

Fukuoka Financial Group, Inc.

Financial Digest for the Interim of FY2019



Stock Exchange Listing:	Tokyo, Fukuoka (code:8354)
URL:	https://www.fukuoka-fg.com
Representative:	Takashige Shibato, Chairman of the Board & President
For Inquiry:	Masahiro Fujii, General Manager, Corporate Planning Division
Payment date of cash dividends:	December 10, 2019 (scheduled)
Filing date of Financial Statements:	November 22, 2019 (scheduled)
Trading Accounts:	Established
Supplementary Materials:	Attached
IR Conference:	Scheduled (for institutional investors, analysts)

- (Notes) 1. Financial statements are not subject to audit.
2. Amounts less than one million yen are omitted.

1. Consolidated Financial Highlights (from April 1, 2019 to September 30, 2019)

(1) Consolidated Operating Results (%:Changes from corresponding period of previous fiscal year)

	Ordinary Income		Ordinary Profit		Net Income attributable to owners of the parent	
	¥Million	%	¥Million	%	¥Million	%
Interim of FY2019	138,464	14.7	29,790	(23.6)	135,270	396.0
Interim of FY2018	120,743	(1.2)	38,992	(2.9)	27,272	(2.5)

(Note) Comprehensive income Interim of FY2019: ¥144,649 million [586.5%] Interim of FY2018: ¥21,071 million [(41.9)%]

	Net Income per Share	Net Income per Share (Diluted)
Interim of FY2019	¥711.56	—
Interim of FY2018	¥158.78	—

(Note) FFG consolidated its common shares at the ratio of one new share for every five old shares effective October 1, 2018. In accordance with it, net income per share is calculated based on the assumption that the share consolidation had been carried out at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total Assets	Total Net Assets	Own Capital Ratio
September 30, 2019	¥24,616,009 million	¥959,377 million	3.8%
March 31, 2019	¥20,839,786 million	¥777,308 million	3.7%

(Reference) Own capital September 30, 2019: ¥959,365 million March 31, 2019: ¥777,291 million

(Note) Own Capital Ratio = (Total net assets - Non-controlling interests) / Total assets * 100

This ratio is not based on the public notification of the capital adequacy ratio.

2. Dividend Payment

	Dividends declared per Share				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Fiscal Year-end	Total
FY2018	¥—	¥8.50	¥—	¥42.50	¥—
FY2019	—	42.50	—	—	—
FY2019 (projection)	—	—	—	42.50	85.00

(Note) Revision of dividends projections from the latest announcement: None

(Note) As the group consolidated its common shares at the ratio of one new share for every five old shares effective October 1, 2018, the effect of the said consolidation of shares is factored into the calculation of the year-end dividend per share for the fiscal year ending March 31, 2019, and the total annual dividend is shown as “—”.

3. Consolidated Earnings Projections for Fiscal year 2019, (Year ending March 31, 2020)

(%:Changes from corresponding period of previous fiscal year)

	Ordinary Profit		Net Income attributable to owners of the parent		Net Income per Share
	¥Million	%	¥Million	%	¥
FY2019	52,500	(29.1)	148,500	187.5	781.15

(Note) Revision of earnings projections from the latest announcement: Yes

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(millions of Yen)

Item	科目 (Japanese)	As of Mar 31, 2019	As of Sep 30, 2019
(Assets)	資産の部		
Cash and due from banks	現金預け金	4,497,130	4,368,112
Call loans and bills bought	コールローン及び買入手形	8,769	7,924
Monetary claims bought	買入金銭債権	66,528	62,052
Trading assets	特定取引資産	1,600	2,141
Money held in trust	金銭の信託	4,190	15,200
Securities	有価証券	2,927,128	3,855,293
Loans and bills discounted	貸出金	12,994,296	15,883,765
Foreign exchanges	外国為替	8,160	12,225
Lease receivables and lease investment assets	リース債権及びリース投資資産	—	16,420
Other assets	その他資産	183,074	241,978
Tangible fixed assets	有形固定資産	194,101	210,451
Intangible fixed assets	無形固定資産	16,198	17,298
Net defined benefit assets	退職給付に係る資産	18,533	19,254
Deferred tax assets	繰延税金資産	9,366	3,513
Customers' liabilities for acceptances and guarantees	支払承諾見返	43,363	51,926
Allowance for loan losses	貸倒引当金	(132,655)	(151,550)
Total assets	資産の部合計	20,839,786	24,616,009
(Liabilities)	負債の部		
Deposits	預金	14,059,790	16,719,082
Negotiable certificates of deposit	譲渡性預金	238,412	534,369
Call money and bills sold	コールマネー及び売渡手形	1,865,549	2,043,202
Payables under repurchase agreements	売現先勘定	1,241,589	1,256,956
Payables under securities lending transactions	債券貸借取引受入担保金	618,007	1,009,871
Trading liabilities	特定取引負債	0	0
Borrowed money	借入金	1,826,041	1,808,778
Foreign exchanges	外国為替	1,169	1,735
Short-term bonds payable	短期社債	16,000	26,000
Bonds payable	社債	10,000	10,000
Other liabilities	その他負債	112,921	157,451
Net defined benefit liability	退職給付に係る負債	993	3,123
Provision for losses on interest repayments	利息返還損失引当金	23	16
Provision for losses from reimbursement of inactive accounts	睡眠預金払戻損失引当金	5,543	5,158
Provision for contingent liabilities losses	その他の偶発損失引当金	3	3
Reserves under the special laws	特別法上の引当金	22	22
Deferred tax liabilities	繰延税金負債	57	5,969
Deferred tax liabilities for land revaluation	再評価に係る繰延税金負債	22,989	22,962
Acceptances and guarantees	支払承諾	43,363	51,926
Total liabilities	負債の部合計	20,062,477	23,656,631
(Net assets)	純資産の部		
Capital stock	資本金	124,799	124,799
Capital surplus	資本剰余金	94,164	141,418
Retained earnings	利益剰余金	419,871	547,390
Treasury stock	自己株式	(391)	(2,441)
Total shareholders' equity	株主資本合計	638,443	811,167
Valuation difference on available-for-sale securities	その他有価証券評価差額金	107,770	125,895
Deferred gains or losses on hedges	繰延ヘッジ損益	(20,239)	(28,739)
Revaluation reserve for land	土地再評価差額金	51,560	51,499
Remeasurements of defined benefit plans	退職給付に係る調整累計額	(245)	(456)
Total accumulated other comprehensive income	その他の包括利益累計額合計	138,847	148,198
Non-controlling interests	非支配株主持分	17	11
Total net assets	純資産の部合計	777,308	959,377
Total liabilities and net assets	負債及び純資産の部合計	20,839,786	24,616,009

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(millions of Yen)

Item	科目 (Japanese)	6 months ended Sep 30, 2018	6 months ended Sep 30, 2019
Ordinary income:	経常収益	120,743	138,464
Interest income	資金運用収益	88,602	101,026
Interest on loans and discounts	(うち貸出金利息)	67,602	77,706
Interest and dividends on securities	(うち有価証券利息配当金)	18,056	19,707
Trust fees	信託報酬	—	0
Fees and commissions	役務取引等収益	25,305	27,297
Trading income	特定取引収益	73	137
Other operating income	その他業務収益	3,473	7,950
Other income	その他経常収益	3,287	2,052
Ordinary expenses:	経常費用	81,750	108,673
Interest expenses	資金調達費用	9,945	13,320
Interest on deposits	(うち預金利息)	1,783	2,579
Fees and commissions payments	役務取引等費用	10,045	12,547
Other operating expenses	その他業務費用	12	119
General and administrative expenses	営業経費	58,268	76,264
Other expenses	その他経常費用	3,479	6,422
Ordinary profit	経常利益	38,992	29,790
Extraordinary income	特別利益	7	117,434
Gain on disposal of noncurrent assets	固定資産処分益	7	1
Gains on negative goodwill	負ののれん発生益	—	117,433
Extraordinary loss	特別損失	32	3,583
Loss on disposal of noncurrent assets	固定資産処分損	32	259
Impairment loss	減損損失	—	3,174
Loss on step acquisitions	段階取得に係る差損	—	148
Income before income taxes:	税金等調整前中間純利益	38,966	143,642
Current	法人税、住民税及び事業税	11,234	8,718
Deferred	法人税等調整額	477	(313)
Total income taxes	法人税等合計	11,711	8,404
Net income	中間純利益	27,255	135,237
Net loss attributable to non-controlling interests (-)	非支配株主に帰属する中間純損失	(17)	(33)
Net income attributable to owners of the parent	親会社株主に帰属する中間純利益	27,272	135,270

Consolidated Statements of Comprehensive Income

(millions of Yen)

Item	科目 (Japanese)	6 months ended Sep 30, 2018	6 months ended Sep 30, 2019
Net income	中間純利益	27,255	135,237
Other comprehensive income	その他の包括利益	(6,183)	9,412
Valuation difference on available-for-sale securities	その他有価証券評価差額金	(13,119)	18,124
Deferred gains or losses on hedges	繰延ヘッジ損益	6,995	(8,500)
Remeasurements of defined benefit plans	退職給付に係る調整額	(59)	(211)
Total comprehensive income	中間包括利益	21,071	144,649
(Breakdown)	(内訳)		
Comprehensive income attributable to owners of the parent	親会社株主に係る中間包括利益	21,089	144,682
Comprehensive income attributable to non-controlling interests	非支配株主に係る中間包括利益	(17)	(33)

(3) Consolidated Statements of Changes in Net Assets

Interim of FY2018

(millions of Yen)

Item	科目 (Japanese)	Shareholders' equity				
		株主資本				
		Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
		資本金	資本剰余金	利益剰余金	自己株式	株主資本合計
Balance as of Mar 31, 2018	当期首残高	124,799	94,158	381,891	(364)	600,485
Changes during the period:	当中間期変動額					
Dividends from surplus	剰余金の配当			(6,441)		(6,441)
Net income attributable to owners of the parent	親会社株主に帰属する中間純利益			27,272		27,272
Acquisition of treasury stock	自己株式の取得				(9)	(9)
Disposition of treasury stock	自己株式の処分		0		0	0
Net changes of items other than shareholders' equity	株主資本以外の項目の当中間期変動額(純額)					
Total changes during the period	当中間期変動額合計	—	0	20,831	(8)	20,822
Balance as of Sep 30, 2018	当中間期末残高	124,799	94,158	402,723	(373)	621,307

		Accumulated other comprehensive income					Non-controlling interests	Total net assets
		その他の包括利益累計額						
		Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
		その他有価証券評価差額金	繰延ヘッジ損益	土地再評価差額金	退職給付に係る調整累計額	その他の包括利益累計額合計	非支配株主持分	純資産合計
Balance as of Mar 31, 2018	当期首残高	131,493	(12,684)	51,631	8,029	178,470	17	778,973
Changes during the period:	当中間期変動額							
Dividends from surplus	剰余金の配当							(6,441)
Net income attributable to owners of the parent	親会社株主に帰属する中間純利益							27,272
Acquisition of treasury stock	自己株式の取得							(9)
Disposition of treasury stock	自己株式の処分							0
Net changes of items other than shareholders' equity	株主資本以外の項目の当中間期変動額(純額)	(13,119)	6,995	—	(59)	(6,183)	(17)	(6,200)
Total changes during the period	当中間期変動額合計	(13,119)	6,995	—	(59)	(6,183)	(17)	14,621
Balance as of Sep 30, 2018	当中間期末残高	118,374	(5,688)	51,631	7,970	172,287	—	793,595

Interim of FY2019

(millions of Yen)

Item	科目 (Japanese)	Shareholders' equity					Total shareholders' equity
		株主資本					
		Capital stock	Capital surplus	Retained earnings	Treasury stock		
		資本金	資本剰余金	利益剰余金	自己株式	株主資本合計	
Balance as of Mar 31, 2019	当期首残高	124,799	94,164	419,871	(391)	638,443	
Changes during the period:	当中間期変動額						
Increase by stock swap	株式交換による増加		47,120			47,120	
Dividends from surplus	剰余金の配当			(7,813)		(7,813)	
Net income attributable to owners of the parent	親会社株主に帰属する中間純利益			135,270		135,270	
Acquisition of treasury stock	自己株式の取得				(2,050)	(2,050)	
Disposition of treasury stock	自己株式の処分		0		0	0	
Transfer from revaluation reserve for land	土地再評価差額金の取崩			61		61	
Purchase of shares of consolidated subsidiaries	連結子会社株式の取得による持分の増減		11			11	
Increase of consolidated subsidiaries	連結子会社の増資による持分の増減		122			122	
Net changes of items other than shareholders' equity	株主資本以外の項目の当中間期変動額(純額)						
Total changes during the period	当中間期変動額合計	—	47,254	127,518	(2,049)	172,723	
Balance as of Sep 30, 2019	当中間期末残高	124,799	141,418	547,390	(2,441)	811,167	

Item	科目 (Japanese)	Accumulated other comprehensive income					Non-controlling interests	Total net assets
		その他の包括利益累計額						
		Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
		その他有価証券評価差額金	繰延ヘッジ損益	土地再評価差額金	退職給付に係る調整累計額	その他の包括利益累計額合計	非支配株主持分	純資産合計
Balance as of Mar 31, 2019	当期首残高	107,770	(20,239)	51,560	(245)	138,847	17	777,308
Changes during the period:	当中間期変動額							
Increase by stock swap	株式交換による増加							47,120
Dividends from surplus	剰余金の配当							(7,813)
Net income attributable to owners of the parent	親会社株主に帰属する中間純利益							135,270
Acquisition of treasury stock	自己株式の取得							(2,050)
Disposition of treasury stock	自己株式の処分							0
Transfer from revaluation reserve for land	土地再評価差額金の取崩							61
Purchase of shares of consolidated subsidiaries	連結子会社株式の取得による持分の増減							11
Increase of consolidated subsidiaries	連結子会社の増資による持分の増減							122
Net changes of items other than shareholders' equity	株主資本以外の項目の当中間期変動額(純額)	18,124	(8,500)	(61)	(211)	9,350	(5)	9,345
Total changes during the period	当中間期変動額合計	18,124	(8,500)	(61)	(211)	9,350	(5)	182,068
Balance as of Sep 30, 2019	当中間期末残高	125,895	(28,739)	51,499	(456)	148,198	11	959,377

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November 11, 2019

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4banks' total : Simple total of The Bank of Fukuoka, The Kumamoto Bank, The Shinwa Bank and The Eighteenth Bank (non-consolidated).

Comparison is difference of 4 banks' simple total between the Interim of FY2019 and the Interim of FY2018.

The Shinwa Bank + The Eighteenth Bank : Simple total of The Shinwa Bank and The Eighteenth Bank (non-consolidated).

This report contains forward-looking statements and other forward-looking information relating to the company (the “forward-looking statements”). The forward-looking statements are not historical facts and include, reflect or are otherwise based upon, among other things, the company’s current estimations, projections, views, policies, business strategies, targets, expectations, assumptions and evaluations with respect to general economic conditions, the results of operations, the financial condition, the company’s management in general and other future events. Accordingly, they are inherently susceptible to uncertainties, risks and changes in circumstances and are not guarantees of future performance.

Some forward-looking statements represent targets that the company’s management will strive to achieve through the successful implementation of the company’s business strategies. The company may not be successful in implementing its business strategy, and actual results may differ materially, for a wide range of possible reasons.

1. Gain and loss

	4 banks' total	FFG (consolidated)		
	(¥ mil.)			
	6 months ended Sep 30, 2019	6 months ended Sep 30, 2018	Comparison	6 months ended Sep 30, 2019
	【 announced projections 】			
Gross business profit	100,702	104,748	(4,046)	110,426
Net interest income	89,734	92,104	(2,370)	87,706
Domestic	85,187	87,531	(2,344)	83,219
International	4,546	4,572	(26)	4,487
Net fees and commissions	9,594	11,597	(2,003)	14,750
Net trading income	4	7	(3)	137
Net other operating income	1,369	1,038	331	7,831
Gains (losses) on sales (redemptions) of bonds	(86)	(226)	140	(86)
Overhead expenses (-)	61,319	61,287	32	76,529
Business profit (before transfer to general reserve for possible loan losses)	39,382	43,461	(4,079)	33,896
① Transfer to general reserve for possible loan losses (-)	1,253	(2,335)	3,588	1,880
Business profit	38,129	45,797	(7,668)	32,016
Core business profit [39,300]	39,469	43,687	(4,218)	33,983
Core business profit (excluding gains (losses) on cancellation of investment trusts)	39,383	43,701	(4,318)	33,822
Other operating profit (loss)	(2,076)	(184)	(1,892)	(2,225)
② Credit cost for disposal of non-performing loans (-)	(88)	3,027	(3,115)	1,188
Net transfer to specific reserve for possible loan losses (-)	132	3,021	(2,889)	1,460
Recoveries of written-off claims	381	346	35	425
Total credit cost ①+② (-) [4,200]	1,164	691	473	3,068
Gains (losses) on stocks	(142)	3,358	(3,500)	904
Others	(2,022)	(515)	(1,507)	(1,941)
Ordinary profit [37,100]	36,052	45,613	(9,561)	29,790
Extraordinary profit (loss)	(10,468)	(33)	(10,435)	113,851
Impairment loss on fixed assets (-)	10,205	0	10,205	3,174
Income (loss) before income taxes	25,584	45,579	(19,995)	143,642
Total income taxes (-)	5,857	12,655	(6,798)	8,404
Net income [25,800]	19,726	32,923	(13,197)	135,237
Net income attributable to non-controlling interests (-)				(33)
Net income attributable to owners of the parent [140,000]				135,270

<Notes> The notes described below are also applied to subsidiary banks (p9-10).

1. “()”denotes minus.
2. Core business profit
= Business profit + Transfer to general reserve for possible loan losses
– Gains (losses) on sales (redemptions) of bonds

Reference (¥ bil.)	Interim of FY2019	Interim of FY2018	Comparison
Net income (4 banks' total)	19.7	32.9	(13.2)
Gains on negative goodwill	117.4	—	117.4
FFG non-consolidated	(7.3)	(3.8)	(3.4)
Profit (loss) of subsidiary companies	0.9	(0.2)	+1.0
Other consolidation adjustments	4.5	0.0	+4.5
FFG's consolidated interim net profit *	135.3	28.9	+106.3

*For the Interim of FY2018, consolidated financial results of the Eighteenth Bank was added to FFG's consolidated financial results (3 banks)

■ 6 months Summary

Core business profit (4 banks' total) ¥39.5 billion

- Core business profit decreased ¥4.2 billion from a year earlier to ¥39.5 billion mainly due to decreases of net interest income and net fees and commissions.

Net income (4 banks' total) ¥19.7 billion

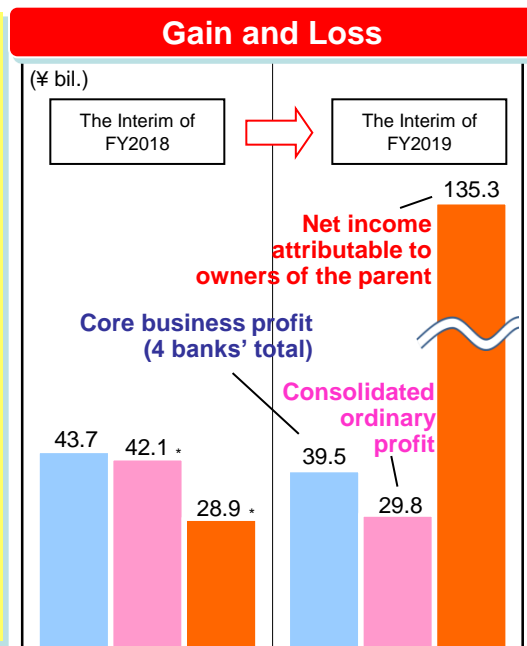
- Net income decreased ¥13.2 billion from a year earlier to ¥19.7 billion as a result of a decrease of gains on stocks and a temporary factor: an impairment loss on fixed assets posted after integrating branches of the Shinwa Bank and the Eighteenth Bank.

(Reference) The impairment loss on a consolidated basis stood at ¥3.2 billion after the book value of land properties (consolidated basis) was converted into the market value as of the business integration. (In most cases, the market value as of business integration is less than the book value in subsidiary accounting records).

Consolidated ordinary profit ¥29.8 billion

Net income attributable to owners of the parent ¥135.3 billion

- As a result of posting gains on negative goodwill (¥117.4 billion) related to the business integration of the Eighteenth Bank into the group, net income attributable to owners of the parent increased ¥106.3 billion from a year earlier to ¥135.3 billion.



*For the Interim of FY2018, consolidated financial results of the Eighteenth Bank was added to FFG's consolidated financial results (3 banks)

The Bank of Fukuoka (non-consolidated)

(¥ mil.)

	【 announced projections 】	6 months ended Sep 30, 2019	6 months ended Sep 30, 2018	Comparison
Gross business profit		65,685	67,263	(1,578)
Net interest income		56,984	57,944	(960)
Domestic		53,006	54,119	(1,113)
International		3,977	3,825	152
Net fees and commissions		7,482	8,039	(557)
Net trading income		4	7	(3)
Net other operating income		1,213	1,271	(58)
Gains (losses) on sales (redemptions) of bonds		(95)	2	(97)
Overhead expenses (-)		33,810	33,470	340
Business profit (before transfer to general reserve for possible loan losses)		31,874	33,792	(1,918)
① Transfer to general reserve for possible loan losses (-)		2,860	[(932)] -	2,860
Business profit		29,013	33,792	(4,779)
Core business profit	[33,100]	31,970	33,789	(1,819)
Core business profit (excluding gains (losses) on cancellation of investment trusts)		31,849	33,789	(1,940)
Other operating profit (loss)		1,530	3,479	(1,949)
② Credit cost for disposal of non-performing loans (-)		(573)	(1,079)	506
Net transfer to specific reserve for possible loan losses (-)		(553)	[(237)] -	(553)
Reversal of allowance for loan losses		-	▶ 1,169	(1,169)
Recoveries of written-off claims		271	174	97
Total credit cost ①+② (-)	[1,800]	2,287	(1,079)	3,366
Gains (losses) on stocks		738	2,387	(1,649)
Others		219	12	207
Ordinary profit	[35,300]	30,544	37,271	(6,727)
Extraordinary profit (loss)		(137)	(2)	(135)
Impairment loss on fixed assets (-)		107	-	107
Income (loss) before income taxes		30,406	37,268	(6,862)
Total income taxes (-)		7,821	10,480	(2,659)
Net income	[25,400]	22,585	26,787	(4,202)

<Notes> The notes described below are also applied to subsidiary banks (p9-10).

When the total transfer from general and specific reserves for possible loan losses exceeds the transfer to them, the difference is posted as "reversal of allowance for loan losses" under the other operating profit. Numbers in square brackets are amounts before netting.

The Kumamoto Bank (non-consolidated)

(¥ mil.)

	【 announced projections 】	6 months ended Sep 30, 2019	6 months ended Sep 30, 2018	Comparison
Gross business profit		9,088	9,617	(529)
Net interest income		8,952	8,935	17
Domestic		8,928	8,903	25
International		24	32	(8)
Net fees and commissions		103	656	(553)
Net other operating income		32	25	7
Gains (losses) on sales (redemptions) of bonds		(3)	(3)	0
Overhead expenses (-)		6,820	7,004	(184)
Business profit (before transfer to general reserve for possible loan losses)		2,268	2,613	(345)
① Transfer to general reserve for possible loan losses (-)		(626)	(780)	154
Business profit		2,894	3,393	(499)
Core business profit	[2,200]	2,271	2,616	(345)
Core business profit (excluding gains (losses) on cancellation of investment trusts)		2,271	2,616	(345)
Other operating profit (loss)		(753)	(1,932)	1,179
② Credit cost for disposal of non-performing loans (-)		630	1,687	(1,057)
Net transfer to specific reserve for possible loan losses (-)		634	1,731	(1,097)
Reversal of allowance for loan losses		-	-	-
Recoveries of written-off claims		43	70	(27)
Total credit cost ①+② (-)	[400]	3	907	(904)
Gains (losses) on stocks		154	-	154
Others		(278)	(244)	(34)
Ordinary profit	[1,600]	2,140	1,461	679
Extraordinary profit (loss)		(6)	(3)	(3)
Impairment loss on fixed assets (-)		1	-	1
Income (loss) before income taxes		2,134	1,457	677
Total income taxes (-)		438	301	137
Net income	[1,200]	1,696	1,156	540

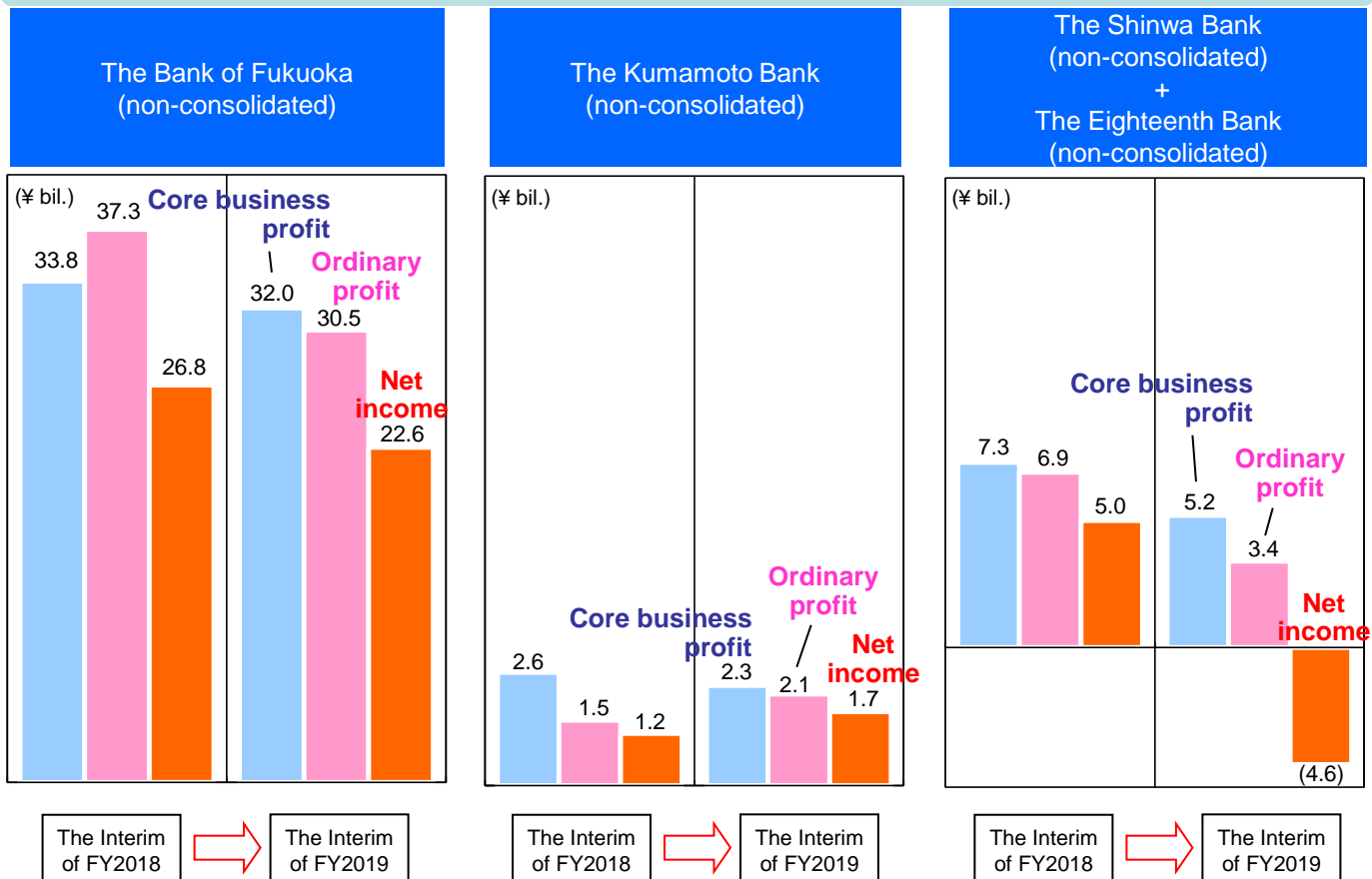
The Shinwa Bank (non-consolidated) + The Eighteenth Bank (non-consolidated)

(¥ mil.)

	【 announced projections 】	6 months ended Sep 30, 2019	6 months ended Sep 30, 2018	Comparison
Gross business profit		25,929	27,867	(1,938)
Net interest income		23,797	25,223	(1,426)
Domestic		23,252	24,508	(1,256)
International		545	715	(170)
Net fees and commissions		2,008	2,902	(894)
Net other operating income		122	(258)	380
Gains (losses) on sales (redemptions) of bonds		13	(225)	238
Overhead expenses (-)		20,689	20,812	(123)
Business profit (before transfer to general reserve for possible loan losses)		5,240	7,055	(1,815)
① Transfer to general reserve for possible loan losses (-)		∴[(980)] -	(623)	623
Business profit		∴ 5,240	7,679	(2,439)
Core business profit	[4,000]	5,226	7,281	(2,055)
Core business profit (excluding gains (losses) on cancellation of investment trusts)		∴ 5,262	7,295	(2,033)
Other operating profit (loss)		∴ (1,873)	(798)	(1,075)
② Credit cost for disposal of non-performing loans (-)		∴ (1,125)	1,486	(2,611)
Net transfer to specific reserve for possible loan losses (-)		∴[92] -	1,527	(1,527)
Reversal of allowance for loan losses		∴▶ 888	-	888
Recoveries of written-off claims		108	101	7
Total credit cost ①+② (-)	[2,100]	(1,125)	863	(1,988)
Gains (losses) on stocks		(1,035)	971	(2,006)
Others		(1,963)	(283)	(1,680)
Ordinary profit	[200]	3,366	6,880	(3,514)
Extraordinary profit (loss)		(10,324)	(27)	(10,297)
Impairment loss on fixed assets (-)		10,095	0	10,095
Income (loss) before income taxes		(6,957)	6,852	(13,809)
Total income taxes (-)		(2,402)	1,873	(4,275)
Net income	[(800)]	(4,555)	4,979	(9,534)

<Notes> Gains (losses) on sales (redemptions) of bonds include gains (losses) on securities-related derivatives recorded by the Eighteenth Bank ((¥103 million) in 6 months ended Sep 30, 2018).

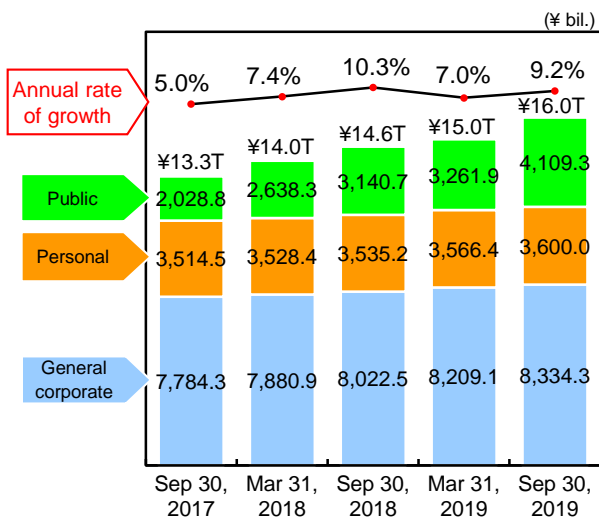
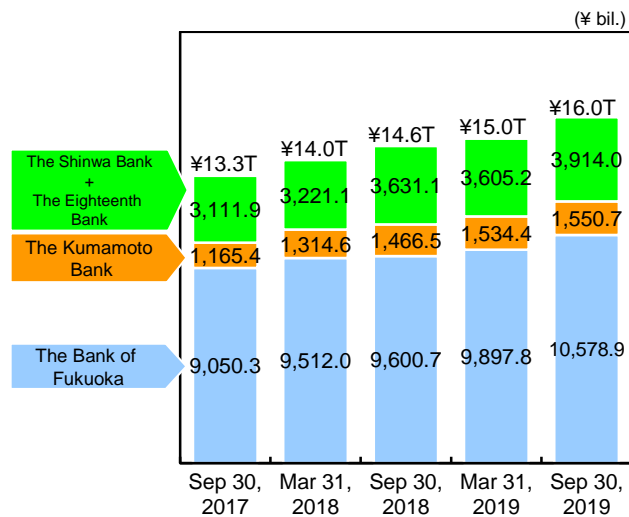
Gain and Loss



2. Assets and liabilities

(1) Loans

4 banks' total

**Loans classified by customer segment
(Term-end balance)**

**Loans classified by bank
(Term-end balance)**


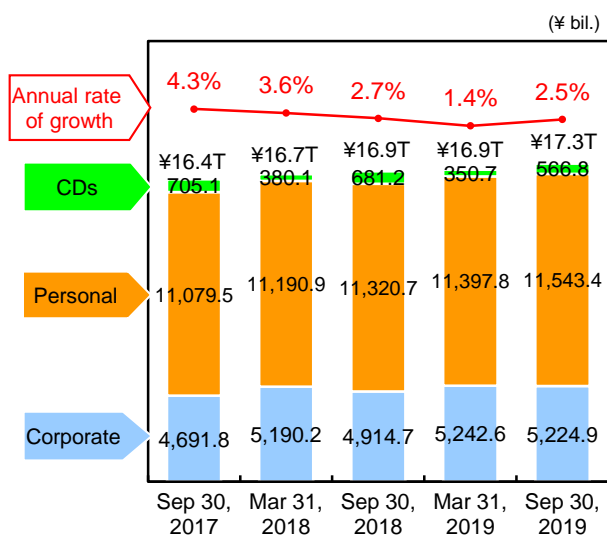
		Sep 30, 2019			Mar 31, 2019	Sep 30, 2018
		annual rate of growth		change from Mar 31, 2019	change from Sep 30, 2018	
4 banks' total	Total loans	9.2%	16,043,692	1,006,154	1,345,166	15,037,538
	Personal segment	1.8%	3,600,056	33,644	64,794	3,566,412
	Corporate segment	11.5%	12,443,634	972,508	1,280,372	11,471,126
	General Corporate	3.9%	8,334,306	125,178	311,797	8,209,128
	Public Sector	30.8%	4,109,327	847,332	968,575	3,261,995
	Personal loans	2.0%	3,498,584	35,399	69,114	3,463,185
	Housing loans	2.1%	3,107,506	33,691	64,654	3,073,815
Consumer loans	3.1%	320,758	4,018	9,646	316,740	
The Bank of Fukuoka (non-consolidated)	Total loans	10.2%	10,578,926	681,083	978,167	9,897,843
	Personal segment	1.9%	2,267,495	26,069	42,994	2,241,426
	Corporate segment	12.7%	8,311,430	655,013	935,172	7,656,417
	General Corporate	5.7%	6,133,959	116,515	330,110	6,017,444
	Public Sector	38.5%	2,177,470	538,498	605,061	1,638,972
	Fukuoka prefecture	2.8%	7,016,601	34,148	188,077	6,982,453
	Personal loans	2.1%	2,198,790	26,835	45,479	2,171,955
Housing loans	2.0%	1,952,967	22,655	37,816	1,930,312	
Consumer loans	4.9%	198,130	4,396	9,339	193,734	
The Kumamoto Bank (non-consolidated)	Total loans	5.7%	1,550,732	16,307	84,158	1,534,425
	Personal segment	4.9%	489,456	10,681	22,654	466,802
	Corporate segment	6.2%	1,061,276	5,626	61,505	1,055,650
	General Corporate	2.1%	622,185	75	12,887	609,298
	Public Sector	12.5%	439,091	5,552	48,618	433,539
	Kumamoto prefecture	4.3%	1,154,770	26,116	48,039	1,128,654
	Personal loans	5.4%	467,673	11,505	23,983	456,168
Housing loans	6.1%	429,049	12,389	24,753	416,660	
Consumer loans	1.6%	31,787	326	488	31,461	
The Shinwa Bank (non-consolidated) + The Eighteenth Bank (non-consolidated)	Total loans	7.8%	3,914,034	308,764	282,841	3,605,270
	Personal segment	(0.1%)	843,105	(3,106)	(854)	846,211
	Corporate segment	10.2%	3,070,928	311,869	283,695	2,759,059
	General Corporate	(1.9%)	1,578,162	8,588	(31,200)	1,569,574
	Public Sector	26.7%	1,492,766	303,282	314,896	1,189,484
	Nagasaki prefecture	(2.9%)	2,180,756	(16,518)	(66,048)	2,197,274
	Personal loans	(0.0%)	832,121	(2,941)	(348)	835,062
Housing loans	0.3%	725,490	(1,353)	2,085	726,843	
Consumer loans	(0.2%)	90,841	(704)	(181)	91,545	

<Note> The term-end balance of loans includes loans granted by the Bank of Fukuoka to FFG (¥122.5 billion at the end of September 2018, ¥129.5 billion at the end of March 2019, and ¥124.3 billion at the end of September 2019).

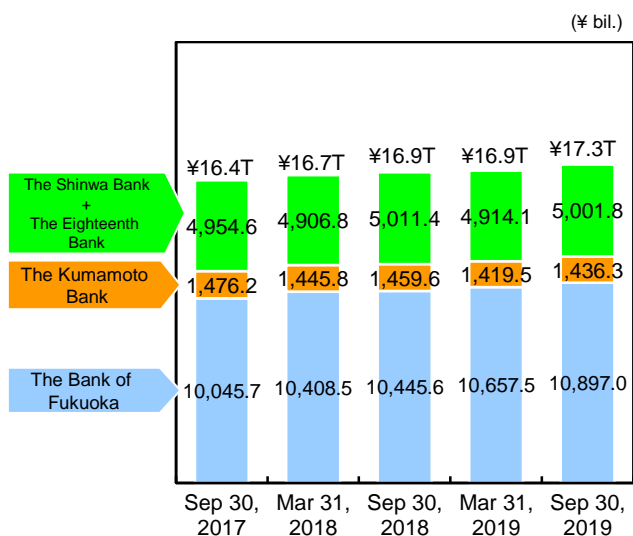
(2) Deposits

4 banks' total

Deposits and CDs classified by customer segment
(Term-end balance)



Deposits and CDs classified by bank
(Term-end balance)



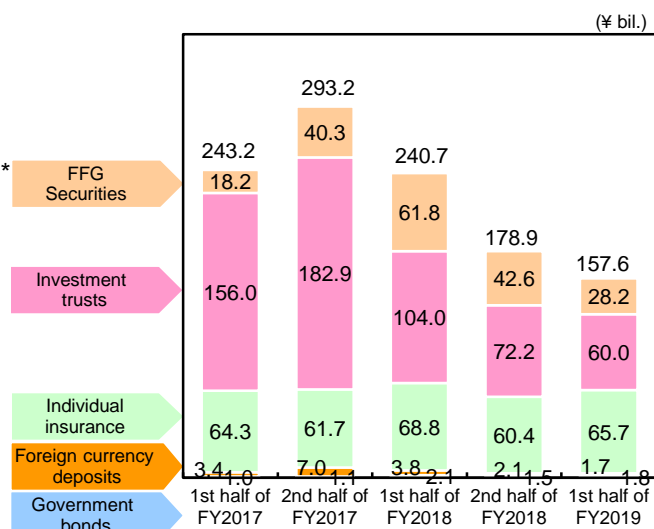
(¥ mil.)

		Sep 30, 2019				Mar 31, 2019	Sep 30, 2018
		annual rate of growth		change from Mar 31, 2019	change from Sep 30, 2018		
4 banks' total	Personal deposits	2.0%	11,543,418	145,531	222,718	11,397,887	11,320,700
	Corporate deposits	6.3%	5,224,942	(17,660)	310,147	5,242,602	4,914,795
	Total	3.3%	16,768,362	127,870	532,867	16,640,492	16,235,495
	Demand	5.7%	11,320,557	54,606	607,734	11,265,951	10,712,823
	Time	(1.4%)	5,447,803	73,264	(74,866)	5,374,539	5,522,669
	CDs	(16.8%)	566,867	216,150	(114,389)	350,717	681,256
	Deposits and CDs	2.5%	17,335,231	344,020	418,477	16,991,211	16,916,754
The Bank of Fukuoka (non-consolidated)	Personal deposits	2.9%	7,217,039	127,407	202,036	7,089,632	7,015,003
	Corporate deposits	10.3%	3,366,087	8,542	314,785	3,357,545	3,051,302
	Total	5.1%	10,583,126	135,948	516,821	10,447,178	10,066,305
	Demand	6.1%	7,340,465	19,963	422,624	7,320,502	6,917,841
	Time	3.0%	3,242,660	115,985	94,196	3,126,675	3,148,464
	CDs	(17.2%)	313,941	103,555	(65,386)	210,386	379,327
	Deposits and CDs	4.3%	10,897,068	239,504	451,436	10,657,564	10,445,632
	Fukuoka prefecture	3.7%	9,747,208	8,878	349,965	9,738,330	9,397,243
The Kumamoto Bank (non-consolidated)	Personal deposits	(0.4%)	1,057,922	(632)	(4,664)	1,058,554	1,062,586
	Corporate deposits	(0.1%)	375,874	18,063	(372)	357,811	376,246
	Total	(0.3%)	1,433,797	17,431	(5,035)	1,416,366	1,438,832
	Demand	5.2%	841,904	27,228	41,542	814,676	800,362
	Time	(7.3%)	591,892	(9,797)	(46,577)	601,689	638,469
	CDs	(87.9%)	2,526	(610)	(18,327)	3,136	20,853
	Deposits and CDs	(1.6%)	1,436,323	16,821	(23,363)	1,419,502	1,459,686
	Kumamoto prefecture	0.0%	1,351,002	18,505	218	1,332,497	1,350,784
The Shinwa Bank (non-consolidated) + The Eighteenth Bank (non-consolidated)	Personal deposits	0.8%	3,268,457	18,756	25,346	3,249,701	3,243,111
	Corporate deposits	(0.3%)	1,482,981	(44,265)	(4,266)	1,527,246	1,487,247
	Total	0.4%	4,751,439	(25,509)	21,081	4,776,948	4,730,358
	Demand	4.8%	3,138,188	7,415	143,568	3,130,773	2,994,620
	Time	(7.1%)	1,613,251	(32,924)	(122,485)	1,646,175	1,735,736
	CDs	(10.9%)	250,400	113,205	(30,676)	137,195	281,076
	Deposits and CDs	(0.2%)	5,001,840	87,695	(9,596)	4,914,145	5,011,436
	Nagasaki prefecture	0.6%	4,362,730	(40,278)	24,539	4,403,008	4,338,191

(3) Asset management products

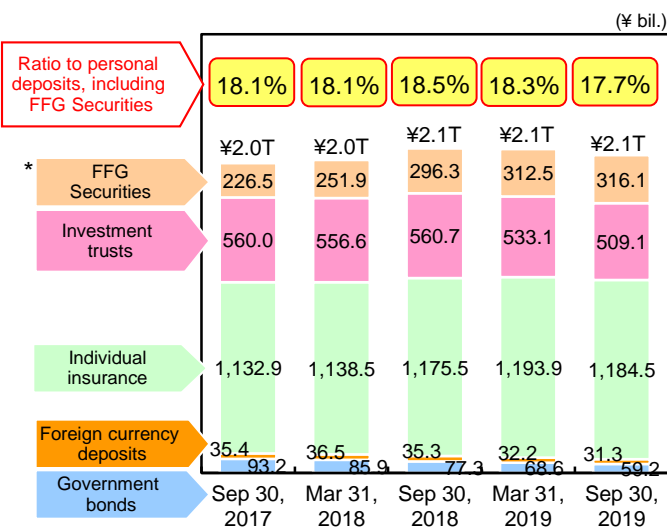
Group's total

Sales of asset management products



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

Outstanding balance of assets under management for individual customers



* Figures of FFG Securities are the total balance of individual investment trusts, stocks and bonds.

Sales of asset management products

Outstanding balance of assets under management for individual customers

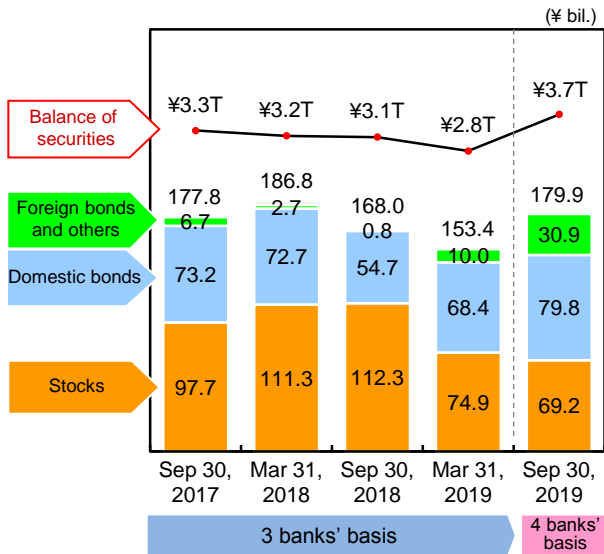
		1st half of FY2019			2nd half of FY2018	1st half of FY2018	Sep 30, 2019			Mar 31, 2019	Sep 30, 2018
		1st half of FY2019 (6 months)	change from 2nd half of FY2018	change from 1st half of FY2018	(6 months)	(6 months)	Sep 30, 2019	Change from Mar 31, 2019	Change from Sep 30, 2018		
Group's total	Investment trusts	60.0	(12.2)	(44.0)	72.2	104.0	509.1	(24.0)	(51.6)	533.1	560.7
	Individual insurance	65.7	5.3	(3.1)	60.4	68.8	1,184.5	(9.4)	9.0	1,193.9	1,175.5
	Foreign currency deposits	1.7	(0.4)	(2.1)	2.1	3.8	31.3	(0.9)	(4.0)	32.2	35.3
	Government bonds	1.8	0.3	(0.3)	1.5	2.1	59.2	(9.4)	(18.1)	68.6	77.3
	FFG Securities	28.2	(14.4)	(33.6)	42.6	61.8	316.1	3.6	19.8	312.5	296.3
	Total	157.6	(21.3)	(83.1)	178.9	240.7	2,100.4	(40.1)	(45.0)	2,140.5	2,145.4
Ratio to personal deposits							17.7%	(0.6%)	(0.8%)	18.3%	18.5%
The Bank of Fukuoka (non-consolidated)	Investment trusts	32.7	(7.8)	(21.8)	40.5	54.5	291.6	(14.2)	(28.2)	305.8	319.8
	Individual insurance	39.7	8.5	5.7	31.2	34.0	676.2	1.0	12.0	675.2	664.2
	Foreign currency deposits	1.2	(0.4)	(1.9)	1.6	3.1	23.2	(0.5)	(2.5)	23.7	25.7
	Government bonds	1.2	0.1	(0.1)	1.1	1.3	44.8	(7.4)	(14.7)	52.2	59.5
	Total	74.9	0.4	(18.1)	74.5	93.0	1,035.9	(21.1)	(33.5)	1,057.0	1,069.4
	Ratio to personal deposits							14.4%	(0.5%)	(0.8%)	14.9%
The Kumamoto Bank (non-consolidated)	Investment trusts	8.0	(3.7)	(9.7)	11.7	17.7	70.7	(4.6)	(8.7)	75.3	79.4
	Individual insurance	7.8	0.7	(0.1)	7.1	7.9	144.5	(2.9)	(1.7)	147.4	146.2
	Foreign currency deposits	0.2	0.2	0.1	0.0	0.1	2.3	0.0	(0.2)	2.3	2.5
	Government bonds	0.0	0.0	0.0	0.0	0.0	1.1	(0.2)	(0.2)	1.3	1.3
	Total	16.1	(2.8)	(9.8)	18.9	25.9	218.7	(7.6)	(10.9)	226.3	229.6
	Ratio to personal deposits							20.7%	(0.7%)	(0.9%)	21.4%
The Shinwa Bank (non-consolidated) + The Eighteenth Bank (non-consolidated)	Investment trusts	19.2	(0.7)	(12.5)	19.9	31.7	146.7	(5.2)	(14.7)	151.9	161.4
	Individual insurance	18.1	(3.9)	(8.6)	22.0	26.7	363.7	(7.6)	(1.3)	371.3	365.0
	Foreign currency deposits	0.2	(0.1)	(0.4)	0.3	0.6	5.7	(0.4)	(1.4)	6.1	7.1
	Government bonds	0.5	0.2	(0.2)	0.3	0.7	13.2	(1.8)	(3.2)	15.0	16.4
	Total	38.1	(4.7)	(21.8)	42.8	59.9	529.5	(15.0)	(20.5)	544.5	550.0
	Ratio to personal deposits							16.2%	(0.6%)	(0.8%)	16.8%

<Notes> 1. The sales of investment trusts include those to corporate customers, but the others are the sales only to individuals.
2. The sales of individual insurance don't include level premium insurance besides prepaid contracts.

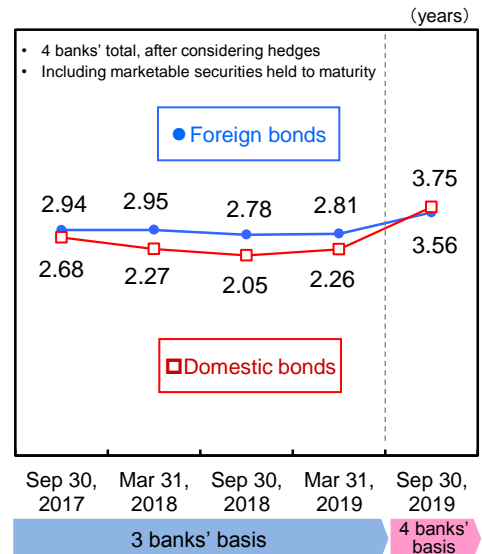
(4) Marketable securities

FFG (consolidated)

Unrealized gain



Bond duration



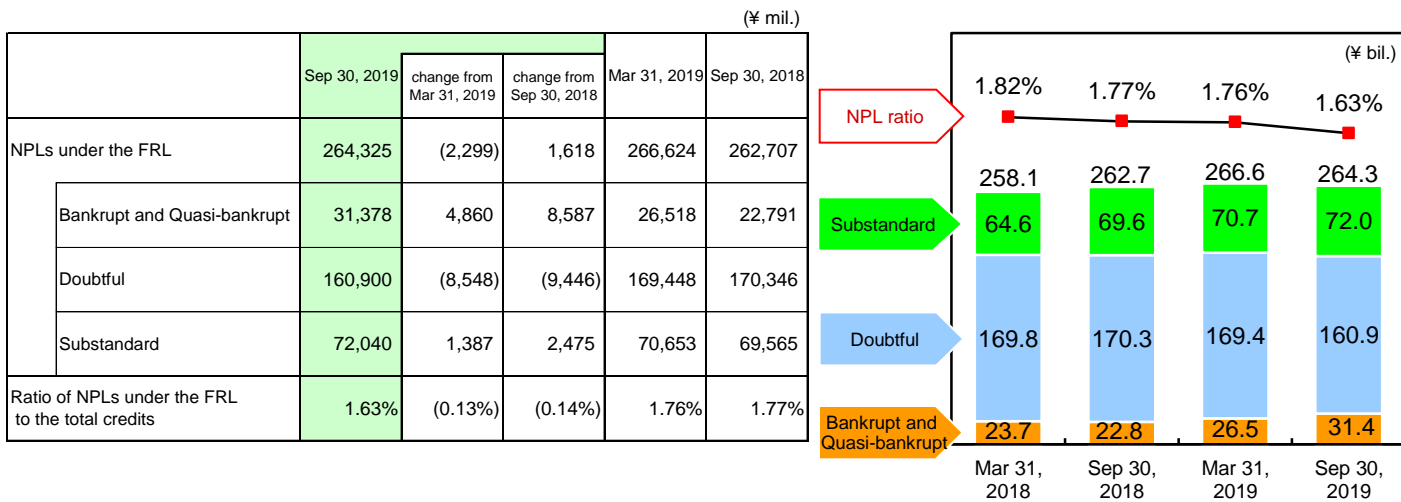
(¥ mil.)

		Sep 30, 2019						Mar 31, 2019		Sep 30, 2018	
		Market value	change from Mar 31, 2019	change from Sep 30, 2018	Unrealized gain(loss)	change from Mar 31, 2019	change from Sep 30, 2018	Market value	Unrealized gain(loss)	Market value	Unrealized gain(loss)
FFG (consolidated)	Total	3,782,311	954,879	594,308	179,984	26,505	11,933	2,827,432	153,479	3,188,003	168,051
	Stocks	158,973	16,751	(19,072)	69,209	(5,717)	(43,186)	142,222	74,926	178,045	112,395
	Domestic bonds	2,865,172	659,054	279,290	79,818	11,354	25,025	2,206,118	68,464	2,585,882	54,793
	National government bonds	2,019,131	435,094	123,527	72,851	10,858	24,080	1,584,037	61,993	1,895,604	48,771
	Local government bonds	147,595	68,773	61,135	797	(25)	170	78,822	822	86,460	627
	Corporate bonds	698,444	155,186	94,627	6,169	521	775	543,258	5,648	603,817	5,394
	Foreign bonds and Others	758,165	279,075	334,090	30,956	20,868	30,093	479,090	10,088	424,075	863
The Bank of Fukuoka (consolidated)	Total	2,262,151	220,112	(23,194)	144,624	14,939	1,548	2,042,039	129,685	2,285,345	143,076
	Stocks	119,983	(6,215)	(39,597)	63,335	(6,065)	(42,027)	126,198	69,400	159,580	105,362
	Domestic bonds	1,589,957	153,207	(111,732)	58,843	8,647	21,993	1,436,750	50,196	1,701,689	36,850
	National government bonds	1,129,982	170,424	(41,271)	54,806	8,681	21,644	959,558	46,125	1,171,253	33,162
	Local government bonds	59,724	4,966	(100)	456	(55)	72	54,758	511	59,824	384
	Corporate bonds	400,249	(22,183)	(70,362)	3,580	21	277	422,432	3,559	470,611	3,303
	Foreign bonds and Others	552,210	73,120	128,135	22,445	12,357	21,582	479,090	10,088	424,075	863
The Kumamoto Bank (non-consolidated)	Total	191,592	(5,325)	(31,461)	5,460	(228)	(189)	196,917	5,688	223,053	5,649
	Stocks	2,052	(222)	(388)	1,100	(222)	(388)	2,274	1,322	2,440	1,488
	Domestic bonds	189,539	(5,103)	(31,073)	4,359	(6)	198	194,642	4,365	220,612	4,161
	National government bonds	146,964	(1,773)	(23,030)	3,884	62	282	148,737	3,822	169,994	3,602
	Local government bonds	1,175	50	(135)	18	(3)	(3)	1,125	21	1,310	21
	Corporate bonds	41,399	(3,380)	(7,909)	456	(65)	(80)	44,779	521	49,308	536
	Foreign bonds and Others	—	—	—	—	—	—	—	—	—	—
The Shinwa Bank (non-consolidated) + The Eighteenth Bank (consolidated)	Total	1,330,259	28,534	(129,477)	69,012	22,826	22,117	1,301,725	46,186	1,459,736	46,895
	Stocks	38,630	60	(7,248)	13,782	1,128	(5,742)	38,570	12,654	45,878	19,524
	Domestic bonds	1,085,674	37,355	(105,631)	36,599	13,446	16,515	1,048,319	23,153	1,191,305	20,084
	National government bonds	742,183	38,457	(65,349)	30,176	12,820	14,535	703,726	17,356	807,532	15,641
	Local government bonds	86,694	(2,307)	(28,680)	1,812	(157)	138	89,001	1,969	115,374	1,674
	Corporate bonds	256,795	1,205	(11,600)	4,609	783	1,842	255,590	3,826	268,395	2,767
	Foreign bonds and Others	205,954	(8,881)	(16,597)	18,631	8,253	11,345	214,835	10,378	222,551	7,286

3. Non-performing loans

(Direct write-off is adopted)

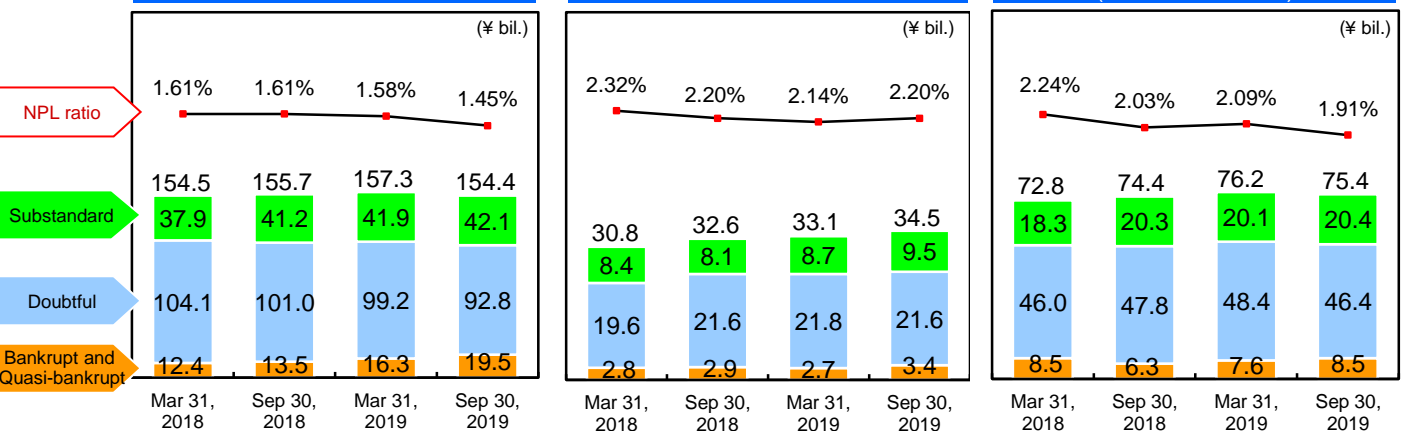
4 banks' total



The Bank of Fukuoka (non-consolidated)

The Kumamoto Bank (non-consolidated)

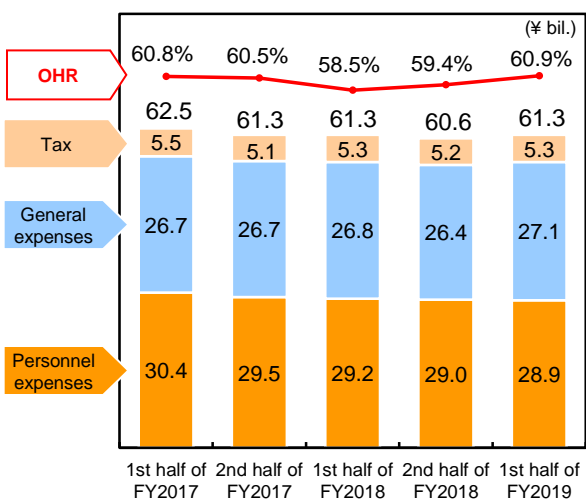
The Shinwa Bank (non-consolidated) + The Eighteenth Bank (non-consolidated)



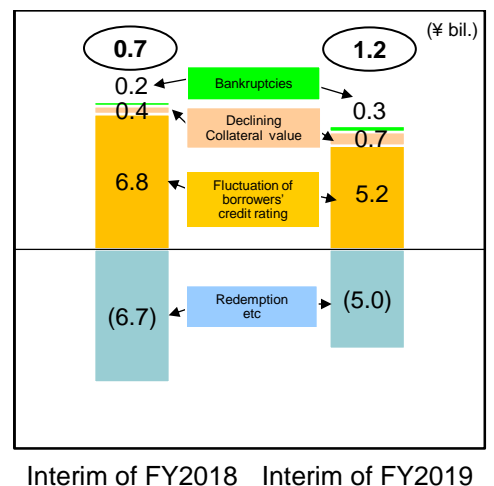
4. Overhead expenses • Credit cost

4 banks' total

Overhead expenses • OHR



Composition of credit cost



5. Capital adequacy ratio

FFG (consolidated)

The Domestic standard

- Since the end of March 2019, an advanced internal ratings-based approach has been used to calculate credit risk-weighted assets.
- Consolidated capital adequacy ratio: 10.86%.
- Capital adequacy on its structure based on Pillar 3, market discipline, is disclosed on our website (<https://www.fukuoka-fg.com/investor/earnings.htm>). (This information is Japanese only.)

(¥ mil.)

	Sep 30, 2019 [preliminary]	Change from		Mar 31, 2019	Sep 30, 2018
		Mar 31, 2019	Sep 30, 2018		
① Total capital ratio ④/⑤	10.86%	0.63%	1.26%	10.23%	9.60%
② Core capital	867,745	176,598	193,255	691,147	674,490
③ Deduction	25,599	1,158	(4,018)	24,441	29,617
④ Total capital ②-③	842,145	175,439	197,273	666,706	644,872
⑤ Risk adjusted assets	7,751,150	1,237,787	1,034,622	6,513,363	6,716,528

6. Projections

- Based on the interim financial results of FY2019, the business performance forecast was revised as follows.

FFG (consolidated)

(¥ bil.)

	FY2019 Projection [Compared to the initial forecast]		Interim Results	FY2018 (consolidated) Simple total		
				FFG (consolidated) Results	The Eighteenth Bank (consolidated) Results	
Consolidated ordinary profit	52.5 [(8.0)]		29.8	81.6	74.1	7.5
FFG(consolidated)Net income	148.5 [(10.0)]		135.3	55.9	51.6	4.3

(¥ bil.)

	FY2019 Projection	FY2018 Simple total
Net income(4 banks' total)	41.8	62.3
Consolidation adjustments	106.7	(6.3)
Negative goodwill gain	117.4	-
FFG(consolidated)Net income	148.5	55.9

<Reference> • Projections on a subsidiary basis are as follows.

(¥ bil.)

	FY2019(Projection)							Comparison	FY2018 4 banks' total
	4 banks' total	The Bank of Fukuoka				The Kumamoto Bank			
		The Bank of Fukuoka	The Kumamoto Bank	The Shinwa Bank	The Eighteenth Bank	2 banks' total			
Core business profit	78.6	64.1	4.6	4.5	5.3	9.8	(5.3)	83.9	
Ordinary profit	66.5	64.0	3.8	3.0	(4.4)	(1.3)	(19.6)	86.1	
Net income	41.8	46.4	3.0	0.3	(8.0)	(7.7)	(20.5)	62.3	
Credit cost (-)	10.1	4.0	0.4	(0.9)	6.6	5.7	5.0	5.1	

<Note> The projections above were determined based on available information at present, and therefore they may be subject to change.