

Business Strategy for Minna Bank

Progress Status of Various Figures and Future Strategies

III Minna no Ginko

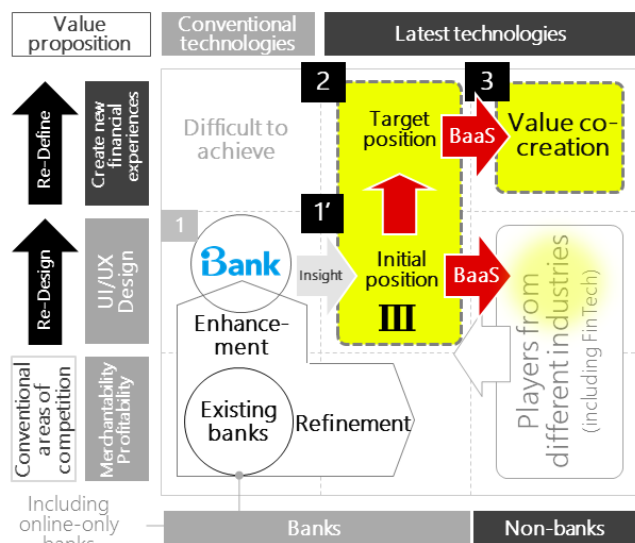
September 8, 2025



Create diverse forms of abundance with
our communities through advanced ideas

- My name is Kenichi Nagayoshi from Minna Bank.
- I will be talking about Minna Bank's current initiatives and future strategies.

Introduction | Minna Bank's Competitive Strategy (Positioning)



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1 FFG is developing iBank business to upgrade existing banking businesses

Leading the industry with customer-driven UI/UX as the first "Neobank" in Japan

1' "Financial Re-Design" by UI/UX and the latest technology

- Enhancement of a frictionless financial experience that reflects customer feedback
- Development of BaaS business by making necessary functions available externally via an API

2 "Financial Re-Define" by providing new financial functions

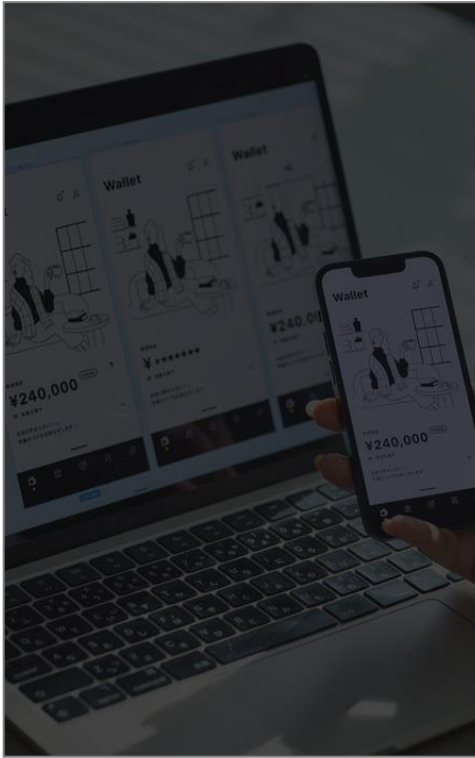
- Development of unique services that are in line with changes in customer behavior
- Cultivation of customer segments other than digital native (retail) customers

3 "Dramatic Expansion of BaaS" by providing functions not found in other companies/banks

- B2B2X... Providing new financial experiences through partner companies
- Providing Web3 and stablecoin solutions

- First, I would like to introduce the steps we are taking to grow Minna Bank, focusing on our strategy and positioning.
- In 2015, the so-called "first year of FinTech" in Japan, our current chairman, Takashige Shibato, gave me the task of envisioning the ideal bank 10 years in the future. As the project leader, we launched iBank marketing, Japan's first neobank.
- That was 10 years ago, a time when many people felt that banking services were not as appealing as the various digital services that were available.
- Back then, bank apps were still a rarity. In contrast, digital service providers were launching new financial services leveraging digital technology one after another.
- To compete in that environment, we started with the idea of creating a UI/UX that would deeply resonate with users. This led to the launch of Wallet+, which is operated by iBank (Position [1] on the slide).
- Afterward, we established Minna Bank. In establishing it, we utilized new technologies rather than the ones that were mainstream at the time.
- For example, we opted for an open, cloud-based system rather than an on-premise one. We also adopted a component-based and microservices-oriented system rather than a tightly coupled one that, like existing banks, had been repeatedly expanded and rebuilt.

- Minna Bank was created with the philosophy that a new bank should be operated on the basis of such technologies, incorporating the latest technologies and refining them.
- Minna Bank's current position is at [1'] on the slide. We are advancing our BaaS business, which has had prior success overseas, by leveraging APIs to allow various businesses to use our financial services.
- Minna Bank was built on a different platform than other banks, using advanced and new technologies, but it was initially built on a very small scale.
- For that reason, there are many functions that a regular bank has but Minna Bank does not have at this stage.
- Going forward, we plan to enter Phase [2] on the slide, which is to create new financial experiences based on the feedback from our 1.35 million users who are asking for different kinds of functions and services.
- And beyond that, we believe we can reach the very unique position [3] on the slide, where we can provide functions that are unique to Minna Bank to our current BaaS partners as well.
- As I will introduce later, we are seeing various business opportunities through a B2B2X model, where "X" can be an individual or a corporation. We have also outlined steps to quickly respond to recent trends like Web3 and stablecoin from an R&D perspective, and to create a new economic zone.



Progress Status of Various Figures

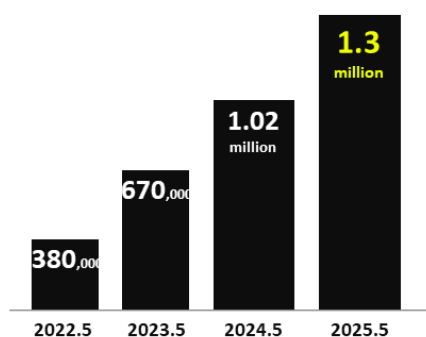
- Next, I will explain our recent figures and progress.

User Status

Number of accounts opened

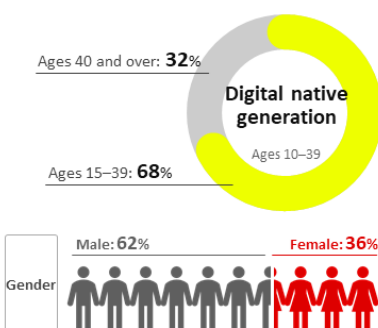
Since the service launched in May 2021

Over **1.3 million** accounts have been opened



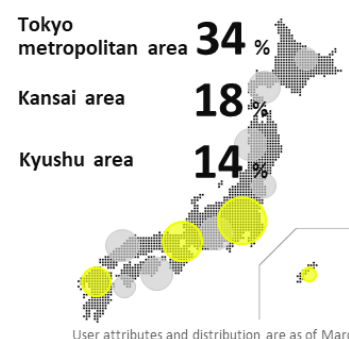
User attributes

Approx. **70%** of users are from the digital native generation



User distribution

Users are **spread nationwide, reflecting demographic trends**, with a focus on the **Tokyo metropolitan area**

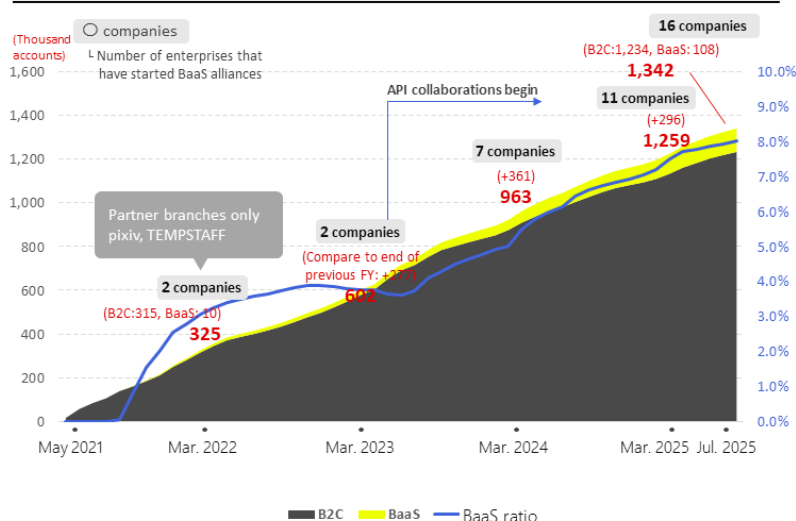


- This slide shows the attributes of current Minna Bank users. In the four years since services launched in May 2021, the number of accounts has steadily increased to 1.3 million.
- Regarding users, from the time of our establishment, we focused on targeting individuals under 40 years of age—the digital native generation—who will support Japan’s working population a decade in the future. This generation accounts for 70% of all users.
- At the Bank of Fukuoka, over 70% of our users are 40 and older, so the user demographics of Minna Bank are the complete opposite of those at the Bank of Fukuoka.
- In other words, Minna Bank’s strategy is to secure the main customers of 10 and 20 years from now, right “now,” and connect them to the future.
- Regarding the distribution of users, FFG is a regional financial group, so each of our Group banks has a regional brand attached to its name. However, because we adopted a strategy of using digital technology to reach users nationwide, we named our brand “Minna Bank” without giving it a Fukuoka or Kyushu identity.
- A key feature of Minna Bank is that we have users in all 47 prefectures, in a proportion that is almost the same as the population distribution. I believe this is a clear indication of our reach as a digital service that can be accessed and used from anywhere.

Track Record in Number of Accounts Opened

Number of accounts and other metrics have consistently trended upward since launch. Recently, proportion of BaaS accounts has been rising along with the increase in BaaS partners.

Number of accounts (excluding canceled accounts)



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Key points

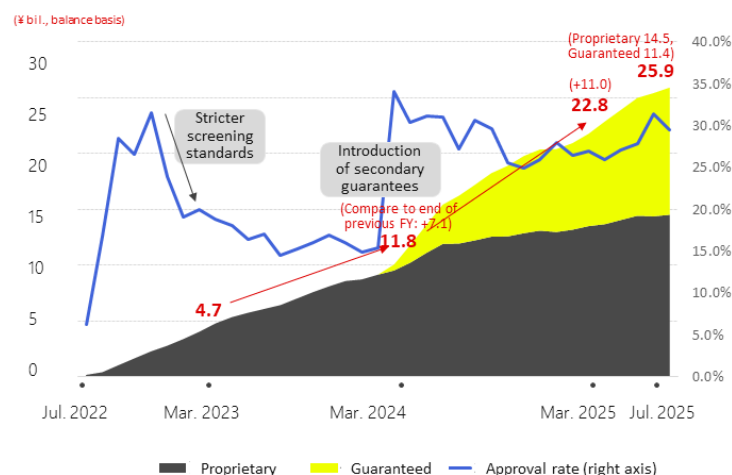
- ✓ BaaS business alliances started with partner branches for pixiv and TEMPSTAFF
- ✓ API collaborations began sequentially in 2023. Currently, BaaS accounts as a percentage of all accounts have risen to about 10%
- ✓ Aiming for dramatic increase in account acquisition by adding BaaS partners with large customer bases, such as Mercari, while continuing to acquire accounts via existing BaaS partners
 - ⇒ By FY2027, the ratio of B2C:BaaS accounts will be reversed

- On this slide, we review our track record for account openings.
- As I mentioned earlier, Minna Bank was launched with the goal of making the BaaS business its core of operations.
- Our full-scale rollout of APIs to businesses began in April 2023, and since then, the number of BaaS partner companies has been increasing year by year.
- The percentage of accounts opened by customers originating through these BaaS alliances has now reached over 8%.
- By forming alliances with businesses that have large customer bases and linking our accounts, we plan to increase the percentage of accounts from BaaS partners to about half of our total accounts by FY2027, the final year of our medium-term management plan.

Loan | Track Record of Various Metrics

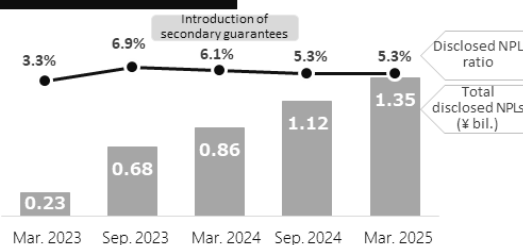
Loan balance has continuously trended upward since launch of service. Since the introduction of secondary guarantees, the upward trend has accelerated and approval rates have also improved significantly.

Loan balance



Reference data

NPLs disclosed under the FRL



Key points of current initiatives

$$\text{Loan balance} = \text{Number of accounts} \times \text{Application rate} \times \text{Approval rate} \times \text{Contract rate} \times \text{Unit value}$$

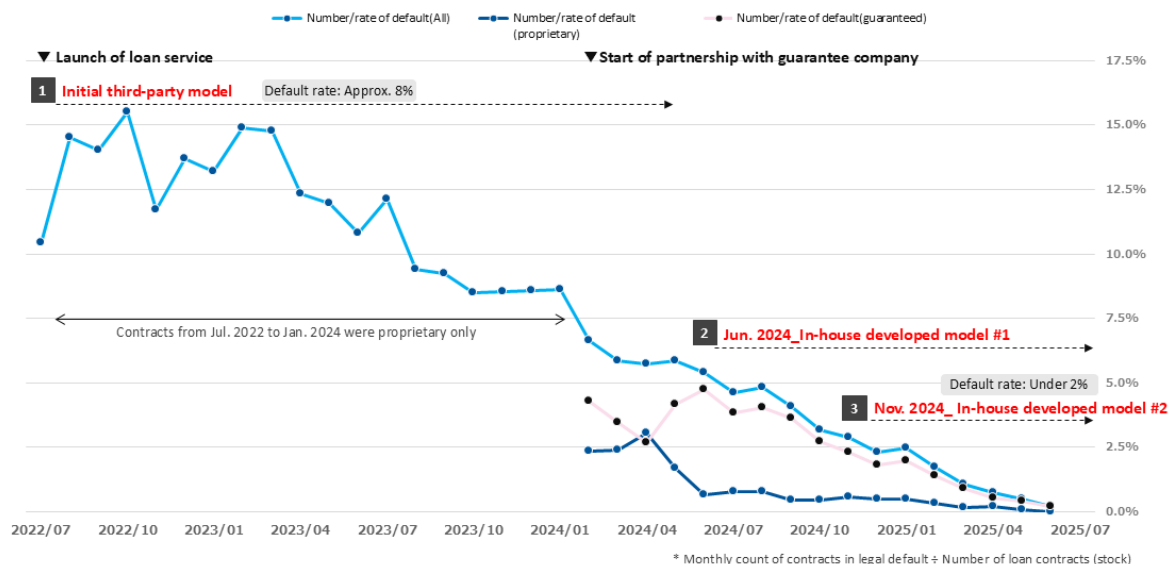
Dramatically increasing number of accounts via BaaS will contribute dramatically to balance

More advanced models and introduction of secondary guarantees will improve approval rate

- This next slide shows the results of our loan business.
- At present, since we don't have that many products that are drivers of revenue, loans account for a very large portion of earnings.
- While the loan balance has steadily increased (and this also relates to the deviation from figures in the original plan), our initial credit-screening model—which was the same model used at the Bank of Fukuoka—did not fit the user attributes of Minna Bank. This led to more non-performing loans and loan losses than expected, so we had to implement stricter screening standards.
- Over the next year or so, we accumulated data, and our in-house data science team built and enhanced our own credit model. As a result, the non-performing loan ratio has gradually decreased, and we are now moving toward a system capable of extending greater volumes of credit.
- The loan revenue structure is very simple. Since Minna Bank requires customers to have an account to apply for a loan, an increase in account numbers leads to a certain number of loan applications. Given the approval rate based on our credit model, this multiplied by the contract rate and unit value drives the growth in loan balance.
- Therefore, our current strategy is to aim to increase the loan balance by increasing the number of accounts and improving the approval rate.

Loan | More Advanced Credit-screening Model

Non-performing loans are controlled by shifting to a more advanced credit-screening model developed in-house based on our own data.

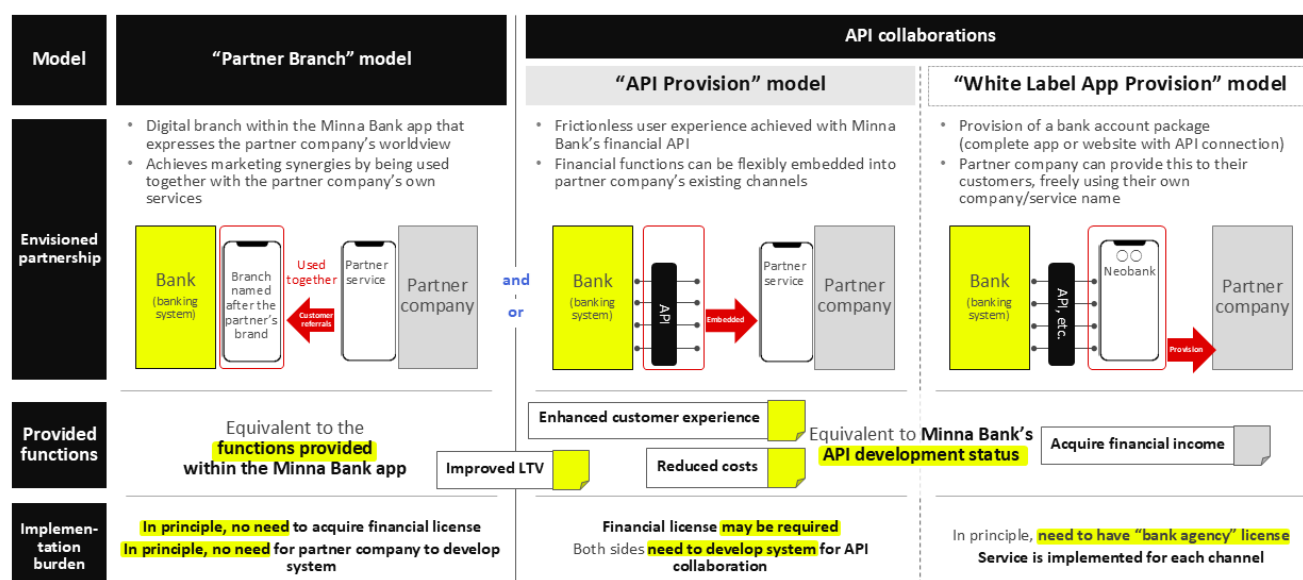


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- As mentioned earlier, we have moved to develop our credit-screening model in-house.
- By continuously tuning this in-house model and enhancing its accuracy, as shown in the graph, we have reached a point where we can suppress the occurrence of non-performing loans and legal defaults.

BaaS | Three Service Provision Models



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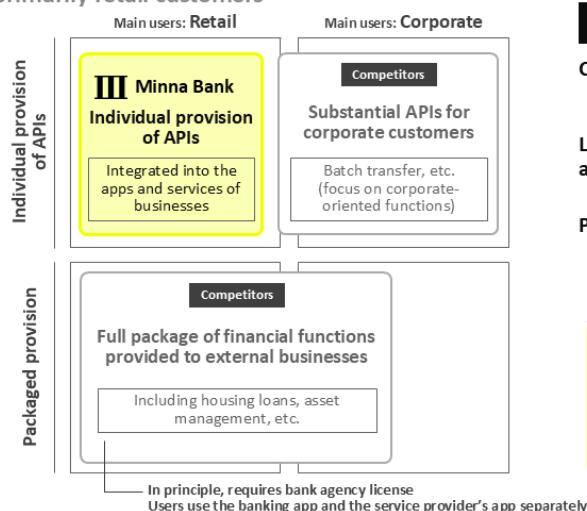
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- Next, I would like to introduce our BaaS business.
- Broadly speaking, we operate this business under three models. The first is what we call the "Partner Branch" model. In this model, we provide a bank branch to a business that has a strong customer base and brand power.
- In this model, there is no API connection. Instead, by providing a branded branch, Minna Bank works together with the company on marketing. Their customers open an account, and we provide financial services to them.
- This Partner Branch model itself is not what we define as BaaS.
- The "API Provision" model is a BaaS. In this model, we provide the bank's various services directly to the business' services via a connector called an "API." We have been advancing this model over the past two to three years.
- We have received positive feedback about API Provision from partner companies, including that it increases LTV, improves customer experience, and reduces payment costs.
- Finally, there is the "White Label App Provision" model. Although we do not have an example of directly providing this model ourselves, the "Wallet+" service from iBank marketing—which I introduced as Japan's first neobank—is a business that provides this very model as a marketing channel for other banks.
- We are now preparing to deploy a service in collaboration with iBank marketing for businesses that want to use this "Wallet+" model.

BaaS | Strengths of “Minna BaaS”

Strength lies in the ability to flexibly develop and provide necessary financial functions on an API basis, according to the industry characteristics and commercial transactions of each company

New customer experiences are co-created by integrating into the services and apps of businesses whose end-users are primarily retail customers



Current strengths

Can even be used **without a financial license**

A2A payments, identity verification APIs, etc.

Leverage **ability to develop in-house to accommodate customer needs**

Ability to develop and provide APIs that meet customer requirements

Provide value to the **digital native generation (retail)**

Digital-native UI/UX experience

Cultivation and acquisition of younger customers

Co-create new, frictionless customer experiences through non-financial + financial services by integrating those services into the services of businesses whose end-users are primarily retail (non-commercial) customers



- I will now talk about the strengths of Minna Bank's BaaS business.
- Minna Bank provides retail services, and most of our partner businesses also provide services for individuals.
- By contrast, many of our competitors provide APIs targeted at corporations or offer packaged white-label solutions.
- One of Minna Bank's strengths is helping our partner businesses reduce payment costs.
- This is done through direct account payment, also known as account-to-account (A2A) payment, which is becoming mainstream among financial institutions overseas. It reduces payment costs compared to using credit cards.
- At Minna Bank, we are building a system that allows businesses to use A2A payments even if they do not hold a financial license.
- Another strength is that because Minna Bank develops a variety of services in-house, when a partner business requests a certain kind of function or wants to embed a function into their services in a certain way, our engineers and designers can accommodate those needs.
- Minna Bank also has a large base of digital native customers, which means we can work with our partners to help grow each other's customer base.
- At present, we have service partnerships with 24 companies that are either already operating or have been publicly announced. By partnering with financial service providers, we can offer services like investment trusts and insurance that Minna Bank itself does not directly provide. And by partnering with non-financial service providers, we can enhance customer purchasing experiences and raise LTV.

Key Figures (Profit & Loss)

Most overhead expenses relate to the development of new functions and the maintenance/operation of existing functions. Structure of general and administrative expenses is the same as that of other online banks.

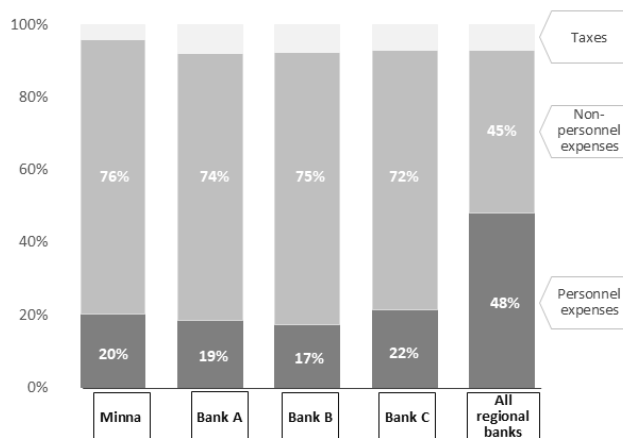
Profit (loss) of Minna Bank and Zerobank Design Factory

FY2024	Results	YoY chg.
Gross business profit	1.9	+1.3
Net interest income	2.2	+1.4
Non-interest income	-0.3	-0.4
Overhead expenses	-12.3	-0.6
Core business profit	-10.4	+0.3
Net income	-8.8	+0.5

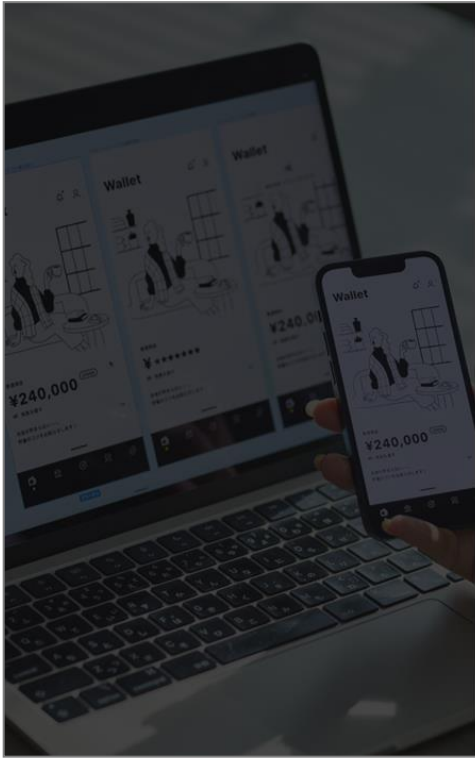
Structure of overhead expenses

Personnel expenses -2.5	Business 65%
	Engineers 35%
Non-personnel expenses -9.3	System costs 60%
	Marketing 25%
	Outsourcing costs 15%

Reference: Structure of general and administrative expenses compared to other online banks (researched by FFG based on disclosed materials)



- I will now talk about the profitability of Minna Bank, focusing on overhead expenses.
- Minna Bank is currently in the process of building up assets, primarily through loans. The main reason for our loss is that the increase in revenue has not yet caught up with expenses.
- Within our overhead expenses, personnel costs will increase as we expand our in-house engineering team. On the other hand, however, by having in-house engineers cover outsourcing fees—included in system costs, which account for 60% of non-personnel expenses—this will allow us to control development costs and realize our targeted services faster and more affordably.
- For your reference, the right side of the slide shows the expense structure of major online banks and all regional banks. Our expense structure is almost identical to that of online banks. We believe that if we can generate solid revenue within this structure, we can achieve efficient bank management.



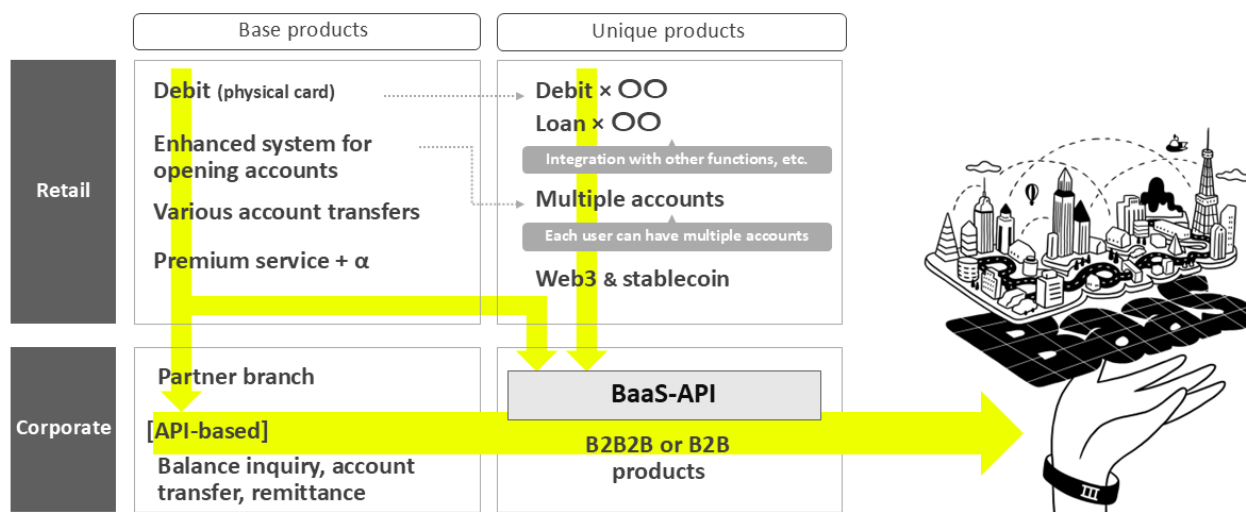
Future Initiatives and Strategies

- Now, I'd like to move on and talk about our future initiatives and strategies.

Provision of Products and Experiences Based on the Views of Minna Customers

The views of Minna customers include not only retail customers but also corporate customers.

The range of offerings is being expanded by taking the services (plus their underlying systems) built for retail customers and providing them as APIs for corporate customers.



* Premised on obtaining the necessary permits and approvals from relevant authorities to provide new services/functions

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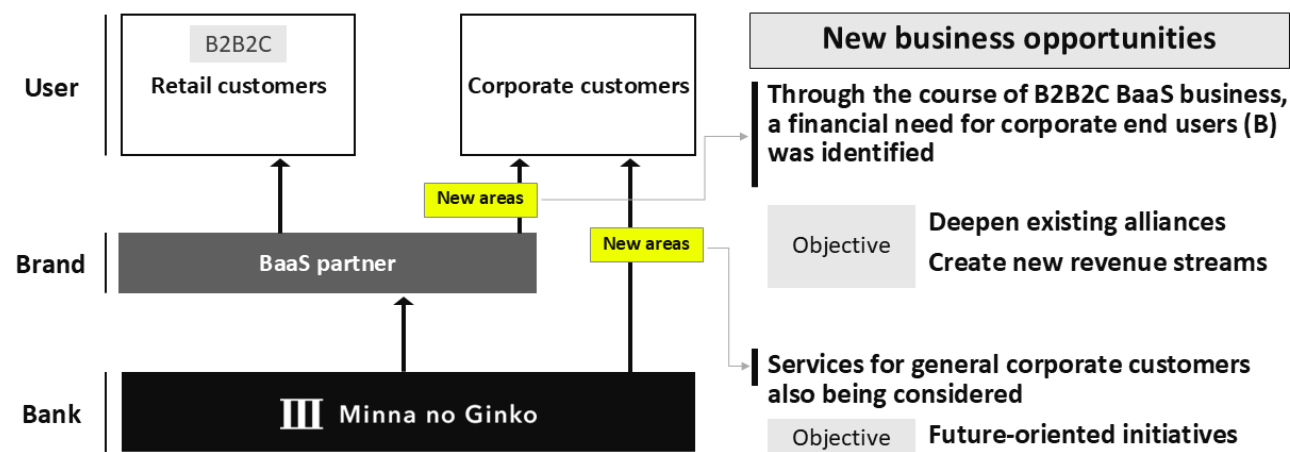
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- The first point is to provide services based on the views of Minna customers.
- At Minna Bank, we challenge ourselves with in-house development so that we can respond quickly to various user feedback. As I mentioned earlier, there are certain functions that a regular bank has but Minna Bank does not. We call these “base products.”
- One example is the physical debit card we issued this fiscal year. We initially launched with a digital-only concept, so we only offered virtual debit cards. However, as many users requested a physical card, we responded by providing one.
- Another example is the enhancement of our system for opening accounts. Anticipating the move toward unifying identity verification using Individual Number Cards, we introduced a system in July that allows users to open an account simply by tapping their Individual Number Card against their smartphone.
- With this, an account can be opened anytime, 24/7, in about five minutes.
- Going forward, we plan to advance features like account transfers and more sophisticated premium services.
- At the same time, we also plan to implement “unique products” that are distinctive to Minna Bank. Examples include: combining debit cards with credit functions to offer both “pay now” and “pay later” experiences; enabling multiple accounts per user, which could allow our customers to enjoy a variety of brands from our partners; and exploring services that utilize Web3 and stablecoins.
- These services are being designed so that they can also be extended to corporate partners within the context of our BaaS business, and we are currently developing a strategy for this.

The Challenge: B2B2X → B2B2B

While considering alliances with existing BaaS partners and other businesses, we confirmed a need for embedded finance for business use. We will take on this challenge as a new business domain.

BaaS business flow



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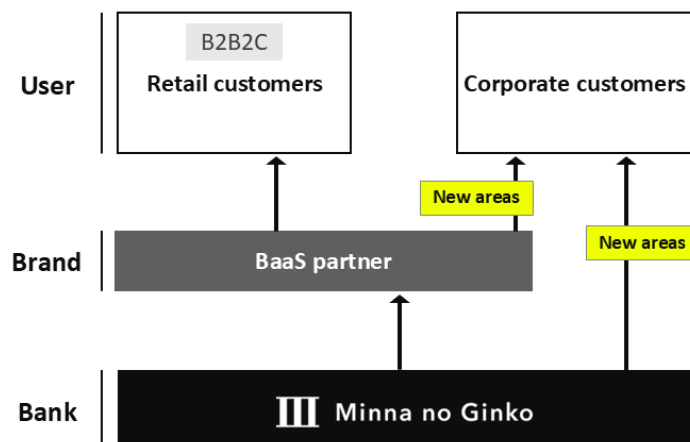
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- Next, I'd like to talk about our challenge of shifting from B2B2X to B2B2B.
- Please look at the flow of the BaaS business on the left side of the slide.
- Minna Bank provides retail financial functions to various BaaS partners. The retail end users of these BaaS partners then use Minna Bank's financial functions.
- At the same time, through various communications with these BaaS partners, we've been hearing requests for financial functions that could also be used for their corporate customers—such as for procuring products and paying expenses.
- That's why, going forward, we will also plan for a B2B2B business, where we will take the financial functions that we created for retail and make them available to corporate customers as well.

The Challenge: B2B2X → B2B2B

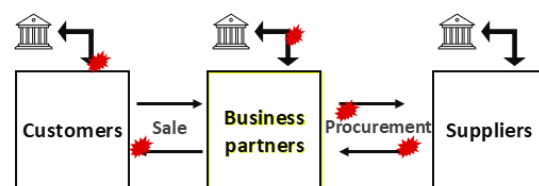
While considering alliances with existing BaaS partners and other businesses, we confirmed a need for embedded finance for business use. We will take on this challenge as a new business domain.

BaaS business flow



Examples of financial challenges for business

- Mounting foreign exchange costs in settlement of funds between companies
- Cumbersome settlement operations, such as remittances
- Need for financing due to restrictions on payment methods, etc.
- Fundamentally inconvenient procedures for opening corporate accounts



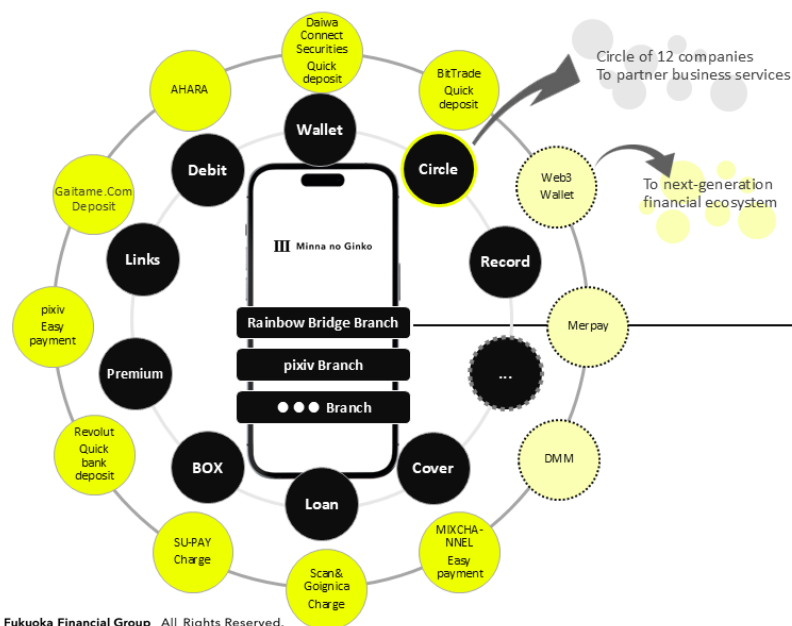
* Premised on obtaining the necessary permits and approvals from relevant authorities to provide new services/functions

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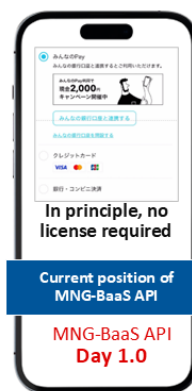
- There are already many financial services for corporations available today, but they carry various points of friction.
- This is an area that is currently being addressed by fintech and SaaS players, rather than by banks. However, if the bank account sits behind these services, then couldn't the bank itself provide services and businesses that resolve these friction points? This is what we are currently exploring, and it is something we aim to realize within the timeframe of our current medium-term management plan.

BaaS Alliance 2.0 | Expanding the Platform through the API Economy

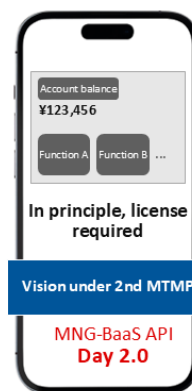


Accelerating the use of financial services via partner business I/F

Expanding design and service lineup tailored to partner business needs



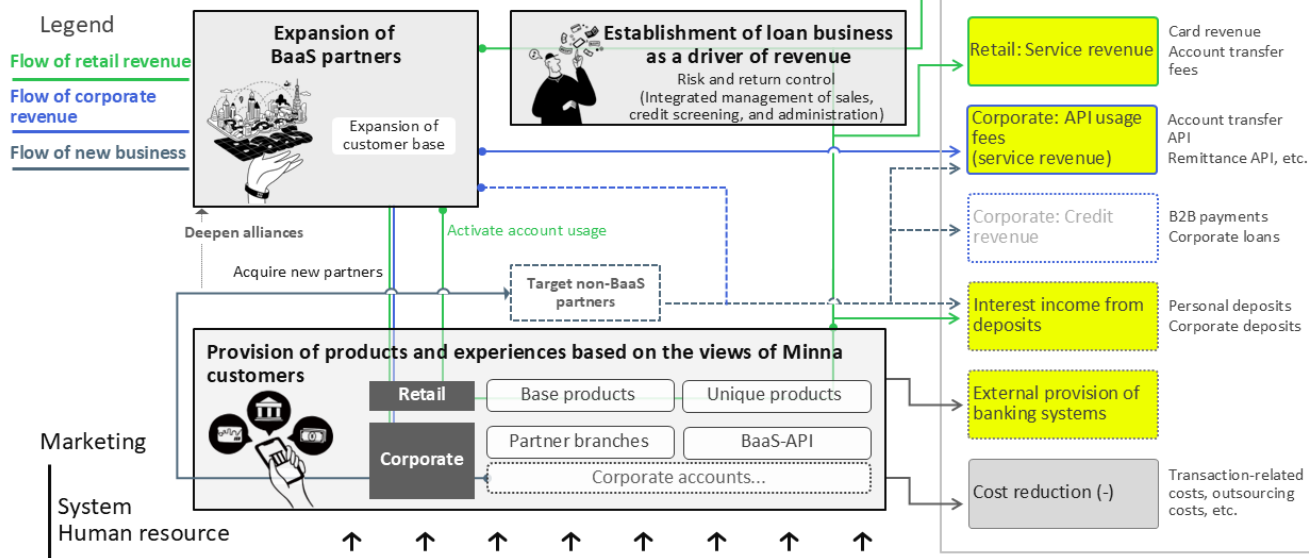
Expansion of banking functions, using a single API



Wallet-type model that integrates multiple services

- Regarding the business alliance we recently announced with Merpay, we plan to launch the service this winter. While we ask for a little more time before sharing the specific details of the service, what I can say is that we are preparing to embed multiple financial services within the Mercari app, centered on the Partner Branch.
- Up until now, our alliances have involved embedding certain functions into a partner company's app. This alliance is little different, however, in that it will deliver multiple functions within the Mercari app itself.
- In Japan, most code payment service providers are backed by a partner bank. Merpay has 23 million active users, and we want to continue forming partnerships with companies like this that have such a large customer base.
- By connecting various businesses to Minna Bank through APIs, we aim to realize what we call "BaaS Alliance 2.0," as shown on the slide. In this vision, a single Minna Bank account will allow users to connect to a variety of services at the touch of a button.
- I often use the phrase "API economy." As we provide our various financial services to businesses via APIs, it creates an interconnected ecosystem, which also leads to collaboration between these businesses.
- Our goal is to continue promoting BaaS as a model that fully leverages the digital network effect.

Profitability Story



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- Next, I will talk about the profitability story for Minna Bank going forward.
- If we take a high-level view of our current business, it has a simple structure: build scale beyond existing services through BaaS and generate revenues through loans. However, this is just a revenue story centered on individuals.
- By properly incorporating the corporate sector in a B2B2X model as mentioned earlier, new revenue streams will be added, such as API service fees from corporate partners. Looking further ahead at the provision of various services to corporate customers, we also want to leverage the expertise of the Bank of Fukuoka to eventually build services where corporate credit can be handled entirely digitally.
- Currently, services for retail customers are our main source of revenue. However, in the future, we also want to build up earnings from BaaS and services for corporate customers.

Role/Utilization of Minna Bank within the FFG Group

Even within Kyushu (FFG's home market), we expand BaaS and deposits as the Group's mission.

Responding to emerging BaaS needs in Kyushu

Formation of a cross-Group BaaS promotion team to support businesses in northern Kyushu (FFG's home market)
Group-wide response as needs emerge

▼ Businesses currently in contact

Northern Kyushu	Types of business
Partnership established	Major local retail business
Basic agreement under negotiation	HR Transportation
Ongoing contact	Retail, mail order Infrastructure Transportation Telecommunications, digital Retail

Minna Bank to be leveraged at Group banks (branches) to capture deposits that may otherwise flow out to other banks



Fees for transferring funds within the FFG Group waived from Sep. 1, 2025

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- Finally, as Hisashi Goto mentioned earlier, we are looking to leverage both the know-how cultivated earlier at Minna Bank and the mechanisms of iBank marketing. Since our investor meeting in May, we have been using the term “regional BaaS.”
- Up to now, most of Minna Bank's BaaS partners have been businesses based in the Kanto area or those with a nationwide presence. But the concept of BaaS is now permeating into regional markets as well, and some of FFG's customers have begun to explore new initiatives using BaaS.
- For those customers, FFG will offer Minna Bank's BaaS functions, as well as the white-label services of iBank marketing.
- In addition, since September, we have made fund transfers between Minna Bank and our subsidiary banks free of charge.
- As we move into a world of positive interest rates, there is concern of an outflow of customers toward online banks with high interest rates. To address this, FFG as a whole is working to promote Minna Bank, which can offer competitive rates, smooth account opening, and collaboration with third-party services.
- In this way, we will continue advancing the use of Minna Bank across the entire Group.
- This concludes my presentation. Thank you very much.