increase in risk assets resulting from increase in loans  
Core OHR and ROE improved YoY reflecting income growth

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

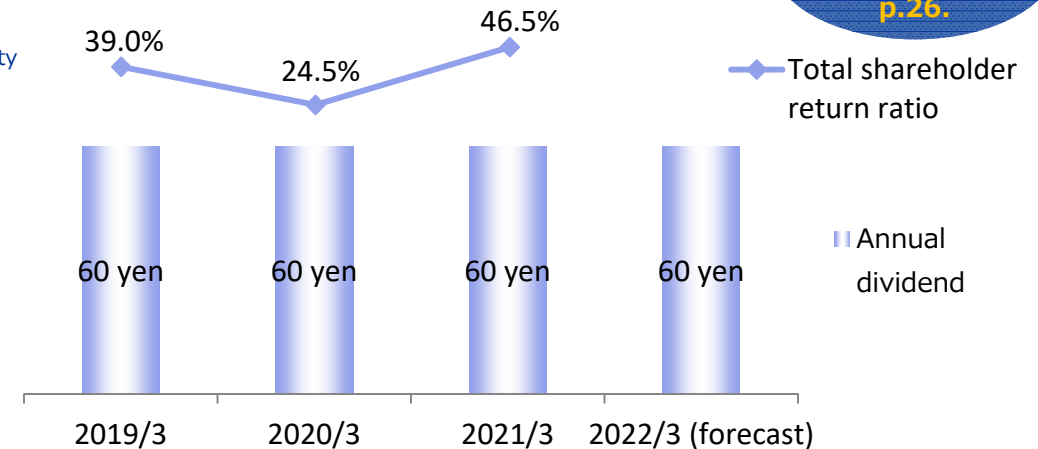


## ROE (Tokyo Kiraboshi FG) (%)

2019/9	2020/9	2021/9
2.29	1.38	3.00

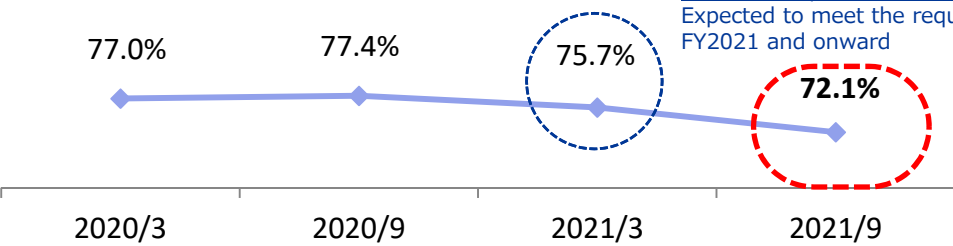
$$* \text{ROE (consolidated)} = \frac{\text{Profit attributable to owners of parent} \times 2}{(\text{Net assets at the beginning of the period} + \text{net assets at the end of the period}) / 2} \times 100$$

## Annual dividend per share (Tokyo Kiraboshi FG)



Explanation on dividends is provided on p.26.

## Core OHR (Kiraboshi Bank)



<Bank of Japan's Special Deposit Facility to Enhance the Resilience of the Regional Financial System>  
Met OHR requirements in FY2020  
Expected to meet the requirements in FY2021 and onward

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

# <Reference> Plan for the Fiscal Year Ending March 31, 2022 (announced on May 13, 2021)



<No change from initial plan>

Tokyo Kiraboshi FG

## 2022/3 plan (Kiraboshi Bank)

(¥100 million)

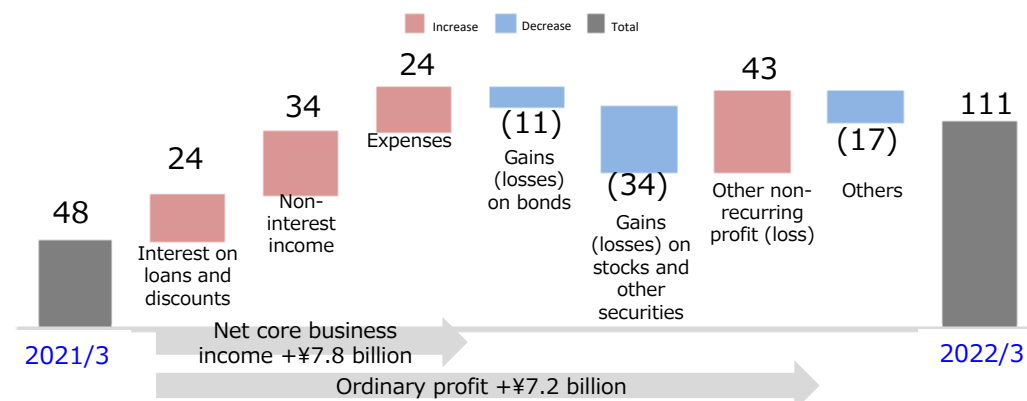
## 2022/3 plan (Tokyo Kiraboshi FG, consolidated)

	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 reduction in costs through continued implementation of efficiency improvement measures.

#### [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

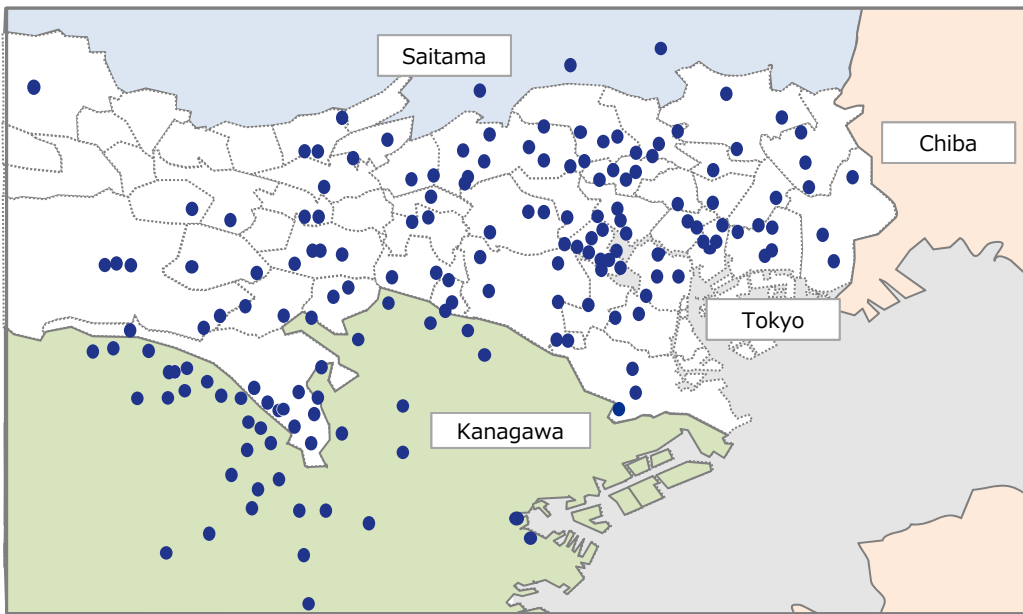
# **Actions in the New Medium- Term Business Plan**



# Medium-Term Business Plan Promotion Platform

## Main market is "Tokyo area" where SMEs are concentrated

- Secure first calls by providing tailored financial services to the large number of SMEs.
- Contribute to regional development through support of customers' business expansion.



### Number of Kiraboshi Bank customers with main bank transaction relationship

Source: Tokyo Shoko Research, Ltd. (2021)

	Number of companies	Number of customers with main bank relationship	Share
Tokyo	229,629	7,086	3.09%
Kanagawa	77,442	2,829	3.65%

Number of newly established corporations in Tokyo

Source: Tokyo Shoko Research, Ltd.

**39,949**  
(FY2020)

Source: Prefectural Accounts

No. 1 in Japan

Number of corporations in Tokyo which closed or discontinued their business

Source: Tokyo Shoko Research, Ltd.

**12,357**  
(FY2020)

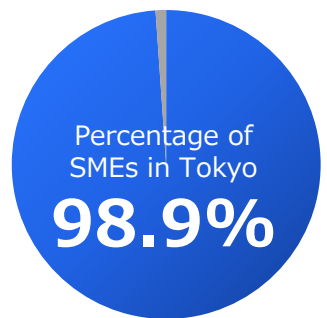
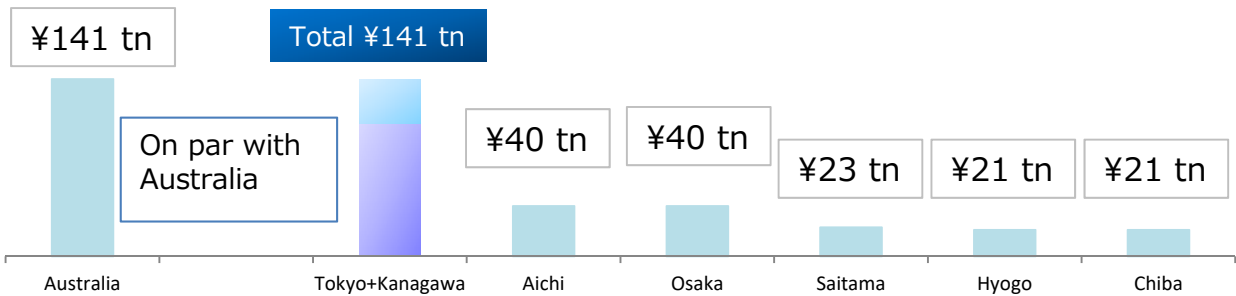
**Difference +27,592**

Branch Network

•Tokyo	124
•Kanagawa	36
•Saitama	3
•Chiba	1
<b>Total</b>	<b>164</b>

164 branches, 121 offices  
(as of September 30, 2021)

### Comparison of prefectural GDP (gross prefectural domestic product) (FY2017)



Source: Industry and Employment in Tokyo 2019



# Financial Targets (KGI) of Medium-Term Business Plan and Progress

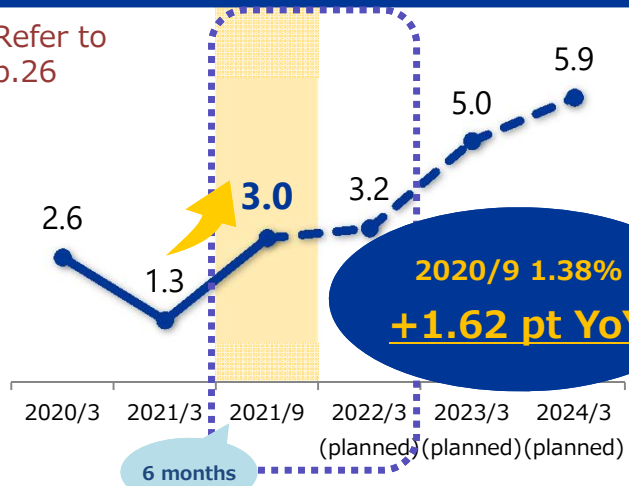


Tokyo Kiraboshi FG

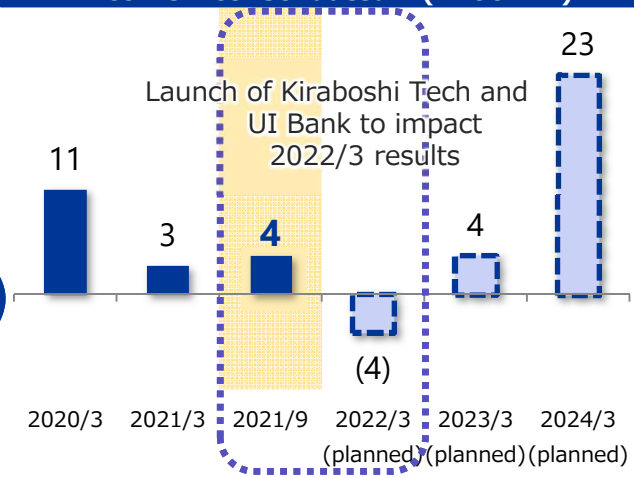
- In the first half of FY2021, progress was made as planned in all the indicators, with 136% achievement rate in net income

**ROE <consolidated> (%)**

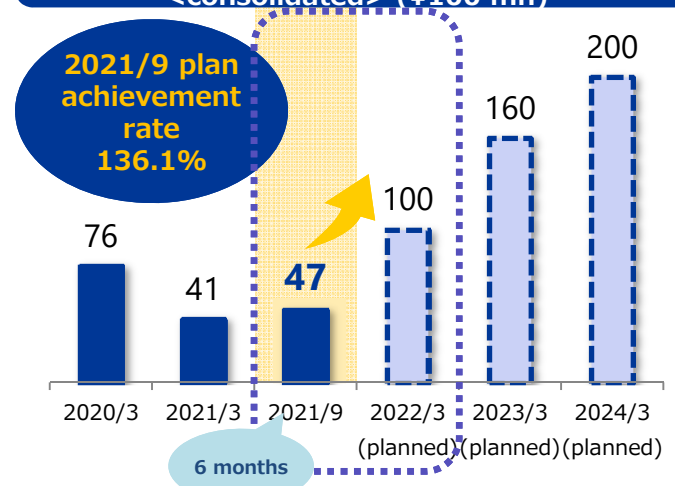
Refer to p.26



**Contribution of subsidiaries to consolidated income <consolidated> (¥100 mn)**

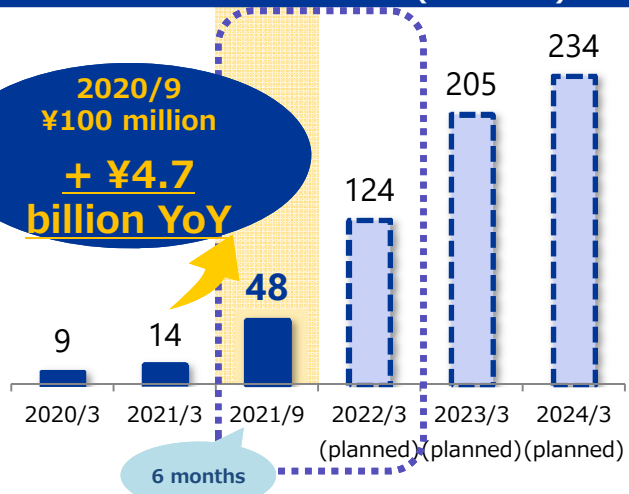


**Profit attributable to owners of parent <consolidated> (¥100 mn)**



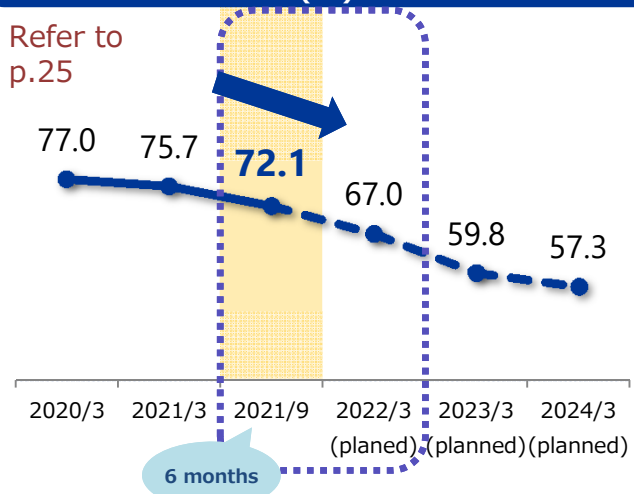
**Profit from customer business <Kiraboshi Bank non-consolidated> (¥100 mn)**

**2020/9  
¥100 million  
+ ¥4.7  
billion YoY**



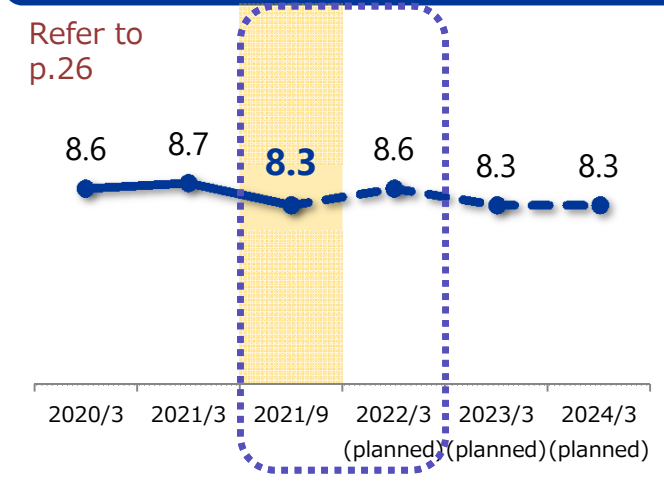
**Core OHR <Kiraboshi Bank non-consolidated> (%)**

Refer to p.25



**Capital ratio <consolidated> (%)**

Refer to p.26



# Achievements of Initiatives in the Medium-Term Business Plan (Summary)



Tokyo Kiraboshi FG

## 1. Business strategy

- **Increase** in gross core business profit
- **Increase** in loan balance based on corporate customer strategy

## 2. Optimization of management resources and improvement of management efficiency

- **Significant increase** in profit from customer business
- **Improvement** in OHR
- **Reduction** of personnel expenses
- **Reduction** of the number of offices
- **Decrease** in merger and systems integration costs

## 3. Concept of digital-based platform

- Business of UI Bank
- Digital payment of Kiraboshi Tech, Inc.

Gross core business profit

(2021/9)  
**¥35.7 billion**  
(+4.7% YoY)

Loan balance (Refer to p.19)

(2021/9)  
**¥4,191.1 billion**  
(+6.7% YoY)

Profit from customer business

(2021/9)  
**¥4.8 billion**  
(+¥4.7 bn YoY)

Core OHR (Refer to p.25)

(2021/9)  
**72.1%**  
(Down 5.3 pt YoY)

Personnel expenses (Refer to p.25)

(2021/9)  
**(10.2%)**  
(Down ¥1.3 bn YoY)

Number of offices (Refer to p.25)

(2021/9)  
**121 offices**  
(Down 13 offices YoY)

Merger and systems integration costs (Refer to p.25)

(2021/9)  
**(¥1.6 billion)**  
(2020/9 ¥2.1 bn →  
2021/9 ¥0.4 bn)

UI Bank (Refer to p.28)

Scheduled to commence operation during FY2021

“LaLaQ” app (Refer to p.29)

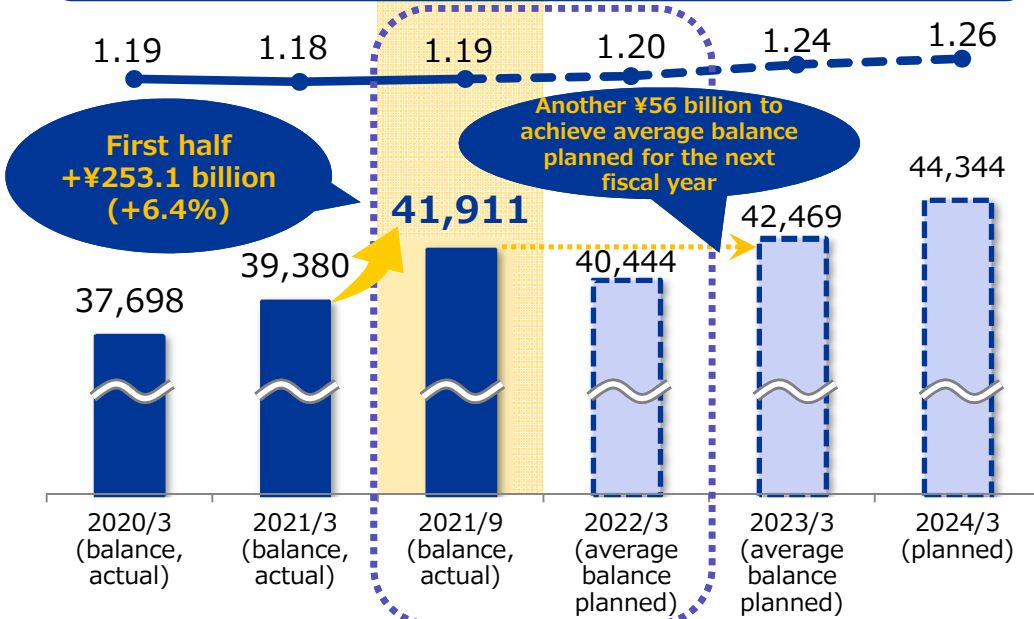
Service launched in Nov. 2021



# Business Strategy (Corporate Customers)

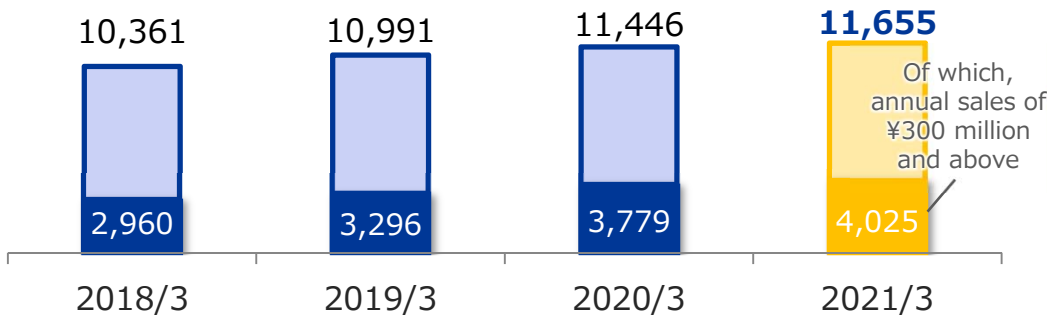
- Increase in loan balance reflecting promotion of main bank relationship building, significant increase in commission income from corporate customers through business financing and other activities

Loan balance (¥100 mn) / yield (%)



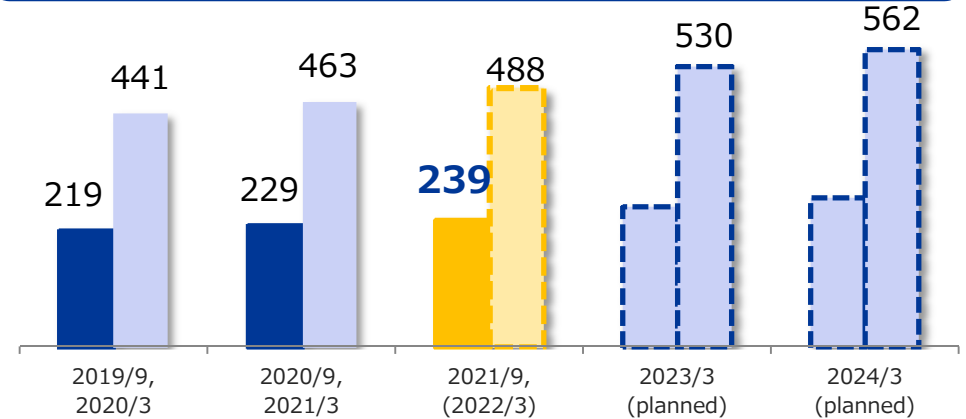
- Average balance planned for FY2021 already exceeded by ¥146 billion in FY2021 1H

Number of Kiraboshi Bank customers with main bank transaction relationship \* published benchmark figures



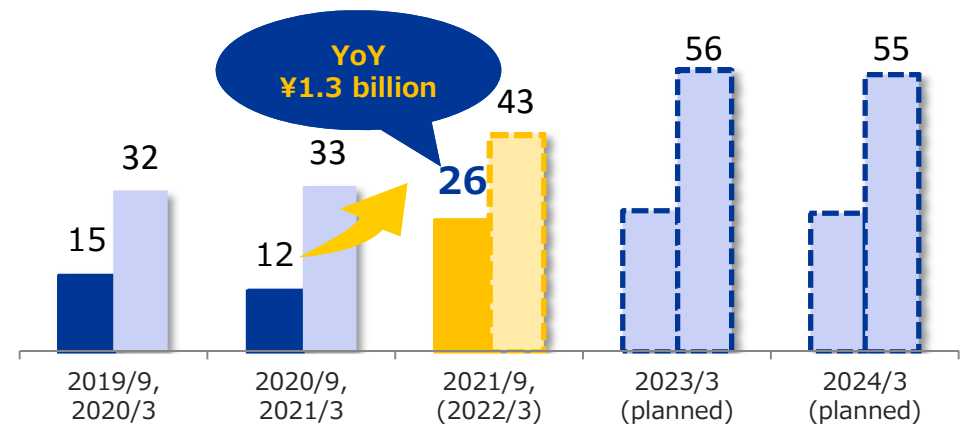
- Number of customers with main bank relationship increased particularly among customers with annual sales of ¥300 million and above

Interest on loans and discounts (¥100 mn)



- Interest on loans and discounts on the rise due to steady growth in loan balance

Commission income from corporate customers (¥100 mn)



- Commission income from corporate customers was +107.3% YoY on the back of growth in loan balance notably through business financing

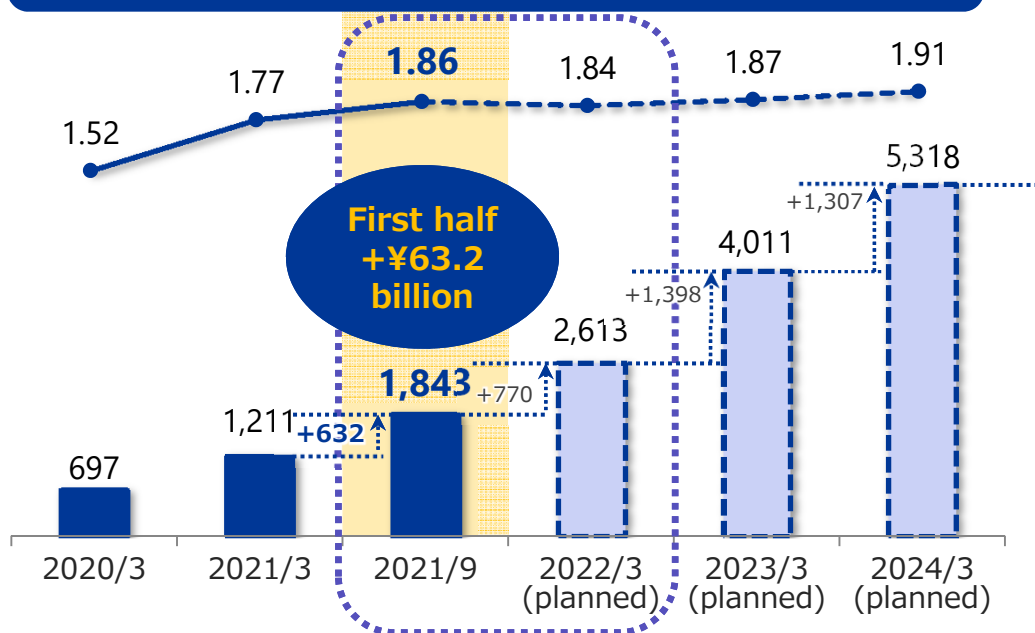


# Business Strategy (Corporate Customers / Business Financing)

Tokyo Kiraboshi FG

- Promote business financing by ensuring appropriate risk and return balance, many initiatives that lead to main bank relationship building

Business loan balance (¥100 mn) / Yield (%)



- 2021/9: approximately 30% of LBO loan balance led to continuous main bank transactions

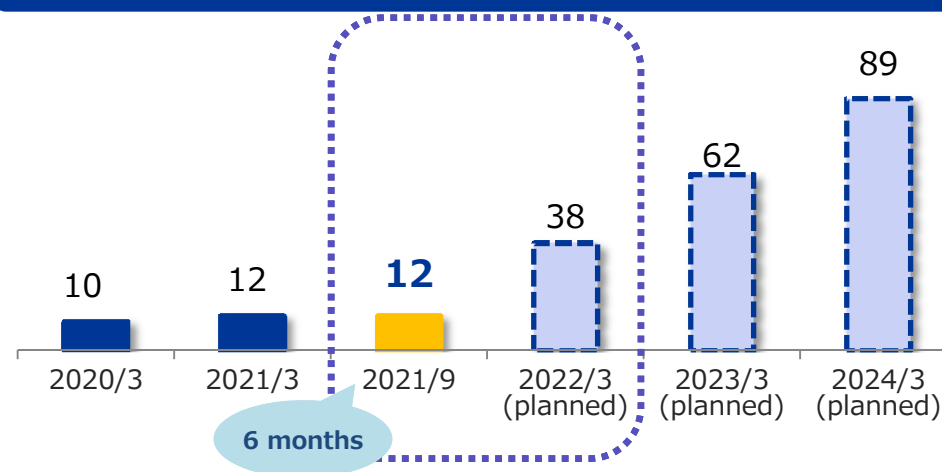
## SF Division

- Established in January 2019
- Headcount of 43
- Provide corporate customers with highly specialized financial support including structured finance

## MF Division

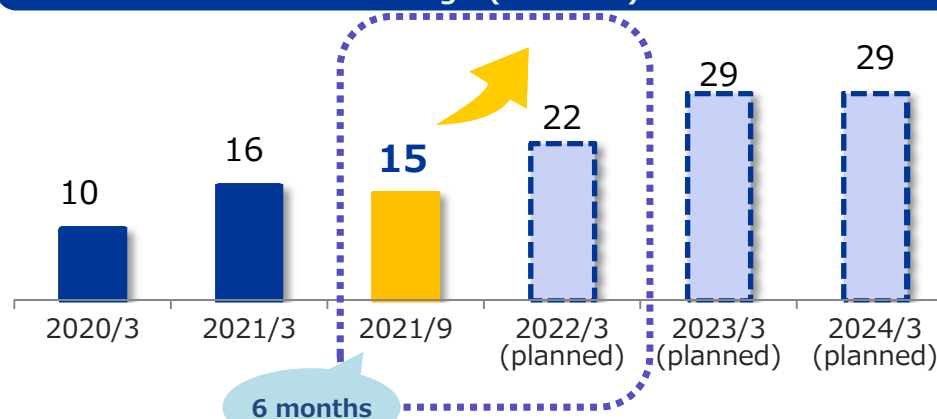
- Established in April 2021
- Headcount of 28
- Support branch offices in building main bank transaction relationship such as through use of mezzanine finance

Interest on loans and discounts <business financing> (¥100 mn)



- Interest on loans and discounts on the rise due to steady growth in loan balance

Commission income from corporate customers <business financing> (¥100 mn)



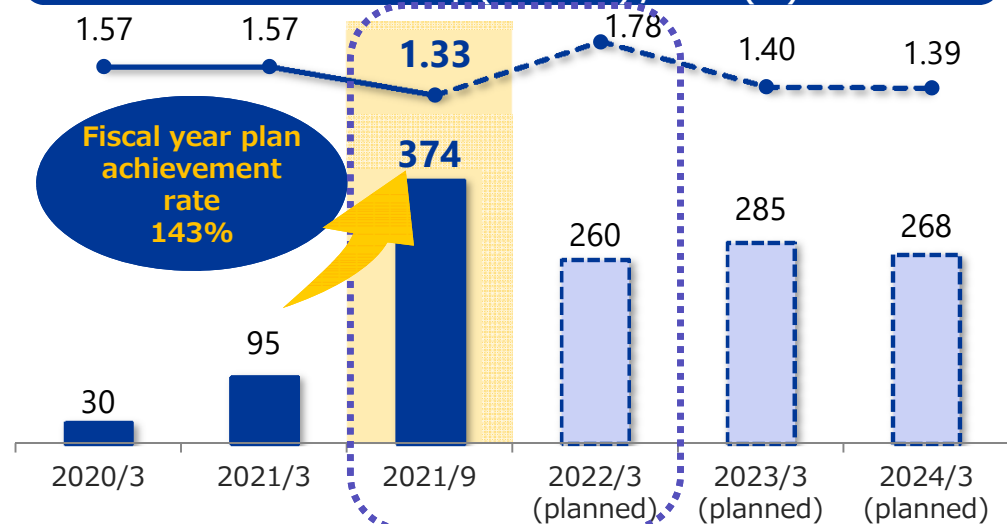
- As of Sep. 30, 2021, actual performance to full-year plan was firmly on track

# Business Strategy (Corporate Customers / Medical Institutions Support Business)



- Proactively support medical institutions facing severe business environment in the midst of COVID-19, in collaboration with administrative bodies and other organizations
- Loan disbursement in 2021/9 substantially exceeded the plan (plan achievement rate of 143%)

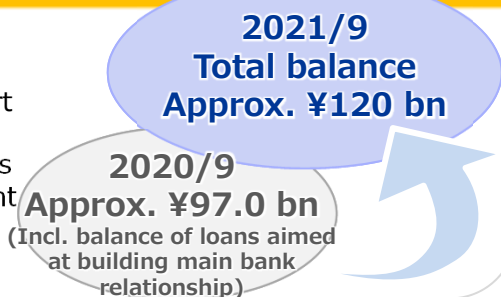
Balance of loans to medical institutions aimed at building main bank relationship (¥100 mn) / Yield (%)



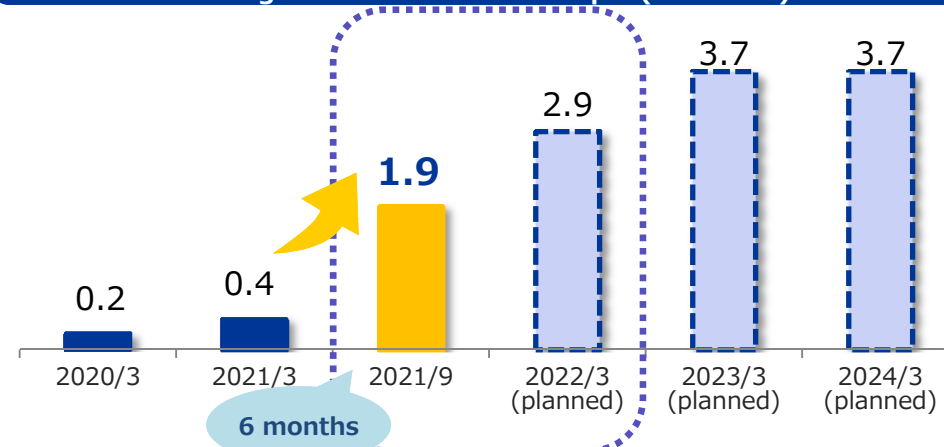
- Expand loan balance by providing support to medical institutions facing severe business environment in the midst of COVID-19, from the aspect of both cash flow and financial management, using Tokyo Metropolitan Government's loan program for medical institutions and other facilities as appropriate.

## Medical and Welfare Business Division

- Established in October 2002
- Headcount of 14
- Provide diverse financial support by leveraging the know-how cultivated over the past 19 years since the division's establishment as pioneer specializing in the medical field.

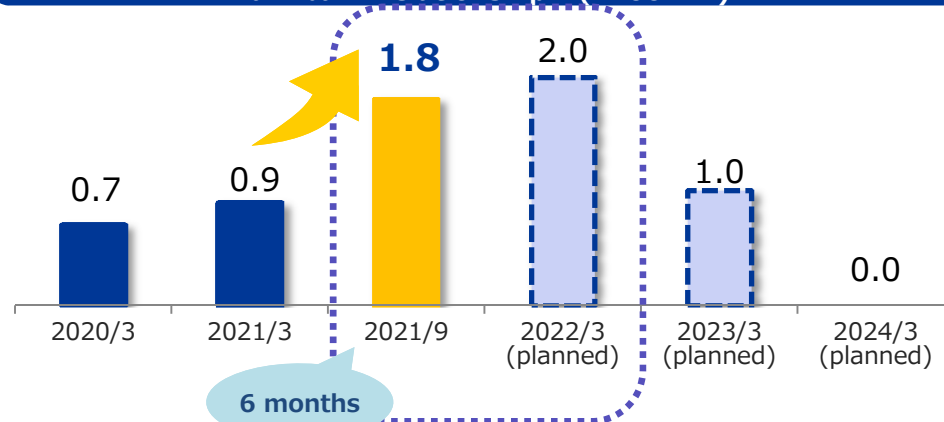


Interest on loans and discounts <to medical institutions aimed at building main bank relationship> (¥100 mn)



- Interest on loans and discounts on the rise due to steady growth in loan balance

Commission income <from medical institutions aimed at building main bank relationship> (¥100 mn)



- As of Sep. 30, 2021, actual performance to full-year plan was firmly on track

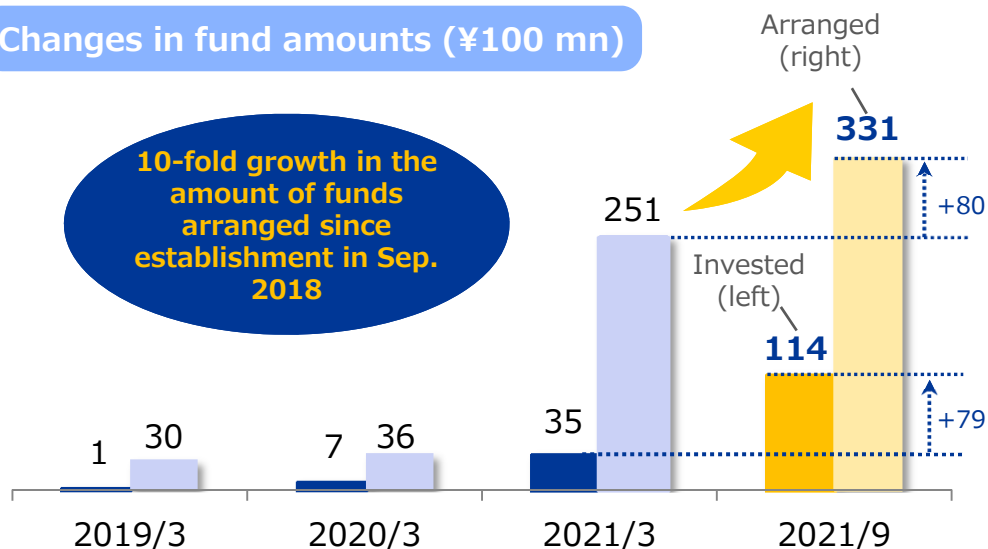
# Business Strategy (Corporate Customers / Equity and Mezzanine Finance)



- Enhance equity, mezzanine and other high value added financing to customers at diverse life stages
- 2021/9: significant increases in both the amounts of funds arranged and invested by Kiraboshi Capital Co., Ltd.

## Kiraboshi Capital Co., Ltd.

### Changes in fund amounts (¥100 mn)



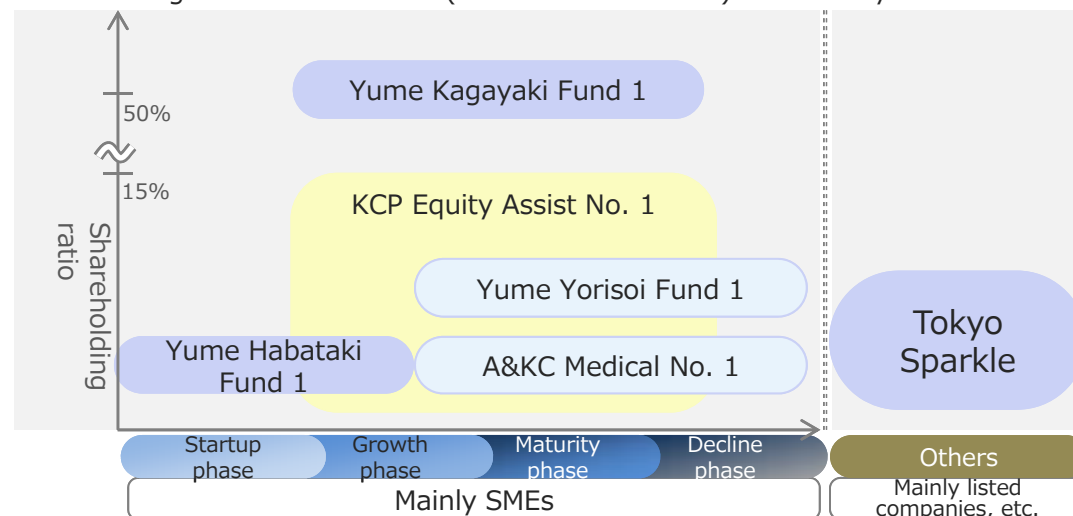
### Kiraboshi Capital Co., Ltd.

- Established in September 2018
- Headcount of 30
- Established as a fully-owned subsidiary of Tokyo Kiraboshi Financial Group, to expand the breadth of the Group's support through financial services using funds.
- Administer funds aligned to the different life stages, from start-up to growth and maturity phases. Provide solutions to listed companies, entrepreneurs and other customers gathered in the Tokyo area, aligned to their needs in business management

### Funds administered by Kiraboshi Capital

Yume Kagayaki Fund 1	Launched in Nov. 2018	Buyout investment
Yume Habataki Fund 1 (*)	Launched in Mar. 2019	Growth capital investment
Yume Yorisoï Fund 1	Launched in Aug. 2020	Mezzanine finance
Tokyo Sparkle	Launched in Nov. 2020	Engagement investing
A&KC Medical No. 1	Launched in Mar. 2021	Medical fund
KCP Equity Assist No. 1	Launched in June 2021	Equity investment (minority)

(\*) Completed exit from QD Laser, Inc., the fund's first investment project, through its successful IPO (TSE Mothers market) in February 2021.



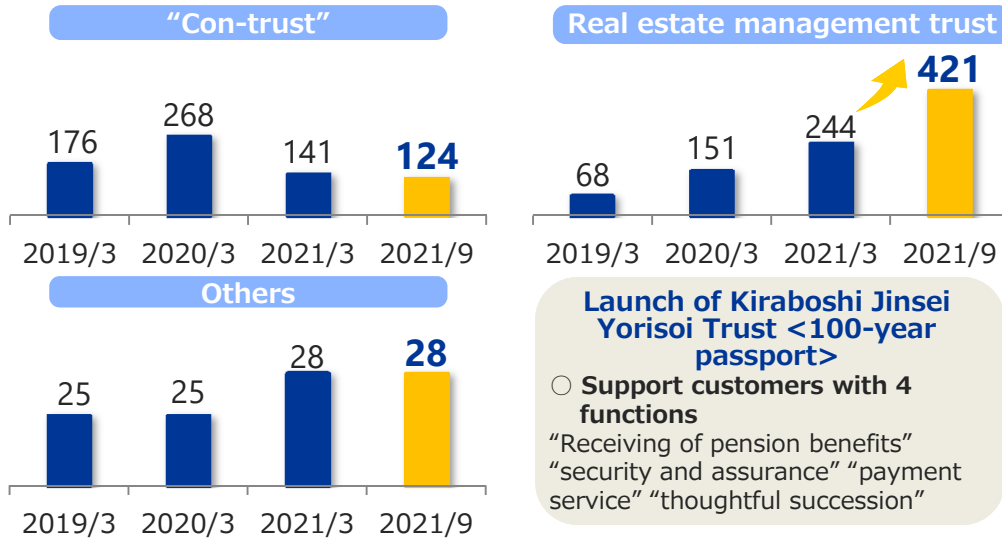




# Business Strategy (Trust Business / Retail Customers)

- Provide services using trust functions to meet the diverse needs of customers; the second-largest trust asset balance among regional banks
- In retail business, promote activities committed to customer-oriented approach, address the requirements also of small and medium-sized business owners with tailored responses

## Changes in balance of major trust products (¥100 mn)

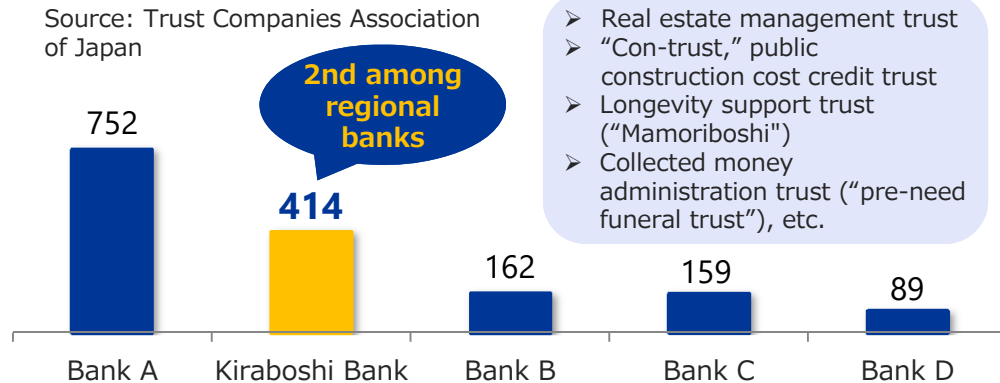


### Launch of Kiraboshi Jinsei Yoriso Trust <100-year passport>

- Support customers with 4 functions
- "Receiving of pension benefits"
- "security and assurance" "payment service" "thoughtful succession"

## Regional banks trust asset balance (¥100 mn) (as of March 2021)

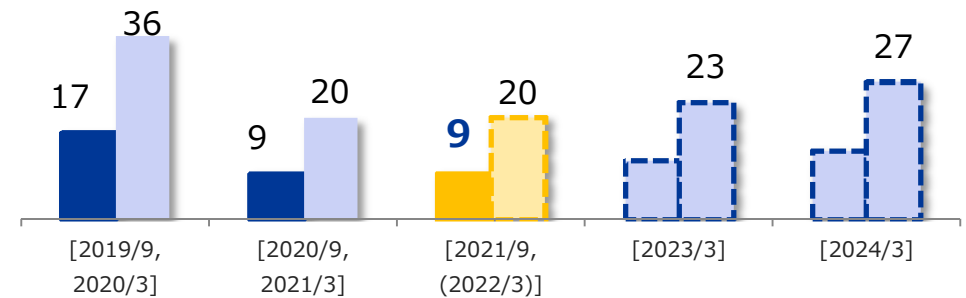
Source: Trust Companies Association of Japan



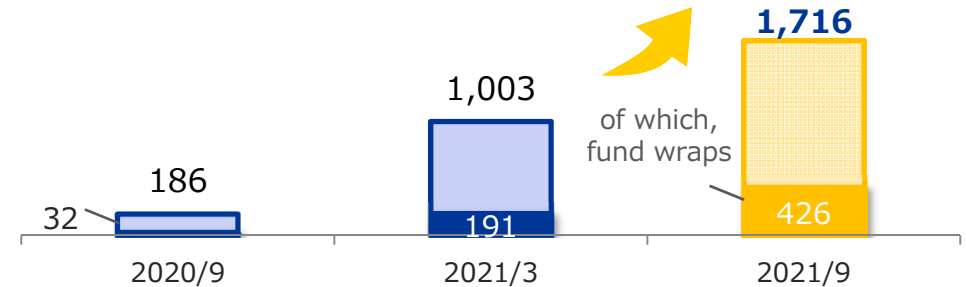
- Real estate management trust
- "Con-trust," public construction cost credit trust
- Longevity support trust ("Mamoriboshi")
- Collected money administration trust ("pre-need funeral trust"), etc.

- Expand product line-up and achieve solid growth of outstanding balance

## Fees and commissions from financial instruments (¥100 mn)



## Investment trust balance <Kiraboshi Life Design Securities only> (¥100 mn)



- Build a business model focused on outstanding balance and not dependent on sales commission

Fees and commissions (Mainly trust fees) ¥200 mn (2021/3) → ¥300 mn (2021/9)

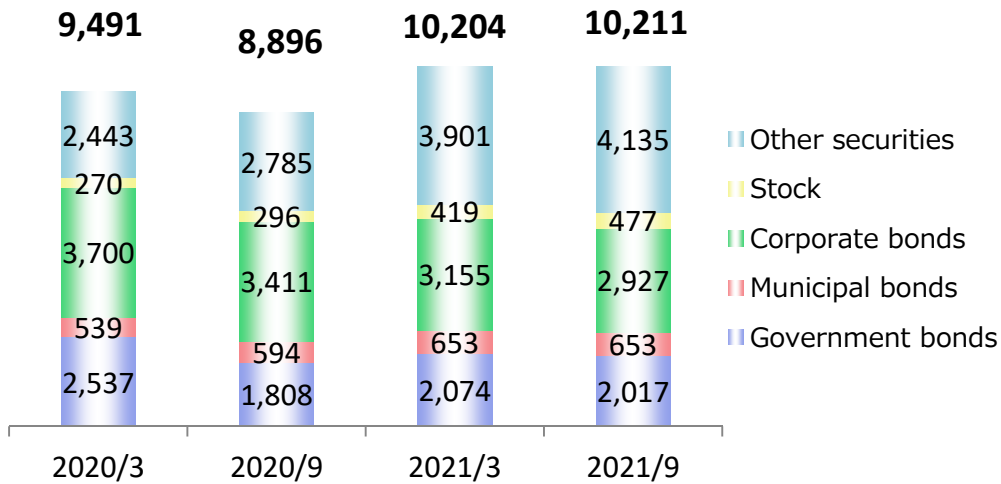
## Transactions with business owners

Apr.-Sep. 2021 Number of business owner customers with assets under management: +924  
Increase in outstanding balance +¥7.28 bn

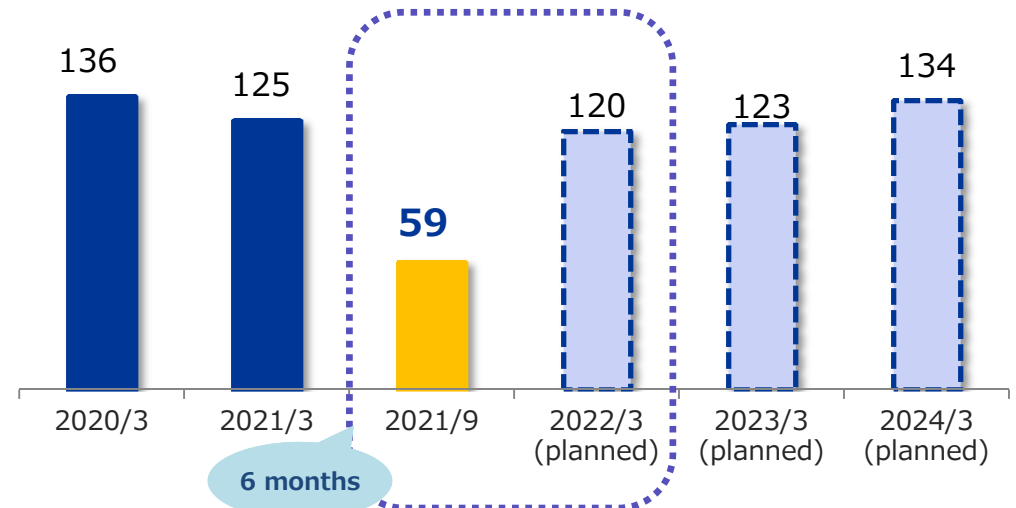
# Portfolio of Securities

- Portfolio diversification and diversified investment, steady accumulation of valuation gain on securities
- From 2021/9 onward, build a profit structure that does not depend on gain on sale of securities

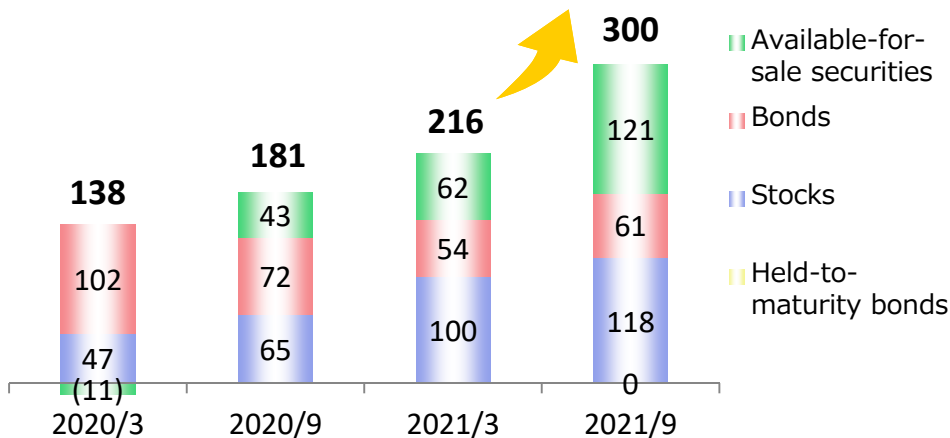
Securities balance (¥100 mn)



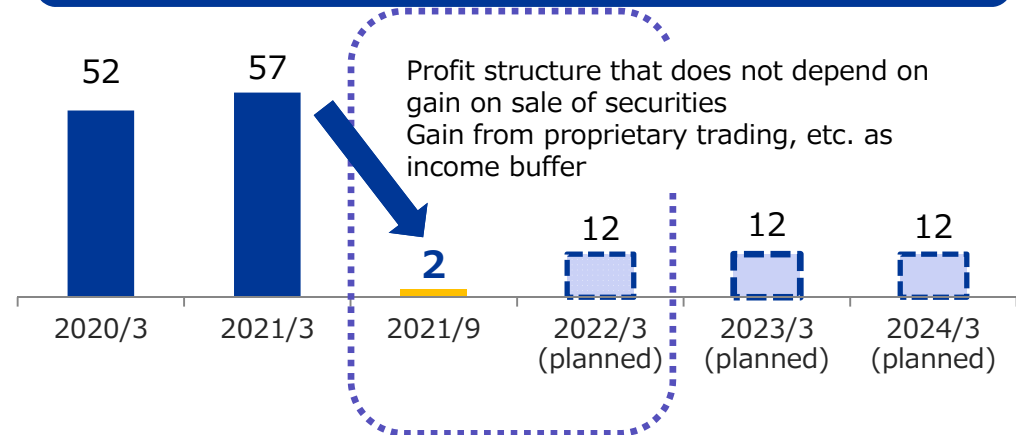
Interest and dividends on securities (¥100 mn)



Valuation gain/loss on securities (¥100 mn)



Gain on sale of securities (¥100 mn)



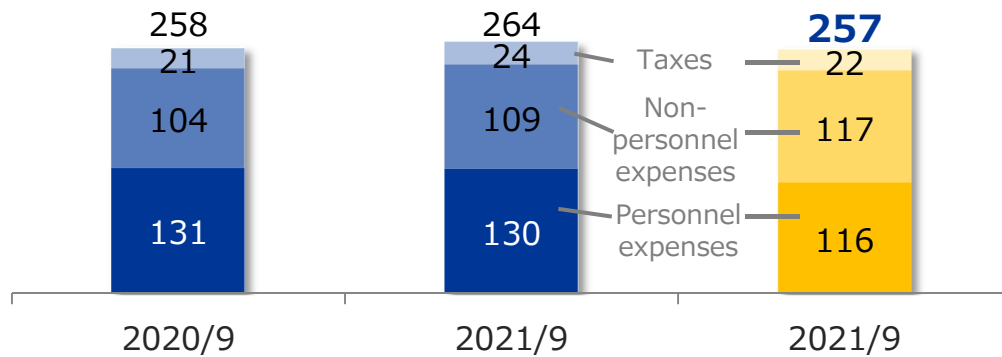




# Improvement of Management Efficiency

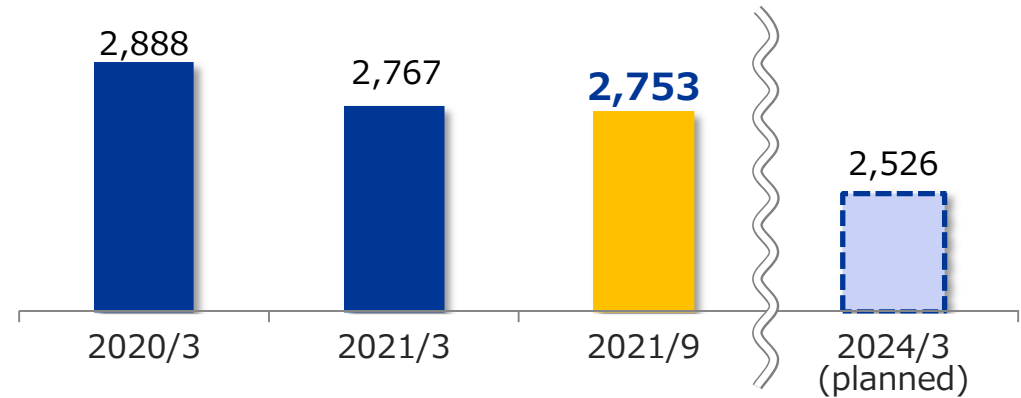
- Improvement of personnel efficiency and optimal allocation of management resources to enhance productivity
- Reorganization of branch functions progressing as planned, with its effects materializing from the next fiscal year, leading to substantial decrease in merger cost

## Expenses (¥100 million)



- Streamline costs and personnel expenses in particular

## Headcount

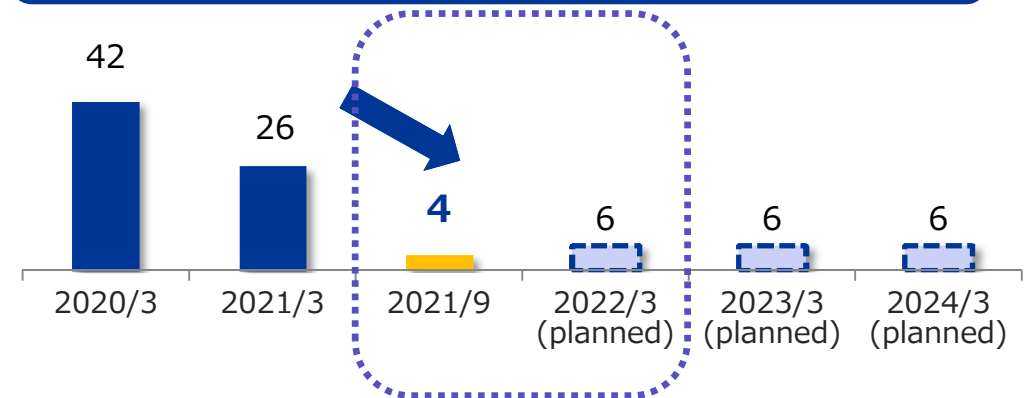


## Reduction in the number of offices

	2020/3	2021/3	2021/9	2022/3	2023/3	2024/3
Offices for corporate and retail customers	104	89	75	46	46	46
Retail-focused branches	14	20	32	56	44	34
Offices specializing in corporate customers	3	2	3	3	6	8
Sub-total (1)	121	111	110	105	96	88
Staffed sub-branches and offices (2)	13	12	11	11	20	28
Total of (1) + (2)	134	123	121	116	116	116

- Apr.–Sep. 2021 completed 2 BIB offices
- Effects of branch elimination/consolidation to materialize from FY2022

## Merger and systems integration costs (¥100 mn)

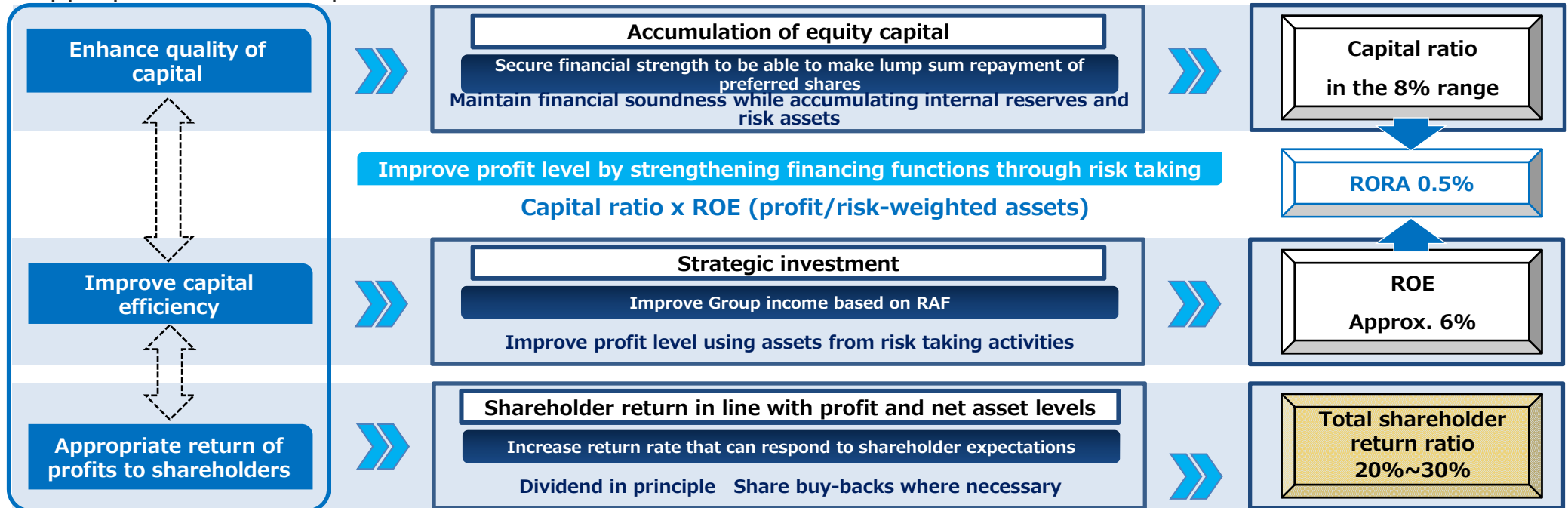


- Merger cost to decrease significantly from 2022/3
- Only depreciation costs to be incurred from 2022/3

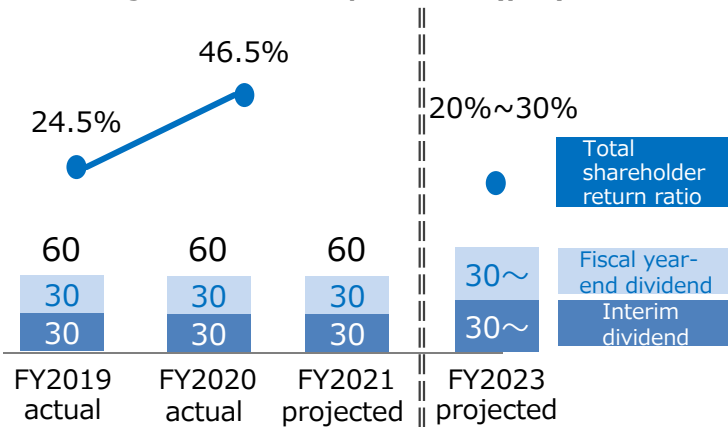


# Capital Policy

- Perform a well-balanced capital management to ensure soundness and efficiency of capital and maintain appropriate return of profits to shareholders



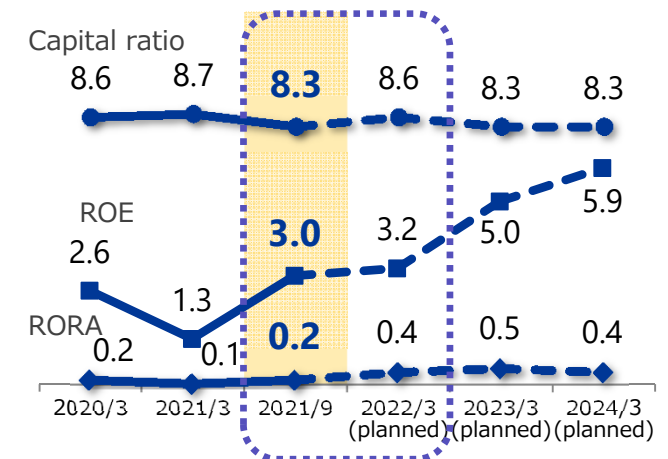
Changes in dividend per share (yen) and total shareholder return ratio



Maintain balance between capital ratio and ROE, and secure appropriate return commensurate with risks taken

Examine appropriate return of profits and dividend level by taking into consideration future profit level and total shareholder return ratio

Changes in management indicators (%)

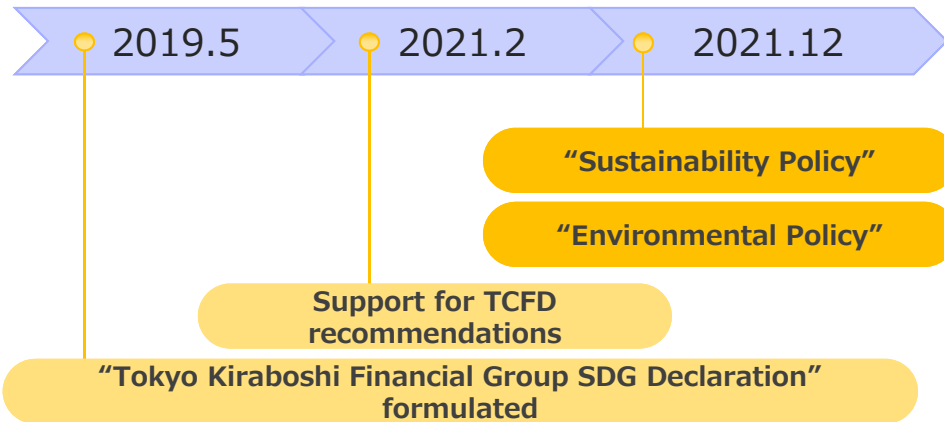




# Sustainability Initiatives

- Engage in Group-wide efforts to address local community issues based on sustainability policy developed in December 2021

## The Group's initiatives



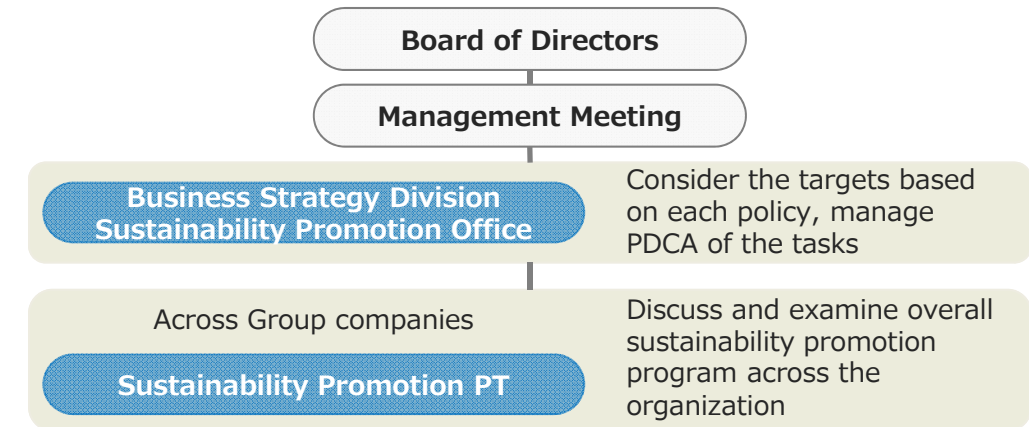
## Track record of environment-related investments and loans

(As of Sep. 30, 2021)

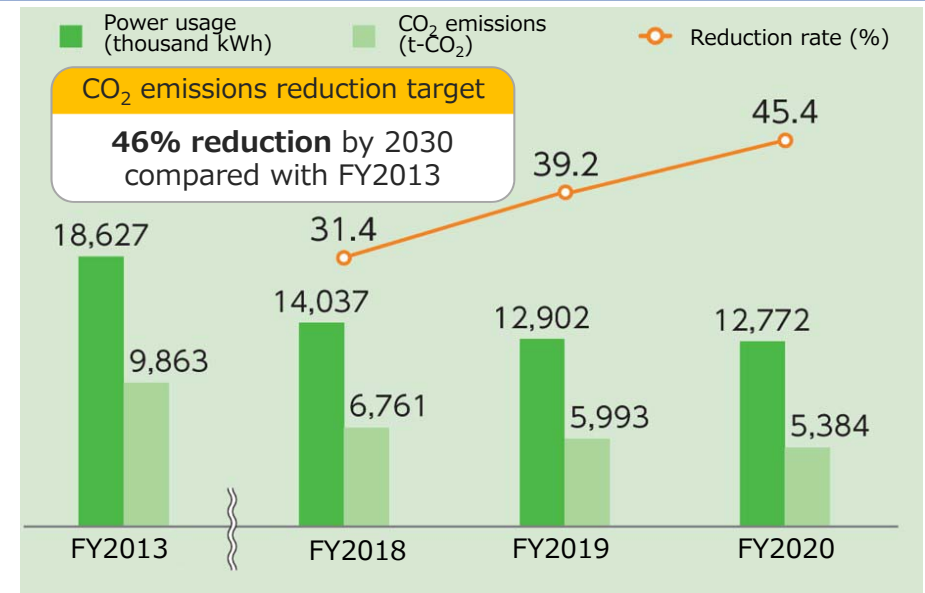
Renewable energy-related loans (solar power generation, biomass power generation, wind turbine generators)	71
Sustainability linked loans	1
Positive impact finance	1
Trust beneficiary rights relating to solar power generation	1
Green Bonds (*)	5
Green Finance (trust beneficiary rights)	1
Renewable energy fund	5

(\*) Separately made 2 additional investments in October 2021

## Structure chart



## Initiatives in CO<sub>2</sub> reduction





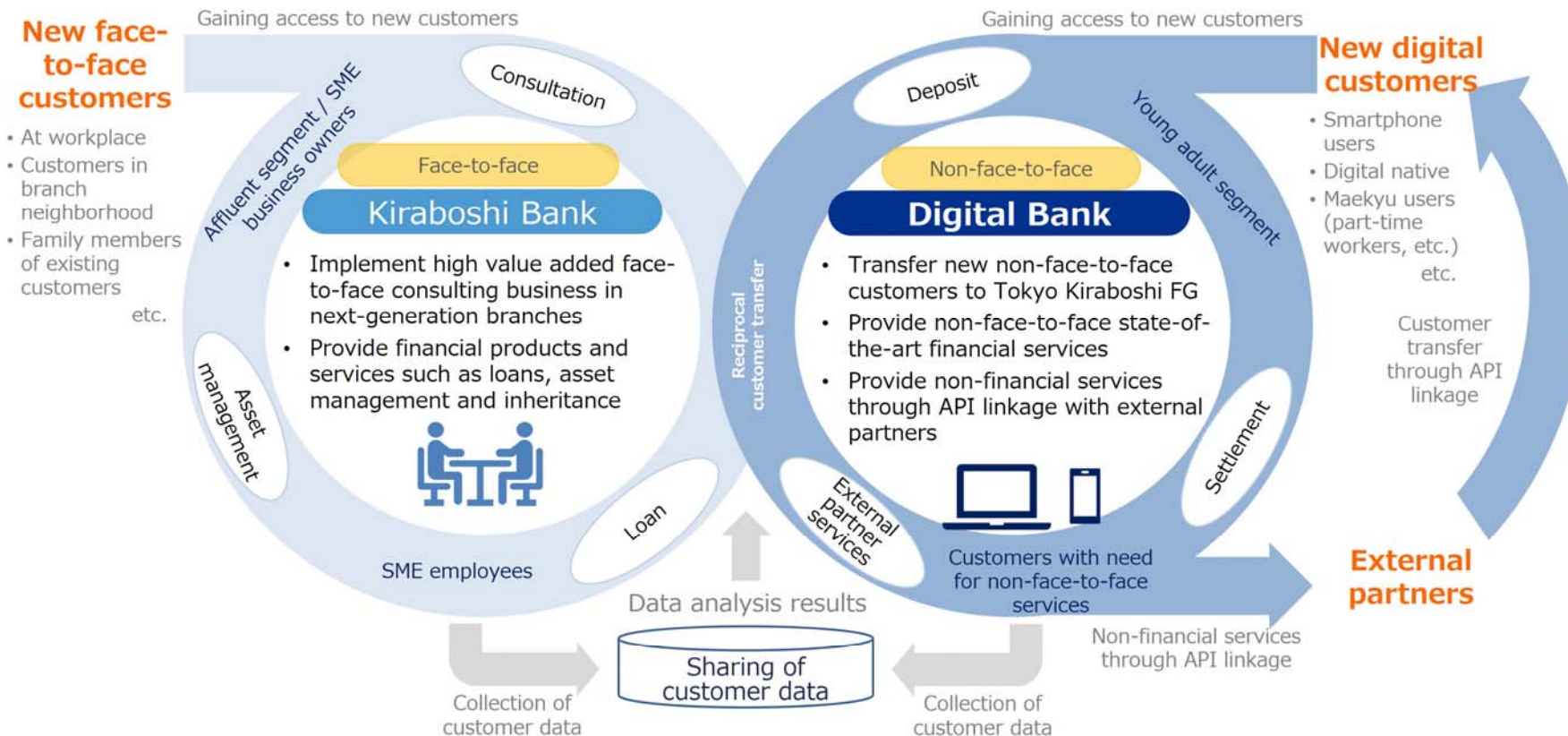
# Digital Bank Business

- Initially specializing in deposit and foreign exchange functions, aim is to realize improvement of customer convenience and **low cost acquisition of deposits**

## Business model of digital bank (UI Bank)

- Acquisition of new customers who previously were out of reach
- Kiraboshi Bank to specialize in high value-added face-to-face consulting services (non-face-to-face state-of-the-art services even to existing customers)
- Reciprocal customer transfer for Group-wide maximization of income opportunity

### <Reciprocal customer transfer cycle between the digital bank and Kiraboshi Bank>



Tokyo Kiraboshi Financial Group



Scheduled to commence operation during FY2021







# Digital Strategy of Kiraboshi Tech, Inc.

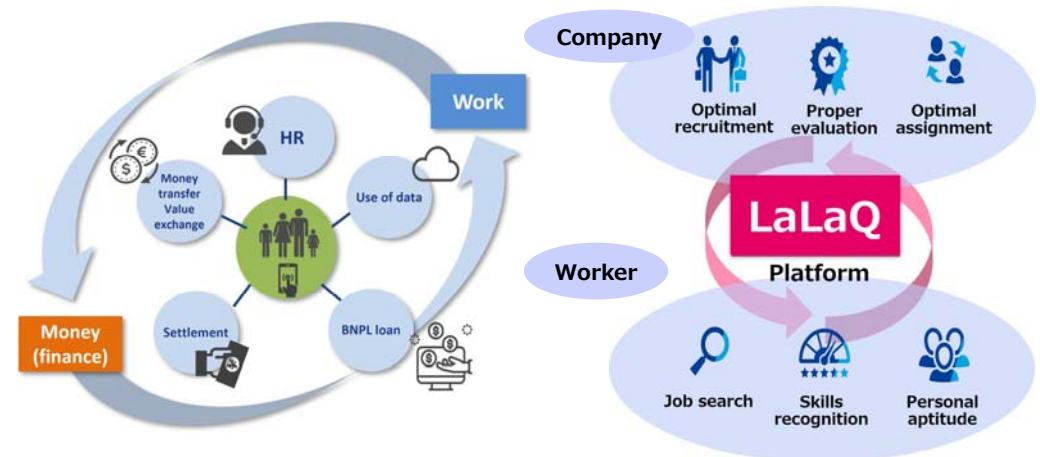
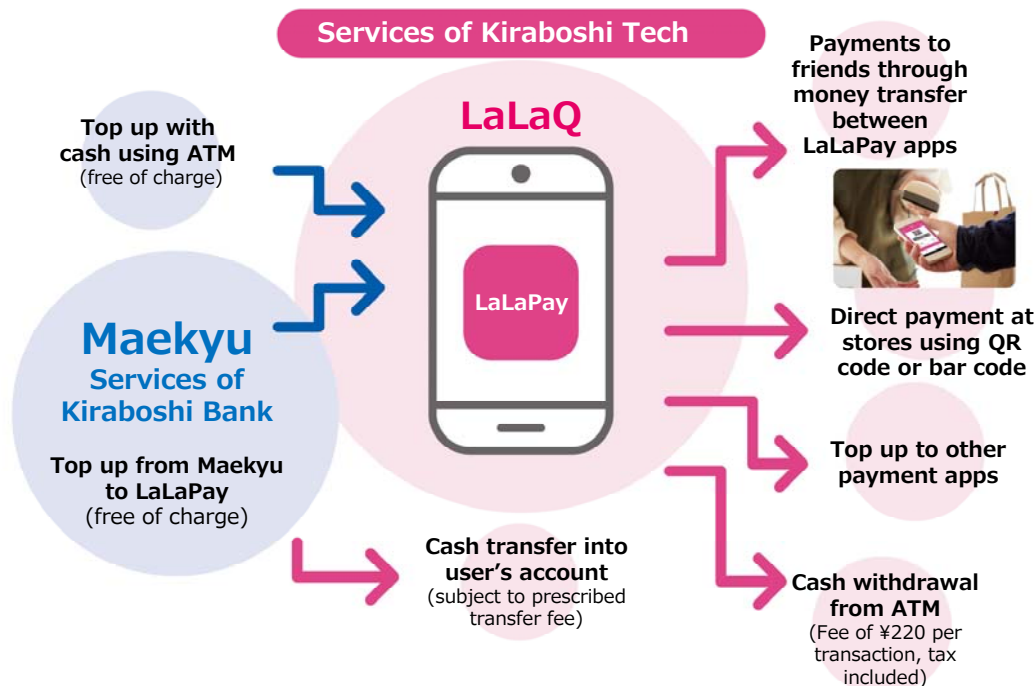
- Release of digital wallet app “LaLaQ” on Nov. 24, 2021, digital payment—expansion of new platform

## Aims of digital payment through “LaLaQ”

1. Expand users by reducing user fee (top up from Maekyu to LaLaPay free of charge)
2. Increase Maekyu user companies by improving user convenience
3. Deploy data utilization business such as use of attendance data with various purchase data

## Business development being pursued

- Expand platform by reaching out to new customers and combining it with channel expansion through collaboration with other regional financial institutions
- In addition, use data for services such as small loan program using a new credit scoring model and new services that can be linked to human resource value and appraisal, aiming to develop a platform that connects “companies” and “workers”



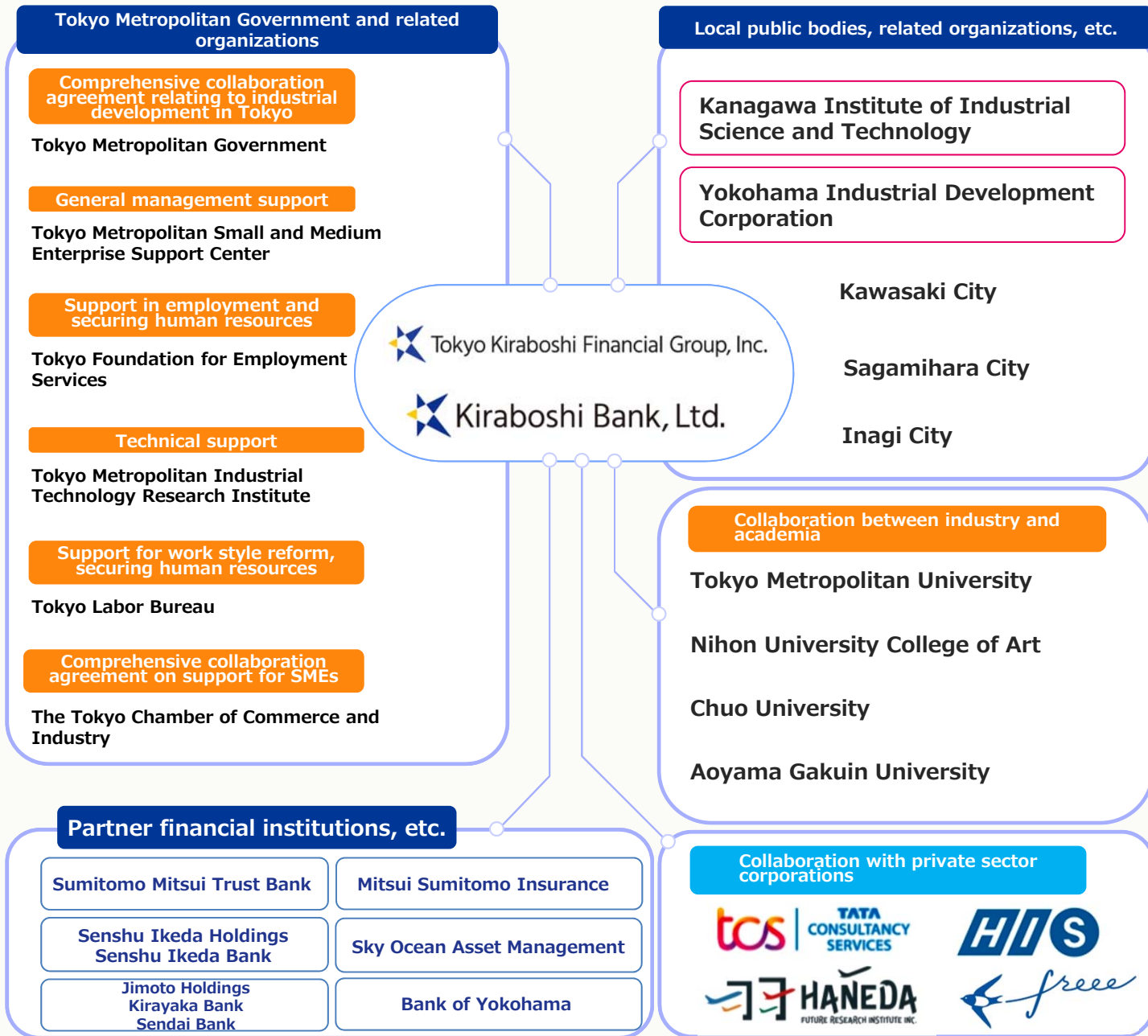
November 24, 2021  
Launch of “LaLaQ” app

“LaLaQ” app information and download from here





# Further Promotion of Partnership with External Organizations



## Conclusion of "Basic Agreement on Comprehensive Collaboration" with Aoyama Gakuin University

Tokyo Kiraboshi Financial Group, Kiraboshi Bank and Aoyama Gakuin University signed an agreement for exchanging and utilizing personnel and intellectual resources to cooperate with one another, through industry-academia collaboration, in areas such as education and research for the purpose of contributing to the development of society (concluded on Sep. 28, 2021).



## Tokyo Kanagawa Solution Connect (business alliance with Bank of Yokohama)

(Concluded on Aug. 26, 2021)



**Impact on income** **¥10 billion**  
(5-year cumulative, sum of the two banks)



# Example of Tokyo-based Platform

- Provide platform functions with Tokyo Kiraboshi FG working together as coordinator
- Contribute to the development of local communities through digital collaboration with LaLaQ and UI Bank, collaboration with administrative organs, matching startups with large corporations and other activities

Concrete example of Tokyo-based ecosystem

Image of Tokyo-based ecosystem

① Collaboration with administrative organs

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

② Collaboration with Haneda Airport [agreement concluded on April 20, 2021]

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

B. [Provision of Maekyu services to employees of Haneda Airport-related facilities]

③ CVC fund formation [structured on May 20, 2021]

Set up funds through collaboration with startups and large corporations

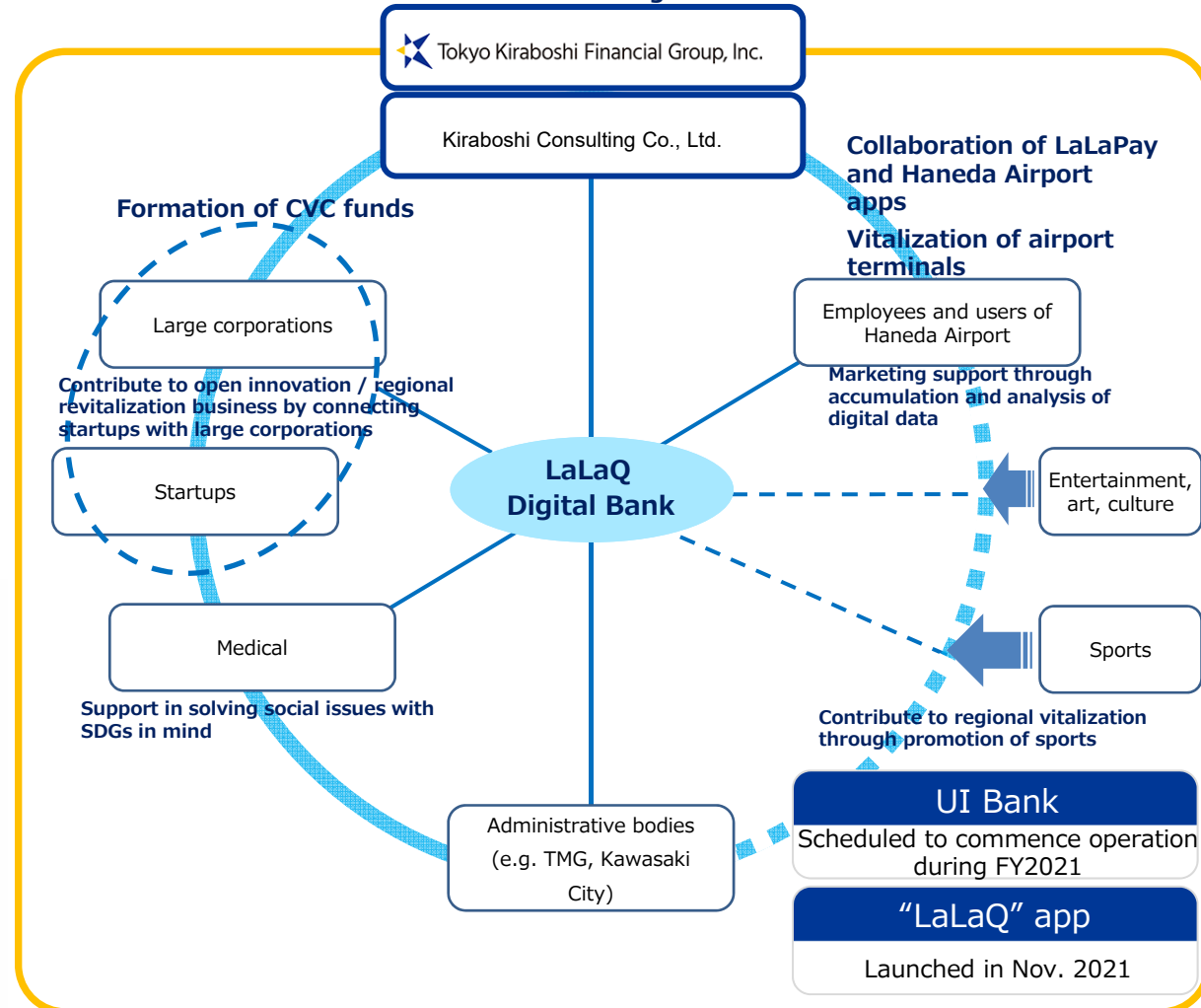
\*Arranged two funds in the first half of FY2021

④ Grand opening of "KicSpace HANEDA" [Nov. 30, 2021]

Provide six functions with the aim of creating unicorn companies expanding into the world



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



- ❑ 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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