

Investor Meeting

November 29, 2023



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Part I: Management Strategy



FFG's Management Strategy (key points)

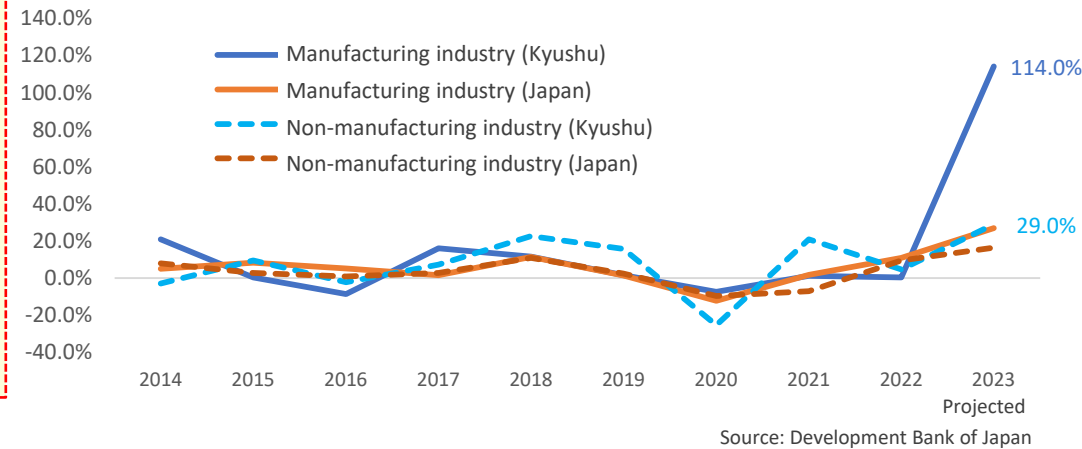
- i. Business Foundations
- ii. Rising Domestic Interest Rates
- iii. Unique Growth Strategy
- iv. Value Creation Story

Point 1: Business Foundations_ Strong Kyushu Economy

- Kyushu's economy is performing well across all indicators compared to the national economy. Kyushu's gross regional product (GRP) (+1.6%) will exceed the national GDP (+1.1%).

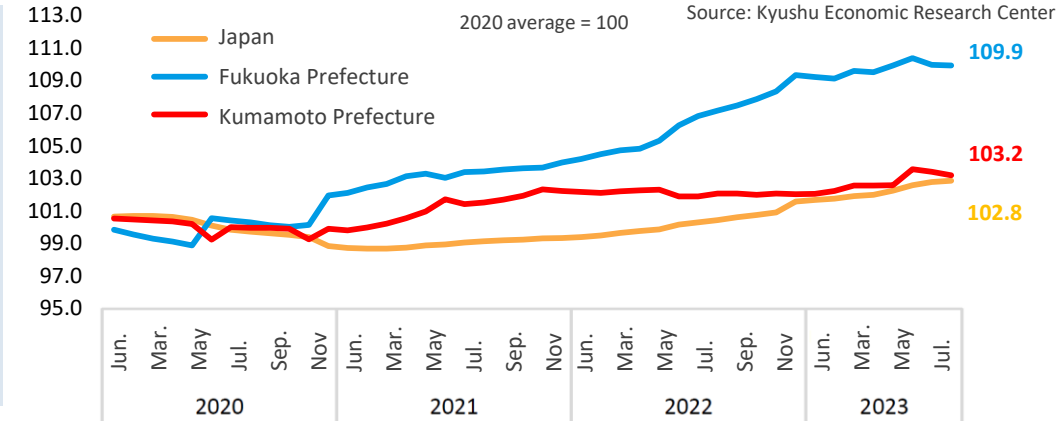
Kyushu economy

<Capital investment in manufacturing/non-manufacturing industries (YoY chg.)>



Capital investment*

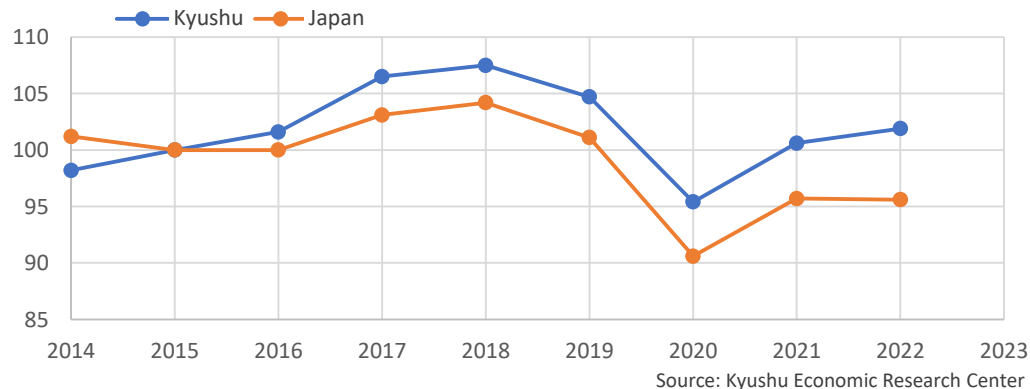
<Nominal wage index (YoY chg.)>



Rising wages

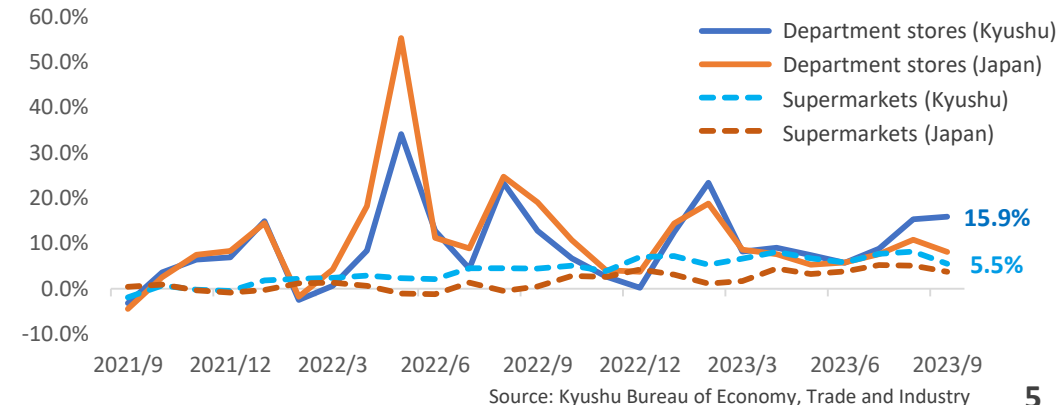
* Capital investment and private consumption account for 70% of Kyushu's GRP

<Industrial production index>



Industrial production

<Department store/supermarket sales (YoY chg.)>



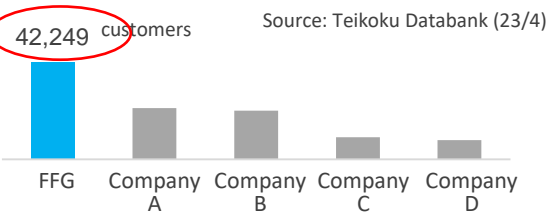
Private consumption

Point 1: Business Foundations Customer Base/Business Opportunities

- FFG's core businesses (deposits, loans, asset management) are expected to maintain growth trend, backed by the strong Kyushu economy and a solid customer base.

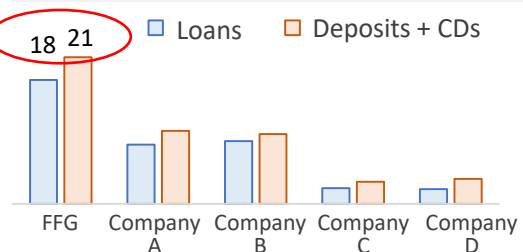
FFG's solid customer base

[Comparison of "main bank" customers (Kyushu and Okinawa)]

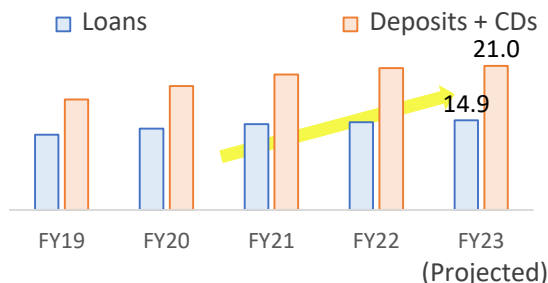


Bank	Corporate customers	Rank [prefecture]
Bank of Fukuoka	22,009	1st [Fukuoka]
Fukuoka Chuo Bank	1,760	5th [Fukuoka]
Kumamoto Bank	4,441	2nd [Kumamoto]
Juhachi-Shinwa Bank	14,039	1st [Nagasaki]

[Comparison of loan and deposit balances (Kyushu, ¥ tril.)]

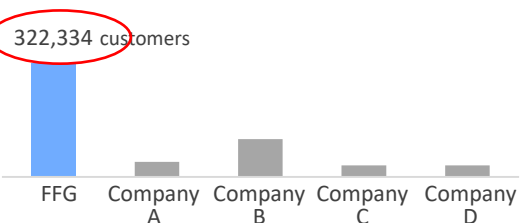


[FFG's loan and deposit balance (¥ tril.)]



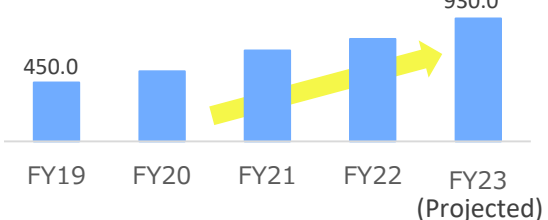
[Comparison of NISA accounts (Kyushu)]

- No. 1 regional banking group for NISA accounts



[FFG's investment trust balance (¥ bil.)]

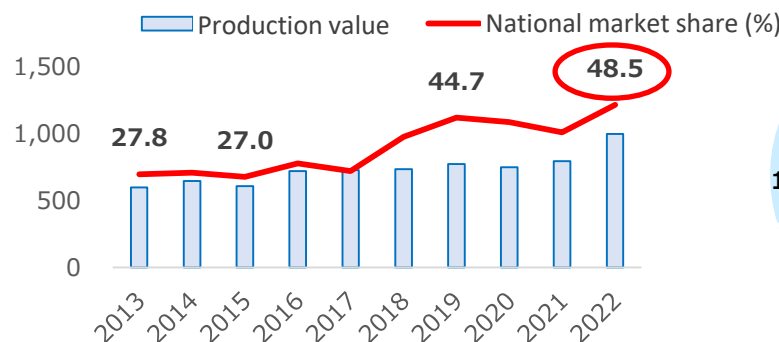
- Balance of investment trusts has doubled since the introduction of the Investment Trusts Palette service (compared to FY2019)



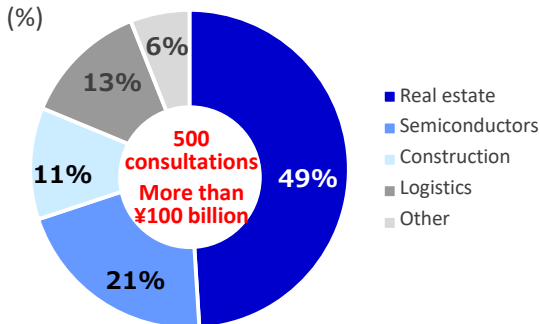
Business opportunities surrounding FFG

TSMC's expansion of operations in Kumamoto

- Sales of integrated circuits, national market share



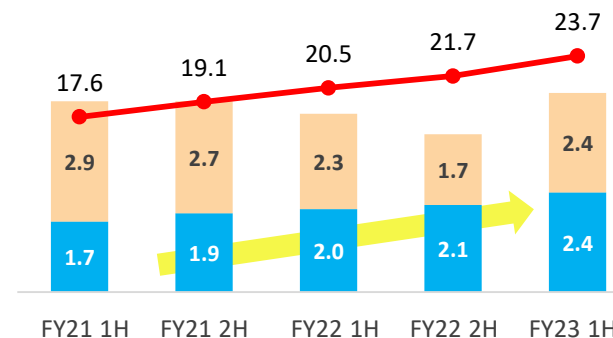
- Loan consultations at Kumamoto Bank (cumulative total)



From savings to investment

- Investment trust commissions

信託報酬 Trust fees (¥ bil.) 手数料(億円) Sales commission (¥ bil.)



- Increase in the number of NISA accounts at integrated banking-securities
 - Expansion of new NISA products
 - Reduced commissions
 - Increase in the balance of investment trusts through the Investment Trusts Palette service and installment investment trusts
- ⇒ Increase in trust fees

Point 2: Rising Domestic Interest Rates_Impact on Net Interest Income

- Impact of rising yen interest rates on net interest income is estimated at about 8 billion yen per year.

Yen balance sheet

Yen portfolio: 28.7 trillion yen

Loans 14.5 trillion yen		Deposits 20.7 trillion yen	
Fixed rate	6.6 trillion yen	Floating deposits	15.3 trillion yen
Market-linked rate	2.2 trillion yen	Core deposits	8.3 trillion yen
Other floating rate	5.7 trillion yen	Fixed deposits	5.4 trillion yen
Loans to Government 3.0 trillion yen		Market procurement 2.9 trillion yen	
Current account at the Bank of Japan 8.2 trillion yen		Bank of Japan market operations 5.4 trillion yen	
Securities 3.0 trillion yen			

(As of Sep. 30, 2023)

Impact of rising yen interest rates on net interest income

(Annualized basis)	Removal of YCC + Lifting of negative interest rates
Impact on net interest income	Approx. +8 billion yen
Due to increase in short-term interest rates	Approx. +6 billion yen
Due to increase in medium- and long-term interest rates	Approx. +2 billion yen

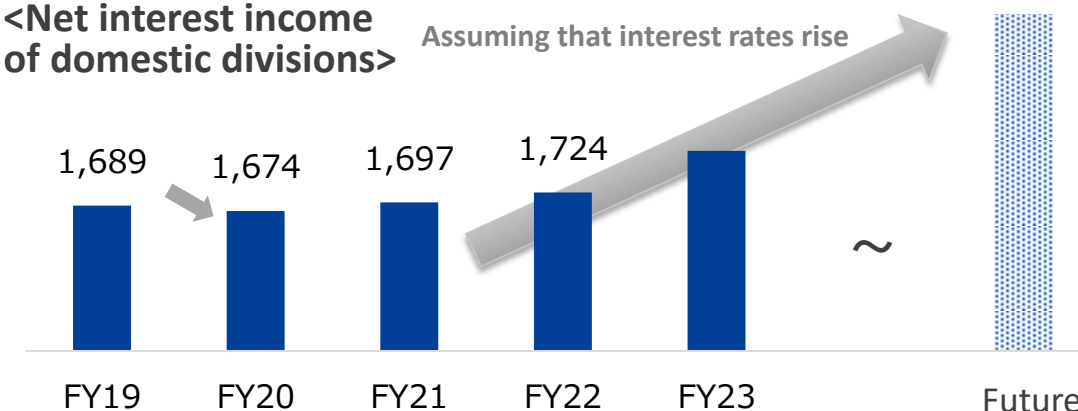
- Increase in interest rates for market-linked loans and replacement of fixed-rate loans
- Increase in investment income in market divisions, etc.
- Normalization of policy interest rate → Further upside

Reference: Main assumptions

- Policy interest rate: 0% (-0.1% as of Sep. 30)
- JGB5Y: 0.5% (0.32% as of Sep. 30)
- JGB10Y: 1.0% (0.77% as of Sep. 30)

<Net interest income of domestic divisions>

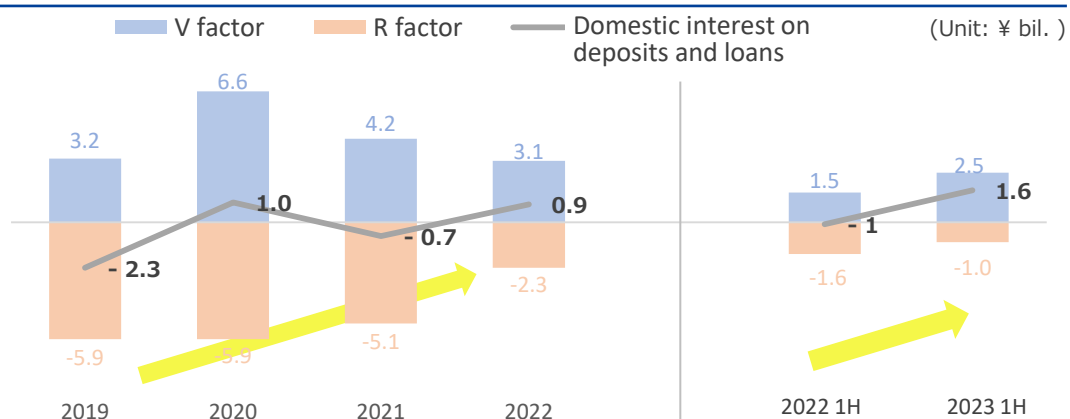
Assuming that interest rates rise



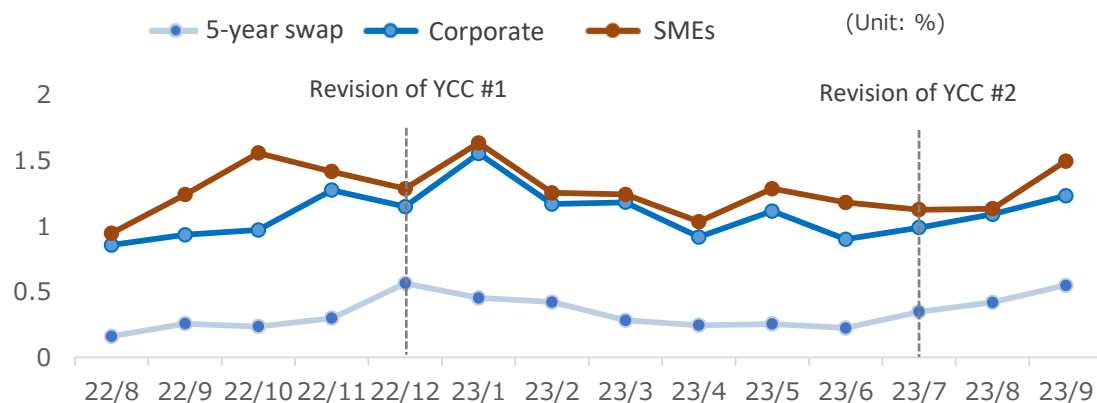
Point 2: Rising Domestic Interest Rates_Interest on Deposits and Loans, and Domestic Bond Investment

- Interest on deposits and loans is entering a recovery phase. Negative goodwill will be used effectively for unrealized losses on yen bonds (to secure future earnings).

Increase/decrease factors in domestic interest on deposits and loans (YoY chg.)



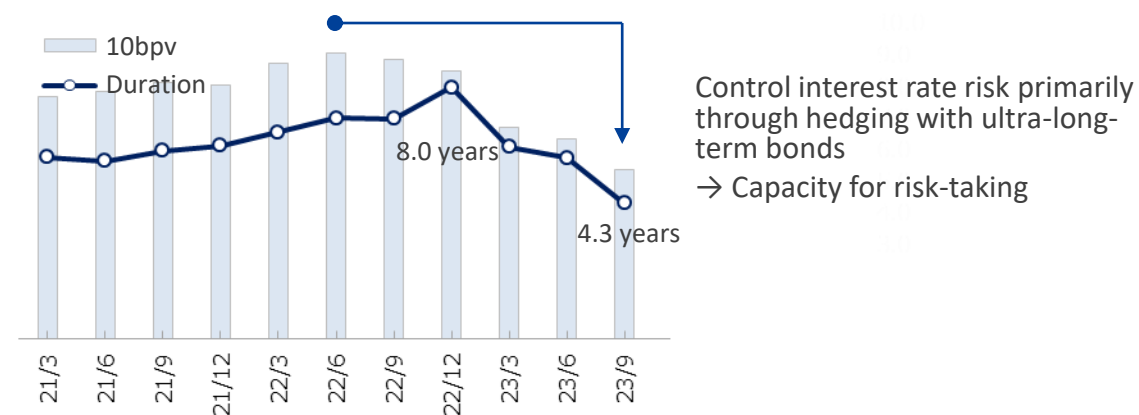
Corporate "long-term fixed" flow rate



Unrealized gains (losses) on securities

[Unit: ¥ bil.]	22.9	23.3		23.9	
		After considering hedges		After considering hedges	
Domestic stocks	65.1	82.8	82.8	118.4	118.4
Domestic bonds	-64.9	-64.4	-57.8	-132.5	-87.3
Foreign bonds	-79.9	-18.0	-6.5	-66.6	-25.4
Other	-17.1	-10.7	-10.7	-8.8	-8.8
Total	-96.7	-10.2	7.8	-89.5	-3.1

Interest rate risk on yen bond portfolio



Application of negative goodwill resulting from the business integration with the Fukuoka Chuo Bank

Earnings effect

+2 billion yen/year

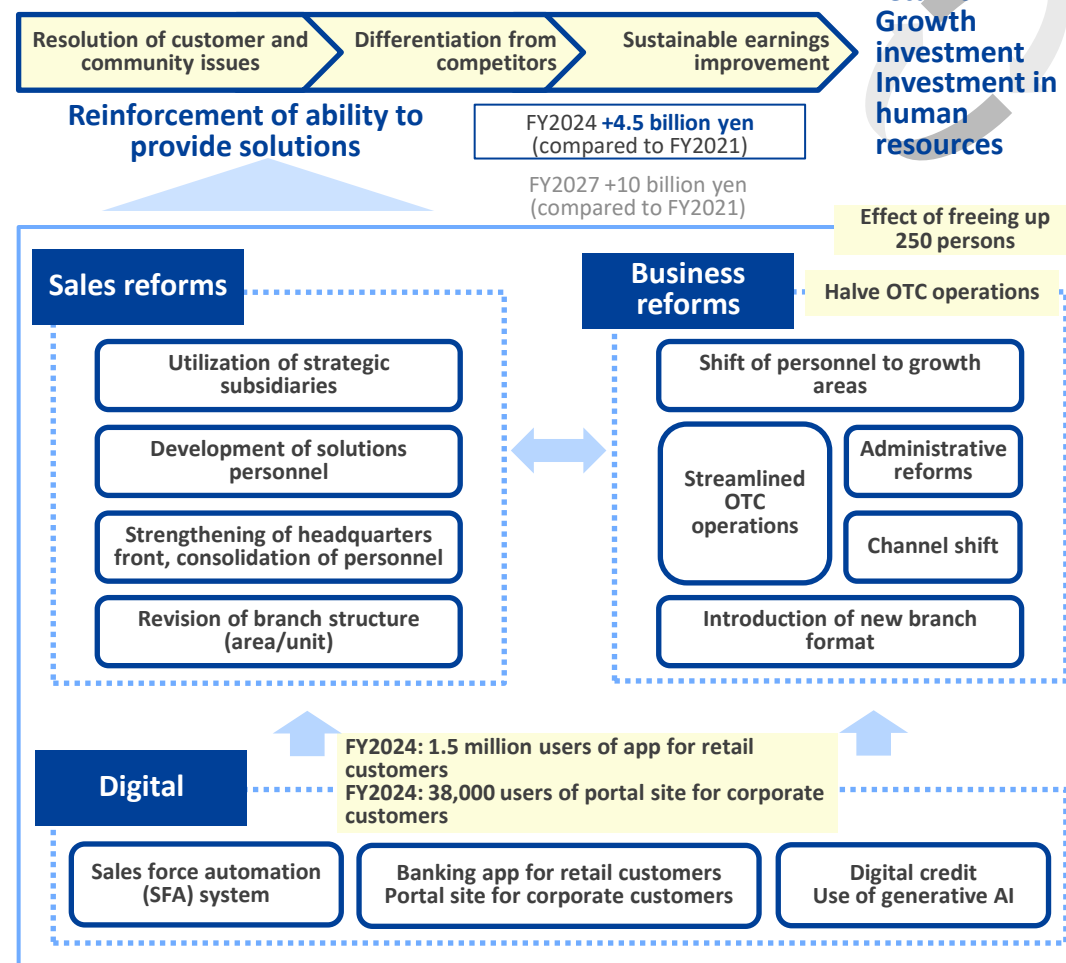
Point 3: FFG's Growth Strategy_Transformation of the Existing Business Model

- Steady progress made in each measure. We will achieve differentiation from our competitors by reinforcing our ability to provide solutions through coordination of measures.

Progress of 7th Medium-Term Management Plan measures

Digital	Banking app for retail customers	➢ Jul. 26, 2023 release: 250,000 registered users (as of Nov 26)
	Portal site for corporate customers	➢ Oct. 18, 2023 release: 6,500 applicants (as of Nov 26)
	Sales force automation (SFA) system	➢ Oct. 30, 2023 release: Progress made in the centralization, visualization and sharing of information
	Digital credit	➢ Nov. 7, 2023 release: Started trial of screening system that utilizes AI
Business reforms	Streamlined OTC operations	➢ Started at 2 branches in Fukuoka Prefecture in Sep. 2023
	Channel shift	➢ Channel shift through use of the app for retail customers and the portal site for corporate customers
	Administrative reforms	➢ Reduced operational workload through improved operational efficiency and automation
Sales reforms	Area/unit system	➢ Started trial operation in 2 areas of the Bank of Fukuoka (consolidation of personnel)
	Semiconductor Business Group	➢ Established a new team in FFG in Oct. 2023 that is dedicated to semiconductor-related business, including TSMC
	New NISA strategy	➢ Strengthened promotions through TV commercials, etc. Strengthened collaboration with FFG Securities.
Strengthening strategic subsidiaries	FFG Industries	➢ Commenced operations in Jun. 2023. Steady increases in both partner factories and ordering companies.
	FFG Succession	➢ Increase potential pipelines through collaboration with branches
	FFG Lease	➢ Sales area expanded to 3 prefectures of Fukuoka, Kumamoto and Nagasaki from Apr. 2023

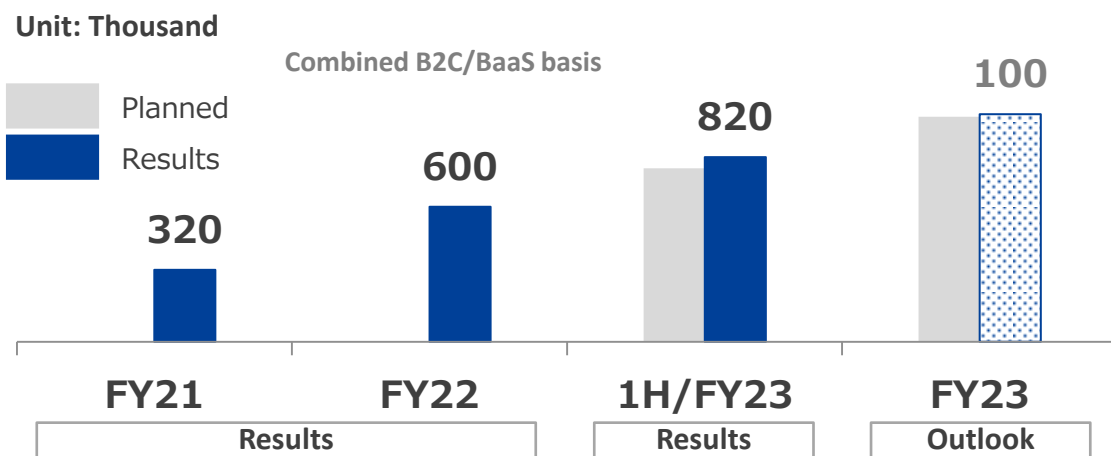
Transformation of the Existing Business Model (overview)



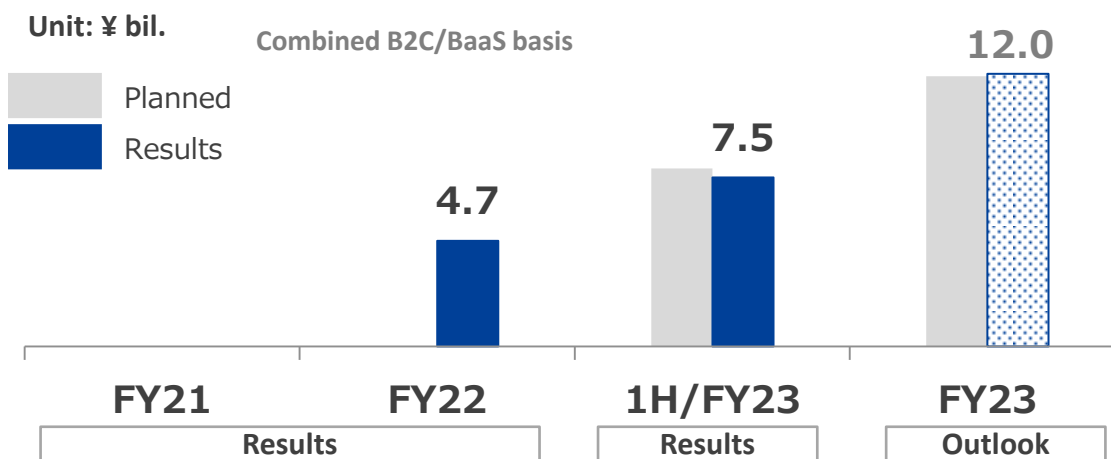
Point 3: FFG's Growth Strategy_Minna Bank

- We will proceed with efforts to make the business profitable in FY2027, while addressing various issues and implementing new measures.

Number of accounts: Maintaining upward trend, expected to be on par with FY2023 plan



Loans: Maintaining upward trend, expected to be on par with FY2023 plan

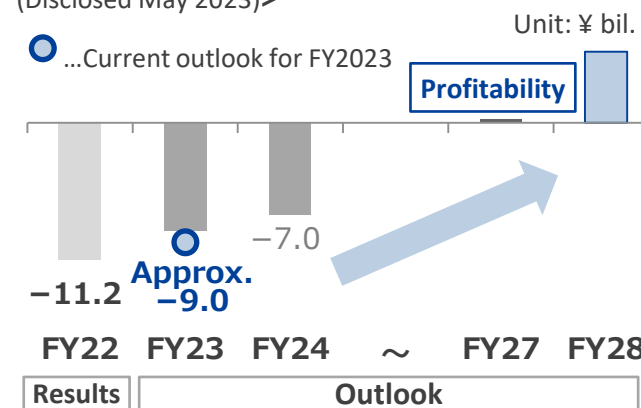


BaaS: Partnerships are growing

Partner companies	Details of service
pixiv Inc.	API collaboration with BOOTH, a general marketplace where creators share their creations (direct account settlement)
United Super Markets Holdings Inc.	API collaboration with the Scan & Go ignica app, a self-scanning shopping app (direct account settlement, charge to "ignica money" electronic money)
Mitsui Sumitomo Primary Life Insurance Co. Ltd.	API collaboration with AHARA, a variable annuity insurance that allows all procedures to be completed by smartphone (account transfers, provision of personal identification information)
Other partner branches	PERSOL TEMPSTAFF CO., LTD., E. design Insurance Co., Ltd.
Other MOU partners	REVOLUT TECHNOLOGIES JAPAN, Inc., Daiwa Connect Securities Co., Ltd., Moomoo Securities Japan Co., Ltd.

Projected profit (loss) and recognition of issues

< Impact on FFG consolidated bottom line (Disclosed May 2023)>



<Assessment of current situation and issues>

Number of accounts	<input type="checkbox"/> Upward trend is being maintained, largely in line with plan
Balance of loans	
BaaS-related	<input type="checkbox"/> Collaboration with partner companies is progressing steadily <input checked="" type="checkbox"/> However, acquisition of accounts needs to pick up pace
Credit cost	<input checked="" type="checkbox"/> Issues recognized - Measures currently being implemented to reduce cost

Overview of FY2023 Interim Financial Results and Full-Year Earnings Projections

Unit: \ bil.	1H		2H		FCB (excluding integration)		FY2023	
		YoY chg.		YoY chg.		Integration factors		YoY chg.
Core gross business profit	113.9	+2.2	115.5	+12.0	+4.0	-0.3	229.4	+14.2
Net interest income	101.3	+5.4	100.6	+10.0	+3.6	-	201.9	+15.4
Domestic	96.1	+9.4	96.1	+10.3	+3.6	-	192.1	+19.7
Loans	71.2	+1.5	74.9	+4.4	+3.2	-	146.1	+6.0
Loans to SMEs	34.5	+1.1	37.1	+3.1	+2.3	-	71.6	+4.3
Interest on securities, etc.	25.0	+7.9	21.3	+5.9	+0.5	-	46.4	+13.8
International	5.2	-4.0	4.5	-0.3	-	-	9.7	-4.3
Non-interest income (excl. bonds)	12.6	-3.2	14.9	+2.0	+0.1	-	27.5	-1.2
Investment trusts/insurance	7.4	+0.6	8.0	+1.3	+0.2	-	15.3	+1.9
Other	5.2	-3.8	6.9	+0.6	-0.1	-	12.2	-3.1
Overhead expenses	-55.5	-0.0	-59.8	-5.9	-3.1	-0.3	-115.2	-5.9
Core business profit	58.4	+2.1	55.7	+6.1	+0.7	-0.3	114.1	+8.3
Consolidation adjustment	-9.7	-2.4	12.6	+24.8	-	+22.0	2.9	+22.5
Adjustment related to Minna Bank	-4.5	-1.1	-4.8	+3.0	-	-	-9.3	+1.9
Gain on negative goodwill	-	-	21.5	+21.5	-	+21.5	21.5	+21.5
FFG consolidated net income	30.3	-0.5	31.2	+30.8	+0.4	-	61.5	+30.3
<u>Credit cost</u>	<u>-6.0</u>	<u>-5.5</u>	<u>-4.7</u>	<u>-2.0</u>	<u>-0.2</u>	<u>-1.5</u>	<u>-10.7</u>	<u>-7.5</u>
<u>Gains (losses) on securities</u>	<u>2.7</u>	<u>+6.3</u>	<u>-26.0</u>	<u>+5.3</u>	<u>-</u>	<u>-30.0</u>	<u>-23.2</u>	<u>+11.6</u>

Core business profit (4 banks total)

* Fukuoka Chuo Bank (FCB) to start contributing to earnings from 2H FY2023 onward

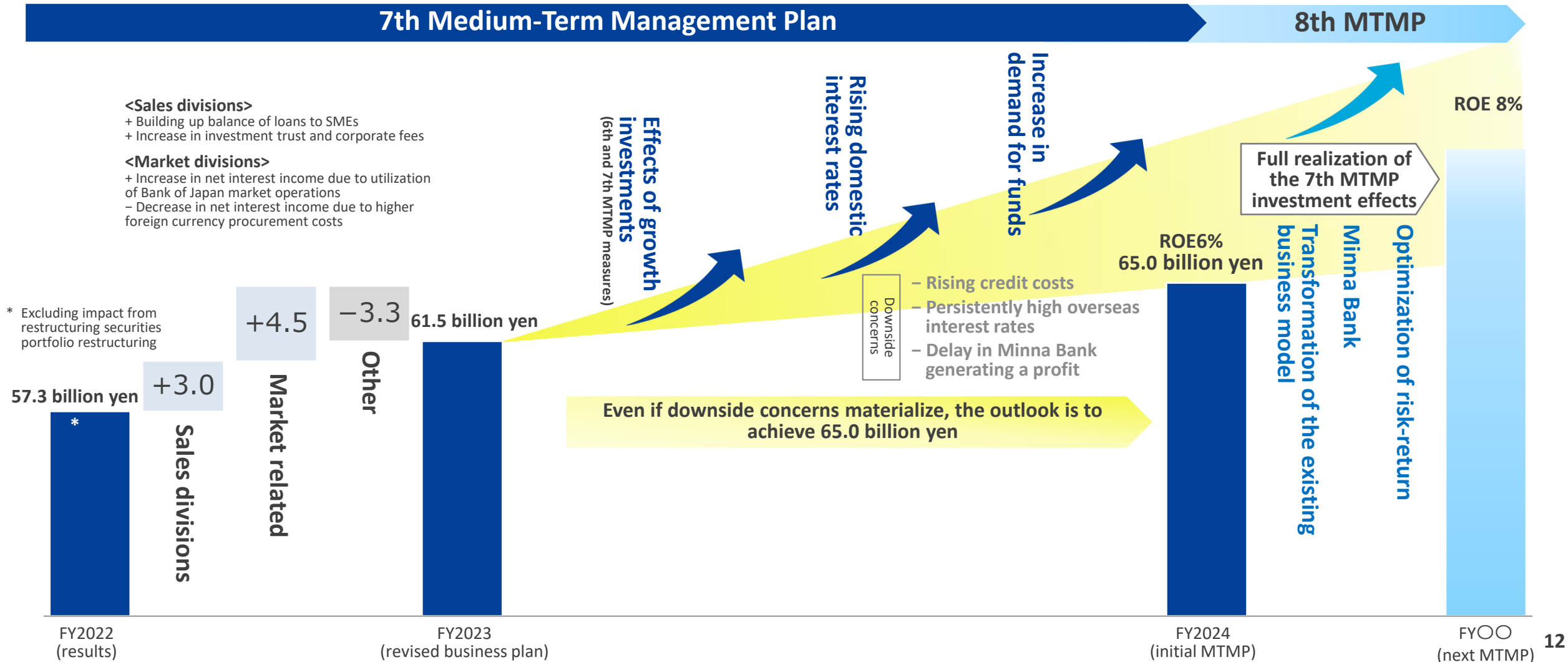
- ▶ **1H results: YoY chg. +2.1 billion yen**
 - The sales division performed well, including in loans, investment trusts and insurance, and there was also an increase in interest on securities, etc., helping to secure a year-on-year increase in profit.
- ▶ **FY2023 projected: YoY chg. +8.3 billion yen**
 - In addition to continuing to solidly build up earnings in the Sales Division, etc., core business profit will be the total of four banks from the second half of FY2023. This will result in a large year-on-year increase of 8.3 billion yen.

FFG consolidated net income

- ▶ **1H results: YoY chg. -0.5 billion yen**
 - Despite an increase in credit cost in part due to rehabilitation support for major customers, an increase in core business profit helped keep consolidated net income at the same level as in the previous year.
- ▶ **FY2023 projected: YoY chg. +30.3 billion yen**
 - FFG consolidated net income is projected to increase 30.3 billion yen year-on-year to 61.5 billion yen, due in part to an increase in core business profit and a turnaround from the loss on the sale of foreign bonds in the previous year following restructuring of the foreign bond portfolio.

Achievement of FY2024 MTMP Targets_Net Income

- Strong core business earnings, the realization of growth investments, rising domestic interest rates, and other factors make it highly probable that we will achieve our medium-term management plan targets.
- In the next medium-term management plan, we will aim to achieve ROE of 8% by realizing the investment effects of the current 7th MTMP.



Capital Policy (Basic Policy)

- We will strive to manage capital in a way that balances shareholder returns with growth investments based on the premise of maintaining soundness.

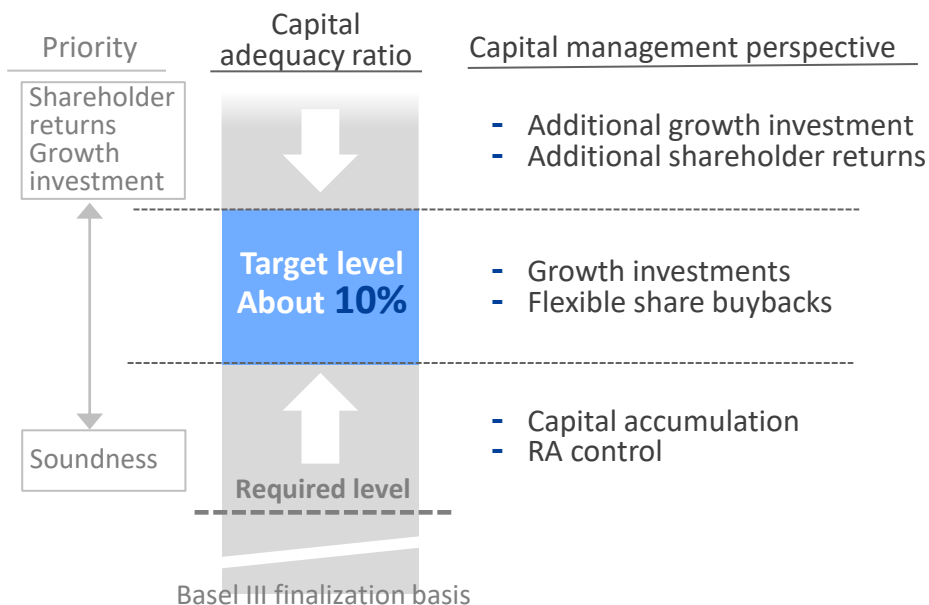
Capital policy

Basic policy

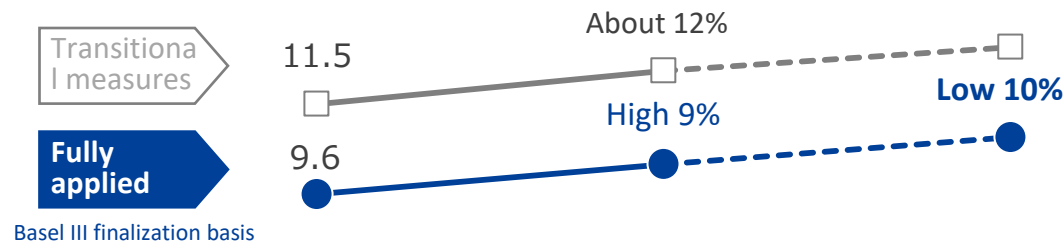
- While **maintaining soundness**, we aim to manage capital in a way that balances **investment in growth** and **shareholder returns** for the development of the local economy and the enhancement of FFG's corporate value.
- Stable (maintain or increase) dividend payment based on profit growth, and flexible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

Shareholder returns

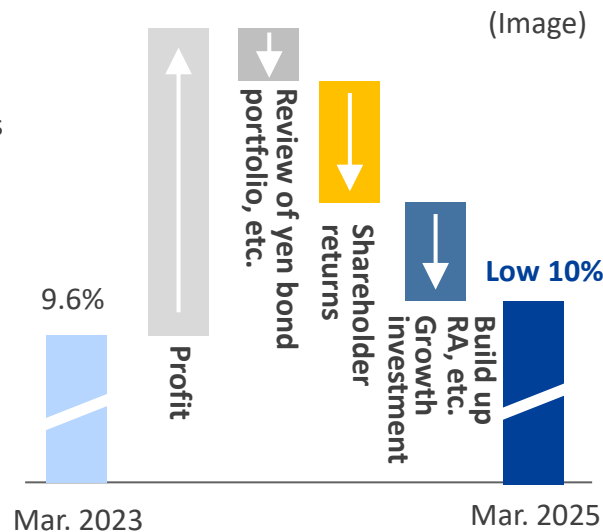
Capital management perspective



Capital adequacy ratio

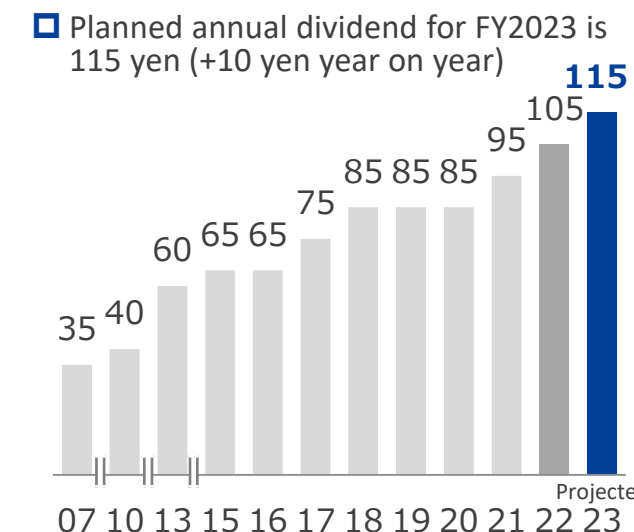


Capital allocation



*Basel III finalization basis

Dividend amount per share



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

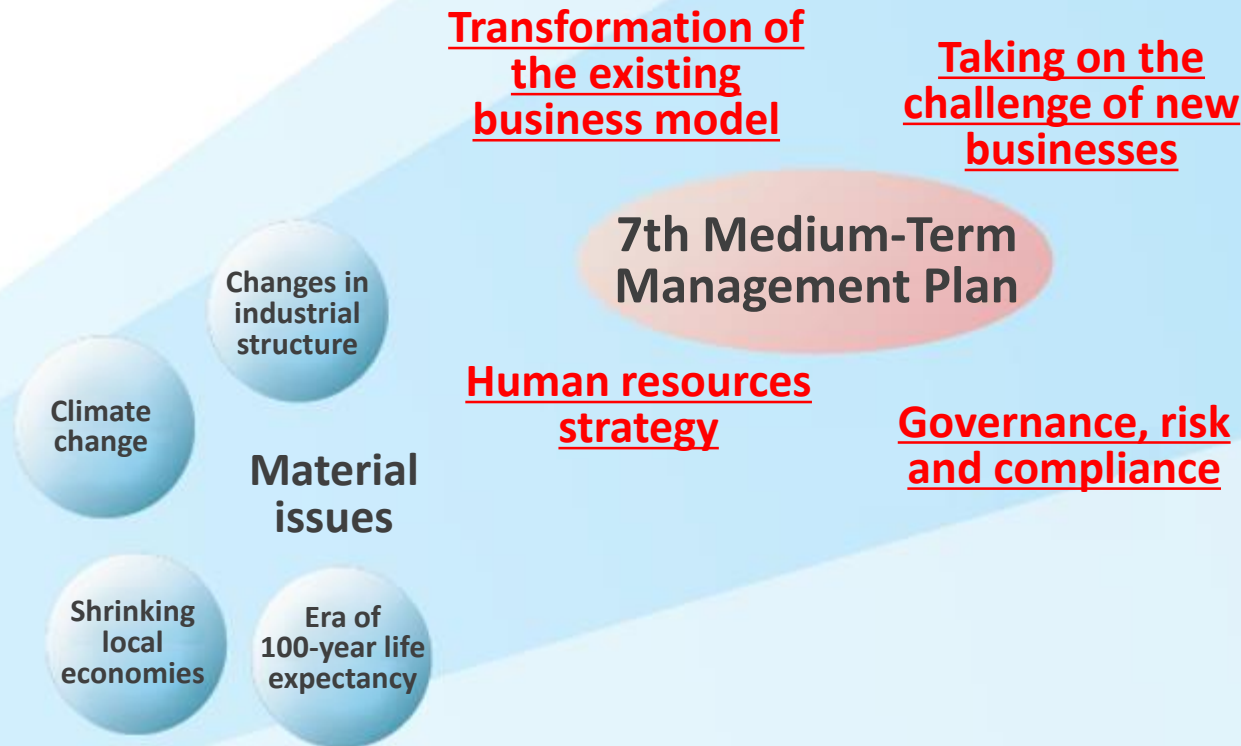
FFG's Vision for the Future

The future society that FFG is aspiring for is **economically, materially, and spiritually enriched local communities**.

To realize such a society, we believe that among the various environmental changes, the social issues (material issues) that we must address are **shrinking local economies, changes in industrial structure, the era of 100-year life expectancy, and climate change**.

Through various measures described in the 7th Medium-Term Management Plan, such as **transformation of the existing business model** and **taking on the challenge of new businesses**, we will contribute to solving these social issues, and while moving closer to **the sustainable society we aspire to create**, we will achieve our **Long-term Vision 2030**.

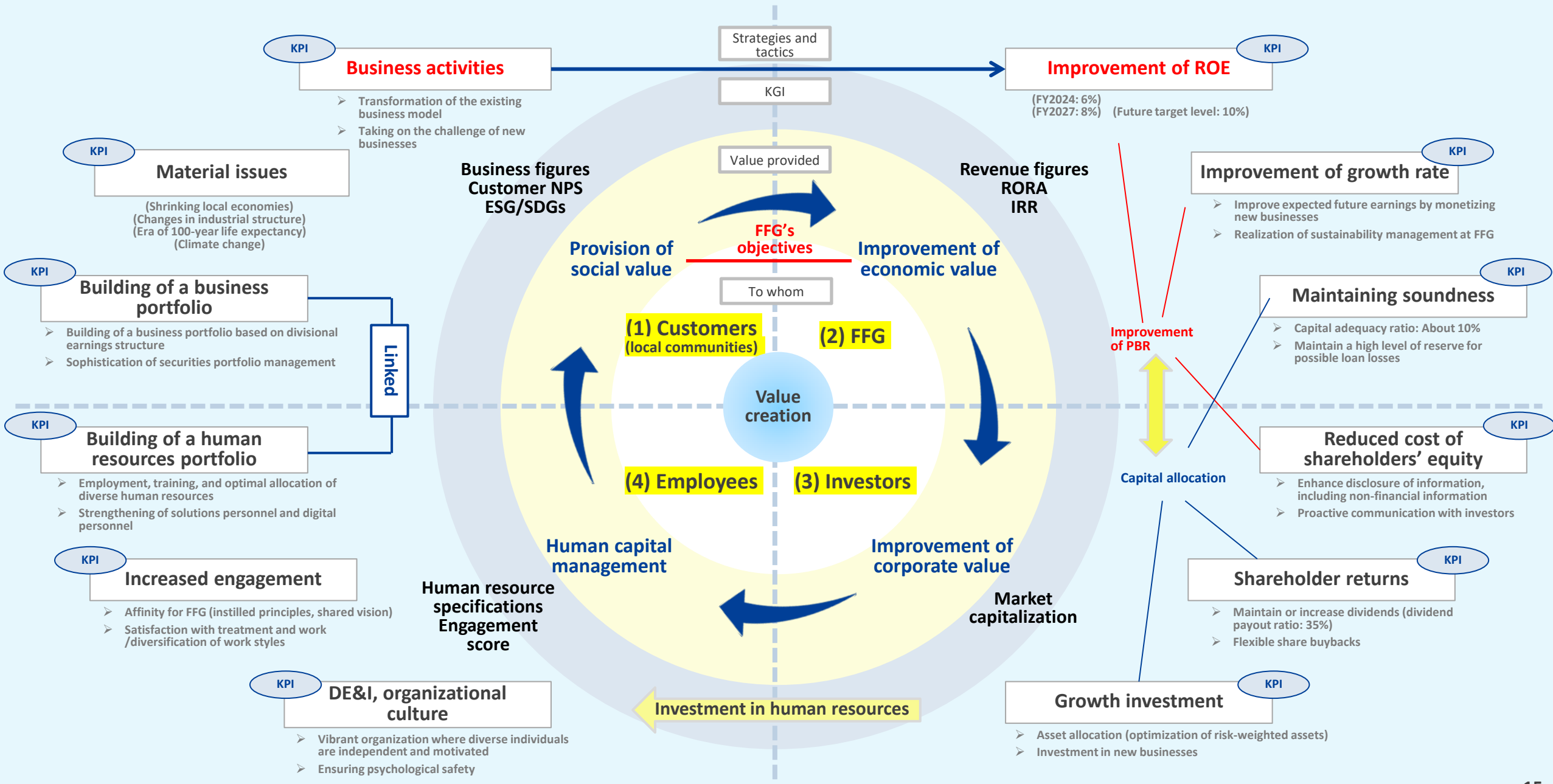
The **“Best Regional Bank”** as expressed in our **Long-term Vision 2030** is a financial group that contributes to the growth of all stakeholders through finance and consulting.



All officers and employees are engaged daily in working toward **“FFG's Vision for the Future,”** guided by common values in our Group Management Principles (an aspiration that has remained unchanged since the company's establishment) as well as the brand slogan **“To be your Bank of choice”** (a promise to our stakeholders that sums up these principles).

By creating a virtuous cycle of **“providing social value”** (=solving social issues) and **“improving FFG's economic value”** gained through the support of society, FFG is committed to working together with all stakeholders to **realize enriched local communities**.

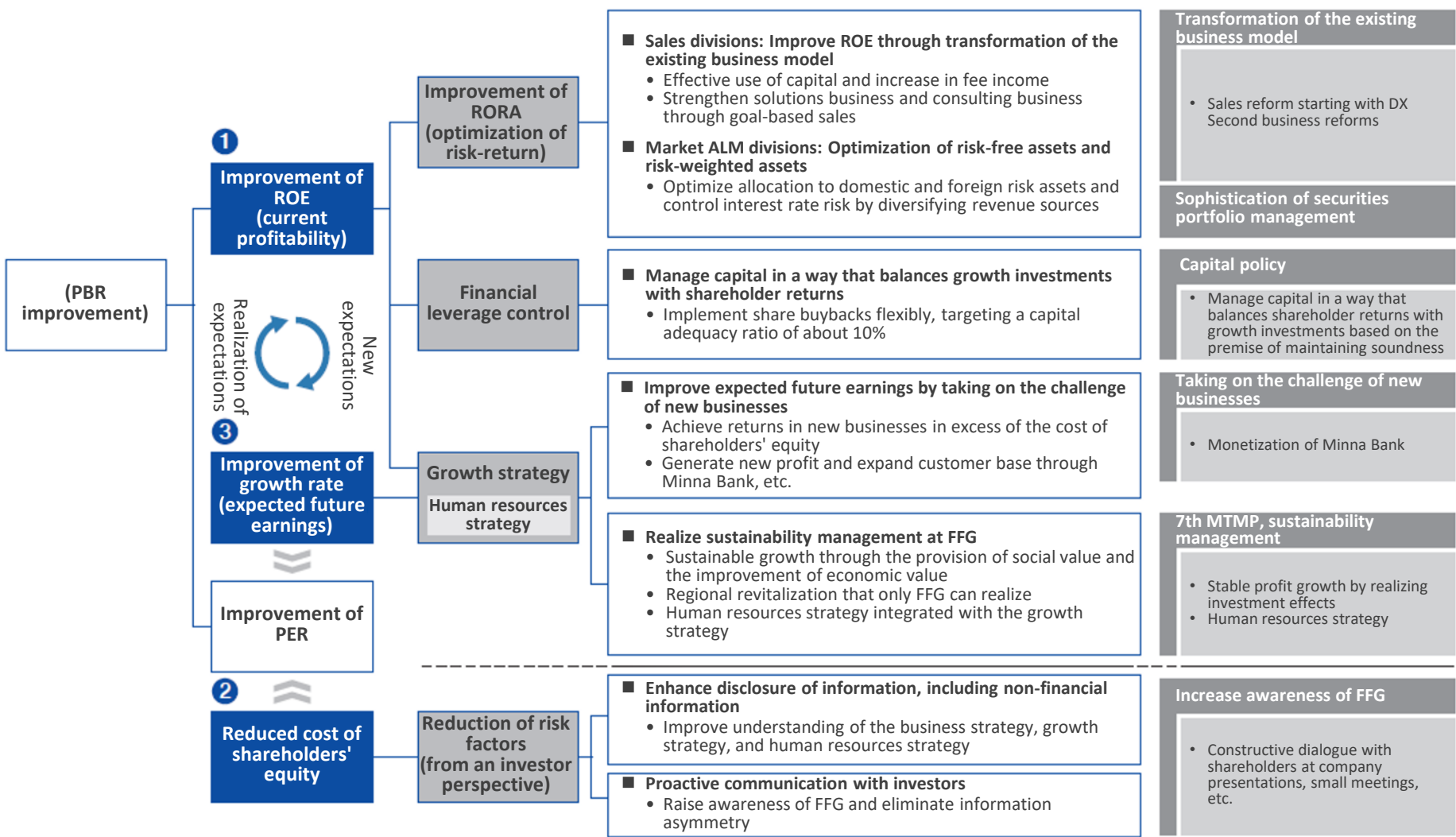
FFG's Value Creation Story_Dashboard



(Reference) Initiatives for Improving Corporate Value

FFG Integrated Report 2023 (P.20)

Overview of initiatives to improve corporate value



(1) Improvement of ROE

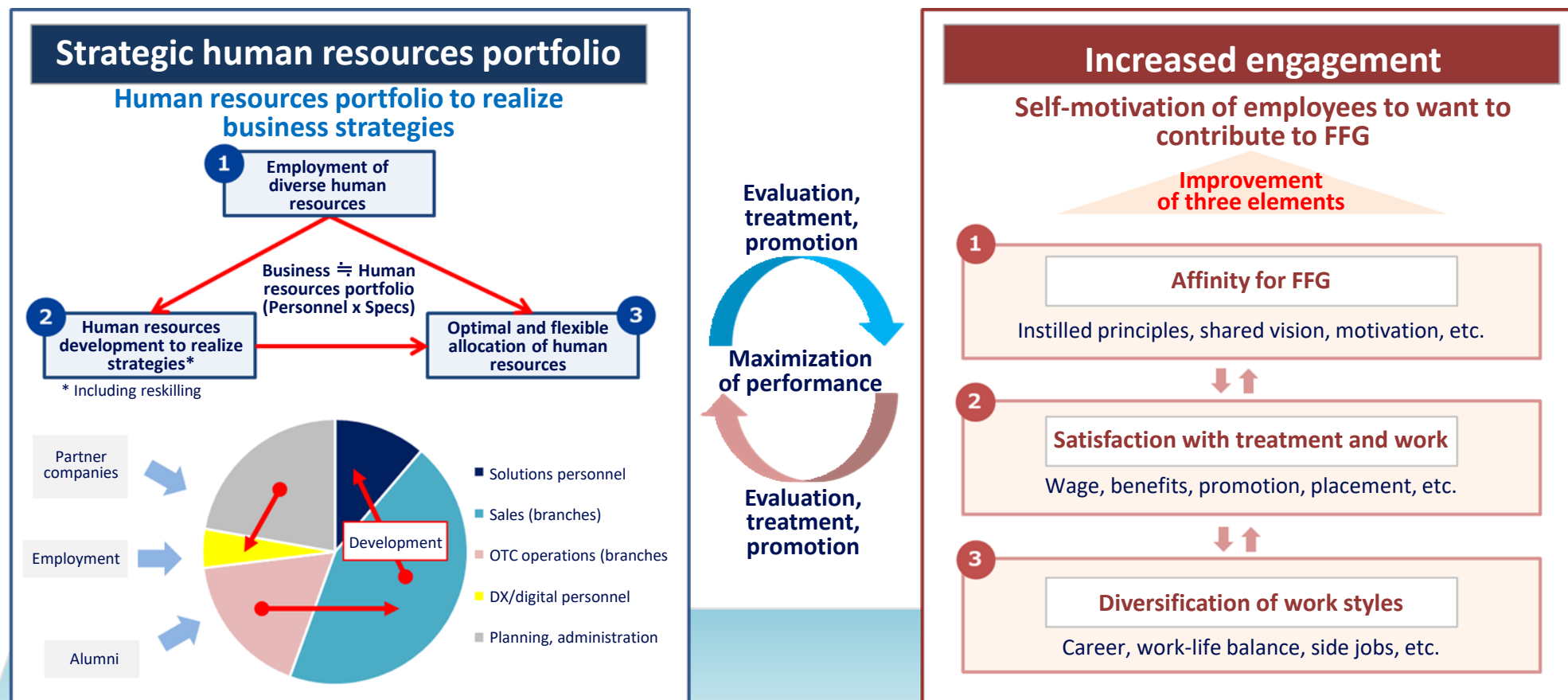
- Initially achieve a ROE of 6% by FY2024 through initiatives in the 7th Medium-Term Management Plan.
- Create a virtuous cycle of investment based on the growth strategy and earning profit by realizing the effects of investment
- Aim for a ROE of 8% that exceeds the cost of shareholders' equity in the next medium-term management plan, and a ROE of 10% in the future.

(2) (3) Improvement of PER

- Focus on disclosure of information, including non-financial information, and IR activities, to promote understanding of our approach to the business strategy, human resources strategy, and capital strategy aimed at improving ROE.
- By gaining empathy for FFG's Value Creation Story, we aim to improve PER by reducing the cost of shareholders' equity and increasing the growth rate.

(Reference) Human Capital Management_FFG's Human Resources Strategy

- Pillars of FFG's human resources strategy are "building of a human resources portfolio to realize its business strategies" and "improvement of employee engagement."
- Underlying these pillars are "DE&I" for individuals to exercise their full potential and "organizational culture" that ensures psychological safety.



Vibrant organization where diverse individuals are independent and motivated

Promotion of DE&I
Individuals exercise their full potential

Fostering an organizational culture
Organizations that ensure psychological safety

(Reference) Human Capital Management_Building of a Strategic Human Resources Portfolio and Improvement of Employee Engagement

- We employ, train and appropriately place diverse human resources to build a strategic human resources portfolio to realize our business strategies.
- Improvement of employee engagement will be achieved by improving three elements: (1) Affinity for FFG, (2) Satisfaction with treatment and work, and (3) Diversification of work styles.

Toward building a strategic human resources portfolio

Employment of diverse human resources	<ul style="list-style-type: none"> • Divisional recruitment of new graduates • Strengthening of mid-career recruitment
Development of human resources to realize strategies	<ul style="list-style-type: none"> • Secondment to specialized fields to acquire knowledge and skills • Self-Development Incentive Program • Saturday College, Evening Seminars
Optimal and flexible allocation of human resources	<ul style="list-style-type: none"> • Strengthening of solutions personnel • Recruitment and development of digital human resources

Toward improving employee engagement

Affinity for FFG	<ul style="list-style-type: none"> • Distribution of Brand Book ① • Branch Forum / Headquarters Forum • Projects by young bank employees
Satisfaction with treatment and work	<ul style="list-style-type: none"> • One-on-one meetings • Career Challenge program • Diversification of career paths
Diversification of work styles	<ul style="list-style-type: none"> • Flexible leave system • Paid leave able to be taken in 1-hour units • Job return program

Preferred employer ranking in the Kyushu-Okinawa area
(Research by Career Tasu)
No. 1 for 5 consecutive years

Customer-oriented investment trust sales
Bank of Fukuoka
Highest rating S+

Increase in mid-career recruits
FY2021 **46** → FY2022 **100**

Selected as DX Stock for 2 consecutive years

Engagement survey

- Conducted an engagement survey in February 2023
- Measured employee engagement in terms of “expectations” and “satisfaction” regarding the company, job, workplace, and supervisor; rendered visual image of the effects of various HR measures

Score **59** Rating **A**

- * Average score of about 10,000 companies using this survey is 50.
- * Third highest rank on a scale of AAA to DD.

(Reference) Human Capital Management_DE&I · organizational culture

- Aiming to be a vibrant organization where diverse individuals are independent and motivated, we have worked to promote diversity, equity and inclusion (DE&I) and to foster an organization culture that ensures psychological safety.

Promotion of DE&I

Support for work-life balance
(childcare/nursing care X work)

- Maternity leave, childcare leave, nursing care leave
- Return-to-work support program
- Daycare center on the premises

Career development for women

- Various workshops and seminars for women
- Mentor system

Promoting understanding of DE&I

- Management training
- Various seminars and training for employees
Nursing care, LGBTQ+, unconscious bias, etc.

Percentage of executives with diverse backgrounds

FY2022 **23.8%** FY2030 target **35% or higher**

Percentage of eligible male employees taking childcare leave (FY2022)

Bank of Fukuoka **97%** Kumamoto Bank **100%** Juhachi-Shinwa Bank **108%**

Percentage of women executives

FY2022 **17.6%** FY2028 target **25.0%**

Number of non-Japanese employees

As of Mar. 2023 **13**

Organizational culture that ensures psychological safety

If employees with diverse viewpoints can express their opinions candidly through good communication regardless of their position, such as supervisor, subordinate, or department, it is expected that this will not only strengthen risk management and ensure “trust” through prevention and early detection of misconduct, but also create new business opportunities and enhance job satisfaction.

Third-party evaluation (3rd evaluation following 2011 and 2017)

In FY2022, based on the key concept of “psychological safety,” a third-party evaluation was conducted by an external law firm to objectively assess and verify the extent to which “organizational culture without fear of failure” has permeated FFG and to identify organizational issues.

FFG as a whole was rated as “**psychological safety is generally ensured.**”

Efforts for organizational culture and conditions

Measures for more active communication

- Introduction of internal social media
- Subsidies for internal communication events
- Family visiting day

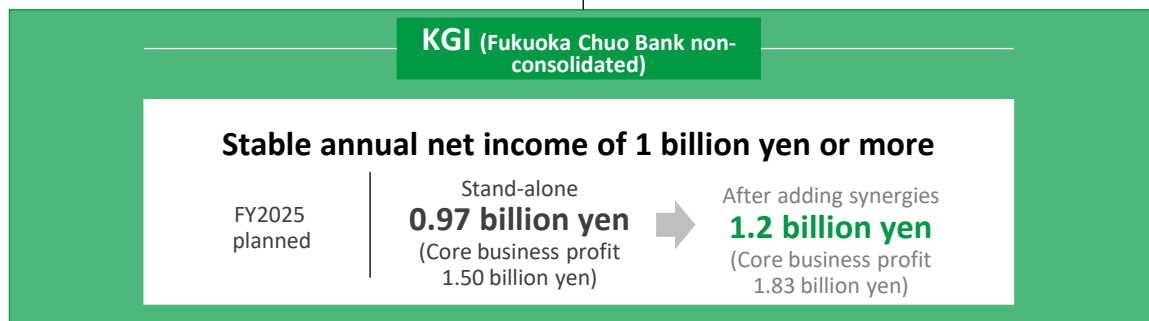
KaTaRi-Ba

Refurbishment of the 8th floor of FFG’s headquarters building
Free-address workspaces and open meeting spaces set up to create an environment for various people to interact and generate new ideas

(Reference) Business Integration with the Fukuoka Chuo Bank

Basic policy on business integration / integration synergies

Fukuoka Chuo Bank after business integration Further evolution of its role as a “financial institution specializing in small- and medium-sized enterprises (SMEs)” built up in its home base of Fukuoka



Synergy effects from utilizing FFG’s group functions Additional 0.21 billion yen

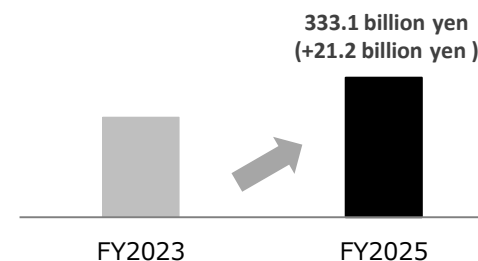
- | | | |
|--|--|--|
| <p>Reinforced sales strength</p> <ul style="list-style-type: none"> ➤ Oriented to expanding business with SMEs ➤ Strengthening of face-to-face sales ➤ Full utilization of FFG’s solutions | <p>Improved operational efficiency</p> <ul style="list-style-type: none"> ➤ Consolidation of common operations ➤ Introduction of subsystems ➤ Sales time savings through more efficient administration | <p>Single platform</p> <ul style="list-style-type: none"> ➤ Unification of management principles, slogans, and brands ➤ Unification of credit management regulations (collateral valuation, reserve standards, etc.)... |
|--|--|--|

Target metrics of Fukuoka Chuo Bank

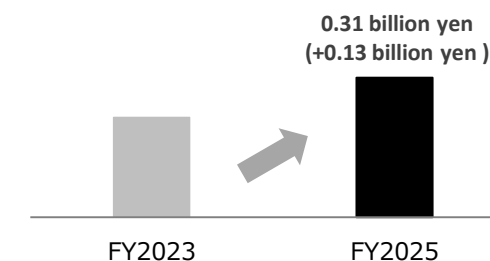
	FY2022 results	1H results	To be consolidated		FY2023 revised plan
			2H planned	Integration factors	
(Unit: ¥ bil.)					
Core business profit	1.1	0.6	0.4	—	1.0
Sales divisions	6.6	3.2	3.3	—	6.5
Net interest income	6.3	3.1	3.2	—	6.2
Non-interest income	0.3	0.2	0.1	—	.3
Market divisions	0.5	0.4	0.3	—	0.7
Overhead expenses	-6.3	-3.1	-3.4	-0.3	-6.5
Gains (losses) on securities	-0.3	0.2	-1.4	-1.4	-1.2
Credit cost	0.1	-0.2	-1.7	-1.5	-1.8
Net income	1.0	0.5	-1.5	-2.0	* -1.1

Temporary deficit due to introduction of FL provision to improve soundness and recording of a loss on sale of bonds for the purpose of improving future earnings

■ Average balance of loans to SMEs



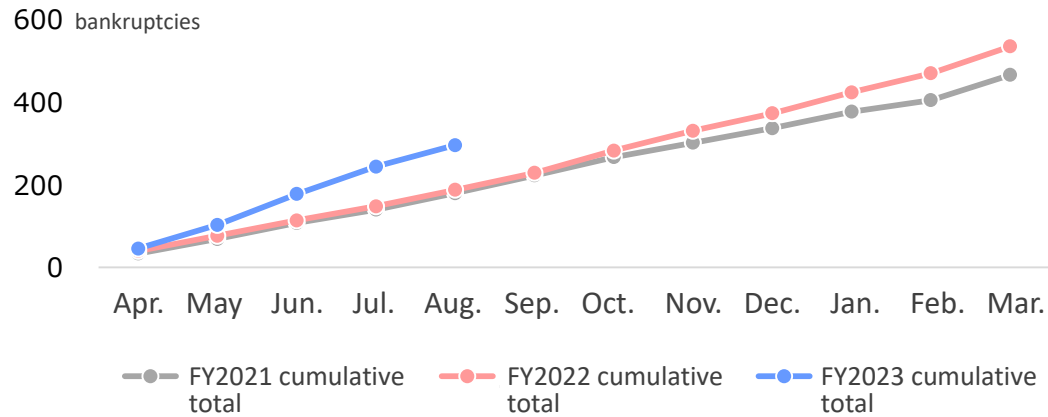
■ Corporate-related fees



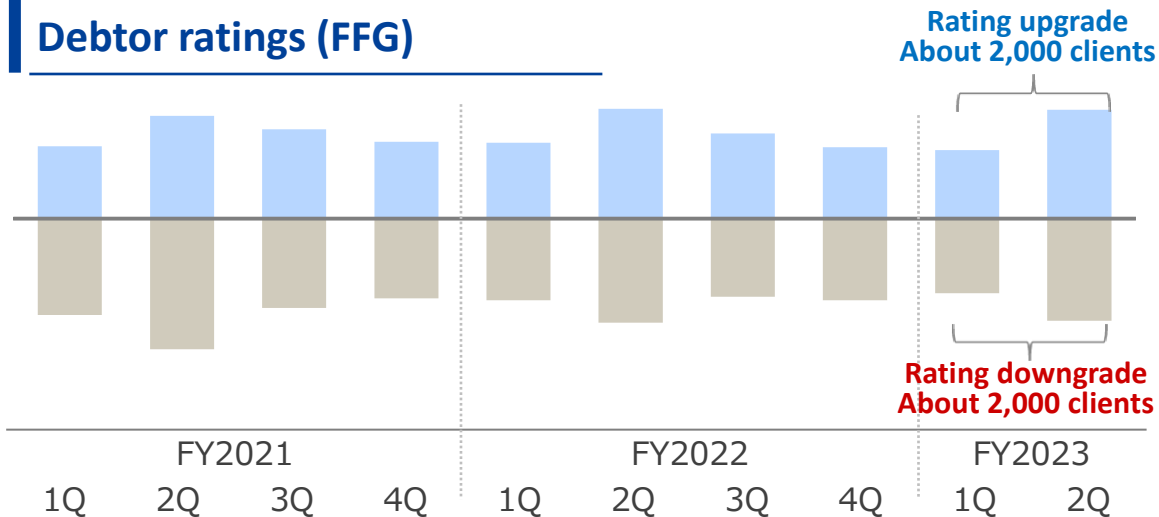
(Reference) Credit Cost Status

- Maintain substantial provisions to handle upward swing of credit cost. Absorb increase by taking advantage of the benefits of higher domestic interest rates.

Corporate bankruptcies (Kyushu and Okinawa)

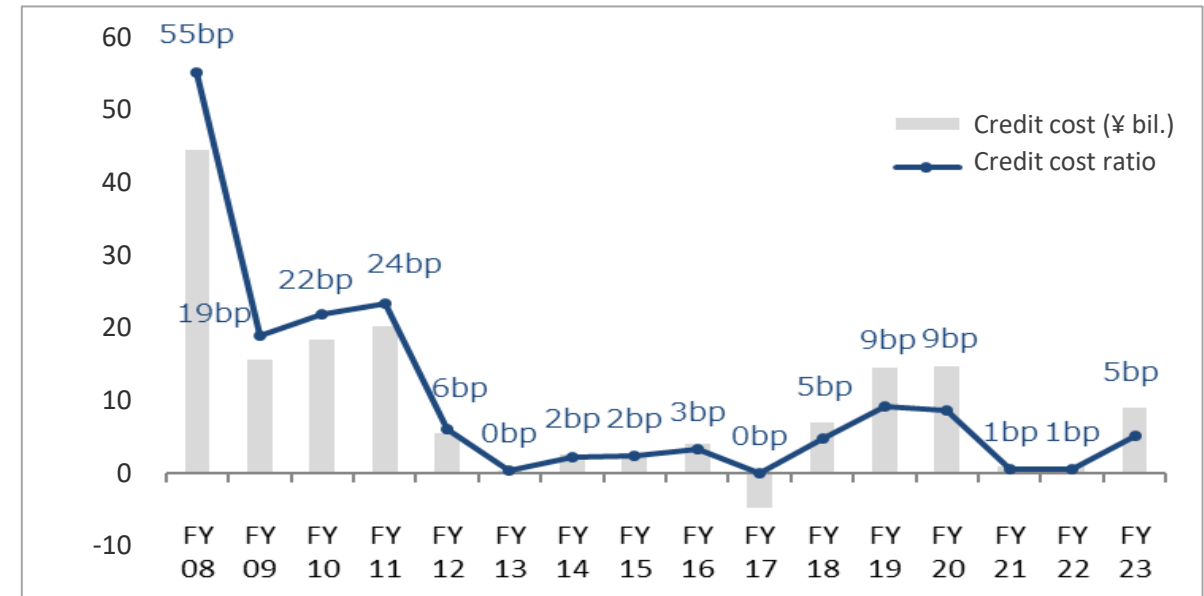


Debtor ratings (FFG)

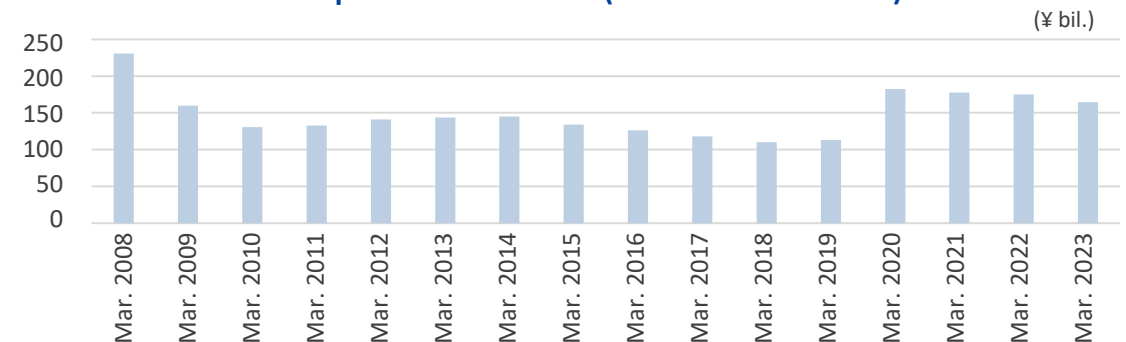


Credit cost (FFG)

* Excluding FL provision, system changes



Balance of reserve for possible loan losses (combined bank basis)



Part II: Financial Results & Earnings Projections (Reference)

Summary of Interim Financial Results for FY2023

Profit & loss (3 banks total)

(Unit: ¥ bil.)

	3 banks non-consolidated total		Bank of Fukuoka (non-consolidated)		Kumamoto Bank (non-consolidated)		Juhachi-Shinwa Bank (non-consolidated)		Fukuoka Chuo Bank (non-consolidated)	
	Interim results	YoY chg.	Interim results	YoY chg.	Interim results	YoY chg.	Interim results	YoY chg.	Interim results	YoY chg.
Core gross business profit	113.9	+2.2	78.6	+2.1	10.4	+0.5	24.9	-0.4	-	-
Net interest income	101.3	+5.4	67.8	+3.9	10.2	+0.8	23.3	+0.7	-	-
Domestic	96.1	+9.4	62.8	+6.5	10.2	+0.8	23.1	+2.0	-	-
International	5.2	-4.0	5.0	-2.7	0.0	+0.0	0.2	-1.4	-	-
Non-interest income (excl. bonds)	12.6	-3.2	10.8	-1.8	0.2	-0.4	1.6	-1.1	-	-
Net fees and commissions	13.6	+1.0	10.1	+0.7	0.6	+0.0	2.8	+0.2	-	-
Specified trade income	-0.9	-4.2	0.7	-2.5	-0.4	-0.4	-1.3	-1.3	-	-
Overhead expenses (-)	55.5	+0.0	33.1	+0.2	6.3	+0.1	16.0	-0.2	-	-
Core business profit	58.4	+2.1	45.5	+1.9	4.1	+0.4	8.8	-0.1	-	-
Ordinary profit	54.5	+2.7	42.6	+3.1	3.9	+0.6	8.1	-1.0	-	-
Net income	39.9	+1.9	31.0	+2.4	2.9	+0.4	6.1	-1.0	-	-
Credit cost (-)	6.0	+5.5	4.7	+2.5	0.1	-0.2	1.2	+3.2	-	-
Gains (losses) on securities	2.7	+6.3	1.9	+4.0	-0.0	+0.0	0.9	+2.2	-	-

Profit & loss (FFG consolidated)

	[Compared to the projection of May 2023]	Interim results	YoY chg.
Gross business profit		124.5	+9.4
Actual business profit		51.6	+6.4
Core business profit		51.2	+0.9
Ordinary profit	[-0.5]	44.5	+0.2
Consolidated net income	[-0.2]	30.3	-0.5

*Net income attributable to owners of the parent

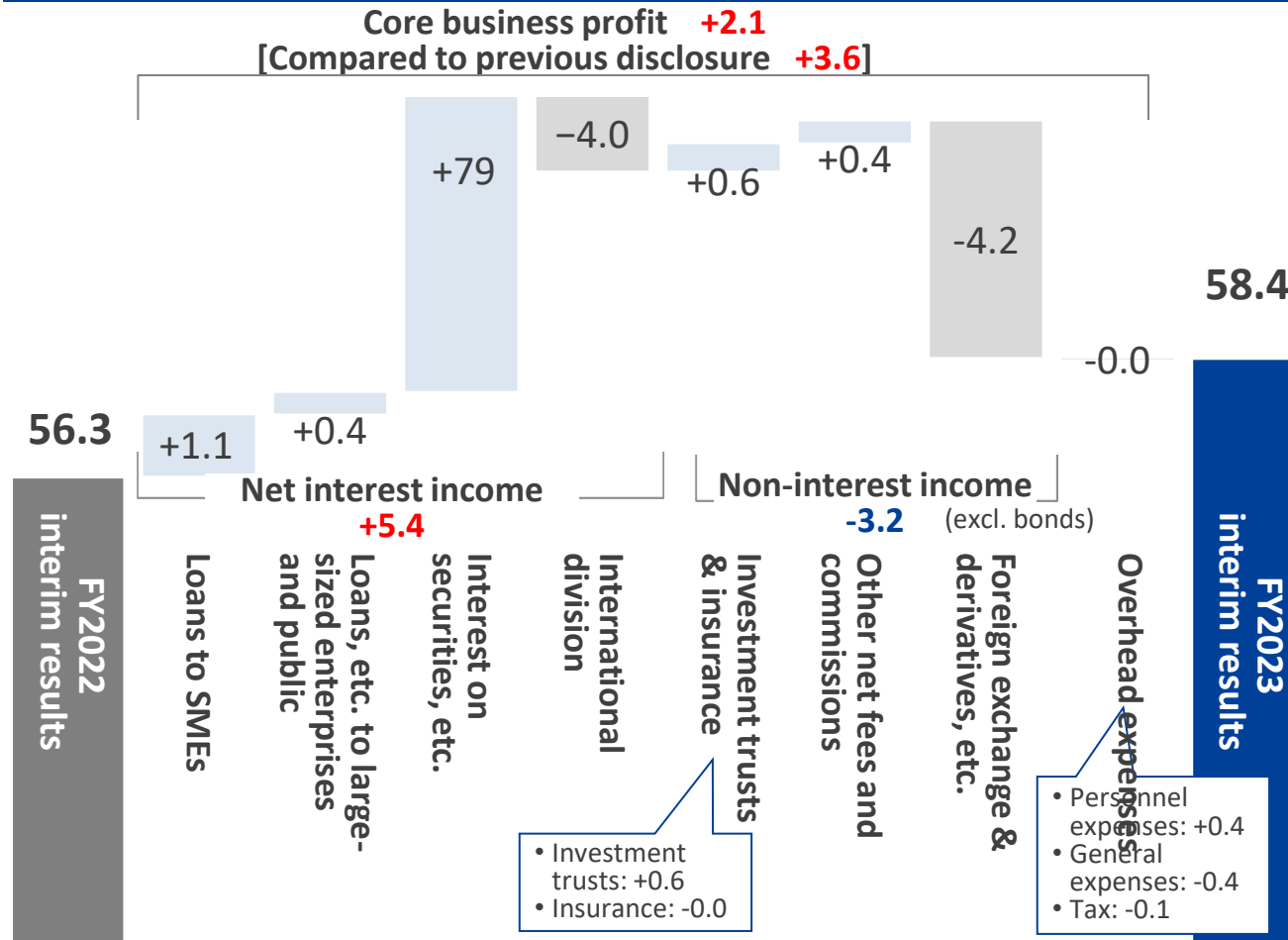
Net income (3 banks total)	39.9
FFG non-consolidated	-7.2
Adjustment related to Minna Bank	-4.5
Subsidiary income	1.7
Other consolidation adjustment	0.3
Consolidated net income	30.3

* Fukuoka Chuo Bank to start contributing to earnings from 2H FY2023 onward

FY2023 Interim Results (Top-Line and Bottom-Line)

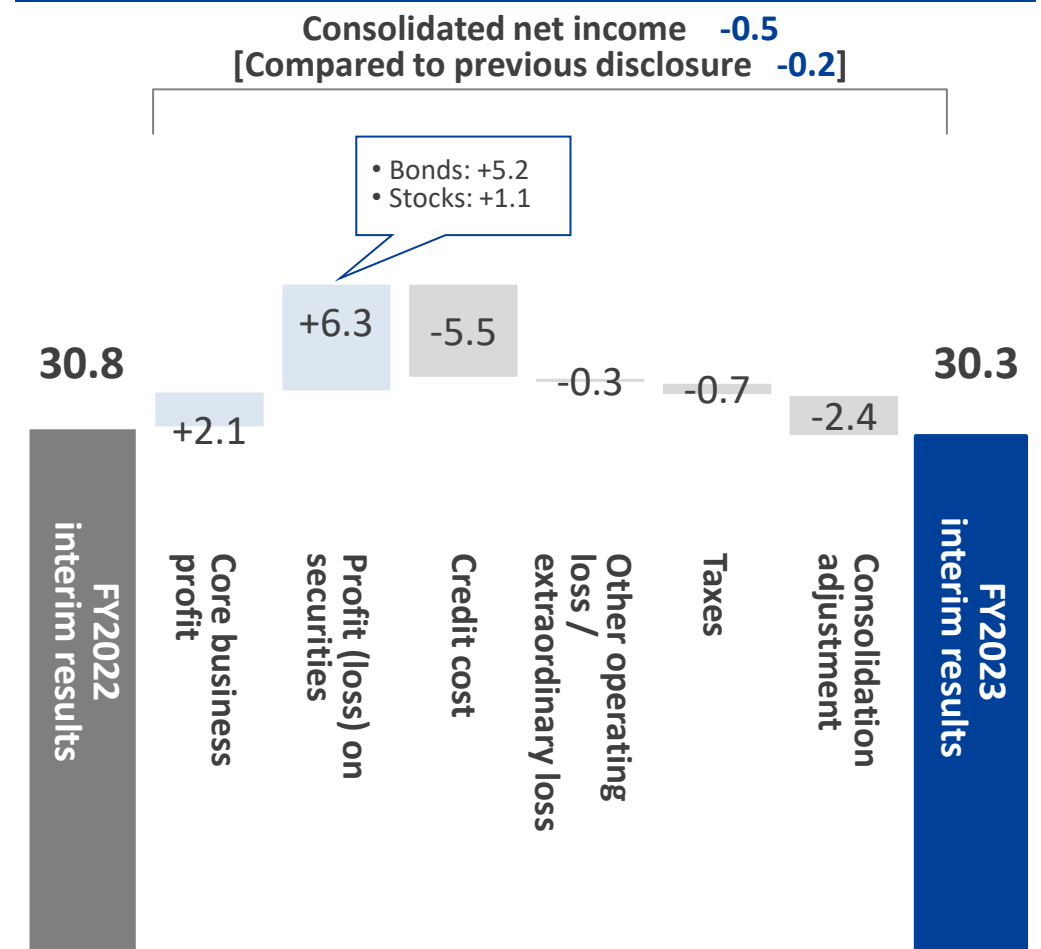
- Core business profit increased 2.1 billion yen year-on-year due to an increase in Sales Division earnings, such as loans to SMEs and investment trusts, as well as an upward swing in interest on securities, etc.
- Consolidated net income was kept at the same level as the previous year due to an increase in core business profit and an improvement in profit (loss) on securities, etc., which offset the increase in credit cost.

Transition of top line



Transition of bottom line

(Unit: ¥ bil.)



Summary of Earnings Projections for FY2023

Profit & loss (4 banks total)

(Unit: ¥ bil.)

	4 banks non-consolidated total		Bank of Fukuoka (non-consolidated)		Kumamoto Bank (non-consolidated)		Juhachi-Shinwa Bank (non-consolidated)		Fukuoka Chuo Bank (non-consolidated)	
	Projected	YoY chg.	Projected	YoY chg.	Projected	YoY chg.	Projected	YoY chg.	Projected	YoY chg.
Core gross business profit	229.4	+14.2	154.9	+8.3	21.6	+1.1	49.1	+1.0	3.7	-
Net interest income	201.9	+15.4	132.9	+8.6	20.2	+1.4	45.1	+1.8	3.6	-
Domestic	192.1	+19.7	123.2	+11.2	20.2	+1.4	45.1	+3.4	3.6	-
International	9.7	-4.3	9.7	-2.7	0.0	+0.0	-0.0	-1.6	-	-
Non-interest income (excl. bonds)	27.5	-1.2	22.0	-0.2	1.4	-0.3	4.0	-0.8	0.1	-
Net fees and commissions	28.2	+2.8	20.7	+1.9	1.8	+0.1	5.7	+0.6	0.1	-
Specified trade income	-0.7	-4.0	1.3	-2.2	-0.4	-0.4	-1.6	-1.4	-	-
Overhead expenses (-)	115.2	+5.9	66.9	+2.0	12.9	+0.4	32.0	+0.1	3.4	-
Core business profit	114.1	+8.3	88.0	+6.3	8.7	+0.7	17.1	+0.9	0.4	-
Ordinary profit	78.5	+11.4	62.0	+9.0	7.4	+1.8	11.8	+3.2	-2.6	-
Net income	58.5	+7.8	45.5	+6.4	5.6	+1.3	9.0	+1.6	-1.5	-
Credit cost (-)	10.7	+7.5	6.4	+2.2	0.5	-1.6	2.1	+5.3	1.7	-
Gains (losses) on securities	-23.2	+11.6	-19.1	+5.7	-0.4	-0.4	-2.3	+7.7	-1.4	-

Profit & loss (FFG consolidated)

	[Compared to the projection of May 2023]	Full-year projection	YoY chg.
Gross business profit		223.6	+29.9
Actual business profit		72.4	+19.3
Core business profit		99.2	+5.8
Ordinary profit	[-30.5]	59.5	+9.4
Consolidated net income	[+0.5]	61.5	+30.3

*Net income attributable to owners of the parent

Net income (4 banks total)	58.5
FFG non-consolidated	-13.6
Adjustment related to Minna Bank	-9.3
Subsidiary income	3.9
Gain on negative goodwill	21.5
Other consolidation adjustment	0.4
Consolidated net income	61.5

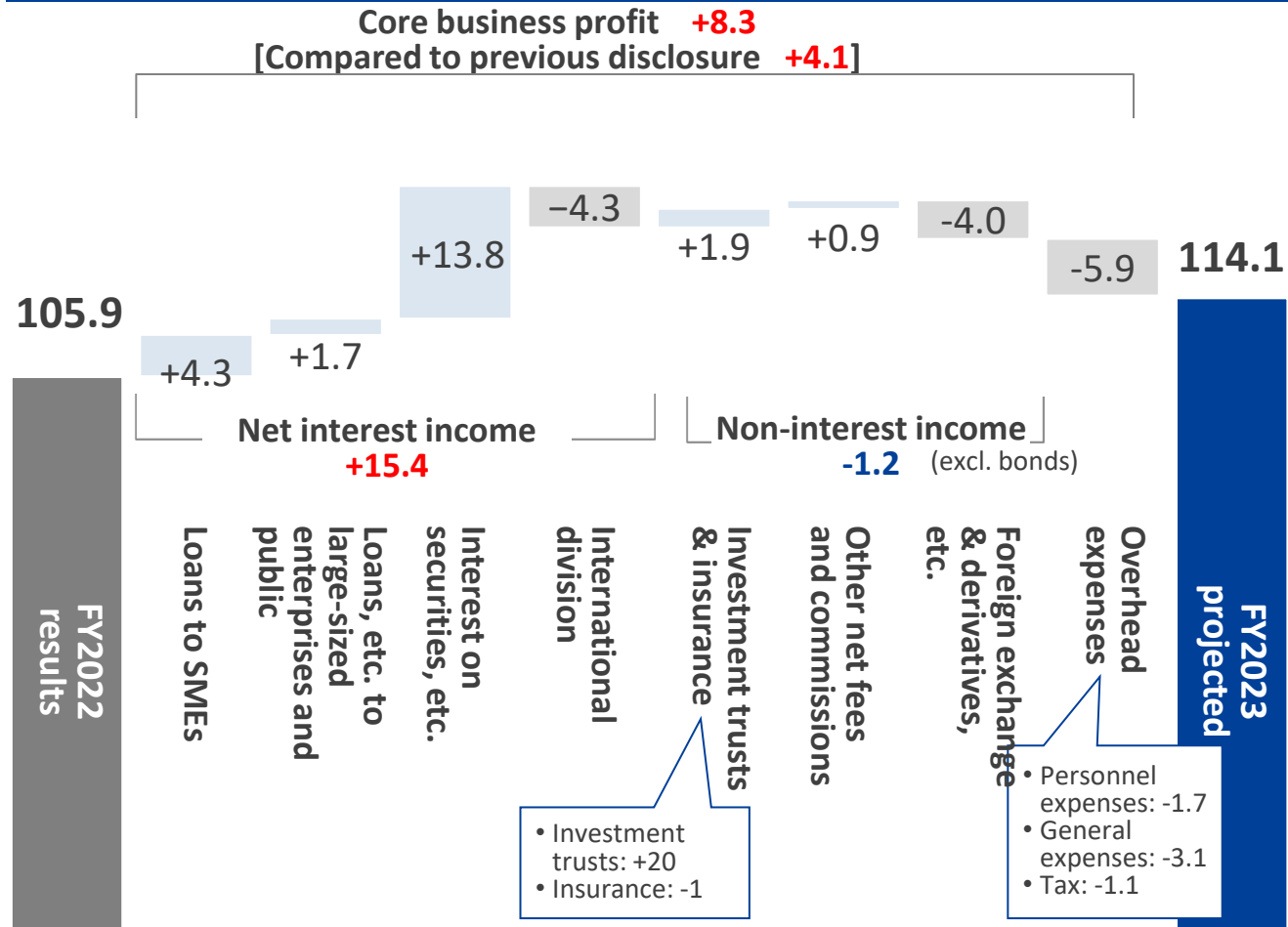
(4 banks total to include Fukuoka Chuo Bank from 2H FY2023)

Full-Year Earnings Projections for FY2023 (Top-Line and Bottom-Line)

- As in the first half of the year, full-year core business profit for FY2023 is projected to increase 8.3 billion yen year-on-year to 114.1 billion yen due to an increase in net interest income, etc.
- Consolidated net income is projected to increase 30.3 billion yen year-on-year to 61.5 billion yen, due in part to a turnaround from the previous fiscal year's loss on the sale of foreign bonds.

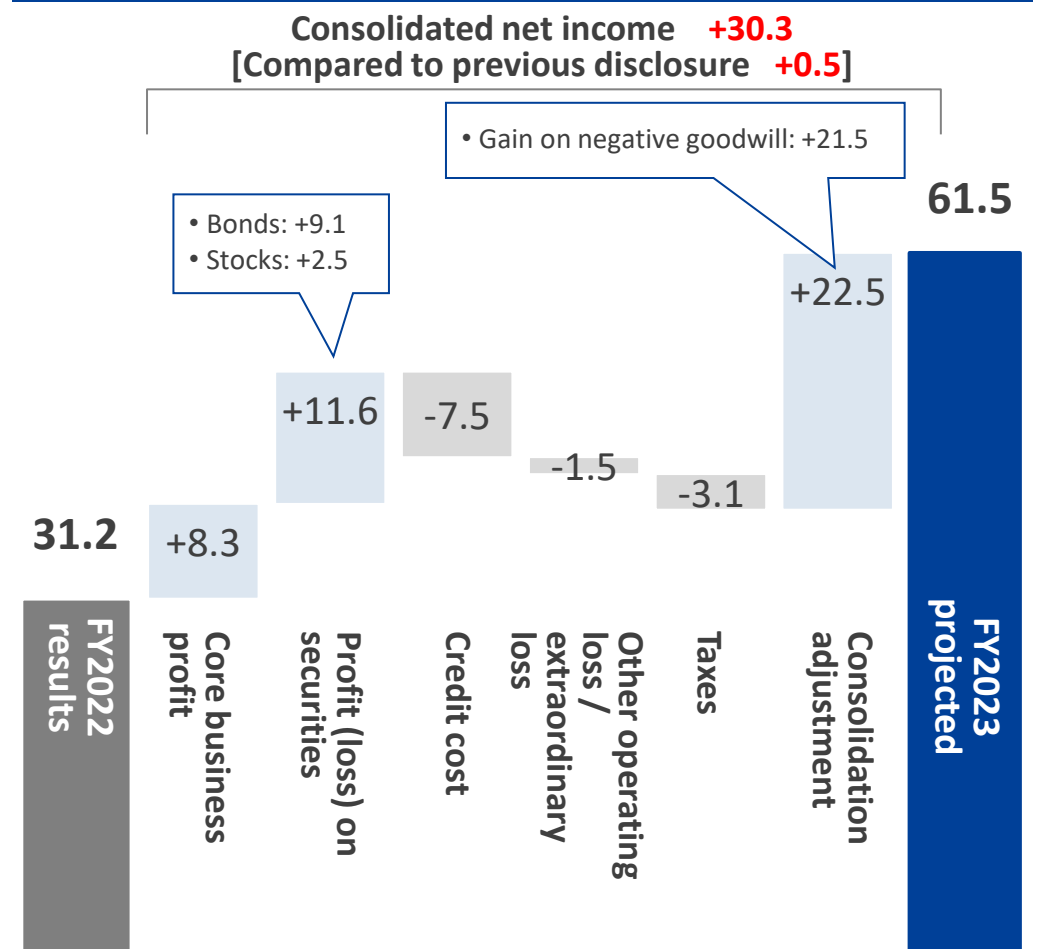
Transition of top line

(Unit: ¥ bil.)



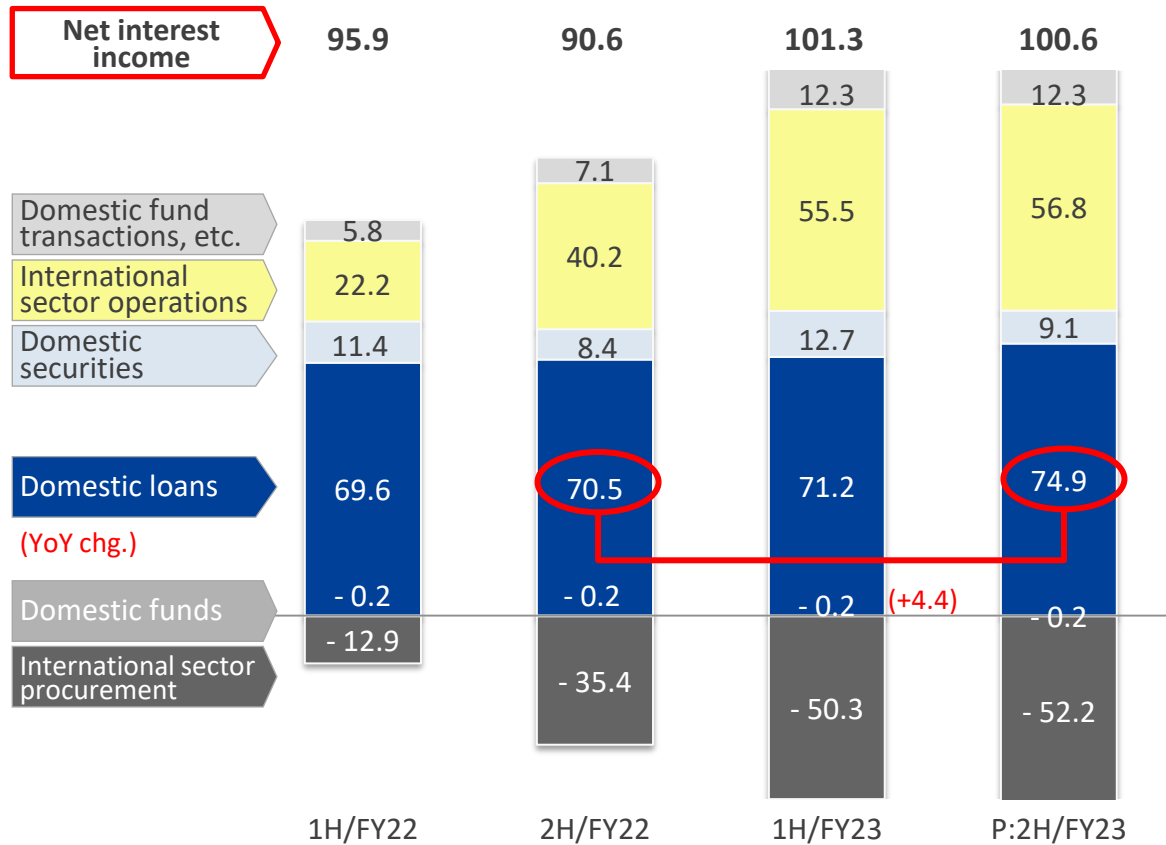
Transition of bottom line

(Unit: ¥ bil.)



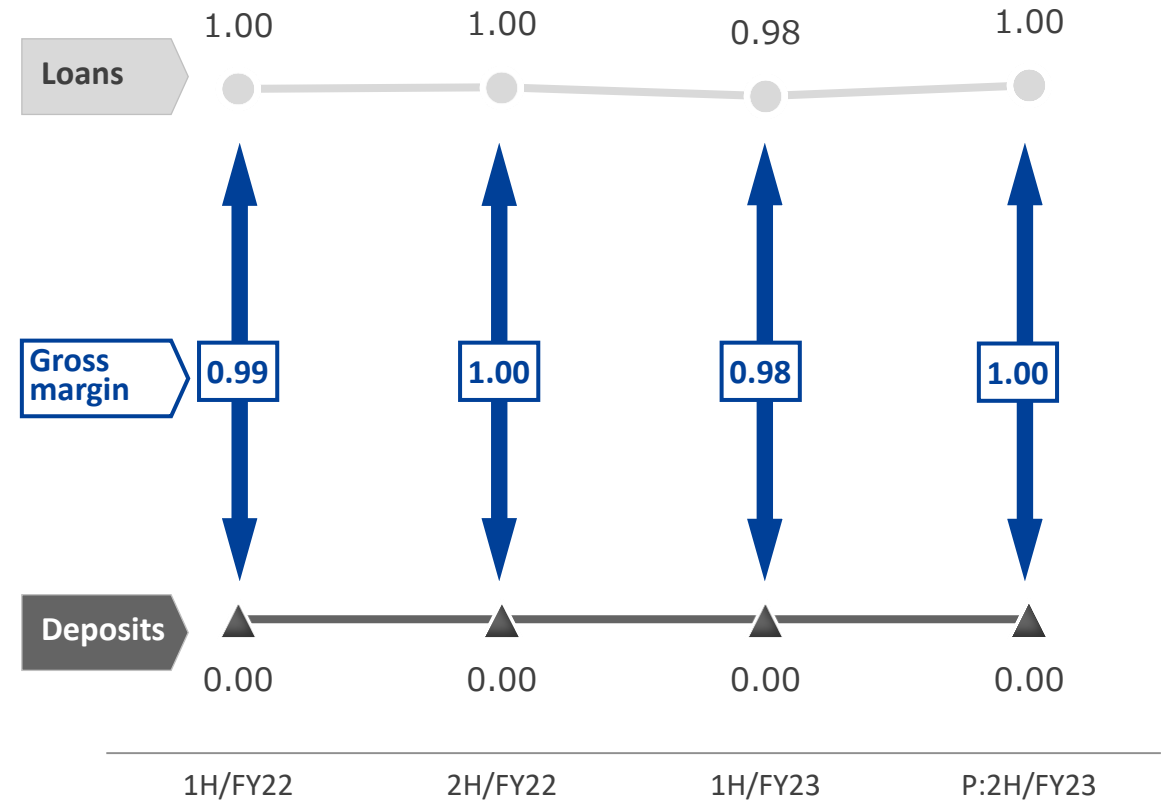
Net interest income (3 banks total) (Unit: ¥ bil.)

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



Domestic deposit loan gross margin (3 banks total) (Unit: %)

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

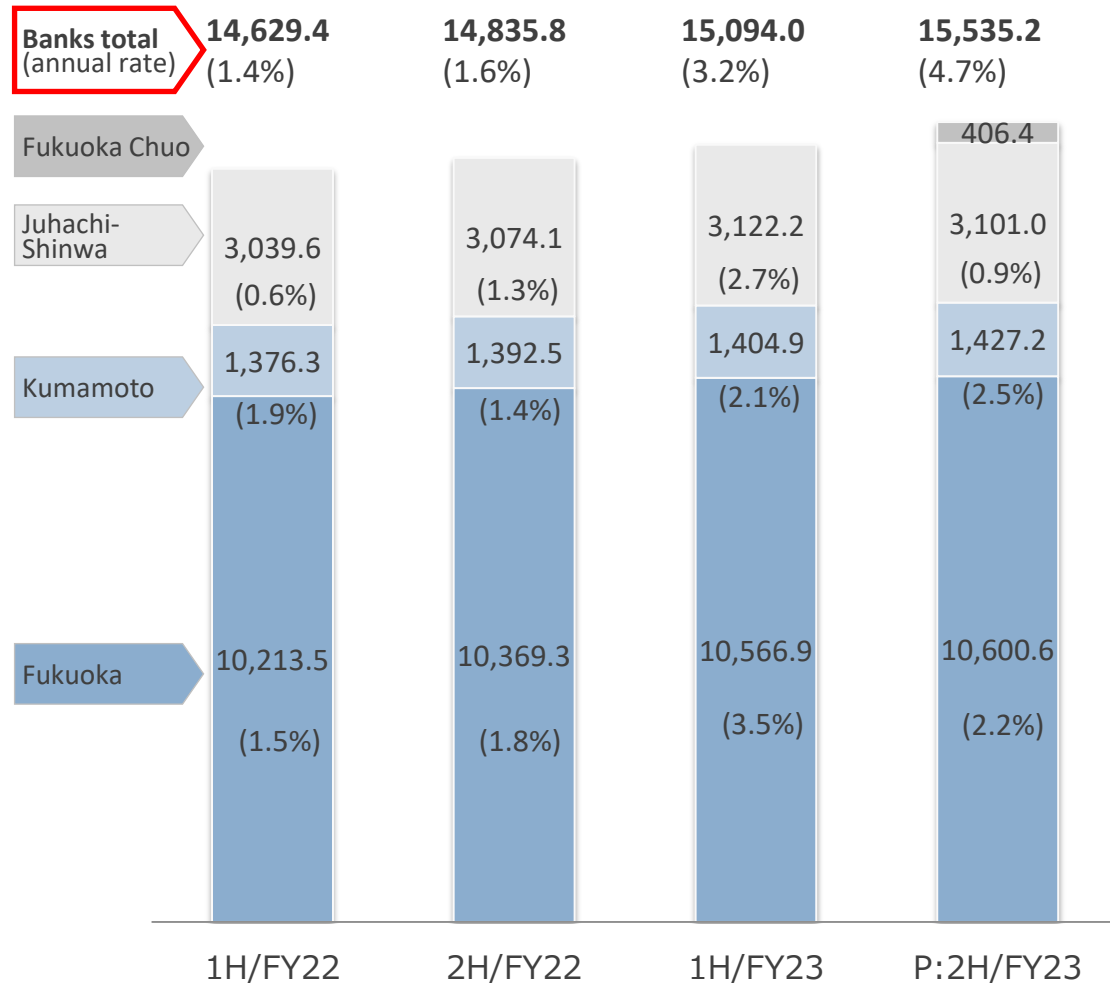


(4 banks total to include Fukuoka Chuo Bank from 2H FY2023)

Loans (by bank)

(Unit: ¥ bil.)

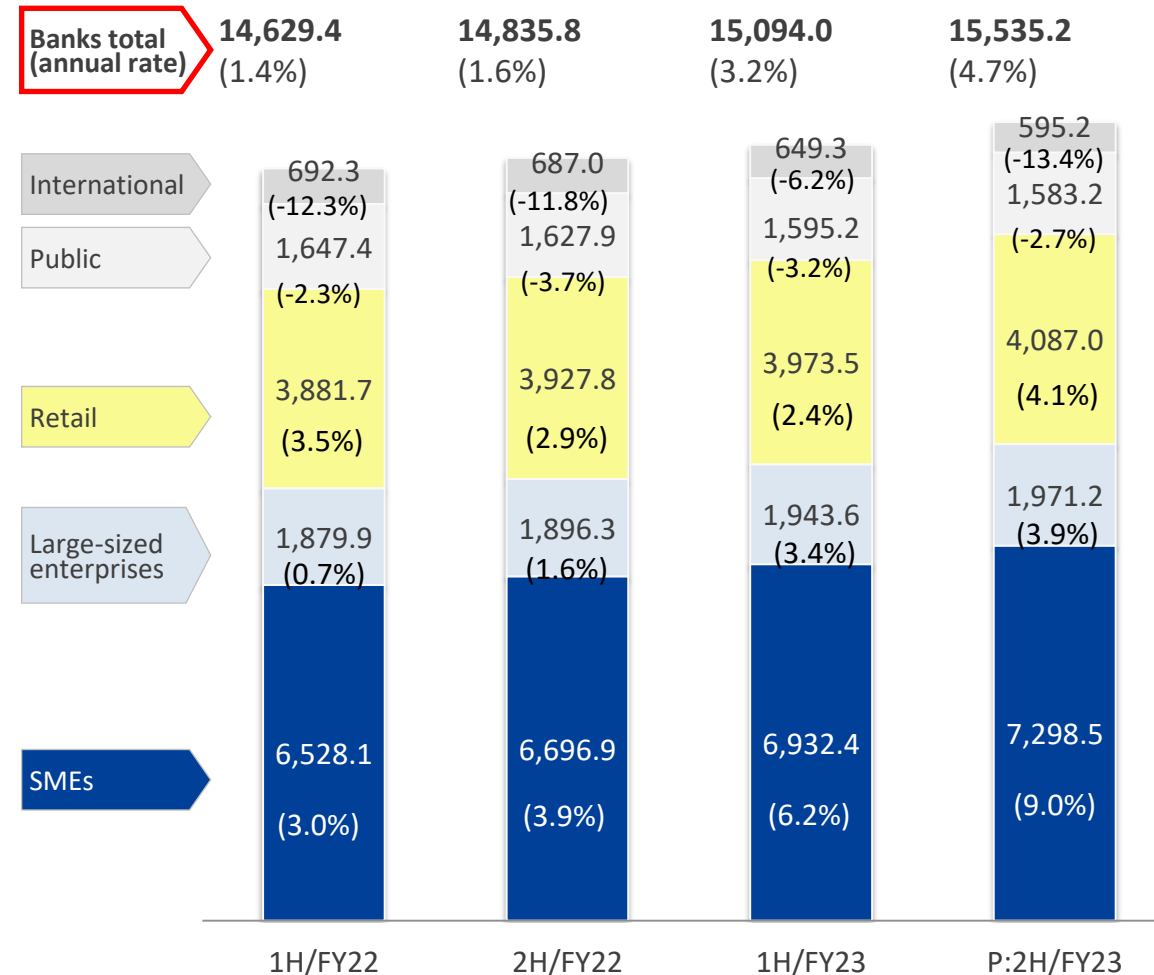
* Excluding loans to FFG and Government



Loans (by segment)

(Unit: ¥ bil.)

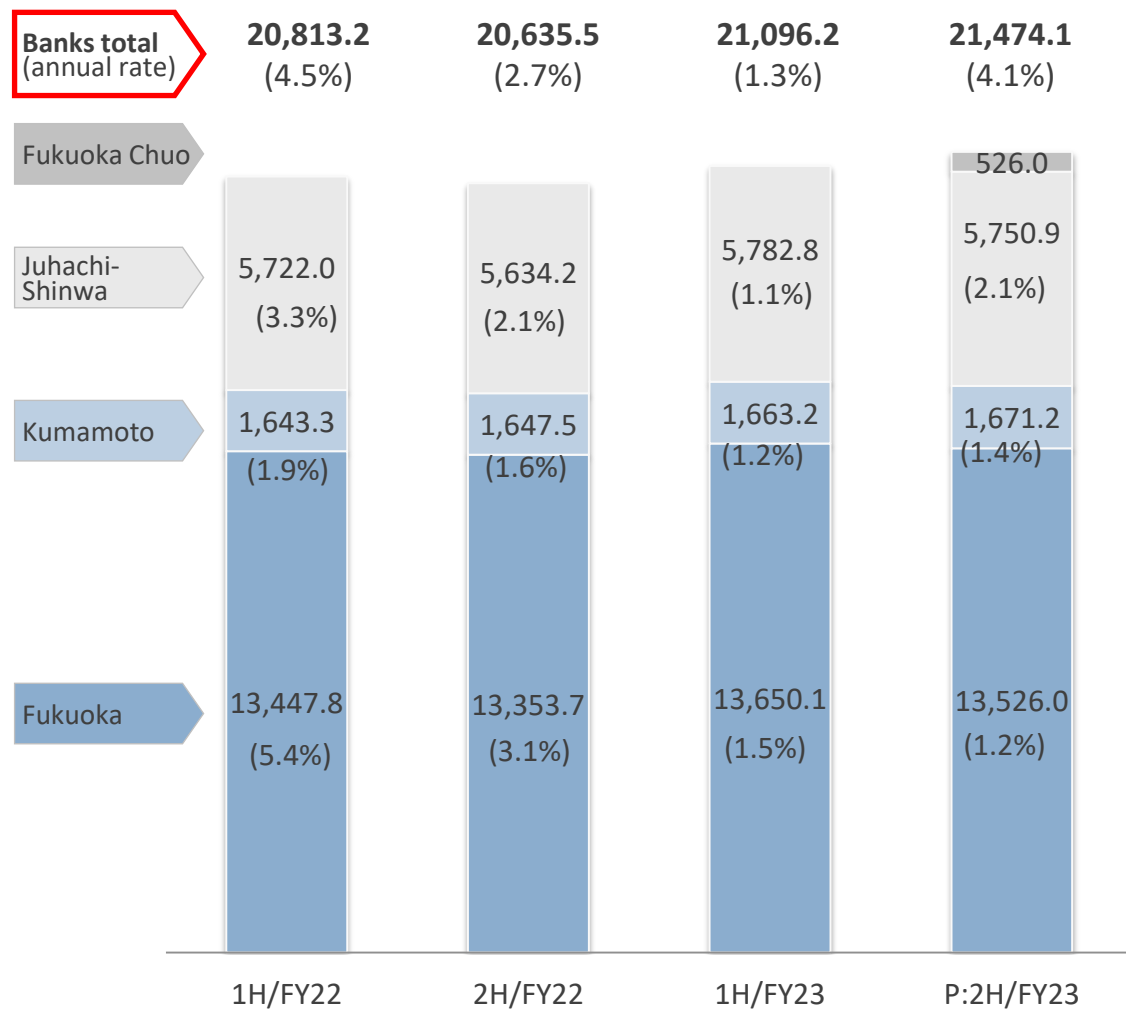
* Excluding loans to FFG and Government



(4 banks total to include Fukuoka Chuo Bank from 2H FY2023)

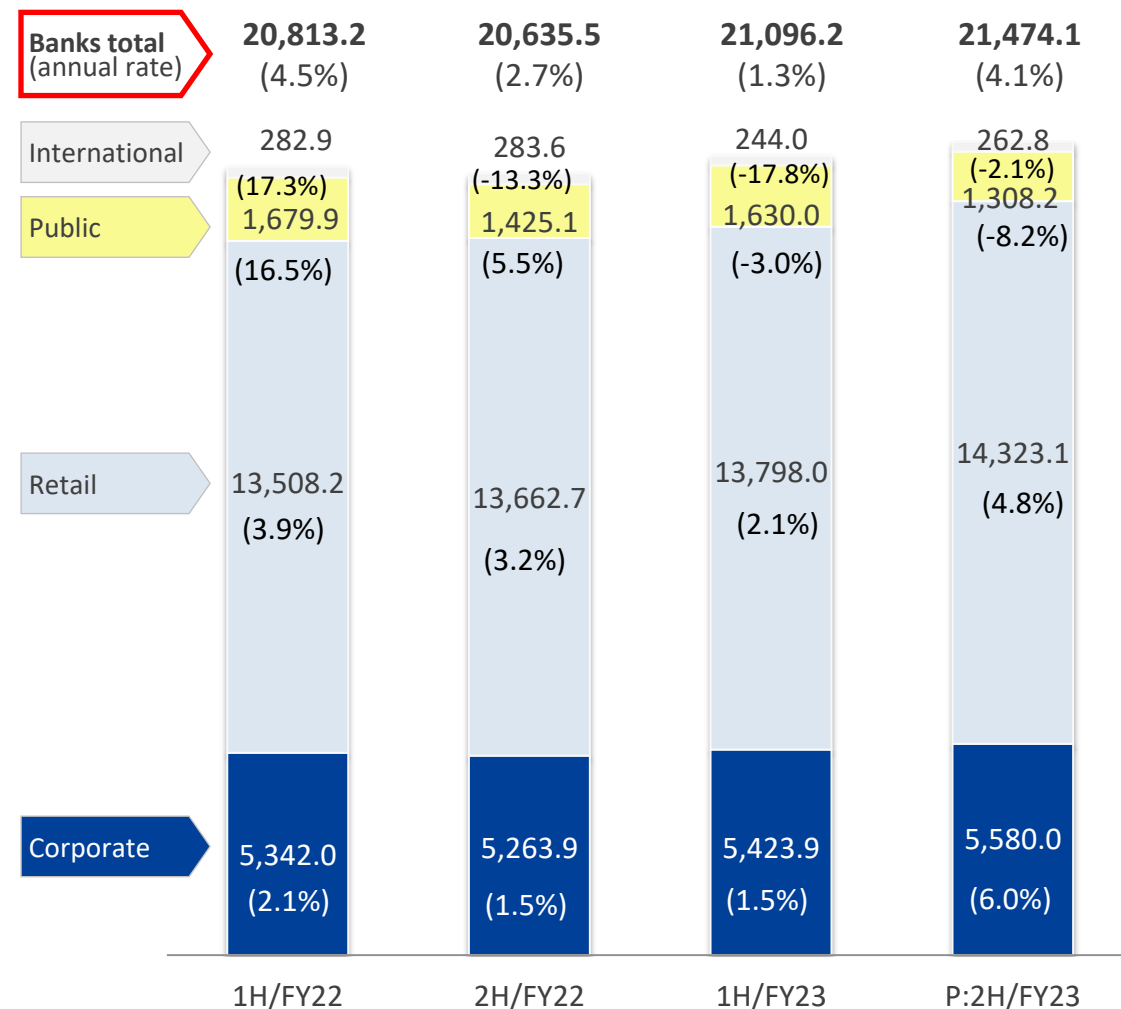
Deposits and CDs (by bank)

(Unit: ¥ bil.)



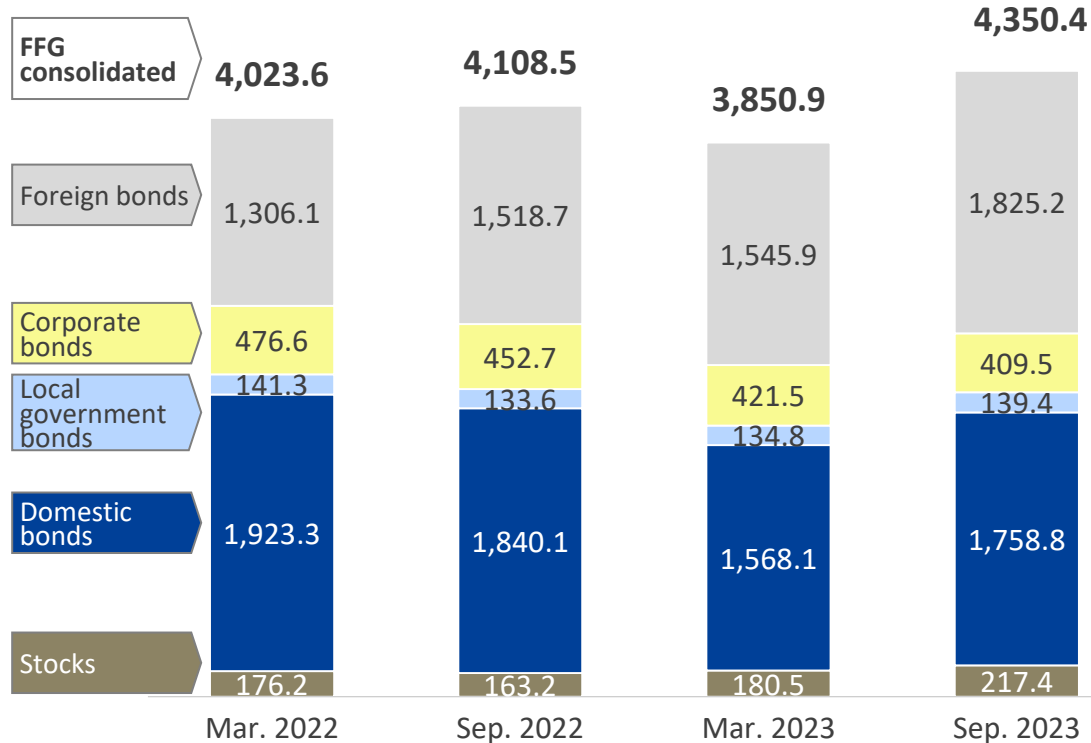
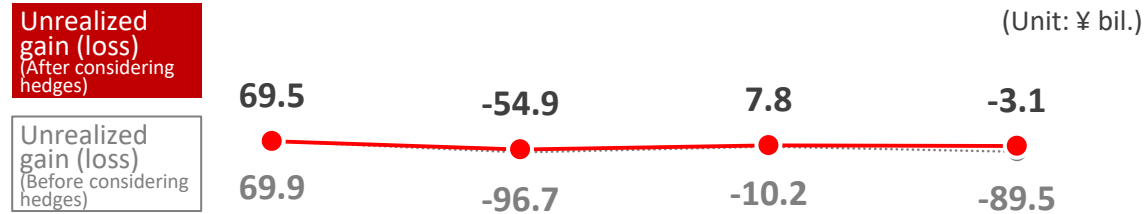
Deposits and CDs (by segment)

(Unit: ¥ bil.)



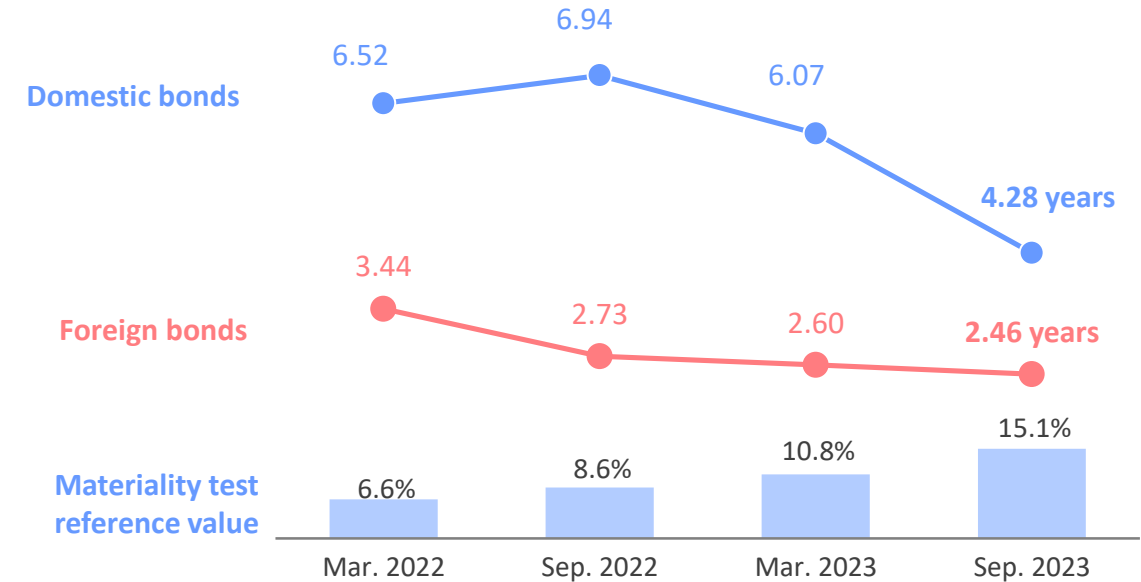
(4 banks total to include Fukuoka Chuo Bank from 2H FY2023)

Securities portfolio (FFG consolidated)



Bond duration & materiality test reference value

* Bond duration: After considering hedges

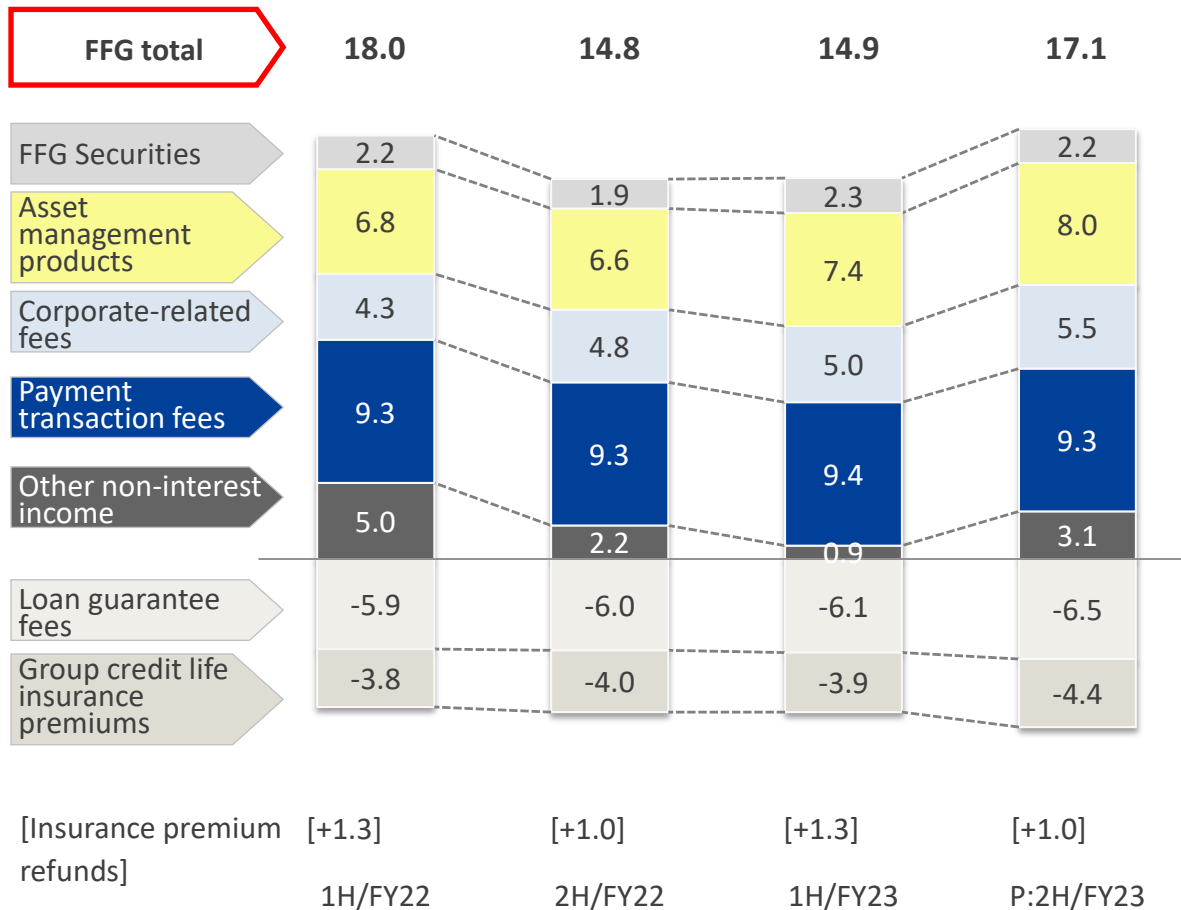


Securities-related profit & loss (3 banks total)

[¥ bil.]	2H/FY21	1H/FY22	2H/FY22	1H/FY23
Stocks	0.3	1.2	2.2	2.3
Bonds	-4.7	-4.7	-33.5	0.5
Total	-4.4	-3.5	-31.3	2.7

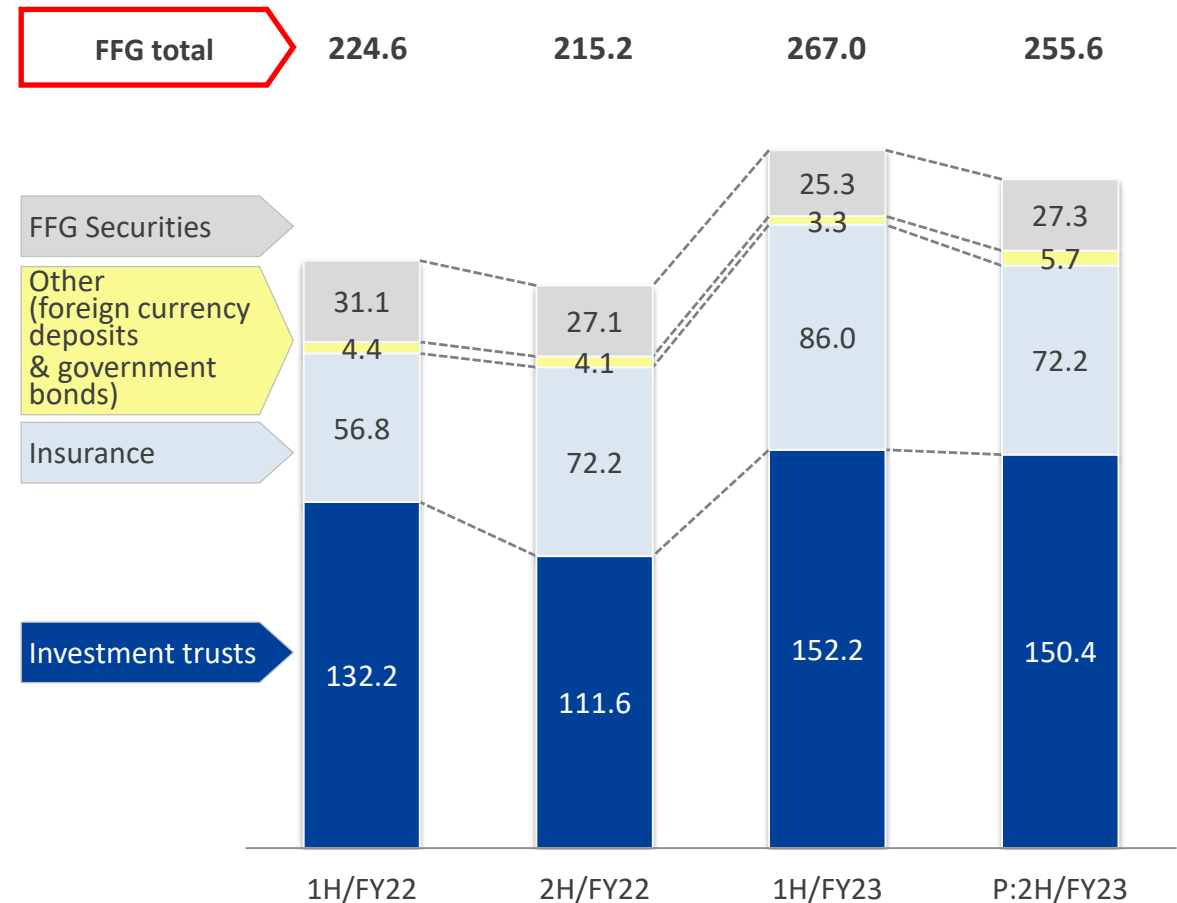
Non-interest income (banks + FFG Securities) (Unit: ¥ bil.)

* Excluding gains (losses) on bonds



Asset management product sales (banks + FFG Securities) (Unit: ¥ bil.)

* Figures for FFG Securities are the total sales of investment trusts and bonds



(4 banks total to include Fukuoka Chuo Bank from 2H FY2023)

By category / OHR*

* OHR = Overhead expenses / Gross business profit
(Unit: ¥ bil.)

Consolidated OHR

72.6% (60.8%)

(Figures in parentheses () exclude cut losses on foreign bonds)

67.6%(-5.0%)

(YoY chg.)

3 banks total OHR

61.8% (51.5%)

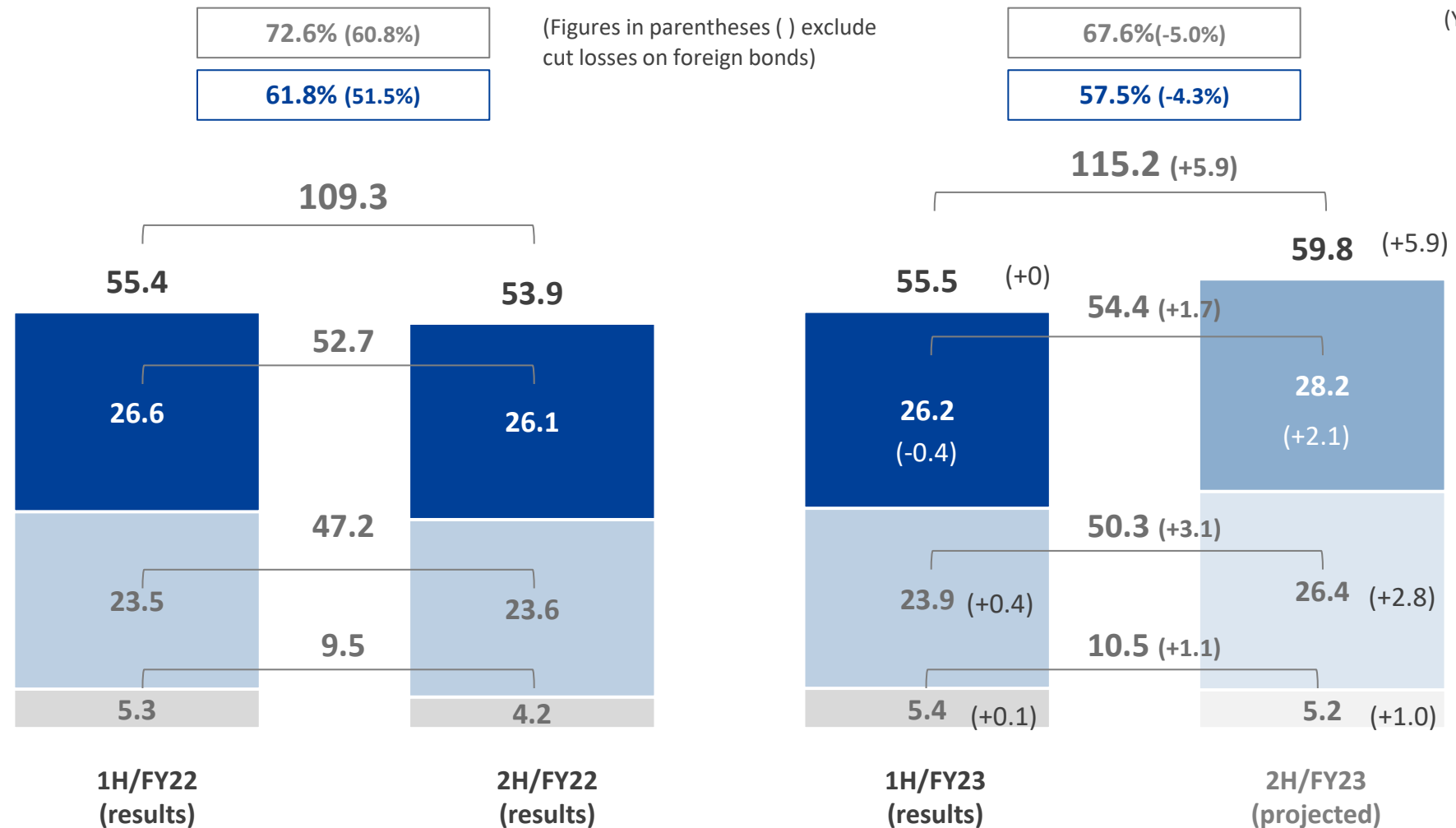
57.5% (-4.3%)

3 banks total

Personnel expenses

General expenses

Tax

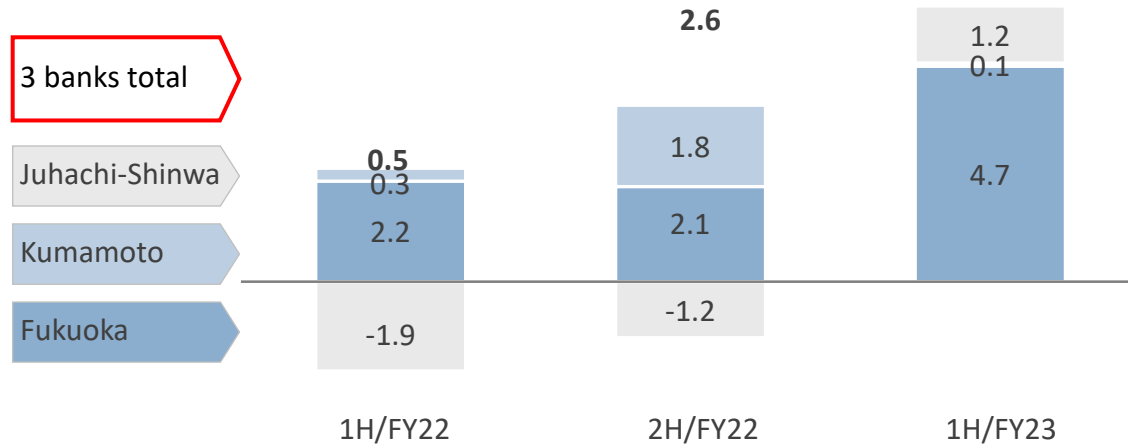


(4 banks total to include Fukuoka Chuo Bank from 2H FY2023)

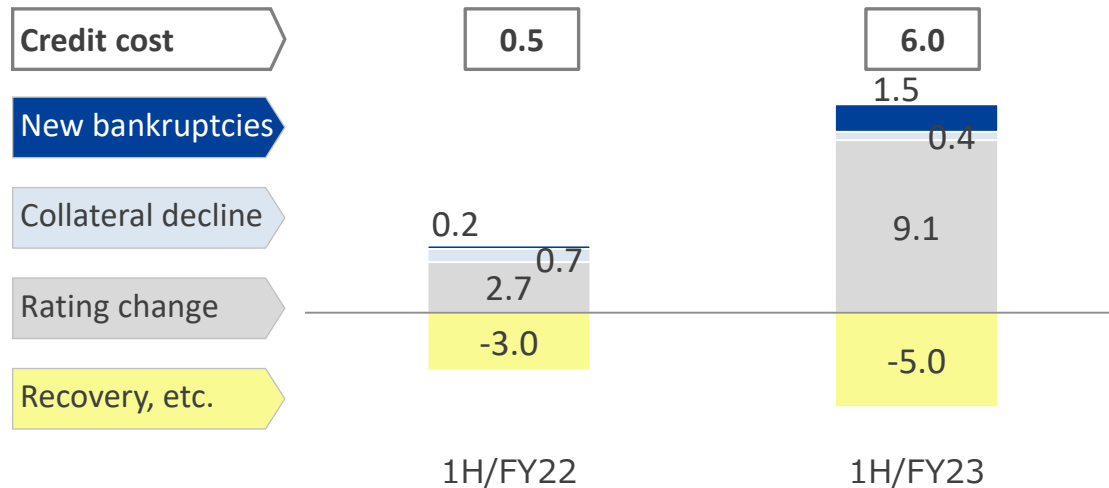
Credit cost (3 banks total)

(Unit: ¥ bil.)

Changes in credit cost



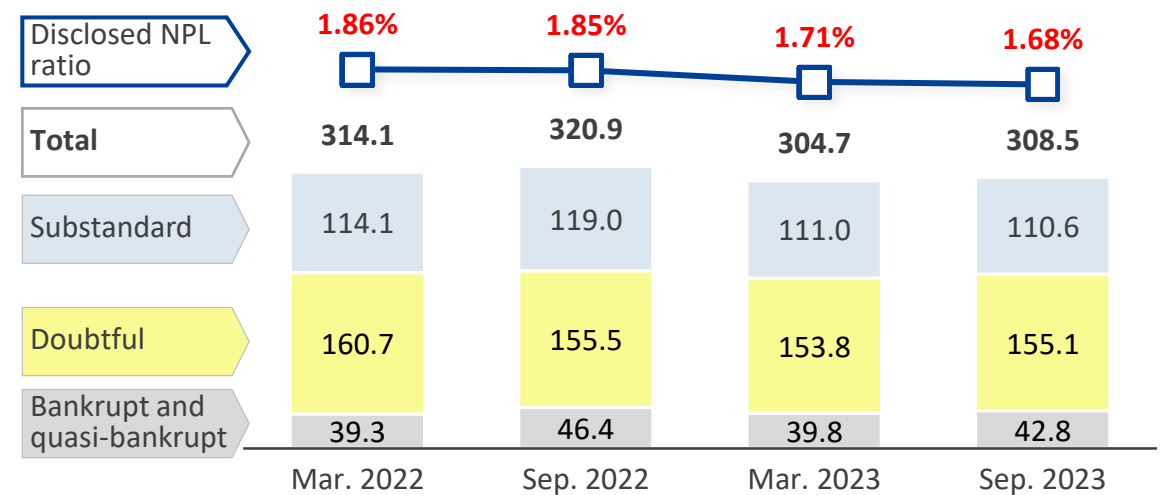
Breakdown of credit cost



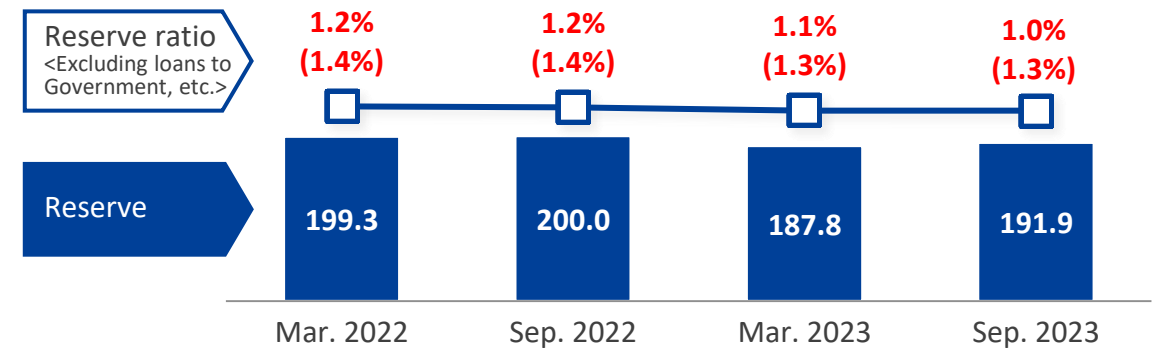
Disclosed non-performing loans & ratio (FFG consolidated)

(Unit: ¥ bil.)

Changes in disclosed non-performing loans & ratio



Changes in reserve & reserve ratio



Part III: Contributing to Sustainable Local Communities (Reference)

SX Support for Clients_Supporting Sustainability Management

- Based on the Sustainable Scale Index—FFG’s unique ESG/SDGs scoring model service—we are promoting efforts for clients to achieve transformation to sustainability-focused management (SX) through sustainability management support in the form of offering finance and consulting.

Sustainable Scale Index

- **Benchmark and visualize** your own SDGs/ESG initiatives by answering about 200 evaluation items
- Since evaluations are industry-based, you can see where you stand by comparing your own figures against the industry average

Steps to using the Sustainable Scale Index

Understand your SDG initiatives through your responses to evaluation items
Understand your company by taking inventory of your business

Dialogue with the bank on your score and evaluation results

Identify priority issues, and review and implement measures

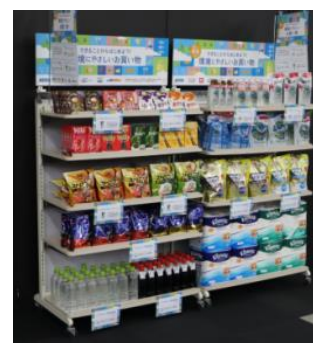
Set goals and incorporate them into management plan

Realize sustainability management

FFG's partnered support

Kyushu Distribution Sustainability Salon

- A collaborative salon to promote sustainability was established with retail distribution companies in the Kyushu area. Joint sustainable sales promotions and decarbonization demonstration tests have begun.



Supporting SMEs for decarbonization management

- The Bank of Fukuoka and Aakel Technologies Inc. (a decarbonization management consulting firm) have been jointly commissioned by Fukuoka City to support SMEs in decarbonization management
- Providing seminars and partnered support for decarbonization management



AAKEL × Bank of Fukuoka

Consortium



Support for decarbonization management



SMEs

SX Support for Clients_Financial Services

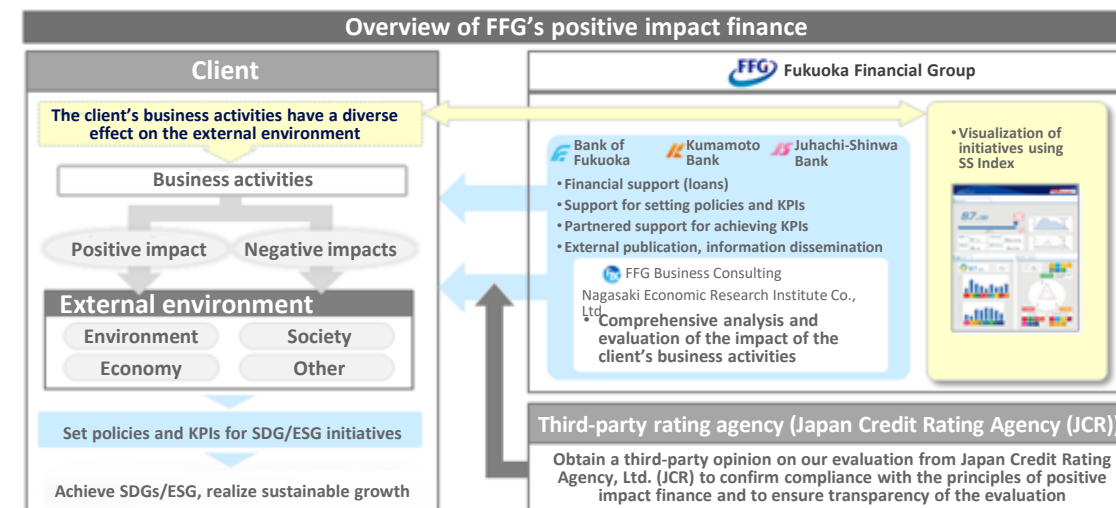
- We are developing various sustainability finance products that will lead to the sustainable growth of clients. In July 2023, we began handling positive impact finance.

Sustainability-related products (selected products)

(FFG) Positive impact finance	<ul style="list-style-type: none"> • Analyze and evaluate the environmental, social, and economic impact of the client's business activities, and set KPIs for increasing positive impacts and reducing negative impacts
FFG main business support loans (SLL, GL)	<ul style="list-style-type: none"> • Set and share financial and non-financial goals through FFG's unique framework in order for the client to achieve its vision
Sustainability linked loans (SLL)	<ul style="list-style-type: none"> • Set sustainability performance targets (SPTs) and vary interest rate depending on the degree of achievement of the SPTs • Each project is evaluated by a third-party rating agency
Green loans (GL)	<ul style="list-style-type: none"> • Funds can only be used for environmental improvement projects • Each project is evaluated by a third-party rating agency
Sustainable apartment loans	<ul style="list-style-type: none"> • Loans are originated for longer than the overall useful life determined by the bank, subject to a real estate appraisal by an external party
SS Index loans	<ul style="list-style-type: none"> • Loan product for clients using the SS Index (ESG/SDGs scoring model)
SDGs private placement bonds	<ul style="list-style-type: none"> • 0.1% of the issue amount is donated to SDG-related organizations
ZEH housing loans	<ul style="list-style-type: none"> • Preferential interest rates are offered for loans for acquiring homes that meet ZEH standards or homes certified as LCCM homes

(FFG) Positive impact finance (PIF)

- The positive and negative environmental, social, and economic impacts of a client's business activities are analyzed and identified through dialogue and using the SS Index to visualize their initiatives, and KPIs are set linked to sustainable growth.



Sustainable finance results

	FY2030 target	Results through to 1H/FY23 (preliminary results)	Compared to Mar. 31, 2023
Sustainable finance	2 trillion yen	530 billion yen	+80 billion yen
Environment	1 trillion yen	200 billion yen	+37 billion yen

Regional Revitalization

- In cooperation with industry, government, and academia, we are actively working to resolve regional issues, create new business opportunities, and expand sales channels, with the aim of contributing to regional growth in a way that is only possible for FFG with its long-standing roots in the community.

Regional projects

- Consortiums are formed with local governments, local companies, universities, etc. to solve problems and create business opportunities while utilizing national and local government subsidies and corporate funds

32 projects executed in FY2022 for a total contract amount of **280 million yen**



Shukubo restoration project, Mount Hiko

- The project promotes tourism by tapping the charm of Mount Hiko (Soeda Town, Tagawa District, Fukuoka Pref.), one of Japan's three holy mountains and a symbol of the town. Part of the project is to conduct *shukendo* (mountaineering asceticism) experience tours and to survey the *shukubo* (pilgrim lodge) property. The aim is to renovate the *shukubo* and open a high value-added hotel.

Expansion of sales channels for local products

- Branding local products and crafts, etc., and supporting expansion of sales channels through digital channels and real events at commercial facilities, etc.

36 items in FY2022

<Greater consumption of game meat produced in Fukuoka Pref. >

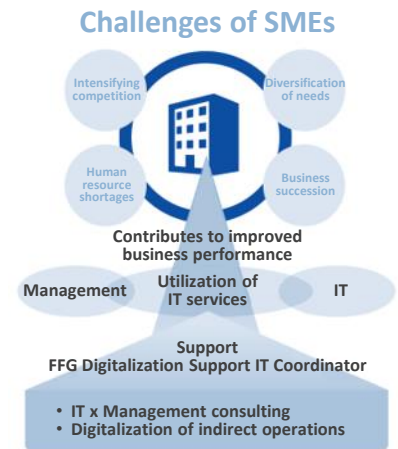


<Expansion of sales channels for specialty products from Minamishimabara, Nagasaki Pref. >



Digitization support

- Proposals to improve operational efficiency and productivity through the introduction of cloud tools
- Focus on supporting customers who have not yet digitalized their indirect operations such as financial accounting, time and attendance management, and information sharing
- Since launching the service in October 2021, we have provided about 1,700 consultations



Support for startup growth

GROWTH I (one)

- Opened in part of the Daimyo Garden City Terrace building (Chuo-ku, Fukuoka City), Growth I supports startups grow and supports regional companies create innovation
- Supporting startup companies to grow (from 1 to 10), and supporting local companies to start new businesses (from 0 to 1) and transform existing business



Realizing SX at FFG_Financial and Economic Education, Collaboration with External Organizations

- Helping to promote and improve financial literacy in local communities is an important role for regional financial institutions, and we engage in this role actively.
- In collaboration with external organizations, we also develop various community contribution activities beyond the framework of financial business.

Financial and economic education

- We are actively advancing efforts to contribute to improvement of financial literacy in the local business area, which ranks low compared to the rest of the nation

	FY2030 target	Results for FY2020 to 1H/FY2023	Compared to Mar. 2023
Number of participants	100,000	57,000	+18,000
Number of events	-	2,264	+1,328

* Number of students attending talks at elementary, junior high, and high schools or participating in work experience or internships, and number of participants attending various seminars aimed at adults



* Results of 2022 financial literacy survey

	Fukuoka	Kumamoto	Nagasaki	National average
Percentage of correct answers	53.5%	54.5%	52.5%	55.7%
National ranking	39th	31st	42nd	-
Percentage who have received financial education	8.3%	5.7%	5.5%	7.1%

* Questionnaire conducted by the Central Council for Financial Services Information (secretariat: Bank of Japan) on 30,000 people aged 18–79, collected according to domestic demographics.

Collaboration with external organizations

<Examples of initiatives>

KidZania Fukuoka

- The Bank of Fukuoka has a pavilion at KidZania Fukuoka as an official sponsor. Communicating the role of banks and the importance of money to children, who will lead the next generation, helps them grow healthy.

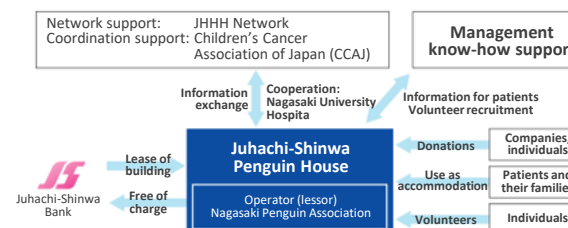


Food Waste Pear Day

- Based on a theme of reducing food waste, substandard pears that could not be shipped to stores because they had been burnt by the sun due to global warming were used to make pear smoothies for sale at the SDGs Hiroba in Kumamoto Prefecture.

Juhachi-Shinwa Penguin House

- We launched an initiative to renovate the site of the former Eighteenth Bank's University Hospital Branch into an accommodation facility for children with cancer and other serious diseases and their families, and to lease the site free of charge to the Nagasaki Penguin Association.



The Nagasaki Penguin Association was established in December 2022 for the purpose of operating Juhachi-Shinwa Penguin House.

Realizing SX at FFG_ Initiatives for TCFD Recommendations

- FFG has positioned addressing climate change as a key strategic management issue and is united in its efforts to transition to a decarbonized society.
- For the first time, we have calculated greenhouse gas emissions for our investees and borrowers (Category 15 in Scope 3). We will develop a roadmap for decarbonization.

CO2 emissions (Scopes 1, 2, and 3)

- In FY2022, we had reduced CO₂ emissions by 41% compared to FY2013 by implementing energy-saving measures such as shifting to eco-friendly branches and switching to high-efficiency air conditioners.

(Unit: t-CO₂)

(Unit: t-CO ₂)	FY2013	FY2020	FY2021	FY2022	FY2030
Scope 1	4,447	2,971	2,862	2,834	-
Scope 2	37,484	24,068	21,986	21,762	-
Scopes 1 and 2	41,931	27,039	24,848	24,596	Net zero

- From FY2022, we will calculate Scope 3, which includes Category 15 (investments and loans).
- The results of these calculations will be used for engaging with clients, contributing to the realization of decarbonization.

(Unit: t-CO₂)

Measurement items		FY2022
Category 1	Purchase products and services	41,974
Category 2	Capital goods	29,887
Category 3	Fuel and energy-related activities not included in Scopes 1 and 2	2,600
Category 4	Transport, delivery (upstream)	1,428
Category 5	Waste generated from operations	40
Category 6	Business trips	981
Category 7	Employee commutes	3,402
Category 15	Investments and loans	20,077,259

Scenario analysis

- FFG utilizes scenario analysis to identify the impact of climate change risks on the Group and establish strategic resilience. We will utilize the results of the analysis in future engagement with clients to create business opportunities and mitigate risks.

	Physical risk	Transition risk
Applicable portfolio	• Borrowers with business feasibility in Japan	• Utility and energy sector ¹ • Automotive sector • Steel sector
Scenario	• RCP 8.5 (4°C scenario) and RCP 2.6 (2°C scenario) in the IPCC ² Assessment Report	• Net Zero 2050 (1.5°C scenario) and Current Policies (3°C scenario) by NGFS ³
Analysis results	• Additional credit costs that could be incurred by 2050 Up to 5.0 billion yen	• Additional credit costs that could be incurred by 2050 Total 12.9–28.6 billion yen

1. Excludes water suppliers and renewable energy generators

2. IPCC: UN Intergovernmental Panel on Climate Change

3. NGFS: Network of Central Banks and Supervisors for Greening the Financial System

Carbon-related assets

- The percentage of all loans that are in the four carbon-related asset sectors are as follows.

Energy	Transportation	Materials	Agriculture, food, forest products	Total ⁴
1.92%	4.82%	22.24%	1.49%	30.47%

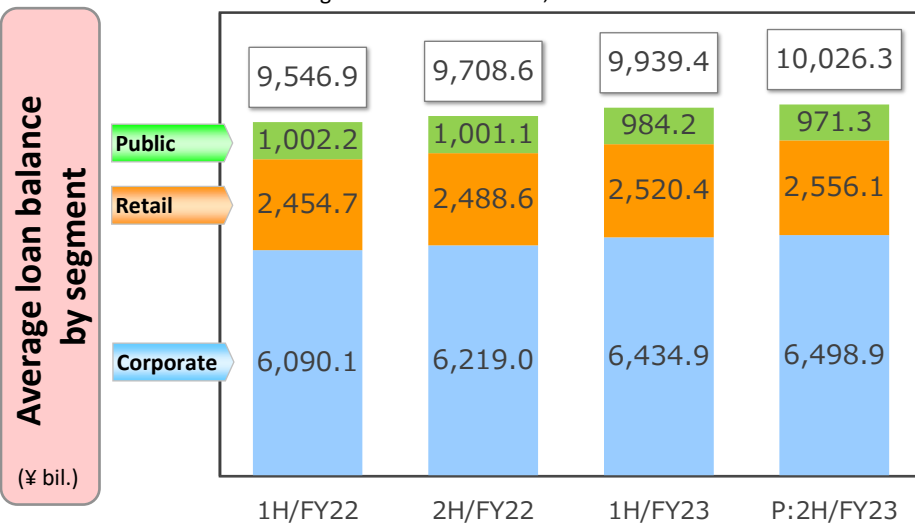
4. Aggregated based on the Bank of Japan industry classification. Includes loans and acceptances and guarantees, but does not include unexecuted balance of commitment lines.

Part IV: FY2023 Interim Financial Results_Figures (Reference)

Average Balance of Loans (by Bank)

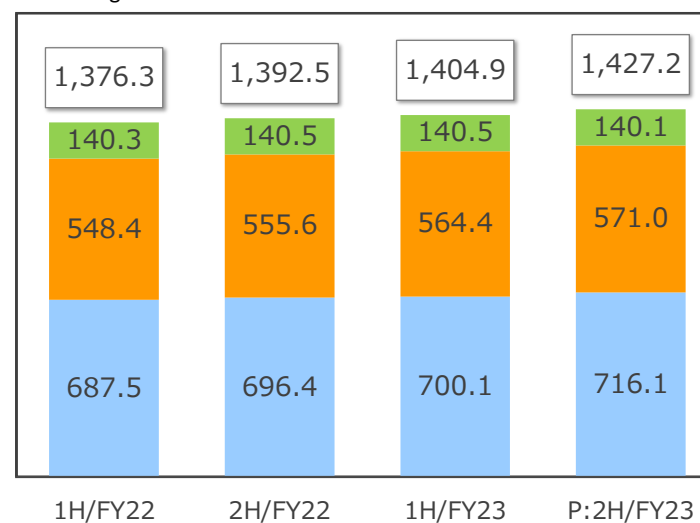
Bank of Fukuoka (domestic, non-consolidated)

* Excluding loans to Government, etc.



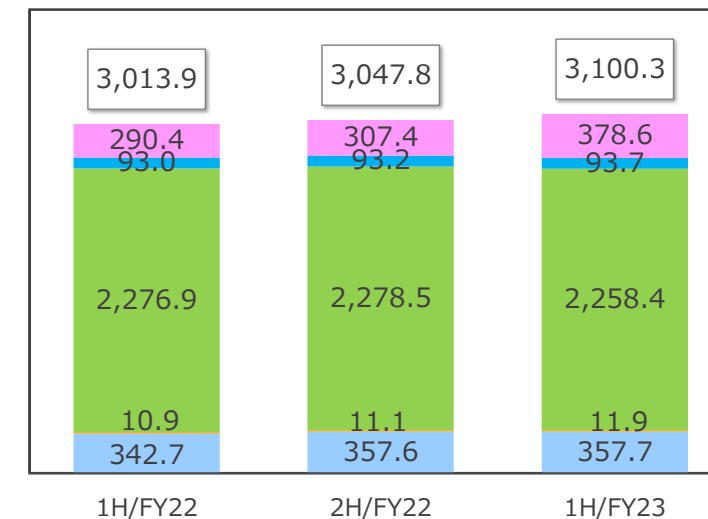
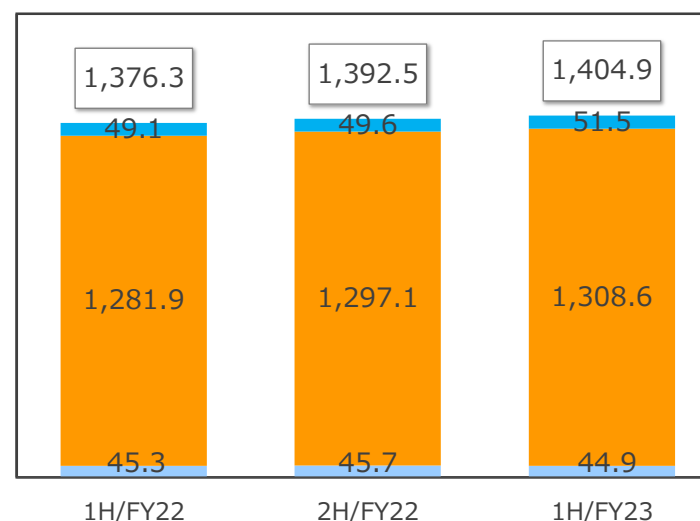
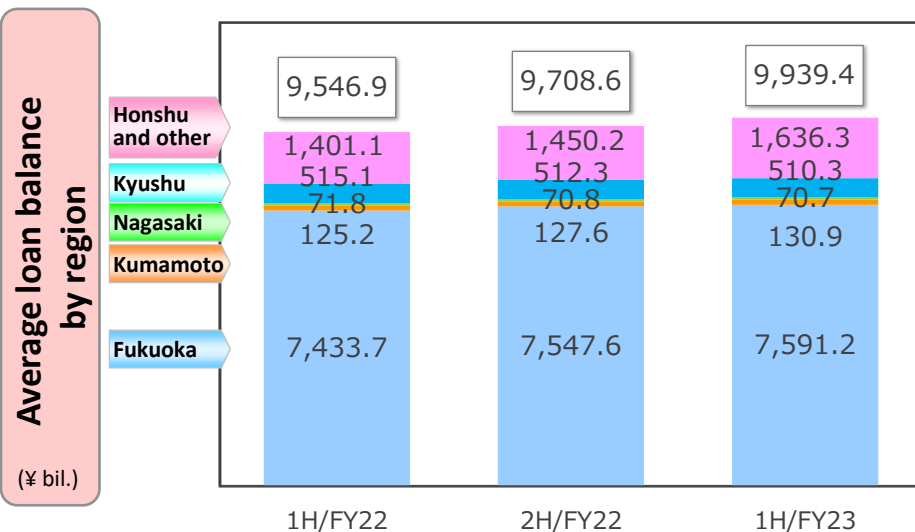
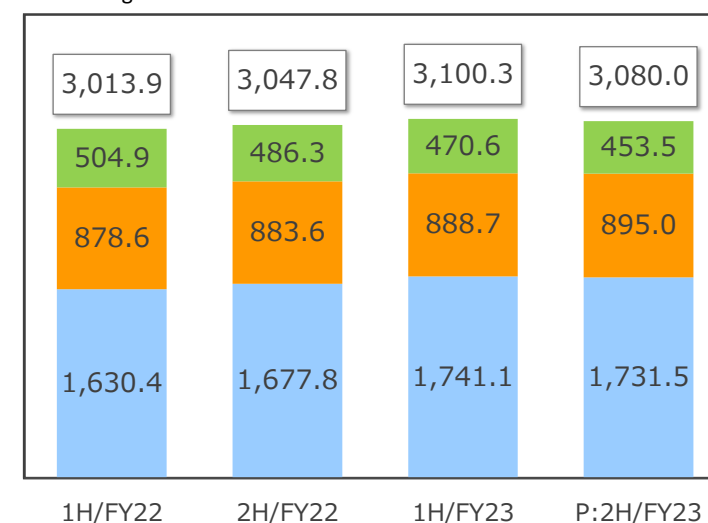
Kumamoto Bank (domestic, non-consolidated)

* Excluding loans to Government



Juhachi-Shinwa Bank (domestic, non-consolidated)

* Excluding loans to Government



Average Balance of Loans (by Industry)

Classification by industry

(¥ bil.)

	Sep. 30, 2023							
	3 banks total		Fukuoka		Kumamoto		Juhachi-Shinwa	
		%		%		%		%
Domestic loans (excluding the special international financial transactions account)	18,326.6	100.0%	11,778.8	100.0%	2,399.3	100.0%	4,148.4	100.0%
Manufacturing	803.8	4.4%	588.1	5.0%	53.6	2.2%	162.0	3.9%
Agriculture and forestry	46.7	0.3%	23.3	0.2%	11.0	0.5%	12.2	0.3%
Fishery	30.0	0.2%	13.2	0.1%	2.8	0.1%	13.9	0.3%
Mining, quarrying and gravel	16.5	0.1%	4.8	0.0%	0.5	0.0%	11.1	0.3%
Construction	404.2	2.2%	254.1	2.2%	55.5	2.3%	94.5	2.3%
Electricity, gas, heat supply and water	469.3	2.6%	366.2	3.1%	20.5	0.9%	82.5	2.0%
Information and communications	78.6	0.4%	59.8	0.5%	3.8	0.2%	14.9	0.4%
Transport and postal service	886.7	4.8%	740.6	6.3%	23.1	1.0%	122.9	3.0%
Wholesale and retail trade	1,398.3	7.6%	1,029.9	8.7%	96.4	4.0%	271.9	6.5%
Finance and insurance	917.3	5.0%	772.6	6.6%	4.3	0.2%	140.3	3.4%
Real estate and leasing	3,372.2	18.4%	2,587.5	22.0%	272.0	11.3%	512.7	12.4%
(Real estate)	2,994.7	16.3%	2,322.0	19.7%	263.4	11.0%	409.3	9.9%
Services	1,349.0	7.4%	855.1	7.3%	155.7	6.5%	338.1	8.1%
Government, local public sector	4,554.8	24.8%	1,946.3	16.5%	1,129.8	47.1%	1,478.6	35.6%
Others	3,998.5	21.8%	2,536.7	21.5%	569.6	23.7%	892.1	21.5%

Change from Mar. 31, 2023			
3 banks total	Fukuoka	Kumamoto	Juhachi-Shinwa
499.1	143.5	417.1	-61.4
-16.6	-2.1	-0.2	-14.3
-0.1	-0.2	0.4	-0.4
-2.9	-1.5	-0.1	-1.4
0.0	0.5	0.0	-0.5
-8.0	-1.2	-5.0	-1.7
10.8	10.7	-0.2	0.3
24.3	24.4	0.8	-1.0
61.3	57.8	0.4	3.1
23.4	24.7	-3.1	1.8
46.9	44.5	-0.4	2.7
56.5	31.8	4.0	20.7
38.7	21.1	4.8	13.0
-5.0	-4.4	0.3	-0.9
269.4	-67.2	411.7	-75.1
39.1	25.6	8.3	5.2

Note: Loans to finance and insurance include the Bank of Fukuoka's loans to the Fukuoka Finance Group (¥123.3 billion as of Sep. 30, 2023, ¥123.3 billion as of Mar. 31, 2023).

Loans based on the FRA, classified by industry

(¥ bil.)

	Sep. 30, 2023							
	3 banks total		Fukuoka		Kumamoto		Juhachi-Shinwa	
		%		%		%		%
Domestic loans (excluding the special international financial transactions account)	304.7	100.0%	187.8	100.0%	35.2	100.0%	81.7	100.0%
Manufacturing	42.7	14.0%	27.1	14.4%	3.2	9.0%	12.5	15.3%
Agriculture and forestry	3.0	1.0%	1.8	1.0%	0.8	2.2%	0.4	0.5%
Fishery	2.1	0.7%	0.2	0.1%	1.0	2.8%	1.0	1.2%
Mining, quarrying and gravel	0.4	0.1%	0.4	0.2%	0.0	0.1%	0.0	—
Construction	12.8	4.2%	8.9	4.7%	1.9	5.4%	2.0	2.5%
Electricity, gas, heat supply and water	1.3	0.4%	1.3	0.7%	0.0	0.1%	0.0	0.0%
Information and communications	0.9	0.3%	0.2	0.1%	0.2	0.7%	0.5	0.6%
Transport and postal service	13.9	4.6%	7.1	3.8%	0.9	2.6%	5.8	7.1%
Wholesale and retail trade	70.5	23.1%	41.6	22.2%	6.9	19.5%	22.0	27.0%
Finance and insurance	3.2	1.1%	3.0	1.6%	0.0	0.1%	0.1	0.2%
Real estate and leasing	38.0	12.5%	27.3	14.5%	4.1	11.6%	6.6	8.1%
(Real estate)	37.0	12.1%	27.0	14.4%	3.7	10.4%	6.3	7.7%
Services	82.6	27.1%	47.8	25.5%	11.7	33.1%	23.1	28.3%
Government, local public sector	0.0	—	0.0	—	0.0	—	0.0	—
Others	33.1	10.9%	21.1	11.2%	4.5	12.8%	7.5	9.2%

Change from Mar. 31, 2023			
3 banks total	Fukuoka	Kumamoto	Juhachi-Shinwa
3.6	1.5	-1.0	3.1
5.2	1.8	-0.1	3.6
0.1	0.1	0.0	0.0
-0.1	0.0	0.0	-0.1
-0.2	0.0	0.0	-0.2
0.4	-0.2	0.1	0.5
-0.1	0.0	-0.1	0.0
-0.1	0.0	0.0	-0.1
0.5	0.9	0.0	-0.5
3.3	3.1	-0.2	0.5
0.3	0.2	0.0	0.0
-5.4	-5.4	-0.5	0.5
-5.7	-5.4	-0.5	0.2
-1.4	0.2	-0.1	-1.5
0.0	0.0	0.0	0.0
0.9	0.6	0.0	0.2

Average Balance of Deposits & CDs (by Bank)

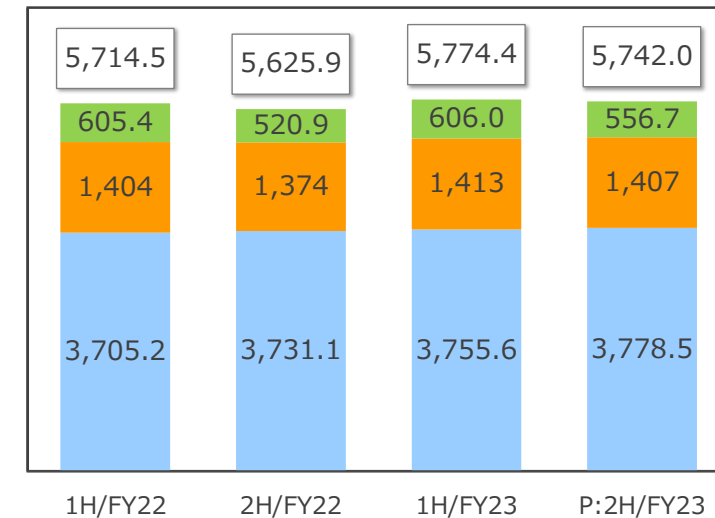
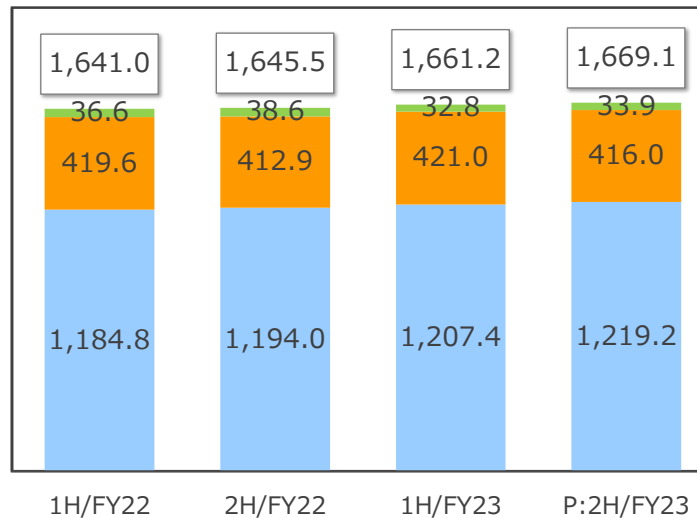
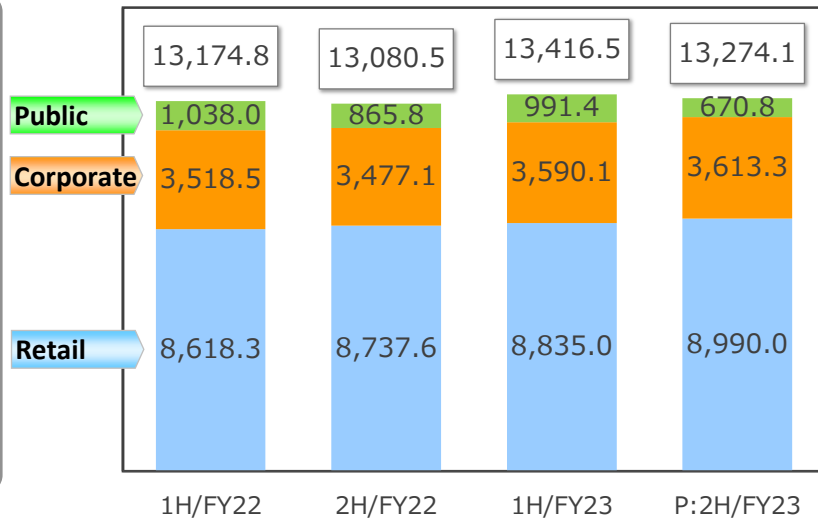
Bank of Fukuoka (domestic, non-consolidated)

Kumamoto Bank (domestic, non-consolidated)

Juhachi-Shinwa Bank (domestic, non-consolidated)

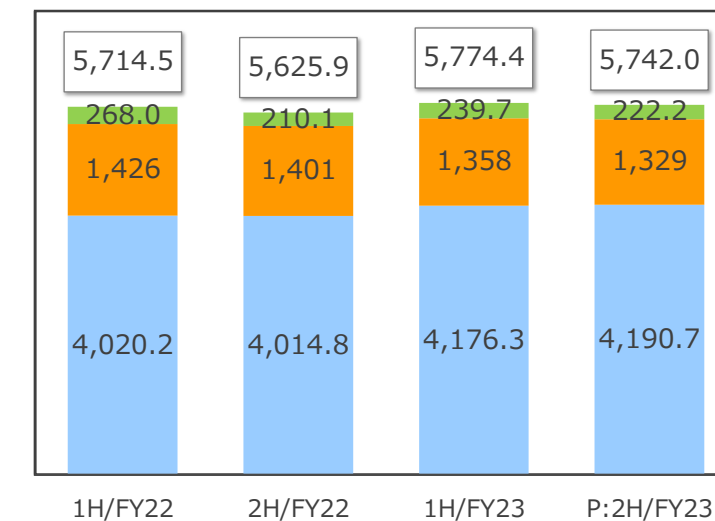
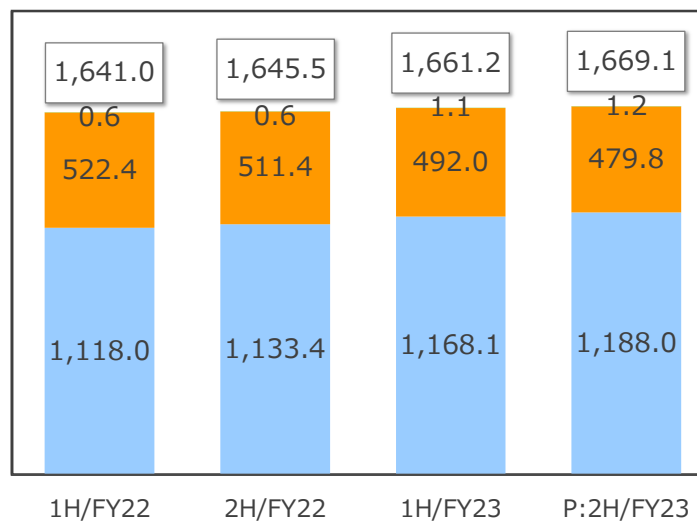
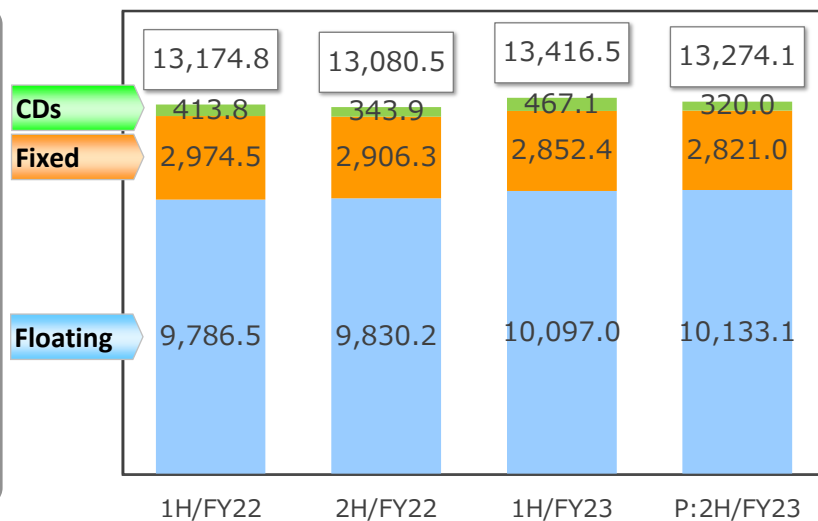
Average deposit balance
by customer segment

(¥ bil.)



Average deposit balance
by deposit type

(¥ bil.)



Interest Rates on Loans (by Segment)

3 banks total

* Excluding loans to Government, etc.

(%)

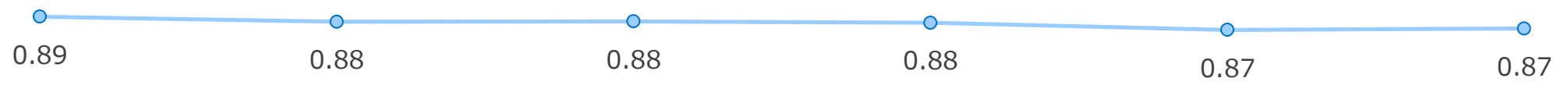
Retail



Loan overall



Corporate



Public



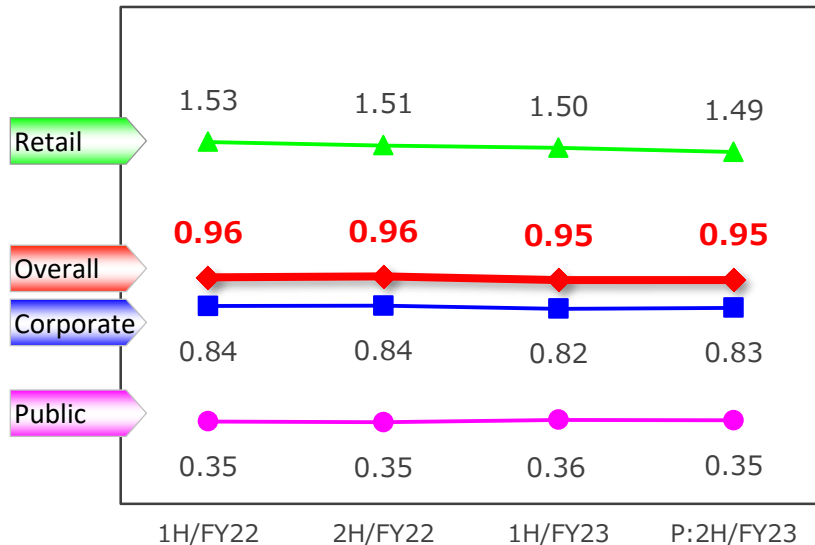
Interest Rates on Loans and Deposits & CDs (by Bank)

Bank of Fukuoka (domestic, non-consolidated)

* Excluding loans to Government, etc.

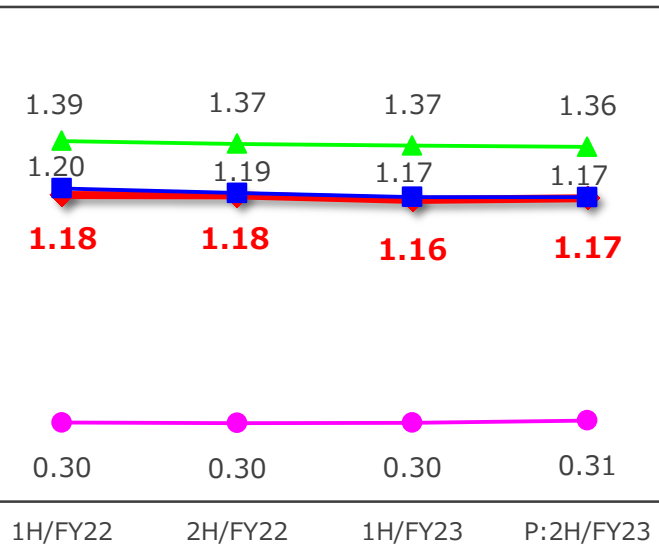
Interest rates on loans

(%)



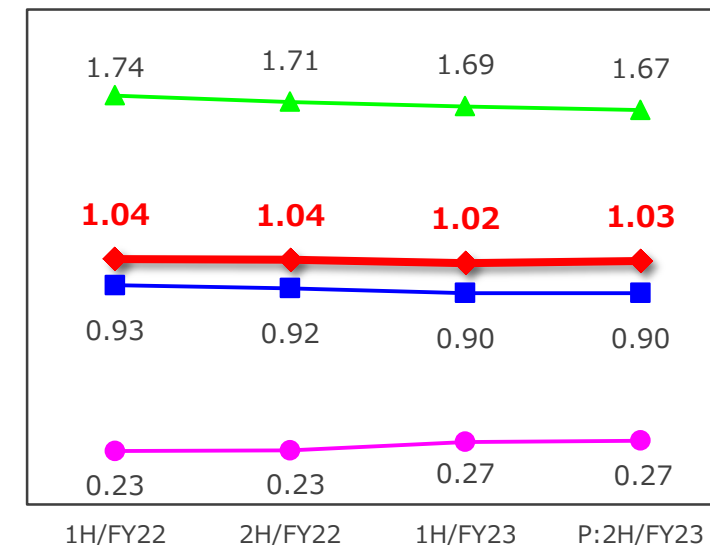
Kumamoto Bank (domestic, non-consolidated)

* Excluding loans to Government



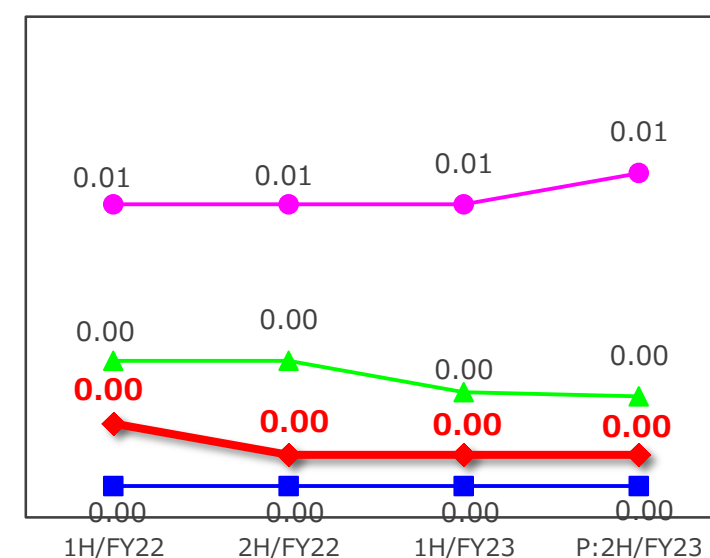
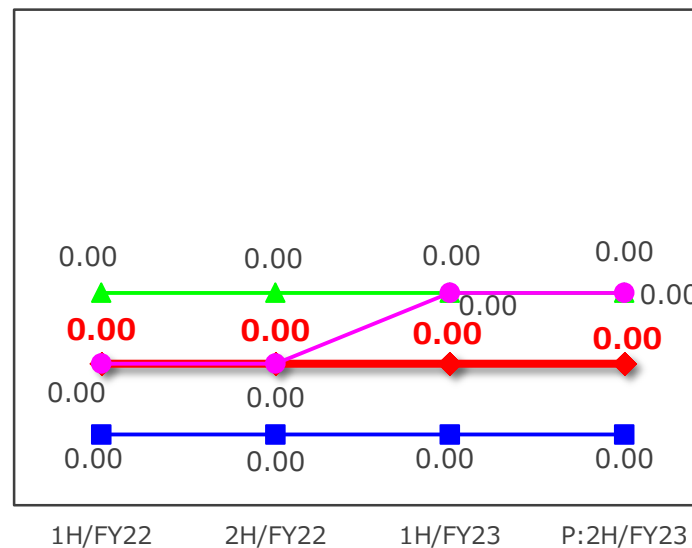
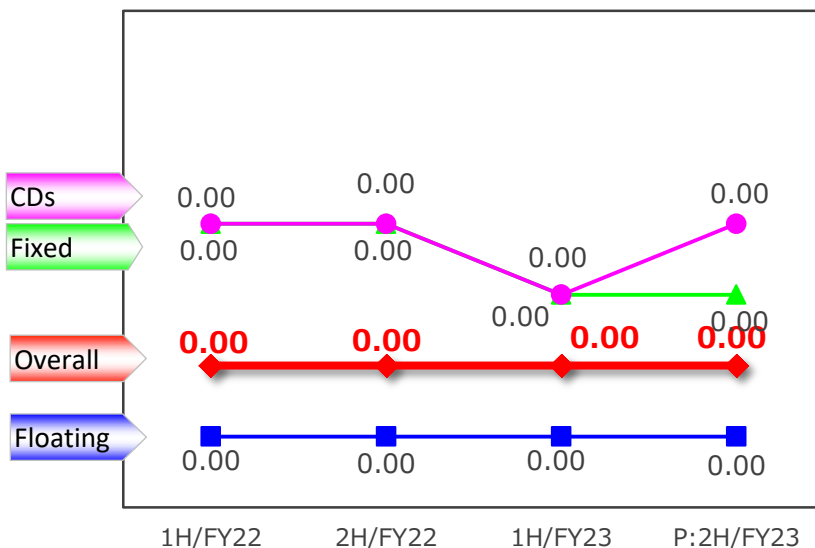
Juhachi-Shinwa Bank (domestic, non-consolidated)

* Excluding loans to Government



Interest rates on deposits, etc.

(%)



Breakdown of Loans and Deposits & CDs by Type

Domestic loans (as of Sep. 30, 2023)

	3 banks total	Fukuoka	Kumamoto	Juhachi-Shinwa
Based on short-term prime rate	23.9%	16.1%	46.0%	32.0%
Short-term spread	5.7%	7.2%	1.7%	3.7%
Short-term loan	29.6%	23.4%	47.7%	35.8%
Based on flexible prime rate	26.9%	28.5%	28.1%	21.6%
Money market rate	7.3%	9.9%	1.2%	4.2%
Long-term flexible	34.2%	38.4%	29.3%	25.8%
Fixed-rate mortgage loan	3.9%	3.8%	2.5%	5.1%
Long-term fixed	36.2%	38.2%	23.1%	38.5%
Long-term loan	70.4%	76.6%	52.3%	64.2%
Total	100.0%	100.0%	100.0%	100.0%

Domestic funds (as of Sep. 30, 2023)

	3 banks total	Fukuoka	Kumamoto	Juhachi-Shinwa
Interest	62.3%	62.9%	64.4%	60.3%
Non-interest	11.9%	12.2%	6.3%	12.6%
Floating deposit	74.2%	75.1%	70.7%	73.0%
Core deposit	15.8%	15.5%	22.3%	14.5%
Large deposit	6.6%	5.5%	6.9%	9.2%
Time and savings deposit	22.4%	21.0%	29.2%	23.7%
CD	3.4%	3.8%	0.1%	3.4%
Time and saving deposit & CD	25.8%	24.9%	29.3%	27.0%
Total	100.0%	100.0%	100.0%	100.0%

Portfolio by base rate

Short-term prime rate	50.7%	44.7%	74.1%	53.6%
Short-term money market rate	13.0%	17.1%	2.9%	7.9%
Fixed rate	36.2%	38.2%	23.1%	38.5%
Total	100.0%	100.0%	100.0%	100.0%

Bank of Fukuoka (consolidated)

Kumamoto Bank

Juhachi-Shinwa Bank

Securities balance

Unrealized gain (loss)

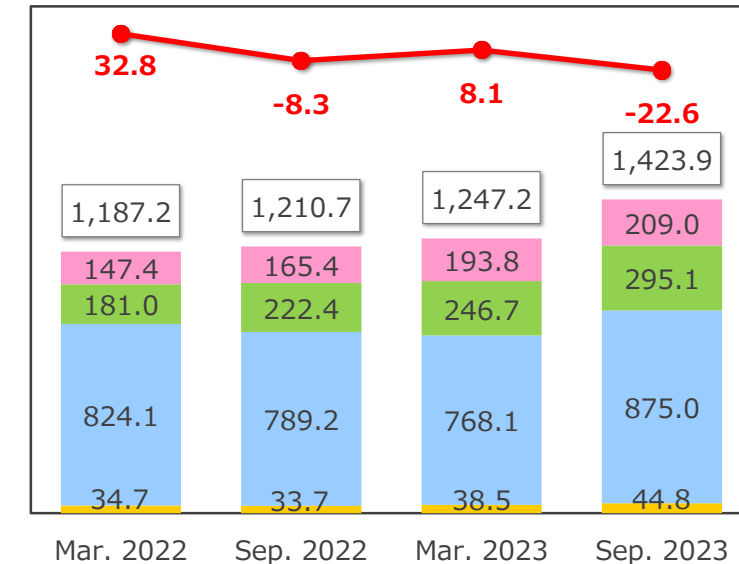
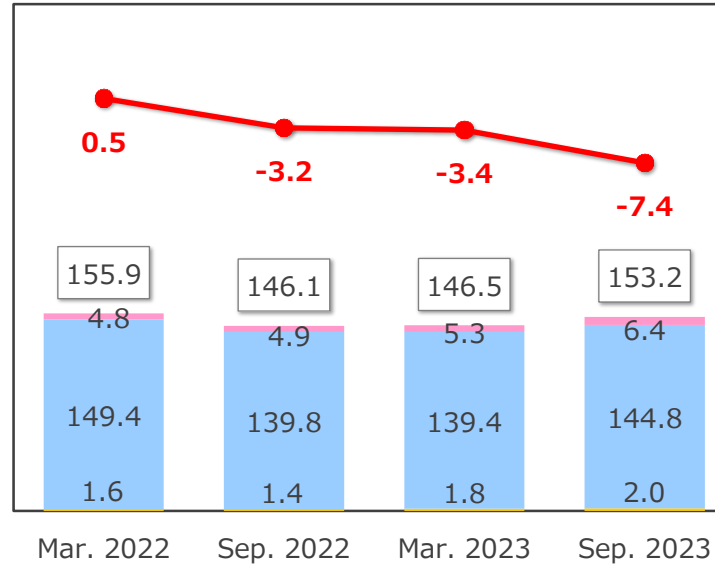
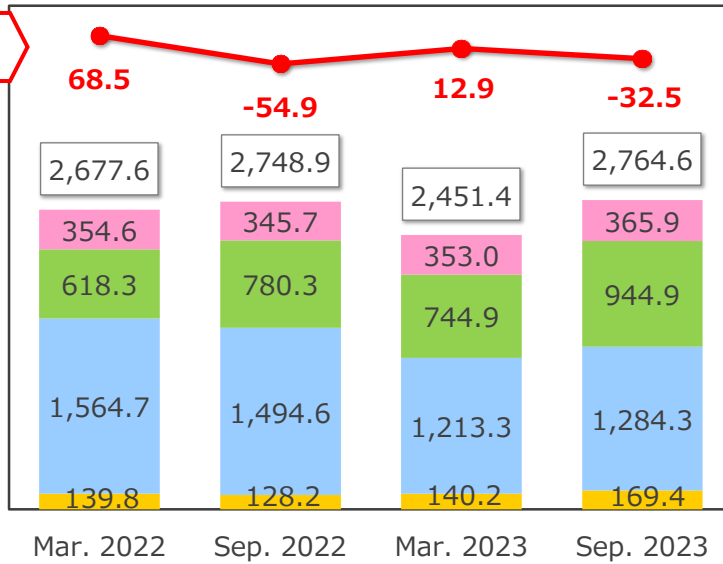
Other

Foreign bonds

Domestic bonds

Stocks

(¥ bil.)

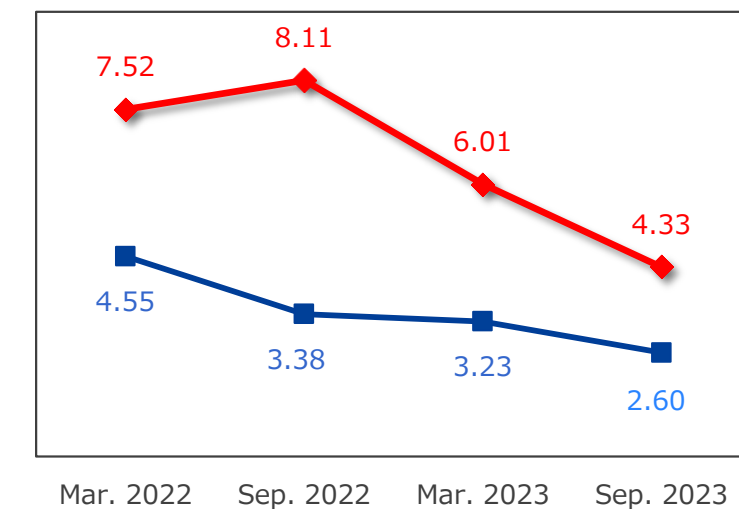
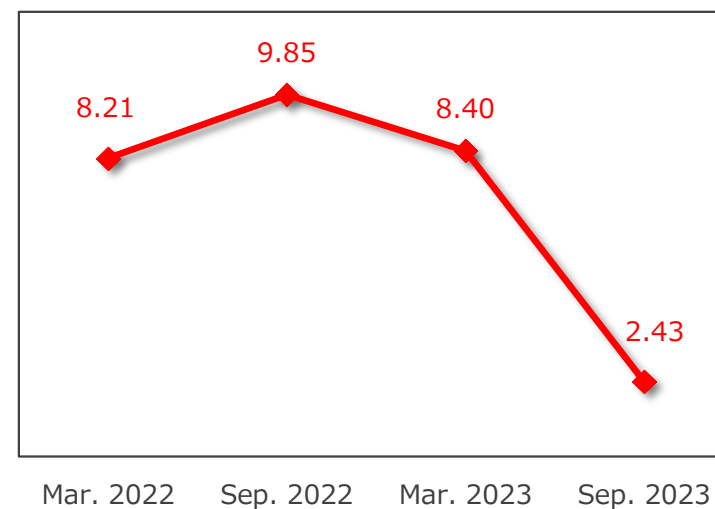
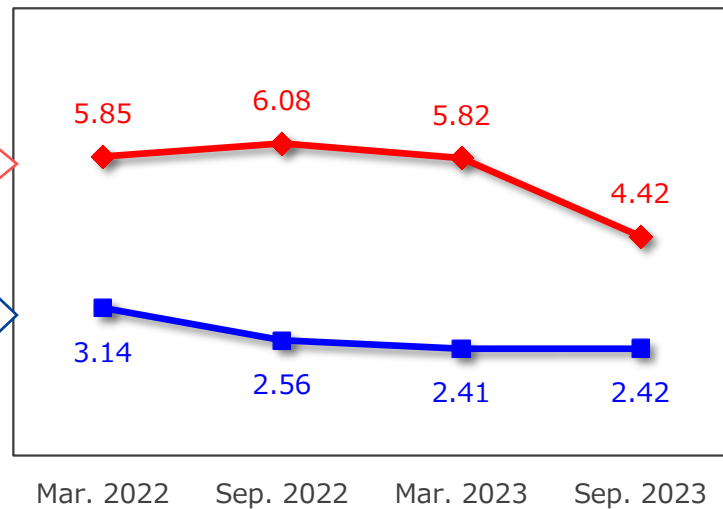


Bond duration

Domestic bonds

Foreign bonds

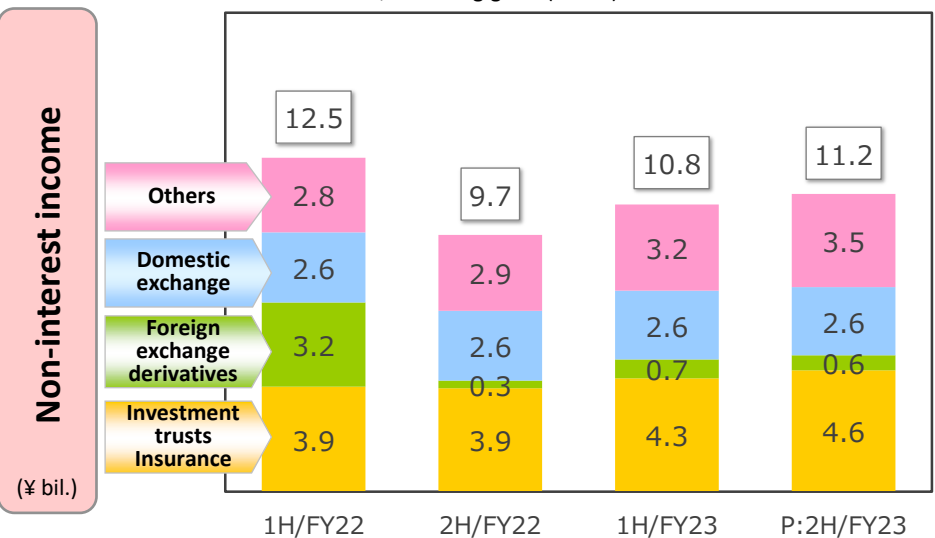
(Years)



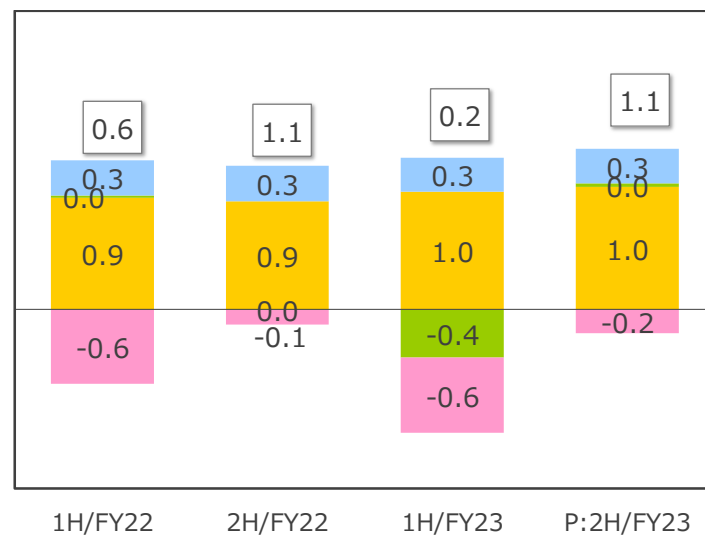
Non-Interest Income / Asset Management Product Sales (by Bank)

Bank of Fukuoka

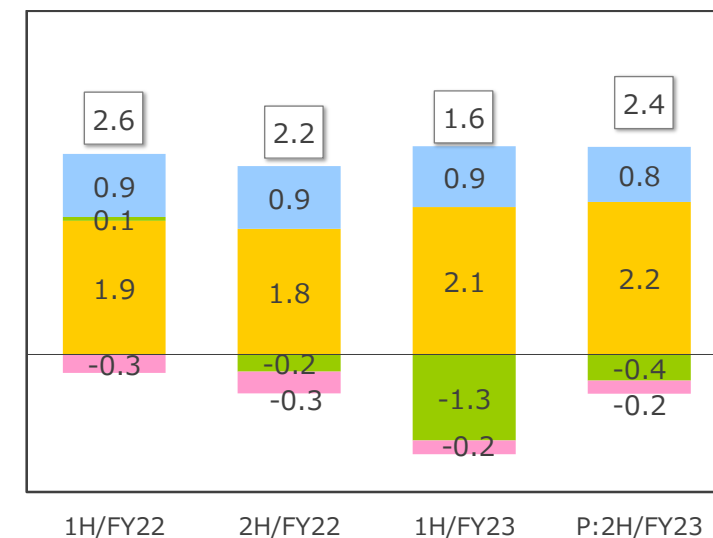
* For all 3 banks, excluding gains (losses) on bonds



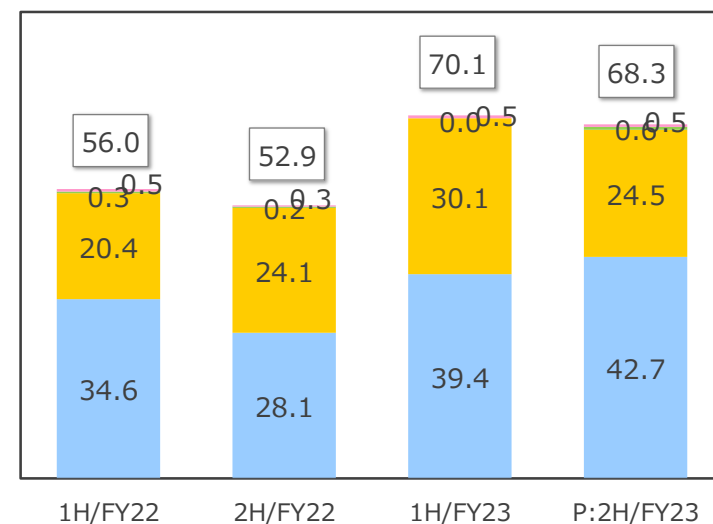
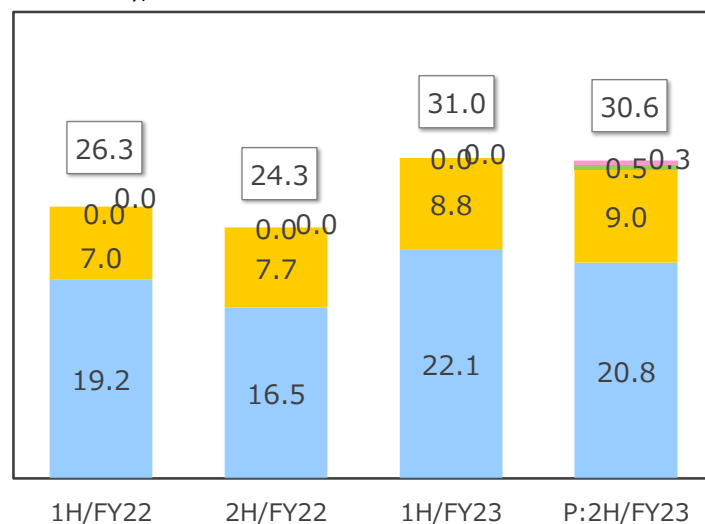
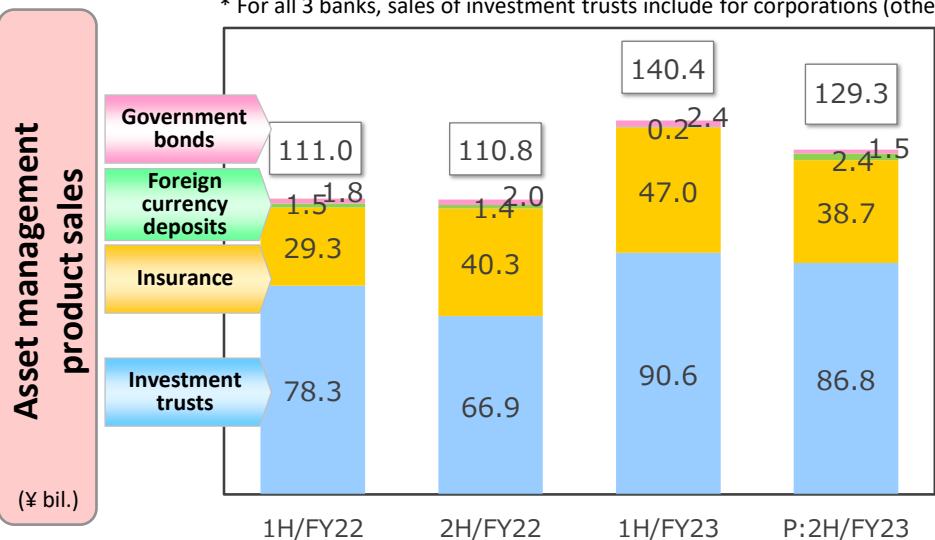
Kumamoto Bank



Juhachi-Shinwa Bank

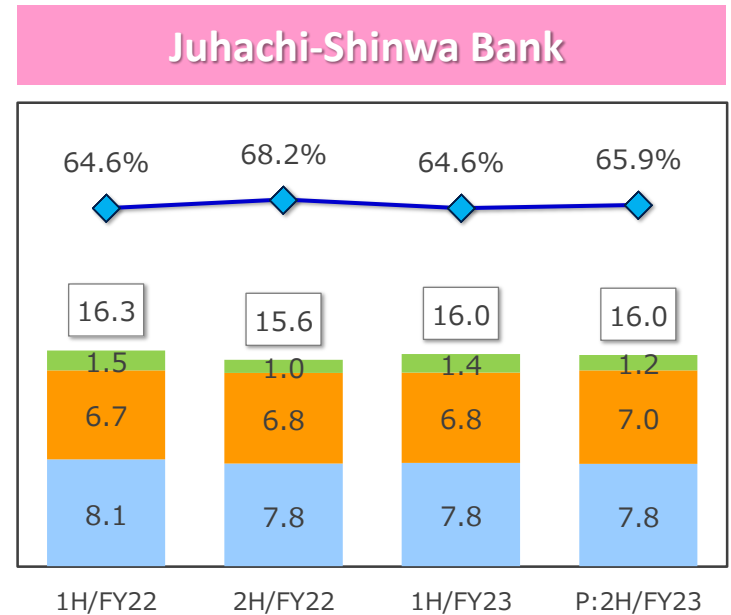
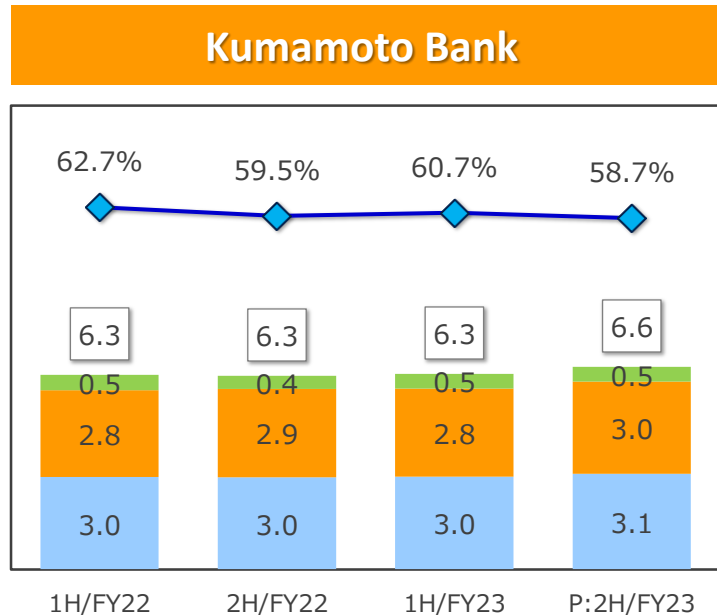
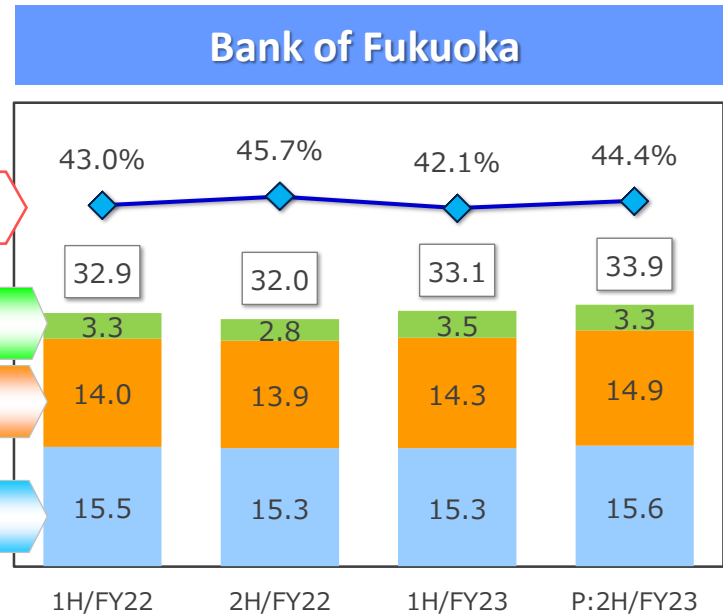


* For all 3 banks, sales of investment trusts include for corporations (others are for retail only)



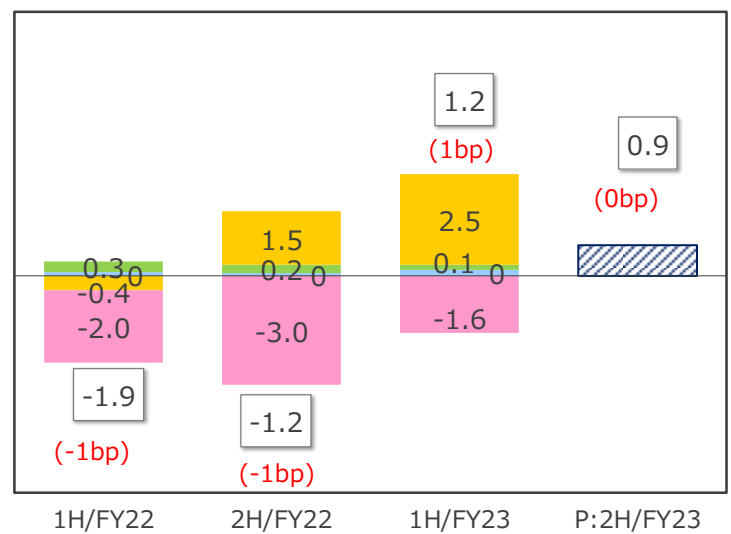
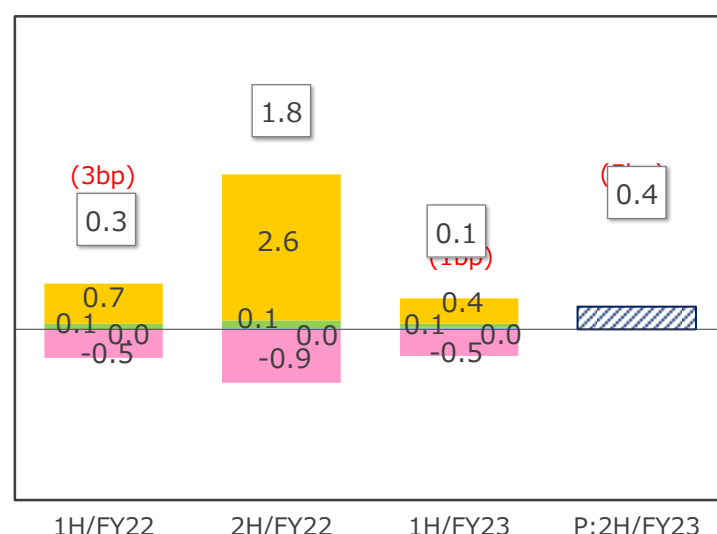
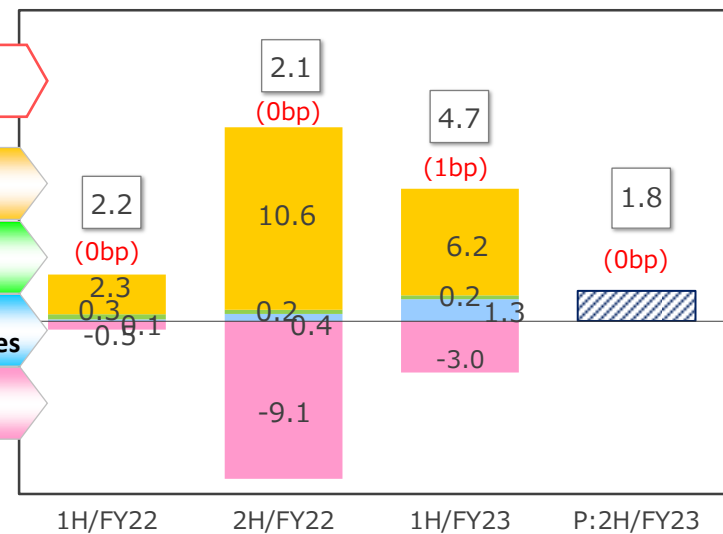
Overhead Expenses / Credit Cost (by Bank)

Overhead expenses & core OHR
(¥ bil.)



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

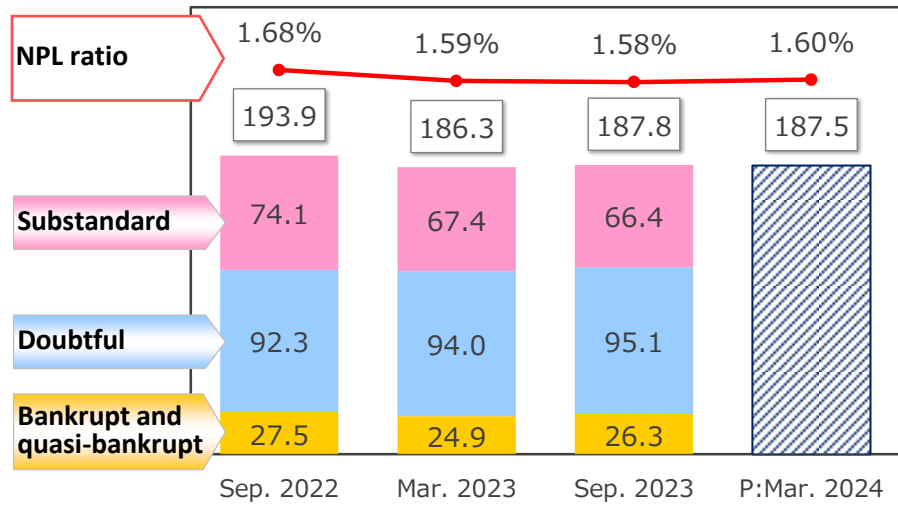
Credit cost
(¥ bil.)



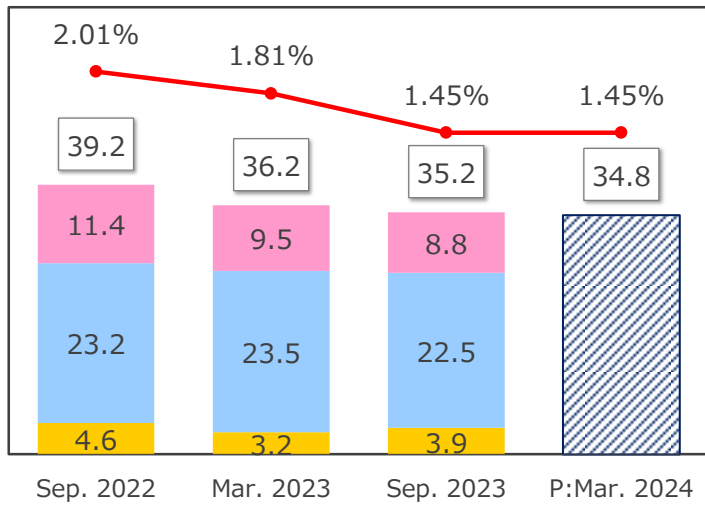
Non-Performing Loans / Capital Adequacy Ratio (by Bank)

Non-performing loans & ratio
(¥ bil.)

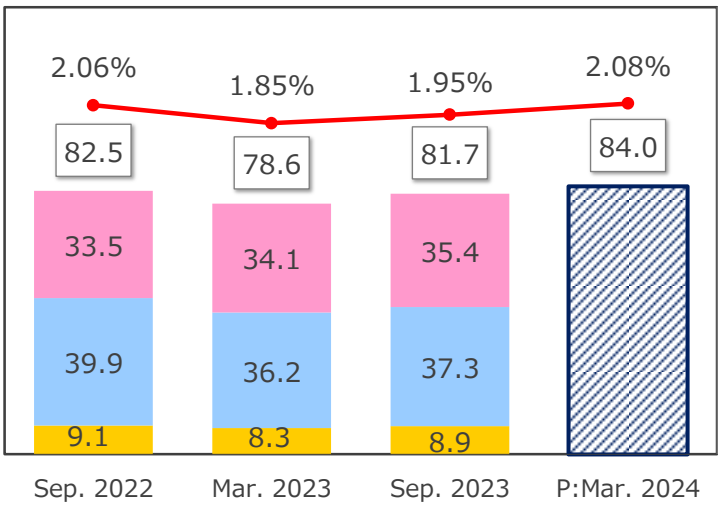
Bank of Fukuoka



Kumamoto Bank



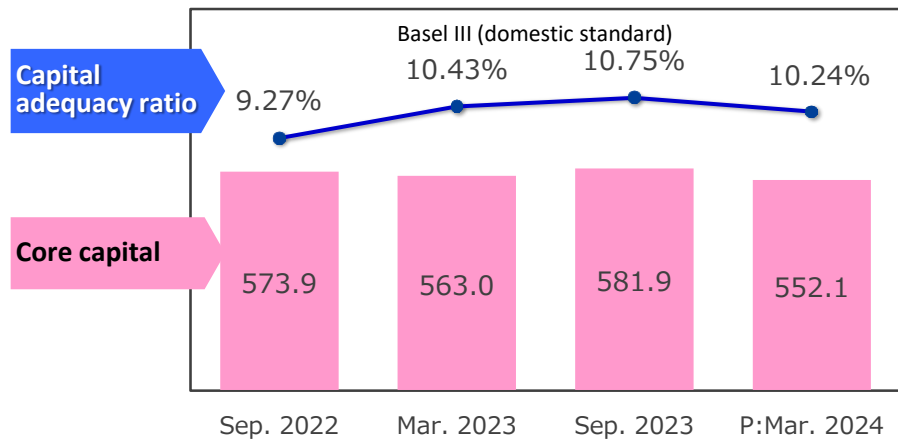
Juhachi-Shinwa Bank



Capital adequacy ratio
(¥ bil.)

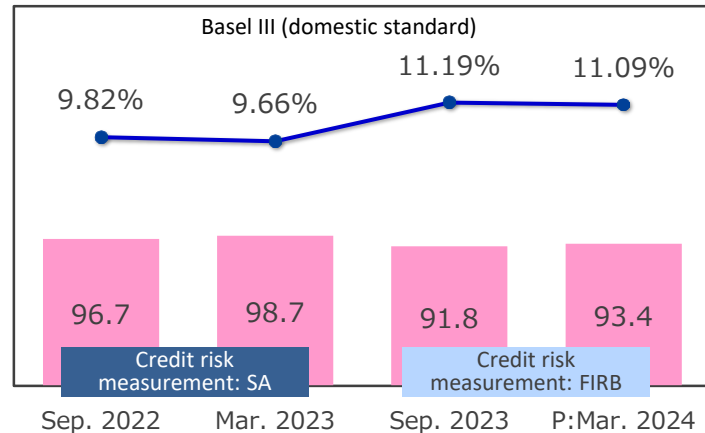
Bank of Fukuoka (consolidated)

Credit risk measurement:
Advanced internal rating based approach
Operational risk measurement:
Standard measurement approach (from Mar. 2023)
Standardized approach (until Sep. 2022)



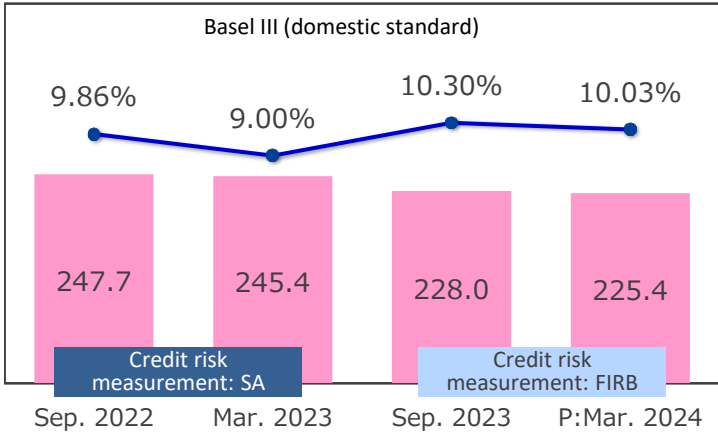
Kumamoto Bank

Credit risk measurement:
Foundation internal ratings-based approach (FIRB) (Sep. 30, 2023)
Standard approach (until Mar. 2023)
Operational risk measurement:
Standard measurement approach (from Mar. 2023)
Standardized approach (until Sep. 2022)



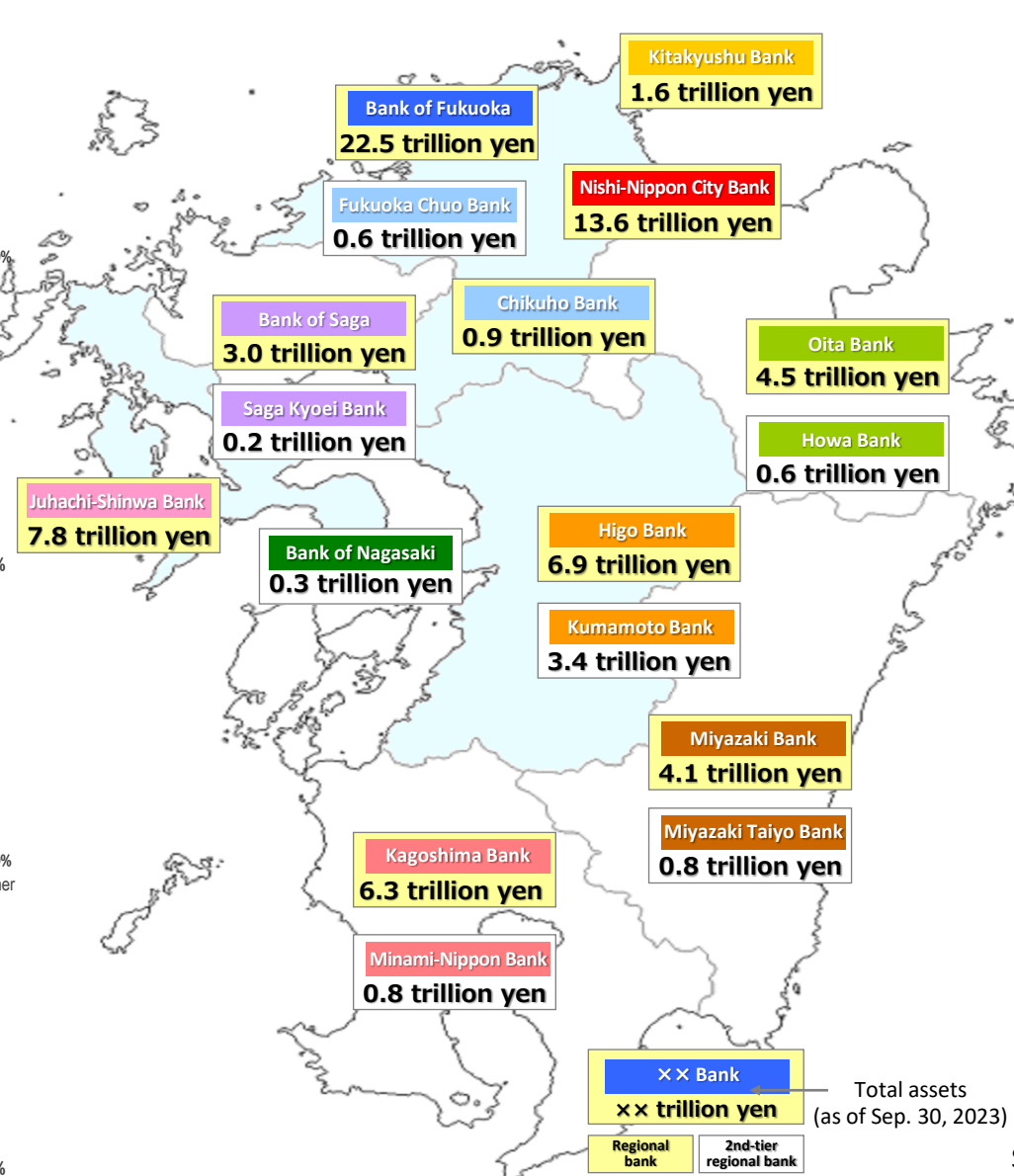
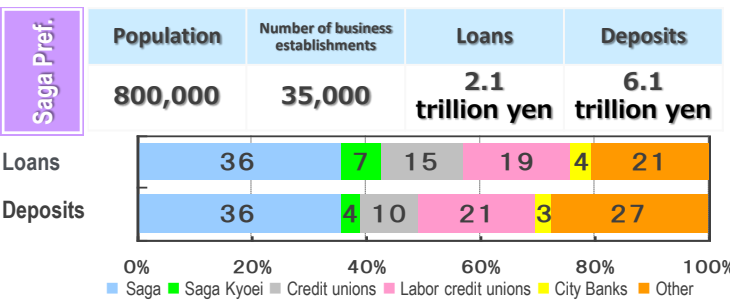
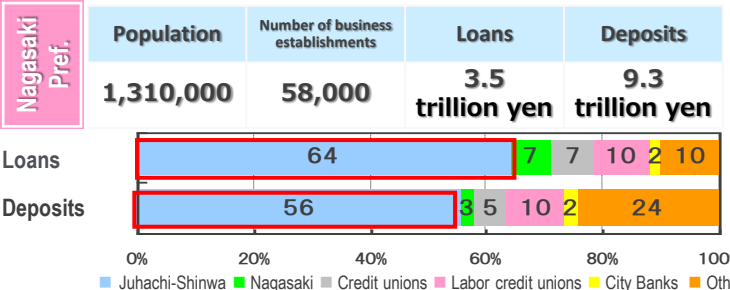
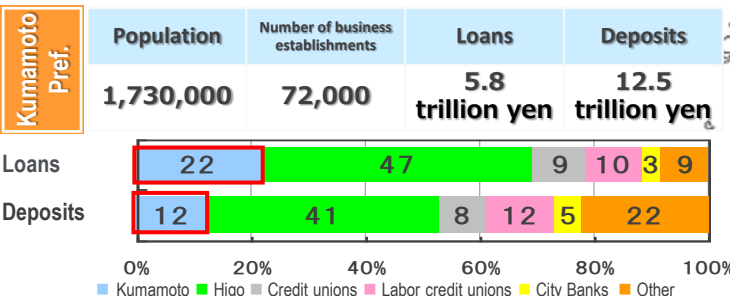
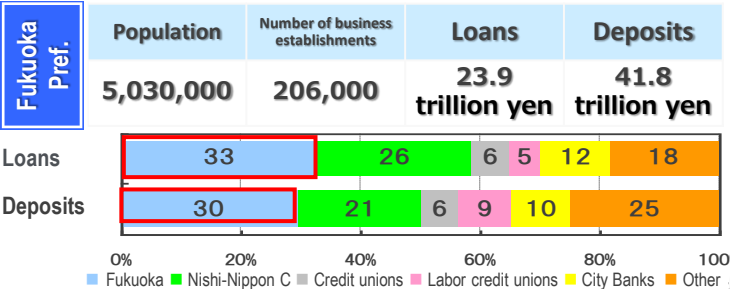
Juhachi-Shinwa Bank

Credit risk measurement:
Foundation internal ratings-based approach (FIRB) (Sep. 30, 2023)
Standard approach (until Mar. 2023)
Operational risk measurement:
Standard measurement approach (from Mar. 2023)
Basic indicator approach (until Sep. 2022)

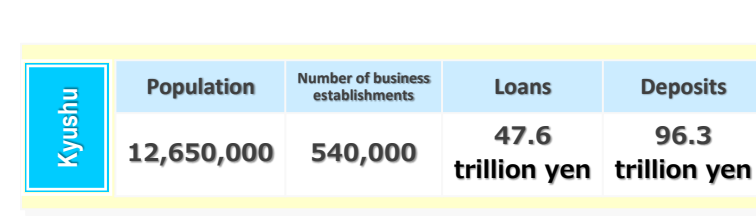
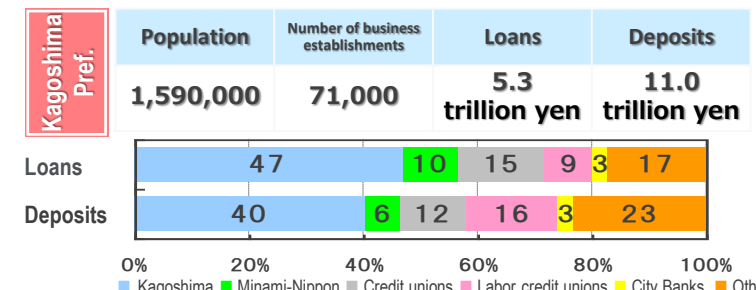
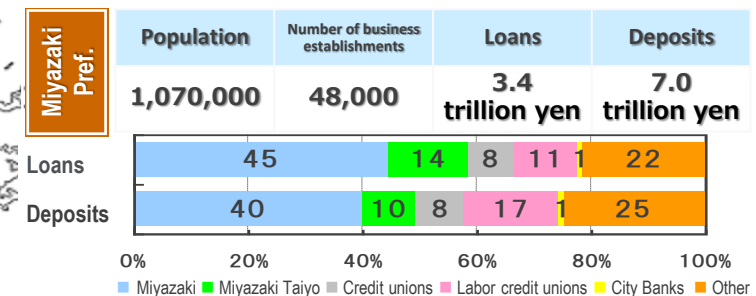
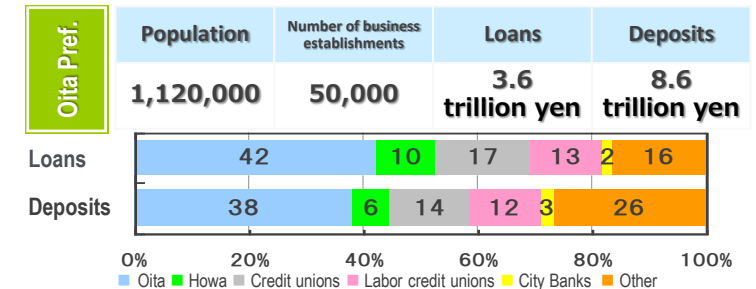


Part V: Kyushu Economy (Reference)

Market Share



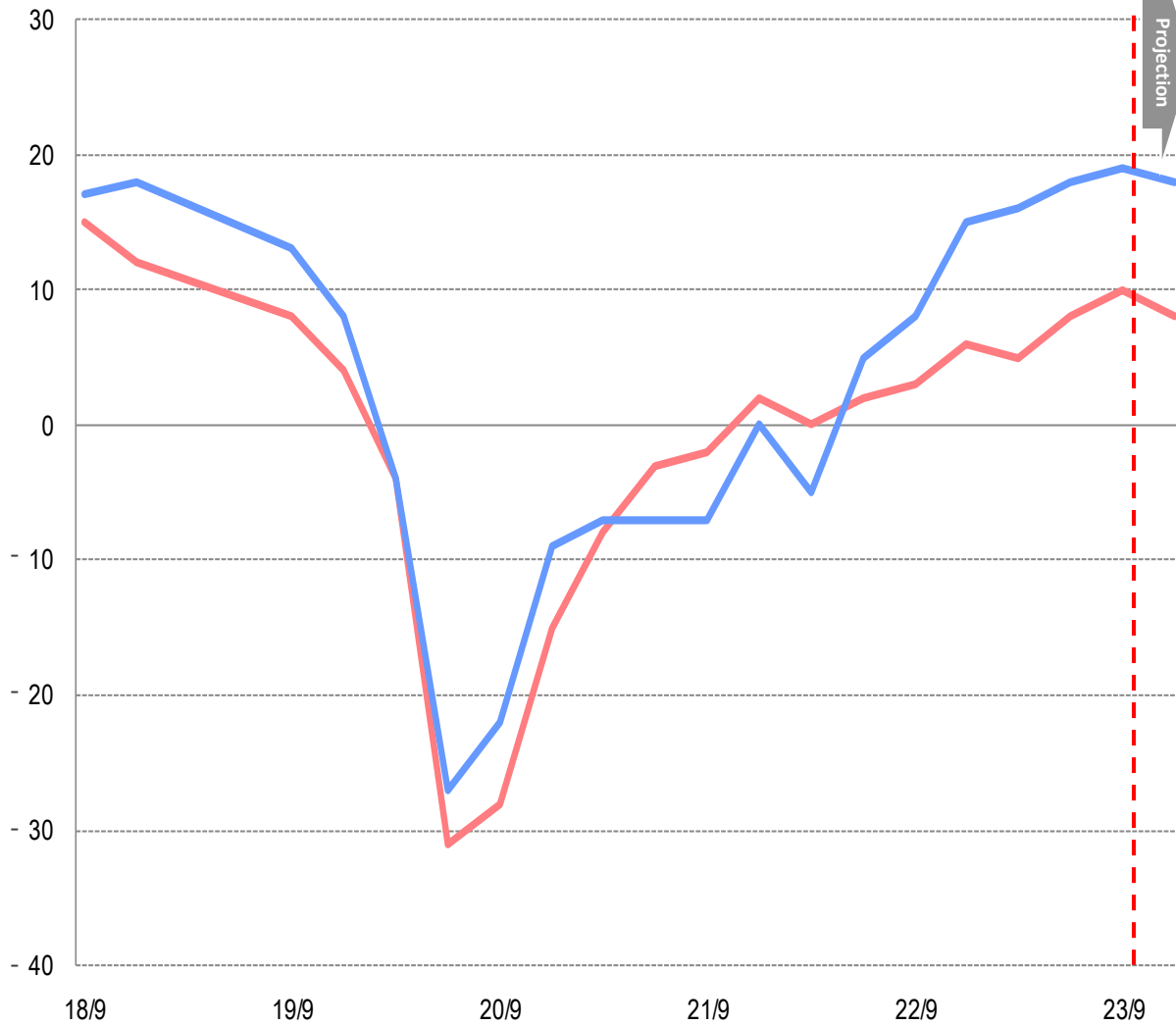
Source: Financial digests



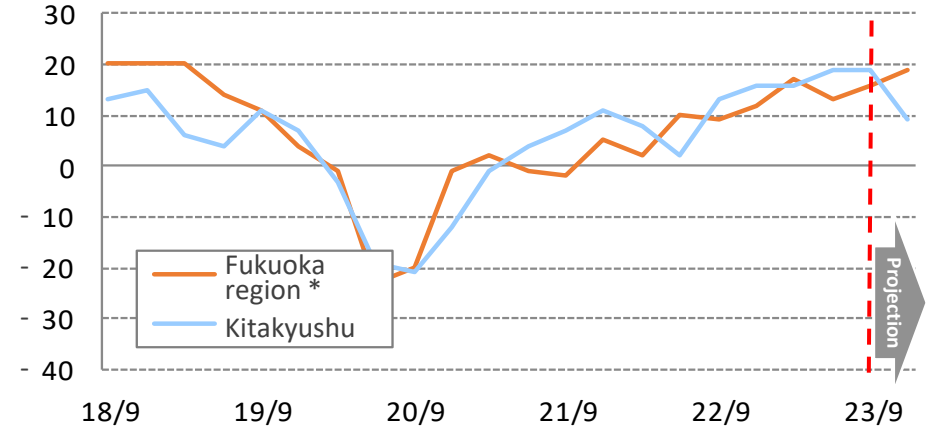
Sources: 2021 Economic Census for Business Activity, Ministry of Internal Affairs and Communications "Financial Map 2023," Monthly Kinyu Journal

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

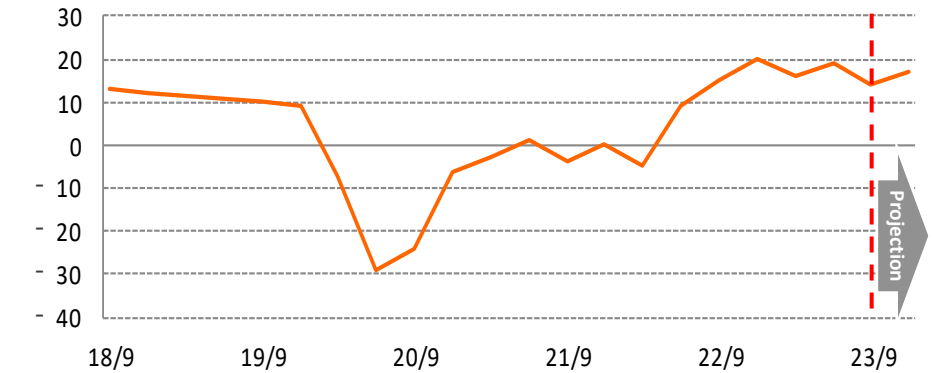
* Fukuoka region: Fukuoka Prefecture plus Saga Prefecture, excluding Kitakyushu



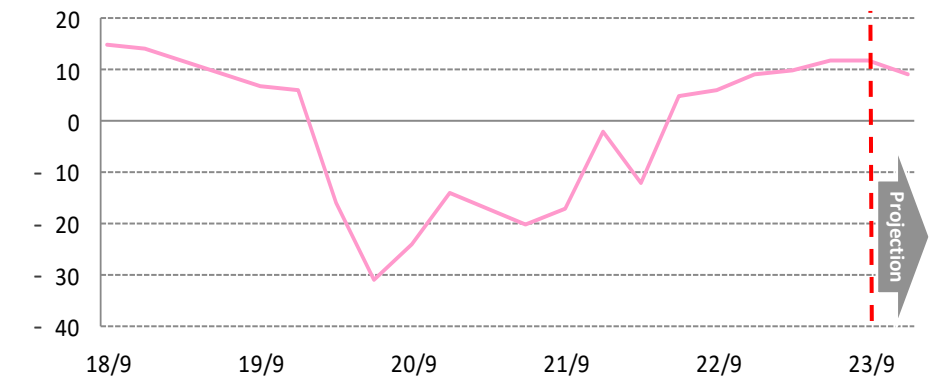
Fukuoka



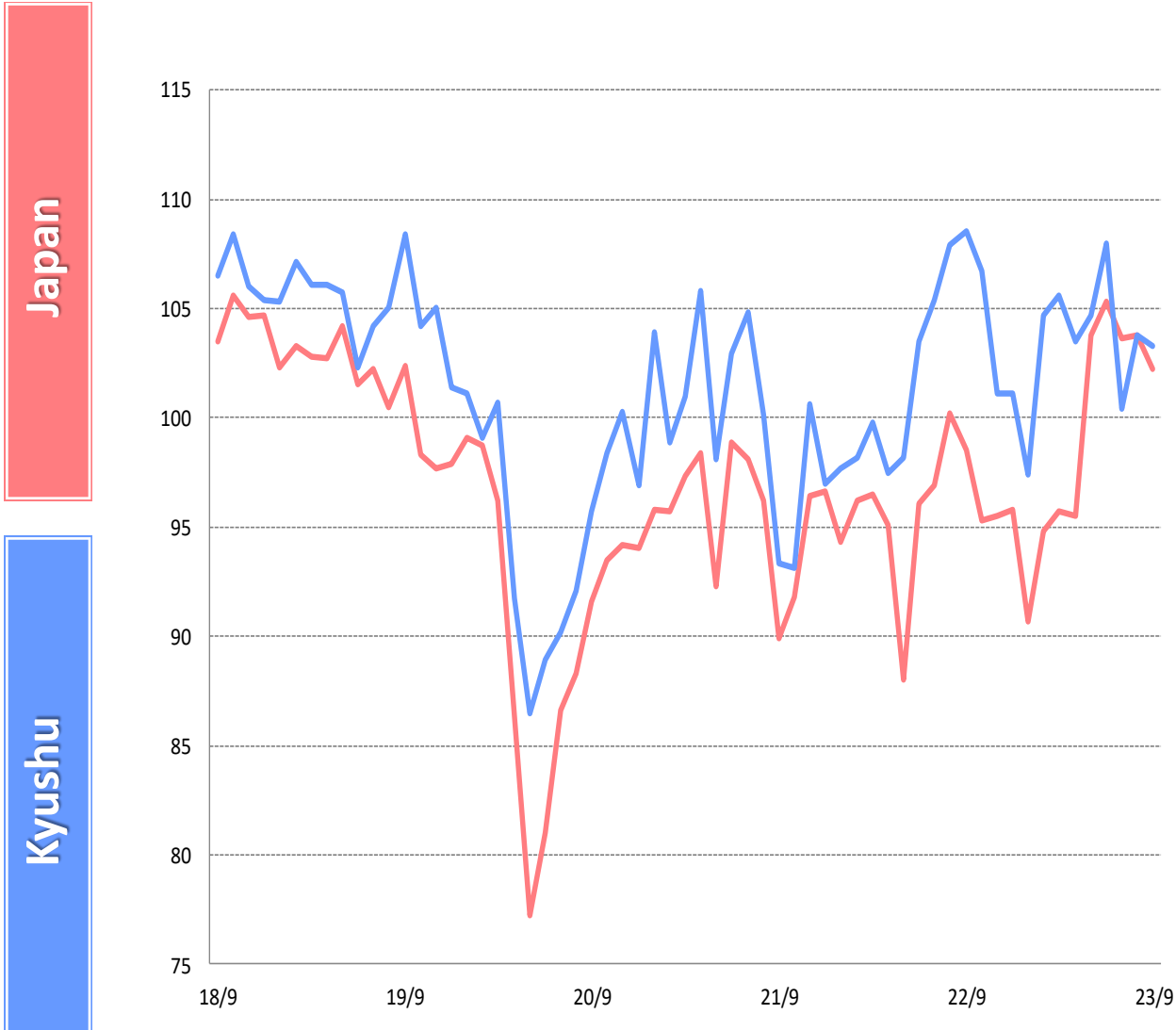
Kumamoto



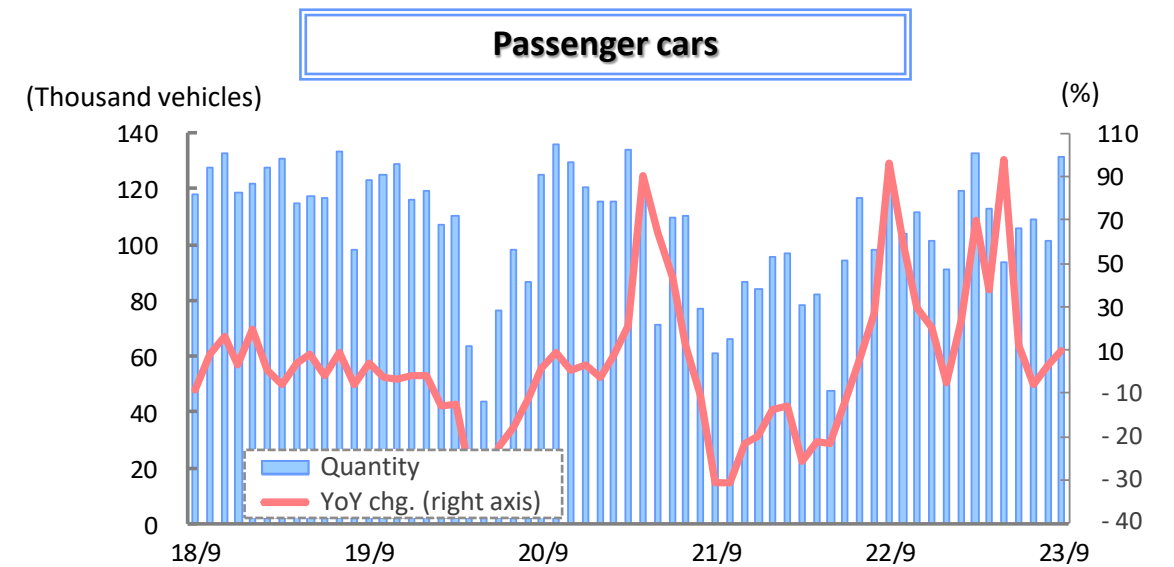
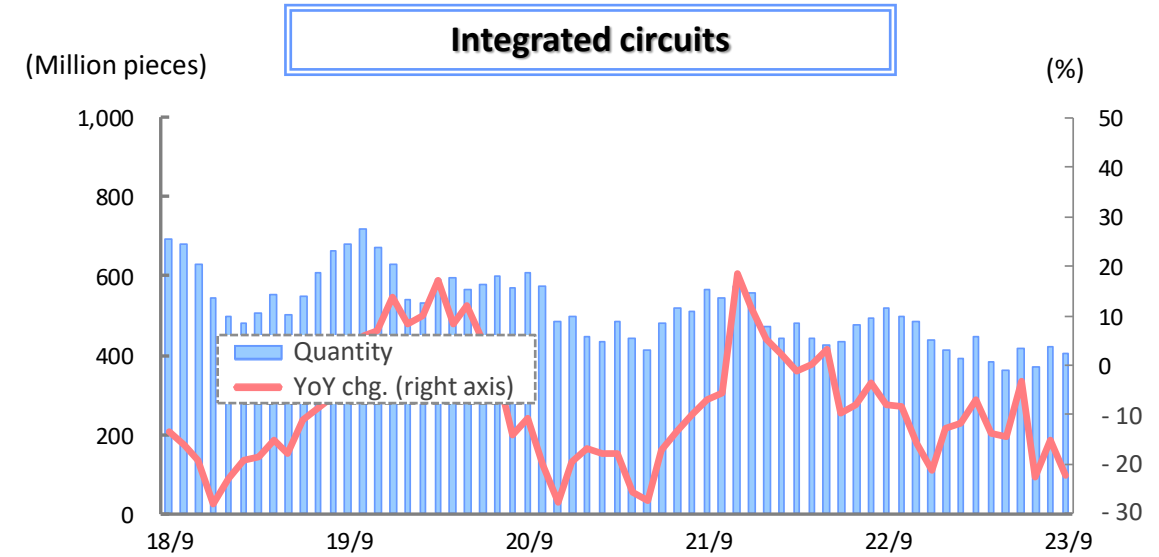
Nagasaki



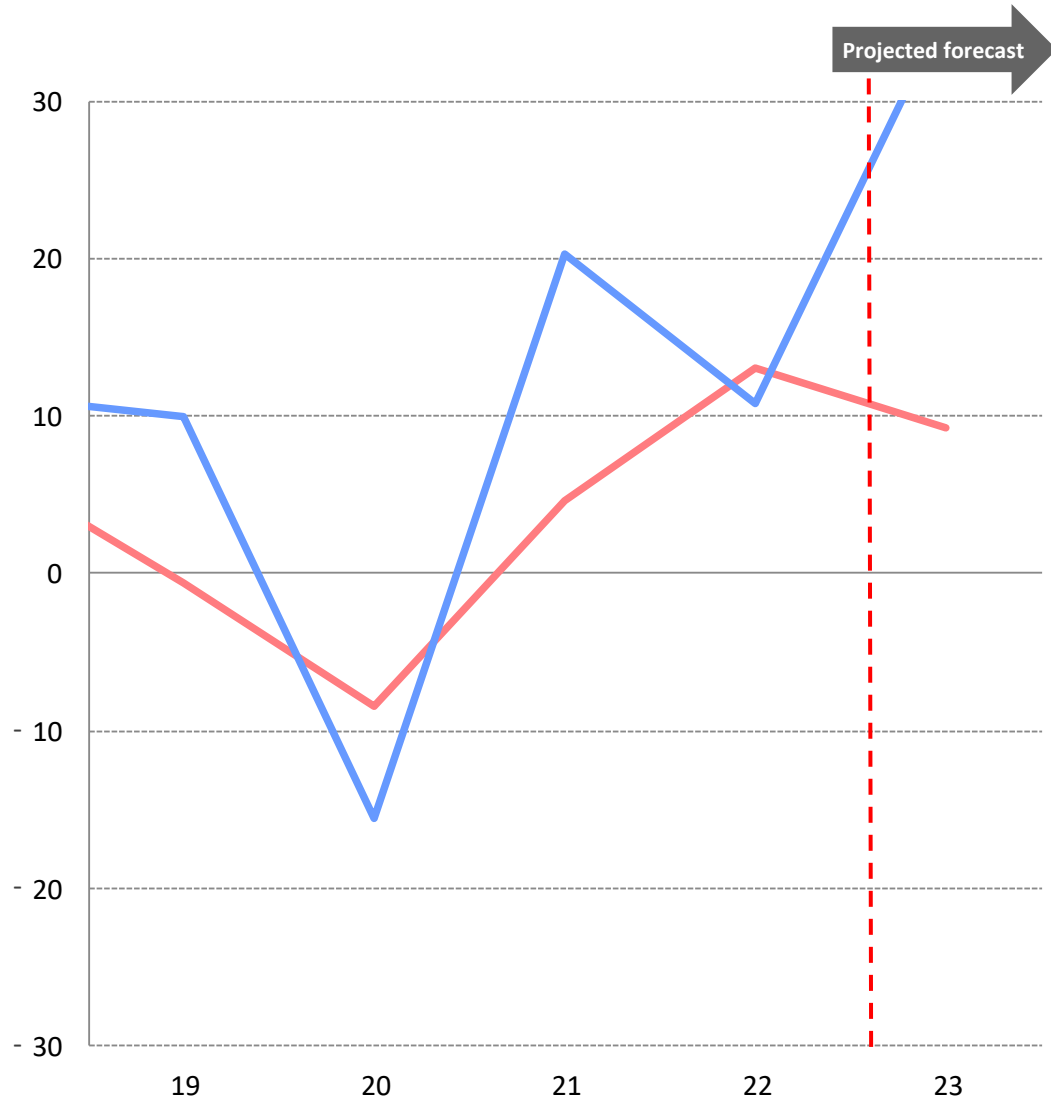
Industrial production index (FY2015 = 100)



[Kyushu] Main industry trends

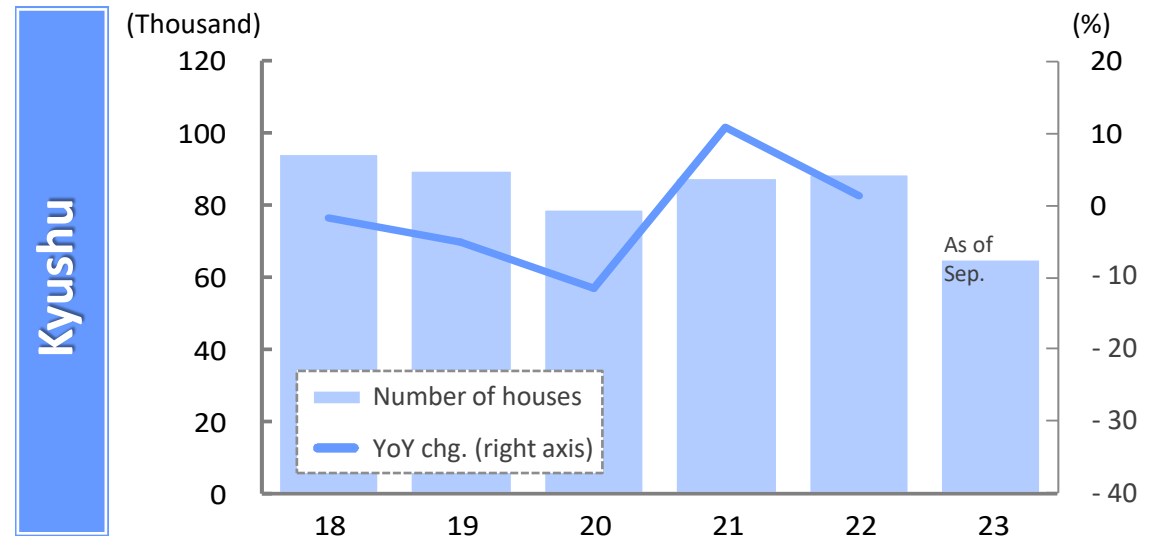
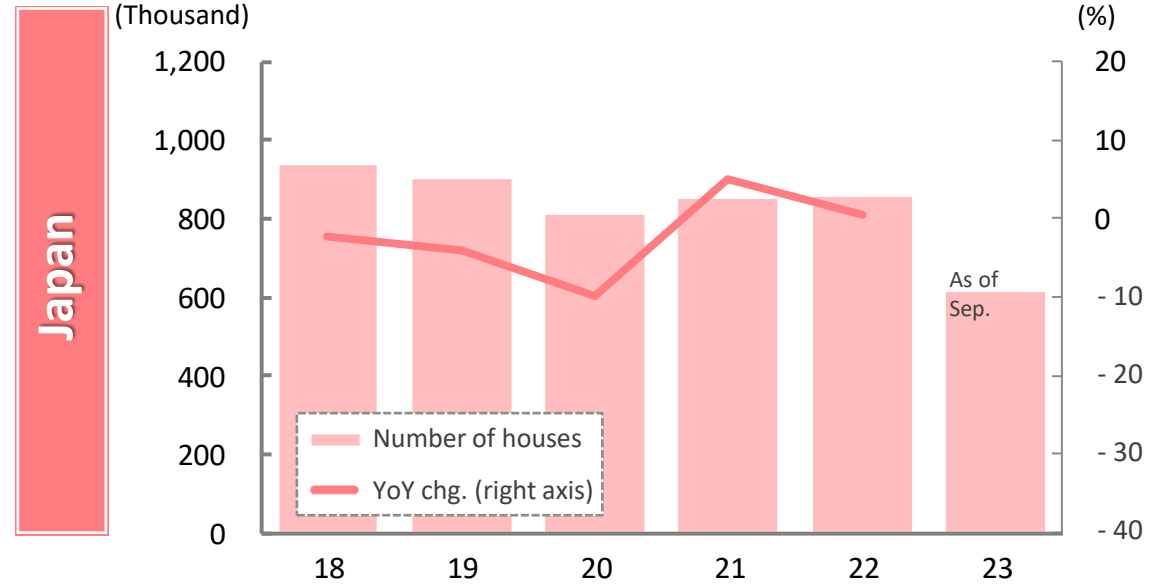


Capital investment: Bank of Japan's Tankan (YoY change)



Source: Bank of Japan

Housing starts



Source: Ministry of Land, Infrastructure and Transport

Volatility of standard land prices

(Average change from previous year: %)

<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
- As life with COVID-19 continues, the trend of recovery toward pre-COVID-19 conditions has become evident. For instance, prices continue to rise especially in urban areas, and in rural areas too, the extent of rising prices is expanding.

	Residential land			Commercial land		
	2022	2023	Change	2022	2023	Change
Japan	0.5	1.4	+0.9	0.4	1.8	+1.4
3 major metropolitan areas	0.5	1.7	+1.2	0.7	2.9	+2.2
Tokyo area	0.6	2.1	+1.5	0.7	3.0	+2.3
Fukuoka	3.2	4.2	+1.0	4.1	5.3	+1.2
Saga	0.9	1.2	+0.3	0.3	1.6	+1.3
Nagasaki	0.1	0.6	+0.5	0.4	0.8	+0.4
Kumamoto	0.9	1.9	+1.0	0.8	1.9	+1.1
Oita	1.0	1.4	+0.4	-0.2	0.3	+0.5
Miyazaki	-0.2	-0.1	+0.1	-0.8	-0.7	+0.1
Kagoshima	-1.0	-0.8	+0.2	-1.3	-1.1	+0.2
Yamaguchi	0.2	0.4	+0.2	-0.3	0.0	+0.3

Major cities in Fukuoka Pref.

(Average change from previous year: %)

	Residential land		Commercial land	
	2022	2023	2022	2023
Fukuoka City	6.1	8.0	9.4	10.6
Kitakyushu City	0.4	0.8	0.9	2.2

Major cities in Kumamoto Pref.

	Residential land		Commercial land	
	2022	2023	2022	2023
Kumamoto City	1.0	1.9	1.4	2.4
Yatsushiro City	-0.3	-0.3	-0.7	-0.3

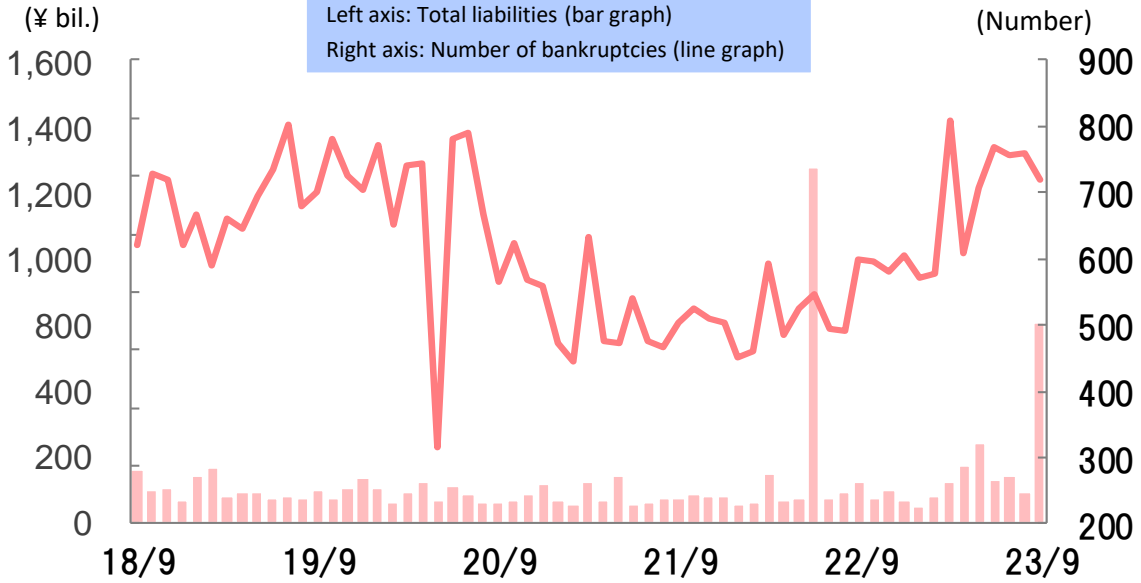
Major cities in Nagasaki Pref.

	Residential land		Commercial land	
	2022	2023	2022	2023
Nagasaki City	0.7	1.0	1.9	2.3
Sasebo City	0.4	1.1	0.7	1.4

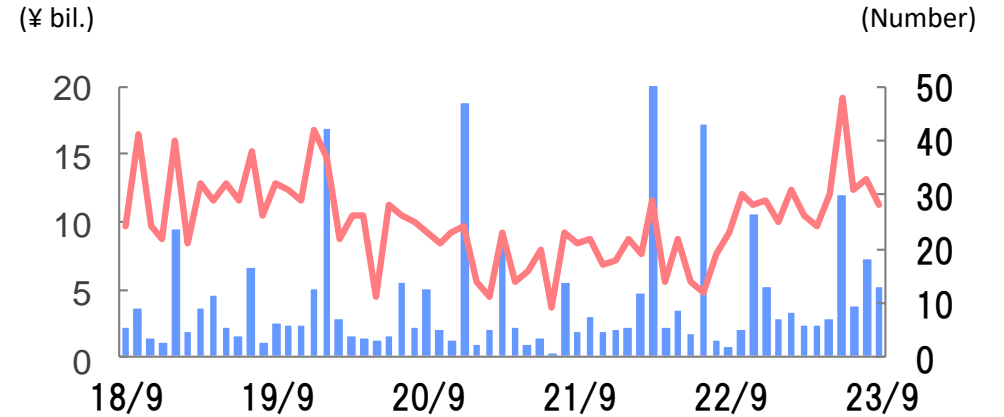
Source: Ministry of Land, Infrastructure and Transport

Number of bankruptcies and total liabilities

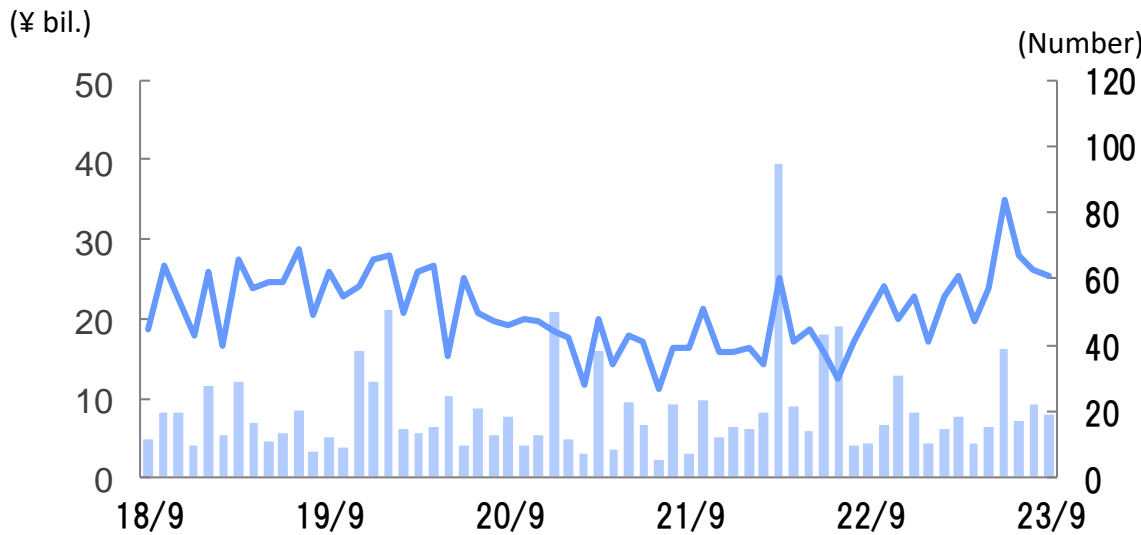
Japan



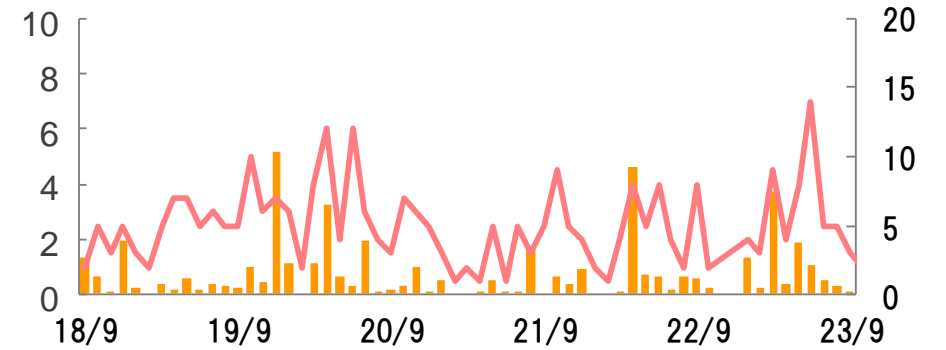
Fukuoka



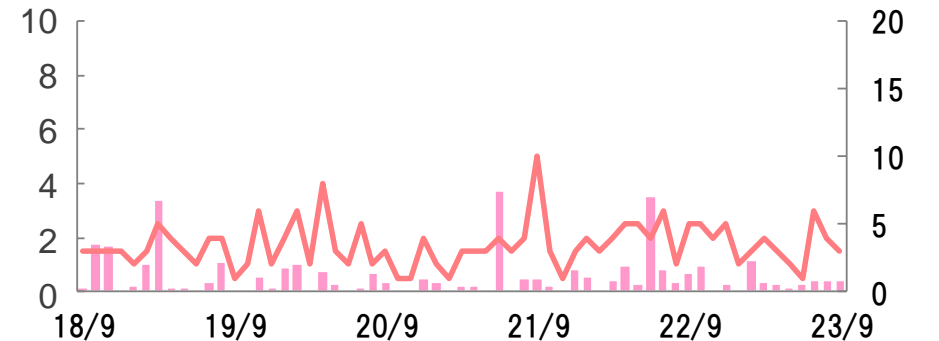
Kyushu



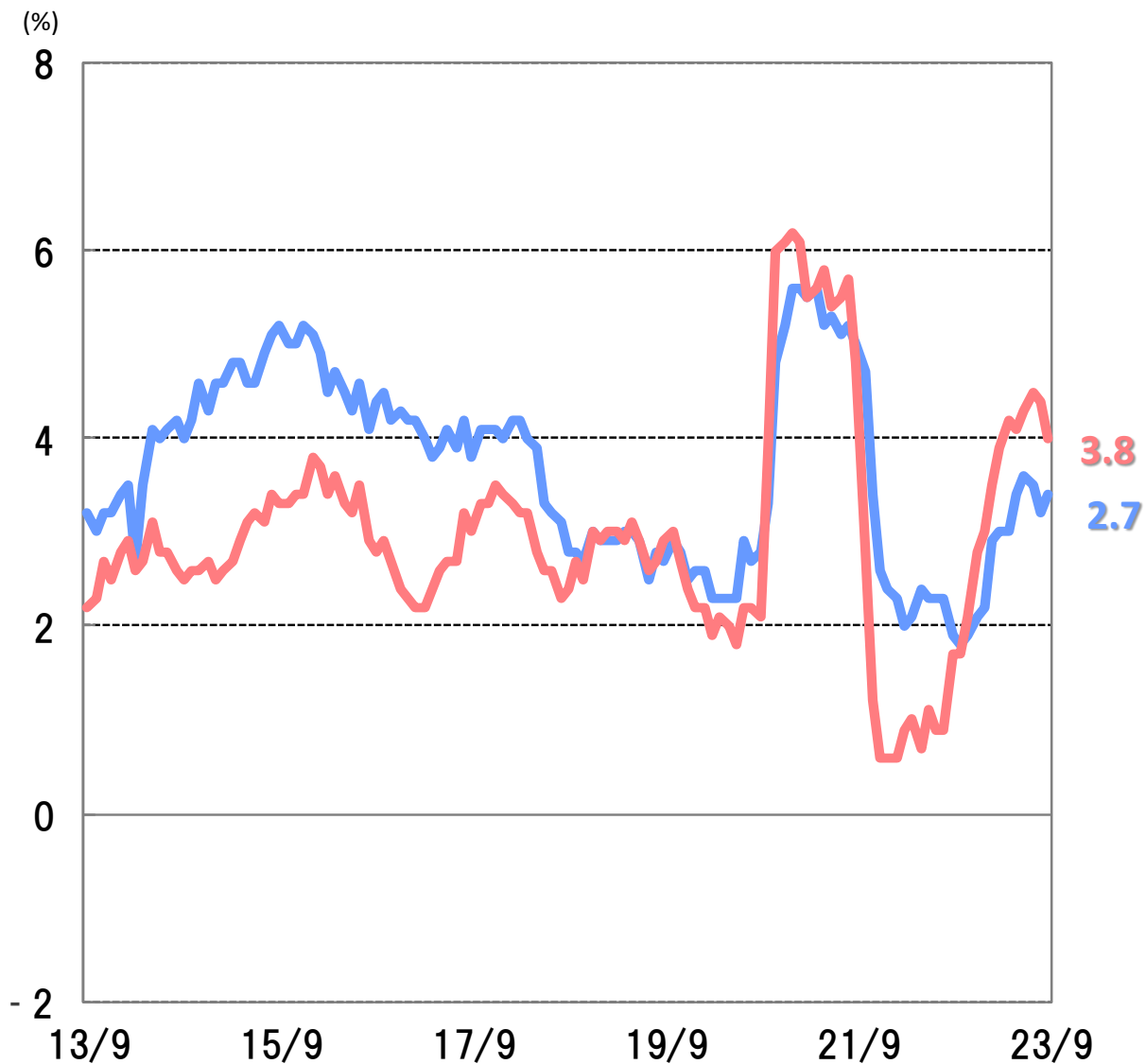
Kumamoto



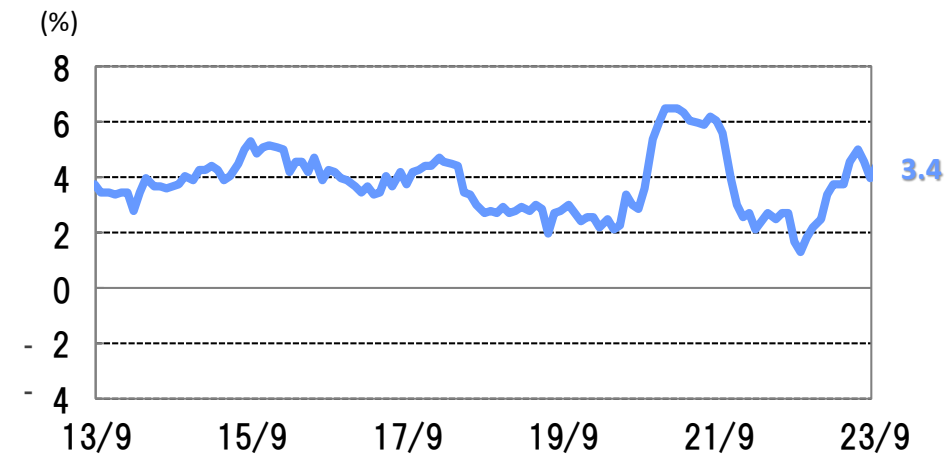
Nagasaki



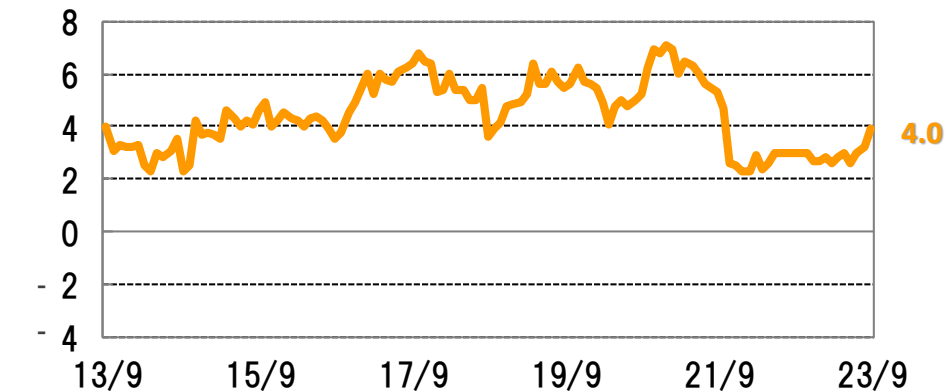
Rate of increase of bank loans (YoY change, monthly)



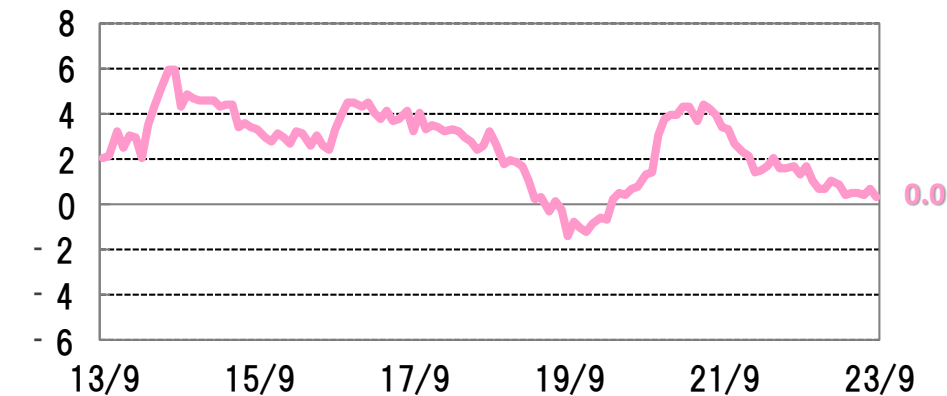
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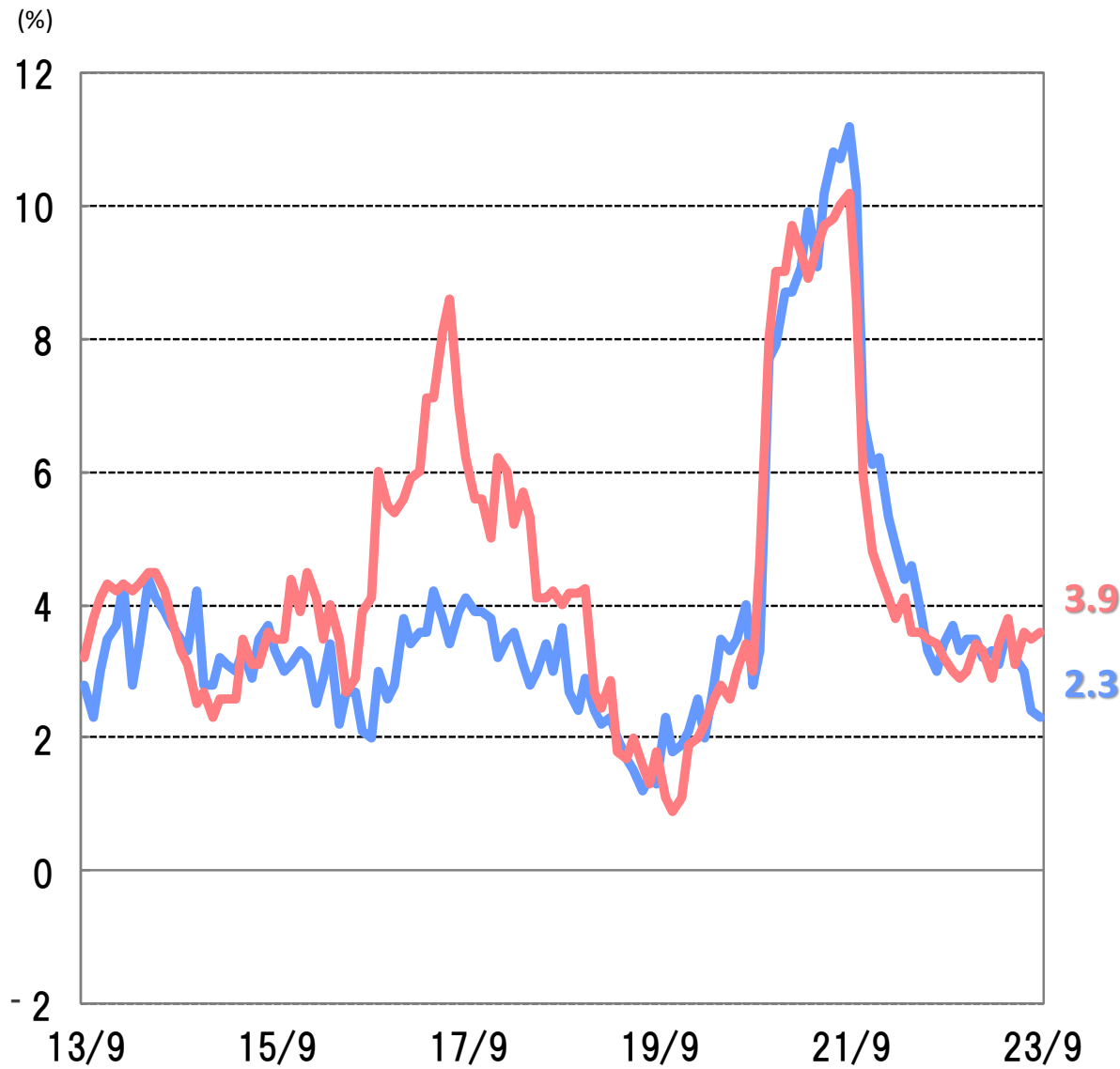
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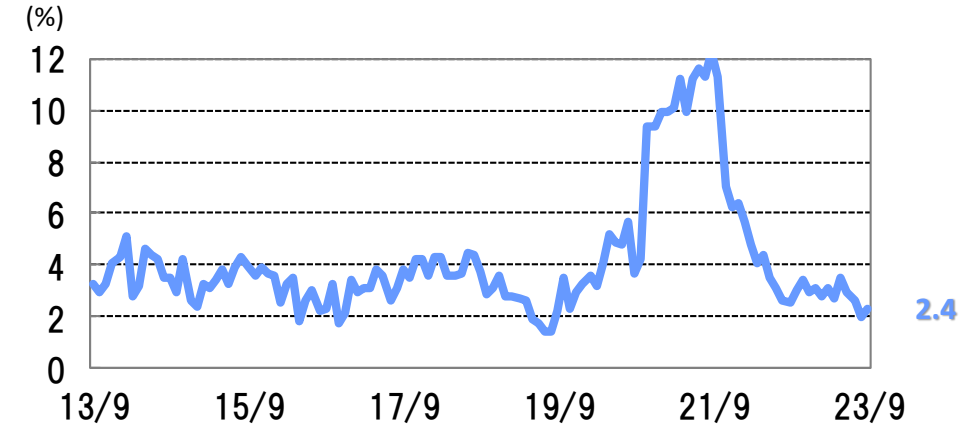
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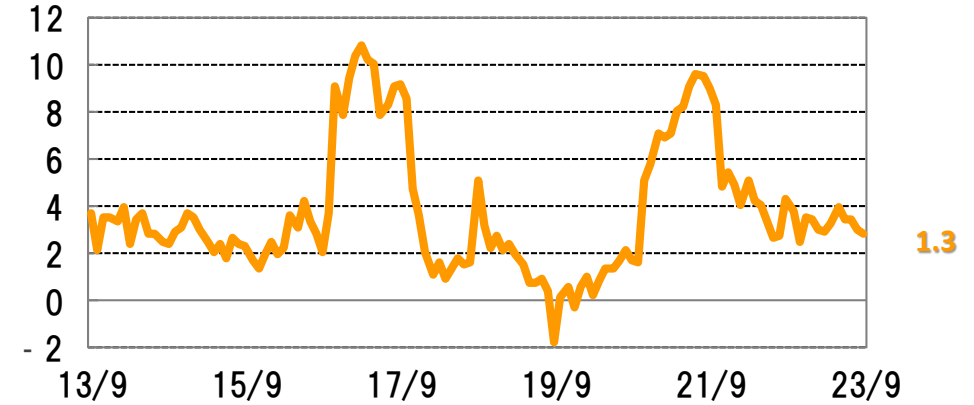
Rate of increase of bank deposits (YoY change, monthly)



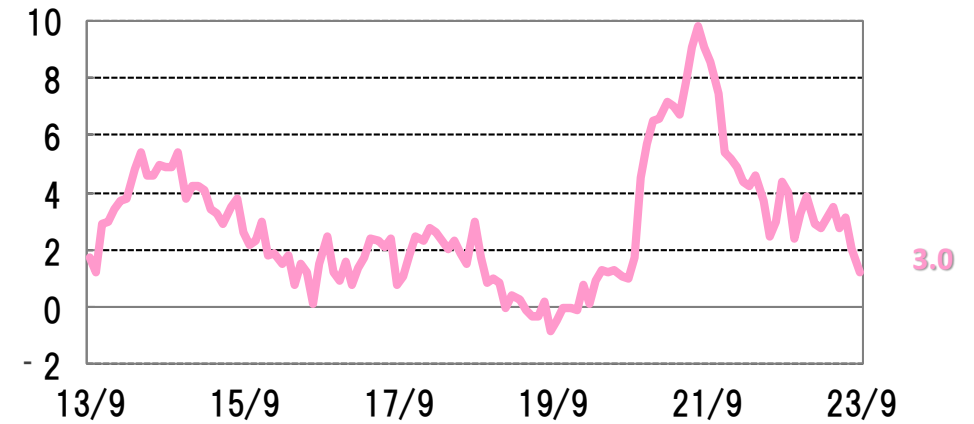
Fukuoka



Kumamoto



Nagasaki



Contact for further inquiries:

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- ☐ **Phone: +81 - 92 - 723 - 2255**
- ☐ **Email: ffg-ir@fukuoka-fg.com**
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