

Creation of Kansai Mirai Financial Group



Kansai Mirai Financial Group, Inc.

September 26, 2017

**Resona Holdings, Inc. (RHD)
The Minato Bank, Ltd. (MB)
Kansai Urban Banking Corporation (KUB)
The Kinki Osaka Bank, Ltd. (KOB)**

Company Name and Management Principles

Kansai Mirai Financial Group, Inc. (KMFG)

Our corporate name represents our determination to build a new retail financial services model which will advance together with the future of the Kansai region, by creating a top-class regional financial group in Japan, the largest in the Kansai region, which will further develop the relationship with customers and local communities that the three integrating banks have long fostered, and for which employees can take pride in working.

Management principles

**As a financial group which will advance together
with the future of the Kansai region,**

Grow with its customers,

Create a prosperous future for communities it serves,

Make innovative changes for continuous evolution

Overview of Kansai Mirai Financial Group (At the time of integration)

Head office address	2-1 Bingomachi 2-chome, Chuo-ku, Osaka
Representative	<p>Representative director, president and executive officer Tetsuya Kan</p> <p>The number of representative directors is 4. Other than the above, there are the president of MB, the president of KUB, and the president of KOB, each at the time of the integration.</p>
Governance structure	Company with audit and supervisory committee
Major shareholder and ownership ratio	Resona Holdings 51% (100% at time of establishment)
Fiscal year-end	March 31
Share listing	First Section of Tokyo Stock Exchange, Inc.
Accounting Auditor	Deloitte Touche Tohmatsu LLC
Shareholder registry administrator	Sumitomo Mitsui Trust Bank, Ltd.

KMFG's Business Model

Contributing to development and invigoration of communities it serves

- Sharing distinctive strengths each bank has developed thus far
- Offering customers first-class financial services and solutions with one-stop convenience

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



Enhancing productivity and customer convenience at the same time

- Sharing the know-how of operational reforms
- Integrating clerical work process and IT platforms

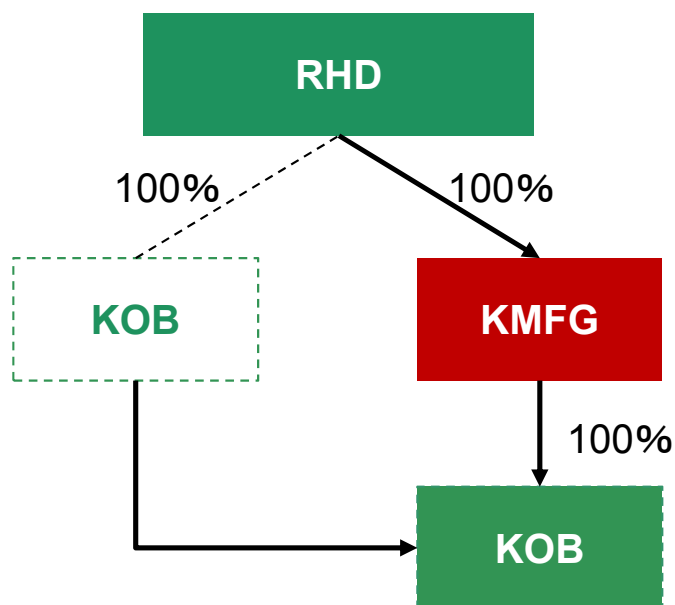
Raising profitability, efficiency and soundness as one of the largest regional financial groups in Japan

- Potential of vibrant Kansai market
- Scale merit

Establishment of KMFG and Management Integration

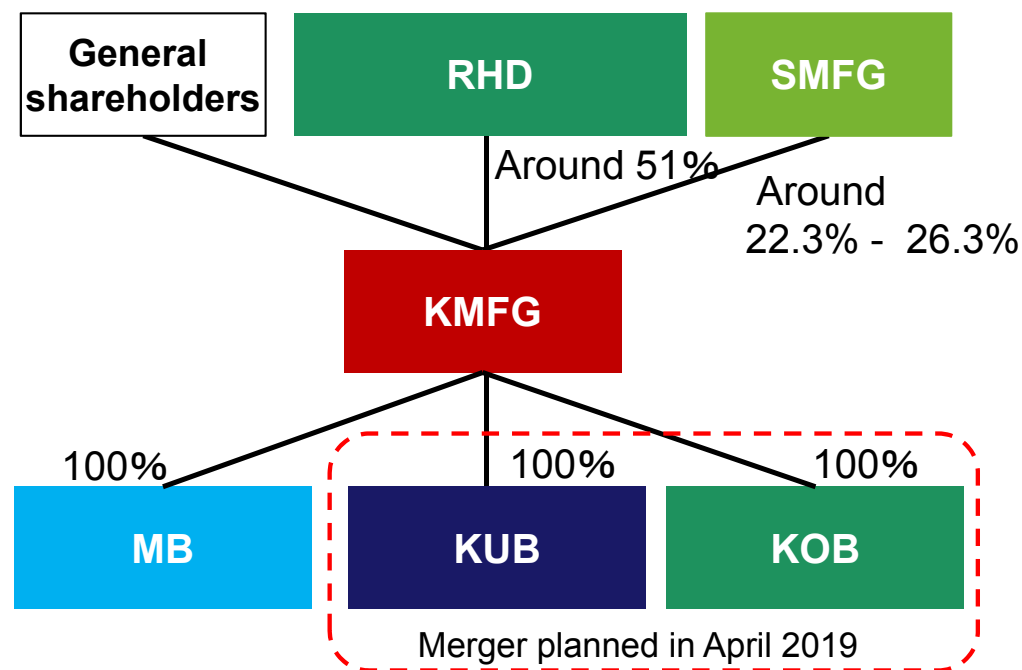
- Establish KMFG in November 2017
- Integration with MB and KUB in April 2018

November and December 2017



- ✓ RHD will establish KMFG as its wholly-owned subsidiary.
- ✓ KMFG will make KOB its wholly-owned subsidiary

April 2018



- ✓ KMFG will make MB and KUB its wholly-owned subsidiaries
- ✓ RHD will have around 51% stake in KMFG (Consolidated subsidiary)
- ✓ KMFG's common shares will be listed on the Tokyo Stock Exchange

Planned Merger between KUB and KOB

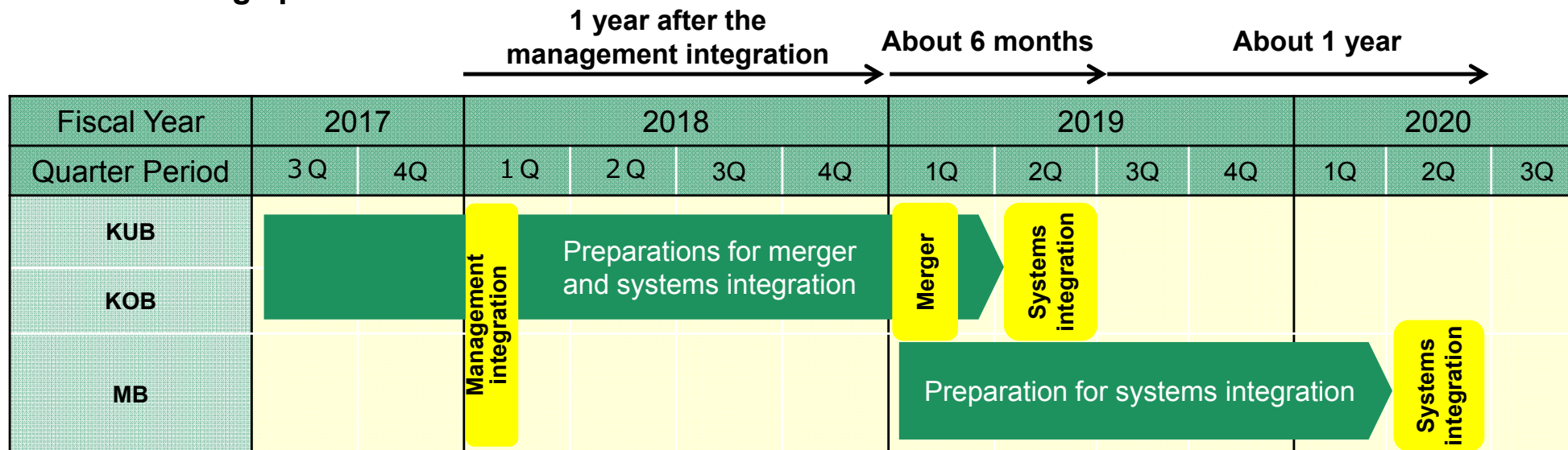
- Considering the operating area and synergies, KUB and KOB now plan to merge in April 2019. Further details will be discussed hereafter.

Corporate name	Kansai Mirai Bank, Ltd.
Head office address (Registered address)	2-1, Bingomachi 2-chome, Chuo-ku, Osaka-shi
Head office	2-4, Nishi-Shinsaibashi 1-chome, Chuo-ku, Osaka-shi
	2-1, Bingomachi 2-chome, Chuo-ku, Osaka-shi
Schedule (plan)	April 2019
Large shareholder and ownership ratio	KMFG 100%

Details will be discussed among related parties and announced after final decisions.

Systems Integration

- Adopt the Resona Group's clerical work process and IT system
- Eliminating risks as much as possible, implement the systems integration with a sense of overwhelming speed



Systems integration

(1) Convenient functions in customer services

- 24/7 banking (intra-group banks real time account transfer)
- No seals, no slips, biometric authentication

(2) Group banks can offer greater functionality

- Common services within KMFG
- Broader network including Resona Group's branch network

(3) Personnel shift from clerical to sales divisions

- Unifying clerical work processes at branch offices
- Consolidating back office functions

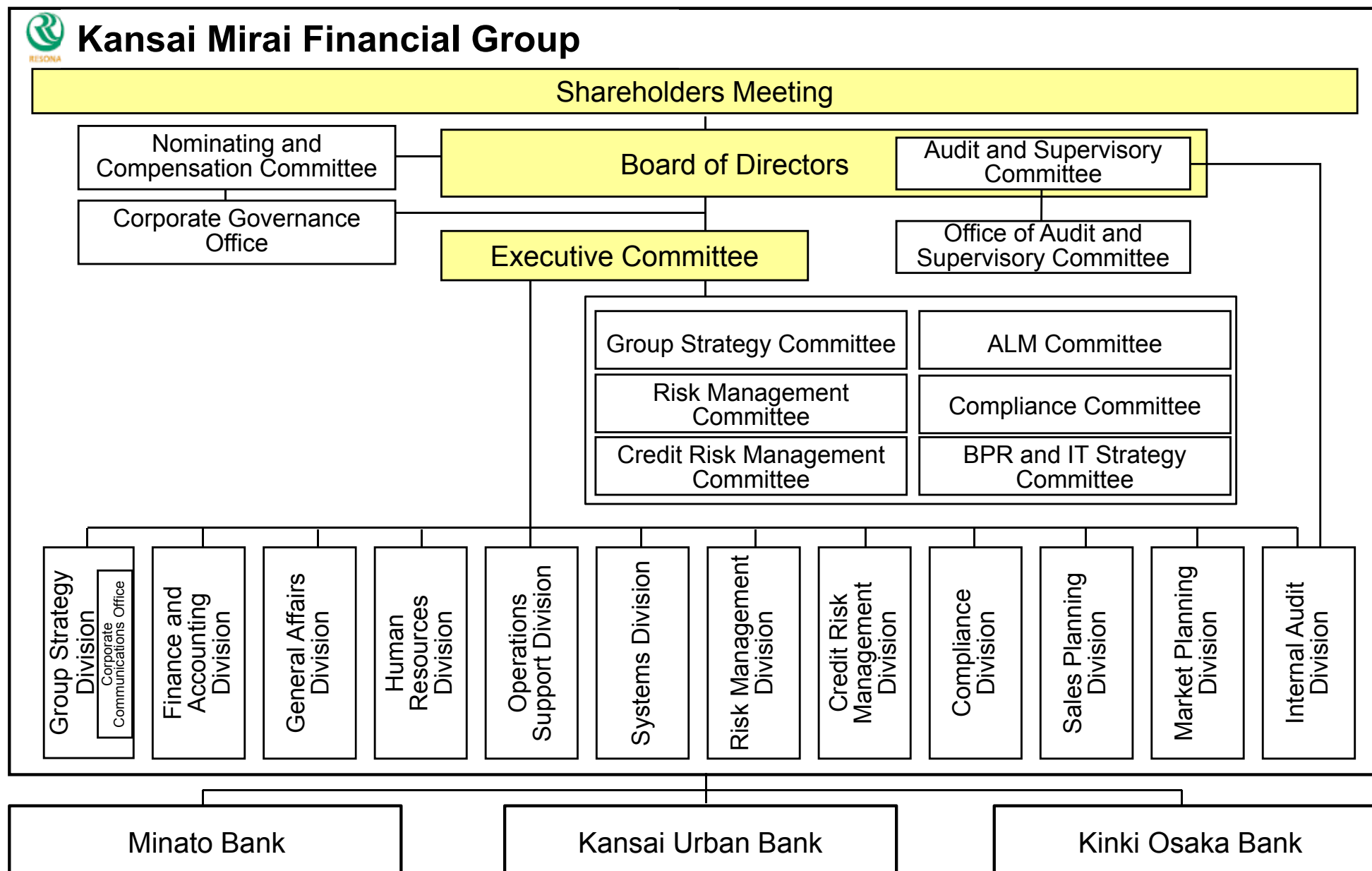
(4) Strengthened systems administration

- Reduction in the running costs through joint-administration
- Securing capacity for large scale system developments

Governance and Organizational Structure

■ Adopting the transparent and effective corporate governance structure

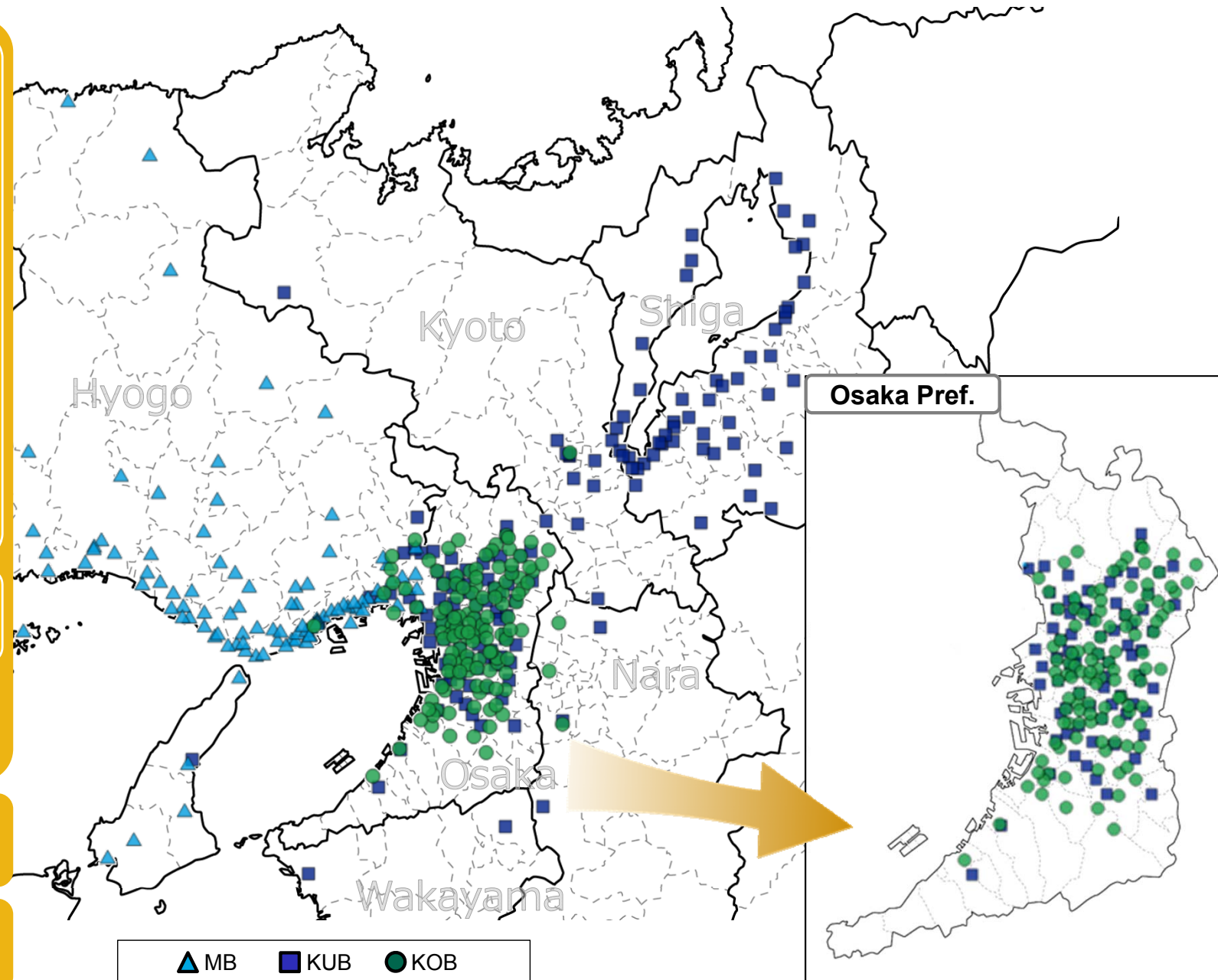
Company with audit and supervisory committee, Nominating and Compensation Committee as a voluntary committee



KMFG's Strengths (1) Network

■ Overwhelming network presence in the Kansai, mother market

Osaka Pref.	186
Hyogo Pref.	118
Shiga Pref.	52
Other Prefs.	23
Total manned branches	379
ATM Network	166
Total network of KMFG	545
Network of RB and SR	1,312
Total network of Resona Group	1,857



KMFG's Strengths (2) Market Potential

- Total population of Osaka, Hyogo and Shiga prefectures exceeds that of Tokyo Metropolitan Area
- Total GDP of Osaka, Hyogo and Shiga Prefectures amounts to 12% of entire Japan and 79% of the entire Kansai region

Population^{*1} Total of 3 Prefs. 15.8 million <ul style="list-style-type: none"> ● Osaka 3rd, Hyogo 7th ● Total population of the 3 prefs exceeds Tokyo Metropolitan Area 	GDP^{*2} Total of 3 Prefs. JPY 63.6 trillion <ul style="list-style-type: none"> ● Osaka 2nd, Hyogo 7th ● Total GDP of the 3 prefs amounts to 12% of entire Japan, 79% of the Kansai region 	Loan Amount^{*3} Total of 3 Prefs. JPY 51.6 trillion <ul style="list-style-type: none"> ● Osaka 2nd, Hyogo 8th 	Number of business establishments^{*4} Total of 3 Prefs. 709 thousands <ul style="list-style-type: none"> ● Osaka 2nd ● Total business establishments of the 3 prefs amounts to 13% of entire Japan, which exceed Tokyo Metropolitan Area 	Export and imports^{*6} Total of 3 Prefs. JPY 27.0 trillion <ul style="list-style-type: none"> ● Total export and import volume amounts to 20% of entire nation
Population Growth^{*1} (2010 to 2015) Shiga Pref. +0.17% <ul style="list-style-type: none"> ● Shiga is one of 7 prefs whose population is still growing 	Per Capita Income^{*2} Shiga JPY 3.126 million Osaka JPY 3.013 million Hyogo JPY 2.844 million <ul style="list-style-type: none"> ● Shiga 8th, Osaka 13th and Hyogo 22nd 	Deposit Amount^{*3} Total of 3 Prefs. JPY 92.5 trillion <ul style="list-style-type: none"> ● Osaka 2nd, Hyogo 7th 	Businesses newly opened and abolished^{*5} Total of 3 Prefs. Newly opened: 15 thousands Abolished: 10 thousands <ul style="list-style-type: none"> ● Share of the 3 prefs amounts to 13% both in terms of “newly opened” and “abolished” businesses 	New housing starts^{*7} Total of 3 Prefs. 113 thousands <ul style="list-style-type: none"> ● Osaka 3rd ● Total new housing starts reaching 12% of entire Japan

*1. National Census 2015, Ministry of Internal Affairs and Communications

*2. Report on Prefectural Accounts 2014, Cabinet Office

*3. Cash, Deposits and Loans by Prefecture (End-March 2017), BOJ

*4. Economic Census 2016, Ministry of Internal Affairs and Communications, Ministry of Economy, Trade and Industry

*5. Employment Insurance Annual Report 2015, Ministry of Health, Labor and Welfare

*6. Osaka Customs 2016

*7. Ministry of Land, Infrastructure, Transport and Tourism 2016

KMFG's Strengths (3)

- Top-class in Japan and the largest regional financial group in the Kansai region
- Retail focused banking model

Business Scale*1

Gross operating profit*2	Total assets*3	Loans*3	Deposits*3	Branch offices
JPY 148.2 billion	JPY 11.6 trillion	JPY 8.8 trillion	JPY 10.4 trillion	379
4th	6th	5th	6th	1st

Retail Banking*1,2

Ratio of loans to SMEs and individuals	Loans to SMEs	Housing Loans	Net NPL ratio*4	Balance of investment trust sold
89.0 %	JPY 3.9 trillion	JPY 3.4 trillion	0.21 %	JPY 701.1 billion
1st	4th	3rd	4th	1st

*1. Comparison with the 10 largest regional financial groups in terms of consolidated total assets as of the end of March 2017 *2. Simple sum of non-consolidated figures of group banks *3. Consolidated basis. KMFG's figures are simple sum of figures of the 3 integrating banks *4. Coverage with collaterals, guarantees and reserves are taken into account

Contribution to the Economy of Kansai Region

- Proactively contributing to the economy of Kansai region by making use of distinctive strengths of the 3 banks, sharing the best practices, and supplementing each other, and providing customers with new services

Strengthened presence in the Kansai mother market and proactive contribution to the Kansai economies

- **Overwhelming presence in the Kansai region and contribution to the economy of Kansai region through its strong attachment to the communities it serves**
 - ✓ Business strategy with a clear focus on SMEs and individuals in the Kansai region
 - ✓ Offer customers valuable succession and real estate solutions based on Resona's trust and real estate capabilities
 - ✓ Accelerate initiatives to attain regional revitalization by helping start-up companies and small manufacturers
- **Support customers to build assets by upgrading its already top-class consumer business even further**
 - ✓ Strengthen its already top-class housing loan business further
 - ✓ No.1 in terms of the balance of investment trust sold among regional banks and wider variety of AM products including Fund Wrap and iDeCo
- **Overwhelming convenience from its strengthened customer base and network**
 - ✓ Extending supports for customers to do business overseas, M&A and business matching activities
 - ✓ Overwhelming branch network and mutual open-up of ATMs with Resona Group

Initiatives to enhance operational efficiency and productivity

- **Adopting the Resona Group's clerical work processes and IT systems**
 - ✓ Higher productivity via small team operation to secure more time for sales activities
 - ✓ Utilizing the cutting-edge technologies while reducing IT costs
- **More sales personnel to strengthen customer contacts**
 - ✓ HR reallocation realized through streamlining of head office organization and channel reorganization

In 5 years

Topline
income

+ JPY 22 bn

Personnel
shift to sales
division

**+370
people**

Operating
expense
reduction

JPY 13 bn

Management Goal

- KMFG aims at becoming a top-class regional financial group in terms of the following indicators in 5 years after the integration.

	Actual result: FY2016				Management goal (in 5 years)
	MB	KUB	KOB	Total of 3 banks	Total of 3 banks
Gross operating profit (Billion yen)	44.1	60.7	43.3	148.2	170
Operating expense (Billion yen)	33.5	42.0	37.6	113.2	100
Net business profit (Billion yen)	10.5	18.6	5.7	34.9	70
Cost income ratio	76.0%	69.2%	86.7%	76.4%	Less than 60%
Deposits (Trillion yen)	3.1	4.0	3.2	10.4	12
Loans (Trillion yen)	2.5	3.8	2.4	8.8	10.5

Management goals including capital adequacy ratio and ROE are to be re-examined and stated in the business plan which KMFG will formulate hereafter.

This is subject to the approval and permission of the relevant authorities, and to the approvals of each extraordinary meeting of the shareholders at MB and KUB.

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These factors may include changes in the level of stock price in Japan, any development and change related to the government's or central bank's policies, laws, business practices and their interpretation, emergence of new corporate bankruptcies, changes in the economic environment in Japan and abroad and any other factors which are beyond control of each company.

These forward-looking statements are not intended to provide any guarantees of each company's future performance. Please also note that the actual performance may differ from these statements.

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