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# 1st - 3 year Management Plan

~Create the “Future”~

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**Kansai Mirai Financial Group**

**May 11, 2018**

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6. Integration of Administrative Functions and Systems to Provide Further Convenience to Customers
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\*Note: The figures in this document are rounded to whole numbers. Unless otherwise stated, they are the simple sum total for the three banks.  
Also loan breakdowns use internal management figures.

# **I. Management Planning Overview**

# 1. Background

Accelerating Structural Transformation

Social Environment

- Declining birthrate, aging population
- Structural changes in Japanese economy caused by population decline
- Population inflow from outlying regions to major cities

Financial Environment

- Introduction of negative interest rate policy
- Rise of FinTech from technology advances
- Regional financial institutions entering major city markets
- Accelerated restructuring of regional financial institutions nationwide

As a regional financial institution, necessary to build new financial business model for vitalization of Kansai economy

New Banking Group

**New Retail Financial Services Model  
progressing together with Kansai's future**



RESONA

## Kansai Mirai Financial Group

 Kansai Urban Banking Corporation



RESONA

Kinki Osaka Bank



MINATO BANK

## 2. Kansai Mirai Financial Group Management Principles and Projected Business Model

### Management Principles

As a financial group progressing together with Kansai's future,

- Grow with our customers
- Create a prosperous future for communities we serve
- Make innovative changes for continuous evolution

We will further deepen the relationships with customers and local communities cultivated over many years by the integrated banks while aiming to be Kansai's largest regional financial group, and one of Japan's foremost, a place where employees work with high levels of motivation and pride.

### Business Model

#### New Retail Financial Services Model advancing together with the future of Kansai region

◆ Contributing to development and invigoration of communities it serves	<ul style="list-style-type: none"><li>• Sharing distinctive strengths each bank has developed thus far</li><li>• Offering customers first-class financial services and solutions with one-stop convenience</li></ul>
◆ Enhancing productivity and customer convenience at the same time	<ul style="list-style-type: none"><li>• Sharing the know-how of operational reforms</li><li>• Integrating clerical work process and IT platforms</li></ul>
◆ Raising profitability, efficiency and soundness as one of the largest regional financial groups in Japan	<ul style="list-style-type: none"><li>• Potential of vibrant Kansai market</li><li>• Scale merit</li></ul>

# 3. Operating Base of Kansai Mirai Financial Group and Resona Group Regional Presence

## Customer Base (Simple sum of each bank)

【Corporate Customers】



【Individual Customers】



## Business Scale

【Deposits】



【Loans】

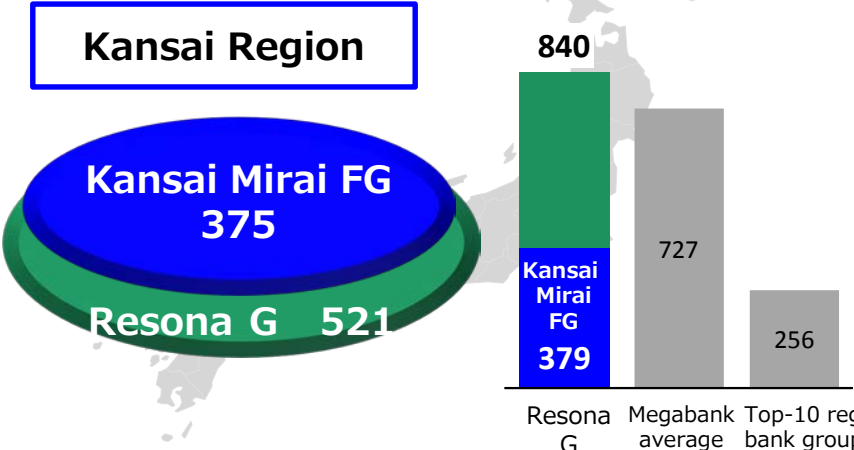


## Market Share

		Kansai Mirai FG	Resona G
Osaka Pref.	Deposits	7.9%	22.7%
	Loans	11.6%	25.6%
Hyogo Pref.	Deposits	14.9%	18.9%
	Loans	22.2%	30.0%
Shiga Pref.	Deposits	18.7%	19.3%
	Loans	20.3%	21.4%

## Branch Network (Manned Branches)

Nationwide: Resona G 840



\*Prepared by Resona HD and Kansai Mirai FG based on the Bank of Japan's "Deposits, Vault Cash, and Loans and Bills Discounted by Prefecture"

## 4. Each Corporate Performance

Unit: JPY bn.

Profit	FY2016				FY2017			
	Total of 3 banks	Kansai Urban	Kinki Osaka	Minato	Total of 3 banks	Kansai Urban	Kinki Osaka	Minato
Gross banking profit	148.2	60.7	43.4	44.1	146.6	60.3	47.0	39.4
Interest income	120.5	54.3	33.0	33.2	119.8	53.0	35.2	31.6
Net interest income from loans and deposits	110.8	53.2	28.9	28.7	104.7	50.9	26.3	27.5
Fees and commissions	18.9	4.0	7.7	7.2	22.3	4.7	9.7	7.9
Expenses	(113.2)	(42.0)	(37.6)	(33.6)	(111.7)	(41.5)	(36.6)	(33.5)
Personnel expenses	(59.8)	(22.6)	(19.6)	(17.7)	(59.5)	(22.4)	(19.2)	(17.9)
Actual net operating profit	35.0	18.7	5.7	10.6	34.9	18.8	10.3	5.9
Net income	28.1	14.0	7.5	6.6	29.2	12.8	9.6	6.8

Scale	FY2016				FY2017			
	Total of 3 banks	Kansai Urban	Kinki Osaka	Minato	Total of 3 banks	Kansai Urban	Kinki Osaka	Minato
Loans	8,822.6	3,869.8	2,440.6	2,512.2	8,901.5	3,959.0	2,415.2	2,527.3
Ordinary loans	4,630.7	1,818.2	1,222.2	1,590.3	4,679.7	1,857.0	1,209.1	1,613.6
Consumer loans	4,110.2	2,030.4	1,215.1	864.7	4,155.2	2,087.4	1,203.7	864.1
Deposits (incl. NCDs)	10,654.7	4,196.5	3,294.5	3,163.6	10,812.0	4,257.4	3,304.7	3,249.9

## 5. Overview of 3 year Management Plan (1)

<b>Name</b>	<b>1st 3 year Management Plan ~Create the "Future"~</b>
<b>Period</b>	<b>FY 2018 to FY 2020 (3 Years)</b>
<b>Objective</b>	<b>Banking Group Considered "Absolutely Essential" by Customers</b> <b>"Become most powerful and very essential for the Kansai region economy and society"</b>
<b>Positioning of 1st Medium-Term Plan</b>	<ul style="list-style-type: none"><li>◆ <b>Construction of strong, collaborative system for the three banks through business integration</b></li><li>◆ <b>Regional contribution through strengthened "Face to Face" functions as a regional financial institution</b></li><li>◆ <b>Implement merger and system integration successfully</b></li></ul>



# 5. Overview of 3 year Management Plan ( 2 )

FY2018  
(Year 1)

FY2019  
(Year 2)

FY2020  
(Year 3)

FY2021  
(Year 4)

FY2022  
(Year 5)

...



## Objective

**Banking Group Considered "Absolutely Essential" by Customers**

## KPIs

		FY2020	FY2022
Profitability	(Consolidated) Net profit attributable to the shareholders of the parent company	¥29bn	¥45bn
	(Group banks' total) Actual net operating profit	¥52bn	¥70bn
Capital base	Loans and bills discounted	¥9.8tn	¥10.5tn
	Deposits	¥11.9tn	¥12.6tn
	Investment trusts	¥1.2tn	¥1.7tn
	Insurance	¥1.0tn	¥1.3tn
Consolidated indicators	Fee income ratio	Mid 20% range	Upper 20% range
	OHR	Upper 60% range	Approx. 60%
	Shareholders' equity ROE	Over 5%	Approx. 8%
	Capital adequacy ratio	Approx. 7%	Over 7%

## First Medium-term Management Plan

- Construction of strong, collaborative system for the three banks
- Regional contribution through strengthened "Face to Face" functions as a regional financial institution
- Implement merger and system integration successfully

## Second Medium-term Management Plan (Tent.)

- Be an overwhelming, essential presence in the Kansai region economy and society
- Demonstrate maximum synergies of the business integration

Demonstrate marketing synergies (horizontal development of three banks' strengths, utilize Resona Group functions/customer base)

Maximize marketing synergies

System integration

Utilize shared Resona platform

Merger

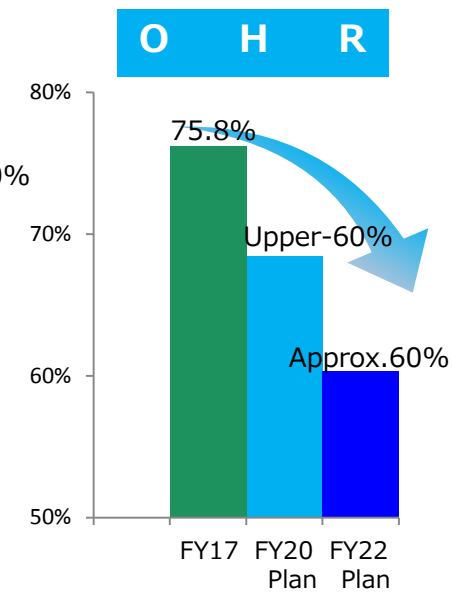
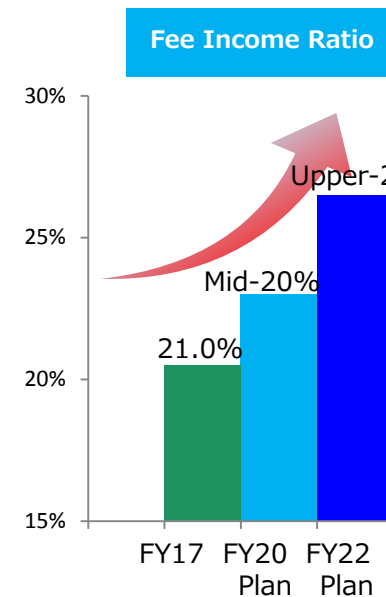
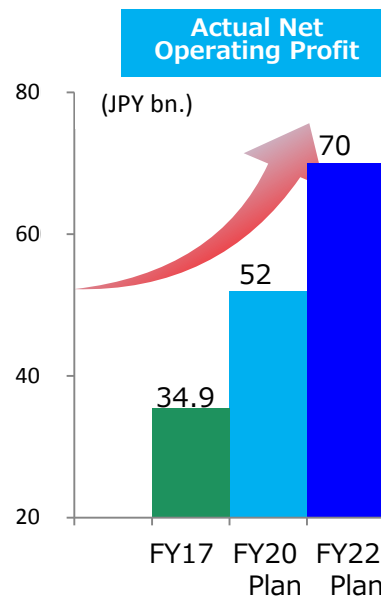
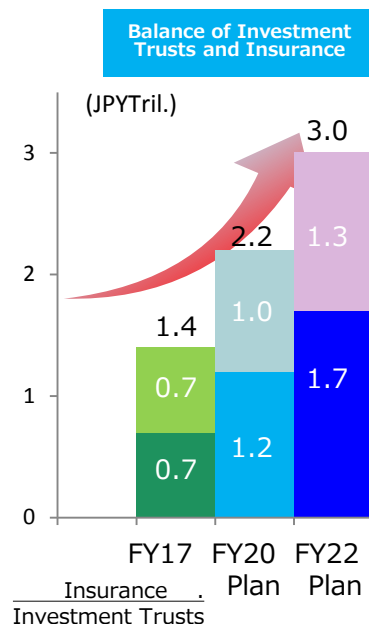
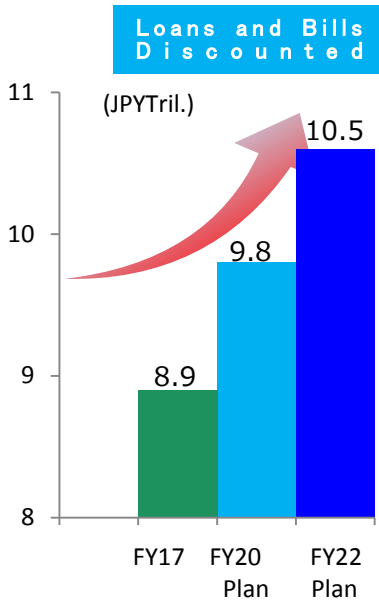
Rebuild branch network, re-assign personnel to Customer Divisions

# 5. Overview of 3 year Management Plan (3)

## Develop into Regional Banking Group Regarded as "No.1 in Kansai"

- Loans and bills discounted  
Contribute to true development of regional Kansai society by further demonstrating financial intermediary functions
- Balance of investment trusts  
Show overwhelming presence in business regarding clients net asset through rigorous business operation at the customer level
- Actual net operating profit  
Build a stable income base with the aim of being one of Japan's top 3 regional banking groups
- Fee income ratio  
Contribute to asset formation and growth for a broad range of customers by providing high value-added consulting
- OHR  
Thoroughly control costs by strengthening top-line income via business integration and promoting operational reform

Be an Overwhelming Presence

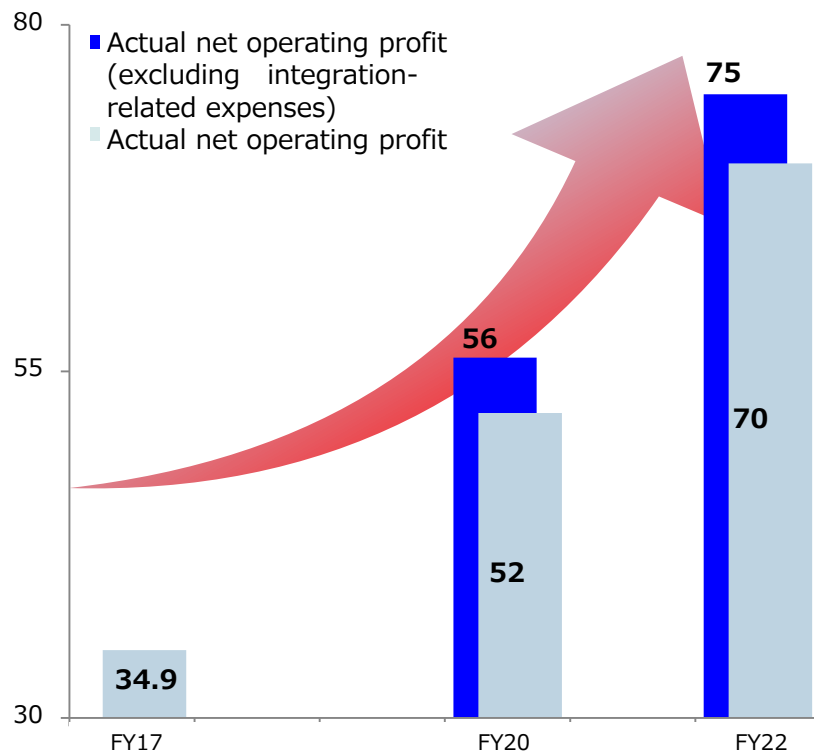


\*Fee income ratio and OHR are on a consolidated basis 9

# 5. Overview of 3 year Business Plan (4)

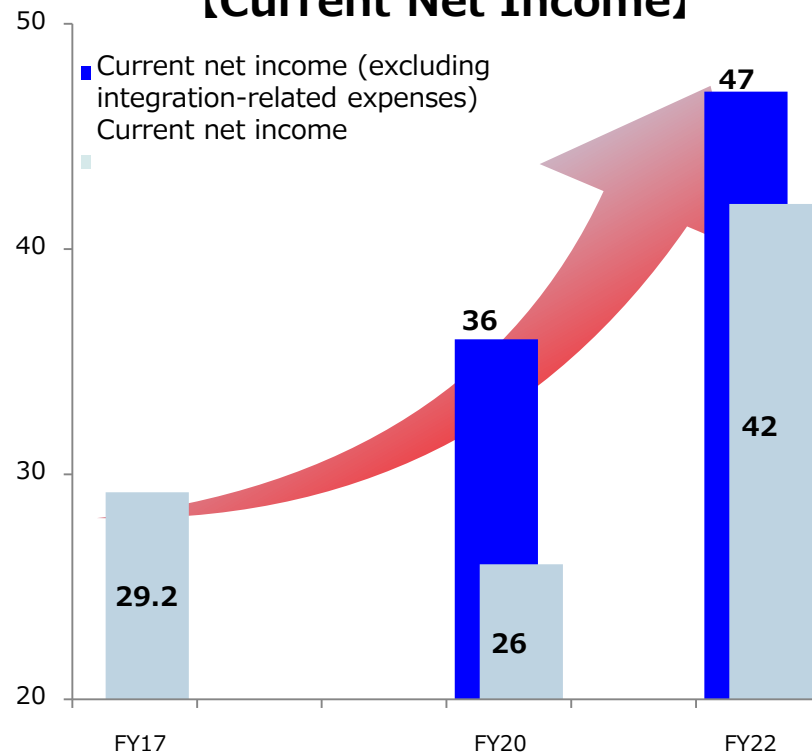
- With a sense of speed from the start of the integration, dramatically raise profit level, excluding integration-related expenses, by horizontally developing the three banks' strengths and utilizing an information aggregation platform

(Unit: JPY bn.) **【Actual Net Operating Profit】**



Integration-related portion of expenses	—	(4)	(5)
Actual net operating profit	34.9	52	70
<b>Actual net operating profit (excluding integration-related expenses)</b>	<b>34.9</b>	<b>56</b>	<b>75</b>

**【Current Net Income】**



Integration-related portion of other extra gains (losses)	—	(2)	—
Integration-related portion of extraordinary gains (losses)	—	(4)	—
Current net income	29.2	26	42
<b>Current net income* (excluding integration-related expenses)</b>	<b>29.2</b>	<b>36</b>	<b>47</b>

\* Not taking into account the impact of integration-related expense deductions on corporate taxes.

## 6. Basic Strategy (1)

### ◆ Contributing to development and invigoration of communities it serves

- (1) Sharing distinctive strengths each bank has developed thus far
  - Through horizontal development of strengths, maximize the management foundation and customer service provision capabilities of the three integrated banks
- (2) Offering customers first-class financial services and solutions with one-stop convenience
  - Provide succession solutions, etc. truly useful to customers utilizing trust and real estate functions
  - Further demonstrate information provision capabilities for customers through wide-area business integration

### ◆ Enhancing productivity and customer convenience at the same time

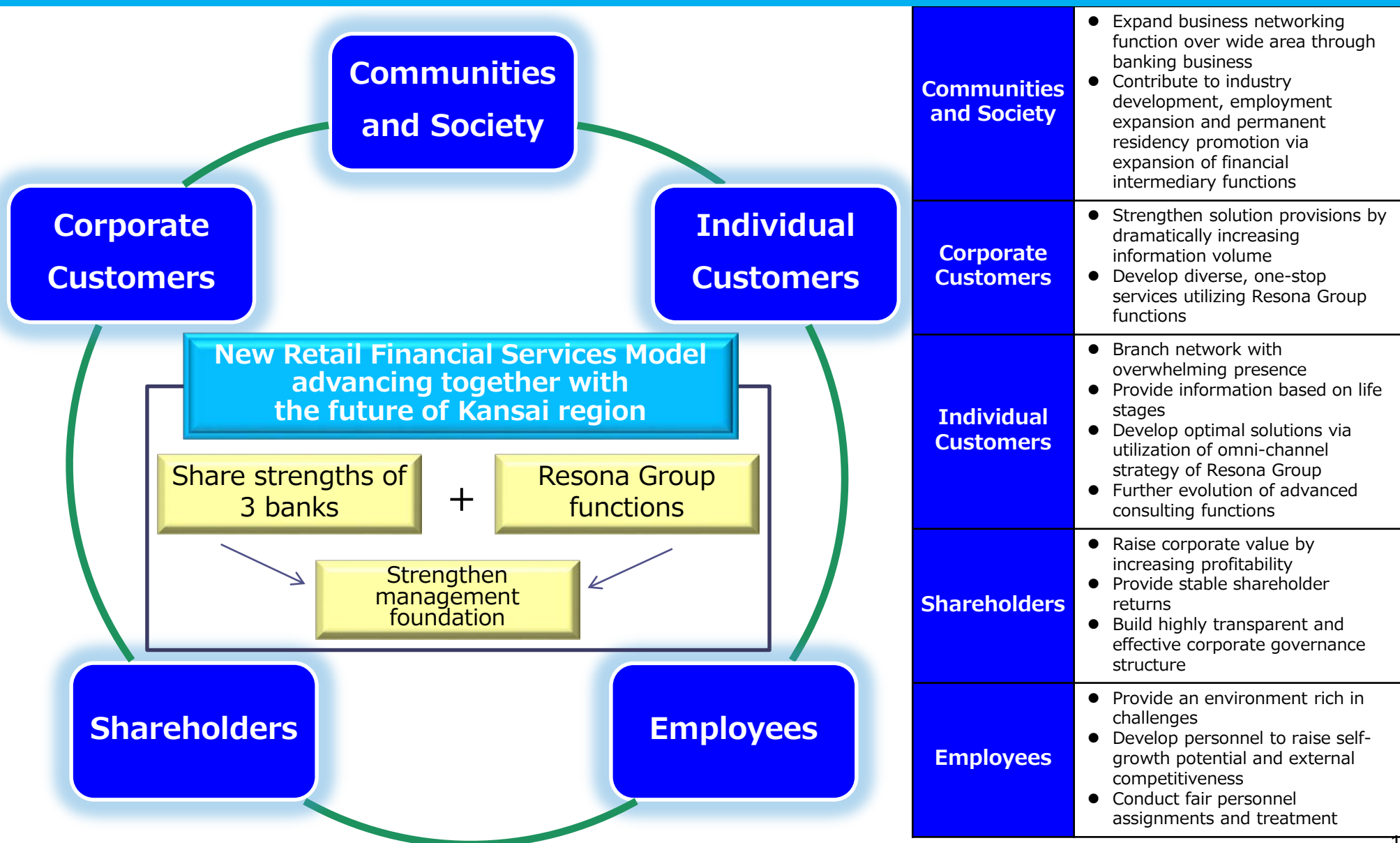
- (1) Sharing the know-how of operational reforms
  - Fully utilize expertise cultivated in the Resona Group and focus on increasing productivity through operations with fewer staff members and on increasing marketing sales time
- (2) Integrating clerical work process and IT platforms
  - Reduce system costs for the integrated Group overall while also utilizing cutting-edge technology through joint operations with the Resona Group

### ◆ Raising profitability, efficiency and soundness as one of the largest regional financial groups in Japan

- (1) Potential of vibrant Kansai market
  - With Kansai (primarily Osaka, Hyogo and Shiga Prefectures) as mother market, become a regional financial institution with an overwhelming presence
- (2) Scale merit
  - Achieve top levels among regional banks in focus business areas in five years after business integration

## 6. Basic Strategy (2)

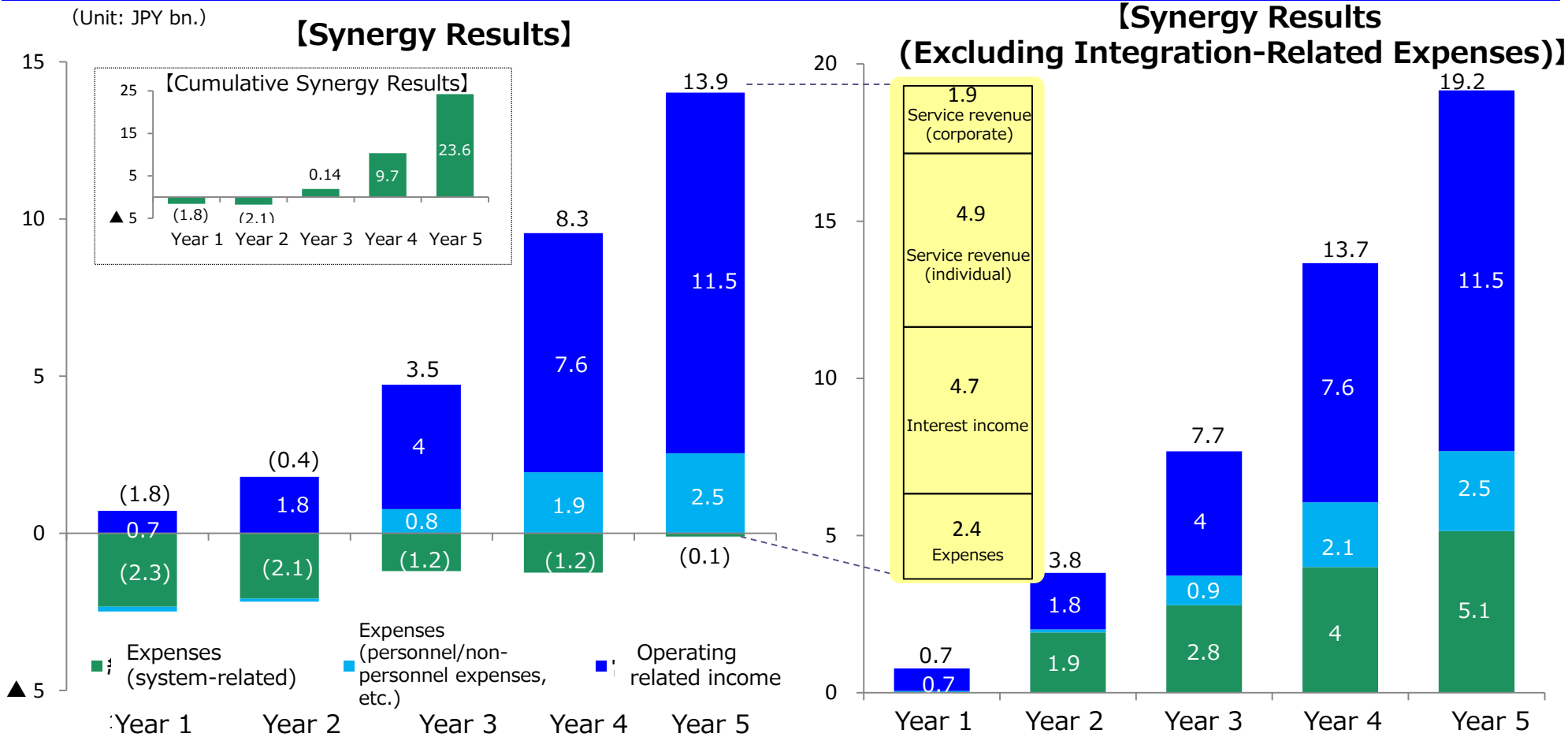
**Maximize Value Provided to Stakeholders**  
 ~Raise Group Value of Kansai Mirai Financial Group~



# 7. Integration Synergies

- Information synergies: Effects derived from effectively utilizing information, which will dramatically increase with expansion of the customer base through the integration
- Operating synergies: Effects derived from creating and developing new products and services through horizontal development of the strengths of the three integrating banks and utilization of the trust functions, etc. of the Resona Group
- Administrative function and system synergies: Effects from cutting costs and shifting personnel through system integration and revising administrative flows
- Branch reconstruction synergies: Effects of cutting costs and shifting personnel derived from branch consolidation

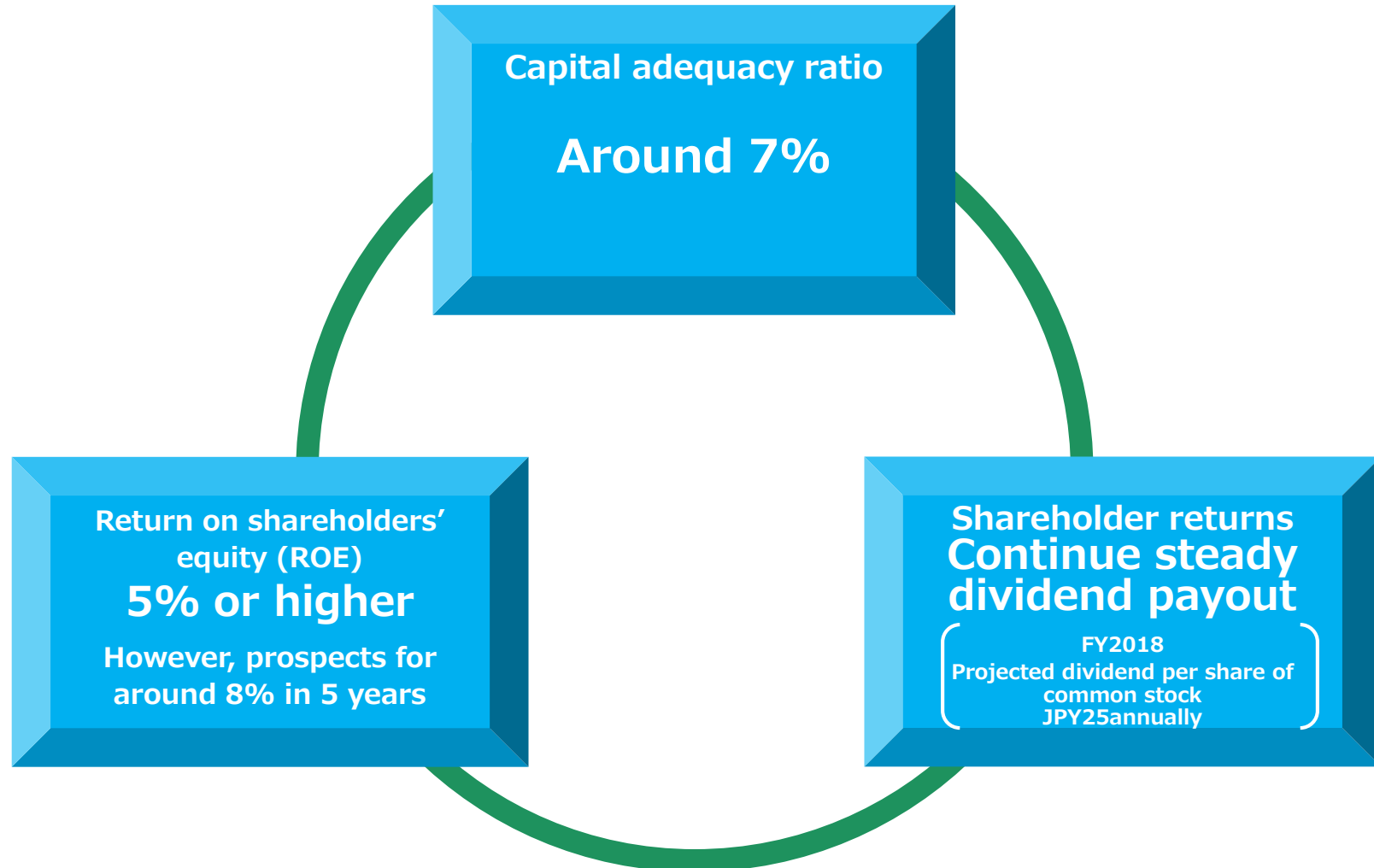
## 《Results of Synergies on Actual Net Operating Profit Basis》



## 8. Capital Management Policy

### 【Basic Capital Management Policy】

Work to increase corporate value by pursuing the optimal balance of financial soundness, profitability, and shareholder returns



## **II. Management Strategy**



# 1. Overview of Operating Strategy

Business Development Centered on Customer Asset Formation Support and Growth Support

## Areas of Focus, Specific Initiatives

## System Reinforcement

### Corporate Customer Strategy

- **Increase loan volume—Contribute to region through funding**  
Further strengthen new customer development through active utilization of feasibility assessments and expanded support for start-ups/new business, etc., and expand transactions with existing customers
- **Strengthen consulting functions—Differentiate from other banks through increased volume of information**  
Through the Resona Group's trust functions and construction of an information aggregation system:
  - Strengthen business matching initiatives (share real estate information, etc.)
  - Strengthen business succession, M&A initiatives (expand system/trust functions)

- Reassign personnel to operating divisions  
• • • 546 people
- Reduce administrative volume via streamlining, etc. (figure operating hours, etc. equivalent to 240 people)
- Reassignment to areas/fields of focus
- Construct information aggregation platform

### Individual Customer Strategy

- **Enhance services in line with customer profiles—Increase number of customers**
  - Strengthen ability to provide products/services in line with customer needs
  - Provide one-stop services, (service that meet your needs through one teller), through utilization of Resona Group's trust functions
- **Further deepening business regarding client's assets --Aim for No. 1 nationwide**
  - Fully establish/develop strong promotion system, sales know-how, etc.

### Loan Strategy

- **Strengthen housing loan initiatives: Increase main customers**
  - Increase contact with customers through omni-channel utilization, etc. and promote more complex transactions
- **Strengthen condominium loans—Expand transactions with wealthy customers**
  - Fully implement solutions-based sales by demonstrating information provision capabilities
- **Strengthen consumer loans—Construct stable income base**
  - Increase appealing products (utilize outside guarantees), share know-how of the three banks

Promote omni-channel to complement sales personnel (approach to customers that can't be met)

Increase operating income from customer services, the main business of regional financial institutions

# ① Construction of Platform for Connecting Customers

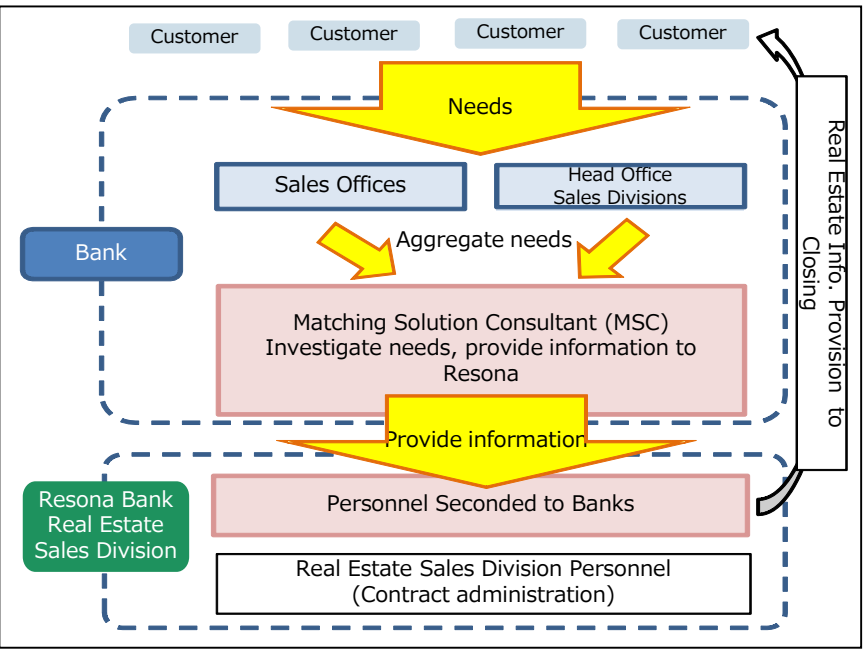
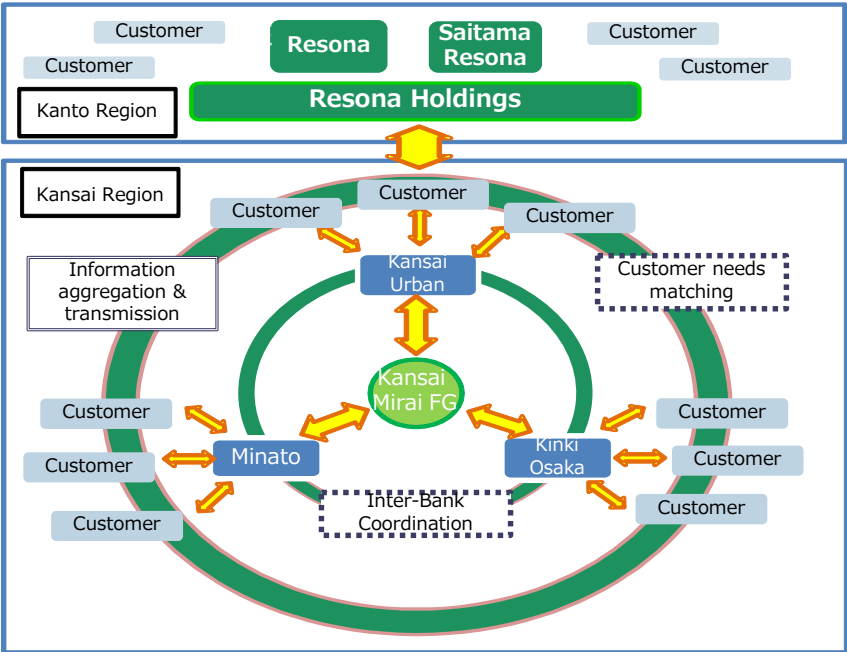
Develop a highly competitive corporate information strategy by building a system for effectively and efficiently aggregating information, whose volume is increasing dramatically, and for conveying it to sales offices and customers

- With integration, cover wide sales area centering on Osaka, Hyogo and Shiga
- By coordinating with Resona Holdings, connect Kansai and Kanto information and customers

## Regional Bank-based Customer Relations × Solutions via Information Strategy ~ Information of 500,000 Corporate Customers\* ~

- Dramatically expand information infrastructure centering on 2 major economic areas of Kansai and Kanto
- Scale merits via coordination between Kansai Mirai Financial Group and Resona Holdings

- Trust functions of Resona Bank  
 ~One-stop services ~

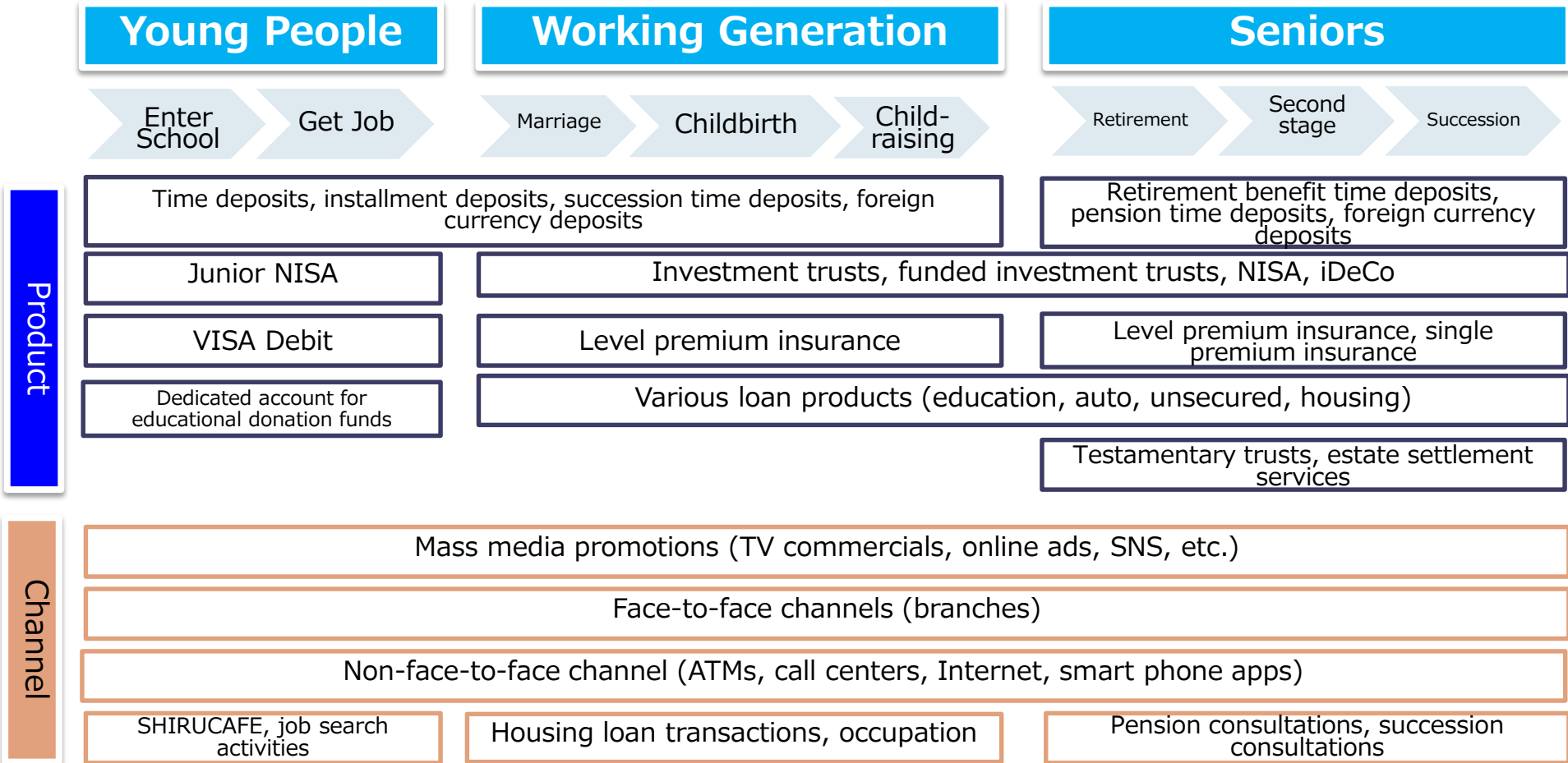


Refer customers, suppliers, etc., conduct M&A, provide real estate information, etc.

\*Corporate customers is the simple total of the corporate customers of Kansai Mirai Financial Group (group banks), Resona Bank and Saitama Resona Bank

# ② Enhancement of Services in Line with Customer Growth Stages

- Develop information provision based on life stages through both face-to-face and non-face-to-face channels—Promote Resona Group’s omni-channel strategy in non-face-to-face channels
- Construct asset succession system utilizing trusts and develop transactions with next generation through inheritance consultations



### ③ Improved Access to Connect Customers with Our Services

#### Approach to Service Areas

Utilize the Resona Group's solution functions and integrating banks' know-how to contribute to customers and local communities, centering on Osaka Prefecture, Hyogo Prefecture and Shiga Prefecture

✓ Establish individual branch marketing strategies based on market/area analysis

✓ Reassign corporate/individual customer resources to priority areas (546 personnel)  
(231 personnel during period of 1st medium-term plan)

#### Approach to Service Channels

- Integrating banks promote maximization of customer contact points through mutual complementarity of manned branches and ATM network
- Maximize through reorganization/reassignment of redundant branches and establish branch network with overwhelming presence in mother market of Kansai
- Provide services to customers for which contact points had not previously existed

✓ Branch network optimization and reconstruction of manned branch network and ATM network

✓ Increase customer contact points through omni-channel development

## 2 Initiatives to develop human resources to support customer's future

Basic Policy

### HR Development

- Develop dynamic, humane professionals
- Build support systems for career advancement
- Strengthen leadership management capabilities

#### Develop dynamic humane professionals

Develop human resources capable of providing solutions to the maximum benefit of customers by demonstrating customer-first consulting functions

- ✓ Develop human resources with the ability to provide consulting based on feasibility assessments and fiduciary duty
- ✓ Conduct training for utilizing Resona Group functions and dispatch trainees

#### Build support system for career advancement

Strengthen career formation initiatives from a long-term perspective and implement support measures for diverse career paths

- ✓ Strengthen career formation support by age group
- ✓ Strengthen support for self-development

#### Strengthen leadership management

Cultivate HR development culture and company-wide developmental mindset, and strengthen managerial abilities for improving individual employee productivity

- ✓ Strengthen level-specific management training (training for branch managers and executives)
- ✓ Strengthen OJT for young employees

Initiatives

### Diversity Management

Demonstrate synergies and creativity through full acceptance of diversity, including age and gender diversity  
Evolved "Diversity & Inclusion" initiatives

#### Women's participation and advancement

- ✓ Development and training for career formation for women employees
- ✓ Utilize women's perspectives, ideas and potential to bolster company competitiveness
- ✓ Support for smoothly returning to work
- ✓ Establish environment to enable pursuit of an optimal work-life balance and full demonstration of abilities possessed
- ✓ Promote the advancement of young employees with a strong desire to take on challenges
- ✓ Actively utilize the knowledge and experience of senior employees and conduct training to promote career development and autonomy

#### Work-life balance

Promote senior/young employee advancement

#### Evolution of collaboration Acceptance of diversity

- ✓ Create environment where all employees can confidently demonstrate their abilities
- ✓ Initiatives to promote employment of people with disabilities
- ✓ Efficiently and effectively utilize human resources with the understanding that diversity (former banks, views on working, etc.) is a strength of the Group

### 3. Social contribution activities(action on SDGs)

#### Kansai Mirai Financial Group (actively implementing joint projects by the three merged banks)



8th Network Business Negotiations Meeting in Osaka



Volunteering at the Kobe Marathon

Will continue actively implementing joint initiatives based on cooperation by the three Group banks

## Community service activities that contribute to creating “an affluent future for the region”

#### Kansai Urban Banking Corporation

- Donations based on Eco Time Deposits  
A certain percentage of the balance is donated to local organizations engaged in environmental conservation
- Lake Biwa cleanups  
New recruits clean up areas around Lake Biwa as part of their initial training
- Organizes an “Economics Koshien” competition in Shiga
- Offers internships for college students
- Accepts middle-school students on work-experience placements
- Sponsors sports tournaments for local children

#### The Kinki Osaka Bank, Ltd.

- Uses part of the handling and issuance fees for the “MyDo Okini” CSR privately-placed bond to purchase school supplies for local schools
- The Kinki Osaka Bank Forest  
Contributing to the preservation of local woodland and biodiversity
- Organizes the “Economics Koshien” competition in Shiga
- Provides financial education to children
- Offers courses on the basics of entrepreneurship
- Signed an agreement with the Osaka prefectural government to promote greening

#### The Minato Bank, Ltd.

- Uses part of the handling and issuance fees for the “Ayumi” community-donation privately-placed bond to donate books etc. to schools designated by the issuer
- Provision of subsidies through a cultural foundation  
Provides subsidies for more than 30 cultural and sporting projects each year
- Sponsors traditional events and local festivals in Hyogo prefecture
- Works with the Hyogo police to raise awareness for the prevention of unusual types of fraud
- Provides “money classes” to children
- Works with local governments to run cybersecurity seminars

## 4. Contributing to the development and revitalization of local communities

Leveraging Group cooperation to cover the entire Kansai region

### Support with developing diverse human resources for the next generation

- Working with local public bodies and companies to assist students with job hunting: forums for foreign students etc.
- Supporting the development of human resources for advanced fields and growth fields through cooperation with local universities: comprehensive partnership agreements with universities etc.

### Assistance with entrepreneurship and stronger support for fields for the next generation

- Working with prefectural governments in the region to provide ongoing support with entrepreneurship and the nurturing of new industries: continuous provision of joint research subsidies etc.
- Stepping up support for traditional industries and growing industries in the region: utilization of regional revitalization funds etc.

### Cooperation with local public bodies, business organizations, etc.

- Implementing various initiatives based on partnerships with local public bodies: participation in projects to attract companies to the region etc.
- Taking action to revitalize regions in partnership with local public bodies and companies: joint corporate briefings with local companies etc.



# 5. Governance Structure Sophistication

- (1) Build corporate governance structure with high transparency and effectiveness as a listed company
- (2) Fully demonstrate holding company functions to raise corporate value of overall Kansai Mirai Financial Group
  - ~Establish headquarters organization for setting strategy for the overall Kansai Mirai Financial Group and for managing and directing Group banks~

## Governance Structure

- Work towards a governance structure with monitoring model by adopting format of company with audit and supervisory committee and delegation-based executive officer system
- Establish Human Resources and Compensation Committee as non-mandated committee

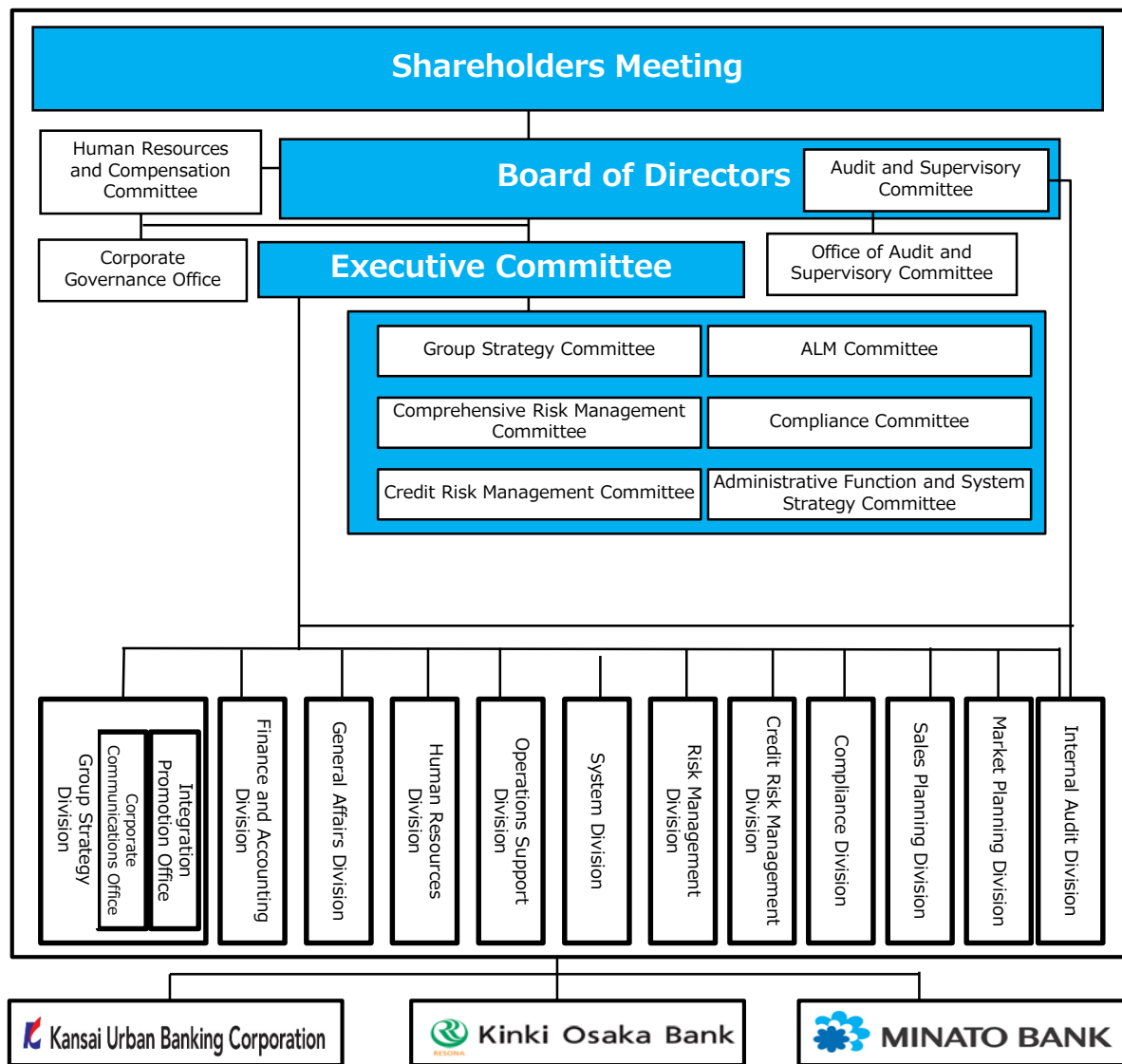
## Kansai Mirai FG Headquarters Functions

- Set Group's overall management/marketing strategy, etc.
- Set appropriate overall Group policies for risk management and auditing, etc.
- Business management and direction for Group banks
- Coordinate with Resona Group

## Establishment of Committees

<b>Management strategy</b>	<ul style="list-style-type: none"> <li>● Group Strategy Committee</li> <li>● Administrative Function and System Strategy Committee</li> </ul>	Discuss and report on Group management reforms and important matters related to management, marketing, administration and IT strategy
<b>Risk management, etc.</b>	<ul style="list-style-type: none"> <li>● Risk Management Committee</li> <li>● Credit Risk Management Committee</li> <li>● ALM Committee</li> <li>● Compliance Committee</li> </ul>	Discuss and report on advanced management of various Group risks

\*Meetings also attended by Group bank executives and division managers in charge





## 6. Integration of Administrative Functions and Systems to Provide Further Convenience to Customers

### ■ Fully integrate administrative functions and systems

(Merger of Kansai Urban Bank and Kinki Osaka Bank in April 2019; system integration for Kansai Urban Bank in 2019 2Q; system integration for Minato Bank in 2020 2Q)

- (1) Establish Administrative System Integration Committee to promote and manage projects
- (2) Establish Integration Promotion Office at Kansai Mirai FG headquarters to promote and manage merger and system integration
- (3) Conduct extensive training for sales office administration by building training support system including personnel support from the Resona Group

### ■ Promote IT strategy based on operational reforms and management strategy

- (1) More advanced customer product/service provision by actively utilizing Resona platform
- (2) Build strong, efficient administrative system incorporating distinctive administrative systems of Resona Group and Kansai Mirai FG
- (3) Conduct system development tailored to Kansai Mirai FG management strategy and local characteristics

### ■ Early realization of integration synergies

- (1) Rigorously increase business efficiency through BPR promotion aimed at creating sales time, etc.
- (2) Early realization of system cost synergies

#### Promote shared sales office administration

- Seal-less, paper-less, bio-authentication
- Quick navigation, communication terminals

#### More advanced product/service provision

- 24 /365 day operations (instant intra-Group currency transfer)
- IT services using smart phone apps
- Introduce services usable at all Group bank branches (Ordinary deposit transactions, various notification procedures)

#### Realization of integration synergies

- Create sales time, etc. by revamping branch administration  
(3-year total: 210 persons' worth; 5-year total: 240 persons' worth)
- Reduce IT personnel development burden
- Early realization of system cost synergies
- Horizontal development of distinctive administrative streamlining for the 3 banks
  - Higher efficiency slip filing and search process (image database management), etc.

# 7. Merger of Kansai Urban Bank and Kinki Osaka Bank

## ■ Basic Info

Kansai Urban Bank and Kinki Osaka Bank to merge April 1, 2019 and create Kansai Mirai Bank, Ltd.

## ■ Aims

- (1) Maximize business integration synergies as Kansai Mirai FG
- (2) Expand customer base & regional share in mother market of Osaka and Shiga Prefectures
- (3) Become overwhelming No. 1 regional bank in Osaka Pref.

## ■ Integration Effects

- (1) Build strong sales promotion system combining strengths of both banks
- (2) Optimize channel strategy centering on Osaka Pref.
- (3) Add personnel to areas of focus by reducing headquarters personnel

### Integration Effects

Build strong sales promotion system combining strengths of both banks	<ul style="list-style-type: none"> <li>• Unified headquarters-branch/office sales system</li> <li>• Sector aggregation promotion system for specific sectors</li> <li>• Strong headquarters revenue management system</li> <li>• Optimal personnel assignments in line with market</li> </ul>
Optimize channel strategy centering on Osaka Pref.	<ul style="list-style-type: none"> <li>• Integrate/eliminate approx. 40 groups with redundant sales areas due to merger</li> <li>• Positive effects of reducing property costs by JPY 1.47 billion (annually) and reassigning 400 personnel to Customer Divisions</li> </ul>
Shift personnel to areas of focused business areas by reducing headquarters	<ul style="list-style-type: none"> <li>• After system integration, reduce headquarters personnel by 270 and assign them to sales initiatives, etc.</li> </ul>

### Schedule (tent.)

April 2018	<ul style="list-style-type: none"> <li>• Establish Merger Promotion Committee</li> <li>• Deliberate on post-merger systems &amp; strategies (governance structure, numerical plans, business/sales strategy, brand, personnel systems, etc.)</li> <li>• Prepare and start work on customer relations, product and service measures</li> <li>• System design and development, etc.</li> </ul>
July 2018	<ul style="list-style-type: none"> <li>• Start sales branch administration training</li> </ul>
2018 H2	<ul style="list-style-type: none"> <li>• Conduct specific processes for merger</li> </ul>
April 2019	<ul style="list-style-type: none"> <li>• Start operations as Kansai Mirai Bank</li> </ul>

# 8. Corporate Financial Planning

		FY2017 actual	FY2018 targets	FY2019 targets	FY2020 targets
Earnings	Current Net profit attributable to the shareholders of the parent company <small>(Note 1)</small>	(Consolidated) 72.1 billion yen	76.5 billion yen	19.0 billion yen	29.0 billion yen
	Actual net operating profit	34.9 billion yen	34.0 billion yen	42.0 billion yen	52.0 billion yen
	Current net income	29.2 billion yen	16.5 billion yen	16.0 billion yen	26.0 billion yen
Reference: Integration-related expenses		—	Approx. 5.0 billion yen	Approx. 10.0 billion yen	Approx. 10.0 billion yen

Note 1: Includes projected amount of negative goodwill (FY2017: approx. 70.4 billion yen, FY2018: approx. 56.0 billion yen)

		FY2017 actual	FY2020 targets			
			Kansai Urban	Kinki Osaka	Minato	
Financial position	Loans and bill balance	8,901.5 billion yen	3,959.0 billion yen	2,415.2 billion yen	2,527.3 billion yen	9.8 trillion yen
	Residential housing loans balance	3,100.5 billion yen	1,484.7 billion yen	993.3 billion yen	622.5 billion yen	3.2 trillion yen
	Deposits Balance <small>(Note 2)</small>	10,812.0 billion yen	4,257.4 billion yen	3,304.7 billion yen	3,249.9 billion yen	11.9 trillion yen
	Investment trusts balance	689.0 billion yen	247.7 billion yen	236.3 billion yen	205.0 billion yen	1.2 trillion yen
	Insurance balance	747.6 billion yen	331.1 billion yen	238.5 billion yen	178.0 billion yen	1.0 trillion yen
Consolidated indicators	Fee income ratio	21.0%				Mid-20%
	OHR	75.8%				Upper-60%
	Shareholders' equity ROE <small>(Note 3)</small>	5.9%				At least 5%
	Capital adequacy ratio	7.0%				Approx. 7%

Note 2: Includes NCD

Note 3: Net profit attributable to the shareholders of the parent company / accounting shareholders' equity (average of figures for start and end of year)

Forward-looking statements contained in this document are subject to change significantly due to the following sorts of factors.

Specific factors could include changes in stock prices in Japan, changes in government or central bank policies, developments and changes in laws and regulations, customary practices and interpretations, the occurrence of further corporate bankruptcies, changes in the economic conditions of Japan and other countries, and other factors not controlled by individual companies.

Be aware that the forward-looking statements contained in this documents are not guarantees of future performance or other trends and may differ from actual results.