



April 30, 2020

Company Name: Kansai Mirai Financial Group, Inc.

Representative Director and Executive President: Tetsuya Kan

(Code No.: 7321, 1st Section of the Tokyo Stock Exchange)

Announcement Regarding Revision of Consolidated Earnings Targets for FY2019, Booking of Impairment Loss on Fixed Assets and Revision of Term-end Dividend Forecast for FY2019

Kansai Mirai Financial Group, Inc. (KMFG, hereafter) completed the merger between Kansai Urban Banking Corp. and The Kinki Osaka Bank, Ltd. to create Kansai Mirai Bank, Ltd. (KMB, hereafter) in April 2019 and KMB integrated the clerical processes and IT systems in October 2019 without causing delays and major troubles.

KMFG is now formulating the new medium-term management plan (covering the period from FY 2020 to FY 2022) with a view to coping with the changes taking place in and outside Japan and make a swift transition from “Development of Organization” stage to “Establishment of Own Corporate Brand and Delivery of Unique Value” stage. Under the new MMP, KMFG will work primarily on two themes including “channel innovation” and “productivity improvement”. As part of these initiatives, KMB plans to optimize its branch and ATM network in Osaka Prefecture by further promoting branch consolidations by way of a “branch-in-branch” scheme so that it can allocate its management resources more selectively on improving quality of and adding variety to its customer services. Since KMFG and KMB made a formal decision during FY2019 to implement the rationalization measures planned in the new MMP period, KMFG recognizes the impairment loss on its fixed assets in FY2019.

In addition, the turmoil in the financial markets following the rapid spread of COVID-19 has led to worsening of net gains from available-for-sale securities.

For these reasons, the KMFG’s board of directors meeting held today passed a resolution to revise its consolidated earnings targets for FY2019 (April 1, 2019 to March 31, 2020) and its term-end dividend forecast which it announced on November 8, 2019 as described in the following.

(Breakdown by major reasons for the revision)

Reasons for the revision	Impact on before-tax income
(1) Recognition of cost related to "channel renovation" planned in the new MMP	(7.5) bn
(2) Turmoil in the financial markets following the spread of COVID-19	(7.5) bn
Loss on sale of securities (to enhance soundness of securities portfolio)	(3.0) bn
Impairment loss on securities held by KMFG group banks (Note)	(4.5) bn
Total of (1) and (2)	(15.0) bn
Impact on net income attributable to owners of the parent (after income tax, approximate amount)	(10.0) bn

(Note)

Impairment loss to be recognized solely on consolidated income statement. Book values on KMFG’s consolidated balance sheet and subsidiary banks’ non-consolidated balance sheet are different due to the business combination accounting applicable to KMFG’s management integration which took place in April 2018.

1. Difference between the consolidated business results for the Fiscal Year 2019 (April 1, 2019-March 31, 2020) and those for the Fiscal Year 2018, Revision of consolidated earnings targets of the Fiscal Year 2019

	Ordinary Profits	Net Income Attributable to Owners of the Parent	Net Income per Share of Common Stock
	(Billion Yen)	(Billion Yen)	(Yen)
Fiscal Year 2018 (A) (Actual)	16.6	68.4	183.70
Previous targets (B) (Announced Nov. 8, 2019)	—	12.5	33.56
Revised targets (C) (Announced Apr.30, 2020)	8.5	4.0	10.73
Change (C-A) or (C-B)	(8.1)	(8.5)	—
Rate of change (%)	(48.8)	(68.0)	—

2. Booking of impairment loss on fixed assets

(1) The reason for impairment loss for fixed assets

As stated, KMB recognizes the loss on its fixed assets, primarily branch offices to be relocated through consolidation by way of “branch-in-branch” scheme, etc.

(2) Impairment loss to be recognized

	Typical Use	Type of fixed assets	Impairment loss amount
KMB	Branch offices, etc.	Land and building, etc.	JPY 7.5 bn

3. The revision of dividend estimation for FY2019

Given the public nature as a regional financial institution, KMFG sets a basic policy of paying out dividends stably while giving due considerations to its capital adequacy and financial positions. Regarding the term-end dividends for FY2019, KMFG regrettably revises its previous forecast, taking into account the FY2019 business results as described above. KMFG finds it necessary to preserve capital since it prioritizes providing customers with credits in need amid this difficult situation caused by the rapid spread of COVID-19.

	Dividends per Share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal Year-end	Annual Total
Previous forecast (Announced Nov. 8, 2019)	—	—	—	25.00 yen	25.00 yen
Revised forecast (Announced Apr.30, 2020)	—	—	—	10.00 yen	10.00 yen
FY2019 (Actual)	—	—	—		
FY2018 (Actual)	—	—	—	25.00 yen	25.00 yen

End