

Financial Review (Consolidated)

Financial and Economic Environment

During the fiscal year under review, the Japanese economy saw a moderate expansion against the backdrop of the favorable economic conditions of low interest rates and low inflation, along with the recovery of overseas economies and favorable exports, as well as a recovery in consumer spending. In this period in the corporate sector, production activity was solid and business performance was favorable. Capital investment also increased. Meanwhile, consumer spending maintained its strength, although a tendency to economize persisted. The replacement of durable consumer goods was favorable due to improvements in employment and income conditions, and spending by overseas tourists increased overall. Although this recovery was sustained, the yen began to strengthen and stock prices began to decline in a reversal of trends from the outset of the year, as a result of the turmoil in the U.S. financial markets. As the year ended, a sense of uncertainty about the future increased as concerns persisted about rising prices of raw materials, more serious labor shortages, and the rise of protectionism in the U.S.

Under these conditions, the Group promoted various measures based on the main theme of “Fully Leverage Consulting Capabilities: Connect” of the Group’s 6th medium-term management plan “Timely & Speedy” (fiscal 2017–2019). As a result, the Group achieved the following business results for the consolidated fiscal year under review regarding its financial condition, business progress and results, and cash flows.

Business Progress and Results

Consolidated ordinary income amounted to ¥110,232 million, a decrease of ¥174 million year on year, mainly due to a decline in other operating income, etc., despite increases in interest income and in fees and commissions.

Consolidated ordinary expenses totaled ¥83,301 million, a year-on-year increase of ¥709 million, mainly due to higher interest expenses and other operating expenses, etc.

As a result, consolidated ordinary profit decreased ¥883 million year on year to ¥26,931 million. However, net income attributable to owners of the parent increased ¥722 million to ¥19,323 million due to the posting of a special gain on revision of the retirement benefit plan.

Earnings in the banking business, the core business of the Bank of Kyoto Group, were ordinary income of ¥101,053 million, a decrease of ¥1,004 million from the previous fiscal year. Segment profit was ¥24,338 million, down ¥801 million. In others, ordinary income was ¥12,281 million, an increase of ¥1,477 million, while segment profit was ¥2,613 million, a year-on-year decrease of ¥81 million.

Main Accounts

Regarding main accounts, deposits amounted to ¥6,878.9 billion, an increase of ¥236.6 billion from the previous fiscal year, due to solid increases in deposits held by individuals and corporations. Negotiable certificates of deposit came to ¥920.1 billion, a decrease of ¥4.9 billion. As a result, the total of deposits and negotiable certificates of deposit increased by ¥231.7 billion to ¥7,799.1 billion at year-end.

Turning next to loans and bills discounted, as lending to individuals and corporations increased due to our active response to customers, loans and bills discounted increased by ¥287.5 billion compared to the previous fiscal year to ¥5,266.2 billion.

As for securities, as a result of appropriate fund management while closely monitoring market trends, securities ended the year at ¥3,077.3 billion, an increase of ¥212.2 billion year on year. Appraisal gains (unrealized) yielded from mark-to-market accounting increased ¥220.2 billion year on year, reaching ¥752.1 billion at the end of the year under review.

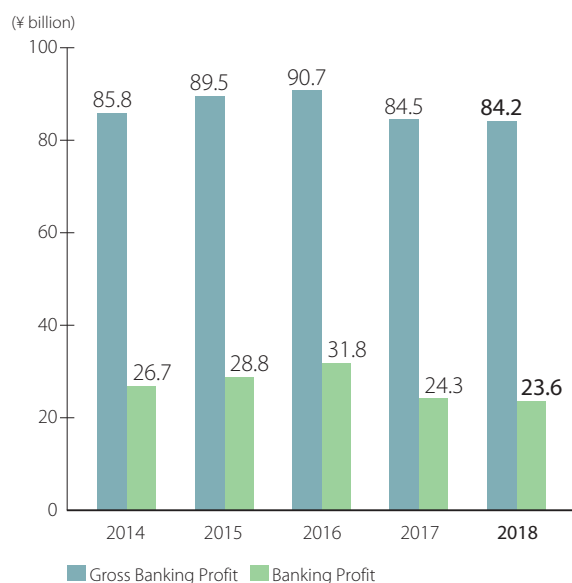
In addition, total assets ended the year at ¥9,478.5 billion, an increase of ¥579.1 billion compared with the end of the previous fiscal year. Equity stood at ¥410.7 billion, an increase of ¥18.0 billion due to higher retained earnings, etc.

Cash Flows

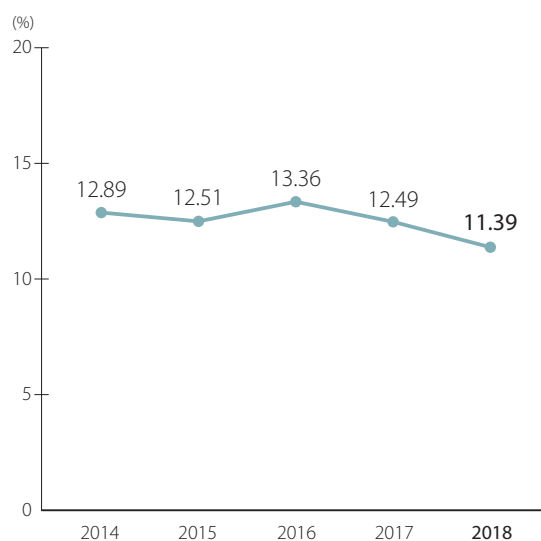
Net cash provided by operating activities during the fiscal year under review was ¥46.9 billion. Net cash used in investing activities was ¥2.1 billion, and net cash used in financing activities was ¥21.4 billion.

As a result, the balance of cash and cash equivalents increased ¥23.4 billion year on year to ¥844.9 billion.

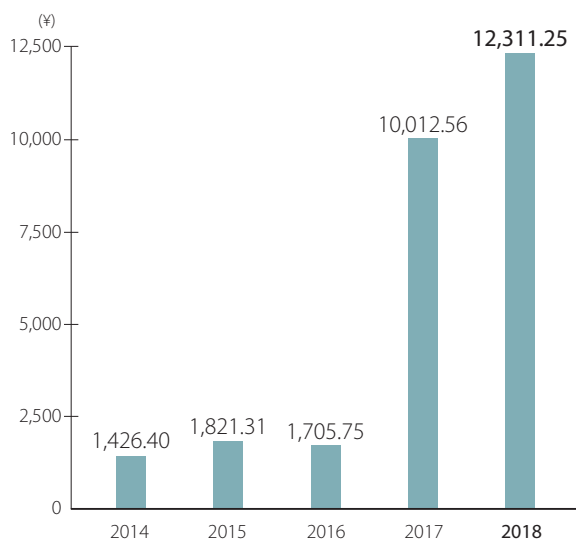
Gross Banking Profit/Banking Profit



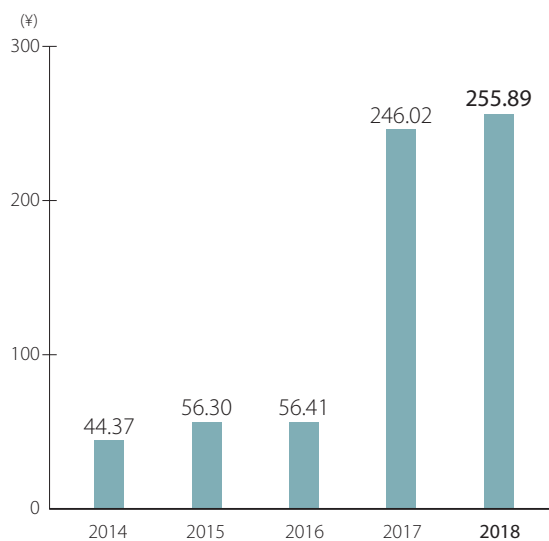
Capital Ratio (Domestic)



Net Assets per Share



Net Income per Share



Note: Share figures have been restated, as appropriate, to reflect a one-for-five reverse stock split effected October 1, 2017.