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# Financial Highlights for the Third Quarter of Fiscal Year 2020

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## Kansai Mirai Financial Group



Kansai Mirai Bank, Limited



MINATO BANK

February 12, 2021

(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 1-3Q of FY 2020

## ■ Net income attributable to owners of parent : JPY10.4 bn

Up JPY4.1bn, or 66.2%, YoY

Net income has exceeded full-year target of JPY6.0 bn

## ■ Actual net operating profit : JPY23.5 bn

Up JPY1.5 bn, or 7.0%, YoY

## ● Gross operating profit : JPY105.8 bn

Down JPY2.0 bn, or 1.9%, YoY

- Net interest income from domestic loans and deposits<sup>\*1</sup>, JPY72.4 bn  
Down JPY1.0 bn, YoY  
Average loan balance +3.15%, Loan-to-deposit spread (0.05)%
- Fees and commission income, JPY21.9 bn, Up JPY1.5 bn, YoY  
Housing Loan and corporate related businesses have driven profit.

## ● Operating expenses : JPY82.2 bn

Decreased JPY3.5 bn, YoY(improved)

- Reduction in operating expenses absorbed the integration-related cost (JPY2.5 bn).

## ■ Credit related expenses, net : JPY7.7 bn (cost)

Increased JPY3.5 bn, YoY

Credit related expenses, net have progressed in half of full-year target despite the rapid spread of COVID-19

(Reference Total of two banks : JPY6.1 bn (cost) ,

Full year target : JPY12.5 bn (cost) )

## 【Reference】 Total of two banks

## ■ Actual net operating profit : JPY18.7 bn

Full year target : JPY23.5 bn

Progress rate : 79.7%

## ■ Net income : JPY9.3 bn

Full year target : JPY6.5 bn

Progress rate : 143.6%

Kansai Mirai FG Consolidated (JPY bn)	1-3Q of FY2020	YoY change	
			%
Net income attributable to owners of parent (1)	10.4	+4.1	+66.2%
Gross operating profit (2)	105.8	(2.0)	(1.9)%
Net interest income (3)	80.1	(2.0)	
From domestic loans and deposits <sup>*1</sup> (4)	72.4	(1.0)	
Fees and commission income (5)	21.9	+1.5	
Other operating income (6)	3.7	(1.5)	
Net gains/(losses) on bonds (7)	1.4	(1.4)	
Operating expenses (excluding group banks' non-recurring items) (8)	(82.2)	+3.5	+4.2%
OHR (9)	77.7%	(1.8)%	
Actual net operating profit (2+8) (10)	23.5	+1.5	+7.0%
Net gains/(losses) on stocks (11)	0.9	+0.8	
Credit related expenses, net (12)	(7.7)	(3.5)	
Other gains/(losses), net (13)	(3.0)	+5.1	
Ordinary profit (14)	13.7	+3.9	+40.1%
Extraordinary gains/(losses) (15)	1.1	+1.6	
Income before income taxes (16)	14.8	+5.6	+60.5%

\*1. Total of group banks, deposits include NCDs

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

# Breakdown of Financial Results for the 1-3Q of FY 2020

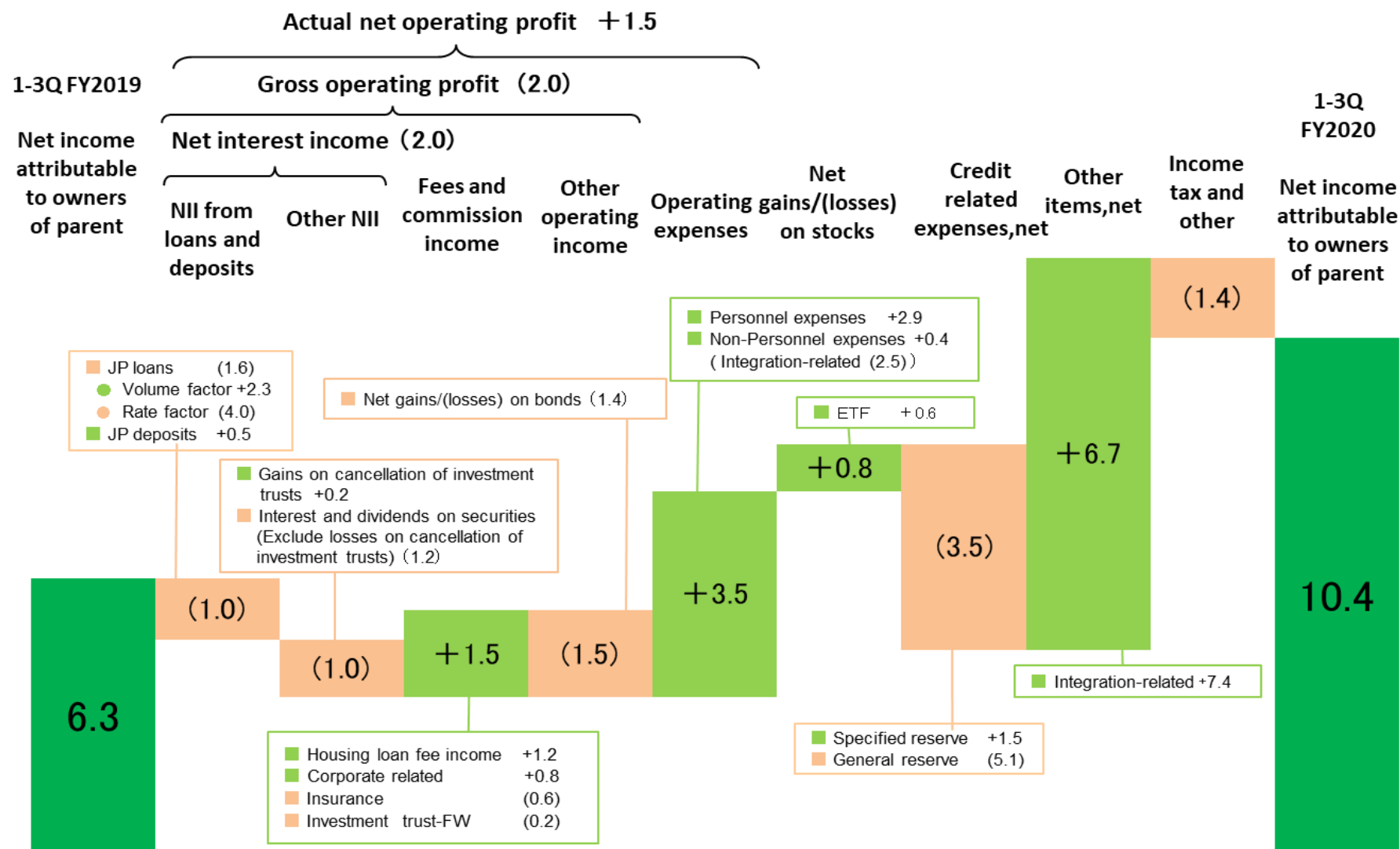
(JPY bn)	Kansai Mirai FG (Consolidated) (A)		Total of two group banks (Non-consolidated) (B)				Difference (A)-(B)	
		YoY change		YoY change	Kansai Mirai	Minato		YoY change
<b>Gross operating profit</b> (1)	105.8	(2.0)	98.3	(2.3)	69.8	28.5	7.4	+0.2
Net interest income (2)	80.1	(2.0)	79.0	(2.3)	57.7	21.2	1.1	+0.2
From domestic loans and deposits (3)			72.4	(1.0)	53.1	19.3		
Gains/(losses) on cancellation of investment trust (4)	2.7	+0.2	2.2	(0.1)	1.9	0.3	0.5	+0.4
Fees and commission income (5)	21.9	+1.5	16.2	+1.6	10.4	5.7	5.7	(0.1)
Other operating income (6)	3.7	(1.5)	3.1	(1.6)	1.6	1.4	0.5	+0.1
Net gains/(losses) on bonds (7)	1.4	(1.4)	1.2	(1.7)	0.2	1.0	0.1	+0.3
Operating expenses (excluding group banks' non-recurring items) (8)	(82.2)	+3.5	* (79.6)	+3.4	* (55.9)	(23.7)	(2.6)	+0.0
OHR (9)	77.7%	(1.8)%	80.9%	(1.6)%	80.0%	83.1%		
<b>Actual net operating profit</b> (10)	23.5	+1.5	* 18.7	+1.1	* 13.9	4.8	4.7	+0.3
<b>Core net operating profit (excluding gains/(losses) on cancellation of investment trust)</b> (11)			15.2	+3.1	11.7	3.4		
Net gains/(losses) on stocks (12)	0.9	+0.8	2.9	(2.0)	1.3	1.5	(1.9)	+2.8
Credit related expenses, net (13)	(7.7)	(3.5)	(6.1)	(3.3)	(3.8)	(2.2)	(1.6)	(0.1)
Other gains/(losses), net (14)	(3.0)	+5.1	(3.5)	+5.3	(2.5)	(1.0)	0.5	(0.2)
Ordinary profit (15)	13.7	+3.9	11.9	+1.1	8.8	3.1	1.7	+2.8
Extraordinary gains/(losses), net (16)	1.1	+1.6	1.4	+2.3	1.4	(0.0)	(0.2)	(0.6)
<b>Income before income taxes (and noncontrolling interests)</b> (17)	14.8	+5.6	13.3	+3.4	10.3	3.0	1.4	+2.1
<b>Net income (attributable to owners of parent)</b> (18)	10.4	+4.1	9.3	+2.4	7.0	2.2	1.1	+1.7

\* Exclude JPY0.5bn of goodwill amortization by Kansai Mirai related to acquisition of former Biwako Bank

# Factors for the YoY Change in Periodic Profits

FG  
Consolidated

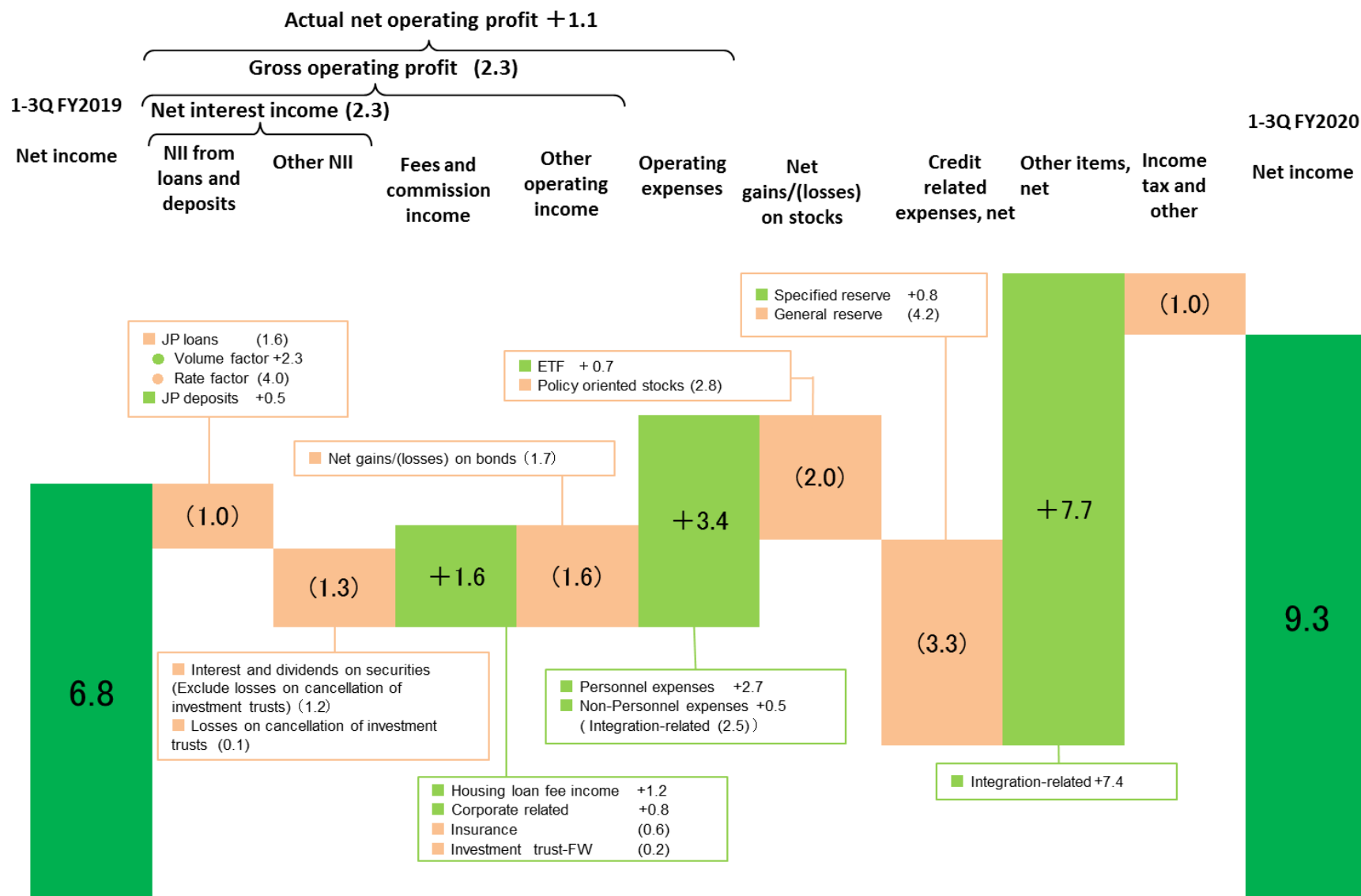
(JPY bn)



# Factors for the YoY Change in Periodic Profits

Total of  
group banks

(JPY bn)



# Trend of Loans and Deposits (Domestic\*1)

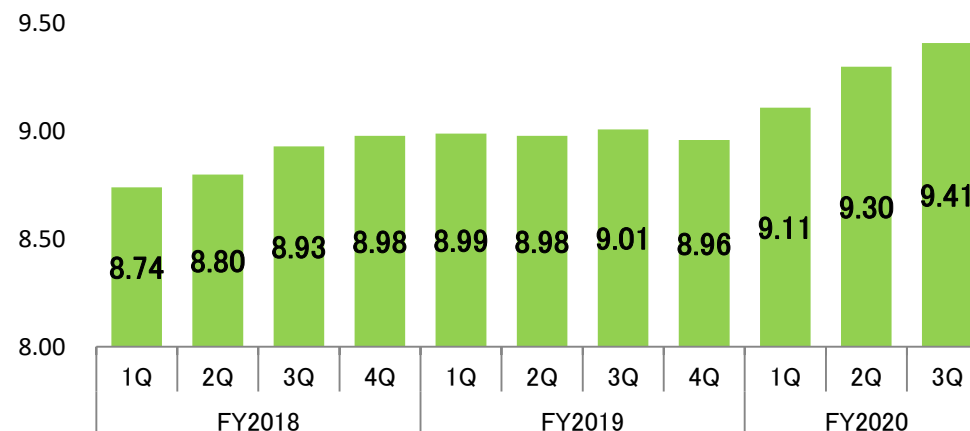
Total of  
group banks

## Average loan / deposit balance, rates and spread

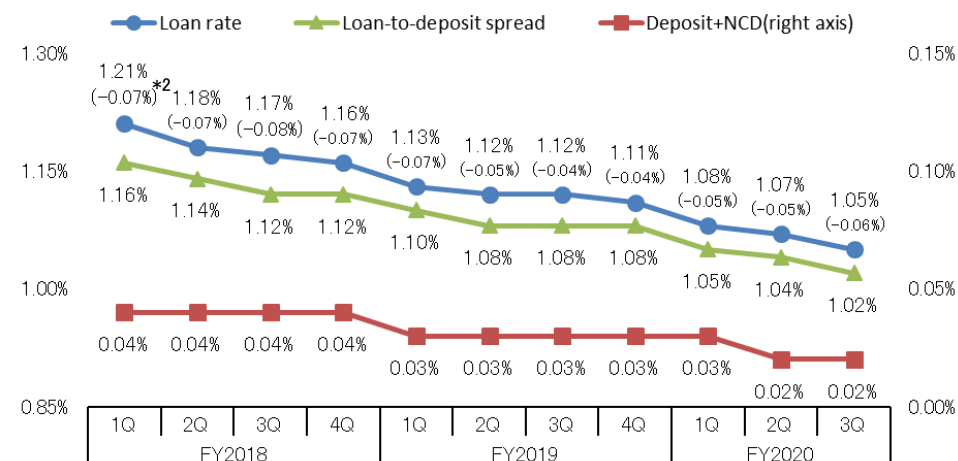
Avg.Bal : Trillion Yen Income/Cost : Billion Yen			FY2020			
			1-3Q		Revised Plan	
Loans	Avg. Bal. (1)		9.27	+3.15%	9.32	+3.75%
	Rate (2)		1.07%	(0.05)%	1.07%	(0.05)%
	Income (3)		74.9	(1.6)	100.2	(1.3)
Deposits (including NCDs)	Avg. Bal. (4)		11.04	+2.59%	10.96	+2.13%
	Rate (5)		0.03%	(0.00)%	0.02%	(0.00)%
	Cost (6)		(2.5)	+0.5	(3.2)	+0.8
Loan-to-deposit	Spread (7)		1.04%	(0.05)%	1.04%	(0.04)%
	Net interest income (8)		72.4	(1.0)	96.9	(0.5)

## Average loan balance

(JPY tn)



## Loan to deposit rate and spread



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

\*2 % represents YoY change.

# Term-end Balance of Loans and Deposits

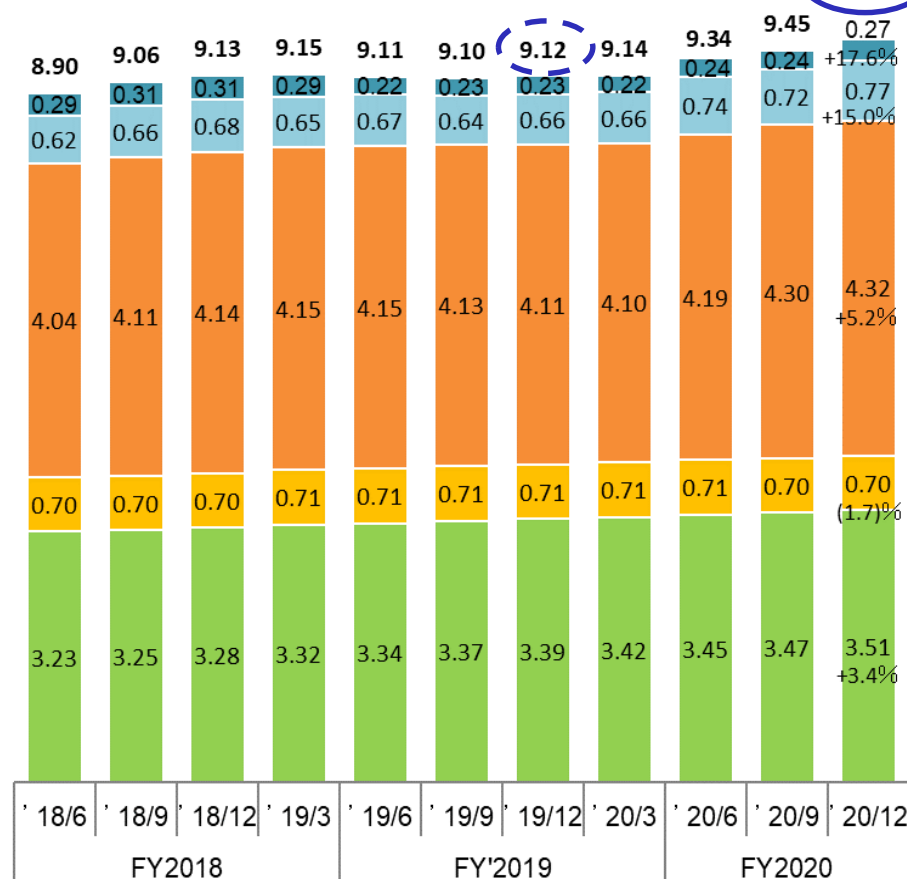
Total of  
group banks

## 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

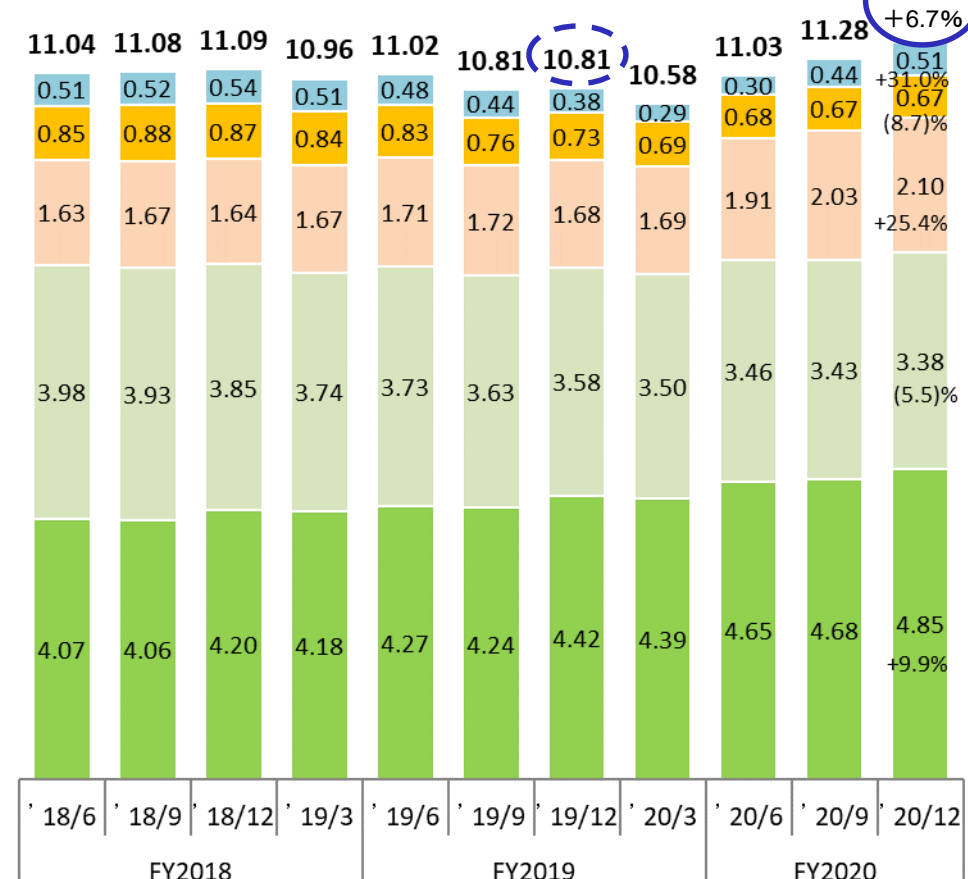


## Term-end deposit balance (all locations\*2)

(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.

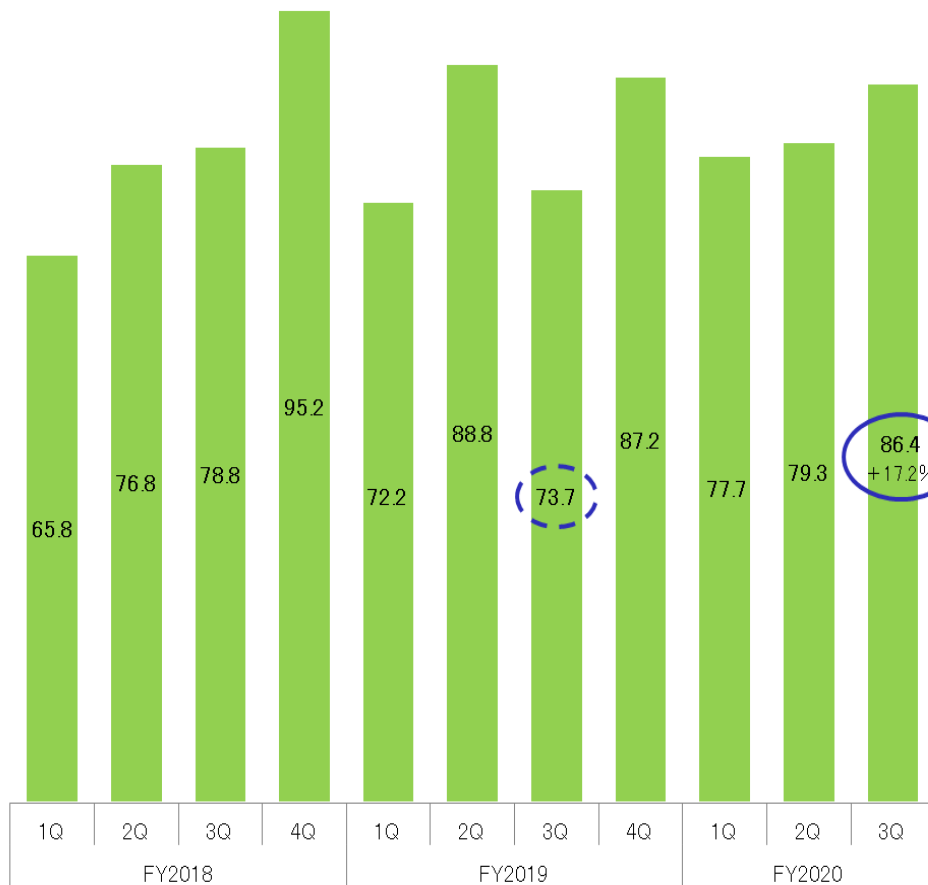
# Housing Loan Business

Total of  
group banks

## Residential housing loan origination

(JPY bn, % represents YoY change)

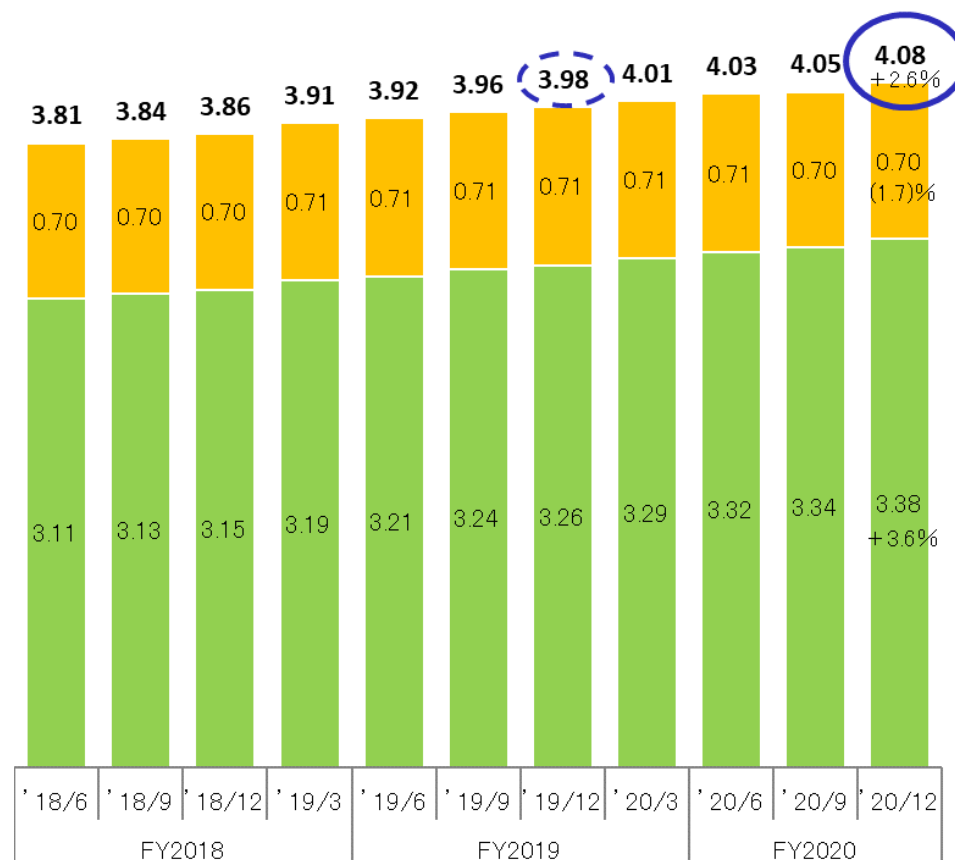
(including Flat35)



## Term-end housing loan balance

(JPY tn, % represents YoY change)

■ Residential housing loan ■ Apartment loan

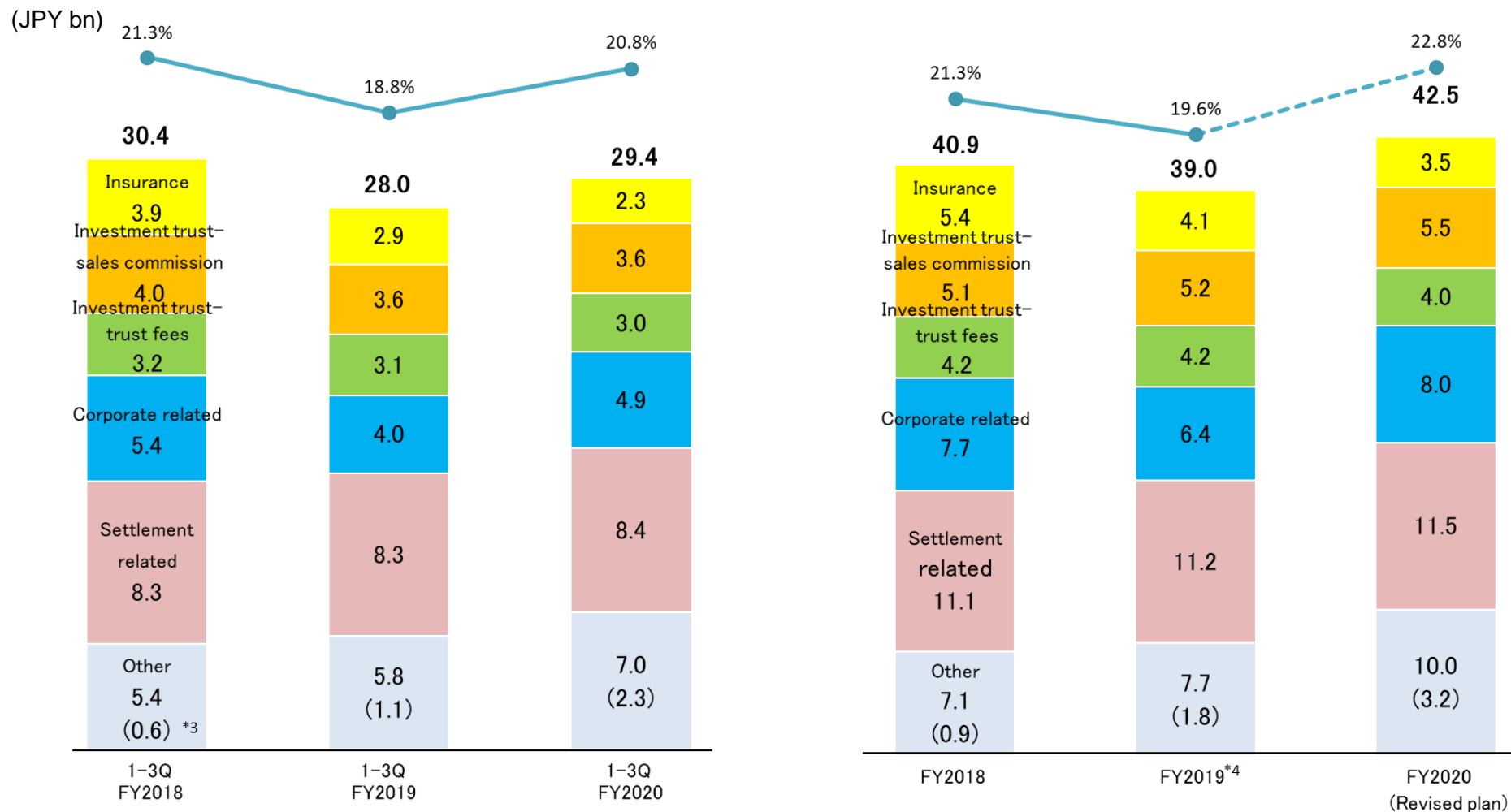




# Trend of Fee Income

Total of  
group banks

Consolidated fee income ratio<sup>\*1</sup>, 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

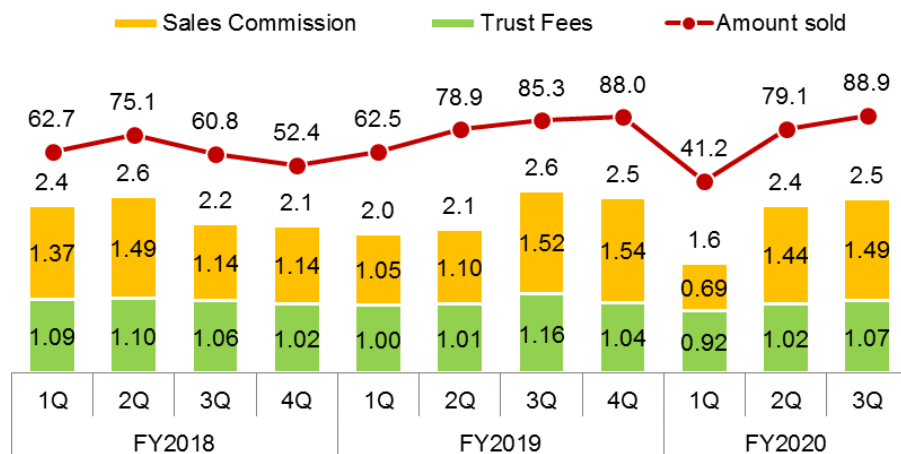
\*4. Corporate related and other figures for the fiscal year 2019 have changed from the figures announced in May 2020.

# Asset Formation Support Business

Total of  
group banks

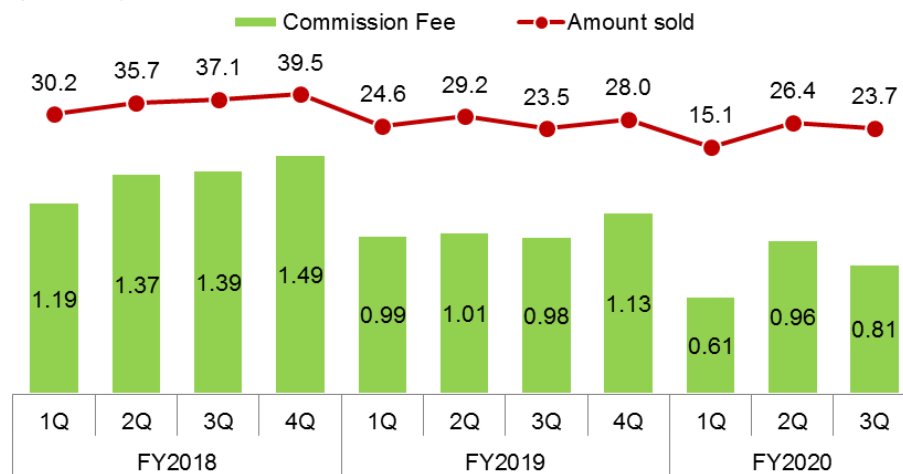
## Investment trust and fund wrap

(JPY bn)



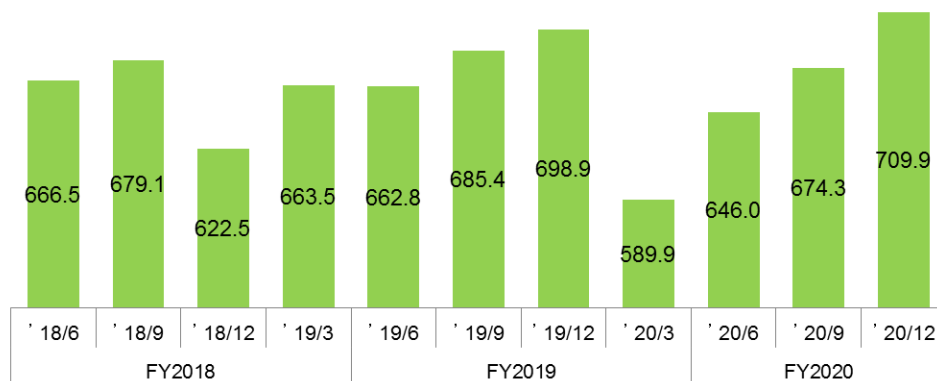
## Insurance

(JPY bn)



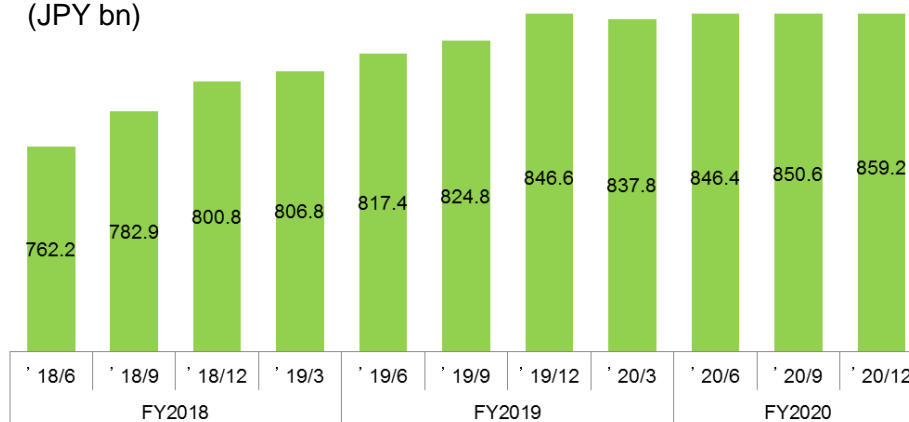
## Balance of investment trust and fund wrap for individuals

(JPY bn)



## Insurance Balance

(JPY bn)



## Trend of credit costs

(JPY bn)	FY2018 Act (reference)	FY2019		FY2020	
		1-3Q (9Ms)	Act	1-3Q (9Ms)	Target
<b>Net credit cost (FG Consolidated)</b> (1)	(5.0)	(4.1)	(6.2)	(7.7)	
<b>Net credit cost (Total of group banks)</b> (2)	(4.1)	(2.7)	(4.7)	(6.1)	(12.5)
General reserve (3)	(1.4)	1.3	1.6	(2.8)	
Specified reserve and other items (4)	(2.6)	(4.0)	(6.3)	(3.2)	
New bankruptcy, downward migration (5)	(8.7)	(3.7)	(6.8)	(5.7)	
Collection/ upward migration (6)	6.0	(0.3)	0.4	2.4	
<b>Difference ( (1) - (2) )</b> (7)	(0.9)	(1.4)	(1.4)	(1.6)	
HL, guarantee subsidiaries (8)	(0.5)	(1.4)	(1.6)	(1.0)	
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)	(6.1)	(6.8)	(11.0)	
Total of group banks *2 (11)	(4.5)	(4.0)	(5.1)	(8.6)	

(Notes) 1. Positive figures represent reversal gains

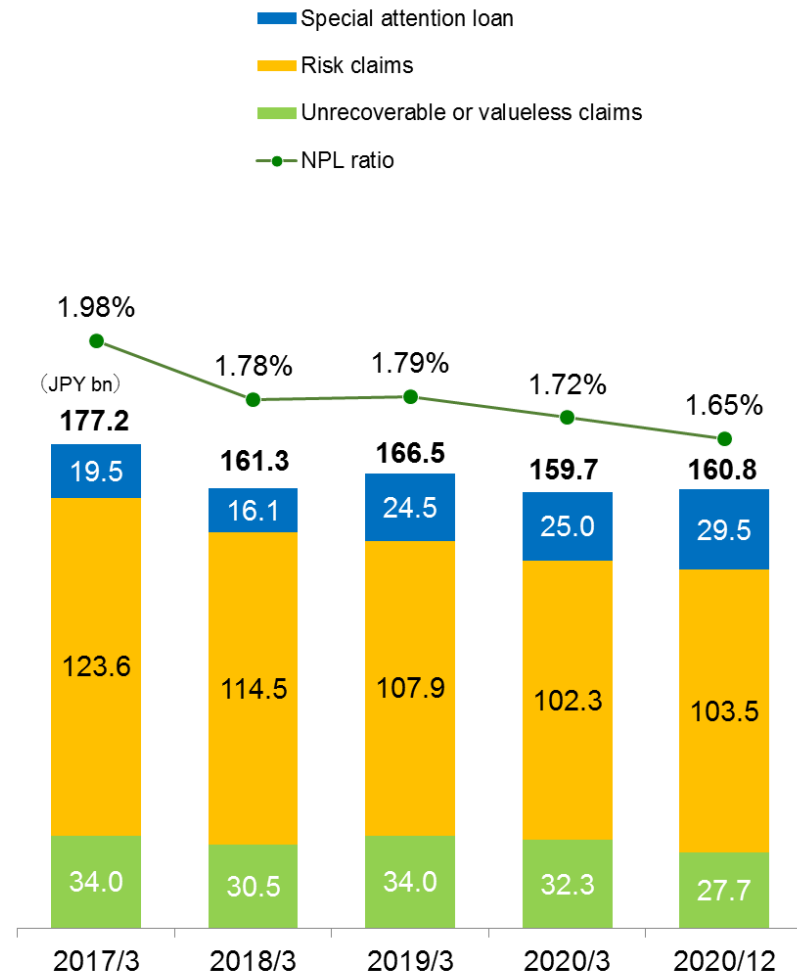
2. Credit cost ratio is calculated by annualized credit cost

\*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(total of group banks)

(Financial Reconstruction Act criteria)



# Securities Portfolio

Total of  
group banks

## Securities

(JPY bn)		2020/3	2020/9	2020/12	Unrealized gain/(loss)
Available-for-sale securities *1	(1)	636.3	689.0	743.8	17.7
Stocks	(2)	16.2	14.6	14.4	14.9
Bonds	(3)	513.5	589.7	623.5	(0.3)
JGBs	(4)	36.2	67.8	99.0	(0.7)
Average duration (years)	(5)	13.8	12.7	11.9	-
Basis point value (BPV)	(6)	(0.04)	(0.08)	(0.11)	-
Local government bonds and Corporate bonds	(7)	477.2	521.9	524.5	0.4
Other	(8)	106.6	84.6	105.7	3.1
Foreign bonds	(9)	7.1	12.9	34.1	(0.1)
Average duration (years)	(10)	4.6	7.2	8.5	-
Bases point value (BPV)	(11)	(0.00)	(0.00)	(0.02)	-
Net unrealized gains/(losses)	(12)	2.9	13.7	17.7	
Bonds held to maturity *2	(13)	217.7	239.9	322.5	2.3
JGBs	(14)	105.2	107.4	170.6	1.0
Net unrealized gains/(losses)	(15)	2.6	2.0	2.3	

\*1.Acquisition cost basis, marketable securities

\*2.Consolidated BS amount basis、marketable securities

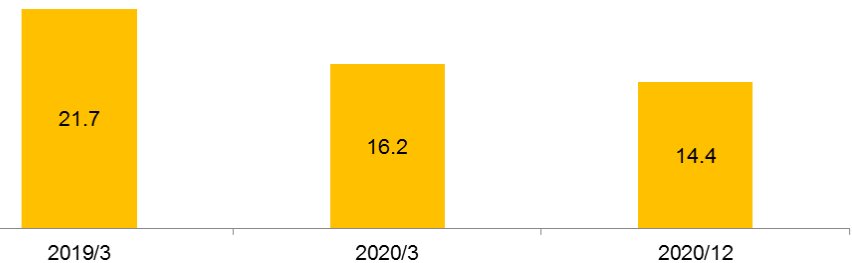
## Unrealized gains or losses

(JPY bn)		2020/3	2020/9	2020/12
Bonds + Others	(1)+(2)	(6.5)	0.6	2.7
Bonds	(1)	(0.2)	(0.2)	(0.3)
Others	(2)	(6.3)	0.9	3.1
Foreign securities	(3)	(0.1)	0.0	(0.1)
Investment trusts, REIT	(4)	(5.2)	0.8	2.1
ETF	(5)	(0.9)	(0.0)	0.3
Others	(6)	0.0	0.0	0.7

## Status of policy-oriented stocks\*3 held

■ Break-even price (Nikkei average basis) : Approx.14,300yen

(JPY bn)



\*3.Acquisition cost basis, marketable securities



Kansai Mirai Financial Group

# Capital Adequacy Ratio

FG  
Consolidated

## Capital Adequacy Ratio (Domestic standard – FG Consolidated)

(JPY bn)	2020/3 Actual	2020/12 Actual	Change
<b>Consolidated capital adequacy ratio</b> (1)	8.05%	<b>8.43%</b>	+0.38%
<b>Total Capital</b> (2)	447.5	460.3	+12.8
Core Capital:instruments and reserves (3)	465.1	477.9	+12.8
Capital stock and surplus (4)	463.1	473.6	+10.5
Subordinated loans (5)	0.9	—	(0.9)
Eligible provisions (6)	8.0	11.1	+3.0
Core Capital:regulatory adjustments (7)	17.6	17.6	(0.0)
<b>Risk weighted assets</b> (8)	5,557.4	5,457.6	(99.7)
Credit risk weighted assets (※) (9)	5,312.5	5,218.1	(94.3)
Amount equivalent to market risk / 8% (10)	5.0	3.4	(1.5)
Amount equivalent to operational risk / 8% (11)	239.8	236.0	(3.8)
Credit risk weighted assets adjustments (12)	—	—	—

### 〈Reference〉 Group banks (Consolidated)

Kansai Mirai	Minato
8.73%	7.82%
331.7	161.5
352.1	165.7
341.1	160.5
—	—
17.5	6.5
20.4	4.1
3,796.0	2,064.4
3,492.2	1,994.5
1.7	—
165.1	69.9
136.9	—

### (※) Measuring method of credit risk weight assets

#### ■ Change in RWAs

- Decline in RWAs related to loans (34.5) bn
- Decline in the balance of investment trusts and others (47.2) bn

Kansai Mirai Financial Group, Inc

Fundamental Internal Ratings Based Approach (F-IRB)

Kansai Mirai Bank, Limited

Fundamental Internal Ratings Based Approach (F-IRB)

The Minato Bank, Ltd

Standardized Approach (SA)  
〈 F-IRB at FG Consolidated 〉

