To be your Bank of choice

Fukuoka Financial Group

Financial Highlights First Quarter of FY2024

August 7, 2024

Fukuoka Financial Group

Contents

Definitions of terms and figures used in this document

In cases where definitions are different from those listed below, details are stated on each page.

FFG consolidated	Consolidated financial results of Fukuoka Financial Group
Banks total	Simple sum of the non-consolidated figures of the Bank of Fukuoka, the Kumamoto Bank, the Juhachi-Shinwa Bank and the **Fukuoka Chuo Bank**(Note)
Existing 3 banks	Simple sum of the non-consolidated figures of the Bank of Fukuoka, the Kumamoto Bank and the Juhachi-Shinwa Bank
Group total	Banks total + FFG Securities
Related to Minna Bank	Total of Minna Bank and Zerobank Design Factory
Net income	Net income for the period (interim, quarter) for non-consolidated and banks combined
Consolidated net income	Net income for the period (interim, quarter) attributable to owners of the parent

Note: About the figures of the Fukuoka Chuo Bank

- Business integration between the Company and the Fukuoka Chuo Bank took effect on October 1, 2023.
- Regarding the Fukuoka Chuo Bank, profit (loss) figures since the second half of FY2023 (six months) and balance figures since the business integration have been consolidated and combined after making necessary adjustments. **Figures before the end of September 2023 do not include figures for the Fukuoka Chuo Bank.**

Fukuoka Financial Group

Profit & Loss Summary

Profit & Loss

FFG Consolidated (Unit: ¥ bil.)	2024/1Q	YoY chg.	2023/1Q	FY2024 projected*	Progress
Core gross business profit(*)	67.2	+4.6	62.5		
Overhead expenses (-)	39.3	+2.6	36.8		
Core business profit	1 **27.8**	**+2.1**	**25.7**	**102.0**	**27.3%**
Credit cost (-)	2 **-0.4**	**-3.4**	**3.0**	**11.9**	**-3.4%**
Core business profit	-1.7	-3.3	1.6		
Subsidiaries, etc.	1.3	-0.1	1.4		
Gains (losses) on securities	**2.0**	**+0.5**	**1.5**		
Ordinary profit	**30.7**	**+6.8**	**23.9**	**99.5**	**30.8%**
Extraordinary profit (loss)	-0.4	-0.5	0.1		
Consolidated net income	3 **20.9**	**+4.3**	**16.6**	**68.5**	**30.5%**

Banks total (Unit: ¥ bil.)	2024/1Q	YoY chg.	2023/1Q	FY2024 projected*	Progress
Core gross business profit(*)	62.2	+4.1	58.1		
Net interest income	53.8	+2.7	51.1		
Domestic	50.4	+1.8	48.6		
International	3.4	+0.9	2.5		
Non-interest income (excl. bond-related income)	8.4	+1.3	7.0		
Overhead expenses (-)	30.7	+2.4	28.3		
Core business profit	**31.5**	**+1.7**	**29.8**	**118.6**	**26.6%**
Ordinary profit	35.5	+6.2	29.3	121.2	29.3%
Net income	4 **25.8**	**+4.2**	**21.6**	**89.2**	**28.9%**
Credit cost (-)	**-1.7**	**-3.3**	**1.6**	**6.3**	**-26.4%**

(1) Financial highlights (FFG consolidated)

1 **Core business profit: ¥27.8 billion (YoY chg. +¥2.1 billion)** ▶ See P3

[Progress against annual projection of ¥102 billion: 27.3% = Steady progress]

— Increased by ¥2.1 billion year-on-year due to an increase in domestic net interest income from a reversal of loan yields and a steady increase in non-interest income such as investment trust and insurance income

2 **Credit cost: ¥0.4 billion gain on reversal of allowance for loan losses (YoY chg. +¥3.4 billion)** ▶ See P9

— Recorded a reversal of allowance for loan losses on a banks total basis, mainly due to the recovery of large loans, etc. (recorded a provision in FY2023/1Q)

— For subsidiaries, etc. (guarantee subsidiary, Minna Bank, etc.), generally remained at the same level as FY2023

3 **Consolidated net income: ¥20.9 billion (YoY chg. +¥4.3 billion)** ▶ See P4

[Progress against annual projection of ¥68.5 billion: 30.5% = Steady progress]

— Increased by ¥4.3 billion year-on-year, mainly due to an increase in core business profit and a reversal of allowance for loan losses under credit cost

(2) Consolidation difference in bottom line

(Unit: ¥ bil.)	2024/1Q	YoY chg.	2023/1Q
Net income (banks total) 4	**25.8**	**+4.2**	**21.6**
FFG non-consolidated	-3.4	+0.2	-3.6
Related to Minna Bank	-1.9	+0.1	-2.1
Subsidiary income	1.2	+0.3	0.9
Other consolidation adjustments	-0.7	-0.4	-0.2
Consolidated net income 3	**20.9**	**+4.3**	**16.6**

Year-on-year change factors

[FFG non-consolidated, related to Minna Bank, subsidiary income]

– Generally remained at the same level as FY2023

[Other consolidation adjustments]

– Recorded an extraordinary loss (loss on change in equity) of ¥0.3 billion due to FFG Lease becoming an equity-method affiliate

* Figures announced in the Financial Digest of May 13, 2024 and in the Investor Presentation of May 28, 2024

(*) Core gross business profit = Gross business profit - Gains (losses) on bonds

Fukuoka Financial Group

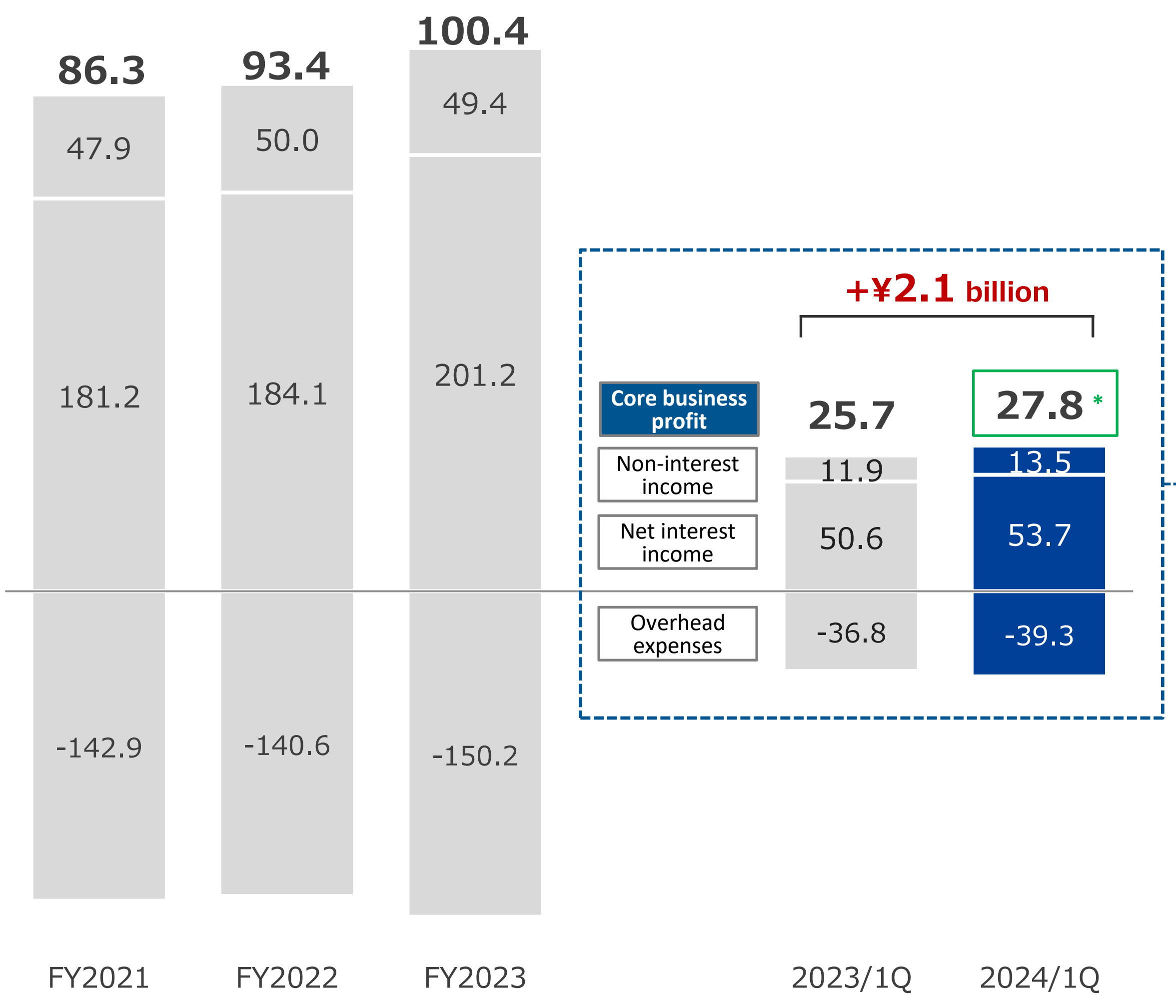
Top Line (Consolidated Core Business Profit)

Profit & Loss

Core business profit (FFG consolidated)

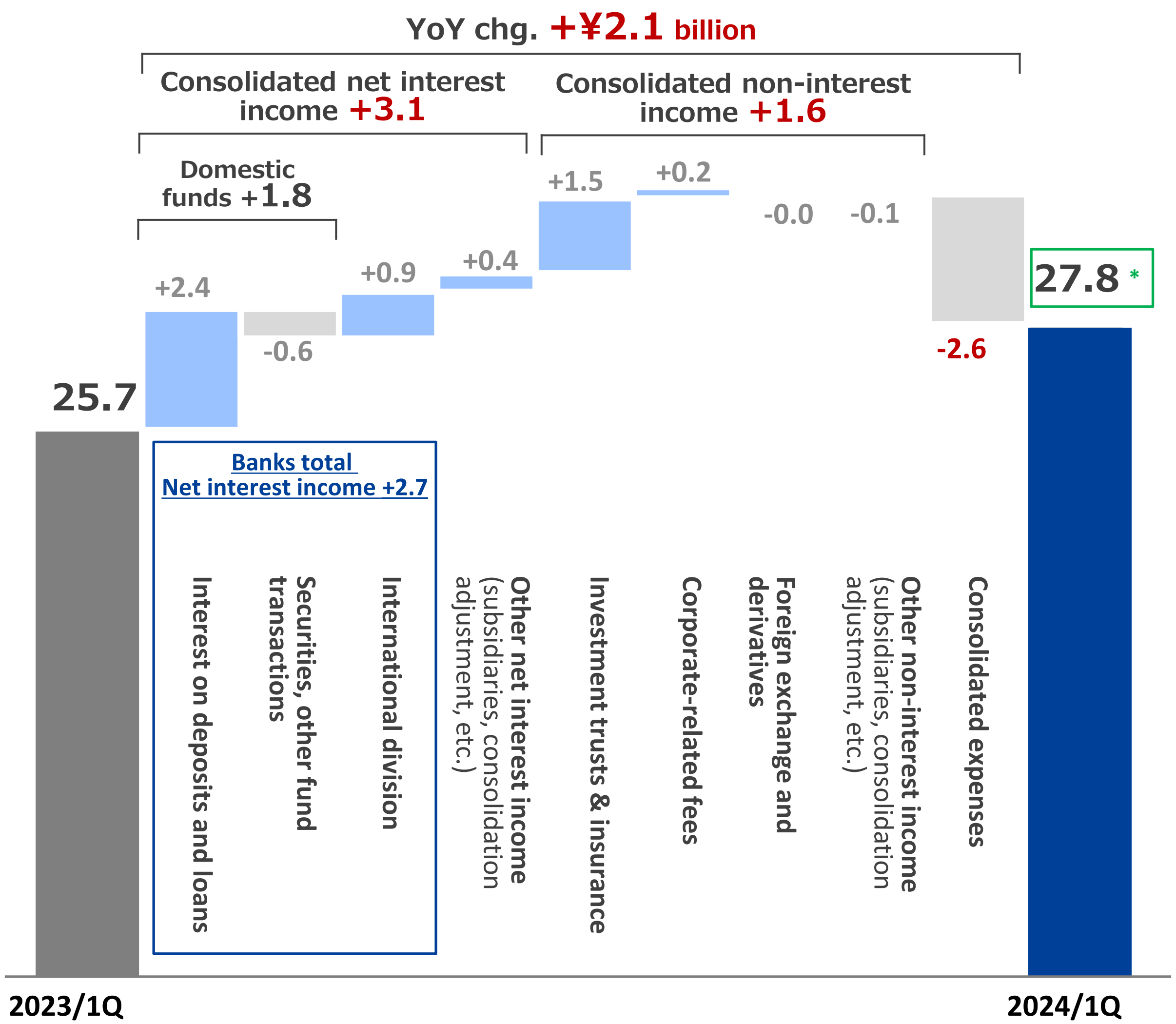
(Unit: ¥ bil.)

Non-interest income: Excluding gains (losses) on bonds
Overhead expenses: Excluding non-recurring expenses



Breakdown of year-on-year changes (FFG consolidated)

(Unit: ¥ bil.)

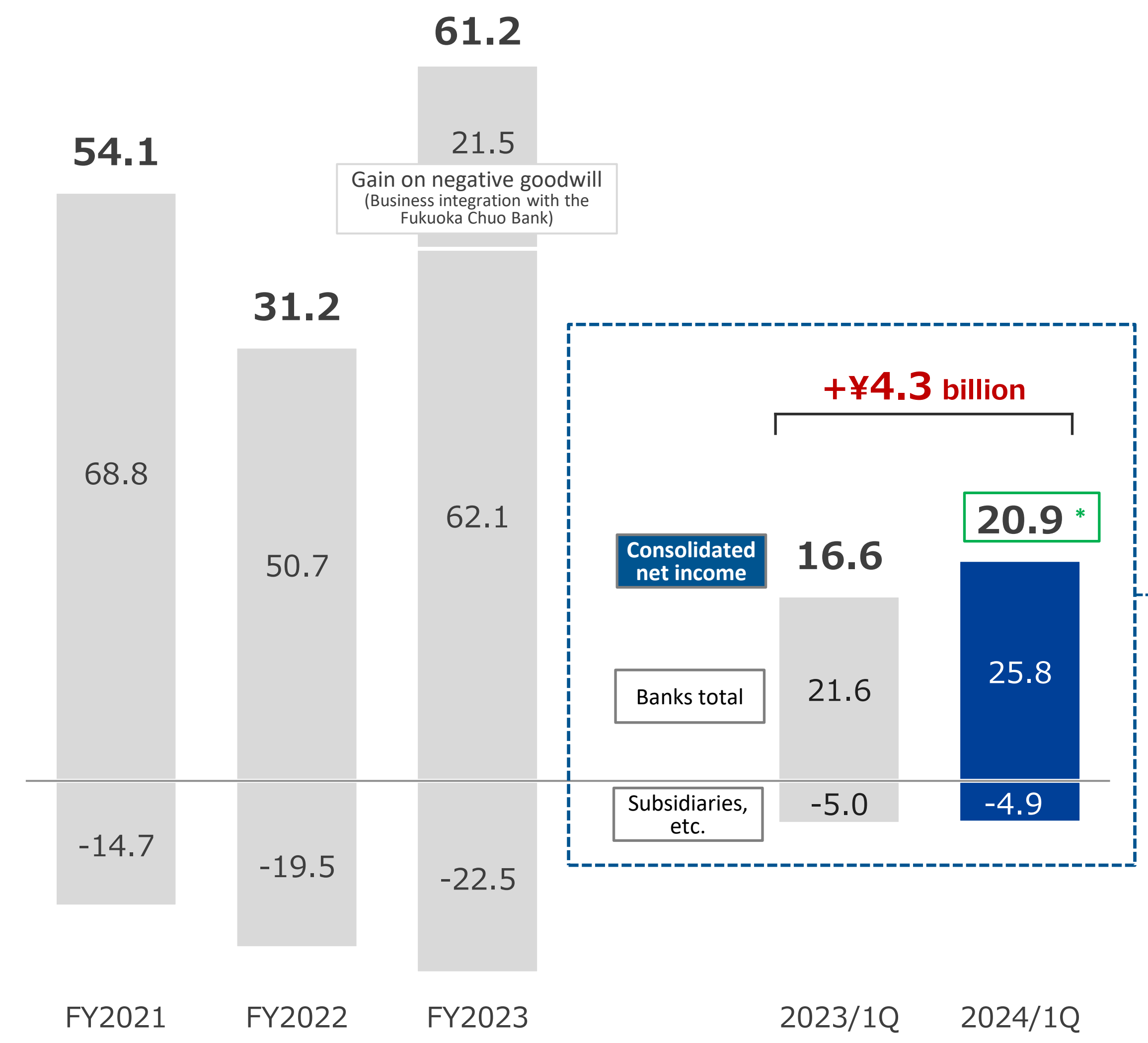


* Including Fukuoka Chuo Bank [non-consolidated]: ¥0.3 billion

Bottom Line (Consolidated Net Income)

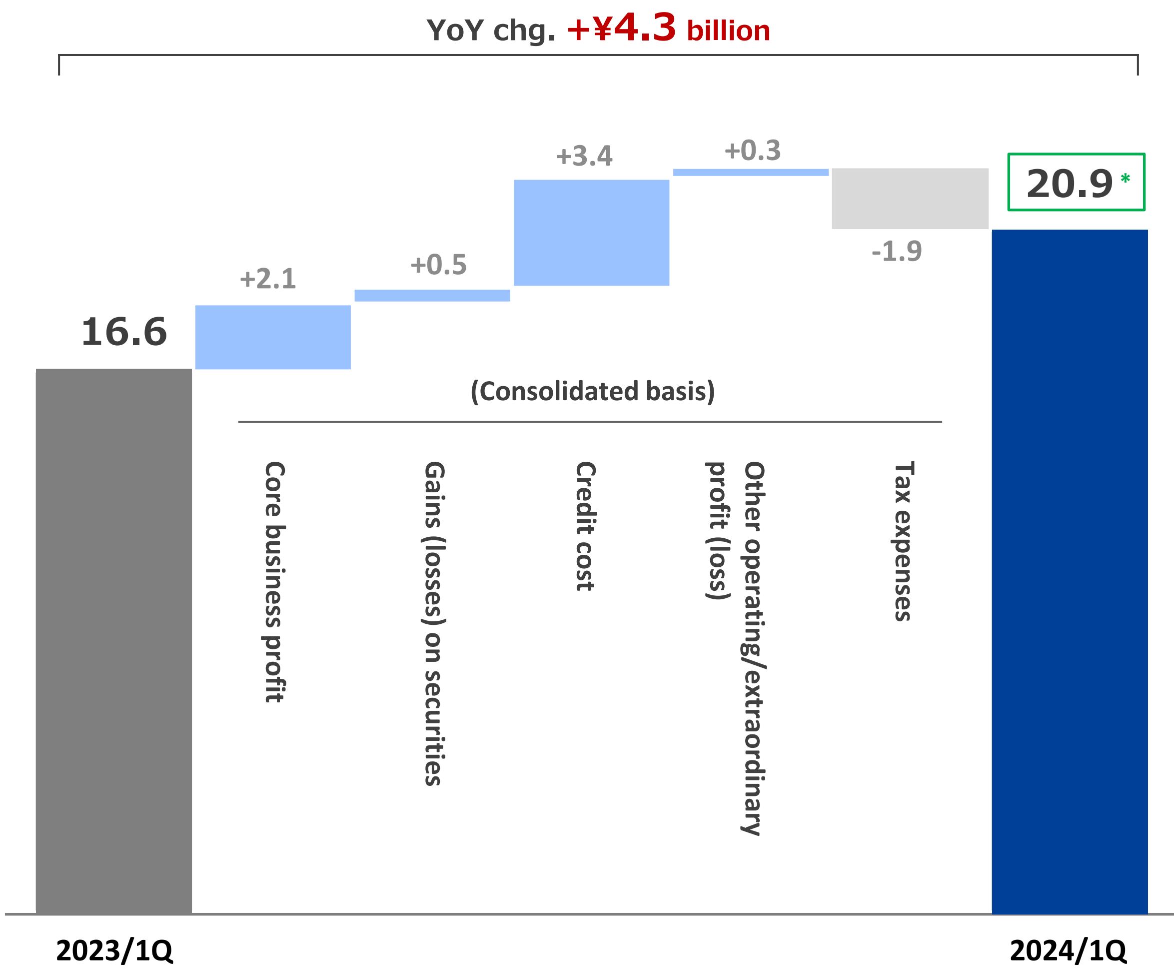
Consolidated net income

(Unit: ¥ bil.)



Breakdown of year-on-year changes

(Unit: ¥ bil.)



* Including Fukuoka Chuo Bank [non-consolidated]: ¥0.1 billion

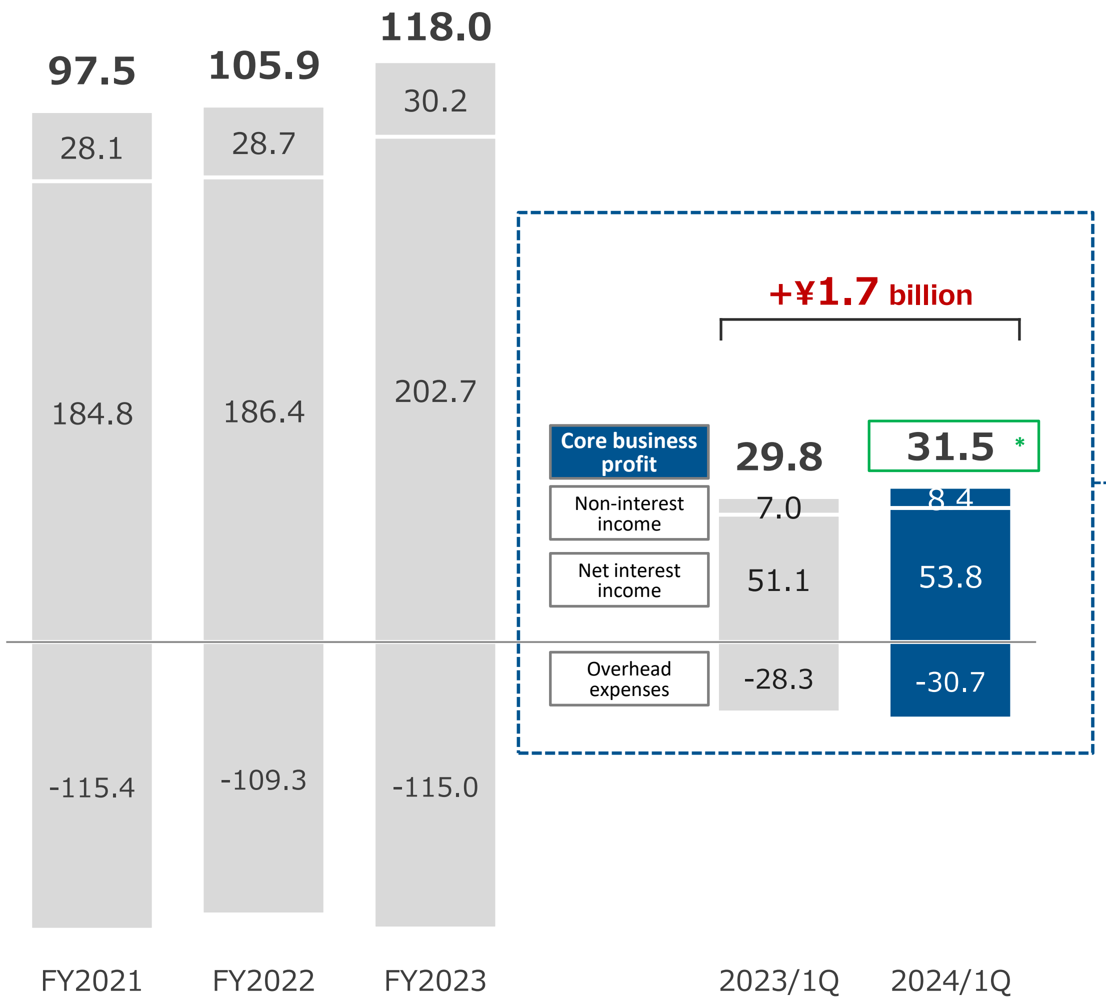
[Supplement] Core Business Profit (banks total)

Profit & Loss

Core business profit (banks total)

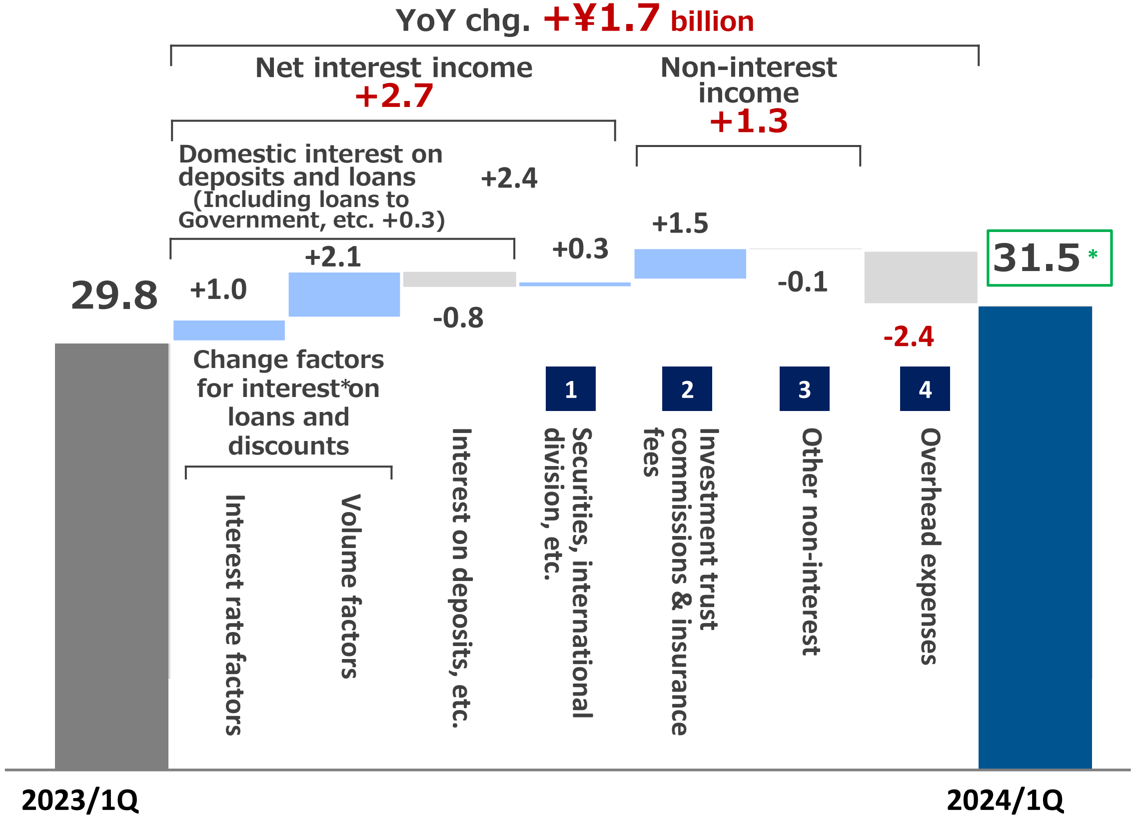
(Unit: ¥ bil.)

Non-interest income: Excluding gains (losses) on bonds
Overhead expenses: Excluding non-recurring expenses



Breakdown of year-on-year changes (banks total)

(Unit: ¥ bil.)



1	Domestic securities: +0.2, Domestic, other fund transactions: -0.8, International division, etc.: +0.9
2	Investment trusts: +1.3, Insurance +0.2
3	Loan guarantee fees: -0.4, Corporate-related fees: +0.2...
4	Fukuoka Chuo Bank: -1.5, Personnel expenses: +0.0, Non-personnel expenses: -1.1, Taxes: +0.2

* Including Fukuoka Chuo Bank [non-consolidated]: ¥0.3 billion (Net interest income: 1.8, Non-interest income: 0.0, Overhead expenses: -1.5)

* 2024/1Q interest on loans and discounts for Fukuoka Chuo Bank (+¥1.5 billion) is included in volume factors.

Fukuoka Financial Group

Net Interest Income (banks total)

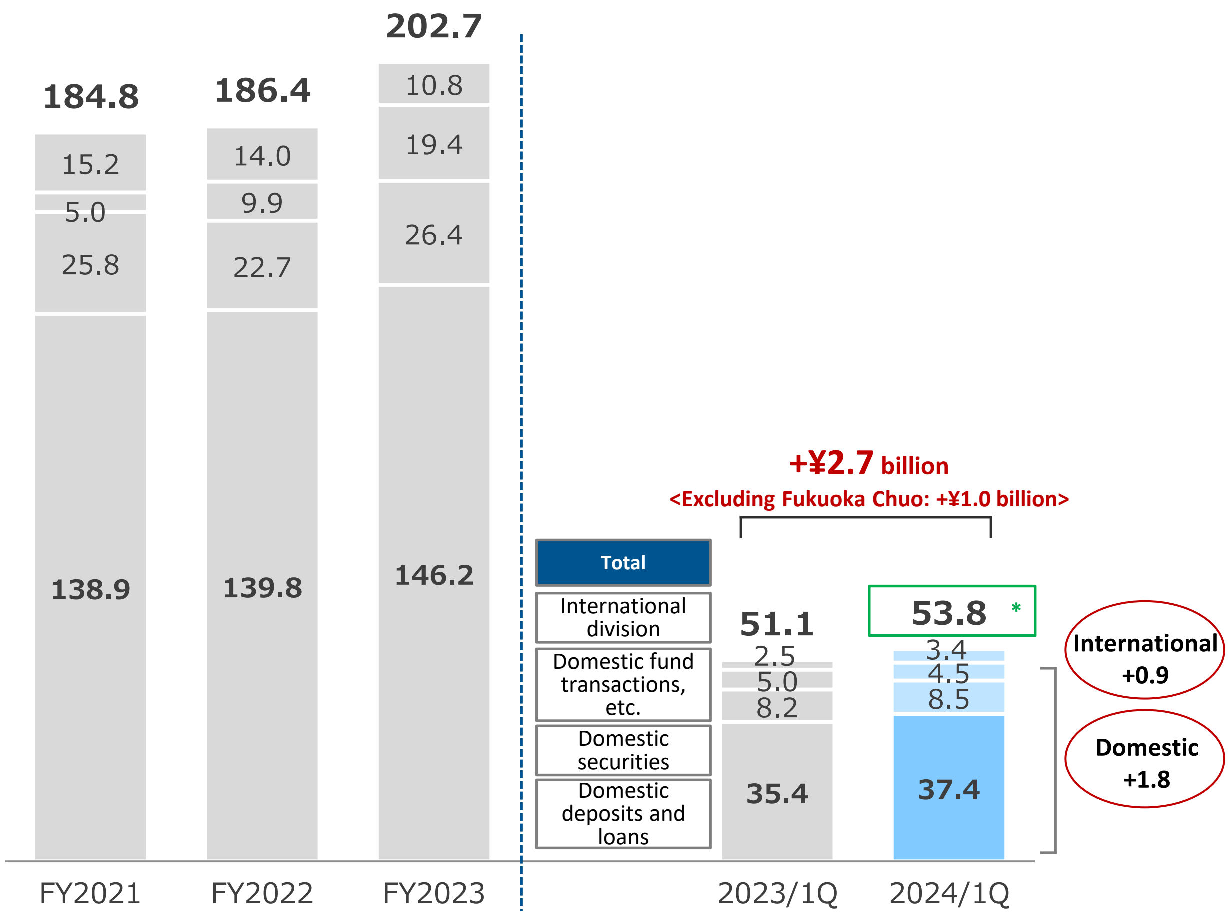
Profit & Loss

- Net interest income increased by ¥2.7 billion year-on-year. Domestically, the increase was ¥1.8 billion, mainly due to the effect of adding the net interest income of Fukuoka Chuo Bank and the increase in interest on loans and discounts resulting from the reversal of yields. Internationally, the increase was ¥0.9 billion, mainly due to an increase in interest on foreign bonds.

Net interest income (banks total)

(Unit: ¥ bil.)

Domestic deposits and loans: Excluding loans to Government and Bank of Fukuoka loans to FFG

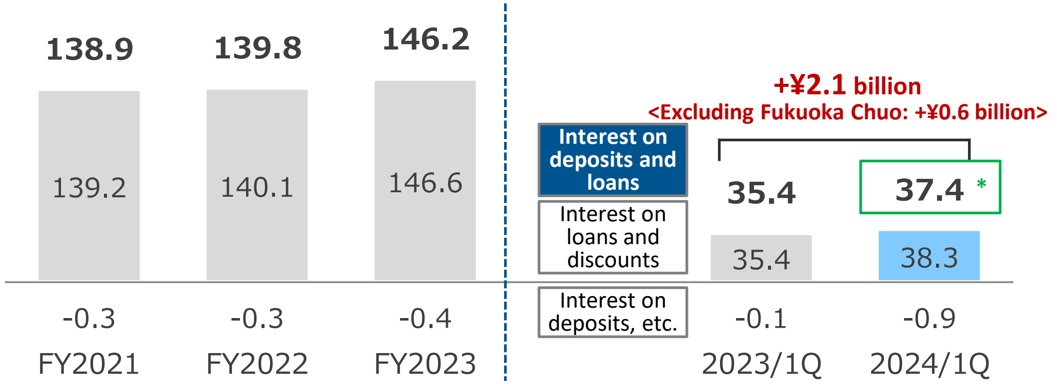


* Including Fukuoka Chuo Bank [non-consolidated]: ¥1.8 billion

Domestic interest on deposits and loans (banks total)

(Unit: ¥ bil.)

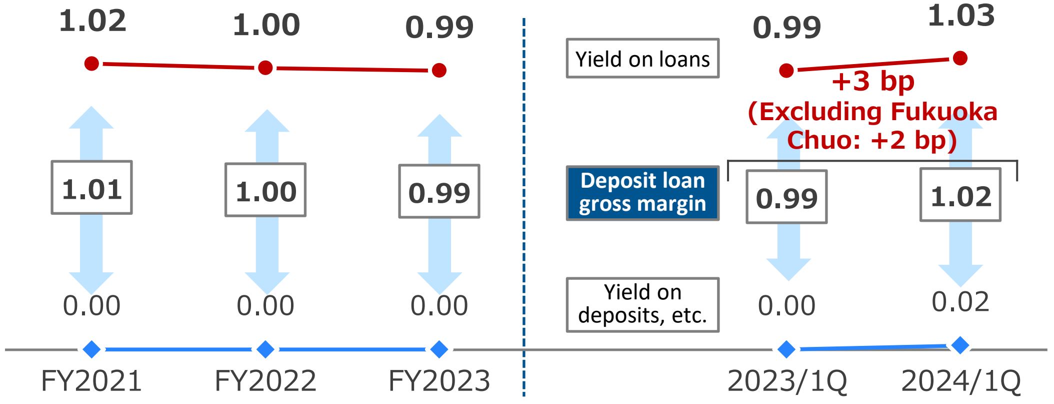
Domestic deposits and loans: Excluding loans to Government and Bank of Fukuoka loans to FFG



Domestic deposits and loan gross margin (banks total)

(Unit: %)

Yield on loans: Excluding loans to Government and Bank of Fukuoka loans to FFG



* Including Fukuoka Chuo Bank [non-consolidated]: ¥1.5 billion

Fukuoka Financial Group

Profit & Loss

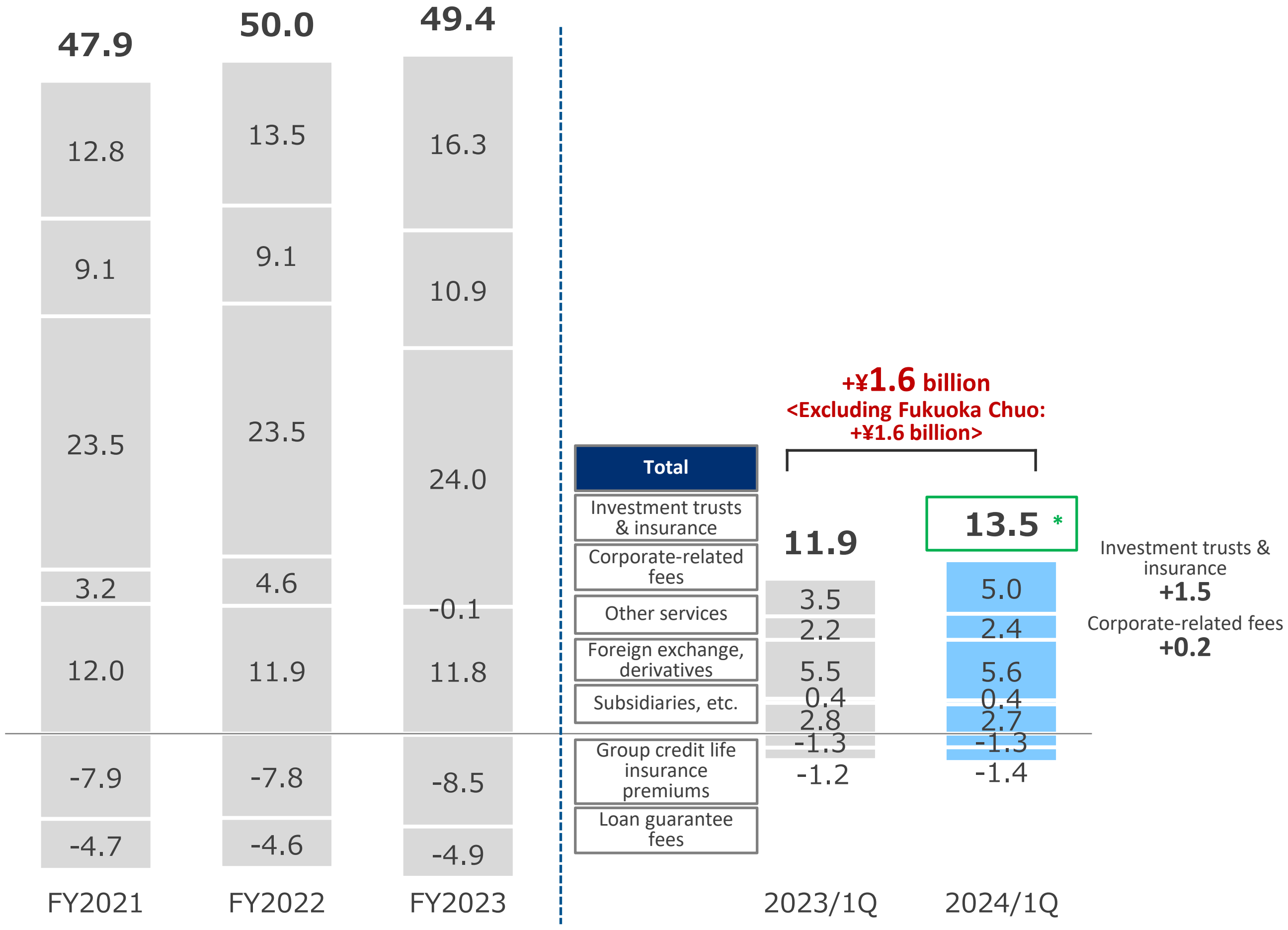
Consolidated Non-interest Income (excluding gains (losses) on bonds)

- Consolidated non-interest income increased by ¥1.6 billion year-on-year. This was mainly due to steady growth in investment trust commissions and insurance fees (+¥1.5 billion YoY) and corporate-related fees (+¥0.2 billion).

Non-interest income (FFG consolidated)

(Unit: ¥ bil.)

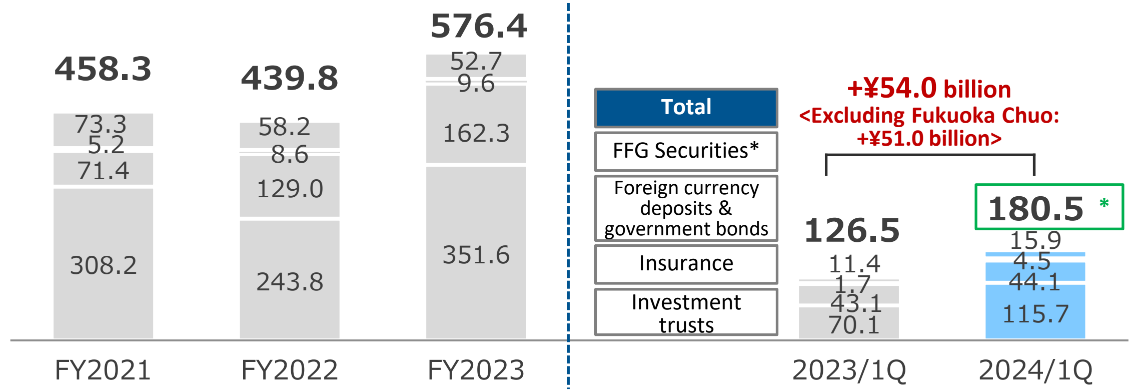
Corporate-related fees: Loan fees (syndicated loans, structured finance, etc.), M&A fees, etc.



Asset management product sales (Group total)

(Unit: ¥ bil.)

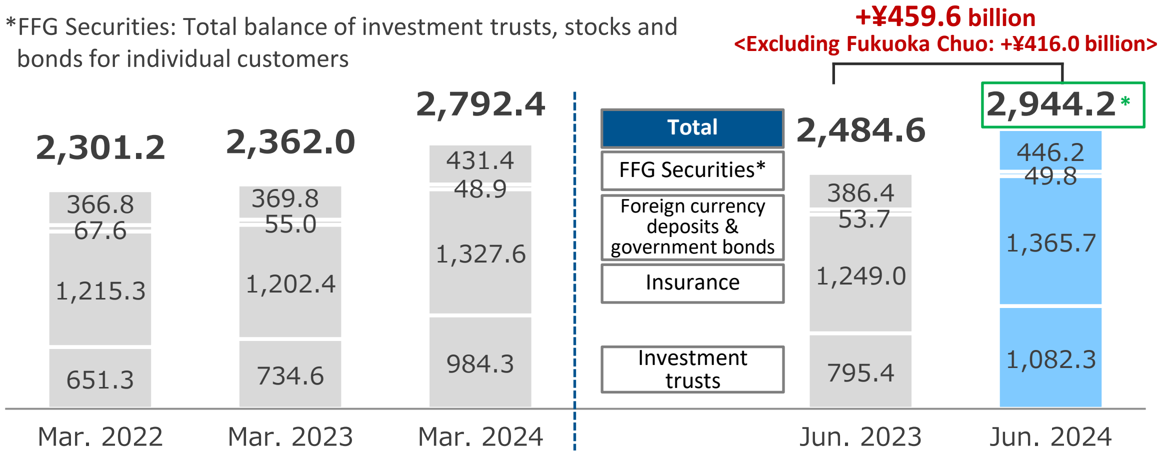
*FFG Securities: Total sales of investment trusts and bonds



Balance of assets under management for individual customers (Group total)

(Unit: ¥ bil.)

*FFG Securities: Total balance of investment trusts, stocks and bonds for individual customers



* Including Fukuoka Chuo Bank [non-consolidated]: ¥0.0 billion

* Including Fukuoka Chuo Bank [non-consolidated]: [Sales] ¥3.0 billion, [Balance] ¥43.5 billion

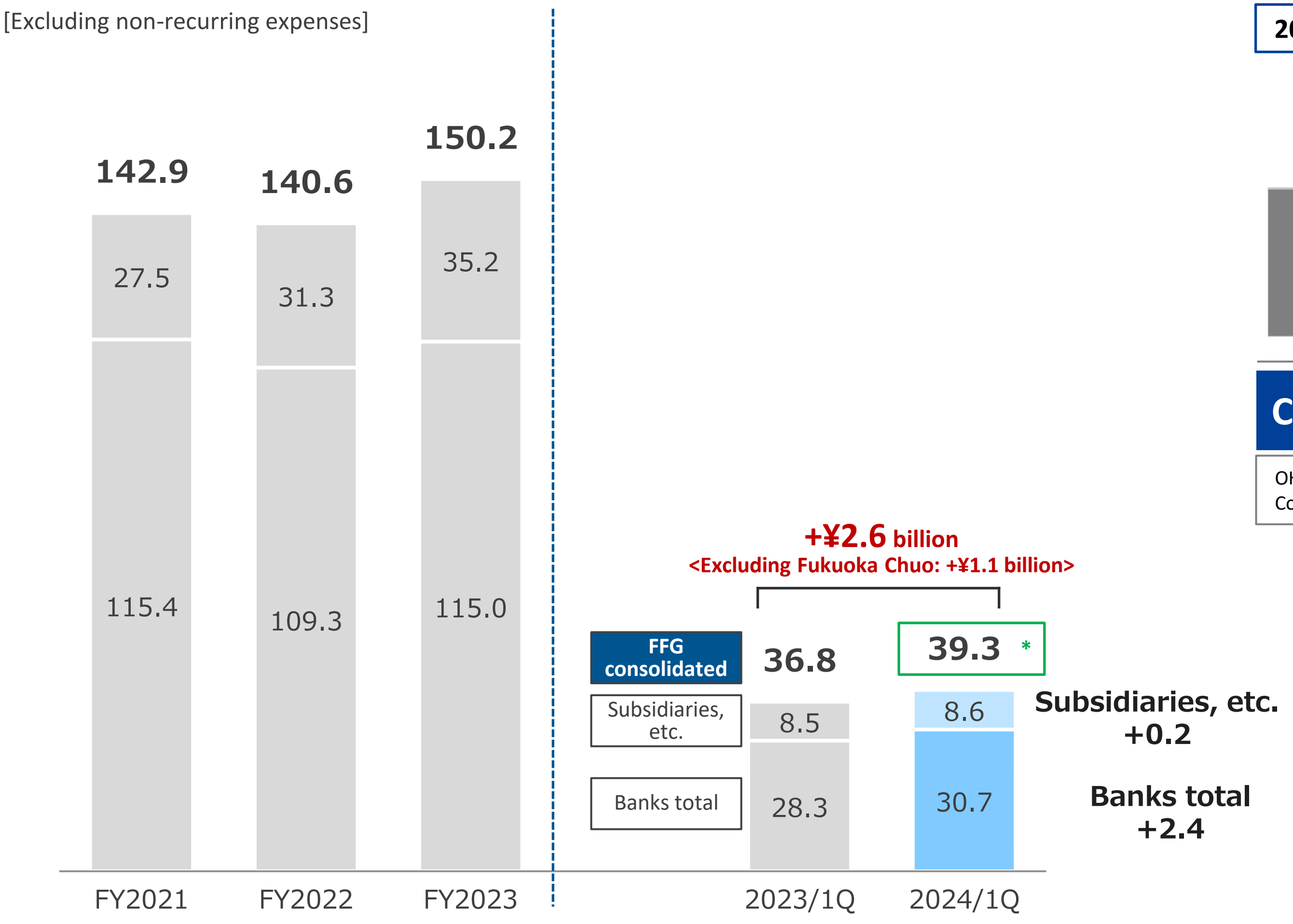
Consolidated Expenses

- Consolidated expenses increased by ¥2.6 billion year-on-year. This was mainly due to the effect of adding the overhead expenses of Fukuoka Chuo Bank (+¥1.5 billion) and increases in wages (personnel expenses) and commercial and campaign expenses (non-personnel expenses). Consolidated core OHR improved by 0.2 points to 58.6% due to an increase in core gross business profit.

Overhead expenses (FFG consolidated)

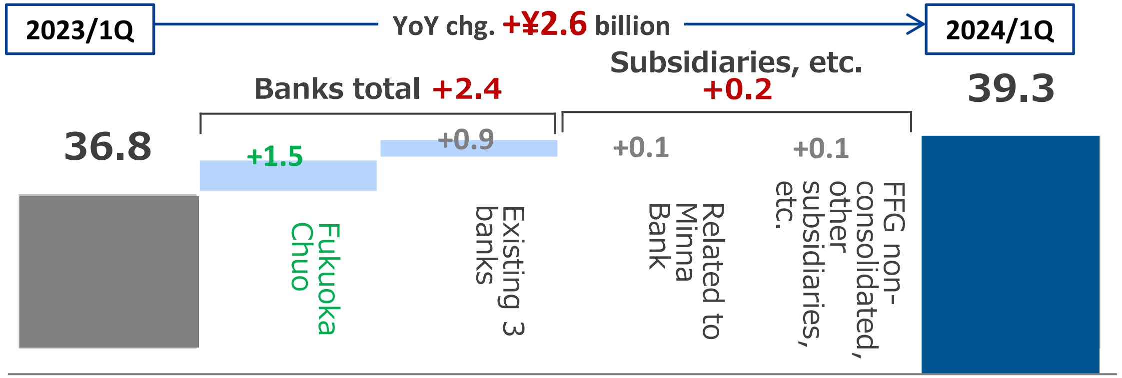
(Unit: ¥ bil.)

[Excluding non-recurring expenses]



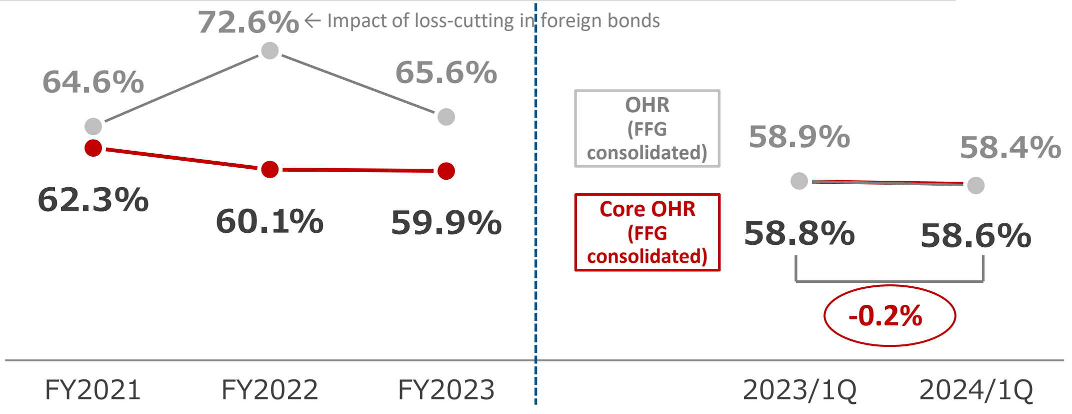
Breakdown of year-on-year changes

(Unit: ¥ bil.)



Core OHR (FFG consolidated)

OHR(%) = Overhead expenses (excluding non-recurring expenses) ÷ Gross business profit
Core OHR (%) = Overhead expenses (excluding non-recurring expenses) ÷ Core gross business profit



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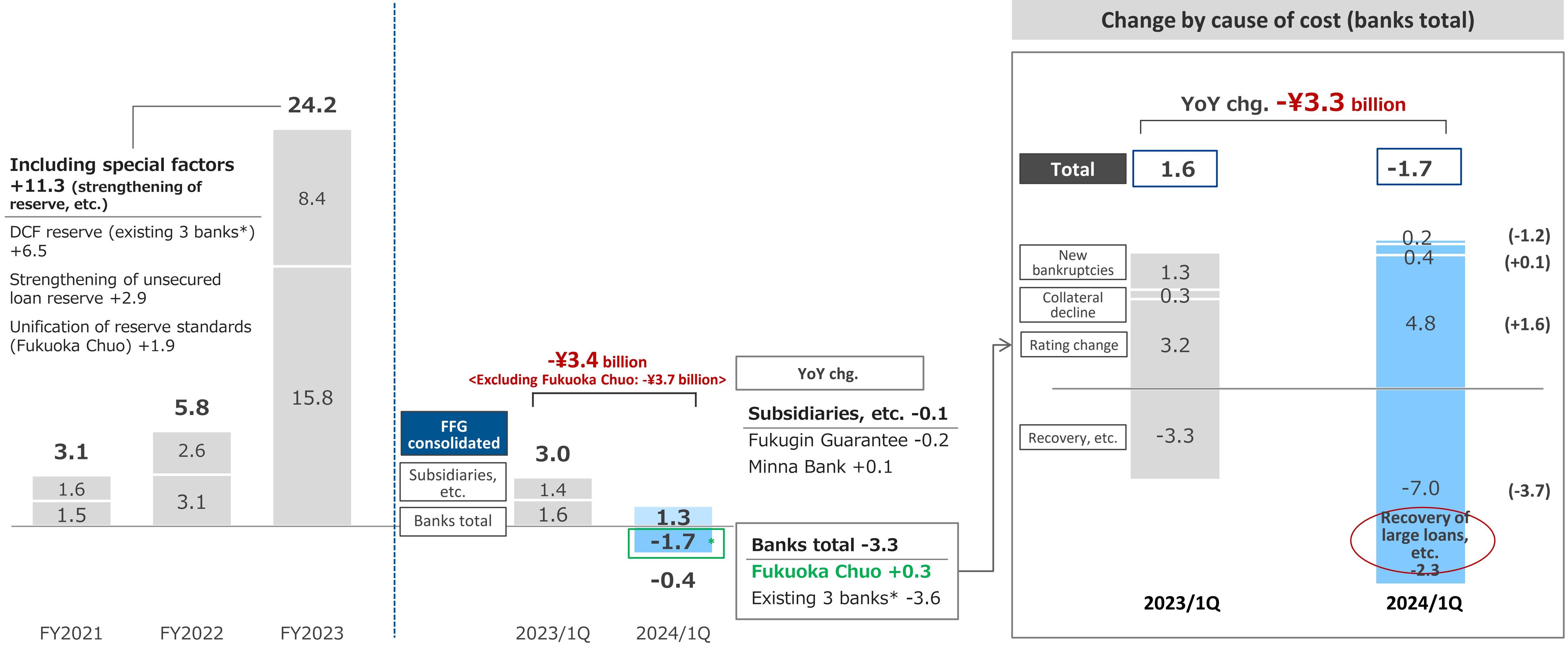
Profit & Loss

Consolidated Credit Cost

● Credit cost decreased by ¥3.4 billion year-on-year as a result of recording a reversal of allowance for loan losses on a banks total basis of ¥0.4 mainly due to the recovery of large loans, etc.

Credit cost (-) (FFG consolidated)

(Unit: ¥ bil.)



* Total of Fukuoka, Kumamoto and Juhachi-Shinwa

Fukuoka Financial Group

Loans

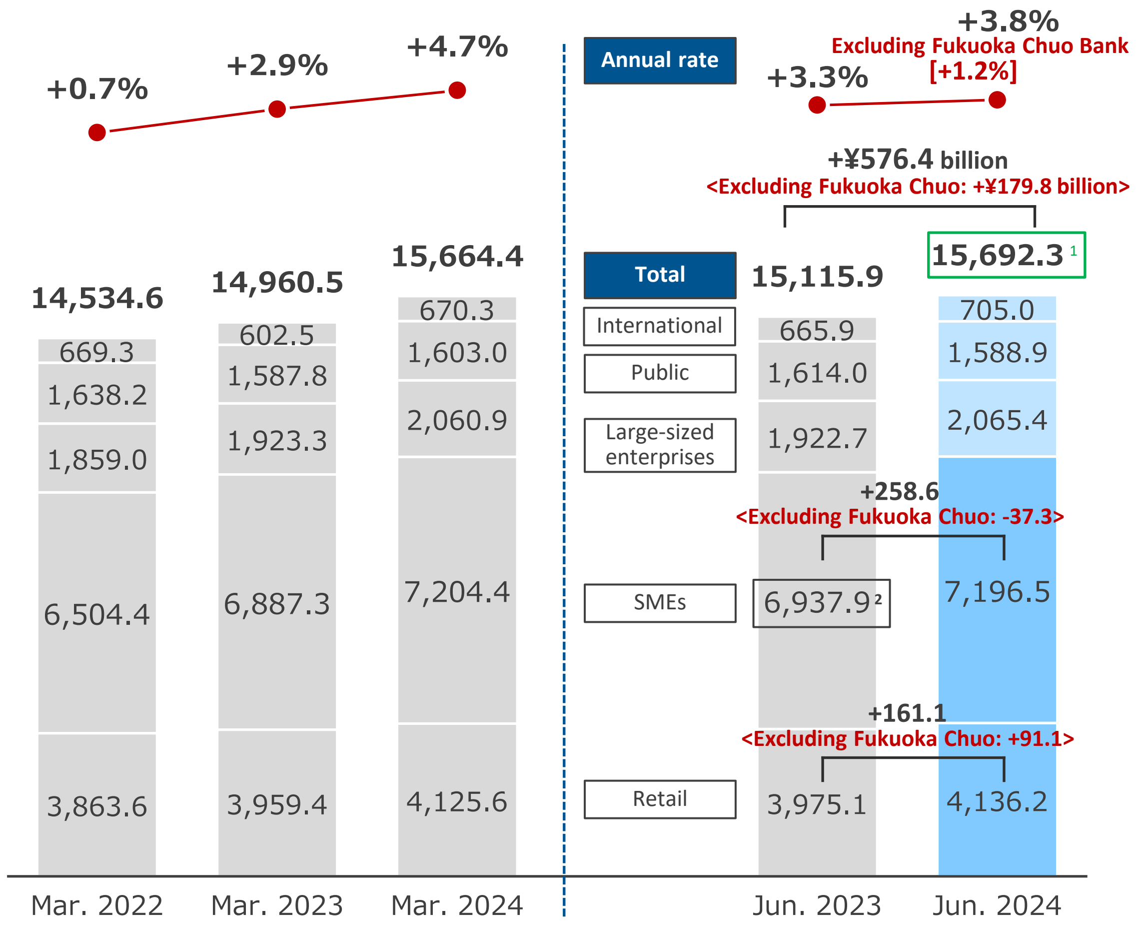
Assets and Liabilities, etc.

- On a banks total basis, the balance at end of period was ¥15,692.3 billion, and the average balance was ¥15,585.0 billion.
- Excluding the Fukuoka Chuo Bank, the balance at end of period increased by ¥179.8 year-on-year (annual rate +1.2%), and the average balance increased by ¥164.2 billion (annual rate +1.1%).

Balance at end of period (banks total)

(Unit: ¥ bil.)

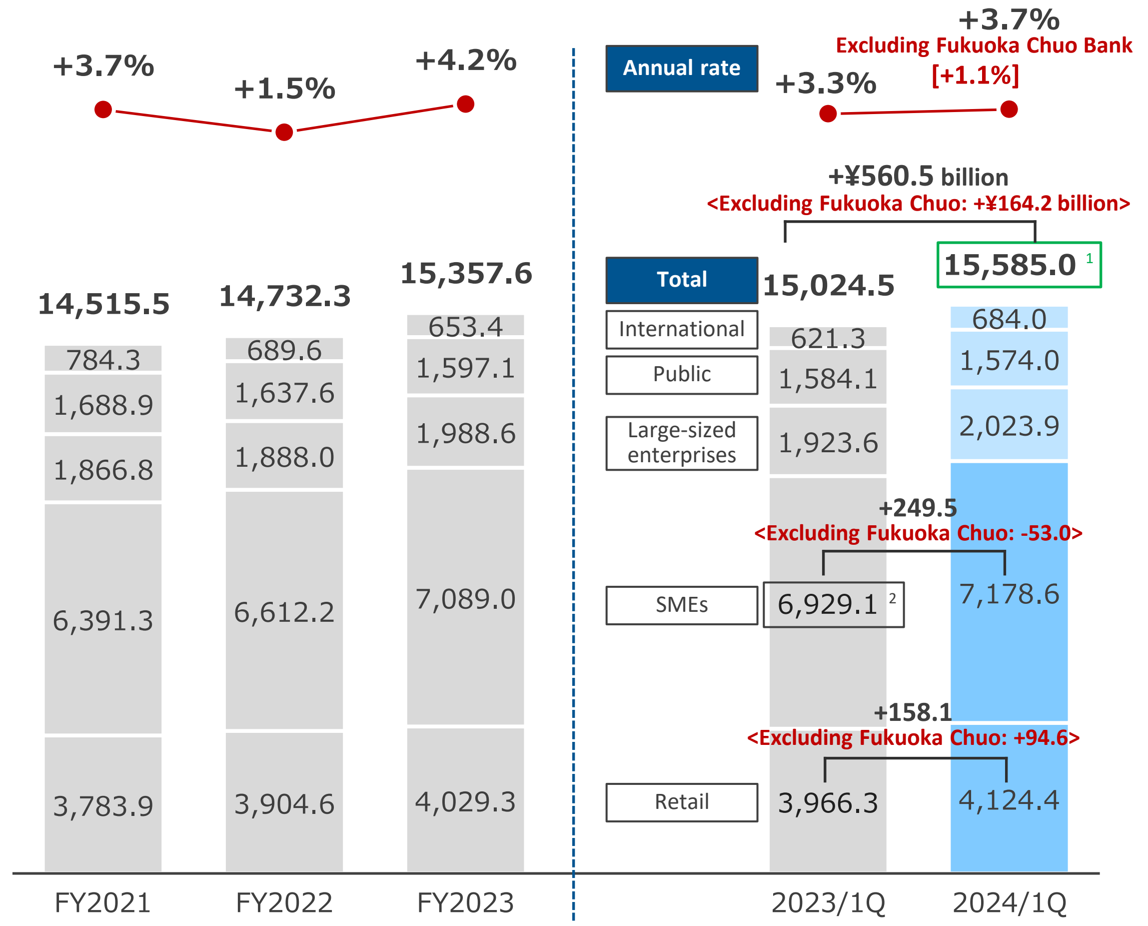
Excluding loans to Government (public) and Bank of Fukuoka loans to FFG (large-sized enterprises)



Average balance (banks total)

(Unit: ¥ bil.)

Excluding loans to Government (public) and Bank of Fukuoka loans to FFG (large-sized enterprises)



1. Including balance of Fukuoka Chuo Bank [non-consolidated] at end of June 2024: ¥396.5 billion, 2024/1Q average balance: ¥396.3 billion

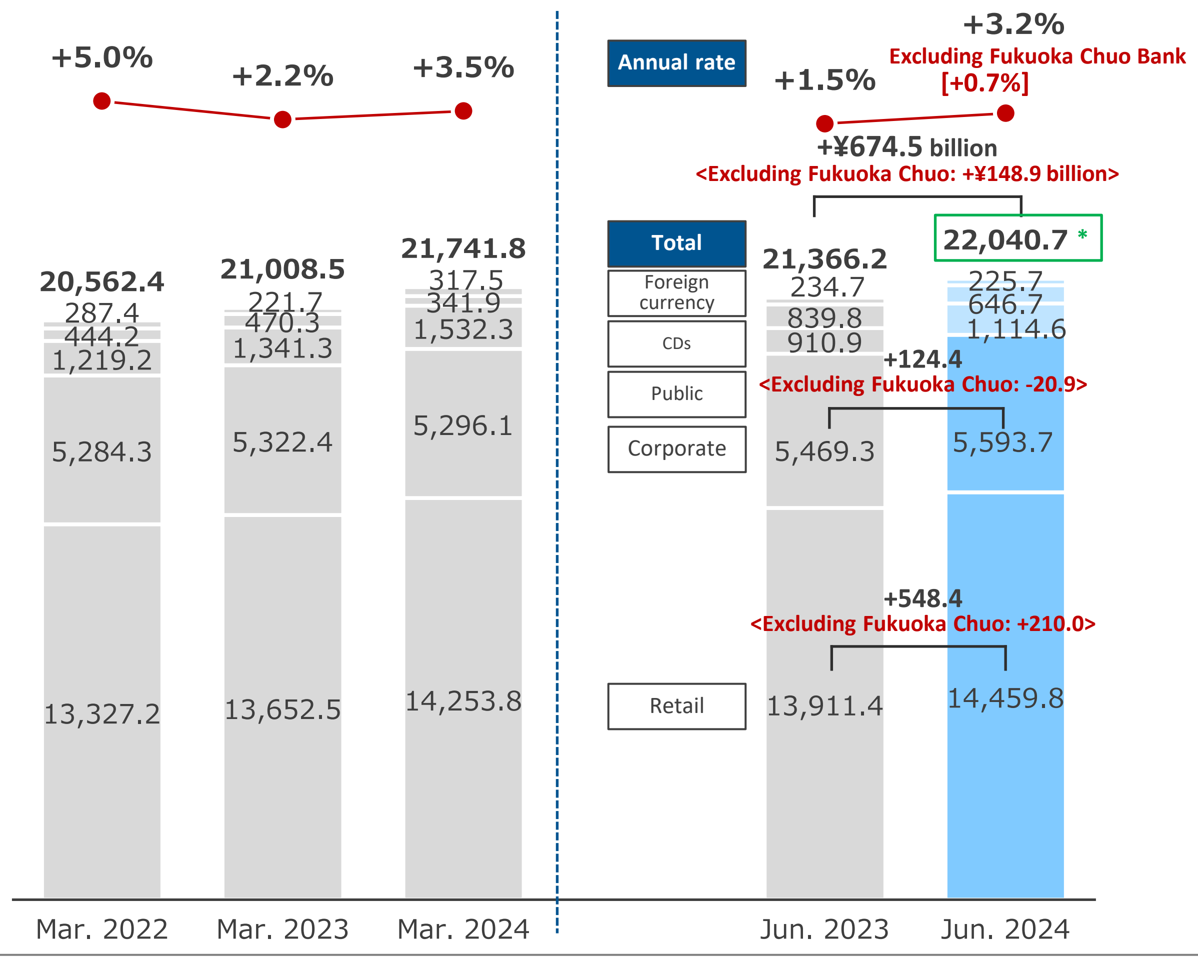
2. The balance for SMEs at the end of June 2023 and the 2023/1Q average balance include a large spot factor of ¥210 billion (short-term loans with a term of less than 1 year)

Deposits, etc. (including CDs)

- On a banks total basis, the balance at end of period was ¥22,040.7 billion, and the average balance was ¥21,717.1 billion
- Excluding the Fukuoka Chuo Bank Balance, the balance at end of period increased by ¥148.9 billion year-on-year (annual rate +0.7%), and the average balance increased by ¥127.4 billion (annual rate +0.6%).

Balance at end of period (banks total)

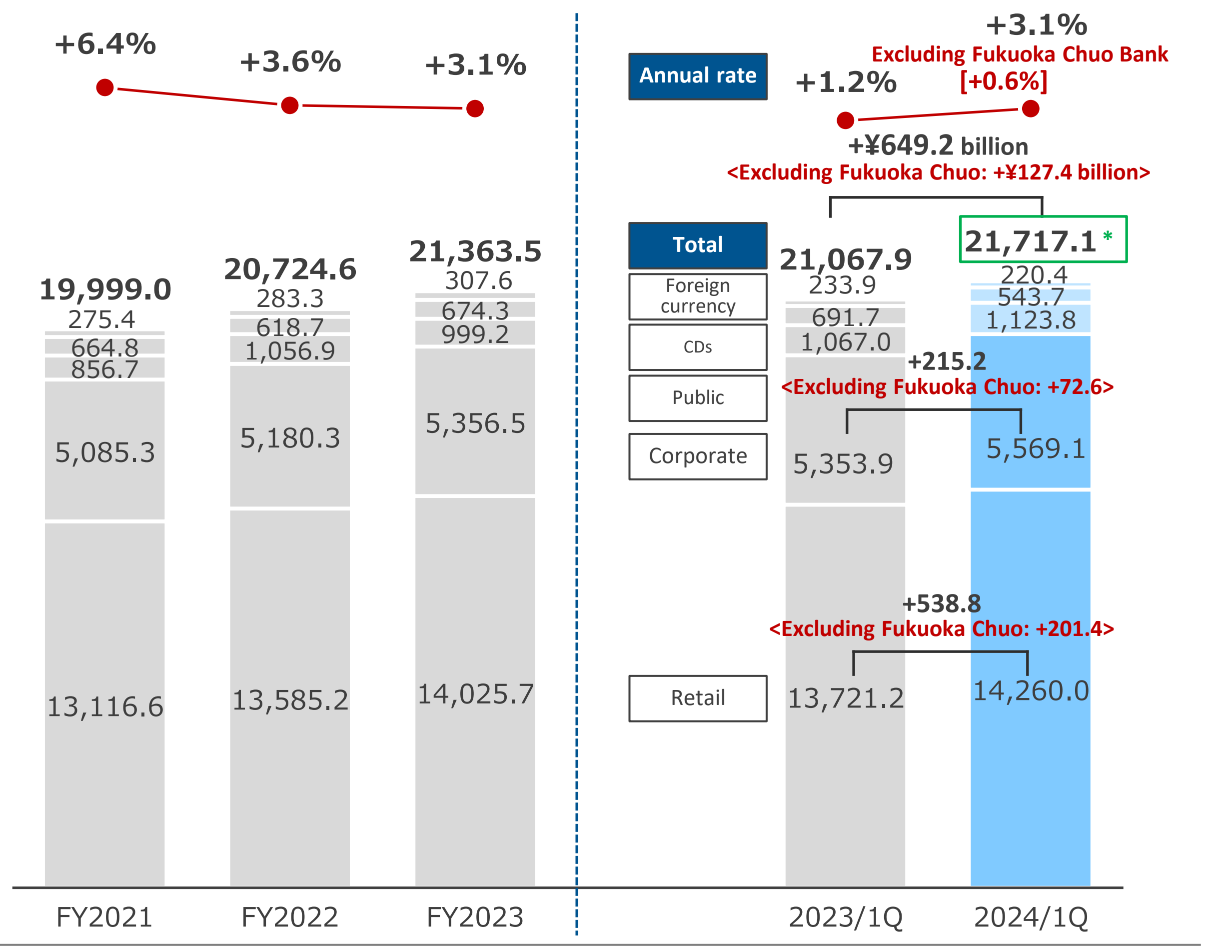
(Unit: ¥ bil.)



* Including balance of Fukuoka Chuo Bank [non-consolidated] at end of June 2024: ¥525.5 billion

Average balance (banks total)

(Unit: ¥ bil.)



* Including average balance of Fukuoka Chuo Bank [non-consolidated] for 2024/1Q: ¥521.8 billion

Fukuoka Financial Group

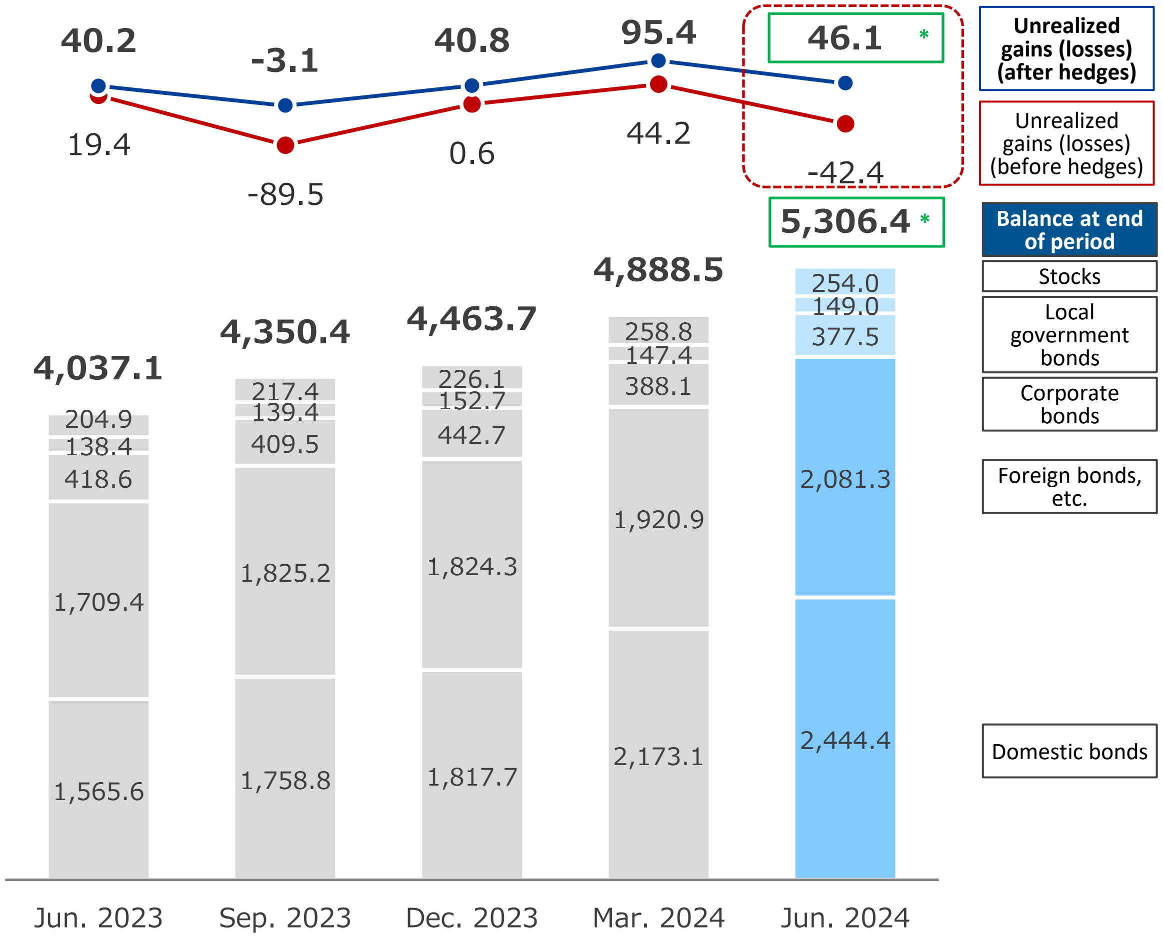
Securities

Assets and Liabilities, etc.

- Unrealized losses before hedges were recorded mainly due to an increase in unrealized losses on domestic bonds caused by rising domestic interest rates, but a gain of ¥46.1 billion was recorded after considering hedges.
- The level of bond duration for domestic bonds was shortened to about 3 years by investing mainly in medium-term bonds.

Balance at end of period, unrealized gains (losses) (FFG consolidated)

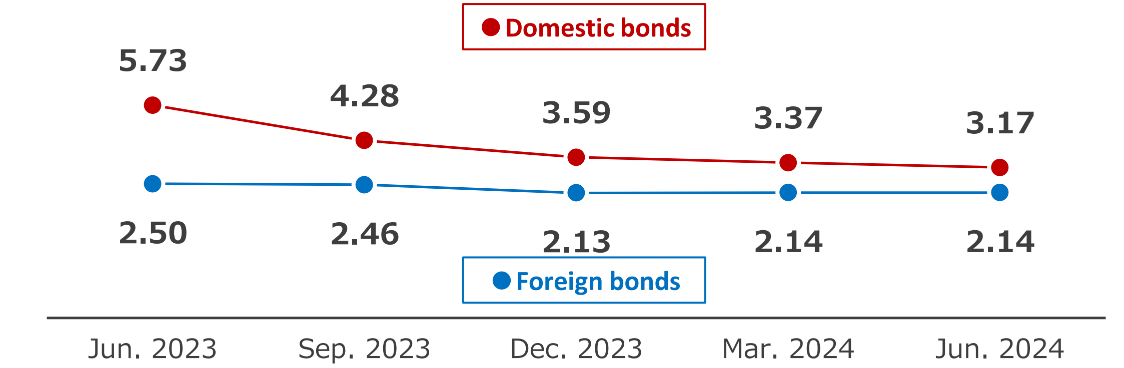
(Unit: ¥ bil.)



Bond duration (banks total)

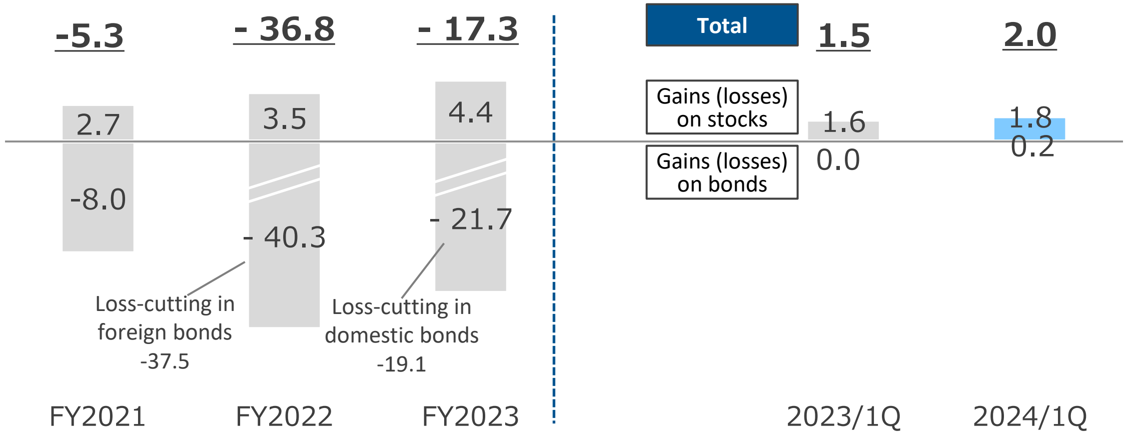
(Unit: Years)

After considering hedges; including marketable securities held to maturity



Gains (losses) on securities (FFG consolidated)

(Unit: ¥ bil.)



* Including balance of Fukuoka Chuo Bank [FFG consolidated basis] at end of June 2024: ¥148.4 billion, unrealized gains (losses): +0.7 billion

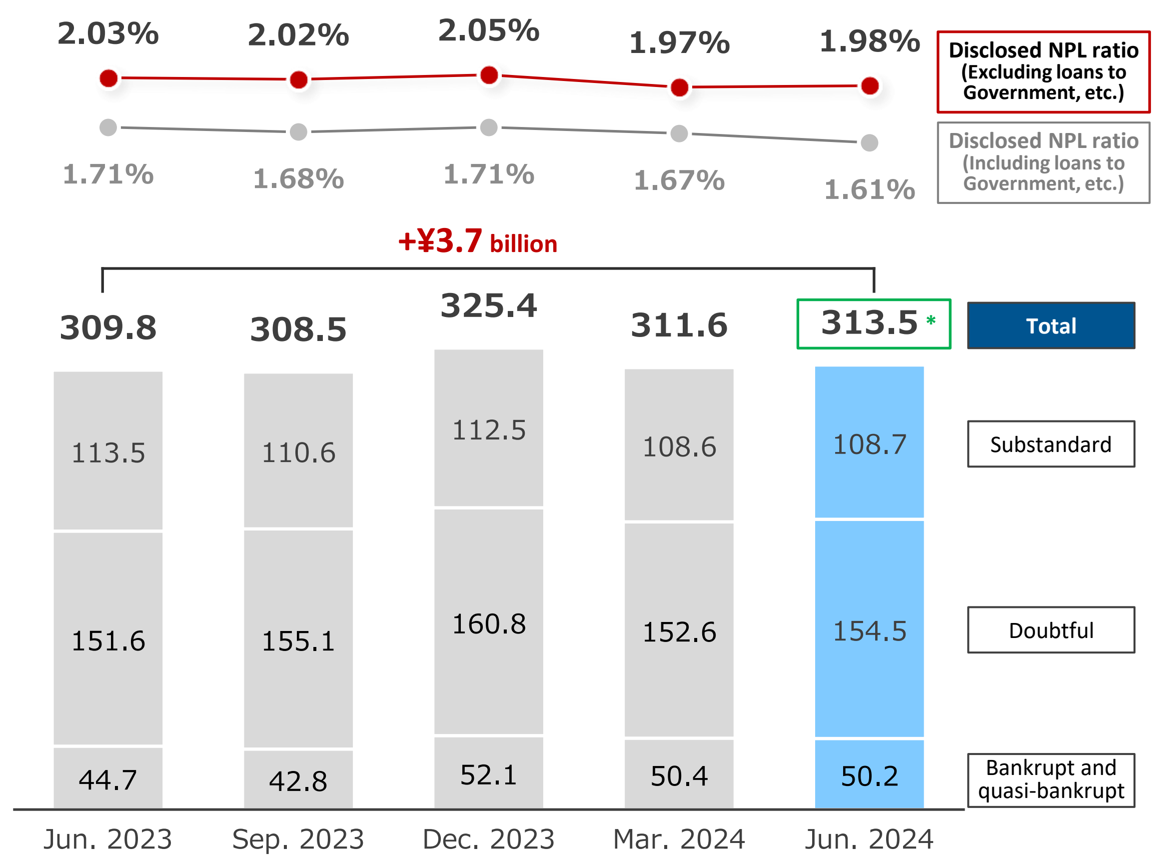
NPLs Disclosed under the FRL, Reserve for Possible Loan Losses

- Balance of disclosed NPLs remains low, and no deterioration in the loan portfolio has been seen.
- The level of reserve for possible loan losses as a percentage of all loans (reserve ratio) has remained high at around 1.3%.

Balance and ratio of disclosed NPLs under the FRL (FFG consolidated)

(Unit: ¥ bil.)

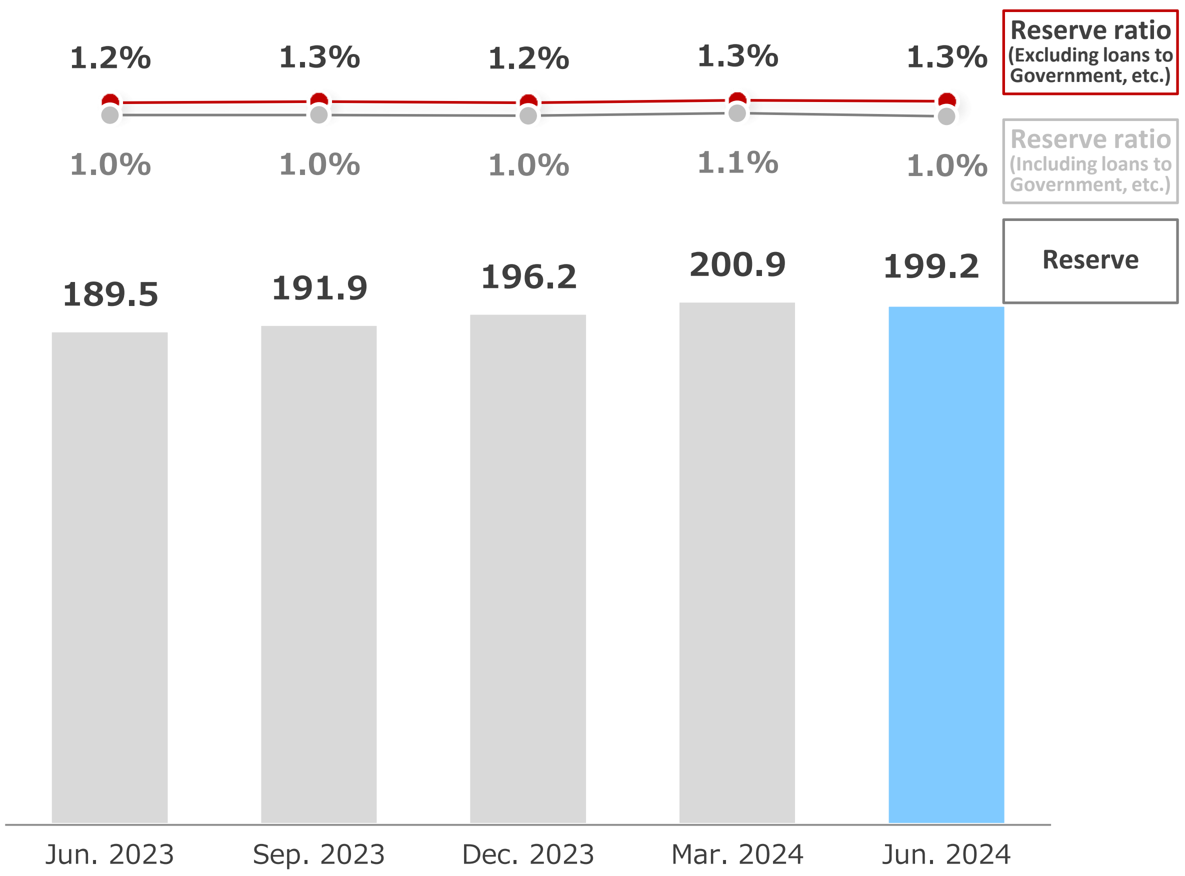
Excluding loans to Government and Bank of Fukuoka loans to FFG



Reserve and reserve ratio (FFG consolidated)

(Unit: ¥ bil.)

Excluding loans to Government and Bank of Fukuoka loans to FFG
Reserve ratio = Reserve for possible loan losses ÷ Balance of total credit (FRL basis)



* Including balance of Fukuoka Chuo Bank at end of June 2024: ¥19.7 billion, impact of disclosed NPL ratio (excluding loans to Government, etc.): +0.08%

Fukuoka Financial Group

Minna Bank

Minna Bank

- Number of accounts exceeded 1 million. Deposits increased by ¥5.2 billion from the end of FY2023 to ¥30.7 billion.
- Loans increased by ¥4.5 billion from the end of FY2023 to ¥18.5 billion, mainly due to growth in guaranteed loans. The NPL ratio was 4.86% and is on trend to improve.

Profit & loss summary (related to Minna Bank*)

(Unit: ¥ bil.)

2024/1Q results	2024/1Q	YoY chg.	2023/1Q
Gross business profit	**0.4**	**+0.3**	**0.1**
Net interest income	0.4	+0.3	0.2
Interest on loans an	0.5	+0.3	0.2
Non-interest income (excl. gains (losses) on bonds)	0.0	-0.0	0.0
Overhead expenses (-)	2.6	+0.1	2.6
Core business profit	**-2.2**	**+0.2**	**-2.4**
Ordinary profit	-2.6	+0.1	-2.7
Net income	**-1.9**	**+0.1**	**-2.1**
Credit cost (-)	**0.4**	**+0.1**	**0.3**

(Reference)

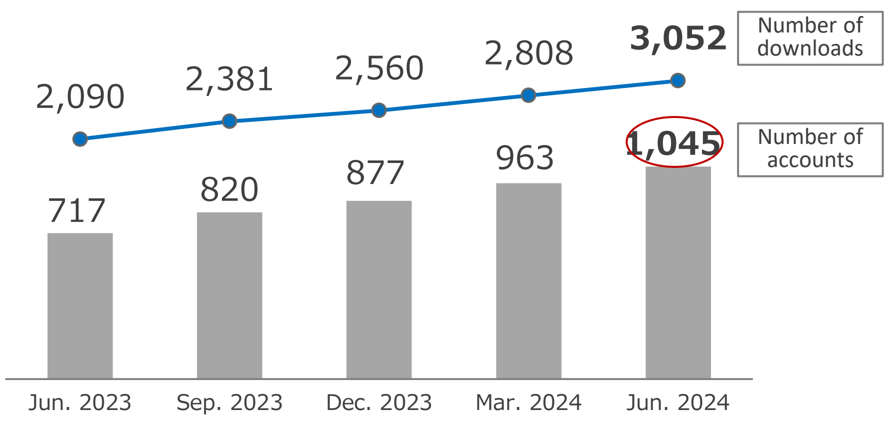
FY2024 earnings projections

Figures in parentheses indicate the 2024/1Q progress against annual projection

	FY2024 projection	YoY chg.	FY2023 results
Net income (20.5%)	-9.5	-0.2	-9.3
Credit cost (-) (23.2%)	1.6	+0.2	1.5

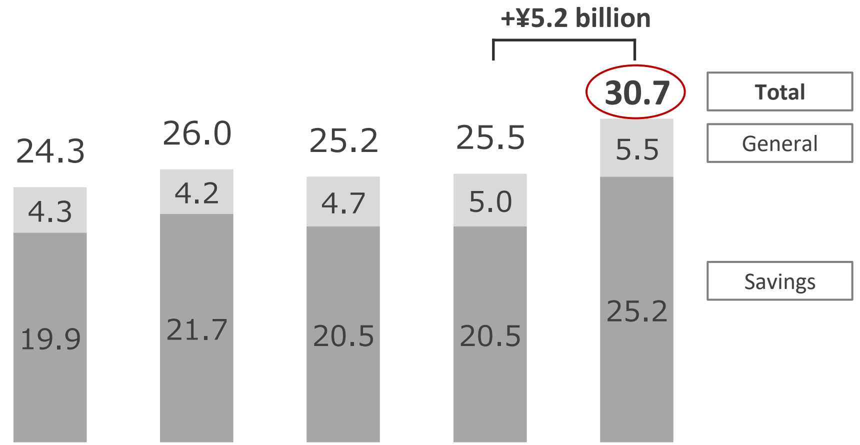
Number of downloads and accounts

(Unit: Thousands)



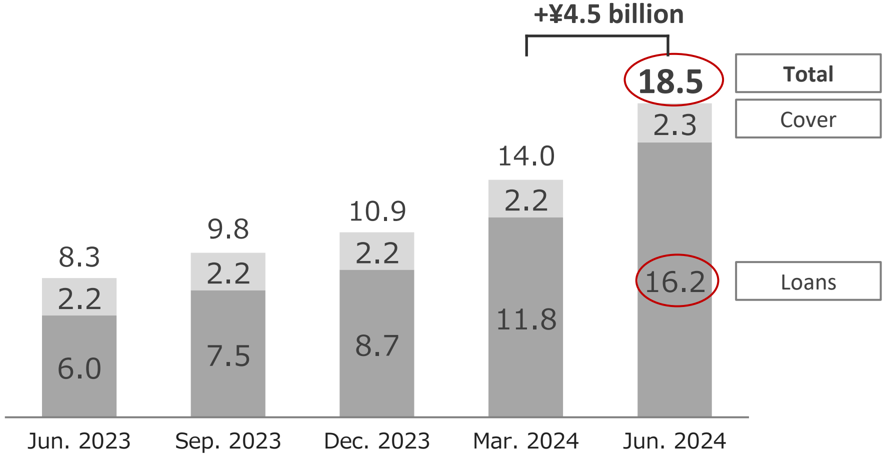
Balance of deposits (excluding special deposits)

(Unit: ¥ bil.)



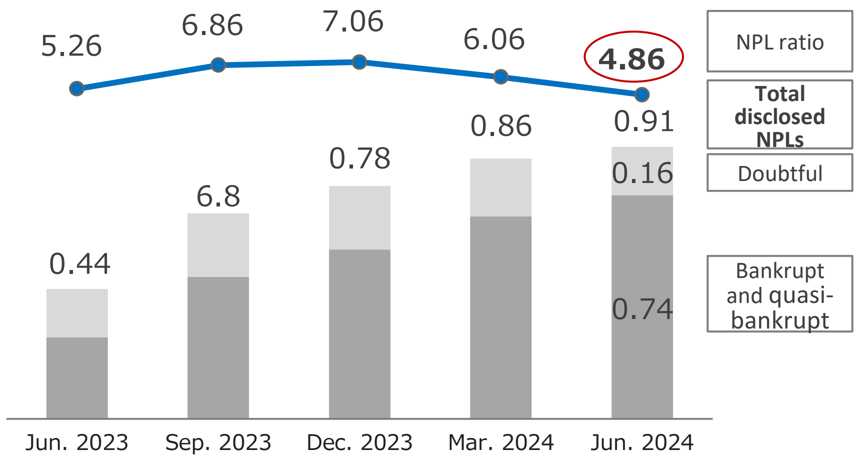
Balance of loans and cover

(Unit: ¥ bil.)



NPLs Disclosed under the FRL

(Unit: ¥ bil., %)



* Total of Minna Bank and Zerobank Design Factory (after eliminating internal transactions between the two).

To be your Bank of choice

Fukuoka Financial Group

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