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To Whom It May Concern

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## Notice Regarding Formulation of “Medium-Term Management Plan (FY2026-2028)”

Kyoto Financial Group, Inc. (President: Nobuhiro Doi; the “Company”) hereby announces that the Company has formulated the Medium-Term Management Plan (FY2026-2028). The details are presented below.

### 1. Outline of the plan

#### (1) Plan period and name

- A. Plan period April 2026 to March 2029 (3 years)
- B. Plan name “Using Kyoto and Kansai Growth to Drive Japan - the Kyoto Financial Group Challenge”

#### (2) Positioning of the plan

The Company aims to accelerate the growth of the Group by maximizing the added value it provides across the Group, leveraging its relationships cultivated with customers in the Kinki region, comprising five prefectures, Aichi, and Tokyo as a wide-area regional bank group. This will be achieved by fully leveraging the effectiveness of the holding company structure established in the previous Medium-Term Management Plan (October 2023 to March 2026).

As a result of the efforts by the Company, with the aim of contributing to solving the issues faced by regional communities and, by extension, Japanese society as a whole, while paving the way for a brighter future, the Company has titled the plan “Using Kyoto and Kansai Growth to Drive Japan - the Kyoto Financial Group Challenge.” The three key strategies of the plan are as follows:

Key strategies	Total Solution Strategy	➤Not only addressing the immediate issues that have surfaced, but also understanding the “overall picture” of issues, including latent needs, and resolving them across the entire Group.
	Local Growth and Co-creation Strategy	➤By collaborating with various players and addressing the issues of the entire region (especially the falling birthrate and aging population), we will co-create regional growth and establish it as a new pillar of revenue.
	Continuous Optimization Strategy	➤From a perspective of overall optimization, we will maximize growth angles by continuously reviewing business portfolios, resource allocation, governance, and business practices.

**(3) Plan indicators**

[KGI]

Item	Target
ROE (net asset basis)	8% or more
ROE (shareholder's equity basis)	16% or more
Net income attributable to owners of parent	JPY 90.0bn or more

[KPI]

Item	Target
OHR (expenses / gross operating profit)	40% range
Growth investment with a focus on venture investments <sup>(*1)</sup>	(Net increase) JPY 100.0bn or more <cumulative 2H of FY2024 - FY2028>
IT & DX investment	JPY 15.0bn or more
Human capital investment	JPY 7.0bn or more

[KGI and KPI assumption]

Item	Target
Capital adequacy ratio	Approx. 10%
Total payout ratio	50% or more (During the period, continue to implement flexible returns)
Reduction of strategic equity holdings <sup>(*2)</sup>	(Market value) JPY 300.0bn or more <cumulative 2H of FY2024 - FY2028>

(\*1) The period for achieving the target had previously been set as "from the second half of FY2024 to the cumulative total for FY2030," but it is moved up by two years and revised to "from the second half of FY2024 to the cumulative total for FY2028."

(\*2) The previous target was a reduction of 100.0 billion yen or more (market value), but the target is raised to 300.0 billion yen or more (market value).  
The reduction achieved up to FY2025 is approximately 180.0 billion yen, and during this medium-term management plan period, we aim to achieve a reduction of approximately 1,200 billion yen or more.

For further details, please refer to the attached document "Mid-term Management Plan (FY2026-2028)."

End

This document has been translated from the original notice in Japanese.  
In the event of any discrepancy, the original in Japanese shall prevail.

# Medium-Term Management Plan FY2026-FY2028

Using Kyoto and Kansai Growth  
to Drive Japan- the Kyoto  
Financial Group Challenge



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A close-up photograph of water being poured from a green funnel into a pool of water. The water is clear and creates ripples as it falls. The background is dark and out of focus.

# 01 Review of the Previous Medium-Term Management Plan

## Achieved a key performance target (profit attributable to owners of parent) in the first year of the plan

In preparation for the next medium-term management plan, launched several cross-company projects

### Achievements

#### Management strategy

- Significantly expanded business domains through the establishment of new companies and M&A
- Actively invested in human capital and developed strategic talent along with the expansion of business domains

#### Asset investment

- Active asset investment utilizing financial strength ⇒ achieved the target in 1H FY2025 ahead of schedule

#### Digital and IT

- Established a system to utilize data through the construction of the data utilization platform (SIC) and the introduction of generative AI
- Strengthened digital connectivity with customers

### External environment



#### Arrival of “a world with positive interest rates”

Intensification of competition for deposit acquisition with other banks (in addition to regional banks and credit unions, mega banks and online banks also pose a significant threat)



#### Advancement of digitalization and entry from different industries

Diversification of the competitive environment due to the rise of fintech companies and the entry of different industries into the financial services sector



#### Population decline

Expectation of a population decline in the sales area due to a falling birthrate and aging population



#### Increasing expectations from the market

Increasing level of expectation from investors and shareholders towards the Company

### Remaining issues

- 1 Establishing a system where all employees can autonomously think and act towards **improving profitability**
- 2 **Improvement in the loan-to-deposit yield spread**
- 3 Enhancement of the autonomy and collaboration among Group companies
- 4 **Optimal allocation of management resources** (such as review of low-profit businesses, location strategy, and fundamental review of branch office operations)
- 5 Active utilization of AI, data, and new digital technologies across the entire organization ⇒ **A cross-company business transformation**

Item		Indicator	Results (forecast)			
			FY2023	FY2024	FY2025(estimate)	
ROE (consolidated)	Net asset basis	3%	2.96%	3.28%	8% or more	Achieved
	Shareholder's equity basis	6%	6.39%	7.24%	17% or more	Achieved
Net income attributable to owners of parent		JPY 30.0bn	JPY 31.5bn	JPY 36.5bn	JPY 95.0bn	Achieved
Capital adequacy ratio		11% range	12.56%	12.16%	Approx. 11.9%	Achieved
Asset investment		JPY 1.2 tn + $\alpha$	Loans and bills JPY 1.3tn or more (Estimate as of end of FY2025) <small>Drastic overhaul of the securities portfolio with a focus on improving future profitability Approx. JPY -390.0bn</small>			Achieved
IT and DX investment		JPY 10.0bn	Approx. JPY 7.0bn			
Human capital investment		JPY 2.0bn	Approx. JPY 3.5bn			Achieved

# 02 Ideal Vision in 10 years



When we engaged in Group-wide discussions about our ideal vision in 10 years, many people indicated a desire to focus on regional co-creation, trust, and taking on challenges.

In order to practice our management principles more faithfully, we want to implement more committed initiatives.

**Serving the Prosperity of the Community**  
 — Drive community growth and create the future together —

〈 Ideal vision in 10 years 〉

## A “value creation group” that works with all stakeholders to create a virtuous cycle of sustainable growth

As regional challenges, we first consider the “falling birthrate and aging population” (and the resulting population decline) included in the Group’s materiality, and “regional economic growth” under these adverse conditions.

**Falling birthrate and aging population**

**Opportunities** Expanding need for asset formation and management in preparation for the arrival of the era of 100-year lives, and expanding need for consulting to address issues

**Risks** Weak corporate performance and regional economy due to labor shortages, and economic contraction due to declining consumption in the region

**Growth of the local economy**

**Opportunities** Expanded business opportunities and strengthened cooperation with the community

**Risks** Decline in business performance due to stagnation in the local economy caused by population decline and industrial decline

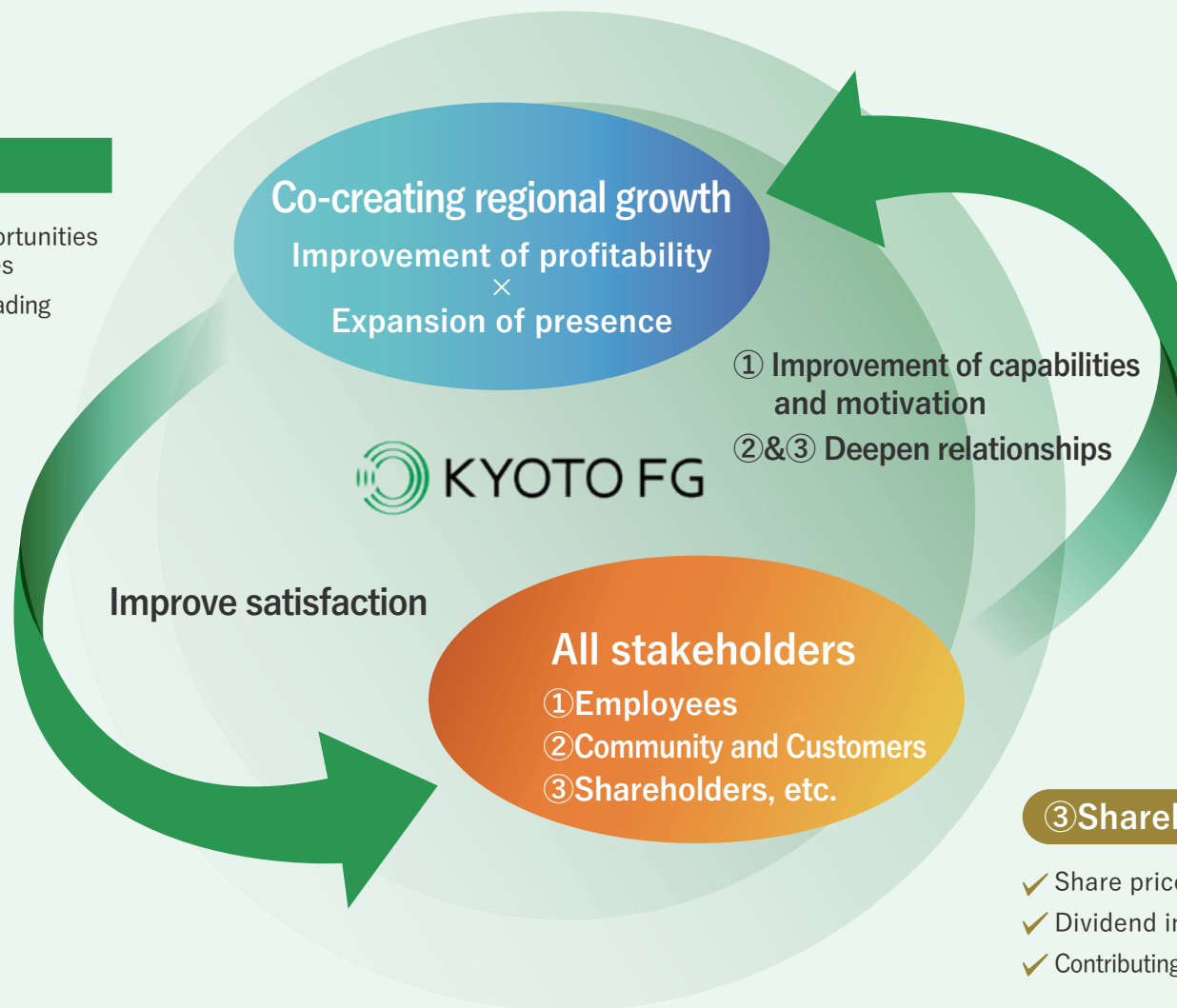
By further addressing the challenges faced by the region as a whole, such as population decline and the falling birthrate and aging population, and continuously presenting a wide range of solutions not limited to the financial sector, we aim to contribute to regional growth, create synergies with the Group’s deposit and loan business, and establish new revenue drivers.

**In order to realize our ideal vision in 10 years, we will continue the virtuous cycle of enhancing the value of the services we provide and improving profitability, thereby enhancing our presence in the region.**

In order to realize our ideal vision in 10 years,  
 we further raise corporate value by boosting our financial strength and expanding our business size.  
 By raising our corporate value, we will pursue a virtuous cycle of rising satisfaction among all our stakeholders.

## ① Employees

- ✓ Expanding growth opportunities for individual employees
- ✓ Pride in working for a leading financial group
- ✓ Further improvement of compensation
- ✓ Realization of improved corporate value



## ② Community and Customers

- ✓ Revitalize local industries and pass them on to the next generation (Regional Future Co-Creation Project)
- ✓ Regional revitalization achieved through large scale development and the integration of industrial and residential areas
- ✓ Improvement in quality and expansion of scope of products and services
- ✓ Addressing and resolving various issues

## ③ Shareholders

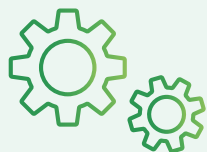
- ✓ Share price rising
- ✓ Dividend increase
- ✓ Contributing to the community through investment

# 03 Overview of the New Medium-Term Management Plan



During the Previous Medium-Term Management Plan (FY2023 - FY2025), we transitioned to a holding company structure and established a strong foundation as a basis for growth.

During the new medium-term management plan, we will accelerate growth using the established foundation as a launch pad.



**A leading financial group that drives the growth of Japan by enhancing the regional value of Kyoto and Kansai**

### [ New Medium-Term Management Plan ]

- Fusion of tradition (e.g. abundance of culture, tourism resources, long-established companies) and innovation (breeding ground for venture companies centered on cluster of universities and research institutions), focused on Kyoto and Kansai
- Ranked highly as a top financial group with market value of more than 1 trillion yen and personal deposits of more than 6 trillion yen. High level of specialization to meet those expectations (more than 700 holders of CFP/FP Level 1 certifications, and sophisticated M&A support staff)

**Towards becoming a comprehensive solutions company**

### [ Previous Medium-Term Management Plan ]

Transition to a holding company structure

[ Ideal vision in 10 years ]

A “value creation group” that works with all stakeholders to create a virtuous cycle of sustainable growth



Engine of Growth

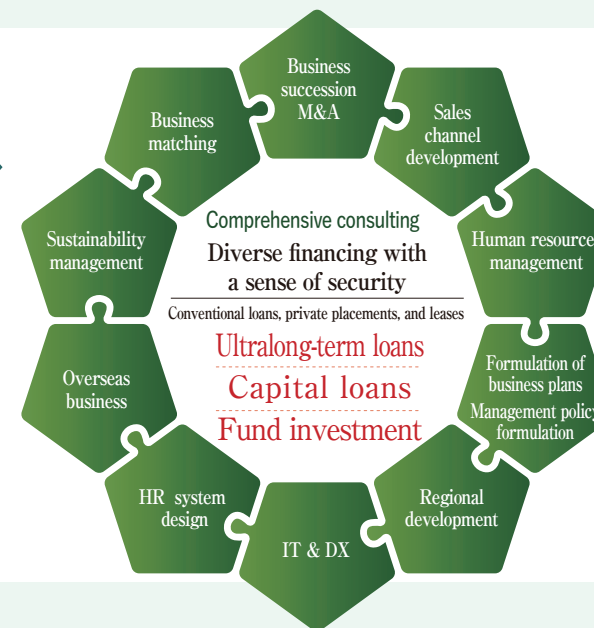
# 1

## Substantially strengthen Regional Future Co-Creation Project

Revitalize local industries and pass them on to the next generation

### About the Regional Future Co-Creation Project

In the Kinki region, comprising five prefectures, which is the Group's primary business area, there are numerous prominent companies that possess unique history, tradition, technology, etc. or that play a key role in regional industries. However, due to factors such as aging populations and a shortage of successors, the number of business closures and suspensions significantly exceeds the number of bankruptcies. Additionally, there are structural social challenges, such as future labor shortages, and many issues that need to be addressed by regional companies, including those that are our clients. This business views such an environment as an opportunity for transformation, aiming to support the continuity and development of regional industries and connect them to future innovations



Engine of Growth

# 2

## Accelerate the reduction of strategic equity holdings (Expand from JPY 100.0 billion or more to JPY 300.0 billion or more)

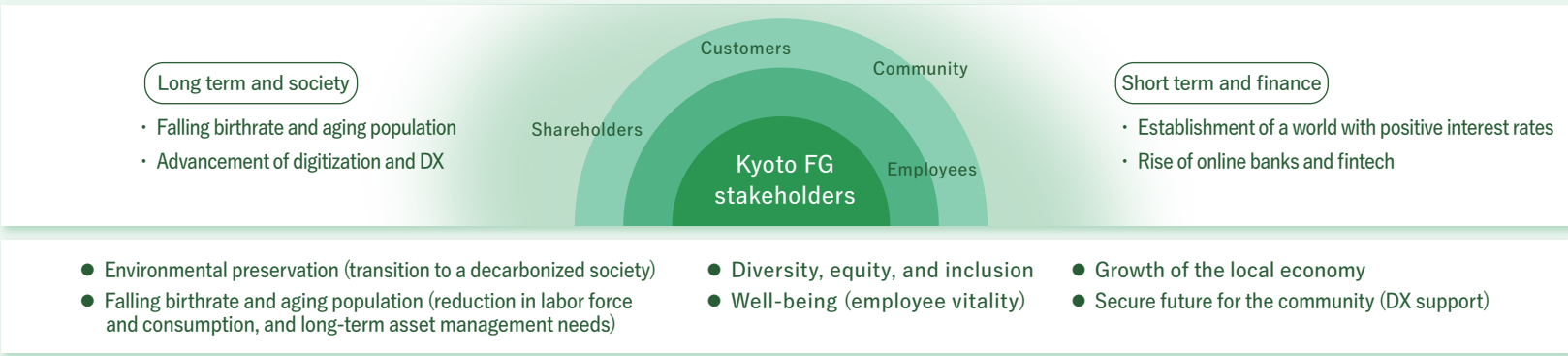
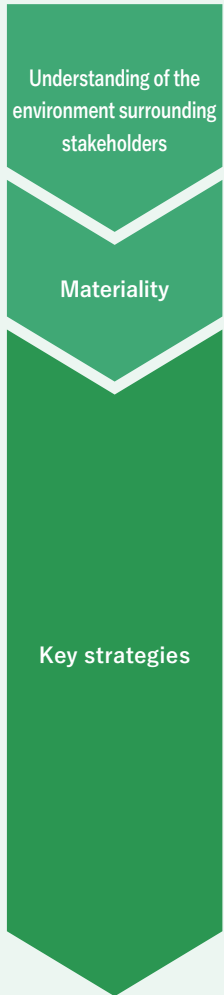
Recycle the realized profits into growth, including that of the Group  
(Inorganic investments for venture investments and our own growth)

Period	Apr. 2022 to Mar. 2025 (3 years)	Oct. 2024 to Mar. 2029 (4.5 years)	Oct. 2024 to Mar. 2029 (4.5 years)
Reduction target	JPY 16.0bn (book value basis)	JPY 100.0bn or more (cumulative during the period / market value basis)	JPY 300.0bn or more (cumulative during the period / market value basis)

Based on the realized profits, we will invest in next-generation growth companies and expand inorganic investments for our own growth.

Significant acceleration of the plan

**Ideal vision in 10 years** >> A “value creation group” that works with all stakeholders to create a virtuous cycle of sustainable growth  
**Vision for the medium-term management plan** >> A leading financial group that drives the growth of Japan by enhancing the regional value of Kyoto and Kansai



Plan name

## “Using Kyoto and Kansai Growth to Drive Japan - the Kyoto Financial Group Challenge”

Key strategy 1

**Total solution strategy**

Not only addressing the immediate issues that have surfaced, but also understanding the “overall picture” of challenges, including latent needs, and resolving them across the entire Group.

Key strategy 2

**Local growth and co-creation strategy**

By collaborating with various players and addressing the challenges of the entire region (especially the falling birthrate and aging population), we will co-create regional growth and establish it as a new pillar of revenue

Key strategy 3

**Continuous optimization strategy**

Moving away from partial optimization to a perspective of overall optimization, we will maximize growth angles by continuously reviewing business portfolios, resource allocation, governance, and business practices

We have set even more challenging targets beyond the new strategic targets (FY2028's targets) which were made public in FY2024, following the ahead-of-schedule achievement of the KGI from the previous medium-term management plan.

[Policy rate assumption: 1.50% in FY2028] To rise in 0.25% annual increments from current 0.75%

		FY2028 plan	
		Achievement indicators	
		New strategic targets	Medium-term management plan target
KGI		ROE (net asset basis)	5% → 8% or more
		ROE (shareholder's equity basis)	— → 16% or more
		Net income attributable to owners of parent	JPY 60.0bn → JPY 90.0bn or more
		Achievement indicators	
		New strategic targets	Medium-term management plan target
KPI	Profitability	OHR	— → 40% range
	Growth investment <small>(cumulative during the period)</small>	Growth investment with a focus on venture investments	(Net increase) JPY 100.0bn or more <cumulative 2H FY2024 - FY2030> → (Net increase) JPY 100.0bn or more <cumulative 2H FY2024 - FY2028>
		IT & DX investment	— → JPY 15.0bn or more
		Human capital investment	— → JPY 7.0bn or more
		Achievement indicators	
		New strategic targets	Medium-term management plan target
KGI and KPI assumption	Capital allocation	Capital adequacy ratio	— → Approx. 10%
		Total payout ratio	— → 50% or more <small>(During the period, continue to implement flexible returns)</small>
		Reduction of strategic equity holdings (market value) <cumulative 2H FY2024 - FY2028>	JPY 100.0bn or more → JPY 300.0bn or more

Two years ahead of schedule

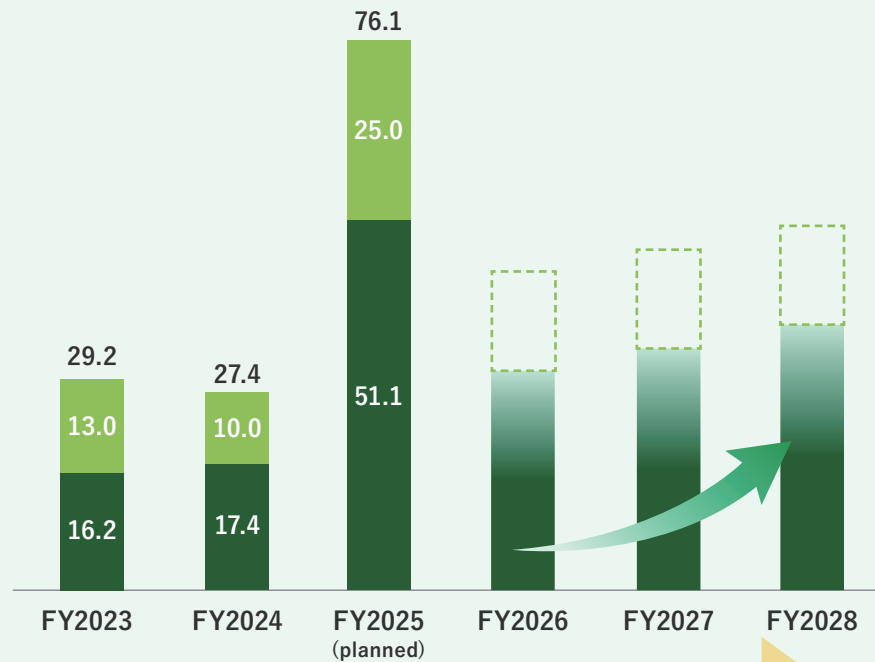
## Shareholder returns policy

- Total payout ratio of 50% or more
- Enhance shareholder returns while maintaining a balance between investment for growth and ensuring sound management

### Shareholder returns

(JPY bn)

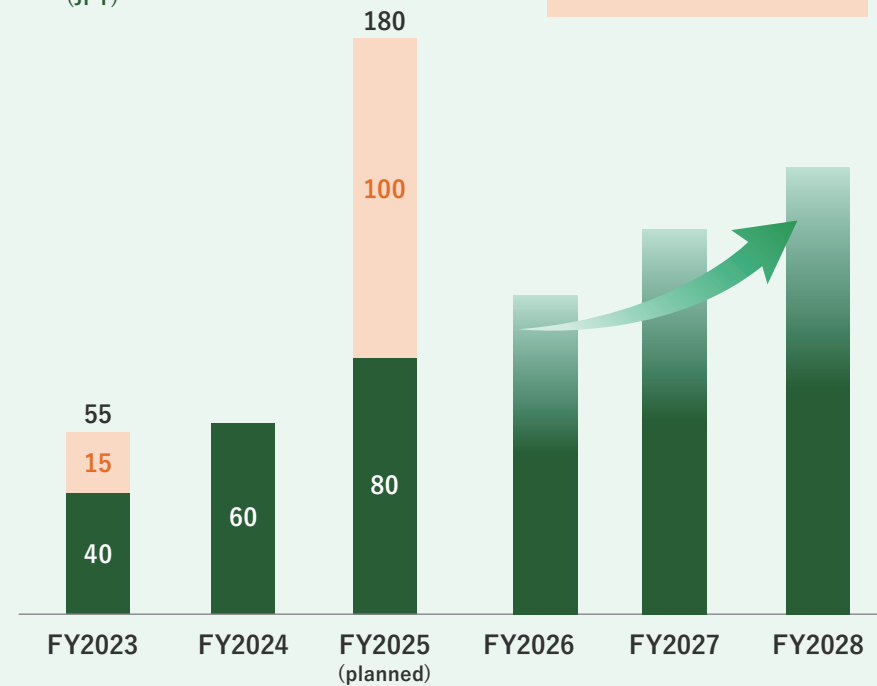
■ Dividends ■ Treasury stock repurchases



### Dividends per share

(JPY)

• FY2023 commemorative dividend  
• FY2025 special dividend



Total payout ratio of 50% or more

Actual  
92%

Actual  
75%

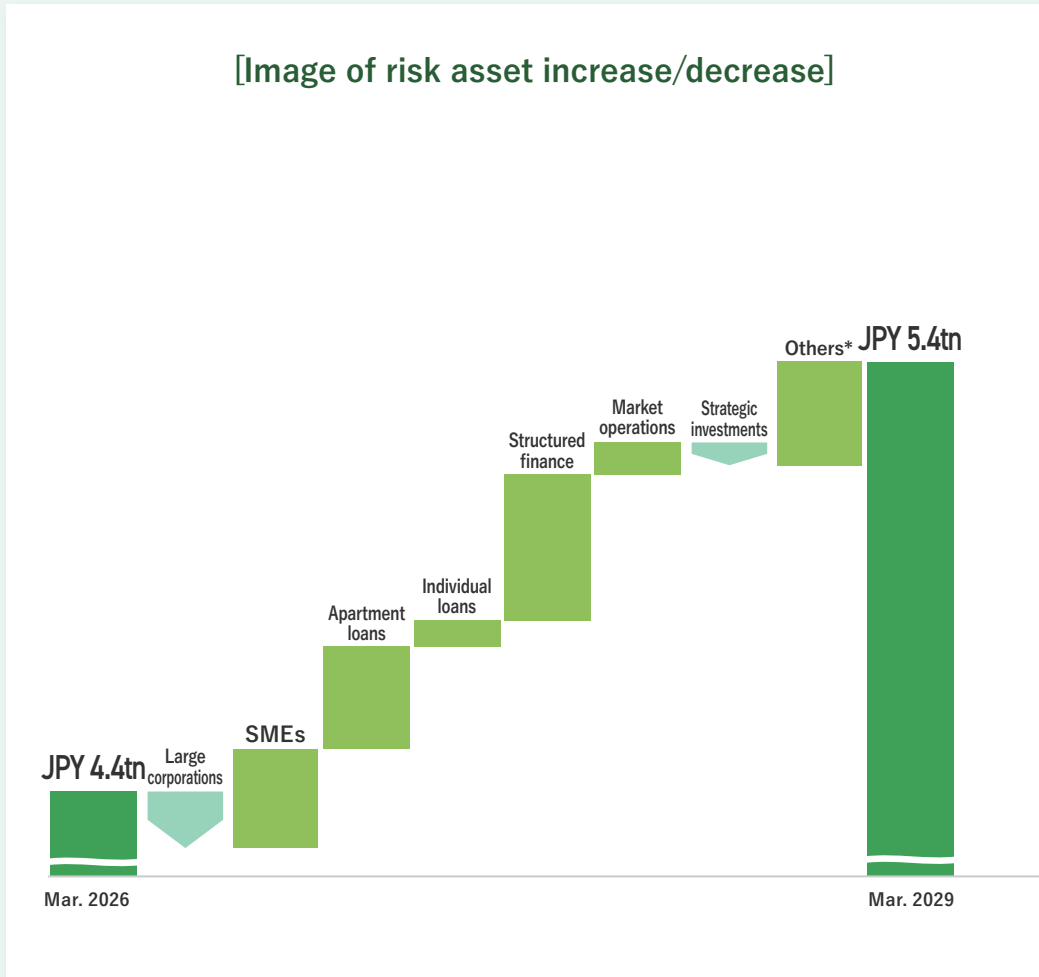
Plan  
80%



04 Key Strategies - Assumptions of the Strategy -

- We plan to increase risk assets, while considering the balance between RORA and ROA, and **strengthening allocations to SME lending, apartment loans, and structured finance.**
- On the other hand, in addition to **reducing strategic equity holdings, we plan to downsize lending to large corporations.**
- During the period of the previous mid-term management plan, we undertook drastic overhaul of the securities portfolio with a focus on improving future profitability. Taking the environment into account, we consider increasing our market operations.

[Image of risk asset increase/decrease]



\* Other items include the impact of the finalization of Basel III.

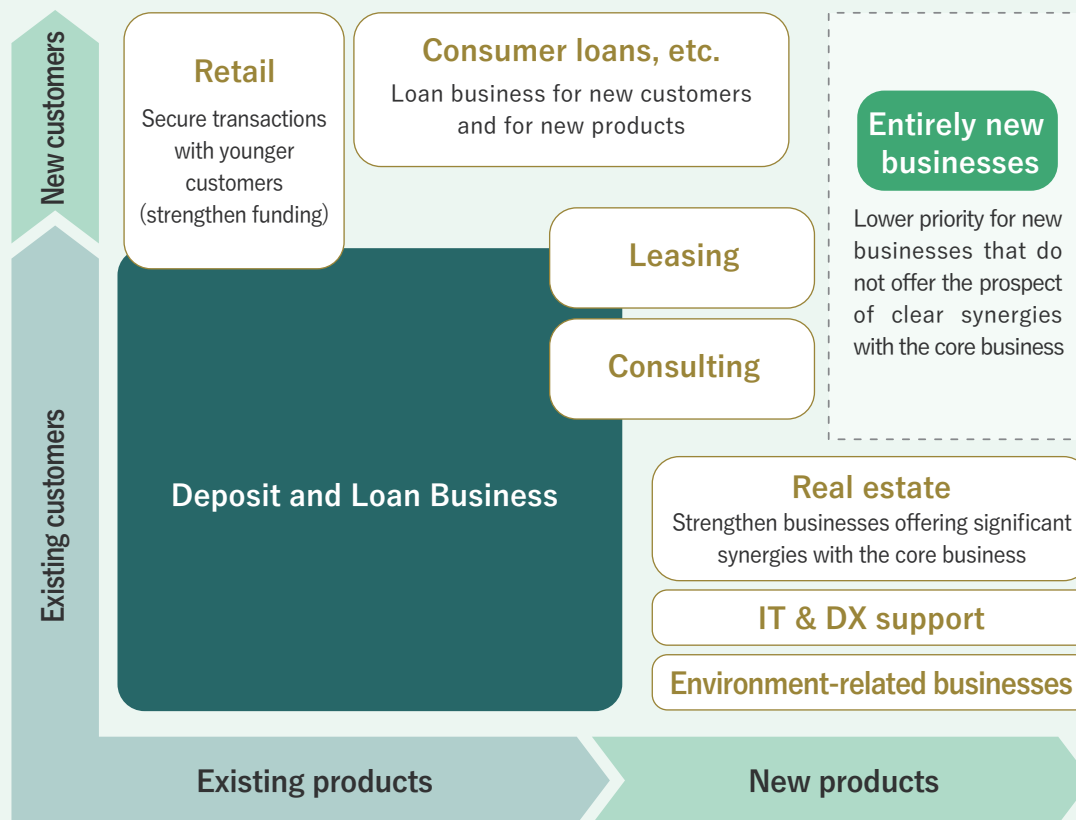
Gross operating profit RORA [RORA by asset class\*]



\* Calculated from the gross operating profit, risk assets, and total assets as of the end of March 2025.

We will **strategically employ inorganic investments to swiftly address** any gaps in our desired business portfolio.

## Business portfolio targeted in a world with positive interest rates



## Key Policies on Inorganic Investment

1

Focus primarily on adjacent areas such as “existing customers × new products” or “new customers × existing products,” rather than entirely new ventures like “new customers × new products.”

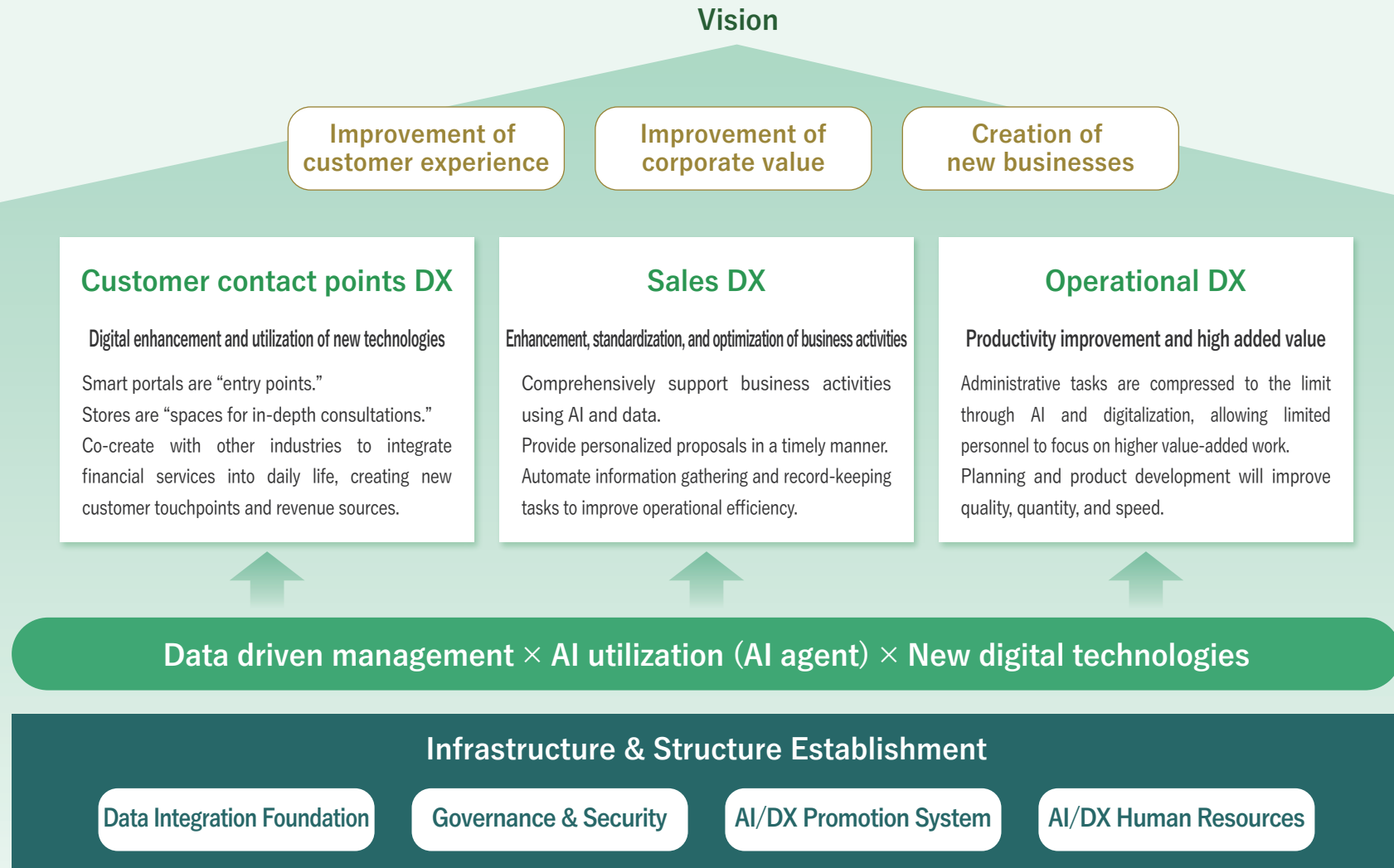
2

Prioritize opportunities that offer significant synergies with the deposit and loan business.

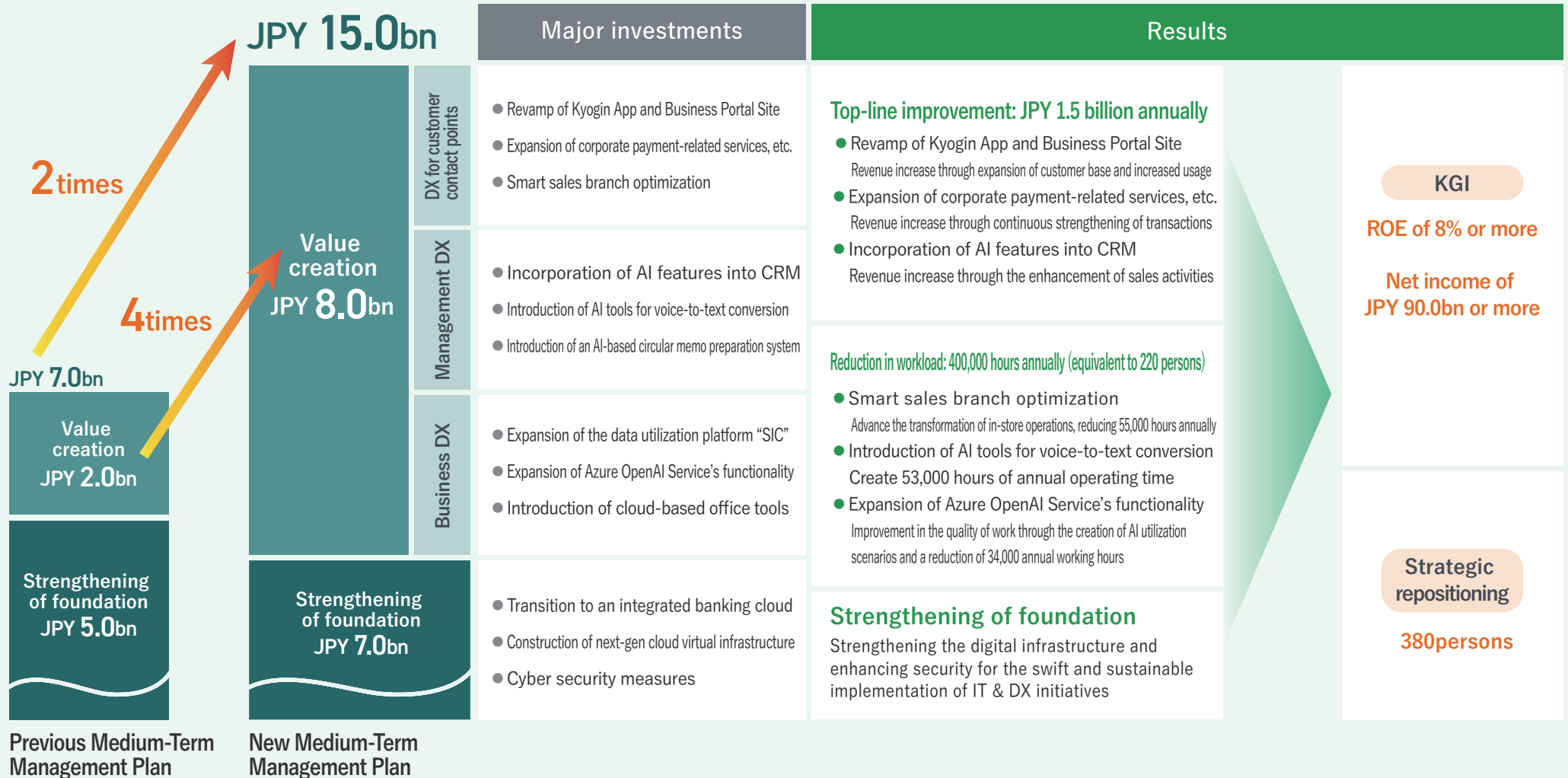
3

In the IT & DX domain, include investments that benefit not only customer-facing initiatives but also the IT & DX advancement of our own group.

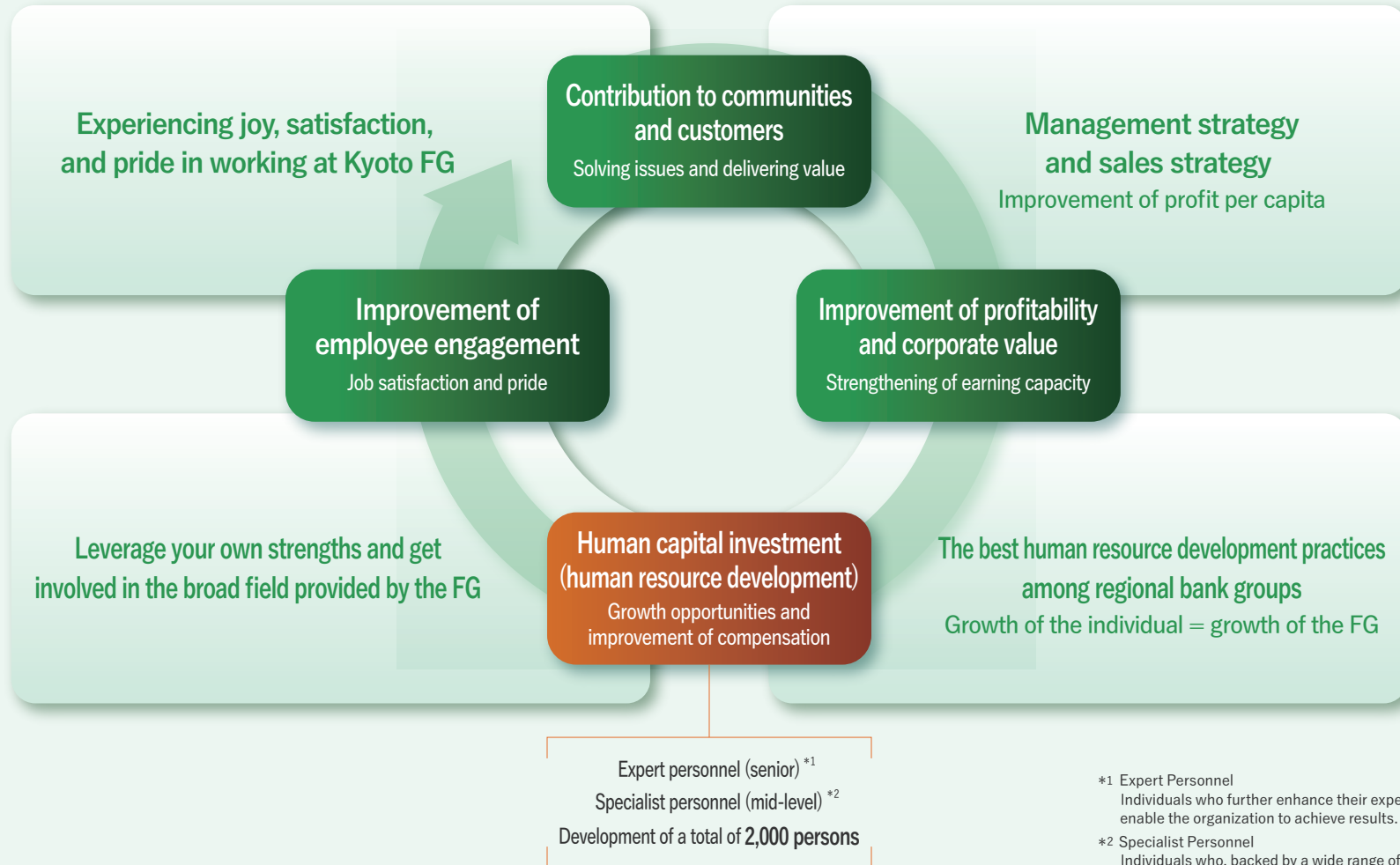
AI and data utilization, along with new digital technologies, will enhance the quality of operations and business, improve customer experience, and enable the creation of products and services, which will serve as a driving force to increasing added value and competitive advantage. Therefore, we will actively introduce and utilize them to promote digital transformation (DX) across the entire organization.



Organic investments in IT & DX to be roughly double that of previous medium-term management plan, at JPY 15.0bn. We will work on both value creation and strengthening of the foundation, opening the way to achieving KGI and KPI.



Investments in human capital of JPY 7.0 billion or more (3-year total), doubling that of the previous medium-term management plan, to achieve the best human resource development practices in the industry



## Expansion of potential fields of involvement driven by the transition to FG status

# The Kyoto Financial Group: Empowering Everyone

## Achievement of the medium-term management plan targets

Maximizing revenue: enhancing our earning capacity and fields

A corporate group that provides total solutions

## Optimization of personnel allocation

- ❖ Control headcount for FG so that it remains flat
- ❖ Strategically reposition more than 10% of all employees (total of 380 persons), in line with management strategy
- ❖ Enhance the earning capacity of the entire sales force by building a district-based sales structure

### FG personnel allocation

• Headquarters sales	+100 persons	
• Corporate sales (branch)	+40 persons	
• Headquarters planning and management	+130 persons	[ Total of 380 persons ]
• Group companies other than BK	+110 persons	

## Human resource development

- ❖ Build a new human resource development system that encompasses the entire FG field
- ❖ Invest JPY 7.0 billion in human capital over three years to enhance the “quality” and “breadth” of all employees
- ❖ Aim to build the optimal human resource portfolio through “assignment” × “development”

## Revisions to HR systems (to enable abilities to reach their full potential)

- ❖ Create the system for specialist roles, and clarify distinctions in treatment in depending on role and achievements
- ❖ Expand opportunities for actively participation and taking on challenges
- ❖ Ensure compensation fully reflects achievements and contributions



## Improvement of corporate value in the medium to long term

# Establishment of an HR platform aimed at becoming a leading financial group

- ❖ Implement organizational revitalization to foster a corporate culture that takes on challenges
- ❖ Promote health management, well-being, and diversity
- ❖ Enhance employees’ sense of abundance and job satisfaction to implement engagement management

A photograph of four business professionals in a meeting. A man in a dark blue suit holds a folder, a woman in a grey blazer smiles, and two other people are seen from behind, one with a laptop open on a table.

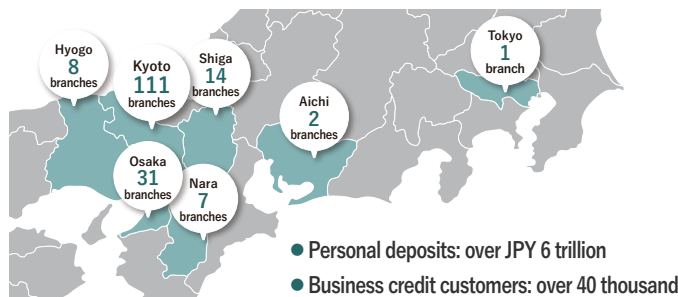
05 Key Strategy ①  
Total Solution Strategy

## Total solution strategy

Leverage the strengths of our high expertise and the FG structure to the fullest extent, providing high-value-added support across the entire Company to our vast and established customer base  
**Maximize revenue over the three years of the medium-term management plan by ensuring appropriate compensation for both interest rates and services**

### Strengths of the Group that are difficult for other companies to replicate

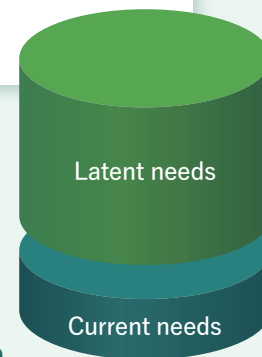
Relationships with customers spread across five prefectures in the Kinki region, Aichi, and Tokyo



### High expertise

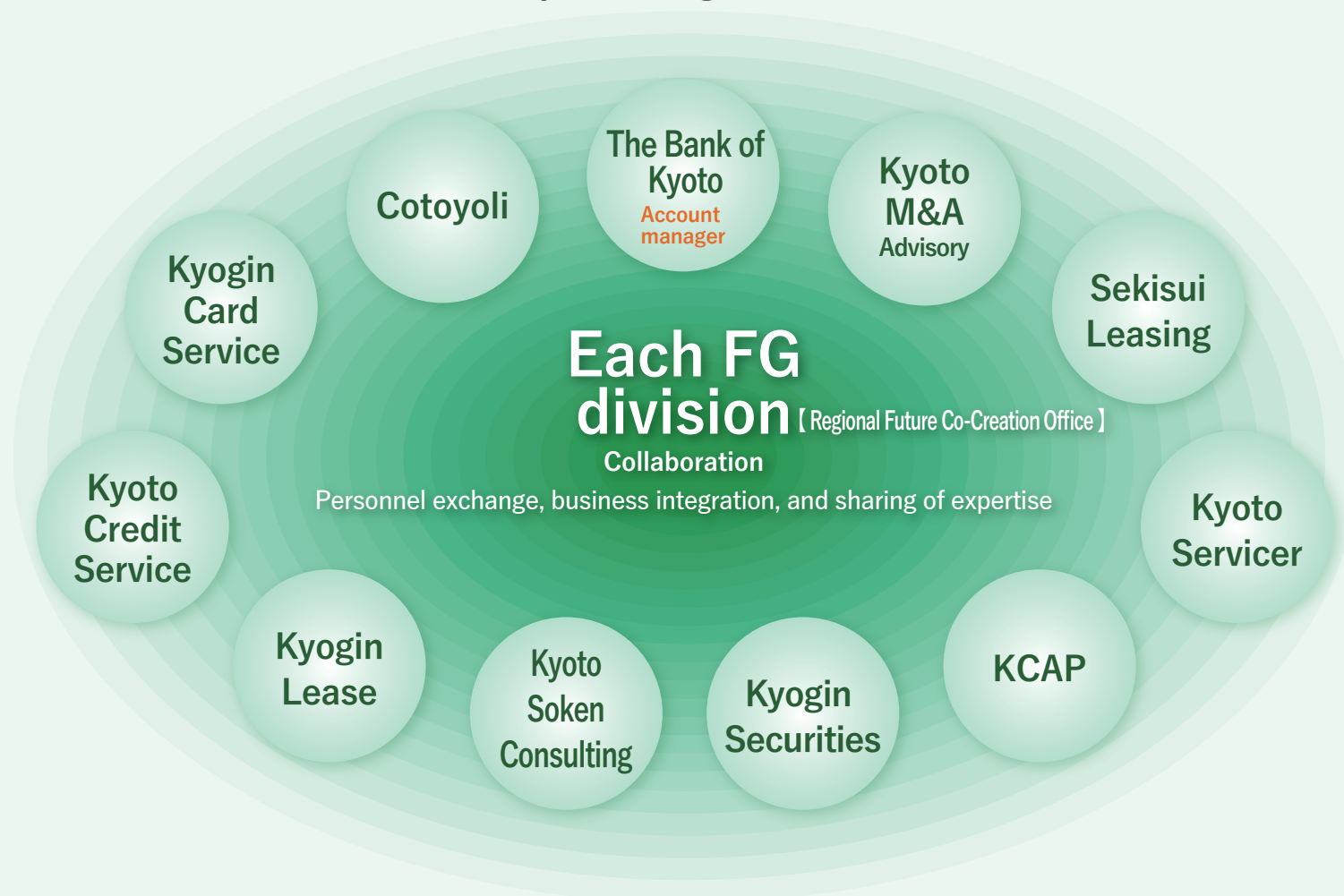
- In 2001, we were among the first regional banks to establish M&A operations, accumulating advanced expertise and developing specialists through various achievements in providing support.
- Over 700 employees are holders of CFP/FP Level 1. Consulting based on extensive knowledge in asset management, taxation, real estate, inheritance, business succession, etc.

Not only addressing the immediate issues that have surfaced, but also understanding the “overall picture” of challenges, including latent needs, and resolving them across the entire Group. Providing **high value-added solutions** and securing appropriate compensation commensurate with them.



Utilizing the most extensive customer base among Kansai regional banks to generate revenue in a multidimensional manner

Leverage the strengths of the FG structure to maximize cooperation between the Bank and Group companies, and furthermore, provide high-value-added solutions



By having The Bank of Kyoto serve as the Account Manager and act as the hub of the Group, we will further strengthen cooperation among Group companies.

\* Account Manager: Understands customer expectations and needs, and provides the optimal solutions possessed by the Group while building long-term relationships

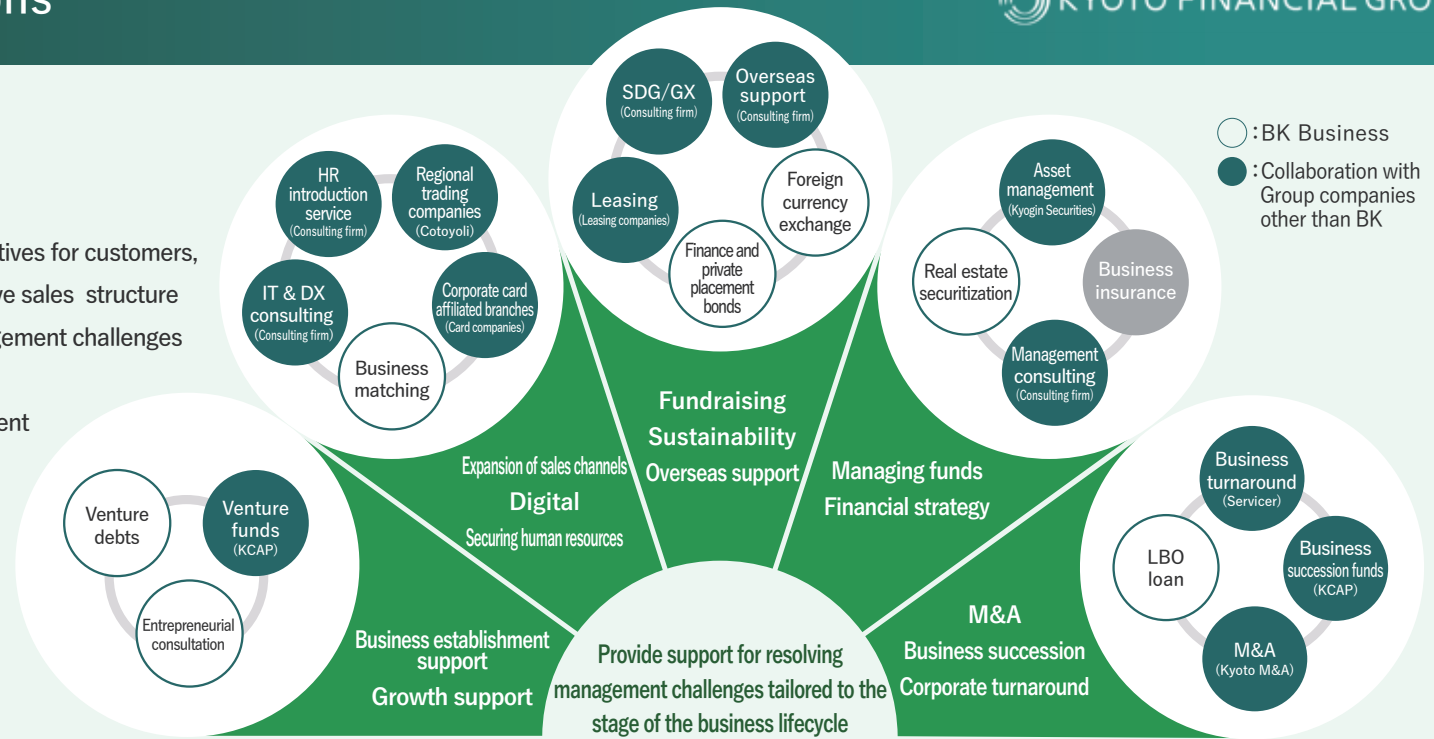
Company name	Business description	Priority measures
Cotoyoli	Management of e-commerce mall, support services for product planning & development, sales channel expansion, etc.	<ul style="list-style-type: none"> <li>● Strengthen e-commerce mall (“Cotoyoli Mall”) business further</li> <li>● Strengthen product development and branding business</li> <li>● Establish sales agency business</li> <li>● Expand promotion business</li> </ul>
Kyogin Card Service / Kyoto Credit Service	Credit card services	<ul style="list-style-type: none"> <li>● Deepen the core business (card and member store business)                             <ul style="list-style-type: none"> <li>→ Promotion of payment centralization</li> </ul> </li> <li>● Initiatives for new products and services                             <ul style="list-style-type: none"> <li>→ Introduce new products for corporations and forge alliances with new payment-related players</li> </ul> </li> </ul>
Kyogin Lease	Leasing	<ul style="list-style-type: none"> <li>● Initiatives for new domains of leasing                             <ul style="list-style-type: none"> <li>→ Initiatives for leases to local governments, cooperative leases, and real estate leases</li> </ul> </li> <li>● Establish a system for managing auto leases</li> <li>● Expand finance leases → increase the lease attachment rate for BK clients</li> </ul>
Kyoto Soken Consulting	Consulting services, and economic survey and research services	<ul style="list-style-type: none"> <li>● Strengthen management consulting (accompaniment-style advisory)</li> <li>● Comprehensively strengthen specialist consulting fields</li> <li>● Improve the profitability of the research business by collaborating with the consulting business</li> </ul>
Kyogin Securities	Financial product trading	<ul style="list-style-type: none"> <li>● Use dedicated securities products to win and strengthen relationships with new “affluent individuals, corporations, and corporate owners”</li> <li>● Develop key personnel for sales of assets under custody</li> <li>● Further transform the revenue structure by expanding stock-based revenue</li> </ul>

Company name	Business description	Priority measures
<p>Kyoto Capital Partners (established in Sept. 2023)</p>	<p>Investments</p>	<ul style="list-style-type: none"> <li>● [VC] Expand late-stage investments</li> <li>● [PE] Resolve management challenges for clients facing various issues, such as business succession and capital matters, through joint investments with external PE funds.</li> </ul>
<p>Kyoto Turnaround Servicer (established in Apr. 2024)</p>	<p>Servicer</p>	<ul style="list-style-type: none"> <li>● (Sales) Assess the potential for rehabilitation and proactively offer solutions</li> <li>● (Outsourcing received) Strengthen the revenue base by expanding the scope of eligible outsourcing clients</li> <li>● (Purchasing) Solidify the base in the Kinki region and Aichi, and expand into the Tokai, Hokuriku, and Kanto markets</li> <li>● (Management) Expand new businesses with the aim of securing new sources of revenue</li> </ul>
<p>Sekisui Leasing (acquired in June 2024)</p>	<p>Leasing</p>	<ul style="list-style-type: none"> <li>● Expand the scope of projects in cooperation with Kyoto FG</li> <li>● Transform into data-driven management (use a database derived from the cumulative history of customer contacts)</li> <li>● Standardize automotive BPO services to increase the number of vehicles under management</li> </ul>
<p>Kyoto M&amp;A Advisory (established in July 2025)</p>	<p>M&amp;A support business</p>	<ul style="list-style-type: none"> <li>● Establish a business model as a regional financial M&amp;A company</li> <li>● Secure and develop specialists (M&amp;A advisors)</li> <li>● Expand into new business domains</li> <li>● Expand areas (such as Aichi, Hyogo, etc.)</li> </ul>

## Corporate solutions

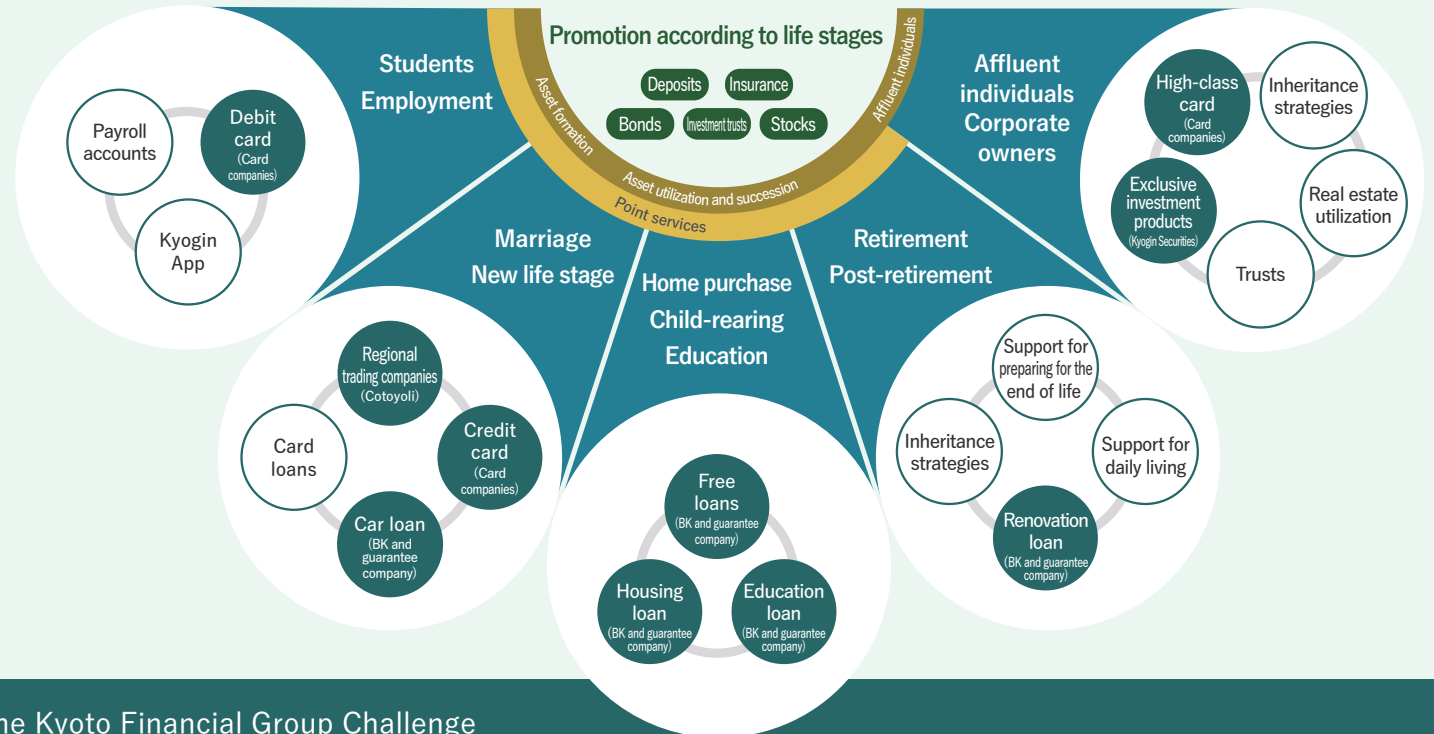
We aim to maximize the revenue of both our customers and the Group by providing support from various perspectives for customers, not just through finance. We will strengthen a collaborative sales structure within the Group that can address a wide range of management challenges faced by local customers in a one-stop manner. In addition, we will strengthen our ability to address payment solutions and business efficiency measures required by all business operators.

- Corporate payment account (Invoice management service)
- Business portal
- Business efficiency



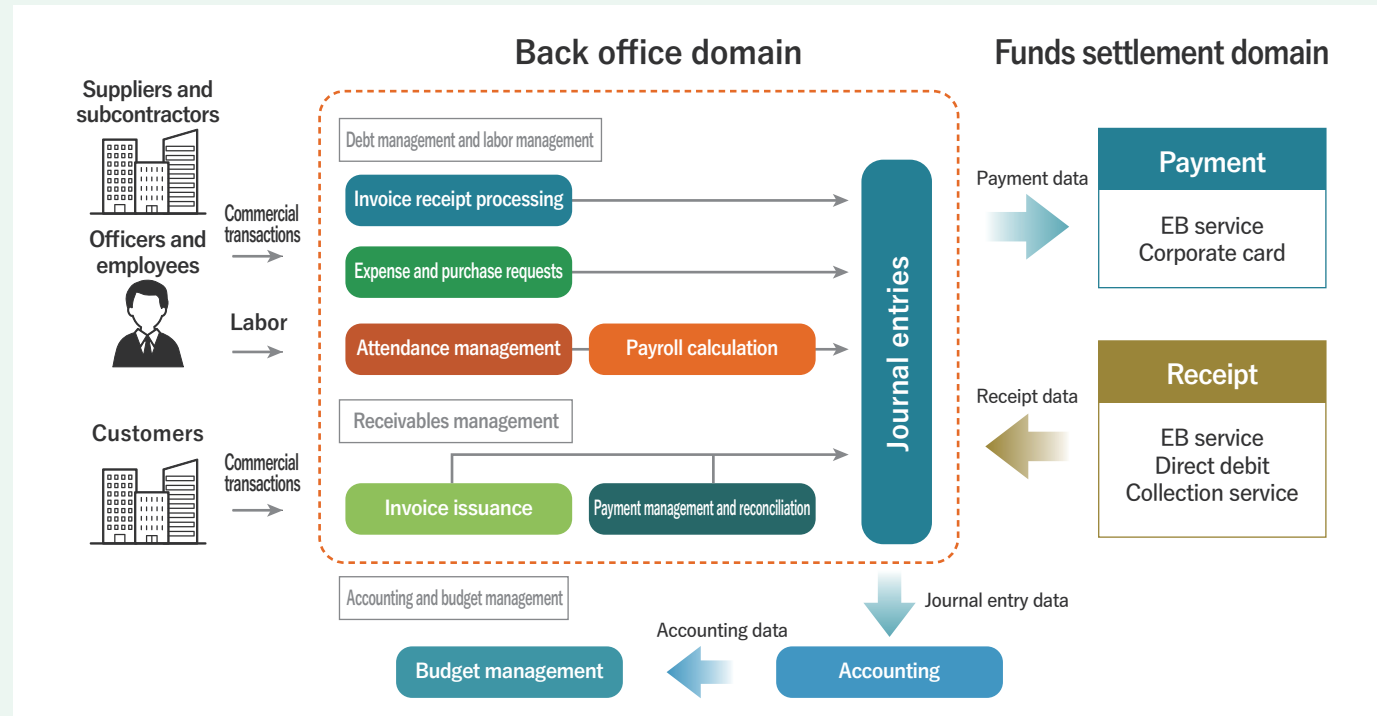
## Individual solutions

We aim to maximize the revenue of both our customers and the Group by proposing products and services tailored to the customer's life stage in a timely manner. We aim to maintain and expand account openings and transaction settlements, primarily among the younger demographic, while also seeking to expand transactions for affluent individuals and corporate owners.



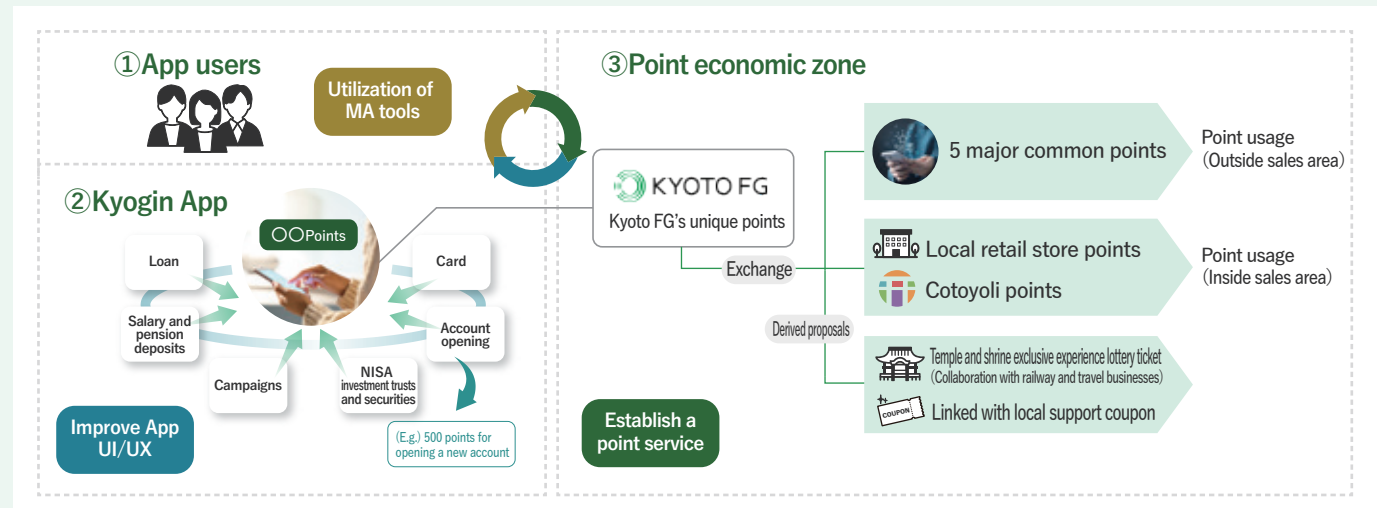
## Corporate services

Prevent outflow of fund settlements & expand transactions.  
Expand services related to back office domains linked directly to payments and deposits.



## Individual services

We aim to enhance the usability and functionality of the Kyogin App to make it an even more integral part of our customers' daily transactions. Additionally, by enhancing profitability through point services and delivering timely information via MA tools, we aim to further expand our transaction base and increase sticky deposits.



We will enhance added value by providing more specialized services, including advanced finance such as LBO loans and real estate finance, as well as comprehensive asset consulting that includes real estate and company shares.

**Shift to co-creative sales approach**

Strengthen and expand existing businesses  
(core of corporate solutions)

**Finance**

- Advanced finance, sustainable finance
- Syndicated loan arrangement
- LBO loans, real estate finance

**Business matching**

- Development of new pillars, diversification of business domain
- Revitalize BM portal

Establishment of PB Team

<b>Structure</b>	<ul style="list-style-type: none"> <li>● Composed of highly skilled individuals such as Trust Group representatives and other specialists with advanced skills</li> </ul>
<b>Role</b>	<ul style="list-style-type: none"> <li>● Support for large individual projects and the promotion of trusts and corporate insurance</li> <li>● Collaborate with the business succession team through approaches in finance and business matching.</li> </ul>
<b>Subject</b>	<ul style="list-style-type: none"> <li>● Corporations, owners, landowners, doctors, professionals, etc.</li> </ul>

Segment	Channel	Bank (branches and headquarters)	FG	Corporate and owner clients
Affluent 100M+	<div style="background-color: #e6f2e6; padding: 5px; margin-bottom: 5px;">Strengthen face-to-face channels</div> <div style="background-color: #e6f2e6; padding: 5px;">Utilize non-face-to-face channels</div>	PB Team (headquarters)	Kyogin Securities	Corporate and owner clients
Semi-affluent 30M+		Sales personnel	Trust Group (headquarters)	
Upper-middle 10M+		(Branch)	Remote Consultation Desk (headquarters)	
Mass Less than 10M		Counter (branch)		

Assignment of sales force based on customer segment

**Upper-middle or above**

- Strengthen face-to-face consulting
- Boost productivity of sales activities
- Enhance human resource development

**Mass**

- Promote further DX
- Concentrate contact point opportunities in headquarters

Using Kyoto and Kansai Growth to Drive Japan - the Kyoto Financial Group Challenge

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# 06

Key Strategy ②

## Local Growth and Co-creation Strategy

## Local Growth and Co-creation Strategy

By further addressing the challenges faced by the entire region, such as the falling birthrate and aging population, and by continuously presenting solutions that are not limited to the financial sector, we aim to contribute to regional growth, create synergies with the Group's deposit and loan business, and establish new revenue drivers.



Deepen involvement in regional real estate and strengthen the real estate-related businesses to jointly enhance the value of business partners and regions.

To achieve this, we will advance the consolidation and utilization of real estate information and strengthen the “Private real estate funds business” as a specific solution.

In the medium to long term, we will consider entering the asset management business and explore related businesses.

**Private real estate funds business**

**Outline** ● Strengthen investments and financing related to private real estate funds with a cumulative total of JPY 50.0 billion.

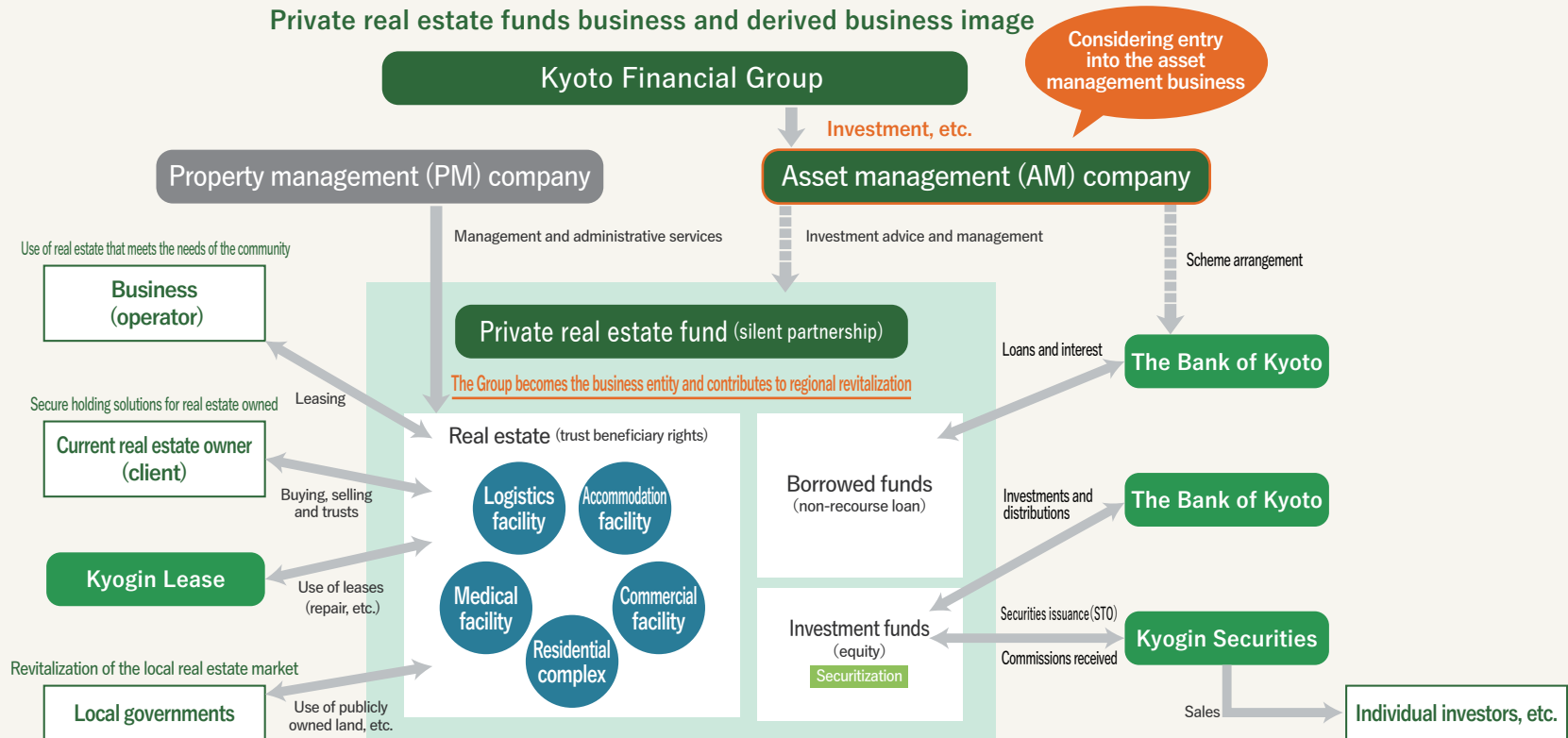
**Purpose**

- ① Enhancement of solution functions we can provide to business partners
  - ▶ Support business partners in their new investments and challenge
- ② Engaging deeply beyond loans through coordination of equity and real estate utilization
  - ▶ Strongly commit to regional revitalization and creating attractive communities

Consolidation and utilization of real estate information

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Formation of a specialized team

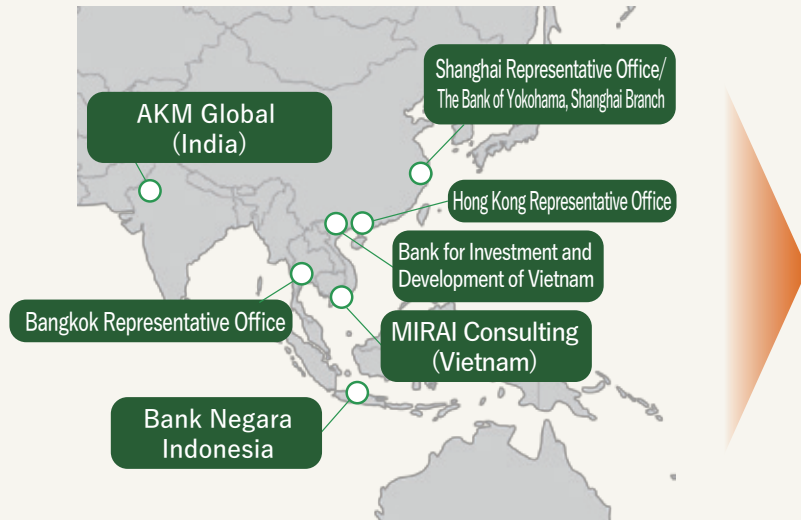


## Expand solution business at overseas locations

Aim to make each client's ideal vision a reality and gain earnings at overseas locations

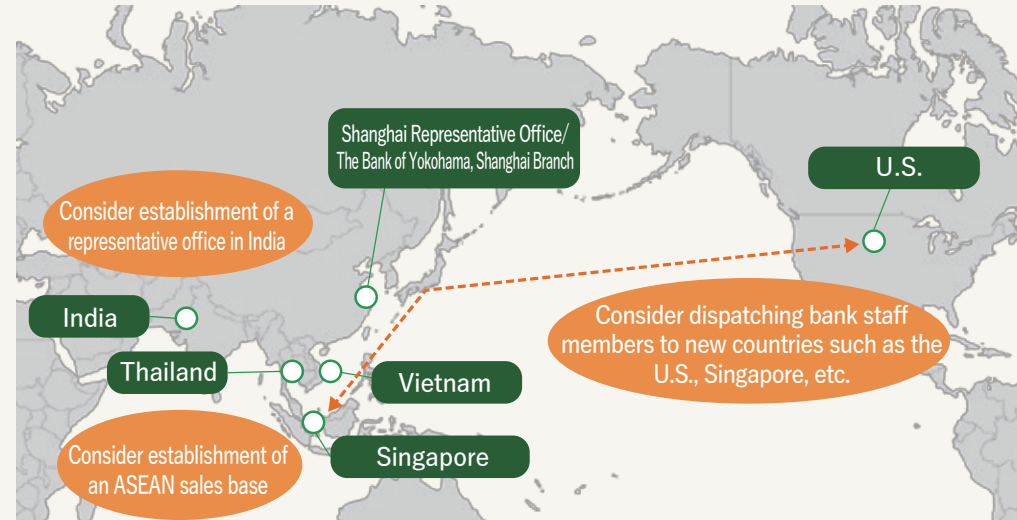
### ● Current situation

Dispatch bank staff members primarily to Greater China and ASEAN, to collect local information and support business partners



### ● Current medium-term management plan

Take the challenge of exploring new countries and areas beyond previous dispatch countries and areas



### Future direction

- Further accelerate shift to sales bases.
- Consider active personnel assignment in new countries
- The overseas expansion of SMEs is expected to further increase in the future against the backdrop of Japan's declining population. Additionally, companies that have completed their expansion are entering new stages (reorganization and localization), and will strengthen local support systems.

## Strengthening business DX support

We provide digital solutions as an alternative to securing personnel for medium and small enterprises facing labor shortages due to the declining working population.

### Example of initiatives

- Support for introduction of custom-made business tools
- Support for introduction of back office operations automation tools
- Renewal of Business portal site



## Strengthening the business succession sector

### Kyoto Soken Consulting

Business succession consulting



### Kyoto M&A Advisory

Use of various schemes to support M&A

### Kyoto Capital Partners

Use of various schemes to support PE

Business succession support tailored to customer needs

## Accelerating growth investment with a focus on venture investments

We aim to accelerate our planned investment of over JPY 100.0 billion (cumulative from October 2024 to March 2031) by two years and strive to achieve it by March 2029.

By leveraging strategic equity holdings, we will discover, nurture, and invest in the next generation of growth companies, creating a virtuous cycle of regional economic growth while also pursuing returns for the Group.



## Strengthen efforts in non-financial domains that contribute to value co-creation in the region

Centered around Group company Cotoyoli, we aim to connect consumers, businesses, and society to provide new value.

### Cotoyoli

E-commerce, crowdfunding, promotion, sales agency, etc.



# 07

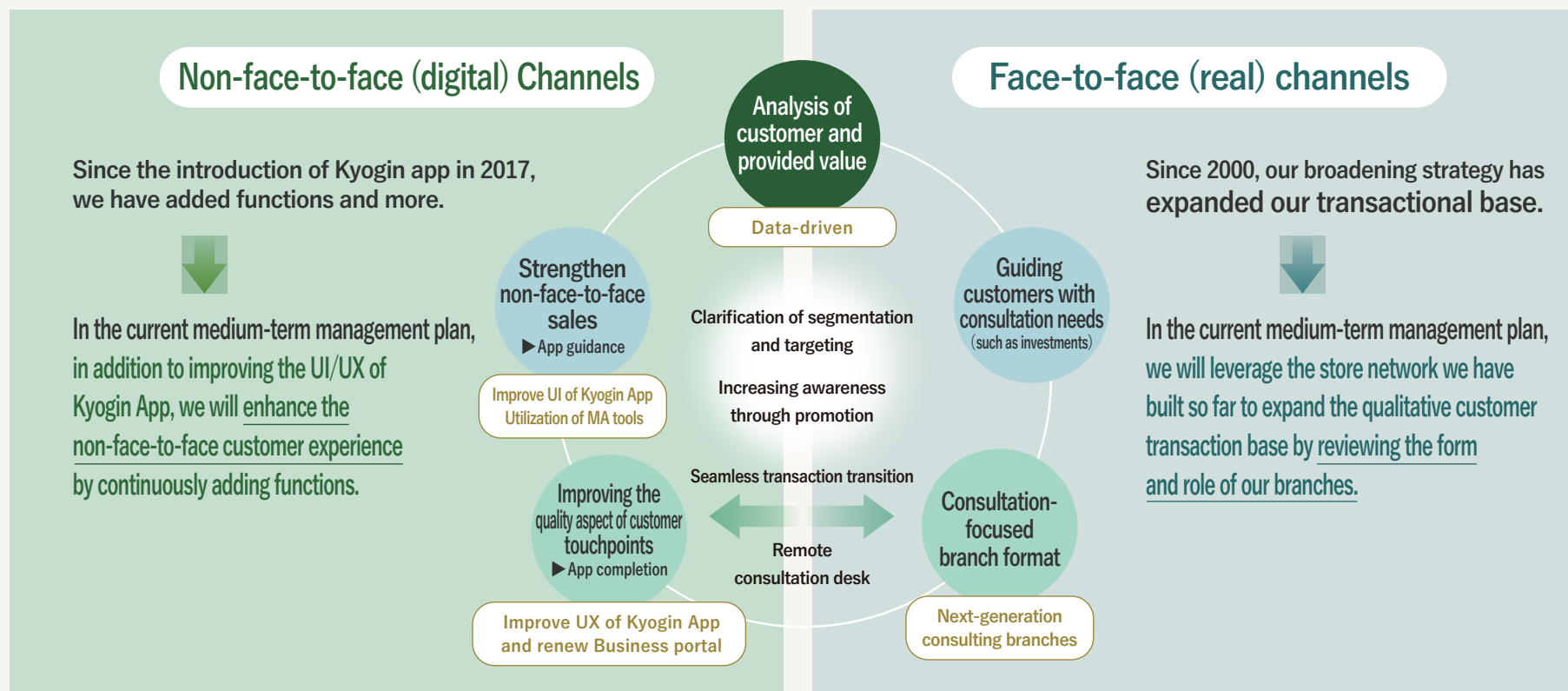
## Key Strategy <sup>3</sup> Continuous Optimization Strategy

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We will break away from partial optimization to a perspective of overall optimization and maximize growth angles by continuously reviewing resource allocation and business practices.



To conduct the entire process from understanding customer needs to stimulating demand, providing information, and closing deals through both face-to-face and non-face-to-face transactions, we will reconstruct the roles of our branches.



By building a seamless customer pathway through “Digital × Remote × Real,” we will accelerate the flow of “daily transactions are digital” and “consultation services are real (remote).”

To achieve this, we will enhance digital functions and reconstruct the role of face-to-face channels, leading to the growth of customer transactions and the improvement of financial literacy.

**Bases will evolve not only to handle operations but also to become places for building communities through the external collaborations and partnerships in order to strengthen relationships with clients.**

## Maintenance and expansion of a strong transaction base through an enhancement of the customer experience

### 1 Business portal site renewal

Revamp the site to function as a hub where all businesses can access the services they need individually. Additionally, redesign it to serve as a platform for collecting information tailored to each company.

### 2 UI/UX improvement through Kyogin App renewal

Refresh the UI to an intuitive operation with an easy-to-view universal design.  
For UX, aim for continuous addition of features

### 3 Remote consultation desk for procedures without branch visits

Establish a remote consultation desk to enable consultations without requiring customers to visit the store. This will not only enhance convenience but also facilitate follow-ups with existing customers and the acquisition of new customers through effective outbound calls using AI lists and other tools.



### 4 AI automation of call center responses

Improve the quality and efficiency by utilizing generative AI.

Promotion of key themes ① to ④

## led to 200,000-hour reduction in administrative work

### ② Promotion of digital technology

- Expand convenient digital services offered to customers

### ④ Administrative reforms

- Improve administrative efficiency by concentrating functions in headquarters

### ① Smart sales branch optimization

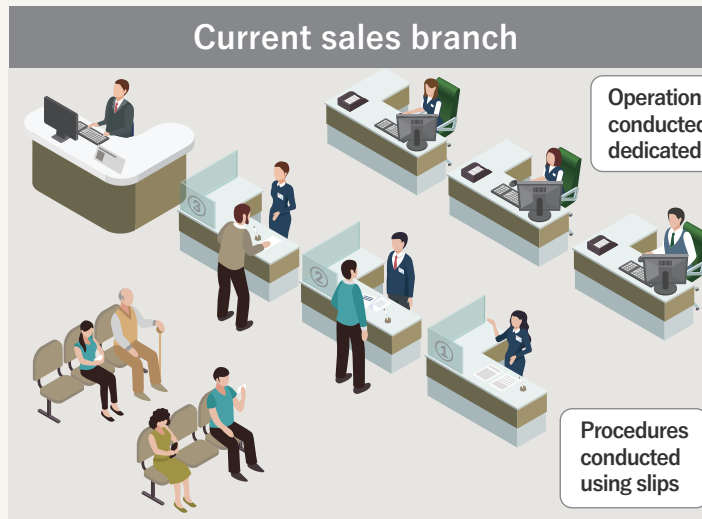
- Tablet-based guidance eliminates the need for customers to fill in slips (Administrative workloads of employees also reduced through paperless operations)

### ③ Human resource development

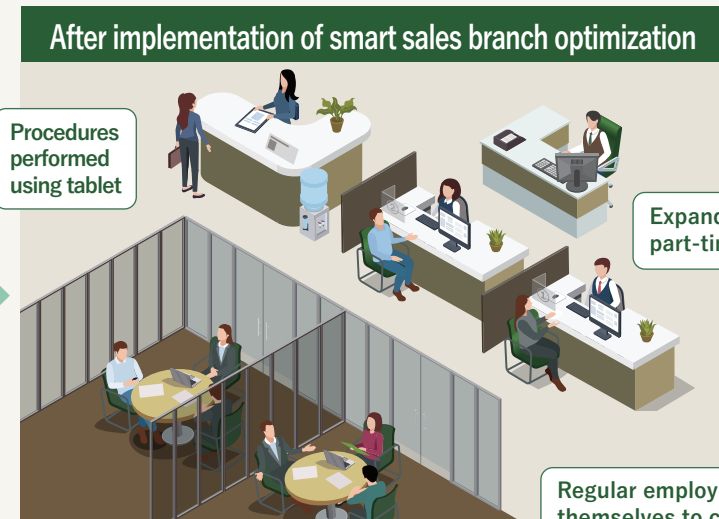
- Gain the skills required to improve service to customers and carry out back-office operations with minimal personnel

**Next-generation consulting branches**

- High-quality services provided to customers using a small team of selective professionals  
⇒ Developing branches that customers prefer



- Slips filled in by the customer are handed to employee, who conducts operations on the account processing terminal
- Customer waits in lobby until account processing has been completed
- Slip management tasks are conducted after branch has closed



- No need for customers to fill in slips
- Employees approach the customer who operates the tablet themselves until account processing is complete
- Reduce administrative tasks through slip-free and operation-free approach  
⇒ Reduce administrative tasks to enable regular employees to devote themselves to customer consultations

# 08 Sophistication of Governance Structure and Risk Management



8564.2

59%

5368.0

\$ 8981.6

€ 4707.2

¥ 16487.7

39

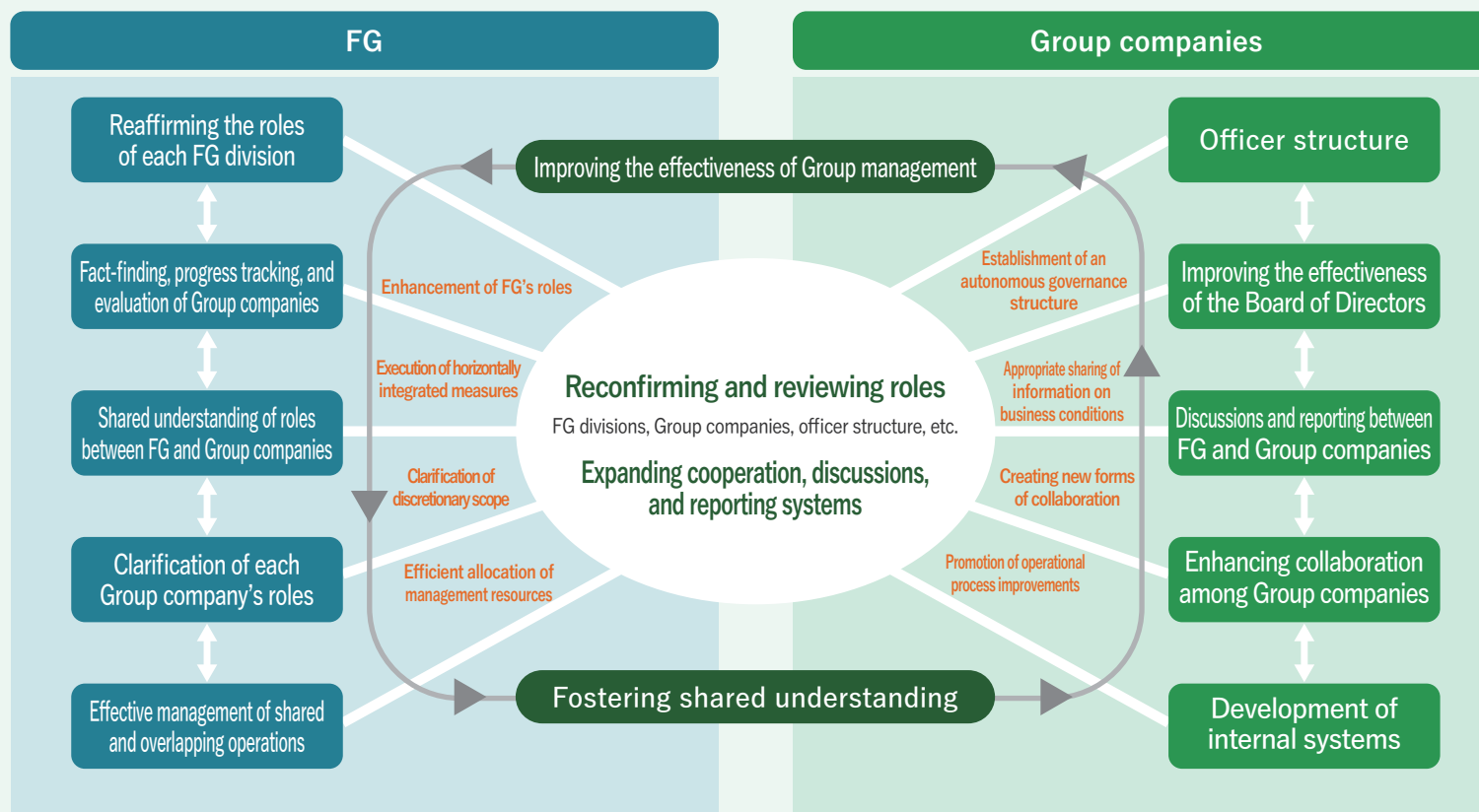
35%

79%

360%

7%

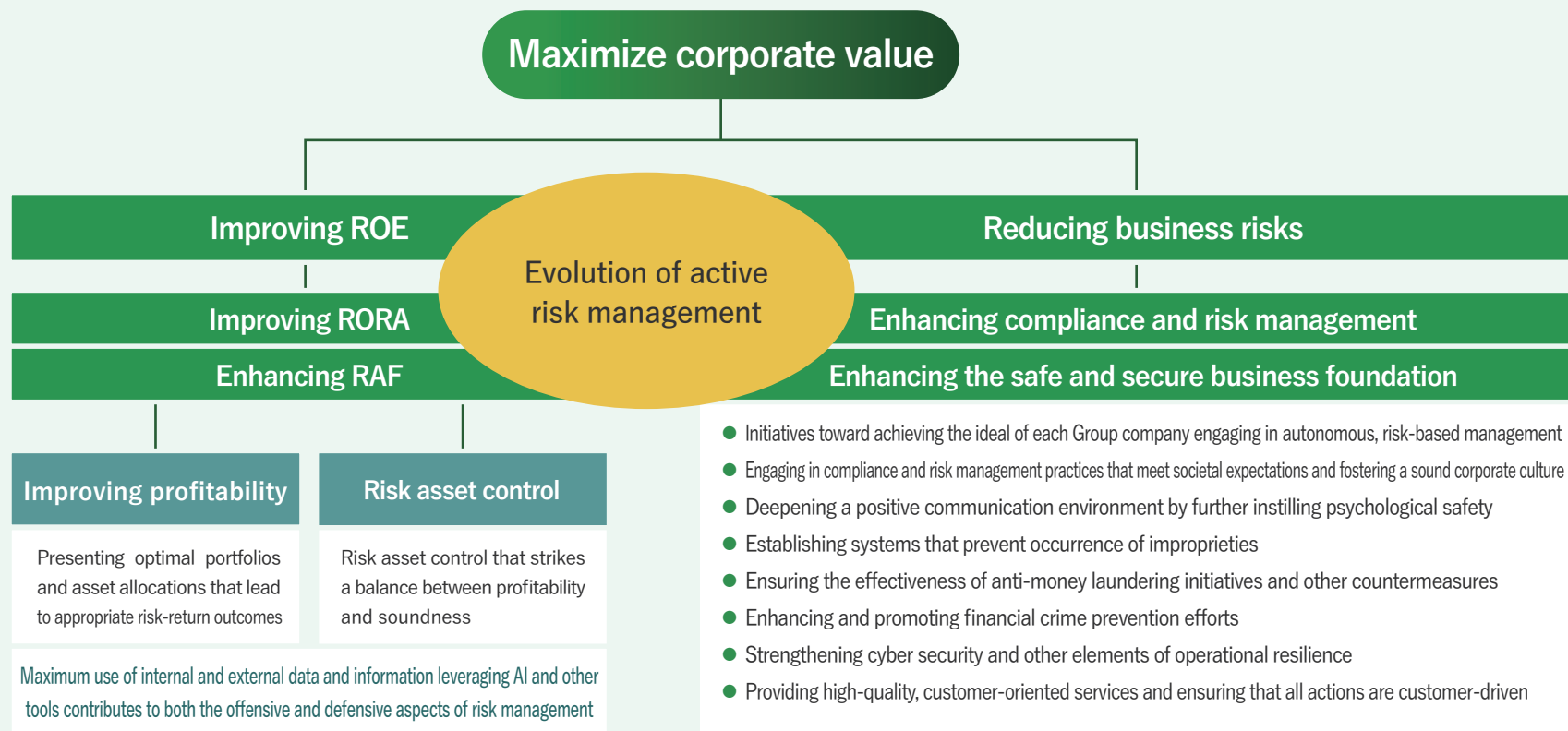
By **reconfirming and reviewing roles, and expanding cooperation, discussions, and reporting systems** both at the Group level and at the level of Group companies, **we will build a framework** for executing measures to enhance Group governance (improve the effectiveness of Group management and foster shared understanding) **as an ongoing initiative rather than as a one-off event.**



- Upon transitioning to a holding company structure, we became a company with an Audit and Supervisory Committee and accordingly established a Group governance structure.
- Independent Outside Directors comprise a majority of the Board of Directors, while the proportion of female Directors likewise stands at approximately half of the membership.
- Regarding the Board of Directors effectiveness assessment, discussions are held with the Outside Directors based on the results of the assessment with the aims of identifying issues and extensively discussing policies to address those issues.

To maximize corporate value, in an environment in which predicting the future is challenging and increasingly complex, we will engage in appropriate risk-taking while responding promptly to risks when they materialize.

- We enhance the RAF and support growth by raising our ability to predict and respond to risks using data, AI, and other measures.
  - We increase trust among stakeholders by engaging in compliance and risk management practices that meet societal expectations, and by fostering a sound corporate culture.
  - We will spur evolution of an active risk management approach to develop more sophisticated offensive and defensive risk management capabilities.
- ⇒ Expanding from a defensive stance focused on active and swift incident response to also incorporate an offensive stance to risk management (RAF enhancement)



We position cybersecurity as one of the management's top risks, and will accordingly move steadily forward with plans to address the Guidelines on Cybersecurity for the Financial Sector in fulfilling all 126 baseline compliance items set out in the Guidelines.

**Establish and enhance comprehensive measures for defense**



Build multi-layered measures for defense using various security devices along with a monitoring framework that takes into account the interrelationships between these layers  
Foster security awareness through ongoing training and education for security incident responders as well as Group officers and employees

**Enhance vulnerability management**



Enhance visualization of IT assets and detection of vulnerabilities through Attack Surface Management (ASM)

**Strengthen security management of third parties**



Upgrade security assessment criteria and enhance monitoring processes

**Implement robust and flexible security control of Group companies**



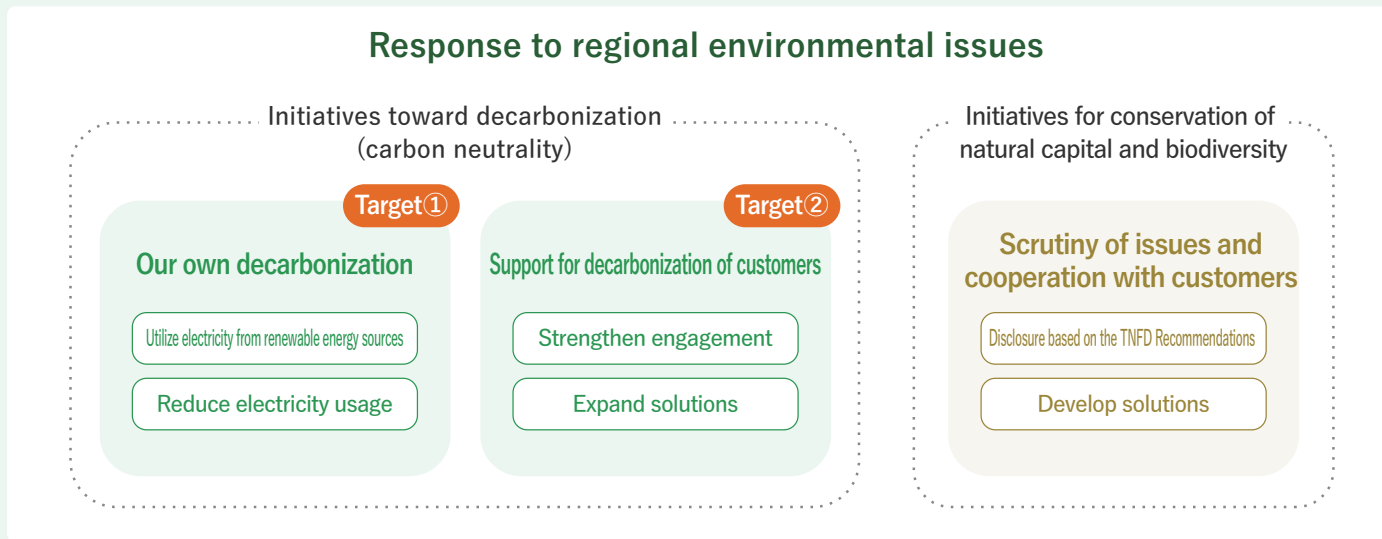
Build a risk-based approach based on the premise of autonomy in alignment with factors such as the operational characteristics and data holdings of Group companies



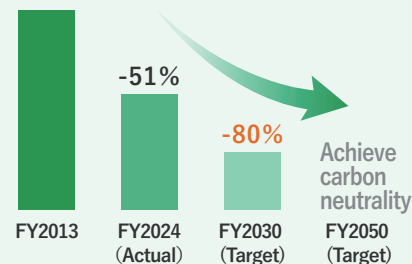
# 09 Efforts to Address Environmental Issues

By continuing to practice sustainability management more than ever, we aim to achieve a sustainable society, and seek to enhance corporate value by creating social as well as economic value.

In terms of creating social value we have made decarbonization (carbon neutrality) and conservation of natural capital and biodiversity an important pillar of our initiatives going forward, as these are particular environmental issues for the regions.

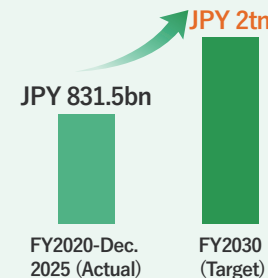


**Target①** Reduction of GHG emissions(Scope1 and 2)



\* Target raised from -50% to -80% (compared to FY2013)

**Target②** Amount of sustainability finance executed (cumulative)



\* Current target raised from JPY 1 trillion to JPY 2 trillion

