



Tokyo Kiraboshi Financial Group, Inc.

Tokyo Kiraboshi Financial Group

Results Briefing for the First Half of the Fiscal Year Ending March 31, 2024

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The Key Points of Today's Briefing Session

- FG's consolidated profit increased significantly, by 56% YoY to ¥13.4 billion.
- In the full-year forecast of operating performance, profit has been revised upward by 9.0%, from ¥22.0 billion to ¥24.0 billion.
- Kiraboshi Bank's profit from customer business (profit from main line business) increased significantly, by 52% YoY to ¥13.0 billion.
- KGI: Income-related targets on track *Figures in parentheses represent progress (variance) vs the Medium-Term Business Plan (2024/3)
 - [ROE] 8.1% (variance of +2.2 percentage points)
 - [Consolidated profit] ¥13.4 billion (progress of 67%)
 - [Profit from customer business] ¥13.0 billion (progress of 55%)
 - Issues are earnings contribution from Group companies and consolidated capital ratio
- KPI: Generally in line with the 2024/3 plan, with corporate customer strategy targets in particular making strong progress
- Enhancement of Group structure, the pillar of Kiraboshi FG's strategies
 - Kiraboshi System: Acquisition of ITC to make it a subsidiary (insourcing of systems development/enhancement of ICT consulting)
 - Kiraboshi Servicer: Acquisition of business from Argo Japan Servicing
- Aim for RORA improvement → ROE improvement → PBR improvement, and thereby increase corporate value
- Progress of digital retail strategy
 - ① Shinhan Bank, ② SBI Group, ③ Mitsubishi Corporation, and others
 - Major overhaul of application operability and service functions

Status of Progress on the Medium-Term Business Plan

Financial Targets (KGIs) <Achievement level: ◎...Surpassed; ○...Achieved or nearly achieved; △...More work needed> MTBP = Medium-Term Business Plan

(Monetary unit: ¥100 million)		2022/9 <Results>	2023/9 <Results>	2024/3 <MTBP>	Progress (variance)	Achievement level
① ROE <consolidated>		5.4%	8.1%	5.9%	+ 2.2%pt	○
② Core OHR <Kiraboshi Bank non-consolidated>		51.3%	53.8%	57.3%	+3.5%pt	○
[Ref] Expenses (of which, non-personnel expenses)		250	262	467	(¥1.9 billion)	—
		117	121	205	(¥3.5 billion)	—
③ Net income <consolidated>		86	134	200	67%	○
④ Profit from customer business <Kiraboshi Bank non-consolidated>		85	130	234	55%	○
⑤ Contribution of subsidiaries to consolidated income <consolidated>		(9)	(4)	23	(¥2.7 billion)	△
⑥ Capital ratio <consolidated>		8.3%	8.2%	8.3%	(0.1%pt)	△

Excluding special factors

Excluding special factors	
	2023/9 <Results>
①	8.1%
②	57.9%
	262
	121
③	134
④	130
⑤	(4)
⑥	8.2%

Medium-Term Business Plan KPIs

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

		2021/3 <Results>	2022/9 <Results>	2023/9 <Results>	2024/3 <MTBP>	<Rate of progress>	Progress assessment
① Branch strategy	Offices for corporate and retail customers, and offices specializing in corporate customers	91 offices	49 offices	52 offices	54 offices	-	○
	Retail-focused branches	20 offices	55 offices	52 offices	34 offices	-	○
② Productivity	Gross core business profit per head	¥25 million	¥36 million	¥38 million	¥32 million	119%	○
③ Life plan support business	Number of transactions with business owners	-	+2,421	+2,986	+1,000	298%	◎
	Balance of transactions with business owners	-	¥27.2 billion	¥49.2 billion	¥50.0 billion	98%	○
	Kiraboshi Package (*)	-	34,214	49,409	60,000	82%	○
④ DX	Internet banking users	76,000 users	209,000 users	300,000 users	400,000 users	75%	△
⑤ Corporate customer strategy	Number of loans to customers with main bank relationship having annual sales of ¥300 million or more	-	+1,027	+2,708	+600	451%	◎
	Amount of loans to customers with main bank relationship having annual sales of ¥300 million or more	-	+¥457.7 billion	+¥936.2 billion	+¥600.0 billion	156%	◎
	Number of business succession support customers	-	508	851	1,000	85%	○
	Number of medical transaction support customers	-	292	504	400	126%	◎

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

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Tokyo Kiraboshi FG Results for the First Half Ended September 30, 2023

Summary of Business Results for the First Half of the Fiscal Year Ending March 31, 2024

Tokyo Kiraboshi FG (consolidated)

Results for the first half of 2024/3

(*) (¥100 million)

		① 2022/9 (Actual)	② 2023/9 (Actual)	YoY (② - ①)	③ 2024/3 (Initial plan)	Rate of progress (② / ③)
1	Ordinary profit	132	183	+50	281	65.1%
2	Profit attributable to owners of parent	86	134	+48	220	61.2%

2023/9 **Profit** attributable to owners of parent

+56.2% YoY
(¥8.6 billion → ¥13.4 billion)

Kiraboshi Bank (non-consolidated)

* For signs used in year-on-year comparison, "+" indicates increase in income, "-" indicates decrease in income

Results for the first half of 2024/3

(*) (¥100 million)

		① 2022/9 (Actual)	② 2023/9 (Actual)	YoY (② - ①)	③ 2024/3 (Initial plan)	Rate of progress (② / ③)
1	Gross core business profit	487	487	+0	885	55.1%
2	Net interest income	400	425	+25	756	—
3	Interest on loans and discounts	275	325	+50	643	—
4	Interest on securities	129	123	(6)	162	—
5	Other interest income	(4)	(23)	(18)	(49)	—
6	Non-interest income	87	62	(24)	128	—
7	Expenses	(250)	(262)	(12)	(530)	—
8	Net core business income	236	225	(11)	354	63.6%
9	Net core business income (excluding special factors)	138	190	+51	319	59.5%
10	Credit-related costs	(4)	2	+7	(50)	—
11	Gains (losses) on bonds	(34)	(35)	(0)	8	—
12	Gains (losses) on stocks and other securities	30	48	+18	8	—
13	Other non-recurring profit (loss)	(9)	(18)	(8)	(22)	—
14	Ordinary profit	217	222	+4	297	74.9%
15	Ordinary profit (excluding special factors)	152	187	+34	262	71.5%
16	Extraordinary profit (loss)	14	(0)	(14)	(1)	—
17	Income taxes	(58)	(45)	+13	(50)	—
18	Net income	173	176	+3	245	72.1%
19	Net income (excluding special factors)	108	141	+33	210	67.4%

Excluding special factors

2023/9 **Ordinary profit**

+22.5% YoY
(¥15.2 billion → ¥18.7 billion)

2023/9 **Net income**

+30.4% YoY
(¥10.8 billion → ¥14.1 billion)

2023/9 **Ordinary profit**

+2.2% YoY
(¥21.7 billion → ¥22.2 billion)

2023/9 **Net income**

+2.0% YoY
(¥17.3 billion → ¥17.6 billion)

1 Net core business income (excluding special factors)

* Indicate amounts that exclude the items below (¥100 million)

	2022/9	2023/9
① Dividends from affiliates	64	35
② Gains from derivatives transactions, etc.	33	—
Total (①+②)	98	35

①: Dividend received from an equity-method affiliate sourced from sale of real estate by the said equity-method affiliate
②: Gains from derivatives transactions associated with unwinding of asset swaps, etc.

2 Ordinary profit (excluding special factors), net income (excluding special factors)

* Indicate amounts that exclude the items below (¥100 million)

	2022/9	2023/9
① Dividends from affiliates	64	35

①: Dividend received from an equity-method affiliate sourced from sale of real estate by the said equity-method affiliate

(*) Revision has been made to full-year forecast of operating performance (please refer to p.15)

Factors Affecting Net Income (Kiraboshi Bank)

* For signs before the numbers on this page, "+" indicates increase in income, "()" indicates decrease in income

	Main Items	YoY	Key Points	«Reference» Excluding special factors YoY
①	Interest on loans and discounts	+ 5.0 billion	+¥5.0 billion YoY due to continued increase in loan balance that largely reflected initiatives such as promotion of transactions for main bank relationship building and business financing activities, as well as rise in loan yield .	+ ¥5.0 billion
②	Interest and dividends on securities	¥(0.6) billion	Despite ¥(2.9) billion YoY in special factors (*1) that were posted, overall result was ¥(0.6) billion YoY due in part to rise in loan yield.	+ ¥2.3 billion
③	Other interest income	¥(1.8) billion	¥(1.8) billion YoY partly due to increases in foreign currency funding costs and in interest payment to UI Bank on borrowed money .	¥(1.8) billion
④	Non-interest income	¥(2.4) billion	¥(2.4) billion YoY overall reflecting factors such as +1.4 billion YoY in commission income from corporate customers largely in business financing , and disappearance notably of gains from derivatives transactions (*2).	+ ¥0.8 billion
⑤	Expenses	¥(1.2) billion	¥(1.2) billion YoY partly due to an increase in personnel expenses resulting from an increase in base pay and other factors .	¥(1.2) billion
⑥	Credit-related costs	+ ¥0.7 billion	+¥0.7 billion YoY due largely to improvement in credit category of certain major customers and collateral disposal .	+ ¥0.7 billion
⑦	Gains (losses) on bonds, stocks and other securities	+ ¥1.8 billion	With respect to ¥68.3 billion in yen bonds and ¥10.8 billion in foreign bonds, approximately ¥79.0 billion were sold, with ¥4.2 billion of loss cutting executed; nonetheless, increase in gain on sale of equity securities held for pure investment and other factors resulted in +1.8 billion YoY.	¥(1.5) billion
⑧	Other non-recurring profit (loss) / Extraordinary income (loss) / Income taxes	¥(0.9) billion		¥(0.9) billion

Total

+ ¥0.3 billion

*1: Dividend received from an equity-method affiliate sourced from sale of real estate by the said equity-method affiliate (¥6.4 billion in 2022/9 → ¥3.5 billion in 2023/9)

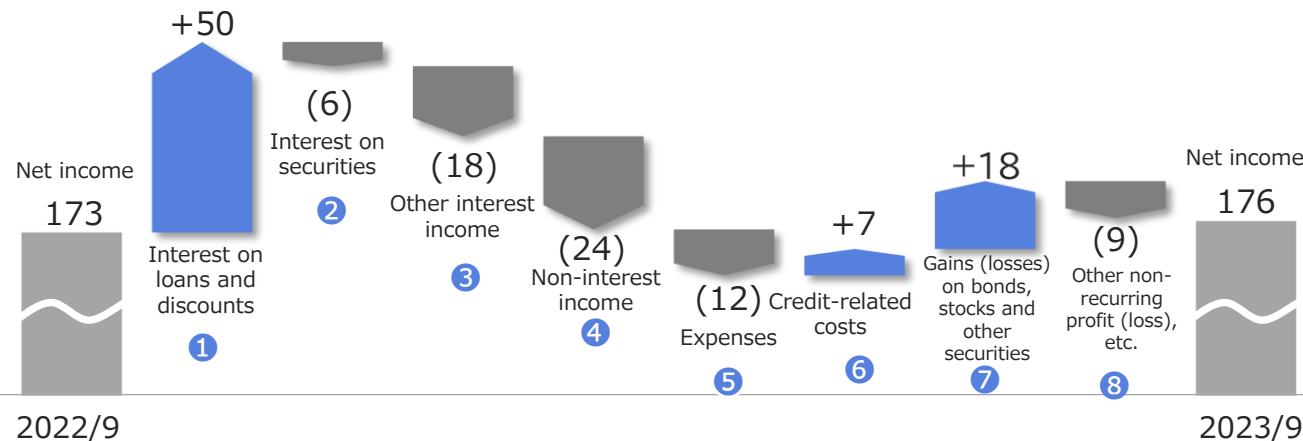
*2: ¥3.3 billion was posted in the same period of the previous year as gains from derivatives transactions associated with unwinding of asset swaps, etc.

Total

+ ¥3.3 billion

Year-on-year changes

(¥100 million)



Diff. b/w consolidated and non-consolidated

(¥100 million)

Kiraboshi Bank (non-consolidated) net income	176
Group's consolidated net income [of which, effects of startup deficit of newly established companies, etc.: ¥(1.5) billion]	(4)
Elimination of internal transactions between consolidated Group companies (such as dividend of ¥3.5 billion mentioned in *1 above)	(37)
Tokyo Kiraboshi FG (consolidated) net income	134

Profit from Customer Business (Kiraboshi Bank)

Efforts in promotion of transactions for main bank relationship building and business financing activities

1

Loan balance (closing balance) **+¥293.7** billion YoY

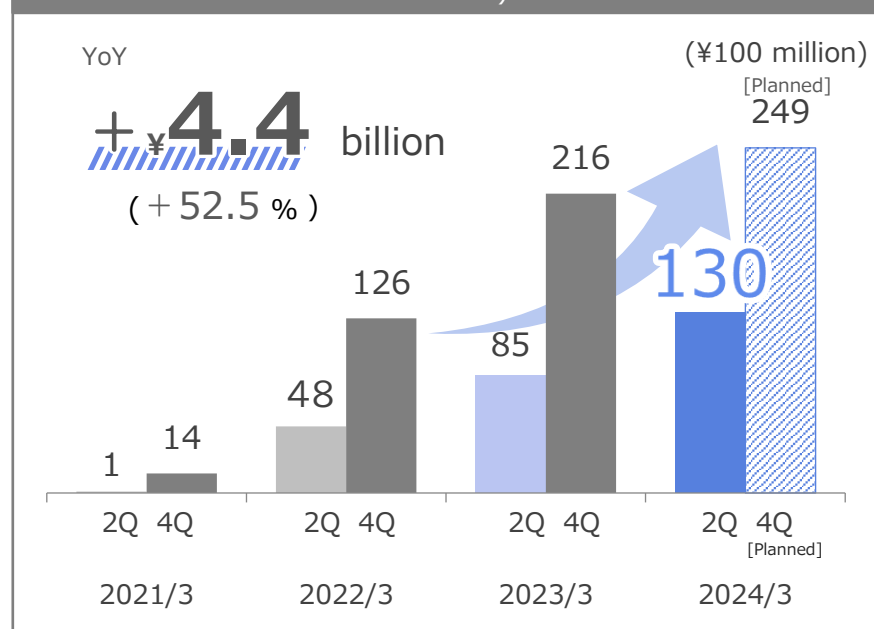
2

Loan-deposit yield difference **+0.10** pct pts YoY

3

Income from fees and commissions **+¥1.6** billion YoY

Increase in profit from customer business (profit from main line business)

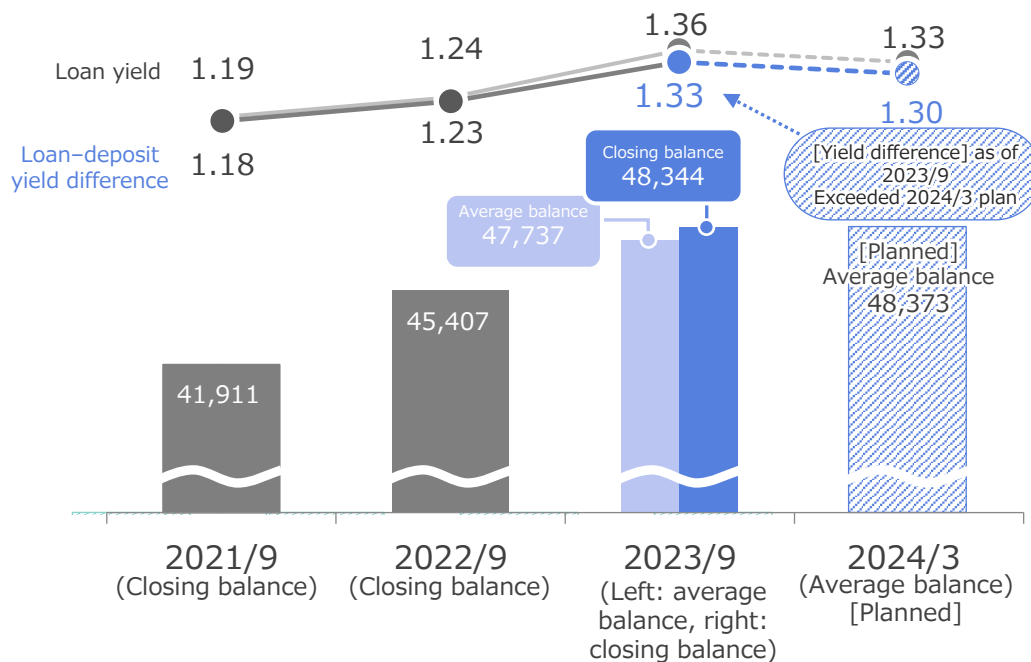


* Calculation method: (loan balance x loan and deposit rate margin) + income from fees and commissions - general and administrative expenses

Breakdown of factors (¥100 million, %)

	2021/9	2022/9	2023/9	YoY
① Loan balance (closing balance)	41,911	45,407	48,344	+2,937
② Loan-deposit yield difference	1.18	1.23	1.33	+0.10
③ Income from fees and commissions	55	52	68	+16
④ General and administrative expenses (expenses + temporary treatment of retirement benefit expenses, etc.)	255	247	262	(14)
Profit from customer business (①×②×183/365 + ③ - ④)	48	85	130	+44

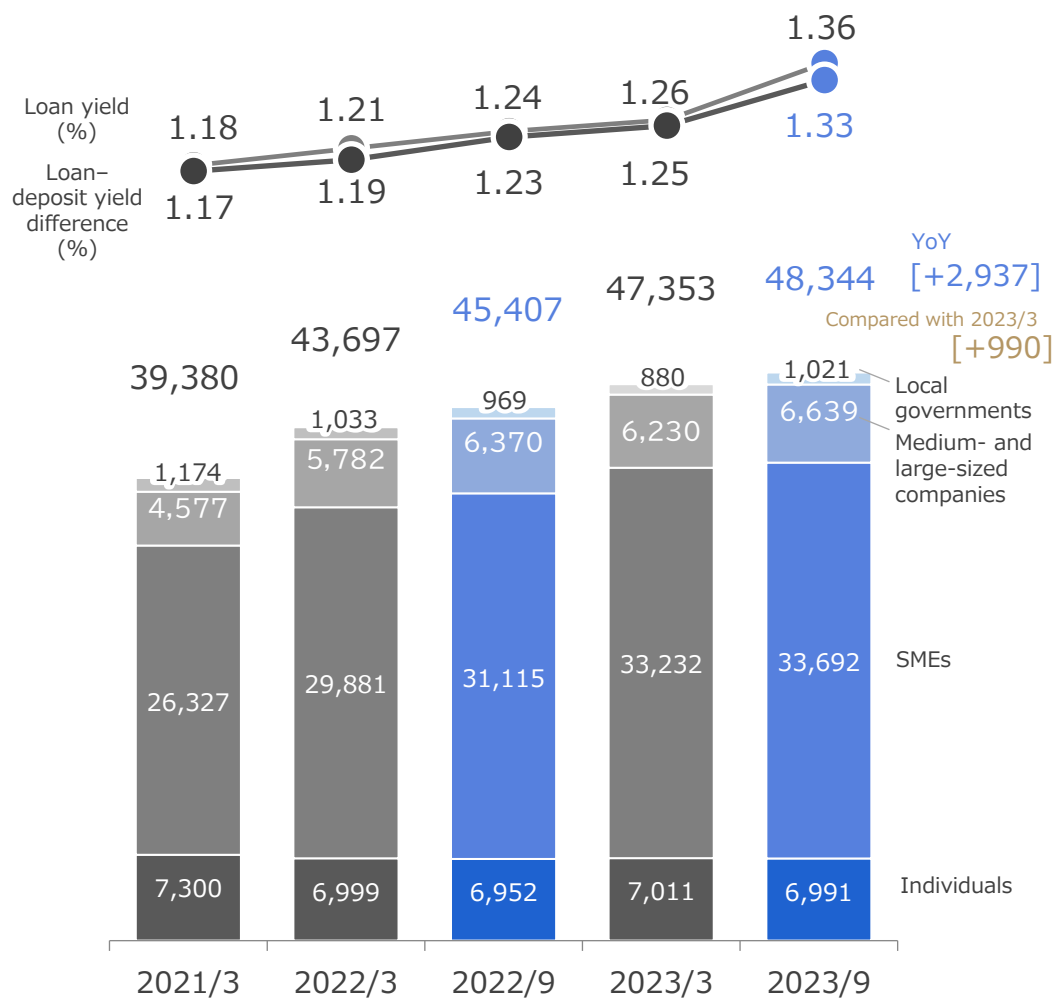
Loan balance / yield (¥100 million, %)



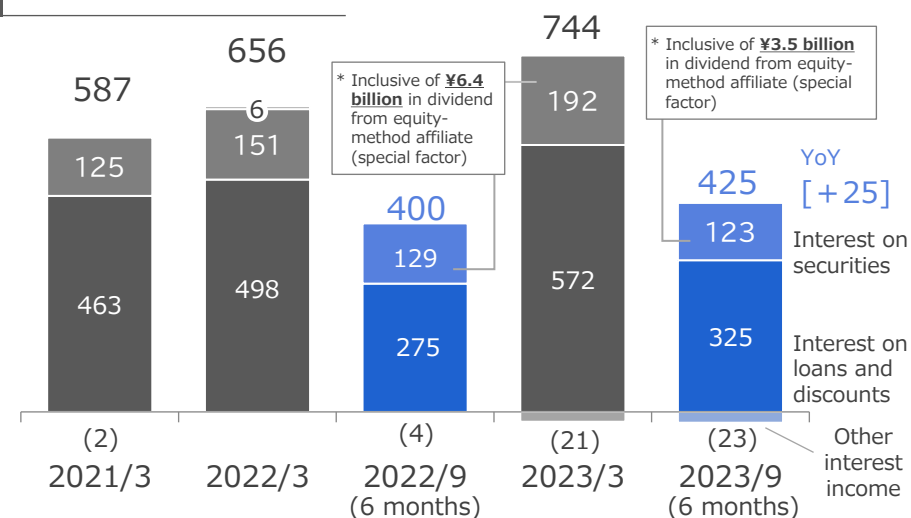
Loans and Trust Assets (Kiraboshi Bank)

Loan balance continued to increase as a result largely of efforts in promotion of transactions for main bank relationship building and business financing activities, while loan yield rose
Balance of trust assets showed solid growth, led by real estate management trust, against the backdrop of the real estate market in the Tokyo area

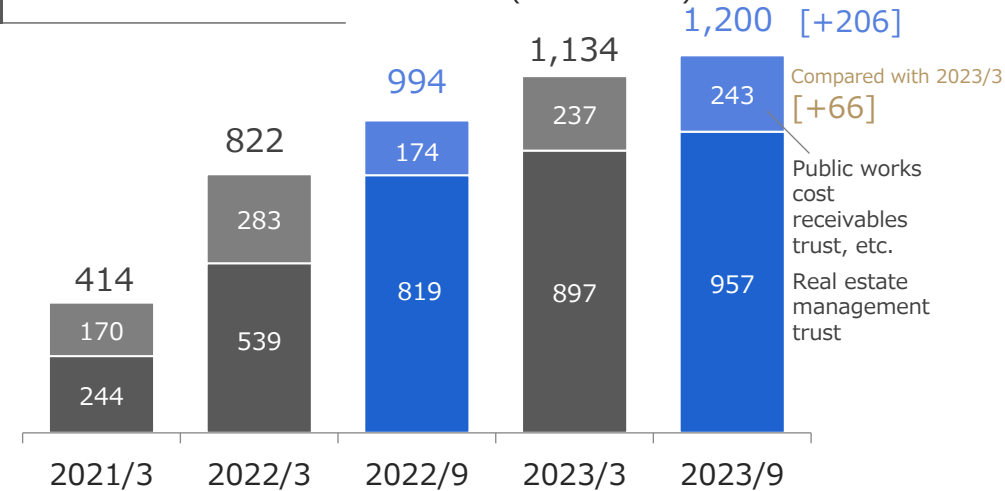
1. Loan balance by type of customer (¥100 million)



2. Net interest income (¥100 million)



3. Balance of trust assets (¥100 million)



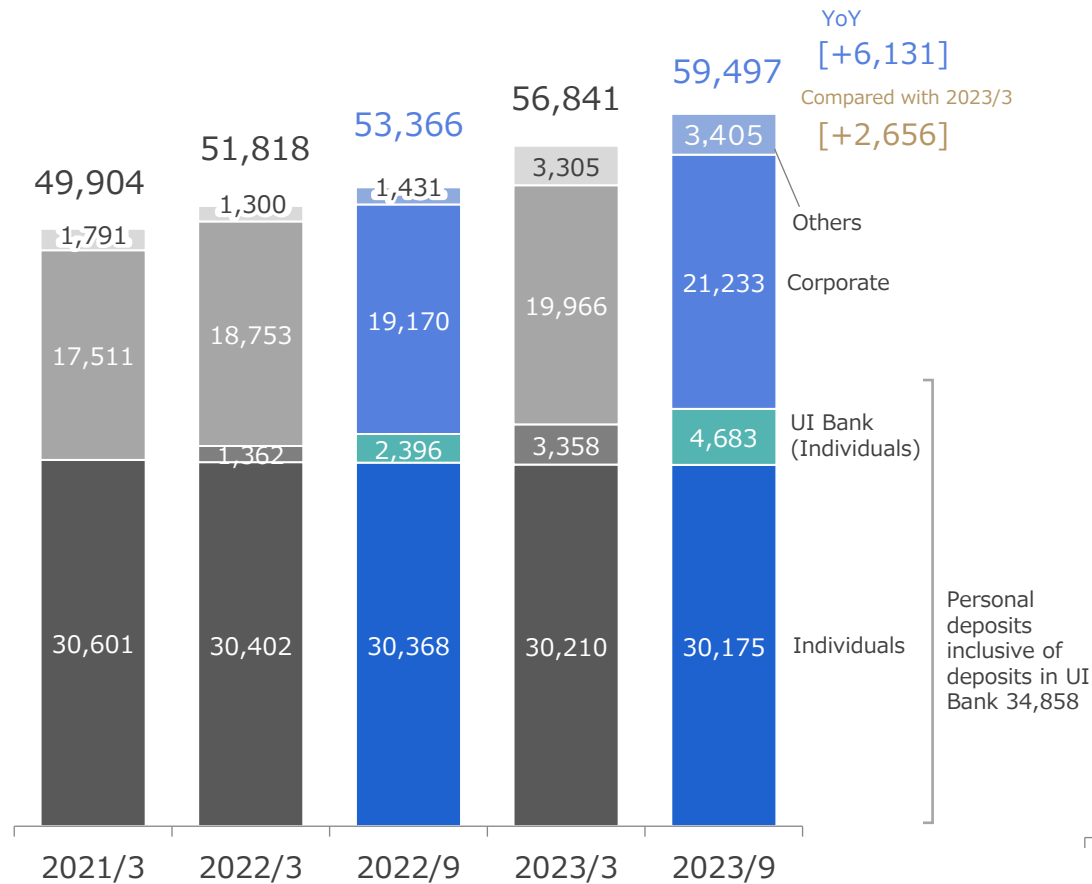
Balance of Deposits and Assets under Management (Kiraboshi Bank + UI Bank + KLD Securities)

Robust accumulation of deposit balance at UI Bank (¥468.3 billion as of Sep. 30, 2023); +¥613.1 billion YoY for the Group as a whole

Balance of assets under management on the rise, led by Kiraboshi Life Design Securities

1. Deposit balance by type of customer (Kiraboshi Bank + UI Bank) (¥100 million)

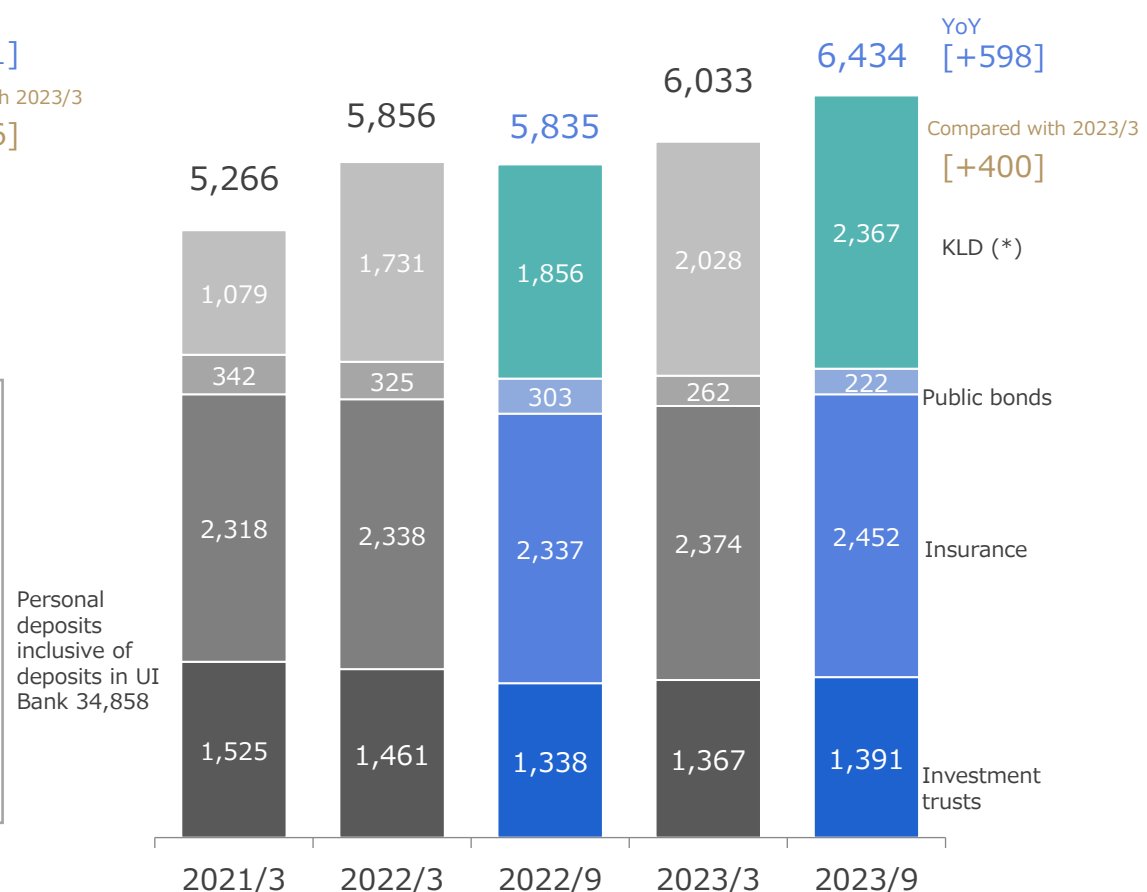
(Kiraboshi Bank + UI Bank) (¥100 million)



Kiraboshi Bank	49,904	50,456	50,970	53,482	54,814
UI Bank Co., Ltd.	—	1,362	2,396	3,358	4,683

2. Balance of assets under management by item (Kiraboshi Bank + KLD) (¥100 million)

(Kiraboshi Bank + KLD) (¥100 million)



Kiraboshi Bank	4,186	4,124	3,979	4,005	4,066
KLD Securities	1,079	1,731	1,856	2,028	2,367

* Negotiable certificates of deposit not included

* UI Bank started operation in January 2022

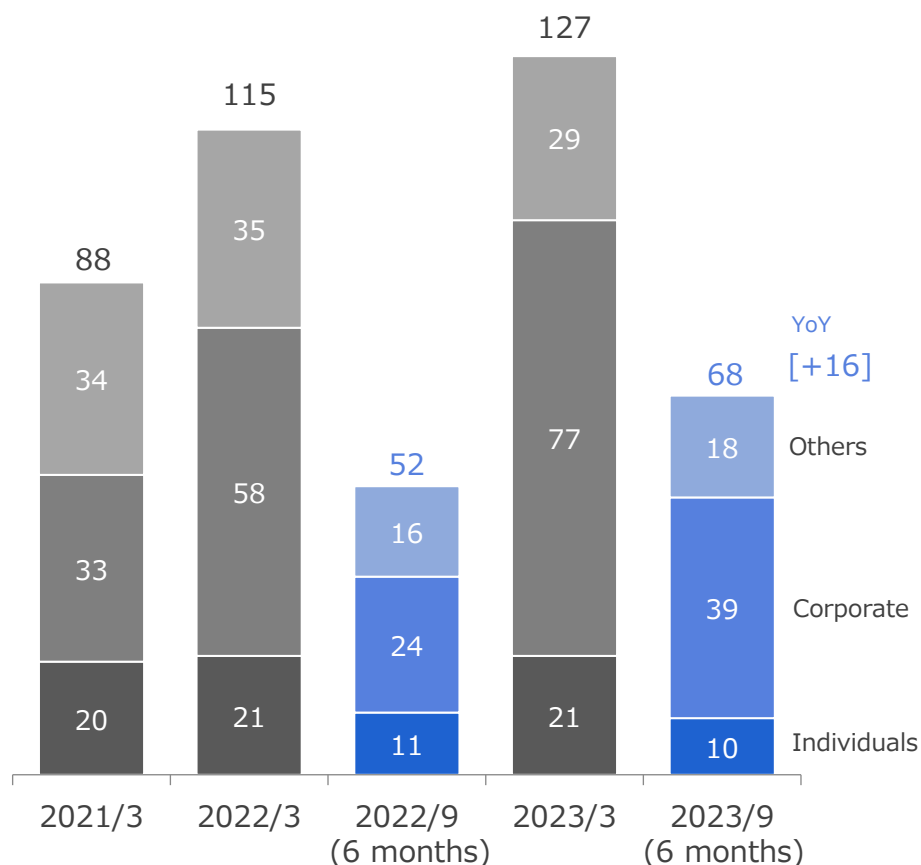
* KLD: Kiraboshi Life Design Securities Co., Ltd.

Income from Fees and Commissions (Kiraboshi Bank)

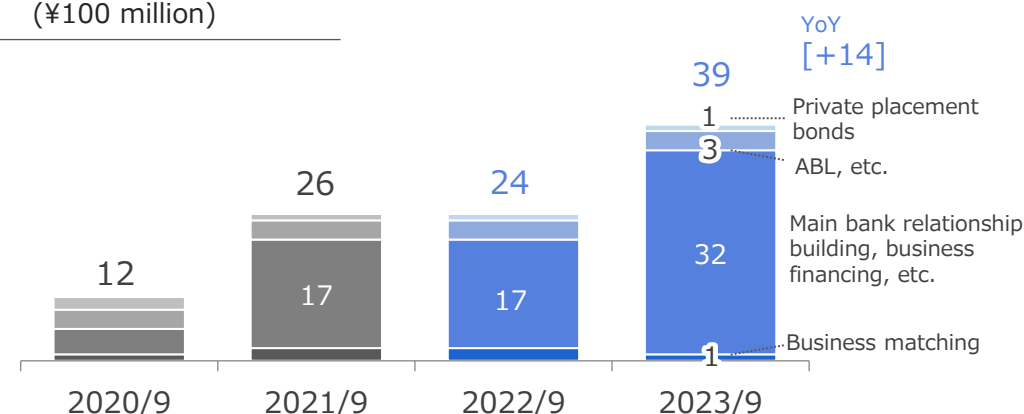
Substantial increase notably in commission income from corporate customers, reflecting promotion of transactions for main bank relationship building, business financing activities, and other initiatives

Commission income from retail customers remaining generally flat due to shift to sales approach focusing on outstanding balance and not dependent on sales commissions

1. Income from fees and commissions (¥100 million)

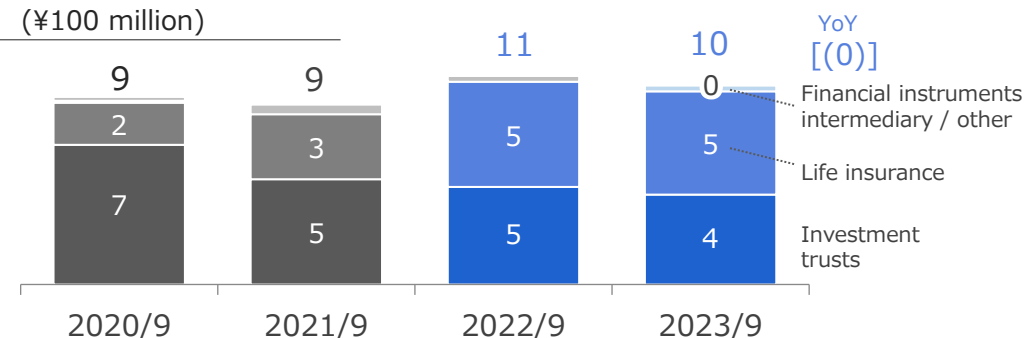


2. Commission income from corporate customers (¥100 million)



* Breakdown is based on management accounting figures

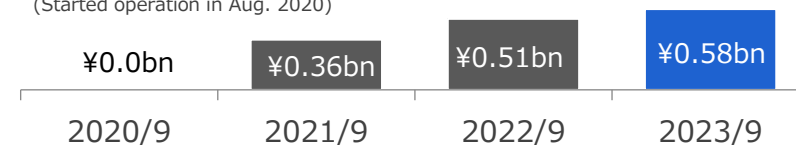
3. Commission income from retail customers (¥100 million)



* Breakdown is based on management accounting figures

[Ref] Kiraboshi Life Design Securities' income
(*not included in commission income from retail customers above)

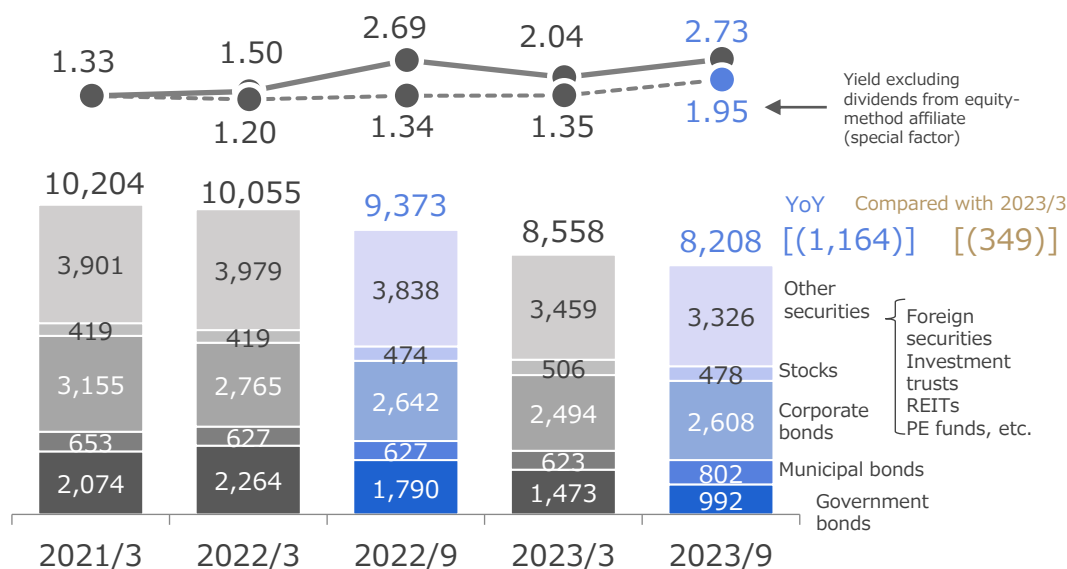
(Started operation in Aug. 2020)



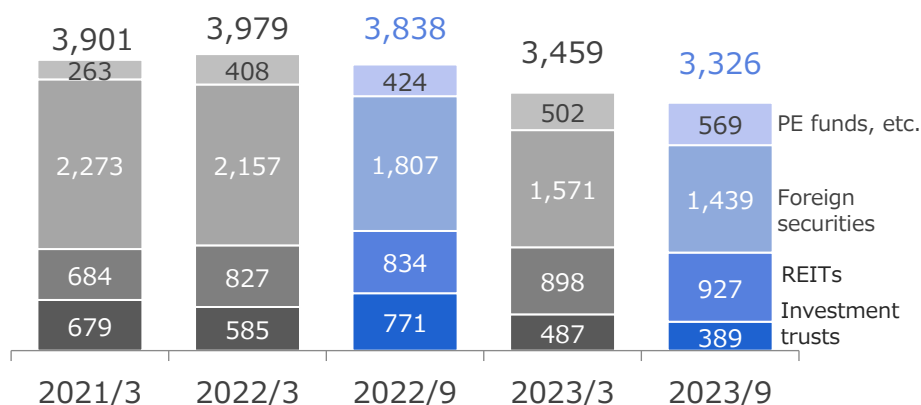
Securities (Kiraboshi Bank)

Yen bond position reduced in anticipation of monetary policy change; with foreign bonds, proceeded with disposal of low-coupon bonds and replacement with floating rate bonds

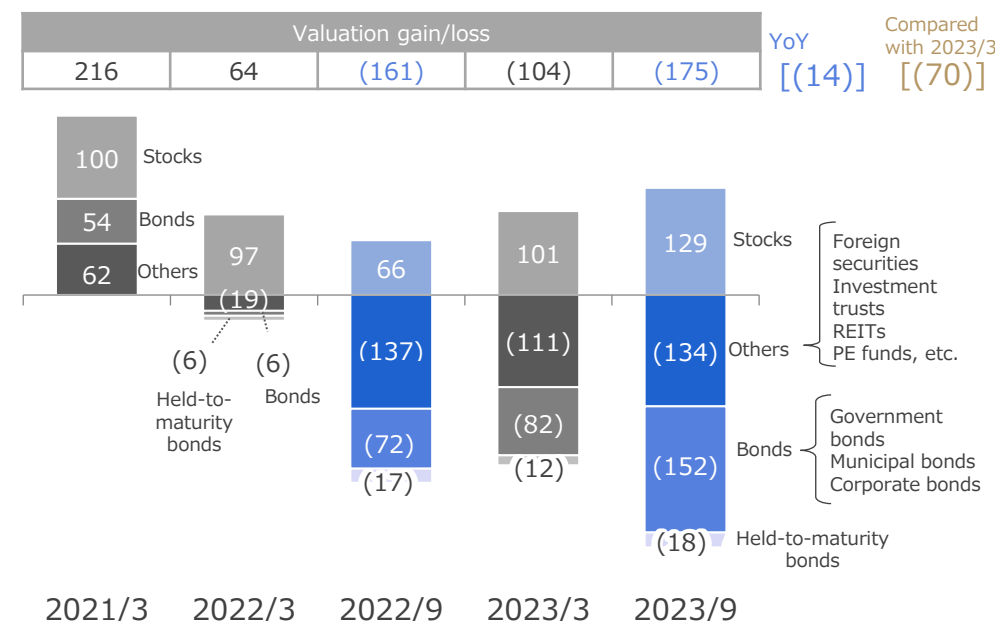
1. Securities balance / yield (¥100 million, %)



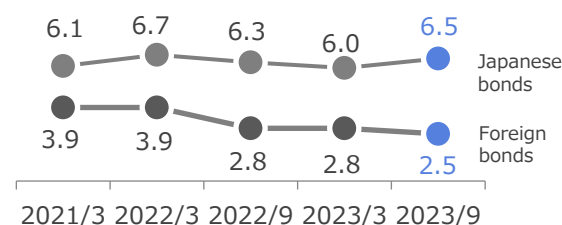
Breakdown of "available-for-sale securities"



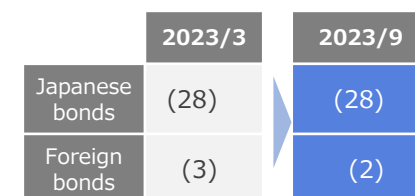
2. Valuation gain/loss on securities (¥100 million)



3. Duration (years)



4. Interest rate sensitivity (¥100 million)

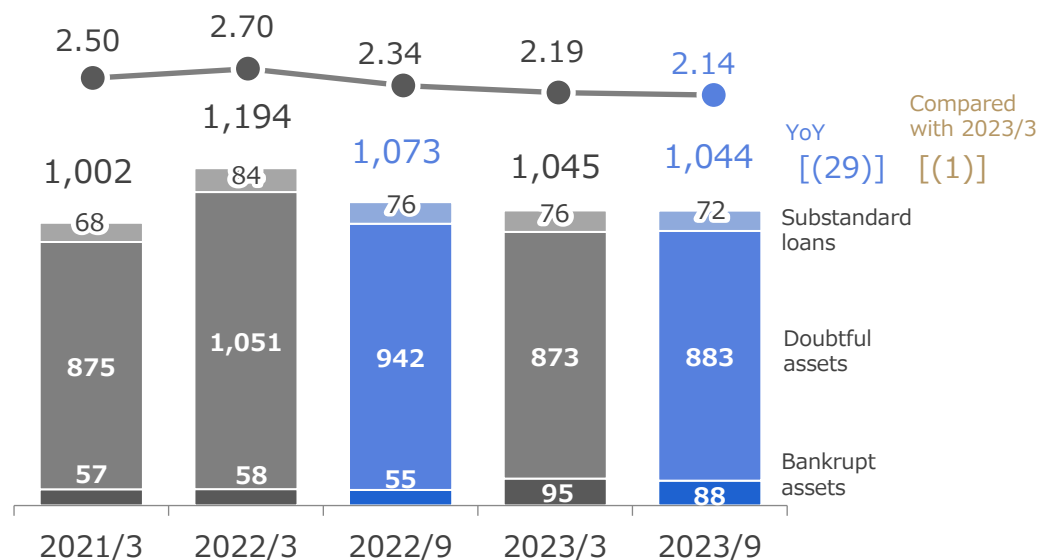


* Effect of an upward parallel shift of interest rate by 10bp
* Excluding investment trusts

Problem Assets Subject to Disclosure under the Financial Reconstruction Act and Capital Ratio

Ratio of problem assets subject to disclosure decreased YoY due partly to an increase in normal assets and improvement in some customers' credit category
Capital increased mainly due to income accumulation, while capital ratio declined YoY due to increase in risk-weighted assets

1. Value and ratio of problem assets subject to disclosure (Kiraboshi Bank) (¥100 million, %)

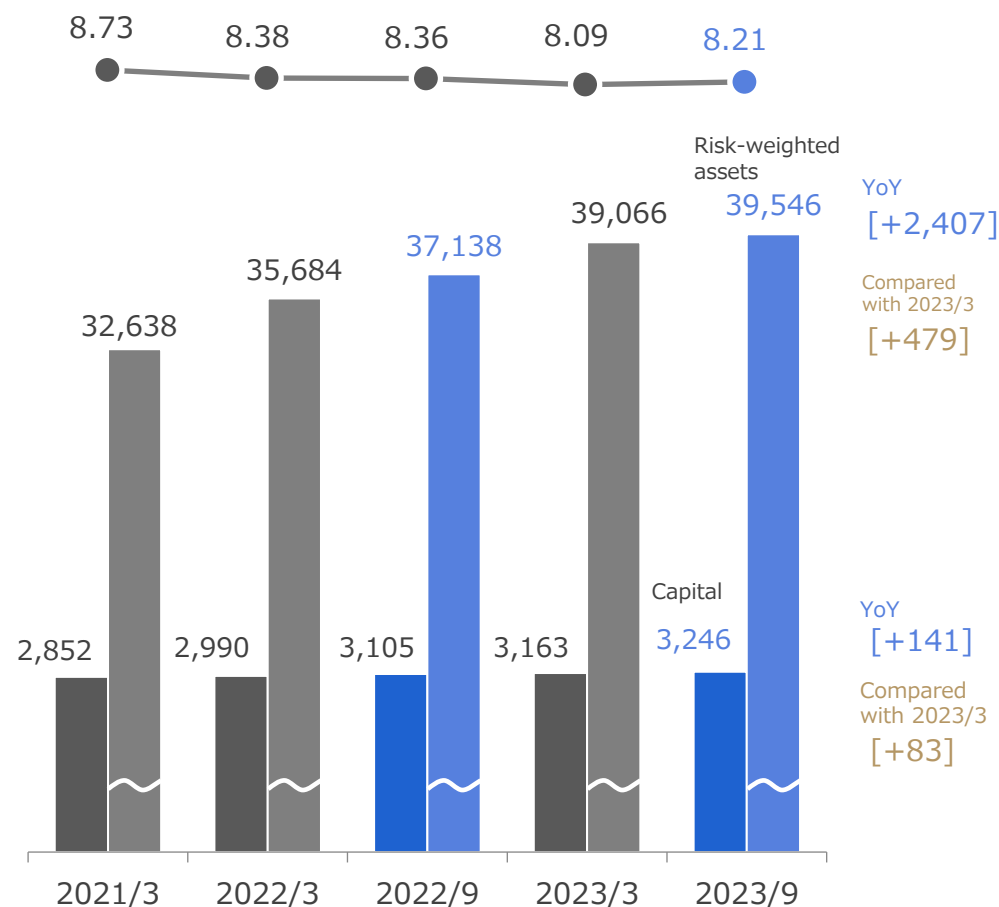


* Figures are after partial direct write-offs

2. Credit-related costs (¥100 million)

	2022/9	2023/9	YoY
① Provision of general allowance for loan losses	(13)	—	+13
② Disposal of non-performing loans	17	3	(14)
Of which, provision of allowance for individual loan losses	16	—	(16)
③ Reversal of allowance for loan losses	—	5	+5
Credit-related costs (①+②-③)	4	(2)	(7)

3. Capital ratio (Tokyo Kiraboshi FG consolidated) (¥100 million, %)

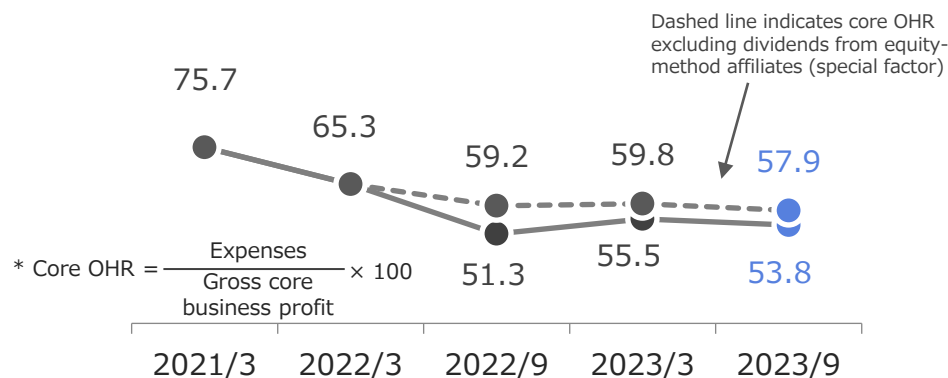


Core OHR/ROE/Dividends

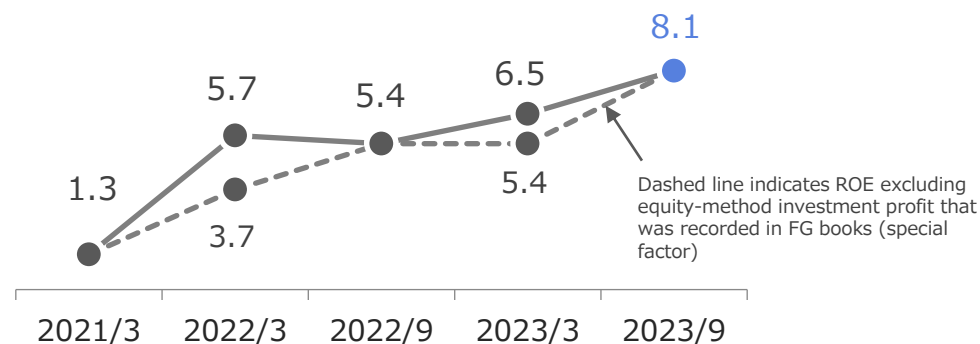
OHR continued to improve, ROE rose significantly, and annual dividend for FY2024/3 expected to be increased for the third consecutive year

Seek to secure ROE exceeding cost of equity through enhanced profitability, and increase corporate value

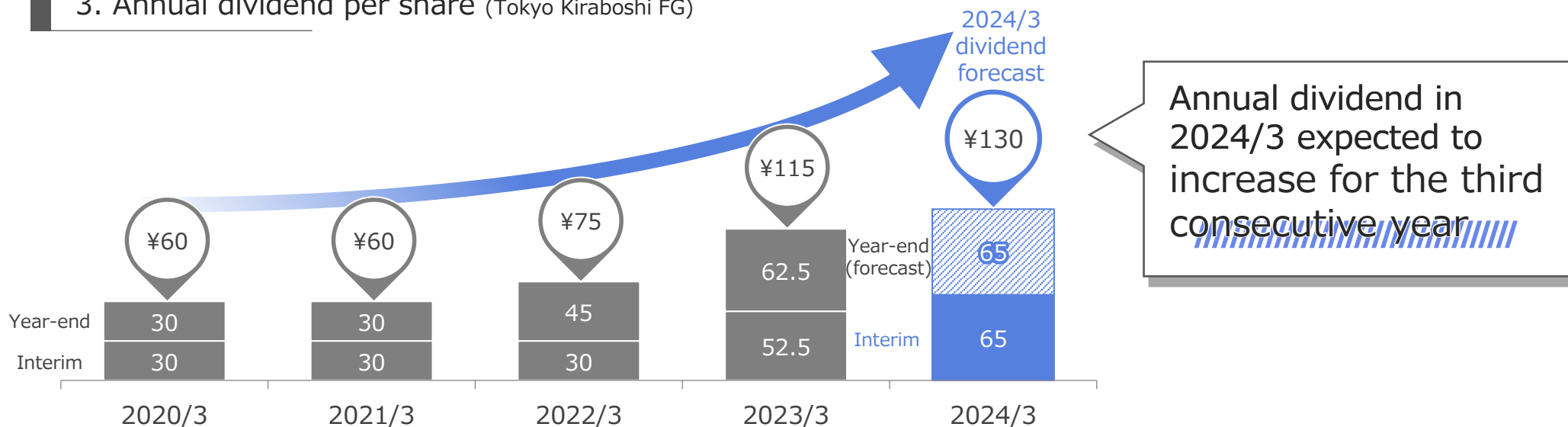
1. Core OHR (Kiraboshi Bank) (%)



2. ROE (Tokyo Kiraboshi FG consolidated) (%)



3. Annual dividend per share (Tokyo Kiraboshi FG)



<Reference> Revision of Full-Year Operating Performance Forecast for the Fiscal Year Ending March 31, 2024

Tokyo Kiraboshi FG (consolidated)

		Results for the first half of 2024/3				Revised forecast	
		① 2023/9 (Actual)	YoY	② 2024/3 (Initial plan)	Rate of progress (① / ②)	③ 2024/3	Change (③ - ②)
1	Ordinary profit	183	+50	281	65.1%	301	+20
2	Profit attributable to owners of parent	134	+48	220	61.2%	240	+20

2024/3	Net income attributable to owners of parent
	Percent change +9.0% (¥22.0 billion → ¥24.0 billion)

Kiraboshi Bank (non-consolidated)

		Results for the first half of 2024/3				Revised forecast	
		① 2023/9 (Actual)	YoY	② 2024/3 (Initial plan)	Rate of progress (① / ②)	③ 2024/3	Change (③ - ②)
1	Gross core business profit	487	+0	885	55.1%	909	+24
2	Net interest income	425	+25	756	—	794	+38
3	Interest on loans and discounts	325	+50	643	—	651	+8
4	Interest on securities	123	(6)	162	—	195	+33
5	Other interest income	(23)	(18)	(49)	—	(52)	(3)
6	Non-interest income	62	(24)	128	—	115	(13)
7	Expenses	(262)	(12)	(530)	—	(529)	+1
8	Net core business income	225	(11)	354	63.6%	380	+26
9	Net core business income (excluding special factors)	190	+51	319	59.5%	345	+26
10	Credit-related costs	2	+7	(50)	—	(26)	+24
11	Gains (losses) on bonds	(35)	(0)	8	—	(35)	(43)
12	Gains (losses) on stocks and other securities	48	+18	8	—	48	+40
13	Other non-recurring profit (loss)	(18)	(8)	(22)	—	(35)	(13)
14	Ordinary profit	222	+4	297	74.9%	332	+35
15	Ordinary profit (excluding special factors)	187	+34	262	71.5%	297	+35
16	Extraordinary profit (loss)	(0)	(14)	(1)	—	(1)	—
17	Income taxes	(45)	+13	(50)	—	(50)	—
18	Net income	176	+3	245	72.1%	279	+34
19	Net income (excluding special factors)	141	+33	210	67.4%	244	+34

2024/3	Ordinary profit	Percent change +11.7% (¥29.7 billion → ¥33.2 billion)
2024/3	Net income	Percent change +13.8% (¥24.5 billion → ¥27.9 billion)
2024/3	Ordinary profit	Percent change +13.3% (¥26.2 billion → ¥29.7 billion)
2024/3	Net income	Percent change +16.1% (¥21.0 billion → ¥24.4 billion)

1 Net core business income (excluding special factors)

* Indicate amounts that exclude the items below (¥100 million)				①: Dividend received from an equity-method affiliate sourced from sale of real estate by the said equity-method affiliate	
	2022/9	2023/9		②: Gains from derivatives transactions associated with unwinding of asset swaps, etc.	
① Dividends from affiliates	64	35			
② Gains from derivatives transactions, etc.	33	—			
Total (①+②)	98	35			

2 Ordinary profit (excluding special factors), net income (excluding special factors)

* Indicate amounts that exclude the items below (¥100 million)				①: Dividend received from an equity-method affiliate sourced from sale of real estate by the said equity-method affiliate	
	2022/9	2023/9			
① Dividends from affiliates	64	35			

* For signs used in year-on-year comparison, "+" indicates increase in income, "-" indicates decrease in income

Progress made in reaching out to the younger generation, with which Kiraboshi Bank's transactional relationship has been weak. Acquired users from all over Japan, centering on the Kanto region.

Results of the first half ended September 30, 2023

Deposit balance **¥468.3 billion**

Balance			Ordinary savings account / Term deposit account breakdown		Number of ordinary savings accounts (number of customers)		
2022/9	2023/9	YoY	2023/9		2022/9	2023/9	YoY
¥239.6 billion	¥468.3 billion	+95.4%	Ordinary savings	¥31.9 billion	45,000 accounts	95,000 accounts	+110.1%
			Term deposits	¥435.7 billion			

Initiatives for expanding UI Bank services

Sep. 2023 Started handling ordinary savings account and term deposit account in foreign currencies

Oct. 2023 Revamped UI Plan (smartphone loans)
➔ to offer add-on group credit life insurance (raised borrowing age limit)

Oct. 2023 Started offering UI nursing care loans (revolving loan type)

Nov. 2023 Started offering UI education loans (revolving loan type)

<News Releases>



Foreign currency deposits



UI Plan

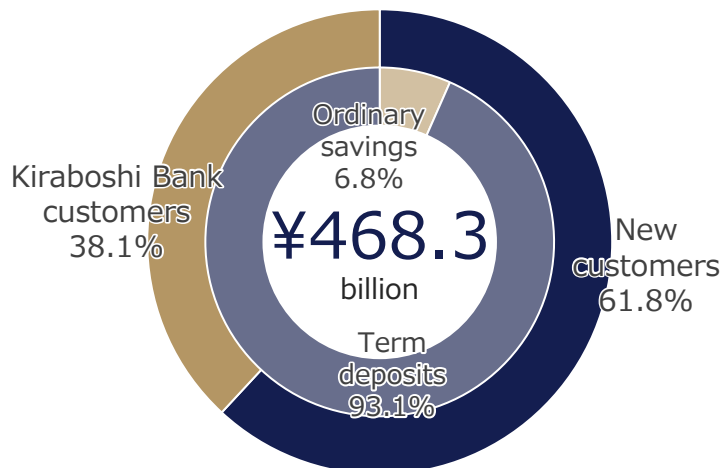


UI nursing care loans

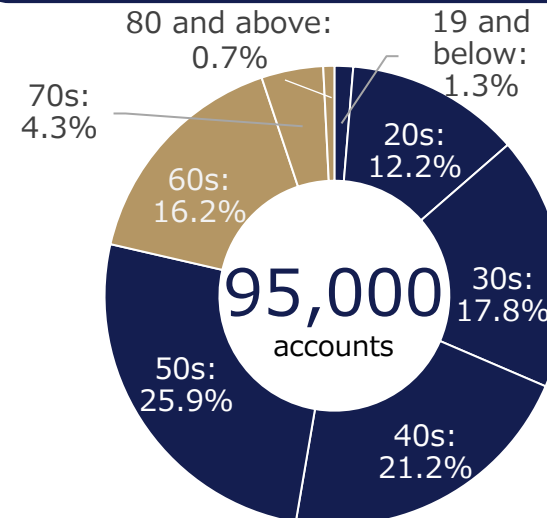


UI education loans

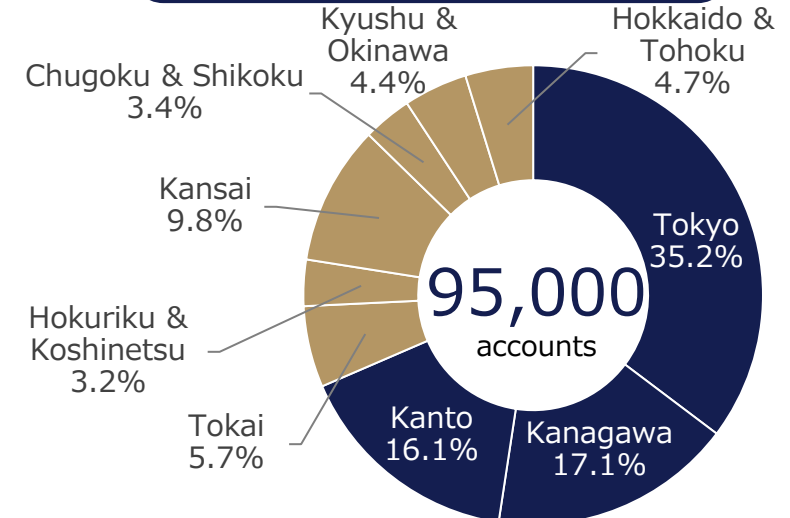
Breakdown of deposit balance



Distribution of accounts by age group



Distribution of accounts by region





Progress on the Medium-Term Business Plan

Organization Chart of the Tokyo Kiraboshi Financial Group

①  Tokyo Kiraboshi Financial Group, Inc.

(As of September 30, 2023)

Location of head office	3-10-43 Minami Aoyama, Minato-ku, Tokyo
Capital	¥27.5 billion
Total assets	¥6,619.1 billion

②  Kiraboshi Bank, Ltd.

(As of September 30, 2023)

Location of head office	3-10-43 Minami Aoyama, Minato-ku, Tokyo
Capital	¥43.7 billion
Total assets	¥6,530.8 billion

(Group companies)

	Company name	Business Description
③	Kiraboshi Credit Guarantee Co., Ltd.	Guarantee operations
④	Yachiyo Credit Guarantee Co., Ltd.	Guarantee operations
⑤	Kiraboshi Business Service Co., Ltd.	Centralized administrative services
⑥	Kiraboshi Business Consulting Shanghai Co., Ltd.	Consulting
⑦	KIRABOSHI BUSINESS CONSULTING VIETNAM CO., Ltd	Consulting
⑧	Kiraboshi Servicer, Ltd. (*)	Claim management and collection business

*Acquired business from "Argo Japan Servicing Co., Ltd.", effective October 31, 2023

(Equity-method affiliate)

⑨	Kiraboshi Insurance Agency CO., LTD.	Insurance agency business
⑩	StarBridge business consulting (Beijing) Co., Ltd.	Consulting

(Group companies)

	Company name	Business Description
⑪	UI Bank Co., Ltd.	Banking business
⑫	Tokyo Kiraboshi Lease, Inc.	General leasing business
⑬	Kiraboshi System, Inc.	System processing outsourcing
⑭	ITC Co., Ltd. (Oct. 2023 ~)	Outsourced systems development
⑮	Kiraboshi Consulting Co., Ltd.	Consulting
⑯	Kiraboshi JCB Co., Ltd.	Credit card business
⑰	Kiraboshi Tech, Inc.	Fintech services
⑱	Kiraboshi Capital Co., Ltd.	Structuring and administration of funds
⑲	Kiraboshi Life Design Securities Co., Ltd.	Securities business
⑳	Kiraboshi business office service, Inc.	Payroll operations, etc.
㉑	Be.Brave, Inc.	Advertising planning and production business

(Equity-method affiliate)

㉒	Sky Ocean Asset Management Co., Ltd.	Commissioned investment trust services
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Management Base of Kiraboshi Group

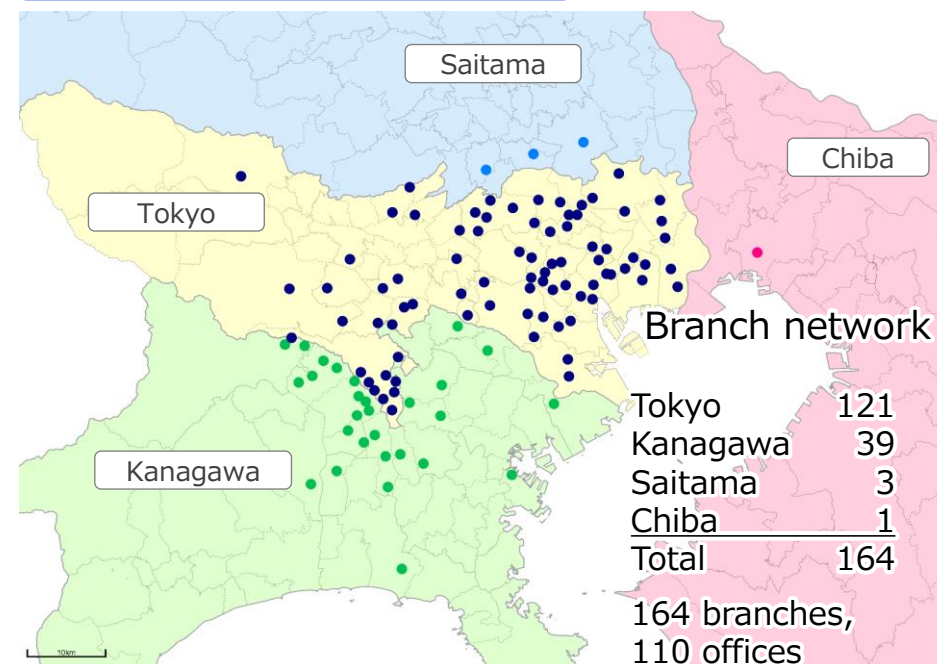
Accelerate the promotion of transactions for main bank relationship building and business financing activities against the backdrop of a rich market

	Japan	Tokyo	
Population (estimate)	124.52 million (As of June 1, 2023)	14.09 million (As of June 1, 2023)	(Proportion: approx. 11%)
Gross domestic product (nominal) Tokyo gross municipal product (nominal)	¥550.5 trillion (FY2021)	¥109.6 trillion (FY2020)	(Proportion: approx. 20%)
Number of companies (Companies + individuals)	3,399 thousand companies (2021)	424 thousand companies (2021)	(Proportion: approx. 12%)
Number of offices	5,156 thousand companies (2021)	628 thousand companies (2021)	(Proportion: approx. 12%)
Balance of bank loans (Japanese banks) Loan balance	¥570.3 trillion (As of March 31, 2023)	¥246.9 trillion (As of March 31, 2023)	(Proportion: approx. 43%)
Balance of bank deposits (Japanese banks)	¥957.1 trillion (As of March 31, 2023)	¥350.0 trillion (As of March 31, 2023)	(Proportion: approx. 36%)

(Remarks)

Ministry of Internal Affairs and Communications population estimates, Tokyo Metropolitan Government population (estimates) of Tokyo, Cabinet Office *Annual Report on National Accounts for 2021*, Tokyo Metropolitan Government *Tokyo Statistical Yearbook* (fiscal 2020), Ministry of Internal Affairs and Communications *2021 Economic Census for Business Activity*, Bank of Japan Statistics: *Deposits and Loans Market*

Kiraboshi Bank Branch Network



Number of Kiraboshi Bank customers with main bank transaction relationship

	Number of companies (denominator)	Number of customers with main bank relationship	Share
Tokyo	232,228	7,093	3.05%
Kanagawa	81,016	2,905	3.58%
Total	313,244	9,998	3.19%

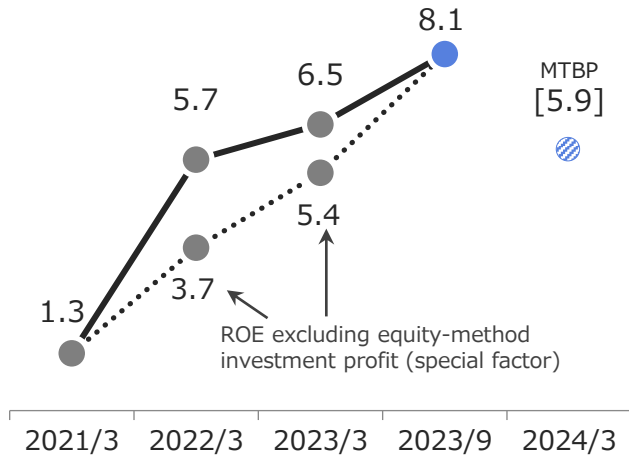
(Reference) Prepared based on a 2023 survey by TOKYO SHOKO RESEARCH, LTD.
(The number of companies is based on the TOKYO SHOKO RESEARCH, LTD. database)

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

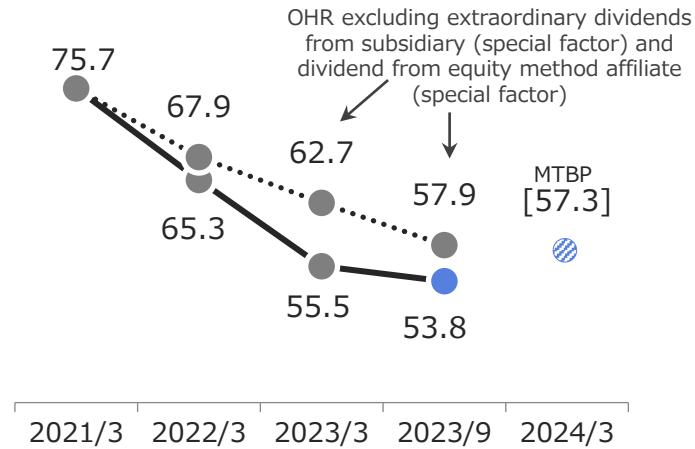
Profit items such as ROE, profit/net income, and profit from customer business are increasing steadily, leading to improvement in profitability

Issues are contribution of subsidiaries to consolidated income and capital ratio. Efforts will be made to achieve profitability of the digital subsidiary as soon as possible and to accumulate retained earnings.

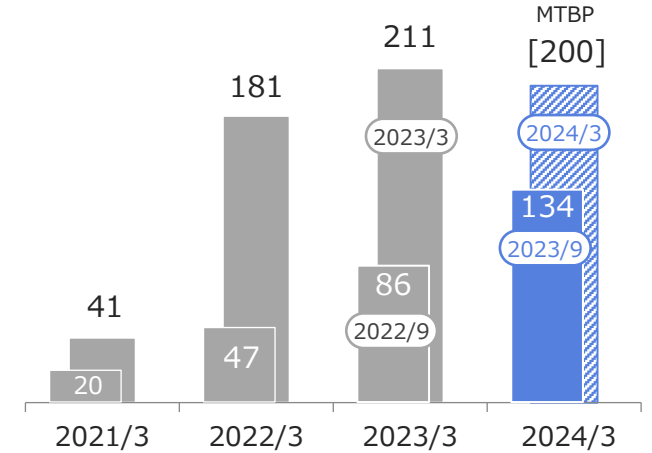
1. ROE <FG consolidated> (%)



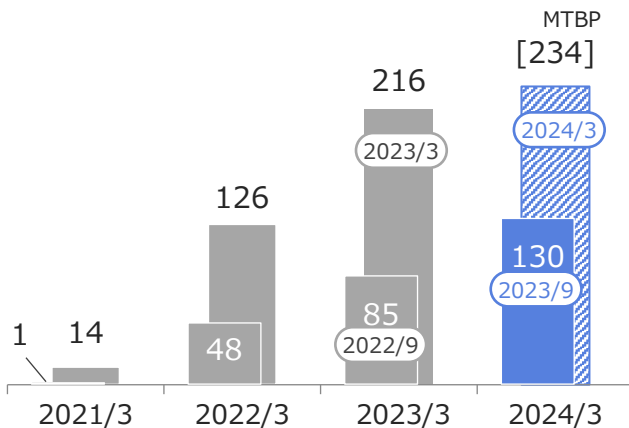
2. Core OHR <Kiraboshi Bank non-consolidated> (¥100 million, %)



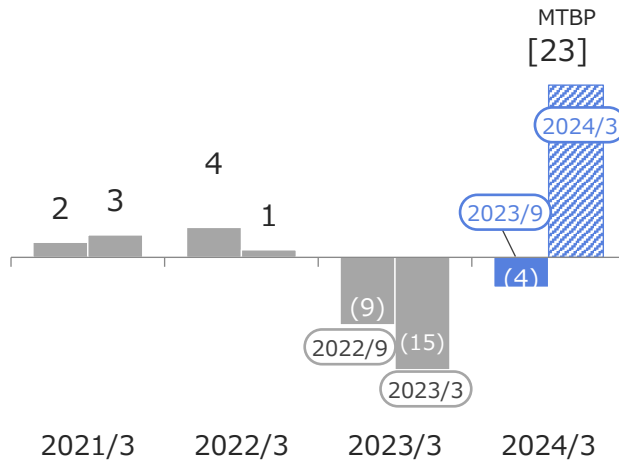
3. Net income <FG consolidated> (¥100 million)



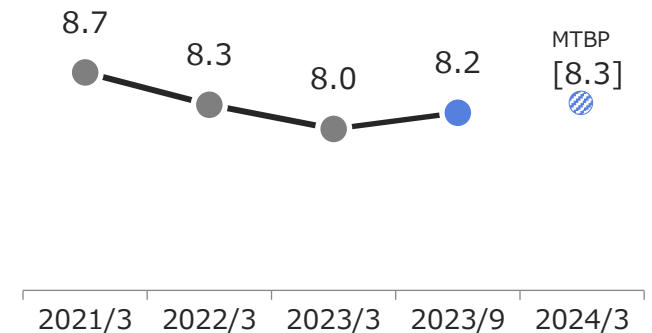
4. Profit from customer business <Kiraboshi Bank non-consolidated> (¥100 million)



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












6. Capital ratio <FG consolidated> (%)









Strategy of the Medium-Term Business Plan and Related Indicators (KPIs)

—Initiatives to Address ESG/SDGs










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



Strategy	SDG targets	Specific action items	Related indicators (FY2023 targets)	2023/9 actual	Progress level
Strategy (1) Branch strategy	  	Transformation of all branches to next-generation branch setup, self-service and paperless operations	Retail-focused branches: 34 offices	Retail-focused branches: 52 offices	○
Strategy (2) Improvement of operational efficiency	  	Efficiency improvement in branch and headquarter operations, maximization of customer contact points	Gross core business profit per head: ¥32 million	(gross core business profit per head) ¥38 million	○
Strategy (3) Human resources development	  	New personnel system, strengthening of specialization, reform of organizational culture	Make use of external talents	Mid-career hires: 100 (Cumulative total from FY2021)	—

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

Strategy (4) Resource allocation	  	Fusion of "face-to-face and non-face-to-face," "financial and non-financial" Digital Bank, LaLaPay, IT support for older customers	KGIs (Please refer to p.4)	KGIs (Please refer to p.4)	—
DX	  	Centralization of routine office work and alliance marketing, optimal allocation of personnel	Number of individual internet banking users: 400,000 users	Number of individual internet banking users: 300,000 users	△

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

Strategy (5) Services for the business owner segment and older adult segment	  	Life plan support, transactions with business owners Inheritance, property management	Assets under management of business owner customers 1,000 customers, ¥50.0 billion increase	Number of customers increased by 2,986 Outstanding balance increased by ¥49.2 billion	◎ ○
Strategy (6) Promote main bank relationship building	  	Business succession, M&As, business financing, overseas expansion, startup support, Group functions	Financing to customers with main bank relationship* Increase of 600 customers and ¥600.0 billion in loan amount Kiraboshi Package: 60,000 customers	Number of customers increased by 2,708 Loan amount increased by ¥936.2 billion Kiraboshi Package: 49,000 customers	◎ ◎ ○ ○
Strategy (7) Medical institutions	  	Support for medical institutions by specialized teams Medical platform in cooperation with business partners	Business succession support: over 1,000 customers Support to medical institutions: over 400 institutions	Business succession support: 851 customers Support to medical institutions: 504 institutions	◎

Enhancement of corporate governance	 	Establishment of GSuO (Group Chief Sustainability Officer) position Revision of credit policy, establishment of investment and loans policy
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* Annual sales of ¥300 million or more

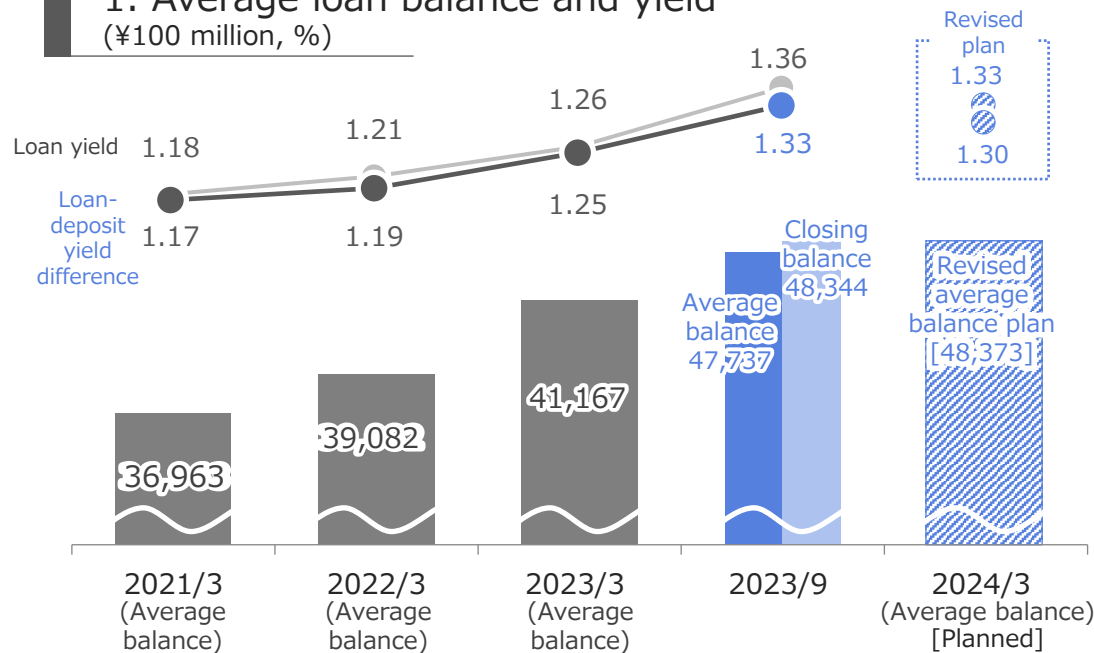
Achievement level of each indicator

◎...Surpassed; ○... Achieved or nearly achieved;
△...More work needed

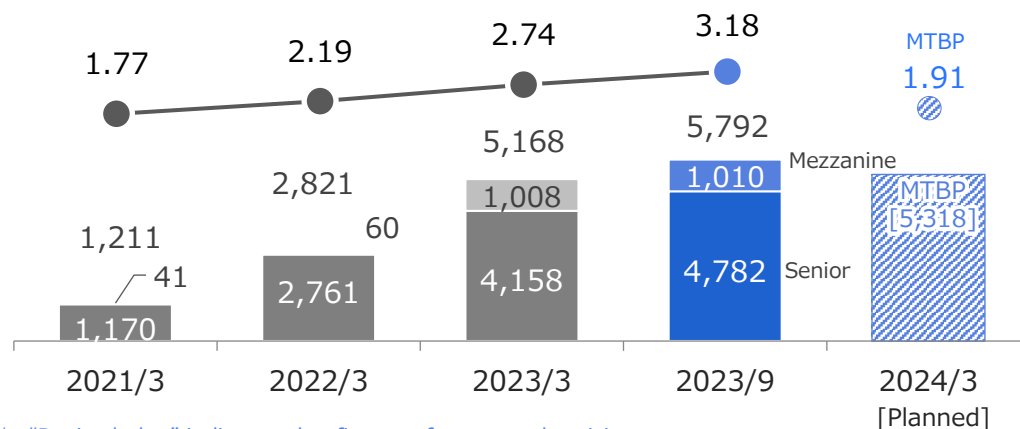
Corporate Customer Strategy ① (Loans)

Increase in loan balance largely through efforts in promoting transactions for main bank relationship building and business financing activities, rise in loan yields, and growth of interest on loans and discounts

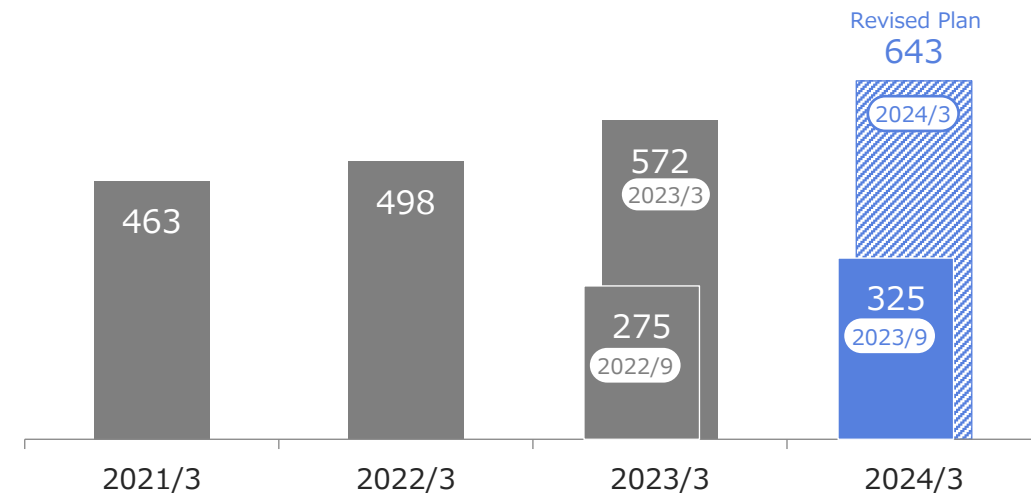
1. Average loan balance and yield (¥100 million, %)



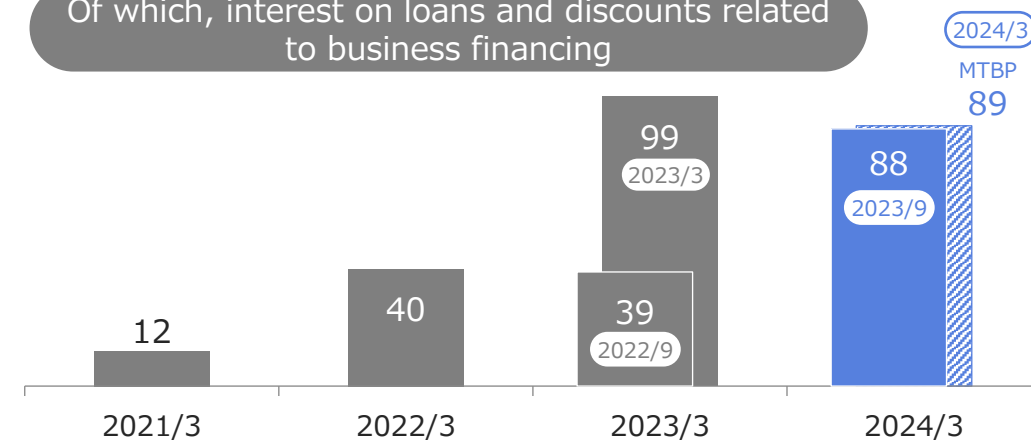
Of which, balance of business financing and yield



2. Interest on loans and discounts (¥100 million)



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

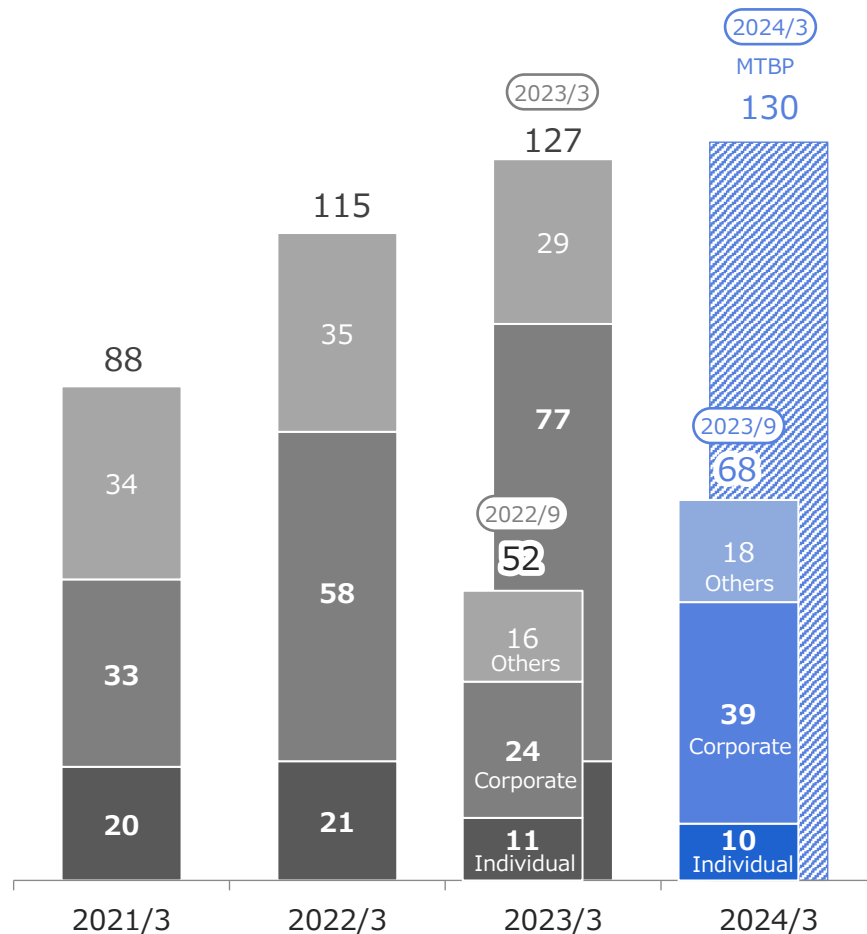


* "Revised plan" indicates plan figures after upward revision to the Medium-Term Business Plan (MTBP)

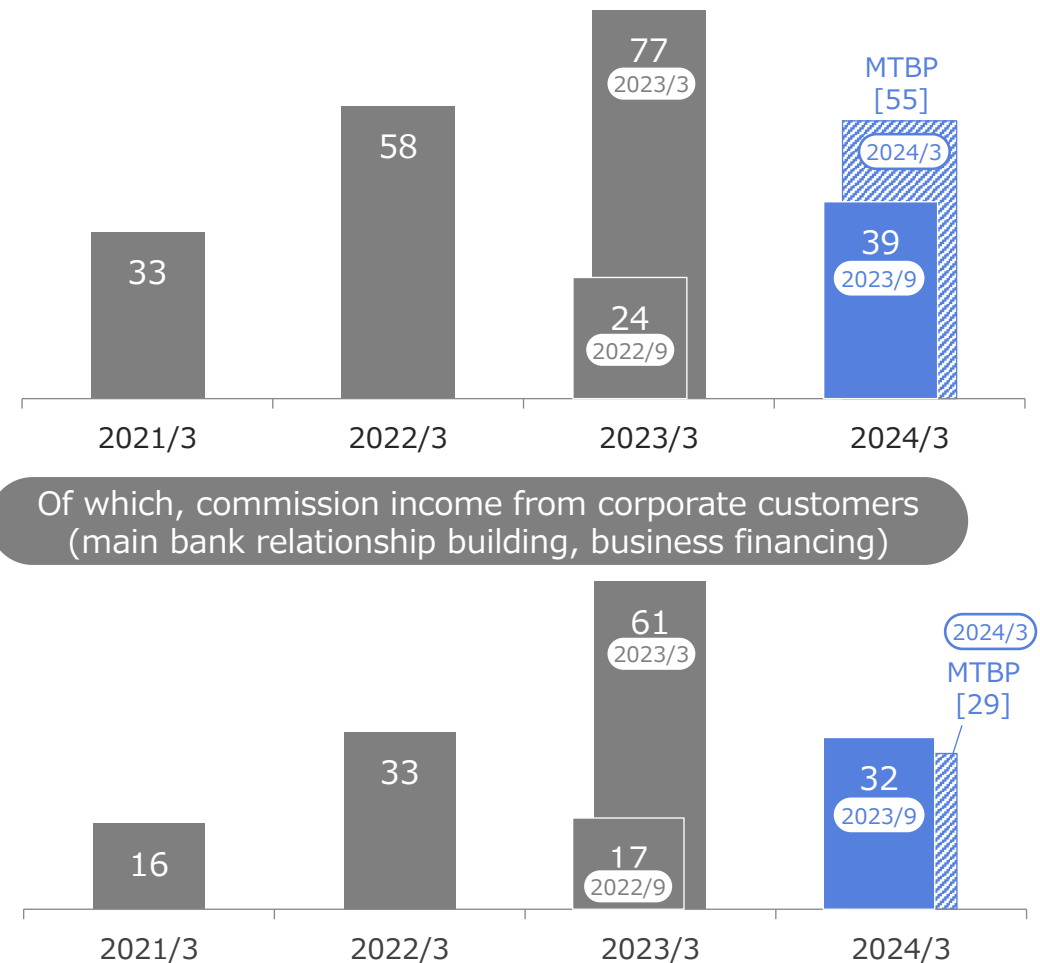
Corporate Customer Strategy ② (Commission Income from Corporate Customers)

Fees and commissions in corporate customer business drove overall fee and commission income, led primarily by fee income associated with cross-selling arising from transactions in main bank relationship building and business financing

1. Income from fees and commissions (Kiraboshi Bank)
(¥100 million)



2. Commission income from corporate customers
(¥100 million)

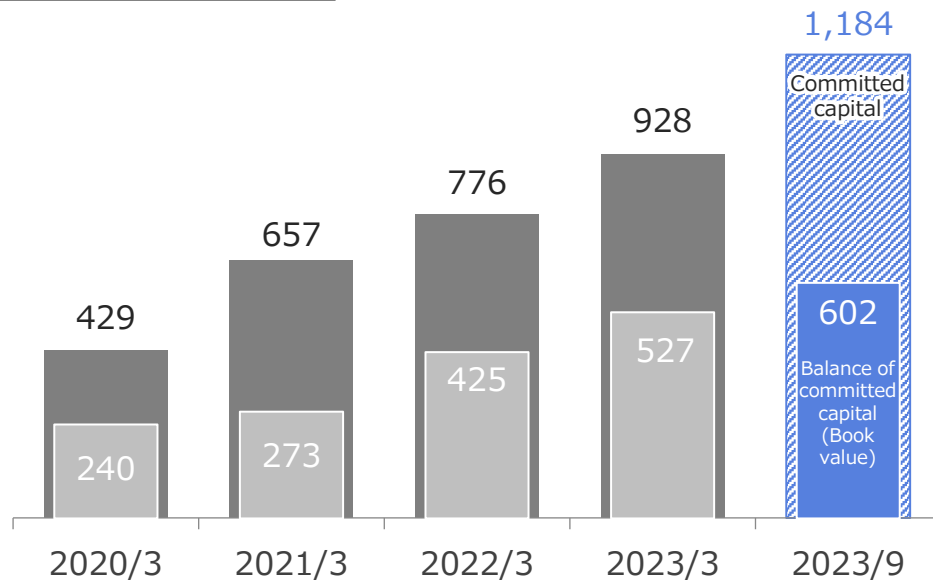


Corporate Customer Strategy ③

(Private Equity Investment / Kiraboshi Capital)

Support for SMEs to enhance their corporate value, through investment in private equity funds and Kiraboshi Capital

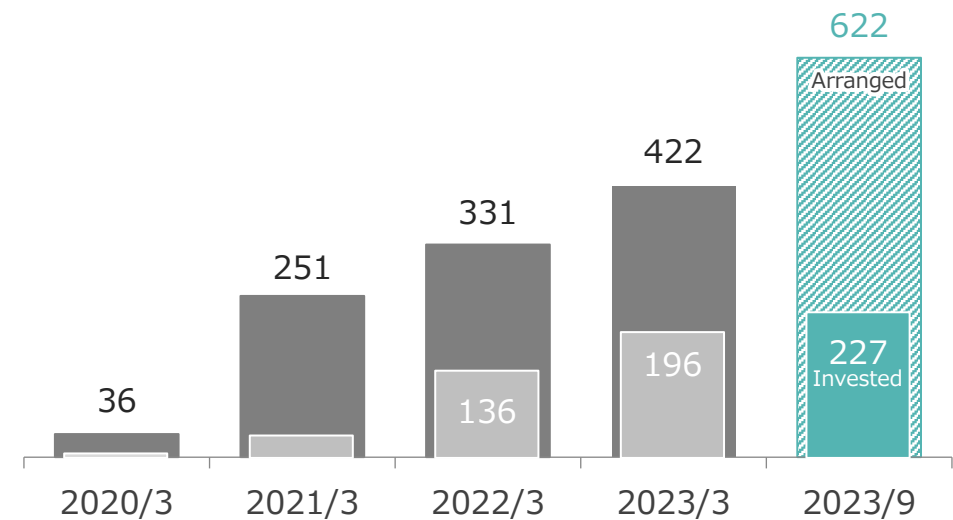
1. Status of investment in PE funds (Kiraboshi Bank) (¥100 million)



Breakdown of funds invested	Number of funds	Remaining capital commitment
• Venture fund	6	¥1.0 billion
• Reconstruction and debt funds	5	¥2.8 billion
• Buyout fund	61	¥39.4 billion
• Others (infrastructure)	5	¥1.8 billion
• Policy-based investments (Kiraboshi Capital)	7	¥61.2 billion
• Policy-based investments (others)	22	¥12.0 billion
	Total 100	Total ¥118.4 billion

* Policy-based investment: private equity fund aimed, among other things, at the effects that would be produced from collaboration with such parties as fund administrator or investee company, on top of the direct economic benefit that would be generated from the invested fund.

2. Fund administration status of Kiraboshi Capital Co., Ltd. (¥100 million)



Name	Description	Total fund amount	Launched in
Yume Kagayaki Fund 1	Buyout investment	¥2.6 billion	November 2018
Yume Habataki Fund 1	Growth capital investment	¥2.0 billion	March 2019
Yume Yoriso Fund 1	Mezzanine finance	¥22.5 billion	August 2020
Tokyo Sparkle	Engagement investing	¥20.0 billion	November 2020
A&KC Medical No. 1	Medical fund	¥3.0 billion	March 2021
KCP Equity Assist No. 1	Equity investment (minority)	¥8.0 billion	June 2021
Yume Habataki Fund 2	Growth capital investment	¥4.0 billion	February 2023
	7	Total ¥62.2 billion	

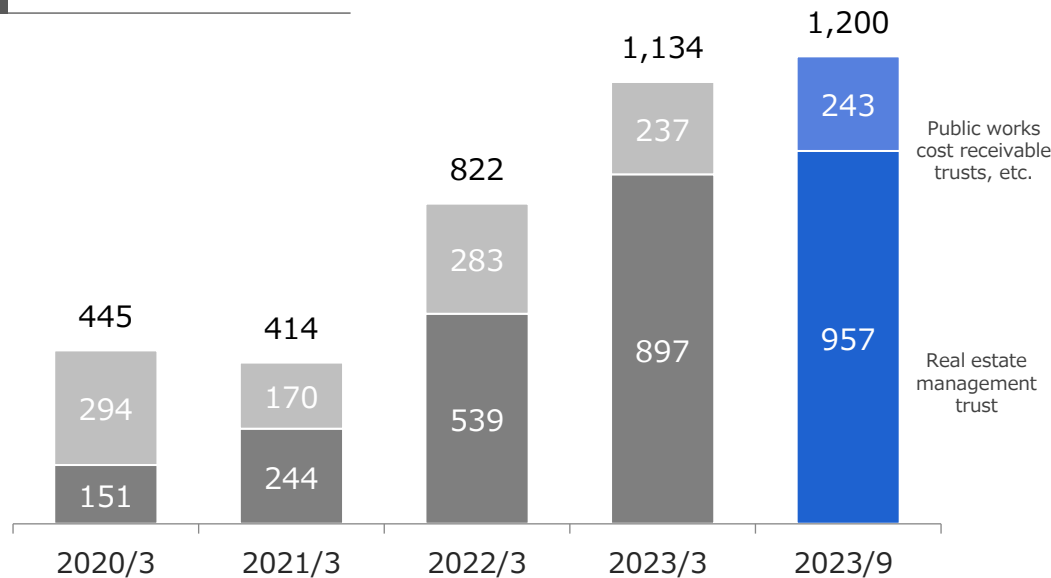
Corporate Customer Strategy ④

(Trust Business, Medical, Collaboration with Other Banks)

Increase in trust asset balance centering on real estate management trusts, expanded support for medical institutions by Medical and Welfare Business Division

Cumulative business impact of collaboration with Bank of Yokohama reached ¥6.6 billion in the second year, with an early achievement of the ¥10 billion target in sight

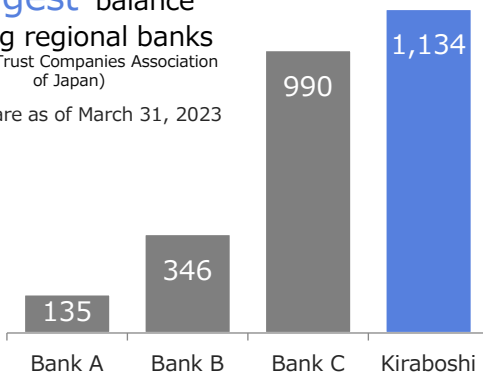
1. Balance of trust assets (¥100 million)



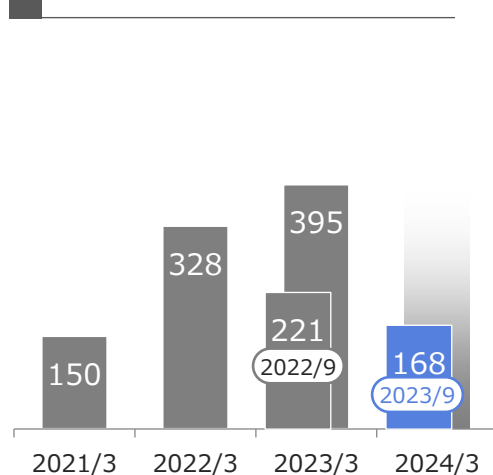
2. Trust assets of regional banks (¥100 million)

Largest balance among regional banks
(Source: Trust Companies Association of Japan)

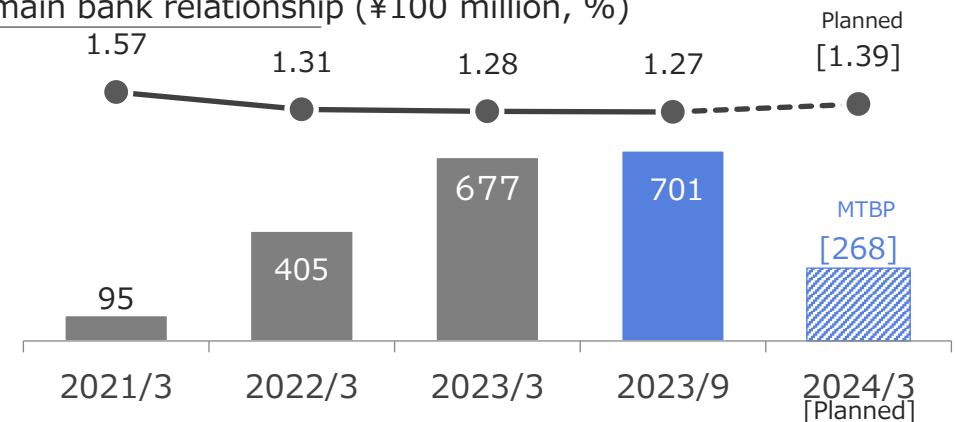
* Figures are as of March 31, 2023



3. Trust fees (¥ million)



4. Balance of loans to medical institutions aimed at building main bank relationship (¥100 million, %)



5. Business collaboration with Bank of Yokohama

Tokyo Kanagawa Solution Connect

Kiraboshi Bank, Ltd.



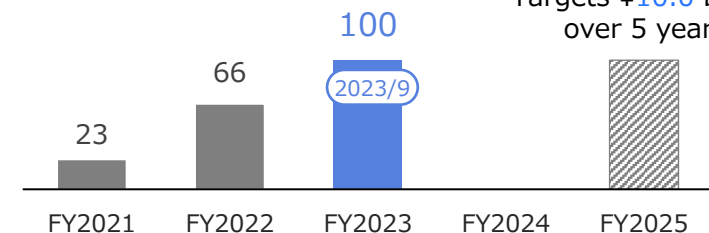
The Bank of Yokohama, Ltd.

LBOs and other collaboration in the structured finance field, etc.

Cumulative impact of collaboration (income)
¥10.0 billion in cumulative total
(As of September 30, 2023)

Achieved target
2.5 years ahead of plan

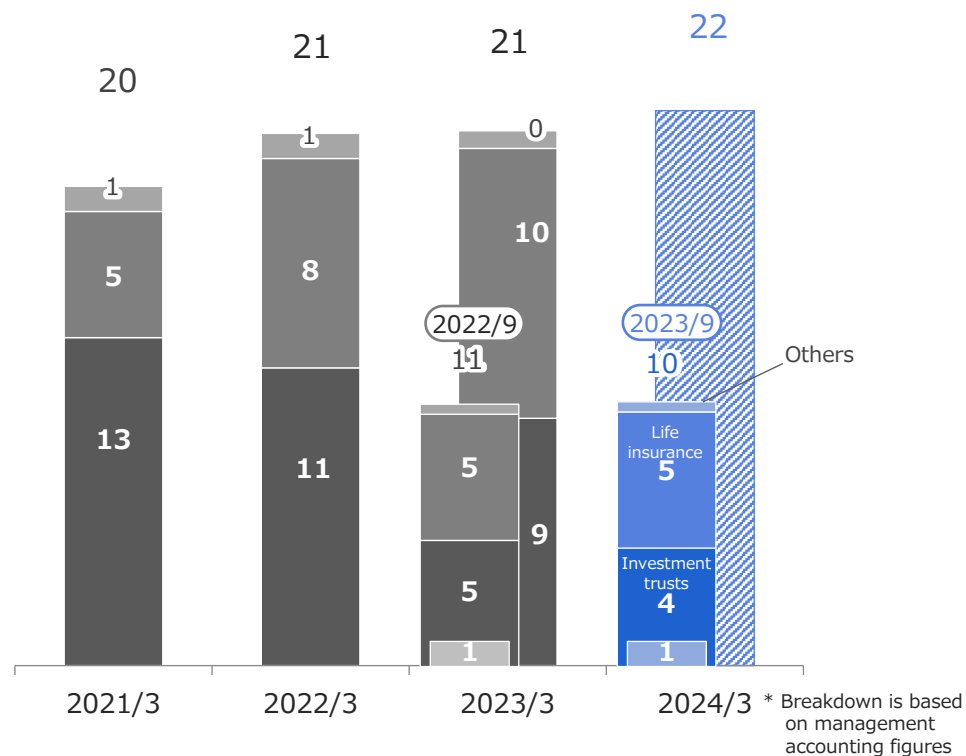
Targets ¥10.0 billion over 5 years



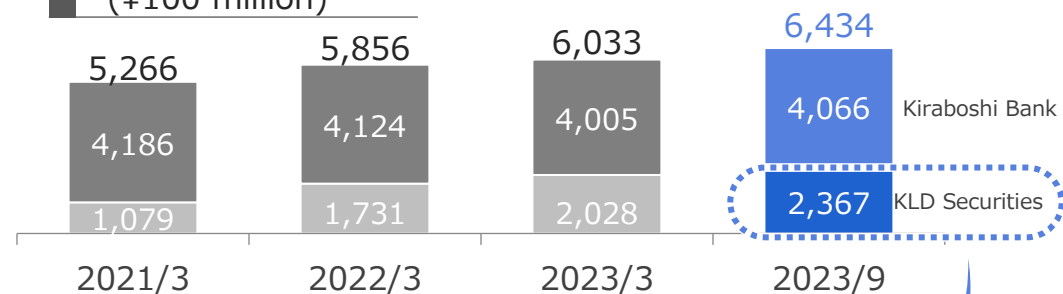
Retail Customer Strategy

Kiraboshi Bank's fees and commissions from financial instruments likely to remain more or less flat with focus of sales activities shifting from sales commissions to outstanding balance, against which enhancement of the Retail Division to be sought through unified sales activities of Group companies including securities and consulting subsidiaries

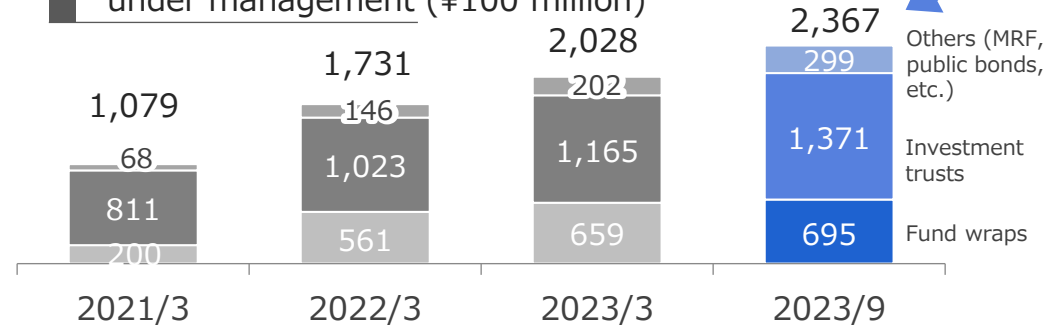
1. Fees and commissions from financial instruments (Kiraboshi Bank non-consolidated) (¥100 million)



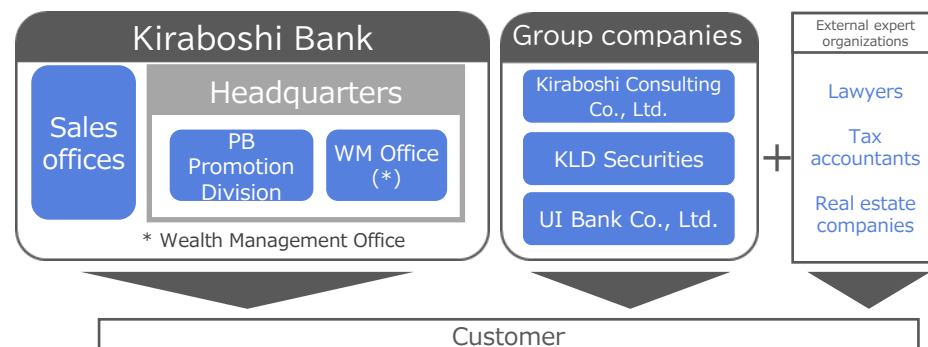
2. Group's balance of assets under management (¥100 million)



3. Breakdown of KLD Securities' balance of assets under management (¥100 million)

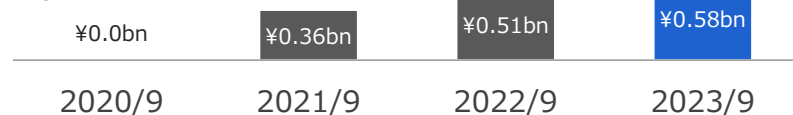


4. Group organization chart (retail sales)



[Ref] Kiraboshi Life Design Securities' income (* not included in commission income from retail customers above)

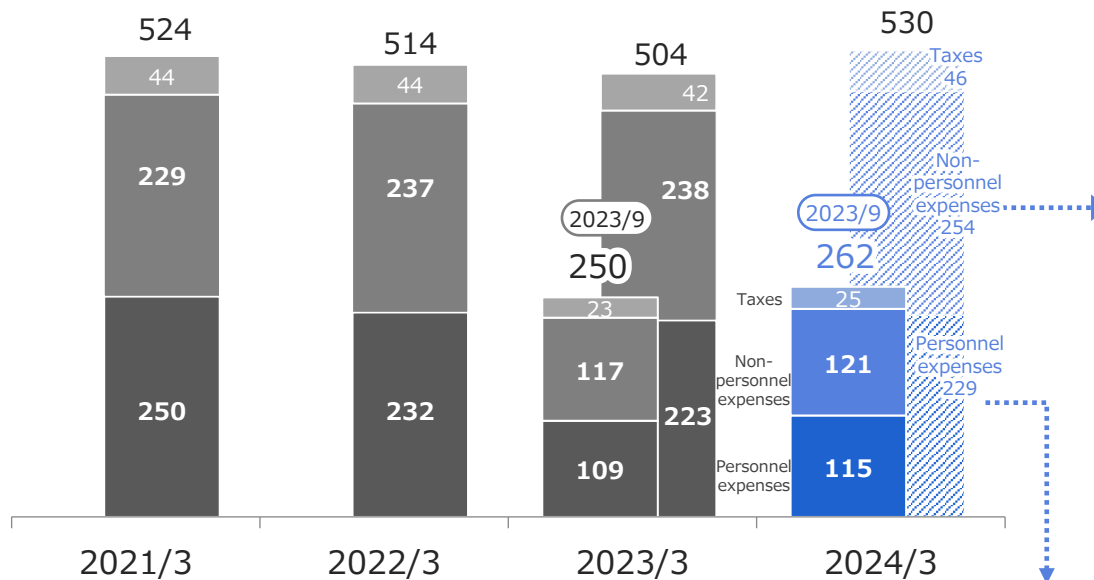
(Started operation in Aug. 2020)



Expenses

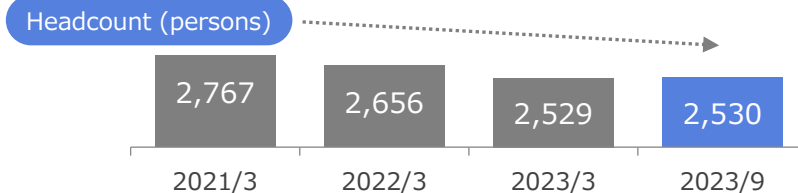
While controlling costs by cutting down personnel costs, branch expenses, and other costs through headcount reduction, push forward with efforts to improve management efficiency with proactive investment in such areas as DX

1. Breakdown of expenses (¥100 million)



Personnel expenses

- Headcount on a downtrend. However, **personnel expenses are expected to increase** in FY2023 due to human capital investment including **base-pay increase (by 2.5%)** and **starting salary raise (by 50,000 yen)**



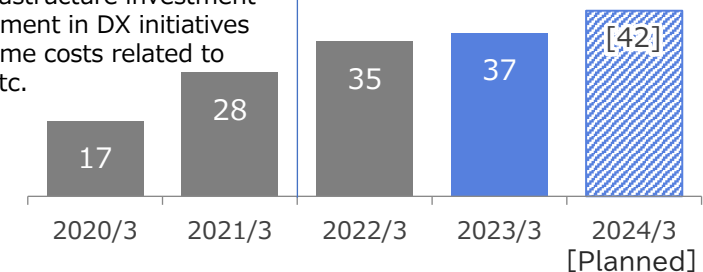
Non-personnel expenses

- Total non-personnel expenses in FY2023 are expected to increase as a result of proactive investment** such as in the development of IT infrastructure that contributes to improvement of management efficiency, and in DX initiatives

Proactive investment (¥100 million)

- IT infrastructure investment
- Investment in DX initiatives
- One-time costs related to BIB, etc.

Approx. ¥11.4 billion of proactive investment planned during the current MTBP period



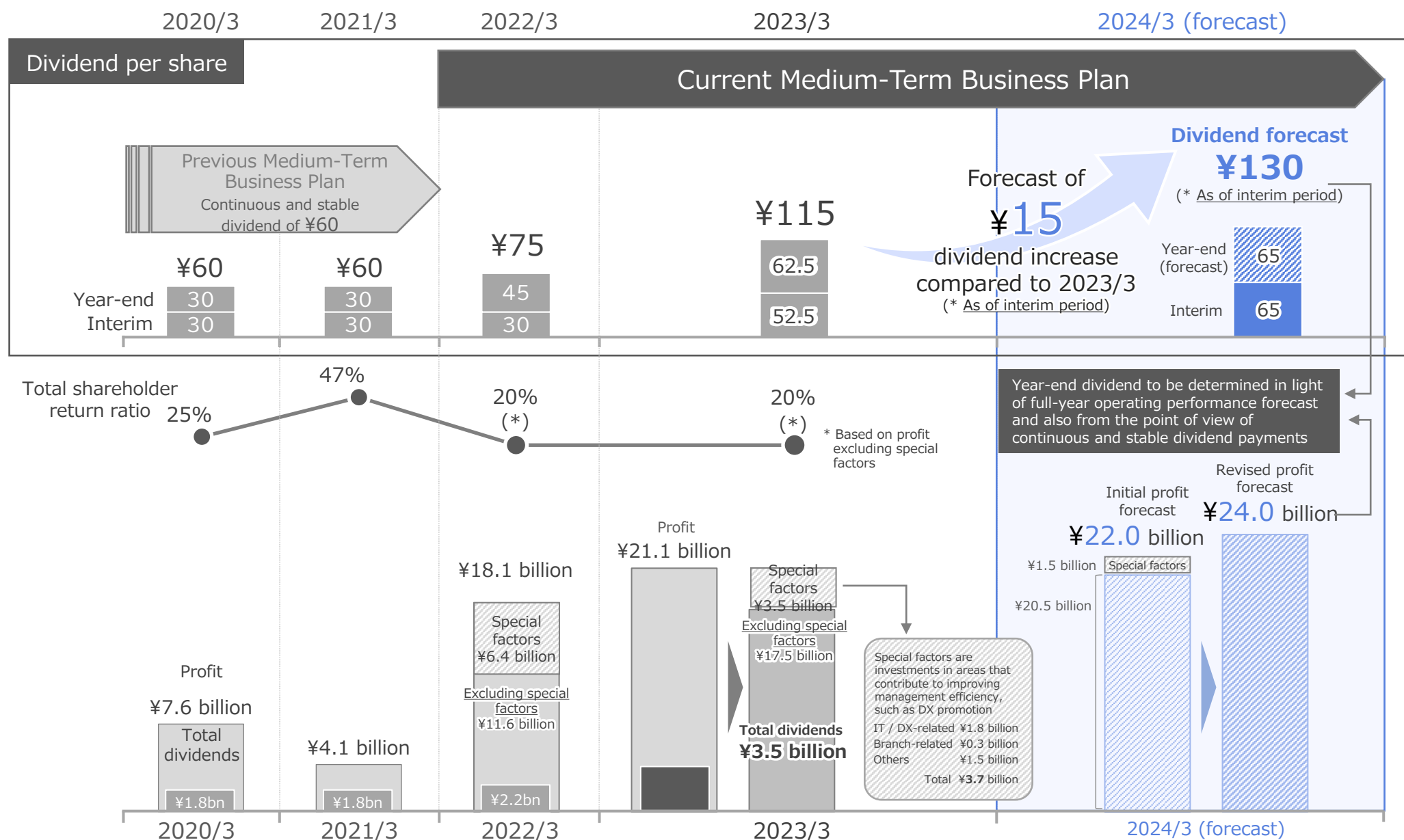
- In non-personnel expense items, **branch office rent has been on the downtrend** as a result of BIB (branch-in-branch) and other initiatives

Number of staffed offices

	2020/3	2021/3	2022/3	2023/3	2023/9	2024/3 projection
Offices for corporate and retail customers	104	89	46	46	50	50
Retail-focused branches	14	20	56	55	52	47
Offices specializing in corporate customers	3	2	4	3	2	2
Sub-total ①	121	111	106	104	104	99
Staffed sub-branches, offices, and lounge-type offices ②	13	12	10	9	5	6
Total of ① + ②	134	123	116	113	109	105

Shareholder Returns (Dividends)

Paid out interim dividend of ¥65; for year-end dividend, consideration to be made in light of full-year operating performance forecast, based on the dividend policy of achieving “total shareholder return ratio of 20%–30%”

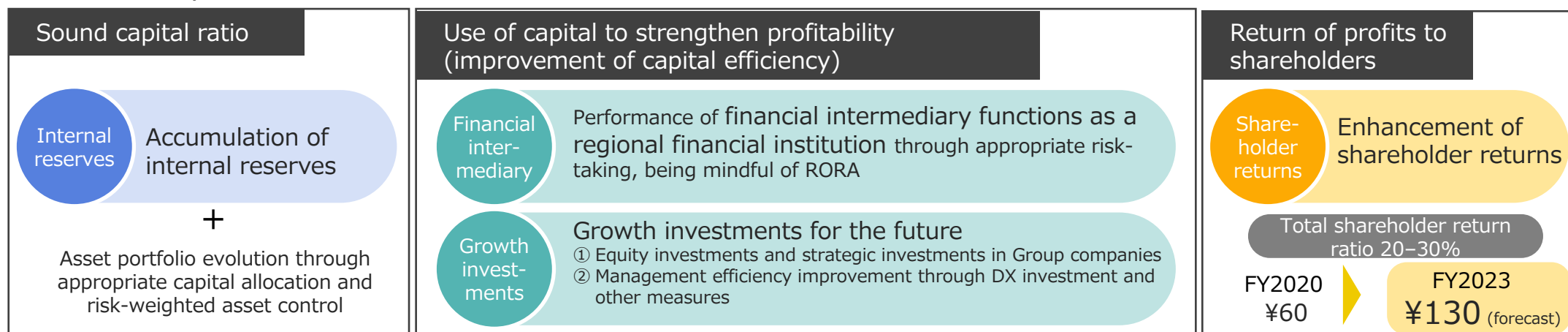


Capital Management to Improve PBR

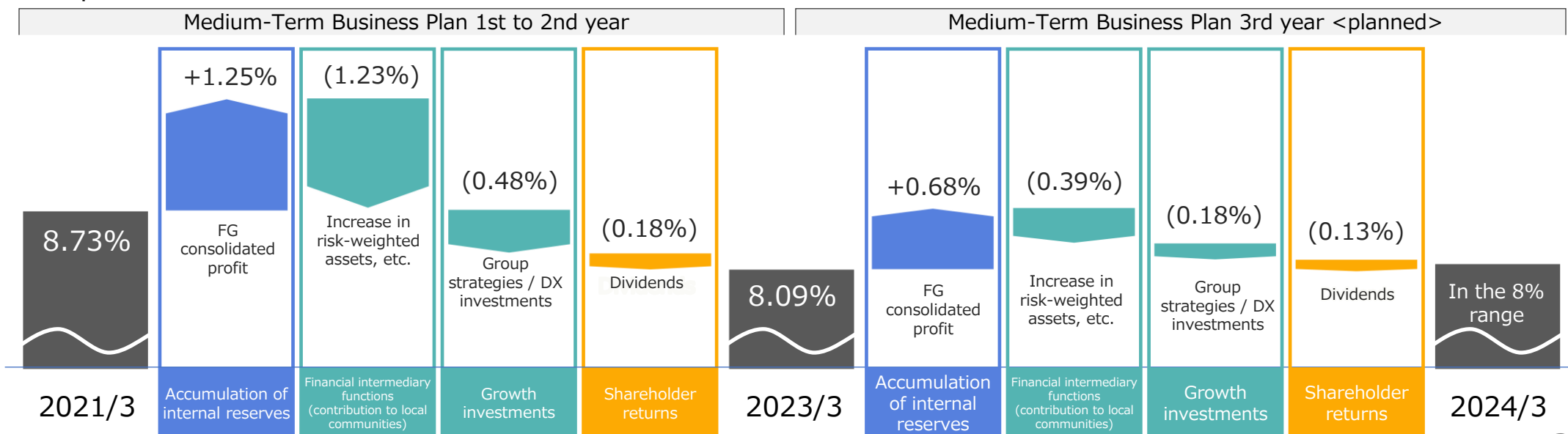
Ensure a “sound capital ratio” and implement a well-balanced approach for “use of capital to enhance profitability” and “return of profits to shareholders”

In addition, start considering [repayment of preferred shares](#) in the next Medium-Term Business Plan and beyond (details to be disclosed in the next Medium-Term Business Plan)

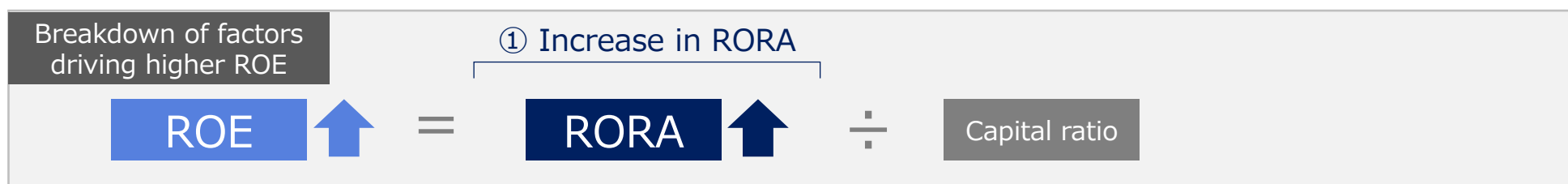
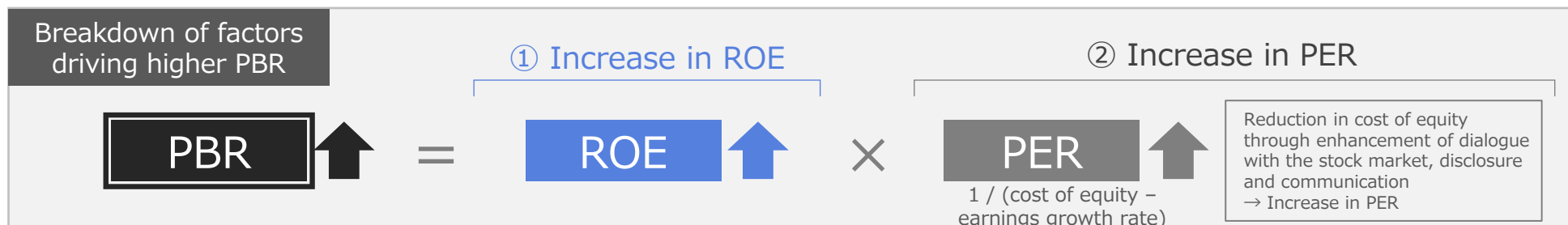
■ Basic Policy



■ Capital allocation



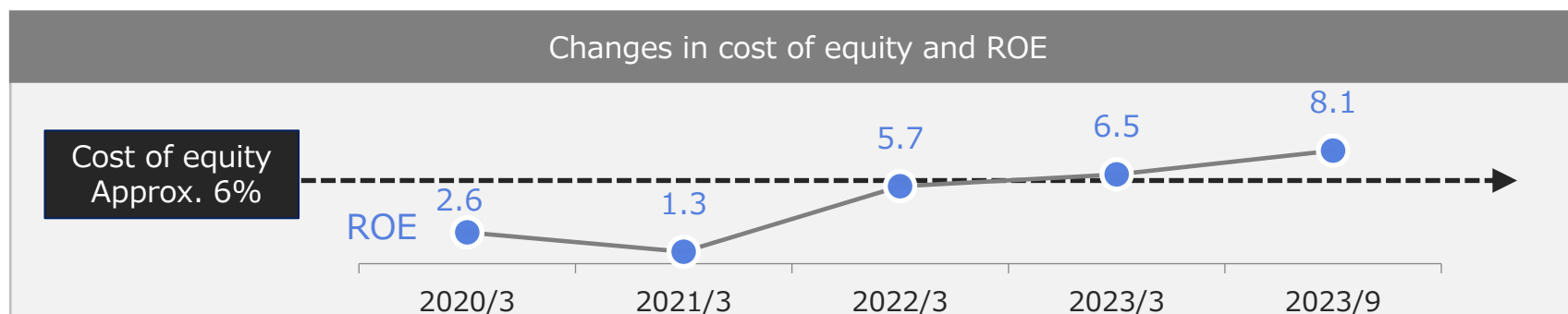
Financial Management to Improve PBR



■ RORA improvement measures

Improve RORA through replacement of loan assets and risk-weighted asset control, combined with promotion of transactions for main bank relationship building

Specific measures	Corporate	Work as a unified group to provide customers with high added value, with consultation as the starting point
		Provide loans and equity financing that respond to the needs in business succession and business transfer
	Individuals	Respond to the diverse needs such as property management, property inheritance, and comprehensive asset management, as well as promotion of main bank relationship building with retail customers
		Flexibly deploy branch office, digital, and remote consultation channels, and provide financial and non-financial services that match customers' needs



Estimation of the Impact of Rise in Yen Interest Rates

Assumptions

- ✓ Yield curve to rise 10bp in parallel
- ✓ The following interest rate pass-through is applied in estimating interest on deposits and loans

	Loans	Liquid deposits	Term deposits
Pass-through	65%	30%	55%

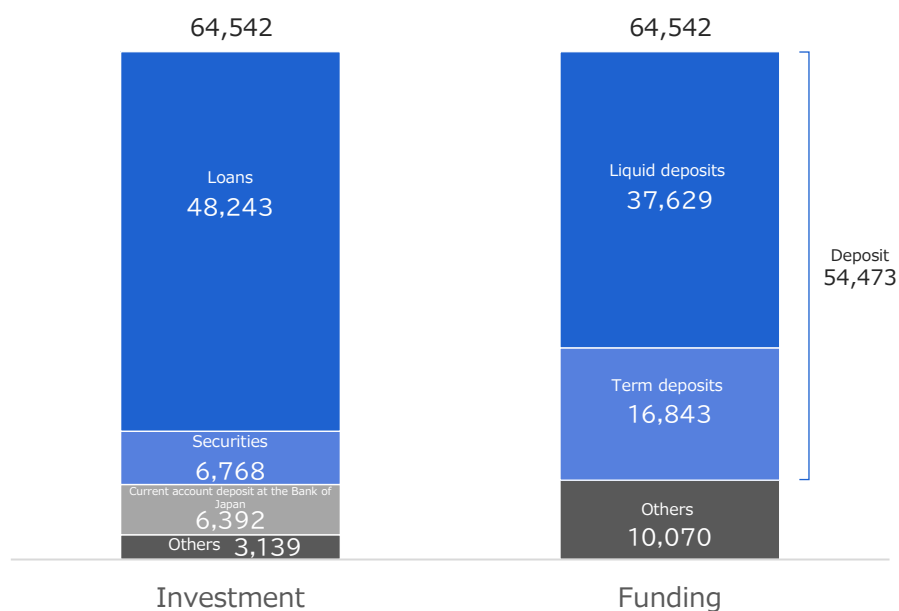


If market rate is +0.10%	+0.065%	+0.030%	+0.055%
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- ✓ Figures are as of September 2023 for balance of loans, securities, deposits, etc.
- ✓ Yen bond redemption during the coming year to be ¥36.0 billion
- ✓ Amount of yen bond redeemed to be reinvested at an even pace each month

Yen bond portfolio (*)

* Balance of "Kiraboshi Bank" as of September 2023



Estimation results of the annual impact

Impact on P/L		Impact on B/S	
Loans	+¥2.1 billion		
Securities	+¥0.0 billion		
Deposits (*)	(¥1.7 billion)		
Impact on net interest income	+¥0.4 billion	Impact on valuation gain/loss on yen bonds	(¥2.9 billion)

* Impact on deposit interest includes "UI Bank"

* "UI Bank" included

- Increase in interest on loans
- Increase in interest on securities

- Increase in yen bond valuation loss
- * In principle, policy is to hold until maturity and hence impact on P/L is limited

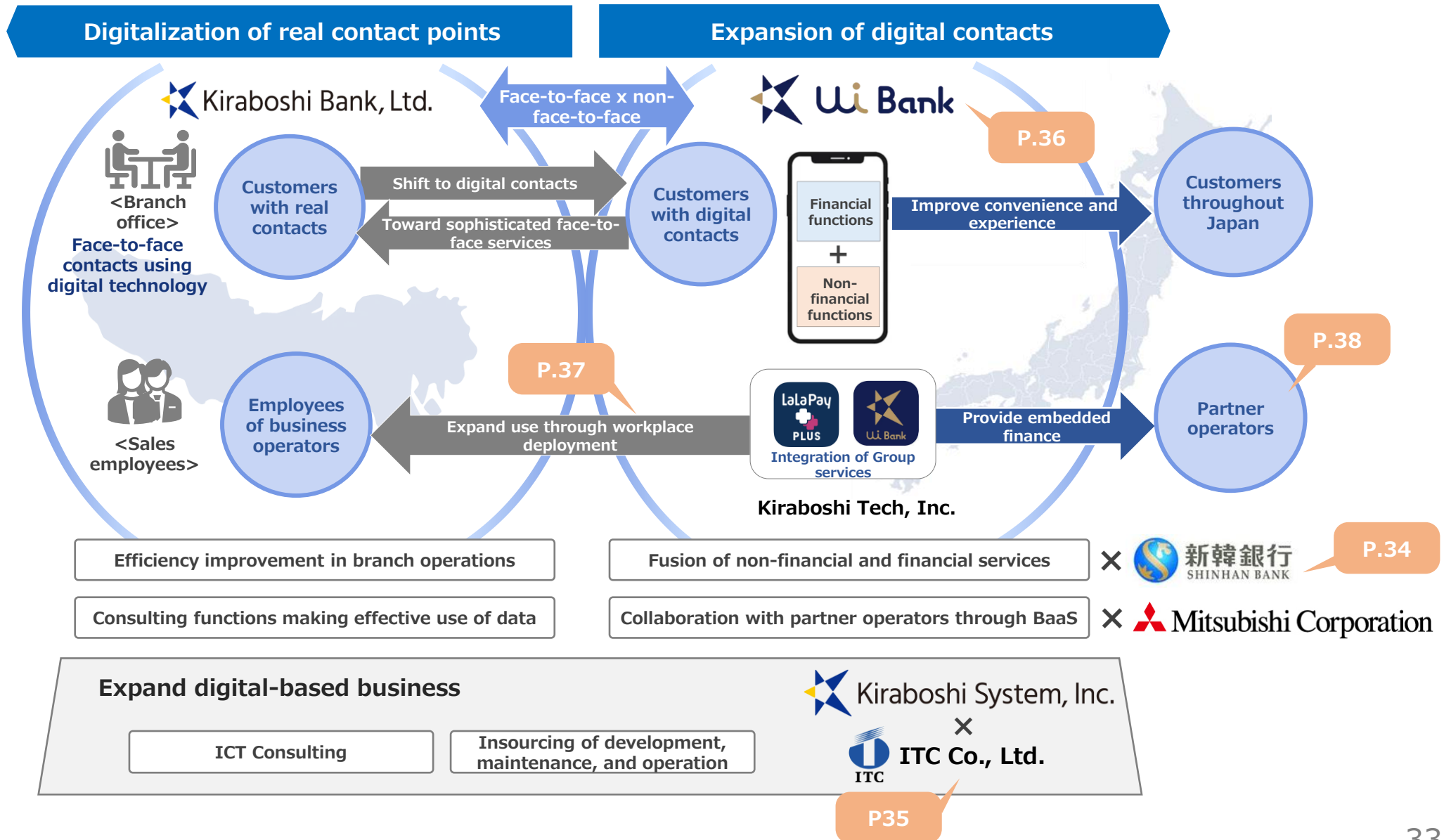
For income overall,
positive impact is anticipated
from rise in yen interest rates



The Kiraboshi Group's Actions for the Future

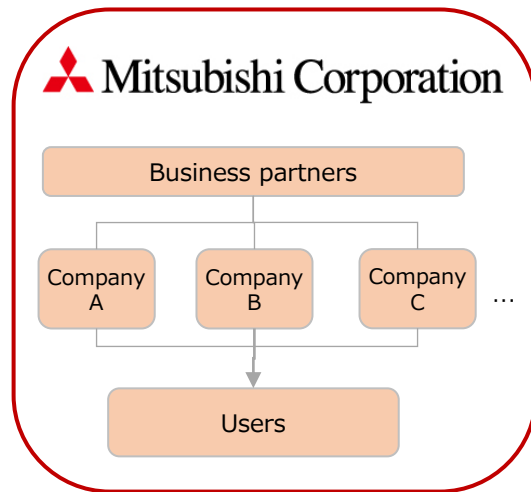
Digital Strategy of Kiraboshi Group

- Provide value by combining face-to-face with non-face-to-face, and financial with non-financial services, using digital and real channels



Business Alliance to Expand Digital Contact Points with Customers

- Business alliance with Shinhan Bank, Mitsubishi Corporation, and SBI Holdings proceeding to specific projects for development and provision of services



- Provide embedded financial services to cross-industrial networks



FY2023

- Discussions in progress for launching joint business in BaaS (Banking as a Service)

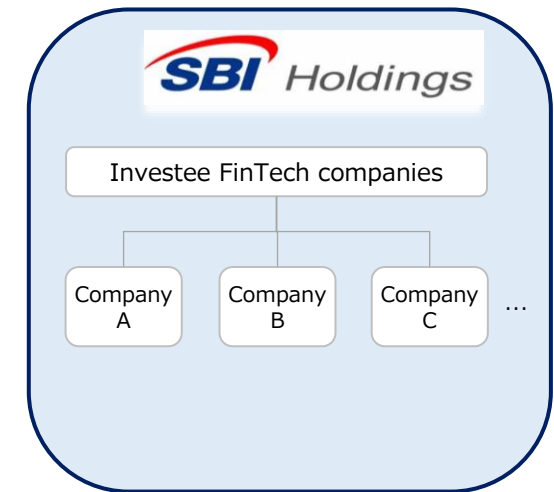


- Develop a growth strategy for the retail business in collaboration with Shinhan Bank, which is a "model of success in the retail field"



FY2023

- Work underway to upgrade UI Bank applications that serve as a foothold for promoting digital retail strategy



- Provide system functions and ideas in collaboration with FinTech operators

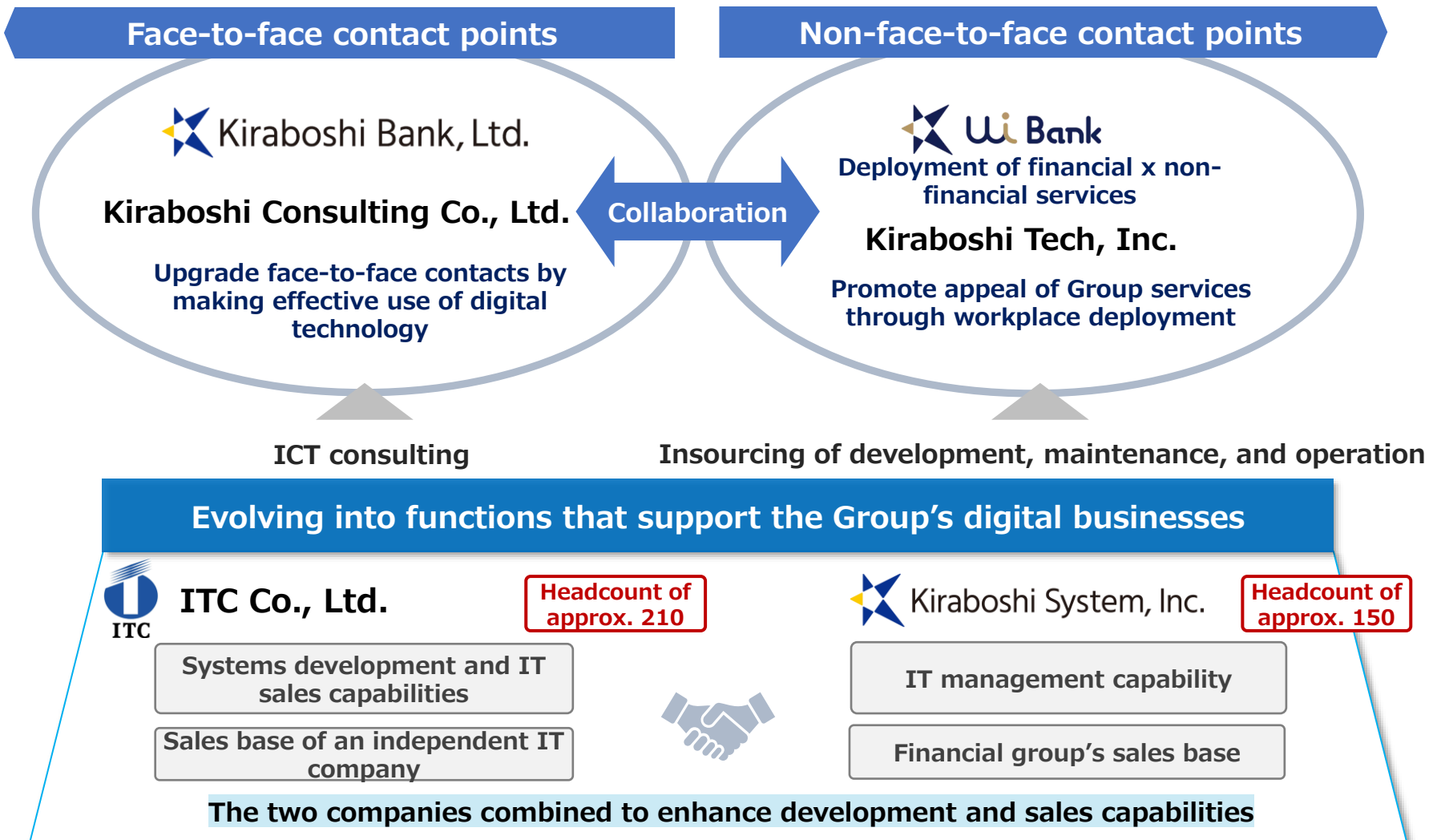


FY2023

- Delivery of new digital wallet, "LaLaPay Plus"
* Using "BANKIT®," product of APLUS Co., Ltd., a member of SBI Shinsei Bank Group

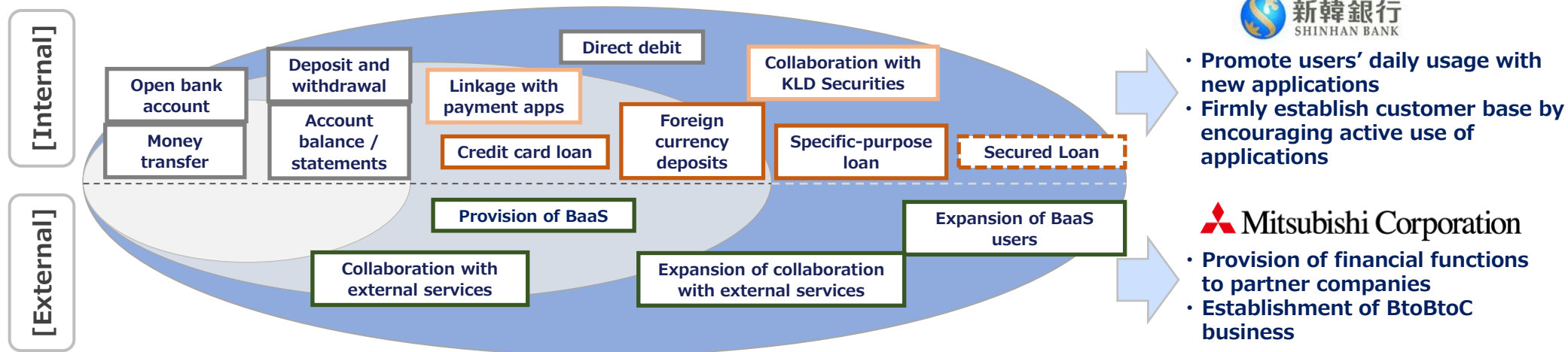
Kiraboshi System: Acquisition of ITC Co., Ltd. as a Subsidiary

- Insourcing of systems and applications and **strengthening of ICT consulting services** by making ITC Co., Ltd. a subsidiary



UI Bank: Digital Bank

- Firmly set in place both customer base and new businesses through expansion of financial functions and use of Group-wide collaboration/cooperation with external parties



Expansion of financial functions 2023

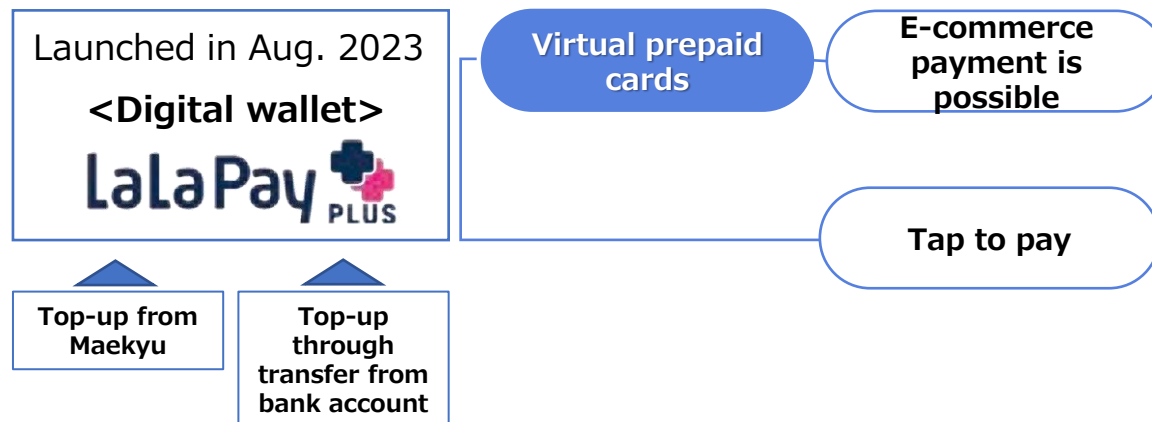
- Jul. "Raku-kura Lifenote for UI Bank"
- Aug. "Direct debit"
- Sep. "Foreign currency deposit products and services"
- Oct. "UI nursing care loan (revolving loan type)"
"UI Plan (smartphone loan)" product renovation * introduction of group credit life insurance and rise in borrowing age limit
- Nov. "UI education loan (revolving loan type)"

- Expanded opportunities for fee business with enhanced functionality of digital wallet and increase in Maekyu users

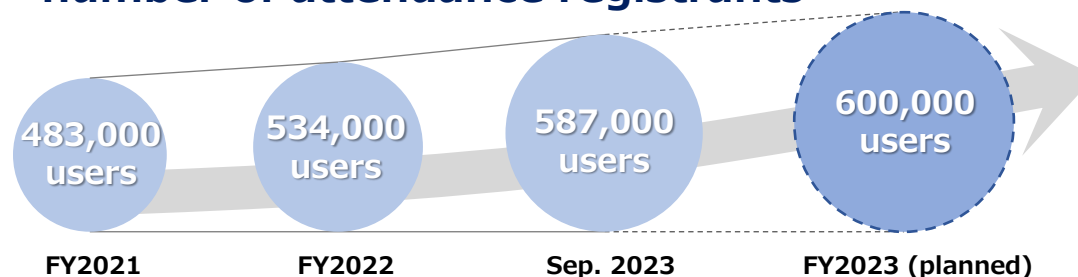
■ Increased convenience of digital wallet



Provision of service functions



■ Increase in Maekyu users: Changes in the number of attendance registrants



Expanded opportunities for fee business

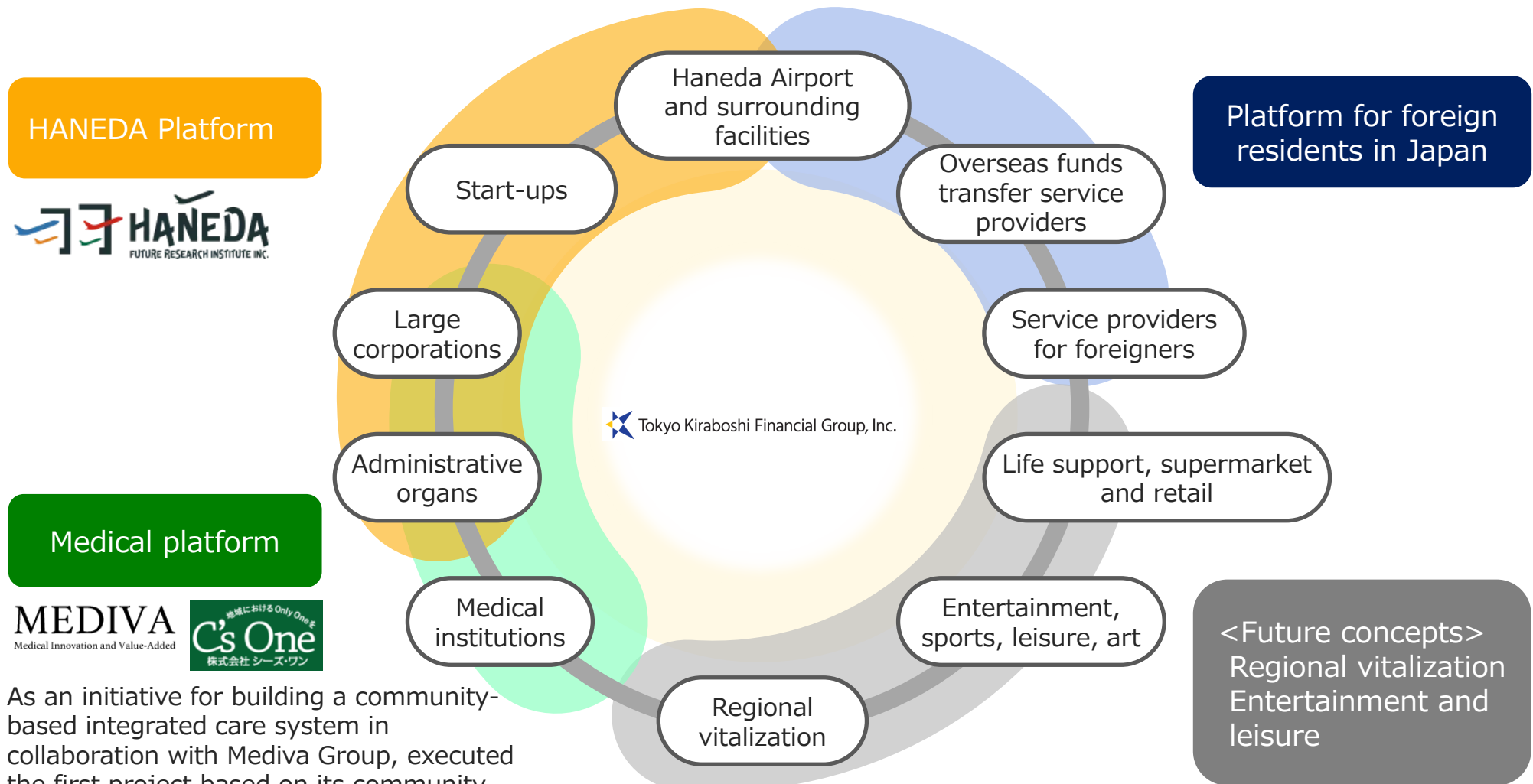
- Payment and money transfer
- Finance
- Corporate services

Contact points of money with companies and their employees: cashless and digitalization

- Digital payment for company's expense reimbursement to employees (started offering in Oct. 2023)
- Aim for expansion of benefit services

Digital-based, Tokyo-based Platform Concept

- Realized provision of services based on digital function of UI Bank and LaLaPay Plus, in collaboration with external partners
 - Aim for construction of a Tokyo-based platform that includes “Kiraboshi Group,” “business partners,” and “users of business partners”

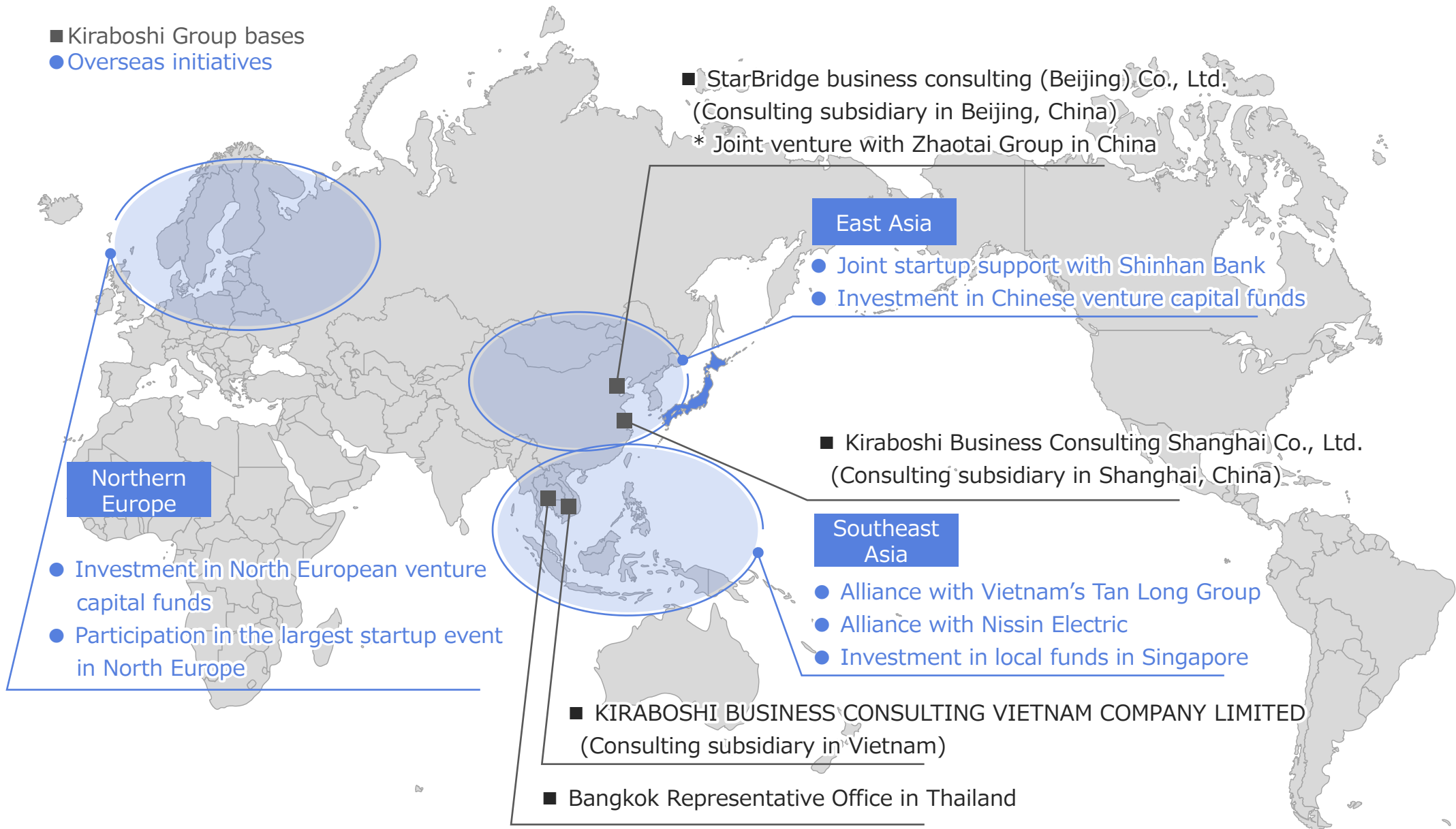


As an initiative for building a community-based integrated care system in collaboration with Mediva Group, executed the first project based on its community hospital concept in Nov. 2023

Overseas Strategy ①

Kiraboshi Group's structure for support of overseas expansion

- Kiraboshi Group bases
- Overseas initiatives

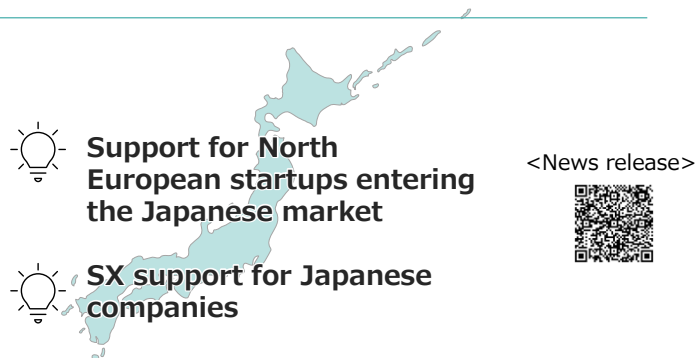


Overseas Strategy ②

1. Support for North European startups entering the Japanese market

1 Investment in "NordicNinja Fund II SCSp", a North European venture capital fund

Invested in the fund that invests in promising North European startups in the field of "sustainability x digital"



2 Set up a booth at "Slush 2023," the largest startup event in Northern Europe

Aside from startups mainly from Northern Europe, participants included Nordic and other European venture capital firms and investors, large corporations, and media.

Booth set up jointly with the Tokyo Metropolitan Government

Tokyo Metropolitan Government's startup strategy
"Global Innovation with STARTUPS"



<News release>



Lightbulb icon: Increase in contact points with North European startups and VCs

Lightbulb icon: Presenting the charms of Tokyo and attracting companies to Tokyo

2. Startup support in East Asia

1 Investment in "Mizuho Leaguer Investment I L.P."

A venture capital fund in Greater China Leaguer Group Co., Ltd., the GP, has capital ties with Tsinghua University and the Shenzhen Municipal Government, and leverages its industry-government-academia network knowledge

2 Initiatives to support startups with Shinhan Bank

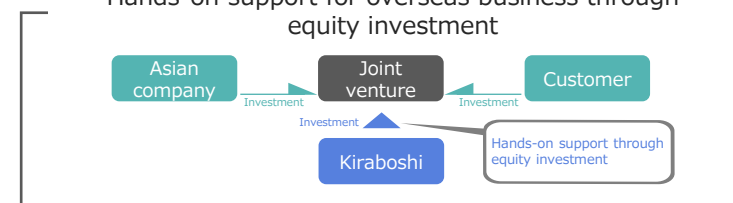
Participated in the pitch event for South Korean startups, sponsored by Shinhan Future's Lab JAPAN and Korea SMEs & Startups Agency (KOSME). Started interaction with South Korean startups

3. Example of a hands-on support activity in Southeast Asia

1 Capital participation in Nikkoku Trust's joint venture company in Vietnam

In Oct. 2023, Nikkokustrust Co., Ltd., Tan Long Group, and Kiraboshi Consulting realized capital participation in a Vietnamese joint venture company engaged in meal service

Hands-on support for overseas business through equity investment



<News release>



2 Basic agreement on comprehensive collaboration with Nissin Electric

Support customers' speedy market entry and overseas expansion with minimal investment risk by leveraging manufacturing technologies and local resources that Nissin Electric possesses through its overseas Group companies

<News release>



Initiatives for startups: “discover”/“nurture”/“create”

1 Discover



“Kiraboshi Pitch”

- search for contacts with promising startups

“Kiraboshi Pitch,” a monthly forum for diverse startups to make presentations by business theme. Providing a place for connecting the startups making presentations with the participants (such as venture capitalists)



Presentation themes

Robotics, carbon neutral, business targeting Generation Z, university-originated startups, fast-growing global companies, SaaS, wellness, logistics, health care, construction, arts and entertainment, sleep tech, nature, disaster prevention, Femtech, medical, “monozukuri” (manufacturing), food and agriculture, manufacturing industry, security

2 Nurture



“Accelerator Program”

- support for business growth

Organized mentoring sessions and business matching to help the selected startups with their problem-solving over the 5-month period, and arranged the final presentation event

- Study sessions by specialists
Arranged study sessions on finance, business strategy, and other subjects
- Mentoring
Organized periodic mentoring sessions for business support
- Pitch events
Participated in pitch events where about 7 well-known venture capitalists gathered



SAMURAI ARCHITECTS

runetale

APTO

ハルカラ

Collectest

3 Create



“Open innovation pitch”

- new business development between startups and large corporations

Arranged programs aimed at supporting large companies in their diversification. Organized open innovation pitch and reverse pitch events



- ✓ Open innovation pitch
Hosted jointly with H.I.S. Co., Ltd. Organized a pitch event for startups aimed at co-creation projects that are not limited to travel business
- ✓ Reverse Pitch
Organized a reverse pitch event with Geomatec Co., Ltd. where a presentation was given to startups, to solicit business partners for creating the future



Collaboration with “Yawan Startup Terrace”

- support startups’ global expansion

Started collaboration with “Yawan Startup Terrace,” an innovation base located in Kaohsiung City, Taiwan, with the objective of supporting startups aiming for global expansion. Signed a memorandum of understanding on inter-facility collaboration with Kiraboshi Consulting in July 2023.

About “Yawan Startup Terrace”

The facility was opened in December 2021 in southern Taiwan as an international support base for startups. Engaged in activities for promoting industrial development with a focus on 5G- and AIoT-related fields, including support for global investment by Taiwanese startups, collaboration within and outside of Taiwan, and accelerator support.



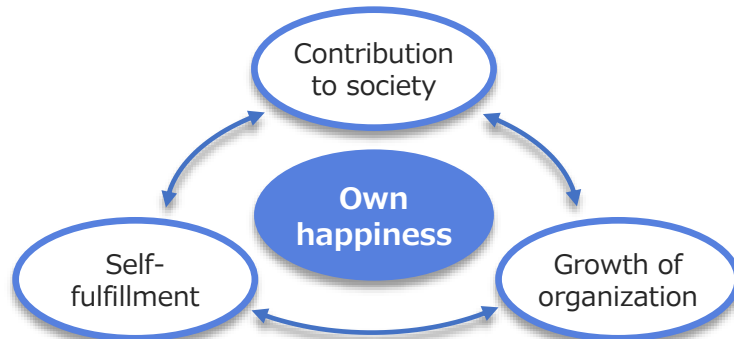
Well-being and Human Capital Management ①

- “Kiraboshibito” is the most important capital asset of the Kiraboshi Group
- Realization of customer, community, and employee well-being

Realization of customer and community well-being
Sharing of gratitude, a sense of contribution, and happiness

Embody the Kiraboshi Philosophy

Kiraboshi Philosophy:
Contributing to society, seeking growth of the organization, achieving self-fulfillment, and realizing one's own happiness



Sharing of Kiraboshi Philosophy
Happiness of each and every employee = realization of well-being

TOKYOに、つくそう。
- Enhancement of corporate value -

★ Engage with and do the best for customers and local communities
Provide services that are of value

Human resources development, improvement of internal environment

Basic concept on human resources:
Each employee enhances own value and contributes to improvement of corporate value



Well-being of “Kiraboshibito”

Aspiration to do one's best for customers and the community
A desire to enhance one's own value

By reinvesting in human capital the improved corporate value that has been generated from the cycle, realize sustainable development of employees / the Company / local communities = TOKYO

Well-being and Human Capital Management ②

Human capital enrichment: each employee enhances own value and contributes to improvement of corporate value

◆ Human resources development

Upper row: results as of Oct. 1, 2023 Lower row (in parentheses): FY2022 results

Strengthening of individuals				Fostering of corporate culture			
Development of in-house talents			Mid-career recruitment	Internal branding	Organization embracing diversity	Enhancing each other	Gratitude
"Dojo" training participants 437 people (1,064 people)	Allocation to strategic divisions 301 people (295 people)	Investment in human resources ¥55 million (¥78 million)	Number of mid-career hires 29 people (30 people)	Monthly dialogue meetings Organized in all offices (Training in corporate philosophy Participation by all regular employees)	Percentage of women in management 18.2% (16.9%)	Leadership training 19 people (21 people)	Nice Work! Card 3,326 cards (10,314 cards)

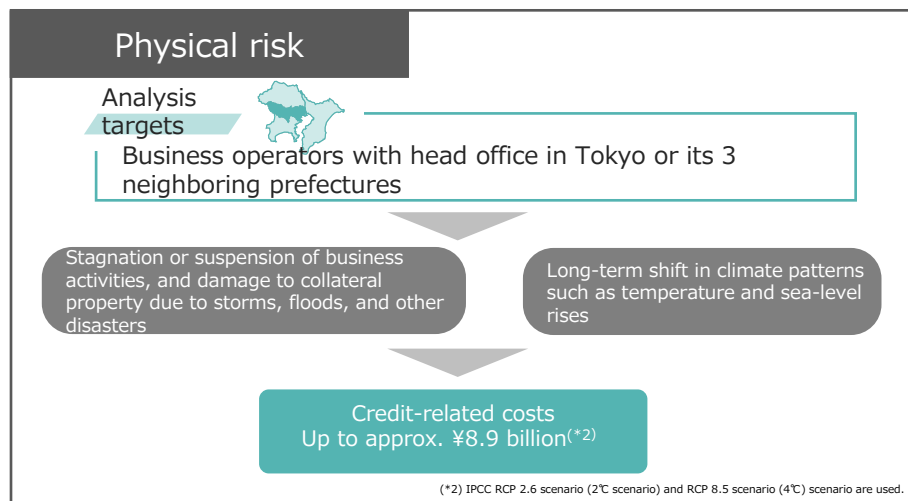
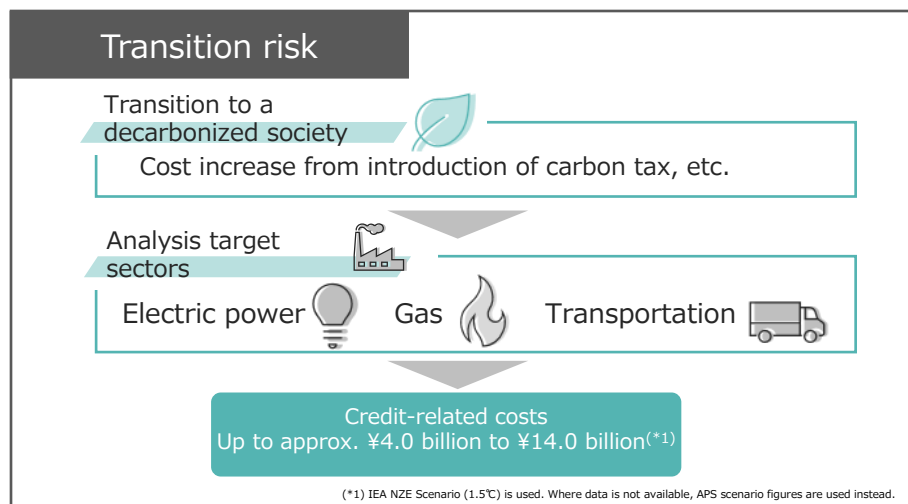
◆ Improvement of internal environment

FY2022 actual

Fair opportunities			Good working environment			
Performance appraisal	Human rights	Psychological safety and communication		Wellness	Diverse work styles	Benefits
Appraisal feedback interview implementation rate 85%	Number of submissions for human rights slogans to enhance awareness 1,444	One-on-one employee job satisfaction rate 92%	Participation in 360-degree survey training 787 people	Regular health checkups participation rate 100%	Employees taking childcare leave Female / male 100%	Disability insurance Participation of all regular employees

Sustainability (Environment-Related)

1. Climate change scenario analysis

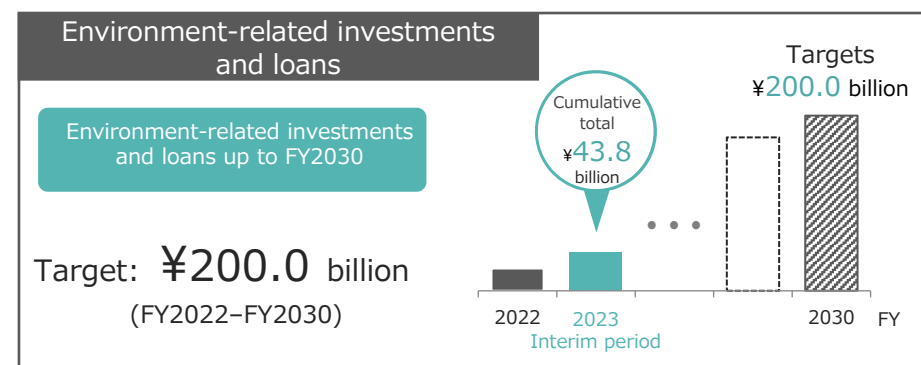
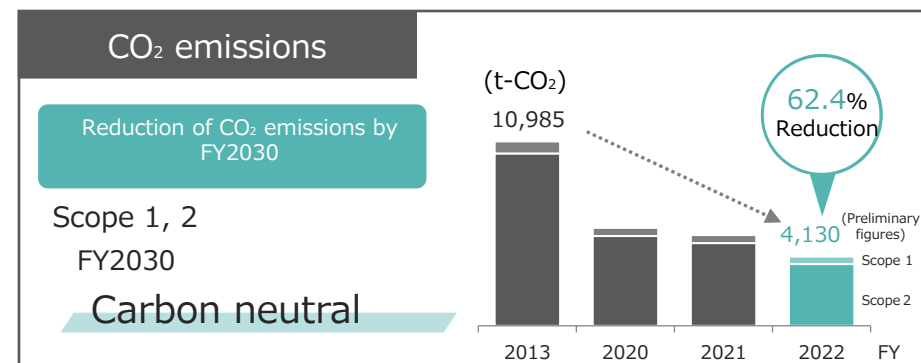


2. Credit exposure to carbon-related assets

Kiraboshi Bank's loans to carbon-related sectors, as a percentage of its total loans **0.7%**

(*) Sectors subject to disclosure: electric power (excluding solar and renewable energy related), gas, coal

3. Sustainability targets



4. Examples of initiatives



Supported “Shibuya Ethical Week,” a campaign event to promote ethical consumption in the community, organized in August 2023 by Shibuya Ward Committee of Tokyo Youth Chamber (a public interest incorporated association)

GX League
May 2023
Participation in “GX League”

- ❑ Figures in this document are calculated in units of a million yen, but are presented in units of 100 million yen. The total amount therefore may not match the total for each item.
- ❑ Please note that some of the figures in this document are taken from preliminary reports.
- ❑ This document contains forward-looking statements on the Group's results. These statements are not intended to guarantee future results, as they are subject to risks and contain uncertainties. Please keep in mind that future results may differ due to factors including changes in the business environment.

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

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