Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities code: 7180
May 31, 2021

To our shareholders:

Yoshihisa Kasahara
President and Representative Director
Kyushu Financial Group, Inc.
6-6, Kinseicho, Kagoshima-shi, Kagoshima-ken
(The address above is the registered address of the Company. Head office operations are conducted at the address below.)
1, Renpeicho, Chuo-ku, Kumamoto-shi, Kumamoto-ken

NOTICE OF
THE 6TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We hereby inform you that the 6th Ordinary General Meeting of Shareholders of Kyushu Financial Group, Inc. (the "Company") will be held as described below.

In consideration of the global COVID-19 pandemic, we are holding this year's meeting on a reduced scale in order to avoid the risk of infection among shareholders.

As there may not be enough seats available, please take priority in exercising your voting rights in advance in writing or via the Internet, etc. The Company will make donations to organizations related to COVID-19 countermeasures according to the number of shareholders who exercise their voting rights in advance. We would appreciate your cooperation in this matter.

The meeting will be also streamed live on the Internet so that you can view it at home.

1. Date and Time: Friday, June 18, 2021 at 10:00 a.m. (Japan Standard Time)

2. Venue: Large Conference Room, 2F, Headquarters of the Company (Head office of The Higo Bank)
1, Renpei-cho, Chuo-ku, Kumamoto-shi, Kumamoto-ken

(The meeting will be held at the address of the head office of our subsidiary The Higo Bank.)

3. Purposes:

Items to be reported:
1. Business Report and Consolidated Financial Statements for the 6th Term (from April 1, 2020 to March 31, 2021), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors.
2. Non-Consolidated Financial Statements for the 6th Term (from April 1, 2020 to March 31, 2021)

Items to be resolved:
Proposal 1: Partial Amendments to the Articles of Incorporation
Proposal 2: Election of Ten (10) Directors (Excluding Directors Who Also Serve as Audit and Supervisory Committee Members)
Proposal 3: Election of Five (5) Directors Who Also Serve as Audit and Supervisory Committee Members
Proposal 4: Election of One (1) Substitute Director Who Also Serves as an

Audit and Supervisory Committee Member
Proposal 5: Determination of Amount of Remuneration for Directors (Excluding Directors Who Also Serve as Audit and Supervisory Committee Members)
Proposal 6: Determination of Amount of Remuneration for Directors Who Also Serve as Audit and Supervisory Committee Members

Notes:

1. Among the documents that the Company should provide to its shareholders when sending this Convocation Notice, the information contained in the following documents is posted on the Company's website (https://www.kyushu-fg.co.jp/) in accordance with the laws and regulations and the provisions of Article 16 of the Company's Articles of Incorporation, and therefore it is not included in the documents attached hereto.
   (i) Basic Policies on Persons Who Control Financial and Business Policy Decisions of the Business Report
   (ii) System to Ensure the Propriety of Business Activities
   (iii) Matters Concerning Specific Wholly-owned Subsidiaries
   (iv) Matters Concerning Accounting Advisors
   (v) Other Matters
   (vi) The Non-Consolidated Statement of Changes in Net Assets, and the Notes to Non-Consolidated Financial Statements
   (vii) The Consolidated Statement of Changes in Net Assets, and the Notes to Consolidated Financial Statements
   Thus, the documents attached hereto comprise only part of the Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements, etc., that the Accounting Auditor audited in preparing its Accounting Audit Report and that the Corporate Auditors audited in preparing their Audit Report.
2. If any revision is made to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-Consolidated Financial Statements, or the Consolidated Financial Statements, the Company will post the revised material on its website (https://www.kyushu-fg.co.jp/).

Reference Documents for the General Meeting of Shareholders

Proposal 1: Partial Amendments to the Articles of Incorporation

1. Reason for Amendments

(1) With a view to encouraging debate with wider perspective and deeper insight at the Board of Directors on the medium- to long-term management strategies, as well as to accelerating and streamlining decision-making process by delegation of authority, the Company proposes to adopt a governance structure based on a company with an audit and supervisory committee as instituted by the legislation of the Act Partially Amending the Companies Act (Act No. 90 of 2014), to enhance supervisory function of the Board of Directors and to further strengthen its corporate governance, by establishing Audit and Supervisory Committee with a majority of its members represented by Outside Directors while entitling Directors who also serve as Audit and Supervisory Committee Members to vote at the board meeting. Accordingly, we will make necessary changes to our Articles of Incorporation, including adding provisions relating to the Audit and Supervisory Committee and Audit and Supervisory Committee Members and deleting provisions relating to the Board of Corporate Auditors and Corporate Auditors.

(2) The Company will also make other necessary changes such as renumbering articles following the above-stated changes.

2. Details of Amendments

Details of the amendments to the Articles of Incorporations are as follows, which shall take effect at the conclusion of this Ordinary General Meeting of Shareholders.

(Changes are underlined)

Current Articles of Incorporation	Proposed Amendments
Chapter I General Provisions	Chapter I General Provisions
Article 4 Organs The Company shall have the following organs in addition to the General Meeting of Shareholders and the Directors: (1) Board of Directors; (2) Corporate Auditors; (3) Board of Corporate Auditors; and (4) Accounting Auditor.	Article 4 Organs The Company shall have the following organs in addition to the General Meeting of Shareholders and the Directors: (1) Board of Directors; (2) Audit and Supervisory Committee; and (Deleted) (3) Accounting Auditor.

Current Articles of Incorporation	Proposed Amendments
Chapter IV Directors and Board of Directors	Chapter IV Directors and Board of Directors
Article 20 Number of Directors The Company shall have no more than fourteen (14) Directors.	Article 20 Number of Directors The Company shall have no more than fourteen (14) Directors (excluding Directors who also serve as Audit and Supervisory Committee members).
(Newly established)	2. The Company shall have no more than six (6) Directors who also serve as Audit and Supervisory Committee members.
Article 21 Method of Election The Directors shall be elected by resolution of the General Meeting of Shareholders.	Article 21 Method of Election The Directors shall be elected by resolution of the General Meeting of Shareholders, distinguishing between Directors who also serve as Audit and Supervisory Committee members and other Directors.
2. A resolution to elect a Director shall be adopted in the presence of shareholders holding not less than one third (1/3) of the voting rights of the shareholders entitled to vote, and by a majority of the votes by the shareholders present.	2. A resolution to elect a Director shall be adopted in the presence of shareholders holding not less than one third (1/3) of the voting rights of the shareholders entitled to vote, and by a majority of the votes by the shareholders present.
3. A Director shall not be elected by cumulative voting.	3. A Director shall not be elected by cumulative voting.
Article 22 Term of Office The term of office of a Director shall expire upon the close of the Annual General Meeting of Shareholders pertaining to the last business year ending within one (1) year from the time of his/her election to the office.	Article 22 Term of Office The term of office of a Director (excluding Directors who also serve as Audit and Supervisory Committee member) shall expire upon the close of the Annual General Meeting of Shareholders pertaining to the last business year ending within one (1) year from the time of his/her election to the office.
(Newly established)	2. The term of office of a Director who also serves as an Audit and Supervisory Committee member shall expire upon the close of the Annual General Meeting of Shareholders pertaining to the last business year ending within two (2) years from the time of his/her election to the office.
(Newly established)	3. The term of office of a Director who also serves as an Audit and Supervisory Committee member elected to fill a vacancy created by a Director who also serves as an Audit and Supervisory Committee member retiring before expiration of the term of office shall expire upon the termination of the term of office of the retired predecessor.
(Newly established)	4. The effect of the pre-election of a substitute Director who also serves as an Audit and Supervisory Committee member shall be until the commencement of the Annual General Meeting of Shareholders pertaining to the last business year ending within two (2) years after the Annual General Meeting of Shareholders at which such election takes place.

Current Articles of Incorporation	Proposed Amendments
Article 23 Representative Director and Directors with Special Titles A Representative Director shall be elected by resolution of the Board of Directors.	Article 23 Representative Director and Directors with Special Titles A Representative Director shall be elected by resolution of the Board of Directors from among the Directors (excluding Directors who also serve as Audit and Supervisory Committee members).
2. The Board of Directors may, by resolution thereof, elect one (1) Chairman of the Board of Directors, one (1) President and Director, and, where necessary, one (1) or more Vice President and Directors, one (1) or more Executive Directors and one (1) or more Managing Directors.	2. The Board of Directors may, by resolution thereof, elect from among the Directors (excluding Directors who also serve as Audit and Supervisory Committee members), one (1) Chairman of the Board of Directors, one (1) President and Director, and, where necessary, one (1) or more Vice President and Directors, one (1) or more Executive Directors and one (1) or more Managing Directors.
Article 24 Board of Directors In addition to the matters prescribed in the laws and regulations and in these Articles of Incorporation, the Board of Directors shall decide on the execution of important operations of the Company.	Article 24 Board of Directors In addition to the matters prescribed in the laws and regulations and in these Articles of Incorporation, the Board of Directors shall decide on the execution of important operations of the Company.
(Newly established)	2. Notwithstanding the provisions of the preceding paragraph, the Company may delegate all or some decisions on the execution of important operations (excluding matters stated in each item of Article 399-13, Paragraph 5 of the Companies Act) to Directors by resolution of the Board of Directors, in accordance with the provisions of Article 399-13, Paragraph 6 of the Companies Act.
Article 26 Notice of Convocation of Board Meetings The notice of convocation of a meeting of the Board of Directors shall be dispatched to each Director and Corporate Auditor at least five (5) days in advance of the date of the relevant meeting; provided, however, that such period may be shortened in case of emergency.	Article 26 Notice of Convocation of Board Meetings The notice of convocation of a meeting of the Board of Directors shall be dispatched to each Director at least five (5) days in advance of the date of the relevant meeting; provided, however, that such period may be shortened in case of emergency.
2. If all Directors and Corporate Auditors unanimously consent, a meeting of the Board of Directors may be held without taking the procedures for convocation.	2. If all Directors unanimously consent, a meeting of the Board of Directors may be held without taking the procedures for convocation.
Article 29 Remunerations Remuneration, bonus and other economic benefit to be paid by the Company to the Directors as compensation for the execution of duties (hereinafter referred to as the "Remunerations") shall be determined by resolution of the General Meeting of Shareholders.	Article 29 Remunerations Remuneration, bonus and other economic benefit to be paid by the Company to the Directors as compensation for the execution of duties shall be determined by resolution of the General Meeting of Shareholders, distinguishing between Directors who also serve as Audit and Supervisory Committee members and other Directors.

Current Articles of Incorporation	Proposed Amendments
Chapter V Corporate Auditors and Board of Corporate Auditors	Chapter V Audit and Supervisory Committee
Article 31 Number The Company shall have no more than six (6) Corporate Auditors.	(Deleted)
Article 32 Method of Election The Corporate Auditors shall be elected by resolution of the General Meeting of Shareholders. 2. A resolution to elect a Corporate Auditor shall be adopted in the presence of shareholders holding not less than one third (1/3) of the voting rights of the shareholders entitled to vote, and by a majority of the votes by the shareholders present.	(Deleted)
Article 33 Term of Office The term of office of a Corporate Auditor shall expire upon the close of the Annual General Meeting of Shareholders pertaining to the last business year ending within four (4) years from the time of his/her election to the office. 2. The term of office of a Corporate Auditor elected to fill a vacancy created by a Corporate Auditor retiring before expiration of the term of office shall expire upon the termination of the term of office of the retired predecessor.	(Deleted)
Article 34 Full-time Corporate Auditors A full-time Corporate Auditor shall be elected by resolution of the Board of Corporate Auditors.	Article 31 Full-time Audit and Supervisory Committee Member The Audit and Supervisory Committee may appoint a full-time Audit and Supervisory Committee member by resolution thereof, from among the Audit and Supervisory Committee members.
Article 35 Board of Corporate Auditors The Board of Corporate Auditors shall hold the authority prescribed by the laws and regulations and decide on the matters regarding the execution of the duties of Corporate Auditors within the extent not interfering with the exercise of the authority of the Corporate Auditors.	(Deleted)

Current Articles of Incorporation	Proposed Amendments
Article 36 Notice of Convocation of Meeting of Board of Corporate Auditors The notice of convocation of a meeting of the Board of Corporate Auditors shall be dispatched to each Corporate Auditor at least five (5) days in advance of the date of the relevant meeting; provided, however, that such period may be shortened in case of emergency. 2. If all Corporate Auditors unanimously consent, a meeting of the Board of Corporate Auditors may be held without taking the procedures for convocation.	Article 32 Notice of Convocation of Meeting of Audit and Supervisory Committee The notice of convocation of a meeting of the Audit and Supervisory Committee shall be dispatched to each Audit and Supervisory Committee member at least five (5) days in advance of the date of the relevant meeting; provided, however, that such period may be shortened in case of emergency. 2. If all Audit and Supervisory Committee members unanimously consent, a meeting of the Audit and Supervisory Committee may be held without taking the procedures for convocation.
Article 37 Regulations of Board of Corporate Auditors Matters concerning the Board of Corporate Auditors shall be handled as provided for in the Regulations of the Board of Corporate Auditors to be established by the Board of Corporate Auditors in addition to the laws and regulations and these Articles of Incorporation.	Article 33 Regulations of Audit and Supervisory Committee Matters concerning the Audit and Supervisory Committee shall be handled as provided for in the Regulations of the Audit and Supervisory Committee to be established by the Audit and Supervisory Committee in addition to the laws and regulations and these Articles of Incorporation.
Article 38 Remunerations The Remunerations payable to the Corporate Auditors shall be determined by resolution of the General Meeting of Shareholders.	(Deleted)
Article 39 Limitation on Liability of Corporate Auditors Pursuant to the provision of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with a Corporate Auditor to limit the liability for damages thereof under Article 423, Paragraph 1 of the said act; provided, however, that the limit of the liability under such agreement shall be set at the amount prescribed by the laws and regulations.	(Deleted)
Chapter VI Accounting Auditor	Chapter VI Accounting Auditor
Article 40 to 41 (Omitted)	Article 34 to 35 (Unchanged)
Chapter VII Accounts	Chapter VII Accounts
Article 42 to 45 (Omitted)	Article 36 to 39 (Unchanged)

Proposal 2: Election of Ten (10) Directors (Excluding Directors Who Also Serve as Audit and Supervisory Committee Members)

The Company will transition to a company with an Audit and Supervisory Committee, pending approval of Proposal 1 "Partial Amendments to the Articles of Incorporation." At the conclusion of this meeting, the terms of office of all eleven (11) Directors will expire. Therefore, the Company proposes the election of ten (10) Directors (excluding Directors who also serve as the Audit and Supervisory Committee members).

A resolution on this proposal shall come into effect when the amendment to the Articles of Incorporation relating to Proposal 1 "Partial Amendments to the Articles of Incorporation" comes into effect.

Please note that the nominations of the Candidates for Director have been approved by the Board of Directors under the Candidate Selection Policies established by the Company.

<Director Candidate Selection Policies>

1. On the assumption that Candidates for Director satisfy the statutory requirements, the selection policies are as follows.
   (i) Candidates for Director originally from the Group who possess knowledge, experience, and ability in various fields, such as management, business, and supervision in financial services, and who also are well informed about economic and social conditions must be selected with a balanced representation of backgrounds.
   (ii) In accord with the preceding item, multiple candidates for Outside Director who have knowledge, experience, and ability in fields that should particularly be supplemented from the perspective of management of the Group and who do not infringe the independence standards established by the Company must be selected.
2. In selecting candidates for Director, the Board of Directors must observe the policies set forth in the preceding item and, in the selection stage, provide an opportunity for appropriately receiving the Outside Directors' involvement and advice.
3. Each time that selections are made, the Board of Directors must examine the percentage of Outside Directors in the entire Board of Directors as well as the balance between knowledge, experience, and ability, etc., in accord with such factors as changes in the management environment surrounding the Group and the Group's management strategy.

In addition, both candidates for Outside Director satisfy the requirements of the Outside Officer Independence Standards established by the Company (see page 27 for the Outside Officer Independence Standards).

The candidates for Director are as follows:

No.	Name	Current position and responsibilities in the Company	
1	Sumihiro Matsuyama	Chairman of the Board	[For reelection]
2	Yoshihisa Kasahara	President	[For reelection]
3	Eiichi Eto	Director and Senior Managing Executive Officer (In charge of Corporate Planning Division, Public Relations / IR Division and Personnel / General Affairs Division)	[For reelection]
4	Norihisa Akatsuka	Director and Senior Managing Executive Officer (In charge of Business Strategy Division and Digital Innovation Division)	[For reelection]
5	Hiroyuki Tanaka	Director and Managing Executive Officer (In charge of Audit Division)	[For reelection]
6	Yasunari Iwatate	Managing Executive Officer (In charge of Compliance and Risk Management Division)	[New election]
7	Takahiro Kai	Director	[For reelection]
8	Motohiro Kamimura	Director	[For reelection]
9	Katsuaki Watanabe	Director	[For reelection] [Outside] [Independent]
10	Yuji Nemoto	Director	[For reelection] [Outside] [Independent]

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Career summary</th><th>Number of the Company's shares owned</th></tr>
<tr><td rowspan="2">1</td><td>Sumihiro Matsuyama
(June 11, 1955)

[For reelection]

Attendance at 12 out of 12 board of directors meetings (100%)</td><td>Apr. 1978 Joined The Kagoshima Bank, Ltd.
June 2007 Director, General Manager of Integrated Planning Division and Head of Supervisory Office for Group Companies, Integrated Planning Division
June 2008 Managing Director, General Manager of Integrated Planning Division and Head of Supervisory Office for Group Companies, Integrated Planning Division
June 2011 Senior Managing Director
June 2013 Deputy President
June 2019 President (to present)
June 2019 Chairman of the Board of the Company (to present)
[Position and responsibilities in the Company]
・Chairman of the Board
[Significant concurrent positions outside the Company]
・President of The Kagoshima Bank, Ltd.</td><td>69,210</td></tr>
<tr><td colspan="3">[Reasons for nomination as candidate for Director]
Since becoming Chairman of the Board of the Company in 2019, Sumihiro Matsuyama has supervised the general management of the Group, and has also driven the management of The Kagoshima Bank, Ltd., a Group subsidiary, as its President since 2019. Since he possesses abundant knowledge, rich experience, and high ability in the field of financial services, the Company believes that Sumihiro Matsuyama can contribute to the Group's further development, and it has therefore nominated him as a candidate for Director.</td></tr>
<tr><td rowspan="2">2</td><td>Yoshihisa Kasahara
(January 5, 1962)

[For reelection]

Attendance at 12 out of 12 board of directors meetings (100%)</td><td>Apr. 2014 Managing Executive Officer of Mizuho Trust & Banking Co., Ltd.
Apr. 2015 Joined The Higo Bank, Ltd. (Managing Executive Officer and General Manager of Internal Audit Division)
June 2015 Director and Managing Executive Officer
May 2016 Director of The Kagoshima Bank, Ltd.
June 2016 Director of the Company
Apr. 2018 Deputy President of The Higo Bank, Ltd.
June 2018 President (to present)
June 2019 President of the Company (to present)
[Position and responsibilities in the Company]
・President
[Significant concurrent positions outside the Company]
・President of The Higo Bank, Ltd.</td><td>85,500</td></tr>
<tr><td colspan="3">[Reasons for nomination as candidate for Director]
Since becoming President of the Company in 2019, Yoshihisa Kasahara has supervised the general management of the Group, and has also driven the management of The Higo Bank, Ltd., a Group subsidiary, as its President since 2018. Since he possesses abundant knowledge, rich experience, and high ability in the field of financial services, the Company believes that Yoshihisa Kasahara can contribute to the Group's further development, and it has therefore nominated him as a candidate for Director.</td></tr>
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No.	Name (Date of birth)	Career summary		Number of the Company's shares owned
3	Eiichi Eto (July 31, 1959) [For reelection] Attendance at 10 out of 10 board of directors meetings (100%)	Apr. 1983	Joined The Higo Bank, Ltd.	35,800
		June 2014	Executive Officer and General Manager of Compliance/Risk Management Division (currently Compliance and Risk Management Division)	
		June 2015	Director, Executive Officer and General Manager of Compliance/Risk Management Division (currently Compliance and Risk Management Division)	
		Oct. 2015	Executive Officer and General Manager of Compliance/Risk Management Division of the Company (currently Compliance and Risk Management Division)	
		May 2016	Director and Managing Executive Officer of The Higo Bank, Ltd.	
		Apr. 2020	Managing Executive Officer and General Manager of Compliance and Risk Management Division of the Company	
		June 2020	Director and Managing Executive Officer and General Manager of Compliance and Risk Management Division of the Company	
		Apr. 2021	Director and Senior Managing Executive Officer (to present)	
		Apr. 2021	Director of The Higo Bank, Ltd. (to present)	
		Apr. 2021	Director of Kyushu FG Securities, Inc. (to present)	
		Apr. 2021	Director of Kyushu Accounting Service Co., Ltd. (to present)	
		[Position and responsibilities in the Company] ・Director and Senior Executive Officer (In charge of Corporate Planning Division, Public Relations / IR Division, and Personnel / General Affairs Division) [Significant concurrent positions outside the Company] ・Director of The Higo Bank, Ltd. ・Director of Kyushu FG Securities, Inc. ・Director of Kyushu Accounting Service Co., Ltd.		
	[Reasons for nomination as candidate for Director] Since the Company's establishment in 2015, as General Manager of Compliance/Risk Management Division (currently Compliance and Risk Management Division), Eiichi Eto has worked to enhance the Company's compliance structure and integrated risk management structure. Furthermore, since this April, he has been in charge of corporate planning, public relations / IR, and personnel / general affairs, and strived to promote various measures as Director and Senior Managing Executive Officer. Since he possesses abundant knowledge, rich experience, and high ability in the field of financial services, the Company believes that Eiichi Eto can contribute to the Group's further development, and it has therefore nominated him as a candidate for Director.			

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Career summary</th><th>Number of the Company's shares owned</th></tr>
<tr><td rowspan="2">4</td><td>Norihisa Akatsuka
(October 3, 1961)

[For reelection]

Attendance at 10 out of 10 board of directors meetings (100%)</td><td>Apr. 1982 Joined The Kagoshima Bank, Ltd.
June 2015 Executive Officer and General Manager of Systems Division
Oct. 2015 Executive Officer and General Manager of Operations Administration / IT Management Division (currently Digital Innovation Division) of the Company
Apr. 2016 Director and General Manager of Systems Division of The Kagoshima Bank, Ltd.
Apr. 2018 Managing Director and General Manager of Administrative Management Division
Apr. 2020 Managing Executive Officer of the Company
Apr. 2020 Director of Kyushu FG Securities, Inc. (to present)
June 2020 Director and Managing Executive Officer of the Company
Apr. 2021 Director and Senior Executive Officer (to present)
[Position and responsibilities in the Company]
・Director and Senior Executive Officer
(In charge of Business Strategy Division and Digital Innovation Division)
[Significant concurrent positions outside the Company]
・Director of Kyushu FG Securities, Inc.</td><td>37,540</td></tr>
<tr><td colspan="3">[Reasons for nomination as candidate for Director]
Since the Company's establishment in 2015, as General Manager of Operations Administration / IT Management Division (currently Digital Innovation Division), Norihisa Akatsuka has worked to establish IT strategies and improve the efficiency of administration operations. Furthermore, since this April, he has been in charge of business strategy and digital innovation, and has strived to promote various measures as Director and Senior Executive Officer. Since he possesses abundant knowledge, rich experience, and high ability in the field of financial services, the Company believes that Norihisa Akatsuka can contribute to the Group's further development, and it has therefore nominated him as a candidate for Director.</td></tr>
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<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Career summary</th><th>Number of the Company's shares owned</th></tr>
<tr><td rowspan="2">5</td><td>Hiroyuki Tanaka
(October 19, 1961)

[For reelection]

Attendance at 10 out of 10 board of directors meetings (100%)</td><td>Apr. 1984 Joined The Kagoshima Bank, Ltd.
June 2010 Chief of Makurazaki Branch
June 2012 Chief of Sendai Branch
June 2014 General Manager of General Affairs Division
June 2015 Corporate Auditor (full-time)
Apr. 2020 Managing Executive Officer and General Manager of Audit Division
Apr. 2020 Managing Executive Officer of the Company
June 2020 Director and Managing Executive Officer (to present)
Apr. 2021 Director and Managing Executive Officer of The Higo Bank, Ltd. (to present)
Apr. 2021 Director and Managing Executive Officer of The Kagoshima Bank, Ltd. (to present)
[Position and responsibilities in the Company]
・Director and Managing Executive Officer (In charge of Audit Division)
[Significant concurrent positions outside the Company]
・Director and Managing Executive Officer of The Higo Bank, Ltd.
・Director and Managing Executive Officer of The Kagoshima Bank, Ltd.</td><td>32,350</td></tr>
<tr><td colspan="3">[Reasons for nomination as candidate for Director]
At The Kagoshima Bank, Ltd., a Group subsidiary, Hiroyuki Tanaka has served in various roles, including Chief of branches, General Manager of General Affairs Division, and Corporate Auditor (full-time). Furthermore, since June 2020, he has been in charge of audit and has strived to promote various measures as Director and Managing Executive Officer. Since he possesses abundant knowledge, rich experience, and high ability in the field of financial services, the Company believes that Hiroyuki Tanaka can contribute to the Group's further development, and it has therefore nominated him as a candidate for Director.</td></tr>
<tr><td rowspan="2">6</td><td>Yasunari Iwatate
(May 2, 1963)

[New election]</td><td>Apr. 1986 Joined The Higo Bank, Ltd.
June 2006 Specific Group Loan Officer, Loan Management Division
June 2009 Group Leader and Acting General Manager, HR Development Group, Personnel Division
June 2011 Chief of Toroku Branch
June 2014 General Manager of Personnel Division
Apr. 2016 Executive Officer and General Manager of Personnel Division
May 2016 Director, Executive Officer and General Manager of Personnel Division
Apr. 2018 Director, Executive Officer and General Manager of General Planning Division
Apr. 2019 Director, Senior Executive Officer and General Manager of General Planning Division
Apr. 2020 Director and Managing Executive Officer (to present)
Apr. 2021 Managing Executive Officer of the Company (to present)
[Position and responsibilities in the Company]
・Managing Executive Officer
(In charge of Compliance and Risk Management Division)
[Significant concurrent positions outside the Company]
・Director and Managing Executive Officer of The Higo Bank, Ltd.</td><td>21,700</td></tr>
<tr><td colspan="3">[Reasons for nomination as candidate for Director]
At The Higo Bank, Ltd., a Group subsidiary, Yasunari Iwatate has served in various roles in personnel and credit risk management divisions, and as Chief of branches. Furthermore, this April, he assumed the position of Managing Executive Officer. He has been in charge of compliance and risk management, and has strived to promote various measures. Since he possesses abundant knowledge, rich experience, and high ability in the field of financial services, the Company believes that Yasunari Iwatate can contribute to the Group's further development, and it has therefore nominated him as a candidate for Director.</td></tr>
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<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Career summary</th><th>Number of the Company's shares owned</th></tr>
<tr><td rowspan="2">7</td><td>Takahiro Kai
(April 25, 1951)

[For reelection]

Attendance at 12 out of 12 board of directors meetings (100%)</td><td>Apr. 1975 Joined The Higo Bank, Ltd.
June 2006 Senior Managing Director
June 2008 Deputy President
June 2009 President
Oct. 2015 Chairman of the Board of the Company
June 2018 Chairman of The Higo Bank, Ltd. (to present)
June 2019 Director of the Company (to present)
[Position and responsibilities in the Company]
・Director
[Significant concurrent positions outside the Company]
・Chairman of The Higo Bank, Ltd.</td><td>134,070</td></tr>
<tr><td colspan="3">[Reasons for nomination as candidate for Director]
Since the Company's establishment in 2015 to 2019, Takahiro Kai has supervised the general management of the Group as Chairman of the Board, and has also driven the management of The Higo Bank, Ltd., a Group subsidiary, as its President since 2009, and as Chairman since 2018. Since he possesses abundant knowledge, rich experience, and high ability in the field of financial services, the Company believes that Takahiro Kai can contribute to the Group's further development, and it has therefore nominated him as a candidate for Director.</td></tr>
<tr><td rowspan="2">8</td><td>Motohiro Kamimura
(August 18, 1952)

[For reelection]

Attendance at 12 out of 12 board of directors meetings (100%)</td><td>Apr. 1975 Joined The Kagoshima Bank, Ltd.
June 2004 Director and General Manager of Operations Management Division
June 2006 Managing Director
June 2010 President
Oct. 2015 President of the Company
June 2019 Chairman of The Kagoshima Bank, Ltd. (to present)
June 2019 Director of the Company (to present)
[Position and responsibilities in the Company]
・Director
[Significant concurrent positions outside the Company]
・Chairman of The Kagoshima Bank, Ltd.</td><td>52,350</td></tr>
<tr><td colspan="3">[Reason for nomination as candidate for Director]
Since the Company's establishment in 2015 to 2019, Motohiro Kamimura supervised the general management of the Group as President, and has also driven the management of The Kagoshima Bank, Ltd., a Group subsidiary, as its President since 2010 and as Chairman since 2019. Since he possesses abundant knowledge, rich experience, and high ability in the field of financial services, the Company believes that Motohiro Kamimura can contribute to the Group's further development, and it has therefore nominated him as a candidate for Director.</td></tr>
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<table>
<tr><td>No.</td><td>Name
(Date of birth)</td><td>Career summary</td><td>Number of the Company's shares owned</td></tr>
<tr><td rowspan="2">9</td><td>Katsuaki Watanabe
(February 13, 1942)

[For reelection]
[Outside]
[Independent]

Attendance at 12 out of 12 board of directors meetings (100%)</td><td>Apr. 1964 Joined Toyota Motor Co., Ltd. (currently, Toyota Motor Corporation)
Sept. 1992 Director of Toyota Motor Corporation
June 1997 Managing Director
June 1999 Senior Managing Director
June 2001 Executive Vice President
June 2005 President
June 2009 Vice Chairman
June 2011 Senior Advisor
July 2015 Advisor
Oct. 2015 Director of the Company (to present)
[Position and responsibilities in the Company]
・Outside Director
[Significant concurrent positions outside the Company]
・Corporate Auditor of Sumitomo Electric Industries, Ltd.</td><td>20,700</td></tr>
<tr><td colspan="3">[Reasons for nomination and expected role as candidate for Outside Director]
Since the Company judges that, based on the rich experience, broad insight, and knowledge that Katsuaki Watanabe has developed as a top executive of a leading manufacturer, he can be expected to supervise the general management of the Group from an objective and neutral standpoint, the Company requests his election as an Outside Director. Furthermore, he does not infringe on the independence standards established by the stock exchanges, and he also meets the "Outside Officer Independence Standards" established by the Company.</td></tr>
<tr><td rowspan="2">10</td><td>Yuji Nemoto
(October 27, 1954)

[For reelection]
[Outside]
[Independent]

Attendance at 12 out of 12 board of directors meetings (100%)</td><td>Apr. 1978 Joined Japan Development Bank (currently, Development Bank of Japan Inc.)
Apr. 2004 General Manager of Regional Planning Department
Apr. 2006 Professor at Faculty of Economics, Toyo University (to present)
Apr. 2008 Director of Research Center for PPP, Toyo University (to present)
June 2015 Director of The Kagoshima Bank, Ltd.
June 2018 Director of the Company (to present)
[Position and responsibilities in the Company]
・Outside Director
[Significant concurrent positions outside the Company]
・Professor of Toyo University</td><td>—</td></tr>
<tr><td colspan="3">[Reasons for nomination and expected role as candidate for Outside Director]
Since the Company judges that, based on the rich experience, broad insight and knowledge that Yuji Nemoto has developed being involved in regional policy as a university professor and as an expert in public policy, urban development and regional development, he can be expected to supervise the general management of the Group from an objective and neutral standpoint, the Company requests his election as an Outside Director. Furthermore, he does not infringe on the independence standards established by the stock exchanges, and he also meets the "Outside Officer Independence Standards" established by the Company.</td></tr>
</table>

Notes:
1. There is no special interest between any of the candidates for Director and the Company.
2. Katsuaki Watanabe and Yuji Nemoto are candidates for Outside Director.
3. The term of office of Katsuaki Watanabe as Outside Director of the Company will be approximately five (5) years and nine (9) months at the conclusion of this meeting.
   The term of office of Yuji Nemoto as Outside Director of the Company will be approximately three (3) years at the conclusion of this meeting.
4. Both Katsuaki Watanabe and Yuji Nemoto are registered with the stock exchanges on which the Company is listed, as Independent Officers who have no possibility of a conflict of interest arising with ordinary shareholders. If they are both elected as Outside Directors, the Company plans to continue to register them as Independent Officers.
5. With respect to the liability provided for in Article 423, Paragraph 1 of the Companies Act, the Company has entered into limited liability agreements with Katsuaki Watanabe and Yuji Nemoto that limit their liabilities to the minimum liability amount set forth in Article 425, Paragraph 1 of the Companies Act. If they are both elected as Outside Directors, the Company plans to continue the agreements with them.
6. The Company shall enter into a directors and officers liability insurance policy with an insurance company covering damages to be borne by insured persons that may arise due to their assuming liability for the execution of duties or receiving a claim for the pursuit such liability. If the candidates are appointed as Director, they will become insured persons under the insurance policy and the Company plans to renew this insurance policy during their term of office.

Proposal 3: Election of Five (5) Directors Who Also Serve as Audit and Supervisory Committee Members

The Company will transition to a company with an Audit and Supervisory Committee, pending approval of Proposal 1 "Partial Amendments to the Articles of Incorporation." Therefore, the Company proposes the election of five (5) Directors who also serve as Audit and Supervisory Committee members.

The Company has obtained the consent of the Board of Corporate Auditors for this proposal.

A resolution on this proposal shall come into effect when the amendment to the Articles of Incorporation relating to Proposal 1 "Partial Amendments to the Articles of Incorporation" comes into effect.

Please note that the nominations of the Candidates for Director who also serves as an Audit and Supervisory Committee member have been approved by the Board of Directors under the Candidate Selection Policies established by the Company.

< Selection Policies for Candidates for Directors Who Also Serve as Audit and Supervisory Committee Members >

1. On the assumption that Candidates for Director who also serves as an Audit and Supervisory Committee member satisfy the statutory requirements, the selection policies are as follows.

   One (1) or more candidates for Director who also serves as an Audit and Supervisory Committee member must be originally from the Group and possess knowledge, experience, and ability in various fields, such as management, business, and supervision in financial services, be well informed about economic and social conditions, and possess appropriate knowledge of finance and accounting.

2. In selecting candidates for Director who also serves as an Audit and Supervisory Committee member, the Board of Directors must observe the policies set forth in the preceding item and, in the selection stage, obtain the consent of the Audit and Supervisory Committee.

In addition, all three candidates for Outside Director satisfy the requirements of the Outside Officer Independence Standards established by the Company (see page 27 for the Outside Officer Independence Standards).

The candidates for Director who also serves as an Audit and Supervisory Committee member are as follows:

No.	Name	Current position and responsibilities in the Company	
1	Yuichi Tanabe	Corporate Auditor	[New election]
2	Masahide Kitanosono	—	[New election]
3	Kenichi Sekiguchi	Corporate Auditor	[New election] [Outside] [Independent]
4	Katsuro Tanaka	Corporate Auditor	[New election] [Outside] [Independent]
5	Yuko Tashima	Corporate Auditor	[New election] [Outside] [Independent]

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Career summary</th><th>Number of the Company's shares owned</th></tr>
<tr><td rowspan="2">1</td><td>Yuichi Tanabe
(October 11, 1961)

[New election]

Attendance at 12 out of 12 board of directors meetings (100%)

Attendance at 12 out of 12 board of corporate auditors meetings (100%)</td><td>Apr. 1985 Joined The Higo Bank, Ltd.
June 2013 General Manager of Personnel Division
June 2014 Chief of Suizenji Branch
Mar. 2016 Associate Director, General Manager of Internal Audit Division
Mar. 2017 Corporate Auditor (to present)
June 2018 Corporate Auditor (full-time) of the Company (to present)
[Position in the Company]
・Corporate Auditor (full-time)
[Significant concurrent positions outside the Company]
・Corporate Auditor of The Higo Bank, Ltd.</td><td>31,700</td></tr>
<tr><td colspan="3">[Reason for nomination as candidate for Director who also serves as an Audit and Supervisory Committee member]
In addition to taking on the role of Corporate Auditor at The Higo Bank, Ltd., now a wholly owned subsidiary of the Group, in 2017, Yuichi Tanabe assumed the role of Corporate Auditor (full-time) of the Company in 2018, and has conducted appropriate audits of compliance systems and business management of the Company and the Group. Since he possesses abundant knowledge, rich experience, and high ability in the field of financial services as well as appropriate knowledge of finance and accounting, the Company believes that he can contribute to ensuring the soundness of the Group, and it has therefore nominated him as a candidate for Director who also serves as an Audit and Supervisory Committee member.</td></tr>
<tr><td rowspan="2">2</td><td>Masahide Kitanosono
(August 9, 1963)

[New election]</td><td>Apr. 1988 Joined The Kagoshima Bank, Ltd.
Mar. 2005 Chief Investigator of Sales Support Division
Aug. 2009 Chief of Sueyoshi Branch
Feb. 2011 Chief Investigator of Credit Division
June 2011 Head of Corporate Support Office, Credit Division
June 2014 Chief of Takamibaba Branch
Mar. 2016 General Manager of Medical Practice Support Division
Apr. 2018 Executive Officer and General Manager of Medical Practice Support Division
Apr. 2021 Corporate Auditor (full-time) (to present)
Apr. 2021 Director of Kyushu Accounting Service Co., Ltd. (to present)
[Position in the Company]
–
[Significant concurrent positions outside the Company]
・Corporate Auditor of The Kagoshima Bank, Ltd.
・Director of Kyushu Accounting Service Co., Ltd.</td><td>15,600</td></tr>
<tr><td colspan="3">[Reasons for nomination as candidate for Director who also serves as an Audit and Supervisory Committee member]
At The Kagoshima Bank, Ltd., a Group subsidiary, Masahide Kitanosono has served in various roles, including Chief of branches, Head of Corporate Support Office, Credit Division, Executive Officer and General Manager of Medical Practice Support Division and assumed the role of Corporate Auditor (full-time) of the bank in April 2021. Since he possesses abundant knowledge, rich experience, and high ability in the field of financial services as well as appropriate knowledge on finance and accounting, the Company believes that he can contribute to ensuring the soundness of the Group, and it has therefore nominated him as a candidate for Director who also serves as an Audit and Supervisory Committee member.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Career summary</th><th>Number of the Company's shares owned</th></tr>
<tr><td rowspan="2">3</td><td>Kenichi Sekiguchi
(March 14, 1949)

[New election]
[Outside]
[Independent]

Attendance at 12 out of 12 board of directors meetings (100%)

Attendance at 12 out of 12 board of corporate auditors meetings (100%)</td><td>Apr. 1972 Joined The Yasuda Mutual Life Insurance Company (currently Meiji Yasuda Life Insurance Company)
Apr. 2001 Managing Director, Deputy General Manager of Asset Management Office and General Manager of Management Planning Department
Apr. 2002 President of Yasuda Life Direct Insurance Company Limited
Jan. 2004 Managing Director and General Manager of New Market Development Division of Meiji Yasuda Life Insurance Company
Dec. 2005 Representative Director and Chairman
July 2006 Director, Chairman and Representative Executive Officer
July 2013 Special Advisor (to present)
Mar. 2014 Audit & Supervisory Board Member of Hulic Co., Ltd. (to present)
Oct. 2015 Corporate Auditor of the Company (to present)
[Position in the Company]
・Corporate Auditor
[Significant concurrent positions outside the Company]
・Special Advisor at Meiji Yasuda Life Insurance Company
・Audit & Supervisory Board Member of Hulic Co., Ltd.</td><td>11,300</td></tr>
<tr><td colspan="3">[Reason for nomination and expected role as candidate for Outside Director who also serves as an Audit and Supervisory Committee member]
Since the Company judges that, based on the rich experience, broad insight, and knowledge that Kenichi Sekiguchi has developed as a top executive of a leading financial institution, he can be expected to audit the financial soundness of the Group from an objective and neutral standpoint, the Company requests his election as an Outside Director who also serves as an Audit and Supervisory Committee member. Furthermore, he does not infringe on the independence standards established by the stock exchanges, and he also meets the "Outside Officer Independence Standards" established by the Company.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Career summary</th><th>Number of the Company's shares owned</th></tr>
<tr><td>4</td><td>Katsuro Tanaka
(June 5, 1945)

[New election]
[Outside]
[Independent]

Attendance at 12 out of 12 board of directors meetings (100%)

Attendance at 12 out of 12 board of corporate auditors meetings (100%)</td><td>Apr. 1970 Registered as an attorney at law (Tokyo Bar Association)
Oct. 1990 Founding Partner and Senior Managing Partner of TMI Associates (to present)
May 2009 Auditor of Japan Merchandising Rights Association
June 2010 Auditor of Suntory Foundation (to present)
June 2012 Corporate Auditor of The Kagoshima Bank, Ltd.
June 2013 Director of ASICS Corporation
Oct. 2015 Corporate Auditor of the Company (to present)
[Position in the Company]
・Corporate Auditor
[Significant concurrent positions outside the Company]
・Founding Partner and Senior Managing Partner of TMI Associates</td><td>20,700</td></tr>
<tr><td colspan="4">[Reason for nomination and expected role as candidate for Outside Director who also serves as an Audit and Supervisory Committee member]
Since the Company judges that, based on the rich experience, broad insight, and knowledge that Katsuro Tanaka has developed as an attorney, he can be expected to audit the financial soundness of the Group from an objective and neutral standpoint, the Company requests his election as an Outside Director who also serves as an Audit and Supervisory Committee member. Furthermore, he does not infringe on the independence standards established by the stock exchanges, and he also meets the "Outside Officer Independence Standards" established by the Company.</td></tr>
<tr><td>5</td><td>Yuko Tashima
(July 26, 1952)

[New election]
[Outside]
[Independent]

Attendance at 12 out of 12 board of directors meetings (100%)

Attendance at 12 out of 12 board of corporate auditors meetings (100%)</td><td>Apr. 1979 Prosecutor of Tokyo District Public Prosecutors Office
Apr. 1992 Registered as an attorney at law (Tokyo Bar Association)
July 2006 Partner of Sawayaka Law Office (to present)
Outside Director of Meiji Yasuda Life Insurance Company
June 2015 Director of The Chiba Bank, Ltd. (to present)
Oct. 2015 Corporate Auditor of the Company (to present)
June 2016 Corporate Auditor of Tokio Marine & Nichido Anshin Life Insurance Co., Ltd. (to present)
[Position in the Company]
・Corporate Auditor
[Significant concurrent positions outside the Company]
・Partner of Sawayaka Law Office
・Director of The Chiba Bank, Ltd.
・Corporate Auditor of Tokio Marine & Nichido Anshin Life Insurance Co., Ltd.</td><td>5,100</td></tr>
<tr><td colspan="4">[Reason for nomination and expected role as candidate for Outside Director who also serves as an Audit and Supervisory Committee member]
Since the Company judges that, based on the rich experience, broad insight, and knowledge that Yuko Tashima has developed as a prosecutor and attorney, she can be expected to audit the financial soundness of the Group from an objective and neutral standpoint, the Company requests her election as an Outside Director who also serves as an Audit and Supervisory Committee member. Furthermore, she does not infringe on the independence standards established by the stock exchanges, and she also meets the "Outside Officer Independence Standards" established by the Company.</td></tr>
</table>

Notes:

1. There is no special interest between any of the candidates for Director who also serves as an Audit and Supervisory Committee member and the Company.
2. Kenichi Sekiguchi, Katsuro Tanaka, and Yuko Tashima are candidates for Outside Director who also serves as an Audit and Supervisory Committee member.
3. Kenichi Sekiguchi, Katsuro Tanaka, and Yuko Tashima are currently Outside Corporate Auditors of the Company. Their terms of office as Outside Corporate Auditors will be approximately five (5) years and nine (9) months at the conclusion of this meeting.
4. Kenichi Sekiguchi, Katsuro Tanaka, and Yuko Tashima are registered with the stock exchanges on which the Company is listed, as Independent Officers who have no possibility of a conflict of interest arising with ordinary shareholders. If they are elected as Directors who also serve as Audit and Supervisory Committee members, the Company plans to continue to register them as Independent Officers.
5. With respect to the liability provided for in Article 423, Paragraph 1 of the Companies Act, the Company has entered into limited liability agreements with Kenichi Sekiguchi, Katsuro Tanaka, and Yuko Tashima that limit their liabilities to the minimum liability amount set forth in Article 425, Paragraph 1 of the Companies Act. If they are elected as Directors who also serve as Audit and Supervisory Committee members, the Company plans to continue the agreements with them.
6. The Company shall enter into a directors and officers liability insurance policy with an insurance company covering damages to be borne by insured persons that may arise due to their assuming liability for the execution of duties or receiving a claim for the pursuit such liability. If the candidates are appointed as Director who also serves as an Audit and Supervisory Committee member, they will become insured persons under the insurance policy and the Company plans to renew this insurance policy during their term of office.

Proposal 4: Election of One (1) Substitute Director Who Also Serves as an Audit and Supervisory Committee Member

The Company will transition to a company with an Audit and Supervisory Committee, pending approval of Proposal 1 "Partial Amendments to the Articles of Incorporation." Therefore, in case the number of Directors who also serve as Audit and Supervisory Committee members falls short of the number required by law, the Company proposes the election of one (1) substitute Director who also serves as an Audit and Supervisory Committee member.

The substitute Director who also serves as an Audit and Supervisory Committee member is as described below, and on the condition that Proposal 3 "Election of Five (5) Directors Who Also Serve as Audit and Supervisory Committee Members" is approved as originally proposed, the Company requests that she be appointed as a substitute for Directors who also serve as Outside Audit and Supervisory Committee members. The Company has obtained the consent of the Board of Corporate Auditors for this proposal.

A resolution on this proposal shall come into effect when the amendment to the Articles of Incorporation relating to Proposal 1 "Partial Amendments to the Articles of Incorporation" come into effect and shall remain in effect until the next Ordinary General Meeting of Shareholders.

The candidate for a Director who also serves as a substitute Audit and Supervisory Committee member is as follows:

Name (Date of birth)	Career summary	Number of the Company's shares owned
Makiko Yamamoto (May 29, 1971) [Outside] [Independent]	July 1995 Joined TMI Associates Oct. 2000 Registered as an attorney at law (Tokyo Bar Association) Sep. 2005 Joined Simmons & Simmons, London Sep. 2006 Joined TMI Associates Feb. 2012 Registered as Solicitor with the Law Society of England and Wales June 2012 Joined Simmons & Simmons, London Sep. 2014 Joined TMI Associates June 2016 Outside Corporate Auditor of Starzen Co., Ltd. Apr. 2018 Guest Professor of Musashino University (to present) June 2018 Outside Corporate Director of SIGMAXYZ Inc. (to present) June 2019 Outside Director (Audit & Supervisory Committee Member) of Musashi Seimitsu Industry Co., Ltd. (to present) Feb. 2020 Registered as an attorney at law (Fukuoka Bar Association) Employee of TMI Partners Legal Professional Corporation Representative of Fukuoka Office (to present) Mar. 2020 Outside Director of ASICS Corporation (to present) [Position and responsibilities in the Company] – [Significant concurrent positions outside the Company] ・Attorney of TMI Associates ・Outside Corporate Director of SIGMAXYZ Inc. ・Outside Director (Audit & Supervisory Committee Member) of Musashi Seimitsu Industry Co., Ltd. ・Outside Director of ASICS Corporation	–
[Reason for nomination and expected role as candidate for substitute Outside Director who also serves as an Audit and Supervisory Committee member] Since the Company judges that, based on her rich experience and expert perspective in international legal affairs and corporate legal affairs that Makiko Yamamoto has developed as an attorney with international experience, she can be expected to provide appropriate supervision and advice to the Board of Directors, the Company requests her election as a substitute Outside Director who also serves as an Audit and Supervisory Committee member. Furthermore, she meets the "Outside Officer Independence Standards" established by the Company.		

Notes:
1. There is no special interest between Makiko Yamamoto and the Company.
2. Makiko Yamamoto is a candidate for substitute Outside Director who also serves as an Audit and Supervisory Committee member.
3. Makiko Yamamoto's name in the family register is Makiko Yasukawa.
4. If Makiko Yamamoto is elected as an Outside Director who also serves as an Audit and Supervisory Committee member, the Company plans to register her as an Independent Officer who has no possibility of a conflict of interest arising with ordinary shareholders.
5. If Makiko Yamamoto becomes an Outside Director who also serves as an Audit and Supervisory Committee member, the Company plans to enter into a limited liability agreement that limits her liability to the minimum liability amount set forth in Article 425, Paragraph 1 of the Companies Act, with respect to the liability provided for in Article 423, Paragraph 1 of the Companies Act.
6. The Company shall enter into a directors and officers liability insurance policy with an insurance company covering damages to be borne by insured persons that may arise due to their assuming liability for the execution of duties or receiving a claim for the pursuit such liability. If Makiko Yamamoto is appointed as an Outside Director who also serves as an Audit and Supervisory Committee member, she will be include as an insured under the insurance policy.

Proposal 5: Determination of Amount of Remuneration for Directors (Excluding Directors Who Also Serve as Audit and Supervisory Committee Members)

The total amount of remuneration for Directors of the Company was set at a maximum of ¥25 million per month (including maximum of ¥3 million for Outside Directors) at the 1st Ordinary General Meeting of Shareholders held on June 21, 2016 and remains unchanged to date. However, the Company will transition to a company with an Audit and Supervisory Committee, pending approval of Proposal 1 "Partial Amendments to the Articles of Incorporation." Therefore, the Company requests approval to abolish the current provisions regarding the amount of remuneration for Directors and set a new amount of remuneration for Directors (excluding Directors who also serve as Audit and Supervisory Committee members).

Specifically, with consideration for circumstances including economic conditions, the Company requests that total yearly remuneration for Directors (excluding Directors who also serve as Audit and Supervisory Committee members) be set to a maximum of ¥300 million (including ¥36 million for Outside Directors).

At present, there are eleven (11) Directors (including two (2) Outside Directors). However, if Proposal 1 "Partial Amendments to the Articles of Incorporation" and Proposal 2 "Election of Ten (10) Directors (Excluding Directors Who Also Serve as Audit and Supervisory Committee Members)" are approved as originally proposed, there will be ten (10) Directors (excluding Directors who also serve as Audit and Supervisory Committee members and including two (2) Outside Directors).

The Company insists on fairness and transparency in its policy concerning remuneration for Directors, and since this proposal was decided by the Board of Directors following consultation with the Nomination and Remuneration Advisory Committee in accordance with this policy, we believe it is appropriate.

A resolution on this proposal shall come into effect when amendment to the Articles of Incorporation relating to Proposal 1 "Partial Amendments to the Articles of Incorporation" comes into effect.

Proposal 6: Determination of Amount of Remuneration for Directors Who Also Serve as Audit and Supervisory Committee Members

The Company will transition to a company with an Audit and Supervisory Committee, pending approval of Proposal 1 "Partial Amendments to the Articles of Incorporation." Therefore, the Company requests approval to set the amount of remuneration for Directors who also serve as Audit and Supervisory Committee members.

Specifically, with consideration for various circumstances including economic situations, the Company requests that the total yearly remuneration be set to a maximum of ¥120 million for Directors who also serve as Audit and Supervisory Committee members.

If Proposal 1 "Partial Amendments to the Articles of Incorporation" and Proposal 3 "Election of Five (5) Directors Who Also Serve as Audit and Supervisory Committee Members" are approved as originally proposed, there will be five (5) Directors who also serve as Audit and Supervisory Committee members.

The Company insists on fairness and transparency in its policy concerning remuneration for Directors, and since this proposal was decided by the Board of Directors following consultation with the Nomination and Remuneration Advisory Committee in accordance with this policy, we believe it is appropriate.

A resolution on this proposal shall come into effect when the amendment to the Articles of Incorporation relating to Proposal 1 "Partial Amendments to the Articles of Incorporation" comes into effect.

<Outside Officer Independence Standards>

1. An outside officer must not be an executive director, an executive officer, or an employee of the Company or a Group company (hereinafter referred to as "person who executes business"), and he or she must not have been a person who executes business at any time in the past ten (10) years. Furthermore, an outside officer must not be a director, an auditor, an accounting advisor, an executive officer, a corporate executive officer, or an employee of any company of which the Group is the main shareholder. (This means any company in which, at the end of the most recent business year, the Group's ratio of voting rights held is 10% or more of the total voting rights.)
2. An outside officer must be neither an entity whose major customer is the Company or a Group company nor a parent company or a significant subsidiary of that entity. Furthermore, if the entity is a company, then an outside officer must be neither a person who executes business of the company nor, at any time in the last three (3) years, a person who executes business of the company.
3. An outside officer must be neither an entity who is a major customer of the Company or a Group company nor a parent company or significant subsidiary of that entity. Furthermore, if the entity is a company, then an outside officer must be neither a person who executes business of the company nor, at any time in the last three (3) years, a person who executes business of the company.
4. An outside officer must not be a person who executes business of an organization that receives donations, etc., from the Company or a Group company that exceed a specified amount. (Specified amount means the larger of either ¥10 million per year on average in the last three (3) years, or 30% of the average annual total expenses of the organization that receives donations, etc.)
5. An outside officer must not be an officer, such as a director, of a company, the parent company of a company, or the group company of a company that receives directors from the Company or a Group company.
6. An outside officer must not now be the Accounting Auditor or an employee, etc., of the Accounting Auditor of the Company or a Group company; furthermore, within the past three (3) years, as such an employee, etc., he or she must not have been responsible for audit work of the Company or a current Group company.
7. An outside officer who is an attorney, consultant, etc. (including, in the case of a corporation, an employee, etc., who should perform the duties of those functions) must not have received, from the Company or a Group company, other than directors' remuneration, any monetary or other economic benefit of ¥10 million or more per year on average in the last three (3) years, and he or she must not be an employee, etc., of a law office, etc., that has the Company or a Group company as a major client.
8. An outside officer must be neither a close relative of a Director or an Executive Officer of the Company or a Group company nor a close relative of an important employee, etc., who is in a position equivalent to officer, such as advisor, associate director, or consultant, of the Company or a Group company (hereinafter referred to as "person equivalent to an officer"). Furthermore, in the last five (5) years, he or she must not have been the spouse or a relative within the second degree of kinship (hereinafter referred to as "close relative") of the said Director, Executive Officer, or person equivalent to an officer, and his or her close relative must not correspond to the same criteria as those in items 1, 2, 3, 4, 6, and 7 above.
9. In addition, an outside officer must be a person who has no possibility, on a regular and continuous basis, of a substantial conflict of interest arising with the Company's ordinary shareholders as a whole, for any circumstance other than a reason taken into account in the aforementioned items.

Supplementary Provisions

1. Even if a person does not satisfy any one of the items 2 through 8 above, if the Company considers that, in light of his or her character, insight, etc., the person is suitable as an outside officer of the Company, then, on condition that his or her candidacy will be explained publicly, the person may be selected as a candidate for an outside officer of the Company.
2. Under these standards, if an outside officer who is judged as possessing independence loses independence, he or she shall notify the Company promptly.
3. In these standards, "a major customer" means an entity whose transaction value between it and the Group in any of the past three (3) business years, including the most recent business year, is 1% or more of the yearly gross annual sales revenue (consolidated annual gross income from business in the case of the Company).

Attachment

Business Report for the 6th Term

(From April 1, 2020 to March 31, 2021)

1. Status of the Company

(1) Progress and results of the Group's operations, etc.

[Major businesses of the Group]

The Group is comprised of the Company, which is a bank-holding company, and 18 consolidated subsidiaries, including The Higo Bank, Ltd. (hereinafter referred to as "Higo Bank") and The Kagoshima Bank, Ltd. (hereinafter referred to as "Kagoshima Bank"), and Kyushu FG Securities, Inc. (hereinafter referred to as "Kyushu FG Securities"), is engaged in operations related to financial services centered on banking, leasing services, credit card services, credit guarantee services and financial instrument transactions.

[Financial and economic environment]

During the fiscal year under review, the Japanese economy was impacted by the rapid spread of COVID-19, resulting in stagnant economic activity and extremely difficult conditions. In April and May 2020, a nationwide state of emergency was declared, and GDP fell drastically during the April-June period. Subsequently, measures to stimulate demand for tourism, food and beverage and services were successful, and there were signs of a recovery towards the second half of 2020. As 2020 drew to a close, the number of infected people increased and a third wave of the outbreak hit the country, prompting the re-declaration of a state of emergency in January 2021. The situation is difficult and, while there are signs of a turnaround, some weaknesses remain.

In this economic environment, the Nikkei index, which had been sluggish due to the effects of COVID-19, reached the ¥30,000 level for the first time in three and a half decades in February 2021, on the back of a global stock market rally driven by the positive response to economic measures, monetary easing measures, and the start of vaccination in various countries. While the exchange rate hovered around ¥105 to ¥109 against the dollar at the beginning of the period, it rose to the ¥102 level towards the end of 2020 due to concerns about the global re-expansion of infections. Subsequently, the yen weakened against the dollar due to the rise in long-term interest rates in the United States.

As for the local economy, as in the rest of the country, the first half of the fiscal year was marked by a difficult situation overall, with a significant drop in tourism-related and consumption-related activities due to COVID-19. In the second half of 2020, consumption and tourism-related activities picked up, partly due to the effects of production activities and the government's "Go To Campaign" economic stimulus package. Since the beginning of the year, there have been some difficult areas, such as a renewed downturn in tourism-related activities due to the suspension of Go to Travel Campaign following the resurgence of COVID-19. Looking ahead, we need to pay close attention to the spread of infection caused by mutant variants and the status of vaccination.

[Progress and results of the Group's operations]

The Company was established on October 1, 2015 by means of joint share transfer by Higo Bank and Kagoshima Bank (hereinafter, "both banks") in conjunction with the business integration. By establishing a solid business foundation that can further enhance our presence in Kyushu, the place of origin of both banks, we seek to create a new business model tied closely to local communities while extending over a wide area, further build mutual trust with local communities, promote greater management efficiency, improve corporate value, and actively contribute to the realization of dynamic local communities as a regional comprehensive financial group.

Targeting the realization of growth of the Group, three management philosophical pillars have been established:

1. The Group will respond to the trust and expectations of customers and will provide optimal, high-level comprehensive financial services to its customers.
2. The Group will develop alongside local regions and actively contribute to the realization of a vigorous regional society and economy.
3. The Group will nurture an abundance of creativity and a free-spirited organizational culture, continuing to challenge itself to move toward a better future.

The 2nd Medium-Term Management Plan, which run from April 1, 2018 to March 31, 2021, was set out below with the aim of realizing the Group's management philosophy. The Group worked on initiatives to enhance corporate value and achieve sustainable growth.

[Outline of the 2nd Medium-Term Management Plan]

1. Name: 2nd Medium-Term Management Plan - Integration Stage -
2. Period: Three years (April 2018-March 2021)
3. Vision: Become Kyushu's top full-service financial group for customers
4. Basic policy: Maximize Group synergy to provide the optimal and best services to our customers
5. Basic strategy and strategic pillars

Basic strategy	Strategic pillars
(1) Evolution into a Group that co-creates regional vitality	1. Enhancement of regional comprehensive financial functions 2. Demonstration of function of promoting regional industry
(2) Strengthening of Group's human resources	1. Enhancement of human resources management 2. Enhancement of human resources development
(3) Raise the level of Group governance	1. Enhancement of business management structure 2. Improvement of productivity

6. Numerical targets

Item		Target for final year	Final year financial results	Fiscal 2019 financial results	Reference
Growth	1. Average balance of loans	¥7.6 trillion	¥7.5 trillion	¥7.1 trillion	Simple sum of two banks
	2. Average balance of deposits/NCD	¥9.2 trillion	¥9.3 trillion	¥8.7 trillion	
Profitability	1. Net income	¥25,000 million	¥15,000 million	¥18,200 million	Consolidated
	2. Business profits from services provided to customers*	¥14,000 million	¥9,200 million	¥11,700 million	
	3. Return on shareholders' equity	4% level	2.4%	3.0%	
Efficiency	1. OHR	Under 70%	69.7%	67.8%	
Financial soundness	1. Capital adequacy ratio	10% or higher	11.08%	10.89%	

* Business profits from services provided to customers:

Average balance of loans x interest margin for loans and deposits + fees and commissions - expenses

During fiscal 2020, the final fiscal year of the Medium-Term Management Plan, designated the "Integration Stage," the main measures implemented by the Group were as follows.

[Evolution into a Group that co-creates regional vitality]

Enhancement of regional comprehensive financial functions

(Establishing connections between Bank, Securities and Trusts)

In order to respond to the rising need for inheritance and the passing on of assets against the backdrop of a progressively aging society, in April 2019, the Group started operating the trust business at the banks, becoming the first regional banking Group in Kyushu to take such initiatives. Moreover, in July 2020, both banks began to offer "Adult Guardianship Support Deposits." In October 2020, Kyushu FG Securities, Inc. of the Group has launched "IPO (Initial Public Offering) Support Services" to support customers who are aiming to list their stocks. Together with Kyushu FG Securities, Inc., now in its third year of operations, the three business formats of Bank, Securities and Trusts, cooperate to provide one-stop services matched to customer needs such as inheritance, or to customers' life stages in terms of "saving," "growing," and "leaving." Both banks and Kyushu FG Securities will strive to supply more specialized financial products and services by continuing to coordinate appropriately.

(Expanding services and channels)

From May 2020, the Group began services at Glocal Crowdfunding Inc., a crowdfunding company, with the aim of providing growth capital to enterprises in Kyushu. In the fiscal year under review, we are implementing various projects such as the "Sashiyori Support Project" to support restaurants in Kumamoto Prefecture that have been affected by COVID-19, and the "Drink Kuma Shochu and Support Hitoyoshi Onsen Project" to support the tourism industry in Hitoyoshi Kuma in Kumamoto Prefecture, which was damaged by "the July 2020 Kyushu floods." In order to turn the resources and ideas of local communities into realities, the Group will continue to serve as a bridge that connects the empathy and capital of investors across Japan with enterprise owners, contributing to the development of sustainable regional economies.

Furthermore, to share the kindness of customers with the community, both banks offer a wide range of products such as privately-placed bonds and medical institution bonds, for which part of the issuance amount is donated to schools and organizations designated by customers. Higo Bank offers *Manabiya* Privately-placed Bonds with School Donations, Kumamoto Reconstruction Support Privately-placed Bonds, Higin SDGs Privately-placed Bonds and Higin SDGs Medical Institution Bonds. Kagoshima Bank offers Kagin SDGs Promotion Privately-placed Bonds and Kagin SDGs Promotion Medical Institution Bonds.

In addition, in February 2021, both banks simultaneously launched the "Higin Passbook App" and "Kagin Passbook App," which allow customers to access their deposit account balances and deposit/withdrawal details in real time via their smartphones instead of using paper passbooks.

The Group will continue to work as one to enhance its measures aimed at solving the issues of communities and customers.

Demonstration of function of promoting regional industry

(Regional revitalization support)

The Group is collaborating with local governments and related organizations, and working to convey the various appeals of regions.

Since September 2020, Higo Bank has been working with the District Economics Research Institute of Kumamoto Area to support the branding of Kuma Shochu and the expansion of overseas sales channels.

With the completion of the new head office building in May 2020, Kagoshima Bank has opened YOCADO KAGOSHIMA (Attraction Facility), a 100% cashless commercial facility, wherein various electronic moneys, such as Paydon, and credit cards, etc. are the paying method. Kagoshima Bank is working to convey the charms of the local area, appealing to all five senses. The objective is to become a new attraction in Kagoshima that would invigorate the local area as a whole and to create new value, by fusing and developing people, experiences, and goods associated with Kagoshima. Furthermore, in January 2021, we received the Minister's Commendation for Regional Development Support Taxation (Corporate Version of Furusato Taxation) in recognition of our activities in promoting the use of this taxation system.

The two banks were recognized by the Headquarters for Regional Revitalization in Cabinet Secretariat as "Distinctive Examples of Initiatives" by financial institutions and other entities contributing to regional development, and were commended by the Minister of State for Regional Revitalization. In March 2021, Higo Bank was recognized for its support for Takamori-machi, Aso-gun, Kumamoto Prefecture's efforts to revitalize the region and promote immigration and settlement of people from Japan and abroad using manga as a catalyst, as well as for its measures to attract tourists, while Kagoshima Bank was recognized in May 2020 for its problem solving support on human resources through the technical intern training business for overseas workers.

We will continue to actively contribute to the realization of regional development in cooperation with relevant organizations.

(Initiatives in the tourism field)

Through the leveraging of regional tourist resources, and the planning and sharing of new tourism content, the Group supports tourism promotion and regional revitalization.

Utilizing the Ministry of the Environment's "FY2020 (Supplementary Budget) Project to Promote the Attraction of Visitors to National Parks," both Higo Bank and Kagoshima Bank are working on developing tour programs and offering information.

Collaborating with Kumamoto DMC Co., Ltd., Higo Bank has developed a nature experience program in the Aso-Kuju National Park and made its promotion video, and implemented a model tour project from September 2020 to February 2021.

Kagoshima Bank has developed an activity program that enables visitors to tour Takachiho Peak, Kirishima Shrine, Mt. Karakuni and Ebino Highland in the Kirishima area of Kirishima-Kinkowan National Park from July to October 2020.We implemented a model tour project, as well as developing a promotion.

Going forward, we will continue to engage in measures with the objective of discovering tourism resources in local areas, and promoting regional revitalization by increasing nonresident populations.

(Initiatives for the agriculture, forestry and fisheries field)

In the field of agriculture, forestry, and fisheries, the Group strengthens support for customer businesses by leveraging the strengths of both banks and sharing the know-how they have accumulated.

In February 2021, Higo Bank, in cooperation with the Kumamoto Prefectural Products Promotion Association, held the "Kumamoto Products Online Business Meeting" to match agricultural and marine product producers in Kumamoto Prefecture with food-related buyers from supermarkets and e-commerce sites outside the prefecture.

Since June 2020, Kagoshima Bank has been donating foodstuffs to children's cafeterias with the aim of supporting children, who will be the future leaders of their communities, and promoting food education by using Kagoshima products, through supporting producers of agricultural and marine products and solving the problem of food waste (food loss).

Both banks will continue to work together to turn the agriculture, forestry, and fishery industries into growth industries and revitalize regional economies.

(Initiatives for startups/new businesses)

As part of the efforts to expand and enrich its consulting services for enterprise owners, the Group has reinforced initiatives for start-ups and new businesses.

In July 2020, Higo Bank held the "Kumamoto Tech Plan Grand Prix," a next generation venture contest, to support the establishment of new businesses by fostering entrepreneurs who will change the world from Kumamoto with their passion and next generation technologies, in order to create natural symbiotic industries such as agricultural biotechnology.

Kagoshima Bank has signed a partnership agreement on local development initiatives with eight universities and other institutions in Kagoshima Prefecture to implement the "Kagin Future Creation Idea Marathon Program" from October 2020 to February 2021, with the aim of fostering the next generation of human resources and creating new industries in the region.

In addition, the two banks have launched a matching service to connect local companies with secondary-job human resources in urban areas, in collaboration with Higin Office Business Co., Ltd. and Mirai Works Inc. in order to solve business problems using human resources with secondary jobs.

We will continue to contribute to regional revitalization by assisting regional company growth and the creation of new jobs by supporting the development of start-ups, second formation, and new businesses.

(Regional regeneration support through collaboration between industry, government and academia)

As part of the activities of the "Kyushu FG PPP/PFI Platform," which was established with a view to contributing to the regions, the Group has an ongoing program of seminars. We are pushing forward with discussions with the various local governments regarding the sharing and resolving of issues that face the various regions, and will continue these going forward.

(Responses to COVID-19)

The Group is working together to provide ongoing support to the communities and customers affected by COVID-19 outbreak.

In terms of financing, the two banks have set up a consultation desk to provide a prompt and detailed response to customers' inquiries about loans and repayments, and are providing support for businesses affected by the decline in sales through the "Special Loan for Responding to COVID-19" and other measures. In order to further strengthen our management support to our customers and contribute to improving the sustainability of our customers and the region through our expertise, we have also established a Corporate Support Office at Higo Bank and a COVID-19 Business Support Team at Kagoshima Bank. In addition, in January 2021, the two banks launched a "Capital Subordinated Loan" to help businesses that have suffered financial difficulties due to COVID-19 infections to improve impaired financial positions. In the fiscal year under review, the number of financing supports related to COVID-19 was 11,901 cases and the total amount of loans extended was ¥288.5 billion by both banks.

On the non-financial side, Higo Bank participated in the "Kumamoto Masks Project" that connects people through secondary jobs by buying handmade masks from people affected by a loss of income and distributing them free of charge to businesses, organizations and individuals in Kumamoto Prefecture. Kagoshima Bank has launched an electronic issuance service for regional promotion vouchers and gift certificates using the cashless application "Paydon," in an effort to contribute to the revitalization of the local economy and the prevention of the spread of COVID-19.

In August 2020, to support the efforts of medical professionals for their engagements in the response to COVID-19, we donated 100 yen per shareholder who exercised their voting rights in advance at the 5th Ordinary General Meeting of Shareholders, totaling ¥459,800, to the Kagoshima prefectural Medical Association and the Kumamoto Medical Association.

In addition, in September 2020, the two banks donated a total of ¥200 million to the Kumamoto and Kagoshima prefectures through a corporate version of furusato (hometown) tax payment as part of their support for local economic recovery affected by COVID-19 and regional development projects.

Going forward, we will continue to take proactive steps to achieve sustainable communities.

(Response to the July 2020 Kyushu floods)

The Group is providing close support to all those affected by the July 2020 Kyushu floods.

We have set up a special contact point in order to respond to inquiries in a timely and appropriate manner, and we provide support to businesses through the use of "emergency short term funds" in cooperation with the Kumamoto Credit Guarantee Association. In addition to Higo Bank's "HarmoniCar" mobile branch car, Kagoshima Bank dispatched its "Mobile ATM Car" to the disaster area. In addition, we will continue to support our customers in their recovery and reconstruction efforts by resolving any issues they may have, for example by holding information sessions on the "subsidies for the reconstruction of livelihoods."

[Strengthening of Group's human resources]

(Promotion of personnel integration)

With the aim of strengthening the organization by nurturing a sense of group identity and mutual understanding, the Group has implemented ongoing exchanges involving transfers of personnel and joint training. The total number of employees who have participated in personnel exchanges up until the fiscal year under review has reached 150. Joint training was provided to 130 employees during the fiscal year under review, as we moved from group training to an online format due to the spread of COVID-19, and the total number of employees engaged in exchange through joint training reached around 2,400.

In our personnel development measures, we have actively implemented educational measures for developing executive personnel, and education measures in specialized fields. In the area of executive development, we held Next-Generation Leader Development Training (15 participants), a one-year program focusing on business concepts designed to equip young people with the practical, creative and other skills needed to become the Group's core personnel. We also held a Digital Human Resources Development Seminar (20 participants) and an Open Innovation Seminar (95 participants) to develop digital talent in new areas.

In terms of hiring activities, we strengthened the Group's recruitment functions through proactive online recruitment activities, including web-based recruitment briefings and video streaming.

(Initiatives for work style reform)

The Group is taking an active approach to work style reform in order to create environment in which employees can work with enthusiasm. So far, we have implemented new approaches such as an early-morning work attendance system, which is highly effective in improving productivity, an interval work attendance system, which helps maintain good health, and a staggered work attendance system that respects employee's lifestyle.

In addition, we make active use of teleworking, including working from home, and split working hours, not only to achieve more flexible working styles, but also from the perspective of our business continuity plan (BCP) in case of disasters or emergencies.

[Raise the level of Group governance]

(Reorganization)

In January 2020, the Group reorganized its Operations Administration / IT Management Division into the Digital Innovation Division, with the aim of providing new customer experiences and services in response to the digitalization of society and the environment, as well as reforming working practices and increasing productivity by promoting digitalization. The Digital Innovation Division is responsible for the planning and promotion of digital innovation across the Group, as well as the planning of digitalization for the expansion of new business areas and the promotion of Digital Transformation (DX) across the Group.

(Revisions to committees)

In light of the impact of the spread of COVID-19 on the regional economy and other factors, the Group has clarified its stance on the issue and established in May 2020 the Committee to Combat COVID-19

to promote cross-Group information sharing on COVID-19 and to discuss initiatives for customers and the regional economy. As a co-creator of community vitality, we are working together with our customers and local communities to create a society that is resistant to infectious diseases, with the aim of realizing "economic regeneration" and "vibrant local communities."

In April 2021, the Group established a new Sustainability Promotion Committee to discuss and debate important issues related to the "pioneering SDGs and ESG initiatives." In line with this, we have integrated the Committee to Combat COVID-19 into the Sustainability Promotion Committee, which will discuss initiatives for customers and local communities, recognizing infectious diseases and natural disasters as important issues for local communities.

(Shared clerical work/systems)

The Group is continuing its efforts to maximize the effect of the business integration. As a result of a multifaceted review of the costs and benefits of integration, as well as the manpower and development time required, we have decided not to integrate the core systems for the time being, as the disadvantages of integration are significant, such as the lack of significant cost savings and the need for a two-year development freeze.

Given the need for change and speed, we will focus the costs of integrating our accounting systems on DX investments over the three years of our third medium-term management plan, in order to provide new experiences and services to our customers digitally, and to improve productivity by reforming internal business processes within the Group.

Specifically, we are working on the development of a Group-wide financial app, the first of its kind in Japan, incorporating features from the US company Movencorp Inc., to help customers build their assets and improve convenience. We will continue to work on building a local digital platform to support local DX and provide digital services in the financial and non-financial sectors.

As a result of our digitalization efforts, in February this year we released a passbook app for both banks to improve customer convenience.

Towards the realization of a sustainable society

The Group is working on initiatives to assist in sustainable economic development and the creation of sustainable communities in the regions based on three management philosophical pillars.

To reinforce these initiatives further, we established the Sustainability Management Office, whose goal is to take on perspectives such as those of the Sustainable Development Goals (SDGs) drawn up by the United Nations, and of Environmental, Social, and Governance (ESG), in order to systematically manage sustainable business activities for the Group as a whole, as well as formulating a "Sustainability Declaration" and working as one to realize a sustainable society.

Based on this declaration, in July 2019, we formulated the Guidelines for Investment and Lending to contribute to sustainable regional development through the Group's core operations, investment and lending. We are promoting autonomous and responsible investment and lending that lead to solutions of the environmental and social issues faced by customers and local communities, as well as actively supporting businesses that help mitigate climate change and contribute to biodiversity, together with businesses that contribute to the revitalization of key local industries.

In recognition of the Group's ESG finance activities, we were awarded the Silver Prize in the First ESG Finance Awards Japan organized by the Ministry of the Environment in 2019 (Banking Category).

In September 2020, we signed the Principles for Responsible Banking (PRB), the second regional bank in Japan to do so, and we are determined to fulfill our role and responsibility in realizing sustainable communities by defining our business strategy in line with the SDGs, the Paris Agreement and other social goals.

In terms of regional relations, in January 2020, the two banks, Oita Bank, Miyazaki Bank, and the Kyushu Regional Environmental Office, Ministry of the Environment concluded the Partnership Agreement for the Regional Circular and Ecological Sphere (CES) in Central and Southern Kyushu. This partnership agreement will reinforce members' regional capabilities and sustainable development capabilities through regional revitalization, including the use of regional resources such as national parks, and joint efforts to promote and generate awareness on SDGs in regional areas.

In addition, to assist in creating communities more resilient to disasters, Higo Bank has constructed 10

emergency wells in Kumamoto Prefecture, and has concluded agreements with five cities stipulating matters necessary for opening these wells to the general public in the event of an emergency. Kagoshima Bank is collaborating with Group companies and other organizations to support the formulation of BCPs by local customers.

(Initiatives for environmental conservation and regional contribution activities)

The Group is also actively working on challenges related to the environment, society, etc. to create a rich regional community. The Group is engaged in ongoing environmental conservation activities, including cultivating headwater forests, implementing flooding paddy fields operation and maintaining forests, to pass on the abundant natural resources of our home towns to the next generation.

In June 2019, the Group declared its support for recommendations by the Task Force on Climate-related Financial Disclosures (TCFD), and formulated the Green Purchasing Guidelines in March 2020. The Group will promote purchasing activities in accordance with these guidelines, and will engage in Group-wide environmentally-conscious activities, such as discontinuing the use of plastic bags to distribute materials to customers in an effort to eliminate microplastics.

In December 2020, we also established the Group's Environmental Policy in order to unify Group policy and strengthen our response to new environmental challenges such as climate change. With the aim of realizing a decarbonized society, the Group will actively contribute to the realization of sustainable local communities through local environmental conservation initiatives.

In addition to such efforts, the Group continues to contribute to medium- and long-term revitalization of local communities by participating in regional events, sponsoring sporting and cultural events, engaging in social welfare activities, etc.

Fiscal 2020 Financial Results

The consolidated results of the Group in the fiscal year under review were as follows:

(Deposits [deposits and negotiable certificates of deposit])

Due to increases in personal and other deposits, deposits rose by ¥890.3 billion over the end of the previous fiscal year to ¥9,656.6 billion.

(Loans)

Loans rose by ¥393.4 billion over the end of the previous fiscal year to ¥7,580.3 billion, mainly as a result of increases in public loans.

(Securities)

Securities fell by ¥21.4 billion over the end of the previous fiscal year to ¥2,195.5 billion, mainly as a result of decreases in foreign securities.

(Profit and loss)

Consolidated ordinary income increased by ¥8,756 million year on year to ¥180,896 million due primarily to an increase in subsidiaries and gain on sale of shares. Consolidated ordinary profit decreased by ¥5,350 million year on year to ¥21,682 million. Additionally, profit attributable to owners of parent decreased by ¥3,248 million year on year to ¥15,012 million.

With regard to distributing profits, the Company maintains a basic policy of increasing capital efficiency and providing stable dividends through profitable growth while giving consideration to enhancing internal reserves.

In line with the aforementioned policy, the Company proposes to pay a year-end dividend for the fiscal year under review of ¥6 per share.

(Non-consolidated year-end balances of main accounts and operating results of Higo Bank)

With regard to year-end balances of main accounts, deposits (deposits and negotiable certificates of deposit) increased by ¥449.2 billion year on year to ¥5,126.7 billion owing primarily to increases in personal and corporate deposits. Loans increased by ¥138.4 billion year on year to ¥3,834.9 billion due mainly to higher corporate loans. Securities decreased by ¥11.8 billion to ¥1,355.6 billion mostly as a result of a decrease in foreign securities.

Additionally, net business profit decreased by ¥2,983 million year on year to ¥14,081 million, ordinary profit decreased by ¥6,305 million year on year to ¥12,253 million, and net income decreased by ¥4,183 million year on year to ¥8,677 million.

(Non-consolidated year-end balances of main accounts and operating results of Kagoshima Bank)

With regard to year-end balances of main accounts, deposits (deposits and negotiable certificates of deposit) increased by ¥443.9 billion year on year to ¥4,545.7 billion owing primarily to increases in personal and corporate deposits, loans increased by ¥256.2 billion year on year to ¥3,814.4 billion owing primarily to increases in public loans, and securities decreased by ¥10.0 billion year on year to ¥843.6 billion due mainly to a decrease in corporate bonds.

Additionally, net business profit decreased by ¥5,351 million year on year to ¥12,401 million, ordinary profit decreased by ¥5,801 million year on year to ¥10,414 million, and net income decreased by ¥3,769 million year on year to ¥7,466 million.

[Business environment and issues to be addressed]

In Central and Southern Kyushu, the home of the Group, there is a constant outflow of the working-age population to metropolitan and urban areas. The region faces with structural problems, including the acceleration of the declining birthrate and aging population as well as a shrinking market.

In addition, there are concerns that the regional economy will continue to face an uncertain outlook due to the impact of COVID-19, which has worsened corporate profits, depressed consumer spending and weakened inbound demand.

Furthermore, the financial industry is required to respond to changes in the social environment and customer behavior due to digital technological innovation, in addition to the prolonged low interest rate environment, increased uncertainty in the market operating environment due to increasing geopolitical risks, and competition from other financial institutions and other players.

[Results and issued to be addressed of the 2nd Medium-Term Management Plan]

Under the 2nd Medium-Term Management Plan, which started in fiscal 2018, we have been working to maximize group synergies in order to become the top comprehensive financial group in Kyushu for our customers, as stated in our long-term vision. As a result, deposits and loans both performed well and were generally in line with the plan. However, other indicator targets were not achieved due to major changes in the environment, including COVID-19 and frequent natural disasters, which were beyond the expectations of the original plan. The Group is committed to further improving its "profitability and efficiency" and recognizes the need to change to a sustainable business model in order to further enhance its corporate value.

[Outline of the 3rd Medium-Term Management Plan]

The Group's mission is to play a key role in realizing sustainable local communities, and it has redefined its very meaning of existence as follows:

"We exist to work with our customers and the communities we serve to create a future for our region by nurturing, protecting and sustaining their assets, businesses, local industries, nature and culture."

On the basis of this existence, the Group has formulated its 3rd Medium-Term Management Plan (plan period: April 1, 2021 to March 31, 2024) to enhance the sustainability of its customers, the region and the Group, as follows.

1. Name: 3rd Medium-Term Management Plan - Reformation -
2. Period: Three years (April 2021-March 2024)
3. Vision: Evolve into a "Community Value Co-Creation Group" that creates a better future with its customers, communities, and employees
4. Basic policy: Reform to realize the Group's co-creation of regional value
5. Basic strategy and strategic pillars

Basic strategy	Strategic pillars
(1) Deepen our comprehensive regional financial functions	1. Strengthening our financial consulting capabilities under the new normal 2. Supporting the growth of local industries by enhancing financial functions
(2) Expand regional industrial development functions	1. Collaborating with local communities to solve problems 2. Strengthening and creating the functions of a regional trading company
(3) Develop people and enhance engagement	1. Developing human resources to achieve value co-creation 2. Enhancing respect for diversity and job satisfaction
(4) Establish the KFG business model	1. Organizational and profit structure reform 2. Pioneering initiatives for SDGs and ESG
(5) Promote DX for the digital society	1. Provision of new experiences and services 2. Improving productivity through process innovation

6. Group KPIs

KPI item	Final year target
(1) Net income	¥26 billion
(2) Net income from core business	¥38 billion
(3) Business profits from services provided to customers*1	¥17 billion
(4) Service profit ratio*2	14% or higher
(5) OHR	65% or less
(6) Return on shareholders' equity	4% level
(7) Capital adequacy ratio	10% or higher

*1 Business profits from services provided to customers:

Average balance of loans x interest margin for loans and deposits + fees and commissions - expenses

*2 Service profit ratio:

Service profit / gross profit from core business (gross profit from operations - gains or losses on bonds such as government bonds)

Since its establishment in October 2015, the Group has moved through a "Collaboration" stage and an "Integration" stage, and has positioned the next 10 years as a "Co-Creation" stage to realize its vision. In order to enhance the sustainability of our customers, local communities and the Group in an environment of uncertainty, such as the spread of COVID-19 and natural disasters, the 3rd Medium-Term Management Plan sets out a new vision to "Evolve into a 'Community Value Co-Creation Group' that creates a better future with its customers, communities, and employees." During the three years of the Plan, as the first step in the "Co-Creation" stage towards realizing our vision, we will work as one to "reform" what needs to be changed.

The Group greatly appreciates understanding and support from all our shareholders and look forward to continued support in the future.