



Resona Holdings, Inc.  
Kansai Mirai Financial Group, Inc.  
Kansai Urban Banking Corporation  
The Kinki Osaka Bank, Ltd.  
The Minato Bank, Ltd.

## Notice concerning Kansai Mirai Financial Group, Inc.'s Listing on the First Section of Tokyo Stock Exchange and the Completion of the Business Integration of Kansai Urban Banking Corporation, The Kinki Osaka Bank, Ltd. and The Minato Bank, Ltd.

Tokyo, April 1, 2018

Today, Kansai Mirai Financial Group, Inc. (“Kansai Mirai Financial Group”) has been listed on the first section of the Tokyo Stock Exchange (NOTE1). Consequently, the business integration of Kansai Urban Banking Corporation (“Kansai Urban”), The Kinki Osaka Bank, Ltd. (“Kinki Osaka”) and The Minato Bank, Ltd. (“Minato”), which has been ongoing has been completed, and Kansai Mirai Financial Group took a new step as a leading regional financial group in Japan, being one of the largest financial groups in the Kansai region.

Resona Holdings, Inc. (“Resona Holdings”), Kansai Mirai Financial Group, Kansai Urban, Kinki Osaka and Minato hereby have the honor to report the above and announce the publication of “the Vision that Kansai Mirai Financial Group, Inc. aims to achieve.”

Kansai Mirai Financial Group will, based on its overwhelming presence in the Kansai region, which is its primary market, further build on the strengths of Kansai Urban, Kinki Osaka and Minato, including the relationships with customers and the local community that they have fostered in the past, and provide new services that are truly useful for customers by leveraging the know-how of Resona Group, including its trust and real estate functions and operational reforms as a member of Resona Group, and realize a deepening contribution to the Kansai economy as the financial group that is in step with the future of the Kansai Region.

For details of the new listing, please refer to the website of Japan Exchange Group, Inc. (<https://www.jpx.co.jp/english/>). For details of Kansai Mirai Financial Group, please refer to the website of Kansai Mirai Financial Group (<https://www.kmfg.co.jp/>).

Forecasts for FY2017 of Kansai Mirai Financial Group's consolidated financial results will be announced once they are decided.

(NOTE1) The commencement date for trading stocks accompanying the listing on the first section of the Tokyo Stock Exchange will be April 2, 2018.

End

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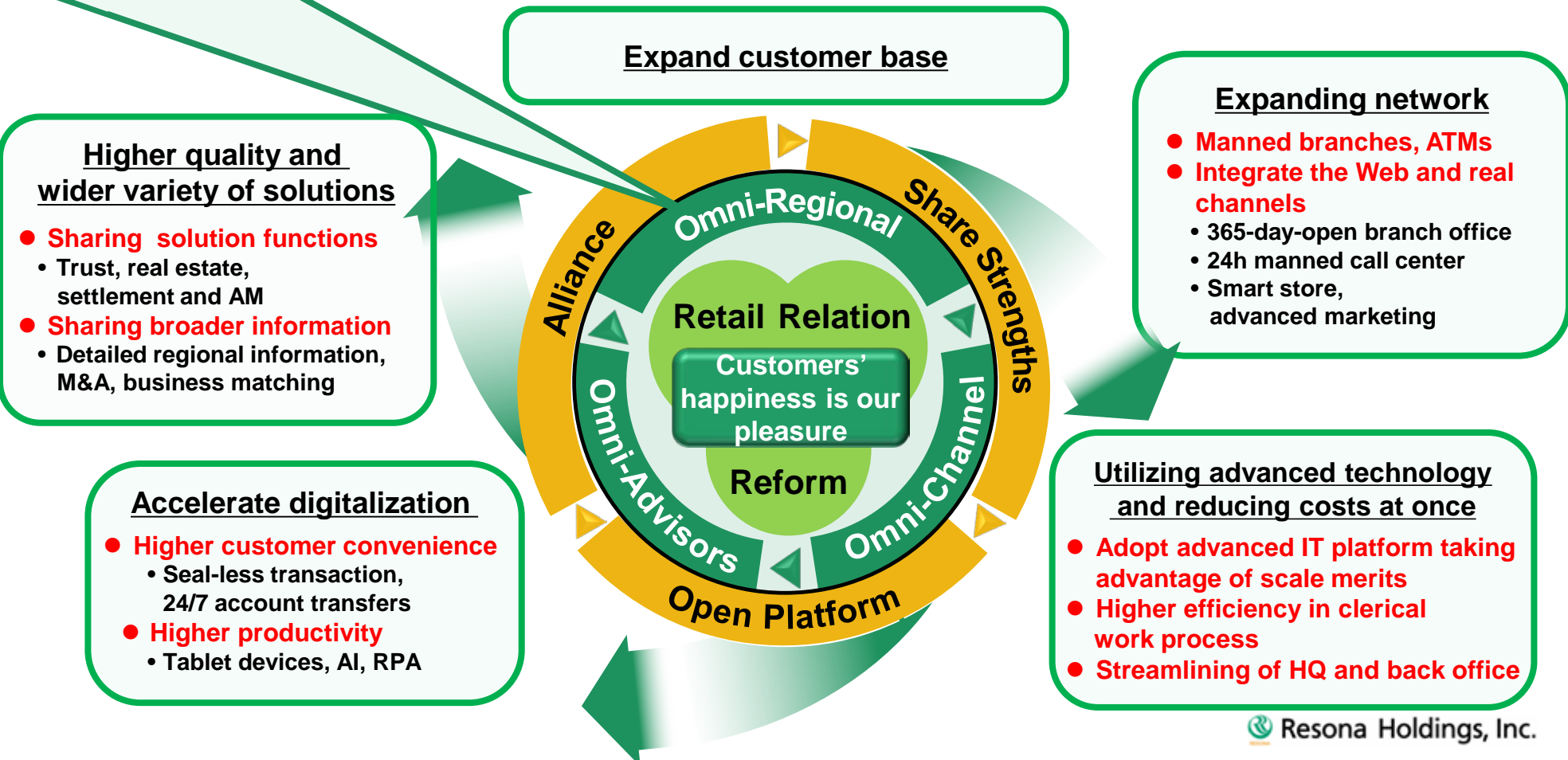
# Resona Holdings' Expanding Network

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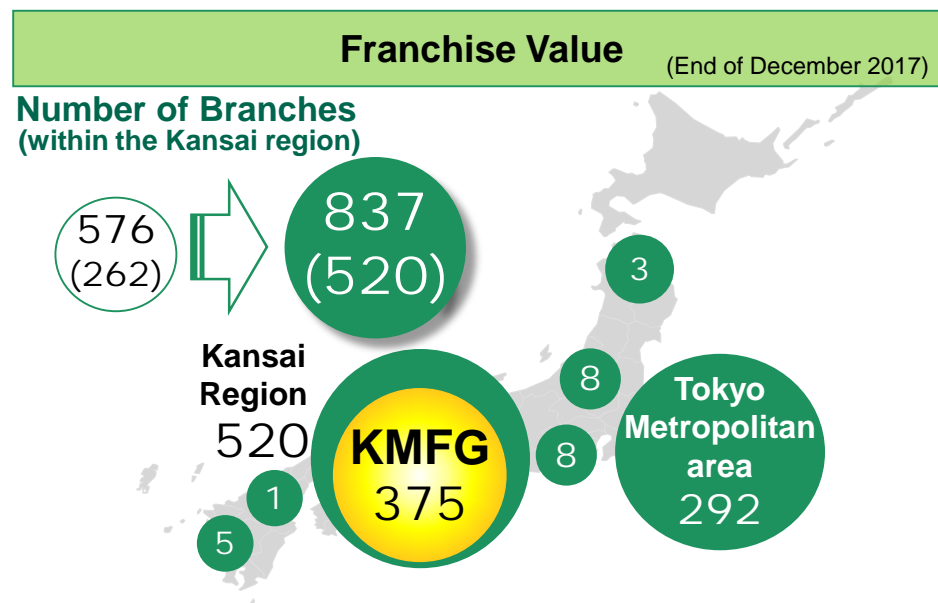
**April 1, 2018**

# Realize “Retail No.1”

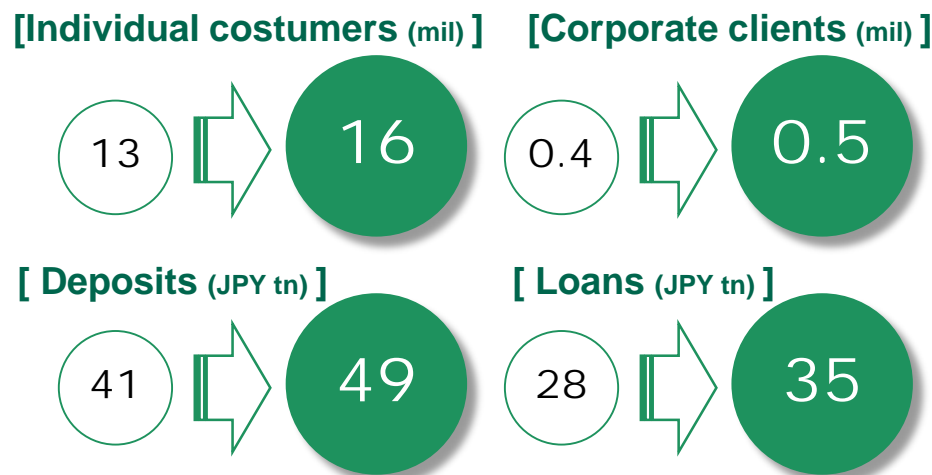


# Establish largest operating base in the Kansai region

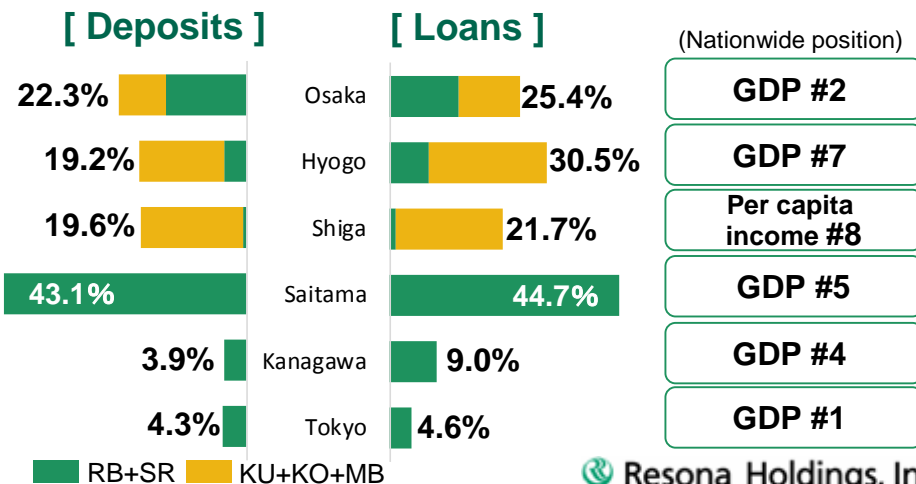
## Strengthened presence as Japan's largest retail-focused financial services group



### Customer Base and Business Scale



### Market Share (End of December 2017)



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# Vision Statement

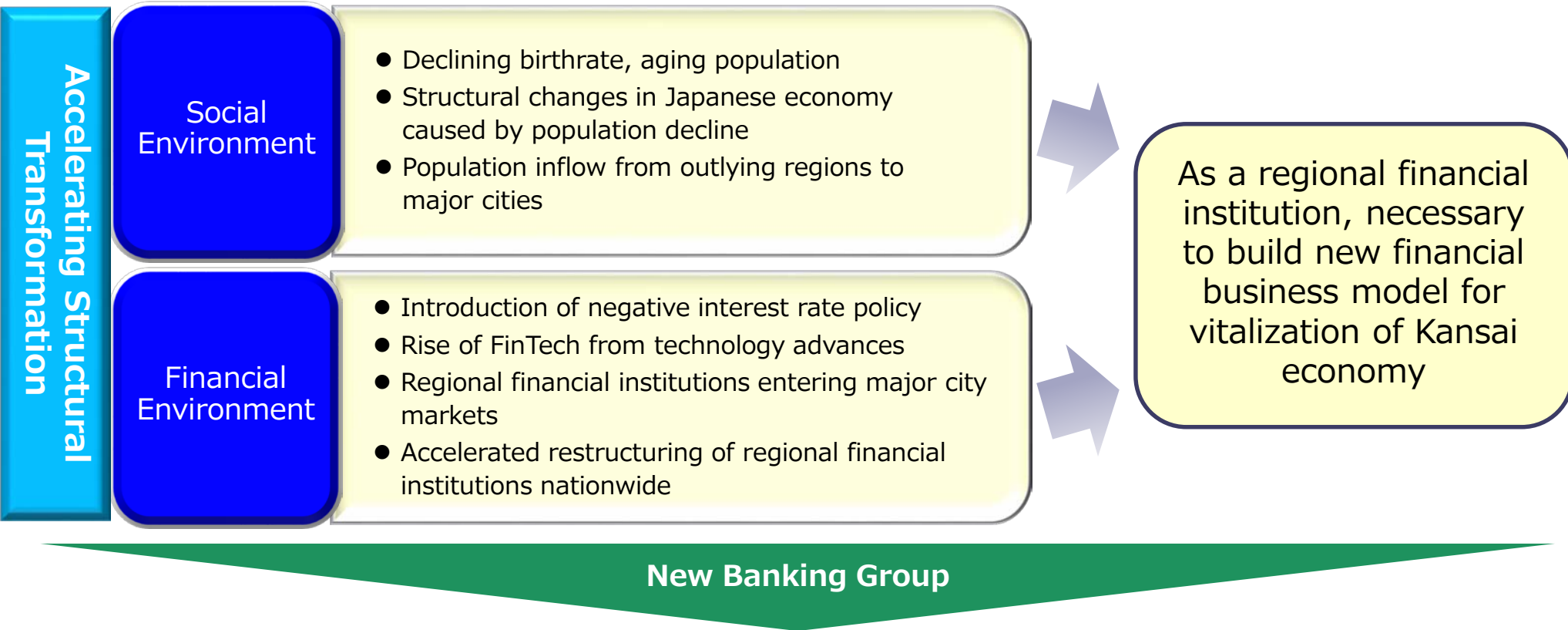
## Kansai Mirai Financial Group

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**April 1, 2018**

# 1. Background



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



RESONA

## Kansai Mirai Financial Group

 **Kansai Urban Banking Corporation**



RESONA

**Kinki Osaka Bank**



**MINATO BANK**

## 2. Outline

Corporate Data

<b>Corporate Name</b>	Kansai Mirai Financial Group, Inc.
<b>Location of Head Office</b>	2-1, Bingomachi 2 chome, Chuo-ku, Osaka-shi
<b>Representatives</b>	Tetsuya Kan, Representative Director and Executive President Kazumasa Hashimoto, Representative Director and President Hiroaki Hattori, Representative Director and President Koji Nakamae, Representative Director and President
<b>Capital</b>	JPY 29.5 billion
<b>Officers and Employees (non-consolidated)</b>	505 (9 directors, 15 executive officers, 481 employees)
<b>Governance Structure</b>	Company with audit and supervisory committee
<b>Date of Incorporation</b>	November 14, 2017
<b>Major Shareholder</b>	Resona Holdings, Inc. Sumitomo Mitsui Financial Group, Inc.
<b>Fiscal Year End</b>	March 31
<b>Share Listing(Code)</b>	Tokyo Stock Exchange (7321)

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

## Management Principles

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

- Grow which will advance together with the future of the Kansai region
- 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>



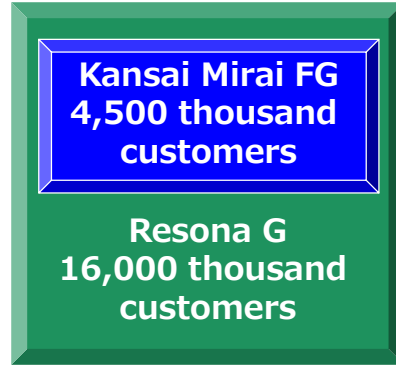
# 4. Operating Base of Kansai Mirai Financial Group and Resona Group Regional Presence

## 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	8.3%	22.3%
	Loans	11.7%	25.4%
Hyogo Pref.	Deposits	15.1%	19.2%
	Loans	22.6%	30.5%
Shiga Pref.	Deposits	19.0%	19.6%
	Loans	20.5%	21.7%

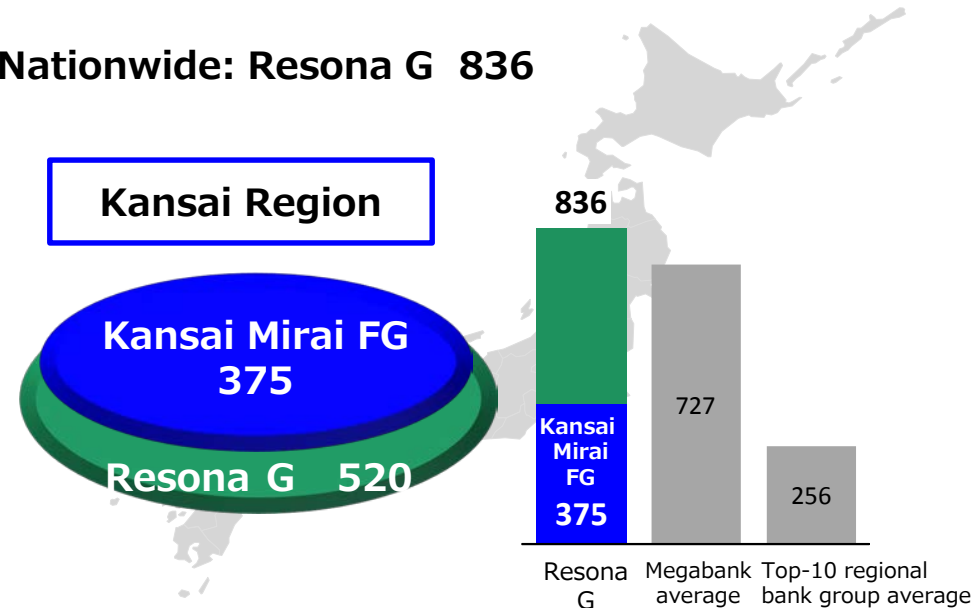
## Branch Network (Manned Branches)

Nationwide: Resona G 836

Kansai Region

Kansai Mirai FG 375

Resona G 520



\*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"

## 5. Financial Results (FY2016 & FY2017 1-3Q)

【Profit】

Unit: JPY bn.

	FY2016				FY2017 3Q			
	Total of 3 banks	Kansai Urban	Kinki Osaka	Minato	Total of 3 banks	Kansai Urban	Kinki Osaka	Minato
Gross banking profit	151.9	60.7	47.1	44.1	111.5	45.4	35.4	30.6
Interest income	122.2	54.3	34.8	33.2	91.7	39.9	27.7	24.1
Net interest income from loans and deposits	107.8	53.2	26.0	28.7	79.1	38.4	19.9	20.8
Fees and commissions	21.3	4.0	10.1	7.2	16.4	3.9	6.8	5.7
Expenses	(112.5)	(42.0)	(36.9)	(33.6)	(84.1)	(31.1)	(27.6)	(25.4)
Personnel expenses	(59.8)	(22.6)	(19.5)	(17.7)	(44.8)	(16.8)	(14.7)	(13.4)
Actual net operating profit	39.5	18.7	10.2	10.6	27.4	14.4	7.8	5.2
Net income	28.9	14.0	8.3	6.6	24.2	10.7	8.2	5.3

【Scale】

	FY2016				FY2017 3Q			
	Total of 3 banks	Kansai Urban	Kinki Osaka	Minato	Total of 3 banks	Kansai Urban	Kinki Osaka	Minato
Loans	8,822.5	3,869.8	2,440.6	2,512.2	8,827.4	3,932.8	2,388.1	2,506.5
Ordinary loans	4,630.7	1,818.2	1,222.2	1,590.3	4,624.3	1,843.6	1,186.9	1,593.9
Consumer loans	4,110.2	2,030.4	1,215.1	864.7	4,130.1	2,070.7	1,198.6	860.7
Deposits (incl. NCDs)	10,654.6	4,196.5	3,294.5	3,163.6	10,939.5	4,280.2	3,391.4	3,267.9

Note: FY2017 financial results will be released as soon as they are finalized.

# 6. Our Goal

FY2018  
(Year 1)

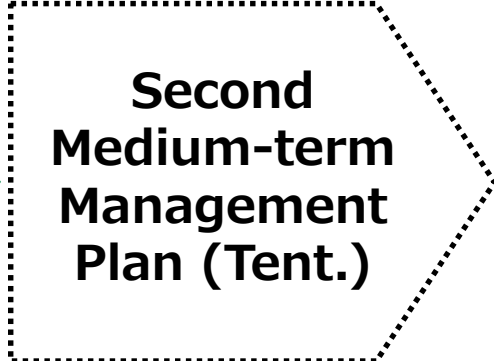
FY2019  
(Year 2)

FY2020  
(Year 3)

FY2021  
(Year 4)

FY2022  
(Year 5)

...



- 5 Years in the Future

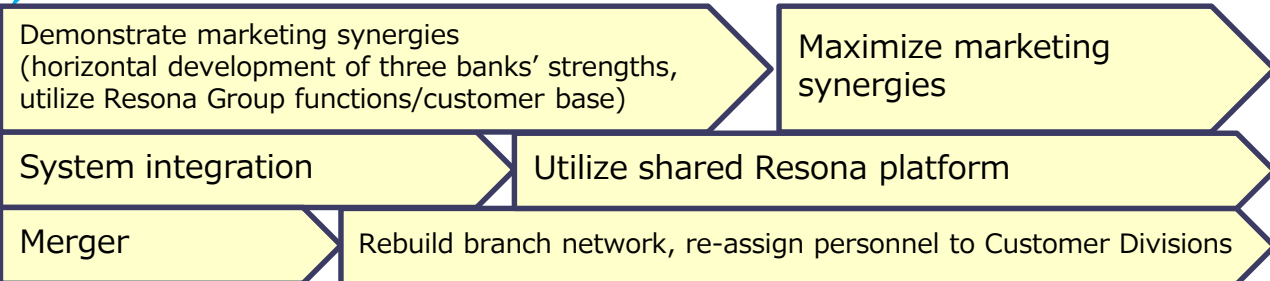
**Banking Group Considered "Absolutely Essential" by Customers**

- KPIs

《FY2022》

<b>Loans and Bills Discounted</b>	JPY 10.5 tril.
<b>Deposits</b>	JPY 12 tril.
<b>Actual net operating profit</b>	JPY 70.0 bil.
<b>OHR</b>	Under 60%

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



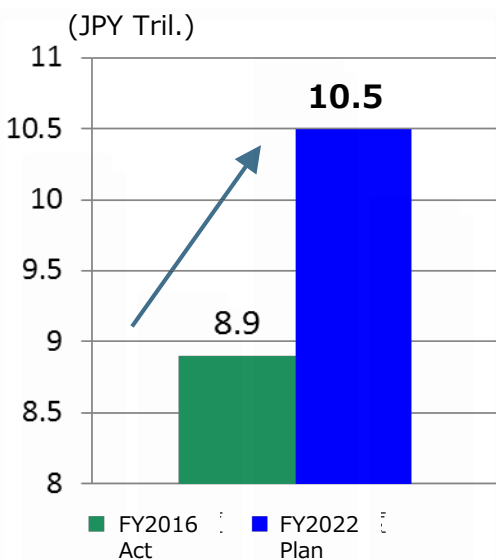
# 7. Major KPIs

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

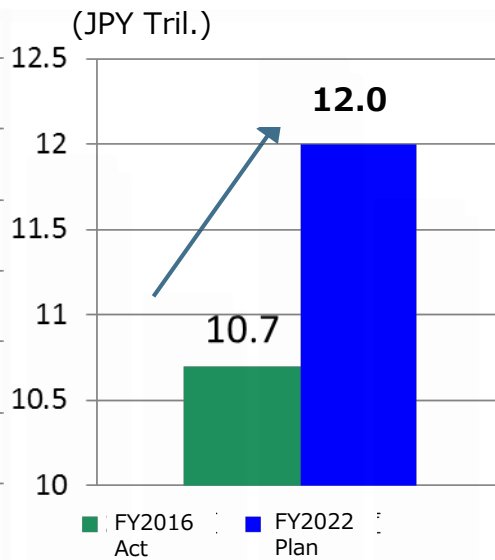
- Contribute deeply to the development of regional society by further demonstrating financial intermediary functions
- Enhance the customer base by providing expanded financial services for customers
- Build a stable operating base with profitability from high-level solutions capability
- Achieve high-efficiency operations by enhancing top-line income from business integration and by rigorously controlling expenses through promoting operational reforms

Be an Overwhelming Presence

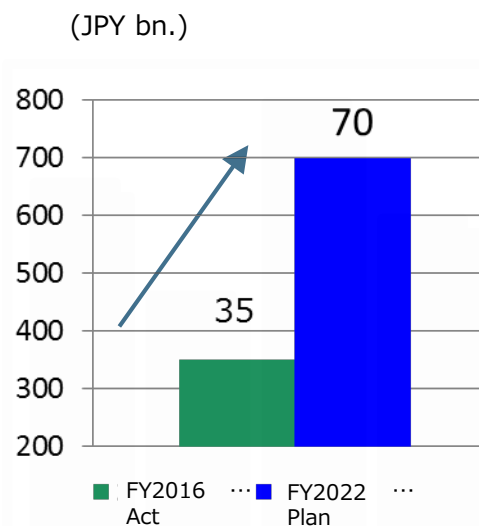
### Loans and Bills Discounted



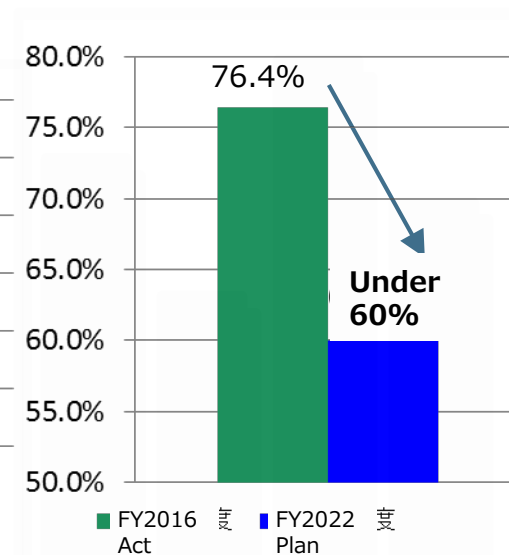
### Deposits



### Actual Net Operating Profit



### OHR



## 8. 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

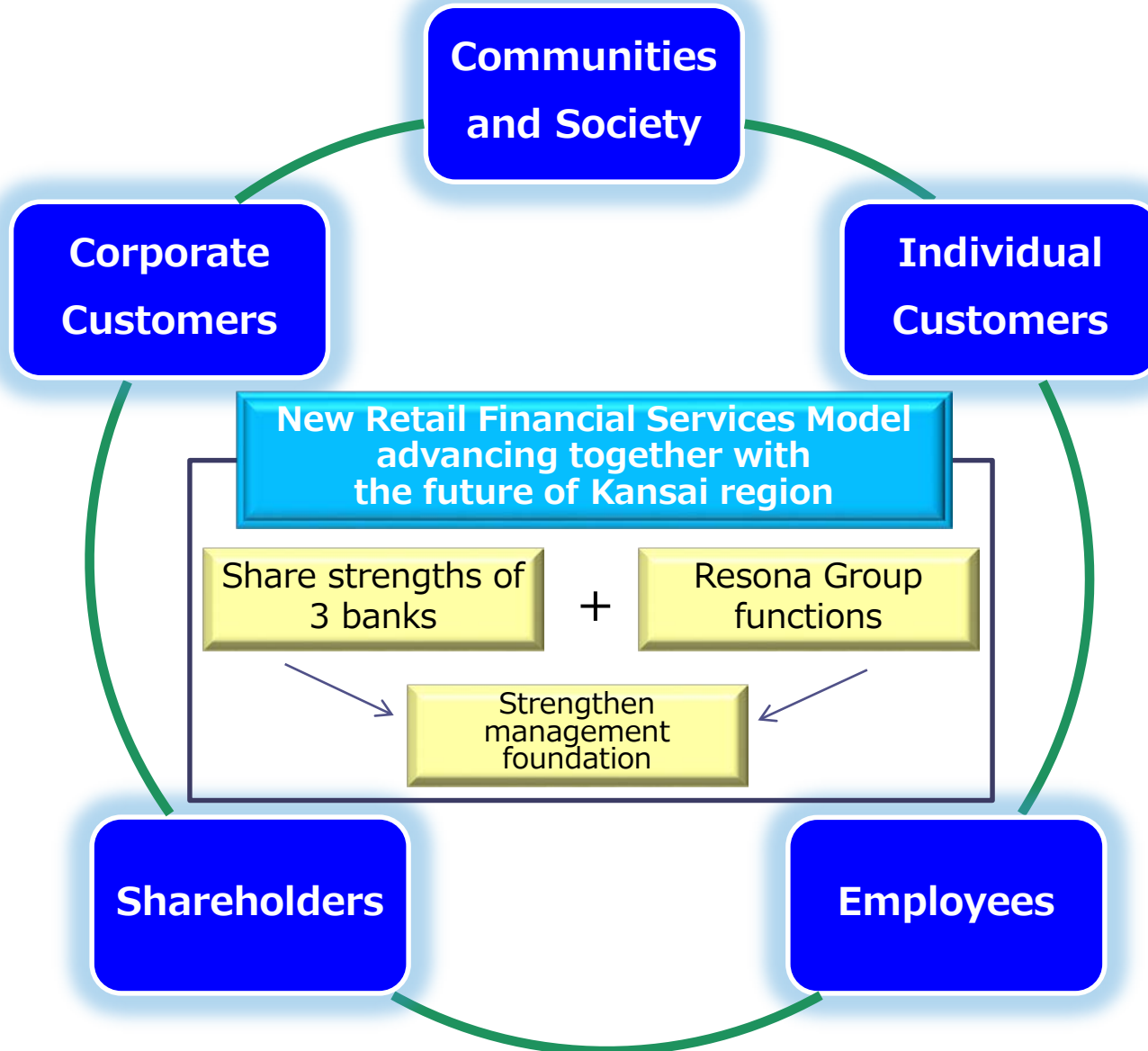
- (1) Sharing the know-how of operational reforms
  - Fully utilize expertise cultivated in the Resona Group and focus on increasing productivity through operations with fewer staff members and on increasing marketing sales time
- (2) Integrating clerical work process and IT platforms
  - Reduce system 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

## 8. Basic Strategy (2)

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



<b>Communities and Society</b>	<ul style="list-style-type: none"> <li>Expand business networking function over wide area through banking business</li> <li>Contribute to industry development, employment expansion and permanent residency promotion via expansion of financial intermediary functions</li> </ul>
<b>Corporate Customers</b>	<ul style="list-style-type: none"> <li>Strengthen solution provisions by dramatically increasing information volume</li> <li>Develop diverse, one-stop services utilizing Resona Group functions</li> </ul>
<b>Individual Customers</b>	<ul style="list-style-type: none"> <li>Branch network with overwhelming presence</li> <li>Provide information based on life stages</li> <li>Develop optimal solutions via utilization of omni-channel strategy of Resona Group</li> <li>Further evolution of advanced consulting functions</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>Raise corporate value by increasing profitability</li> <li>Provide stable shareholder returns</li> <li>Build highly transparent and effective corporate governance structure</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Provide an environment rich in challenges</li> <li>Develop personnel to raise self-growth potential and external competitiveness</li> <li>Conduct fair personnel assignments and treatment</li> </ul>

## 8. Basic Strategy (3) ~ Build Information Aggregation Platform~

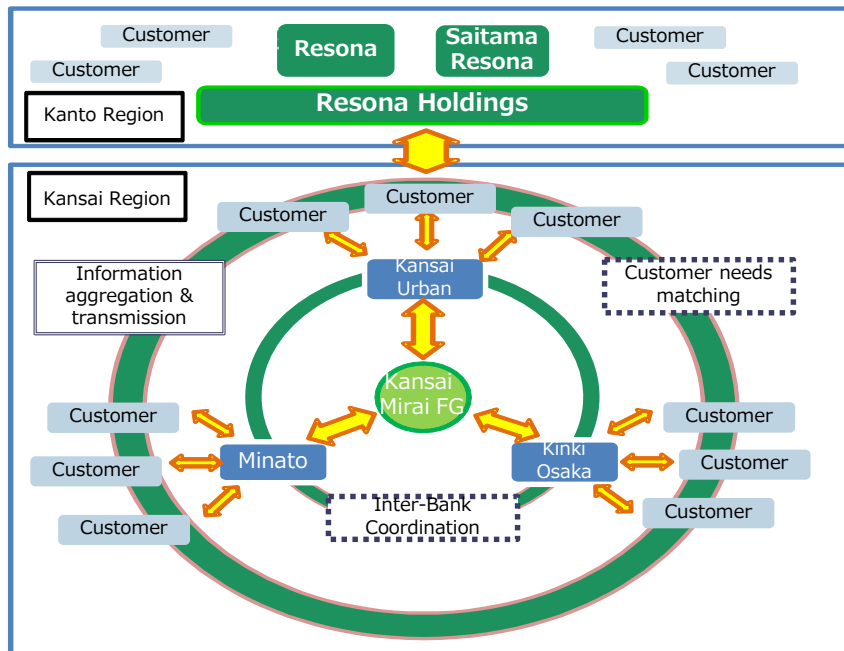
Develop a highly competitive corporate information strategy by building a system for effectively and efficiently aggregating information, whose volume is increasing dramatically, and for conveying it to sales offices and customers

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

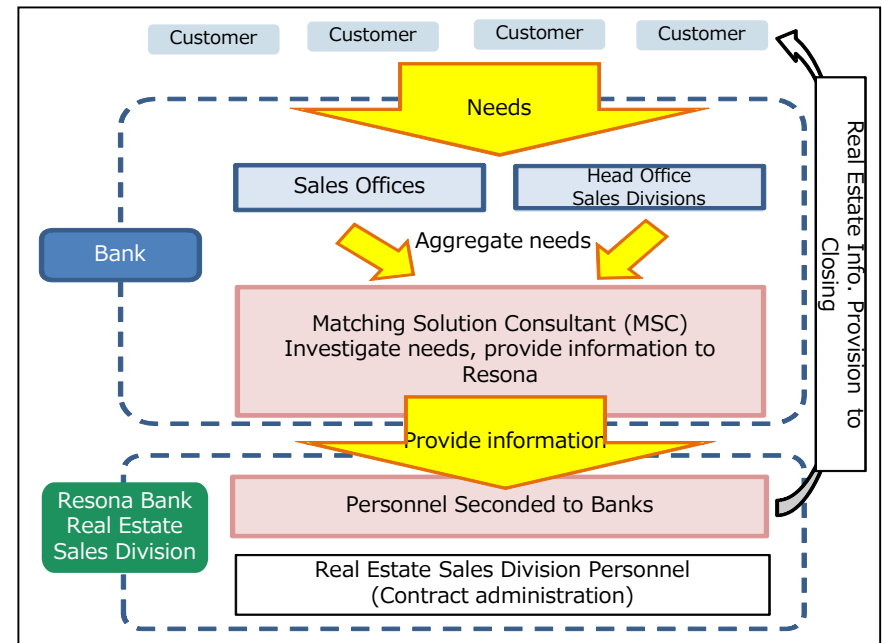
### Regional Bank-based Customer Relations × Solutions via Information Strategy

~ 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

# 9. 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

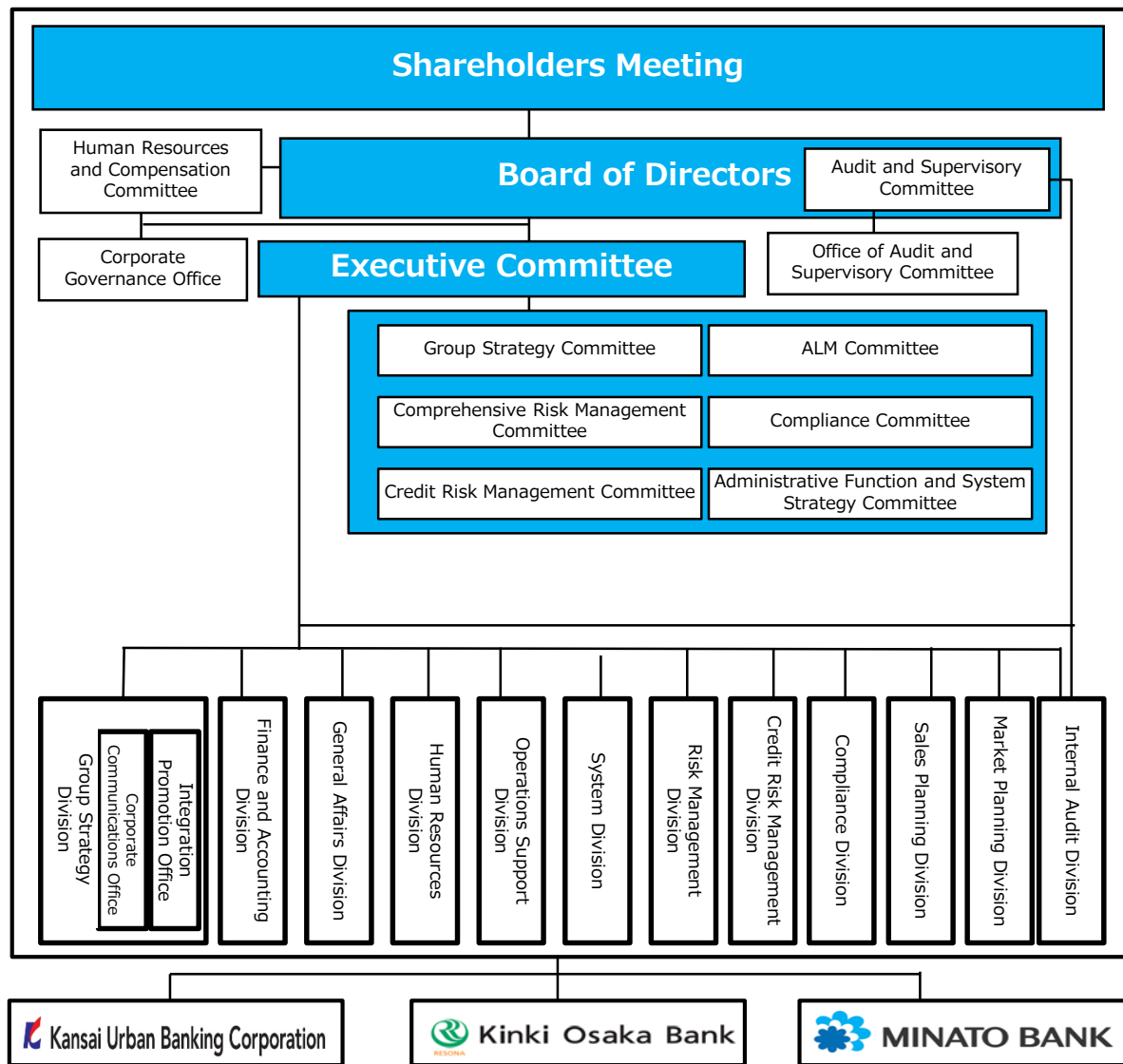
## Kansai Mirai FG Headquarters Functions

- 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





# 10. Administrative Function and System Integration

## ■ 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.

# 11. 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>
Sept. 2018	<ul style="list-style-type: none"> <li>• Merger agreement</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>

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.