

Small Meeting

Improving FFG's Corporate Value

July 28, 2025

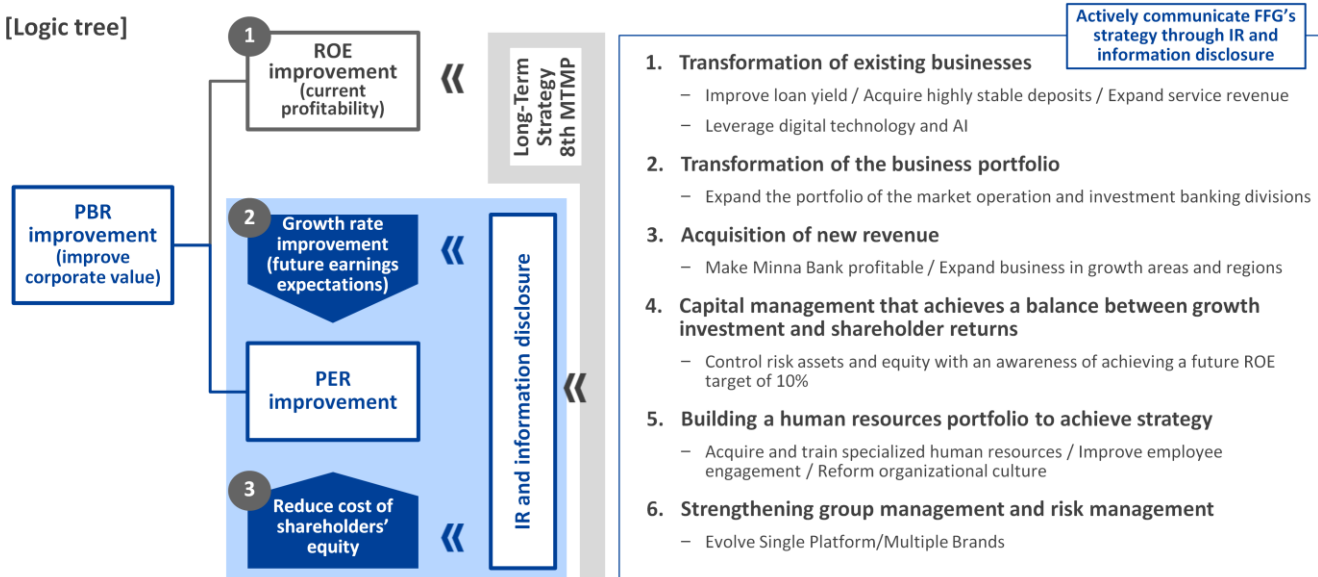


- My name is Hisashi Goto and I am the President of the Fukuoka Financial Group.
- Thank you for taking the time to join our Small Meeting today.
- Our goal today is to receive valuable feedback from all of you, which we can then reflect in our future business management.
- While the main focus of this meeting will be the Q&A, I would like to take the first 10 minutes to briefly discuss our IR activities.

Improving PER through IR Activities

- Aim to improve ROE through the execution of Long-Term Strategy and 8th MTMP measures, and to **improve PER** through **active IR and information disclosure**

[Logic tree]



- This slide shows our approach to improving FFG's PBR.
- Stock prices of regional banks have been trending upward over the past few years, spurred by policy changes from the Bank of Japan.
- While the stock price of FFG has also risen, our PBR remains below 1.0, indicating that the level of our stock price is low.
- As we have explained before, FFG is working to improve its PBR by focusing on three key areas:
 - (1) Improving ROE
 - (2) Improving growth rate, or future earnings expectations
 - (3) Reducing our cost of shareholders' equity.
- First, with regard to ROE—which is something we can control through our own strategies—we are steadily executing the initiatives laid out in our Long-Term Strategy and 8th Medium-Term Management Plan, shown on the right side of this slide. Through these efforts, we will raise our ROE to 9% by FY2027, and eventually to 10%.
- As for (2) improving growth rate and (3) reducing the cost of shareholders' equity, we believe that these can be improved by helping you, our investors, better understand FFG's current state and future growth potential.
- Through proactive IR activities and information disclosure, we intend to raise future expectations for FFG while mitigating the risk factors you perceive. By doing so, we aim to improve our PER, driving an increase in corporate value and PBR.

IR Schedule for FY2025		◆ Presentation materials, scripts, and key Q&A (including English translations) will be promptly disclosed after each event	
Timing	Event (planned)	[Description of IR events]	
Late May	Large Meeting [FY2024 Financial Results]	Large Meeting	– CEO provides overview of financial results, earnings projections, and medium-to-long-term business strategy
Early July	European Roadshow		
Late July	Small Meeting Today		
Late July	Publication of Integrated Report	Small Meeting	– Q&A session between the CEO and investors – Wide range of investor feedback is gathered, to reflect it in future management
Early August	First Quarter Financial Results Briefing		
Early September	IR Day	Quarterly Briefing	– General Manager of Corporate Planning Division explains progress of Q1 and Q3 financial results and current topics
Early October	North American Roadshow		
Late October	Briefing for Individual Investors [Fukuoka, Kumamoto, Nagasaki]	IR Day	– Officer in charge provides detailed explanations on topics of high interest to investors (e.g., Minna Bank)
Late November	Large Meeting [FY2025 Interim Financial Results]	[Strengthening of IR framework]	
Early January	Small Meeting	✓ Increased number of IR personnel by 2 (total = 4)	
Early February	Third Quarter Financial Results Briefing	✓ Established an IR base in Tokyo to further enhance the quality and quantity of communication with investors	
Early March	IR Day		

- This slide shows our IR schedule for FY2025.
- To enhance our PER, we are working to enrich our IR activities and information disclosure.
- In addition to Large Meetings, in FY2025, we will hold two Small Meetings and two IR Days.
- Through our Small Meetings, I plan to personally address questions or concerns that investors may have, while also using the opportunity to gather a wide range of feedback.
- IR Days are positioned as an opportunity for you to deepen your understanding of FFG. During these events, the officer in charge will provide a detailed explanation of topics of high interest to investors, such as Minna Bank at this point in time.
- We will also enhance our IR activities aimed at individual investors and overseas investors.
- From a perspective of enhancing information disclosure, we plan to promptly release presentation materials, scripts, and key Q&A for each event, together with English translations.
- I also encourage you to take a look at our current Integrated Report, which was published on our website on July 31.
- We are also strengthening our internal structure to further enrich our IR and information disclosure.
- This includes increasing the number of IR personnel and establishing an IR base in Tokyo to enhance both the quality and quantity of communication with you all.

Summary of the European Roadshow (held in early July 2025)

Key topics of investor interest	Main points communicated by FFG
1. Japan's monetary policy	– We believe that the next rate hike is highly likely to occur sometime after the new year, following a careful assessment of wage increases . However, an earlier rate hike is possible if consumption increases or the impact of U.S. tariff policy shifts favorably.
2. Economic growth in Kyushu	– TSMC's entry into Kyushu is projected to have an economic impact of ¥23 trillion. With approximately 40,000 companies in the region who use FFG as their main bank , we will leverage this opportunity for business expansion. To this end, we are leading regional bank collaboration efforts such as Q-BASS.
3. Long-term growth strategies	– Alongside the growth of our commercial banking division —driven by digital technology and AI utilization—we will expand the portfolios of our highly profitable investment banking division and market operation division . By also pursuing inorganic growth (through digital initiatives and M&A) , we will achieve our long-term ROE target of 10% and enhance corporate value.
4. Figures in the 8th MTMP	– Our plan is highly achievable as it conservatively incorporates our outlook for the policy interest rate, credit cost, the performance of Minna Bank , and other projections.
5. Making Minna Bank profitable	– We aim to dramatically increase the number of users by collaborating with partners that have a large customer base , with the goal of achieving profitability by FY2027 . – A factor that sets us apart from our competitors is our ability to provide services tailored to each partner's needs on a function-by-function basis. – Minna Bank's system has been adopted by MUFG Bank for its digital banking service .
6. Inorganic strategies	– While there are no specific deals for business integration with another regional bank at this time, we believe that a business integration within Kyushu would create greater synergies. We are also exploring alliances with non-financial and other sectors .
7. Domestic bond investment policy	– We have shortened the duration of domestic bonds to approximately two years , strengthening resilience against future interest rate hikes. Given the current expectation of rising rates, we are refraining from investments with long terms. At this time, we do not anticipate any large-scale loss-cutting.
8. Shareholder return policy	– Our policy is based on maintaining or increasing dividends in line with profit growth, and we have steadily increased dividends since our establishment. – While our current level of equity leads us to prioritize maintaining soundness and investing in future growth , we have not ruled out the option of share buybacks . We will consider them as appropriate , such as when there is an upturn in profits.

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- This slide shows a summary of the key topics of interest raised by investors during our recent European roadshow, as well as the main points I communicated in response.
- I would like to share this with you as a reference for today's discussion.

[1. Japan's monetary policy, 2. Growth outlook for the Kyushu economy]

- The first questions asked by investors at our meetings were about the macroeconomic environment, specifically, the prospects for rate hikes by the Bank of Japan and the growth outlook for the Kyushu region.
- I shared our view that any rate hike by the BOJ is more than likely to be decided after the new year, once a careful assessment of wage increases can be made. However, an earlier rate hike could be possible depending on factors such as U.S. tariff policy negotiations and inflation trends.
- As for the Kyushu economy, I emphasized the significant economic ripple effect from TSMC's entry into the region, and I highlighted that this is a relatively large business opportunity for FFG given that we are the main bank for the largest number of companies in Kyushu.

[3. Long-Term Strategy]

- Following the discussion on the macroenvironment, the topic shifted to FFG's growth strategies, with particular interest in our medium- to long-term growth strategies.
- I explained that we will achieve an ROE of 10% by growing our commercial banking division through the use of digital technology and AI, while also strengthening our investment banking division and implementing inorganic strategies.

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[4. Figures in the 8th MTMP]

- Regarding our plan for a consolidated net income of ¥100 billion in FY2027—the final year of our 8th Medium-Term Management Plan—I explained that the target conservatively incorporates our outlook for the policy interest rate, credit costs and other projections, leaving room for potential upside.

[5. Minna Bank]

- While Minna Bank is currently operating at a loss, I shared that we are planning to achieve profitability by FY2027 through collaborating with partners that have a large domestic customer base, which will dramatically increase our user base.
- European investors were particularly impressed by the fact that Minna Bank's system has been adopted by MUFG Bank.

[6. Inorganic strategies]

- With the shift to a world with positive interest rates, investors showed great interest in the restructuring of regional banks, and I received many questions about our future integration strategy.
- I conveyed that, although there are no specific deals at present, amid growing uncertainty, we are considering integration to enhance our corporate resilience as well as alliances with other industry sectors, including non-financial sectors.

[7. Domestic bond investment policy]

- Regarding our market operation division, there were considerable interest and many questions about our domestic bond investment policy in a rising interest rate environment.
- I explained that we have shortened the duration of our domestic bonds to two years to strengthen resilience against future interest rate hikes. I conveyed that we do not currently anticipate any large-scale loss-cutting and that we will restructure our portfolio through normal operations.

[8. Shareholder return policy]

- Finally, regarding shareholder returns:
- While we received positive feedback on topics such as the BOJ rate hike, Kyushu's economic growth, the expansion of Minna Bank's business, and the restructuring of regional banks, I was once again reminded that there is still a gap between investor expectations and FFG's current position on capital policy and shareholder returns.
- To bridge this gap, I explained that our shareholder returns are based on growth investment and profit growth and on maintaining or increasing dividends accordingly, and that, to date, we have continued to raise dividends in line with this policy.
- Regarding share buybacks, I explained that while our basic policy is for growth investment and profit growth alongside dividend increases, we have not ruled out the option of share buybacks, and when there is an upturn in profits, for example, we will consider share buybacks as appropriate. I explained that we manage our capital while remaining mindful of investor expectations.
- Moving forward, we will maintain regular communication with overseas investors to deepen their understanding of FFG, and we will reflect the feedback we receive from investors in our management.
- This concludes my presentation.