

# Community-based Finance

## — Contributing to the Sustainable Development of the Regional Community —

### Our Approach to Social Contribution

At the Bank of Kyoto, the concept of doing our part for the local community has been one of our guiding corporate principles ever since our establishment. We have made it our business to be involved in various aspects of community work, including the development of industry and environmental issues.

Customer needs are diversifying in tandem with changing financial and social conditions. At the Bank, we are aware that the original purpose of regional financial institutions is to contribute to the development of the regional economy and society through our main line of business,

which is, of course, banking. Working together with local communities, we strive to achieve ongoing development for everyone.

Further, to earn the trust and understanding of local communities, our policy is to publicly disclose the details of our activities.

#### Our communities

The Bank's business is deeply rooted in the community in five prefectures: Kyoto, where our headquarters is located, as well as the neighboring Shiga, Osaka, Nara, and Hyogo Prefectures.

### Our Policy on Promoting Community-based Finance

#### **Basic Policy on Community-based Finance and Positioning of the Medium-term Management Plan**

The Bank has stipulated that its basic policy on community-based finance is to "aggressively harness the Bank's consulting function to support the stable management and development of small and medium-sized corporations while contributing to the revitalization of the regional economy." Therefore, we have actively promoted community-based finance.

We started the 5th medium-term management plan "Vision 75 Building a Good Bank" (running from fiscal 2014 to fiscal 2016) in fiscal 2014. Under this plan we are aiming to "deepen community-based finance" by working even harder on a variety of measures including the strengthening of consulting functions that promote business growth, and support for the revitalization of the regional economy.

#### **Approach to Initiatives**

In June 2016, the Bank created the Public & Regional Affairs Division, consolidating its departments involved in local and regional revitalization into a dedicated entity. Collaborating with local public organizations and various local groups, the Public & Regional Affairs Division aims to revitalize regions by aggressively advancing measures that invigorate the broader region and foster community-based financing, such as through providing growth assistance for local small and medium-sized enterprises.

The Bank also created the Business Support Office under the Business Support Division for the purpose of offering new products to corporations and sole proprietors as well as promoting transactions with Group companies. This puts in place an integrated structure for promoting commercial transactions.

The Regional Regeneration and Revitalization Network is a collaborative effort among the nine regional banks (including the Bank of Kyoto) with different management bases and sales areas. Leveraging this network, the Bank of Kyoto will provide services with higher value-added that would not have been possible as a single bank.

### Initiatives at Regional Revitalization

We recognize that revitalization of the regional economy is an extremely important mission for the Bank as a regional financial institution.

The Bank is actively working to revitalize regions by cooperating on government policy and providing assistance to local tourist sites and growth industries.

#### **Participation in an experiment using a multi-language voice translation system to support tourists visiting Kyoto**

The Bank of Kyoto is participating in the field-testing of a multi-language voice translation system being developed as a part of the Ministry of Internal Affairs and Communications' "Global communication project."

This multi-language voice translation system translates spoken words into another language. The accuracy of its voice recognition and translation ability improves as the volume of spoken words and translated text increases.

At its Saga Branch, the Bank of Kyoto has made available an iPad with the VoiceTra.R multi-language voice translation app installed to field-test the service. We are helping to improve the accuracy and ease-of-use of the system by surveying people about their experiences using the app with the ultimate aim of enticing more foreign tourists to the region and improving the hospitality the region can offer.

The National Institute of Information and Communications Technology ("NICT") has made the VoiceTra multi-language voice translation smartphone and tablet app available to the general public for free (<http://voicetra.nict.go.jp/>).



#### **Aiming to Foster Vibrant Local Communities**

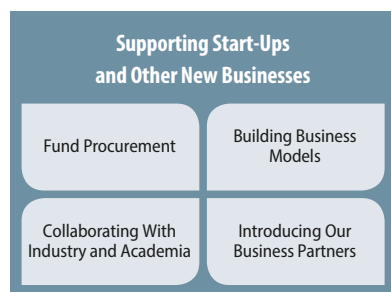
##### **Began to offer the bonds "Kyogin Private Placement Bonds 'Send Cheers to the Future: Children as the Next Generation'"**

With these private placement bonds, a portion of the commissions that the Bank receives for helping corporations issue bonds are donated to schools designated by the issuer for the purpose of purchasing library materials and supplies. These private placement bonds are one kind of CSR activities through which the issuers and the Bank contribute to supporting the growth of schoolchildren. By helping indirectly to educate children who will one day be local citizens, we aim to create vibrant local communities that last far into the future.

Since we began handling these bonds in September 2015, we have made 45 donations as of March 2016.

## Initiatives to Provide Business Support Tailored to the Growth Stages of the Customer

Based on its “Policy on Promoting Community-based Finance” and “Policy for Facilitating Smooth Access to Finance,” the Bank supports the stabilization, growth and development of its customers’ management by providing in-depth support tailored to the growth stages of the customer and facilitating smooth access to finances.



For the challenges and needs of customers who are considering starting up companies or venture companies, or moving into new business fields, we are collaborating with support organizations and universities that are participating in the “Kyogin Venture Business Support Program” and are offering assistance in business matching, supplying various types of information, and providing introductions to specialists (institutions) and universities as well as holding events and helping customers to apply for public aid.

In November 2015, the Bank of Kyoto provided financing to the Miyako-Kyoto University Innovation Fund, and in February 2016, we jointly established the Bank of Kyoto Bright Future Support Fund with Group companies, reinforcing its financial support structure as a result of these investments.

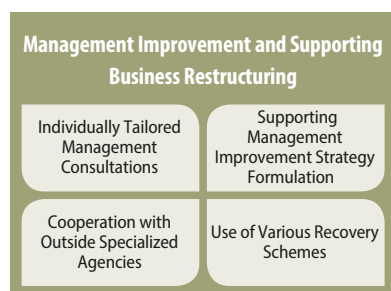
Initiatives	Fiscal 2015 achievements
Number of start-ups and new projects supported	328 cases
Execution of local government loans related to Supporting Start-Ups and Other New Businesses	89 cases / ¥3,471 million



Leveraging the Bank’s wide-ranging branch network and information network, we support the expansion of customer sales channels through business matching.

For customers considering and/or expanding their business overseas, we actively support overseas business by providing market entry support and holding business meetings to assist in local procurement and sales channel expansion.

Initiatives	Fiscal 2015 achievements
Number of business matching meetings	2,882 cases
Number of overseas businesses supported	2,431 cases
Balance of loans using movable property or assignment of obligation as collateral	36 cases / ¥5,978 million (as of March 31, 2016)



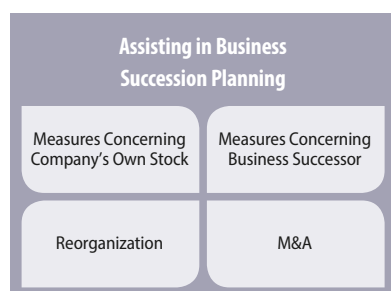
For business partners requiring management improvement or business restructuring, the Bank strives to strengthen relationships and share awareness of management issues with business partners while working toward improving management.

This is particularly so for the Management Support Office, which is the Credit Examination Division’s specialized financial assessment department. The Office holds consultation sessions and seminars as well as working with branches to collaborate closely with the Small and Medium-Sized Business Rehabilitation Support Council and outside consultants to support business partners.

Initiatives	Fiscal 2015 achievements
Management improvement plans drafted for recipients of management support	
• Plan drafting ratio	87.4% (*1)
Utilization of the Small and Medium-Sized Business Rehabilitation Support Council	• Consultations brought in: 7 cases • Drafting of plans completed: 31 cases
Use of the Small and Medium-Sized Business Rehabilitation Support Loan System (*2)	27 cases / ¥1,700 million (cumulative total of 433 cases / ¥48.3 billion)

\*1 The cumulative total of 320 corporate groups that received the drafting of plans divided by the 366 corporate groups that received management support

\*2 The figures inside the brackets are the cumulative achievements since May 2005



To support customers immersed in business succession issues, we offer initial advice on measures concerning the company’s own stock and business succession, review optimal business succession schemes, and study problem-solving measures in collaboration with experts including tax accountants.

Moreover, we offer problem-solving support through the use of M&A for customers who are struggling with business continuity due to lack of successors or industry reorganization.

Initiatives	Fiscal 2015 achievements
Number of business succession consultations received	127 cases (cumulative total of 463)
M&A contracts concluded	7 cases