

History of the Bank of Kyoto

Becoming Kinki's Leading Bank

1941–1959

Established in northern Kyoto

- 1941 ● Established Tanwa Bank (Fukuchiyama City, Kyoto Prefecture)
- 1943 ● Opened the Kyoto Branch (now Shichijo Branch)
- 1950 ● Commissioned to provide main depository service for Kyoto Prefecture
- 1951 ● Changed name to the Bank of Kyoto
- 1953 ● Relocated the Head Office to Kyoto City (current location)
- Opened the Osaka Branch

Relocated the Head Office to Kyoto City

1960–1979

Road to becoming an urban-type regional bank

- 1963 ● Opened the Tokyo Branch
- 1966 ● Completed the current Head Office
- 1973 ● Listed on the Kyoto Stock Exchange
- 1978 ● Total deposits exceeded ¥1 trillion

Became Kinki's leading regional bank

1980–1994

Tackling Japan's financial Big Bang

- 1984 ● Listed on the Second Sections of the Tokyo Stock Exchange and Osaka Securities Exchange
- 1986 ● Total deposits exceeded ¥2 trillion
- Changed designation to the First Sections of both exchanges
- 1989 ● Opened the Hong Kong Representative Office
- 1990 ● Total deposits exceeded ¥3 trillion

First Kinki regional bank to exceed total deposits of ¥3 trillion

From a Local Bank in the Tango Area to Kyoto's Bank and then Kinki's Bank

The Bank of Kyoto was established in October 1941 as Tanwa Bank in Fukuchiyama City, Kyoto Prefecture through the merger of banks in northern Kyoto. Under a priority production system, the post-war recovery period put Kyoto's economy—with its focus on traditional and textile industries such as Nishijin-ori and Tango Chirimen weaving—at a disadvantage. Financial conditions in Kyoto City were thus extremely tight, with a bank loan-deposit ratio significantly lower than the national average, and small and medium-sized businesses were experiencing particularly severe financial difficulties. There were increasing calls for a locally headquartered bank to take on the role of facilitating finance for small and medium-sized companies, and the Bank responded by relocating its Head Office to Kyoto City in 1953. Against this backdrop, the Bank provides support from a financial aspect to small and medium-sized companies in Kyoto City and across all areas of Kyoto Prefecture, firming its position as a locally headquartered bank.

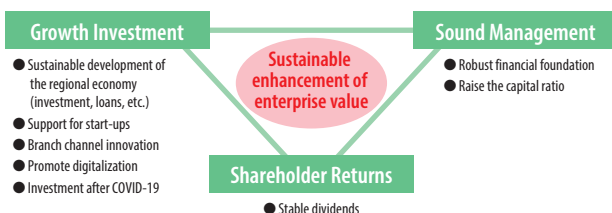
Strengths of the Bank of Kyoto

History of Supporting Start-Ups and Growth Businesses

As Japan's ancient capital, Kyoto has long nurtured culture and industry with a climate rich in entrepreneurial spirit responsible for creating many new things. The Bank actively provided these promising venture companies with financial support through loans and investments (shareholdings) or backed their growth by dispatching human resources (Bank employees). Even now, the Bank implements sophisticated initiatives tailored to the times, such as utilizing fund schemes to support founding and growing businesses.

Triple Balance for Sustainable Enhancement of Enterprise Value

The Bank believes that it must put into action a well-balanced, three-pronged strategy of aggressive investment in growth (including the support for start-ups and growth businesses outlined above), sound management of its own business, and shareholder returns.



Growth Investment

Companies that the Bank aggressively supported in founding or for growth have grown to become major global corporations and back the Bank's earnings in the form of dividends, which in turn have become the source for the Bank's next growth investments. Aggressive growth support for regional companies such as this is proof of the growth model of a regional financial institution that has grown together with local companies. The Bank is aggressively working to expand its network of bases and enhance human capital to realize its strategy and differentiate from other regional financial institutions.

Sound Management

Aggressively lending to and investing in companies with potential since the founding of the Bank has created shareholder revenue and appraisal gains, which has strengthened its financial foundation. The Bank has also carefully managed the deposits that customers have entrusted to it. The Bank has maintained a steady approach to management, never forgetting its management principle of "Serving the Prosperity of the Community." Even following the collapse of the bubble economy when many financial institutions were forced to spend time disposing of non-performing loans, the Bank was able to quickly complete that process and move to an aggressively offensive management stance.

Becoming a Top 10 Regional Bank

Shift to a comprehensive
financial solutions business

1995–1999

Strengthened management base and improved structure

- 1998 ● Started over-the-counter sales of investment trusts
- 1999 ● Opened the Direct Banking Center
- The Bank recorded its sole loss

Early disposal of non-performing loans

2000–

Growth as a wide-area regional bank

Expanded the operating area (market)

- 2000 ● Opened the Kusatsu Branch (Shiga Prefecture)
- 2004 ● Opened the Takanohara Branch (Nara Prefecture) and Amagasaki Branch (Hyogo Prefecture)
- 2010 ● Established Kyoto Banking College
- 2011 ● Opened the Nagoya Branch (Aichi Prefecture)
- 2013 ● Built the Higashinagaoka Branch as a zero-CO₂ emissions branch

Expanded into new business areas

- 2001 ● Started agency sales of non-life insurance
- 2002 ● Started agency sales of life insurance
- 2004 ● Relocated the core system to the NTT Data Regional Bank Integrated Service Center
- Opened the Shanghai Representative Office
- 2012 ● Opened the Dalian Representative Office
- 2013 ● Opened the Bangkok Representative Office
- 2017 ● Began operations at Kyogin Securities Co., Ltd.
- 2018 ● The Bank entered the trust service business
- 2020 ● Started recruitment agency business

Developed as a Wide-Area Regional Bank and Evolving into a Comprehensive Financial Solutions Business

Following the collapse of Japan's bubble economy, many financial institutions, including city banks, rushed to stabilize their operations as they were forced to dispose of non-performing loans, and boosting profitability also became an urgent issue. Many of these institutions advanced a strategy of selection and concentration, narrowing their areas of business to better focus the use of management resources. The Bank quickly completed the disposal of its non-performing loans and expanded its market area by adopting a broad-based strategy while other financial institutions adopted a downsizing and balancing strategy. The Bank had also been an early proponent for working to build a business model around providing solutions to customers' issues, and moved ahead on expanding its business domain. With these two types of expansion, the Bank of Kyoto has grown to become one of the top 10 regional banks in terms of total funds. The Bank has steadily enhanced its presence in its home market of Kyoto Prefecture, where city banks and credit unions already jostled for position, and has captured more than 30% share of loans in the prefecture as of the end of March 2020.

Shareholder Returns

The Bank is able to provide stable shareholder returns through earnings acquired by aggressive growth investment and sound Bank management that supports soundness. The Bank has responded to shareholder expectations by raising the dividend payout ratio from 25% to 30%.

Built an Independent Wide-Area Network

Since opening the Kusatsu Branch in December 2000, the Bank has developed into a wide-area regional bank through expansions in both the market (sales) area and the scope of its business (services).

As a result of expanding the market area, the Bank has grown to 174 branches as of the end of March 2021 and independently built a wide-area network encompassing five prefectures in the Kinki region (Kyoto, Osaka, Shiga, Nara and Hyogo), as well as Aichi Prefecture and Tokyo.

Each prefecture in which the Bank has expanded its sales area has its own characteristics, which in addition to being able to provide unique solutions also means the Bank is resilient to regional industrial structure risk.

High-Value-Added Sales Structure

In addition to expanding its market (sales) area, the Bank made early efforts to build a business model that provides solutions to customers' issues. In the M&A business, the Bank has actively expanded the scope of its business (services), appointing a specialist in 2007, beginning operations at Kyogin Securities Co., Ltd. in 2017 and moving into the investment trust business in 2018. In this way, the Bank enhances its enterprise value by providing new value added through effort to develop solutions businesses.

Creating a Foundation of Quality Human Resources

From the very beginning, the Bank has sharpened its discernment skills in the process of offering loans, investments and other support for regional company growth and the emergence of new industries. Furthermore, the foundation that allowed us to pursue an expansion strategy for over 20 years since 2000 is creating a foundation of quality human resources and ongoing recruitment and training program. Moreover, the Bank has built a framework that supports the success of a diverse workforce including external human resources/outside personnel, women, and experienced seniors.