March 31, 2025

To Whom It May Concern:

Company name:	Kyoto Financial Group, Inc.
Representative:	Nobuhiro Doi, Representative Director and President
Securities code:	5844, TSE Prime
Contact:	Hideki Onishi, Executive Officer, General Manager, Corporate Planning Division (TEL: +81-75-361-2275)

Notice Regarding Establishment of Subsidiary Specialized in M&A Advisory Business by Company Split Between Consolidated Subsidiaries (Simplified Incorporation-Type Company Split)

Kyoto Financial Group, Inc. (Representative Director and President: Nobuhiro Doi; hereinafter the "Company") has resolved at its Board of Directors meeting held today that subject to the approvals, etc. of the relevant authorities, it shall conduct a company split (simplified incorporation-type company split) of the "M&A advisory business" of the Company's consolidated subsidiary The Bank of Kyoto, Ltd. (hereinafter "The Bank of Kyoto") and, in addition to causing the newly established "Kyoto M&A Advisory Co., Ltd" to succeed to that business, the Company will make Kyoto M&A Advisory Co., Ltd a wholly owned subsidiary of the Company. The details are provided below.

Since this transaction is an organizational restructuring in which the parties involved are wholly owned subsidiaries of the Company, the disclosure of this transaction shall omit certain items and descriptions of disclosure.

1. Purpose of establishment of subsidiary and the company split

The Company's corporate group (hereinafter the "Group") has long been proactive in providing M&A advisory services and fostering experts in this field, centered on The Bank of Kyoto, to meet the M&A needs of companies of the region in order to solve their management challenges and realize their management strategies. Amid a rising interest in M&A as an effective measure to prevent business closures of local companies due to the absence of a successor, etc. and accelerate company growth, the Group, in its position of being mostly connected to the local region, will work to achieve further growth and expansion of business and improve its services by establishing a subsidiary that specializes in M&A advisory services to support the aspirations of our customers through M&A advisory services and make those aspirations a reality in the future.

In order to realize the vision of becoming "comprehensive solutions provider that drives community growth and creates the future together," the Group will strive for sustainable growth for local companies and the local economy and further enhance the corporate value of the Group while enhance the Group's functions necessary to solve the various issues faced by its local region and customers.

2. Summary of establishment of subsidiary and the company split

(1) Schedule of establishment of subsidiary and the company split

Board of Directors meeting for the approval of the plan for incorporation-type company split: March 31, 2025

Effective date of the incorporation-type company split and the conversion into an owned subsidiary of the Company: July 1, 2025 (scheduled)

* This incorporation-type company split is planned to be carried out without obtaining approval from a general meeting of shareholders because it is a simplified incorporation-type company split under Article 805 of the Companies Act.

(2) Method of establishment of subsidiary and the company split

This company split is an incorporation-type company split in which The Bank of Kyoto is the splitting company and the newly established Kyoto M&A Advisory Co., Ltd is the successor company.

(3) Allotment of shares in connection with the company split

Upon the incorporation-type company split, the successor Company will newly issue 10,000 shares of its common stock and allocate all of them to the splitting company. Simultaneously with this transaction, the splitting company will deliver all those shares to the Company, its wholly owning parent company.

(4) Treatment of share acquisition rights and bonds with share acquisition rights in connection with the company split

Not applicable.

(5) Increase or decrease in share capital due to the incorporation-type company split

There will be no change in the Company's share capital due to the incorporation-type company split.

(6) Rights and obligations succeeded by the company to be newly established

Newly established company Kyoto M&A Advisory Co., Ltd shall succeed the assets, liabilities, contracts and other rights and obligations related to the business subject to the company split of splitting company The Bank of Kyoto on the effective date.

(7) Prospects of fulfilling financial obligations of the successor company

The Company deems there to be no problem concerning the prospects of fulfilling financial obligations.

3. Outline of the parties to the incorporation-type company split

	Splitting company	Newly established company
(1) Name	The Bank of Kyoto, Ltd.	Kyoto M&A Advisory Co., Ltd
(2) Location of head office	700, Yakushimae-cho, Karasuma-dori, Matsubara-Agaru, Shimogyo-ku, Kyoto, Japan	700, Yakushimae-cho, Karasuma-dori, Matsubara-Agaru, Shimogyo-ku, Kyoto, Japan
(3) Name and title of representative	Mikiya Yasui, President	Motoyoshi Tanaka, President
(4) Business description	Banking	M&A advisory business
(5) Capital	42,103 million yen	100 million yen
(6) Date of establishment	October 1, 1941	July 1, 2025 (scheduled)
(7) Number of issued shares	75,840,688 shares	10,000 shares
(8) Accounting period	March 31	March 31
(9) Shareholders and shareholding ratio	Kyoto Financial Group, Inc. 100%	Kyoto Financial Group, Inc. 100%

(10) Financial position and management performance for the previous fiscal year (the Fiscal Year Ended March 31, 2024)

(Unit: Millions of yen)

Consolidated net assets	1,108,448
Consolidated total assets	11,548,416
Consolidated net assets per share (yen)	14,615.48
Consolidated ordinary income	132,575
Consolidated ordinary profit	43,402
Profit attributable to owners of parent	30,871
Profit attributable to owners of parent per share (yen)	411.11

(11) Outline of the business to be split off

Business description of the division to be split	M&A advisory business
Operating results of the division to be split	Net income 762 million yen
Items and amounts of assets and liabilities to be split *	Assets 203 million yen Liabilities -

(*) The amount of assets and liabilities to be split will be finalized by adjusting the initial amount for any increases or decreases that occur up until the effective date of the corporate split.

4. Status after the incorporation-type company split

There will be no change in the name, location of head office, name and title of representative, business description, capital, and accounting period of The Bank of Kyoto due to the incorporation-type company split.

5. Future outlook

Although the impact on the Company's consolidated financial results will be immaterial because the parties involved in the incorporation-type company split are wholly owned subsidiaries of the Company, the Company considers this will contribute to enhancing corporate value for the Company in the future.

End

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In the event of any conflict or discrepancy between this document and the Japanese-language original, the Japanese-language original shall prevail in all respects.