

Integrated Report

Disclosure Magazine

2025

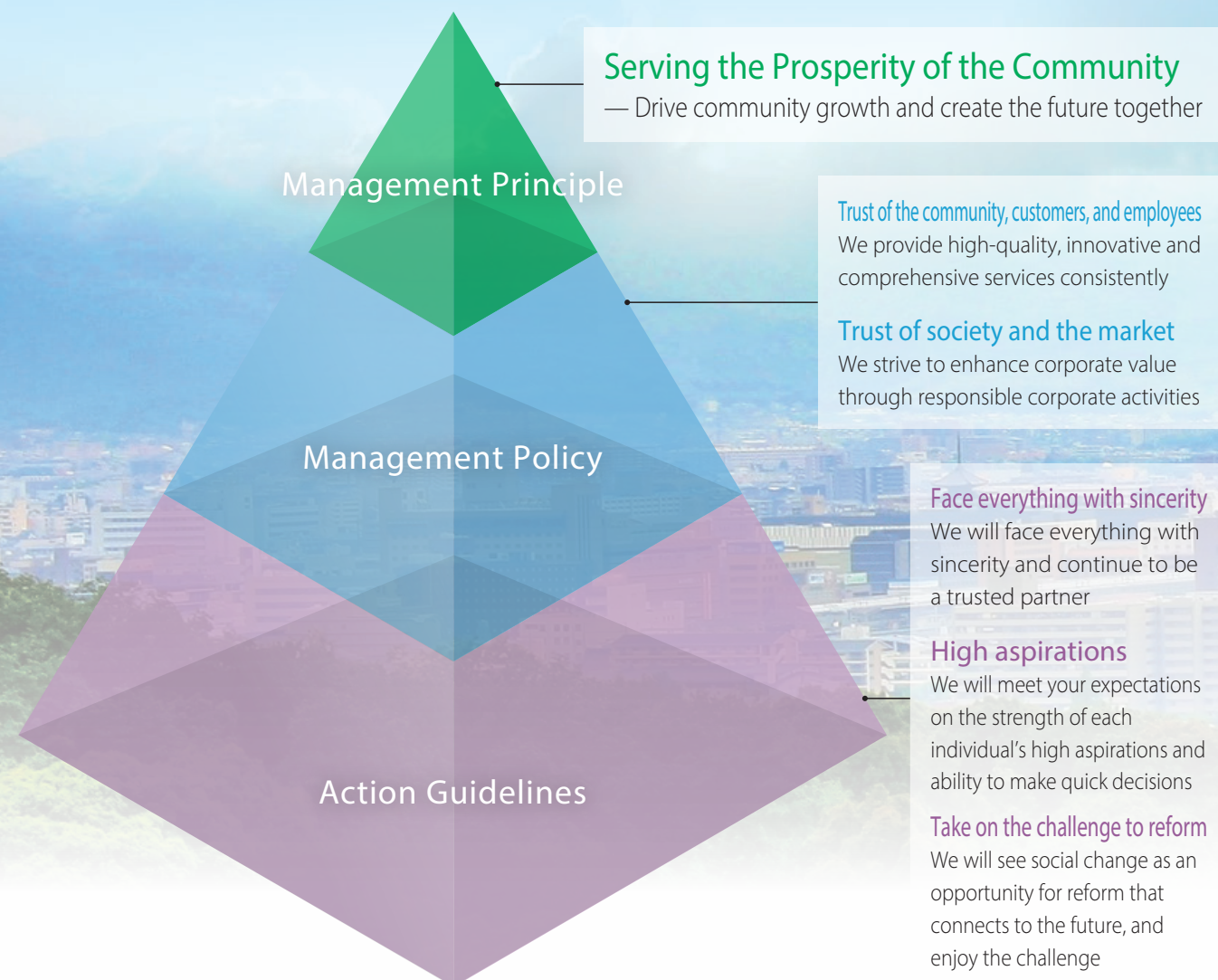
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Serving the Prosperity of the Community

— Drive community growth and create the future together

Structure of the Principle

Management Principle, Management Policies, and Action Guidelines of the Kyoto Financial Group



Kyoto Financial Group (Kyoto FG) has inherited the principles and policies of the Bank of Kyoto, and to ensure they are put into practice, we have newly established action guidelines for the Group on the occasion of the establishment. We will continue to contribute to the greater prosperity of the community and the development of local industries by leveraging the customer base, trust, and credibility that the Group has built over its history to shift in a better direction. In addition, we will position sustainability management as “practice of our management principle at an even higher level” and implement to help create a sustainable society and improve our corporate value.

Sustainability Management

Creation of a sustainable society and improvement of corporate value

- Meet stakeholder expectations sustainably over the long term
- Improve corporate value sustainably over the long term

On the Occasion of the Publication of the Integrated Report 2025

The purpose of this publication is to explain to our stakeholders how far we have come, what gaps we recognize, and how we will fill them, in addition to what we are working on, how we are working on it, and what our efforts will bring, in order to realize our management principle and become “a comprehensive solutions provider that drives community growth and creates the future together,” which is our long-term vision.

In addition to financial information, this report explains non-financial information such as management policies and strategies, while also including the history and features, with reference to the International Integrated Reporting Framework, which was suggested by the IFRS, and the Ministry of Economy, Trade and Industry's (METI) Guidance for Collaborative Value Creation.

This report contains forward-looking statements regarding the Group's performance, including forecasts and plans. These statements are based on information available at the time this report was prepared and on projections and certain assumptions that will affect future business performance, and are not guarantees of the Group's future performance and involve various risks and uncertainties.

It also serves as the disclosure document (explanatory document about the business and financial condition of the Bank) in accordance with Article 21 and Article 52-29 of the Banking Act. Please refer to the documents section (in Japanese only) on the Company's website when using it as a disclosure document.

Please also visit our website

<https://www.kyoto-fg.co.jp/en/>



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About the Logo

Dry landscape gardens (karesansui) are a familiar sight in Kyoto. The design was inspired by the ripple patterns represented in the sand pattern of a karesansui. The three ripples forming the logo represent "our customers," "the local community," and "our shareholders." Further, the center of the ripples represents the Group's executives and employees who are each a single drop of water, who together create a positive impact for our stakeholders. Even if the influence of each individual is small, we promise to become a group that creates new value for the world as a chain reaction that spreads across and connects us with those around us.

Profile

Name

Kyoto Financial Group, Inc.

Location

700, Yakushimae-cho, Karasuma-dori, Matsubara-Agaru, Shimogyo-ku, Kyoto, Japan

Establishment

October 2023

Stock Exchange Listing

Tokyo Stock Exchange Prime Market (Securities code: 5844)

Group Companies

The Bank of Kyoto, Ltd. (Banking)

Karasuma Shoji Co., Ltd.*¹ (E-commerce mall management)

Kyoto Credit Service Co., Ltd. (Credit card services)

Kyogin Card Service Co., Ltd. (Credit card services)

Kyogin Lease Co., Ltd. (Leasing)

Kyoto Soken Consulting Co., Ltd. (Consulting, economic surveys, and research services)

Kyogin Securities Co., Ltd. (Financial product trading)

Kyoto Capital Partners Co., Ltd. (Investments)

Kyoto Turnaround Servicer Co., Ltd. (Servicer)

Sekisui Leasing Co., Ltd. (Leasing)

Kyoto M&A Advisory Co., Ltd. (M&A support business)

Kyoto Guaranty Service Co., Ltd.*² (Credit guarantees)

Sky Ocean Asset Management Co., Ltd.*³ (Investment management)

*¹ Renamed to Cotoyori Co., Ltd. in October 2025.

*² Consolidated subsidiary of the Bank of Kyoto *³ Equity-method affiliate of the Bank of Kyoto

As of July 1, 2025

Message from Our Leadership

Kyoto Financial Group will improve its corporate value as a regional financial institution by leveraging its advantages as a bank holding company and strengthening its problem-solving capabilities to lead the region to growth.

Representative Director and President

Robuhiro Doi

My Starting Point — Nishijin, Kyoto, now and then

The Nishijin area, where I was born and raised, is the birthplace of Nishijin-ori silk fabric and is a center of the textile industry. The name Nishijin comes from the fact that the western army set up camp there during the Onin War, which began in 1467. When I was born, the textile industry was still thriving in Nishijin, with the sound of looms echoing throughout what was called an “industrial area without chimneys,” a bustling area where many people gathered. As time has passed, Nishijin has lost its former glory along with the decline of the textile industry, and faces various challenges, such as the aging of the local population. When local businesses lose vitality, the local economy eventually stagnates, and the lives of residents are negatively impacted. One of Kyoto’s economic indicators that I am

particularly interested in is the number of closed and dissolved businesses, which may be four to five times the number of bankruptcies. The reality of so many businesses closing and dissolving each year breaks my heart, as it reminds me of the Nishijin textile industry. The mission of a regional financial institution is to help solve various local issues and lead the region toward growth. The starting point and core of this mission is support for local businesses. Companies generally have a lifecycle, and there are issues and needs faced at each of the stages of start-up, growth, stability, and maturity. At Kyoto FG, we are committed to the Maximization of Lifetime Value that we provide to our customers by resolving their issues at each stage of their lifecycle through our long-lasting relationships with our customers.

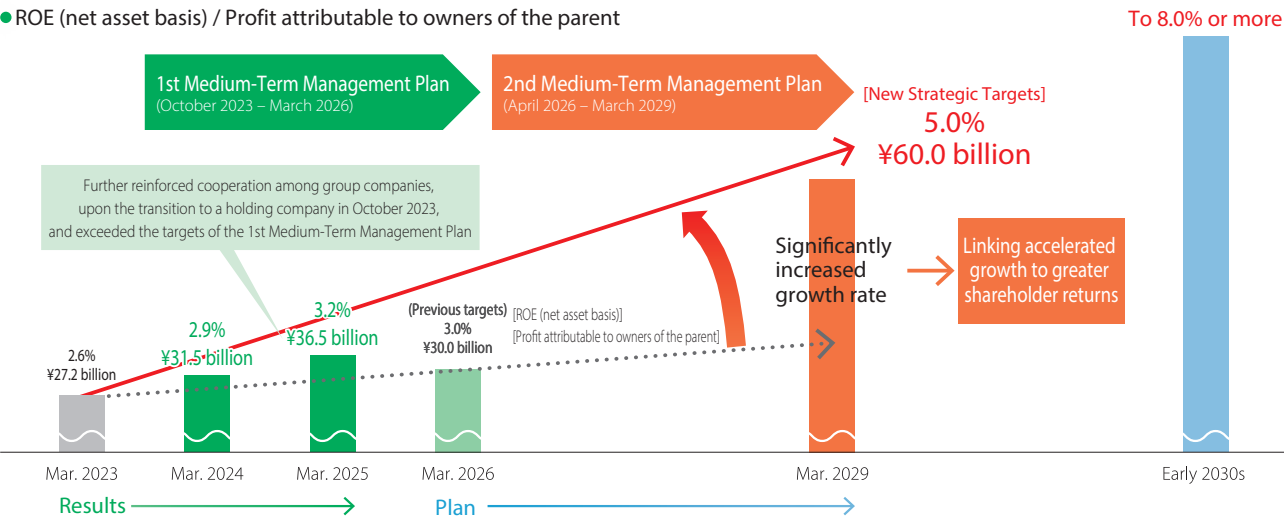


Aiming for ROE of 8% or More — Setting of New Strategic Targets (announced in November 2024)

We have set ROE of 8% or more, which is the same level as our assumed cost of equity, as an indicator we are aiming for in our New Strategic Targets, and have set ROE of 5% and ¥60 billion profit attributable to owners of the parent as interim targets in the 2nd Medium-Term Management Plan (planned from April 2026 to March 2029). The three pillars of this are identifying and fostering the next generation of growth companies with a focus on venture investments, strengthening the deposit and loan business in a world with positive interest rates, and accelerating the solving of regional issues through expansion of

integrated solution functions. At the same time, we announced a Plan for the Reduction of Strategic Equity Holdings (market value of ¥100 billion or more) and decided to accelerate the reduction compared to the previous plan. Our ROE has slowly been increasing toward 2 to 3%, but we will significantly increase that growth rate. The specifics of how we will reach the new strategic targets (5% and ¥60 billion) will be included in the 2nd Medium-Term Management Plan (expected in March 2026), after analysis and verification based on the current situation and other factors.

● ROE (net asset basis) / Profit attributable to owners of the parent



Combining Group Functions to Address Growth of the Local Economy

The local community is facing a variety of challenges, including a declining and aging population, and our role is to help solve these issues and lead the community to growth. Peter Drucker taught that we cannot predict the future, but if we observe the “future that has already happened,” the future that it will bring becomes visible. The future is unknowable, but some factors, such as demographic and industrial structures, and other markets, can predict the future to some extent. Therefore, it is important to consider what the “future that has already happened,” and to define matters to be addressed in the medium to long term. Incorporating this perspective, we have once again identified our materiality upon the establishment of the Kyoto FG. We promote sustainability management in order to meet the expectations of our stakeholders by enhancing both economic and social value, thereby increasing our corporate value. In order to implement this sustainability management at an even higher level, we have identified six materiality items: environmental preservation; falling birthrate and aging population; diversity,

equity, and inclusion; well-being; growth of the local economy; and a secure future for the community. All of these are important and cannot be ranked, but my top priority is the growth of the local economy. Through the establishment of Kyoto FG, I have become even more strongly motivated to provide greater support to local companies facing serious business challenges by mobilizing the various functions of the group companies to provide consulting services and by demonstrating our financial intermediary function through proactive risk-taking. As a symbol of this, we started the Regional Future Co-Creation Project in April 2024. This project targets businesses that have history, tradition, technology, etc., or that are representative of local industry, and is being undertaken by bringing together the Group’s functions. Although this is a project that we sought to engage in from a long-term perspective, after one year, I have already seen a response beyond my expectations. I hope to further grow this project by getting as many employees as possible involved in it moving forward.

● Achievements of Regional Future Co-Creation Project

	FY2024 results
Number of target companies (As of March 31, 2025)	248 (additional applications in April 2025)
Usage of the ¥100 billion fund	146; ¥33.9 billion (33.9% fund utilization)
Capital loans	4; ¥1.7 billion

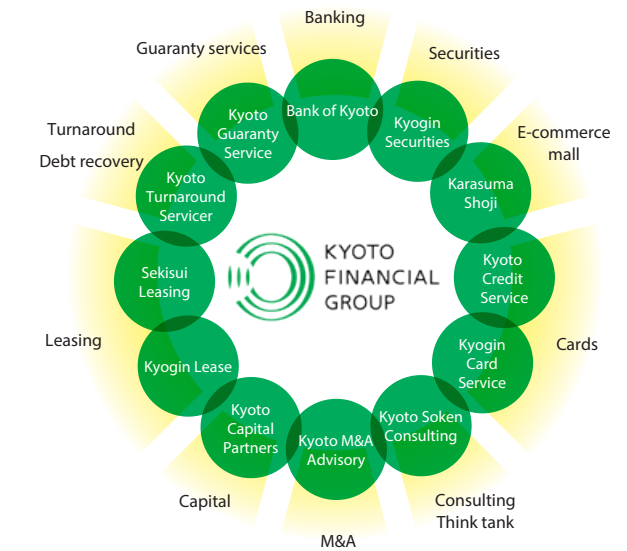
	FY2024 results
Ultralong-term loans (15 years or more)	28; ¥8.3 billion
Contracts with Kyoto Soken Consulting	21
Contracts with Kyogin Lease	69

Kyoto Financial Group’s Potential and Competitive Advantage — Expanding branch network in the Kansai mega-region × Diverse solution functions

Regional banks conduct business deeply rooted in a particular region, so they are susceptible to the economic conditions and industrial structures of the underlying market. Banks with a high market share in a particular region tend to also have a risk of credit concentration in specific industries. Through the Bank of Kyoto’s strategy for expanding geographic coverage, our core market is centered upon Kyoto, along with Osaka, Shiga, Nara, and Hyogo prefectures, with locations also established in Aichi and Tokyo. The aim of the strategy is to diversify the risk of credit concentration in specific industries, while adding large markets with room for growth to our foundations. The Kansai region is one of Japan’s mega-regions, accounting for about 15% of Japan’s total gross domestic product and population. With three core cities (Kyoto, Osaka, and Kobe) with populations exceeding 1 million, it is one of the largest economic markets in Japan. While innovation has historically flourished in the region in research and production centers for cutting-edge industries and universities, it is also rich in historical and cultural heritage, including World Heritage sites, where the natural environment and the metropolitan area coexist. I expect that the Expo 2025 Osaka, Kansai, Japan will attract further global attention, and the region will continue to develop as a driving force in Japan.

Our potential is based on the geographical advantage we have in this rich market. The Bank of Kyoto has built an extensive branch network in Kyoto and the Kansai region and has spent many years cultivating relationships with customers, and continues to welcome new customers. The source of our competitive advantage is our specialized know-how and advanced functions that enable us to accurately understand and solve our customers’ increasingly diverse and complex issues. Over the years, we have strengthened our ability to respond to increasingly diverse issues, not only in the traditional financial sector, but also in non-financial sectors. In order to further strengthen and demonstrate our capabilities, we are expanding our business domains as a group and strengthening and evolving the Group’s structure by spinning off

the Bank of Kyoto’s specialized headquarters team as an independent Group company, and by supplementing missing functions through M&A. The Group’s ability to provide diverse solution functions is already the source of our competitive advantage, and we intend to further enhance our competitive advantage and make it our unshakable core competence by leveraging synergies in the future.



Oct. 2023	Established the Kyoto Financial Group
Nov. 2023	Started consulting business at Kyoto Soken Consulting Started operations at Kyoto Capital Partners
June 2024	Acquired Sekisui Leasing as a subsidiary (M&A)
Oct. 2024	Started operations at Kyoto Turnaround Servicer (Kyoto Servicer)
July 2025	Started operations at Kyoto M&A Advisory

In July 2025, Kyoto M&A Advisory was newly established as an independent Group company with a specialized headquarters team that is responsible for the Bank of Kyoto’s M&A support business. The Bank of Kyoto was one of the first regional banks to launch M&A operations in the 2000s and has accumulated a high level of know-

Message from Our Leadership

how and fostered specialist personnel while handling deals, including acquisition deals that expanded business foundations and business succession deals due to the aging of owner/managers. Although the M&A business has been steadily growing, we will take drastic measures, including the acquisition of more flexible outside

Startups as a Force in Kyoto

Kyoto has primarily been known as a city where tradition and innovation both thrive, and since World War II, many venture companies have been born there that have since grown into global enterprises. Kyoto companies have attracted worldwide attention for their advanced technological development capabilities and creative management that have produced superior products, especially in the fields of electronics and precision machinery. However, there has been a decline in venture business from around the turn of the 21st century, and the Kyoto business community has strengthened various initiatives aimed at supporting venture businesses.

The Bank of Kyoto has also long been involved in venture support operations, establishing a Venture Business Support Office in 2003 and subsequently developing human resources and expanding operations. Upon the establishment of the Kyoto Financial Group, Kyoto Capital Partners (KCAP) was established as a Group company with a specialized headquarters team responsible for venture business at its core. When we set our New Strategic Targets, we set a goal of net investment of ¥100 billion or more in venture and business succession investments, but underlying this goal is our strong desire to make Kyoto a sacred place for startups and to make startups a force in Kyoto.

According to a survey by Tokyo Shoko Research, the number of businesses that closed or were dissolved in Kyoto Prefecture in 2024 reached a record high, while the number of newly established corporations increased for the fourth consecutive year, reaching a record high. The number of newly established corporations was about double that of closed, dissolved, and bankrupt businesses. Viewed by business category, the service industry accounted for nearly half of the total. The service industry also includes R&D businesses in the semiconductor and medical fields, and the analysis suggests that the results are influenced by the number of startups opening in Kyoto as a result of active industry-

professional personnel, under an independent accounting system that aims for non-consecutive growth rather than continuing on the same trajectory. We are looking forward to combining our Group's strengths to support the growth of Kyoto M&A Advisory.

academia collaboration. I am extremely pleased to see that our community-wide efforts are bearing fruit.

KCAP strengthened its activities in the Tokyo metropolitan area by establishing KCAP TOKYO BASE in May 2025. It is my dream that some of the ventures we have engaged with in Tokyo will move their headquarters to Kyoto in the future, which will help further energize the region. It is often said that in order to foster venture companies in a region, it is essential to have an ecosystem that includes human resources with expertise in technology, finance, marketing, etc., mentors and advisors to advise entrepreneurs, diverse investors, industry-academia collaboration, exit opportunities, and a culture that is accepting of failure. I believe these are quite well-developed in Kyoto, but there is still room for improvement, so we need to continue working to create an ecosystem where such venture companies can grow.



Kanda and Kabutocho — Integrating Investor Perspectives

When I was President of the Bank of Kyoto, I regularly visited the Regional Banks Association of Japan in Kanda, Tokyo, for discussions with other bank presidents on the financial system and other important issues for regional banks. The general public may not be familiar with this association, but it is like the head temple of regional

banks. Kabutocho, on the other hand, is a securities district where the Tokyo Stock Exchange was established and where securities firms once gathered, and is synonymous with the Japanese securities market. Kabutocho is only around 2 km from Kanda, but I never had a chance to visit it myself and thought that Kabutocho was a distant place.

Since the bursting of the bubble economy, the management of regional banks seems to have become dominated by a value system that prefers capital depth over capital efficiency, as sound management (sound banking) has become so important that it has become the norm in the banking industry as a whole.

Even today, soundness remains an important indicator of bank management, but capital efficiency is rapidly gaining prominence. I have been working to strengthen our IR system with an emphasis on dialogue with investors, and I have visited overseas investors several times during each of the past three years for direct discussions. When

comments received from our investors are reported to the Board of Directors by the relevant department, I also provide feedback on the comments based on my own experience and strive to make progress in shareholder- and investor-friendly management.

As of the 2nd Ordinary General Meeting of Shareholders held in June 2025, I stepped away from the management of the Bank of Kyoto and will concentrate on the management of Kyoto FG. I will strive to further reduce the distance between us and Kabutocho and further align our management with investors.

Insights Gained Through Shareholder Proposals

At the 2022 and 2023 Ordinary General Meetings of Shareholders of the Company (then the Bank of Kyoto), a shareholder proposal related to shareholder returns was received from the same foreign shareholder. At the time, the Company opposed each proposal on the grounds that it significantly departed from the Company's approach and "would not lead to medium- to long-term improvement of corporate value as a regional financial institution," and as a result, the proposals were rejected by shareholders by a majority of more than 70%. Externally, many of our shareholders supported our approach as a regional financial institution.

However, the issues raised by the shareholder also provided me with an opportunity to rethink the Company's management from the standpoint of investors. One example is the approach to the capital adequacy ratio. In the past, our capital adequacy ratio had grown

each year and exceeded 13% due to the emphasis on soundness, but when capital efficiency was added to the equation, I came to believe that the ratio should be controlled at an appropriate level. Therefore, when Kyoto FG formulated its 1st Medium-Term Management Plan (October 2023 – March 2026), we set a reduction target to control the rate in the 11% range, which we consider an appropriate level. Having a capital adequacy ratio of at least 10% is a requirement for a certified bank holding company, and the 11% range includes a buffer to ensure that even if we face a sharp economic downturn such as the 2008 financial crisis, we will be able to meet this requirement and fully support the regional economy as a regional financial institution.

I will continue to apply the various insights I gain through dialogue with shareholders and institutional investors to our practice of management that is conscious of cost of capital and the stock price.

Strengthening Governance

A London-based investor I met at an overseas investor relations event left a strong impression upon me with the comment that, "We place great importance on corporate governance. We believe there is a causal relationship between long-term performance and corporate governance."

I have always believed that trust is the highest priority for banks, and I strive for particular diligence in preventing misconduct. Needless to say, the corporate governance the investor was referring to is a broader concept that includes long-term improvement of corporate value. With the transition to a holding company structure, awareness that corporate governance is the foundation of management has become a large part of my management thinking.

I decided to step down from the management of the Bank of Kyoto as of the Ordinary General Meeting of Shareholders held in June 2025 (I served as Director and Chair up to that point), and will concentrate on my position as Representative Director and President of the Kyoto Financial Group. The relationship between the holding company (Kyoto Financial Group) and its subsidiary bank (Bank of Kyoto) has reached

a stage where corporate governance should be further strengthened by clarifying the separation between supervision and execution. In addition, we reviewed the composition of the Board of Directors, and the number of Independent Outside Directors was increased to six out of a total of 11 Directors, adopting a system in which the Board of Directors is composed of a majority of Outside Directors. We also adopted a performance-linked compensation system for Directors (excluding those who are Audit and Supervisory Committee Members), replacing the previous executive bonuses. The aim of this new system is to better clarify management responsibility and ensure greater accountability for results. The amount of compensation will be determined comprehensively based on business performance, with the maximum payout calculated using a multiplier derived from two metrics: profit attributable to owners of the parent and ROE.

In our efforts to improve corporate governance, we will first establish a solid framework and then make necessary improvements and upgrades flexibly and quickly.

Reduction and Utilization of Strategic Equity Holdings — Considering the distribution of added value

The current Plan for the Reduction of Strategic Equity Holdings (October 2024 – March 2029) is a plan to reduce holdings by a market value of ¥100 billion or more, accelerating the speed of reduction from the previous plan. We are working to target reductions without exception, including stocks of companies headquartered in our hometown of Kyoto (so-called “Kyoto stocks”), and with a strong desire to achieve the plan ahead of schedule. We intend to use the proceeds from the sale of strategic equity holdings to invest more than ¥100 billion in growth, mainly venture investments as growth investments, and for shareholder returns.

Of the (listed) strategic equity holdings, based on value the majority are Kyoto stocks, many of which we have held for more than half a century since first providing financial support to the companies when they were founded as part of our banking business. These strategic equity holdings, consisting of a group of companies that have grown into global companies over the past half-century, can be positioned as added value created by the Company. We have been considering the need for a perspective of distribution with our stakeholders in their utilization.

As an “excellent” company nurtured in Kyoto, we have come to the conclusion that it is appropriate to reward the local community as a stakeholder by utilizing our resources to contribute to the future of Kyoto, and we have decided to invest more than ¥100 billion in growth, mainly venture investments, as mentioned above. We also

want to reward our shareholders through shareholder returns. Our return policy is a total payout ratio of 50% or more, and in FY2024, we far exceeded that level with returns of around 75%, and the same level is planned for FY2025.

If our investment for growth stimulates the local economy to grow, it will lead to the growth of local businesses and an increase in household income, which will also have a positive effect on our business. When considering the effects of investment, short-term effects are important, but medium- to long-term effects are also important. Shareholder returns must also be looked at from a sustainability perspective. Thinking in the medium to long term, we must consider the appropriate distribution between shareholders who hold our shares now and those who hold our shares one year, two years, five years, ten years from now and further into the future. Drastic fluctuations in shareholder returns should be avoided as much as possible, and a sustainable increase should be prioritized, which is also desirable for long-term shareholders.

Regarding our strategic equity holdings, we will work to meet the expectations of our various stakeholders as a regional financial institution by accelerating the speed of reductions based on the premise of “reduction without exception” while also considering the optimal form of distribution.

I will take every possible step to achieve the current reduction plan ahead of schedule and then move on to the next stage of reductions.

Accelerating Growth by Combining the Power of Employees

Employees are the driving force behind the Kyoto FG’s medium- to long-term growth and are also important stakeholders. We are focused on the distribution and investment of management resources in our employees, and inspiring and enhancing their motivation is the top management priority.

In an effort to proactively invest in our employees, we set a target of ¥2 billion (cumulative three-year total) in human capital investment during the period of the Medium-Term Management Plan (FY2023 – FY2025). We have already reached the target with ¥2.1 billion invested in the first two years, and we plan to raise it further in the final year.

We must also ensure that our employees are motivated. Many of our employees join us with a desire to help the local community and our customers. Students who wish to work for a regional bank are, by nature, motivated to contribute to the community, but what is important is how we can fulfill their individual aspirations and link them to the Company’s growth. Every year, we recruit new employees to volunteer as Yamahoko float pullers and for other activities at the Gion Festival in July. By

participating in the Gion Festival, which has a history dating back more than 1100 years and draws countless domestic and international tourists, our employees can experience a feeling of involvement in and unity with the local community.

Today’s employees have diverse perspectives on their jobs and work, and the transition to a holding company structure has resulted in the diversification and



Tsukihoko in the Yamahoko Parade, Saki Matsuri (Early Festival), Gion Festival

specialization of business operations, including those of Group companies. Under these circumstances, we emphasize a hand-raising



culture that gives opportunities to employees who volunteer, as well as active employee interaction across the Group. We have launched various initiatives, such as job and career forums (an opportunity to learn about the operations of Group companies and headquarters departments), in-house internships (an opportunity to gain experience at a Group company or in headquarters operations of their choice), and a career challenge system (an open recruitment system that includes Group companies), to motivate each and every employee by respecting their independence and encouraging them to take on new challenges.

We want our employees to take on the challenge of working in areas of their own interest and concern, as the Group is developing specialized personnel in a wide range of areas beyond traditional banking, including M&A, venture investment, asset management, asset succession, DX, and decarbonization. By drawing on the strengths of our employees, we hope to further enhance our ability to solve our customers’ problems and accelerate the growth of the Group.

My Resolve — Blazing a new path and mastering it

Listed regional financial institutions are required to simultaneously achieve a good balance between two seemingly contradictory facets, private and public, and develop into a sophisticated management organization.

I am committed to enhancing our corporate value and meeting the expectations of all stakeholders, with particular awareness of the following two points.

Blazing a new path we walk with investors

“Low ROE and excessive strategic equity holdings.” This is how investors see the issues the Kyoto FG faces. Sometimes investors ask me, “If strategic equity holdings are sold down to less than 20% of net assets and there is a buyback of shares, wouldn’t there be an immediate and dramatic improvement in ROE?”

In the past, our strategic equity holdings were highly valued as a risk buffer in the bank’s management, which requires soundness, because of their abundant unrealized profits, and they also provided support for our risk-taking aggressive management strategy of expanding our operations despite the unstable period

after the bubble burst.

However, times have changed, and now it has become a gap between management’s and investors’ perspectives and a major management issue.

I now need to focus on alleviating and closing this gap and blazing a new path that the Kyoto Financial Group will walk together with its investors by further promoting management reforms, including corporate governance. I also hope to pass the milestone of the P/B ratio exceeding 1.0x while proceeding along this path.

Mastering the path we walk with the community

“Without regional growth, regional financial institutions cannot grow.” The Kyoto FG’s mission as a regional financial institution can be summed up in this one phrase.

Even a region in decline can regain its vitality by alleviating or eliminating its problems, or by shining a new light on them. In my hometown of Nishijin, the atmosphere created by the traditional culture and historic streets has given rise to a unique charm, which is breathing new life into the community, thanks in part to the effects of various initiatives.

My next goal is to master the path we walk together with the community so that Kyoto Financial Group can lead the region to growth and enrich the lives of its residents by enhancing its ability to solve local issues by utilizing the Group’s functions. In the process of proceeding along this path, Kyoto Financial Group itself will grow sustainably and increase its corporate value over the medium to long term, thereby meeting the expectations of all of our stakeholders.

Financial and Capital Strategies



Balancing investment for growth, ensuring sound management, and enhancing shareholder returns, while considering the cost of capital and stock price.

In June 2025, I assumed the position of officer in charge of the Finance Division. Previously, I was responsible for overseeing sustainability management, promoting the decarbonization of the region and actively disclosing information to shareholders and investors and facilitating dialogue with them. During exchanges of opinions with shareholders and investors, we received candid feedback on the future direction of the Company, such as the ROE level we are aiming for and strategic equity holdings, providing us with an opportunity to reaffirm our strengths and challenges. We will continue to share your feedback with top management and Outside Directors, and apply your insights to management.

We believe that sustainable enhancement of corporate value requires a balance between investment for growth, ensuring sound management, and enhancing shareholder returns, while also considering the cost of capital and stock price. The current medium-term management plan calls for controlling the capital adequacy ratio at a tighter level to enhance capital efficiency, and we are accelerating aggressive asset investment to improve ROE, a key challenge, while enhancing shareholder returns. We will continue to present a clear strategy and plan to achieve our goals, and will move forward with our initiatives with a sense of urgency.

Managing Executive Officer (Officer in charge of Corporate Planning Division)

Kenji Hashi

Results for FY2024 and Forecast for FY2025

Consolidated ordinary profit increased by ¥7,341 million from the previous fiscal year to ¥50,915 million in FY2024 thanks to strong performance in the core business, including an increase in net interest income, mainly from interest on loans, and an increase in profit from service transactions, mainly from syndicated loans and M&A transactions (a record high for the fifth consecutive year). Profit attributable to owners of parent increased ¥4,979 million from the previous fiscal year to ¥36,552 million, the highest ever, including before the transition to a holding company.

Consolidated operating results for the previous fiscal year were prepared by succeeding to the consolidated operating results of The Bank of Kyoto, Ltd., which became a wholly owned subsidiary through a sole-share transfer.

Summary of consolidated financial results for FY2024

	FY2024	YoY change		FY2024	YoY change
Gross business profit	106.3	9.0	Actual net business profit	45.0	5.8
Net interest income	84.3	4.4	Credit-related expenses	-0.0	0.0
Profit from service transactions	18.4	1.0	Gains (losses) on stocks	5.7	0.5
Other business profit	3.5	3.5	Other	0.0	1.0
Expenses	61.2	3.2	Ordinary profit	50.9	7.3
OHR	57.65%	-2.05%	Net income*	36.5	4.9

* Profit attributable to owners of parent

For FY2025, we forecast consolidated ordinary profit of ¥58.1 billion and profit attributable to owners of parent of ¥40.0 billion. This is the fifth consecutive fiscal year of increased profits and the second consecutive fiscal year of record profits.

Forecast for FY2025 (consolidated)

	FY2025 (forecast)		FY2024
	Interim	Results	
Ordinary profit	58.1	31.4	50.9
Net income*	40.0	21.8	36.5

* Profit attributable to owners of parent

Management Conscious of Cost of Capital and Stock Price

In our 1st Medium-Term Management Plan (October 2023 – March 2026), which is currently underway, we are proceeding with a basic policy of achieving a good balance between investment for growth, ensuring sound management, and enhancing shareholder returns, with an awareness of the cost of capital and stock price.

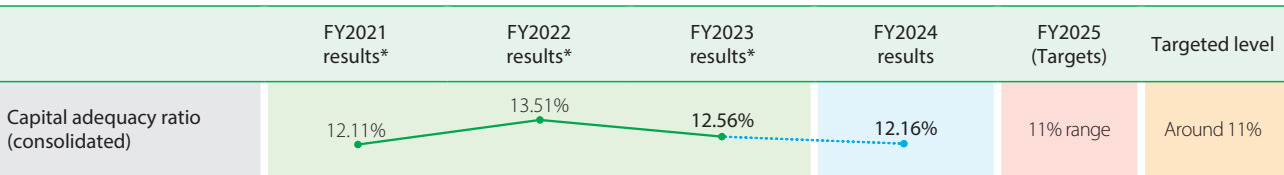
Specifically, based on the logic tree approach described below, from the standpoint of sound management, we have set a consolidated capital adequacy ratio of approximately 11% as the target level, and will continue to generate returns by utilizing capital in both organic and inorganic areas as investment for growth, while maintaining a high level of shareholder returns through dividends and flexible treasury stock repurchases.



On the Level of Capital Adequacy Ratio

In addition to the 10% requirement for a certified holding company, the Company considers the capital adequacy ratio to be approximately 10%, which should be maintained in order to continue to provide the necessary local financial intermediary functions in a stable manner and support sound management.

The primary component of the Group's assets is credit assets that entail credit risk, and the capital adequacy ratio may be adversely affected by an increase in the amount of credit risk-weighted assets due to a downgrade in the credit rating of the borrower caused by poor business conditions of the borrower due to the economic downturn, or by capital impairment due to losses incurred. Therefore, even in the event of a sudden economic downturn, a certain buffer must be established to maintain the 10% level or, even if it temporarily falls below 10%, to keep the impact within a range from which an early recovery is possible. In setting the buffer, we conducted a stress test using the impact of the 2008 financial crisis as a reference value, which was a major economic downturn that had occurred in the past. Based on the results of the test, we set the target level at the 11% range.



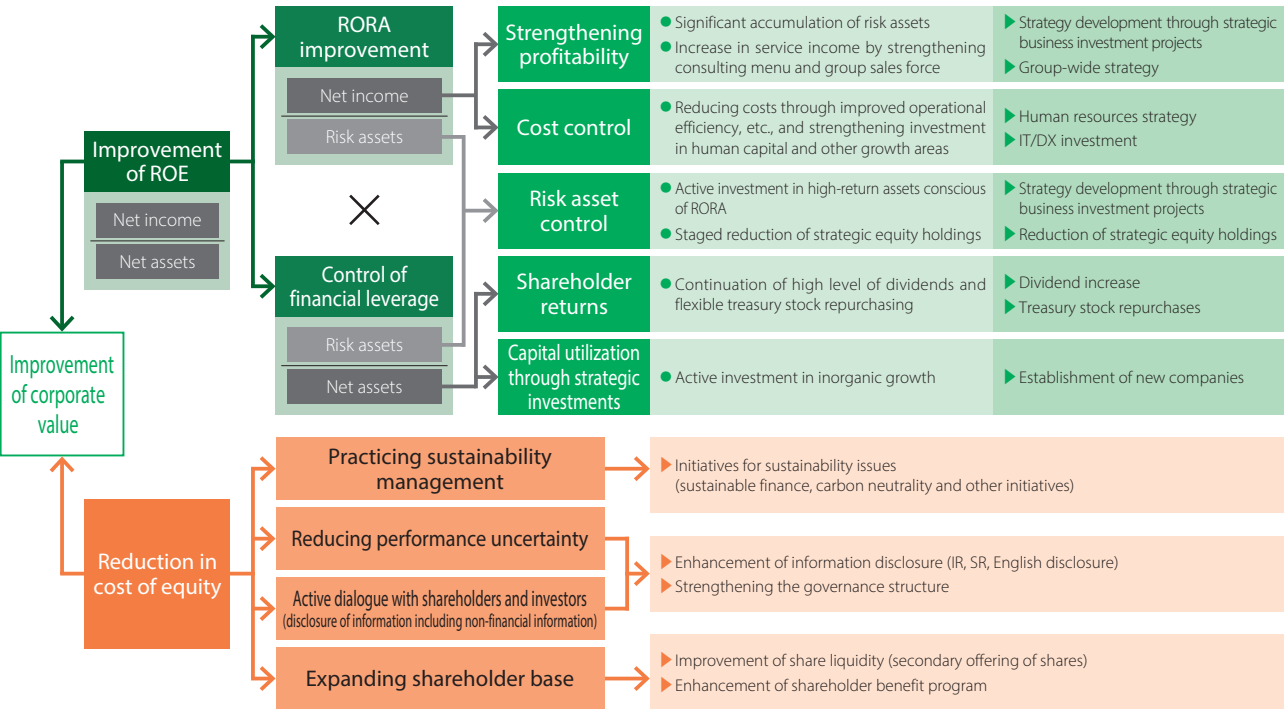
* The Bank of Kyoto's (consolidated) results

Logic Tree

In terms of capital management, we will broadly focus on improving ROE and lowering the cost of equity, and will work to increase corporate value in line with the following logic tree.

Logic Tree in Capital Management

The Company will work on each measure to improve ROE and lower the cost of equity, thereby increasing corporate value.



New Strategic Targets

In the 1st Medium-Term Management Plan (October 2023 – March 2026), ROE, profit attributable to owners of the parent, and the capital adequacy ratio were set as quantitative targets as KGI. However, the environmental changes since the planning stage, such as an increase in net interest income due to the arrival of “a world with positive interest rates,” and the effect of the transition to a holding company, as well as the favorable performance of service transactions, resulted in the achievement of the ROE and profit targets ahead of schedule in FY2024.

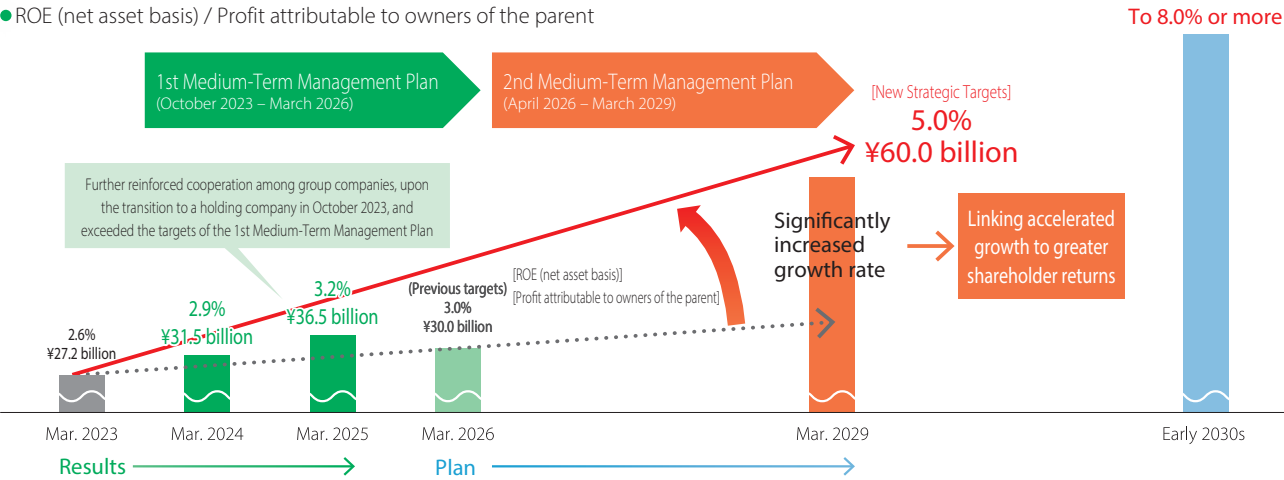
We have achieved the numerical targets of the current medium-term management plan ahead of schedule. We believe that a return to “a world with positive interest rates” will enable us to leverage the strengths of the extensive branch network and customer base that the Group has built up to date as a regional bank with a wide geographic reach, and that this will significantly increase our corporate value into the future. For these reasons, in November 2024, we set new strategic targets in advance of the formulation of the next medium-term management plan, which will begin in FY2026.

Specific plans for achieving the strategic goals will be announced around March 2026 as the next medium-term management plan.

Dramatic Improvement in ROE

In order to achieve a level of 8% or more, which is above the cost of capital, by the early 2030s, we planned backward from the target, and set a target of 5% ROE by the final year of the next medium-term management plan. The net income required to achieve this ROE will also be doubled from the previous target of ¥30 billion to ¥60 billion.

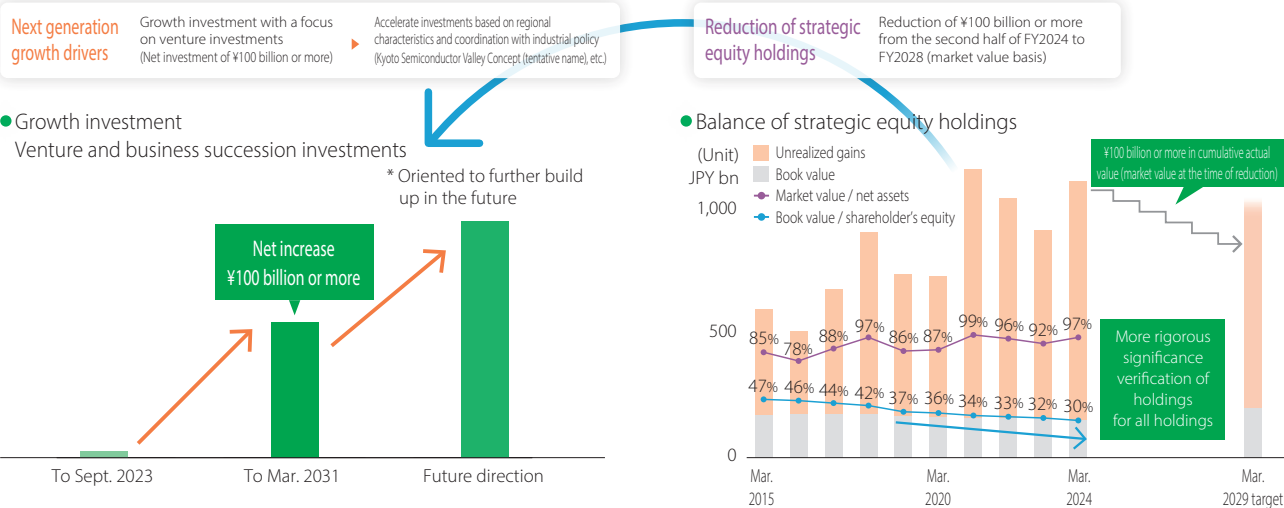
● ROE (net asset basis) / Profit attributable to owners of the parent



Accelerating Investment in the Next Generation of Growth Companies

One of our new strategic targets is to invest more than ¥100 billion in growth, mainly venture investments. To fund this investment, we will reduce our strategic equity holdings by more than ¥100 billion on a market value basis. The strategic equity holdings that we have come to hold over the course of the Group's history of being deeply involved in the development and creation of a group of leading Japanese companies will create a virtuous cycle of growth in the local economy, which will lead to the sustainable enhancement of the Group's corporate value.

● Discovering, fostering, and investing in the next generation of growth companies through the use of strategic equity holdings



● New Strategic Targets (see p. 45 for specific initiatives)

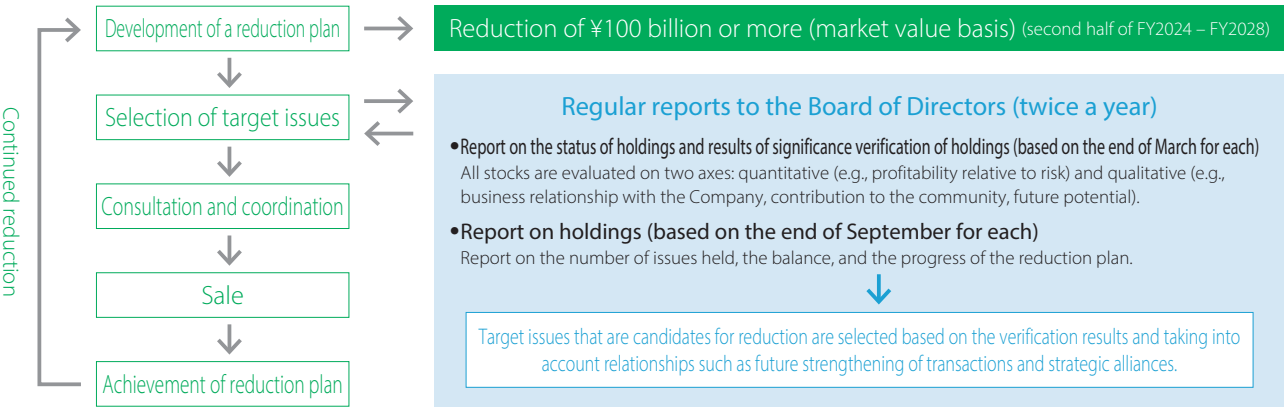
Item	Date of achievement	Target
ROE (net asset basis)	Mar. 2029	5%
Profit attributable to owners of the parent	Mar. 2029	¥60 billion
Growth investment with a focus on venture investments	Mar. 2031	¥100 billion or more (Net increase, cumulative total from the second half of FY2024)
Reduction of strategic equity holdings	Mar. 2029	¥100 billion or more (Market value, cumulative total from the second half of FY2024)

Policy to Reduce Strategic Equity Holdings

As for strategic equity holdings, we have been working to reduce strategic equity holdings in line with the plan announced in May 2022 (reduction of ¥16 billion equivalent to 10% of book value by March 2025) from the viewpoint of corporate governance and improvement of capital efficiency. Having reached the point of achieving this plan, in November 2024, we announced a new plan of “reduction of ¥100 billion or more (market value basis)” and are working to accelerate the reduction.

Reduction process (image)

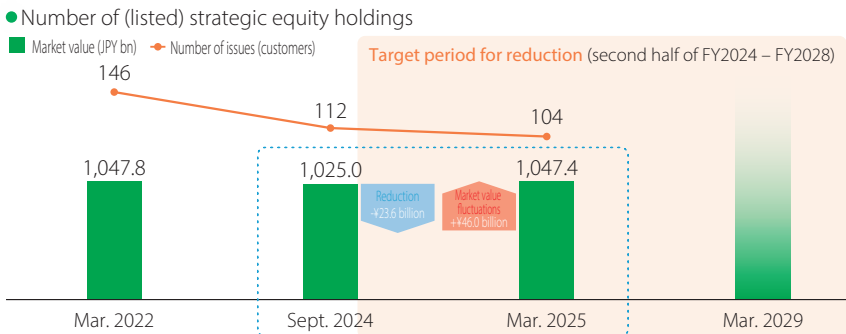
The Board of Directors receives and reviews regular reports on the results of the significance verification of holdings for all (listed) issues. Issues to be sold are selected based on the results of the significance verification of holdings, and after approaching strategic investees with the intention of selling them, we sell them in order of priority, beginning with those for which we have obtained their understanding.



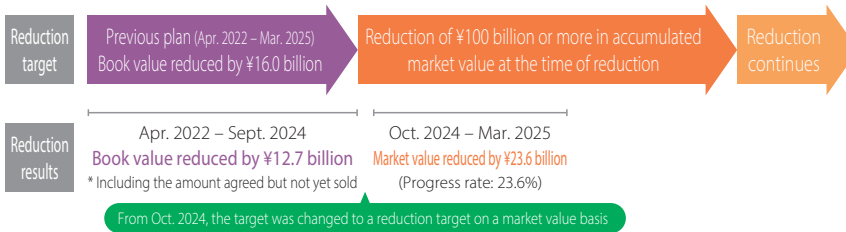
Progress of reduction (October 2024 – March 2025: as of the end of the 6-month period)

The total amount of reduction during this period was a cumulative ¥23.6 billion in market value (breakdown below). Of this amount, shares of non-life insurance companies and others were reclassified as pure investment since the sale was not completed during the year. We will proceed with the sale appropriately.

Sold (cumulative amount of market value at the time of sale)	¥2.6 billion
Transferred for pure investment (market value at the end of fiscal year)	¥21.0 billion
Total	¥23.6 billion



<Major Issues to be Transferred>	
Tokio Marine Holdings	¥15.4 billion
Sompo Holdings	¥2.4 billion
MS&AD Insurance Group Holdings	¥1.4 billion
Sumitomo Mitsui Trust Group	¥1.4 billion



In addition, the following issues were reclassified as pure investment.

- (1) The Company has agreed to sell all of its shares
- (2) The sale will not be completed during the current fiscal year

Exercise of voting rights for (listed) strategic investees

The Board of Directors receives and reviews reports on the results of the exercise of voting rights in accordance with the Guidelines for the Exercise of Voting Rights. Under the guidelines, in cases where there is a significant impact on the corporate value of the strategic investee and the economic interests of the Company, or where the strategic investee has compliance issues, we will make a prudent judgment after conducting interviews with the strategic investee where necessary.

Initiatives to enhance the corporate value of strategic investees

We acquired shares of MFA Inc., which specializes in engagement, and have participated in the Fiduciary Agent Business since April 2023. MFA accompanies the strategic investee pursuant to a commission, and links it to the enhancement of the economic and social value of the company in question. Engagement is currently underway with one strategic investee.

Shareholder Returns

Our shareholder returns policy is a total payout ratio of 50% or more, and we enhance shareholder returns and flexibly return profits to shareholders while maintaining a balance between investment for growth and ensuring sound management.

In FY2024, we continued to provide shareholder returns at a total payout ratio of 75%, one of the highest among regional banks. For FY2025, the Company plans to pay an annual dividend of ¥70 per share, which is an increase of ¥10 per share, and has announced a ¥10 billion treasury stock repurchasing program.

	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 (planned)
Total payout amount	¥4.5 billion	¥10.0 billion	¥15.5 billion	¥29.2 billion	¥27.4 billion	¥30.2 billion
Total dividend	¥4.5 billion	¥7.5 billion	¥10.5 billion	¥16.2 billion	¥17.4 billion	¥20.2 billion
Amount of treasury stock repurchased	—	¥2.5 billion	¥5.0 billion	¥13.0 billion	¥10.0 billion	¥10.0 billion
Total payout ratio	27%	49%	57%	92%	75%	76%
Dividends per share*	¥15	¥25	¥35	¥55 (Ordinary dividend ¥40 + commemorative dividend ¥15)	¥60	¥70
Shareholder returns policy	Dividend payout ratio around 30%	Total payout ratio: around 50%		Total payout ratio: 50% or more		

* After adjustment for the stock split implemented in January 2024

- On the Treasury Stock Repurchases in FY2024
- ▶ Resolutions
¥10 billion repurchase from November 2024 to June 2025
 - ▶ Repurchase completed in April 2025
 - ▶ Since the resolution was passed in FY2024, the full amount is counted as a return in FY2024

● Total number of shares outstanding (as of March 31, 2025)

Item	Details
Total number of shares outstanding	301,362,752
(Reference) Number of treasury stock	11,388,209

Shareholder Composition

As mentioned above, the Group has a plan to reduce its strategic equity holdings. Japanese companies are also reviewing their strategic equity holdings from the perspective of strengthening corporate governance, and some of our shareholders have expressed a desire to sell their shares in the Company. In response, we considered the best method of selling our shares and conducted a secondary offering of shares in February 2025 for 20,652,500 shares, or 6.9% of the total number of shares outstanding. The purpose of holding the shares of each company involved in the Seller has been changed to pure investment. We will continue to strive to reduce the cost of equity by diversifying and increasing the liquidity of our shareholder base, as well as expanding the shareholder base that understands and supports the Company.

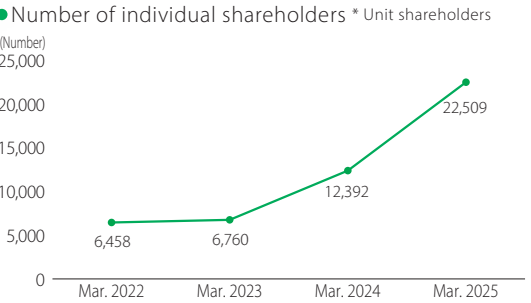
Secondary Offering of Shares (Conducted in February 2025)

▶ Applicable number of shares: 20,652,500 shares (6.9% of the total number of shares outstanding)

- Aim
- Mitigation/elimination of concerns about a prolonged deterioration in supply and demand
 - Increase in the number of individual shareholders in the region
 - Increased attractiveness of investment due to improved liquidity
- Result
- Demand multiplier was more than 8 times, far exceeding supply
 - Both the number of individual shareholders and the ratio of individual shareholders increased
 - Trading volume of the Company's shares increased

Measures to Increase Individual Shareholders

- ▶ October 2023: Decision to introduce a shareholder benefit program
- ▶ January 2024: Stock split (1 for 4)
- ▶ February 2025: Secondary offering of shares



● Status of shares

	March 31, 2024			March 31, 2025		
Classification	Number of shareholders (Number)	Number of shares (Thousand shares)	Composition ratio (%)	Number of shareholders (Number)	Number of shares (Thousand shares)	Composition ratio (%)
Government and local governments	2	600	0.2	2	600	0.2
Financial institutions	53	123,308	40.7	50	101,535	33.7
Financial instruments business operator	47	5,374	1.8	49	10,394	3.4
Other corporations	559	49,145	16.2	928	53,030	17.6
Foreign corporations, etc.	320	80,224	26.4	322	82,825	27.5
Individuals/ Others	12,392	33,335	11.0	22,509	41,403	13.8
Treasury stock	1	11,199	3.7	1	11,388	3.8
Total	13,374	303,185	100.0	23,861	301,175	100.0

* Unit shareholders

Dialogue with Shareholders and Investors

In order to have constructive dialogue with many shareholders and investors, in FY2024, we held financial results briefing sessions and IR sessions for individual investors as we had done in the past, as well as increased opportunities for IR overseas and small meetings both overseas and in Japan. In our overseas IR activities, we provide shareholders and institutional investors with opportunities to meet with us, and our Representative Director and President directly explains the growth strategies we are pursuing and exchanges opinions with them. In addition, we are actively engaged in English-language disclosure. Through these communications, opinions and requests from shareholders and investors are reported to and reviewed by the Board of Directors in a timely and appropriate manner, and are utilized in management.

As a specific example, we have been considering the following measures, incorporating the opinions and requests of our shareholders and investors.

Governance

- Review the composition of the Board of Directors (majority of the Board of Directors shall be Outside Directors)
- Introduced performance-linked compensation system for remuneration of Directors (excluding those who are Audit and Supervisory Committee Members)

Sound Management

- Level of capital adequacy ratio

Investment for Growth

- Growth investment targets to achieve ROE targets
- Accelerated reduction of strategic equity holdings

Shareholder Returns

- Enhancement of shareholder returns

Reference (Impact of U.S. Tariff Measures and Rising Interest Rates)

1 Impact of U.S. Tariff Measures

<Impact on business partners>

Date	May 2024	Aug. 2024	Nov. 2024	Feb. 2025	May 2025	Aug. 2025 (forward-looking forecast)
Business sentiment DI	-21	-14	-18	-13	-16	-13

Business sentiment DI ... Source: Bank of Kyoto and Kyoto Soken Consulting, "Kyogin Quarterly Survey"
Ratio of companies that answered "good" to those that answered "bad" in terms of business sentiment

(Reference) Decline in business sentiment DI at the time of the COVID-19 pandemic and the 2008 financial crisis in the past

COVID-19 pandemic Feb. 2020: -26 ⇒ May 2020: -52 2008 financial crisis Nov. 2008: -20 ⇒ Feb. 2009: -44

<Correspondence to business partners (starting April 7, 2025)>

● Establishment of a consultation desk

- Consultation desks made available at all branches
- Customers have voiced concerns about the uncertain outlook, but there has not been a significant impact on business conditions
- We will continue to closely monitor business conditions and cash flows, and provide prompt and appropriate support as needed

● Execution of special loans

Item	Details
Use of funds	Working capital
Loan amount	Up to ¥500 million
Loan period	Within 5 years in principle
Handling period	For applications received by Sept. 30, 2025
Other	Deferral within 1 year possible

2 Impact of Rising Interest Rates

A rise in the Bank of Japan's policy interest rate to 1.00% is expected to have an incremental effect of about ¥32 billion on net interest income in five years.

● Yen currency balance sheet (As of March 31, 2025; Unit: JPY tn)

Revenue increases in line with rising interest rates Liquidity deposits mostly Controlling cost increases

● Impact of rising interest rates on revenues Increase in net interest income after 5 years (Compared to FY2024)

Scenario	Increase in net interest income
Policy interest rate on Bank of Japan current account 0.50%	¥24 billion
0.75%	¥28 billion
1.00%	¥32 billion

Note: Assumption of balance sheet constancy

● Period until loan interest rate revision

Variable Market-linked 1 year or less 1 to 3 years 3 to 5 years Over 5 years

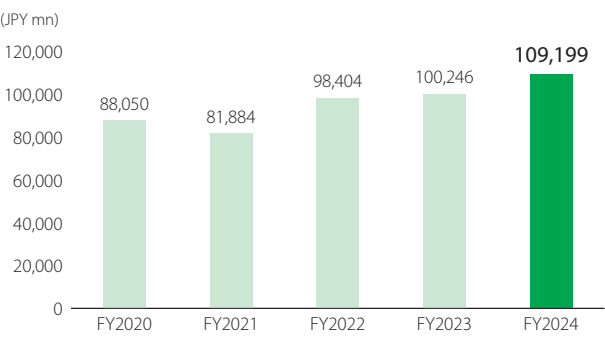
Over 5 years 26% 3 to 5 years 13% 1 to 3 years 13% 1 year or less 14% Variable 22%

47% of loans change interest rates within 1 year

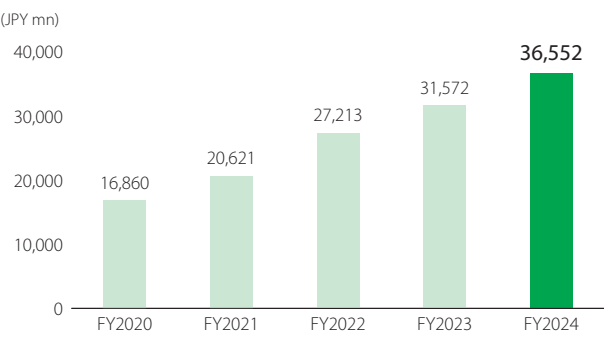
Financial and Non-financial Highlights

Financial Highlights

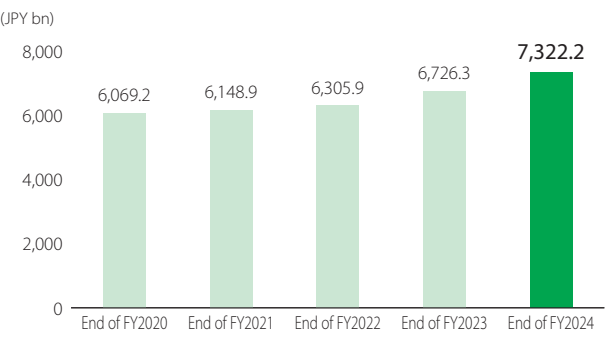
Consolidated core gross business profit
¥109,199million



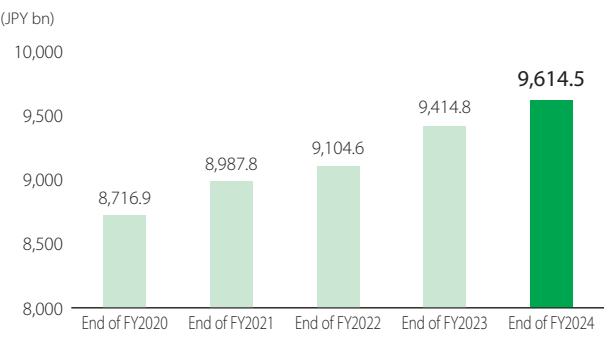
Profit attributable to owners of parent
¥36,552million



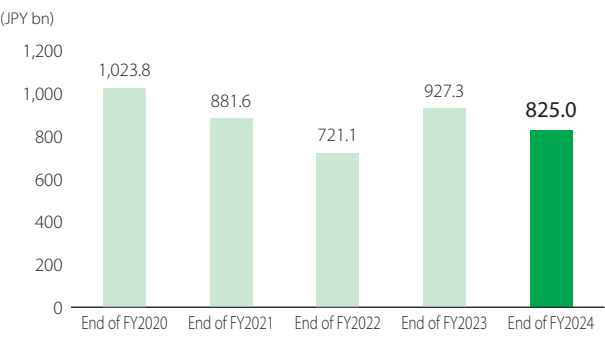
Loans and bills (end balance) (The Bank of Kyoto non-consolidated)
¥7,322.2billion



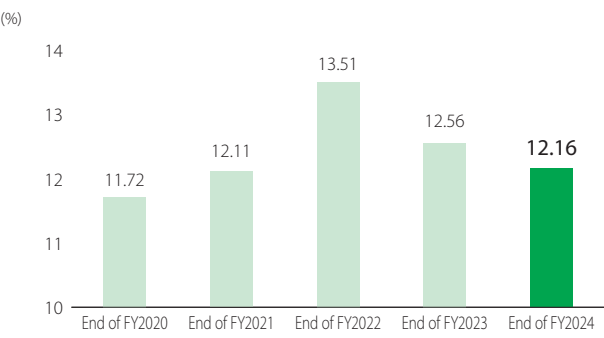
Deposits and negotiable certificates of deposit (end balance) (The Bank of Kyoto non-consolidated)
¥9,614.5billion



Net unrealized gains (losses) on consolidated securities
¥825billion



Consolidated capital adequacy ratio
12.16%



Rating (as of July 1, 2025)

Kyoto Financial Group	R&I	A
Bank of Kyoto	R&I	A
	S&P	A-

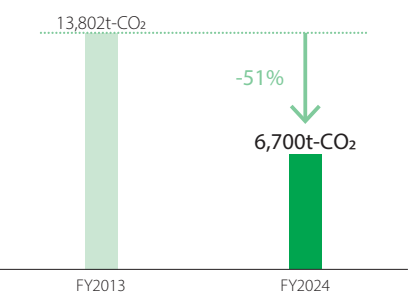
Shareholder returns

	FY2020	FY2021	FY2022	FY2023	FY2024
Total payout ratio	27%	49%	57%	92%	75%
Of which, dividend payout ratio	27%	37%	38%	51%	48%

Non-financial Highlights

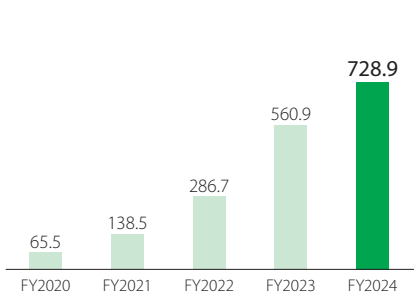
Environment

CO₂ emission reduction results (Scopes 1 and 2)
(Target: 50% reduction by FY2030)



The target level was reached ahead of schedule in FY2024 actual results.

Sustainable finance results
(Cumulative total of executed amount: JPY bn)



We aim to execute ¥1 trillion in financing from FY2020 to FY2030.

Number of SDG/GX consulting contracts
(FY2024)

148

Social

Total venture funds managed by the Group
(Cumulative total through FY2024)

¥24.5billion

Number of investees in funds listed on the left

72

Conducting financial and economic education seminars
(FY2024)

853 9,115 participants

Engagement score
(FY2024)

4.26
(On a scale of 1 to 5, 5 being the highest)

Human capital investment per capita
(FY2024)

¥367 thousand

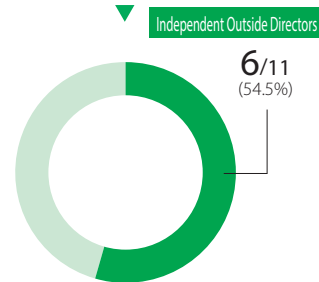
Number of FP-related certifications obtained
(March 31, 2025)

2,651

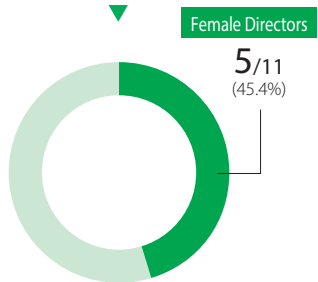
Governance

(As of June 27, 2025)

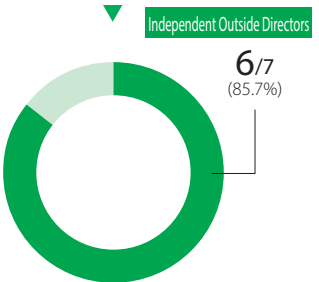
Composition of the Board of Directors
(Ratio of Independent Outside Directors)



Composition of the Board of Directors
(Ratio of female Directors)



Composition of the Audit and Supervisory Committee
(Ratio of Independent Outside Directors)



CHAPTER 1

About the Kyoto Financial Group

— Past, present, and future

- 23 History and Growth Model — The Group's Strengths
- 25 Value Creation Stories
- 27 Current Status of External Environment
- 29 Value Creation Sources: What the Kyoto Financial Group Can Do
- 31 Materiality
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History and Growth Model — The Group's Strengths

Since the founding of our predecessor, the Bank of Kyoto, the Group has built a solid growth model by continuing to meet the changing needs of its customers over time.

By making appropriate investments for growth in line with the times, we are strengthening our financial capital, human capital, social and relationship capital, and intellectual capital, and building the foundation for taking on the challenge of new fields today.

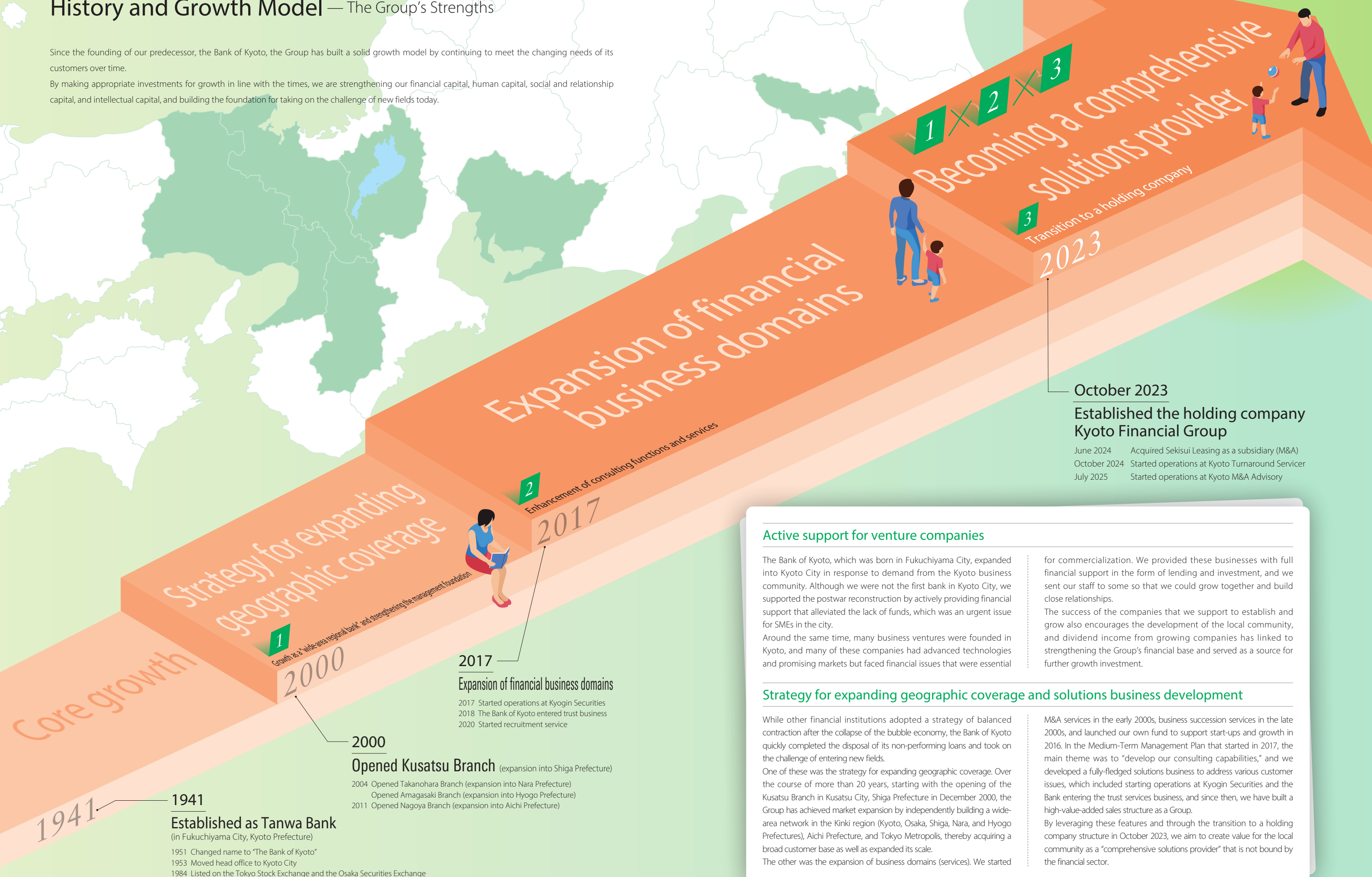
chapter 1
About the Kyoto Financial Group

chapter 2
Growth Strategies to
Enhance Corporate Value

chapter 3
Foundation for
Growth Strategies

chapter 4
Practicing
Sustainability Management

chapter 5
Foundation That Supports
Value Creation



Active support for venture companies

The Bank of Kyoto, which was born in Fukuchiyama City, expanded into Kyoto City in response to demand from the Kyoto business community. Although we were not the first bank in Kyoto City, we supported the postwar reconstruction by actively providing financial support that alleviated the lack of funds, which was an urgent issue for SMEs in the city.

Around the same time, many business ventures were founded in Kyoto, and many of these companies had advanced technologies and promising markets but faced financial issues that were essential

for commercialization. We provided these businesses with full financial support in the form of lending and investment, and we sent our staff to some so that we could grow together and build close relationships.

The success of the companies that we support to establish and grow also encourages the development of the local community, and dividend income from growing companies has linked to strengthening the Group's financial base and served as a source for further growth investment.

Strategy for expanding geographic coverage and solutions business development

While other financial institutions adopted a strategy of balanced contraction after the collapse of the bubble economy, the Bank of Kyoto quickly completed the disposal of its non-performing loans and took on the challenge of entering new fields.

One of these was the strategy for expanding geographic coverage. Over the course of more than 20 years, starting with the opening of the Kusatsu Branch in Kusatsu City, Shiga Prefecture in December 2000, the Group has achieved market expansion by independently building a wide-area network in the Kinki region (Kyoto, Osaka, Shiga, Nara, and Hyogo Prefectures), Aichi Prefecture, and Tokyo Metropolis, thereby acquiring a broad customer base as well as expanded its scale.

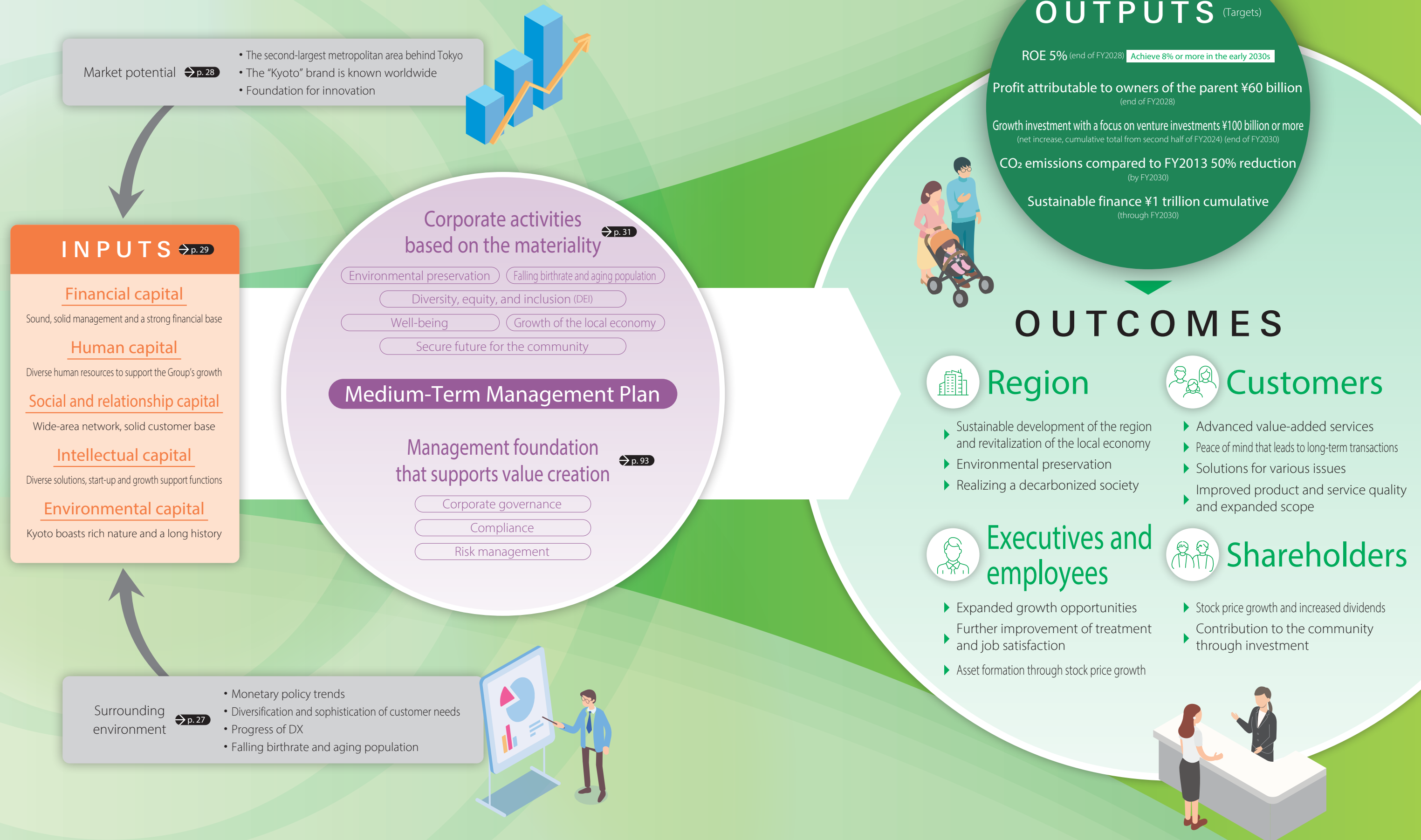
The other was the expansion of business domains (services). We started

M&A services in the early 2000s, business succession services in the late 2000s, and launched our own fund to support start-ups and growth in 2016. In the Medium-Term Management Plan that started in 2017, the main theme was to "develop our consulting capabilities," and we developed a fully-fledged solutions business to address various customer issues, which included starting operations at Kyogin Securities and the Bank entering the trust services business, and since then, we have built a high-value-added sales structure as a Group.

By leveraging these features and through the transition to a holding company structure in October 2023, we aim to create value for the local community as a "comprehensive solutions provider" that is not bound by the financial sector.

Value Creation Stories

The Group creates economic and social value by leveraging the financial, human, and social and relationship capital it has accumulated over the years to develop its businesses based on its materiality.



Current Status of External Environment

Environment Surrounding the Group

The Japanese economy has continued its gradual recovery, achieving positive GDP growth for the fourth consecutive year, with nominal GDP for the fiscal year surpassing ¥600 trillion in FY2024 for the first time. On the other hand, the impact of continued increases in prices on consumer sentiment and the decline in net exports due to increased imports are concerns, and the sense of labor shortages, particularly in the non-manufacturing sector, remains at a high level.

As for the economy in the five prefectures of the Kinki region, which is the Group's main market, capital investment is on the rise and personal consumption is also increasing moderately, partly due to a recovery in inbound tourist demand.

With the establishment of a virtuous cycle between wages and prices as a key issue, we will closely monitor the impact of the U.S. trade policy, the effects of continued price increases on consumption, labor shortages and wage increases, and exchange rate fluctuations on the domestic and overseas economies.

Monetary policy trends

As the Bank of Japan has ended its policy of negative interest rates and raised its interest rates, the world of positive interest rates has arrived. To financial institutions, this can be either a positive or negative factor, but we believe that for the Group, the positive impact on net interest income is significant.

► Impact of Rising Interest Rates (see p. 18)

Diversity and sophistication of customer needs

Customer needs are diversifying beyond financing to include DX/IT, SDGs, M&A/business succession, recruiting, and overseas expansion, and we provide a wide range of non-financial solutions to our customers' management issues.

In addition to the revision of the NISA system in 2024, individual customers are showing growing interest in asset formation and management, and there is increasing demand for life planning that meets the needs of the era of 100-year lives.

Progress of DX

The digitalization of the market is progressing rapidly with the spread of IT everywhere, and the financial industry is also required to improve customer services, increase operational efficiency, and respond to business issues.

Falling birthrate and aging population

Japan's population has been declining since 2008, and according to future population estimates, the population is expected to fall below 100 million by 2056. In terms of prefectures, only Tokyo and Saitama have a growing population, and in the prefectures with social growth, where population inflows exceed outflows, it is concentrated in urban areas. Population decline also leads to economic contraction, which significantly impacts regional financial institutions.

Population increase/decrease rate by prefecture (%)

Population increase/decrease rate ranking	Prefecture	Population increase/decrease rate	
		2024	2023
—	Nationwide	-0.44	-0.48
1	Tokyo	0.66	0.34
2	Saitama	0.01	-0.08
3	Kanagawa	-0.05	-0.04
4	Osaka	-0.07	-0.22
5	Chiba	-0.08	-0.15
6	Okinawa	-0.11	-0.02
7	Fukuoka	-0.21	-0.26
8	Aichi	-0.23	-0.25
9	Shiga	-0.32	-0.16
10	Kyoto	-0.60	-0.57
11	Hyogo	-0.61	-0.60
12	Gunma	-0.62	-0.60
13	Yamanashi	-0.63	-0.75
14	Ibaraki	-0.64	-0.53
15	Tochigi	-0.66	-0.60
16	Kumamoto	-0.69	-0.55
17	Miyagi	-0.73	-0.68
18	Fukui	-0.77	-1.12
19	Shizuoka	-0.80	-0.75
20	Nara	-0.80	-0.79
21	Gifu	-0.81	-0.75
22	Saga	-0.82	-0.74
23	Nagano	-0.84	-0.80

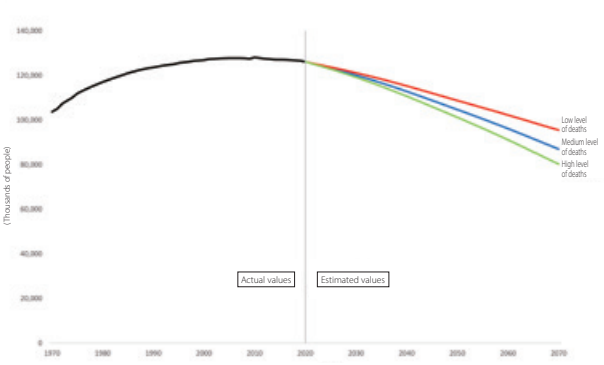
Population increase/decrease rate ranking	Prefecture	Population increase/decrease rate	
		2024	2023
24	Okayama	-0.84	-0.84
25	Hiroshima	-0.86	-0.78
26	Miyazaki	-0.89	-0.96
27	Kagawa	-0.93	-0.91
28	Mie	-0.94	-0.88
29	Hokkaido	-0.97	-0.93
30	Toyama	-1.00	-0.96
31	Ishikawa	-1.00	-0.78
32	Oita	-1.00	-0.95
33	Kagoshima	-1.10	-0.89
34	Tottori	-1.16	-1.14
35	Shimane	-1.16	-1.27
36	Nagasaki	-1.21	-1.25
37	Ehime	-1.22	-1.16
38	Yamaguchi	-1.26	-1.21
39	Niigata	-1.29	-1.22
40	Wakayama	-1.34	-1.27
41	Fukushima	-1.35	-1.31
42	Tokushima	-1.36	-1.27
43	Yamagata	-1.49	-1.42
44	Kochi	-1.56	-1.37
45	Iwate	-1.57	-1.47
46	Aomori	-1.66	-1.66
47	Akita	-1.87	-1.75

Notes: Population increase/decrease rate (%) = $\frac{\text{Population increase/decrease (Oct. of previous year to Sept. of current year)}}{\text{Population as of Oct. 1st of the previous year}} \times 100$

Population increase/decrease = Natural increase/decrease + Social increase/decrease

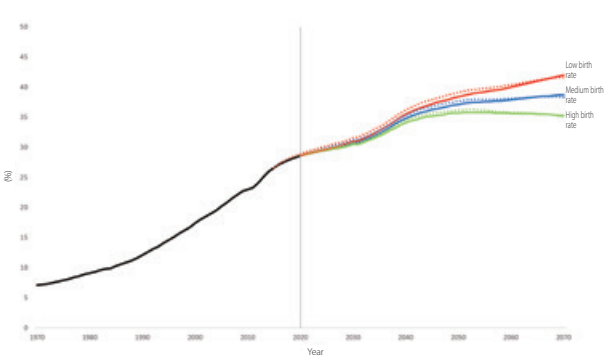
Source: "Population Estimates," Statistics Bureau, Ministry of Internal Affairs and Communications

Total population



Source: "Population Projections for Japan," National Institute of Population and Social Security Research

Percentage of population aged 65 and over



Source: "Population Projections for Japan," National Institute of Population and Social Security Research

Market Potential

Point 1 The second-largest metropolitan area behind Tokyo

Our main area is the Kinki region, which encompasses five prefectures and is home to the cities of Kyoto, Osaka, and Kobe, each of which has a population of over 1 million. The region's population and gross regional product each account for about 15% of Japan's total. This is second only to the Tokyo metropolitan area.



*1 Source: Calculated based on "2024 Surveys of Population, Population Change and the Number of Households based on the Basic Resident Registration," Ministry of Internal Affairs and Communications
*2 Source: Calculated based on "FY2022 Gross Prefectural Product (production side, nominal)," Cabinet Office, "FY2022 Kyoto Prefectural Accounts" and "FY2022 Nara Prefectural Accounts"

Point 2 The "Kyoto" brand is known worldwide

Kyoto Prefecture, where our headquarters is located, is not only home to many of the world's most cutting-edge companies, but is also a world city where tradition and innovation co-exist due to its long history as a capital, and attracts many tourists from around the world.



Source: Kyoto Prefecture, "FY2024 Number of Visitors and Tourism Consumption"

● Prefectural attractiveness ranking (FY2024)

Ranking	2024	2023	Prefecture	Attractiveness (score)	
				2024	2023
1	1		Hokkaido	70.8	72.4
2	2		Kyoto	55.6	56.6
3	3		Okinawa	49.8	52.7
4	4		Tokyo	48.3	49.0
5	7		Kanagawa	42.6	39.4

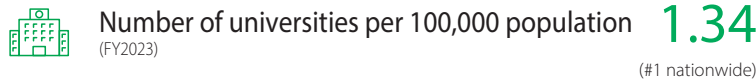
Source: Brand Research Institute, "Regional Brand Survey 2024"

Since 1982, we have been creating posters featuring Kyoto's tradition, nature, scenery, and lifestyle and displaying them in our bank branches as part of our "I Love Kyoto" campaign, with the aim of rediscovering the splendor of Kyoto as a historical city, and to preserve and nurture it for the future.



Point 3 Foundation for innovation

Kyoto Prefecture boasts the nation's highest number of universities per 100,000 population. Within our sales areas, Kyoto University and Osaka University are among the top universities in Japan in terms of the number of university-developed ventures. The region is also home to Keihanna Science City, which encompasses Kyoto, Osaka, and Nara, as well as research, university, and cultural institutions, and is a center for industry-academia cooperation.



Source: "Statistical Observations of Prefectures 2025" Statistics Bureau, Ministry of Internal Affairs and Communications

● Number of university-developed ventures by university

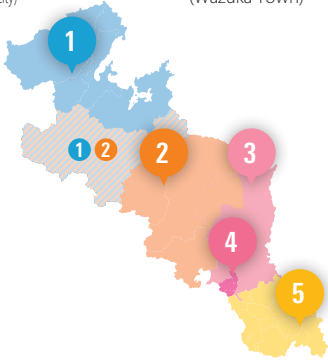
Ranking (Previous year)	University name	FY2022	FY2023	FY2024	Difference from FY2023
1 (1)	The University of Tokyo	370	420	468	+48
2 (3)	Kyoto University	264	273	422	+149
3 (2)	Keio University	236	291	377	+86
4 (4)	Osaka University	191	252	298	+46
5 (5)	University of Tsukuba	217	236	264	+28

Source: "FY2024 Survey on University-Developed Venture Businesses," Ministry of Economy, Trade and Industry

● FY2024 growth in number of university-developed ventures by university

Ranking	University name	Compared to FY2023	Change (number)
1	Kansai University	522.2%	9 → 47
2	Okinawa Institute of Science and Technology	288.9%	9 → 26
3	Kobe University	205.5%	55 → 113
4	Professional University of Information and Management for Innovation	184.8%	46 → 85
5	Hirosaki University	157.1%	7 → 11

Source: "FY2024 Survey on University-Developed Venture Businesses," Ministry of Economy, Trade and Industry



Value Creation Sources: What the Kyoto Financial Group Can Do — Group Strengths

© Foundation Developed Through Start-Up and Growth Support

Financial capital Sound, solid management and a strong financial base

Even during the bubble era, the Bank of Kyoto maintained solid management, and as a result, while many financial institutions later suffered from bad loans, the Bank of Kyoto was able to quickly dispose of its bad loans and swiftly embark on an aggressive management strategy for expanding geographic coverage, which involved opening branches in Kyoto Prefecture and the neighboring prefectures. In addition, the Company has a solid financial base developed through a long history of accompanying support, including equity support for venture companies that have emerged in the region. Sound, solid management and a strong financial base are the Group's strengths.

Profit attributable to owners of parent ¥36.5 billion (FY2024)	Capital adequacy ratio (consolidated) 12.16% (March 31, 2025)	Disclosed asset ratio based on the Financial Reconstruction Law (The Bank of Kyoto non-consolidated) 1.36% (March 31, 2025) (After partial direct depreciation) 1.28%	Rating (R&I) A (as of July 1, 2025)
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Human capital Diverse human resources to support the Group's growth

According to our belief that "people are assets and the source of corporate value enhancement," which is at the root of our human resources strategy, our human resources who face the local community and customers are a major strength of our Group. As we expand our business domains, we are also working to develop and recruit specialized human resources that transcend the boundaries of traditional financial institutions, and we are actively exchanging human resources not only within the Group but also externally.

● Number of public certifications obtained (March 31, 2025)			Human capital investment per employee (FY2024) ¥367 thousand
CFP/FP Level 1 659 employees	AFP/FP Level 2 1,992 employees	Carbon Accounting Advisor Level 3 1,174 employees	Annual training hours per person (FY2024) 57 hrs
* Approved certification by MOE Japan Basic-Level Advisor for Decarbonization			Engagement Score (FY2024) 4.26

Social and relationship capital Wide-area network, solid customer base

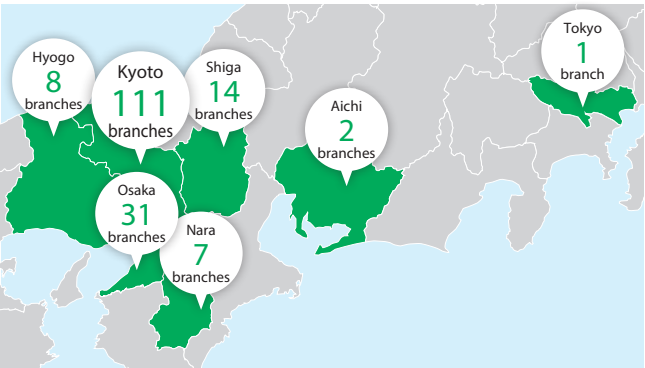
As a result of continuing our market expansion over the course of 20 years, starting with the opening of the Kusatsu Branch, our first in Shiga Prefecture in December 2000, we have independently built a wide-area network in the Kinki region (Kyoto, Osaka, Shiga, Nara, and Hyogo Prefectures), Aichi Prefecture, and Tokyo Metropolis, and currently have 196 locations. The Bank of Kyoto's loan and deposit balances have grown steadily by placing importance on the real contact points with customers established through the strategy for expanding geographic coverage, while developing services tailored to their needs. In addition to three overseas representative offices (Hong Kong, Shanghai, and Bangkok) and 12 affiliate financial institutions (including one in Japan), we also have an overseas network of staff dispatched to China, Vietnam, Indonesia, and India.

Sales base (The Bank of Kyoto)
Number of branches as of May 31, 2025


Head office, branches, and sub-branches

174

Loan Sales Departments	9	Kyogin Digital Connect Sakyo	1
Corporate offices	3	Mobile branch vehicle	1
Inheritance and Asset Succession Consultation Plazas	4	Overseas representative offices (Hong Kong, Shanghai, Bangkok)	3
Corporate support office	1		



Financial data		As of March 31, 2025	Main bank
Deposits and negotiable certificates of deposit (The Bank of Kyoto non-consolidated)	Loans and bills (The Bank of Kyoto non-consolidated)		Main bank survey
¥9,614.5 billion	¥7,322.2 billion		Kyoto Prefecture #1
		TOKYO SHOKO RESEARCH, "Survey on Main Banks of Corporations (2024)"	

Intellectual capital Diverse solutions, start-up and growth support functions

Leveraging the total group strength, we strive to provide highly specialized solutions while focusing on banking services.



Environmental capital Kyoto boasts rich nature and a long history

The appeal of Kyoto Prefecture is its long history of culture that coexists with a rich natural environment. Kyoto cuisine, sake brewing, and Kyoyuzen dyeing, which take advantage of the region's unique Kyoto vegetables, Kitayama cedars, and underground water, have developed as important industries. In addition to precious virgin forests, unique ecosystems have developed in gardens and in the forests of temples and shrines in the prefecture, and the preservation of these ecosystems is being emphasized. In addition to cultural landscapes such as the thatched village in Miyama and the boathouse in Ine, the San'in Kaigan Geopark on the Tango Peninsula has a diverse geological heritage that is attracting attention as a tourist resource.

● Kyoto's beautiful nature throughout the seasons




● A giant Japanese horse-chestnut tree (Ayabe City)






Photos courtesy of Kyoto Tourism Federation

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Integrated Report 2025 30

Materiality

Based on our Sustainability Management Policy, we promote sustainability management that enhances both social and economic value. We will create social impact through efforts to resolve the materiality we have identified as priority issues to be addressed.

Materiality	Major opportunities/risks	Major initiatives
 Environmental preservation	Opportunity Increased need for new financing and consulting services associated with the transition to a decarbonized society Risk Property damage and casualties due to large-scale natural disasters, worsening corporate performance due to stricter regulations, and loss of public confidence due to lack of response	- Provision of sustainable finance - Development of sustainable deposits - Provision of decarbonization consulting - Promotion of local decarbonization in collaboration with relevant organizations ▶ Topics 1 - Our own decarbonization efforts ▶ Topics 1
 Falling birthrate and aging population	Opportunity Expanding need for asset formation and management in preparation for the arrival of the era of 100-year lives, and expanding need for consulting to address issues Risk Weak corporate performance and regional economy due to labor shortages, and economic contraction due to declining consumption in the region	<Bank of Kyoto> Implementation of Hello Baby! account opening plan - Promotion of NISA and iDeCo - Life consulting through cooperation between the Bank of Kyoto and Kyogin Securities - Promotion of trust products - Development of financial and economic education ▶ Topics 2 - Management of business succession funds - Support for the development of sales channels outside the region, including overseas
 Diversity, equity, and inclusion (DEI)	Opportunity Creative corporate activities based on diverse values Risk Decline in business performance due to loss of human resources and motivation, and difficulty in hiring	- Implementation of working group on active female participation - Promotion of specialists - Support for active participation of senior employees - Support for active participation of people with disabilities - Initiatives to improve engagement - Housing loan initiatives for same-sex couples
 Well-being	Opportunity Improved business performance due to increased employee vitality and motivation Risk Decline in business performance due to loss of human resources and motivation	- Promotion of flexible work styles - Implementation of internal open recruitment system for new businesses, etc. - Initiatives to improve employee health - Prevention of various types of harassment - Support for asset formation, e.g., employee stock ownership plan
 Growth of the local economy	Opportunity Expanded business opportunities and strengthened cooperation with the community Risk Decline in business performance due to stagnation in the local economy caused by population decline and industrial decline	- Support for start-ups and growth - Support for tourism promotion - Community and urban development through investment and lending ▶ Topics 3 - Cooperation with government policies ▶ Topics 4 - Expansion of regional revitalization support network
 Secure future for the community	Opportunity Improved business performance through enhanced governance and security to improve credibility Risk Weak business performance through decline in regional vitality caused by social unrest and uncertainty about the future	- Stable business execution and strengthened governance - Strengthened IT infrastructure - Strengthened measures against various financial crimes, money laundering, etc. - Support for customers' BCP measures - DX consulting and other corporate DX promotion support

Topics

1 Energy conservation + creation: New building in Muko City obtains "ZEB" certification

In collaboration with Kyoto Prefecture, Muko City, and West Japan Railway Company, we are promoting the formation of "ZET-valley," a hub for start-up companies involved in zero-emission technology (ZET) to promote the introduction of such technology into urban development.

The Kyoto Financial Group MUKOU Building, newly constructed in front of JR Mukomachi Station in April 2025, has acquired the highest BELS ranking of "6 stars," as well as "ZEB" certification based on the reduction of primary energy consumption to zero or negative. The first and second floors of the building are occupied by the Bank of Kyoto branch, and the third floor is an incubation facility for decarbonization-related start-ups (leased to Kyoto Prefecture).



2 Promotion of financial and economic education

In addition to employees of sales branches providing financial and economic education at local schools, etc., the financial education team at headquarters, led by instructors with certifications from financial education institutions, is also involved in event planning.

We also conduct workplace seminars for managers and employees of our corporate customers, as well as online seminars for individual customers.

Production of supplementary materials



●Seminars held (FY2024)

	No. of sessions	No. of participants
Seminars for corporate and individual customers	803	6,676
Financial education seminars*	17	860
Seminars for individual customers	33	1,579

* Seminars for children, pupils, students, and faculty

●Initiatives for the future (FY2024)

	Participants	Remarks
Waku-Waku WORK LAND (Kyoto City original program)	955 students from 96 elementary schools in Kyoto City	Sponsored since 2007
Economics Koshien (organized by Kyoto Tournament)	22 students from 11 high school teams in Kyoto	Hosted since 2016
Summer financial education seminar for elementary school students	40 people (18 families)	Contents renewed in 2023

3 Investment in renovation of old private houses to create lodgings, commercial facilities, etc.

The "Kyogin Machizukuri Fund" has been established jointly with the Organization for Promoting Urban Development to invest in projects to renovate old private houses and vacant stores in specific areas of Kyoto Prefecture and develop them into lodging, commercial, and gathering facilities. Specifically, four investments have been made to date, including one which provided funding to support the renovation of an old private house in the Naka-Uji area of Uji City, Kyoto Prefecture, and opening of a specialty café that offers products using the local specialty, matcha green tea.

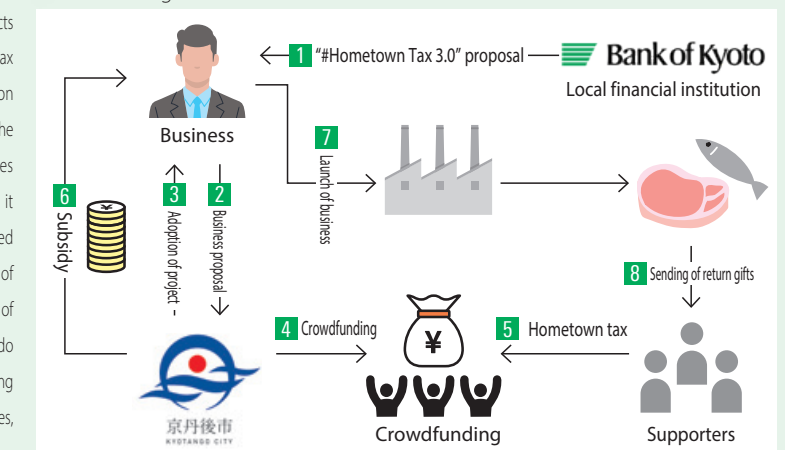


Project No. 4 (Uji City)

4 Crowdfunding based on hometown tax

Aiming to revitalize the local economy by creating local products and attracting businesses, we are promoting "Hometown Tax 3.0," a hometown tax crowdfunding program, in cooperation with Kyotango City and other cities. The city is surrounded by the sea and mountains, and while it has attractive food resources such as the brand-name Taizagani crab and Kotobiki melon, it also faces challenges such as low supply of locally produced products due to the predominance of production of a variety of products in small quantities. In response, we proposed the use of this project to businesses outside the city that are willing to do business in the city and businesses within the city that are willing to develop products, and we are uncovering potential businesses, including attracting businesses to the city.

●Overall image



Total Group Strength

© Vision for the Holding Company Structure

Comprehensive solutions provider that drives community growth and creates the future together

In October 2023, the Group transitioned to a holding company structure with the aim of becoming a corporate group that can solve issues faced by local communities and customers by actively expanding non-financial functions, in addition to deepening financial functions. This was intended to further expand solution functions and new business domains, reform the mindset and behavior of executives and employees, promote the independence and collaboration of Group companies, enhance governance, and improve the speed of business execution.

We aim to build a business model that raises the level of each company's customer base, know-how, human resources, and brand power, and continues to grow together with the community by unifying the trajectory of all Group companies, enhancing mutual cooperation, and creating group synergies through the sharing of management resources and know-how.

To this end, it is essential to build a business portfolio that can efficiently generate synergies, and we will optimize our business portfolio not only through conventional organic investments, such as restructuring existing businesses and developing our own new businesses, but also through inorganic investments, such as strengthening alliances with external parties, including capital and business alliances and establishing joint ventures, as necessary to expand our business domains.

Major developments at Group companies since the transition to a holding company structure are as follows.

Oct. 2023	Established the Kyoto Financial Group
Nov. 2023	Kyoto Research Institute changed its name to Kyoto Soken Consulting (in October) and started its consulting business
	Started operations at Kyoto Capital Partners
June 2024	Acquired Sekisui Leasing as a subsidiary (M&A) ▶ Topics 1
Oct. 2024	Started operations at Kyoto Turnaround Servicer ▶ Topics 2
July 2025	Started operations at Kyoto M&A Advisory ▶ Topics 3



The contribution of Group companies other than the Bank of Kyoto for the fiscal year ending March 31, 2025, is as follows.

(JPY mn)

		FY2024		FY2023
		YoY change		
Ordinary profit	Kyoto Financial Group consolidated	50,915	7,341	43,574
	The Bank of Kyoto non-consolidated	47,989	6,593	41,396
	Contribution of non-bank Group companies	2,925	748	2,177
Net income	Kyoto Financial Group consolidated	36,552	4,979	31,572
	The Bank of Kyoto non-consolidated	34,853	5,161	29,691
	Contribution of non-bank Group companies	1,699	-181	1,881

Although Karasuma Shoji's profit was down year-on-year due to the impact of special factors such as the gain on sale of real estate in FY2023, the non-bank Group companies are also steadily increasing their profitability, such as fee income from Kyogin Securities and Kyoto Soken Consulting, and as a result, overall profits of the non-bank Group companies decreased by only about ¥180 million year-on-year in FY2024.

We will continue to work on the independent growth of each Group company and the expansion of profit-earning opportunities through cooperation within the Group.

Topics

- 1

Sekisui Leasing

This is the first M&A transaction since the establishment of the Bank of Kyoto, and will lead to the expansion of the Group's leasing business and mutually utilize the know-how and transaction base held by Kyogin Lease and Sekisui Leasing. The company aims to further expand earnings by leveraging its relationships (customer base) with Sekisui Chemical group companies.
- 2

Kyoto Turnaround Servicer

This new company was established as a turnaround servicer that supports management improvement and business revitalization by working closely with each company that faces challenges in its business conditions, through the purchase of loans and management and collection of loans. This approach of not only purchasing loans but also supporting the rehabilitation of the target companies to improve the value of the loans is unique to a regional financial institution group. We aim to reach profitability in FY2026.
- 3

Kyoto M&A Advisory

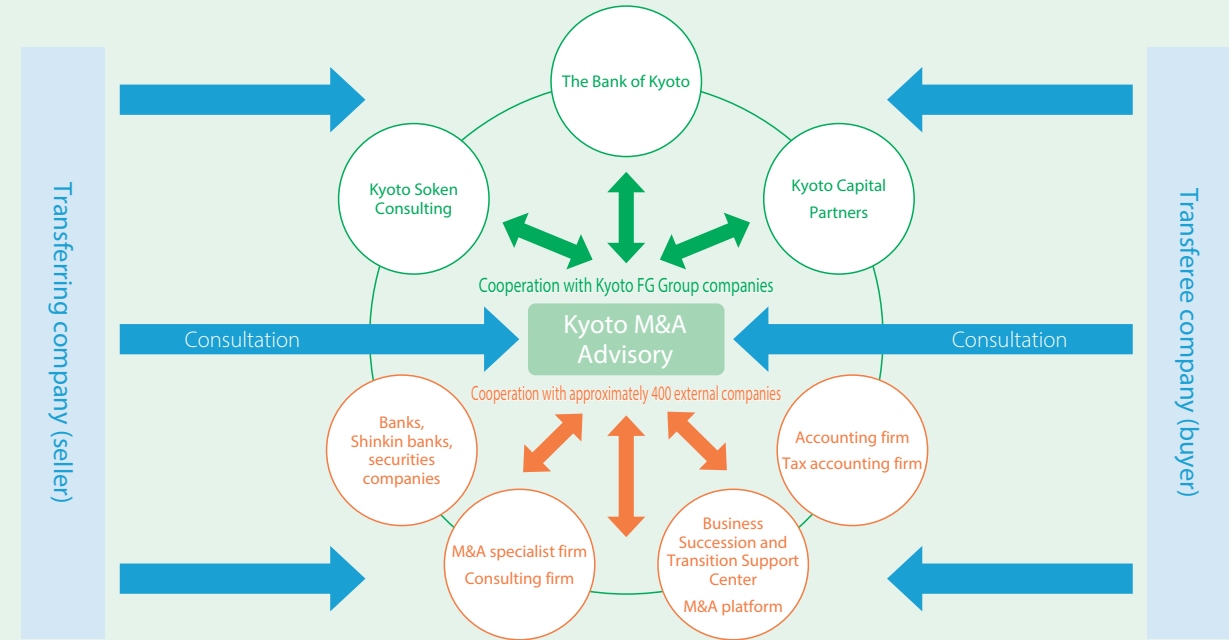
The Bank of Kyoto was one of the first regional banks to launch M&A operations in 2001, and has accumulated a high level of know-how and fostered specialist personnel while handling deals, including acquisition deals that expanded business foundations and the realization of business succession through transfers.

Our team has grown to be one of the most specialized teams in the regional bank industry, which is capable of supporting deals through to closing on our own and without relying upon major M&A firms, and earned ¥969 million in fees in FY2024, a record high. The ability to execute M&As across prefectures, utilizing information available only through our wide-area branch network and external networks, is a major feature and strength.

To further develop and grow this business, it was split off from the Bank of Kyoto and transferred to the newly established Kyoto M&A Advisory. By being involved in as many M&A deals as possible to address the needs of local companies, we aim to achieve sales of ¥5 billion and a support system of 100 people in 10 years' time.



Serve as an M&A hub in the region



Total Group Strength

Message from the President of the Bank of Kyoto

President,
The Bank of Kyoto, Ltd.

Mr. Yasui



Our Role as a Regional Financial Institution

Since its establishment in 1941, the Bank of Kyoto has consistently upheld a management philosophy of “serving the prosperity of the community” and has fulfilled its responsibility as a financial institution that works together with the community. The Bank of Kyoto today has been shaped by the accumulation of this history. We will continue to earnestly embody our management philosophy and have a positive impact on our community.

Creating value for the future is a key role of regional financial institutions. We will pass on a prosperous society to future generations through our business activities, including the provision of financial and economic education, the promotion of measures to solve local issues in collaboration with local governments and universities, and the promotion of the decarbonization of the community.

The Bank of Kyoto’s Role in Group Collaboration

In recognition of the need to expand our business domains beyond the traditional framework of banking operations in order to meet the increasingly diverse and complex needs of our customers, we shifted to a holding company structure and began our journey to become a comprehensive solutions provider. This transformation is still underway, and we continue to evolve to provide optimal solutions to our customers’ issues by creating group synergy through the integration of various business categories such as securities, leasing, business turnaround, M&A, venture investment, and consulting. In order for the Group to contribute to the prosperity of the community, we must have sufficient corporate strength.

In this sense, it is vital that we have a strong revenue base that can support the community and expand the scale of our activities. As the core of the Group, under the holding company structure, the Bank of Kyoto plays a commanding role in maximizing the added value of services provided throughout the Group. Each Group company will contribute to the development of the local economy by pursuing its own area of expertise and building a management structure that is self-sustaining and self-driven, with the Bank of Kyoto acting as the fulcrum providing leverage to improve the Group’s total strength.

Expanding the Deposit and Loan Business

With the return of positive interest rates, we must pursue increased earnings by further promoting our deposit and loan business, making the most of our customer base and wide-area network that we have built through the strategy we have pursued since 2000 of expanding geographic coverage. We are now entering a phase in which we will strive to maximize the advantage of scale, based on the transaction base that we have built through our focus on the number of clients, loan and deposit balances, and market share in the region. We will secure appropriate interest rates commensurate with risk and improve yields and spreads to raise overall earnings. For a bank, deposits from its customers are the most important source of funds for investments and loans. Deposits are a barometer of the trust of customers and a local approval rating for regional financial institutions. To earn the

support of our customers, we need to accurately understand their thoughts and win their trust by providing output that exceeds their expectations. We can create a virtuous cycle in which we earn the trust of our customers by aiding them with our continuously refined consulting skills, which will be reflected in their improved business performance and, in turn, will lead to even higher levels of trust. I consistently stress to our employees the importance of differentiating ourselves from our competitors and increasing the level of support we receive from the community by maximizing the strengths of our branches spread throughout the region. Our face-to-face sales approach allows us to maintain the closest possible relationships with our customers, and I am also focused on increasing the number of fans of the Bank of Kyoto by maintaining close communication with our customers and employees.

Developing Memorable Professionals

Since assuming the position of President, I have told my employees that I want them to be “memorable to our customers.” In my position, I often have the opportunity to attend gatherings of local business owners, and it makes me proud when I receive comments such as, “How is Mr. ABC at the XYZ branch? His advice was a bit harsh, but I am still very

grateful for it.” We will continue to build a future of co-existence and co-creation with the people of the region by nurturing human resources that we can be proud of and passing on the spirit of the Bank of Kyoto to the next generation.

A Bank Chosen by Customers

In the FY2024 Integrated Report, I wrote that, “If the needs of customers and society change drastically, but the organization remains ossified and unchanging, it will inevitably fall behind its competitors.” In order to revitalize the organization, we have worked over the past year to create an environment in which employees can actively challenge themselves to do what they want to do. For example, to ensure sales representatives who serve as the point of contact with customers are free to act more spontaneously, we have reinforced our headquarters with specialists in each field and built a system that can provide rapid support for sales representatives who want to make novel proposals to customers. We are also promoting the delegation of authority to sales branches in order to create a system that enables sales representatives to think on the front line without being bound by convention, and make decisions from positions closer to our customers, while also maintaining a balance between speed and control. In order to promote originality and ingenuity at each branch,

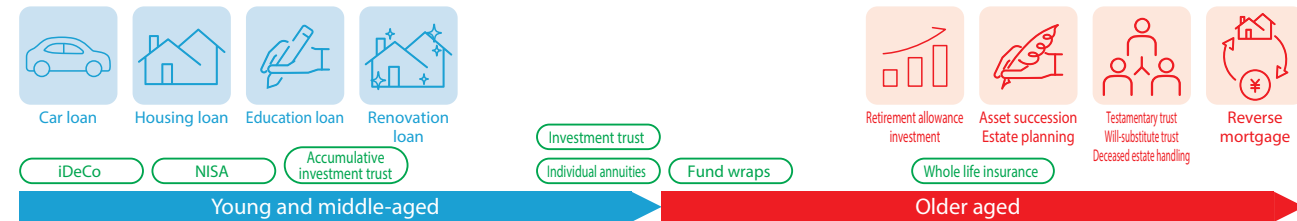
the Bank’s internal performance evaluation system includes a President’s Award to branches that have engaged in noteworthy activities, from not only a quantitative but also a qualitative perspective. We are encouraging growth across the Bank by focusing on the process of employee initiative and challenge. I regularly visit branches and customers to listen to them directly, and I feel that all of our branches are deeply engaged in providing proposals that truly satisfy each and every customer. I will continue to lead with a sense of responsibility to bring out the positive energy of our employees and to make our bank the bank of choice for our customers.

Total Group Strength

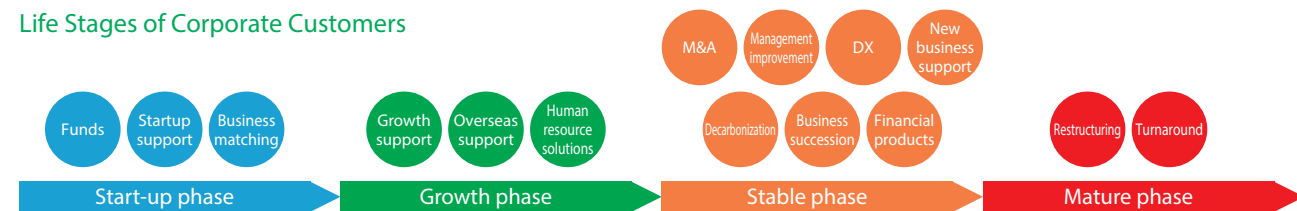
Messages from Group Company Presidents

Building a business model that grows alongside the community by unifying the trajectory of all Group companies, enhancing mutual cooperation, and creating group synergies by sharing management resources and know-how.

Life Stages of Individual Customers



Life Stages of Corporate Customers



Kyoto Soken Consulting Co., Ltd.

Becoming the Region's No. 1 Comprehensive Consulting Firm

For more than 35 years, we have served as a think tank for the Bank of Kyoto, under our former name of the Kyoto Research Institute. To strengthen the consulting business within the Group, we changed our name in October 2023 and were reborn as a comprehensive consulting firm that accompanies its clients while providing one-stop solutions to the management issues of SMEs. The corporate business environment is becoming increasingly complex, with rising wages, worsening talent shortages, heightening demands for sustainability, and advancing adoption of generative AI, and we have

established specialized teams in IT, DX, and decarbonization to help solve these business challenges. We actively recruit specialists from outside the Group, including people with manufacturing industry backgrounds. We aim to differentiate ourselves from our competitors through practical consulting that is directly linked to the resolution of issues faced by our clients, and to be the No. 1 consulting firm in the region, leveraging our financial capabilities, creditworthiness, and regional network to help make each client's ideal vision a reality.



Representative Director and President
Hiroshi Nishimura

Kyogin Securities Co., Ltd.

Proposal-Based Sales Through the Integration of Banking and Securities

In order to shift our focus from our conventional business model centered on bond sales to proposal-based sales with an awareness of the client's overall asset portfolio, we began handling brokered investment trusts and fund wraps in 2022. Seizing on the transition to a holding company structure in 2023 as an opportunity, we have clarified our policy of strengthening sales of assets under custody through the integration of the bank and securities company, and have increased the number of employees to build a system that provides more detailed support for sales at bank branches.

We are aiming to increase the balance of assets under our custody from approximately ¥220 billion as of March 2025 to ¥1 trillion in ten years. To achieve this, we must deepen our transactions with wealthy individuals, corporations, and corporate owners, and strengthen new customer development. Our goal is to be the friendliest securities company in the region, based on intermediary-based sales through counters at the Bank of Kyoto, which has earned the trust of the local community.



President
Hiroyuki Tsuji

Kyoto Capital Partners Co., Ltd. (KCAP)

Discovering and Fostering the Next Generation of Growth Companies

Our two main solutions are venture investment and business succession investment. Venture investment is in the very DNA of the Kyoto FG. Kyoto's leading global companies of today started out as venture companies, and the founding spirit is still alive and well in the region. The Kansai region is also home to a large number of universities and research institutes, and has great potential to produce the technological seeds of future successes. We launched a ¥10 billion fund in 2024 and also established an operating base in Tokyo in 2025. We support ventures that are aiming to be global leaders in all ways, from seed to later-round funding, and from

Kansai to Tokyo. Thirteen years of experience as a branch manager is the cornerstone of my thinking on business succession. A transfer of management is not the only answer. There are as many solutions as there are companies. From my perspective, the greatest benefit of business succession funds is improving management and increasing value. I want our clients to say that they are glad that they consulted with the Kyoto FG. This strong desire is the raison d'être of our company. We will strongly promote the Group's strategic target of investing more than ¥100 billion in growth companies by FY2030.



Representative Director and President
Hirofumi Yamamoto

Kyoto Turnaround Servicer Co., Ltd. (Kyoto Servicer)

Acting as a Turnaround Servicer

We began operations in October 2024 with "turnaround" included in our name, with the aim of strengthening the Group's turnaround support function for businesses that are experiencing severe difficulties. While building an appropriate and legally compliant business operation system, we are engaged in the management and collection of debts entrusted by the Bank of Kyoto and debts acquired from other companies, as well as business turnaround support. A feature of our business is how we utilize the Group's expertise in management support to improve the value of debts, in addition to general debt collection. In recent years, management issues faced by businesses have become more diverse, and with the number of bankruptcies increasing nationwide, the need for business turnaround

support has become even greater. We are currently expanding our business within our operating area of Kansai and Aichi Prefecture, with a view to eventually expanding nationwide. After being involved in turnaround and debt management in the credit examination department of the Bank of Kyoto, I gained experience as a branch manager before being appointed as the company's first president. Our employees include people seconded from the Bank of Kyoto, as well as specialists recruited from non-Group companies. We will demonstrate the depth of our experience through our dealings with business owners, addressing their concerns together and taking on the challenge of solving their problems.



Representative Director and President
Shuji Nakai

Kyoto M&A Advisory Co., Ltd.

Connecting Ideas to Open Up the Region's Future

We are the newest company in the Group, having been established as a regional bank-affiliated M&A support specialist that works together with the community on July 1, 2025. We are the first M&A support specialist company to be established by a regional bank as a stand-alone operation that is not predicated upon capital or business alliances. Currently, one of the serious issues for local companies is the lack of successors and other people to support their business, and there are increasing expectations that M&A will be an effective means to solve this problem and implement superior management strategies.

Although the number of players involved in M&A support is increasing, the M&A industry is under intense scrutiny due to issues such as inappropriate buyers. We hope to meet as many needs as possible by delivering trust and peace of mind to our customers as the most familiar M&A advisory service, by utilizing the experience gained at the bank in our operations, from financing to financial management and management guarantees. We will strive to meet our clients' expectations as a leading regional bank-affiliated M&A support specialist company.



Representative Director and President
Motoyoshi Tanaka

Outside Directors Roundtable

Ideal Form of the Kyoto Financial Group

We will further stimulate the true value of the Kyoto Financial Group by increasing the transparency of the governance structure and engaging in active debate that helps advance management strategy.



Outside Director, Audit and Supervisory Committee Member
Shizue Izumi

Outside Director, Audit and Supervisory Committee Member
Hiroyuki Nakatsukasa

Outside Director, Audit and Supervisory Committee Member
Chiho Oyabu

Outside Director, Audit and Supervisory Committee Member
Eiji Ueki

Outside Director, Audit and Supervisory Committee Member
Motoko Tanaka

Preparing Ahead of the Times

Q What perspectives or issues are you particularly interested in regarding the current Kyoto Financial Group?

Oyabu For me, it's the perspective of diversity. In terms of diversity, half of our new employees have been women since the beginning, but we still need to increase the number of women in upper management positions. We have the foundations to achieve this, and that is the focus point I am



most interested in.

The perspective of public relations is also extremely important. The Kyoto FG already has established branding, but I think it's important to consider how we communicate about the new Group and how we express the appeal of our actual operations to the outside world. Recruitment is also very important. The key point is to be able to recruit from a different perspective than the bank has in the past, so I am also interested in whether or not we have an attractive public relations campaign in place.

Tanaka From my own position as a legal professional, I feel that the current internal controls are well established, and risk management is being properly handled. However, when considering future risks due to changes in the environment, as the number of group companies increases and new companies are formed, internal controls will have to be created for each of them. I think we are not yet sufficiently

prepared in terms of systems to take on this challenge. In the future, the need to establish a system that is well-stocked with the right people in the right places, both in terms of quality and quantity, will continue to rise.

Izumi I expect that data-driven management will become the norm. Being data-driven means becoming familiar with data, developing an eye for it, and properly interpreting the



results of analysis. It is not always possible to find answers through data-driven methods, but I think it is necessary to train and hire people who can think about and plan to collect the types of data that might be useful to solve problems.

Ueki IT used to be an area that only a few employees needed to understand, such as those in the systems department. With the advent of generative AI, expectations for data-driven management, and the growing threat of cybersecurity issues, general employee IT literacy will be essential. Especially as the importance of consulting and planning departments increases in the future, each and every employee will need to leverage IT to increase productivity, and I would definitely like to see more work done to raise the level of IT literacy throughout the Group. For example, generative AI is very effective in improving productivity, but it is also high-risk. Clear guidelines on how it can be used must be established to provide a safe environment in which all employees can easily use it in their own work. It is important to build these foundations to move away from traditional banking and toward consulting.

Understanding the Overall Direction. Quickly Achieving ROE and Other Management Targets

Q How do you evaluate the new strategic targets that have been developed, including issue recognition and the identified issues?

Nakatsukasa The new strategic targets were created based on careful consideration, and there are no problems with the approach and process. However, I see a fundamental issue in that the financial industry and regional banks will surely be very different in ten years. It is difficult to foresee the future, so we must not settle for conventional business models. We must remain ready to change at any time. In that sense, I think the transition to a holding company was the right move.

We also need to constantly think about creating synergies between the non-financial and financial sectors. We will continue to strengthen our existing activities regarding consulting and business succession, and have also started new businesses. However, we need to closely monitor the progress of these activities and constantly make decisions about whether or not we need to scrap them or strengthen them. I think the sense of direction toward strengthening the consulting business is also correct.

Tanaka My profession involves making decisions based on the evidence available now, rather than thinking about the future, so I sometimes wonder what the basis is for setting numerical targets. Of course, I ask about the reasoning each time I have doubts and receive a satisfactory explanation, but



I feel the difficulty in setting goals when faced with an unpredictable future.

Izumi Looking at the consulting business, the Kyoto FG has various Group companies, and I think it would be even better if we could provide new services. The environment is becoming more conducive from the perspective of mutual cooperation and assistance, for example, in the area of testamentary trusts. In a testamentary trust, the bank is entrusted to execute an elderly customer's will after their death and subsequently take care of the various arrangements. The fact that the Bank of Kyoto has created an environment for providing such services is a great benefit for

Outside Directors Roundtable

the future.

We can aim for our customers to be able to say that they can rely on the Kyoto FG to provide advice from the cradle to the grave, even as they get older. This will be meaningless unless the service is beneficial and profitable, so I hope that such services are considered more in the future.

Ueki I would like to see bolder promotion of venture investments. I use venture investment as an example, but my intention is that the profits from selling shares should be used effectively while the company has the financial strength to do so, not only to return profits to shareholders but also to invest in growth. We are in a position where we can take risks, so I hope that we can determine the appropriate risks to take. If

we steadily spread our roots through the community and obtain a variety of information, the possibilities will expand. Ultimately, I think that is a very important point for promoting sustainability in the region.

Returning to management targets, the goal of achieving an ROE of 8% or more in the early 2030s is somewhat modest. I also believe that a P/B ratio of 1.0x is a must. A value less than 1.0x is a problem because it means that the company's survival is in question. Looking ahead as a medium-term goal, it is clearly stated that we are aiming for 8%, so I think that is a minimum target that should be maintained at all costs. In any case, it is important to quickly and steadily translate the goals which have been set into concrete results.

Fostering a Corporate Culture That Can Utilize a Wide Variety of Human Resources

Q What do you think is most important in terms of future growth in a rapidly changing external environment?

Tanaka I think it comes down to the full utilization of human resources. This is the foundation for everything, so we must focus on successfully developing good human resources and creating an organization that can implement their ideas. Maximizing the abilities and skills of each individual can only be achieved by creating a comfortable work environment. Once that point is established, it will lead to revenue and growth.

Ueki I also believe the key is human capital. However, the Kyoto FG's personnel system itself is based on a generalist-oriented structure and the system in which employees gain experience in several roles in sequence with the goal of becoming branch managers in the future is deeply rooted. The future will be more secure if we can build a system that includes a structure which fosters human resources with

expertise. As for the debate between generalists and specialists, it depends upon each phase, so it is important to promote a multi-pronged approach and provide flexible opportunities for people to aim for both areas.

Oyabu The entrance for employee promotion is important, but we need to consider the exit as well. I think it would be a good idea to reconsider, for example, the retirement age of 55 for managers and the system of transferring employees out of the company. It is important to create an exit for everyone to work for the long term. It will also become increasingly important to be able to hire highly motivated people with appropriate promotions between entry and exit. The other perspective is what we can give back to the community as a regional bank. To borrow Director Izumi's phrase, "from the cradle to the grave," it is important that we accompany employees throughout their lives and careers. If we can do this, it will appeal to young people and be an effective recruitment tool.

Nakatsukasa I think that many of the Kyoto FG's employees are very refined, well-behaved, safe, and secure in a good way. But they are mostly cast from the same mold, and there is little variety. A variety of human resources are needed to work in the non-financial sector. I think it will be important to have a corporate culture that fosters variation in a free and open-minded climate, including mindset and skills, a spirit of taking on challenges, and flexible thinking. We also must consider employee awareness. I would like our employees to have a managerial mindset and carry out their daily work with a bird's eye view of what the Group should do. The other thing is that I want employees to think dynamically, so it is



vital to nurture human resources with that kind of awareness.

Izumi There has been talk about human resource development, but a company cannot continue if it does not generate revenue in the first place. I think that is the key point. It is important for each employee to have a managerial mindset that it is not just about spending money but

understanding that there are results (earnings) from making an investment. It doesn't have to be difficult; it just has to be about how an employee's day-to-day work is connected to the Group's overall profitability. I think employees need to be a little more aware of that kind of managerial perspective.

Emerging Signs of Transformation

Q What major changes or improvements in the Kyoto Financial Group have you seen recently?

Nakatsukasa I have heard that the new business creation project, "WILL," which started last year, aims to create "Chiki Tasuke-tai" everyday support service for the elderly. I think



that any increase in the movement to make use of employee ideas rather than a top-down approach is a good change. It is obviously necessary for a company to make profit, but it is also extremely important to take care of the community. I believe that the Chiki Tasuke-tai embodies this idea of appreciating the community, as conceived by the employees themselves.

Finally, I have previously heard it said that "The biggest factor in increasing corporate value is the management team. There is also empirical research on the management effect on corporate performance." I also think it is very important to transform the behavior and awareness at the top. It was very impressive how, during the process of developing the new strategic targets, President Doi created opportunities to listen to people at all levels, from regular employees to board members.

Message from newly appointed Outside Director

My name is Tamame Akamatsu, and I have been appointed as an Outside Director of the Company.

I have been active in the arts field for many years and also have experience as an educator. At the Kyoto City University of Arts, as Dean of the Faculty of Fine Arts and President and Chancellor of the public university corporation, I focused not only on education and research, but also on collaboration with the local community, taking advantage of the relocation of the campus to the city center to create a base where the arts can connect with the community. I expanded our network of contacts outside the university, implemented initiatives to support future artists, and introduced a gender-balanced hiring policy within the university to ensure that the organization operates with respect for diversity.

The power of art can offer different perspectives from the everyday and create new value. I hope to contribute to the creation of value for the Group by using my experience in nurturing artists and others active in various fields of society through the arts, and with the perspectives and values I have gained from this experience.



Newly appointed Outside Director
(Audit and Supervisory Committee Member)

Tamame Akamatsu

CHAPTER 2

Growth Strategies to Enhance Corporate Value

— How to increase economic value

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Strategic Targets for Further Growth

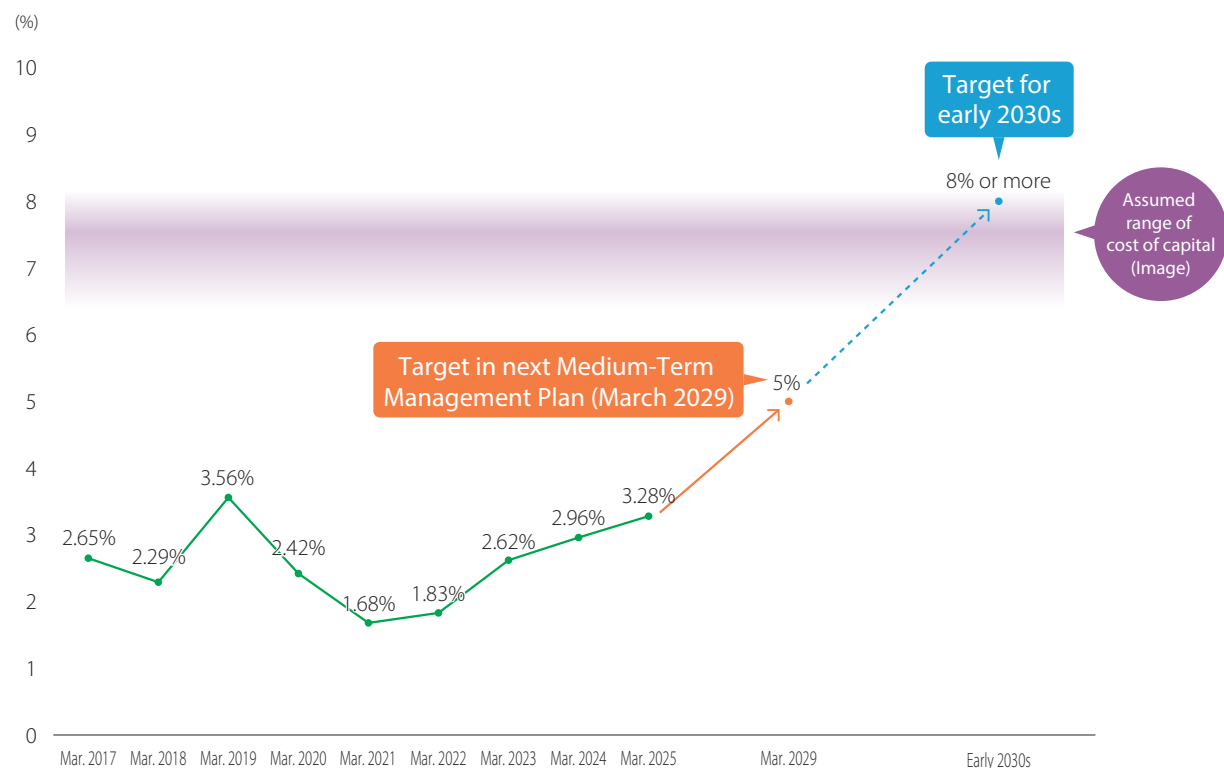
Amidst significant changes to the conventional business environment, including to the interest rate environment with the arrival of the world of positive interest rates, we believe that we can greatly enhance our corporate value for the future by making maximum use of the management foundation that the Group has built to date.

Prior to the formulation of the next Medium-Term Management Plan, which will start in FY2026, we have set new strategic targets and are working to strengthen profitability in order to dramatically improve ROE.

Current Assessment

In FY2024, the Company's profit attributable to owners of the parent was ¥36.5 billion, and ROE was 3.28%, but we believe there are issues to be addressed regarding the ROE level. We recognize the importance of achieving ROE that exceeds the cost of capital in enhancing our corporate value.

ROE (net asset basis)



New Strategic Targets — Pillars of Initiatives

One of the new strategic targets is to achieve ROE of 8% or more in the early 2030s. Backcasting this, we aim to achieve ROE of 5% (net income of ¥60 billion) in the fiscal year ending March 31, 2029, the final year of the next Medium-Term Management Plan. To achieve this, there is an urgent need to strengthen profitability.

In an environment where the profitability of the deposit and loan business is expected to improve with the arrival of the world with positive interest rates, we will first and foremost strengthen our deposit and loan business in order to increase profitability. However, there are challenges in attracting deposits, such as the rise of online banks and the outflow of inherited deposits to the Tokyo metropolitan area, and the intensifying competition in attracting loans is also an issue.

In response to these issues, under the Group's holding company structure, we will enhance our integrated solution functions while strengthening cooperation among Group companies, work to solve issues faced by the region and our customers, add value to the deposit and loan business, and differentiate ourselves from competing banks and other financial institutions. While service income is already a major pillar of our revenue, the expansion of the integrated solution functions will also lead to further revenue growth.

Other potential issues affecting the long-term business environment include concerns about the declining population in the region and a decrease in the number of business establishments due to the decline of local companies.

As a regional financial institution group, we will respond to this challenge by creating new industries in the region and fostering the survival and development of local businesses, in other words, fostering the next generation of growth companies, while maintaining our market presence as a wide-area regional bank.

All of these business activities - strengthening the deposit and loan business to fulfill our financial intermediary function, expanding our integrated solution functions to solve our customers' issues, and fostering the next generation of growth companies - are all linked to sustainable regional economic development.

We will pursue these three initiatives as pillars by leveraging our strengths, such as our wide-area branch network, total group strength, and know-how in supporting start-ups and growth.

- Strengthening the deposit and loan business in a world with positive interest rates**
 - Promoting the deposit and loan business by making the most of the Group's management base, including our network of branches and customers, which we have built as a wide-area regional bank
 - Continuing the review of our portfolio based on profitability and further improving asset quality
- Accelerating the resolution of regional issues by expanding our integrated solution functions**
 - Speedy expansion of our functions by making full use of inorganic investment, including searching for M&A targets and capital/business alliance partners with a focus on the SME support domain (decarbonization, labor shortages, etc.) and IT/DX domain
 - Continuing efforts to maximize synergies through intra-group cooperation, and sincerely addressing issues faced by the community and customers
- Discovering and fostering the next generation of growth companies with a focus on venture investments**
 - Driving regional economic development by investing ¥100 billion or more in the areas of venture investment and business succession investment, and fostering the next generation of growth companies
 - Utilizing a portion of our strategic equity holdings acquired through the development and creation of the group of leading Japanese companies over the course of the Group's history as a source of funds for this purpose

1 | Strengthening the Deposit and Loan Business in a World With Positive Interest Rates

1.Approach to the deposit and loan business

The deposit and loan business is the basic business of a financial institution, and we have been consistently focused on it as the foundation of transactions with our customers, but it has been difficult to generate profits due to the negative interest rate policy of the Bank of Japan and other factors.

However, it will become even more important in the future as the change in monetary policy has brought us back to a world with positive interest rates, which is expected to improve the profitability of the deposit and loan business (loan-to-deposit margin) due to higher lending rates. We believe that we can benefit from higher interest rates by further promoting the deposit and loan business by making maximum use of the wide-area network that the Group has built.

2. Deposits

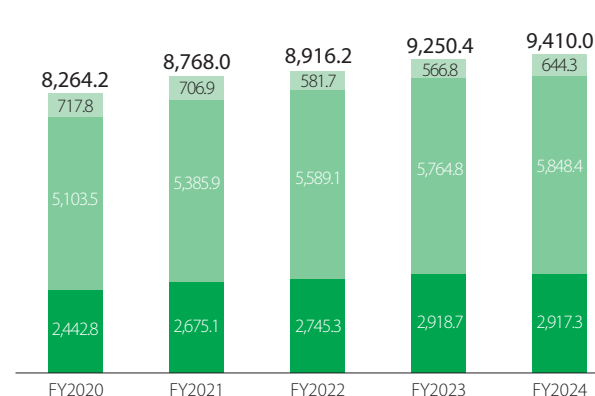
To banks, deposits are a foundation as a point of contact with customers in the development of various businesses, and during the phase of rising interest rates on loans due to the aforementioned return to the world with positive interest rates, and amidst expectations of improvement in profitability, the importance of deposits as a source of funds for lending goes without saying.

However, regional banks in particular currently face an urgent need to further strengthen the stability of their deposit bases due to a variety of factors, including intensifying competition from online banks, accelerating population decline in the regions, and the outflow of retail deposits to the Tokyo metropolitan area due to inheritance.

In this environment, the Bank of Kyoto has been steadily growing by enhancing face-to-face consultation services through its network of branches and improving convenience through the Kyogin App and Internet banking, as well as developing products and services which capture diverse needs, such as conducting various campaigns and introducing attractive products such as the "Kyogin Sustainable Deposit," in which customers' deposits are used to fund investments and loans for the realization of a sustainable society.

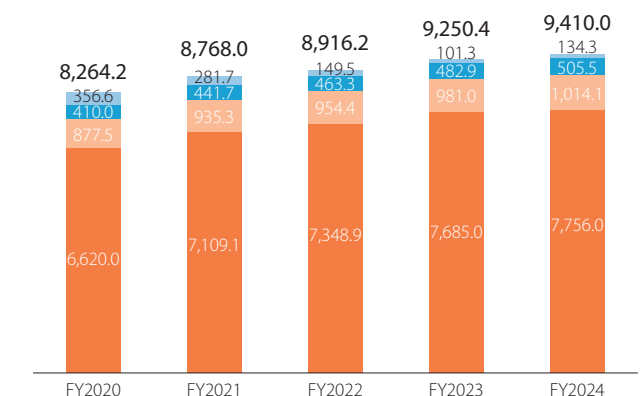
Deposits and negotiable certificates of deposit by customer type (average balance)

Corporations Individuals Public funds and others (JPY bn)



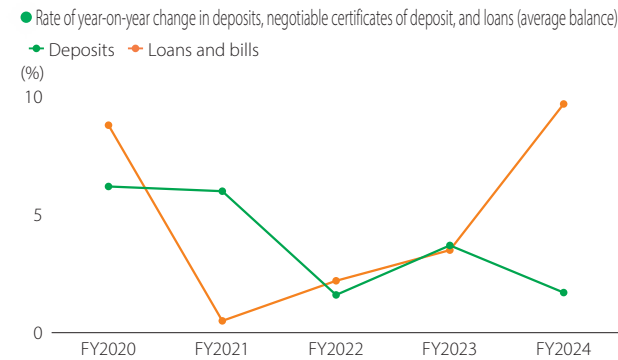
Deposits and negotiable certificates of deposit by area (average balance)

Kyoto Osaka, Hyogo Shiga, Nara Tokyo, Aichi (JPY bn)



Strategic Targets for Further Growth

Despite this growth in deposits, the aggressive asset strategy has led to significant growth in loans, resulting in a gap between the year-on-year growth rate of loans and deposits. We will further strengthen our activities to secure deposits as a source of funds for loans so that we can reap the benefits of future increases in yen interest rates.



Main Measures to Increase Volume

(1) Individual deposits

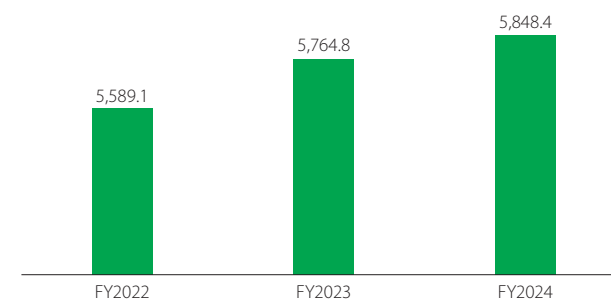
► Expansion of the base

Account opening campaigns

► Conversion to main accounts

- Partnerships with other industries
Introduction of charging function and point service for various types of electronic money
- Promotion of ancillary services
Increasing the number of attractive services and activating deposit accounts.

● Individual deposits (average balance)
(JPY bn)



Topics

The Kyogin JCB Debit (payment function), an ancillary service offered when opening a savings account, has no annual fee from February 2024.* Since the debit card function is easy to use for immediate settlement and offers great value in terms of earning points, we are working to activate accounts by increasing the ratio of accounts with the service attached (rate of setting) and promoting conversion of accounts to the customer's main account.

* The third regional bank to offer a JCB-branded debit card with no annual fee.

► Increase in number of salary deposits

Salary receipt account campaign

► Acquisition of pension deposit accounts

Expansion of pension term deposits and increased interest rates

► Capturing inherited deposits (funds acquired through inheritance)

Raise interest rates for term deposits of inherited funds and promote testamentary trusts for customers preparing their estate plans

► Shift deposits in other banks and improve convenience

Term deposit campaign



(2) Corporate deposits

► Shift deposits in other banks and improve convenience

Approaching educational and religious corporations, etc., strengthening the acquisition of public fund deposits, flexible interest rate support for term deposits, and higher interest rates on foreign currency savings accounts

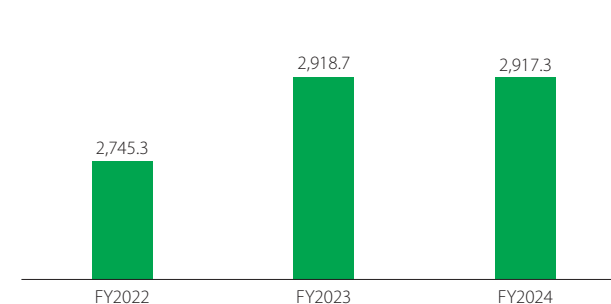
► Promote settlement transactions

Expand the number of salary payment accounts by utilizing campaigns, continue to promote electronic banking, electronic payments, and corporate cards in conjunction with the digitalization of bills and checks, and strengthen promotion of recurring foreign exchange sales

► Promote high-value-added deposits

Started Kyogin Sustainable Deposit in September 2024 and Kyogin Sustainable Deposit PLUS in July 2025

● Corporate deposits (average balance)
(JPY bn)



Topics

We started offering the Kyogin Sustainable Deposit in September 2024. The Kyogin Sustainable Deposit is a term deposit in which use of the funds is limited to sustainable finance for which a third-party opinion has been obtained from an external institution stating that it conforms to international principles. Through such deposits, customers can contribute to efforts to solve local social and environmental problems, and the total amount of deposits grew favorably (currently not being offered). This was the first time in Japan that a deposit account was offered for the appropriation of funds for sustainable finance in general. Currently, we are offering the Kyogin Sustainable Deposit PLUS, a successor product that allocates deposits from customers not only to sustainable finance but also to investments in venture companies and companies with business succession needs.

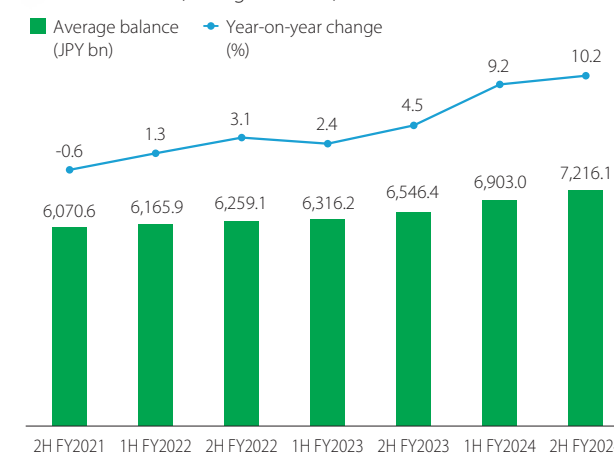
3. Loans and bills

Strengthening lending operations is more important than ever to improve profitability in a world with positive interest rates. Under the current Medium-Term Management Plan, we have set a target of increasing our asset balance by "¥1.2 trillion + extra" and launched the Strategic Asset Investment Project to examine the company-wide portfolio strategy, develop new apartment loan products for estate planning and the wealthy, and review decision-making authorities to make credit decisions quickly and aggressively.

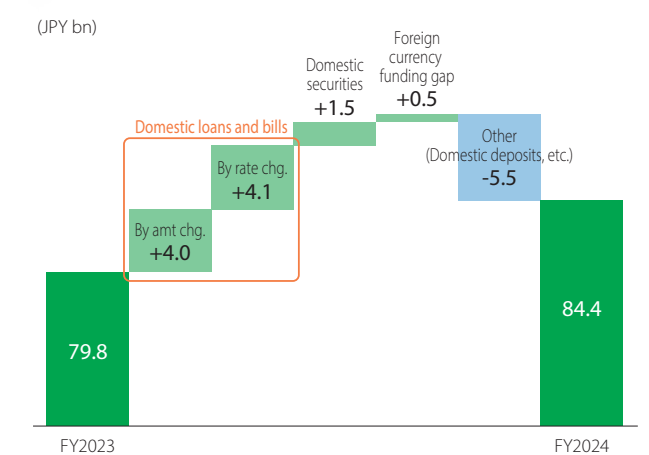
We are also continuing our efforts to promote "sustainable finance," which is investments and loans for the realization of a sustainable society (see p. 53), and in April 2024, we began offering the "Kyogin Sustainability Linked Loan — Seven Targets." This product has seven Sustainability Performance Targets (SPTs), including some not related to decarbonization, from which the customer selects one, and we have obtained a third-party opinion that the product framework conforms to international principles, making it an easy system for customers to engage with, and it has contributed to the expansion of the sustainable finance base.

Partly as a result of these efforts, the Bank of Kyoto's loan balance exceeded ¥7 trillion as of the end of August 2024. As for net interest income, in addition to the steady growth of loan balances, interest income on domestic loans increased by ¥8.1 billion year-on-year due to an increase in interest income resulting from higher loan interest rates.

● Loans and bills (average balance)

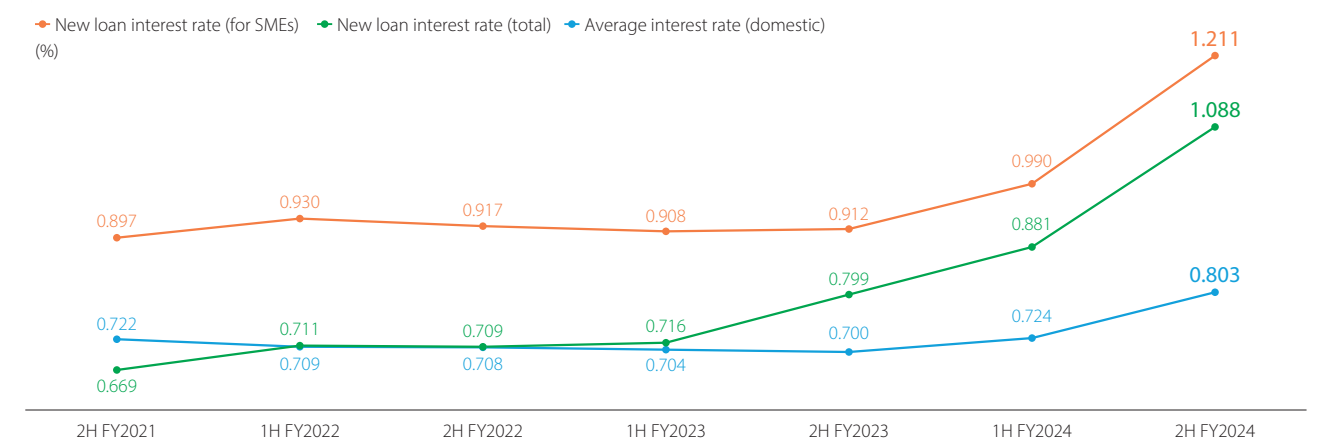


● Factors of net interest income



On the other hand, we recognize that there is room for improvement in loan yields, and we will continue to increase spreads to further improve profitability.

● Domestic lending rates



Strategic Targets for Further Growth

Review of Loan Portfolio

As a result of our focus on asset strategy in the current Medium-Term Management Plan, we have achieved a steady accumulation of assets and are already on track to reach the target.

On the other hand, breaking down the results, lending to large corporations is significant, and we expect further growth in loans to SMEs and individuals. As a regional financial institution, it is essential for us to contribute to the sustainable business stability of SMEs, and our policy is to increase the weight of SME and individual loans in our loan portfolio. To this end, we will add value to our lending by strengthening our sales structure (strategic allocation of human capital), diversifying our products, and working as a unified Group to contribute to the resolution of our clients' business issues. This will lead to higher lending rates and, in turn, higher profits on loaned funds.

Both balances and revenue are growing steadily due to aggressive efforts in structured finance (SF), not only at sales branches but also at the headquarters, and we will continue to promote it while appropriately considering loan and investment targets and paying attention to soundness.

(1) Lending to SMEs

Regional Future Co-Creation Project (see p. 55)

This group-wide initiative was launched in April 2024 with the aim of helping businesses solve their problems from a long-term perspective.

Regarding the comprehensive consulting business, which brings together the full power of the Group's functions, against the overall target of ¥100 billion that was set for financing beyond the conventional framework, such as capital loans and ultralong-term loans, the total amount of financing initiatives in FY2024 was ¥33.9 billion, which is also reflected in the growth of loans to SMEs.

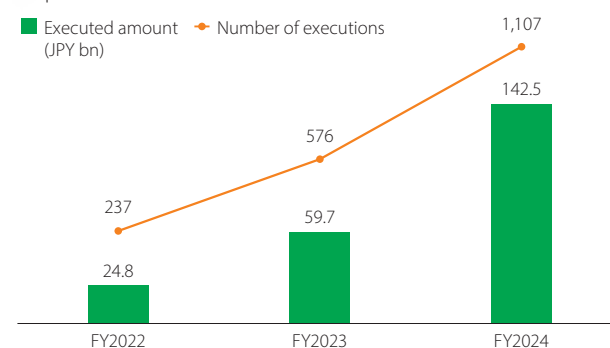
Real estate-related loans (apartment loans)

In June 2023, we began offering a new product, "Kyogin Apartment Loan - Next," and both the value and number of loans executed have grown significantly.

The commercialization of apartment loans has clarified the criteria for the initiative, enabling a speedy response to projects that is not dependent on the experience and know-how of the staff in charge. Customers and real estate agents appreciate that it has become easier to provide a flexible response to meet their needs.

This year, we have further strengthened our efforts by starting to offer apartment loans using commercial trusts.

Apartment loans results



(2) Individual loans

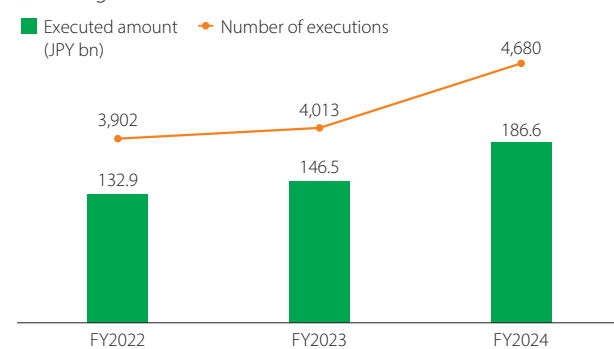
Promotion of housing loans

Updating products according to needs

In April 2022, we introduced the Kyogin Mortgage Loan Web Application Service and have been working to expand our digitally-enhanced services.

In February 2024, we began offering the Housing Loan 40-Year Plan, which allows borrowers to apply for a loan term of up to 40 years. Because of the long repayment term and low monthly repayments, this loan is used mainly by young adults and those raising children.

Housing loan results



Promotion of consumer loans and card loans

Promoting non-face-to-face sales and strengthening advertising measures

In September 2024, we began offering the Kyogin Consumer Loan Complete Online Service, which allows customers to complete the entire consumer loan procedure from application to drawdown online, with the aim of improving customer convenience and business efficiency.



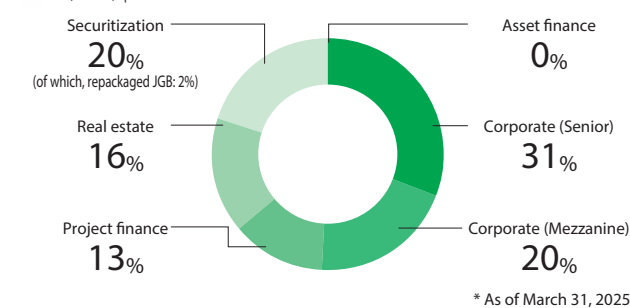
(3) Structured finance (SF)

SF balance and revenues continue to increase

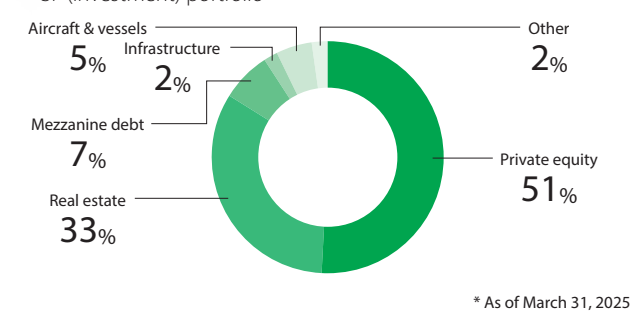
It is our policy to promote the initiatives while conducting appropriate risk-return analysis of investment and loan projects, building a diversified portfolio, and maintaining a balance between profit growth and soundness.

In February 2025, the Financial Services Agency requested regional banks to strengthen risk management of Japanese government bond (JGB)-structured lending, but within the Group, JGB-structured lending accounts for only 2% of the total (¥7.5 billion in value). However, no new initiatives have been taken since the lifting of negative interest rates in March 2024, in light of the expectation of an increase in long-term interest rates.

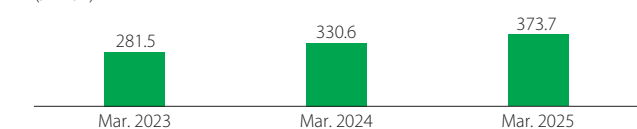
SF (loan) portfolio



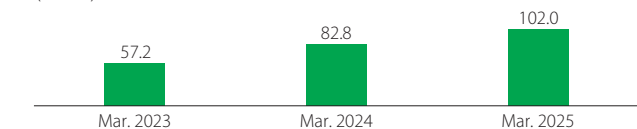
SF (investment) portfolio



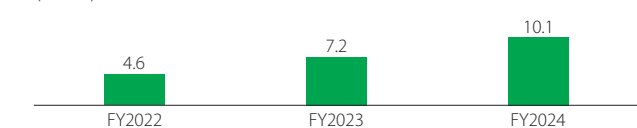
SF (loan) balance (JPY bn)



SF (investment) balance (JPY bn)



SF revenue (JPY bn)



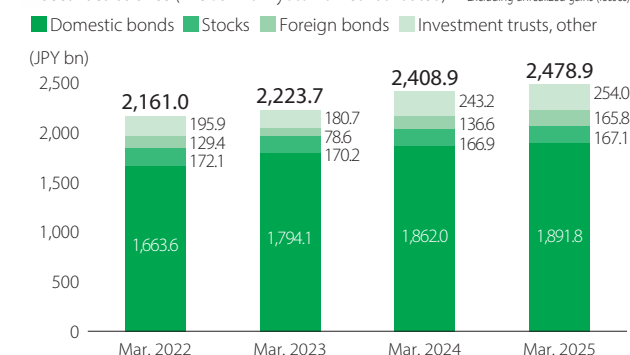
(4) Market operations

We perform securities investment as an effective investment tool to secure stable income.

In FY2024, we purchased Japanese government bonds and other securities with shorter maturities while selling some low-yielding bonds in preparation for further rate hikes by the Bank of Japan. The ¥93.8 billion unrealized loss that was recorded was due to the decline in bond prices resulting from rising interest rates.

Regarding foreign bonds, while we sell U.S. dollar-denominated bonds when U.S. interest rates decline, we invest in issues that can secure margins by monitoring trends in monetary policy. Regarding investment trusts, the balance of securities was ¥2,478.9 billion, a year-on-year increase of ¥70.0 billion, as we purchased mainly Japanese and U.S. stocks while securing gains on sales during the rising stock price phase.

Securities balance (The Bank of Kyoto non-consolidated) * Excluding unrealized gains (losses)



In FY2025, the overall balance of securities will be flexibly controlled while monitoring the investment situation. In this context, our policy is to hold domestic bonds until maturity in principle, while keeping outstanding balances under control by shortening the maturity in preparation for additional interest rate hikes by the Bank of Japan. Regarding foreign bonds, our policy is to continue to invest in U.S. dollar-denominated bonds and European bonds, while keeping a close eye on their margins. Regarding investment trusts and others, we will seek to secure earnings by flexibly trading mainly Japanese and U.S. equities.

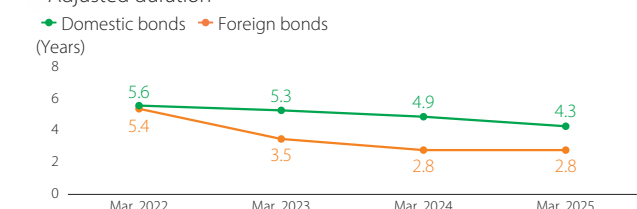
Unrealized gains (losses) on securities (The Bank of Kyoto non-consolidated) (March 31, 2025) (JPY bn)

Breakdown	Unrealized gain (loss)
Domestic bonds	-93.8
Stocks	923.7
Foreign bonds	0.2
Other	-6.0
Total	824.1

(Reference) Range of fluctuation in unrealized gains (losses)

- Change in unrealized gains (losses) if JPY interest rate rises 1% : -¥76.0 billion
- Changes in unrealized gains (losses) on stocks if the Nikkei average falls by ¥1,000 : -¥27.8 billion

Adjusted duration

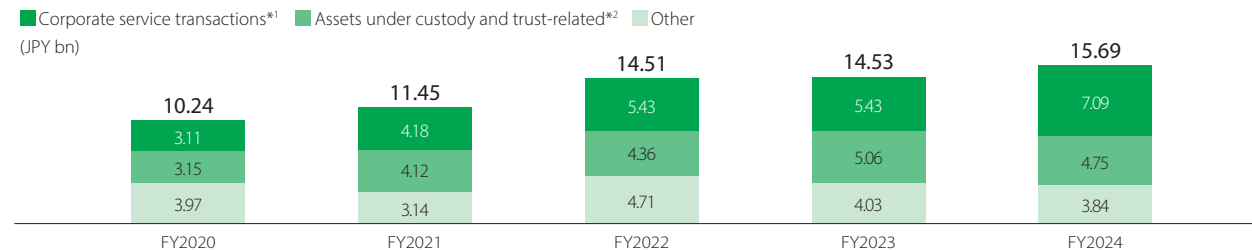


Strategic Targets for Further Growth

2 | Accelerating the Resolution of Regional Issues by Expanding Our Integrated Solution Functions

We are expanding and strengthening the Group companies under the holding company structure. Going forward, we will expand our integrated solution functions while also making full use of inorganic investments to solve community and customer issues. This will add value to the deposit and loan business and expand non-interest income.

● Non-interest income breakdown (The Bank of Kyoto non-consolidated)



*1 Corporate service transactions: M&A, syndicated loans, business matching, private placement bonds, foreign exchange, etc.

*2 Assets under custody and trust-related: Investment trusts, insurance, government bonds for individuals, financial product intermediary services, fund wraps, will and inheritance trust business

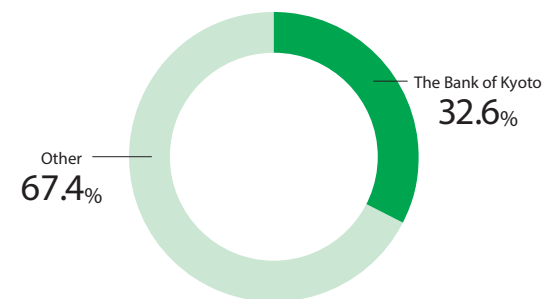
Corporate Consulting

Amidst the drastically changing corporate environment, including soaring material prices, labor shortages, and succession issues, we are focusing on consulting services to resolve the increasingly diverse and complex issues faced by our customers through collaboration within and outside the Group.

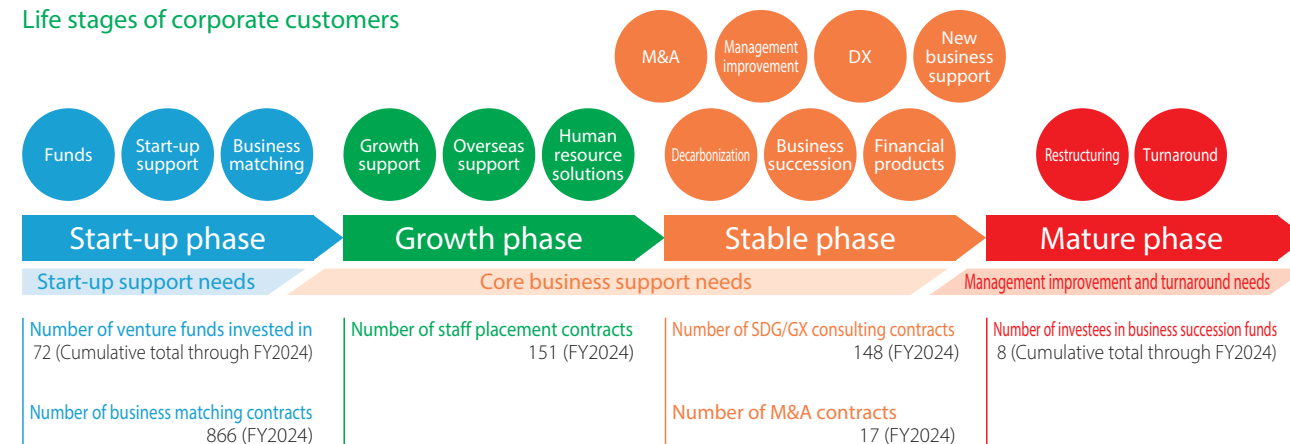
The Bank of Kyoto enjoys broad support from companies facing a variety of challenges by increasing the attractiveness of its services beyond its loan terms, as evidenced by the Bank boasting the largest share in the prefecture in a survey conducted by the private credit research firm Tokyo Shoko Research on the main bank of companies (the financial institution the company has the largest loan balance with, as of March 31, 2024).

The Bank of Kyoto's revenue from corporate service transactions reached a record high in FY2024 as a result of efforts to revitalize the local economy by solving customers' issues.

● Main bank share in Kyoto Prefecture



Life stages of corporate customers



Detailed Consulting Menu for Each Growth Stage and Needs

1. Start-up support needs

(1) Start-up consultation

A "corporate support office" has been established as a dedicated contact point for business start-up consultations, and in cooperation and collaboration with headquarters departments, sales branches, and external support organizations, it provides one-stop optimal solutions to the issues faced by customers who are considering starting a business, as well as SMEs.

(2) Venture support

In 2022, the government announced the "Five-Year Plan for Start-up Development" and support for venture companies has been strengthened. The Group actively provides support through venture investments, utilizing our accumulated know-how. We are also strengthening our venture debt initiatives, promoting both investment and financing. (For details, see p. 61.)

2. Core business support needs

(1) Business matching

Utilizing our network of Group companies, we introduce companies and services that meet the needs of our customers and provide a wide range of support to help them expand sales, reduce costs, and improve operational efficiency.

● Number of fee-based business matching cases (The Bank of Kyoto)

FY2020	FY2021	FY2022	FY2023	FY2024
493	780	985	1,077	866

Note: The decrease in the number of cases in FY2024 is due to the transfer of the recruitment service to Kyoto Soken Consulting.

(2) Sales channel development support

Hosting various trade fairs and seminars

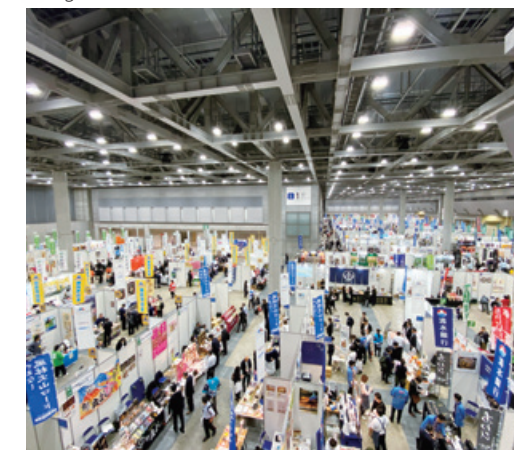
We are working to support businesses by holding event-type trade fairs to develop sales channels in the Tokyo metropolitan area, and by providing information leading to the development of sales channels and improvement of management capabilities at seminars and information sessions.

E-commerce mall

The Group company Karasuma Shoji has been operating the online store Cotoyoli Mall since 2022 with the desire to contribute to regional development and support local businesses. Cotoyoli Mall offers a wide variety of products, including local delicacies and products exclusive to Cotoyoli, with the aim of communicating the charm of the region and contributing to regional revitalization.



● Regional Bank Food Selection 2024



Advertising business

Since September 2023, we have been operating an advertising business using the Kyogin App as a medium. We provide information on local companies and their products and services to individual customers living in Kyoto and other parts of the Kansai region. This supports raising the awareness of local businesses and developing their sales channels, as well as contributing to the expansion of local consumption.

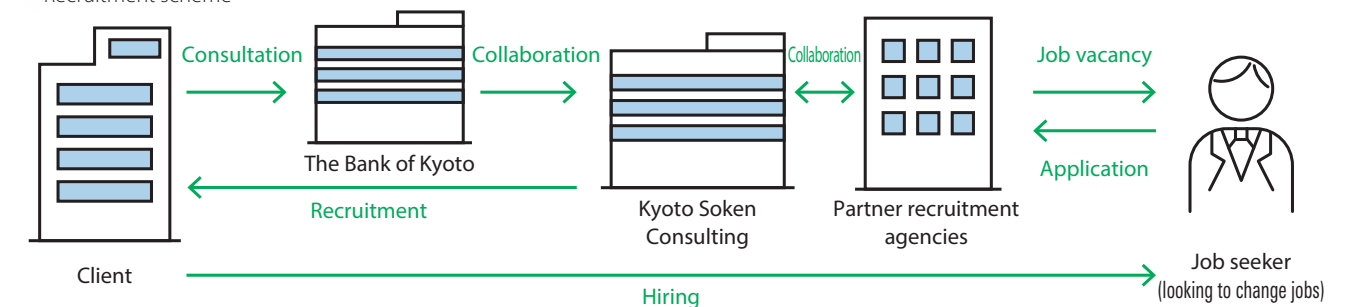
Local support coupon

We offer a "local support coupon" service that allows member stores (client companies) to advertise and promote sales directly to users of the Kyogin App. Kyogin App users (individual customers) can use discount coupons for products and services issued by local businesses and stores for free.

(3) Recruitment services

The Group works together to listen to our customers' recruitment needs and introduces appropriate job seekers in cooperation with recruitment agencies with which Kyoto Soken Consulting has entered into business alliance agreements. In addition to the placement of permanent employees, we also provide placement services for external personnel, utilizing people seeking side and second jobs. Kyoto Soken Consulting has been selected to receive indirect subsidies as a "Pioneering HR Business" by the Cabinet Office, and with the support of the government, we are working to achieve growth and productivity improvement for local companies by matching high-level management and other human resources.

● Recruitment scheme



Strategic Targets for Further Growth

(4) Support for SDGs and GX

We support our customers' SDG management to achieve sustainability in the region.

Consulting

The Bank of Kyoto and Kyoto Soken Consulting collaborate to understand the current status of our customers' efforts to realize the SDGs, formulate plans, and put them into practice.

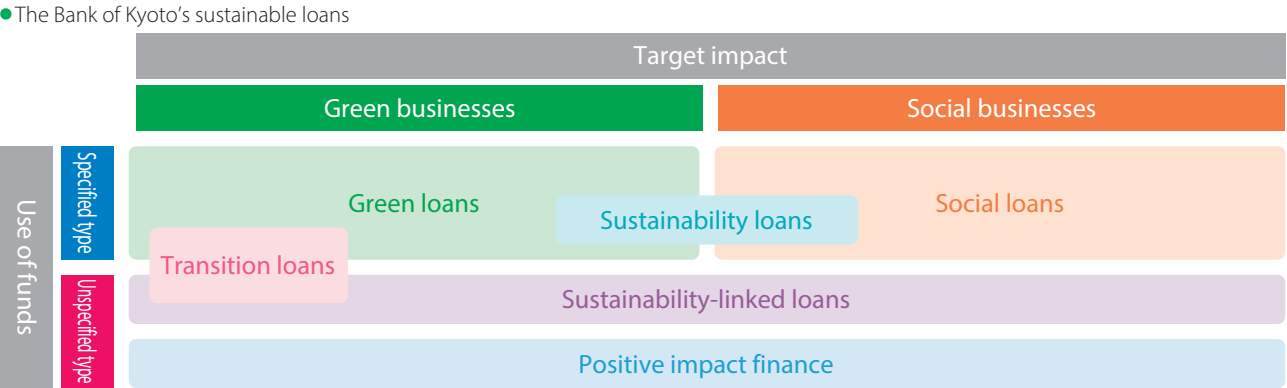


Sustainable finance

We support our customers' efforts to achieve sustainable management from a financial perspective, and have a target of executing ¥1 trillion in sustainable finance (investment and loans) by FY2030.

Sustainable loans

We promote sustainable loans that correspond to how the funds are used, for the purpose of enhancing the sophistication of our customers' sustainability management, gaining social support, and strengthening our fundraising base.



In April 2024, the Bank of Kyoto began offering the loan product Kyogin Sustainability Linked Loan — Seven Targets, which provides incentives such as interest rate reductions based on the degree of achievement of seven Sustainability Performance Targets (SPTs) set for topics including climate change, labor, diversity, and human rights, which the customer can select to correspond with their ESG strategy.

Kyogin Sustainable Deposit (Launched in September 2024)

This is a term deposit under which the use of the funds is restricted to sustainable finance for which an evaluation or third-party opinion that it conforms to international principles, etc. has been obtained from an external institution. From July 2025, we began offering the Kyogin Sustainable Deposit PLUS, a successor product that allocates deposits from customers to sustainable finance, investments in venture companies and companies with business succession needs.

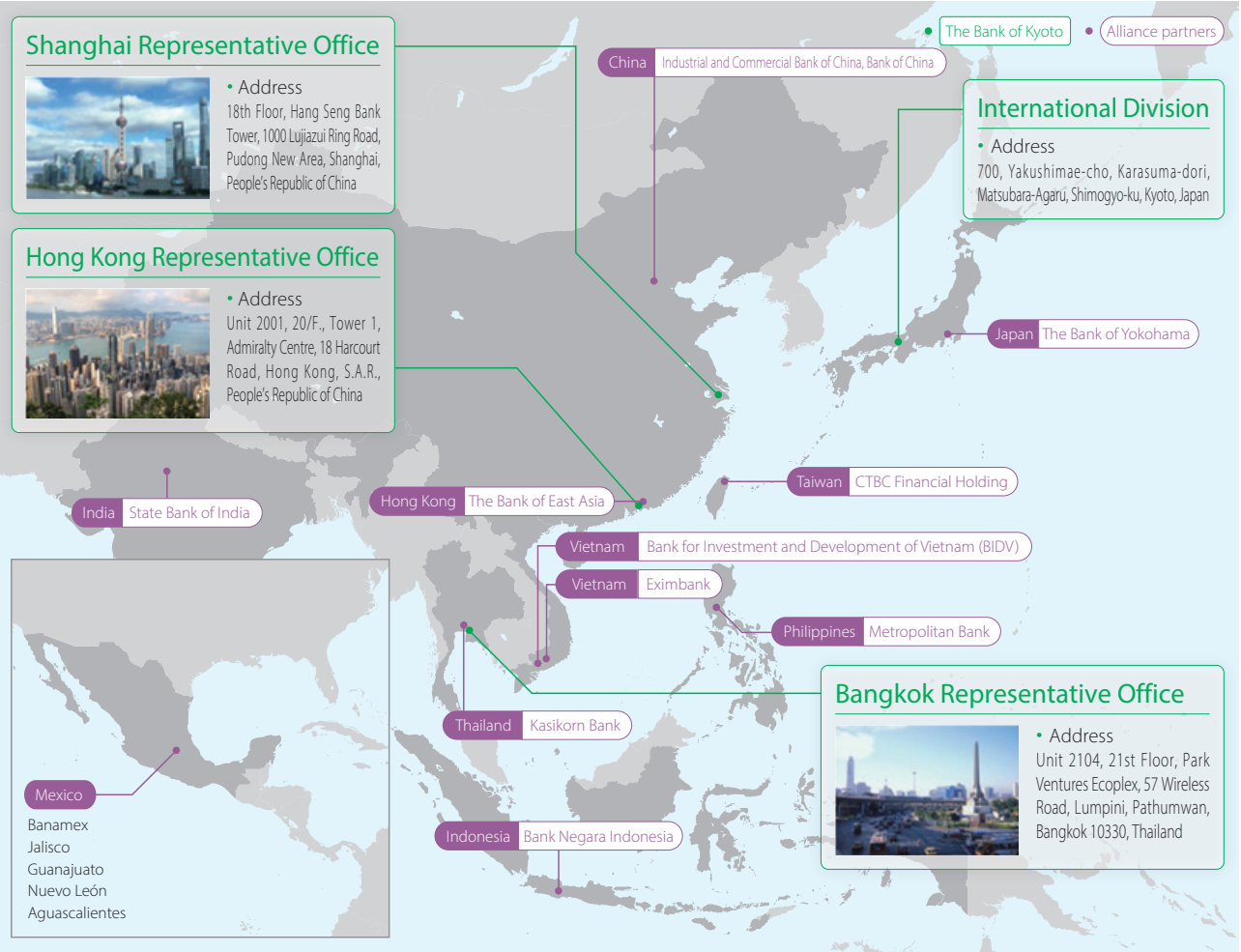
Topics

In December 2024, the Bank of Kyoto received the Regional Finance Award at the 10th Sustainable Finance Awards sponsored by the Research Institute for Environmental Finance in recognition of its development and deployment of the Kyogin Sustainability Linked Loan — Seven Targets and provision of the Kyogin Sustainable Deposit.

(5) Overseas business development support

Utilizing our extensive overseas network, we are actively involved in supporting overseas business expansion, local business matching, trade transactions, and financing support for overseas subsidiaries.

● Overseas network



Overseas expansion and local subsidiary operations

Advice on the establishment of overseas offices and organizational restructuring, provision of information on the investment environment and laws and regulations in candidate countries, local market research, and introduction to local partners, accounting and law firms, consultants, and other professionals

Overseas business matching

Introduction of people, goods, and services that meet the customer's needs, including suggestions for optimal buyers and suppliers

Trade operations and foreign exchange transactions

Procedures for import and export payment settlements, trade transactions, foreign remittances, and advice related to such procedures

In addition, we handle foreign exchange risk hedging products, provide funding procurement for overseas subsidiaries, and hold seminars and trade fairs as a place to gather information on overseas business and exchange information for new product development and new market development.

(6) BCP support

The Cabinet Office and the Japan Meteorological Agency provide information on disaster prevention regarding the imminent occurrence of a Nankai Trough earthquake, and the five prefectures in the Kinki region where our Group's main business area is located have also been designated as Nankai Trough Earthquake Disaster Countermeasure Promotion Areas. Regarding natural disasters, the occurrence of torrential rains associated with global warming is increasing, and the risk of damage is rising. In addition, the leakage of personal information due to human error and cyber attacks have become familiar problems, which lead to compensation claims and loss of social trust, and have become risks that companies cannot ignore. We are responding to our customers' needs regarding BCP measures to prepare for these risks, such as a variety of loan products, including loans with an earthquake principal-repayment waiver clause, loans with business continuity insurance, and loans with cyber risk insurance, as well as support through leasing and insurance and the use of the Kyogin Big Advance safety confirmation system.

Strategic Targets for Further Growth

(7) Business succession and M&A support

To support customers facing succession issues, we provide advice on the valuation of company shares and business succession, and work with tax accountants and other specialists to determine the optimal business succession scheme and solutions to problems. (See p. 61 for information on business succession funds.)

In addition, we started M&A operations in 2001 and have worked to enhance our structure by assigning dedicated staff (since 2007) and proactively engaging outside trainees, and in July 2025, we established Kyoto M&A Advisory Co., Ltd. as a subsidiary specializing in M&A support to provide solutions. (See p. 34 for more information on Kyoto M&A Advisory.)

3. Management improvement and turnaround needs

► Management improvement and turnaround support

We share management issues with customers who need to work toward management improvement and turnaround, and work to ensure business continuity and improve corporate value by providing various types of support tailored to the customer’s life stage by utilizing our consulting functions. In addition, we established Kyoto Turnaround Servicer Co., Ltd. in 2024 in order to increase the possibility of turning around more SMEs and thereby contributing to the revitalization of the local economy by selecting customers who should be given priority for management improvement and turnaround support as targets for management support, and proactively providing support for the formulation of management improvement plans and financial support.

🌐 New Kyoto Financial Group-Wide Initiatives

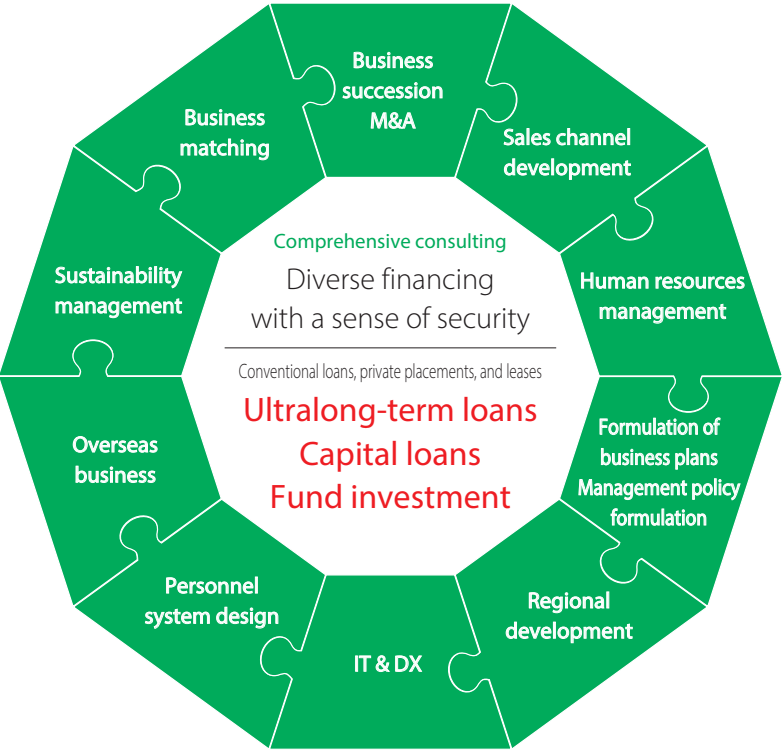
Regional Future Co-Creation Project

The five prefectures of the Kinki region, which is our main sales area, are home to many unique businesses with history, tradition, and technology, as well as large companies that play a leading role in regional industries. On the other hand, the number of closed businesses is at a high level due to the aging of owners and lack of successors, as well as structural social issues such as future labor shortages. Against this backdrop, the Group launched the Regional Future Co-Creation Project in April 2024. We have set a new target of ¥100 billion in loans and are working to solve our customers’ issues by providing proactive financial support that goes beyond conventional frameworks, such as capital loans and ultralong-term loans, and by making full use of comprehensive consulting services that mobilize the collective strengths of the Group.

● Achievements of Regional Future Co-Creation Project

	FY2024 results
Number of target companies (as of March 31, 2025)	248 (Additional applications in April 2025)
Usage of the ¥100 billion fund	146; ¥33.9 billion (33.9% fund utilization rate)
Capital loans	4; ¥1.7 billion
Ultralong-term loans (15 years or more)	28; ¥8.3 billion
Contracts with Kyoto Soken Consulting	21
Contracts with Kyogin Lease	69

Comprehensive solutions that bring together the Group’s collective strength



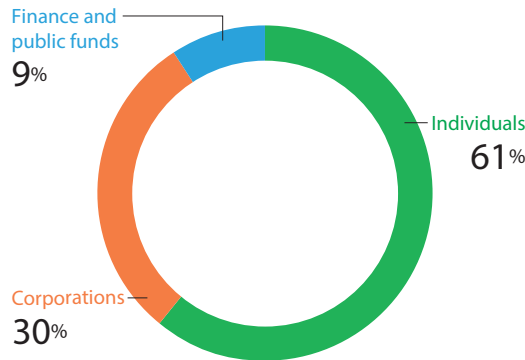
🌐 Individual Consulting

The values and lifestyles of individuals are diversifying, and the services that customers expect from financial institutions are also changing. The Group has a broad range of products to address this, including banking (deposits and loans), securities, trusts, and insurance.

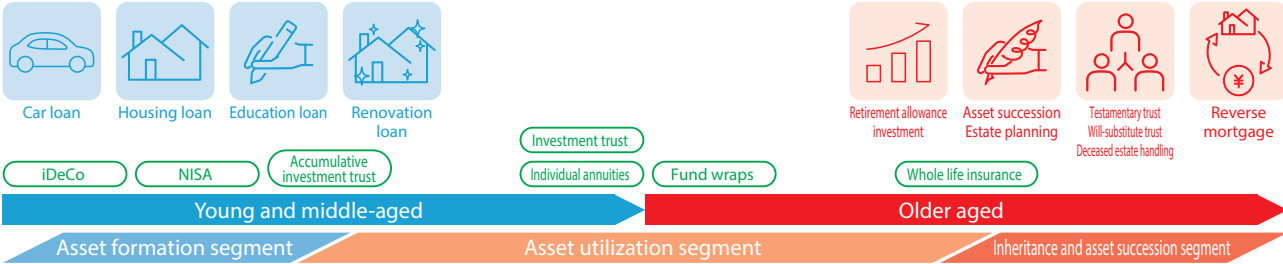
In general, regional banks have a high proportion of deposits from individuals in their deposit base, which accounts for 60% of total deposits at the Bank of Kyoto. It is important to attract stable individual customers in order to strengthen the deposit and loan business in the future. We build relationships, including with potential customers, through consulting for each stage of life that focuses on issues of high interest to households, such as retirement savings, lifestyle planning, and inheritance-related issues. This not only leads to increases in the volume of individuals’ deposits, but is also expected to generate revenue from personal service transactions.

In the era of the 100-year life, the relationship between an individual customer and a financial institution spans a long period of time. We are working to build a foundation for securing profits not only in the short term, but also in the medium to long term by having appropriate contacts with customers according to their respective life stages.

● Deposits and negotiable certificates of deposit (balance as of March 31, 2025)



Life stages of individual customers



Monthly transfer amount of the Group’s automatic investment trust savings ¥3,442 million (March 31, 2025)	Number of NISA accounts (Bank + Securities) 86,950 (March 31, 2025)	Number of customer seminars held 853 (FY2024)
Number of housing loans executed and amount 4,680 loans, ¥186.6 billion (FY2024)	Number of FP-related certifications obtained 2,651 (March 31, 2025)	Number of testamentary trusts and estates handled 269 (FY2024)

Strategic Targets for Further Growth

Consulting Tailored to Life Stages

1. Asset formation segment

Secure a stable client base for the future by promoting programs such as NISA based on long-term, accumulated, and diversified investments

With the revision of the NISA system in January 2024, we are promoting NISA through workplace seminars and a joint campaign by the Bank of Kyoto and Kyogin Securities. Despite the growing momentum for asset building, we are aiming to build a stable customer base for the future by encouraging the use of NISA, especially among inexperienced investors, in particular the younger generation. We are also working to improve customer convenience by enabling customers to open investment trust accounts and sign up for automatic savings in investment trusts through Internet banking, such as the Kyogin App. As a service that can support our customers and their employees, we have also started offering the Kyogin NISA Salary Contribution Service from March 2025. For long-term, stable asset building, we are actively making “long-term, accumulated, and diversified” investment proposals through automatic contributions to investment trusts and “Dolphin,” an automatic contribution service for foreign currency savings accounts.

In addition, as life planning for the young and working-age generations, we propose individual annuity insurance and protection insurance along with NISA and iDeCo.

Housing loan initiatives

Housing loans should be considered from a long-term perspective, taking into account the overall balance between the household’s financial assets, future life plans, and asset building with an eye toward retirement. At the Bank of Kyoto, specialized housing loan offices (Loan Sales Departments) and sales branches work together to speedily respond to all kinds of consultations for individuals, starting with housing loans. They are also open for consultations on weekends.

2. Asset utilization segment

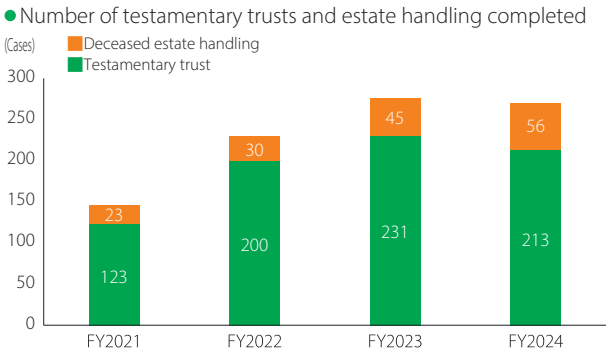
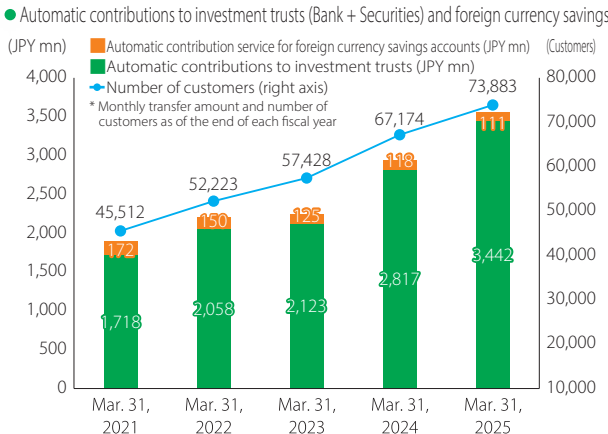
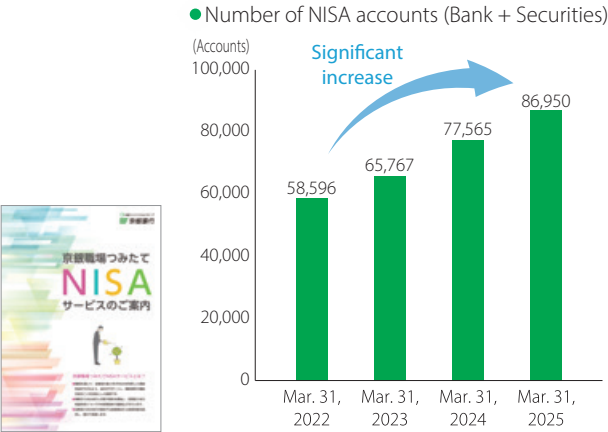
Proposals to wealthy customers

For customers with assets of a certain size who are interested in asset management, the Bank of Kyoto and Kyogin Securities work together to provide a goal-based approach, which enables us to offer high value-added consulting services, such as portfolio proposals based on the customer’s goals. From January 2025, we have been working with private banking advisory staff of an asset management company that has extensive experience in private banking operations to enhance the provision of information that helps customers make investment decisions. Recently, business succession to the next generation has become a major issue due to the aging of business owners. Against this backdrop, in April 2025, we also began offering business insurance to corporations (single-premium life insurance) that can be used to secure working capital in the event of the company’s owner transferring the business, to fund the purchase of the company’s own shares, and to provide for death benefits.

3. Inheritance and asset succession segment

Proposing a wide range of solutions for inheritance, asset succession, and long-term care needs while extending the life of assets

We are working to relieve our customers’ concerns about their future by actively holding ongoing individual inheritance consultation sessions at each of our sales branches, with a focus on testamentary trust and estate planning services. We have also established four Inheritance and Asset Succession Consultation Plazas that specialize in trust services, and we have a system in place for specialist staff at the headquarters to cooperate with neighborhood sales branches to promptly respond to customers’ concerns and needs. We also propose single-premium insurance to prepare for future concerns such as pensions, inheritances/gifts, and long-term care.



Basic Policy on Customer-First Operations

In the retail sector, which focuses on asset formation, utilization, inheritance and succession, the Group has established a Basic Policy on Customer-First Operations to help customers realize their dreams and goals, which they wish to achieve throughout their lives, such as purchasing a home, funding education, and retirement planning. This policy is based on the Principles for Customer-Oriented Business Conduct published by the Financial Services Agency. We are also working to form a culture of building trust with our customers through the use of leaflets that summarize the Group’s approach and the support we provide.

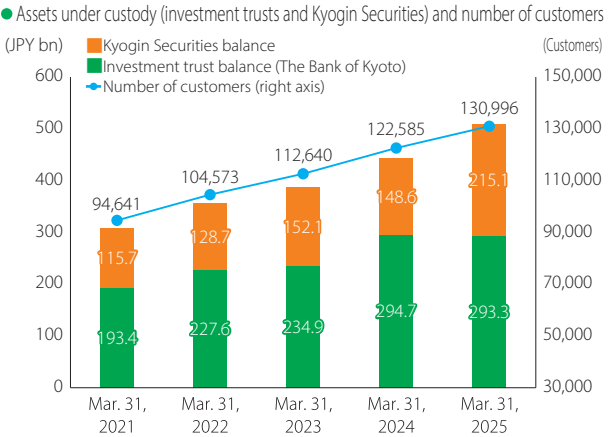
Note: Group companies covered: The Bank of Kyoto, Ltd. and Kyogin Securities Co., Ltd.

Basic Policy

1. Provide financial products and services that serve the best interests of the customer
2. Provide consulting proposals and explanations that are tailored to each customer
3. Provide information that is easy for the customer to use
4. Manage conflicts of interest appropriately and ensure product governance
5. Establish a framework to realize the best interests of the customer

Examples of specific initiatives

Collaboration between the Bank of Kyoto and Kyogin Securities to develop new customers and follow up with existing customers. As a result, assets under custody and the number of customers at each company have increased steadily. We utilize a variety of proposal tools to “visualize” the customer’s assets and insurance coverage in an easy-to-understand manner. In March 2025, we introduced model portfolio proposals and goal-based proposal functions to the Kyogin Asset Design Navi (“Asset Navi”), a portfolio proposal tool used in branches. In addition to our existing online seminars, we actively hold workplace seminars for deposit customers and corporate customers’ employees. In order to convey financial education (i.e., the importance of money) to younger generations, such as elementary school students, in an easy-to-understand manner, we collaborated with the “Unko Drill” series to produce supplementary financial education materials and hold financial education seminars for students.



Note: The number of customers is the total number of customers of the Bank of Kyoto and Kyogin Securities

Kyogin Asset Design Navi (“Asset Navi”)



Topics

R&I Customer-Focused Investment Trust Distributor Evaluation

The Bank of Kyoto has received an “S+” rating for the third consecutive year in the “R&I Customer-Focused Investment Trust Distributor Evaluation” conducted by Rating and Investment Information Inc., recognizing the formulation of its policy and action plan on customer-first operations (fiduciary duty) and the promotion of fiduciary duty with the active involvement of management, its portfolio and goal-based proposals in cooperation with Kyogin Securities, and its performance evaluation system that contributes to the promotion of fiduciary duty. The Bank of Kyoto is the only regional financial institution in the Kinki region to have received an “S+” rating for three consecutive years.



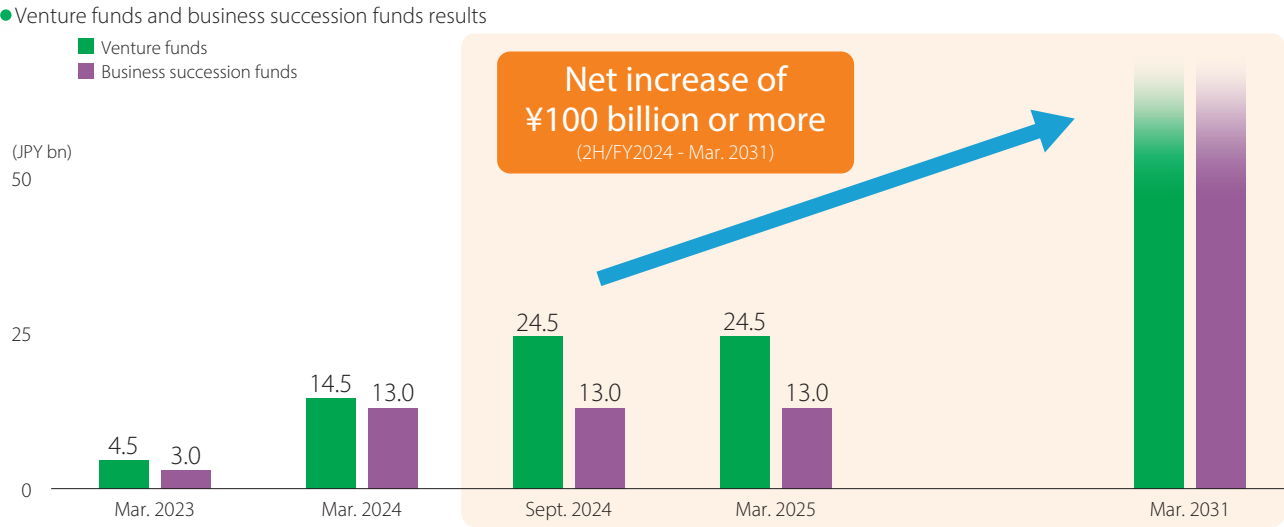
Strategic Targets for Further Growth

3 | Discovering and Fostering the Next Generation of Growth Companies With a Focus on Venture Investments

1. Group support of start-ups and growth

The Bank of Kyoto was founded in 1941 in Fukuchiyama City, in the northern part of Kyoto Prefecture, and moved its head office to Kyoto City in 1953. As a latecomer to Kyoto City, the bank worked to develop its customer base and built its position in the new market by carefully and actively providing financial support to local businesses under circumstances where other national banks, regional banks, and Shinkin banks had already formed their business bases. As part of this support, we not only provided financial support to venture companies that emerged in Kyoto at that time but also dispatched employees to them, building a close relationship through mutual growth and building up the Group's know-how and results related to accompanying support. A business model based on a virtuous cycle of supporting the establishment and growth of local companies that helps local companies grow, the growth of local companies that leads to the development of local communities, the growth of local communities that leads to the growth of the Group, and further investment in growth by the Group is the foundation of the Group, and we will continue to utilize our know-how in supporting the growth of start-ups that has been developed over a long period of time to foster the next generation of growth companies and drive the development of the local economy.

Specifically, as stated in our new strategic targets, we aim to invest more than ¥100 billion in venture investments and business succession investments by the fiscal year ending March 31, 2031. As a source of these funds, we will utilize a portion of our strategic equity holdings acquired through the development and creation of the group of leading Japanese companies over the course of the Group's history.



	FY2023 results		FY2024 results	
	Venture funds	Business succession funds	Venture funds	Business succession funds
Number of sourcing projects	833	108	1,254	238
Number of executions	9	1	14	2
Number of investment personnel	3	4	5	7

2. Venture support

Venture investment

Utilizing our know-how from the past, the entire Group actively provides growth capital support and core support to venture companies.

In 2023, we established Kyoto Capital Partners (KCAP), a company specializing in investment, to provide support to SMEs and entrepreneurs seeking to create new businesses, from planning capital policies and fundraising to IPO.

KCAP also established the KCAP TOKYO BASE in May 2025 as its Tokyo metropolitan hub. By establishing a new base in Tokyo, the largest venture market in Japan, we aim to strengthen the discovery of promising venture companies and bridge the gap between venture companies that create new value and the Group's corporate customers, thereby increasing the corporate value of both sides.

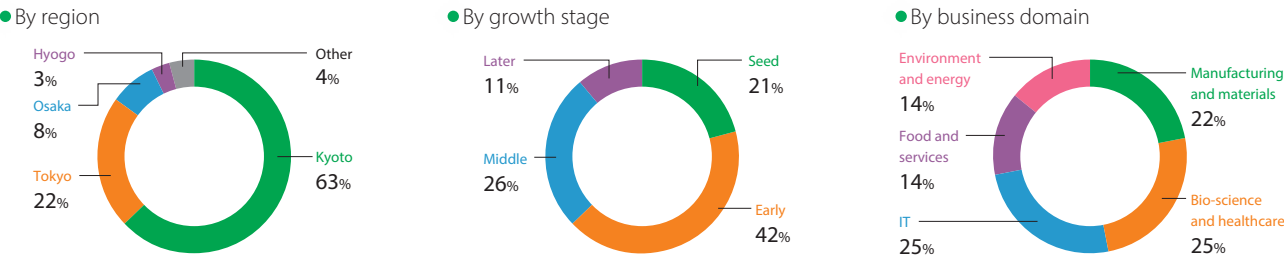
► Specific initiatives

Fund management

Starting with the establishment of the Kyogin Bright Future Support Fund in February 2016 with investments from the Bank of Kyoto and Kyoto Lease & Capital (the predecessor of KCAP), the Group has established and managed a total of five funds (total fund amount: ¥24.5 billion) to date, with investments in 72 companies.

Among these, the KCAP Venture No. 1 Fund, established in September 2024, is one of the largest venture funds in the Kansai region, with a scale of ¥10 billion, and while primarily targeting venture companies in the Kansai region, it will also invest in venture companies based in other areas that have the potential to become global leaders from Japan, in a wide range of stages from seed to later stage. By providing accompanying support using the Group's resources, we aim to improve the corporate value of the investees and contribute to earnings through the realization of returns from the funds.

Portfolio of funds being managed



A bridge between venture companies and local companies, universities, and local governments

To address the issues and needs of start-up companies, venture companies, and SMEs considering entering new business fields, we provide support through business matching, the provision of information, and introductions to experts (institutions) and universities in cooperation with institutions and universities participating in the Kyogin Active Venture Support Network.

In addition, Kyogin-TSE Innovation Meetings are held in cooperation with the Tokyo Stock Exchange to provide opportunities for innovative creation through exchanges between start-up companies seeking business growth through collaboration with major companies and fundraising, and listed companies seeking new businesses.

Investment in various funds

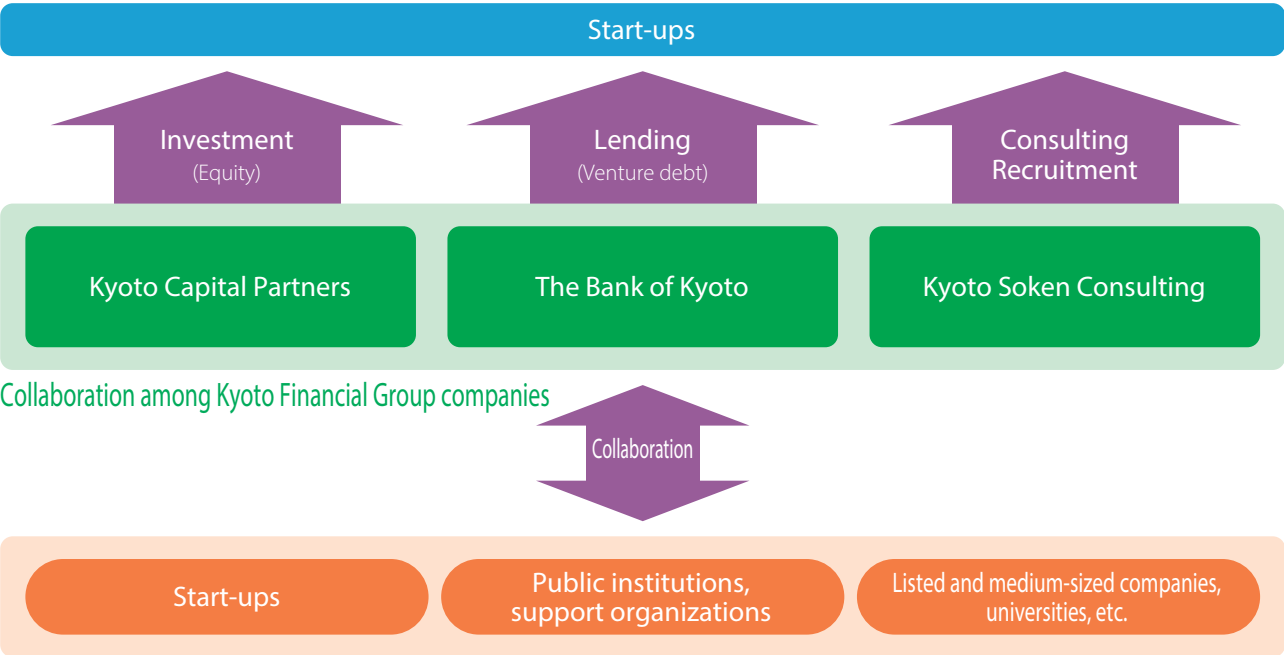
We also invest in various funds that contribute to the support and development of local start-up and venture companies, and are working to support growth capital from a broad perspective.



Strategic Targets for Further Growth

Venture debt

From April 2025, the Bank of Kyoto is strengthening its promotion of venture debt with a target total amount of ¥10 billion, and dedicated staff were assigned to this initiative in June 2025. In addition to “equity” (investment) via Kyoto Capital Partners, we have established a system to support the growth of start-ups more than ever by strengthening “debt” (lending) provided by the Bank of Kyoto. The Group as a whole also actively supports the investee’s core business and contributes to the development of the start-up ecosystem in the Kansai region.



3. Business succession investment

In the area of business succession, we plan to establish a fund totaling more than ¥50 billion by FY2030 to invest in the next generation of growth companies.

To date, we have launched the Kyogin Next Fund (total ¥3 billion) in March 2021 and the Kyogin Next Fund No. 2 (total ¥10 billion) in March 2024 to support smooth business succession, business continuity, and corporate value enhancement for customers with succession issues, and we will further accelerate these efforts in the future.

We aim to maximize the corporate value of investees by providing support for the establishment and development of management systems, sales, marketing, overseas expansion, procurement of raw materials, recruitment of human resources, and formulation of management strategies, making maximum use of the Group’s network.

Investment target	
Business succession	Through the funds, we contribute to the realization of smooth business succession for all stakeholders, including management, employees, and shareholders, for companies with business succession issues, such as the lack of a successor.
Buyout	We aim to increase the value of the target company by acquiring the company's shares and providing effective management support.

(Cumulative total through FY2024)

Total business succession funds managed by the Group **¥13.0 billion**

Number of companies invested in by the funds **8**



Customer Testimonials

Venture investment

Working to help Kyoto start-up become truly global company

We are a fusion energy plant engineering company founded in 2019. As a start-up originating from Kyoto University, we collaborate with other Kyoto companies in research and development. From our base in Kyoto, we conduct technological development involving experiments that were initially conducted on the campus of Kyoto University and later in local rented premises, and the understanding of the local community is indispensable. I believe that obtaining support from the Kyoto Financial Group, which is highly trusted by the community, was a great advantage not only in terms of funding but also in terms of credibility from the community. I am very encouraged by Kyoto Financial Group’s presence in providing financial support for companies with socially significant technologies and ideas, while leveraging its local network.

In addition, deep-tech start-ups like ours need to raise a lot of capital both in early and later stages. The Kyoto Financial Group is a partner that can provide strong support while maintaining a balance between equity and debt financing.

In order for our start-up from Kyoto to become a truly global company, I would like to continue to borrow from the Group not only in terms of financial support, but also the network and know-how that only the financial industry can offer. Our business and technology development is a long-term process. I look forward to a long-lasting relationship with the Group.



Representative Director, CEO and Chief Fusioneer
Kyoto Fusioneer Ltd.

Satoshi Konishi

Business succession investment

Business succession and organizational restructuring made possible by a reliable partner

We are an industrial filter company that was founded in 1921 and boasts advanced filtration technology. Due to a lack of a successor, the previous owner utilized the business succession fund, and I took over the company in 2024. The previous owner relied on the business succession fund to facilitate a smooth succession and build an organizational structure for sustainable growth. Unlike most PE funds, the Kyogin Next Fund managed by Kyoto Capital Partners (KCAP) does not focus solely on short-term profits, but rather on the long-term growth and perpetuation of locally based companies. I empathized strongly on this point, and it’s what led me to decide to take over the management of the company as its new president in order to help achieve this goal. I feel that KCAP helped us achieve both the speedy implementation of various reforms and satisfaction among executives and employees, not merely by providing funds, but by having personnel visit us multiple times a week to provide in-depth support on-site.

The Kyoto Financial Group also offers a variety of solution functions, and I feel that the entire Group is supporting us. For example, we have a manufacturing subsidiary in China, and in the course of regularly visiting it with KCAP personnel to ascertain the actual situation and discuss management strategies, we decided to have Kyoto Soken Consulting assist us with the cost accounting system, which had been an issue.

For more than 100 years, our company has grown together with the development of the synthetic fiber industry, which has played a role in Japan’s economic growth. We will work hand in hand with KCAP and the other companies of the Kyoto Financial Group in order to be a company that can continue to grow long-term for the next 100 years, with the aim of creating an environmentally friendly, comfortable, and prosperous society.



Representative Director and President
Watanabe Giichi Seisakusho Co., Ltd.

Mitsuhiro Ikegami

CHAPTER 3

Foundation for Growth Strategies

— How to support the growth strategy

- 65 Human Resource Strategy
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Human Resource Strategy



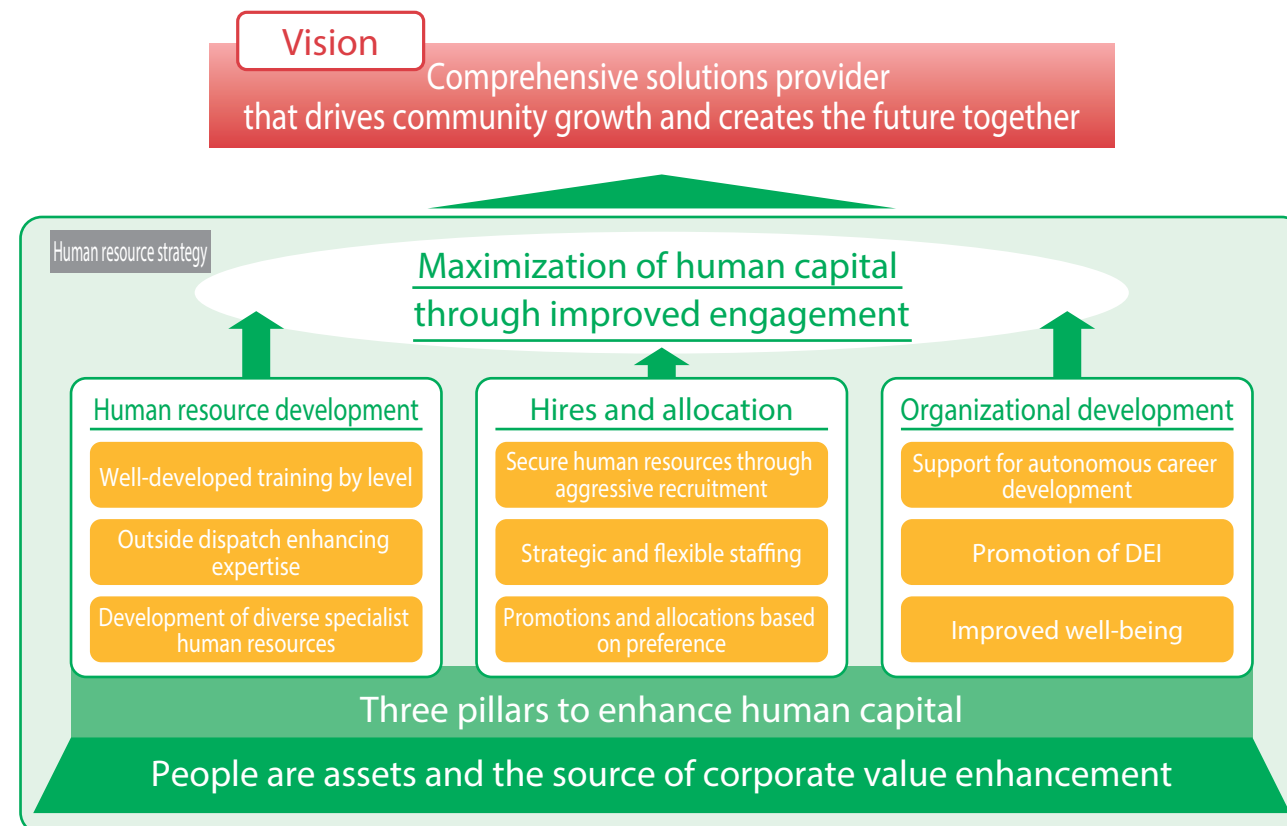
Our people are assets and the source of corporate value enhancement. Human resource development, hires and allocation, and organizational development are the pillars of our human resource strategy.

The Group is developing an aggressive human resource strategy to make its vision of becoming a “comprehensive solutions provider that drives community growth and creates the future together” a reality. We believe that people are assets and the source of corporate value enhancement, so we have positioned human resource development, hires and allocation, and organizational development as the pillars of our human resource strategy and are aggressively promoting initiatives aimed at maximizing human capital through improved engagement. To respond to the modern environment that is constantly changing and continue to provide advanced solutions to customers in the region, we must develop, hire, and allocate human resources with high expertise and skills in each sector. Another important theme is the creation of a work environment in which diverse human resources can maximize their individual abilities. The Group has a consistent track record in developing aggressive management strategies, such as wide-area regional banking, and has fostered a climate that encourages people to take on challenges. We will further enhance our corporate value by rapidly developing our human resource strategy while preserving the spirit of tackling challenges that is in our DNA and has been passed down to each and every employee.

Managing Executive Officer (Officer in charge of Human Resource Strategy Division)

Kanji Habuchi

Overall Group Human Resource Strategy



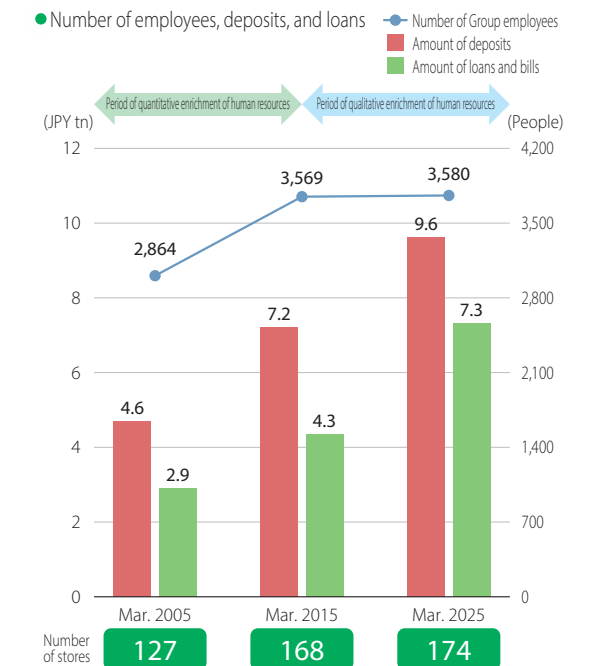
Status of the Company's Human Resources

Transition through the number of personnel and allocation

Since the 2000s, the Bank of Kyoto has aggressively expanded its branch network, advocating itself as a regional bank with a wide geographic reach. As a human resource strategy to support aggressive store development, the number of employees has increased by approximately 20% in the past ten years since 2005 through active recruitment of new graduates and experienced workers, as well as promotion of female employees.

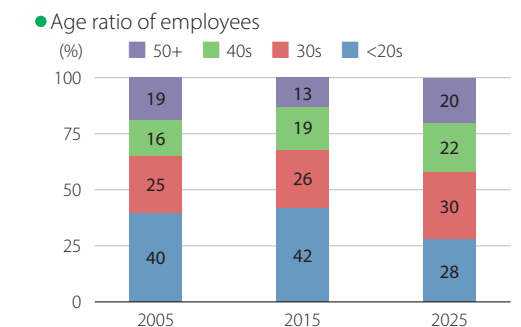
In the late 2010s, the number of branches exceeded 170, and while the bank was beginning to take shape as the wide-area regional bank it is today, it took the next step to expand into new business domains, such as securities and trust services. In the difficult business environment surrounding financial institutions, in order to provide a wider range of financial services with limited human resources, we actively promoted the streamlining of operations and sales through the use of IT and the centralization of administrative work at the headquarters, while also striving to develop and allocate highly specialized human resources that will drive our expanding business areas.

Since our establishment in 2023, we have positioned sectors that will strengthen our consulting function and expand our business domain as “strategic sectors” under the theme of providing high-value-added comprehensive solutions through group-wide cooperation, and are focusing on developing, hiring, and allocating human resources that will lead these areas. In the ten years since 2015, the number of employees has not changed significantly, but we have increased the ratio of employees allocated to Group companies other than the Bank of Kyoto in line with our business strategy, supporting the expansion of our business domain from a human resources perspective.



Transition in terms of personnel composition

Looking at the age composition, nearly 70% of the employees were in their 20s and 30s until 2015, but now there is a good balance among all age groups, from young to experienced, which has both revitalized and stabilized the organization as a whole. We recognize that this is the result of our continuous efforts over the past 20 years to recruit and retain a stable pool of human capital.



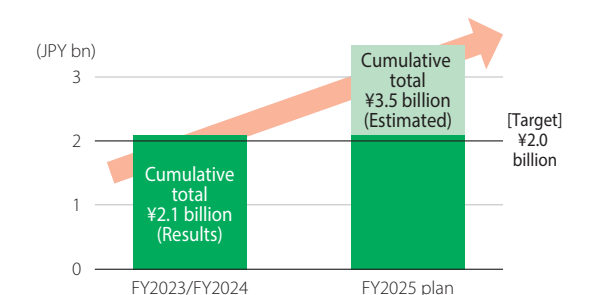
Note: Comparison of the Bank of Kyoto only

Status of Human Capital Investment

To realize our human resource strategy, we are actively investing in human capital, focusing on human resource development.

The 1st Medium-Term Management Plan called for a cumulative investment of ¥2.0 billion over three years, but we have already achieved the investment target and have revised the target upward to ¥3.5 billion over three years.

The target for per capita human capital investment in FY2025, the final year of the current medium-term management plan, was set at ¥200 thousand or more. However, the actual amount in FY2024 was ¥367 thousand, far exceeding the target, due to the significant expansion of various training programs. As such, the target for FY2025 is planned to be set to ¥380 thousand.

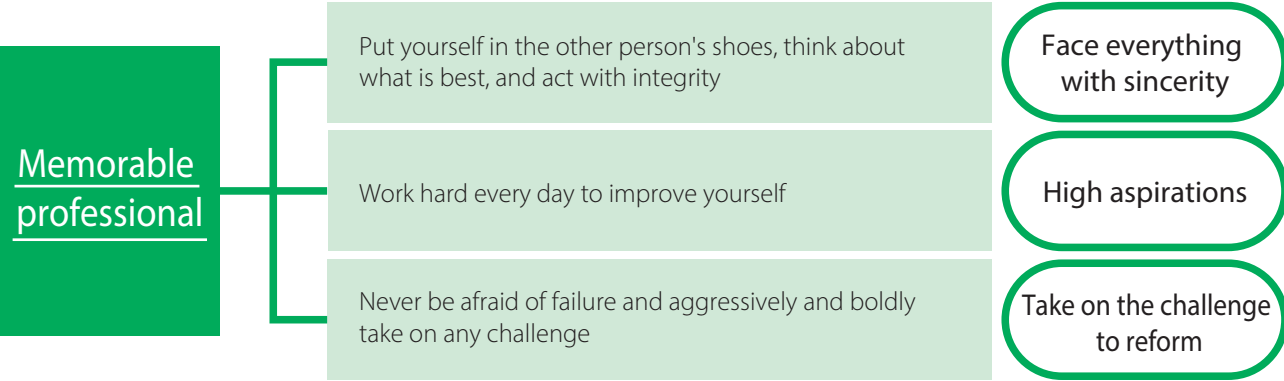


Human Resource Development

Aiming to change the corporate culture by reforming the awareness and thinking of employees, we have established the following “employee vision” as a guideline for human resource development.

Employee vision

Become a memorable professional who is appreciated by customers and their colleagues



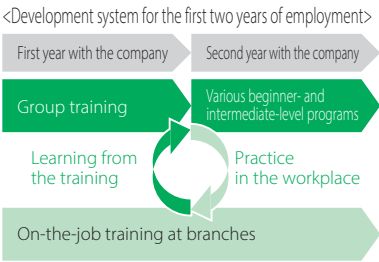
Well-developed training by level

Hierarchical development at the Bank of Kyoto, focusing on young employees

We place special emphasis on training and supporting new employees during their first two years of employment.

Specifically, after joining the company, employees first undergo more than two months of group training to acquire the manners and other essential skills of a working member of society, acquire basic knowledge of business operations based on essentials and principles, and undergo practical training such as realistic role playing. In addition to this, for the first year, a cycle combining monthly training and on-site practice is used to maximize the effectiveness of training in order to acquire customer service skills.

Until the second year with the company, senior employees, such as those at the Banking College, an in-house school, are available to each employee as tutors. They provide follow-up support to the young employees as approachable headquarters staff.



In order to more carefully understand and respond to each individual's situation, we conduct individual pulse surveys. The survey is conducted weekly for new employees and monthly for second-year employees, and quantitatively assesses five items, including work motivation, job learning status, and support from others. The results are used for individual follow-up from tutors and other efforts, and are also reflected in the content of training programs.



Offer job-specific training according to each person's rank of mastery

In job-specific training, the most appropriate program can be selected according to each person’s responsibilities and skill acquisition status. We provide our employees with an environment for personal growth and support their continuous learning and skill acquisition to maximize their individual abilities.

<Typical training by sector / skill rank>

Sector	Beginner level	Intermediate level	Advanced level
Corporate general sales	Beginner-level program	Intermediate-level program	Advanced-level program: Corporate general sales
Consumer general sales			Advanced-level program: Consumer general sales
Store sales (Operations & financing)	Job-specific basic training	Core human resource development program: Intermediate-level course for store sales and operations	Core human resource development program: Advanced-level course for store sales and operations

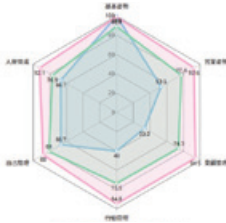
Branch manager capacity improvement training
FP executive training
Business compatibility training
etc.

Visualization of individual skills

We operate the My Skill Check system on our talent management system that allows each employee to identify their skills at a glance. In the My Skill Check, employees report their skill acquisition in a variety of sectors, including sales, administration, and DX, and their skill rank in each sector is then determined. By checking this skill rank, employees can quantitatively and relatively identify their own level of growth, as well as abilities that need to be developed.

As a human resource development platform that supports the proactive growth of employees, it is widely used for training and internal certification programs.

<Example of radar chart of My Skill Check>



Well-developed training hours

In order to continue to meet the diversifying needs of our customers, we have established an extensive training program. In FY2024, training hours per trainee totaled 57 hours, thanks to a particular emphasis on training to broaden the scope of work responsibilities and management training by job level to improve organizational skills.

	FY2022	FY2023	FY2024
Training hours per person/year	43 hours	55 hours	57 hours

Note: Excluding voluntary participation seminars

Outside dispatch enhancing expertise

In addition to internal training, we also dispatch employees outside the Company to gain experience in business companies with different climates and to acquire knowledge at universities and other institutions, thereby enabling them to gain a broad perspective. This allows employees to grow and learn from different perspectives through different environments and experiences. We support the acquisition of diverse skills and knowledge by our employees to strengthen the organization's capabilities.

Example of dispatch destinations

Megabanks, universities (MBA, data-driven sectors), consulting firms, PE funds, M&A advisory, etc.

Employee Interviews

I am currently working on improving my professional knowledge and skills through dispatch to the Graduate School of Shiga University. The MBAN course at the Graduate School of Economics, which I am enrolled in, aims to develop human resources with a dual focus on management and data science. In management, we study a wide range of academic theories such as business strategy, marketing, human resource management, and leadership theory. In data science, we learn machine learning using programming and the mathematical statistics that form the background of machine learning, thereby acquiring skills to keep up with the latest trends in AI applications.

In addition, the dissertation writing project that we will undertake over the next two years will focus on the theme of “omni-channel analysis at regional financial institutions,” with the aim of applying the academic knowledge we have gained in graduate school to solving specific issues at our own companies.

I have many opportunities to interact with colleagues from diverse backgrounds at graduate school, such as people dispatched from other industries, exposing me to new perspectives and ideas. I feel that these experiences will help me think more creatively and execute future planning work.



Sales Strategy Division
Katsuhiro Seki

Development of diverse specialist human resources

Support for acquiring certifications

Aiming to improve our specialization and skills, we also focus on supporting the acquisition of various certifications. In particular, we encourage all employees to obtain FP certifications, which require extensive financial knowledge, and approximately 80% of all employees hold an AFP or FP Level 2 certification or higher. In addition, the number of employees holding the top-level CFP and FP Level 1 certifications is also among the highest of all financial institutions.

Moreover, in acquiring certifications, we provide subsidies for examination fees (incentive payments), hold lectures on holidays, and distribute video content for independent study to further foster the culture of learning proactively, thereby supporting employees’ active initiative to take on challenges.

(March 31, 2025)

CFP/FP Level 1	659 employees
AFP/FP Level 2	1,992 employees
Carbon Accounting Advisor Level 3 (Basic-Level Advisor for Decarbonization (Approved certification by MOE Japan))	1,174 employees

Human Resource Strategy

Internal accreditation system at the Bank of Kyoto

The internal accreditation system has been established to promote independent efforts for skill development and self-improvement for growth by clarifying the goals to be attained for each job-specific task in charge and the goals for certification and passing examinations. For certification, we combine the aforementioned My Skill Check rank and certification examinations to certify human resources who have advanced specialist knowledge.

<Examples of internal accreditation> March 31, 2025

	Sector	Number of certificated employees	Mar. 2026 target
Consulting human resources	Corporate and consumer general sales	1,003 employees	1,000 employees
Store sales and operations core human resources	Store service	195 employees	200 employees
Digital Supporters gold certification	DX	1,781 employees	1,000 employees

Creating an environment for self-improvement

Holiday courses in a wide range of sectors and by rank of mastery

For voluntary participation holiday courses, we offer programs tailored to job type and skill level, along with a wide range of courses for employees to acquire various knowledge and skills, such as PC skill improvement, gender and diversity-related courses, tea ceremony courses unique to Kyoto, and hospitality training from different industries. This has helped to develop each employee’s ability to adapt to a changing environment.



Maintenance of self-improvement tools

We have introduced online self-study tools such as e-learning and video content.

In addition, we utilize an online learning platform to create an environment where employees can acquire not only knowledge related to the Group’s operations, but also knowledge in a wider range of sectors.

Training in the use of generative AI

Since the introduction of the in-house dedicated generative AI system (GAI Assistant, see p. 79 for details), training on the use of GAI Assistant has been conducted semiannually, with 1,334 employees having taken the course by the end of March 2025. More than ten hours of training, combining classroom lectures and exercises, provides extensive knowledge of generative AI, which is recognized for its usefulness in a wide range of tasks and increased productivity.

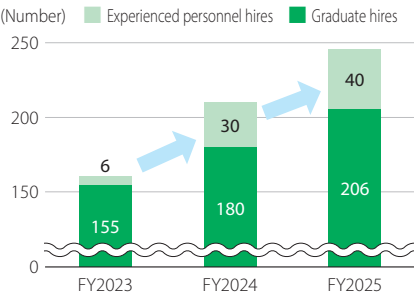
Hires and Allocation

Secure human resources through aggressive recruitment

New graduate hires

We hold numerous face-to-face events, such as internships and information sessions as opportunities to deepen understanding of the Group and to give students a realistic image of what it is like to work for the Group. In FY2024, we had over 2,000 students attend these events. In addition, starting salaries have been raised multiple times since 2023, and the starting salary for new college graduates in FY2026 will be raised to ¥285 thousand, the highest level among regional banks.

As a result of these efforts, we have been able to hire 200 new graduates in 2025, and have fulfilled our recruitment plan in each of the last three fiscal years. We also recognize the challenge of securing human resources with the expertise to drive our expanding business sectors, both financial and non-financial, and in FY2025, new employees with expertise in areas such as IT systems and data science will be assigned to the headquarters, unlike the previous assignment to sales branches.



- Securing realistic contacts
- Number of face-to-face internships and recruitment events held
- ▶ 104 times (+5 times from the previous year)

Establishment of Action Guidelines for Recruitment Activities

Amid the heightened social concern over sexual harassment of job applicants by employees of other companies, we established the Action Guidelines for Recruitment Activities in March 2025 as a common code of conduct for the Group in order to ensure that our recruitment activities respect the human rights of job applicants.

The Group will continue to engage in recruitment activities with a great awareness of human rights and compliance.

Experienced personnel hires

In the hiring of experienced personnel, we hired a diverse range of people, including those from financial institutions as well as from the consulting and IT industries, resulting in 30 hires in FY2024, five times the number of hires in the previous year.

Employee Interviews

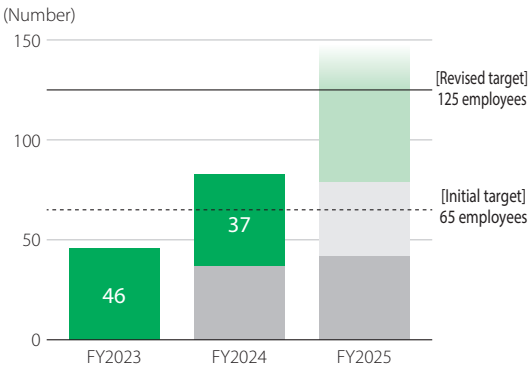
I am involved in a wide range of investment operations for companies facing business succession issues, from considering investment inclusion to providing post-investment management support. I have been involved in IPO support services and financial statement audits as a certified public accountant, and later in HR support for small and medium-sized companies at a labor and social security legal firm, but I had a growing desire to be more deeply involved in solving business succession issues of local companies and their growth. This is the source of the strong identification I have with Kyoto FG’s management principle of “Serving the prosperity of the community — drive community growth and create the future together.” This led me to change jobs, hoping to make use of my experience at Kyoto Capital Partners. The current workplace is an open environment where opinions can be exchanged regardless of position or status. I feel a great sense of responsibility and satisfaction in being involved in proactive decision-making as a member of a portfolio company. At the same time, since multifaceted knowledge, including accounting and human resource management, is required, it is a challenging process that requires continuous learning, driving me to work with a sense of growth every day.



Kyoto Capital Partners
Business Succession
Investment Department
Naoki Ikeda

Strategic and flexible staffing

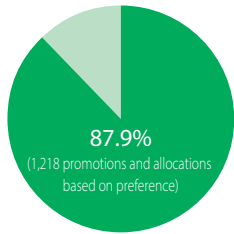
We aim to realize speedy business domain expansion by developing human resources who will lead expanding business domains, such as DX and venture investment and consulting domains, as “strategic human resources” and allocating them intensively to the relevant sectors. In the 1st Medium-Term Management Plan (October 2023 to March 2026), the target was to allocate 65 employees over a three-year period, but 83 employees were allocated over the two-year period, exceeding the target. In particular, 44 of the 83 employees, more than half of whom are assigned to Group companies other than the Bank of Kyoto, in order to facilitate the prompt development of the Group’s business. In order to further accelerate the growth of the Group, we have increased our allocation target by 60 to 125 employees, and through flexible allocation, we will strengthen the competitiveness of our organization to achieve our strategic targets.



Promotions and allocations based on preference

We aim to optimize the promotion and allocation of each employee and the entire Group, including assignment to the strategic sectors described earlier, by utilizing each employee’s career vision, skills, qualifications, and work experience as human resource information, and have set a target of 80% or more for the promotion and allocation of employees based on their wishes.

Over the past two years, we have promoted and allocated approximately 1,400 employees, more than 30% of the total number of employees in the Group. 1,218 of these employees were promoted or allocated based on their own preferences, maintaining a high level of 87.9%.



© Organizational Development

Support for autonomous career development

- Career support that transforms employees' "want to be" into "power"

The Group has diverse fields of activity that transcend financial and non-financial boundaries. We prioritize our employees' autonomy to think about what they want to do in the field of Kyoto Financial Group, and we provide career support that aligns with their aspirations.

Specifically, we have established the Career Challenge System as a Group-wide open recruitment system of human resources to encourage all employees to be more motivated in their work, and we are working to create an environment in which employees can actively challenge themselves to do what they want to do.

In addition, as an initiative to support the Career Challenge System, we hold the Job and Career Forum, a company briefing session for employees to provide them with the information they need to develop their own careers, and "in-house internships," which allow employees to pause their current jobs and experience work of their choice.

01 Learn Number of participants: 967 (2-year total)

Job and Career Forum

This is a voluntary in-house event where participants can learn about the business and think about their own careers while interacting with personnel from Group companies and headquarters. The program has been held once a year since FY2023, with a total of 967 participants to date.



Participants' voices

- It gave me an opportunity to think about my own career development.
- It was good to be able to talk casually with people I don't usually have a chance to talk to directly.

02 Experience Number of participants: 371 (2-year total)

In-house internships

This program has been held since FY2023 to support future career development and growth by deepening interest and understanding through learning and hands-on experience of requested Group companies and headquarters operations. A total of 371 people participated in the event from the Group companies and divisions.



03 Challenge FY2024 promotions: 33

Career Challenge System

We have reorganized and restructured the various existing open recruitment systems, and have been operating a new open recruitment system for human resources since FY2024 that will allow employees to try out what they want to do, regardless of their company, age, position, or other factors. In the first year, we received 138 applicants, and 33 who passed the internal selection process were appointed to jobs of their choice.

Employee Interviews

I have been working in the Bangkok Representative Office since April 2025. In my third year with the company, I was in charge of general corporate sales, but as I came to understand the diversification of customer needs in my daily sales activities, I decided to apply for an overseas assignment under the Career Challenge System because I wanted to conduct consulting sales from a more specialized and broader perspective. Although I had been interested in international business for some time, I was initially reluctant to apply, partly because I had few opportunities to be involved in practical work in my daily duties. Through participation in the in-house internship program, I was able to deepen my understanding of the Company's operations, which changed my mind about actively challenging myself to do what I am interested in.

The Job and Career Forum helped me start my expatriate assignment smoothly, as I was able to learn about the nature of the work I would be doing after my assignment, what life would be like there, and what my career would be like after I returned home. In the future, I would like to focus on activities that will allow me to demonstrate the presence of the representative office both inside and outside the bank by providing easy-to-understand information on trends in the ASEAN region to our clients and sales branches from our office in Bangkok.



The Bank of Kyoto
Bangkok Representative Office
Chihiro Kitagawa

Employee Interviews

I applied for the Career Challenge System and have been working at Kyoto Soken Consulting as a member of the Business Succession Consulting team since April 2025. I work with our clients from the initial stages of business succession, providing a wide range of support, including formulation of plans, succession of company stock and assets, and training of successors.

In my activities as a corporate sales representative at the Bank of Kyoto, I have been involved with business owners who have needs and issues related to business succession. I also wanted to provide more professional support to customers, so after participating in an in-house internship, I took up the challenge of the Career Challenge System. Kyoto Soken Consulting was reborn in October 2023 with new business sectors and has a corporate culture of taking on new challenges. In the past, our business succession consulting services focused on supporting the succession of capital, such as company stock, but we are now aiming to become more involved in the succession of management and are gradually seeing results. I will maintain this mindset of taking on challenges and grow as a specialist who can solve customers' problems.



Kyoto Soken Consulting
Consulting Division
Kensuke Ido

- Improved coordination of group functions through human resource exchange

In addition to acquiring job-specific knowledge and skills through human resources exchange between Group companies in internships and training, we are working to improve our coordination skills in order to make the best use of group functions and offer optimal proposals to our customers.

Promotion of diversity, equity, and inclusion (DEI)

- Initiatives for gender diversity

We have been continuously working on this initiative since the past, and in the current medium-term management plan, through the activities of working groups as the "Designing the Future Program," we are drafting plans that incorporate the feedback from female employees in order to expand the areas of activity and opportunities for women. In July 2024, the working group organized a training program to develop general corporate sales representatives.

<Targets and results of human resource exchange among Group companies>

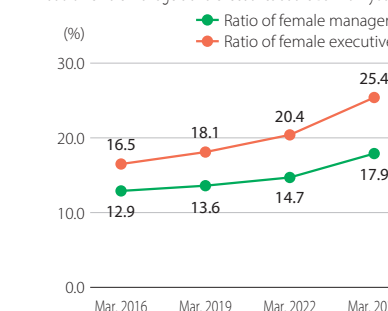
Cumulative target for the 3 years through Mar. 2026	1,000 employees
Results (As of June 2025)	1,004 employees



For those who themselves or their spouses are planning to give birth, we regularly hold "pre-mother/pre-father training" as an opportunity to learn about the Group's support system for balancing work and childbirth and to hear stories from senior employees, thereby providing broad support for employees who are about to raise children, including both women and men. For those who have taken childcare leave, we regularly hold Support Course for Returning to Work After Childcare Leave to provide information on how to smoothly return to the workplace. As a result of these ongoing efforts, the childcare leave utilization rate for both males and females continued to be 100% in FY2024.



<Ratio of female managers and executives at the Bank of Kyoto>



Note: The ratio of managers is calculated based on the definition of managerial positions as stipulated in the Act on the Promotion of Women's Active Engagement in Professional Life. Ratio of seats to total number of positions is calculated as all positions above the section chief.

<Wage difference between male and female regular employees (March 2025)>

Regular employees as a whole	71.2%
------------------------------	-------

<Wage difference between males and females by position (March 2025)>

Supervisors	91.2%
Executives (Deputy, Section Chief)	88.2%
Chief, General	100.5%

Note: All are wage differences at the Bank of Kyoto

Human Resource Strategy

Promotion of specialists (professional system)

We established a professional system to promote particularly outstanding human resources who demonstrate outstanding expertise in their respective sectors and who request to work or apply for career advancement as a specialist.

As of April 2025, there are 36 professionals in our entire Group.

<Examples of specialty sectors>

M&A	Business succession
Market operations	Trust
Systems	Legal & risk management

Support for active participation of senior human resources

The age limit for executives is set at 55 years old, but we have created positions that allow employees to continue to demonstrate their experience and abilities after that age, assigning the right people to the right positions through internal recruiting. In addition, an Active Senior Program was established to allow retirees over 65 years old who are willing to work, and from April 2020, they can work until a maximum age of 75. Currently, more than 100 employees throughout the entire Group are working under this program.

Promotion of the activities of part-time employees

Many part-time employees are also active in our Group. In order to provide opportunities for motivated and capable part-time employees, we have established a system to convert them to associates, who are contract employees. Associates play a central administrative role in the Group, with 75 associates working for us as of April 2025.

Support for active participation of people with disabilities

We aim to create a workplace where diverse human resources can play an active role, and are striving to improve the environment to support the activities of people with disabilities working within the company, including training for all employees to deepen their proper understanding of disabilities and selecting job descriptions that match the nature of their disabilities. The employment rate of the Bank of Kyoto is 2.51% (as of June 2025).

Improved well-being

Increasing employee happiness and joy of work leads to the provision of high-value-added services to customers, thereby increasing corporate value.

For this reason, we are strengthening our commitment to well-being, aiming for a better physical, mental, and social state of mind.

Systems to achieve work-life balance

Flextime system

This system allows employees to set their own starting and ending work hours and enables flexible work styles.

Shortened working hour system

For childcare purposes, employees may choose to work shorter hours until the child is in the third grade of elementary school.

For long-term care purposes, a maximum of three years may also be selected.

Childcare leave system from birth

This system encourages male employees to take childcare leave, and in FY2024, 100% of male employees took childcare leave.

As a result of the promotion of the above initiatives, monthly overtime hours per employee have been significantly reduced. We will continue to pursue more efficient work styles by improving the working environment for our employees.

Select work

This is a staggered working hours system for employees of the Bank of Kyoto sales branches. Flexible work arrangements as well as flextime systems are available.

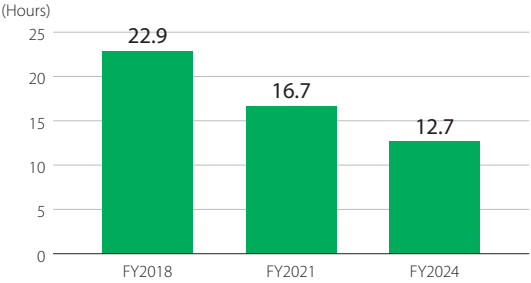
Hourly paid leave system

Employees are allowed to take up to five days of their annual paid leave in hourly increments, thereby expanding the range of options available to them when taking leave.

Telecommuting

To enable employees to work more efficiently, we have established a telecommuting system and built the necessary network environment.

<Monthly overtime hours per employee>



Initiatives for health management

Based on the belief that mentally and physically healthy employees, who are the supporters of our customers, are the key to providing high-quality services to our customers, we have established the Health Management Declaration and are working to maintain and promote the health of our employees.

Specifically, we are conducting a wide range of initiatives such as individual consultations with employees who work long hours, individual health guidance based on the results of health checkups, complete non-smoking on the premises and during working hours, and counseling by a clinical psychologist.

In collaborative health with health insurance associations, we are also working to increase employee health literacy through the introduction of the Pep Up healthcare platform starting in 2025. In addition, we are making efforts to encourage employees to voluntarily engage in health promotion by offering free physical examinations with subsidies from the Bank of Kyoto Mutual Aid Association, and by organizing walking events.



Asset formation support initiatives

To support employees' asset building, we have established an employee stock ownership plan, an employee savings scheme, a defined benefit (DB) pension plan, and a defined contribution (DC) pension plan. In particular, we subsidize 5–20% of the amount contributed to the employee stock ownership plan, depending on the number of units, as an incentive. The participation rate of the entire Group in the stock ownership plan is high, exceeding 90%.

We also provide support through both institutional and educational programs to improve the financial well-being of our employees, including seminars designed to inform and educate our employees.

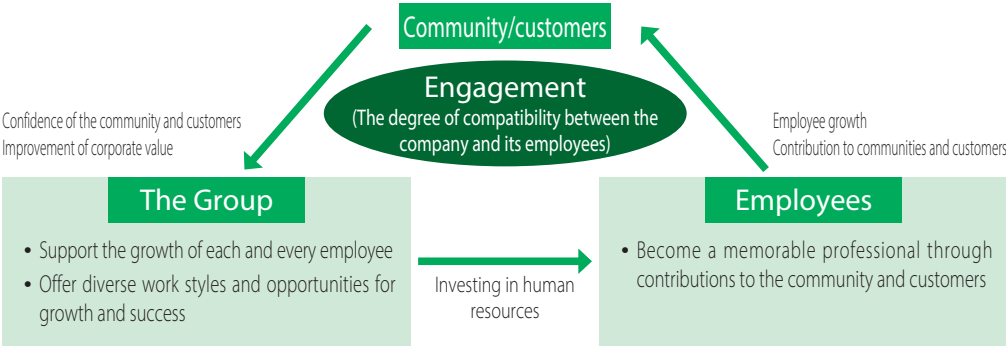
<Status of employees joining employee stock ownership plans>
(As of March 31, 2025)

Enrollment rate	90.3%
Number of members	3,256

Note: Enrollment rate and number of members for the entire Group

Maximization of Human Capital Through Improved Engagement

A virtuous circle to be realized through increased engagement



Through the Group's support for the growth and activity of its employees, we will foster an organizational culture in which all employees will work autonomously toward their own growth and success, being more willing to contribute to the Group, leading to increased corporate value by providing value to our customers.

Conducting engagement surveys

We conduct an annual engagement survey (employee awareness survey) to survey and identify the state of engagement.

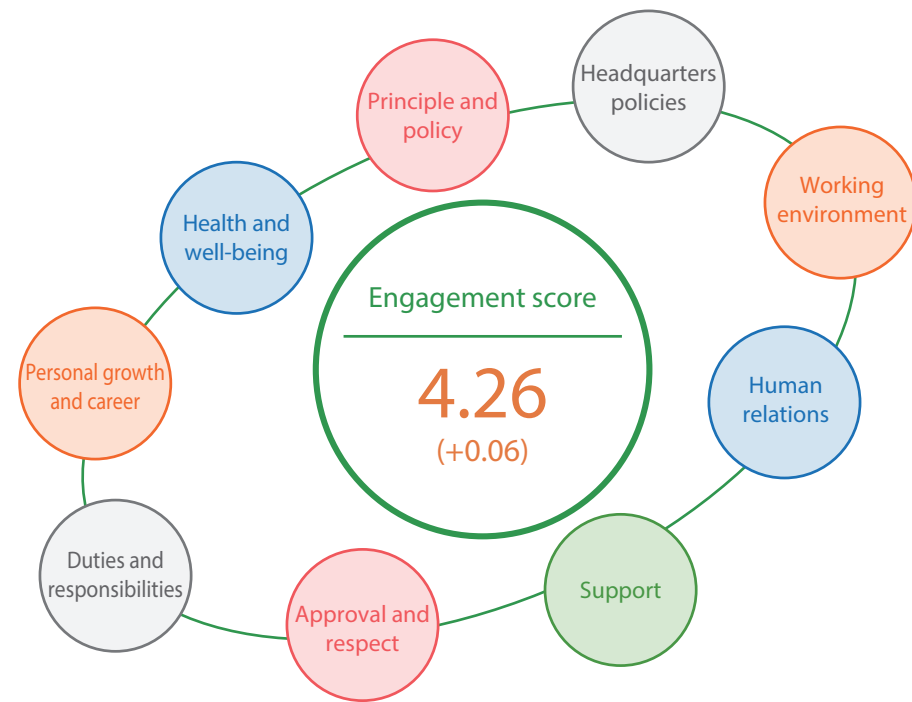
The engagement survey is the Company's original survey, consisting of over 70 questions in three categories of "company/organization," "people/team," and "work/career," and nine key drivers, in addition to engagement-related questions.

By analyzing the results of the survey, issues throughout the organization are identified and used to promote measures to resolve them.

Results of engagement surveys

The results of the FY2024 Engagement Survey are as follows.

As a result of the wide variety of efforts to date, the engagement score is up 0.06 points from last year.



Notes: The engagement survey was conducted for the Bank of Kyoto alone in FY2023, and for the entire Group (excluding Sekisui Leasing) in FY2024. Engagement score: Scored on a 5-point scale in response to the question, "I am motivated to work with a desire to contribute to the growth and development of the Kyoto Financial Group."

Initiatives to support engagement

1-on-1 meetings

Conducted monthly, supervisors listen to their subordinates and help them resolve various concerns and issues, as well as promote experiential learning, with the aim of enhancing their growth and success, ultimately, their engagement.

360-degree feedback

The purpose of the program is to promote spontaneous behavior change, human resource development, and organizational revitalization by diagnosing the subject's behavior from multiple perspectives (supervisor, peer, and subordinate) and providing feedback from multiple perspectives.

All employees in management positions and above are encouraged to create and implement action plans based on annual diagnoses to change their behavior and ultimately improve their workplace environment.

Self-declaration system

We have established a system that allows employees to report their career and future aspirations once a year, with the aim of improving engagement and enhancing the effectiveness of human resource development by respecting the autonomy and independence of each employee. Through interviews based on the reported information, division heads share their career visions, leading to appointments based on their wishes and training that respects their autonomy.

Topics

Fostering a climate of challenge

1 New business creation project "WILL"

Since FY2024, we have been implementing a new business creation project called "WILL," in which employees take on the challenge of commercializing their own ideas, with the aim of creating new businesses and fostering a culture of challenge. In the first year, 60 teams (74 participants) participated and came up with business ideas. As a result of the final selection process, a project titled Chiki Tasuke-tai was selected and is currently undergoing verification for real-life application.

Voices from the creators of the Chiki Tasuke-tai



Under the title of Chiki Tasuke-tai, we are considering a service to assist the elderly with their everyday struggles. In the course of my work with customers, I became aware of the need for new services, as I felt a sense of crisis that in addition to diversifying needs, the aging of the population in the future would make it difficult to provide the services that had been available in the past. The aging of society is a major challenge not only for our customers, but also for the Company in the future. By responding proactively and increasing the number of services that benefit our customers, we hope to help the Group fulfill its duties as a regional financial institution.

2 Working group on the study of rebuilding the new head office building

The Group is currently considering rebuilding the head office building of the Bank of Kyoto (completed in 1966) at its current location by 2031, which marks the 90th anniversary of the bank's founding.

To this end, a working group of about 40 members was established, including those who wished to participate from sales branches, Group companies, and headquarters. The working group discussed with the management how to contribute to the community and the work environment with an eye to the future.



Voices of working participants

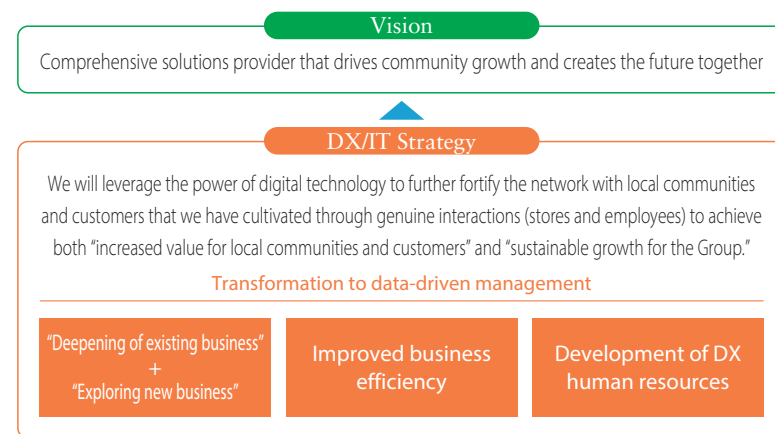
- I wanted to create something that would go down in history at the company I work for. The participation in the program was also a learning experience about the Group.
- The members of the group were all different in their work and positions, but I think they all had the same desire to change the Group for the better.
- The bottom-up approach to work was very good. We were able to have good discussions by communicating our ideas directly to management.

DX/IT Strategy

DX and IT Strategy Initiatives

The Kyoto Financial Group is working on various initiatives for transformation using digital technology, with the aim of achieving both “increased value for local communities and customers” and “sustainable growth for the Group” by fortifying the network with communities and customers cultivated through the power of genuine interactions (branches and employees) and the power of digital technology. The DX Promotion Group of the Corporate Planning Division is in charge of planning and formulating digital strategies, and is engaged in “data-driven management” that promotes “accumulation, analysis, and utilization” of data across the Group. We are also working with external organizations to strengthen our organization and human resources to advance our initiatives.

● Image of DX/IT strategy initiatives

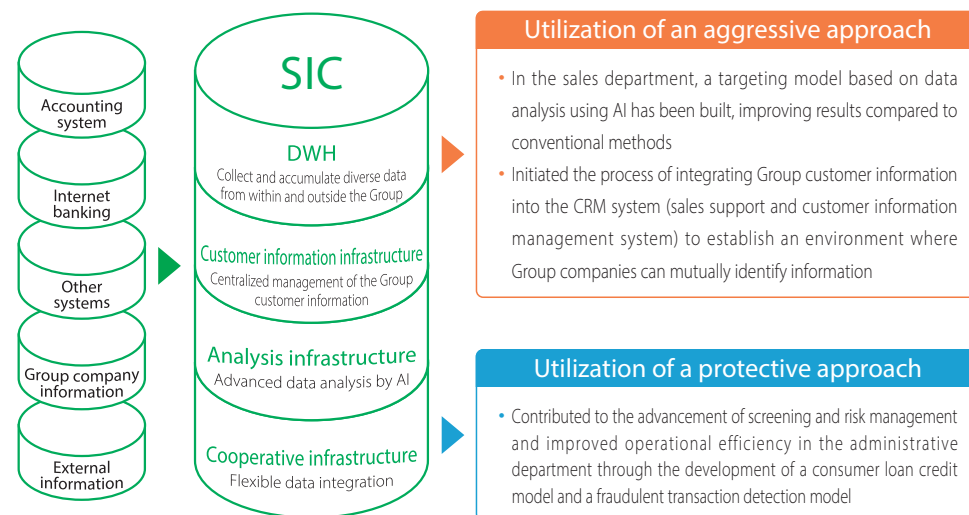


Transformation to Data-Driven Management

The current medium-term management plan calls for a change to “data-driven management,” to make decisions on management strategies, marketing, and other policies based on the results of analysis of collected and accumulated data, rather than relying on past experience and intuition. Specifically, we have introduced the Service Innovation Core (SIC), an infrastructure that centrally manages and consolidates a wide variety of data, including data owned by the Group and other external information, and analyzes the large volume of consolidated data at high speed and with high precision. Through the accumulation, analysis, and utilization of data held by the Group, we are working to deepen existing businesses and create new businesses and services. This will enable us to accurately meet the increasingly diverse and sophisticated needs of our customers and provide them with valuable services.

Initiatives for transformation to data-driven management

Establish Service Innovation Core (SIC), an infrastructure for data accumulation, analysis, and utilization, and promote enhanced sales and marketing, advanced screening and risk management, and operational efficiency through the use of collected data, AI, etc.



Examples of specific efforts (Topics)

Building targeting models based on data analysis by AI

The sales department uses AI to analyze large amounts of accumulated data and build targeting models. By utilizing scoring based on this model, we are developing more strategic sales activities. Specifically, this model is used to identify approach recipients for consumer loans and assets under custody, including NISA, and to select recipients for direct mail (DM).

Building a consumer loan screening model

We have built our own consumer loan screening model using AI, developed in-house, and began using it in May 2025. This model is designed to make credit scoring decisions for each individual case by having AI learn from the large volume of data (applicant age, income, etc.) on consumer loans held by the Group and analyze various individual indicators. The proprietary development of AI enables highly accurate screening and streamlines the screening process by reflecting the Group’s know-how and the analytical power of AI based on a large volume of data.

In the past, we have outsourced guarantee services for car loans and education loans to outside guarantee companies, but by using this consumer loan screening model, we are expanding profit-earning opportunities by bringing guarantee services in-house within the Group at Kyoto Guaranty Service (a wholly owned subsidiary of the Bank of Kyoto).

“Deepening of Existing Business” + “Exploring New Business”

Initiatives Improve convenience of digital channels and expand customer contact points

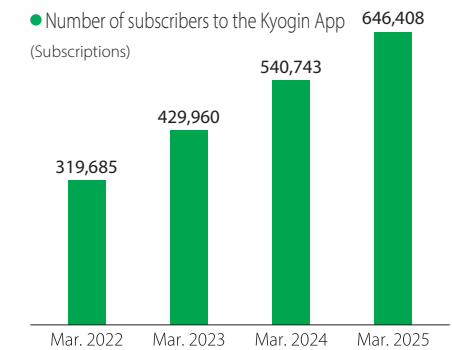
Promote the Kyogin App (for individuals) and the Kyogin Business Portal Site (for corporations)

► Kyogin App

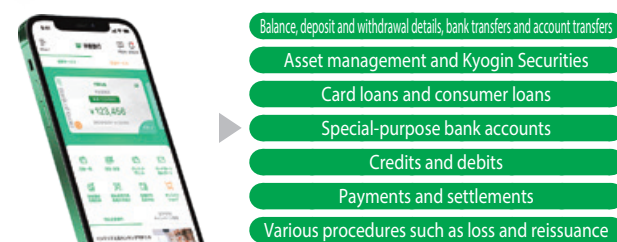
As of March 31, 2025, 640,000 customers had subscribed to the Kyogin App, a smartphone app for retail customers.

We are constantly adding functions to improve customer convenience, and in January 2025, we became the first regional bank in the five prefectures of the Kinki region to introduce a public personal authentication service that enables customers to complete identity verification by reading their Individual Number Card when opening an account using the app.

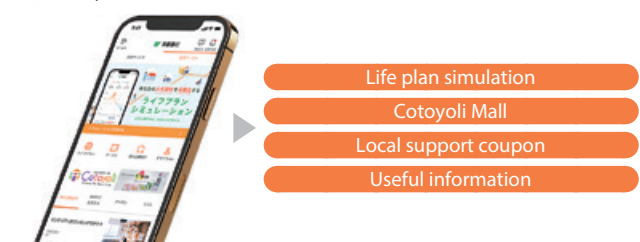
The public personal authentication service is a public service that enables customers to securely and reliably confirm their identity online using an electronic certificate installed in the IC chip of their Individual Number Card. This service allows customers who choose to verify their identity with their Individual Number Card to complete procedures more easily by eliminating the need to take a picture of their face and enter their name and address when applying for the service.



● Financial service functions



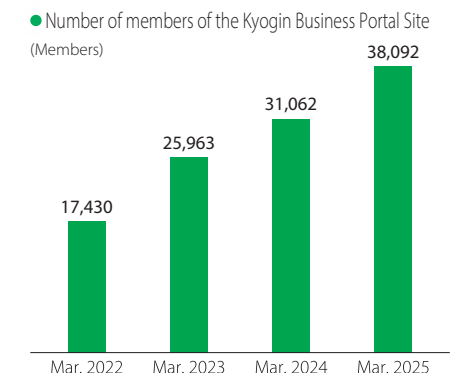
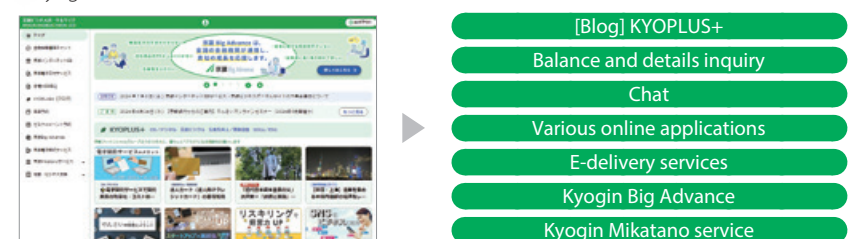
● Lifestyle service functions



► Kyogin Business Portal Site

We provide the Kyogin Business Portal Site, a membership web service for corporate and sole proprietor customers. More convenient functions have been added sequentially, such as the Kyogin E-delivery Services, which delivers documents that were previously delivered in paper form (limited to eligible documents) as PDF files, and Various Online Applications, which allow customers to prepare and submit prescribed application documents online.

● Kyogin Business Portal Site



KPI (March 2026) 750,000 subscribers to the Kyogin App; 50,000 members on the Kyogin Business Portal Site

Digitization of identity authentication using eKYC, etc., at other banks’ ATMs, etc.

From June 2025, we have started a service that enables individual customers with an Individual Number Card to perform procedures such as address and phone number changes at Seven Bank ATMs. Utilizing Seven Bank’s +Connect, customers can change their address and telephone number, renew the period of stay for foreign customers residing in Japan, and confirm customer information that is regularly requested by post, etc., from Seven Bank ATMs.

New business domains

► BaaS business

With the aim of revitalizing the region and industry and promoting DX in the Kyotango region, we entered the BaaS business in January 2024 with the launch of Tango Pay, a local currency App that can be used within the region. We will continue to utilize this know-how to expand the number of clients to whom we introduce our products.



DX/IT Strategy

Improving Operational Efficiency (Digitalization)

Through digitization of operations, we will maintain and strengthen our strong branch network, which is one of the Group's strengths, to enhance customer convenience and add value. By using digital technology, we will improve our OTC structure and efficiently reallocate human resources to further enhance our sales and planning capabilities.

Initiatives Improve efficiency of sales branch operations (digitalization of operations)

Expansion of online service procedures
(opening a corporate account, adding various procedures that can be applied for via the Kyogin App, etc.)
The Bank of Kyoto offers an online service for transactions such as change of address, payment of taxes and various fees, transfer of funds, as well as opening corporate accounts.

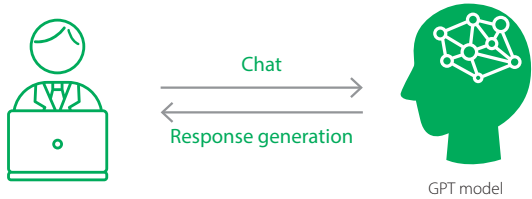
Virtual counter
For customers who visit our branches, our headquarters staff accepts and handles procedures online, including inheritance procedures, as well as opening new accounts for corporations and individuals (for 76 branches).

April 2026 — Smarter functions of sales branches
In April 2026, we plan to introduce a new branch system that will reduce the bank's usual administrative work. This will promote the reduction of paper, including seals and slips, cash handling, and operations, and also aims to lighten the OTC system, including the systems aspect.

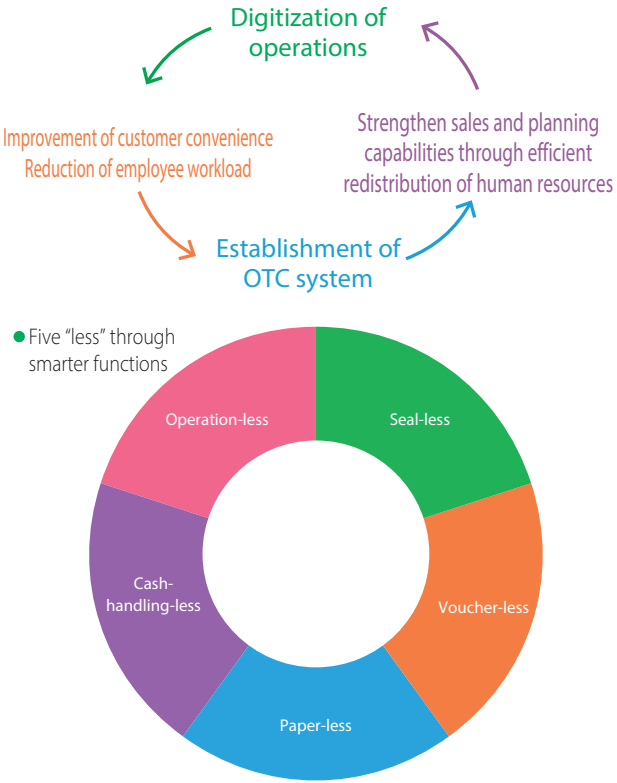
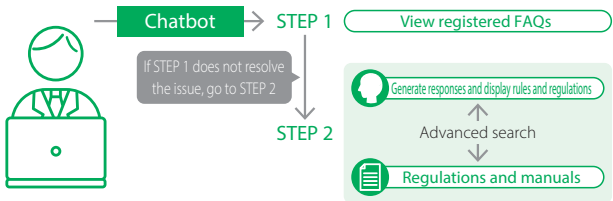
Initiatives Use of generative AI

We are actively promoting the use of generative AI to improve the quality of customer service and maximize employee productivity.

► **GAI Assistant (Azure OpenAI Service)**
We are the first regional financial institution to begin using Azure OpenAI Service and have made it available to all employees. Writing, summarizing, and programming codes can be done easily in a chat format, which has proven useful and productive in a wide range of tasks, including reducing time spent on tasks such as gathering information and drafting.



► **Generative AI chatbot**
Beginning in 2021, the Bank of Kyoto has utilized an "FAQ-type chatbot" that uses AI to find and indicate answers from FAQs created by its employees for inquiries between its headquarters and branches.
In addition to this, from February 2025, a "document-type chatbot" was introduced to handle a wider range of inquiries, in which a generative AI automatically creates and displays answers by referring to the bank's regulations and manuals. Initially, approximately 1,000 regulations and manuals related to internal procedures such as human resources, general affairs, and systems, as well as assets under custody, were covered. The scope is expected to be expanded in the future. Ultimately, we expect to reduce the workload by 8,000 hours per year for the entire bank.



Development of DX Human Resources

Initiatives Development of DX human resources

KPI (by March 2026)	
DX Specialist (headquarters employees)	50 employees (Data science, digital business, IT systems)
DX Advisor (corporate sales) gold certification	500 employees
Digital Supporters (all employees) gold certification	1,000 employees

Initiatives Improve IT literacy

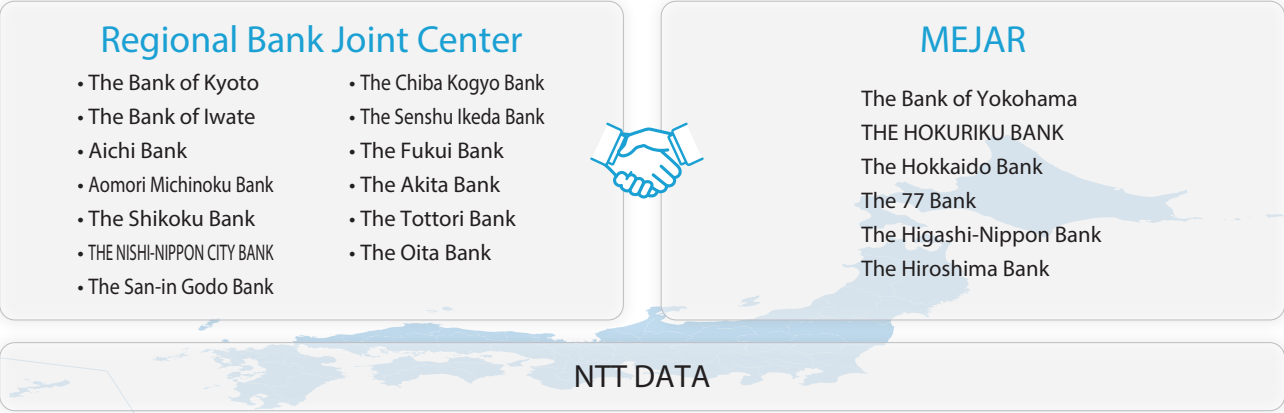
- Established guidelines for the use of the GAI Assistant and conducts training on basic operations and examples of business applications.
- We conduct DX study sessions for business partners to deepen their understanding of various digital services for business partners and to improve their problem-solving skills of business partners using digital services.

IT Strategy

Initiatives Optimization of IT infrastructure (study for the use of cloud for main system infrastructure)

With respect to the infrastructure for the next banking system by 2029, we are considering the use of the Integrated Banking Cloud, Japan's first open, shared-use cloud banking system, to be built by NTT DATA. This will strengthen our ability to respond flexibly and speedily to new technologies and accelerate our DX strategy. This initiative will be part of the Regional Bank Joint Center/MEJAR System-Working Group (CMS-WG), which was established in November 2021.

19 banks participating in the Regional Bank Joint Center/MEJAR System-Working Group (¥100 trillion in funds)



Note: The use of MEJAR by the Hiroshima Bank is scheduled to begin in FY2030.

CHAPTER 4

Practicing Sustainability Management

— How to increase social value

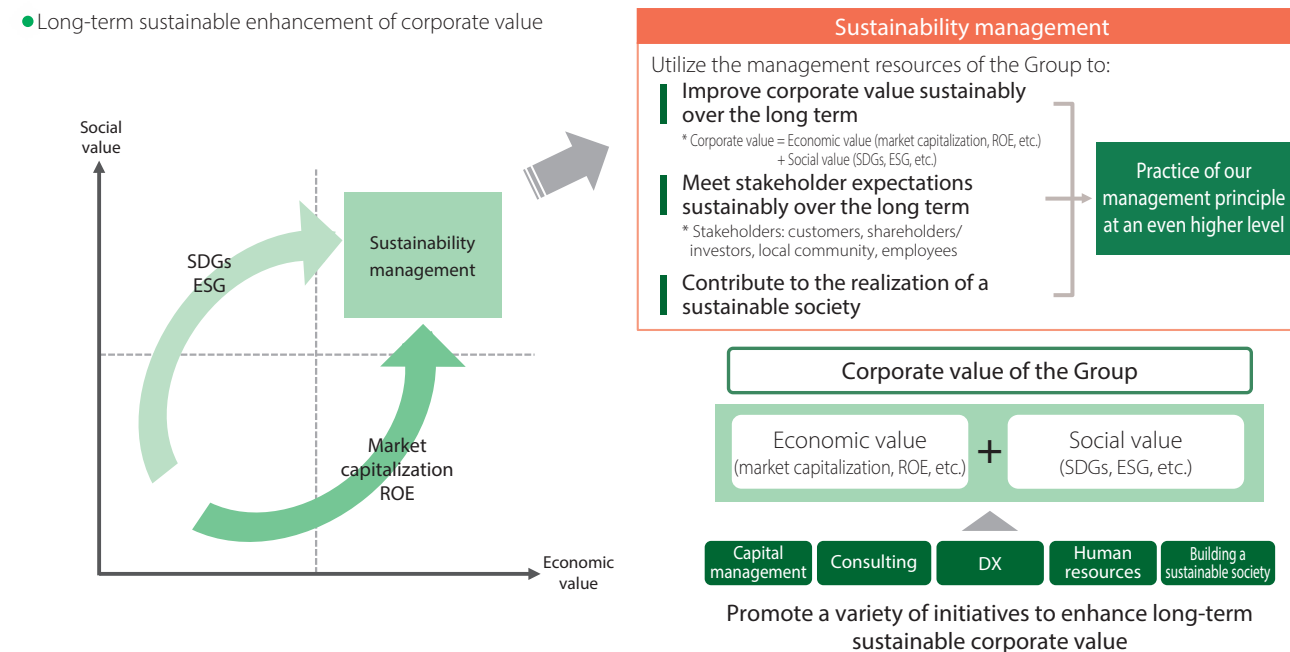
- 83 Sustainability Management
- 85 Climate Change Initiatives (Disclosure Based on the TCFD Recommendations)
- 91 Respect for Human Rights

Sustainability Management

Approach to Sustainability Management

The Group will enhance our economic and social value and increase our corporate value on a long-term sustainable basis by promoting sustainability management, which we position as “practice of our management principle at an even higher level,” and by promoting specific initiatives to realize a sustainable society.

Long-term sustainable enhancement of corporate value



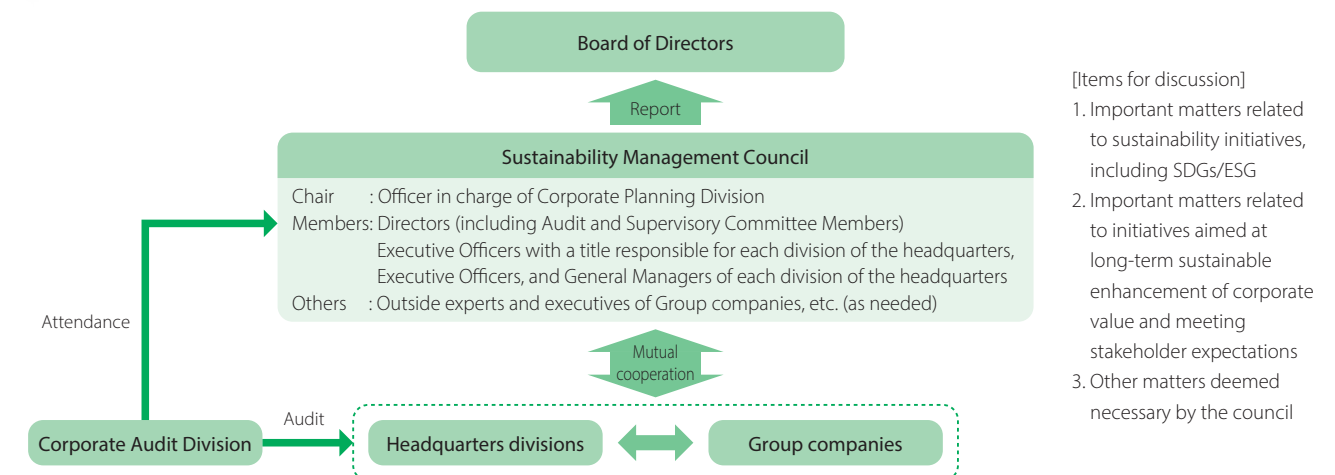
Governance System Concerning Sustainability

With the aim to practice sustainability management, we have established a Sustainability Management Council, which complements and reinforces the functions of the Board of Directors to discuss various issues that require medium- to long-term, cross-sector initiatives and examine specific initiatives to resolve these issues.

Matters discussed by the Sustainability Management Council are reported to the Board of Directors on a regular basis or as needed.

The various measures are implemented by the respective divisions and Group companies under their jurisdiction. In addition, the Sustainability Management Group within the Corporate Planning Division oversees the entire Group and is responsible for examining policies and managing the progress of initiatives.

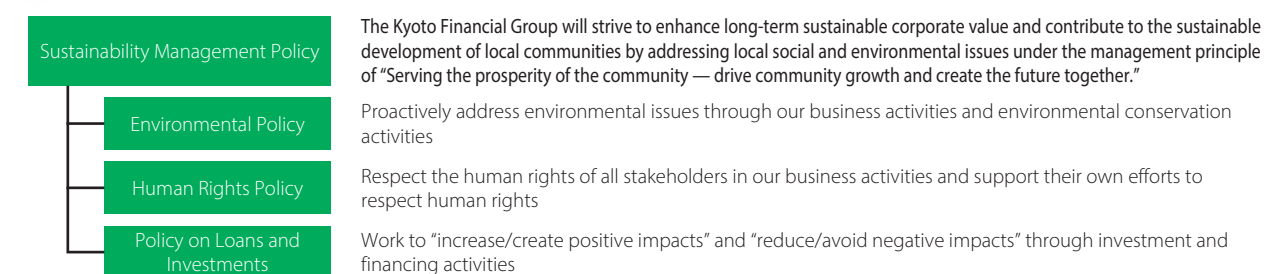
Governance structure



Sustainability Policy

For sustainability initiatives, we have established six materiality items (see p. 31) under the Sustainability Management Policy as items on which the Group should focus its efforts, as well as an Environmental Policy for environmental considerations in business activities, a Human Rights Policy for human rights considerations, and a Policy on Loans and Investments for Achieving a Sustainable Society for investments and loans, which are the core of our business activities.

Policies



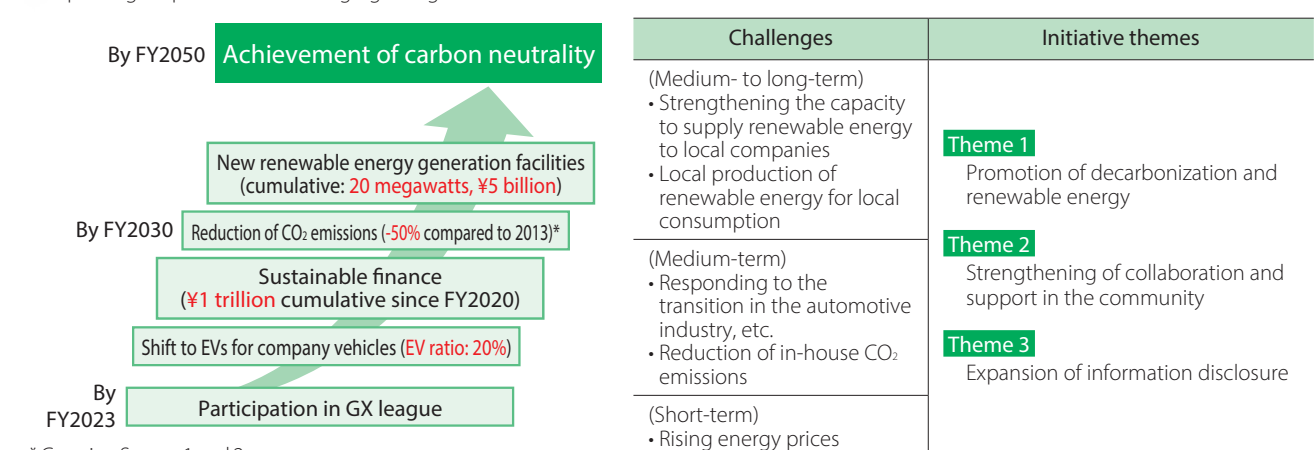
Regarding the details of the various policies, etc., please refer to the Company's website.



Toward Achievement of a Carbon Neutral Society

We believe that realization of a decarbonized society, as typified by carbon neutrality, is one of the most important initiatives in sustainability management. The Group is committed to green growth that enhances corporate value as well as achievement of a decarbonized society.

Improving corporate value through green growth



* Covering Scopes 1 and 2

Climate Change Initiatives (Disclosure Based on the TCFD Recommendations)

Disclosure Based on the TCFD Recommendations

In addition to our efforts to address climate change, we recognize the importance of information disclosure, and we continue to disclose information in line with the spirit of the TCFD (Task Force on Climate-related Financial Disclosure) Recommendations, which the Bank of Kyoto Group endorsed in October 2021.

Governance

Please refer to “Governance System Concerning Sustainability” (p. 83).

Strategy

Risks and opportunities

We believe that climate change will have a significant impact on social and economic activities and may have a significant impact on our business activities. The Group has identified the impact on our customers’ assets and businesses and on the Group’s assets and businesses as a result of dividing climate change-initiated events into physical events (physical risks) and events related to economic and social transitions (transition risks) and analyzing the effects. On the other hand, we recognize that efforts to mitigate impact events that may occur to our customers’ assets and businesses represent a business opportunity for the Group. The recognized risks and opportunities are as follows.

Factor	Risk	Occurrence phenomena	Impact		Response risk	Opportunity
Climate change	Physical risk	Natural disasters due to torrential rain, etc.	Damage to customer assets	Damage to collateral value and deterioration of customers’ business performance	Credit risks	Increased consulting opportunities Increased financing opportunities
			Damage to the Group’s assets	Suspension of the Group’s business	Operational risks	–
	Transition risk	Legal system changes and strengthened regulations Changes in the supply-demand balance Technological conversion	Incurrence of additional costs Inability to respond	Deterioration of customers’ business performance	Credit risks	Increased consulting opportunities Increased financing opportunities

Scenario analysis

The results of the physical and transition risk scenario analysis based on the TCFD Recommendations are as follows. For physical risks, the impact of flood damage was analyzed, taking into consideration the frequency of occurrence and the degree of impact. For transition risks, the power sector and the automotive sector were the subject of the analysis due to their high greenhouse gas emissions and the significant impact on business associated with the transition to a decarbonized society. In each analysis, the impact on the Group’s financials was limited. Scenario analysis is conducted under certain assumptions, and we will continue to work to expand the scope and sophistication of our analysis.

	Physical risk	Transition risk
Scenario	RCP 8.5 scenario (4°C scenario) according to the Intergovernmental Panel on Climate Change (IPCC)	NZE scenario (1.5°C scenario) according to the International Energy Agency (IEA)
Subject	Business loan recipients (excluding large companies)	Business loan recipients belonging to the power and automotive sectors
Analysis method	Estimate the financial impact and collateral value impact on the target customer in the event of flooding based on hazard map data, and calculate the increase in credit costs	Estimate the change to the financials of the target customer, taking into consideration the effect of the introduction of a carbon tax, etc., based on the transition scenario, and calculate the increase in credit costs from the transition in debtor classification
Analysis period	Until 2050	
Analysis result	Additional credit costs that may be incurred: Up to ¥5.2 billion	Additional credit costs that may be incurred: ¥5.4 to ¥11.2 billion cumulative

Carbon-related assets

We recognize the four industry groups that are considered vulnerable to climate change, namely “energy,” “transportation,” “materials and buildings,” and “agriculture, food, and forest products,” and have identified the loans to these industries.

	Energy	Transportation	Materials and buildings	Agriculture, food, and forest products
Percentage*	1.8%	3.4%	19.4%	3.3%

* Balance of loans to the four industry groups as a percentage of the Bank of Kyoto’s total loans and bills discounted

<Examples of subject industries>

Energy	Transportation	Materials and buildings	Agriculture, food, and forest products
Coal, oil, and gas Electricity (excluding renewable energy)	Air transportation Maritime transportation Land transportation Automotive	Metals and mining Chemicals Building materials and capital goods Real estate management and development	Beverages and food Agriculture Paper manufacturing and forestry

Risk management

We recognize that risks arising from climate change may materialize as risks in each risk category, such as credit risk and operational risk, as previously mentioned risks and opportunities, and may affect the Group’s performance and financial condition.

The Group has established a system to manage risks assessed by risk category in an integrated manner and to manage various risks arising from climate change within the framework of integrated risk management.

We have also established an Environmental Policy for all corporate activities and a Policy on Loans and Investments for Achieving a Sustainable Society for investments and loans, which is our main business sector, to reduce risk by proactively addressing environmental issues, including climate change, through our business activities and environmental conservation activities.

Indicators and targets

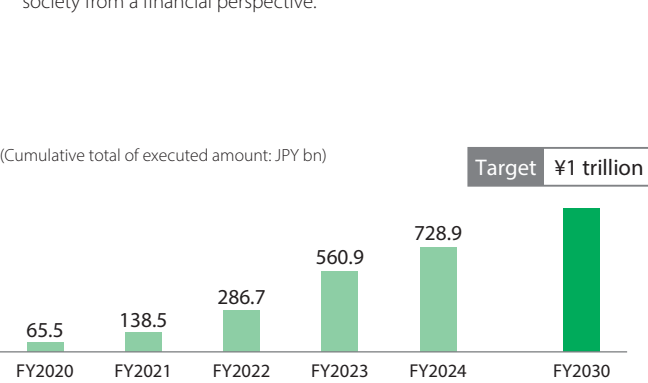
We have set “carbon neutrality by FY2050” as a long-term climate change-related target, and are working on the following two immediate targets for FY2030.

Sustainable finance target

Execute ¥1 trillion in financing between FY2020 and FY2030

We define “sustainable finance” as “finance that contributes to the resolution of environmental, social, and economic issues by increasing or creating positive impacts or reducing or avoiding negative impacts.”

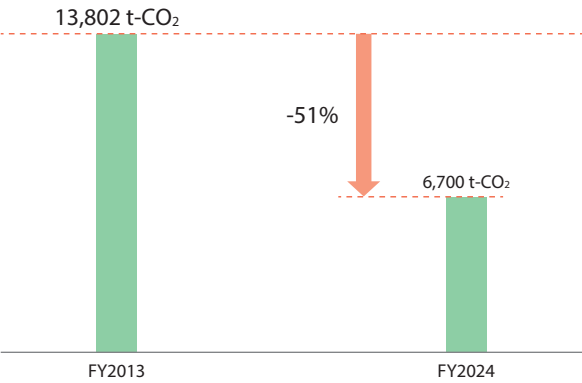
In addition to green and sustainable finance in accordance with international frameworks, we have introduced loan programs and products such as the Sustainability Linked Loan (Kyoto Version) and Kyogin Sustainability Linked Loan — Seven Targets, which are easy for SMEs to use, in order to support their efforts to realize a sustainable society from a financial perspective.



CO₂ emission reduction target

Reduce by 50% compared to FY2013 by FY2030 (Scope 1 and 2)

In addition to continuing initiatives such as switching to energy-efficient equipment and conserving electricity, in February 2024, we switched the electricity used at five headquarters locations, including the Bank of Kyoto head office, to carbon-free electricity derived from renewable energy sources generated in Kyoto Prefecture. Taking into account the fact that the FY2024 results reached the target level ahead of schedule, we will continue to study specific initiatives to achieve a carbon-neutral society.



Climate Change Initiatives (Disclosure Based on the TCFD Recommendations)

Calculation of greenhouse gas emissions under the GHG Protocol

The Group is working to expand the scope of measurement of greenhouse gas (GHG) emissions resulting from its business activities, and in April 2024 we introduced C-Turtle® FE, a GHG emissions calculation tool provided by NTT DATA Japan Corporation, to calculate GHG emissions based on the GHG Protocol*. We are working to further reduce the Group's Scope 1 (direct emissions from fuel combustion and production processes) and Scope 2 (indirect emissions from electricity, heat, and steam use) associated with the Group's energy use through further promotion of energy conservation and the introduction of renewable energy. For Category 1 (purchased goods and services) and Category 2 (capital goods) of Scope 3, we used the total emissions allocation method based on emissions intensity by supplier, in order to perform a calculation that incorporates our suppliers' reduction efforts. We will continue to promote decarbonization initiatives in cooperation with our suppliers and demonstrate high supplier engagement, thereby contributing to the achievement of net zero across society as a whole.

Moreover, Scope 3 Category 15 (GHG emissions of the borrower), which accounts for the majority of total GHG emissions, can be calculated using either the top-down method, which estimates GHG emissions based on the financial data of the borrower, or the bottom-up method, which calculates GHG emissions based on the actual emissions of the borrower. We recognize the need to increase the ratio of calculations based on the bottom-up method in order to improve data quality, which is considered important in the PCAF standard, and we are working on calculations that enable customers to visualize their reduction efforts. We recognize that regional financial institutions are expected to play a role in realizing decarbonization throughout the region by using the results of these calculations to help customers calculate and reduce their emissions, and we will continue to provide tools to help customers calculate their GHG emissions and provide post-calculation reduction support.

* GHG Protocol: An international standard used to calculate and report GHG emissions

● Group GHG emissions (FY2024)

Calculation item	Details	Calculation result (t-CO ₂)	Percentage (%)
Scope 1	Emissions from gas and gasoline use	1,560	0.02
Scope 2	Emissions from electricity use	5,140	0.05
Scope 3		9,786,499	99.93
Category 1	Purchased goods and services	14,623	0.15
Category 2	Acquired capital goods	6,099	0.06
Category 3	Fuel and energy-related activities	6,238	0.07
Category 4	Upstream transportation and distribution	Included in Category 1	–
Category 5	Waste generated in operations	137	0.00
Category 6	Business travel	362	0.00
Category 7	Employee commuting	1,856	0.02
Category 8	Upstream leased assets	Included in Scopes 1 and 2	–
Category 9	Downstream transportation and distribution	Included in Category 1	–
Categories 10, 11, 12	Processing, use, and end-of-life treatment of sold products	N/A	–
Category 14	Franchises	N/A	–
Category 15	Investments	9,757,184	99.63

Notes: Scope 1 and 2 emissions are calculated for the entire Group.
 The calculations for Scope 3 (excluding Category 15) were performed for the Company and the Bank of Kyoto.
 For Category 15, calculations were performed for listed shares and corporate bonds, business loans, and project finance of the Bank of Kyoto.
 The coverage ratio of the calculation results against the subjects is 93.1% on a balance basis.
 'N/A' indicates that there are no applicable emissions.
 Category 13 is not calculated.

● Scope 3 Category 15 calculation results by industry

Industry		Emission (t-CO ₂)	Carbon intensity (t-CO ₂ /JPY mn)	Data quality score (DS) weighted average
Energy	Oil and gas	158,050	2.05	2.50
	Coal	–	–	–
	Power utilities	580,760	15.15	2.53
Transportation	Air cargo	4,690	2.26	3.83
	Passenger air transportation	36,507	6.73	1.00
	Marine transportation	134,622	11.65	1.12
	Rail transportation	42,470	2.01	1.80
	Truck services	284,596	3.42	3.77
	Vehicles and parts	231,677	0.91	2.08
Materials and buildings	Metals and mining	497,624	5.41	2.65
	Chemicals	607,861	3.45	2.45
	Building materials	150,617	7.78	2.45
	Capital goods	2,822,973	2.56	2.44
	Real estate management and development	110,938	0.83	3.10
Agriculture, food, and forest products	Beverages	26,073	3.50	3.88
	Agriculture	44,832	4.44	3.80
	Processed foods and meats	291,916	3.34	3.39
	Paper and forest products	177,477	3.81	3.07
Other		3,553,503	1.75	2.54
Total		9,757,184	–	2.55

Note: Calculated based on the balance of the Bank of Kyoto's investments and loans subject to the calculation as of March 31, 2025.

<Comparison with FY2023 calculation results>

The Group has been calculating Category 15 since FY2023, and the difference from the FY2024 calculation results is shown below.

FY2023 Total Category 15 emissions: 8.6 million tons (calculation rate: 94.1%), Data quality score: 2.87
 FY2024 Total Category 15 emissions: 9.76 million tons (calculation rate: 93.1%), Data quality score: 2.55

The difference content consists of the following.

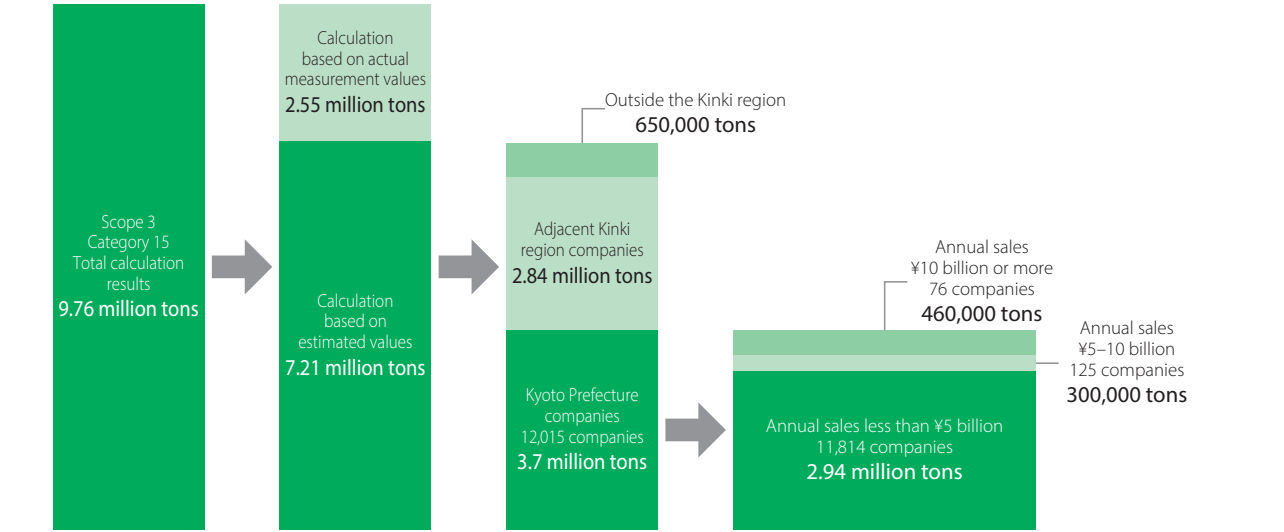
- Change due to replacement of investment and loan portfolio, etc.: +348,000 tons
 Impact of the overall increase in the amount of investments and loans. We recognize that there is no problem per se with an increase in Category 15 due to an increase in the amount of investments and loans.
 Since many of our new customers have not yet calculated their emissions (Data quality score: 4), we will encourage them to do so.
- Change due to the calculation of emissions by investees: -86,000 tons
 Impact of the change from top-down estimates, which tend to have larger emissions, to bottom-up primary data, as customers have calculated their emissions.
 We will continue to support our customers in calculating their emissions and will work to reduce emissions.
- Change due to increase/reduction of emissions by investees: +891,000 tons
 In the calculation based on top-down estimates, emissions will increase or decrease as customers' sales increase or decrease, regardless of the actual business activities.
 In addition, in the calculation based on bottom-up primary data, emissions may increase or decrease due to changes in the volume of business activities, as well as changes in the scope of calculation due to business acquisitions and sales, etc.
 Therefore, we will promote decarbonization consulting services, including support for emissions calculations and emissions reductions, by confirming the reasons for increases or decreases in customers' emissions.

Climate Change Initiatives (Disclosure Based on the TCFD Recommendations)

Further promoting regional decarbonization through collaboration with business partners who are leading the way

The 9.76 million tons of Category 15 emissions of the Group are broken down into 2.55 million tons based on actual measurement values (primary data use) and 7.21 million tons based on estimated values (secondary data use). Of these, the emissions of companies with headquarters in Kyoto Prefecture are calculated based on actual measurements (using primary data) at 420,000 tons (approximately 100 companies) and based on estimates (using secondary data) at 3.7 million tons (approximately 12,000 companies).
 We will continue to play a role in promoting regional decarbonization, which is expected of regional financial institutions, by obtaining cooperation from leading companies that have already calculated emissions and encouraging companies that have not yet done so to calculate their emissions and promote reduction measures that take into account the types of businesses of our customers.

“Breakdown of Category 15 calculation results”



● Calculation method of Category 15, etc.

Calculation Formula

Emissions＝

Σ

GHG emissions of investee
×
(balance of Group’s investments and loans / amount of funds raised by investee)

Carbon intensity＝

Σ

GHG emissions of investee

÷

Σ

Sales of the investee

● Emissions calculation methods

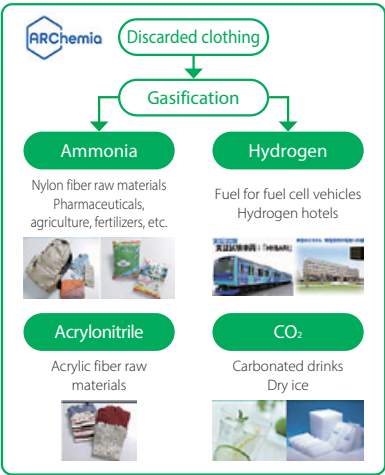
Top-down method:
 Emissions are calculated based on the Ministry of the Environment’s “Database on Emissions Unit Values for Accounting of GHG Emissions, etc., by Organizations Throughout the Supply Chain (Ver. 3.5).”
 Bottom-up method:
 Calculated based on the GHG emissions and other data (primary data) disclosed by the investee.

🌍 Initiatives That Consider the Community and Environment

In areas other than climate change, the Group is also promoting initiatives such as local production for local consumption, in addition to waste reduction, forest maintenance, and de-plasticization efforts.

Reuse of internal documents

Although we are working to reduce waste by promoting the paperless system, we still generate approximately 400 tons of internal documents and other materials as waste annually.
 Since 2001, we have been recycling these paper wastes into toilet paper after confidential treatment and donating them to public elementary, junior high, and special-needs schools in Kyoto and Shiga prefectures. In FY2024, we donated approximately 270,000 rolls of toilet paper to 776 schools.



Uniform recycling

Uniform wear was discontinued in 2023, with the exception of some employees. Approximately 3,000 kg of uniforms collected from employees were recycled into useful resources such as low-carbon hydrogen and low-carbon ammonia.
 This initiative was undertaken through the ARChemia® Project, a joint initiative by ITOCHU Corporation and Resonac Corporation, which contributes to resource recycling and decarbonization by eliminating the use of fossil fuel-derived energy in the ammonia production process, thus reducing CO₂ emissions by over 80%.

Promotion of local production for local consumption in Company cafeterias

Actively using locally produced goods not only contributes to the local economic cycle but also to the environment by reducing energy consumption during transportation.
 The Group is registered under the Tanto Oagari Kyoto Prefecture Products system, which uses agricultural produce from Kyoto Prefecture, and the Oishiii! KANSAI Supporting Companies system, which uses specialty agricultural and marine products from the Kansai area. By registering with these systems, we are working to promote local production for local consumption in the Company cafeteria, as well as instill an awareness of this principle among executives and employees through table-top stands and special menus.



Biodiversity initiatives

With regard to activities to conserve biodiversity, we are engaged in forest maintenance and also local environmental conservation volunteer activities in which sales branches take the initiative.
 In addition, we support the Hacchohama Beach Cleanup, an event organized by Kyoto Sanga F.C., for which the Bank of Kyoto is a top sponsor. This event includes special lectures for elementary and junior high school students on the theme of marine litter and beach cleanup activities to raise awareness of marine plastic and other marine litter issues.
 In addition to these activities, we are also promoting biodiversity conservation efforts through our business activities, such as investing in venture companies that are engaged in biodiversity conservation through funds managed by Kyoto Capital Partners.

Respect for Human Rights

Human Rights Policy

Recognizing the importance of respect for human rights in responsible corporate activities, the Group has established the Kyoto Financial Group Human Rights Policy at a meeting of the Board of Directors as a guideline for the human rights of stakeholders in all business activities. In accordance with this policy, we are promoting efforts to respect human rights through human rights due diligence.

The human rights policy has been established in accordance with international norms on human rights, including the prohibition of discriminatory treatment, child labor, and forced labor, freedom of association, and the right to collective bargaining (such as the Universal Declaration of Human Rights and the Guiding Principles on Business and Human Rights), and the Group is responding in accordance with these norms.

Based on the human rights policy established by the Group and referring to the framework of the Japanese government’s National Action Plan on Business and Human Rights and Guidelines on Respecting Human Rights in Responsible Supply Chains, the Group promotes initiatives to respect human rights for all stakeholders, including executives, employees, customers, business partners, and suppliers. In addition, we have established and are operating a system to appropriately respond to any negative human rights impacts or events when they are identified.

- Image of the expansion of the scope of the Group’s initiatives



Human Rights Policy

Kyoto Financial Group, Inc. and its consolidated subsidiaries (collectively, the “Group”) are committed to contributing to the creation of prosperous communities and the development of local industries by providing a stable supply of high-quality, innovative, and comprehensive services and enhancing corporate value through responsible corporate activities under the management principle of “Serving the prosperity of the community — drive community growth and create the future together.”

Recognizing the importance of respect for human rights in responsible corporate activities, our Board of Directors has established the Kyoto Financial Group Human Rights Policy to guide our actions with respect to the human rights of stakeholders in all of our business activities.

1. Respect for international human rights norms and standards

The Group respects international norms on human rights, including the Universal Declaration of Human Rights and the Guiding Principles on Business and Human Rights.

2. Scope of application

This policy applies to all executives and employees of the Group. We also expect all stakeholders and other interested parties to understand and support the purpose of this policy.

We will also promote respect for human rights in accordance with this policy in all of the Group’s business activities.

3. Elimination of discrimination and prohibition of harassment

We do not tolerate discrimination, harassment, or violation of human rights on the basis of gender, sexual orientation, gender identity, place of birth, disability, religion, creed, age, race, nationality, health status, values, etc.

4. Ensuring a comfortable work environment

To ensure that our executives and employees can work in good health, both physically and mentally, we will strive to create a comfortable work environment in which they can maximize their abilities by actively promoting their health, stimulating communication within the workplace, and enhancing their work-life balance.

5. Fostering a corporate culture that respects human rights

We will regularly conduct training for all executives and employees of the Group to foster a corporate culture of respect for human rights.

6. For customers

Based on this policy, we will strive to respect the human rights of our customers, and if a customer has a negative impact on human rights, we will respond appropriately in cooperation with the customer through our business relationships.

7. For suppliers

Based on this policy, we will strive to respect the human rights of our suppliers, and if a supplier has a negative impact on human rights, we will respond appropriately in cooperation with the supplier through our business relationships.

8. Institutional response

We will strive to disclose information on our efforts to respect human rights, and to build ongoing dialogue and trust with our stakeholders, including customers, local communities, shareholders, executives and employees.

In addition, we will regularly report to management on the status of compliance with this policy and our dialogue with stakeholders, and strive to improve and enhance our efforts to respect human rights.

9. Remedies, etc.

If it becomes clear that any of the Group’s executives and employees or services have caused or contributed to negative human rights impacts, or if negative impacts on the Group’s executives and employees become known, we will take appropriate action to remedy the situation.

Major Initiatives for Respecting Human Rights

Initiatives for executives and employees

In accordance with the Labor Standards Act and other laws and regulations, we comply with the payment of wages at or above the minimum wage, and we promote efforts to reduce overtime work and realize diverse work styles while setting up a compensation system in accordance with the concept of equal pay for equal work.

Regarding diversity, we believe that proactive measures are essential to address diversity in terms of gender, age, disability, and sexual orientation. This commitment encompasses not only work styles but also ensures that a diverse range of individuals can play an active role. To this end, as part of our human rights awareness efforts, we regularly conduct training to eliminate all forms of discrimination, prohibit harassment, and promote understanding of LGBTQ and other issues, thereby fostering a corporate culture of respect for human rights.

In October 2024, we established and announced our Customer Harassment Response Policy to prevent customer harassment, which is a form of harassment by customers and other parties, in order to respect the human rights of our executives and employees and to create a workplace environment in which they can work with even greater peace of mind. We are working to ensure that our stakeholders understand the Group’s basic stance of protecting employees.

- Specific training items

SDGs, power harassment, sexual harassment, other harassment, gender discrimination, LGBTQ, discrimination based on social status, consideration for the elderly and people with disabilities, discrimination and prejudice against foreigners, personal information and human rights, unconscious bias, etc.

Initiatives for customers

Based on the human rights policy, we will strive to respect the human rights of our customers, and if a customer has a negative impact on human rights, we will respond appropriately in cooperation with the customer through our business relationships.

In particular, we have established a Credit Policy (basic policy for investment and loan decisions) and a Policy on Loans and Investments for Achieving a Sustainable Society for our main business of investment and loans, and are working to prevent the occurrence of human rights violations, etc.

The Policy on Loans and Investments for Achieving a Sustainable Society specifies the projects in which we will actively make investments and loans, and those in which we will not make investments and loans as a general rule. For example, it lists “palm oil plantation development projects where there are concerns about human rights abuses and forced labor” as one of the projects in which investments and loans will not be made.

In accordance with these policies, we check for any negative impact on human rights when making decisions on new investments and loans, and when conducting periodic monitoring.

Initiatives for suppliers

Based on the human rights policy, we will strive to respect the human rights of our suppliers, and if a supplier has a negative impact on human rights, we will respond appropriately in cooperation with the supplier through our business relationships.

The status of supplier initiatives is regularly monitored through interviews and questionnaires, and we will work to enhance the sophistication of monitoring and provide support for improvement.

Corrective and Complaint Procedures and Remedies

The Compliance Hotline has been established as an internal reporting system based on the Whistleblower Protection Act, and is available for various consultations, etc., concerning human rights of executives and employees. We will protect the privacy of not only the inquirers but also the executives and employees who cooperate in confirming the facts, and will not treat them unfavorably. Upon receiving a consultation, we will promptly and accurately confirm the facts, and if the facts are confirmed, we will take measures to ensure that the victim is cared for and that the offender is dealt with. In addition, we will take appropriate measures to prevent recurrence.

Moreover, the Customer Service Office, which accepts consultations and complaints from customers and stakeholders, handles consultations and complaints related to human rights. In addition, we will respond to consultations, complaints, disputes, and other relevant inquiries from customers in accordance with the Basic Policy for Transactions with Customers.

CHAPTER 5

Foundation That Supports Value Creation

— Foundation that supports the company's significance

- 95 Corporate Governance
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- 105 Ensuring Compliance and Risk Management
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Corporate Governance

Basic Approach

The Group will work for sustainable growth and to enhance medium- to long-term corporate value by establishing an effective corporate governance structure that takes into account the standpoint of all stakeholders, such as shareholders, customers, local communities, and employees, based on its management principle and management policies. Furthermore, in establishing the corporate governance structure, the Group will strive to clarify the division of roles for supervision and execution and strike an appropriate balance while taking into account the Group's characteristics and situation, and constantly work to establish a framework to carry out transparent, fair, swift, and decisive decision-making.

Basic Views Related to Corporate Governance

Please refer to our website.

(<https://www.kyoto-fg.co.jp/en/company/governance/>)



Initiatives to Improve Corporate Governance

The Group has been promoting efforts to improve corporate governance. We will continue to make steady efforts to enhance the sophistication of governance and the speed of business execution, which is one of the objectives of the transition to a holding company structure.

Changes in main efforts to improve corporate governance (since the Corporate Governance Code came into effect)

● Before the transition to a holding company structure (The Bank of Kyoto)

	2015 – 2019	2020	2021	2022	2023
Institutional design, etc.	2015 Establishment of the Nomination and Compensation Committee 2017 Change of stock unit (from 1,000 to 100 shares)		Establishment of the Sustainability Management	Transfer to the TSE Prime Market	
Board of Directors	2016 Commencement of Board of Directors effectiveness assessment 2017 Appointment of a female Outside Director	Outside Director ratio of at least 1/3 Appointment of several female Outside Directors	Appointment of an Outside Director with management experience Creation of the skills matrix	Appointment of a female internal Director	
Audit & Supervisory Board	2016 Establishment of the Audit & Supervisory Board Secretariat	Commencement of Audit & Supervisory Board effectiveness assessment	Appointment of a female Outside Audit & Supervisory Board Member		
Other	2015 Compliance with all items of the Corporate Governance Code 2016 Establishment of guidelines for the exercise of voting rights regarding strategic equity holdings 2018 Compliance with all items of the revised Corporate Governance Code	Change in the shareholder returns policy (Dividend payout ratio: 30%)	Endorsement of the TCFD Recommendations Compliance with all items of the revised Corporate Governance Code Change in the shareholder returns policy (Total payout ratio: around 50%)	Establishment of the strategic equity holdings reduction policy Establishment of guidelines for the exercise of voting rights regarding strategic equity holdings	Change in the shareholder returns policy (Total payout ratio: 50% or more)

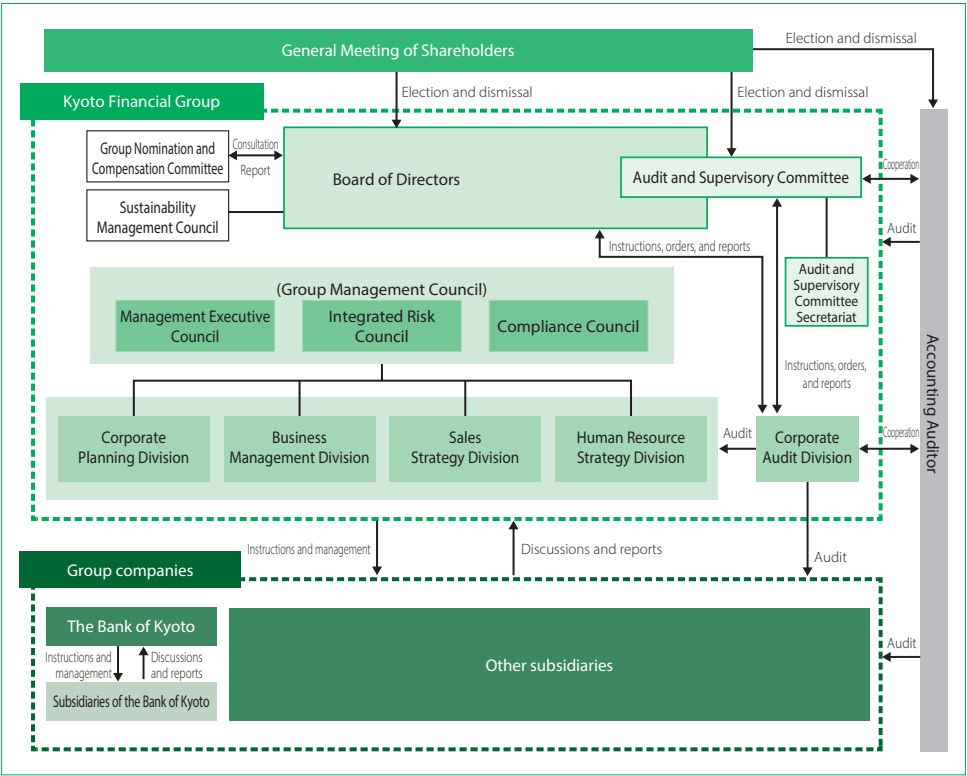
● After the transition to a holding company structure

	2023	2024	2025
Institutional design, etc.	Transition to a holding company structure Become a company with an Audit and Supervisory Committee Establishment of the Group Nomination and Compensation Committee		
Board of Directors			Outside Directors to be a majority
Audit and Supervisory Committee	Establishment of the Audit and Supervisory Committee Secretariat		
Other	Establishment of the Basic Views Related to Corporate Governance	Stock split (1 share into 4 shares)	Executive bonuses to be performance-linked compensation

Corporate Governance Structure

With the aim of expanding into new business domains and achieving independent business operations for each Group company as a bank holding company, the Company will be a “company with an Audit and Supervisory Committee” so that it can provide highly effective supervision of management and also enable prompt decision-making, thereby enhancing the level of group governance from both offensive and defensive perspectives.

● Corporate governance structure diagram



Role of each council

The Board of Directors, consisting of all of the Directors (including those who are Audit and Supervisory Committee Members), is responsible for making decisions on important management matters and supervising the execution of the Group's business operations.

Also, in order to speed up the decision-making process, the Group Management Council (Management Executive Council, Integrated Risk Council, and Compliance Council) has been established as the body responsible for execution, including monitoring the status of business execution at each subsidiary, making decisions on matters delegated by the Board of Directors, and sharing information with the Board of Directors as appropriate.

In addition, the Group Nomination and Compensation Committee has been established as an ad hoc committee to complement the supervisory function of the Board of Directors, and the Sustainability Management Council has been established to enhance deliberations in specialized areas and to supplement and reinforce the functions of the Board of Directors. (See p. 83 for more information on the Sustainability Management Council.)

The members of each of the councils are as follows. (◎ indicates the chairperson, ○ indicates a member, as of June 27, 2025)

Title	Name	Board of Directors	Audit and Supervisory Committee	Group Nomination and Compensation Committee	Group Management Council	
					Management Executive Council	Integrated Risk Council, Compliance Council
Representative Director and President	Nobuhiro Doi	◎		○	◎	○
Representative Director	Hiroyuki Hata	○		○	○	◎
Director	Mikiya Yasui	○		○	○	○
Director	Minako Okuno	○			○	○
Director (Audit and Supervisory Committee Member)	Toshiro Iwahashi	○	◎			
Outside Director (Audit and Supervisory Committee Member)	Chiho Oyabu	○	○	◎		
Outside Director (Audit and Supervisory Committee Member)	Eiji Ueki	○	○	○		
Outside Director (Audit and Supervisory Committee Member)	Hiroyuki Nakatsukasa	○	○	○		
Outside Director (Audit and Supervisory Committee Member)	Motoko Tanaka	○	○	○		
Outside Director (Audit and Supervisory Committee Member)	Shizue Izumi	○	○	○		
Outside Director (Audit and Supervisory Committee Member)	Tamame Akamatsu	○	○	○		

Corporate Governance

 Election of Officers

Directors are elected at the general meeting of shareholders, and candidates are decided upon via the following procedure.

[Directors (excluding those who are Audit and Supervisory Committee Members)]

Deliberated upon based on the Basic Views Related to Corporate Governance by the Group Nomination and Compensation Committee after receiving a consultation request from the Company’s Board of Directors, and nominated by the Board of Directors based on the results of the deliberation.

[Directors who are Audit and Supervisory Committee Members]

Deliberated upon based on the abovementioned policy by the Group Nomination and Compensation Committee after receiving a consultation request from the Company’s Board of Directors, and nominated by the Board of Directors based on the results of the deliberation and after obtaining the consent of the Audit and Supervisory Committee.

 Approach to Election of Officers

When appointing Directors, the Company strives to ensure an appropriate balance of knowledge, experience, and ability, as well as diversity in areas including gender, expertise, and professional experience, in order to fulfill the roles and responsibilities of the Board of Directors.

When appointing Audit and Supervisory Committee Members, the Company ensures that candidates have the knowledge, experience, and ability to accurately, fairly, and efficiently audit and supervise the execution of duties, and at least one person has sufficient knowledge of finance and accounting matters.

In addition, Outside Directors who are particularly able to fulfill the following roles and responsibilities, and meet the requirements for independence, are nominated.

- (1) Make appropriate recommendations and exercise voting rights from the perspective of promoting the sustainable growth of the Group and enhancing its corporate value over the medium to long term, based on their own knowledge.
- (2) Supervise management through the election and dismissal of management and other important decision-making and reporting by the Board of Directors.
- (3) Supervise conflicts of interest between the Company and management, controlling shareholders, etc.
- (4) Appropriately reflect the opinions of minority shareholders and other stakeholders at Board of Directors meetings from a standpoint independent of management and controlling shareholders.

 Composition of the Board of Directors and Audit and Supervisory Committee

The expertise and experience required by the Company are “corporate management and sustainability,” “risk management and legal affairs,” “finance, accounting, and the economy,” and “human resources and diversity,” which are universally required for general corporate management; “DX, IT, and systems” and “market management and investment business,” which require a higher level of expertise; and “regional sales and regional development,” which are essential for a regional financial institution group. The following table shows the combination of skills and the details of each skill for the Board of Directors as a whole.

Skills matrix

(As of June 27, 2025)

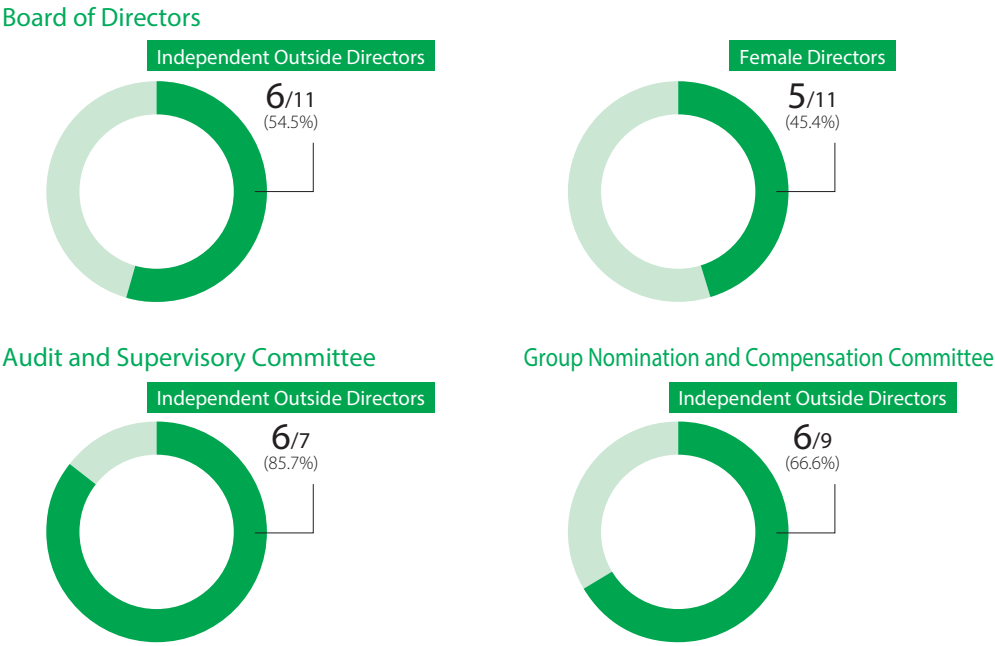
Name	Gender	Position	Corporate management/ Sustainability	Risk management/ Legal affairs	Finance/ Accounting/ Economy	Human resources/ Diversity	DX/IT/ Systems	Market management/ Investment business	Regional sales/ Regional development
Nobuhiro Doi	Male	Representative Director and President	○	○	○	○		○	○
Hiroyuki Hata	Male	Representative Director	○	○	○	○	○		○
Mikiya Yasui	Male	Director	○	○	○	○	○	○	○
Minako Okuno	Female	Director	○	○	○	○		○	○
Toshiro Iwahashi	Male	Director (Audit and Supervisory Committee Member)	○	○	○	○		○	○
Chiho Oyabu	Female	Outside Director (Audit and Supervisory Committee Member)			○	○			○
Eiji Ueki	Male	Outside Director (Audit and Supervisory Committee Member)	○	○			○		
Hiroyuki Nakatsukasa	Male	Outside Director (Audit and Supervisory Committee Member)	○	○	○				
Motoko Tanaka	Female	Outside Director (Audit and Supervisory Committee Member)	○	○		○			
Shizue Izumi	Female	Outside Director (Audit and Supervisory Committee Member)				○	○		○
Tamame Akamatsu	Female	Outside Director (Audit and Supervisory Committee Member)	○			○			○

chapter 1 About the Kyoto Financial Group	chapter 2 Growth Strategies to Enhance Corporate Value	chapter 3 Foundation for Growth Strategies	chapter 4 Practicing Sustainability Management	chapter 5 Foundation That Supports Value Creation
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Details of skills

Corporate management/Sustainability	Experience in corporate management practices as a manager, knowledge regarding sustainability management
Risk management/Legal affairs	Knowledge regarding risk management, including credit risk and market risk, and laws and regulations, as they relate to financing
Finance/Accounting/Economy	Knowledge regarding financial, accounting, and taxation systems, economics, etc.
Human resources/Diversity	Knowledge regarding human resource development, personnel evaluation and systems, and securing human resources
DX/IT/Systems	Knowledge regarding customer service, business efficiency, and accounting system operations through IT
Market management/Investment business	Knowledge regarding various securities, corporate investment, international financial markets, etc.
Regional sales/Regional development	Knowledge regarding the local community and economy to realize the management principle

Composition ratio (as of June 27, 2025)



Expected role of outside officers

Name	Expected role
Chiho Oyabu	Leveraging her specialized knowledge as a university professor in her main research fields of family budgeting, financial education, and consumer issues, and her extensive experience as the vice-president of a university, she is expected to provide valuable insights and opinions on overall management as an Audit and Supervisory Committee Member, as well as to conduct audits of the execution of duties by Directors, thereby contributing to the sustainable growth and enhancement of the Kyoto Financial Group’s corporate value.
Eiji Ueki	Leveraging his extensive experience as a corporate executive and his specialized knowledge in the systems field, he is expected to provide valuable insights and opinions on overall management as an Audit and Supervisory Committee Member, as well as to conduct audits of the execution of duties by Directors, thereby contributing to the sustainable growth and enhancement of the Kyoto Financial Group’s corporate value.
Hiroyuki Nakatsukasa	Leveraging his extensive experience as a certified public accountant and licensed tax accountant and his specialized knowledge in the finance and accounting fields, he is expected to provide valuable insights and opinions on overall management as an Audit and Supervisory Committee Member, as well as to conduct audits of the execution of duties by Directors, thereby contributing to the sustainable growth and enhancement of the Kyoto Financial Group’s corporate value.
Motoko Tanaka	Leveraging her extensive experience as a public prosecutor and her specialized knowledge in the legal field, she is expected to provide valuable insights and opinions on overall management as an Audit and Supervisory Committee Member, as well as to conduct audits of the execution of duties by Directors, thereby contributing to the sustainable growth and enhancement of the Kyoto Financial Group’s corporate value.
Shizue Izumi	Leveraging her specialized and broad knowledge as a university and graduate school professor in her main research fields of data science and statistical science, her experience and knowledge as an expert advisor to government agencies, and her experience and specialist knowledge in providing advice on the field of data science as a corporate external director, she is expected to provide valuable insights and opinions on overall management as an Audit and Supervisory Committee Member, as well as to conduct audits of the execution of duties by Directors.
Tamame Akamatsu	Leveraging her extensive career experience and her specialized knowledge in the human resource development and governance fields as the president and chancellor of a university, she is expected to provide valuable insights and opinions on overall management as an Audit and Supervisory Committee Member, as well as to conduct audits of the execution of duties by Directors, thereby contributing to the sustainable growth and enhancement of the Kyoto Financial Group’s corporate value.

 Board of Directors

In addition to the matters defined as resolution matters in the Regulations of the Board of Directors and the Duties and Authority Regulations, as well as matters defined in laws and regulations and the Articles of Incorporation, the Board of Directors decides upon the management principle and medium-term management plan, basic matters related to corporate governance, and other matters as the basic policies for the management of the Group. Matters not resolved by the Board of Directors are delegated to the management team, including the Group Management Council, which discusses and decides important overall management matters based on the basic policies decided by the Board of Directors, in order to clarify the division of roles between supervision and execution and to achieve an appropriate balance, thereby ensuring prompt and efficient business execution.

Furthermore, the Company has established the Basic Policies for the Internal Control System and has built a system for risk management, compliance, and internal auditing that covers the entire Group, and supervises the operation of the system while utilizing internal audit divisions.

In addition, we have established a Sustainability Management Council, which complements and reinforces the functions of the Board of Directors to discuss various issues that require medium- to long-term, cross-field initiatives and examine specific initiatives to resolve these issues.

[Main matters considered]

- Group operating policies and new business operation policies
- Kyoto Financial Group’s comprehensive budget, growth strategy, and capital management (basic policies)
- Kyoto Financial Group officer affairs, Group personnel planning, and revisions to salary regulations
- Shareholder returns and equity offering
- Establishment of and changes at affiliates and other significant organizations

 Board of Directors Effectiveness Assessment

Regarding the effectiveness of the Board of Directors as a whole, the Company conducts an annual analysis and evaluation of matters such as the role of the Board of Directors and the status of its operations, based on the Directors’ self-evaluations.

In April 2025, we received evaluations and opinions from all Directors (including Audit and Supervisory Committee Members) regarding the role and operation of the Board of Directors, and a review was conducted based on the results at the Board of Directors meeting held on June 25, 2025, and evaluated that the effectiveness of the Board of Directors as a whole is being secured. In order to further improve the effectiveness of the Board of Directors, we will promote deeper discussions on management themes such as review of the business portfolio and risk control of Group companies, and continue to work on effective meeting management to ensure time for such discussions.

In May 2025, a discussion was held between the Outside Directors and the division in charge (Corporate Planning Division) based on the results of the effectiveness evaluation to deepen the deliberation on recognition of issues and policies to address them.

 Officer’s Compensation

The compensation system for Directors is designed to fully function as an incentive to continuously improve corporate value, and the Company’s basic policy for determining the compensation of individual Directors is to set it at an appropriate level based on the responsibilities of each position.

From the viewpoint of independence, the compensation system for Outside Directors is not performance-linked, but only basic compensation paid on a monthly basis.

In order to enhance independence and strengthen corporate governance, the compensation system for Audit and Supervisory Committee Members is also not performance-linked, but only basic compensation paid on a monthly basis.

In determining the details of the compensation of individual Directors of the Company and the Bank of Kyoto, the Group Nomination and Compensation Committee, which is chaired by an Independent Outside Director, examines the draft proposal, including its consistency with the determination policy, and the Board of Directors respects the report of the Group Nomination and Compensation Committee when making the determination.

From FY2025, the Company and the Bank of Kyoto have introduced a performance-linked compensation system for the compensation of Directors (excluding those who are Audit and Supervisory Committee Members) and Executive Officers, subject to a compensation multiplier calculated based on “profit attributable to owners of the parent” and “ROE (based on net assets).”

● Upper limit of each type of compensation

Type of compensation	Upper limit
Monetary payment	Directors (excluding those who are Audit and Supervisory Committee Members)
	¥500 million per year
Non-monetary (Restricted stock compensation)	Directors who are Audit and Supervisory Committee Members
	¥100 million per year
Non-monetary (Restricted stock compensation)	Directors (excluding those who are Audit and Supervisory Committee Members and Outside Directors)
	¥150 million per year

 Group Nomination and Compensation Committee

The Committee’s purpose is to ensure the transparency and appropriateness of the process when making decisions on important matters related to the nomination and compensation of officers of the Company and the Bank of Kyoto.

The majority of the Committee’s members are Independent Outside Directors, and the chairperson is also an Independent Outside Director.

The Committee deliberates and reports to the Board of Directors on matters related to the election and dismissal of Director candidates and compensation, as well as criteria for determining the independence of Independent Outside Directors and succession planning.

[Main matters considered]

- Nomination of Director candidates
- Compensation structure for Directors
- The amount of base compensation paid to each Director and the number of shares of restricted stock allocated to each Director
- Officer bonuses

 Group Management Council

The Group Management Council, consisting of the Representative Directors and Executive Directors, has been established under the Board of Directors as the body responsible for execution.

The Group Management Council makes decisions on important business execution matters based on the basic policies and management plans decided by the Board of Directors, and also ascertains the status of business execution by the Group’s companies and strengthens management from the perspective of overall optimization based on this.

The Group Management Council consists of three councils, namely the Management Executive Council, the Integrated Risk Council, and the Compliance Council, which pass resolutions and deliberate on matters under their respective jurisdictions, and the chairperson reports on necessary matters to the Board of Directors.

The Director and President chairs the Management Executive Council and the officer in charge of the Business Management Division chairs the Integrated Risk Council and the Compliance Council to ensure their effectiveness.

Management Executive Council

The Management Executive Council determines management policies for the entire Group (the medium-term management plan and comprehensive budget), reports necessary matters to the Board of Directors, and makes decisions on matters related to the entire Group and matters for which authority has been delegated by the Board of Directors.

In addition, Group companies themselves report on the status of business execution, and by sharing information, the Council deliberates on how to deal with the situation from the perspective of optimization of the overall Group.

Integrated Risk Council

The Integrated Risk Council, as the body responsible for managing the Group’s integrated risks, makes decisions on matters related to overall risk management and specific management policies under the basic policy established by the Board of Directors.

In addition, the Council monitors the status of risk management and deliberates on how to respond to risks in order to develop a framework to ensure the soundness and appropriateness of the Group’s operations.

Compliance Council

The Compliance Council, as the body responsible for managing compliance in the Group, makes decisions on important compliance-related matters and shares the status of compliance to ensure overall optimization.

See p. 105 for details.

Corporate Governance

Audit and Supervisory Committee

The Audit and Supervisory Committee consists of seven members, including six Outside Directors, and performs part of the supervisory function of the Directors by, among other things, deciding upon an opinion regarding the appointment, compensation, etc. of Directors (excluding Directors who are Audit and Supervisory Committee Members).

In accordance with the Regulations of the Audit and Supervisory Committee and the Audit and Supervisory Committee Auditing Standards, the Committee adopts resolutions on matters including audit policy, audit method, audit plans, and assignment of roles, and conducts audits on matters such as the status of execution of duties by Directors and the status of maintenance and operation of internal controls in accordance with the audit policy and audit plans.

[Specific matters considered]

- Audit policy, audit method, audit plans, and assignment of roles
- Audit report
- Consent to the appointment of Audit and Supervisory Committee Members
- Reappointment or non-reappointment of the Accounting Auditor
- Consent to determination of the compensation, etc. of the Accounting Auditor, etc.

Audit method

Full-time Audit and Supervisory Committee Members attend important meetings, inspect important documents, exchange opinions with Directors and other relevant personnel, receive reports from internal control divisions and internal audit divisions, request explanations and express opinions as necessary, and audit the status of operations and assets.

In addition, they strive to strengthen cooperation with the Accounting Auditor by exchanging information and opinions on audit plans, audit status, etc., at regular monthly meetings, as well as by attending on-site audits and interviewing the Accounting Auditor at occasions such as financial results audit report meetings. Regarding Key Audit Matters (KAMs), reports are received from the Accounting Auditor on the status of their auditing at audit plan briefing sessions and regular meetings, and information and opinions are exchanged as necessary. These audit activities are reported to the Audit and Supervisory Committee, and information is shared with the outside Audit and Supervisory Committee Members.

In accordance with the audit policy, audit plans, and assignment of roles resolved by the Audit and Supervisory Committee, the outside Audit and Supervisory Committee Members conduct audits by attending meetings of the Board of Directors, the Sustainability Management Council and other bodies, exchanging opinions with the presidents of the Company and Group companies, attending audit plan meetings and financial results audit report meetings conducted by the Accounting Auditor, receiving reports and explanations from the Committee's full-time members at Audit and Supervisory Committee meetings, and when necessary, requesting additional explanations and expressing opinions.

In addition, each of the Committee's members, including Outside Directors, strive to conduct audits efficiently by work closely with the internal audit divisions and the Accounting Auditor through actively exchanging opinions and information, as well as striving to improve and strengthen the internal control system by receiving periodic or occasional reports from the internal control divisions and requesting explanations or providing advice and recommendations as necessary.

Internal Auditing

Operating structure of internal auditing

To audit the status of business execution, the Corporate Audit Division has been established as an organization that reports directly to the Board of Directors and Audit and Supervisory Committee, and conducts internal audits from a position independent of the division being audited, and continuously works to improve audit quality.

In the Basic Policy on Internal Audits determined by the Board of Directors, the purpose of internal auditing is to add value to the Group and contribute to the achievement of the Group's targets by promoting improvement. In accordance with the Internal Audit Regulations, the Corporate Audit Division evaluates the appropriateness of the status of the internal control systems, such as compliance and risk management, and the effectiveness and efficiency of their functions. In addition to pointing out areas for improvement, recommendations to resolve issues are also made, and the status of the response is followed up.

The results of audits, etc. are reported directly to the Board of Directors, etc. by the General Manager of the Corporate Audit Division.

Initiatives to improve the sophistication of internal audits

Audits are conducted using a systematic and coherent methodology in accordance with the International Professional Practices Framework established by the Institute of Internal Auditors (IIA) and other standards.

In addition, for the purpose of enhancing the sophistication of internal audits, an audit quality evaluation is conducted on a regular basis by an auditing firm, and feedback on the results is received and reflected in the internal audit practices. In addition, the Board of Directors determines priority audit items in the annual plan based on changes in the internal and external environment, and in order to allocate limited audit resources effectively and efficiently, risk-based auditing is practiced in which the frequency of audits is determined by assessing the risks inherent in the divisions and operations subject to internal auditing.

In the future, we will work to enhance the sophistication of our internal audits by, for example, strengthening communication with management with the aim of implementing audits that contribute to management.

Transformation Through Strong Management Leadership

Message



Outside Director (Audit and Supervisory Committee Member)

Eiji Ueki

◆ Working with management in times of great transformation

I became an Outside Director of the Bank of Kyoto four years ago and later the Kyoto Financial Group. During the past four years, we have experienced major changes in management, including dealing with investors, transitioning to a financial holding company, establishing Group companies, and conducting M&As. Amidst all these changes, I have felt the desire and determination of the management team to take significant strides for the future. At board meetings and other meetings, I receive clear explanations of the Group's management policies and the top management's thoughts on individual issues, and I can participate in discussions with conviction.

◆ Transforming the organization through leadership

In order for such major changes to be effective and reliable, it is important that all employees and bank staff members accept the essence of the changes and make them happen. Many of the issues and needs of the region and customers can only be grasped by actually being in contact with them in the field. It is also necessary to foster a corporate culture that can reliably raise such issues and needs from the bottom up. Since becoming the Kyoto Financial Group, we have moved to a structure in which each Group company fulfills its mission and supports the Group, but unifying the Group's strategy is an issue that remains to be addressed.

I hope that the Kyoto Financial Group, which has a good grasp of the issues and needs of the region, will continue to develop unique functions with a sense of urgency from a broad perspective, without being limited to the financial sector and while seeking collaboration with other companies. To this end, it is important for the management team to exercise strong leadership and continuously involve employees at all levels in the transformation.

◆ Differentiation by anticipating needs

I have been involved in the IT services field for a long time. IT is undergoing rapid technological innovation, and the business environment continues to change dramatically, making us keenly aware of the importance of anticipating and responding to the needs of society and our customers. Financial services will also need to transition from the deposit and loan-oriented business of the past to provision of a wide range of solutions, including proposal-based consulting. Formulating management strategies that anticipate needs, securing and training highly specialized personnel for consulting, and collaboration and M&A with other companies to secure know-how and resources that the Group does not have will become major issues. I will draw on my own experience to provide forward-thinking and meaningful advice.

◆ Long-term commitment to the future

As a regional financial institution based in Kyoto and the Kansai region, the Kyoto Financial Group's mission is to practice its management principle of "Serving the prosperity of the community — Drive community growth and create the future together." Kyoto is home to a history and culture that is unique in the global arena, and it is an attractive area with many universities that draw in young people. We must take advantage of the characteristics of the region, while materializing and implementing the "three initiatives for further growth" and "expansion of integrated solution functions based on finance x consulting" as stated in our new strategic targets, in order to grow together with the local community. I hope that all stakeholders will closely watch the steady transformation of the Kyoto Financial Group from a long-term, rather than short-term, perspective.

Corporate Governance

List of Directors

Director



Year
 Apr. 1980
 June 2007
 June 2008
 June 2010
 June 2012
 June 2015
 June 2023
 Oct. 2023

Brief career summary
 Joined the Bank of Kyoto, Ltd.
 Director, General Manager, Personnel Division, the Bank of Kyoto, Ltd.
 Managing Director, the Bank of Kyoto, Ltd.
 Managing Director, General Manager, Head Office Business Department, the Bank of Kyoto, Ltd.
 Managing Director, the Bank of Kyoto, Ltd.
 President, the Bank of Kyoto, Ltd.
 Director and Chair, the Bank of Kyoto, Ltd.
 Director and President, Kyoto Financial Group, Inc. (present position)

Nobuhiro Doi

Representative Director and President

[Significant concurrent positions outside the Company]
 None



Year
 Apr. 1987
 June 2018
 June 2019
 June 2023
 Oct. 2023

Brief career summary
 Joined the Bank of Kyoto, Ltd.
 Director, General Manager, Productivity Innovation Headquarters Secretariat, the Bank of Kyoto, Ltd.
 Managing Director, the Bank of Kyoto, Ltd.
 Senior Managing Director, the Bank of Kyoto, Ltd. (present position)
 Director in charge of Business Management Division, Kyoto Financial Group, Inc. (present position)

Hiroyuki Hata

Representative Director

[Significant concurrent positions outside the Company]
 Senior Managing Director, the Bank of Kyoto, Ltd. (In charge of Risk Management Division and Systems Division)



Year
 Apr. 1981
 June 2009
 June 2013
 June 2014
 June 2016
 June 2017
 June 2018
 June 2021
 June 2021
 Apr. 2022
 June 2022
 Oct. 2023
 June 2024
 June 2024
 Sept. 2024

Brief career summary
 Joined Nippon Telegraph and Telephone Public Corporation (currently NTT, Inc.)
 Executive Officer, NTT DATA Corporation
 Director and Executive Officer, NTT DATA Corporation
 Director and Managing Executive Officer, NTT DATA Corporation
 Representative Director and Managing Executive Officer, NTT DATA Corporation
 Representative Director and Executive Vice President, NTT DATA Corporation
 Representative Director and President, NTT DATA SYSTEM TECHNOLOGIES INC.
 Representative Director and President, NTT DATA FORCE CORPORATION
 Outside Director, the Bank of Kyoto, Ltd.
 Representative Director and President, NTT DATA FINANCIAL TECHNOLOGY CORPORATION
 Director (Audit and Supervisory Committee Member), Kyoto Financial Group, Inc. (present position)
 Executive Advisor, NTT DATA FINANCIAL TECHNOLOGY CORPORATION
 Executive Advisor, NTT DATA FORCE CORPORATION
 Outside Auditor, Computer Institute of Japan, Ltd. (present position)

Eiji Ueki

Outside Director (Audit and Supervisory Committee Member)
 [Significant concurrent positions outside the Company]
 Outside Auditor, Computer Institute of Japan, Ltd.



Year
 Sept. 1984
 Oct. 1988
 Nov. 1989
 June 2007
 July 2007
 June 2009
 Feb. 2012
 Jan. 2013
 June 2015
 June 2015
 June 2021
 Oct. 2021
 Oct. 2023

Brief career summary
 Registered as Certified Public Accountant
 Registered as Certified Public Tax Accountant
 Established Nakatsukasa Certified Public Accountant and Tax Accountant Firm; Representative, ditto (present position)
 Chair, The Japanese Institute of Certified Public Accountants Kinki Chapter
 Vice Chair, The Japanese Institute of Certified Public Accountants
 Outside Audit & Supervisory Board Member, Osaka Securities Exchange Co., Ltd.
 Outside Audit & Supervisory Board Member, Furusato Industries, Ltd.
 Outside Director, Japan Exchange Group, Inc.
 Outside Audit & Supervisory Board Member, The Nippon Synthetic Chemical Industry Co., Ltd.
 Outside Director, Furusato Industries, Ltd.
 Outside Audit & Supervisory Board Member, the Bank of Kyoto, Ltd.
 Outside Director, MARUKA FURUSATO CORPORATION (present position)
 Director (Audit and Supervisory Committee Member), Kyoto Financial Group, Inc. (present position)

Hiroyuki Nakatsukasa

Outside Director (Audit and Supervisory Committee Member)
 [Significant concurrent positions outside the Company]
 Outside Director, MARUKA FURUSATO CORPORATION



Year
 Apr. 1987
 June 2017
 June 2018
 June 2021
 June 2023
 Oct. 2023

Brief career summary
 Joined the Bank of Kyoto, Ltd.
 Director, the Bank of Kyoto, Ltd.
 Managing Director, General Manager, Head Office Business Department, the Bank of Kyoto, Ltd.
 Managing Director, the Bank of Kyoto, Ltd.
 President, the Bank of Kyoto, Ltd. (present position)
 Director, Kyoto Financial Group, Inc. (present position)

Mikiya Yasui

Director

[Significant concurrent positions outside the Company]
 President, the Bank of Kyoto, Ltd.



Year
 Apr. 1989
 June 2019
 June 2022
 Oct. 2023
 June 2024

Brief career summary
 Joined the Bank of Kyoto, Ltd.
 Executive Officer, General Manager, Public & Regional Affairs Division, the Bank of Kyoto, Ltd.
 Director, the Bank of Kyoto, Ltd.
 Director, Kyoto Financial Group, Inc. (present position)
 Managing Director, the Bank of Kyoto, Ltd. (present position)

Minako Okuno

Director

[Significant concurrent positions outside the Company]
 Managing Director, the Bank of Kyoto, Ltd. (In charge of the Innovation & Digital Strategy Division, Public Institutions Division, and International Division)



Year
 Apr. 1988
 July 2015
 Sept. 2016
 July 2017
 Feb. 2018
 July 2019
 Nov. 2020
 June 2021
 June 2023
 Oct. 2023

Brief career summary
 Public Prosecutor
 Chief Public Prosecutor, Matsue District Public Prosecutors Office
 Public Prosecutor, Supreme Public Prosecutors Office
 Chief Public Prosecutor, Mito District Public Prosecutors Office
 Chief Public Prosecutor, Kyoto District Public Prosecutors Office
 Chief Public Prosecutor, Kobe District Public Prosecutors Office
 Registered as an attorney at law (Osaka Bar Association)
 Guest Lawyer at Katayama & Hiraizumi Law Office (currently Katayama, Hiraizumi & Kunugiza Law Office) (present position)
 Outside Audit & Supervisory Board Member, the Bank of Kyoto, Ltd.
 Outside Director, The Kansai Electric Power Company, Incorporated
 Director (Audit and Supervisory Committee Member), Kyoto Financial Group, Inc. (present position)

Motoko Tanaka

Outside Director (Audit and Supervisory Committee Member)
 [Significant concurrent positions outside the Company]
 None



Year
 Jan. 2005
 Apr. 2017
 Apr. 2018
 Apr. 2018
 Apr. 2018
 Aug. 2018
 Apr. 2019
 Sept. 2019
 Mar. 2020
 June 2024

Brief career summary
 Assistant Professor, Computer Science and Intelligent Systems Program, Faculty of Engineering, Oita University
 Professor, Department of Data Science, Faculty of Data Science, Shiga University (present position)
 Visiting Researcher, Graduate School of Medicine, Kyoto University
 Visiting Professor, The Institute of Statistical Mathematics
 Part-time lecturer, Disaster Prevention Research Institute, Kyoto University
 Data Analysis Advisor, Policy Coordination Department, Otsu City, Shiga Prefecture (present position)
 Professor, Graduate School of Data Science, Shiga University (present position)
 Regional Judging Committee Member, "Regional Revitalization Policy Idea Contest 2019," Office for Promotion of Regional Revitalization, Cabinet Office
 Outside Director, SAKATA INX CORPORATION
 Director (Audit and Supervisory Committee Member), Kyoto Financial Group, Inc. (present position)

Shizue Izumi

Outside Director (Audit and Supervisory Committee Member)
 [Significant concurrent positions outside the Company]
 None

Director (Audit and Supervisory Committee Member)



Year
 Apr. 1986
 June 2014
 June 2015
 June 2016
 June 2018
 June 2022
 June 2023
 Oct. 2023

Brief career summary
 Joined the Bank of Kyoto, Ltd.
 Director, General Manager, Sanjo Branch, the Bank of Kyoto, Ltd.
 Director, General Manager, Credit Examination Division, the Bank of Kyoto, Ltd.
 Managing Director, General Manager, Head Office Business Department, the Bank of Kyoto, Ltd.
 Managing Director, the Bank of Kyoto, Ltd.
 Senior Managing Director and Representative Director, the Bank of Kyoto, Ltd.
 Executive Advisor, the Bank of Kyoto, Ltd.
 Director (Audit and Supervisory Committee Member), Kyoto Financial Group, Inc. (present position)

Toshiro Iwahashi

Director (Audit and Supervisory Committee Member)
 [Significant concurrent positions outside the Company]
 None



Year
 Apr. 1994
 Apr. 2010
 Apr. 2019
 June 2020
 Apr. 2021
 Oct. 2023

Brief career summary
 Assistant Professor, Faculty of Education, Gifu University
 Professor, Faculty of Education, Gifu University (present position)
 Professor, Graduate School, Hyogo University of Teacher Education (present position)
 Outside Director, the Bank of Kyoto, Ltd.
 Vice President, Gifu University, Tokai National Higher Education and Research System (present position)
 Director (Audit and Supervisory Committee Member), Kyoto Financial Group, Inc. (present position)

Chiho Oyabu

Outside Director (Audit and Supervisory Committee Member)
 [Significant concurrent positions outside the Company]
 None



Year
 Apr. 1993
 Apr. 2004
 Apr. 2010
 Apr. 2018
 Apr. 2019
 July 2019
 Apr. 2022
 June 2022
 June 2023
 Dec. 2023
 May 2024
 June 2025

Brief career summary
 Lecturer, Painting, Department of Fine Arts, Faculty of Fine Arts, Kyoto City University of Arts
 Associate Professor, Kyoto City University of Arts
 Professor, Kyoto City University of Arts
 Dean, Faculty of Fine Arts, Kyoto City University of Arts
 President and Chancellor, Kyoto City University of Arts
 Member, Management Committee, Kyoto Institute of Technology (present position)
 Member, Management Committee, International Research Center for Japanese Studies (present position)
 Outside Director, Nippon Densan Corporation (currently NIDEC CORPORATION)
 Director, Daikin Foundation for Contemporary Arts (present position)
 Member, Advisory Council, Hyogo Prefectural Museum of Art (present position)
 Councilor, NISSHA FOUNDATION (present position)
 Director (Audit and Supervisory Committee Member), Kyoto Financial Group, Inc. (present position)

Tamame Akamatsu

Outside Director (Audit and Supervisory Committee Member)
 [Significant concurrent positions outside the Company]
 None

Executive Officer

Kanji Habuchi Managing Executive Officer (In charge of Human Resource Strategy Division)

Etsuji Motomasa Managing Executive Officer

Kenji Hashi Managing Executive Officer (In charge of Corporate Planning Division)

Hiroyuki Shikata Managing Executive Officer (In charge of Corporate Audit Division)

Takashi Kawakatsu Managing Executive Officer (In charge of Sales Strategy Division)

Takashi Miki Executive Officer

Hideki Onishi Executive Officer

Ensuring Compliance and Risk Management



We will ensure thorough compliance, the foundation of corporate management, and seek stability through advanced risk management.

In order for the Group to continue to be trusted by the local community and our customers, it is essential that we share a company-wide awareness of the standards and ethics that form the cornerstone of our Group, and that we conduct corporate management with compliance and psychological safety as two key components.

We will continue to strengthen the organization to foster a sound corporate culture, create an environment in which executives and employees can fully demonstrate their abilities, and respond to the various requests of our stakeholders. In addition, the environment surrounding financial institutions is changing dramatically as we now live in a world with positive interest rates, and we must also respond to medium- and long-term structural changes such as the declining population.

To anticipate future changes and respond in a timely and appropriate manner amid increasingly diverse and complex risk factors, the holding company will aim to improve corporate value by developing a system to manage Group-wide risks in an integrated manner, conducting appropriate risk management through sophisticated risk measurement and a risk-based approach, and utilizing the Risk Appetite Framework.

To ensure that our customers can use our financial services with peace of mind, we are also proactively strengthening our cyber security, countermeasures against increasingly complex and sophisticated financial crimes, and measures against money laundering.

Representative Director (Officer in charge of Business Management Division)

Hiroyuki Hata

Thorough Compliance

© Basic Approach

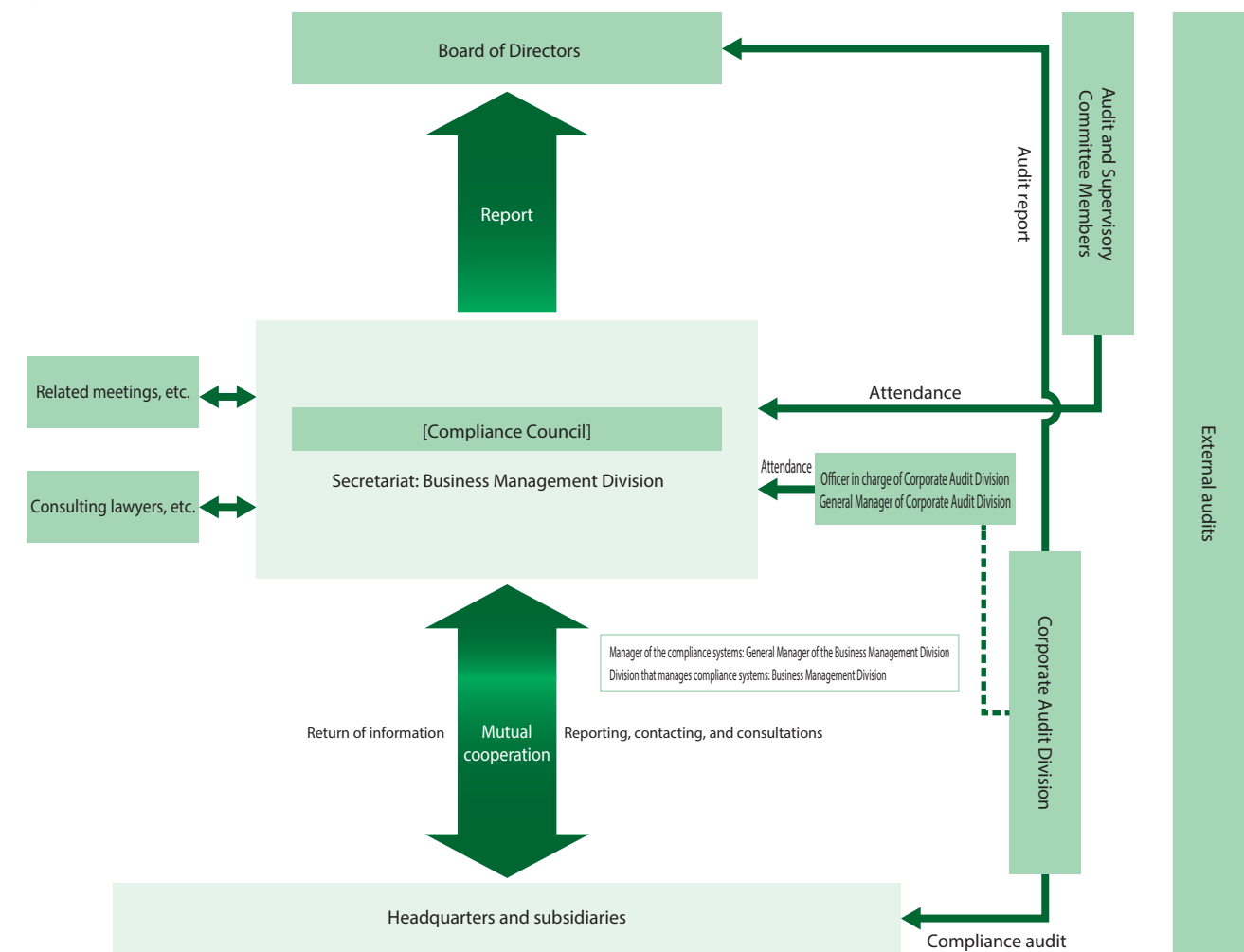
The Group considers compliance to be one of its most important management issues and implements it thoroughly in order to build a solid relationship of trust with the community and to continue to be referred to as “an attractive company one can have a long-lasting relationship with, with peace of mind and satisfaction,” by earning the trust and support of observers through the actions of its executives and employees.

© Compliance Structure

The Group has established a Compliance Council as an organization to manage the Group’s overall compliance, which is chaired by the officer in charge of the Business Management Division, who is the Director responsible for compliance, and has set the Business Management Division as the responsible division. The Compliance Council is delegated authority by the Board of Directors to make decisions on important compliance-related matters and share the status of the Group’s compliance to ensure overall optimization. Of the matters discussed and reported at the Compliance Council, important matters such as the status of compliance are reported to the Board of Directors by the officer in charge of the Business Management Division.

In order to put compliance into practice, the Company has established the Business Ethics and Standards of Conduct as its overall compliance policy, including the prevention of misconduct and corruption, including bribery, and strives to ensure that all executives and employees are fully aware of its details. In addition, the Board of Directors formulates a Compliance Program as an annual policy for the entire Group, and the Company promotes the penetration of compliance among executives and employees in accordance with this program through training and study sessions, reviews of compliance status through periodic checks and audits, and consideration of improvement measures based on the status of compliance and the occurrence of violations. The status of compliance with the policy, implementation of the program, and policies for future initiatives are also reported to the Board of Directors on a regular basis.

● Compliance system diagram



© Internal Whistleblowing System and Remedial Action

The Company has set up the Compliance Hotline as an internal whistleblowing system in accordance with the Whistleblower Protection Act, in order to identify compliance problems such as misconduct and corruption at an early stage and self-initiate responses to such incidents. An appropriate system has been established and is operated in line with the spirit of laws and regulations, including appointing a person and division in charge of the hotline, as well as designating a person responsible for responding to reports, and establishing a response manual for the appropriate management of information that identifies the reporter and the protection of the reporter, such as the prohibition of prejudicial treatment.

Further, in order to improve the effectiveness of the system, the Company has taken steps such as making multiple internal and external contact points and means of reporting available and making anonymous reporting possible, and is working to encourage the use of the whistleblowing system. The Company strives to operate the system appropriately by informing all Group executives and employees of the purpose of the system, how to use it and the results of its use. In addition, we have established a contact point where customers and other stakeholders can directly contact us and work with the compliance division to ascertain external complaints, resolve them, and prevent their recurrence.

When a compliance issue is identified through periodic compliance checks, reporting, consultations, etc., the facts are investigated, corrective and remedial measures are taken to resolve the issue, and measures to prevent recurrence are formulated in an effort to improve compliance.

Ensuring Compliance and Risk Management

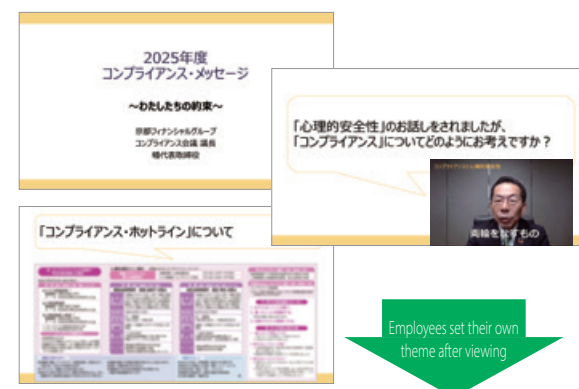
Thorough Compliance Initiatives

To ensure thorough compliance, a Compliance Message (video) by the officer in charge of compliance (General Manager of the Business Management Division) is sent to all executives and employees of the Group at the beginning of each fiscal year to raise awareness among all executives and employees of the need for thorough compliance. In addition, all executives and employees are encouraged to set their own “compliance theme” (thing to be aware of) so that they can view compliance as their own concern and become naturally aware of compliance in their daily work.

In addition to these efforts, we distribute a Compliance Card to all executives and employees to serve as a behavioral guideline when in doubt, and send out a monthly Compliance News that delves into case studies and compliance themes to ensure that compliance is kept in mind by executives and employees.

We also believe that ensuring psychological safety is important as a foundation to support compliance. We are working to continuously raise awareness and make improvements by establishing the Ten Rules for Workplace Communication, monitoring through a quarterly questionnaire, and returning the results of monitoring to each Group company.

Compliance messages

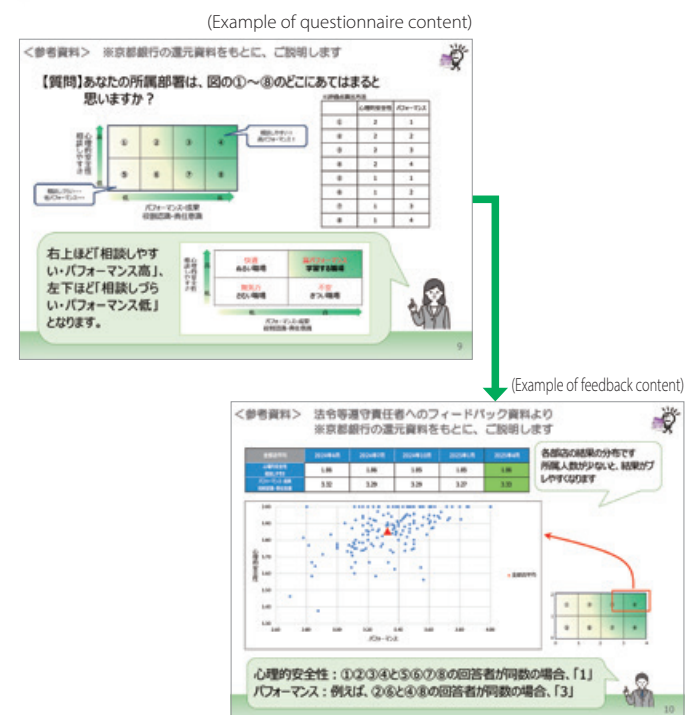


(Compliance themes)

Frequent keywords

- Report, contact, consult / ask about things I don't understand, etc.
- Compliance / rules / regulations / standards / laws / ethics, etc.
- As a ..., I will be aware / be responsible / be disciplined / act properly, etc.
- Openness / comfortable workplace / psychological safety / harassment / human rights, etc.
- Justice / fairness / honesty / sincerity / attention to detail, etc.

Compliance questionnaires



Anti-Money Laundering, Etc.

As a basic policy for countering money laundering and related activities, the Company has established its “Anti-Money Laundering / Countering the Financing of Terrorism / Countering Proliferation Financing (AML/CFT/CPF) Policy,” and is raising the sophistication of related systems.

Specifically, the Company regularly holds meetings of the Anti-Money Laundering/Countering the Financing of Terrorism Committee, which discuss matters such as AML/CFT/CPF measures and are attended by management and the managers of each division. Management is actively involved in these meetings. To take action on AML/CFT/CPF, the Company has designated its Business Management Division as the organization in charge of AML/CFT/CPF measures, and the Division is working closely with other divisions to implement measures tailored to risks.

Blocking Relationships with Anti-Social Forces

The Group has established a Basic Stance on Anti-Social Forces and is committed to maintaining the trust of all stakeholders and ensuring the appropriateness and soundness of its operations by blocking any relationship with anti-social forces through the Group's unified and organizational response.

Policies, procedures, and approaches

Business Ethics and Standards of Conduct

We will share the following Business Ethics and Standards of Conduct and put them into practice while fulfilling our daily duties. By doing so, we will obtain the unwavering trust and confidence of all members of society as we endeavor to achieve our management principle.

I. Business Ethics	II. Standards of Conduct
1. Building Trust	1. Compliance with Legal and Regulatory Requirements
2. Strict Compliance with Laws, Regulations, and Other Rules	2. Always Keeping Promises
3. Putting the Customer First	3. Strictly Maintaining Confidentiality
4. AML/CFT/CPF Measures	4. Prohibiting Improper Use of Information
5. Blocking Relationships with Anti-Social Forces	5. Providing Appropriate and Sophisticated, Comprehensive Financial Services
6. Fulfilling Our Social Responsibilities	6. Service from the Customer's Perspective
7. Providing Proper Disclosure of Information	7. Ensuring Fair Transactions
8. Ensuring Comfortable Workplaces	8. Eliminating Improper Transactions
9. Respect for Human Rights	9. Making a Clear Distinction between Private and Public Affairs
	10. Maintaining Discipline in Relation to Entertainment and Gifts, etc.
	11. Maintaining Sound Workplaces
	12. Thorough and Frequent Reporting, Contacting, and Consulting
	13. Proactively Cooperating with Inspections
	14. Contributing to Society as a Good Corporate Citizen

Anti-Money Laundering / Countering the Financing of Terrorism / Countering Proliferation Financing Policy

For Anti-Money Laundering, Countering the Financing of Terrorism, and Countering Proliferation Financing (AML/CFT/CPF), the Group has established a governance structure and set the following basic policy in order to comply with all legal and regulatory requirements and obligations to implement appropriate AML/CFT/CPF measures for ensuring business adequacy.

1. Management Policy	2. Institutional Response	3. Risk-Based Approach
4. Customer Due Diligence	5. Sanctions and Asset Freezing	6. Reporting of Suspicious Transactions
7. Correspondent Banking Due Diligence	8. Training of Officers and Employees	9. Monitoring and Testing

Basic Stance on Anti-Social Forces

The Group will comply with the following basic policies to block relationships with anti-social forces, with a view to ensuring appropriate and sound operations.

1. Institutional Response	2. Cooperation with Outside Professional Organizations	3. Blocking All Relationships, including Transactions
4. Civil and Criminal Legal Action in Case of an Emergency	5. Prohibiting Under-the-Table Deals and Fund Provision	

Regarding the details of the various policies, etc., please refer to the Company's website.



Risk Management

Basic Approach to Risk Management

While the ongoing globalization of Japan's financial system and economy, coupled with advances in financial and information technology and other changes, have led to increased business opportunities for financial companies, these developments are also increasing the complexity and diversity of risk.

Responding to this environment, the Group has designated risk management as an important management issue and is striving for appropriate capital allocation to address the issue in order to maintain the safety and soundness of our operations and improve profitability.

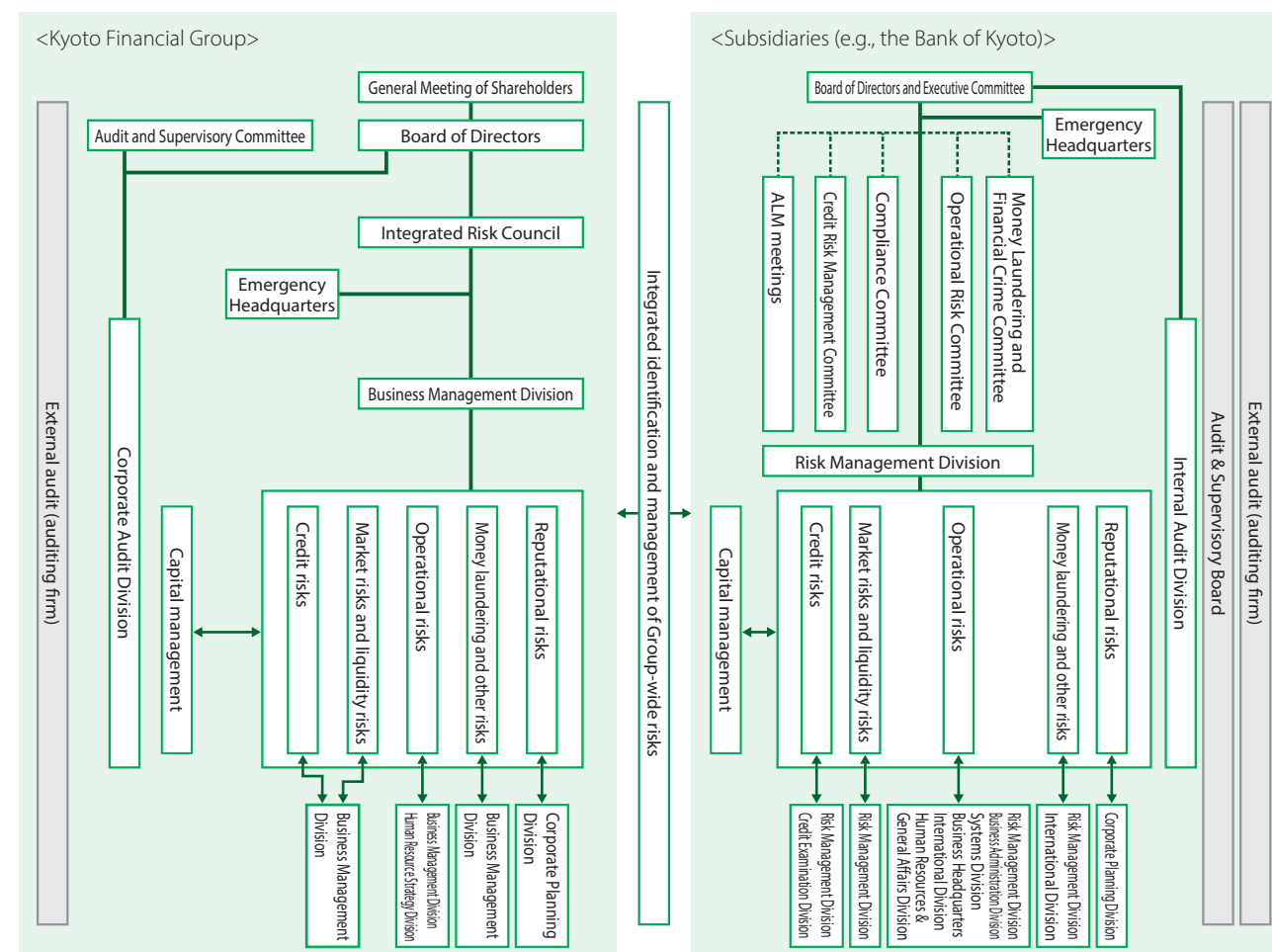
Risk Management System

The Group is working to strengthen and enhance risk management by defining the division that is responsible for each risk type and provide cross-sectional management, as well as positioning the Business Management Division as the administration division and said Division managing the risks in an integrated manner.

The Board of Directors defines the policy for integrated risk management, disseminates it throughout the organization, and reviews it in a timely manner, as needed, based on the results of reports and surveys on the status of risk management, and examines the effectiveness of the policy formulation process.

In addition, the Integrated Risk Council, chaired by the officer in charge of the Business Management Division, makes decisions on important matters related to risk management and shares the status of integrated risk management.

● Risk management system diagram



Use of Risk Appetite Framework (RAF)

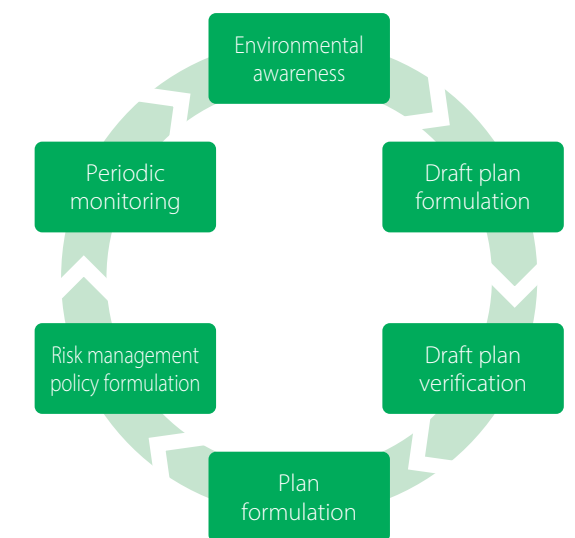
In order to realize the targets set forth in the management principle and management plan, the Group clarifies the risk appetite (the type and amount of risk it is willing to assume) to achieve its management plan, etc., and uses this information for business management and risk management.

Through the use of the RAF, we strive to improve management efficiency and corporate value while maintaining management stability.

Basic Policy on Risk Appetite in the 1st Medium-Term Management Plan

- The Group will work as one to fulfill its comprehensive solutions function and actively engage in management resource investment and risk-taking for the sustainable development of the regional economy.
- We will work to secure the trust of all stakeholders by improving management efficiency and corporate value while maintaining management stability.

RAF operating procedures



Integrated Risk Management

The Group has a self-managed risk management system that accurately recognizes risks that may occur in business activities and compares and contrasts the overall risk with the Group's management strength (equity capital).

Further, we quantify the identified principal risks (credit risks, market risks, and operational risks) and allocate capital to them. Risk amounts are managed with the allocated capital treated as the limit in accordance with the semiannual review of the capital allocation policy, and the relevant risk amounts are reported to the management periodically.

In addition, we conduct comprehensive stress tests assuming the simultaneous appearance of various risks based on comprehensive risk scenarios.

Credit risks

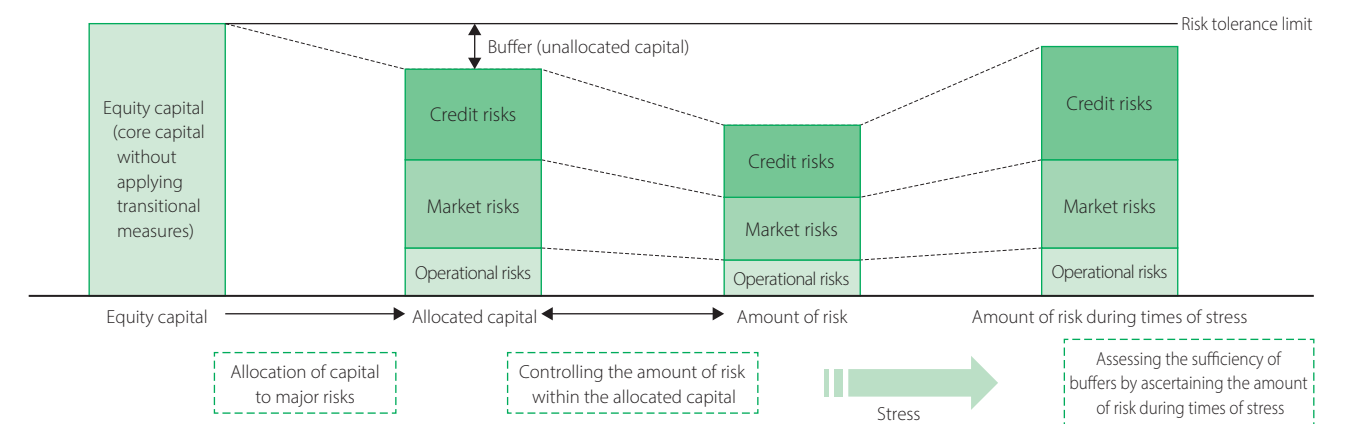
Risk of incurring losses due to a decrease or loss in the value of assets (including off-balance sheet assets) as a result of deterioration in the financial condition of those granted credit, etc.

Market risks

Risk of incurring losses due to fluctuations in the value of assets and liabilities (including off-balance sheet assets) caused by changes in various market risk factors such as interest rates, exchange rates, and equities

Operational risks

Risk of incurring losses due to exogenous events, such as inadequacies in the course of business, activities of executives and employees, or systems



Note: The specific amount of capital allocation, etc. is shown in the materials for the company information meeting for institutional investors.

(<https://www.kyoto-fg.co.jp/en/ir/library/presentation/>)



Ensuring Compliance and Risk Management

© Management of Major Individual Risks

Credit risks

The Group recognizes credit risk as one of its major risks because the Bank of Kyoto is a core subsidiary and credit services such as lending account for a large proportion of its business activities. The Group has established a management framework in its Credit Risk Management Regulations and is working to strengthen its credit risk management.

We manage credit risk by having established systems for internal ratings, self-assessments, write-offs and reserves, as well as quantifying credit risk using statistical methods, restricting the excessive concentration of credit to specific customers or specific industries, and other measures to understand and analyze portfolios from various angles.

In addition, in order to maintain and improve the soundness of assets, the Company, including its consolidated subsidiaries, conducts self-assessments of assets, conducts appropriate write-offs and reserves, and has a specialized department that audits the appropriateness of such assessments.

Through these efforts, we control credit risk so that it does not manifest excessively.

Market risks

The Group uses funds sourced mainly through deposits to continuously engage in a wide range of investment and financing activities in a variety of financial instruments, including loans, government bonds, stocks, and foreign currency denominated assets, and recognizes market risks as one of the primary risks.

The Group manages market risks by dividing them into interest rate risks, price fluctuation risks, and foreign exchange risks, and reports specifically on the status of positions, valuation gains/losses, and market risks monitoring on a monthly basis.

In addition, we ascertain and manage the primary market risks and measure indicators such as “Value at Risk (VaR)” and the “impact of interest rate shocks on their change in economic value of equity (Δ EVE)” and conduct stress tests based on various stress scenarios, and verify the validity and effectiveness of quantification methods and management methods through back-testing.

These risk management policies are reviewed semi-annually, and strategic risk management is implemented through measures such as optimization of asset/liability composition and risk hedging.

Liquidity risks

The Group raises funds with relatively short maturities, such as deposits, while managing funds with relatively long maturities, such as loans and securities. Therefore, we recognize liquidity risk as a major risk, since an unexpected outflow of funds, or the inability to raise funds when needed except with extremely unfavorable terms, could directly lead to a situation that shakes the stability of the bank.

The Group appropriately manages its funding position by conducting stress tests, monitoring the balance of deposits, and carefully forecasting and verifying the balance of funds under management and procurement, while having a system in place to constantly monitor the amount of funds available from the market, and related departments work together to ensure stable cash management.

Operational risks

Operational risks refer to the risk of incurring losses due to inappropriate business processes, executive or employee behavior, or systems, or due to external events, and the Group manages the risks by classifying them into (1) administrative risks, (2) information security risks, (3) legal risks, (4) human risks, and (5) tangible asset risks.

The Group has established Operational Risk Management Regulations, which defines a system under which the departments responsible for each risk that comprises operational risks are to manage the risks from a specialized standpoint, and that the Business Management Division, which is the department responsible for managing operational risks, comprehensively manages these risks.

In addition, we position operational risk management as an important management issue, and strive to prevent risks from materializing and minimize their impact when they do materialize by centrally managing operational risk issues and systematically discussing countermeasures at the Integrated Risk Council.

[Cyber security initiatives]

With the proliferation of digital transactions, cyber security to reduce information security risks is becoming increasingly important as online transactions are now a major part of our services. In light of this importance, the Group has established a basic policy in its Cyber Security Response Regulations and is working to maintain and enhance cyber security through security audits and training.

In addition to conducting self-assessments using materials prepared by the Financial Services Agency, we also utilize outside consulting services to ensure that we are operating in line with the Guidelines on Cybersecurity for the Financial Sector.

Further, we are promoting initiatives based on objective and comprehensive evaluations using risk ratings provided by SecurityScorecard, an external organization.

○ Cyber security status

The officer in charge of the Business Management Division is responsible for overseeing cyber security, and specific policies and plans for cyber security are set forth in the Business Operating Policy and Compliance and Risk Management Program, which are formulated each year. The Bank of Kyoto, a core subsidiary, also provides monthly reports on cyber security to management.

In addition, we are striving to improve the effectiveness of cyber security by conducting periodic drills for Group executives and employees, including management, on how to respond when a suspicious email is received, as well as providing education and training related to cyber security to executives and employees.

○ Incident response system

The Cyber Security Countermeasures Group has been established within the Business Management Division of the Company, and the Cyber Security Response Office has been established within the Systems Division of the Bank of Kyoto, the core subsidiary of the Company, as organizations dedicated to cyber security. In order to respond to threats from sophisticated and elaborate cyber attacks, etc., we have established a system centered around these organizations to collect and ascertain information on cyber attack trends and vulnerabilities, as well as to centrally manage and execute the response to a cyber attack.

In the event of an incident, the Cyber Security Countermeasures Group and Cyber Security Response Office have a system in place to act as the Group’s Computer Security Incident Response Team (CSIRT) organization.

○ Cyber security audit

We have a system in place in which the audit divisions check from time to time management’s involvement in cyber security, relevant laws and regulations, risk assessment, the appropriateness of important system technical measures, and compliance with rules and procedures related to security measures.

Money laundering risks

See p. 107.

Reputational risks

Regarding reputational risks caused by the deterioration of the Group’s reputation among customers and the market, the development of the Internet has increased the possibility of such risks manifesting more than ever before. In addition to proactively disclosing information, the Group has established a system for early collection of risk information and a response system to prevent risks from materializing.

Data Collection

Environment

●Greenhouse gas (GHG) emissions

			(t-CO ₂)	
Item			FY2023	FY2024
Scope 1 (direct emissions)			1,511	1,560
Scope 2 (indirect emissions)			6,207	5,140
Scope 3 (supply chain emissions)			8,624,218	9,786,499
	Cat. 1	Purchased services	13,061	14,623
	Cat. 2	Acquired capital goods	5,135	6,099
	Cat. 3	Fuel and energy-related activities not included in Scope 1 or 2	(Not calculated)	6,238
	Cat. 4	Upstream transportation and distribution	Included in Cat. 1	
	Cat. 5	Waste	(Not calculated)	137
	Cat. 6	Business travel	146	362
	Cat. 7	Employee commuting	1,904	1,856
	Cat. 8	Upstream leased assets	Included in Scope 1 and 2	
	Cat. 9	Downstream transportation and distribution	Included in Cat. 1	
	Cat. 13	Downstream leased assets	(Not calculated)	
	Cat. 15	Investments	8,603,177	9,757,184

Notes: Categories 10, 11, 12, and 14 are not applicable due to the nature of the business.
Some emissions for FY2023 have been revised due to refinement of the calculation method.
See p. 87 for details.

Social

●Human capital (diversity, etc.)

Item	FY2024
Number of employees (consolidated)	3,580
Number of female employees	1,665
Average age	39.3 years old
Average years of service	14.7 years
Average years of service for males	15.8 years
Average years of service for females	13.3 years
Average annual salary	¥6,931 thousand
Average monthly salary	¥402 thousand
Wage difference between males and females (regular employees)	71.2%
Total new graduate hires (joined in April 2024)	180
Number of females hired	93
Number of experienced personnel hired (consolidated)	30
Employment rate of people with disabilities (June 1, 2025)	2.51%
Retention rate* ¹	96.1%
Ratio of female managers* ²	17.9%
Ratio of female executives* ³	25.4%

Item	FY2024
Average number of days of paid leave used* ⁴	13.6 days
Average paid leave usage rate* ⁴	59.1%
Childcare leave usage rate	101.7%
Female usage rate* ⁵	100.9%
Male usage rate* ⁶	102.8%
Average number of days of childcare leave used (males)	4.7 days
Number of employees using nursing care leave	1
Shortened working hour system usage rate* ⁷	20.3%
Average number of overtime hours worked	12.7 hours/month
Engagement score* ⁸	4.26

●Human capital (human capital development)

Item	FY2024
Number of employees who used the internal open recruitment system* ⁹	138
Average hours of training per person per year	57 hours

●Social contribution activities

Item	FY2024
Social contribution activity expenditure* ¹⁰	¥81,720 thousand
Donations and contributions to NPOs	¥70,560 thousand
Number of financial education participants (consolidated)	10,132

As of March 31, 2025. Statistics not labelled "(consolidated)" are for the non-consolidated the Bank of Kyoto; however, the engagement score is consolidated, excluding Sekisui Leasing.

*1 Retention rate is calculated by subtracting the turnover rate from 100%. The specific calculation method is as follows :
(Number of employees as of April 1, 2024 - Number of employees who resigned for personal reasons during the year) / Number of employees as of April 1, 2024

*2 Percentage of female managers (as defined by the Act on the Promotion of Women's Active Engagement in Professional Life) among regular employees

*3 Percentage of females in a position of assistant manager or higher among regular employees

*4 Annual paid leave + the Company's own paid leave

*5 Number of female employees who took (started) childcare leave during the fiscal year / Number of female employees who gave birth during the fiscal year x 100

*6 Number of male employees who took (started) childcare leave during the fiscal year / Number of male employees whose spouse gave birth during the fiscal year x 100

*7 Number of users of the system as of the end of the fiscal year / Employees with children who are eligible to use the system x 100 (excluding those on leave or secondment)

*8 On a scale out of 5 (5 being the highest)

*9 Number of applicants to the Career Challenge System

*10 The Company and the Bank of Kyoto

Governance

Item	As of June 27, 2025
Number of Directors	11
Number of Independent Outside Directors	6
Number of Directors who are Audit and Supervisory Committee Members	7
Number of female Directors	5

Item	FY2024
Consultations and requests to the Customer Service Office	
Complaints	949
Requests	290
Compliments	17
Number of cases received by the Compliance Hotline	8
Number of fines/settlements exceeding \$100 million in the past three years	N/A
Total fines/settlements in excess of \$100 million in the past three years	N/A
Amount of political contributions	N/A