

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

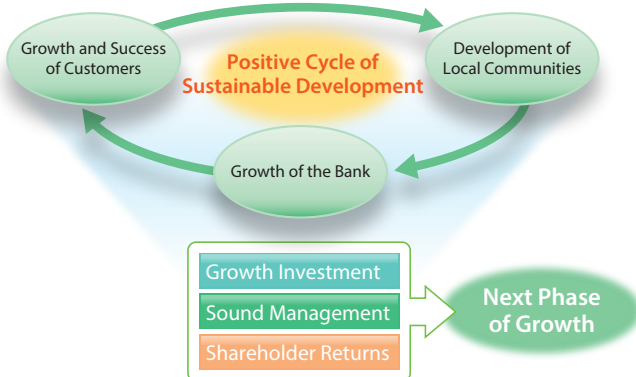
From a Local Bank in the Tango Area to Kyoto's Bank and then Kinki's Bank

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, Japan's 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 provided 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.

The Bank of Kyoto Group's Growth Model

The Bank of Kyoto Group's Core Growth Model and Underlying Foundation

Since its founding, the Bank of Kyoto Group has been guided by its management principle of "Serving the Prosperity of the Community." As a regional financial institution, the Bank of Kyoto Group has grown together with local customers and communities by working on solving their issues, and continuously meeting their expectations.



A Growth Model Centered on the Creation and Growth Support of Local Companies

As Japan's ancient capital, Kyoto has long nurtured culture and industry, and has spawned numerous startup businesses that create original and unique products. The Bank provides a full range of financial support to those startup businesses through not only loans, but also investments, or in other words through the means of shareholding. In some cases, the Bank has dispatched Bank employees to companies. By growing together in these ways, we have built close relationships with the companies we support.

Many of the companies that the Bank has aggressively supported in founding or for growth have grown to become major global corporations. Their success has not only led to the growth of a single company, but it has also energized the regional economy, serving as a driving force behind the development of local communities. Moreover, the Bank's support for the founding and growth of companies through investments has yielded benefits in the form of dividends, which have later underpinned the Bank's earnings and became a source of funding for the Bank's next growth investments.

We believe that our model for creating a positive cycle based on

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

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 were forced to dispose of non-performing loans. Many of these institutions advanced a strategy of selection and concentration, narrowing their areas of business to better focus the use of management resources. Meanwhile, the Bank quickly completed the disposal of its non-performing loans and expanded its market by adopting a broad-based strategy while other financial institutions adopted a downsizing and balancing strategy. In addition to driving market expansion, the Bank was an early proponent for working to build a business model around providing solutions for customers’ issues. Accordingly, it moved ahead with expanding services. With these two types of expansion – market expansion in existing businesses and service 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 and has captured more than a 30% share of loans in the prefecture as of the end of March 2020.

proactive support for the founding and growth of local companies is a major feature of the Bank, and that it also serves as a growth model for regional financial institutions that have grown together with local companies.

Robust Financial Foundation

Since its founding, the Bank has long proactively offered loans, investment, and other support to local companies. Over time, this approach has generated significant dividend income and appraisal gains, which have further strengthened the Bank’s financial foundation.

Meanwhile, 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 after 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 shift to a proactive, offensive management.

Unless the Bank itself has sound management, it will struggle to make its next growth investments, let alone contribute to the development of local communities. Therefore, we believe that the Bank’s sound management is one of its major strengths.

Foundation of Quality Human Resources

Since its founding, the Bank has been committed to supporting the growth of local companies and the creation of new industries through investments and loans, and has cultivated its discerning skills as a financial institution.

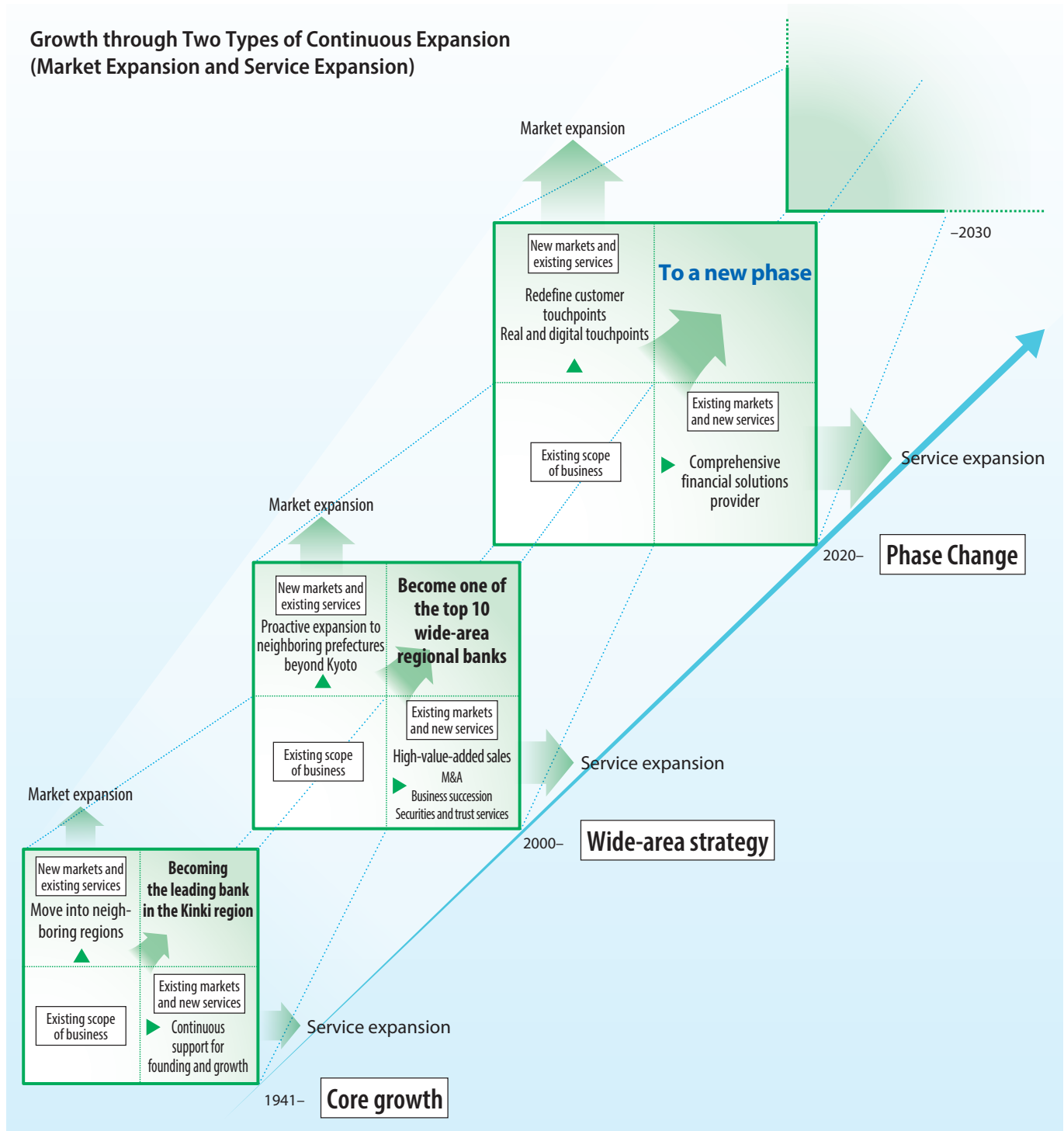
Furthermore, the Bank’s foundation has enabled us to pursue an expansion strategy for over 20 years since 2000. The Bank possessed a foundation of quality human resources even before its wide-area business expansion and has undertaken steady recruitment and training even after it became a wide-area regional bank.

Moreover, the Bank has built a framework that allows a variety of human resources to play an active role, including proactive external personnel, women and experienced seniors.

A Growth Model Driven by Expansion of the Scope of Business

The Bank has spurred growth and built a business foundation through the development of local communities, beginning with support for the founding and growth of local companies. These efforts are the cornerstone of the Bank's activities.

However, this does not mean that the Bank has built up a history of 80 years merely by safeguarding traditions firmly. The Bank has achieved growth by continuing to make growth investments aimed at pioneering new markets and enhancing new services, and supporting changing customer needs in step with the times.



From a Local Bank in the Tango Area to a Leading Bank in Kyoto and then the Kinki Region

As described in “History of the Bank of Kyoto” on pages 8–9, the Bank of Kyoto Group was established as a financial institution in the Tango area, and then moved to Kyoto City, where it laid a solid foundation as a locally headquartered bank.

After firming its foothold in Kyoto Prefecture, the Bank fostered close ties with Kyoto’s economy and established an unshakable position as the Kinki region’s leading bank.

Concurrently with this market expansion, the Bank undertook sales activities that were not limited to bank-specific services such as deposits, loans and funds transfer. It proactively provided startup companies founded at the time with continuous support and financing through investment. This business style became established over time as the Bank’s support for founding and growth, leading to the present day.

Becoming a Top 10 Regional Bank — Growth as a Wide-Area Regional Bank

Following the collapse of Japan’s bubble economy, many financial institutions were forced to dispose of non-performing loans.

The Bank quickly completed the disposal of its non-performing loans. It then greatly expanded its market area by adopting a broad-based strategy while other financial institutions adopted a downsizing and balancing strategy. The Bank’s first step was the opening of the Kusatsu Branch in Kusatsu City, Shiga Prefecture in December 2000. Subsequently, the Bank continuously implemented its broad-based expansion strategy for the next 20 years. As a result, the Bank has 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.

Meanwhile, in addition to market expansion, the Bank made early efforts to build a business model that provides solutions to a wide range of customers’ issues. Notably, the Bank appointed a specialist to the M&A business in 2007, and began operations at Kyogin Securities Co., Ltd. in 2017. The Bank itself successfully entered the trust service business in 2018. These are some examples of how the Bank has been proactively expanding its services.

In this way, the Bank has been enhancing its corporate value by providing new value-added services through steadfast efforts to expand its solutions business.

Aiming for a New Phase of Growth

Through the growth investment as a broad-based strategy spanning over 20 years, the Bank has built a wide sales network and laid the foundation for a high-value-added sales structure. Nevertheless, the benefits of these efforts are now within the scope of existing business areas.

The Bank recognized that even its broad-based strategy was a framework of preexisting notions and fixed ideas, and spent several months from October 2019, just before the start of the current medium-term management plan, once again confirming its vision in order to refresh the mindset of executives and employees as well as the Bank itself. These efforts revealed a “desire” to “provide customers with enhanced services locally and continue to grow alongside the region and customers” as well as a “strong determination” to “continue maintaining a commanding presence in the broad range of markets it has built up so far” that were used as the driving forces to move forward as the Bank launched its 7th Medium-Term Management Plan, “Phase Change 2020.”