
Financial Highlights for the First Quarter of Fiscal Year 2020



Kansai Mirai Bank, Limited



MINATO BANK

August 7, 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 the 1Q of FY 2020

■ **Net income attributable to owners of parent : JPY1.9 bn**

Down JPY0.1bn, or 6.8%, YoY

Full year target : JPY6.0 bn

Progress rate against the full year target : 32.3%

■ **Actual net operating profit : JPY5.8 bn**

Down JPY0.5 bn, or 8.7%, YoY

● **Gross operating profit : JPY33.6 bn**

Down JPY1.0 bn, or 3.1%, YoY

- Net interest income from domestic loans and deposits^{*1} : JPY23.8 bn

Down JPY0.5 bn, YoY

Average loan balance +1.33%, Loan-to-deposit spread (0.04)%

The rate of decline continues to decrease

● **Operating expenses : JPY27.8 bn**

Decreased JPY0.4 bn, YoY(improved)

- Reduction in personnel and non-personnel expenses covered integration-related cost (JPY0.8 bn).

■ **Credit related expenses, net : JPY3.0 bn (cost)**

Increased JPY2.3 bn, YoY

In line with the plan against the full year target

【Reference】 Total of two banks

■ **Actual net operating profit : JPY4.3 bn**

Full year target : JPY21.0 bn

Progress rate : 20.8%

■ **Net income : JPY2.6 bn**

Full year target : JPY5.0 bn

Progress rate : 53.3%

Kansai Mirai FG Consolidated (JPY bn)	1Q of FY2020	YoY change	
			%
Net income attributable to owners of parent (1)	1.9	(0.1)	(6.8)%
Gross operating profit (2)	33.6	(1.0)	(3.1)%
Net interest income (3)	26.8	+0.3	
From domestic loans and deposits ^{*1} (4)	23.8	(0.5)	
Fees and commission income (5)	5.6	(0.4)	
Other operating income (6)	1.1	(0.9)	
Net gains/(losses) on bonds (7)	0.5	(1.0)	
Operating expenses (excluding group banks' non-recurring items) (8)	(27.8)	+0.4	+1.8%
OHR (9)	82.6%	+1.0%	
Actual net operating profit (2+8) (10)	5.8	(0.5)	(8.7)%
Net gains/(losses) on stocks (11)	0.2	+0.3	
Credit related expenses, net (12)	(3.0)	(2.3)	
Other gains/(losses), net (13)	(1.1)	+1.2	
Ordinary profit (14)	1.9	(1.3)	(40.5)%
Extraordinary gains/(losses) (15)	0.6	+0.8	
Income before income taxes (16)	2.6	(0.4)	(15.8)%

*1. Total of group banks, deposits include NCDs

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

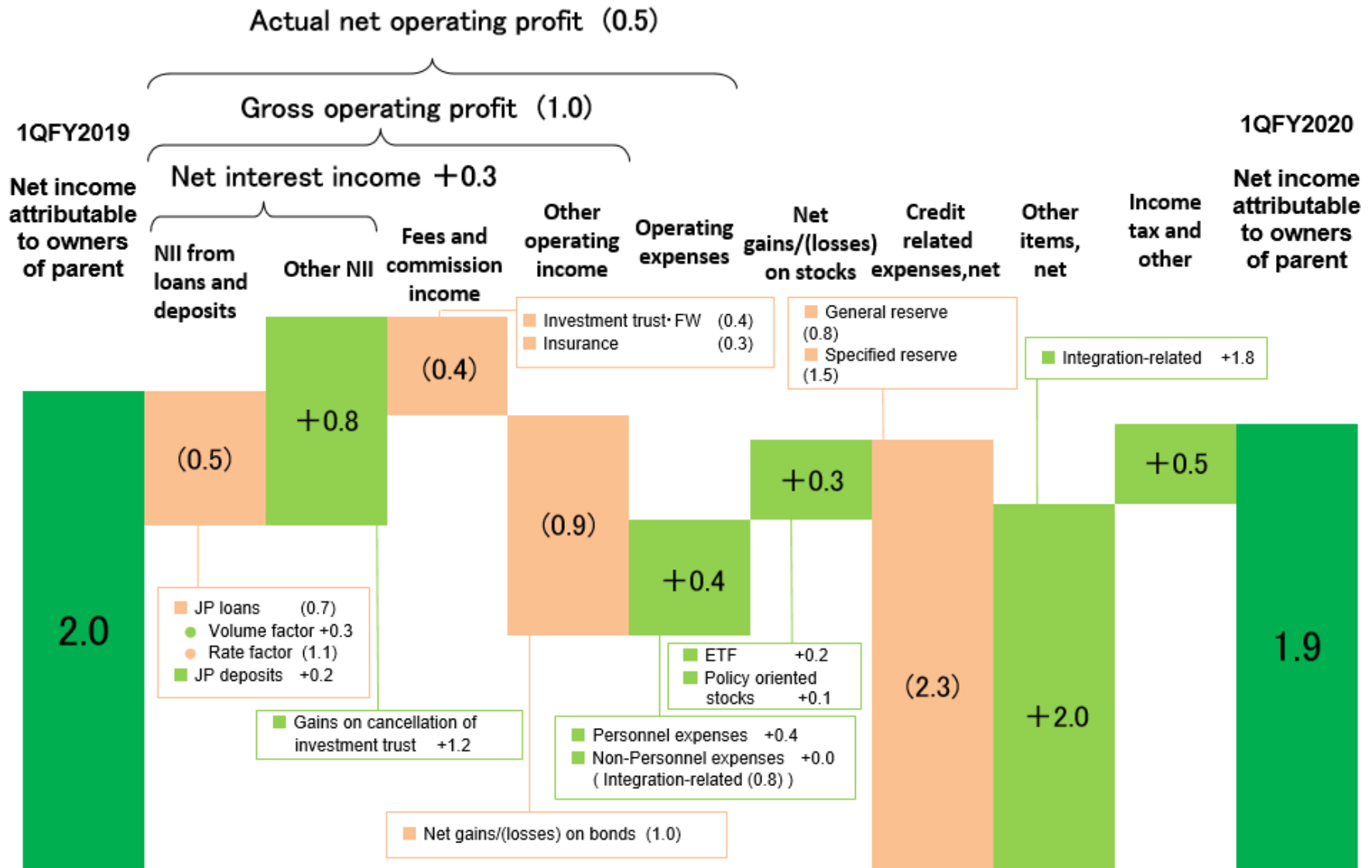
Breakdown of Financial Results for the 1Q of FY 2020

(JPY bn)	Kansai Mirai FG (Consolidated) (A)		Total of two group banks (Non-consolidated) (B)				Difference (A)-(B)	
		YoY change		YoY change	Kansai Mirai	Minato		YoY change
Gross operating profit (1)	33.6	(1.0)	31.0	(1.4)	21.6	9.4	2.5	+0.3
Net interest income (2)	26.8	+0.3	26.4	+0.0	18.9	7.4	0.4	+0.3
From domestic loans and deposits (3)			23.8	(0.5)	17.5	6.3		
Gains/(losses) on cancellation of investment trust (4)	1.4	+1.2	0.9	+0.7	0.6	0.2	0.4	+0.4
Fees and commission income (5)	5.6	(0.4)	3.7	(0.3)	2.2	1.5	1.8	(0.0)
Other operating income (6)	1.1	(0.9)	0.9	(1.1)	0.4	0.5	0.2	+0.1
Net gains/(losses) on bonds (7)	0.5	(1.0)	0.4	(1.2)	(0.0)	0.4	0.0	+0.2
Operating expenses (excluding group banks' non-recurring items) (8)	(27.8)	+0.4	* (26.7)	+0.6	* (18.5)	(8.1)	(1.0)	(0.1)
OHR (9)	82.6%	+1.0%	85.8%	+1.7%	85.8%	86.0%		
Actual net operating profit (10)	5.8	(0.5)	*4.3	(0.7)	*3.0	1.3	1.4	0.2
Core net operating profit (excluding gains/(losses) on cancellation of investment trust) (11)			3.0	(0.2)	2.4	0.5		
Net gains/(losses) on stocks (12)	0.2	+0.3	1.9	+1.9	1.3	0.5	(1.6)	(1.6)
Credit related expenses, net (13)	(3.0)	(2.3)	(2.2)	(2.0)	(1.2)	(0.9)	(0.8)	(0.3)
Other gains/(losses), net (14)	(1.1)	+1.2	(1.3)	+1.3	(0.7)	(0.6)	0.2	(0.0)
Ordinary profit (15)	1.9	(1.3)	2.7	+0.4	2.4	0.2	(0.8)	(1.7)
Extraordinary gains/(losses), net (16)	0.6	+0.8	0.8	+1.0	0.8	(0.0)	(0.1)	(0.1)
Income before income taxes (and noncontrolling interests) (18)	2.6	(0.4)	3.6	+1.4	3.3	0.2	(1.0)	(1.9)
Net income (attributable to owners of parent) (19)	1.9	(0.1)	2.6	+1.1	2.4	0.2	(0.7)	(1.2)

* Exclude JPY0.1bn of goodwill amortization by Kansai Mirai related to acquisition of former Biwako Bank

Factors for the YoY Change in Periodic Profits

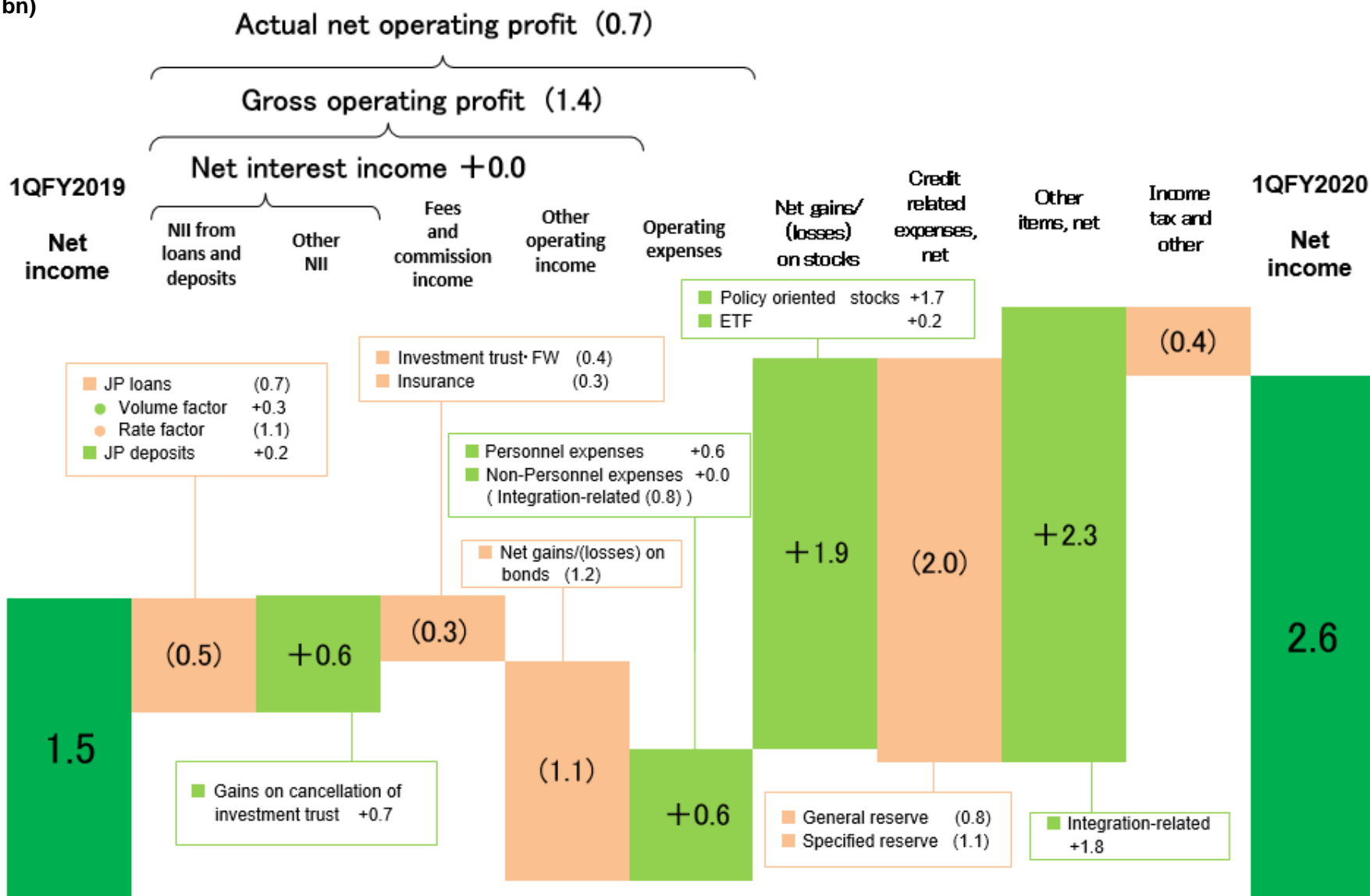
(JPY bn)



Factors for the YoY Change in Periodic Profits

Total of group banks

(JPY bn)



Trend of Loans and Deposits (Domestic*1)

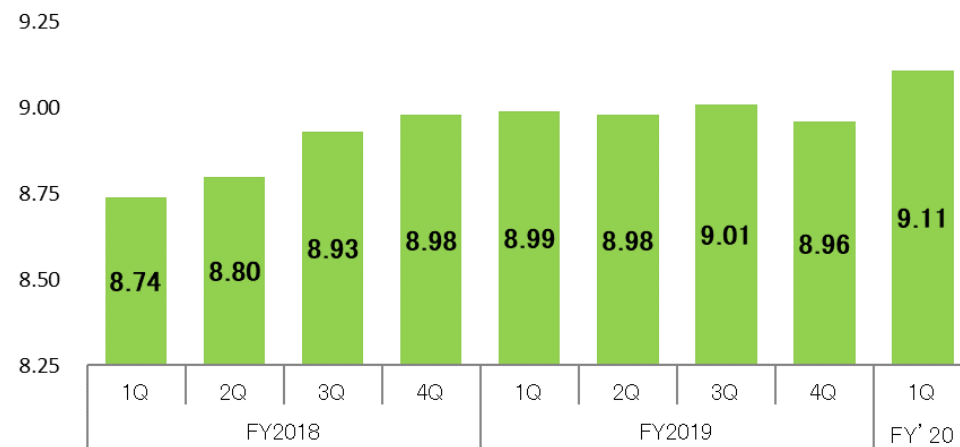
Total of
group banks

Average loan / deposit balance, rates and spread

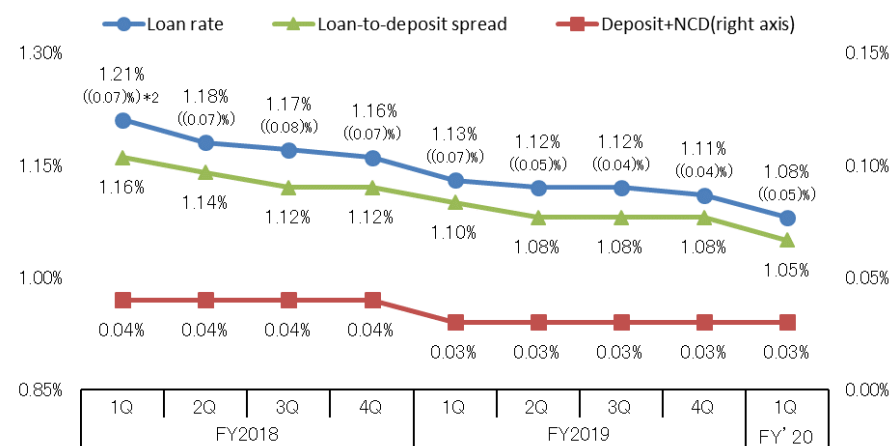
Avg.Bal : Trillion Yen Income/Cost : Billion Yen		FY2020			
		1Q		YoY	
		Act.	YoY	Target	YoY
Loans	Avg. Bal. (1)	9.11	+1.33%	9.17	+2.07%
	Rate (2)	1.08%	(0.05)%	1.09%	(0.03)%
	Income (3)	24.7	(0.7)	100.60	(0.9)
Deposits (including NCDs)	Avg. Bal. (4)	10.69	(1.73)%	10.62	(0.94)%
	Rate (5)	0.03%	(0.00)%	0.03%	(0.00)%
	Cost (6)	(0.8)	+0.2	(3.2)	+0.8
Loan-to- deposit	Spread (7)	1.05%	(0.04)%	1.06%	(0.02)%
	Net interest income (8)	23.8	(0.5)	97.3	(0.1)

Average loan balance

(JPY tn)



Loan to deposit rate and spread



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

*2 % represents adjusted YoY change.

Term-end Balance of Loans and Deposits

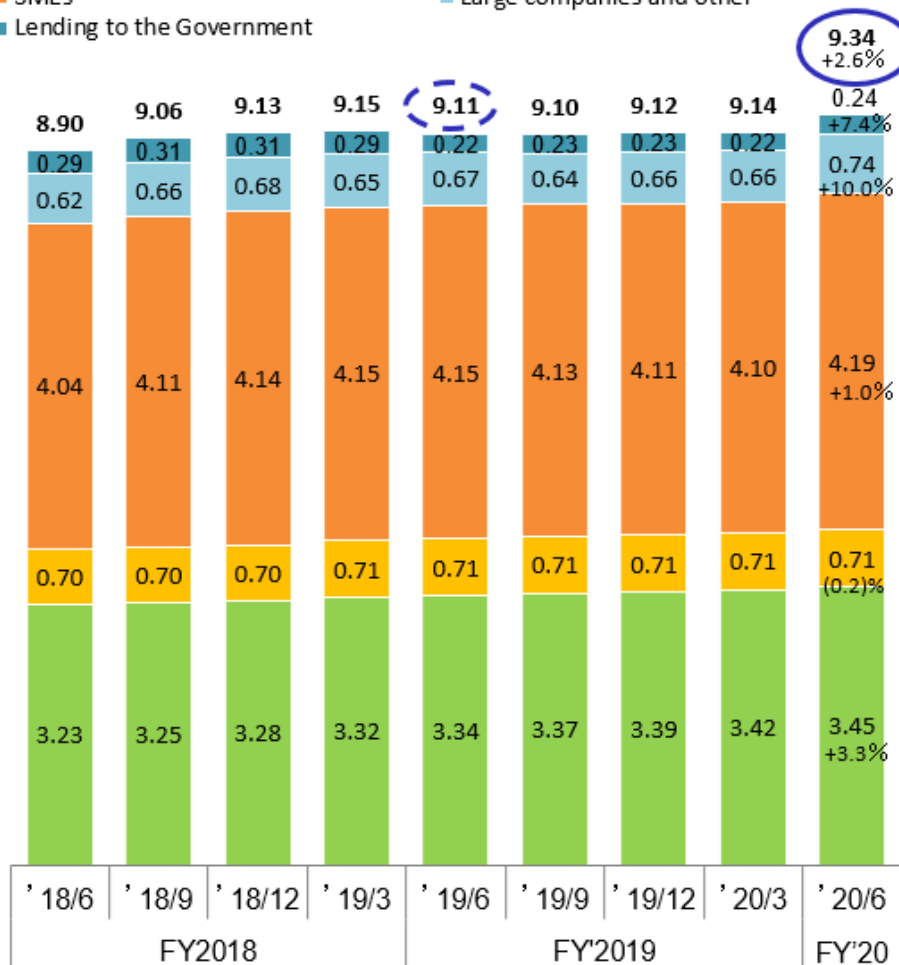
Total of group banks

Term-end loan balance (all locations*1)

(JPY tn, % represents YoY change)

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

- Residential housing+consumer loans
- SMEs
- Lending to the Government
- Apartment loans
- Large companies and other

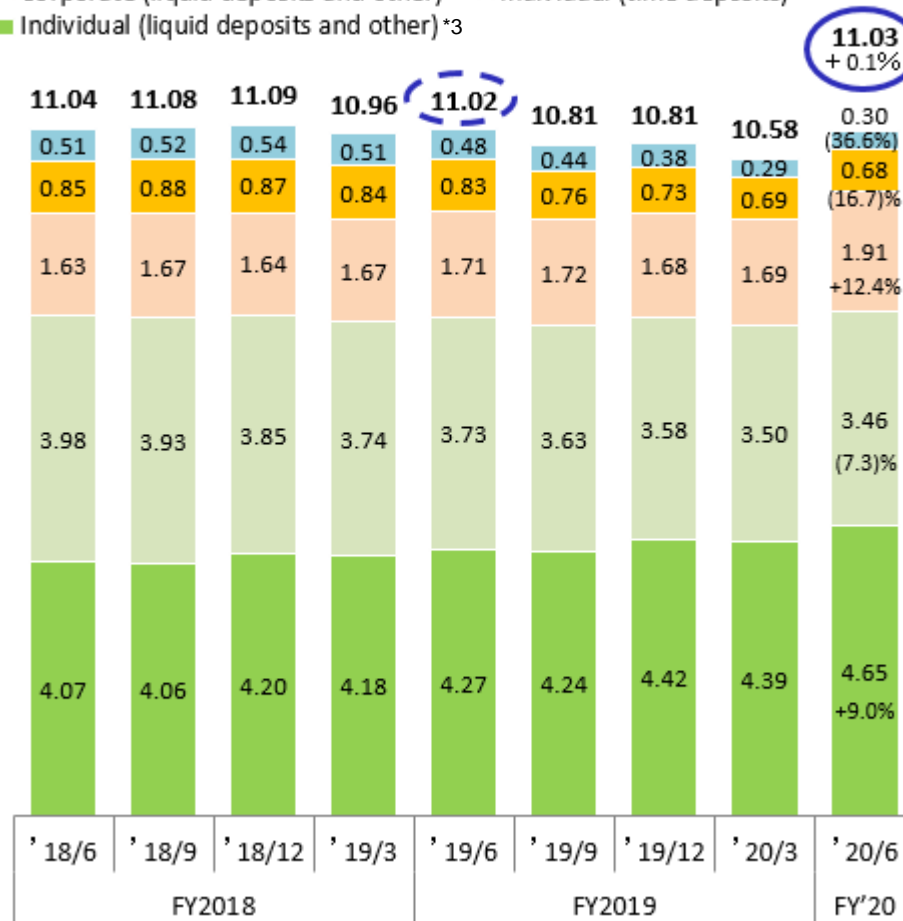


Term-end deposit balance (all locations*2)

(JPY tn, % represents YoY change)

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

- Other (incl. NCD)
- Corporate (liquid deposits and other)*3
- Individual (liquid deposits and other)*3
- Corporate (time deposits)
- Individual (time deposits)



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

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

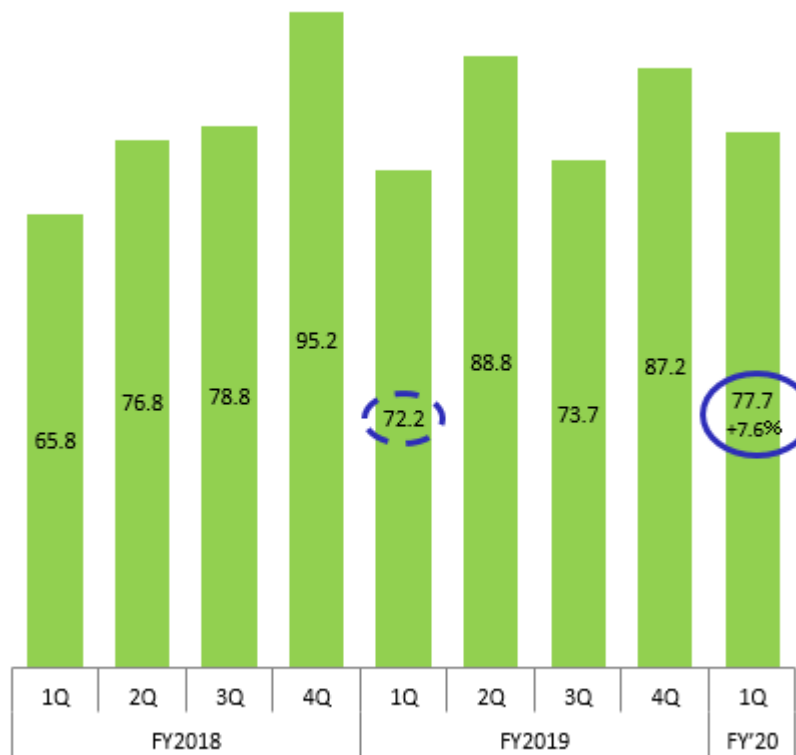
Housing Loan Business

Total of group banks

Residential housing loan origination

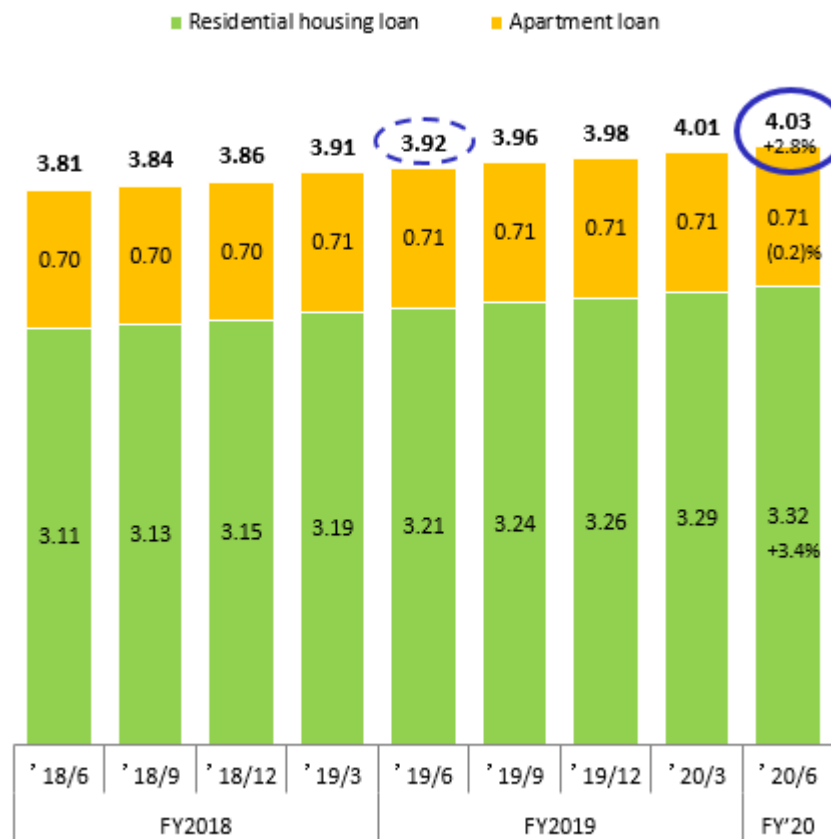
(JPY bn, % represents YoY change)

(including Flat)



Term-end housing loan balance

(JPY tn, % represents YoY change)

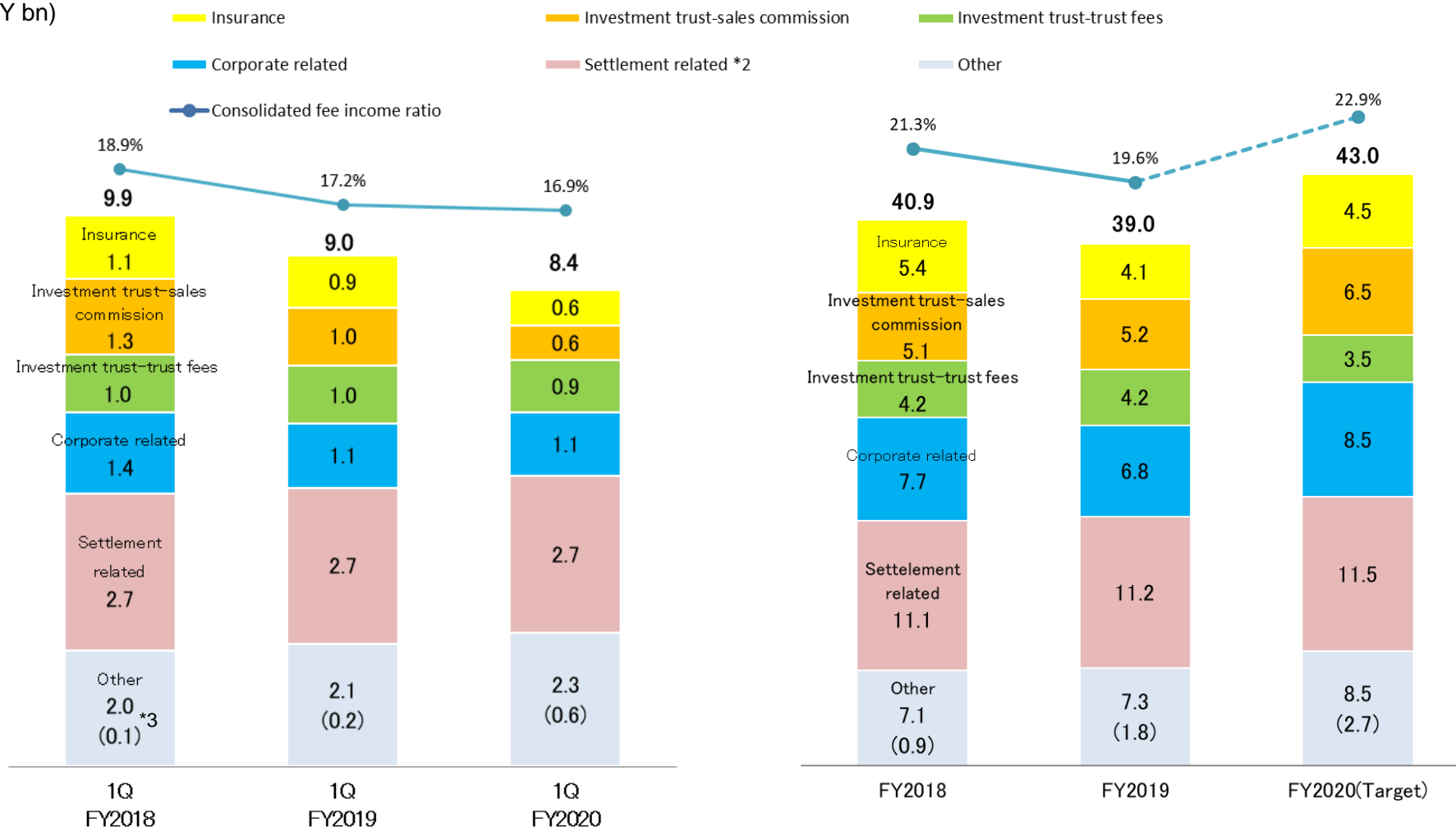


Trend of Fee Income

Total of group banks

Consolidated fee income ratio,^{*1} 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

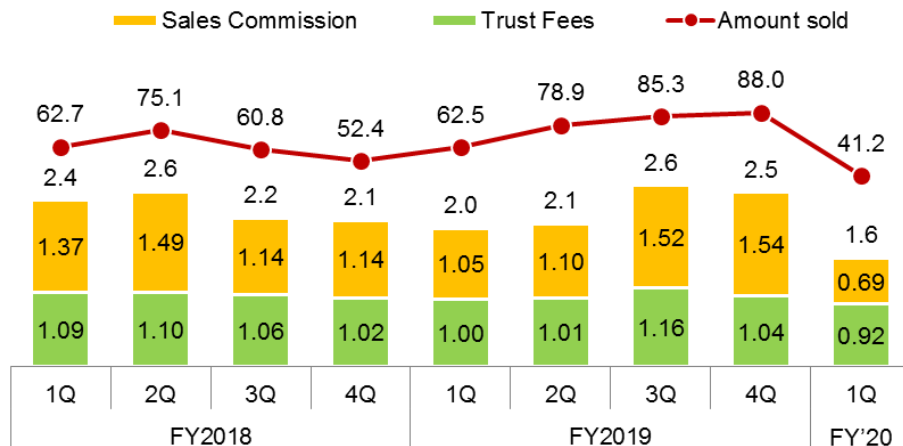
*3. (.): Connected to housing loan

Asset Formation Support Business

Total of group banks

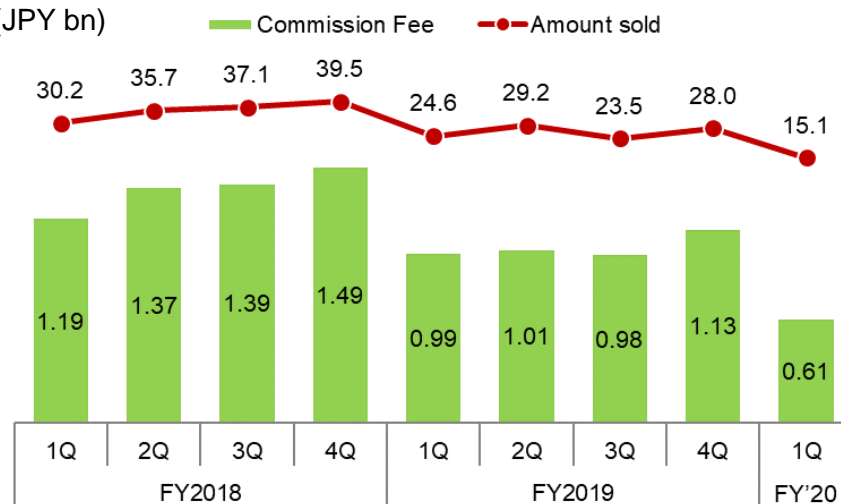
Investment trust and fund wrap

(JPY bn)



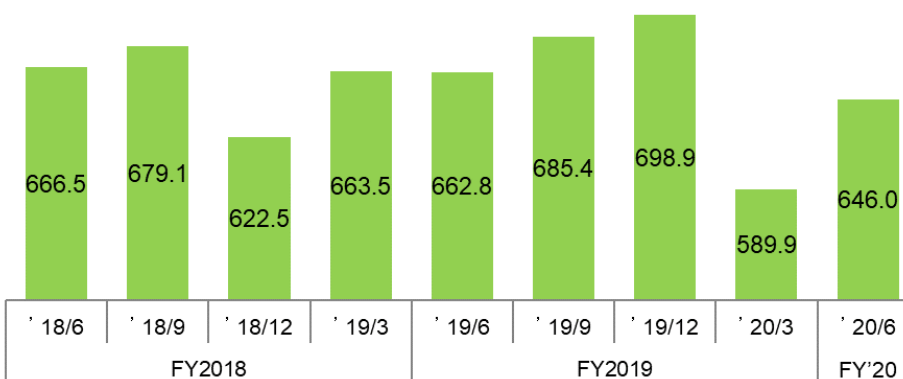
Insurance

(JPY bn)



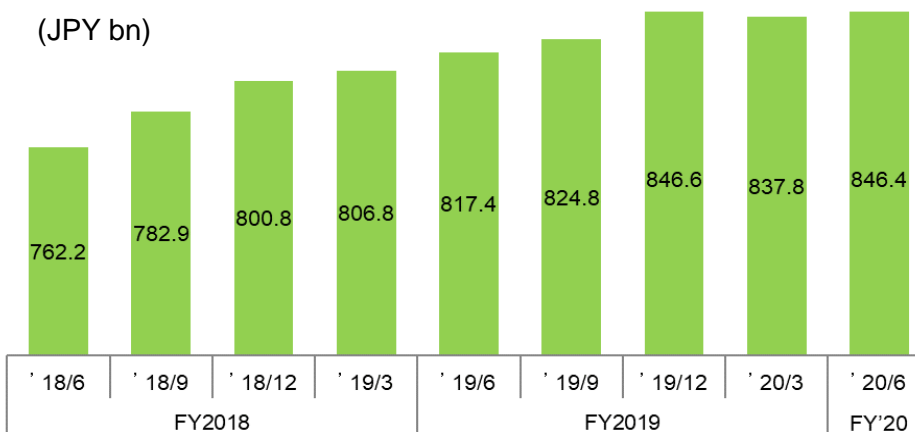
Balance of investment trust and fund wrap for individuals

(JPY bn)



Insurance Balance

(JPY bn)



Trend of credit costs

(JPY bn)	FY2018 Act (reference)	FY2019		FY2020	
		1Q Act	Act	1Q Act	Target
Net credit cost (FG Consolidated) (1)	(5.0)	(0.7)	(6.2)	(3.0)	
Net credit cost (Total of group banks) (2)	(4.1)	(0.1)	(4.7)	(2.2)	(12.5)
General reserve (3)	(1.4)	(0.0)	1.6	(0.9)	
Specified reserve and other items (4)	(2.6)	(0.1)	(6.3)	(1.2)	
New bankruptcy, downward migration (5)	(8.7)	(0.8)	(6.8)	(2.5)	
Collection/ upward migration (6)	6.0	0.7	0.4	1.2	
Difference (1) - (2) (7)	(0.9)	(0.5)	(1.4)	(0.8)	
HL, guarantee subsidiaries (8)	(0.5)	(0.5)	(1.6)	(0.4)	
HL, Credit card companies (9)	(0.1)	(0.0)	(0.0)	(0.0)	
<Credit cost ratio> (Unit:bps)					
Total of consolidated group banks *1 (10)	(5.6)	(0.7)	(6.8)	(13.4)	
Total of group banks *2 (11)	(4.5)	(0.1)	(5.1)	(9.4)	

(Notes) 1. Positive figures represent reversal gains

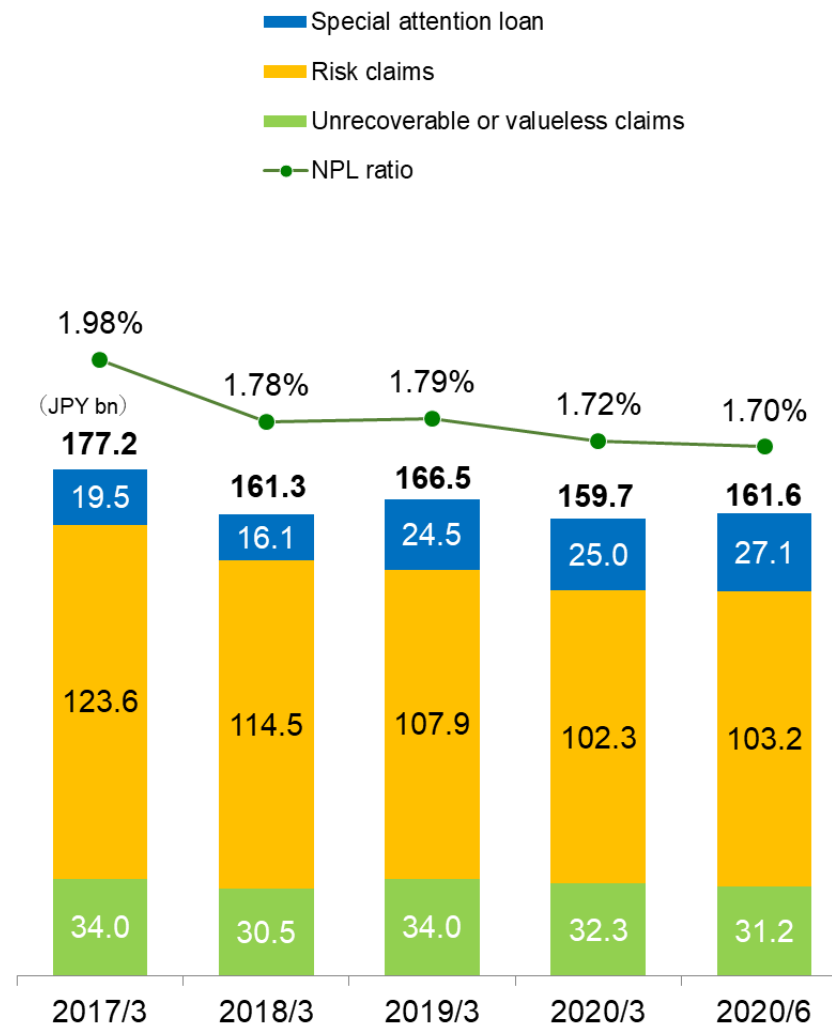
2. Credit cost ratio is calculated by annualized credit cost

*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)

Trend of NPL balance and ratio

(Financial Reconstruction Act criteria)



Securities

(JPY bn)	2019/3	2020/3	2020/6	Unrealized gain/(loss)
Available-for-sale securities *1 (1)	781.8	636.3	662.4	10.6
Stocks (2)	21.8	16.2	14.8	11.6
Bonds (3)	603.7	513.5	565.4	(0.6)
JGBs (4)	35.9	36.2	45.2	(0.9)
Average duration (years) (5)	3.3	13.8	15.0	-
Basis point value (BPV) (6)	(0.01)	(0.04)	(0.06)	-
Local government bonds and Corporate bonds (7)	567.8	477.2	520.2	0.2
Other (8)	156.2	106.6	82.0	(0.3)
Foreign securities (9)	32.3	7.1	5.8	0.0
Average duration (years) (10)	7.2	4.6	4.3	-
Bases point value (BPV) (11)	(0.02)	(0.00)	(0.00)	-
Net unrealized gains/(losses) (12)	31.0	2.9	10.6	
Bonds held to maturity *2 (13)	207.6	217.7	223.8	1.7
JGBs (14)	111.9	105.2	105.9	0.7
Net unrealized gains/(losses) (15)	4.6	2.6	1.7	

*1.Acquisition cost basis, marketable securities

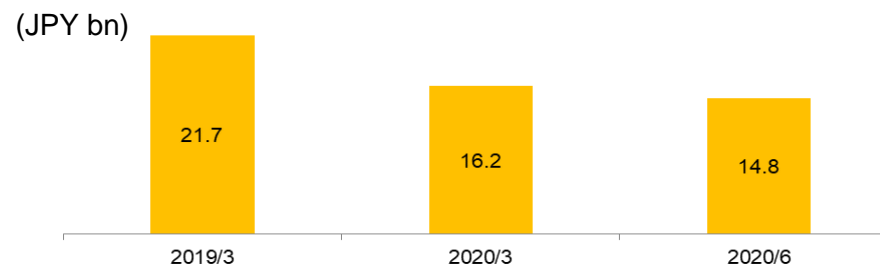
*2.Consolidated BS amount basis、marketable securities

Unrealized gains or losses

(JPY bn)	2019/3	2020/3	2020/6
Bonds + Other (1)+(2)	3.6	(6.5)	(1.0)
Bonds (1)	2.0	(0.2)	(0.6)
Other (2)	1.6	(6.3)	(0.3)
Foreign securities (3)	0.5	(0.1)	0.0
Investment trusts, REIT (4)	0.8	(5.2)	(0.4)
ETF (5)	(0.1)	(0.9)	(0.0)
Other (6)	0.5	0.0	0.0

Status of policy-oriented stocks*3 held

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



*3.Acquisition cost basis, marketable securities

Capital Adequacy Ratio (Domestic standard – FG Consolidated)

(JPY bn)	2020/3 Actual	2020/6 Actual	Change
Consolidated capital adequacy ratio (1)	8.05%	8.05%	—
Total Capital (2)	447.5	448.9	+1.3
Core Capital:instruments and reserves (3)	465.1	466.7	+1.6
Capital stock and surplus (4)	463.1	465.1	+1.9
Subordinated loans (5)	0.9	0.7	(0.2)
Eligible provisions (6)	8.0	7.6	(0.3)
Core Capital:regulatory adjustments (7)	17.6	17.8	+0.2
Risk weighted assets (8)	5,557.4	5,571.3	+13.9
Credit risk weighted assets (*) (9)	5,312.5	5,327.5	+15.0
Amount equivalent to market risk / 8% (10)	5.0	3.8	(1.1)
Amount equivalent to operational risk / 8% (11)	239.8	239.8	—
Credit risk weighted assets adjustments (12)	—	—	—

〈Reference〉 Group banks (Consolidated)

Kansai Mirai	Minato
8.51%	7.75%
322.6	159.5
343.5	163.9
335.4	158.0
—	0.7
15.3	6.0
20.9	4.3
3,789.2	2,058.7
3,593.3	1,987.8
1.2	—
168.8	70.9
25.7	—

■ Change in RWAs

- Increase in loan balance
+41.6 bn
- Decline in the balance of investment trust and other
(27.5) bn

(*) Measuring method of credit risk weight assets

Kansai Mirai Financial Group, Inc	Fundamental Internal Ratings Based Approach (F-IRB)
Kansai Mirai Bank, Ltd	Fundamental Internal Ratings Based Approach (F-IRB)
The Minato Bank, Ltd	Standardized Approach (SA) 〈 F-IRB at FG Consolidated 〉