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Consolidated Summary Report (Under Japanese GAAP) for the Nine Months Ended December 31, 2024

January 31, 2025

Company name: Kyoto Financial Group, Inc.
Stock exchange listing: Tokyo Stock Exchange
Securities code: 5844
URL: https://www.kyoto-fg.co.jp/
Representative: Nobuhiro Doi Director and President
Inquiries: Hideki Onishi Executive Officer, General Manager, Corporate Planning Division
Scheduled date to commence dividend payments: -
Trading accounts: None
Preparation of supplementary material on financial results: Yes (Japanese only)
Holding of financial results briefing: None

(Yen amounts and percentages are rounded down to millions and the first decimal place, unless otherwise noted.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2024 (April 1, 2024 to December 31, 2024)

(1) Consolidated Operating Results (Percentages indicate year-on-year changes.)

	Ordinary income		Ordinary profit		Net income attributable to owners of parent	
For the nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	129,246	18.5	45,356	5.6	32,425	2.6
December 31, 2023	109,013	-	42,940	-	31,578	-

(Note) Comprehensive income: Nine months ended December 31, 2024: ¥ (15,790) million [-%]
Nine months ended December 31, 2023: ¥ 122,650 million [-%]

	Net income per share	Diluted net income per share
For the nine months ended	Yen	Yen
December 31, 2024	110.97	110.90
December 31, 2023	106.21	106.14

(Note) 1. The Company was incorporated on October 2, 2023. Therefore, the percentage change from the same quarter of the previous year is not stated.
2. The Company undertook a 4-for-1 stock split on January 1, 2024. The "Net income per share" and "Diluted net income per share" for the third quarter of the fiscal year ended March 31, 2024 have been calculated assuming that the stock split was undertaken at the beginning of the fiscal year.

(2) Consolidated Financial Position

	Total assets	Total net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31, 2024	11,852,671	1,106,395	9.3
March 31, 2024	11,576,552	1,141,082	9.8

(Reference) Equity: As of December 31, 2024: ¥ 1,106,161 million
As of March 31, 2024: ¥ 1,140,874 million

(Note) The Equity-to-asset ratio is computed by the formula shown below.
(Total net assets - Share acquisition rights - Non-controlling interests) / Total net assets
The figures for the equity-to-asset ratio on the above table were not based on the regulations on the equity-to-asset ratio.

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
For the fiscal year	Yen	Yen	Yen	Yen	Yen
Ended March 31, 2024	-	-	-	35.00	35.00
Ending March 31, 2025	-	30.00	-		
Ending March 31, 2025(Forecast)				30.00	60.00

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

(Note) 1. The Company was incorporated on October 2, 2023. Therefore, figures for through the second quarter of the fiscal year ended March 31, 2024 are not stated.
2. Breakdown of the year-end dividend for the fiscal year ended March 31, 2024 :
Commemorative dividend for the establishment of the Company 15.00 yen
3. For the fiscal year ended March 31, 2024, The Bank of Kyoto, Ltd., which became a wholly owned subsidiary of the Company through a sole-share transfer, paid an interim dividend of 20 yen per share.
When combined with the Company's year-end dividend, the annual dividend is 55 yen per share.
(The Company undertook a 4-for-1 stock split on January 1, 2024. For the fiscal year ended March 31, 2024, the annual dividend per share reflects this stock split.)

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025(April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Ordinary income		Ordinary profit		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	161,600	17.3	49,500	13.5	35,000	10.8	119.78

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

* Notes:

(1) Significant changes in the scope of consolidation during the period: Yes
Newly included: 2 (Company name: Kyoto Turnaround Servicer Co., Ltd., Sekisui Leasing Co., Ltd.)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement
A) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
B) Changes in accounting policies due to other reasons: None
C) Changes in accounting estimates: None
D) Restatement: None

(4) Number of issued shares (common shares)
A) Total number of issued shares at the end of the period (including treasury shares):
December 31, 2024: 301,362,752 shares
March 31, 2024: 303,362,752 shares
B) Number of treasury shares at the end of the period:
December 31, 2024: 9,161,221 shares
March 31, 2024: 11,199,168 shares
C) Average number of shares outstanding during the period:
Nine months ended December 31, 2024: 292,186,782 shares
Nine months ended December 31, 2023: 297,305,459 shares

(Note) 1. 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.
2. The Company undertook a 4-for-1 stock split on January 1, 2024. The "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.

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters
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).

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(Appendix) Supplement Information for the Nine Months Ended December 31, 2024. (Japanese only)

1. Overview of Operating Results, etc.

(1) Overview of Operating Results for Nine Months Ended December 31, 2024.

As for consolidated operating results, ordinary income increased by 20,232 million yen year-on-year to 129,246 million yen, primarily due to an increase in fund management income, including interest on loans and interest and dividends on securities.

Ordinary expenses increased 17,815 million yen year-on-year to 83,889 million yen, due to higher funding costs, including the raising of deposit interest rates.

As a result, ordinary profit increased by 2,416 million yen year-on-year to 45,356 million yen and net income attributable to owners of the parent increased by 846 million yen year-on-year to 32,425 million yen.

(2) Overview of Financial Position for Nine Months Ended December 31, 2024.

As for the consolidated financial position, deposits and negotiable certificates of deposit decreased 52.3 billion yen from the end of the previous fiscal year to 9,313.0 billion yen, and loans and bills discounted increased 486.2 billion yen from the end of the previous fiscal year to 7,203.7 billion yen. Securities increased by 106.9 billion yen from the end of the previous fiscal year to 3,443.5 billion yen, of which valuation differences (unrealized gains) resulting from mark-to-market accounting amounted to 856.9 billion yen.

Total assets increased 276.1 billion yen from the end of the previous fiscal year to 11,852.6 billion yen, and net assets decreased 34.6 billion yen from the end of the previous fiscal year to 1,106.3 billion yen.

(3) Explanation of Forward-Looking Statements, including Consolidated Earnings Forecast.

The consolidated earnings forecast for the fiscal year ending March 2025 remains unchanged from the forecast announced on November 14, 2024.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Cash and due from banks	962,778	751,526
Call loans and bills bought	368,746	251,643
Monetary claims bought	15,786	17,094
Trading securities	221	1,245
Money held in trust	6,226	6,304
Securities	3,336,568	3,443,556
Loans and bills discounted	6,717,532	7,203,755
Foreign exchanges	9,013	7,681
Lease receivables and investments in leases	13,717	36,710
Other assets	79,048	60,739
Tangible fixed assets	76,590	78,622
Intangible fixed assets	3,416	7,169
Retirement benefit asset	-	70
Deferred tax assets	1,046	1,085
Customers' liabilities for acceptances and guarantees	20,519	18,957
Allowance for loan losses	(34,660)	(33,493)
Total assets	11,576,552	11,852,671
Liabilities		
Deposits	8,821,977	8,834,185
Negotiable certificates of deposit	543,348	478,831
Call money and bills sold	1,714	-
Cash collateral received for securities lent	500,070	645,399
Borrowed money	193,750	425,360
Foreign exchanges	743	239
Borrowed money from trust account	3,990	4,040
Other liabilities	59,382	69,925
Retirement benefit liability	23,592	22,381
Provision for reimbursement of deposits	157	157
Provision for contingent loss	761	903
Reserves under special laws	0	0
Deferred tax liabilities	262,112	242,546
Deferred tax liabilities for land revaluation	3,349	3,346
Acceptances and guarantees	20,519	18,957
Total liabilities	10,435,470	10,746,275
Net assets		
Share capital	40,000	40,000
Capital surplus	41,875	37,473
Retained earnings	441,188	454,591
Treasury shares	(24,654)	(20,168)
Total shareholders' equity	498,409	511,897
Valuation difference on available-for-sale securities	645,029	596,104
Deferred gains or losses on hedges	28	345
Revaluation reserve for land	(2,699)	(2,668)
Remeasurements of defined benefit plans	105	482
Total accumulated other comprehensive income	642,464	594,263
Share acquisition rights	208	193
Non-controlling interests	-	40
Total net assets	1,141,082	1,106,395
Total liabilities and net assets	11,576,552	11,852,671

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the nine months)

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Ordinary income	109,013	129,246
Interest income	77,656	88,334
Interest on loans and discounts	39,065	46,845
Interest and dividends on securities	33,241	36,511
Trust fees	3	2
Fees and commissions	17,630	19,333
Other ordinary income	6,691	15,424
Other income	7,032	6,151
Ordinary expenses	66,073	83,889
Interest expenses	12,075	19,679
Interest on deposits	9,506	12,135
Fees and commissions payments	4,757	5,436
Other ordinary expenses	4,557	11,824
General and administrative expenses	42,837	45,684
Other expenses	1,845	1,264
Ordinary profit	42,940	45,356
Extraordinary income	1,108	67
Gain on disposal of non-current assets	1,108	67
Extraordinary losses	251	423
Loss on disposal of non-current assets	177	398
Impairment losses	73	24
Provision of reserve for financial instruments transaction liabilities	0	0
Income before income taxes	43,796	45,000
Income taxes - current	10,509	10,918
Income taxes - deferred	1,642	1,641
Total income taxes	12,151	12,559
Net income	31,644	32,440
Net income attributable to non-controlling interests	66	15
Net income attributable to owners of parent	31,578	32,425

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

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Net income	31,644	32,440
Other comprehensive income	91,005	(48,231)
Valuation difference on available-for-sale securities	90,669	(48,924)
Deferred gains or losses on hedges	(118)	316
Remeasurements of defined benefit plans, net of tax	455	377
Comprehensive income	122,650	(15,790)
(Breakdown)		
Comprehensive income attributable to owners of parent	122,488	(15,806)
Comprehensive income attributable to non-controlling interests	161	15

(3) Notes to Quarterly Consolidated Financial Statements

(Changes in Accounting Policies)

The “Accounting Standard for Corporate, Inhabitant and Enterprise Taxes” (ASBJ Statement No. 27, October 28, 2022) is applied from the beginning of the first quarter of the current fiscal year.

There is no impact on the quarterly consolidated financial statements.

(Segment Information)

The Group's reportable segment is only banking business.

Other business segments have been omitted because they are not significant enough to be included in the reportable segments.

(Notes on significant Changes in the Amounts of Shareholders' Equity)

None

(Notes on Going Concern Assumption)

None

(Notes to Statements of Cash Flows)

The quarterly consolidated statements of cash flows for the third quarter of the current fiscal year have not been prepared.

Depreciation (includes amortization related to intangible assets excluding goodwill) and amortization of goodwill for the third quarter of the fiscal year are as follows.

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Depreciation	2,443	3,106
Amortization of goodwill	-	153

(Business Combinations, etc.)

(Acquisition of a company through share acquisition)

The Company acquired shares in Sekisui Leasing Co., Ltd. on June 3, 2024 under the share transfer agreement concluded on February 29, 2024, and made the company a subsidiary.

1. Overview of business combination

(1) Name and business description of the acquired company

Name: Sekisui Leasing Co., Ltd.

Business description: General leasing business

(2) Reason for business combination

In order to realize the Group's vision of becoming a "comprehensive solutions provider that drives community growth and creates the future together," the Group is working to expand the solutions it can provide.

Sekisui Leasing Co., Ltd. is a company that operates a stable leasing business with the SEKISUI CHEMICAL Group as its primary customer. This share acquisition will expand the Kyoto Financial Group's leasing business and help us offer our customers a greater range of solutions by allowing us to leverage the know-how and trading base, etc. of Kyogin Lease Co., Ltd., a subsidiary of the Company and Sekisui Leasing Co., Ltd. In doing this, we will strive to help customers find solutions to management issues while also further increasing the corporate value of the Group.

(3) Date of business combination

June 3, 2024

(4) Legal form of business combination

Share acquisition in consideration for cash

(5) Name of the company after combination

Unchanged

(6) Ratio of voting rights acquired

90.0%

(7) Major basis of determination to acquire the company

The acquisition was made by means of share acquisition in consideration for cash.

2. The term of the financial results of the acquired company included in the Company's consolidated financial statements

Since June 30, 2024 is the deemed acquisition date, results from July 1, 2024 through December 31, 2024 are included.

3. Acquisition cost and consideration by type

Consideration in cash:	3,293 million yen
Acquisition cost:	3,293 million yen

4. Description and amount of major acquisition-related expenses

Advisory expenses, etc. 118 million yen

5. The amount of goodwill arising in the business combination, the reason for the goodwill arising, and amortization method and period

(1) The amount of goodwill arising in the business combination

3,067 million yen

The above amount is provisional because the identification and fair value estimation of identifiable assets and liabilities as of the date of the business combination and the allocation of acquisition costs are yet to be completed.

(2) Reason for the goodwill arising

The goodwill has arisen because the acquisition cost exceeded the fair value of the net assets of the acquired company at the time of business combination.

(3) Amortization method and period

The goodwill will be amortized using the straight-line method over a period for which it is expected to have its effect. The amortization period will be determined based on the results of acquisition cost allocation.

6. Amounts of assets received and liabilities assumed on the date of business combination and their breakdown

(1) Assets

Total assets	50,330 million yen
Of which, lease receivables and lease investment assets	20,849 million yen

(2) Liabilities

Total liabilities	50,085 million yen
Of which, borrowings	48,260 million yen

The above amounts are provisional because the identification and fair value estimation of identifiable assets and liabilities as of the date of the business combination and the allocation of acquisition costs are yet to be completed.

7. Estimated amount and calculation method of the effect on the third quarterly cumulative consolidated income statement for the current quarterly consolidated accounting period, assuming the business combination was completed at the beginning of this period.

The impact is insignificant.