

Notice concerning Measure to Strengthen Capital of Kansai Urban Banking Corporation

TOKYO, March 29, 2013 --- Kansai Urban Banking Corporation (KUBC, President: Koji Kita) and Sumitomo Mitsui Banking Corporation (SMBC, President: Takeshi Kunibe) have reached an agreement as to the measures to be taken to strengthen the capital of KUBC and hereby give notice as follows.

1. Content and Purpose of Strengthening of Capital

KUBC has been examining methods to further improve the quality of its capital. Under such circumstances, on March 8, 2013, the partial amendment to “Criteria for Determination of Whether the Adequacy of Equity Capital of a Bank is Sufficient in light of the Circumstances, such as Assets Held, under the Provision of Article 14-2 of the Banking Act (Financial Services Agency Notification No. 19 in 2006)”, (the “Basel III Notification”), an amendment to notification on capital adequacy rules for banks that focus on domestic operations, was issued. KUBC examined various measures regarding its capital strategy, taking into consideration the contents of the Basel III Notification, as well as the effects on the market.

As a result, KUBC and SMBC have reached an agreement as follows (collectively the “Capital Strategy”): SMBC shall subscribe mandatory convertible preferred shares issued by KUBC by way of a third-party allotment, which can be included into core capital under the Basel III Notification (the “New Preferred Shares”); KUBC shall buy-back the First Series Class A Preferred Shares and the Second Series Class A Preferred Shares (collectively the “Issued Preferred Shares”) which cannot be included into core capital under the Basel III Notification; KUBC Preferred Capital Cayman 2 Limited, a consolidated subsidiary of KUBC, shall repurchase its outstanding preferred securities (the “Issued Preferred Securities”) held by SMBC; KUBC shall repay the perpetual subordinated loan and the subordinated term loan to SMBC (collectively the “Existing Subordinated Loans”). For details regarding the Capital Strategy, please see KUBC’s press releases titled “Notice regarding Acquisition and Cancellation of Treasury Shares (First Series Class A Preferred Shares and Second Series Class A Preferred Shares) and Issuance of Preferred Shares through Third-Party Allotment,” and “Notice regarding Repurchase and Cancellation of Preferred Securities, Dissolution of Subsidiary, and Change in Specified Subsidiary”, each dated March 29, 2013.

In order to further improve the quality of its capital, in addition to the Capital Strategy, KUBC is promoting the release of deferred tax assets since the inclusion thereof into core capital will be limited. Taking into consideration the forthcoming termination of the SME Financing Facilitation Act (“Act concerning Temporary Measures to Facilitate Financing for SMEs, etc.”), KUBC has also revised the assessment of loans in a more conservative way in order to ensure stable earnings in the future and to strengthen its financial position to prepare for its future business development. By taking these measures, KUBC seeks to ensure that its core capital will be sufficient at the time of the full application of the Basel III Notification.

Today, KUBC has formulated its Medium-term Business Plan for the three years from fiscal 2013

to fiscal 2015. KUBC holds the figure “No.1 wide regional bank with high presence in the Kansai area” as its aim, and, as a regional bank within the SMBC group, KUBC will thoroughly provide community-based services to SMEs and to individuals in the area, will strive to expand its business opportunities, and through further streamline and managerial efforts, and thereby will seek to ensure its stable growth and development.

2. Schedule regarding the Capital Strategy

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| (1) Agreement on the Capital Strategy, and execution of various contracts | March 29, 2013 |
| (2) Date of resolution by the meeting of the Board of Directors (KUBC and SMBC) | March 29, 2013 |
| (3) Date of resolution by the ordinary general meeting of shareholders (KUBC) (Plan) | June 27, 2013 |
| (4) Payment date for the New Preferred Shares (Plan) | July 25, 2013 |
| (5) Share Buy-back of the Issued Preferred Shares, repurchase of the Issued Preferred Securities, and repayment of the Existing Subordinated Loans (Plan) | July 25, 2013 |

(Reference) KUBC’s publications and other releases made today in relation to this matter

- “Notice regarding Acquisition and Cancellation of Treasury Shares (First Series Class A Preferred Shares and Second Series Class A Preferred Shares) and Issuance of Preferred Shares through Third-Party Allotment,”
- “Notice regarding Repurchase of Preferred Securities, Dissolution of Subsidiary, and Change in Specified Subsidiary”
- “Notice regarding Revision of Earnings Forecast”
- “Formulation of Medium-term Business Plan”
- “Revision of Organization”