
Financial Highlights for Fiscal Year 2019



Kansai Mirai Bank, Limited



MINATO BANK

May 12, 2020

(Note) 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.

Outline of Financial Results for FY 2019

■ Posted JPY3.9 bn of net income attributable to owners of the parent

Down JPY64.4 bn, YoY

Down JPY8.6 bn from the target

- Absence of gain from negative goodwill posted in FY'18 :
Down JPY56.6 bn, YoY
- Integration-related cost *1 : JPY16.9 bn, Increase JPY11.2 bn, YoY
- The turmoil in the financial markets following the rapid spread of COVID-19 : JPY(7.3) bn
 - Soundness of securities portfolio enhancement : JPY(2.7) bn
 - Impairment loss on securities held by KMFG group banks : JPY(4.5) bn

■ Posted JPY29.2 bn of Actual net operating profit

Down JPY2.7 bn, or 8.5%, YoY

- Gross operating profit : JPY142.8 bn : Down JPY5.5 bn, or 3.7%, YoY
Net interest income from domestic loans and deposits *2 :
Down JPY2.7 bn, YoY
Loan-to-deposit spread rate is on the downward trend, but improving from the previous period.
Average loan balance(excluding loans to government) +2.21%, YoY
Loan-to-deposit spread (0.04)%, YoY

- Operating expenses : JPY113.6 bn :
Decreased JPY2.8 bn, or 2.4%, YoY (improved)

■ Credit related expenses, net : JPY6.2 bn (cost)

Increased JPY1.1 bn, YoY (worsen)

By partially reconsideration of credit evaluation method.

■ Full year target of net income attributable to owners of the parent (FY 2020) : JPY6.0 bn

Kansai Mirai FG Consolidated (JPY bn)	FY2019			FY2020 Target
		YoY change	%	
Net income attributable to owners of the parent (1)	3.9	(64.4)	(94.3)%	6.0
(excluding Gain from negative goodwill)	(3.9)	(7.8)	(66.7)%	
Gross operating profit (2)	142.8	(5.5)	(3.7)%	
Net interest income (3)	109.2	(3.5)		
From domestic loans and deposits *2 (4)	97.4	(2.7)		
Fees and commission income (5)	28.2	(3.0)		
Other operating income (6)	5.4	+1.0		
Net gains/(losses) on bonds (7)	2.0	+0.2		
Operating expenses (excluding group banks' non-recurring items) (8)	(113.6)	+2.8	+2.4%	
OHR (9)	79.5%	+1.0%		
Actual net operating profit (2+8) (10)	29.2	(2.7)	(8.5)%	
Net gains/(losses) on stocks (11)	(4.0)	(4.0)		
Credit related expenses, net (12)	(6.2)	(1.1)		
Other gains/(losses), net (13)	(10.3)	(0.0)		
Ordinary profits (14)	8.5	(8.1)	(48.6)%	
Extraordinary gains/(losses) (15)	(1.7)	(57.8)		
Gain from negative goodwill (16)	—	(56.6)		
Income before income taxes (17)	6.8	(65.9)	(90.6)%	

*1. Include loss on retirement and cancellation of conduct and impairment loss for fixed assets

*2. Total of group banks, deposits Include NCDs.

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

Breakdown of Financial Results for FY 2019

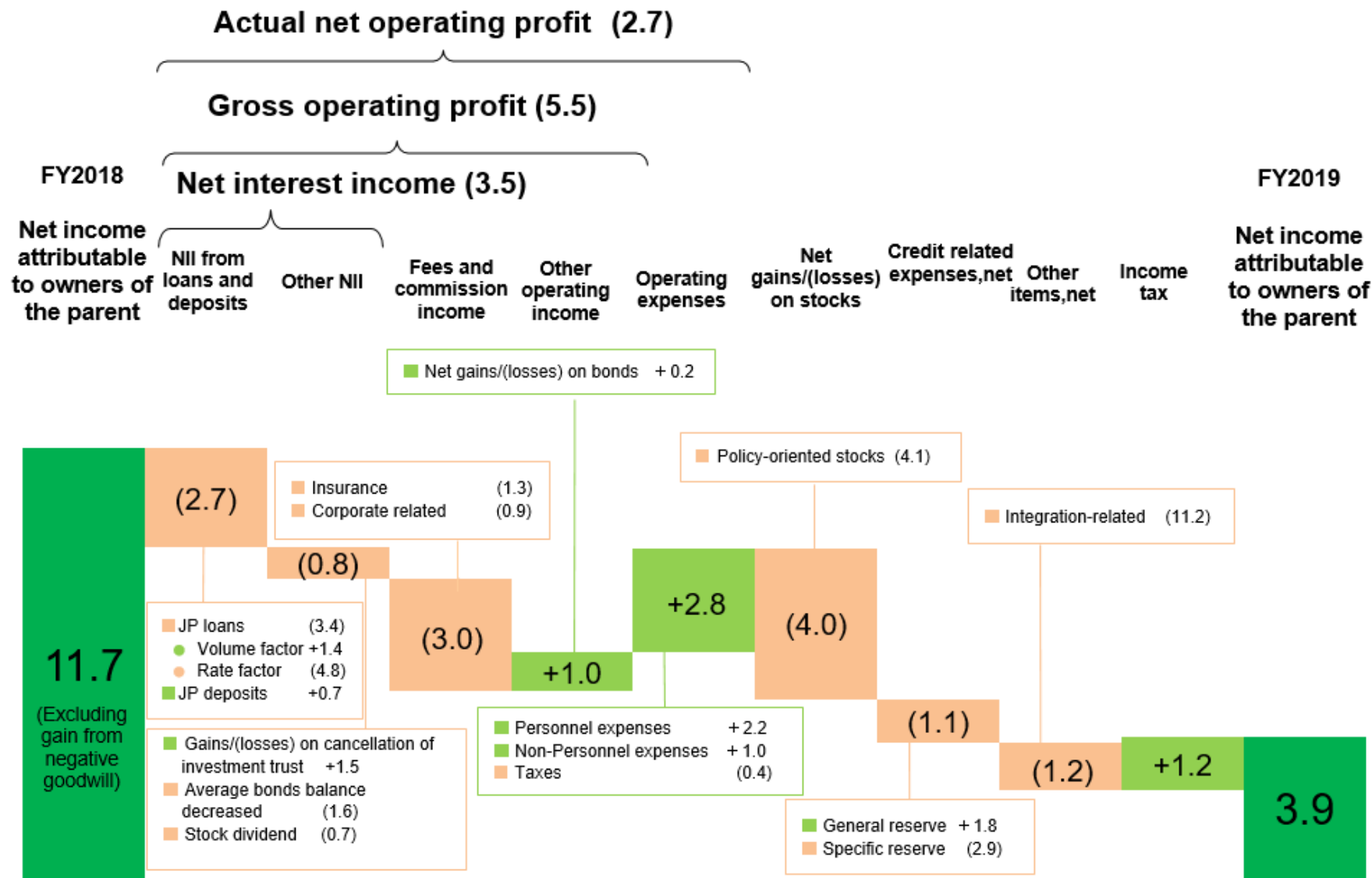
(JPY bn)	Kansai Mirai FG (Consolidated) (A)		Total of two group banks (Non-consolidated) (B)		Kansai Mirai		Minato		Difference (A)-(B)	
		YoY change		YoY change(*1)						YoY change
Gross operating profit (1)	142.8	(5.5)	135.5	(3.9)	94.6	40.9	7.2	(1.5)		
Net interest income (2)	109.2	(3.5)	110.1	(5.5)	79.5	30.6	(0.9)	+2.0		
From domestic loans and deposits (3)			97.4	(2.7)	71.4	26.0				
Gains/(losses) on cancellation of investment trust (4)	2.9	+1.5	2.8	+2.0	2.4	0.4	0.1	(0.4)		
Fees and commission income (5)	28.2	(3.0)	20.4	(1.5)	12.7	7.7	7.7	(1.4)		
Other operating income (6)	5.4	+1.0	4.9	+3.1	2.3	2.5	0.4	(2.1)		
Net gains/(losses) on bonds (7)	2.0	+0.2	2.4	+2.6	0.3	2.0	(0.4)	(2.3)		
Operating expenses (excluding group banks' non-recurring items) (8)	(113.6)	+2.8	*2 (109.8)	+2.1	*2 (76.9)	(32.8)	(3.7)	+0.6		
OHR (9)	79.5%	+1.0%	81.0%	+0.7%	81.3%	80.3%				
Actual net operating profit (10)	29.2	(2.7)	25.7	(1.7)	17.6	8.0	3.5	(0.9)		
Core net operating profit (excluding gains/(losses) on cancellation of investment trust) (11)			20.4	(6.4)	14.8	5.5				
Net gains/(losses) on stocks (12)	(4.0)	(4.0)	5.2	+1.4	5.7	(0.4)	(9.3)	(5.5)		
Credit related expenses, net (13)	(6.2)	(1.1)	(4.7)	(0.6)	(3.0)	(1.7)	(1.4)	(0.5)		
Other gains/(losses), net (14)	(10.3)	(0.0)	(11.3)	(0.1)	(11.2)	(0.1)	1.0	+0.0		
Ordinary profits (15)	8.5	(8.1)	14.8	(1.1)	9.1	5.7	(6.3)	(6.9)		
Extraordinary gains/(losses) (16)	(1.7)	(57.8)	(2.5)	(2.4)	(2.3)	(0.2)	0.8	(55.3)		
Gain from negative goodwill (17)	—	(56.6)	—	—	—	—	—	(56.6)		
Income before income taxes (and noncontrolling interests) (18)	6.8	(65.9)	12.3	(3.6)	6.7	5.5	(5.4)	(62.2)		
Net income (attributable to owners of the parent) (19)	3.9	(64.4)	8.3	(4.7)	4.5	3.8	(4.3)	(59.7)		

*1. "Simple total of two group banks' non-consolidated (FY 2019)" — "Simple total of three group banks' non-consolidated (FY 2018)"
(Apr.1, 2019: Kansai Urban and Kinki Osaka merged into Kansai Mirai. Figures of Kansai Mirai before the merger are simple sum of non-consolidated results of two banks above.)

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

Factors for the YoY Change in Periodic Profits

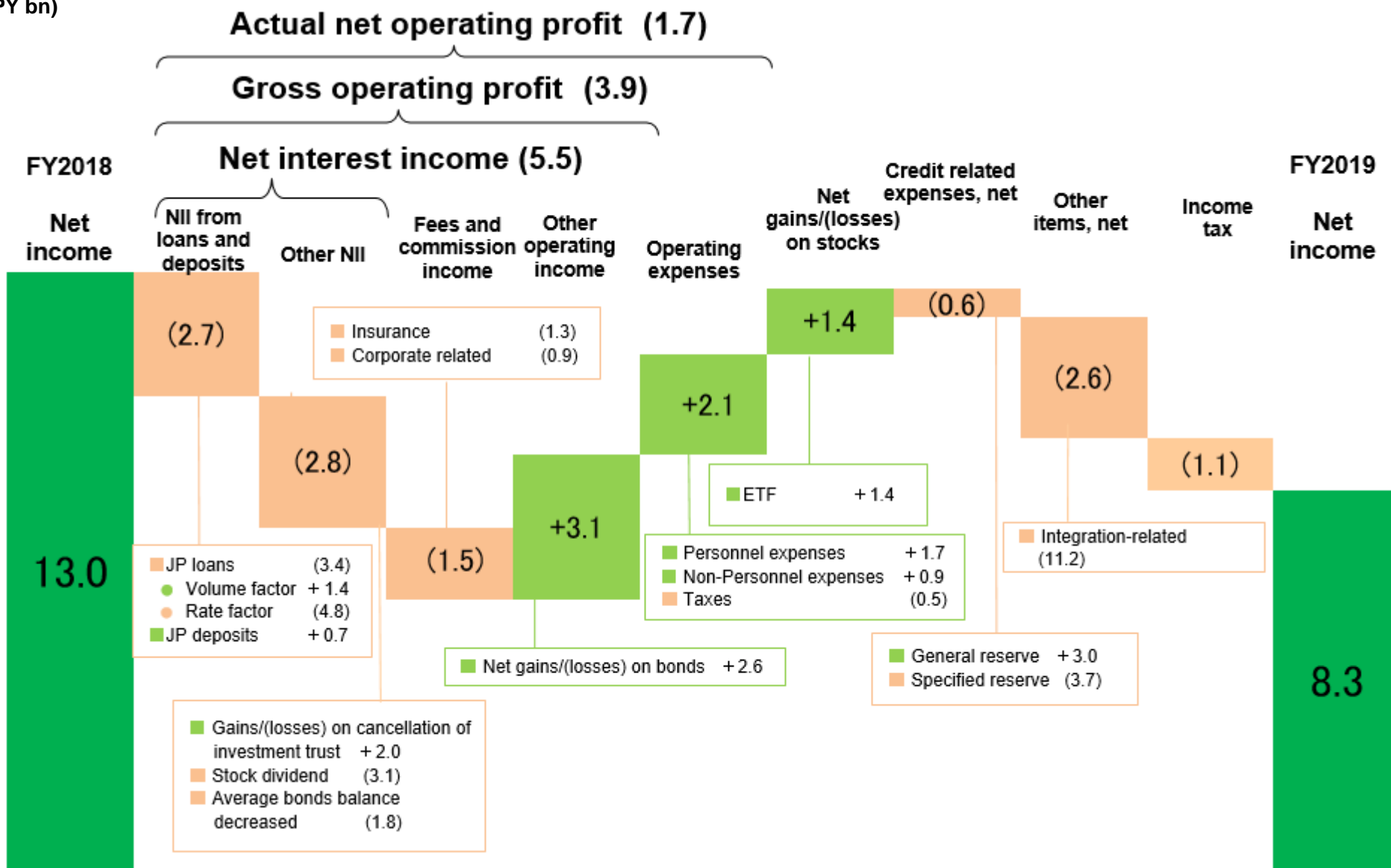
(JPY bn)



Factors for the YoY Change in Periodic Profits

Total of group banks

(JPY bn)



Trend of Loans and Deposits (Domestic* 1)

Total of
group banks

Average loan / deposit balance, rates and spread

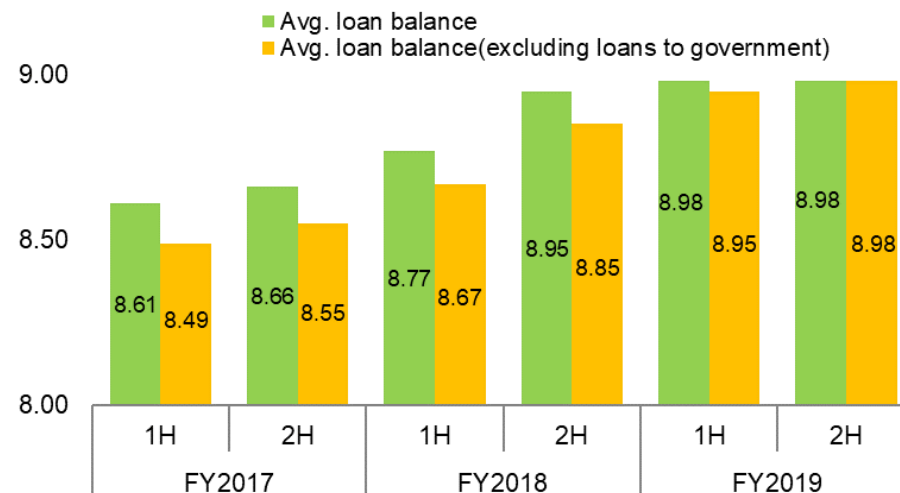
Avg. Bal : Trillion Yen Income/Cost : Billion Yen			FY2018		FY2019		FY2020	
			Act.	YoY	Act.	YoY	Target	YoY
Loans	Avg. Bal. (1)	8.86	+2.63%	8.98	+1.33%	9.17	+2.07%	
	Rate (2)	1.18%	(0.07)%	1.13%	(0.05)%	1.09%	(0.03)%	
	Income (3)	105.0	(3.9)	101.5	(3.4)	100.6	(0.9)	
Deposits (including NCDs)	Avg. Bal. (4)	10.89	+1.75%	10.73	(1.53)%	10.62	(0.94)%	
	Rate (5)	0.04%	(0.00)%	0.03%	(0.00)%	0.03%	(0.00)%	
	Cost (6)	(4.8)	+0.7	(4.0)	+0.7	(3.2)	+0.8	
Loan-to-deposit	Spread (7)	1.14%	(0.06)%	1.09%	(0.04)%	1.06%	(0.02)%	
	Net interest income (8)	100.2	(3.2)	97.4	(2.7)	97.3	(0.1)	

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

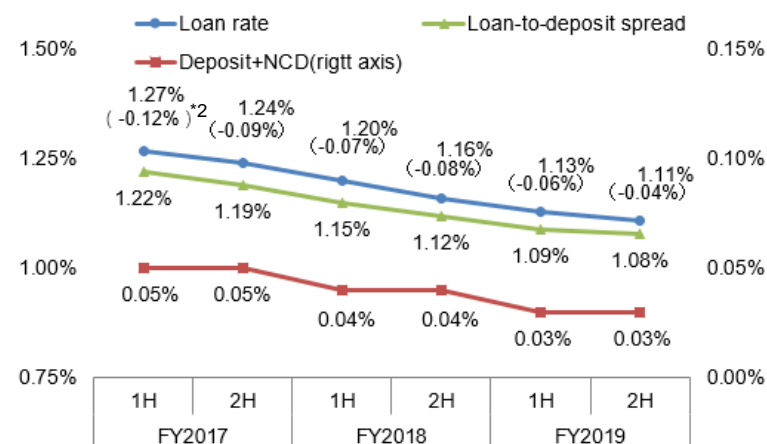
*2 % represents adjusted YoY change.

Average loan balance

(JPY tn)



Loan to deposit rate and spread



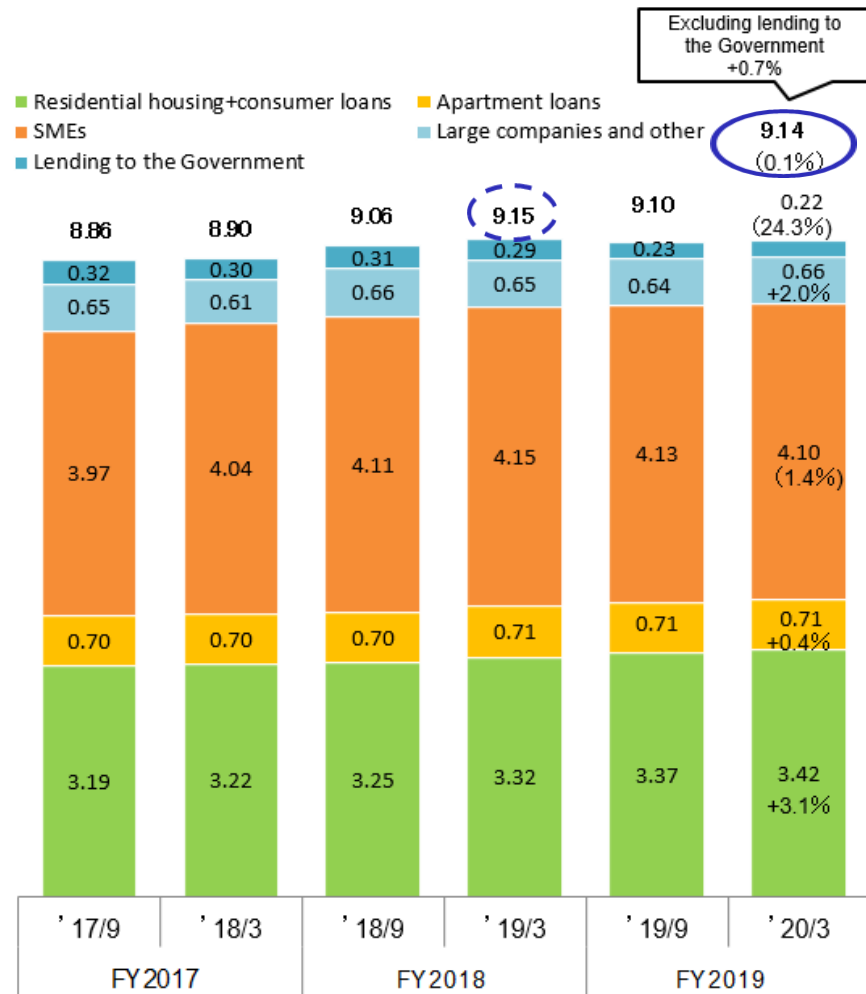
Term-end Balance of Loans and Deposits

Total of group banks

Term-end loan balance (all locations*1)

(JPY tn, % represents YoY change)

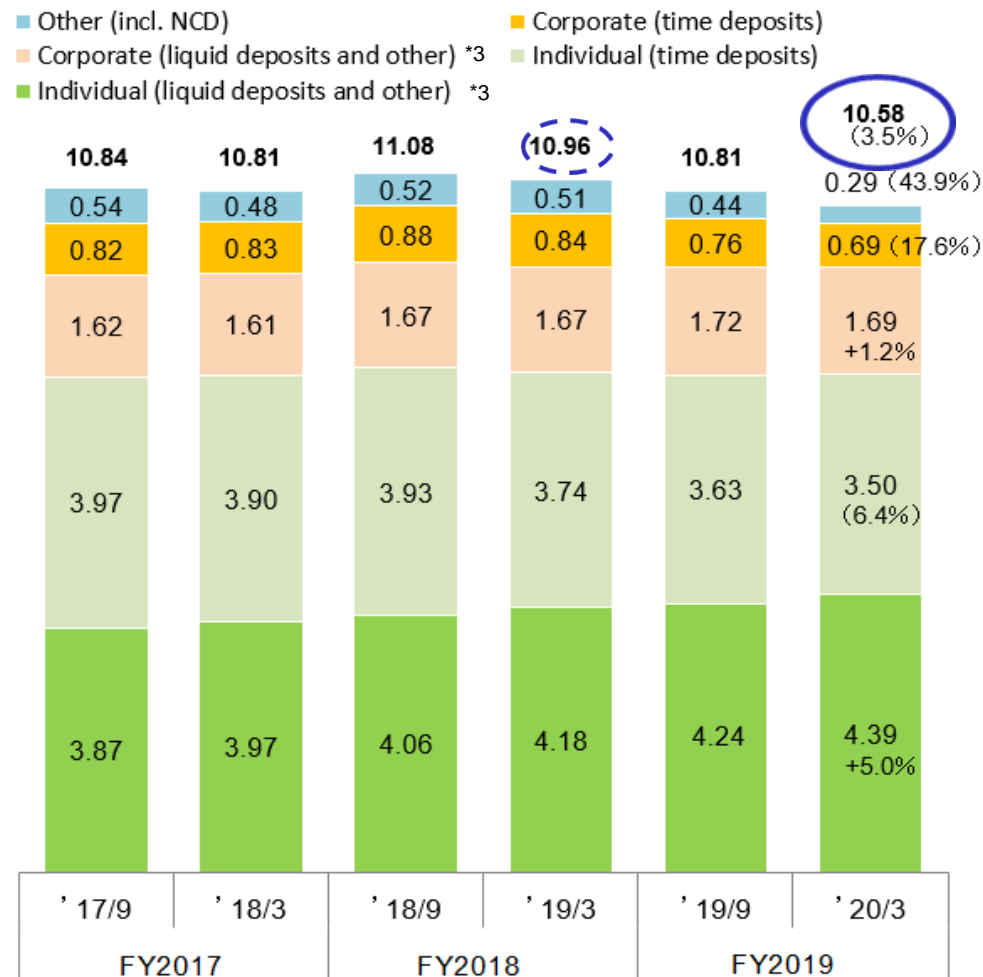
*1.All loans, including which denominated in foreign currencies, etc.



Term-end deposit balance (all locations*2)

(JPY tn, % represents YoY change)

*2.All deposits, including which denominated in foreign currencies, etc.



*3.Total of the following account's amounts:

Current deposits, Ordinary deposits, Deposit, Deposits at notice, Separate deposits and other.

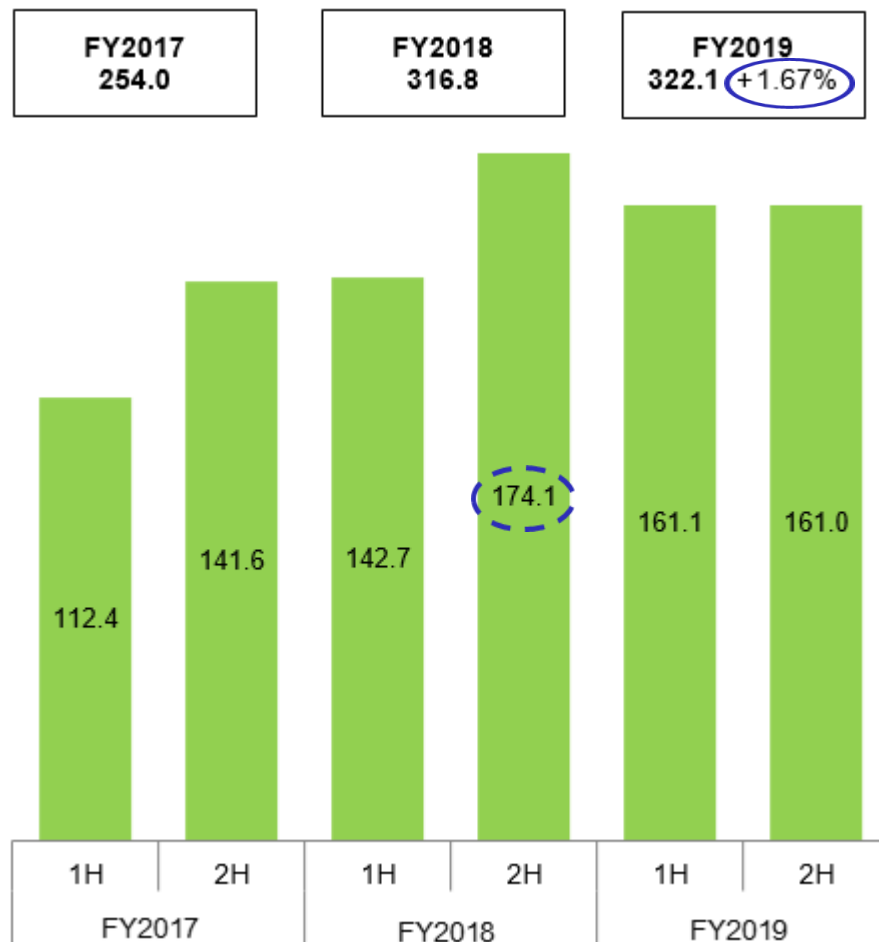
Housing Loan Business

Total of group banks

Residential housing loan origination

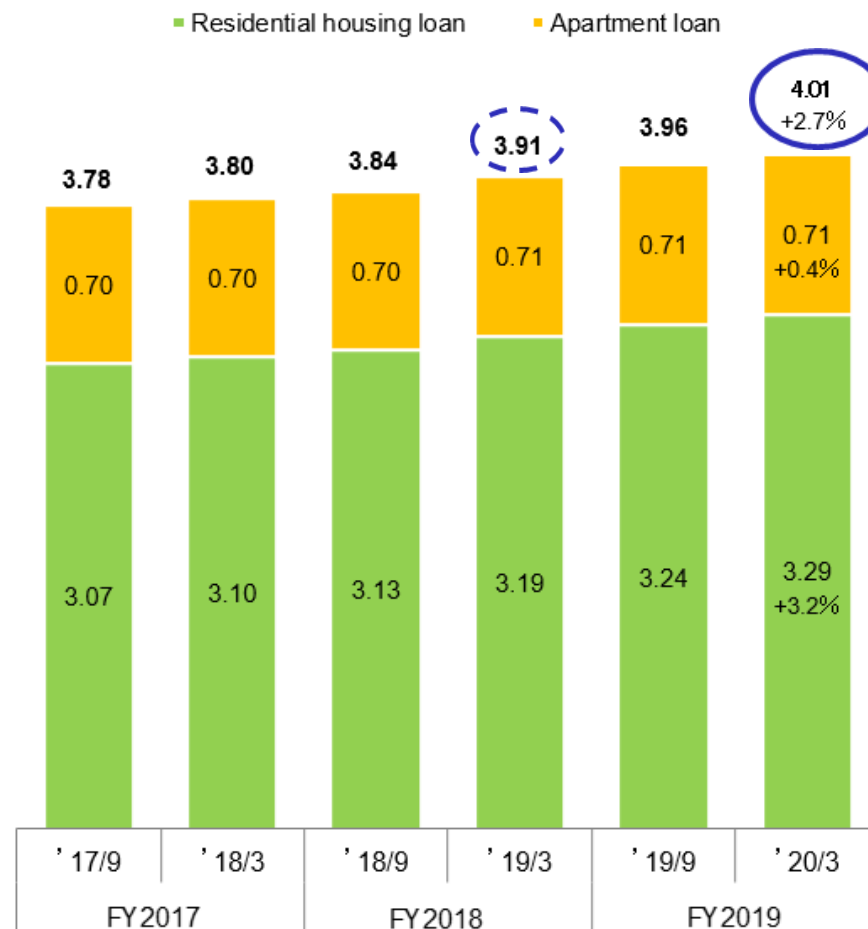
(JPY bn, % represents YoY change)

(including Flat)



Term-end housing loan balance

(JPY tn, % represents YoY change)



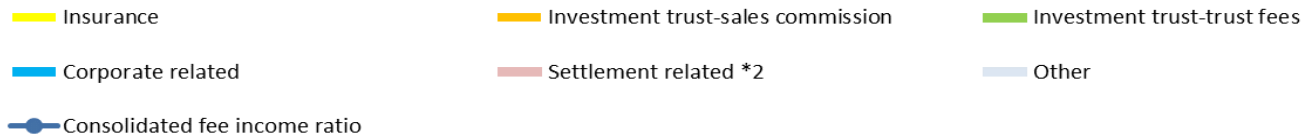
Trend of Fee Income

Total of group banks

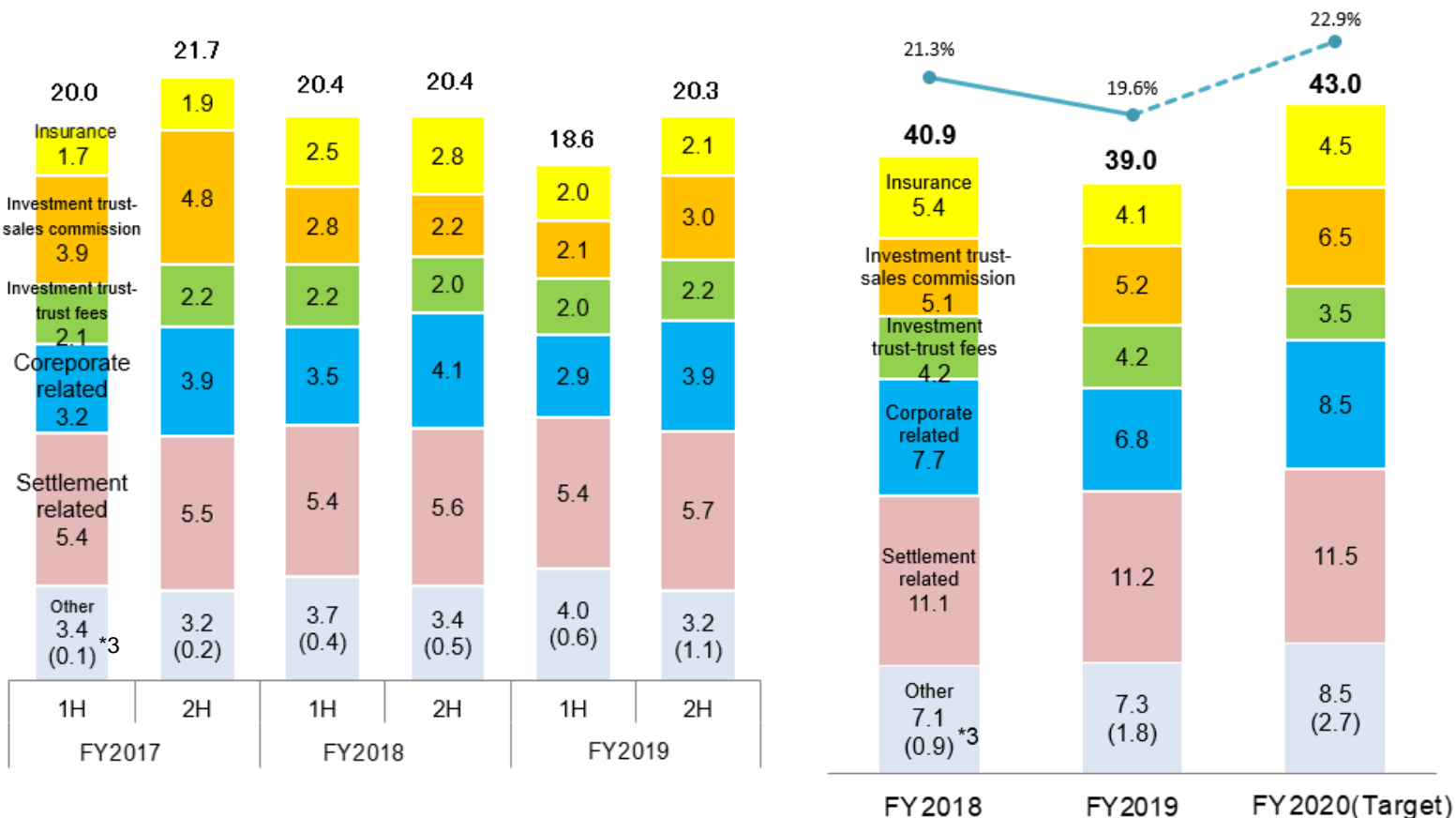
Consolidated fee income ratio, Fee Income - total of group banks

(JPY bn)

【Consolidated fee income ratio】*1



【Fee Income - total of group banks】



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

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

*3. (): Connected to housing loan

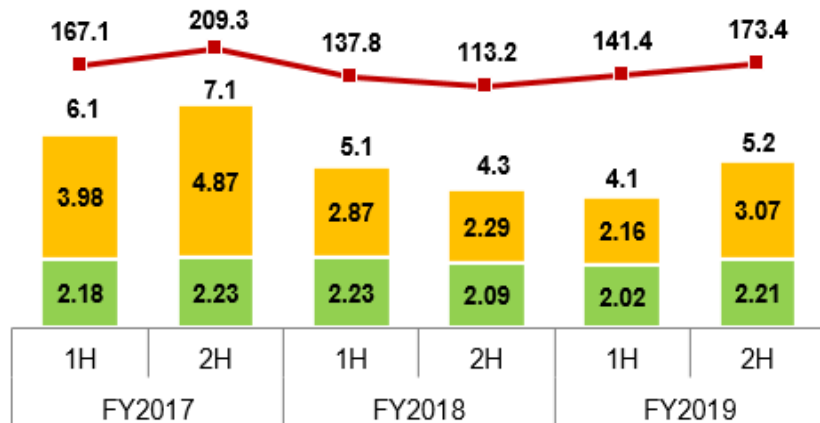
Asset Formation Support Business

Total of group banks

Investment trust and fund wrap

(JPY bn)

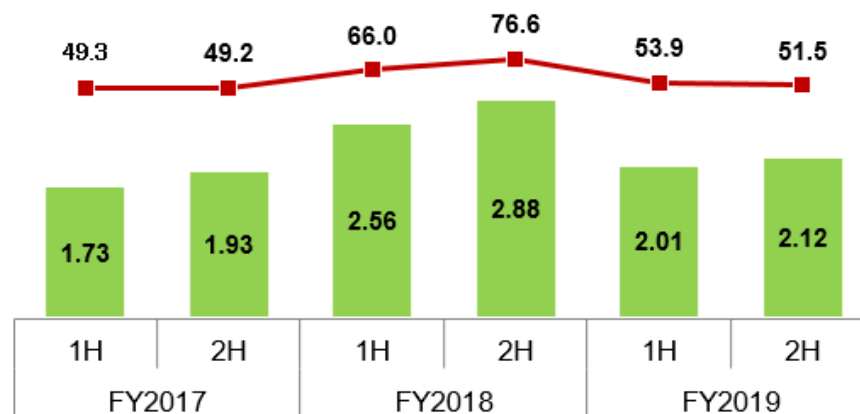
Sales Commission Trust fees Amount sold



Insurance

(JPY bn)

Commission Fee Amount sold

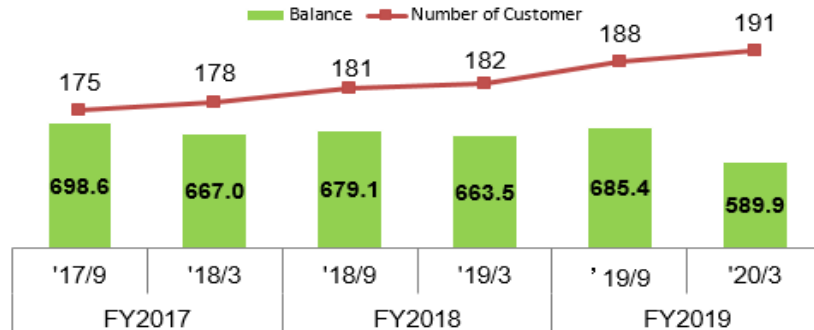


For Individuals, Investment trust and fund wrap - The Number of Customers

(JPY bn 1K customer)

Net inflow of funds (investment trust etc.) in FY 2019 (New purchase – withdrawal and redemption): Approx. +48.0bn

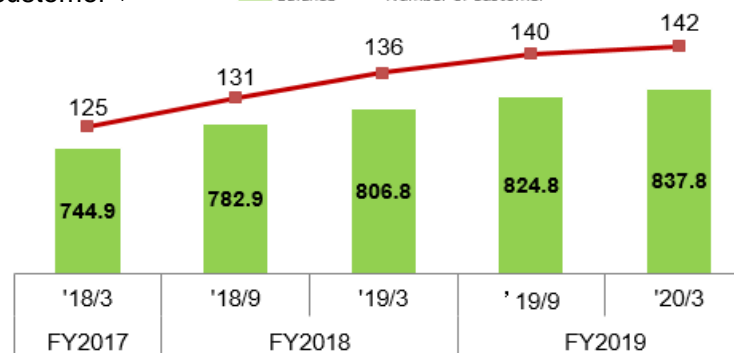
Balance Number of Customer



Insurance Balance - The number of Customers

(JPY bn 1K customer)

Balance Number of Customer



Trend of credit costs

(JPY bn)	FY2017	FY2018	FY2019	FY2020 Target
Net credit cost (FG Consolidated) (1)	(2.9)	(5.0)	(6.2)	
Net credit cost (Total of group banks) (2)	(1.1)	(4.1)	(4.7)	(12.5)
General reserve (3)	3.0	(1.4)	1.6	
Specified reserve and other items (4)	(4.2)	(2.6)	(6.3)	
New bankruptcy, downward migration (5)	(8.8)	(8.7)	(6.8)	
Collection/upward migration (6)	4.6	6.0	0.4	
Difference (Total of consolidated group banks - (2)) (7)	(1.7)	(0.9)	(1.4)	
HL, guarantee subsidiaries (8)	(0.9)	(0.5)	(1.6)	
HL, Credit card companies (9)	(0.1)	(0.1)	(0.0)	
<Credit cost ratio> (Unit:bps)				
Total of consolidated group banks *2 (10)	(3.3)	(5.6)	(6.8)	
Total of group banks *3 (11)	(1.3)	(4.5)	(5.1)	

(Notes) 1. Positive figures represent reversal gains

2. Credit cost ratio is calculated by annualized credit cost

*1. Some figures of FY2017 are adjusted to reflect the KMFG integration stated in accordance with a standard applied for FY2018

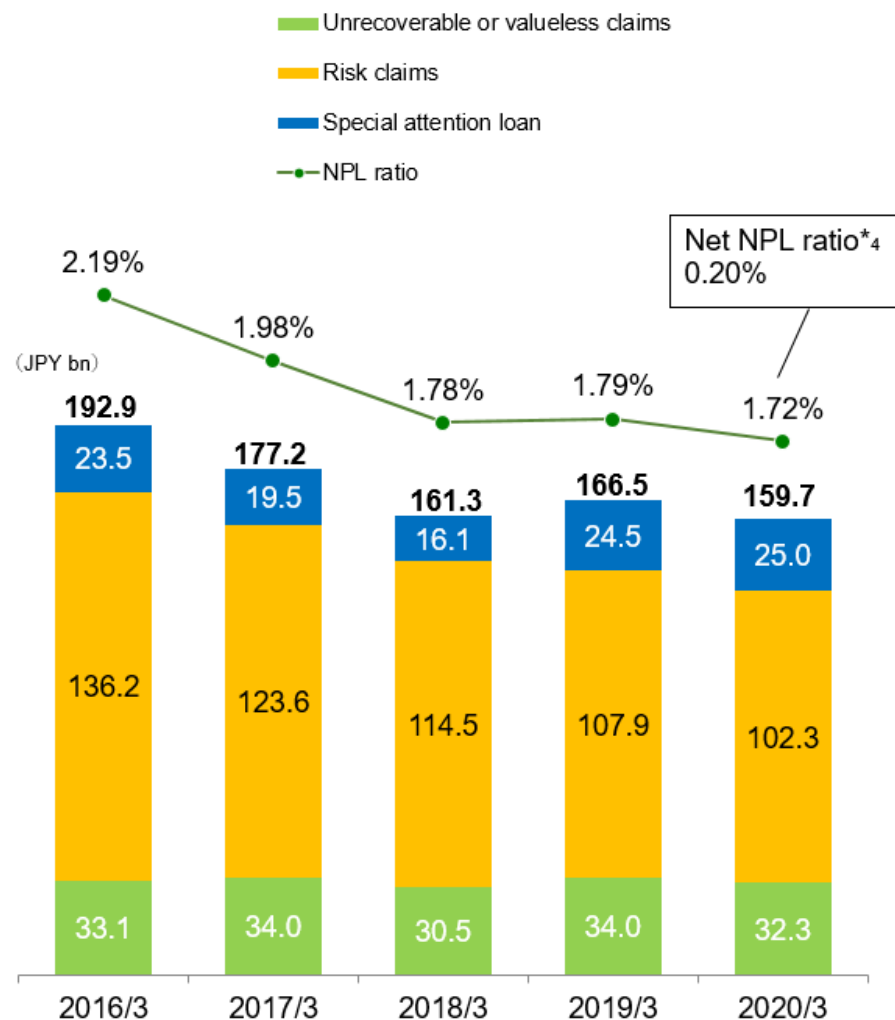
*2. Credit cost / (Loans and bills discounted + acceptances and guarantees) (Simple average of the balances at the beginning and end of the term)

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

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

Trend of NPL balance and ratio

(Financial Reconstruction Act criteria)



Securities

(JPY bn)		2018/3	2019/3	2020/3	Unrealized gains/(losses)
Available-for-sale securities *1	(1)	1,046.0	781.8	636.3	2.9
Stocks	(2)	25.6	21.8	16.2	9.5
Bonds	(3)	771.2	603.7	513.5	(0.2)
JGBs	(4)	115.8	35.9	36.2	(0.4)
Average duration (years)	(5)	4.3	3.3	13.8	-
Basis point value (BPV)	(6)	(0.4)	(0.1)	(0.4)	-
Local government bonds and Corporate bonds	(7)	655.4	567.8	477.2	0.2
Other	(8)	249.1	156.2	106.6	(6.3)
Foreign bonds	(9)	92.1	32.3	7.1	(0.1)
Average duration (years)	(10)	7.7	7.2	4.6	-
Bases point value (BPV)	(11)	(0.6)	(0.2)	(0.0)	-
Net unrealized gains/(losses)	(12)	33.4	31.0	2.9	
Bonds held to maturity *2	(13)	217.3	207.6	217.7	2.6
JGBs	(14)	124.1	111.9	105.2	1.5
Net unrealized gains/(losses)	(15)	3.3	4.6	2.6	

*1.Acquisition cost basis. The presented figures include marketable securities only

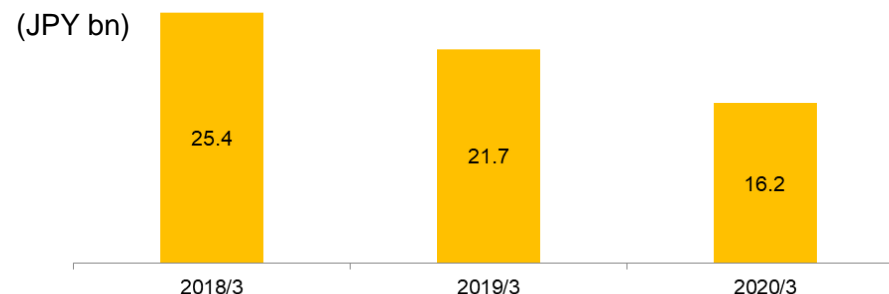
*2.Consolidated BS amount basis. The presented figures include marketable securities only

Unrealized gains or losses

(JPY bn)		2018/3	2019/3	2020/3
Bonds + Others	(1)+(2)	(4.0)	3.6	(6.5)
Bonds	(1)	1.5	2.0	(0.2)
Others	(2)	(5.5)	1.6	(6.3)
Foreign securities	(3)	(3.6)	0.5	(0.1)
Investment trusts, REIT	(4)	(0.5)	0.8	(5.2)
ETF	(5)	(1.6)	(0.1)	(0.9)
Others	(6)	0.2	0.5	0.0

Status of policy-oriented stocks*3 held

■ Break-even price (Nikkei average basis) : Approx.9,800 yen



*3.Acquisition cost basis. The presented figures include marketable securities only

Capital Adequacy Ratio (Domestic standard – FG Consolidated)

(JPY bn)	2019/3 Actual	2020/3 Actual	Change
Consolidated capital adequacy ratio (1)	6.86%	8.05%	+ 1.19%
Total Capital (2)	462.0	447.5	(14.4)
Core Capital: instruments and reserves (3)	481.6	465.1	(16.4)
Capital stock and surplus (4)	462.9	463.1	+0.2
earnings to be distributed (-) (5)	9.3	3.7	(5.5)
Subordinated loans (6)	6.0	0.9	(5.0)
Eligible provisions (7)	19.5	8.0	(11.5)
Core Capital: regulatory adjustments (8)	19.6	17.6	(1.9)
Risk weighted assets (9)	6,727.4	5,557.4	(1,170.0)
Credit risk weighted assets (*1) (10)	6,475.6	5,312.5	(1,163.1)
Amount equivalent to market risk / 8% (11)	5.2	5.0	(0.1)
Amount equivalent to operational risk / 8% (12)	246.6	239.8	(6.7)
Credit risk weighted assets adjustments (13)	–	–	–
ROE(*2) (14)		0.83%	

(Reference) Group banks (Consolidated)

	Kansai Mirai	Minato
Consolidated capital adequacy ratio	8.37%	7.77%
Total Capital	318.9	160.0
Core Capital: instruments and reserves	340.7	164.2
Capital stock and surplus	332.6	157.9
earnings to be distributed (-)	–	–
Subordinated loans	–	0.9
Eligible provisions	15.6	6.0
Core Capital: regulatory adjustments	21.8	4.1
Risk weighted assets	3,808.9	2,058.0
Credit risk weighted assets (*1)	3,590.4	1,987.0
Amount equivalent to market risk / 8%	1.7	–
Amount equivalent to operational risk / 8%	168.8	70.9
Credit risk weighted assets adjustments	47.9	–

■ Change in RWAs

- IRB approach applicable to KMB and MB* (*Applicable at an FG-consolidated level) (1,023.8) bn
- Decline in the balance of investment trust (84.0) bn

(*1) Measuring method of credit risk weight assets

	2019/3	2020/3
Kansai Mirai Financial Group, Inc	Fundamental Internal Ratings Based Approach (F-IRB)	Fundamental Internal Ratings Based Approach (F-IRB)
Kansai Mirai Bank, Ltd	–	Fundamental Internal Ratings Based Approach (F-IRB)
The Kinki Osaka Bank, Ltd	Fundamental Internal Ratings Based Approach (F-IRB)	–
Kansai Urban Banking Corporation	Standardized Approach (SA)	–
The Minato Bank, Ltd	Standardized Approach (SA)	Standardized Approach (SA) (F-IRB at FG Consolidated)

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

Earnings Target FY 2020

Total of group banks/
FG Consolidated

FG Consolidated

(JPY bn)	Full-year target	YoY change
Net Income attributable to owners of parent (1)	6.0	+2.1

Common DPS

(JPY)	Dividend per share	YoY change
Ordinary dividend (annual) (2)	10	-
Interim dividend (3)	-	-

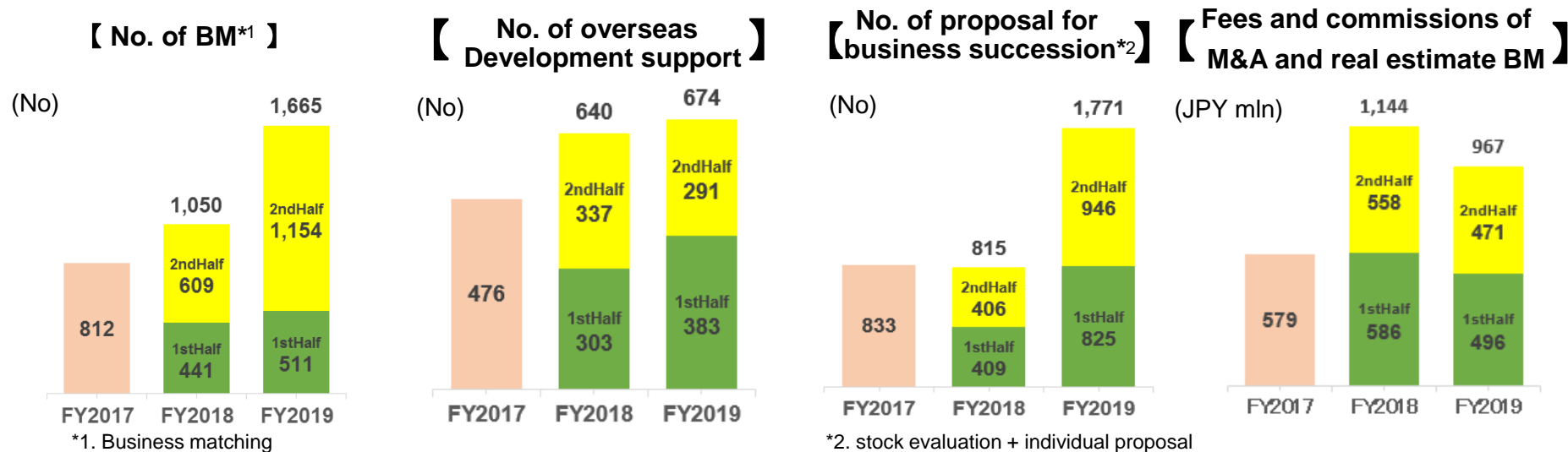
Total of group banks / Non-consolidated base

(JPY bn)	Total of group banks		Kansai Mirai		Minato	
	Full-year target	YoY change	Full-year target	YoY change	Full-year target	YoY change
Gross operating profit (4)	133.0	(2.5)	92.5	(2.1)	40.5	(0.4)
Operating expenses (5)	(112.0)	(2.2)	(79.5)	(2.6)	(32.5)	+0.3
Actual net operating profit (6)	21.0	(4.7)	13.0	(4.6)	8.0	—
Net gains/(losses) on stocks (7)	2.5	(2.7)	1.5	(4.2)	1.0	+1.4
Credit related expenses, net (8)	(12.5)	(7.8)	(7.5)	(4.5)	(5.0)	(3.3)
Income before income taxes (9)	7.0	(5.3)	4.0	(2.7)	3.0	(2.5)
Net income (10)	5.0	(3.3)	3.0	(1.5)	2.0	(1.8)

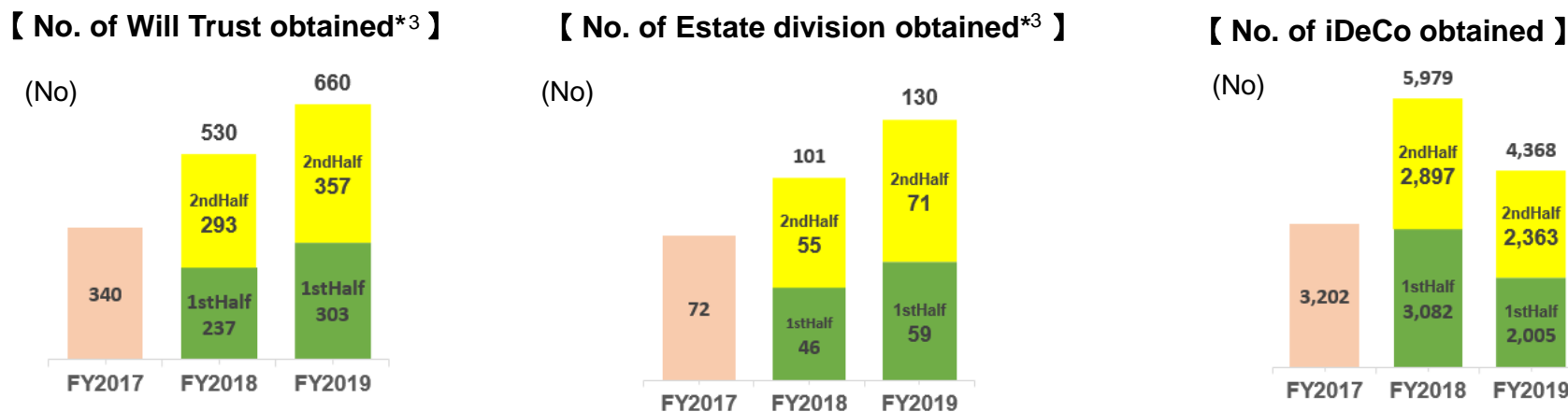
Know how expansion across the Group banks

Total of group banks

Corporate solution business



Consulting to individual customers



*3. Entrusted to Resona bank