

May 25,2022

To all related parties:

Company Name:	The Bank of Kyoto, Ltd.
Representative:	Nobuhiro Doi, President
Stock Code Number:	8369 (Prime Market, Tokyo Stock Exchange)
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Policy on Reducing Holdings of Securities Held for Strategic Equity

Having established a policy on its holdings of securities held for strategic equity in accordance with the purport of Japan's Corporate Governance Code, The Bank of Kyoto, Ltd. (the "Bank") has been reducing its holdings of securities held for strategic equity upon verifying the need for holding such equities. The Bank is furthermore pleased to inform you that it has drawn up a new policy for accelerating its pace of reducing such holdings.

1. Objectives and purpose

Up until now, the Bank has been verifying the need for its holdings of securities held for strategic equity on a stock-by-stock basis, and has accordingly been making progress in reducing such holdings as described below. Under its new policy for the entire strategic equity portfolio, the first of its type to be formulated, the Bank will select which stocks to sell based on a specific holdings reduction target while continuing with the existing stockholding verification process. As a result of these new measures, the Bank expects to accelerate its pace of reducing the number of the holdings of securities held for strategic equity, which will be in alignment with the purport of Japan's Corporate Governance Code. Going forward, the Bank hopes that these initiatives will help enhance its capital efficiency over a medium and long term.

2. Past achievements

The Bank verifies the need for holding securities held for strategic equity on an annual basis, and has accordingly been reducing the holdings upon determining that there is no identifiable need for the holdings. As a result, the Bank has reduced the number of the holdings to 146 stocks valued at ¥159.1 billion as of March 31, 2022, for a decrease of 16 stocks and ¥15.0 billion less value relative to March 31, 2017 (all of the holdings are listed stocks quoted here in terms of book value).

(Listed stocks and book value)

	Number of Holdings	Book value
As of March 31, 2017	162 stocks	¥174.0 billion
As of March 31, 2022	146 stocks	¥159.1 billion
Difference	Decrease by 16 stocks	Decrease by ¥15.0 billion

3. Plans for reduction going forward

- (1) Targets: Listed stocks held as securities held for strategic equity
- (2) Period: Approximately 3 years
- (3) Amount: Decrease by ¥16.0 billion (equivalent to approx. 10% of book value as of March 31, 2022)

(4) Dialogue and relationships

Serving as a regional financial institution, the Bank places great importance on its relationships with local companies. Therefore, in reducing the holdings of securities held for strategic equity, the Bank will sincerely engage in dialogue with enterprises whose stocks have been part of the strategic equity portfolio. This will involve consistently seeking understanding of the Bank's policy in this regard, while taking into account the business environment in which our enterprises operate and the Bank's capital policy.

4. Use of surplus generated through sales

In allocating surplus generated through sales of securities held for strategic equity, the Bank will remain cognizant of capital efficiency while seeking greater corporate value over the medium to long term. Accordingly, such surplus is to be allocated to uses that include serving as a source of financing mainly related to fields of growth and sustainability, bolstering the Bank's capital in a manner that supports risk asset expansion accompanying such financing, providing shareholder returns, etc.

[Reference] Specific policies, plans, etc. (primarily)

- Sustainable finance: Allocation of ¥1 trillion by FY2030
- Start-up and growth fund: Total of ¥10 billion in the early stage
- Business succession fund: Total of ¥10 billion over approximately 10 years
- Investment in reducing carbon dioxide emissions: 50% reduction in carbon dioxide emissions by FY2030 relative to levels of FY2013
- Shareholder returns: Total payout ratio of approximately 50% beginning in FY2021

This notice has been translated from the original notice in Japanese.
In the event of any discrepancy, the original in Japanese shall prevail.