
Financial Highlights for Fiscal Year 2018



Kansai Mirai Financial Group



Kansai Mirai Bank, Limited



MINATO BANK

May 10, 2019

- (Note) 1. Please note this report contains forward-looking statements which may be affected due to various factor in the future.
Amount stated in this report are rounded down to the nearest unit.
2. ☆ in this report is KPI target item of the Medium - term management plan.

Outline of Financial Results for FY 2018

■ Posted JPY68.4 bn of net income attributable to owners of parent

Up JPY40.7 bn or 147.4%, YoY
below the target (published in Nov 2018) by JPY8.1 bn and
exceed the target (published in Apr 2019) by JPY0.9 bn

Net income except gain from negative goodwill was JPY11.7 bn,
Down JPY15.8 bn, YoY, target achievement ratio of 59.3%

■ Posted JPY148.4 bn of gross operating profit

Down JPY5.2 bn, YoY

- Net interest income from domestic loans and deposits:
Down JPY3.2 bn, YoY

Average loan balance increased rate was 2.63%, which is UP
1.30%, YoY.

Loan-to-deposit spread rate was Down 0.06%, YoY, which is
improved though continues its downward trend.

- Fee income: Down JPY1.0 bn, YoY
Insurance and Corporate related fee were favorable but
Investment trust related fee was lower trend mainly due to market
factor.
- Soundness of securities portfolio improved, mainly for foreign bonds
(Loss JPY7.4 bn was recognized including net gains/(losses) on
stocks)

■ Credit related expenses, net: JPY5.0 bn

Up JPY2.1 bn, YoY

UP YoY, due to JPY3.3 bn of impact of unified rule after the
business integration, but within the plan.
(Down YoY, except the business integration impact)

■ Target of net income attributable to owners of parent for FY2019: JPY12.5 bn

	Kansai Mirai FG Consolidated (JPY bn)	FY2018		FY2019 Target	
		FY2018	YoY change (*1)		%
Net income attributable to owners of parent☆	(1)	68.4	+ 40.7	+ 147.4%	12.5
(excluding Gain from negative goodwill)		11.7	(15.8)	(57.3%)	
Gross operating profit	(2)	148.4	(5.2)	(3.4%)	
Net interest income	(3)	112.7	(3.3)		
Fees and commission income	(4)	31.2	(1.0)		
Other operating income	(5)	4.3	(0.9)		
Net gains/(losses) on bonds	(6)	1.7	(0.1)		
Operating expenses (excluding group banks' non-recurring items)	(7)	(116.4)	+ 0.0	+ 0.0%	
OHR☆	(8)	78.4%	+ 2.6%		
Actual net operating profit (2+7)	(9)	31.9	(5.1)	(13.9%)	
Net gains/(losses) on stocks	(10)	0.0	(7.0)		
Credit related expenses, net	(11)	(5.0)	(2.1)		
Other gains/(losses), net	(12)	(10.2)	(6.5)		
Ordinary profits	(13)	16.6	(20.8)	(55.5%)	
Extraordinary gains/(losses)	(14)	56.0	+ 55.9		
Gain from negative goodwill	(15)	56.6	+ 56.6		
Income before income taxes	(16)	72.7	+ 35.0	+ 93.0%	

*1. FY 2017 figures are calculated as total of the 3 banks' consolidated amount

*2. Negative figures represent items that would reduce net income

Breakdown of Financial Results for FY 2018

(JPY bn)	Kansai Mirai FG (Consolidated) (A)		Total of three group banks (Non-consolidated) (B)					Difference (A)-(B)	
		YoY change(*1)		YoY change	Kansai Urban	Kinki Osaka	Minato		YoY change(*2)
Gross operating profit (1)	148.4	(5.2)	139.5	(7.0)	58.4	41.4	39.6	8.8	+ 1.7
Net interest income (2)	112.7	(3.3)	115.7	(4.0)	51.7	29.4	34.5	(2.9)	+ 0.7
Fees and commission income (3)	31.2	(1.0)	22.0	(0.2)	3.7	10.4	7.8	9.2	(0.7)
Other operating income (4)	4.3	(0.9)	1.8	(2.6)	3.0	1.5	(2.7)	2.5	+ 1.7
Net gains/(losses) on bonds (5)	1.7	(0.1)	(0.1)	(2.1)	1.9	1.1	(3.3)	1.9	+ 1.9
Operating expenses (excluding group banks' non-recurring items) (*3) (6)	(116.4)	+ 0.0	(*3) (112.0)	(0.3)	(*3) (42.6)	(35.6)	(33.7)	(4.3)	+ 0.4
OHR ☆ (7)	78.4%	+ 2.6%	80.2%	+ 4.1%	72.9%	86.0%	85.1%		
Actual net operating profit ☆ (8)	31.9	(5.1)	27.5	(7.4)	15.8	5.7	5.8	4.4	+ 2.2
Net gains/(losses) on stocks (9)	0.0	(7.0)	3.8	(2.6)	2.9	0.3	0.5	(3.8)	(4.3)
Credit related expenses, net (10)	(5.0)	(2.1)	(4.1)	(2.9)	(3.0)	1.0	(2.0)	(0.9)	+ 0.8
Other gains/(losses), net (11)	(10.2)	(6.5)	(11.2)	(7.8)	(7.9)	(3.3)	0.0	0.9	+ 1.3
Ordinary profits (12)	16.6	(20.8)	16.0	(20.8)	7.8	3.8	4.4	0.6	+ 0.0
Extraordinary gains/(losses) (13)	56.0	+ 55.9	(0.1)	(0.2)	(0.1)	0.0	(0.0)	56.0	+ 56.0
Gain from negative goodwill (14)	56.6	+ 56.6	-	-	-	-	-	56.6	+ 56.6
Income before income taxes (and noncontrolling interests) (15)	72.7	+ 35.0	15.9	(21.1)	7.7	3.8	4.3	56.8	+ 56.2
Net income (attributable to owners of parent) (16)	68.4	+ 40.7	13.0	(16.0)	6.2	2.3	4.4	55.3	+ 56.8

*1. "Kansai Mirai FG consolidated (FY 2018)" – "Simple total of three group banks' consolidated (FY 2017)"

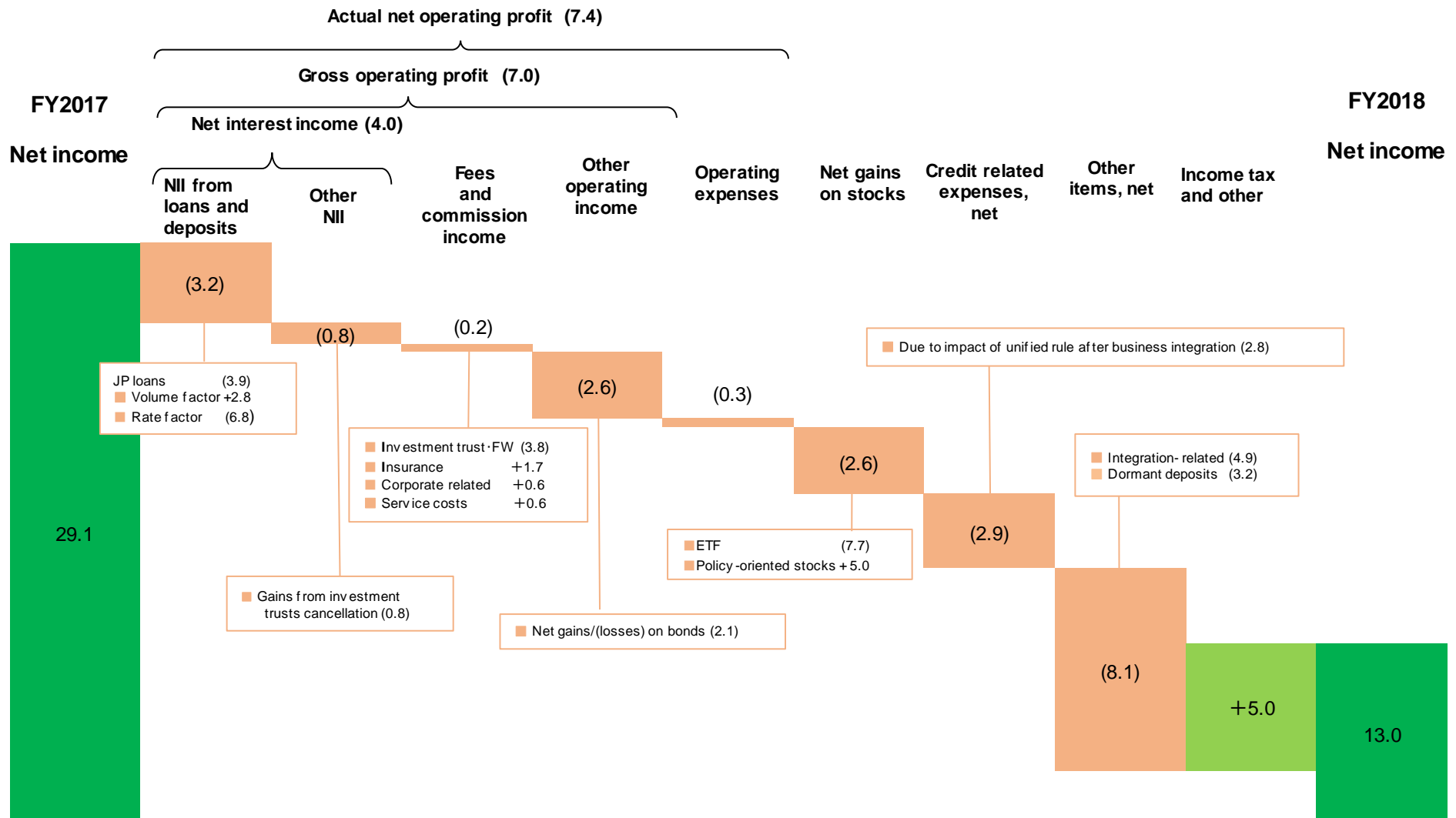
*2. "Difference FY 2018" – "Difference between simple total of three group banks' consolidated and simple total of three group banks' non-consolidated (FY 2017)"

*3. Exclude JPY0.7 bn of goodwill amortization by Kansai Urban related to acquisition of former Biwako Bank

Factors for the YoY Change in Periodic Profits

Total of group banks

(JPY bn)



Trend of Loans and Deposits (Domestic*)

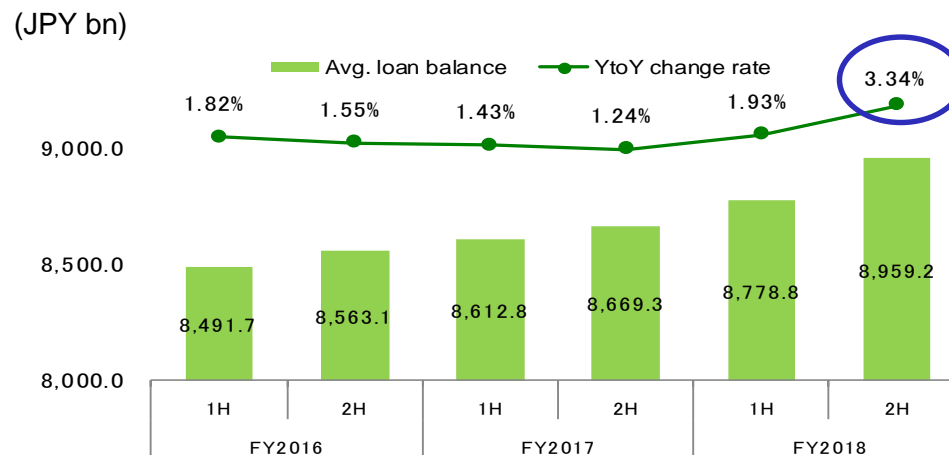
Total of group banks

Average loan / deposit balance, rates and spread

(JPY bn)		FY2017		FY2018		FY2019	
		Act.	YoY	Act.	YoY	Plan	YoY
Loans	Avg. Bal. (1)	8,641.0	+1.33%	8,868.8	+2.63%	9,164.4	+295.6 (+3.33%)
	Rate (2)	1.26%	(0.10%)	1.18%	(0.07%)	1.13%	(0.05%)
	Income (3)	109.0	(7.5)	105.0	(3.9)	103.7	(1.2)
Deposits (including NCDs)	Avg. Bal. (4)	10,710.5	+2.57%	10,898.7	+1.75%	11,018.5	+119.8 (+1.09%)
	Rate (5)	0.05%	(0.01%)	0.04%	(0.00%)	0.04%	(0.00%)
	Cost (6)	(5.5)	+ 1.1	(4.8)	+ 0.7	(4.4)	+ 0.3
Loan-to-deposit	Spread (7)	1.20%	(0.09%)	1.14%	(0.06%)	1.09%	(0.04%)
	Net interest income (8)	103.4	(6.3)	100.2	(3.2)	99.2	(0.9)

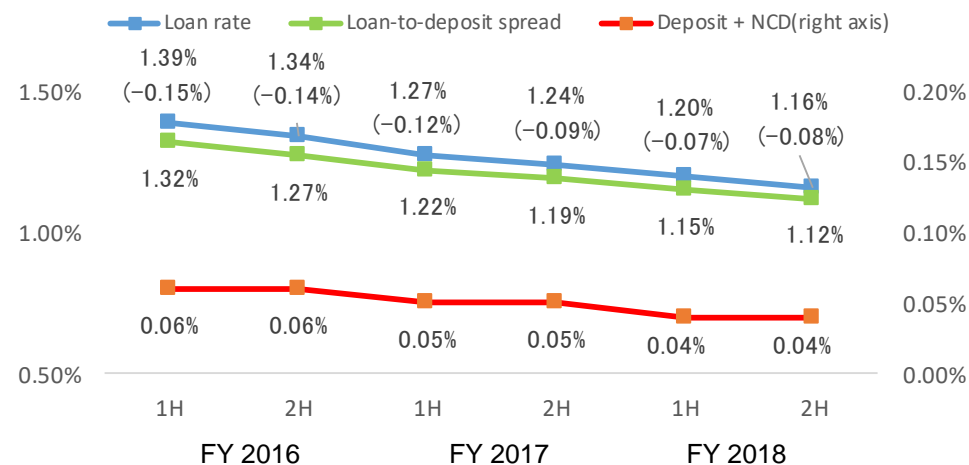
* Excluding loans and deposits denominated in foreign currencies, etc.

Average loan balance, YtoY change ratio



Loan to deposit rate and spread

The figures in parentheses indicate the change



Term-end Balance of Loans and Deposits

Total of group banks

☆Term-end loan balance (all locations*1)

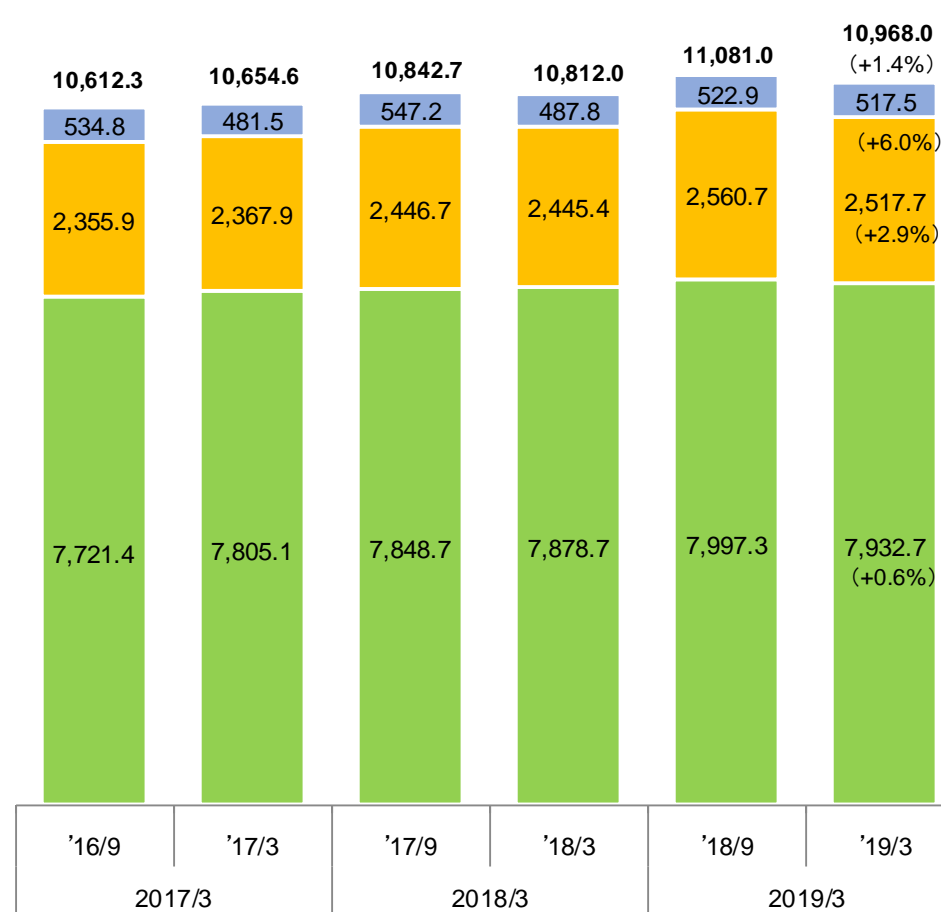
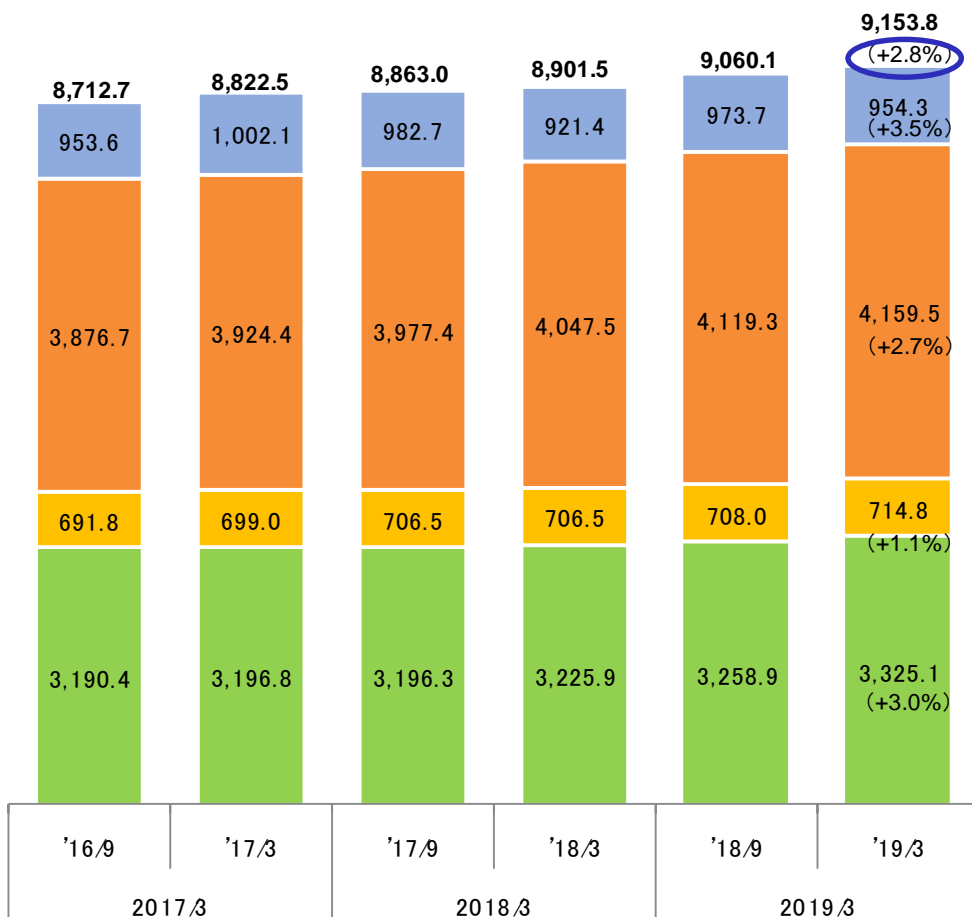
☆Term-end deposit balance (all locations*2)

(JPY bn, % represents YoY change) *1.All loans, including which denominated in foreign currencies, etc.

(JPY bn, % represents YoY change) *2.All deposits, including which denominated in foreign currencies, etc.

- Residential housing+consumer loans
- Apartment loans
- SMEs
- Large companies and other

- Individual
- Corporate
- Other (incl. NCD)



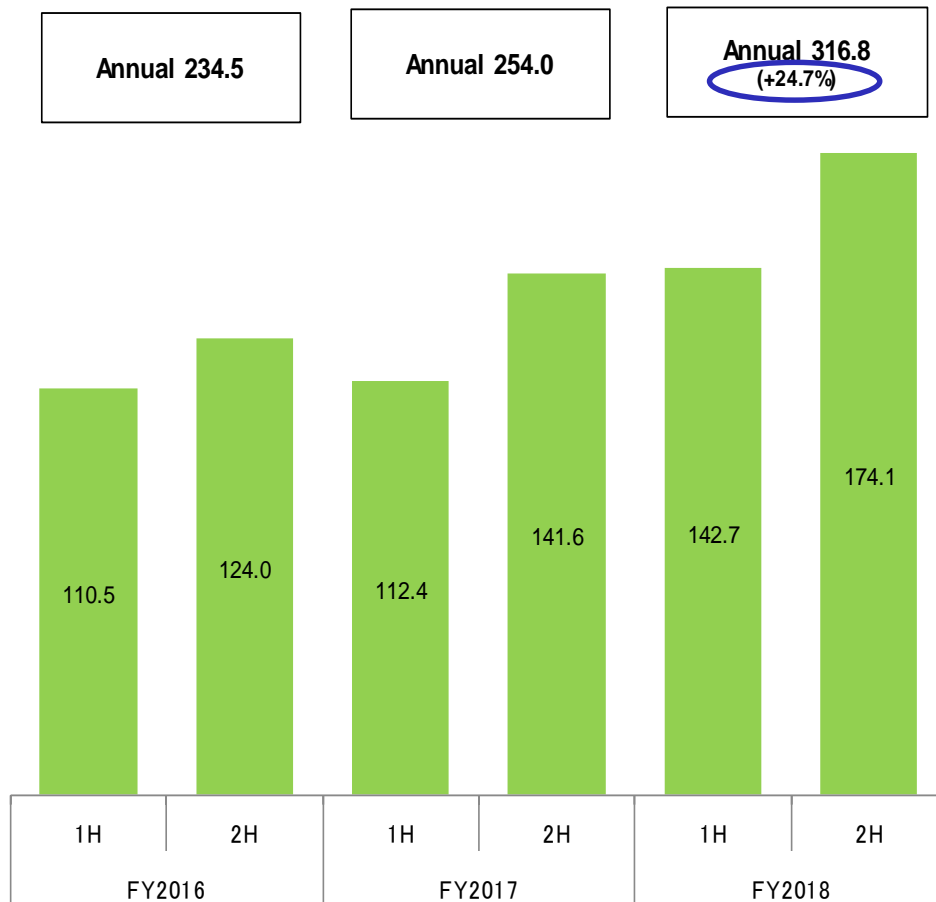
Housing Loan Business

Total of group banks

Residential housing loan origination

(JPY bn, % represents YoY change)

(including Flat)



★Term-end housing loan balance

(JPY bn, % represents YoY change)



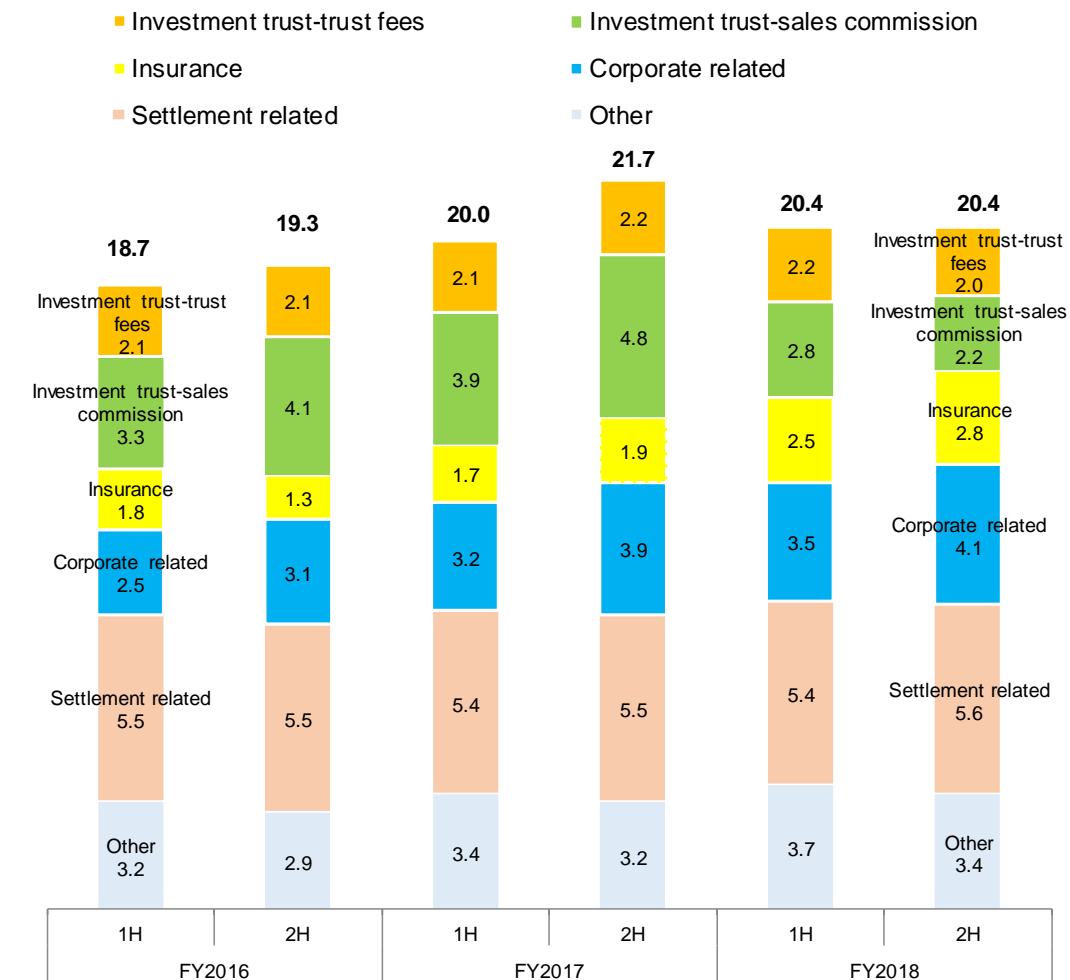
★ Consolidated fee income ratio at 21.3 % for FY 2018

【Consolidated fee income ratio】*1

(JPY bn)	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual
Investment trust	11.8	13.2	9.4
Trust fees	4.3	4.4	4.3
Sales Commission	7.5	8.8	5.1
Insurance	3.2	3.6	5.4
Corporate related□	5.6	7.1	7.7
Settlement related*2	11.1	11.0	11.1
Other	6.2	6.6	7.1
Commission Fee of group banks total	38.1	41.8	40.9
Consolidated fee income ratio (%)	18.0%	21.0%	21.3%

【Fee Income - total of group banks】

(JPY bn)



*1. Fees and commission income / Consolidated gross operating profit

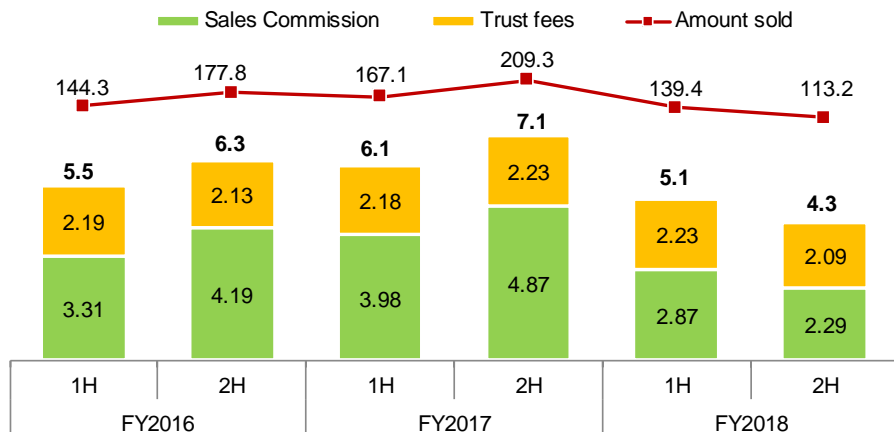
*2. Fees and commission from domestic exchange, account transfer, EB, VISA debit card

Asset Formation Support Business

Total of group banks

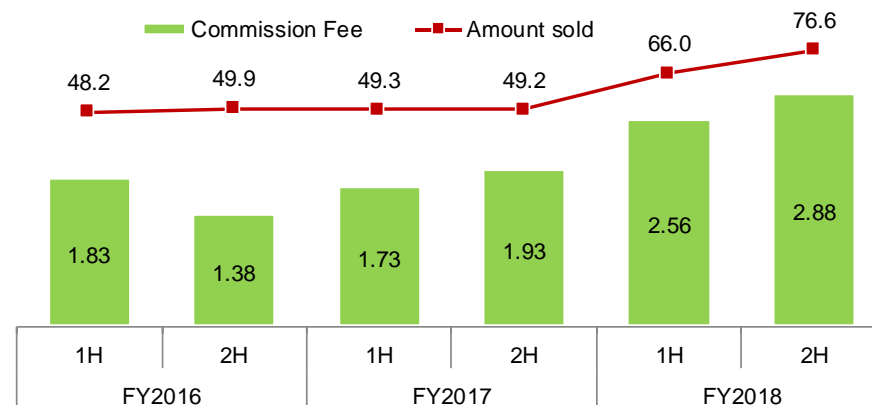
Investment trust and fund wrap

(JPY bn)



Insurance

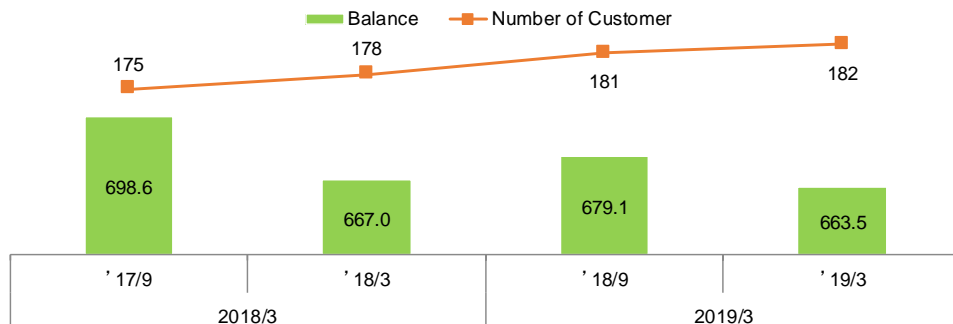
(JPY bn)



☆ For Individuals, Investment trust and fund wrap - The Number of Customers

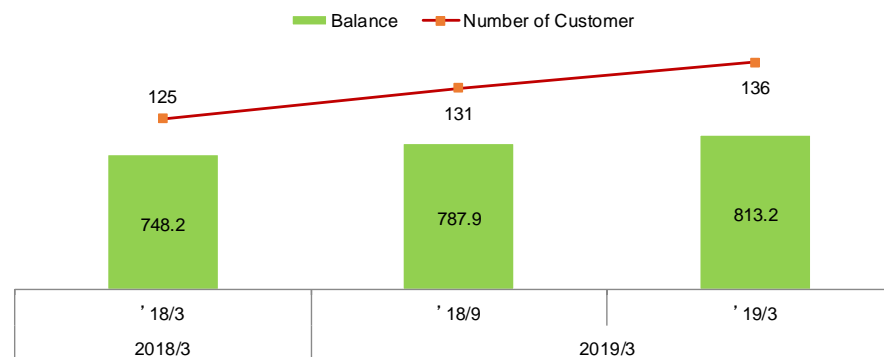
(JPY bn
1K customer)

Net inflow of funds (investment trust, etc.) in FY2018
(New purchase – withdrawal and redemption):
Approx. +12.0bn



☆ Insurance Balance - The number of Customers

(JPY bn
1K customer)



Trend of credit costs

(JPY bn)	FY2016	FY2017	FY2018	FY2019 Plan
Net credit cost (Total of group banks) (1)	1.4	(1.1)	(4.1)	(5.5)
General reserve (2)	2.6	3.0	(1.4)	
Specified reserve and other items (3)	(1.1)	(4.2)	(2.6)	
New bankruptcy, downward migration (4)	(7.6)	(8.8)	(8.7)	
Collection/upward migration (5)	6.4	4.6	6.0	

Difference (Total of consolidated group banks - (1))	FY2016	FY2017	FY2018
HL, guarantee subsidiaries (7)	(2.9)	(0.9)	(0.5)
HL, Credit card companies (8)	(0.0)	(0.1)	(0.1)

<Credit cost ratio>		(Unit:bps)		
Total of consolidated group banks *1 (9)		(1.8)	(3.3)	(5.6)
Total of group banks *2 (10)		1.6	(1.3)	(4.5)

(Note) Positive figures represent reversal gains

*1. Credit cost / (Loans and bills discounted + acceptances and guarantees)
(Simple average of the balances at the beginning and end of the term)

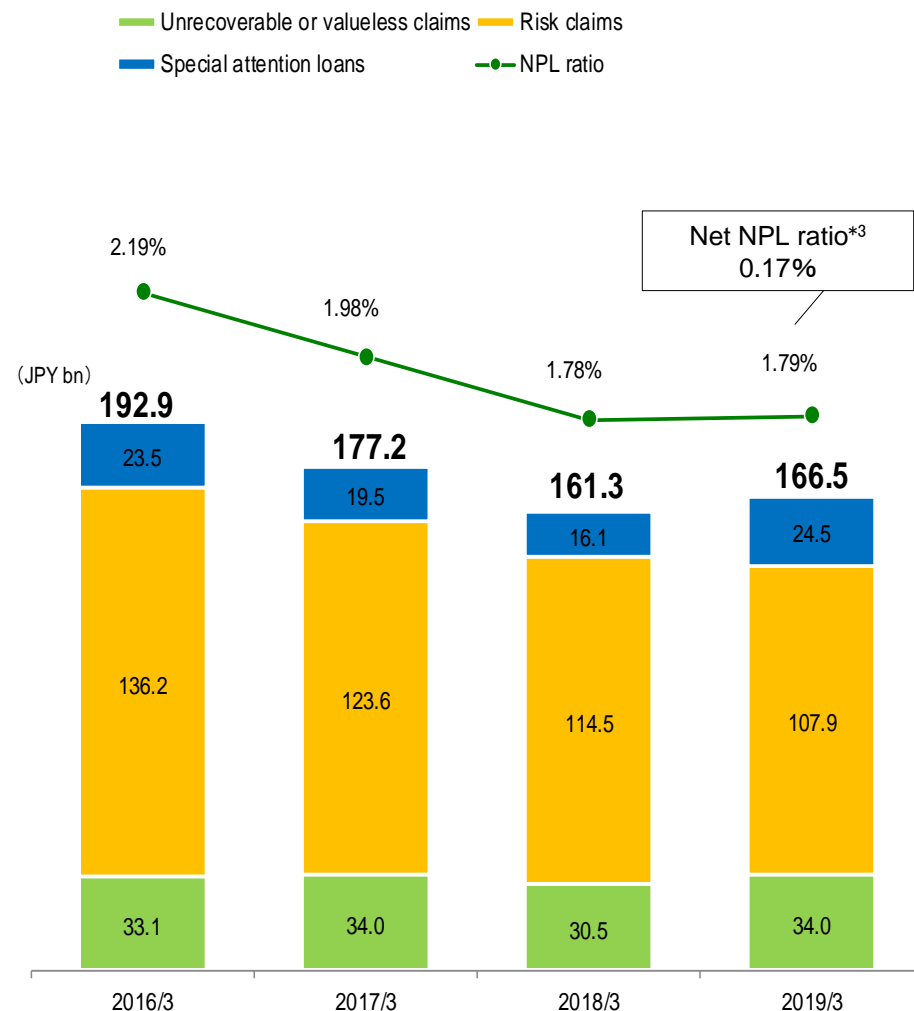
*2. Credit cost / total credits defined under the Financial Reconstruction Act
(Simple average of the balances at the beginning and end of the term)

*3. Net of collateral, guarantees and loan loss reserves

*4. Some figures of FY2016 and FY2017 are stated in accordance with a standard applied for FY2018.

Trend of NPL balance and ratio

(Financial Reconstruction Act criteria)



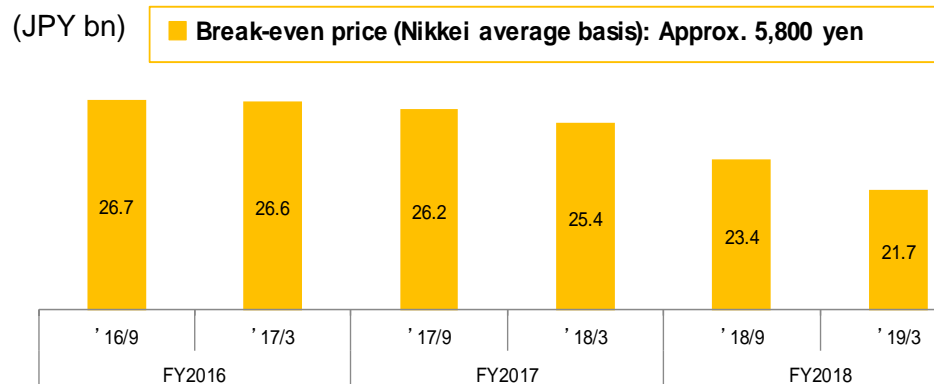
Securities (Total of group banks)

(JPY bn)	2017/3	2018/3	2019/3	Unrealized gain/(loss)
Available-for-sale securities *1 (1)	1,111.0	1,046.0	781.8	31.0
Stocks (2)	26.8	25.6	21.8	27.3
Bonds (3)	801.4	771.2	603.7	2.0
JGBs (4)	251.2	115.8	35.9	0.4
Average duration (years) (5)	4.7 years	4.3 years	3.3 years	-
Basis point value (BPV) (6)	(1.1)	(0.4)	(0.1)	-
Local government bonds and Corporate bonds (7)	550.2	655.4	567.8	1.5
Other (8)	282.6	249.1	156.2	1.6
Foreign bonds (9)	158.3	92.1	32.3	0.5
Average duration (years) (10)	8.2 years	7.7 years	7.2 years	-
Bases point value (BPV) (11)	(1.2)	(0.6)	(0.2)	-
Net unrealized gains/(losses) (12)	35.4	33.4	31.0	
Bonds held to maturity *2 (13)	216.5	217.3	207.6	4.6
JGBs (14)	139.2	124.1	111.9	2.6
Net unrealized gains/(losses) (15)	2.5	3.3	4.6	

Unrealized gains or losses

(JPY bn)	2018/3	2018/9	2018/12	2019/3
Bonds + Others (1)+(2)	(4.0)	(2.0)	(9.8)	3.6
Bonds (1)	1.5	0.2	1.6	2.0
Others (2)	(5.5)	(2.2)	(11.5)	1.6
Foreign securities (3)	(3.6)	(2.9)	(1.2)	0.5
Investment trusts, REIT (4)	(0.5)	0.2	(6.5)	0.8
ETF (5)	(1.6)	0.1	(3.6)	(0.1)
Others (6)	0.2	0.3	0.0	0.5

Status of policy-oriented stocks*3 held



*1 Acquisition cost basis, marketable securities

*2 Consolidated BS amount basis, marketable securities *3 Acquisition cost basis, marketable securities

Capital Adequacy Ratio·ROE (Shareholders Equity)

FG
Consolidated

☆ Capital Adequacy Ratio (Domestic standard – FG Consolidated)

(JPY bn)	2018/9 Actual	2019/3 Actual	Change			
				Kansai Urban	Kinki Osaka	Minato
Consolidated capital adequacy ratio (1)	7.15%	6.86%	(0.29)	6.20%	11.01%	6.74%
Total capital (2)	472.0	462.0	(10.0)	194.7	146.4	135.9
Core Capital: instruments and reserves (3)	492.0	481.6	(10.4)	212.2	154.0	141.0
Capital stock and surplus (4)	469.4	462.9	(6.5)	198.2	160.5	132.0
Subordinated loans (5)	6.5	6.0	(0.5)	4.0	—	2.0
Eligible provisions (6)	18.9	19.5	0.6	12.8	0.0	6.2
Core Capital: regulatory adjustments (7)	20.0	19.6	(0.4)	17.5	7.5	5.1
Risk weighted assets (8)	6,596.3	6,727.4	131.1	3,137.3	1,329.7	2,015.8
Credit risk weighted assets (*1) (9)	6,340.1	6,475.6	135.4	3,035.4	1,256.4	1,943.4
Amount equivalent to market risk / 8% (10)	4.5	5.2	0.6	—	0.9	—
Amount equivalent to operational risk / 8% (11)	251.5	246.6	(4.9)	101.9	72.3	72.3
ROE☆ (*2) (12)		14.56%				

(*1) Measuring method of credit risk weighted assets are as follows:

(*2) Net income ÷ Stockholders' equity (average at the beginning and end of the fiscal year)

Kansai Mirai Financial Group , Inc.	Foundation internal ratings based approach (F-IRB)
Kansai Urban Banking Corporation	Standardized approach (*)
The Kinki Osaka Bank,Ltd	F-IRB (*)
The Minato Bank, Ltd.	Standardized approach

(*) Kansai Mirai Bank, merged entity of Kansai Urban and Kinki Osaka, plans to adopt the F-IRB from the end of June 2019.

Earnings Target FY 2019

Total of group banks/
FG Consolidated

FG Consolidated

(JPY bn)	1H	Full-year	YoY change
Net (interim) income attributable to owners of parent (1)	5.0	12.5	(55.9)

Common DPS

(JPY)	DPS	Change from previous year
Common stock (annual) (2)	25	-
Interim dividend (3)	-	-

Total of group banks / Non-consolidated base

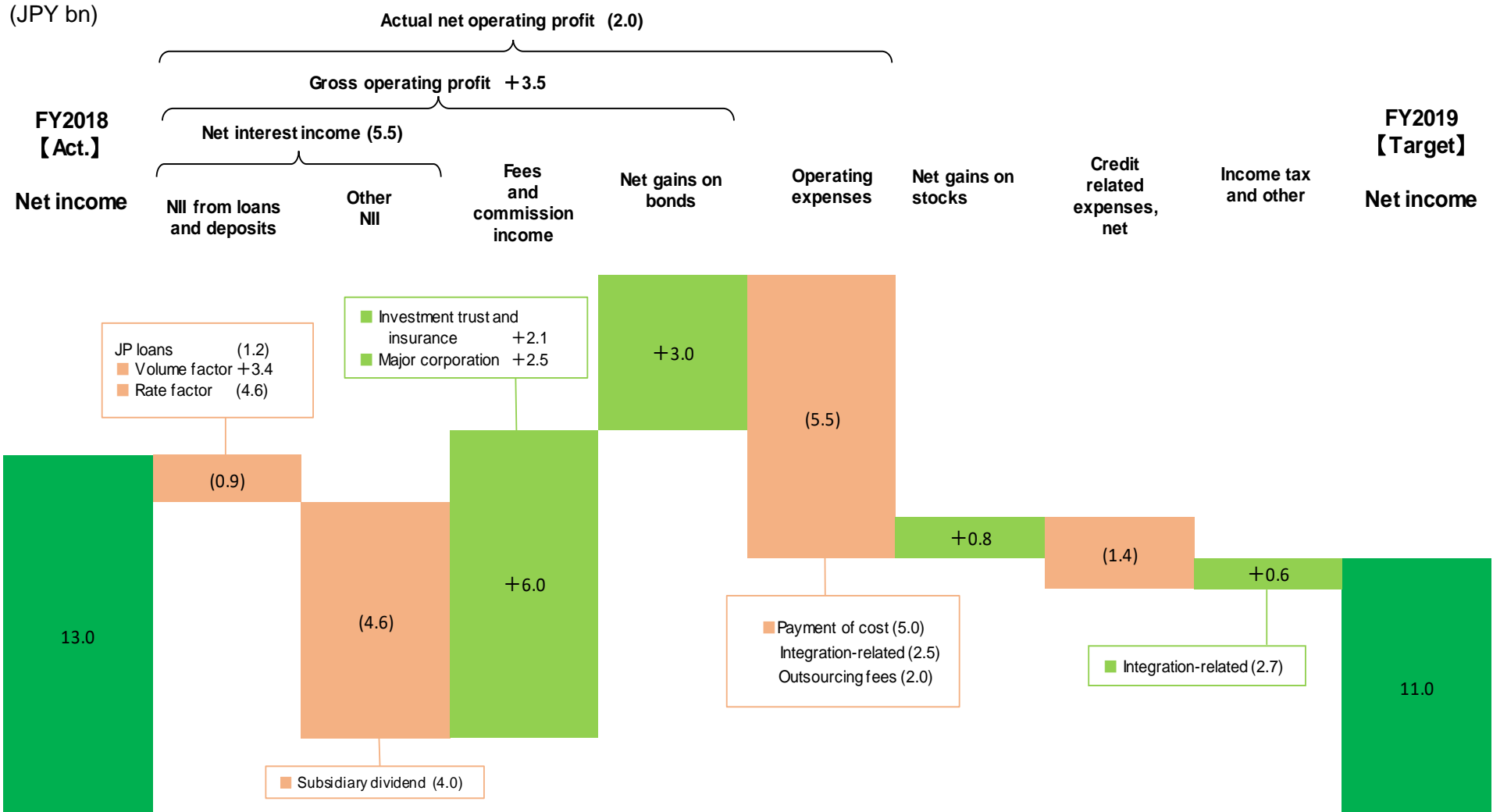
(JPY bn)	Total of 2 banks			Total of group banks / Non-consolidated base					
	1H	Full-year	YoY change	Kansai Mirai *1			Minato		
				1H	Full-year	YoY change	1H	Full-year	YoY change
Gross operating profit (4)	69.0	143.0	+ 3.5	49.0	100.5	+ 0.6	20.0	42.5	+ 2.9
Operating expenses (5)	(59.0)	(117.5)	(5.5)	(42.0)	(83.5)	(5.2)	(17.0)	(34.0)	(0.3)
Actual net operating profit (6)	10.0	25.5	(2.0)	7.0	17.0	(4.6)	3.0	8.5	+ 2.7
Net gains/(losses) on stocks (7)	1.5	4.5	+ 0.8	1.5	4.0	+ 0.7	—	0.5	+ 0.1
Credit related expenses, net (8)	(2.5)	(5.5)	(1.4)	(1.5)	(3.5)	(1.5)	(1.0)	(2.0)	+ 0.0
Income before income taxes (9)	6.5	15.5	(0.4)	5.0	10.0	(1.6)	1.5	5.5	+ 1.2
Net (interim) income (10)	4.5	11.0	(2.0)	3.5	7.0	(1.6)	1.0	4.0	(0.4)

(*1) Kansai Urban and Kinki Osaka merged and became Kansai Mirai Bank on April 1, 2019.

Gap Analysis: FY 2019 Target vs FY 2018 Result

Total of group banks

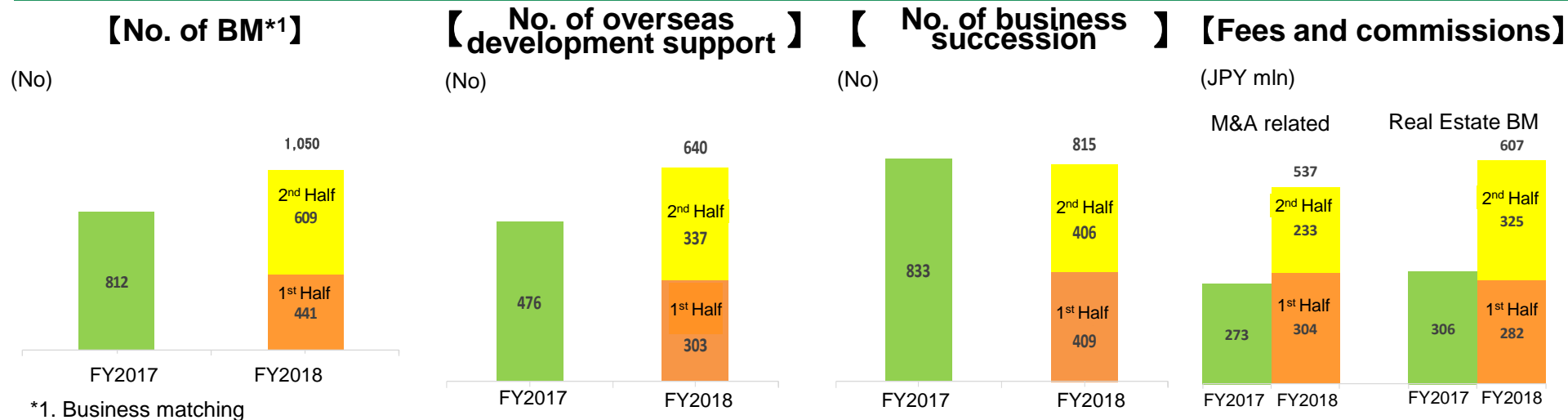
Net income (Total of group banks) <Approximate figures>



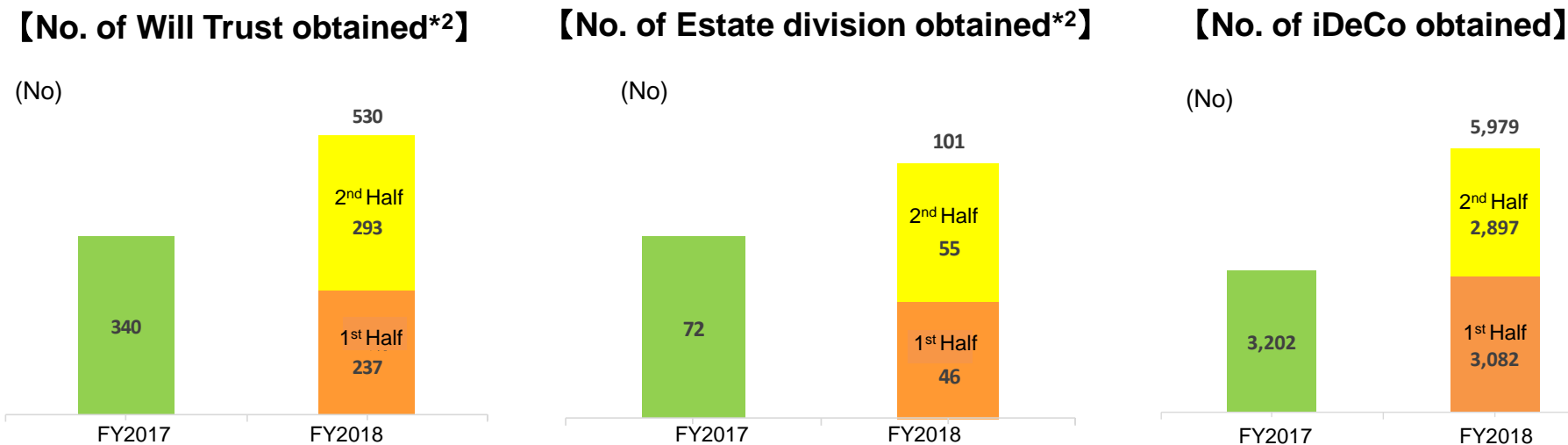
Know how expansion across the Group banks

Total of group banks

Corporate solution business



Consulting to individual customers



*2. Entrusted to Resona bank