



Summary of Consolidated Earnings for Six Months Ended September 30, 2020 [Under Japanese GAAP]

November 12, 2020

Company name: Kyushu Financial Group, Inc. Stock exchange listings: Tokyo, Fukuoka
 Code number: 7180 URL: <http://www.kyushu-fg.co.jp/>
 Representative: Yoshihisa Kasahara, President and Representative Director
 For inquiry: Tadataka Tokunaga, Director and Executive Officer, General Manager of Business Strategy Division Tel. 096-326-5588

Scheduled filing date of quarterly securities report: November 26, 2020 Dividend payment date: December 10, 2020

Trading accounts: Established

Supplemental information for quarterly financial statements: Available

Quarterly investor meeting presentation: Not scheduled (material detailing consolidated earnings to be posted on company website)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for Six Months Ended September 30, 2020

(1) Results of Operation

(Percentage figures indicate year-on-year change.)

	Ordinary income		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%
Six months ended September 30, 2020	89,776	6.1	13,003	(20.0)	9,223	(17.3)
Six months ended September 30, 2019	84,545	0.0	16,264	(8.9)	11,162	(7.8)

Note: Comprehensive income Six months ended September 30, 2020 35,450 million yen (97.1%)
 Six months ended September 30, 2019 17,980 million yen (9.6%)

	Earnings per share	Diluted earnings per share
	yen	yen
Six months ended September 30, 2020	20.96	—
Six months ended September 30, 2019	24.72	—

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity-to-asset ratio
	million yen	million yen	%
Six months ended September 30, 2020	11,784,853	652,522	5.5
Fiscal year ended March 2020	11,079,796	619,754	5.5

(Reference) Shareholders' equity Six months ended September 30, 2020 650,709 million yen
 Fiscal year ended March 2020 617,951 million yen

Note: Shareholders' equity is total net assets at the end of the period less non-controlling interests at the end of the period. "Equity-to-asset ratio" is shareholders' equity divided by total assets at the end of the period.

Note this "equity-to-asset ratio" is not the capital adequacy ratio specified in the Ministerial Notification of Capital Adequacy Ratio.

2. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Total
	yen	yen	yen	yen	yen
Fiscal year ended March 2020	—	6.00	—	6.00	12.00
Fiscal year ending March 2021	—	6.00			
Fiscal year ending March 2021 (forecast)			—	6.00	12.00

Note: Change from most recently announced dividends per share forecast: None

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2021

(Percentage figures indicate year-on-year change.)

Full year	Ordinary income		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	yen
	171,400	(0.4)	24,400	(9.7)	15,000	(17.8)	33.43

Note: Change from most recently announced earnings forecast : None

Notes:

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanied by changes in scope of consolidation): No

(2) Changes in accounting policies, accounting estimates and restatements

(i) Changes in accounting policies due to revision of accounting standards: No

(ii) Changes in accounting policies due to reasons other than (i): No

(iii) Changes in accounting estimates: No

(iv) Restatements: No

(3) Number of common stocks outstanding

(i) Number of stocks outstanding at end of period (including treasury stocks):

Six months ended September 30, 2020	463,375,978 shares	Fiscal year ended March 2020	463,375,978 shares
Six months ended September 30, 2020	23,464,474 shares	Fiscal year ended March 2020	23,464,212 shares
Six months ended September 30, 2020	439,911,676 shares	Six months ended September 30, 2019	451,513,263 shares

(ii) Number of treasury stocks outstanding at end of period:

(iii) Average number of shares outstanding during period (six months):

(Summary of Non-consolidated Results)

1. Non-consolidated Financial Results for Six Months Ended September 30, 2020

(1) Non-consolidated Results of Operation

(Percentage figures indicate year-on-year change.)

	Operating revenue		Operating income		Ordinary profit		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended September 30, 2020	4,518	23.5	3,436	31.0	3,524	32.5	3,521	32.5
Six months ended September 30, 2019	3,656	0.9	2,622	(4.2)	2,659	(2.8)	2,656	(2.8)

	Earnings per share
	yen
Six months ended September 30, 2020	8.00
Six months ended September 30, 2019	5.88

(2) Non-consolidated Financial Conditions

	Total assets	Net assets	Equity-to-asset ratio
	million yen	million yen	%
Six months ended September 30, 2020	459,090	449,033	97.8
Fiscal year ended March 2020	459,129	448,151	97.6

(Reference) Shareholders' equity Six months ended September 30, 2020 449,033 million yen
Fiscal year ended March 2020 448,151 million yen

Note: "Equity-to-asset ratio" is total net assets at the end of the period divided by total assets at the end of the period. Note this "equity-to-asset ratio" is not the capital adequacy ratio specified in the Ministerial Notification of Capital Adequacy Ratio.

* Summary of interim consolidated earnings is outside the scope of interim audit by certified public accountants or audit firms.

* Notes on proper use of forecasts, etc.

- The Company made interim consolidated and non-consolidated financial statements as required for a Company Engaged in Specified Business, which is defined as those that operate any of the businesses specified in the Article 17-15, Paragraph 2 of the Cabinet Office Order on Disclosure of Corporate Affairs.
- Statements about the future in this document, including earnings forecasts, are based on the information the Group currently possesses or premises that we believe are reasonable. They are not intended to be promises that the Group will achieve the forecasts. Actual results may diverge significantly from the forecasts.

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Attachment:

Briefing Material for Financial Results of Six Months Ended September 30, 2020

1. Qualitative Information on Consolidated Financial Results for Six Months Ended September 30, 2020

(1) Analysis of Operating Results

For the six months ended September 30, 2020, ordinary income grew 5,230 million yen from a year earlier to 89,776 million yen, driven by such factors as an increase in other operating income due to an increase in the number of subsidiaries.

On the other hand, ordinary expenses increased 8,491 million yen from a year earlier to 76,772 million yen, due mainly to increased losses on sale of government and other bonds and an increase in other operating expenses due to an increase in the number of subsidiaries.

As a result, ordinary profit decreased 3,260 million yen from a year earlier to 13,003 million yen. Profit attributable to owners of parent decreased 1,938 million yen from a year earlier to 9,223 million yen.

(2) Analysis of Financial Position

In terms of the financial position at the end of the period, total assets increased 705.0 billion yen from the end of the previous fiscal year to 11,784.8 billion yen, while net assets rose 32.7 billion yen from the end of the previous fiscal year to 652.5 billion yen, driven by such factors as increases in loans.

In terms of balances of key accounts at the end of the period, deposits increased 434.4 billion yen from the end of the previous fiscal year to 8,993.5 billion yen, driven by such factors as an increase in personal deposits, while negotiable certificates of deposit increased 136.5 billion yen from the end of the previous fiscal year to 343.8 billion yen.

Loans rose 333.6 billion yen from the end of the previous fiscal year to 7,520.5 billion yen due mainly to increases in those to public entities.

Securities decreased 90.3 billion yen from the end of the previous fiscal year to 2,126.6 billion yen due mainly to a decrease in foreign securities.

(3) Explanation of Forecasts on Consolidated Results, Etc.

There is no change in the earnings forecast announced on May 13, 2020.

2. Interim Consolidated Financial Statements

(1) Interim Consolidated Balance Sheet

(mil. yen)

	As of March 31, 2020	As of September 30, 2020
Assets:		
Cash and due from banks	1,173,509	1,660,352
Call loans and bills bought	388	—
Monetary claims purchased	14,542	13,177
Trading assets	876	879
Money held in trust	18,746	20,732
Securities	2,216,941	2,126,633
Loans	7,186,901	7,520,507
Foreign exchanges	13,273	15,035
Lease receivables and investments in leases	67,150	65,851
Other assets	285,610	269,407
Property, plant and equipment	108,885	108,018
Intangible assets	11,011	10,970
Asset for retirement benefits	4,681	4,936
Deferred tax assets	9,301	2,393
Customers' liabilities for acceptances and guarantees	35,927	34,744
Allowance for loan losses	(67,950)	(68,788)
Total assets	11,079,796	11,784,853
Liabilities:		
Deposits	8,559,052	8,993,549
Negotiable certificates of deposit	207,269	343,851
Call money and bills sold	12,733	42,320
Payables under repurchase agreements	232,754	219,285
Payables under securities lending transactions	647,317	559,534
Trading liabilities	11	3
Borrowings from other banks	594,946	798,205
Foreign exchanges	82	142
Borrowed money from trust account	2,586	3,559
Other liabilities	158,278	124,699
Liability for retirement benefits	2,437	2,427
Provision for reimbursement of deposits	2,101	1,752
Provision for contingent losses	473	390
Reserves under special laws	0	0
Deferred tax liabilities	37	3,847
Deferred tax liabilities for land revaluation	4,028	4,015
Acceptances and guarantees	35,927	34,744
Total liabilities	10,460,041	11,132,330

(mil. yen)

	As of March 31, 2020	As of September 30, 2020
Net assets:		
Share capital	36,000	36,000
Capital surplus	199,636	199,636
Retained earnings	379,006	385,619
Treasury shares	(10,771)	(10,771)
Total shareholders' equity	603,871	610,484
Valuation difference on available-for-sale securities	74,783	87,532
Deferred gains or losses on hedges	(61,458)	(48,522)
Revaluation reserve for land	5,779	5,750
Cumulative remeasurements for retirement benefits	(5,024)	(4,535)
Total accumulated other comprehensive income	14,080	40,224
Non-controlling interests	1,803	1,813
Total net assets	619,754	652,522
Total liabilities and net assets	11,079,796	11,784,853

(2) Interim Consolidated Statement of Income and Interim Consolidated Statement of Comprehensive Income

(Interim Consolidated Statement of Income)

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Ordinary income	84,545	89,776
Interest income	49,082	49,336
(interest on loans:)	35,404	35,470
(interest and dividends on securities:)	13,487	13,641
Trust fees	21	19
Fees and commissions	10,639	10,359
Trading income	269	286
Other operating income	20,730	25,068
Other ordinary income	3,801	4,705
Ordinary expenses	68,280	76,772
Interest expenses	5,509	4,830
(interest on deposits:)	401	323
Fees and commissions payments	3,840	4,192
Other operating expenses	14,430	18,998
General and administrative expenses	37,848	40,279
Other expenses	6,651	8,470
Ordinary profit	16,264	13,003
Extraordinary income	8	16
Gains on disposal of non-current assets	8	16
Other extraordinary income	0	—
Extraordinary losses	103	19
Loss on disposal of non-current assets	76	19
Impairment losses	26	—
Other extraordinary losses	—	0
Profit before income taxes	16,169	12,999
Income taxes - current	6,143	4,456
Income taxes-deferred	(1,176)	(724)
Total income taxes	4,967	3,731
Profit	11,202	9,268
Profit attributable to non-controlling shareholders	39	44
Profit attributable to owners of parent	11,162	9,223

(Interim Consolidated Statement of Comprehensive Income)

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit	11,202	9,268
Other comprehensive income	6,778	26,182
Valuation difference on available-for-sale securities	27,583	12,757
Deferred gains or losses on hedges	(21,373)	12,935
Remeasurements for retirement benefits	567	489
Comprehensive income	17,980	35,450
(components:)		
Comprehensive income attributable to owners of parent	17,930	35,397
Comprehensive income attributable to non-controlling interests	50	53

(3) Interim Consolidated Statement of Changes in Shareholders' Equity

Six months ended September 30, 2019

(mil. yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	36,000	198,362	366,087	(5,270)	595,178
Changes during the period					
Changes in stakes due to acquisition of shares in consolidated subsidiaries		712			712
Dividend of surplus			(2,709)		(2,709)
Profit attributable to owners of parent			11,162		11,162
Purchase of treasury shares				(0)	(0)
Reversal of revaluation reserve for land			17		17
Net changes in items other than shareholders' equity					
Total changes during the period	—	712	8,470	(0)	9,183
Balance as of the end of the period	36,000	199,075	374,558	(5,271)	604,362

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Cumulative remeasurements for retirement benefits	Total accumulated other comprehensive income		
Balance at beginning of period	58,987	(7,915)	5,855	(3,575)	53,350	3,788	652,317
Changes during the period							
Changes in stakes due to acquisition of shares in consolidated subsidiaries							712
Dividend of surplus							(2,709)
Profit attributable to owners of parent							11,162
Purchase of treasury shares							(0)
Reversal of revaluation reserve for land							17
Net changes in items other than shareholders' equity	27,572	(21,373)	(17)	567	6,750	(1,265)	5,485
Total changes during the period	27,572	(21,373)	(17)	567	6,750	(1,265)	14,668
Balance as of the end of the period	86,559	(29,289)	5,837	(3,007)	60,100	2,523	666,986

Six months ended September 30, 2020

(mil. yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	36,000	199,636	379,006	(10,771)	603,871
Changes during the period					
Dividend of surplus			(2,639)		(2,639)
Profit attributable to owners of parent			9,223		9,223
Purchase of treasury shares				(0)	(0)
Reversal of revaluation reserve for land			29		29
Net changes in items other than shareholders' equity					
Total changes during the period	—	—	6,613	(0)	6,613
Balance as of the end of the period	36,000	199,636	385,619	(10,771)	610,484

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Cumulative remeasurements for retirement benefits	Total accumulated other comprehensive income		
Balance at beginning of period	74,783	(61,458)	5,779	(5,024)	14,080	1,803	619,754
Changes during the period							
Dividend of surplus							(2,639)
Profit attributable to owners of parent							9,223
Purchase of treasury shares							(0)
Reversal of revaluation reserve for land							29
Net changes in items other than shareholders' equity	12,748	12,935	(29)	489	26,144	10	26,154
Total changes during the period	12,748	12,935	(29)	489	26,144	10	32,767
Balance as of the end of the period	87,532	(48,522)	5,750	(4,535)	40,224	1,813	652,522

(4) Notes on Assumptions of Going Concern
Not applicable.

3. Interim Financial Statements

(1) Interim Balance Sheet

(mil. yen)

	As of March 31, 2020	As of September 30, 2020
Assets:		
Current assets		
Cash and deposits	1,296	1,915
Income taxes receivable	1,101	722
Consumption taxes receivable	222	—
Prepaid expenses	26	43
Other	34	3
Total current assets	2,680	2,685
Non-current assets		
Property, plant and equipment		
Buildings	3,228	3,163
Furniture and fixtures	134	119
Land	1,448	1,448
Lease assets	3	2
Construction in progress	1,024	1,058
Total property, plant and equipment	5,838	5,792
Intangible assets		
Software	94	84
Total intangible fixed assets	94	84
Investments and other assets		
Investment securities	14	14
Shares in affiliates	450,458	450,458
Other	24	24
Total investments and other assets	450,497	450,497
Total non-current assets	456,431	456,374
Deferred assets		
Development expenses	17	30
Total deferred assets	17	30
Total assets	459,129	459,090
Liabilities:		
Current liabilities		
Short-term borrowings	7,100	6,200
Amounts payable	0	0
Accrued expenses	11	12
Dividends payable	45	45
Accrued corporation tax, etc.	21	13
Accrued consumption tax, etc.	—	82
Deposits	0	0
Total current liabilities	7,179	6,353
Fixed liabilities		
Long-term borrowings	3,705	3,610
Lease obligations	3	3
Other	89	89
Total fixed liabilities	3,798	3,703
Total liabilities	10,977	10,056

(mil. yen)

	As of March 31, 2020	As of September 30, 2020
Net assets:		
Shareholders' equity		
Share capital	36,000	36,000
Capital surplus		
Legal capital surplus	9,000	9,000
Other capital surplus	406,051	406,051
Total capital surplus	415,051	415,051
Retained earnings		
Other retained earnings		
Retained earnings brought forward	7,871	8,753
Total retained earnings	7,871	8,753
Treasury shares	(10,771)	(10,771)
Total shareholders' equity	448,151	449,033
Total net assets	448,151	449,033
Total liabilities and net assets	459,129	459,090

(2) Interim Statement of Income

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Operating revenue		
Affiliate dividend income	2,709	3,539
Affiliate fees received	947	978
Total operating revenue	3,656	4,518
Operating expenses		
Selling, general and administrative expenses	1,034	1,082
Total operating expenses	1,034	1,082
Operating income	2,622	3,436
Non-operating revenues		
Interest income	0	0
Rent income	33	99
Miscellaneous income	10	9
Total non-operating revenues	44	109
Non-operating expenses		
Interest expenses	7	20
Miscellaneous losses	—	0
Total non-operating expenses	7	20
Ordinary profit	2,659	3,524
Profit before income taxes	2,659	3,524
Income taxes - current	3	3
Total income taxes	3	3
Profit	2,656	3,521

(3) Interim Statement of Changes in Shareholders' Equity

Six months ended September 30, 2019

(mil. yen)

	Shareholders' equity								Total net assets
	Share capital	Capital surplus			Retained earnings		Treasury shares	Total shareholder's equity	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings			
Balance at beginning of period	36,000	9,000	406,051	415,051	7,848	7,848	(5,270)	453,629	453,629
Changes during the period									
Dividend of surplus					(2,709)	(2,709)		(2,709)	(2,709)
Profit					2,656	2,656		2,656	2,656
Purchase of treasury shares							(0)	(0)	(0)
Total changes during the period	—	—	—	—	(52)	(52)	(0)	(52)	(52)
Balance as of the end of the period	36,000	9,000	406,051	415,051	7,796	7,796	(5,271)	453,577	453,577

Six months ended September 30, 2020

(mil. yen)

	Shareholders' equity								Total net assets
	Share capital	Capital surplus			Retained earnings		Treasury shares	Total shareholder's equity	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings			
Balance at beginning of period	36,000	9,000	406,051	415,051	7,871	7,871	(10,771)	448,151	448,151
Changes during the period									
Dividend of surplus					(2,639)	(2,639)		(2,639)	(2,639)
Profit					3,521	3,521		3,521	3,521
Purchase of treasury shares							(0)	(0)	(0)
Total changes during the period	—	—	—	—	882	882	(0)	881	881
Balance as of the end of the period	36,000	9,000	406,051	415,051	8,753	8,753	(10,771)	449,033	449,033

(4) Notes on Assumptions of Going Concern

Not applicable.

Briefing Material for Financial Results of Six Months Ended September 30, 2020

November 2020



Kyushu Financial Group, Inc.

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[Consolidated KFG]:	Consolidated figures of Kyushu Financial Group
[Group total]:	Sum of non-consolidated figures for Higo Bank, Kagoshima Bank, and Kyushu FG Securities
[Two banks combined]:	Sum of non-consolidated figures for Higo Bank and Kagoshima Bank
[Non-consolidated]:	Non-consolidated figures for Higo Bank or Kagoshima Bank

I. Summary of Interim Financial Results

1. Profit and loss

[Consolidated KFG]

- Gross income from business: 57,049 million yen

Gross income from business increased 85 million yen from a year earlier to 57,049 million yen as interest and dividend income increased while fees and commissions decreased.

- Ordinary profit: 13,003 million yen

Ordinary profit decreased 3,260 million yen from a year earlier to 13,003 million yen as expenses and credit costs increased while equity securities-related profit increased.

- Profit attributable to owners of parent: 9,223 million yen

As a result of the above, profit attributable to owners of parent decreased 1,938 million yen from a year earlier to 9,223 million yen.

	(mil. yen)			Reference [Two banks combined]		
	FY1H2020	vs. FY1H2019	FY1H2019	FY1H2020	vs. FY1H2019	Full FY2020 forecast
Ordinary income	89,776	5,230	84,545	71,684	1,758	136,400
Gross income from business	57,049	85	56,964	55,100	471	105,600
Interest and dividend income	44,506	931	43,574	46,546	1,631	
Fees and commissions	6,186	(633)	6,819	5,351	(858)	
Net trading income	286	16	269	23	12	
Other net income from business	6,069	(230)	6,300	3,178	(313)	
of which gain or loss on government and other bonds	2,399	(1,545)	3,944	2,393	(1,548)	
Expenses (excluding non-recurring expenses)	39,569	2,141	37,428	36,994	1,899	72,900
Effective net business profits	17,479	(2,055)	19,535	18,105	(1,427)	
Core net business profits	15,080	(510)	15,590	15,711	121	
Core net business profits (excluding net gains/losses on investment trust cancellation)	14,946	(595)	15,541	15,534	(7)	
(i) Provision for general allowance for loan losses	2,442	2,783	(341)	2,383	2,793	
Net business profits	15,037	(4,839)	19,877	15,721	(4,221)	29,000
Non-recurring profit or loss	(2,034)	1,579	(3,613)	(327)	(212)	
(ii) Disposal of non-performing loans	2,185	297	1,887	1,877	325	
(iii) Other credit costs	(99)	(82)	(16)	(99)	(82)	
Equity securities-related profit or loss	443	1,759	(1,316)	1,755	69	
Other non-recurring profit or loss	(391)	33	(425)	(304)	(38)	
Ordinary profit	13,003	(3,260)	16,264	15,394	(4,433)	23,900
Extraordinary profit or loss	(3)	90	(94)	(7)	97	
Profit before income taxes	12,999	(3,169)	16,169	15,386	(4,335)	
Total income taxes	3,731	(1,235)	4,967	3,980	(1,743)	
Profit attributable to non-controlling shareholders	44	4	39	-	-	
Profit attributable to owners of parent	9,223	(1,938)	11,162	11,406	(2,592)	16,200
Credit costs ((i) + (ii) + (iii))	4,528	2,998	1,529	4,161	3,036	9,000

Note 1. Gross income from business = (interest income - interest expenses + costs corresponding to money held in trust) + (revenues from fees and commissions - costs associated with fees and commissions) + (trading income - trading expenses) + (other operating income - other operating expenses)

2. Effective net business profits = net business profits + allowance for loan losses

3. Core net business profits = net business profits + allowance for loan losses - gain or loss on government and other bonds

4. Sum of the two banks' net income figures is shown in profit attributable to owners of parent.

Profit and loss: Higo Bank [Non-consolidated]

(mil. yen)

	FY1H2020	vs. FY1H2019	FY1H2019
	Ordinary income	38,383	476
Gross income from business	27,793	421	27,372
Interest and dividend income	22,563	409	22,153
Fees and commissions	2,870	(436)	3,306
Net trading income	23	12	10
Other net income from business	2,337	435	1,901
of which gain or loss on government and other bonds	1,853	(669)	2,522
Expenses	18,155	427	17,727
Effective net business profits	9,638	(6)	9,645
Core net business profits	7,785	663	7,122
Core net business profits (excluding net gains/losses on investment trust cancellation)	7,814	666	7,148
(i) Provision for general allowance for loan losses	1,747	2,240	(492)
Net business profits	7,890	(2,247)	10,138
Non-recurring profit or loss	944	(359)	1,304
(ii) Disposal of non-performing loans	290	(636)	926
(iii) Other credit costs	(99)	(89)	(10)
Equity securities-related profit or loss	1,258	(748)	2,007
Other non-recurring profit or loss	(124)	(337)	213
Ordinary profit	8,835	(2,606)	11,442
Extraordinary profit or loss	7	3	4
Profit before income taxes	8,843	(2,603)	11,446
Total income taxes	2,443	(1,043)	3,487
Profit	6,399	(1,559)	7,958
Credit costs ((i) + (ii) + (iii))	1,938	1,514	423

Profit and loss: Kagoshima Bank [Non-consolidated]

(mil. yen)

	FY1H2020	vs. FY1H2019	FY1H2019
	Ordinary income	33,301	1,281
Gross income from business	27,306	50	27,255
Interest and dividend income	23,983	1,221	22,762
Fees and commissions	2,481	(422)	2,903
Other net income from business	840	(749)	1,589
of which gain or loss on government and other bonds	540	(878)	1,419
Expenses	18,839	1,471	17,368
Effective net business profits	8,466	(1,420)	9,887
Core net business profits	7,926	(541)	8,468
Core net business profits (excluding net gains/losses on investment trust cancellation)	7,719	(674)	8,393
(i) Provision for general allowance for loan losses	635	552	82
Net business profits	7,830	(1,973)	9,804
Non-recurring profit or loss	(1,271)	147	(1,419)
(ii) Disposal of non-performing loans	1,587	962	624
(iii) Other credit costs	(0)	6	(6)
Equity securities-related profit or loss	496	817	(321)
Other non-recurring profit or loss	(180)	299	(479)
Ordinary profit	6,559	(1,826)	8,385
Extraordinary profit or loss	(15)	93	(109)
Profit before income taxes	6,543	(1,732)	8,275
Total income taxes	1,536	(699)	2,235
Profit	5,007	(1,033)	6,040
Credit costs ((i) + (ii) + (iii))	2,223	1,522	701

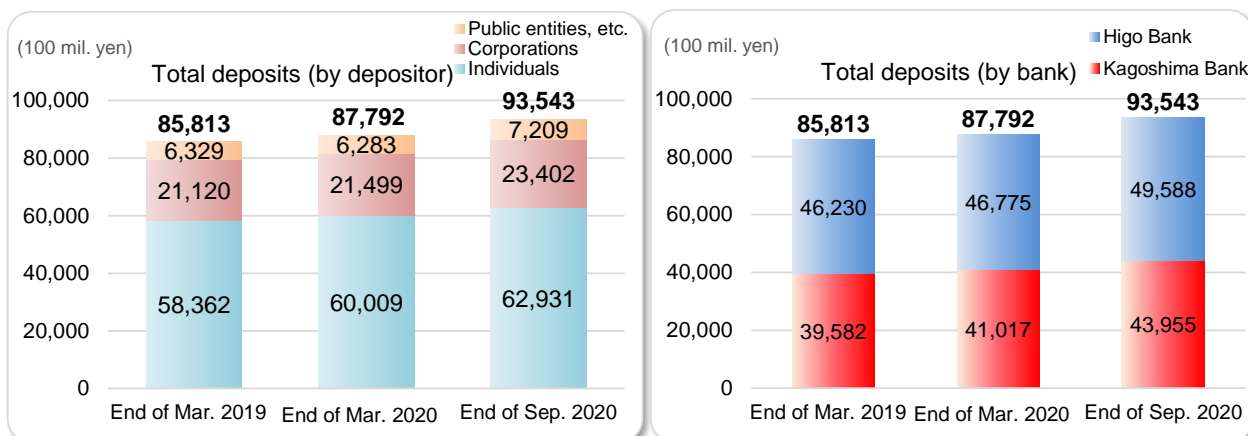
2. Total deposits and assets under management

Total deposits (end-of-term balance)

(100 mil. yen)

		End of Sep. 2020	vs. end of Mar. 2020	End of Mar. 2020	End of Sep. 2019
Two banks combined [Non- consolidated]	Total deposits	93,543	5,751	87,792	87,701
	Individuals	62,931	2,921	60,009	58,802
	Corporations	23,402	1,903	21,499	21,563
	Public entities, etc.	7,209	926	6,283	7,335
Higo Bank (Non- consolidated)	Total deposits	49,588	2,813	46,775	47,036
	Individuals	33,601	1,440	32,161	31,529
	Corporations	12,112	806	11,305	11,325
	Public entities, etc.	3,874	566	3,308	4,181
Kagoshima Bank (Non- consolidated)	Total deposits	43,955	2,937	41,017	40,665
	Individuals	29,329	1,481	27,848	27,273
	Corporations	11,290	1,096	10,194	10,237
	Public entities, etc.	3,335	360	2,974	3,154

Note: Total deposits are sum of deposits and negotiable certificates of deposit


Assets under management (end-of-term balance)

(100 mil. yen)

		End of Sep. 2020	vs. end of Mar. 2020	End of Mar. 2020	End of Sep. 2019
Group total	Assets under management	12,768	524	12,244	12,393
	Individuals	11,448	271	11,176	11,450
	Public bonds	529	70	459	654
	Investment trusts	1,030	70	960	1,216
	Personal annuities, etc.	9,888	131	9,757	9,580
	Kyushu FG Securities	1,201	258	942	809
Higo Bank (Non- consolidated)	Assets under management	5,829	185	5,644	5,884
	Individuals	5,733	190	5,543	5,782
	Public bonds	242	92	150	330
	Investment trusts	598	40	558	707
	Personal annuities, etc.	4,892	57	4,834	4,743
Kagoshima Bank (Non- consolidated)	Assets under management	5,737	80	5,656	5,699
	Individuals	5,715	81	5,633	5,668
	Public bonds	287	(22)	309	323
	Investment trusts	431	29	401	508
	Personal annuities, etc.	4,996	73	4,922	4,836

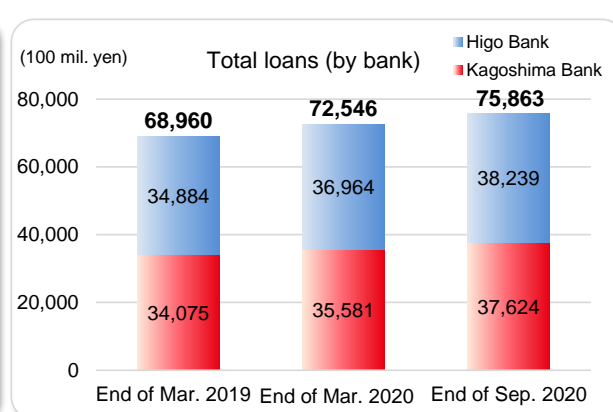
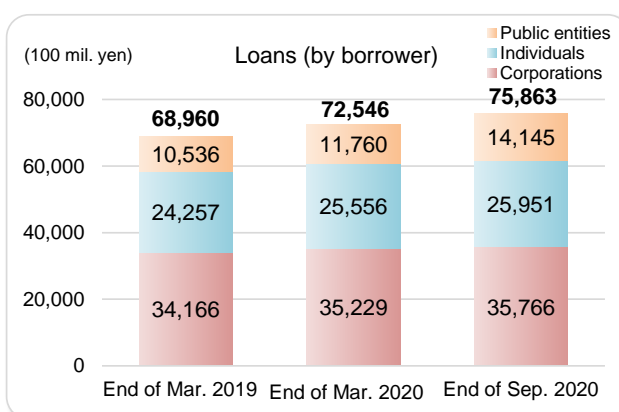
Note: Personal annuities, etc. is the cumulative total sales of annuities, whole life insurance, etc. policies.

3. Loans

Loans (end-of-term balance)

(100 mil. yen)

		End of Sep. 2020		End of Mar. 2020	End of Sep. 2019
			vs. end of Mar. 2020		
Two banks combined [Non-consolidated]	Loans	75,863	3,317	72,546	72,075
	Corporations	35,766	537	35,229	34,568
	Individuals	25,951	394	25,556	24,901
	Public sector	14,145	2,385	11,760	12,605
Higo Bank (Non-consolidated)	Loans	38,239	1,275	36,964	36,546
	Corporations	18,951	379	18,571	18,012
	Individuals	12,037	168	11,869	11,608
	Public sector	7,250	727	6,523	6,925
Kagoshima Bank (Non-consolidated)	Loans	37,624	2,042	35,581	35,528
	Corporations	16,815	157	16,657	16,555
	Individuals	13,913	226	13,687	13,292
	Public sector	6,895	1,658	5,236	5,679



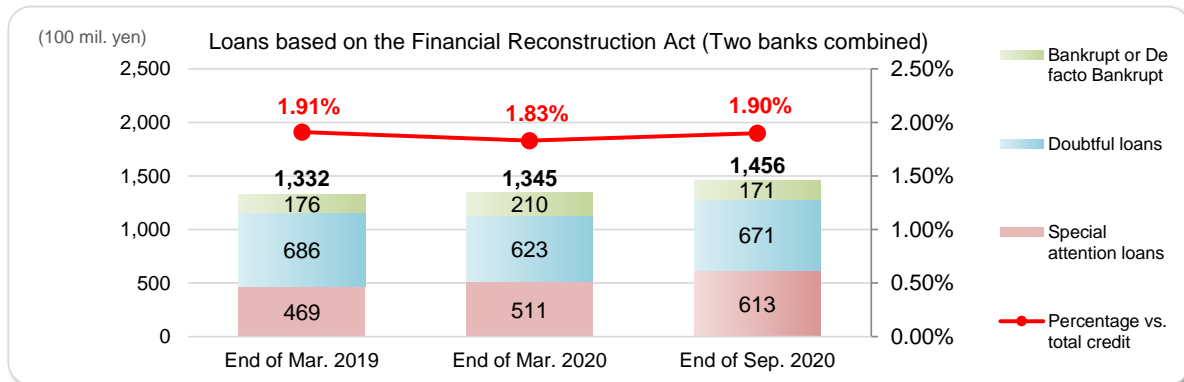
4. Securities

(100 mil. yen)

		End of Sep. 2020				End of Mar. 2020		End of Sep. 2019	
		Amount on balance sheet	vs. end of Mar. 2020	Net unrealized gains/losses	vs. end of Mar. 2020	Amount on balance sheet	Net unrealized gains/losses	Amount on balance sheet	Net unrealized gains/losses
KFG (Consolidated)	Available-for-sale securities	20,858	(920)	1,246	183	21,778	1,063	20,227	1,230
	Stocks	1,289	31	291	156	1,257	135	1,305	275
	Bonds	11,701	(225)	101	(57)	11,926	159	11,589	279
	Other	7,867	(725)	853	84	8,593	769	7,331	675
Higo Bank (Non-consolidated)	Available-for-sale securities	12,858	(444)	874	69	13,302	804	12,639	862
	Stocks	542	(41)	172	61	583	111	538	199
	Bonds	7,894	(112)	87	(57)	8,006	144	7,608	237
	Other	4,422	(290)	614	65	4,712	548	4,492	425
Kagoshima Bank (Non-consolidated)	Available-for-sale securities	7,977	(479)	582	93	8,456	489	7,567	646
	Stocks	730	70	293	80	660	213	750	306
	Bonds	3,807	(113)	30	(5)	3,920	36	3,980	70
	Other	3,439	(436)	257	18	3,876	239	2,835	269

5. Loans based on the Financial Reconstruction Act

		End of Sep. 2020		End of Mar. 2020	End of Sep. 2019
			vs. end of Mar. 2020		
Two banks combined [Non-consolidated]	Loans based on the Financial Reconstruction Act (A)	1,456	111	1,345	1,332
	Bankrupt or De facto Bankrupt	171	(38)	210	198
	Doubtful loans	671	48	623	663
	Special attention loans	613	101	511	470
	Normal loans	75,070	3,206	71,864	71,338
	Total credit (B)	76,527	3,317	73,209	72,671
	Ratio vs. total credit (A)/(B)	1.90%	0.07%	1.83%	1.83%
Higo Bank (Non-consolidated)	Loans based on the Financial Reconstruction Act (A)	627	68	558	547
	Bankrupt or De facto Bankrupt	97	(22)	120	113
	Doubtful loans	345	27	317	339
	Special attention loans	184	64	120	93
	Normal loans	37,921	1,211	36,710	36,266
	Total credit (B)	38,548	1,280	37,268	36,814
	Ratio vs. total credit (A)/(B)	1.63%	0.13%	1.50%	1.49%
Kagoshima Bank (Non-consolidated)	Loans based on the Financial Reconstruction Act (A)	829	42	786	785
	Bankrupt or De facto Bankrupt	74	(16)	90	85
	Doubtful loans	326	21	305	323
	Special attention loans	428	37	391	376
	Normal loans	37,149	1,995	35,154	35,071
	Total credit (B)	37,978	2,037	35,941	35,856
	Ratio vs. total credit (A)/(B)	2.18%	—	2.18%	2.18%



6. Capital Adequacy Ratio

		End of Sep. 2020		End of Mar. 2020	End of Sep. 2019
			vs. end of Mar. 2020		
KFG (Consolidated)	(i) Capital adequacy ratio (ii)/(iii)	11.11%	0.22%	10.89%	11.29%
	(ii) Shareholders' equity (core capital)	6,168	93	6,075	6,084
	(iii) Risk assets, etc.	55,521	(237)	55,758	53,879
	(iv) Total required capital (iii) x 4%	2,220	(9)	2,230	2,155
Higo Bank (Non-consolidated)	(i) Capital adequacy ratio (ii)/(iii)	10.55%	0.24%	10.31%	10.64%
	(ii) Shareholders' equity (core capital)	2,883	62	2,820	2,792
	(iii) Risk assets, etc.	27,305	(47)	27,352	26,232
	(iv) Total required capital (iii) x 4%	1,092	(1)	1,094	1,049
Kagoshima Bank (Non-consolidated)	(i) Capital adequacy ratio (ii)/(iii)	10.48%	0.23%	10.25%	10.47%
	(ii) Shareholders' equity (core capital)	2,890	41	2,848	2,816
	(iii) Risk assets, etc.	27,573	(207)	27,780	26,896
	(iv) Total required capital (iii) x 4%	1,102	(8)	1,111	1,075

7. Performance forecasts

[Consolidated KFG]

(1) FY2020 consolidated forecasts

(100 mil. yen)

	1H (actual)	Full-year forecast	Full FY2019 (actual)
Consolidated ordinary income	897	1,714	1,721
Consolidated ordinary profit	130	244	270
Profit attributable to owners of parent	92	150	182

(2) Annual dividend forecast

	End-1H (actual)	End-FY2020 (forecast)	Total
FY2020	6.00 yen	6.00 yen	12.00 yen

Reference

(2) [Two banks combined] [Non-consolidated] Full-FY2020 earnings forecasts

(100 mil. yen)

	Full FY2020			Full FY2019 (actual) [Two banks combined]
	[Two banks combined]	Higo Bank (Non-consolidated)	Kagoshima Bank (Non-consolidated)	
Ordinary income	1,364	714	650	1,390
Ordinary profit	239	114	125	347
Profit	162	77	85	240
Credit costs	90	45	45	11

II. Overview of FY1H2020 Financial Results

1. Profit and loss

[Consolidated KFG]

(mil. yen)

	FY1H2020		FY1H2019
		vs. FY1H2019	
Ordinary income	89,776	5,230	84,545
Gross income from business	57,049	85	56,964
Interest and dividend income	44,506	931	43,574
Fees and commissions	6,186	(633)	6,819
Net trading income	286	16	269
Other net income from business	6,069	(230)	6,300
of which gain or loss on government and other bonds	2,399	(1,545)	3,944
Gains on sale	3,985	(461)	4,447
Losses on sale	1,585	1,083	502
Gains on redemption	—	—	—
Losses on redemption	—	—	—
Write-down	—	—	—
Expenses (excluding non-recurring expenses)	39,569	2,141	37,428
Effective net business profits	17,479	(2,055)	19,535
Core net business profits	15,080	(510)	15,590
Core net business profits (excluding net gains/losses on investment trust cancellation)	14,946	(595)	15,541
(i) Provision for general allowance for loan losses	2,442	2,783	(341)
Net business profits	15,037	(4,839)	19,877
Non-recurring profit or loss	(2,034)	1,579	(3,613)
(ii) Disposal of non-performing loans	2,185	297	1,887
(iii) Gains on reversal of provision for contingent loss	95	89	6
(iv) Gains on loans written-off	4	(6)	10
Equity securities-related profit or loss	443	1,759	(1,316)
Gains on sale	3,791	717	3,073
Losses on sale	2,143	1,179	964
Write-down	1,204	(2,221)	3,426
Other non-recurring profit or loss	(391)	33	(425)
Ordinary profit	13,003	(3,260)	16,264
Extraordinary profit or loss	(3)	90	(94)
of which impairment losses	—	(26)	26
Profit before income taxes	12,999	(3,169)	16,169
Income taxes - current	4,456	(1,687)	6,143
Income taxes-deferred	(724)	451	(1,176)
Profit attributable to non-controlling shareholders	44	4	39
Profit attributable to owners of parent	9,223	(1,938)	11,162
Credit costs ((i) + (ii) - (iii) - (iv))	4,528	2,998	1,529

Note: 1. Gross income from business = (interest income - interest expenses + costs corresponding to money held in trust) +

(revenues from fees and commissions - costs associated with fees and commissions) +
(trading income - trading expenses) + (other operating income - other operating expenses)

2. Effective net business profits = net business profits + allowance for loan losses

3. Core net business profits = net business profits + allowance for loan losses -
gain or loss on government and other bonds

Number of consolidated subsidiaries

(companies)

	End of Sep. 2020		End of Mar. 2020
		vs. end of Mar. 2020	
Number of consolidated subsidiaries	18	—	18

Profit and loss: Higo Bank [Non-consolidated]

(mil. yen)

	FY1H2020		FY1H2019
		vs. FY1H2019	
Ordinary income	38,383	476	37,907
Gross income from business	27,793	421	27,372
Interest and dividend income	22,563	409	22,153
Fees and commissions	2,870	(436)	3,306
Net trading income	23	12	10
Other net income from business	2,337	435	1,901
of which gain or loss on government and other bonds	1,853	(669)	2,522
Gains on sale	3,289	337	2,951
Losses on sale	1,436	1,007	428
Gains on redemption	—	—	—
Losses on redemption	—	—	—
Write-down	—	—	—
Expenses	18,155	427	17,727
Personnel expenses	8,815	399	8,415
Non-personnel expenses	8,123	171	7,951
Taxes	1,216	(143)	1,359
Effective net business profits	9,638	(6)	9,645
Core net business profits	7,785	663	7,122
Core net business profits (excluding net gains/losses on investment trust cancellation)	7,814	666	7,148
(i) Provision for general allowance for loan losses	1,747	2,240	(492)
Net business profits	7,890	(2,247)	10,138
Non-recurring profit or loss	944	(359)	1,304
(ii) Disposal of non-performing loans	290	(636)	926
(iii) Gains on reversal of provision for contingent loss	95	95	—
(iv) Gains on bad debts recovered	3	(6)	10
Equity securities-related profit or loss	1,258	(748)	2,007
Gains on sale	2,758	5	2,753
Losses on sale	1,499	755	744
Write-down	0	(1)	1
Other non-recurring profit or loss	(124)	(337)	213
Ordinary profit	8,835	(2,606)	11,442
Extraordinary profit or loss	7	3	4
Profit before income taxes	8,843	(2,603)	11,446
Income taxes - current	2,516	(793)	3,310
Income taxes-deferred	(72)	(250)	177
Profit	6,399	(1,559)	7,958

Note: 1. Effective net business profits = net business profits + allowance for loan losses

2. Core net business profits = net business profits + allowance for loan losses - gain or loss on government and other bonds

Credit costs ((i) + (ii) - (iii) - (iv))	1,938	1,514	423
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Profit and loss: Kagoshima Bank [Non-consolidated]

(mil. yen)

	FY1H2020		FY1H2019
		vs. FY1H2019	
Ordinary income	33,301	1,281	32,019
Gross income from business	27,306	50	27,255
Interest and dividend income	23,983	1,221	22,762
Fees and commissions	2,481	(422)	2,903
Net trading income	—	—	—
Other net income from business	840	(749)	1,589
of which gain or loss on government and other bonds	540	(878)	1,419
Gains on sale	689	(803)	1,492
Losses on sale	149	75	73
Gains on redemption	—	—	—
Losses on redemption	—	—	—
Write-down	—	—	—
Expenses	18,839	1,471	17,368
Personnel expenses	8,459	347	8,111
Non-personnel expenses	8,487	521	7,965
Taxes	1,892	601	1,291
Effective net business profits	8,466	(1,420)	9,887
Core net business profits	7,926	(541)	8,468
Core net business profits (excluding net gains/losses on investment trust cancellation)	7,719	(674)	8,393
(i) Provision for general allowance for loan losses	635	552	82
Net business profits	7,830	(1,973)	9,804
Non-recurring profit or loss	(1,271)	147	(1,419)
(ii) Disposal of non-performing loans	1,587	962	624
(iii) Gains on reversal of provision for contingent loss	—	(6)	6
(iv) Gains on bad debts recovered	0	—	0
Equity securities-related profit or loss	496	817	(321)
Gains on sale	1,265	848	417
Losses on sale	544	421	123
Write-down	224	(391)	615
Other non-recurring profit or loss	(180)	299	(479)
Ordinary profit	6,559	(1,826)	8,385
Extraordinary profit or loss	(15)	93	(109)
Profit before income taxes	6,543	(1,732)	8,275
Income taxes - current	1,541	(801)	2,342
Income taxes-deferred	(4)	101	(106)
Profit	5,007	(1,033)	6,040

Note: 1. Effective net business profits = net business profits + allowance for loan losses

2. Core net business profits = net business profits + allowance for loan losses - gain or loss on government and other bonds

Credit costs ((i) + (ii) - (iii) - (iv))	2,223	1,522	701
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2. Net business profits

(mil. yen)

	Two banks combined			Higo Bank (Non-consolidated)			Kagoshima Bank (Non-consolidated)		
	FY1H2020	vs. FY1H2019	FY1H2019	FY1H2020	vs. FY1H2019	FY1H2019	FY1H2020	vs. FY1H2019	FY1H2019
Effective net business profits	18,105	(1,427)	19,532	9,638	(6)	9,645	8,466	(1,420)	9,887
Per employee (thousand yen)	4,378	(324)	4,703	4,722	44	4,677	4,043	(685)	4,728
Net business profits	15,721	(4,221)	19,942	7,890	(2,247)	10,138	7,830	(1,973)	9,804
Per employee (thousand yen)	3,802	(999)	4,802	3,866	(1,050)	4,916	3,739	(949)	4,688

Note: The figures are calculated using the average number of employees, excluding those on loan, during the period under review.

3. Interest margin

All branches:

(%)

	Two banks combined			Higo Bank (Non-consolidated)			Kagoshima Bank (Non-consolidated)		
	FY1H2020	vs. FY1H2019	FY1H2019	FY1H2020	vs. FY1H2019	FY1H2019	FY1H2020	vs. FY1H2019	FY1H2019
(1) Investment yield (A)	1.04	(0.05)	1.09	0.99	(0.07)	1.06	1.10	(0.02)	1.12
(a) Yield on loans	0.94	(0.06)	1.00	0.91	(0.05)	0.96	0.98	(0.06)	1.04
(b) Yield on securities	1.53	0.03	1.50	1.36	(0.07)	1.43	1.81	0.18	1.63
(2) Cost of funds (B)	0.77	(0.06)	0.83	0.73	(0.07)	0.80	0.83	(0.03)	0.86
(a) Interest rate on deposits	0.00	(0.00)	0.00	0.00	(0.00)	0.00	0.00	(0.00)	0.01
(b) Interest rate on external liabilities	0.19	(0.58)	0.77	0.20	(0.60)	0.80	0.18	(0.50)	0.68
(3) Net interest margin (A)-(B)	0.27	0.01	0.26	0.26	—	0.26	0.27	0.01	0.26

Note: Interest rate on external liabilities is the aggregate interest on call money, payables under repurchase agreements, deposits received under securities lending transactions, and borrowed money.

Domestic business segment:

(%)

	Two banks combined			Higo Bank (Non-consolidated)			Kagoshima Bank (Non-consolidated)		
	FY1H2020	vs. FY1H2019	FY1H2019	FY1H2020	vs. FY1H2019	FY1H2019	FY1H2020	vs. FY1H2019	FY1H2019
(1) Investment yield (A)	0.97	(0.02)	0.99	0.89	(0.03)	0.92	1.06	(0.01)	1.07
(a) Yield on loans	0.94	(0.04)	0.98	0.90	(0.04)	0.94	0.98	(0.05)	1.03
(b) Yield on securities	1.27	0.06	1.21	0.98	(0.04)	1.02	1.81	0.29	1.52
(2) Cost of funds (B)	0.74	(0.03)	0.77	0.67	(0.05)	0.72	0.82	(0.01)	0.83
(a) Interest rate on deposits	0.00	(0.00)	0.00	0.00	(0.00)	0.00	0.00	(0.00)	0.01
(b) Interest rate on external liabilities	0.00	(0.01)	0.01	0.00	(0.02)	0.02	(0.00)	(0.00)	0.00
(3) Net interest margin (A)-(B)	0.23	0.01	0.22	0.22	0.02	0.20	0.24	—	0.24

Note: Interest rate on external liabilities is the sum of interest on call money, deposits received under securities lending transactions, and borrowed money.

4. Capital adequacy ratio (Domestic standards)

[Consolidated KFG]

(mil. yen)

	End of Sep. 2020	vs. end of Mar. 2020 vs. end of Sep. 2019		End of Mar. 2020	End of Sep. 2019
		vs. end of Mar. 2020	vs. end of Sep. 2019		
(i) Capital adequacy ratio (iv)/(v)	11.11%	0.22%	(0.18%)	10.89%	11.29%
(ii) Basic core capital	627,969	9,501	7,110	618,467	620,858
(iii) Adjustment core capital	11,071	148	(1,335)	10,923	12,407
(iv) Shareholders' equity (core capital) (ii) - (iii)	616,897	9,352	8,445	607,544	608,451
(v) Risk assets, etc.	5,552,132	(23,752)	164,178	5,575,885	5,387,954
(vi) Total required capital (v) x 4%	222,085	(950)	6,567	223,035	215,518

Higo Bank (Non-consolidated)

(mil. yen)

	End of Sep. 2020	vs. end of Mar. 2020 vs. end of Sep. 2019		End of Mar. 2020	End of Sep. 2019
		vs. end of Mar. 2020	vs. end of Sep. 2019		
(i) Capital adequacy ratio (iv)/(v)	10.55%	0.24%	(0.09%)	10.31%	10.64%
(ii) Basic core capital	295,734	6,303	9,569	289,430	286,164
(iii) Adjustment core capital	7,428	34	541	7,394	6,886
(iv) Shareholders' equity (core capital) (ii) - (iii)	288,305	6,268	9,028	282,036	279,277
(v) Risk assets, etc.	2,730,517	(4,748)	107,269	2,735,266	2,623,248
(vi) Total required capital (v) x 4%	109,220	(189)	4,290	109,410	104,929

Kagoshima Bank (Non-consolidated)

(mil. yen)

	End of Sep. 2020	vs. end of Mar. 2020 vs. end of Sep. 2019		End of Mar. 2020	End of Sep. 2019
		vs. end of Mar. 2020	vs. end of Sep. 2019		
(i) Capital adequacy ratio (iv)/(v)	10.48%	0.23%	0.01%	10.25%	10.47%
(ii) Basic core capital	296,939	3,865	6,875	293,074	290,063
(iii) Adjustment core capital	7,927	(323)	(517)	8,251	8,445
(iv) Shareholders' equity (core capital) (ii) - (iii)	289,011	4,189	7,393	284,822	281,617
(v) Risk assets, etc.	2,757,303	(20,727)	67,657	2,778,030	2,689,645
(vi) Total required capital (v) x 4%	110,292	(829)	2,706	111,121	107,585

5. ROE

[Two banks combined]

(%)

	FY1H2020	vs. FY1H2019	
		vs. FY1H2019	FY1H2019
Profit basis	3.62	(0.72)	4.34

Note: ROE = $\frac{\text{Six-month Profit} / \text{number of days (six months)} \times \text{number of days (full fiscal year)}}{(\text{Net assets at beginning of period} + \text{net assets at end of period}) / 2} \times 100$

III. Loans

1. Risk-management loans

Note: Partial direct write-off method is not used.

[Two banks combined]

(mil. yen)

		End of Sep. 2020	vs. end of Mar. 2020	vs. end of Sep. 2019	End of Mar. 2020	End of Sep. 2019
Risk-management loans	Loans to borrowers declared bankrupt	6,072	(1,514)	2,226	7,586	3,845
	Past due loans	75,964	2,508	(3,975)	73,455	79,939
	Loans in arrears by more than 3 months	203	22	(373)	180	577
	Restructured loans	61,117	10,140	14,661	50,977	46,456
	Total	143,357	11,157	12,537	132,200	130,819
Total loans (end-of-term balance)		7,586,357	331,739	378,840	7,254,617	7,207,516

(%)

Ratios vs. total loans	Loans to borrowers declared bankrupt	0.08	(0.02)	0.03	0.10	0.05
	Past due loans	1.00	(0.01)	(0.10)	1.01	1.10
	Loans in arrears by more than 3 months	0.00	—	—	0.00	0.00
	Restructured loans	0.80	0.10	0.16	0.70	0.64
	Total	1.88	0.06	0.07	1.82	1.81

Higo Bank (Non-consolidated)

(mil. yen)

		End of Sep. 2020	vs. end of Mar. 2020	vs. end of Sep. 2019	End of Mar. 2020	End of Sep. 2019
Risk-management loans	Loans to borrowers declared bankrupt	3,807	(857)	2,854	4,665	953
	Past due loans	40,305	1,339	(3,834)	38,965	44,140
	Loans in arrears by more than 3 months	203	22	(338)	180	541
	Restructured loans	18,275	6,403	9,426	11,871	8,849
	Total	62,591	6,908	8,107	55,683	54,484
Total loans (end-of-term balance)		3,823,947	127,503	169,259	3,696,443	3,654,687

(%)

Ratios vs. total loans	Loans to borrowers declared bankrupt	0.10	(0.03)	0.07	0.13	0.03
	Past due loans	1.05	(0.00)	(0.15)	1.05	1.21
	Loans in arrears by more than 3 months	0.01	0.00	(0.00)	0.00	0.01
	Restructured loans	0.48	0.16	0.24	0.32	0.24
	Total	1.64	0.13	0.15	1.51	1.49

Kagoshima Bank (Non-consolidated)

(mil. yen)

		End of Sep. 2020	vs. end of Mar. 2020	vs. end of Sep. 2019	End of Mar. 2020	End of Sep. 2019
Risk-management loans	Loans to borrowers declared bankrupt	2,264	(657)	(628)	2,921	2,892
	Past due loans	35,658	1,168	(141)	34,489	35,799
	Loans in arrears by more than 3 months	—	—	(35)	—	35
	Restructured loans	42,842	3,737	5,235	39,105	37,607
	Total	80,765	4,248	4,430	76,516	76,335
Total loans (end-of-term balance)		3,762,410	204,236	209,581	3,558,174	3,552,829

(%)

Ratios vs. total loans	Loans to borrowers declared bankrupt	0.06	(0.02)	(0.02)	0.08	0.08
	Past due loans	0.94	(0.02)	(0.06)	0.96	1.00
	Loans in arrears by more than 3 months	—	—	(0.00)	—	0.00
	Restructured loans	1.13	0.04	0.08	1.09	1.05
	Total	2.14	(0.01)	—	2.15	2.14

2. Allowance for loan losses

[Two banks combined]

(mil. yen)

	End of Sep. 2020	vs. end of Mar. 2020		vs. end of Sep. 2019	End of Mar. 2020	End of Sep. 2019
Allowance for loan losses	65,219	578	(369)		64,641	65,588
General allowance for loan losses	20,970	2,383	3,422		18,586	17,547
Specific allowance for loan losses	44,248	(1,805)	(3,791)		46,054	48,040

Higo Bank (Non-consolidated)

(mil. yen)

	End of Sep. 2020	vs. end of Mar. 2020		vs. end of Sep. 2019	End of Mar. 2020	End of Sep. 2019
Allowance for loan losses	22,553	534	224		22,018	22,328
General allowance for loan losses	6,347	1,747	2,327		4,600	4,020
Specific allowance for loan losses	16,205	(1,213)	(2,102)		17,418	18,308

Kagoshima Bank (Non-consolidated)

(mil. yen)

	End of Sep. 2020	vs. end of Mar. 2020		vs. end of Sep. 2019	End of Mar. 2020	End of Sep. 2019
Allowance for loan losses	42,666	43	(593)		42,622	43,260
General allowance for loan losses	14,622	635	1,094		13,986	13,527
Specific allowance for loan losses	28,043	(592)	(1,688)		28,635	29,732

3. Coverage ratio for risk-management loans

Note: Partial direct write-off method is not used.

[Two banks combined]

(%)

	End of Sep. 2020	vs. end of Mar. 2020		vs. end of Sep. 2019	End of Mar. 2020	End of Sep. 2019
Coverage ratio	45.49	(3.40)	(4.64)		48.89	50.13

Note: Coverage ratio figures for two banks combined, Kagoshima Bank and Higo Bank =
(allowance for loan losses / risk-management loans) x 100

Higo Bank (Non-consolidated)

(%)

	End of Sep. 2020	vs. end of Mar. 2020		vs. end of Sep. 2019	End of Mar. 2020	End of Sep. 2019
Coverage ratio	36.03	(3.51)	(4.95)		39.54	40.98

Kagoshima Bank (Non-consolidated)

(%)

	End of Sep. 2020	vs. end of Mar. 2020		vs. end of Sep. 2019	End of Mar. 2020	End of Sep. 2019
Coverage ratio	52.82	(2.88)	(3.85)		55.70	56.67

4. Loans based on the Financial Reconstruction Act

Note: Partial direct write-off method is not used.

[Two banks combined]

(mil. yen)

	End of Sep. 2020	vs. end of Mar. 2020 vs. end of Sep. 2019		End of Mar. 2020	End of Sep. 2019
Loans based on the Financial Reconstruction Act (A)	145,641	11,118	12,411	134,522	133,229
Bankrupt or De facto Bankrupt	17,152	(3,885)	(2,735)	21,038	19,887
Doubtful loans	67,168	4,841	860	62,326	66,308
Special attention loans	61,321	10,163	14,287	51,157	47,033
Normal loans	7,507,097	320,655	373,213	7,186,442	7,133,884
Total credit (B)	7,652,739	331,774	385,624	7,320,964	7,267,114
Ratio vs. total credit (A)/(B)	1.90%	0.07%	0.07%	1.83%	1.83%
Coverage amount (C)	115,579	6,817	3,756	108,762	111,822
Allowance for loan losses	57,865	(301)	(1,225)	58,166	59,091
Reserve for specific debtors	57,714	7,118	4,982	50,595	52,731
Coverage ratio (C) / (A)	79.35%	(1.50%)	(4.58%)	80.85%	83.93%

Higo Bank (Non-consolidated)

(mil. yen)

	End of Sep. 2020	vs. end of Mar. 2020 vs. end of Sep. 2019		End of Mar. 2020	End of Sep. 2019
Loans based on the Financial Reconstruction Act (A)	62,725	6,890	7,996	55,835	54,729
Bankrupt or De facto Bankrupt	9,739	(2,263)	(1,600)	12,003	11,340
Doubtful loans	34,506	2,727	508	31,779	33,998
Special attention loans	18,478	6,426	9,087	12,052	9,390
Normal loans	3,792,167	121,145	165,479	3,671,022	3,626,688
Total credit (B)	3,854,893	128,035	173,475	3,726,857	3,681,417
Ratio vs. total credit (A)/(B)	1.63%	0.13%	0.14%	1.50%	1.49%
Coverage amount (C)	48,249	2,773	849	45,476	47,400
Allowance for loan losses	18,902	(197)	(270)	19,099	19,172
Reserve for specific debtors	29,347	2,971	1,119	26,376	28,227
Coverage ratio (C) / (A)	76.92%	(4.53%)	(9.69%)	81.45%	86.61%

Kagoshima Bank (Non-consolidated)

(mil. yen)

	End of Sep. 2020	vs. end of Mar. 2020 vs. end of Sep. 2019		End of Mar. 2020	End of Sep. 2019
Loans based on the Financial Reconstruction Act (A)	82,916	4,228	4,415	78,687	78,500
Bankrupt or De facto Bankrupt	7,412	(1,622)	(1,135)	9,034	8,547
Doubtful loans	32,661	2,113	351	30,547	32,309
Special attention loans	42,842	3,737	5,199	39,105	37,642
Normal loans	3,714,930	199,510	207,733	3,515,419	3,507,196
Total credit (B)	3,797,846	203,738	212,149	3,594,107	3,585,696
Ratio vs. total credit (A)/(B)	2.18%	—	—	2.18%	2.18%
Coverage amount (C)	67,329	4,043	2,907	63,285	64,422
Allowance for loan losses	38,963	(103)	(955)	39,066	39,918
Reserve for specific debtors	28,366	4,147	3,862	24,219	24,504
Coverage ratio (C) / (A)	81.20%	0.78%	(0.86%)	80.42%	82.06%

5. Self-assessment results/loans based on the Financial Reconstruction Act/risk-management loans
 [Two banks combined]

(100 mil. yen)						(100 mil. yen)				(100 mil. yen)	
Self-assessment results (by borrower classification)						Loans based on the Financial Reconstruction Act				Risk-management loans	
Scope: Credit-related claims including loans						Scope: Substandard loans include loans only				Scope: Loans	
*After write-downs and allowances						The remainder is credit-related claims including loans					
Classification	Credit balance vs. end of Mar. 2020	Category				Classification	Amount covered by collateral/ guarantee	Coverage amount	Coverage ratio (%)	Classification	Balance
		Category I	Category II	Category III	Category IV						
Bankrupt	61	45	15	—	—	Bankrupt or De facto Bankrupt			Loans to borrowers declared bankrupt	60	
	(15)						171	61	110	100.0	
De facto bankrupt	110	73	36	—	—				Past due loans	759	
	(23)										
In danger of bankruptcy	671	482	147	41		Doubtful loans	671	297	331	93.6	
	48										
Need attention	Special attention					Special attention loans	613	218	136	57.9	
	685	66	618								
	114					Subtotal	1,456	577	578	79.3	
	"Needs attention" excluding "special attention"					Normal loans					
	4,272	948	3,324								
	1,049										
Normal (including local governments)	70,741	70,741									
	2,142										
Total	76,542	72,358	4,142	41	—	Total					
	3,316										

Ratio of loans based on the Financial Reconstruction Act to total credit 1.90%	Ratio of risk-management loans to total loans 1.88%
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Definitions of borrower classification

Bankrupt	Legally and formally bankrupt
De facto bankrupt	In serious business difficulties and considered to be impossible to rebuild, though not yet legally and formally bankrupt
In danger of bankruptcy	Facing business difficulties and failing to make adequate progress on its business improvement plan, so that there is a possibility of falling into bankruptcy in the future
Need attention	Having problems with lending conditions, fulfillment or its financial conditions, etc.
Special attention	Within the borrowers classified as "Needs Attention", being overdue longer than 3 months or having problems with lending conditions (i.e., waivers, reductions, or deferrals of interest)
Normal	Having strong results and no particular problems with its financial condition

Higo Bank [Non-consolidated]

(100 mil. yen)						(100 mil. yen)				(100 mil. yen)		
Self-assessment results (by borrower classification)						Loans based on the Financial Reconstruction Act				Risk-management loans		
Scope: Credit-related claims including loans *After write-downs and allowances						Scope: Substandard loans include loans only The remainder is credit-related claims including loans				Scope: Loans		
Classification	Credit balance vs. end of Mar. 2020	Category				Classification	Amount covered by collateral/ guarantee	Coverage amount	Coverage ratio (%)	Classification	Balance	
		Category I	Category II	Category III	Category IV							
Bankrupt	38	33	5	—	—	Bankrupt or De facto Bankrupt	97	30	66	100.0	Loans to borrowers declared bankrupt	38
	(8)											
De facto bankrupt	58	37	21	—	—	Doubtful loans	345	207	95	87.7	Past due loans	403
	(13)											
In danger of bankruptcy	345	222	81	41		Special attention loans	184	55	27	44.7	Loans in arrears by more than 3 months	2
	27											
Need attention	Special attention	209	42	166		Subtotal	627	293	189	76.9	Restructured loans	182
	70											
Need attention	"Needs attention" excluding "special attention"	1,873	495	1,378		Normal loans	Ratio of loans based on the Financial Reconstruction Act to total credit 1.63%		Ratio of risk-management loans to total loans 1.64%		Total	625
	705											
Normal (including local governments)	36,038	36,038				Total	37,921					
	498											
Total	38,564	36,869	1,653	41	—	Total	38,548					
	1,279											

Kagoshima Bank [Non-consolidated]

(100 mil. yen)						(100 mil. yen)				(100 mil. yen)			
Self-assessment results (by borrower classification)						Loans based on the Financial Reconstruction Act				Risk-management loans			
Scope: Credit-related claims including loans						Scope: Substandard loans include loans only				Scope: Loans			
*After write-downs and allowances						The remainder is credit-related claims including loans							
Classification	Credit balance vs. end of Mar. 2020	Category				Classification	Amount covered by collateral/guarantee	Coverage amount	Coverage ratio (%)	Classification	Balance		
		Category I	Category II	Category III	Category IV								
Bankrupt	22	12	10	—	—	Bankrupt or De facto Bankrupt	74	30	43	100.0	Loans to borrowers declared bankrupt	22	
	(6)												
De facto bankrupt	51	36	15	—	—	Doubtful loans	326	90	236	99.9	Past due loans	356	
	(9)												
In danger of bankruptcy	326	260	65	0		Special attention loans	428	163	109	63.6	Loans in arrears by more than 3 months	—	
	21												
Need attention	Special attention	23	452			Subtotal	829	283	389	81.2	Restructured loans	428	
	475												
	44					Normal loans	37,149				Total	807	
	2,399	453	1,945										
	344					Ratio of loans based on the Financial Reconstruction Act to total credit		2.18%		Ratio of risk-management loans to total loans		2.14%	
	Normal (including local governments)												
	34,703	34,703											
	1,644												
Total	37,978	35,489	2,489	0	—	Total	37,978						
	2,037												

6. Loan by industry

Loan by industry

[Two banks combined]

(mil. yen)

	End of Sep.			End of Mar.	End of Sep.
	2020	vs. end of Mar. 2020	vs. end of Sep. 2019	2020	2019
Domestic branches (excluding special international financial transactions account)	7,586,357	331,739	378,840	7,254,617	7,207,516
Manufacturing	444,811	(2,155)	4,128	446,966	440,683
Agriculture and forestry	86,273	143	1,277	86,130	84,996
Fishery	18,753	(1,330)	17	20,083	18,735
Mining and quarrying of stone and gravel	6,483	(165)	(710)	6,649	7,194
Construction	182,406	7,599	12,828	174,806	169,577
Electricity, Gas, Heat supply and Water	200,419	(1,799)	(1,829)	202,219	202,249
Information and communications	53,149	621	(13,189)	52,527	66,339
Transport and postal activities	182,627	6,295	2,926	176,331	179,700
Wholesale and Retail trade	632,844	6,416	7,964	626,428	624,880
Finance and Insurance	259,430	(5,854)	(9,189)	265,285	268,620
Real estate and Goods rental and leasing	1,004,140	154	57,918	1,003,985	946,221
Services	820,778	42,507	60,443	778,270	760,334
National and local government	1,414,572	238,549	154,055	1,176,023	1,260,517
Other	2,279,666	40,756	102,200	2,238,910	2,177,465

Higo Bank (Non-consolidated)

(mil. yen)

	End of Sep.			End of Mar.	End of Sep.
	2020	vs. end of Mar. 2020	vs. end of Sep. 2019	2020	2019
Domestic branches (excluding special international financial transactions account)	3,823,947	127,503	169,259	3,696,443	3,654,687
Manufacturing	247,871	(250)	1,777	248,121	246,094
Agriculture and forestry	30,100	3,067	3,760	27,033	26,340
Fishery	5,639	66	276	5,572	5,362
Mining and quarrying of stone and gravel	3,117	(66)	(449)	3,184	3,567
Construction	97,678	6,460	10,594	91,217	87,083
Electricity, Gas, Heat supply and Water	89,194	(583)	1,438	89,778	87,756
Information and communications	37,038	(132)	(10,883)	37,170	47,922
Transport and postal activities	96,558	9,731	11,596	86,826	84,961
Wholesale and Retail trade	346,463	(6,183)	(1,091)	352,647	347,555
Finance and Insurance	184,747	(3,850)	(9,091)	188,598	193,839
Real estate and Goods rental and leasing	637,077	357	47,377	636,719	589,699
Services	344,377	28,734	39,132	315,642	305,244
National and local government	725,070	72,705	32,522	652,365	692,548
Other	979,012	17,446	42,300	961,566	936,711

Kagoshima Bank (Non-consolidated)

(mil. yen)

	End of Sep.			End of Mar.	End of Sep.
	2020	vs. end of Mar. 2020	vs. end of Sep. 2019	2020	2019
Domestic branches (excluding special international financial transactions account)	3,762,410	204,236	209,581	3,558,174	3,552,829
Manufacturing	196,940	(1,905)	2,351	198,845	194,589
Agriculture and forestry	56,173	(2,924)	(2,483)	59,097	58,656
Fishery	13,114	(1,397)	(259)	14,511	13,373
Mining and quarrying of stone and gravel	3,366	(99)	(261)	3,465	3,627
Construction	84,728	1,139	2,234	83,589	82,494
Electricity, Gas, Heat supply and Water	111,225	(1,216)	(3,268)	112,441	114,493
Information and communications	16,111	754	(2,306)	15,357	18,417
Transport and postal activities	86,069	(3,436)	(8,670)	89,505	94,739
Wholesale and Retail trade	286,381	12,600	9,056	273,781	277,325
Finance and Insurance	74,683	(2,004)	(98)	76,687	74,781
Real estate and Goods rental and leasing	367,063	(203)	10,541	367,266	356,522
Services	476,401	13,773	21,311	462,628	455,090
National and local government	689,502	165,844	121,533	523,658	567,969
Other	1,300,654	23,310	59,900	1,277,344	1,240,754

Risk-management loans by industry

Note: Partial direct write-off method is not used.

[Two banks combined]

(mil. yen)

	End of Sep.			End of Mar.	End of Sep.
	2020	vs. end of Mar. 2020	vs. end of Sep. 2019		
Domestic branches (excluding special international financial transactions account)	143,357	11,157	12,537	132,200	130,819
Manufacturing	12,998	566	(1,105)	12,432	14,103
Agriculture and forestry	1,522	276	576	1,245	945
Fishery	3,150	(19)	1,084	3,169	2,065
Mining and quarrying of stone and gravel	59	18	(57)	40	117
Construction	7,532	12	(356)	7,520	7,889
Electricity, Gas, Heat supply and Water	18	(2)	10	21	8
Information and communications	424	25	45	399	378
Transport and postal activities	5,018	600	164	4,417	4,854
Wholesale and Retail trade	38,888	1,259	2,392	37,629	36,496
Finance and Insurance	2,223	(210)	(100)	2,433	2,324
Real estate and Goods rental and leasing	9,890	201	1,593	9,688	8,297
Services	51,470	8,069	7,853	43,401	43,617
National and local government	—	—	—	—	—
Other	10,159	358	438	9,800	9,720

Higo Bank (Non-consolidated)

(mil. yen)

	End of Sep.			End of Mar.	End of Sep.
	2020	vs. end of Mar. 2020	vs. end of Sep. 2019		
Domestic branches (excluding special international financial transactions account)	62,591	6,908	8,107	55,683	54,484
Manufacturing	8,418	(59)	(1,161)	8,477	9,579
Agriculture and forestry	989	281	501	708	488
Fishery	1,959	260	213	1,699	1,746
Mining and quarrying of stone and gravel	41	20	(55)	21	96
Construction	3,104	475	238	2,628	2,865
Electricity, Gas, Heat supply and Water	13	(0)	13	14	—
Information and communications	394	22	19	372	375
Transport and postal activities	2,844	1,736	1,674	1,108	1,170
Wholesale and Retail trade	10,931	734	2,888	10,196	8,042
Finance and Insurance	2,222	(210)	(100)	2,432	2,322
Real estate and Goods rental and leasing	5,131	(199)	521	5,331	4,609
Services	20,387	3,735	3,422	16,652	16,965
National and local government	—	—	—	—	—
Other	6,151	111	(70)	6,040	6,222

Kagoshima Bank (Non-consolidated)

(mil. yen)

	End of Sep.			End of Mar.	End of Sep.
	2020	vs. end of Mar. 2020	vs. end of Sep. 2019		
Domestic branches (excluding special international financial transactions account)	80,765	4,248	4,430	76,516	76,335
Manufacturing	4,580	625	56	3,954	4,523
Agriculture and forestry	532	(4)	75	537	457
Fishery	1,190	(280)	871	1,470	318
Mining and quarrying of stone and gravel	17	(1)	(2)	19	20
Construction	4,428	(462)	(595)	4,891	5,024
Electricity, Gas, Heat supply and Water	5	(1)	(3)	6	8
Information and communications	29	3	26	26	3
Transport and postal activities	2,173	(1,135)	(1,510)	3,309	3,684
Wholesale and Retail trade	27,957	524	(496)	27,432	28,454
Finance and Insurance	0	(0)	(0)	1	1
Real estate and Goods rental and leasing	4,758	401	1,071	4,357	3,687
Services	31,082	4,333	4,430	26,749	26,651
National and local government	—	—	—	—	—
Other	4,007	247	508	3,759	3,498

Loans based on the Financial Reconstruction Act by Industry

Note: Partial direct write-off method is not used.

[Two banks combined]

(mil. yen)

	End of Sep. 2020			End of Mar. 2020	End of Sep. 2019
		vs. end of Mar. 2020	vs. end of Sep. 2019		
Domestic branches (excluding special international financial transactions account)	145,641	11,118	12,411	134,522	133,229
Manufacturing	13,052	558	(1,156)	12,493	14,209
Agriculture and forestry	1,550	279	580	1,270	970
Fishery	3,150	(20)	1,083	3,170	2,066
Mining and quarrying of stone and gravel	59	18	(57)	40	117
Construction	7,534	12	(357)	7,522	7,891
Electricity, Gas, Heat supply and Water	18	(2)	10	21	8
Information and communications	424	25	45	399	378
Transport and postal activities	5,018	592	164	4,426	4,854
Wholesale and Retail trade	39,414	1,253	2,383	38,161	37,030
Finance and Insurance	2,283	(205)	(94)	2,489	2,377
Real estate and Goods rental and leasing	9,893	204	1,595	9,689	8,297
Services	53,076	8,043	7,773	45,032	45,302
National and local government	—	—	—	—	—
Other	10,164	359	440	9,805	9,723

Higo Bank (Non-consolidated)

(mil. yen)

	End of Sep. 2020			End of Mar. 2020	End of Sep. 2019
		vs. end of Mar. 2020	vs. end of Sep. 2019		
Domestic branches (excluding special international financial transactions account)	62,725	6,890	7,996	55,835	54,729
Manufacturing	8,451	(65)	(1,232)	8,517	9,683
Agriculture and forestry	992	282	502	710	490
Fishery	1,959	260	213	1,699	1,746
Mining and quarrying of stone and gravel	41	20	(55)	21	96
Construction	3,105	475	238	2,629	2,866
Electricity, Gas, Heat supply and Water	13	(0)	13	14	—
Information and communications	394	22	19	372	375
Transport and postal activities	2,844	1,736	1,674	1,108	1,170
Wholesale and Retail trade	10,945	721	2,873	10,223	8,071
Finance and Insurance	2,282	(205)	(93)	2,488	2,376
Real estate and Goods rental and leasing	5,133	(198)	523	5,331	4,609
Services	20,403	3,727	3,385	16,676	17,018
National and local government	—	—	—	—	—
Other	6,155	112	(67)	6,042	6,223

Kagoshima Bank (Non-consolidated)

(mil. yen)

	End of Sep. 2020			End of Mar. 2020	End of Sep. 2019
		vs. end of Mar. 2020	vs. end of Sep. 2019		
Domestic branches (excluding special international financial transactions account)	82,916	4,228	4,415	78,687	78,500
Manufacturing	4,600	624	75	3,976	4,525
Agriculture and forestry	557	(3)	77	560	479
Fishery	1,190	(281)	870	1,471	320
Mining and quarrying of stone and gravel	17	(1)	(2)	19	20
Construction	4,428	(463)	(596)	4,892	5,025
Electricity, Gas, Heat supply and Water	5	(1)	(3)	6	8
Information and communications	29	3	26	26	3
Transport and postal activities	2,173	(1,144)	(1,510)	3,317	3,684
Wholesale and Retail trade	28,469	532	(489)	27,937	28,958
Finance and Insurance	0	(0)	(0)	1	1
Real estate and Goods rental and leasing	4,760	402	1,072	4,358	3,688
Services	32,672	4,315	4,388	28,356	28,283
National and local government	—	—	—	—	—
Other	4,009	246	508	3,762	3,500

Personal loan balance

[Two banks combined]

(mil. yen)

	End of Sep. 2020	vs. end of Sep. 2019		End of Mar. 2020	End of Sep. 2019
		vs. end of Mar. 2020	vs. end of Sep. 2019		
Personal loan balance	2,354,977	40,608	107,226	2,314,369	2,247,750
Housing loans balance	2,244,149	42,715	111,259	2,201,433	2,132,890
Balance of other loans	110,827	(2,107)	(4,032)	112,935	114,860

Higo Bank (Non-consolidated)

(mil. yen)

	End of Sep. 2020	vs. end of Sep. 2019		End of Mar. 2020	End of Sep. 2019
		vs. end of Mar. 2020	vs. end of Sep. 2019		
Personal loan balance	963,642	18,000	45,184	945,642	918,457
Housing loans balance	922,071	20,269	47,475	901,801	874,596
Balance of other loans	41,570	(2,269)	(2,290)	43,840	43,861

Kagoshima Bank (Non-consolidated)

(mil. yen)

	End of Sep. 2020	vs. end of Sep. 2019		End of Mar. 2020	End of Sep. 2019
		vs. end of Mar. 2020	vs. end of Sep. 2019		
Personal loan balance	1,391,335	22,608	62,042	1,368,727	1,329,293
Housing loans balance	1,322,078	22,446	63,784	1,299,632	1,258,294
Balance of other loans	69,257	162	(1,742)	69,095	70,999

Loans to SMEs, etc.

[Two banks combined]

(mil. yen)

	End of Sep. 2020	vs. end of Sep. 2019		End of Mar. 2020	End of Sep. 2019
		vs. end of Mar. 2020	vs. end of Sep. 2019		
Balance of loans to SMEs, etc. (A)	4,980,786	116,849	235,218	4,863,936	4,745,567
Total balance of loans (B)	7,586,357	331,739	378,840	7,254,617	7,207,516
Ratio of loans to SMEs, etc. (A) / (B)	65.65%	(1.39%)	(0.19%)	67.04%	65.84%

Higo Bank (Non-consolidated)

(mil. yen)

	End of Sep. 2020	vs. end of Sep. 2019		End of Mar. 2020	End of Sep. 2019
		vs. end of Mar. 2020	vs. end of Sep. 2019		
Balance of loans to SMEs, etc. (A)	2,329,251	75,078	150,218	2,254,172	2,179,032
Total balance of loans (B)	3,823,947	127,503	169,259	3,696,443	3,654,687
Ratio of loans to SMEs, etc. (A) / (B)	60.91%	(0.07%)	1.29%	60.98%	59.62%

Kagoshima Bank (Non-consolidated)

(mil. yen)

	End of Sep. 2020	vs. end of Sep. 2019		End of Mar. 2020	End of Sep. 2019
		vs. end of Mar. 2020	vs. end of Sep. 2019		
Balance of loans to SMEs, etc. (A)	2,651,535	41,771	85,000	2,609,764	2,566,535
Total balance of loans (B)	3,762,410	204,236	209,581	3,558,174	3,552,829
Ratio of loans to SMEs, etc. (A) / (B)	70.47%	(2.87%)	(1.76%)	73.34%	72.23%

7. Balance of deposits and loans

[Two banks combined]

(mil. yen)

	End of Sep. 2020		vs. end of Sep. 2019	End of Mar. 2020	End of Sep. 2019
		vs. end of Mar. 2020			
Total deposits (end-of-term balance)	9,354,369	575,107	584,190	8,779,262	8,770,178
Deposits (end-of-term balance)	9,007,548	439,615	631,875	8,567,932	8,375,672
Negotiable certificates of deposit (end-of-term balance)	346,821	135,491	(47,684)	211,329	394,506
Loans (end-of-term balance)	7,586,357	331,739	378,840	7,254,617	7,207,516

(mil. yen)

	End of Sep. 2020		vs. end of Sep. 2019	End of Mar. 2020	End of Sep. 2019
		vs. end of Mar. 2020			
Total deposits (average balance)	9,271,052	523,888	498,050	8,747,164	8,773,001
Deposits (average balance)	8,942,604	571,151	535,723	8,371,453	8,406,881
Negotiable certificates of deposit (average balance)	328,447	(47,263)	(37,672)	375,711	366,120
Loans (average balance)	7,467,098	353,219	433,632	7,113,879	7,033,466

Higo Bank (Non-consolidated)

(mil. yen)

	End of Sep. 2020		vs. end of Sep. 2019	End of Mar. 2020	End of Sep. 2019
		vs. end of Mar. 2020			
Total deposits (end-of-term balance)	4,958,817	281,317	255,176	4,677,500	4,703,640
Deposits (end-of-term balance)	4,799,929	219,855	305,532	4,580,073	4,494,396
Negotiable certificates of deposit (end-of-term balance)	158,888	61,461	(50,356)	97,426	209,244
Loans (end-of-term balance)	3,823,947	127,503	169,259	3,696,443	3,654,687

(mil. yen)

	End of Sep. 2020		vs. end of Sep. 2019	End of Mar. 2020	End of Sep. 2019
		vs. end of Mar. 2020			
Total deposits (average balance)	4,932,929	259,801	238,515	4,673,127	4,694,413
Deposits (average balance)	4,785,394	302,218	266,258	4,483,176	4,519,135
Negotiable certificates of deposit (average balance)	147,534	(42,417)	(27,743)	189,951	175,278
Loans (average balance)	3,776,731	185,937	250,280	3,590,794	3,526,451

Kagoshima Bank (Non-consolidated)

(mil. yen)

	End of Sep. 2020		vs. end of Sep. 2019	End of Mar. 2020	End of Sep. 2019
		vs. end of Mar. 2020			
Total deposits (end-of-term balance)	4,395,552	293,790	329,014	4,101,762	4,066,538
Deposits (end-of-term balance)	4,207,619	219,759	326,342	3,987,859	3,881,276
Negotiable certificates of deposit (end-of-term balance)	187,933	74,030	2,671	113,902	185,261
Loans (end-of-term balance)	3,762,410	204,236	209,581	3,558,174	3,552,829

(mil. yen)

	End of Sep. 2020		vs. end of Sep. 2019	End of Mar. 2020	End of Sep. 2019
		vs. end of Mar. 2020			
Total deposits (average balance)	4,338,123	264,087	259,535	4,074,036	4,078,588
Deposits (average balance)	4,157,210	268,933	269,464	3,888,277	3,887,746
Negotiable certificates of deposit (average balance)	180,913	(4,846)	(9,928)	185,759	190,842
Loans (average balance)	3,690,367	167,281	183,352	3,523,085	3,507,015

8. Assets under management

Group total: (mil. yen)

	End of Sep. 2020			End of Mar. 2020	End of Sep. 2019
		vs. end of Mar. 2020	vs. end of Sep. 2019		
Assets under management	1,276,831	52,430	37,444	1,224,401	1,239,386
Individuals	1,144,873	27,193	(193)	1,117,679	1,145,066
Public bonds	52,985	7,017	(12,435)	45,968	65,421
Investment trusts	103,030	7,020	(18,588)	96,009	121,618
Personal annuities, etc.	988,857	13,155	30,829	975,701	958,027
Kyushu FG Securities	120,137	25,855	39,140	94,281	80,996

Note: Personal annuities, etc. of group total, Higo Bank and Kagoshima Bank are the cumulative total sales of annuities, whole life insurance, etc. policies.

Higo Bank (Non-consolidated) (mil. yen)

	End of Sep. 2020			End of Mar. 2020	End of Sep. 2019
		vs. end of Mar. 2020	vs. end of Sep. 2019		
Assets under management	582,973	18,518	(5,496)	564,454	588,469
Individuals	573,372	19,066	(4,854)	554,306	578,227
Public bonds	24,265	9,257	(8,811)	15,008	33,077
Investment trusts	59,895	4,052	(10,859)	55,842	70,754
Personal annuities, etc.	489,211	5,757	14,816	483,454	474,395

Kagoshima Bank (Non-consolidated) (mil. yen)

	End of Sep. 2020			End of Mar. 2020	End of Sep. 2019
		vs. end of Mar. 2020	vs. end of Sep. 2019		
Assets under management	573,720	8,055	3,800	565,665	569,919
Individuals	571,500	8,127	4,660	563,373	566,839
Public bonds	28,719	(2,239)	(3,623)	30,959	32,343
Investment trusts	43,134	2,967	(7,728)	40,167	50,863
Personal annuities, etc.	499,645	7,398	16,013	492,246	483,632

IV. Other

1. Securities

[Consolidated KFG]

(mil. yen)

	End of Sep. 2020				End of Mar. 2020	
	Amount on balance sheet	vs. end of Mar. 2020	Net unrealized gains/losses	vs. end of Mar. 2020	Amount on balance sheet	Net unrealized gains/losses
Securities held-to-maturity	19,825	1,064	100	(12)	18,760	113
Available-for-sale securities	2,085,822	(92,014)	124,690	18,333	2,177,836	106,357
Stocks	128,910	3,118	29,183	15,663	125,792	13,519
Bonds	1,170,114	(22,570)	10,172	(5,731)	1,192,685	15,903
Other	786,796	(72,562)	85,335	8,401	859,358	76,933
Total	2,105,647	(90,949)	124,791	18,320	2,196,597	106,470

Higo Bank (Non-consolidated)

(mil. yen)

	End of Sep. 2020				End of Mar. 2020	
	Amount on balance sheet	vs. end of Mar. 2020	Net unrealized gains/losses	vs. end of Mar. 2020	Amount on balance sheet	Net unrealized gains/losses
Securities held-to-maturity	19,825	1,064	100	(12)	18,760	113
Available-for-sale securities	1,285,828	(44,412)	87,430	6,932	1,330,240	80,498
Stocks	54,223	(4,137)	17,299	6,115	58,361	11,184
Bonds	789,403	(11,241)	8,716	(5,708)	800,645	14,424
Other	442,201	(29,033)	61,414	6,525	471,234	54,889
Total	1,305,653	(43,347)	87,531	6,919	1,349,001	80,611

Kagoshima Bank (Non-consolidated)

(mil. yen)

	End of Sep. 2020				End of Mar. 2020	
	Amount on balance sheet	vs. end of Mar. 2020	Net unrealized gains/losses	vs. end of Mar. 2020	Amount on balance sheet	Net unrealized gains/losses
Securities held-to-maturity	—	—	—	—	—	—
Available-for-sale securities	797,709	(47,977)	58,220	9,305	845,686	48,915
Stocks	73,053	7,045	29,366	8,025	66,007	21,340
Bonds	380,706	(11,328)	3,075	(529)	392,035	3,605
Other	343,949	(43,693)	25,778	1,809	387,643	23,968
Total	797,709	(47,977)	58,220	9,305	845,686	48,915

2. Number of officers/employees and offices

[Two banks combined]

(number of people/branches)

	End of Sep. 2020		End of Mar. 2020	End of Sep. 2019
		vs. end of Sep. 2019		
Number of officers (including corporate auditors)	34	—	34	34
Number of employees	4,444	146	4,298	4,445
Main branch and domestic branches	256	—	256	256
Agencies	18	—	18	18
Overseas representative offices	3	—	3	3

Note: Numbers of employees for aggregate of two banks, Higo Bank and Kagoshima Bank include staff on loan.

Higo Bank (Non-consolidated)

(number of people/branches)

	End of Sep. 2020		End of Mar. 2020	End of Sep. 2019
		vs. end of Sep. 2019		
Number of officers (including corporate auditors)	16	(1)	16	17
Number of employees	2,233	70	2,163	2,219
Main branch and domestic branches	123	—	123	123
Agencies	—	—	—	—
Overseas representative offices	1	—	1	1

Note: The number of main branch and domestic branches at the end of September 2020 include five subbranches.

Kagoshima Bank (Non-consolidated)

(number of people/branches)

	End of Sep. 2020		End of Mar. 2020	End of Sep. 2019
		vs. end of Sep. 2019		
Number of officers (including corporate auditors)	18	1	18	17
Number of employees	2,211	76	2,135	2,226
Main branch and domestic branches	133	—	133	133
Agencies	18	—	18	18
Overseas representative offices	2	—	2	2

Note: The number of main branch and domestic branches at the end of September 2020 includes 18 subbranches.

V. Reference material (interim financial statements of subsidiary banks)

1. Higo Bank: Non-consolidated Interim Financial Statements

(1) Interim Balance Sheet

	(mil. yen)	
	As of March 31, 2020	As of September 30, 2020
Assets:		
Cash and due from banks	688,379	1,028,381
Call loans	388	—
Monetary claims purchased	726	646
Trading assets	45	43
Money held in trust	4,838	4,778
Securities	1,367,552	1,324,889
Loans	3,696,443	3,823,947
Foreign exchanges	5,791	8,676
Other assets	201,444	189,258
Property, plant and equipment	49,163	48,753
Intangible assets	6,897	6,967
Prepaid pension cost	3,726	3,706
Deferred tax assets	5,634	—
Customers' liabilities for acceptances and guarantees	9,979	9,865
Allowance for loan losses	(22,018)	(22,553)
Total assets	6,018,993	6,427,360
Liabilities:		
Deposits	4,580,073	4,799,929
Negotiable certificates of deposit	97,426	158,888
Call money	9,250	42,320
Payables under repurchase agreements	129,434	160,548
Payables under securities lending transactions	499,938	431,272
Trading liabilities	11	3
Borrowings from other banks	282,963	426,689
Foreign exchanges	18	74
Borrowed money from trust account	1,461	1,892
Other liabilities	104,273	71,780
Accrued corporation tax, etc.	1,948	2,390
Lease obligations	1,018	858
Asset retirement obligations	184	186
Other liabilities	101,122	68,345
Provision for reimbursement of deposits	1,038	985
Provision for contingent losses	253	158
Deferred tax liabilities	—	712
Deferred tax liabilities for land revaluation	4,395	4,382
Acceptances and guarantees	9,979	9,865
Total liabilities	5,720,519	6,109,504

	(mil. yen)	
	As of March 31, 2020	As of September 30, 2020
Net assets:		
Share capital	18,128	18,128
Capital surplus	8,133	8,133
Legal capital surplus	8,133	8,133
Retained earnings	258,252	262,911
Legal retained earnings	18,128	18,128
Other retained earnings	240,123	244,782
Reserve for tax purpose reduction entry of real estate	363	363
General reserves	222,387	230,387
Retained earnings brought forward	17,373	14,031
Total shareholders' equity	<u>284,514</u>	<u>289,173</u>
Valuation difference on available-for-sale securities	56,464	61,315
Deferred gains or losses on hedges	(48,285)	(38,383)
Revaluation reserve for land	5,779	5,750
Total valuation and translation adjustments	<u>13,959</u>	<u>28,682</u>
Total net assets	<u>298,474</u>	<u>317,856</u>
Total liabilities and net assets	<u>6,018,993</u>	<u>6,427,360</u>

(2) Interim Statement of Income

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Ordinary income	37,907	38,383
Interest income	26,308	26,028
(interest on loans)	17,117	17,257
(interest and dividends on securities)	9,039	8,650
Trust fees	16	9
Fees and commissions	5,406	5,086
Trading income	10	23
Other operating income	3,036	4,128
Other ordinary income	3,128	3,108
Ordinary expenses	26,464	29,548
Interest expenses	4,155	3,465
(interest on deposits)	182	153
Fees and commissions payments	2,116	2,225
Other operating expenses	1,134	1,791
General and administrative expenses	17,811	18,425
Other expenses	1,246	3,640
Ordinary profit	11,442	8,835
Extraordinary income	5	9
Extraordinary losses	1	2
Profit before income taxes	11,446	8,843
Income taxes - current	3,310	2,516
Income taxes-deferred	177	(72)
Total income taxes	3,487	2,443
Profit	7,958	6,399

2. Kagoshima Bank: Non-consolidated Interim Financial Statements

(1) Interim Balance Sheet

	(mil. yen)	
	As of March 31, 2020	As of September 30, 2020
Assets:		
Cash and due from banks	484,465	631,298
Monetary claims purchased	9,177	8,235
Trading account securities	831	836
Money held in trust	11,777	12,094
Securities	853,678	805,584
Loans	3,558,174	3,762,410
Foreign exchanges	7,481	6,358
Other assets	43,223	39,892
Property, plant and equipment	68,589	68,200
Intangible assets	3,466	3,457
Prepaid pension cost	8,388	7,932
Deferred tax assets	3,819	—
Customers' liabilities for acceptances and guarantees	25,434	24,429
Allowance for loan losses	(42,622)	(42,666)
Total assets	5,035,884	5,328,065
Liabilities:		
Deposits	3,987,859	4,207,619
Negotiable certificates of deposit	113,902	187,933
Call money	3,482	—
Payables under repurchase agreements	103,320	58,736
Payables under securities lending transactions	147,378	128,261
Borrowings from other banks	294,717	354,700
Foreign exchanges	63	67
Borrowed money from trust account	1,125	1,667
Other liabilities	36,261	29,540
Accrued corporation tax, etc.	1,380	1,145
Lease obligations	1,960	1,758
Asset retirement obligations	207	174
Other liabilities	32,712	26,461
Provision for retirement benefits	1,705	1,705
Provision for reimbursement of deposits	1,063	767
Provision for contingent losses	220	232
Deferred tax liabilities	—	311
Deferred tax liabilities for land revaluation	6,817	6,817
Acceptances and guarantees	25,434	24,429
Total liabilities	4,723,353	5,002,789

	(mil. yen)	
	As of March 31, 2020	As of September 30, 2020
Net assets:		
Share capital	18,130	18,130
Capital surplus	11,204	11,204
Legal capital surplus	11,204	11,204
Retained earnings	247,411	250,629
Legal retained earnings	18,130	18,130
Other retained earnings	229,280	232,498
Reserve for tax purpose reduction entry of non-current assets	577	577
Reserve for special account of advanced depreciation of non-current assets	11	11
General reserves	213,000	221,000
Retained earnings brought forward	15,691	10,909
Total shareholders' equity	<u>276,746</u>	<u>279,964</u>
Valuation difference on available-for-sale securities	34,162	40,656
Deferred gains or losses on hedges	(13,172)	(10,139)
Revaluation reserve for land	14,793	14,793
Total valuation and translation adjustments	<u>35,784</u>	<u>45,311</u>
Total net assets	<u>312,530</u>	<u>325,275</u>
Total liabilities and net assets	<u>5,035,884</u>	<u>5,328,065</u>

(2) Interim Statement of Income

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Ordinary income	32,019	33,301
Interest income	24,144	25,369
(interest on loans)	18,293	18,283
(interest and dividends on securities)	5,811	7,025
Trust fees	4	10
Fees and commissions	5,112	4,878
Other operating income	1,823	1,137
Other ordinary income	933	1,905
Ordinary expenses	23,634	26,741
Interest expenses	1,383	1,386
(interest on deposits)	218	170
Fees and commissions payments	2,213	2,406
Other operating expenses	233	297
General and administrative expenses	17,762	19,326
Other expenses	2,041	3,325
Ordinary profit	8,385	6,559
Extraordinary income	2	2
Extraordinary losses	111	17
Profit before income taxes	8,275	6,543
Income taxes - current	2,342	1,541
Income taxes-deferred	(106)	(4)
Total income taxes	2,235	1,536
Profit	6,040	5,007