



Summary of consolidated earnings for the fiscal year ended March 2021 [under Japanese GAAP]

May 13, 2021

Company name: Kyushu Financial Group, Inc. Stock exchange listings: Tokyo, Fukuoka
 Code number: 7180 URL: <http://www.kyushu-fg.co.jp/>
 Representative: President and Representative Director Yoshihisa Kasahara
 For inquiry: Executive Officer, General Manager of Corporate Planning Dept. Shinichi Yamakata Tel. 096-326-5588
 Date of general meeting of shareholders: June 18, 2021 Dividend payment date: June 1, 2021
 Filing date of securities report: June 18, 2021 Trading accounts: Established
 Supplemental information for financial statements : Available

Investor meeting presentation : Not scheduled (materials detailing consolidated earnings, to be posted on company website)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021

(1) Results of Operation

(% represents change from previous fiscal year.)

	Ordinary income		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%
Fiscal year ending March 2021	180,896	5.0	21,682	(19.7)	15,012	(17.7)
Fiscal year ended March 2020	172,140	1.0	27,033	(19.8)	18,261	(17.7)

Note: Comprehensive income Fiscal year ending March 2021 68,705million yen Fiscal year ended March 2020 (20,805)million yen

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profits to total assets	Ordinary profits to ordinary income
	yen	yen	%	%	%
Fiscal year ending March 2021	34.12	—	2.3	0.1	11.9
Fiscal year ended March 2020	40.70	—	2.8	0.2	15.7

(Reference) Income from investments in affiliates Fiscal year ending March 2021 —million yen Fiscal year ended March 2020 —million yen (equity method):

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	million yen	million yen	%	yen
Fiscal year ending March 2021	12,204,020	683,152	5.5	1,548.61
Fiscal year ended March 2020	11,079,796	619,754	5.5	1,404.71

(Reference) Shareholders' equity Fiscal year ending March 2021 681,254million yen Fiscal year ended March 2020 617,951million 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.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	million yen	million yen	million yen	million yen
Fiscal year ending March 2021	794,763	(3,590)	(5,322)	1,955,589
Fiscal year ended March 2020	195,306	(222,741)	(11,805)	1,169,723

2. Dividends

	Dividends per share					Total dividends	Payout ratio (consolidated)	Dividends on net assets ratio (consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Total			
	yen	yen	yen	yen	yen	million yen	%	%
Fiscal year ended March 2020	—	6.00	—	6.00	12.00	5,348	29.4	0.8
Fiscal year ending March 2021	—	6.00	—	6.00	12.00	5,278	35.1	0.8
Fiscal year ending March 2022 (forecast)	—	6.00	—	6.00	12.00		40.9	

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2022

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

	Ordinary income		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	yen
2Q (cumulative)	84,600	(5.7)	9,900	(23.8)	7,100	(23.0)	16.13
Full year	168,200	(7.0)	18,800	(13.2)	12,900	(14.0)	29.32

Notes:

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanied by changes in scope of consolidation) :None
- (2) Changes in accounting policies, accounting estimates and restatements
- (i) Changes in accounting policies due to revision of accounting standards :None
- (ii) Changes in accounting policies due to reasons other than (i) :None
- (iii) Changes in accounting estimates :None
- (iv) Restatements :None

(3) Number of common stocks outstanding

- (i) Number of stocks outstanding at end of period (including treasury stocks):
- (ii) Number of treasury stocks outstanding at end of period:
- (iii) Average number of stocks outstanding during period:

Fiscal year ending March 2021	463,375,978 shares	Fiscal year ended March 2020	463,375,978 shares
Fiscal year ending March 2021	23,464,730 shares	Fiscal year ended March 2020	23,464,212 shares
Fiscal year ending March 2021	439,911,548 shares	Fiscal year ended March 2020	448,630,718 shares

Reference: Summary of Non-consolidated Results

1. Non-consolidated Results for the Fiscal Year Ended March 31, 2021

(1) Non-consolidated Results of Operation (% represents change from previous fiscal year.)

	Operating revenue		Operating income		Ordinary profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ending March 2021	8,992	21.7	6,896	29.1	7,073	29.6	7,066	29.8
Fiscal year ended March 2020	7,386	2.7	5,340	0.9	5,454	3.2	5,440	3.9

	Earnings per share	Diluted earnings per share
	yen	yen
Fiscal year ending March 2021	16.06	—
Fiscal year ended March 2020	12.12	—

(2) Non-consolidated Financial Conditions

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	million yen	million yen	%	yen
Fiscal year ending March 2021	462,775	449,939	97.2	1,022.79
Fiscal year ended March 2020	459,129	448,151	97.6	1,018.73

(Reference) Shareholders' equity Fiscal year ending March 2021 449,939million yen Fiscal year ended March 2020 448,151million 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 consolidated earnings" is outside the scope of audit by certified public accountants or audit firms.

* Notes on proper use of forecasts, etc.

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 FY2020 Financial Results

1. Overview of Results of Operations and Financial Conditions

(1) Overview of Results of Operations

During the fiscal year under review, which ended March 31, 2021, the Japanese economy faced a tough situation as economic activities slowed down, affected by a rapid spread of COVID-19. In the April-June period, GDP dropped significantly by 29.3% from the previous three-month period in the annualized figure, as a state of emergency was issued across the nation from April to May. Thereafter, the economy showed some signs of recovery toward the year-end as measures to stimulate demand in tourism, restaurant and service industries gained traction. Toward the year end, the number of infected people increased and regions across the nation were hit by the third wave of infection, with the state of emergency announced once again. More recently, while the difficult situation remains, some signs of recovery are seen, although weakness is felt in some areas.

Under such economic environment, the Nikkei index, which hovered at low levels affected by COVID-19, recovered to above 30,000 for the first time in three decades and six months in February 2021, as investors took their cue from the global trend of rising stock markets in a positive reaction to economic measures and monetary easing steps taken by nations, as well as the start of vaccination. The yen, which was trading around the range between 105 yen and 109 yen to the dollar at the beginning of the fiscal year under review, rose above 102 yen to the dollar amid concerns for a fresh global spread of infections as the end of 2020 approached. The currency subsequently trended downward as long-term rates rose in the United States.

Our regional economy continued to face a tough situation overall, as did the rest of the country, affected by COVID-19 in the fiscal first half, with tourism- and consumer-related sectors slowing significantly. Consumer- and tourism-related sectors recovered in the fiscal second half, thanks in part to recovery in production activity and the “Go To” campaign, the government’s economic stimulus measure. Since the beginning of 2021, there have been areas remaining in tough situations, including the tourism-related sector, which slumped once again due to the impact from factors such as suspension of the Go To Travel campaign in response to a renewed spread of COVID-19. Still, signs of recovery are seen overall.

Under such financial-economic environment, in terms of business performance during the fiscal period under review, ordinary income increased 8,756 million yen from a year earlier to 180,896 million yen as other operating income increased driven by an increase in the number of subsidiaries and other ordinary income rose thanks to an increase in gain on sales of stocks and other securities.

On the other hand, ordinary expenses increased 14,106 million yen from a year earlier to 159,213 million yen, due mainly to an increase in other operating expenses, driven by an increase in the number of subsidiaries, and an increase in other ordinary expenses, pushed up by an increased provision of allowance for doubtful accounts.

As a result, ordinary profit decreased 5,350 million yen from a year earlier to 21,682 million yen.

Net income attributable to owners of parent decreased 3,248 million yen from a year earlier to 15,012 million yen.

Segment Situations

a. Banking

Ordinary income increased 4,710 million yen from a year earlier to 143,752 million yen, while segment profit decreased 12,106 million yen from a year earlier to 22,668 million yen.

b. Leasing

Ordinary income increased 4,748 million yen from a year earlier to 37,683 million yen, while segment profit increased 13 million yen from a year earlier to 1,363 million yen.

c. Other

Ordinary income increased 618 million yen from a year earlier to 9,979 million yen, while segment profit increased 578 million yen from a year earlier to 1,669 million yen.

(2) Overview of Financial Conditions

In terms of the financial position at the end of the fiscal year under review, total assets increased 1,124.2 billion yen from the end of the previous fiscal year to 12,204.0 billion yen, while net assets rose 63.3 billion yen from the end of the previous fiscal year to 683.1 billion yen, driven by such factors as increases in cash and due from banks and loans.

In terms of balances of key accounts at the end of the period, deposits increased 950.2 billion yen from the end of the previous fiscal year to 9,509.3 billion yen, driven by such factors as an increase in personal deposits, while negotiable certificates of deposit decreased 59.9 billion yen from the end of the previous fiscal year to 147.3 billion yen, due mainly to a decrease in corporate deposits.

Loans rose 393.4 billion yen from the end of the previous fiscal year to 7,580.3 billion yen due mainly to increases in those to public entities.

Securities decreased 21.4 billion yen from the end of the previous fiscal year to 2,195.5 billion yen due mainly to a decrease in foreign securities.

(3) Cash Flows

Cash flow situations and main factors in the period under review are as follows.

Cash flows from operating activities came to a positive 794,763 million yen, driven by such factors as increased deposits.

Cash flows from investing activities was a negative 3,590 million yen, due to factors including expenditures for purchasing securities.

Cash flows from financing activities was a negative 5,322 million yen, due to such factors as dividend payouts.

As a result of the above, cash and cash equivalents at the end of the period came to 1,955,589 million yen.

(4) Future Outlook

The Japanese economy, while still remaining in a tough situation affected by COVID-19, is on a recovery trend. On the other hand, our regional economy remains in an uncertain situation, affected by COVID-19, although it has moved sideways overall.

Under such circumstances, in terms of earnings forecast for the year ending March 2022, we expect, on the consolidated basis, ordinary income of 168.2 billion yen, ordinary profit of 18.8 billion yen and net income attributable to owners of parent of 12.9 billion yen.

In coming up with estimates for the year ending March 2022, we assumed the following figures for the end of March 2022 and used them as the basis for calculation:

- Overnight call rate: -0.050%
- Short-term prime rate: 1.975%
- Nikkei index: 29,000-31,000 yen

Although we calculated the above earnings estimates based on information available at the time, including the impact from the spread of the novel coronavirus, we may change them depending on a variety of potential factors, including expansion of impact of the novel coronavirus on our customers. When we make changes to earnings estimates, we will promptly release them.

2. Basic Views on Selection of Accounting Standards

As our mainstay banking business operates only in Japan, we use the Japanese GAAP, at least for the present.

At the same time, we will continue a study to determine whether we need to introduce the International Financial Reporting Standards, monitoring foreign ownership of our shares and taking into consideration domestic peers' moves to introducing the standards.

3. Consolidated Financial Statements and Important Notes

(1) Consolidated Balance Sheet

(mil. yen)

	As of March 31, 2020	As of March 31, 2021
Assets:		
Cash and due from banks	1,173,509	1,960,030
Call loans and bills bought	388	21,145
Monetary claims purchased	14,542	15,316
Trading assets	876	19
Money held in trust	18,746	16,761
Securities	2,216,941	2,195,537
Loans	7,186,901	7,580,359
Foreign exchanges	13,273	15,260
Lease receivables and investments in leases	67,150	65,395
Other assets	285,610	239,312
Property, plant and equipment	108,885	111,089
Buildings	34,365	45,134
Land	50,185	49,837
Construction in progress	12,925	4,718
Other tangible fixed assets	11,409	11,399
Intangible assets	11,011	10,726
Software	10,754	10,470
Other intangible fixed assets	256	255
Asset for retirement benefits	4,681	10,130
Deferred tax assets	9,301	941
Customers' liabilities for acceptances and guarantees	35,927	37,990
Allowance for loan losses	(67,950)	(75,997)
Total assets	11,079,796	12,204,020
Liabilities:		
Deposits	8,559,052	9,509,326
Negotiable certificates of deposit	207,269	147,356
Call money and bills sold	12,733	—
Payables under repurchase agreements	232,754	152,526
Payables under securities lending transactions	647,317	706,354
Trading liabilities	11	16
Borrowings from other banks	594,946	859,685
Foreign exchanges	82	193
Borrowed money from trust account	2,586	4,788
Other liabilities	158,278	83,120
Liability for retirement benefits	2,437	2,123
Provision for reimbursement of deposits	2,101	1,493
Provision for contingent losses	473	472
Reserves under special laws	0	0
Deferred tax liabilities	37	11,445
Deferred tax liabilities for land revaluation	4,028	3,971
Acceptances and guarantees	35,927	37,990
Total liabilities	10,460,041	11,520,867

(mil. yen)

	As of March 31, 2020	As of March 31, 2021
Net assets:		
Share capital	36,000	36,000
Capital surplus	199,636	199,636
Retained earnings	379,006	388,859
Treasury shares	(10,771)	(10,771)
Total shareholders' equity	603,871	613,723
Valuation difference on available-for-sale securities	74,783	65,194
Deferred gains or losses on hedges	(61,458)	(2,484)
Revaluation reserve for land	5,779	5,660
Cumulative remeasurements for retirement benefits	(5,024)	(840)
Total accumulated other comprehensive income	14,080	67,530
Non-controlling interests	1,803	1,898
Total net assets	619,754	683,152
Total liabilities and net assets	11,079,796	12,204,020

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

Consolidated Statement of Income

(mil. yen)

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Ordinary income	172,140	180,896
Interest income	98,654	96,832
Interest on loans	71,302	70,997
Interest and dividends on securities	26,941	25,318
Interest on call loans and bills bought	(32)	(16)
Interest on deposits	1	1
Other interest income	440	531
Trust fees	41	52
Fees and commissions	21,284	21,671
Trading income	474	440
Other operating income	45,947	51,617
Other ordinary income	5,737	10,281
Gains on loans written-off	21	6
Other ordinary income	5,716	10,275
Ordinary expenses	145,106	159,213
Interest expenses	11,834	9,147
Interest on deposits	749	576
Interest on negotiable certificates of deposit	38	29
Interest on call money and bills sold	50	303
Interest on payables under repurchase agreements	3,058	84
Interest on payables under securities lending transactions	4,451	1,164
Interest on borrowing	621	484
Other interest expenses	2,862	6,502
Fees and commissions payments	8,612	8,783
Trading expenses	—	0
Other operating expenses	34,227	41,275
General and administrative expenses	76,686	79,123
Other expenses	13,745	20,883
Provision of allowance for doubtful accounts	1,208	14,299
Other ordinary expenses	12,537	6,584
Ordinary profit	27,033	21,682
Extraordinary income	398	21
Gains on disposal of non-current assets	398	21
Extraordinary losses	620	304
Loss on disposal of non-current assets	501	62
Impairment losses	118	242
Other extraordinary losses	0	0
Net income before income taxes	26,810	21,399
Income taxes - current	10,177	9,823
Income taxes-deferred	(1,755)	(3,566)
Total income taxes	8,421	6,256
Profit	18,389	15,142
Net income attributable to non-controlling shareholders	127	129
Profit attributable to owners of parent	18,261	15,012

Consolidated Statement of Comprehensive Income

(mil. yen)

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Net income	18,389	15,142
Other comprehensive income	(39,194)	53,563
Valuation difference on available-for-sale securities	15,796	(9,595)
Deferred gains or losses on hedges	(53,542)	58,973
Remeasurements for retirement benefits	(1,449)	4,184
Comprehensive income	(20,805)	68,705
(components:)		
Comprehensive income attributable to owners of the parent	(20,933)	68,582
Comprehensive income attributable to non-controlling interests	127	123

(3) Consolidated Statement of Changes in Shareholders' Equity

For the fiscal year ended March 31, 2020

(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		1,273			1,273
Dividend of surplus			(5,418)		(5,418)
Profit attributable to owners of parent			18,261		18,261
Purchase of treasury shares				(5,500)	(5,500)
Reversal of revaluation reserve for land			75		75
Net changes in items other than shareholders' equity					
Total changes during the period	—	1,273	12,918	(5,500)	8,692
Balance as of the end of the period	36,000	199,636	379,006	(10,771)	603,871

	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							1,273
Dividend of surplus							(5,418)
Profit attributable to owners of parent							18,261
Purchase of treasury shares							(5,500)
Reversal of revaluation reserve for land							75
Net changes in items other than shareholders' equity	15,796	(53,542)	(75)	(1,449)	(39,269)	(1,985)	(41,254)
Total changes during the period	15,796	(53,542)	(75)	(1,449)	(39,269)	(1,985)	(32,562)
Balance as of the end of the period	74,783	(61,458)	5,779	(5,024)	14,080	1,803	619,754

For the fiscal year ended March 31, 2021

(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			(5,278)		(5,278)
Profit attributable to owners of parent			15,012		15,012
Purchase of treasury shares				0	0
Reversal of revaluation reserve for land			119		119
Net changes in items other than shareholders' equity					
Total changes during the period	—	—	9,853	0	9,852
Balance as of the end of the period	36,000	199,636	388,859	(10,771)	613,723

	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							(5,278)
Profit attributable to owners of parent							15,012
Purchase of treasury shares							0
Reversal of revaluation reserve for land							119
Net changes in items other than shareholders' equity	(9,589)	58,973	(119)	4,184	53,450	95	53,545
Total changes during the period	(9,589)	58,973	(119)	4,184	53,450	95	63,398
Balance as of the end of the period	65,194	(2,484)	5,660	(840)	67,530	1,898	683,152

(4) Consolidated Statement of Cash Flows

(mil. yen)

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Cash flows from operating activities		
Net income before income taxes	26,810	21,399
Depreciation expenses	7,421	8,102
Impairment losses	118	242
Amortization of goodwill	935	—
Increase/(decrease) in allowance for doubtful accounts	(374)	8,046
(Increase)/decrease in assets for retirement benefits	1,176	(5,449)
Increase/(decrease) in liability for retirement benefits	(406)	(313)
Increase/(decrease) in provision for losses on inactive-account reimbursement	(165)	(608)
Increase/(decrease) in provision for contingent losses	(10)	-1
Interest income	(98,654)	(96,832)
Interest expenses	11,834	9,147
Losses/(gains) on securities	93	(6,675)
Losses/(gains) on money held in trust	125	(12)
Foreign exchange losses/(gains)	(434)	(1,338)
Loss/(gain) on disposal of non-current assets	103	41
Net decrease/(increase) in trading assets	306	857
Net decrease/(increase) in loans and bills discounted	(333,762)	(393,458)
Net increase/(decrease) in deposits	244,222	950,274
Net increase/(decrease) in negotiable certificates of deposit	(45,457)	(59,912)
Net increase/(decrease) in borrowed money (excluding subordinated borrowings)	175,897	264,738
Decrease/(increase) in dues from banks (excluding dues from Bank of Japan)	(24)	(654)
Net decrease/(increase) in call loans	477	(21,531)
Net increase/(decrease) in call money	12,733	(12,733)
Net increase/(decrease) in payables under repurchase agreements	25,124	(80,228)
Net increase/(decrease) in payables under securities lending	167,970	59,036
Net decrease/(increase) in foreign exchanges - assets	(853)	(1,987)
Net increase/(decrease) in foreign exchanges - liabilities	(90)	111
Net decrease/(increase) in lease receivable and investments in lease	(4,405)	1,755
Net (increase)/decrease in collateral pledged for financial instruments, etc.	(79,779)	71,208
Net increase/(decrease) in due to trust accounts	2,586	2,202
Proceeds from fund management	101,516	99,919
Payments for finance	(10,648)	(9,830)
Other	3,521	(1,267)
Subtotal	207,910	804,245
Income taxes paid	(12,604)	(9,482)
Cash flows from operating activities	195,306	794,763

(mil. yen)

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Cash flows from investing activities		
Payments for purchase of securities	(1,676,373)	(626,561)
Proceeds from sale of securities	278,355	309,564
Proceeds from redemption of securities	1,196,256	321,750
Payments for increase in money held in trust	(8,450)	(15,796)
Proceeds from decrease in money held in trust	8,102	17,517
Payments for purchase of tangible fixed assets	(14,592)	(6,945)
Proceeds from sale of tangible fixed assets	524	166
Payments for purchase of intangible fixed assets	(5,163)	(3,285)
Payments for purchase of subsidiary shares that altered the scope of consolidation	(1,400)	—
Cash flows from investing activities	(222,741)	(3,590)
Cash flows from financing activities		
Payments for purchase of treasury stock	(5,500)	0
Dividends paid	(5,418)	(5,278)
Dividends paid to non-controlling shareholders	0	(43)
Payments for purchase of subsidiary shares that did not alter the scope of consolidation	(886)	—
Cash flows from financing activities	(11,805)	(5,322)
Effect of exchange rate changes on cash and cash equivalents	8	15
Net increase/(decrease) in cash and cash equivalents	(39,231)	785,865
Cash and cash equivalents at the beginning of the period	1,208,955	1,169,723
Cash and cash equivalents at the end of the period	1,169,723	1,955,589

(5) Notes on Assumptions of Going Concern

Not applicable.

(6) Notes on Consolidated Financial Statements

Business Segment Information

Business Segment Information

1. Overview of Reportable Segments

The reportable segments are Group constituents for which separate financial information is available and which are subject to the Company's regular reviews aimed at deciding allocation of management resources and assessing business performance.

The Group mainly provides banking service, as well as other financial services, including leasing service, and has reportable segments of "banking" and "leasing."

The banking segment operates deposit, lending, exchange and securities services, while the leasing segment operates leasing and lending services.

Note that the leasing service includes the leasing and lending segment of JR Kyushu FG Lease, Inc. which we purchased on October 2, 2019.

2. Method for Calculating Ordinary Income, Profits or Losses, Assets and Other Items of Each Reportable Segment

Profit figures for reportable segments are ordinary profit figures.

Internal ordinary income from intersegment transactions is based on transaction prices with third parties.

3. Information on Amounts of Ordinary Income, Profits or Losses, Assets and Other Items of Each Reportable Segment

For the fiscal year ended March 31, 2020

(mil. yen)

	Business segment					Other	Total	Adjustment	Amount booked on consolidated financial statements
	Banking			Leasing	Total				
	Higo Bank	Kagoshima Bank	Subtotal						
Ordinary income									
Ordinary income earned from external customers	74,098	63,327	137,426	31,184	168,610	5,324	173,935	(1,794)	172,140
Internal ordinary income from intersegment transactions	534	1,081	1,616	1,749	3,366	4,036	7,402	(7,402)	—
Total	74,633	64,408	139,042	32,934	171,976	9,360	181,337	(9,197)	172,140
Segment profit	18,559	16,216	34,775	1,349	36,125	1,090	37,215	(10,182)	27,033
Segment assets	6,018,601	5,027,719	11,046,321	105,593	11,151,915	31,696	11,183,611	(103,814)	11,079,796
Other items									
Depreciation expenses	3,833	2,970	6,803	118	6,921	333	7,255	165	7,421
Interest income	52,442	48,238	100,680	110	100,791	180	100,971	(2,317)	98,654
Interest expenses	8,507	3,381	11,889	280	12,169	40	12,210	(376)	11,834
Increase in tangible and intangible fixed assets	6,260	11,655	17,916	117	18,033	291	18,324	1,642	19,967

Note: 1. Ordinary income is reported instead of sales reported by nonfinancial companies.

2. The "Other" segment is a business segment not included in the reportable segments. These include a credit card service.

3. Adjustments include the following:

(i) Downward adjustment of 1,794 million yen in ordinary income earned from external customers includes a downward ordinary income adjustment of 1,865 million yen associated with the use of the purchase accounting method.

(ii) The downward adjustment of 10,182 million yen in segment profit includes a downward profit adjustment of 8,514 million yen associated with the use of the purchase accounting method and 935 million yen in the

amortization of goodwill.

(iii) Segment assets and interest expenses of the other items are mainly elimination of intersegment transactions.

(iv) Downward adjustment of 2,317 million yen in interest income, included in the other items, include a downward adjustment of 1,421 million yen in interest income associated with the use of the purchase accounting method.

(v) Adjustments in depreciation expenses and increase in tangible and intangible fixed assets, included in other items, include depreciation expenses not allocated to segments, and increases in tangible and intangible fixed assets.

4. Segment profit is adjusted with ordinary profit in the Consolidated Statement of Income.

For the fiscal year ended March 31, 2021

(mil. yen)

	Business segment					Other	Total	Adjustment	Amount booked on consolidated financial statements
	Banking			Leasing	Total				
	Higo Bank	Kagoshima Bank	Subtotal						
Ordinary income									
Ordinary income earned from external customers	72,843	68,333	141,176	36,094	177,271	5,928	183,199	(2,302)	180,896
Internal ordinary income from intersegment transactions	946	1,629	2,576	1,588	4,164	4,051	8,215	(8,215)	—
Total	73,789	69,963	143,752	37,683	181,435	9,979	191,415	(10,518)	180,896
Segment profit	12,253	10,414	22,668	1,363	24,032	1,669	25,701	(4,018)	21,682
Segment assets	6,618,074	5,547,434	12,165,508	106,391	12,271,900	35,616	12,307,516	(103,496)	12,204,020
Other items									
Depreciation expenses	3,925	3,500	7,425	103	7,529	370	7,899	202	8,102
Interest income	51,304	48,084	99,389	181	99,571	178	99,750	(2,917)	96,832
Interest expenses	6,708	2,480	9,189	283	9,472	35	9,508	(361)	9,147
Increase in tangible and intangible fixed assets	4,112	2,478	6,590	108	6,698	181	6,880	3,676	10,556

Note: 1. Ordinary income is reported instead of sales reported by nonfinancial companies.

2. The "Other" segment is a business segment not included in the reportable segments. These include a credit card service.

3. Adjustments include the following:

(i) Downward adjustment of 2,302 million yen in ordinary income earned from external customers includes a downward ordinary income adjustment of 2,410 million yen associated with the use of the purchase accounting method.

(ii) The downward adjustment of 4,018 million yen in segment profit includes a downward profit adjustment of 2,419 million yen associated with the use of the purchase accounting method, as well as elimination of intersegment transactions.

(iii) Segment assets and interest expenses of the other items are mainly elimination of intersegment transactions.

(iv) Downward adjustment of 2,917 million yen in interest income, included in the other items, includes a downward adjustment of 1,042 million yen in interest income associated with the use of the purchase accounting method, as well as elimination of intersegment transactions.

(v) Adjustments in depreciation expenses and increase in tangible and intangible fixed assets, included in other items, include depreciation expenses not allocated to segments, and increases in tangible and intangible fixed assets.

4. Segment profit is adjusted with ordinary profit in the Consolidated Statement of Income.

Per-Share Information

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Net assets per share	1,404.71 yen	1,548.61 yen
Earnings per share	40.70 yen	34.12 yen
Diluted earnings per share	—	—

Note: 1. Net assets per share are based on the following:

		As of March 31, 2020	As of March 31, 2021
Net assets per share			
Total net assets	million yen	619,754	683,152
Amount deducted from total net assets	million yen	1,803	1,898
including non-controlling interests of	million yen	(1,803)	(1,898)
Net assets related to common stock at the end of the period	million yen	617,951	681,254
Number of common stock outstanding at the end of the period, used to calculate net assets per share	(thousand shares)	439,911	439,911

2. Net income per share were calculated based on the following:

		For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Earnings per share			
Profit attributable to owners of parent	million yen	18,261	15,012
Profit attributable to owners of parent related to common shares	million yen	18,261	15,012
Average number of common stock outstanding during the period	(thousand shares)	448,630	439,911

3. Diluted net income per share is not reported as there are no latent shares.

Subsequent Events

Not applicable.

4. Non-consolidated Balance Sheet

(1) Balance Sheet

(mil. yen)

	As of March 31, 2020	As of March 31, 2021
Assets:		
Current assets		
Cash and deposits	1,296	1,299
Income taxes receivable	1,101	1,447
Consumption taxes receivable	222	—
Prepaid expenses	26	29
Other	34	11
Total current assets	2,680	2,788
Non-current assets		
Property, plant and equipment		
Buildings	3,228	3,098
Furniture and fixtures	134	103
Land	1,448	1,448
Lease assets	3	2
Construction in progress	1,024	4,665
Total property, plant and equipment	5,838	9,318
Intangible assets		
Software	94	89
Total intangible fixed assets	94	89
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	459,905
Deferred assets		
Development expenses	17	81
Total deferred assets	17	81
Total assets	459,129	462,775
Liabilities:		
Current liabilities		
Short-term borrowings	7,100	9,000
Amounts payable	0	0
Accrued expenses	11	12
Dividends payable	45	44
Accrued corporation tax, etc.	21	18
Accrued consumption tax, etc.	—	152
Deposits	0	0
Total current liabilities	7,179	9,228
Fixed liabilities		
Long-term borrowings	3,705	3,515
Lease obligations	3	3
Other	89	89
Total fixed liabilities	3,798	3,607
Total liabilities	10,977	12,836

(mil. yen)

	As of March 31, 2020	As of March 31, 2021
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	9,659
Total retained earnings	7,871	9,659
Treasury shares	(10,771)	(10,771)
Total shareholders' equity	448,151	449,939
Total net assets	448,151	449,939
Total liabilities and net assets	459,129	462,775

(2) Statement of Income

(mil. yen)

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Operating revenue		
Affiliate dividend income	5,418	7,078
Affiliate fees received	1,968	1,913
Total operating revenue	7,386	8,992
Operating expenses		
Selling, general and administrative expenses	2,045	2,096
Total operating expenses	2,045	2,096
Operating income	5,340	6,896
Non-operating revenues		
Interest income	0	0
Rent income	121	200
Miscellaneous income	18	18
Total non-operating revenues	139	219
Non-operating expenses		
Interest expenses	25	41
Miscellaneous losses	—	0
Total non-operating expenses	25	41
Ordinary profit	5,454	7,073
Net income before income taxes	5,454	7,073
Income taxes - current	13	6
Total income taxes	13	6
Profit	5,440	7,066

(3) Statement of Changes in Shareholders' Equity

For the fiscal year ended March 31, 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	7,848	7,848	(5,270)	453,629	453,629
Changes during the period									
Dividend of surplus					(5,418)	(5,418)		(5,418)	(5,418)
Profit					5,440	5,440		5,440	5,440
Purchase of treasury shares							(5,500)	(5,500)	(5,500)
Total changes during the period	—	—	—	—	22	22	(5,500)	(5,477)	(5,477)
Balance as of the end of the period	36,000	9,000	406,051	415,051	7,871	7,871	(10,771)	448,151	448,151

For the fiscal year ended March 31, 2021

(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					(5,278)	(5,278)		(5,278)	(5,278)
Profit					7,066	7,066		7,066	7,066
Purchase of treasury shares							0	0	0
Total changes during the period	—	—	—	—	1,787	1,787	0	1,787	1,787
Balance as of the end of the period	36,000	9,000	406,051	415,051	9,659	9,659	(10,771)	449,939	449,939

(4) Notes on Assumptions of Going Concern

Not applicable.

5. Executive Personnel Changes

(1) Representative Director

Not applicable.

(2) Other Executives

Personnel changes involving other executives are detailed in a news release dated February 26, 2021 entitled, "Personnel Changes in Executive Positions of the Company and Subsidiaries."

Briefing Material for FY2020 Financial Results

May 2021



九州フィナンシャルグループ

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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 FY2019 Financial Results

1. Profit and loss

[Consolidated KFG]

• **Gross income from business: 111,411 million yen**

Gross income from business decreased by 320 million yen year on year to 111,411 million yen as interest and dividend income increased but gains on government and other bonds decreased.

• **Ordinary profit: 21,682 million yen**

Ordinary profit decreased by 5,350 million yen year on year to 21,682 million yen as stock-related profit increased but gross income from business decreased and credit costs increased.

• **Net income attributable to owners of parent: 15,012 million yen**

As a result of the above, net income attributable to owners of parent decreased by 3,248 million yen from a year earlier to 15,012 million yen.

	(mil. yen)			Reference [Two banks combined]	
	FY2020	vs. FY2019	FY2019	FY2020	vs. FY2019
Ordinary income	180,896	8,756	172,140	143,761	4,719
Gross income from business	111,411	(320)	111,731	105,120	(425)
Interest and dividend income	87,688	864	86,823	90,203	1,408
Fees and commissions	12,939	225	12,713	10,946	(535)
Net trading income	440	(33)	474	32	4
Other net income from business	10,342	(1,377)	11,719	3,938	(1,302)
of which gain or loss on government and other bonds	2,907	(2,756)	5,664	2,893	(2,768)
Expenses (excluding non-recurring expenses)	77,700	1,846	75,854	72,514	2,414
Effective net business profits	33,710	(2,166)	35,877	32,606	(2,840)
Core net business profits	30,802	589	30,212	29,712	(72)
Core net business profits (excluding net gains/losses on investment trust cancellation)	31,288	1,318	29,969	30,049	507
(i) Provision for general allowance for loan losses	6,197	5,443	754	6,123	5,494
Net business profits	27,512	(7,610)	35,122	26,482	(8,335)
Non-recurring profit or loss	(5,829)	2,260	(8,089)	(3,813)	(3,771)
(ii) Disposal of non-performing loans	8,532	7,505	1,026	8,061	7,547
(iii) Other credit costs	(19)	12	(31)	(19)	8
Equity securities-related profit or loss	3,776	9,543	(5,766)	5,169	3,712
Other non-recurring profit or loss	(1,093)	234	(1,328)	(940)	72
Ordinary profit	21,682	(5,350)	27,033	22,668	(12,106)
Extraordinary profit or loss	(283)	(61)	(222)	(495)	125
Profit before income taxes	21,399	(5,411)	26,810	22,173	(11,981)
Total of corporate income taxes	6,256	(2,164)	8,421	6,029	(4,028)
Net income attributable to non-controlling shareholders	129	1	127	-	-
Net income attributable to owners of parent	15,012	(3,248)	18,261	16,143	(7,953)
Credit costs ((i) + (ii) + (iii))	14,711	12,962	1,748	14,165	13,050

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 income from business = net income from business + provision for general allowance for doubtful accounts

3. Net income from core business = net income from business + provision for general allowance for doubtful accounts - gain or loss on government and other bonds+B19

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)

	FY2020	vs. FY2019	FY2019
	Ordinary income	73,789	(844)
Gross income from business	52,218	(470)	52,688
Interest and dividend income	44,597	660	43,936
Fees and commissions	6,117	(214)	6,331
Net trading income	32	4	28
Other net income from business	1,471	(920)	2,391
of which gain or loss on government and other bonds	956	(2,243)	3,200
Expenses	36,232	695	35,536
Effective net income from business	15,986	(1,165)	17,151
Net income from core business	15,029	1,078	13,951
Net income from core business (excluding net gains/losses on investment trust cancellation)	15,057	1,080	13,977
(i) Provision for general allowance for doubtful accounts	1,905	1,818	87
Net business profits	14,081	(2,983)	17,064
Non-recurring profit or loss	(1,827)	(3,322)	1,494
(ii) Disposal of non-performing loans	3,270	3,020	249
(iii) Other credit costs	(19)	5	(24)
Equity securities-related profit or loss	1,746	(148)	1,894
Other non-recurring profit or loss	(322)	(147)	(174)
Ordinary profit	12,253	(6,305)	18,559
Extraordinary profit or loss	(192)	(259)	67
Net income before income taxes	12,061	(6,564)	18,626
Total of corporate income taxes	3,384	(2,381)	5,765
Net Income	8,677	(4,183)	12,860
Credit costs ((i) + (ii) + (iii))	5,156	4,844	312

Profit and loss: Kagoshima Bank [Non-consolidated]

(mil. yen)

	FY2020	vs. FY2019	FY2019
	Ordinary income	69,972	5,563
Gross income from business	52,902	44	52,857
Interest and dividend income	45,605	747	44,858
Fees and commissions	4,829	(320)	5,150
Other net income from business	2,466	(382)	2,849
of which gain or loss on government and other bonds	1,936	(524)	2,461
Expenses	36,282	1,719	34,562
Effective net income from business	16,619	(1,675)	18,294
Net income from core business	14,683	(1,150)	15,833
Net income from core business (excluding net gains/losses on investment trust cancellation)	14,992	(572)	15,565
(i) Provision for general allowance for doubtful accounts	4,218	3,676	542
Net business profits	12,401	(5,351)	17,752
Non-recurring profit or loss	(1,986)	(449)	(1,536)
(ii) Disposal of non-performing loans	4,790	4,526	264
(iii) Other credit costs	0	3	(3)
Equity securities-related profit or loss	3,422	3,860	(437)
Other non-recurring profit or loss	(618)	219	(837)
Ordinary profit	10,414	(5,801)	16,216
Extraordinary profit or loss	(303)	384	(688)
Net income before income taxes	10,111	(5,416)	15,527
Total of corporate income taxes	2,644	(1,646)	4,291
Net Income	7,466	(3,769)	11,236
Credit costs ((i) + (ii) + (iii))	9,009	8,206	802

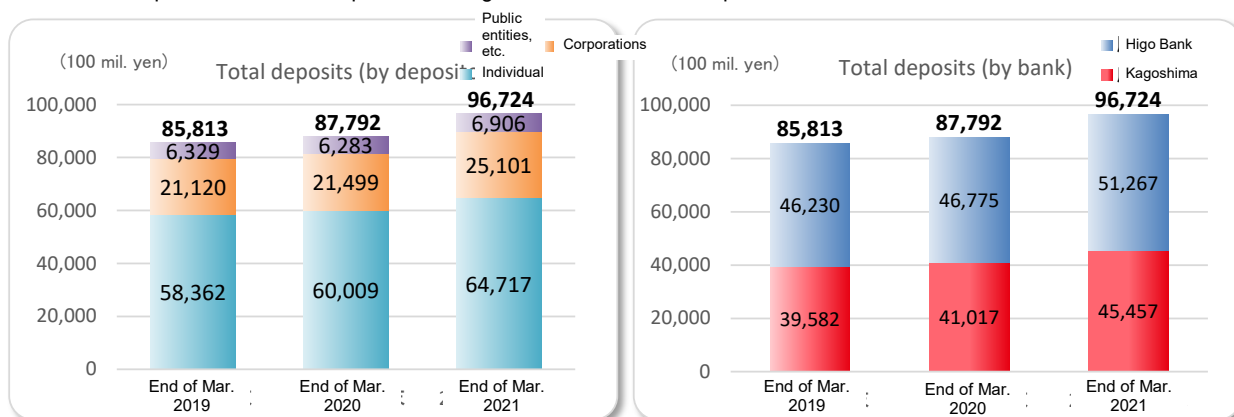
2. Total deposits and assets under management

Total deposits (end-of-term balance)

(100 mil. yen)

		End of Mar. 2021	vs. end of Mar. 2020	End of Mar. 2020	End of Sep. 2020
Two banks combined [Non-consolidated]	Total deposits	96,724	8,932	87,792	93,543
	Individuals	64,717	4,707	60,009	62,931
	Corporations	25,101	3,601	21,499	23,402
	Public entities, etc.	6,906	623	6,283	7,209
Higo Bank [Non-consolidated]	Total deposits	51,267	4,492	46,775	49,588
	Individuals	34,376	2,215	32,161	33,601
	Corporations	13,085	1,780	11,305	12,112
	Public entities, etc.	3,805	496	3,308	3,874
Kagoshima Bank [Non-consolidated]	Total deposits	45,457	4,439	41,017	43,955
	Individuals	30,340	2,491	27,848	29,329
	Corporations	12,015	1,821	10,194	11,290
	Public entities, etc.	3,101	126	2,974	3,335

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



Assets under management (end-of-term balance)

(100 mil. yen)

		End of Mar. 2021	vs. end of Mar. 2020	End of Mar. 2020	End of Sep. 2020
Group total	Assets under management	13,193	949	12,244	12,768
	Individuals	11,642	465	11,176	11,448
	Public bonds	559	100	459	529
	Investment trusts	1,024	64	960	1,030
	Personal annuities, etc.	10,057	300	9,757	9,888
	Kyushu FG Securities	1,434	491	942	1,201
Higo Bank [Non-consolidated]	Assets under management	5,966	321	5,644	5,829
	Individuals	5,870	327	5,543	5,733
	Public bonds	292	142	150	242
	Investment trusts	593	35	558	598
	Personal annuities, etc.	4,984	150	4,834	4,892
Kagoshima Bank [Non-consolidated]	Assets under management	5,793	136	5,656	5,737
	Individuals	5,771	137	5,633	5,715
	Public bonds	267	42	309	287
	Investment trusts	431	29	401	431
	Personal annuities, etc.	5,072	150	4,922	4,996

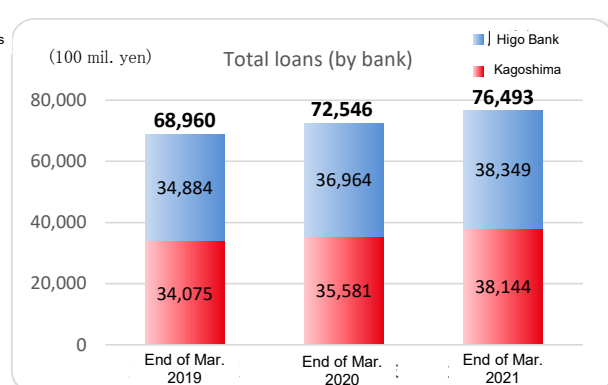
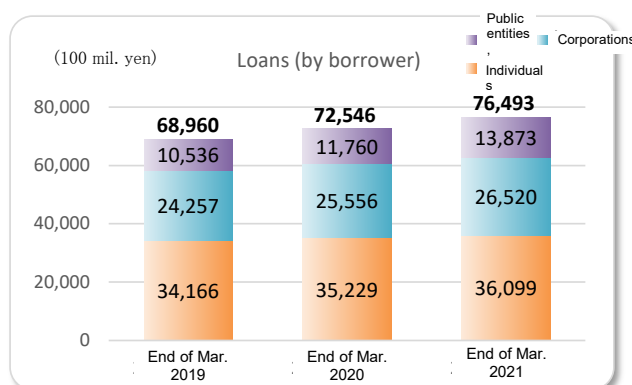
Note: Personal annuities, etc. is the cumulative total sales of annuities, whole life insurance, etc. policies.

3. Loans

Loans (end-of-term balance)

(100 mil. yen)

		End of Mar. 2021		End of Mar. 2020	End of Sep. 2020
			vs. end of Mar. 2020		
Two banks combined [Non-consolidated]	Loans	76,493	3,947	72,546	75,863
	Corporations	36,099	870	35,229	35,766
	Individuals	26,520	963	25,556	25,951
	Public sector	13,873	2,113	11,760	14,145
Higo Bank [Non-consolidated]	Loans	38,349	1,384	36,964	38,239
	Corporations	19,325	754	18,571	18,951
	Individuals	12,241	371	11,869	12,037
	Public sector	6,782	258	6,523	7,250
Kagoshima Bank [Non-consolidated]	Loans	38,144	2,562	35,581	37,624
	Corporations	16,773	115	16,657	16,815
	Individuals	14,279	591	13,687	13,913
	Public sector	7,091	1,854	5,236	6,895



4. Securities

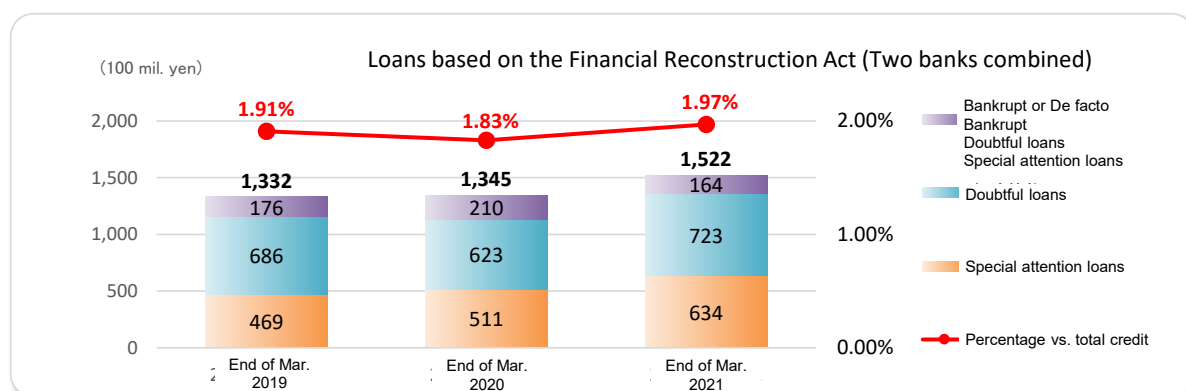
(100 mil. yen)

		End of Mar. 2021				End of Mar. 2020		End of Sep. 2020	
		Amount on balance sheet	vs. end of Mar. 2020	Net unrealized gains/loss	vs. end of Mar. 2020	Amount on balance sheet	Net unrealized gains/loss	Amount on balance sheet	Net unrealized gains/loss
KFG [Consolidated]	Available-for-sale securities	21,514	(264)	924	(138)	21,778	1,063	20,858	1,246
	Stocks	1,465	207	494	359	1,257	135	1,289	291
	Bonds	11,841	(85)	37	(121)	11,926	159	11,701	101
	Other	8,207	(386)	392	(376)	8,593	769	7,867	853
Higo Bank [Non-consolidated]	Available-for-sale securities	13,135	(166)	626	(178)	13,302	804	12,858	874
	Stocks	629	46	263	152	583	111	542	172
	Bonds	8,058	52	33	(111)	8,006	144	7,894	87
	Other	4,447	(265)	329	(219)	4,712	548	4,422	614
Kagoshima Bank [Non-consolidated]	Available-for-sale securities	8,355	(101)	499	10	8,456	489	7,977	582
	Stocks	818	158	402	189	660	213	730	293
	Bonds	3,782	(137)	16	(19)	3,920	36	3,807	30
	Other	3,754	(122)	80	(159)	3,876	239	3,439	257

5. Loans based on the Financial Reconstruction Act

(100 mil. yen)

		End of Mar. 2021	vs. end of Mar. 2020	End of Mar. 2020	End of Sep. 2020
Two banks combined [Non-consolidated]	Loans based on the Financial Reconstruction Act (A)	1,522	177	1,345	1,456
	Bankrupt or De facto Bankrupt	164	(46)	210	171
	Doubtful loans	723	100	623	671
	Special attention loans	634	123	511	613
	Normal loans	75,702	3,838	71,864	75,070
	Total credit (B)	77,225	4,016	73,209	76,527
	Ratio vs. total credit (A)/(B)	0	0	0	0
Higo Bank [Non-consolidated]	Loans based on the Financial Reconstruction Act (A)	620	62	558	627
	Bankrupt or De facto Bankrupt	91	(28)	120	97
	Doubtful loans	365	47	317	345
	Special attention loans	163	43	120	184
	Normal loans	38,074	1,364	36,710	37,921
	Total credit (B)	38,694	1,426	37,268	38,548
	Ratio vs. total credit (A)/(B)	0	0	0	0
Kagoshima Bank [Non-consolidated]	Loans based on the Financial Reconstruction Act (A)	902	115	786	829
	Bankrupt or De facto Bankrupt	72	(17)	90	74
	Doubtful loans	358	53	305	326
	Special attention loans	471	80	391	428
	Normal loans	37,628	2,474	35,154	37,149
	Total credit (B)	38,531	2,590	35,941	37,978
	Ratio vs. total credit (A)/(B)	0	0	0	0



6. Capital Adequacy Ratio

(100 mil. yen)

		End of Mar. 2021	vs. end of Mar. 2020	End of Mar. 2020	End of Sep. 2020
KFG [Consolidated]	(i) Capital adequacy ratio (ii)/(iii)	11.08%	0.19%	10.89%	11.11%
	(ii) Shareholders' equity (core capital)	6,235	160	6,075	6,168
	(iii) Risk assets, etc.	56,229	471	55,758	55,521
	(iv) Total required capital (iii) x 4%	2,249	18	2,230	2,220
Higo Bank [Non-consolidated]	(i) Capital adequacy ratio (ii)/(iii)	10.34%	0.03%	10.31%	10.55%
	(ii) Shareholders' equity (core capital)	2,881	61	2,820	2,883
	(iii) Risk assets, etc.	27,869	517	27,352	27,305
	(iv) Total required capital (iii) x 4%	1,114	20	1,094	1,092
Kagoshima Bank [Non-consolidated]	(i) Capital adequacy ratio (ii)/(iii)	10.60%	0.35%	10.25%	10.48%
	(ii) Shareholders' equity (core capital)	2,929	81	2,848	2,890
	(iii) Risk assets, etc.	27,619	(160)	27,780	27,573
	(iv) Total required capital (iii) x 4%	1,104	(6)	1,111	1,102

7. Performance forecasts

KFG (consolidated)

(1) FY2021 consolidated forecasts

	1H	Full year	(100 mil. yen) Full FY2020 (actual)
Ordinary income	846	1,682	1,808
Ordinary profit	99	188	216
Net income attributable to owners of parent	71	129	150

(2) Annual dividend forecast

	Interim	Year-end	Total
FY2021	6.00 yen	6.00 yen	12.00 yen

Reference

(1) [Two banks combined] [Non-consolidated] Mid-term earnings forecast

	FY1H2021			(100 mil. yen) FY1H2020 (actual)
	[Two banks combined]	Higo Bank (Non-consolidated)	Kagoshima Bank (Non-consolidated)	[Two banks combined]
Ordinary income	646	336	310	716
Ordinary profit	101	36	65	153
Net income	75	25	50	114
Credit costs	50	30	20	41

(2) [Two banks combined] [Non-consolidated] Full-year earnings forecast

	Full FY2021			(100 mil. yen) Full FY2020 (actual)
	[Two banks combined]	Higo Bank (Non-consolidated)	Kagoshima Bank (Non-consolidated)	[Two banks combined]
Ordinary income	1,298	683	615	1,437
Ordinary profit	191	86	105	226
Profit	136	61	75	161
Credit costs	120	60	60	141

II. Overview of FY2020 Financial Results

1. Profit and loss

[Consolidated KFG]

(mil. yen)

	FY2020		FY2019
		vs. FY2019	
Ordinary income	180,896	8,756	172,140
Gross income from business	111,411	(320)	111,731
Interest and dividend income	87,688	864	86,823
Fees and commissions	12,939	225	12,713
Net trading income	440	(33)	474
Other net income from business	10,342	(1,377)	11,719
of which gain or loss on government and other bonds	2,907	(2,756)	5,664
Gains on sale	10,216	206	10,010
Losses on sale	7,308	2,962	4,345
Gains on redemption	—	—	—
Losses on redemption	—	—	—
Write-down	—	—	—
Expenses (excluding non-recurring expenses)	77,700	1,846	75,854
Effective net income from business	33,710	(2,166)	35,877
Net income from core business	30,802	589	30,212
Core net business profits (excluding net gains/losses on investment trust cancellation)	31,288	1,318	29,969
(i) Provision for general allowance for loan losses	6,197	5,443	754
Net business profits	27,512	(7,610)	35,122
Non-recurring profit or loss	(5,829)	2,260	(8,089)
(ii) Disposal of non-performing loans	8,532	7,505	1,026
(iii) Gains on reversal of provision for contingent loss	12	2	10
(iv) Gains on loans written-off	6	(15)	21
Equity securities-related profit or loss	3,776	9,543	(5,766)
Gains on sale	8,462	4,345	4,116
Losses on sale	4,508	2,500	2,007
Write-down	176	(7,698)	7,875
Other non-recurring profit or loss	(1,093)	234	(1,328)
Ordinary profit	21,682	(5,350)	27,033
Extraordinary profit or loss	(283)	(61)	(222)
of which impairment losses	242	123	118
Profit before income taxes	21,399	(5,411)	26,810
Corporation, inhabitants and enterprise taxes	9,823	(353)	10,177
Income taxes-deferred	(3,566)	(1,810)	(1,755)
Net income attributable to non-controlling shareholders	129	1	127
Net income attributable to owners of parent	15,012	(3,248)	18,261
Credit costs ((i) + (ii) - (iii) - (iv))	14,711	12,962	1,748

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 income from business = net income from business + provision for general allowance for doubtful accounts

3. Net income from core business = net income from business + provision for general allowance for doubtful accounts - gain or loss on government and other bonds

Number of consolidated subsidiaries

(companies)

	End of FY2020		End of FY2019
		Change	
Number of consolidated subsidiaries	18	—	18

Profit and loss: Higo Bank [Non-consolidated]

(mil. yen)

	FY2020		FY2019
		vs. FY2019	
Ordinary income	73,789	(844)	74,633
Gross income from business	52,218	(470)	52,688
Interest and dividend income	44,597	660	43,936
Fees and commissions	6,117	(214)	6,331
Net trading income	32	4	28
Other net income from business	1,471	(920)	2,391
of which gain or loss on government and other bonds	956	(2,243)	3,200
Gains on sale	4,877	(2,472)	7,350
Losses on sale	3,920	(229)	4,149
Gains on redemption	—	—	—
Losses on redemption	—	—	—
Write-down	—	—	—
Expenses	36,232	695	35,536
Personnel expenses	17,807	765	17,041
Non-personnel expenses	16,028	(8)	16,037
Taxes	2,395	(61)	2,457
Effective net income from business	15,986	(1,165)	17,151
Net income from core business	15,029	1,078	13,951
Net income from core business (excluding net gains/losses on investment trust cancellation)	15,057	1,080	13,977
(i) Provision for general allowance for loan losses	1,905	1,818	87
Net business profits	14,081	(2,983)	17,064
Non-recurring profit or loss	(1,827)	(3,322)	1,494
(ii) Disposal of non-performing loans	3,270	3,020	249
(iii) Gains on reversal of reserve for contingent losses	12	5	6
(iv) Gains on loans written-off	6	(11)	17
Equity securities-related profit or loss	1,746	(148)	1,894
Gains on sale	5,085	2,042	3,043
Losses on sale	3,338	2,413	925
Write-down	0	(222)	223
Other non-recurring profit or loss	(322)	(147)	(174)
Ordinary profit	12,253	(6,305)	18,559
Extraordinary profit or loss	(192)	(259)	67
of which impairment losses	203	203	—
Net income before income taxes	12,061	(6,564)	18,626
Corporation, inhabitants and enterprise taxes	3,935	(692)	4,627
Income taxes-deferred	(551)	(1,689)	1,138
Net Income	8,677	(4,183)	12,860

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))	5,156	4,844	312
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Profit and loss: Kagoshima Bank [Non-consolidated]

(mil. yen)

	FY2020	vs. FY2019	FY2019
	Ordinary income	69,972	5,563
Gross income from business	52,902	44	52,857
Interest and dividend income	45,605	747	44,858
Fees and commissions	4,829	(320)	5,150
Net trading income	—	—	—
Other net income from business	2,466	(382)	2,849
of which gain or loss on government and other bonds	1,936	(524)	2,461
Gains on sale	5,324	2,667	2,657
Losses on sale	3,388	3,192	196
Gains on redemption	—	—	—
Losses on redemption	—	—	—
Write-down	—	—	—
Expenses	36,282	1,719	34,562
Personnel expenses	16,820	582	16,238
Non-personnel expenses	16,404	482	15,921
Taxes	3,057	654	2,403
Effective net income from business	16,619	(1,675)	18,294
Net income from core business	14,683	(1,150)	15,833
Net income from core business (excluding net gains/losses on investment trust cancellation)	14,992	(572)	15,565
(i) Provision for general allowance for loan losses	4,218	3,676	542
Net business profits	12,401	(5,351)	17,752
Non-recurring profit or loss	(1,986)	(449)	(1,536)
(ii) Disposal of non-performing loans	4,790	4,526	264
(iii) Gains on reversal of provision for contingent loss	—	(3)	3
(iv) Gains on loans written-off	0	0	0
Equity securities-related profit or loss	3,422	3,860	(437)
Gains on sale	4,667	3,158	1,509
Losses on sale	1,042	402	639
Write-down	202	(1,104)	1,307
Other non-recurring profit or loss	(618)	219	(837)
Ordinary profit	10,414	(5,801)	16,216
Extraordinary profit or loss	(303)	384	(688)
of which impairment losses	236	(312)	549
Net income before income taxes	10,111	(5,416)	15,527
Corporation, inhabitants and enterprise taxes	4,843	386	4,457
Income taxes-deferred	(2,198)	(2,032)	(165)
Net Income	7,466	(3,769)	11,236

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))	9,009	8,206	802
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2. Net business profits

(mil. yen)

	Two banks combined			Higo Bank (Non-consolidated)			Kagoshima Bank (Non-consolidated)		
	FY2020	vs. FY2019	FY2019	FY2020	vs. FY2019	FY2019	FY2020	vs. FY2019	FY2019
Effective net business profits	32,606	(2,840)	35,446	15,986	(1,165)	17,151	16,619	(1,675)	18,294
Per employee (thousand yen)	7,954	(705)	8,660	7,875	(561)	8,436	8,032	(848)	8,881
Net business profits	26,482	(8,335)	34,817	14,081	(2,983)	17,064	12,401	(5,351)	17,752
Per employee (thousand yen)	6,460	(2,045)	8,506	6,936	(1,457)	8,393	5,993	(2,624)	8,617

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)		
	FY2020	vs. FY2019	FY2019	FY2020	vs. FY2019	FY2019	FY2020	vs. FY2019	FY2019
(1) Investment yield (A)	1.01	(0.06)	1.07	0.98	(0.06)	1.04	1.04	(0.07)	1.11
(a) Yield on loans	0.94	(0.06)	1.00	0.90	(0.06)	0.96	0.98	(0.06)	1.04
(b) Yield on securities	1.37	(0.06)	1.43	1.31	(0.06)	1.37	1.46	(0.08)	1.54
(2) Cost of funds (B)	0.74	(0.08)	0.82	0.71	(0.09)	0.80	0.78	(0.08)	0.86
(a) Interest rate on deposits	0.00	(0.00)	0.00	0.00	(0.00)	0.00	0.00	(0.01)	0.01
(b) Interest rate on external liabilities	0.12	(0.57)	0.69	0.12	(0.57)	0.69	0.12	(0.58)	0.70
(3) Net interest margin (A)-(B)	0.27	0.02	0.25	0.27	0.03	0.24	0.26	0.01	0.25

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)		
	FY2020	vs. FY2019	FY2019	FY2020	vs. FY2019	FY2019	FY2020	vs. FY2019	FY2019
(1) Investment yield (A)	0.93	(0.04)	0.97	0.87	(0.02)	0.89	0.99	(0.06)	1.05
(a) Yield on loans	0.94	(0.04)	0.98	0.90	(0.03)	0.93	0.97	(0.06)	1.03
(b) Yield on securities	1.04	(0.05)	1.09	0.88	(0.04)	0.92	1.33	(0.04)	1.37
(2) Cost of funds (B)	0.71	(0.05)	0.76	0.66	(0.05)	0.71	0.77	(0.05)	0.82
(a) Interest rate on deposits	0.00	0.00	0.00	0.00	(0.00)	0.00	0.00	(0.00)	0.00
(b) Interest rate on external liabilities	0.00	(0.01)	0.01	0.01	(0.01)	0.02	(0.00)	0.00	(0.00)
(3) Net interest margin (A)-(B)	0.22	0.01	0.21	0.21	0.03	0.18	0.22	(0.01)	0.23

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 Mar. 2021	vs. end of Mar. 2020		End of Sep. 2020	End of Mar. 2020
		vs. end of Sep. 2020	vs. end of Mar. 2020		
(i) Capital adequacy ratio (iv)/(v)	11.08%	-0.03%	0.19%	11.11%	10.89%
(ii) Basic core capital	638,089	10,120	19,622	627,969	618,467
(iii) Adjustment core capital	14,517	3,445	3,594	11,071	10,923
(iv) Shareholders' equity (core capital) (ii) - (iii)	623,571	6,674	16,027	616,897	607,544
(v) Risk assets, etc.	5,622,990	70,857	47,105	5,552,132	5,575,885
(vi) Total required capital (v) x 4%	224,919	2,834	1,884	222,085	223,035

Higo Bank (Non-consolidated)

(mil. yen)

	End of Mar. 2021	vs. end of Mar. 2020		End of Sep. 2020	End of Mar. 2020
		vs. end of Sep. 2020	vs. end of Mar. 2020		
(i) Capital adequacy ratio (iv)/(v)	10.34%	-0.21%	0.03%	10.55%	10.31%
(ii) Basic core capital	296,098	364	6,667	295,734	289,430
(iii) Adjustment core capital	7,910	482	516	7,428	7,394
(iv) Shareholders' equity (core capital) (ii) - (iii)	288,187	(117)	6,151	288,305	282,036
(v) Risk assets, etc.	2,786,990	56,472	51,724	2,730,517	2,735,266
(vi) Total required capital (v) x 4%	111,479	2,258	2,068	109,220	109,410

Kagoshima Bank (Non-consolidated)

(mil. yen)

	End of Mar. 2021	vs. end of Mar. 2020		End of Sep. 2020	End of Mar. 2020
		vs. end of Sep. 2020	vs. end of Mar. 2020		
(i) Capital adequacy ratio (iv)/(v)	10.60%	0.12%	0.35%	10.48%	10.25%
(ii) Basic core capital	300,339	3,399	7,265	296,939	293,074
(iii) Adjustment core capital	7,382	(545)	(868)	7,927	8,251
(iv) Shareholders' equity (core capital) (ii) - (iii)	292,956	3,944	8,133	289,011	284,822
(v) Risk assets, etc.	2,761,968	4,665	(16,062)	2,757,303	2,778,030
(vi) Total required capital (v) x 4%	110,478	186	(642)	110,292	111,121

5. ROE

[Two banks combined]

(%)

	FY2020	vs. FY2019	
		vs. FY2019	FY2019
Net income basis	2.52	(1.34)	3.86

Note: ROE = $\frac{\text{Net Income}}{(\text{Net assets at beginning of period} + \text{net assets at end of period}) / 2} \times 100$

III. Loans

1. Risk-management loans

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

[Two banks combined]

(mil. yen)

		End of Mar. 2021	vs. end of Sep. 2020	vs. end of Mar. 2020	End of Sep. 2020	End of Mar. 2020
Risk-management loans	Loans to borrowers declared bankrupt	5,109	(962)	(2,477)	6,072	7,586
	Past due loans	81,381	5,417	7,925	75,964	73,455
	Loans in arrears by more than 3 months	11	(192)	(169)	203	180
	Restructured loans	63,474	2,356	12,497	61,117	50,977
	Total	149,976	6,619	17,776	143,357	132,200
Total loans (end-of-term balance)		7,649,337	62,980	394,720	7,586,357	7,254,617

(%)

Ratios vs. total loans	Loans to borrowers declared bankrupt	0.06	(0.02)	(0.04)	0.08	0.10
	Past due loans	1.06	0.06	0.05	1.00	1.01
	Loans in arrears by more than 3 months	0.00	—	—	0.00	0.00
	Restructured loans	0.82	0.02	0.12	0.80	0.70
	Total	1.96	0.08	0.14	1.88	1.82

Higo Bank (Non-consolidated)

(mil. yen)

		End of Mar. 2021	vs. end of Sep. 2020	vs. end of Mar. 2020	End of Sep. 2020	End of Mar. 2020
Risk-management loans	Loans to borrowers declared bankrupt	2,648	(1,159)	(2,016)	3,807	4,665
	Past due loans	42,886	2,581	3,920	40,305	38,965
	Loans in arrears by more than 3 months	—	(203)	(180)	203	180
	Restructured loans	16,379	(1,895)	4,508	18,275	11,871
	Total	61,914	(677)	6,231	62,591	55,683
Total loans (end-of-term balance)		3,834,901	10,953	138,457	3,823,947	3,696,443

(%)

Ratios vs. total loans	Loans to borrowers declared bankrupt	0.07	(0.03)	(0.06)	0.10	0.13
	Past due loans	1.12	0.06	0.06	1.05	1.05
	Loans in arrears by more than 3 months	—	(0.01)	(0.00)	0.01	0.00
	Restructured loans	0.43	(0.05)	0.11	0.48	0.32
	Total	1.61	(0.02)	0.11	1.64	1.51

Kagoshima Bank (Non-consolidated)

(mil. yen)

		End of Mar. 2021	vs. end of Sep. 2020	vs. end of Mar. 2020	End of Sep. 2020	End of Mar. 2020
Risk-management loans	Loans to borrowers declared bankrupt	2,461	197	(460)	2,264	2,921
	Past due loans	38,494	2,836	4,005	35,658	34,489
	Loans in arrears by more than 3 months	11	11	11	—	—
	Restructured loans	47,094	4,252	7,989	42,842	39,105
	Total	88,061	7,296	11,545	80,765	76,516
Total loans (end-of-term balance)		3,814,436	52,026	256,262	3,762,410	3,558,174

(%)

Ratios vs. total loans	Loans to borrowers declared bankrupt	0.06	—	(0.02)	0.06	0.08
	Past due loans	1.00	0.06	0.04	0.94	0.96
	Loans in arrears by more than 3 months	0.00	0.00	0.00	—	—
	Restructured loans	1.23	0.10	0.14	1.13	1.09
	Total	2.30	0.16	0.15	2.14	2.15

2. Allowance for doubtful accounts

[Two banks combined]

(mil. yen)

	End of			End of	End of
	Mar. 2021	vs. end of Sep. 2020	vs. end of Mar. 2020		
Allowance for loan losses	72,745	7,526	8,104	65,219	64,641
General allowance for loan losses	24,710	3,740	6,123	20,970	18,586
Specific allowance for loan losses	48,035	3,786	1,980	44,248	46,054

Higo Bank (Non-consolidated)

(mil. yen)

	End of			End of	End of
	Mar. 2021	vs. end of Sep. 2020	vs. end of Mar. 2020		
Allowance for loan losses	23,927	1,374	1,908	22,553	22,018
General allowance for loan losses	6,505	157	1,905	6,347	4,600
Specific allowance for loan losses	17,422	1,217	3	16,205	17,418

Kagoshima Bank (Non-consolidated)

(mil. yen)

	End of			End of	End of
	Mar. 2021	vs. end of Sep. 2020	vs. end of Mar. 2020		
Allowance for loan losses	48,818	6,152	6,195	42,666	42,622
General allowance for loan losses	18,205	3,582	4,218	14,622	13,986
Specific allowance for loan losses	30,612	2,569	1,977	28,043	28,635

3. Coverage ratio for risk-management loans

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

[Two banks combined]

(%)

	End of			End of	End of
	Mar. 2021	vs. end of Sep. 2020	vs. end of Mar. 2020		
Coverage ratio	48.50	3.01	(0.39)	45.49	48.89

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

Higo Bank (Non-consolidated)

(%)

	End of			End of	End of
	Mar. 2021	vs. end of Sep. 2020	vs. end of Mar. 2020		
Coverage ratio	38.64	2.61	(0.90)	36.03	39.54

Kagoshima Bank (Non-consolidated)

(%)

	End of			End of	End of
	Mar. 2021	vs. end of Sep. 2020	vs. end of Mar. 2020		
Coverage ratio	55.43	2.61	(0.27)	52.82	55.70

4. Loans based on the Financial Reconstruction Act

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

[Two banks combined]

(mil. yen)

	End of			End of	End of
	Mar. 2021	vs. end of Sep. 2020	vs. end of Mar. 2020	Sep. 2020	Mar. 2020
Loans based on the Financial Reconstruction Act (A)	152,297	6,655	17,774	145,641	134,522
Bankrupt or De facto Bankrupt	16,421	(730)	(4,616)	17,152	21,038
Doubtful loans	72,390	5,221	10,063	67,168	62,326
Special attention loans	63,485	2,164	12,327	61,321	51,157
Normal loans	7,570,294	63,197	383,852	7,507,097	7,186,442
Total credit (B)	7,722,592	69,853	401,627	7,652,739	7,320,964
Ratio vs. total credit (A)/(B)	1.97%	0.07%	0.14%	1.90%	1.83%
Coverage amount (C)	124,854	9,274	16,091	115,579	108,762
Allowance for loan losses	64,692	6,827	6,526	57,865	58,166
Reserve for specific debtors	60,161	2,446	9,565	57,714	50,595
Coverage ratio (C) / (A)	81.98%	2.63%	1.13%	79.35%	80.85%

Higo Bank (Non-consolidated)

(mil. yen)

	End of			End of	End of
	Mar. 2021	vs. end of Sep. 2020	vs. end of Mar. 2020	Sep. 2020	Mar. 2020
Loans based on the Financial Reconstruction Act (A)	62,040	(685)	6,204	62,725	55,835
Bankrupt or De facto Bankrupt	9,135	(603)	(2,867)	9,739	12,003
Doubtful loans	36,524	2,017	4,744	34,506	31,779
Special attention loans	16,379	(2,098)	4,327	18,478	12,052
Normal loans	3,807,443	15,275	136,421	3,792,167	3,671,022
Total credit (B)	3,869,483	14,590	142,625	3,854,893	3,726,857
Ratio vs. total credit (A)/(B)	1.60%	-0.03%	0.10%	1.63%	1.50%
Coverage amount (C)	49,564	1,315	4,088	48,249	45,476
Allowance for loan losses	19,881	979	781	18,902	19,099
Reserve for specific debtors	29,683	336	3,307	29,347	26,376
Coverage ratio (C) / (A)	79.89%	2.97%	-1.56%	76.92%	81.45%

Kagoshima Bank (Non-consolidated)

(mil. yen)

	End of			End of	End of
	Mar. 2021	vs. end of Sep. 2020	vs. end of Mar. 2020	Sep. 2020	Mar. 2020
Loans based on the Financial Reconstruction Act (A)	90,257	7,341	11,569	82,916	78,687
Bankrupt or De facto Bankrupt	7,285	(126)	(1,749)	7,412	9,034
Doubtful loans	35,866	3,204	5,318	32,661	30,547
Special attention loans	47,105	4,263	8,000	42,842	39,105
Normal loans	3,762,851	47,921	247,431	3,714,930	3,515,419
Total credit (B)	3,853,108	55,262	259,001	3,797,846	3,594,107
Ratio vs. total credit (A)/(B)	2.34%	0.16%	0.16%	2.18%	2.18%
Coverage amount (C)	75,289	7,959	12,003	67,329	63,285
Allowance for loan losses	44,811	5,848	5,745	38,963	39,066
Reserve for specific debtors	30,477	2,110	6,258	28,366	24,219
Coverage ratio (C) / (A)	83.41%	2.21%	2.99%	81.20%	80.42%

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	Classification				Classification	Credit balance	Amount covered by collateral/guarantee	Coverage amount	Coverage ratio (%)	Classification	Balance
		Category I	Category II	Category III	Category IV							
Bankrupt	51	34	17	—	—	Bankrupt or De facto Bankrupt	164	64	99	100.0	Loans to borrowers declared bankrupt	51
	(25)											
De facto bankrupt	112	75	37	—	—	Doubtful loans	723	313	379	95.7	Past due loans	813
	(21)											
In danger of bankruptcy	723	539	153	31		Special attention loans	634	223	167	61.6	Loans in arrears by more than 3 months	0
	100										Restructured loans	634
Need attention	Special attention	717	70	647		Subtotal	1,522	601	646	81.9	Total	1,499
		146				Normal loans						
	"Needs attention" excluding "special attention"	4,516	1,099	3,417								
	1,293											
Normal (including local governments)	71,116	71,116										
	2,517											
Total	77,238	72,935	4,272	31	—	Total	77,225					
	4,012											

Ratio of loans based on the Financial Reconstruction Act

1.97%

Ratio of risk-management loans

1.96%

Definitions of borrower classification

Bankrupt	Legally and formally bankrupt
De facto bankrupt	Be 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)

Self-assessment results (by borrower classification)					
Scope: Credit-related claims including loans					
*After write-downs and allowances					
Classification	Credit balance vs. end of Mar. 2020	Classification			
		Category I	Category II	Category III	Category IV
Bankrupt	26	20	6	—	—
	(20)				
De facto bankrupt	64	42	22	—	—
	(8)				
In danger of bankruptcy	365	248	86	30	
	47				
Need attention	Special attention				
	189	40	148		
	50				
"Needs attention" excluding "special attention"	2,087	600	1,487		
	919				
Normal (including local governments)	35,974	35,974			
	433				
Total	38,707	36,926	1,750	30	—
	1,422				

(100 mil. yen)

Loans based on the Financial Reconstruction Act			
Scope: Substandard loans include loans only			
The remainder is credit-related claims including loans			
Classification	Credit balance	Amount covered by collateral/ guarantee	Coverage amount (%) Coverage ratio
Doubtful loans	365	217	117
Special attention loans	163	45	24
Subtotal	620	296	198
Normal loans	38,074		
Total	38,694		

(100 mil. yen)

Risk-management loans	
Scope: Loans	
Classification	Balance
Loans to borrowers declared bankrupt	26
Past due loans	428
Loans in arrears by more than 3 months	—
Restructured loans	163
Total	619

Ratio of loans based on the Financial Reconstruction Act to total credit: 1.60%

Ratio of risk-management loans to total credit: 1.61%

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	Classification				Classification	Credit balance	Amount covered by collateral/ guarantee	Coverage amount	Coverage ratio (%)	Classification	Balance	
		Category I	Category II	Category III	Category IV								
Bankrupt	24	13	10	—	—	Bankrupt or De facto Bankrupt	72	29	42	100.0	Loans to borrowers declared bankrupt	24	
	(4)												
De facto bankrupt	48	33	14	—	—	Doubtful loans	358	96	262	99.9	Past due loans	384	
	(12)												
In danger of bankruptcy	358	291	67	0		Special attention loans	471	178	143	68.2	Loans in arrears by more than 3 months	0	
	53												
Need attention	Special attention	29	498			Subtotal	902	304	448	83.4	Restructured loans	470	
	527												
"Needs attention" excluding "special attention"	96	498	1,930			Normal loans	37,628			Ratio of loans based on the Financial Reconstruction Act to total credit	2.34%	Ratio of risk-management loans to total credit	2.30%
	2,429												
Normal (including local governments)	35,142	35,142				Total	38,531						
	2,083												
Total	38,531	36,009	2,521	0	—								
	2,590												

6. Loan by industry

Loan by industry

[Two banks combined]

(mil. yen)

	End of Mar.			End of Sep.	End of Mar.
	2021	vs. end of Sep. 2020	vs. end of Mar. 2020	2020	2020
Domestic branches (excluding special international financial transactions account)	7,649,337	62,980	394,720	7,586,357	7,254,617
Manufacturing	442,009	(2,801)	(4,956)	444,811	446,966
Agriculture and forestry	89,311	3,037	3,181	86,273	86,130
Fishery	18,237	(516)	(1,846)	18,753	20,083
Mining and quarrying of stone and gravel	6,263	(219)	(385)	6,483	6,649
Construction	192,393	9,987	17,586	182,406	174,806
Electricity, Gas, Heat supply and Water	201,952	1,532	(266)	200,419	202,219
Information and communications	53,409	260	881	53,149	52,527
Transport and postal activities	175,854	(6,772)	(477)	182,627	176,331
Wholesale and Retail trade	620,581	(12,263)	(5,847)	632,844	626,428
Finance and Insurance	274,975	15,544	9,690	259,430	265,285
Real estate and Goods rental and leasing	1,023,151	19,010	19,165	1,004,140	1,003,985
Services	826,181	5,403	47,910	820,778	778,270
National and local government	1,387,341	(27,230)	211,318	1,414,572	1,176,023
Other	2,337,675	58,008	98,764	2,279,666	2,238,910

Higo Bank (Non-consolidated)

(mil. yen)

	End of Mar.			End of Sep.	End of Mar.
	2021	vs. end of Sep. 2020	vs. end of Mar. 2020	2020	2020
Domestic branches (excluding special international financial transactions account)	3,834,901	10,953	138,457	3,823,947	3,696,443
Manufacturing	246,901	(969)	(1,219)	247,871	248,121
Agriculture and forestry	29,872	(228)	2,839	30,100	27,033
Fishery	4,583	(1,056)	(989)	5,639	5,572
Mining and quarrying of stone and gravel	2,861	(255)	(322)	3,117	3,184
Construction	103,180	5,502	11,962	97,678	91,217
Electricity, Gas, Heat supply and Water	92,352	3,157	2,574	89,194	89,778
Information and communications	38,078	1,040	907	37,038	37,170
Transport and postal activities	94,702	(1,855)	7,875	96,558	86,826
Wholesale and Retail trade	339,560	(6,903)	(13,087)	346,463	352,647
Finance and Insurance	201,162	16,414	12,564	184,747	188,598
Real estate and Goods rental and leasing	655,624	18,546	18,904	637,077	636,719
Services	349,179	4,802	33,536	344,377	315,642
National and local government	678,204	(46,865)	25,839	725,070	652,365
Other	998,638	19,625	37,071	979,012	961,566

Kagoshima Bank (Non-consolidated)

(mil. yen)

	End of Mar.			End of Sep.	End of Mar.
	2021	vs. end of Sep. 2020	vs. end of Mar. 2020	2020	2020
Domestic branches (excluding special international financial transactions account)	3,814,436	52,026	256,262	3,762,410	3,558,174
Manufacturing	195,108	(1,832)	(3,737)	196,940	198,845
Agriculture and forestry	59,439	3,266	342	56,173	59,097
Fishery	13,654	540	(857)	13,114	14,511
Mining and quarrying of stone and gravel	3,402	36	(63)	3,366	3,465
Construction	89,213	4,485	5,624	84,728	83,589
Electricity, Gas, Heat supply and Water	109,600	(1,625)	(2,841)	111,225	112,441
Information and communications	15,331	(780)	(26)	16,111	15,357
Transport and postal activities	81,152	(4,917)	(8,353)	86,069	89,505
Wholesale and Retail trade	281,021	(5,360)	7,240	286,381	273,781
Finance and Insurance	73,813	(870)	(2,874)	74,683	76,687
Real estate and Goods rental and leasing	367,527	464	261	367,063	367,266
Services	477,002	601	14,374	476,401	462,628
National and local government	709,137	19,635	185,479	689,502	523,658
Other	1,339,037	38,383	61,693	1,300,654	1,277,344

Risk-management loans by industry

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

[Two banks combined]

(mil. yen)

	End of Mar.			End of Sep.	End of Mar.
	2021	vs. end of Sep. 2020	vs. end of Mar. 2020	2020	2020
Domestic branches (excluding special international financial transactions account)	149,976	6,619	17,776	143,357	132,200
Manufacturing	13,776	778	1,344	12,998	12,432
Agriculture and forestry	2,356	833	1,110	1,522	1,245
Fishery	2,117	(1,032)	(1,052)	3,150	3,169
Mining and quarrying of stone and gravel	59	0	19	59	40
Construction	7,156	(376)	(363)	7,532	7,520
Electricity, Gas, Heat supply and Water	18	0	(3)	18	21
Information and communications	396	(28)	(2)	424	399
Transport and postal activities	6,118	1,099	1,700	5,018	4,417
Wholesale and Retail trade	40,049	1,161	2,420	38,888	37,629
Finance and Insurance	2,144	(78)	(289)	2,223	2,433
Real estate and Goods rental and leasing	11,192	1,301	1,503	9,890	9,688
Services	54,353	2,882	10,951	51,470	43,401
National and local government	—	—	—	—	—
Other	10,238	79	438	10,159	9,800

Higo Bank (Non-consolidated)

(mil. yen)

	End of Mar.			End of Sep.	End of Mar.
	2021	vs. end of Sep. 2020	vs. end of Mar. 2020	2020	2020
Domestic branches (excluding special international financial transactions account)	61,914	(677)	6,231	62,591	55,683
Manufacturing	8,361	(56)	(116)	8,418	8,477
Agriculture and forestry	887	(101)	179	989	708
Fishery	742	(1,217)	(957)	1,959	1,699
Mining and quarrying of stone and gravel	44	2	22	41	21
Construction	2,879	(224)	251	3,104	2,628
Electricity, Gas, Heat supply and Water	13	(0)	(1)	13	14
Information and communications	366	(28)	(6)	394	372
Transport and postal activities	2,814	(30)	1,706	2,844	1,108
Wholesale and Retail trade	11,624	693	1,427	10,931	10,196
Finance and Insurance	2,144	(78)	(288)	2,222	2,432
Real estate and Goods rental and leasing	5,609	477	278	5,131	5,331
Services	20,386	(0)	3,734	20,387	16,652
National and local government	—	—	—	—	—
Other	6,040	(111)	(0)	6,151	6,040

Kagoshima Bank (Non-consolidated)

(mil. yen)

	End of Mar.			End of Sep.	End of Mar.
	2021	vs. end of Sep. 2020	vs. end of Mar. 2020	2020	2020
Domestic branches (excluding special international financial transactions account)	88,061	7,296	11,545	80,765	76,516
Manufacturing	5,414	834	1,460	4,580	3,954
Agriculture and forestry	1,468	935	930	532	537
Fishery	1,375	185	(94)	1,190	1,470
Mining and quarrying of stone and gravel	15	(1)	(3)	17	19
Construction	4,276	(152)	(615)	4,428	4,891
Electricity, Gas, Heat supply and Water	5	—	(1)	5	6
Information and communications	29	0	3	29	26
Transport and postal activities	3,303	1,129	(5)	2,173	3,309
Wholesale and Retail trade	28,425	467	992	27,957	27,432
Finance and Insurance	—	(0)	(1)	0	1
Real estate and Goods rental and leasing	5,582	823	1,225	4,758	4,357
Services	33,966	2,883	7,217	31,082	26,749
National and local government	—	—	—	—	—
Other	4,198	191	438	4,007	3,759

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 Mar.			End of Sep. 2020	End of Mar. 2020
	2021	vs. end of Sep. 2020	vs. end of Mar. 2020		
Domestic branches (excluding special international financial transactions account)	152,297	6,655	17,774	145,641	134,522
Manufacturing	13,877	825	1,384	13,052	12,493
Agriculture and forestry	2,390	840	1,119	1,550	1,270
Fishery	2,117	(1,033)	(1,053)	3,150	3,170
Mining and quarrying of stone and gravel	59	0	19	59	40
Construction	7,136	(397)	(385)	7,534	7,522
Electricity, Gas, Heat supply and Water	18	0	(3)	18	21
Information and communications	394	(30)	(4)	424	399
Transport and postal activities	6,118	1,099	1,692	5,018	4,426
Wholesale and Retail trade	40,559	1,144	2,398	39,414	38,161
Finance and Insurance	2,199	(84)	(290)	2,283	2,489
Real estate and Goods rental and leasing	11,293	1,399	1,603	9,893	9,689
Services	55,952	2,876	10,919	53,076	45,032
National and local government	—	—	—	—	—
Other	10,180	15	375	10,164	9,805

Higo Bank (Non-consolidated)

(mil. yen)

	End of Mar.			End of Sep. 2020	End of Mar. 2020
	2021	vs. end of Sep. 2020	vs. end of Mar. 2020		
Domestic branches (excluding special international financial transactions account)	62,040	(685)	6,204	62,725	55,835
Manufacturing	8,373	(78)	(143)	8,451	8,517
Agriculture and forestry	891	(101)	180	992	710
Fishery	742	(1,217)	(957)	1,959	1,699
Mining and quarrying of stone and gravel	44	2	22	41	21
Construction	2,860	(244)	231	3,105	2,629
Electricity, Gas, Heat supply and Water	13	(0)	(1)	13	14
Information and communications	364	(30)	(8)	394	372
Transport and postal activities	2,814	(30)	1,706	2,844	1,108
Wholesale and Retail trade	11,629	684	1,405	10,945	10,223
Finance and Insurance	2,199	(83)	(289)	2,282	2,488
Real estate and Goods rental and leasing	5,709	576	378	5,133	5,331
Services	20,416	13	3,740	20,403	16,676
National and local government	—	—	—	—	—
Other	5,980	(174)	(61)	6,155	6,042

Kagoshima Bank (Non-consolidated)

(mil. yen)

	End of Mar.			End of Sep. 2020	End of Mar. 2020
	2021	vs. end of Sep. 2020	vs. end of Mar. 2020		
Domestic branches (excluding special international financial transactions account)	90,257	7,341	11,569	82,916	78,687
Manufacturing	5,504	903	1,527	4,600	3,976
Agriculture and forestry	1,499	941	938	557	560
Fishery	1,375	184	(96)	1,190	1,471
Mining and quarrying of stone and gravel	15	(1)	(3)	17	19
Construction	4,276	(152)	(616)	4,428	4,892
Electricity, Gas, Heat supply and Water	5	—	(1)	5	6
Information and communications	29	0	3	29	26
Transport and postal activities	3,303	1,129	(14)	2,173	3,317
Wholesale and Retail trade	28,929	460	992	28,469	27,937
Finance and Insurance	—	(0)	(1)	0	1
Real estate and Goods rental and leasing	5,583	823	1,225	4,760	4,358
Services	35,535	2,863	7,178	32,672	28,356
National and local government	—	—	—	—	—
Other	4,199	190	436	4,009	3,762

Personal loan balance

[Two banks combined]

(mil. yen)

	End of Mar. 2021			End of Sep. 2020	End of Mar. 2020
		vs. end of Sep. 2020	vs. end of Mar. 2020		
Personal loan balance	2,412,087	57,109	97,718	2,354,977	2,314,369
Housing loans balance	2,301,577	57,427	100,143	2,244,149	2,201,433
Balance of other loans	110,509	318	2,425	110,827	112,935

Higo Bank (Non-consolidated)

(mil. yen)

	End of Mar. 2021			End of Sep. 2020	End of Mar. 2020
		vs. end of Sep. 2020	vs. end of Mar. 2020		
Personal loan balance	984,172	20,529	38,530	963,642	945,642
Housing loans balance	943,586	21,514	41,784	922,071	901,801
Balance of other loans	40,585	985	3,254	41,570	43,840

Kagoshima Bank (Non-consolidated)

(mil. yen)

	End of Mar. 2021			End of Sep. 2020	End of Mar. 2020
		vs. end of Sep. 2020	vs. end of Mar. 2020		
Personal loan balance	1,427,915	36,580	59,188	1,391,335	1,368,727
Housing loans balance	1,357,991	35,913	58,359	1,322,078	1,299,632
Balance of other loans	69,924	667	829	69,257	69,095

Loans to SMEs, etc.

[Two banks combined]

(mil. yen)

	End of Mar. 2021			End of Sep. 2020	End of Mar. 2020
		vs. end of Sep. 2020	vs. end of Mar. 2020		
Balance of loans to SMEs, etc. (A)	5,086,338	105,552	222,401	4,980,786	4,863,936
Total balance of loans (B)	7,649,337	62,980	394,720	7,586,357	7,254,617
Ratio of loans to SMEs, etc. (A) / (B)	66.49%	0.84%	0.55%	65.65%	67.04%

Higo Bank (Non-consolidated)

(mil. yen)

	End of Mar. 2021			End of Sep. 2020	End of Mar. 2020
		vs. end of Sep. 2020	vs. end of Mar. 2020		
Balance of loans to SMEs, etc. (A)	2,392,288	63,037	138,115	2,329,251	2,254,172
Total balance of loans (B)	3,834,901	10,953	138,457	3,823,947	3,696,443
Ratio of loans to SMEs, etc. (A) / (B)	62.38%	1.47%	1.40%	60.91%	60.98%

Kagoshima Bank (Non-consolidated)

(mil. yen)

	End of Mar. 2021			End of Sep. 2020	End of Mar. 2020
		vs. end of Sep. 2020	vs. end of Mar. 2020		
Balance of loans to SMEs, etc. (A)	2,694,050	42,515	84,286	2,651,535	2,609,764
Total balance of loans (B)	3,814,436	52,026	256,262	3,762,410	3,558,174
Ratio of loans to SMEs, etc. (A) / (B)	70.62%	0.15%	2.72%	70.47%	73.34%

7. Balance of deposits and loans

[Two banks combined]

(mil. yen)

	End of			End of	End of
	Mar. 2021	vs. end of Sep. 2020	vs. end of Mar. 2020		
Total deposits (end-of-term balance)	9,672,485	318,115	893,223	9,354,369	8,779,262
Deposits (end-of-term balance)	9,521,908	514,360	953,976	9,007,548	8,567,932
Negotiable certificates of deposit (end-of-term balance)	150,576	(196,244)	(60,752)	346,821	211,329
Loans (end-of-term balance)	7,649,337	62,980	394,720	7,586,357	7,254,617

(mil. yen)

	End of			End of	End of
	Mar. 2021	vs. end of Sep. 2020	vs. end of Mar. 2020		
Total deposits (end-of-term balance)	9,372,430	101,378	625,266	9,271,052	8,747,164
Deposits (end-of-term balance)	9,054,473	111,868	683,020	8,942,604	8,371,453
Negotiable certificates of deposit (end-of-term balance)	317,957	(10,490)	(57,754)	328,447	375,711
Loans (end-of-term balance)	7,539,827	72,728	425,948	7,467,098	7,113,879

Higo Bank (Non-consolidated)

(mil. yen)

	End of			End of	End of
	Mar. 2021	vs. end of Sep. 2020	vs. end of Mar. 2020		
Total deposits (end-of-term balance)	5,126,772	167,955	449,272	4,958,817	4,677,500
Deposits (end-of-term balance)	5,050,587	250,658	470,514	4,799,929	4,580,073
Negotiable certificates of deposit (end-of-term balance)	76,185	(82,702)	(21,241)	158,888	97,426
Loans (end-of-term balance)	3,834,901	10,953	138,457	3,823,947	3,696,443

(mil. yen)

	End of			End of	End of
	Mar. 2021	vs. end of Sep. 2020	vs. end of Mar. 2020		
Total deposits (end-of-term balance)	4,957,360	24,431	284,232	4,932,929	4,673,127
Deposits (end-of-term balance)	4,824,086	38,692	340,910	4,785,394	4,483,176
Negotiable certificates of deposit (end-of-term balance)	133,273	(14,260)	(56,677)	147,534	189,951
Loans (end-of-term balance)	3,794,587	17,855	203,793	3,776,731	3,590,794

Kagoshima Bank (Non-consolidated)

(mil. yen)

	End of			End of	End of
	Mar. 2021	vs. end of Sep. 2020	vs. end of Mar. 2020		
Total deposits (end-of-term balance)	4,545,712	150,160	443,950	4,395,552	4,101,762
Deposits (end-of-term balance)	4,471,321	263,702	483,462	4,207,619	3,987,859
Negotiable certificates of deposit (end-of-term balance)	74,391	(113,542)	(39,511)	187,933	113,902
Loans (end-of-term balance)	3,814,436	52,026	256,262	3,762,410	3,558,174

(mil. yen)

	End of			End of	End of
	Mar. 2021	vs. end of Sep. 2020	vs. end of Mar. 2020		
Total deposits (end-of-term balance)	4,415,070	76,946	341,033	4,338,123	4,074,036
Deposits (end-of-term balance)	4,230,386	73,176	342,109	4,157,210	3,888,277
Negotiable certificates of deposit (end-of-term balance)	184,683	3,770	(1,076)	180,913	185,759
Loans (end-of-term balance)	3,745,240	54,873	222,155	3,690,367	3,523,085

8. Assets under management

Group total:

(mil. yen)

	End of			End of	End of
	Mar. 2021	vs. end of Sep. 2020	vs. end of Mar. 2020	Sep. 2020	Mar. 2020
Assets under management	1,319,391	42,559	94,989	1,276,831	1,224,401
Individuals	1,164,216	19,343	46,537	1,144,873	1,117,679
Public bonds	55,983	2,997	10,015	52,985	45,968
Investment trusts	102,480	(549)	6,470	103,030	96,009
Personal annuities, etc.	1,005,752	16,895	30,051	988,857	975,701
Kyushu FG Securities	143,455	23,317	49,173	120,137	94,281

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			End of	End of
	Mar. 2021	vs. end of Sep. 2020	vs. end of Mar. 2020	Sep. 2020	Mar. 2020
Assets under management	596,616	13,642	32,161	582,973	564,454
Individuals	587,070	13,697	32,764	573,372	554,306
Public bonds	29,226	4,961	14,218	24,265	15,008
Investment trusts	59,343	(551)	3,501	59,895	55,842
Personal annuities, etc.	498,499	9,287	15,045	489,211	483,454

Kagoshima Bank (Non-consolidated)

(mil. yen)

	End of			End of	End of
	Mar. 2021	vs. end of Sep. 2020	vs. end of Mar. 2020	Sep. 2020	Mar. 2020
Assets under management	579,319	5,599	13,654	573,720	565,665
Individuals	577,146	5,646	13,773	571,500	563,373
Public bonds	26,756	(1,963)	(4,202)	28,719	30,959
Investment trusts	43,136	1	2,969	43,134	40,167
Personal annuities, etc.	507,253	7,607	15,006	499,645	492,246

IV. Other

1. Securities

[Consolidated KFG]

(mil. yen)

	End of Mar. 2021						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	Amount on balance sheet	Net unrealized gains/losses
		vs. end of Sep. 2020	vs. end of Mar. 2020		vs. end of Sep. 2020	vs. end of Mar. 2020				
Securities held-to-maturity	22,352	2,527	3,592	72	(28)	(41)	19,825	100	18,760	113
Available-for-sale securities	2,151,425	65,603	(26,411)	92,480	(32,209)	(13,876)	2,085,822	124,690	2,177,836	106,357
Stocks	146,581	17,670	20,789	49,467	20,284	35,947	128,910	29,183	125,792	13,519
Bonds	1,184,121	14,006	(8,564)	3,775	(6,396)	(12,127)	1,170,114	10,172	1,192,685	15,903
Other	820,722	33,926	(38,636)	39,237	(46,097)	(37,696)	786,796	85,335	859,358	76,933
Total	2,173,778	68,130	(22,819)	92,553	(32,238)	(13,917)	2,105,647	124,791	2,196,597	106,470

Higo Bank (Non-consolidated)

(mil. yen)

	End of Mar. 2021						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	Amount on balance sheet	Net unrealized gains/losses
		vs. end of Sep. 2020	vs. end of Mar. 2020		vs. end of Sep. 2020	vs. end of Mar. 2020				
Securities held-to-maturity	22,352	2,527	3,592	72	(28)	(41)	19,825	100	18,760	113
Available-for-sale securities	1,313,568	27,739	(16,672)	62,656	(24,774)	(17,841)	1,285,828	87,430	1,330,240	80,498
Stocks	62,974	8,750	4,612	26,387	9,087	15,203	54,223	17,299	58,361	11,184
Bonds	805,876	16,472	5,231	3,312	(5,404)	(11,112)	789,403	8,716	800,645	14,424
Other	444,717	2,516	(26,516)	32,957	(28,457)	(21,932)	442,201	61,414	471,234	54,889
Total	1,335,921	30,267	(13,080)	62,729	(24,802)	(17,882)	1,305,653	87,531	1,349,001	80,611

Kagoshima Bank (Non-consolidated)

(mil. yen)

	End of Mar. 2021						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	Amount on balance sheet	Net unrealized gains/losses
		vs. end of Sep. 2020	vs. end of Mar. 2020		vs. end of Sep. 2020	vs. end of Mar. 2020				
Securities held-to-maturity	—	—	—	—	—	—	—	—	—	—
Available-for-sale securities	835,520	37,810	(10,166)	49,997	(8,222)	1,082	797,709	58,220	845,686	48,915
Stocks	81,876	8,822	15,868	40,265	10,899	18,924	73,053	29,366	66,007	21,340
Bonds	378,239	(2,466)	(13,795)	1,697	(1,378)	(1,908)	380,706	3,075	392,035	3,605
Other	375,404	31,454	(12,239)	8,034	(17,743)	(15,933)	343,949	25,778	387,643	23,968
Total	835,520	37,810	(10,166)	49,997	(8,222)	1,082	797,709	58,220	845,686	48,915

2. Number of officers/employees and offices

[Two banks combined]

(number of people/branches)

	End of			End of Sep. 2020	End of Mar. 2020
	Mar. 2021	vs. end of Sep. 2020	vs. end of Mar. 2020		
Number of officers (including corporate auditors)	34	—	—	34	34
Number of employees	4,303	(141)	5	4,444	4,298
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			End of Sep. 2020	End of Mar. 2020
	Mar. 2021	vs. end of Sep. 2020	vs. end of Mar. 2020		
Number of officers (including corporate auditors)	16	—	—	16	16
Number of employees	2,173	(60)	10	2,233	2,163
Main branch and domestic branches	123	—	—	123	123
Agencies	—	—	—	—	—
Overseas representative offices	1	—	—	1	1

Note: Main branch and domestic branches at the end of March 2021 include (5) subbranches.

Kagoshima Bank (Non-consolidated)

(number of people/branches)

	End of			End of Sep. 2020	End of Mar. 2020
	Mar. 2021	vs. end of Sep. 2020	vs. end of Mar. 2020		
Number of officers (including corporate auditors)	18	—	—	18	18
Number of employees	2,130	(81)	(5)	2,211	2,135
Main branch and domestic branches	133	—	—	133	133
Agencies	18	—	—	18	18
Overseas representative offices	2	—	—	2	2

Note: Main branch and domestic branches at the end of March 2021 include (18) subbranches.

V. Reference material (financial statements of subsidiary banks)

1. Higo Bank (Non-consolidated): Financial statements

(1) Balance sheet

	Previous fiscal year (March 31, 2020)	Fiscal year under review (March 31, 2021)
(mil. yen)		
Assets:		
Cash and due from banks	688,379	1,176,631
Cash	43,846	43,616
Due from banks	644,533	1,133,014
Call loans	388	21,145
Monetary claims purchased	726	652
Trading assets	45	19
Trading account securities	31	1
Trading-related financial derivatives	13	18
Money held in trust	4,838	4,738
Securities	1,367,552	1,355,695
Government bonds	359,832	352,768
Municipal bonds	191,391	219,114
Corporate bonds	268,182	256,347
Stocks	66,285	70,908
Other securities	481,861	456,557
Loans	3,696,443	3,834,901
Discounted bills	10,145	8,420
Loan on bills	158,561	133,625
Loan on deeds	3,157,894	3,339,924
Overdraft	369,843	352,929
Foreign exchanges	5,791	7,198
Due from foreign banks (our accounts)	5,289	6,784
Foreign bills bought	466	364
Foreign bills receivable	36	49
Other assets	201,444	169,906
Domestic exchange settlement account, debit	686	555
Prepaid expenses	260	364
Accrued income	4,879	4,892
Financial derivatives	2,149	11,536
Collateral pledged for financial instruments, etc.	68,751	17,653
Other assets	124,716	134,904
Tangible fixed assets	49,163	48,771
Buildings	17,122	17,362
Land	27,560	27,388
Lease assets	943	820
Construction in progress	213	50
Other tangible fixed assets	3,324	3,149
Intangible fixed assets	6,897	7,107
Software	6,795	7,005
Other intangible fixed assets	101	101
Prepaid pension cost	3,726	4,259
Deferred tax assets	5,634	—
Customers' liabilities for acceptances and guarantees	9,979	10,671
Allowance for loan losses	(22,018)	(23,927)
Total assets	6,018,993	6,617,770

	(mil. yen)	
	Previous fiscal year (March 31, 2020)	Fiscal year under review (March 31, 2021)
Liabilities:		
Deposits	4,580,073	5,050,587
Current deposits	124,352	139,415
Ordinary deposits	2,788,199	3,171,180
Saving deposits	46,447	48,952
Deposits at notice	19,675	22,048
Time deposits	1,535,095	1,587,341
Installment savings	14,764	13,366
Other deposits	51,538	68,282
Negotiable certificates of deposit	97,426	76,185
Call money	9,250	—
Payables under repurchase agreements	129,434	126,044
Payables under securities lending transactions	499,938	482,528
Trading liabilities	11	16
Trading-related financial derivatives	11	16
Borrowings from other banks	282,963	485,412
Borrowings	282,963	485,412
Foreign exchanges	18	73
Foreign bills sold	4	54
Foreign bills payable	14	19
Borrowed money from trust account	1,461	2,347
Other liabilities	104,273	37,121
Domestic exchange settlement account, credit	5,509	6,301
Accrued corporation tax, etc.	1,948	1,659
Accrued expenses	2,256	2,104
Deferred income	1,220	1,300
Reserve for interest on installment savings	3	2
Financial derivatives	70,836	21,075
Collateral received for financial instruments, etc.	370	—
Lease obligations	1,018	891
Asset retirement obligations	184	187
Other liabilities	20,925	3,599
Provision for reimbursement of deposits	1,038	864
Provision for contingent losses	253	241
Deferred tax liabilities	—	7,121
Deferred tax liabilities for land revaluation	4,395	4,338
Acceptances and guarantees	9,979	10,671
Total liabilities	5,720,519	6,283,556

	(mil. yen)	
	Previous fiscal year (March 31, 2020)	Fiscal year under review (March 31, 2021)
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	263,509
Legal retained earnings	18,128	18,128
Other retained earnings	240,123	245,380
Reserve for tax purpose reduction entry of real estate	363	363
General reserves	222,387	230,387
Retained earnings brought forward	17,373	14,630
Total shareholders' equity	284,514	289,772
Valuation difference on available-for-sale securities	56,464	44,127
Deferred gains or losses on hedges	(48,285)	(5,346)
Revaluation reserve for land	5,779	5,660
Total valuation and translation adjustments	13,959	44,441
Total net assets	298,474	334,213
Total liabilities and net assets	6,018,993	6,617,770

(2) Income statement

	(mil. yen)	
	Previous fiscal year (from April 1, 2019 to March 31, 2020)	Fiscal year under (from April 1, 2020 to March 31, 2021)
Ordinary income	74,633	73,789
Interest income	52,442	51,304
Interest on loans	34,609	34,430
Interest and dividends on securities	17,549	16,590
Interest on call loans	(22)	(9)
Interest on deposits	0	0
Other interest income	306	293
Trust fees	25	23
Fees and commissions	10,794	10,654
Fees and commissions on domestic and foreign exchanges	3,812	3,679
Other fees and commissions	6,981	6,974
Trading income	28	32
Gains on trading account securities transactions	25	32
Income from trading-related financial derivatives transactions	2	—
Other operating income	7,556	5,907
Gains on foreign exchange transactions	206	1,021
Gains on sales of government and other bonds	7,350	4,877
Other operating income	—	8
Other ordinary income	3,786	5,867
Gains on loans written-off	17	6
Gain on sales of stocks and other securities	3,043	5,085
Gain on money held in trust	51	—
Gains on reversal of reserve for contingent losses	6	12
Other ordinary income	667	763
Ordinary expenses	56,074	61,535
Interest expenses	8,507	6,708
Interest on deposits	350	294
Interest on negotiable certificates of deposit	14	9
Interest on call money	(6)	300
Interest on payables under repurchase agreements	1,730	(28)
Interest on payables under securities lending transactions	3,584	823
Interest on borrowing	412	191
Interest paid on interest rate swaps	2,421	5,107
Other interest expenses	1	11
Fees and commissions payments	4,488	4,560
Fees and commissions on domestic and foreign exchanges	1,255	1,177
Other fees and commissions	3,232	3,382
Trading expenses	—	0
Expenses on trading-related financial derivatives transactions	—	0
Other operating expenses	5,164	4,435
Losses on sale of government and other bonds	4,149	3,920
Expenses on trading-related financial derivatives transactions	1,014	515
General and administrative expenses	35,697	36,774

	(mil. yen)	
	Previous fiscal year (from April 1, 2019 to March 31, 2020)	Fiscal year under (from April 1, 2020 to March 31, 2021)
Other expenses	2,215	9,056
Provision of allowance for doubtful accounts	158	4,890
Written-off of loans	0	0
Losses on sale of stocks and other securities	925	3,338
Losses on devaluation of equity securities	223	0
Losses on money held in trust	0	92
Other ordinary expenses	908	734
Ordinary profit	18,559	12,253
Extraordinary income	394	13
Gains on disposal of non-current assets	394	13
Extraordinary losses	327	205
Loss on disposal of non-current assets	327	2
Impairment losses	—	203
Net income before income taxes	18,626	12,061
Corporation, inhabitants and enterprise taxes	4,627	3,935
Income taxes-deferred	1,138	(551)
Total of corporate income taxes	5,765	3,384
Net Income	12,860	8,677

2. Kagoshima Bank (Non-consolidated): Financial statements

(1) Balance sheet

	(mil. yen)	
	Previous fiscal year (March 31, 2020)	Fiscal year under review (March 31, 2021)
Assets:		
Cash and due from banks	484,465	782,072
Cash	55,446	50,608
Due from banks	429,018	731,463
Monetary claims purchased	9,177	10,223
Trading account securities	831	—
Trading government bonds	3	—
Trading local government bonds	828	—
Money held in trust	11,777	7,863
Securities	853,678	843,605
Government bonds	98,560	108,631
Municipal bonds	56,148	47,925
Corporate bonds	237,325	221,682
Stocks	68,687	84,536
Other securities	392,955	380,828
Loans	3,558,174	3,814,436
Discounted bills	7,478	5,875
Loan on bills	123,937	117,078
Loan on deeds	3,016,355	3,305,985
Overdraft	410,402	385,496
Foreign exchanges	7,481	8,062
Due from foreign banks (our accounts)	7,454	8,026
Foreign bills bought	0	0
Foreign bills receivable	26	34
Other assets	43,223	26,828
Prepaid expenses	21	125
Accrued income	3,595	3,172
Financial derivatives	786	5,885
Collateral pledged for financial instruments, etc.	20,707	597
Other assets	18,112	17,049
Tangible fixed assets	68,589	67,530
Buildings	13,928	24,593
Land	36,204	35,818
Lease assets	1,848	1,588
Construction in progress	11,687	1
Other tangible fixed assets	4,919	5,527
Intangible fixed assets	3,466	3,123
Software	3,321	2,978
Lease assets	1	1
Other intangible fixed assets	144	144
Prepaid pension cost	8,388	7,483
Deferred tax assets	3,819	—
Customers' liabilities for acceptances and guarantees	25,434	26,935
Allowance for loan losses	(42,622)	(48,818)
Total assets	5,035,884	5,549,347

	(mil. yen)	
	Previous fiscal year (March 31, 2020)	Fiscal year under review (March 31, 2021)
Liabilities:		
Deposits	3,987,859	4,471,321
Current deposits	73,280	84,930
Ordinary deposits	2,372,682	2,802,339
Saving deposits	136,319	143,576
Deposits at notice	2,940	2,001
Time deposits	1,352,171	1,379,115
Other deposits	50,464	59,358
Negotiable certificates of deposit	113,902	74,391
Call money	3,482	—
Payables under repurchase agreements	103,320	26,482
Payables under securities lending transactions	147,378	223,825
Borrowed money	294,717	358,118
Borrowings	294,717	358,118
Foreign exchanges	63	120
Foreign bills sold	21	17
Foreign bills payable	42	102
Borrowed money from trust account	1,125	2,441
Other liabilities	36,261	21,833
Accrued corporation tax, etc.	1,380	2,516
Accrued expenses	2,106	1,490
Deferred income	1,428	1,411
Financial derivatives	20,867	2,187
Collateral received for financial instruments, etc.	—	3,352
Lease obligations	1,960	1,697
Asset retirement obligations	207	175
Other liabilities	8,310	9,002
Provision for retirement benefits	1,705	1,658
Provision for reimbursement of deposits	1,063	628
Provision for contingent losses	220	231
Deferred tax liabilities	—	1,313
Deferred tax liabilities for land revaluation	6,817	6,763
Acceptances and guarantees	25,434	26,935
Total liabilities	4,723,353	5,216,064

	(mil. yen)	
	Previous fiscal year (March 31, 2020)	Fiscal year under review (March 31, 2021)
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	251,443
Legal retained earnings	18,130	18,130
Other retained earnings	229,280	233,312
Reserve for tax purpose reduction entry of non-current assets	577	590
Reserve for special account of advanced depreciation of non-current assets	11	—
Contingent reserves	213,000	221,000
Retained earnings brought forward	15,691	11,721
Total shareholders' equity	276,746	280,778
Valuation difference on available-for-sale securities	34,162	34,972
Deferred gains or losses on hedges	(13,172)	2,862
Revaluation reserve for land	14,793	14,669
Total valuation and translation adjustments	35,784	52,504
Total net assets	312,530	333,283
Total liabilities and net assets	5,035,884	5,549,347

(2) Income statement

	(mil. yen)	
	Previous fiscal year (from April 1, 2019 to March 31, 2020)	Fiscal year under (from April 1, 2020 to March 31, 2021)
Ordinary income	64,408	69,972
Interest income	48,238	48,084
Interest on loans	36,776	36,705
Interest and dividends on securities	11,380	11,229
Interest on call loans	(9)	(6)
Interest on deposits	0	0
Other interest income	90	156
Trust fees	15	28
Fees and commissions	10,129	9,884
Fees and commissions on domestic and foreign exchanges	3,496	3,507
Other fees and commissions	6,632	6,377
Other operating income	3,351	6,110
Gains on foreign exchange transactions	228	316
Gains on trading account securities transactions	9	—
Gains on sales of government and other bonds	2,657	5,324
Other operating income	457	469
Other ordinary income	2,673	5,864
Gains on loans written-off	0	0
Gain on sales of stocks and other securities	1,509	4,667
Gain on money held in trust	79	265
Other ordinary income	1,085	930
Ordinary expenses	48,192	59,557
Interest expenses	3,381	2,480
Interest on deposits	399	283
Interest on negotiable certificates of deposit	25	20
Interest on call money	57	2
Interest on payables under repurchase agreements	1,328	113
Interest on payables under securities lending transactions	867	341
Interest on borrowing	152	240
Interest paid on interest rate swaps	432	1,371
Other interest expenses	118	106
Fees and commissions payments	4,994	5,083
Fees and commissions on domestic and foreign exchanges	589	585
Other fees and commissions	4,405	4,497
Other operating expenses	502	3,643
Loss on trading account securities transactions	—	9
Losses on sale of government and other bonds	196	3,388
Expenses on trading-related financial derivatives transactions	103	54
Other operating expenses	202	192
General and administrative expenses	35,350	37,254
Other ordinary expenses	3,963	11,095
Provision of allowance for doubtful accounts	547	8,921
Written-off of loans	78	8
Losses on sale of stocks and other securities	639	1,042
Losses on devaluation of equity securities	1,307	202
Losses on money held in trust	255	160
Other ordinary expenses	1,134	759
Ordinary profit	16,216	10,414

	(mil. yen)	
	Previous fiscal year (from April 1, 2019 to March 31, 2020)	Fiscal year under (from April 1, 2020 to March 31, 2021)
Extraordinary income	3	2
Gains on disposal of non-current assets	3	2
Extraordinary losses	691	305
Loss on disposal of non-current assets	142	69
Impairment losses	549	236
Net income before income taxes	15,527	10,111
Corporation, inhabitants and enterprise taxes	4,457	4,843
Income taxes-deferred	(165)	(2,198)
Total of corporate income taxes	4,291	2,644
Profit	11,236	7,466