



TOKYO Kiraboshi Financial Group

Annual Report

2022

Tokyo **Kiraboshi** Financial Group, Inc.

June 10, 2024

To whom it may concern:

Tokyo Kiraboshi Financial Group, Inc.

Notification of Partial Corrections to Annual Report 2022

Some figures in our Annual Report 2022 were incorrect. We have corrected them as indicated below.

These corrections are not reflected in the data already posted on our corporate website. Details of the corrections can be found in the table on the page following the cover of the Annual Report.

*Items subject to correction are underlined.

P14~16. Message from the Chief Financial Officer

Progress of major KGI in the Medium-Term Business Plan

(Before Correction)

	FY2020 (actual)	FY2021 (plan)	FY2021 (actual)	Compared to the plan
ROE (FG consolidated)	1.3%	3.2%	5.7%	+2.5%pt
Core OHR (expense ratio)	75.7%	67.0%	65.3%	-1.7%pt
Profit attributable to owners of parent (FG consolidated)	¥4.1 billion	¥10.0 billion	¥18.1 billion	+¥8.1 billion
Profit from customer business	¥1.4 billion	¥12.4 billion	¥12.6 billion	+¥0.2 billion
Contribution of subsidiaries to consolidated income	¥0.3 billion	¥(0.4) billion	¥0.1 billion	+¥0.5 billion
Capital ratio (FG consolidated)	8.7%	8.6%	<u>8.4%</u>	<u>-0.2%pt</u>

(After Correction)

	FY2020 (actual)	FY2021 (plan)	FY2021 (actual)	Compared to the plan
ROE (FG consolidated)	1.3%	3.2%	5.7%	+2.5%pt
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Profit from customer business	¥1.4 billion	¥12.4 billion	¥12.6 billion	+¥0.2 billion
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Capital ratio (FG consolidated)	8.7%	8.6%	<u>8.3%</u>	-0.3%pt

Financial Management and Capital Management Analysis of financial management factors

(Before Correction)

	FY2021 (actual)	FY2022 (plan)	FY2023 (plan)
ROE (FG consolidated)	5.7%	5.9%	5.9%
Capital ratio (FG consolidated)	<u>8.4%</u>	8.3%	8.3%
RORA (FG consolidated net income basis)	0.4%	0.4%	0.5%
Total shareholder return ratio	20%	20%	20~30%
Assumption for total shareholder return ratio (after deducting equity method profit)	(After deducting ¥6.5 billion) FG profit: ¥11.6 billion ¥75 dividend	(After deducting ¥3.5 billion) FG profit: ¥16.0 billion ¥105 dividend	FG profit: ¥20.0 billion

(After Correction)

	FY2021 (actual)	FY2022 (plan)	FY2023 (plan)
ROE (FG, consolidated)	5.7%	5.9%	5.9%
Capital ratio (FG consolidated)	<u>8.3%</u>	8.3%	8.3%
RORA (FG consolidated net income basis)	0.4%	0.4%	0.5%
Total shareholder return ratio	20%	20%	20~30%
Assumption for total shareholder return ratio (after deducting equity method profit)	(After deducting ¥6.5 billion) FG profit: ¥11.6 billion ¥75 dividend	(After deducting ¥3.5 billion) FG profit: ¥16.0 billion ¥105 dividend	FG profit: ¥20.0 billion

Changes in Risk Assets

(Before Correction)

●2021/3—2022/3

2021/3	<u>¥3,261.4 billion</u>
Commercially viable loans	<u>+¥281.9 billion</u>
Securities, etc.	-¥28.8 billion
PE funds	+¥11.6 billion
Others	+¥28.9 billion
2022/3	<u>¥3,555.0 billion</u>

●2022/3—2024/3

2022/3	<u>¥3,555.0 billion</u>
Commercially viable loans	<u>+¥247.6 billion</u>
Securities, etc.	+¥146.1 billion
PE funds	+¥18.8 billion
Others	+¥9.1 billion
2024/3 (Medium-Term Business Plan)	¥3,976.6 billion

(After Correction)

●2021/3—2022/3

2021/3	<u>¥3,263.8 billion</u>
Commercially viable loans	<u>+¥292.9 billion</u>
Securities, etc.	-¥28.8 billion
PE funds	+¥11.6 billion
Others	+¥28.9 billion
2022/3	<u>¥3,568.4 billion</u>

●2022/3—2024/3

2022/3	<u>¥3,568.4 billion</u>
Commercially viable loans	<u>+¥234.2 billion</u>
Securities, etc.	+¥146.1 billion
PE funds	+¥18.8 billion
Others	+¥ 9.1 billion
2024/3 (Medium-Term Business Plan)	¥3,976.6 billion

P17. Financial Highlights

Consolidated capital ratio (JGAAP)

(Before Correction)

Capital ratio

2020/3 end 8.65%

2021/3 end 8.74%2022/3 end 8.41%

(After Correction)

Capital ratio

2020/3 end 8.65%

2021/3 end 8.73%2022/3 end 8.38%**P29. Status of Progress on the Medium-Term Business Plan**

KGI Financial targets

Capital ratio <FG consolidated>

(Before Correction)

20/3 8.6%

21/3 8.7%

22/3 8.4%

23/3 (planned) 8.3%

24/3 (planned) 8.3%

(After Correction)

20/3 8.6%

21/3 8.7%

22/3 8.3%

23/3 (planned) 8.3%

24/3 (planned) 8.3%

August 29, 2025

To whom it may concern:

Tokyo Kiraboshi Financial Group, Inc.

Notification of Partial Corrections to Annual Report 2022

Some figures in our Annual Report 2022 were incorrect. We have corrected them as indicated below.

*Items subject to correction are underlined.

P65. Consolidated Financial Statements

Note to the Consolidated Balance Sheets

(Before Correction)

U.S. dollar amounts are the yen equivalent, calculated for convenience only, at the rate of ¥110.71 = U.S. \$1.

(After Correction)

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

*This correction has no effect on the financial figures presented.

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

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.

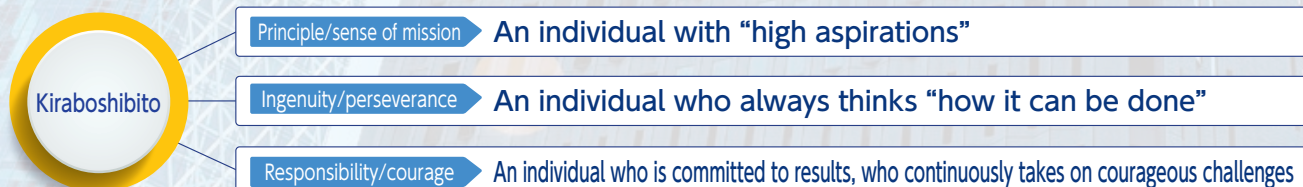
Vision of the Future

Comprehensive service business that is also strong in finance

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 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.

History of Tokyo Kiraboshi Financial Group

Tokyo Kiraboshi Financial Group, Inc. was born through the merger of three banks.

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

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

2021

Apr

Formulation of new Medium-Term Business Plan

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

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

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

Comprehensive service business that is also strong in finance



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

Establishing a Group brand: A sparkling Kiraboshi that shines across the whole Tokyo area

Hisanobu Watanabe

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



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

The business environment surrounding all business operators including the Tokyo Kiraboshi Financial Group is undergoing a major turning point in terms of a host of factors. These include changes in social structures caused by a declining birthrate, aging population, and shrinking workforce, sluggish economic activity and changing consumer behavior due to prolonged measures designed to control COVID-19 infections, changes in industrial structure in the wake of digitalization and active market entry by players from different industries, and responses to address climate change and decarbonization needs. Right now, the burden on many businesses and consumers is increasing following the sharp rise in resource and energy prices caused by the deteriorating situation in Russia and Ukraine, and the weaker Japanese yen. As a Group, we judged that, in addition to providing the necessary financial support to ensure business continuity, there is a growing need for consulting that is tailored to individual company issues, such as how to reduce costs, create new business channels, and support digitalization, so we have been developing a comprehensive support system like we did for COVID-19.

Meanwhile, in terms of the business environment surrounding our Group, intensifying competition among financial institutions in the Tokyo area, changes in the competitive environment due to the advancement of FinTech, and prolonged low interest rates are impacting our business. In order for our Group to continue to contribute to local communities and aim for sustainable growth, it is essential that we move to a new business model that generates profit opportunities rather than relying solely on profits from loans.

We recognize that the value we provide lies in solving problems. Based on this recognition, we are carving a future vision that will enable us to evolve into “a comprehensive service business that is also strong in finance” by considering what we can offer to customers and how to respond to customer needs, and then providing a comprehensive range of financial service functions from banking to securities, leasing, capital, and FinTech, as well as non-financial services, such as consulting.

Superior management base in the Tokyo area

To approach that ideal vision, we must become the No.1 financial group in the region with a firm presence in the Tokyo Area, which is a fertile market.

The Tokyo area market is home to a large number of corporations and residents and competition is intensifying as different regional financial institutions cross over into new territories. This trend is expected to continue for some time. With our significant superiority as a local financial institution with Tokyo roots, we want to fully leverage our strengths as an institution that is able to appoint local contact personnel in the area and build relationships over long periods, and display a firm presence. We have launched initiatives to ensure our contact personnel look after customers for the long term by focusing on building relationships, particularly in terms of expert personnel in the wealth management division, etc. Furthermore, it is easier for us to create opportunities in the Tokyo area not only for immediate contact personnel but also for company executives to make regular visits and directly convey management policies, etc. That is one characteristic of our Group that financial institutions from other regions cannot easily emulate.

Within these carefully amassed trust-based relationships, we always respond firmly and directly to customer needs. We are seeing a sharp rise in cases where the Group takes the lead in arranging financial support together with other banks as necessary. When lending to small and medium-sized enterprises in particular, we have to invest time in taking attentive care of our borrowers, as well as providing subsequent follow up. I consider the construction of supporting systems in which we take responsibility for providing post-loan follow-up services, while extending syndicated loans together, is an important job where we, as a local Tokyo bank, should take the lead. Our business alliance with the Bank of Yokohama announced in August 2021 is part of that initiative. Regarding the projects that were previously difficult to handle on our own, we are now capable of handling such projects by sharing them with other banks, and we are now progressing many specific projects of that nature. We also feel confident that we can cooperate with other financial institutions on individual projects without forming business alliances. I believe that creating an environment that is easier for individual regional financial institutions to participate in, especially for those that see increasing new lending in the Tokyo area as a great risk, will enable us to ultimately fulfill our essential role as a

local financial Group seeking to ensure sustainable regional development.

Advancing first-call contact as our platform concept

When we think of how we can revitalize and help develop the region going forward, what we can do is limited with our current roughly 3% share as customers' main bank. In order to make a significant contribution, it is essential that we increase our share as customers' main bank. As part of efforts to achieve this goal, under our previous Medium-Term Business Plan "Start-up☆Kiraboshi" (FY2018-FY2020), we have focused our efforts on supporting start-up ventures that lead to the creation of new industries, and increased the number of first calls that would materialize our belief that the value we provide lies in solving problems. Based on the recognition that we firmly made progress in these efforts, in the current Medium-Term Business Plan, we are promoting activities driven by our vision to "be a Tokyo-based platform owner that creates new value for customers" by further advancing our first-call strategy and enhancing our problem-solving capabilities. Our platform concept involves building venues for creating common value through new encounters and connections. The HANEDA Platform, for instance, involved creating the KicSpace HANEDA incubation facility in the Haneda Innovation City, connecting large corporations and venture companies, and actively developing a co-creation environment. We have also launched a platform for foreign workers and students coming to Japan, and a medical-related platform designed to digitalize operations for customers involved in medical care and welfare, which is considered a major industry in the region. As a background factor behind the materialization of these platforms, we launched our LaLaPay digital money payment service and LaLaQ digital wallet service in November 2021, and our digital UI Bank in January 2022. Providing these digital functions has enabled us to establish a system for developing the Group's desired "connection" venues via digital platforms, and we can now accelerate those developments.

Why a digital bank?

In today's era when transactions can be completed entirely by smartphone, shifting from high-cost bricks-and-mortar banks to digital banks is important as our Group channel strategy. We intend to expand our services, including preferential interest rates, so that customers really feel the benefits of digital banks. We will

encourage customers who conduct usual banking transactions for deposits, foreign exchange, etc. to use digital banking and we will offer face-to-face advice at Kiraboshi Bank counters for customers who need more advanced financial services, such as consulting. We aim to expand our customers base by mutually referring customers in this way. This doesn't mean simply distinguishing face-to-face sales from non face-to-face sales, but rather changing our very retail strategy through digital banking. In the three months since opening UI Bank in January 2022, 67,000 accounts were opened, roughly half by Kiraboshi Bank customers. To encourage more customers to shift to digital banking, we intend to enhance the services we offer, differentiate ourselves from other digital banks, and evolve our services to ensure customers can really enjoy the merits of UI Bank. Internet banking can be sufficient enough to support a simple transition to non-face-to-face transactions for opening accounts, making deposits or withdrawals or transfers, and purchasing financial products, among others. So you might ask why it is necessary to create a digital bank. It symbolizes a major challenge for us in realizing our future vision for the Group. The purpose of building the Group's targeted platform is to create common value and services. To fulfill that role, we believe it is important to utilize payment functions and build an environment that facilitates active cooperation between various companies. Having said that, we have to revise our existing accounting systems in order to integrate non-financial services into the traditional banking system. That is a costly and time-consuming undertaking that requires coordination with other banks, and a huge amount of time must be invested before a service can be introduced. That's why we decided that we needed to have a new digital bank in order to build platforms to facilitate API linkage and other cooperation between various companies. We provide services that financial institutions have traditionally offered as Banking as a Service (BaaS) functions to customers who understand the significance of the platform and actively participate in it. That means any business operator can offer financial services without developing a financial system. For example, a company can offer a full app-based service from loan applications to payments and execution simply by incorporating financial services into its own app. Having a settlement function within their own business and conducting banking transactions themselves will enable companies to accumulate and utilize customer data in completely different ways than before. Moreover, customers who use the platforms can link their software together so that



customers who have multiple member organizations for example can offer mutual services through cross-matching. We expect these features will help create shared value and new business. So, our platform concept focuses on connecting services by API linkage and providing a venue for creating shared value and new business all centered around a digital bank. You could never do that with internet banking. It is an extremely challenging strategy. It will take considerable time and understanding to create a platform, but it is well worth the challenge.

The ideal business model and business portfolio

Why did the three banks merge in the first place? In short, to help create shared value that would enable us to contribute to society in the Tokyo area. In practice, that means creating new business through the building of platforms and proposing new financial and other services that would become an indispensable part of our daily lives. In the previous Medium-Term Business Plan that covered the three years immediately following the merger, we thoroughly reduced costs, channeled

funds into future investments, and set up Group companies to facilitate the shift to a business model that includes the provision of new non-financial services. We now have to generate real merger benefits under the current Medium-Term Business Plan. With this in mind, in order to move the Group to the next stage, we also have to strive to build the best platforms that integrate financial and non-financial services and steadily produce results from this major challenge. The platform concept also considers how to enable customers to utilize Group functions. In response to social issues such as SDGs and decarbonization, it is hard for SMEs to put a system in place to address these issues by setting up specialist departments like large companies do. That's why we want as many customers as possible to recognize us as a reliable partner by getting them to use the Group's Kiraboshi Consulting, Kiraboshi System, and Kiraboshi business office services such as payroll calculation and general affairs services. This is how we intend to boost our market share as a main bank and increase our contribution to society. We already have 19 Group companies, but there are still many functions that we feel are lacking, so we are looking to further strengthen the Group's

capabilities going forward. As part of this drive, in July 2022, we bought shares in advertising and marketing company Be.Brave, Inc., and made it a subsidiary as a company to help advance our banking business. The aim is to solve issues in the fields of customer advertising, promotion, and marketing and to help enhance corporate value and promote digitalization. We are also looking to strengthen our brand strategy to expand our market share by running the Group's promotion in-house. To that end, we intend to reexamine exactly what we can do in the Tokyo market, and convey and implement strategies to make our brand recognized by local customers. We have set a target for FY2023, the final year of the current Medium-Term Business Plan, to increase the contribution of Group companies to consolidated earnings to ¥2.3 billion (11.5% of Group consolidated income). However, it is important to increase the number of Group companies that can be evaluated by the market. That means ensuring newly established subsidiaries become profitable quickly, and fostering a culture that expands our business scale by encouraging each company to develop independent drive and to work together in an atmosphere of friendly rivalry. As the number of strategic subsidiaries providing non-financial



services increases, the Group will need to firmly manage and supervise those companies. One key issue for the future holding company management team will be securing and organizing human resources capable of overseeing the management of multiple business categories. Once we achieve that, we can move from our conventional position as a financial group and take a step toward becoming a comprehensive service business that is also strong in finance. We are elevating our expectations for developing into a corporate group that can demonstrate even greater potential.

How is our Medium-Term Business Plan progressing?

The current Medium-Term Business Plan is fairly stretching and we understand that people are interested in just how we intend to achieve it. There was an unusually large number of special factors in the financial results for FY2021, the first year of the plan, but our corporate results show smooth progress for our numerical plans if all these factors are excluded. That in turn led to an upward revision to our earnings forecasts and an increase in shareholder dividends. Corporate sales, which focus on comprehensive problem-solving support, trended extremely strongly, and interest on loans and commission income also increased sharply. While we did accumulate a large number of COVID-19 support loans in the year before, we believe subsequent continued loan growth is due to the successful frontline implementation of strategies to expand our customer base. Having said that, we still have some work to do in terms of expanding the number of users under our digital strategy, and we need to further enhance initiatives designed to increase the number of customers who will use digital services going forward. UI Bank plans to provide loans and bank transfer facilities and collaborate with Kiraboshi Life Design Securities in the current fiscal year. Our aim isn't just to expand these functions but to create new services that meet diversifying customer needs. For example, 70-80% of customers in their 70s are thought to utilize services through SNS messaging. If we can break free from stereotypical thinking that suggests senior citizens are very reluctant to use digital services and advertise services those customers will find convenient, they will definitely be able to incorporate digital services into their lives. To that end, we need to consider what kind of services elder customers need and earnestly pursue how we can create services that make people feel secure from a family perspective because they know Kiraboshi is supporting them. This strategy is not limited to senior citizens. If we pursue what we can offer to customers by

categorizing targets in detail such as services for employees or households with children, we believe this will lead to the creation of added-value services. Our aim is to expand Group users by providing a variety of different services.

Regional contribution from a sustainability management perspective

Starting with the declaration of support for the SDGs in 2019, the Group has since been promoting various initiatives of its own with specific targets through support for the TCFD recommendations and the establishment of sustainability and environmental policies. In January 2022, we formulated an environmentally and socially friendly investment and loans policy, and are currently implementing the policy with a target amount of ¥200 billion in environment-related investment (by FY2030). We are also offering one-stop support packages by the collaboration of Group companies such as Kiraboshi Consulting's SDGs Evaluation Program. We intend to engage in regional contribution not only by upholding the targets that we have set, but also by actively supporting customers who are working to solve environmental issues.

Strengthen corporate governance even further

To further enhance the effectiveness of the Board of Directors, we have set up a system for internal directors to take charge of multiple concurrent duties, and we have created a venue for sharing information together with full-time corporate auditors each morning. The system is designed to help internal directors understand various issues as if they were their own and to express opinions from multiple perspectives. It has facilitated the sharing of information on wide-ranging and extensive themes, including progress on individual matters and various projects, and I feel that the fuller discussion has helped increase decision-making speed from the Management Meeting to the Board of Directors. In addition, any opinions expressed during advance explanations of a Board of Directors' meeting to outside directors and outside Audit & Supervisory Board members are shared with all directors prior to the meeting. If necessary, those opinions will be reflected in agenda items or an Extraordinary Management Meeting may be held to examine a specific issue. Speed is very important if you want to survive in the fiercely competitive Tokyo area. We found it hard at first, but I feel our speed as an organization

has increased considerably. Regarding any themes that are difficult to fully discuss in the limited time in Board of Directors' meetings, we convey the content for deliberation to outside directors and outside Audit & Supervisory Board members in advance, making an arrangement to have discussions while obtaining rigorous opinions based on their diverse experience and multiple perspectives. We recognize digital transformation (DX) as an important theme in our future growth strategy and intend to continue to deepen the discussion in this area. There are countless issues that need to be addressed when we consider developing our support for overseas expansion, such as appointing foreign nationals to director and executive officer positions, appointing directly employed female officers and directors, and promoting young employees. All our Group operating companies are strategic subsidiaries, so we can't earn a competitive position in the market without appointing top executives with specialist experience to manage those operations. Appointing specialist human resources is essential for enhancing market value, and we feel we can do that precisely because we operate in the Tokyo area. To our stakeholders We have to become an organization that makes customers feel they want to do business with the Kiraboshi Group and makes our officers and employees feel that they are happy about the merger and being able to work at the Kiraboshi Group and that they want to continue to work at the Kiraboshi Group going forward. To this end as well, I believe that it is the management team's role to first firmly achieve the targets of the current three-year Medium-Term Business Plan, make sure to increase the Group's regional market share while taking appropriate risks, and create an organization that has presence and gives employees a sense of pride. the Kiraboshi Group's corporate culture, values, and individual employee awareness have been changing over the past four years, and the concept of "Kiraboshibito" (people who put Kiraboshi philosophy into practice) has become deeply entrenched. To produce solid results and develop as an organization that everyone appreciates, our officers and employees will work together to inspire and enliven our organization and make steady progress towards our vision of becoming a comprehensive service business that is also strong in finance. I very much appreciate your continued support.

Dialogue between Outside Directors

Dialogue between Outside Director Shoji Nishio and Outside Director Shuya Nomura

Enhancing the Effectiveness of Governance

Outside Directors Shoji Nishio and Shuya Nomura had a dialogue on the ways corporate governance should work to improve medium- to long-term corporate value for the Tokyo Kiraboshi Financial Group and create shared value with all the Group's stakeholders.



How do you evaluate the changes in the Group's governance since you became an outside director?

Mr. Nishio: When I was appointed in 2019, we focused on system integration, which was a key issue at the time of the merger. I remember strongly how all executives worked together to formulate effective measures. The operation has subsequently progressed smoothly and we are now focusing on internal control, compliance, and other corporate governance perspectives. Successful system integration has enabled us to progress development in this area and I feel it is getting stronger every year.

Mr. Nomura: Looking back on the past year since my appointment, I feel that the Board of Directors has responded sincerely to the opinions of outside officers in a way that is in line with the trend of recent governance reform. In particular, we can appreciate the company's attitude to try to incorporate the multifaceted experience and expertise of outside directors and to carefully determine management direction. In general, there is a strong tendency for corporate auditors in a company with Audit & Supervisory Board not to speak out unless any laws or regulations are violated. However, the outside Audit & Supervisory Board members of Tokyo Kiraboshi FG analyze the risks of proposed actions in advance and question any countermeasures, so I feel operation has

been very sound. The Board of Directors is always keen to take on new challenges with a sense of tension, so the debate is becoming increasingly lively and I rate that highly.

Mr. Nishio: I also feel that the effectiveness of governance is improving. The Group ensures careful advance explanation and reporting of individual agenda items. Also, a system has been put in place to ensure the Board of Directors responds to any questions, which results in the smooth operation of the Board.

Mr. Nomura: Even when advance explanations are given just before a Board meeting, the Group's response is highly agile to the extent that original drafts are reworked to reflect any opinions expressed. I highly appreciate that agility which I think is based on a sensitivity to trends, which is characteristic of a new company launched in 2018, as well as a high level of awareness of recent governance reforms.

Having said that, to pursue even greater effectiveness, I think we need to separate the Board's supervisory and execution functions a little more clearly. To use a sports analogy, you should leave play up to the executive officers as much as possible, and directors should focus on the role of coach, which conveys game strategy and monitors outcomes while watching the game and the players' movements from outside the court. If players also serve as coach, they will tend to say it doesn't matter even when they make a mistake, which, in turn, weakens the supervisory function. Naturally, the materials for resolutions will differ depending on whether they are used for decision-making or monitoring. If you shift to monitoring materials that can track the discussion process, including dissenting opinions, you can discover any appropriate opinions that have been buried or any causes that led to any opinions that were distorted due to some factors. I feel that strengthening of monitoring in this manner will give investors greater peace of mind.

What are the challenges in terms of the Group's governance and growth strategy?

Mr. Nishio: As part of future growth strategy, in the process of considering how to create new financial services while coordinating all Group functions, we opened the digital UI Bank in January as a step on the way to promoting digitalization. I recognize that this is an initiative in a new area and was the most important

resolution of FY2021. The shape of financial services will change in the coming era and digitalization and DX-related issues will be most relevant. In that sense, I feel that we need to have people in the management team who are specialists in these fields.

Mr. Nomura: Yes, indeed. The Group strategy of how to create new services by integrating additional non-financial services has become increasingly important as Group governance has come under scrutiny in recent years. I think the opening of UI Bank provided an opportunity to raise Group management awareness at this stage of developing complex services.

An increase in the number of new services going forward may, depending on the quality of those services, give rise to reputational risks in which unpopular sentiment among customers could threaten the entire Group. Of course, the aim is to provide high-quality services, but I think we also need to deepen the discussion on pursuing more sophisticated risk management from the perspective of Group brand management.

Mr. Nishio: I believe that the current hotly debated capital policy is also an important theme. While we are starting to see the impact of the Russia-Ukraine situation emerge, I think it will become important to share medium- to long-term strategies including the capital policy well in advance at the earliest opportunity, and to formulate strategies with a deliberative stance that incorporates the opinions of outside officers.

Mr. Nomura: Some areas are yet to be discussed due to time requirements. Right now, the emphasis is on achieving the Medium-Term Business Plan, but I think we should debate more deeply the fundamental impetus for the plan, which is how to leverage our strengths as a regional bank in the Tokyo area, and explore more precisely who we are.

How do we get people who live in the Tokyo area, where we have to compete with megabanks, to feel more familiar and sympathetic towards us as a regional financial institution and to recognize us as a main bank?

To do that, we have to meticulously pick up on regional issues and pursue exactly what local people want and the kind of financial services that megabanks can't provide. And it is important to create a partner relationship where people feel they can rely on and visit Kiraboshi for help when they have a problem.

As a venue for building these relationships, the word "platform" has become the buzzword in the sense of creating a business model that develops various roles in a three-dimensional space. The concept is still fairly vague and there is a risk that we could end up sleeping in the same bed and having different dreams, so we have to devote considerable time to materializing that platform watchword going forward.

Mr. Nishio: This might sound a little harsh, but we also have to question just how well the name Kiraboshi is recognized by people in the Tokyo area. Do people have the same awareness of Kiraboshi Bank being a Tokyo-based bank as other regional banks that bear the name of a region. I think we should treat this as a major issue when considering future branding.

Mr. Nomura: I agree. Also, since the Tokyo area boasts an abundance of business opportunities, building relationships of trust along with branding is key. For example, we need to aim for developing business that nurtures companies that have potential but are unable to get loans from megabanks that emphasize past track records because they have only just been established.

I think the Group has the potential to move such cases forward in a positive way. It is easier to generate new

ideas precisely because we are in Omotesando not Otemachi. If you can nurture bankers who are experts in business with such new ideas, you should be able to earn your place in history as a person or organization who brought new ideas into Japan like Meiji-era entrepreneur and business leader Eiichi Shibusawa.

Mr. Nishio: You have to be a professional in that field to do that. So, the first priority is for each and every one of us to approach everything we do with a sense of professionalism. That will ultimately lead to higher individual productivity.

Mr. Nomura: People follow people. I think the term Kiraboshibito, or the people who put the Kiraboshi philosophy into practice, really epitomizes each individual's effort to polish themselves and let their professionalism shine forth.

How would you like to be involved in the Group as an outside director going forward?

Mr. Nishio: The key role of an outside director is basically to provide a corporate governance perspective. In addition to monitoring the maximizing of profits and preventing scandals, we must sincerely supervise the involvement in the formulation of strategies over the medium to long term and the progress management of business strategies. To that end, I want to play my part while maintaining contacts not only with the Board of Directors, but also with the managers of Group companies, employees, and shareholders by using various opportunities.

Mr. Nomura: In recent years, as we often hear loud complaints, stakeholder-type company management is prone to pretend they are working for the benefit of another stakeholder and get the remaining stakeholders to be patient. Ultimately, this will result in a management style that lacks any sense of urgency without pursuing anyone's interests after all. It is extremely difficult to build a business model that satisfies all stakeholders, but we need to tackle that challenge boldly. The integrated report is a tool for illustrating to stakeholders the business model that we are trying to implement and thereby improving it. During this process of in-depth dialogue or engagement, outside directors play the role of coaches by monitoring and urging players to move forward even by one millimeter, sometimes encouraging them and sometimes scolding them to get them moving. I want to firmly accompany Tokyo Kiraboshi FG in its various challenges so that it can become a Group that is really trusted by its stakeholders.



Shoji Nishio,
Outside Director



Shuya Nomura,
Outside Director

Message from the Chief Financial Officer



Performance Review: Previous Medium-Term Business Plan through First Year of Current Medium-Term Business Plan (FY2021)

In addition to concerns over a potential resurgence in COVID-19 infections and uncertainty over the post-COVID business environment, the uncertain business environment could be prolonged by the recent resource prices remaining at high levels and geopolitical risks in regions such as Russia and Ukraine. (Future trends for interest rates, foreign exchange rates, and stock prices also remain in an unstable situation.)

Against this background, we have continued to steadily execute the strategy we determined when the Group was incepted. The benefits of streamlining our organization and reorganizing branches to achieve greater efficiency, and building Group company infrastructure during the previous Medium-Term Business Plan launched in 2018 have started to manifest themselves in the current Medium-Term Business Plan, which was started in FY2021, in terms of cost and top-line management. Our efforts to strengthen our management base and solidify our sales platform have boosted our ability to provide different services to customers. As a result, in FY2021, net interest income increased on the back of higher income from interest on loans as we built more main bank

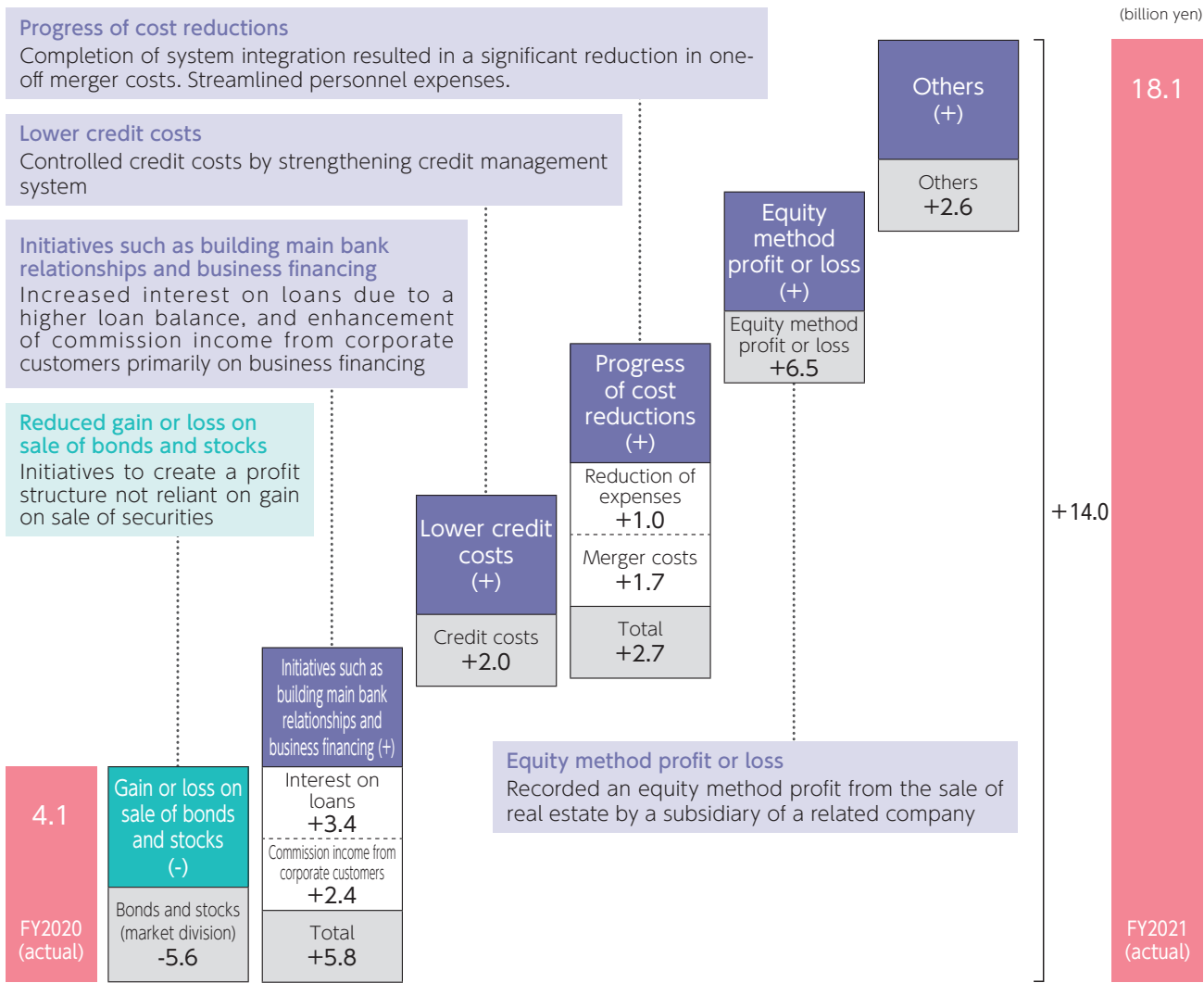
relationships, and non-interest income also increased on stronger business financing, such as LBO loans, etc. We have also enjoyed real benefits from the merger in terms of system integration and branch efficiency, with expenses reducing year on year and net core business income, which is a good representation of our main business profits, increasing significantly.

We are strengthening our systems through such means as providing support to business partners after securing a certain degree of coverage based on business feasibility evaluations and enhancing our risk prediction management. Strengthening our credit management systems in this way has resulted in a year-on-year decrease in credit-related expenses, but there are also concerns that the risk of a deterioration in our loan portfolio may increase so we need to pay close attention to future trends.

We are pressing ahead with our new business model in which Group companies work together to resolve the various issues that customers are facing. As a result, consolidated net income increased by ¥14.0 billion year on year to ¥18.1 billion in FY2021.

	FY2020 (actual)	FY2021 (actual)	YoY change
Gross core business profit	¥69.2 billion	¥78.6 billion	+¥9.4 billion
Net interest income	¥58.7 billion	¥65.6 billion	+¥6.9 billion
Non-interest income	¥10.4 billion	¥12.9 billion	+¥2.5 billion
Expenses	¥(52.4) billion	¥(51.4) billion	+¥1.0 billion
Net core business income	¥16.7 billion	¥27.2 billion	+¥10.4 billion
Credit-related costs	¥(8.4) billion	¥(6.3) billion	+¥2.0 billion
Ordinary profit	¥8.8 billion	¥26.0 billion	+¥17.1 billion
Net income (Kiraboshi Bank, non-consolidated)	¥4.8 billion	¥18.4 billion	+¥13.6 billion
Profit attributable to owners of parent (Tokyo Kiraboshi FG, consolidated)	¥4.1 billion	¥18.1 billion	+¥14.0 billion

YoY change in consolidated net income



Progress of major KGI in the Medium-Term Business Plan

We achieved nearly all the key goal indicator (KGI) targets for FY2021, the first year of the current Medium-Term Business Plan.

As a result of efforts to prioritize cost efficiency in the previous Medium-Term Business Plan, the core overhead ratio (OHR) declined to the 65% level in FY2021. Previous efforts to build Group company infrastructure helped generate a considerable

increase in profits from customer business, and return on equity (ROE) improved to 5.7%.

We intend to aggressively invest the equity method profit recorded in FY2021 into promoting Group DX and other areas that will boost business efficiency. By doing so we will execute our current policies in a steady and more accelerated matter and further improve customer services.

	FY2020 (actual)	FY2021 (plan)	FY2021 (actual)	Compared to the plan
ROE (FG consolidated)	1.3%	3.2%	5.7%	+2.5%pt
Core OHR (expense ratio)	75.7%	67.0%	65.3%	-1.7%pt
Profit attributable to owners of parent (FG consolidated)	¥4.1 billion	¥10.0 billion	¥18.1 billion	+¥8.1 billion
Profit from customer business	¥1.4 billion	¥12.4 billion	¥12.6 billion	+¥0.2 billion
Contribution of subsidiaries to consolidated income	¥0.3 billion	¥(0.4) billion	¥0.1 billion	+¥0.5 billion
Capital ratio (FG consolidated)	8.7%	8.6%	8.4%	-0.2%pt

Message from the Chief Financial Officer

Financial Management and Capital Management

We recognize that capital policy is an important key within our Medium-Term Business Plan. We intend to manage capital by maintaining a balance between the capital ratio, which indicates capital soundness, and ROE, which indicates capital efficiency, and aim to implement an appropriate return of profits to shareholder with a target total shareholder return ratio of around 20-30%. Considering our low stock price level with the price book-value ratio (PBR) of 0.2 times, improving ROE is one of our top priorities in order to improve capital efficiencies. Risk assets are related to capital, which is the denominator of ROE. In order to maximize profits, which are the numerator of ROE, we need to appropriately control top-line earnings and risk assets, and expenses.

Controlling top-line earnings and risk assets

We will actively promote transactions for main bank relationship building and engage in LBO financing and equity investment as commercially viable credit associated with business transfers, and we seek to

expand earnings relative to risk assets (interest on loans and commission income). We will engage in a more risk assets-conscious business operation and promote a shift to highly profitable assets, while also incorporating businesses with different risks and returns to stabilize earnings and build a more profitable business portfolio.

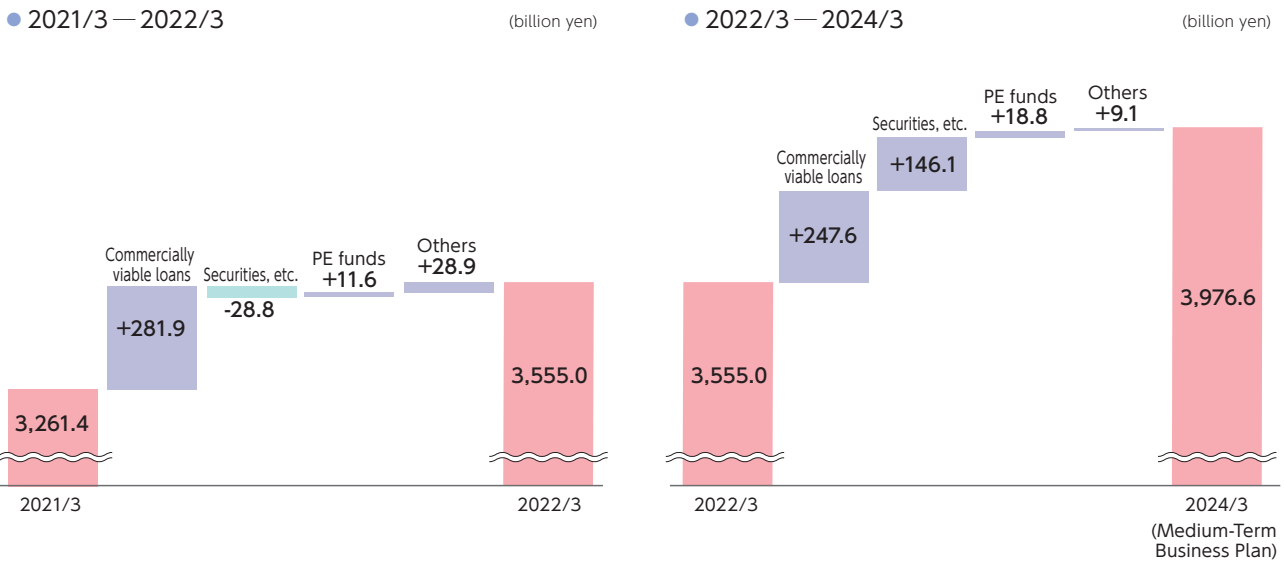
Cost control

We will reduce base costs through the streamlining of head offices and branches and the system integration that we pursued during the business integration and merger. We intend to use the equity method profit associated with the sale of Group real estates to fund the necessary investment into growth fields such as DX and boosting management efficiency.

Capital management

We will continue to consider various capital policies and respond in a flexible and balanced manner after carefully scrutinizing changes in the business environment and our level of capital adequacy in order to secure a capital ratio above 8%.

Changes in risk assets



Further enhance shareholder returns

While maintaining capital soundness, we will further enhance shareholder returns and conduct balanced capital management. We achieved a total shareholder return ratio after deducting equity method profit, which is to be used for investment in growth areas, of approximately 20% in FY2021 and aim to achieve a return ratio of 20-30% from FY2022 onwards. These initiatives are designed to help us control capital, which is the denominator of ROE and expand profits, which are the numerator of ROE, so

we can aim to achieve ROE of approximately 6% in FY2023. We intend to optimize the allocation of management resources throughout the Group and build a resilient earnings structure. We will also continue to monitor risk assets based on appropriate risk/return analysis and intend to maintain a return on risk assets ratio (RORA), which is calculated by multiplying ROE by the capital ratio, of between 0.4 and 0.5% during the three years of the current Medium-Term Business Plan.

Cross-shareholdings

The Group has formulated the Basic Policy on Cross-shareholdings and generally pursues a policy of not holding shares in business partner companies, etc. unless it is judged that a cross-shareholding will help enhance the Group's corporate value over the medium to long term by maintaining and strengthening a business relationship with a business partner. We have reduced our amount of cross-shareholdings by approximately ¥10 billion over the past five years.

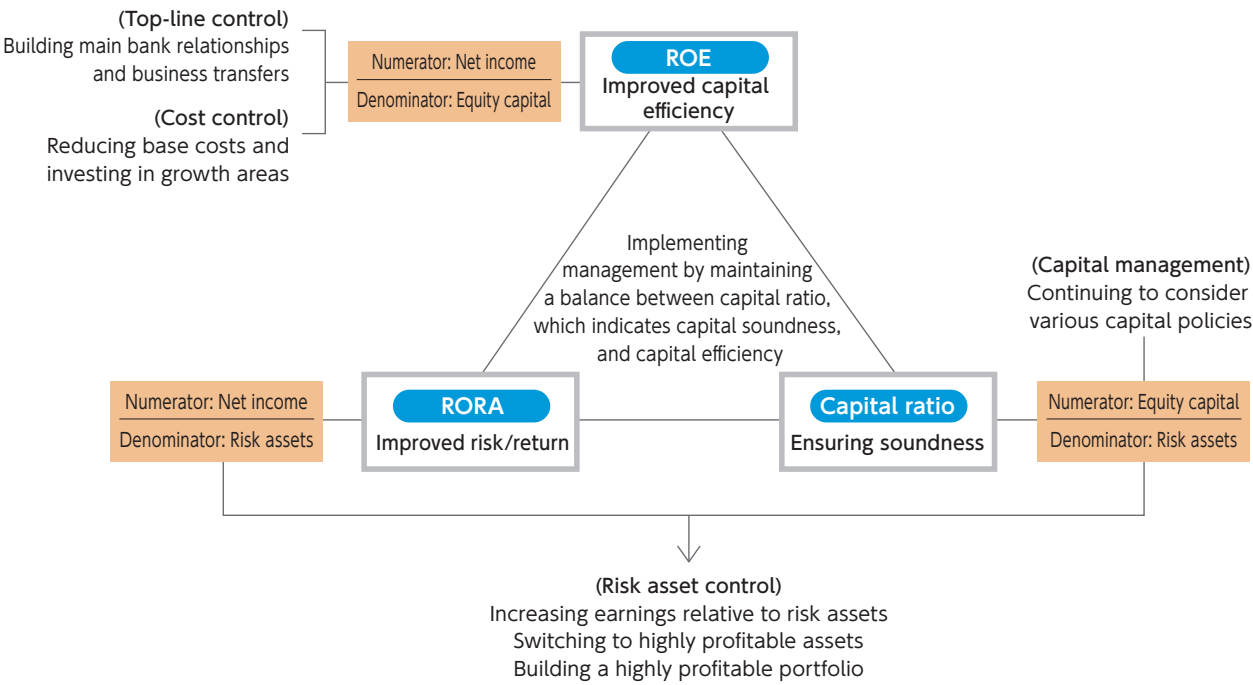
The Board of Directors regularly verifies the Group's cross-shareholdings at least once a year to check whether the purpose of any holding is appropriate, the economic rationality, and the need to maintain and strengthen overall relations with a business partner. In terms of economic rationality, we regularly scrutinize the relationship between benefits and risks associated with holding a cross-shareholding and the cost of capital.

Stakeholder engagement

We aim to provide platform functions that can help solve various issues through initiatives such as our life plan support business, digital banking business, start-up support, and succession planning business, and devote ourselves to creating new value for customers and promoting the development of all our stakeholders.

We will continue to actively disclose useful information to our shareholders and investors and consistently engage in interactive dialogue. I ask for your continued support for our endeavors.

Analysis of financial management factors

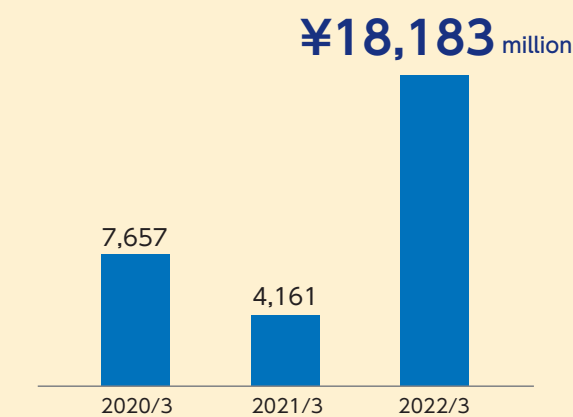


	FY2021 (actual)	FY2022 (plan)	FY2023 (plan)
ROE (FG consolidated)	5.7%	5.9%	5.9%
Capital ratio (FG consolidated)	8.4%	8.3%	8.3%
RORA (FG consolidated net income basis)	0.4%	0.4%	0.5%
Total shareholder return ratio	20%	20%	20~30%
Assumption for total shareholder return ratio (after deducting equity method profit)	(After deducting ¥6.5 billion) FG profit: ¥11.6 billion ¥75 dividend	(After deducting ¥3.5 billion) FG profit: ¥16.0 billion ¥105 dividend	FG profit: ¥20.0 billion

Financial Highlights

Profit attributable to owners of parent (millions of yen)

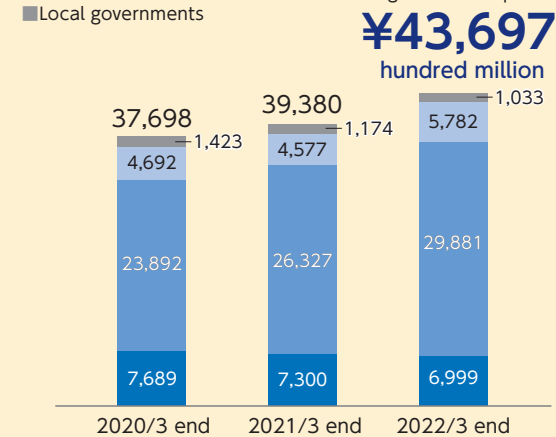
Tokyo Kiraboshi Financial Group



Loan balance (hundred millions of yen)

Kiraboshi Bank (non-consolidated)

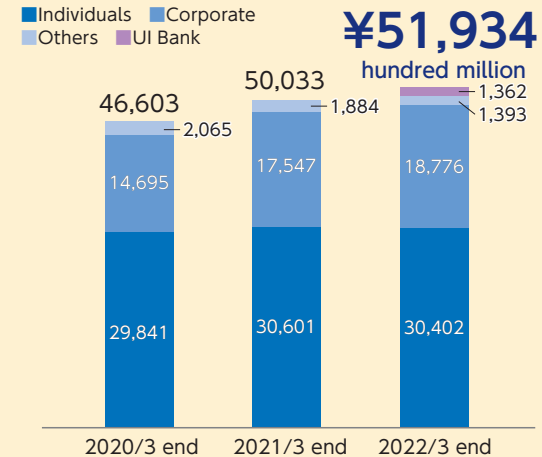
■ Individuals ■ SMEs ■ Medium and large-sized companies
■ Local governments



Deposit balance (hundred millions of yen)

Kiraboshi Bank (non-consolidated) + UI Bank (non-consolidated)

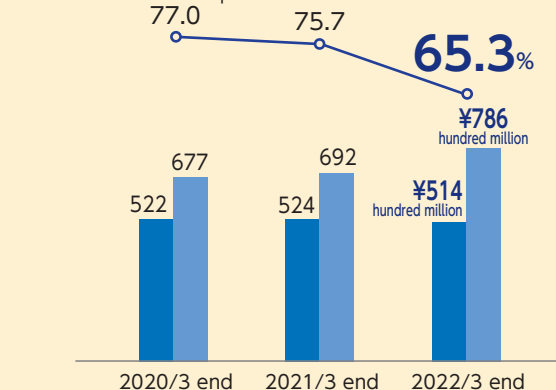
■ Individuals ■ Corporate
■ Others ■ UI Bank



Core OHR (hundred millions of yen, %)

Kiraboshi Bank (non-consolidated)

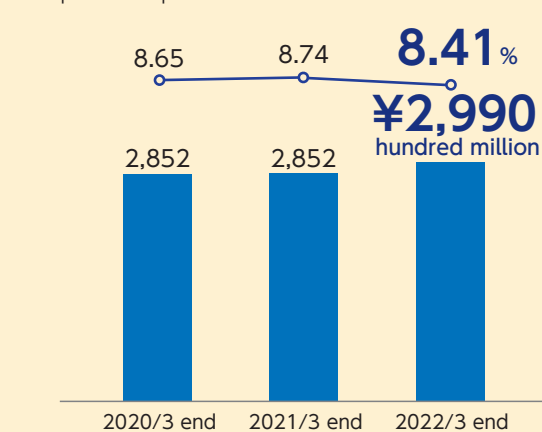
○ Core OHR * Core OHR = $\frac{\text{Expenses}}{\text{Gross core business profit}} \times 100$
■ Expenses ■ Gross core business profit



Consolidated capital ratio (JGAAP) (hundred millions of yen, %)

Tokyo Kiraboshi Financial Group

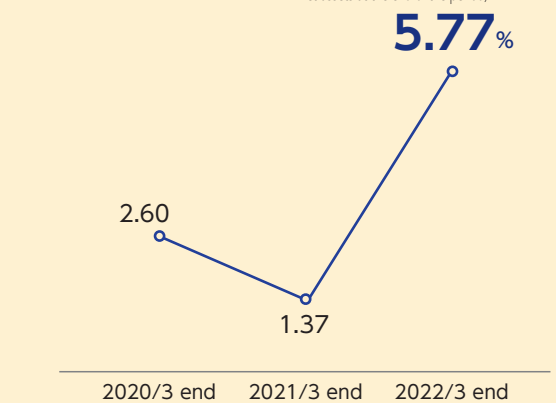
■ Capital ○ Capital ratio



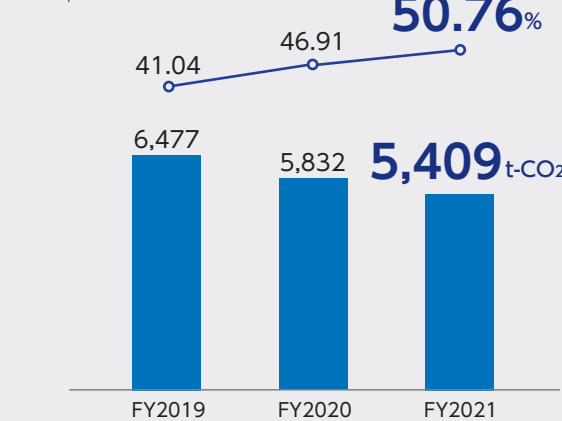
Consolidated ROE (%)

Tokyo Kiraboshi Financial Group

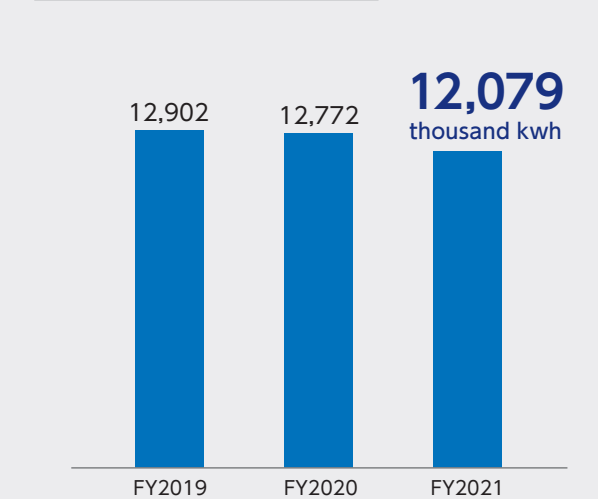
* Consolidated ROE = $\frac{\text{Profit attributable to owners of parent}}{(\text{Net assets at the beginning of the period} + \text{net assets at the end of the period})/2} \times 100$



Non-financial Highlights

CO₂ emissions reduction rate (vs. FY2013) (% t-CO₂)■ CO₂ emissions ○ CO₂ emissions reduction rate (vs. FY2013)* The calculated CO₂ emissions represent the entire Group's Scope 1 and Scope 2 emissions.

Power usage (thousand kwh)



Ratio of those employed as mid-career professions to all managers (%)

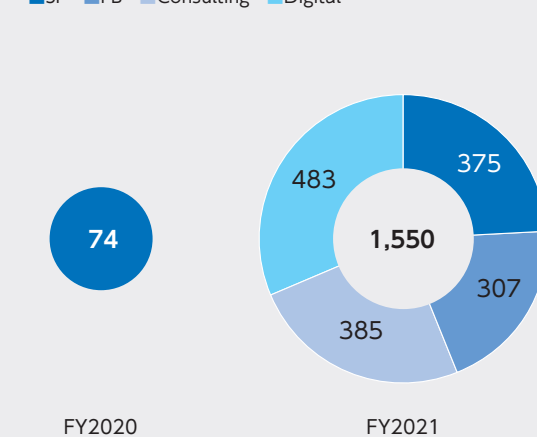


Ratio of female managers (%)



Number of participants in the professional human resource development "Dojo" training programs

■ SF ■ PB ■ Consulting ■ Digital



SF (Structured Finance) Dojo

A program to develop human resources capable of making high-level financial support proposals to corporate customers, offered in the following three formats:

Training camp format: a program in which participants study cases with a high degree of difficulty, exploring solutions and sharing ideas among them to inspire and learn from one another
Forum format: a discussion-based program for employees who want to enhance their knowledge
Web format: a lecture-based program for any of those who are interested in, and want to learn about, sales in corporate banking

PB (Private Bank) Dojo

A program to develop human resources capable of making high-level solution proposals to high-net-worth customers and business owners in the areas of asset transfer and management, offered in the following two formats:

Training camp format: a program to enhance private-banker skills and mind-set practically
Web format: a program to gain knowledge on the market, economic affairs, and other related topics useful for asset management

Value Creation Story

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,”
Tokyo Kiraboshi Financial Group, which aims to develop
“a comprehensive service business that is also strong in finance”
in order to meet diversifying customer needs,
will seek to contribute to creating customer value
by providing products and services tailored
to our customers.

Realization of “comprehensive service business that is also strong in finance”

The Group will contribute to creation of
customer value and development of
local communities.

Financial services which change with the times

New needs have been created
day to day as society changes.
Finance has supported people's dreams
and challenges, and local communities
through products and services
all through the ages.

Customer needs/ Social issues to address

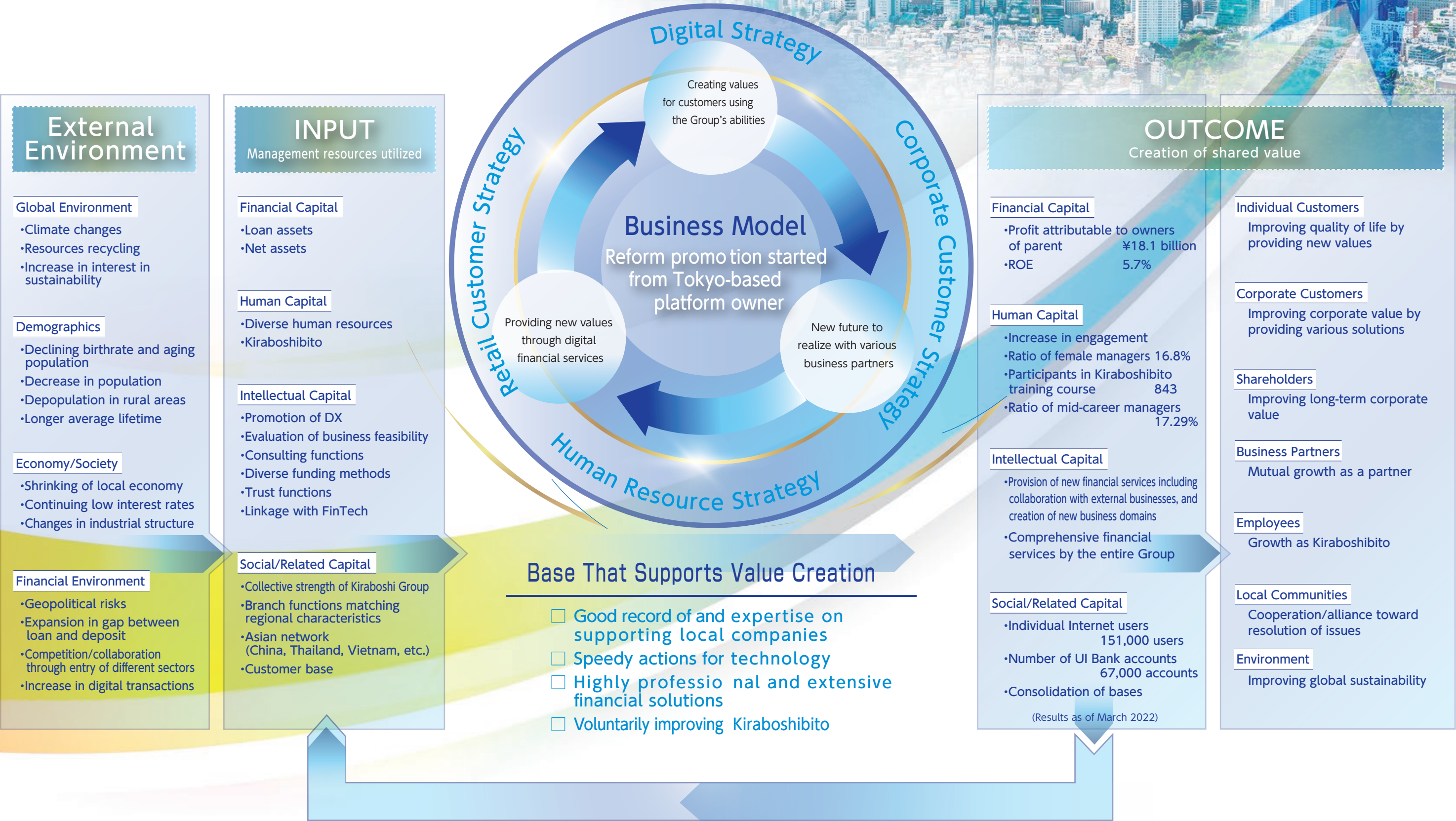
Customer needs change with the times,
and issues the contemporary society
faces are complicated and diverse.
The Kiraboshi Group will respond
to customer needs and
social issues, using
the Group's collective strength.

Creation of shared value with society

Facing diversifying customer needs
and social issues, the Group will work
to create shared value with stakeholders
under the Value Creation Story.
Then, we will aim at
the Kiraboshi Group's sustainable
growth and an improvement of
corporate value
with the progress in society.

Tokyo Kiraboshi Financial Group's Value Creation Process

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



Resources of Value Creation Competitive Advantage of Tokyo Kiraboshi FG

01 Rich Tokyo market

Tokyo is a rich market of ¥115 trillion accounting for one-fifth of Japan's GDP. At present, the Kiraboshi Group's share in Tokyo is a level of 3% in terms of the number of customers with main bank transaction relationship. This indicates that there is still much room for development. Due to the size of the market, competition is intense. However, we will contribute to improving customer's corporate value by providing higher value-added services. The Kiraboshi Group has also handled a number of cooperative projects with Tokyo Metropolitan Government and other administrative bodies.

02 Highly professional and extensive financial solutions

In order to meet diversifying customer's needs, we provide highly professional and extensive financial solutions, including equity finance and structured finance. By working on finance for medical institutions, M&A advisory business, etc., we will contribute to sustainable development of local economy and support for infrastructures of local communities, and assist customers to solve issues and improve corporate value. In SF Division, MF Division, Medical and Welfare Business Division, etc., Kiraboshi Bank has worked on resolution of small and medium-sized business's issues and sustainable growth of community healthcare through mezzanine finance and capital subordinated loans for medical institutions, in corporation with Kiraboshi Capital Co., Ltd.

03 Speedy actions for technology

The system integration of three banks was completed in May 2020. After that, we are proactively working on DX in order to fulfill needs, such as customers' digital-oriented attitude, cashless payment, and non-face-to-face responses, which have been rapidly increasing due to the COVID-19 pandemic. In November 2021, we released "LaLaQ," a smartphone app fusing existing "Maekyu" service and digital money "LaLaPay," which was designed to be more user-friendly. In addition, UI Bank Co., Ltd., a digital bank using cloud, was launched in January 2022. As of the end of March 2022, with 67,000 accounts opened and deposit balance of over 130 billion yen, the bank is taking on challenges in new domains, such as soliciting seniors and alliance with various business operators.

04 Voluntarily improving Kiraboshibito

Under three principles of action guideline for "Kiraboshibito," all officers and employees are aiming for the development of the organization through contributions to society, and have realized self-fulfillment and one's own happiness. Aware of business sustainability, we are aiming to be an organization that finds joy in all people working together to achieve the goals.

Three principles of action guideline for "Kiraboshibito"

- 1. An individual with "high aspirations"
- 2. An individual who always thinks "how it can be done"
- 3. An individual who is committed to results, who continuously takes on courageous challenges

Mechanism of Value Creation

Business Model and Value to Provide

A business model of the Kiraboshi Group is providing solutions meeting customers' needs, aiming at a mutual growth of customers and the Group. Previously, banking business meant gathering deposits and financing such funds. Going forward, however, we will provide for corporate customers various solutions suitable to each company's growth stage, and for individual customers consulting services suitable to the era of the 100-year lifespan. By thoroughly focusing on comprehensive service business not limited to finance, we will contribute to resolution of social issues, and, at the same time, lead it to the Group's sustainable growth.



Solving local issues with a wide range of products and services not limited to finance

“Comprehensive service business that is also strong in finance” at which the Group is aiming means that our products and services contribute to people's lives and value creation in business activities, as well as development of local communities. By expanding products and services, we will provide new values beyond original financial functions, and contribute to resolution of social issues.

01

New financial world UI Bank opens

Early realizing the world where anybody can naturally use a digital bank, we will create a new financial market. We assign a concierge to each branch, and hold smartphone classes in cooperation with NTT DOCOMO so as to proactively support seniors to work on digital devices. Going forward, we plan to provide various services to support users' lives in general.

ふやすのは、わたし資産

02

“LaLaQ” and “Maekyu” services provided by Kiraboshi Tech that proposes a new way of working

The Kiraboshi Group, which has provided an internal loan system “Maekyu” service since 2005, started “LaLaQ” in which both a digital wallet “LaLaPay” and “Maekyu” services can be used, pushing ahead with digitalization. The Group will increase wellness of workers, and propose a new way of working.

03

Pluralistic platform starting from Haneda area

At “KicSpace HANEDA,” an incubation base within Haneda Innovation City, we provide not only financing but also other various functions through cooperation with external partners, administrative bodies, and local financial institutions, for example, periodically holding “Kiraboshi Pitch,” an event to facilitate collaboration between start-ups and large corporations.



Initiatives for fostering “Kiraboshibito” who supports value creation and an improvement in engagement of employees.

Tokyo Kiraboshi Financial Group

Takeshi Miura,
Director

Yuki Takahashi,
Outside Director

At the timing of starting the Medium-Term Business Plan (FY2021 to FY2023), Tokyo Kiraboshi Financial Group newly established the “Kiraboshi philosophy” and at the same time indicated three principles of action guideline for Kiraboshibito to implement the philosophy. Why does the Group need “Kiraboshi philosophy”? Director Takeshi Miura and Outside Director Yuki Takahashi had a talk about the background and purposes of establishment of the philosophy, as well as initiatives for fostering “Kiraboshibito.”

The reasons for the establishment of “Kiraboshi philosophy” and “three principles of action guideline”

— Please tell me the background and purposes of the birth of “Kiraboshibito” in charge of the Kiraboshi Group’s value creation.

Miura: Tokyo Kiraboshi Financial Group is a new company formed by merging three banks in May 2018. When post-merger integration tasks were settled down, we thought it would be important to pull officers and employees into the same direction to aim at the next stage.

In order to clarify the vision we should aim at as a new financial group, and explicitly indicate a sense of value, a concept, and action guidelines which all officers and employees should share, the “Kiraboshi philosophy” and “three principles of action guideline for Kiraboshibito” were formulated. In addition, reforming the personnel system, we internally demonstrated our preparedness.

Ms. Takahashi was also deeply involved in the formulation of the “Kiraboshi philosophy” and “three principle of action guideline for Kiraboshibito.”

Takahashi: I took office as Director in 2017, one year before the Company’s name was changed to “Tokyo Kiraboshi Financial Group” at the same time of the merger of three banks. At that time, the first word I said was “Kiraboshibito.” It is often said that “a company depends on human beings.” Not to

speak of customers, each employee is important. In hope that the bank would be a place where employees say “we are happy working here”, the concept of “Kiraboshibito” was born. Since then, we have continued initiatives for fostering “Kiraboshibito.” The biggest initiative is training, isn’t it?

Miura: That’s right. The biggest one is training by job rank. In the first fiscal year, training was provided for managerial personnel such as branch managers and assistant managers. In the current fiscal year, the second year, training has been held for section managers and assistants to Director. In the next fiscal year, training for all employees is scheduled to be completed.

The training focuses on not teaching something, but having participants think of what “Kiraboshibito” is, and express their thought in words of their own, and handing down such thoughts.

— One year has passed since the initiatives for “Kiraboshibito” started. From an outside perspective, what can the Kiraboshi Group’s employees be recognized for? Please tell me about issues, as well.

Takahashi: I always say, “I am the happiest Outside Director in the world.” Because I have a lot of colleagues with whom I can share happiness in this Company.

When I first took office as Outside Director, unfortunately, no “Kiraboshibito” existed here. However, I think, after the philosophy and the

action guideline were indicated, and various systems are established, more officers and employees began to move into action, saying “First, let’s do it!”, with the new mindset added. Officers changed most. I am very happy seeing them working more vigorously than ever. Meanwhile, there is a problem. If I ask them, “what is your individuality?”, few people can answer it. “Individuality” is the best strength for each of them, and they are here to make best use of it. Therefore, I would like to tell all of “Kiraboshibito”, “you are OK just as you are.”



Diversity & Inclusion means recognizing each other’s differences

— To put the “Kiraboshi philosophy” into practice, I think employees’ work-life balance and the health and productivity management, etc. would be important. Could you tell me about initiatives for them?

Miura: As the modern society is stressful, mental health is a significant issue. It is essential to early respond to and treat mental disorder. Therefore, we increased the number of industrial physicians, and adopted a checklist for stress which can be readily used online. While such a system is important, an insufficient amount of communication would cause us to miss changes. Accordingly, we started a one-on-one meeting from the previous fiscal year. I hope the meeting can provide opportunities to talk about other matters than work, and allow us to find subtle changes of employees.

From a view point of promoting work-life balance, we subsidize self-improvement, hold seminars and networking events for employees who returned to work after taking childcare leave, and encourage male employees to take childcare leave adequately. Although it is very tough to work while raising a child, giving full attention to raising a child would make the rest of life more fulfilling. We intend to enhance the support system for better work-life balance.

— The reform of work style and the promotion of diversity have been required more than ever. What is the diversity in life and work style the Kiraboshi Group envisions?

Miura: I believe we could come this far thanks to support from a lot of outside people including Ms. Takahashi. In the course of promoting initiatives for new business, a number of mid-career outside human resources have participated. In addition, the employment extended to age 70 started in the previous year. We desire to have more colleagues who put the “Kiraboshi philosophy” into practice, respecting diverse human resources.

Takahashi: Diversity does not mean only issues on nationalities, gender, and age. I believe true diversity is individuals with different personal quality being able to work using their own individuality, and inclusion is accepting themselves and co-workers just as they are. We would like to continue to encourage them so that each employee can be aware of his/her individuality and turn it to an advantage.

— Could you tell me future initiatives for fostering “Kiraboshibito”?

Takahashi: Corporate value is created by humans. To be “Kiraboshibito”, stars must be on eyes. In other words, each person works brightly and actively.

Miura: What is a key point to put stars on eyes?

Takahashi: Actually, it is gratitude. Close your eyes, and count things you should be grateful to, one, two, three... Then, when you open your eyes, stars are on your eyes. By spreading the chain of gratitude across the Company, I hope to increase “Kiraboshibito.”

The initiative for “Kiraboshibito” has just entered a prologue. We intend to continue the initiative until each of officers and employees becomes able to behave, thinking about “Kiraboshibito” everyday.

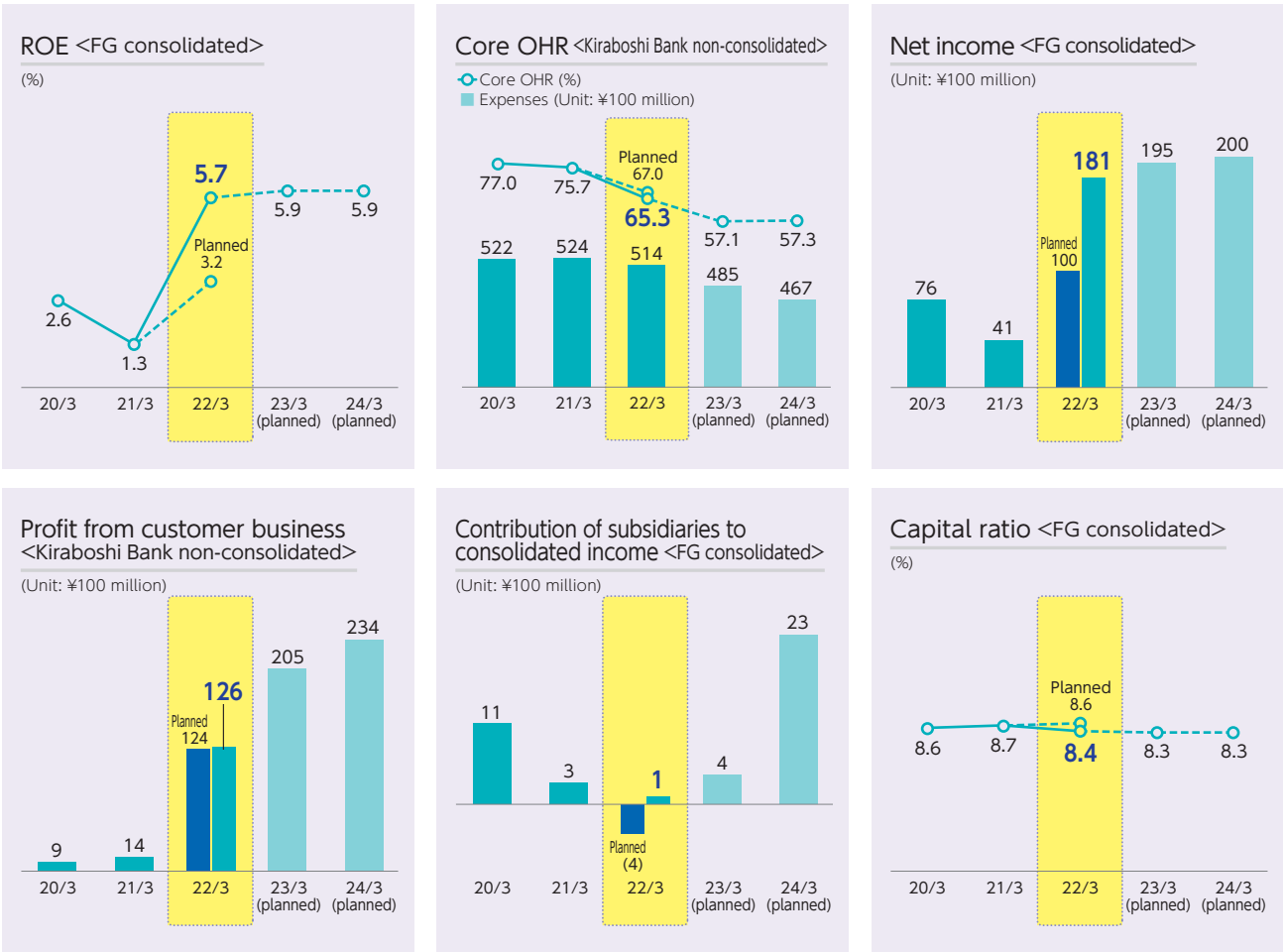


Miura: Ms. Takahashi, you are a companion and fellow trying hard together rather than an outside supporter. I would like you to continue to give us a supportive push and walk with us.

Status of Progress on the Medium-Term Business Plan

KGI Financial targets

With regard to KGIs (financial targets) under the Medium-Term Business Plan for FY2021, the targets were generally achieved in ROE, net income, Kiraboshi Bank's core OHR, profit from customer business, etc. This is because of the promotion of transactions for main bank relationship building; the increase in business financing; the steady growth in income from fees and commissions from corporate customers with the above; and the advance in cost-cutting mainly in personnel expenses through more efficient management.

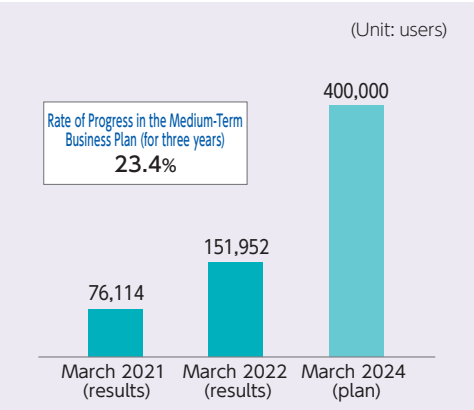


KPI Key indicators to evaluate business results

KPI Digital Bank business

Individual Internet users: 68,000 users → 400,000 users

Kiraboshi Bank began to accept online application for individual internet banking (IB), and renewed its app (began to handle IB features including money transfer). In addition, UI Bank opened. As a result, the number of individual Internet users is increasing. From now on, at UI Bank, cooperation with sales offices and the call center will be enhanced with the aim of achieving KPIs.



KPI Corporate customer strategy

- Number of loan customers with main bank relationship in the ¥0.3-10 billion annual sales zone: + 600 customers
- Financing to customers with main bank relationship in the ¥0.3-10 billion annual sales zone: + ¥600 billion
- Build partnerships with over 1,000 customers in business succession
- Build partnerships with over 400 medical transaction customers

In the ¥0.3-10 billion annual sales zone, the number of loan customers with main bank relationship increased by 723 customers (rate of progress: 120.5%), and financing to customers with main bank relationship increased by ¥154.2 billion (rate of progress: 25.7%). In relation to business succession, we provide "loan related to business succession," "M&A (including conclusion of advisory contracts)," etc. in collaboration with Kiraboshi Consulting. As a result, the number of partners was 388 (rate of progress: 38.8%) including companies to which suggestions were made. With regard to medical transactions, we worked on "financing to medical institutions with main bank relationship building" and "financing for practice support" mainly in Medical and Welfare Business Division. As a result, the number of medical transaction partners was 210 (rate of progress: 52.5%) including institutions that branches support.

KPI Personnel system reform (Improvement in productivity and optimization of human resources)

140% increase in productivity (Gross core business profit per head: ¥23 million → ¥32 million)

With a steady growth in gross core business profit, gross core business profit per head favorably progressed to ¥29.6 million (rate of progress: 63.9%). We will push ahead with an improvement in efficiency of the administrative division of headquarters and optimal assignment of human resources with reassignment to the sales division, and also promote transactions with main bank relationship building (promotion of multiple transactions), etc. to increase gross core business profit, and thereby further improve productivity.

KPI Branch strategy

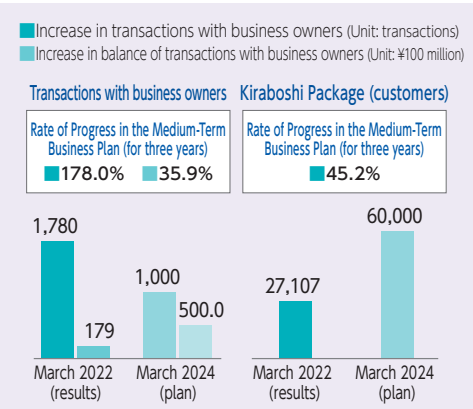
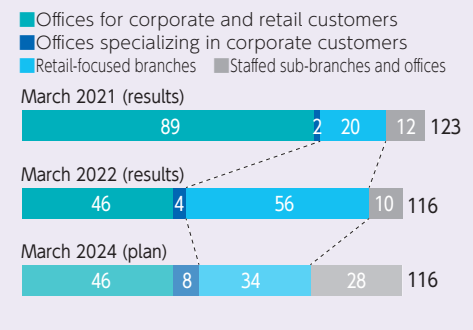
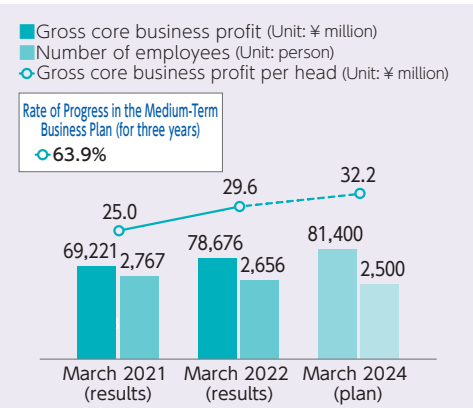
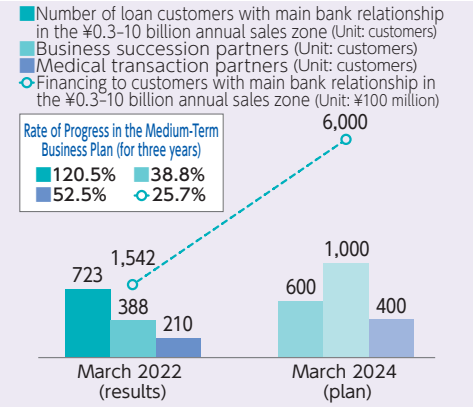
- Reduce the number of offices for corporate customers: a total of 107 offices for corporate and retail customers and offices specializing in corporate customers (as of end of Mar. 2020) → 54 offices (down 53: as of end of Mar. 2024)
- Increase the number of retail-focused branches: 14 retail-focused branches (as of end of Mar. 2020) → 34 branches (up 20: as of end of Mar. 2024)

In FY2021 which is the initial fiscal year of the Medium-Term Business Plan, the offices for corporate customers were consolidated. Accordingly, with a total of 50 offices for corporate and retail customers, and offices specializing in corporate customers, the plan progressed favorably. The number of retail-focused branches also became 56 in total as planned. Going forward, we will strive to further consolidate branches in consideration of opening of UI Bank, and assign optimal human resources in a well-balanced manner.

KPI Life plan support business

- Transactions with business owners: + 1,000 customers, + ¥50 billion
- Kiraboshi Package: 60,000 customers

In cooperation with Kiraboshi Life Design (KLD) Securities, we put emphasis on strengthening transactions with business owners including the wealthy class. As a result, the number of transactions with business owners increased by 1,780, achieving KPI earlier than scheduled. The balance of transactions with business owners increased by ¥17.9 billion (rate of progress: 35.9%) as planned. The number of customers of Kiraboshi Package favorably grew to 27,107 (rate of progress: 45.2%). We will continuously work on building up retail IB senior users, applications for app, and customers opening UI Bank accounts, as well as provision of services for seniors such as testamentary trust and "100-year passports".



Digital Strategy

[Feature] New Future of Kiraboshi at Which UI Bank Co., Ltd. Is Aiming

The Kiraboshi Group opened its digital bank, UI Bank, in January 2022. UI Bank has been positioned at the core of the Kiraboshi Group's DX strategy and as a company tasked with spearheading the Kiraboshi Group's growth strategy. In this special feature, we will introduce the background to the opening of UI Bank and the new future UI Bank is aiming to achieve, as well as Kiraboshi Bank operating its 117 offices in the Tokyo area.

Message from the President of UI Bank



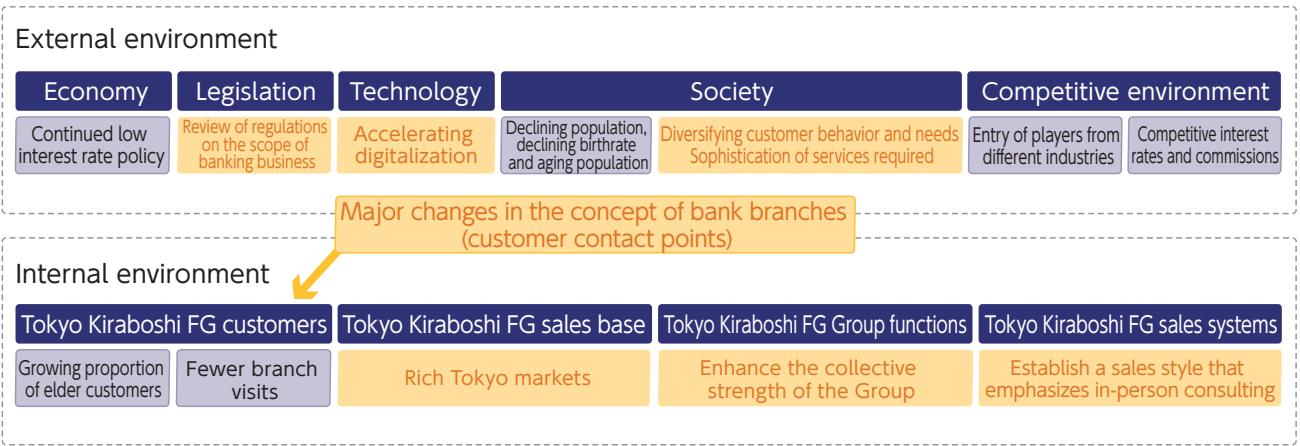
Toshikazu Tanaka,
President,
UI Bank Co., Ltd.

Create new customer contact points
The nature of bank branches has not changed significantly over the past 30 to 40 years despite the dramatic changes we have seen in our world such as the declining population, entry of players from different industries, and advancing digitalization. The Kiraboshi Group is currently revising its ideal bank branch model, and we, at UI Bank, are speedily trying to improve customer convenience while also streamlining business by shifting to digital operations. The Digital Bank Project will continue to tackle new challenges as a key initiative of the Group's overall retail banking strategy that will fundamentally change our traditional customer contact points.

Transcend regional, generational, and business category borders
UI Bank is able to approach all generations across Japan through its smartphone app. We plan to harness digital and real capabilities to provide services to young people in their teens and 20s with whom the Group had very little contact right through to senior citizens who can be reluctant to embrace digital change. We also intend to actively cooperate with players from other industries and become a UI Bank that is indispensable to the lives of our customers. UI Bank is a digital bank that harbors limitless possibilities because it can transcend regional and generational borders and different business categories.

Pursue true affluence
Based on the "Growing your assets in life." concept, we have repeatedly discussed and seriously considered how to use the UI banking app to shape the values that customers wish to cherish and what action to take to increase tangible and intangible assets. UI Bank will continue to consider and embody initiatives designed to increase customers' assets and to explore and pursue true affluence.

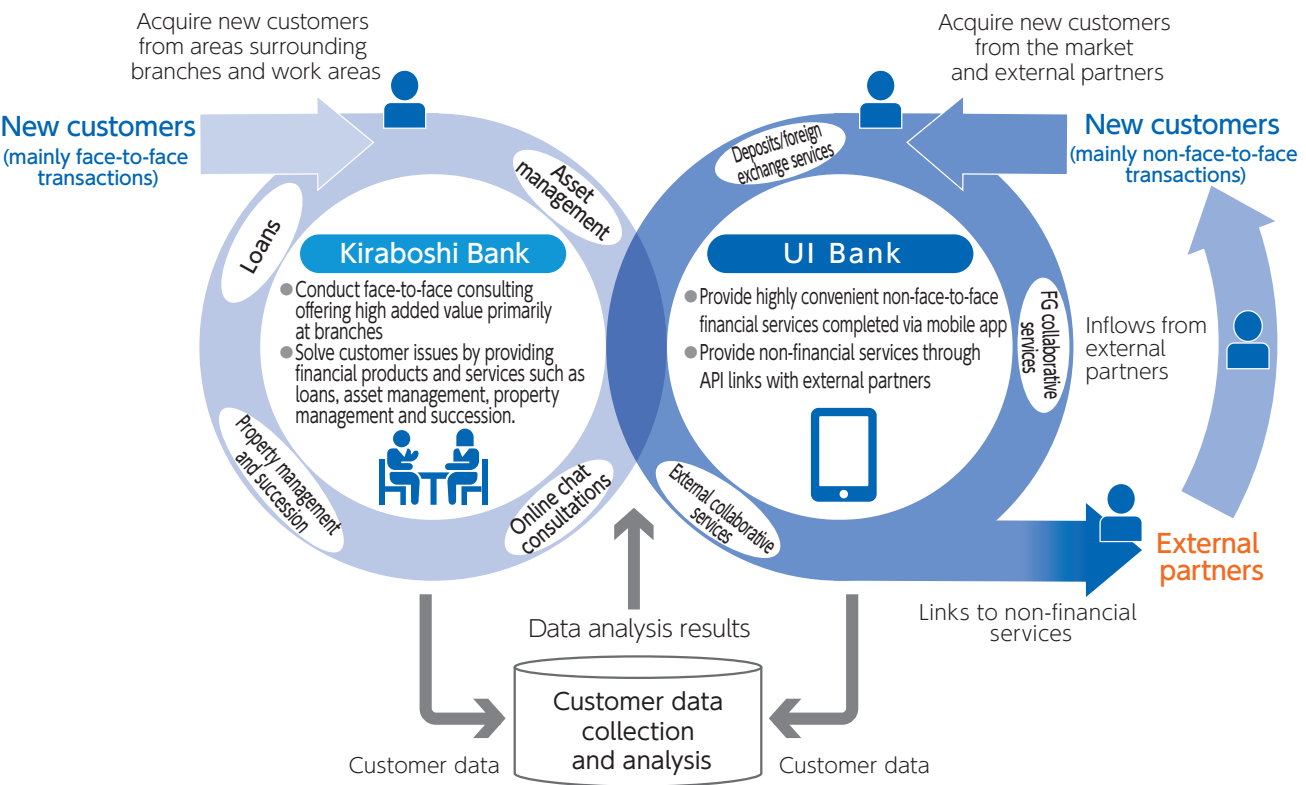
Why Kiraboshi Group established a digital bank



Provide customer-oriented services through Group cooperation

The strength of the Kiraboshi Group is its collective strength as a corporate group. UI Bank is a digital bank, but it also values people-to-people connections. We cooperate with Kiraboshi Bank to provide face-to-face consulting services to help address issues that cannot be solved through digital means. We are ready to proactively challenge this new realm of fusing digital and real services, and we want to work together as a Group to firmly create systems that can respond to the diverse needs of customers from both face-to-face and remote perspectives.

A model that fuses face-to-face and non-face-to-face



Digital Strategy

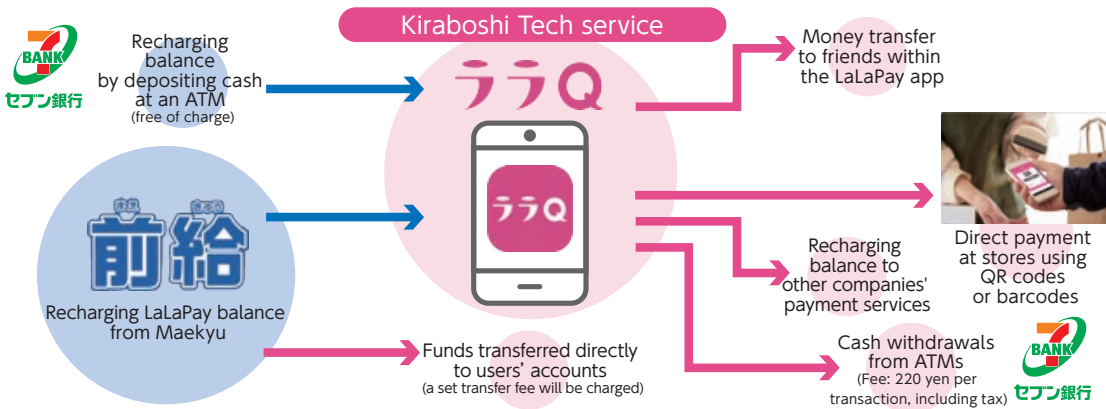
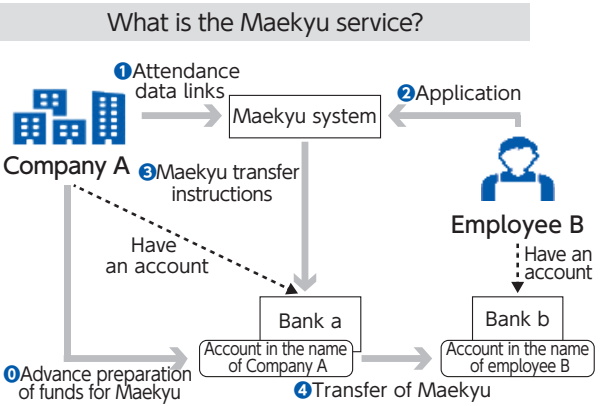
The future targeted by LaLaQ --Maekyu service × digital money



Full-fledged operation of a FinTech solution as LaLaQ through Maekyu and electronic settlements

The Maekyu service was developed by Kiraboshi Bank (formerly Tokyo Tomin Bank) in 2005 to enable employees to receive in-house loans when necessary within the scope of hours already worked. Many companies are currently introducing advance salary payment services, but employees of companies that have adopted such systems are raising expectations for technological innovations such as cashless payments, mobile support, and links to other company networks. We were asked to expand the Maekyu service to enable a flexible response to these diversifying and increasingly sophisticated needs. Against that background, Kiraboshi Tech released the LaLaQ smartphone app in November 2021 that combines Maekyu and LaLaPay digital money services. The biggest feature of this app is that you can recharge your LaLaPay free of charge from the Maekyu service or an ATM. You can also recharge to other companies' payment services from LaLaPay. For instance, you can receive your daily shopping allowance in a lump sum on LaLaPay for immediate use or allocate it to third-party payment services that you use, etc. This facilitates the digital

transformation of money for everyday use according to different usage situations. LaLaQ supports the transformation of customer lifestyles by simplifying previously cumbersome money transfers and recharging processes and facilitating the seamless use of money for everyday use entirely by smartphone.



* This service's "Recharging LaLaPay balance from Maekyu" is the recharging of internal loan funds from the company to employees in the form of digital money, so it does not constitute a wage payment to an account held by funds transfer service providers, which has been discussed at the Labor Policy Council.

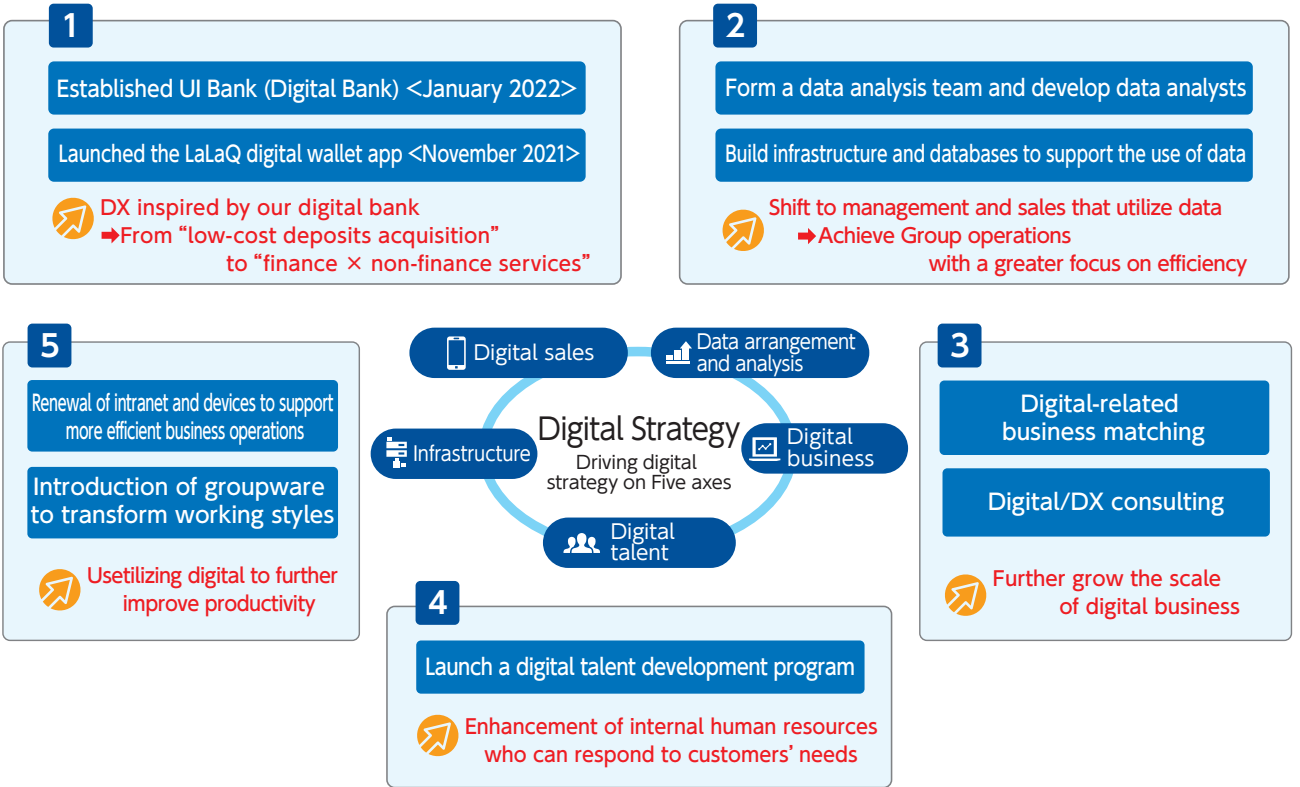
Digital Strategy of Kiraboshi Group



Yuki Yoshi Matsuo,
General Manager,
Digital Strategy Division

Established the Digital Strategy Division to promote a five-pronged digital strategy

The Kiraboshi Group set up the FG Digital Strategy Division in April 2021 and is now working to accelerate the Group's digitalization and DX based on five axes. We will work simultaneously and concurrently on each strategic theme and promote individual strategies such as grasping and understanding needs by expanding customer contact points, transforming sales and business processes, and cooperating with external service providers. We also intend to aggregate, analyze, and utilize the data generated from these themes to create synergies from each strategy, reskill human resources, and achieve organizational reform.





Future Aimed at by the Tokyo-based Platform Concept

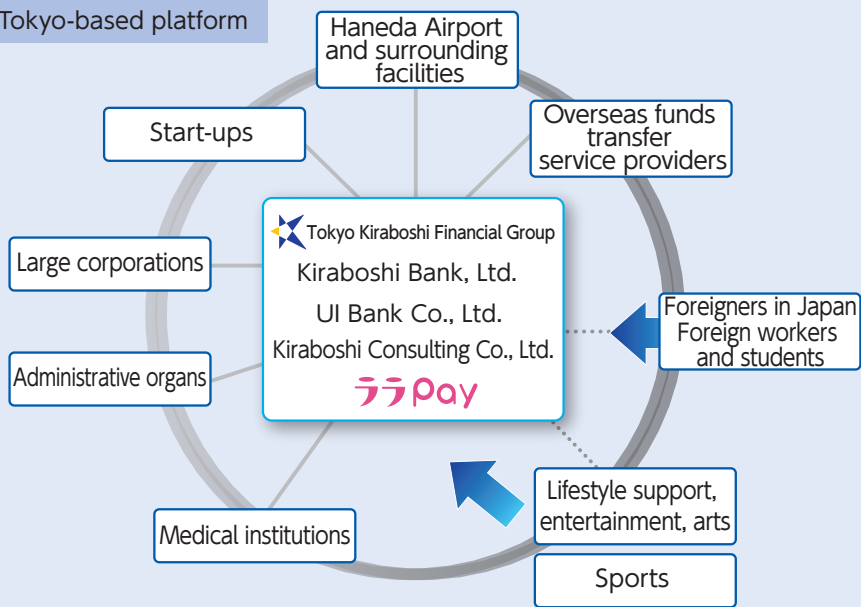
A digital-driven Tokyo-based platform concept

The Medium-Term Business Plan presents the Kiraboshi Group's vision to become “a Tokyo-based platform owner that creates new value for customers.” Regional financial institutions have traditionally proposed and provided financial services such as deposits, loans, and asset management to their customers. Recently, we have been focusing on providing consulting services and solutions that will help resolve customer issues while also matching customers with each other.

The Kiraboshi Group, as a regional financial group with its business base in the Tokyo area, deals with an extremely large number of corporate customers. By providing value to the customers of corporate customers, we can build a bigger network, which, in

turn, will help grow our corporate clients' businesses, so client expectations for the Tokyo-based platform are increasing. This is one way by which we can provide value to corporate customers. Many corporates and individuals are concentrated in the Tokyo area, so naturally it is a place where many corporates are created and closed down. Given the characteristics of the Tokyo area, we aim to build a platform with value that is driven not just by traditional face-to-face channels, but also by non-face-to-face and digital services. In FY2021, we opened the UI Bank digital bank and Kiraboshi Tech released our LaLaPay digital money payment service. We intend to strengthen the digital functions that drive the platform by further expanding the range of functions on offer.

Illustration of the Tokyo-based platform

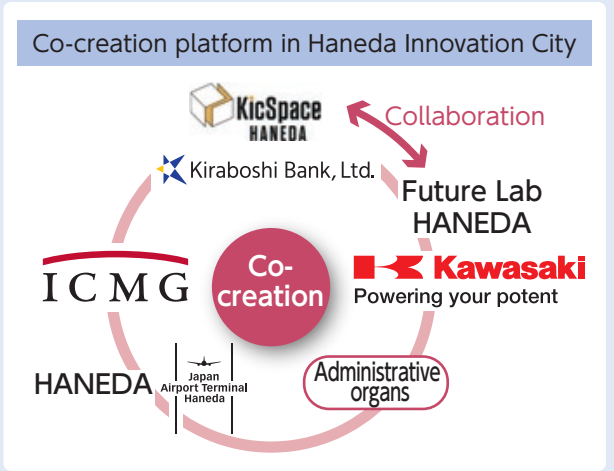


HANEDA Platform in the Haneda area

One example of a Tokyo-based platform is our initiative in the Haneda area. In April 2021, the Kiraboshi Group concluded a comprehensive cooperation agreement with Haneda Future Research Institute Incorporated, a subsidiary of Japan Airport Terminal Co., Ltd. that operates Haneda Airport Terminal. Our aim is to work with Haneda Future Research Incorporated to contribute to building a future-oriented ecosystem, revitalizing the local economy, and developing the local community and culture. Although passenger numbers declined during the COVID-19 pandemic, Haneda Airport Terminal is the gateway to the Tokyo area skies, with 85 million passengers using the terminal in FY2018. We will use the HANEDA Platform to study the provision of further concrete digital technology-driven services to Haneda Airport users.

Meanwhile, in November 2021, we opened the KicSpace HANEDA incubation facility in Haneda Innovation City, which is adjacent to Haneda Airport Terminal. KicSpace HANEDA cooperates with government and large companies to provide start-ups with functions fusing real locations with online medium. In constructing a platform for start-up companies, we participate in a corporate venture capital (CVC) fund

together with Japan Airport Terminal and ICMG Group companies, etc. The aim is to hold pitching events and seminars for start-ups looking for investment and provide co-creation value through the fusion of large companies and start-ups. We are also working together with Future Lab HANEDA, which was launched in April 2022 by Kawasaki Heavy Industries, Ltd. in Haneda Innovation City for the purpose of robotic field testing, to realize digitalization and cashless payment systems that utilize start-up technology.



A platform concept integrated with non-financial services

Going forward, as part of efforts to create platforms using the UI Bank digital bank and LaLaPay digital money functions, we will proceed with the provision of financial services and functions that link to the use of non-financial services.

One such concept involves the potential construction of a platform for foreign workers and students in Japan. UI Bank is looking to provide financial services such as overseas remittances through provision and settlement of Banking as a Service (BaaS) in cooperation with overseas funds transfer service providers, etc. In addition, in order to resolve a variety

of issues facing foreign workers and other foreign nationals coming to Japan, we are aiming to provide a platform that offers information before coming to Japan and other services related to housing, employment, and living, in cooperation with non-financial service providers.

We are also looking to provide financial and non-financial services to multiple non-financial service providers and their customers and users in an integrated way. By connecting the customers and users of these non-financial service providers, we aim to build a non-financial services platform that is driven by Kiraboshi Group's digital functions.

Platform concept integrated with non-financial services

- Platform for foreign workers and students in Japan
- Platform that connects users of multiple non-financial service providers
- Platform that supports the development of community-based medical care, etc.

Corporate Customer Strategy

Overview of the Kiraboshi Group corporate customer strategy

We have established the SF Division, MF Division, RF Division, FC Service Division, the Medical and Welfare Business Division and other departments within the Kiraboshi Bank head office, and we operate as a professional group that provides advanced solutions to our customers. We cooperate with our sales offices to strengthen support for existing customers. We also work together with Group companies such as Kiraboshi Capital and Kiraboshi Consulting that boast a high level of expertise in their respective financial and non-financial fields to create a wide range of proposals tailored to all life stages of a customer, be it the founding period, growth period, or maturity period. We also offer solutions designed to help DX initiatives and solve social issues, such as environmental problems and the SDGs.



Corporate Customer Strategy

Promoting main bank relationships in the rich Tokyo market

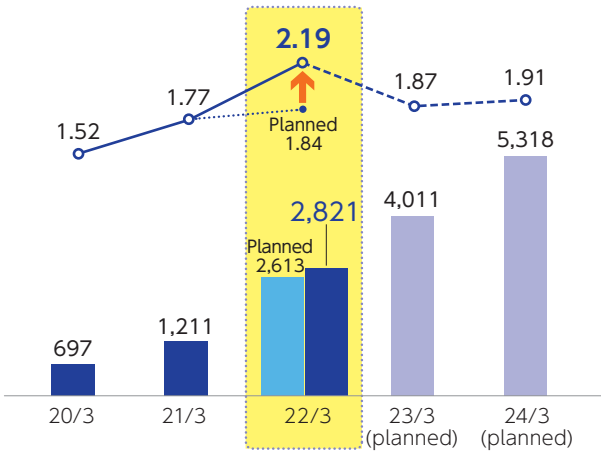
The Tokyo area is the business base of the Kiraboshi Group. It is a fertile market with a concentrated population and SMEs presence. However, Kiraboshi Bank's share of main bank transaction relationships remains in the 3% range, so we recognize that there is ample room for expansion. Against that background, Kiraboshi Bank is focusing on promoting main bank relationships and business financing initiatives. We have launched an independent division within the head office in order to improve our expertise and project response and have also set up a specialist line of investigation and the other initiatives so that we can proactively inject resources into this area while duly considering any relevant risk perspectives. With regards to our business financing initiatives in particular, we offer financial support using highly specialized financing methods and we are also conducting many initiatives that exploit the Group's collective strengths to solve business partners' problems. That helps fuel lending at comparatively high interest rates, which, in turn, helps boost our loan balance and income from interest on loans.

Number of Kiraboshi Bank customers with main bank transaction relationship

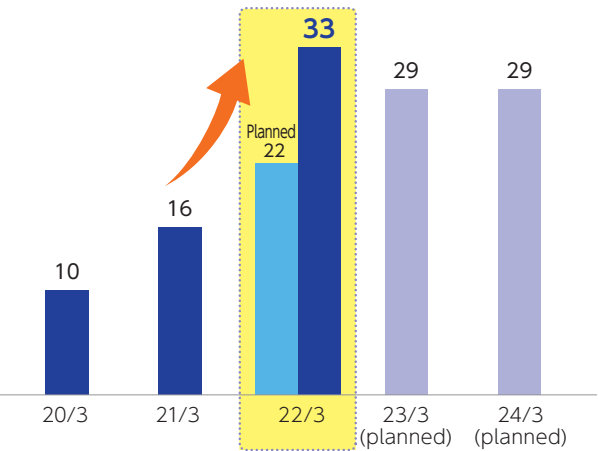
	Number of companies (denominator)	Number of customers with main bank relationship	Share
Tokyo	229,629	7,086	3.1%
Kanagawa	77,442	2,829	3.7%
Total	307,071	9,915	3.2%

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

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



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



Contribution to the local economy that Kiraboshi Capital aims to achieve

Message from President



Kiraboshi Capital Co., Ltd.
Nobuo Jinnai,
President

As an investment fund affiliated with a regional financial institution, Kiraboshi Capital offers six types of funds, including investment in stocks that was previously regarded as difficulty and mezzanine capital. Our mission is to use these funds to support the growth of companies, and to help revitalize the regional economy by solving the concerns of companies facing different challenges. For instance, we support the growth of companies in the start-up phase with equity financing, or hold stocks from companies that require business succession to resolve their problems, thereby working together with customers to find the best solution. There are times in a company's long history when it needs support and a little bit of ingenuity. We are ready and able to help companies who consult with us at those times by functioning these different funds. For us, the Tokyo area is an important base as the area in which we live and breathe—an area where we have grown together with the customers that have nurtured the Group since its establishment. Kiraboshi Capital is a fund that can be likened to locally-rooted agricultural people. We want to partner with customers as if we were working up a sweat planting rice in the paddy field together and aim to rejoice together at the harvest.

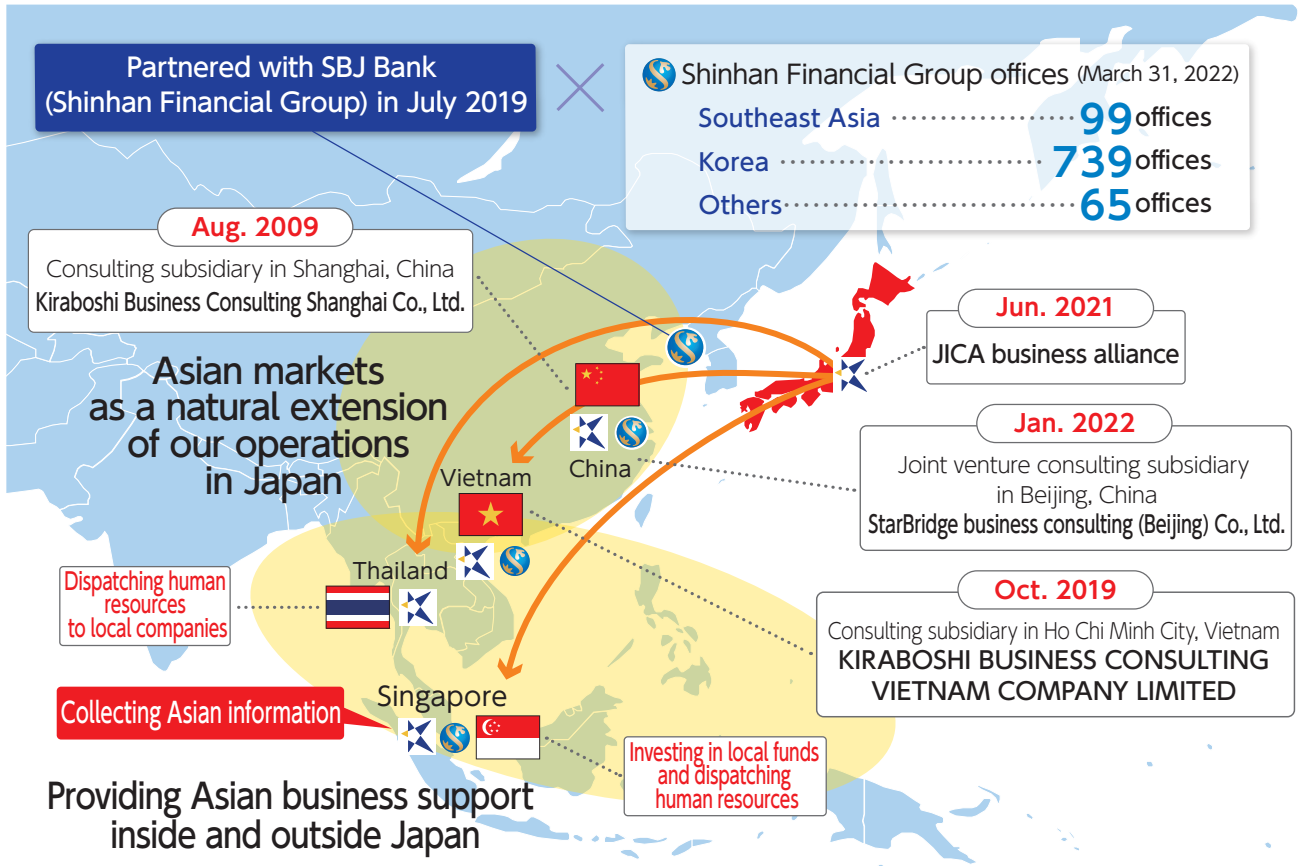
Kiraboshi Consulting caters to the needs of managers

Kiraboshi Consulting supports corporate growth primarily through consulting and membership services for managers. Our consulting business uses experienced consultants to draw out our client's strengths and help create a path towards business growth. We can provide a wide range of consulting services, ranging from management support that helps uncover issues to proposals tailored to a company's particular life stage, such as business succession, M&A, setting up personnel evaluation systems, recruitment services, IPO, addressing SDGs, and supporting overseas expansion. Our membership service offers a wealth of content useful for corporate management, including our "Kiraboshi Top School" that offers business successor and manager training throughout the year along with other level-specific training, lectures, management information services, and free consultations with different experts.

Support of overseas expansion

The Kiraboshi Group considers the Asian region to be an important market and a natural extension of our operations in Japan. We actively support the overseas expansion of SMEs through various initiatives, such as cross-border M&A and cross-border loans. In China, we have established a Sino-Japanese joint venture consulting subsidiary together with the Zhaotai Group

in Beijing. We have built a collaborative business platform, and are currently supporting Japanese companies' business development in China. In Vietnam, we are strengthening our relationships with local companies and support cooperation and joint business collaboration with Japanese companies.



Retail Customer Strategy

Message from Officer



Hiroshi Shibuya,
Director and Senior
Executive Officer,
General Manager of
Sales Headquarters,
Kiraboshi Bank, Ltd.

Continue to pursue true retail customer sales designed to solve problems

Kiraboshi Bank, together with Kiraboshi Group companies, seeks not only to address customers' asset formation and preservation needs, but also to provide valuable financial services regarding issues that customers are not yet aware of or future problems that have not yet manifested themselves. To date, our retail customer sales strategy has tended to follow a product-out approach, but we want to demonstrate our highly developed consulting functions across a wide perspective that covers individual customers, their families, and affiliated companies in order to enable us to provide financial services that offer tailored value to each individual customer. We have also established a framework in which our sales offices and head office work together to solve problems based on various different needs and circumstances. This system includes our highly expert wealth management team, PB (Private Banking) team, real estate consultant team, and outbound call team.

We intend to continue to accumulate more true retail customer sales experience so that we can deliver valuable financial services that satisfy our customers.

Message from the President of Kiraboshi Life Design Securities Co., Ltd.



Kiraboshi Life Design
Securities Co., Ltd.
Yousuke Sakai,
President

The environment around us is changing drastically with the advent of the era of the 100-year lifespan, the declining birthrate and aging population, and anxiety surrounding pensions. Against that background, it is important to protect and nurture customers' assets and extend the life of those assets to ensure a happy future life for our customers.

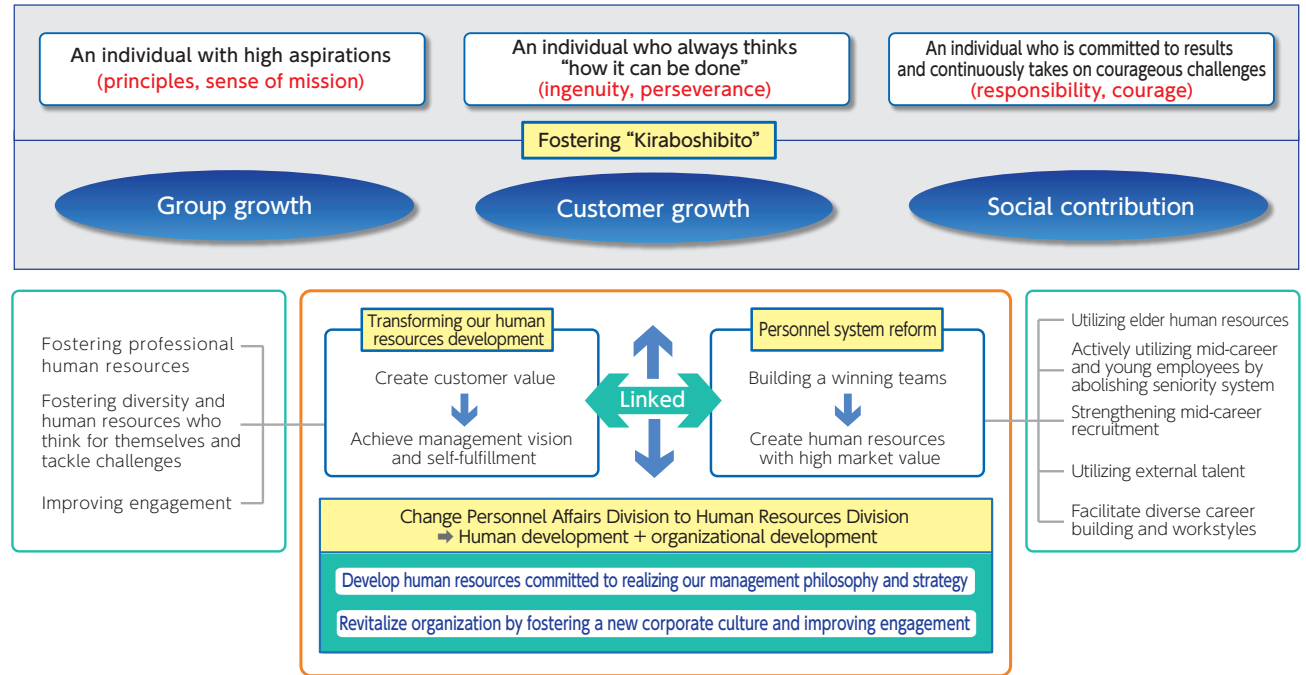
The previously unimaginable COVID-19 crisis, war, and inflation have become all too familiar to us now and we have entered an era in which wise asset management is increasingly necessary for protecting our future lives.

We at Kiraboshi Life Design Securities promise to eliminate customer concerns and anxieties and manage peace of mind by providing asset formation support based on long-term diversified investments, such as fund wraps and high-quality investment trusts, and also providing optimal financial services and solutions, primarily through brokerage operations with Kiraboshi Bank.

In such a difficult investment environment as this, we aim to become our customers' securities company of choice, and we intend to keep moving forward and taking on new challenges.

Human Resource Strategy

In order to nurture Kiraboshibito (people who put the "Kiraboshi philosophy" into practice), we inspire self-motivation through career design sheets, enhance training systems that enable staff to proactively acquire more advanced skills, and support self-improvement efforts by providing venues for building awareness and learning. We seek to use these initiatives to generate professional human resources who are capable of solving customer issues and to improve employee engagement. We also actively recruit external human resources primarily for departments that require specialist knowledge.



Human resources development

In conjunction with reforming our personnel systems, we transformed our human resource development practices and started training the kind of Kiraboshibito that the market requires. We have conducted various types of dojo training sessions in order to nurture professional human resources looking to advance their skills, including structured finance (SF) and consulting dojos. These dojos have been attended by over 1,500 employees in total. Many staff members voluntarily participate in the sessions regardless of their job

title or age. Roughly 800 executive class employees participated in level-specific Kiraboshibito training designed to deepen their understanding of and instill the three Kiraboshibito action guidelines. Going forward, we plan to extend this training to include all managers and conduct Kiraboshibito training for all personnel. We will also continue to foster Kiraboshibito equipped with high skills and mindset through training and policies.

Level-specific Kiraboshibito training

Purpose: Deepen understanding of and instill the three Kiraboshibito action guidelines	
For general and branch managers	163 participants across three sessions (July 2021)
For deputy branch managers	165 participants across five sessions (August 2021)
For assistant managers	211 participants across six sessions (October 2021)
For section managers	304 participants across 10 sessions (January, February 2022)

Management for Sustainable Development

Tokyo Kiraboshi Financial Group works to create both economic value and social value and achieve sustainable management by addressing social issues in collaboration with stakeholders, while embracing environmental, social, and governance (ESG) perspectives.

Policy on Initiatives aimed at Sustainability

We formulated the “Basic Policy on Social Responsibility (Sustainability Policy)” to indicate our overall policy on sustainable management and declare our involvement in development of local communities and solution of issues faced by sustainable society, based on our 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.”

Basic Policy on Social Responsibility (Sustainability Policy)

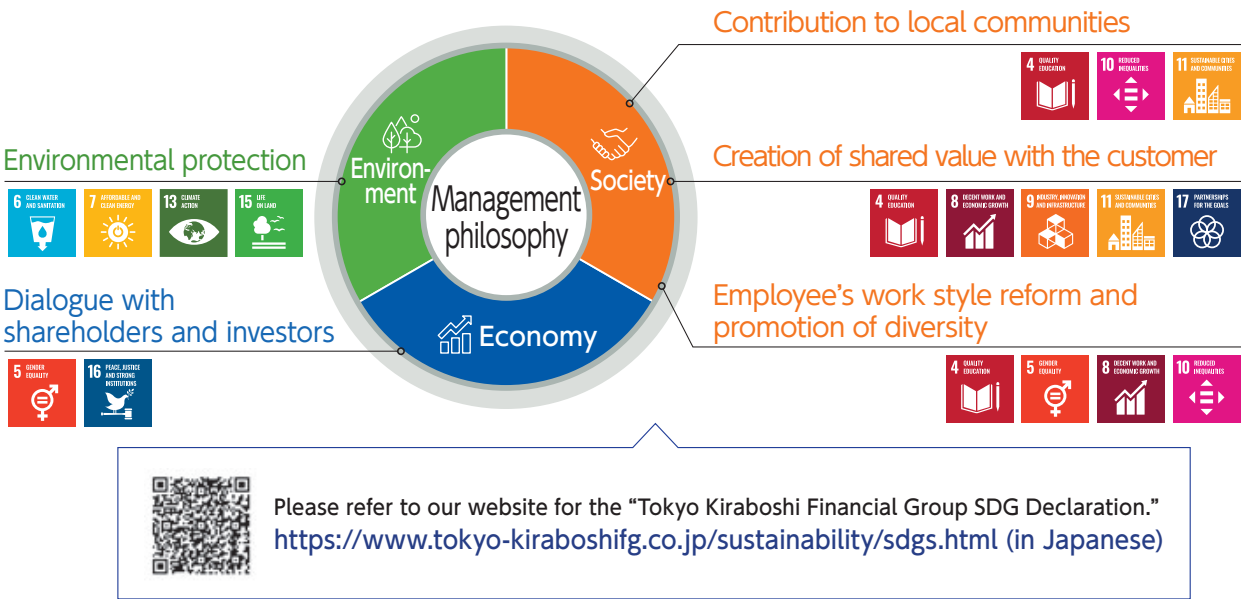
Tokyo Kiraboshi Financial Group strives to contribute to sustainable development of local communities and increase medium- to long-term corporate value through corporate activities based on its management philosophy. In addition, we will work to enhance information disclosure through dialogue with each and every stakeholder. Each and every one of Group officers and employees will work to increase customer value and play an active role in addressing climate change and social issues.

Tokyo Kiraboshi Financial Group SDG Declaration

The Group aims to be “a comprehensive service business that is also strong in finance.” Based on its 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,” the Group is working, through its corporate activities, on initiatives related to the SDGs adopted by the United Nations summit, and seeking to realize a sustainable society and create shared societal value.

Tokyo Kiraboshi Financial Group SDG Declaration



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.

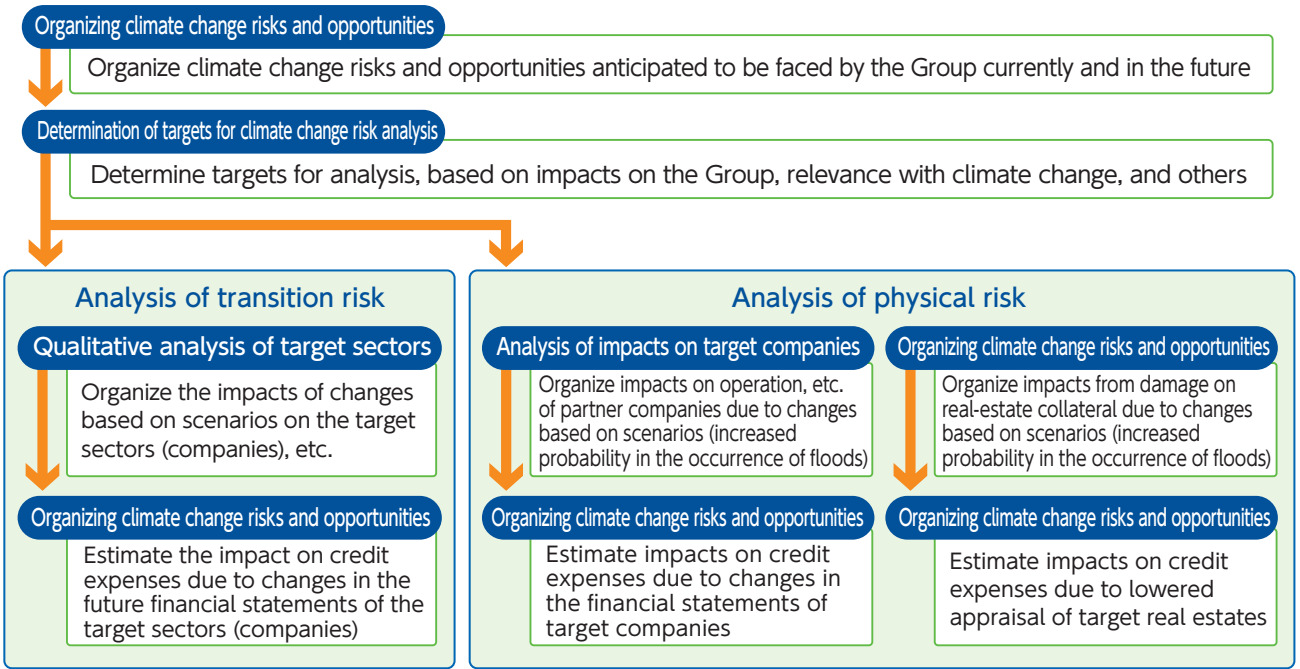
Governance

- 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.
- The Medium-Term Business Plan emphasizing harmony between environmental protection and corporate activity began in April 2021. We will proceed with the discussion of efforts implemented by the Group.
- The director in charge of the Business Strategy Division is the “Chief Sustainability Officer (CSuO).”
- The “Sustainability Promotion Office” was established in the Business Strategy Division, which plans and formulates short-term and medium- to long-term targets in the sustainability promotion of the Group and engages in sustainability promotion-related coordination with parties including Group companies and relevant departments based on various policies. There is a system in place to conduct deliberation at the Management Meeting and report to the Board of Directors.

Strategy

- In the Medium-Term Business Plan, “environment (response to global warming and climate change)” is established as a priority issue (materiality) in the Group's SDGs.
- We analyzed risks and opportunities related to climate change, impacts on the Group's business activities, and others using the following procedures. Moving forward, we will engage in initiatives to mitigate climate change risk to local communities and customers through the provision of financial services with high added value.
- Scenario analysis techniques have not yet been established, and anticipated scenarios, analysis methods, and definitions are diverse. Therefore, we will continue to make efforts such as sophisticating our analysis with the cooperation of external experts.

Procedures to evaluate climate change risks and opportunities



Initiatives to Address TCFD (Task Force on Climate-related Financial Disclosures)

① Risks and opportunities associated with climate change anticipated to be faced by the Group currently and in the future

- 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.

Risks	Transition risks	Risks related to laws and regulations	● Occurrence of credit risk as a result of adverse impacts on customers' finance (medium to long term) due to tightened regulations and policy changes associated with decarbonization and other efforts.
		Technology risks and market risks	● Occurrence of credit risk as a result of adverse impacts on customers' finance (short to long term) 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)
		Reputational risks	● Occurrence of credit risk as a result of adverse impacts on customers' finance (medium to long term) due to declined reputation for not being able to adapt to the transition to decarbonized society ● 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 risks	● 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 risks	● 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	● Increase of business opportunities such as provision of financial products and services to support customers in the transition to decarbonized society and addressing climate change (short to long term) ● Provision of decarbonization-related financing (sustainable finance) (short to long term)		
	● Decline in the Bank's business costs owing to resource and energy saving (short to long term) ● Higher evaluation from investors and capital markets that attach great importance to ESG factors (short to long term)		

② Selection of target sectors for transition risk analysis, and analysis of impacts

- We evaluated Kiraboshi Bank's exposure by business type and the level of impacts from climate change using a matrix, defining "energy," "transportation," and "real estate" as the target sectors for qualitative analysis.
- We qualitatively analyzed the impact of climate change on each target sector.

《Results of analysis on major risks and impact by sector》

Sector	Evaluation item	Major risks	Major impact (impact which requires the Bank to revise the credibility downward)						
			Increase in operations costs	Decrease in sales and profits	Decline in asset value	Increase in operational costs	Increase in capital investment	Increase in R&D costs	Increase in construction costs
Energy	Policies and regulations	Rise in petroleum and coal tax		○	○	○			○
		Tightening of GHG emissions regulations	○		○				
	Industries and markets	Widespread use of renewable energy	○	○					
	Reputation	Enhanced awareness of eco-friendliness	○	○					
Transportation	Acute risk	Strengthened measures to prevent disasters	○						
	Policies and regulations	Introduction of carbon tax	○						
	Industries and markets	Surge in energy prices	○						
		Shift to electric cars, etc.					○		
	Chronic risk	Thermal expansion of railway tracks	○				○		
Real estate	Acute risk	Damage to operations associated with disasters of extreme severity	○				○		
	Policies and regulations	Rise in petroleum and coal tax		○	○	○			○
		Tightening of GHG emissions regulations				○			○
	Industries and markets	Changes in customers' behavior		○					○
	Acute risk	Intensification of extreme weather		○	○	○		○	○

* International Energy Agency (IEA)'s SDS scenarios are used.

③ Implementation of quantitative analysis of transition risk

- Among the sectors subject to transition risk analysis, we conducted quantitative risk scenario analysis for the electricity sector (part of the energy sector) for which analysis techniques have been established, using certain assumptions, and estimated a maximum amount of increase in credit expenses which may be incurred by 2050.
- Having conducted the scenario analysis, we recognized the importance of promoting changes of business of customers in preparation for transition to decarbonized society. Going forward, we will try quantitative analysis of other sectors to understand the impact of each sector's climate change risk on the Group, and work to mitigate risks to customers in the target sectors.

《Procedures to conduct quantitative analysis of transition risk in the electricity sector》

- From among companies in the electricity sector, we selected sample companies with abundant publicly-available data necessary for conducting quantitative analysis of transition risk.
- We simulated operating revenue and operating expenses (i.e., profit level) of the sample companies until 2050 based on the 1.5°C scenario, and calculated the amount of increase in credit expenses.
- We conducted similar simulations on the assumption that operating income and operating expenses of each company in the electricity sector would show the same trend as the sample companies, and calculated an amount of increase in credit expenses of the entire sector.

《Results of quantitative analysis of transition risk》

Target of analysis	Electricity sector within the energy sector
Analysis description	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 ¥0.6 billion at a maximum

④ Implementation of quantitative analysis of physical risk

- We conducted analysis of potential impacts of climate change on the Group's credit portfolio, based on certain assumptions, using multiple scenarios.
- Having conducted our simulation, we recognized the necessity of organizing various types of data for analysis. Going forward, we will work to sophisticate risk analysis techniques and try quantitative analysis of other areas, and thereby strive to identify impacts on the Group.

《Procedures to conduct quantitative analysis of physical risk》

- We investigated the depth of water exposure of target properties in the event of floods, based on hazard maps.
- We converted the depth of water exposure into damage levels in accordance with the flood control economy investigation manual issued by the Ministry of Land, Infrastructure, Transport and Tourism.
- Estimated an expected amount of damage by multiplying the amount of damage from a 100-year flood by the rate of increase in the number of floods, and thereby calculated an amount of increase in credit expenses until 2050.

《Results of quantitative analysis of physical risk》

Theme	Financial impact from suspension of operation	Amount of damage to real-estate collateral
Target of analysis	Areas covered by the investigation are the areas with many cases of damage from water exposure caused by the flood of the Arakawa River, and the targets of analysis are business operators who are borrowers of the Bank and whose head offices are located in the said areas.	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 ¥2.5 billion at a maximum	

Initiatives to Address TCFD (Task Force on Climate-related Financial Disclosures)

Credit exposure to carbon-related assets

- Carbon-related exposure for Kiraboshi Bank is as described below.
- Going forward, we will proceed with organizing data and other efforts in preparation for disclosure of the disclosure target sectors based on revised standards.
- We will proceed with constructive dialogue (engagement) with customers 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	¥33.7 billion
Ratio to the total	0.763%

* Disclosure target sectors: Petroleum, gas, coal, and electric power companies (excluding photovoltaic power and renewable energy-related companies)
* 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 highly relevant 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.

Indicators and goals

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

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

* Renewable energy-related loans (photovoltaic power, biomass power generation, wind power-generation facilities, etc.), funds for introducing environmentally friendly vehicles and facilities, etc., loans implemented in compliance with sustainability linked loan (SLL) and other various principles, investment in bonds, etc., 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. (Investments and loans in FY2021: Approximately ¥14.0 billion)

Setting of the Group's targets for mitigating environmental burden

60% reduction in Scopes 1 and 2 by FY2030 compared to FY2013 levels

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

Fiscal year	2013 [Reference year]	2018	2019	2020	2021
CO ₂ emissions (t-CO ₂)	10,985	7,083	6,477	5,832	5,409
Scope 1 (t-CO ₂)	721	719	652	480	485
City gas used (1,000 m ³)	183	182	152	75	77
Gasoline used (kl)	135	135	135	135	135
Scope 2	10,263	6,364	5,824	5,351	4,924
Electricity used (1,000 kWh)	18,627	14,037	12,902	12,772	12,079
CO ₂ emissions reduction rate compared with FY2013	—	-35.52%	-41.04%	-46.91%	-50.76%

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

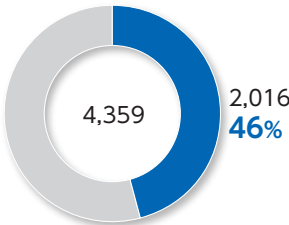
Human Capital

Developing Kiraboshibito

We implement various measures to develop “Kiraboshibito” toward realization of the “Kiraboshi philosophy” which presents the awareness, values and mindset shared by all officers and employees. To get started, we hold level-specific “Kiraboshibito training” sessions to deepen the understanding of and instill the “Kiraboshibito” action guidelines. In addition, “Kiraboshibito Committee” meetings are held once a month, at each office, to promote sharing of thoughts. Moreover, “Kiraboshi STYLE,” a manual for Kiraboshibito in customer care, was inaugurated, and we clarified quality policies and mindset to be upheld when interacting with customers. We also provide role-specific hospitality training for customer satisfaction, which enables them to play their part in becoming “a comprehensive service business that is also strong in finance.” We distribute videos and newsletters to cultivate the mindset of hospitality suited for the service business. Furthermore, “Kiraboshibito Nice Work! Card” was introduced with the aim of improving employee satisfaction, which serves as the basis for customer

satisfaction. Through this scheme of allowing employees to express gratitude and appreciation everyday to each other online in a timely manner, we aim to build a “culture of mutual recognition.”

Rate of utilization of “Kiraboshibito Nice Work! Card”



Number of “Kiraboshibito Nice Work! Cards” sent



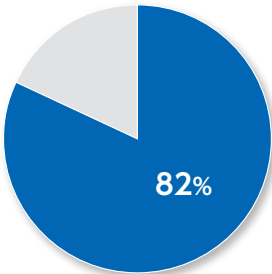
From December 6, 2021 to June 20, 2022

Work-life balance

With the aim of building an environment where each and every employee can demonstrate their abilities at their full potential while pursuing work-life balance, we started a system of working from home in April 2019 and a flextime system in October 2019 on a trial basis. The system of shortened working hours for reasons such as childrearing and nursing care has also been established to support diverse work styles attuned to various stages of employees’ lives. In addition, we are focused on a shift to paperless procedures for internal documents and digitalization of operations. We have realized flexible work styles regardless of place, by, for example, promoting free-address seating in departments of the headquarters (eliminating cabinets for individual use and land-line phones) and digitalizing various application methods.

Rate of employees working from home (FY2021)

Ratio of the Bank’s employees who worked from home



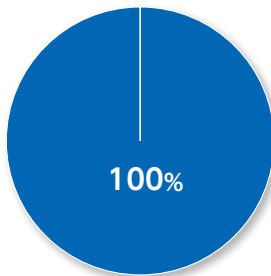
Health and productivity management

We announced the “Kiraboshi Health and Productivity Management Declaration” in January 2019. We promote health and productivity management so that employees and their families are mentally and physically healthy and able to lead fulfilling lives. The Human Resources Division, the Health and Productivity Management Office (with two public health nurses stationed) and the Kiraboshi Bank Health Insurance Association collaborated to implement finely-tuned health and productivity management for officers and employees and undertake health promotion measures. As a result, we were selected for “Silver Certification” awarded by the Tokyo Branch of National Federation of Health Insurance Societies and also for “Certified Health & Productivity Management Outstanding Organizations (Large Enterprise Category)” awarded by the Ministry of Economy, Trade and Industry for two consecutive years (2021 and 2022). More specifically, measures are undertaken in the following three areas.

- Physical health:** Aim to improve health of employees by implementing a highly effective Plan-Do-Check-Action (PDCA) cycle by visualizing their health data.

- Mental health:** Implement proactive follow-ups mainly by industrial health staff. Work to identify employees in poor mental health at earlier stages and prevent exacerbation, aiming to achieve zero employees on administrative leave.
- Organizational health:** Promote establishment of systems including work style reforms and invigoration of workplace communication, and aim to create an environment where employees can demonstrate their job performance to the fullest

Screening rate

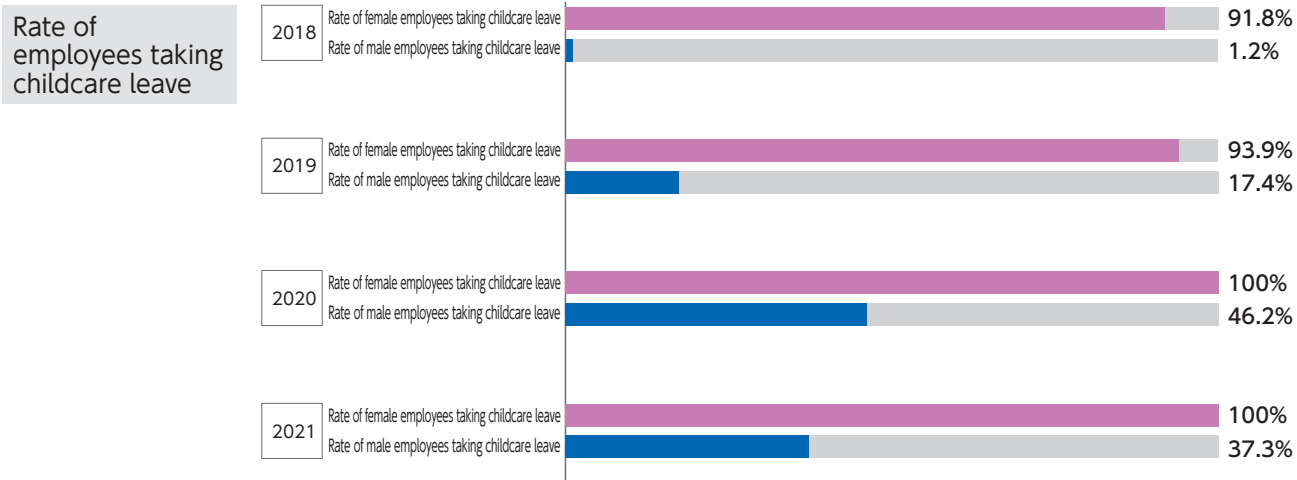


Human Capital

Supporting employees in balancing work with childrearing and nursing care

We strive to build a working environment where each and every employee can continue working in step with the life cycle stage of their lives. As an example, the rate of female employees taking childcare leave is 100%, indicating that the system has taken root. We announced the “100% Male Employees Childcare Leave Declaration” to proactively encourage male employees to participate in childrearing. In such a way, we are working to foster and build working culture and environment where both male and female employees feel comfortable working. As one of our specific measures, we created a “Guidebook for Supporting Work-life Balance (Childrearing Version)” in August 2019 to deepen understanding of our systems to support childbirth and childrearing. In addition, we hold exchange

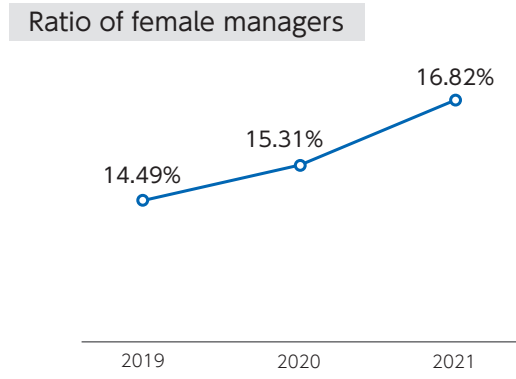
meetings for employees who take childcare leave attended by male employees with childrearing experience. Through these meetings, opportunities are provided for employees to consider how they achieve a balance between work and childrearing from various perspectives, including what should be prepared before returning to work, daily schedules after returning to work, and childrearing experiences shared by male employees. As a result, the rate of male employees taking childcare leave steadily increased from 1.2% in FY2018 to 37.3% in FY2021. In regard to support for nursing care, we created a “Guidebook for Supporting Work-life Balance (Nursing Care Version)” in June 2020. In addition, we continuously hold seminars to learn basic nursing care knowledge.



Respect for diverse human resources

A talent management system “STAR BOX” was introduced in May 2019 to invigorate communication within the entire Kiraboshi Group and form an internal community that goes beyond the boundaries of organizations and positions. It is used by employees not only for publicizing their own strengths, abilities, and skills, but also for sharing information and as a forum for communication. Currently, the system is also utilized for placement of employees so they can fully demonstrate their diverse abilities and skills to the fullest. In addition, we are also focused on supporting active participation of female employees who account for about a half of our employees. We hold training sessions and seminars as well as exchange meetings with female Outside Directors on a periodic basis. We aim to raise awareness and improve skills of female employees, and to form a community where they can support each other.

We started hiring foreign nationals since 2020, mainly centered on new graduate hires. We have nine employees of foreign nationality as of March 31, 2022. In addition, 20% or more of new hires in FY2021 were mid-career hires. As such, the Group is increasingly invigorated by accepting diverse human resources.



Communication with Stakeholders

Creation of shared value with the customer

● “Customer feedback” questionnaire

The Group has placed postcard-sized questionnaire sheets at customer counters, ATM locations, etc. of each sales office and branch, with the aim of becoming a financial group that receives first calls from customers. In this way, we strive to further improve our skills based on customers’ feedback and valuable opinions.



Dialogue with shareholders and investors

In order to achieve sustainable development for the Company and enhance shareholder value, as well as raise the transparency and objectivity of management, we are striving to assist in the development of local communities through strengthening structures associated with corporate governance and working to ensure compliance.

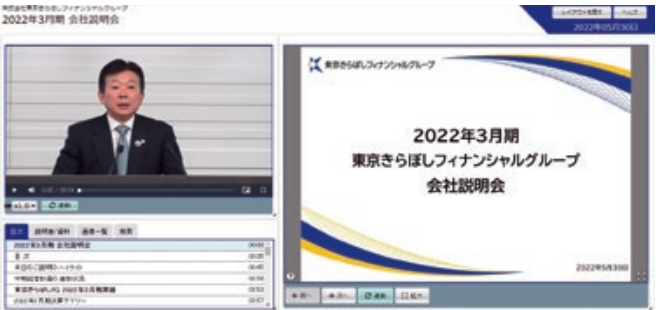
● Information Disclosure Policy

Under our management philosophy, that is “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,” the Group is committed to making timely and appropriate disclosure and provision of information that is easy to understand, not only on financial information but also on non-financial information such as management strategies and issues and information on risks and governance, in an aim to win more trust and reputation from our customers, shareholders, and local communities, etc. The Group has formulated the “Information Disclosure Policy” for the timely and appropriate disclosure and provision of information that is easy to understand to stakeholders, and strives to disclose information in a fair and equitable manner.

● Holding briefing sessions for investors

The Group is engaged in IR activities such as holding briefing sessions for institutional investors and private investors so that stakeholders including our customers, local communities, shareholders understand the management status and other aspects of the Group.

* The briefing session for investors for the fiscal year ended March 31, 2022 was held in both face-to-face and video streaming formats.



Communication with employees

The Group introduced a system developed by CYDAS Inc., and utilizes “STAR BOX,” an employee platform to invigorate internal communication. We are striving to foster a working environment with atmosphere of openness by enabling officers and employees to send messages and reactions freely through channels provided for Group companies and departments.



Corporate Governance



(Back row from left)
Hideki Uchida, Audit & Supervisory Board Member
Katsuya Tsuboi, Full-time Audit & Supervisory Board Member
Kayo Todo, Outside Audit & Supervisory Board Member
Takeshi Miura, Director
Shuya Nomura, Outside Director
Hidenori Tsunehisa, Deputy President
Nobuyuki Yasuda, Director
Nobuko Inaba, Outside Audit & Supervisory Board Member
Satoru Nobeta, Senior Managing Director

(Front row from left)
Shoji Nishio, Outside Director
Hisanobu Watanabe, President
Yuki Takahashi, Outside Director

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>

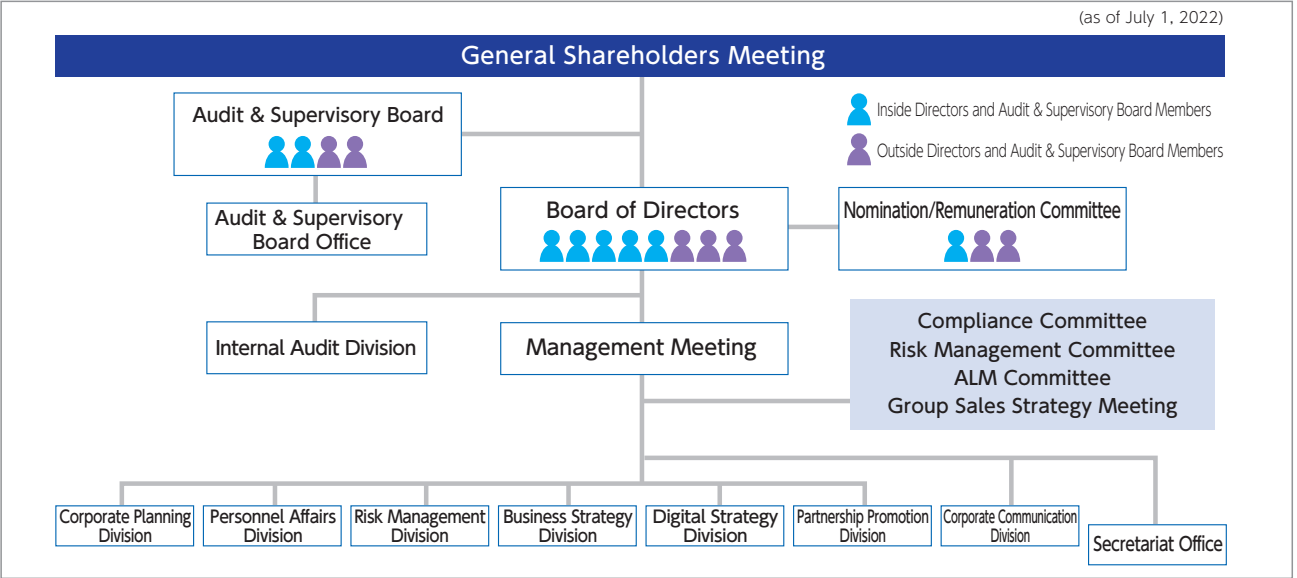


Outline of corporate governance system

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

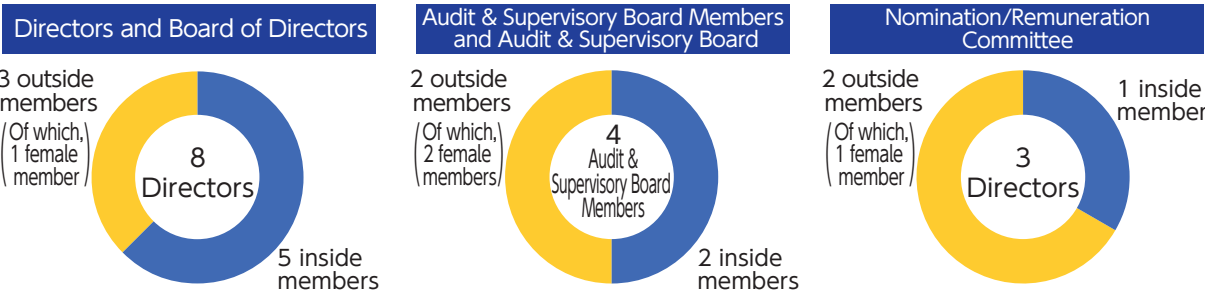
business execution are ensured by effectively utilizing the management supervisory function realized by the appointment of highly independent Outside Directors and Outside Audit & Supervisory Board Members and the audit function performed by Audit & Supervisory Board Members and the Audit & Supervisory Board, and by enhancing the effectiveness of corporate governance.

Chart of corporate governance system



Outline of corporate governance system

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



Chairperson--Appointed from among Outside Directors

Ensuring independence and diversity

Ratio of outside officers	Ratio of female officers
5/12 41.6%	3/12 25.0%

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.

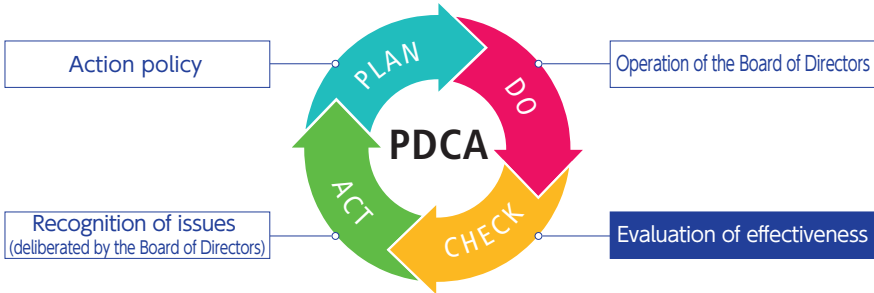
Main agendas discussed at the Board of Directors (FY2021)	
● Formulation of the new Medium-Term Business Plan ● Human resource development policy ● Promotion of “Kiraboshibito” ● Results of examination of economic rationality and necessity of cross-shareholdings ● Items subject to disclosure associated with support for TCFD ● Progress of KGIs and KPIs under the Medium-Term Business Plan	● Report on progress of establishment of the AML/CFT framework ● Progress of the Digital Bank project ● Report on Group companies’ PDCA cycles ● Establishment of the “Basic Policy on Social Responsibility (Sustainability Policy)” and the “Environmental Policy” ● Establishment of the “Environmentally and Socially Friendly Investment and Loans Policy” ● 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 parties, 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 the members of the Board of Directors, 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 parties. In FY2021, 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” 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 the effectiveness and strengthen governance.

FY2022 action policy to promote essential discussions
➤ Further reduce the number of agenda items
➤ Ensure sufficient time to deliberate important agenda items



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,” and the “ALM

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	She 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	●	●	●	●	●	●	●	
Hidenori Tsunehisa	Deputy President	●	●		●	●	●	●	●
Satoru Nobeta	Senior Managing Director	●		●	●	●			●
Takeshi Miura	Director	●			●	●		●	●
Nobuyuki Yasuda	Director	●			●				
Katsuya Tsuboi	Fulltime 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) and executive officers with whom delegation agreements

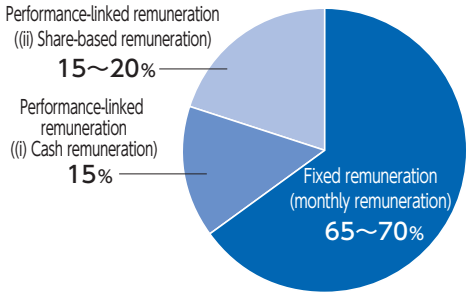
have been concluded is structured to be made up as follows with fixed remuneration (monthly remuneration) as base remuneration, in addition to a combination of cash remuneration which is linked with short-term business performance, etc. and share-based remuneration using a board benefit trust linked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

It is our policy to pay performance-linked remuneration (cash remuneration) at a fixed point in time each year, by calculating the amount 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.

Since FY2021, 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 the book value per share of the Company's stock held by the trust used in this system. 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.

Since FY2021, the indices linked with business performance have been set as (i) Kiraboshi Bank's over head 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 this fiscal year, 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 Member

Audit & Supervisory Board Members only receive monthly remuneration, and are not subject to the performance-linked remuneration system from the perspective of ensuring the neutrality and independence of Audit & Supervisory Board Members.

Risk Management

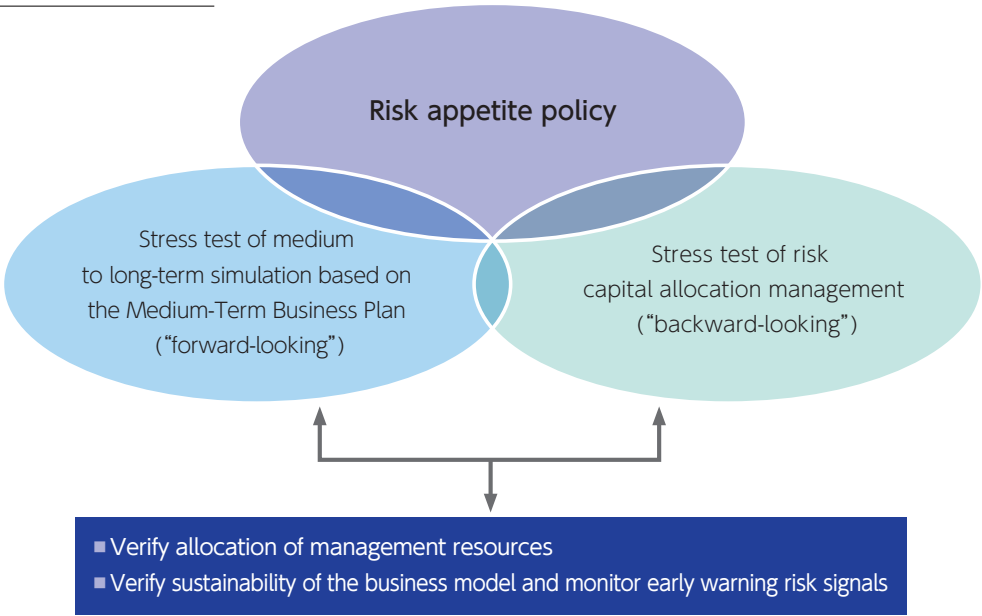
Trial implementation of Risk Appetite Framework

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 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.

Construction of overall RAF



Group risk management system

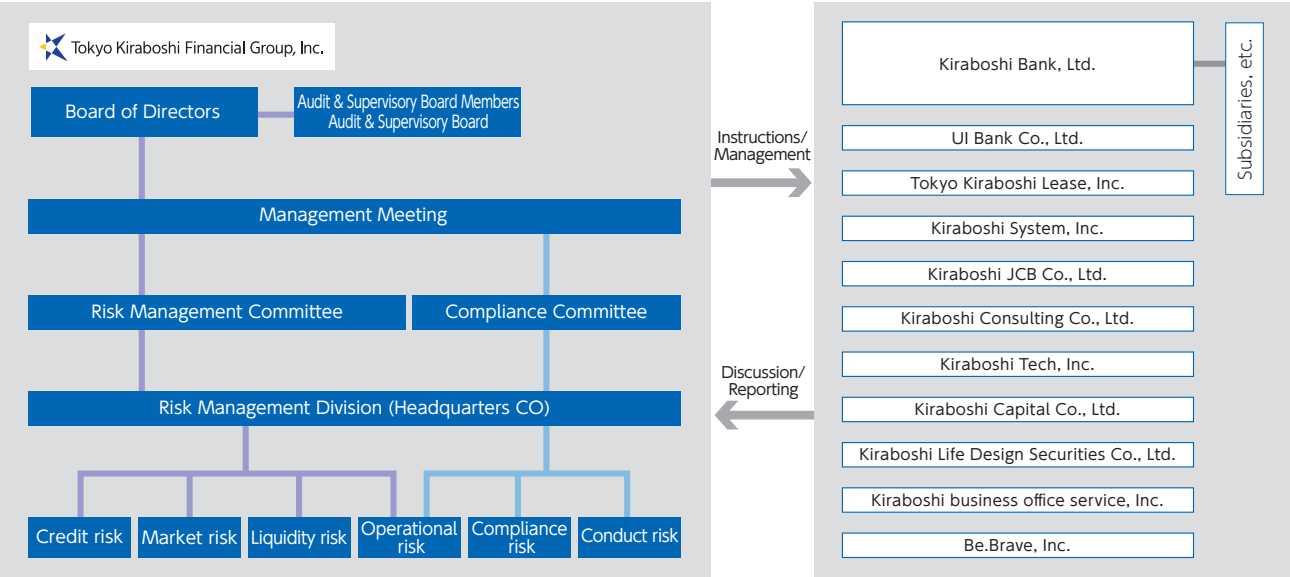
Basic approach

The 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 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 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

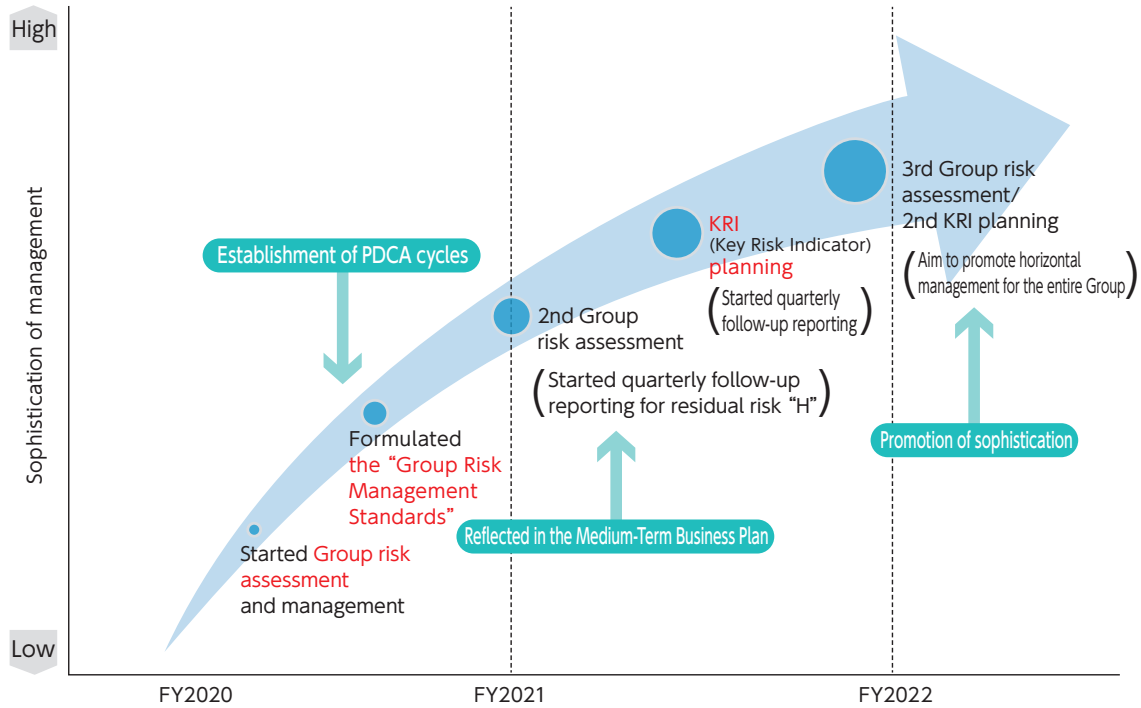


Establishment of Group risk management system

- (i) We started Group risk assessment in FY2020 to visualize risks of not only Kiraboshi Bank but also Group companies. In FY2021, Key Risk Indicators (KRIs) have been set as indicators for managing each risk, and we have set up a system to conduct follow-ups on a quarterly basis.
- (ii) We established the Group Risk Management Standards in October 2020 to clarify Group governance, and are working to sophisticate them through efforts such as clarifying instructions using notices, with the aim of establishing an efficient and effective Group management system.

Assessment method

Risks are assessed based on the following three levels of risks: High, Middle, and Low, using a method of eliciting "residual risk" from "inherent risk" and "control."



Risk Management

Integrated risk management

Integrated risk management within the 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 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 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.

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

- (i) Building, maintaining, and reviewing the integrated risk management system
- (ii) Verifying and reviewing the effectiveness of methods and management systems related to risk management
- (iii) Monitoring various risks (credit risk, market risk, liquidity risk and operational risk)
- (iv) 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

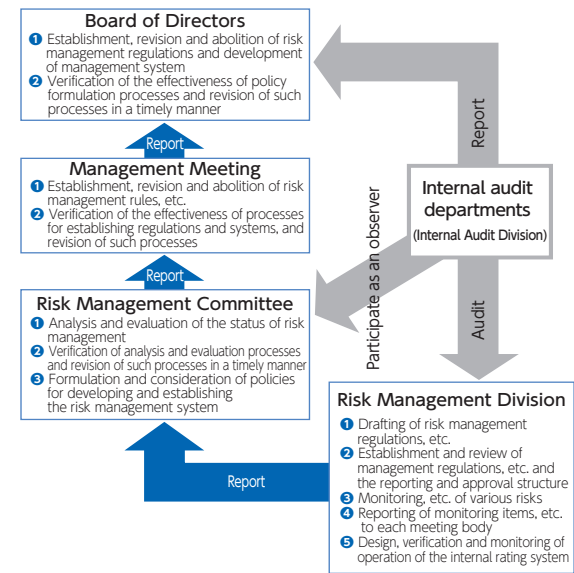
The Group controls the amount of market risk to avoid becoming excessive through such measures as setting limits for holdings and losses, monitoring the status of compliance, measuring the amount of risk such as VaR, and comparing it with the allocated risk capital. In addition, the Group evaluates market 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 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 means a wide range of risks related to business operations in general, including the risk of incurring losses caused by business process, activities of officers or employees, improper or non-functional systems, or external events. The Group categorizes the operational risk according to its characteristics into administrative risk, system risk, legal risk, or other risk. The Group has designated divisions responsible for each risk and an integrated management division, 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 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 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

The concept of conduct risk is 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 Group acts in compliance with not only laws, regulations and internal rules, etc., but also in compliance with the Group's ethical and action guidelines.

Cybersecurity

Risks related to cyberattacks are increasing due to cyberattacks which are becoming increasingly advanced and sophisticated over the years. In providing financial services utilizing digital technology, we are undertaking cybersecurity measures in an effort to provide highly convenient and secure services to customers. The Group regards cyber risk as a type of system risk, and has assigned persons in charge of cybersecurity in the Risk Management Division. 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. On top of that, 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
Cyber-attack	Loss of social trust due to leakage of customer information, confidential information, etc. attributable to service suspension caused by a cyberattack	● Vulnerability diagnosis on websites, etc. and taking measures to deal with their issues ● Conducting drills, training and education for employees ● Formulation of contingency plans, etc. ● Formulation of measures to prevent recurrence after the occurrence of a failure, etc.

Crisis Management

The 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 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

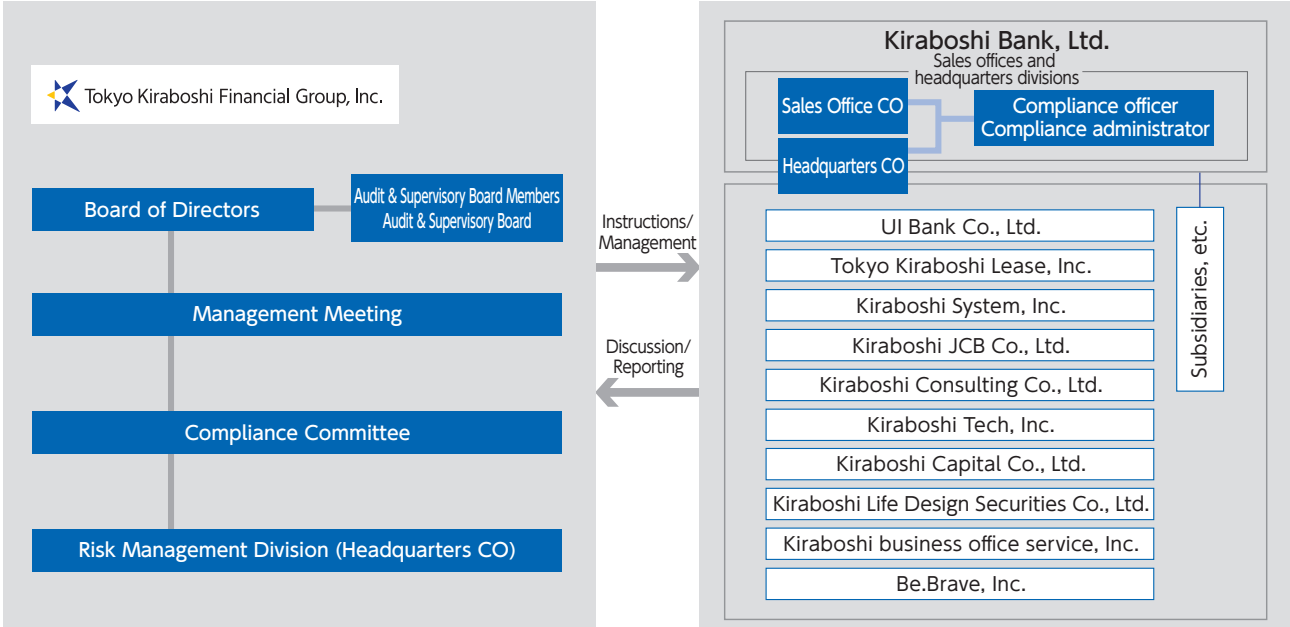
emphasizes compliance and is accredited by shareholders and trusted by customers and society. All officers and employees are making united efforts to enhance and strengthen the compliance system.

Status of putting in place the compliance system

The 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 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 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 and correction of compliance incidents while ensuring the confidentiality of whistleblowers. The Group's internal regulations stipulate strict policies including prohibition of disadvantageous treatment of whistleblowers.

Initiatives for anti-money laundering, etc.

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 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 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 related to money laundering and report suspicious transactions appropriately. Through these and other ways, we continuously take measures to mitigate risks. In addition, Kiraboshi Bank continuously works to enable employees to acquire and improve knowledge by implementing internal anti-money laundering training and supporting them in taking and passing external examinations.

Establishment of system to exclude antisocial forces

While always being aware of the gravity of public mission and social responsibility as a bank, the Company takes company-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 related to antisocial forces.

Establishment of systems to protect customers and manage customer information

Based on the recognition that it is the 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. Kiraboshi Bank 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. On top of that, Kiraboshi Bank 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.

Initiatives to make use of customer feedback (Kiraboshi Bank)



Tokyo Kiraboshi Financial Group, Inc.

Officers (As of July 1, 2022)



Hisanobu Watanabe, 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.
Jun. 2020 President, Tokyo Kiraboshi Financial Group, Inc.



Hidenori Tsunehisa, Deputy President

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



Satoru Nobeta, Senior Managing Director

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.
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.



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.
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
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.



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.



Takeshi Miura, Director

Career Summary
Apr. 1985 Joined the Tokyo Tomin Bank, Limited
Oct. 2014 Director Managing Executive Officer, Tokyo TY Financial Group, Inc.
Jun. 2017 Director Managing Executive Officer, the Tokyo Tomin Bank, Limited
May 2018 Managing Director, Kiraboshi Bank, Ltd.
Jun. 2021 Director and Senior Executive Officer, Kiraboshi Bank, Ltd.
Jun. 2022 Director, Tokyo Kiraboshi Financial Group, Inc.



Nobuyuki Yasuda, Director

Career Summary
Apr. 1988 Joined Yachiyo Shinkin Bank
Jun. 2017 Director and Executive Officer, The Yachiyo Bank, Limited
May 2018 Director and Executive Officer, Kiraboshi Bank, Ltd.
Apr. 2020 General Manager of Corporate Planning Division, Tokyo Kiraboshi Financial Group, Inc.
Jun. 2020 Director and Executive Officer, Kiraboshi Bank, Ltd.
Jun. 2021 Director and Managing Executive Officer, Kiraboshi Bank, Ltd.
Jun. 2021 Director and General Manager of Corporate Planning Division, Tokyo Kiraboshi Financial Group, Inc.



Yuki Takahashi, Outside Director

Career Summary
Dec. 2003 Joined Bears Co., Ltd. Senior Managing Director
Oct. 2016 Vice President and Director, Bears Co., Ltd.
Jun. 2017 Outside Director, Tokyo TY Financial Group, Inc. (currently Tokyo Kiraboshi Financial Group, Inc.)
Apr. 2018 Vice Chairman, The Tokyo New Business Conference
Apr. 2019 Chairman, National Housekeeping Service Association



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.
Full-time Audit & Supervisory Board Member, Kiraboshi Bank, Ltd.



Nobuko Inaba, Outside Audit & Supervisory Board Member

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



Kayo Todo, Outside Audit & Supervisory Board Member

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

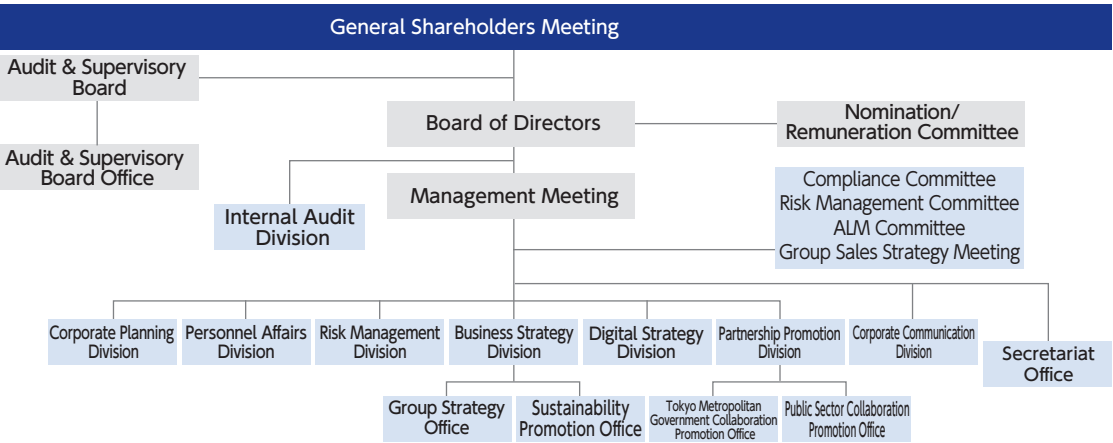
Group CEO Chief Executive Officer Group CFO Chief Financial Officer Group CSO Chief Strategy Officer Group CIO Chief Information Officer Group CRO Chief Risk Officer Group CSuO Chief Sustainability Officer

Company Overview (As of March 31, 2022)



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 April 1, 2022)



Consolidated Financial Statements

Tokyo Kiraboshi Financial Group, Inc. and its Consolidated Subsidiaries
March 31, 2022 and 2021

Consolidated Balance Sheets

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Assets			
Cash and due from banks.....	¥ 844,418	¥ 753,974	\$ 6,899,403
Call loans and bills bought.....	6,095	—	49,799
Monetary claims bought.....	70,029	68,935	572,179
Trading account securities.....	777	845	6,348
Money held in trust.....	1,739	1,620	14,208
Securities.....	1,012,755	1,019,415	8,274,818
Loans and bills discounted.....	4,346,138	3,926,518	35,510,564
Foreign exchange.....	6,860	9,422	56,050
Lease receivables and investment assets.....	22,198	18,714	181,371
Other assets.....	65,135	62,998	532,192
Tangible fixed assets.....	55,636	56,362	454,579
Buildings.....	15,831	16,499	129,348
Land.....	33,192	33,192	271,198
Leased assets.....	1,940	2,022	15,850
Construction in progress.....	71	6	580
Other tangible fixed assets.....	4,601	4,641	37,592
Gain on disposal of non-current assets.....	7,918	6,629	64,694
Software.....	7,068	4,101	57,749
Leased assets.....	205	271	1,674
Other tangible fixed assets.....	643	2,257	5,253
Net defined benefit assets.....	28,952	24,054	236,555
Deferred tax assets.....	4,769	3,140	38,965
Customers' liabilities for acceptances and guarantees.....	5,623	4,412	45,943
Reserve for possible loan losses.....	(35,240)	(35,101)	(287,932)
Total assets	¥ 6,443,807	¥ 5,921,945	\$ 52,649,783
Liabilities			
Deposits.....	¥ 5,157,583	¥ 4,972,473	\$ 42,140,558
Negotiable certificates of deposit.....	9,500	9,500	77,620
Call money and bills sold.....	117,525	59,632	960,250
Payables under securities lending transactions.....	302,567	271,382	2,472,154
Borrowed money.....	463,903	241,372	3,790,366
Foreign exchange.....	655	293	5,351
Bonds.....	3,800	4,000	31,048
Other liabilities.....	60,044	43,864	490,595
Reserve for employee bonuses.....	1,605	1,523	13,113
Provision for directors' bonuses.....	114	155	931
Provision for stock compensation.....	217	163	1,773
Net defined benefit liabilities.....	56	53	457
Reserve for directors' retirement benefits.....	7	14	57
Reserve for point card certificates.....	51	43	416
Provision for loss on interest repayments.....	3	7	24
Reserve for loss on dormant deposit repayments.....	370	1,289	3,023
Provision for contingent loss.....	757	794	6,185
Reserves under special laws.....	0	0	0
Deferred tax liabilities.....	106	86	866
Acceptances and guarantees.....	5,623	4,412	45,943
Total liabilities	¥ 6,124,495	¥ 5,611,065	\$ 50,040,812
Net Assets			
Common stock.....	¥ 27,500	¥ 27,500	\$ 224,691
Capital surplus.....	150,966	150,677	1,233,483
Retained earnings.....	133,470	117,514	1,090,530
Treasury stock.....	(966)	(742)	(7,892)
Total shareholders' equity	310,969	294,949	2,540,803
Net unrealized gain on available-for-sale securities.....	4,186	13,078	34,202
Net deferred gains (losses) on hedges.....	675	189	5,515
Revaluation reserve for land.....	(242)	(242)	(1,977)
Foreign currency translation adjustment.....	24	11	196
Remeasurements of defined benefit plans.....	3,676	2,863	30,035
Total accumulated other comprehensive income.....	8,320	15,900	67,979
Subscription rights to shares.....	13	30	106
Noncontrolling interests.....	8	—	65
Total net assets.....	319,312	310,880	2,608,971
Total liabilities and net assets.....	¥ 6,443,807	¥ 5,921,945	\$ 52,649,783

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

Consolidated Income Statements and Consolidated
Statements of Comprehensive Income

Consolidated Income Statements

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Ordinary income	¥ 108,348	¥ 93,352	\$ 885,268
Interest income.....	63,124	58,751	515,761
Interest on loans and discounts.....	49,877	46,384	407,525
Interest and dividends on securities.....	11,516	11,422	94,092
Interest on call loans and bills bought.....	12	4	98
Interest on deposits with banks.....	1,189	384	9,714
Other interest income.....	528	556	4,314
Trust fees.....	328	150	2,679
Fees and commissions.....	18,681	14,940	152,635
Other operating income.....	2,388	4,093	19,511
Other ordinary income.....	23,825	15,416	194,664
Recoveries of written-off claim.....	46	53	375
Others.....	23,779	15,362	194,288
Ordinary expenses	83,404	85,127	681,460
Financing expenses.....	1,176	1,252	9,608
Interest on deposits.....	844	734	6,895
Interest on negotiable certificates of deposit.....	2	1	16
Interest on call money and bills sold.....	33	87	269
Interest on payables under securities lending transactions.....	231	172	1,887
Interest on borrowed money.....	37	237	302
Interest on corporate bonds.....	14	14	114
Other interest expenses.....	12	3	98
Fees and commissions payments.....	3,403	3,273	27,804
Other operating expenses.....	860	1,211	7,026
General and administrative expenses.....	56,192	56,098	459,122
Other ordinary expenses.....	21,771	23,291	177,882
Provision of allowance for loan losses.....	6,119	7,858	49,995
Other ordinary expenses.....	15,651	15,432	127,878
Ordinary profit	24,943	8,224	203,799
Extraordinary income	0	0	0
Gain on disposal of non-current assets.....	0	0	0
Extraordinary losses	172	124	1,405
Loss on disposal of non-current assets.....	172	97	1,405
Loss on cancellation of system contracts.....	—	27	—
Profit before income taxes	24,771	8,099	202,393
Income taxes – current	4,865	1,551	39,749
Income taxes – deferred	1,722	2,387	14,069
Total income taxes	6,588	3,938	53,827
Profit	18,183	4,161	148,566
Profit attributable to non-controlling interests	—	—	—
Profit attributable to owners of parent	¥ 18,183	¥ 4,161	\$ 148,566

Consolidated Statements of Comprehensive Income

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Profit	¥ 18,183	¥ 4,161	\$ 148,566
Other comprehensive income	(7,580)	13,455	(61,933)
Net unrealized gain on available-for-sale securities.....	(8,881)	7,397	(72,563)
Net deferred gains (losses) on hedges.....	485	148	3,962
Foreign currency translation adjustment.....	12	7	98
Remeasurements of defined benefit plans.....	813	5,902	6,642
Share of other comprehensive income of entities accounted for using equity method...	(10)	—	(81)
Comprehensive income	10,603	17,616	86,632
(Breakdown)			
Comprehensive income attributable to owners of parent.....	¥ 10,603	¥ 17,616	\$ 86,632
Comprehensive income attributable to non-controlling interests.....	—	—	—

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

Consolidated Statements of Changes in Net Assets

	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

	Millions of yen													
	2021													
	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	150,684	114,641	(814)	292,010	5,629	41	(242)	4	(3,038)	2,394	56	—	294,462
Changes of items during the reporting period...														
Dividends of surplus.....			(2,071)		(2,071)									(2,071)
Profit attributable to owners of parent...			4,161		4,161									4,161
Acquisition of treasury stock...				(15)	(15)									(15)
Disposition of treasury stock...		(6)		87	80									80
Increase in retained earnings due to addition of equity-method affiliates...			782		782									782
Increase in treasury stock due to addition of equity- method affiliates...				(0)	(0)									(0)
Net changes of items other than shareholders' equity during the reporting period						7,448	148	—	7	5,902	13,505	(25)	—	13,479
Total changes of items during the reporting period...	—	(6)	2,873	71	2,938	7,448	148	—	7	5,902	13,505	(25)	—	16,418
Balance at end of period	27,500	150,677	117,514	(742)	294,949	13,078	189	(242)	11	2,863	15,900	30	—	310,880

	Thousands of U.S. Dollars													
	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...	224,691	1,231,121	960,160	(6,062)	2,409,910	106,855	1,544	(1,977)	89	23,392	129,912	245	—	2,540,076
Cumulative effects of changes in accounting policies...			(1,233)		(1,233)									(1,233)
Restated balance at beginning of the year reflecting changes in accounting policies...	224,691	1,231,121	958,926	(6,062)	2,408,677	106,855	1,544	(1,977)	89	23,392	129,912	245	—	2,538,843
Changes of items during the reporting period...														
Dividends of surplus.....			(16,962)		(16,962)									(16,962)
Profit attributable to owners of parent...			148,566		148,566									148,566
Acquisition of treasury stock...				(2,287)	(2,287)									(2,287)
Disposition of treasury stock...		(16)		457	433									433
Capital increase of consolidated subsidiaries ...		2,377			2,377									2,377
Net changes of items other than shareholders' equity during the reporting period						(72,644)	3,962	—	98	6,642	(61,933)	(138)	65	(61,998)
Total changes of items during the reporting period...	—	2,353	131,595	(1,822)	132,126	(72,644)	3,962	—	98	6,642	(61,933)	(138)	65	70,128
Balance at end of period	224,691	1,233,483	1,090,530	(7,892)	2,540,803	34,202	5,515	(1,977)	196	30,035	67,979	106	65	2,608,971

Consolidated Statements of Cash Flows

	Millions of Yen		Thousands of U.S. Dollars	
	2022	2021	2022	
Cash flows from operating activities				
Profit before income taxes	¥ 24,771	¥ 8,099	\$ 202,393	
Depreciation.....	5,112	4,820	41,768	
Share profit of entities accounted for using equity method.....	(6,540)	(24)	(53,435)	
Increase (decrease) in reserve for possible loan losses	139	2,025	1,135	
Increase (decrease) in reserve for employee bonuses.....	82	(113)	669	
Increase (decrease) in provision for directors' bonuses	(40)	(28)	(326)	
Increase (decrease) in provision for stock compensations	54	23	441	
Decrease (increase) in net defined benefit assets.....	(4,898)	(10,819)	(40,019)	
Increase (decrease) in net defined benefit liability	3	(12)	24	
Increase (decrease) in reserve for directors' retirement benefits.....	(7)	(9)	(57)	
Increase (decrease) in reserve for point card certificates.....	7	3	57	
Increase (decrease) in reserve for loss on interest repayments	(4)	(0)	(32)	
Increase (decrease) in reserve for loss on dormant deposit repayments.....	(919)	(29)	(7,508)	
Increase (decrease) in provision for loss on cancellation of system contracts...	—	(935)	—	
Increase (decrease) in reserve for contingent loss	(36)	134	(294)	
Interest income.....	(63,124)	(58,751)	(515,761)	
Financing expenses.....	1,176	1,252	9,608	
Gain (loss) on securities.....	(704)	(5,446)	(5,752)	
Net losses (gains) on money held in trust	(118)	(168)	(964)	
Foreign exchange losses (gains).....	(17,132)	(9,003)	(139,978)	
Net loss (gain) on disposal of non-current assets	172	97	1,405	
Net increase (decrease) in trading account securities.....	68	160	555	
Net (decrease) increase in loans and bills discounted	(419,620)	(165,683)	(3,428,548)	
Net increase (decrease) in deposits	185,110	341,285	1,512,460	
Net increase (decrease) in negotiable certificates of deposit.....	—	2,200	—	
Net increase (decrease) in borrowed money (excluding subordinated loans) ...	222,530	199,195	1,818,204	
Net decrease (increase) in deposit (excluding deposit paid to Bank of Japan)...	(813)	134	(6,642)	
Net (decrease) increase in call loans	(7,188)	7,777	(58,730)	
Net increase (decrease) in call money.....	57,892	(158,059)	473,012	
Net increase (decrease) in payables under securities lending transactions.....	31,185	14,761	254,800	
Net decrease (increase) in foreign exchange (assets)	2,562	(3,829)	20,933	
Net increase (decrease) in foreign exchange (liabilities)	361	61	2,949	
Net decrease (increase) in lease receivables and investment assets.....	(3,483)	(1,092)	(28,458)	
Increase (decrease) due to issuance and redemption of straight bonds.....	(200)	(200)	(1,634)	
Proceeds from fund management	61,084	55,154	499,093	
Payments for finance	(1,249)	(1,724)	(10,205)	
Other.....	765	14,007	6,250	
Subtotal	66,999	235,258	547,422	
Income taxes paid.....	(972)	(3,719)	(7,941)	
Income taxes refund.....	1,451	1,005	11,855	
Cash flows from operating activities	67,478	232,544	551,335	
Cash flows from investing activities				
Purchase of securities	(331,281)	(384,714)	(2,706,765)	
Proceeds from sales of securities	193,832	214,154	1,583,724	
Proceeds from redemption of securities.....	169,109	168,458	1,381,722	
Payments due to increase in money held in trust.....	—	(800)	—	
Purchase of tangible fixed assets.....	(3,170)	(2,342)	(25,900)	
Retirement of tangible fixed assets.....	(560)	(753)	(4,575)	
Proceeds from sales of tangible fixed assets.....	4	1	32	
Purchase of intangible fixed assets.....	(3,483)	(4,339)	(28,458)	
Purchase of shares in affiliates.....	—	(4,999)	—	
Net cash provided by (used in) investing activities	24,450	(15,335)	199,771	
Cash flows from financing activities				
Cash dividends paid	(2,076)	(2,071)	(16,962)	
Purchase of treasury shares.....	(279)	(15)	(2,279)	
Proceeds from sale of treasury stock	2	6	16	
Proceeds from exercise of share options.....	18	27	147	
Proceeds from exercise of performance-linked stock-based compensation.....	35	52	285	
Repayments of lease obligations	(0)	(3)	(0)	
Net cash provided by (used in) financing activities	(2,299)	(2,003)	(18,784)	
Effect of exchange rate changes on cash and cash equivalents	2	0	16	
Net change in cash and cash equivalents	89,630	215,206	732,331	
Cash and cash equivalents at beginning of year	753,492	538,286	6,156,483	
Cash and cash equivalents at end of year	¥ 843,122	¥ 753,492	\$ 6,888,814	



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