To be your Bank of choice

Fukuoka Financial Group

Financial Highlights
Third Quarter of FY2024

February 5, 2025

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
Loans to Government, etc.	Total of loans to Government and Bank of Fukuoka loans to FFG
Fukuoka Chuo Bank (YoY chg.)	Year-on-year change in the figures of the Fukuoka Chuo Bank that are included in the Company's financial results (difference between the 9 months of 2024/3Q and the three months of 2023/3Q)

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.)		2024/3Q	YoY chg.	2023/3Q	FY2024 projected*	Progress
Core gross business profit(*)		206.2	+20.0	186.2		
Overhead expens	(-)	118.2	+6.5	111.7		
Core business profit		**1 88.0**	**+13.5**	**74.5**	**109.6**	**80.3%**
Credit cost	(-)	**2 1.4**	**-11.0**	**12.3**	6.4	21.6%
Gains (losses) on securities		**-1.7**	**+0.2**	**-1.9**	0.5	—
Gains (losses) on bonds		-11.9	-7.6	-4.3		
Gains (losses) on stocks		10.2	+7.8	2.4		
Ordinary profit		**86.4**	**+26.9**	**59.4**	**105.5**	**81.9%**
Extraordinary profit (loss)		1.2	-19.5	20.7		
Consolidated net income		**3 60.7**	**-1.4**	**62.1**	**72.0**	**84.4%**

Banks total (Unit: ¥ bil.)		2024/3Q	YoY chg.	2023/3Q	FY2024 projected*	Progress
Core gross business profit(*)		191.5	+20.2	171.4		
Net interest income		166.7	+14.2	152.5		
Domestic		155.9	+11.5	144.4		
International		10.8	+2.7	8.1		
Non-interest income (excluding bond-related income)		24.9	+6.0	18.8		
Overhead expens	(-)	91.8	+6.6	85.3		
Core business profit		**99.7**	**+13.6**	**86.1**	**126.9**	**78.6%**
Ordinary profit		102.8	+26.5	76.3	128.6	79.9%
Net income		**4 76.3**	**+19.9**	**56.4**	**93.9**	**81.3%**
Credit cost	(-)	**-2.7**	**-11.1**	**8.3**	**0.8**	—

(1) Financial highlights (FFG consolidated)

1 Core business profit: ¥88.0 billion (YoY chg. +¥13.5 billion) ▶ See P3

— Increased by ¥13.5 billion year-on-year due to an increase in domestic net interest income reflecting higher interest rates as well as steady growth in non-interest income such as sales commissions on investment trusts and corporate-related fees

2 Credit cost: ¥1.4 billion provision (YoY decrease in expenses of ¥11.0 billion) ▶ See P9

— Provision of ¥1.4 billion, a decrease of ¥11.0 billion year-on-year mainly due to rating upgrades and recovery of loans from major customers

3 Consolidated net income: ¥60.7 billion (YoY chg. -¥1.4 billion) ▶ See P4

— Although core business profit increased, consolidated net income decreased by ¥1.4 billion year-on-year due to a turnaround from the previous year's gain on negative goodwill

(2) Consolidation difference in bottom line

(Unit: ¥ bil.)		2024/3Q	YoY chg.	2023/3Q
Net income (banks total)	**4**	**76.3**	**+19.9**	**564**
FFG non-consolidated		-11.2	-0.2	-11.0
Related to Minna Bank		-6.1	+0.5	-6.6
Subsidiary income		3.4	+0.9	2.5
Gain on negative goodwill		-	-21.5	21.5
Other consolidation adjustments		-1.7	-1.0	-0.7
Consolidated net income	**3**	**60.7**	**-1.4**	**62.1**

Year-on-year change factors

[FFG non-consolidated, related to Minna Bank, subsidiary income]
- Generally remained at the same level as FY2023

[Gain on negative goodwill]
- Turnaround from previous year's factors (Business integration with the Fukuoka Chuo Bank)

[Other consolidation adjustments]
- Differences in gains (losses) on derivative and stock transactions, etc.

* Figures announced in the Financial Digest of November 11, 2024 and in the Investor Presentation of November 27, 2024

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

Fukuoka Financial Group

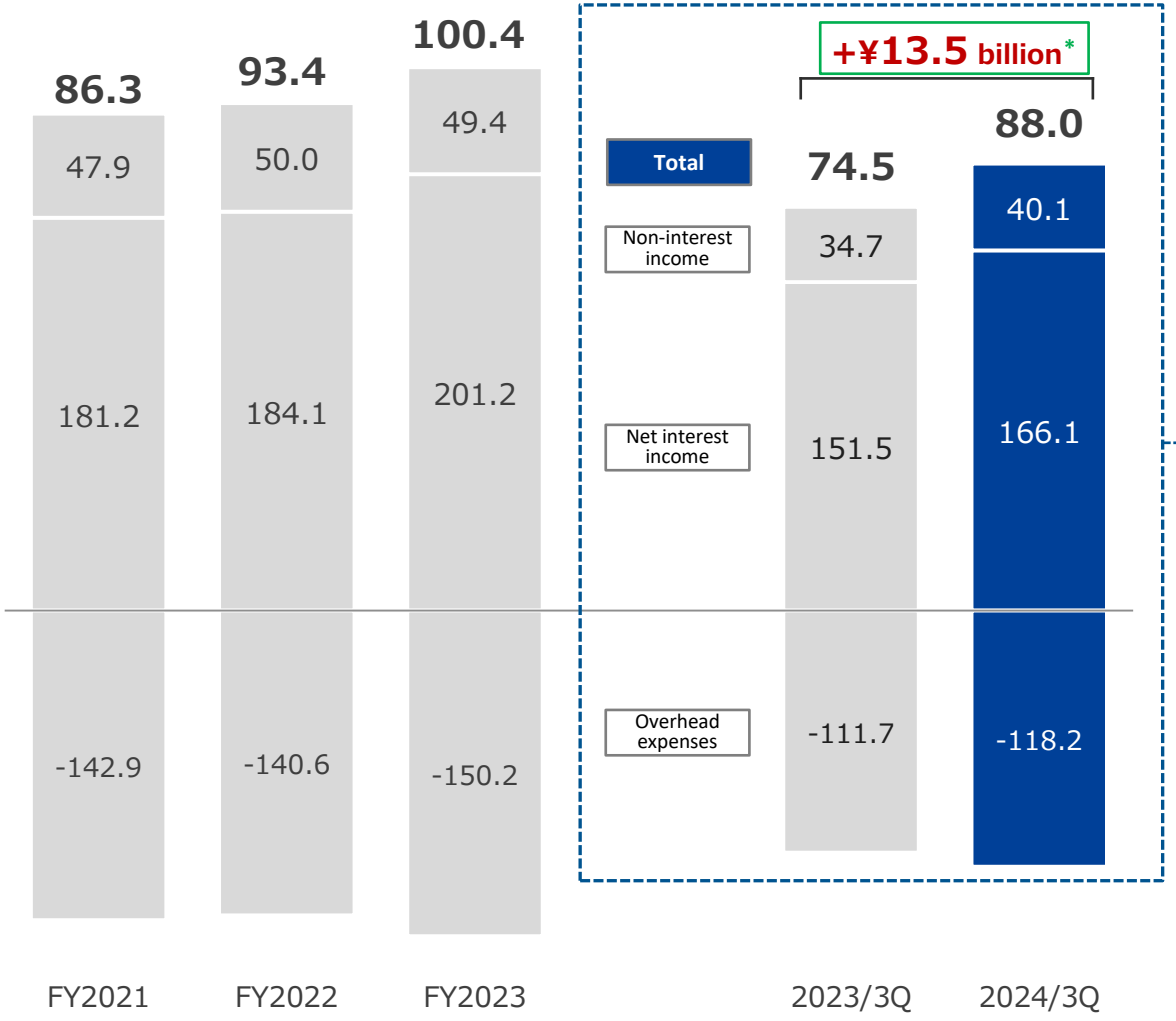
Top Line (Consolidated Core Business Profit)

Profit & Loss

Core business profit (FFG consolidated)

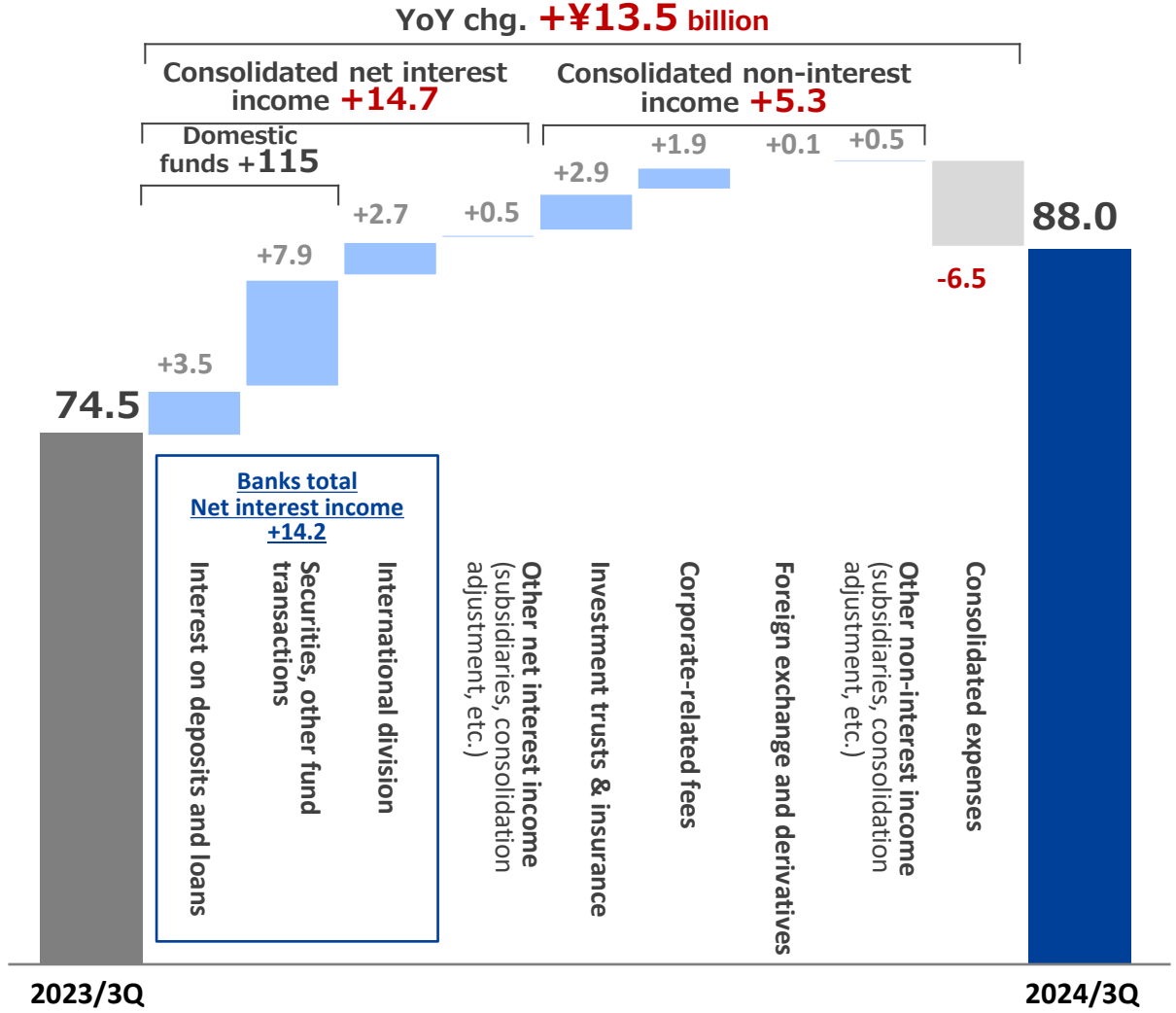
(Unit: ¥ bil.)

[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 (YoY chg.): +¥0.8 billion (net interest income: +¥3.7 billion <interest on deposits and loans: +¥2.9 billion, securities, other fund transactions: +¥0.7 billion>, non-interest income: +¥0.1 billion, overhead expenses: -¥3.0 billion)

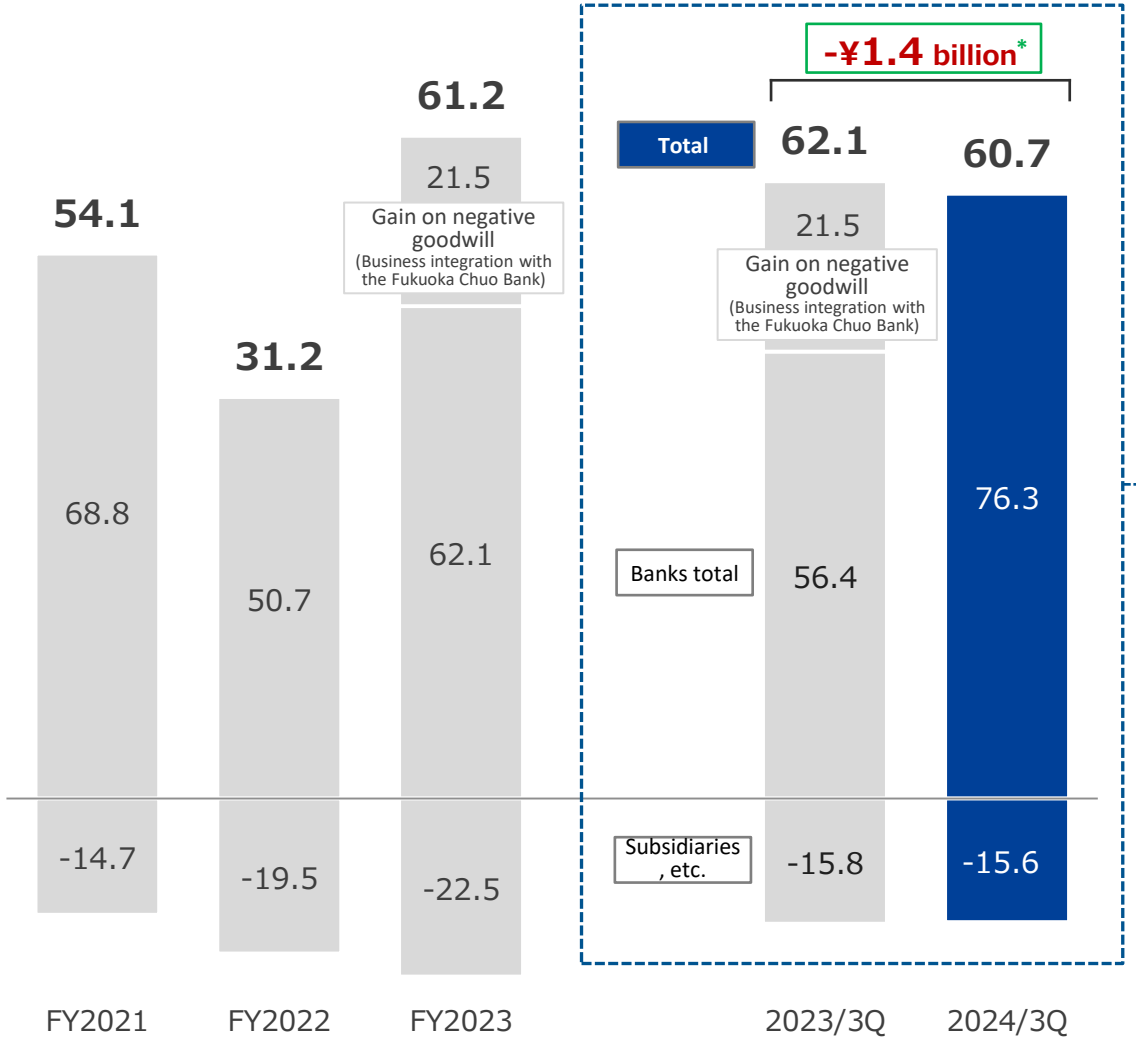
Fukuoka Financial Group

Bottom Line (Consolidated Net Income)

Profit & Loss

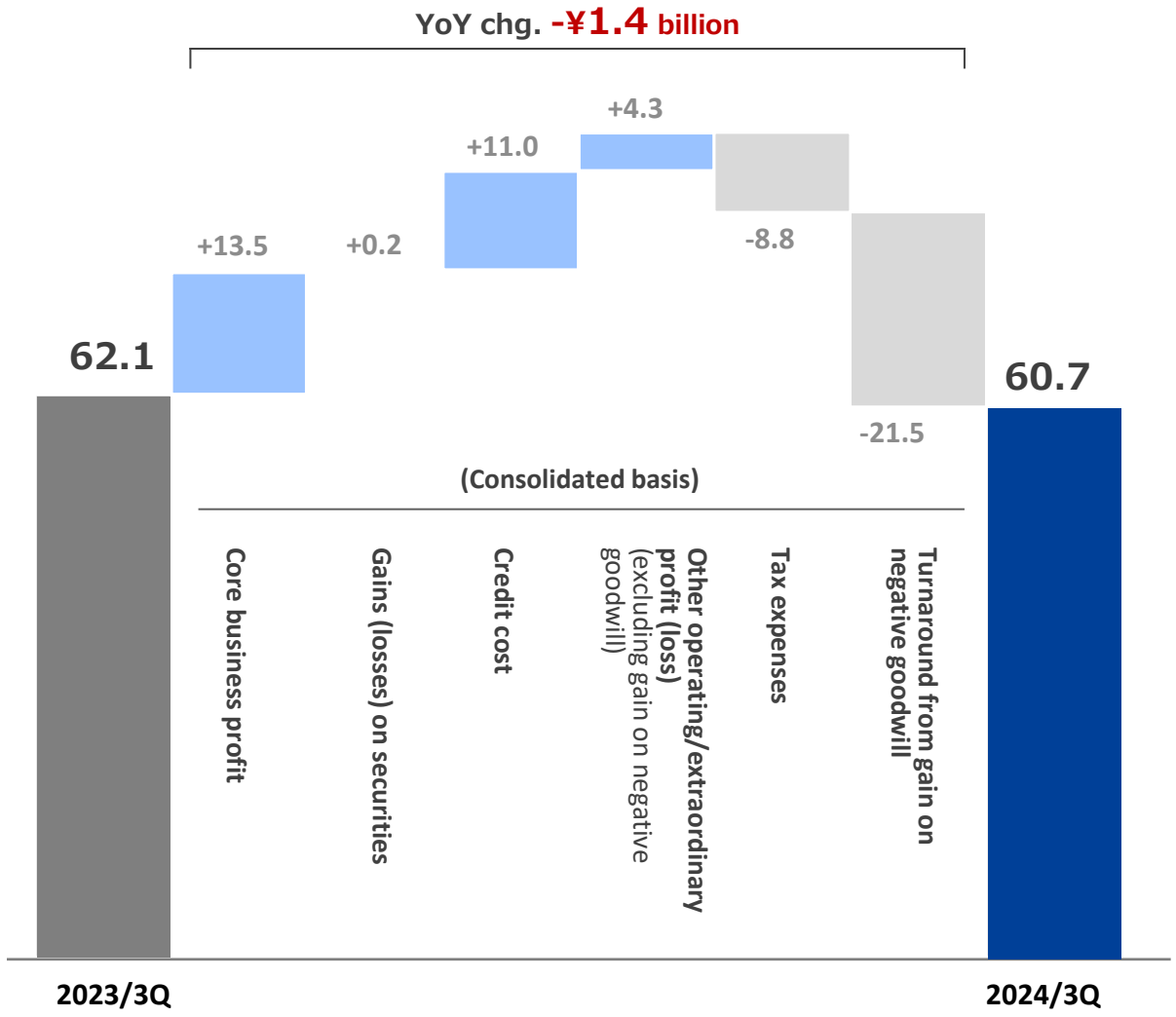
Consolidated net income

(Unit: ¥ bil.)



Breakdown of year-on-year changes

(Unit: ¥ bil.)



* Including Fukuoka Chuo Bank (YoY chg.): -¥0.5 billion

Fukuoka Financial Group

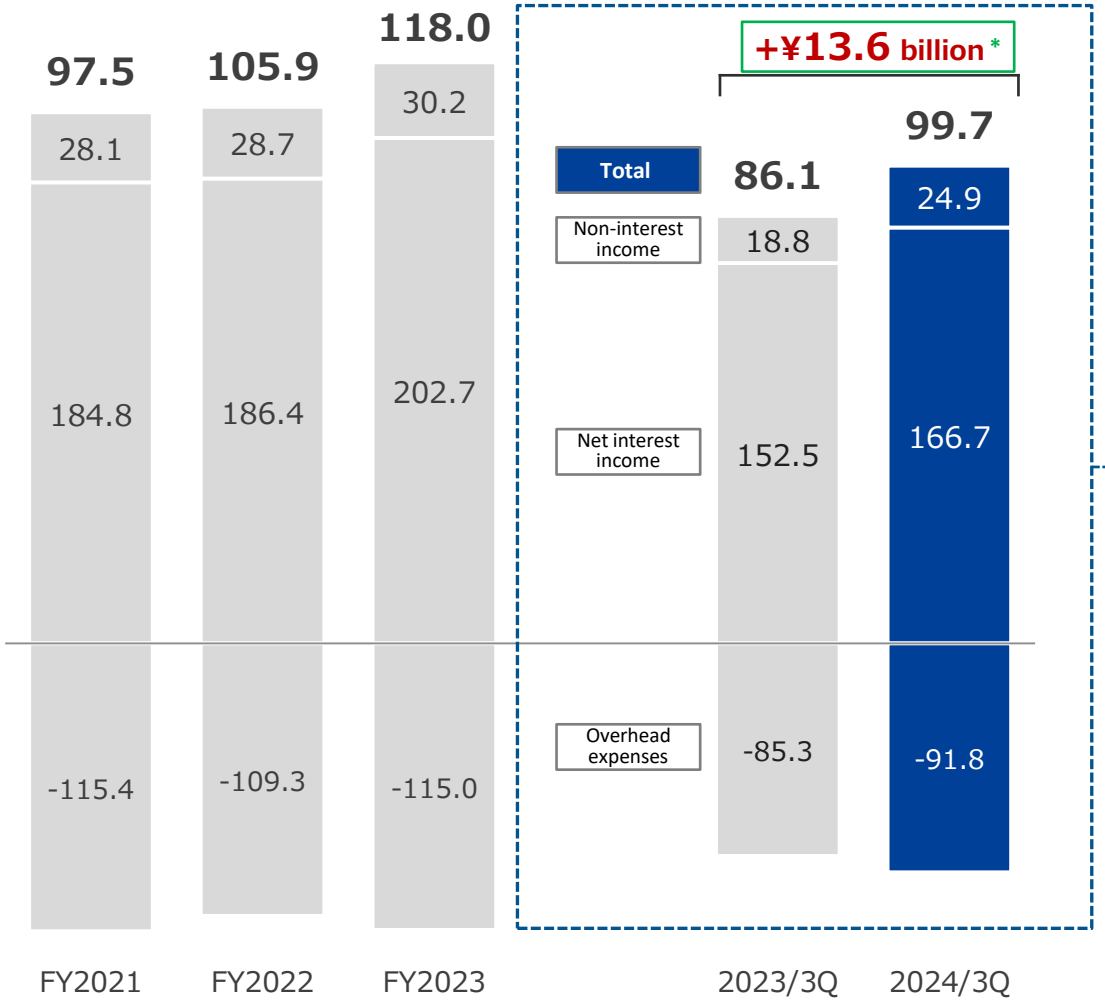
[Supplement] Core Business Profit (banks total)

Profit & Loss

Core business profit (banks total)

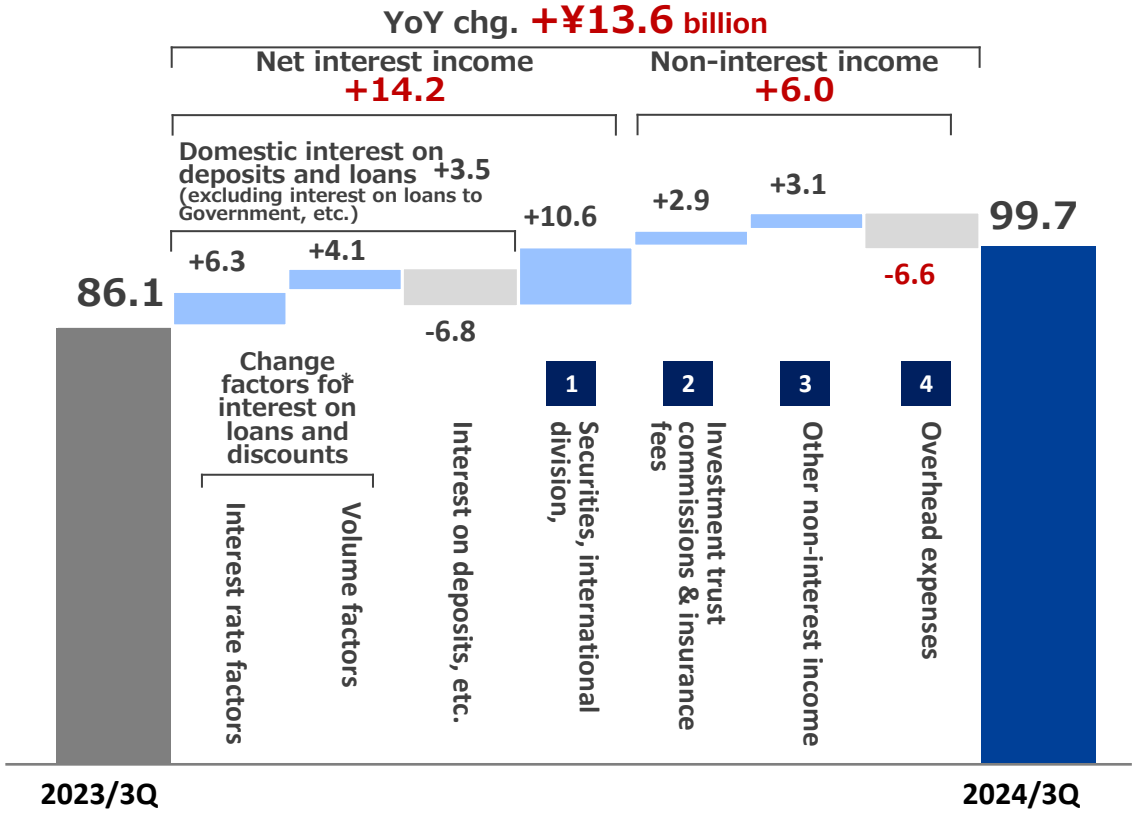
(Unit: ¥ bil.)

[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: +7.9, International division: +2.7
2	Investment trusts: +2.8, Insurance: +0.1
3	Corporate-related fees: +1.9, housing loan fees: +0.7, Fees and commissions on exchange: +0.3, etc.
4	Fukuoka Chuo Bank: -3.0, Personnel expenses: -0.9, Non-personnel expenses: -2.7, Taxes: -0.0

* Including Fukuoka Chuo Bank (YoY chg.): +¥0.8 billion (net interest income: +¥3.7 billion, non-interest income: +¥0.1 billion, overhead expenses: -¥3.0 billion)

* Interest on loans and discounts for Fukuoka Chuo Bank (+¥3.1 billion) is included in volume factors.

Fukuoka Financial Group

Net Interest Income (banks total)

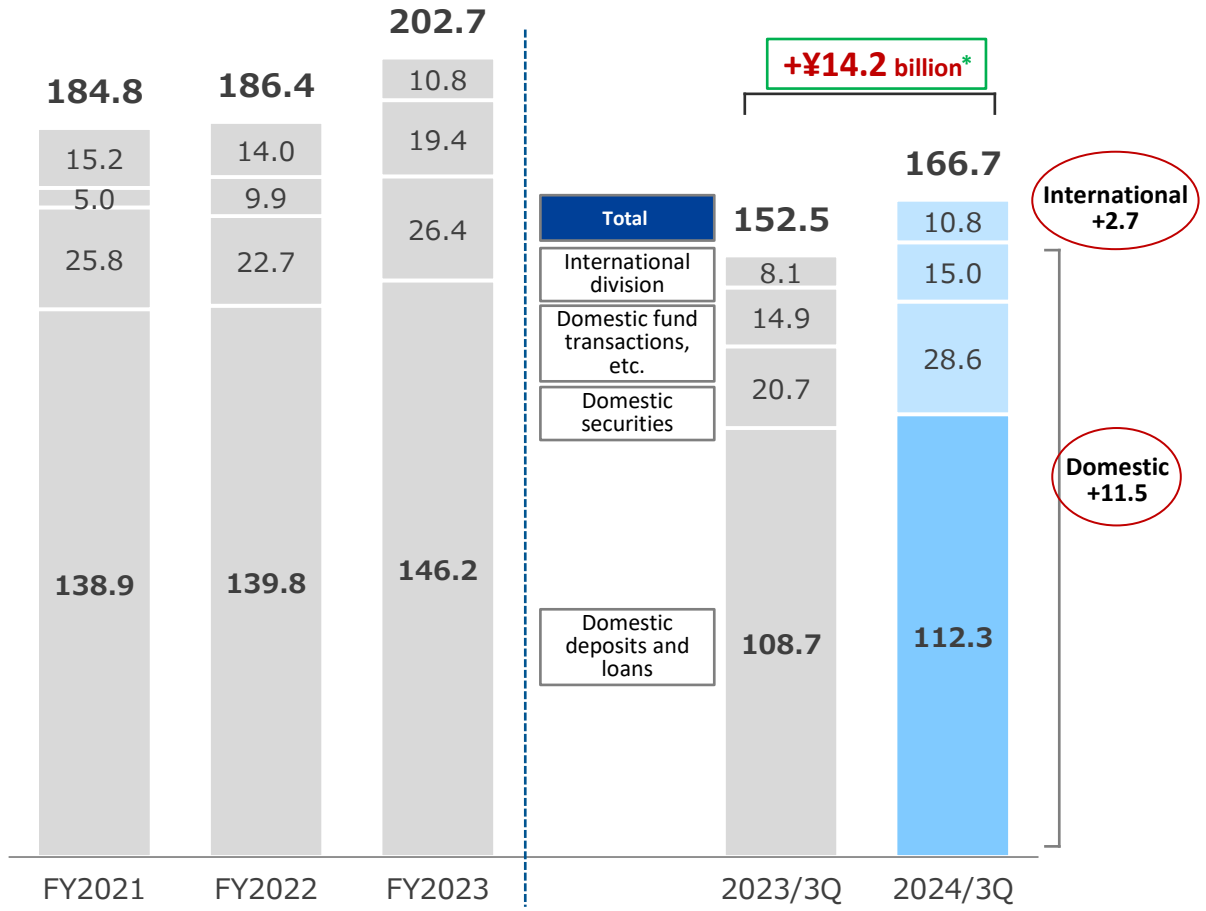
Profit & Loss

- Net interest income increased by ¥14.2 billion year-on-year. Domestically, the increase was ¥11.5 billion, mainly due to the effect of adding the net interest income of Fukuoka Chuo Bank as well as the increase in interest and dividends on securities and interest on loans and discounts reflecting higher interest rates. Internationally, the increase was ¥2.7 billion, mainly due to an increase in interest on foreign bonds.

Net interest income (banks total)

(Unit: ¥ bil.)

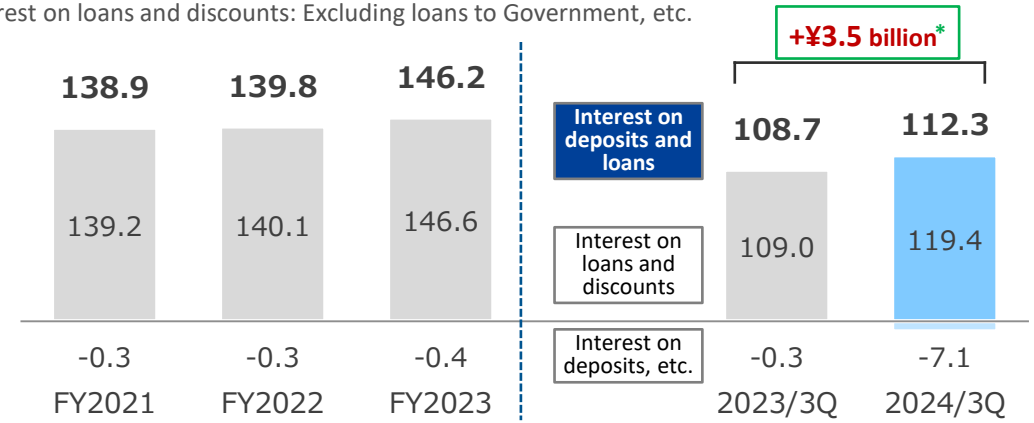
Domestic deposits and loans: Excluding loans to Government, etc.



Domestic interest on deposits and loans (banks total)

(Unit: ¥ bil.)

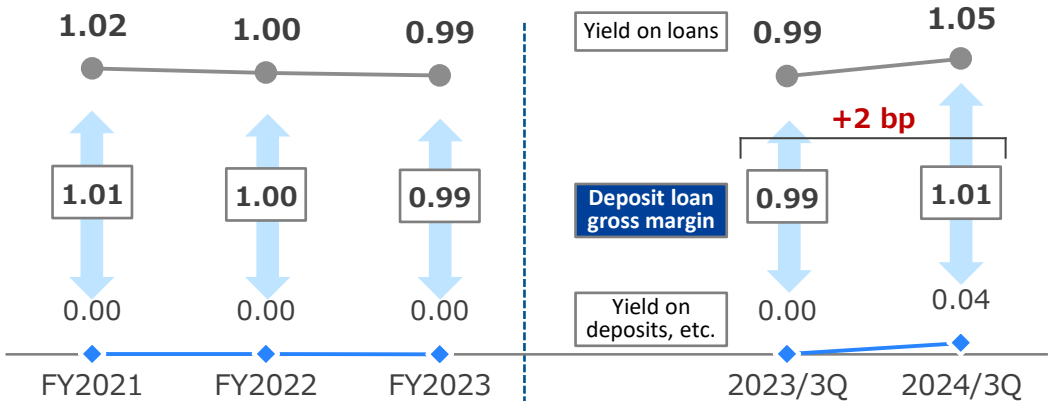
Interest on loans and discounts: Excluding loans to Government, etc.



Domestic deposits and loan gross margin (banks total)

(Unit: %)

Yield on loans: Excluding loans to Government, etc.



* Including Fukuoka Chuo Bank (YoY chg.): +¥3.7 billion

* Including Fukuoka Chuo Bank (YoY chg.): +¥2.9 billion

Fukuoka Financial Group

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

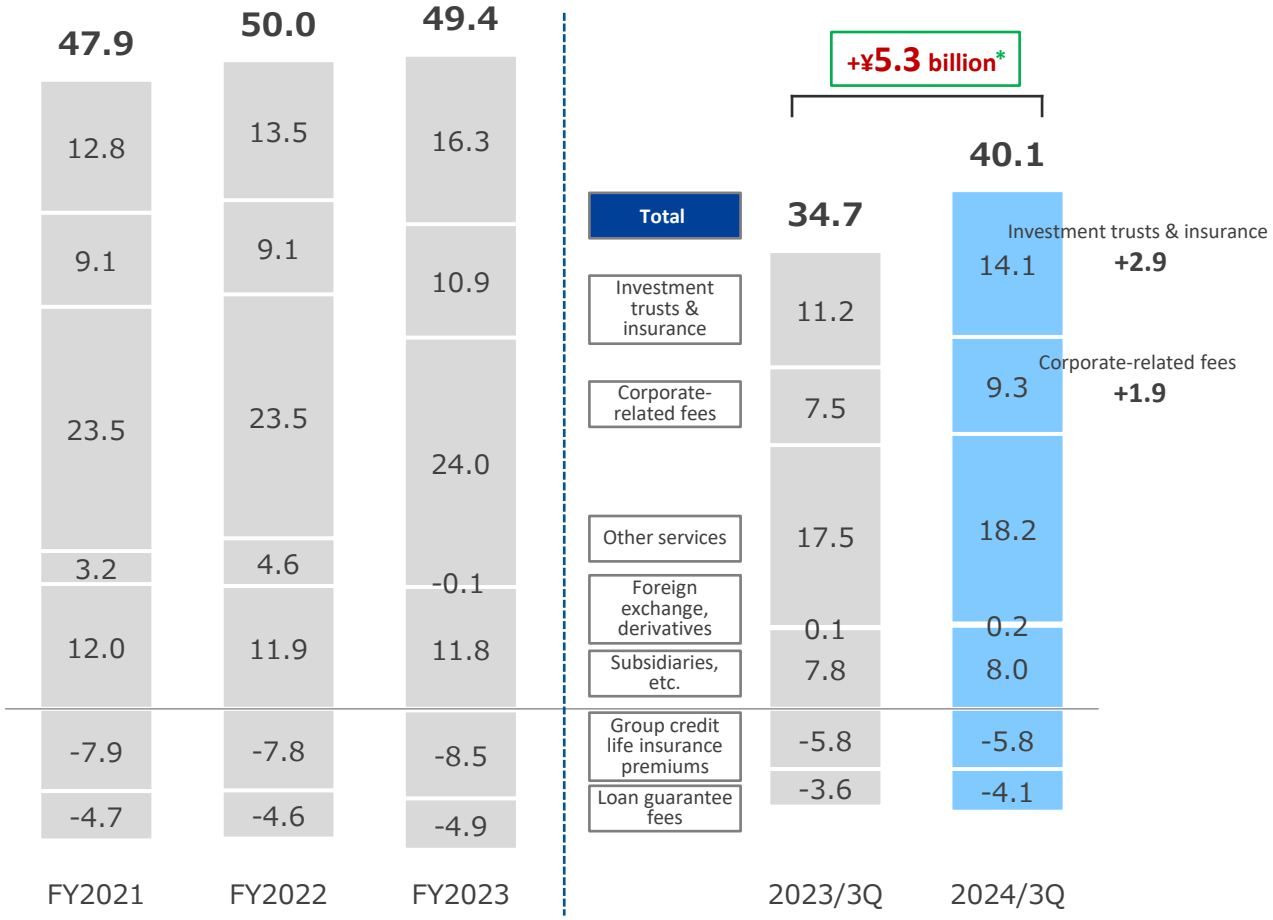
Profit & Loss

- Consolidated non-interest income increased by ¥5.3 billion year-on-year. Investment trust commissions and insurance fees (+¥2.9 billion YoY) and corporate-related fees (+¥1.9 billion) remained strong.

Non-interest income (FFG consolidated)

(Unit: ¥ bil.)

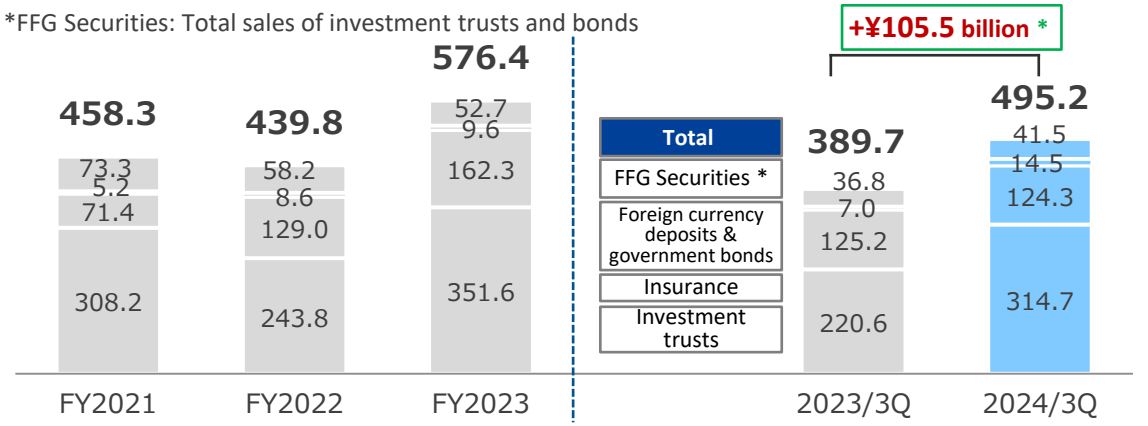
Corporate-related fees: Loan fees (syndicated loans, structured finance, etc.), M&A fees, etc.



Asset management product sales (Group total)

(Unit: ¥ bil.)

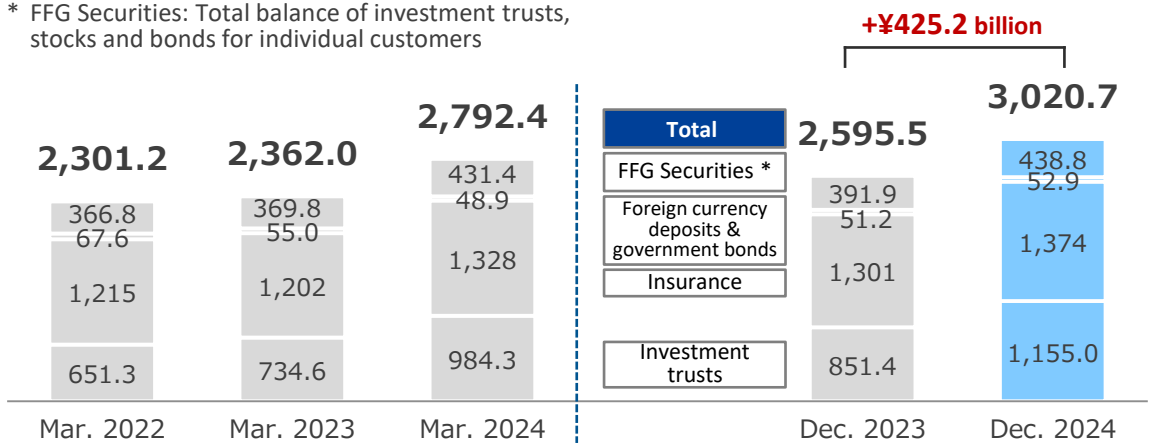
*FFG Securities: Total sales of investment trusts and bonds



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 (YoY chg.): +¥0.1 billion

* Including Fukuoka Chuo Bank (YoY chg.): +¥6.9 billion

Fukuoka Financial Group

Consolidated Expenses

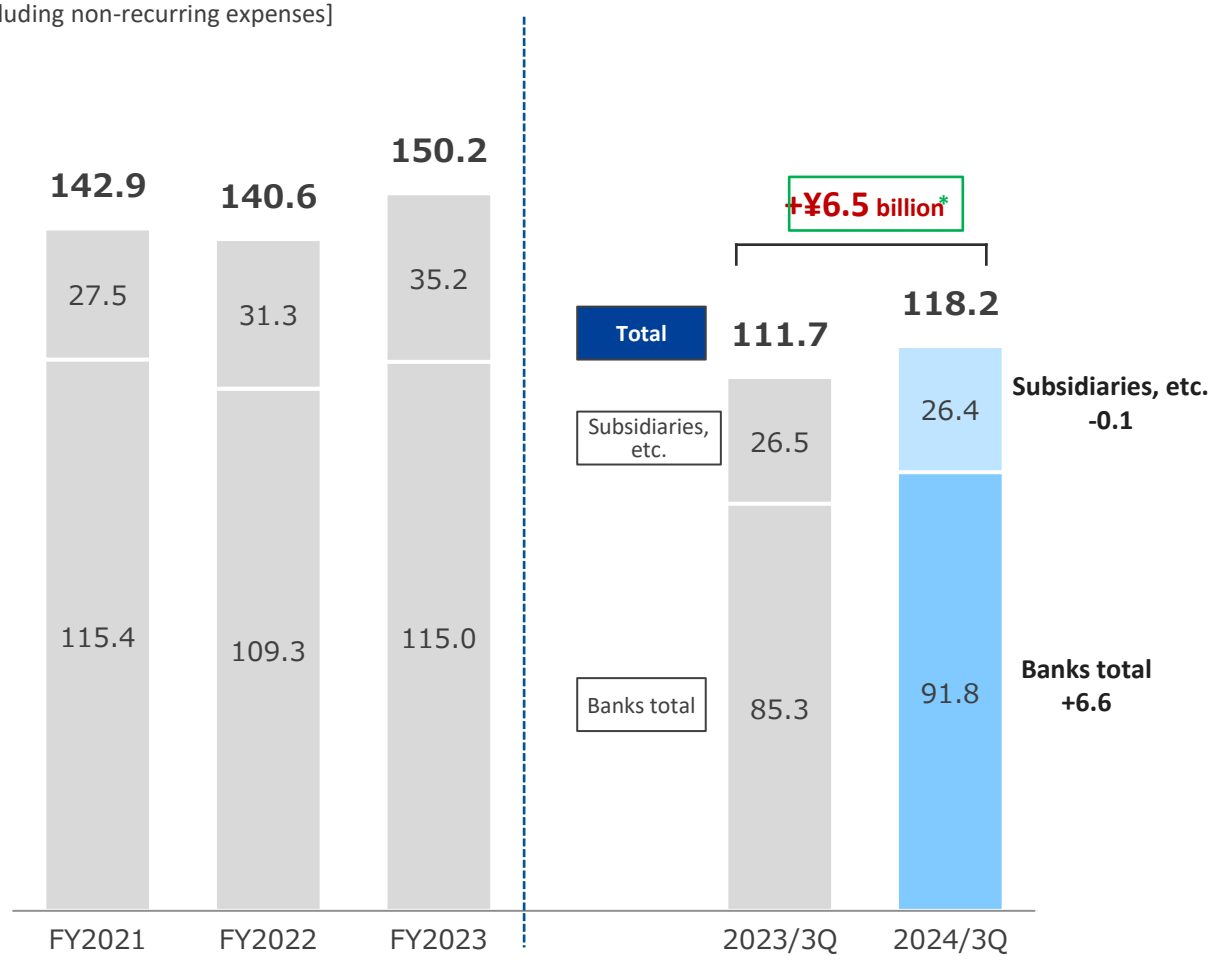
Profit & Loss

- Consolidated expenses increased by ¥6.5 billion year-on-year. This was mainly due to the effect of adding the overhead expenses of Fukuoka Chuo Bank (+¥3.0 billion) and increases in wages (personnel expenses) and commercial and campaign expenses (non-personnel expenses). Consolidated core OHR improved by 2.7 points year-on-year to 57.3% due to an increase in core gross business profit.

Overhead expenses (FFG consolidated)

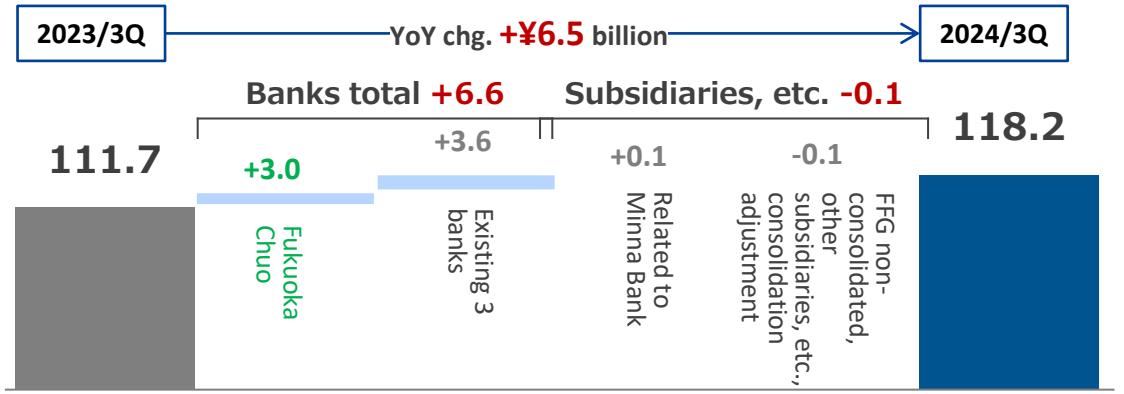
(Unit: ¥ bil.)

[Excluding non-recurring expenses]



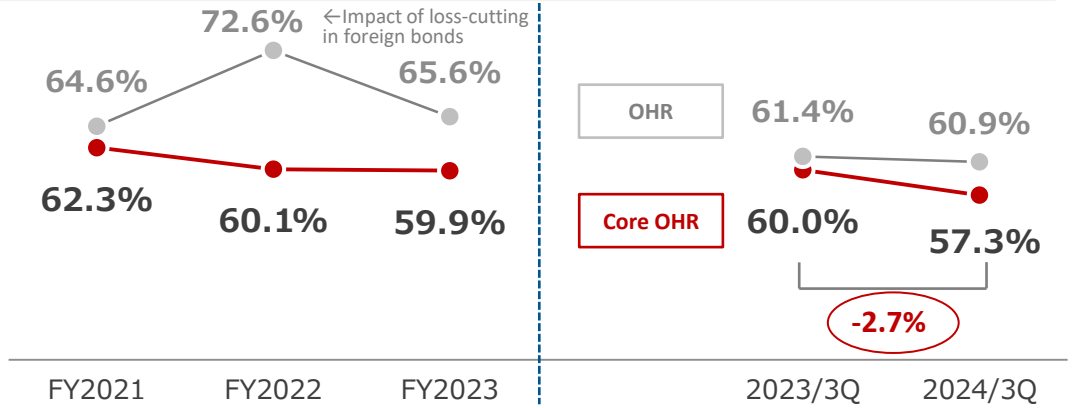
Breakdown of year-on-year changes

(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



* Including Fukuoka Chuo Bank (YoY chg.): +¥3.0 billion

Fukuoka Financial Group

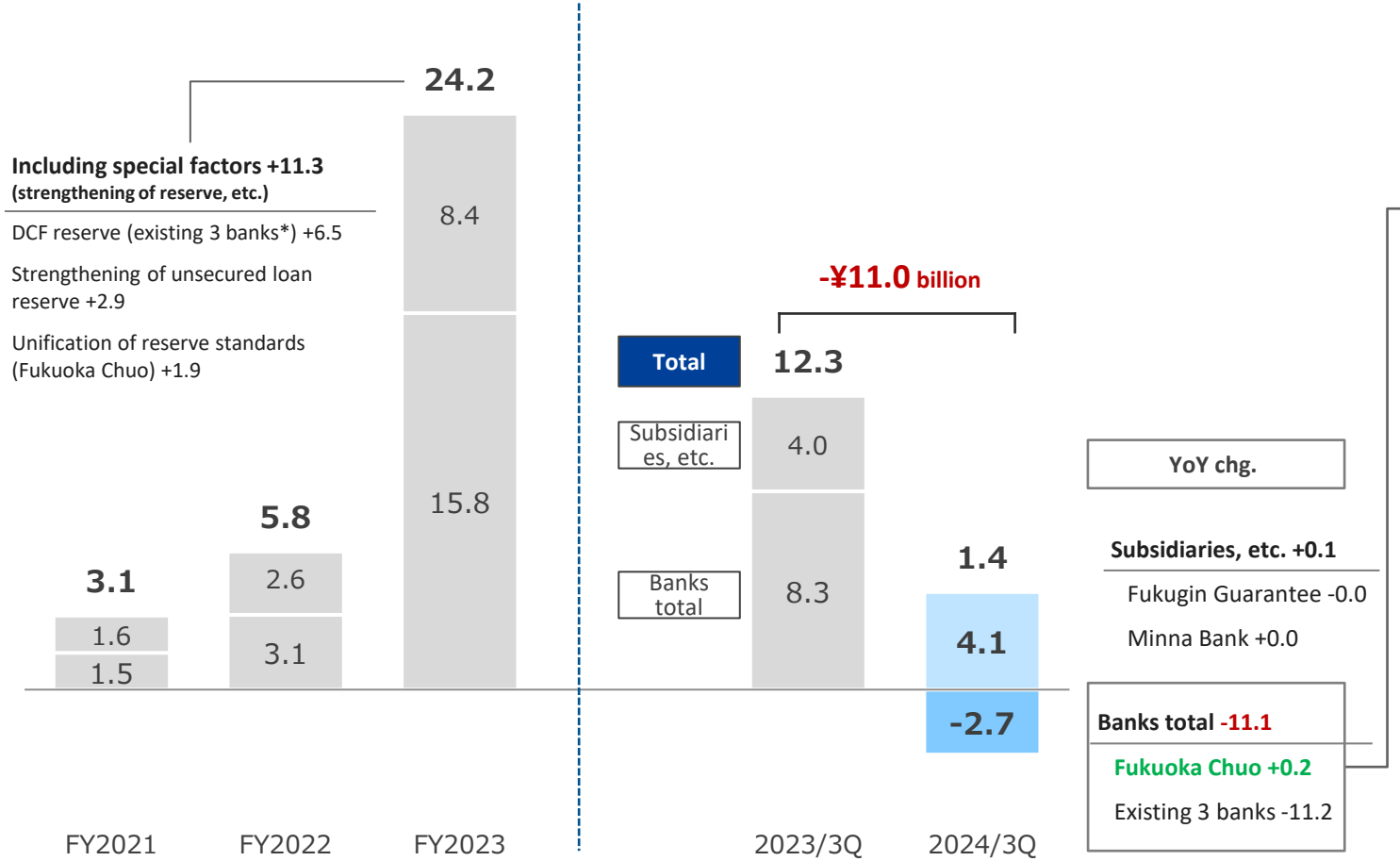
Consolidated Credit Cost

Profit & Loss

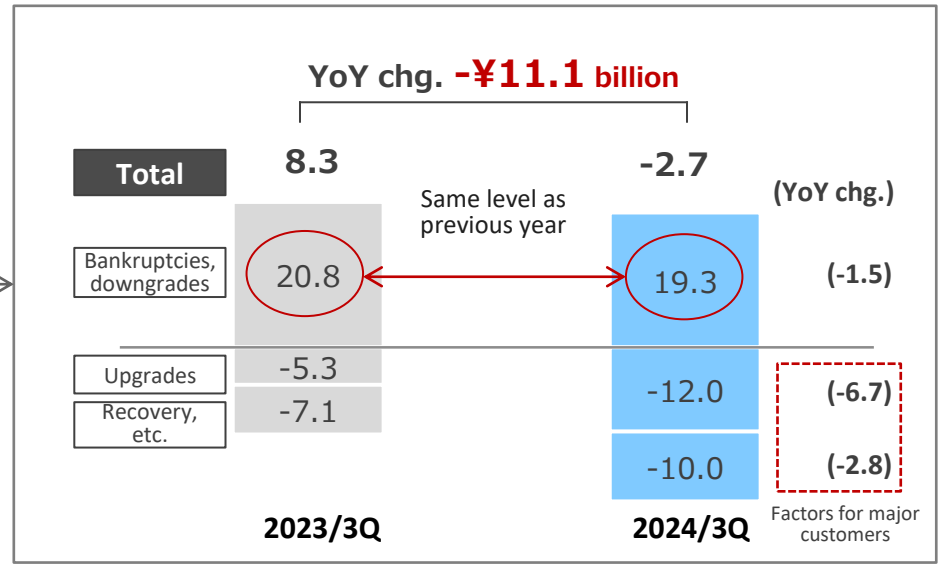
- Consolidated credit cost decreased by ¥11.0 billion year-on-year to a provision of ¥1.4 billion due to rating upgrades and recovery for major customers, although “bankruptcies, downgrades” occurred at the same level as the previous year.

Credit cost (-) (FFG consolidated)

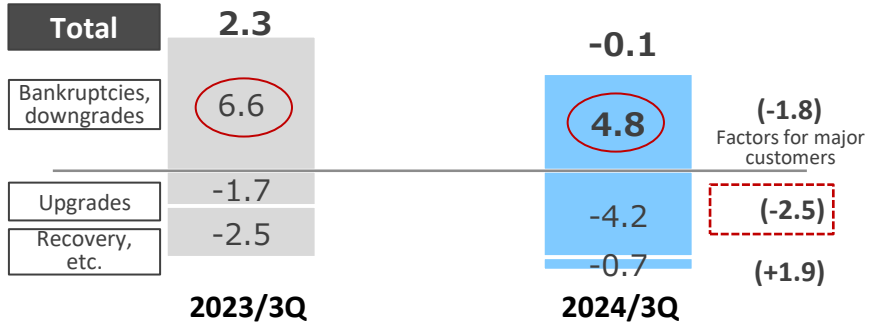
(Unit: ¥ bil.)



Change by cause of cost (banks total)



(Reference) 3Q: Occurrences in 3 months



Fukuoka Financial Group

Assets and Liabilities, etc.

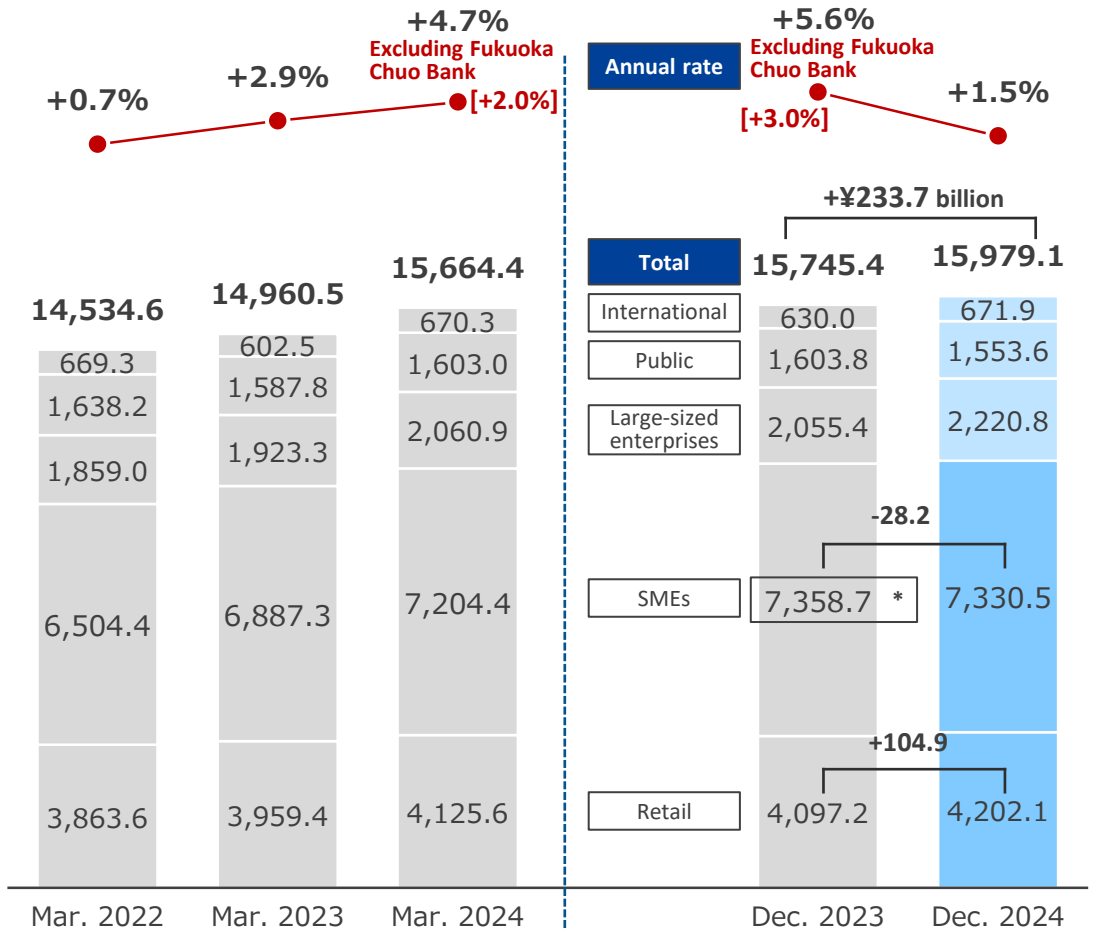
Loans

- On a banks total basis, the balance at end of period was ¥15,979.1 billion, and the average balance was ¥15,689.1 billion.
- The balance at end of period increased by ¥233.7 billion year-on-year (annual rate +1.5%), and the average balance increased by ¥420.2 billion (annual rate +2.8%, or +1.0% excluding Fukuoka Chuo Bank).

Balance at end of period (banks total)

(Unit: ¥ bil.)

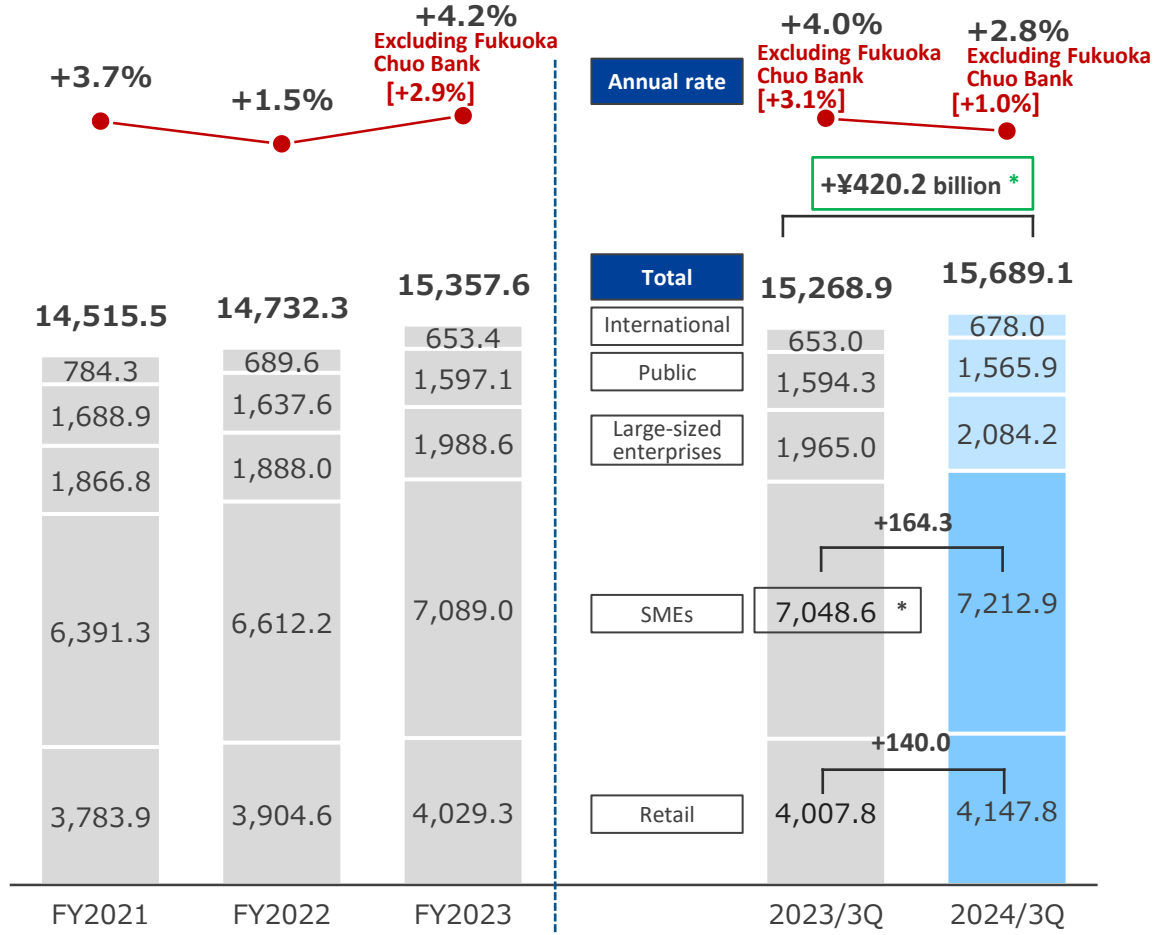
Excluding loans to Government (public) and Bank of Fukuoka loans to FFG (large-sized enterprises)



Average balance (banks total)

(Unit: ¥ bil.)

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



* The balance for SMEs at the end of December 2023 and the 2023/3Q average balance include a large spot factor of ¥210 billion (short-term loans with a term of less than 1 year)

* Including Fukuoka Chuo Bank (YoY chg.): +¥262.0 billion (SMEs: +¥200.6 billion, Retail +¥41.4 billion)

Fukuoka Financial Group

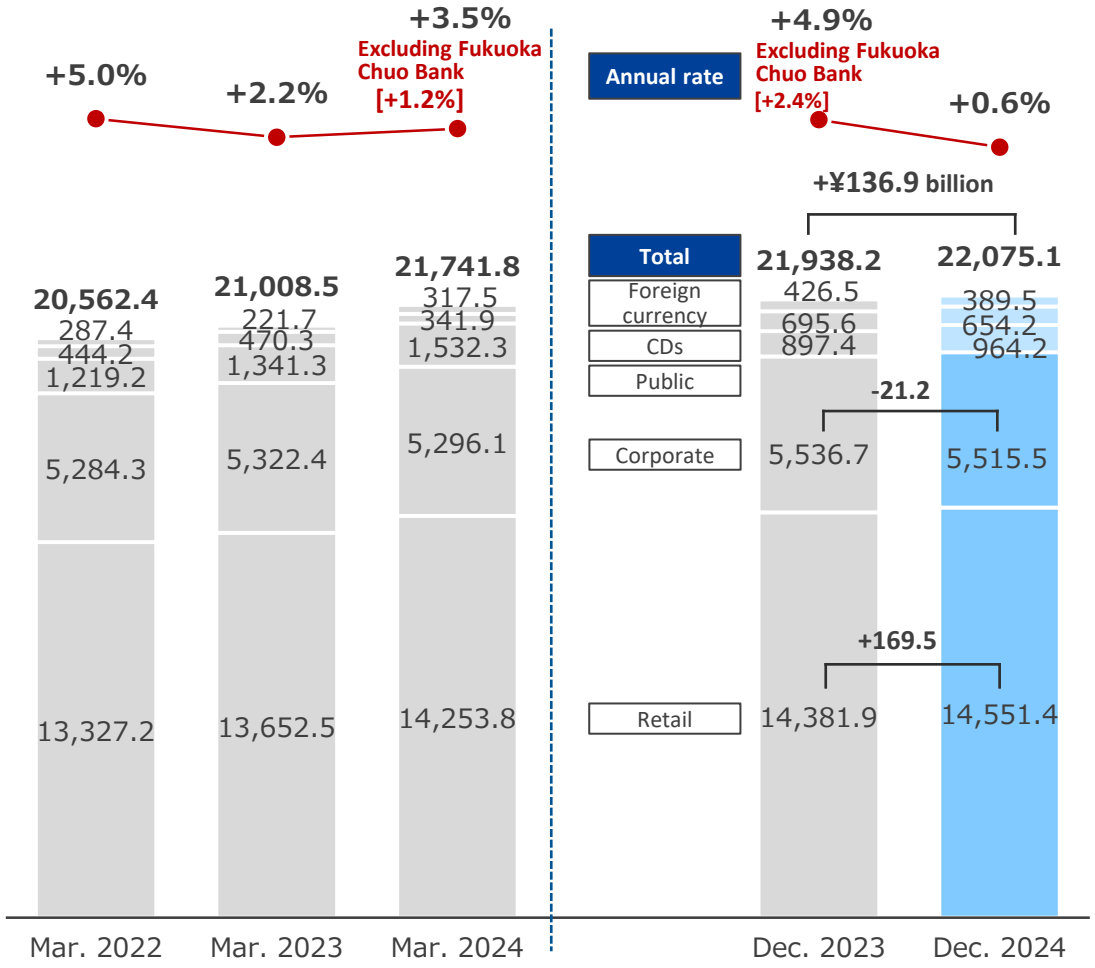
Assets and Liabilities, etc.

Deposits, etc. (including CDs)

- On a banks total basis, the balance at end of period was ¥22,075.1 billion, and the average balance was ¥21,804.5 billion.
- The balance at end of period increased by ¥136.9 billion year-on-year (annual rate +0.6%), and the average balance increased by ¥504.2 billion (annual rate +2.4%, or +0.8% excluding Fukuoka Chuo Bank).

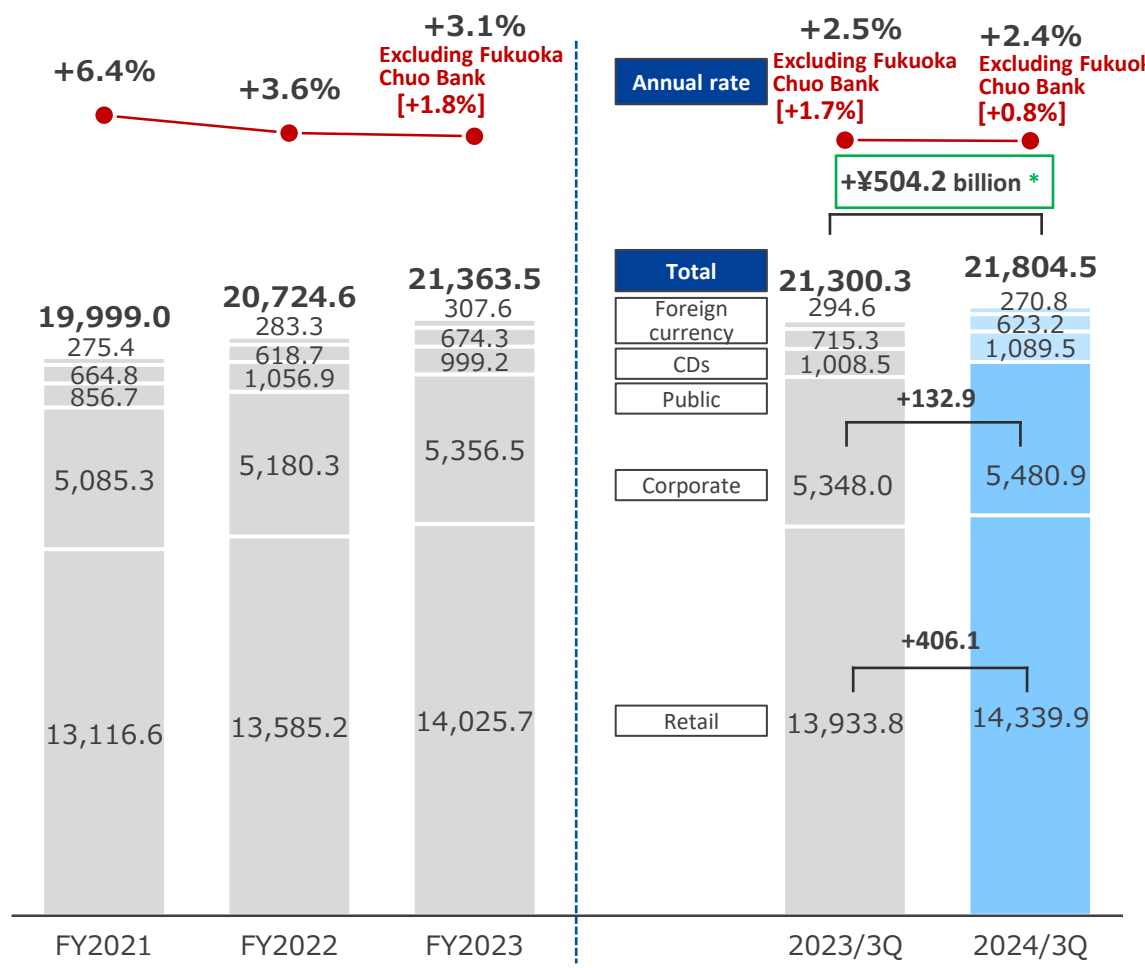
Balance at end of period (banks total)

(Unit: ¥ bil.)



Average balance (banks total)

(Unit: ¥ bil.)



* Including Fukuoka Chuo Bank (YoY chg.): +¥344.8 billion (Corporate: +¥94.7 billion, Retail +¥223.7 billion)

Fukuoka Financial Group

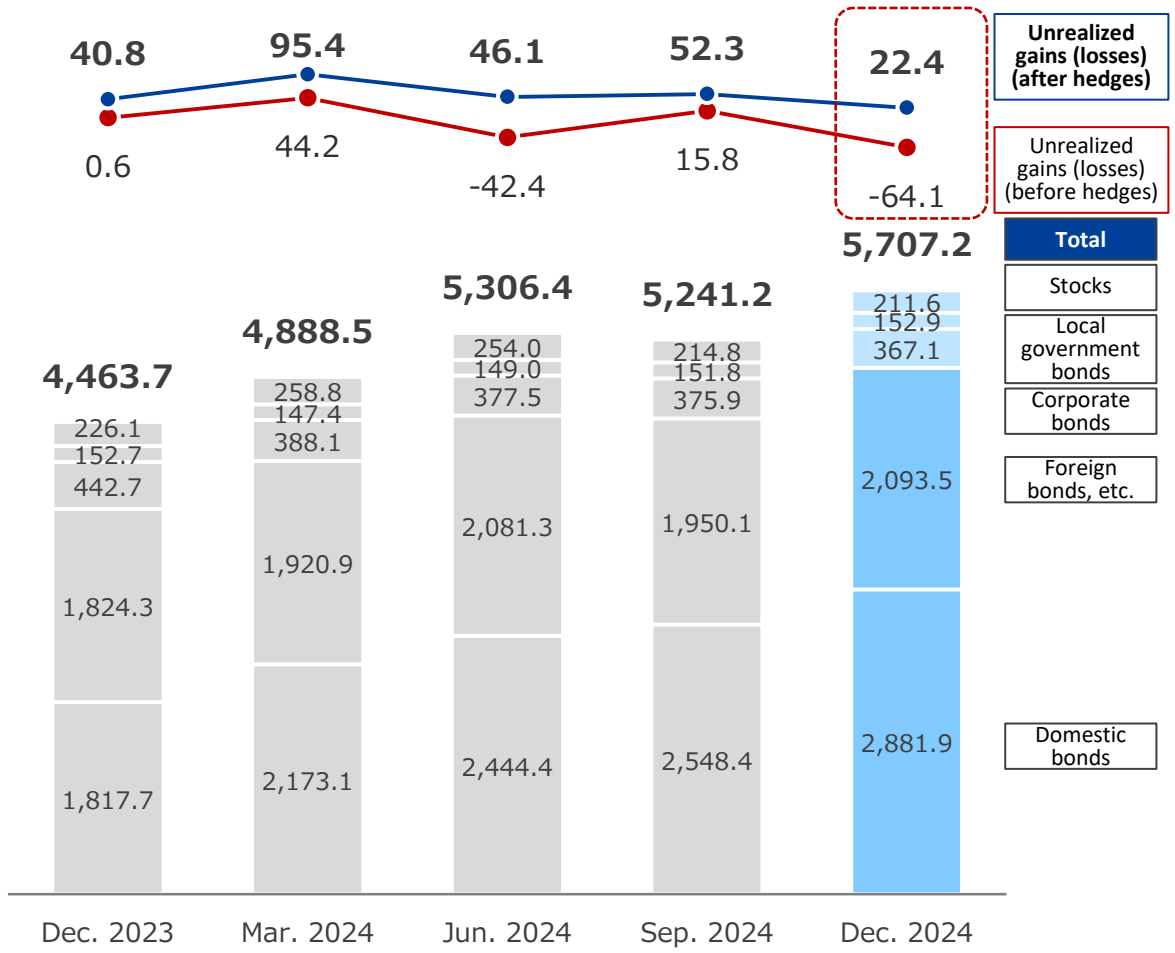
Assets and Liabilities, etc.

Securities

- There were unrealized losses before hedges mainly due to an increase in unrealized losses on domestic bonds caused by rising domestic interest rates, but after considering hedges, there was an unrealized gain.

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

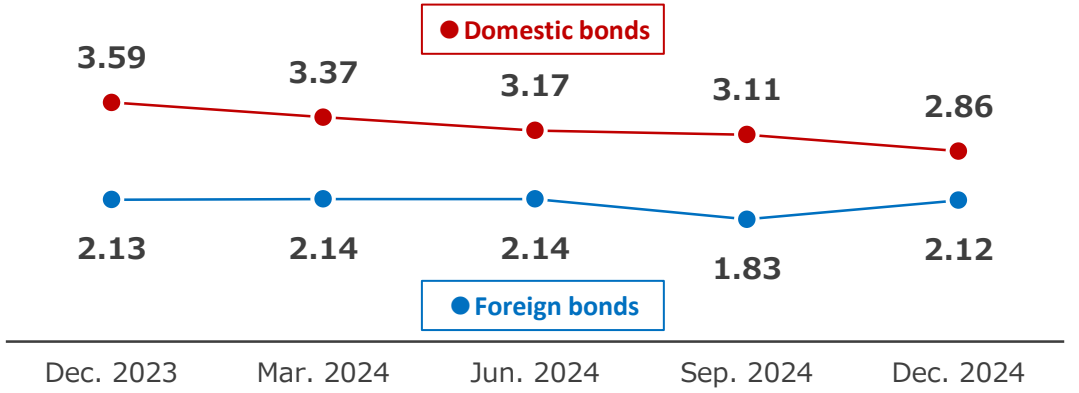
(Unit: ¥ bil.)



Bond duration (banks total)

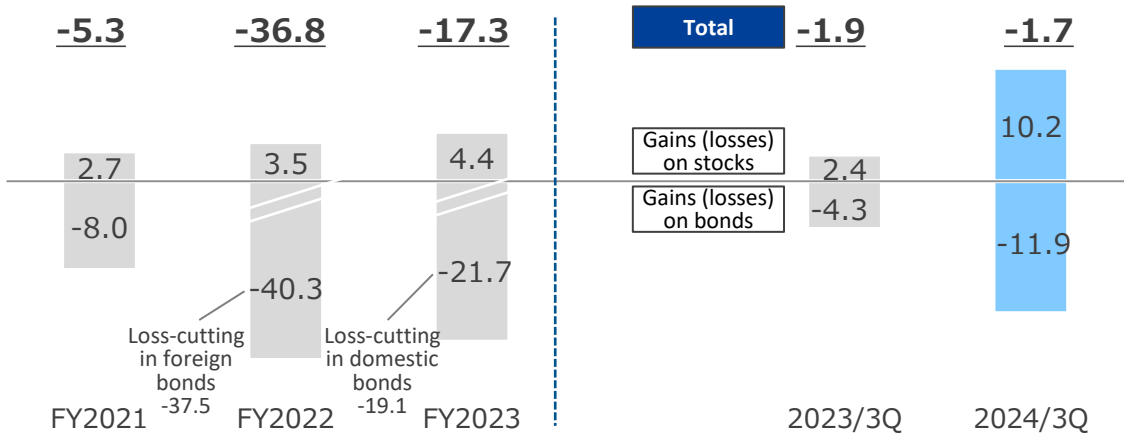
(Unit: Years)

After considering hedges; including marketable securities held to maturity



Gains (losses) on securities (FFG consolidated)

(Unit: ¥ bil.)



Fukuoka Financial Group

NPLs Disclosed under the FRL, Reserve for Possible Loan Losses

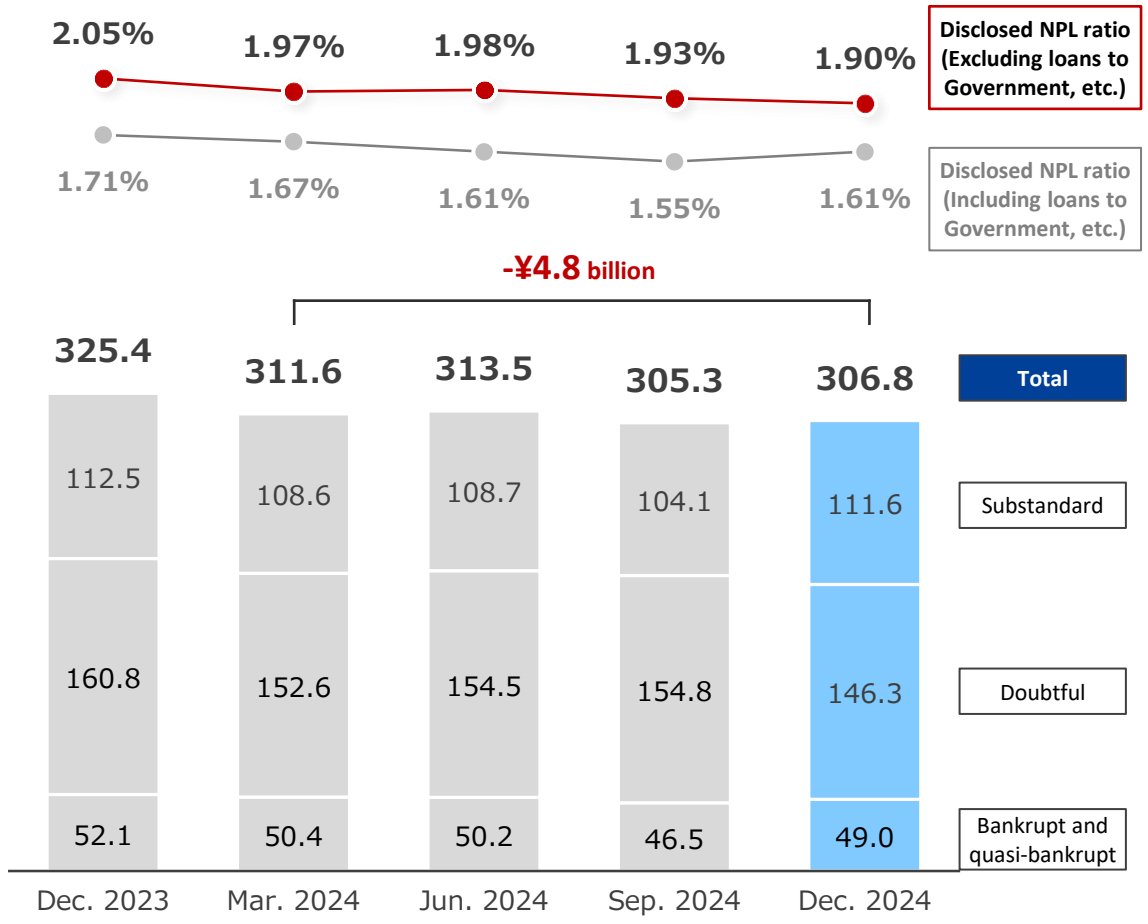
Assets and Liabilities, etc.

- 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 1.2%.

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

(Unit: ¥ bil.)

Excluding loans to Government and Bank of Fukuoka loans to FFG

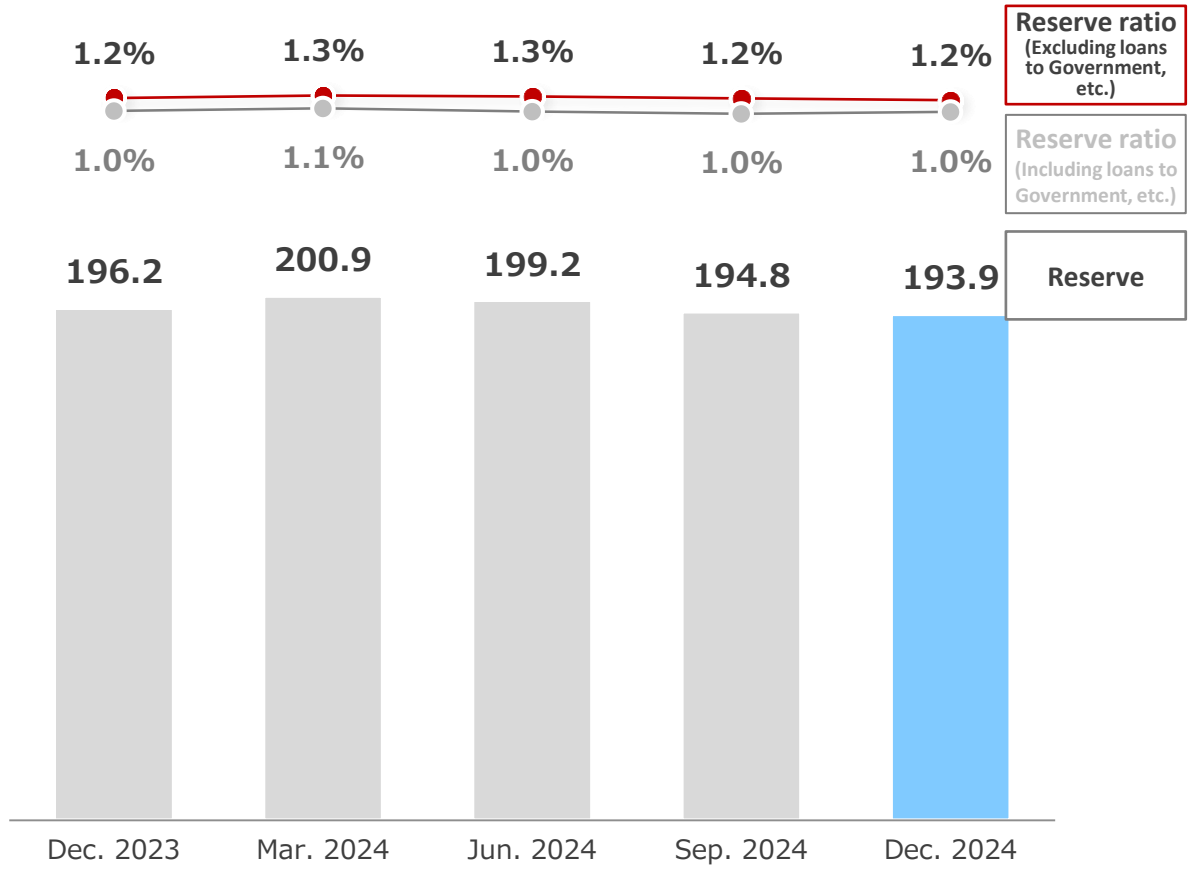


Reserve and reserve ratio (FFG consolidated)

(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)



Fukuoka Financial Group

Minna Bank

Minna Bank

- The number of accounts has grown steadily. Deposits decreased from the end of September reflecting a decline following a surge in campaign deposits, but increased by ¥6.8 billion year-on-year to ¥32.0 billion.
- Loans and cover increased by ¥11.8 billion year-on-year to ¥22.7 billion. The NPL ratio decreased by 1.26 points year-on-year to 5.80%.

Profit & loss summary (related to Minna Bank) (Unit: ¥ bil.)

2024/3Q results

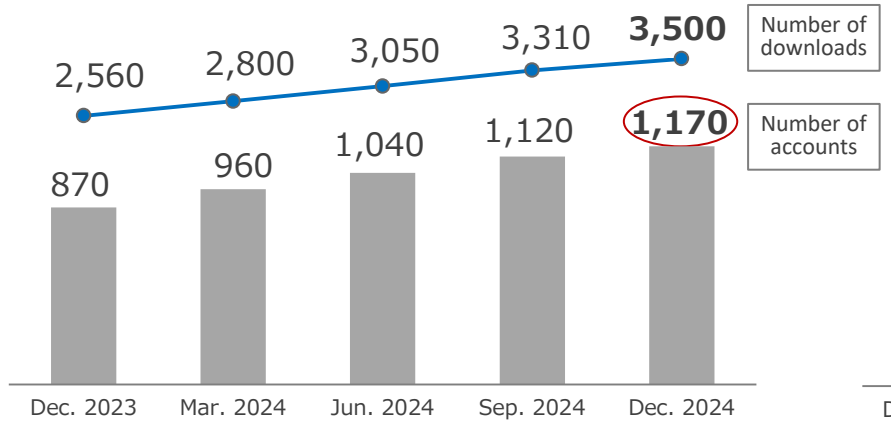
	2024/3Q	YoY chg.	2023/3Q
Gross business profit	**1.4**	**+0.7**	**0.7**
Net interest income	1.6	+1.0	0.6
Interest on loans and discounts	1.7	+1.0	0.6
Non-interest income (excl. gains (losses) on bonds)	-0.2	-0.3	0.1
Overhead expenses (-)	8.3	+0.1	8.3
Core business profit	**-7.0**	**+0.6**	**-7.6**
Ordinary profit	-8.1	+0.6	-8.7
Net income	**-6.1**	**+0.5**	**-6.6**
Credit cost (-)	**1.1**	**+0.0**	**1.1**

(Reference)

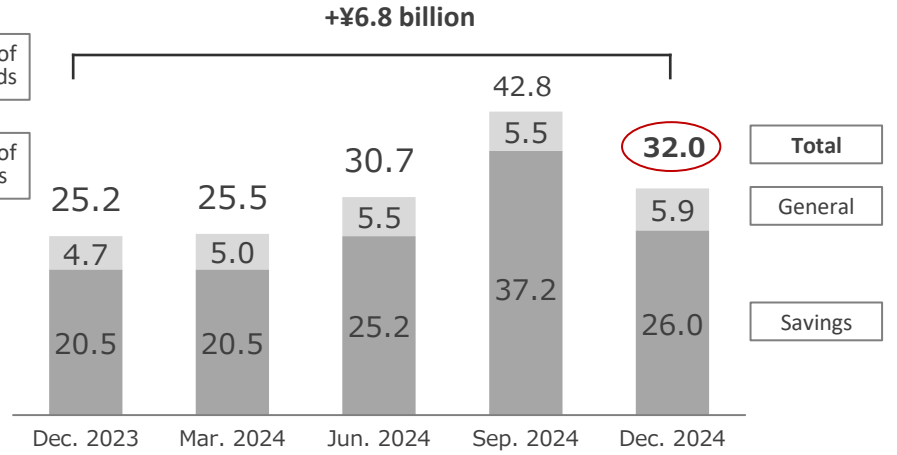
FY2024 earnings projections

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

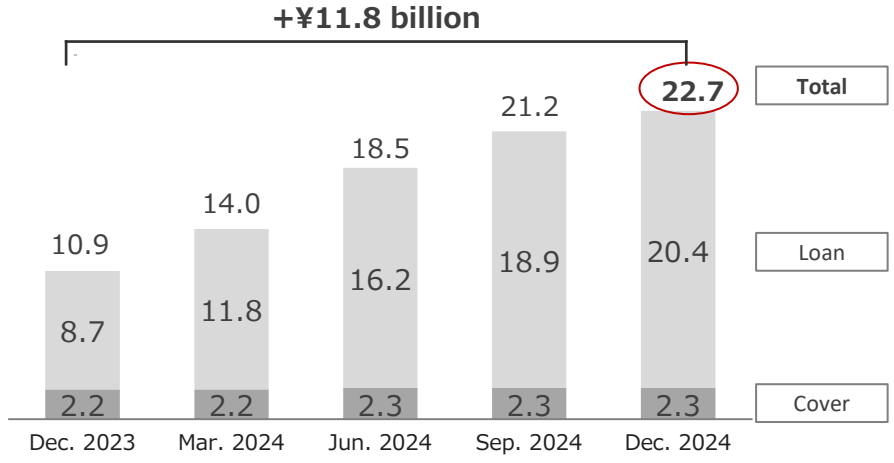
Number of downloads and accounts (Unit: Thousands)



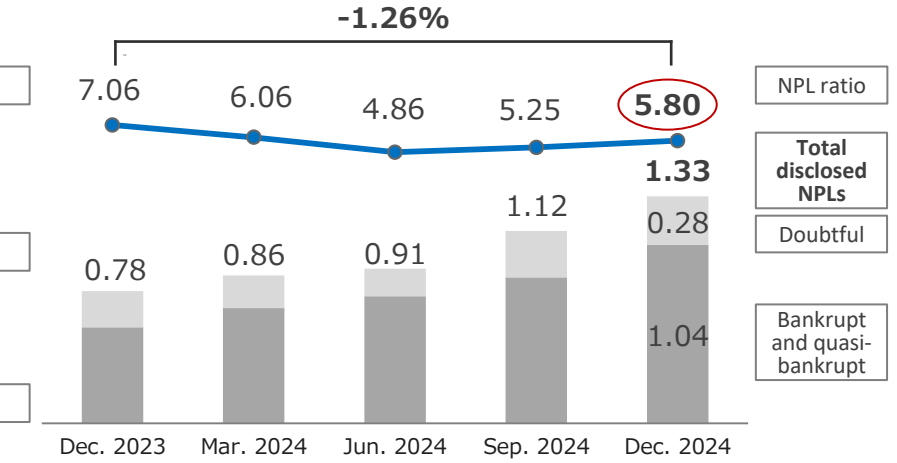
Balance of deposits (excluding special deposits) (Unit: ¥ bil.)



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).

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