

## Message from the President



### Fiscal Year Ended March 31, 2018

Below, I present a review of the fiscal year ended March 31, 2018, the first year of our three-year 6th medium-term management plan “Timely & Speedy,” running from fiscal 2017 to fiscal 2019.

Deposits and negotiable certificates of deposit increased by ¥229.8 billion, mainly for individual and corporate deposits, to a year-end balance of ¥7,825.7 billion.

Turning next to loans and bills discounted, as lending to corporations increased due to our active response to demand for funding, and loans to individuals, chiefly mortgage loans, also increased steadily, overall loans and bills discounted increased by ¥287.2 billion during the fiscal year to a year-end balance of ¥5,274.1 billion, exceeding ¥5 trillion for the first time.

As we move to strengthen Group capabilities, Kyogin Securities Co., Ltd. commenced operations in May 2017, serving as a

one-stop brokerage for all branches, and specialists at each bank branch provide product-related services. Kyogin Securities was able to become profitable in its first fiscal year of operations, thanks to the support of its many customers, who opened 11,882 accounts and placed ¥49.0 billion in assets under management.

As a result of initiatives to reinforce collaboration among Group companies and collective marketing activities, consolidated ordinary profit totaled ¥26,931 million and net income attributable to owners of the parent was ¥19,323 million.

### Aiming for Further Growth

#### Sound and Dependable Bank Management

Since its founding, the Bank of Kyoto has lived up to its management principle of “Serving the Prosperity of the

Community.” To put this management principle into practice, we believe nothing is more important than being able to consistently provide high-quality financial services to our customers in the region, and have emphasized sound and dependable bank management to this end.

The earnings environment for regional financial institutions has been challenging as monetary easing becomes entrenched for the long term. Even under these circumstances, the Bank has held firmly to its tradition of sound and dependable bank management. As a financial institution with deep roots in its community, the Bank of Kyoto will aggressively contribute to the revitalization of the regional economy by helping local companies grow and develop with its consulting functions and business viability assessments.

Moreover, we are making concerted efforts to raise awareness of compliance among all of our executives and employees, while working to reinforce the corporate governance structure.

### **Taking on the Challenge of Comprehensive Financial Services**

Traditional bank businesses, mainly deposits and loans, have been under pressure amid changes in the socio-economic landscape, such as the rapidly aging society and diversification of options companies have for raising funds.

On the other hand, business opportunities have steadily increased for consulting individual customers about asset formation and inheritance, for supporting corporate customers in their plans to expand sales channels and move into overseas markets, and for providing them with information about business succession and M&As.

The Bank seeks to tap into this diversification of earnings opportunities, including the functions of Group companies, by building on its reputation and experience as a bank that meets its customers’ expectations, while precisely meeting the diversifying needs of its customers in these changing times.

This autumn, we are taking on the challenge of offering comprehensive financial services with plans to commence trust business operations at the Bank of Kyoto, and expand banking, securities and trust business services, beginning with Kyogin Securities opening the Kusatsu Branch, as well as initiatives to improve convenience for customers.

### **Productivity Improvements and Work Style Reforms**

Based on its Aims for Visible Productivity Innovation, which were drawn up in June 2017, the Bank of Kyoto is implementing measures to increase customer convenience, expand centralization, and lighten

workloads on salespeople. For its customers, the Bank will maximize the benefits of its network of 174 branches, which is its unique advantage as a wide-area regional bank.

As a first step, we are reviewing all business processes from a customer standpoint, including paperless transactions and centralized office paperwork. As places where we interact with customers, we are transforming branches into venues for engaging with more customers for longer periods of time. We are creating environments where our bank employees can truly harness their skills and provide customers with services with higher added value.

At the same time, we continue to advance work style reforms, seeking to improve the work-life balance of bank employees. While increasing job satisfaction and motivation, we are focusing on the development and enhancement of each employee’s skills with the ultimate aim of increasing productivity and providing higher-quality financial services.

The operating environment surrounding the Bank is undergoing monumental changes. We will strike a balance between continuity and change by developing new services in tune with these changes while placing even more importance on sound and dependable bank management. As a financial foundation that is essential to the local economy and people’s lifestyles, the Bank of Kyoto will never stop contributing to the development of the region through an eternal relationship. By continuing to grow alongside the region, we will fulfill our mission as a regional financial institution.

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



Nobuhiro Doi

President  
The Bank of Kyoto, Ltd.