

Message from the President

Our Goal is to be a Bank that Meets Customers' Expectations



Fiscal Year Ended March 31, 2017

Financial and Economic Environment

In the fiscal year ended March 31, 2017, the Japanese economy saw the continuation of an unprecedented monetary easing policy, and while employment and income conditions improved, a deep-rooted economizing-orientation persisted. Sluggish growth in exports, caused by the continued appreciation of the yen and a slowdown in overseas economies, also contributed to the general sense of stagnation with which the year began. Nevertheless, in the second half of the fiscal year the yen reversed course and

weakened on expectations for changes in U.S. policy, and as overseas economies recovered and corporate performance, led by exports, held steady, strong public sector investment and an asset effect boosted by high stock prices and a rise in land prices in metropolitan areas provided additional support. While sluggish growth in personal spending remained an issue, overall the Japanese economy moved toward a gradual recovery. Still, companies continued to take a cautious approach to capital investment, and as the year ended, a sense of uncertainty about the future increased as concerns about rising costs, more serious labor shortages and political conditions in the U.S. and Europe persisted.

Financial Results for the Fiscal Year Ended March 31, 2017

In this operating environment, the Bank of Kyoto completed its 5th medium-term management plan, “Vision 75 Building a Good Bank” (running from fiscal 2014 through fiscal 2016), in the fiscal year ended March 31, 2017, and moved forward with various measures in line with the sales, human resource and operating reform strategies laid out in that plan.

As a result, both individual and corporate deposits rose steadily, with deposits and negotiable certificates of deposit increasing by a total of ¥383.7 billion during the fiscal year, for a year-end balance of ¥7,595.9 billion on a non-consolidated basis.

As a result of our active response to demand, loans to individuals and corporations increased by ¥380.5 billion during the fiscal year, to a year-end balance of ¥4,986.9 billion.

On the earnings front, conditions remained challenging as operating yields on loans and securities declined, but the Bank was able to close out the final year of its 5th medium-term management plan with net income in excess of our target of ¥17.5 billion.

6th Medium-term Management Plan

“Timely & Speedy” — Promptly Offering the Services which our Customers Need —

Business conditions for financial institutions are expected to grow even more challenging and to change significantly going forward, as the population shrinks and ages further, loan yields continue to drop with additional monetary easing policies, and with a further shift to IT-driven systems—characterized by advances in FinTech—and changes in lifestyle.

In this environment, in April 2017, the Bank launched its 6th medium-term management plan, running from fiscal 2017 to fiscal 2019.

With the launch of this new plan, the Bank has also reaffirmed its vision of being a bank that meets its customers’ expectations.

To accomplish that, we believe we must return to our roots in the service industry, thoroughly reexamining on a regular basis how we might strengthen our ties with our customers and how we go about responding to their needs. Most important is that we

bring a sense of speed to translating that response into well-timed action, and thus we have given the name “Timely & Speedy” to this new plan.

The primary theme behind the 6th medium term management plan is “Leveraging our Consulting Capabilities: Connections,” which will drive our goal of growing and expanding further as a wide-area regional bank.

Leveraging Consulting Capabilities

In working with individual customers, the Bank will focus on offering financial investment products and advice and assisting in asset formation in line with individual life plans, under the concept of “Connecting to the Future: From Parent to Child and Grandchild.”

Meanwhile, for our corporate customers, the Bank will work to assist with business expansion and succession issues, offering a precise service that utilizes the strength of our branch network and leveraging our high-quality financial brokerage capabilities. The concept driving these efforts will be, “Connecting Customers to Each Other, and to Business Growth, to Overseas, and to the Next Generation.”

Through unstinting efforts to reform the Bank’s existing culture, structures and systems, and by providing diverse financial services in close collaboration with the companies of the Bank of Kyoto Group, we will work to fully meet the expectations of our customers and our community.

I would like to thank you for your continued support and kind consideration.



Nobuhiro Doi

President
The Bank of Kyoto, Ltd.