

March 21, 2017

To whom it may concern:

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**Implementation of One-time Goodwill Amortization
and Revision of Business Results Forecast**

As to the Settlement of Fiscal Year Ending March 2017, we will implement an impairment of our shares of the consolidated subsidiary (in individual accounts) and the one-time goodwill amortization (in consolidated accounts) as stated below.

We hereby announce that we have revised, in connection with the above implementation, the business results forecast (consolidated) for the Fiscal Year Ending March 2017 as was published as of February 7, 2017.

Also, we hereby announce that we have made a partial revision (upward adjustment) to the “5th Medium-Term Management Plan” as was published as of April 26, 2016, because the burden of goodwill amortization scheduled to be accounted for in and after the next fiscal year will disappear in connection with the one-time goodwill amortization.

1. Impairment of Shares of Consolidated Subsidiary (in Individual Accounts)

With respect to the owned shares of our consolidated subsidiaries, i.e., The Kumamoto Bank, Ltd. and Shinwa Bank, Ltd. (hereinafter referred to as the “Banks”), as a result of the revaluation of share value in light of the material changes to the business environment not anticipated at the time of business integration, especially the effect of the negative interest, 188.5 billion yen will be accounted for as the write-down of shares of subsidiaries in the extraordinary loss.

For the avoidance of doubt, the extraordinary loss accounted for in the individual accounts shall be eliminated in the consolidated accounts, and the amount of loss described in “2. One-time Goodwill Amortization (in Consolidated Accounts)” will be the amount of effect on the consolidated business results.

2. One-time Goodwill Amortization (in Consolidated Accounts)

In connection with the the above impairment in individual accounts, we will implement the one-time amortization as to the entire amount of the unamortized goodwill concerning the Banks in the consolidated balance sheet, and 94.8 billion yen will be accounted for as the amount of goodwill amortization.

Because the entire amount of the unamortized goodwill concerning the Banks will be amortized, the amortization expense scheduled to be accounted for, in the amount of 9.2 billion yen for each fiscal year until the Fiscal Year Ending March 2027, and in the amount of 3.1 billion yen for the Fiscal Year Ending March 2028, will disappear in and after the next fiscal year (Fiscal Year Ending March 2018).

3. Revision of Business Results Forecast

Full-year Consolidated Business Results Forecast for Fiscal Year ending March 2017 (April 1, 2016 - March 31, 2017)

	Ordinary Profit	Net Profit Attributable to Shareholders of Parent Company	Net Profit Per Share
Previously Published Forecast (A)	62,000 million yen	40,000 million yen	46.57 yen
Revised Forecast (B)	- 32,800 million yen	- 54,800 million yen	- 63.80 yen
Increase and Decrease (B-A)	- 94,800 million yen	- 94,800 million yen	-
(Reference) Consolidated Business Results in Previous Fiscal Year (Fiscal Year Ending March 2016)	71,426 million yen	44,718 million yen	51.75 yen

(Reason for Revision)

With respect to the consolidated accounts, in connection with the one-time goodwill amortization concerning the Banks, it is expected that the amounts of the ordinary profit and the net profit attributable to shareholders of parent company will decrease by the above stated amounts from those in the previous forecast.

For the avoidance of doubt, because the business results have been mostly as expected, except for the one-time goodwill amortization, no revisions will be made to the year-end dividend forecast.

4. Revision to “5th Medium-Term Management Plan”

Because the burden of goodwill amortization scheduled to be accounted for in and after the next

fiscal year will disappear in connection with this one-time goodwill amortization, we will change the figures for the “Target Management Index” for the last year of the Medium-Term Management Plan (FY 2018), as published in the “Formulation of the ‘5th Medium-Term Management Plan’ of Fukuoka Financial Group, Inc.” on April 26, 2016, as follows.

Target Management Index		Target for Last Year (FY 2018)	
		Before Change	After Change
Index for Profitability	Net Profit (Consolidated)	45.0 billion yen	54.0 billion yen
	ROE	5% or more	7% or more

While we currently adopt the performance-driven dividend policy (Dividend Table), no revisions will be made to the Dividend Table in connection with these changes to the business forecast.

End

<Contact for inquiries regarding this matter>

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* Explanation about appropriate use of the business results forecast and other special instructions

The forward-looking statements in this material, such as the business forecasts, are based on the information currently available to us and a certain assumption, which we consider to be reasonable. It is possible that the actual business results, etc., will be substantially different due to various factors.