



TOKYO Kiraboshi Financial Group 2023

Annual Report

Tokyo **Kiraboshi** Financial Group, Inc.

<Brand Slogan>

Giving our all, for TOKYO.



Giving our all, for TOKYO.

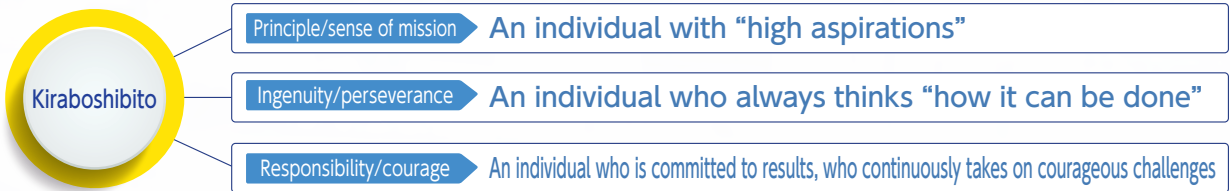
We are committed to the challenges facing Tokyo
and helping everyone shine.



Kiraboshi Philosophy

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

Three principles of action guideline for "Kiraboshibito" to put the "Kiraboshi philosophy" into practice



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Editorial Policy

The Company prepared this Annual Report that summarized the value creation which contributes to a sustainable growth of society, financial information and other matters, for the purpose of, in an easy-to-understand manner, communicating to all stakeholders specific initiatives for establishing "Kiraboshi Brand" which exudes presence in the Tokyo metropolitan area, as well as embodying a "comprehensive service business that is also strong in finance."

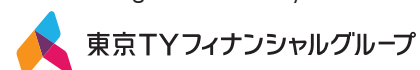
This Report was edited in reference to the framework offered by International Integrated Reporting Council (IIRC), Guidance for Collaborative Value Creation advocated by the Ministry of Economy, Trade and Industry, and other materials.

Tokyo Kiraboshi Financial Group's Efforts Towards Transformation

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." With the merger of the three banks, the business name of the group was changed from Tokyo TY Financial Group to "Tokyo Kiraboshi Financial Group." With the management philosophy "To be a financial group for small and medium-sized enterprise customers and individual customers in the Tokyo metropolitan area that will contribute to the development of local communities through comprehensive financial services," we aim to develop a "comprehensive service business that is also strong in finance."

2014

The Tokyo Tomin Bank, Limited and the Yachiyo Bank, Limited merged to form Tokyo TY Financial Group.



2016

Tokyo TY Financial Group and the ShinGinko Tokyo, Limited merged.

2017

To strengthen consulting functions aimed at enhancing comprehensive financial services

Apr

Establishment of Kiraboshi Consulting

Nov

Establishment of Kiraboshi Tech

To expand into the FinTech area

2018

Apr

Formulation of the Medium-Term Business Plan "Start-up ☆ Kiraboshi"

May

Birth of Tokyo Kiraboshi Financial Group

May

Birth of Kiraboshi Bank

Sept

Establishment of Kiraboshi Capital

To respond to the needs in mezzanine, funding (incl. IPOs)

To enhance group function

2019

Aug

Conversion of Tokyo Kiraboshi Lease, Kiraboshi System, and Kiraboshi JCB to wholly-owned subsidiaries

Oct

Establishment of KIRABOSHI BUSINESS CONSULTING VIETNAM, a consulting subsidiary in Vietnam

Relocation from Shinjuku-ku to Minato-ku (to the head office of Kiraboshi Bank)

2020

May

Systems integration (Kiraboshi Bank)

June

Head Office relocation

Aug

Establishment of Kiraboshi Life Design Securities

To embrace a new challenge of developing securities business in the Tokyo area

Management Philosophy

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

2021

Mar

Kiraboshi Insurance Agency made into an equity method affiliate of Kiraboshi Bank

Apr

Change of business name from Kiraboshi Service to Kiraboshi Business Office Service

Apr

Formulation of new Medium-Term Business Plan

Aug

Business alliance of Kiraboshi Bank with The Bank of Yokohama in structured finance, etc.

Nov

Grand opening of "KicSpace HANEDA" business incubation facilities

Nov

Launch of "LaLaQ" app

2022

Jan

Opening of UI Bank Co., Ltd.

Jan

Establishment of StarBridge business consulting (Beijing) Co., Ltd., a Japan-China joint venture consulting subsidiary in Beijing

July

Be.Brave, Inc., an advertisement planning and production company, made into a subsidiary, contributing to advancement of the banking service

Oct

Kiraboshi Servicer, Ltd. made into a subsidiary

Expansion of non-face-to-face service that puts the customer first

2023

May

Announcing the brand slogan - Giving our all, for TOKYO.

July

Opening of Bangkok Representative Office

Sept

Opening of Shin-tsunashima Branch Office (scheduled)

Vision of the Future

Comprehensive service business that is also strong in finance

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

External movements

2014

Consumption tax raised to 8%

2015

Greek financial crisis
FRB lifts zero interest policy
Launch of Asian Infrastructure Investment Bank

2016

Start of Individual Number System
Implementation of negative interest rate policy by BoJ

2017

Donald Trump inaugurated as 45th President of the United States

2018

TPP11 takes effect
Establishment of work-style reform bill

2019

Name of era changed from Heisei to Reiwa
Consumption tax raised to 10%
5G service commences in countries worldwide

2020

UK withdraws from EU
Global spread of COVID-19

2021

Joe Biden inaugurated as 46th President of the United States
Tokyo 2020 Olympic and Paralympic Games held

2022

Escalating tension in the Russia-Ukraine situation
Weaker Yen
Global inflation

2023

COVID-19 reclassified as Class 5
Nikkei Stock Average reaches post-bubble high
Holding of G7 Hiroshima Summit

Message from the President

Boost the Group's presence through
the Giving our all, for TOKYO. project

Hisanobu Watanabe

President,
Tokyo Kiraboshi Financial Group, Inc.
President, Kiraboshi Bank, Ltd.

Our quest to become a comprehensive service business that is also strong in finance

The Tokyo Kiraboshi Financial Group is a unique and unparalleled regional metropolitan financial group, and there are still many areas in which we can play a useful role in the fertile Tokyo market. Naturally, Tokyo is a fiercely competitive market. Institutions such as megabanks, which maintain a firm grip over the entire market, pose formidable barriers to entry. It is also hard for us to focus on a narrow commercial area to cover on foot in the way a Shinkin bank does. Furthermore, regional financial institutions are expanding into each other's traditional territories. However, the Kiraboshi Group is able to operate freely, flexibly and in a way that no other regional financial institutions can precisely because the Tokyo area boasts a complex mix of financial institutions with different characteristics. Being able to focus on the contributions to local communities that we ourselves consider important is a huge advantage.

The Japanese financial industry continues to undergo dramatic change due to adjustments in social structures, such as the aging population and declining birthrate, systemically low interest rates, and cross-industry penetration. In the five years since its founding, the Kiraboshi Group has ascertained exactly where its purpose and value lies, and explored and challenged different areas accordingly. The fact that these efforts are finally bearing fruit in terms of earnings confirms we are on the right track with our targeted business concept to create a comprehensive service business that is also strong in finance.

Customer consulting focus boosts FY2022 consolidated net income to ¥21.1 billion

The Tokyo Kiraboshi Financial Group made a fresh start following the merger of three banks (Tokyo Tomin Bank, Yachiyo Bank, and ShinGinko Tokyo) into Kiraboshi Bank in May 2018. The Group achieved net income of ¥21.1 billion in FY2022, the halfway point of our Medium-Term

Business Plan (2021-2023), and we are already expected to achieve, or surpass, all numerical targets in the plan's final year. This is an impressive achievement given our core business was running at a loss at the time of the merger. Many people inside and outside the Group thought our plan to achieve net income of ¥20 billion in the first five years was somewhat ambitious. Our aim to create a comprehensive service business that is also strong in finance was also perceived as unusual. However, ultimately, this has enabled us to improve our business performance by shifting from product-out banking business based on products to consulting services designed to solve individual customer problems.

Japanese banks are often considered to be conservative and cautious, as illustrated by the phrase, "banks wouldn't cross a stone bridge even if they hit it first to check its firmness." However, we believe that taking appropriate risks based on thorough feasibility evaluations will ultimately prove beneficial to our customers.

In addition to building main bank relationships with customers, we have built a solid track record in medium-risk, medium-return business financing, such as leveraged buyout (LBO) and mezzanine loans.

Our varied service portfolio

Our strength lies in our Tokyo base and the ability of our staff to build long-term customer relationships. To optimize these strengths, it is vital that we increase the number of customers who use us as their main bank, which currently sits at less than 10%. Our business financing sales headquarters, which started with two specialists in main bank relationships, now boasts over 100 employees.

Committed to providing the very best scheme for our customers, we engage in business financing as well as equity investment, and we established an engagement fund to help increase customers' medium- to long-term corporate value. We have already invested ¥8 billion in five

Message from the President



companies and we expect those investments will prove profitable going forward. Now that we have stabilized our earnings base, we have been able to make digital investments that were not included in the initial plan, and have injected upfront investment into the digital transformation (DX) division. This forward-looking investment is designed to both boost top-line performance and increase efficiency in business operation. People have smoothly embraced our consulting-focused customer approach and we are now establishing a solid platform to increase our presence in the extensive Tokyo metropolitan market. How can we be of greatest use to our customers? We have expanded the number of Group companies as part of our quest to strengthen our finance-driven functions. The addition of each new company expands the range of services that employees can offer to customers, and we can now provide a variety of services from consulting to business succession,

M&A, equity investment, and venture capital. In 2022, we added an advertising agency and debt collection company, bringing the total number of Group companies to 21. Many small and medium-sized enterprises (SMEs) cannot afford to advertise. We have been able to secure some contracts by getting the Group's advertising agency to address this concern and propose sales promotions and advertising plans. We build win-win relationships through our customer base and service provision. Managing and collecting debts is a core function of the banking industry, so we need to pass on this expertise to future generations. The average age of personnel working in debt management and collection was on the rise, but the average age of Kiraboshi Group staff is now lower, and we expect them to play an active role in revitalizing future business.

Nurturing a Group-wide hospitality mindset

Right now, the Kiraboshi Group is in the process of strengthening its functions, so it is important to acknowledge and tackle any challenges that need to be overcome. Many such challenges relate to sustainability. There is still much we can do as a regional financial group to help solve social issues. For example, I think we can provide better DX support to customers in the medical field, where we have built wide-ranging relationships. Many SMEs need help with business succession. Supporting venture companies is vital for fostering the new industries required to revitalize regional economies and communities. We are also being asked to propose strategies for SMEs that need to look beyond Japan to expand product and service sales. Increasing the value of our human resources is the key for tackling each of these challenges. That is why the Kiraboshi Group has declared a major shift toward human capital management. Our strategy is designed not only to improve employee treatment, but also to encourage a more determined hospitality mindset across the Group. We are implementing systems and measures that help people feel enjoyment and satisfaction at being a member of the Kiraboshi Group. The senior management team, including myself, is working to strengthen and refine corporate governance in line with our expanding Group functions. Strengthening governance cannot be achieved just by outwardly transitioning to a company with committees structure. Each director, Audit & Supervisory Board member, and officer must also play their role in steering the Group in the right direction. The Kiraboshi Group has several outside officers with various backgrounds, and we encourage lively debate based on officers' astute understanding of divisions outside their area. The main feature of our governance is the involvement of the management team with different generations and genders.

To be a valuable supporter for Tokyo

The Kiraboshi Group is still not well known in the Tokyo area, given the region's vast array of financial institutions. Five years since its founding, the Kiraboshi Group's vision of becoming a comprehensive service company that is also strong in finance is now fairly entrenched in our staff psyche. Right now, I think we need to

advertise and build affinity toward our mission as a regional financial group. In fact, our newly launched brand strategy, the Giving our all, for TOKYO. project, epitomizes this very aim. The Giving our all, for TOKYO. brand slogan emphasizes the Group's strong desire to be useful to Japan's biggest market of Tokyo, which, here, includes the Tokyo metropolis and surrounding prefectures. This is not a public relations or sales strategy for a specific product or service, but a statement of our hospitality mindset that is inspired by the spirit of giving. The project aims to raise employee awareness of the importance of local community contributions and encourage employees to thoroughly consider what they can do themselves and how they can serve customers. It demonstrates our decision to pledge the Group's collective strengths as our existence value, and work as a team to support and promote the Tokyo area. We intend to offer broader ideas and proposals on business succession, M&A, and other issues for corporate customers in the medium-risk, medium-return zone that other financial institutions struggle to reach. Ensuring the continued survival of companies and businesses in the Tokyo area and passing on technologies and services to future generations should not only help protect the livelihoods of employees and their families, but also promote market expansion inside and outside Japan. Revitalizing traditional Japanese inns and restaurants will invigorate local communities. Helping individual customers manage family assets digitally for example should smooth the succession and inheritance of assets between parents and children. How can we make the residents of Tokyo happy? How can we make the people who work in Tokyo feel comfortable and secure? Basically, by ensuring every member of the Kiraboshi Group understands that molding their work around these hospitality considerations is the best way for us to contribute to the community.

A virtuous cycle that inspires local development and benefits employees

We are working to increase organizational loyalty through greater employee engagement, because that is the way to enhance our Group strengths, promote regional development, and ultimately benefit employees. Creating opportunities to build this cycle is key to successful human capital management.

Message from the President

In 2021, we revised our human resource systems and introduced a role- or job-based system to help improve employees' job satisfaction. The number of jobs requiring specialist knowledge and expertise is rising as the range of Group company business expands. In addition to the traditional pyramid-shaped career pattern pursued by conventional banks, where employees aspire to become generalist senior managers, we seek to prepare career paths that enable employees to become specialists, and make sure employee remuneration appropriately reflects each individual's capabilities and skills. A purely pyramid-style career system will inevitably result in some employees being left out of the selection process. That could make it difficult to maintain motivation and lead to a reduction in work performance. Employees can continue to build specialist skills, and those skills do not decrease with age. I envisage a future that promotes the development of the entire Kiraboshi Group by increasing the number of specialists receiving similar remuneration to officers.

Implementing our management vision to support regional communities

Encouraging staff in each Kiraboshi Group base to think and act autonomously to solve specific issues in each part of the Tokyo area is both a necessary and effective strategy. An effective way to increase awareness of sustainability in the community is to link it to the Giving our all, for TOKYO. project. One way to do that is to promote regional sustainability through digital technology. For example, our Fujisawa and Shonandai branches joined forces with local "umi no ie" seaside shops at the Kugenuma swimming area on Katase Nishihama beach during summer on a scheme that rewarded points to people eating there through the Kiraboshi Tech cashless payment system.

The Kiraboshi Group as a whole has been actively engaged in sustainability issues through sports for some time now. We sponsor the FC Tokyo J League club and the Kubota Spears Funabashi Tokyo Bay Japan Rugby League One team as well as the Apollo Project, which seeks to improve athletic value. Regarding the environment, we provide sustainability linked loans (SLL) to support corporate customers in cooperation with the Tokyo Metropolitan Government and promote sustainability management through our SDGs Evaluation Program. We are also switching to renewable

energy in our own operations. We will continue to sincerely implement any necessary measures based on our management vision of supporting regional communities.

Platform concept centered around digital banks

Our digital measures epitomize what the Kiraboshi Group represents. Our digital bank, UI Bank, opened in January 2022, but it is not just an online bank. It differed from Kiraboshi Bank right from the design stage, because it did not adopt Kiraboshi Bank's accounting system. Instead, we created a new, less-intensive online system that ensures a high degree of affinity with FinTech handled by Kiraboshi Tech.

Our digital measures can be broadly divided into two categories with two different strategies. One aims to improve productivity. For instance, all Kiraboshi Bank branches are shifting to a next-generation branch setup. Customers using the branches will complete all accounting processing themselves, and a central administrative center will be based at the head office in order to improve operational efficiency. The ultimate aim is to create a framework in which the work of the central administration center itself will be completed using direct information from customers, and to increase the productivity of individual employees. Meanwhile, we will introduce a customer relationship management (CRM) system for in-person services to help reorganize individual customer information and facilitate the provision of complex and more advanced consulting services.

The other set of digital measures seeks to strengthen our top line in terms of earnings. Simple banking will be moved to non-face-to-face transactions through UI Bank whenever possible. In anticipation of a further decline in the number of customers visiting branches going forward, we will advertise the convenience of UI Bank and its preferential interest rates for customers who conduct regular deposit and foreign exchange banking transactions. We pursue in-house services at the lowest possible cost, and, going forward, we also intend to offer mortgages through UI Bank. Now that the ban on digital payrolls has been lifted in Japan, Kiraboshi Tech's Maekyu service (a welfare service that allows employees to access in-house loans within the scope of their work), digital money LaLaPay, digital wallet LaLaQ, and other services have



become effective sales tool for the workplace that we intend to proactively launch in future.

The central aim of our digital-based platform concept is to connect services by linking application programming interfaces (API) and building a venue for creating shared value and new businesses all centered around the UI Bank digital bank. You could see this as providing banking as a service (BaaS) functionality and integrating our financial services into our customers' businesses. The system's design makes it easy to cooperate with external parties, which, in turn, facilitates the incorporation of services outside the financial realm and the creation of new business.

For example, we have already provided a service for foreign workers, international students, and other people who find it difficult to complete procedures at the in-branch counter to open an account smoothly in their native language using API.

Furthermore, this platform creation can be replicated in various different frameworks, including entertainment, sports, education, and medical fields. For example, incorporating the platform into a comprehensive medical network of medical and welfare organizations could make regional medical care more efficient and directly contribute to the welfare of residents and local communities. That is why we want to focus on

cooperating with local authorities on the provision of public services.

Build Group presence to promote continued growth

Kiraboshibito (people who put Kiraboshi philosophy into practice) are people who feel a sense of joy when contributing to local communities through their work as a member of local society. Employees can only confidently declare a desire to be useful to customers if they feel proud of and close to the organization in which they work and are happy working there. Five years since its founding, I finally feel that Kiraboshibito are becoming more prominent within the Kiraboshi Group.

To build an even more reliable regional presence, we intend to steadily improve our corporate performance in FY2023, the final year of the Medium-Term Business Plan, and strive to meet the expectations of our stakeholders. Tokyo is the best market in which to do this, and I am confident that we can continue to grow by increasing the visibility of the Kiraboshi Group in that area. We hope that you will continue to support us and follow our quest to become a comprehensive service company that is also strong in finance with interest.

Priority Issues	Main Initiatives
Support for the elderly Support for the child raising generation	<ul style="list-style-type: none">Customer-oriented business operations and provision of services tailored to life cycle needs<ul style="list-style-type: none">Life plan support businessHighly specialized Wealth Management (WM) Office, collaboration with Group companies, and cooperation with banks and securities companiesCreation of new contact points with customers and improvement of customer convenience<ul style="list-style-type: none">Enhancement of Internet banking functions, DX strategy with UI Bank as a starting pointComprehensive support for the lifestyles of customers: UI Bank's brand concept "Increase My Assets"Senior-friendly digital bank<ul style="list-style-type: none">Establishment of a Digital Concierge at Kiraboshi Bank branches
Decarbonization initiatives	<ul style="list-style-type: none">Provision of comprehensive services to promote SDGs and decarbonization for customers<ul style="list-style-type: none">Production of the Decarbonization First Book, and handling of loan programs utilizing the Tokyo Metropolitan Government's reporting systemHandling of Kiraboshi SDGs Evaluation Program service, Kiraboshi SDGs Private Placement Bonds, and Kiraboshi SLLKiraboshi Group's efforts to reduce environmental impact<ul style="list-style-type: none">TCFD initiatives, replacement of sales vehicles with low-emission vehiclesCooperation with the Low Pollen Forest Growing Campaign and certification under the Tokyo Forest Growing Contribution Certification System
SME business succession and closure	<ul style="list-style-type: none">Contribution to solving social issues such as business succession and creating value for customers<ul style="list-style-type: none">A group of professionals providing advanced solutions SF Division, MF Division, RF Division, FC Service Division, Medical and Welfare Business DivisionCollaboration with highly specialized Group companies such as Kiraboshi Capital and Kiraboshi ConsultingSupport of overseas expansionConsulting for every stage of a company's life<ul style="list-style-type: none">Management support, business succession, M&A, setting up personnel evaluation systems, recruitment services, etc.Management for sustainable development<ul style="list-style-type: none">Initiatives to promote sustainability for customers
Accelerating digitization and the role of local communities	<ul style="list-style-type: none">A digital-driven Tokyo-based platform concept<ul style="list-style-type: none">Digital money LaLaPay by the digital bank UI Bank and Kiraboshi TechDigital strategy of Kiraboshi Group<ul style="list-style-type: none">Establishment of data analysis teamDigital-related business matching and digital/DX consulting to support SMEsDevelopment of digital human resources
Diversity & Inclusion	<ul style="list-style-type: none">Human capital management<ul style="list-style-type: none">Practicing the Kiraboshi Philosophy and fostering KiraboshibitoWork-life balanceHealth and productivity managementSupporting employees in balancing work with childrearing and nursing careRespect for diverse human resources
Foundation support	<ul style="list-style-type: none">Start-up support<ul style="list-style-type: none">Matching support through the HANEDA Platform and Kiraboshi Pitch, which connects large companies and start-ups to create business expansionCooperation with regional financial institutionsCooperation with the government
Ensuring access to financial services for foreigners and the elderly	<ul style="list-style-type: none">Creation of new customer contact points that transcend regions, generations, and business categories<ul style="list-style-type: none">UI Bank, LaLaPay, and Maekyu servicesA platform concept integrated with non-financial services<ul style="list-style-type: none">Platform for foreign workers and students in Japan
Medical (management) support	<ul style="list-style-type: none">Diversified support for the medical and welfare sectors<ul style="list-style-type: none">Contribution to sustainable growth of regional medical care that leads to solutions to social issues as management support for medical institutions
Financial services support for young people	<ul style="list-style-type: none">Creation of new customer contact points that transcend regions, generations, and business categories<ul style="list-style-type: none">UI Bank, LaLaPay, and Maekyu servicesStart-up support
Social infrastructure support	<ul style="list-style-type: none">Establishment of settlement and non-financial service infrastructure that combines UI Bank and LaLaPayBuilding infrastructure to improve convenience for local communities through entertainment, sports, leisure, etc.Contribution to the smart city concept through a platform in collaboration with other types of business and the Tokyo Metropolitan GovernmentRolling out an efficient and flexible banking system to other regions



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.

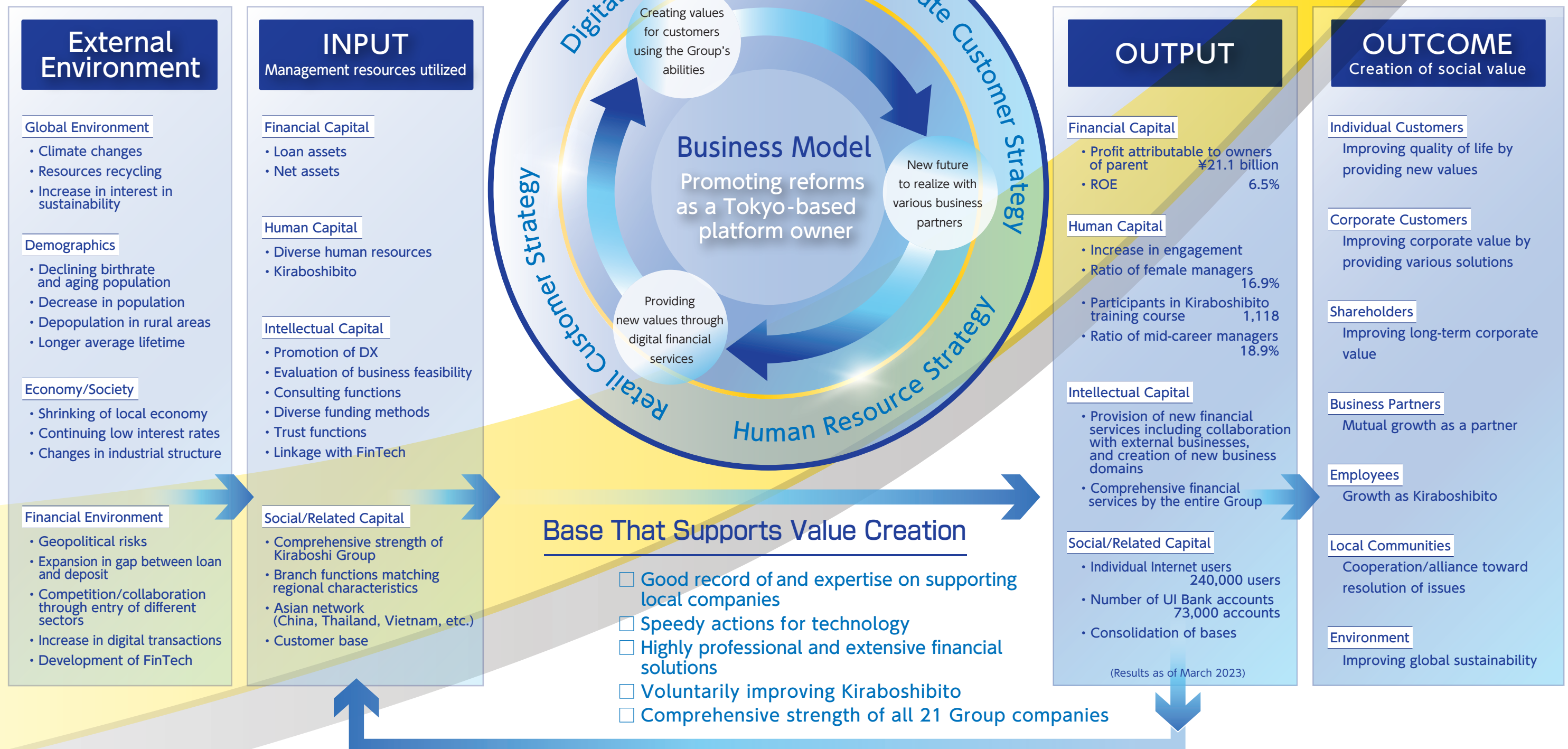
Tokyo shines brightest under the sky. We believe in that.

Giving our all, for TOKYO.

 Tokyo Kiraboshi Financial Group, Inc.
 Kiraboshi Bank, Ltd. |  UI Bank

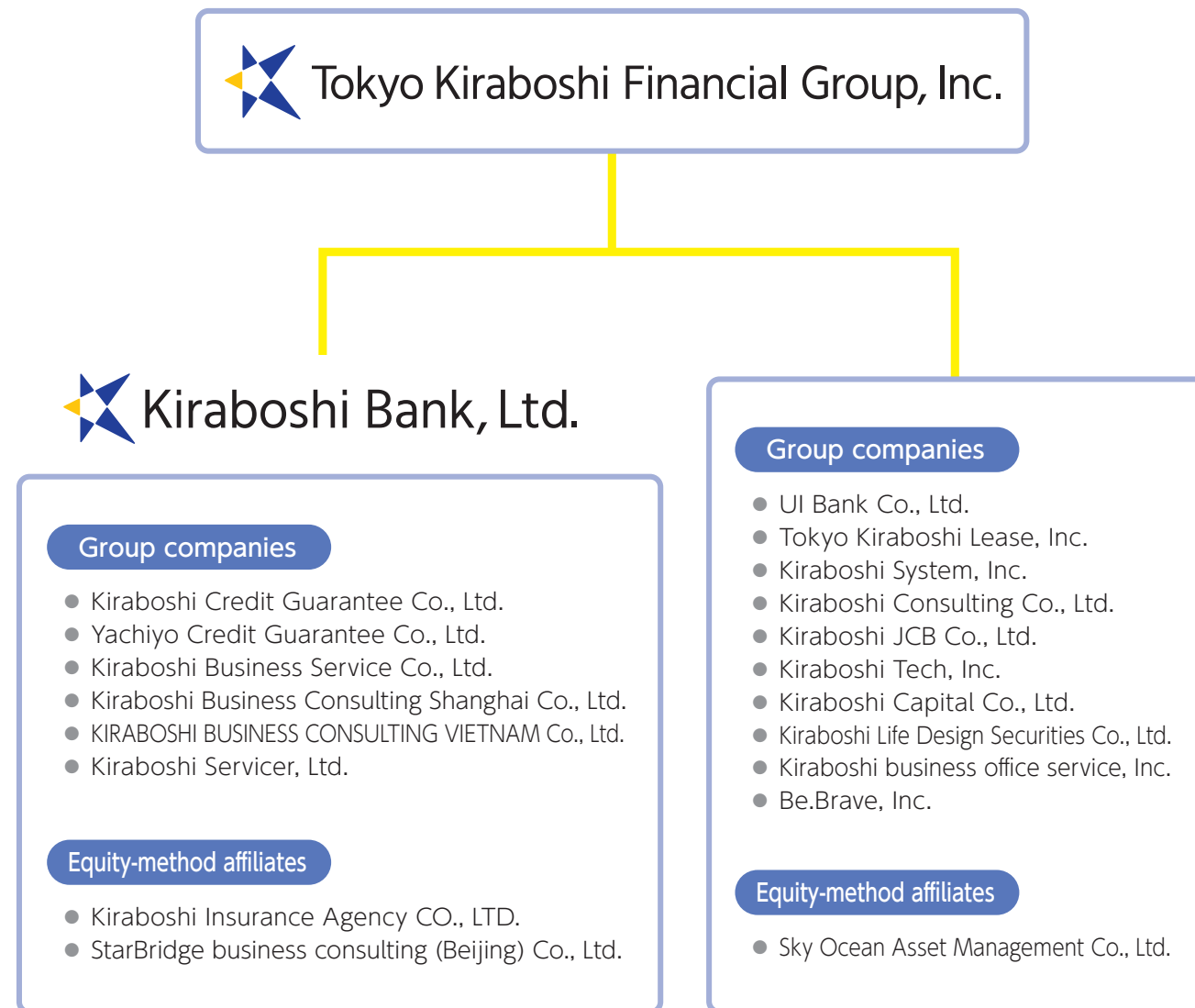
Value Creation Process

We will contribute to creating customer value by providing finance-based comprehensive services needed by communities.



Comprehensive Strength of All 21 Group Companies

(as of July 1, 2023)



(as of July 1, 2023)

Appointment of presidents for developing management personnel	
President of Kiraboshi Tech, Inc.	51 years old
President of Kiraboshi System, Inc.	51 years old
President of Kiraboshi JCB Co., Ltd.	50 years old

(as of March 31, 2023)

Number of officers and employees supporting the Group with diverse characters	
UI Bank Co., Ltd.	113
Kiraboshi Consulting Co., Ltd.	107
Kiraboshi Servicer, Ltd.	106
Kiraboshi System, Inc.	101

● The numbers of officers and employees presented on page 15 and page 16 include the numbers of officers, full-time employees, senior employees, contract employees, part-time workers, etc.

Tokyo Kiraboshi Financial Group, Inc.: Group Companies

(as of March 31, 2023)

Company name	Business description	Date of establishment	Number of officers and employees
Kiraboshi Bank, Ltd.	Banking business	January 8, 1954	4,062
UI Bank Co., Ltd.	Banking business	October 30, 2020	113
Tokyo Kiraboshi Lease, Inc.	General leasing business	June 5, 1975	59
Kiraboshi System, Inc.	System processing outsourcing	January 29, 1980	101
Kiraboshi Consulting Co., Ltd.	Consulting	July 10, 1984	107
Kiraboshi JCB Co., Ltd.	Credit card business	September 25, 1989	23
Kiraboshi Tech, Inc.	Fintech services	November 1, 2017	46
Kiraboshi Capital Co., Ltd.	Structuring and administration of funds	September 3, 2018	24
Kiraboshi Life Design Securities Co., Ltd.	Securities business	December 27, 2019	49
Kiraboshi business office service, Inc.	Payroll operations, etc.	January 23, 1975	6
Be.Brave, Inc.	Advertising planning and production business	February 6, 1987	31

Tokyo Kiraboshi Financial Group, Inc.: Equity-Method Affiliates

(as of March 31, 2023)

Company name	Business description	Date of establishment	Number of officers and employees
Sky Ocean Asset Management Co., Ltd.	Commissioned investment trust services	November 25, 2014	17

Kiraboshi Bank, Ltd.: Group Companies

(as of March 31, 2023)

Company name	Business description	Date of establishment	Number of officers and employees
Kiraboshi Credit Guarantee Co., Ltd.	Guarantee operations	July 21, 1977	30
Yachiyo Credit Guarantee Co., Ltd.	Guarantee operations	November 30, 1983	8
Kiraboshi Business Service Co., Ltd.	Centralized administrative services	August 31, 1989	64
Kiraboshi Business Consulting Shanghai Co., Ltd.	Consulting	August 6, 2009	4
KIRABOSHI BUSINESS CONSULTING VIETNAM Co., Ltd.	Consulting	June 13, 2019	2
Kiraboshi Servicer, Ltd.	Claim management and collection business	November 24, 2006	106

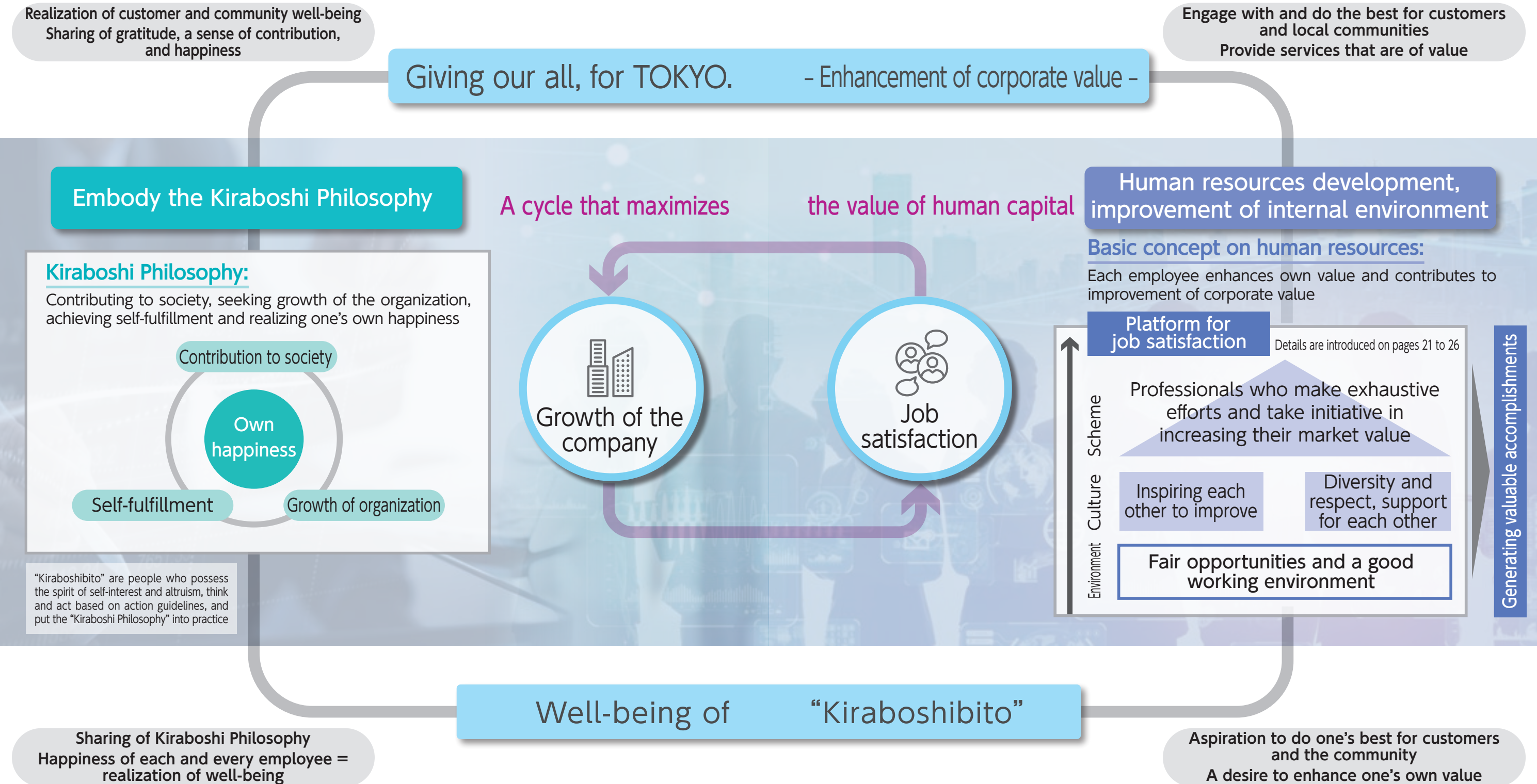
Kiraboshi Bank, Ltd.: Equity-Method Affiliates

(as of March 31, 2023)

Company name	Business description	Date of establishment	Number of officers and employees
Kiraboshi Insurance Agency CO., LTD.	Insurance agency business	October 8, 1953	10
StarBridge business consulting (Beijing) Co., Ltd.	Consulting	January 25, 2022	3

Well-Being and Human Capital Management

For the Tokyo Kiraboshi Financial Group, the most important capital is Kiraboshibito. Our employees, as Kiraboshibito, aim to realize the well-being of our customers and local communities, and the happiness and well-being of each and every employee enhances the value of the company.



By reinvesting in human capital the improved corporate value that has been generated from the cycle, we realize the sustainable development of “TOKYO”: employees, companies, and local communities.

Roundtable Discussion on Human Capital Management

A virtuous cycle in which wellbeing-focused Kiraboshibito contribute to local communities through their work



Yukiyoshi Matsuo
President
Kiraboshi System,
Inc.

Yuki Takahashi
Outside Director
Tokyo Kiraboshi
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General Manager of Personal Division
Joint General Manager of HM Office
Tokyo Kiraboshi Financial Group, Inc.
Director, General Manager of HR Division
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What is required of Kiraboshibito, the Kiraboshi Group's human capital, to co-create value with customers and improve corporate value?

Kiraboshibito are our most important capital

—What does human capital management mean for the Tokyo Kiraboshi Financial Group, and why is its promotion significant?

Takahashi: The Kiraboshi Group greatly values the term "Kiraboshibito." We have determined three action guidelines for the Kiraboshi philosophy and Kiraboshibito that apply to every employee: Feel happy to be working in the Kiraboshi Group, feel satisfied in their job, and consider the company's challenges as their own.

So what do Kiraboshibito need to do to contribute to society? We have recently created Giving our all, for TOKYO. brand slogan, which clarifies our determination to do everything in our power to support the local society in the Tokyo area. But, in order to do that, it is important that we ourselves feel happy. I think well-being is all about feeling happy. Feeling happy in yourself and taking action to make others happy. In future, it will become increasingly important for each employee to feel happiness in their work, and as individuals. This is because that will help create happiness in the Tokyo area. Kiraboshibito are capable of this and they are our most important capital. They are the precious jewels of the Kiraboshi Group. The human capital management that the Kiraboshi Group aspires to achieve is one that designs individual growth plans for each employee. Many issues need to be addressed to encourage heartfelt acceptance of this approach across the Group.

Two things have to happen to create this cycle. First, each employee must create the life and job that they want. This requires spiritual, educational, and physical training. Happiness is not something that is bestowed by someone else, and there is nothing worse than placing restrictions on people's dreams and hopes. The second effort relates to organizational mechanisms and frameworks. Even if we nurture more Kiraboshibito, that is not successful human capital management unless the company can offer roles and careers that fulfill Kiraboshibito aspirations.

Kiraboshi human capital management today

—How do you view the company's past and current management in terms of human capital awareness?

Tsuji: Many people are talking about human capital management today, but the Kiraboshi Group started its own initiatives in this area five years ago, when it was founded. Two years after the merger, we started reforming our personnel systems in order to design a human resources strategy that fits the intended future path and management strategy of the Kiraboshi Group. We have introduced various self-directed employee career-building measures that value individual capabilities and autonomous action, but there are still many issues to address and it will take time for the system to be fully embraced. However, once established, it will breed a new corporate culture with Kiraboshibito at the core.

The role of the Personal Division is to provide optimum support so all employees can enhance and demonstrate their own value and help improve corporate value. In other words, our job is to provide a rewarding stage upon which to build a working career. Based on that premise, I urge our staff to embrace two ideas. The first is friendly rivalry that encourages mutual inspiration, competition, and professionalism. The second involves encouraging each other, recognizing diversity, and mutual respect. We are currently building various environments that will enable us to use these approaches to develop a deeper corporate culture.

Matsuo: We are progressing our efforts to expand digital human resources within current personnel systems. I have worked in banking system design for many years and I feel that people's emotional commitment is important. People create systems, so a person's mindset also has a direct impact on productivity. With the greater division of projects between internal staff and external vendors, it is difficult, particularly for young engineers, to develop a holistic view that enables them to discover their own role within an organization, and this is becoming an issue.

In April 2023, I moved from being General Manager of the Digital Strategy Division to President of Kiraboshi System, Inc. I feel that thoroughly communicating the Kiraboshi Group's strategy to each employee helps reconfirm the significance of individual jobs and respective roles, and ultimately boosts motivation.

We are also promoting a project that visualizes individual skills, because we believe that sharing skills and qualifications encourages smooth teamwork, and ultimately helps create new value.

Takahashi: I think the appointment of Mr. Matsuo as President of Kiraboshi System epitomizes the Kiraboshi Group's human capital management. Naturally, the best outcome is for everyone to experience a sense of happiness when working, but sometimes work can feel hard and you don't want



to do it. When that happens, it is important to talk to each other and create enjoyable times to improve team well-being. Building such a positive atmosphere can transform any feelings of weakness. So, it is important for the team leader to encourage and set the tone for the team.

If you like something, you become more curious and willing to learn and act. This is very important because it can lead to better team communication. Whether an object or an action, you either like it or you don't, you do it or you don't. If everyone is able to do things that they like, we can build extremely strong, great teams. I think it is wonderful that Mr. Matsuo is setting the tone for his staff based on his own experience.

Matsuo: People generally feel very anxious when facing change. Instead of simply encouraging people to change, I think you foster greater empathy by sharing your own experience and illustrating how embracing change makes the relatively long time you spend at work over your lifetime more enjoyable and rewarding.

Tsuji: Words are very important because words convey ideas and thoughts. However, those ideas can lose their sparkle when conveyed across multiple channels and eventually become nothing more than bland information. It is important to convey the passion of the original speaker. That applies to any ideas from senior management as well.

How to promote Kiraboshi Group growth

—What hurdles need to be overcome in Kiraboshi Group human capital management and do you have any advice?

Takahashi: From a management perspective, we realize the importance of visualizing well-being in order to ensure our human capital management as a Group is reflected in earnings. However, making visualization itself the goal is not the right priority. Instead, the ideal aim should be to make the Tokyo area happy through the Kiraboshi Group's human capital management. In a world without goals, we need to set a time frame and determine where we want to be in one, three, or five years' time. That is the immediate challenge for the Kiraboshi Group.

Declaring our Giving our all, for TOKYO. brand slogan has clarified our determination to do everything we can for the Tokyo area, and established a focal axis for the Group. The slogan emphasizes our employees' desire to support customers' lives. It is important that each employee feels confident and proud of their services and proposals and sees them as vehicles for enhancing the happiness, joy, and love experienced by our customers. I hope all our employees can enjoy and feel passionate about supporting the Tokyo area.

Tsuji: Some people view the word "capital" in the term "human capital" negatively. However, we employees recognize that we are important assets that the company expects to grow, and we must increase our own value accordingly. To that end, we want to create mechanisms that help people enjoy self-improvement, and share case studies and experiences of how personal growth actually helped make customers happy.

We also need to promote a wider corporate culture that encourages people to point out positive elements or any elements that are difficult to achieve.

Matsuo: Many people who come for mid-career recruitment interviews talk about their strengths and how they can help the company. They can do that because they are able to view themselves objectively as an asset. Going forward, I think Kiraboshi Group employees will also be required to recognize their own value and how they contribute to the value of the company.

Takahashi: People always have a role to play. If you can recognize how others perceive your role and feel grateful for it, you can appreciate your work and not feel as if you are being forced to do it. If you keep doing that, you will become an asset for creating value as part of the Kiraboshi Group. That is what human capital management should be about. Nothing could be more wonderful than ensuring no one is left behind and everyone is able to do their part and let love shine through.

Tsuji: It is important for employees to realize that they are not resources to be consumed by the company, and to understand that their capabilities and skills are elastic assets.

Takahashi: I think it is a positive thing when employees see themselves as assets. Instead of assets, you could view it like a precious fortune or estate. I want to tell all our employees that they are part of the precious fortune of the Kiraboshi Group. The challenge going forward will be to continue to foster a culture in which all members inspire and uplift each other and respect colleagues from diverse backgrounds in an altruistic manner. We also need to effectively link the Group's Medium-Term Business Plan, management strategy, Kiraboshibito, and human capital management.

We have two professional athletes on the Kiraboshi Group payroll, who excite, encourage, and inspire us as competitors. The Kiraboshi Group has always cherished these kinds of people. You don't have to be an athlete. You can be an engineer, a musician, a talented artist, a great pianist, or a person who has drawn on their life experiences to build an active role for themselves. I think it is important to develop an organization that expresses gratitude to all such persons, and encourages employees to think and act autonomously.

Tsuji: There are many stages in society upon which people can shine. We have a stage upon which we can shine because we are Kiraboshibito. I sincerely believe that the aspirations and efforts of each and every employee play a vital part in creating this stage. I want everyone to feel happy with the efforts they make and the personal growth they achieve. Cherish your individuality and contribute to the stage in your own way. Become a person who builds the best stage and performs on the best stage. The only reason for creating this stage is to Giving our all, for TOKYO. Our mission is to create a virtuous cycle that perpetuates Kiraboshibito well-being and Giving our all, for TOKYO. spirit, and we are all committed to building the best stage possible, together.



Kiraboshi Group's Human Capital Management for the Realization of Well-Being for Customers and Local Communities

For the Kiraboshi Group, the most important capital is Kiraboshibito.

The Kiraboshi Group employs diverse talent with different backgrounds, such as the banks to which they belonged and their nationalities.

By bringing together people with different personalities, we create a flexible and strong organization that can "think things through, thoroughly discuss things, and do everything required to fulfill things" for our customers and local communities.

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, development of 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 at such workplaces (optimal allocation of human capital), our officers and employees, who are Kiraboshibito, aim to realize the well-being of our customers and local communities.



Strengthening individual employees — Professionals —

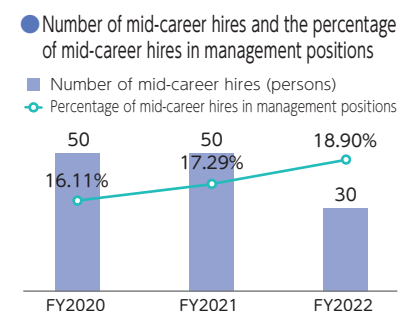
We hire highly skilled and diverse human resources to provide more advanced services to our customers and make them delighted. We create a training environment where employees can take on the challenge to improve their skills, and strategically place human resources so that each employee can maximize their potential.

Acquisition of specialized human resources

We have introduced direct recruiting methods, after clearly defining the human resources we seek, such as Japanese science personnel, digital human resources from overseas universities, and personnel with experience in physical training.

In addition, we will also focus on the recruitment and development of high school graduates who are potential digital human resources.

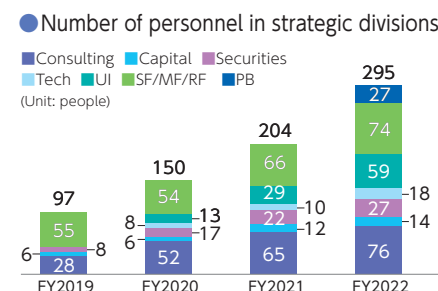
- Digital recruitment of new employees in FY2023



Personnel placement to strategic divisions

Personnel expansion in line with business strategy

We are actively assigning mainly young human resources to strategic divisions in each Group company. In FY2022, the PB Promotion Division was newly established with 27 employees, bringing the total number of employees in strategic divisions to 295, and creating a system capable of providing high value-added services.



Dojo training programs

Aiming to improve individual skills and provide better value to customers

We started Structured Finance (SF) Dojo training in FY2021. We currently offer five Dojo training programs in the following three formats: web format, forum format, and training camp format.

- Number of participants in each Dojo training program (persons)
Sales staff participation rate: 42%

SF Dojo	PB Dojo ^{*1}	Consulting Dojo	Digital Dojo	Trust Dojo
217	418	46	138	245

^{*1} PB: private banker



Strengthening individual employees — Career development —

We support the future of our employees by enabling each of them to develop their own careers with a sense of ownership, and by fostering human resources capable of taking on difficult challenges on their own initiative.

Top leader training

Cultivation of leadership and a mindset of change for corporate managers

The training equips participants to speak as a business manager, express their aspirations in their own words, and present their business ideas.

Monthly seminars on management skills and practical business skills are also offered. We continue to provide learning that is in line with the approach to business strategy and the thoughts of small and medium-sized enterprise owners.



Next generation leadership training: Creating the next Kiraboshi Group by ourselves

Training to support young staff autonomy: Becoming the ones who decide their own lives

- Total number of training participants

Top leader training	Next generation leadership training	Training to support young staff autonomy
All general and branch managers	50 persons	207 persons

Other training-related indicators

Total training participants	5,694 persons
Total training time	37,928 hours
Total training cost	¥78 million

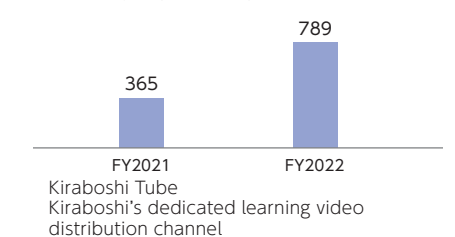
Self-improvement support system

Self-improvement towards realizing your career aspirations and providing high value to customers

We have abolished the qualification system for promotions and we are instead enhancing support for all employees who want support, such as providing self-study reading tools and subsidies for self-improvement.

Number of registrants for the self-study reading tools	Self-improvement support subsidies per person
281 persons	Annual (maximum) ¥20,000

- Number of archived videos available for learning anytime, anywhere

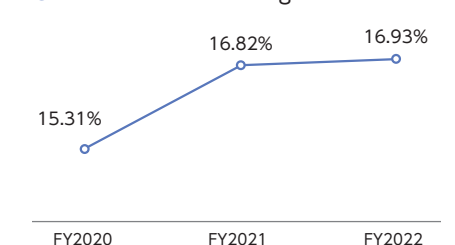


Promoting the active participation of diverse human resources

Creating a workplace where women can play an active role as a matter of course and developing female leaders to lead

We conduct female manager's training for female employees in leadership positions to share daily concerns and management techniques, and training for fostering female managers based on the theme of future career support. We also host dialogues with female outside directors, supporting the creation of a women's community.

- Ratio of female managers

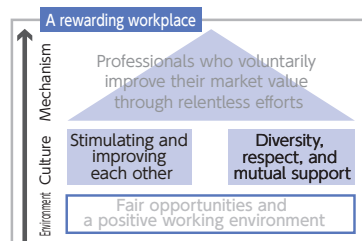


Recruitment of foreign human resources with diverse values and skills

From 2020, we started hiring foreign nationals, focusing on new graduate recruitment, and six of the new graduates who joined the Company in April 2023 were foreign nationals.

As of the end of FY2022, we have 15 foreign nationals on our staff, promoting vitality within the Company through the acceptance of diverse talent.

Kiraboshi Group's Human Capital Management for the Realization of Well-Being for Customers and Local Communities



Development of corporate culture

We will foster a culture in which all members inspire and uplift each other and respect colleagues from diverse backgrounds in an altruistic manner, and all employees, regardless of their assigned positions, work together to develop human resources.

Kiraboshibito training course

Ensuring all officers and employees act as "Kiraboshibito" to serve our customers

In April 2021, we formulated three principles of action guideline for "Kiraboshibito" and we are implementing a program for all officers and employees to become "Kiraboshibito." Officers and employees of all levels participated in "Kiraboshibito training" courses held over two years in 2021 and 2022. We appreciate the time spent by employees talking about "Kiraboshibito" in their own words with employees from different divisions, branches, and Group companies, and we are working to make them proud to be "Kiraboshibito."



Three principles of action guideline for "Kiraboshibito"

- An individual with "high aspirations" (principles, sense of mission)
- An individual who always thinks "how it can be done" (ingenuity, perseverance)
- An individual who is committed to results, who continuously takes on courageous challenges (responsibility, courage)

Fostering a climate of gratitude

Fostering a culture of mutual recognition

To foster a hospitality mindset, we provide hospitality training for customer satisfaction and distribute videos and newsletters. To foster a "culture of mutual recognition," we use an in-house social media function on our talent management system and a "Nice Work Card" function that enables employees to communicate their gratitude and appreciation of day-to-day efforts to each other. Last year the in-house social media platform had 489 posts, and 2,263 employees gifted "Nice Work Card" to each other.

● Cumulative total for FY2022

Number of Nice Work Cards sent

10,636

Rate of utilization of Nice Work Card

52%

● Nice Work Card



● In-house social media function



360 degree survey

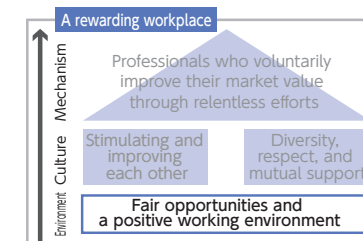
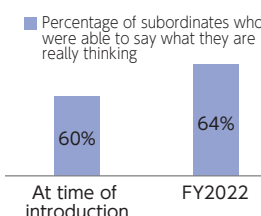
Characteristic management in difficult times

The purpose of this survey is to make supervisors "aware" and promote growth (behavioral change). Survey results are not linked to evaluations. Rather the emphasis is on giving supervisors a chance to reevaluate their management style to make any necessary improvements and value their beliefs in a flexible manner.

Human resource development by all

Career support and growth promotion for subordinates "Making time for subordinates"

We have introduced "one-on-one meetings" to improve the quality of relationships between supervisors and subordinates and for supervisors to support the careers of their subordinates. 92.1% of subordinates feel that the one-on-one meetings are useful, and 64% feel that they can say what they are really thinking during the meetings, and this has led to an improvement in the quality of relationships between supervisors and subordinates.



Maintenance of a positive working environment

We constantly seek to create a positive working environment and support the health and well-being of our employees and their families.

Health and productivity management

Maintain and promote the health and productivity of officers, employees and their families

- Physical health: We aim to improve health of employees by implementing a highly effective Plan-Do-Check-Action (PDCA) cycle by visualizing their health data.
- Mental health: We implement proactive follow-ups mainly by industrial health staff and work to identify employees in poor mental health at earlier stages and prevent exacerbation, aiming to achieve zero employees on administrative leave.
- Organizational health: We promote work style reforms and invigoration of workplace communication, aiming to create an environment where employees can demonstrate their job performance to the fullest.

● Screening rate

100%

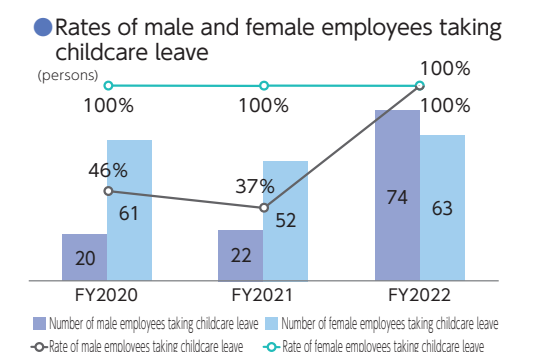


The Kiraboshi Group is working to encourage both male and female employees to take childcare leave, and is developing remote work and flextime systems, based on our policy on maintenance of a positive internal environment by "constantly seeking to create a positive working environment to enhance the job satisfaction of each and every employee." In addition, we have concluded a comprehensive cooperation agreement on industrial development with the Tokyo Metropolitan Government (TMG). We endorse the TMG's health-related activities and conduct in-house radio calisthenics every week. We have also introduced a health promotion app to help employees improve their health.

Encourage childcare leave

Male employees taking childcare leave rate of 100% by the end of FY2023

We are striving to create a working environment that enables all employees to continue to work in line with their life cycle. All 137 employees (male: 74, female: 63) eligible to take childcare leave took childcare leave in FY2022, and the rate of employees taking childcare leave reached 100% for both male and female employees. We are working to foster a workplace culture and environment in which both men and women feel satisfied.



Hiring diverse human resources and promoting vitality within the Company


Since April 2021, we have continued to employ those employees who wish to keep working until the age of 70. Such employees are using their experience, personal connections, and specialist expertise accumulated to-date in various divisions. In the future, we will make an effort to hire and promote the utilization of diverse talent, including experienced talent, people with disabilities, and foreign nationals, to encourage vitality within the Company.

Gender wage gap (all workers): 56.6%
Employees aged 65 and over: 201 persons
Percentage of employees with disabilities: 2.10%

Financial wellness

We have been tackling health and productivity management based on a theme of "maintaining and improving the health of employees and their families and creating a vibrant workplace." In FY2022, we introduced a system to partially compensate income during administrative leave, aiming to "support the lives of officers, employees and their families in the event of an accident or illness, and to assist them in returning to work." We are aiming to help employees feel not only physically and mentally healthy, but also to feel secure in terms of their future financial security, and to improve corporate value creation and productivity.

Kiraboshi Group's Human Capital Management for the Realization of Well-Being for Customers and Local Communities

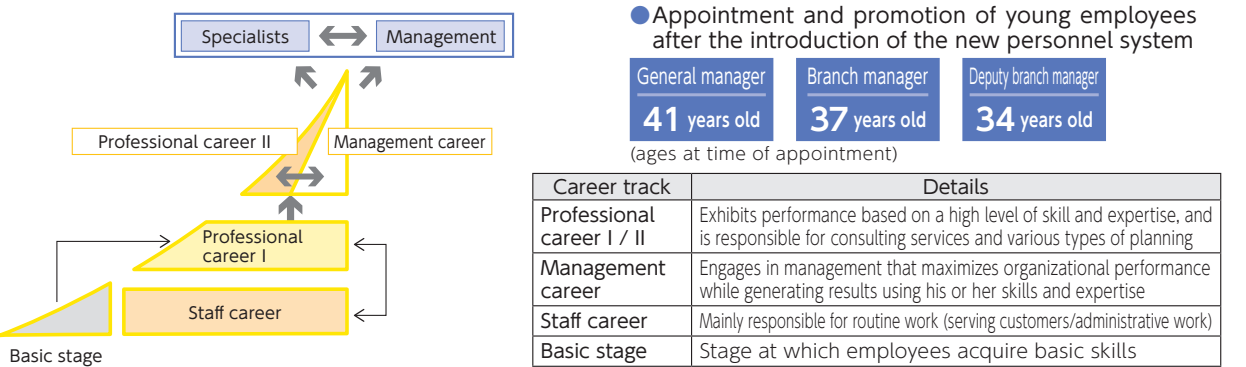


Establishment of a personnel system

We have revised our personnel system into a role- or job-based system that evaluates expertise and market value and added a multi-track career system that allows employees to pursue professional or management positions based on their career aspirations.

From single- to a multi-track career paths

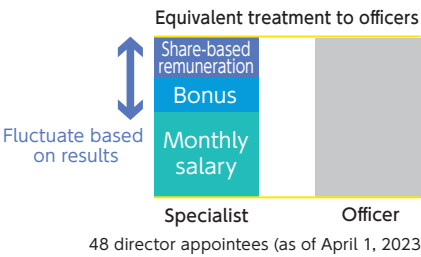
Aiming to train professionals and design diverse careers
In April 2021, we overhauled our personnel system to clarify role or job levels, demonstrate diverse values, and establish a system that links increased expertise to higher compensation. We abolished the seniority system to enable more flexibility, including the appointment and promotion of experts and younger employees.



Remuneration structure for specialists and director system

We have established an officer-level remuneration structure (made up with bonus incentives and share-based remuneration) for personnel who demonstrate performance based on their high level of expertise. We have made it possible to hire outstanding talent from outside the Company and have clarified achievement goals as professionals.

We have also introduced a new "director system," under which we will appoint employees who have a wealth of work experience, are highly skilled and motivated, and have excellent character and insight to serve as directors, and based on their experience in high-level duties and posts, we will consider appointing them as officers.



Career design sheet

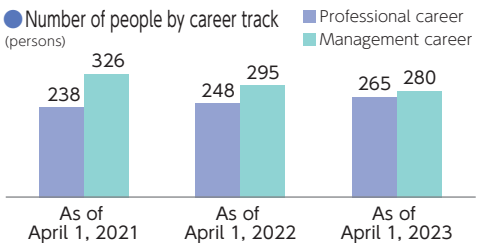
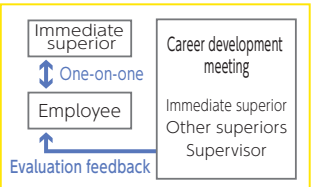
Once a year, employees reflect on their growth and identify their skills, abilities, and career goals. We also interview employees to find out if they have any requests to be reassigned for career enhancement, and increase opportunities for job transfer in accordance with their wishes, based on their contribution to the Company and their expertise.

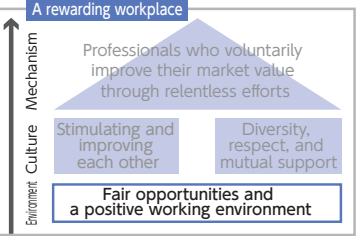
Will	Identify personal aspirations and vision to be achieved through work
Can	Create an inventory of "abilities and skills needed in the current environment" to achieve aspirations and vision
Must	Establish "action goals" to be specifically put into practice during the year
Reflection	Reflect on changes and personal growth over the past year



Career development meetings

By holding discussions with multiple evaluators, we are able to foster common understanding and provide pertinent feedback, which links to "career development" and "growth support" for the employee concerned.





Human rights and hospitality mind (HM)

In accordance with the Kiraboshi Group's Basic Policy on Social Responsibility (Sustainability Policy), 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."

Human rights policy

1. 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.
2. 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.
3. 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

We verify the effectiveness and state of compliance with our investment and loan policies at meetings of the Board of Directors and the Management Meeting, etc., and do not invest in or finance businesses that raise major humanitarian concerns.

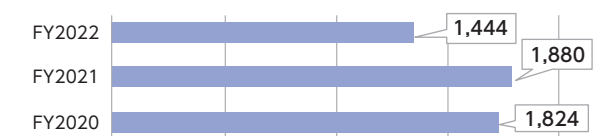
● Human rights awareness activities targeting all employees

With the aim of raising awareness of human rights among employees, we ask all employees to submit human rights slogans once a year as part of our human rights awareness activities.

● Fair hiring practices

We adhere to rules regarding hiring and human rights, and strictly and fairly select talent based solely on a person's ability and aptitude, without regard to their nationality or creed, etc.

● Number of human rights slogans submitted



● Prevention of sexual and power harassment

We respect the human rights and individuality of each and every person and strictly prohibit any form of sexual or power harassment. In addition to establishing an internal hotline in case harassment occurs, we have a "Hotline System" for employees to report or consult on organizational or individual matters such as violations of the law and we collaborate with an external organization's hotline, the "Human Frontier Consultation Office," in an effort to prevent harassment.

Fostering a hospitality mindset

Elimination of complaints regarding customer service: "Aiming for zero"

Purpose of establishing an HM Office (newly established in May 2023)
1. To build an organizational structure that provides higher quality customer service and exceeds customer expectations to impress and make them happy
2. To aim to be a financial group truly chosen by customers as a top regional bank by undertaking initiatives to improve the Kiraboshi Group's HM and reduce complaints
3. To ensure each and every employee embodies Kiraboshibito and has a high level of "dignity" and "pride"

● HM (hospitality mind) = hospitality from the heart

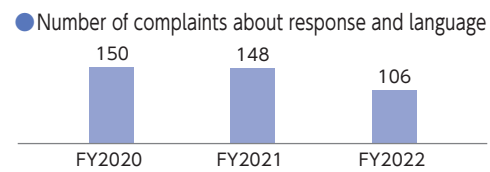
We receive more than 100 complaints a year from customers regarding our response and the language we use. In order to please our customers, we ensure our employees are hospitality orientated on a day-to-day basis, by teaching them to be "polite" and "dignified."

● Culture that does not overlook inappropriate responses, but communicates and makes improvements, and communicates and praises good work and excellence

We are working to create a new culture by constantly taking "pride" in working for the Kiraboshi Group and respecting others, not overlooking inappropriate responses, communicating and improving aspects not done well, and praising excellence.

● Aiming to reach an even higher stage by each employee increasing his or her value and contributing to the enhancement of corporate value

We are aiming for a structure in which all Group officers and employees take ownership of their actions to change their behavior, and impress and make customers happy by exceeding their expectations.



Message from the Chief Financial Officer



Medium-Term Business Plan: Financial and Capital Management

Hidenori Tsunehisa
Deputy President
and Group CEO

FY2022 Performance Review

In FY2022, not only did we have to deal with the impact of COVID-19, but we also had to conduct financial operations in a business environment that was undergoing significant changes, including heightened geopolitical risk linked to the situation in Russia and Ukraine and other events, monetary tightening in some developed countries such as the United States, and fluctuating exchange rates. Even against that backdrop and despite recording a loss on sales of foreign bonds, gross core business profit expanded significantly year on year, thanks to an expansion in the outstanding loan balance and margins achieved primarily through the building of main bank relationships and business financing, and an increase in non-interest income fueled primarily by commission income from corporate customers. Appropriate cost controls helped reduce expenses year on year, with efficiency gains at the head office facilitating a reduction in personnel. Regarding credit-related expenses, while we removed provisions against the Russia/Ukraine situation, we did record provisions for certain industries under the discounted cash flow (DCF) method. Overall credit expenses improved significantly on the back of a lower provisioning rate and other factors. As a result, both ordinary income and net income rose year on year in FY2022.

Kiraboshi Bank (non-consolidated)			
(¥ billion)	FY2021 (actual)	FY2022 (actual)	YoY change (revenue impact)
Gross core business profit	78.6	90.7	+12.1
Net interest income	65.6	74.4	+8.8
Non-interest income	12.9	16.3	+3.4
Expenses	(51.4)	(50.4)	+1.0
Net core business income	27.2	40.3	+13.0
Credit-related costs	(6.3)	(2.0)	+4.2
Ordinary profit	26.0	36.5	+10.4
Net income (Kiraboshi Bank, non-consolidated)	18.4	27.4	+9.0
Net income (Tokyo Kiraboshi FG, consolidated)	18.1	21.1	+3.0

Progress on Key Goal Indicators (KGI) in the Medium-Term Business Plan

Overall, we achieved the planned targets for major key goal indicators (KGI) and the Medium-Term Business Plan is progressing smoothly. We conducted operations that would help generate an improved risk/return ratio. The return on equity (ROE), one of the KGIs, reached 6.5%, outstripping the plan by 1.5 percentage points. Our efforts to strengthen profitability are clearly bearing fruit, with profit from customer business reaching ¥21.6 billion (+¥1.1 billion compared to the plan). The contribution of subsidiaries to consolidated income measure came in below the plan, with our digital bank (UI Bank) and Fintech business (Kiraboshi Tech), which are future growth areas, currently running a start-up deficit. Our ultimate aim is to develop into a financial group that is capable of generating a stable net income of ¥20 billion or higher, while also ensuring a capital ratio of 8% or more.

(¥ billion)	FY2021 (actual)	FY2022 (plan)	FY2022 (actual)	Compared to the plan
ROE (FG, consolidated)	5.7%	5.0%	6.5%	+1.5%pt
Core OHR (Kiraboshi Bank, non-consolidated)	65.3%	59.8%	55.5%	-4.3%pt
Net income (FG, consolidated)	18.1	16.0	21.1	+5.1
Profit from customer business (Kiraboshi Bank, non-consolidated)	12.6	20.5	21.6	+1.1
Contribution of subsidiaries to consolidated income (FG, consolidated)	0.1	0.4	(1.5)	(1.9)
Capital ratio (FG, consolidated)	8.4%	8.3%	8.1%	-0.2%pt

Analysis of Financial Management Factors to Improve ROE

We seek to strike a balance in our operations between improving profitability, improving capital efficiency, and ensuring financial soundness. As part of our financial management for improving ROE, we have improved lending yields and RORA by replacing low-profit assets with highly profitable assets and controlling risk assets. We are promoting complex transactions by building relationships to create value together with our customers, which is gradually boosting overall profitability. The accumulated balance of business financing is also contributing

significantly to the improvement in ROE. We will continue to improve capital efficiency by strengthening earnings and controlling costs, and achieve a level of ROE that surpasses the cost of shareholders' equity. (See Fig. 2)
We aim to achieve a total shareholder return ratio of 20-30%. With that aim in mind, we strive to improve shareholder value by further enhancing shareholder returns, while also pursuing sustainable growth investment and capital soundness in a well-balanced manner.

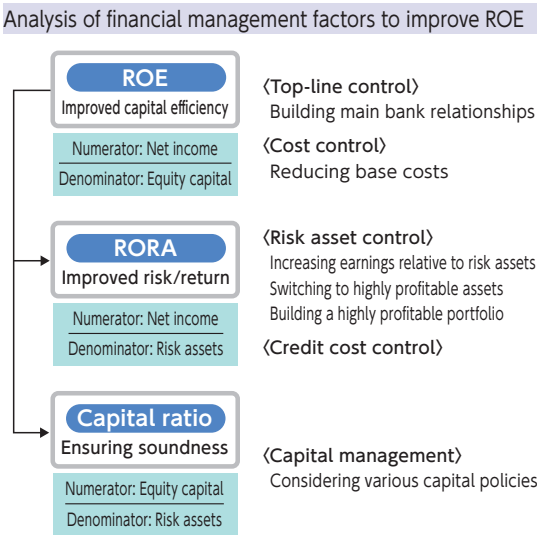
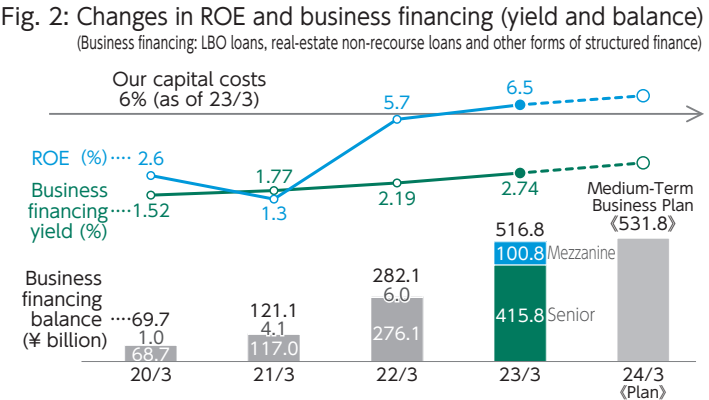


Fig. 1: FG consolidated

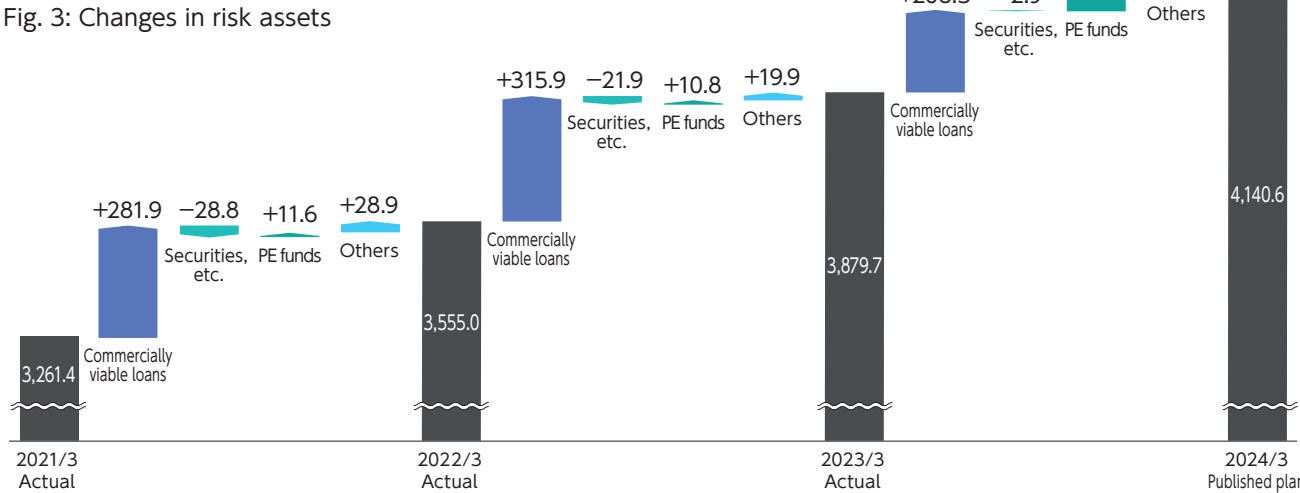
(¥ billion)	FY2021 (actual)	FY2022 (actual)	YoY change
ROE	5.7%	6.5%	+0.7%pt
Net income (excluding special factors)	11.6	17.5	+5.9
Capital ratio	8.4%	8.1%	-0.2%pt
RORA	0.4%	0.5%	+0.0%pt



Changes in Risk Assets

In addition to accumulating risk assets in the form of business loans to meet our customers' funding needs, we are also focusing on improving the risk/return ratio by rotating and distributing investment lending to other companies. The market for M&A and LBO loans is expanding as a means of helping large companies carve

out, which select and focus their operations, and SMEs solve business succession or transfer problems. We are also strengthening mezzanine and equity financing together with our Group companies in order to flexibly satisfy these kinds of customer needs. (See Fig. 2)



Message from the Chief Financial Officer

Capital Management to Improve PBR

Basic policy

We recognize the importance of pursuing both capital and financial management aimed at improving ROE in order to achieve sustainable growth and increase corporate value. Our basic policy is to secure a healthy level of capital and optimize the allocation of management resources. We also seek to use capital to simultaneously improve profitability and enhance shareholder returns.



Maintaining a sound capital ratio

We seek to improve financial soundness by strengthening profitability, building up internal reserves, and evolving our asset portfolio through appropriate capital allocation and risk asset control.

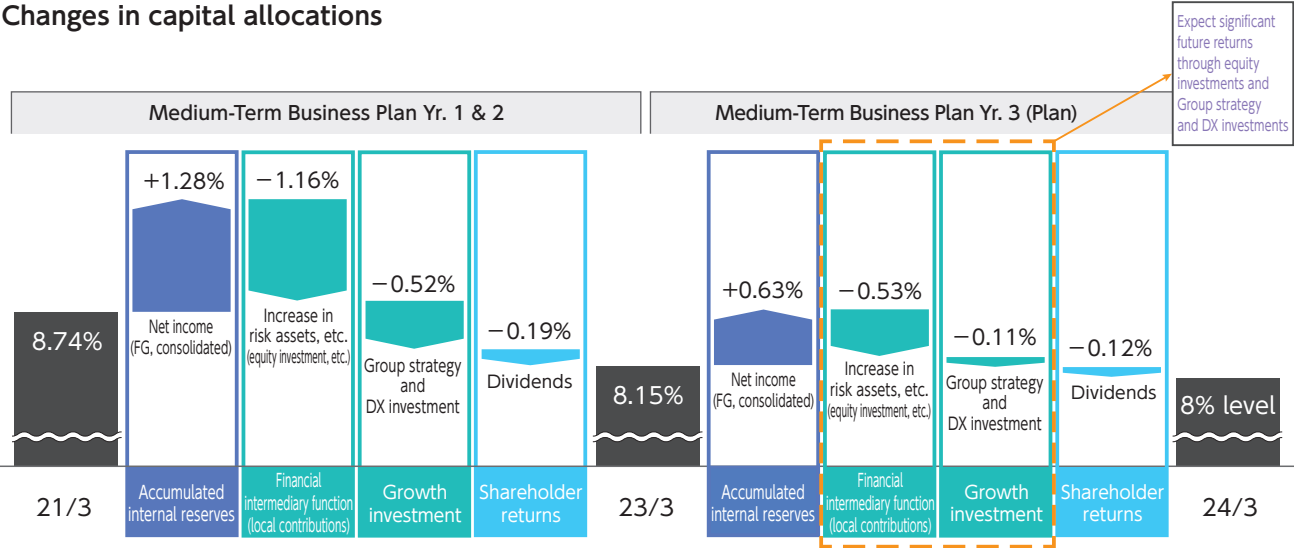
Utilizing capital to improve profitability

Efforts to strengthen profitability in businesses have generated fresh cash flows. We aim to increase corporate value by investing those flows in a well-balanced manner into areas that generate short-term benefits, and into future growth areas, such as digital initiatives and growth companies. We are also advancing sustainability initiatives relating to climate change and other social issues in order to improve corporate value.

Short term We are fully demonstrating our financial intermediary function as a regional financial institution by accumulating loan risk assets, and building relationships with customers to enhance their corporate value.

Long term We will strengthen the foundation of our future business through equity investments and strategic capital allocations to Group companies. We seek to use DX investment to improve cost efficiency and to conduct investments with capital efficiency in mind. We hope that developing a new business model, which involves the building of a digital platform to facilitate greater cooperation with external partners and across industries, will help revitalize local communities and solve local social issues. The Group will strive to reduce the cost of shareholders' equity and achieve a level of ROE that exceeds that cost by further enhancing dialogue and communication with the stock market.

Changes in capital allocations



Enhancing shareholder returns

We seek to return profits to shareholders based on the level of capital and we strive to pay stable and consistent dividends and maximize stakeholder value. As part of our target to achieve a total shareholder return ratio of 20-30%, we increased our dividend from ¥60 per share in FY2020 to ¥75 in FY2021 and ¥115 in FY2022. Going forward, we will strive to enhance profitability, ensure sound capital, pay stable dividends, and improve our stock price and price-to-book ratio (PBR).

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023 (Estimated)
Dividend per share (¥)	60	60	60	75	115	130
Total dividends (¥ billion)	1.8	1.8	1.8	2.3	3.5	3.9
Total shareholder return ratio (based on net income, excluding special factors)	39%	25%	47%	20%	20%	Approx. 20%
Net income (¥ billion) (excluding special factors)	4.9	7.6	4.1	11.6	17.5	20.5

Initiatives for reducing cross-shareholdings

The Group has formulated the Basic Policy on Cross-shareholdings and refrains, in principle, from holding shares in business partners and other companies, except in cases when a cross-shareholding is judged to enhance the Group's corporate value over the medium to long term through the maintenance and strengthening of a business relationship with a business partner. We make a comprehensive decision on whether or not to hold shares in a business partner firm by fully considering the level of return on the cost of shareholders' equity and our relationship with that business partner. Reducing cross-shareholdings is also important for our capital policy, and we are committed to further improving capital efficiency and increasing shareholder value.

	End of 2019/3	End of 2020/3	End of 2021/3	End of 2022/3	End of 2023/3*
Number of holdings	70	68	64	62	62
Book value (¥ billion)	17.6	16.1	14.1	13.8	17.8

*2023/3: ¥7.8 billion increase for 8 stocks due to partial cancellation of retirement benefit trusts (¥3.8 billion from sale of 8 stocks and net increase of ¥4.0 billion)

Summary

We intend to grow together with the local community by addressing the changing times and helping resolve ever-changing and evolving social issues. We will emphasize our consulting function to deal with various customer issues, and continue to pursue initiatives aimed at further restructuring our business and improving risk/return ratios by offering mezzanine, equity, and other investments to meet customer needs. We are determined to invigorate communication with our stakeholders, achieve sustainable growth for the Tokyo Kiraboshi Financial Group, and enhance the Group's corporate value.

Overview of the Medium-Term Business Plan (FY2021 to FY2023)

The Kiraboshi Group started its Medium-Term Business Plan in FY2021. In order to realize our vision within this plan of becoming a Tokyo-based platform owner that creates new value for customers, we are expanding our management base and reforming our business structure, building a platform to provide business opportunities, and enhancing products and services that meet customer needs by promoting DX.



Business Strategy of the Medium-Term Business Plan

<Reform of management base>

- Digital transformation (DX)
Integration of face-to-face and non-face-to-face, financial and non-financial services
- Improving headquarters efficiency and strengthening headquarters sales
- Comprehensive branch reorganization and strategic personnel placement
- Human resource development and personnel system reform

<Reform of business structure>

- Kiraboshi to support seniors
- Supply of middle-risk take and equity capital
- Demonstration of group synergies

Demonstration of coordinator/hub functions



Creation of value for customers

Creation of social value for customers

Future Vision: Comprehensive service business that is also strong in finance

Business Strategy of the Medium-Term Business Plan

Strategy (PLAN)		What to do (DO)	
(1) Business structure reform and Group collaboration for solving social issues	Individuals	Promotion of DX	Practice of fiduciary duty (FD) in collaboration with Kiraboshi Life Design Securities Life plan support according to the lifecycle
	Corporate	Establishment of a digital bank, improvement of customer convenience	Consolidation of offices for corporate customers, improvement of productivity, and strengthening of headquarters sales Promotion of main bank relationships, equity, integration of financial and non-financial services
	Solving social issues	Integration of face-to-face and non-face-to-face services	Integrated support for corporate management, business succession, asset management, etc. Support for medical institutions
(2) Management base reform and resource allocation		Integration of financial and non-financial services	Reallocation of personnel through further streamlining of branches and headquarters Work style transformation, productivity improvement through DX
(3) Human resource development and personnel system reform			Recruitment and development of professional human resources, diversification of human resources, and development of Kiraboshito with multi-track career path

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

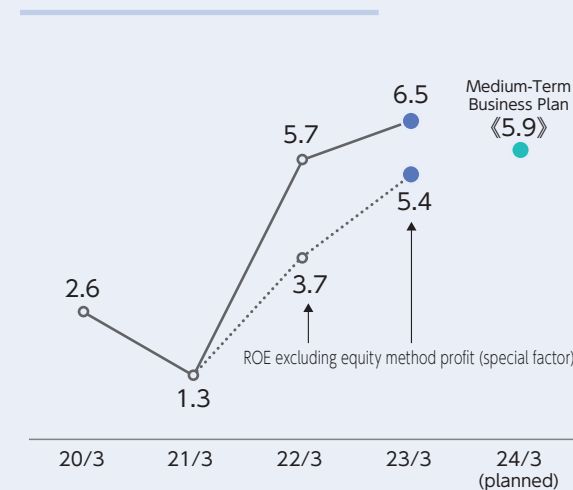
KGIs	22/3 <results>	23/3 <Medium-Term Business Plan>	23/3 <results>	Compared to the plan
(1) ROE <consolidated>	5.7%	5.0%	6.5%	+ 1.5%pt
(2) Core OHR <Kiraboshi Bank non-consolidated>	65.3%	59.8%	55.5%	+ 4.3%pt
(3) Net income <consolidated>	¥18.1 billion	¥16.0 billion	¥21.1 billion	+¥5.1 billion
(4) Profit from customer business <Kiraboshi Bank non-consolidated>	¥12.6 billion	¥20.5 billion	¥21.6 billion	+¥1.1 billion
(5) Contribution of subsidiaries to consolidated income <consolidated>	¥0.12 billion	¥0.4 billion	¥(1.5) billion	¥(1.9) billion
(6) Capital ratio <consolidated>	8.4%	8.3%	8.1%	-0.2%pt

KPI		22/3 <results>	23/3 <results>	<Rate of progress>	24/3 <Medium-Term Business Plan>
(1) Branch strategy	Offices for corporate and retail customers, and offices specializing in corporate customers	50 offices	49 offices	—	54 offices
	Retail-focused branches	56 branches	55 branches	—	34 branches
(2) Productivity	Gross core business profit per head	¥29 million	¥35 million	111%	¥32 million
(3) Life plan support business	Number of transactions with business owners	+1,780 customers	+2,838 customers	283%	1,000 customers
	Balance of transactions with business owners	+¥17.9 billion	+¥41.7 billion	83%	¥50.0 billion
	Kiraboshi Package ^(*)	27,107 customers	44,997 customers	75%	60,000 customers
(4) DX	Individual Internet users	151,000 users	246,000 users	61%	400,000 users
(5) Corporate customer strategy	Number of loans to customers with main bank relationship having annual sales of ¥300 million or more	+799 customers	+2,130 customers	355%	600 customers
	Amount of loans to customers with main bank relationship having annual sales of ¥300 million or more	+¥300.0 billion	+¥734.3 billion	122%	¥600.0 billion
	Number of business succession support customers	388 customers	692 customers	69%	1,000 customers
	Number of medical transaction support customers	210 customers	412 customers	103%	400 customers

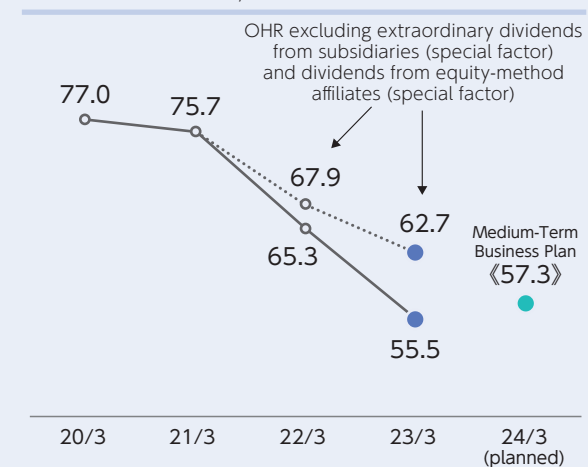
^(*)Kiraboshi Package: property management trust, testamentary trust, testamentary substitute trust, etc.

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

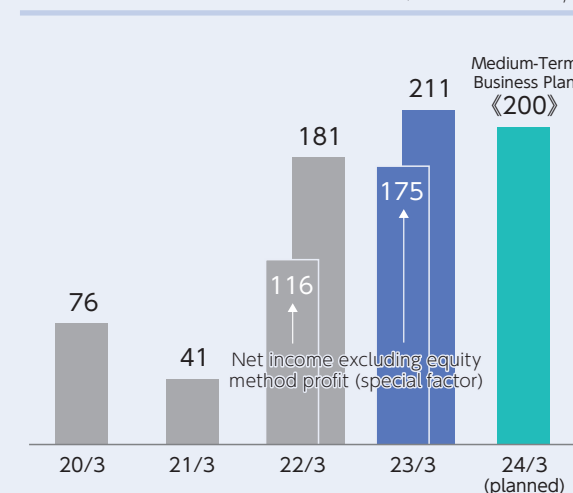
1. ROE <FG consolidated> (%)



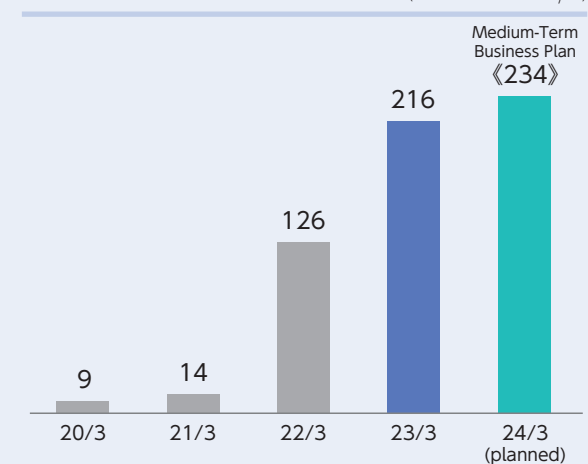
2. Core OHR <Kiraboshi Bank non-consolidated> (hundred millions of yen, %)



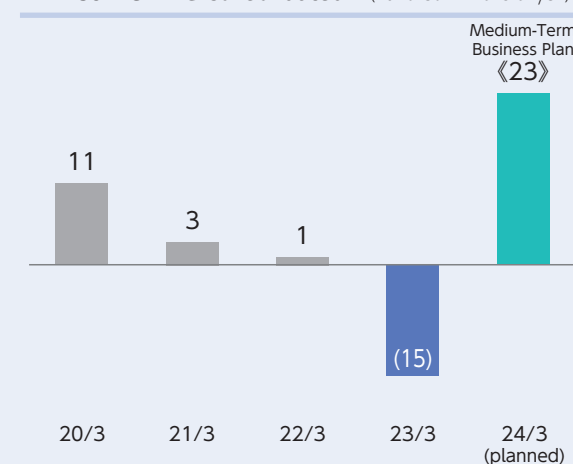
3. Net income <FG consolidated> (hundred millions of yen)



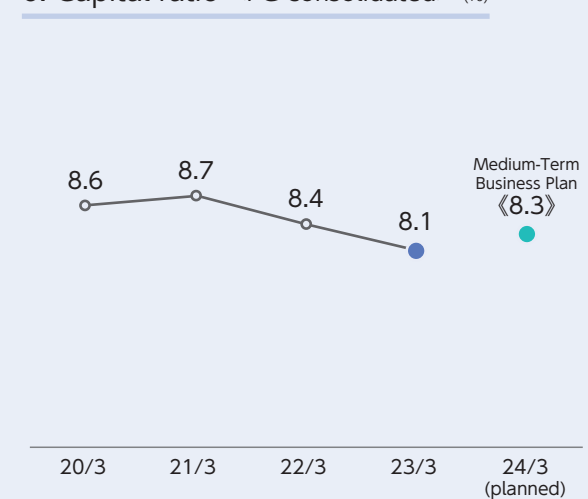
4. Profit from customer business <Kiraboshi Bank non-consolidated> (hundred millions of yen)



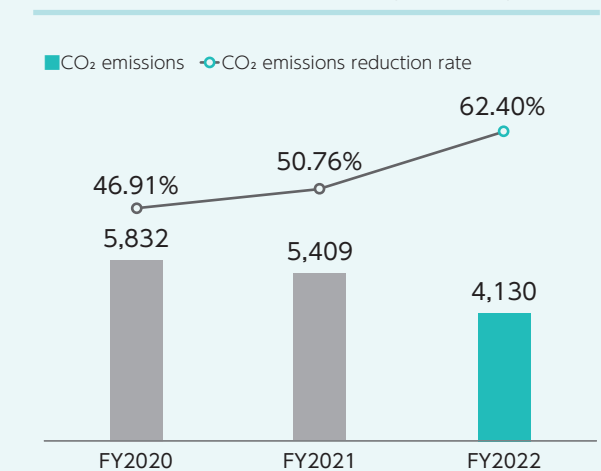
5. Contribution of subsidiaries to consolidated income <FG consolidated> (hundred millions of yen)



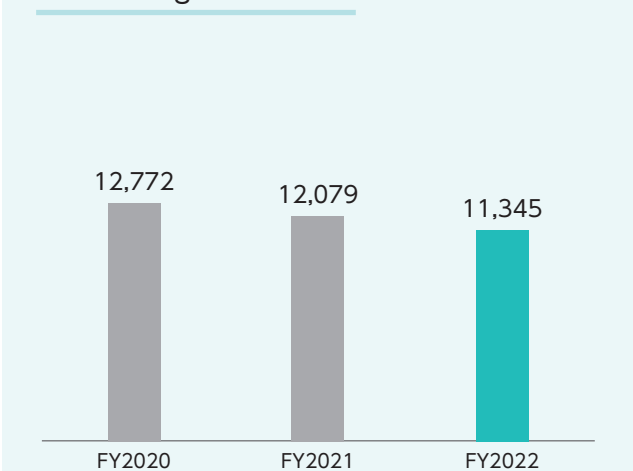
6. Capital ratio <FG consolidated> (%)



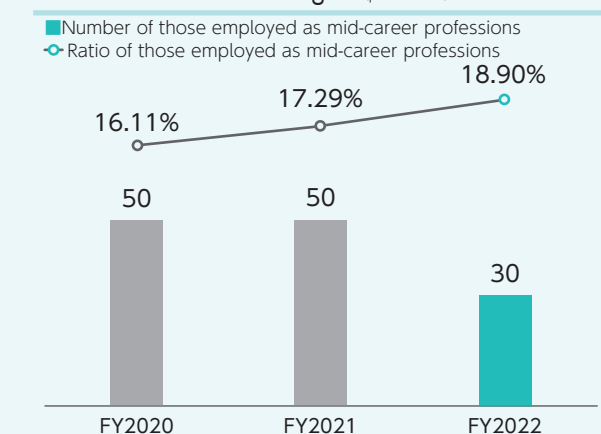
Non-financial Highlights

CO₂ emissions reduction rate (vs. FY2013) (%; t-CO₂)

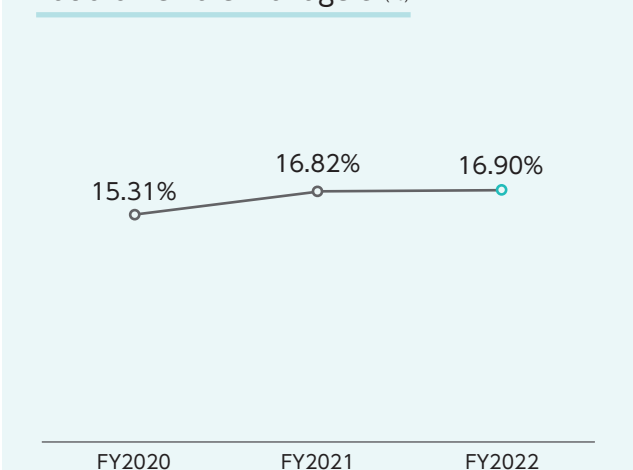
Power usage (thousand kWh)



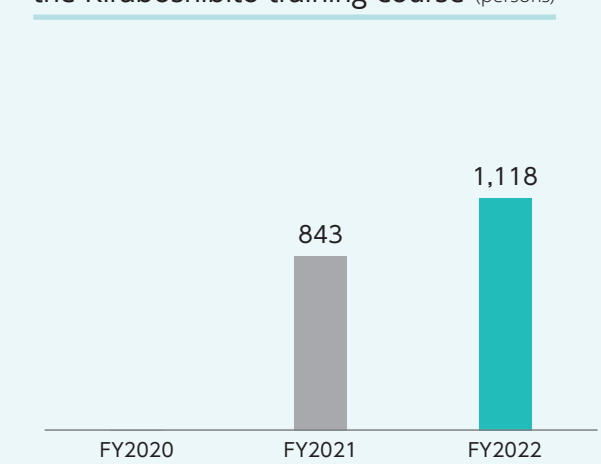
Number of those employed as mid-career professions and their ratio to all managers (persons, %)



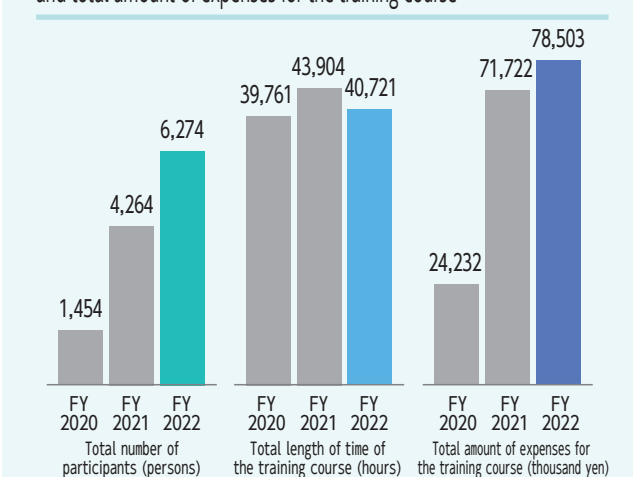
Ratio of female managers (%)



Number of participants in the Kiraboshibito training course (persons)



Total number of participants, total length of time of the training course, and total amount of expenses for the training course



Profit from Customer Business (Kiraboshi Bank's Core Business Profit)

Profit from customer business increased significantly by ¥8.9 billion year on year, mainly due to a large increase in loan balance of ¥365.6 billion year on year, an increase of ¥1.2 billion in income from fees and commissions, mainly from commission income from corporate customers, and improvements in both the loan yield and the loan-deposit yield difference.

The average loan balance for the fiscal year ended March 31, 2023 already exceeds the planned average loan balance for the fiscal year ending March 31, 2024. Given that the closing loan balance for the fiscal year ended March 31, 2023 significantly exceeds the average loan balance, the planned average loan balance for the fiscal year ending March 31, 2024 has been revised from ¥4,434.4 billion to ¥4,837.3 billion.

Profit from customer business for the fiscal year ending March 31, 2024 has also been revised from ¥23.4 billion, as originally planned, to ¥24.9 billion. While profit from customer business was negative for the fiscal year ended March 31, 2019, it turned positive in the fiscal year ended March 31, 2020 and has been increasing steadily ever since. This is believed to be the result of sincerely responding to customer needs, primarily through transactions for main bank relationship building, and enhancing our specialized finance and consulting functions at the headquarters.

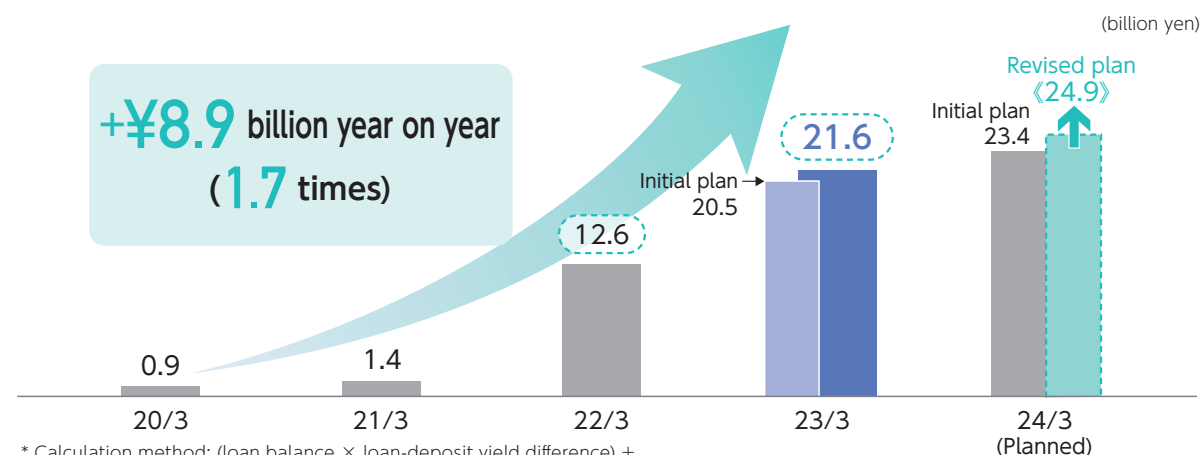
Profit from customer business (core business profit)

+¥8.9 billion (+70.8%) year on year

➤ **Loan balance (closing balance) +¥365.6 billion year on year**

➤ **Income from fees and commissions +¥1.2 billion year on year**

➤ While commission from domestic exchange services decreased due to reduction of fund transfer charges, **commission income from corporate customers increased by ¥1.8 billion year on year** due to fee income from transactions for main bank relationship building and business financing, etc.

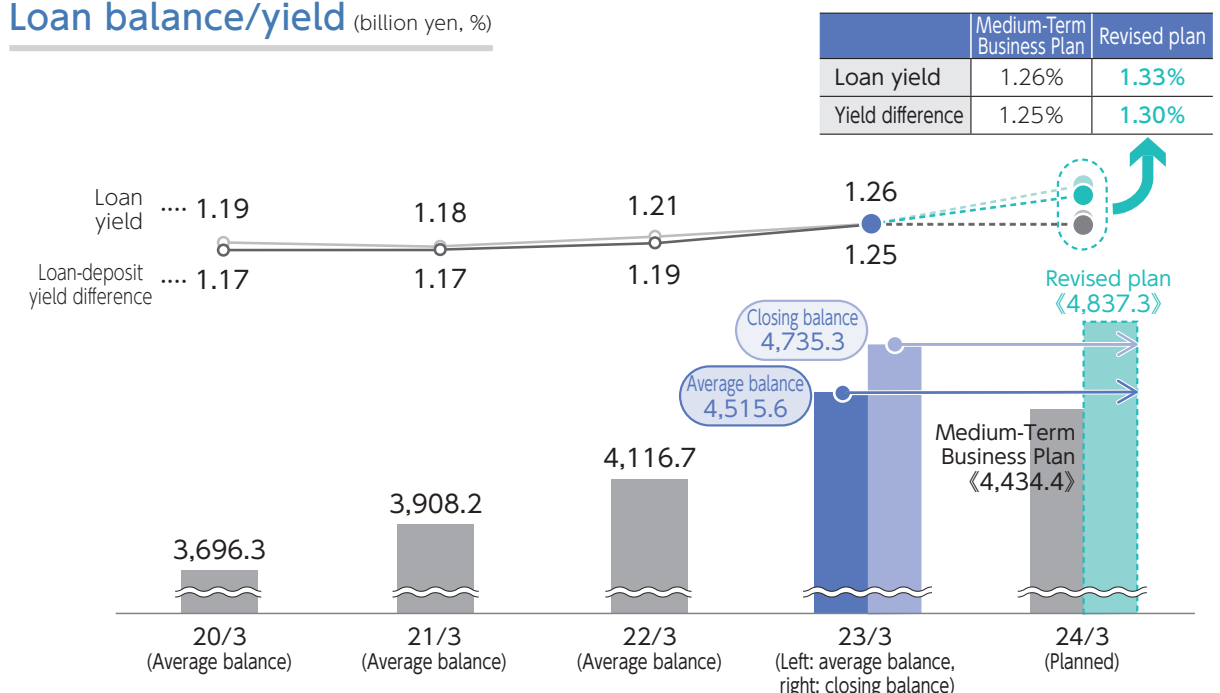


* Calculation method: (loan balance × loan-deposit yield difference) + income from fees and commissions – general and administrative expenses

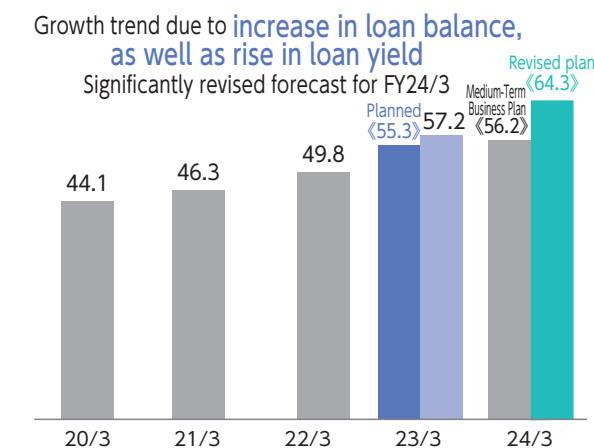
Breakdown of factors

		22/3	23/3	YoY
(1)	Loan balance (closing balance)	4,369.7	4,735.3	+365.6
(2)	Loan-deposit yield difference	1.19	1.25	+0.05
(3)	Income from fees and commissions	11.5	12.7	+1.2
(4)	General and administrative expenses (expenses + temporary treatment of retirement benefit expenses, etc.)	51.1	50.3	+0.7
(5)	Profit from customer business ((1) × (2) + (3) – (4))	12.6	21.6	+8.9

Loan balance/yield (billion yen, %)

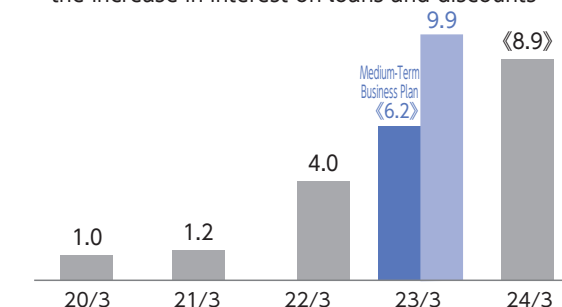


Interest on loans (billion yen)

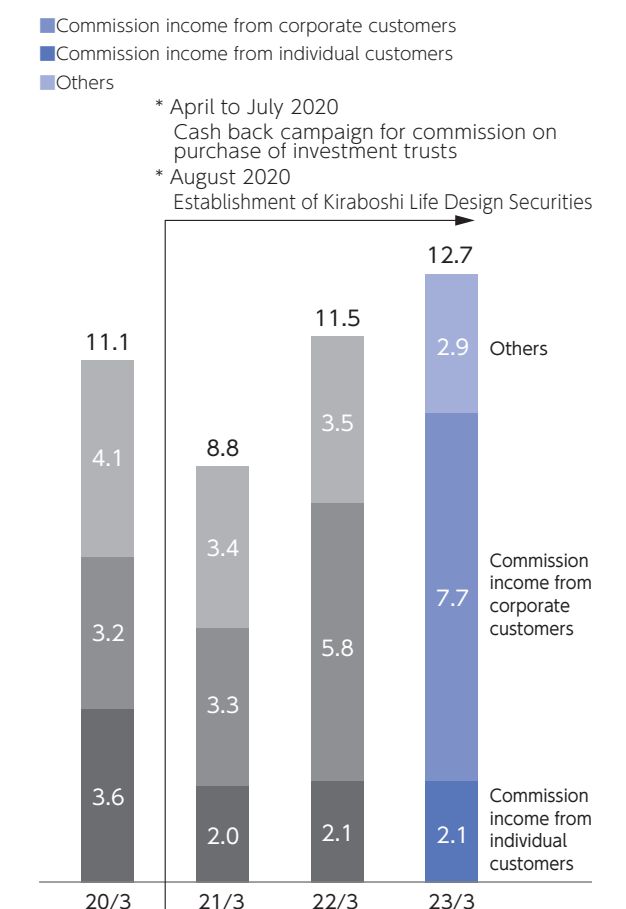


Of which, interest on loans and discounts related to business financing

Business financing activities contributed to the increase in interest on loans and discounts



Income from fees and commissions (Kiraboshi Bank) (billion yen)



* April to July 2020
Cash back campaign for commission on purchase of investment trusts
* August 2020
Establishment of Kiraboshi Life Design Securities

Roundtable Discussion on Value Creation

Value Creation Initiatives: Achievements and Challenges



Shuya Nomura
Outside Director
Tokyo Kiraboshi Financial Group, Inc.

Takeshi Yoshino
Director and Executive Officer
General Manager, Corporate Planning Division
Tokyo Kiraboshi Financial Group, Inc.

Shoji Nishio
Outside Director
Tokyo Kiraboshi Financial Group, Inc.

Outside Directors Shoji Nishio and Shuya Nomura sit down with Director Takeshi Yoshino to discuss the results of efforts to improve the Kiraboshi Group's medium- to long-term corporate value and create shared value with stakeholders, and the challenges faced.

—In our 2022 discussion last year, you listed three issues for the Group's growth strategy, namely creating new services, leveraging strengths in the Tokyo area, and raising the visibility of the Kiraboshi Group brand. What improvements have been made in each area over the past year?

Nishio: In addition to UI Bank, which was launched in January 2022, the Kiraboshi Group has a wide range of companies involved in financial and non-financial fields under its umbrella, and its drive to expand solutions and services to meet the diverse needs of its customers is highly evaluated.

Of all the Group companies, I expect great things from UI Bank. As a company that plays a central role in the Kiraboshi Group's DX strategy, I would like to see UI Bank actively attract Kiraboshi Bank's corporate and other customers as well as Kiraboshi Group's customers in order to move swiftly onto an early growth trajectory.

Nomura: In today's world, banks are expected to provide solutions to the various issues that companies are facing. I think the fact that the Kiraboshi Group now boasts various functions in-house and has built a system to offer customers services they never thought a bank could perform will prove a major advantage going forward.

The Group has recently declared its new Giving our all, for TOKYO. brand slogan, which I feel clearly states the significance of its presence as a regional financial Group in the Tokyo area. Tokyo is one of the world's largest metropolitan areas but it also faces advanced issues. The greatest progress lies in the Group's transformation into a financial group that offers a rich solution menu that can really give its all for Tokyo, just as the slogan says.

—Does this relate to the second issue of leveraging strengths in the Tokyo area?

Nishio: Tokyo has many advantages over rural areas. Many people supposedly moved out of the city to rural areas during the



COVID-19 pandemic, but people are now clearly moving back to the city. Many companies want to set up information bases in Tokyo and major companies are concentrated in the city. Having access to venues where people can interact with each other and exchange cutting-edge information presents an appeal that online communication could never match.

Another key feature of the Tokyo area is its wealth of corporate players, from small operators to small and medium-sized enterprises (SMEs) and large corporations. Discussing these benefits and how to use them to promote business is an ongoing topic.

Nomura: The Japanese economy is supported by SMEs, and many of those companies possess world-class technology in specific fields. SMEs may be comparatively small, but they have a good chance of launching into global markets if they have a Tokyo base. Being able to support this trend is a great honor for the Kiraboshi Group as a regional financial group.

Recently, we are seeing a growing concentration of DX and AI-related startup companies in the Bunkyo district and other areas, and the number of young entrepreneurs looking to balance the pursuit of business with solving social issues is increasing. Working together with these entrepreneurs could benefit Tokyo, and, by extension, Japan and the rest of the world. I would like to see the Kiraboshi Group reaffirm its prowess as a regional financial group with the ability to do that.

Nishio: Having said that, it is not easy for banks to keep track of start-up company trends, because start-ups tend to turn to venture capitalists and angel investors rather than banks. If the Kiraboshi Group is able to fully grasp the latest start-up trends, then it could expand its new service creation by extending support and helping start-ups grow through financial and non-financial solutions.

Nomura: The traditional banking model tends to make lending decisions by looking at a company's financial statements for the last three years. Start-ups often don't have that kind of track record, so it has been difficult to build relationships with banks. However, recently, we have started to witness attempts by banks to change the way they do business by providing loans and investments based on an evaluation of a company or operation on its own merits. It is an extremely challenging situation for financial institutions that requires keen judgement skills. I hope the Kiraboshi Group rises to the challenge by, for example, developing human resources who can judge the good and bad points by looking at a business itself, rather than simply reviewing documentation.

Yoshino: We are actively hiring external professional talent in consulting, business succession, M&A support, fund management, and other non-financial fields, and we have been focusing on human resource development over the past few years with the additional aim of expanding that professional expertise across the Group.

I feel all employees are now able to select from our expanding range of solutions and make confident proposals to customers, assuming of course that they know their customers well. We are now able to read materials received from customers in advance and peruse customer websites to ascertain where their latent needs may lie and prepare tailored solution menus. That is a big development for us.

—What progress has been made on raising the visibility of the Kiraboshi Group?

Nishio: The Group is now developing newspaper advertisements and outdoor billboards to coincide with the launch of the new brand slogan. I expect this will prove a great opportunity to boost affinity for the Group's brand image among its customers.

Given the nature of its core banking business, the Kiraboshi Group exhibits a strong top-down organizational structure, with everyone staying inside the box and appearing meek and obedient. I would



like to see employees use this latest branding campaign to appear more frequently in public to convey information.

Nomura: I think one of the key ways of breaking out of this mold is for employees to get to know each other better. The Kiraboshi Group possesses many abilities that people have not yet noticed. Seeking to deepen mutual understanding and sharing knowledge internally will enable employees to help customers in entirely new ways and help employees feel the significance of working for the Kiraboshi Group more keenly.

A company is a group of people. I don't think a company can create a brand if its employees simply start work and leave work at the appointed times without a care. A company's personality and brand is born from the concentrated individuality and dense commitment of all its employees. Understanding each other's capabilities is the first step in the branding process.

Yoshino: We have formulated the Kiraboshi philosophy and three principle action guidelines for Kiraboshibito. One requirements of Kiraboshibito, namely an individual who always thinks "how it can be done," incorporates a very big message. We used to reach a point where we would tend to give up if we couldn't do something, but I feel our employees have become more creative and persistent as they embraced the Kiraboshi philosophy. I too felt at the time that it was important to get to know each other well in order to better implement the Kiraboshi philosophy.

Nomura: Employees should also be aware of the kind of initiatives their company is pursuing and what kind of a company it is. If employees gain a clear grasp of the overall situation beyond their own work tasks, they will learn to tackle and solve many issues themselves rather than simply awaiting instructions.

—You have given us some hints regarding new issues and future initiatives, but let me ask you finally how you intend to help create value for the Kiraboshi Group as outside directors.

Nishio: I sometimes bring up difficult topics to help firmly promote the development of UI Bank. I feel there is a lack of thorough monitoring across the board. The important thing is not to just do something and move on, but to verify the resultant impact and encourage improvements. I will continue to exert my supervisory function in this area.

Nomura: As an outside director, I believe it is important to introduce external impressions, opinions, and approaches. We can usefully prevent any significant misdirection in overall policy by conveying elements that people might not notice when they are on the inside and pointing out any differences with external trends.

Yoshino: UI Bank intends to fully expand its non-financial services by providing embedded financing. To that aim, we will strengthen our ability to build relationships that enable customers to talk about issues, and aim to evolve into a comprehensive service business that is also strong in finance so we can propose ways to solve issues that lie outside the realm of finance.

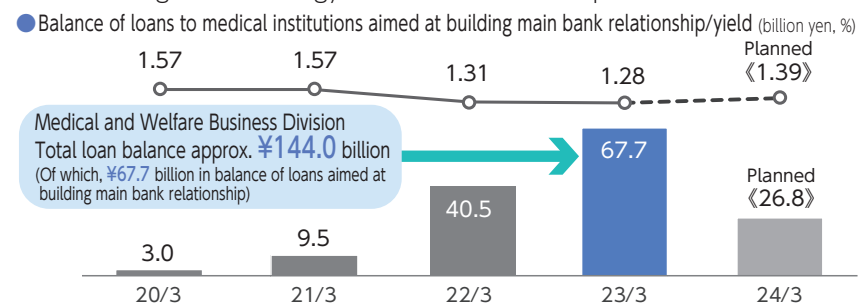
Group Consulting System for Realizing a Comprehensive Service Business That Is Also Strong in Finance

Medical and Welfare Business Division

We place importance on supporting medical institutions whose business operations have deteriorated due to the impact of COVID-19, contributing to management support, business succession, and sustainable growth of local medical care. By utilizing senior loans and equity subordinated loans for the purpose of funding support, we aim to achieve the Medium-Term Business Plan's KPI of supporting more than 400 medical institutions. In addition, we will promote transactions for main bank relationship building, provide consulting services by Group companies, establish a loan under public loan programs in cooperation with the government, and work to achieve the management strategy of the Kiraboshi Group.



Atsushi Uehara
Executive Officer,
General Manager of Medical and
Welfare Business Division,
Kiraboshi Bank



Financing to support the sustainable growth of local medical care

For medical institutions whose business operations have deteriorated due to the impact of COVID-19, we are providing support for sustainable growth of local medical care by using proper lending that evaluates business, and loans with interest subsidy in cooperation with the Tokyo Metropolitan Government and Kanagawa Prefecture. We will also strive to reduce our customers' interest burden by establishing a loan with interest subsidy in cooperation with the government.

Consulting utilizing Group functions

We will make maximum use of the functions of Group companies (consulting, leasing, credit cards, business efficiency through DX, etc.) to provide specific advice such as current situation analysis of business partners, support for formulating management plans, and management improvement. By providing support in various fields, we will establish a medical platform and contribute to solving our customers' issues.

Support for business stabilization through the use of equity subordinated loans

Equity subordinated loans are an effective fund-raising method for medical corporations that are unable to raise capital. The Medical and Welfare Business Division's expert knowledge enables us to assess the feasibility and future potential of medical institutions' business plans and actively provide support that takes more risks than senior loans, thereby supplying necessary funds and ensuring stable management.

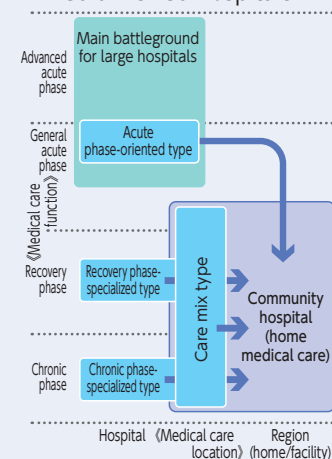
Investment in C's One Inc.

— Establishing a comprehensive regional care system in cooperation with the Mediva Group —

The Kiraboshi Group has invested in C's One Inc. (CEO: Kanoko Oishi, hereinafter "C's One"), a subsidiary of Mediva Inc. (CEO: Kanoko Oishi, hereinafter "Mediva"), which is engaged in medical and nursing care consulting. The Mediva Group has clients nationwide such as hospitals, clinics, and nursing care operators. With the aim of achieving medical reform from the patient's perspective, it is committed to the sound development of the medical and nursing care industry by taking advantage of its expertise, know-how outside the medical and nursing care industry, and experience and ability developed in the field. The Mediva Group and the Kiraboshi Group have established a good relationship over a long period of time since the founding of Mediva.

The Mediva Group is promoting the concept of converting small and medium-sized hospitals with deteriorated management or without successors into community hospitals, which are the core of the comprehensive community care system where housing, medical care, nursing care, prevention, and living support are provided in an integrated manner, by transferring its extensive consulting know-how for hospitals nationwide to C's One.

● Repositioning of small and medium-sized hospitals



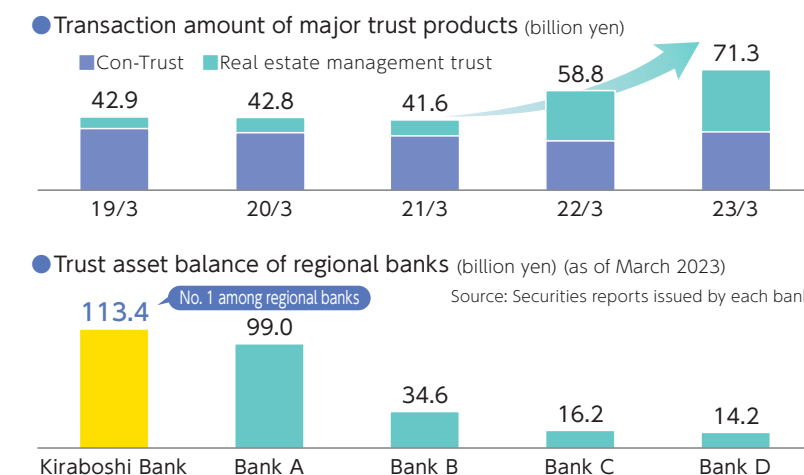
Group Consulting System for Realizing a Comprehensive Service Business That Is Also Strong in Finance

Trust Business Division

Kiraboshi Bank is one of the few regional banks that offers full-scale corporate trust services. For customers with income-producing real estate, we provide solutions for real estate management and asset liquidation through One-Trust (real estate management trust), and for clients in the construction industry who receive public works orders, we help them raise funds through the unique product Con-Trust (public works cost receivable trust) in cooperation with local governments. For individual customers, we also offer a testamentary trust and 100-year passports (money trust) as a trust agent of major trust banks. We support our customers and their families to achieve an ideal life plan without worries by adding functions such as use, protect, and pass on to their precious property.



Yoshiharu Saito
General Manager,
Trust Business Division,
Kiraboshi Bank



Product lineup

For corporate clients: We are working to meet each client's needs, focusing on activities with Con-Trust and One-Trust.

For individual customers: With the addition of the 100-year passports to our testamentary trusts, we now offer products that address the thoughts and concerns of customers regarding the use, preservation, and succession of their assets.

Development of internal systems and human resources training

For corporate clients: The staff of the Trust Business Division, which is a dedicated division, handle everything from product explanations, contract signing, to subsequent asset management, providing a one-stop service. We focus on the development of human resources who can handle these responsibilities through means such as hosting a Trust Dojo for training specialized human resources.

For individual customers: Training for qualified personnel is regularly held by the parent trust bank in order to enable all branches to handle trust agency products. We also participate in trust agency training provided by the Trust Companies Association of Japan to ensure adequate human resources.

Market development

In order to make trust business more familiar to customers, we conduct the following activities in cooperation with each sales branch.

- Propose new financing methods to customers who have won public works contracts
- Propose measures for reducing the management burden and asset utilization for customers with income-producing real estate near sales branches
- Propose the introduction of the Con-Trust system to local governments within whose area Kiraboshi Bank branches are located

For customers who are already using trust products, we will offer the Kiraboshi Group's unique solutions to meet their needs, such as loans, asset management, and investment, aiming to become their main bank.

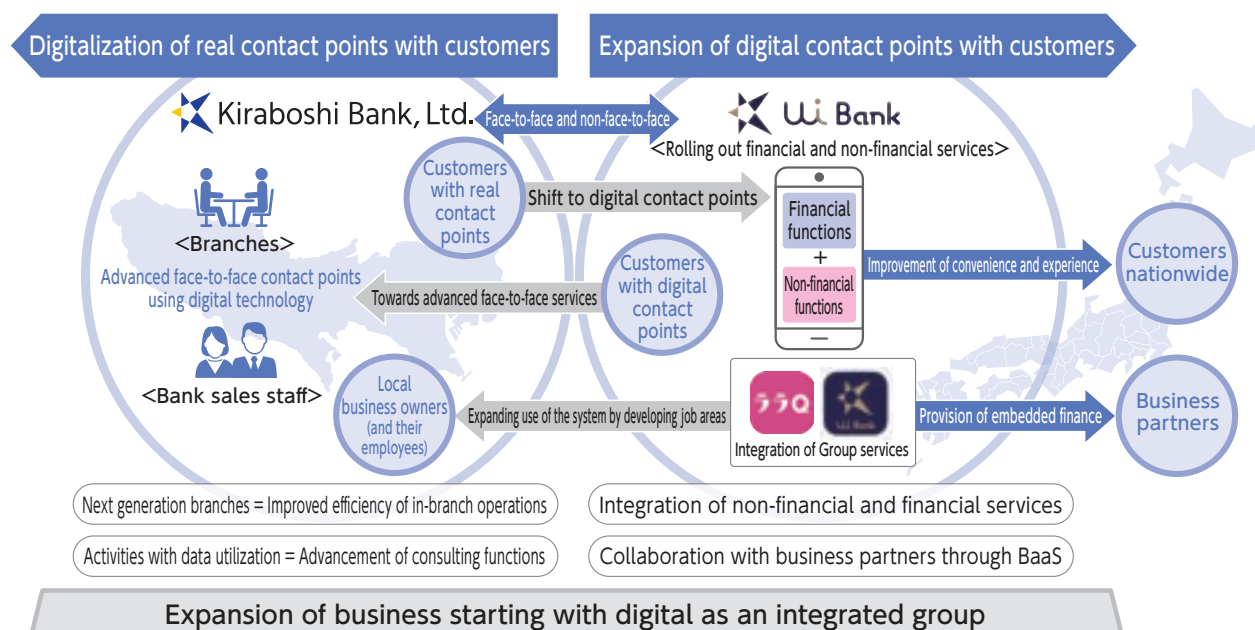
Digital Strategy

Business development utilizing both real contact points and digital contact points with customers

At the Kiraboshi Group, we are promoting expanding digital contact points with customers through the establishment of UI Bank and a wallet service provided by Kiraboshi Tech. In addition, we are actively working on digitalizing real contact points with customers, one of the strengths of Kiraboshi Bank, to ensure accessibility to financial services for our customers while promoting the efficiency of branches and operations, and the advancement of face-to-face consulting services. Furthermore, we are promoting the improvement of convenience through the integration of digital services within the Kiraboshi Group, and encouraging usage by employees of regional businesses. We aim to provide new value through the integration of "face-to-face and non-face-to-face" services and "financial and non-financial" services, and to expand our business with users and business partners nationwide, as a unified Kiraboshi Group, through these channels.

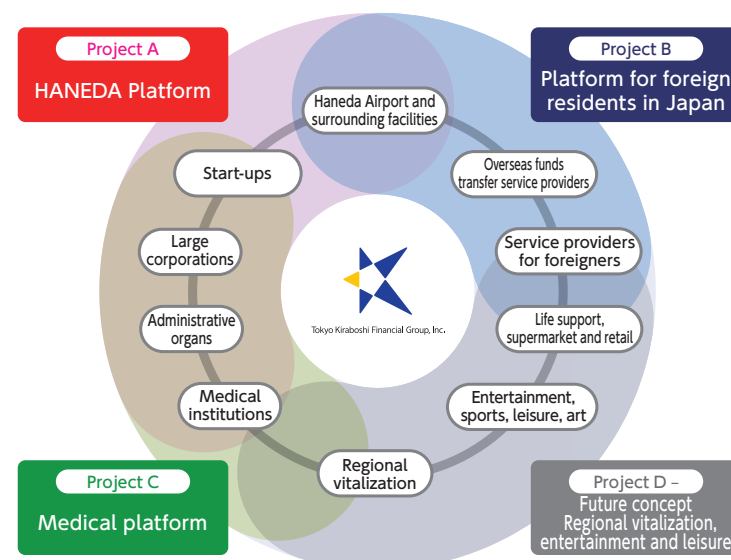


Tomoaki Tateno
General Manager,
Digital Strategy Division



A digital-driven Tokyo-based platform concept

With the digital functions of UI Bank and LaLaPay as starting points, we aim to construct a Tokyo-based platform, including Kiraboshi Group, business partners, and users of business partners by realizing the provision of services in collaboration with external partners. We aim not only to provide traditional financial services, but also to improve customer convenience and solve social issues and issues of business partners by providing financial services in collaboration with business partners through BaaS starting with non-financial services.



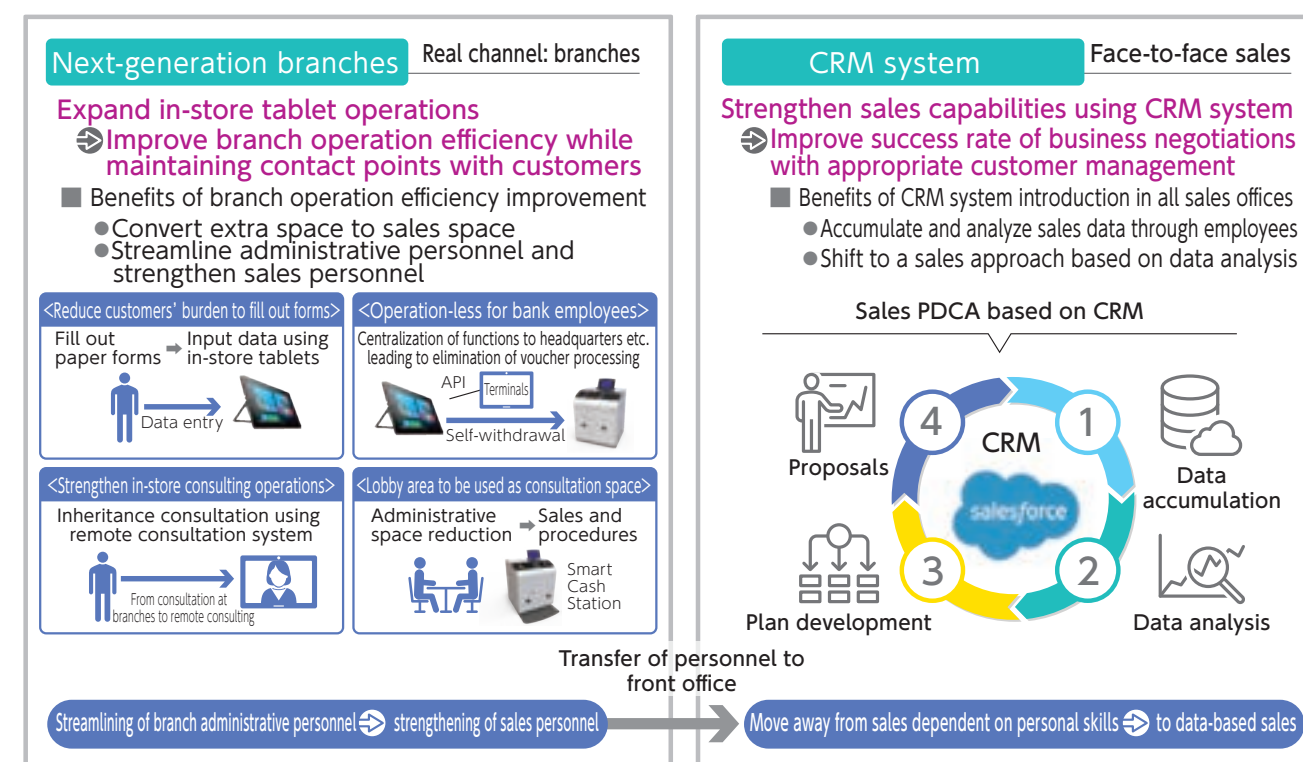
Business alliance to expand digital contact points with customers

In FY2023, we formed business alliances with Shinhan Bank, Mitsubishi Corporation, and SBI Holdings to promote the growth of our retail business and the establishment of a digital platform. We will continue to enhance and evolve the financial functions and services of the Kiraboshi Group, and realize seamless customer response and comprehensive service provision through the integrations of face-to-face and non-face-to-face services, and financial and non-financial services.



Promotion of digitalization of real contact points with customers – Efficiency improvement of operations and advancement of face-to-face services –

In our sales offices, we are advancing the development of next-generation branches, expanding operations using in-branch tablets, and improving the efficiency of counter operations while maintaining contact points with customers. In face-to-face sales, we are fully operating the CRM system, transforming the sales structure to utilize data, and aiming to improve the closing rate of business negotiations.



UI Bank

Awarded in the Collaboration Category of the Japan Financial Innovation Award 2023

UI Bank is working to improve the usability of its app and to establish a platform that allows more flexible collaboration with non-financial companies through API linkage, in order to play a central role as a digital-driven Tokyo-based platform. In addition, in order to contribute to the productivity improvement of the entire Group, especially in the business for individual customers, we will further strengthen our banking functions to grow into an alternative to Kiraboshi Bank.

Improvement of UI/UX

We are making necessary improvements based on customer feedback in order to enhance the reputation of the app. We also recognize the need to fundamentally review the app and enhance UI/UX in order for customers to use it on a daily basis. We will make improvements so that the functions and services of Group companies, including Kiraboshi Bank, Kiraboshi Tech with LaLaPay PLUS, Kiraboshi JCB, and Kiraboshi Life Design Securities, can be provided seamlessly, while expanding our lineup of non-financial services closely related to daily living.



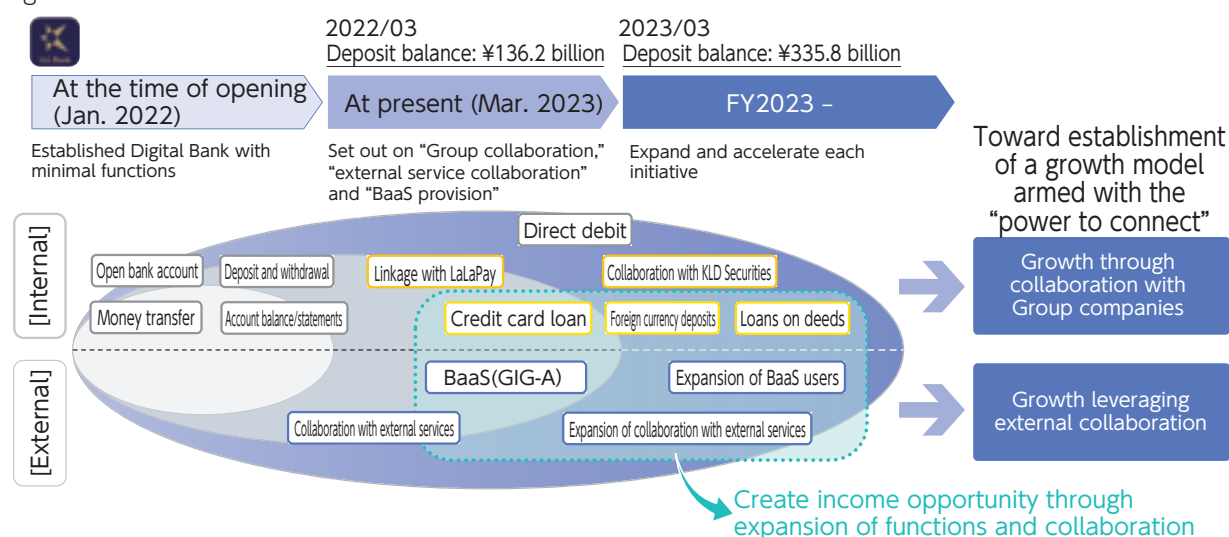
Nobuyuki Yasuda
Managing Executive Officer,
Tokyo Kiraboshi Financial Group,
Representative Director and
President, UI Bank

BaaS roll-out and establishment of BtoBtoC model

UI Bank will roll out BaaS to non-financial businesses such as Kiraboshi Group's alliance and business partners, taking advantage of its ability to provide price-competitive financial services. In addition, we will establish a BtoBtoC or BtoBtoE (employee) business model that approaches BaaS partner customers and employees of Kiraboshi Bank's business partners. To this end, we will establish a foundation that enables us to flexibly provide financial services that meet the needs of customers through API linkage.

Development of products and services that connect families

Given that 70% of UI Bank's customers are in their 40s or older, we will develop products and services that connect seniors with their children, grandchildren, and other family members in a way that integrates financial and non-financial products and services. To this end, we will provide services that are particularly relevant to the lives of seniors and useful for asset succession, drawing on Shinhan Bank's advanced digital technology and other resources. In addition, we will work to expand products for asset building, such as housing funds and asset management.



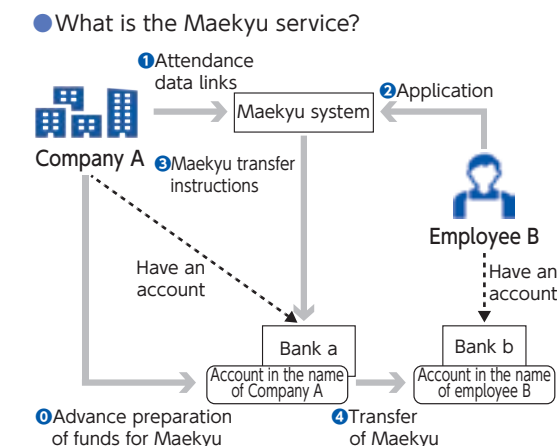
Business development being pursued

- Growth utilizing Kiraboshi Group's management resources (Group retail strategy)
- Growth utilizing external assets such as partnership and alliance with other companies and banks (BaaS business strategy, etc.)
- ➡ Seamless provision of financial and non-financial services (improved convenience)

Kiraboshi Tech

Awarded in the Collaboration Category of the Japan Financial Innovation Award 2022

Kiraboshi Tech's business foundation is based on FinTech services that connect workers and companies through the salary prepayment Maekyu system and wallet service. By increasing the number of new services in the BtoBtoE domain, we aim to generate stable business revenue and contribute to the growth of the Maekyu business, which is a foundation of our business. In addition, as the way of approaching work is evolving, we will strive to realize financial wellness for workers through leveraging the unique strengths of Kiraboshi Tech.



Kiyotaka Yagyu
Representative Director and
President, Kiraboshi Tech

Expansion of sales domain

We have expanded the sales domain of our services, which had been focused on non-regular employees, to include full-time employees. This initiative was launched last fall, and the number of companies newly contracted has grown dramatically, leading to the strengthening of the foundation for the platform business to be developed in the future.

Start of LaLaPay PLUS

Aiming to reduce running costs and further improve convenience, the new digital wallet LaLaPay PLUS will be launched in August by integrating the existing Maekyu service with the BANKIT® service of APLUS. In addition to improving user convenience, we will expand our services to flexibly respond to increasingly diverse and sophisticated needs by enhancing service scalability and development speed.

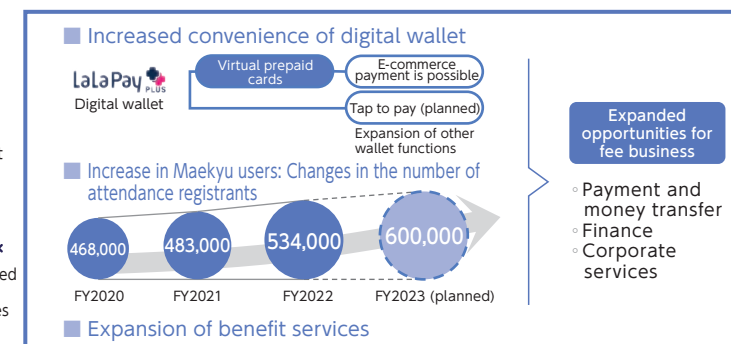
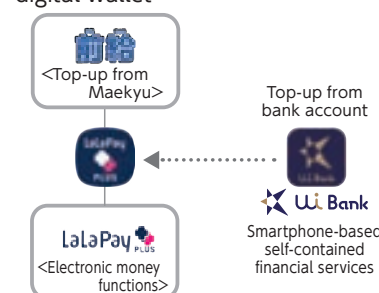


Development of new businesses

In addition to commission revenues from the Maekyu service and the LaLaPay PLUS wallet service, the development of three new businesses using this platform is planned. Specifically, we plan to develop a flat-rate service to solve DX and welfare benefit issues faced by SMEs, an employee finance business based on Maekyu, and a worker matching business aiming to solve the issue of securing human resources.

- The number of registered employees with attendance data in Maekyu has increased significantly. We will continue in our aim to increase the number of users, focusing on job-related activities.
- The number of stores that accept payment with the new digital wallet LaLaPay PLUS expanded through measures such as the introduction of contactless payment. We will further improve convenience by implementing new functions.

Digital financial functions around digital wallet



Business development being pursued

- Expand Maekyu and LaLaPay platforms, and aim for top market share in the salary prepayment market
- Move into matching business for part-time workers in order to address current labor shortage
- Provide new finance schemes utilizing attendance data and performance appraisal data

Corporate Customer Strategy

Key points of corporate customer strategy

➤ Promotion of main bank relationships

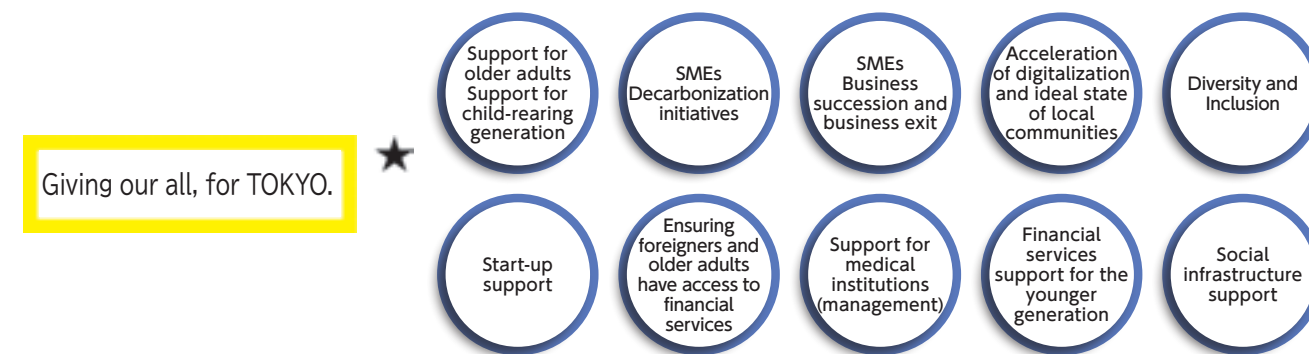
Provision of the best and most diverse financing schemes based on our deep understanding of our customers' businesses

➤ Provision of services that leverage the comprehensive strengths of all 21 Group companies

Proposal of a variety of solutions to diverse management issues by taking a consulting-based approach

➤ Provision of methods to approach new markets

Provision of domestic and international networks that link to the creation of business opportunities and new businesses



Kiraboshi Group's market environment

	Japan	Tokyo
Population (estimate)	124.86 million (as of December 1, 2022)	14.04 million (as of December 1, 2022) (Proportion: approx. 11%)
Gross domestic product (nominal) Tokyo gross municipal product (nominal)	¥550.5 trillion (FY2021)	¥109.6 trillion (FY2020) (Proportion: approx. 19%)
Number of companies (Corporations + individuals)	3,390,000 companies (2021)	422,000 companies (2021) (Proportion: approx. 12%)
Number of offices (Private offices)	5,078,000 offices (2021)	616,000 offices (2021) (Proportion: approx. 12%)

● Number of Kiraboshi Bank customers with main bank transaction relationship

	Number of companies (denominator)	Number of customers with main bank relationship	Share
Tokyo	231,678	7,075	3.05%
Kanagawa	78,938	2,832	3.58%
Total	310,616	9,907	3.18%

(Remarks)

"Population Estimates," Ministry of Internal Affairs and Communications; "Population (Estimates) of Tokyo," Tokyo Metropolitan Government
 "Annual Report on National Accounts for 2021," Cabinet Office; "Tokyo Statistical Yearbook (fiscal 2020)," Tokyo Metropolitan Government
 "Economic Census for Business Activity 2021 Preliminary Tabulation," Ministry of Internal Affairs and Communications
 Prepared based on a 2022 survey by TOKYO SHOKO RESEARCH, LTD. (The number of companies is based on the TOKYO SHOKO RESEARCH, LTD. database)

● Branch network

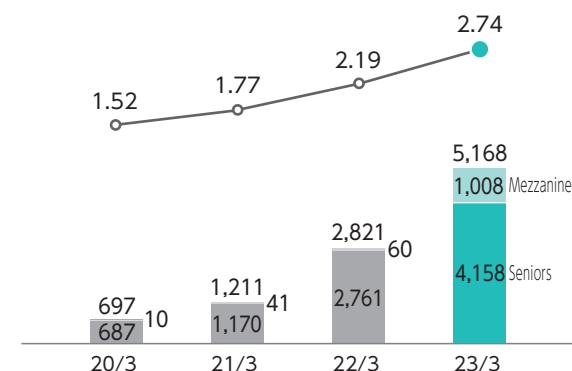
Tokyo	124 branches
Kanagawa	38 branches
Saitama	3 branches
Chiba	1 branch
Total	166 branches

166 branches, 114 offices

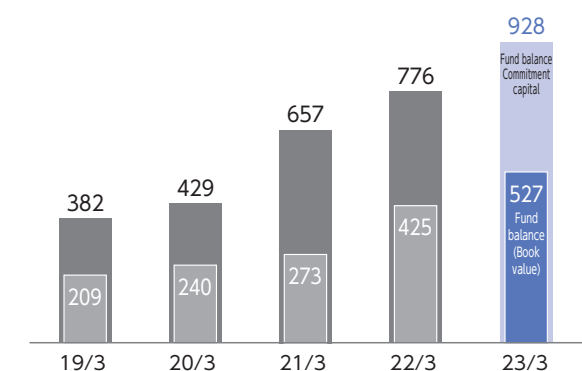
MF Division/SF Division/RF Division/PE Office



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

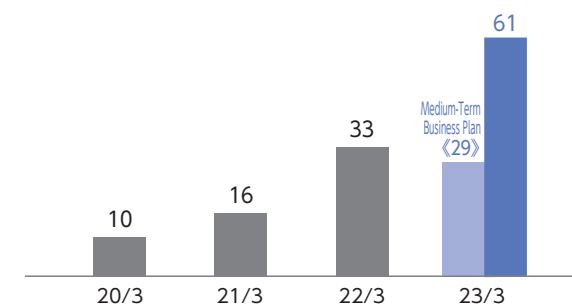


Status on investment in private equity funds (Unit: ¥100 million)



Commission income from corporate customers (main bank relationships and business financing) (Unit: ¥100 million)

Fee income related to **business financing, etc.** contributed to the increase in commission income



Breakdown of funds invested

Breakdown of funds invested	Number of funds	Remaining capital commitment
Venture fund	6	¥1.1 billion
Reconstruction and debt fund	6	¥2.9 billion
Buyout fund	58	¥37.7 billion
Others (real estate, infrastructure, etc.)	5	¥1.8 billion
Others (funds of Kiraboshi Capital, policy-based investment, etc.)	25	¥49.1 billion
Total:	100	¥92.8 billion

Kiraboshi Capital

MF Division (established in April 2021)

The MF Division consists of a main bank relationship building team, which works to resolve various issues for sales branch customers, and the Syndication Office, which is in charge of middle operations such as distribution, documentation, and agents.

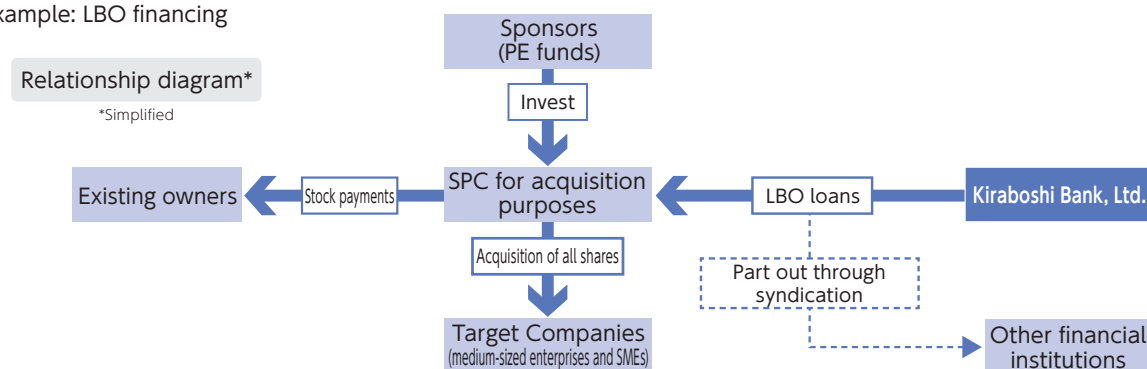
Examples of solutions implemented by the main bank relationship building team

- Total debt restructuring that contributes to improving customers' cash flows
- MBO financing for business succession
- Real estate non-recourse loans for asset liquidation
- Bridge loans to support business transfers and discontinuation
- Cross-border loans to overseas subsidiaries
- M&A financing to realize corporate growth strategies

SF Division (established in January 2019)

The SF Division mainly handles LBO financing within structured finance. The Division coordinates the needs of sponsors and other stakeholders as a team specializing in LBO financing to provide optimal financing schemes for projects structured by domestic and foreign private equity funds and financial institutions. After sponsors have invested in a project, the Division provides comprehensive support that makes full use of capabilities of the Kiraboshi Group to realize growth and exit strategies that leads to improvement of corporate value.

● Example: LBO financing



RF Division (established in April 2022)

The RF Division handles mainly real estate non-recourse loans within structured finance, and is involved in projects consisting of real estate investment funds and asset management companies. The Division is working on diversifying target asset types, with a focus on residential, healthcare and retail facilities, and office buildings, and is establishing a portfolio of loans with the aim to secure stable returns.

Active recruitment of specialized human resources

- Approximately a quarter of employees working in the SF, MF, and RF Divisions are mid-career hires.
- We organize teams by function that requires know-how, and nurture such teams by integrating mid-career hires with professional personnel.

Sales office support

- We hold regular training sessions (online and overnight courses) to improve the ability of employees to understand issues.

Strengthening external collaboration

- By strengthening collaboration with external networks such as private equity funds, consulting firms, and financial institutions, we are complementing each other's know-how, expanding our ability to provide solutions, and strengthening our information gathering capabilities.

PE Office (established in April 2022)

The PE Office aims to support improvements to the corporate value of medium-sized enterprises and SMEs through investments in private equity funds, expand opportunities for initiatives that include LBO loan structuring, and secure periodic income by diversified investment in assets, time, and income sources through portfolio establishment. The Office is also actively working to invest in policy investment funds that can promote collaboration with the Kiraboshi Group, such as support for business succession, capital restructuring, and support for start-ups and overseas expansion for customers including companies in which Kiraboshi Capital invests.



Toshiya Sasagawa
Managing Partner

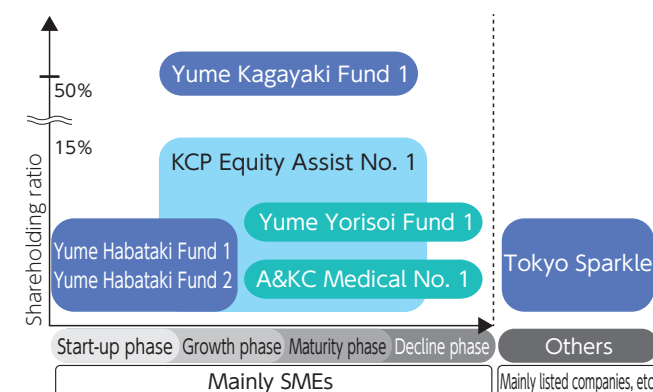
Nobuo Jinnai
President

Masato Ohtani
Deputy President

Kiraboshi Capital offers seven funds of six different types. By using these funds for investment, we will work to solve the issues facing our investees, with the aim to achieve further corporate growth together with their management and employees. To achieve this, we offer a wide range of services, from staffing, problem identification and solution formulation and internal system development to support for sales activities.

Nobuo Jinnai President, Kiraboshi Capital

● Seven funds of six different types to meet the needs of various customers



● Balance by fund

Name	Description	Total fund amount	Established
Yume Kagayaki Fund 1	Buyout investment	¥2.6 billion	Nov. 2018
Yume Habataki Fund 1	Growth capital investment	¥2.0 billion	Mar. 2019
Yume Yorisoi Fund 1	Mezzanine finance	¥12.5 billion	Aug. 2020
Tokyo Sparkle	Engagement investing	¥10.0 billion	Nov. 2020
A&KC Medical No. 1	Medical fund	¥3.0 billion	Mar. 2021
KCP Equity Assist No. 1	Equity investment (minority)	¥8.0 billion	Jun. 2021
Yume Habataki Fund 2	Growth capital investment	¥4.0 billion	Feb. 2023
Total:		¥42.2 billion	

[Buyout investment] Yume Kagayaki Fund 1

In principle, Yume Kagayaki Fund 1 acquires a majority stake in the investee, improves corporate value by providing hands-on support through problem solving and growth strategies, and delivers results by transferring investees to new partners.

[Growth capital investment] Yume Habataki Fund 1 & 2

Yume Habataki Fund 1 & 2 assist venture companies in strengthening their financial base by investing in their stocks and bonds with share options, etc., and support growth as a consultant to management, aiming for goals such as listing.

[Engagement investing] Tokyo Sparkle

Tokyo Sparkle proposes measures to improve value based on corporate value analysis, and provides advice through dialogue on financial and non-financial issues (including ESG) from a shareholders perspective. Once the results of our activities are reflected in the share price, the shares are sold in a manner that does not adversely affect the market.

[Mezzanine finance] Yume Yorisoi Fund 1

Yume Yorisoi Fund 1 provides financing through means such as capital loans and preferred equity investments, to meet the diverse needs of Kiraboshi Bank's customers, including strengthening their financial base and business successions.

A&KC Medical No. 1

A&KC Medical No. 1 provides financing to customers that engage in business with Kiraboshi Bank, through means such as capital loans to strengthen the financial base of business categories that are difficult to support with equity, such as medical corporations.

KCP Equity Assist No. 1

KCP Equity Assist No. 1 aims to provide a wide range of solutions, mainly support for M&A processes and PMI promotion for growth strategies, and business restructuring from the deteriorating business environment caused by COVID-19, aiming for returns commensurate to the methods used after achieving success.

International Strategy Division



Tran Dinh Thiep
Manager,
International Strategy Division

Yoshikazu Kojima
General Manager,
International Strategy Division

Hikaru Minoda
Joint General Manager,
International Strategy Division

Overseas offices that enable market-orientated support for overseas expansion

- Kiraboshi Bank is the only financial institution with offices specializing in consulting services in both China and Vietnam. Examples: Consulting on establishment of subsidiaries, support for various applications, consulting on business strategies, consulting on market research, coordination with various experts
- The Bank newly established a representative office in Bangkok, Thailand to support our overseas expansion throughout the ASEAN region.

- Providing Asian business support inside and outside Japan



<Example of market-orientated support for overseas expansion>

We introduced Japanese companies that match the needs of Vietnamese companies through relationship building with Vietnamese companies, and supported the creation of new businesses.

June 30, 2022 Established a network with Vietnamese companies and the Embassy of Vietnam by being the first Japanese bank to support the importing of Vietnamese polished white rice

November 18, 2022 Signed a memorandum of understanding with Tan Long Group, a leading Vietnamese company engaged in operations such as rice production and milling and pig farming, with the objective of contributing to further development of the economies of Japan and Vietnam and a more active cultural exchange between the two countries

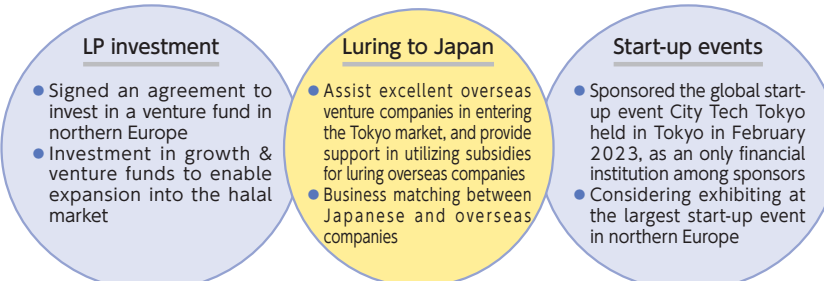


Support for overseas expansion of SMEs — time machine model —

To support the overseas expansion of Japanese SMEs with excellent technologies, Kiraboshi Bank provides overseas support using the time machine model which supports overseas expansion by providing guidance and excellent Japanese technologies and services to ASEAN companies. Moving forward, we will partner with Nissin Electric Co., Ltd. (Head office: Ukyo-ku, Kyoto; President: Yoshihiro Matsushita), which has been expanding into ASEAN for many years to support our customers' alliance businesses.

Support for overseas start-ups

Moving forward, we will gather information on overseas start-up companies using the overseas network (overseas partner banks, overseas funds, overseas government agencies) we have established to date. Aiming to become a "Kiraboshi Group specializing in overseas start-ups," we will further strengthen our overseas network to fulfill our hub function in Tokyo and support initiatives being taken by overseas companies entering the Tokyo market.



Moving forward, we will actively consider LP investments in overseas funds that develop not only in the ASEAN region, but also in other areas, including northern Europe, with the aim to establish a global-wide network.

SS Division (newly established in July 2023)

Since April 2021, the Kiraboshi Group has been working to support start-ups through its Start-up Support Office. In July 2023, the SS Division (Start-up Studio Division) was newly established to better strengthen our support functions. Moving forward, we will further accelerate our open innovation initiatives, centered on the functions of KicSpace HANEDA.

Specifically, we will discover and nurture start-ups by providing a range of opportunities including accelerator programs, innovation pitches by start-ups, business proposal-type open innovation that enables start-ups to make proposals directly to large corporations, and reverse pitches from large corporations.



Yoshiaki Hoshi
General Manager, SS Division

Collaboration with large corporations

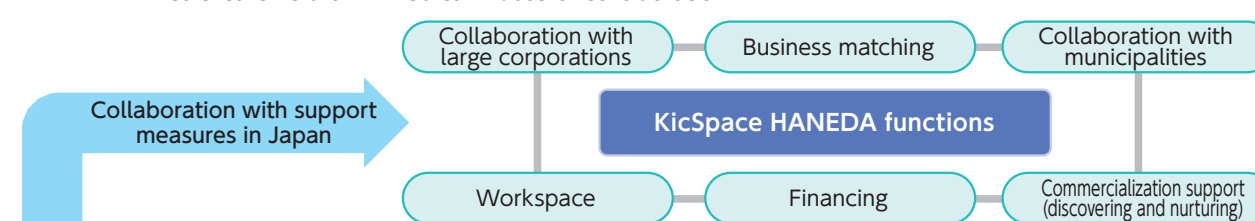
- We held an open innovation pitch event showcasing business proposals to H.I.S. Co., Ltd.
- We organized a pre-briefing session for the reverse pitch program to solve challenges facing GEOMATEC Co., Ltd.
- We are supporting the introduction of robots for digital transformation (DX) purposes as part of inter-facility collaboration with Future Lab HANEDA, which is operated by Kawasaki Heavy Industries, Ltd.

Business matching

- Each month, we hold Kiraboshi Pitch sessions based around various themes in a hybrid (in-person and online) format. This event is extremely popular, attracting around 100 participants on average, including business development personnel at large corporations and venture capitalists, and leads to opportunities for start-ups to raise funds and expand their sales channels.
- We held a seminar in collaboration with the Tokyo Bar Association on the legal risks to which start-ups are prone.

Collaboration with municipalities

- Products produced by companies supported by the Kiraboshi Group were exhibited at an event held in HANEDA x PiO, an Ota-ku facility. We have also received support from Ota-ku for Kiraboshi Pitch, a cross-industry exchange event for community members.
- We held a joint event with the Kawasaki Institute of Industrial Promotion for businesses interested in entering the healthcare field or in medical-industrial collaboration.



Commercialization support (discovering and nurturing) <https://kicspace.com/accelerator/>

- We are running an accelerator program for seed and early-stage start-ups. Over a five-month period, the Kiraboshi Group provides support in a unified effort, including mentoring to resolve issues, business matching, presentation advice, and consideration of the possibility of investment and financing.
- Experts within the Kiraboshi Group provide support related to law and intellectual property and other areas that are in high demand by start-ups.

Financing

- A dedicated team of venture capitalists capable of handling the entire financing process, from receipt of requests to execution and post-financing management, is on hand to meet the debt needs of venture companies.
- We hold study sessions and other events for start-ups in collaboration with venture capital firms such as Kiraboshi Capital, a member of the Kiraboshi Group, that specialize in the seed and early-stage.
- We are considering establishing a fund for seed and early-stage start-ups.

Retail Customer Strategy



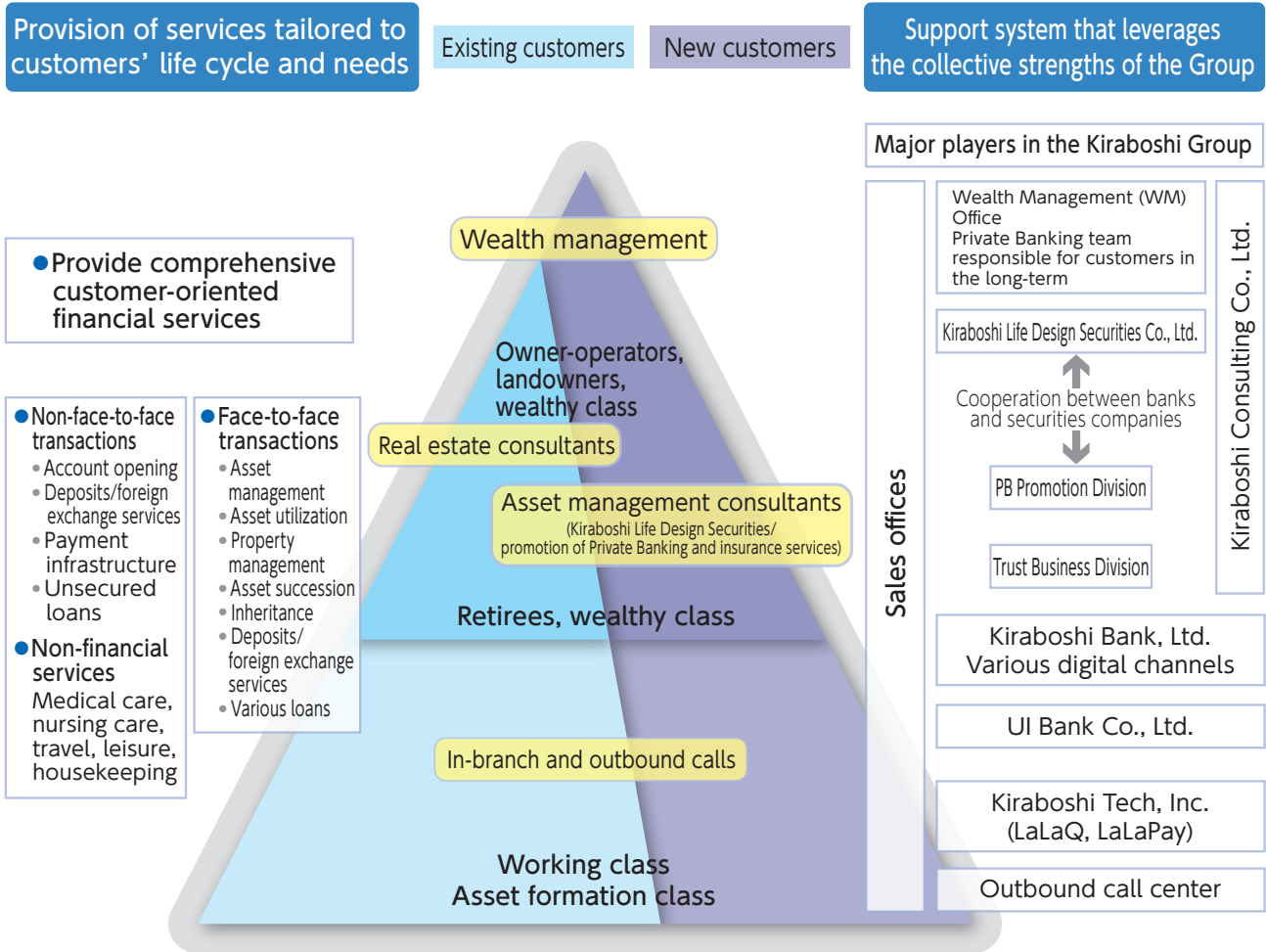
We deliver solutions to retail customers, corporate owners, and their employees through the collective strengths of the Kiraboshi Group. We will strive to deliver valuable financial services by connecting the strengths of Kiraboshi Group companies, centered on Kiraboshi Bank, to customers, identifying asset formation tailored to each customer and their asset management needs, and needs such as inheritance and the effective use of real estate, as well as carefully examining issues facing customers that have not yet manifested.

To this end, we are building a system that includes a Private Banking (PB) Promotion Division, led by a PB team with high expertise and a real estate consultant team; a Wealth Management (WM) Office, which accompanies customers through financial services over the long term, and the Premium Desk, which is a highly convenient non-face-to-face channel located in our call center. Moving forward, we will improve our consulting function and enhance our lineup of financial products to continue providing valuable financial services, thereby aiming to become a Kiraboshi Group that satisfies our customers.

Mitsuhiro Okabe General Manager, Business Planning Division, Kiraboshi Bank, Ltd.

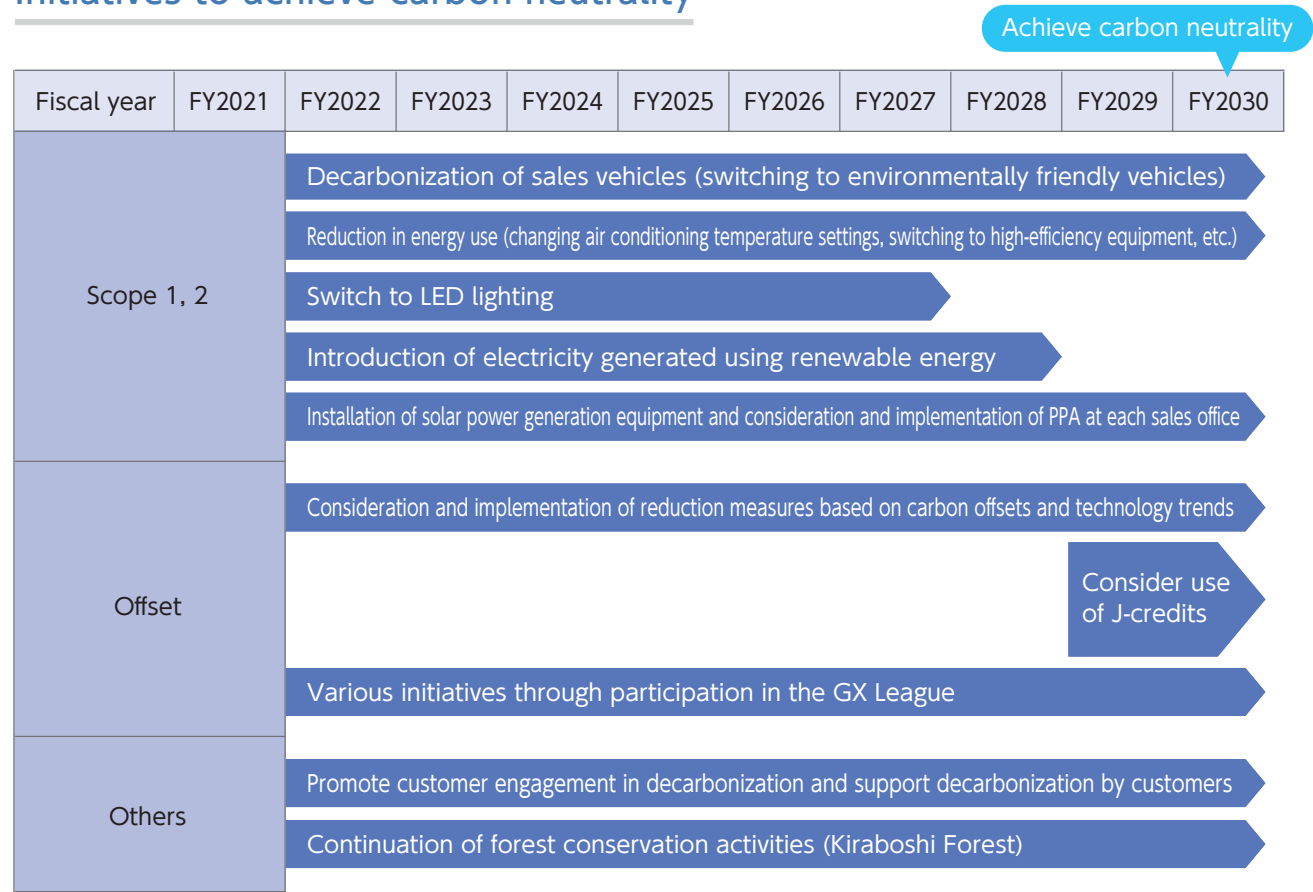
A financial group that is accessible anytime, anywhere

We strive to be a financial group that is accessible “anytime, anywhere” by providing financial services that meet the life cycle and needs of our customers, thereby aiming to be a financial group that can be used as a main bank group. By combining both face-to-face and non-face-to-face channels we will improve access convenience for customers and optimize the services we offer to meet their needs.



Initiatives Aimed at Sustainability

Initiatives to achieve carbon neutrality



● As described below, the Kiraboshi Group promotes initiatives to reduce our own environmental impact and transition to a decarbonized society, to contribute to the sustainable development of local economies and communities.

1. Switching to electricity derived from renewable energy sources

In FY2022, we started gradually switching to electricity with Non-fossil Certificates with tracking information* that certify the value of renewable energy, and we are working to procure electricity with zero CO₂ emissions at 69 offices, including our Head Office.

* Non-fossil Certificates with tracking information certify the "value of being derived from a non-fossil power source" for electricity generated by a non-fossil power source.

2. Replacement with environmentally friendly vehicles

Conventional gasoline vehicles emit large quantities of CO₂. Kiraboshi Bank also uses a large number of vehicles for sales activities. As part of our initiative to achieve carbon neutrality, we are replacing our fleet with environmentally friendly vehicles such as electric vehicles (EVs) and we have installed quick charging facilities for EVs in the Head Office building. We will consider further replacement of our fleet with environmentally friendly vehicles with the aim to further reduce CO₂ emissions.

3. Cooperating with the campaign for growing low pollen forests

We cooperate with "the campaign for growing low pollen forests," which aims to pass on healthy forests to the future, through "term deposits for growing low pollen forests" and forest conservation activities. In addition to working toward the spread of environmental protection activities through the handling of term deposits, we are making donations for "growing low pollen forests" every year. Furthermore, we have concluded an agreement on forest maintenance and are participating in forest creation of a part of forests in Hachioji, Tokyo, as "Corporate Forests - Kiraboshi Forest." Through forestation, we will contribute to a decarbonized society by helping to increase the absorption of CO₂, which is a factor in global warming.

4. Certified under the "Tokyo Forest Action" accreditation system

With regard to the Kiraboshi Bank Head Office and the Takinogawa branch (and central operations center) that were constructed using materials from Tama, the use of Tokyo forestry resources as construction materials was appreciated by the Tokyo Metropolitan Government, which certified the Group under the "Tokyo Forest Action accreditation system (recognition of CO₂ volume fixed by means of buildings, etc.)"

First regional financial institution to conclude a partnership agreement with the Tokyo Metropolitan Government for vitalization of sustainable finance

Partnership items included in the agreement

- (1) Promote sustainability management promotion activities in cooperation with financial institutions
- (2) Initiatives to disseminate and promote sustainability management at SMEs
- (3) Disseminate information on sustainability management such as cases of excellent initiatives



Loan products in partnership with the Tokyo Metropolitan Government

Offering of loan system using the Tokyo Metropolitan Government's Tokyo Carbon Reduction Reporting Program

In June 2022, in collaboration with the Tokyo Metropolitan Government and the Tokyo Environmental Public Service Corporation, Kiraboshi Bank began offering Kiraboshi Decarbonization Support Loans as a financing measure that is easy for customers in a wide range of fields to implement.

Product features

- The product is for SMEs, etc. that have submitted a Carbon Reduction Report in accordance with the reporting program managed by the Tokyo Metropolitan Government's Bureau of Environment. Preferential interest rates are applied in the first year after accommodating the loan.
- Borrowers will be listed on the Kiraboshi Bank website as a company engaging in decarbonization efforts using this product.



* The Tokyo Carbon Reduction Reporting Program is a system for businesses that own or use small- and medium-sized business establishments in Tokyo to report the state of their initiatives to the Tokyo Metropolitan Government, with the aim of monitoring the CO₂ emissions of each business establishment and implementing ongoing measures to prevent global warming.

Offering of Kiraboshi Sustainability Linked Loans

In December 2022, Kiraboshi Bank began offering the Kiraboshi Sustainability Linked Loans to promote sustainability management among medium-sized enterprises and SMEs.

Product features

- We have established an appraisal system within the Group to offer lower appraisal costs compared to ordinary sustainability linked loans.
- Some appraisal costs are subsidized* through a partnership agreement with the Tokyo Metropolitan Government.
- Kiraboshi Bank has also announced initiatives of the borrowers as companies using this product.



* Tokyo Metropolitan Government subsidies are subject to certain requirements and screening, and are not always available for use.

Initiatives Aimed at Sustainability

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.

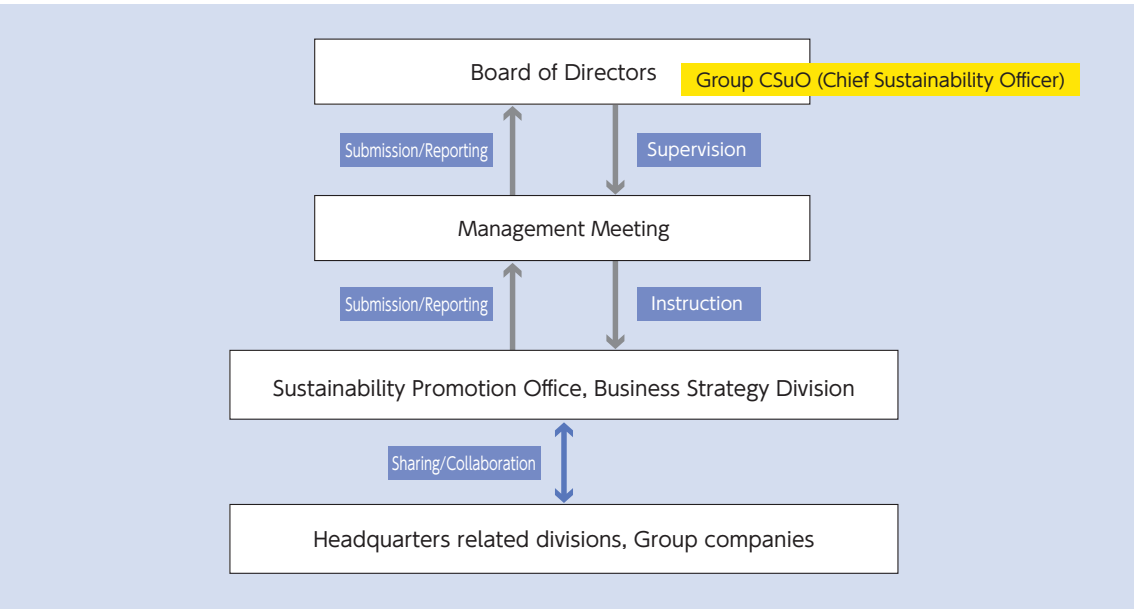
Governance

- The “Sustainability Promotion Office,” which is responsible for planning and overall management of sustainability, was established in the Business Strategy Division. Based on various policies, the Office plans and formulates sustainability promotion of the Group and engages in coordination with parties including Group companies and relevant departments. The Sustainability Promotion Office is responsible for environmental issues and submits related proposals and reports to the Management Meeting and to the Board of Directors.
- The director in charge of the Business Strategy Division is the “Group 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 Meeting 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



Strategy

Management strategy on sustainability

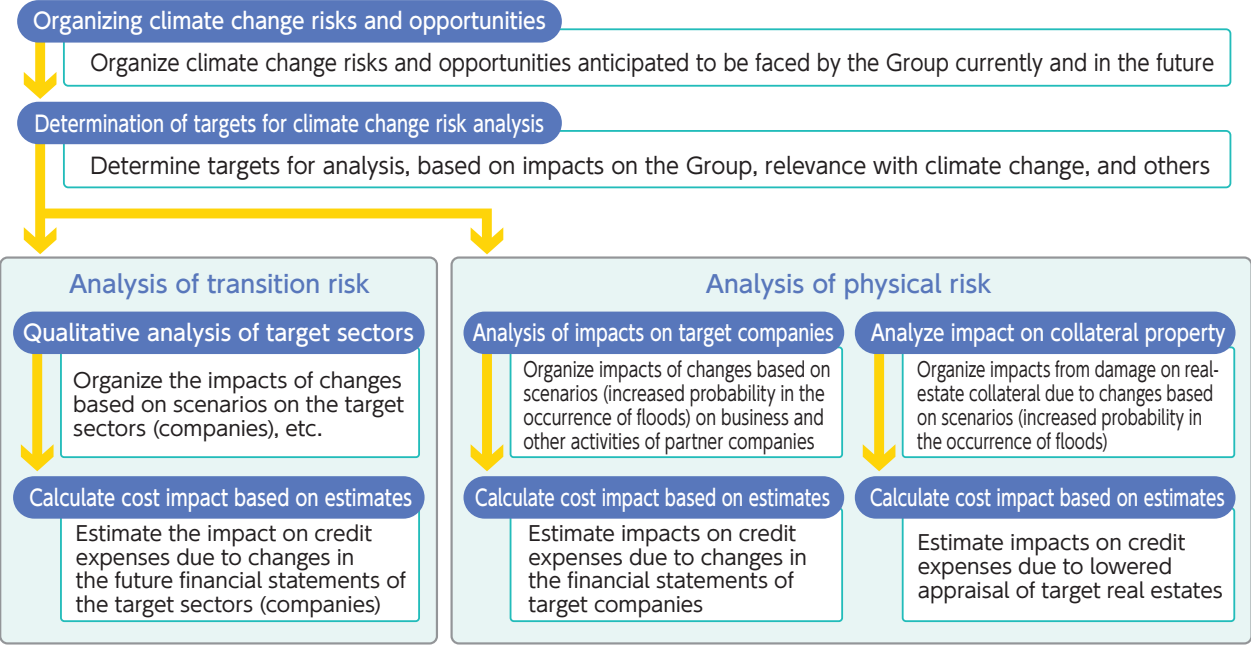
- In order to move forward in addressing the risks and opportunities presented by environmental issues, we aim to deepen our dialogue with customers and local communities, and contribute to local communities to realize a sustainable society.
- We will create common value with local communities and customers 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 terms of 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.

(1) 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

* Transition risks are analyzed for the electricity, gas, and transportation sectors. Moving forward, we will work to improve our analytical methods and expand target sectors.



- 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

Initiatives Aimed at Sustainability

(2) 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 electricity, gas and transportation sectors within the energy sector 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 and transportation sectors within the energy sector
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 ¥4.0 to 14.0 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 with head offices in Tokyo or the three prefectures in the Kanto region	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 ¥8.9 billion at a maximum	

Credit exposure to carbon-related assets

- Carbon-related exposure for Kiraboshi Bank is as described below.
- 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 conducting business restructure to mitigate impacts of climate change.

Total for the carbon-related sectors	¥33.1 billion
Ratio to the total	0.7%

* Sectors targeted for disclosure: electricity (excluding photovoltaic power and renewable energy related companies), gas, coal
* 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.

Risk management

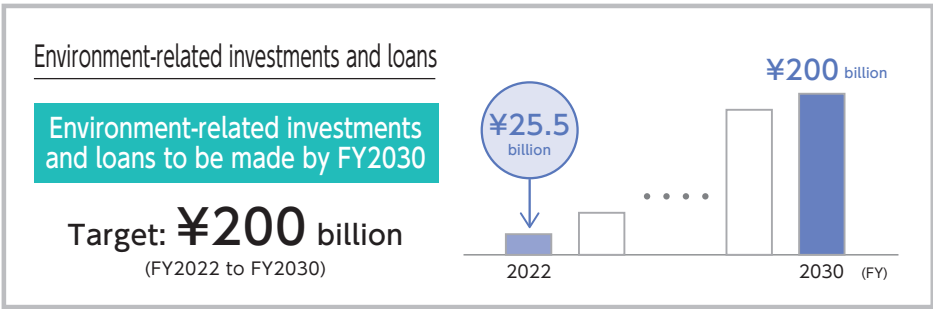
- We regard climate change risk as a significant risk, and will work to build a system enabling management under the framework of integrated risk management, taking into account the degree of impact and probability.
- In order for the Group to contribute to the realization of sustainable local communities as a regional financial institution 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 understand issues and needs of customers and provide solutions, and thereby identify business opportunities and strengthen risk management of the Group and customers.

Sustainability indicator and targets

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

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

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

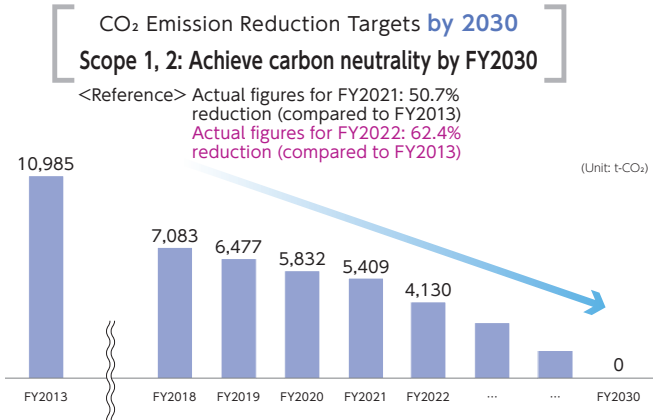


- We will continue to proactively provide sustainable finance by supporting customers' efforts such as response to climate change.

Setting of the Group's targets for mitigating environmental burden

Achieve carbon neutrality for Scopes 1 and 2 by FY2030

- We have been engaged in the reduction of CO₂ emissions until now, and while continuing to proceed with transition to LED lighting and replacement with environmentally friendly vehicles, we will proceed with a shift to electricity from renewable energy sources.
- We will push forward with examination of Scope 3 measurement techniques.



FY	2013 [Reference year]	2019	2020	2021	2022
CO ₂ emissions (t-CO ₂)	10,985	6,477	5,832	5,409	4,130
Scope 1 (t-CO ₂)	721	652	480	485	450
City gas used (1,000 m ³)	183	152	75	77	73
Gasoline used (kℓ)	135	135	135	135	124
Scope 2	10,263	5,824	5,351	4,924	3,680
Electricity used (1,000 kWh)	18,627	12,902	12,772	12,079	11,345
CO ₂ emissions reduction rate compared with FY2013	—	(41.04)%	(46.91)%	(50.76)%	(62.40)%

* 1: For the amounts of gasoline used, actual figures in FY2021 are used in or before FY2020.
* 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.

Risk Management

Message from the Risk Management Officer

Supporting Giving our all, for TOKYO. through Risk Management

Risk management to underpin a comprehensive service business

The Tokyo market is moving quickly forward now that it has emerged from the shadow of COVID-19. The Kiraboshi Group is building a more diverse range of services as an urban-type regional financial group in order to meet the various needs of SMEs and individual customers. Those services include financing that focuses primarily on lending and investment as well as M&A, business matching, and other consulting services, welfare benefits and payroll calculations to support general affairs and human resources departments, and asset management to support asset formation. We have also established a second bank within the Group that serves as a digital bank because we want to expand our business operations to thoroughly satisfy customer needs. We need to strengthen the roles of our risk management division as our business develops.

We work to enhance our risk management system while developing business by ensuring a full grasp of all relevant laws and regulations, establishing a mechanism to facilitate in-depth conversations with frontline staff in order to identify risks, and actively discussing risk and asset control at the management level in the Company's specialist committees and the Management Meeting. As the Kiraboshi Group continues to diversify, we will support the Giving our all, for TOKYO. project by conducting risk management according to the Group's risk management system, which promotes the integral management of affiliated companies.

Visualizing risk

We have established a system for quantitatively monitoring credit risk, interest rate risk, price fluctuation risk, and other financial risks, and we strive to play an effective role in management by voicing opinions in a timely and appropriate manner. In order not only to avoid risk, but also to secure targeted profits through appropriate risk-taking, we actively engage in discussion at the management level to keep total risk within a certain range based on the return on risk assets (RORA) ratio.

We manage operational risks, such as clerical risk, systems risk, and outsourcing risk, along with compliance and conduct risks in our overall operations. We have established an integrated system across the Group that enables management to quickly grasp any clerical errors, accidents, complaints, or other apparent risks, and encourage remedial action. As the Group CRO and CIO, I am working to strengthen the Group's overall ability to address any risk events that are likely to have a significant impact on our business, such as cyber risk, information management, and anti-money laundering and countering financing of terrorism (AML/CFT). The launches of all new businesses and products are controlled as a groupwide operation. We have established a system that relies on self-evaluations from each of the Group's business lines. The departments responsible for different types of risk identify and evaluate those risks across the Group. The Management Meeting makes Group decisions following active discussion in the committee.

Leveraging the strengths of regional financial institutions

We believe the close relationships between Group companies, officers, and executive divisions enable us to communicate quickly on important matters, and that, we feel, is one of the Kiraboshi Group's greatest strengths. We intend to make sure that officers and employees work together to realize solid organizational management and enable our three lines of defense to work closely together to strengthen internal control in a way that does not lead to siloed risk management.



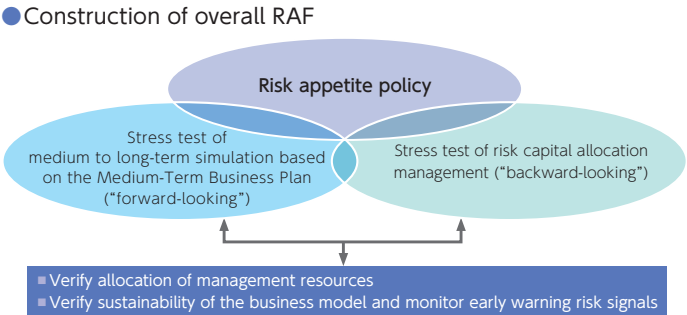
Satoru Nobeta
Director Senior Managing
Executive Officer
Group CRO, Group CIO
Tokyo Kiraboshi Financial
Group, Inc.
Director and Senior Executive
Officer
Kiraboshi Bank, Ltd.

Trial implementation of Risk Appetite Framework

The Risk Appetite Framework (RAF) is a framework for clarifying the risk appetite for the sake of achieving business strategies and financial plan, thereby conducting business management and risk management. 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 RAF, the Kiraboshi Group compiled indicators for risk appetite for the purpose of achieving sustainable growth with a good balance of income, risk, and capital. By monitoring the indicators periodically, the Group verifies the optimization of risk and return, a balance between capital efficiency and soundness, risk prediction management, and an appropriate allocation of management resources.

Key indicators related to risk appetite	Main items considered
RORA	Optimization of risk and return, etc.
ROE	Capital efficiency, etc.
Capital adequacy ratio	Capital soundness, management of risk predictions, etc.
Income by department	Optimal allocation of management resources, etc.



Group risk management system

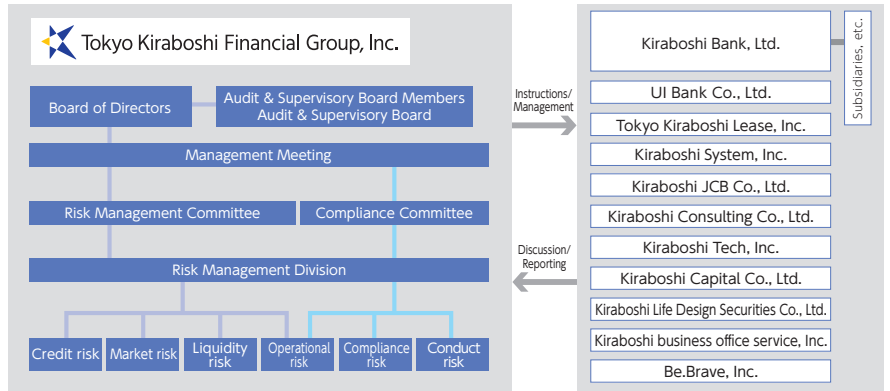
Basic approach

The Kiraboshi Group considers the risk management as one of the top priority management issues and, in order to ensure the sound and appropriate business operations of each Group company, endeavors to conduct suitable management of various risks in accordance with the Group Basic Policy for Risk Management below under appropriate group business management (governance).

Group Basic Policy for Risk Management

1. Considering the risk management as the top priority issue in the management of the Kiraboshi Group, the Group will recognize the importance of risk management of the entire Group, including management of risks specific to the group system such as outline of the characteristics of various risks and the spread of risks. The Kiraboshi Group will conduct suitable management by establishing the management system for each type of risk.
2. The Group will manage subsidiaries so that the appropriate risk management is performed by them from the viewpoint of ensuring soundness.

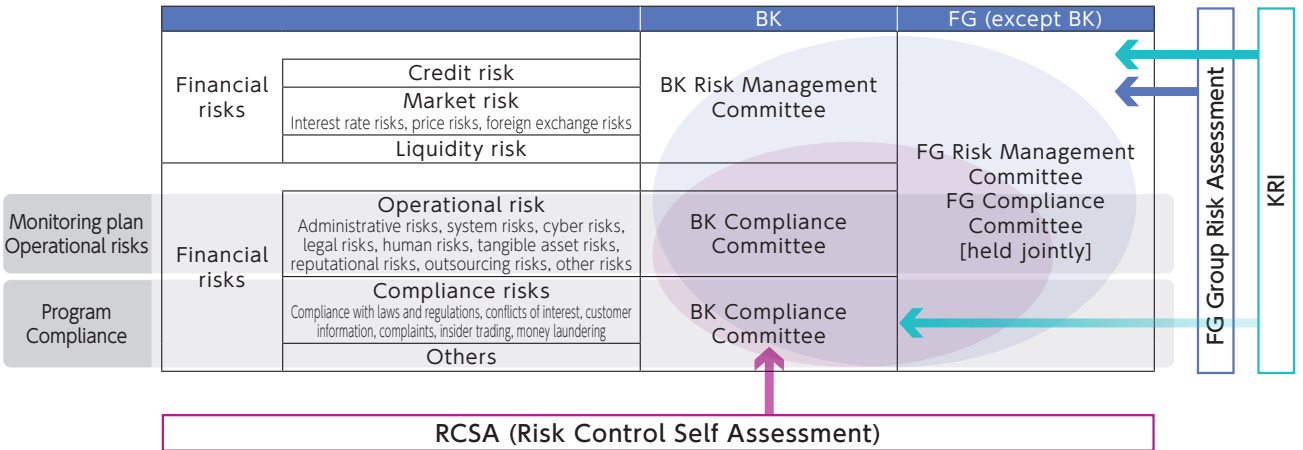
● Chart of risk management system



Establishment of Group risk management system

The Kiraboshi Group has strengthened its management system to visualize Group company risks and establish a Group-wide horizontal management system in response to diversifying customer needs and expanding Group operations. As of June 2023, the following risk management methods have been introduced in an effort to enhance the Group's risk management system.

- Group Risk Assessment (annual)
- KRI (Key Risk Indicator) planning and monitoring (quarterly)
- Operational risk monitoring plan and monitoring (semi-annual)
- Compliance program (annual)
- RCSA (annual assessment based on own scenarios, quarterly assessment based on other companies' scenarios)



Risk Management

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 controls the amount of market

risk to avoid becoming excessive through such measures as setting limits for holdings and losses, monitoring the status of compliance, measuring the amount of risk such as VaR, 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 risk, and puts in place a risk management system that covers business operations in general.

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.

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.

Cyber risks

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 (Group Chief Information Officer) and has assigned persons in charge cybersecurity to the Risk Management Department, 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 related to cyberattacks.

We are also pushing forward with the establishment of 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 raise awareness of cybersecurity within the Group.

Furthermore, 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.

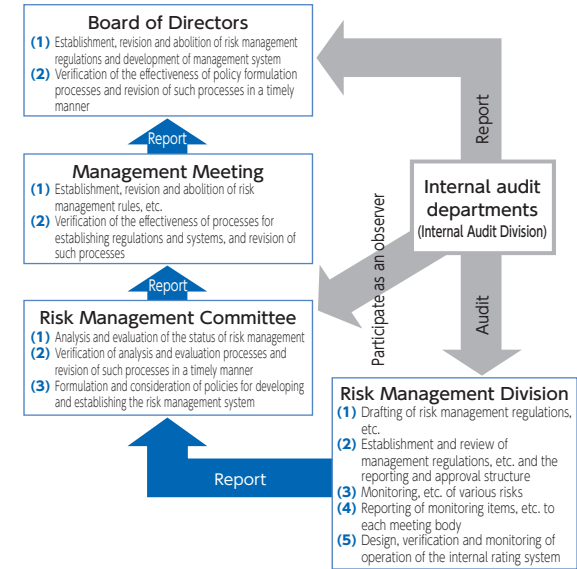
Risk event	Risk scenario	Major risk control
Cyberattack	Loss of social trust due to leakage of customer information, confidential information, etc. attributable to service suspension caused by a cyberattack	<ul style="list-style-type: none">● Vulnerability diagnosis on websites, etc. and taking measures 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.

Risk governance system

The Risk Management Division develops and establishes the risk management system and formulates policies in accordance with the Group Basic Policy for Risk Management, and supervises risk management of the Kiraboshi Group.

In addition, the Division identifies and manages various risks faced by the Kiraboshi Group in accordance with various regulations (Integrated Risk Management Regulations, Credit Risk Management Policy, Operational Risk Management Regulations, etc.)

- (1) Building, maintaining, and reviewing the integrated risk management system
- (2) Verifying and reviewing the effectiveness of methods and management systems related to risk management
- (3) Monitoring various risks (credit risk, market risk, liquidity risk and operational risk)
- (4) Reporting the status of risk management (the status of use of allocated capital, the status of compliance with various management standards, etc.) to the Risk Management Committee, the Management Meeting and the Board of Directors



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.

Compliance

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.

Status of putting in place the compliance system

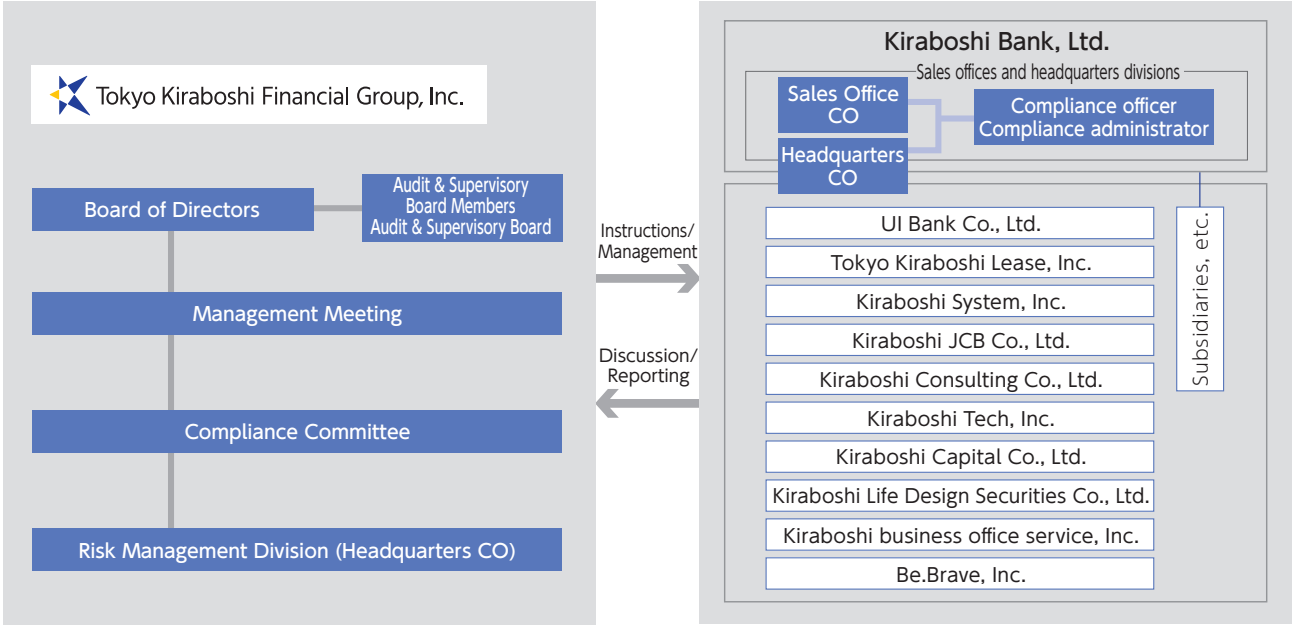
The Kiraboshi Group establishes a compliance program for each fiscal year, and the management team takes the lead in an effort to prevent the occurrence and recurrence of not only actual risks but also potential risks by taking steps such as disseminating and providing education on compliance matters including conduct risk required for appropriate business operation and improvement of quality of operations, and monitoring and controlling the status of establishment and implementation.

The Kiraboshi Group also has established the Compliance Committee to propose measures, etc. for the compliance-related matters of the Group and to strengthen and improve compliance functions. In addition, the Group has assigned the officer in

charge of the Risk Management Division as the chief compliance officer, and established the Risk Management Division as the division supervising compliance related matters, thereby putting a system in place.

We created the "Headquarters Compliance Officer (Headquarters CO)" role in December 2020 to enhance the Group's ability to respond to compliance risk, and the "Sales Office Compliance Officer (Sales Office CO)" role who stands in between the first and second lines of defense in April 2021 to strengthen collaboration between sales offices and the headquarters. In these ways, we are striving to further develop and strengthen the system related to compliance.

Chart of compliance system



Whistleblowing (hotline) system

The Kiraboshi Group has established the "Hotline System" as a mechanism for responding properly to an officer, employee, dispatched worker, part-time worker, or other staff who initiates whistleblowing or wishes to have a consultation about violation of laws and regulations and other improper compliance issues (including harassment). Kiraboshi Bank, Ltd. has established a contact point for whistleblowing internally in the Compliance Section of Risk Management Department and

externally in the law firm which its legal counsel works for. 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.

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

As crime groups transfer funds across a broader range of regions 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, and its basic policy is to establish an effective management system to maintain the public trust, while making efforts to constantly verify and sophisticate the system.

The Kiraboshi 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 basis to establish a system to ensure the effective functioning and appropriateness of the anti-money laundering system.

More specifically, we designate documents created by specified business operators under the "Act on Prevention of Transfer of Criminal Proceeds" as a form of "risk assessment report" by which we comprehensively and specifically identify and assess risks. In addition, we continuously take measures to mitigate AML/CFT risks by introducing and operating a customer rating system. From the viewpoint of continuous customer management, we continuously strive to further mitigate risks, such as by conducting questionnaires to customers whom we have assigned customer ratings, with the exception of Simplified Due Diligence (SDD) customers.

In addition, the Kiraboshi Bank continuously works to enable employees to acquire and improve knowledge by implementing internal AML/CFT training and supporting them in taking and passing external examinations.

Establishment of system to exclude antisocial forces

While always being aware of our gravity of public mission and social responsibility, 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 order and safety of civil society and resolutely excluding undue demand and intervention by antisocial forces.

More specifically, we have established the "Basic Policy on Dealing with Antisocial Forces" and the

"Basic Rules on Dealing with Antisocial Forces," and are working to conduct training and education for officers, employees, etc. In addition, the Risk Management Division centrally manages information related to antisocial forces, while the Company and Group companies strive to collect and share information. In addition, in response to requests from police authorities, we are also working to assist former crime group members open bank accounts.

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 strictly comply with laws, regulations, and rules and undertake corporate activities in a faithful and fair manner.

We provide officers and employees with level-specific group training, etc. with themes such as fiduciary duty, management of customer information, and management of conflict of interest. Through such efforts, we strive to ensure customer protection and compliance.

The Kiraboshi Group has established the "Customer Relations Center" as a specialized department to receive complaints, etc. from customers, and contracted with the "Japanese Bankers Association

Consultation Office," a designated dispute resolution body, to offer a "financial ADR system" which facilitates the resolution of conflict with customers through the involvement of a third party.

In addition, the Kiraboshi Group collects and manages "customer feedback" provided through its website and via mail, and works to improve various operations and quality. "Customer feedback" is centrally managed at the Customer Relations Center, and the information is shared with officers and others including related divisions at the headquarters.

With regard to complaints arising from "customer service," the HM Office, which was newly established in May 2023, is working to improve business quality by analyzing their true causes, providing guidance to sales branches, and providing training.

Initiatives to make use of customer feedback (Kiraboshi Group)



Corporate Governance

Directors of Tokyo Kiraboshi Financial Group



(Back row from left)						
Hideki Uchida Audit & Supervisory Board Member	Katsuya Tsuboi Full-time Audit & Supervisory Board Member	Takeshi Miura Director Managing Executive Officer	Shuya Nomura Outside Director	Hidenori Tsunehisa Deputy President	Satoru Nobeta Director Senior Managing Executive Officer	Takeshi Yoshino Director Executive Officer
(Front row from left)						
Kayo Todo Outside Audit & Supervisory Board Member		Shoji Nishio Outside Director	Hisanobu Watanabe President	Yuki Takahashi Outside Director	Nobuko Inaba Outside Audit & Supervisory Board Member	

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 management philosophy and the Group's vision,

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>

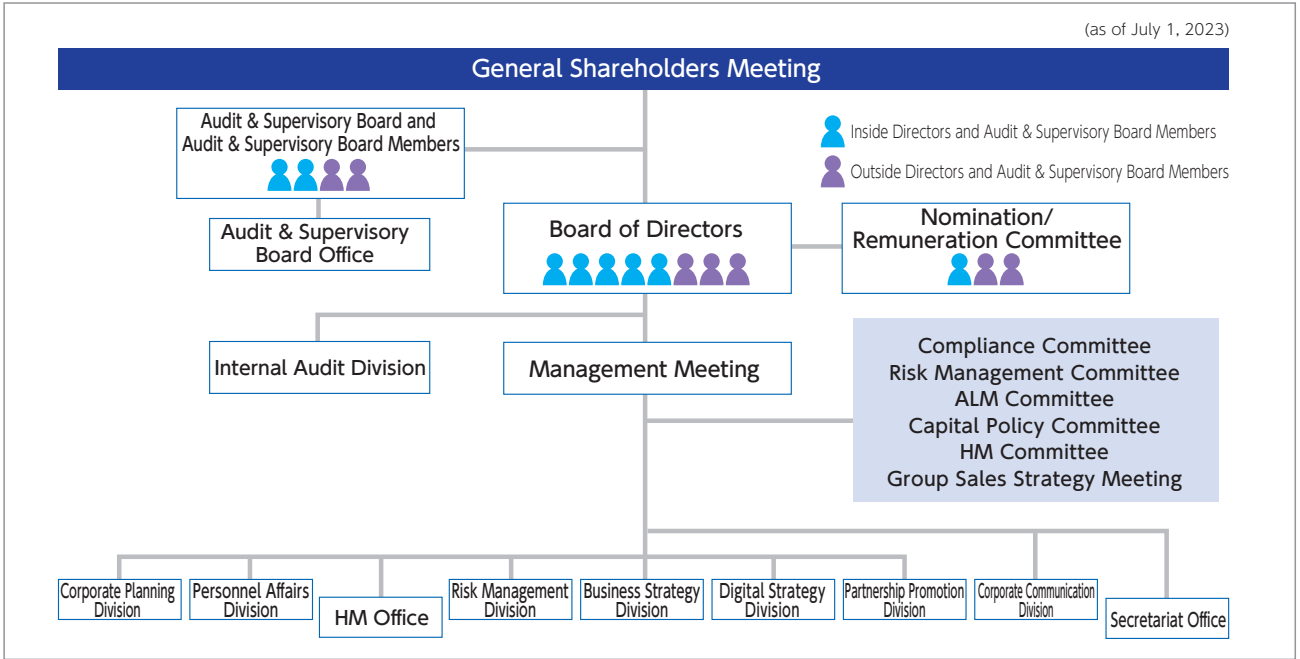


Outline of corporate governance system

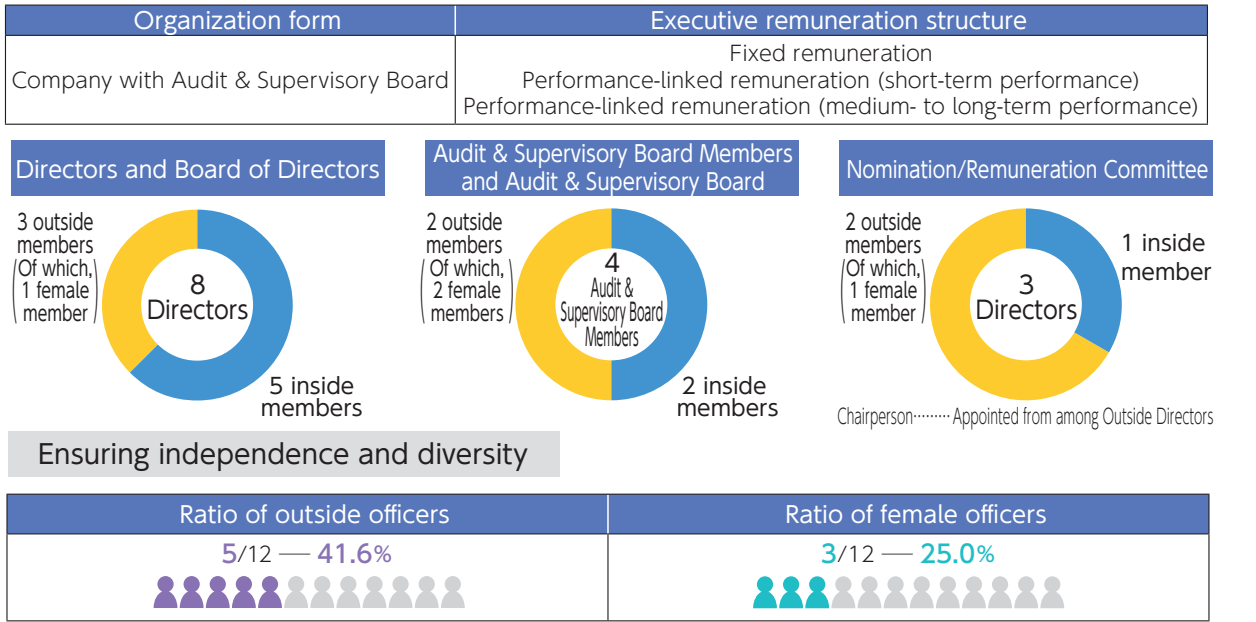
The Company is a company with Audit & Supervisory Board. The Board of Directors supervises the execution of duties by Directors, and Audit & Supervisory Board Members and the Audit & Supervisory Board audit the execution of duties by Directors. The Company believes that the appropriateness of management 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



Outline of corporate governance system



Corporate Governance

Business execution and supervisory function

Directors and Board of Directors

The Board of Directors consists of eight 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.

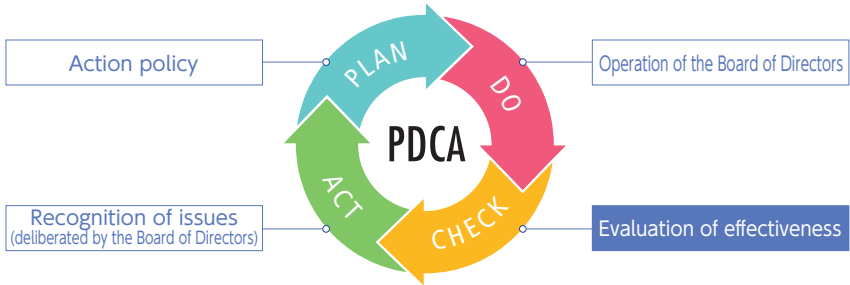
Main agendas discussed at the Board of Directors (FY2022)	
<ul style="list-style-type: none">●Tokyo Kiraboshi Financial Group's consolidated profits plan●Examination of profits plan for FY2022 and report on medium- to long-term simulation●Progress of KGIs and KPIs under the Medium-Term Business Plan●Introduction of CRM system●Results of examination of economic rationality and necessity of cross-shareholdings and status of exercise of voting rights	<ul style="list-style-type: none">●Evaluation of the effectiveness of the Board of Directors●Development of a brand strategy●Status of compliance with items requiring disclosure under TCFD●Sustainability initiatives●Group risk management plan●Results of external evaluation of the effectiveness of the internal audit system●Approval of the internal audit plan

Evaluation of the effectiveness of the Board of Directors

The Company conducts self-evaluation on the effectiveness of the Board of Directors as well as evaluation which involves third party organizations, with the aim of improving functions of the Board of Directors and increasing corporate value. We conduct questionnaire surveys of all Directors and Audit & Supervisory Board Members who are members of the Board of Directors (some officers are also interviewed individually by third-party organizations) in regard to the composition, operation, discussion, monitoring functions, etc. of the Board of Directors, 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 FY2022, the Board of Directors was evaluated as being able to secure its effectiveness as a result of

improvements at the Board of Directors such as "narrowing down of agenda items" and "reduction of time required for explanations thanks to the enhancement of advance explanations." We will continue to "further reduce the number of agenda items" and "ensure sufficient time to deliberate important agenda items (group strategy, DX strategy, sustainability initiatives, etc.)" so that the Board of Directors can have more essential discussions than before. As such, we will clarify management issues and invigorate discussions to resolve such issues, and thereby work to further improve effectiveness and strengthen governance.

FY2023 action policy to promote essential discussions
➤ Further reduce the number of agenda items
➤ Ensure sufficient time to deliberate important agenda items (group strategy, DX strategy, etc.)



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 Meeting

Under the Board of Directors, the Company has established the Management Meeting that consists of Directors, and holds one meeting in principle each week and other extraordinary meetings whenever the need arises. The Management Meeting 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," and the

"HM 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 Sales Strategy Meeting

The Group Sales Strategy Meeting is established under the Management Meeting to ascertain the progress status of profit plans of the Group's sales departments, as well as to discuss various measures and actions related to important sales strategies that contribute to profitability improvement and to strengthen sales capabilities to improve business performance. The Meeting is held regularly and at any time whenever the need arises in accordance with its 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 whistle-blowing 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.

Corporate Governance

Reasons for appointment of outside officers

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.
Shoji Nishio, Outside Director	Mr. Shoji Nishio previously served as Managing Director, General Manager of SMEs Regeneration Assistance Division and General Manager of SMEs Division at The Tokyo Chamber of Commerce and Industry. He has a wealth of experience in management consultation, regeneration assistance, business succession, etc. for small and medium enterprises. 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.
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.
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	●	●	●	●	●	●	●	
Hideori Tsunehisa	Deputy President	●	●		●	●	●	●	●
Satoru Nobeta	Director Senior Managing Executive Officer	●		●	●	●			●
Takeshi Miura	Director Managing Executive Officer	●			●	●		●	●
Takeshi Yoshino	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	●				●		●	
Shoji Nishio	Outside Director	●	●				●	●	
Shuya Nomura	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.

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 Group's Directors (excluding Outside Directors) is

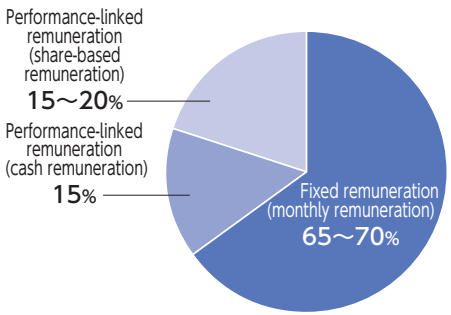
structured to be made up as follows with fixed remuneration (monthly remuneration) as base remuneration, in addition to a combination of cash remuneration which is linked with short-term business performance, etc. and share-based remuneration using a board benefit trust linked with medium- to long-term 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, 2021. 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.

● Partial changes to the system for "performance-linked remuneration (share-based remuneration)"

The details of this system have been partially changed with the aim of strengthening the link between share-based remuneration and shareholder value even more and enhancing the effect of the incentive even further. Previously, the timing for receiving the delivery of shares of the Company's stock equivalent to the number of points granted was at the time of retirement. However, starting from points granted in FY2023, we decided to deliver shares on or after each date on which points are granted (which, as a general rule, occurs every fiscal year), within a certain period of time (as a general rule, within the same fiscal year as the date on which points are granted), and to impose transfer restrictions on the shares until retirement.

Audit & Supervisory Board Members

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.

Tokyo Kiraboshi Financial Group, Inc.

Officers (As of July 1, 2023)



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
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
Deputy President Group CSO
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. current position



Satoru Nobeta, Group CIO
Director and Senior Managing Executive Officer Group CRO
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. current position
Jun. 2023 Director and Senior Managing Executive Officer, Tokyo Kiraboshi Financial Group, Inc. current position



Shoji Nishio,
Outside Director
Career Summary
Mar. 1978 Joined The Tokyo Chamber of Commerce and Industry
Jun. 2016 Managing Director, The Tokyo Chamber of Commerce and Industry
May 2019 Outside Audit & Supervisory Board Member, WORLD TRADE CENTER BUILDING, INC.
Jun. 2019 Outside Director, Tokyo Kiraboshi Financial Group, Inc. current position
Apr. 2021 Associate Advisor, The Tokyo Chamber of Commerce and Industry



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



Katsuya Tsuboi,
Full-time Audit & Supervisory Board Member
Career Summary
Apr. 1984 Joined The Sanwa Bank, Ltd.
Jun. 2012 Joined the ShinGinko Tokyo, Limited
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



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. current position
Jun. 2022 Director, Tokyo Kiraboshi Financial Group, Inc.
Jun. 2023 Director and Managing Executive Officer, Tokyo Kiraboshi Financial Group, Inc. current position



Takeshi Yoshino,
Director and 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. current position
Jun. 2023 Director and Executive Officer, General Manager of Corporate Planning Division, 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



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.
Jun. 2022 Audit & Supervisory Board Members, 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

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

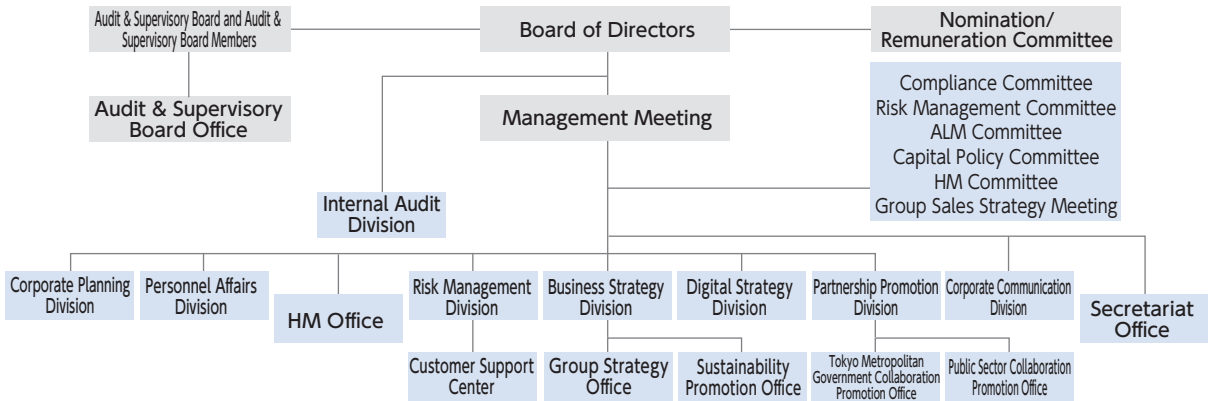
Nobuyuki Yasuda, Managing Executive Officer Yoshiaki Nakano, Managing Executive Officer Masahiro Ogura, Executive Officer Tsutomu Mano, Executive Officer

Company Overview (As of March 31, 2023)



Business name	Tokyo Kiraboshi Financial Group, Inc.
Business details	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
Established	October 1, 2014
Capital	¥27.5 billion
Exchange listing	Tokyo Stock Exchange, Prime Market (Securities Code: 7173)

Organization Chart (As of July 1, 2023)



Kiraboshi Bank, Ltd.

Officers (As of July 1, 2023)



Hisanobu Watanabe,
President
(Representative Director)



Hidenori Tsunehisa,
Deputy President
(Representative Director)



Satoru Nobeta,
Director and
Senior Managing Executive Officer
(Representative Director)



Takeshi Miura,
Director and
Senior Executive Officer



Hiroshi Shibuya,
Director and
Senior Executive Officer



Takeshi Yoshino,
Director and
Executive Officer

Audit & Supervisory Board Members

Full-time Audit & Supervisory Board Member
Audit & Supervisory Board Member
Outside Audit & Supervisory Board Member
Outside Audit & Supervisory Board Member

Hideki Uchida
Yukio Kosai
Kazuhiro Kawai
Chiaki Ariizumi

Managing Executive Officers

Managing Executive Officer
Managing Executive Officer
Managing Executive Officer

Yoshifumi Hayashi
Takayuki Ebihara
Norihiko Masumura

Executive Officers

Executive Officer Shoji Suzuki
Executive Officer Takao Kobashi
Executive Officer Kuniyuki Hotani
Executive Officer Hiroshi Horikoshi
Executive Officer Tomoo Kimura
Executive Officer Masafumi Sato
Executive Officer Takuya Ishida
Executive Officer Hideki Kawamura
Executive Officer Motohiro Kokatsu
Executive Officer Atsushi Uehara

UI Bank Co., Ltd.

Officers (As of July 1, 2023)

Representative Director and Chairman
Representative Director and President

Toshikazu Tanaka
Nobuyuki Yasuda

Senior Managing Director
Director and Senior Executive Officer
Director and Executive Officer
Director

Naoko Saito
Kenji Owada
Masami Shiraishi
Satoru Nobeta

Full-time Audit & Supervisory Board Member
Audit & Supervisory Board Member
Outside Audit & Supervisory Board Member
Outside Audit & Supervisory Board Member

Keizo Ajioka
Katsuya Tsuboi
Makoto Shibata
Toshihiko Fukuzawa

Company Overview (As of March 31, 2023)



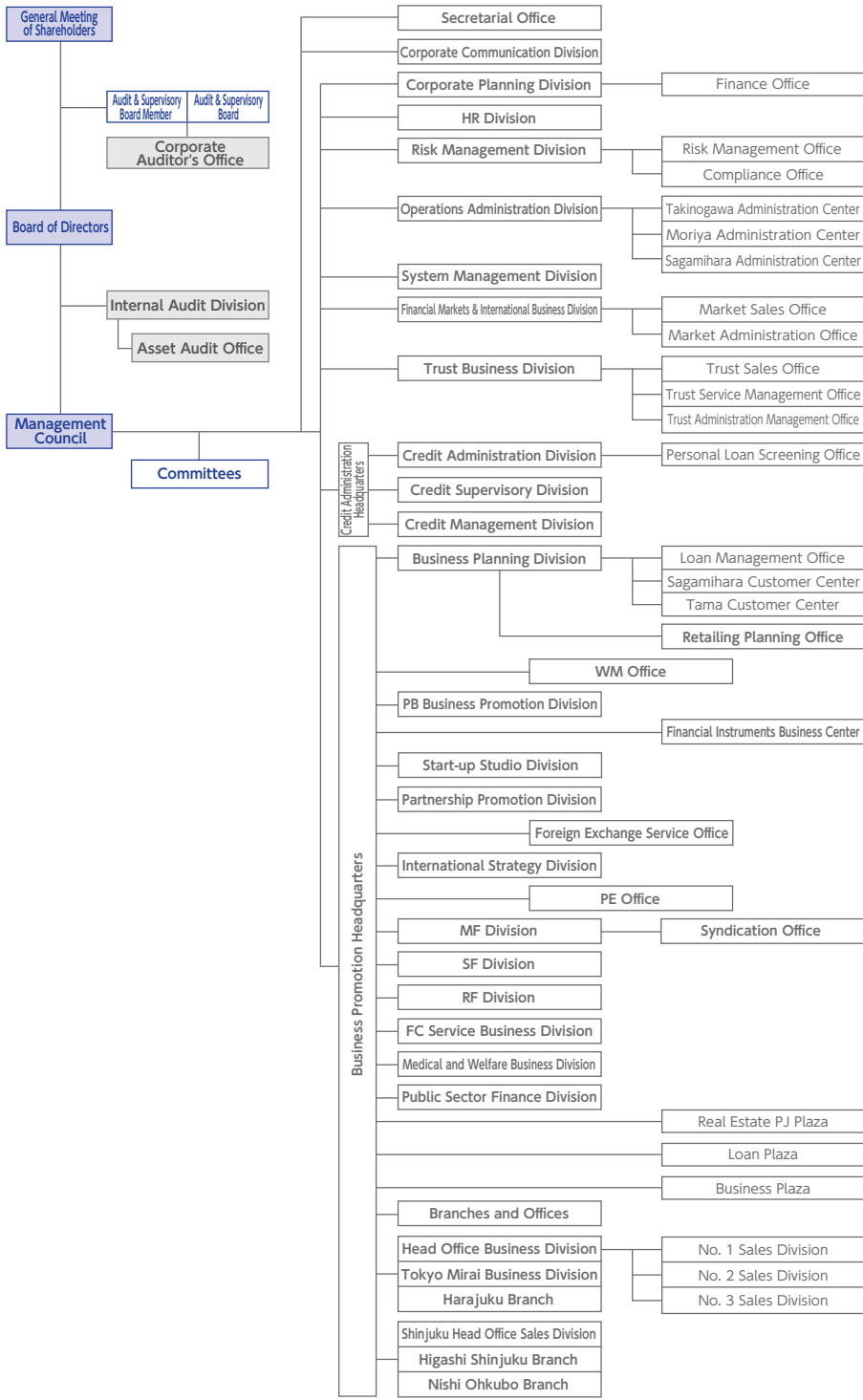
Business name	Kiraboshi Bank, Ltd.
Head office	3-10-43 Minami Aoyama, Minato-ku, Tokyo
Inaugurated	May 2018 * Founded in December 1924.
Capital	¥43.7 billion
Total assets	¥6,688.4 billion
Number of branches	166 branches (114 locations)



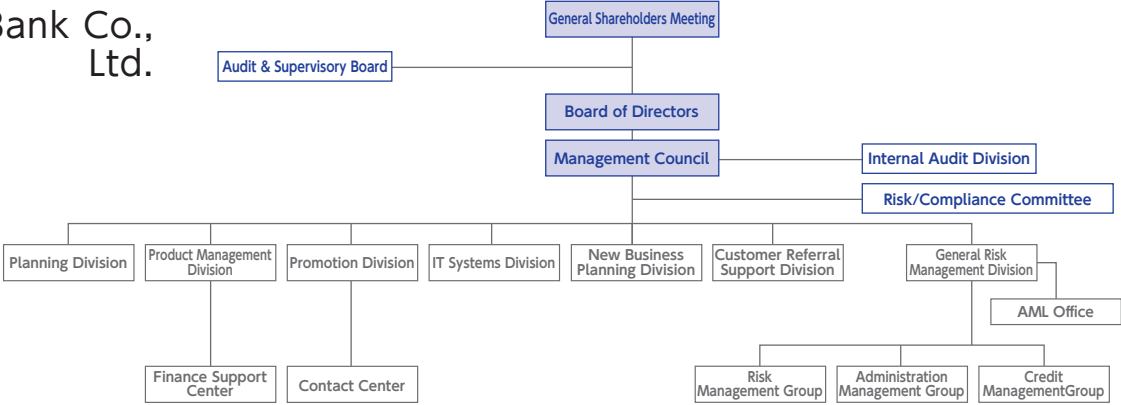
Business name	UI Bank Co., Ltd.
Head office	3-10-43 Minami Aoyama, Minato-ku, Tokyo
Established	October 30, 2020 * The opening of business was in January 2022.
Capital	¥4.8 billion
Total assets	¥343.2 billion

Organization Chart (As of July 3, 2023)

Kiraboshi Bank,
Ltd.



UI Bank Co.,
Ltd.



Consolidated Financial Statements

Tokyo Kiraboshi Financial Group, Inc. and its Consolidated Subsidiaries
March 31, 2023 and 2022

Consolidated Balance Sheets

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Assets			
Cash and due from banks.....	¥ 936,273	¥ 844,418	\$ 7,011,705
Call loans and bills bought.....	9,640	6,095	72,193
Monetary claims bought.....	58,527	70,029	438,305
Trading account securities.....	861	777	6,447
Money held in trust.....	2,867	1,739	21,470
Securities.....	856,976	1,012,755	6,417,853
Loans and bills discounted.....	4,706,163	4,346,138	35,244,237
Foreign exchange.....	4,519	6,860	33,842
Lease receivables and investment assets.....	24,853	22,198	186,122
Other assets.....	73,708	65,135	551,995
Tangible fixed assets.....	55,971	55,636	419,164
Buildings.....	15,435	15,831	115,592
Land.....	33,037	33,192	247,412
Leased assets.....	1,675	1,940	12,543
Construction in progress.....	1,580	71	11,832
Other tangible fixed assets.....	4,241	4,601	31,760
Intangible fixed assets.....	12,922	7,918	96,772
Software.....	6,565	7,068	49,164
Goodwill.....	2,985	—	22,354
Leased assets.....	148	205	1,108
Other intangible fixed assets.....	3,222	643	24,129
Net defined benefit assets.....	18,400	28,952	137,796
Deferred tax assets.....	7,049	4,769	52,789
Customers' liabilities for acceptances and guarantees.....	5,971	5,623	44,716
Reserve for possible loan losses.....	(32,557)	(35,240)	(243,817)
Total assets	¥ 6,742,149	¥ 6,443,807	\$ 50,491,642
Liabilities			
Deposits.....	¥ 5,625,386	¥ 5,157,583	\$ 42,128,255
Negotiable certificates of deposit.....	9,500	9,500	71,145
Call money and bills sold.....	448,139	117,525	3,356,092
Payables under securities lending transactions.....	184,751	302,567	1,383,591
Borrowed money.....	79,786	463,903	597,513
Foreign exchange.....	258	655	1,932
Bonds.....	7,008	3,800	52,482
Other liabilities.....	50,696	60,044	379,660
Reserve for employee bonuses.....	1,670	1,605	12,506
Provision for directors' bonuses.....	155	114	1,160
Provision for stock compensation.....	374	217	2,800
Net defined benefit liabilities.....	75	56	561
Reserve for directors' retirement benefits.....	67	7	501
Reserve for point card certificates.....	74	51	554
Provision for loss on interest repayments.....	—	3	—
Reserve for loss on dormant deposit repayments.....	259	370	1,939
Provision for contingent loss.....	883	757	6,612
Reserves under special laws.....	0	0	0
Deferred tax liabilities.....	116	106	868
Acceptances and guarantees.....	5,971	5,623	44,716
Total liabilities	¥ 6,415,177	¥ 6,124,495	\$ 48,042,964
Net Assets			
Common stock.....	¥ 27,500	¥ 27,500	\$ 205,946
Capital surplus.....	150,968	150,966	1,130,592
Retained earnings.....	151,399	133,470	1,133,820
Treasury stock.....	(1,198)	(966)	(8,971)
Total shareholders' equity	328,669	310,969	2,461,386
Net unrealized gain on available-for-sale securities.....	(5,121)	4,186	(38,350)
Net deferred gains (losses) on hedges.....	—	675	—
Revaluation reserve for land.....	(242)	(242)	(1,812)
Foreign currency translation adjustment.....	25	24	187
Remeasurements of defined benefit plans.....	3,573	3,676	26,758
Total accumulated other comprehensive income.....	(1,765)	8,320	(13,218)
Subscription rights to shares.....	13	13	97
Noncontrolling interests.....	55	8	411
Total net assets.....	326,972	319,312	2,448,678
Total liabilities and net assets.....	¥ 6,742,149	¥ 6,443,807	\$ 50,491,642

U.S. dollar amounts are the yen equivalent, calculated for convenience only, at the rate of ¥133.53 = U.S. \$1.

Consolidated Income Statements and Consolidated
Statements of Comprehensive Income

Consolidated Income Statements

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Ordinary income	¥ 125,291	¥ 108,348	\$ 938,298
Interest income.....	71,669	63,124	536,725
Interest on loans and discounts.....	57,294	49,877	429,072
Interest and dividends on securities.....	12,581	11,516	94,218
Interest on call loans and bills bought.....	100	12	748
Interest on deposits with banks.....	1,070	1,189	8,013
Other interest income.....	623	528	4,665
Trust fees.....	395	328	2,958
Fees and commissions.....	20,556	18,681	153,942
Other operating income.....	7,845	2,388	58,750
Other ordinary income.....	24,823	23,825	185,898
Recoveries of written-off receivables.....	75	46	561
Others.....	24,748	23,779	185,336
Ordinary expenses	94,516	83,404	707,825
Financing expenses.....	3,262	1,176	24,428
Interest on deposits.....	1,482	844	11,098
Interest on negotiable certificates of deposit.....	2	2	14
Interest on call money and bills sold.....	72	33	539
Interest on payables under securities lending transactions.....	1,473	231	11,031
Interest on borrowed money.....	203	37	1,520
Interest on corporate bonds.....	14	14	104
Other interest expenses.....	12	12	89
Fees and commissions payments.....	3,797	3,403	28,435
Other operating expenses.....	10,595	860	79,345
General and administrative expenses.....	57,947	56,192	433,962
Other ordinary expenses.....	18,913	21,771	141,638
Provision of allowance for loan losses.....	1,844	6,119	13,809
Other ordinary expenses.....	17,069	15,651	127,828
Ordinary profit	30,774	24,943	230,465
Extraordinary income	1,941	0	14,536
Gain on disposal of non-current assets.....	199	0	1,490
Gains on return of securities from retirement benefit trust.....	1,520	—	11,383
Gain on receipt of national subsidies, etc.....	221	—	1,655
Extraordinary losses	847	172	6,343
Loss on disposal of non-current assets.....	198	172	1,482
Impairment losses.....	461	—	3,452
Provision for special account for tax purpose reduction entry of non-current assets...	187	—	1,400
Profit before income taxes	31,867	24,771	238,650
Income taxes – current	7,907	4,865	59,215
Income taxes – deferred	2,891	1,722	21,650
Total income taxes	10,798	6,588	80,865
Profit	21,069	18,183	157,784
Loss attributable to non-controlling interests	(80)	—	(599)
Profit attributable to owners of parent	¥ 21,150	¥ 18,183	\$ 158,391

Consolidated Statements of Comprehensive Income

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Profit	¥ 21,069	¥ 18,183	\$ 157,784
Other comprehensive income	(10,086)	(7,580)	(75,533)
Net unrealized gain on available-for-sale securities.....	(9,306)	(8,881)	(69,692)
Net deferred gains (losses) on hedges.....	(675)	485	(5,055)
Foreign currency translation adjustment.....	0	12	0
Remeasurements of defined benefit plans.....	(103)	813	(771)
Share of other comprehensive income of entities accounted for using equity method...	(2)	(10)	(14)
Comprehensive income	10,983	10,603	82,251
(Breakdown)			
Comprehensive income attributable to owners of parent.....	¥ 11,064	¥ 10,603	\$ 82,857
Comprehensive income attributable to non-controlling interests.....	(80)	—	(599)

U.S. dollar amounts are the yen equivalent, calculated for convenience only, at the rate of ¥122.39 = U.S. \$1.

Consolidated Financial Statements

Consolidated Statements of Changes in Net Assets

	Millions of yen													
	2023													
	Shareholders' equity					Accumulated other comprehensive income								
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain on available-for-sale securities	Net deferred gains (losses) on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at beginning of the year ...	27,500	150,966	133,470	(966)	310,969	4,186	675	(242)	24	3,676	8,320	13	8	319,312
Changes of items during the reporting period ...														
Capital increase of consolidated subsidiaries ...		2			2									2
Dividends of surplus.....			(3,221)		(3,221)									(3,221)
Profit attributable to owners of parent...			21,150		21,150									21,150
Acquisition of treasury stock...				(262)	(262)									(262)
Disposition of treasury stock...		(0)		30	30									30
Net changes of items other than shareholders' equity during the reporting period						(9,308)	(675)	—	0	(103)	(10,086)	—	46	(10,039)
Total changes of items during the reporting period...	—	2	17,929	(231)	17,699	(9,308)	(675)	—	0	(103)	(10,086)	—	46	7,660
Balance at end of period	27,500	150,968	151,399	(1,198)	328,669	(5,121)	—	(242)	25	3,573	(1,765)	13	55	326,972

	Millions of yen													
	2022													
	Shareholders' equity				Accumulated other comprehensive income									
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain on available-for-sale securities	Net deferred gains (losses) on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at beginning of the year ...	27,500	150,677	117,514	(742)	294,949	13,078	189	(242)	11	2,863	15,900	30	—	310,880
Cumulative effects of changes in accounting policies...			(151)		(151)									(151)
Restated balance at beginning of the year reflecting changes in accounting policies...	27,500	150,677	117,363	(742)	294,798	13,078	189	(242)	11	2,863	15,900	30	—	310,729
Changes of items during the reporting period...														
Dividends of surplus			(2,076)		(2,076)									(2,076)
Profit attributable to owners of parent...			18,183		18,183									18,183
Acquisition of treasury stock...				(280)	(280)									(280)
Disposition of treasury stock...		(2)		56	53									53
Capital increase of consolidated subsidiaries ...		291			291									291
Net changes of items other than shareholders' equity during the reporting period						(8,891)	485	—	12	813	(7,580)	(17)	8	(7,588)
Total changes of items during the reporting period...	—	288	16,106	(223)	16,171	(8,891)	485	—	12	813	(7,580)	(17)	8	8,583
Balance at end of period	27,500	150,966	133,470	(966)	310,969	4,186	675	(242)	24	3,676	8,320	13	8	319,312

	Thousands of U.S. Dollars													
	2023													
	Shareholders' equity					Accumulated other comprehensive income								
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain on available-for-sale securities	Net deferred gains (losses) on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at beginning of the year ...	205,946	1,130,577	999,550	(7,234)	2,328,832	31,348	5,055	(1,812)	179	27,529	62,308	97	59	2,391,312
Changes of items during the reporting period ...														
Capital increase of consolidated subsidiaries ...		14			14									14
Dividends of surplus.....			(24,121)		(24,121)									(24,121)
Profit attributable to owners of parent...			158,391		158,391									158,391
Acquisition of treasury stock...				(1,962)	(1,962)									(1,962)
Disposition of treasury stock...		(0)		224	224									224
Net changes of items other than shareholders' equity during the reporting period						(69,707)	(5,055)	—	0	(771)	(75,533)	—	344	(75,181)
Total changes of items during the reporting period...	—	14	134,269	(1,729)	132,546	(69,707)	(5,055)	—	0	(771)	(75,533)	—	344	57,365
Balance at end of period	205,946	1,130,592	1,133,820	(8,971)	2,461,386	(38,350)	—	(1,812)	187	26,758	(13,218)	97	411	2,448,678

Consolidated Statements of Cash Flows

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Cash flows from operating activities			
Profit before income taxes	¥ 31,867	¥ 24,771	\$ 238,650
Depreciation.....	5,582	5,112	41,803
Impairment losses	461	—	3,452
Amortization of goodwill.....	195	—	1,460
Gains on return of securities from retirement benefit trust.....	(1,520)	—	(11,383)
Share loss (profit) of entities accounted for using equity method.....	(3,569)	(6,540)	(26,728)
Increase (decrease) in reserve for possible loan losses	(4,921)	139	(36,853)
Increase (decrease) in reserve for employee bonuses.....	35	82	262
Increase (decrease) in provision for directors' bonuses	40	(40)	299
Increase (decrease) in provision for stock compensations	156	54	1,168
Decrease (increase) in net defined benefit assets.....	10,551	(4,898)	79,015
Increase (decrease) in net defined benefit liability	5	3	37
Increase (decrease) in reserve for directors' retirement benefits.....	(2)	(7)	(14)
Increase (decrease) in reserve for point card certificates.....	23	7	172
Increase (decrease) in reserve for loss on interest repayments	(3)	(4)	(22)
Increase (decrease) in reserve for loss on dormant deposit repayments.....	(110)	(919)	(823)
Increase (decrease) in reserve for contingent loss	126	(36)	943
Interest income.....	(71,669)	(63,124)	(536,725)
Financing expenses.....	3,262	1,176	24,428
Gain (loss) on securities	2,025	(704)	15,165
Net losses (gains) on money held in trust	(328)	(118)	(2,456)
Foreign exchange losses (gains).....	(13,280)	(17,132)	(99,453)
Net loss (gain) on disposal of non-current assets	(0)	172	(0)
Provision for special account for tax purpose reduction entry of non-current assets	187	—	1,400
Gain on receipt of national subsidies, etc.	(221)	—	(1,655)
Net decrease (increase) in trading account securities	(83)	68	(621)
Net decrease (increase) in loans and bills discounted	(357,531)	(419,620)	(2,677,533)
Net increase (decrease) in deposits	468,177	185,110	3,506,155
Net increase (decrease) in borrowed money (excluding subordinated loans) ...	(385,898)	222,530	(2,889,972)
Net decrease (increase) in deposit (excluding deposit paid to Bank of Japan)...	(2,327)	(813)	(17,426)
Net decrease (increase) in call loans	7,956	(7,188)	59,582
Net increase (decrease) in call money.....	330,614	57,892	2,475,952
Net increase (decrease) in payables under securities lending transactions.....	(117,816)	31,185	(882,318)
Net decrease (increase) in foreign exchange (assets)	2,341	2,562	17,531
Net increase (decrease) in foreign exchange (liabilities)	(396)	361	(2,965)
Net decrease (increase) in lease receivables and investment assets.....	(2,655)	(3,483)	(19,883)
Increase (decrease) due to issuance and redemption of straight bonds.....	2,940	(200)	22,017
Proceeds from fund management	68,760	61,084	514,940
Payments for finance	(2,589)	(1,249)	(19,388)
Other.....	(1,320)	765	(9,885)
Subtotal	(30,936)	66,999	(231,678)
Income taxes paid.....	(7,630)	(972)	(57,140)
Income taxes refund.....	425	1,451	3,182
Cash flows from operating activities	(38,142)	67,478	(285,643)
Cash flows from investing activities			
Purchase of securities	(244,218)	(331,281)	(1,828,937)
Proceeds from sales of securities	290,622	193,832	2,176,454
Proceeds from redemption of securities	99,460	169,109	744,851
Payments due to increase in money held in trust.....	(800)	—	(5,991)
Purchase of tangible fixed assets.....	(4,093)	(3,170)	(30,652)
Retirement of tangible fixed assets.....	(283)	(560)	(2,119)
Proceeds from sales of tangible fixed assets.....	395	4	2,958
Purchase of intangible fixed assets	(4,670)	(3,483)	(34,973)
Proceeds from sale of intangible fixed assets	1	—	7
National subsidy income, etc.	266	—	1,992
Purchase of shares of subsidiaries resulting in change in scope of consolidation ...	(4,258)	—	(31,887)
Purchase of shares of affiliates	(7)	—	(52)
Net cash provided by (used in) investing activities	132,413	24,450	991,634
Cash flows from financing activities			
Proceeds from issuance of shares	130	—	973
Cash dividends paid	(3,221)	(2,076)	(24,121)
Purchase of treasury shares	(243)	(279)	(1,819)
Proceeds from sale of treasury stock	11	2	82
Proceeds from exercise of share options.....	—	18	—
Proceeds from exercise of performance-linked stock-based compensation	9	35	67
Repayments of lease obligations.....	(4)	(0)	(29)
Net cash provided by (used in) financing activities	(3,318)	(2,299)	(24,848)
Effect of exchange rate changes on cash and cash equivalents	3	2	22
Net change in cash and cash equivalents	90,956	89,630	681,165
Cash and cash equivalents at beginning of year	843,122	753,492	6,314,101
Cash and cash equivalents at end of year	¥ 934,079	¥ 843,122	\$ 6,995,274



2023 Annual Report

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This document contains forward-looking statements on the Group's results. These statements are not intended to guarantee future results, as they are subject to risks and contain uncertainties. Please keep in mind that future results may differ due to factors including changes in the business environment.