

Tokyo Kiraboshi Financial Group

Results Briefing for the Fiscal Year

Ended March 31, 2022



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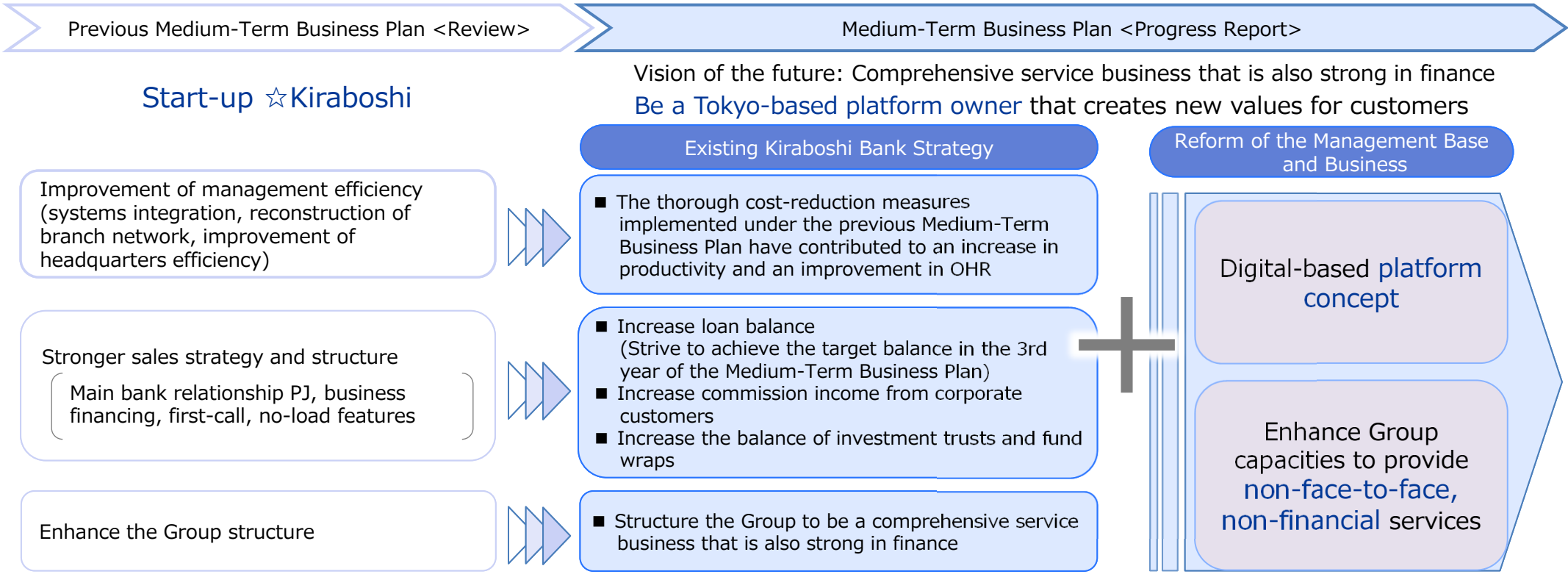


Highlights of Today's Briefing

1. Tokyo Kiraboshi FG Results for the Fiscal Year Ended March 31, 2022

- Revised financial results forecasts upward and increased dividends in the first year of the Medium-Term Business Plan (FY2021)
- A further increase in profits is forecast under the FY2022 plan, with an increase in dividends to achieve shareholder returns commensurate with the level of profits

2. Progress on the Medium-Term Business Plan



3. The Kiraboshi Group's Actions for the Future

- Digital strategy of Kiraboshi Group (launch UI Bank/LaLaPay digital wallet)
- Tokyo-based platform concept
- Sustainability Initiatives



Status of Progress on the Medium-Term Business Plan

● Achieved results exceeding targets in the first year of the Medium-Term Business Plan

Financial Targets (KGIs)

<Achievement level: ◎...Surpassed; ○...Achieved or nearly achieved; △...More work needed>

(Monetary unit: ¥100 million)	2021/3	2022/3	2022/3	<Achievement rate>	Achievement level	Note: Excluding special factors		Achievement level	2024/3
	<Results>	<Plan>	<Results>			<Results>	<Results>		
① ROE <consolidated>	1.3%	3.2%	5.7%	178%	◎	3.7%	115%	◎	5.9%
② Core OHR <Kiraboshi Bank non-consolidated>	75.7%	67.0%	65.3%	102%	○	67.9%	99%	○	57.3%
[Ref] Expenses (Including non-personnel expenses)	524	499	514	97%	-	514	97%	-	467
	229	216	237	91%	-	237	91%	-	205
③ Net income <consolidated>	41	100	181	181%	◎	116	117%	◎	200
④ Profit from customer business <Kiraboshi Bank non-consolidated>	14	124	126	102%	○	126	102%	○	234
⑤ Contribution of subsidiaries to consolidated income <consolidated>	3	(4)	1	-	○	1	-	○	23
⑥ Capital ratio <consolidated>	8.7%	8.6%	8.4%	98%	△	8.2%	95%	△	8.3%

Excluding special factors

Medium-Term Business Plan KPIs

<Achievement level: ◎...Surpassed; ○...Achieved or nearly achieved; △...More work needed>

		2021/3	2022/3	<Rate of progress>	Achievement level	2024/3
		<Results>	<Results>			<Plan>
① Branch strategy	Offices for corporate and retail customers, and offices specializing in corporate customers	91 offices	50 offices	-	○	54 offices
	Retail-focused branches	20 offices	56 offices	-	○	34 offices
② Productivity	Gross core business profit per head	¥25 million	¥29 million	90%	○	¥32 million
③ Life plan support business	Number of transactions with business owners	-	+1,780	178%	◎	1,000
	Balance of transactions with business owners	-	+¥17.9 billion	35%	○	¥50.0 billion
	Kiraboshi Package (*)	-	27,107	45%	○	60,000
④ DX	Individual Internet users	76,000 users	151,000 users	23%	△	400,000 users
⑤ Corporate customer strategy	Number of loan customers with annual sales of ¥0.3–10.0 billion in main bank relationship	-	+723	120%	◎	600
	Total amount of loans to customers with annual sales of ¥0.3–10.0 billion in main bank relationship	-	+¥154.2 billion	25%	△	¥600.0 billion
	Number of business succession support customers	-	388	38%	○	1,000
	Number of medical transaction support customers	-	210	52%	○	400

(*) Kiraboshi Package: Products and services mainly to address property management and property succession needs in the older adult segment



**Tokyo Kiraboshi FG
Results for the Fiscal Year
Ended March 31, 2022**

Summary of Business Results for the Fiscal Year Ended March 31, 2022



Tokyo Kiraboshi FG

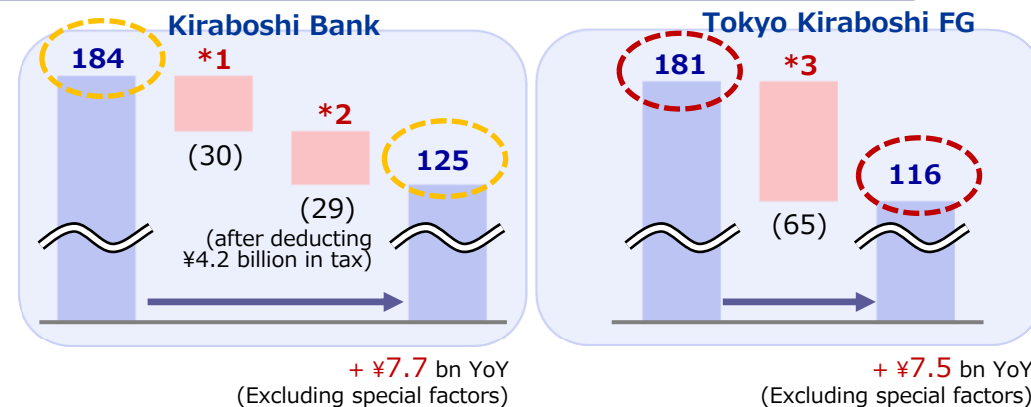
	Kiraboshi Bank (non-consolidated) (¥100 million)	2021/3 A	2022/3 B	Difference (B-A)	Excluding special factors	[Ref] 2022/3 plan
1	Gross core business profit	692	786	+94	756	745
2	Net interest income	587	656	+69	626	606
3	Of which, interest on loans and discounts	463	498	+34	498	488
4	Of which, interest on securities	126	151	+25	121	120
5	Including other interest income	(2)	6	+8	6	(3)
6	Non-interest income	104	129	+25	129	139
7	Expenses	(524)	(514)	+10	(514)	(499)
8	Net core business income	167	272	+104	242	245
9	Credit-related costs	(84)	(63)	+20	(63)	(86)
10	Gains (losses) on bonds	14	(1)	(16)	(1)	3
11	Gains (losses) on stocks and other securities	43	44	+0	2	9
12	Other non-recurring profit (loss)	(54)	8	+62	8	(10)
13	Ordinary profit	88	260	+171	187	161
14	Income taxes	(38)	(73)	(34)	(60)	(49)
15	Net income	48	184	+136	125	111

	Tokyo Kiraboshi FG (consolidated) (¥100 million)	2021/3 A	2022/3 B	Difference (B-A)	Excluding special factors	[Ref] 2022/3 plan
Ordinary profit	82	249	+167	184	152	
Profit attributable to owners of parent	41	181	+140	116	100	

*3 Recorded ¥6.5 billion in equity method profit from the sale of real estate by a subsidiary of a related company (not included in the non-consolidated revenue of Kiraboshi Bank)
 → Used to invest in promoting DX for the Tokyo Kiraboshi FG and other areas to contribute to more efficient business operations

Diff. b/w consolidated and non-consolidated (¥100 million)	Kiraboshi Bank (non-consolidated) net income	184
	Group's consolidated net income	+2
	Elimination of internal transactions between consolidated Group companies	(11)
	Adjustment for special factors	+6
	Tokyo Kiraboshi FG (consolidated) net income	181

Net income record for Kiraboshi Bank/FG only, excluding special factors (¥100 million)



*1 Including ¥3.0 billion in special dividends from subsidiaries (2 credit guarantee companies)
 Not recorded in the consolidated revenue of Tokyo Kiraboshi FG
 *2 Including ¥4.2 billion (¥2.9 billion after tax) in profit on the transfer of Kiraboshi Tech, Inc. shares from Kiraboshi Bank to FG
 Not recorded in the consolidated revenue of Tokyo Kiraboshi FG
 ¥3.0 bn*1 + ¥2.9 bn*2 = ¥5.9 bn

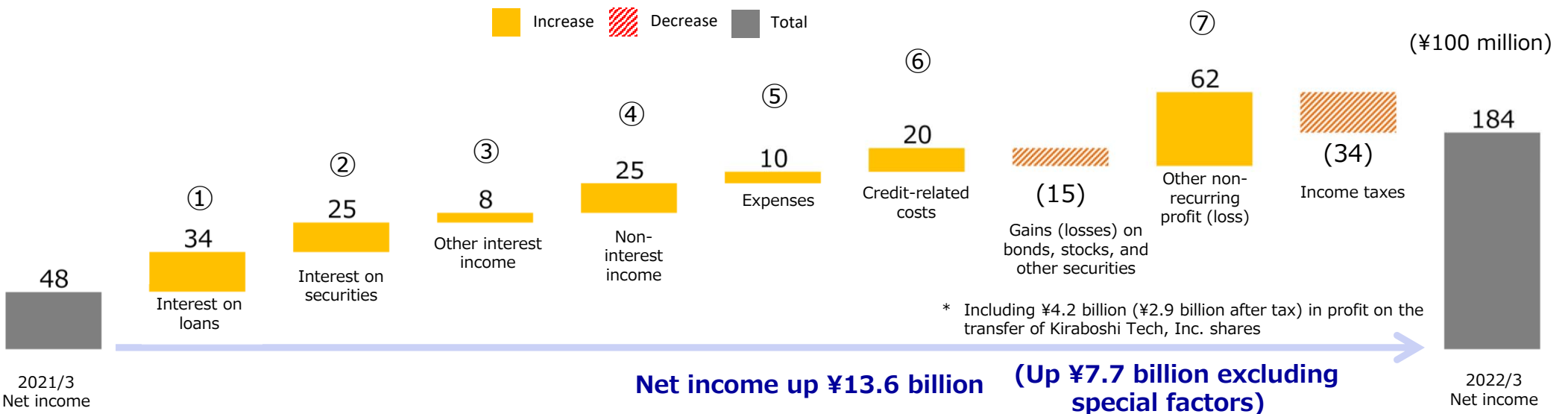
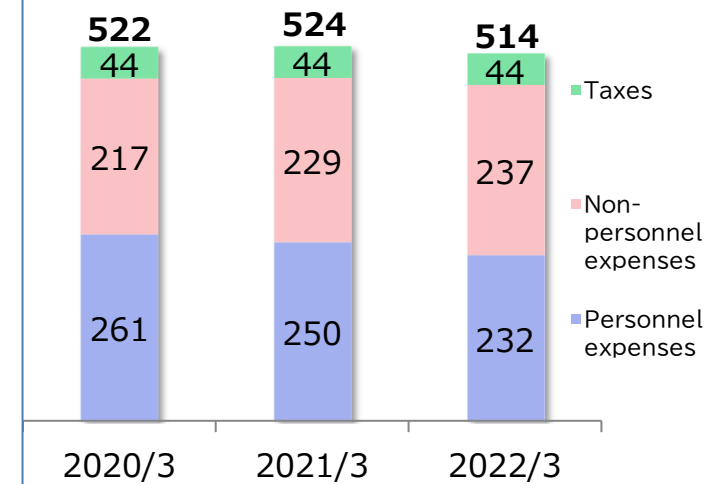


Factors Affecting Net Income (Kiraboshi Bank)

● Factors Affecting Net Income

- ① Interest on loans : An increase of ¥3.4 billion year-on-year, largely due to promotion of transactions for main bank relationship building and business financing activities and COVID-19-related loans (Loan balance up ¥431.7 bn YoY, loan yield up 0.024% YoY)
- ② Interest and dividends on securities : An increase of ¥2.5 billion year-on-year to ¥15.1 billion, largely due to special dividends (¥3.0 billion) from subsidiaries (2 credit guarantee companies)
- ③ Other interest income : An increase of ¥0.8 billion year-on-year, largely due to interest on Bank of Japan deposits, including those subject to the Complementary Deposit Facility, etc.
- ④ Non-interest income : An increase of ¥2.5 billion year-on-year due to solid accumulation of commission income (+ ¥2.4 billion) from corporate customers such as in business financing (+ ¥1.7 billion)
- ⑤ Expenses (*) : A decrease of ¥1.0 billion year-on-year attributable largely to a reduction in expenses due to the improvement of management efficiency
- ⑥ Credit-related costs :
 - Additional provision of ¥0.8 billion associated with COVID-19
 - Additional provision of ¥0.6 billion associated with the Russia-Ukraine situation
 - A decrease of ¥2.0 billion year-on-year, largely due to stricter credit control, despite the provision of additional reserve for possible loan losses (balance of preventative reserves of ¥2.0 billion at the end of the period)
- ⑦ Other non-recurring profit (loss) : An increase of ¥6.2 billion year-on-year as a result primarily of decreases in merger and systems integration costs (-¥1.7 billion) and retirement benefit expenses (-¥1.4 billion)

* [Breakdown of expenses] (¥100 million)





Profit from Customer Business (Kiraboshi Bank)

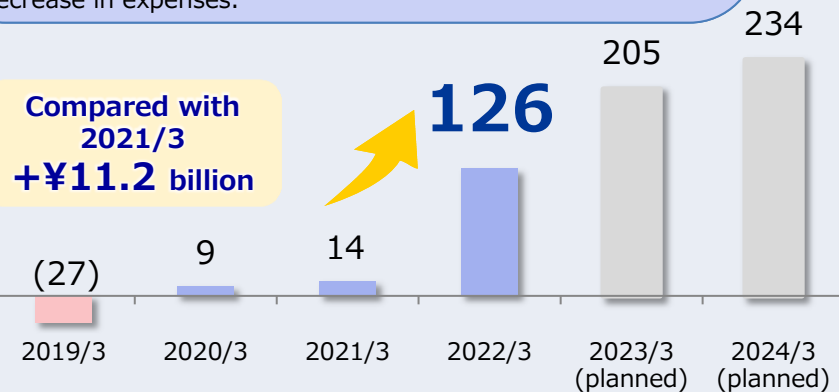
Profit from customer business

(¥100 million)

Loan balance and yield

(¥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 a decrease in expenses.



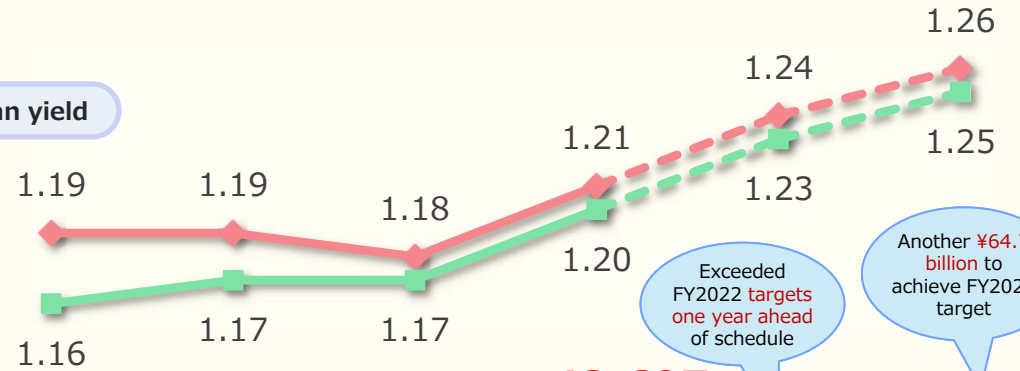
* Calculation method: (loan balance × loan and deposit rate margin) + income from fees and commissions - general and administrative expenses

Breakdown of factors in profit from customer business

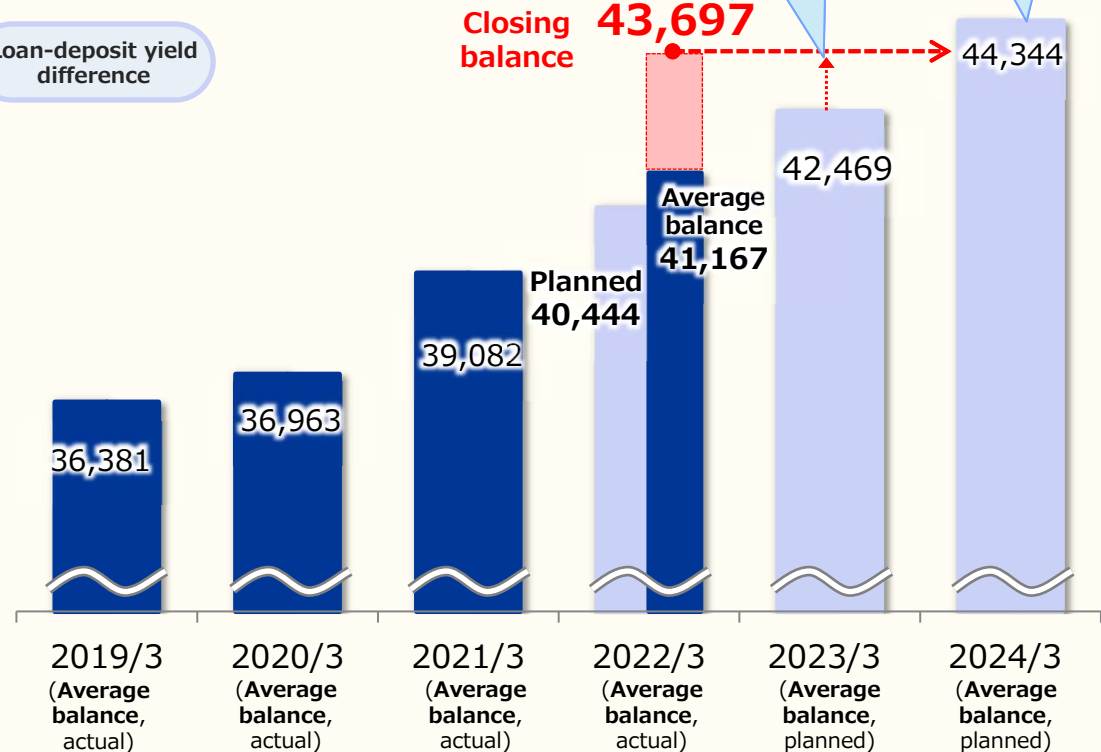
(¥100 million, %)

	2021/3	2022/3	Change
① Loan balance	39,380	43,697	+4,317
② loan and deposit rate margin	1.17	1.20	+0.03
③ Income from fees and commissions	88	115	+26
④ General and administrative expenses (expenses + temporary treatment of retirement benefit expenses, etc.)	535	511	(24)
⑤ Profit from customer business (①×②+③-④)	14	126	+112

Loan yield



Loan-deposit yield difference



* Average balance, planned - Medium-Term Business Plan



Plan for the Fiscal Year Ending March 31, 2023

Tokyo Kiraboshi FG

	Kiraboshi Bank (non-consolidated) (Unit: ¥100 million)	2022/3 results A	2023/3 plan B	Difference (B-A)	Excluding special factors		
					2022/3 results	2023/3 plan	Difference (B-A)
1	Gross core business profit	786	849	+63	756	784	+28
2	Net interest income	656	715	+59	626	650	+24
3	Of which, interest on loans and discounts	498	553	+55	498	553	+55
4	Of which, interest on securities	*1 151	*3 187	+36	121	122	+1
5	Including other interest income	6	(25)	(31)	6	(25)	(31)
6	Non-interest income	129	133	+4	129	133	+4
7	Expenses	(514)	(485)	+29	(514)	(485)	+29
8	Net core business income	272	364	+92	242	299	+57
9	Credit-related costs	(63)	(60)	+3	(63)	(60)	+3
10	Gains (losses) on bonds	(1)	10	+11	(1)	10	+11
11	Gains (losses) on stocks and other securities	*2 44	10	(34)	2	10	+8
12	Other non-recurring profit (loss)	8	(8)	(16)	8	(8)	(16)
13	Ordinary profit	260	315	+55	187	250	+63
14	Income taxes	(73)	(76)	(3)	(60)	(76)	(16)
15	Net income	184	237	+53	125	172	+47

	Tokyo Kiraboshi FG (consolidated) (Unit: ¥100 million)	2022/3 results A	2023/3 plan B	Difference (B-A)	Excluding special factors		
					2022/3 results A	2023/3 plan B	Difference (B-A)
	Ordinary profit	*4 249	*5 278	+29	184	243	+59
	Profit attributable to owners of parent	*4 181	*5 195	+14	116	160	+44

*4 Recorded ¥6.5 billion in equity method profit from the sale of real estate by a subsidiary of a related company (not included in the non-consolidated revenue of Kiraboshi Bank)

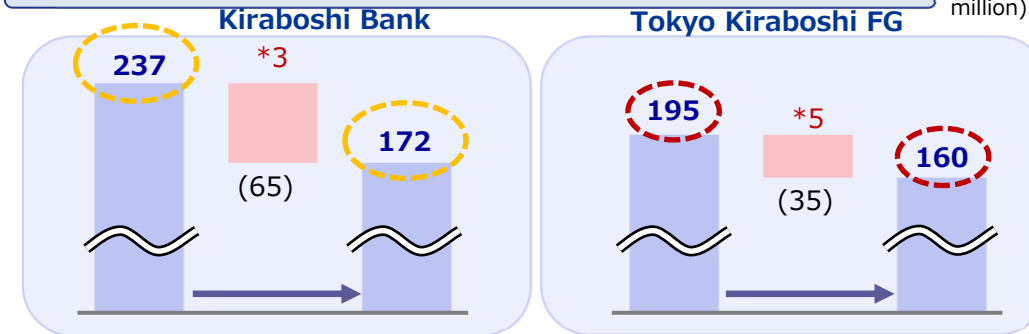
*5 Forecast to record the same level of equity method profit as in FY2021 (+ ¥3.5 billion) (not included in the non-consolidated revenue of Kiraboshi Bank)

→ Used to invest in promoting DX for the Tokyo Kiraboshi FG and other areas to contribute to the improvement of management efficiency

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

Kiraboshi Bank (non-consolidated) net income		237
Group's consolidated net income	Figure below: ¥16.0 bn - ¥17.2 bn = negative ¥1.2 bn	(7)
[¥2.2 billion of negative effects such as start-up deficit of newly established Group companies]		
Elimination of internal transactions between consolidated Group companies		(5)
Book value adjustment of bonds owned at the time of business integration, etc.		
Adjustment for special factors	Figure below: negative ¥6.5 bn - ¥3.5 bn = negative ¥3.0 bn	(30)
Tokyo Kiraboshi FG (consolidated) net income		195

● Net income record for Kiraboshi Bank/FG only, excluding special factors (¥100 million)



+ ¥4.7 bn YoY
(Excluding special factors)

+ ¥4.4 bn YoY
(Excluding special factors)

*1 Including ¥3.0 billion in special dividends from subsidiaries (2 credit guarantee companies) (Not recorded in the consolidated revenue of Tokyo Kiraboshi FG)

*2 Including ¥4.2 billion in profit on the transfer of Kiraboshi Tech, Inc. shares from Kiraboshi Bank to FG (Not recorded in the consolidated revenue of Tokyo Kiraboshi FG)

*3 Expect to receive profit from the sale of real estate by a subsidiary of a related company as dividends (+ ¥6.5 billion) (Already recorded as equity method profit in the FG consolidated results for FY2021)

<Plan for the Fiscal Year Ending March 31, 2023> Factors Affecting Net Income (Kiraboshi Bank)



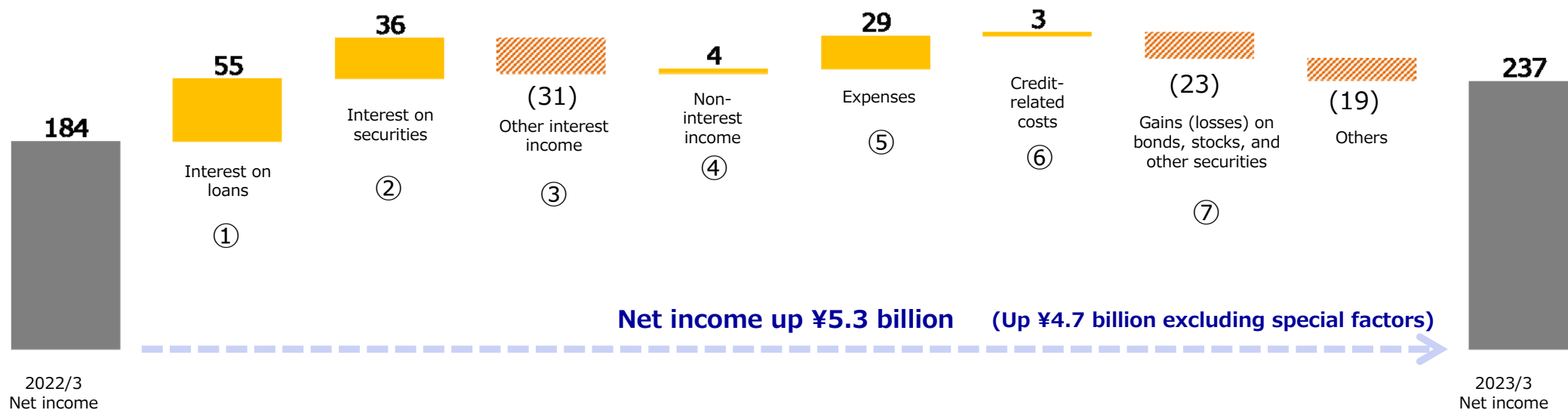
Tokyo Kiraboshi FG

● Factors Affecting Net Income

- ① Interest on loans : An increase of ¥5.5 billion year-on-year is forecast, largely due to promotion of transactions for main bank relationship building and business financing activities
- ② Interest and dividends on securities : An increase of ¥3.6 billion year-on-year is forecast, due to factors such as the absence of special dividends from subsidiaries (2 credit guarantee companies) recorded in the previous fiscal year (a decrease of ¥3.0 billion) and the receipt of dividends corresponding to the ¥6.5 billion of equity method profit recorded by Tokyo Kiraboshi FG in the previous fiscal year
- ③ Other interest income : A decrease of ¥3.1 billion year-on-year is forecast, largely due to an increase in foreign currency funding costs and a decrease in interest on deposits with the Bank of Japan
- ④ Non-interest income : An increase of ¥0.4 billion year-on-year is forecast, due to solid accumulation of commission income from corporate customers such as in business financing
- ⑤ Expenses : A decrease of ¥2.9 billion year-on-year is forecast, attributable largely to a reduction in expenses due to the improvement of management efficiency
- ⑥ Credit-related costs : A decrease of ¥0.3 billion year-on-year is forecast, due primarily to the continuing enhancement of credit management system
- ⑦ Gains (losses) on bonds, stocks, and other securities : A decrease of ¥2.3 billion year-on-year is forecast, due mainly to the absence of profit on the transfer of Kiraboshi Tech, Inc. shares recorded in the previous fiscal year (a decrease of ¥4.2 billion)

■ Increase ■ Decrease ■ Total

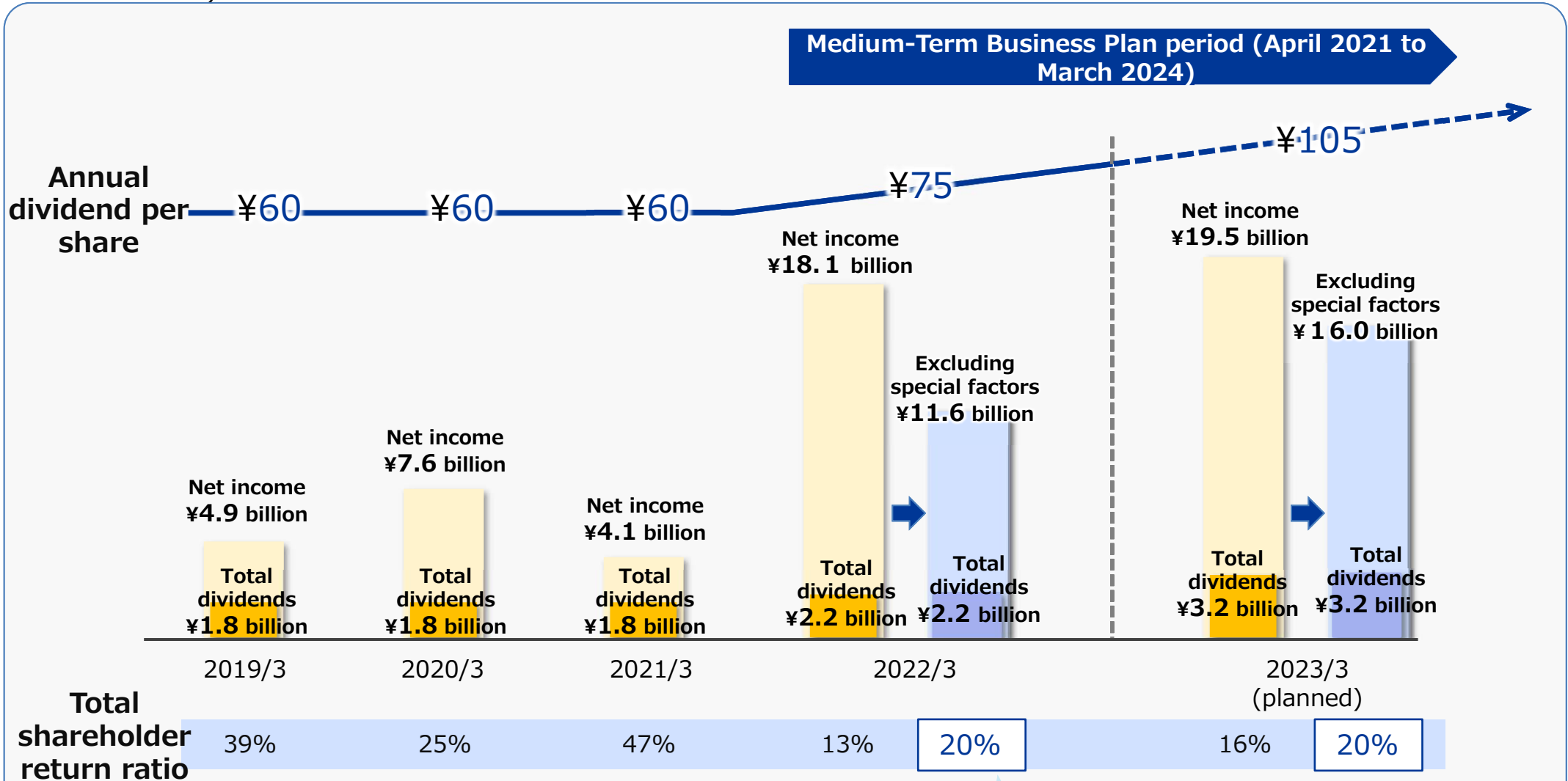
(¥100 million)





Shareholder Returns (Dividend Policy)

- Implement shareholder returns based on the Medium-Term Business Plan dividend policy (a total shareholder return ratio of 20%–30%)



* Total shareholder return ratio on profit from main line business excluding special factors of ¥11.6 billion
 Profit from special factors of ¥6.5 billion used to invest in promoting DX and other areas to contribute to the improvement of management efficiency (same for FY2022)

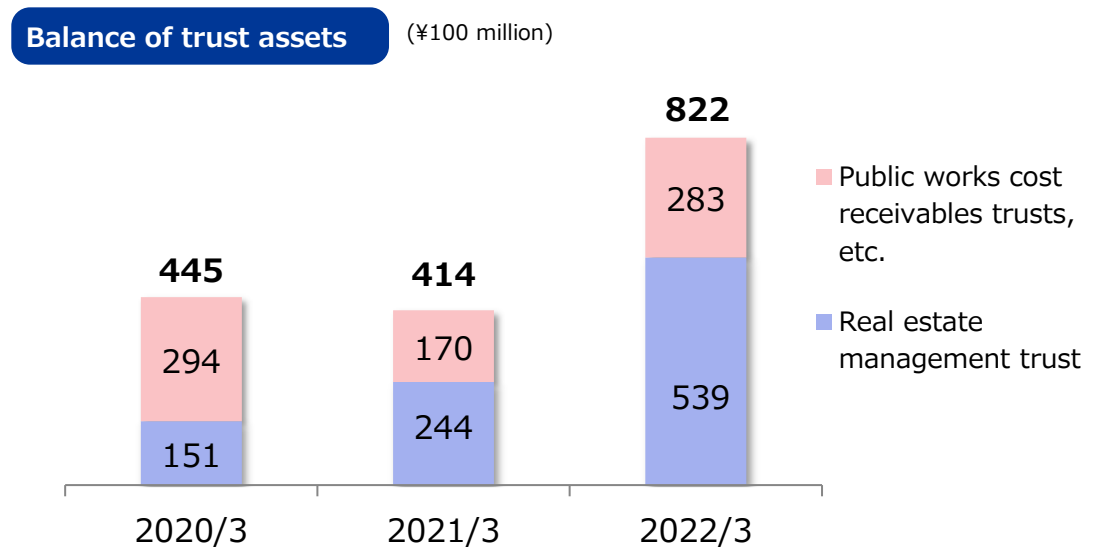
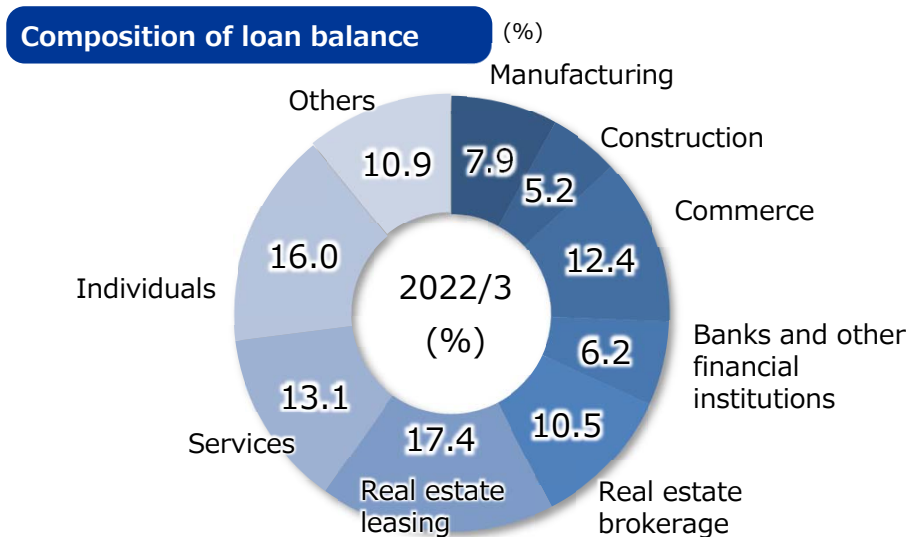
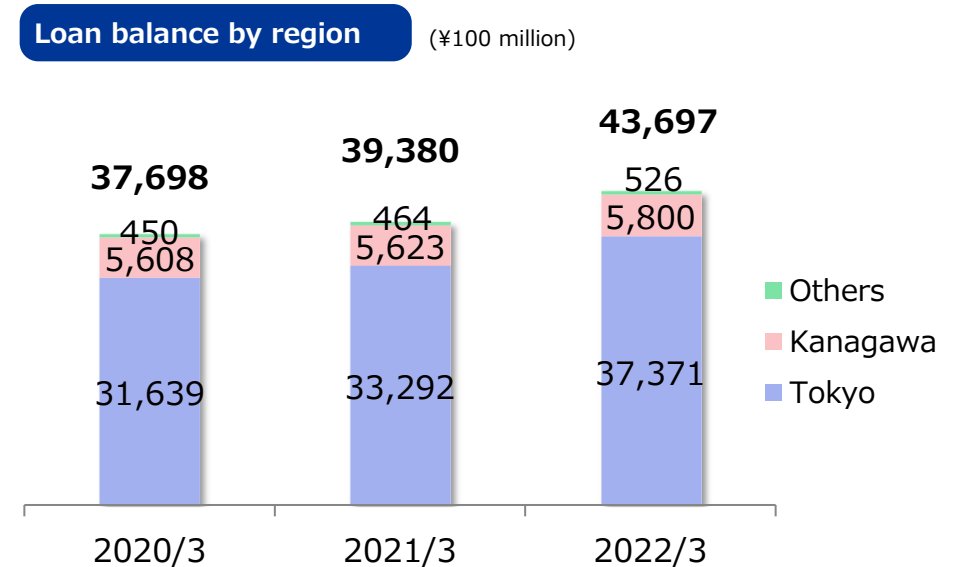
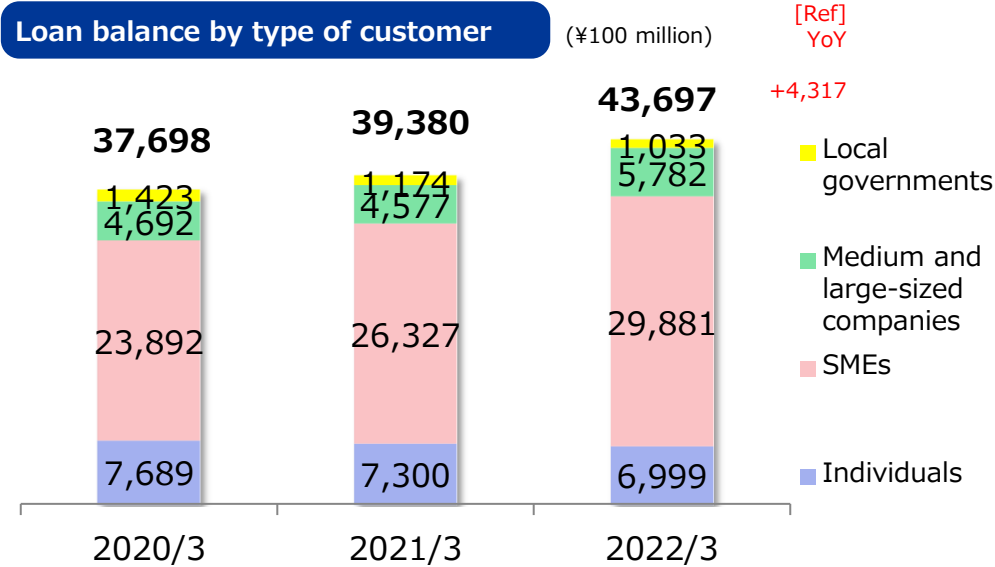


<Reference>
**Summary of Business Results for the
Fiscal Year Ended March 31, 2022**



Loans and Trust Assets (Kiraboshi Bank)

Increase in loan balance (up ¥431.7 billion YoY) associated primarily with SME financing resulting from promotion of transactions for main bank relationship building and business financing activities (P.23)



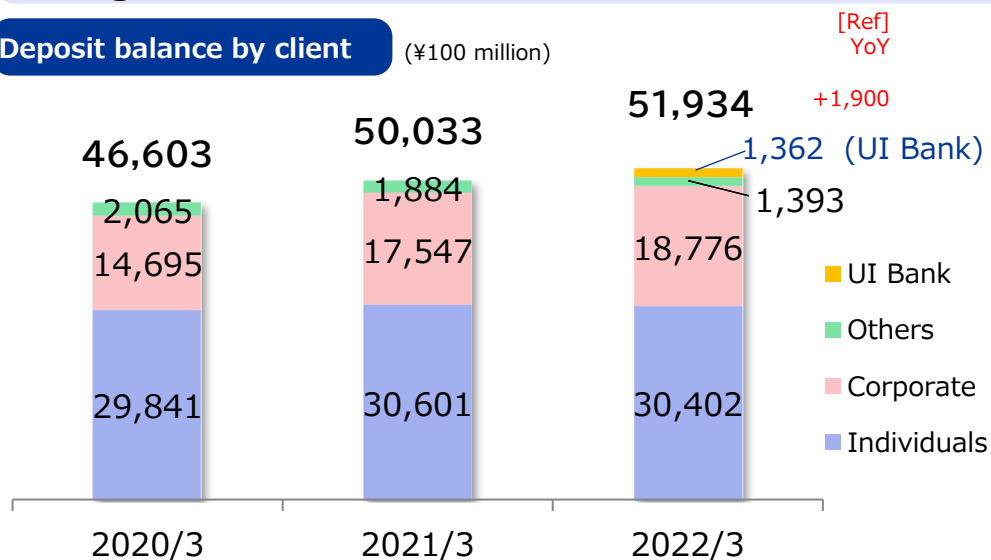
Deposits and Assets under Management (Kiraboshi Bank) + UI Bank + KLD Securities



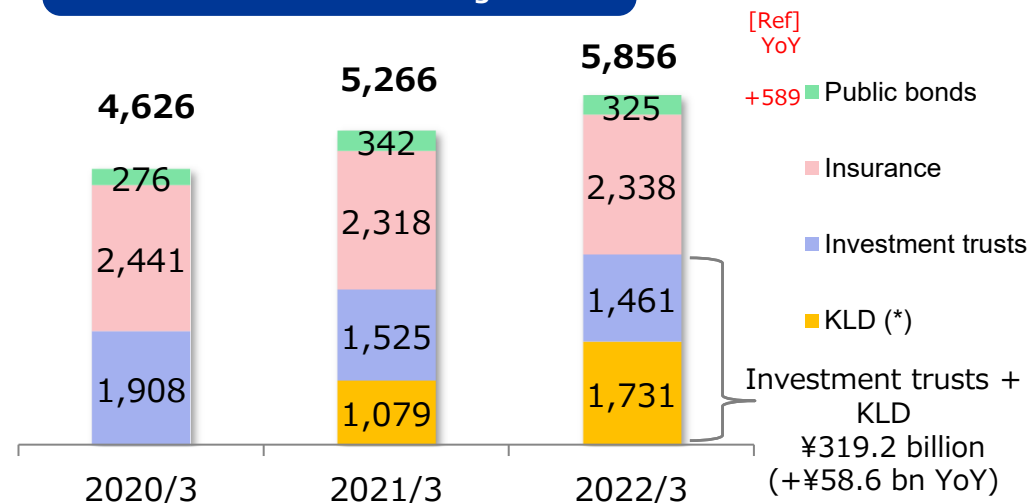
Tokyo Kiraboshi FG

Increase in deposit balance (+ ¥190.0 bn YoY) due primarily to the launch of UI Bank (+ ¥136.2 bn)
Robust accumulation of assets in securities subsidiary contributing to overall balance of assets under management

Deposit balance by client (¥100 million)

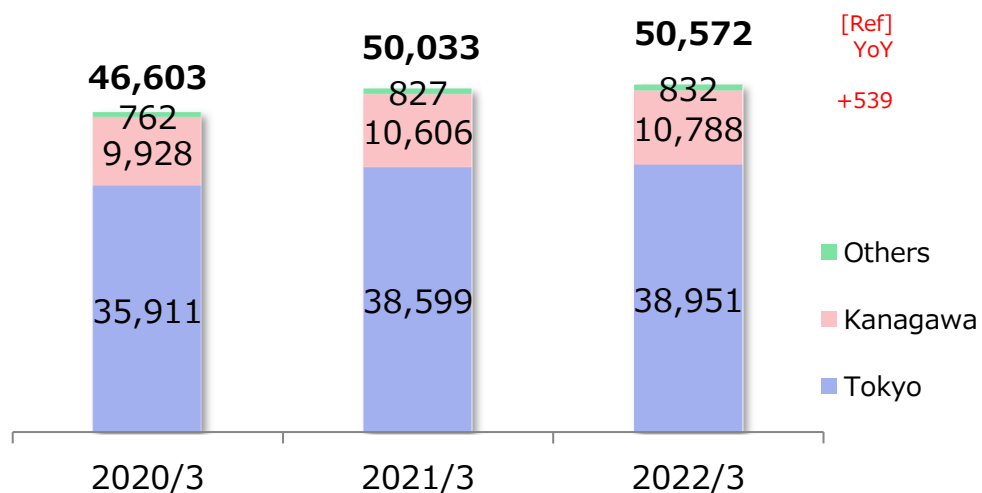


Balance of assets under management (¥100 million)

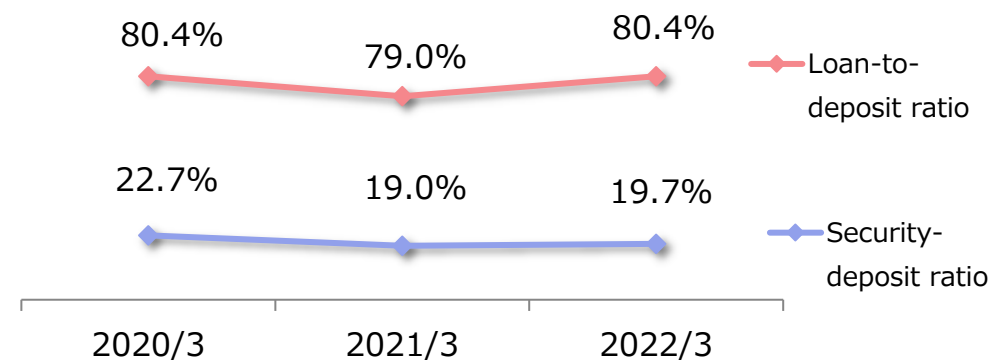


* Kiraboshi Life Design Securities Co., Ltd.

Deposit balance by region (Kiraboshi Bank non-consolidated) (¥100 million)



Loan-to-deposit ratio / security-deposit ratio





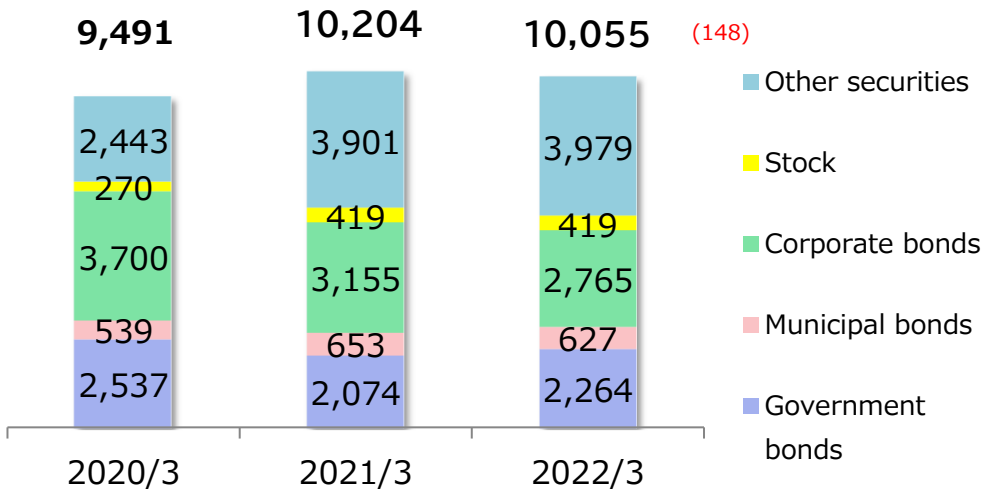
Securities (Kiraboshi Bank)

Aim to construct an optimal portfolio and reinforce and stabilize annual profits through the diversification of operations from a medium- and long-term perspective
 Adopt a cautious stance on investment in Japanese and foreign bonds, based on the interest rate environment

Securities balance

(¥100 million)

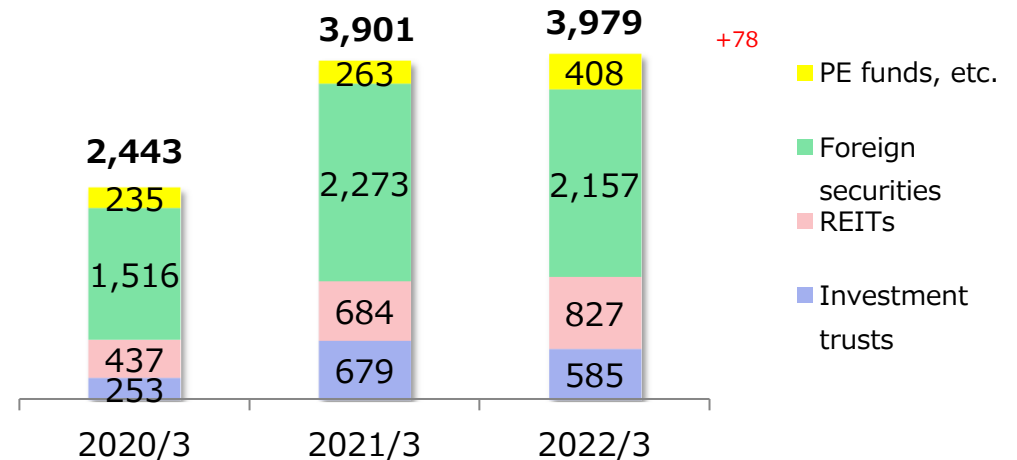
[Ref]
YoY



Breakdown of available-for-sale securities

(¥100 million)

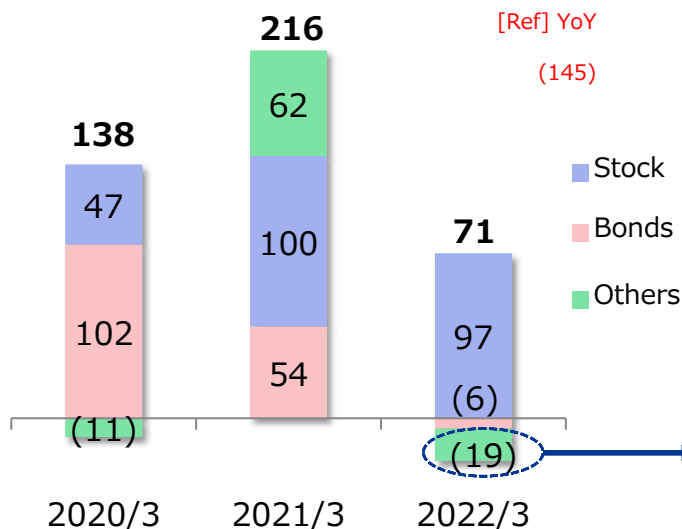
[Ref]
YoY



Valuation gain/loss on "available-for-sale securities"

(¥100 million)

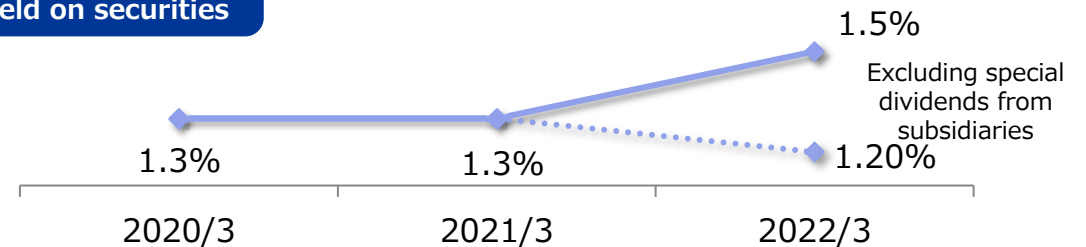
[Ref] YoY
(145)



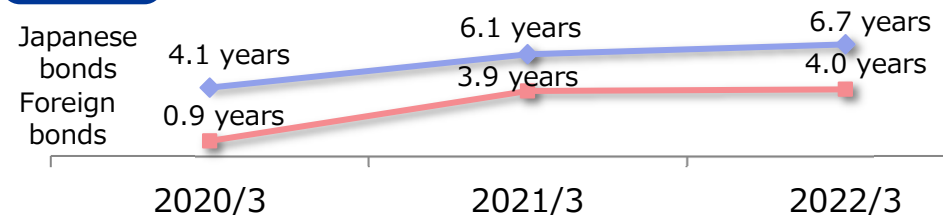
Breakdown of "other" (¥1.9 billion)

- Foreign securities (¥8.4 billion)
- REITs ¥6.7 billion
- Investment trusts (¥0.3 billion)
- Others ¥0.1 billion

Yield on securities



Duration



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

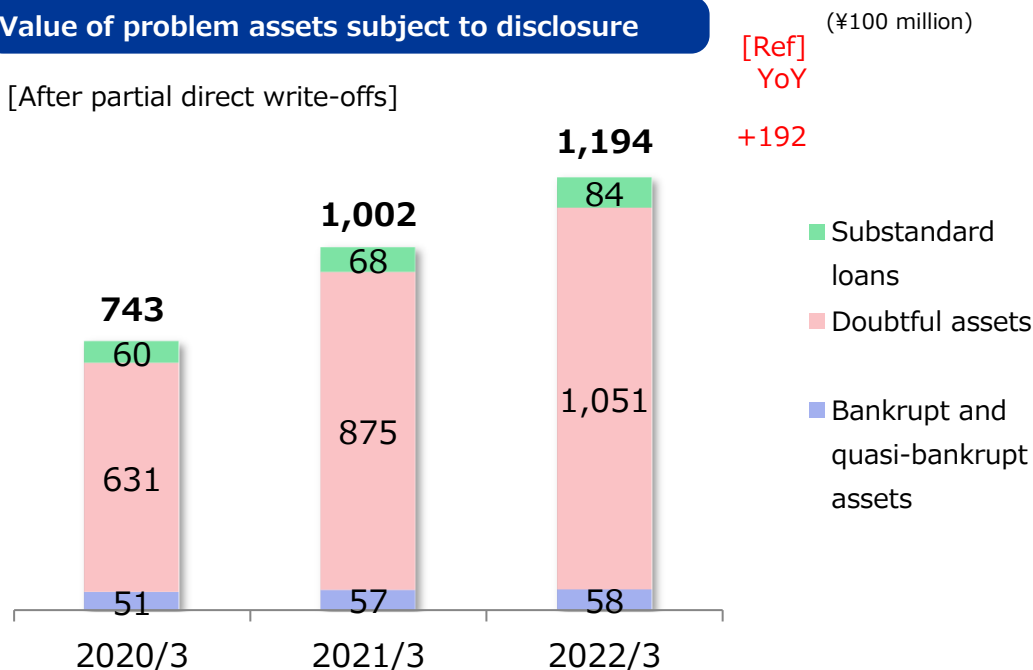


Tokyo Kiraboshi FG

Recorded a decrease of ¥2.0 billion YoY in credit-related costs resulting partly from enhancement of the credit management system, despite the additional preventative provision of reserve for possible loan losses (¥1.4 bn) in view of COVID-19 and the Russia-Ukraine situation

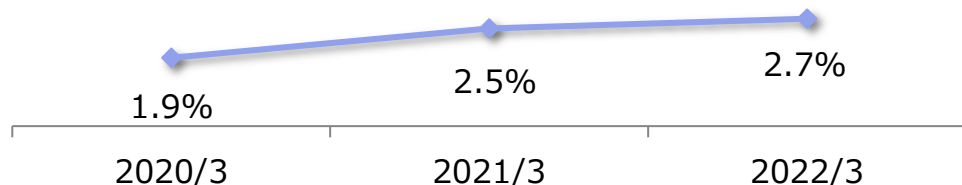
Value of problem assets subject to disclosure

[After partial direct write-offs]



Ratio of problem assets subject to disclosure

[After partial direct write-offs]



Credit-related costs

(¥100 million)

2020/3	2021/3	2022/3	Change
114	84	63	(20)

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

[Before partial direct write-offs]

(¥100 million)

	2021/3	2022/3
Covered amount	844	1,053
Reserve for possible loan losses	245	236
Collaterals, guarantees, etc.	599	817
Problem assets	1,139	1,334
Coverage ratio	74.1%	78.9%

[Value of problem assets subject to disclosure]

Corporate bankruptcies were kept under control, partly due to COVID-19 emergency lending and flexible payment rescheduling, but the value of problem assets subject to disclosure increased, mainly as a result of the implementation of support lending to local customers with 100% coverage based on business feasibility evaluations. Coverage ratio increased YoY.

[Credit-related costs]

- Additional provision of ¥0.8 billion associated with COVID-19 (restaurants and hotels)
- Additional provision of ¥0.6 billion associated with the Russia-Ukraine situation (marine product wholesalers, used automobile exporters, etc.)

Credit-related costs decreased by ¥2.0 billion YoY to ¥6.3 billion, resulting partly from enhancement of credit management system, despite the additional preventative provision of reserve for possible loan losses mentioned above.

Note: Balance of preventative reserve as of March 31, 2022: ¥2.0 billion (including the additional ¥1.4 billion provided)

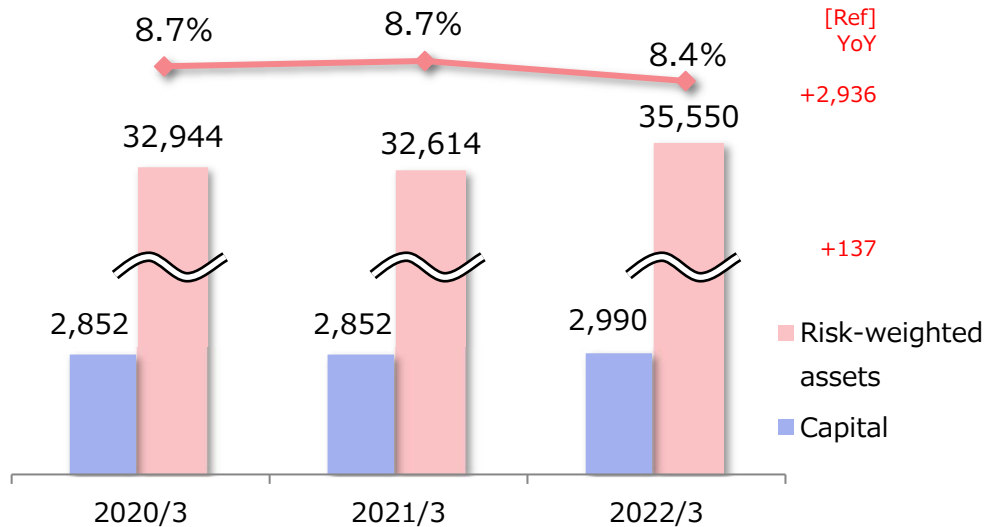


Capital Ratio/Core OHR/ROE

Capital ratio declined by 0.3 point YoY due to increase in risk assets resulting from increase in loans
 Core OHR and ROE improved significantly YoY, reflecting the progress of measures to strengthen income

Consolidated capital ratio (Tokyo Kiraboshi FG)

(¥100 million)

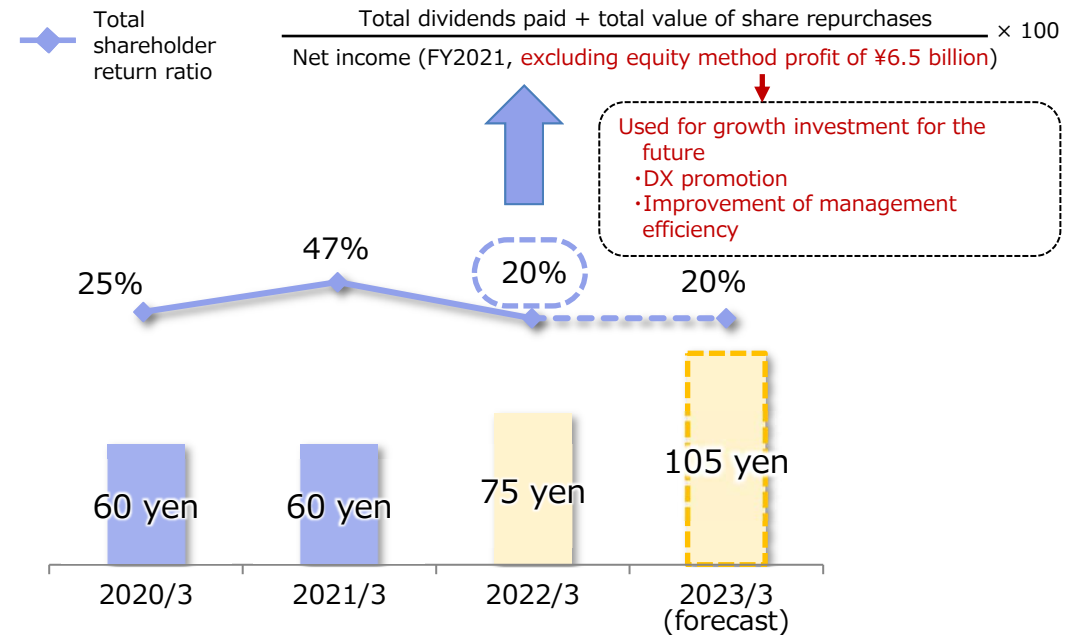


ROE (Tokyo Kiraboshi FG consolidated)

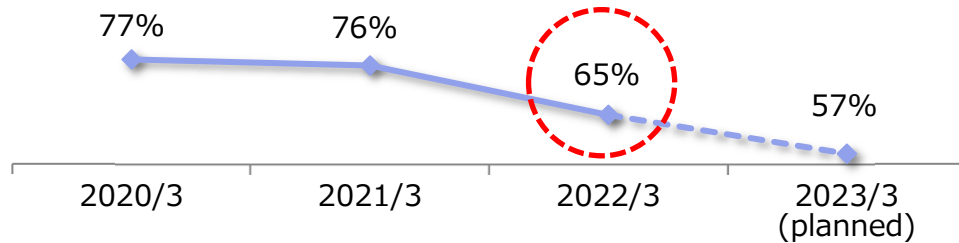
2020/3	2021/3	2022/3	2023/3 (planned)
2.6 %	1.3%	5.7 %	5.9%

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

Annual dividend per share (Tokyo Kiraboshi FG)



Core OHR (Kiraboshi Bank)



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



Progress on the Medium-Term Business Plan

Overview of the Tokyo Kiraboshi Financial Group



Tokyo Kiraboshi FG

Tokyo Kiraboshi Financial Group, Inc.

(as of March 31, 2022)

①

Kiraboshi Bank, Ltd.

(as of March 31, 2022)

Location of head office	3-10-43 Minami Aoyama, Minato-ku, Tokyo
Capital	¥43.7 billion
Total assets	¥6,361.4 billion

(Group companies)

(Group companies)

Location of head office	3-10-43 Minami Aoyama, Minato-ku, Tokyo
Capital	¥27.5 billion
Consolidated total assets	¥6,443.8 billion

	Company name	Business description
⑦	UI Bank Co., Ltd. <i>New Launched in Jan. 2022</i>	Banking business
⑧	Tokyo Kiraboshi Lease, Inc.	General leasing business
⑨	Kiraboshi System, Inc.	System processing outsourcing
⑩	Kiraboshi Consulting Co., Ltd.	Consulting
⑪	Kiraboshi JCB Co., Ltd.	Credit card business
⑫	Kiraboshi Tech, Inc.	Fintech services
⑬	Kiraboshi Capital Co., Ltd.	Structuring and administration of funds
⑭	Kiraboshi Life Design Securities Co., Ltd.	Securities business
⑮	Kiraboshi business office service, Inc. <i>New From FY2021</i>	Payroll operations, etc.

(Equity-method affiliate)

⑰	Sky Ocean Asset Management Co., Ltd.	Commissioned investment trust services
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	Company name	Business description
②	Kiraboshi Credit Guarantee Co., Ltd.	Guarantee operations
③	Yachiyo Credit Guarantee Co., Ltd.	Guarantee operations
④	Kiraboshi Business Service Co., Ltd.	Centralized administrative services
⑤	Kiraboshi Business Consulting Shanghai Co., Ltd.	Consulting
⑥	KIRABOSHI BUSINESS CONSULTING VIETNAM CO., Ltd.	Consulting

(Equity-method affiliate)

⑯	Kiraboshi Insurance Agency CO., LTD. <i>New From FY2021</i>	Insurance agency business
⑰	StarBridge business consulting (Beijing) Co.,Ltd. <i>New From FY2021</i>	Consulting



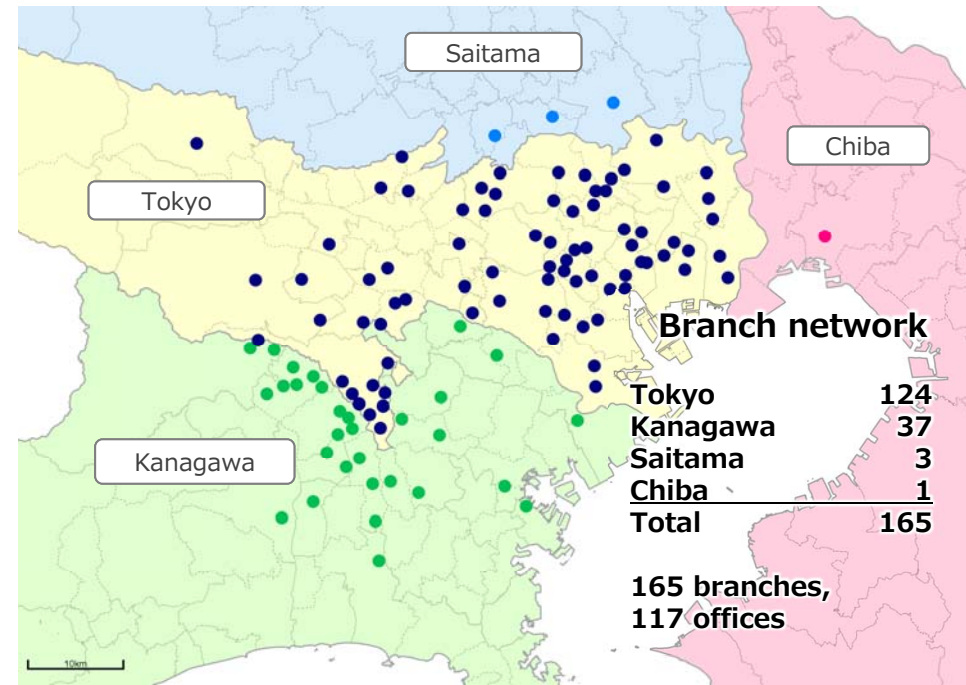
Management Base of Kiraboshi Group

- Accelerate the promotion of transactions for main bank relationship building and business financing activities against the backdrop of a productive market

	Japan	Tokyo	(Proportion: approx.)
Population (estimate)	125.38 million (as of December 1, 2021)	13.99 million (as of December 1, 2021)	11%
Gross domestic product (nominal) Tokyo gross municipal product (nominal)	¥535.5 trillion (FY2020)	¥107.0 trillion (FY2018)	19%
Number of companies (Companies + individuals)	3,608 thousand companies (2016)	418 thousand companies (2016)	11%
Number of offices	6,398 thousand companies (2019)	913 thousand companies (2019)	14%
Balance of bank loans (Japanese banks)	¥548.3 trillion (As of March 31, 2022)	¥238.2 trillion (As of March 31, 2022)	43%
Balance of bank deposits (Japanese banks)	¥924.0 trillion (As of March 31, 2022)	¥328.3 trillion (As of March 31, 2022)	35%

(Remarks)
 Ministry of Internal Affairs and Communications population estimates,
 Tokyo Metropolitan Government population (estimates) of Tokyo,
 Cabinet Office *Annual Report on National Accounts for 2020*,
 Tokyo Metropolitan Government *Tokyo Statistical Yearbook* (fiscal 2018),
 Ministry of Internal Affairs and Communications *2019 Economic Census for Business Frame*, *2016 Economic Census for Business Activity*,
 Bank of Japan *Statistics: Deposits and Loans Market*

Kiraboshi Bank Branch Network



Number of Kiraboshi Bank customers with main bank transaction relationship

	Number of companies (denominator)	Number of customers with main bank relationship	Share
Tokyo	229,629	7,086	3.1%
Kanagawa	77,442	2,829	3.7%
Total	307,071	9,915	3.2%

(Reference) Prepared based on a 2021 survey by TOKYO SHOKO RESEARCH, LTD.
 (The number of companies is based on the TOKYO SHOKO RESEARCH, LTD. database)

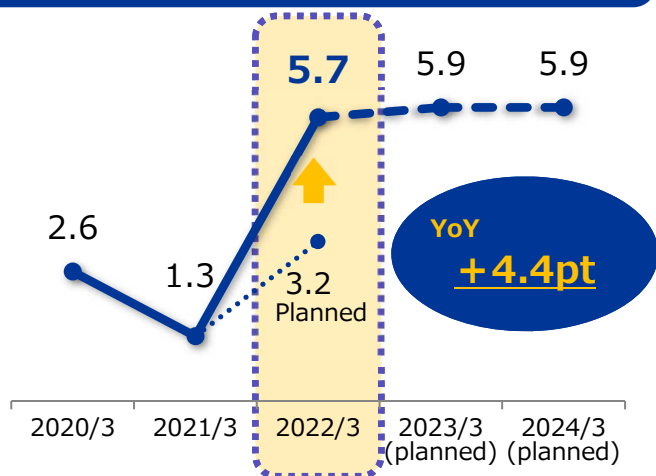
Financial Targets under the Medium-Term Business Plan (KGIs)



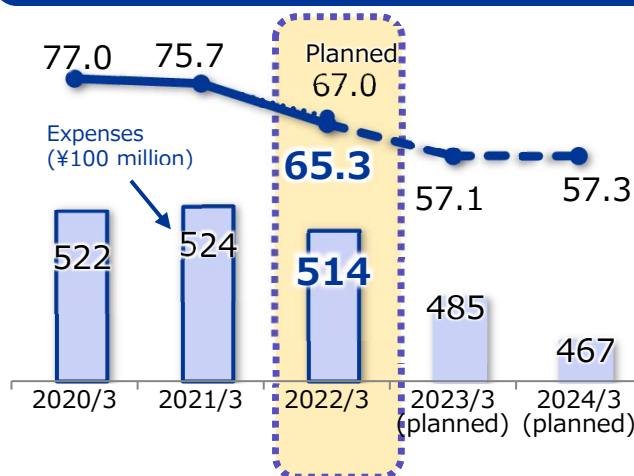
Tokyo Kiraboshi FG

- Achieved the targets for 5 out of 6 KGIs for FY2021

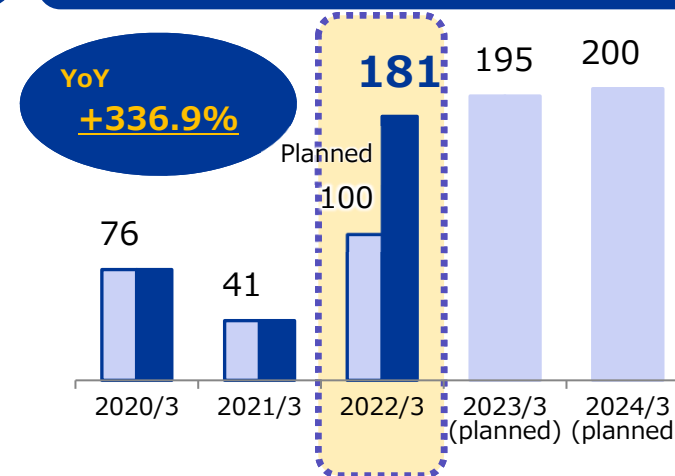
① ROE <FG consolidated> (%)



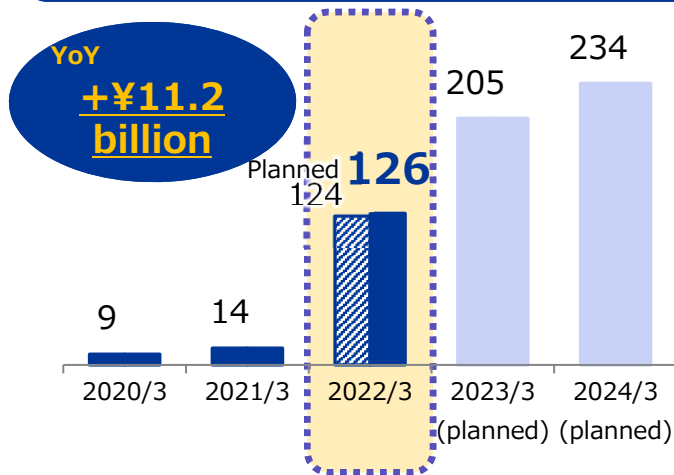
② Core OHR <Kiraboshi Bank non-consolidated> (%)



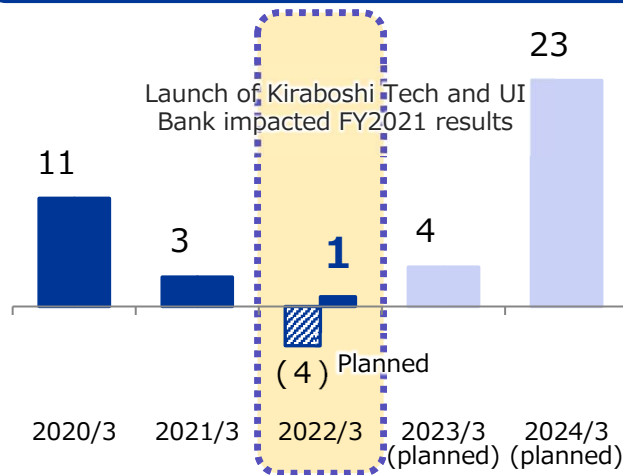
③ Net income <FG consolidated> (¥100 million)



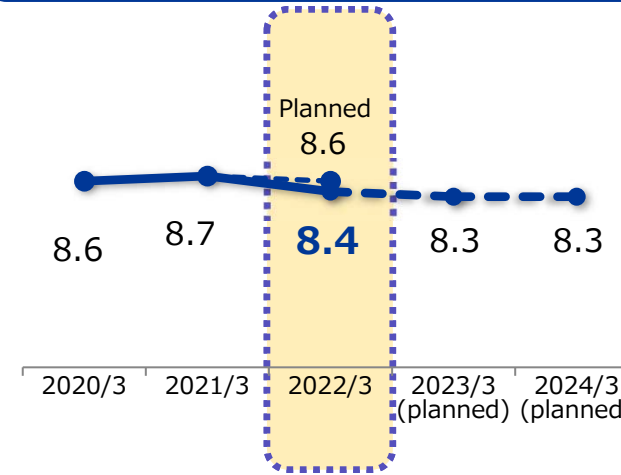
④ Profit from customer business <Kiraboshi Bank non-consolidated> (¥100 million)



⑤ Contribution of subsidiaries to consolidated income <FG consolidated> (¥100 million)



⑥ Capital ratio <FG consolidated> (%)



Strategy of the Medium-Term Business Plan and Related Indicators (KPIs) – Initiatives to Address ESG/SDGs



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	Focus items and SDG targets	Related indicators (FY2023 targets)	Related indicators (FY2021 results)	Achievement level
Strategy (1) Branch strategy	<ul style="list-style-type: none"> Function-specific branches and transformation of all branches to next-generation branch setup Strengthen face-to-face in-person proposal and consulting services Move to paperless, passbook-less, and cashless 	<ul style="list-style-type: none"> Community engagement Shared value Next generation / Women 	Retail-focused branches 34 offices	Retail-focused branches: 56 offices	○
Strategy (2) Business process re-engineering	<ul style="list-style-type: none"> Efficiency improvement in branch sales operation and headquarters Free up personnel for allocation to high-quality face-to-face services 		Gross core business profit per head ¥32 million	Gross core business profit per head: ¥ 29.6 million	○
Strategy (3) Human resources development	<ul style="list-style-type: none"> Human resources development and personnel system reform Realization of diverse work styles Develop human resources, create happiness for all officers and employees 		Make use of external talents Increase in mid-career hires	Mid-career hires: 50	—

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) Resource allocation	<ul style="list-style-type: none"> Centralization of routine and strategic support functions Implement optimal allocation of personnel freed up through efficiency improvement Provide added value by offering back office and strategic support 	<ul style="list-style-type: none"> Community engagement Shared value Accountability / Transparency 	KGIs (Please refer to P.4)	KGIs (Please refer to P.4)	—
DX	<ul style="list-style-type: none"> Establishment of Digital Bank Improvement of customer convenience Fusion of "face-to-face and non-face-to-face," "financial and non-financial" services Provide IT support for older adults, contribute to improving IT literacy activities 		Number of Internet users 400,000 users	Number of Internet users: 150,000 users	△

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

Strategy (5) Services for the business owner segment and older adult segment	<ul style="list-style-type: none"> Life plan support / asset management Business targeted at the older adult segment Transactions with business owners, inheritance, property management Provide services aligned to life stage/plan through goal-based approach Kiraboshi Package – services that match to all life scenes 	<ul style="list-style-type: none"> Community engagement Shared value Environmental protection 	Increase in the number of business owner customers with assets under management: 1,000	Increase in the number of business owner customers with assets under management: 1,780	◎
Strategy (6) Promote main bank relationship building	<ul style="list-style-type: none"> Business succession Business financing Support for overseas expansion, business improvement, business start-up 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 		In the ¥0.3–10 bn annual sales zone: Number of loan customers with main bank relationship: +600 customers	In the ¥0.3–10 bn annual sales zone: Number of loan customers with main bank relationship: +723 customers	◎
Strategy (7) Medical institutions	<ul style="list-style-type: none"> Collaboration in administrative policy measures Responses to novel coronavirus Local medical activities Use funds to provide management support and financing to medical institutions, social welfare corporations, etc. Engage in regional revitalization activities at various locations, in collaboration with administrative organs, etc. 		Financing to customers with main bank relationship: +¥600 bn	Financing to customers with main bank relationship: +¥154.2 bn	△
			Kiraboshi Package: 60,000 customers	Kiraboshi Package: 27,000 customers	○
			Business succession support: over 1,000 customers	Business succession support: 388 customers	○
			Support to medical institutions: over 400 institutions	Support to medical institutions: 210 institutions	○

Enhancement of corporate governance

- Establishment of chief sustainability officer position
- Revision of credit policy
- Established an environmentally and socially friendly investment and loans policy
- Enhance Group governance to respond to diverse customer needs



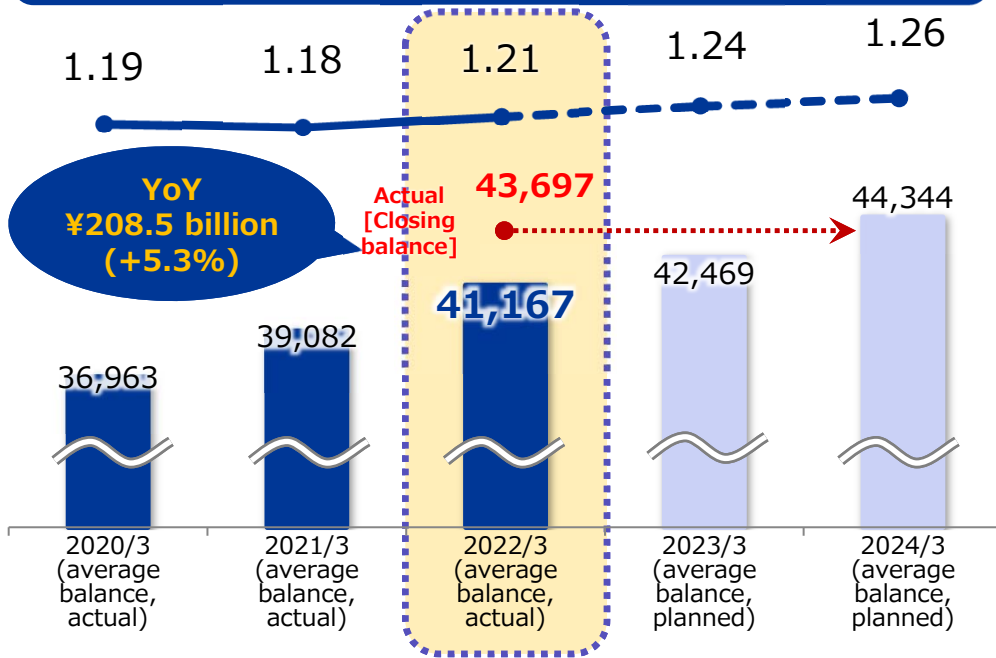
Achievement level of each indicator
 <◎...Surpassed; ○...Achieved or nearly achieved; △...More work needed>



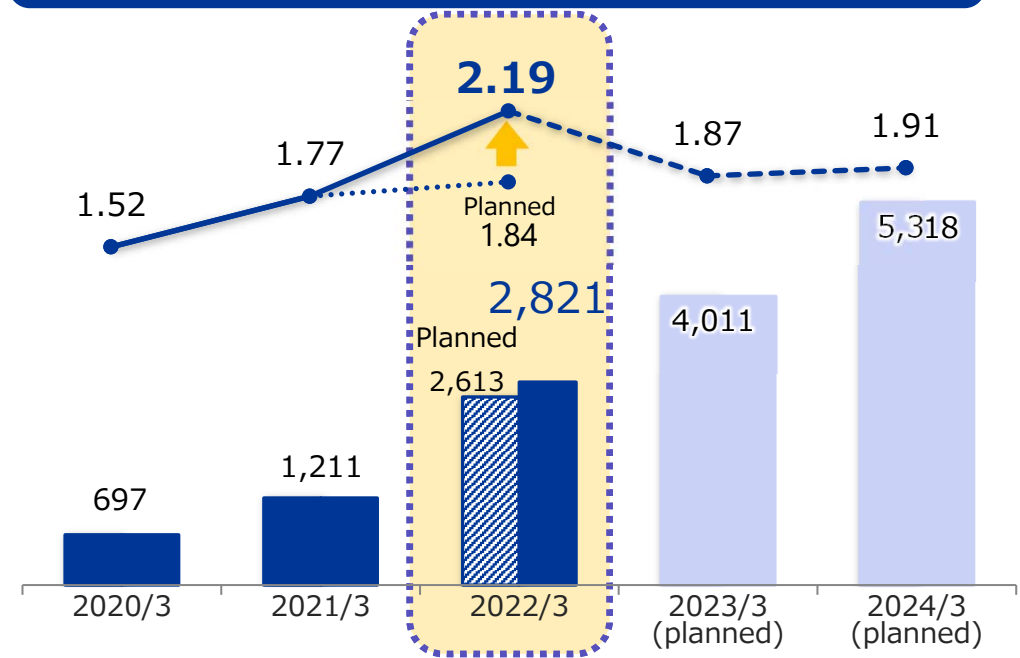
Corporate Customer Strategy ① (Loans)

- The balance of loans has increased, attributable largely to the promotion of transactions for main bank relationship building and business financing activities

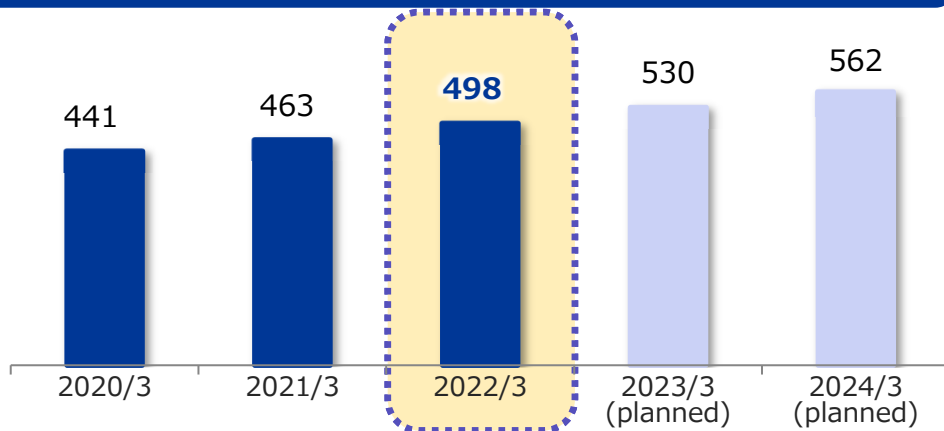
Average loan balance (¥100 mn) and yield (%)



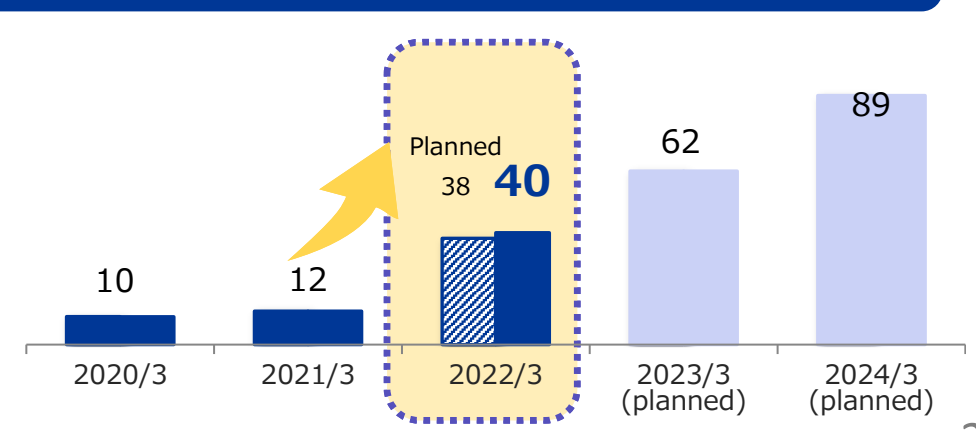
Business loan balance (¥100 mn) / Yield (%)



Interest on loans and discounts (¥100 mn)



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

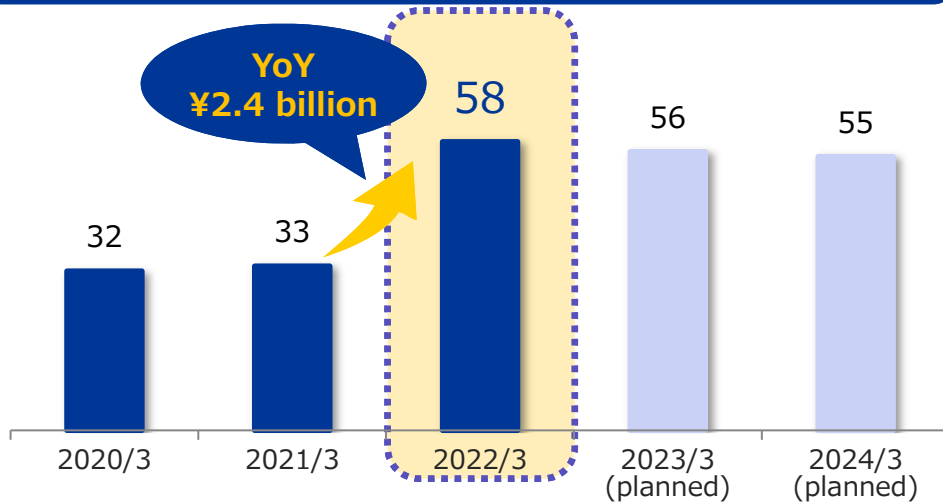




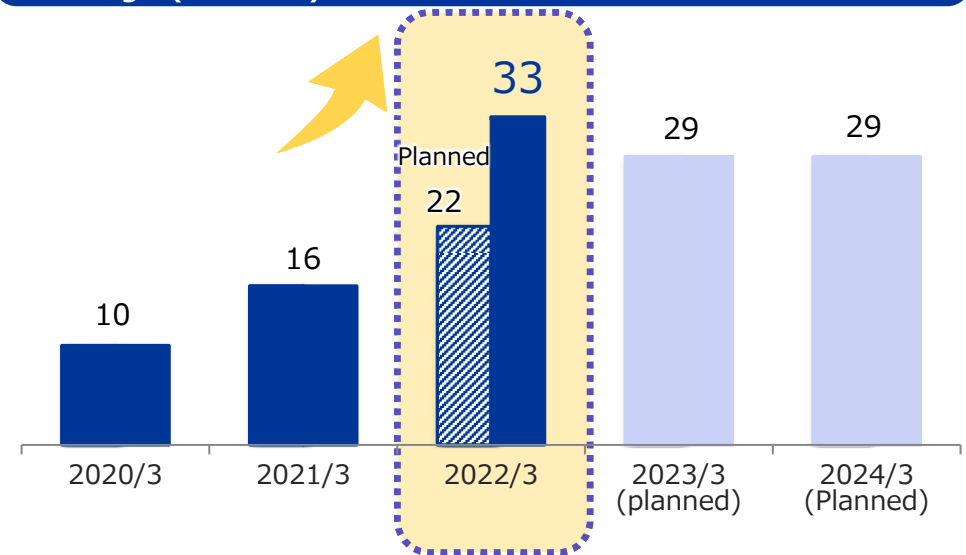
Corporate Customer Strategy ② (Commission Income)

- Commission income from corporate customers has increased, largely due to stronger promotion of business financing

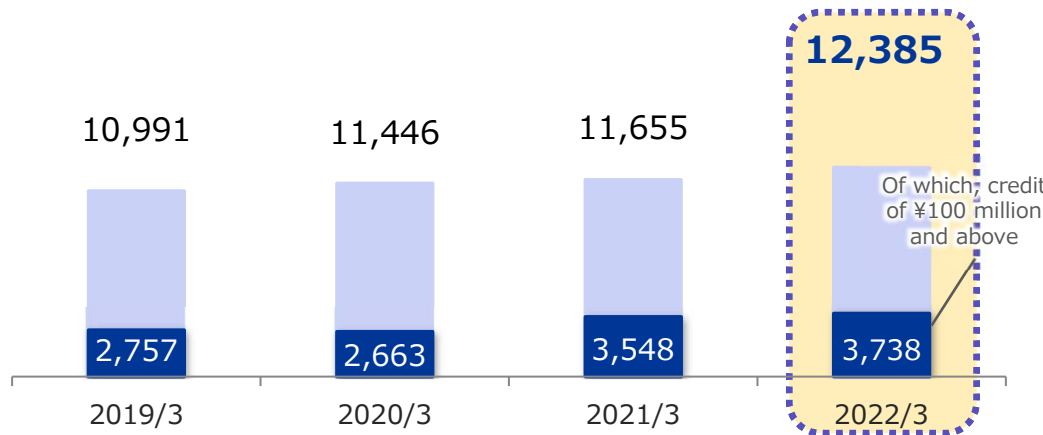
Commission income from corporate customers (¥100 mn)



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



Number of Kiraboshi Bank customers with main bank transaction relationship (companies)



SF Division

- 14 employees
- Provides expert-structured finance and other financial support for corporate customers

MF Division

- 47 employees
- Support sales offices, making use of strategies such as mezzanine finance to build main bank relationships

RF Division *New*

- 9 employees
- Newly established in April 2022
- Real Estate Finance Division
- Established independently from the SF Division, to undertake business such as nonrecourse real estate loans
- Headquarters sales staff responsible for sophisticated projects

Corporate Customer Strategy ③ (Equity and Mezzanine Finance)

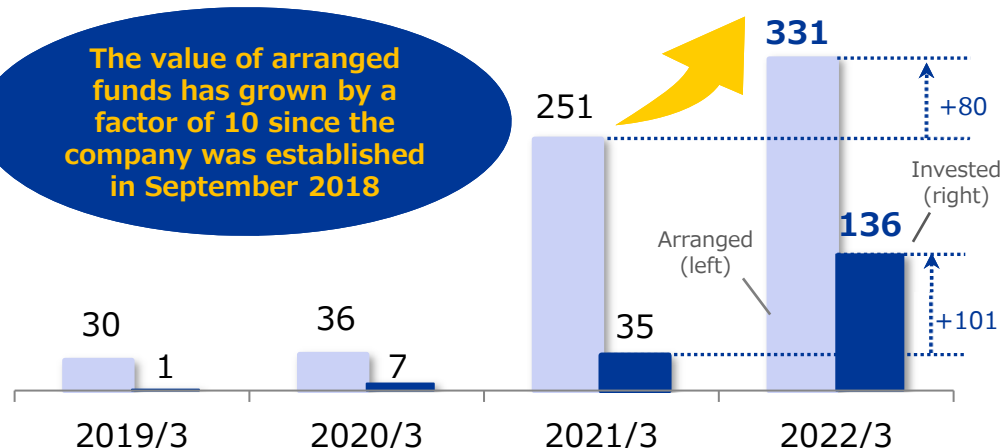


Tokyo Kiraboshi FG

- Enhance high-value-added offerings such as equity and mezzanine finance for customers in various life stages
- FY2021: Kiraboshi Capital Co., Ltd. saw a significant increase in the value of funds arranged and invested

Kiraboshi Capital Co., Ltd.

Changes in fund amounts (¥100 mn)



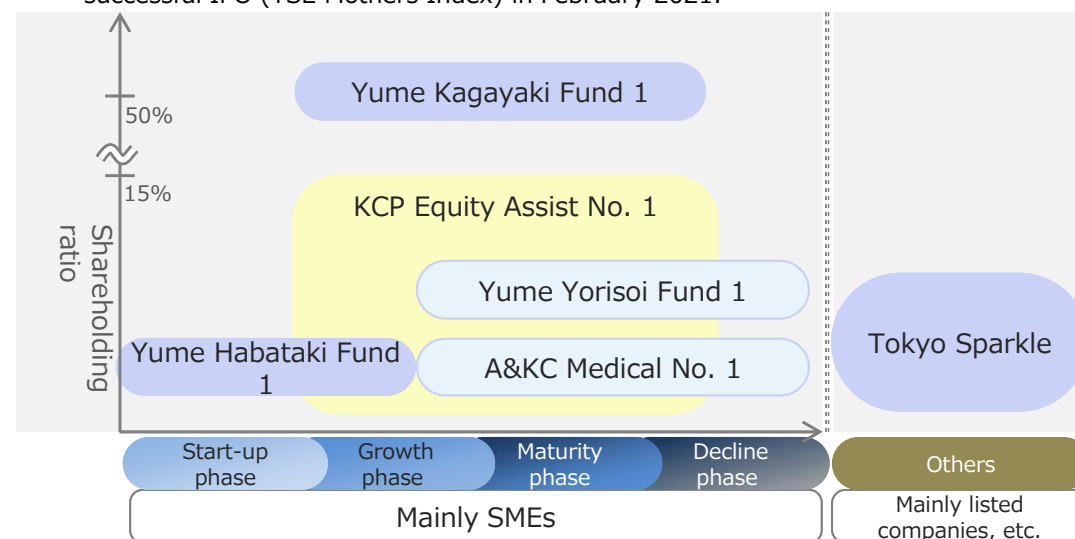
Funds administered by Kiraboshi Capital

Yume Kagayaki Fund 1	Launched in Nov. 2018	Buyout investment
Yume Habataki Fund 1 (*)	Launched in Mar. 2019	Growth capital investment
Yume Yoriso-i 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 Jun. 2021	Equity investment (minority)

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

Kiraboshi Capital Co., Ltd.

- Established in September 2018
- 30 employees
- Established as a wholly owned subsidiary of the Tokyo Kiraboshi Financial Group with the aim of expanding the range of support by providing financial services through funds.
- Manages funds matching each life stage, from foundation through growth and maturity to restructuring
Provides solutions to meet the management needs of customers, including listed companies and entrepreneurs gathered in the Tokyo metropolitan area



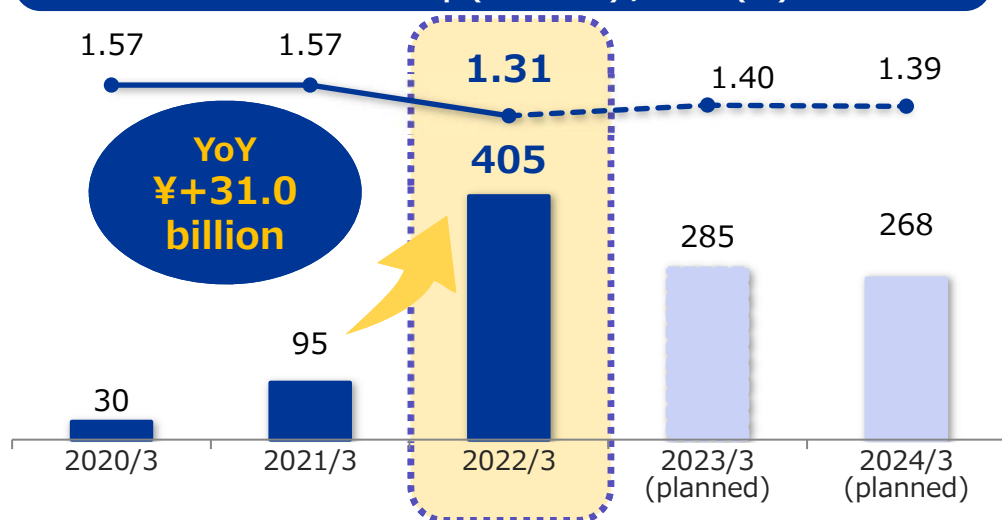
Corporate Customer Strategy ④ (Medical Institutions and Trust Business)



Tokyo Kiraboshi FG

- Collaborate with administrative organs, etc. to actively support medical institutions, which face a challenging business environment due to COVID-19
- Provide services utilizing the trust function to respond to diverse customer needs, achieving the second-highest level of trust balance among regional banks

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



- Utilize schemes such as the Tokyo Metropolitan Government's financing scheme for medical institutions to support the cash flow and finances of medical institutions, which face a challenging business environment due to COVID-19, and grow the balance of loans.

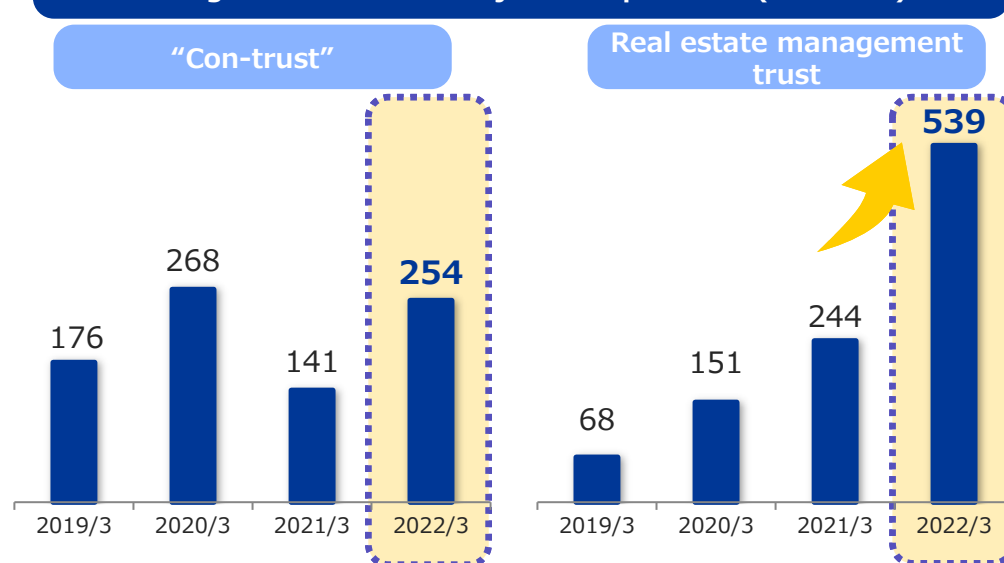
Medical and Welfare Business Division

- Established in October 2002
- 13 employees
- Leverages the expertise acquired during its 19-year history as a pioneering specialized medical division to provide diverse financial support

2022/3 Total balance
Approx. ¥120 bn
(Including loans aimed at building main bank relationship)

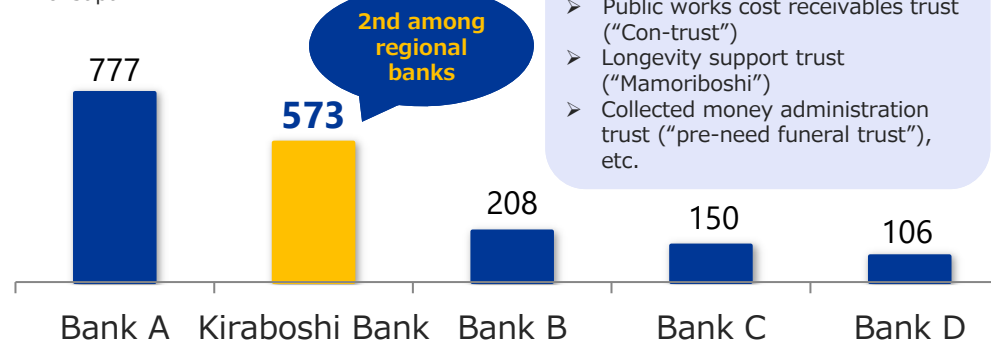
2021/3
Approx. ¥100 bn
(Including loans aimed at building main bank relationship)

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



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

Source: Trust Companies Association of Japan



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

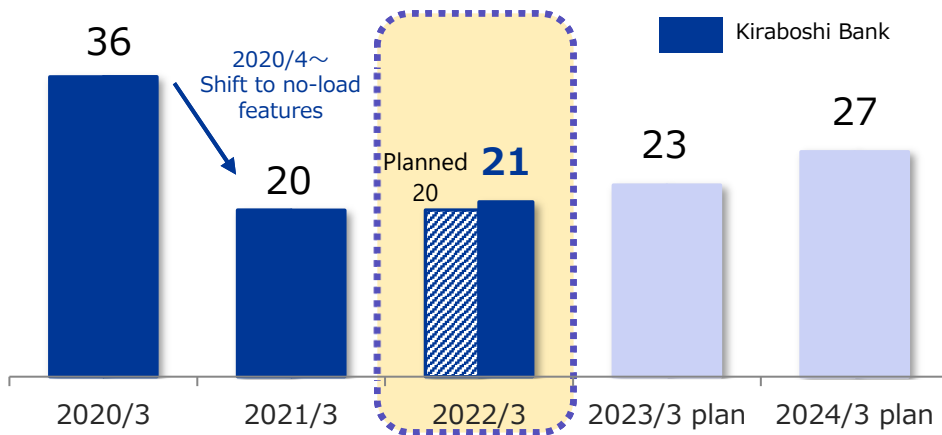
Retail Customer Strategy ① (Assets Under Management)



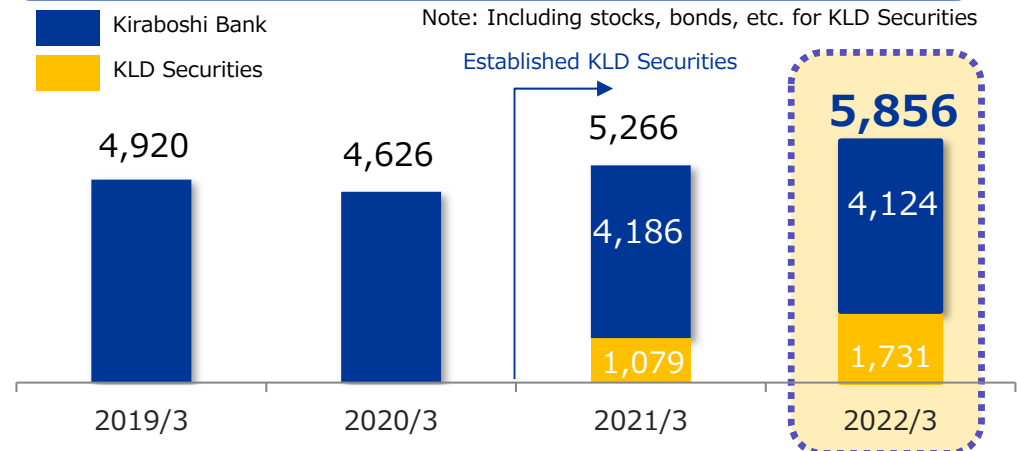
Tokyo Kiraboshi FG

- Engage in activities with a committed customer-oriented approach in the retail customer business, and respond diligently to inquiries by SME owners
- Effectively waive sales commissions for customers with a balance of assets under management of ¥10 million or more, and engage in sales activities focused on outstanding balance

Fees and commissions from financial instruments (¥100 million)



Balance of assets under management (¥100 million)

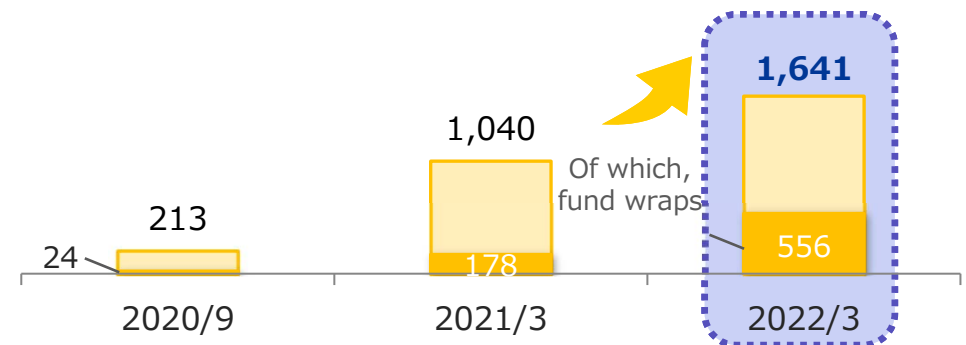


Transactions with business owners

April 2021 to March 2022

Number of business owner customers with assets under management:
+1,780 accounts
 Increase in outstanding balance
+¥17.93 bn

<KLD Securities only> Balance of investment trusts + fund wraps (¥100 million)



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

Fees and commissions (Mainly trust fees) ¥200 mn (2021/3) → ¥800 mn (2022/3)

Retail Customer Strategy ② (Life Plan Support Business)



Tokyo Kiraboshi FG

- Launched 100-year passport in September 2021, responding to customer demand to “prepare” for the risks presented by the aging society
- Launched online applications for retail IB in January 2022. The number of retail IB users aged 60 and above has risen significantly

100-year passports

Kiraboshi Jinsei Yoriso Trust <100-year passport>

- ① Pension benefits receiving function
- ② Security and assurance function
- ③ Payment service function
- ④ Thoughtful succession function



With 4 trust functions and a diverse range of services in one package, the 100-year passport is a trust product that “prepares” for an aging society, guarding against future dementia and health concerns by enabling customers to “use,” “protect,” and “connect” their important assets.

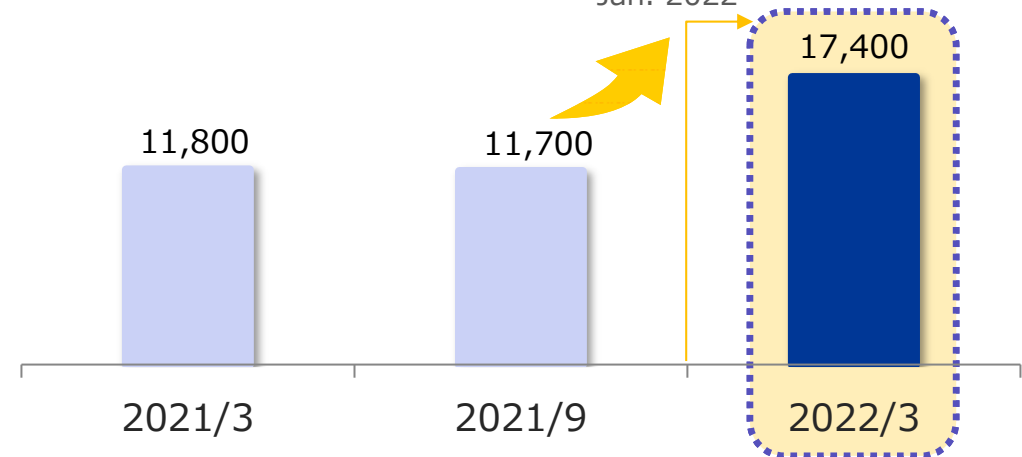
Service launched in Sept. 2021

Number of cases: **52**

¥**425** million (as of March 31, 2022)

Number of retail IB users aged 60 and above

Launched online applications in Jan. 2022



Testamentary trust and arrangement operation

- Continuing to respond to customers’ property succession needs

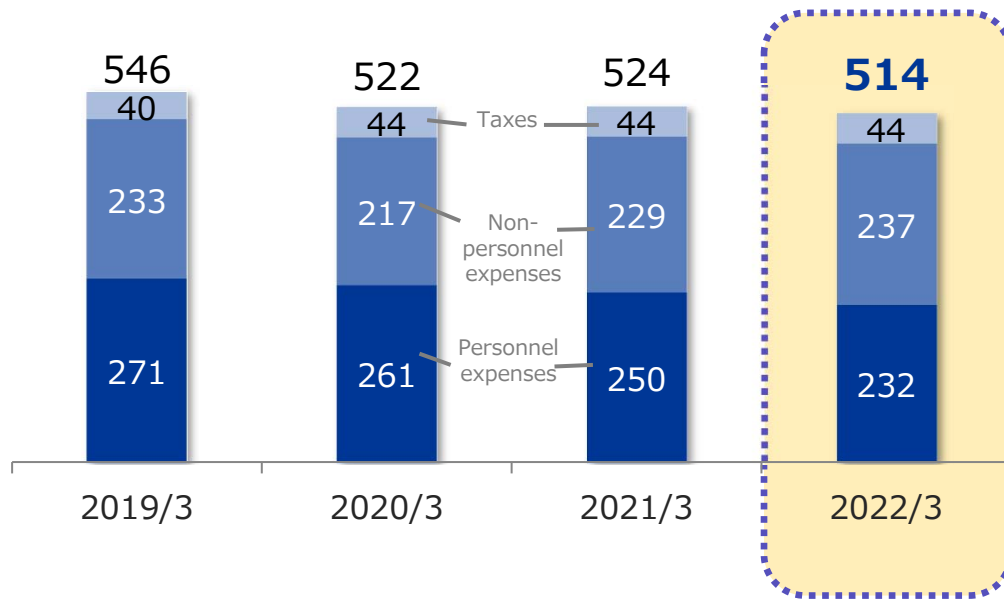
Testamentary trust (number of contracts)		Inheritance arrangement operation (number of contracts)	
FY2019	184	FY2019	29
FY2020	86	FY2020	20
FY2021	109	FY2021	19



Improvement of Management Efficiency ① (Expenses)

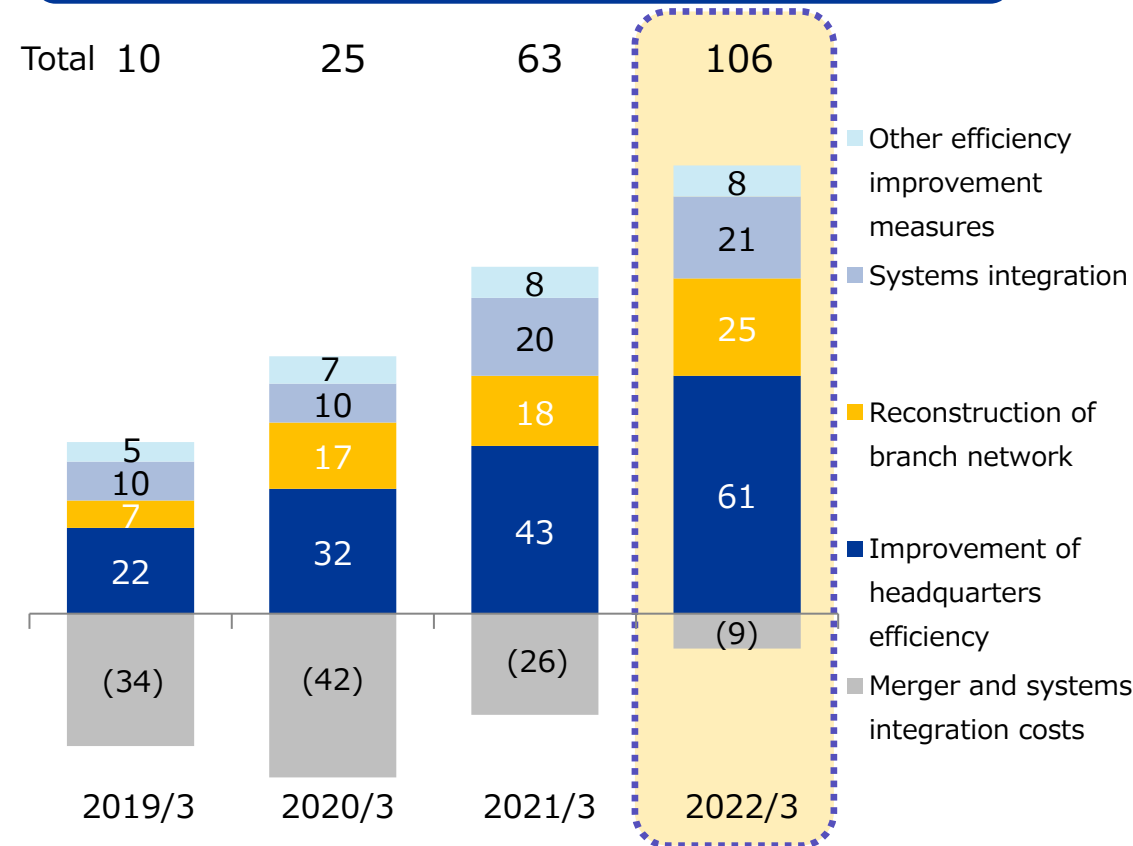
- Aim for productivity improvements through greater personnel efficiency and the optimal allocation of management resources

Expenses (¥100 million)



- FY2021 saw a decrease of ¥1.0 billion year-on-year due to lower personnel expenses, largely from the commissioning of services from Group companies to Kiraboshi business office service, Inc., despite an increase in non-personnel expenses.

Integration effects and merger costs (¥100 million)



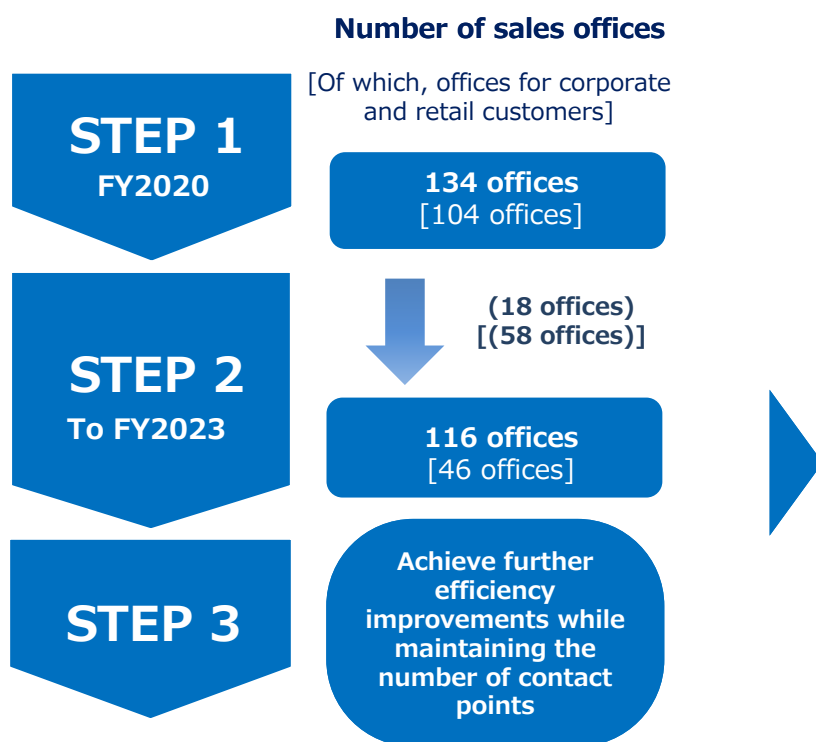
- Merger costs have decreased substantially from FY2021 onwards.
- Integration effects will expand further.

Improvement of Management Efficiency ② (Branch Strategy)



- For the improvement of management efficiency, the restructuring of branch functions is progressing according to plan, based on branch operations with less staff

<Planned number of sales offices>



Key points of branch strategy

- Revision into offices specialized to meet the individual needs of each region
- Transform all manned sales offices into next-generation branches (branches with self-service electronic counters)
- Boost customer convenience by integrating sales offices and digital services

Reduction in the number of offices

	2020/3	2021/3	2022/3	2023/3 planned	2024/3 planned
Offices for corporate and retail customers	104	89	46	46	46
Retail-focused branches	14	20	56	44	34
Offices specializing in corporate customers	3	2	4	6	8
Sub-total (1)	121	111	106	96	88
Staffed sub-branches and offices (2)	13	12	10	20	28
Total of (1) + (2)	134	123	116	116	116

Note: Excluding online branches

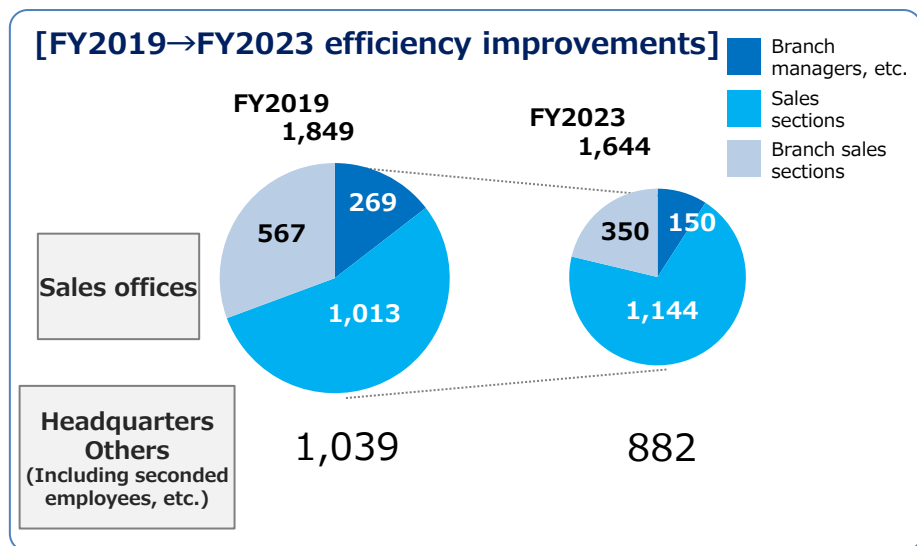
- FY2021: Completed 7 BIB offices
- Effects of branch elimination/consolidation to materialize further from FY2022

Improvement of Management Efficiency ③ (Employee Numbers)



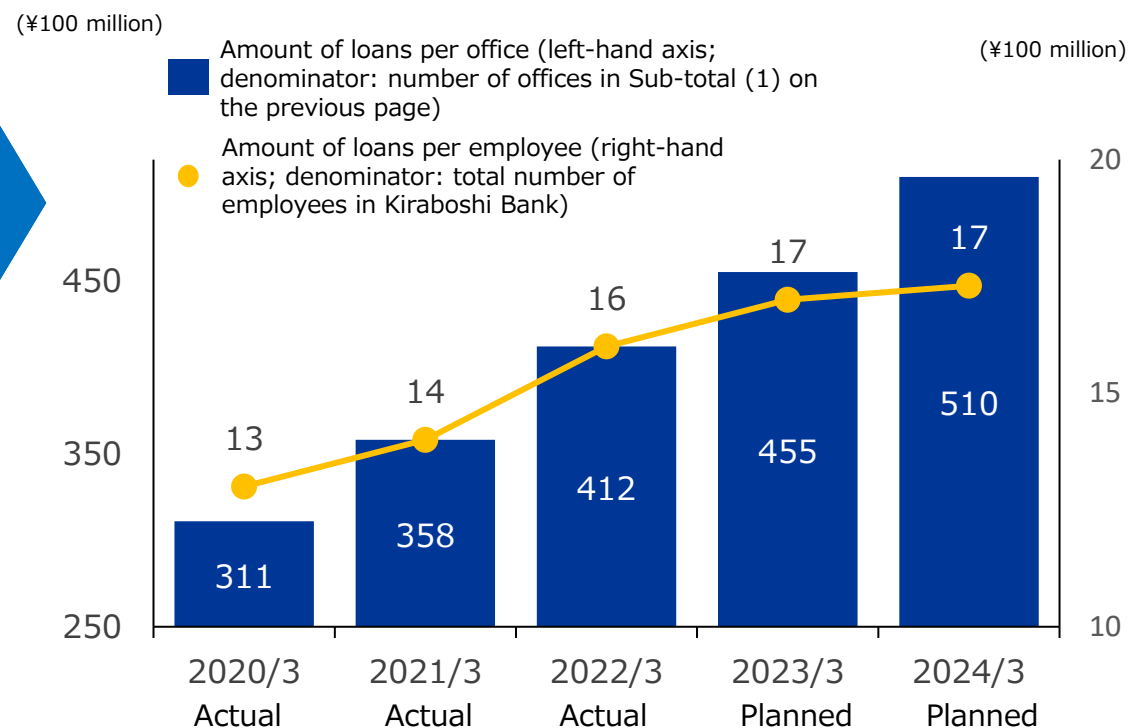
- Aim to improve productivity per employee through greater personnel efficiency and the optimal allocation of management resources

<Planned number of employees>

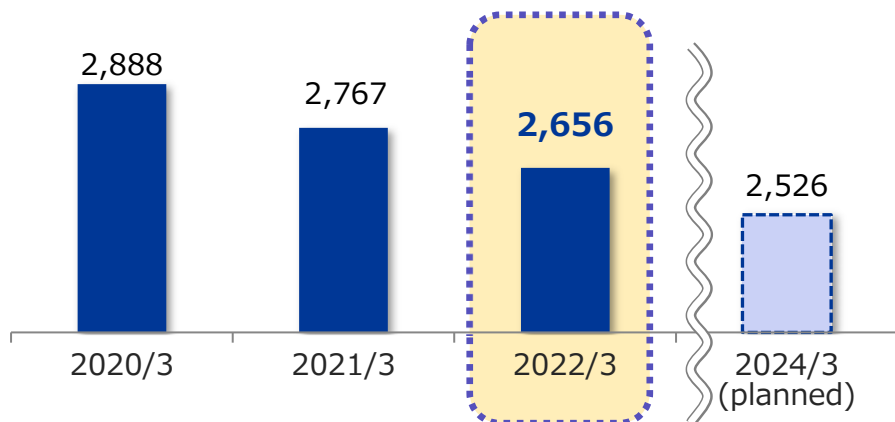


Trend in productivity (per office, per employee) (¥100 million)

Amount of loans per office and per employee



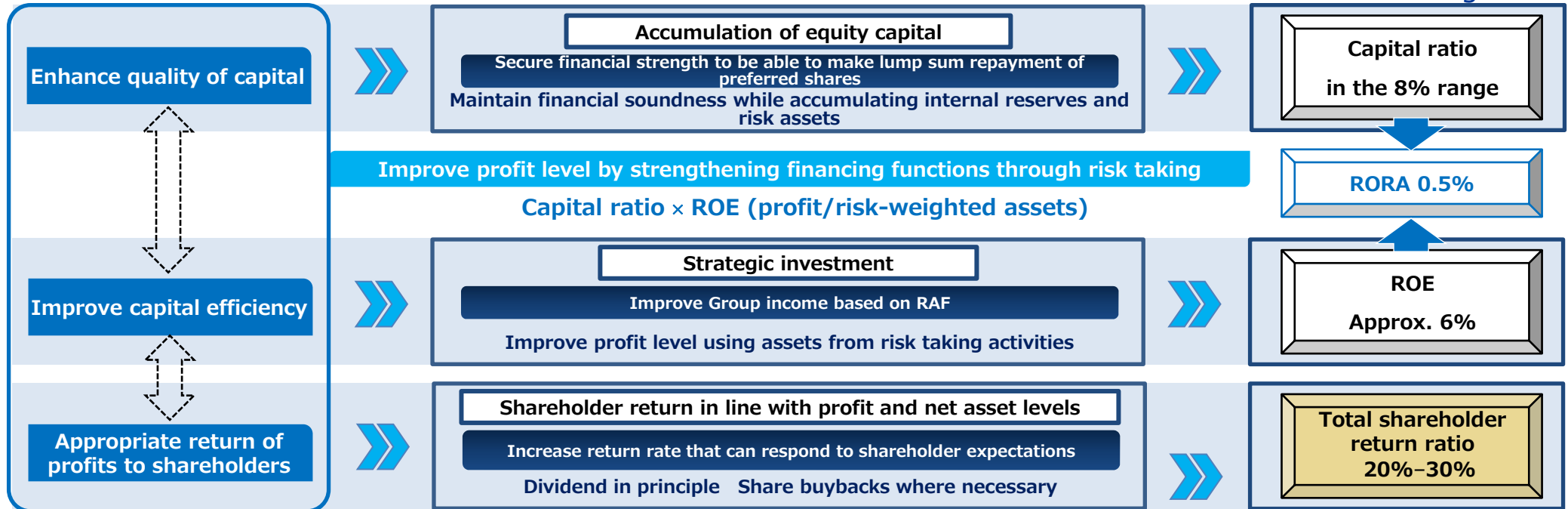
Headcount





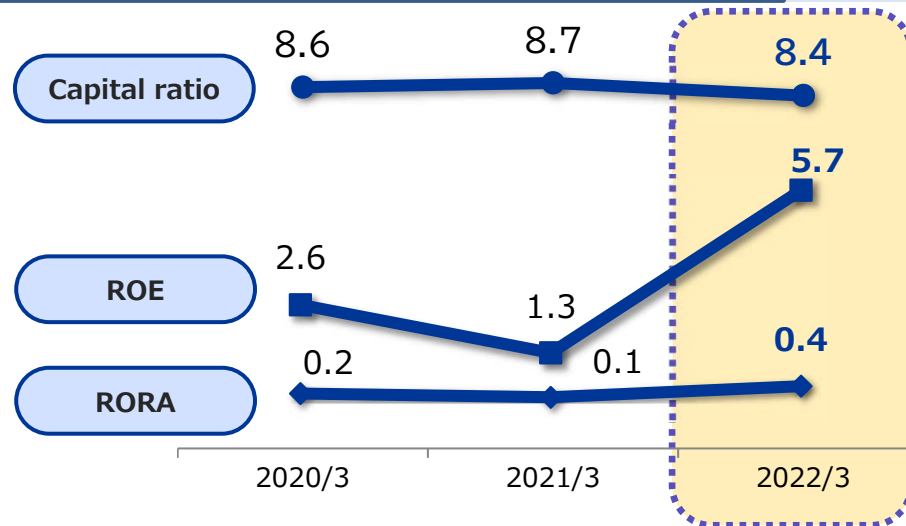
Capital Policy

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



Changes in management indicators (%)

- 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





The Kiraboshi Group's Actions for the Future



Digital Strategy of Kiraboshi Group

- Expand digital strategy for the purposes of both “offense” and “defense,” to accelerate the Group’s digital shift and DX

Digital sales <Offense>

Established UI Bank (Digital Bank) <January 2022>

- Maximize income opportunities for the Group through the mutual introduction of customers with Kiraboshi Bank

Launched the digital wallet “LaLaQ” app <November 2021>

- Customer burden-free Pay Charge function: expand the number of companies with Maekyu
- Further boost convenience through coordination with Digital Bank

DX through Digital Bank
 ➔ From “low-cost deposits acquisition” to “finance × non-finance services”

Digital businesses and personnel <Offense>

Digital/DX consulting × business matching

- Create a structure to integrate and respond to customers’ digital needs
- At least 20 business matching partner companies in the digital field

Launch a digital personnel development program

- Develop personnel who can respond to customers’ digital needs
- Boost recruitment of digital personnel, and transform corporate culture

Create internal schemes to respond to customer needs
 ➔ Further grow the scale of digital business

Data preparation and analysis <Defense>

Form a data analysis team and develop data analysts

- Develop data analysts through the practical analysis of business and operational issues
- Build a team of around 10 analysts in 2023

Build infrastructure and databases to support the use of data

- Enhance data for analysis and build databases for data usage

Use data to transform management and sales
 ➔ Achieve Group operations with a greater focus on efficiency

Digital infrastructure <Defense>

Renew infrastructure and devices to support more efficient business operations

- Introduce new infrastructure and devices at all offices to support more efficient business operations

Introduce groupware to transform work styles

- Install Microsoft Office 365 at all offices
- Transform work styles and communication to achieve more efficient business operations

Leverage digital technology to transform work styles
 ➔ Achieve greater productivity from each employee



Digital Bank (UI Bank)

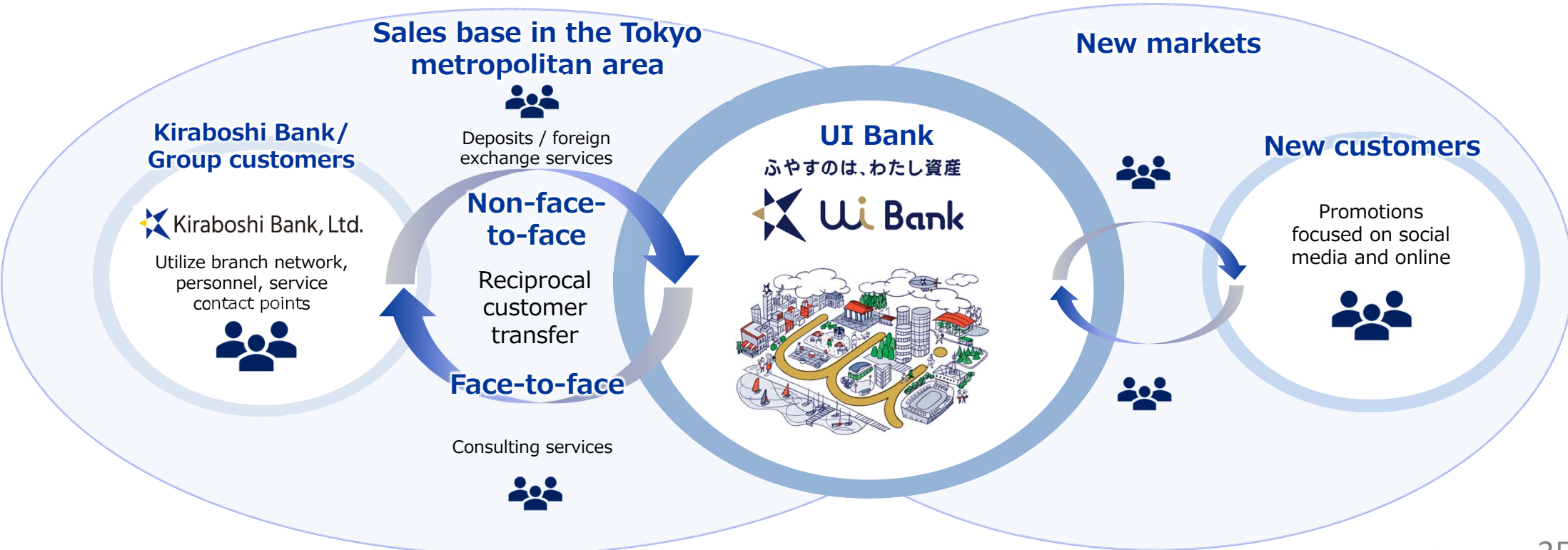
- UI Bank forms the centerpiece of the digital-based platform concept. It performs the role of a hub, facilitating the mutual use of services across the Group, the acquisition of new customers, and coordination with partner companies
- Accelerate the digital shift, and begin to transform the retail business
Coordinate with Kiraboshi Bank branches to build a structure to respond to the diverse needs of customers through both the digital and real channels

[Kiraboshi Bank → UI Bank]...Shift simple deposit and foreign exchange transactions at branches to non-face-to-face (digital) transactions, which have merits in terms of interest as well as fees and commissions

[UI Bank → Kiraboshi Bank]...Shift high-quality services such as consulting to face-to-face services

Reciprocal customer transfer

- Enable the speedy, low-cost use of services by building a new system infrastructure
- In FY2022, plan to commence retail loans and coordination with Group companies (securities coordination, LaLaPay Charge) and further expand the range of services





<Reference> UI Bank Results

Number of UI Bank accounts: 23,547 ordinary savings accounts, 44,099 term deposit accounts (as of March 31, 2022)
 Approximately half of these are new customers. While mostly in their 40s and 50s, deposits from customers in the 30s or below are also increasing, as are deposits from outside the Tokyo metropolitan area

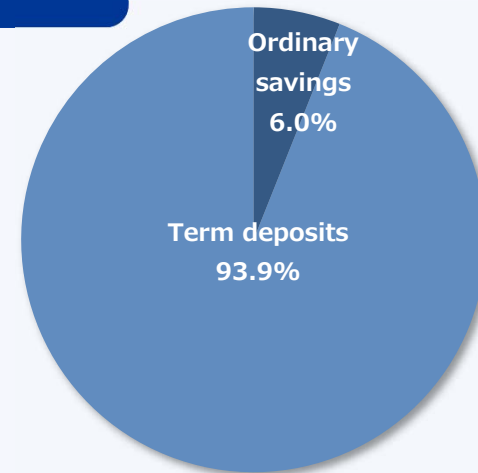
Balance of deposits and number of accounts

Targets ¥91.5 billion (as of March 31, 2022)

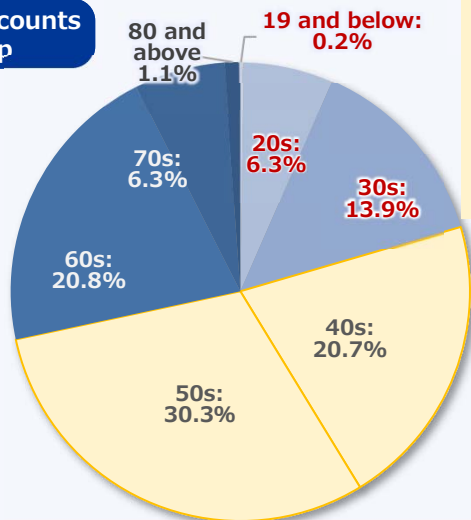
Actual **¥136.2 billion**

[Ordinary savings accounts:	¥8.2 billion <23,547 accounts>]
	Term deposit accounts:	¥127.9 billion <44,099 accounts>	
[Kiraboshi Bank customers:	¥68.7 billion (50.4%)]
	New customers:	¥67.5 billion (49.5%)	

Breakdown of deposit balance

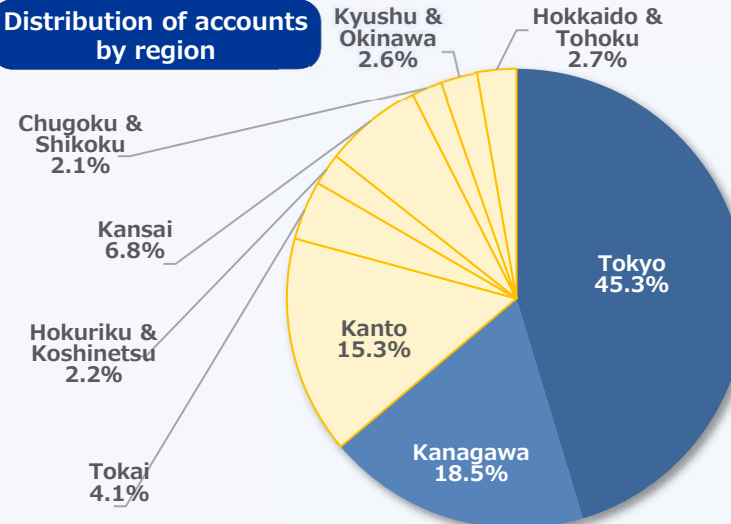


Distribution of accounts by age group



30s and below: 20.4%
 Enabling an approach to the younger demographic with which the existing Kiraboshi Bank has little contact

Distribution of accounts by region



Tokyo & Kanagawa: 63.8%
Other regions: 36.2%
 Enabling a broader approach (expanded geographical area of transactions)



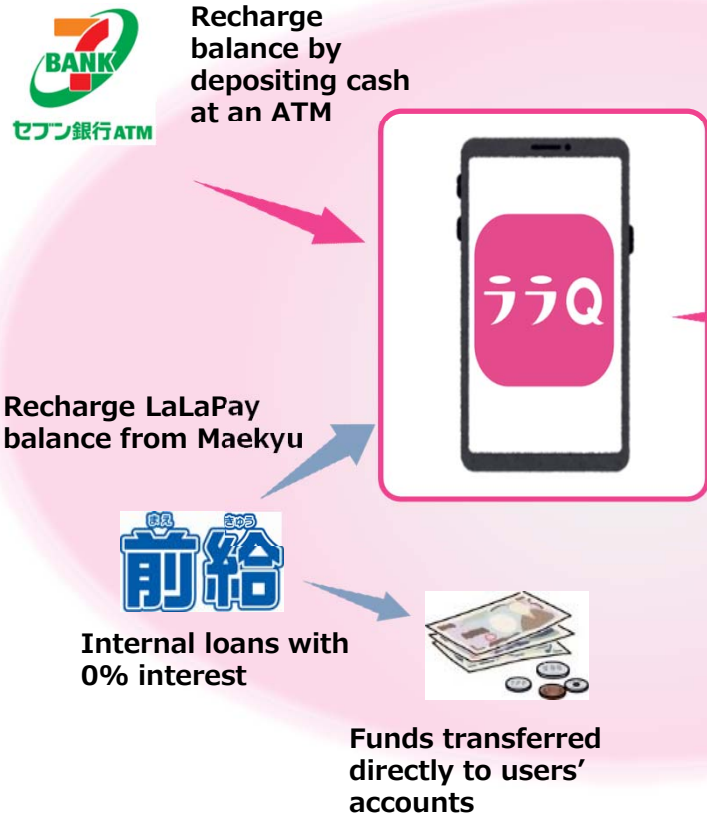
Kiraboshi Tech, Inc. (Maekyu/LaLaPay)

- “LaLaQ” enables the integrated use of the digital wallet LaLaPay and the internal loans system “Maekyu”
- Aim to achieve the “DX of Daily Use,” including the seamless transition from charging through settlement, as well as the integration of an industry-first function enabling payment to other settlement businesses

Overview of LaLaQ services



Usage scenarios



- Send money to other users through the app
- Code-based payment available at convenience stores and restaurants across Japan (Smart Code by JCB)
- Payments on e-commerce sites through JCB's virtual prepaid card function (under development: installation planned in FY2022)
- Money transfers to other companies' payment services
- ATM cash withdrawals

Business development being pursued

- Pursue a competitive advantage through the LaLaQ service and the new advance payment product (nickname: Smart Salary) to expand our share of the salary prepayment market (aim for the top share of the market)
- Leverage the LaLaQ service to enter the full-time employee market
- Provide new finance schemes utilizing attendance data and personnel evaluation data (utilization of AI, etc.)



Awarded a prize in the Collaboration Category of the Japan Financial Innovation Award

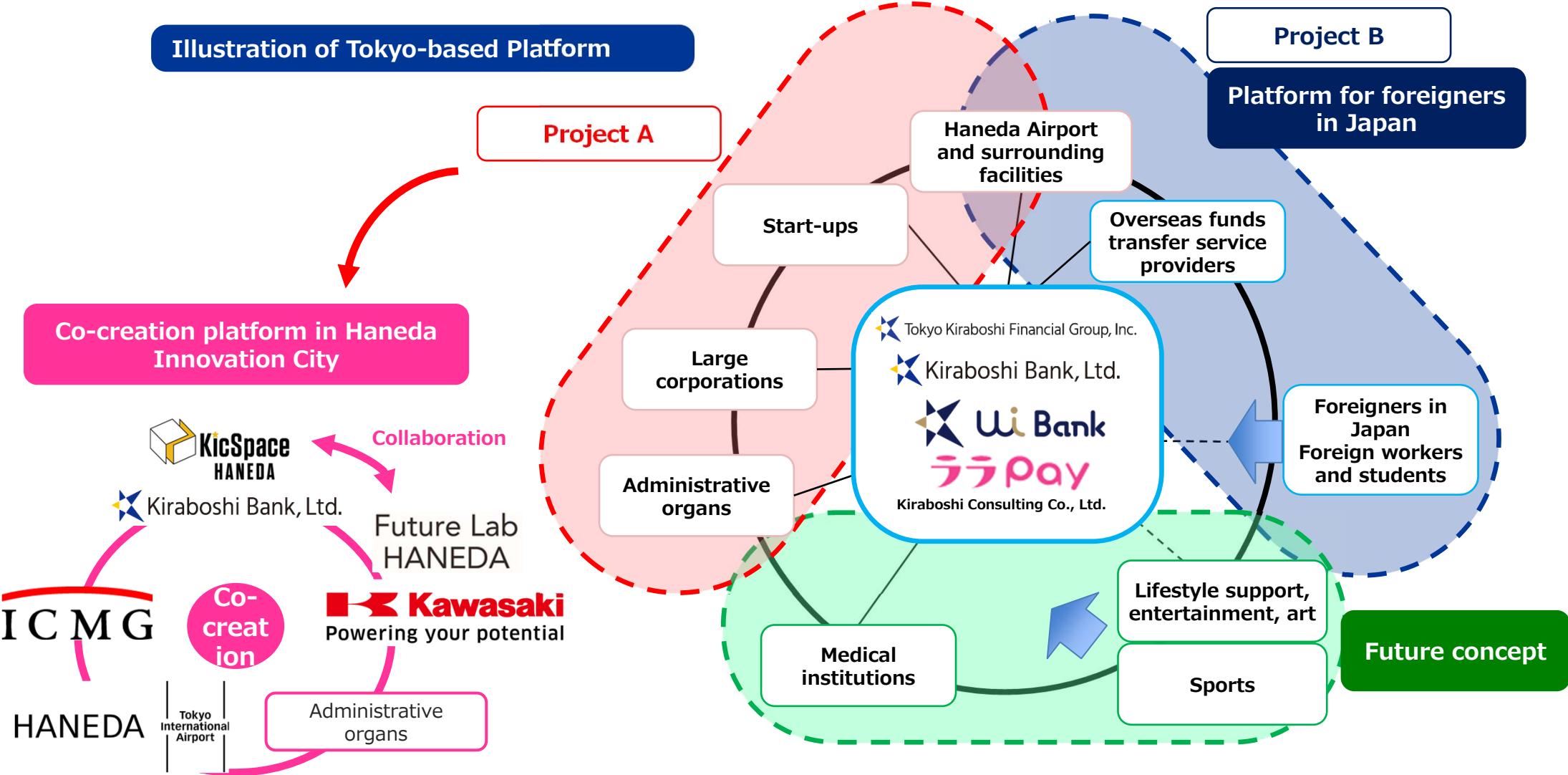
Use the LaLaQ platform to enter other domains as well as finance, such as data and HR (human resources)
LaLaQ was awarded a prize in the Collaboration Category of the Japan Financial Innovation Award. LaLaQ was recognized for its swift introduction of services, its unique business model, and its future potential to transform the lifestyles of working people.



Digital-based, Tokyo-based Platform Concept ①

- In the first year of the Medium-Term Business Plan, launched the Tokyo-based platform concept through the establishment of UI Bank and the release of LaLaPay
- Built a coordinated platform for supporting start-ups in the Haneda area through co-creation with Kawasaki Heavy Industries and others
- We are also considering building a platform for foreign workers in Japan and platforms in collaboration with companies providing various services

Illustration of Tokyo-based Platform





Digital-based, Tokyo-based Platform Concept ②

Project A

HANEDA Platform

[Support for start-ups]

- Opened KicSpace HANEDA, a Tokyo Municipal Government-certified incubation facility in Haneda Innovation City (in November 2021) (In addition to the real community at KicSpace HANEDA, we are also considering establishing an online community platform)
- Collaboration between KicSpace HANEDA and Future Lab HANEDA, a facility for robot field testing opened by Kawasaki Heavy Industries (in April 2022)
- Holding seminars and matching events to link start-ups, together with Kawasaki Heavy Industries
- Arranged and invested in a CVC fund to promote the fusion of start-ups and large corporations (invested in eight companies)

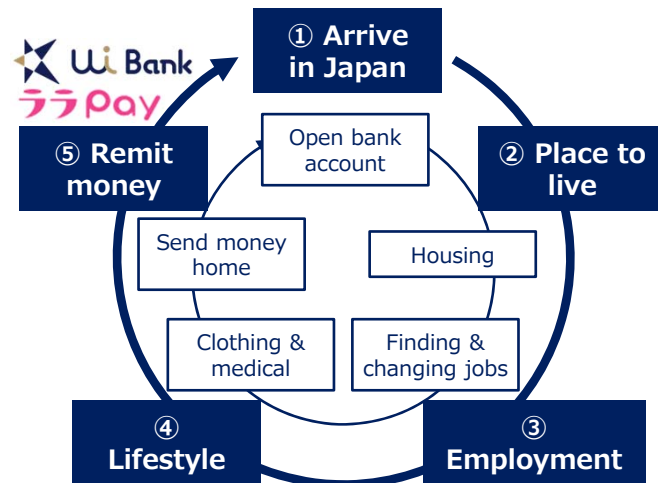
[Digital shift / cashless shift]

- Considering cashless proof-of-concept testing based in KicSpace HANEDA, Haneda Innovation City

Project B

Platform for foreign workers and students in Japan

- Aim to solve social issues such as Japan's declining workforce
- Aim to provide services and information to foreign workers and students in Japan, from their arrival in Japan, to accommodation, employment, lifestyle, and finance (opening a bank account, remitting money overseas, etc.)
- Considering the establishment of a counter at Haneda Airport to provide services to foreigners arriving in Japan
- Considering BaaS collaboration and the provision of services with overseas funds transfer and relocation service providers



Future concept

- Considering the construction of several digital-based platforms
- Aim to coordinate the functions of UI Bank and LaLaPay with those of service providers, to construct platforms that link services, users, and company employees with the functions of UI Bank and LaLaPay

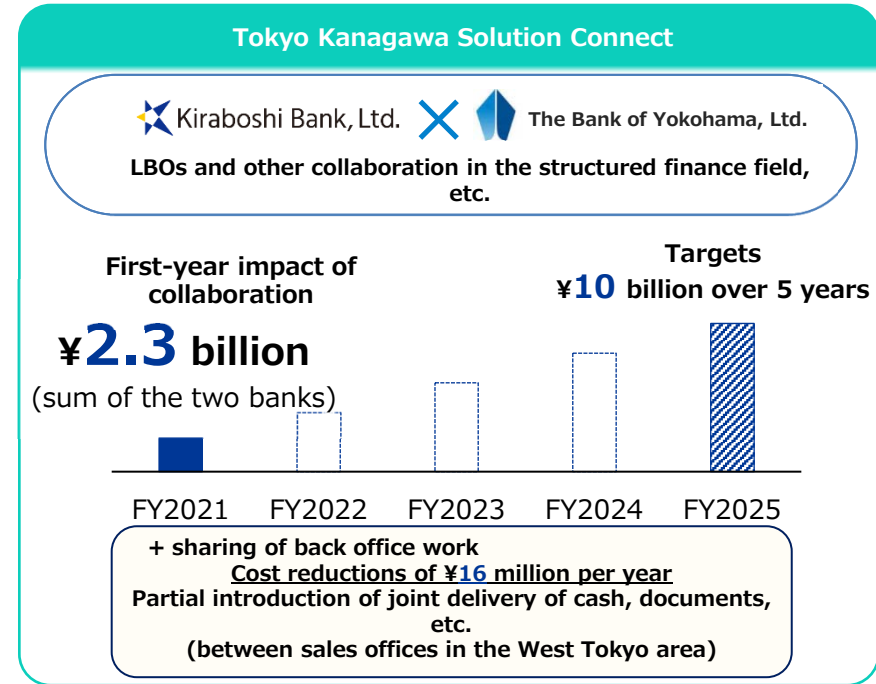
<Examples of service providers>

- Lifestyle support companies
- Entertainment and sports companies
- Subscription service providers
- Local medical communities, etc.

Further Promotion of Partnership with External Organizations



Tokyo Kiraboshi FG



Joint industry-academia course at the Chuo University Faculty of Commerce (donated course)

- Held the joint industry-academia course "Venture Business Project" (donated by Kiraboshi Bank) as part of our initiatives in the education field under our Basic Agreement on Comprehensive Collaboration

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

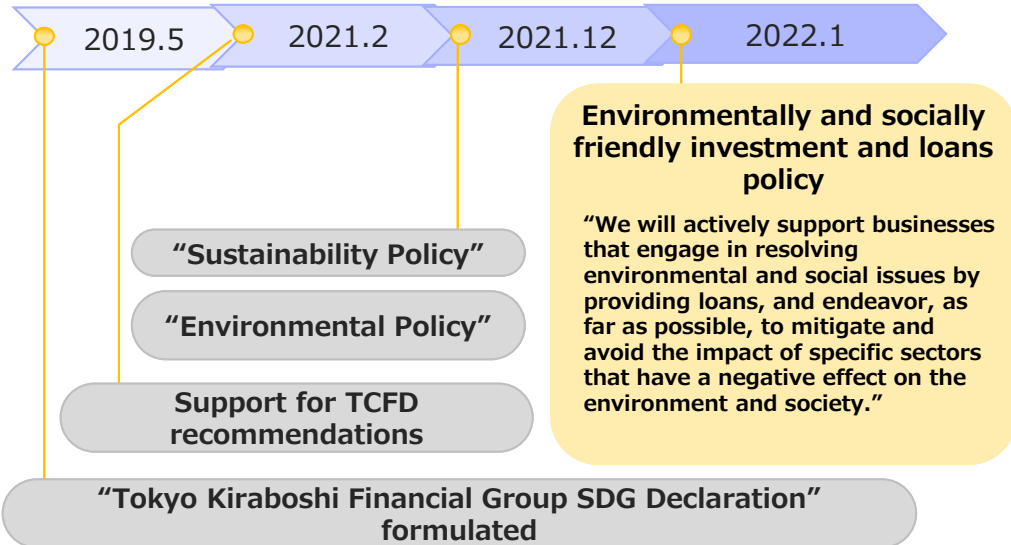
- Signed an agreement for exchanging and utilizing personnel and intellectual resources through industry-academia collaboration in areas such as education and research for the purpose of contributing to the development of society



Sustainability Initiatives

- The Group we will work together to solve local community issues based on the Sustainability Policy established in December 2021

The Group's initiatives



Environment-related investments and loans target for 2030

¥200.0 billion (2022 to 2030)

<Reference> FY2021 result: approx. ¥14 billion (JPY equivalent)

Measures to support customers

The Group has produced the educational pamphlet "FIRST BOOK of Decarbonization" to explain the need for decarbonization to SME managers in an accessible format, and encourage their "awareness" of the issue. The pamphlet will support customers to resolve their sustainability issues.



The Group has prepared a support package including one-stop access to a range of support measures related to the SDGs and decarbonization provided by Group companies. The package is provided according to customers' issues and current outlook.



Example of support items

(Kiraboshi Consulting Co., Ltd.) Kiraboshi SDGs Evaluation Program

Evaluation and feedback on customers' engagement with the SDGs, to respond to customer needs to ascertain their own level of SDGs engagement and commence engagement from a basic level, etc.



- ❑ 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.

Tokyo Kiraboshi Financial Group, Inc.
Corporate Communication Division

TEL: +81-3-6447-5799

MAIL: ir@kiraboshibank.co.jp