Investor Meeting

June 2022

Fukuoka Financial Group

Contents

FFG Fukuoka Financial Group

Part I: Management Strategy

Summary of Financial Results for FY2021		3,4
Review of the 6th Medium-Term Management Plan		5
Long-term Strategy	1: Environmental Awareness	6
	2: Long-term vision	7
	3: Three Core Strengths to be Equipped with	8
	4: Increasing Profit (through 2030)	9
7th Medium-Term Management Plan	Outline and Target Management Indicators	10
	Basic Strategy and Priority Initiatives	11
	Growth of Existing Businesses (Sales Division/Markets Division)	12,13
	Priority initiatives: Business process improvement - Phase 2/ Sales reform	14 - 16
	Priority initiatives: Strengthening of strategic subsidiaries	17
	Priority Initiatives: Challenge to New Businesses	18
	Human resources strategy	19
	Sustainability Initiatives	20
	Profit Growth	21
	Capital Policy	22,23

Part II: Minna Bank

1-year History Since Launch Of Commercial Operation	26 - 28
Achievement by Product	29 - 36
Minna Bank' S New Medium-Term Management Plan	37 - 39
Loan by Minna Bank	40 - 43
Minna Bank BaaS Business	44 - 47
Key points regarding the target metrics of the plan	48,49

Part III: Financial Results & Earnings Projections (Reference)

Summary of Financial Results for FY2021	52 - 54
Earnings Projections for FY2022	55 - 57
Net interest income	58
Loans	59
Deposits + CDs	60
Securities/ Non-interest income	61,62
Overhead Expenses/ Credit Cost & NPL	63,64
Capital Policy	65

Part IV: Seventh Mid-Term Management Plan: Figures (Reference)

Earnings Projections for FY2024	67
7th Mid-Term Plan: Loans	68 - 70

Part V: FY2021 Financial Results: Figures (Reference)

Average Balance of Loans (by Bank/ by Industry)	72,73
Average Balance of Deposits & CDs	74
Interest Rates on Loans and Deposits & CDs	75,76
Breakdown of Loans and Deposits & CDs by Type	77
Securities/ Non-Interest Income / Asset Management Product Sales	78,79
Overhead Expenses / Credit Cost/ Non-Performing Loans / Capital Adequacy Ratio	80,81

Part VI: Kyushu Economy (Reference)

Market Share	83
Kyushu Economic Indicators	84 - 90

Part I: Management Strategy

FFG Fukuoka Financial Group

Summary of Financial Results for FY2021

Profit & loss (3 banks total)

(¥ bil.)

[Compared to the projection of Nov. 2021]	3 banks non-consolidated total		Bank of Fukuoka (non-consolidated)		Kumamoto Bank (non-consolidated)		Juhachi-Shinwa Bank (non-consolidated)	
	FY2021	YoY chg.	FY2021	YoY chg.	FY2021	YoY chg.	FY2021	YoY chg.
Gross business profit	204.9	2.4	137.9	4.1	19.4	0.5	47.6	- 2.2
Net interest income	184.8	5.9	121.7	6.5	18.4	0.6	44.7	- 1.3
Domestic	169.7	2.3	109.3	3.4	18.4	0.6	42.0	- 1.7
International	15.2	3.6	12.4	3.1	0.0	- 0.0	2.8	0.4
Non-interest income	20.1	- 3.5	16.3	- 2.5	1.0	- 0.1	2.8	- 0.9
Net fees and commissions	24.9	4.4	18.9	3.2	1.3	0.3	4.8	1.0
Specified trade income *	3.2	0.6	3.0	0.4	0.1	- 0.0	0.1	0.3
Bond-related income	- 8.0	- 8.5	- 5.6	- 6.0	- 0.4	- 0.4	- 2.1	- 2.1
Overhead expenses (-)	115.4	- 6.9	67.0	- 1.4	13.1	- 0.2	35.3	- 5.4
Actual business profit	89.5	9.3	71.0	5.5	6.3	0.7	12.2	3.2
Core business profit [+35]	97.5	17.9	76.5	11.5	6.7	1.1	14.3	5.3
Other operating profit (loss)	3.2	21.9	3.4	13.3	0.5	0.2	0.6	7.5
Ordinary profit	91.9	18.2	73.3	7.7	6.8	0.9	11.7	9.7
Extraordinary profit (loss)	- 1.0	0.7	- 0.2	0.0	0.0	0.2	- 0.9	0.5
Income (loss) before income	90.9	19.0	73.1	7.7	6.8	1.1	10.9	10.2
Income taxes (-)	22.1	7.5	20.4	4.4	1.7	0.6	0.0	2.5
Net income [+4]	68.8	11.4	52.8	3.3	5.1	0.4	10.9	7.7
Credit cost (-) [+17]	1.5	1.3	0.5	- 1.9	- 0.9	- 0.0	2.0	3.2

Profit & loss (FFG consolidated)

[Compared to the projection of Nov. 2021]	FY2021	YOY chg.
Gross business profit	221.1	+3.9
Actual business profit	78.3	+9.5
Core business profit	86.3	+18.0
Ordinary profit [-23]	76.1	+15.7
Consolidated net income ** [+11]	54.1	+9.5

* Excluding Bonds ** Net income attributable to owners of the parent

Consolidation adjustment

Net income (3 banks total)	68.8
FFG non-consolidated	-10.0
Adjustment related to Minna Bank	-5.9
Subsidiary income	2.3
Securities adjustment, etc.	-1.0
FFG consolidated net income	54.1

Point 1 Core business profit was 97.5 billion yen

- ▶ YoY chg. +17.9 billion yen
  - In addition to the increase in net interest income, service fee income such as asset management fees increased
  - Expenses decreased year-on-year due to the effects of the integration of Juhachi-Shinwa Bank
- ▶ +3.5 billion yen compared to guidance

Point 2 Transfer of 1.5 billion yen to credit cost

- ▶ YoY chg. -1.3 billion yen
- ▶ +1.7 billion yen compared to guidance
  - Remained at a low level with 1.5 billion yen despite moderate COVID-19 impact.

Point3 Net income was 54.1 billion yen

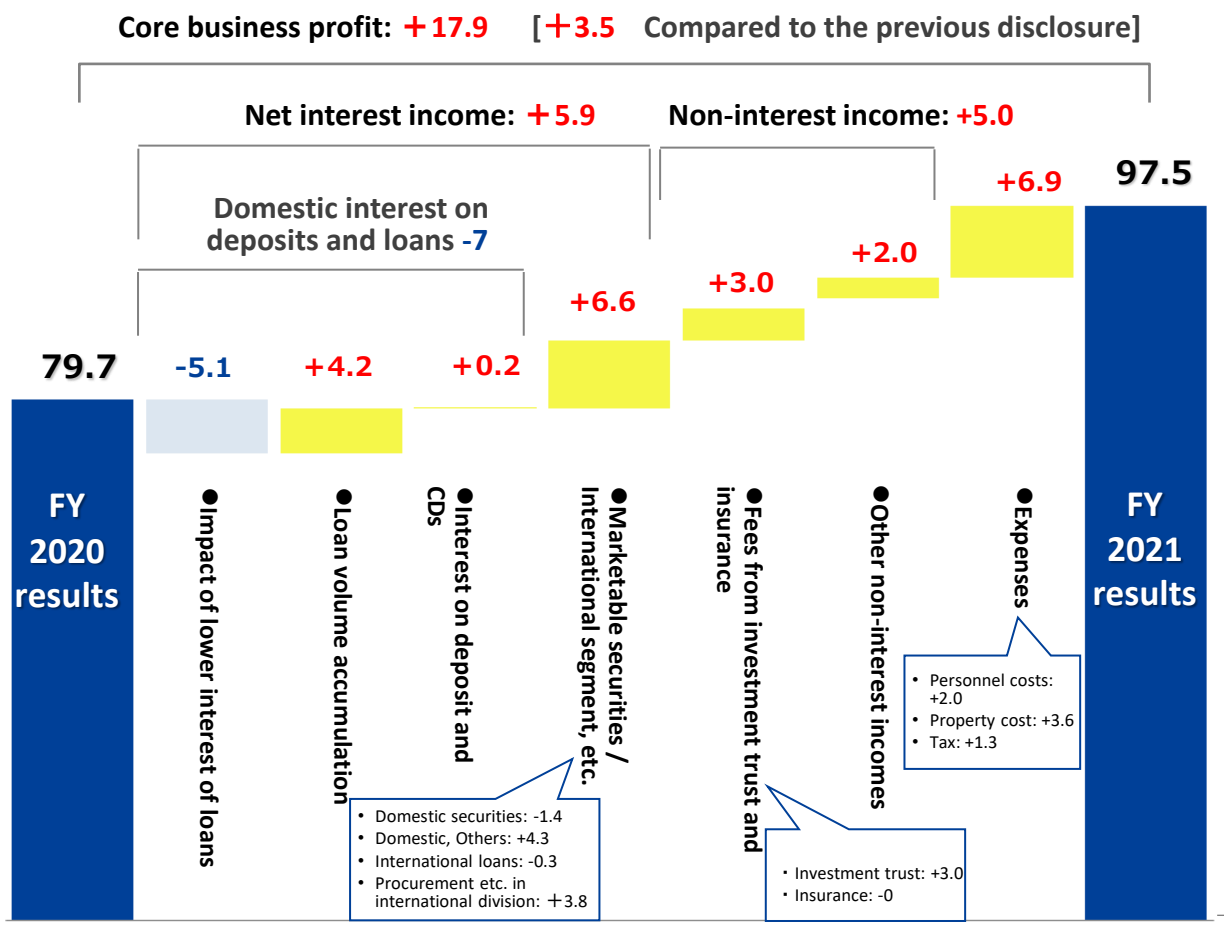
- ▶ YoY chg. +9.5 billion yen YOY
- ▶ +1.1 billion yen compared to guidance
  - The period ended with stronger results compared to both the previous period and guidance due to improvement in extraordinary profit / loss from decreased integration-related expenses and the healthy core business profit as stated above.

FY2021 Financial Results: Factors for YoY Changes

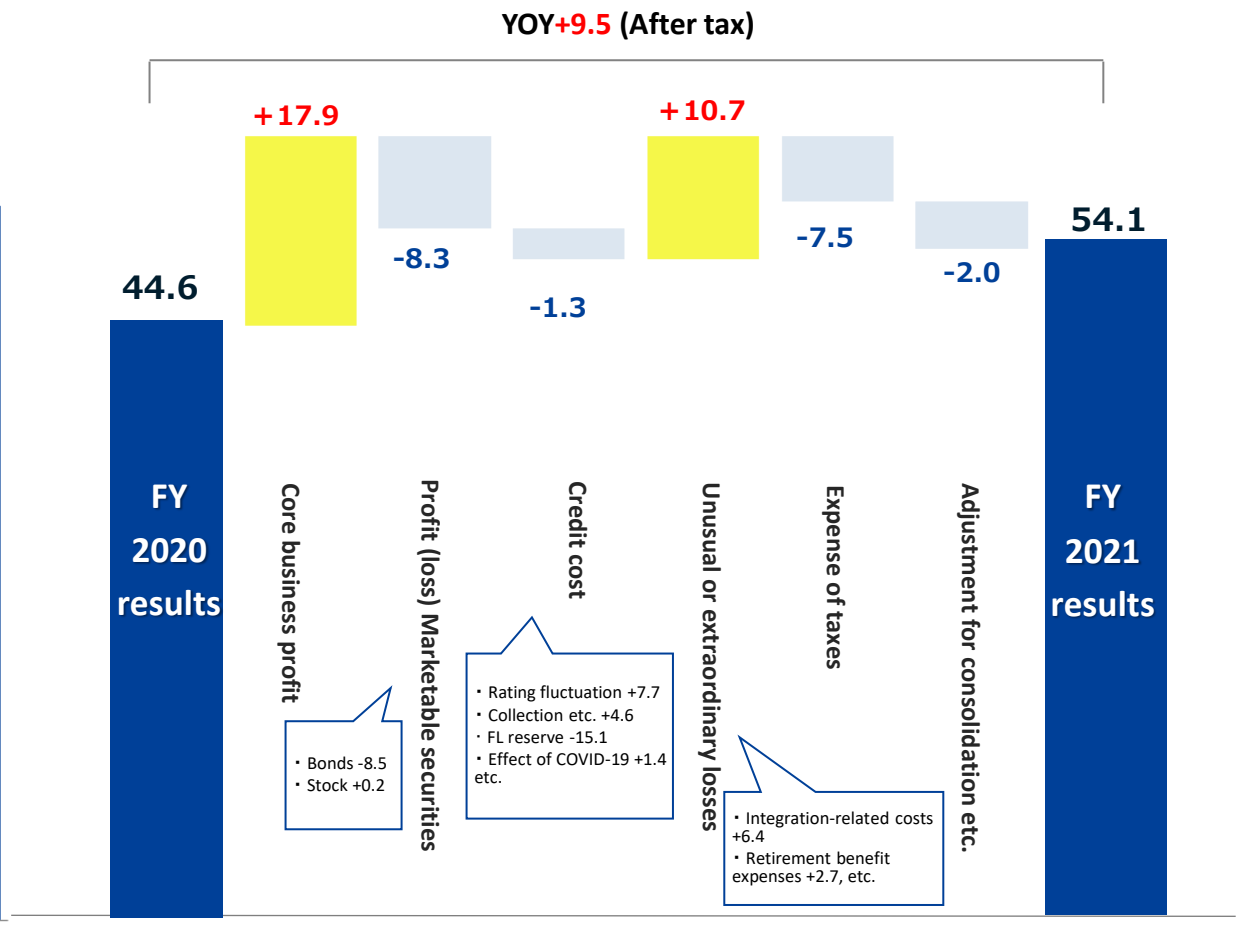
- Core business profit was 97.5 billion yen, up 17.9 billion yen year-on-year and up 3.5 billion against guidance, with both net interest income and non-interest income steadily increasing.
- Consolidated net income increased by 9.5 billion yen year-on-year to 54.1 billion yen also due to the drop in integration-related expenses.

(¥ bil.)

FY2021 Actual (Core business profit)



FY2021 Actual (Consolidated net income for the period)



Review of the 6th Medium-Term Management Plan: Achievement Of Targeted Management Indicators

- In addition to those described below, initiatives including cost reductions through the OHR structural reform project and investment diversification [in the are progressing successfully.
- Targeted management indicators are progressing generally as planned except for the upfront investment costs of Minna Bank, which were not factored into the medium-term management plan.

Main initiatives and effects

Business process improvement	● Review of process of OTC businesses – Tablet installation, contract digitization, bank visit reservation	● Equivalent of 1500 employee* workload reduction over 3 years (Approximately 20%) – To reassign personnel to strategic areas * Including part-time employees and affiliated company employees
New asset management businesses	● Long-term portfolio proposal – Development of Investment Trusts Palette – Promotion of long-term savings	● Pallet balance 180 billion yen – 36,000 contractors ● Investment trust accumulation contract 5 billion yen / month (+3.0 billion yen compared to FY18)
Juhachi-Shinwa Bank	● Creating a foundation for the new bank – Administration system integration – Branch consolidation (68 branches) – Consolidation of affiliated companies	● Synergy effect of 9.5 billion yen / year – Revenue Synergy 3.1 billion yen – Cost Synergy 6.4 billion yen
Minna Bank	● B2C businesses – Minimal service implementation ● BaaS businesses – Minna no Cheer BOX – Partner branches	● Opening of Japan's first digital bank ● Opening of accounts 330 thousand accounts (March 2022) ● Human resources and culture not found in conventional FFG

Target management indicators

Metric	Figures in parentheses exclude Minna Bank and ZDF	FY2021	Compared to medium-term management plan
Profitability	Consolidated net income for the period	54.1 billion yen (60.4 billion yen)	-3.4 billion yen (+2.9 billion yen)
	ROE	5.7% (6.4%)	-0.3% (As planned)
Soundness	Capital adequacy ratio	10.7%	As planned
Efficiency	Consolidated OHR	64.6% (61.3%)	+4.6% (As planned)

[For reference]

Average balance of loans outstanding (Excluding FFG / Government)	14.5 trillion yen	+0.6 trillion yen
Of which, the amount for SMEs	6.4 trillion yen	+0.1 trillion yen
Average balance of total fund	20.0 trillion yen	+1.7 trillion yen
Balance of investment trusts (Including FFG Securities)	0.8 trillion yen	-0.4 trillion yen

Long-term Strategy 1: Environmental Awareness

- Since its founding in 2007, FFG has been establishing its presence in Fukuoka and Kyushu by expanding its footprint of operations and taking on new challenges.
- FFG has reset its mission and long term objectives based on changes in the business environment in order to capture new business opportunities to foster further growth.

CY2007 — The first to fourth medium-term management plan

* Described in the current trade name

- Kumamoto Bank / Shinwa Bank (April / October 2007)
- FFG Securities (April 2012)

CY2016 — The fifth

Negative interest rate

- Goodwill lump sum amortization (March 2017)
- iBank business (April 2016)

CY2019 — The sixth

COVID-19

- The Eighteenth Bank / Juhachi-Shinwa Bank (April 2019 / October 2020)
- Introducing AIRB (March 2019)
- Minna Bank (May 2021)

Mega trend — High uncertainty, Fast environmental changes

- ESG/SDGs
- Digitalization
- Decreasing / aging population
- Diversification of values
- Deregulation

and others

FFG's strengths

- A corporate culture that does not fear failure
- Highly skilled and diverse human resources
- Solid marketing base
- Single platform and multi-brand
- Extensive and detailed network
- Comprehensive group strength

Presence in Fukuoka/Kyushu and other regions

FFG's Business Opportunities

- Involvement in business succession etc.
- Provide value other than funding
- New risk-taking
- Digital Application for Marketing Activities
- Challenges to new businesses
- Diversification of organization and improvement of organizational strength

Further expansion of customer base and profit growth

Long-term strategy 2: Long-term vision

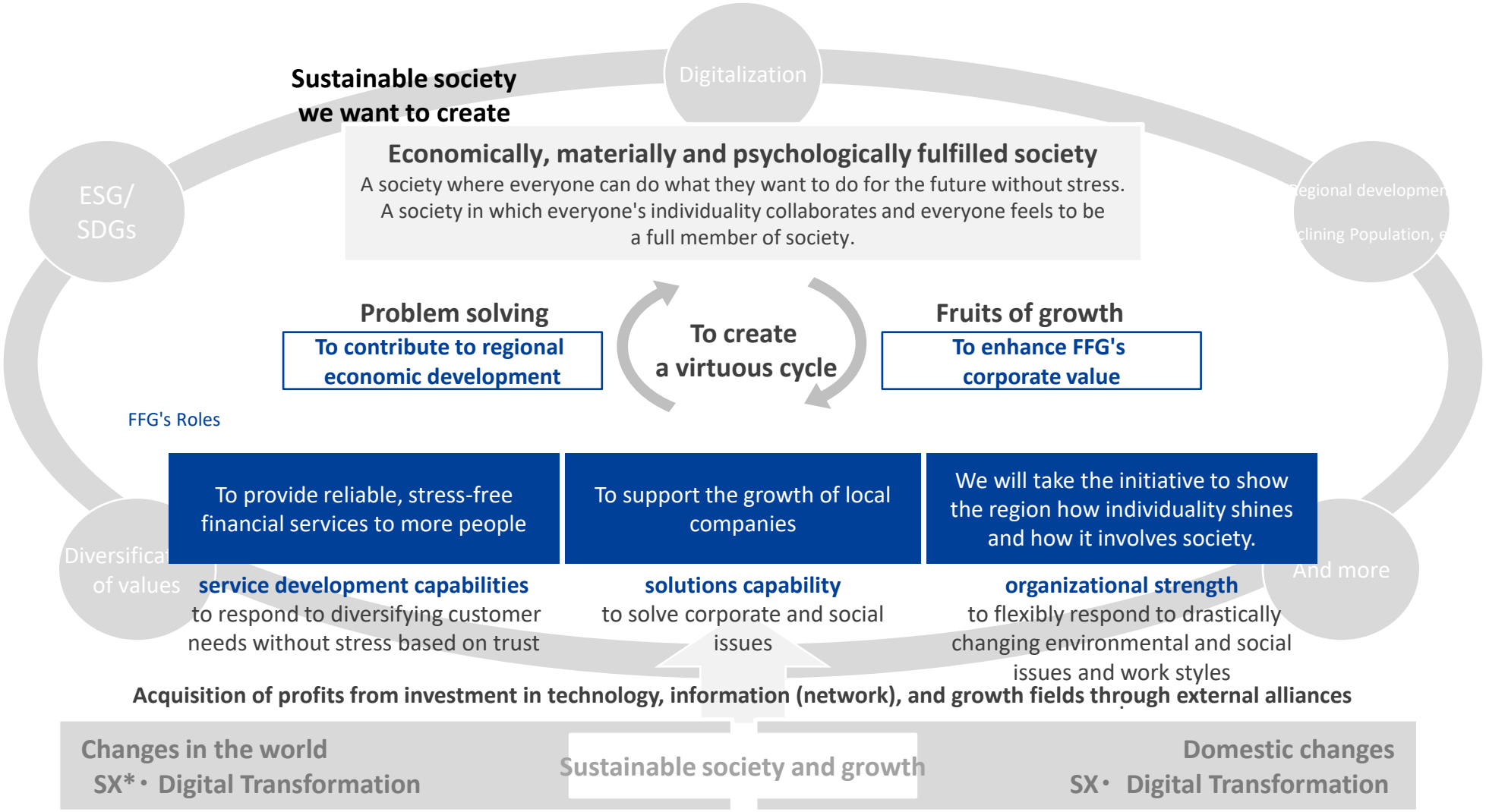
- Under our unchanging management philosophy and brand slogan, **we aim to become "The Best Regional Bank that contributes to the growth of all stakeholders through finance and consulting"** with three core strengths: **services development, solutions capability and organizational strength.**

Group Management Philosophy (Excerpt)	**Financial group that helps people make the best choices**
Brand slogan **Core value**	**To be your Bank of choice.** **Your closest, most reliable, most sophisticated bank.**
Sustainability policy	We will contribute to the realization of sustainable local communities by creating a virtuous cycle of "contribution to local economic development" and "enhancement of FFG corporate value"
Long-term vision 2030	**The Best Regional Bank that contributes to the growth of all stakeholders through finance and consulting**

To respond to diversifying customer needs based on trust without stress	To solve corporate and social issues	To be a Bank that can flexibly respond to drastically changing environmental and social issues and work styles
service development	**solutions capability**	**organizational strength**

Long-term strategy 3: Three Core Strengths to be Equipped with

- **FFG's mission is to realize a sustainable community, which in turn is what sustains FFG**.
- In order to create a virtuous cycle, we will foster our 3 core strengths of **services development**, **solutions capability** and **organizational strength**.

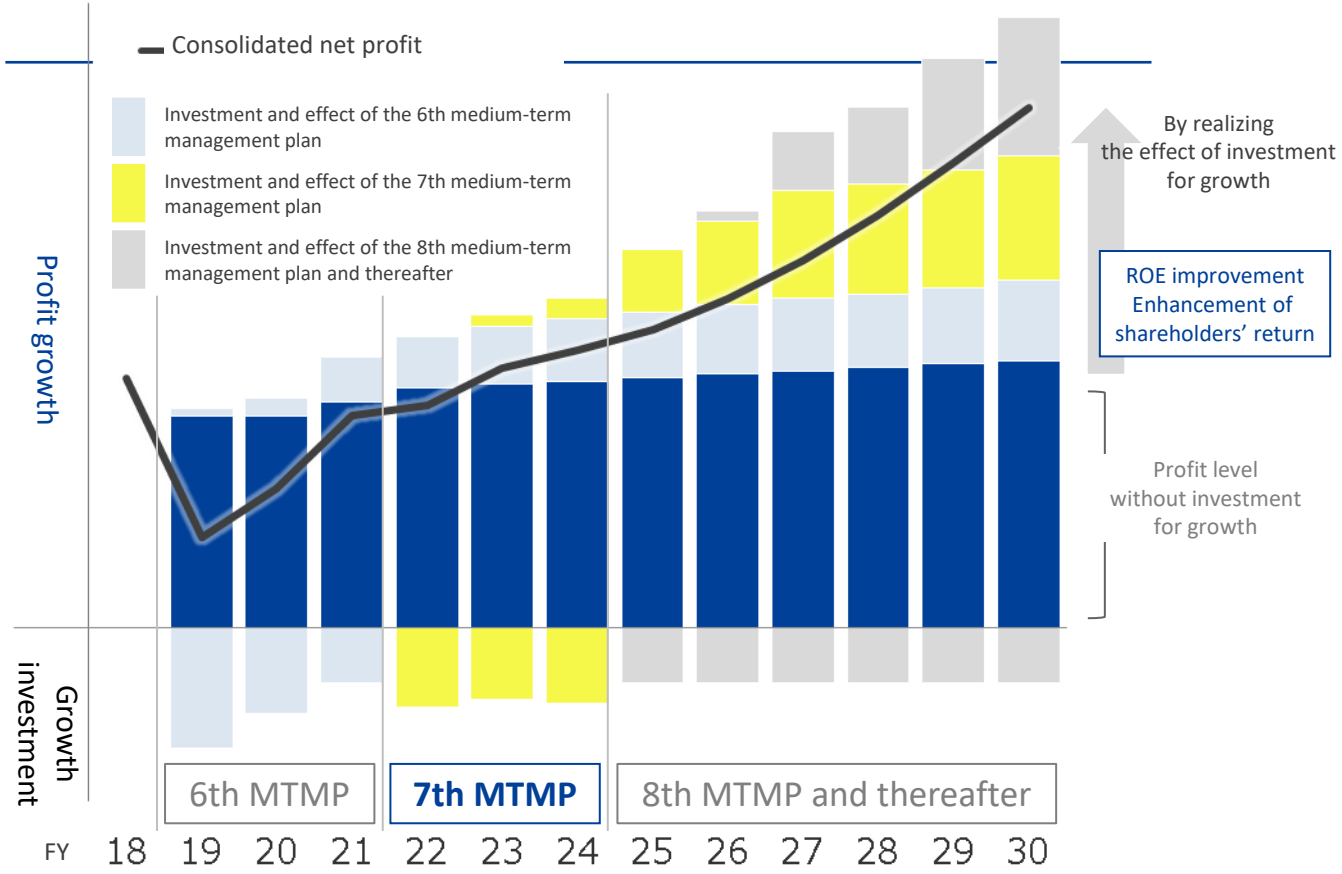


* Sustainability Transformation

Long-term Strategy 4: Increasing Profit (through 2030)

- We will grow profits while **repeatedly investing for growth** and **realizing investment effects** with the aim of **improving ROE** and **expanding shareholders' returns.**
  - In the 7th Medium-Term Management Plan, we will make investment for new growth while growing the profits of existing businesses, including the realization of the project effects of the 6th Medium-Term Management Plan, in order to realize the effects of the investment as soon as possible.

Profit increase projection



* FY19 consolidated net income excludes negative goodwill, FL provision, etc.

Profit growth and investment for growth of the 7th medium-term management plan

Profit growth of existing businesses including the realization of the effects of the 6th Medium-Term Management Plan

Sales Division

- By supporting their main businesses and through customer-oriented marketing, we will increase the number of customers whose main bank is us.
- Realization of investment effect of the 6th Medium-Term Management Plan

Business process improvement	New asset management businesses
Juhachi-Shinwa Bank (integrated)	OHR improvement project

Markets Division

- Continued diversification of risk taking

Growth investment to be implemented in the 7th Medium-Term Management Plan

Apps for individual customers	Portal site for corporate customers
CRM / SFA renewal	Minna Bank

and others

7th Medium-Term Management Plan: Outline and Target Management Indicators

- The 7th Medium-Term Management Plan sets **four priority initiatives** under a new long-term vision targeting 2030.
- The target of FY2024, the final year of the Medium-Term Management Plan, is to have **net income of 65 billion yen** (+10.9 billion yen against FY2021)

Outline

Name of the plan	7th Medium-Term Management Plan The shape changes but the passion never changes
Period of the plan	April 2022 to March 2025
Basic strategy of the 7th medium-term management plan	Based on the profit growth of existing businesses, the three-year period will be used to **quickly realize the effects of new growth investments (priority initiatives)** by **realizing the effects of the Sixth Medium-Term Management Plan's projects**.

Priority Initiatives

I	Business process improvement - Phase 2	II	Reform in Sales Division
III	Strengthening of strategic subsidiaries	IV	Challenges to new businesses

Target management indicators

Metric		FY2024	Compared to FY2021
Profitability	Consolidated net income for the period	**65.0 billion yen**	**+10.9 billion yen**
	ROE	**About 6%**	**About +0.5%**
Soundness	Capital adequacy ratio [Final complete conformity base]	**Mid 10%**	**More or less flat**
Efficiency	Consolidated OHR	**About 60%**	**About -5.0%**

[For reference]

Average balance of loans outstanding	(Excluding FFG and Government)	15.2 trillion yen	+0.7 trillion yen
Average balance of total fund		22.2 trillion yen	+2.2 trillion yen
Balance of investment trusts	(Including FFG Securities)	1.2 trillion yen	+0.5 trillion yen

* Main projects of the 6th Medium-Term Management Plan: Business reform, new asset management businesses, Juhachi-Shinwa Bank (integration)

7th Medium-Term Management Plan: Basic Strategy and Priority Initiatives

- The basic strategy of the 7th Medium-Term Management Plan is to realize **4 priority initiatives** based on **the profit growth of existing businesses**.
- We have promoted Digital Transformation (DX) through the initiatives for Minna Bank so far. But, from now, we will work on DX of existing businesses centered on the construction of digital channels.

Growth of existing businesses

(Including the effect of the 6th Medium-Term Management Plan)

Sales Division (main business support, asset management pallet, etc.)

Markets Division (continuation of risk-taking diversification)

Business process improvement (improvement of productivity / relocation of resources)

Integration of Juhachi-Shinwa Bank (Maximization of Synergies)

and others

+ 4 priority initiatives

I Business process improvement - Phase 2

- **Expansion of digital channels**
  - Migrate all physical transactions to digital channels
- **Trial of a new branch model**
  - Trial of less attended or unattended branches

Apps for individual customers

Starting point for existing business Digital Transformation (DX)

Portal site for corporate customers

Digital channel construction

II Reform in Sales Division

- **Uniformity of marketing quality and fulfillment of customer needs**
  - Basic system for recommending marketing activities
  - Marketing Enhancement
- **Fusion of Human and Digital**
  - Deepening of customer understanding through data utilization

III Strengthening of strategic subsidiaries

- **Leasing/M&A/SDGs Support**
  - To expand business profit by leveraging customer base and alliances of subsidiary banks
- **To strengthen equity functions**
  - To strengthen support for business succession and revitalization, as well as for start-up companies.

IV Challenges to new businesses

- **To establish Minna Bank's revenue base**
  - Monetization by developing loan businesses
  - To gain market share of BaaS businesses
- **To challenge to create new businesses**
  - To explore new business areas by collaboration with external partners

7th Medium-Term Management Plan: Growth of Existing Businesses 1: Sales Division

- To build a business model centered on fees, that does not focus on loans, through consulting that brings together the collective strengths of the Group.
- To aim at growth of profits from existing businesses by embodying the Project effect of the 6th Medium-Term Management Plan (increasing corporate / individual fees, improving operational efficiency).

Corporate businesses

Goal-based marketing approach to support the main businesses of "Corporate customers"

- Implementation of the main business support (providing complex solutions)
  - -Business succession, SDGs (decarbonization), digitization support
- Development of district strategies
  - -Expanding transactions with core regional companies
- Diversification of risk-taking in investment banking businesses
  - -M&A and mezzanine/equity finance

Consumer businesses

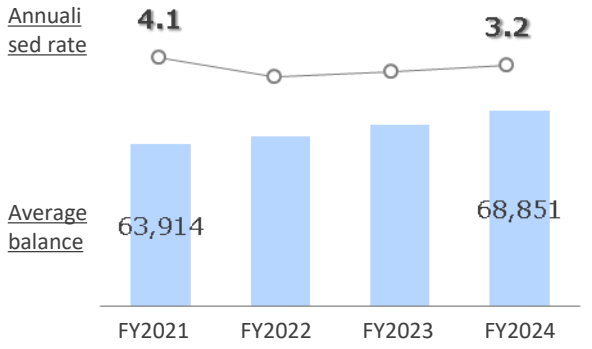
"Life-time companion" who realizes a prosperous future with goal-based total life consulting

- Ongoing approach of age group specific marketing and accompanying marketing.
  - -Strengthening of proposals centered on "asset management Palette" and "FFG Accumulation Plan"
  - -Strengthening of proposals centered on security insurance
- Restructuring of marketing organization
  - -To build an efficient system for a small number of elites to improve profitability

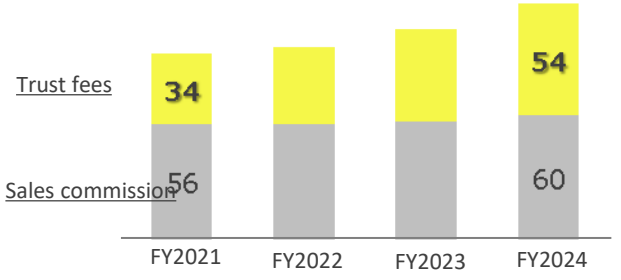
Sales Division metrics

	FY18→21	FY2021→24
Of which, SMEs	+40	+37
〃 Large sized, public	-35	-21
〃 Individuals	-31	-17
Net interest income (Sales Division)	-20	+0
Of which, Investment trusts	+34	+24
〃 Insurance	-35	+14
〃 Corporation related	+26	+24
〃 Settlement related	+6	- 6
Non-interest income (Sales Division)	+42	+39
Total of main items in marketing	+23	+39

Loans to SMEs



Fees from sales on investment trust



77th Medium-Term Management Plan: Growth of existing business 2: Markets Division

- To build a high-quality portfolio from a medium/long term perspective while continuing initiatives to diversify investment targets and investment methods.

Operational concept of the 7th Medium-Term Management Plan

Diversified investment

- To continue to diversify investment targets and investment methods to diversify sources of returns

Investment products to focus on

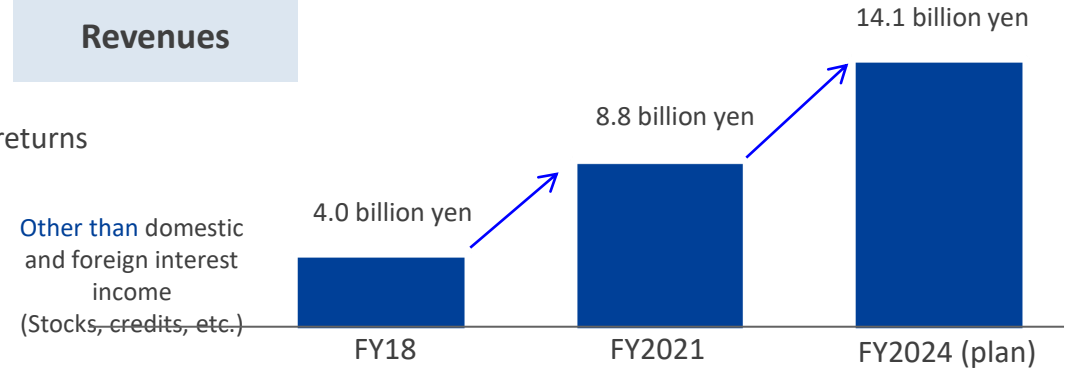
- US equity funds
- Individual stocks
- Credit products (CLO, etc.)
- Multi-asset funds
- Private equity funds

Management with total return in mind

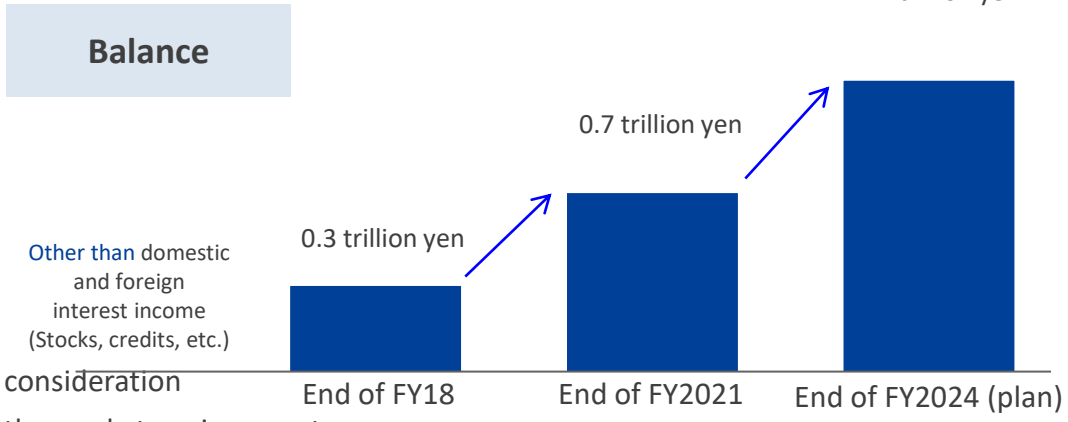
- Securing medium/long-term profitability through asset allocation that takes correlation into consideration
- Aiming at qualitative improvement of the portfolio by rebalancing in response to changes in the market environment

Continued risk-taking diversification

Revenues



Balance



7th Medium-Term Management Plan: Priority initiatives 1: Business process improvement - Phase 2

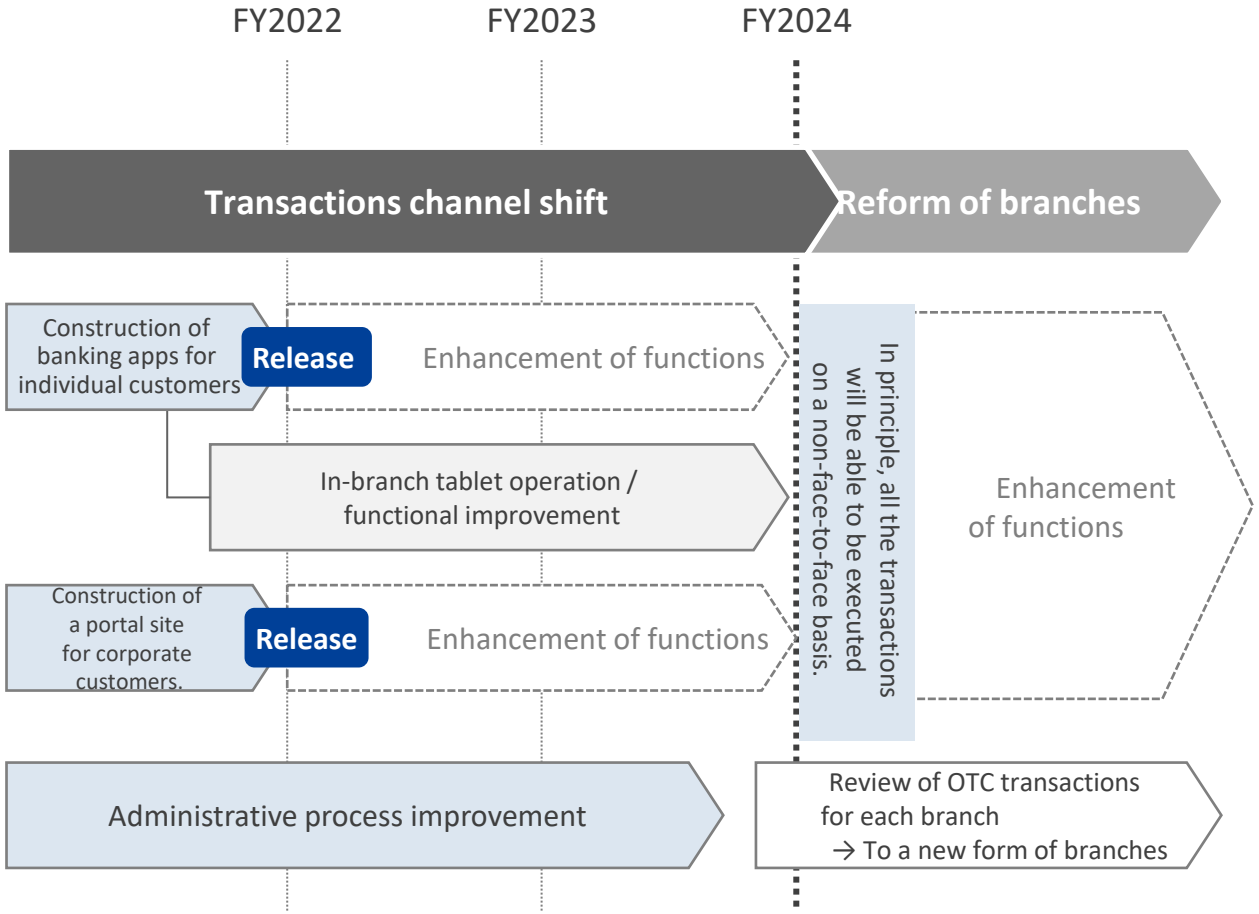
- We aim at reduction of OTC business volume by 50% by the final year of the medium-term management plan by establishing a core digital channel, making "all the transactions other than the physical transactions available through the digital channel" while promoting digitization of transactions and administrative reforms at the same time.

Vision

- The "digital channel" will be the key and "in principle, all transactions other than physical transactions will be executed through the digital channel"
- Branch operations will focus on assisting customers with non-face-to-face transactions and human driven consultation.

Outline and effect of measures

Outline of Measures	Expansion of digital channels	Development and introduction of digital channels such as banking apps for individual customers and a portal site for corporate customers.
	Administrative Process improvement	Transactions that cannot be transferred to digital channels for the time being, such as physical transactions, will be streamlined by consolidating the administrative operations.
Effect (reduction of work volume)		FY2024: OTC business volume -50% (Dereasse of personnel: About -250)



7th Medium-Term Management Plan: Priority Initiatives 2: Sales reform: Consumer Banking Digital Transformation

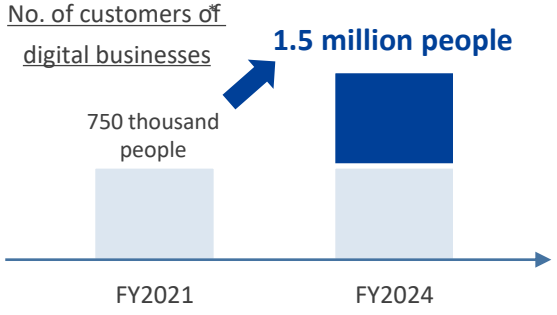
- We will dramatically improve customer convenience by revamping our banking apps and transforming into the bank of choice for our customers, even from a digital point of view.
- Utilizing the know-how cultivated in iBank marketing, we will provide advanced consulting that integrates human and digital.

Goals of the business for indivduals

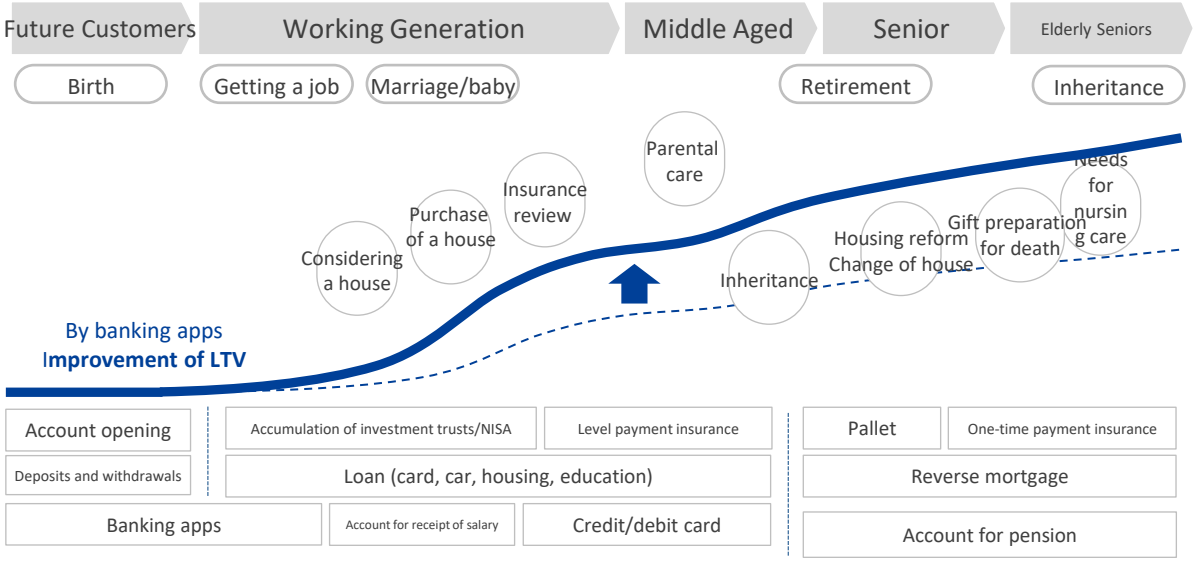
	Work volume reduction (Channel shift)	Top line enhancement (Marketing transformation)
Digital	**Digital completion of services** • Services and various notifications that do not involve actual things should in principle be completed digitally. • Dramatic improvement in customer convenience	**Expanding points of contact with customers / utilization and personalization of data** • Expanding of reachable customers • Development of customer-oriented new services • Capturing of customer's life events/ refinement and expansion of scenarios
Real world (Branches)	**Improving efficiency of administrative work** • Digitization of OTC work • To make the subsequent work of marketing intensive branches and administrative work-intensive segment more automated and efficient.	**Fusion of human and digital** • To provide advanced consulting support by employees regardless of face-to-face or non-face-to-face. • To digitally model a talented marketing person **Utilization of human resources that have been newly made available.** • To shift them to high-value-added operations by reducing the volume of operations at branches

Effect of renewal of banking apps

1. **Maintaining and expanding the customer base** as the main account or living expenses account for our customers.
2. **Enhancement of marketing** by utilizing the acquired data
3. **Strengthening service development capabilities** by strengthening agile development system



* Registered users of banking apps or personal IBs



7th Medium-Term Management Plan: Priority Initiatives 2: Sales reform: Corporate Business Digital Transformation

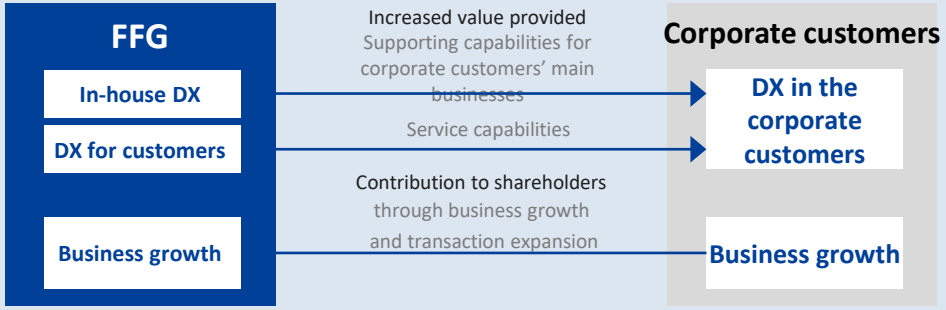
- We aim for business growth for both the customer and FFG by pursuing both FFG's and our customers' digital transformation.
- We provide differentiated value to our customers by realizing a marketing style that combines human and digital, and centralized management of information.

Corporate Business Vision

	FFG	Corporate customers
Business environment	• The existing core business of the loan market is expected to shrink against the backdrop of a decline in the number of corporations. • In addition, players from different industries will gradually erode our business areas.	• Our management challenges will be diversified and complicated due to changes in the environment such as digital growth, labor shortages, and diversifying consumer needs.
Direction of change	➡ Initiatives for DX inside and outside our Bank for the purpose of the business growth for both the corporate customers and FFG.	➡ Initiatives to improve productivity and to transform business models through digital utilization, etc.

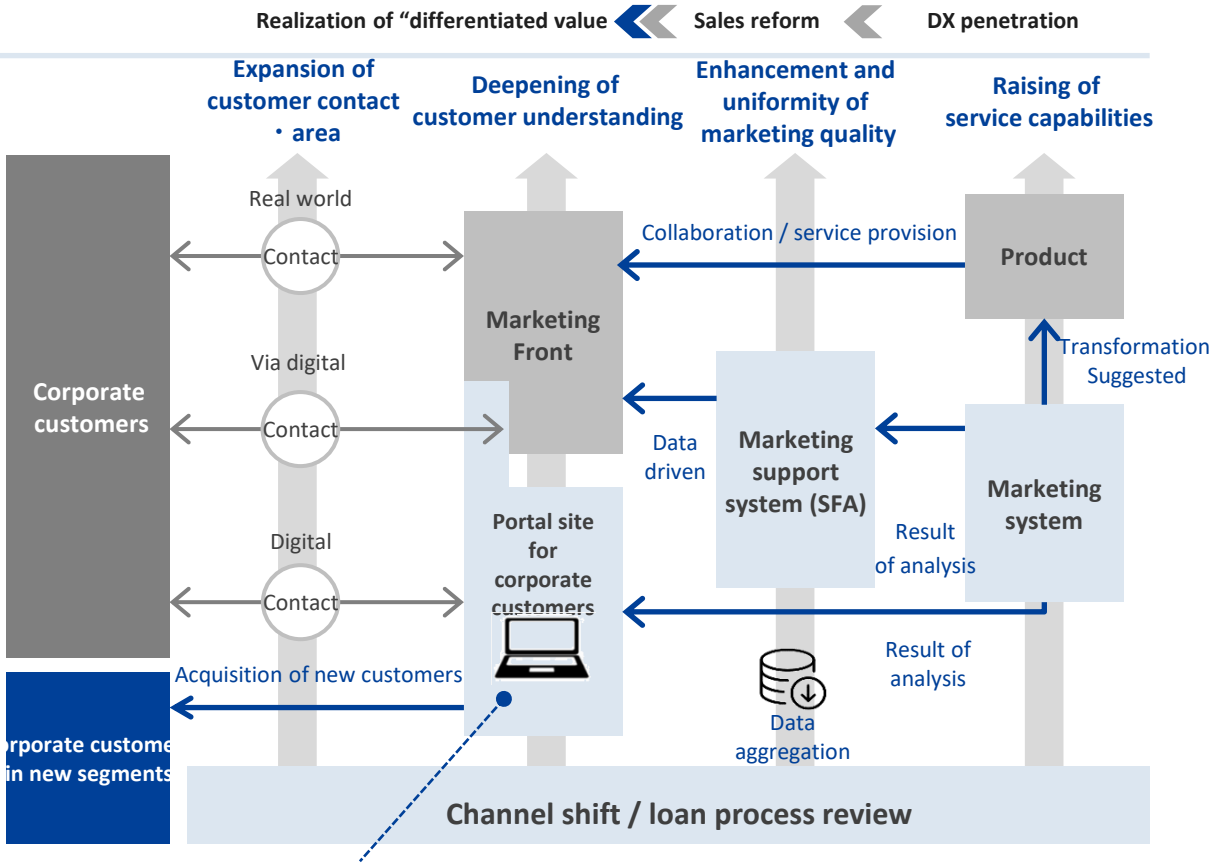
The goal to aim at

Business growth of both corporate customers and FFG through DX*



DX: Digital Transformation

Overview of our corporate businesses



FY2024 Target number of users : 25 thousand (Bank of Fukuoka)

7th Medium-Term Management Plan: Priority initiatives 3: Strengthening of strategic subsidiaries

- We will expand the business domain of our strategic subsidiaries in order to enhance the group's solution capabilities and organizational strength.
- Through the utilization of the bank's customer base, FFG's network and alliances, we will expand the customer base and business profits of our strategic subsidiaries.

FFG ふくおかフィナンシャルグループ

Capabilities to be equipped with

- Service development ability
- Solution ability
- Organizational capabilities

Banks

Functional subsidiaries

Guarantee	Real estate survey
Debt Collection	R & D Business F
FFG Card	FFG Insurance Service
FCS [FFG Computer Service]	Administrative services

FCS system In-house production personnel	FY2021	FY2024
	75 people	100 people

Strategic subsidiaries

Individuals	FFG Securities	iBank	
Corporations	FFG Lease	FFGBC [FFG Business Consulting]	Sustainable S
Asset management (Including advisory)	FVP	FFGS	FFG Growth Investment

FFG Lease (Former Juhachi Sogo Lease) From April 2022

- After changing the trade name to FFG Lease, we are expanding the leasing business that we have developed in Nagasaki to Fukuoka and Kumamoto.
- Capital and business alliance with Tokyo Century
  - To utilize know-how and price competitiveness

Tokyo Century

NCS

FFG Venture Business Partners (FVP)

- Venture investment started in 2017
- **Collaboration with universities in the Kyushu area** and **strengthening of CVC activities**, etc.
- To expand investment scale and create innovation in the region

FFG Succession (FFGS) From April 2022

- To establish a new subsidiary specializing in M&A advisory to strengthen the FA function for medium to large projects.
- Business alliance with HL Succession
  - To utilize buyers' network and know-how in advisory

7th Medium-Term Management Plan: Priority Initiatives 4: Challenge to New Businesses

- Minna Bank will make the B2C business more competitive, improve its value as a digital bank, and at the same time aim at developing the BaaS business (B2B2X business).
- In addition to Minna Bank, we will actively challenge the creation of new businesses by grasping changes in customer needs and technological progress.

Minna Bank

FY2022	FY2023	FY2024	FY2025
Customer acquisition (Increased number of accounts)	**Customer monetization** (Personal loans)	New financial services in a new era Trial and error with agility and flexibility	
Frictionless		**Community**	
Hyper personalization		**Connectivity of generalized value**	

Corporate value

Re-Design phase

To expand unfulfilled areas of existing financial experience.
Enhancement of existing services that reflect customer feedback

Re-Define phase

Future service development in line with changes in customer behavior. To cultivate new customer segments other than "digital native customers"

Three years after Re-Design's inception, we will achieve single-year profitability.

To Increase the value of the digital bank in the B2C business and shift the focus to the BaaS

Dramatic expansion of BaaS business by expanding use cases

- **Partner branch model**
- **White label model**
- **API infrastructure integration model**

Promotion of banking system provision business with enhanced competitive advantage

- **Development for overseas corporations**
- Development for domestic corporations

B2C businesses		● **Enhancement of existing services that reflect customer feedback** ● **Improvement of unfulfilled areas/Launch of new services** – Loans, Kotora, real-time (web) money transfer etc.
BaaS businesses	**B2B2X Businesses**	● **Expanding alliances by accumulating use cases** – Putting "partner branches" and "API cooperation (including white label provision)" at the core
	Banking System Providing businesses	● **Commence negotiations with customers, mainly overseas.** – Strengthen relationships with marketing partners

KPI

Items		FY2024	Compared to FY2021
Customer base	Number of accounts	**1.9 million accounts**	+1.57 million accounts
	Deposit balance	**180 billion yen**	+174.1 billion yen
	Loan balance	**95 billion yen**	95 billion yen
Service development ability	Human resources development (ZDF total)	**220 people**	+182 people

7th Medium-Term Management Plan: Human resources strategy

- We will acquire human resources who can realize business strategies, train existing human resources to strengthen service development and solution capabilities, and allocate human resources to growth areas.
- We will promote work styles that cater to diverse employee values, and improve employee autonomy and engagement by promoting individual-led career development.

Human resources strategy for the realization of the strategy

Acquisition and training of specialist human resources

Investment in human resources for growth strategies

- ☐ **Focus on mid-career hiring to acquire employees who can immediately impact the business.**
- ✓ Plan to hire 500 career employees by March 2024
- ✓ Establish a new career recruitment team to strengthen recruitment capabilities

Develop highly specialized human resources

- ☐ **Develop human resource focused on strategic business areas**
- ✓ Tailor-made curriculum focusing on aptitude and ability
- ✓ Programs to improve expertise through external secondments, etc.

×

Improvement in autonomy and engagement

Career development support

- ☐ **Foster autonomous employees through careers**
- ✓ Promotion of individual-led career development
- ✓ To develop a career roadmap tied to business strategy

Provide flexible work styles

- ☐ **To maximize the performance of diverse individuals**
- ✓ Expand support for balancing work and family life by making it mandatory for men to take maternity leave.
- ✓ To conduct employee engagement surveys to verify effectiveness

Form an activated organization in which various individuals become autonomous and self-driven

7th Medium-Term Management Plan: Sustainability Initiatives

Sustainability policy

Through business activities based on the Group's management philosophy, Fukuoka Financial Group will create a virtuous cycle of "contribution to local economic development" and "enhancement of FFG's corporate value," and contribute to the realization of sustainable local communities.

Seven Priorities (Materiality)

Items	Goal of SDGs
1. Healthy growth of the local economy	8 働きがいも経済成長も / 11 住み続けられるまちづくりを / 17 パートナーシップで目標を達成しよう
2. Industrial development and financial innovation	8 働きがいも経済成長も / 9 産業と技術革新の基盤をつくろう / 11 住み続けられるまちづくりを / 17 パートナーシップで目標を達成しよう
3. Addressing the declining birthrate and aging population	3 すべての人に健康と福祉を / 4 質の高い教育をみんなに / 8 働きがいも経済成長も / 11 住み続けられるまちづくりを
4. Environmental considerations	7 エネルギーをみんなに そしてクリーンに / 13 気候変動に具体的な対策を
5. Realization of prosperous local communities	1 貧困をなくそう / 2 飢餓をゼロに / 3 すべての人に健康と福祉を / 4 質の高い教育をみんなに / 10 人や国の不平等をなくそう
6. Diversity, Equity & Inclusion	5 ジェンダー平等を実現しよう / 8 働きがいも経済成長も
7. Strengthening of governance	16 平和と公正をすべての人に

Sustainability long-term KPI

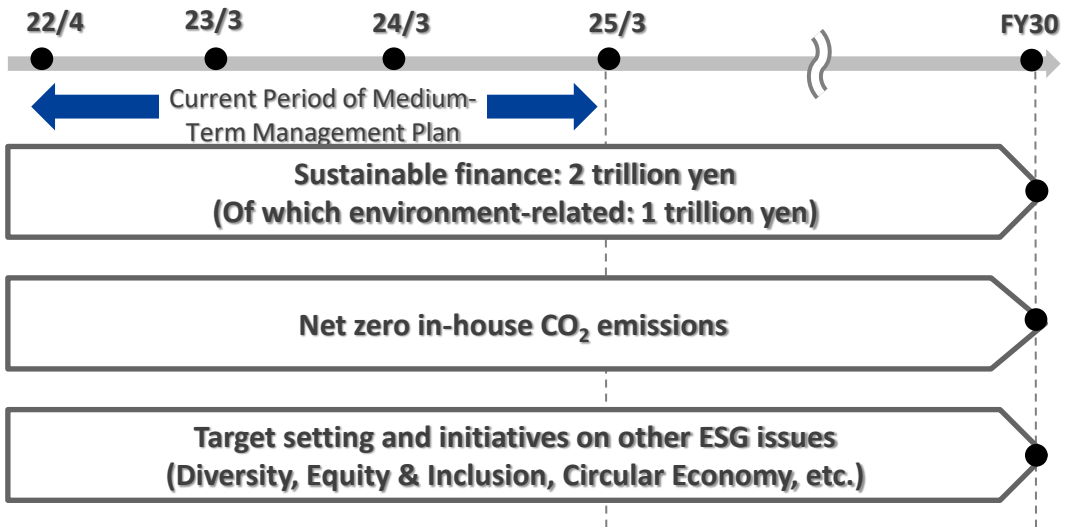
■ **Targeted cumulative amount of sustainable finance** (FY2020～FY2030)
2 Trillion yen * (Of which **environment-related is 1 trillion yen**)

→Until FY2021(Actual) :0.19 trillion yen (of which, environment-related 0.09 trillion yen) Flash

■ **Net zero in-house CO_2 emissions by FY2030*.**

＊Scope1 and Scope2

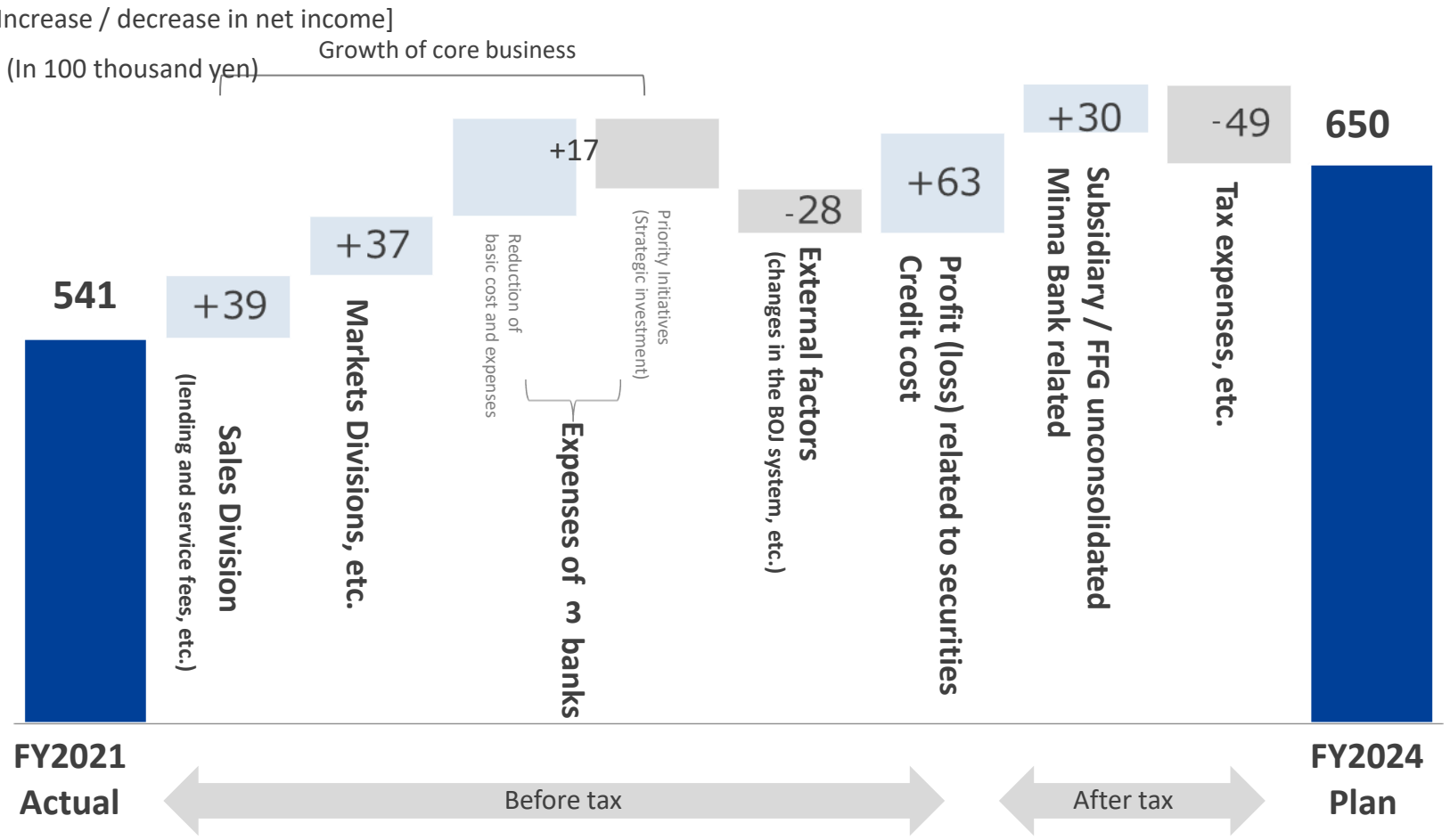
Long term roadmap



7th Medium-Term Management Plan: Profit Growth

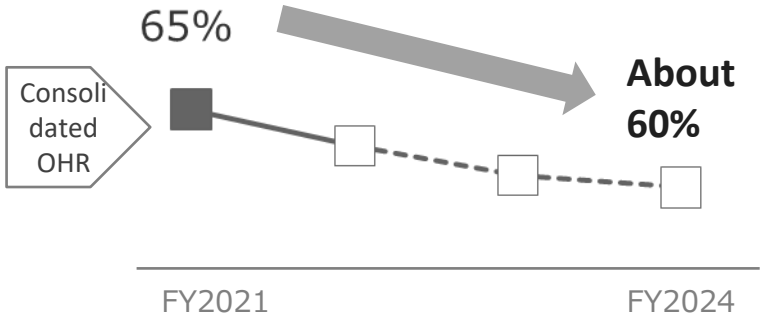
- We plan to achieve an additional net income of 10.9 billion yen for the 7th Medium-Term Management Plan by achieving profit growth in our core businesses through the realization of project effects to date.
- While we are also considering future-oriented growth investments, we will also seek to improve efficiency, with a consolidated OHR of 60%.

Profit growth



Consolidated OHR

- To improve management efficiency by improving consolidated OHR



Growth investment [Accumulated figure of 3 years] (Approximate figure)		
Strategic investment	Existing business DX	20 billion yen
	Minna Bank etc.	12 billion yen
Risk asset Accumulation	Sales Division	425 billion yen
	Markets Division	375 billion yen
Total of growth investment	(Capital conversion)	120 billion yen

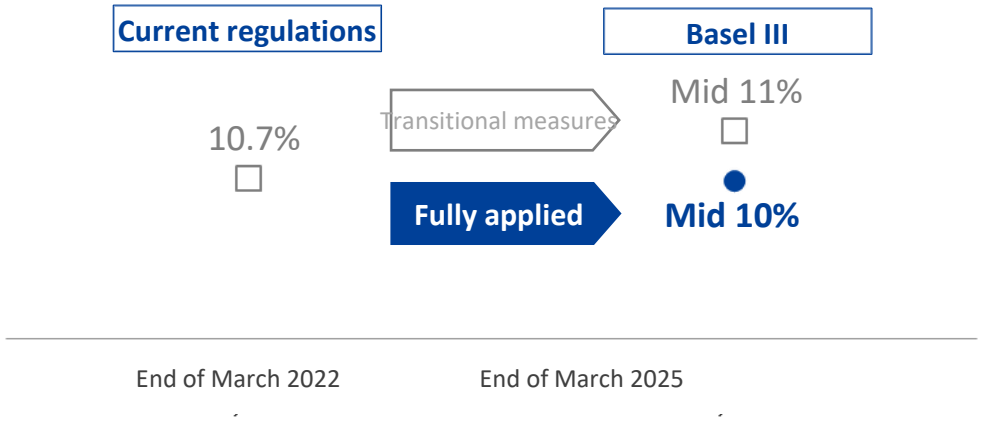
*Total is obtained by converting risk assets by capital adequacy ratio.

7th Medium-Term Management: Capital Policy (Basic Policy)

- We set the capital adequacy ratio at about 10% and aim for capital management that balances growth investment and shareholders' return while maintaining soundness.
- With a targeted dividend payout ratio of 35%, we will pay dividends stably through profit growth while flexibly executing share buybacks.

FFG Consolidated Capital Adequacy Ratio

Aiming for about 10% (Basel III finalization fully applied basis)



Capital policy

Basic policy

Return to shareholders

- While **maintaining soundness**, we aim to manage capital in a way that balances **investment in growth** and **shareholder returns** for the development of the local economy and the enhancement of FFG's corporate value.
- Stable (maintain or increase) dividend payment based on profit growth, and flexible share buybacks.
  - ✓ **Dividend payout ratio: About 35%** (Change of dividend guidance table)
  - ✓ **Share buybacks**: We will **flexibly execute** stock buybacks after comprehensively considering business performance trends, capital conditions, growth investment opportunities, market environment, etc.

Capital utilization plan for the 7th Medium-Term Management Plan

Business profit for 3 years

Growth investment

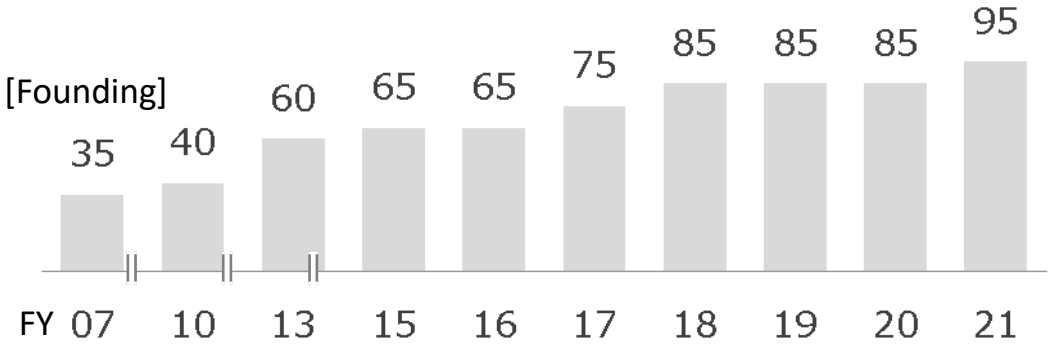
Resources for future profit growth and return to shareholders

- Strategic investment (existing business DX / Minna Bank / ZDF)
- Accumulation of risk assets (Loans, market sector)

Return to shareholders

- Dividend (dividend payout ratio of about 35%)
- Share buybacks (to be executed flexibly)

Changes in dividend amount per share (in yen)



*This information takes into account the effect of the reverse stock split of 5 shares of common stock into 1 share in October 2018.

7th Medium-Term Management Plan: Capital Policy (Dividend Table)

- Regarding the dividend table, we have changed the profit level and the range of dividends per share, and set a new guideline for dividends with consolidated net income of 62.5 billion yen or more.
- Even if the consolidated net income is less than 50 billion yen, we have changed that we should pay dividends with a dividend payout ratio of about 35% as a guide.

Old : dividend table

Consolidated net income level		Rough standard for the dividend per share
No explicit table settings		
60.0 bil. yen or more	-	115 yen or more yearly
55.0 bil. yen or more	Less than 60.0 bil.yen	105 yen or more yearly
50.0 bil. yen or more	Less than 55.0 bil.yen	95 yen or more yearly
45.0 bil. yen or more	Less than 50.0 bil.yen	85 yen or more yearly
40.0 bil. yen or more	Less than 45.0 bil.yen	75 yen or more yearly
35.0 bil. yen or more	Less than 40.0 bil.yen	65 yen or more yearly
30.0 bil. yen or more	Less than 35.0 bil.yen	55 yen or more yearly
25.0 bil. yen or more	Less than 30.0 bil.yen	50 yen or more yearly
20.0 bil. yen or more	Less than 25.0 bil.yen	45 yen or more yearly
15.0 bil. yen or more	Less than 20.0 bil.yen	40 yen or more yearly
-	Less than 15.0 bil.yen	35 yen or more yearly

New : dividend table

Consolidated net income level		Rough standard for the dividend per share	Compared to the old table
65.0 bil. yen or more	-	125 yen or more yearly	Newly established
62.5 bil. yen or more	Less than 65.0 bil.yen	120 yen or more yearly	Newly established
60.0 bil. yen or more	Less than 62.5 bil.yen	115 yen or more yearly	No change
57.5 bil. yen or more	Less than 60.0 bil.yen	110 yen or more yearly	+5.0 yen
55.0 bil. yen or more	Less than 57.5 bil.yen	105 yen or more yearly	No change
52.5 bil. yen or more	Less than 55.0 bil.yen	100 yen or more yearly	+5.0 yen
50.0 bil. yen or more	Less than 52.5 bil.yen	95 yen or more yearly	No change
-	Less than 50.0 bil.yen	Payment by the standard dividend payout ratio of 35%	

☐ Changes from the old dividend table

1. We changed the ranges of amounts in the table.

	Before change	**After change**
Range of the profit	5.0 billion yen	**2.5 billion yen**
Range of dividend amount	@10 yen	**@5 yen**

2. We have established a new range for consolidated net income level of 62.5 billion yen or more
3. Even if the level of consolidated net income is less than 50 billion yen, we have changed our policy that we should pay dividends with a payout ratio of about 35%.

Part II: Minna Bank (Minna no Ginko)

Fukuoka Financial Group 34th Company Information Meeting

Minna Bank

1-year History Since Launch Of Commercial Operation and New Medium-Term Management Plan

May 23, 2022

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History of Japan's First Digital Bank (2021)

Main topics of announcements

- May: **Commencement of services** as the first digital bank in Japan
- Jun: Concluded a basic agreement with **Pixiv** in the BaaS business
  Concluded a basic agreement with **Personal Temp-staff** in the BaaS
- Jul: **Began recruiting interns** from 2022 and 2023 graduates. Recorded
  over 100,000 downloads and held commemorative campaign.
- Aug: **Received the Red Dot Design Award**. Signed partnership with
  Tokyo Frog Kings.
- Sep: Commenced **Minna no Cheer Box service**.
  Signed partnership with **CS entertainment**.
  Debit card **(mobile phone charges) campaign**.
  Commenced **Partner Branch service**
- Oct: **Received the Good Design Award**.
- Nov: **Raised the interest rate** for savings deposit.
- Dec: Double Chance Campaign for Box Deposit.
- Jan: **Supported the Kingdom of Tonga** through the
  Minna no Koe (Voice of Everyone) Project.
- Feb: **Minna Bank Day** | Announcement of 3-day online event.
- Mar: Announced the results of 2021 awards (**6 awards in Japan and overse**
  10 categories)

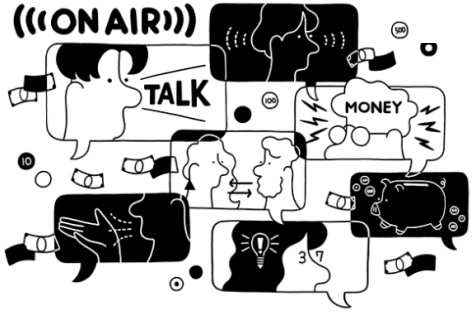
Minna Bank
Pixiv Branch

2021.9.30 OPEN

#LetsTalkMoney
Minna Bank Day

ONLINE EVENT

2022.3/5 Sat – 3/7 Mon



Pay your cellphone bill with a Minna Bank Debit Card to get

20% back per month!

This offer ended on 2021.9.1 following wide approval

*Money back caps out at 5,000 yen/month per person
*If the upper limit of the budget is reached, this campaign may be changed or ended without warning, even if it is still within the campaign period.

Awards

See all our awards from 2021

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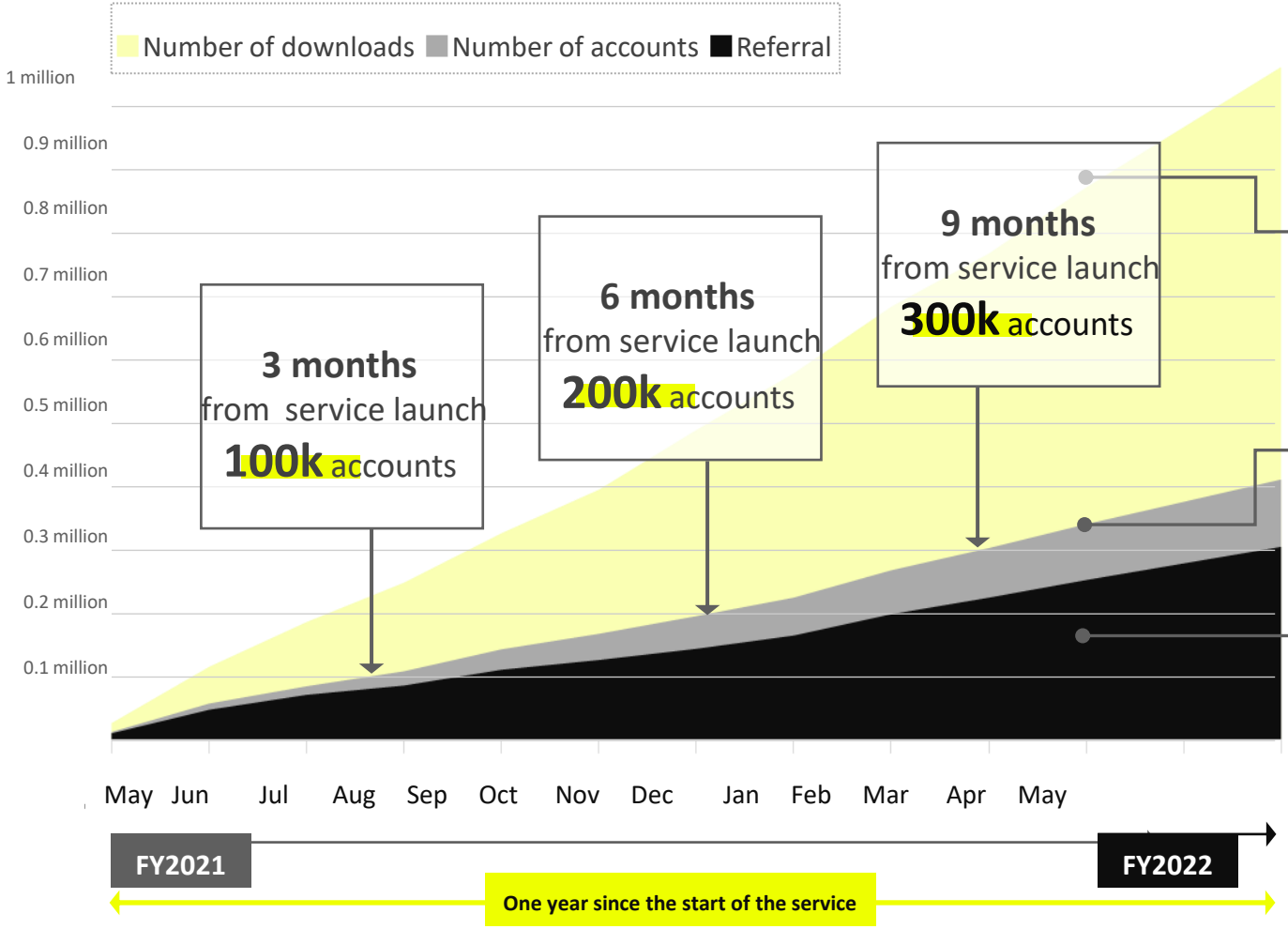
Review of the First Year (1st Year of Service) 1

Changes in the number of accounts and downloads



The results of FY2021

		Expected value for 1 year after service commencement
Cumulative downloads	**880** thousand downloads	**1.05** million downloads
Number of accounts	**330** thousand accounts	**0.4** million accounts

Account opening rate via the friend referral program
Account opening rate

74 %

Expected values are created by annualization from figures from May 28, 2021 to May 15, 2022.

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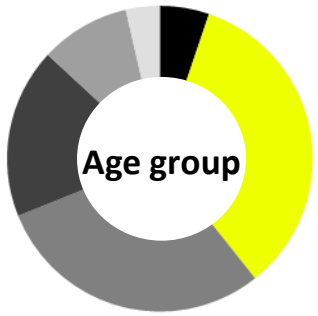
Review of the First Year (1st Year of Service) 2

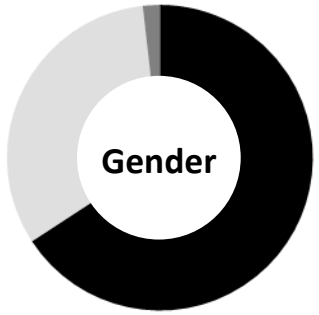
User attributes

70%

Digital native generation



- Teens (7%)
- 20s (37%)
- 30s (26%)
- 40s (16%)
- 50s (9%)
- 60s ～ (4%)



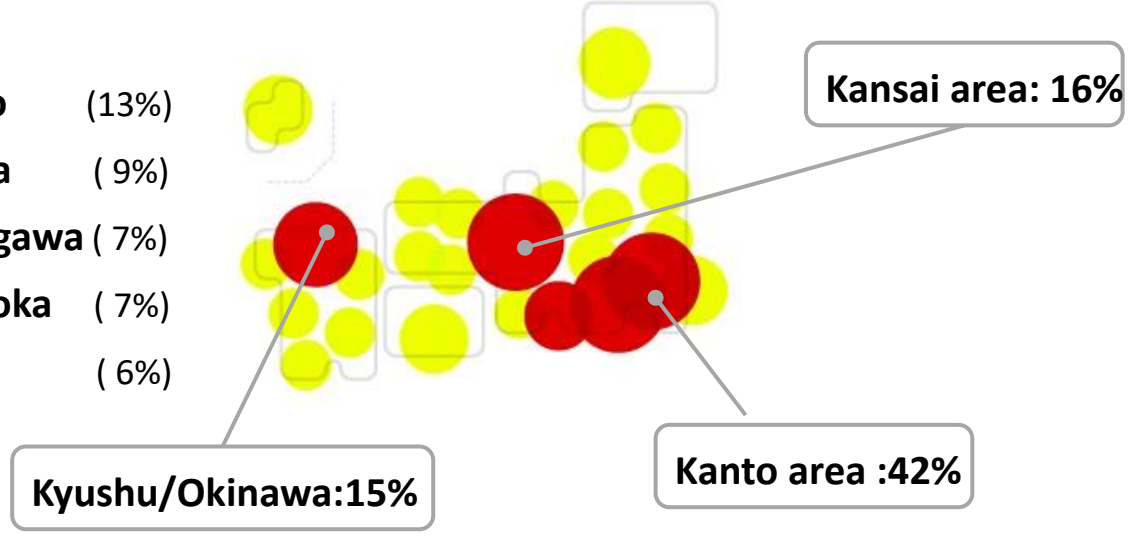
- Male (66%)
- Female (32%)

User location distribution

Prefectures with many users (Ratios by prefecture)

Prefectures / areas with many digital natives

No. 1 Tokyo (13%)
No. 2 Osaka (9%)
No. 3 Kanagawa (7%)
No. 4 Fukuoka (7%)
No. 5 Aichi (6%)



Acquired users commensurate with population demographics.

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Achievement by Product

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Achievements

Wallet

Deposit balance

Total

5.85 billion yen

Total of ordinary deposits + savings deposits

KPI

Deposit balance	Percentage of achievement
25.0 billion yen	23.4 %

Planning deposit acquisition initiatives

What people say

- ✓ A bank where you can enjoy managing your money.
- ✓ Well designed and exciting every time you log in.
- ✓ Best as a sub-account.
- ✓ You can try it to see if you can use it as your main bank.
- ✓ It‘s cardless and easy because you only need to carry your phone with you and convenient because there are no magnetization issues.

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Achievements

Box

Balance of Box Deposit

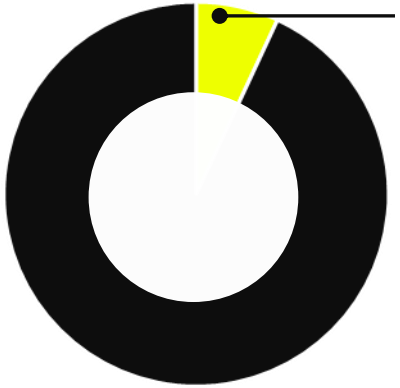
Total

1.01 billion yen

Per person

45,000 yen

Percentage of users



Percentage of users

7.0 %

What people say

- ✓ You can separate money like a real wallet.
- ✓ Being able to sort easily by dragging is a novel and easy-to-use feature.
- ✓ The ability to slide money around with your finger is revolutionary.
  Makes managing my money more enjoyable.
- ✓ I like it because it's in a box, so it is easy to budget and visualize.

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Achievements

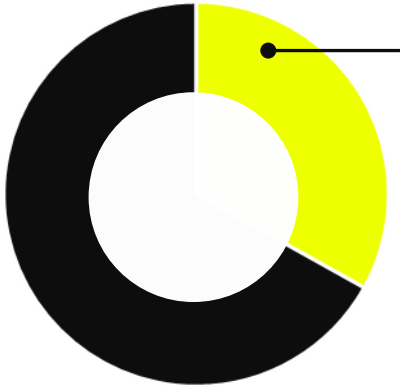
Debit

Number of debit cards issued

Number of cards issued

321 thousand

Percentage of provisioning setters



Percentage of setters

33.1 %

What people say

- ✓ One of the few debit cards that supports Apple Pay.
- ✓ Issued immediately when you open an account and can be used immediately.
- ✓ It’s safe not to overuse because it is a direct payment method directly connected to the account.
- ✓ Apple Pay-linked debit cards are really easy to use.

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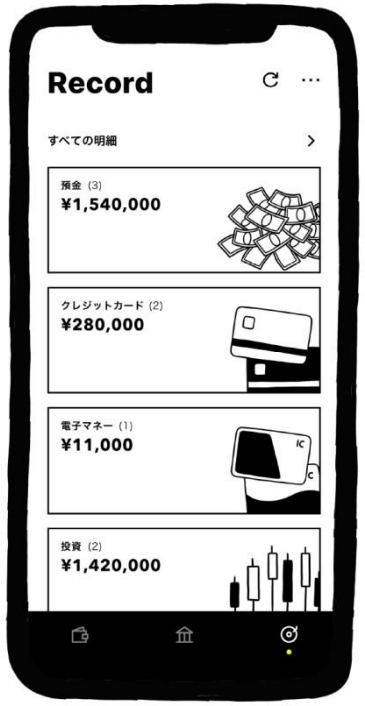
Achievements

Record

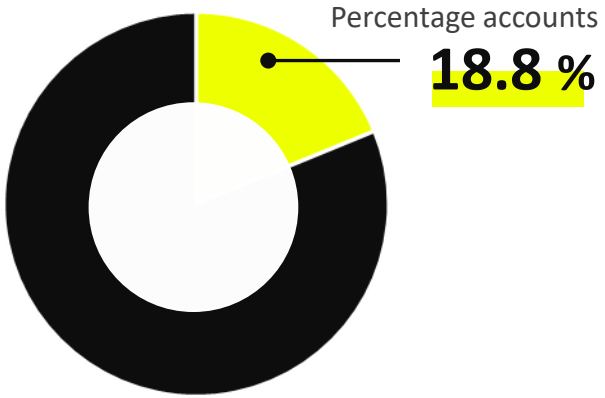


Accounts using Record

Number of used accounts

61,000 users

Percentage of accounts using Record



What people say

- ✓ It's fresh to be able to see across all of my assets.
- ✓ It can be used as a financial platform that goes beyond the household account book.
- ✓ You can register other IC cards and credit cards, and it is easy to manage your money. It is good that you can check the expenditure and income on the graph.
- ✓ It is convenient because it can be centrally managed in cooperation with other banks, electronic money, and credit cards!

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Achievements

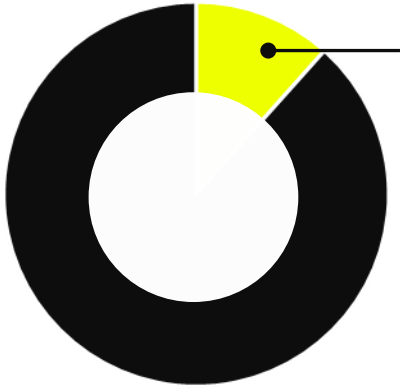
Cover

Balance using Cover

Balance using Cover

1.41 billion yen

Percentage of users



Percentage of users

11.6 %

What people say

- ✓ This is the best banking app out there! My application was accepted on the same day and I was able to withdraw immediately!
- ✓ It is very helpful because they say, “You can always borrow money if it is in the premium.”
- ✓ If you’re in a pinch but don’t want to borrow money because of the interest, you should definitely try this.
- ✓ You don’t have to experience the awkwardness of getting an error due to insufficient balance when you’re trying to pay.

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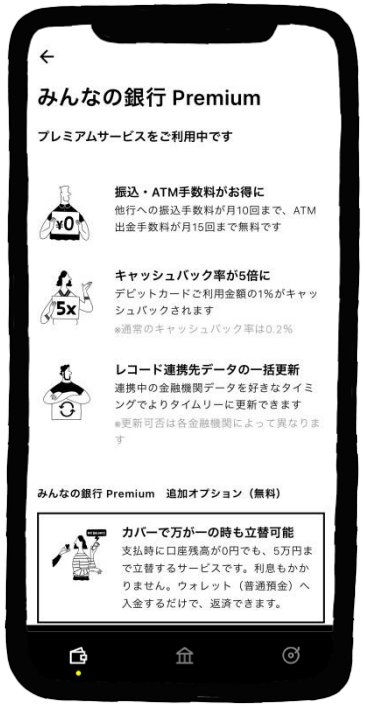
Achievements

Premium

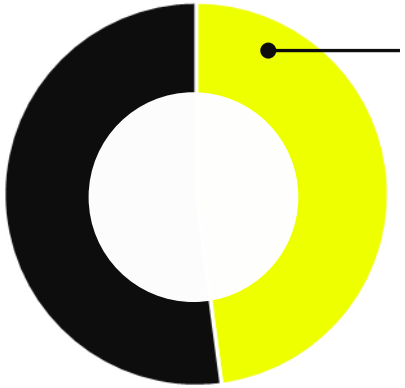


Usage of Premium

Number of contracts

156 thousand users

Percentage of users with Premium contracts



Percentage of users

47.9 %

What people say

- ✓ When transferring to other banks, you can conditionally receive a better transfer fee so it's great when making a transfer.
- ✓ You can try Premium for free for a year so you should try various things.
- ✓ This is the best choice for those who make a lot of transfers.
- ✓ I make money transfers very often, so the premium service is very advantageous for me. It's a good deal and I like it very much.

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1st anniversary commemorative project

Review of Savings Deposit Interest Rate and Premium Service

Public announcement today

Covered users Items	For all users	Exclusively for Premium	For Premium users who joined by May 28, 2022 and whose free period has expired
	Base interest rate on **savings deposits**	**Additional interest rate** on savings deposits	**Cashback campaign** according to the transaction (Until May 2023)
Current	0.030%	**No additional interest rate**	Nothing
After change	**0.100 %** →	**+0.200 %**	Cash back according to the following transactions below. User of 3 types: 100 yen per month User of 5 types: 200 yen per month
	Interest rate offered **0.100 %**	Interest rate offered **0.300 %** **Highest level in Japan**	(1) Withdrawal via ATM (2) Money transfer to other banks (3) Settlement via debit card (4) There is a cover contract (5) There are partnerships with other companies related to Record

* Interest rates are on before tax basis.

Use case of other banks

Internet-only bank	
Rakuten Bank	**Ordinary account:** 0.100%* **Savings account:** no such product **Time deposit:** 0.020%
au Jibun Bank	**Ordinary account:** 0.200%* **Savings account:** no such product **Time deposit:** 0.100%
BANK Aozora Bank	**Ordinary account:** 0.200% **Savings account:** 0.200% **Time deposit:** 0.200%

Time deposit is for one year.
* There are conditions for transactions with affiliated companies.
Source: Survey at Minna Bank from each company's websites

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Minna Bank's New Medium-Term Management Plan

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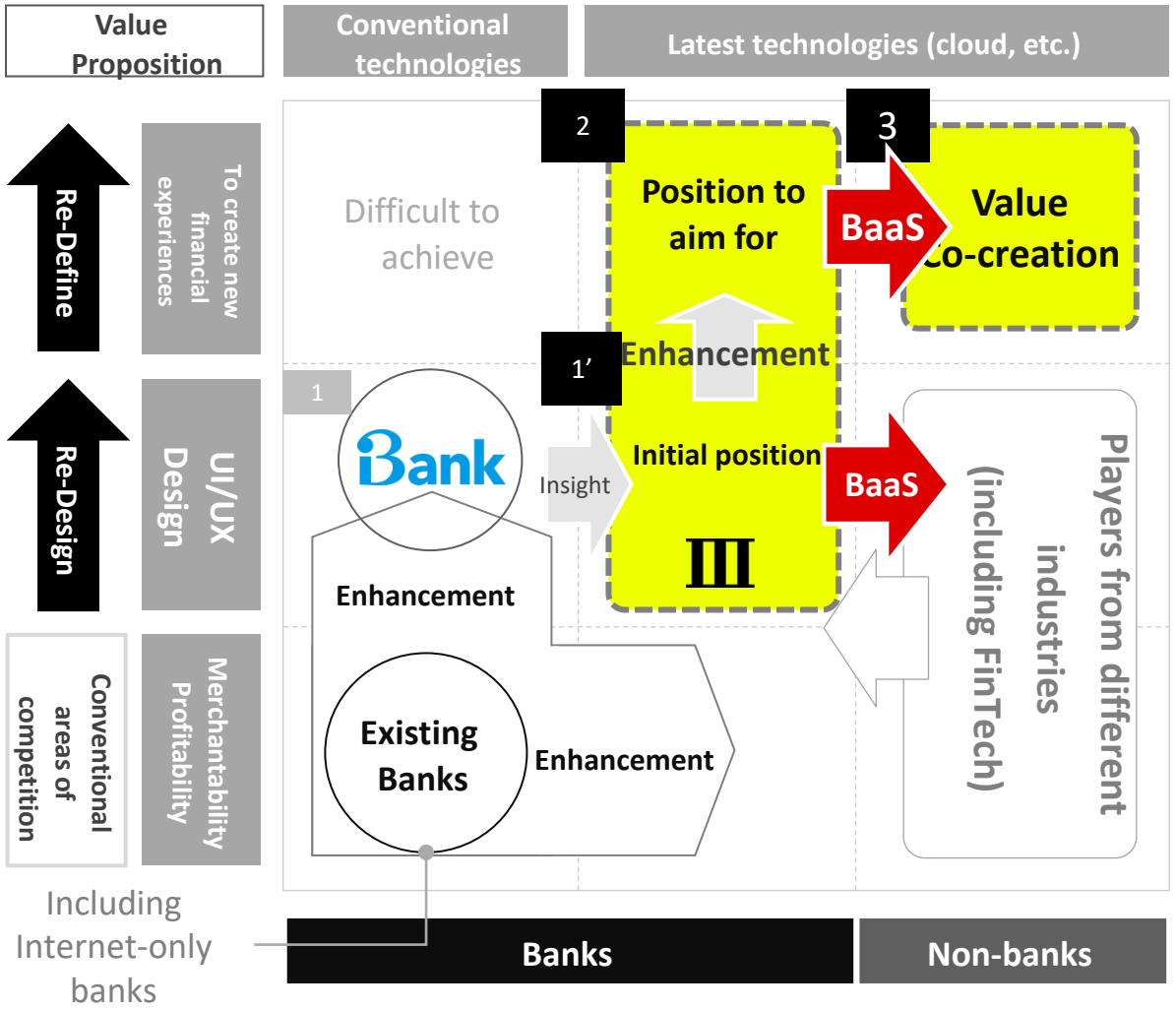
Minna Bank's positioning

Competitiveness strategy (Positioning) of Minna Bank



1 FFG is developing iBank business to upgrade existing banking businesses.

Leading the industry with customer-driven UI/UX as the first "Neobank" in Japan

- **Adopted as the front channel for 12 regional financial institutions nationwide**

1' "Financial Re-Design" by UI / UX and the latest technology

- **Enhancement of a frictionless financial experience that reflects customer feedback**
- **Launch of new products (consumer loans) that capture changes in customer behavior**

2 "Financial Re-Define" by providing new financial functions

- **To develop future services according to the changes in customer behavior.**
- **To develop customer segments other than digital native customers**

To provide functions not found in other companies / banks and

3 "Develop BaaS business in full scale"

- **B2B2X ... Providing a new financial experience through partner companies**
- **Providing next-generation banking system**

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Repost

New medium-term management plan for Minna Bank

Overview of the Medium-Term Management Plan for Minna Bank

FY2022	FY2023	FY2024	FY2025
Frictionless		community	
Hyper personalization		Connectivity of generalized value	

Corporate value

Re-Design phase

Expand unfulfilled areas of existing financial experience.
Enhancement of existing services that reflect customer feedback

Re-Define phase

Future service development in line with changes in customer behavior
Cultivate new customer segments other than digital native customers

Increase the value of the digital bank in the B2C business and shift the focus to the BaaS business

Dramatic expansion of BaaS business by expanding use cases

- Partner branch model
- API infrastructure integration model
- White label model

Promotion of banking system provision business with enhanced competitive advantage

- Development for overseas corporations
- Development for domestic corporations

Strategy by business domain

B2C businesses

Enhancement of existing services that reflect customer feedback
Implementation of functions in unfulfilled areas/launch of new services
- Early implementation of functions that have not yet been fulfilled in a series of financial experiences (e.g., kotora, real-time (Web) money transfer, etc.)
- **Commencement of loan business**

BaaS businesses

B2B2X Business

Expanding alliances by accumulating use cases
- Putting "partner branches" and "API cooperation" at the core

Strengthen the development of BaaS Alliance business requirements

Banking System Provider business

Begin specific negotiations with customer prospects, mainly overseas.
- Based primarily on current contacts
- Strengthening relationships with marketing partners

KPI

Metric		FY2024	Compared to FY2021
Customer base	Number of accounts	1.9 million accounts	+1.57 million accounts
	Deposit balance	180 billion yen	+174.2 billion yen
	Loan balance	95 billion yen	95 billion yen
Service development capability	Human resources development (ZDF total)	220 people	+182 people

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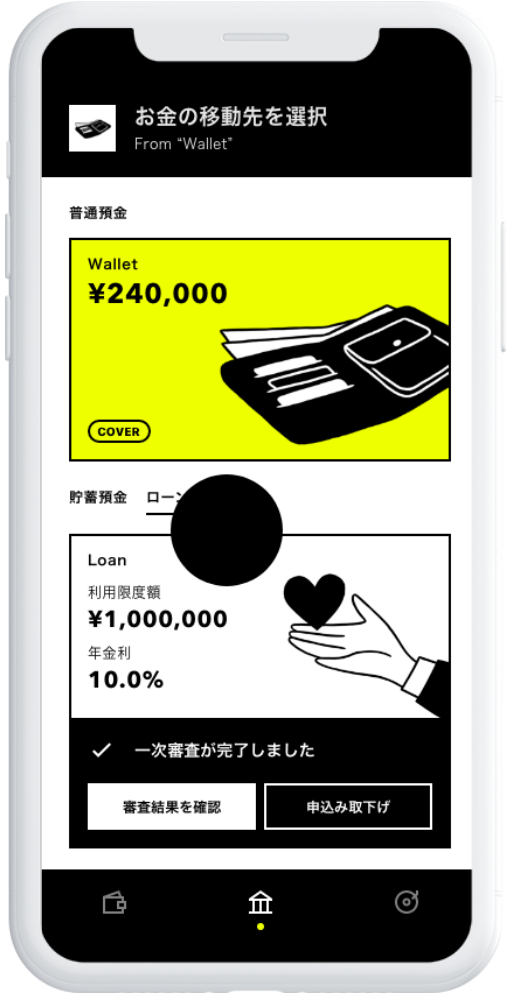

New Medium-Term Management Plan Priority Initiatives

Loan by Minna Bank

2022 Summer Launch

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How to compete in the loan business 1

Positioning in the Domestic Consumer Loan Market

Use scene

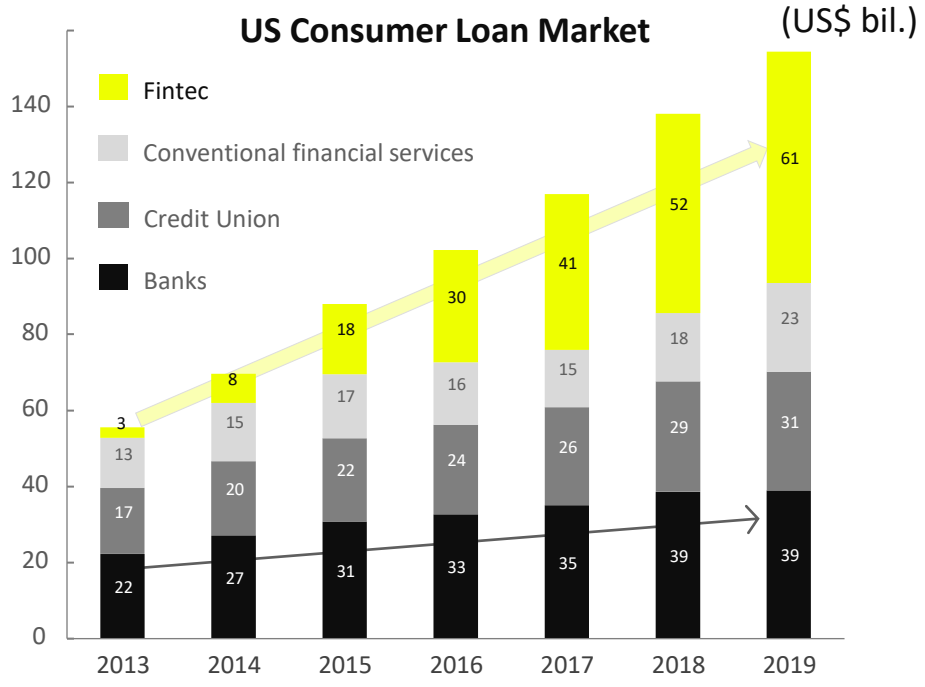
Linked to purchase **BaaS areas**	**Revolving cash advances** Traditional credit judgment using credit information as input Credit card companies Credit companies	**BNPL** **Simple credit judgment** based on our **bespoke examination model** **Considering to enter at the Re-Define phase**
NOT linked to purchase **B2C Areas**	**Consumer loan** Traditional credit judgment based on attributes, annual income, etc. Financial institutions Non-banks	**Alternative lending** Input behavior data, etc. **New credit decision** **Target Position**
	Traditional socially accepted credit score is high.	Traditional socially accepted credit score is low.

Customer base

Global Trends

■Fintec market in the US

In advanced fintech markests such as the US, BNPL and alternative lenders are **creating new market segments** by targeting new customer segments.



* Source: Created at Minna Bank with reference to the TransUnion consumer credit database

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How to compete in the loan business 2

Assumed market potential

New customers Segment

Existing customer segment

TAM
(Total Addressable Market)

About 15.9 trillion yen

Unsecured consumer loans (financial institutions*1, non-banks*2)
Credit cards (revolving, installment, cash advance)*3
BNPL*4 etc.

SAM
(Serviceable Available Market)

About 3.8 trillion

Excluding BNPL
Percentage of users at 20s or 30s *5

SOM
(Serviceable Obtainable Market)

About 1.0 trillion

Of the SAMs, those who prefer to borrow money via smartphones * 6

1

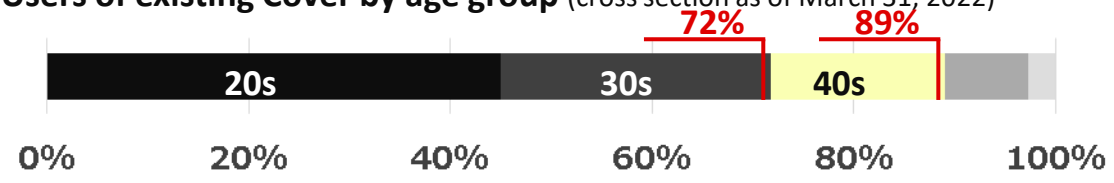
2

Conventional loans (Re-Design) → New loans (Re-Define)

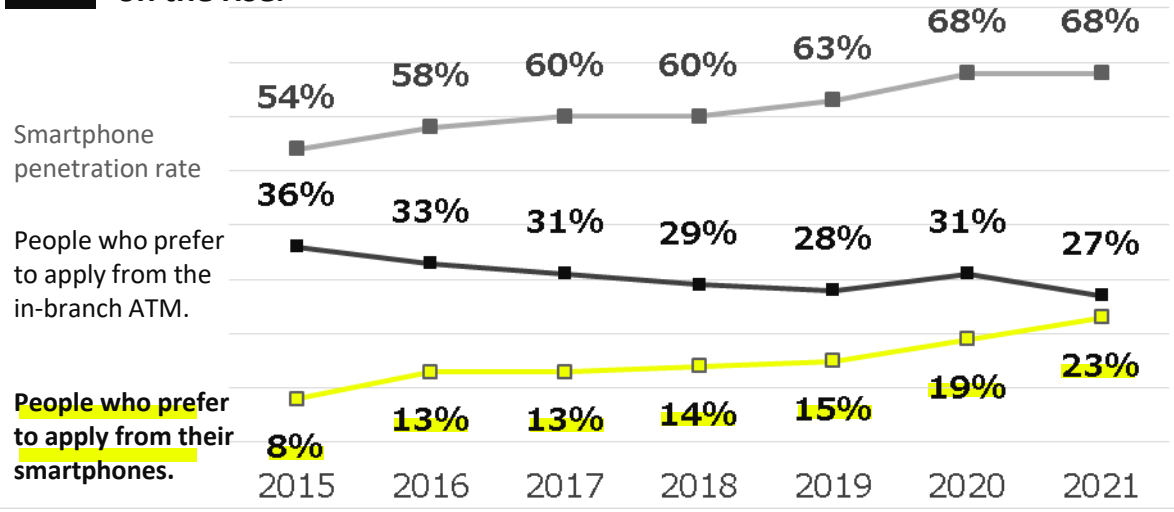
+ Possibility of market expansion

1 **Existing Cover users are in their 20s and 30s, and less than 17% are in their 40s.**

■ **Users of existing Cover by age group** (cross section as of March 31, 2022)



2 **The number of people who prefer to apply from their smartphones is on the rise.** *7*8



Source
*1:Japan Money Lenders Association, "Annual Report".
*2:Bank of Japan, "Loans by Lender".
*3: Japan Credit Association, "Credit Statistics in Japan".
*4: Yano Research Institute Ltd.: "Survey on EC Payment Service Market".
*5: The Bank of Fukuoka: "Actual balances of personal loans.
*6: Japan Money Lenders Association: "Survey on Borrowing Attitudes and Borrowing Behavior of Financial Customers, etc.".
*7: Ministry of Internal Affairs and Communications: "Telecommunications Usage Trends Survey".
*8: Japan Money Lenders Association: "Report on the Results of the Survey on the Current Situation and Trends of Financial Customers, etc."

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Outline of the loan products offered by Minna Bank

Ordinary financial institutions so far

Information input

The typical **number of inputs** to apply for a loan

About 30 items

Conditions for borrowing

Types of **interest rates applied to customers in conjunction with products (credit line x interest rate)**

About 9 patterns

Application guidance

There are telephone contacts and mailing of loan cards, so basically **it is not digitally complete**

Minna Bank

Information input Frictionless

If you have an account, basic information is automatically entered, and **only annual income information is necessary.**

1 item

Conditions for borrowing Hyper personalization

Linked to user attributes

To be set at a rate which varies by an increment of 0.1%

130 patterns

To guide users for application Frictionless

Customers can borrow a loan with just a smartphone, and **everything is completed within the app**.

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New Medium-Term Management Plan

Priority Initiatives

Minna Bank　BaaS Business

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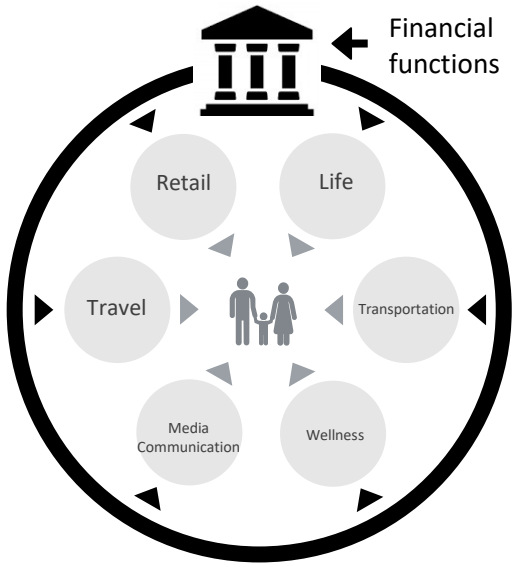
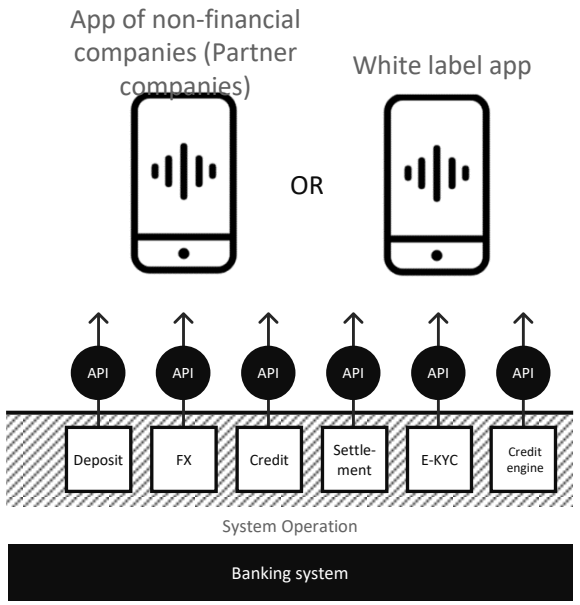
The new trend of “Banking as a Service (BaaS)”

The future financial services = BaaS



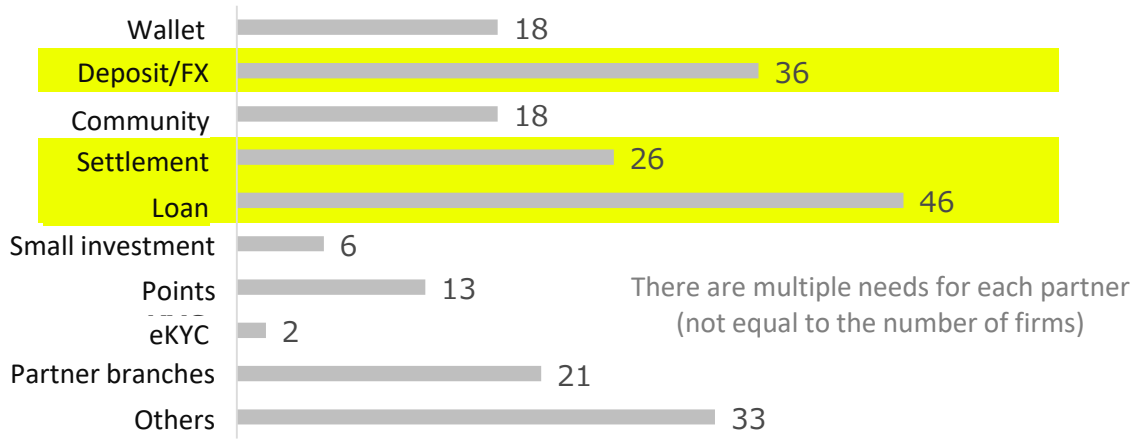


- ✓ Financial services (procedures) are available in the course of various consumption and purchases that are adjacent to everyone's daily life.
- ✓ Finance, as one function of the customer-centered **ecosystem**, forms. **a customer experience that blends financial and non-financial**

Partner needs for financial services

Needs for financial services

Results of Needs Hearing for Financial Services by Minna Bank (n=164)



ctual opinions heard (examples

Financial
I want to consider creating customer contact points through deposits (wallets).

Department stores
We would consider digitization of deposits in the Tomonokai (Friends Society) to increase efficiency and Enhancement

Retail
We would control the fee burden for cashless payment.

Consumer electronics
We would prevent lost purchasing opportunities by incorporating loans into the purchase process

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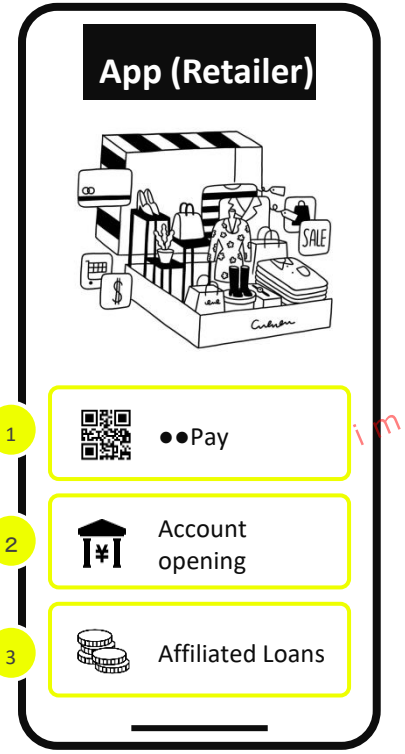
World to be realized by Banking as a Service (BaaS) 1: Service Vision

Vision of services provided (for retailers)



image

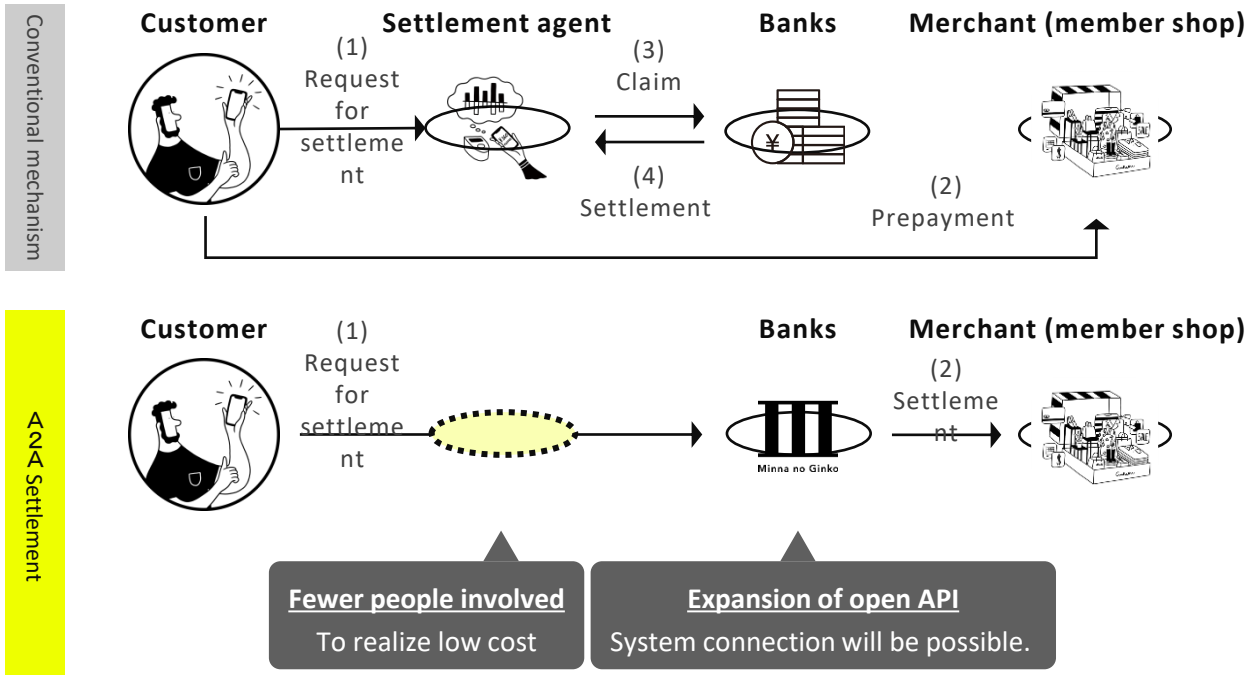
1 ●● Pay	A2A Settlement	Simple new settlement service with embedded payment functionality and direct account connection
	Cover	Payment in arrears of up to ¥50,000 when used with Cover (BNPL with versatility)
2 Account Opening	Wallet	Guide customers to open accounts and promote the combined use with our own apps. Deposit balance/transaction details can also be displayed after opening an account.
3 Affiliated Loan	Loan	Support purchasing by offering consumer loans Credit pre-approval could be possible once data is accumulated.

Structure and trends of A2A settlement

What is A2A (Account to Account) settlement ?

Settlement service of directly debiting bank account. Low cost (i.e., inexpensive commission structure) is possible because the system operates with fewer people involved than before.

A2A settlement is spreading quickly in advanced markets in Europe and the United stated driven by the proliferation of open APIs and is becoming the new trend in settlements.



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*Services currently under development are included and feasibility is not guaranteed.

World to be realized by Banking as a Service (BaaS) 2: Case study in overseas

Walmart (USA)

Challenges

- "In the United States, there is not enough savings, and there is a need for financial services that can save money and manage households with less burden."
  (Greendot Michael Keithler)
- Especially for customers who use retail stores like Walmart, there is a great need for savings and household account management.
- Additionally, in stores of daily consumption such as Walmart, managing and saving money is front and center in the mind of the consumer as they conduct their product selections and purchases.
- Traditionally, there was lost selling opportunity due to the depletion of the household budget before payday due to mismanaged household accounts.

Walmart sought to acquire customers with customer gain as a hook and implement financial services to curb opportunity losses with small loans before payday.

Outline of the service

Walmart Customers

Financial services provided under the Walmart brand.

Walmart MoneyCard

- Deposit service
- Debit card service
- Loan service
- Household account book service
- Loyalty program

Providing functions via API — API — **BaaS**

Outsourcing of ancillary services such as card issuance and customer support

Banking functions | **Processing functions**

Greendot bank (USA)

Characteristics of the service

Also can be offered by Minna Bank

Deposit Services	• Ordinary accounts - Account opening with no deposit is possible in-store. • Savings accounts - 2% interest (maximum eligible amount $1,000) • Shared account for up to 4 family members
Debit card service	• Cash back up to US$750 a year - Use for purchase on e-commerce sites (3%) - Use at gas stations (2%) - Use at Walmart stores (1%) • Use of family card with shared account
Loan service	• Overdraft protection (capped at US$200) • "ASAP Direct Deposit# loan equivalent to paycheck 2 days before payday.
Other services	• Household account book service • Loyalty program

Wallet

Box

Debit

Cover

Premium

Record

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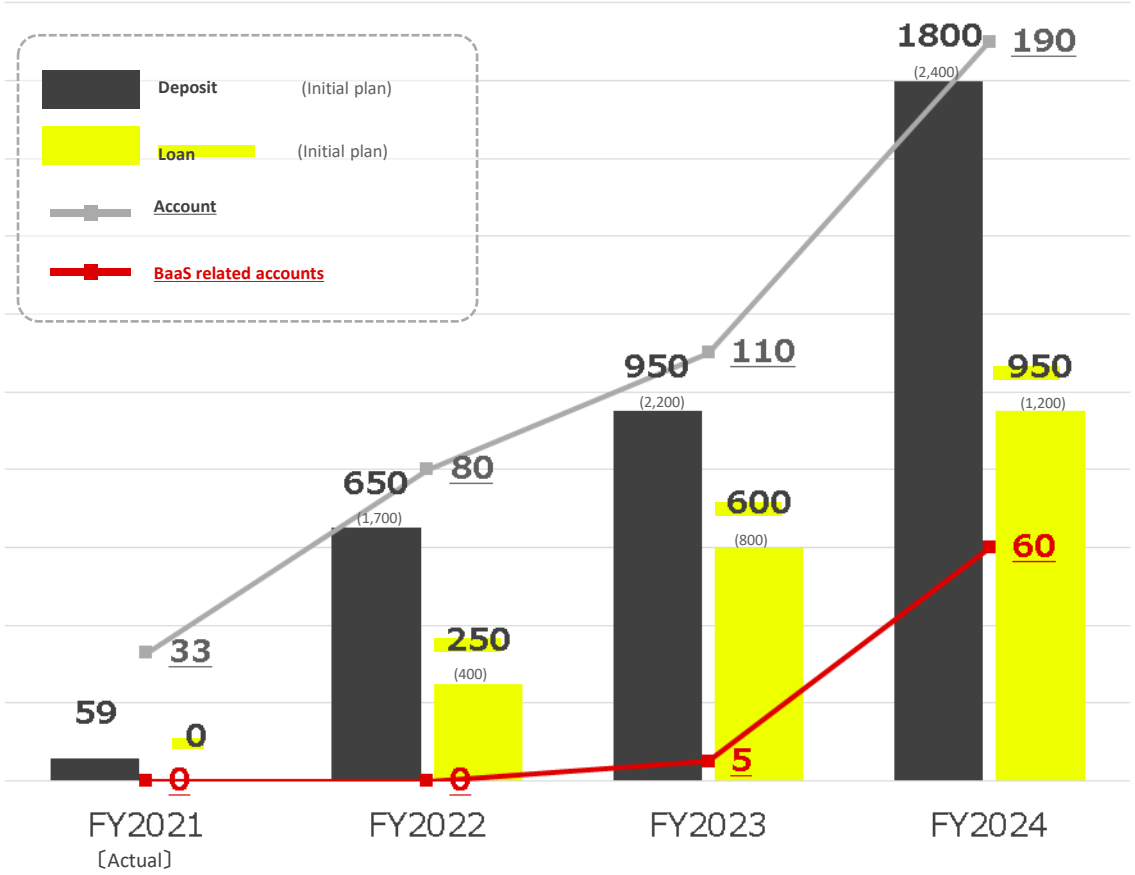
*This document was originally created based on publicly available information for the purpose of concretely explaining the usage image of BaaS, and we do not guarantee its accuracy.

Key points regarding the target metrics of the plan 1

Number of accounts / volume in the plan

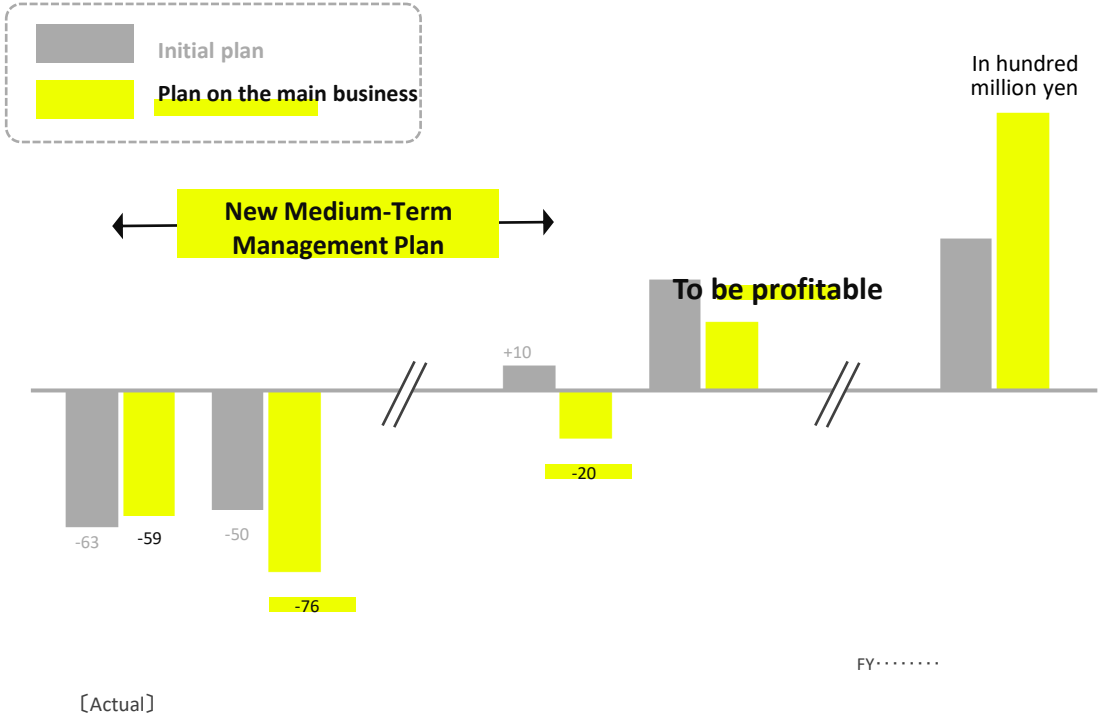
Number of accounts is in ten thousand persons. The balance is in hundred million yen.



Impact of the consolidated bottom line of FFG

■ Profit growth plan for medium - to long-term

Businesses lower than the initial plan for the time being are expected due to investments to strengthen competitiveness. After that, however, we will expand our businesses through personal loans and by developing our improved B2C business into a BaaS business. The entire project is scheduled to be profitable in FY25, and should exceed the initial plan over the medium to long term.



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Minna Bank| New Medium-Term Management Plan

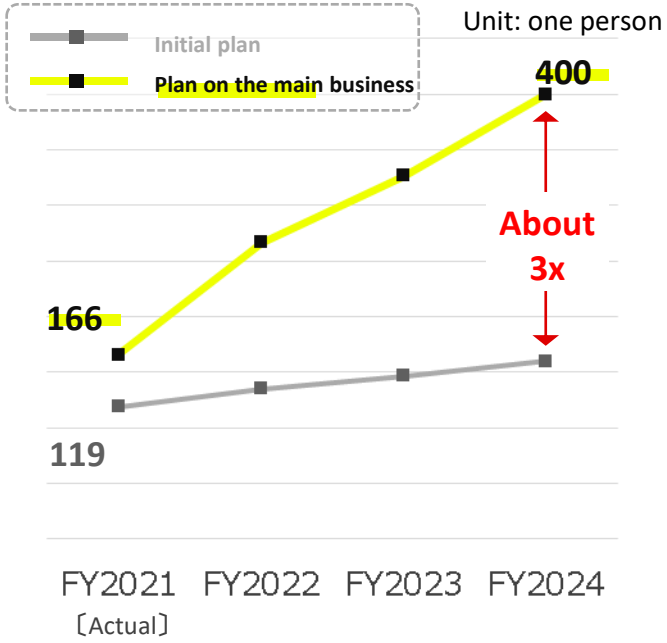
Key points regarding the target metrics of the plan 2

The points of the adjustment of the medium-term management plan

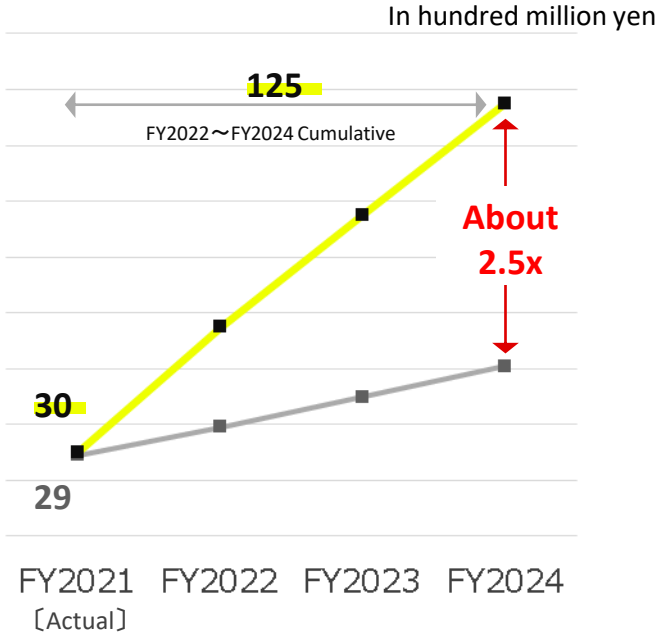
■ Overall project resourcing and investment plan

We plan to strengthen Minna-no Bank's competitiveness (service development capabilities) and increase medium- to long-term earnings.
(1) Expand human resources to bring development in-house
(2) Expand system investment

Human Resource Plan



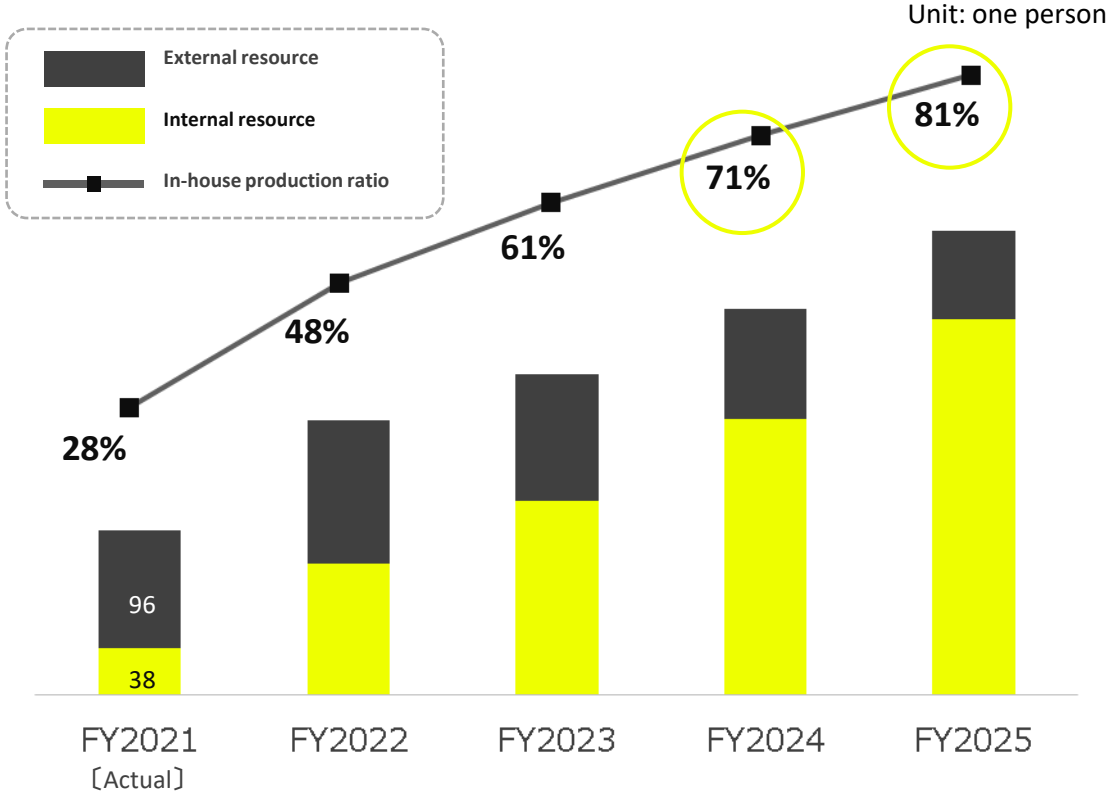
Investment Plan (Cumulative)



Development organization plan

■ Brining the development organization in-house

Aim at 71% in the final year of the Medium-Term Management Plan and over 80% in the following year.



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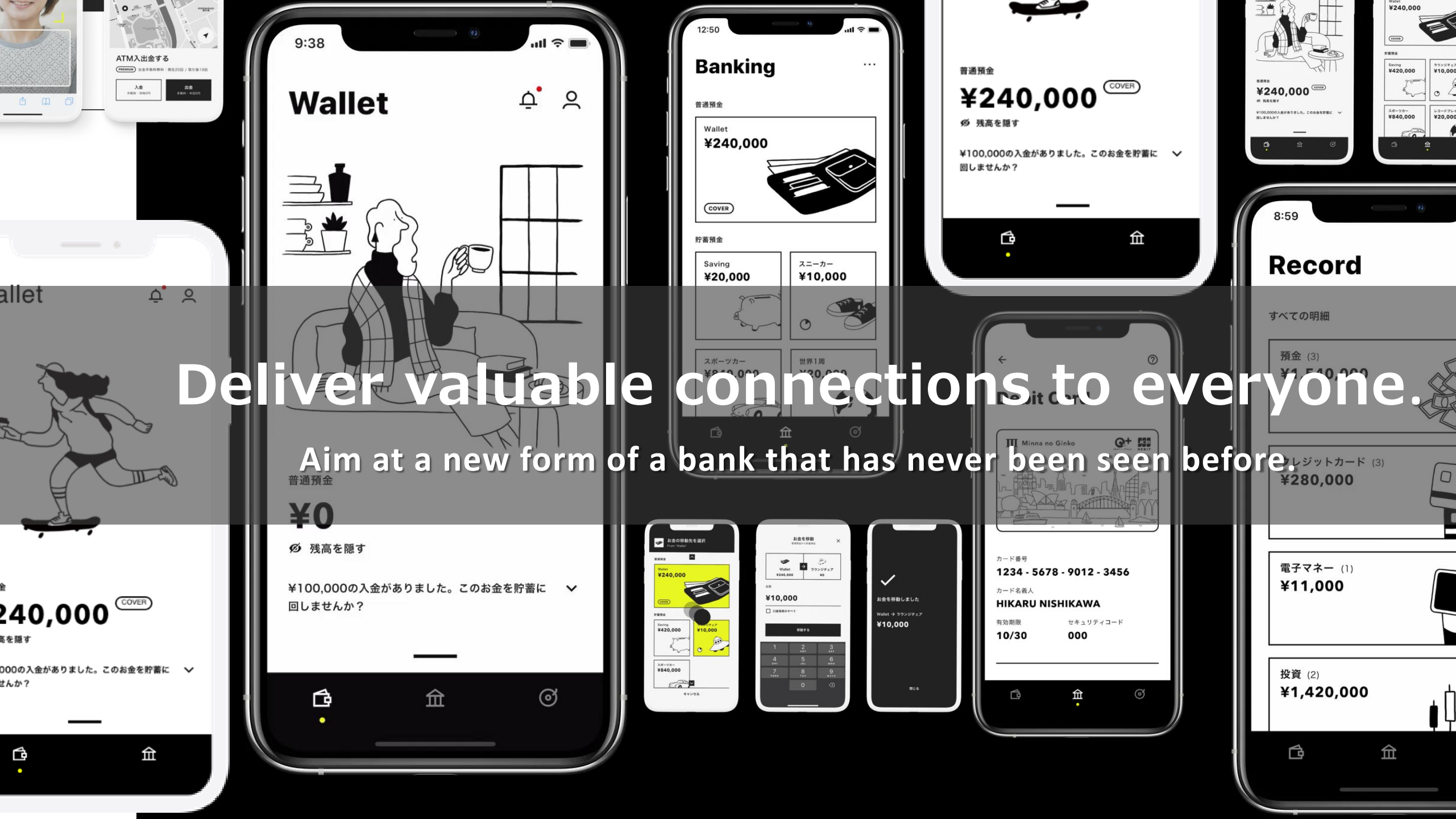


Deliver valuable connections to everyone.

Aim at a new form of a bank that has never been seen before.

Part III: Financial Results & Earnings Projections (Reference)

FFG Fukuoka Financial Group

Summary of Financial Results for FY2021

Profit & loss (3 banks total)

(¥ bil.)

[Compared to projection of Nov. 2021]	3 banks non-consolidated total		Bank of Fukuoka (non-consolidated)		Kumamoto Bank (non-consolidated)		Juhachi-Shinwa Bank (non-consolidated)	
	FY2021	YoY chg.	FY2021	YoY chg.	FY2021	YoY chg.	FY2021	YoY chg.
Gross business profit	204.9	2.4	137.9	4.1	19.4	0.5	47.6	-2.2
Net interest income	184.8	5.9	121.7	6.5	18.4	0.6	44.7	-1.3
Domestic	169.7	2.3	109.3	3.4	18.4	0.6	42.0	-1.7
International	15.2	3.6	12.4	3.1	0.0	-0.0	2.8	0.4
Non-interest income	20.1	-3.5	16.3	-2.5	1.0	-0.1	2.8	-0.9
Net fees and commissions	24.9	4.4	18.9	3.2	1.3	0.3	4.8	1.0
Specified trade income	3.2	0.6	3.0	0.4	0.1	-0.0	0.1	0.3
Bond-related income	-8.0	-8.5	-5.6	-6.0	-0.4	-0.4	-2.1	-2.1
Overhead expenses (-)	115.4	-6.9	67.0	-1.4	13.1	-0.2	35.3	-5.4
Actual business profit	89.5	9.3	71.0	5.5	6.3	0.7	12.2	3.2
Core business profit [+3.5]	97.5	17.9	76.5	11.5	6.7	1.1	14.3	5.3
Other operating profit (loss)	3.2	21.9	3.4	13.3	0.5	0.2	0.6	7.5
Ordinary profit	91.9	18.2	73.3	7.7	6.8	0.9	11.7	9.7
Extraordinary profit (loss)	-1.0	0.7	-0.2	0.0	0.0	0.2	-0.9	0.5
Income (loss) before income taxes	90.9	19.0	73.1	7.7	6.8	1.1	10.9	10.2
Income taxes (-)	22.1	7.5	20.4	4.4	1.7	0.6	0.0	2.5
Net income [+0.4]	68.8	11.4	52.8	3.3	5.1	0.4	10.9	7.7
Credit cost (-) [+1.7]	1.5	1.3	0.5	-1.9	-0.9	-0.0	2.0	3.2

Profit & loss (FFG consolidated)

[Compared to projection of Nov. 2021]	FY2021	YoY chg.
Gross business profit	221.1	+3.9
Actual business profit	78.3	+9.5
Core business profit	86.3	+18.0
Ordinary profit [-2.3]	76.1	+15.7
Consolidated net income* [+1.1]	54.1	+9.5

* Net income attributable to owners of the parent

Consolidation adjustments

Net income (3 banks total)	68.8
FFG non-consolidated	-10.0
Adjustment related to Minna Bank	-5.9
Subsidiary income	2.3
Securities adjustment, etc.	-1.0
FFG consolidated net income	54.1

Point 1 *Core business profit is 97.5 billion yen*

- ▶ YoY chg. +17.9 billion yen
- – In addition to an increase in net interest income, net fees and commissions from investment trusts, etc. also increased
- – Overhead expenses decreased year-on-year due in part to the effects of the Juhachi-Shinwa Bank integration
- ▶ Compared to previous disclosure +3.5 billion yen

Point 2 *Transfer of 1.5 billion yen to credit cost*

- ▶ YoY chg. -1.3 billion yen
- ▶ Compared to previous disclosure +1.7 billion yen
- – Despite the considerable impact from COVID-19, transfer to credit cost remained at a low level of 1.5 billion yen

Point 3 *Consolidated net income is 54.1 billion yen*

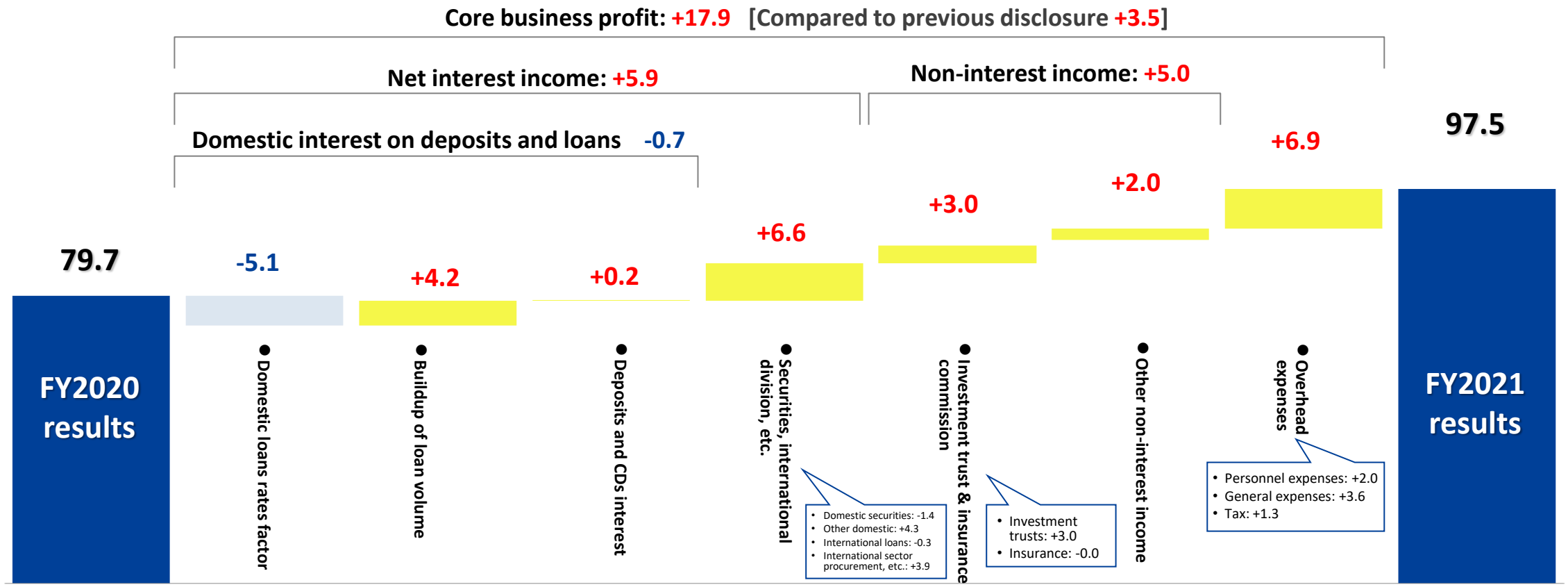
- ▶ YoY chg. +9.5 billion yen
- ▶ Compared to previous disclosure +1.1 billion yen
- – In addition to the upward revision of core business profit mentioned above, an increase in other operating profit due to a decrease in integration expenses helped consolidated net income finish higher, both compared to the previous year and compared to the previous disclosure

Transition of Top Line: FY2021 Results

- Core business profit increased 17.9 billion yen year-on-year and 3.5 billion yen compared to the previous disclosure to 97.5 billion yen.
- Net interest income increased 5.9 billion yen year-on-year. Non-interest income increased 5.0 billion yen year-on-year mainly due to growth in investment trust sales. Overhead expenses increased 6.9 billion yen year-on-year, driven by the effect of cost synergies arising from the merger of Eighteenth Bank with Shinwa Bank.

FY2021 full-year results [YoY chg.]

(¥ bil.)

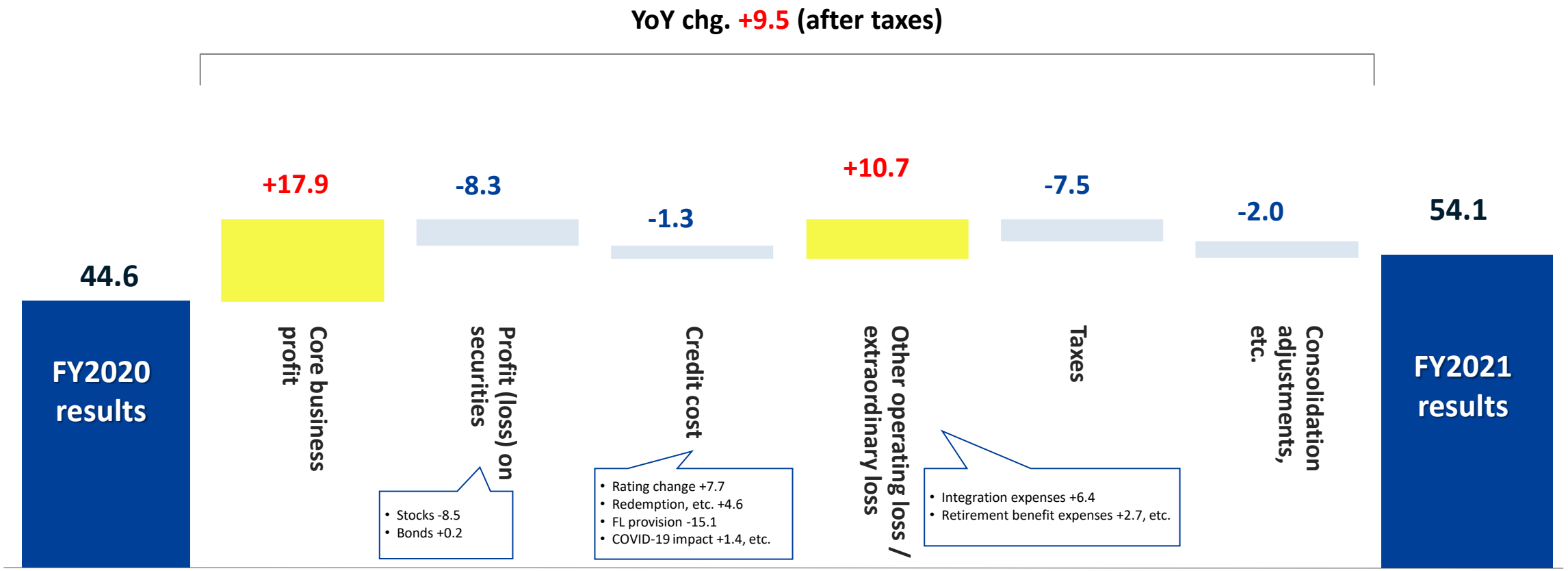


FY2021 Consolidated Net Income: Factors Driving Year-on-Year Change

- Consolidated net income increased 9.5 billion yen year-on-year to 54.1 billion yen, mainly due to an increase in core business profit and a decrease in integration expenses.

FY2021 Consolidated net income [YoY chg.]

(¥ bil.)



Earnings Projections for FY2022

Profit & loss (3 banks total)

(¥ bil.)

	3 banks non-consolidated total		Bank of Fukuoka (non-consolidated)		Kumamoto Bank (non-consolidated)		Juhachi-Shinwa Bank (non-consolidated)	
	P:FY2022	YoY chg.	P:FY2022	YoY chg.	P:FY2022	YoY chg.	P:FY2022	YoY chg.
Gross business profit	214.8	9.9	145.8	7.9	19.9	0.5	49.1	1.5
Net interest income	185.3	0.4	123.7	2.1	18.3	-0.1	43.2	-1.6
Domestic	170.2	0.5	111.3	2.1	18.3	-0.1	40.5	-1.4
International	15.1	-0.1	12.4	0.0	0.0	0.0	2.6	-0.1
Non-interest income	29.6	9.5	22.1	5.8	1.6	0.6	5.9	3.1
Net fees and commissions	25.1	0.2	18.7	-0.2	1.3	0.0	5.1	0.4
Specified trade income	1.5	-1.7	1.2	-1.8	0.1	0.0	0.2	0.1
Bond-related income	3.0	11.0	2.2	7.8	0.2	0.6	0.6	2.7
Overhead expenses (-)	111.9	-3.6	66.2	-0.8	12.7	-0.4	32.9	-2.4
Actual business profit	103.0	13.5	79.6	8.7	7.2	0.9	16.1	3.9
Core business profit	100.0	2.5	77.4	0.9	7.0	0.3	15.5	1.2
Ordinary profit	99.7	7.8	79.9	6.6	6.0	-0.8	13.7	2.0
Net income	72.7	3.9	57.6	4.8	4.5	-0.6	10.6	-0.3
Credit cost (-)	6.0	4.5	3.5	3.0	0.8	1.7	1.7	-0.3

Profit & loss (FFG consolidated)

	P:FY2022	YoY chg.
Gross business profit	2,33.7	+12.5
Actual business profit	89.8	+11.6
Core business profit	86.8	+0.6
Ordinary profit	83.0	+6.9
Consolidated net income*	57.0	+2.9

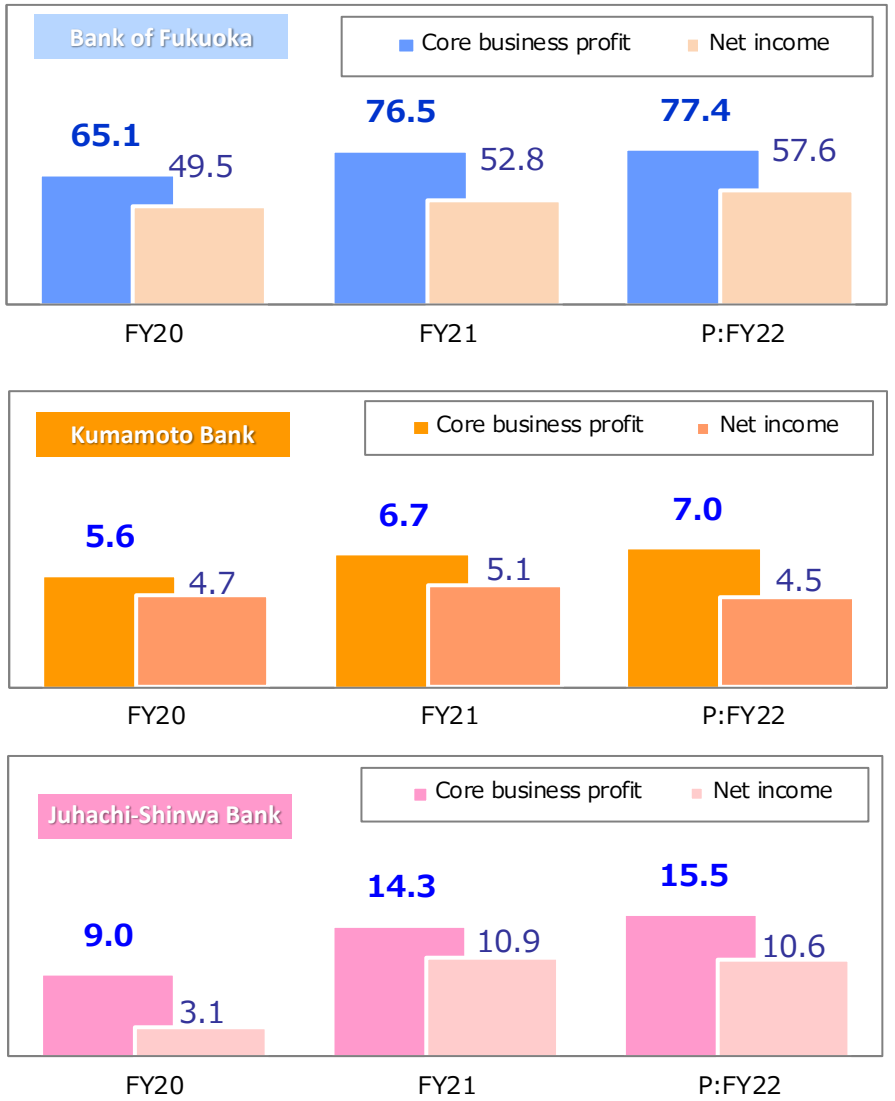
* Net income attributable to owners of the parent

Consolidation adjustments

Net income (3 banks total)	72.7
FFG non-consolidated	-11.0
Adjustment related to Minna Bank	-7.6
Subsidiary income	4.1
Securities adjustment, etc.	-1.2
FFG consolidated net income	57.0

Profit & loss [by bank]

(¥ bil.)

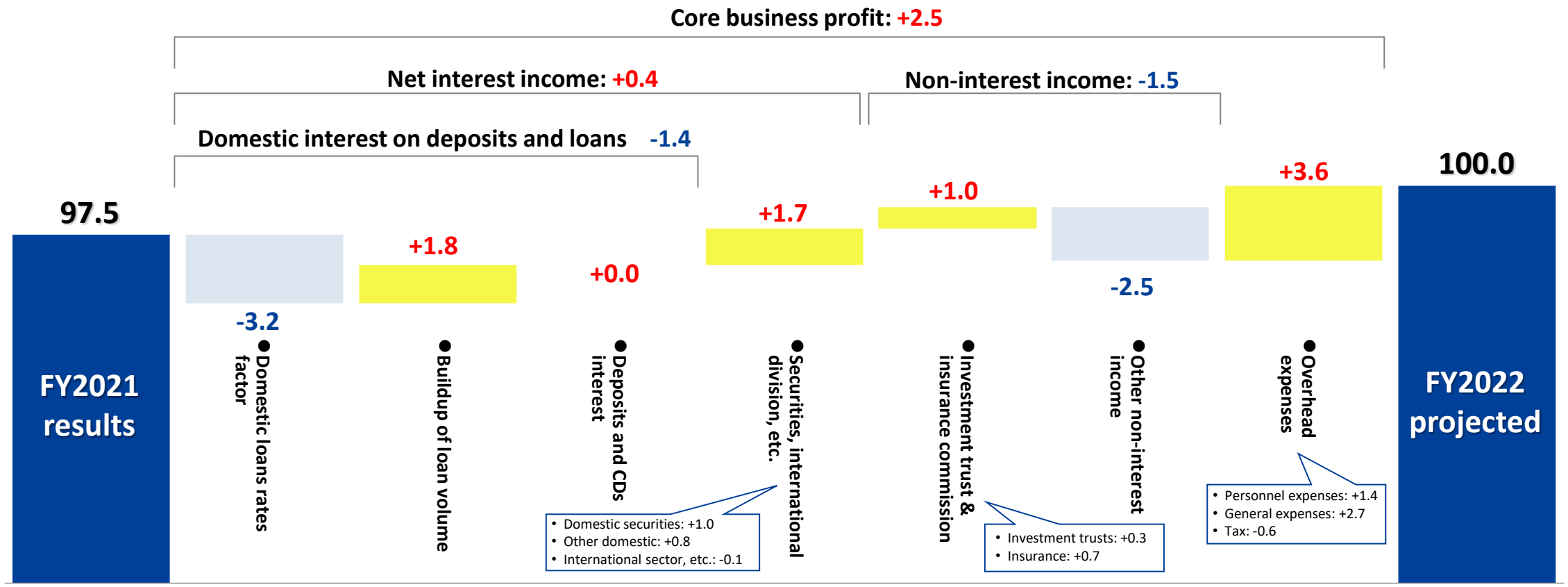


Transition of Top Line: FY2022 Projected

- Core business profit is projected to increase 2.5 billion yen year-on-year to 100 billion yen, driven by an increase in interest on securities and a decrease in overhead expenses.

FY2022 projected [YoY chg.]

(¥ bil.)

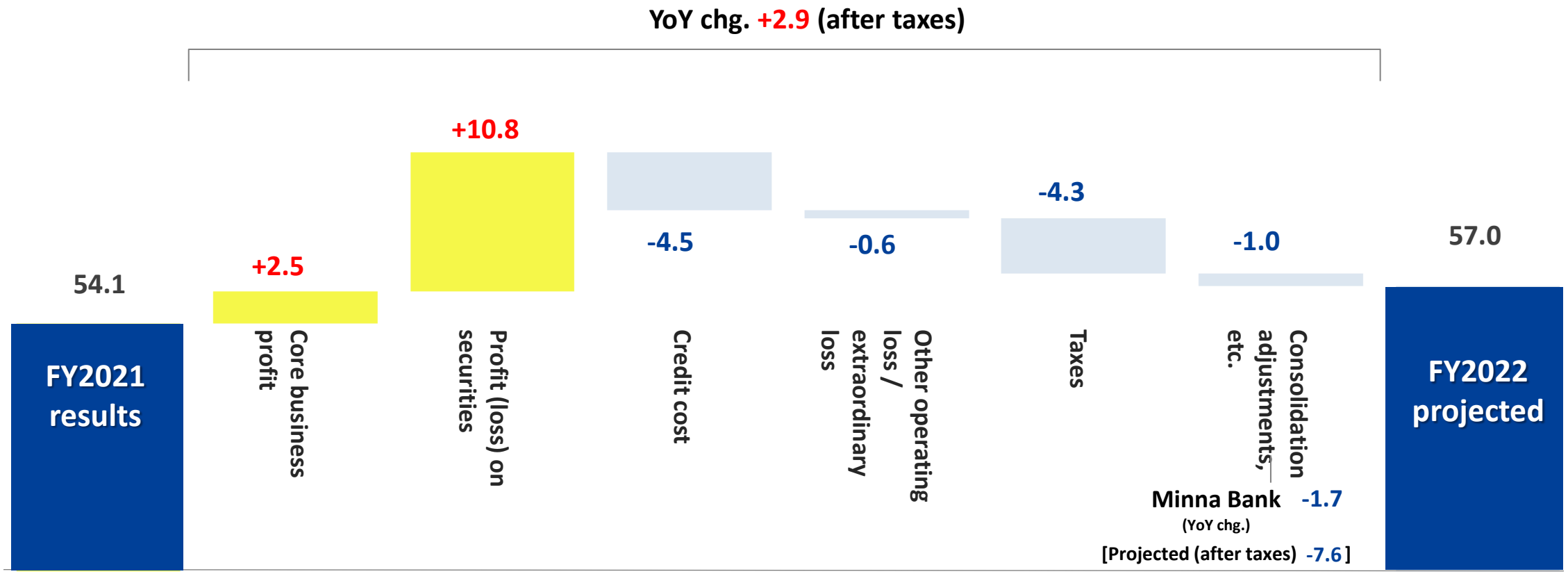


Earnings Projections for FY2022: Factors Driving Year-on-Year Change

- Consolidated net income is projected to increase 2.9 billion yen year-on-year to 57.0 billion yen mainly due to an increase in core business profit and a turnaround of the previous fiscal year's loss on sales of bonds.

FY2022 projected consolidated net income [YoY chg.]

(¥ bil.)



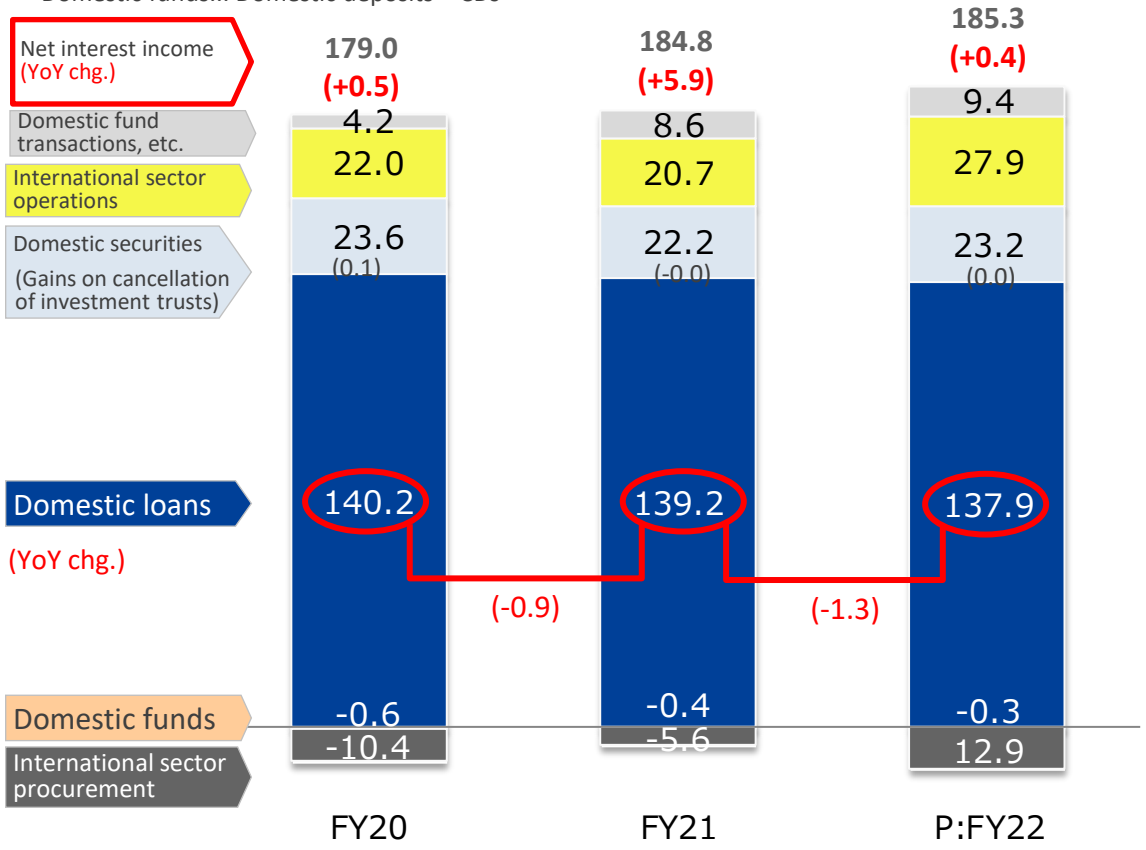
Net interest income

- Despite an expected increase in funding costs due to higher interest rates overseas, net interest income for FY2022 is projected to increase 0.4 billion yen year-on-year to 185.3 billion yen as a result of expanding diversified investments in the market sector and continued focus on lending to SMEs and retail.
- Although domestic deposit loan gross margin is on a downward trend, effort will be put into strengthening loans to SMEs to control the decline in yields.

Net interest income (3 banks total)

* Domestic loans... Excluding loans to FFG and Government
* Domestic funds... Domestic deposits + CDs

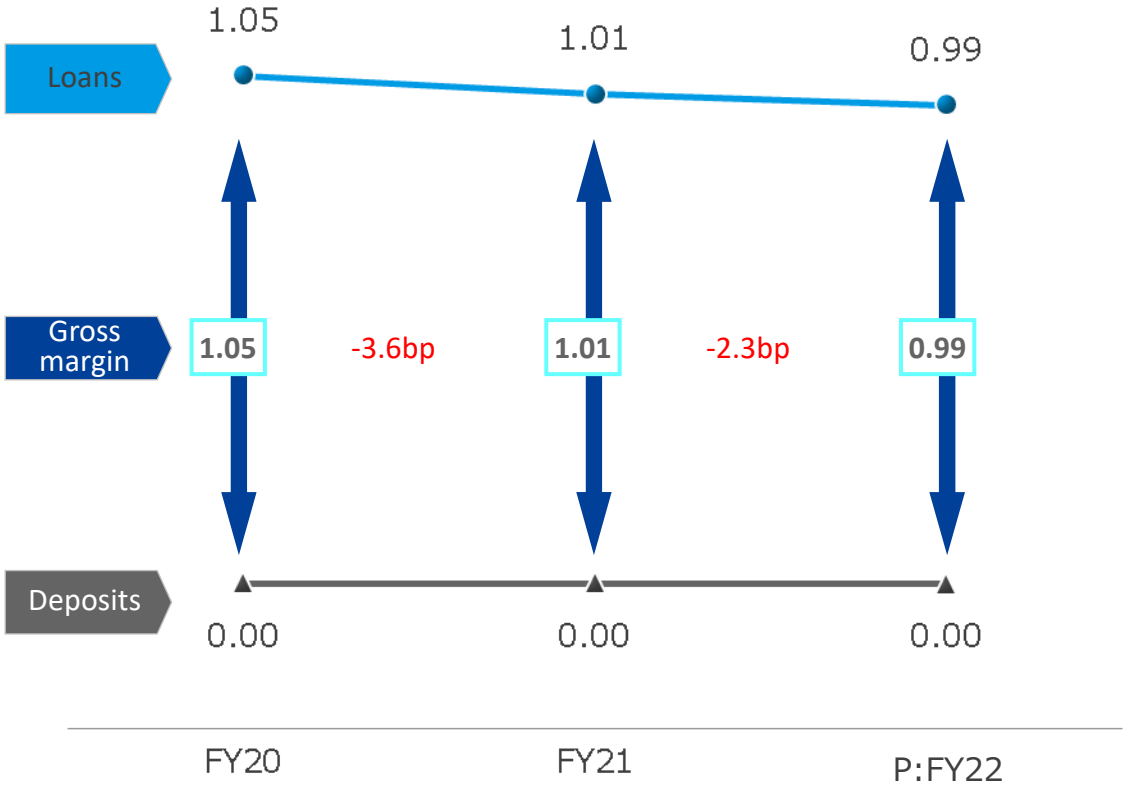
(¥ bil.)



Domestic deposit loan gross margin (3 banks total)

* Domestic loans ... Excluding loans to FFG and Government
* Domestic funds... Domestic deposits + CDs

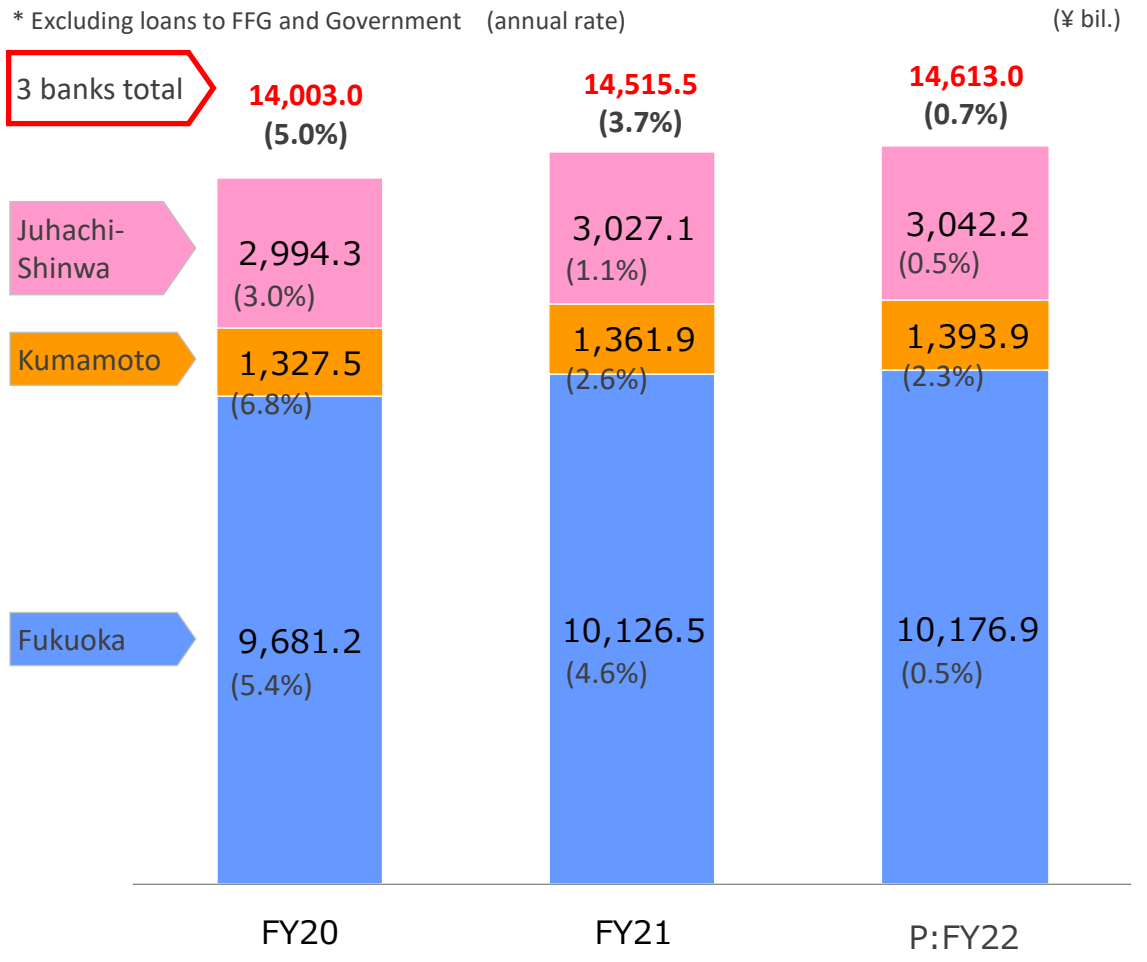
(%)



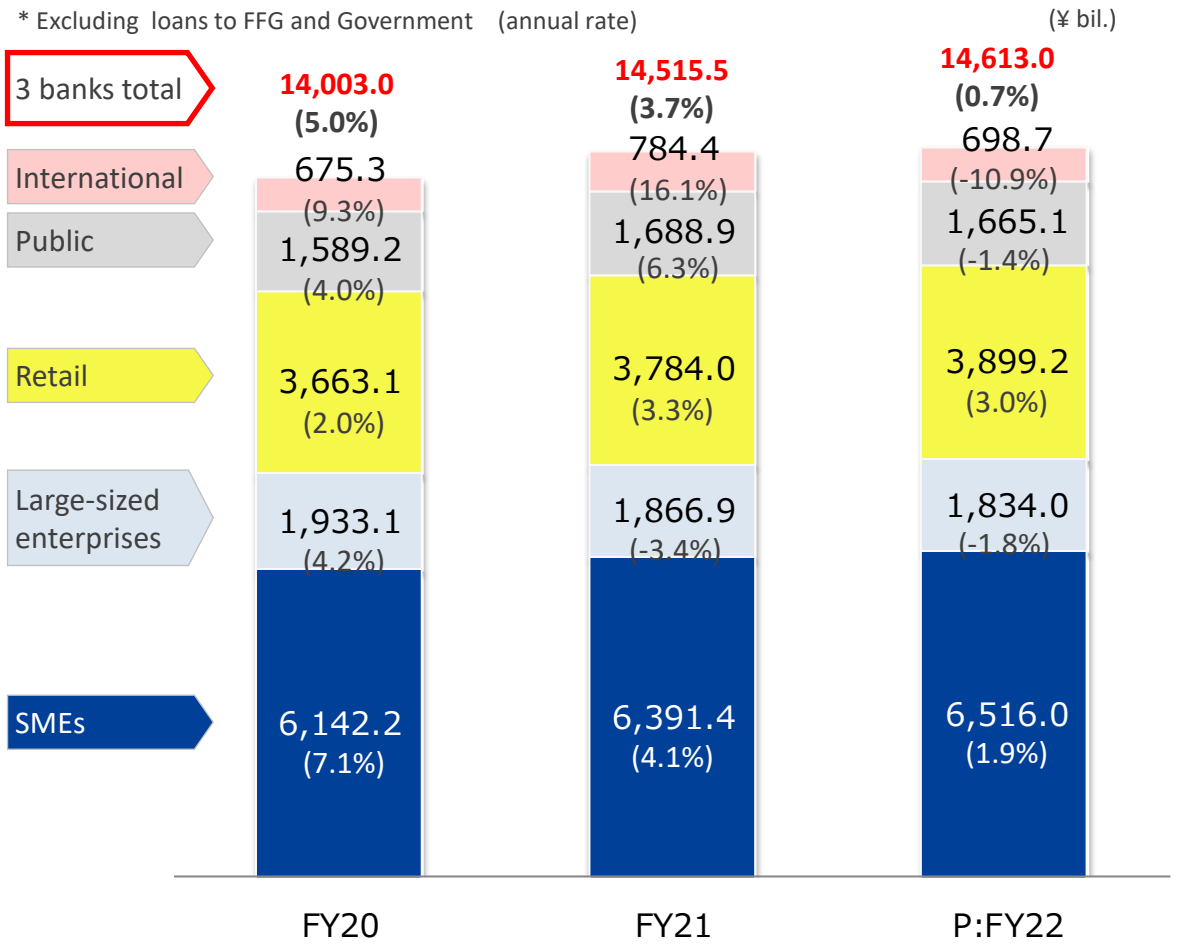
Loans

- Loans increased at an annual rate of +3.7% in FY2021 due to an increase in the balance of loans, especially to SMEs.
- In FY2022, an annual rate of +0.7% is projected, due to an increase in the balance of loans to SMEs and retail.

Loans (domestic + international)



Loans (by segment)

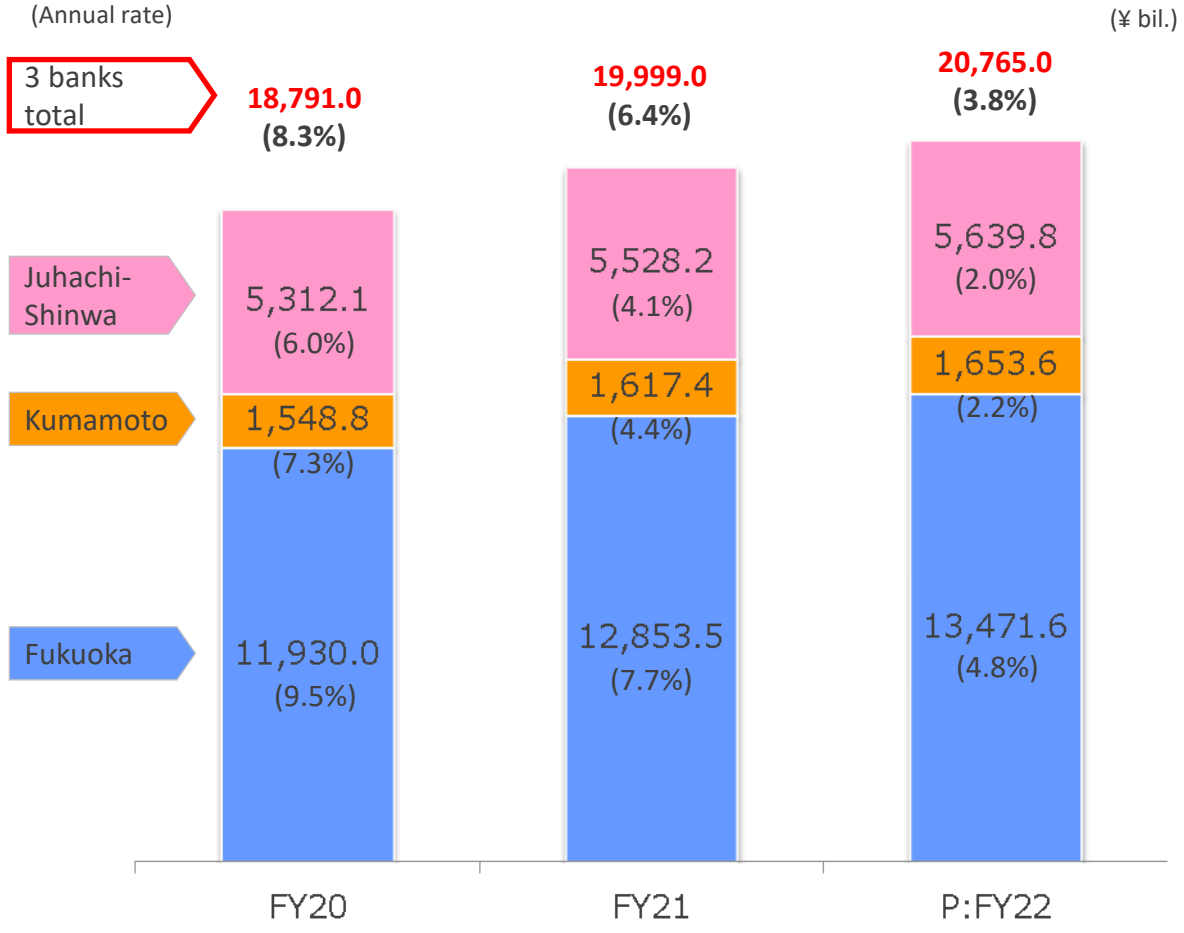


* Breakdown by segment shows the balance standardized across the 3 banks.

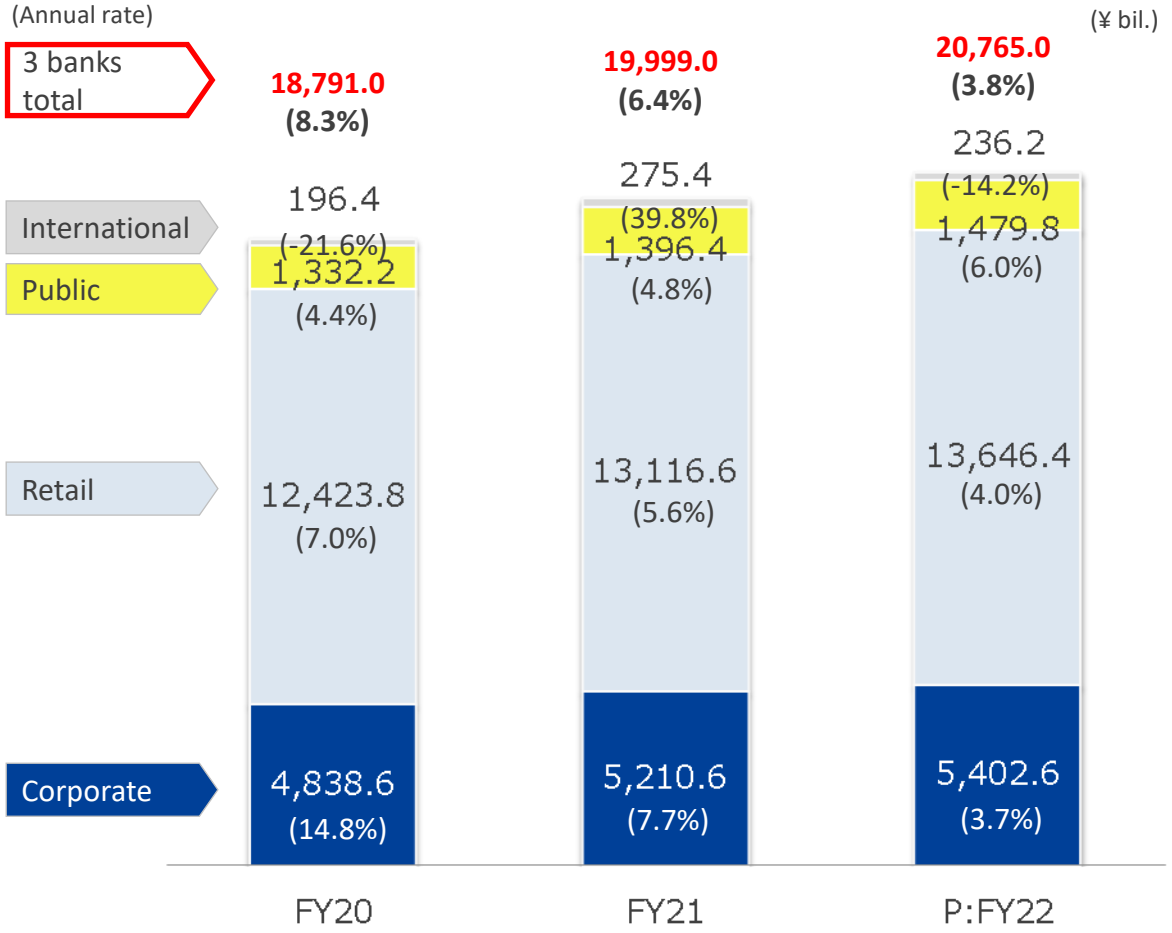
Deposits + CDs

- Deposits & CDs maintained an increasing trend on back of expanding customer base, etc.
- The increasing trend is projected to continue in FY2022.

Deposits and CDs (domestic + international)



Deposits and CDs (by segment)

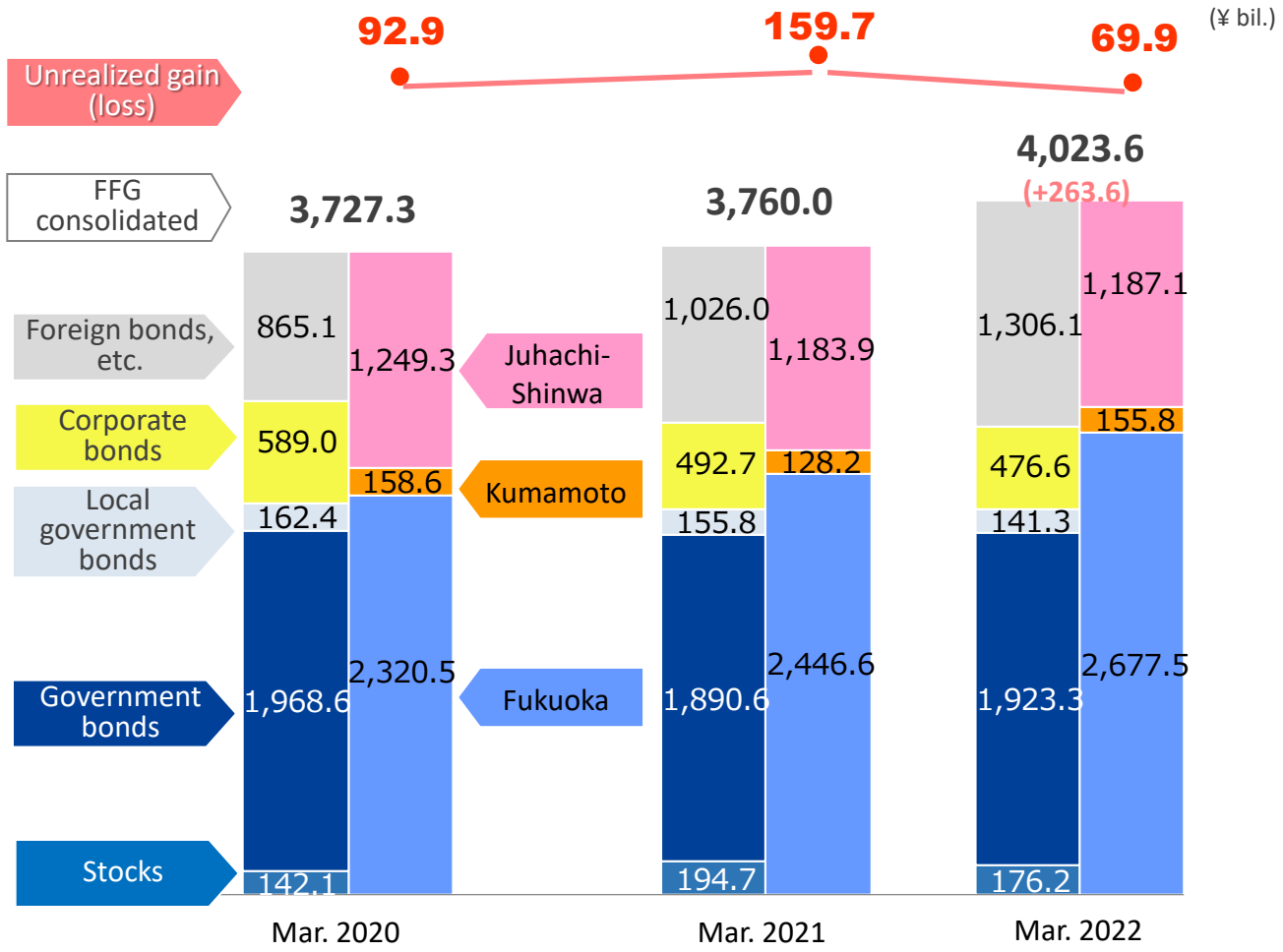


* Breakdown by segment shows the balance standardized across the 3 banks.

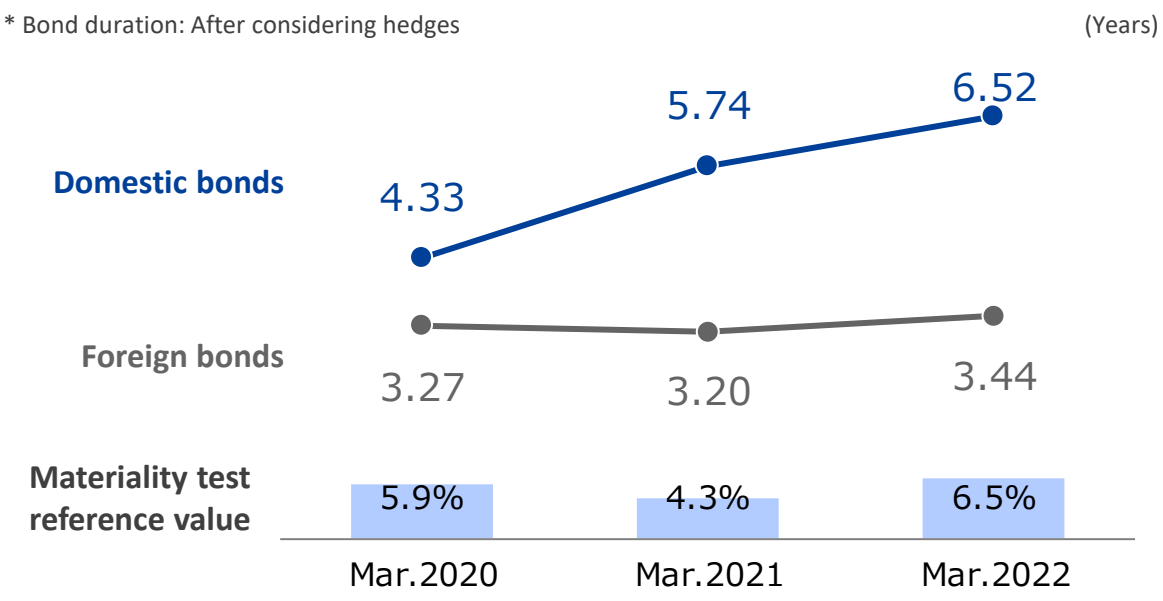
Securities

- Unrealized gain on securities as of March 31, 2022 is 69.9 billion yen, a decrease of 89.7 billion yen from March 31, 2021 due to lower stock prices and higher interest rates.
- Although domestic bond duration is lengthening, the materiality test reference value for interest rate risk remains low.

Securities portfolio (FFG consolidated)



Bond duration & materiality test reference value



Securities-related profit & loss (3 banks total)

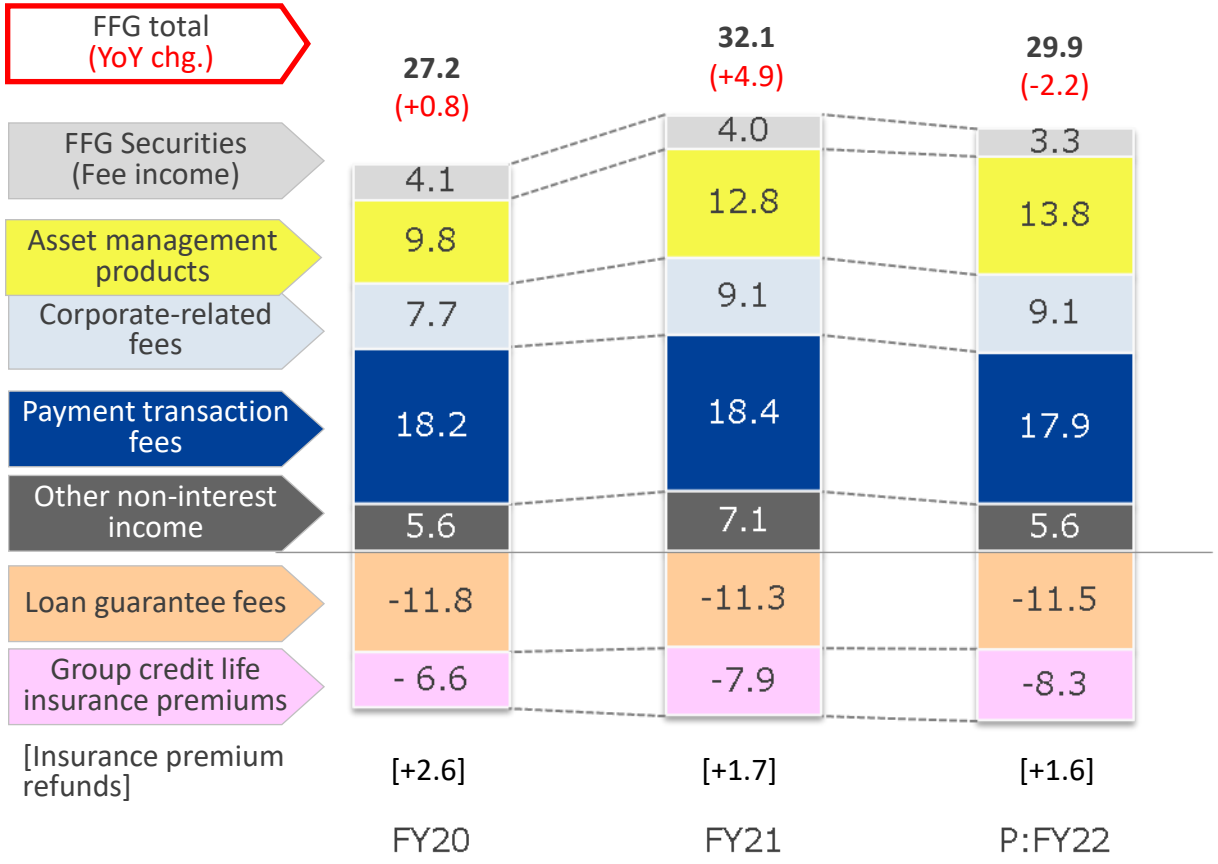
[¥ bil.]	FY19	FY20	FY2021
Stocks	-0.1	5.0	5.2
Bonds	-0.7	0.5	-8.0
Total	-0.8	5.5	-2.8

Non-interest income

- Non-interest income is projected to increase, mainly from asset management product fees.
- Sales of investment trusts will continue to build, maintaining the record-high levels of FY2021.

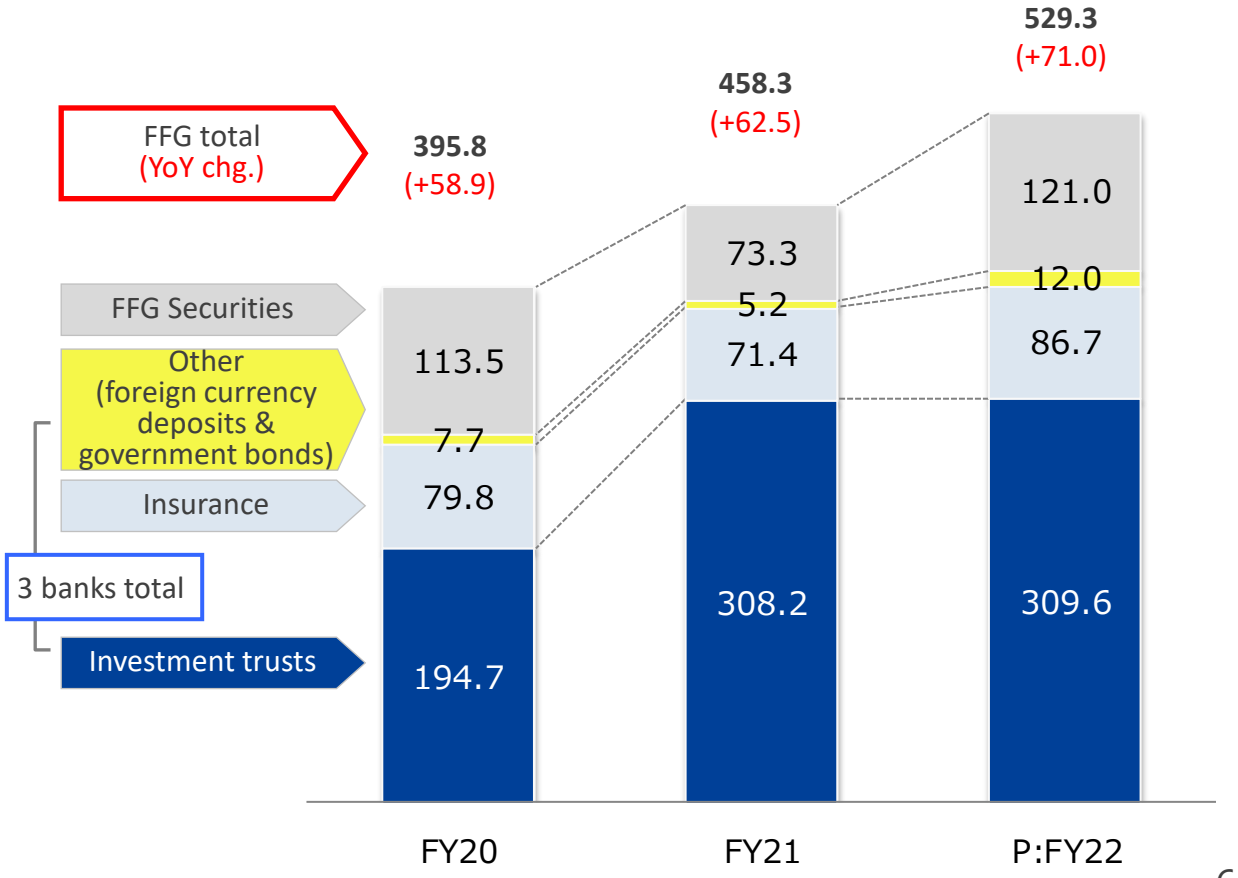
Non-interest income (3 banks total + FFG Securities)

* Excluding gains (losses) on bonds (¥ bil.)



Asset management product sales

* Figures for FFG Securities are the total sales of investment trusts and bonds (¥ bil.)

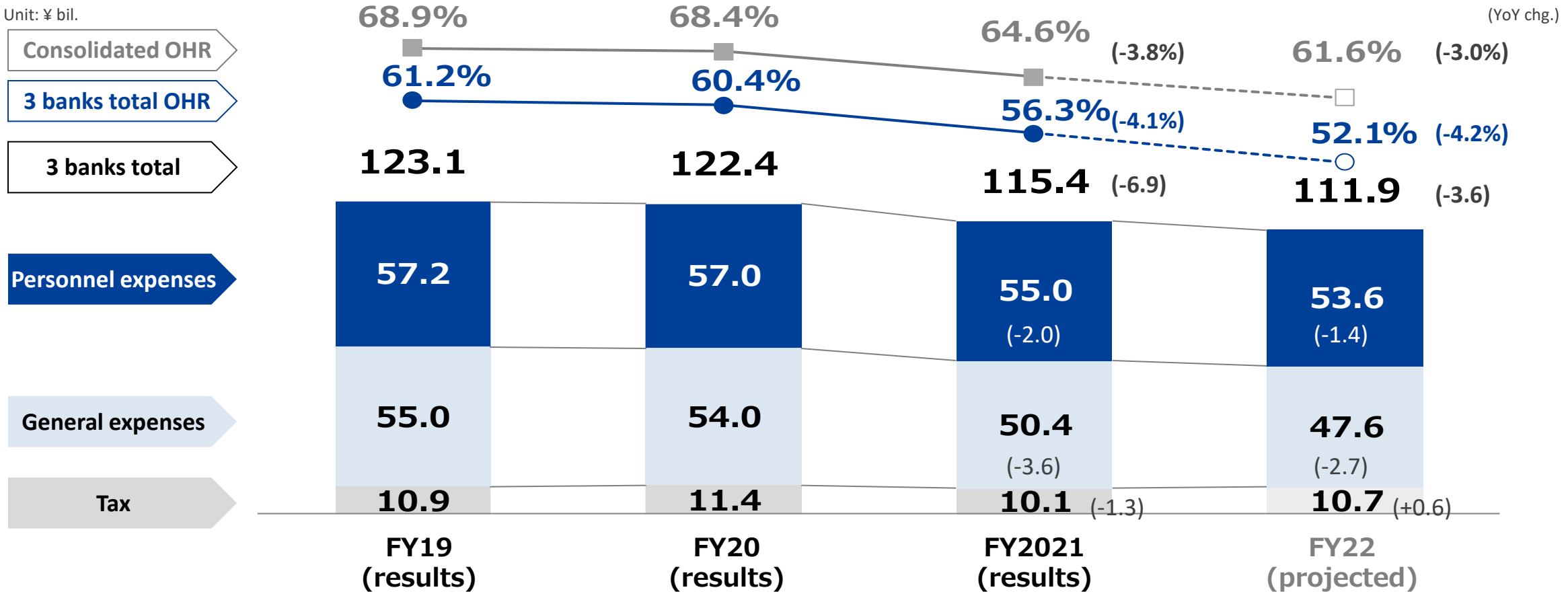


Overhead Expenses

- In FY2021, overhead expenses decreased 6.9 billion yen due to the synergies arising from the merger of Eighteenth Bank with Shinwa Bank, mainly in personnel expenses and system expenses, and to the successful promotion of cost reduction projects.
- In FY2022, overhead expenses are projected to decrease by 3.6 billion yen as a result of realizing additional benefits from current projects and implementing various cost reduction measures, etc.

By category / OHR*

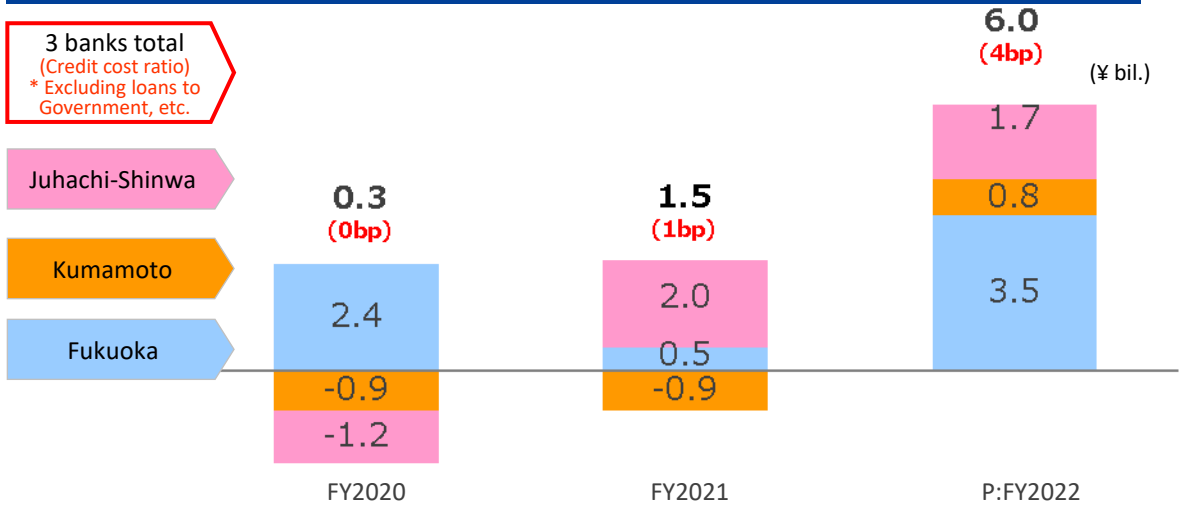
* OHR = Overhead expenses / Gross business profit



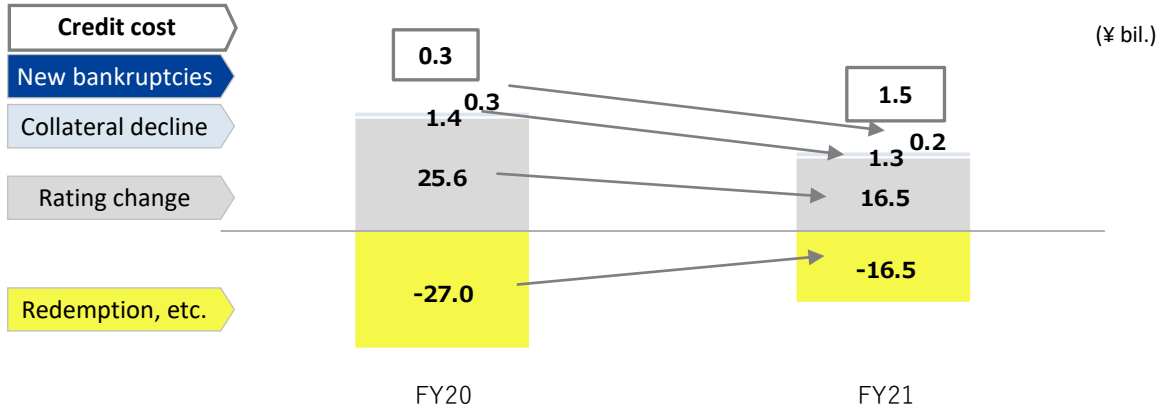
Credit Cost & NPL

- We recorded a transfer of 1.5 billion yen to credit cost, an increase of 1.3 billion yen year-on-year. New bankruptcies remained at a low level, and large redemptions, etc. helped keep credit cost low.
- Reserve for possible loan losses is expected to be about 200 billion yen, while the reserve ratio will continue to remain high at 1.0%.

Credit cost (3 banks total)

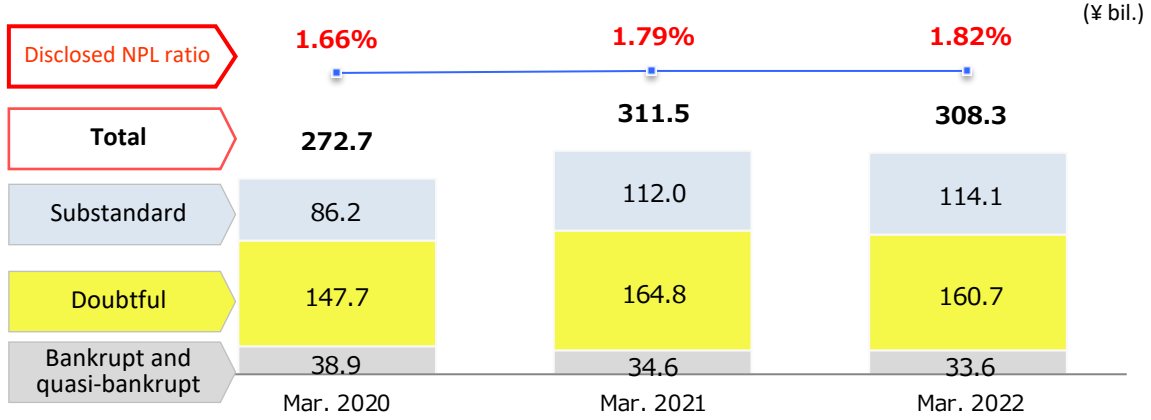


■ **FY2021 credit cost breakdown**

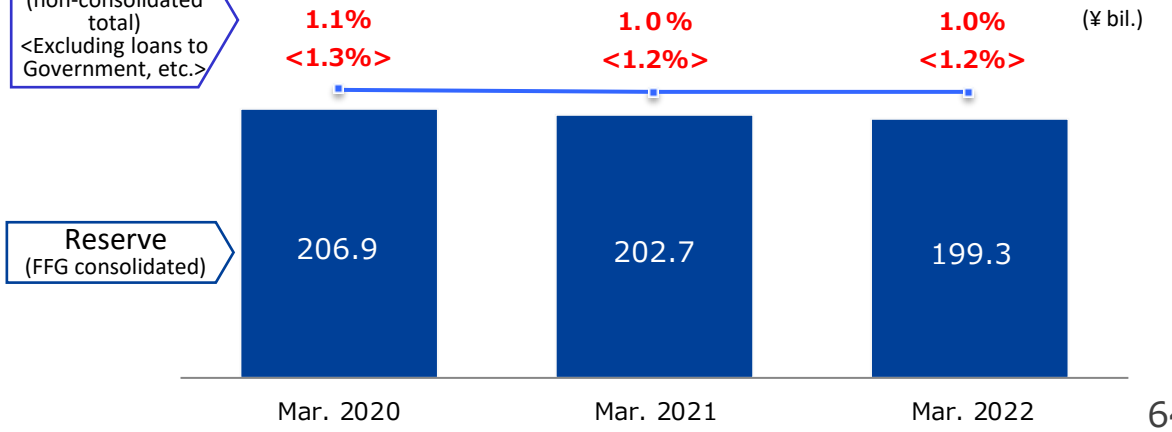


Non-performing loans & ratio (3 banks total)

* After partial write-off



Changes in reserve & reserve ratio



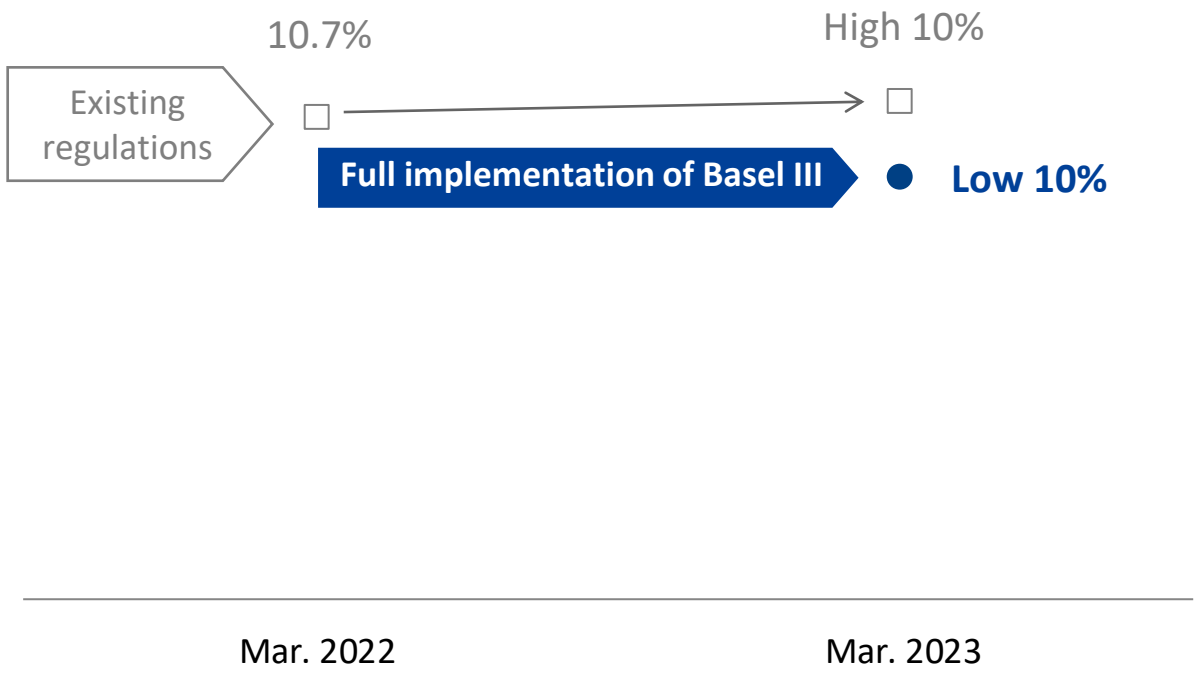
Capital Policy

- Based on the premise of maintaining soundness, we strive for capital management that balances shareholder returns with growth investment aimed at the development of local communities and the improvement of FFG's corporate value.

FFG consolidated capital adequacy ratio

– Capital adequacy ratio at end of March 2023 expected to be low 10%

(on basis of full implementation of finalized Basel III)



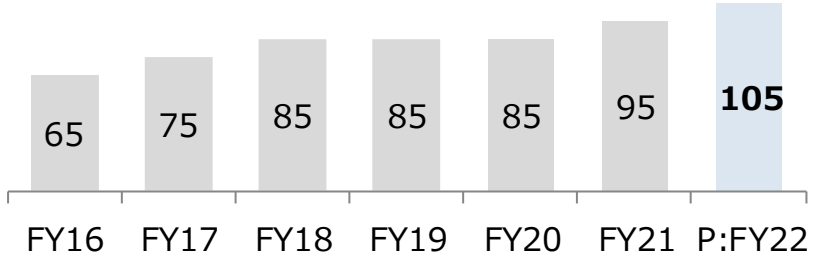
Earnings projections & dividends

Dividend policy FY2022

– Consolidated net income in FY2022 projected at **57.0 billion yen**
– An **annual dividend of 105 yen** is planned in line with the new dividend table

New dividend table	
Level of consolidated net income	Target dividend per share
55.0–57.5 billion yen	From 105 yen, annual

Dividend per share (Unit: yen)



Acquisition of treasury stock

□ Disclosed on May 13, 2022

Notice of Acquisition of Own Shares

– Total amount of acquisition: Up to 5.0 billion yen (up to 3 million shares)
– Acquisition period: May 16 – July 29, 2022

Part IV: Seventh Mid-Term Management Plan_Figures (Reference)

Fukuoka Financial Group

Earnings Projections for FY2024

3 banks total

	3 banks non-consolidated total		Bank of Fukuoka (non-consolidated)		Kumamoto Bank (non-consolidated)		Juhachi-Shinwa Bank (non-consolidated)	
	P:FY2024	Chg. from FY2021	P:FY2024	Chg. from FY2021	P:FY2024	Chg. from FY2021	P:FY2024	Chg. from FY2021
Gross business profit	220.7	15.7	150.4	12.4	20.3	0.9	50.0	2.4
Net interest income	186.4	1.6	125.7	4.1	18.2	-0.3	42.5	-2.3
Domestic	172.0	2.3	113.9	4.7	18.2	-0.3	39.9	-2.0
International	14.4	-0.8	11.8	-0.6	0.0	0.0	2.5	-0.2
Non-interest income	34.3	14.2	24.6	8.3	2.1	1.1	7.5	4.7
Net fees and commissions	29.6	4.7	21.1	2.2	1.9	0.6	6.6	1.9
Specified trade income	1.7	-1.5	1.3	-1.6	0.1	0.0	0.3	0.2
Bond-related income	3.0	11.0	2.2	7.8	0.2	0.6	0.6	2.7
Overhead expenses (-)	113.7	-1.7	68.7	1.8	13.0	-0.1	31.9	-3.4
Actual business profit	107.0	17.5	81.7	10.7	7.3	1.0	18.1	5.8
Core business profit	104.0	6.5	79.5	2.9	7.1	0.4	17.5	3.1
Ordinary profit	102.9	11.1	80.8	7.5	6.0	-0.8	16.1	4.4
Net income	75.2	6.4	58.3	5.5	4.4	-0.7	12.5	1.6
Credit cost (-)	6.0	4.5	3.5	3.0	0.8	1.7	1.7	-0.3

Consolidated

	P:FY24	Chg. from FY2021
Gross business profit	250.8	+29.7
Actual business profit	104.2	+25.9
Core business profit	101.2	+14.9
Ordinary profit	94.8	+18.7
Consolidated net income	65.0	+10.9

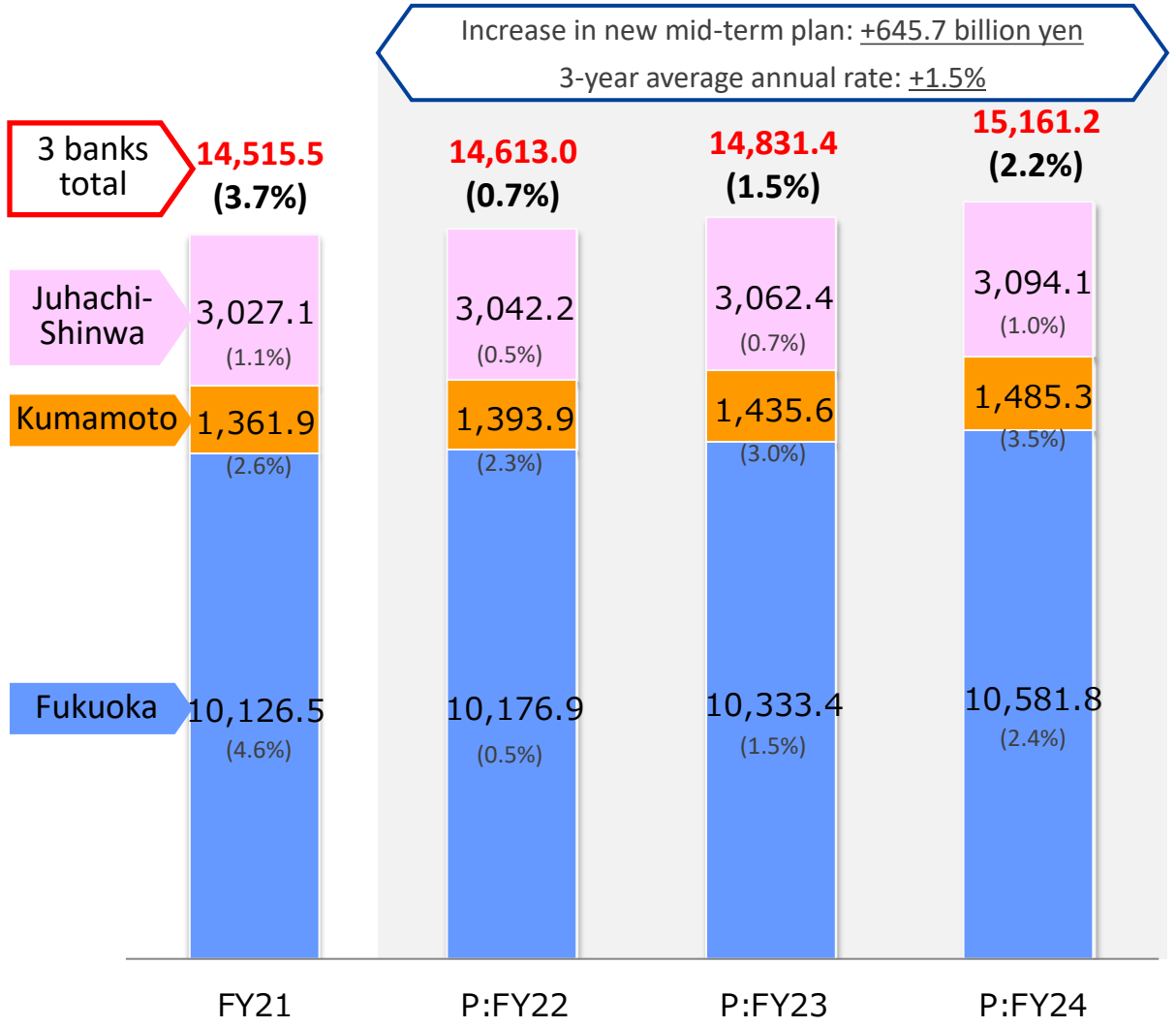
Consolidation adjustments

Net income (3 banks total)	**75.2**
FFG non-consolidated	-11.5
Adjustment related to Minna Bank	-2.0
Subsidiary income	5.2
Securities adjustment, etc.	-1.8
FFG consolidated net income	**65.0**

7th Mid-Term Plan: Loans

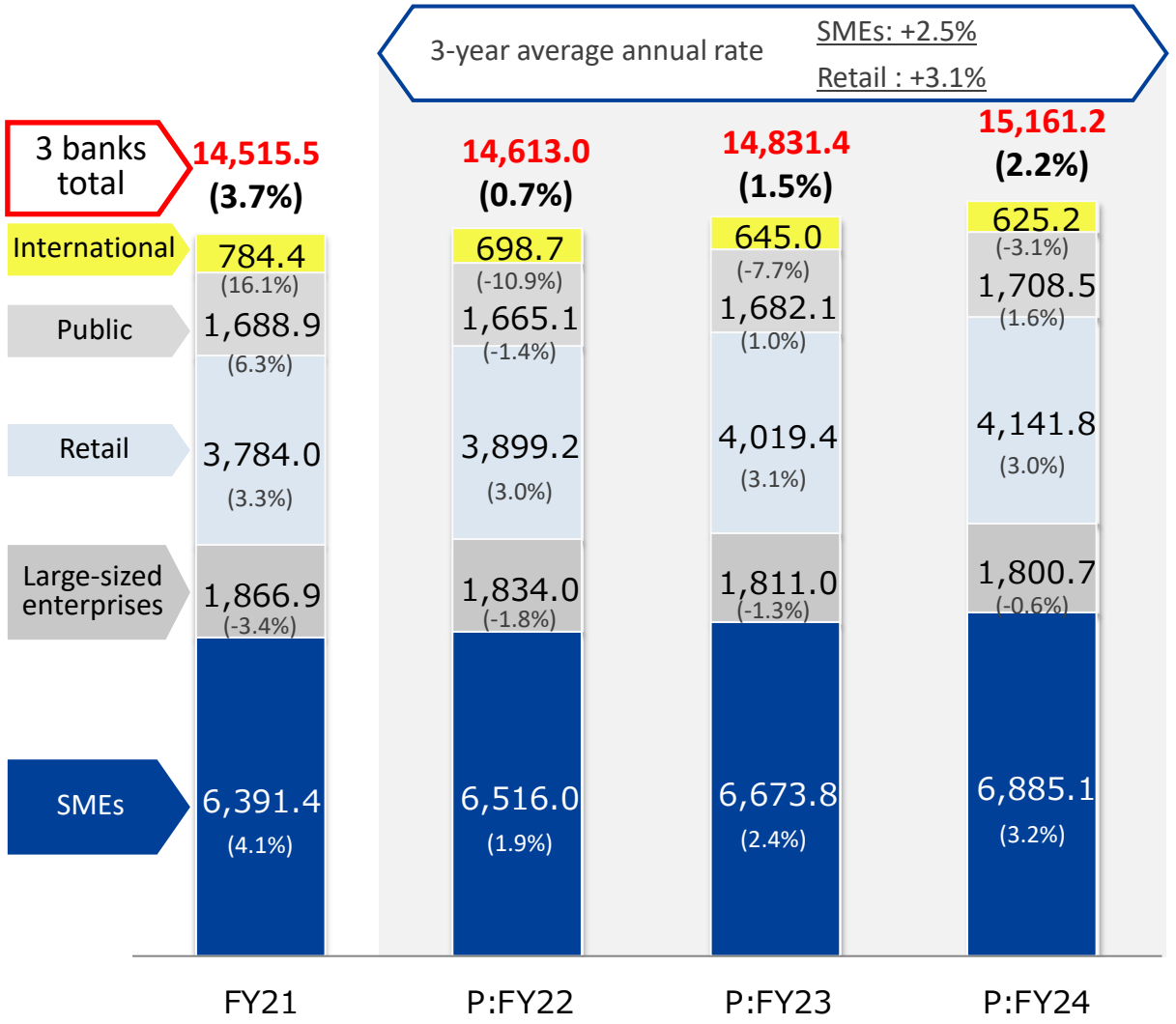
Loans (domestic + international)

* Excluding loans to FFG and Government (annual rate) (¥ bil.)



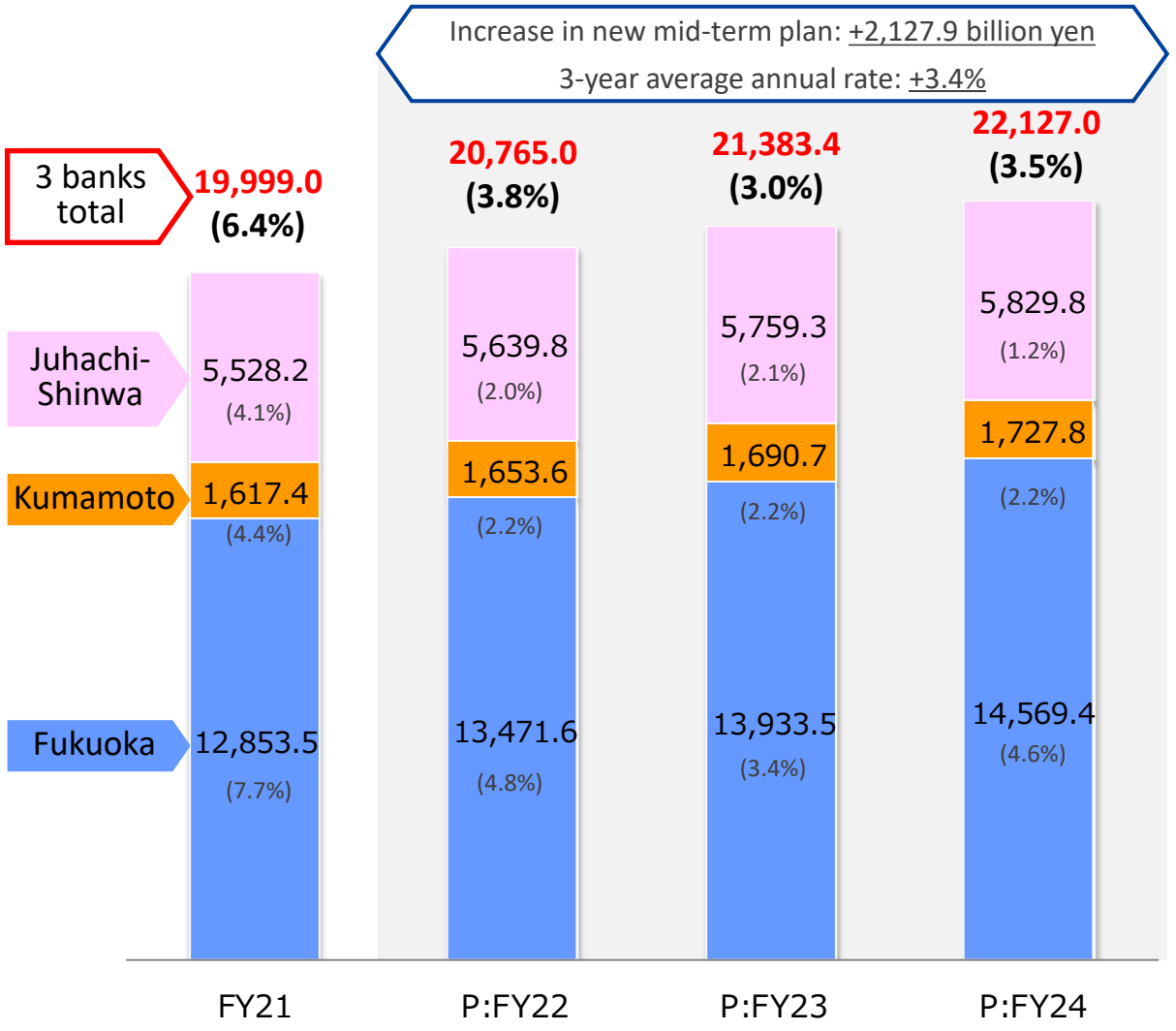
Loans (by segment)

* Excluding loans to FFG and Government (annual rate) (¥ bil.)

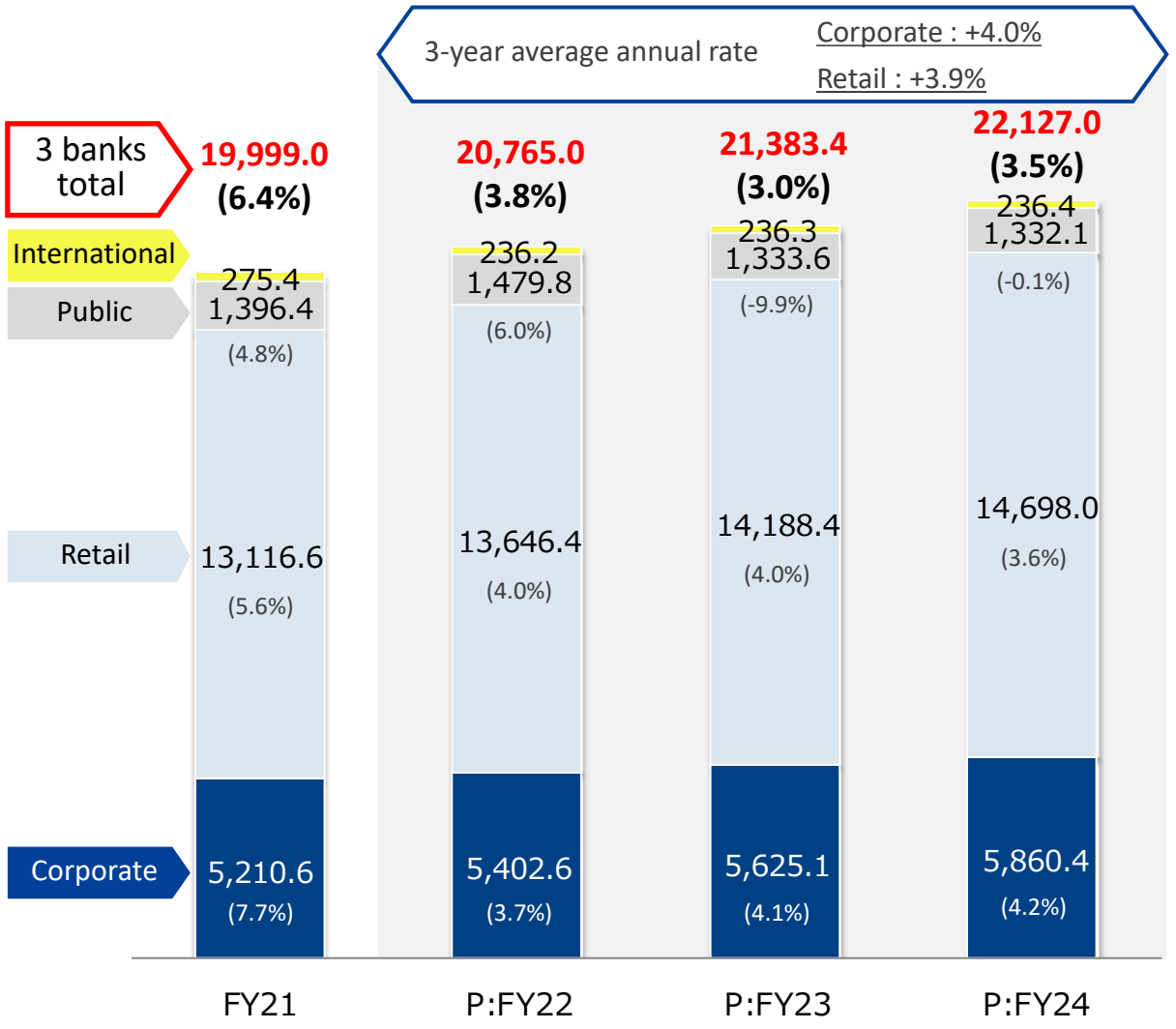


7th Mid-Term Plan: Deposits + CDs

Deposits and CDs (domestic + international)



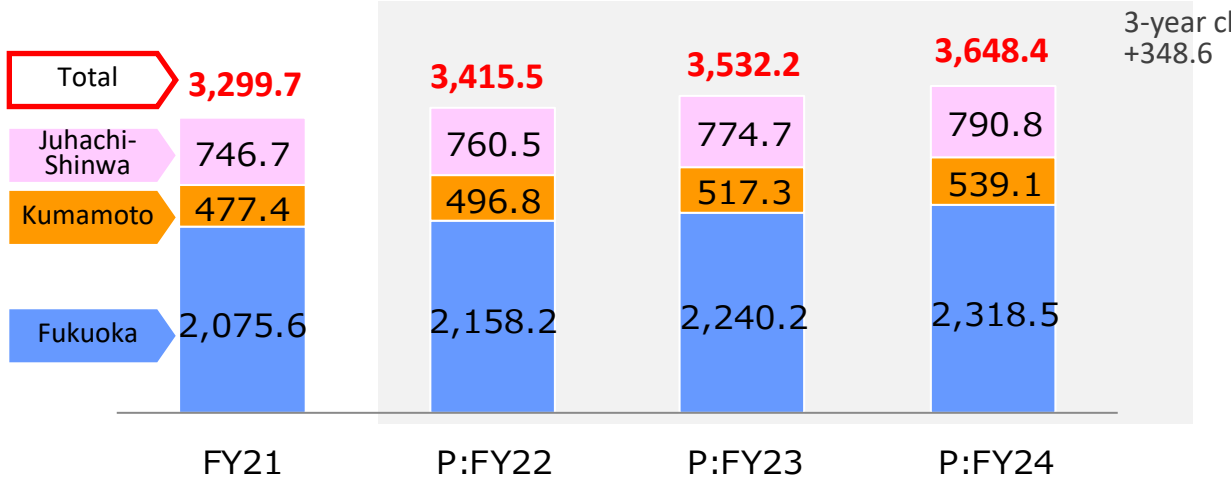
Deposits and CDs (by segment)



7th Mid-Term Plan: Major Products

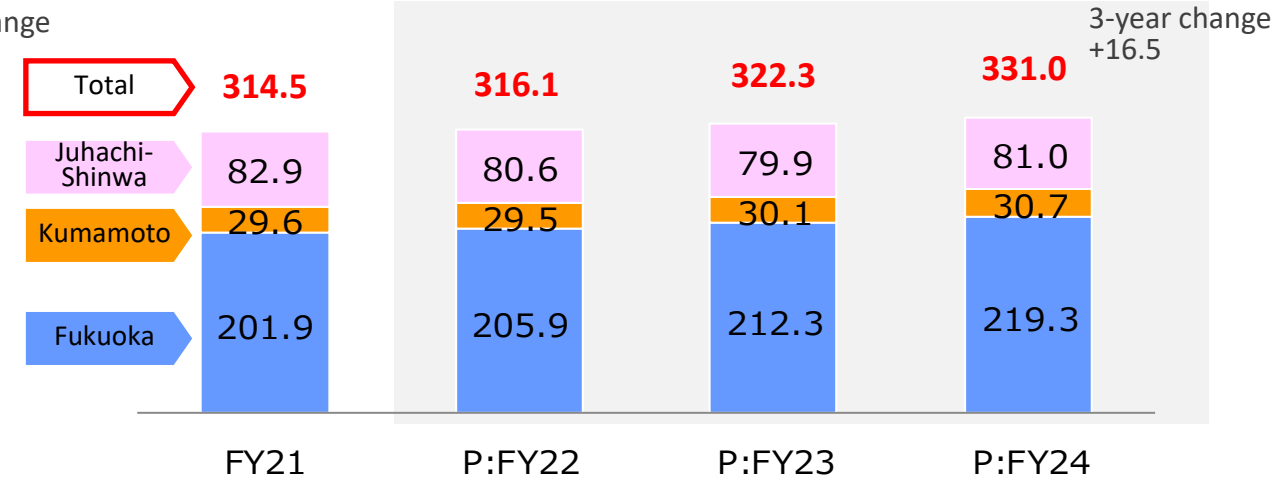
Housing loans (average balance)

(¥ bil.)



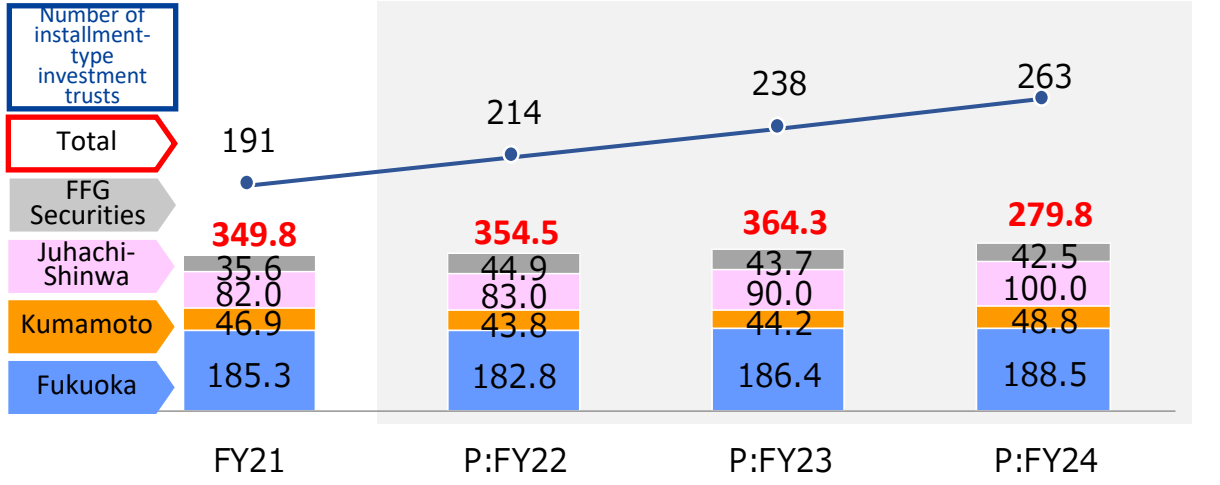
Consumer loans (average balance)

(¥ bil.)



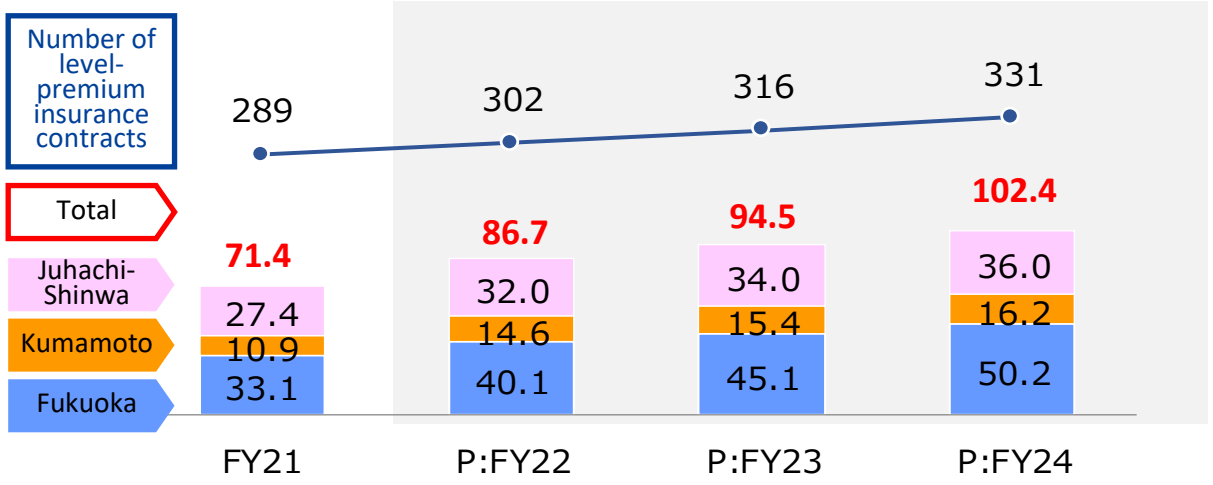
Investment trust sales (amount/number)

(¥ bil. / 1,000 trusts)



Insurance sales (amount/number)

(¥ bil. / 1,000 contracts)



Part V: FY2021 Financial Results_Figures (Reference)

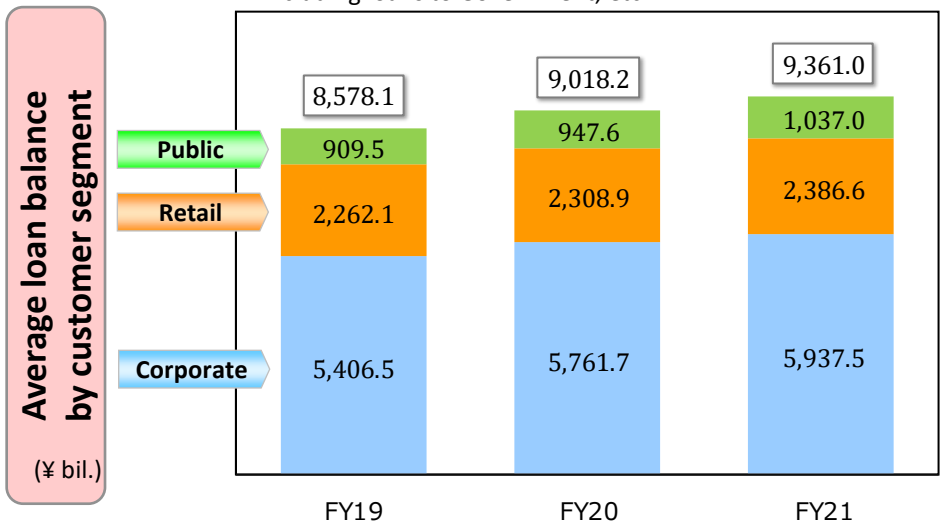
FFG Fukuoka Financial Group

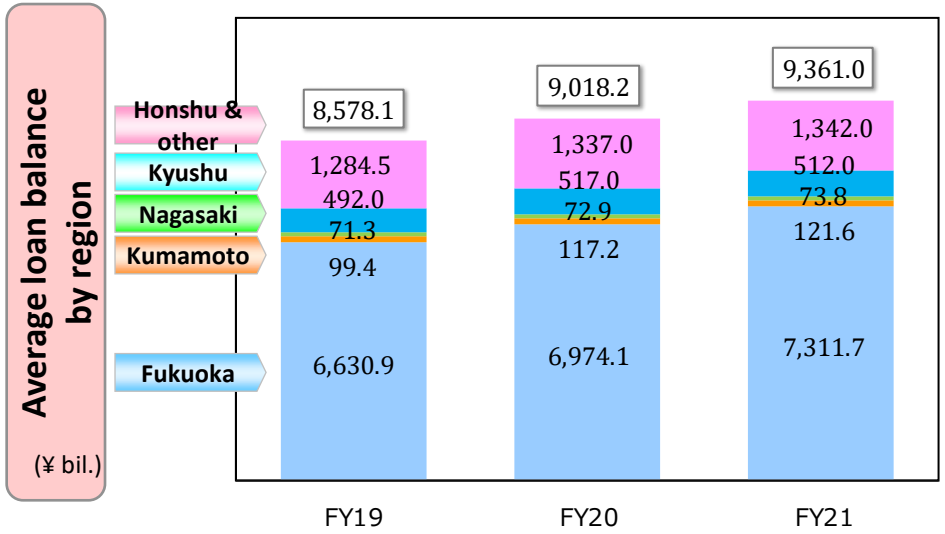
Average Balance of Loans (by Bank)

Fukuoka Financial Group

Bank of Fukuoka (domestic, non-consolidated)

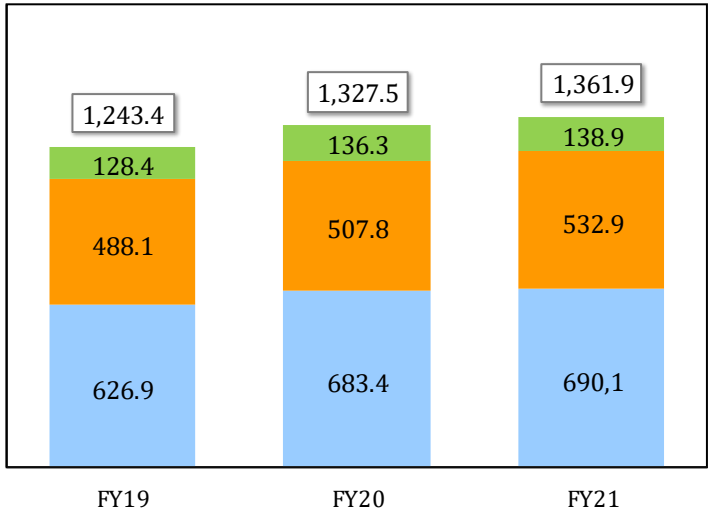
* Excluding loans to Government, etc.

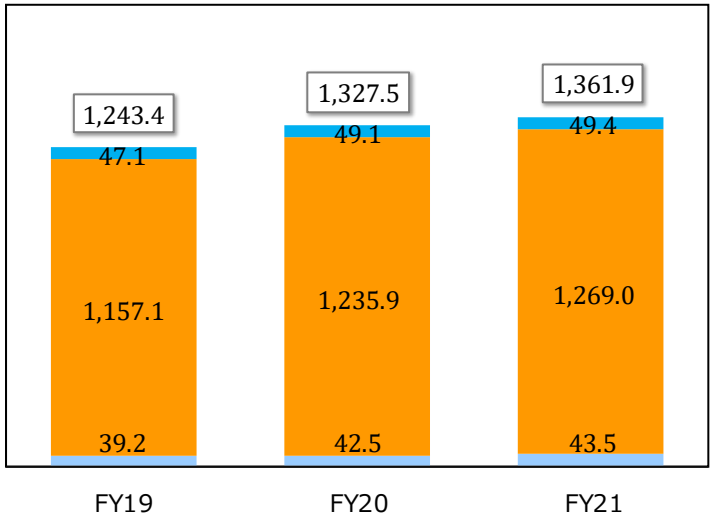




Kumamoto Bank (domestic, non-consolidated)

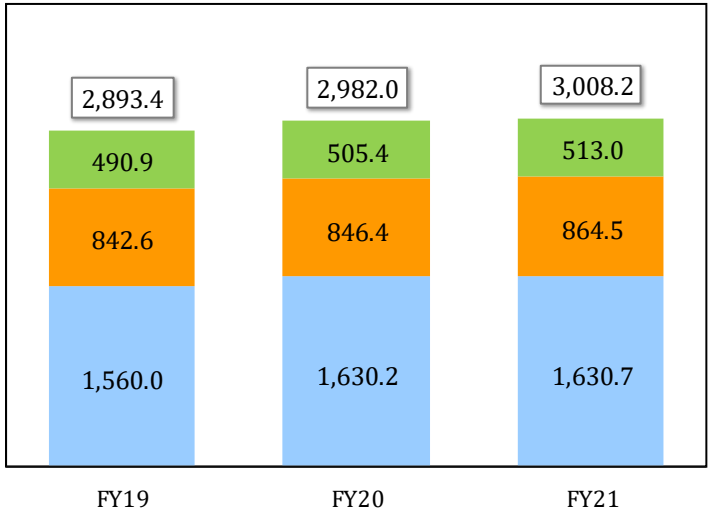
* Excluding loans to Government

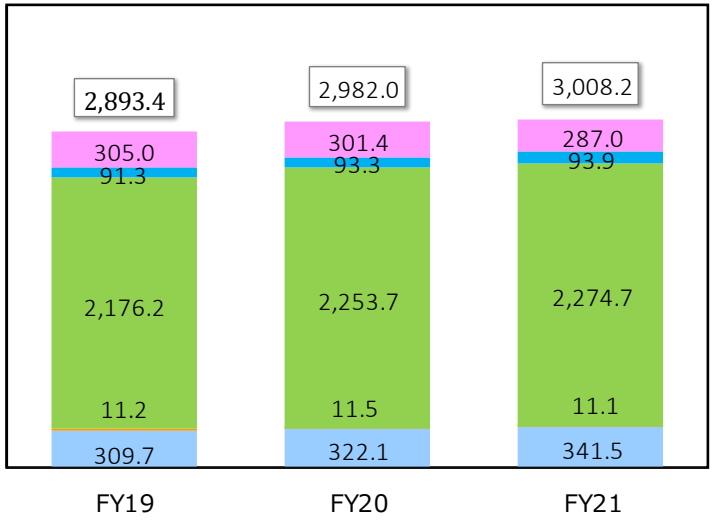




Juhachi-Shinwa Bank (domestic, non-consolidated)

* Excluding loans to Government





Average Balance of Loans (by Industry)

Fukuoka Financial Group

Classification by industry

(¥ bil.)

	Mar. 31, 2022								Change from Mar. 31, 2021			
	3 banks total	%	Fukuoka	%	Kumamoto	%	Juhachi-Shinwa	%	3 banks total	Fukuoka	Kumamoto	Juhachi-Shinwa
Domestic loans (excluding the special international financial transactions account)	16,849.5	100.0%	11,641.3	100.0%	1,838.3	100.0%	3,369.8	100.0%	-445.1	-359.1	-43.2	-760.9
Manufacturing	850.6	5.1%	619.7	5.3%	51.1	2.8%	179.8	5.3%	-51.1	-39.8	-2.1	-9.0
Agriculture and forestry	43.1	0.3%	20.8	0.2%	10.3	0.6%	11.9	0.4%	4.1	2.0	0.8	1.4
Fishery	29.7	0.2%	12.1	0.1%	3.0	0.2%	14.5	0.4%	0.6	0.9	0.0	-0.3
Mining, quarrying and gravel	21.1	0.1%	9.5	0.1%	0.7	0.0%	10.8	0.3%	-0.2	-1.7	0.0	1.4
Construction	421.6	2.5%	270.9	2.3%	58.4	3.2%	92.1	2.7%	-6.3	5.0	-2.3	-9.1
Electricity, gas, heat supply and water	462.2	2.7%	357.6	3.1%	23.1	1.2%	81.4	2.4%	25.4	21.0	2.2	2.2
Information and communications	51.2	0.3%	32.8	0.3%	3.0	0.1%	15.3	0.5%	1.0	-2.4	-0.2	3.7
Transport and postal service	816.3	4.8%	672.6	5.8%	21.4	1.2%	122.2	3.6%	28.7	17.7	0.8	10.2
Wholesale and retail trade	1,310.9	7.8%	962.2	8.3%	94.0	5.1%	254.7	7.6%	37.3	39.3	-1.7	-0.1
Finance and insurance	670.7	4.0%	598.0	5.1%	4.9	0.3%	67.8	2.0%	-106.3	-105.9	-1.9	1.6
Real estate and leasing	3,189.9	18.9%	2,462.3	21.1%	255.0	13.9%	472.5	14.0%	119.9	93.5	7.1	19.3
(Real estate)	2,825.7	16.8%	2,196.4	18.9%	245.8	13.4%	383.4	11.4%	106.0	91.4	4.8	9.7
Services	1,378.3	8.2%	872.9	7.5%	163.1	8.9%	342.3	10.2%	-24.7	-4.6	-7.7	-12.3
Government, local public sector	3,739.6	22.2%	2,305.7	19.8%	605.7	32.9%	828.1	24.6%	-611.4	236.4	-60.6	-787.2
Others	3,863.6	22.9%	2,443.6	21.0%	544.0	29.6%	875.9	26.0%	137.8	97.9	22.5	17.5

Loans based on the FRA, classified by industry

(¥ bil.)

	Mar. 31, 2022								Change from Mar. 31, 2021			
	3 banks total	%	Fukuoka	%	Kumamoto	%	Juhachi-Shinwa	%	3 banks total	Fukuoka	Kumamoto	Juhachi-Shinwa
Domestic loans (excluding the special international financial transactions account)	308.3	100.0%	185.6	100.0%	38.2	100.0%	84.6	100.0%	-3.2	1.6	-1.2	-3.4
Manufacturing	32.4	10.5%	20.7	11.2%	3.2	8.4%	8.5	10.0%	-8.3	-5.0	-0.1	-3.2
Agriculture and forestry	3.1	1.0%	1.8	1.0%	0.8	2.0%	0.5	0.6%	-0.2	-0.3	0.0	0.1
Fishery	2.4	0.8%	0.3	0.1%	1.1	2.9%	1.0	1.2%	-0.4	-0.4	-0.1	0.1
Mining, quarrying and gravel	0.3	0.1%	0.1	0.1%	0.0	0.0%	0.2	0.2%	0.3	0.1	0.0	0.2
Construction	10.4	3.4%	6.2	3.4%	1.7	4.5%	2.4	2.8%	0.1	-0.2	0.0	0.2
Electricity, gas, heat supply and water	10.3	3.4%	9.3	5.0%	0.2	0.5%	0.9	1.0%	0.1	0.2	0.0	0.0
Information and communications	1.1	0.3%	0.3	0.1%	0.3	0.9%	0.5	0.5%	-0.1	0.0	-0.1	0.0
Transport and postal service	11.8	3.8%	5.0	2.7%	0.6	1.6%	6.2	7.4%	-1.4	-1.5	0.0	0.0
Wholesale and retail trade	69.9	22.7%	38.6	20.8%	7.7	20.2%	23.6	27.9%	-1.7	0.2	0.0	-1.8
Finance and insurance	6.8	2.2%	6.6	3.5%	0.1	0.3%	0.1	0.1%	-3.4	-3.4	0.0	0.1
Real estate and leasing	39.2	12.7%	27.2	14.7%	4.9	12.8%	7.1	8.4%	6.3	6.5	0.0	-0.2
(Real estate)	38.8	12.6%	27.0	14.6%	4.8	12.5%	7.0	8.3%	6.4	6.6	0.1	-0.3
Services	89.5	29.0%	49.8	26.9%	13.3	34.9%	26.4	31.2%	5.0	4.9	-1.1	1.2
Government, local public sector	—	—	—	—	—	—	—	—	—	—	—	—
Others	31.1	10.1%	19.5	10.5%	4.2	11.0%	7.4	8.7%	0.5	0.4	0.1	0.1

Average Balance of Deposits & CDs (by Bank)

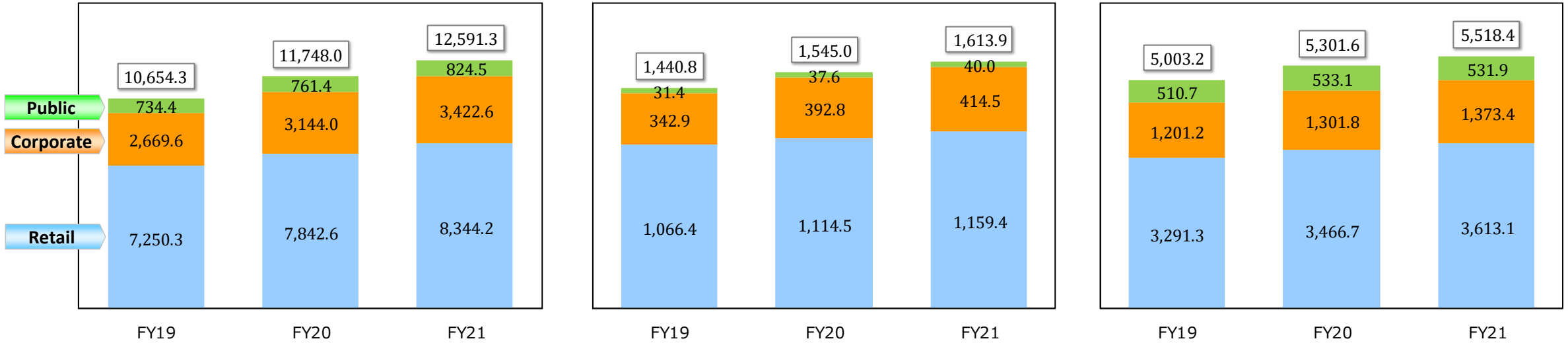
Fukuoka Financial Group

Bank of Fukuoka
(domestic, non-consolidated)

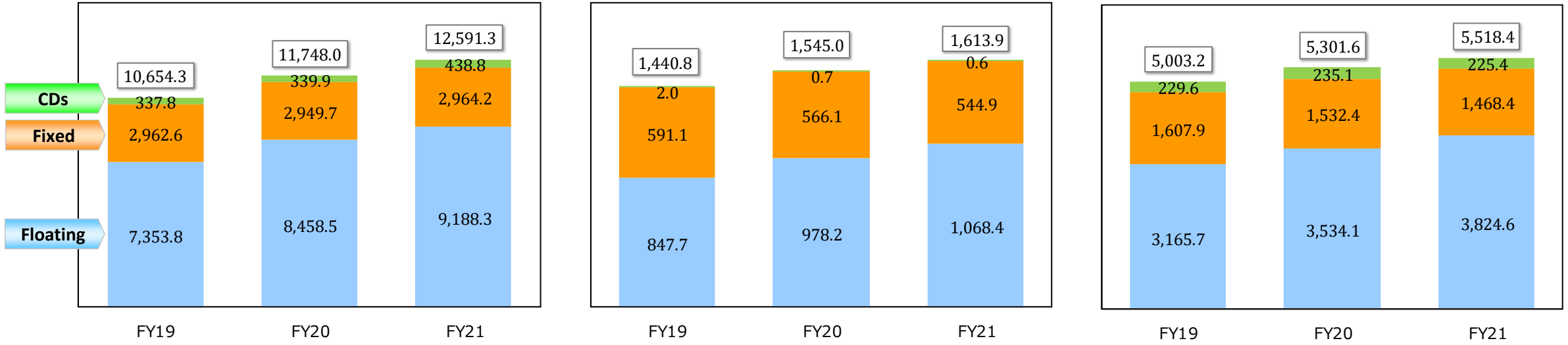
Kumamoto Bank
(domestic, non-consolidated)

Juhachi-Shinwa Bank
(domestic, non-consolidated)

Average deposit balance by customer segment
(¥ bil.)



Average deposit balance by deposit type
(¥ bil.)

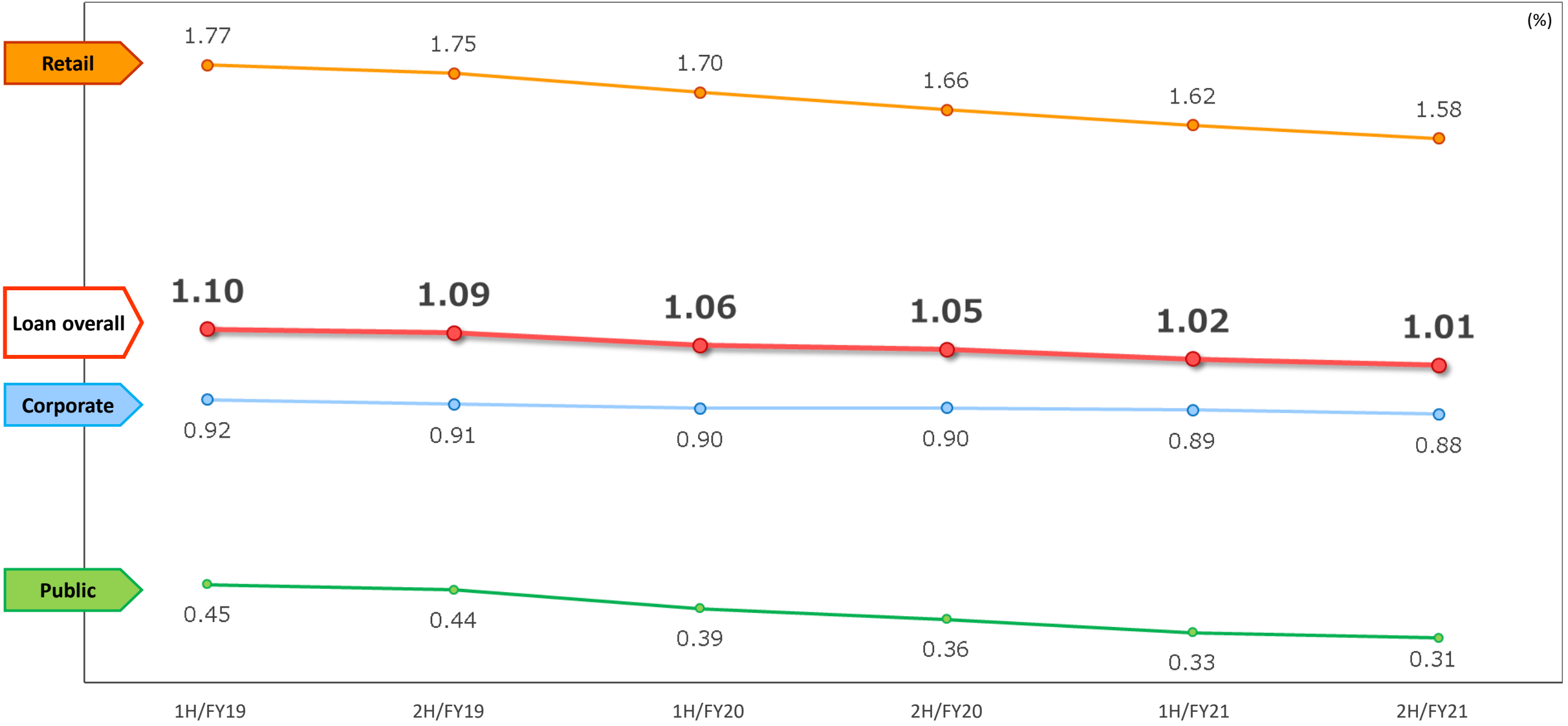


Interest Rates on Loans (by Segment)

Fukuoka Financial Group

3 banks total

* Excluding loans to FFG and Government, etc.

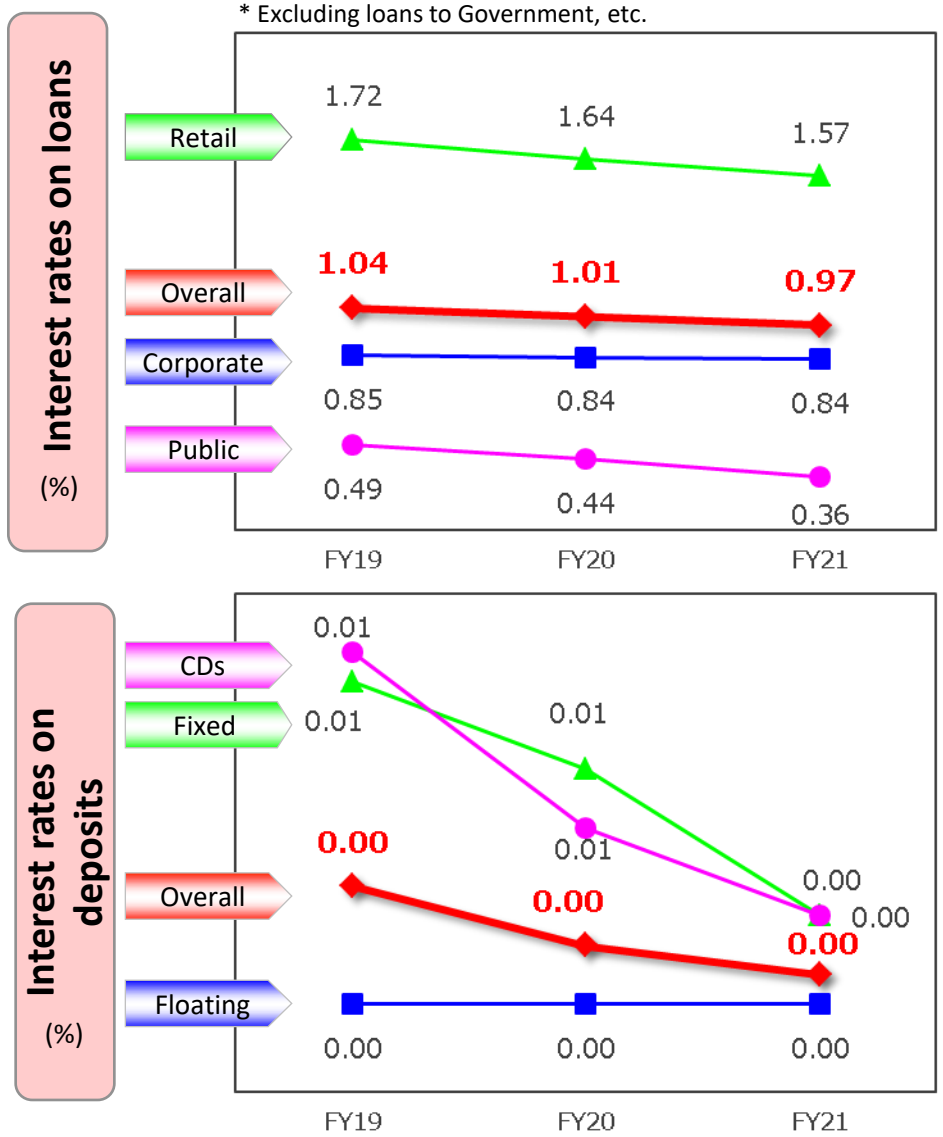


Interest Rates on Loans and Deposits & CDs (by Bank)

Fukuoka Financial Group

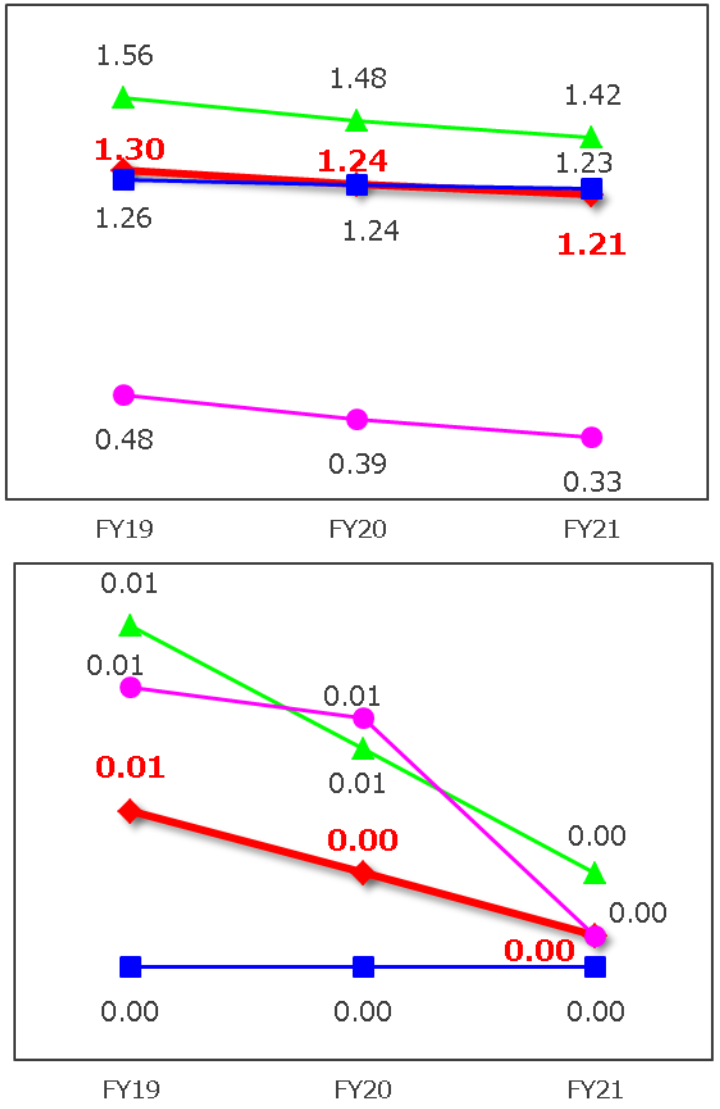
Bank of Fukuoka
(domestic, non-consolidated)

* Excluding loans to Government, etc.



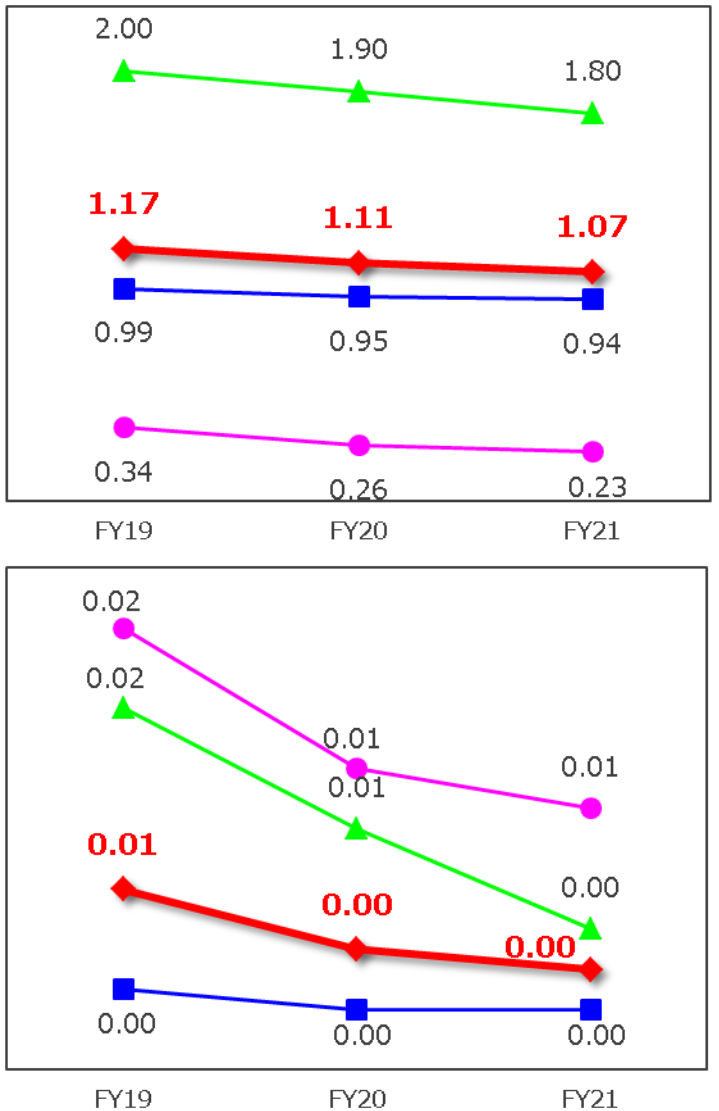
Kumamoto Bank
(domestic, non-consolidated)

* Excluding loans to Government



Juhachi-Shinwa Bank
(domestic, non-consolidated)

* Excluding loans to Government



Breakdown of Loans and Deposits & CDs by Type

Fukuoka Financial Group

Domestic loans (as of Mar. 31, 2022)

	3 banks total	Fukuoka	Kumamoto	Juhachi-Shinwa
Based on short-term prime rate	19.1%	17.9%	31.1%	16.3%
Short-term spread	5.8%	6.9%	1.9%	4.4%
Short-term loan	24.9%	24.8%	33.0%	20.7%
Based on flexible prime rate	26.2%	25.8%	34.3%	23.1%
Money market rate	8.1%	9.8%	1.4%	6.3%
Long-term flexible	34.3%	35.5%	35.7%	29.5%
Fixed-rate mortgage loan	4.9%	4.4%	3.7%	7.3%
Long-term fixed	40.8%	39.7%	31.3%	49.8%
Long-term loan	75.1%	75.2%	67.0%	79.3%
Total	100.0%	100.0%	100.0%	100.0%

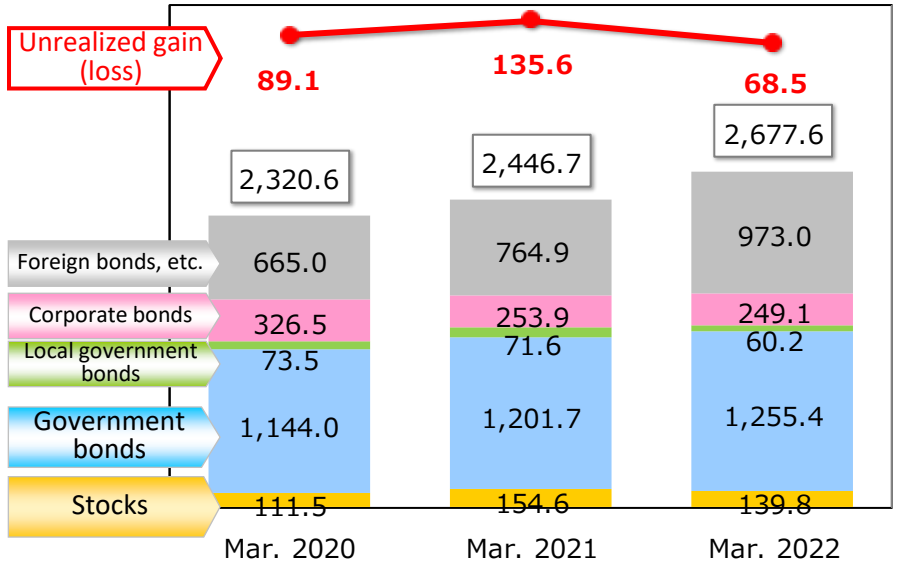
Short-term prime rate	45.2%	43.6%	65.4%	39.4%
Short-term money market rate	13.9%	16.7%	3.3%	10.7%
Long-term prime rate	0.0%	0.0%	0.0%	0.0%
Fixed rate	40.8%	39.7%	31.3%	49.8%
Total	100.0%	100.0%	100.0%	100.0%

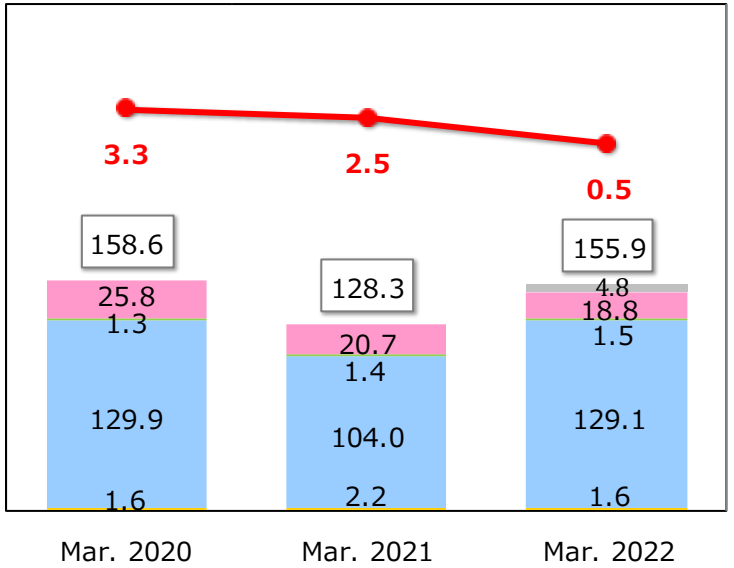
Domestic deposits & CDs (as of Mar. 31, 2022)

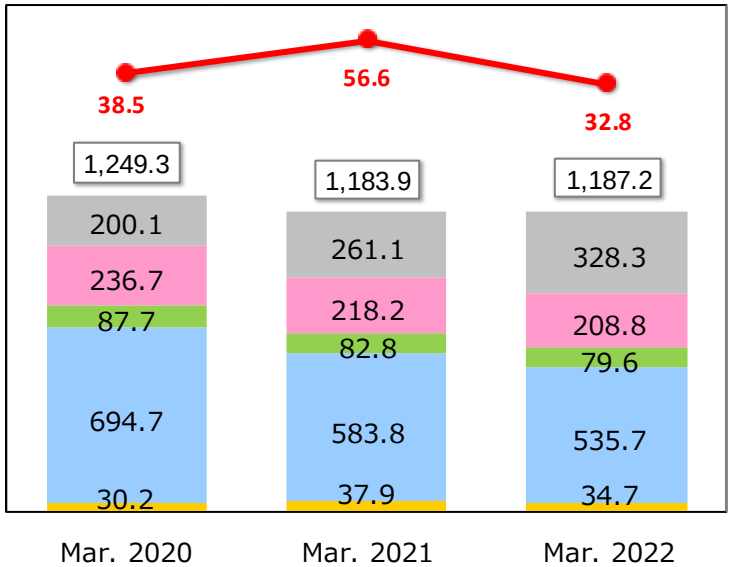
	3 banks total	Fukuoka	Kumamoto	Juhachi-Shinwa
Interest	60.8%	61.3%	61.5%	59.6%
Non-interest	12.9%	13.7%	6.5%	12.7%
Floating deposit	73.7%	75.0%	68.0%	72.3%
Core deposit	17.5%	17.2%	25.7%	16.0%
Large deposit	6.6%	5.4%	6.3%	9.2%
Time and savings deposit	24.1%	22.6%	32.0%	25.3%
CD	2.2%	2.4%	0.0%	2.4%
Time and saving deposit & CD	26.3%	25.0%	32.0%	27.7%
Total	100.0%	100.0%	100.0%	100.0%

Securities (by Bank)

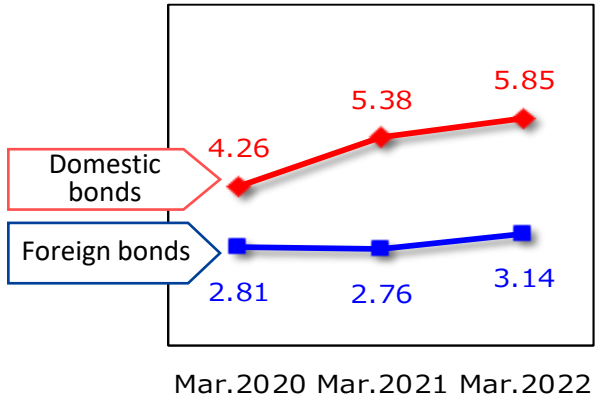
Securities balance (¥ bil.)

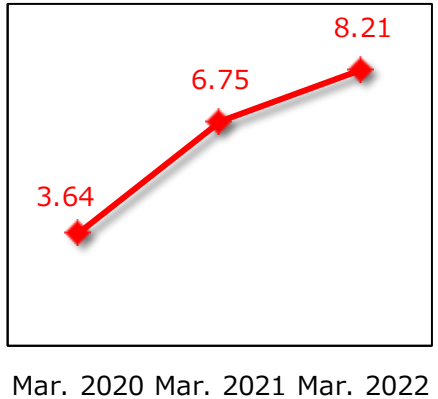


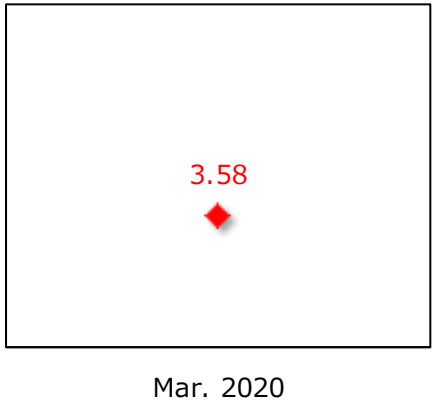


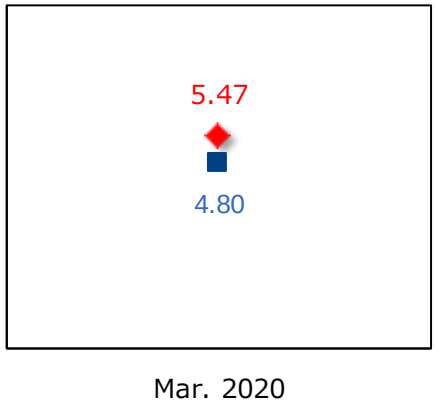


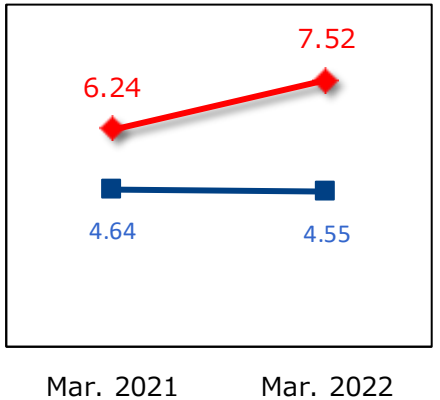
Bond duration (Years)







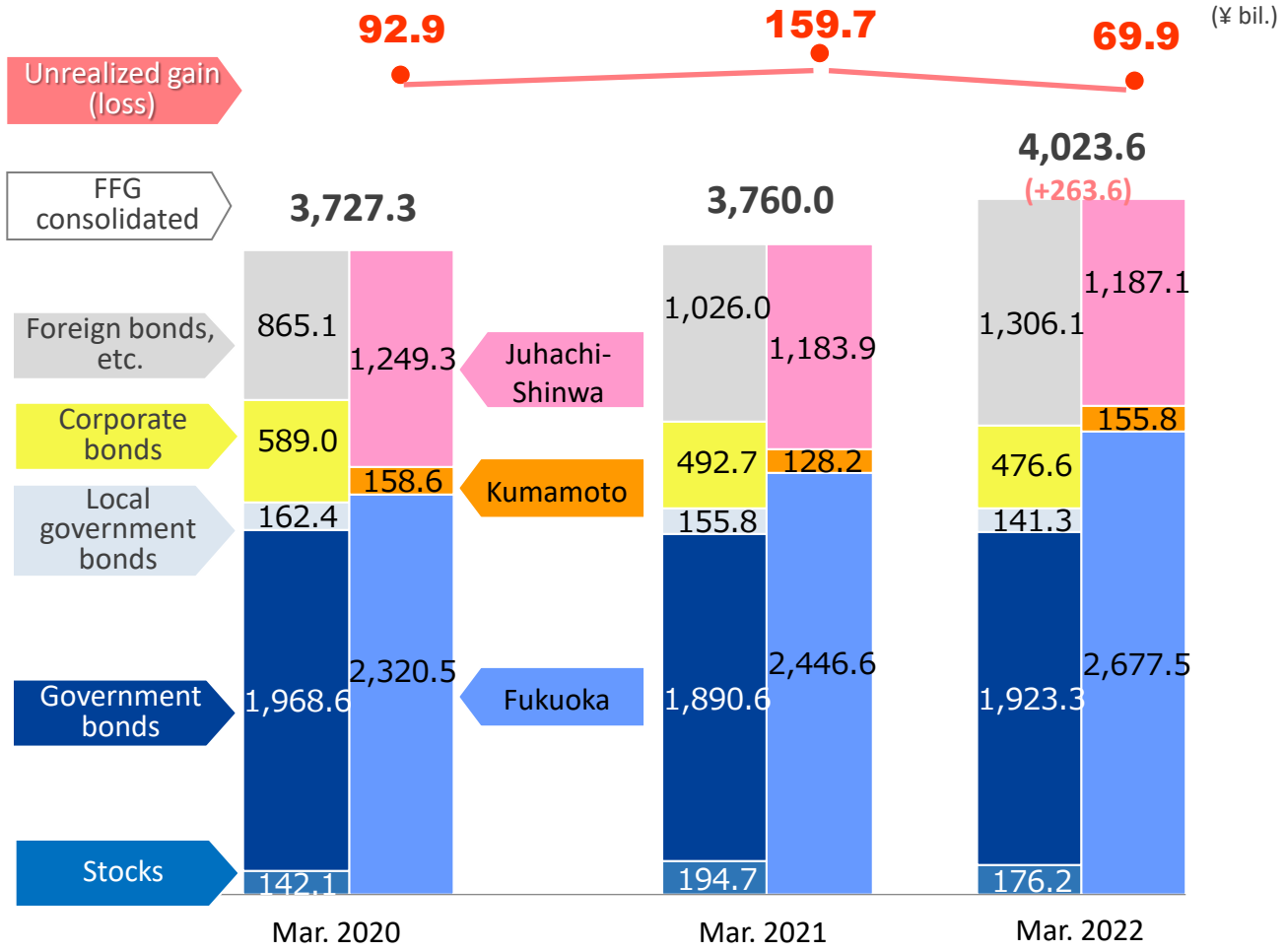




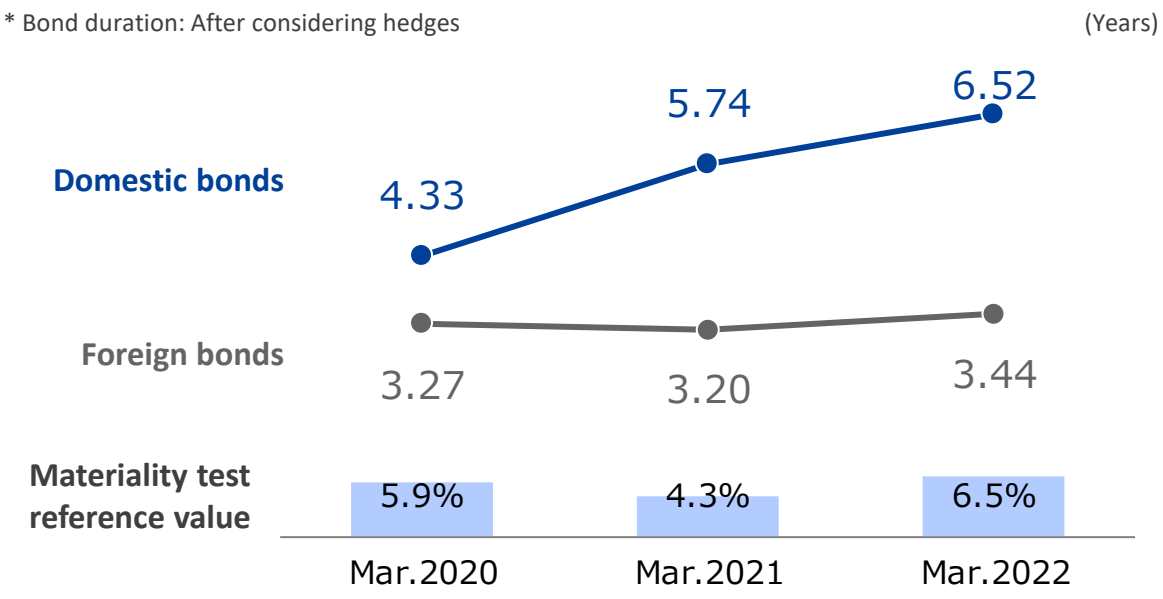
Securities

- Unrealized gain on securities as of March 31, 2022 is 69.9 billion yen, a decrease of 89.7 billion yen from March 31, 2021 due to lower stock prices and higher interest rates.
- Although domestic bond duration is lengthening, the materiality test reference value for interest rate risk remains low.

Securities portfolio (FFG consolidated)



Bond duration & materiality test reference value



Securities-related profit & loss (3 banks total)

[¥ bil.]	FY19	FY20	FY2021
Stocks	-0.1	5.0	5.2
Bonds	-0.7	0.5	-8.0
Total	-0.8	5.5	-2.8

Non-Interest Income / Asset Management Product Sales (by Bank)

Fukuoka Financial Group

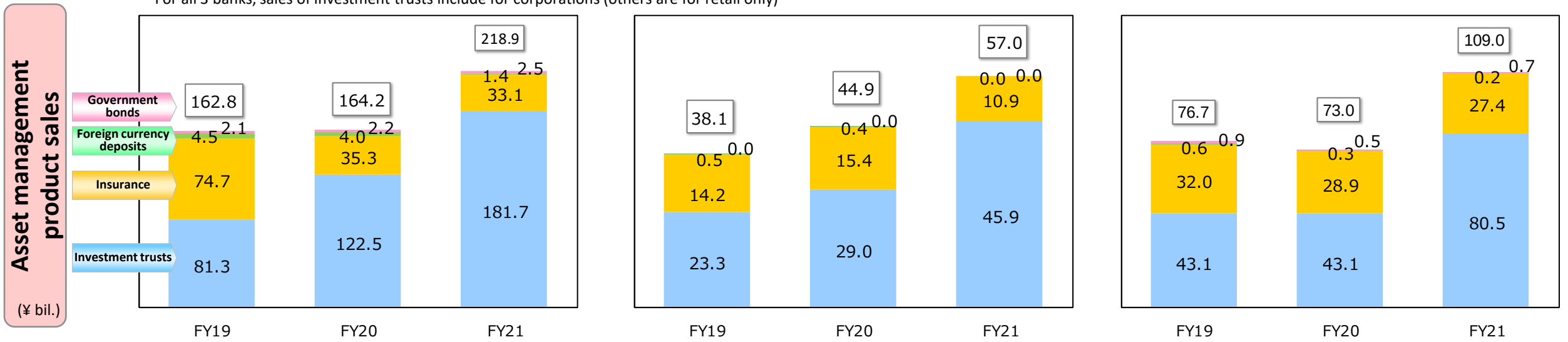
Bank of Fukuoka

Kumamoto Bank

Juhachi-Shinwa Bank

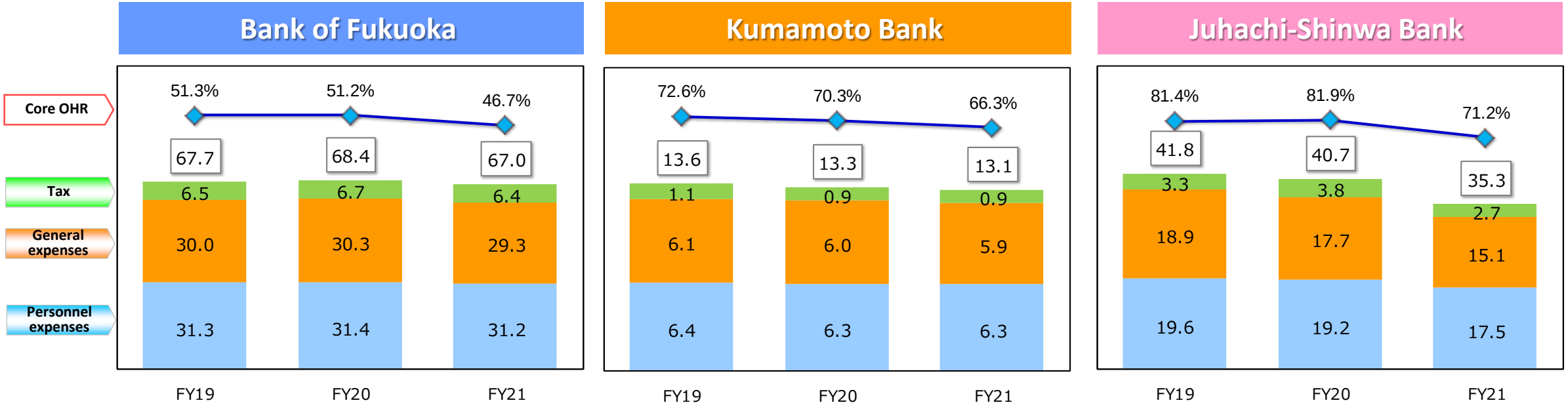
* For all 3 banks, excluding gains (losses) on bonds

* For all 3 banks, sales of investment trusts include for corporations (others are for retail only)



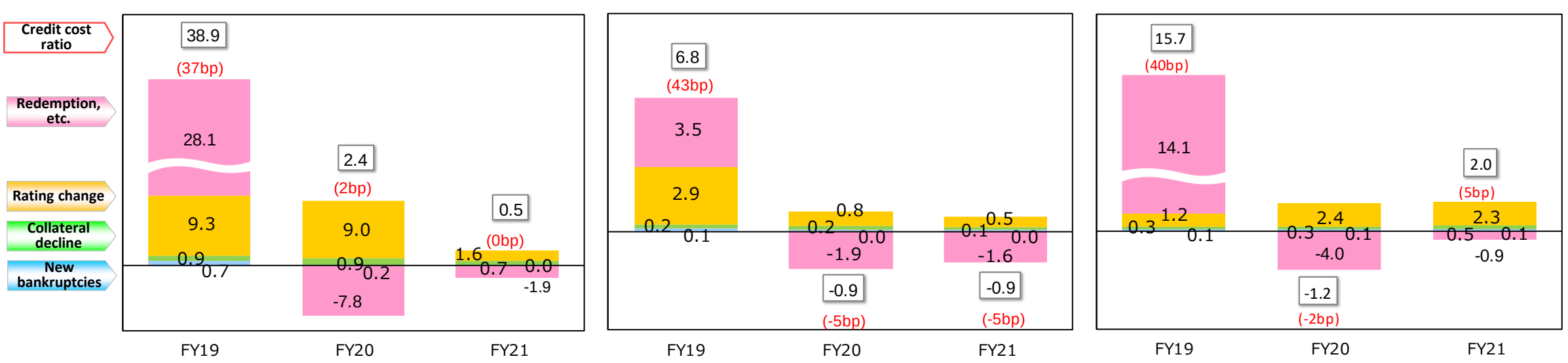
Overhead Expenses / Credit Cost (by Bank)

Overhead expenses & core OHR (¥ bil.)



* Core OHR = Overhead expenses / (Gross business profit − Gains (losses) on bonds)

Credit cost (¥ bil.)



Non-Performing Loans / Capital Adequacy Ratio (by Bank)

Fukuoka Financial Group

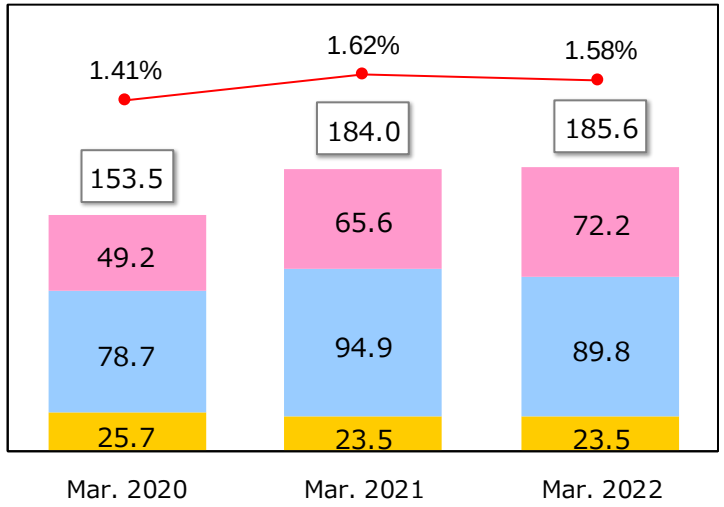
Non-performing loans & ratio

(¥ bil.)

NPL ratio | Substandard | Doubtful | Bankrupt and quasi-bankrupt

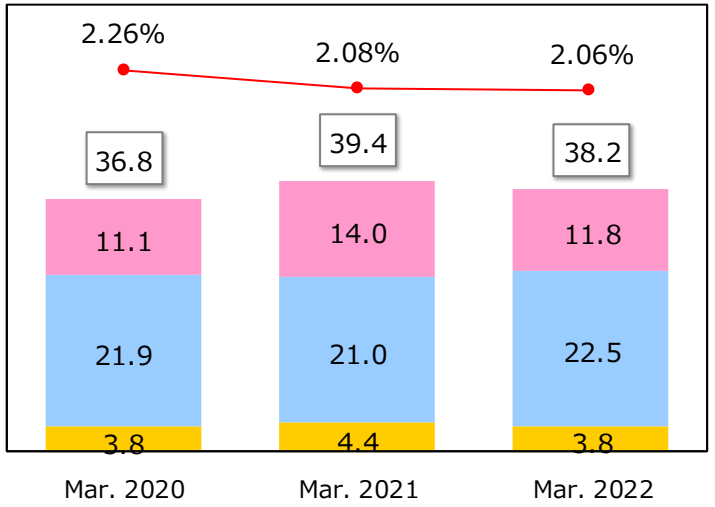
Bank of Fukuoka

* After partial write-off



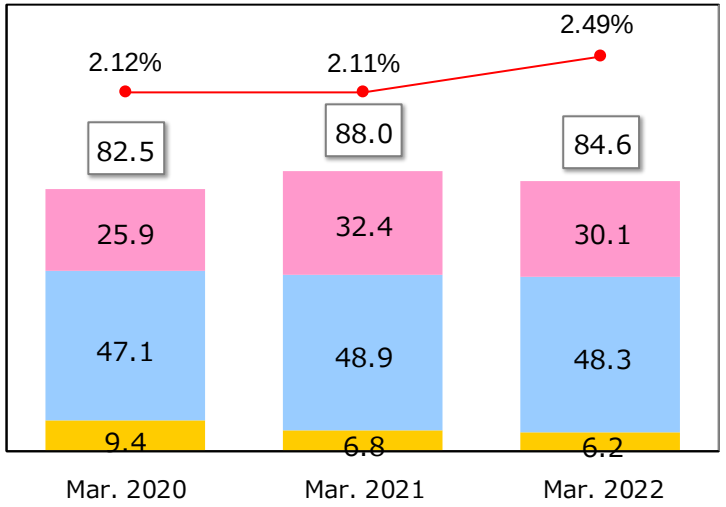
Kumamoto Bank

* After partial write-off



Juhachi-Shinwa Bank

* After partial write-off



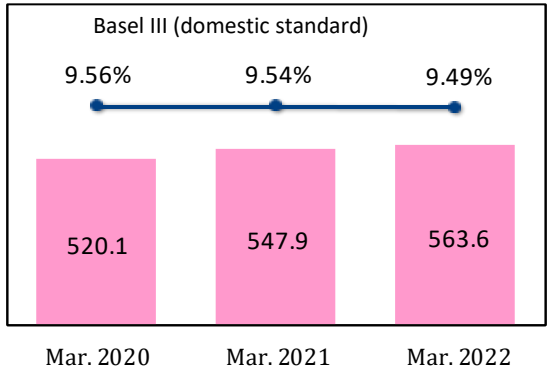
Capital adequacy ratio

(¥ bil.)

Capital adequacy ratio | Core capital

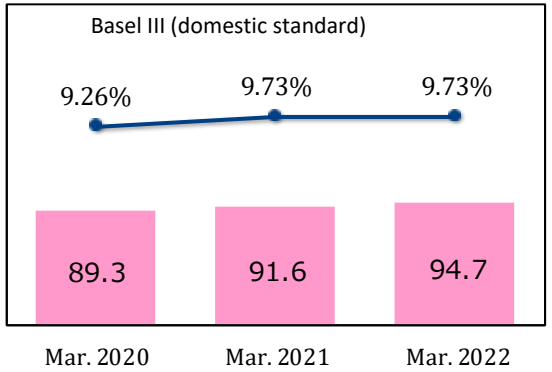
Bank of Fukuoka (consolidated)

Credit risk measurement: Advanced internal rating based approach
Operational risk measurement: Standardized approach



Kumamoto Bank

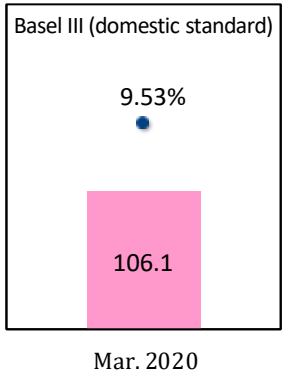
Credit risk measurement: Standard approach
Operational risk measurement: Standardized approach



Juhachi-Shinwa Bank

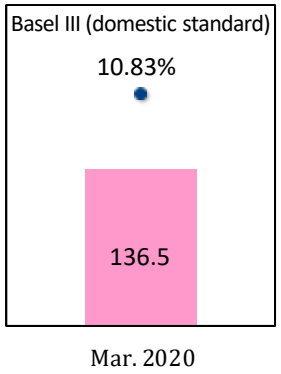
Shinwa Bank

Credit risk measurement: Standard approach
Operational risk measurement: Standardized approach

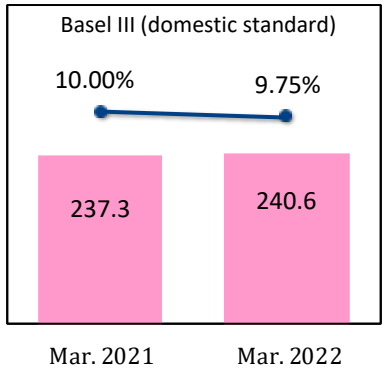


The Eighteenth Bank

Standard approach
Basic indicator approach



Standard approach
Basic indicator approach



Part VI: Kyushu Economy (Reference)

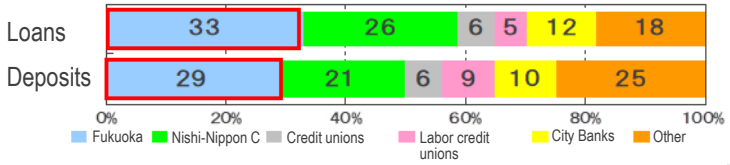
FFG Fukuoka Financial Group

Market Share

Fukuoka Financial Group

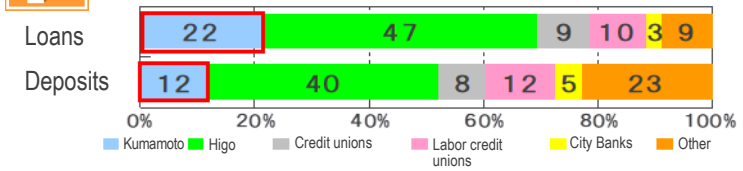
Fukuoka Pref.

Population	Number of business establishments	Loans	Deposits
5,060,000	223,000	23.5 trillion yen	40.6 trillion yen



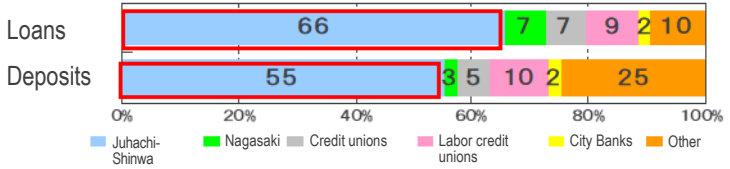
Kumamoto Pref.

Population	Number of business establishments	Loans	Deposits
1,770,000	74,000	5.6 trillion yen	12.2 trillion yen



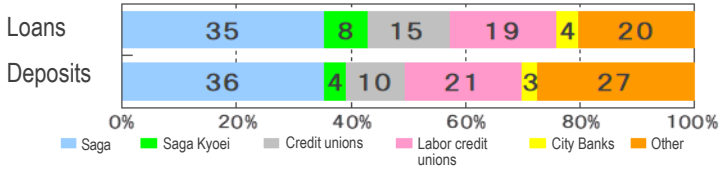
Nagasaki Pref.

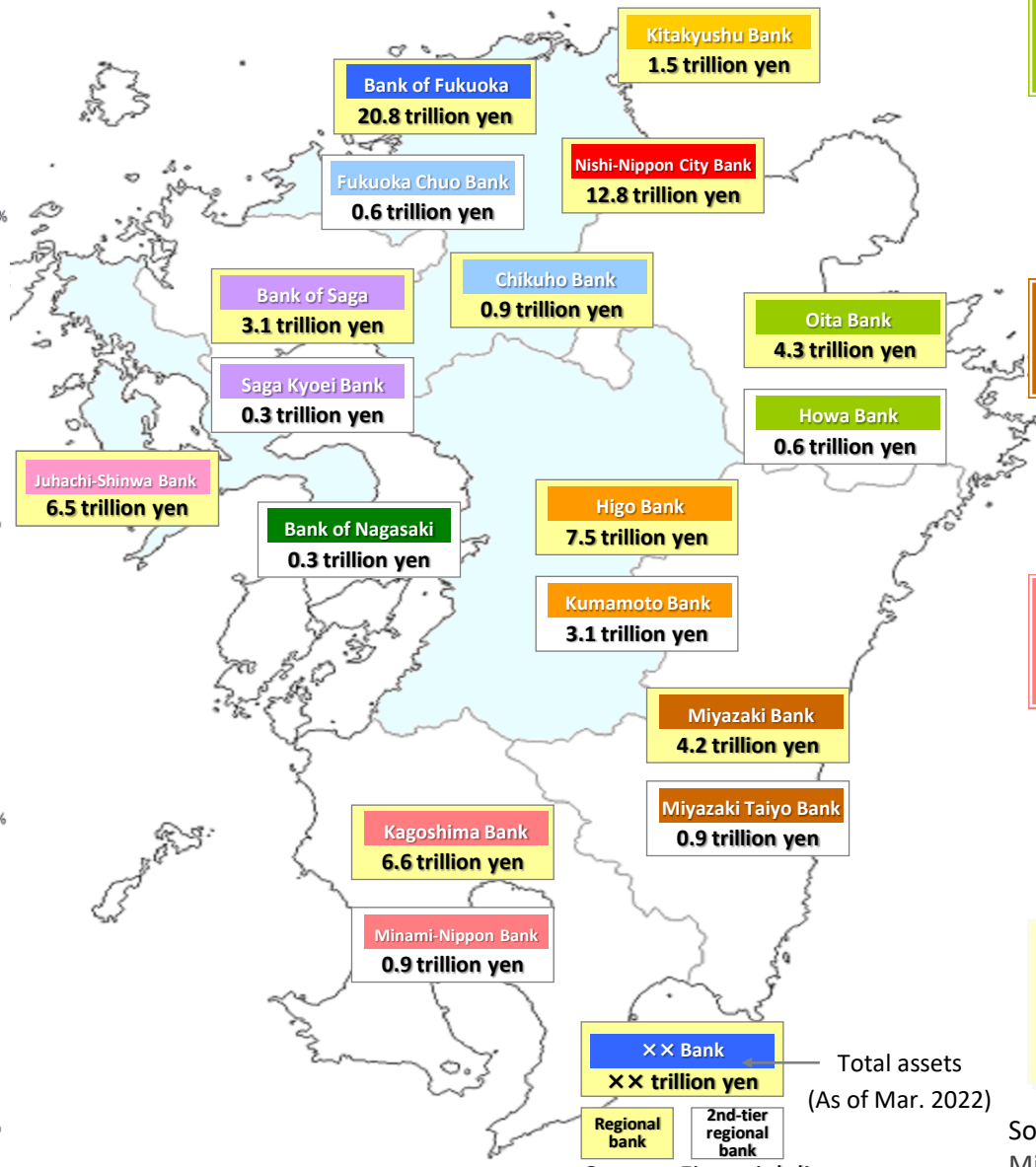
Population	Number of business establishments	Loans	Deposits
1,360,000	63,000	3.5 trillion yen	9.0 trillion yen



Saga Pref.

Population	Number of business establishments	Loans	Deposits
820,000	38,000	2.0 trillion yen	5.9 trillion yen



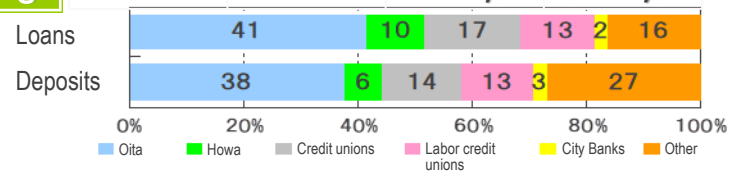


Total assets
(As of Mar. 2022)

Source: Financial digests

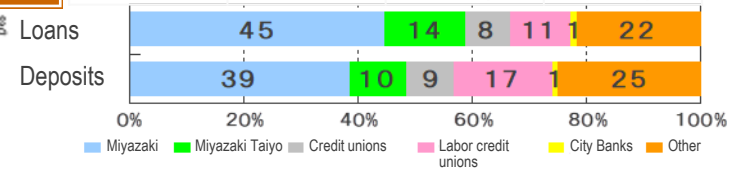
Oita Pref.

Population	Number of business establishments	Loans	Deposits
1,150,000	54,000	3.5 trillion yen	8.4 trillion yen



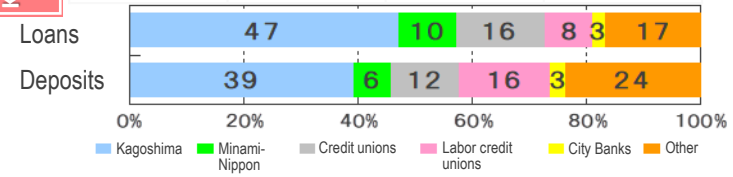
Miyazaki Pref.

Population	Number of business establishments	Loans	Deposits
1,100,000	53,000	3.3 trillion yen	6.7 trillion yen



Kagoshima Pref.

Population	Number of business establishments	Loans	Deposits
1,630,000	77,000	5.2 trillion yen	10.6 trillion yen

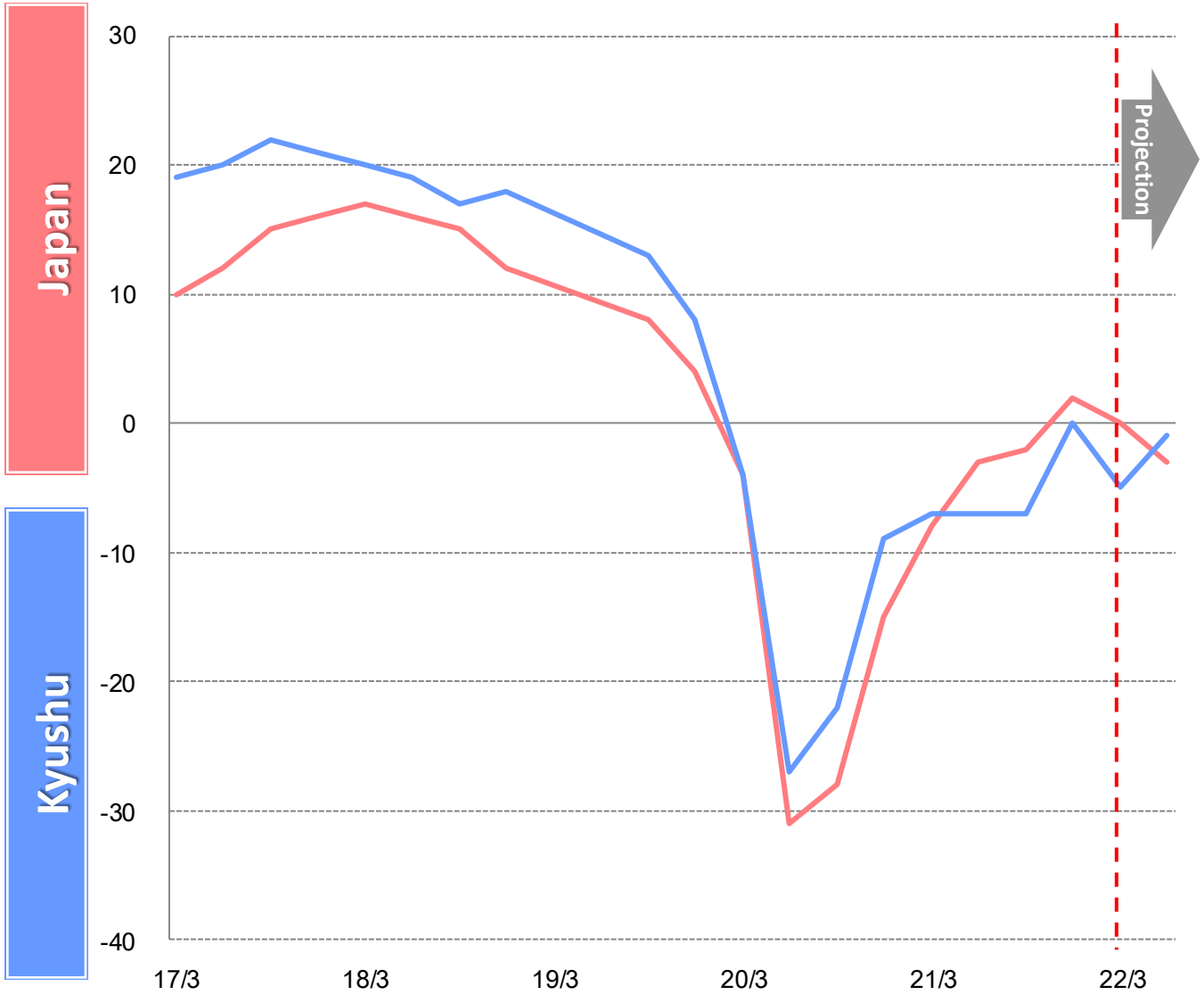


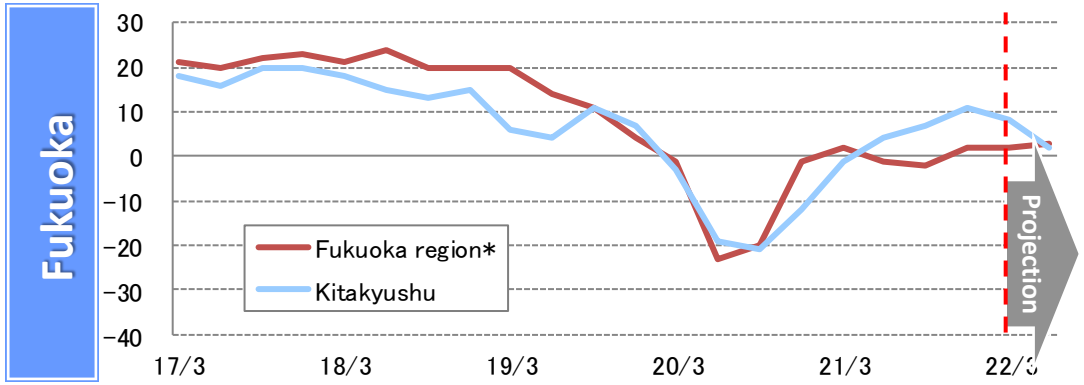
Kyushu

Population	Number of business establishments	Loans	Deposits
12,870,000	583,000	46.9 trillion yen	93.7 trillion yen

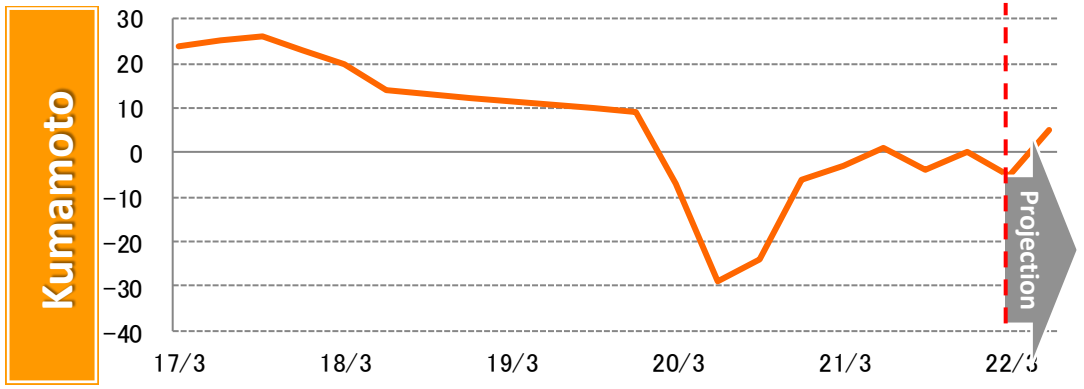
Sources: *2016 Economic Census for Business Activity*, Ministry of Internal Affairs and Communications
"Financial Map 2022," Monthly Kinyu Journal

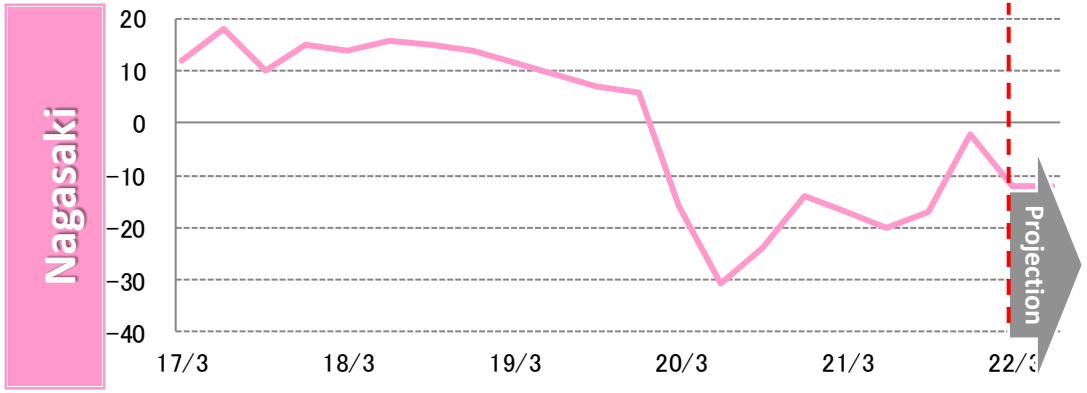
Bank of Japan's Tankan Business conditions D.I.





* Fukuoka region: Fukuoka Prefecture plus Saga Prefecture, excluding Kitakyushu

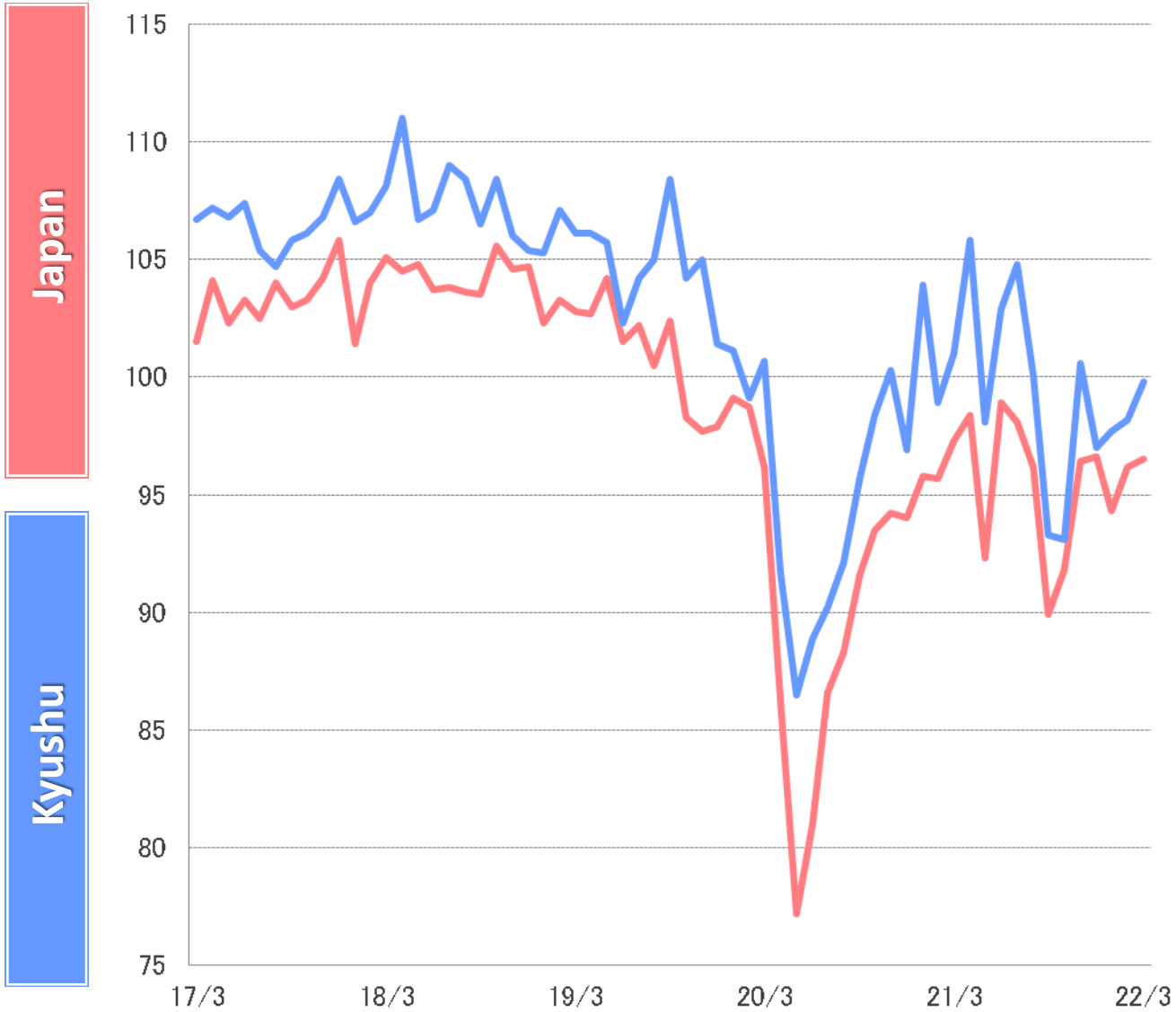




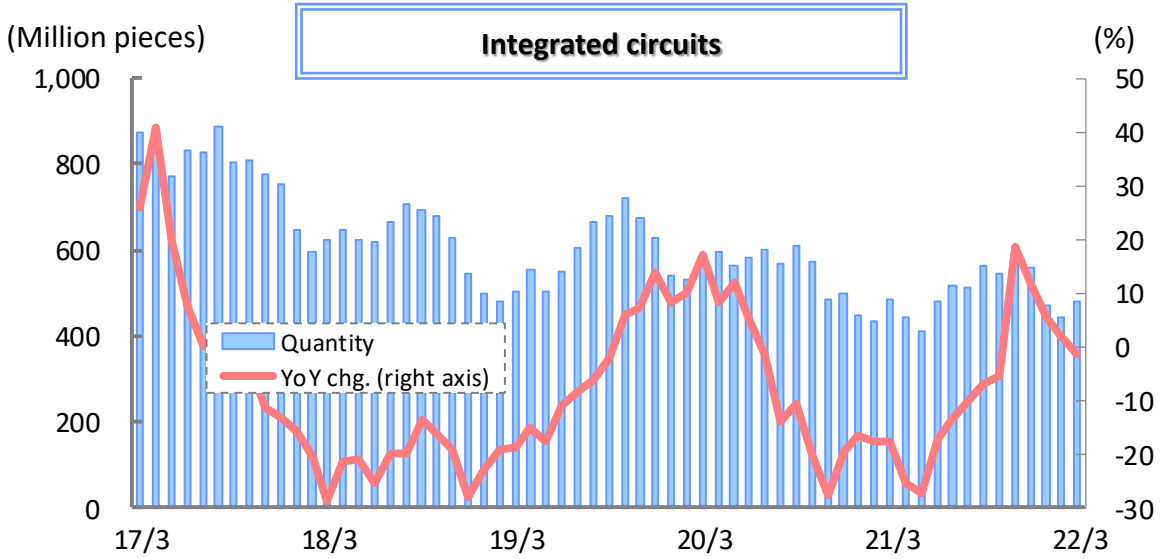
Source: Bank of Japan

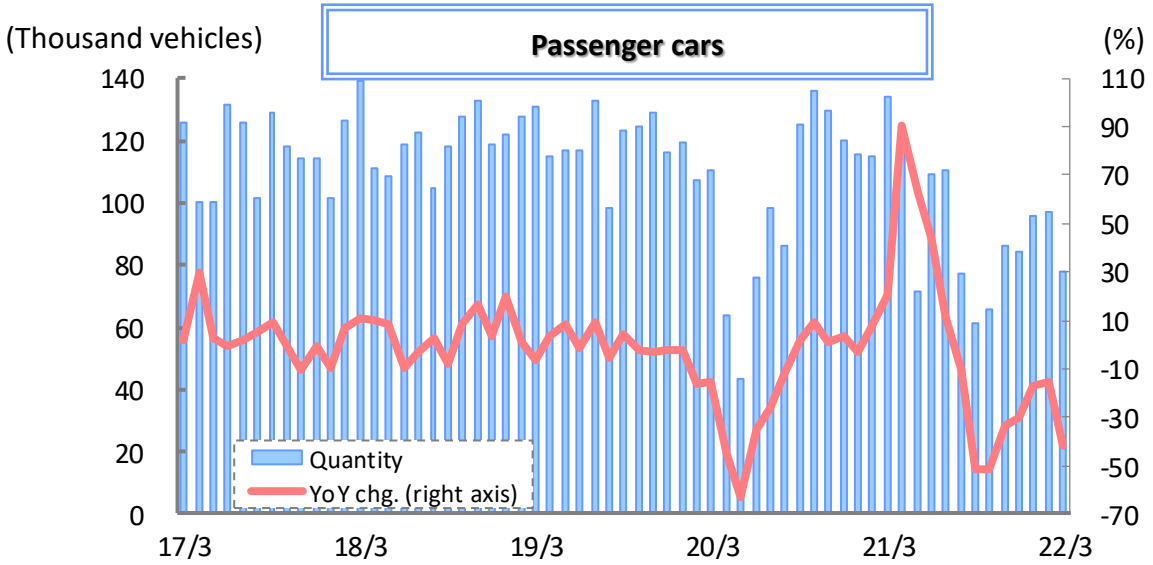
Industrial Production Trends

Industrial production index (FY2015 = 100)



[Kyushu] Main industry trends

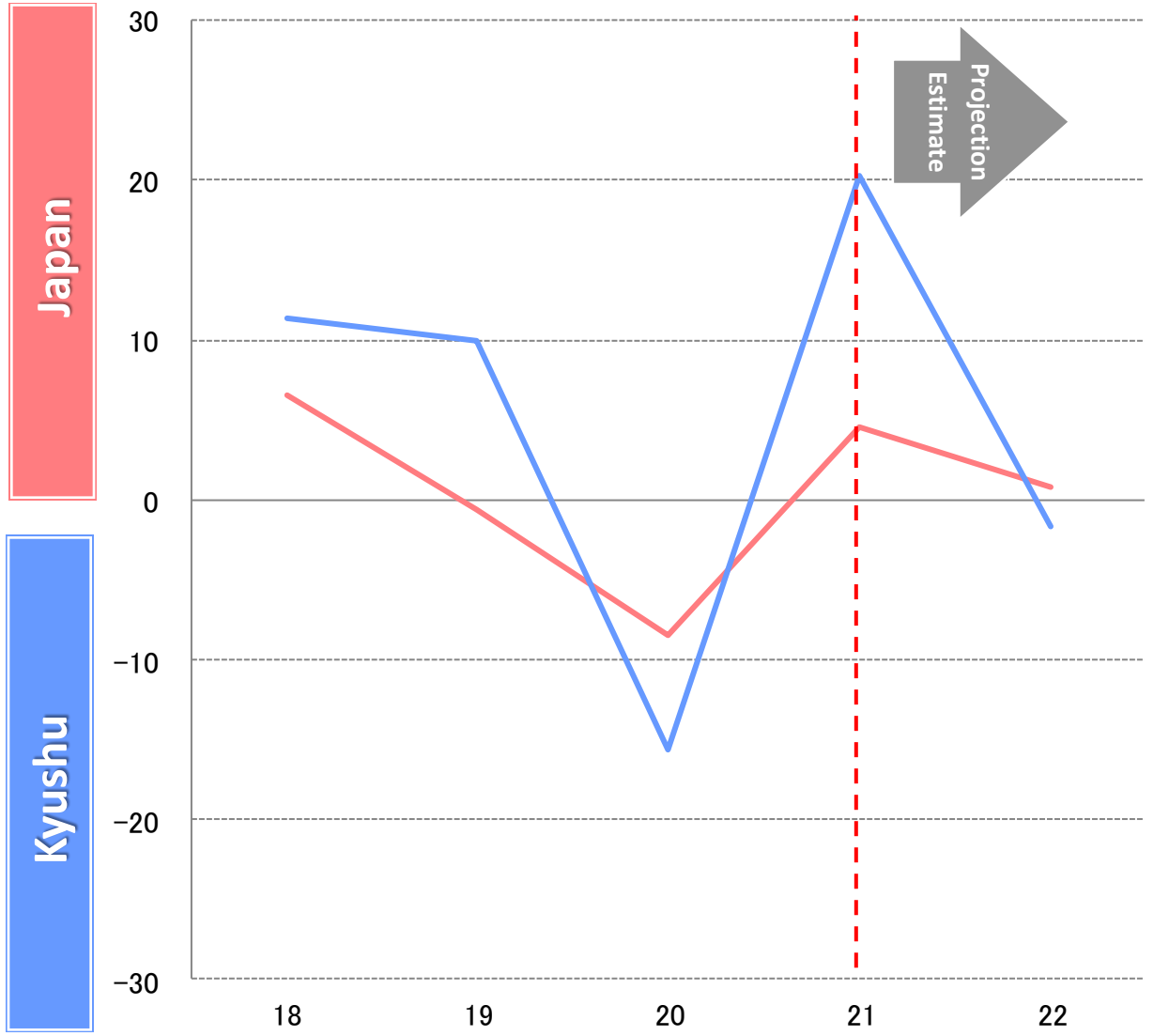




Source: Kyushu Bureau of Economy, Trade and Industry

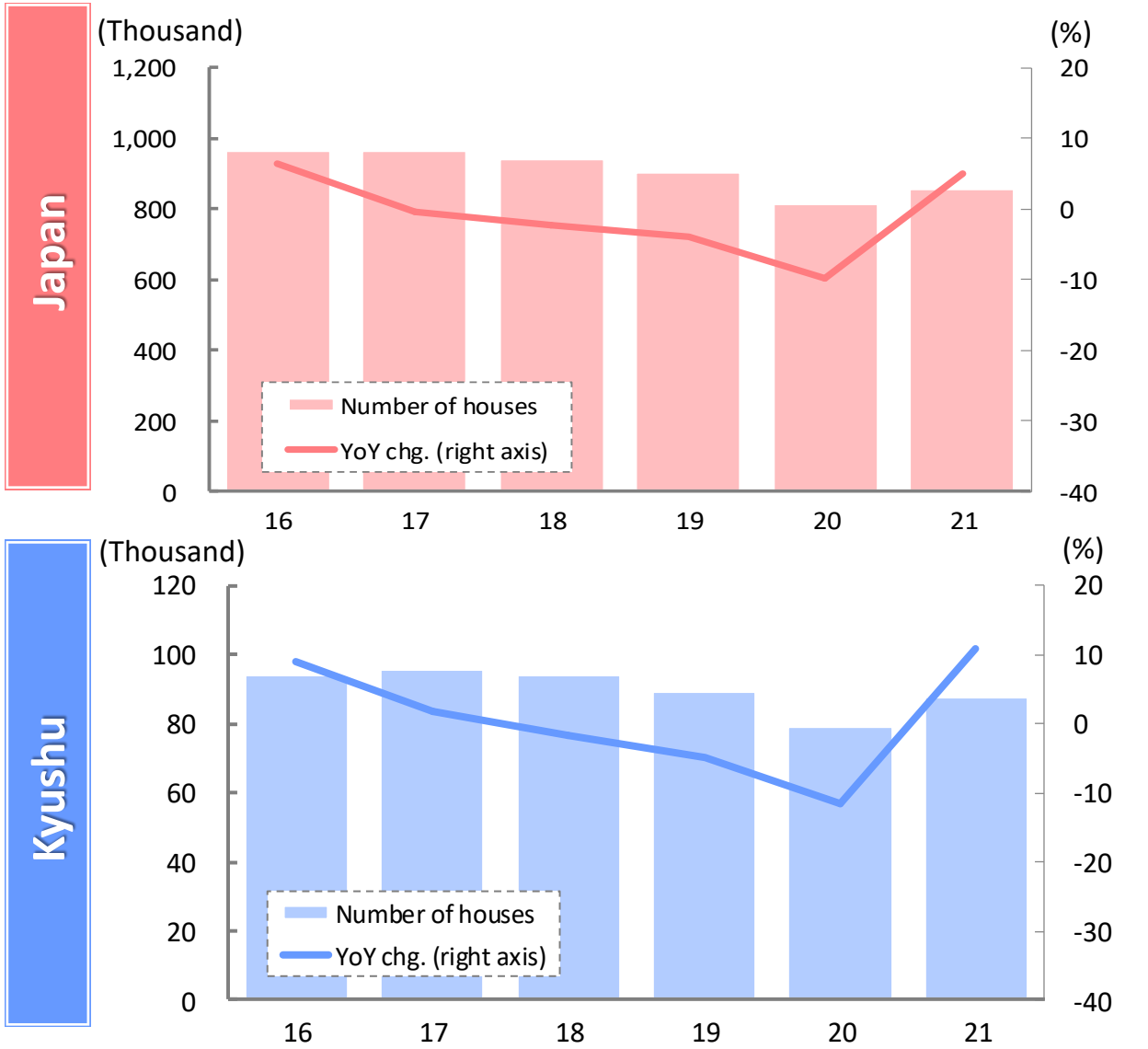
Capital Investment / Housing Investment

Capital investment: Bank of Japan's Tankan (YoY change)



Source: Bank of Japan

Housing starts



Source: Ministry of Land, Infrastructure and Transport

Volatility of standard land prices

<Ministry of Land, Infrastructure and Transport: 2022 Outline of Land Price Surveys Conducted by Prefectural Governments>

(%)

- ○ Japan: There have been increases for the first time in 2 years for the average of all uses, residential lands and commercial lands
- ○ 3 major metropolitan areas: There have been increases for the first time in 2 years for the average of all uses, residential lands and commercial lands
- ○ Other areas: There have been increases for the first time in 2 years for the average of all uses, residential lands and commercial lands
- ○ A trend toward recovery has been seen nationally since last year as the impacts of COVID-19 gradually ease

	Residential land			Commercial land		
	2021	2022	Change	2021	2022	Change
Japan	-0.4	0.5	+0.9	-0.8	0.4	+1.2
3 major metropolitan areas	-0.6	0.5	+1.1	-1.3	0.7	+2.0
Tokyo area	-0.5	0.6	+1.1	-1.0	0.7	+1.7
Fukuoka	1.5	3.2	+1.7	2.4	4.1	+1.7
Saga	0.3	0.9	+0.6	0.0	0.3	+0.3
Nagasaki	-0.4	0.1	+0.5	-0.4	0.4	+0.8
Kumamoto	0.4	0.9	+0.5	0.2	0.8	+0.6
Oita	0.6	1.0	+0.4	-0.4	-0.2	+0.2
Miyazaki	-0.3	-0.2	+0.1	-0.9	-0.8	+0.1
Kagoshima	-1.1	-1.0	+0.1	-1.4	-1.3	+0.1
Yamaguchi	-0.1	0.2	+0.3	-0.4	-0.3	+0.1

Major cities in Fukuoka Pref.

(%)

	Residential land		Commercial land	
	2021	2022	2021	2022
Fukuoka City	3.3	6.1	6.6	9.4
Kitakyushu City	-0.1	0.4	0.1	0.9

Major cities in Kumamoto Pref.

	Residential land		Commercial land	
	2021	2022	2021	2022
Kumamoto City	0.7	1.0	0.8	1.4
Yatsushiro City	-0.6	-0.3	-0.6	-0.7

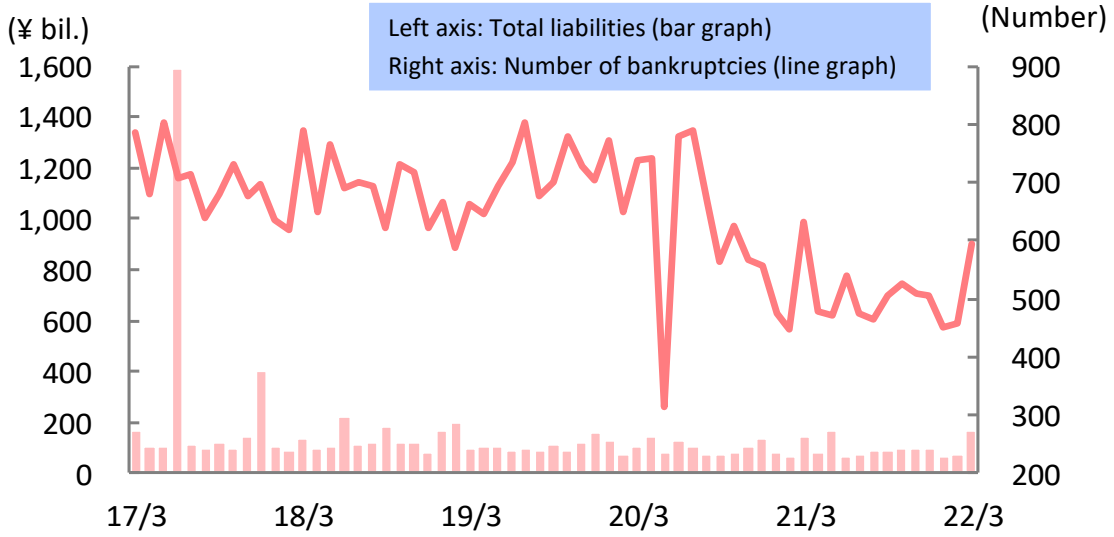
Major cities in Nagasaki Pref.

	Residential land		Commercial land	
	2021	2022	2021	2022
Nagasaki City	-0.2	0.7	0.0	1.9
Sasebo City	0.0	0.4	0.4	0.7

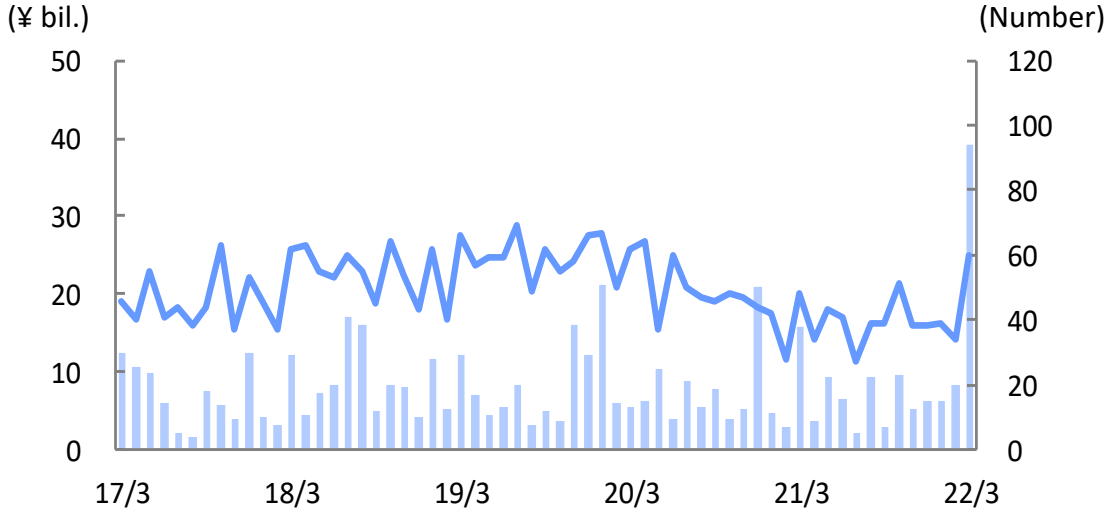
Source: Ministry of Land, Infrastructure and Transport

Number of bankruptcies and total liabilities

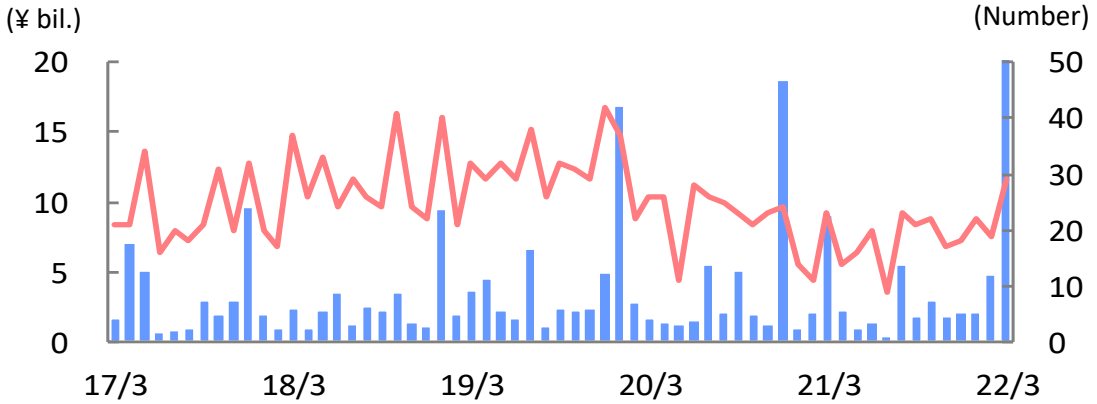
Japan



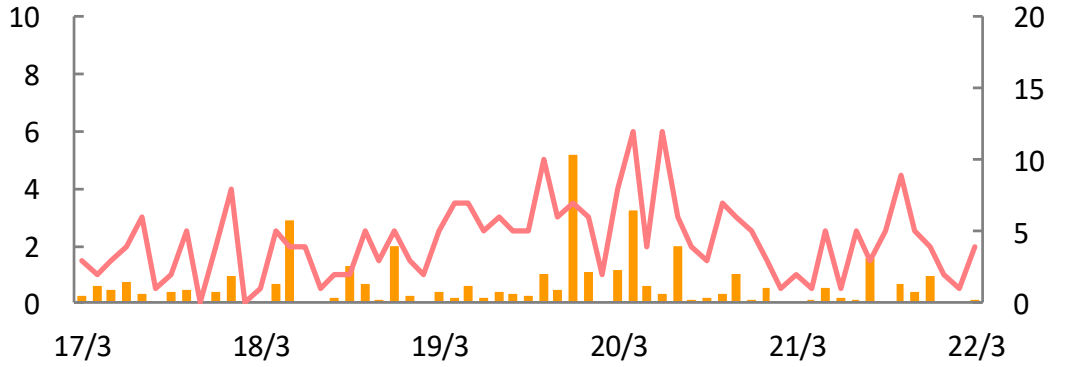
Kyushu



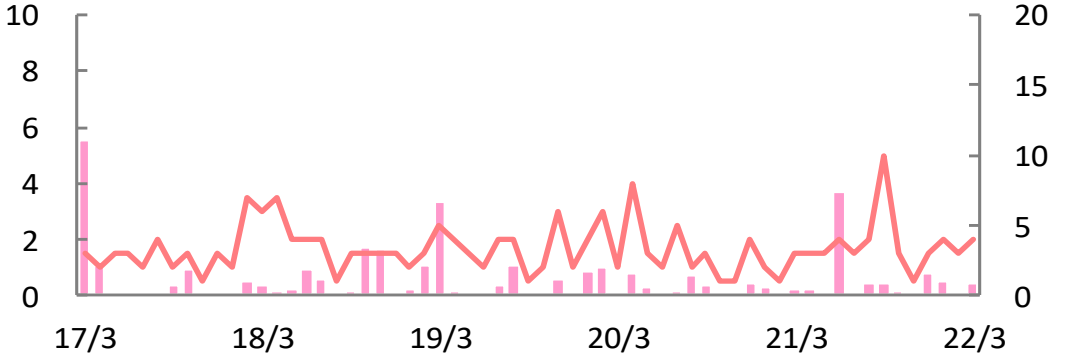
Fukuoka



Kumamoto

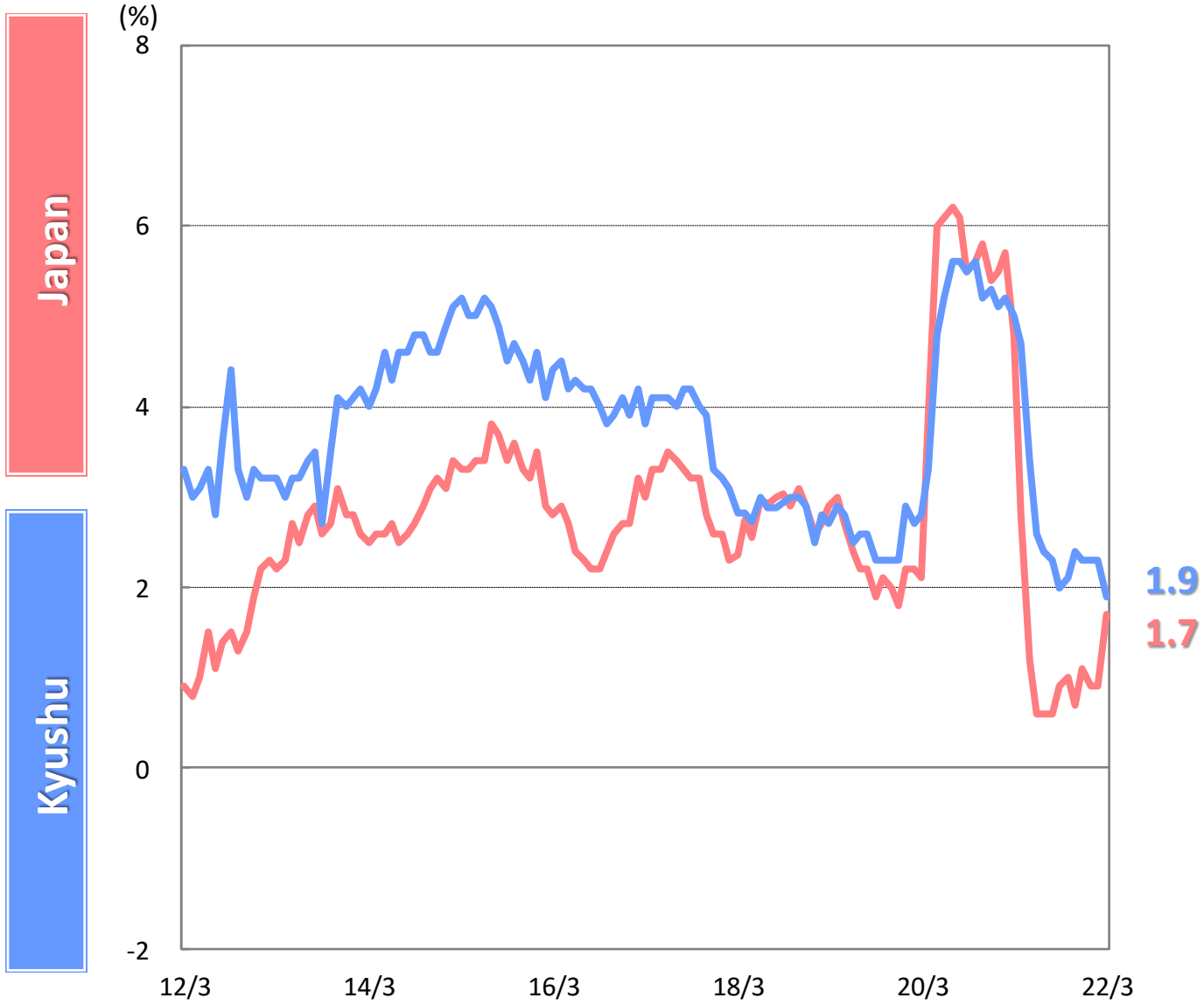


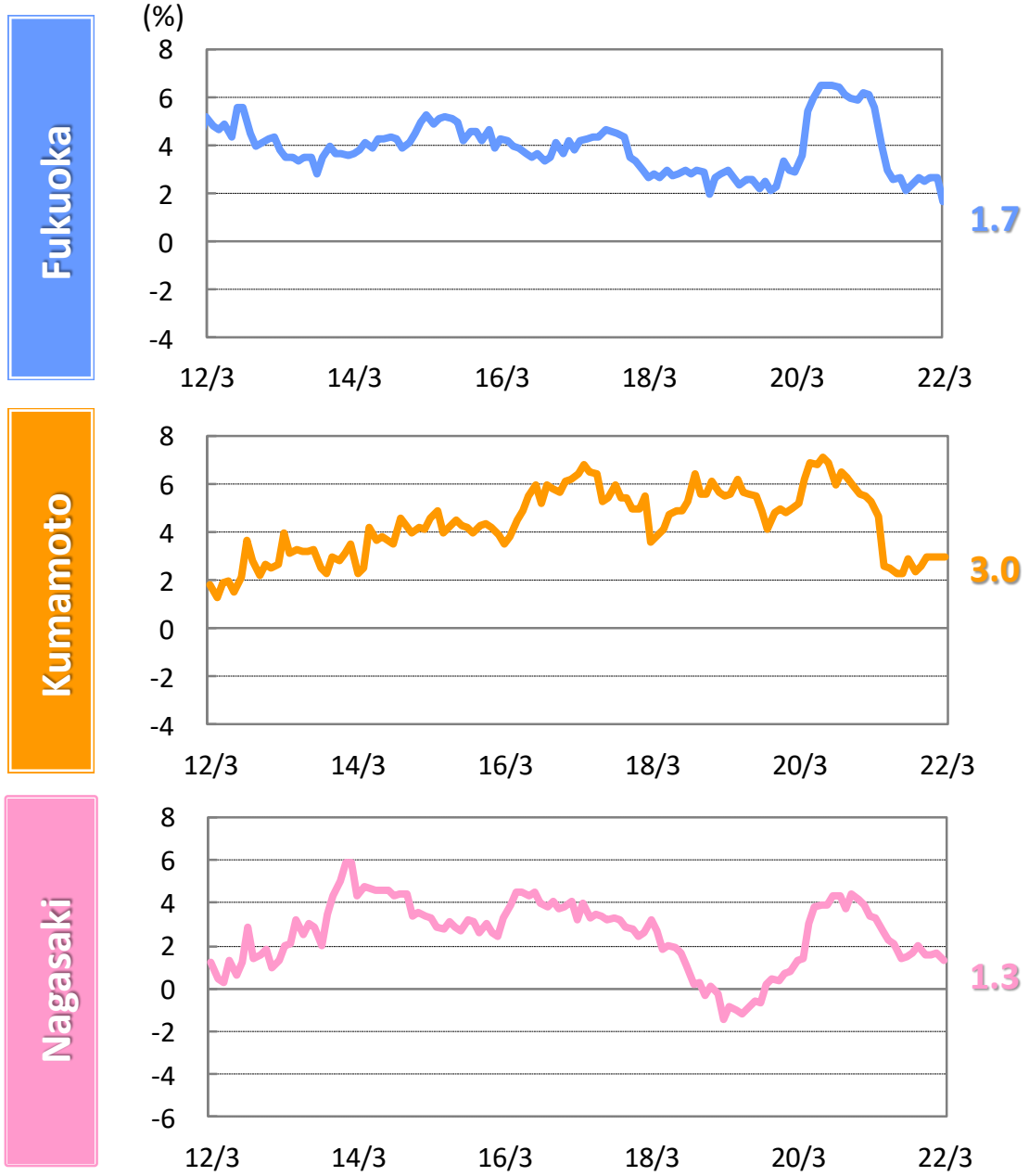
Nagasaki



Source: Tokyo Shoko Research

Rate of increase of bank loans (YoY change, monthly)

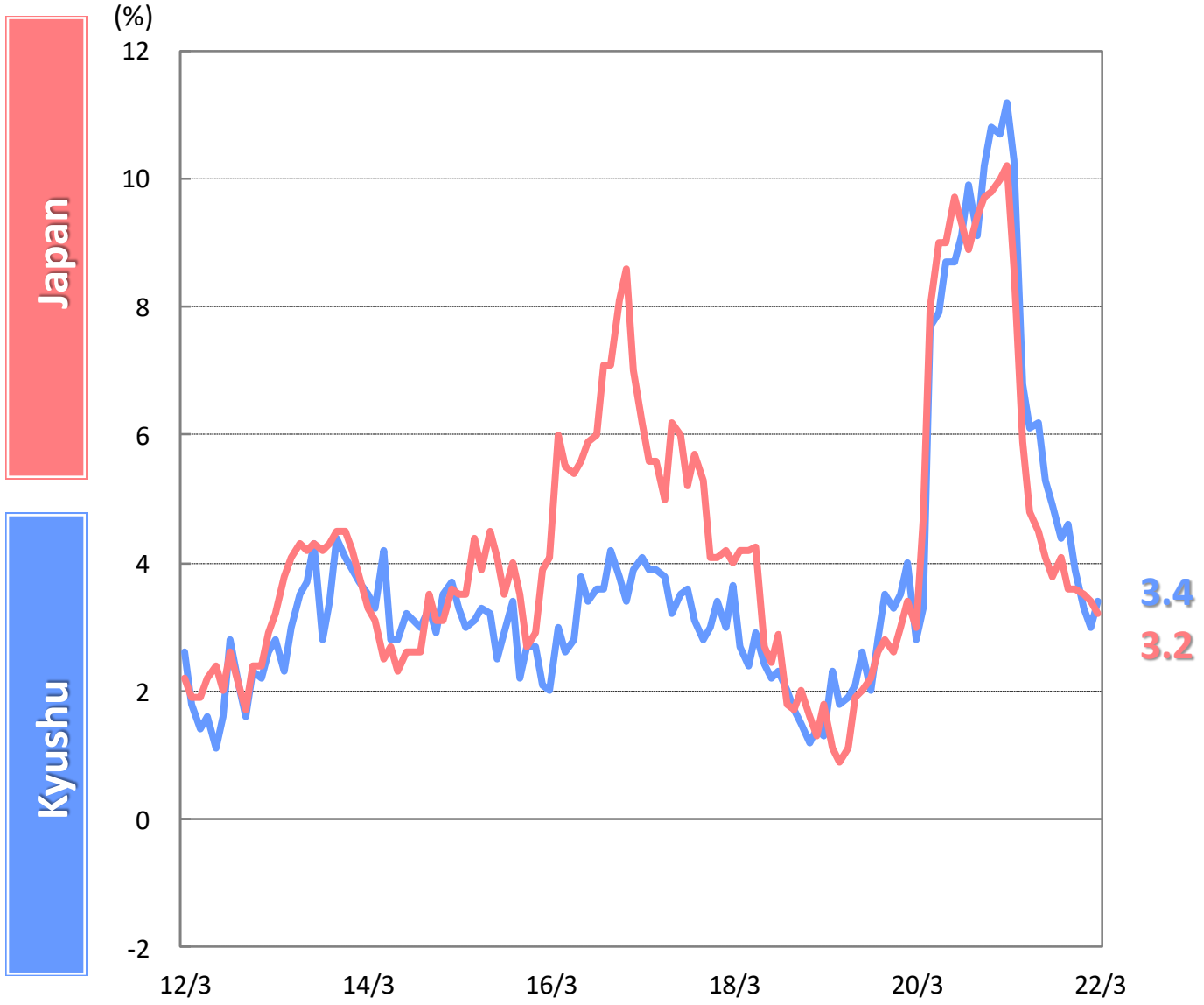


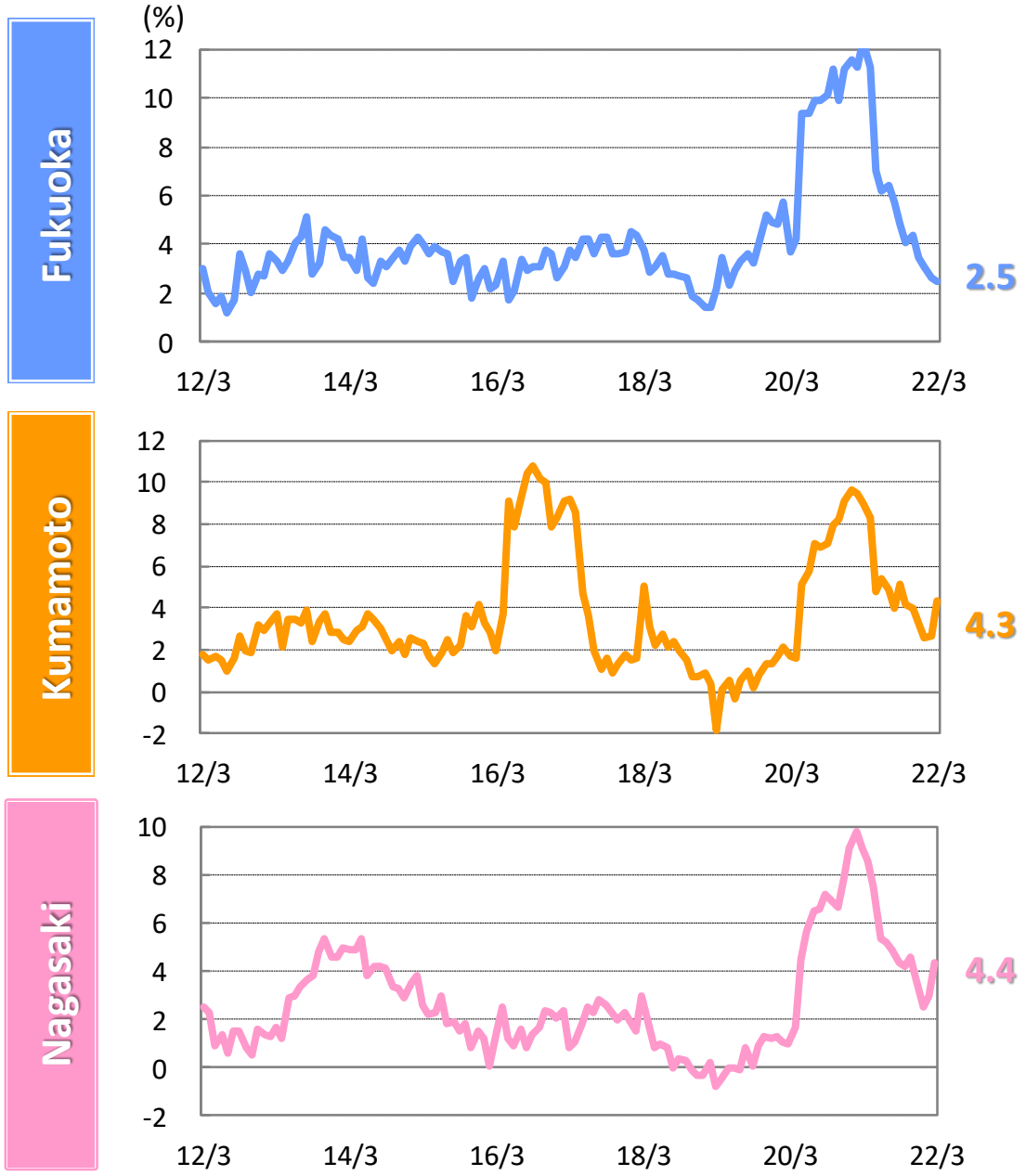


Source: Bank of Japan

Deposits

Rate of increase of bank deposits (YoY change, monthly)





Source: Bank of Japan

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