



**Kansai Mirai Financial Group, Inc.**  
**Consolidated Financial Results for Fiscal Year 2018**  
**(April 1, 2018 - March 31, 2019/ Unaudited)**  
**<under Japanese GAAP>**



Code number: 7321  
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 General Meeting of Stockholders: June 26, 2019  
 Annual securities report issuing date: June 27, 2019  
 Supplemental information for the financial results: Available  
 Investor relations meeting: Scheduled

Stock exchange listings: Tokyo

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Dividends payment date: June 27, 2019

Trading accounts: Not established

Note: Amounts of less than one million yen are rounded down.

**1. Consolidated Financial Results for Fiscal Year 2018 (April 1, 2018- March 31, 2019)**

(1) Consolidated Operating Results

(% represents the change from the previous fiscal year)

	Ordinary Income		Ordinary Profits		Net Income Attributable to Owners of Parent	
	Million yen	%	Million yen	%	Million yen	%
Fiscal Year 2018	192,866	(-)	16,679	(680.8)	68,422	(- 5.0)
Fiscal Year 2017	14,192	(-)	2,136	(-)	72,054	(-)

Note : 1. Comprehensive Income: FY 2018: 66,262 million yen (- 8.9%) FY 2017: 72,757 million yen (-)

2. Year-to-year change ratio of ordinary income for FY 2018 is disclosed as “-” since it exceeds 1,000%.

3. For FY 2017, year-to-year change ratios are not disclosed as the Company was established on November 14, 2017.

	Net Income per Share of Common Stock	Diluted Net Income per Share of Common Stock	Net Income to Net Assets Attributable to Stockholders Ratio	Ordinary Profits to Total Assets Ratio	Ordinary Profits to Ordinary Income Ratio
	Yen	Yen	%	%	%
Fiscal Year 2018	183.70	183.50	22.7	0.2	8.6
Fiscal Year 2017	1,374.30	-	108.8	0.1	15.0

Note: 1. For FY 2017, Diluted Net Income per Share of Common Stock is not disclosed because there were no potentially dilutive common shares.

2. For FY 2017, Net Income to Net Assets Attributable to Stockholders Ratio above is calculated at Net Income Attributable to Owners of Parent divided by (Net Assets Attributable to Stockholders when established + Net Assets Attributable to Stockholders at fiscal year-end) ÷ 2. Net Income to Net Assets Attributable to Stockholders Ratio, which is calculated at Net income attributable to Owners of Parent divided by (Net Assets Attributable to Stockholders at the end of December 2017 + Net Assets Attributable to Stockholders at fiscal year-end) ÷ 2, is 54.7%

3. For FY 2017, Ordinary Profits to Total Assets Ratio above is calculated at Ordinary Profits divided by (Total Assets when established + Total Assets at fiscal year-end) ÷ 2. Ordinary Profits to Total Assets Ratio, which is calculated at Ordinary Profits divided by (Total Assets at the end of December 2017 + Total Assets at fiscal year-end) ÷ 2, is 0.0%.

(2) Consolidated Financial Conditions

	Total Assets	Net Assets	Net Assets Attributable to Stockholders to Total Assets Ratio	Net Assets per Share of Common Stock
	Million yen	Million yen	%	Yen
March 31, 2019	11,630,112	473,520	4.0	1,263.56
March 31, 2018	3,538,460	131,937	3.7	2,100.58

(Reference) Net Assets Attributable to Stockholders: March 31, 2019: 470,629 million yen March 31, 2018: 131,937 million yen

Note: “Net Assets Attributable to Stockholders to Total Assets Ratio” is (Net assets at year-end minus Stock option at year-end minus Noncontrolling interests at year-end) divided by Total assets at year-end. This ratio is not calculated based on the “Notification on Consolidated Capital Adequacy.”

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at Fiscal Year-end
	Million yen	Million yen	Million yen	Million yen
Fiscal Year 2018	(355,929)	258,829	(6,909)	1,134,904
Fiscal Year 2017	(89,683)	343,140	49,179	302,636

**2. Dividends on Common Stock**

	Dividends per Share					Total Dividends (Annual)	Dividend Payout Ratio (Consolidated)	Dividends to Net Assets Ratio (Consolidated)
	1 <sup>st</sup> Quarter-end	2 <sup>nd</sup> Quarter-end	3 <sup>rd</sup> Quarter-end	Fiscal Year-end	Total			
	<i>Yen</i>	<i>Yen</i>	<i>Yen</i>	<i>Yen</i>	<i>Yen</i>	<i>Million yen</i>	%	%
Fiscal Year 2017	—	0.00	—	0.00	0.00	0	0.0	0.0
Fiscal Year 2018	—	0.00	—	25.00	25.00	9,311	13.6	1.5
Fiscal Year 2019 (Forecast)	—	0.00	—	25.00	25.00		74.5	

**3. Earnings Targets for Fiscal Year 2019 (April 1, 2019 - March 31, 2020)**

(% represents the change from the same period in the previous fiscal year)

	Net Income Attributable to Owners of Parent		Net Income per Share of Common Stock
	<i>Million yen</i>	%	<i>Yen</i>
1 <sup>st</sup> Half of Fiscal Year 2019	5,000	(- 92.4)	13.42
Fiscal Year 2019 (Full year)	12,500	(- 81.7)	33.56

**※ Other Notes**

- (1) Changes in Significant Subsidiaries during the Fiscal Year: Yes  
 New : 2 companies Kansai Urban Banking Corporation and The Minato Bank, Ltd.  
 Excluded : Not applicable
- (2) Changes in Accounting Policies, Changes in Accounting Estimates and Restatement during the Fiscal Year  
 A) Changes due to revision of accounting standards: No  
 B) Changes due to other reasons: No  
 C) Changes in accounting estimates: No  
 D) Restatement: No
- (3) Number of Shares of Common Stock Outstanding  
 A) Total outstanding shares including treasury stock at the fiscal year-end  
 March 31, 2019: 372,876,219 shares March 31, 2018: 62,809,625 shares  
 B) Treasury stock at the fiscal year-end  
 March 31, 2019: 414,624 shares March 31, 2018: — shares  
 C) Average outstanding shares during the fiscal year  
 Fiscal Year 2018: 372,456,464 shares Fiscal Year 2017: 52,429,800 shares

※ This Consolidated Financial Results is not subject to audit by Certified Public Accountants or Audit Firm.

**※ Disclaimer regarding Forward-looking Statements and Other notes**

This report contains forward-looking statements, which are based on the information currently available and certain assumptions the company considers to be reasonable. Risks, uncertainties and other factors may cause actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. Please refer to attachment "1. Overview of Operating Results (2) Future Outlook" for the assumptions used for the earnings targets.

Note: How to get supplemental information for the financial results

Supplemental information for the financial results is disclosed through TD net. Investor relations meeting for institutional investor or analyst is scheduled on May 23, 2019. Materials for the meeting will be available on the web site after the meeting.

- Formula for Targeted Net Income per Share of Common Stock

Targeted net income attributable to owners of parent

Forecasted average number of shares of common stock (excluding treasury stock)

\* Forecasted average number of shares of common stock (excluding treasury stock): 372,461,595 shares

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## 1. Overview of Operating Results

### (1) Overview of Operating Results and Financial Conditions

On April 1, 2018, share exchanges with both Kansai Urban Banking Corporation and The Minato Bank, Ltd. were implemented and all business integration including The Kinki Osaka Bank, Ltd. has been completed. The Group took a new step as a leading financial group in Japan and being one of the largest financial groups in the Kansai region. Under this circumstance, operating results and financial conditions for the fiscal year 2018 became as follows. Thus, comparison of operating results with previous year was not disclosed.

Consolidated gross ordinary profit for the fiscal year 2018 amounted to ¥148.4 billion. Net interest income amounted to ¥112.7 billion under circumstances where loan rate decreased, though the effect was partially offset by increased average loan balance.

Fees and commission income amounted to ¥31.2 billion mainly because insurance product sales and corporate related fee income continued to be well. Other operating income amounted to ¥4.3 billion mainly because soundness of the securities portfolio was improved. Operating expenses amounted to ¥116.4 billion.

As a result of above, actual net operating profit amounted to ¥31.9 billion. Credit costs (net) amounted to ¥5.0 billion of expense mainly due to the impact of unified rule after the business integration.

Net income attributable to owners of parent amounted to ¥68.4 billion after recognizing ¥56.6 billion of gain on negative goodwill relating to the business integration.

Total assets on a consolidated basis increased by ¥8,091.6 billion to ¥11,630.1 billion.

With regards to assets, loan and bills discounted increased by ¥6,675.7 billion to ¥9,092.3 billion and securities increased by ¥291.7 billion to ¥1,025.3 billion. With regards to liabilities, deposits increased by ¥7,437.8 billion to ¥10,685.7 billion and negotiable certificates of deposit increased by ¥172.2 billion to ¥206.9 billion. With regards to net assets, total stockholders' equity increased by ¥340.9 billion to ¥472.2 billion.

With regards to cash flows on a consolidated basis, cash flows from operating activities was used in ¥355.9 billion due to decreased cash mainly by net increase in loans and bills discounted and net decrease in call money and other, which exceeded increased cash mainly by net increase in deposits. Cash flows from investing activities was provided by ¥258.8 billion mainly because proceeds from sales of securities and proceeds from redemption of securities, which exceeded purchase of securities. Cash flows from financing activities was used in ¥6.9 billion mainly due to dividends paid.

As a result, net decrease in cash and cash equivalents during the fiscal year amounted to ¥103.9 billion. In addition, because the increase in cash and cash equivalents resulting from share exchanges amounted to ¥936.2 billion, cash and cash equivalents at the end of the fiscal year 2018 amounted to ¥1,134.9 billion.

### (2) Future Outlook

For consolidated earnings outlook for the fiscal year 2019, ¥12.5 billion of net income attributable to owners of parent is set as target. For total of the group banks, ¥25.5 billion of actual net operating profit and ¥11.0 billion of net income are set as target.

The Group provides financial services such as leasing and credit card administration in addition to its main banking business. There exists a variety of uncertainty caused by the economic environment, such as long term low interest rate environment due to the continuation of Negative Interest Rate Policy by the Bank of Japan. Therefore, the Company discloses consolidated earnings targets instead of consolidated earnings forecasts.

With regards to dividends, in view of its public nature as a regional financial group, the Company will maintain stable dividends while paying attention to the challenges relating to the Company's capital and financial policies and securing the required capital adequacy ratio.

For the fiscal year 2019, the Company plans annual dividends per share of common stock at ¥25 (year-end dividend ¥25).

## 2. Basic Stance on Selection of Accounting Standards

The Company applies accounting principles generally accepted in Japan. The Group responds appropriately to the application of the International Financial Reporting Standards (IFRS) in the future by considering the situation prevailing in Japan and abroad.

## 3. Consolidated Financial Statements

## (1) Consolidated Balance Sheet

(Millions of yen)

	March 31, 2018	March 31, 2019
<b>Assets</b>		
Cash and due from banks	¥ 317,903	¥ 1,160,157
Call loans and bills bought	—	5,918
Monetary claims bought	5,022	4,537
Trading account securities	—	83
Securities	733,555	1,025,327
Loans and bills discounted	2,416,593	9,092,337
Foreign exchange assets	5,826	23,563
Lease receivables and investment assets	—	37,021
Other assets	28,192	155,219
Tangible fixed assets	29,100	110,139
Buildings	9,180	38,669
Land	17,784	62,502
Leased assets	646	1,214
Construction in progress	218	8
Other tangible fixed assets	1,269	7,744
Intangible fixed assets	342	8,837
Software	52	7,231
Leased assets	13	162
Other intangible fixed assets	277	1,442
Net defined benefit asset	108	6,149
Deferred tax assets	8,213	27,610
Customers' liabilities for acceptances and guarantees	9,309	25,086
Reserve for possible loan losses	(15,708)	(51,877)
<b>Total Assets</b>	<u>3,538,460</u>	<u>11,630,112</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Deposits	3,247,941	10,685,792
Negotiable certificates of deposit	34,700	206,950
Call money and bills sold	—	124
Payables under securities lending transactions	—	23,014
Borrowed money	78,900	101,851
Foreign exchange liabilities	140	277
Other liabilities	24,325	87,048
Reserve for employees' bonuses	1,792	5,346
Net defined benefit liability	3,894	12,219
Other reserves	5,518	8,420
Deferred tax liabilities	—	460
Acceptances and guarantees	9,309	25,086
<b>Total Liabilities</b>	<u>3,406,522</u>	<u>11,156,591</u>
<b>Net Assets</b>		
Capital stock	29,589	29,589
Capital surplus	29,589	309,357
Retained earnings	72,054	133,654
Treasury stock	—	(375)
Total stockholders' equity	<u>131,233</u>	<u>472,225</u>
Net unrealized gains on available-for-sale securities	7,277	6,904
Net deferred gains on hedges	—	(39)
Remeasurements of defined benefit plans	(6,573)	(8,461)
Total accumulated other comprehensive income	<u>703</u>	<u>(1,596)</u>
Stock acquisition rights	—	309
Noncontrolling interests	—	2,581
<b>Total Net Assets</b>	<u>131,937</u>	<u>473,520</u>
<b>Total Liabilities and Net Assets</b>	<u>¥ 3,538,460</u>	<u>¥ 11,630,112</u>

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income  
 [Consolidated Statement of Income]

(Millions of yen)

	For the fiscal year ended March 31, 2018	For the fiscal year ended March 31, 2019
<b>Ordinary income</b>	¥ 14,192	¥ 192,866
Interest income	7,713	118,927
Interest on loans and bills discounted	6,649	106,484
Interest and dividends on securities	977	9,614
Interest on call loans and bills bought	0	128
Interest on receivables under resale agreements	—	(7)
Interest on due from banks	68	845
Other interest income	17	1,862
Fees and commissions	4,993	46,605
Other operating income	964	23,406
Other ordinary income	522	3,927
Reversal of reserve for possible loan losses	197	—
Recoveries of written-off loans	235	574
Other	88	3,352
<b>Ordinary expenses</b>	12,056	176,186
Interest expenses	302	6,145
Interest on deposits	251	5,165
Interest on negotiable certificates of deposit	0	23
Interest on call money and bills sold	(8)	(80)
Interest on payables under securities lending transactions	0	442
Interest on borrowed money	51	545
Other interest expenses	5	48
Fees and commissions	1,341	15,331
Other operating expenses	34	19,051
General and administrative expenses	9,727	119,294
Other ordinary expenses	650	16,362
Provision to reserve for possible loan losses	—	2,926
Other	650	13,436
<b>Ordinary profits</b>	<u>2,136</u>	<u>16,679</u>
<b>Extraordinary gains</b>	70,424	56,837
Gains on disposal of fixed assets	—	209
Gain on negative goodwill	70,424	56,628
<b>Extraordinary losses</b>	33	745
Losses on disposal of fixed assets	23	448
Impairment losses on fixed assets	9	297
<b>Income before income taxes</b>	<u>72,527</u>	<u>72,771</u>
Income taxes – current	99	3,803
Income taxes – deferred	373	443
Total income taxes	473	4,247
<b>Net income</b>	<u>72,054</u>	<u>68,524</u>
<b>Net income attributable to noncontrolling interests</b>	—	101
<b>Net income attributable to owners of parent</b>	<u>¥ 72,054</u>	<u>¥ 68,422</u>

**[Consolidated Statement of Comprehensive Income]**

(Millions of yen)

	For the fiscal year ended March 31, 2018	For the fiscal year ended March 31, 2019
<b>Net income</b>	¥ 72,054	¥ 68,524
<b>Other comprehensive income</b>	703	(2,261)
Net unrealized gains (losses) on available-for-sale securities	7,277	(335)
Net deferred gains (losses) on hedges	—	(39)
Remeasurements of defined benefit plans	(6,573)	(1,887)
<b>Total comprehensive income</b>	<u>¥ 72,757</u>	<u>¥ 66,262</u>
<b>Total comprehensive income attributable to:</b>		
Owners of parent	¥ 72,757	¥ 66,123
Noncontrolling interests	¥ —	¥ 139

**(3) Consolidated Statement of Changes in Net Assets**  
**For the fiscal year ended March 31, 2018**

(Millions of yen)

	Stockholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total stockholders' equity
Balance at the beginning of the fiscal year	¥ —	¥ —	¥ —	¥ —
Changes during the fiscal year				
Issuance of new shares	29,589	29,589		59,179
Net income attributable to owners of parent			72,054	72,054
Net changes except for stockholders' equity during the fiscal year				
Total changes during the fiscal year	29,589	29,589	72,054	131,233
Balance at the end of the fiscal year	¥ 29,589	¥ 29,589	¥ 72,054	¥ 131,233

	Accumulated other comprehensive income			Total net assets
	Net unrealized gains on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of the fiscal year	¥ —	¥ —	¥ —	¥ —
Changes during the fiscal year				
Issuance of new shares				59,179
Net income attributable to owners of parent				72,054
Net changes except for stockholders' equity during the fiscal year	7,277	(6,573)	703	703
Total changes during the fiscal year	7,277	(6,573)	703	131,937
Balance at the end of the fiscal year	¥ 7,277	¥ (6,573)	¥ 703	¥ 131,937



**(3) Consolidated Statement of Changes in Net Assets - Continued**  
**For the fiscal year ended March 31, 2019**

(Millions of yen)

	Stockholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at the beginning of the fiscal year	¥ 29,589	¥ 29,589	¥ 72,054	¥ —	¥ 131,233
Changes during the fiscal year					
Increase by share exchanges		280,108			280,108
Dividends paid			(6,823)		(6,823)
Net income attributable to owners of parent			68,422		68,422
Purchase of treasury stock				(739)	(739)
Disposal of treasury stock		(2)		11	8
Cancellation of treasury stock		(353)		353	—
Changes in shareholders' interest due to transaction with noncontrolling interests		14			14
Net changes except for stockholders' equity during the fiscal year					
Total changes during the fiscal year	—	279,767	61,599	(375)	340,992
Balance at the end of the fiscal year	¥ 29,589	¥ 309,357	¥ 133,654	¥ (375)	¥ 472,225

	Accumulated other comprehensive income				Stock acquisition rights	Noncontrolling interests	Total net assets
	Net unrealized gains on available-for-sale securities	Net deferred gains on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the fiscal year	¥ 7,277	¥ —	¥ (6,573)	¥ 703	¥ —	¥ —	¥ 131,937
Changes during the fiscal year							
Increase by share exchanges							280,108
Dividends paid							(6,823)
Net income attributable to owners of parent							68,422
Purchase of treasury stock							(739)
Disposal of treasury stock							8
Cancellation of treasury stock							—
Changes in shareholders' interest due to transaction with noncontrolling interests							14
Net changes except for stockholders' equity during the fiscal year	(373)	(39)	(1,887)	(2,299)	309	2,581	591
Total changes during the fiscal year	(373)	(39)	(1,887)	(2,299)	309	2,581	341,583
Balance at the end of the fiscal year	¥ 6,904	¥ (39)	¥ (8,461)	¥ (1,596)	¥ 309	¥ 2,581	¥ 473,520

## (4) Consolidated Statement of Cash Flows

	(Millions of yen)	
	For the fiscal year ended March 31, 2018	For the fiscal year ended March 31, 2019
<b>Cash flows from operating activities</b>		
Income before income taxes	¥ 72,527	¥ 72,771
Adjustment for:		
Depreciation and amortization	280	8,817
Impairment losses on fixed assets	9	297
Gain on negative goodwill	(70,424)	(56,628)
Increase/(decrease) in reserve for possible loan losses	(69)	(5,002)
Increase/(decrease) in other reserves	(236)	285
Increase/(decrease) in reserve for employees' bonuses	512	245
(Increase)/decrease in net defined benefit asset	10	1,170
Increase/(decrease) in net defined benefit liability	(236)	932
Interest income (accrual basis)	(7,713)	(118,927)
Interest expenses (accrual basis)	302	6,145
Net (gains)/losses on securities	(797)	(1,790)
Net foreign exchange (gains)/losses	603	(668)
Net (gains)/losses on disposal of fixed assets	23	239
Net (increase)/decrease in loans and bills discounted	(27,148)	(224,065)
Net increase/(decrease) in deposits	(40,157)	140,729
Net increase/(decrease) in negotiable certificates of deposit	(46,800)	7,038
Net increase/(decrease) in borrowed money (excluding subordinated borrowed money)	27,400	(106,113)
Net (increase)/decrease in due from banks (excluding those deposited at Bank of Japan)	(1,200)	(2,468)
Net (increase)/decrease in call loans and other	601	1,807
Net increase/(decrease) in call money and other	—	(129,875)
Net increase/(decrease) in payables under securities lending transactions	—	(51,942)
Net (increase)/decrease in foreign exchange assets	11	(4,655)
Net increase/(decrease) in foreign exchange liabilities	52	(60)
Net (increase)/decrease in lease receivables and investment assets	—	1,684
Interest receipts (cash basis)	6,928	119,902
Interest payments (cash basis)	(362)	(7,009)
Other, net	(3,748)	(2,755)
Subtotal	<u>(89,630)</u>	<u>(349,896)</u>
Income taxes paid or tax refund	(53)	(6,032)
<b>Net cash provided by/(used in) operating activities</b>	<u>¥ (89,683)</u>	<u>¥ (355,929)</u>

## (4) Consolidated Statement of Cash Flows - Continued

	(Millions of yen)	
	For the fiscal year ended March 31, 2018	For the fiscal year ended March 31, 2019
<b>Cash flows from investing activities</b>		
Purchases of securities	¥ (81,017)	¥ (388,821)
Proceeds from sales of securities	100,811	391,563
Proceeds from redemption of securities	33,125	263,373
Proceeds from fund management as investing activities	812	—
Purchases of tangible fixed assets	(261)	(4,674)
Proceeds from sales of tangible fixed assets	—	577
Purchases of intangible fixed assets	(7)	(3,090)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	289,686	—
Other, net	(9)	(98)
<b>Net cash provided by/(used in) investing activities</b>	<u>343,140</u>	<u>258,829</u>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	59,179	—
Purchases of treasury stock	—	(8)
Proceeds from sales of treasury stock	—	11
Dividends paid	—	(6,818)
Dividends paid to noncontrolling interests of consolidated subsidiaries	—	(2)
Purchases of subsidiaries' shares that do not result in change in scope of consolidation	—	(90)
Repayments of subordinated borrowings	(10,000)	—
<b>Net cash provided by/(used in) financing activities</b>	<u>49,179</u>	<u>(6,909)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>—</u>	<u>10</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>302,636</u>	<u>(103,997)</u>
<b>Cash and cash equivalents at the beginning of the fiscal year</b>	<u>—</u>	<u>302,636</u>
<b>Increase in cash and cash equivalents resulting from share exchanges</b>	<u>—</u>	<u>936,265</u>
<b>Cash and cash equivalents at the end of the fiscal year</b>	<u>¥ 302,636</u>	<u>¥ 1,134,904</u>

**(5) Note on Going-Concern Assumption**

Not applicable

**(6) Other Notes****【Change in Scope of Consolidation or Application of the Equity Method of Accounting】**

For the fiscal year 2018

Kansai Urban Banking Corporation and The Minato Bank, Ltd. became wholly-owned subsidiaries of the Company on April 1, 2018 when share exchanges became effective pursuant to the Share Exchange Agreement dated on November 14, 2017. In response, both banks and their consolidated subsidiaries were included in the scope of consolidation from the fiscal year 2018.

Consequently, there were 18 consolidated subsidiaries and 6 non-consolidated subsidiaries.

**【Segment Information】**

For the fiscal year 2018

## 1. Segment information

Principal operating activities of the segments are as follows:

Segment	Principal operating activity
Banking	Kansai Urban Banking Corporation, The Kinki Osaka Bank, Ltd. and The Minato Bank, Ltd. conduct deposit business, loan business, domestic exchange business, foreign exchange business, and securities business. Other than these, in order to supplement banking, consolidated subsidiaries conduct credit guarantee business
Leasing	Leasing business
Others	Credit card business, investment business / management consultation, consulting service

## 2. Profit and loss by segment

		Banking	Leasing	Others	Total
		(Millions of yen)			
Gross operating profit	(1)	¥ 144,669	¥ 2,007	¥ 4,634	¥ 151,312
General and administrative expenses	(2)	(113,178)	(1,447)	(4,304)	(118,931)
Credit cost	(3)	(4,782)	(151)	(100)	(5,034)
Segment profit	(1)+(2)+(3)	26,708	408	229	27,347
Segment assets		11,590,699	79,576	17,576	11,687,853
Depreciation		¥ 8,113	¥ 255	¥ 41	¥ 8,410

## 3. Reconciliation between the segment information and the consolidated financial statement for the fiscal year ended March 31, 2019 was as follows:

## (1) Reconciliation between segment profit and ordinary profits of the consolidated statement of income

Profit	Amount
Total amounts of segments	¥ 27,347
Elimination of inter-segment transactions	(416)
Gains (losses) on equity and other securities	1
Others	(10,251)
Ordinary profits of the consolidated statement of income	¥ 16,679

Notes: Gains (losses) on equity and other securities = Gains on sales of equity and other securities  
 – Losses on sales equity and other securities – Amortization of equity and other securities

## (2) Reconciliation between segment assets and total assets of the consolidated balance sheet

Assets	Amount
Total amounts of segments	¥ 11,687,853
Elimination of inter-segment transactions	(57,740)
Total assets of the consolidated balance sheet	¥ 11,630,112

**【Per Share Information】**

## 1. Net assets per share of common stock and its calculation base

(Millions of yen, except "Net assets per share of common stock" and number of shares)

	Fiscal year 2017 (March 31, 2018)	Fiscal year 2018 (March 31, 2019)
Net assets per share of common stock	2,100.58 yen	1,263.56 yen
(Calculation base)		
Total net assets	¥ 131,937	¥ 473,520
Deductions from total net assets	—	2,890
Stock acquisition rights	—	309
Noncontrolling interests	—	2,581
Net assets attributable to common stock at the end of the fiscal year	¥ 131,937	¥ 470,629
Number of shares of common stock at the end of the fiscal year used for the calculation of net assets per share of common stock (shares in thousands)	62,809	372,461

## 2. Net income per share of common stock, diluted net income per share of common stock and its calculation base

(Millions of yen, except "Net income per share of common stock",  
"Diluted net income per share of common stock" and number of shares)

	Fiscal year 2017 (From April 1, 2017 To March 31, 2018)	Fiscal year 2018 (From April 1, 2018 To March 31, 2019)
Net income per share of common stock	1,374.30 yen	183.70 yen
(Calculation base)		
Net income attributable to owners of parent	¥ 72,054	¥ 68,422
Amounts not attributable to common stock	—	—
Net income attributable to common stock	¥ 72,054	¥ 68,422
Weighted-average number of common shares during the fiscal year (shares in thousands)	52,429	372,456
Diluted net income per share of common stock	—	183.50 yen
(Calculation base)		
Adjustments for net income attributable to owners of parent	—	—
Number of increased shares of common stock (shares in thousands)	—	410
Stock acquisition rights (shares in thousands)	—	410
Dilutive common shares which are not included in the calculation of "Diluted net income per share of common stock" because they do not have dilutive effect. (shares in thousands)	—	—

Note: Diluted net income per share of common stock for fiscal year 2017 is not disclosed because there were no potentially dilutive common shares.

**【Significant Subsequent Event】**

Transaction under common control

(Merger between consolidated subsidiaries)

At the Board of Directors' meeting held on July 27, 2018, the Company resolved merger between Kansai Urban Banking Corporation ("Kansai Urban") and The Kinki Osaka Bank, Ltd. ("Kinki Osaka"), both consolidated subsidiaries, in order to maximize synergies of business integration as Kansai Mirai Financial Group, subject to the approval and permission of the relevant authorities. Kansai Urban and Kinki Osaka concluded the merger agreement on December 19, 2018.

Following the official permission obtained for the merger (Article 30, paragraph 1 of the Banking Act) on March 29, 2019, Kansai Urban and Kinki Osaka merged and changed the name of surviving company on April 1, 2019.

1. Overview of the business combination

(1) Name and business of combining companies

- (i) Name of the combining company: Kinki Osaka Bank, Ltd.  
Business of the combining company: Banking
- (ii) Name of the combined company: Kansai Urban Banking Corporation  
Business of the combined company: Banking

(2) Date of the business combination

April 1, 2019

(3) Legal form of the business combination

Absorption-Type Merger with Kinki Osaka as the surviving company and Kansai Urban as the absorbed company

(4) Company name after the combination

Kansai Mirai Bank, Limited

Note: Kinki Osaka changed its name to above on April 1, 2019.

2. Summary of accounting treatments

This merger is planned to be treated as a transaction under common control in accordance with "Accounting Standard for Business Combinations" (ASBJ Statement No.21 issued on January 16, 2019) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10 issued on January 16, 2019).

**【Business Combination】****(Business Integration between Kansai Urban Banking Corporation, The Kinki Osaka Bank, Ltd. and The Minato Bank, Ltd.)**

Pursuant to the Share Exchange Agreement dated on November 14, 2017, in which share exchanges with (i) the Company as the wholly-owning parent company and Kansai Urban Banking Corporation (“Kansai Urban”) as the wholly-owned subsidiary and (ii) the Company as the wholly-owning parent company and The Minato Bank, Ltd. (“Minato”) as a wholly-owned subsidiary set forth, the share exchanges became effective on April 1, 2018. As a result of the share exchanges, Kansai Urban and Minato became wholly-owned subsidiaries of the Company on April 1, 2018.

## 1. Overview of the business combination

## (1) Name and business of acquired companies

- (i) Name of the acquired company: Kansai Urban Banking Corporation  
Business of the acquired company: Banking
- (ii) Name of the acquired company: The Minato Bank, Ltd.  
Business of the acquired company: Banking

## (2) Main reason of the business combination

Kansai Urban, Kinki Osaka Bank, Ltd. and Minato (collectively, the “Integrating parties” and individually, the “Integrating party”) essentially believe that contributing to the further stimulation and vigorous growth of the Kansai economy, while making the best use of the strengths and characteristics of each Integrating party, is the most important mission for financial institutions whose primary market is the Kansai region and will eventually contribute to the sustainable growth of the Japanese economy. Based on the recognition, the Integrating parties have proceeded with a discussion and consideration on governance, management policy, business model and integrated form, etc. aiming at creating a “New Retail Financial Services Model that is in Step with the Future of the Kansai Region” based on the relationships with customers and local communities that each Integrating party has fostered for many years. As a result, the Integrating parties have determined that the Integrating parties are able to realize improvement of the corporate value more than when each Integrating party solely exists as separate entities, by implementing the Business Integration where the Integrated parties gather together under the Company.

## (3) Date of the business combination

April 1, 2018

## (4) Legal form of the business combination

Share exchanges with the Company as the wholly-owning parent company and Kansai Urban and Minato as the wholly-owned subsidiaries

## (5) Company name after the combination

Kansai Mirai Financial Group, Inc.

## (6) Acquired voting rights ratio

## (i) Kansai Urban

Voting rights ratio owned immediately preceding the business combination..... 0.0%  
Voting rights ratio additionally acquired on the date of the business combination..... 100.0%  
Voting rights ratio after acquired.....100.0%

## (ii) Minato

Voting rights ratio owned immediately preceding the business combination..... 0.0%  
Voting rights ratio additionally acquired on the date of the business combination..... 100.0%  
Voting rights ratio after acquired.....100.0%

## (7) The main grounds to determine the acquiring company

The Company is the acquiring company because it acquires wholly voting rights of the acquired companies.

## 2. The period for which the operations of the acquired companies are included in the consolidated statement of income

From April 1, 2018 to March 31, 2019

## 3. Acquisition cost and details by class of consideration of the acquired companies

## (1) Kansai Urban

Fair value of share of common stock at the business combination date.....	¥ 105,823 million
<u>Fair value of share of preferred stock at the business combination date.....</u>	<u>¥ 86,051 million</u>
Acquisition cost.....	¥ 191,874 million

## (2) Minato

Fair value of share of common stock at the business combination date.....	¥ 88,233 million
<u>Fair value of share of stock acquisition rights at the business combination date.....</u>	<u>¥ 318 million</u>
Acquisition cost.....	¥ 88,552 million

## 4. Share exchange ratios by class of shares, valuation methodologies of share exchange ratios by class of shares, and delivered number of the shares

## (1) Share exchange ratios by class of shares

(i) Share exchange ratio for common stock between the Company and Kansai Urban.....	1:1.60
(ii) Share exchange ratio for Class 1 preferred stock between the Company and Kansai Urban.....	1:1.30975768
(iii) Share exchange ratio for common stock between the Company and Minato.....	1:2.37

## (2) Valuation methodologies of share exchange ratios

In order to ensure the fairness and appropriateness of the determination of the share exchange ratio, Resona Holdings, Inc. ("Resona Holdings"), a parent company of the Company, selected Merrill Lynch Japan Securities Co., Ltd. ("Merrill Lynch Japan Securities"), Kansai Urban selected PwC Advisory LLC ("PwC"), and Minato selected Ernst & Young Transaction Advisory Services Co., Ltd. ("EYTAS"), respectively, as a third-party appraiser for calculation of the share exchange ratio, and requested to analyze the economic conditions and calculate the share exchange ratio.

The related parties carefully and repeatedly discussed and negotiated the share exchange ratio by comprehensively taking into consideration various factors, including the financial conditions, asset conditions and future prospects, etc. of each of the Integrating parties, and by Resona Holdings' examining the terms and conditions of the sequence of the business integrations as a whole, by reference to the results of the analysis and calculation by such third-party appraisers, and reached the conclusion that the share exchange ratios stated above are appropriate. Therefore, the related parties determined and agreed on the share exchange ratio in the share exchanges.

## (3) Delivered number of the shares

310,456,594 shares

## 5. Amount of assets acquired and the liabilities assumed at the business combination date

## (1) Kansai Urban

## (i) Assets

Total assets..... ¥ 4,699,186 million  
of which loans and bills discounted..... ¥ 3,939,196 million

## (ii) Liabilities

Total liabilities..... ¥ 4,497,973 million  
of which deposits..... ¥ 4,063,161 million

## (2) Minato

## (i) Assets

Total assets..... ¥ 3,523,450 million  
of which loans and bills discounted..... ¥ 2,513,381 million

## (ii) Liabilities

Total liabilities..... ¥ 3,385,376 million  
of which deposits..... ¥ 3,233,959 million

## 6. Amount and reason for negative goodwill

## (1) Amount of negative goodwill

¥ 56,628 million

## (2) Reason for negative goodwill

Since the net amounts of assets acquired and liabilities assumed exceeded the acquisition cost, the difference was recognized as gain on negative goodwill.