TOKYO Kiraboshi Financial Group 2025

Annual Report

Tokyo **Kiraboshi** Financial Group, Inc.

Giving our all, for TOKYO.

The stars of Tokyo are under the sky.

There are no stars in the Tokyo sky.
The stars are under the sky.
There are people who are trying their best to shine
in the present moment.
There are people running toward their dreams.
There are people who sweat for the sake of someone else.
There are people stepping out into a new life.

People gather. That is why challenges also gather.
This is a city with advanced issues.
The lack of successors for SMEs, money-related issues for the child-raising generation and young people, healthcare, and carbon neutrality...
At that time, what can we, the Tokyo-based people, do to help?

Giving our all, for TOKYO.

Let's think through beyond the norms of finance and come up with innovative services.
We utilize the network that has been cultivated in this city.
We deliver our know-how.
Let's go beyond the barriers of the Group and give it our all.
Digital and consulting services are all just means to an end.
Let's put our heart and soul into the people and the company in front of us.
For everyone who lives in this city.

Tokyo shines brightest under the sky. We believe in that.

Giving our all, for TOKYO.

Meaning of our logo design

The bright and vivid yellow is a color of brilliance. It represents positiveness and strong will. Stars sparkle far up in the sky. People see their hopes and feelings in the stars. We will change the shape of the frame and the position of the star as we go on conveying our messages through this logo.

Addressing TOKYO's Challenges*

through Integrated Solutions by the Entire Kiraboshi Group.

*"TOKYO" symbolizes all persons, regions, and issues based in the metropolitan area surrounding Tokyo to whom the Kiraboshi Group offers various values.

As part of the new brand strategies launched in FY2023, we have been working to enhance brand recognition by addressing social issues.Under the current Medium-Term Business Plan, the Kiraboshi Group identified key social issues to address and established the purpose, "Giving our all, for TOKYO," as a declaration of our renewed commitment to solving Tokyo's challenges through integrated solutions across all Group companies.



Social issues to be addressed and our responses P. 22

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Editorial Policy

Guided by the purpose, "Giving our all, for TOKYO," the Group is committed to creating value that supports the sustainable development of local communities. This report has been prepared to clearly and transparently communicate these efforts to all stakeholders.
This report was compiled with reference to the framework provided by the International Integrated Reporting Council (IIRC), the Guidance for Collaborative Value Creation issued by the Ministry of Economy, Trade and Industry, and other relevant materials.

Message from the President



To remain a trusted presence into the future, we will dedicate ourselves to all stakeholders by leveraging the full strength of the Group.

Hisanobu Watanabe
President, Group CEO, Tokyo Kiraboshi Financial Group, Inc.
President, Kiraboshi Bank, Ltd.

Net Income of ¥31.3 Billion Achieved Two Years Ahead of Medium-Term Business Plan Target

The Group's consolidated net income for the fiscal year ended March 31, 2025, increased by 22.2% year on year (+¥5.7 billion), reaching ¥31.3 billion. This means we achieved the ¥30.0 billion target set for the final year of the Third Medium-Term Business Plan (FY2024–FY2026), which began in April 2024, two years ahead of schedule. One particularly noteworthy factor behind this result is the 3.3% year-on-year increase (+¥0.8 billion) in profit from customer businesses, our core revenue source, which reached ¥25.9 billion.

In 2024, the Bank of Japan shifted its monetary policy from easing to tightening and raised policy interest rates, leading to a clear upward trend in domestic interest rates. Although this trend has not yet had a significant impact on interest from loans and discounts at Kiraboshi Bank, deposit interest rates have already begun to rise, resulting in an early increase in cost burden ahead of any gains. This reflects the typical lag associated with policy rate hikes, where deposit rates tend to rise first, followed by lending rates after a delay.

The likely reason for the increase in profit from customer businesses despite this trend is the improvement in loan quality. We are now able to handle complex projects such as business succession and M&As through our consulting services. Rather than simply increasing loan balances, we have focused on structured lending that combines loans with commission revenue, secured at a certain yield. I believe this approach has contributed significantly to the growth in our core business revenue.

Improving RORA and Increasing Sticky Deposits Strengthening Profitability by Transforming the Income Structure

Under the Third Medium-Term Business Plan, we aim to further enhance corporate value by focusing on three key measures: "Strengthening profitability and reviewing the income structure," "Further improving efficiency," and "Enhancing equity capital."For the first measure, "Strengthening profitability and reviewing the income structure," we are working to improve the Group's consolidated ROE and the profitability of Group companies other than Kiraboshi Bank.

In terms of income, we require a structure that is conscious of Return on Risk Assets (RORA)—that is, an approach focused on increasing income while minimizing capital usage, rather than simply expanding revenue. It is essential to actively pursue projects such as business succession and M&As to boost commission income through high-quality consulting services. Comparing the fiscal year ended March 31, 2024 (FY2023) with the fiscal year ended March 31, 2025 (FY2024), RORA rose from 0.64% to 0.77%, and ROE increased from 7.41% to 8.51%. We have already achieved our ROE target for FY2026 ahead of schedule, indicating that our efforts to control risk-weighted assets are steadily producing results.

Amid intensifying competition to secure deposits, digital banks are finding it difficult to attract funds without offering competitive interest rates. UI Bank, the Group's digital bank, is also experiencing increased deposit interest burdens. Although UI Bank began offering mortgages in August 2024 and real estate investment loans in December 2024, the interest earned from these products was insufficient to offset rising deposit costs, resulting in a full-year loss for FY2024. Turning a profit in FY2025 will depend on how effectively UI Bank can build a portfolio of "sticky deposits" that remain with the bank over the long term. Key challenges include creating an environment where deposits are naturally attracted and transforming the income structure. This will involve increasing the number of deposit accounts used for salary and pension payments, as well as for loan repayments.

Within the Group, UI Bank provides non-face-to-face financial services that require no human intervention, while Kiraboshi Bank offers face-to-face consultation services. Customers who are less comfortable with digital technologies can still access UI Bank by visiting a Kiraboshi Bank branch, where staff provide digital support. Offering services that blend digital and physical interactions is a unique strength of the Group, and it is vital that we fully leverage this advantage.

Consolidating Consulting Staff in 13 Locations Driving Human Resource Development and Mindset Reform

As part of the second priority measure, "Further Efficiency Improvement," we began revising branch functions in 2024. We adopted a structure in which sales personnel responsible for liaison activities are now concentrated in 13 of Kiraboshi Bank's approximately 100 staffed branches. The remaining branches focus exclusively on deposits, foreign currency exchange, and other teller services. Specialized skills and experience are essential for handling complex projects such as business succession and M&As. Attempting to roll out such services across all 100 branches simultaneously would make it impossible to secure sufficient qualified staff at each location. By centralizing consulting services at these 13 branches, we can effectively serve customers with consulting needs across the entire network.

Bringing together our most experienced sales personnel allows their expertise to be shared and disseminated throughout the organization. We have already begun to see the benefits in human resource development and mindset reform, such as the training of young employees being pursued through OJT and a healthy sense of competition emerging among sales personnel. In addition, having just 13

Message from the President



locations will allow headquarters and the Group companies to individually dispatch one or two specialists to those branches. As this enables us to engage in specialized work, such as business succession and M&As, together at any time in response to customer needs, the quality of consulting sales will improve as a matter of course.

For the third priority measure, “Enhancement of equity capital,” our focus is on increasing equity capital. The capital ratio can be raised by reducing assets, such as loans, to reduce risk assets. However, our focus is on generating maximum revenue within our current level of assets, there by showing growth every year. As income increases, equity capital also increases, which means that the capital ratio will naturally rise.

The quality of capital is also important. For example, capital accumulated through earnings differs from preferred shares, which must be redeemed in the future. Once the redemption of preferred shares is completed, we expect to gain momentum in shareholder returns. We aim to achieve this as soon as possible, taking into account the business environment, the status of internal reserve accumulation, and changes in the capital ratio.

Encouraging Business Owners to Speak Candidly About Succession Issues Consulting Sales Personnel’s Approach to Business Succession

The Group’s future vision—“A comprehensive service business with strong financial capabilities”—was established in 2018, when Kiraboshi Bank was formed through the merger of three banks. At that time, we faced three major challenges: high costs, low profitability, and insufficient capital. How could we overcome these issues and build a financial group that would remain sustainable for the next 10 to 20 years? Our discussions led to a strategic policy of responding to a wide range of customer needs by equipping the Group with non-banking service functions in addition to traditional banking services.

The key to realizing this vision lies in consulting services that accurately identify and resolve customer concerns. At the time of the merger, Kiraboshi Bank primarily focused on sales activities such as increasing loan volumes and selling investment trusts and other financial products. Most of our officers and employees were still bound by the conventional belief that revenue growth depended solely on expanding lending. Today, seven years later, I strongly believe that consulting has become deeply embedded within the Group and now serves as the starting point for customer engagement and transactions.

Over the past year, we have placed particular emphasis on business succession. Although the population in the Tokyo area—where our sales offices are located—is not declining significantly, the falling birthrate and aging population continue to progress steadily, and the number of business enterprises is gradually decreasing. If businesses cannot be successfully passed on to the next generation, local industries may face a slow decline.

Kiraboshi Bank takes a proactive approach in which sales personnel encourage current business owners to speak candidly about their thoughts on future successors. In the past, it was considered taboo to raise the topic of business succession with owners, but that is no longer the case. Our sales personnel have been able to introduce the topic smoothly by saying, “As we continue doing business with your company into the future, succession will become an important issue—may I take a moment to discuss it with you?”

As a financial group, we are equipped to support business succession across a wide range of areas. When a current owner wishes to transfer company shares to a successor, financing is often required. In some cases, Kiraboshi Capital may temporarily subscribe to the shares.

We also assist owners who have sold their shares with asset management services, including the purchase of real estate, bonds, and other financial instruments. If M&A becomes a necessary option during succession planning, Kiraboshi Consulting and other Group entities collaborate to provide comprehensive support throughout the process. The Group also includes several specialized companies, such as Tokyo Kiraboshi Lease, which offers general leasing services, and Kiraboshi Business Office Service, which supports the streamlining of clients’ personnel, administrative, and accounting operations. By using these companies as entry points for business succession consulting, we are able to respond flexibly to a wide range of business needs.

The Group as a Hub for Expanding Start-Up Networks

Start-up development has been another key initiative we have focused on over the past year. As a regional financial institution, contributing to the growth of the local economy requires the creation of new industries—even in the Tokyo metropolitan area, where many industries are already concentrated. In addition to hosting monthly Kiraboshi Pitch events, where start-ups present their business ideas to investors, we have been involved since 2024 in STATION Ai in Nagoya, one of Japan’s largest start-up facilities. In 2025, we also participated in one of Asia’s largest start-up conferences, hosted by the Tokyo Metropolitan Government. In collaboration with overseas financial groups, we provide two-way support for overseas start-ups expanding into Japan and Japanese start-ups entering global markets.

A distinctive feature of start-ups is that they grow not only through their own efforts, but by building networks across industry, government, academia, and finance. These networks provide essential support for expanding new businesses. The Group is well-positioned to serve as a hub for expanding such networks, and we are pleased that this role has been positively recognized by start-up founders.

Targeting ¥5 Billion in Profit from Non-Bank Group Companies by FY2026

The Group now comprises 22 companies, including Tokyo Kiraboshi Financial Group, the financial holding company. Our business portfolio spans four key areas—Financial Business, Digital Business, Solutions Business, and Promotion/Overseas Business—covering nearly all domains necessary to meet the diverse needs of our customers.

While the structural framework is now in place, customer evaluation of its value remains a future challenge. Going forward, it will be essential for each Group company to enhance its business portfolio by improving the quality of its operations. True success will only be realized when customers choose our services over those of competitors based on quality. In that respect, we still have considerable progress to make.

Message from the President

To strengthen our business portfolio, the Group aims to achieve ¥3.0 billion in profit from companies other than Kiraboshi Bank in FY2025, and ¥5.0 billion in FY2026. If the 20 Group companies—excluding Tokyo Kiraboshi Financial Group and Kiraboshi Bank—were to generate ¥5.0 billion in profit, the average per company would be ¥250 million, a target that is certainly within reach.
In March 2025, we established our Osaka Office. Kiraboshi Servicer and ITC, which joined the Group between 2022 and 2023, already operate branches in Osaka. Following the recent decision for UI Bank to provide banking services to Kansai Electric Power using BaaS, we consolidated the Group's functions—including Kiraboshi Bank and Kiraboshi Consulting—into a single base known as the Osaka Office.
Similarly, in July 2024, Kiraboshi Consulting established a Nagoya office through the integration of a former Kiraboshi Servicer branch. This move was aimed at creating a base for start-ups in Nagoya in conjunction with the launch of the STATION Ai start-up facility.
The Group continues to diversify its functions across Tokyo, Osaka, and Nagoya, and we believe these initiatives will contribute significantly to enhancing the overall business portfolio.

Free Diagnosis of Decarbonization Progress for Investees and Borrowers Promoting DX with "In-House Development" as the Core Strategy

As part of its sustainability initiatives, the Group is committed to achieving Scope 1 and 2 carbon neutrality by FY2030, while also supporting investees and borrowers in reducing their Scope 3 greenhouse gas (GHG) emissions. In FY2024, Kiraboshi Bank launched an initiative in collaboration with NTT DATA to offer its customers access to C-Turtle®, a GHG emissions calculation platform developed by NTT DATA. The response to this initiative has been highly positive, with customers recognizing it as an efficient tool for calculating and reducing CO_2 emissions.

Regarding our internal sustainability efforts, "in-house development" will be the cornerstone of the Group's digital transformation (DX) strategy. This approach is essential not only for accelerating digital development and reducing costs, but also for enabling flexible maintenance aligned with our strategic goals. Digital talent is required not only for software development but also for strategic planning. In addition to recruiting and nurturing digital professionals, we will continue to assign those with strategic planning capabilities to the planning departments of individual Group companies as needed. This includes allocating personnel from Kiraboshi System—who have experience in maintaining and operating accounting systems—to the digital development team.

Instilling the Intentions of Our Purpose Across the Group Kiraboshi Bank's Initiatives Highly Commended by Local Communities

We established our Group Purpose, "Giving our all, for TOKYO," alongside the formulation of the Third Medium-Term Business Plan. As part of our brand strategy, we introduced a new design for business cards and name tags in 2024, and promoted the Purpose externally through various media, including posters and transportation advertisements at major terminal stations. These efforts reflect management's strong commitment to the Purpose, which has been led by Group headquarters. Recently, however, I have observed that the spirit of the Purpose has been widely embraced throughout the Group.
For example, when a long-standing restaurant district was demolished for a station-front redevelopment project, the Tateishi branch of Kiraboshi Bank received feedback from customers that the white construction fence appeared stark and disheartening. In response, the branch invited a local illustrator to create around 20 illustrations depicting the area's former streetscape, which were then displayed on the fence. This initiative was warmly received by the local community and even featured on television. It was also recognized



at the Group's annual spring event honoring outstanding contributions to local community issues in FY2024.
In other areas, we are collaborating with local governments to establish tax counseling centers at Kiraboshi Bank branches. The Tokyo metropolitan area is a vast and diverse market, where residents and workers face a wide range of issues. Group employees have begun to treat these challenges as their own and take proactive steps to address them, earning appreciation from customers in the process. Traditionally, banks have rarely positioned such initiatives as core objectives. However, I believe that continuing these efforts is precisely what defines the role of a regional financial institution like ours.
As the Group continues to grow, we intend to return the value we create to our stakeholders in ways that satisfy investors, shareholders, customers, and local communities. I am confident that by realizing our Purpose—"Giving our all, for TOKYO"—and establishing ourselves as a sustainable corporation, we will earn the appreciation of all our stakeholders.
To remain a trusted presence in the highly competitive Tokyo metropolitan area, we will continue to enhance both the quality and quantity of our services. We sincerely appreciate your continued support.

Driving Transformation Across the Kiraboshi Group

On May 1, 2018, the Tokyo Tomin Bank, Limited, the Yachiyo Bank, Limited and the ShinGinko Tokyo, Limited merged to form the new Kiraboshi Bank. As a result of the merger, the business name of the group was changed from Tokyo TY Financial Group to Tokyo Kiraboshi Financial Group.
The Group has set our vision of the future as a "comprehensive service business that is also strong in finance." In order to respond to the increasingly diverse and complex needs and challenges facing our customers, we have been strengthening and expanding the Group's functions, and collaborating with organizations and companies both in Japan and overseas. These efforts have enabled us to provide not only financial services but also services in a variety of other fields.

Furthermore, we have focused on the management challenges that existed prior to the merger: high costs, low profitability, and low capital, and have worked on improvements.
Based on our purpose, "Giving our all, for TOKYO," which we formulated last year, the Group aims to maximize its collective strengths to go beyond the boundaries of conventional financial wisdom in our commitment to solving customers' issues, and contribute to the sustainable development of local economies and communities.

2018-2020 First Medium-Term Business Plan

2018 2019 2020

Challenges and initiatives: High costs ➔ Further efficiency improvement

Oct. 2014 The Tokyo Tomin Bank, Limited and the Yachiyo Bank, Limited merged to form Tokyo TY Financial Group.
Apr. 2016 Tokyo TY Financial Group and the ShinGinko Tokyo, Limited merged.
Apr. 2017 Establishment of **Kiraboshi Consulting**
Nov. 2017 Establishment of **Kiraboshi Tech**



May 2018 **Birth of Tokyo Kiraboshi Financial Group**
May 2018 **Birth of Kiraboshi Bank**
Sep. 2018 Establishment of **Kiraboshi Capital**

Aug. 2019 Conversion of **Tokyo Kiraboshi Lease**, **Kiraboshi System**, and **Kiraboshi JCB** to wholly-owned subsidiaries
Oct. 2019 Establishment of **KIRABOSHI BUSINESS CONSULTING VIETNAM,** a consulting subsidiary in Vietnam
May 2020 Systems integration (Kiraboshi Bank)
Jun. 2020 Head Office relocation (Shinjuku-ku ➡ Minato-ku)
Aug. 2020 Establishment of **Kiraboshi Life Design Securities**
Mar. 2021 **Kiraboshi Insurance Agency** made into an equity method affiliate

2021-2023 Second Medium-Term Business Plan

2021 2022 2023

Challenges and initiatives: Low profitability ➔ Strengthening of profitability and review of income structure

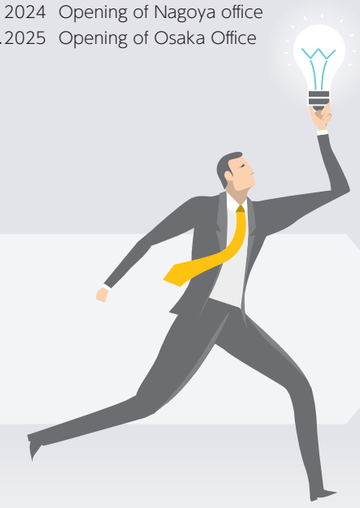
Apr. 2021 Change of business name from Kiraboshi Service to **Kiraboshi business office service**
Aug. 2021 Kiraboshi Bank and The Bank of Yokohama form a business alliance, "Tokyo-Kanagawa Solution Connect"
Nov. 2021 Grand opening of "KicSpace HANEDA" business incubation facility
Nov. 2021 Launch of "LaLaQ" (current LaLaPay Plus) app
Jan. 2022 Opening of **UI Bank**
Jan. 2022 Establishment of **StarBridge business consulting (Beijing),** a Japan-China joint venture consulting subsidiary in Beijing
Jul. 2022 **Be. Brave** made into a subsidiary, contributing to advancement of the banking service
Aug. 2022 Opening of Kiraboshi Bank's Fujisawa Branch Office
Oct. 2022 **Kiraboshi Servicer** made into a subsidiary
Jul. 2023 Opening of Bangkok Representative Office
Sep. 2023 Opening of Kiraboshi Bank's Shin-tsunashima Branch Office
Oct. 2023 **ITC** made into a subsidiary of **Kiraboshi System,** contributing to advancement of the banking service
Jan. 2024 Kiraboshi Bank's Sagamihara Center Building completed
Mar. 2024 Formulated Purpose: Giving our all, for TOKYO.

2024-2026 Third Medium-Term Business Plan

2024 2025 2026

Challenges and initiatives: Low capital ➔ Enhancement of equity capital

Jul. 2024 Opening of Nagoya office
Mar. 2025 Opening of Osaka Office

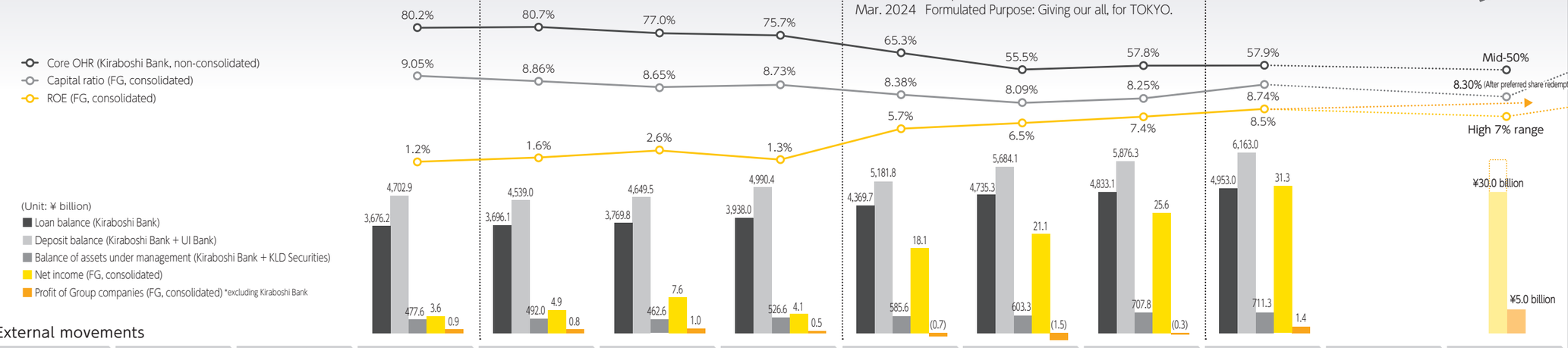


Ten years' time FY2033

Vision of the Future

Comprehensive service business that is also strong in finance

Capital ratio of 10% or more
ROE of 10% or more
PBR of 1 time or more



External movements

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Consumption tax raised to 8%	Greek financial crisis FRB lifts zero interest policy Launch of Asian Infrastructure Investment Bank	Start of Individual Number System Implementation of negative interest rate policy by BoJ Election of the first female governor of Tokyo	Donald Trump inaugurated as 45th President of the United States	TPP11 takes effect Establishment of work-style reform bill	Name of era changed from Heisei to Reiwa Consumption tax raised to 10% 5G service commences in countries worldwide	UK withdraws from EU Global spread of COVID-19 Suga Cabinet is formed Governor Koike reelected in the Tokyo Governor Election	Joe Biden inaugurated as 46th President of the United States Tokyo 2020 Olympic and Paralympic Games held Kishida Cabinet is formed	Escalating tension in the Russia-Ukraine situation Weaker Yen Global inflation	COVID-19 reclassified as Class 5 Holding of G7 Hiroshima Summit	New NISA system started The Bank of Japan raised interest rates for the first time in 17 years due to ending its negative interest rate policy Governor Koike reelected in the Tokyo Governor Election Ishiba Cabinet is formed	Bank of Japan raises policy interest rate to 0.5% Donald Trump inaugurated as 47th President of the United States	

How We Create Value

External Environment

Global Environment Climate changes Decarbonization

Economy/Society Increasing diversity in values Progress of digitalization

Demographics Declining birthrate and aging population Decrease in population

Financial Environment Rising interest rates Entry from other sectors

International situation Increasing geopolitical instability US tariff policy

Input
Management resources utilized

Financial Capital

- Net assets ¥351.7 billion
- Loan balance ¥4,953.0 billion
- Deposit balance ¥6,163.0 billion
- Balance of assets under management ¥711.3 billion
- PE fund investment amount (LP) ¥71.2 billion

Human Capital

- Specialized human resources 991
- Digital human resources 400
- Ratio of female managers 18.9%

Intellectual Capital

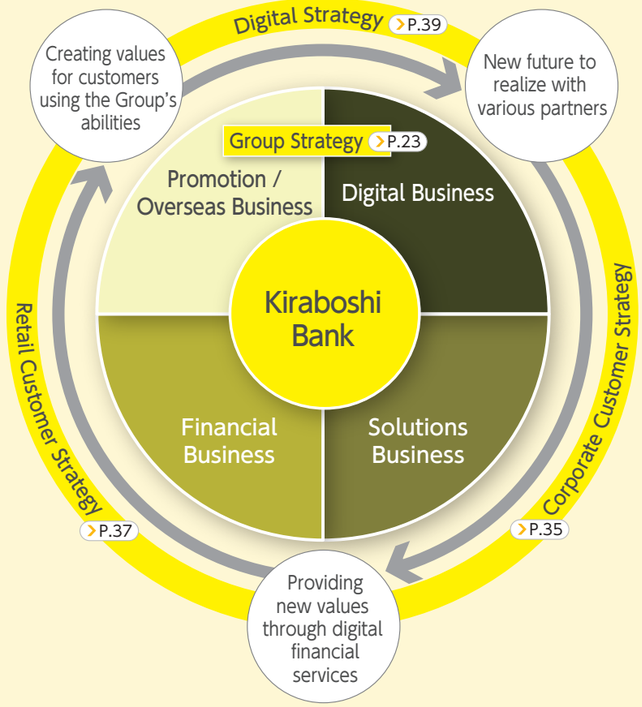
- Consulting functions
- Specialized funding methods
- Trust functions
- Linkage with Fintech

Social/Related Capital

- Comprehensive strength of Kiraboshi Group
- Branch functions matching regional characteristics
- Asian network
- Relationship with Business Partners

Business Process

Giving our all, for TOKYO. ★



- Human Capital Strategy P.41
- Corporate Governance P.48
- Risk Management and Compliance Initiatives P.55
- Our Commitment to Sustainability P.59

Output
FY2024 (actual)

Management Targets

- Net income (FG, consolidated) ¥31.3 billion
- Profit of Group companies (FG, consolidated) ¥1.4 billion *excluding Kiraboshi Bank
- ROE (FG, consolidated) 8.5%
- Core OHR (Kiraboshi Bank, non-consolidated) 57.9%
- Capital ratio (FG, consolidated) 8.7%

Human Capital

- Gross core business profit per head (Kiraboshi Bank, non-consolidated) ¥40.2 million
- Well-being survey score 3.38pt/5.00pt

Realization of a sustainable society

- Financing for business succession and revitalization 68 cases / ¥70.6 billion
- Scope 1 and 2 reduction rates by the end of FY2024 (compared to FY2013) 81.1% reduction
- Amount of sustainability financing ¥27.0 billion

Creation of new social values and industries

- Number of cases of start-up support offered 31
- Number of cases supporting overseas expansion by Japanese companies 188 customers

Responses to issues accompanying progress in digitalization

- [UI Bank] Deposits 169,000 customers / ¥695.2 billion
- [UI Bank] Loans 2,453 customers / ¥55.9 billion

Outcome
Creation of social value

Individual Customers

- Providing new value and improving quality and convenience of life through the combination of digital and real channels
- Asset management and asset defense in an inflationary environment

Corporate Customers

- Improving corporate value by providing diverse and specialized solutions
- Supporting sustainable growth

Shareholders

- Improving long-term corporate value
- Paying consistent and stable dividends

Business Partners

- Mutual growth as a partner
- Increasing recognition of new technologies and services

Employees

- Growth as Kiraboshibito
- Achievement of the Purpose

Local Communities

- Cooperation/alliance toward resolution of issues
- Creation of new businesses

Environment

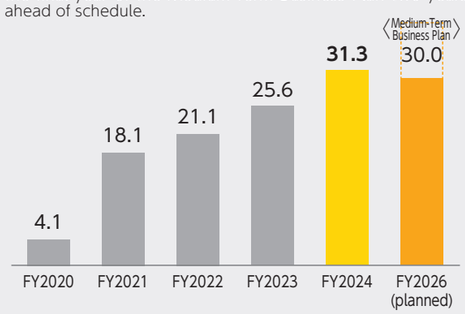
- Improving global sustainability

Financial/Non-financial Highlights

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

1. Net income <FG, consolidated> (¥ billion)

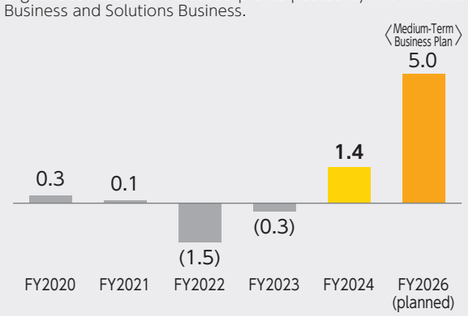
Kiraboshi Bank recorded net income of ¥31.3 billion due to an increase in interest on loans and discounts and an increase in interest and dividends on securities, achieving the target for the final year of the Medium-Term Business Plan two years ahead of schedule.



2. Group company profit <FG, consolidated> (¥ billion)

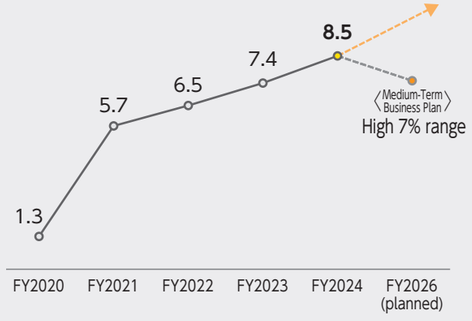
*excluding Kiraboshi Bank

Group company profit emerged from a deficit to record a ¥1.4 billion profit due to a reduction in the loss posted by the Digital Business and increased profits posted by the Financial Business and Solutions Business.



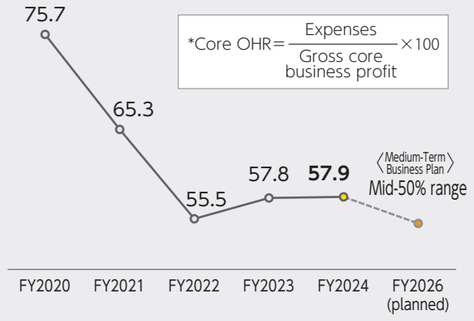
3. ROE <FG, consolidated> (%)

As a result of management that balanced profitability, capital efficiency, and financial soundness, ROE increased by 1.1 percentage points year on year to 8.5%.



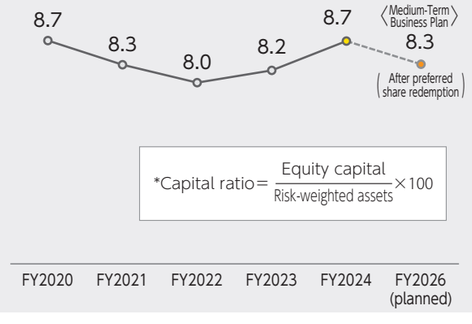
4. Core OHR (Kiraboshi Bank, non-consolidated) (%)

Despite an increase in gross core business profit, core OHR was 57.9% due to a rise in non-personnel expenses and other expenses



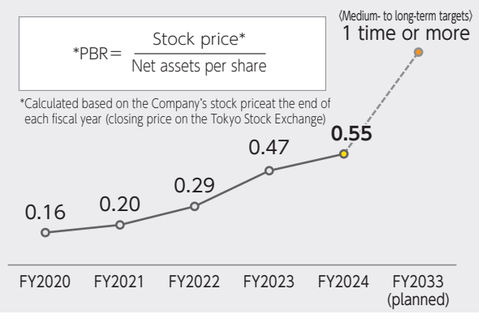
5. Capital ratio <FG, consolidated> (%)

Capital ratio rose by 0.5 percentage points year on year to 8.7% due to an increase in equity capital resulting from accumulated profits, despite an increase in risk-weighted assets.



Reference PBR (price-book ratio) (times)

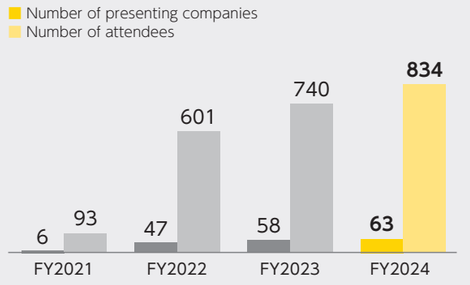
In addition to improving ROE through strengthened profitability and risk-weighted asset control, we aim to improve PBR by reducing the cost of shareholders' equity.



Non-financial Highlights

Number of presenting companies and attendees at Kiraboshi Pitch (companies, persons)

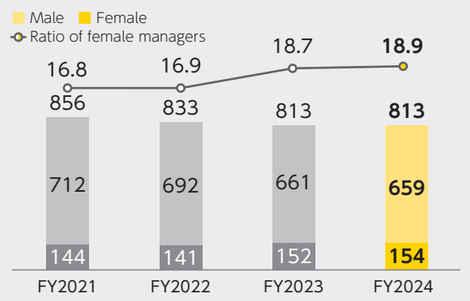
Under the slogan, "Creating unicorn companies from Tokyo," we hold pitch events every month at KicSpace HANEDA (located within HANEDA INNOVATION CITY).



Ratio of female managers*<Kiraboshi Bank> (persons, %)

*Managers: Section manager level and above

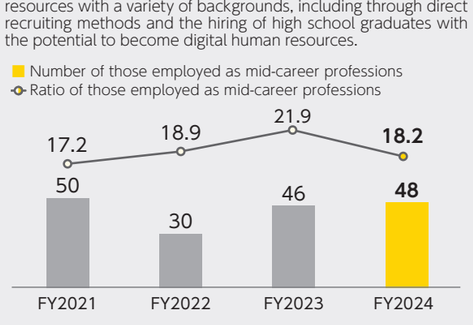
We are promoting the creation of a workplace where women can play an active role as a matter of course, and are developing female leaders to lead.



Number of those employed as mid-career professions and their ratio to all managers*<Kiraboshi Bank> (persons, %)

*Managers: Section manager level and above

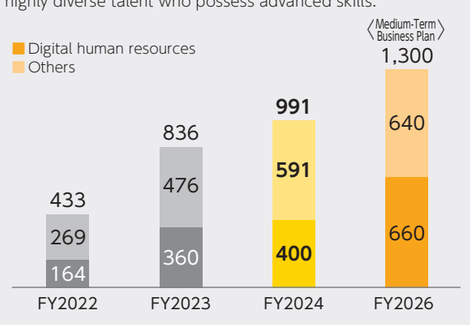
We are strengthening our efforts to acquire specialized human resources with a variety of backgrounds, including through direct recruiting methods and the hiring of high school graduates with the potential to become digital human resources.



Specialized human resources* 〈FG〉 (persons)

*Specialized human resources: Refers to human resources specialized in one of four fields: digital, private banking, corporate finance, and consulting

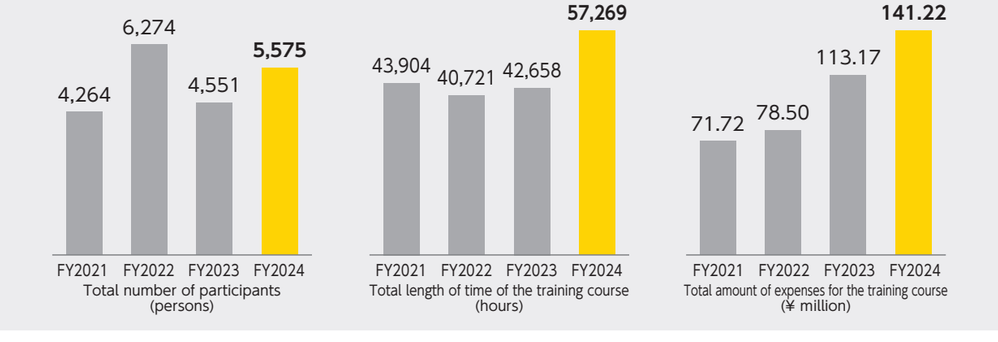
To provide customers with truly valuable services, we recruit highly diverse talent who possess advanced skills.



Total number of participants, total length of time of the training course, and total amount of expenses for the training course* <Kiraboshi Bank>

*Training course: New employee training, career development training, rank-specific training, etc.

To provide customers with truly valuable services, we have established a system for the development of management and specialized human resources, and invested proactively so that each and every employee can demonstrate their full potential.



Message from the CFO



Initiatives to Improve Corporate Value Toward the New Stage of Growth

Hidenori Tsunehisa
Deputy President and Group CFO

1. FY2024 Financial Results and FY2025 Forecast

Despite facing uncertainty stemming from geopolitical factors, as we return to a world with positive interest rates, the Japanese economy in FY2024 followed a moderate recovery trend, supported by strong consumer spending and solid corporate performance.
In such an environment, while continuing operations that emphasized Return on Risk-weighted Assets (RORA) by replacing low-profitability assets with high-profitability assets in our lending operations, we worked to expand our customer base in the digital retail segment and responded firmly to social issues such as our client companies' business succession issues.
As a result, due to increases in interest on loans and discounts and fund income, as well as improvements in profitability at each Group company, including the Digital Business, net income (FG, consolidated), at ¥31.3 billion, greatly exceeded projections, and we achieved our consolidated net income target of ¥30.0 billion declared in the Medium-Term Business Plan two years ahead of schedule.
Regarding capital allocation, we maintained a balance between short-term and medium- to long-term investments, and by investing management resources into priority strategic areas, we worked to accelerate our efforts toward our future growth strategy, and through management conscious of capital efficiency, our ROE increased by 1.1 percentage points year on year.
We also worked to optimize the balance of risk and return through asset control, which resulted in a year-on-year improvement in the capital ratio in FY2024 to 8.7%, exceeding our target.
With the economy expected to continue its moderate recovery, assuming that the policy interest rate will remain steady at the 0.5% level, we project that the level of net income (FG, consolidated) in FY2025 will increase by ¥1.7 billion year on year to ¥33.0 billion.
ROE is also expected to remain firm due to ongoing appropriate asset control.

(Amounts: ¥ billion)	FY2023	FY2024	
	Actual	Actual	YoY change
Net income (FG, consolidated)	25.6	31.3	+ 5.7
Group company income (FG, consolidated)*	(0.3)	1.4	+1.8
ROE (FG, consolidated)	7.4%	8.5%	+ 1.1pt
Core OHR (Kiraboshi Bank, non-consolidated)	57.8%	57.9%	+ 0.0pt
Capital ratio (FG, consolidated)	8.2%	8.7%	+ 0.4pt

*excluding Kiraboshi Bank

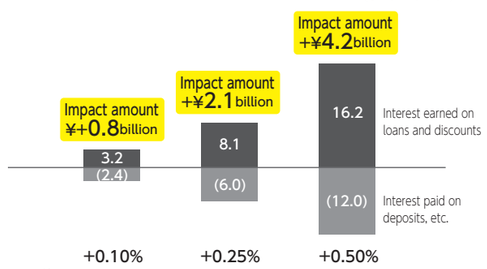
Impact on Income of Rising Yen Interest Rates

As an impact of rising yen interest rates, interest on loans and deposits will increase.
A 0.1% rise in the policy interest rate is expected to cause an increase in net interest on loans and deposits (interest revenue earned from loans less interest paid on deposits) of approximately ¥0.8 billion for Kiraboshi Bank (non-consolidated), while a 0.5% rise (policy rate interest rate of 1.0% level) would cause an increase of ¥4.2 billion.
We are revising our thinking and activities to respond properly to the world with positive interest rates.

Estimated impact of interest rate rises

■ Impact on interest on loans and deposits in the event of policy interest rate hike

(Unit: ¥ billion)



Assumptions
- Estimated annual (12 months) amount if policy interest rate rises by 0.1%
- Impact on Kiraboshi Bank (non-consolidated) (impact of UI Bank's deposits and loans not taken into account)
- Balances of loans and deposits are envisioned figures at end of FY2025

2. Initiatives for the Improvement of Corporate Value

Regarding initiatives for the improvement of corporate value, we recognize the importance of a dual approach to the improvement of price-book ratio (PBR) as a measure of market valuation, namely, to improve ROE through improvements to RORA and financial leverage controls and to raise PER by suppressing capital costs and increasing the expected growth rate.
For the improvement of ROE, we worked to grow our business portfolio through optimal allocation of management resources and realized growth in FG's net income. We are also controlling expenses and risk-weighted assets appropriately and working to restructure our asset portfolio and optimize capital allocation for the efficient use of capital.
In terms of the optimal allocation of capital, we are working to instill an awareness of return relative to capital costs. Redirecting resources generated through the reduction of low-profitability assets to businesses that can be expected to grow, including businesses directed at SMEs, and to businesses with promising medium- to long-term growth potential, we aim to enhance returns while conducting appropriate risk-taking.
We will raise the expected growth rate, which is an element of PER, through the appropriate disclosure of strategies and target profit levels for each business. We understand that our current capital cost level is around 6-7%. We will strive to lower that figure by further strengthening the management foundation through the evolution of our business portfolio and the continued posting of stable income.
We will endeavor to increase shareholder value through the sustained improvement of ROE and growth of PER by exercising disciplined capital management. In addition, we are addressing issues for a sustainable society and the advancement of digitalization as our materiality. Going forward, we will direct a portion of our income to social value creation areas and aim for a balance of social value with economic value.

Logic tree for PBR improvement

						FY2023	FY2024 (1st year of Medium-Term Business Plan)	FY2026 (Final year of Medium-Term Business Plan)
PBR	ROE	RORA	Strengthening profitability (See ① at right)	① Business portfolio evolution ● Optimal allocation of management resources ● Ensuring appropriate balance of risk and return	Net income (FG, consolidated)	¥24.5 billion	¥31.3 billion	30.0 billion
			Cost control (See ② at right)	② Cost control ● Reducing base costs ● Allocating necessary DX investments and costs in growth areas	OHR	57.8%	57.9%	Mid-50% range
			Risk-weighted asset control (See ③ at right)	③ Risk-weighted asset control ● Switch from low profitability to high profitability assets ● Allocating assets to community revitalization projects	RORA	0.6%	0.7%	0.6%
		Financial leverage	Enhancing shareholder returns (See ④ at right) Optimal risk capital allocation (See ① and ④ at right)	④ Capital policy and enhancing shareholder returns ● Accumulating internal reserves, capital allocation ● Striking a balance between capital soundness, shareholder returns, and preferred share redemption	Capital ratio	8.2%	8.7%	8.3%*
	PER	Cost of shareholders' equity	Reducing cost of shareholders' equity	✓ Diversification and evolution of the business portfolio ✓ Sustainable and stable earnings (reduced beta) ✓ Reducing business risk through asset control	Capital costs	6~7%		
		Expected growth rate	Rise in expected growth rate	✓ Contributing to local communities and evolving sustainability management ✓ Disclosing growth strategies ✓ Enhancing human capital management	PER	Approx. 5 times		

*After preferred share redemption

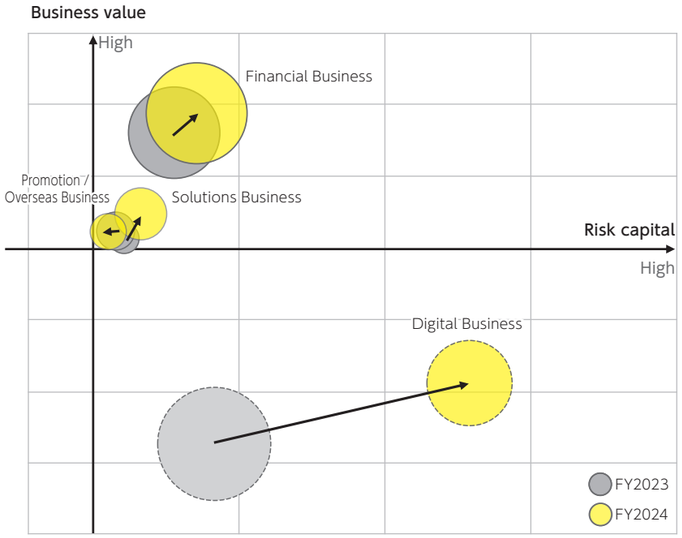
Breakdown of PBR: PBR = ROE × PER

Breakdown of ROE: ROE = RORA × Financial leverage

Message from the CFO

2-1. Evolution of the Business Portfolio

We have adopted a business valuation indicator (Business value = Profit - (Allocated risk capital x Cost of shareholders' equity)) that reflects our capital costs, and we implement the PDCA cycle for each business with a consciousness of capital costs.
The Digital Business, which is centered on UI Bank and Kiraboshi Tech, recorded a loss in FY2024, but we expect it to make a profit in FY2025. Thanks to synergies between the Digital, Financial, and Solutions Businesses, we are developing a digital retail business that integrates digital and real contact points, and with the integration of financial services and non-financial services, we are working to be able to help solve customers' issues.
The Promotion/Overseas Business provides detailed support to client companies' overseas expansion and their deployment of marketing strategies.



*Circle size represents size of profit by business (dashed circles of Digital Business indicate negative profit values)

Digital Business
- ▶ Income improved, leading to increase in business value
- ▶ Expect profit in FY2025 and will aim for positive business value
- ■ UI Bank Co., Ltd. ■ Kiraboshi Tech, Inc.

Financial Business
- ▶ Improved business value through the promotion of main bank relationships by integrating the Financial Business with non-financial businesses such as consulting
- ■ Tokyo Kiraboshi Lease, Inc.
- ■ Kiraboshi Capital Co., Ltd.
- ■ Kiraboshi Life Design Securities Co., Ltd.
- ■ Kiraboshi Servicer, Ltd.
- ■ Kiraboshi Insurance Agency CO., LTD.
- ■ Kiraboshi JCB Co., Ltd.
- ■ Kiraboshi Credit Guarantee Co., Ltd.
- ■ Yachiyo Credit Guarantee Co., Ltd.

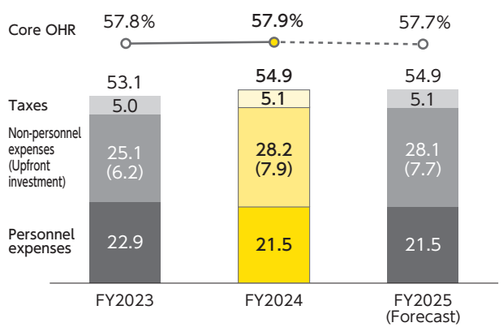
Solutions Business
- ▶ Profit expanded due to provision of management consulting and DX solutions through Group cooperation, leading to increase in business value
- ■ Kiraboshi Consulting Co., Ltd.
- ■ Kiraboshi System, Inc.
- ■ ITC Co., Ltd.
- ■ Kiraboshi business office service, Inc.

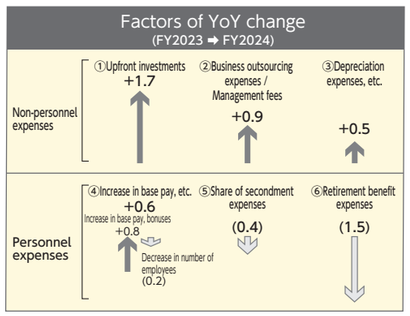
Promotion / Overseas Business
- ▶ Detailed support for client companies' overseas expansion and deployment of marketing strategies
- ■ Be. Brave, Inc.
- ■ Kiraboshi Business Service Co., Ltd.
- ■ Kiraboshi Business Consulting Shanghai Co., Ltd.
- ■ StarBridge business consulting (Beijing) Co., Ltd.
- ■ KIRABOSHI BUSINESS CONSULTING VIETNAM Co., Ltd.

2-2. Cost control

With regard to cost control, to improve productivity through efficiency improvements at branches and the introduction of a branch company system, we are conducting forward-looking IT investments and connecting injected investments to future growth.
Regarding expenses in FY2024, due to these kinds of DX investments and upfront investments that will lead to future growth areas, non-personnel expenses increased year on year. Despite increases due to raises in basic pay, personnel expenses decreased year on year due to factors of decline such as a fall in retirement benefit expenses.
In FY2024, productivity improvements were achieved due to upfront investments, resulting in OHR of the same level of the previous year's 57.9%, despite increases in expenses.

Core OHR/costs (Amounts: ¥ billion)

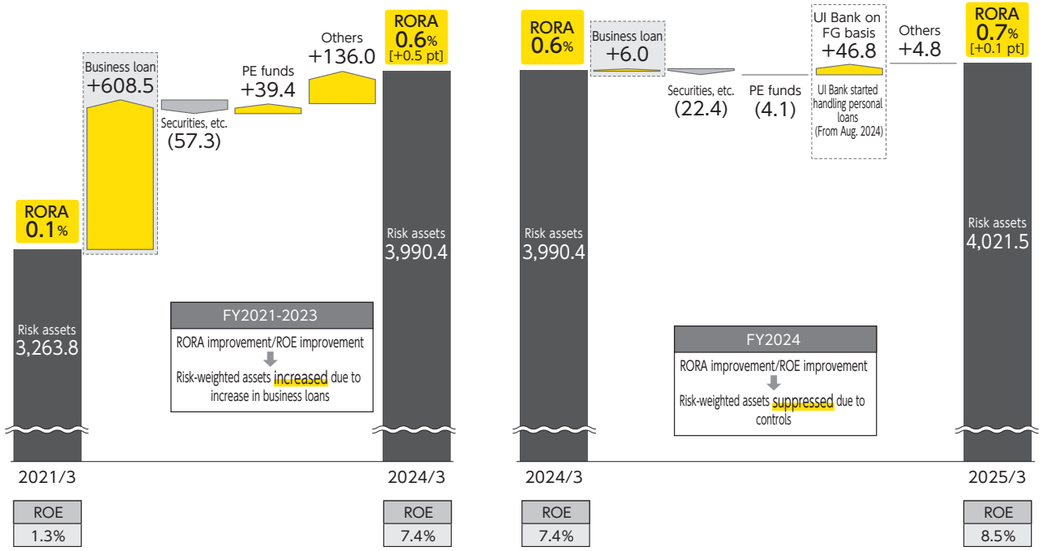




2-3. Risk-weighted asset control

For the improvement of ROE, we established a framework centered on RORA, and continue to perform risk-weighted asset control that focuses on improving the balance of risk and return.
Although risk-weighted assets increased significantly due mainly to an accumulation of business finance (LBO financing and non-recourse loans) during the period of the previous Medium-Term Business Plan (FY2021-2023), in FY2024, we suppressed their increase with the use of asset control.
For certain LBO financing and other transactions, we secure a certain level of fee revenue by rotating execution and collection, while transferring some of the credit claims to other companies. We implement well-balanced asset allocation, such as prioritizing the allocation of resources to loans with strategic significance. As solutions to customers' management issues, including business succession, we also direct assets toward the equity investment area. When allocating assets to equity investments that contribute to medium- to long-term growth, we give consideration to maintaining an overall portfolio balance.
We manage securities cautiously while closely monitoring interest rate movements. As a result, risk-weighted assets declined in FY2024.
Although UI Bank's risk-weighted assets increased in FY2024 when it started handling personal loans, we are aiming for optimal asset allocation across the entire group. In light of the overall balance of profitability with the soundness of our capital ratio, we will strengthen our businesses that are not dependent on the balance sheet, such as group-wide fee-based services, to further improve returns relative to risk-weighted assets.

Changes in Risk Assets (Amounts: ¥ billion)



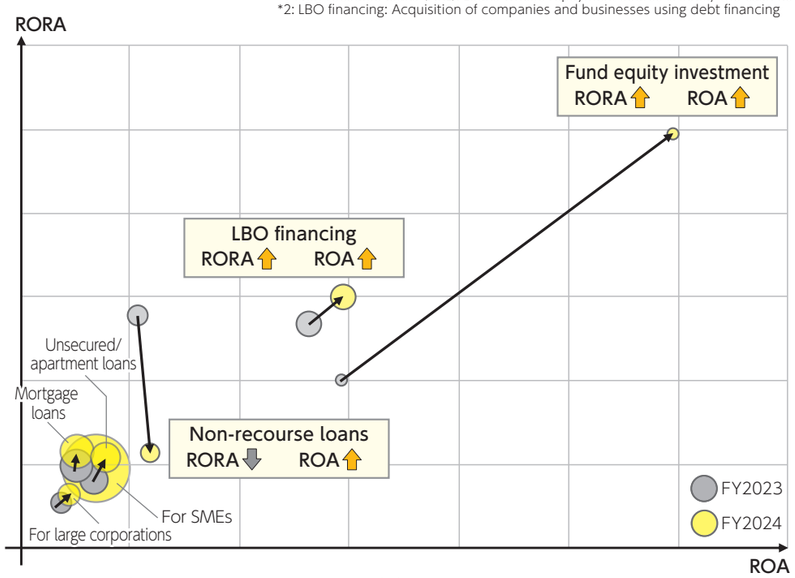
*1 UI Bank on FG basis: Amount obtained by subtracting loans to Kiraboshi Bank and deposit risk-weighted assets from UI Bank's (non-consolidated) credit risk-weighted assets
*2 Business loans and securities, etc. are not included in UI Bank's risk-weighted assets.

Message from the CFO

2-4. Risk-weighted asset control (by category)

The graph below shows the relationship between ROA and RORA. We are building an asset portfolio that improves the balance of risk and return by implementing asset controls in each risk category.
Although RORA increased in FY2024 for LBO financing and equity investments in response to customers' business succession needs, it fell for non-recourse loans due to the increase in risk weight resulting from the response to Basel III.
In lending to SMEs, while continuing with operations that are conscious of RORA, at the same time, we are supporting client companies closely and conducting initiatives to solve customers' various management issues. In lending to large corporations, we take factors such as strategic significance and profitability into account.
We will continue our efforts to improve RORA through meticulous risk-weighted asset control.

*1 Non-recourse loans (NRL): Loans whose repayment source is solely the cash flow generated by a specific business or asset
*2: LBO financing: Acquisition of companies and businesses using debt financing

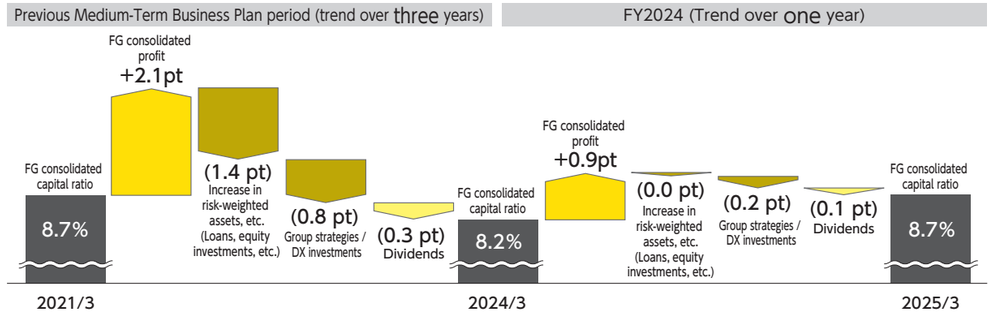


	RORA	ROA
For SMEs	↑	↑
Unsecured/ apartment loans	↑	↑
Mortgage loans	↑	↑
For large corporations	↑	↑
Non-recourse loans	↓	↑
LBO financing	↑	↑
Fund equity investment	↑	↑

ROA: (Annual interest + Commission income) / Loan balance
RORA: (Annual interest + Commission income) / Risk-weighted assets
*Circle size represents balance size

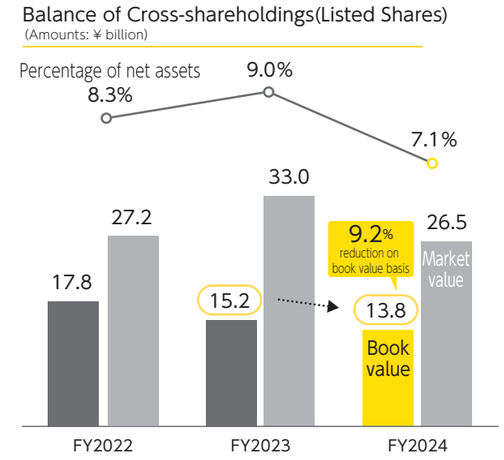
2-5. Capital management

As a result of the improvement in profitability thanks to well-balanced control of assets and investments, internal reserves were accumulated and the capital ratio improved from 8.3% in FY2023 to 8.7% in FY2024.
While maintaining the soundness of equity capital, we invest in high growth areas with a consciousness of capital efficiency, adopting a basic capital management approach that balances "Maintaining a sound capital ratio," "Utilizing capital to improve profitability," and "Shareholder returns."
In FY2025 as well, we will conduct disciplined capital management and appropriately execute short-term investments with high capital efficiency and investments for building a business platform for medium- to long-term growth.
In shareholder returns, we will continue our basic policy of conducting ongoing, stable dividends and steadily build up internal reserves for the redemption of preferred shares.
We will continue to conduct capital allocation in an agile manner, as well as balanced capital management, in our aim for the further improvement of corporate value.



3. Cross-shareholdings Policy and Stakeholder Dialogue

During the period of the current Medium-Term Business Plan (FY2024-2026), we will aim to reduce cross-shareholdings by approximately 40% on a book value basis. We forecast a book value balance of approximately ¥9.0 billion in FY2026, compared with approximately ¥15.0 billion in FY2023. In FY2024, we achieved a reduction of ¥1.4 billion (9.2%).
Making effective use of the capital generated by the reduction of cross-shareholdings, we will build up our internal reserves for the redemption of preferred shares and strengthen the initiatives needed to solve the issue of our customers and society.
In addition to our aim to gain the understanding and trust of shareholders and investors, we will strive for the sustained growth of the Group and the medium- to long-term improvement of corporate value through a variety of discussions.
We will continue to reduce risk through asset control and aim to post stable and sustainable income. In doing so, while remaining conscious of the reduction of capital costs, we will strive for appropriate information disclosure and to expand our dialogue with shareholders and investors.



*Balance of cross-shareholdings held by Kiraboshi Bank
*Percentage of net assets is the percentage of FG consolidated net assets

Approach to Preferred Shares

After assessing the Company's business environment and with consideration for the status of internal reserve accumulation and capital ratio,

- with respect to First Series Class I preferred shares (*1),
  Redeem the shares over the period from FY2026 to FY2029, and aim to complete redemption
- with respect to Class II preferred shares (*2),
  Redeem the shares in FY2026 and FY2028, and aim to complete redemption

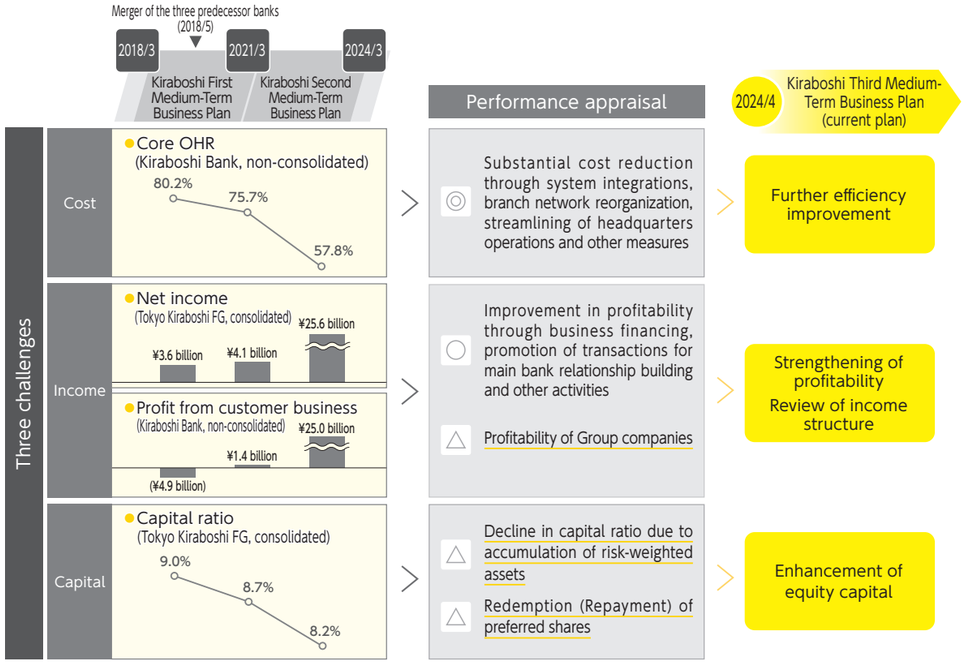
Consider completing redemption ahead of schedule depending on market environment

(*1) Sumitomo Mitsui Trust Bank, Limited ¥15.0 billion (*2) Tokyo Metropolitan Government ¥40.0 billion

Tracking Progress of the FY2024–FY2026 Medium-Term Plan

Overview of the Medium-Term Business Plan

When Kiraboshi Bank was established as a result of the merger of three banks in 2018, the Kiraboshi Group faced three major challenges: High costs, low profitability, and low capital. In the Third Medium-Term Business Plan launched in FY2024, we will steadily implement our growth strategy in response to the three challenges and contribute to the resolution of social issues toward the realization of a sustainable society under our newly established purpose, "Giving our all, for TOKYO."



Further Efficiency Improvement

In order to further improve management efficiency and productivity, one of the basic concepts of the Kiraboshi Group is to "provide a comprehensive range of services that integrate digital and real elements." Under the current Medium-Term Business Plan, we will revise our branch strategy and sales structure to achieve this goal.
In terms of specific initiatives, we plan to consolidate our loan handling locations down to 13 branch companies for both corporate and retail customers, aiming to balance the provision of specialized knowledge and expertise alongside the development of human resources, and to provide high value-added services through cooperation between specialized headquarters departments and sales offices.
We will also strive to further reduce the number of locations while expanding the number of sales offices specializing in retail customers that are easily accessible to customers, while also promoting digital services, such as via UI Bank, by utilizing real locations where we can have face-to-face contact with customers.

Strengthening of Profitability and Review of Income Structure

Under the current Medium-Term Business Plan, we have positioned building a business model that does not depend on Kiraboshi Bank's income as an important theme from the perspective of appropriate risk-weighted asset control. To achieve this, we will work to strengthen the profitability of the entire Group by improving the quality and quantity of digital services through UI Bank and Kiraboshi Tech, strengthening solutions functions centered on Kiraboshi Consulting and Kiraboshi System, and expanding services tailored to customers' lifecycles, mainly through Kiraboshi Capital, Kiraboshi Life Design Securities, and Tokyo Kiraboshi Lease. Over the three years of the current Medium-Term Business Plan, we plan to increase the profit of Group companies from a loss of ¥0.3 billion (FY2023) to ¥5.0 billion in profit (FY2026).

Enhancement of Equity Capital

Our basic capital policy for the period of the current Medium-Term Business Plan is to ensure a sound capital ratio and maintain a strong balance between use of capital to enhance profitability and return of profits to shareholders. Through these measures, we are targeting a consolidated capital ratio of 8.3% (in FY2026) on the FG consolidated basis, even after securing funds for the redemption of preferred shares and dividend payouts.

Progress and Evaluation of Management Targets (KGI)

Under the current Medium-Term Business Plan, the Kiraboshi Group has established the following five key goal indicators as management targets (KGI) from the perspective of sustainably enhancing corporate value.
In the progress valuation for FY2024, we identified delays in achieving profit of Group companies, and considered countermeasures. The entire Group will work together to maximize Group synergies and achieve the Plan.

* Evaluation: ◎...Significantly achieved, ○...Achieved/Almost achieved, △...Issues remain

Main Targets (KGI)	FY2023 (actual)	FY2024 (actual)	YoY	Evaluation*	FY2026 <Medium-Term Business Plan>
Net income (FG, consolidated)	¥25.6 billion	¥31.3 billion	+¥5.7 billion	◎	¥30.0 billion
Profit of Group companies (FG, consolidated) *excluding Kiraboshi Bank	(¥0.3 billion)	¥1.4 billion	+¥1.8 billion	△	¥5.0 billion
ROE (FG, consolidated)	7.4%	8.5%	+1.1%pt	○	High 7% range
Core OHR (Kiraboshi Bank, non-consolidated)	57.8%	57.9%	+0.0%pt	○	Mid-50% range
Capital ratio (FG, consolidated)	8.2%	8.7%	+0.4%pt	○	8.3%*

*After preferred share redemption

Growth strategies

Strengthening of Profitability and Review of Income Structure
- Group Strategy P.23
- Corporate Customer Strategy P.35
- Retail Customer Strategy P.37
- Digital Strategy P.39

Further Efficiency Improvement
- Branch Strategy P.38

Enhancement of Equity Capital
- Financial Strategy P.15

Selection of Materialities and Progress and Evaluation of KPIs

In the current Medium-Term Business Plan, the Kiraboshi Group has selected social issues that need to be addressed in order to achieve sustainable growth as materialities (key issues) from the perspective of our Purpose, and has set the following KPIs as indicators for our responses and initiatives toward solving these issues.
In the progress evaluation for FY2024, we identified issues with the three KPIs and therefore analyzed the current situation, identified the problems and their causes, and considered improvement measures. We will steadily implement measures such as promoting account linking through UI Bank and expanding collaboration through BaaS as we move toward achieving the Plan.

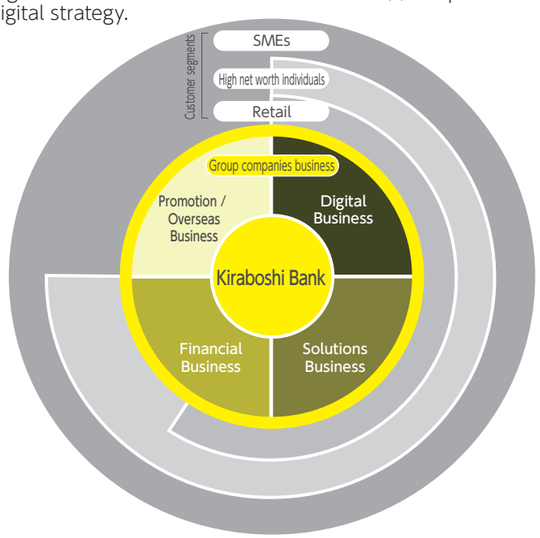
* Evaluation: ◎...Significantly achieved, ○...Achieved/Almost achieved, △...Issues remain

Social issues to be addressed and our responses (materialities)		KPIs for achieving our management targets (Cumulative targets for FY2024-FY2026)	FY2024 (actual)	Evaluation*	FY2026 <Medium-Term Business Plan>
Realization of a sustainable society	● Support for SMEs in improving their business value ● SMEs decarbonization projects ● Support for medical institutions (management) ● Support for older adults ● Support for child-rearing generation	Number of FA (M&A) cases	32	○	30
		Financing for business succession and revitalization (Number of cases)	68	○	120
		Financing for business succession and revitalization (Amount)	¥70.6 billion	○	¥180.0 billion
		Scope 1 and 2 reduction rates by the end of FY2026 (compared to FY2013)	81.1% reduction	○	80% reduction
		Amount of sustainability financing	¥27.0 billion	○	¥100.0 billion
		Number of financial assets of ¥50 million or more	4,186 customers	○	4,000 customers
Creation of new social values and industries	● Group-wide contribution to regional de-velopment ● Start-up support ● Support for overseas expansion from the TOKYO market	Amount of factoring for medium, small, and micro enterprises	¥0.38 billion	△	¥5.0 billion
		Number of start-up support measures (new business creation, commercialization support, etc.)	31	○	100
		Number of cases supporting overseas expansion by start-ups	23 customers	◎	30 customers
		Number of cases supporting overseas expansion by Japanese companies	188 customers	○	300 customers
		Number of cases supporting expansion into Tokyo by overseas companies	53 customers	◎	30 customers
Responses to issues accompanying progress in digitalization	● Provision of new financial functions ● Social infrastructure (security and safety) ● Financial services support for the elderly and the younger generation ● Ensuring foreign nationals have access to financial services	UI Bank deposits (number of customers)	169,000 customers	△	700,000 customers
		UI Bank deposits (amount)	¥695.2 billion	○	¥780.0 billion
		UI Bank loans (number of customers)	2,453 customers	○	6,000 customers
		UI Bank loans (amount)	¥55.9 billion	○	¥220.0 billion
		UI Bank annual revenue from BaaS partners (in collaboration with Kiraboshi Tech)	¥0 billion	△	¥0.85 billion

Group Strategy

Four Business Divisions

Here we introduce the Group company functions, by business category, that will enable us to achieve the three strategies in the Medium-Term Business Plan: (1) Corporate customer strategy; (2) Retail customer strategy; and (3) Digital strategy.



Financial Business
Supporting customer needs with a focus on financial businesses such as leasing, asset management, and financing

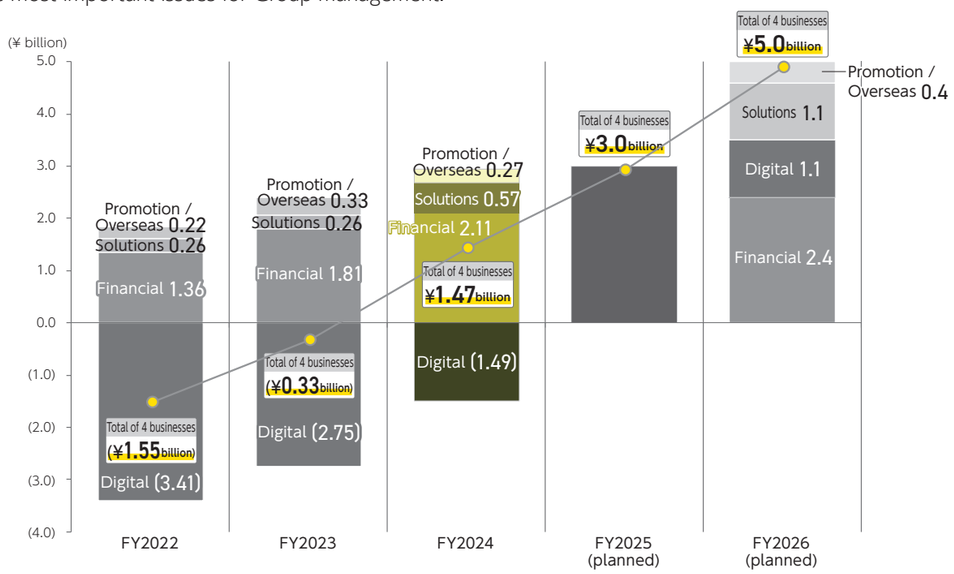
Digital Business
Providing digital solutions with unparalleled convenience and cost competitiveness

Solutions Business
Providing high value-added solutions to customer issues through Groupwide efforts

Promotion / Overseas Business
Supporting promotions contributing to sales channel expansion

Profit of Group Companies by Business

In FY2024, profit for Group companies, excluding Kiraboshi Bank, increased by ¥1.8 billion year on year to ¥1.4 billion due to a reduction in the deficit posted by the Digital Business, which was the biggest challenge we faced, and higher profits posted by the Financial Business and the Solutions Business. Going forward, we will work to further strengthen the profits of our Group companies, with a focus on making UI Bank profitable, which is one of the most important issues for Group management.



Financial Business

Making full use of our position as a financial group, we will respond to customers' diverse needs through leasing, asset management, financing, and other services as core func-tions that will enable us to achieve our vision of becoming a comprehensive service business that is also strong in finance.

Company name	Business description	Strengths
Tokyo Kiraboshi Lease, Inc.	General leasing business	Contributes to local communities through the active leasing of equipment for SMEs, particularly in the medical/welfare and environmental fields
Kiraboshi Capital Co., Ltd.	Structuring and administration of funds	Provides hands-on support to customers in various life stages through equity and mezzanine investments
Kiraboshi Life Design Securities Co., Ltd.	Securities business	Supports sustainable asset formation based on long-term and diversified investments
Kiraboshi Servicer, Ltd.	Claim management and collection business	Caters in a professional manner to customers as a comprehensive servicer of financial groups
Kiraboshi JCB Co., Ltd.	Credit card business	Provides cashless services to corporations and individuals in the Tokyo metropolitan area
Kiraboshi Credit Guarantee Co., Ltd. Yachiyo Credit Guarantee Co., Ltd.	Credit guarantee operations	Provides credit guarantee operations for Kiraboshi Bank's mortgages and other consumer loans

Financial Business Tokyo Kiraboshi Lease, Inc.

Tokyo Kiraboshi Lease's philosophy is to contribute to local communities by sup-porting the modernization of equipment at SMEs through its leasing business. As part of these efforts, Tokyo Kiraboshi Lease is proactively addressing environmental issues through the leasing of energy-saving equipment and the offering of Kiraboshi SDGs Leases. It also focuses on support for customers in the medical/welfare fields.

Strengths of the company

Kiraboshi Lease collaborates with Kiraboshi Bank's Medical and Welfare Business Division to actively provide leasing services to customers in the medical care and nursing care fields.

Examples of solutions

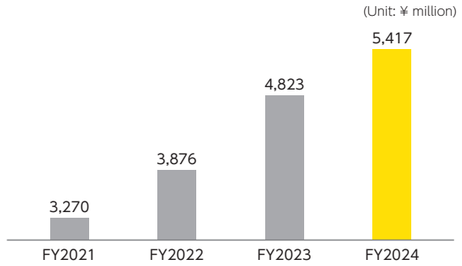
- Leases
- Vehicle leases
- Installment sales
- Payment outsourcing
- Kiraboshi SDGs Leases
- Japanese Operating Lease (JOLCO)
- Purchasing support
- Factoring

Example initiatives

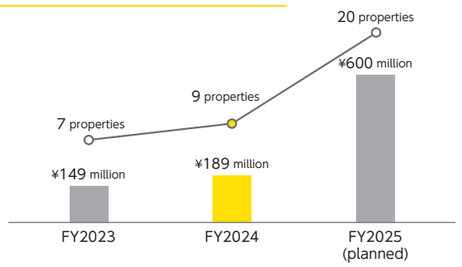
Initiatives with Kiraboshi SDGs Leases (Donation-type)

As part of our environmental initiatives, we donate 0.2% of the lease amount for properties leased by customers through Kiraboshi SDGs Leases to organizations engaged in SDG-related activities.

Trends in lease balance for customers in the medical/welfare fields



Trends in Kiraboshi SDGs Leases



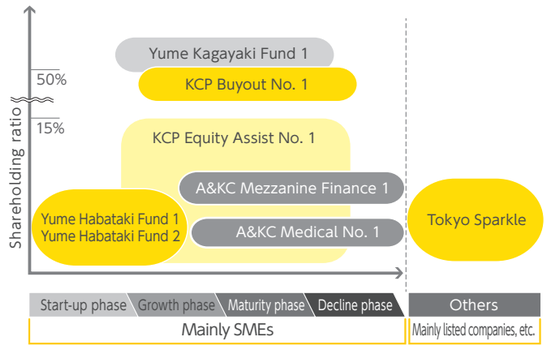
Group Strategy

Financial Business Kiraboshi Capital Co., Ltd.

Kiraboshi Capital currently operates a total of eight funds of six types, and conducts equity and mezzanine investments for cus-tomers in various life stages. To resolve the issues that our investees are facing, Kira-boshi Capital collaborates with each Kira-boshi Group company to provide hands-on support, working alongside officers and employees at investees to increase corporate value.
To date, the cumulative invested amount across all our operated funds has surpassed ¥37.0 billion. In line with the equity in-vestment business measures in the Medi-um-Term Business Plan, in addition to con-tinued proactive new investments, we will further enhance our hands-on support, and aim to secure fund profit through investees' exit strategies.

Strengths of the company

By managing six different types of funds with varying investment targets, Kiraboshi Capital conducts equity and mezzanine investments that meet the needs and life stages of all companies, from venture companies to SMEs and large corporations. This enables us to provide detailed solutions tailored to the specific challenges faced by each company.



Financial Business Kiraboshi Life Design Securities Co., Ltd.

Centered on intermediary operations with Kiraboshi Bank and UI Bank, Kiraboshi Life Design Securities offers proposals for long-term, diverse investments through fund wraps and investment trusts. Moreover, through support for asset formation and the provision of optimal financial services and solutions, Kiraboshi Life Design Securities strives to alleviate any worries or concerns customers may have. Kiraboshi Life Design Securities also continues with follow-up services in addition to providing appropriate information, with the aim of becoming a securities company that can earnestly sup-port the achievement of customers' indi-vidual goals.

Strengths of the company

Based on a goal-based approach to pro-posing long-term diverse investments, we have established a business model that does not rely on flow-based revenues by offering free sales fees on face-to-face investment trusts for customers with more than ¥10 million in assets under management.

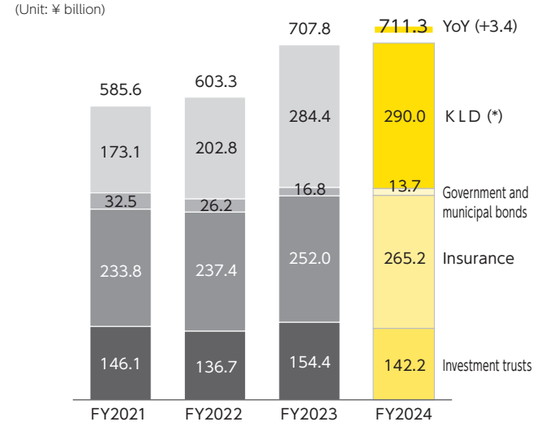
Recent example initiatives

Kiraboshi Wraps now eligible for the NISA system

Starting from January 2025, customers can now use the NISA system (growth invest-ment quota) when making new applications or increasing their investment in the discre-tionary investment management service, "Kiraboshi Wrap." Through Kiraboshi Wrap, one of the few services in the industry that allows customers to use the NISA sys-tem, we will continue to support customers' asset formation.

Balance of assets under management by category (Kiraboshi Bank and KLD)

(Unit: ¥ billion)



	FY2021	FY2022	FY2023	FY2024
Kiraboshi Bank	412.4	400.5	423.3	421.2
KLD	173.1	202.8	284.4	290.0

*KLD: Kiraboshi Life Design Securities

Financial Business Kiraboshi Servicer, Ltd.

Kiraboshi Servicer was approved as the 110th debt collection agency (servicer) by The Ministry of Justice in February 2007, and joined the Kiraboshi Group in October 2022. From debt management and collection to business revitalization, Kiraboshi Servicer provides a broad range of high-quality services with the aim of becoming a comprehensive servicer that can cater to the servicing needs of various customers and clients in a professional manner.

Strengths of the company

Kiraboshi Servicer provides servicing to many financial institutions, focusing on the purchase, management, and collection of non-performing loans, consulting, and collection agency services. By establishing branches, sales offices, and satellite offices nationwide, the company has built a system that enables detailed support for regional financial institutions.

Trends in transaction volumes and balances

	FY2022		FY2023		FY2024	
	Transaction volume (Number)	Transaction balance (¥ million)	Transaction volume (Number)	Transaction balance (¥ million)	Transaction volume (Number)	Transaction balance (¥ million)
Received debt	5,489	17,134	24,713	318,153	19,900	27,603
Entrusted debt	2,222	2,011	732	13,610	753	12,460

*Received debt in FY2023 increased by 11,905 cases with a balance of ¥264,582 million due to the transfer of business from Argo Japan Servicing Co., Ltd.

Financial Business Kiraboshi JCB Co., Ltd.

As cashless payments become more wide-spread, Kiraboshi JCB, the Kiraboshi Group's card company, issues JCB-branded credit cards to individual and corporate customers.
Furthermore, in order to meet the diverse payment needs of business operators, we are also focusing on providing merchant ser-vices that support various payment methods.

Strengths of the company

In the key Tokyo metropolitan market, Kiraboshi JCB works closely with Kiraboshi Bank and other Group companies to provide services that respond to the digitalization of society. In this way, the company is working to resolve a wide range of payment chal-lenges faced by customers.

Recent example initiatives

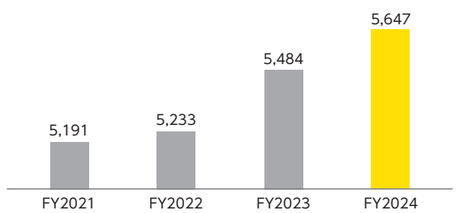
Campaign to promote corporate card use for cashless payments for businesses

As corporate demand for cashless payments grows, payment methods using corporate cards have gained attention due to revisions in laws and related policies. However, the adoption rate of corporate cards among SMEs remains low. To promote widespread adoption, the company has launched a "First-year Annual Fee Full Cashback Campaign."



Trends in numbers of corporate members

(Unit: Members)



Group Strategy

Digital Business

We will provide digital solutions that lead to the resolution of customers' issues, with a central focus on the incredible convenience and cost competitiveness of UI Bank, which utilizes an easily accessible and highly flexible system, as well as the Maekyu ser-vice platform operated by Kiraboshi Tech.

Company name	Business description	Strengths
UI Bank Co., Ltd.	Banking business	As the Kiraboshi Group's core retail financial services provider, offers various digital financial services that are fully accessible from smartphones
Kiraboshi Tech, Inc.	Fintech services	Provides Fintech services such as Maekyu (salary prepayment service) and a wallet service

Digital Business UI Bank Co., Ltd.

UI Bank is a digital bank designed to offer the convenience of accessing banking ser-vices anytime, anywhere, and enables cus-tomers to complete all transactions using their smartphone. It also serves to enhance customer satisfaction and convenience through service integration with Kiraboshi Bank, and to thereby improve the produc-tivity of the Group as a whole.
From FY2024, it started offering mortgage loans with strengths in relocating homes and real estate investment loans for funding purchases of rental condominiums, and by expanding revenue from these products, the company aims to become profitable in FY2025.

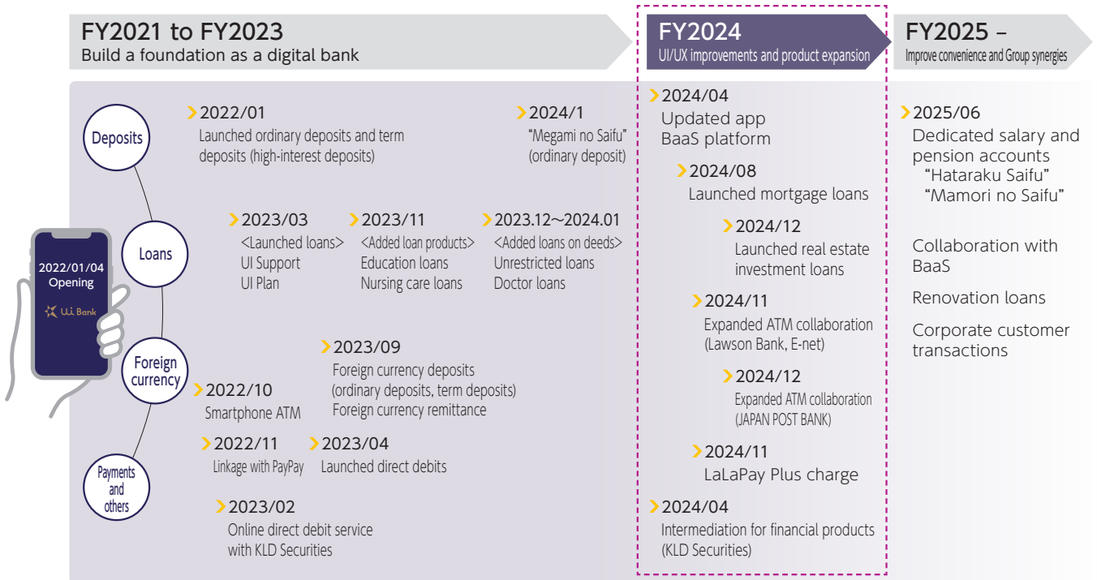
Strengths of the company

UI Bank provides services through both face-to-face and non-face-to-face channels as a unified Group by leveraging Kiraboshi Bank offices. In addition, it collaborates with various partners to deliver cutting-edge financial and non-financial digital technologies and services.

Recent example initiatives

UI/UX improvements and expansion of products and collaboration

In April 2024, the company completely redesigned its app and focused on improving its UI/UX. Furthermore, in order to provide a bank that is convenient for customers, we established new partnerships with Lawson Bank and E-net ATMs in November 2024 and with JAPAN POST BANK ATMs in December 2024.



Roadmap to Achieving the Long-term Vision

We have positioned this period of the plan (FY2024-FY2026) as the "Growth phase," and will actively promote our digital retail business.

Start-up phase: Build a foundation as a digital bank (FY2021-FY2023)

- Start out with low costs and limit to deposits and foreign exchange, gradually expand products and services as a digital bank
- Work on renewing the app and building a BaaS platform to improve UI/UX and provide new services

Main functions

Deposits
- Basic deposit products
- "Megami no Saifu"

Loans
- Overdrafts
- Loans on deeds

Foreign exchange

Foreign currency

Payments
- PayPay
- Smartphone ATM

Growth phase: Actively expand digital retail business (FY2024-FY2026)

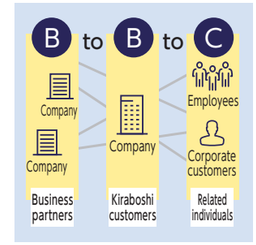
FY2024
<Build the foundation: Evolve the app>

FY2025
<Maturity: Integrate digital retail>

FY2026
<Trust and reliability: 700,000 users>

Expansion phase: Evolve into a bank that connects (FY2027-FY2029)

BtoBtoC/BtoBtoE model has been established and the profitability of the BaaS business is advancing



*Bank that connects
Expand assets and earnings by building a BaaS platform and system that can be applied to any company, and providing services that meet individual needs

Digital Business Kiraboshi Tech, Inc.

Kiraboshi Tech believes in "making work more fun and money more convenient," and connects individual workers with companies to help them realize the lifestyles that reflect their individuality.
Its main businesses are "Maekyu," a salary prepayment service, and "LaLaPay Plus," a smartphone payment app.

Strengths of the company

Maekyu was launched in 2005 as an industry pioneer in salary prepayment services, and maintains a leading market share. In 2023, we released LaLaPay Plus, a smartphone payment app that, in addition to providing access to Seven Bank ATMs and enabling bank account transfers, allows users to charge their bank accounts from the Maekyu service. Kiraboshi Tech also offers the Kiraboshi Digital Payment, a wallet charging service, and is strengthening collaboration with welfare service providers. By providing diverse and convenient services, we con-tribute to improved employee satisfaction at client companies.

Recent example initiatives

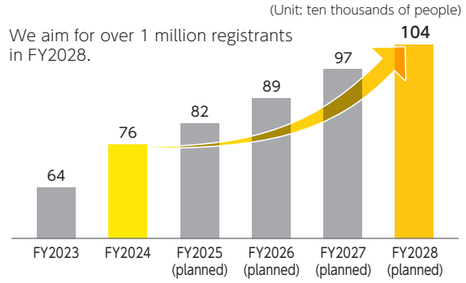
Expansion of smartphone payment services

- Operational support for Tokyo Yakult Swallows' "Swallows Pay" (April 2024)
- Implementation of charging function from UI Bank accounts to LaLaPay Plus (November 2024)
- Provision of "Shidax PAY" (March 2025)

Trends in number of Maekyu registrants

(Unit: ten thousands of people)

We aim for over 1 million registrants in FY2028.





Group Strategy

Solutions Business

We will provide high-added-value solutions as a unified Group to resolve customers' issues through earnest dialogue.

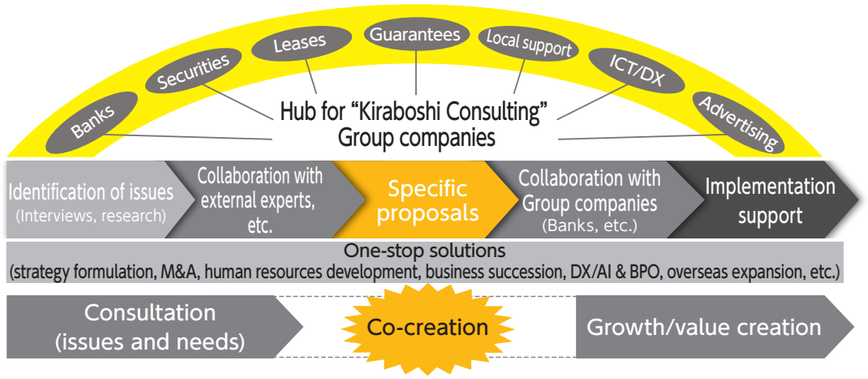
Company name	Business description	Strengths
Kiraboshi Consulting Co., Ltd.	Consulting	Leverages the comprehensive strengths of the Kiraboshi Group to offer sophisticated consulting services for a broad range of customer needs
Kiraboshi System, Inc.	System processing outsourcing	Establishes, maintains, operates robust system infrastructure and offers security services in a manner that is only possible for a financial group
ITC Co., Ltd.	System support and development	Provides systems engineering services as a team of experts in the IT and digital area
Kiraboshi business office service, Inc.	Payroll operations, etc.	Provides back-office-related services, mainly for payroll operations

Solutions Business Kiraboshi Consulting Co., Ltd.

Kiraboshi Consulting provides hub functions for all 22 Group companies as a "management partner of our customers." We connect our diverse functions, including regional support, education, ICT/DX consulting, and personnel introductions, to provide optimal solutions that go beyond consulting to address even the most complex management challenges. In addition, we utilize these Group functions in operating "Kiraboshi Club," a premium membership service that provides total content, from management support to welfare programs.

Strengths of the company

We provide support to a diverse range of clients, from locally based SMEs and start-ups to growth companies aiming for listing and large corporations in the Tokyo metropolitan area, tailored to their specific challenges and stages. Our consulting teams, which include experts in various fields, work with customers to create business value by providing one-stop services, from identifying issues to formulating strategies and supporting execution, while also utilizing the latest AI technologies.



Recent example initiatives

Launched Kiraboshi Club

In February 2025, the Kiraboshi Group launched the Kiraboshi Club, a premium membership service that brings together the full strengths of the Kiraboshi Group, whose vision of the future is to become a "com-prehensive service business that is also strong in finance" in order to meet the trust of forward-looking companies and business leaders. We provide our member companies with comprehensive support for manage-ment, people, and assets through our wis-dom, networks, and experience.

経営のパートナーとして、ともに未来を拓く
KIRABOSHI CLUB

Solutions Business ITC Co., Ltd.

ITC is a systems company with strengths in IT infrastructure. Until recently, its main business had been the systems engineering service (SES) business, which supplies the engineers required for continuing operations for the design, establishment, maintenance, and management of servers and networks. However, in light of recent changes in needs and markets, it is shifting and expanding its technology into fields such as systems development, security, and the cloud. ITC also offers ICT/DX consulting services to middle-sized companies and SMEs, thereby helping alleviate their concerns about digitalization.

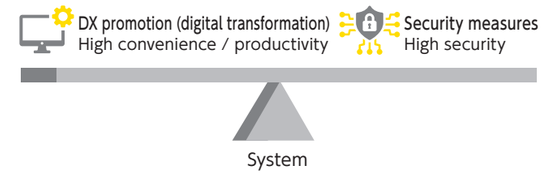
Strengths of the company

ITC has numerous employees with expert digital skills in areas such as the latest trends, technologies, and security. In addition, as a multi-vendor with strengths in IT infra-structure, ITC provides one-stop, end-to-end services ranging from ICT consulting to proposals, design, construc-tion, maintenance, operations, and even product sales.

Examples of solutions

Provides security docks (security examinations)

The security docks involve the assessment of not only system vulnerabilities and an-ti-virus measures, but also human factors and the degree of compliance with security rules, and provide a report describing ap-propriate measures and a roadmap for im-plementing them.



Solutions Business Kiraboshi business office service, Inc.

Kiraboshi business office service is dedicated to improving the efficiency of back-office operations for Group companies and cus-tomers. Within the Group, we undertake payroll calculations, financial settlements, and data processing, while also utilizing Robotic Process Automation (RPA) to au-tomate operations. For external customers, we offer proposals to streamline customers' payroll calculations, attendance manage-ment, expense settlements, and accounting operations.

Strengths of the company

We offer proposals mainly to streamline payroll calculations and related operations. By utilizing the strengths of the Group, we offer a unique system that efficiently handles payroll calculations, salary transfers, and resident tax payments.

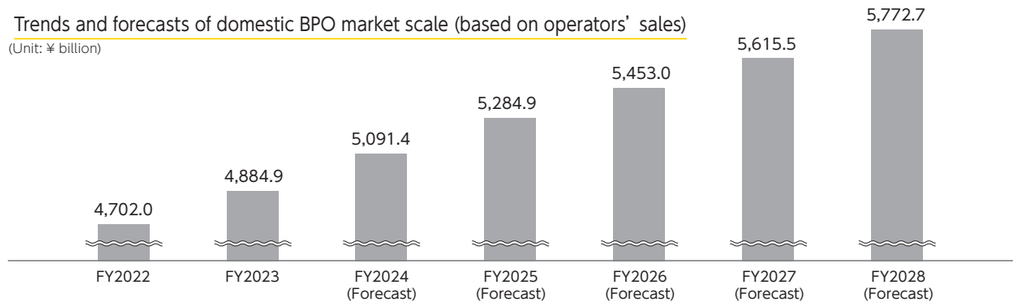
Recent example initiatives

Launched payroll outsourcing services

In FY2025, we will start offering payroll outsourcing services. The outsourcing industry is expected to expand due to factors such as a declining working-age population and the burden of human resources development. We also cater to a variety of other outsourcing needs, including accounting and administrative services.

Trends and forecasts of domestic BPO market scale (based on operators' sales)

(Unit: ¥ billion)



Source: Yano Research Institute Ltd. "BPO (Business Process Outsourcing) Market in Japan: Key Research Findings 2024," published November 28, 2024
Note: Combined values of IT-related BPO and non-IT-related BPO; figures for FY2024 and beyond are forecasts.

Group Strategy

Promotion / Overseas Business

We support product promotion aimed at expanding sales channels, which is a task faced by numerous SMEs.

Company name	Business description	Strengths
Be. Brave, Inc.	Advertising agency / Advertising planning and production business	Fulfills the role of an in-house agency for Kiraboshi Group, while providing side-by-side support to customers in the comprehensive marketing area
Kiraboshi Business Service Co., Ltd.	Centralized administrative services	Provides a range of business-related services covering everything from preparing commemorative mementos and gifts to printing various documents
Kiraboshi Business Consulting Shanghai Co., Ltd.	Consulting	Offers full support for customers' China businesses, from conducting market research in China to assisting them in expanding into or withdrawing from the country
KIRABOSHI BUSINESS CONSULTING VIETNAM Co., Ltd.	Consulting	Supports customers in creating new businesses in Vietnam, such as with expansion into the country and building partnerships with Vietnamese companies

Promotion Business Be. Brave, Inc.

Be. Brave is an advertising agency that joined the Kiraboshi Group in July 2022. It offers advertising agency and production and planning services, planning and marketing support, creative production, promotional support, PR communication support, and product planning and development.

Strengths of the company

As many of its customers had been working with it for many years before it joined the Group, Be. Brave and its customers have a deep understanding of each other. This has allowed it to exceed expectations in re-sponding to customers' requests and needs in terms of both speed and value, thereby cul-tivating a relationship of mutual trust.
Leveraging 30 years' worth of insights and know-how, it will strive to deliver optimized solutions also to Kiraboshi Group customers.

Services and functions offered by Be. Brave

Advertising agency / Advertising planning and production services, marketing, creative work production, IR, promotion support

Strength in delivering comprehensive solutions and providing side by side support

Marketing and sales support for Group companies
Be. Brave organizes teams designed to tackle the specific issues faced by each Group company, and takes part in projects as a member of the relevant department. This allows it to provide support in human resources and sales activities to resolve the companies' medium- to long-term issues.

Example initiatives

- UI Bank
  - Online promotions to encourage the open-ing of accounts
  - Sales support for acquiring opening of new accounts
- Kiraboshi Tech
  - Maekyu sales support
  - Sales support for digital payments

In-house agency functions
Be. Brave focuses on internal promotions and branding for the Group as a whole, and cooperates with Public Relations departments to provide support in areas such as advertisement production, branding planning, and event production activities.

- Tokyo Kiraboshi FG
  - Giving our all, for TOKYO. Advertising agency services
- Kiraboshi Bank
  - Support with production of various sponsored events (sports sponsorship, exhibitions, etc.)

Advertising and sales promotion support for the Kiraboshi Group's business partners
Be. Brave cooperates with Kiraboshi Bank's sales offices to provide advertising and sales promotion services to their business partners. Depending on the customer's needs, it also cooperates with other Group companies to provide comprehensive solutions to their issues.

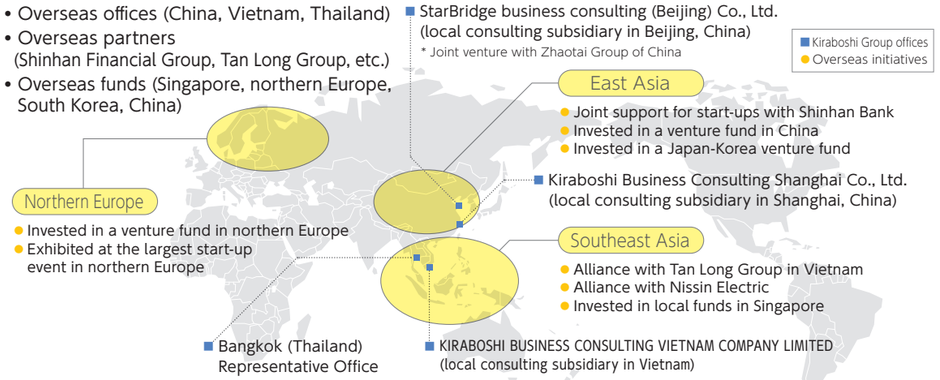
- Business partners of sales offices
  - TV commercial production, event production, promotion design, etc.

Overseas Business

The Kiraboshi Group utilizes its offices in China, Vietnam, and Thailand, and its overseas partners to provide total support for the overseas operations of business partners. This includes support for SMEs and start-ups expanding overseas, collaborating with overseas companies, and withdrawing from overseas markets.

Support with overseas offices and partner institutions

- Overseas offices (China, Vietnam, Thailand)
- Overseas partners (Shinhan Financial Group, Tan Long Group, etc.)
- Overseas funds (Singapore, northern Europe, South Korea, China)



Recent example initiatives

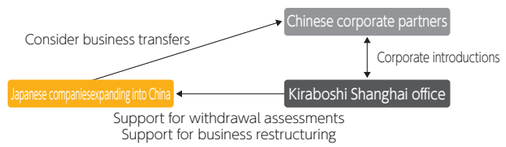
Support for Japanese businesses collabo-rating with Vietnamese companies (Viet-namese rice) and support for Japanese companies' business in Vietnam

Strengthen relationships with Vietnamese companies by supporting the development of the Vietnamese rice market in Japan. Leveraging our network of Vietnamese companies, we support Japanese companies in their business in Vietnam.



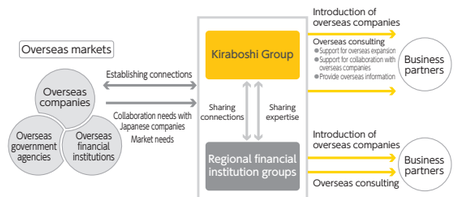
Support for Japanese companies in restructuring their operations in China

In response to changing domestic and in-ternational circumstances surrounding China, we are strengthening our support for customers in restructuring their operations in China. We provide support ranging from verifying the withdrawal from operations in China to M&A support leveraging our Chinese network, and managing the with-drawal process.



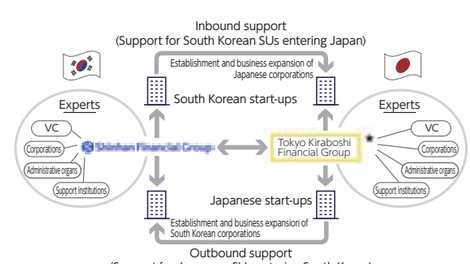
Support for overseas business expansion through collaboration with regional financial institution groups

The Kiraboshi Group shares the knowledge, expertise, and overseas network it has accumulated to date with regional financial institutions. By effectively utilizing mutual intellectual resources, we also support the overseas business activities of companies outside the Tokyo metropolitan area.



Support for Japanese and Korean start-ups in collaboration with the Shinhan Financial Group

In collaboration with the Shinhan Financial Group, a leading South Korean financial group, we provide two-way support for South Korean start-ups entering Japan and for Japanese start-ups expanding overseas.



Strategic Sales Initiatives of the Kiraboshi Group

The Group's Comprehensive Strength for Providing Services that Lead to the Resolution of Customers' Issues

The foremost priority of our sales strategy is to provide services that lead to the resolution of customers' issues. The Kiraboshi Group has worked to enhance the lineup of services provided by our Group companies in order to resolve issues faced by our customers that cannot be solved only by conventional finance services centered on banks. Today, including the Company, the Kiraboshi Group comprises a total of 22 companies, equipping us with a Group structure that can provide thorough issue resolution services on a needs basis.
In order to achieve the three strategies in our Medium-Term Business Plan of (1) Corporate customer strategy; (2) Retail customer strategy; and (3) Digital strategy, we have classified our Group companies into four business segments, and will provide comprehensive issue resolution services to three customer segments (a. SMEs, b. High net worth, c. Retail).

Corporate Customer Strategy, Retail Customer Strategy, and Digital Strategy

Customer segments	SMEs		High net worth	Retail
Issue / needs type	Increase corporate value	Business succession	Asset succession / inheritance and wills	Deposits / foreign exchange / loans / asset management
Quality of required services Service provision channels	High-level expertise/high added value Mainly face-to-face sales			High convenience / economic rationality Mainly non-face-to-face sales
Examples of needs / issue resolution services	**Rollups (company / business acquisitions)** ➡ FA (Kiraboshi Consulting) ➡ Equity (Kiraboshi Capital) ➡ Loans (Kiraboshi Bank) **Carve-outs (business transfers)** ➡ FA (Kiraboshi Consulting) **Expand sales channels** ➡ Branding (Be. Brave) ➡ Overseas expansion support (Kiraboshi Consulting) **Improving operational efficiency / digitalization / in-house management systems** ➡ ICT consulting (Kiraboshi Consulting) ➡ SaaS provision (Kiraboshi business office service) ➡ Recruitment (Kiraboshi Consulting) **Business revitalization** ➡ Assignment and receipt of debt (Kiraboshi Servicer) ➡ Plan formulation (Kiraboshi Consulting)	**Equity / business transfers** ➡ FA (Kiraboshi Consulting) **MBO** ➡ FA (Kiraboshi Consulting) ➡ Equity (Kiraboshi Capital) ➡ Loans (Kiraboshi Bank) **Business discontinuation support** ➡ Plan formulation / specialist support (Kiraboshi Consulting) ➡ Loans (Kiraboshi Bank)	**Asset management** ➡ Securities services (Kiraboshi Life Design Securities) **Inheritance measures** ➡ Plan formulation / specialist support (Kiraboshi Consulting) ➡ Loans (Kiraboshi Bank / UI Bank)	**Non-face-to-face deposits / foreign exchange services** ➡ High-interest deposits / low-cost foreign exchange services (UI Bank) ➡ Salary prepayment (Kiraboshi Tech) **Non-face-to-face loans** ➡ Low-cost loans (UI Bank) **Non-face-to-face asset management** ➡ Low-cost investment products (Kiraboshi Life Design Securities) **Non-face-to-face BaaS** ➡ Integration of financial functions in companies from different industries (UI Bank) **Face-to-face digital support** ➡ Support for operation of digital equipment at physical branches (Kiraboshi Bank)

Key points of Corporate Customer Strategy

The Kiraboshi Group has transitioned from providing product-out type services to a provider of issue resolution services on a needs basis. By providing high-value-added financial services that enable customers to resolve their issues, we have been able to build a portfolio that will serve as a sound revenue base.
Going forward, we will continue to further provide issue resolution services on a need basis. To this end, we are working to thoroughly improve our operational efficiency, create systems for the seamless use of the Group's diverse functions, and improve the skills and expertise of each employee. In doing do, we will demonstrate our highly specialized consulting functions through earnest dialogue with our customers, and work to strengthen our fee income-based business through comprehensive solutions that make full use of Group-wide services and do not rely heavily on Kiraboshi Bank's income from loans.

Key points of Retail Customer Strategy

UI Bank is a digital bank with no physical locations that utilizes an easily accessible and highly flexible system. We will make full use of these cost advantages to focus on the digital retail business. Specifically, alongside purpose-based loans and credit card loans, personal loans such as mortgages and real estate investment loans will be consolidated at UI Bank. Furthermore, by reinforcing collaboration with Kiraboshi Tech and external BaaS providers, we will aim to enhance UI Bank's functions as a service platform.
Kiraboshi Bank will transition to a consulting-based sales approach that supports customers in resolving their issues in today's world with positive interest rates, and will continue to help enrich the lives of local communities and customers. To this end, we will standardize sales activities using digital devices, collect and analyze information, identify potential customer needs, and proactively respond to them. We will also provide services that utilize the warmth of face-to-face communication by ensuring optimal communication through visits and at our branches.

Key Points of Digital Strategy

We have defined the basic concepts of the Kiraboshi Group's digital strategy as Service delivery integrating digital and real elements; Service delivery integrating financial and non-financial elements; and Kiraboshi Group's DX promotion.
Of these, in terms of service delivery integrating digital and real elements, we will aim to secure our competitive advantage by reinforcing collaboration between Kiraboshi Bank, UI Bank, and Kiraboshi Tech. For achieving service delivery integrating financial and non-financial elements, we will enhance UI Bank's lineup of products and services and provide BaaS solutions to service providers by improving the convenience of smartphone apps.
Moreover, for Kiraboshi Group's DX promotion, we will work to improve productivity by strengthening the CRM system and utilizing AI, as well as promote the improvement of operational efficiency through strengthened collaboration with Kiraboshi System and ITC, and in turn aim to create further sales opportunities.

Sales Strategy of Kiraboshi Group

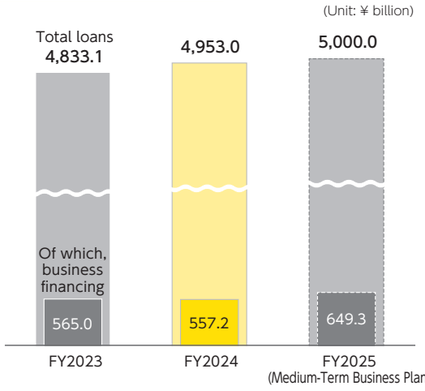
Corporate Customer Strategy

To respond to customers' issues (needs) for corporate value enhancement and business successions, the pillar of our strategy is to provide high-value-added services based on high levels of expertise.

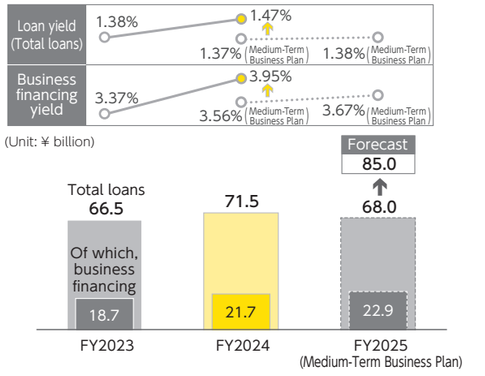
1. Gains on interest on loans and discounts

In terms of loan balance, Kiraboshi Bank aims to achieve both profitability and financial soundness by maintaining the pace of lending while implementing a certain level of distribution (sales and transfers). Kiraboshi Bank will aim for continuous improvement in loan yield and increased gains on interest of loans and discounts by providing business financing and other highly specialized financing functions.

Loan balance (Kiraboshi Bank)



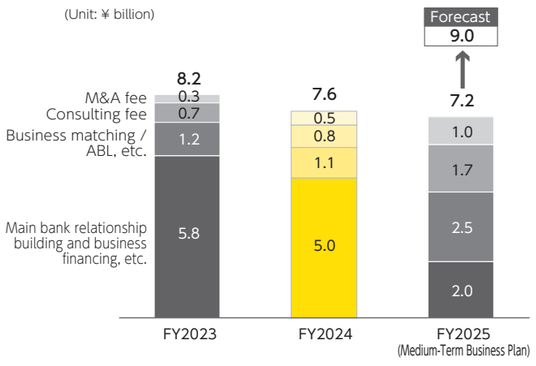
Loan interest and interest rates (Kiraboshi Bank)



2. Commission income from corporate customers + Group income

To control Kiraboshi Bank's loans and bills discounted through distribution, we have positioned commission income from corporate customers as a restrictive plan. On the other hand, for Group income centered on Kiraboshi Consulting, we expect an increase mainly in M&A (FA) and consulting fees through issue resolutions related to business successions and corporate value enhancement.
Moreover, SMEs, who account for the majority of the Kiraboshi Group's corporate customers, are facing issues with labor shortages and employment difficulties, and there are rising needs for improving operational efficiency and digitalization to enhance corporate value. As such, we anticipate an increase in fees from ICT consulting and the provision of SaaS.

Commission income from corporate customers (Kiraboshi Bank) **+ Group income**



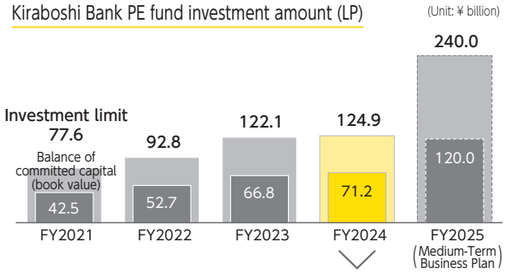
Initiative Policy in Business Financing

In the Tokyo metropolitan area, which is the Kiraboshi Group's market, the needs for LBO (Leveraged Buyout) and other business financing are abundant. However, the financial institutions which engage in financing operations are limited to those such as mega banks, which makes increasing the number of financing institutions a pressing issue. While in recent years, there has been an increase in number of regional financial institutions hoping to enter the LBO market, issues remain with human resource development and identifying suitable projects. As an organization that has been active in the field from an early stage, the Kiraboshi Group will offer its expertise in LBO financing and relationships with PE (Private Equity) funds to regional financial institutions, and strive for the sound development of Japan's LBO market.

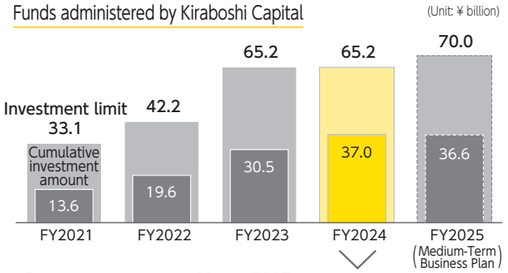
3. Equity investments

Equity investments are an effective option for resolving issues related to business successions and corporate value enhancement. As such, to date, the Kiraboshi Group has prepared various funds in line with customers' different stages of growth and is building up its balance of committed capital along the way.
Going forward, by continuing to provide mezzanine finance and equity finance that contribute to resolving issues regarding business successions and corporate value enhancement, we will secure the balance of committed capital necessary for stable income.

Kiraboshi Bank PE fund investment amount (LP)



Funds administered by Kiraboshi Capital



Funds with investments as of March 2025

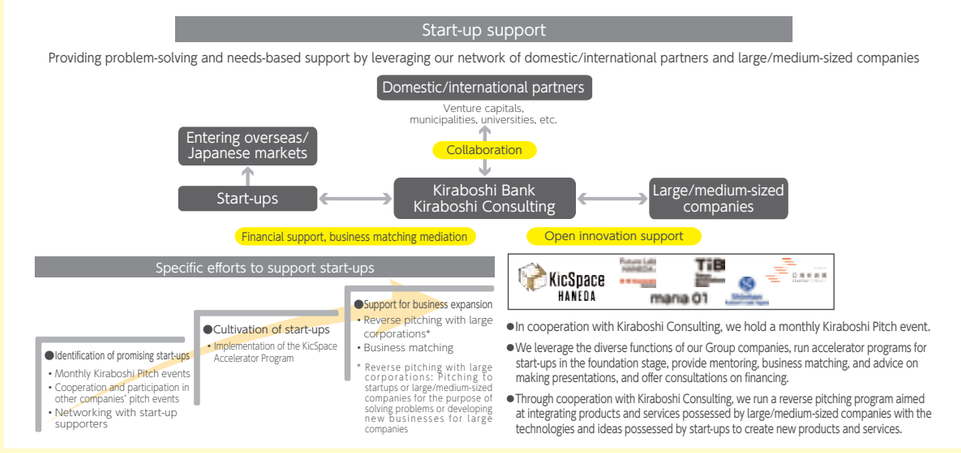
Breakdown of funds invested	Number of funds	Investment limit
Venture fund	7	¥1.5 billion
Reconstruction and debt fund	5	¥2.3 billion
Buyout fund	72	¥41.1 billion
Others (infrastructure)	5	¥2.2 billion
Others (Kiraboshi Capital, Kiraboshi Consulting)	9	¥63.9 billion
Other (based outside Japan)	6	¥6.9 billion
Others	22	¥6.7 billion
	Total 126	Total ¥124.9 billion

Funds managed as of March 2025

Name	Description	Investment limit
Yume Kagayaki Fund 1	Buyout investment	¥2.6 billion
Yume Habataki Fund 1	Start-up investment	¥2.0 billion
A&KC Mezzanine Finance 1	Mezzanine finance	¥22.5 billion
Tokyo Sparkle	Engagement investing	¥20.0 billion
A&KC Medical No. 1	Medical fund	¥3.0 billion
KCP Equity Assist No. 1	Equity investment (minority)	¥8.0 billion
Yume Habataki Fund 2	Start-up investment	¥4.0 billion
KCP Buyout No. 1	Buyout investment	¥3.0 billion
	8	Total ¥65.2 billion

Start-up support

The Kiraboshi Group has declared "creation of new social values and industries" as a social issue to be addressed, and we work actively in supporting start-ups at every growth stage. We collaborate with the Tokyo Metropolitan Government and other municipalities as well as with experts from inside and outside the Group to provide support with launching and growing businesses, expanding overseas, and for overseas start-ups, expanding into Japan.
Specifically, we work on partner introductions that lead to business growth, business matching, organize open innovation programs aimed at collaboration with large corporations, provide equity finance to start-ups at the seed or early stage of their growth, and support overseas start-ups setting up in Japan to establish sales channels.



Sales Strategy of Kiraboshi Group

Retail Customer Strategy

1. Provision of services that maximize the Group's strengths

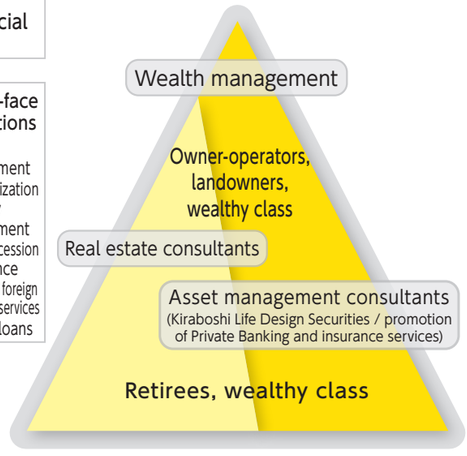
The basic concept at Kiraboshi Group is to provide comprehensive financial services that integrate digital and real elements, as well as financial and non-financial elements. For retail customers in need of services that require high levels of expertise, such as consultations regarding asset management in line with business successions and inheritance measures (core customers), Kiraboshi Bank's sales staff, dedicated headquarter departments, and Group companies such as Kiraboshi Consulting and Kiraboshi Life Design Securities work closely together to resolve their issues.
Meanwhile, for retail customers requiring highly convenient services or services with no time constraints (mass-market customers), the digital UI Bank's app offers basic functions such as payments and loans, while also seamlessly providing financial functions via each of our Group companies, including Kiraboshi Tech's smartphone payment app, LaLaPay Plus service.
Moreover, using Kiraboshi Bank's branches and other physical locations, we are offering customers support for their digitalization activities. In this manner, using our strengths in both digital services and real contact points, we will work to provide services that truly meet customers' needs and in turn increase our balance of assets under management and fee income.

Provision of services tailored to customers' life cycle and needs

- Provide comprehensive customer-oriented financial services

- Non-face-to-face transactions
  - Account opening
  - Deposits / foreign exchange services
  - Payment infrastructure
  - Unsecured loans
- Non-financial services
  Medical care, nursing care, travel, leisure, housekeeping

- Face-to-face transactions
  - Asset management
  - Asset utilization
  - Property management
  - Asset succession
  - Inheritance
  - Deposits / foreign exchange services
  - Various loans



Support system that leverages the collective strengths of the Group

Major players in the Kiraboshi Group

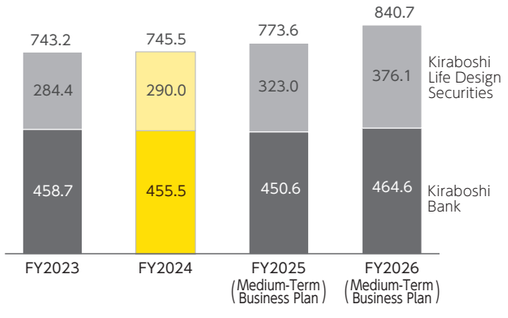
Sales offices

- Wealth Management (WM) Office
  Private Banking team responsible for customers in the long-term
- Kiraboshi Life Design Securities
- PB Promotion Division
- Trust Business Division

Kiraboshi Consulting

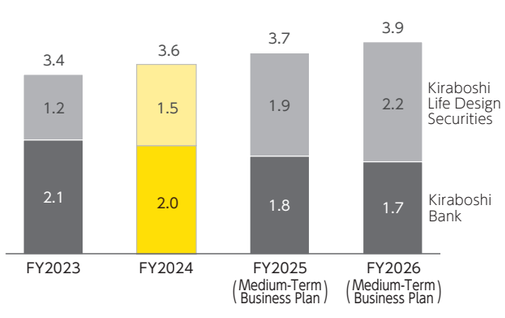
Balance of assets under management
(Kiraboshi Bank + KLD Securities)

(Unit: ¥ billion)



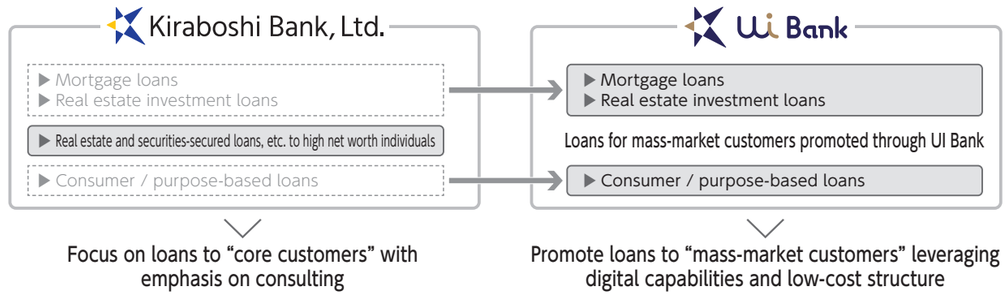
Commission income from retail customers
(Kiraboshi Bank + KLD Securities)

(Unit: ¥ billion)



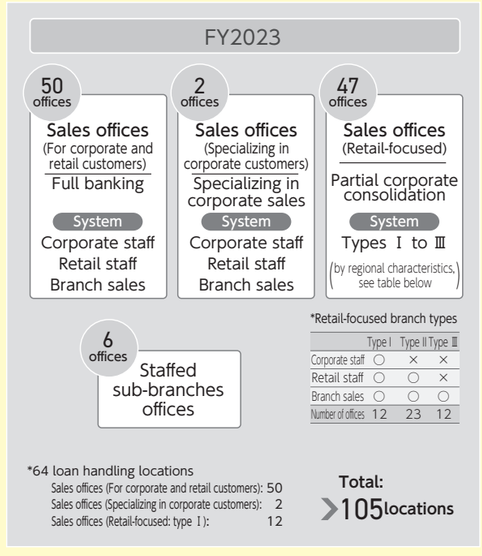
2. Personal Loans

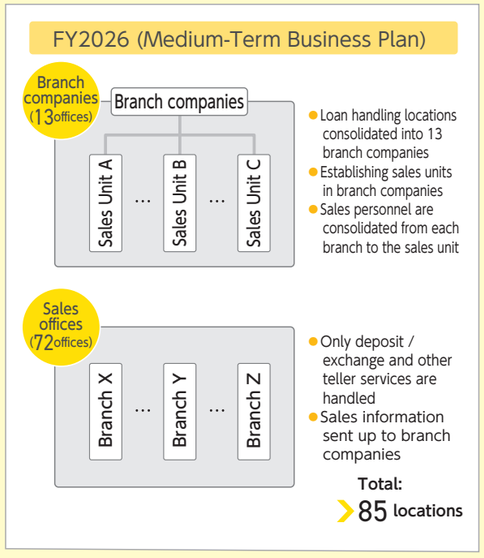
We are shifting the handling of personal loans targeted at mass-market customers, including mortgage loans, real estate investment loans, and consumer loans, to UI Bank, leveraging its digital capabilities and low-cost structure.



Branch strategy

Under the current Medium-Term Business Plan, we introduced a new branch company system in which loan operations and sales personnel are consolidated into 13 branch companies and deposit/exchange and other teller services are handled by 72 sales offices. By doing so, we will strive to enhance the quality of customer contact points by demonstrating high levels of expertise, while also lowering costs by reducing the number of locations.
At the same time, from the perspective of ensuring customer convenience, we will endeavor to strengthen the service functions of UI Bank as a digital bank, while also working to offer consultation to digital-contact customers by using real locations through cooperation between Kiraboshi Bank and UI Bank. Through such measures, we will aim to "provide services that integrate digital and real elements."





Aims of the branch company system

- To secure high-quality customer contact points
- To share the expertise of each Group company and department
- To develop human resources (including OJT for junior employees)

Provide high-value-added services based on high levels of expertise

Expected income

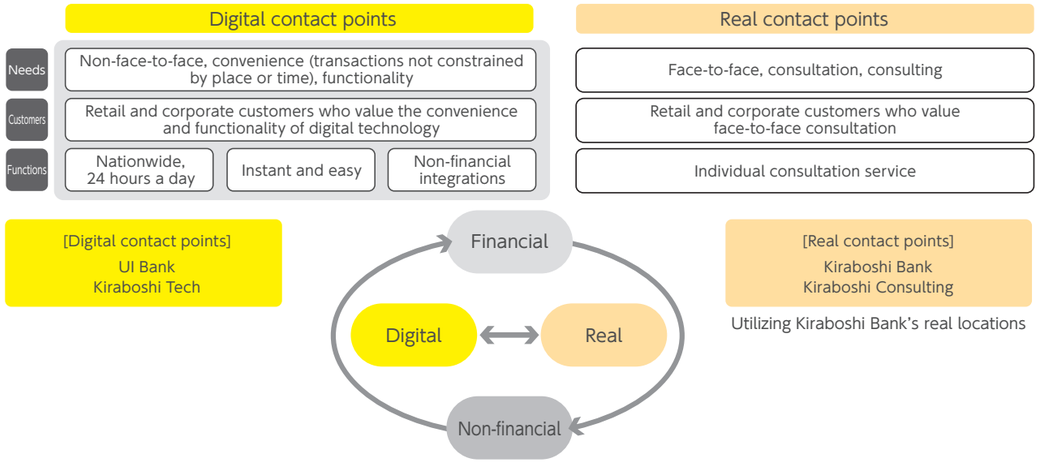
- Stable and high levels of income from gain on interest of loans and discounts
- Commission income and Group income
- Income from equity investments

Sales Strategy of Kiraboshi Group

Digital Strategy

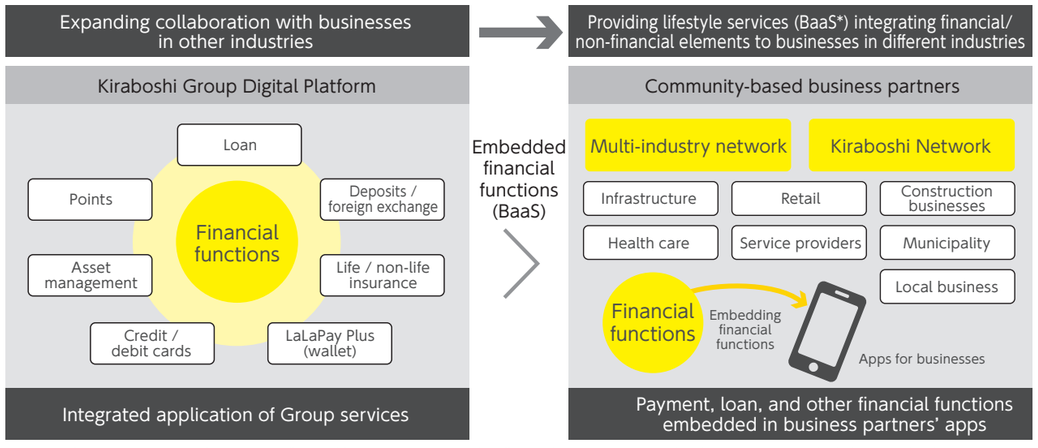
1. Developing Comprehensive Services that Integrate Digital and Real Contact Points

Kiraboshi Group provides customers with comprehensive financial services in line with their needs. These services are offered via digital contact points, such as UI Bank's app and Kiraboshi Tech's wallet services, and real contact points, such as discussions and consultations services offered by Kiraboshi Bank and Kiraboshi Consulting. This improves both the accessibility to and convenience of financial services offered by the Kiraboshi Group, while also allowing customers to experience high-level consulting services face-to-face. In addition, we are also offering face-to-face consultations at Kiraboshi Bank branches for customers who are not confident using UI Bank's app and other smartphone services.



2. Developing Comprehensive Services that Integrate Financial and Non-financial Services

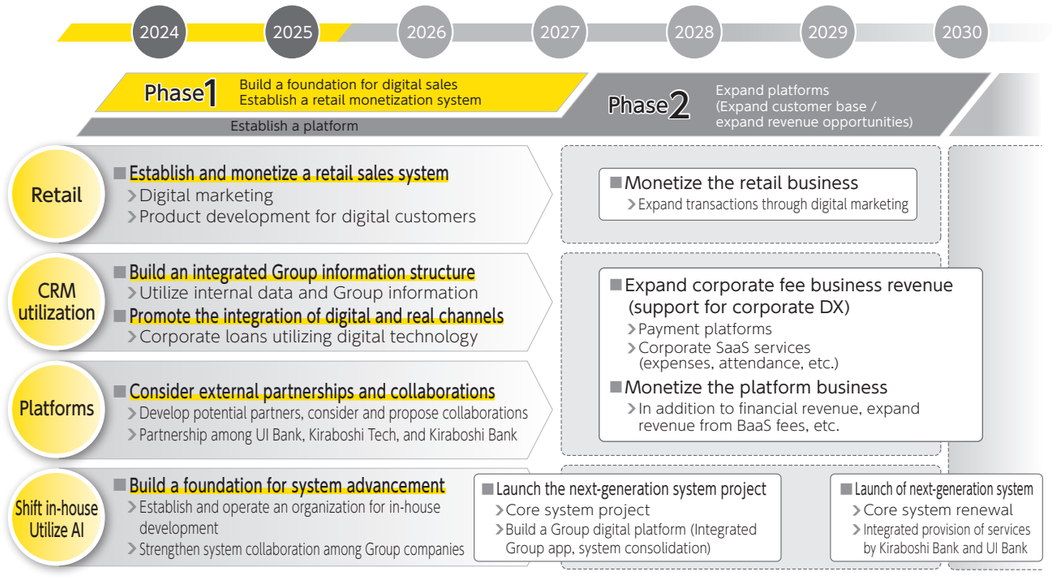
By combining the Group's financial functions, including the UI Bank app and LaLaPay Plus, with the non-financial functions of external business partners, we will establish a platform integrating financial and non-financial elements.
In addition to using the platform to provide Kiraboshi Group functions, we will aim to roll out comprehensive services for regional businesses and their customers, such as by integrating the platform with the services of regional businesses and offering BaaS solutions.



*BaaS (Banking as a Service): Refers to a non-financial business entity providing financial services integrated with its own services by linking to a bank's API

3. Roadmap for digital strategy

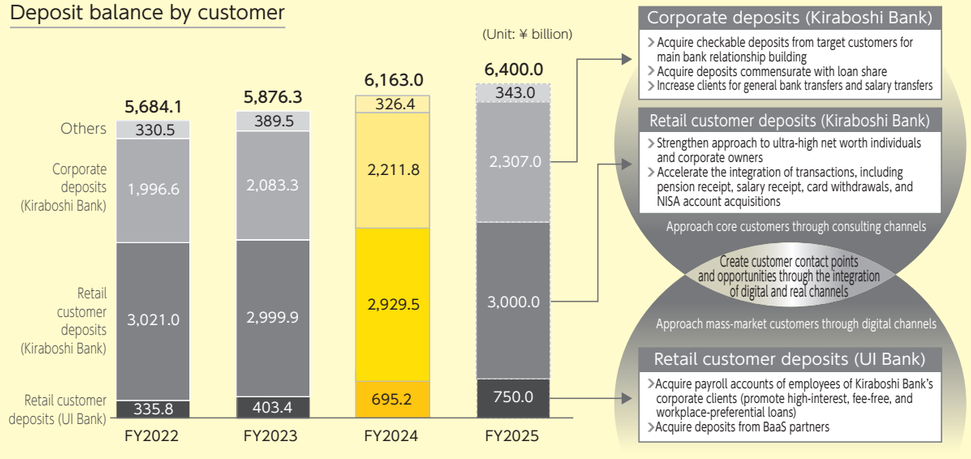
The Kiraboshi Group's digital strategy under the current Medium-Term Business Plan is to promote the following four initiatives across the Group, and build a foundation for full-scale monetization.



Initiatives to acquire deposits

As interest rates rise, competition among banks for deposits is intensifying. The Kiraboshi Group is working to increase its contact points with customers and acquire deposits through a dual approach consisting of real channels leveraging Kiraboshi Bank's physical branches, and the digital channels of UI Bank.
Kiraboshi Bank aims to increase both corporate customer deposits and retail customer deposits by providing detailed responses and proposals to key corporate clients, high net worth individuals, and corporate owners through face-to-face sales.
Meanwhile, UI Bank will approach Kiraboshi Bank's payroll transfer clients and BaaS partners to acquire highly utilized accounts and sticky deposits.

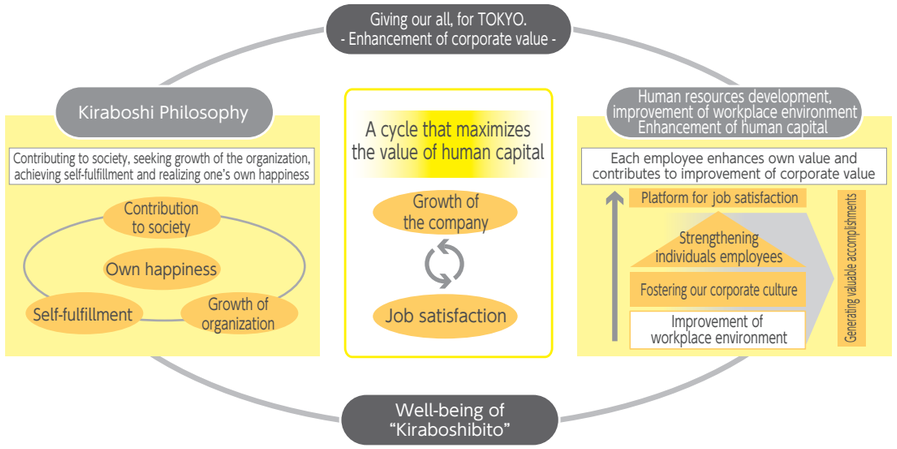
Deposit balance by customer



Human Capital Strategy

Well-being of “Kiraboshibito”

For the Kiraboshi Group, the most important capital is Kiraboshibito, i.e. our employees.
By committing earnestly to the well-being of Kiraboshibito and maximizing the value of our human capital, we will endeavor to realize our purpose, “Giving our all, for TOKYO,” and create a virtuous cycle that leads to the well-being of our customers and local communities.



*“Kiraboshibito” are people who possess the spirit of self-interest and altruism, think and act based on action guidelines, and put the “Kiraboshi Philosophy” into practice.

Well-being at Kiraboshi Group

At the Kiraboshi Group, we define well-being as “an all-inclusive concept that encompasses engagement, health and productivity management, etc., and refers to multifaceted happiness, i.e., a situation in which people can enjoy fulfilled lives not only in terms of their work, but also with respect to factors including family, health, money.” To realize the well-being of employees, which is the starting point for increasing our corporate value, we visualize the well-being of each employee through a survey, and identify issues by comparing the benchmarks. We also participate in a corporate consortium that is at the forefront of promoting well-being, and by utilizing the knowledge and information we have gained, we are developing concrete initiatives to achieve well-being. Through these efforts, we aim to improve the survey results every fiscal year.

Well-being management KPIs

Selected questions from the survey that should be given particular emphasis, and set them as KPIs.

Elements that comprise PERMA, a framework for the realization of well-being

P	Positive Emotion	Positive emotion*
E	Engagement	Concentrating on work
R	Relationships	Friendly relationship with others in the workplace
M	Meaning	Being cognizant of the meaning of work*
A	Accomplishment	Sense of growth

FY2024 survey results
3.38pt /5.00pt

Conduct regular surveys
Aim for results to improve every fiscal year

*Issues identified in the FY2024 survey

Specific initiatives to realize well-being

Platform for job satisfaction

Fostering our corporate culture

Disseminating the Purpose
- “Giving our all, for TOKYO” Award presented to seven departments and branches
- Online salon for the young professionals' project held four times

Invigorating communication
- 1-on-1 meetings / “Like!” card
- All staff gathered together at the Kiraboshi Festival

Enriching opportunities for taking on challenges
- SR (Self-recommendation) system

Improvement of workplace environment

Promote flexible work-styles
- Promote childcare leave (female/male) 100%
- Encourage annual leave

Support for health improvement
- Enhance subsidies for comprehensive medical checkups / Promote health screenings

Financial wellness
- Increase base pay / Revise starting salary / RS* grant
- Incentives for stock ownership plan / Income protection insurance

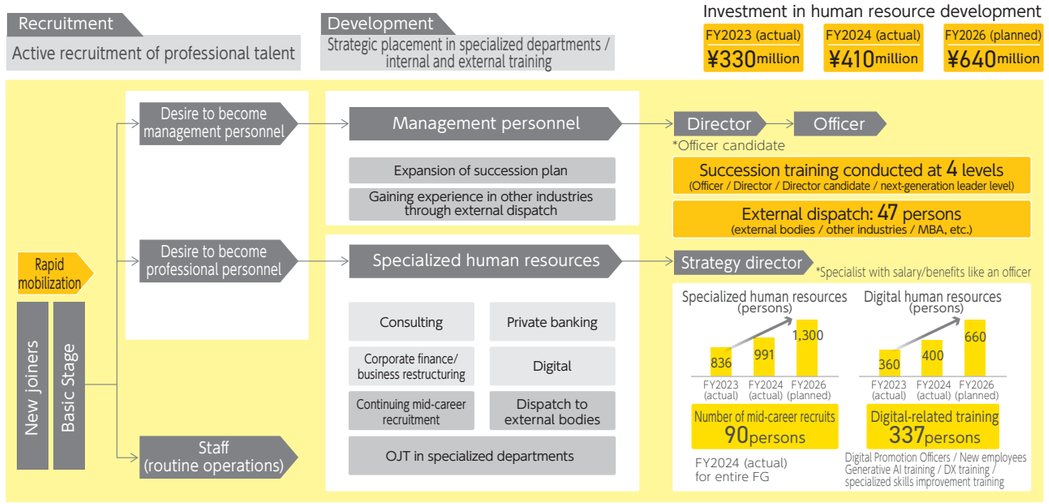
*RS: Restricted Stock

Enhancement of Human Capital

At the Kiraboshi Group, under the basic approach to human resources that each employee enhances their own value and contributes to the improvement of corporate value, we realize a rewarding workplace for employees by setting strengthening individual employees, fostering our corporate culture, and fair opportunities and a positive working environment as the three pillars of human capital management. By continuing to maximize the individuality of each person (optimal allocation of human capital), our employees who are Kiraboshibito aim to realize the well-being of our customers and local communities.

Initiatives for Strengthening Individuals

To provide customers with truly valuable services, we recruit highly diverse talent who possess advanced skills. We have also established a system for the development of management and specialized human resources, and invested proactively in human resources so that each and every employee can demonstrate their full potential.



Recruitment and development of digital human resources and specialized human resources

We define digital human resources as “Human resources who can utilize IT and plan, promote, and run operations in the introduction of information systems, and provide new value by making use of cutting-edge digital technologies.” We will endeavor to achieve efficiency improvement, labor-saving, and labor system improvement in existing businesses, strengthening planning and proposal capabilities to develop new services and operations, and building systems in-house through an increase in digital human resources.
To this end, we are developing human resources with business skills through initiatives that include the appointment of Digital Promotion Officers and generative AI training. For human resources with technical skills, we are actively recruiting mid-career professions across the entire Group, as well as recruiting new graduates through our newly established digital career path. At the same time, we are strengthening our recruitment of specialized human resources from various backgrounds, including consulting and corporate finance.



Induction ceremony

Main initiatives in digital human resource development

Appoint Digital Promotion Officers	Appointed 129 personnel, aiming to develop human resources and improve productivity by solving business challenges within their respective departments
Generative AI training	Held lectures on trends and practical applications of generative AI, and hands-on training using Kiraboshi GPT.
Held specialized skills improvement training	Acquired fundamental skills in data utilization and SQL, and discussed ways to make effective use of internal transaction data.



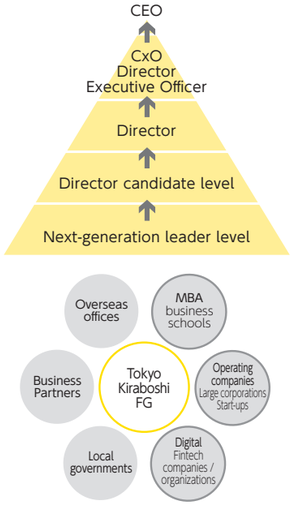
Human Capital Management

Development of Management Human Resources

Expansion of succession plan

While offering a learning program for officers and directors, we also run the Kiraboshi Management School as a means of developing the next generation of management human resources. We have also implemented the Next Leader Program aimed at developing leaders for the generation after the next, thereby engaging in a systematic effort regarding our human resource development.





Strengthening external dispatch for education

We will increase employees' desire for growth by enabling them to acquire expertise through diverse experiences and come into contact with different organizational cultures and values.

Fostering our corporate culture

Based on our Purpose of "Giving our all, for TOKYO," our aim is to foster a culture in which all employees will be the embodiment of Kiraboshibito, spur each other on, and respect each other with a climate of mutual encouragement and a spirit of altruism.

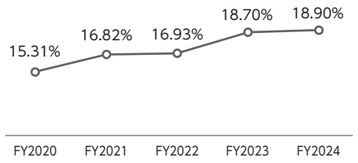
Diversity and Inclusion

We are promoting vitality within the Company through the acceptance of diverse talent, such as foreign nationals, senior employees, and persons with disabilities. To promote the empowerment of women, we are creating workplaces in which women can play an active role as a matter of course, and pushing ahead with the development of female leaders who can drive us forward, thereby increasing the ratio of female managers.

Diverse human resources

Foreign national human resources	21
Employees aged 65 and over	278
Percentage of employees with disabilities	2.34%

Ratio of female managers



Initiatives for promoting women's participation and advancement in the workplace

We implement various programs, including collaborations with other industries, and actively dispatch personnel to external training programs. We are also working to promote women's participation and advancement in the workplace through career development programs for women and the development of female executives.



Kiraboshi Women's Program	We conduct joint workshops with leading companies, providing opportunities for cross-industry exchanges that inspire participants to reflect on themselves and independently design their own career plans.
Dispatch to external programs for female executive development	A cross-industry exchange program designed to develop female executive candidates who can contribute not only to their own company but also to society by learning frontline business skills and the presence required of executives.

Kiraboshi Festival

The Kiraboshi Festival was held for all employees of the Kiraboshi Group with the aim of promoting interaction among employees and deepening bonds with their families. Over 2,700 people participated in the event, which included a barbecue, soccer clinic for children, and a bingo tournament, providing an opportunity for employees to come together in unity.





A Hospitality Mindset (HM)

Fostering a hospitality mindset as an essential attribute of Kiraboshibito

As Kiraboshibito, each and every employee will act with politeness, dignity, and respect.

Measures for promoting a hospitality mindset

- External HM branch visit surveys (4 times)
- Establishment and activities of HM Improvement Committee (at each location)
- Customer interaction skills assessment
- HM improvement training for branches transitioning to branch companies

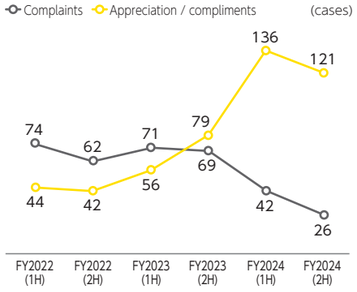
[HM improvement training]



Initiatives for promoting a hospitality mindset through videos



Complaints / appreciation / compliments with respect to customer interaction



Fair opportunities and a positive working environment

We constantly seek to create a positive working environment and support the health and welfare of our employees and their families. Furthermore, we will help employees feel not only physically and mentally healthy, but also feel secure in terms of their future financial security, thereby improving corporate value creation and productivity.

Health and Productivity Management / Financial Wellness and Enhanced Welfare Benefits

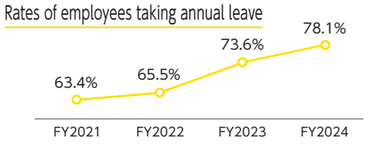
We are working to encourage employees to take childcare leave, and are promoting the use of flextime and remote work, etc., based on our policy on maintenance of a positive internal environment by "constantly seeking to create a positive working environment to enhance the job satisfaction of each and every employee."
In addition, as measures for increasing financial wellness among employees, we provide incentives for the employee stock ownership plan, and have begun granting restricted stock. Through these measures, we aim to help employees feel secure in terms of their future financial security. In 2025, we compiled the "Welfare Benefits Handbook" to encourage employees and their families to utilize the system.



Encouraging Employees to take Annual Leave

We are encouraging employees to take annual leave, and are broadening the reasons for using accumulated leave and special leave in order to create a comfortable working environment.

Rates of employees taking annual leave



Establishment of a Customer Harassment Response Policy

In April 2025, we formulated and published a basic policy for dealing with customer harassment with the aim of protecting our employees and ensuring appropriate customer service.



Human Rights Policy

In accordance with our Basic Policy on Social Responsibility, we respect the human rights and individuality of all people, and we are committed to contributing to the sustainable development of local communities through "contributions to local communities," "self-fulfillment," and "organizational growth."

Respect for human rights	We respect the basic principle of the SDGs "Leave no one behind." We also clarify our policy of respecting human rights while recognizing the potential impact of our activities on human rights, and we carry out our business operations accordingly.
Maintaining order in the workplace	We strive to ensure a comfortable work environment and maintain workplace order in which all officers and employees are respected as individuals and can trust each other.
Prohibition of harassment	We respect the human rights and individuality of each and every person, strive to protect their privacy, and do not engage in any form of harassment including discrimination or harassment on the grounds of appearance, gender, age, nationality, race, ethnicity, politics, religion, creed, social status, disability, or illness, etc., or inappropriate use of social media (websites, blogs, social media platforms, etc.).

- We do not invest in or finance companies or projects that have a negative impact on human rights
- Human rights awareness activities targeting all employees
- Prevention of sexual and power harassment

Interview on Governance

Enhancing Board Effectiveness: Insights from Outside Directors

Identifying Front-Line Issues and Delivering Deeper Insights

We spoke with an Outside Director and an Outside Audit & Supervisory Board Member regarding the demonstration of the functions of the Board of Directors at Tokyo Kiraboshi Financial Group (Tokyo Kiraboshi FG).

Shuya Nomura Outside Director, Tokyo Kiraboshi Financial Group, Inc.

Nobuko Inaba Outside Audit & Supervisory Board Member, Tokyo Kiraboshi Financial Group, Inc. Financial Group, Inc.

The retail business is becoming more important than ever with the return to a world with positive interest rates.

——The current Medium-Term Business Plan states that the Group will improve corporate value by the further improvement of its governance structure. What kinds of discussions were held in the Board of Directors in FY2024 for the achievement of this goal?

Inaba A major characteristic of Tokyo Kiraboshi FG is its large number of Group companies and diverse range of business areas. Precisely because it has so many revenue opportunities, I watch extremely carefully to ensure that the strengthening of profitability does not lead to excessive risk-taking.



Nobuko Inaba Outside Audit & Supervisory Board Member, Tokyo Kiraboshi Financial Group, Inc. Financial Group, Inc.

We devoted a considerable amount of time to discussing topics such as how to build a more effective governance structure and what methods we should adopt for monitoring and risk management.

Nomura The return to a world with positive interest rates was also a major topic over the past year. While this is expected to contribute positively to profitability, it also poses a certain type of risk if there is an imbalance between the timing of deposit repayments and loan collections. Against this backdrop, sticky deposits have become increasingly important. However, because the era of zero interest rates has continued for so long, development of an awareness about deposit operations among bank employees remains insufficient. Our discussions also focused on how the organization as a whole should change directions in order to adapt to this different environment.

Inaba The retail business is becoming more important than ever now that interest rates are starting to apply. The main questions are how best to attract more deposits and how to use the UI Bank, the digital bank that is a Group company. There is a markedly high degree of interest shown in this topic in Board of Directors meetings.

Nomura The social responsibilities of financial institutions were called into question more than ever this past year as, in addition to regulatory oversight of money laundering that is tightening every year, issues such as problems related to safe deposit boxes have emerged. Tokyo Kiraboshi FG has an image of the ideal bank employee, which it refers to as "Kiraboshibito." There is probably value in continuing to explore strategies for strengthening this brand and increasing the sense of ethics and engagement of individual bank employees.

Aim for returns above the expected rate of return, while securing funds for redemption of preferred shares

——There is a growing call from the capital markets for companies to improve their corporate value. Could you describe the changes that have taken place over the past few years regarding management that is conscious of cost of capital?

Inaba Cost of capital is always at the top of our minds in the Board of Directors. This includes setting clear targets for ROE in the Medium-Term Business Plan and being conscious of RORA for the achievement of that target. Communication based on data is increasing within individual Group companies and business divisions, and I can sense a heightened sensitivity across the entire organization.

Nomura What the bank considers to be the cost of capital is, from the shareholders' perspective, a rate of return. If we consider it in these terms, the concerning issue becomes the dividend payout ratio, and by extension, the problem of preferred shares. Tokyo Kiraboshi FG has received the expectations and trust of society in the form of preferred shares, and the early redemption of those shares is a key management issue. The question is how to provide shareholders with returns that exceed their expected rate of return while securing the funds for that redemption. Meeting the expectations placed on us and envisioning a path toward further advancement is of the utmost importance.

Inaba Risk-weighted asset control has also become an unavoidable theme in our consideration of management policies. With interest rates beginning to accrue, the enhancement of profitability will require building up risk-weighted assets more than ever before. However, given the constraints on capital ratio, the unlimited expansion of risk-weighted assets is not an option. This is an extremely difficult issue to navigate, so in our discussions, we have conducted a variety of simulations of the balance between risk-weighted assets and returns.

Strengthening the profitability of the Digital Business and managing the resulting expansion of risks will be a challenge

——Could you describe the key points that the Board of Directors needs to strengthen and your sense of the current issues for the further improvement of corporate value?

Inaba I see the strengthening of retail operations through the Digital Business as the most important challenge. Despite proactive investment in UI Bank to date, the expected benefits have not necessarily materialized at this point. How to bolster this business and enhance its profitability will be one key point in its evaluation. At the same time, management of the risks that will expand as a result of the increase in Digital Business income will also be crucial. Thorough monitoring will be needed to ensure that, when course corrections are needed, they are brought to the table for discussion as quickly as possible, allowing time to take effective action.

Nomura In terms of strengthening the retail business, Tokyo Kiraboshi FG faces a unique challenge in that, while it is a regional bank, it must operate in the highly competitive Tokyo market. On the other hand, Tokyo offers unique opportunities, including its large population of affluent clients such as business owners. Our challenge in the years ahead will be to build a network that will enable us to serve as private banker to such clients, including being entrusted with the management of their assets. A project is currently underway to build strong connections to local business owners to convince them to become clients of the Group as a whole, so I am watching these moves with keen expectations.

Another key issue is the fact that compliance efforts tend to become procedural in nature. Despite risk management being the objective, if the means, that is preparing reports and documentation, becomes the objective, then the whole exercise becomes meaningless. It will be important to establish an environment of heightened awareness in day-to-day operations across the entire Group, in which people take notice of what each other is doing.

Inaba Ultimately, in my view, the most important point of all is that the topics that need to be discussed are being raised properly to the Board of Directors meetings. I believe that it is essential to establish channels to ensure that all necessary information is communicated to the Board of Directors members without omission. Another crucial element is awareness of and sensitivity toward risk and compliance matters on the executive side and on the front lines.

Interest in what is happening in Tokyo now is the starting point for everything

——How do you want to contribute to the improvement of corporate value through the enhancement of the governance structure?

Nomura Firstly, there is the fundamental question of whether enhancing governance does actually lead to the improvement in corporate value. While it is easy to understand the benefit of vigilant oversight in reducing downside risks, the question of how Outside Directors can contribute to upside areas such as enhancing profitability is a more complex



Shuya Nomura Outside Director, Tokyo Kiraboshi Financial Group, Inc.

Interview on Governance

Enhancing Board Effectiveness: Insights from Outside Directors

matter. One possible answer may be that because Outside Directors are not bound by internal sensitivities, they are better able to demonstrate an awareness of issues that are often considered off-limits within the company.
Tokyo Kiraboshi FG is a company with Audit & Supervisory Board. However, under the current organizational design, outside directors are somewhat adrift oversight functions. Monitoring based on on-site audits is left to the statutory audits conducted by the Audit & Supervisory Board Members. If, for example, the organization were to become a company with Audit & Supervisory Committee, it would be easier for the outside directors to capture the voices of the front lines and identify management issues, and I expect that we could make recommendations about the appropriateness of management. Serious discussion about the organization will likely become necessary in the near future. Organizational design is my area of specialization, so I would love to offer my ideas.

Inaba My expertise is in accounting and auditing, so I hope to be able to demonstrate my strengths in the area of monitoring the data, including in strengthening the digital bank in the Medium-Term Business Plan. I also believe I can offer advice regarding the improvement of internal audits.

Nomura I also think that I can offer value as an outside director by providing input on the latest information about the Tokyo market from perspectives that are not found within the Group. Examples include trends in universities, recent developments in litigation risk, and developments in the mass media. Given that Tokyo Kiraboshi FG has declared "Giving our all, for TOKYO" as its Purpose, a keen interest in what is happening in Tokyo now is the starting point for everything. Bank employees themselves are members of the local community, living in Tokyo and neighboring areas. For this reason, the ideal would be to establish an environment in which information can be pooled and shared across the entire organization.
As well as capturing the issues that Tokyo faces with high sensitivity, the preparation of solutions to those issues is also essential. To that end, it is important for the individual bank employees to know what skills each other has. I am sure that there are people in the organization that have unique characteristics that have not been recognized within the Group. This might be someone who excels at languages, who could be entrusted to deal with foreign customers at the teller window, or someone who plays a central role in local festivals, who could act as a bridge between their local community and the bank.

Inaba In that respect, I feel that there is still plenty of room to make use of Tokyo Kiraboshi FG's human resources database. If information about bank employees outside their work, such as their special skills, could be made more visible, it could contribute to matching issues with solutions.
In terms of leveraging the organization's talent, I look forward to the realization of more flexible work styles. One approach is to give employees sufficient time to engage with local communities. Another is to establish systems that would allow people who have left the organization to develop their skills and return at a later stage. An environment that allows people to work with more freedom would likely give rise to an interesting change in the chemistry of the workplace. The Group has many people with wonderfully unique characteristics, so there are surely still many ways of encouraging them to demonstrate their abilities.



Corporate Governance

Directors and Audit & Supervisory Board Members of Tokyo Kiraboshi Financial Group



(Back row from left)

Haruhiko Kobayashi	Yuki Takahashi	Shuya Nomura	Hideki Uchida	Katsuya Tsuboi	Kayo Todo	Nobuko Inaba
Outside Director	Outside Director	Outside Director	Audit & Supervisory Board Member	Full-time Audit & Supervisory Board Member	Outside Audit & Supervisory Board Member	Outside Audit & Supervisory Board Member

(Front row from left)

Takeshi Yoshino	Satoru Nobeta	Hisanobu Watanabe	Hidenori Tsunehisa	Takeshi Miura	Akiyuki Kagami
Director Managing Executive Officer	Director Senior Managing Executive Officer	President	Deputy President	Director Managing Executive Officer	Director Executive Officer

Basic approaches to corporate governance

The Company considers corporate governance to be one of the most important management issues, and utilizes the knowledge of outside officers and external experts to strengthen the Group business management system and supervisory functions while enhancing corporate governance functions to make transparent, fair, prompt, and decisive decisions as it conducts business and strives to sustainably increase corporate value. Furthermore, intending to embody our purpose and management philosophy, we established the Basic Policy on Corporate Governance. In order to put in place the "system that ensures properness of business operations" of the Company and Group companies pursuant to the Companies Act and the Ordinance for Enforcement of the Companies Act, the Board of Directors of the Company has resolved the "Basic Internal Control Policy" and endeavors to improve its effectiveness.

Status of establishment of basic policy and internal control system related to corporate governance
https://www.tokyo-kiraboshifg.co.jp/about/governance.html
(Written in Japanese)

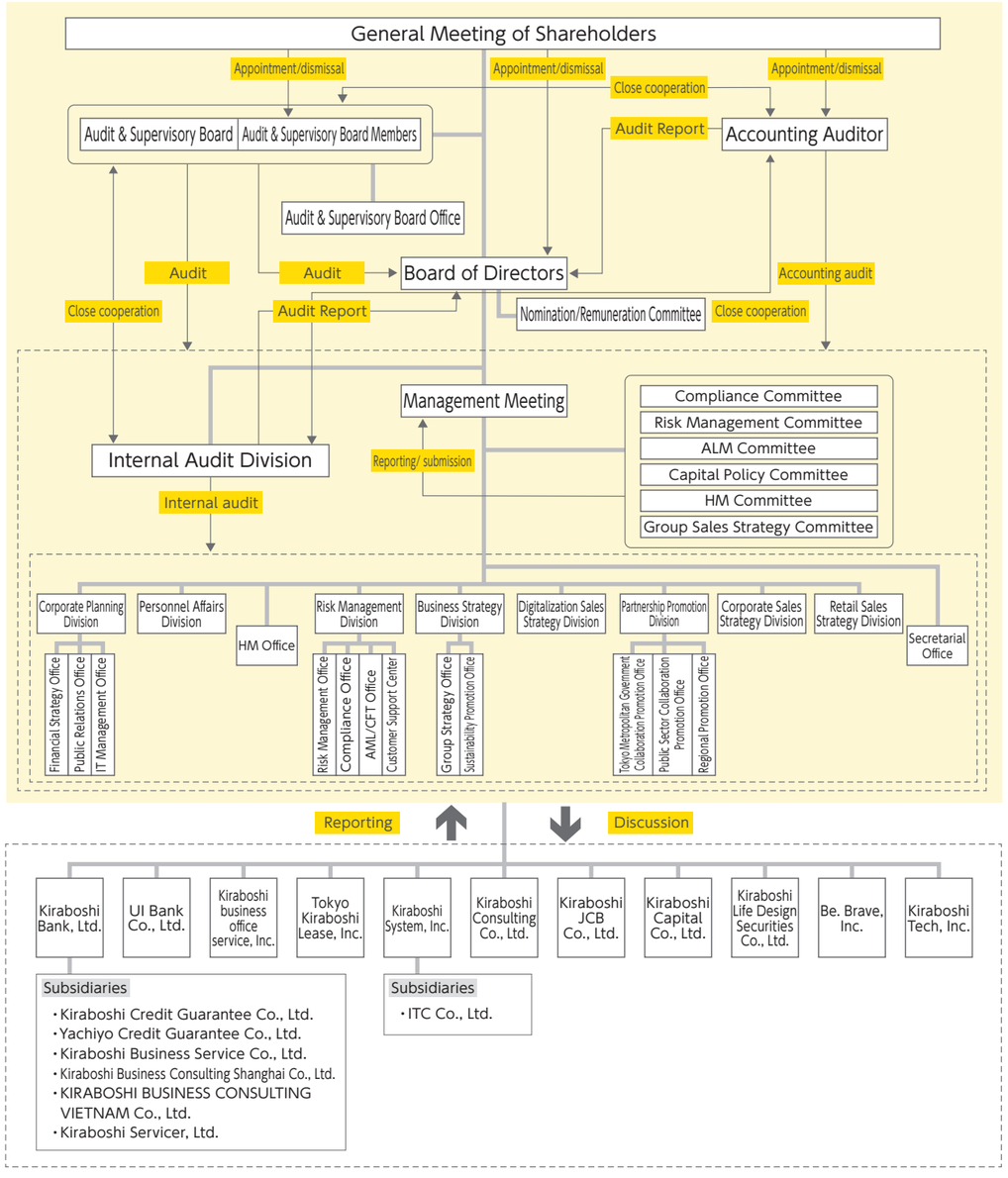
Corporate Governance

Outline of corporate governance system

The Company is a company with Audit & Supervisory Board. The Board of Directors supervises the execution of duties by Directors, and Audit & Supervisory Board Members and the Audit & Supervisory Board audit the execution of duties by Directors. The Company believes that the appropriateness of management supervision and audit functions as well as a system for efficient business execution are ensured by effectively utilizing the management supervisory function realized by the appointment of highly independent Outside Directors and Outside Audit & Supervisory Board Members and the audit function performed by Audit & Supervisory Board Members and the Audit & Supervisory Board, and by enhancing the effectiveness of corporate governance.

Chart of corporate governance system

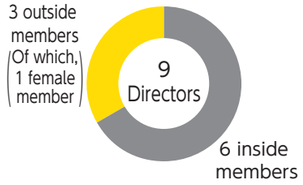
(As of July 1, 2025)



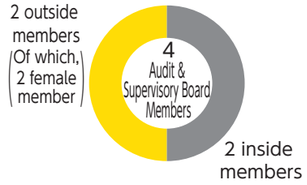
Outline of corporate governance system

Organization form	Executive remuneration structure
Company with Audit & Supervisory Board	Fixed remuneration Performance-linked remuneration (short-term performance) Performance-linked remuneration (medium- to long-term performance)

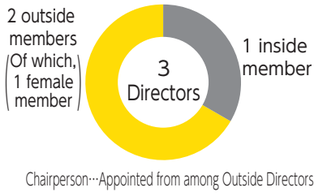
Directors and Board of Directors



Audit & Supervisory Board Members and Audit & Supervisory Board



Nomination/Remuneration Committee



Chairperson…Appointed from among Outside Directors

Ensuring independence and diversity

Ratio of outside officers	Ratio of female officers
5/13 — 38.4%	3/13 — 23.0%

Business execution and supervisory function

Directors and Board of Directors

The Board of Directors consists of nine Directors (including three independent Outside Directors (including one female member)). The Board of Directors has a system in place that enables the holding of one meeting in principle each month and other extraordinary meetings whenever the need arises in order to decide important matters such as management policies and strategies and to supervise the execution of duties by Directors through such measures as receiving reports on the status of business execution and other important matters.

Support for Outside Directors (Outside Audit & Supervisory Board Members)

A support system has been established for Outside Directors by providing advance explanations and supplementary materials on important proposals for the Board of Directors. Furthermore, Audit & Supervisory Board Member assistants are assigned to assist the duties of Audit & Supervisory Board Members as support for Outside Audit & Supervisory Board Members, and a support system has been established by providing advance explanations and supplementary materials, etc. for important proposals for the Board of Directors as with the case of Outside Directors.

Main agendas discussed at the Board of Directors (FY2024)

- Formulation of new Medium-Term Business Plan
- Tokyo Kiraboshi Financial Group's consolidated profits plan
- Setting top risks, the Risk Appetite Policy, and changes to the Risk Appetite Framework
- The activity policy of Group Chief Officers (CxO)
- The System Development and Operation Status Based on the "Basic Internal Control Policy" (Companies Act)
- Initiatives aimed at sustainability
- Results of examination of economic rationality and necessity of cross-shareholdings and status of exercise of voting rights
- Evaluation of the effectiveness of the Board of Directors
- Disclosures based on TCFD recommendations
- AML/CFT* Risk Management Framework
- Group Risk Assessment and KRI*
- Approval of the internal audit plan
- Revision and establishment of regulations in line with the transition to a branch company system

*AML/CFT: Anti-Money Laundering/Countering the Financing of Terrorism
*KRI: Key Risk Indicator

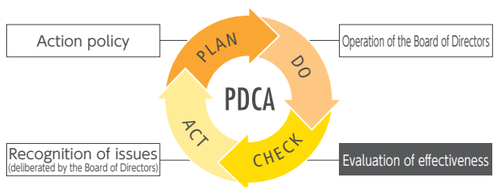
Corporate Governance

Evaluation of the effectiveness of the Board of Directors

The Company conducts self-evaluation on the effectiveness of the Board of Directors, with the aim of improving functions of the Board of Directors and increasing corporate value. We conduct questionnaire surveys as well as individual interviews by third-party organizations of all Directors and Audit & Supervisory Board Members who are members of the Board of Directors in regard to the composition, operation, discussion, monitoring functions, etc. of the Board of Directors, and the Nomination/Remuneration Committee, and the Board of Directors holds discussions and conducts evaluation based on the results of analysis by third party organizations. In addition, officers submit their questionnaire results directly to third-party organizations in order to ensure anonymity.
In FY2024, the overall effectiveness of the Board of Directors is generally assessed as effective based on surveys and interviews. At the same time, some opinions highlighted areas for improvement, including "board management" (securing sufficient deliberation time) and "board discussions" (delving more deeply into important themes). We will further improve effectiveness by setting an annual agenda and schedule and ensuring adequate time for deliberation.

FY2025 action policy to promote essential discussions

› Setting the annual agenda and schedule, and devising ways to allocate deliberation time



Nomination/Remuneration Committee

The Company has voluntarily established the Nomination/Remuneration Committee as an advisory body with the intent of securing objectivity and transparency regarding personnel matters and remuneration of Directors. The Nomination/Remuneration Committee consists of four Directors or less (including at least two Outside Directors) appointed by the resolution of the Board of Directors, and examines personnel matters, appointment and dismissal of Directors of the Company and its Group companies, as well as the amount of remuneration for Directors, and reports the results to each company's Board of Directors.

Management Council

Under the Board of Directors, the Company has established the Management Council that consists of Directors, and holds one meeting in principle each week and other extraordinary meetings whenever the need arises. The Management Council decides important matters other than those to be resolved by the Board of Directors and matters delegated by the Board of Directors, and receives reports on the status of business execution and other important matters.

Committees

The Company has set up the "Compliance Committee," the "Risk Management Committee," the "ALM Committee," the "Capital Policy Committee," the "HM Committee," and the "Group Sales Strategy Committee" as the subordinate organizations to the Management Meeting for each area of important management issues, and has established a system that increases expertise and agility. Each Committee meets regularly and at any time whenever the need arises in accordance with their respective rules.

Group Management System

The Company has introduced a "Group Chief Officer (CxO) system." Under the overall supervision by Group CEO, Group Chief Officers are appointed as officers responsible for areas under their control, thereby establishing a Group-wide business management system. In addition, the appropriateness of Group management is ensured through the appointment of officers in charge of each Group company and the internal audit of Group companies conducted by the Company's Internal Audit Division.

Audit and supervisory functions

Audit & Supervisory Board Members and Audit & Supervisory Board

The Audit & Supervisory Board strives to strengthen the audit structure by ensuring effective monitoring functions for Directors' decision-making and business execution.
Each Audit & Supervisory Board Member conducts audits on execution of duties by Directors, internal control, and other related matters by engaging in such activities as attending the Board of Directors' meetings and other important meetings, reviewing important approval and other documents, and conducting audits of each division of the Company and investigations on subsidiaries, in accordance with audit policies and plans established by the Audit & Supervisory Board. In addition, an "Audit & Supervisory Board Members" contact desk has been established as a whistleblowing contact point, which is independent of the management team.
Audit & Supervisory Board Members and the Audit & Supervisory Board are striving for effective audits by maintaining close cooperation with the internal audit departments and the Accounting Auditor and exchanging opinions on priority audit issues through regular meetings with Representative Directors and other executives.

Approach to appointment of Directors and Audit & Supervisory Board Members

Directors

For candidates for Director, it is our basic policy to consider a mix of human resources with diverse expertise and backgrounds in order to make important decisions on the medium- to long-term management direction and business strategies and to conduct highly effective supervision. Candidates for Director are considered by the "Nomination/Remuneration Committee" and determined after being reviewed by the Company's Board of Directors based on the results of the consideration.

Audit & Supervisory Board Members

Candidates for Audit & Supervisory Board Members are determined after deliberation by the Company's Board of Directors with the consent of the Company's Audit & Supervisory Board.
Furthermore, Audit & Supervisory Board Members must have excellent personality, knowledge and ability, extensive experience and high ethical standards, in addition to the necessary finance, accounting and legal knowledge.

Reasons for appointment of outside officer

Name	Reasons for appointment
Yuki Takahashi Outside Director	Ms. Yuki Takahashi serves as a corporate manager of a housekeeping services provider, and due to her wealth of experience, including regarding the promotion of women's participation and advancement in the workplace, lifestyle reform and creation of new businesses, she also holds key positions at various organizations. The Group has concluded that her knowledge can be reflected to improve the Group's products and services, and therefore she has been appointed as Outside Director.
Shuya Nomura Outside Director	Mr. Shuya Nomura has specialized knowledge as a professor of a graduate school and also engages in corporate legal affairs as an attorney. As he also held a number of various positions in public service, and possesses extensive insight and abundant experience. The Group has concluded that his knowledge can be utilized for the overall management of the Group, and therefore he has been appointed as Outside Director.
Haruhiko Kobayashi Outside Director	Mr.Haruhiko Kobayashi served as General Manager of General Affairs Division, General Manager of Industrial Policy Division 2, and Managing Director of The Tokyo Chamber of Commerce and Industry. He has extensive experience in conducting interviews and research studies with business operators on various themes related to management of SMEs. The Group has concluded that his knowledge can be utilized in business management support to the Group's transaction partners and for measures to improve services, and therefore he has been appointed as Outside Director.
Nobuko Inaba Outside Audit & Supervisory Board Member	As the Group expects Ms. Nobuko Inaba to reflect her advanced expertise as a certified public accountant and a wealth of insight into management as a corporate manager in the auditing structure of the Group, she has been appointed as Outside Audit & Supervisory Board Member.
Kayo Todo Outside Audit & Supervisory Board Member	Ms. Kayo Todo has been performing her duties as a partner of a law office. As the Group expects her to conduct objective and neutral audits on legality of management execution, etc. from her professional perspective as an attorney-at-law, she has been appointed as Outside Audit & Supervisory Board Member.

Skill matrix of Directors and Audit & Supervisory Board Members

The Group believes that the knowledge, experience, and abilities that the Board of Directors should have in order to achieve the Group's Medium-Term Business Plan differ regarding some of the skills required of internal and outside officers, and has established the following eight skill items for internal and outside officers, respectively. When appointing Directors, the Group bases its considerations on ensuring a combination of human resources with diverse knowledge and backgrounds, in order to make important decisions concerning the Group's mid- to long-term management direction and business strategies, and to ensure a highly effective supervision.

● Internal Officers

Name	Position at the Company	Skill category							
		Corporate management	Sales/ Marketing	Risk management/ Compliance	Finance/ Accounting	IT/Systems/ DX	Sustainability	Human resource strategy	Markets
Hisanobu Watanabe	President	●	●	●	●	●	●	●	
Hidenori Tsunehisa	Deputy President	●	●		●	●	●	●	●
Satoru Nobeta	Director Senior Managing Executive Officer	●		●	●	●			●
Takeshi Miura	Director Managing Executive Officer	●			●	●		●	●
Takeshi Yoshino	Director Managing Executive Officer	●	●		●				
Akiyuki Kagami	Director Executive Officer	●	●		●		●		
Katsuya Tsuboi	Full-time Audit & Supervisory Board Member	●		●	●				●
Hideki Uchida	Audit & Supervisory Board Member	●						●	

● Outside Officers

Name	Position at the Company	Skill category							
		Corporate management	Local economy/ Government	Legal affairs	Finance/ Accounting	IT/Systems/ DX	Sustainability	Human resource strategy	Markets
Yuki Takahashi	Outside Director	●				●	●	●	
Shuya Nomura	Outside Director	●	●	●	●		●		
Haruhiko Kobayashi	Outside Director	●	●			●	●	●	
Nobuko Inaba	Outside Audit & Supervisory Board Member	●			●				●
Kayo Todo	Outside Audit & Supervisory Board Member	●		●					

(Note) The above matrix does not represent all the knowledge and experience possessed by each individual.

Corporate Governance

Officer remuneration structure

Basic approach

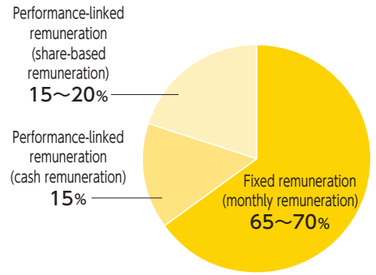
The Company's Board of Directors views the establishment of an environment supporting sound management and appropriate risk taking to be one of its main roles and responsibilities, and endeavors to make swift and bold decisions based on the approach of creating a new type of urban regional bank.
Based on this approach, the remuneration of the Company's Directors (excluding Outside Directors) is structured to be made up as follows with fixed remuneration (monthly remuneration) as base remuneration, in addition to a combination of cash remuneration which is linked with short-term business performance, etc. and share-based remuneration using a board benefit trust linked with medium- to long-term business performance, etc. to function as a healthy incentive aimed at sustainable growth of the Group.

Types of remuneration

Fixed remuneration (monthly remuneration)	Base remuneration	Provided according to job rank, etc.
Performance-linked remuneration	Cash remuneration	Linked to short-term numerical targets in the Medium-Term Business Plan
	Share-based remuneration	Linked to medium- to long-term numerical targets in the Medium-Term Business Plan

*Outside Directors only receive monthly remuneration.

Rough percentages of remuneration



Details of remuneration

● Performance-linked remuneration (cash remuneration)

We calculate the amount of performance-linked remuneration (cash remuneration) to be paid by multiplying the amount predetermined for each job rank by the multiplying factor determined based on the indices linked with business performance and performance evaluation of a department for which the relevant individual is responsible. The calculation results are reviewed by the Nomination/Remuneration Committee, and based on the results of the review, the amount to be paid is determined after deliberation by the Board of Directors. It is our policy to make payments at a fixed point in time each year.
The indices linked with business performance have been set as (i) Kiraboshi Bank's net core business income and (ii) the Company's net income for the relevant period subject to evaluation.

● Performance-linked remuneration (share-based remuneration)

We have introduced a share-based remuneration system utilizing board benefit trust as non-monetary remuneration. We calculate the number of points to be granted by using the multiplying factor determined according to the degree of achievement of performance targets, based on the base amount predetermined for each job rank and closing price of the Company's shares on March 31, 2024. Then the Nomination/Remuneration Committee discusses the calculation result. The Board of Directors decides the number of points to be granted upon deliberation based on the result of the discussion, and then a certain number of shares of the Company's stock equivalent to the number of such points will be delivered.
The indices linked with business performance have been set as (i) Kiraboshi Bank's overhead ratio (OHR) and (ii) the Company's return on equity (ROE) for the relevant period subject to evaluation.
The timing for receiving the delivery of shares of the Company's stock equivalent to the number of points granted shall be from on or after each date on which points are granted (which, as a general rule, occurs every fiscal year), and within a certain period of time (as a general rule, within the same fiscal year as the date on which points are granted), and we impose transfer restrictions on the shares until retirement.
Audit & Supervisory Board Members only receive monthly remuneration, and are not subject to the performance-linked remuneration system from the perspective of ensuring the neutrality and independence of Audit & Supervisory Board Members.

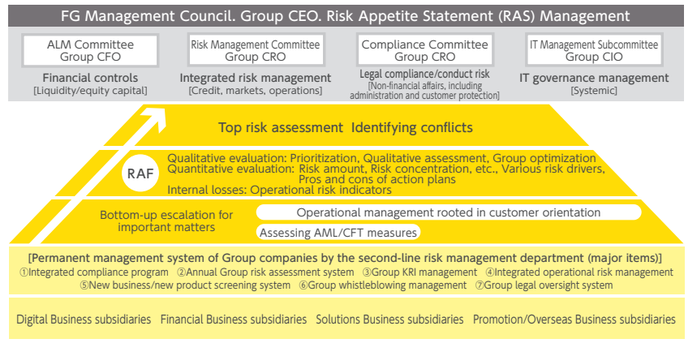
Risk governance system

Basic approach

The Kiraboshi Group strives to establish corporate ethics based on its social mission as a regional financial group, and is working to ensure the soundness and appropriateness of its operations based on a basic policy of fostering the corporate culture that emphasizes compliance and is accredited by shareholders and trusted by customers and society.
In order to achieve sustainable growth and development together with customers and local communities, we are promoting appropriate risk-taking and risk control through our Risk Appetite Framework (RAF).

Top risk management

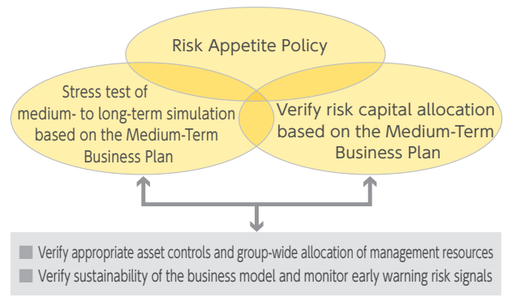
We have identified top risks, aiming to recognize and address risks that could have a significant impact on the management of the Group when various risk scenarios emerge in the execution of our Medium-Term Business Plan. Top risks are evaluated and reviewed at least once a year, and if there is a possibility of a significant impact on the soundness of management, various committees or the Management Council and Board of Directors discuss the situation and take necessary measures.



Risk Appetite Framework (RAF)

We have implemented a Risk Appetite Framework (RAF) that clarifies risk appetite in order to practice risk management that supports business strategies and financial plans. Introduction of RAF improves the transparency of the management plans, enables a company to seek more profit opportunities and conduct business management while controlling risks.
Based on our risk-taking policy, the Kiraboshi Group monitors the implementation of medium- and long-term simulations based on top risk and verification of risk capital allocation through the RAF in order to ensure the execution of the Medium-Term Business Plan, and practices optimal risk-return management and optimal allocation of management resources for the entire Group.

Construction of overall RAF



Crisis management

The Kiraboshi Group has established a crisis management system for business continuity, such as providing safe and secure financial functions to customers and employees in the event of the occurrence of a natural disaster such as an earthquake or the spread of infectious disease. The Group has formulated contingency plans for the occurrence of disasters and has introduced a system for verifying the safety of employees, and has also established systems such as implementing periodic disaster drills. In addition, we are maintaining the functions of buildings and facilities, etc. to be able to use facilities and systems, etc. in a continuous and stable manner while also implementing measures such as assessing facility aging, carrying out appropriate maintenance management to prepare for various types of disasters, accidents, and infectious diseases, etc.

Risk Management and Compliance Initiatives

Message from the Group Chief Risk Officer (CRO)



Satoru Nobeta
Tokyo Kiraboshi Financial Group, Inc.
Director Senior Managing Executive Officer and Group CRO

As a regional financial group supporting active economic activity in the Tokyo metropolitan area whose purpose is "Giving our all, for TOKYO," the risk management department's role is becoming increasingly important in order to provide sustainable comprehensive services.
We recognize that it is essential for the sustainable management of the Kiraboshi Group that business strategies for implementing management strategies are determined based on in-depth discussions by the Management Council and Board of Directors, by whether they are in line with customers' real needs and whether they fully understand the impact and risks to the Group.
The Tokyo Kiraboshi Financial Group will work to bolster integrated risk management system initiatives on a Group-wide basis, and take the lead in strengthening management and supervision. We are working to establish an effective management system for financial risk, operational risk, and compliance, and to provide organizational support as a second line of defense that enables management to correctly identify where the risks lie and provide appropriate and leading direction and supervision based on in-depth discussions.
In terms of the effectiveness and efficiency of AML/CFT countermeasures, based on our ongoing management system and an understanding of current social conditions and predicate offences, we will take the initiative at the management level in a timely and appropriate manner to ensure that the Kiraboshi Group's countermeasures are functioning effectively, and continue to address this as a priority issue. In addition, we will steadily strengthen our preparedness against external threats such as cybercrime, as well as interest rate and liquidity risks in an environment of rising interest rates.
We are pushing ahead with the digitalization of operations to ensure overall risk and compliance management. We will work to enhance the sophistication of risk management for the entire Kiraboshi Group by improving accuracy, speed, and comprehensiveness through systemization to detect risks at an early stage.

Risk/Compliance system

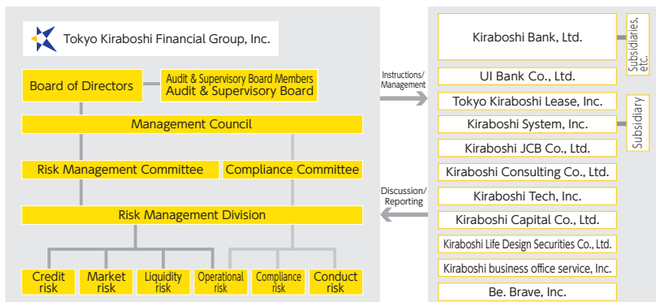
The Kiraboshi Group will continue to strengthen its governance structure and build a risk compliance system based on the following three main policies.

- Strengthen sustainable profitability by transforming the income structure, enhance capital through strategic financial controls, and achieve optimal allocation of management resources
- Establishment of a risk compliance management system to ensure business operations through properly managed risk-taking
- Meticulous attention to all Group businesses, visualization of risks through risk drivers (quantitative and qualitative indicators), and efforts to make management decisions based on the top risks

Group Basic Policy for Risk Management

1. Considering risk management the top priority management issue for the Kiraboshi Group, the Group will establish and accurately manage various risk management systems based on a thorough understanding of the characteristics and spread of each type of risk.
2. The Group will conduct management to check that subsidiaries are performing appropriate risk management from the viewpoint of ensuring soundness.

Chart of risk management system



Establishment of Group risk management system

The following risk management methods have been introduced in an effort to enhance our management system on each specified date.

(Annual) ・compliance program, Group Risk Assessment, RCSA (Risk Control Self-Assessment), assessment based on own scenarioss
(Semi-annual) ・operational risk monitoring plan and verifications
(Quarterly) ・KRI (Key Risk Indicator) planning and verifications

<Initiatives Aimed at Integrated Risk Management>

Integrated risk management within the Kiraboshi Group means to manage the risk in the Group as a whole, by integrating the management of various risks held by the Group companies, comprehensively identifying risks specific to the group system that individual Group companies alone cannot deal with, such as the spread of risk within the Group, and comparing the risk with the financial capability (net assets) of the entire Group.
The Kiraboshi Group estimates the maximum potential loss involving credit risk, market risk, and operational risk based on the measured amount of risk. Then, in order to use limited capital effectively, the Group allocates risk capital by using core capital as allocation source and compares the capital with the actual amount of risk to confirm that the Group has not taken excessive risks in comparison with its financial capabilities, thereby maintaining and ensuring the soundness of management.

Credit risk management

Credit risk means the risk of incurring losses due to decreased or lost asset value caused by a deterioration in the financial condition of the parties to which the credit has been granted.
The Kiraboshi Group strives to maintain the soundness of its credit portfolio by avoiding concentration risk through such measure as keeping the percentage of credit in the total amount of credit below a certain level for large concentration risk that an excessive amount of credit is made available to a specific party or for industry concentration risk that credit is concentrated to a specific industry.

Market risk management

Market risk means the risk of incurring losses due to fluctuations in the value of assets and liabilities and in the amount of generated revenue as a result of fluctuations in various market risk factors such as interest rates, stock prices, and exchange rates. It is roughly divided into interest rate risk, price fluctuation risk, and exchange rate risk.
The Kiraboshi Group manages operations to keep loss amounts and market risk amounts within acceptable limits through such measures as setting limits for holdings and losses, monitoring the status of compliance, measuring the amount of risk such as VaR (Value at Risk, probable maximum loss), and comparing it with the allocated risk capital.
In addition, the Kiraboshi Group evaluates market risk comprehensively using the stress scenarios that reflect events that could have a significant impact on the Group or other means.

Liquidity risk management

Liquidity risk is the risk of incurring losses caused by difficulty in securing the necessary funds or being forced to raise funds at a significantly higher interest rate than usual due to a mismatch between investment and funding periods or an unexpected outflow of funds (cash flow risk), and the risk of incurring losses caused by inability to trade in the market or being forced to trade at a significantly unfavorable price than usual due to market turmoil or other factor (market liquidity risk).
The Kiraboshi Group takes every possible measure to manage liquidity risk through such measures as appropriately managing the status of fund investment and procurement, maintaining stable funding, and holding above a certain amount of assets that can be liquidated in a short period of time as current assets.

Operational risk management

Operational risk is a wide range of risks pertaining to business operations in general, including the risk of incurring losses caused by business processes, improper activities by officers and employees or improper systems, or external events.
The Kiraboshi Group categorizes the operational risk according to its characteristics into administrative risk, system risk, legal risk, or other risk. The Group has designated a division with overall responsibility for risk management and divisions responsible for each sub-risk, and puts in place a risk management system that covers business operations in general.

<Initiatives Aimed at Compliance>

Compliance risk

Compliance risk is the risk of incurring severe damage such as the loss of Kiraboshi Group's social confidence due to failure to comply with laws and regulations or "codes" such as the Group's management philosophy and policy, and regulations.
The Kiraboshi Group has established a compliance program, and the management team takes the lead in an effort to prevent the occurrence and recurrence of actual risks and potential risks by taking steps such as disseminating and providing education on compliance matters required for appropriate business operation, and monitoring and controlling the status of establishment and implementation.

Basic approach

The Kiraboshi Group regards compliance as one of the top priority management issues, strives to establish corporate ethics based on its social mission as a regional financial group, and has established its basic policy to foster the corporate culture that emphasizes compliance and is accredited by shareholders and trusted by customers and society. All officers and employees are making united efforts to enhance and strengthen the compliance system.

Risk Management and Compliance Initiatives

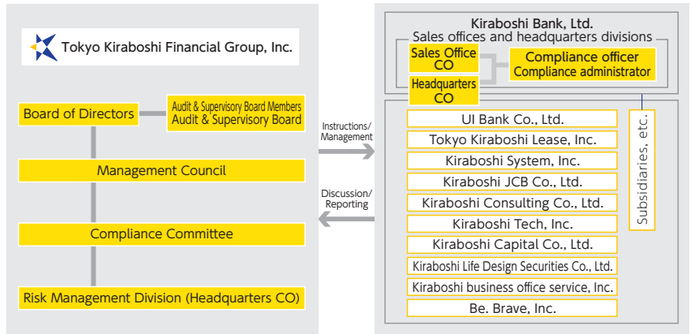
Conduct risk

Conduct risk is a risk where an officer or employee acts contrary to social norms, acts in violation of trade practices or market practices, or acts in a way that is detrimental from the perspective of users, and customers are inconvenienced, fairness of the market is harmed, or the reputation of the financial institution itself is harmed as a result.
The Kiraboshi Group acts in compliance with not only laws, regulations and internal rules, etc., but also in compliance with the Kiraboshi Group's philosophy and action guidelines.

Status of putting in place the compliance system

The Kiraboshi Group establishes a compliance program for each fiscal year, and strives to monitor and strengthen control of the status of disseminating, training, and establishing compliance matters required for appropriate business operation and improvement of quality of clerical work. In addition, the management team takes the lead in an effort to prevent the occurrence and recurrence of various risks.
The Kiraboshi Group also has established the Compliance Committee to strengthen and improve compliance functions by sharing information and initiatives related to compliance throughout the Group. In addition, the Group has assigned the officer in charge of the Risk Management Division as the chief compliance officer, and made the Risk Management Division as the supervising division, thereby putting a system in place.
Furthermore, we created a Headquarters Compliance Officer (Headquarters CO) role to enhance the Group's ability to respond to compliance risk, and the Sales Office Compliance Officer (Sales Office CO) role to strengthen collaboration between sales offices and the headquarters, and are striving to develop a front compliance system.

Chart of compliance system



Cyber risk management

Risks of information system outages, malfunctions, and external leaks, etc. are increasing due to cyberattacks which have become increasingly advanced and sophisticated over the years.
The Kiraboshi Group aims to provide highly convenient and secure services to customers by working on cyber security measures to ensure system safety and promoting financial services utilizing digital technology.
The Kiraboshi Group considers cyber risk as one of the top priority issue in management, and has appointed a Group CIO (Chief Information Officer) and a Group CRO (Chief Risk Officer) and has assigned persons in charge of cybersecurity to the Risk Management Division, in order to strengthen cyber security measures against cyberattacks.
To prepare for cyberattacks, we are working to continuously strengthen the Group management structure through efforts such as sharing of information with external bodies, collection of information related to trends in cyberattacks, vulnerabilities etc., dissemination of information to Group companies, and conducting training and drills that simulate cyberattacks.
With the aim of establishing a sustainable management system, we have embarked on a strengthening project in association with experts. Furthermore, with the initiative and involvement of management, we are also pushing forward with strengthening the cyber risk management structure by making reports to the management team on a periodic basis, assessing system risks and formulating contingency plans, and conducting diagnosis on vulnerabilities of websites, etc. and taking measures to deal with issues identified in them.
In addition, as part of our efforts to improve information literacy of officers and employees, we make attention-seeking announcements about increasingly sophisticated business e-mail frauds, virus-infected e-mails, etc. on a periodic basis, and conduct e-mail training assuming targeted attacks, etc., as well as tests to confirm basic knowledge related to cybersecurity. Through these and other ways, we are striving to maintain and enhance awareness and knowledge of cybersecurity within the Group.
Kiraboshi Bank has introduced a phishing website detection service as a countermeasure against phishing frauds which are rapidly increasing in recent years. When a phishing website is detected, we provide attention-seeking information to customers. We also provide customers with a security software program (software equipped with measures against illegal remittance and phishing frauds) so that they can use our Internet banking service safely.

Risk event	Risk scenario	Major risk control
Cyberattack	Loss of social trust due to leakage of customer information, confidential information, etc. attributable to service suspension caused by a cyberattack	● Vulnerability diagnosis on websites, etc. and taking measures to deal with their issues ● Conducting drills, training and education for employees ● Formulation of contingency plans, etc. ● Formulation of measures to prevent recurrence after the occurrence of a failure, etc.

Initiatives for AML/CFT (Anti-Money Laundering/Countering the Financing of Terrorism)

As sophisticated financial fraud crime and threats of international terrorism are increasing, there has been a growing risk that financial institutions can get involved in money laundering and terrorism financing. The Kiraboshi Group considers the prevention of money laundering, etc. as one of the most important management issues. In April 2024, we established the AML/CFT Office within the Risk Management Division and we are strengthening monitoring, and reinforcing cooperation with sales offices, including allocating management resources. We are strengthening our effective management system based on the initiative and involvement of management.
The Group not only adheres to basic matters including confirmation at the time of transactions as stipulated in relevant laws and regulations including the "Act on Prevention of Transfer of Criminal Proceeds" and the "Foreign Exchange and Foreign Trade Act," but also works on a continuous development of a system to ensure effective and appropriate functioning of the anti-money laundering system.
We continuously take measures to mitigate risks by creating a risk assessment report to identify and assess risks, and conducting questionnaires of customers from the perspective of ongoing customer management. In addition, we implement internal training for all employees, and work to maintain and enhance awareness and knowledge related to our business in order to maintain customer trust.

Establishment of system to exclude antisocial forces

The Kiraboshi Group takes group-wide initiatives to break any and all relationships with antisocial forces, etc. including transactions with them. Such initiatives include decisive refusal to provide funds to antisocial forces that threaten social order and safety of society and resolutely excluding undue demand and intervention by antisocial forces.
We have established the "Basic Policy on Dealing with Antisocial Forces" and "Basic Rules on Dealing with Antisocial Forces," and are working to conduct training and education for officers and employees. The Risk Management Division centrally manages information related to antisocial forces and strives to collect and share information. On the other hand, in response to requests from police authorities, we are also working to open bank accounts for former crime group members.

Establishment of systems to protect customers and manage customer information

Based on the recognition that it is the Kiraboshi Group's social responsibility to handle personal information of customers in a proper and strict manner, we handle personal information in strict compliance with laws, regulations, and rules.
The Kiraboshi Group has established the "Customer Relations Center" as a specialized department to receive, collect and manage complaints from customers, and contracted with the "Japanese Bankers Association Consultation Office" to offer a "financial ADR system" (Alternative Dispute Resolution system in the financial sector) which facilitates the resolution of conflict through the involvement of a third party.
In addition, the Group collects and manages "customer feedback" provided through its website and via mail, and shares this information with officers and related departments at headquarters in an effort to improve various operations and quality. With regard to "customer service," the HM Office is taking the lead in working to improve hospitality by analyzing their true causes, providing guidance to sales offices and providing training.

Whistleblowing (hotline) system

The Kiraboshi Group has established the "Hotline System" to enable officers and employees to report and seek advice about violations of laws and regulations and other improper compliance issues, including harassment. A contact point for whistleblowing has been established internally in the Compliance Office of the Risk Management Division and externally in a law firm.
Through the whistleblowing system, we strive to realize early detection, prevention and correction of compliance incidents while ensuring the confidentiality of whistleblowers in accordance with the Whistleblower Protection Act. The Group's internal regulations stipulate strict policies including prohibition of disadvantageous treatment of whistleblowers.

Our Commitment to Sustainability

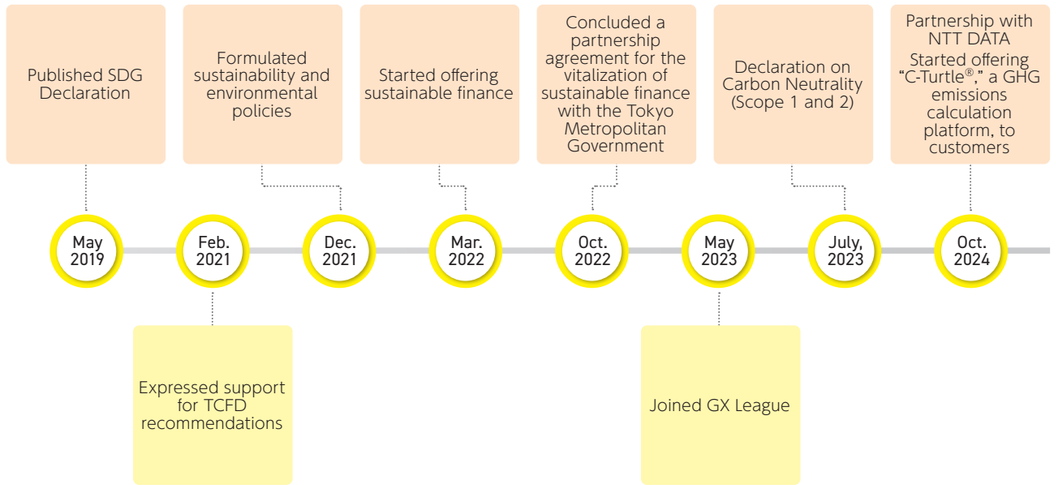
Addressing climate change

The Group recognizes that addressing climate change is a top management issue. In addition to addressing the issues faced by the Group and working in tandem with the efforts of our customers, we will also actively work on information disclosure.

1. Various policies to address climate change, etc.

Sustainability Policy	We have formulated the “Basic Policy on Social Responsibility (Sustainability Policy)” to indicate our overall policy on sustainable management and declare our involvement in development of local communities and solution of issues faced by sustainable society, based on the Group’s management philosophy.
Environmental Policy	Based on our “Sustainability Policy,” we have formulated an “Environmental Policy” to clarify our consideration for the global environment and our contribution to the sustainable development of society.
SDG Declaration	In our SDG Declaration, we declared environmental protection to be one of the themes of our initiatives, and we will work to reduce greenhouse gas emissions in the Group and to support local communities in addressing climate change.

2. History of sustainability initiatives



3. Participation in Initiatives

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

21世紀金融行動原則

CDP DISCLOSURE INSIGHT ACTION

GX League

SusPla Sustainable Plastics Initiative

*SusPla: An organization established to expand the market for recycled plastics through material recycling that contributes to quality improvement and stable supply.

4. Initiatives to address TCFD (Task Force on Climate-related Financial Disclosures)

The Group regards addressing climate change as one of the important matters in its management strategies. Accordingly, in February 2021, the Group voiced support for the TCFD* recommendations. In addition to disclosing information in accordance with the recommendations, we will continue to engage in initiatives aimed at mitigating climate change risk.

*TCFD is a taskforce on disclosure of climate-related financial information led by the private sector established by the FSB (Financial Stability Board), and it recommends companies to disclose information on risks and opportunities related to climate change, etc.

4-1. Governance

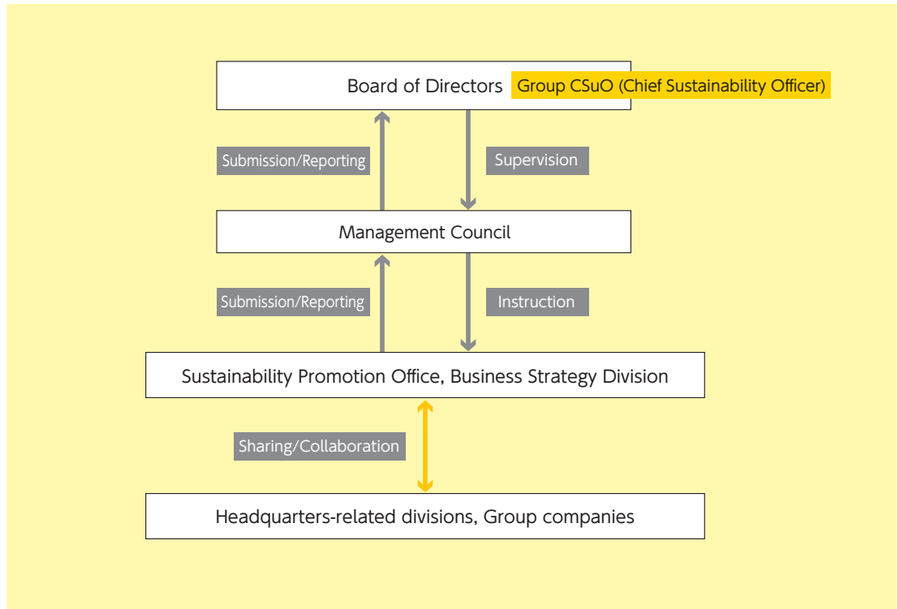
- The “Sustainability Promotion Office,” which is responsible for planning and overall management of matters related to climate change, was established in the Business Strategy Division. Based on various policies, the Office plans and formulates the Group’s initiatives for addressing climate change and engages in coordination with parties including Group companies and relevant departments. The Sustainability Promotion Office is responsible for climate change responses and submits related proposals and reports to the Management Council and to the Board of Directors.
- A Director with expertise in addressing climate change is designated as the “Chief Sustainability Officer (CSuO).”
- We have formulated the “Basic Policy on Social Responsibility (Sustainability Policy)” which lays out our involvement in development of local communities and solution of issues faced by sustainable society.

●Development of a sustainability management and promotion system

- The Group is strengthening its management and promotion systems for initiatives aimed at sustainable local communities and the sustainable growth of the Group.
- The Management Council submits proposals and reports on measures, policies, and status of initiatives related to environmental issues (climate change responses, etc.) as sustainability issues (at least once a year).

The Board of Directors is responsible for the appropriate oversight of reported details concerning sustainability-related proposals (policy formulation, goal setting, progress of initiatives, etc.).

Sustainability promotion structure



Our Commitment to Sustainability

4-2. Strategy

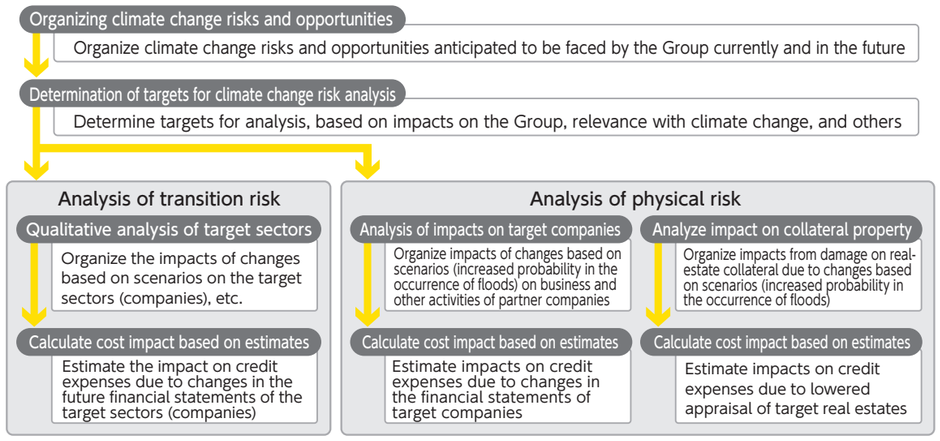
(1) Management strategy on sustainability

- In order to move forward in addressing the risks and opportunities resulting from climate change, we aim to deepen our dialogue with customers and local communities, and contribute to local communities to realize a sustainable society.
- We will create common value with local communities and customers and promote initiatives for the sustainable growth of the local economy through the use of sustainable finance, loans based on business evaluations, various funds, etc., and the provision of high value-added financial services tailored to the life stages of companies, such as start-ups, founding, sales channel expansion, and business succession.
- In order to respond to climate change-related risks and opportunities, moving forward, we will engage in initiatives to mitigate and adapt to climate change risks of local communities and customers through the provision of financial services with high added value.

●Risks and opportunities

<<Analysis process>>

- Analyze each sector's risks (transition risks and physical risks) and opportunities
- Determine sectors subject to transition risk scenario analysis
- Establish scenarios for both transition risks and physical risks, depending on the subject of analysis and analyze the impact on credit costs



- We have identified risks and opportunities associated with climate change anticipated to be faced by the Group currently and in the future as follows, using the timeframes of short term (five years), medium term (10 years), and long term (30 years).
- Going forward, we will work to identify and mitigate the risks to the Group and its customers, and turn the opportunities into the growth of the Group.

Transition risks	Laws and regulations	Occurrence of credit risk as a result of adverse impacts on customers' finance due to tightened regulations and policy changes associated with decarbonization and other efforts	Medium to long term
	Technology and markets	Occurrence of credit risk as a result of adverse impacts on customers' finance due to failure to stay current with a rapid shift in technologies associated with the transition to decarbonized society and inability to respond to fluctuations in demand for products and services with specific features	Short to long term
	Reputation	Occurrence of credit risk as a result of adverse impacts on customers' finance due to declined reputation for not being able to adapt to the transition to decarbonized society	Medium to long term
		Occurrence of reputational risk in which the Group's initiatives and information disclosure related to climate change are regarded as insufficient (e.g., actions deviate from strategies)	Short to long term
Physical risks	Acute	Occurrence of credit risk as a result of stagnation or suspension of business activities or damage to real estate security of customers affected by the occurrence of storms, floods, and other sudden meteorological events	Short to long term
		Occurrence of operational risk caused by a disaster affecting the head office and branches and/or data centers of the Group	Short to long term
	Chronic	Occurrence of credit risk as a result of adverse impacts on customers' finance due to changes in long-term climate patterns such as rising temperature, diminishing cryosphere, and rising sea level	Long term
Opportunities	Services	Increase of business opportunities such as provision of services to support customers in the transition to decarbonized society and in addressing environmental issues	Short to long term
	Products	Increase of business opportunities by offering financial products and sustainable finance	Short to long term
	Resource efficiency & energy sources	Decline in the Company's business costs owing to resource and energy saving	Short to long term
	Reputation	Higher evaluation from investors and capital markets that attach great importance to ESG factors	Short to long term

●Scenario analysis

Having conducted the scenario analysis, we recognized the importance of promoting customers' business transformation in preparation for transition to decarbonized society. Going forward, we will perform quantitative analysis of other sectors to understand the impact of each sector's climate change risk on the Group, and we will provide support through dialogue (engagement) with customers in the target sectors so that customers can promote sustainable management.

<<Results of quantitative analysis of transition risk>>

We conducted quantitative risk scenario analysis for the targeted sectors shown below on the assumption of certain conditions, and estimated a maximum amount of increase in credit expenses which may be incurred by 2050.

Target of analysis	Electricity, gas, petroleum, coal, transportation and vehicle sectors
Description of analysis	Calculated an amount of increase in credit expenses of relevant business operators upon determining the debtor category based on their financial forecast until 2050.
Scenario used	International Energy Agency (IEA)'s NZE scenario (1.5°C scenario) *Figures from APS scenario were used as substitute for data not available.
Amount of increase in credit expenses	Approximately ¥10.9 billion at a maximum

<<Results of quantitative analysis of physical risk>>

Theme	Financial impact from suspension of operation	Amount of damage to real-estate collateral
Target of analysis	Businesses of all borrowers	All borrowers
Description of analysis	We calculated an expected cumulative amount of damage until 2050, and then calculated an amount of increase in credit expenses that would be incurred based on the financial forecast made by the relevant business operators.	We calculated an expected cumulative amount of damage until 2050, and then calculated an amount of increase in credit expenses that would be incurred due to damage.
Scenario used	Intergovernmental Panel on Climate Change (IPCC) RCP 2.6 scenario (2°C scenario) and RCP 8.5 scenario (4°C scenario)	
Amount of increase in credit expenses	Approximately ¥3.0 billion at a maximum	

(2) Credit exposure to carbon-related assets

- We proceeded to develop a system based on the October 2021 version of the TCFD recommendations, and the target sectors for calculation were energy (excluding photovoltaic power and renewable energy related companies), transportation, materials and buildings, and agriculture, food and forest products.
- We will proceed with constructive dialogue (engagement) with business partners in the target sectors, and thereby make efforts such as identifying the amount of carbon emissions and supporting their business restructure to mitigate impacts of climate change.

Total for the carbon-related sectors	¥2,244.9 billion
Ratio to the total	45.0%

* Sectors targeted for disclosure: energy (excluding photovoltaic power and renewable energy related companies), transportation, materials and buildings, agriculture, food and forest products
* The business-type categories of the disclosure target sectors are based on the Global Industry Classification Standard (GICS), and aggregation is made based on the business-type classification used at Kiraboshi Bank.

4-3. Risk Management

- We regard climate change risk as a significant risk, and will work to build a system enabling management under the framework of integrated risk management, taking into account the degree of impact and probability.
- In order for the Group to contribute to the realization of sustainable local communities as a regional financial group, we have formulated the "Environmentally and Socially Friendly Investment and Loans Policy" as an investment and loan policy for businesses which have environmental and social impacts including climate change. This policy also covers coal-fired power generation businesses, deforestation businesses, and palm oil plantation development businesses, which are strongly related to climate change.
- Going forward, we will proceed with constructive dialogue (engagement) with customers based on risk analysis results, etc. In the course of the dialogue, we will identify business opportunities and strengthen risk management of the Group and customers by understanding issues and needs of customers and providing solutions.

Our Commitment to Sustainability

4-4. The Group's Initiatives toward Greenhouse Gas Emissions Reduction

(1) Scope 1, 2

We will work to reduce Scope 1 and Scope 2 emissions so as to contribute to the region's efforts toward carbon neutrality.

- Initiatives we have been engaged in, including the transition to LED lighting, replacement with environmentally friendly vehicles, and the shift to electricity from renewable energy sources, have resulted in an 81.1% reduction in FY2024 compared to FY2013.
- We will push forward with our efforts to reduce greenhouse gas emissions.

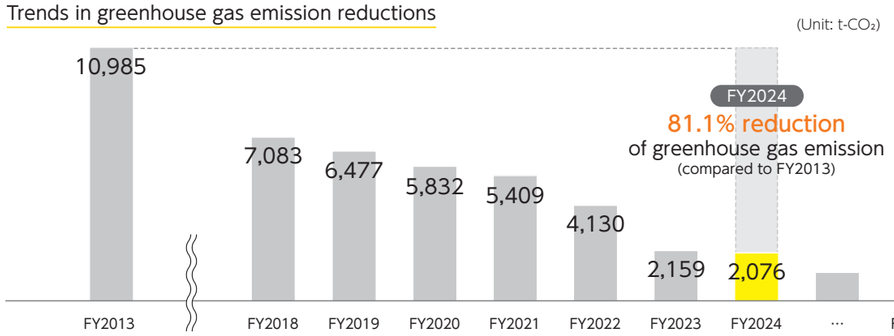
Greenhouse gas emission reduction targets **by FY2030**

Scope 1, 2: Achieve carbon neutrality in FY2030

<Reference> Actual figures for FY2023: 80.3% reduction (compared to FY2013)

Actual figures for FY2024: 81.1% reduction (compared to FY2013)

Trends in greenhouse gas emission reductions



*1: For the amounts of gasoline used, actual figures in FY2021 are used in or before 2020.
*2: The figures for FY2013 represent a combined total of the former Tokyo Tomin Bank, Limited and the former Yachiyo Bank, Limited prior to the merger.

Roadmap toward carbon neutrality

Achieve carbon neutrality

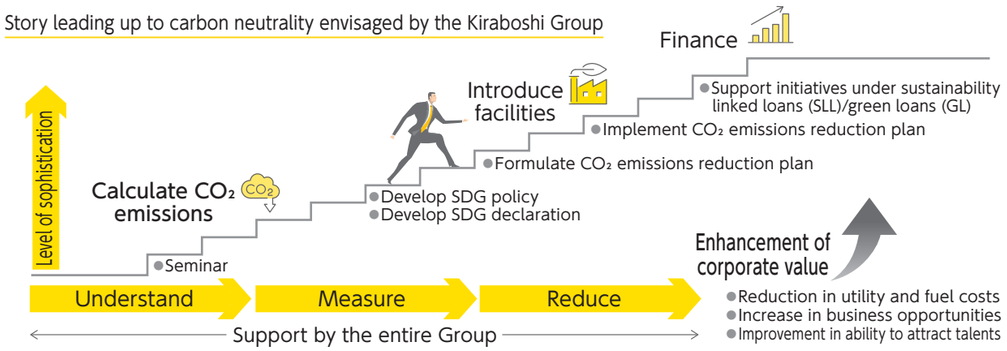
Fiscal Year	2022	2023	2024	2025	2026	2027	2028	2029	2030
Scope 1, 2	Decarbonization of sales vehicles (switching to environmentally friendly vehicles)								
	Reduction in energy use (changing air conditioning temperature settings, switching to high-efficiency equipment, etc.)								
	Switch to LED lighting								
	Introduction of electricity generated using renewable energy								
	Installation of solar power generation equipment and consideration and implementation of PPA at each sales Office								
	Consideration and implementation of low-carbon renovation of the Company's own buildings								
Offset	Consideration and implementation of reduction measures based on carbon offsets and technology trends								
			Consideration of Carbon Credit Market of Tokyo/J-credit utilization						
		Various initiatives through participation in the GX League							
Others	Promote customer engagement in decarbonization and support decarbonization by customers								
	Continuation of forest conservation activities (Kiraboshi Forest)								

(2) Scope 3

Supporting customers' carbon neutrality efforts

In FY2024, the Group began an initiative in cooperation with NTT DATA Japan Corporation to offer the use of "C-Turtle®," a GHG emissions calculation platform provided by NTT DATA, to its customers, as a way to support the customers' efforts in achieving carbon neutrality.

Story leading up to carbon neutrality envisaged by the Kiraboshi Group



Initiatives in FY2024

- Supported customers in visualizing GHG emissions



Future initiatives

- Support in visualizing GHG emissions (continued)
- Support in developing SDG declarations/ sustainability policies
- Support in formulating GHG emissions reduction plans
- Support in implementing GHG emissions reduction plans
- Support in obtaining sustainable finance

Scope 3 emissions according to calculations are as shown below.

Category	Emissions (t-CO₂)
1. Purchased goods and services	18,174
2. Capital goods	3,280
3. Fuel use	828
4. Transportation and distribution (Upstream)	403
5. Waste generated in operations	267
6. Business travel	274
7. Employee commuting	1,436
15. Emissions of loan customers	6,893,679
Total	6,918,341

*According to calculations, emissions for categories 8 through 14 were zero.

Category 15 (Loan customers) emissions by industry

Industry	Emissions (t-CO₂)
Agriculture	9,422
Paper and forest industry	84,168
Beverages and foods	196,002
Metals and mining	205,786
Chemicals	219,452
Petroleum and gas	31,206
Construction materials and capital goods	2,234,914

Industry	Emissions (t-CO₂)
Vehicle	40,347
Electricity	22,954
Real estate management and development	372,219
Land transportation	215,182
Maritime transportation	43,998
Air transportation	22,877
Others	3,195,152
Total	6,893,679

[Category 15 (Loan Customers)]

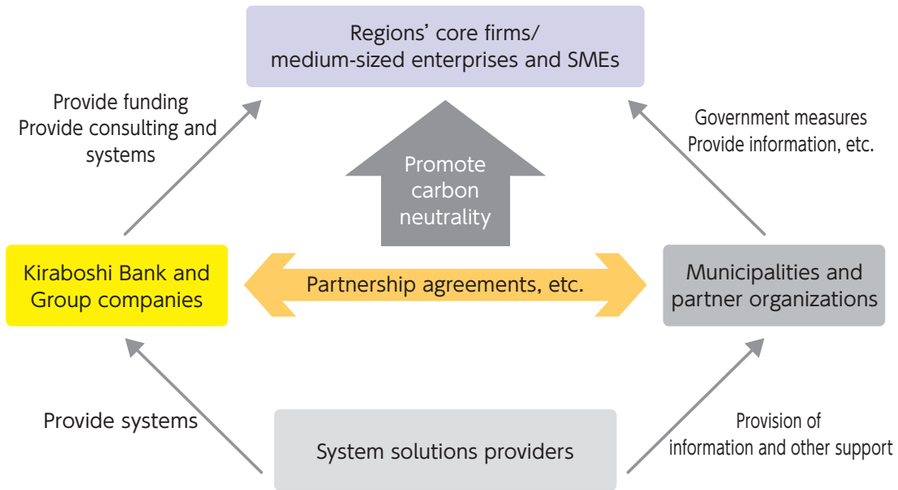
- Emissions in category 15 (loan customers) are calculated in accordance with the PCAF* standards.
- Calculations were performed in "bottom-up method" for customers whose data were available from published emissions figures, and in "top-down method" for customers whose data were not available.
- Utilizing the outcome of calculations in our engagement with customers, we will drive the initiatives toward carbon neutrality.

*PCAF: Partnership for Carbon Accounting Financials

Our Commitment to Sustainability

●Future initiatives for the regions

Looking ahead, the Group will calculate GHG emissions of local companies in cooperation with local authorities and other partners and promote the initiatives to support GHG emissions reduction in the region, taking into consideration issues and characteristics of each region.



4-5. Indicator and Targets

Setting of targets for environment-related investments and loans (sustainable finance)*

Aiming to support the regional efforts towards decarbonization and carbon neutrality in the financial aspect, the Group has set targets for environment-related investments and loans.

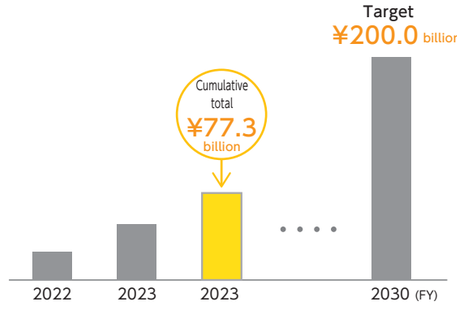
Environment-related investments and loans from FY2022 to FY2030: ¥200.0 billion

* Loans related to renewable energy (photovoltaic power, biomass power generation, wind power-generation facilities, etc.), funds for introducing environmentally friendly vehicles and facilities, etc., loans implemented in compliance with sustainability linked loan (SLL) and other various principles, investment in bonds, related trust beneficiary right, investment in funds related to climate change countermeasures, etc.

Environment-related investments and loans

Environment-related investments and loans to be made by FY2030

Target : **¥200.0 billion**
(FY2022 to FY2030)



- We will continue to proactively provide environment-related investments and loans by supporting customers' efforts such as response to climate change.

Initiatives to address TNFD (Taskforce on Nature-related Financial Disclosures)

When considering addressing the issues of biodiversity and natural capital, it is essential to understand the characteristics of the region. Based on this belief, we examined the initiatives for biodiversity conducted in Tokyo and Kanagawa, our key business bases.

1. Overview of biodiversity in Tokyo and Kanagawa, our key business bases

Tokyo and Kanagawa, the Group's key business bases, despite being urban, have diverse natural environments that make them areas where conservation of biodiversity is crucial.

(1) Biodiversity in Tokyo

Tokyo has a rich variety of ecosystems spanning from Okutama and other mountainous regions to the Tama River basin and parks and green spaces in the city centers.
Its animals and plants include endangered species. Initiatives are under way based on "Tokyo Green Biz" and "Tokyo Biodiversity Strategy for 2030" aimed at conserving biodiversity in cities.



(2) Biodiversity in Kanagawa

Kanagawa is blessed with diverse natural environments ranging from forests, satoyama (rural villages located near mountains) to coasts, as represented by Tanzawa Mountains, Miura Peninsula, and Sagami Bay. A wide range of living things inhabit and grow according to a variety of landforms, climates and land uses, making up a diverse array of ecosystems.
Based on the Kanagawa Biodiversity Plan, efforts are under way to protect rare species, restore satochi-satoyama (socio-ecological production landscapes), and collaborate with companies and citizens.



- Basing on the characteristics of and initiatives implemented in these regions as shown above, the Group has started working to identify potential risks to natural capital-related assets and impacts to business activities through the supply chain.
- The Group began by analyzing its corporate customers in order to understand the relationships between its own business and natural capital. Specifically, we conducted an analysis of each sector on its dependencies and impacts on natural capital using ENCORE, a tool for analyzing nature-related risks recommended by TNFD Framework.

Tendency to depend on or have impact on ecosystem services based on the analysis of Kiraboshi Bank's credit portfolio

The following features were revealed for industries in which we have large amount of investments and loans.

Real estate business and rental of goods	Highly dependent on visual amenity services (landscape, etc.)
Manufacturing	Dependent on water-related ecosystem services; relatively high impact on soil, water, atmosphere, and habitats
Medical and welfare	Dependent on visual amenity services and water-related ecosystem services
Wholesale and retail, finance and insurance	Both dependencies and impacts tend to be low

Listed below are industry sectors in which the amount of our investments and loans are small but that have large dependencies and impacts on ecosystem services and therefore need to be watched closely from the viewpoint of ecosystem conservation.

Agriculture and forestry; fishery; mining, quarrying and gravel extraction

2. Initiatives for FY2025 and beyond

We will consider moving on to more sophisticated stages, such as identifying sectors and natural capital that need to be addressed with priority and analyzing risks and opportunities, based on material ecosystems in Tokyo and Kanagawa, our key business bases, in addition to the results of ENCORE analysis.

The Group supports the TNFD recommendations with regard to the conservation of natural capital, including biodiversity, and is committed to enhancing various efforts to this end.

Tokyo Kiraboshi Financial Group Officers (As of July 1, 2025)

FG : Financial Group

Directors



Hisanobu Watanabe,
Group CEO

President

Career Summary

Apr. 1985 Joined the Tokyo Tomin Bank, Limited
Jun. 2014 Executive Officer and General Manager of Loan Administration Division, the Tokyo Tomin Bank, Limited
Jun. 2015 Executive Officer and General Manager of Nihonbashi Branch Office, the Tokyo Tomin Bank, Limited
Jun. 2017 Director and Managing Executive Officer, the Tokyo Tomin Bank, Limited
Director, Tokyo TY Financial Group, Inc. (currently Tokyo Kiraboshi Financial Group, Inc.)
May 2018 Deputy President, Tokyo Kiraboshi Financial Group, Inc.
President, Kiraboshi Bank, Ltd. current position
Jun. 2020 President, Tokyo Kiraboshi Financial Group, Inc. current position



Hidenori Tsunehisa,
Group CFO
Group CIO
Group CSuO

Deputy President

Career Summary

Apr. 1987 Joined The Mitsubishi Bank, Ltd.
Feb. 2001 Manager, PricewaterhouseCoopers Consultants Co., Ltd.
Apr. 2004 Joined the ShinGinko Tokyo, Limited
Jun. 2015 President and CEO, the ShinGinko Tokyo, Limited
Apr. 2016 Director, Tokyo TY Financial Group, Inc. (currently Tokyo Kiraboshi Financial Group, Inc.)
May 2018 Senior Managing Director, Kiraboshi Bank, Ltd.
Jun. 2021 Deputy President, Tokyo Kiraboshi Financial Group, Inc. current position
Apr. 2023 Deputy President, Kiraboshi Bank, Ltd.



Satoru Nobeta,
Group CRO

Director and Senior Managing Executive Officer

Career Summary

Apr. 1984 Joined the Industrial Bank of Japan, Limited
Jun. 2014 Director and Executive Officer, the Tokyo Tomin Bank, Limited
Apr. 2016 Managing Director, the Tokyo Tomin Bank, Limited
Jun. 2016 Director, Tokyo TY Financial Group, Inc. (currently Tokyo Kiraboshi Financial Group, Inc.)
Jun. 2017 Senior Managing Director, the Tokyo Tomin Bank, Limited
Jun. 2018 Full-time Audit & Supervisory Board Member, Tokyo Kiraboshi Financial Group, Inc.
Jun. 2020 Senior Managing Director, Tokyo Kiraboshi Financial Group, Inc.
Jun. 2021 Director and Senior Executive Officer, Kiraboshi Bank, Ltd.
Jun. 2023 Director and Senior Managing Executive Officer, Tokyo Kiraboshi Financial Group, Inc. current position



Takeshi Miura,
Director and Managing Executive Officer

Career Summary

Apr. 1985 Joined the Tokyo Tomin Bank, Limited
Oct. 2014 General Manager of Corporate Planning Division, Tokyo TY Financial Group, Inc. (currently Tokyo Kiraboshi Financial Group, Inc.)
Jun. 2017 Director and Managing Executive Officer, the Tokyo Tomin Bank, Limited
May 2018 Managing Director, Kiraboshi Bank, Ltd.
Jun. 2021 Director and Senior Executive Officer, Kiraboshi Bank, Ltd.
Jun. 2022 Director, Tokyo Kiraboshi Financial Group, Inc.
Jun. 2023 Director and Managing Executive Officer, Tokyo Kiraboshi Financial Group, Inc. current position
Apr. 2024 Chairperson, UI Bank Co., Ltd. current position
Apr. 2025 Vice Chairperson, Kiraboshi Life Design Securities Co., Ltd. current position



Takeshi Yoshino,
Group CSO

Director and Managing Executive Officer

Career Summary

Apr. 1992 Joined the Tokyo Tomin Bank, Limited
Apr. 2021 Executive Officer, General Manager of Kanda Chuo Branch, Kiraboshi Bank, Ltd.
Oct. 2022 General Manager of Internal Audit Division, Tokyo Kiraboshi Financial Group, Inc
Apr. 2023 General Manager of Corporate Planning Division, Tokyo Kiraboshi Financial Group, Inc.
Director and Executive Officer, Kiraboshi Bank, Ltd.
Jun. 2023 Director and Executive Officer, General Manager of Corporate Planning Division, Tokyo Kiraboshi Financial Group, Inc.
Apr. 2024 Director and Managing Executive Officer, Kiraboshi Bank, Ltd.
Jun. 2024 Director and Managing Executive Officer, Tokyo Kiraboshi Financial Group, Inc. current position
Apr. 2025 Director and Senior Executive Officer, Kiraboshi Bank, Ltd. current position



Akiyuki Kagami,
Director and Executive Officer

Career Summary

Apr. 1991 Joined the Industrial Bank of Japan, Limited
Apr. 2018 General Manager of Financial Institutions Banking Department, Mizuho Bank, Ltd.
May. 2021 General Manager of Business Management Department, Mizuho Research & Technologies, Ltd.
Apr. 2022 General Manager of Strategy Consulting Department, Mizuho Research & Technologies, Ltd.
Nov. 2023 Joined Kiraboshi Bank, Ltd.
General Manager of Partnership Promotion Division
Apr. 2024 Executive Officer, General Manager of Business Strategy Division, Tokyo Kiraboshi Financial Group, Inc.
General Manager of Corporate Planning Division, Kiraboshi Bank, Ltd.
Jun. 2025 Director and Executive Officer, Tokyo Kiraboshi Financial Group, Inc. current position



Yuki Takahashi,
Outside Director

Career Summary

Dec. 2003 Joined Bears Co., Ltd. Senior Managing Director
Oct. 2016 Vice President and Director, Bears Co., Ltd. current position
Jun. 2017 Outside Director, Tokyo TY Financial Group, Inc. (currently Tokyo Kiraboshi Financial Group, Inc.) current position
Apr. 2018 Vice Chairman, The Tokyo New Business Conference current position
Apr. 2019 Chairman, National Housekeeping Service Association current position
Aug. 2022 Director, YEEY Inc. current position
July. 2023 Special Advisor, The Tokyo Chamber of Commerce and Industry current position



Shuya Nomura,
Outside Director

Career Summary

Apr. 1998 Professor, Faculty of Law, Chuo University
Apr. 2004 Professor, Graduate School of Law, Chuo University current position
Attorney, Mori Hamada & Matsumoto current position
Jun. 2014 Outside Director, Mitsubishi UFJ Trust and Banking Corporation
Jun. 2016 Outside Director, Audit and Supervisory Committee Member, Mitsubishi UFJ Trust and Banking Corporation
Jun. 2021 Outside Director, Tokyo Kiraboshi Financial Group, Inc. current position



Haruhiko Kobayashi,
Outside Director

Career Summary

Apr. 1987 Joined The Tokyo Chamber of Commerce and Industry
Apr. 2012 General Manager of General Affairs Division, The Tokyo Chamber of Commerce and Industry
Apr. 2015 Executive Director, General Manager of Industrial Policy Division 2 and General Manager of Tosho Building Reconstruction Preparation Office, The Tokyo Chamber of Commerce and Industry
Apr. 2018 Executive Director, General Manager of Industrial Policy Division 2 and General Manager of Office Environment Division, The Tokyo Chamber of Commerce and Industry
Apr. 2019 Executive Director, Secretary General, The Tokyo Chamber of Commerce and Industry
Apr. 2021 Managing Director, The Tokyo Chamber of Commerce and Industry current position
Jun. 2025 Outside Director, Tokyo Kiraboshi Financial Group, Inc. current position

Audit & Supervisory Board Members



Katsuya Tsuboi,
Full-time Audit & Supervisory Board Member

Career Summary

Apr. 1984 Joined The Sanwa Bank, Ltd.
Jun. 2012 Joined the ShinGinko Tokyo, Limited, General Manager of Credit Division, Credit Headquarters
May 2018 General Manager of Risk Management Division, Tokyo Kiraboshi Financial Group, Inc.
Jun. 2020 Full-time Audit & Supervisory Board Member, Kiraboshi Bank, Ltd.
Dec. 2021 Audit & Supervisory Board Member, Kiraboshi Bank, Ltd.
Jun. 2022 Full-time Audit & Supervisory Board Member, Tokyo Kiraboshi Financial Group, Inc. current position



Hideki Uchida,
Audit & Supervisory Board Member

Career Summary

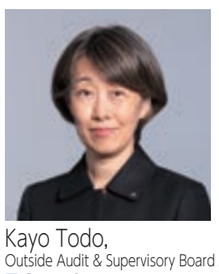
Apr. 1987 Joined Yachiyo Shinkin Bank
Jun. 2017 Executive Officer and General Manager of Human Resource Division, The Yachiyo Bank, Limited
May 2018 Executive Officer and General Manager of Human Resource Division, Kiraboshi Bank, Ltd.
Apr. 2020 Executive Officer, General Manager of Shinjuku Head Office Sales Division, General Manager of Higashi Shinjuku Branch, and General Manager of Nishi Ohkubo Branch, Kiraboshi Bank, Ltd.
Jun. 2022 Audit & Supervisory Board Member, Tokyo Kiraboshi Financial Group, Inc. current position
Full-time Audit & Supervisory Board Member, Kiraboshi Bank, Ltd. current position



Nobuko Inaba,
Outside Audit & Supervisory Board Member

Career Summary

Jul. 2007 Established PAS Co., Ltd. (currently Hayabusa Consulting Co., Ltd.) President, PAS Co., Ltd. current position
Oct. 2014 Outside Corporate Auditor, Tokyo TY Financial Group, Inc. (currently Tokyo Kiraboshi Financial Group, Inc.) current position
Dec. 2014 Senior Partner, Hayabusa Accounting Corporation current position
Jun. 2019 Outside Corporate Auditor, DeNA Co., Ltd. current position
Jun. 2021 Outside Audit & Supervisory Board Member, Kanematsu Corporation current position
Jul. 2021 Representative Partner, Yasumori Accounting and Audit Office (currently Yasumori Audit Corporation) current position



Kayo Todo,
Outside Audit & Supervisory Board Member

Career Summary

Apr. 1997 Joined KOHWA SOHGOH LAW OFFICES
Jan. 2002 Partner, KOHWA SOHGOH LAW OFFICES current position
Oct. 2014 Outside Corporate Auditor, Tokyo TY Financial Group, Inc. (currently Tokyo Kiraboshi Financial Group, Inc.) current position
Jun. 2015 Outside Corporate Auditor, JAPAN POST TRANSPORT Co., Ltd. current position
Jun. 2017 Outside Director, GMO CLICK Holdings, Inc. (currently GMO Financial Holdings, Inc.) current position
Jun. 2024 Outside Director, Tera Technology, Inc. current position

Executive Officers

Nobuyuki Yasuda, Managing Executive Officer
Norihiko Masumura, Executive Officer
Tsutomu Mano, Executive Officer
Yukiyoshi Matsuo, Executive Officer
Kiyotaka Yagyu, Executive Officer

Group CEO Chief Executive Officer
Group CFO Chief Financial Officer
Group CSO Chief Strategy Officer
Group CIO Chief Information Officer
Group CRO Chief Risk Officer
Group CSuO Chief Sustainability Officer

Consolidated Financial Statements

Tokyo Kiraboshi Financial Group, Inc. and its Consolidated Subsidiaries
March 31, 2025 and 2024

Consolidated Balance Sheets

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Assets			
Cash and due from banks	¥ 980,840	¥ 1,157,591	$ 6,559,925
Call loans and bills bought	9,829	5,238	65,737
Monetary claims bought	70,165	72,311	469,268
Trading securities	1,190	1,061	7,958
Money held in trust	5,132	4,508	34,323
Securities	834,771	927,806	5,583,005
Loans and bills discounted	4,980,179	4,821,294	33,307,778
Foreign exchanges	5,658	4,857	37,841
Lease receivables and investments in lease	31,098	28,333	207,985
Other assets	71,586	77,650	478,772
Property, plant and equipment	58,439	59,913	390,844
Buildings	19,176	19,583	128,250
Land	31,672	33,037	211,824
Leased assets	1,507	1,638	10,078
Construction in progress	535	431	3,578
Other property, plant and equipment	5,546	5,223	37,092
Intangible assets	16,195	17,636	108,313
Software	11,054	8,277	73,929
Goodwill	3,916	4,417	26,190
Leased assets	331	138	2,213
Other intangible assets	892	4,803	5,965
Retirement benefit asset	35,812	34,693	239,513
Deferred tax assets	8,903	1,940	59,543
Customers' liabilities for acceptances and guarantees	7,822	5,526	52,314
Allowance for loan losses	(23,061)	(26,863)	(154,233)
Total assets	¥ 7,094,566	¥ 7,193,503	$ 47,448,943
Liabilities			
Deposits	¥ 6,107,621	¥ 5,830,294	$ 40,848,187
Negotiable certificates of deposit	328,200	71,000	2,195,024
Call money and bills sold	27,196	654,868	181,888
Cash collateral received for securities lent	128,696	155,252	860,727
Borrowed money	47,910	53,936	320,425
Foreign exchanges	560	1,012	3,745
Bonds payable	4,220	5,848	28,223
Borrowed money from trust account	–	609	–
Other liabilities	67,190	46,202	449,371
Provision for bonuses	1,906	1,815	12,747
Provision for bonuses for directors (and other officers)	180	176	1,203
Provision for share-based payments	395	389	2,641
Retirement benefit liability	138	82	922
Provision for retirement benefits for directors (and other officers)	49	118	327
Provision for point card certificates	114	95	762
Provision for reimbursement of deposits	107	174	715
Provision for contingent loss	873	885	5,838
Reserves under special laws	0	0	0
Deferred tax liabilities	66	83	441
Acceptances and guarantees	7,822	5,526	52,314
Total liabilities	¥ 6,723,250	¥ 6,828,373	$ 44,965,556
Net Assets			
Share capital	¥ 27,500	¥ 27,500	$ 183,921
Capital surplus	151,024	150,974	1,010,058
Retained earnings	199,225	172,896	1,332,430
Treasury shares	(1,309)	(936)	(8,754)
Total shareholders' equity	376,440	350,434	2,517,656
Valuation difference on available-for-sale securities	(18,299)	1,696	(122,384)
Deferred gains or losses on hedges	2,498	(397)	16,706
Revaluation reserve for land	(242)	(242)	(1,618)
Foreign currency translation adjustment	36	40	240
Remeasurements of defined benefit plans	10,845	13,561	72,532
Total accumulated other comprehensive income	(5,161)	14,658	(34,517)
Share acquisition rights	9	9	60
Non-controlling interests	28	27	187
Total net assets	371,316	365,129	2,483,386
Total liabilities and net assets	**¥7,094,566**	**¥7,193,503**	**$ 47,448,943**

U.S. dollar amounts are the yen equivalent, calculated for convenience only, at the rate of ¥149.52 = U.S. $1.

Consolidated Income Statements and Consolidated Statements of Comprehensive Income

Consolidated Income Statements

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Ordinary income	**¥ 160,872**	**¥ 138,331**	**$ 1,075,922**
Interest income	96,393	83,868	644,682
Interest on loans and discounts	71,489	66,294	478,123
Interest and dividends on securities	22,272	16,028	148,956
Interest on call loans and bills bought	240	196	1,605
Interest on deposits with banks	1,727	799	11,550
Other interest income	663	548	4,434
Trust fees	362	346	2,421
Fees and commissions	24,240	22,196	162,118
Other operating income	5,258	1,743	35,165
Other ordinary income	34,617	30,176	231,520
Recoveries of written-off receivables	41	284	274
Others	34,575	29,892	231,239
Ordinary expenses	**119,219**	**105,362**	**797,344**
Interest expenses	10,275	5,215	68,719
Interest on deposits	6,744	2,809	45,104
Interest on negotiable certificates of deposit	597	8	3,992
Interest on call money and bills sold	134	154	896
Interest on cash collateral received for securities lent	2,009	1,975	13,436
Interest on borrowed money	471	116	3,150
Interest on corporate bonds	31	39	207
Other interest expenses	285	111	1,906
Fees and commissions payments	4,146	4,002	27,728
Other operating expenses	13,164	7,294	88,041
General and administrative expenses	65,540	63,339	438,336
Other ordinary expenses	26,092	25,509	174,505
Provision of allowance for loan losses	2,790	1,345	18,659
Other ordinary expenses	23,302	24,163	155,845
Ordinary profit	**41,652**	**32,968**	**278,571**
Extraordinary income	**4,252**	**–**	**28,437**
Gain on disposal of non-current assets	4,252	–	28,437
Extraordinary losses	**157**	**219**	**1,050**
Loss on disposal of non-current assets	157	219	1,050
Profit before income taxes	**45,747**	**32,749**	**305,959**
Income taxes – current	**12,600**	**8,896**	**84,269**
Income taxes – deferred	**1,785**	**(1,771)**	**11,938**
Total income taxes	**14,385**	**7,124**	**96,207**
Profit	**31,362**	**25,625**	**209,751**
Profit or loss attributable to non-controlling interests	**0**	**(27)**	**0**
Profit attributable to owners of parent	**¥ 31,361**	**¥ 25,652**	**$ 209,744**

Consolidated Statements of Comprehensive Income

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Profit	**¥ 31,362**	**¥ 25,625**	**$ 209,751**
Other comprehensive income	**(19,819)**	**16,423**	**(132,550)**
Valuation difference on available-for-sale securities	(19,983)	6,797	(133,647)
Deferred gains or losses on hedges	2,895	(397)	19,361
Foreign currency translation adjustment	(3)	14	(20)
Remeasurements of defined benefit plans	(2,715)	9,987	(18,158)
Share of other comprehensive income of entities accounted for using equity method	(12)	20	(80)
Comprehensive income	**11,542**	**42,048**	**77,193**
(Breakdown)			
Comprehensive income attributable to owners of parent	¥ 11,542	¥ 42,076	$ 77,193
Comprehensive income attributable to non-controlling interests	0	(27)	0

U.S. dollar amounts are the yen equivalent, calculated for convenience only, at the rate of ¥149.52 = U.S. $1.

Consolidated Financial Statements

Consolidated Statements of Changes in Net Assets

Millions of yen

2025

	Shareholders' equity					Accumulated other comprehensive income								
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Net unrealized gain on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of the year	27,500	150,974	172,896	(936)	350,434	1,696	(397)	(242)	40	13,561	14,658	9	27	365,129
Changes of items during the reporting period														
Dividends of surplus			(5,032)		(5,032)									(5,032)
Profit attributable to owners of parent			31,361		31,361									31,361
Acquisition of treasury shares				(890)	(890)									(890)
Disposition of treasury shares		49		517	567									567
Net changes of items other than shareholders' equity during the reporting period					—	(19,995)	2,895	—	(3)	(2,715)	(19,819)	—	0	(19,819)
Total changes of items during the reporting period	—	49	26,329	(372)	26,005	(19,995)	2,895	—	(3)	(2,715)	(19,819)	—	0	6,186
Balance at end of period	27,500	151,024	199,225	(1,309)	376,440	(18,299)	2,498	(242)	36	10,845	(5,161)	9	28	371,316

Millions of yen

2024

	Shareholders' equity					Accumulated other comprehensive income								
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Net unrealized gain on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of the year	27,500	150,968	151,399	(1,198)	328,669	(5,121)	–	(242)	25	3,573	(1,765)	13	55	326,972
Changes of items during the reporting period														
Dividends of surplus			(4,155)		(4,155)									(4,155)
Profit attributable to owners of parent			25,652		25,652									25,652
Acquisition of treasury stock				(51)	(51)									(51)
Disposition of treasury stock		6		313	319									319
Net changes of items other than shareholders' equity during the reporting period						6,818	(397)	—	14	9,987	16,423	(3)	(27)	16,392
Total changes of items during the reporting period	—	6	21,496	262	21,764	6,818	(397)	—	14	9,987	16,423	(3)	(27)	38,157
Balance at end of period	27,500	150,974	172,896	(936)	350,434	1,696	(397)	(242)	40	13,561	14,658	9	27	365,129

Thousands of U.S. Dollars

2025

	Shareholders' equity					Accumulated other comprehensive income								
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Net unrealized gain on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of the year	183,921	1,009,724	1,156,340	(6,260)	2,343,726	11,342	(2,655)	(1,618)	267	90,696	98,033	60	180	2,442,007
Changes of items during the reporting period														
Dividends of surplus			(33,654)		(33,654)									(33,654)
Profit attributable to owners of parent			209,744		209,744									209,744
Acquisition of treasury shares				(5,952)	(5,952)									(5,952)
Disposition of treasury shares		327		3,457	3,792									3,792
Net changes of items other than shareholders' equity during the reporting period					—	(133,727)	19,361	—	(20)	(18,158)	(132,550)	—	0	(132,550)
Total changes of items during the reporting period	—	327	176,090	(2,487)	173,923	(133,727)	19,361	—	(20)	(18,158)	(132,550)	—	0	41,372
Balance at end of period	183,921	1,010,058	1,332,430	(8,754)	2,517,656	(122,384)	16,706	(1,618)	240	72,532	(34,517)	60	1807	2,483,386

Consolidated Statements of Cash Flows

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Cash flows from operating activities			
Profit before income taxes	**¥ 45,747**	**¥ 32,749**	**$ 305,959**
Depreciation	7,370	5,511	49,291
Amortization of goodwill	500	488	3,344
Share loss (profit) of entities accounted for using equity method	(11)	(16)	(73)
Increase (decrease) in allowance for loan losses	(3,802)	(5,695)	(25,428)
Increase (decrease) in provision for bonuses	91	145	608
Increase (decrease) in provision for bonuses for directors (and other officers)	4	21	26
Increase (decrease) in provision for share-based payments	6	15	40
Decrease (increase) in retirement benefit asset	(1,119)	(16,292)	(7,483)
Increase (decrease) in net defined benefit liability	56	(4)	374
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(69)	(102)	(461)
Increase (decrease) in provision for point card certificates	19	20	127
Increase (decrease) in provision for reimbursement of deposits	(66)	(85)	(441)
Increase (decrease) in reserve for contingent loss	(12)	1	(80)
Interest income	(96,393)	(83,868)	(644,682)
Interest expenses	10,275	5,215	68,719
Gain (loss) on securities	(3,183)	(2,474)	(21,288)
Net losses (gains) on money held in trust	76	(241)	508
Foreign exchange losses (gains)	(2,123)	(15,293)	(14,198)
Net loss (gain) on disposal of non-current assets	(4,095)	219	(27,387)
Net decrease (increase) in trading securities	(128)	(200)	(856)
Net decrease (increase) in loans and bills discounted	(158,884)	(115,269)	(1,062,627)
Net increase (decrease) in deposits	277,326	205,187	1,854,775
Net increase (decrease) in negotiable certificates of deposit	257,200	61,500	1,720,171
Net increase (decrease) in borrowed money (excluding subordinated loans)	(6,026)	(25,850)	(40,302)
Net decrease (increase) in deposit (excluding deposit paid to Bank of Japan)	(260)	(530)	(1,738)
Net decrease (increase) in call loans	(2,445)	(9,381)	(16,352)
Net increase (decrease) in call money	(627,672)	206,728	(4,197,913)
Net increase (decrease) in cash collateral received for securities lent	(26,555)	(29,499)	(177,601)
Net decrease (increase) in foreign exchanges (assets)	(800)	(338)	(5,350)
Net increase (decrease) in foreign exchanges (liabilities)	(452)	754	(3,023)
Net decrease (increase) in lease receivables and investments in lease	(2,765)	(3,480)	(18,492)
Increase (decrease) due to issuance and redemption of straight bonds	(1,628)	(1,240)	(10,888)
Net increase (decrease) in borrowed money from trust account	(609)	609	(4,073)
Proceeds from fund management	89,861	78,250	600,996
Payments for finance	(8,131)	(4,754)	(54,380)
Other	29,592	13,891	197,913
Subtotal	**(229,109)**	**296,692**	**(1,532,296)**
Income taxes paid	(8,648)	(9,095)	(57,838)
Income taxes refund	380	599	2,541
Cash flows from operating activities	**(237,377)**	**288,195**	**(1,587,593)**
Cash flows from investing activities			
Purchase of securities	(298,408)	(509,843)	(1,995,773)
Proceeds from sales of securities	261,364	365,478	1,748,020
Proceeds from redemption of securities	104,424	104,341	698,394
Payments due to increase in money held in trust	(700)	(1,400)	(4,681)
Proceeds due to decrease in money held in trust	8	–	53
Purchase of property, plant and equipment	(3,473)	(7,490)	(23,227)
Retirement of tangible fixed assets	(25)	(86)	(167)
Proceeds from sales of property, plant and equipment	5,621	–	37,593
Purchase of Intangible assets	(2,957)	(5,934)	(19,776)
Proceeds from sale of Intangible assets	7	–	46
National subsidy income, etc.	11	–	73
Payments for acquisition of businesses	–	(7,131)	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(1,245)	–
Net cash provided by (used in) investing activities	**65,873**	**(63,311)**	**440,563**
Cash flows from financing activities			
Cash dividends paid	(4,616)	(4,138)	(30,872)
Purchase of treasury shares	(56)	(51)	(374)
Proceeds from sale of treasury shares	4	3	26
Increase (decrease) in money held in trust for the purpose of acquiring treasury shares	(835)	–	(5,584)
Proceeds from exercise of share options	–	0	–
Repayments of lease obligations	(3)	(6)	(20)
Net cash provided by (used in) financing activities	**(5,507)**	**(4,193)**	**(36,831)**
Effect of exchange rate changes on cash and cash equivalents	**(0)**	**–**	**(0)**
Net change in cash and cash equivalents	**(177,012)**	**220,690**	**(1,183,868)**
Cash and cash equivalents at beginning of year	**1,154,770**	**934,079**	**7,723,180**
Cash and cash equivalents at end of year	**¥977,758**	**¥1,154,770**	**$6,539,312**

Kiraboshi Group Companies (as of April 1, 2025)

1 Tokyo Kiraboshi Financial Group, Inc.

Business name	Tokyo Kiraboshi Financial Group, Inc.
Main business description	1 Corporate management of a bank and companies that can be made subsidiaries pursuant to the Banking Act 2 All other operations incidental and related to the operations in the preceding item
Head office	3-10-43 Minami Aoyama, Minato-ku, Tokyo
Date of establishment	October 1, 2014
Capital	¥27,500 million
Exchange listing	Tokyo Stock Exchange, Prime Market (Securities Code: 7173)

Tokyo Kiraboshi Financial Group's Subsidiaries

2 Kiraboshi Bank, Ltd.

President (Representative Director) Hisanobu Watanabe

Main business description	Banking business
Head office	3-10-43 Minami Aoyama, Minato-ku, Tokyo
Date of establishment	December 6, 1924
Capital	¥43,734 million
Ratio of voting rights	100%

3 UI Bank Co., Ltd.

Representative Director and President Nobuyuki Yasuda

Main business description	Banking business
Head office	3-10-43 Minami Aoyama, Minato-ku, Tokyo
Date of establishment	October 30, 2020
Capital	¥8,875 million
Ratio of voting rights	100%

4 Kiraboshi business office service, Inc.

Representative Director and President Masanori Numata

Main business description	Back office operations, including payroll operations
Head office	3-10-43 Minami Aoyama, Minato-ku, Tokyo
Date of establishment	January 23, 1975
Capital	¥10 million
Ratio of voting rights	100%

5 Tokyo Kiraboshi Lease, Inc.

Representative Director and President Naohiro Ichimura

Main business description	General leasing business
Head office	Tomin Kanda Building 7F, 3-3 Kanda Ogawamachi, Chiyoda-ku, Tokyo
Date of establishment	June 5, 1975
Capital	¥305 million
Ratio of voting rights	100%

6 Kiraboshi System, Inc.

Representative Director and President Kazuto Omachi

Main business description	Computer-related services
Head office	Tomin Kanda Building 4F, 3-3 Kanda Ogawamachi, Chiyoda-ku, Tokyo
Date of establishment	January 29, 1980
Capital	¥20 million
Ratio of voting rights	100%

7 Kiraboshi Consulting Co., Ltd.

Representative Director and President Yoshiaki Nakano

Main business description	Comprehensive consulting services related to corporate management, and the organization of seminars and lectures
Head office	3-10-43 Minami Aoyama, Minato-ku, Tokyo
Date of establishment	July 10, 1984
Capital	¥50 million
Ratio of voting rights	100%

8 Kiraboshi JCB Co., Ltd.

Representative Director and President Tatsuya Nishii

Main business description	Credit card business
Head office	2-61-3 Higashi-Ikebukuro, Toshima-ku, Tokyo
Date of establishment	September 25, 1989
Capital	¥30 million
Ratio of voting rights	100%

9 Kiraboshi Capital Co., Ltd.

Representative Director and President Toshikazu Tanaka

Main business description	Services related to the structuring and administration of investment business partnerships (funds)
Head office	3-10-43 Minami Aoyama, Minato-ku, Tokyo
Date of establishment	September 3, 2018
Capital	¥75 million
Ratio of voting rights	100%

10 Kiraboshi Life Design Securities Co., Ltd.

Representative Director and President Yasushi Iwasaki

Main business description	Securities business
Head office	3-10-43 Minami Aoyama, Minato-ku, Tokyo
Date of establishment	December 27, 2019
Capital	¥3,000 million
Ratio of voting rights	100%

11 Be. Brave, Inc.

Representative Director and President Takeyoshi Furuya

Main business description	Advertising planning and production business
Head office	I & E Nihonbashi Building 5F, 3-5-14 Nihonbashi, Chuo-ku, Tokyo
Date of establishment	February 6, 1987
Capital	¥260 million
Ratio of voting rights	100%

12 Kiraboshi Tech, Inc.

Representative Director and President Kiyotaka Yagyu

Main business description	Funds transfer service
Head office	3-10-43 Minami Aoyama, Minato-ku, Tokyo
Date of establishment	November 1, 2017
Capital	¥100 million
Ratio of voting rights	95%

13 ITC Co., Ltd.*

Representative Director and President Kazuhiro Isogai

Main business description	System development business
Head office	DaiyaGate Ikebukuro 10F, 1-16-15 Minami-Ikebukuro, Toshima-ku, Tokyo
Date of establishment	July 27, 1999
Capital	¥50 million
Ratio of voting rights	100%

*Wholly owned subsidiary of Kiraboshi System, Inc.

Equity-method Affiliate

14 Sky Ocean Asset Management Co., Ltd.

Main business description	Commissioned investment trust services
Head office	3-1-1 Minatomirai, Nishi-ku, Yokohama, Kanagawa
Date of establishment	November 25, 2014
Capital	¥300 million
Ratio of voting rights	15%

Kiraboshi Bank's Subsidiaries

15 Kiraboshi Credit Guarantee Co., Ltd.

Representative Director and President Katsuhiko Tsuji

Main business description	Credit guarantee operations
Head office	Tomin Kanda Building 6F, 3-3 Kanda Ogawamachi, Chiyoda-ku, Tokyo
Date of establishment	July 21, 1977
Capital	¥760 million
Ratio of voting rights	100%

16 Yachiyo Credit Guarantee Co., Ltd.

Representative Director and President Katsuhiko Tsuji

Main business description	Credit guarantee operations
Head office	Tomin Kanda Building 6F, 3-3 Kanda Ogawamachi, Chiyoda-ku, Tokyo
Date of establishment	November 30, 1983
Capital	¥342 million
Ratio of voting rights	100%

17 Kiraboshi Business Service Co., Ltd.

Representative Director and President Shoji Suzuki

Main business description	Mail, remittances, centralized administrative services, procurement and management of advertising materials, etc.
Head office	Takinogawa Building, 3-1-1 Takinogawa, Kita-ku, Tokyo
Date of establishment	August 31, 1989
Capital	¥10 million
Ratio of voting rights	100%

18 Kiraboshi Business Consulting Shanghai Co., Ltd.

Chairman Kentaro Kondo

Main business description	Consulting
Head office	24F/C1 Jiushi Fuxing Tower, 918 Huaihai Zhong Road, Huangpu District, Shanghai, People's Republic of China
Date of establishment	August 6, 2009
Capital	USD 250,000
Ratio of voting rights	100%

19 KIRABOSHI BUSINESS CONSULTING VIETNAM Co., Ltd.

Representative Director and President Yusuke Konno

Main business description	Consulting
Head office	UNIT 6A LEVEL 6, SAIGON CENTRE TOWER 1, 65 LE LOI ST, BEN NGHE WARD, DISTRICT 1, HCMC, VIETNAM
Date of establishment	August 9, 2019
Capital	USD 250,000
Ratio of voting rights	100%

20 Kiraboshi Servicer, Ltd.

Representative Director and President Atsuki Yagi

Main business description	Claim management and collection business
Head office	I & E Shibuya Building 4F, 33-7 Udagawacho, Shibuya-ku, Tokyo
Date of establishment	November 24, 2006
Capital	¥500 million
Ratio of voting rights	100%

Equity-method Affiliate

21 Kiraboshi Insurance Agency CO., LTD.

Main business description	Insurance agency business
Head office	I & E Shibuya Building 6F, 33-7 Udagawacho, Shibuya-ku, Tokyo
Date of establishment	October 8, 1953
Capital	¥2,530 million
Ratio of voting rights	37.7%

Equity-method Affiliate

22 StarBridge business consulting (Beijing) Co., Ltd.

Main business description	Consulting
Head office	101-32, 1F, Building 5, Yard 2, Jinsheng Street, Daxing District, Beijing, People's Republic of China
Date of establishment	January 25, 2022
Capital	CNY 1 million
Ratio of voting rights	39%

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