

Financial Highlights

Consolidated Basis

| | Millions of Yen | | | | |
|--|------------------|-----------|-----------|-----------|-----------|
| | 2009 | 2008 | 2007 | 2006 | 2005 |
| As of March 31 | | | | | |
| Total Assets | 3,176,656 | 3,147,644 | 3,144,993 | 3,116,258 | 3,111,523 |
| Deposits and NCD | 2,835,660 | 2,797,878 | 2,769,047 | 2,723,527 | 2,749,959 |
| Loans and Bills Discounted | 2,064,761 | 2,036,502 | 2,002,114 | 1,969,237 | 1,870,081 |
| Investment Securities | 916,565 | 927,782 | 936,270 | 927,144 | 870,075 |
| Total Equity | 227,410 | 233,240 | 245,420 | 231,790 | 215,436 |
| Years ended March 31 | | | | | |
| Total Income | 85,090 | 92,757 | 84,075 | 86,015 | 76,094 |
| Total Expenses | 72,268 | 75,627 | 68,221 | 68,272 | 62,132 |
| Income before Income Taxes and Minority Interests | 12,821 | 17,130 | 15,854 | 17,742 | 13,961 |
| Net Income | 6,720 | 9,137 | 9,446 | 9,878 | 9,466 |
| Capital Adequacy Ratio | 13.56% | 13.87% | 13.71% | 13.91% | 13.98% |
| Per Share | | | | | |
| Yen | | | | | |
| Net Income | 32.00 | 43.52 | 44.98 | 46.81 | 44.83 |
| Cash Dividends | 8.00 | 8.00 | 7.00 | 7.00 | 6.00 |

Non-Consolidated Basis

| | Millions of Yen | | | | |
|----------------------------|------------------|-----------|-----------|-----------|-----------|
| | 2009 | 2008 | 2007 | 2006 | 2005 |
| As of March 31 | | | | | |
| Total Assets | 3,153,030 | 3,120,460 | 3,117,684 | 3,088,173 | 3,083,275 |
| Deposits and NCD | 2,842,941 | 2,805,681 | 2,775,975 | 2,730,125 | 2,756,139 |
| Loans and Bills Discounted | 2,075,518 | 2,047,089 | 2,012,934 | 1,979,225 | 1,879,225 |
| Investment Securities | 916,468 | 927,406 | 935,510 | 926,039 | 869,160 |
| Total Equity | 216,707 | 223,105 | 236,143 | 229,802 | 214,061 |
| Years ended March 31 | | | | | |
| Total Income | 70,983 | 77,383 | 68,791 | 70,590 | 61,104 |
| Total Expenses | 59,228 | 61,905 | 54,134 | 54,569 | 48,701 |
| Income before Income Taxes | 11,754 | 15,478 | 14,657 | 16,021 | 12,403 |
| Net Income | 6,468 | 8,750 | 9,144 | 9,298 | 8,910 |
| Capital Adequacy Ratio | 13.15% | 13.51% | 13.38% | 13.58% | 13.73% |
| Per Share | | | | | |
| Yen | | | | | |
| Net Income | 30.80 | 41.68 | 43.54 | 44.04 | 42.17 |



President **Fumiharu Nagata**

*Photographic shoot in
“Cool Biz” style (July 2009)

Having four key contents - “sound management”, “regional contribution”, “customer focused” and “improved corporate vitality”- as corporate mission, Kagoshima Bank continues to progress and achieve favourable business performance to date and has built a solid foundation as a main financial institute firmly rooted in its local region.

Even Kagoshima and Miyazaki prefectures, which represent the main business base of our bank, are being affected by factors such as the once-in-a-hundred year concurrent global recession as well as rapid depopulation caused by Japan's low birth rate and the ageing of its population. As such, the environment in which our bank operates is becoming increasingly severe.

The Fourth Master Plan

Amidst this kind of business environment, Kagoshima Bank started its Fourth Business Strategy Plan (abbr. The Fourth Master Plan) in April 2009. The three years through to March 2012 are intended to be spent as “two years of streamlining and strengthening of our foundations, followed by rapid progress in the third year”. For the first two years we will focus on local growth fields such as agriculture and medical care (nursing), further strengthening the local-based financing we have been carrying out until now. Together with this, we are also implementing future-oriented promotion of streamlining, strengthening of our foundations, and training of personnel, which will enable us to aim for rapid progress in the third year.

In the corporate banking sector, we plan to improve the effectiveness of our “Corporate Client Operating Profit Improvement Activities” on which we have worked to date and further strengthen activities connected to the persistence and profit increase of our customers' businesses. These activities will allow us to offer even greater levels of customer satisfaction, ensuring that we always remain the bank of choice.

In personal banking, we will continue aiming to fulfil our role as our customers' lifelong bank by offering information and financial services that are tailored to the lifestyles and life stages of our customers in the region.

In addition, we will continue to diligently strengthen our customer care, risk management and compliance with regulations so that our customers can use Kagoshima Bank with peace of mind.

“Happy 130th anniversary – we will always stay together with the region”

On October 6th, 2009, Kagoshima Bank celebrated 130 years since its establishment of our predecessor as the 147th National Bank. To commemorate this, we would like to express our heartfelt gratitude for the patronage of all customers, shareholders and regions through development of various anniversary projects.

For our 130th anniversary, we have decided to adopt the following slogan:
“Happy 130th anniversary – we will always stay together with the region”

As a financial institute with its roots in the Kagoshima and Miyazaki prefectures of Southern Kyushu, Kagoshima Bank recognizes the importance of growth of the regional community, without which its own development would be impossible. One significant item listed in our corporate mission is “regional contribution”, and we are diligently putting this into practice.

Kagoshima Bank continues to expand its range of social contribution activities that respond to the needs of the region. We continue to implement our “Agri-Cluster Plan”, promote support for the regional economy, carry out corporate patronage of the arts by means of the “Kagoshima Bank Cultural Assets Team”, engage in environmental conservation activities, and so on.

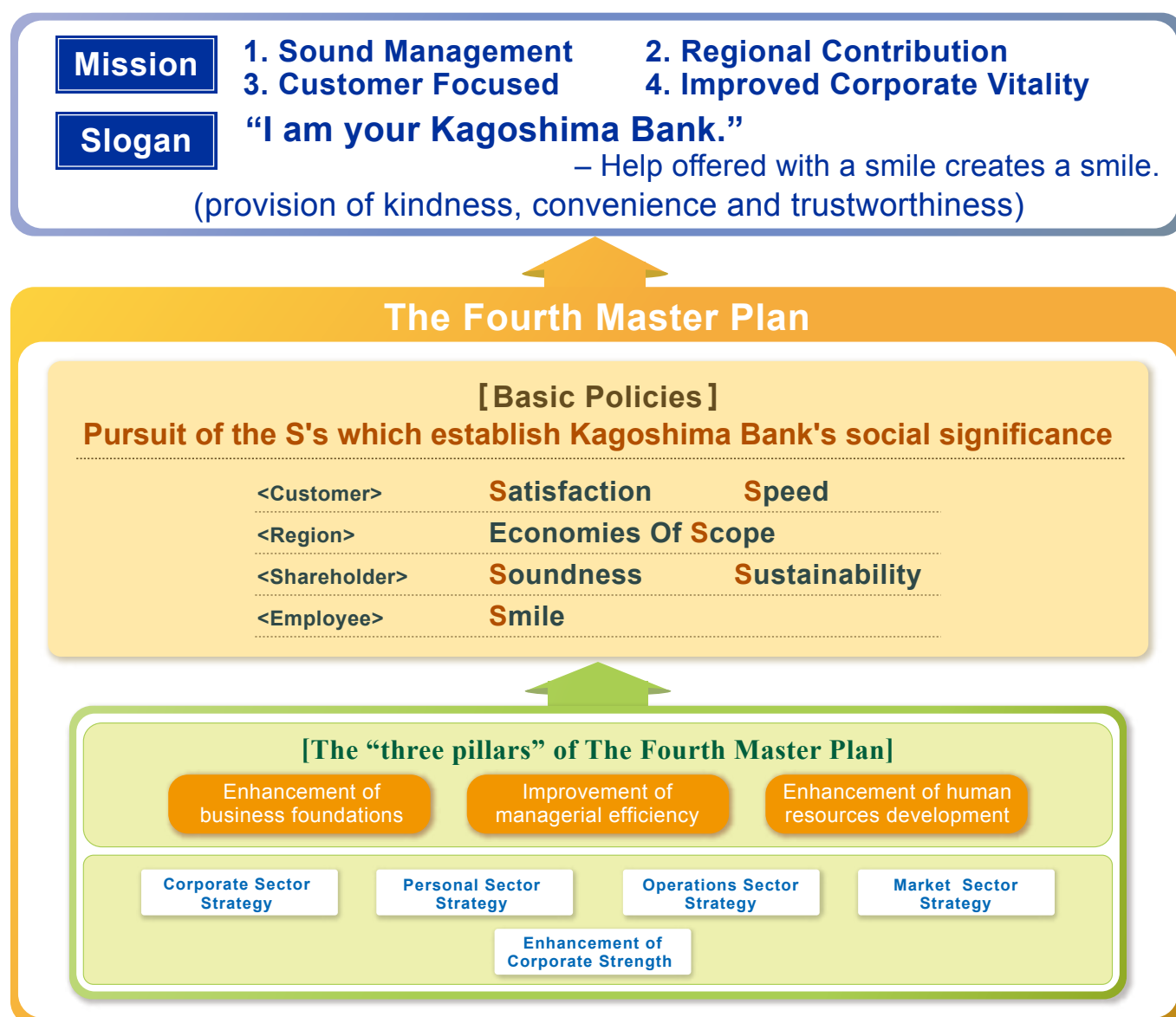
We would, therefore, like to invite you to extend your kind and continued patronage and support to Kagoshima Bank.

▶ Objectives of the Plan

“Two years of streamlining and strengthening of our foundations, followed by rapid progress in the third year”.

For the first two years we will focus on local growth fields, further strengthening the local-based financing we have been carrying out until now. Together with this, we are also implementing future-oriented promotion of streamlining, strengthening of our foundations, and training of personnel, which will enable us to aim for rapid progress in the third year.

▶ Conceptual Diagram (April 2009 to March 2012)



▶ Challenge Targets (FY 2012)

Profit Target

| | |
|----------------------|--------------------------|
| Gross profit | ¥58.0 billion or greater |
| Core business profit | ¥17.0 billion or greater |
| Net income | ¥9.0 billion or greater |

Management Index Target

| | |
|------------------------|------------------|
| OHR | Under 70.0% |
| Tier 1 ROE | 4.2% or greater |
| Capital adequacy ratio | 13.5% or greater |
| Tier 1 ratio | 12.5% or greater |

► Strategies of the Fourth Master Plan

Corporate Sector Strategy

We are striving to improve the effectiveness of our “Operating Profit Improvement Activities”, which also appeared in The Third Master Plan, to further strengthen our activities with regard to the persistence and profit increase of our customers' businesses. In this way we are aiming to improve levels of customer satisfaction and, in turn, to always remain the bank of choice for our customers. In addition, we are planning to improve our corporate sales strength through effective use of our Corporate Business Center in the training of personnel. We are also constructing an efficient sales system that will enable our sales branches to focus on practicing relationship banking.

Personal Sector Strategy

Kagoshima Bank is a regional financial institute. As such, we try to be always there for our customers and offer information and services tailored to our customers' life stages. Our goal is to be a bank that understands its customers and which can act as a trusted lifelong associate. We are also striving to build intimate relationships with our property investment and mortgage customers through repeated face-to-face communication at our sales branches. Our aim is to be a bank that you can consult all kinds of matters. Likewise, we hope to receive our customers' support through effective use of direct channels and improved customer convenience.

Operations Sector Strategy

In 2008 we installed a sales branch computer terminal called “LINKER”, utilisation of which enables us to achieve “error-free” transactions. We are also planning main office centralisation, channel shifts, etc., to further reduce the volume of office work carried out in our branches. We will conduct a radical review of office work carried out at our branches to coincide with the renewal of the enterprise system scheduled for May 2011. We are also planning to improve the current office work flow and expand the feature set of LINKER, among other things, to ensure that “everyone can perform office work without error”. By means of such initiatives, we are aiming to pursue a “low cost, high quality” business transaction model, and at the same time we are working towards an office work reform that will lead to enhanced “sales force strength and profitability”.

Market Sector Strategy

Kagoshima Bank's stock and bond investments are designed to contribute to sound bank management by means of the stable acquisition of periodic income and securing of liquidity assets. The Fourth Master Plan dictates that we aim for stable revenue results and invest mainly in bonds, even while chaos in the money markets and the stagnation of the economy continue. At the same time, together with building simple and flexible portfolio of stocks and bonds, we can prepare ourselves to react quickly to changes in the money markets and increase the sophistication of our risk management.

Enhancement of Corporate Strength

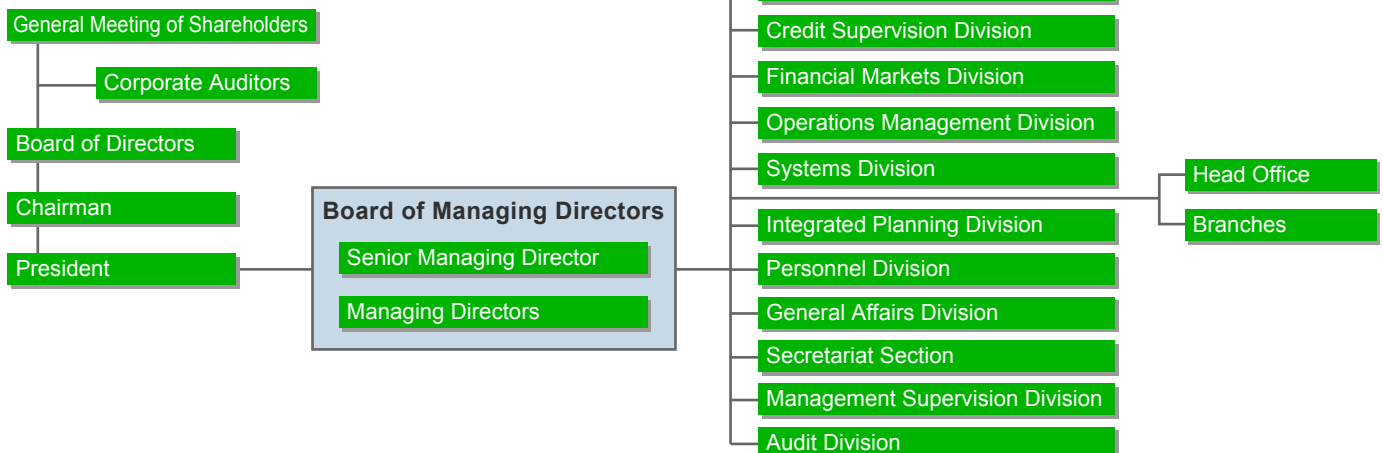
While “Corporate Sector”, “Personal Sector”, “Operations Sector” and “Market Sector” each demonstrate their own strength, it is important to enhance our basic strength as a corporation in order to increase our corporate values from the standpoints of all stakeholders and make our social significance steadfast more than ever. In The Fourth Master Plan, we are working from three perspectives - “enhancement of business foundations”, “improvement of managerial efficiency” and “enhancement of human resources developments” - in order to build a strong physical foundation, which will enhance our corporate strength as a whole.



*Photographic shoot in "Cool Biz" style (July 2009)

- **Chairman**
Yoshio Ohno
- **President**
Fumiharu Nagata
- **Senior Managing Director**
Itaru Iwakiri
- **Managing Directors**
Toshihiro Goryo
Motohiro Kamimura
Sumihiro Matsuyama
Masafumi Hidaka
- **Directors**
Yoshinobu Uchida
Keihiro Hira
Youichi Uenohara
Toshihiro Maeda
Shinichi Kato
Seizaburo Higashi
Tomihiko Kikunaga
Hideto Tago
- **Standing Corporate Auditors**
Masaharu Tanaka
Koji Tsumagari
- **Corporate Auditors**
Kyoichi Iwamoto
Yutaka Tokuda
Takejiro Sueyoshi

Organization Chart



ESTABLISHED:

October 1879

PAID-IN CAPITAL:

¥18,130,760,235

HEAD OFFICE:

 6-6, Kinsei-cho,
Kagoshima 892-0828, Japan
Phone: (099) 225-3111

FINANCIAL MARKETS DIVISION:

 TOKYO MONEY MARKET CENTER
3-15-2, Nihombashi,
Chuo-ku, Tokyo 103-0027
Phone: (03) 3272-3196
SWIFT: KAGOJPJT
Fax: (03) 3272-3180

SHANGHAI
REPRESENTATIVE OFFICE:

 Room 141, 27F, HSBC Tower,
No.1000, Lujiazui Ring Road,
Pudong New Area,
Shanghai, P.R. China
Phone: 010-86-21-6841-5185
(established July 13, 2007)

NUMBER OF BRANCHES:

 162, plus 247 off-branch
automatic teller machines

CORRESPONDENT BANKS:

 345 branches of 62 banks,
in 165 cities of 33 countries

NUMBER OF EMPLOYEES:

2,485

NUMBER OF SHARES:

 Issued —
210,403,655
Authorized —
800,000,000

NUMBER OF SHAREHOLDERS:

6,690

RATING:

 Long-term counterparty credit rating from
Standard & Poor's **A**

(as of end March 2009)

GROUP COMPANIES AT A GLANCE

| Name of Company | Address | Capital (Millions of Yen) | Voting Share | Voting Share of Other Group Companies | Established | Line of Business |
|--|---|------------------------------|-----------------|---|-----------------------|--|
| The Kagin Business Service Co., Ltd. | 1-10, Yamanokuchi-cho, Kagoshima 892-0844 Phone: 099-216-5080 | 20 | 100.0% | | September 1, 1983 | Collateral evaluation, etc. |
| The Kagin Office Service Co., Ltd. | 3-10, Gofuku-machi, Kagoshima 892-0826 Phone: 099-227-2141 | 30 | 100.0% | | July 12, 1991 | Personnel dispatch service Job placement service |
| The Kagin Accounting Service Co., Ltd. | 3-10, Gofuku-machi, Kagoshima 892-0826 Phone: 099-239-9756 | 20 | 100.0% | | April 1, 2004 | Accounting service for the consolidated subsidiaries |
| The Kagin Agency Co., Ltd. | 3-10, Gofuku-machi, Kagoshima 892-0826 Phone: 099-239-9822 | 50 | 100.0% | | November 28, 2008 | Bank agency services |
| The Kagoshima Regional Economic Research Institute Co., Ltd. | 3-10, Gofuku-machi, Kagoshima 892-0826 Phone: 099-225-7491 | 20 | 45.0% | 50.0% | April 16, 1990 | Surveys and research in industry, economics, finance and regional development Management Consulting |
| The Kagoshima Card Co., Ltd. | 1-10, Yamanokuchi-cho, Kagoshima 892-0844 Phone: 099-223-2011 | 50 | 30.0% | 38.0% | March 1, 1983 | Credit card business, loan guarantee financing, etc. |
| The Kagoshima Lease Co., Ltd. | 1-10, Yamanokuchi-cho, Kagoshima 892-0844 Phone: 099-225-2455 | 66 | 5.0% | 48.5% | September 25, 1974 | Leasing, factoring, securities investment, etc. |
| The Kagoshima Guarantee Service Co., Ltd. | 1-10, Yamanokuchi-cho, Kagoshima 892-0844 Phone: 099-224-2760 | 20 | 49.1% | 11.4% | June 23, 1977 | Loan guarantees for housing and consumer loans |

(as of end June 2009)