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Consolidated Summary Report (Under Japanese GAAP) for the Nine Months Ended December 31, 2023

January 31, 2024

Company name: Kyoto Financial Group, Inc.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 5844
 URL: <https://www.kyoto-fg.co.jp/>
 Representative: Nobuhiro Doi Director and President
 Contact: Hideki Onishi General Manager, Corporate Planning Division
 Scheduled date of filing quarterly securities report: February 9, 2024
 Scheduled date of commencing dividend payments: -
 Trading Accounts: None
 Supplement Information for quarterly financial statements: Yes (Japanese Only)
 Schedule of quarterly financial results briefing session: None

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2023 (April 1, 2023 to December 31, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Ordinary income		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%
For nine months ended December 31, 2023	109,013	-	42,940	-	31,578	-
December 31, 2022	-	-	-	-	-	-

(Note) Comprehensive income: Nine months ended December 31, 2023: ¥ 122,650 million [-%]
 Nine months ended December 31, 2022: ¥ - million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
For nine months ended December 31, 2023	106.21	106.14
December 31, 2022	-	-

(Note) The Company was incorporated on October 2, 2023, and therefore figures for the previous quarterly and changes from yearly previous corresponding period are not stated.

(Note) The Company undertook a 4-for-1 stock split on January 1, 2024. The "Basic earnings per share" and "Diluted earnings per share" have been calculated assuming that the stock split was undertaken at the beginning of the fiscal year under review.

(2) Consolidated Financial Position

	Total assets	Total net assets	Equity to asset ratio
	Million yen	Million yen	%
As of December 31, 2023	11,584,866	1,092,616	9.4
March 31, 2023	-	-	-

(Reference) Equity: As of December 31, 2023: ¥ 1,092,408 million
 As of March 31, 2023: ¥ - million

(Note) The Equity-to-asset ratio is computed by the formula shown below.
 (Total net assets - Subscription rights to shares) / Total assets

The figures for the equity-to-asset ratio in the above table were not based on the regulations on the equity-to-asset ratio.

(Note) The Company was incorporated on October 2, 2023, and therefore figures for the previous yearly period is not stated.

2. Dividends on Common Stock

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
For the fiscal year Ended March 31, 2023	-	-	-	-	-
Ended March 31, 2024	-	-	-	-	-
Ending March 31, 2024 (Forecast)				35.00	35.00

(Note) Revision to the forecast for dividends announced most recently: None

(Note) The Company undertook a 4-for-1 stock split on January 1, 2024. The year-end dividend above is the dividend amount after the stock split. The year-end dividend forecast above of 35 yen includes a commemorative dividend of 15 yen per share for the anniversary of the Company.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024(April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Ordinary income		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	131,000	-	42,300	-	30,000	-	101.36

(Note) Revision to the financial results forecast announced most recently: None

(Note) The Company was incorporated on October 2, 2023, and therefore changes from the previous corresponding period are not stated.

(Note) The Company undertook a 4-for-1 stock split on January 1, 2024. "Basic earnings per share" above reflects the impact of the stock split.

* Notes:

(1) Changes in significant subsidiaries during the nine months ended December 31, 2023

(changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

(A) Changes in accounting policies due to the revision of accounting standards: None

(B) Changes in accounting policies other than (A) above: None

(C) Changes in accounting estimates: None

(D) Retrospective restatement: None

(4) Total number of issued shares (common shares)

(A) Total number of issued shares at the end of the period (including treasury shares):

December 31, 2023: 303,362,752 shares

March 31, 2023: - shares

(B) Number of treasury shares at the end of the period:

December 31, 2023: 8,661,244 shares

March 31, 2023: - shares

(C) Average number of shares outstanding during the period:

Nine months ended December 31, 2023: 297,305,459 shares

Nine months ended December 31, 2022: - shares

(Note) The Company was incorporated on October 2, 2023, and therefore figures for the quarterly or yearly previous corresponding period are not stated.

(Note) The Company was incorporated on October 2, 2023 as a result of a sole share transfer. Therefore, the average number of common shares outstanding during the period was calculated using a combination of data of The Bank of Kyoto, Ltd. for the period from April 1, 2023 to October 1, 2023 prior to the incorporation, and of the Company for the period from October 2, 2023 to December 31, 2023.

(Note) The Company undertook a 4-for-1 stock split on January 1, 2024. The "total number of issued shares at the end of the period (including treasury shares)," "number of treasury shares at the end of the period," and "average number of shares outstanding during the period" have been calculated assuming that the stock split was undertaken at the beginning of the fiscal year under review.

* This Consolidated Summary Report is outside the scope of the external auditor's quarterly review procedure.

* Notes to using forecasted information, etc.

The description of future performance of this report is based on information which is presently available and certain assumptions which are considered to be reasonable, and it does not guarantee future performance.

Please take note that future performance may differ from forecasts depending on various future factors.

Supplementary information for quarterly financial statements is attached to the Consolidated Summary Report (Japanese only).

(Appendix)

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1. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million yen)

As of December 31, 2023

Assets	
Cash and due from banks	1,216,653
Call loans and bills bought	436,119
Monetary claims bought	16,802
Trading securities	233
Money held in trust	6,081
Securities	3,198,508
Loans and bills discounted	6,546,912
Foreign exchanges	6,893
Lease receivables and investments in leases	12,908
Other assets	78,499
Tangible fixed assets	76,232
Intangible fixed assets	3,146
Deferred tax assets	1,006
Customers' liabilities for acceptances and guarantees	19,795
Allowance for loan losses	(34,927)
Total assets	11,584,866
Liabilities	
Deposits	8,572,715
Negotiable certificates of deposit	614,236
Call money and bills sold	280,000
Payable under securities lending transactions	497,853
Borrowed money	175,860
Foreign exchanges	358
Borrowed money from trust account	4,373
Other liabilities	56,867
Retirement benefit liability	26,885
Provision for reimbursement of deposits	219
Provision for contingent loss	719
Reserves under special laws	0
Deferred tax liabilities	239,014
Deferred tax liabilities for land revaluation	3,349
Acceptances and guarantees	19,795
Total liabilities	10,492,249
Net assets	
Capital stock	40,000
Capital surplus	41,875
Retained earnings	441,194
Treasury shares	(18,532)
Total shareholders' equity	504,536
Valuation difference on available-for-sale securities	592,540
Deferred gains or losses on hedges	108
Revaluation reserve for land	(2,699)
Remeasurements of defined benefit plans	(2,078)
Total accumulated other comprehensive income	587,871
Subscription rights to shares	208
Total net assets	1,092,616
Total liabilities and net assets	11,584,866

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
 Quarterly Consolidated Statements of Income (For the nine months)

(Million yen)

	For the nine months ended December 31, 2023
Ordinary income	109,013
Interest income	77,656
Interest on loans and discounts	39,065
Interest and dividends on securities	33,241
Trust fees	3
Fees and commissions	17,630
Other ordinary income	6,691
Other income	7,032
Ordinary expenses	66,073
Interest expenses	12,075
Interest on deposits	9,506
Fees and commissions payments	4,757
Other ordinary expenses	4,557
General and administrative expenses	42,837
Other expenses	1,845
Ordinary profit	42,940
Extraordinary income	1,108
Gain on disposal of non-current assets	1,108
Extraordinary losses	251
Loss on disposal of non-current assets	177
Impairment losses	73
Provision of reserve for financial instruments transaction liabilities	0
Profit before income taxes	43,796
Income taxes - current	10,509
Income taxes - deferred	1,642
Total income taxes	12,151
Profit	31,644
Profit attributable to non-controlling interests	66
Profit attributable to owners of parent	31,578

Quarterly Consolidated Statements of Comprehensive Income (For the nine months)

(Million yen)

	For the nine months ended December 31, 2023
Profit	31,644
Other comprehensive income	91,005
Valuation difference on available-for-sale securities	90,669
Deferred gains or losses on hedges	(118)
Remeasurements of defined benefit plans, net of tax	455
Comprehensive income	122,650
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	122,488
Comprehensive income attributable to non-controlling interests	161

(3) Notes to the Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

None

(Note on Significant Changes in the Amounts of Shareholders' Equity)

None

(Additional Information)

(Establishment of Subsidiary)

The Company resolved at its Board of Directors meeting held on October 2, 2023 to establish a debt collection agency to be wholly owned by the Company.

1. Purpose of the incorporation

The Company decided to establish this subsidiary for the purpose of strengthening the Group's support functions in areas such as the corporate rehabilitation of customers that are in severe financial circumstances.

2. Overview of the Subsidiary:

Name of company	Undetermined
Scheduled date of establish	April 2024 (to be confirmed)
Scheduled commencement of operations	October 2024 (to be confirmed)
Shareholder composition	Kyoto Financial Group, Inc. (wholly owned subsidiary)
Business description	Contracted claim management and collection Purchase of claims (to support corporate rehabilitation)

(Business Combinations)

(Transactions under Common Control)

1. Incorporation of the holding company through a sole-share transfer

(1) Overview of transaction

A. Name and business of combined company

Name of combined company	Business description
The Bank of Kyoto, Ltd.	Banking business

B. Date of business combination

October 2, 2023

C. Legal form of business combination

Incorporation of holding company by way of a sole share transfer

D. Name of the company after combination

Wholly owning parent company incorporated through share transfer: Kyoto Financial Group, Inc.

E. Supplementary information

The Company was incorporated with the aim of "expansion of our solution functions and new business areas," "reformation of the mindset and behavior of executives and employees, and promotion of independence and cooperation of group companies," and "enhancement of governance and improvement of the speed of business execution".

The Company acquired all of the following subsidiary shares owned by its wholly owned subsidiary, The Bank of Kyoto, Ltd., through distribution-in-kind on October 2, 2023 by receiving dividends in kind from The Bank of Kyoto, Ltd.

As a result, these seven companies have become directly invested subsidiaries of The Company.

Karasuma Shoji Co., Ltd.

Kyogin Lease & Capital Co., Ltd. (currently Kyogin Lease Co., Ltd.)

Kyoto Credit Service Co., Ltd.

Kyogin Card Service Co., Ltd.

Kyoto Research Institute, Inc. (currently Kyoto Soken Consulting Co., Ltd.)

Kyogin Securities Co., Ltd.

Kyoto Capital Partners Co., Ltd.

(2) Overview of accounting treatment

The combination was treated as a transaction under common control in accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and the “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019).

2. Additional acquisition of shares of subsidiary

(1) Overview of transaction

A. Name and business of combined company

Name of combined company	Business description
Kyogin Lease & Capital Co., Ltd. (currently Kyogin Lease Co., Ltd.)	Leasing business, investment business (currently leasing business)

B. Date of business combination

October 30, 2023

C. Legal form of business combination

Acquisition of shares from non-controlling shareholders

D. Name of the company after combination

Unchanged

E. Supplementary information

The Company acquired shares owned by non-controlling shareholders with the aim of further strengthening consolidated profitability and group governance as well as enhancing corporate value as a group that can solve issues faced by local communities and customers.

(2) Overview of accounting treatment

The combination was treated as a transaction under common control in accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and the “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019).

(3) Cost and consideration

Consideration (cash and deposits)	535 million yen
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Cost	535 million yen
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(4) Changes in equity interest resulting from the transaction with non-controlling shareholders

A. Main factors of change in capital surplus

Additional acquisition of shares of subsidiary

B. Increase in capital surplus resulting from the transaction with non-controlling shareholders

600 million yen

3. Share exchange to make a wholly owned subsidiary

(1) Overview of transaction

A. Name and business of combined company

Name of combined company	Business description
Kyogin Lease & Capital Co., Ltd. (currently Kyogin Lease Co., Ltd.)	Leasing business, investment business (currently leasing business)

B. Date of business combination

October 31, 2023

C. Legal form of business combination

Share exchange to make the Company the wholly owning parent and Kyogin Lease & Capital Co., Ltd. the wholly owned subsidiary

The share exchange was performed with an effective date of October 31, 2023 by the Company in accordance with the procedures for a simple share exchange that, under Article 796, Paragraph 2 of the Companies Act, does not require approval by a resolution at a general meeting of shareholders, and by Kyogin Lease & Capital Co., Ltd. upon approval for the share exchange by an extraordinary general meeting of shareholders on October 20, 2023.

D. Name of the company after combination

Unchanged

E. Supplementary information

The Company performed the share exchange to make Kyogin Lease & Capital Co., Ltd. a wholly owned subsidiary with the aim of further strengthening consolidated profitability and group governance as well as enhancing corporate value as a group that can solve issues faced by local communities and customers.

(2) Overview of accounting treatment

The combination was treated as a transaction under common control in accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and the “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019).

(3) Cost and consideration

Consideration (common shares)	896 million yen
Cost	896 million yen

(4) Details of share exchange

A. Share exchange ratio

262 common shares of the Company for each common share of Kyogin Lease & Capital Co., Ltd.

B. Calculation of exchange ratio

To ensure fairness and appropriateness, the Company and Kyogin Lease & Capital Co., Ltd. each had an independent third party assessor calculate the share exchange ratio. Both companies deliberated carefully, referring to the calculation results, and as a result of consultation and negotiation, determined that the share exchange ratio was appropriate and would not be detrimental to the interests of their respective shareholders.

C. Number of shares delivered

105,324 shares

(5) Changes in equity interest resulting from the transaction with non-controlling shareholders

A. Main factors of change in capital surplus

Additional acquisition of shares of subsidiary

B. Increase in capital surplus resulting from the transaction with non-controlling shareholders

873 million yen

4. Business succession through an absorption-type company split

(1) Overview of transaction

A. Name of combined companies

Succeeding company: Kyoto Capital Partners Co., Ltd. (consolidated subsidiary of the Company)

Splitting company: Kyogin Lease & Capital Co., Ltd. (consolidated subsidiary of the Company)

B. Business subject to transaction

Investment business of Kyogin Lease & Capital Co., Ltd.

C. Date of business combination

November 7, 2023

D. Legal form of business combination

Absorption-type company split without consideration (simple company split) with Kyogin Lease & Capital Co., Ltd. as the splitting company and Kyoto Capital Partners Co., Ltd. as the succeeding company

E. Name of the company after combination

With this absorption-type company split, Kyogin Lease & Capital Co., Ltd. has been renamed Kyogin Lease Co., Ltd. as of November 7, 2023.

F. Supplementary information

The Company performed this absorption-type company split to consolidate its investment business in Kyoto Capital Partners Co., Ltd. with the aims of promoting the further growth of regional businesses and contributing to the revitalization and advancement of the regional economy.

(2) Overview of accounting treatment

The combination was treated as a transaction under common control in accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and the “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019).