

Reference Material for the Third Quarter of FY2018

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Note.1: Figures reported herein are not reviewed by the audit corporation.

Note.2: Capital adequacy ratio will be announced soon after the calculation is completed.

Note: [Total of three banks] Sum of non-consolidated figures for Kansai Urban Banking Corporation, Kinki Osaka Bank, and Minato Bank.

1. Statements of income

(1) Kansai Mirai Financial Group (Consolidated)

(Millions of yen)

		1-3Q FY 2018	Change	1-3Q FY 2017
Ordinary income	1	144,422	-	-
Consolidated gross operating profit	2	112,617	-	-
Interest income	3	85,824	-	-
Fees and commissions	4	23,817	-	-
Other operating income	5	2,975	-	-
Expenses(excluding non-recurring items,Amortization of goodwill)	6	(87,361)	-	-
Personnel expenses	7	(48,203)	-	-
Non-personnel expenses	8	(33,420)	-	-
Taxes	9	(5,738)	-	-
Actual net operating profit (2+6)	10	25,256	-	-
Amortization of goodwill	11	-	-	-
Provision to general reserve for possible loan losses	12	(2,059)	-	-
Other gains/(losses), net	13	(2,688)	-	-
Net gains/(losses) on stocks	14	1,385	-	-
Disposal of problem loans	15	681	-	-
Reversal of credit expenses	16	331	-	-
Ordinary profit	17	20,508	-	-
Extraordinary gains	18	56,628	-	-
Gain on negative goodwill	19	56,628	-	-
Extraordinary losses	20	(220)	-	-
Income before income taxes	21	76,915	-	-
Income taxes - current	22	(3,315)	-	-
Income taxes - deferred	23	(1,935)	-	-
Net income	24	71,664	-	-
Net income attributable to non-controlling interests	25	(86)	-	-
Net income attributable to owners of the parent	26	71,578	-	-
Credit expense (12+15+16)	27	(1,046)	-	-
Provision to general reserve for possible loan losses	28	(2,059)	-	-
Write-off of loans	29	(689)	-	-
Provision to specific reserve for possible loan losses	30	2,039	-	-
Other disposal of problem loans	31	(668)	-	-
Gains on recoveries of written-off loans	32	331	-	-

Note: The figures of "credit expense" include the figures of "gains on recoveries of written-off loans".

○ ROE

(%)

	1-3Q FY 2018	Change	1-3Q FY 2017
ROE based on net income attributable to owners of the parent	20.15	-	-

(Note)

$$\text{ROE} = \frac{\text{Net income attributable to owners of the parent (1-3Q)} \times 365/275}{(\text{Total stockholders' equity at beginning of period} + \text{Total stockholders' equity at end of period}) / 2}$$

Note: Statements of income for the third Quarter of FY2017 is not stated above as consolidated financial statements of Kansai Mirai Financial Group for the third Quarter of FY2017 was not prepared.

(2) Total of three banks, Non-consolidated figures of each bank

(Millions of yen)

		Total of three banks [Non-consolidated]			Kansai Urban Banking Corporation		
		1-3Q		1-3Q	1-3Q		1-3Q
		FY 2018	Change	FY 2017	FY 2018	Change	FY 2017
Gross operating profit	(2+4+5) 1	102,968	(8,527)	111,496	44,213	(1,216)	45,429
Interest income	2	85,346	(6,380)	91,727	39,149	(738)	39,888
<Net interest income from loans and deposits (Domestic operations, including NCDs)>	3	75,493	(2,643)	78,137	37,037	(1,081)	38,118
Fees and commissions	4	16,721	278	16,442	2,935	(932)	3,867
Other operating income	5	900	(2,426)	3,327	2,128	454	1,673
Net gains/(losses) on bonds	6	(715)	(2,234)	1,519	1,228	878	349
Expenses (excluding non-recurring items, Amortization of goodwill)	7	(84,086)	16	(84,102)	(31,609)	(550)	(31,059)
Personnel expenses	8	(43,882)	957	(44,839)	(16,595)	195	(16,790)
Non-personnel expenses	9	(34,653)	(902)	(33,751)	(12,863)	(616)	(12,247)
Taxes	10	(5,550)	(38)	(5,511)	(2,150)	(128)	(2,021)
Actual net operating profit	(1+7) 11	18,882	(8,511)	27,393	12,603	(1,767)	14,370
Core net operating profit	(11-6) 12	19,597	(6,277)	25,874	11,375	(2,645)	14,020
Amortization of goodwill	13	(552)	-	(552)	(552)	-	(552)
Provision to general reserve for possible loan losses	14	(3,511)	(3,746)	235	(2,925)	(2,925)	-
Net operating profit	(1+7+13+14) 15	14,818	(12,258)	27,076	9,125	(4,692)	13,818
Other gains/(losses), net	16	1,039	(1,622)	2,661	(1,379)	(563)	(815)
Net gains/(losses) on stocks	17	3,176	(2,251)	5,427	248	130	117
Gains on sale	18	3,428	(2,024)	5,452	254	135	118
Losses on sale	19	(194)	(183)	(11)	(0)	(0)	-
Losses on devaluation	20	(58)	(44)	(13)	(5)	(4)	(1)
Disposal of problem loans	21	366	2,645	(2,278)	1,752	2,083	(330)
Reversal of credit expenses	22	2,738	(343)	3,081	2	(979)	981
Other	23	(5,241)	(1,671)	(3,569)	(3,382)	(1,799)	(1,583)
Ordinary profit	(15+16) 24	15,858	(13,880)	29,738	7,746	(5,256)	13,002
Extraordinary gains/(losses), net	25	110	(325)	435	(71)	671	(742)
Net gains/(losses) on disposal of fixed assets	26	(170)	(1,001)	831	(35)	(17)	(17)
Impairment losses on fixed assets	27	(37)	283	(320)	(36)	19	(55)
Other	28	318	392	(74)	-	669	(669)
Income before income taxes	(24+25) 29	15,968	(14,206)	30,174	7,674	(4,585)	12,260
Income taxes-current	30	(1,753)	72	(1,825)	(1,071)	(288)	(782)
Income taxes-deferred	31	(1,936)	2,169	(4,105)	(97)	673	(771)
Net income	(29+30+31) 32	12,278	(11,965)	24,243	6,505	(4,199)	10,705

Credit expense	(14+21+22) 33	(406)	(1,445)	1,038	(1,170)	(1,820)	650
Provision to general reserve for possible loan losses	34	(3,531)	(6,496)	2,965	(2,925)	(4,940)	2,014
Write-off of loans	35	(679)	95	(774)	-	-	-
Provision to specific reserve for possible loan losses	36	4,052	5,801	(1,748)	2,188	3,222	(1,033)
Other disposal of problem loans	37	(576)	(73)	(502)	(435)	(104)	(330)
Gains on recoveries of written-off loans	38	327	(772)	1,099	2	1	0

Note: The figures of "credit expense" include the figures of "gains on recoveries of written-off loans".

○ Interest rate spreads (domestic operations)

(%)

	Total of three banks [Non-consolidated]			Kansai Urban Banking Corporation		
	1-3Q		1-3Q	1-3Q		1-3Q
	FY 2018	Change	FY 2017	FY 2018	Change	FY 2017
Average interest rate of loans and bills discounted (A)	1.19	(0.07)	1.26	1.33	(0.08)	1.41
Average interest rate of deposits and negotiable CDs (B)	0.04	(0.00)	0.05	0.07	(0.01)	0.08
Loan-to-deposit spread (A) - (B)	1.14	(0.06)	1.21	1.25	(0.06)	1.32

(Millions of yen)

		Kinki Osaka Bank			Minato Bank		
		1-3Q		1-3Q	1-3Q		1-3Q
		FY 2018	Change	FY 2017	FY 2018	Change	FY 2017
Gross operating profit (2+4+5)	1	31,026	(4,391)	35,418	27,729	(2,919)	30,648
Interest income	2	22,381	(5,358)	27,740	23,815	(282)	24,098
<Net interest income from loans and deposits (Domestic operations, including NCDs)>	3	18,794	(1,081)	19,876	19,661	(480)	20,142
Fees and commissions	4	7,593	761	6,832	6,192	450	5,741
Other operating income	5	1,050	205	845	(2,278)	(3,086)	808
Net gains/(losses) on bonds	6	791	177	614	(2,734)	(3,289)	554
Expenses (excluding non-recurring items, Amortization of goodwill)	7	(26,802)	820	(27,623)	(25,674)	(253)	(25,420)
Personnel expenses	8	(14,150)	519	(14,669)	(13,136)	243	(13,379)
Non-personnel expenses	9	(10,823)	255	(11,078)	(10,966)	(541)	(10,424)
Taxes	10	(1,828)	45	(1,874)	(1,570)	44	(1,615)
Actual net operating profit (1+7)	11	4,223	(3,571)	7,794	2,055	(3,173)	5,228
Core net operating profit (11-6)	12	3,431	(3,748)	7,180	4,790	116	4,673
Amortization of goodwill	13	-	-	-	-	-	-
Provision to general reserve for possible loan losses	14	-	-	-	(585)	(821)	235
Net operating profit (1+7+13+14)	15	4,223	(3,571)	7,794	1,469	(3,994)	5,464
Other gains/(losses), net	16	522	(1,875)	2,397	1,896	816	1,080
Net gains/(losses) on stocks	17	392	(1,985)	2,378	2,535	(396)	2,931
Gains on sale	18	411	(1,978)	2,389	2,763	(181)	2,944
Losses on sale	19	(18)	(7)	(11)	(175)	(175)	(0)
Losses on devaluation	20	(0)	(0)	-	(52)	(39)	(12)
Disposal of problem loans	21	(572)	(184)	(388)	(813)	745	(1,559)
Reversal of credit expenses	22	2,665	686	1,978	70	(51)	122
Other	23	(1,962)	(391)	(1,570)	103	518	(414)
Ordinary profit (15+16)	24	4,746	(5,446)	10,192	3,366	(3,178)	6,544
Extraordinary gains/(losses), net	25	(24)	(735)	711	205	(260)	466
Net gains/(losses) on disposal of fixed assets	26	(22)	(888)	865	(112)	(95)	(17)
Impairment losses on fixed assets	27	(1)	152	(154)	-	111	(111)
Other	28	-	-	-	318	(276)	595
Income before income taxes (24+25)	29	4,721	(6,182)	10,903	3,571	(3,439)	7,010
Income taxes-current	30	(204)	221	(425)	(477)	139	(616)
Income taxes-deferred	31	(1,285)	1,002	(2,287)	(553)	493	(1,046)
Net income (29+30+31)	32	3,232	(4,958)	8,191	2,540	(2,806)	5,347

Credit expense (14+21+22)	33	2,092	502	1,589	(1,328)	(126)	(1,201)
Provision to general reserve for possible loan losses	34	(20)	(735)	715	(585)	(821)	235
Write-off of loans	35	(679)	(296)	(383)	(0)	391	(391)
Provision to specific reserve for possible loan losses	36	2,430	2,144	285	(566)	434	(1,000)
Other disposal of problem loans	37	106	111	(5)	(246)	(79)	(166)
Gains on recoveries of written-off loans	38	254	(722)	977	70	(51)	122

Note: The figures of "credit expense" include the figures of "gains on recoveries of written-off loans".

○ Interest rate spreads (domestic operations)

(%)

	Kinki Osaka Bank			Minato Bank		
	1-3Q		1-3Q	1-3Q		1-3Q
	FY 2018	Change	FY 2017	FY 2018	Change	FY 2017
Average interest rate of loans and bills discounted (A)	1.08	(0.08)	1.16	1.07	(0.06)	1.13
Average interest rate of deposits and negotiable CDs (B)	0.02	(0.00)	0.03	0.02	(0.00)	0.02
Loan-to-deposit spread (A) - (B)	1.05	(0.07)	1.13	1.04	(0.06)	1.10

2. Claims disclosure according to the Financial Reconstruction Act

(Millions of yen, %)

<Total of three banks>		End of Dec.			End of Mar.	End of Dec.
		2018 (A)	(A)-(B)	(A)-(C)	2018 (B)	2017 (C)
	Unrecoverable or valueless claims	33,867	3,289	1,710	30,577	32,156
	Risk claims	105,025	(9,571)	(11,255)	114,597	116,281
	Special attention loans	23,898	7,734	7,667	16,163	16,231
	Financial Reconstruction Act subtotal [A]	162,791	1,453	(1,877)	161,337	164,669
	Normal claims	9,107,082	239,630	325,353	8,867,451	8,781,729
	Financial Reconstruction Act total [B]	9,269,874	241,084	323,475	9,028,789	8,946,399
	Partial direct write-offs	78,795	434	(10,361)	78,361	89,157
	NPL Ratio [A] / [B]	1.75	(0.03)	(0.08)	1.78	1.84

<Kansai Urban Banking Corporation>

	Unrecoverable or valueless claims	13,637	2,562	2,013	11,075	11,623
	Risk claims	39,705	(146)	(535)	39,851	40,240
	Special attention loans	11,568	5,097	5,616	6,470	5,951
	Financial Reconstruction Act subtotal [A]	64,910	7,512	7,095	57,397	57,815
	Normal claims	3,954,152	32,036	58,836	3,922,116	3,895,315
	Financial Reconstruction Act total [B]	4,019,063	39,548	65,931	3,979,514	3,953,131
	Partial direct write-offs	68,484	(211)	(7,708)	68,696	76,192
	NPL Ratio [A] / [B]	1.61	0.17	0.15	1.44	1.46

<Kinki Osaka Bank>

	Unrecoverable or valueless claims	6,082	(489)	(1,214)	6,572	7,296
	Risk claims	34,184	(5,894)	(6,391)	40,078	40,575
	Special attention loans	8,321	1,299	1,239	7,022	7,082
	Financial Reconstruction Act subtotal [A]	48,588	(5,084)	(6,366)	53,673	54,955
	Normal claims	2,450,143	39,624	77,621	2,410,519	2,372,522
	Financial Reconstruction Act total [B]	2,498,732	34,539	71,255	2,464,192	2,427,477
	Partial direct write-offs	6,139	(332)	(2,650)	6,472	8,790
	NPL Ratio [A] / [B]	1.94	(0.23)	(0.31)	2.17	2.26

<Minato Bank>

	Unrecoverable or valueless claims	14,146	1,217	911	12,929	13,235
	Risk claims	31,136	(3,530)	(4,328)	34,666	35,465
	Special attention loans	4,008	1,338	811	2,670	3,197
	Financial Reconstruction Act subtotal [A]	49,292	(974)	(2,606)	50,266	51,898
	Normal claims	2,702,786	167,970	188,894	2,534,815	2,513,891
	Financial Reconstruction Act total [B]	2,752,078	166,995	186,288	2,585,082	2,565,790
	Partial direct write-offs	4,170	977	(2)	3,192	4,173
	NPL Ratio [A] / [B]	1.79	(0.15)	(0.23)	1.94	2.02

3. Unrealized gains/(losses) on marketable securities (Held-to-maturity debt securities, stocks of subsidiaries and affiliates and available-for-sale securities)

(Millions of yen)

<Consolidated>	B/S Amount (End of Dec. 2018)	Change from End of Mar. 2018	Unrealized gains/(losses)			Change from End of Mar. 2018
			(End of Dec. 2018)	Gain	Loss	
Bonds held to maturity	215,855		3,258	3,453	(195)	-
Available-for-sale securities	897,721		(1,504)	13,957	(15,462)	-
Stocks	54,777		6,332	11,154	(4,822)	-
Bonds	624,765		643	884	(241)	-
JGB	55,466		165	166	(1)	-
Other	218,177		(8,480)	1,919	(10,399)	-

<Total of three banks>

Bonds held to maturity	215,852	(1,531)	3,260	3,455	(194)	(41)
Stock of subsidiaries and affiliates	-	-	-	-	-	-
Available-for-sale securities	896,228	(183,260)	21,482	36,180	(14,697)	(11,980)
Stocks	54,631	(8,492)	31,328	31,709	(381)	(6,141)
Bonds	624,765	(148,024)	1,684	1,963	(278)	157
Other	216,831	(26,743)	(11,530)	2,507	(14,037)	(5,996)

<Kansai Urban Banking Corporation>

Bonds held to maturity	-	-	-	-	-	-
Stock of subsidiaries and affiliates	-	-	-	-	-	-
Available-for-sale securities	212,920	(2,631)	14,882	17,803	(2,920)	(726)
Stocks	24,589	568	15,110	15,232	(122)	958
Bonds	132,450	(8,141)	880	893	(13)	(166)
Other	55,880	4,941	(1,107)	1,676	(2,784)	(1,517)

<Kinki Osaka Bank>

Bonds held to maturity	207,636	601	3,256	3,451	(194)	(32)
Stock of subsidiaries and affiliates	-	-	-	-	-	-
Available-for-sale securities	463,092	(76,088)	5,772	9,118	(3,346)	(4,316)
Stocks	11,814	(2,562)	8,090	8,108	(18)	(2,318)
Bonds	377,258	(75,347)	175	280	(104)	601
Other	74,020	1,821	(2,494)	729	(3,223)	(2,599)

<Minato Bank>

Bonds held to maturity	8,216	(2,133)	4	4	-	(8)
Stock of subsidiaries and affiliates	-	-	-	-	-	-
Available-for-sale securities	220,215	(104,540)	828	9,258	(8,430)	(6,937)
Stocks	18,227	(6,498)	8,127	8,367	(240)	(4,781)
Bonds	115,057	(64,535)	629	789	(160)	(277)
Other	86,930	(33,506)	(7,928)	100	(8,029)	(1,878)

Note: The figures presented in the table above include securities, negotiable certificates of deposit (NCDs) included in "cash and due from banks" and a portion of "monetary claims bought."

The presented figures only include marketable securities.

4. Balance of deposits and loans

(Millions of yen)

<Total of three banks>	End of Dec.			End of Mar.	End of Dec.
	2018 (A)	(A)-(B)	(A)-(C)	2018 (B)	2017 (C)
Deposits (Term-end)	10,952,226	387,550	244,863	10,564,675	10,707,363
Deposits (Average balance)	10,763,734	236,659	254,203	10,527,074	10,509,530
Loans and bills discounted (Term-end)	9,132,588	231,070	305,162	8,901,517	8,827,425
Loans and bills discounted (Average balance)	8,911,982	178,567	188,803	8,733,414	8,723,179

<Kansai Urban Banking Corporation>

Deposits (Term-end)	4,260,039	183,944	98,074	4,076,095	4,161,965
Deposits (Average balance)	4,177,679	88,772	95,048	4,088,906	4,082,630
Loans and bills discounted (Term-end)	3,997,522	38,499	64,683	3,959,023	3,932,839
Loans and bills discounted (Average balance)	3,953,001	68,543	78,824	3,884,458	3,874,176

<Kinki Osaka Bank>

Deposits (Term-end)	3,362,122	112,120	72,242	3,250,002	3,289,879
Deposits (Average balance)	3,295,168	52,441	55,244	3,242,727	3,239,924
Loans and bills discounted (Term-end)	2,440,286	25,125	52,200	2,415,160	2,388,085
Loans and bills discounted (Average balance)	2,388,799	33,194	33,041	2,355,605	2,355,757

<Minato Bank>

Deposits (Term-end)	3,330,064	91,486	74,546	3,238,577	3,255,517
Deposits (Average balance)	3,290,886	95,445	103,910	3,195,440	3,186,975
Loans and bills discounted (Term-end)	2,694,779	167,445	188,277	2,527,333	2,506,501
Loans and bills discounted (Average balance)	2,570,181	76,830	76,936	2,493,351	2,493,245

<Reference> Domestic breakdown of individual, corporate and other deposits (Millions of yen)

<Total of three banks>	End of Dec. 2018 (A)	(A)-(B)	(A)-(C)	End of Mar. 2018 (B)	End of Dec. 2017 (C)
Domestic individual deposits (Term-end)	8,049,661	170,884	68,519	7,878,776	7,981,141
Liquid deposits	4,182,009	234,868	196,937	3,947,140	3,985,072
Time deposits	3,845,092	(60,225)	(127,822)	3,905,317	3,972,914
Domestic corporate deposits (Term-end)	2,508,430	63,002	101,949	2,445,428	2,406,480
Liquid deposits	1,593,190	13,560	50,273	1,579,630	1,542,917
Time deposits	868,438	38,341	42,525	830,097	825,912

<Kansai Urban Banking Corporation>

Domestic individual deposits (Term-end)	2,881,880	39,279	(5,162)	2,842,601	2,887,043
Liquid deposits	917,674	61,836	58,737	855,837	858,936
Time deposits	1,961,774	(22,178)	(63,648)	1,983,953	2,025,422
Domestic corporate deposits (Term-end)	1,086,945	37,414	52,634	1,049,531	1,034,311
Liquid deposits	553,921	(6,130)	1,354	560,051	552,566
Time deposits	520,905	44,171	53,658	476,734	467,247

<Kinki Osaka Bank>

Domestic individual deposits (Term-end)	2,573,744	56,462	25,129	2,517,281	2,548,614
Liquid deposits	1,581,666	86,634	68,687	1,495,032	1,512,979
Time deposits	985,043	(28,966)	(43,560)	1,014,010	1,028,603
Domestic corporate deposits (Term-end)	730,552	5,999	34,017	724,553	696,534
Liquid deposits	515,047	(3,393)	29,727	518,440	485,319
Time deposits	192,681	(1,417)	(5,288)	194,098	197,969

<Minato Bank>

Domestic individual deposits (Term-end)	2,594,036	75,143	48,553	2,518,893	2,545,483
Liquid deposits	1,682,669	86,397	69,512	1,596,271	1,613,156
Time deposits	898,274	(9,079)	(20,614)	907,353	918,888
Domestic corporate deposits (Term-end)	690,932	19,588	15,297	671,343	675,635
Liquid deposits	524,222	23,084	19,190	501,137	505,031
Time deposits	154,851	(4,412)	(5,844)	159,263	160,695

(Notes)

- Figures are based on the reports submitted to Bank of Japan. (loans in Japan Offshore Banking Account)
- Liquid deposits = current deposits + ordinary deposits + saving deposits + deposits at notice

<Reference> Balance of investment trust and other investment products for individual customers (Millions of yen)

<Total of three banks>	End of Dec. 2018 (A)	(A)-(B)	(A)-(C)	End of Mar. 2018 (B)	End of Dec. 2017 (C)
Investment trust (Including fund wrap)	622,530	(44,555)	(72,983)	667,085	695,514
Public bond	12,951	(2,416)	(3,081)	15,367	16,033
Insurance	800,856	55,930		744,926	

<Kansai Urban Banking Corporation>

Investment trust (Including fund wrap)	232,323	(8,597)	(19,496)	240,921	251,820
Public bond	656	(70)	(108)	726	764
Insurance	365,992	36,434		329,558	

<Kinki Osaka Bank>

Investment trust (Including fund wrap)	202,771	(19,641)	(30,655)	222,412	233,426
Public bond	4,260	(407)	(544)	4,667	4,804
Insurance	245,690	7,150	(766)	238,540	246,457

<Minato Bank>

Investment trust (Including fund wrap)	187,436	(16,316)	(22,832)	203,752	210,268
Public bond	8,034	(1,938)	(2,429)	9,973	10,463
Insurance	189,172	12,345	14,291	176,827	174,881

(Note)

Investment trust: based on market prices at each period-end

Public bond: Government bonds, local government bonds, and government-guaranteed bonds in custody accounts. (amounts in par value and on a delivery date basis)

Insurance: based on insurance premiums paid (yen equivalent)