

FUKUOKA FINANCIAL GROUP

FFG ANNUAL REPORT 2025

Create diverse forms of abundance with our communities through advanced ideas.

FFG's Principles

FFG's principles are the basis for the views and behavior of each employee.

We see these principles as the foundation of Group management.



Thoughts Behind the Principles

Our guiding principle is
to continue to be your Bank of choice.
Our desire is to be the most accessible, reliable, and forward-thinking partner
for you, our valued customers,
as well as our colleagues and all stakeholders.

With such feelings for you,
we sincerely ask ourselves every day what kind of future we want to create,
and that is how our advanced ideas are born.

With advanced ideas that exceed expectations,
we will create abundance for you.

This abundance will spread throughout our communities
through various connections, such as people's lives and businesses,
and continue into the future.

What we at FFG aim for is not only economic abundance,
but also diverse forms of abundance
where everyone can feel peace of mind and happiness that spreads throughout
communities.

“Create diverse forms of abundance with our communities through advanced ideas.”

We at FFG
will work together with all stakeholders to move toward a future with abundance.



FFG Annual Report 2025 Editorial Policy

Fukuoka Financial Group (FFG) has been publishing an Annual Report and engaging in ongoing dialogue since FY2019 in order to communicate to all stakeholders, including investors and employees, FFG's medium- to long-term vision.

Through the dialogue conducted to date, FFG has recognized the importance of clearly communicating its principles, medium- and long-term strategies, and the connections between them to all stakeholders to gain their understanding and support.

FFG has formulated new principles, long-term strategies, and its 8th Mid-Term Management Plan, which began in April 2025. This report has been prepared to communicate the series of connections between these elements as FFG's stories of value creation.

FFG will continue to value dialogue with its stakeholders through the Annual Report. Your candid opinions and comments on the Annual Report would also be much appreciated.

Reporting period	April 2024 to March 2025 (Some content includes information up to July 2025.)
Scope of report	Fukuoka Financial Group, Inc. and its subsidiaries and affiliated companies, in principle.
Detailed data	For more detailed data, see FFG Disclosure 2025 "Financial Data" (in Japanese) on our website. We have created an SASB comparison table and disclosed it on our website.
Various references	In editing, reference is made to international integrated reporting frameworks recommended by organizations such as IIRC and WICI, as well as the Guidance for Collaborative Value Creation issued by the Ministry of Economy, Trade and Industry.

Keywords of the FFG Annual Report 2025

Keyword	Explanation
Principles	FFG's principles are the basis for the views and behavior of each Group employee, and form the basis of Group management .
Our values "To be your Bank of choice"	The values held by each employee put into words.
FFG's purpose "Create diverse forms of abundance with our communities through advanced ideas."	The value that FFG provides to society put into words.
The society it aims to create "Economically, materially, and spiritually enriched society"	The society that FFG aims to create put into words.
Materiality	Important issues that FFG is working to resolve in order to realize the society it aims to create.
Long-Term Strategies	Strategies and a roadmap outlining the direction for the next 10 years (FY2025 - FY2034) toward realizing the society FFG aims to create.
8th Mid-Term Management Plan	A concrete three-year implementation plan (FY2025 - FY2027) toward realizing the long-term strategies.
Value Creation Process	A representation of the connection between the society FFG aims to create and long-term strategies (business activities) .

Company name	Fukuoka Financial Group, Inc. (FFG)	Number of employees	7,928
Location	1-8-3, Otemon, Chuo-ku, Fukuoka 810-8693, Japan	Capital adequacy ratio	12.37%
Date of establishment	April 2, 2007	Stock exchange	Tokyo Stock Exchange Prime Market, Fukuoka Stock Exchange
Paid-in capital	124.7 billion yen		

As of March 31, 2025

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Message from the President



Hisashi Goto

Director & President
Fukuoka Financial Group, Inc.



Message from the President

Create diverse forms of abundance with our communities through advanced ideas.

Introduction

This year, we welcomed 522 new colleagues to Fukuoka Financial Group (FFG). They are the human resources who will shape the future of FFG, so we intend to nurture them carefully. During the new employee training, I told them, “Nothing in life is wasted. Everything becomes food for growth, failures and setbacks included.” I sincerely hope that they will work with the right attitude and actively take on challenges earnestly and diligently in order to grow.

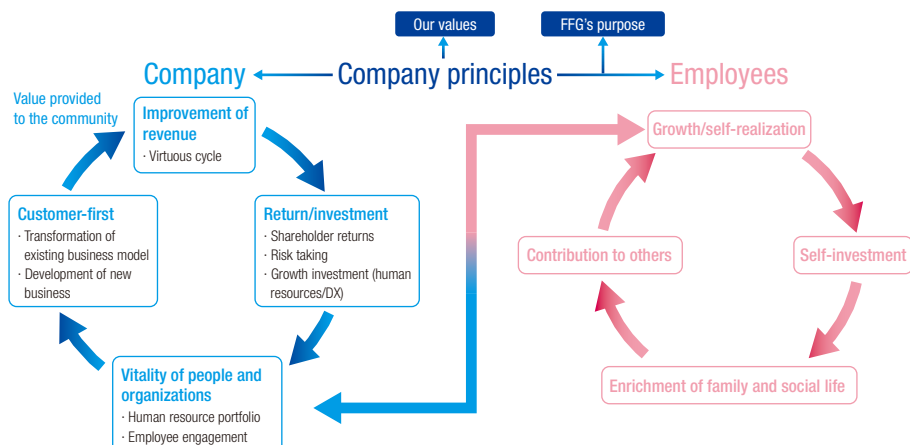
On April 1, we launched our new principles and long-term strategies. We have redefined our brand slogan, “To be your Bank of choice,” which we have cherished for many years, as our values, and have newly established our purpose as “Create diverse forms of abundance with our communities through advanced ideas.” We have positioned these two as our highest-level concepts and established 10-year long-term strategies as value creation stories aimed at demonstrating them. We have also defined the society we aim to create that lies beyond these concepts as an “Economically, materially, and spiritually enriched society.”

The story for the future that I had envisioned since becoming President, which I hoped would resonate with all stakeholders, has finally taken shape as FFG’s principles and long-term strategies after a year and a half of internal discussions.

This story is based on the three things I presented to everyone as management policies when I became President: (1) fully commit to a customer-first approach, (2) bring out the vitality of people and organizations, and (3) continue to increase revenue. The connections between (1) to (3) above are represented by a virtuous cycle for the Company and employees (Figure 1). Increasing revenue with a customer-first approach, investing in future growth, and giving back to local communities and investors are the hallmarks of sound corporate activities. The driving force behind this is the vitality of people and organizations, which refers to the efforts made by employees to achieve personal growth and self-fulfillment. As President, my role is to keep these two wheels turning simultaneously.

When I imagine each employee as the protagonist of this story over the next 10 years, playing an active role in FFG’s wide range of businesses and creating a virtuous cycle for both FFG and our employees, I feel excited about the future.

■ Figure 1: Virtuous cycle for the Company and employees



Message from the President

FFG's Principles

Some of this was introduced in last year's integrated report, but since it is the foundation of our story, I would like to take this opportunity to talk about FFG's principles.

Our values, "To be your Bank of choice," has been cherished by all employees as our aspiration (brand slogan) since FFG was established in 2007. It represents our desire to be the "closest, most reliable, and most sophisticated bank" for you, all of our valued stakeholders. We will continue to consciously uphold these values every day.

The first part of our purpose, "Create diverse forms of abundance with our communities," is our contribution to local communities and our answer to the fundamental question, "Why does FFG exist and what does it do?"

The second part of our purpose, "through advanced ideas," is the strength and individuality that FFG has cultivated throughout its history. You could call it FFG's uniqueness. Our corporate culture is characterized by a commitment to supporting our customers and the future of local communities as well as a spirit of innovation that constantly anticipates change and embraces new challenges.

By the way, what is it that we ultimately seek in life? Many people would probably answer "happiness." A life free from economic anxiety, where material and service needs are met, and where one can live with peace of mind, safety, and convenience, while enjoying a spiritually enriched life. A state where everyone can truly feel such happiness is the meaning of "diverse forms of abundance = economic, material, and spiritual abundance," and it is how we should contribute to local communities.

There is a saying, "A journey of a thousand miles begins with a single step." No matter how big a goal is, it all starts with a single step. Each of our employees conveys their thoughts to you, our valued customers, through their voices, words, and actions. This should reach our customers and, in turn, lead to the abundance of our local communities. Even small things are important. Think and act every day. The accumulation of these actions will spread from you, our customers, to every corner of our local communities. In turn, diverse forms of abundance will expand and continue to circulate.



FFG Principles Co-Creation Project

The Board of Directors approved our principles in September 2024. Subsequently, from October to March, we conducted an internal six-month “FFG Principles Co-Creation Project —A story for the future, spun by all—.”

Starting with letters and video messages I sent to employees, we held a total of 19 town hall meetings (700 participants) with myself and supervisors, followed by workshops in each workplace to encourage employees to think about our principles as their own.

We collected more than 5,000 thoughts from employees as output from the workshops, some of which are presented below.

- I want to enrich the lives of everyone involved in order to create a society where everyone can live with a smile. To achieve this, I will go beyond the boundaries of being a bank employee to improve my individual abilities and seriously consider the perspectives of others.
- I want to work to strengthen PR in local communities and establish the city's brand as one of Japan's leading DX-promoting cities where people can work with peace of mind.
- I will work together with customers as if I were a member of the family to consider how to allocate and pass down their money so that elderly people living in the community can live with peace of mind.
- I want to brainstorm ideas with all branch members and create a one-stop consultation center (tentatively named Life Design Center) for individual customers.
- I want to create a system that allows everyone to easily access the services they need, providing convenience and peace of mind, through activities that strengthen ties with local businesses and municipalities.
- I want to accumulate insight about new assets such as storage batteries and hydrogen and deliver advanced financing to companies in Kyushu and key locations.
- I want to bring revenue to investors by formulating new investment strategies, expanding the range of assets under management, and improving operational efficiency.

I am very happy that each of our employees has embraced our principles as their own. Reading these thoughts has also helped me see the path toward “diverse forms of abundance” that FFG aims to achieve.

Nevertheless, the process of instilling our principles is just beginning, and the real work lies ahead. We will work together as an entire company to ensure that our employees can approach their daily work with a sense of fulfillment.

You can view a video compilation of our thoughts by scanning the two-dimensional code below. We hope that you will also be able to imagine the “enriched society” that we are aiming for. Please take a look.

■ The abundance we are aiming for



FFG's Official
YouTube Channel



Message from the President

column

What I talked about in the “FPG Principles Co-Creation Project —A story for the future, spun by all—”

During town hall meetings and opinion exchanges with employees, I discussed the parable of the “three bricklayers”^(*) and talked about how one’s mindset determines one’s actions and leads to results (Figure 2: Iceberg model).

I did this because even when doing the same job, having clear objectives and goals makes work more fulfilling and leads to results. The reason we defined the new principles and shared them with all employees is based on this belief.

*Story of the three bricklayers

A traveler asked three bricklayers he saw in town, “What are you doing?”

The first bricklayer: “I’m laying bricks. I do this all day, even if it’s hot or cold or windy.”

The second bricklayer: “I’m laying bricks to build a wall. This job allows me to support my family.”

The third bricklayer: “I’m building a cathedral that will stand for centuries. Many people will be blessed here and find solace in their grief.”



What happened to the three bricklayers after 10 years?

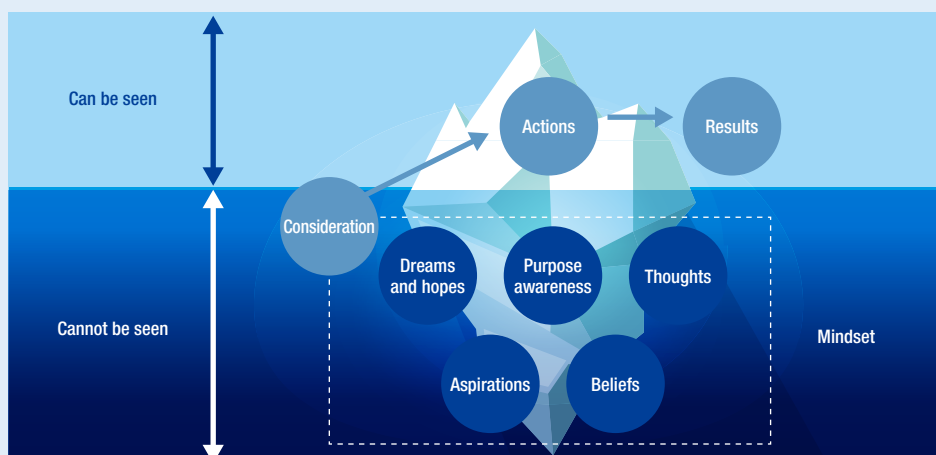
First bricklayer: Still continuously laying bricks

Second bricklayer: Working on the roof, which is dangerous but pays well

Third bricklayer: Trained many craftsmen, and the cathedral was named after him

This story shows how different motivations and mindsets toward work can lead to vastly different outcomes 10 years later.

■ Figure 2: Iceberg model



FFG's Long-Term Strategies

I will discuss the process of formulating our long-term strategies as well as their content.

Our long-term strategies are positioned as a 10-year roadmap (growth strategy) for demonstrating our purpose, or “diverse forms of abundance” for local communities. In considering our long-term strategies, we defined the important issues that we must proactively address as materiality, taking into account environmental changes and their impact on local communities. We defined four issues as materiality: “Revitalizing local industry,” “Responding to the era of 100-year human lifespans,” “Responding to the digital society,” and “Responding to climate change.”

We have established 10-year long-term strategies that outline measures to address materiality through our business activities and business plans for implementing these measures. The basic policies of the long-term strategies are outlined in I to V below. [Outline of Long-Term Strategies: P16]

I. Transformation of Existing Business Model

We will thoroughly leverage digital and AI technologies to deeply understand our customers through communication via digital channels such as apps and in stores, and provide solutions (products and services) that are useful for the life plans of individual customers and the businesses of corporate customers.

II. Creation of New Value

We will strengthen financing and investment in growth fields such as GX and start-ups in Kyushu, provide new value-added services beyond those of commercial banks, and actively tackle the revitalization of local industry.

III. Acquisition of New Revenue

We will expand the business areas of the Group through initiatives such as investments and loans outside the Kyushu region, digital businesses such as Minna Bank, and the strengthening of our market operation divisions. We will also aim to acquire the revenue and know-how needed to contribute to the growth of our business customers and the revitalization of local industry.

IV. Innovation of Approach

We will accelerate the growth outlined in basic policies I, II, and III with a new approach that leverages our connections with local companies, local governments, universities, business operators with cutting-edge expertise, and funds.

V. Building a Strong Foundation

We will work to strengthen organizational capabilities that serve as the foundation for executing long-term strategies, including the evolution of Group management, acquisition and development of human resources, and enhancement of risk management.

We aim to resolve materiality issues through our business activities by setting quantitative and qualitative indicators and monitoring them. We have positioned “GRP” as an indicator of economic abundance and “regional well-being index” as an indicator of material and spiritual abundance, and have set the improvement of these indicators as the social value (impact) that FFG aims to achieve.

From there, we identified areas where FFG can have a positive impact on social value through its business activities, defining the following six items as the value (outcomes) we aim to provide through our long-term strategies: “(1) maintenance and improvement of the number of employees at customers,” “(2) increase in sales of customers,” “(3) increase in productivity of customers,” “(4) increase in personal assets of customers,” “(5) increase in number of digital customers,” and “(6) reduction in CO₂ emissions of customers.”

Message from the President

Story Outlined in Our Long-Term Strategies

Details of the specific initiatives are described on pages 29 to 44, so I will talk about the story outlined in our long-term strategies.

We will focus on two priority themes for addressing materiality: (1) revitalizing local industry and (2) supporting people's abundant lifestyles.

(1) Revitalizing local industry

We will focus on revitalizing local industry centered on core companies in local communities. Specifically, we will provide M&A support to facilitate the transfer of technology and know-how, maintain employment, and increase sales; offer decarbonization consulting to help companies enter global supply chains; and provide DX support and matching with startups to improve productivity and create new businesses. The growth of core companies will have a ripple effect on all industries in the community, including through supply chains and capital investment. Of course, we will also strengthen various support measures for SMEs in parallel. This will lead to increased employment, improved working conditions for employees, increased personal assets, expanded consumption in the community, and revitalization of the regional economy.

(2) Supporting people's abundant lifestyles

We convey the necessity of asset management and the advantages of international diversification through financial and economic education, support asset formation and management, and provide services tailored to life plans, including mortgages, insurance, and inheritance. We also combine digital and face-to-face services to gain a deep understanding of our customers and provide them with services, including non-financial services, at the most appropriate timing and through the most appropriate means. This will support people's abundant lifestyles and lead to the revitalization of the regional economy.

In this way, FFG's long-term strategies outline a path toward the future in which we bring "diverse forms of abundance"—economic, material, and spiritual—to local communities through our focus on "revitalizing local industry" and "supporting people's abundant lifestyles."

This future is only possible through M&A and equity business capabilities, GX expertise and investment capabilities, startup support capabilities, and the advancement of asset management businesses. Therefore, we will actively build relationships of co-creation with external players.

We will also strengthen our businesses outside the Kyushu region to acquire revenue and absorb know-how.

In addition, we will actively pursue opportunities to acquire new revenue through market operations and other means in order to build the strength necessary for business expansion.

Realizing these strategies requires us to build a management base that supports growth strategies, including the integration of business and human resource portfolios, maximization of human capital, enhancement of risk management, and evolution of the Group management structure. Therefore, we will steadily advance initiatives in these areas.

Promoting two-way dialogue between management and employees

In addition to visiting branches directly and holding forums, we are promoting two-way dialogue with employees through the “Viva Engage” internal social networking service.

While there are not many opportunities for each employee to speak with me directly, they can comment on posts at any time via social media. In this way, I am taking the lead in building an organizational culture where employees feel close to management and can engage in casual dialogue.



Hisashi Goto

August 17

I participated in FFG EXPO 2024. (I've been told that the details of the event will be announced separately.)

I participated in a panel discussion and a social gathering for headquarters supporters on the first day, and visited headquarters and affiliated company booths on the second day.

It was an inspiring two days filled with the enthusiasm of all participants 😊

I hope that this event will deepen mutual understanding and communication between FFG's sales offices, headquarters, and affiliated companies 🙌

Thank you to everyone from the DX Promotion Headquarters (and the Sales Administration Division) who planned and organized the EXPO, and to everyone from headquarters and affiliated companies who staffed the booths 🙏

Your hard work is appreciated!

8th Mid-Term Management Plan

In the 8th Mid-Term Management Plan, we will continue the initiatives promoted in the 7th Mid-Term Management Plan, while also promoting the establishment of a growth foundation for the future as the first phase of our 10-year long-term strategies, taking into account the current changes in the business environment. In addition, in light of rapid environmental changes and disruptions, we have decided to review our conventional approach, set milestones for three years ahead, and fine-tune our plans based on annual monitoring. Given the high volatility of the economic environment, we will consider revising our plans flexibly as necessary, even during the fiscal year.

The basic policies of the 8th Mid-Term Management Plan are the same as I to V of the long-term strategies I explained earlier. We have made the achievement of the performance evaluation indicators for each priority initiative and the human capital indicators that support them—which are linked to the value we provide through the long-term strategies ((1) - (6)) that were established to realize the society we aim to create—as the target output to be achieved during the 8th Mid-Term Management Plan.

We are aiming for consolidated net income of 100.0 billion yen and ROE of approximately 9.0% in FY2027, the final year of the 8th Mid-Term Management Plan, by achieving these performance evaluation indicators and human capital indicators.

Information on the society we aim to create, the value we aim to provide through our long-term strategies, the performance targets of the 8th Mid-Term Management Plan, and the connections between them are described on pages 19 and 20.

Response to Issues in the 7th Mid-Term Management Plan

Under the 7th Mid-Term Management Plan launched in FY2022, we have steadily implemented the priority initiatives initially set, including sales reforms, operational reforms, and strengthening of strategic subsidiaries, and achieved some results.

Message from the President

In addition, during the plan period, we have restructured our securities portfolio in response to rising interest rates in Japan and overseas, and also established an AI Strategy Group to incorporate the rapid advancement of generative AI into FFG's growth. Furthermore, we have implemented various measures to leverage the growing shift from saving to investing as well as changes in the business environment, such as the entry of TSMC, into our business.

As a result, in FY2024, the final year of the 7th Mid-Term Management Plan, we achieved consolidated net income of 72.1 billion yen, ROE of 7.4%, a capital adequacy ratio of 10.0%^{(*)1}, and consolidated OHR of 61.5%, thereby achieving the management targets that we initially set.

On the other hand, FFG's PBR was approximately 0.8 as of the end of May, remaining at a low level. PBR is calculated by multiplying ROE by PER^{(*)2}, so to improve PBR, we must improve both ROE and PER. In particular, we recognize the fact that our PER is relatively low compared to other major banks due to factors such as our digital bank, Minna Bank, not achieving its initial growth trajectory and the deterioration of valuation gains and losses on securities associated with rising Japanese interest rates, and consider it an important issue.

In the 8th Mid-Term Management Plan, we aim to grow profits by incorporating the effects of measures implemented in the 7th Mid-Term Management Plan and rising interest rates, while controlling financial leverage to achieve a ROE of approximately 9.0% that exceeds the cost of shareholders' equity as quickly as possible. At the same time, we will quantify the effects of growth investments in Minna Bank and other areas as much as possible to raise investors' expectations for FFG's future revenue. Furthermore, we will enhance information disclosure and IR activities while also closely coordinating with our daily public relations activities to ensure that all stakeholders understand FFG's value creation story. Through such activities, we aim to reduce the cost of shareholders' equity and improve market valuation (PER and PBR).

^{(*)1}: Based on the Basel III endgame (full compliance)

^{(*)2}: Price-to-book ratio (PBR) = Return on equity (ROE) x Price-to-earnings ratio (PER)

Minna Bank

Minna Bank, which started operations as Japan's first digital bank in 2021, had 1.25 million accounts, 33.1 billion yen in deposits, and 22.8 billion yen in loans as of March 31, 2025, establishing a solid customer base within four years of starting operations.

While there is still much ground to cover before achieving profitability, we are making concrete progress in business integration with partner companies that have large customer bases nationwide. Additionally, as we recently announced, the core system for the new digital bank being established by MUFG Bank will adopt the full-cloud banking system jointly developed by Zerobank Design Factory^{(*)1}. We are encouraged by these developments as we work toward profitability.

In FY2025, we would like to show everyone the dramatic growth of our Minna Bank business^{(*)2} toward profitability in terms of figures, with a focus on the following priority initiatives: (1) business integration, (2) strengthening of functions such as corporate accounts and account transfers, (3) enhancement of the loan credit model, and (4) promotion of BaaS to local companies in Kyushu.

Let me reiterate the significance of FFG's commitment to Minna Bank.

The business environment surrounding regional financial institutions is becoming increasingly competitive with the expansion of online banks and online securities companies, as well as the entry of non-financial companies into the financial sector through BaaS.

In response to these threats, FFG will leverage the advantages of Minna Bank and promote BaaS with local companies to provide local customers with the convenience and profitability that only a regional platform can offer. This is in line with the statement I made at the time of Minna Bank's establishment that "we will return the expected benefits of Minna Bank to the Group with the aim of becoming a digital banking group that adapts to the changing

times,” and I believe that now is the right time to do so.

Going forward, we will continue to bring together the functions and know-how of the FFG Group and implement our long-term strategies aimed at realizing diverse forms of abundance with the entire FFG Group.

*1: An FFG affiliated company that owns the banking system of Minna Bank.

*2: The combined revenues of Minna Bank and Zerobank Design Factory are referred to as the “Minna Bank business.”

Capital Policy

Since our establishment, FFG has adopted a capital management policy that balances growth investment and shareholder returns on the premise of maintaining soundness. Our policy on shareholder returns has been to maintain and increase dividends in line with profit growth. During the three years of the 7th Mid-Term Management Plan, we achieved profit growth of 18.0 billion yen (+33%) and increased dividends by 40 yen (+42%).

However, the capital adequacy ratio did not reach the target range during the 7th Mid-Term Management Plan period, and we believe that we may not have been fully able to meet the expectations of our investors in terms of shareholder returns.

In light of this, we have raised the dividend payout ratio to 40% from FY2025, taking into consideration the fact that the capital adequacy ratio was within the target range of 10-11% as of the end of March 2025, the expected accumulation of profits over the three years of the 8th Mid-Term Management Plan, and the target ROE, among other factors. We will consider the acquisition of our own shares based on capital conditions, stock prices, growth investment opportunities, and other factors.

We will continue to pursue long-term, sustainable growth and the improvement in corporate value as we conduct our capital management in close communication with our investors.

Conclusion

Technological innovations, including AI, will continue to evolve at an accelerating pace going forward, bringing about significant changes in all aspects of society. For example, while corporate productivity and convenience in daily life will improve, opportunities for face-to-face interaction will decrease, and relationships with others may become superficial and impersonal. In such a society, it is important to always be mindful of relationships with others. Business is about people; in other words, it is our employees who think about and execute FFG’s strategies and business, and it is our customers who judge whether they are good or bad.

In that sense, human warmth and connections will become even more important in business going forward. I encourage our employees to “make humanity the deciding factor. Be aware of and practice sincerity in your work, honesty without hidden motives, and consideration for others every day!”

FFG employees share the same principles (values and purpose) and strive to contribute to the happiness of our valued customers. I firmly believe that this will fill the gaps in impersonal relationships and bring about both an enriched society overflowing human warmth and growth for FFG.

Expect to see great things from FFG.



Hisashi Goto

Director & President
Fukuoka Financial Group, Inc.

Significant Environmental Changes and FFG's Countermeasures

In considering long-term strategies, FFG held discussions among officers on the significant changes that will drive the various environmental changes expected in the future.

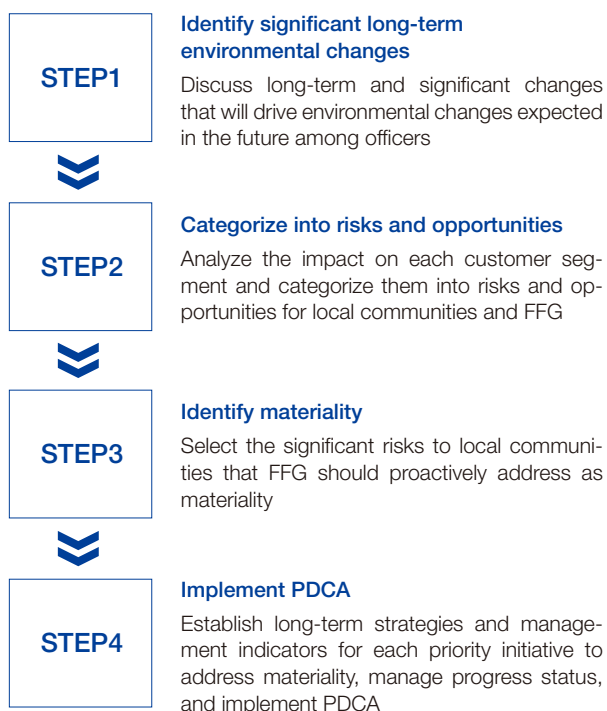
From there, we analyzed the impact of these environmental change drivers on each customer segment and categorized them into risks and opportunities for local communities and FFG.

Based on this analysis, we identified the risks to local communities that FFG should proactively address in order to realize the society we aim to create as “materiality.” We also designated the risks to FFG that require particular management attention as “top risks.”

Additionally, we considered the initiatives to address “materiality” as business opportunities for FFG and determined basic policies and key initiatives for long-term strategies.

The implementation of these long-term strategies will resolve these materiality and address top risks, which will thereby lead to the realization of the society FFG aims to create, forming a series of value creation stories.

Determination process for materiality



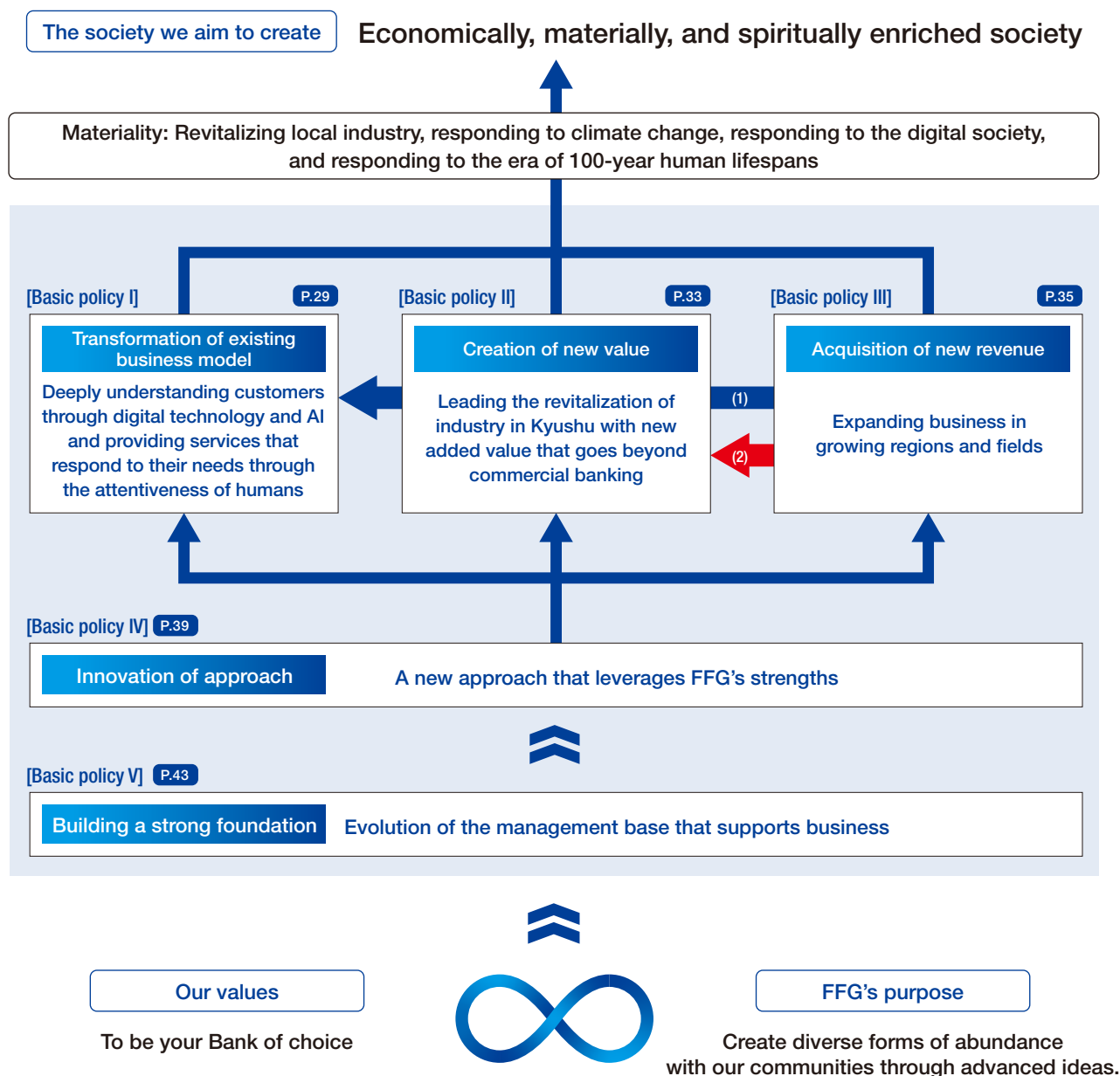
Risks and opportunities for local communities and FFG

Environmental change drivers	Local communities	FFG	
	Risks (materiality)	Risks (top risks) Details on P75	Opportunities (business strategy)
Demographic changes	Shrinking regional economy ⇒Revitalizing local industry Aging society ⇒Responding to the era of 100-year human lifespans	Shrinking customer bases due to the shrinking regional economy ⇒Sustained growth stagnation due to human resource shortages ⇒Decrease of customer base	Expanding business succession and industrial restructuring needs Increased investment in improving productivity Expanding asset formation needs
Growing interest in sustainability	Deindustrialization caused by the overseas relocation of core industries, and delays in the transition of local companies ⇒Responding to climate change	Shrinking customer bases due to deindustrialization caused by the overseas relocation of core industries, and delays in the transition of local companies ⇒Risks related to climate change	Expanding GX investment and support needs
Rapid changes in the market environment	Decline in performance of local companies due to slow response to market fluctuations ⇒Revitalizing local industry (and subsequently, strengthening of local companies)	Decline in cash earnings, increase in bond valuation losses, and deposit outflows due to rapid market fluctuations ⇒Destabilization of Japanese and international financial markets ⇒Liquidity risk in Japan and overseas	Increase in cash earnings and bond valuation gains due to improvement in market environment Diversification and sophistication of investments
Industry revitalization	Failure to keep pace with government growth support measures, leading to the decline of local industry ⇒Revitalizing local industry		Expanding GX investment and support needs Expanding startup support needs Increase in various capital investments
Generative AI and new financial technologies	Delay in the digitization of local companies System failure and cyber attacks ⇒Responding to the digital society	Reduced competitiveness due to the rapid development of digital society System failure and cyber attacks	Improving productivity and providing new services through the use of digital technologies/AI
Rising geopolitical risks	Global economic downturn due to the fragmentation of the international community	Changes in business assumptions due to the fragmentation of the international community ⇒External risks that can change assumptions regarding the social environment (Geopolitics, natural disasters, etc.)	

Outline of Long-Term Strategies

We have established the following five basic policies in our long-term strategies to resolve materiality and realize the society FFG aims to create: I. Transformation of existing business model, II. Creation of new value, III. Acquisition of new revenue, IV. Innovation of approach, and V. Building a strong foundation.

We will implement our long-term strategies and specific actions based on these basic policies.



The driving forces behind the implementation of our long-term strategies are our values, “To be your Bank of choice,” as defined in FFG’s principles, and FFG’s purpose, “Create diverse forms of abundance with our communities through advanced ideas.” These two complement each other and serve as the driving forces behind “the society it aims to create.”

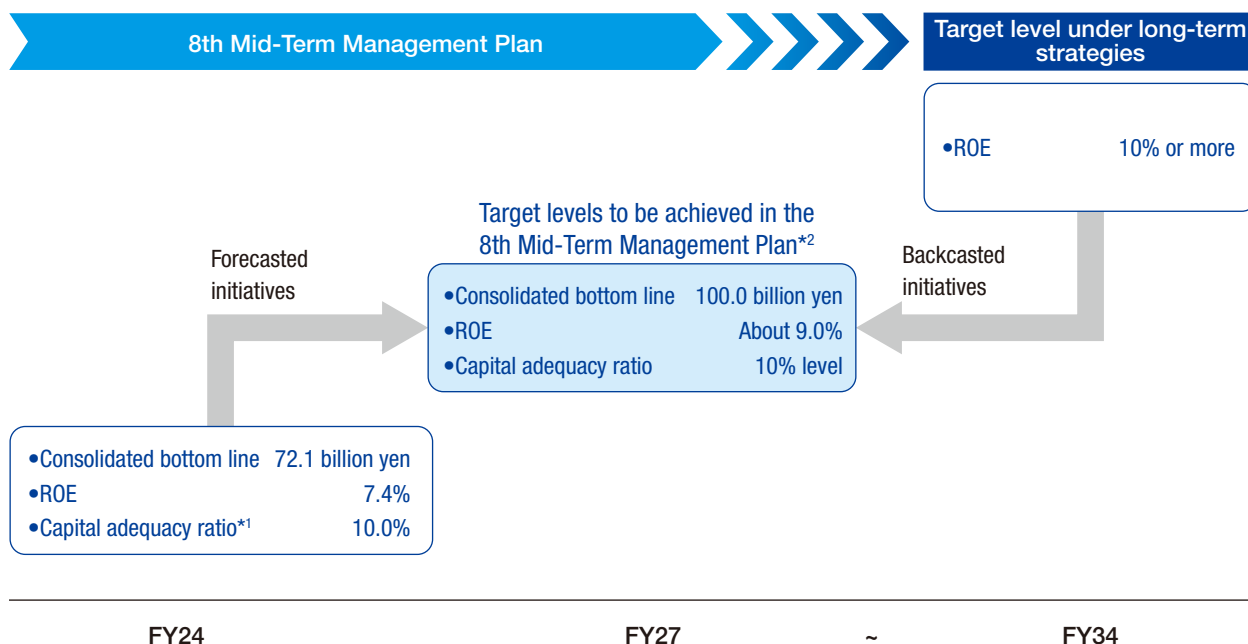
[Complementarity and synergy between basic policies I, II, and III ← (1)(2)]

- (1) FFG will leverage system and service development capabilities of Minna Bank and BaaS integration expertise, etc., to enhance physical bank services and strengthen relationships with customers, thereby differentiating ourselves from competitors.
- (2) FFG will provide local companies with expertise gained through business expansion in regions and fields with growth potential, such as the Tokyo metropolitan area and overseas, and capital-intensive businesses, thereby providing new added value that other companies cannot offer.

8th Mid-Term Management Plan

The 8th Mid-Term Management Plan is the first stage of our long-term strategies for realizing the society we aim to create. We have considered initiatives taken in the 7th Mid-Term Management Plan and responses based on current issues and the external environment (forecasting), as well as responses for the future with a view to realizing our long-term strategies (backcasting).

To create diverse forms of abundance with our communities, we will transform existing business models (Basic Policy I) while also working to provide new added value by allocating management resources to strengthen the investment banking business (Basic Policy II) and acquire new revenue (Basic Policy III), thereby building a foundation for sustainable growth.



*1 Based on the Basel III endgame (full compliance)

*2 Based on the assumption that the policy interest rate will remain at 0.50%

8th Mid-Term Management Plan

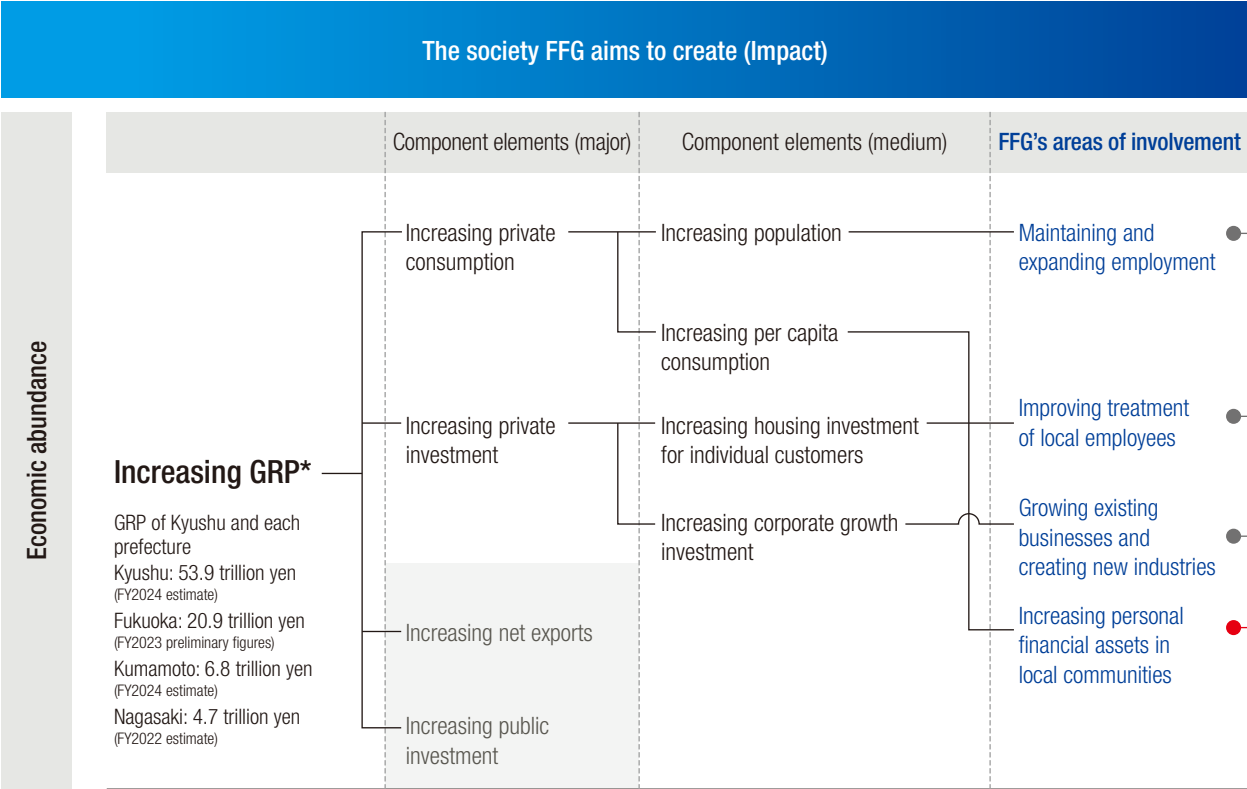
Plan period	April 2025 to March 2028	
Basic strategy	Three years to build a growth foundation for the sustainable growth of existing businesses and the co-creation of new value	
Basic policy *Based on long-term strategies	I Transformation of existing business model	Thoroughly pursue the enhancement of contact points with customers (quality/volume)
	II Creation of new value (strengthening the investment banking business)	Expand the foundation and lay the groundwork for strengthening and creating local industries
	III Acquisition of new revenue	Expand business in growth fields and promote growth investment
	IV Innovation of approach	Actively promote each business in cooperation with external parties
	V Building a strong foundation	Build a management base that supports growth strategies

Priority initiatives		Major measures/approaches
Transformation of Existing Business Model	Corporate businesses	- Establish a system capable of providing one-stop support for diverse needs by leveraging digital technology and AI - Support corporate growth through advanced proposals by RM human resources with high solution-providing capabilities
	Retail banking business	- Enhance customer experience value by providing advanced financial consulting services leveraging digital technology and AI - Strengthen business for high net worth individuals and enter the asset management business
	Deposits/foundation	- Promote BaaS for local companies (strengthen collaboration between Minna Bank and physical banks) - Acquire highly stable deposits by providing convenient and profitable payment services
	Sales operation reform	- Shift branch operations to other channels and promote paperless operations - Streamline loan operations through AI-based review support and other methods
Creation of New Value (Strengthening the Investment Banking Business)	M&A	- Integrate information and knowledge within the Group by consolidating M&A functions into FFG Succession, Ltd. - Expand wide-area sales and increase information flow by increasing personnel and strengthening external networks
	Equity business	- Expand business and develop specialized human resources through collaboration with external funds - Accelerate investment (growth support and rehabilitation support) through FFG growth investment
	GX/structured finance	- Support initiatives for green transformation (GX)-related assets and the transition of local companies - Expand existing products such as real estate, PF, and ships, and improve portfolio quality
	Startups	- Strengthen sourcing capabilities, management support capabilities, portfolio management, and human resource development - Evolve venture debt initiatives (establish and standardize review models)
Acquisition of New Revenue	Market operation or management	- Sustainably expand operating revenue by strengthening interest rate risk control and promoting diversified investments - Diversify and enhance market division operations
	Minna Bank	- Make Minna Bank's business profitable through joint business and loan expansion - Promote BaaS for local companies (strengthen collaboration between Minna Bank and physical banks)
	Inorganic	Promote M&A and alliances for discontinuous growth
Innovation of Approach	Coexistence and co-prosperity with local companies	Improve customer lifestyle convenience and profitability through the establishment of a local platform in collaboration with local companies in Kyushu
	Collaboration with key players in revitalizing local communities	Create local growth industries by forming a startup ecosystem in collaboration with local governments, universities, etc.
	Utilization of networks outside of local communities	Strengthen network utilization with businesses, funds, financial institutions, and other organizations with cutting-edge expertise
Building a Strong Foundation	Establishment of optimal governance systems	- Evolve into a single platform suitable for implementing optimal area strategies - Fundamentally streamlining headquarters operations through the use of digital technology and AI
	Human resource strategy	- Create a human resources portfolio that enables growth strategies - Foster an organizational culture where employees can perform to the best of their abilities
	Enhancement of risk management	Enhance and streamline portfolio management, and maintain and improve soundness

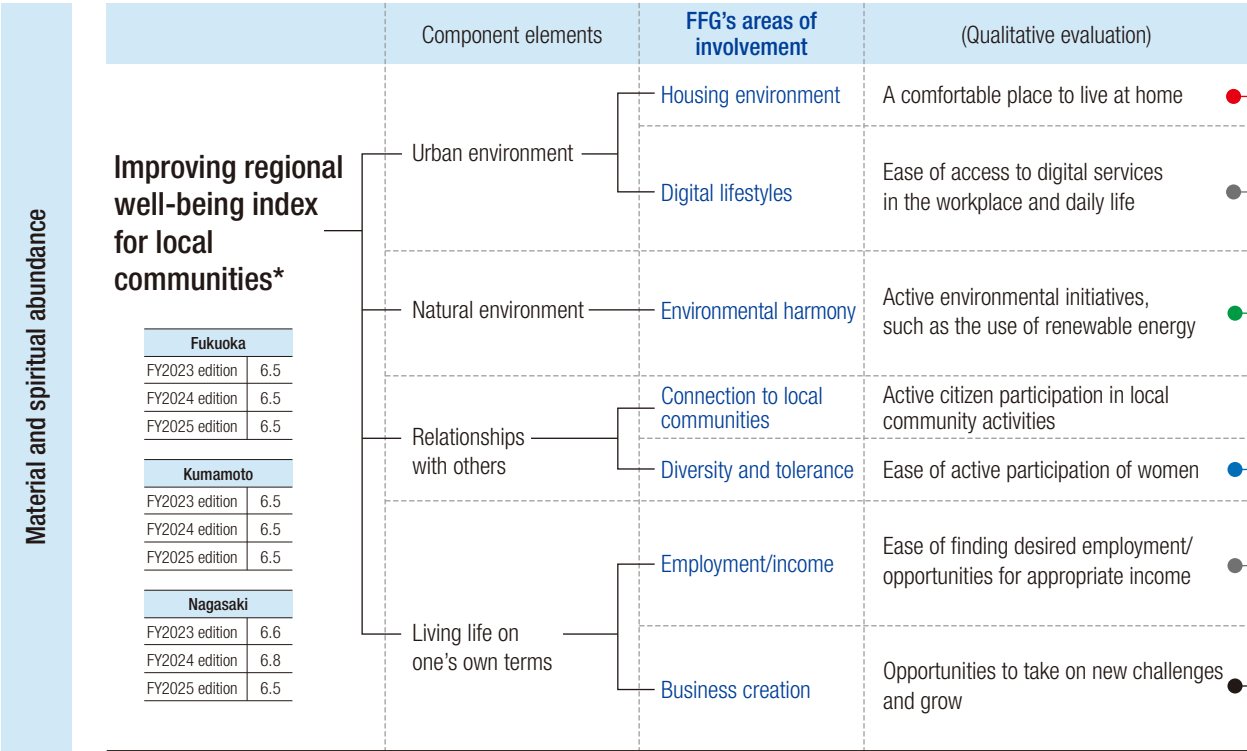
Connections Between the Society It Aims to Create and FFG's Business Activities

FFG's vision of an “economically, materially, and spiritually enriched society” and FFG's business activities (long-term strategies and 8th Mid-Term Management Plan) are interconnected as shown in the table below.

At FFG, we have positioned gross regional product (GRP) as an indicator of economic abundance and the regional well-being index as an indicator of material and spiritual abundance. We then identified areas in which FFG's business

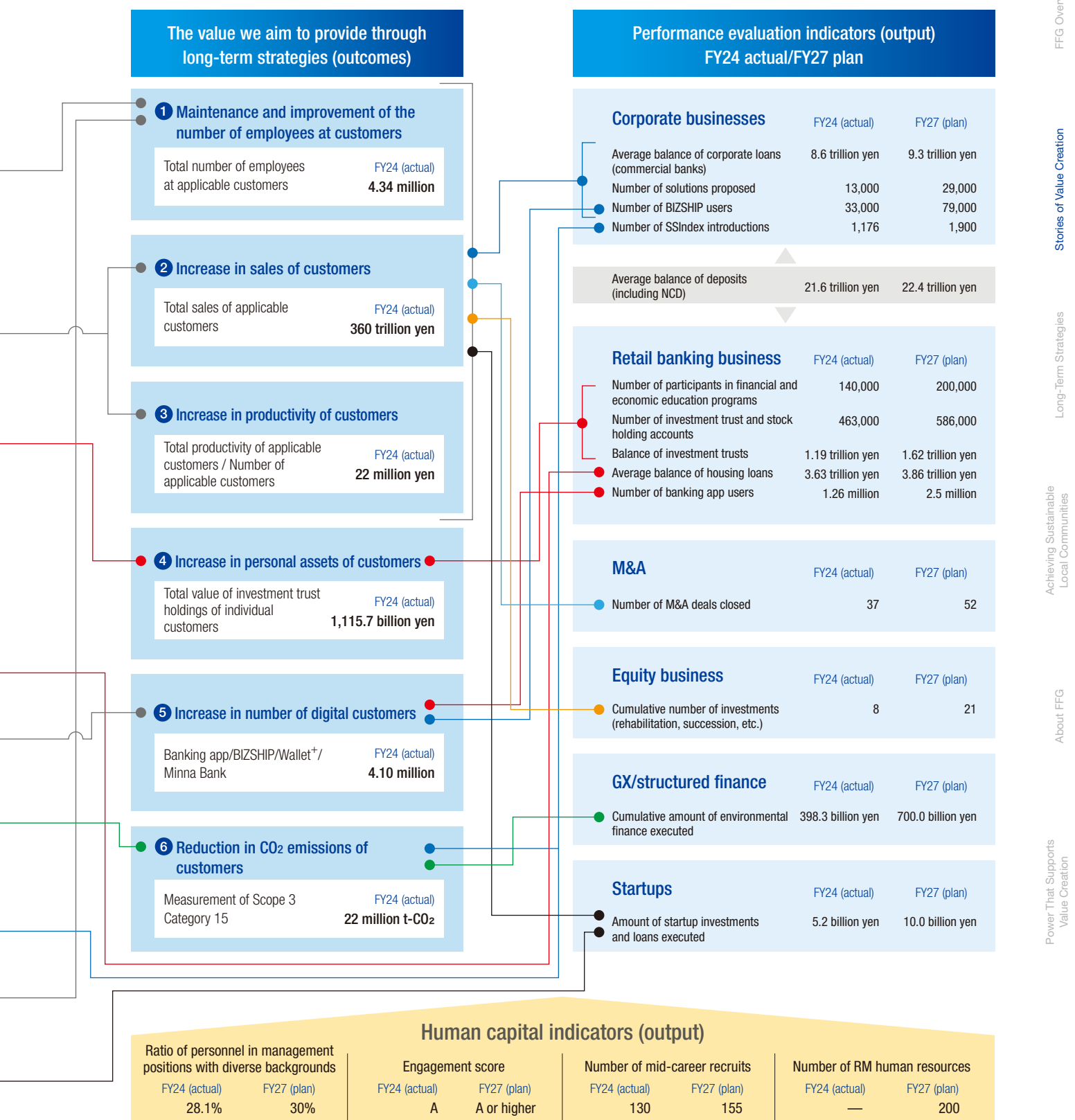


*Gross regional product
(Source) Kyushu Economic Research Center, Fukuoka Prefecture Prefectural Accounts, The Regional Economic Research Institute, Nagasaki Prefecture Prefectural Accounts



*Indicators that quantify and visualize the livability and happiness of citizens (published by the Digital Agency)

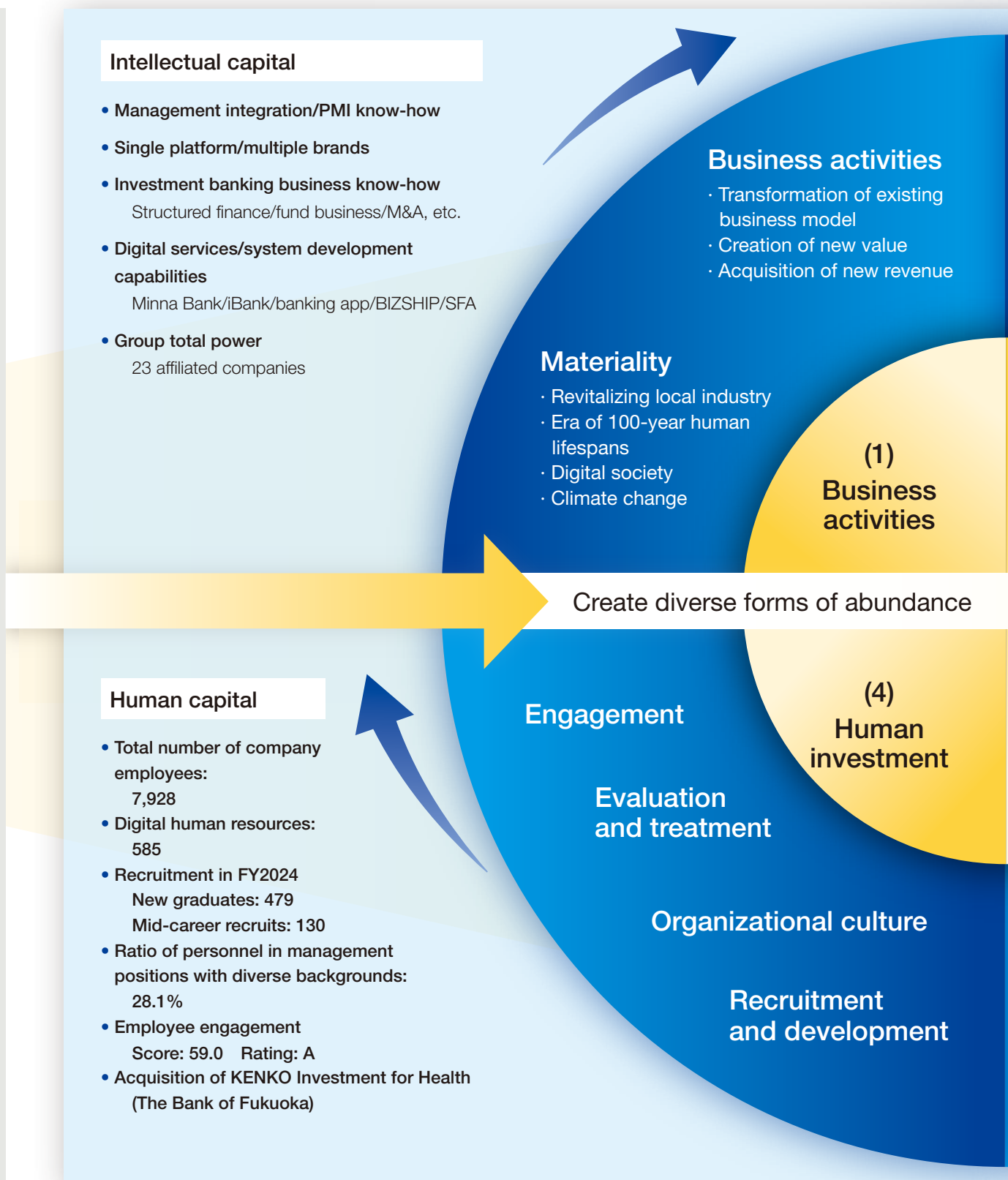
activities can contribute to indicator components for GRP and the regional well-being index. Based on this, we have identified six items as the value we aim to provide through the implementation of our long-term strategies (outcomes), and a total of 18 items as performance evaluation indicators and human capital indicators that must be achieved through the implementation of our mid-term management plans (outputs). We will strive to achieve these indicators through the implementation of our long-term strategies and the 8th Mid-Term Management Plan, with the aim of realizing the society we aim to create.



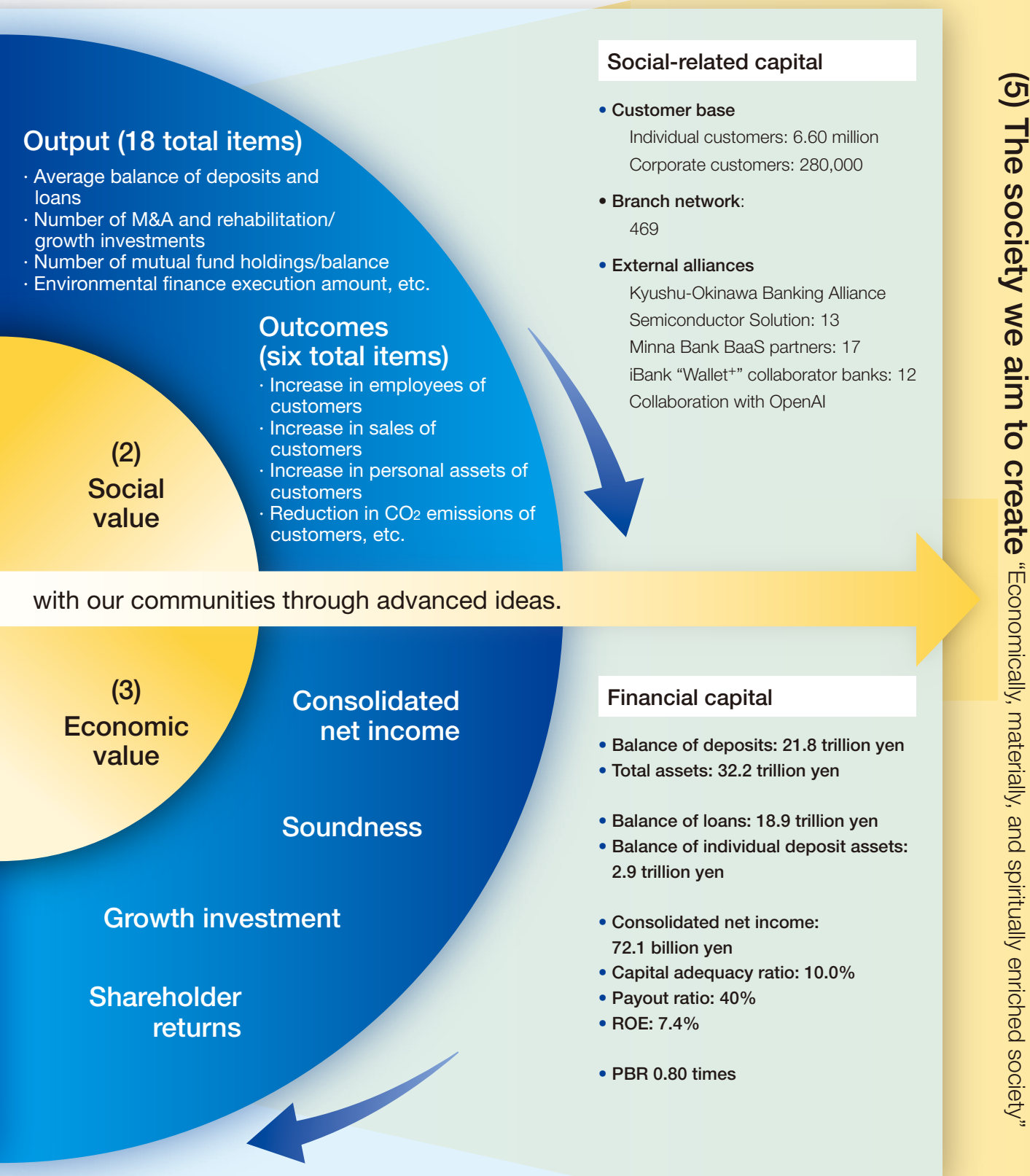
Value Creation Process

FPG provides value to communities and customers through **(1) business activities** that contribute to addressing materiality issues **((2) social value)**, and in return, generates revenue. The revenue obtained is allocated to business investments for further growth and shareholder returns while maintaining financial soundness, thereby enhancing corporate value **((3))**

Changes in the external environment (changes in society, customers, and competitors)



economic value). In addition, through proactive **(4) human investment**, we enhance employees' skills, expertise, and engagement, leading to more advanced solutions to materiality. Through this virtuous cycle, FFG aims to realize **(5) the society we aim to create**: "Economically, materially, and spiritually enriched society."



Message from the CFO



Hiroshi Miyoshi

Director & Deputy President, CFO
Fukuoka Financial Group, Inc.

Toward improving
corporate value

Review of the 7th Mid-Term Management Plan and Looking Toward the 8th Mid-Term Management Plan

During the period of the 7th Mid-Term Management Plan (April 2022 to March 2025), we have been implementing various measures—such as the integration with Fukuoka Chuo Bank—with a focus on priority initiatives including sales reforms, operational reforms, strengthening of strategic subsidiaries, and taking on the challenge of new businesses.

In sales divisions, we have instilled channel shifts based on digital tools (banking apps, BIZSHIP, and SFA) and a customer-first sales style called “goal-based sales” to differentiate ourselves from our competitors. These initiatives have led to an increase in loan balances and asset management revenues.

In market divisions, we have flexibly restructured our securities portfolio to secure future revenue.

In the investment banking business, which we have identified as a growth area for the future, we saw strong performance and growth in revenue, driven by an increase in loan balances in structured finance and large fund exits.

In terms of expenses, DX-related investments and two rounds of pay raises have led to increases in property and personnel expenses, respectively.

The increase in funding costs preceded the increase in income due to the lifting of negative interest rates and two interest rate hikes; however, thanks to the effects of the measures that we implemented, consolidated net income for FY2024, the final fiscal year of the 7th Mid-Term Management Plan, exceeded the initial target of 65.0 billion yen to reach 72.1 billion yen, which we consider to be a positive result.

(Billions of yen)

FFG consolidated	FY24	FY21	Difference
Core gross business profit	279.3	229.1	+50.2
Total of all banks*	259.1	213.0	+46.2
Interest income (Japan)	210.6	169.7	+41.0
Interest on loans	163.1	139.2	+23.9
Interest on deposits	(12.8)	(0.3)	(12.4)
Interest, etc. on securities	60.3	30.8	+29.5
Interest income (international)	14.9	15.2	(0.3)
Non-interest income	33.6	28.1	+5.5
Subsidiaries and consolidation adjustments, etc.	20.2	16.2	+4.0
Expenses	(160.3)	(142.9)	(17.4)
Core business profit	119.1	86.3	+32.8
Securities-related gains and losses	(9.8)	(5.3)	(4.4)
Credit cost	(6.1)	(3.1)	(3.0)
FFG consolidated net income	72.1	54.1	+18.0

*FY21: Simple consolidation of three banks (The Bank of Fukuoka, The Kumamoto Bank, and The Juhachi-Shinwa Bank);

FY24: Simple consolidation of four banks (The Bank of Fukuoka, The Kumamoto Bank, The Juhachi-Shinwa Bank, and The Fukuoka Chuo Bank)

7th Mid-Term Management Plan target management indicators		FY24 targets	FY24 results
Profitability	Net income	65.0 billion yen	72.1 billion yen
	ROE	About 6%	7.4%
Soundness	Capital adequacy ratio*	About 10%	10.0%
Efficiency	Consolidated OHR	About 60%	61.5%
Shareholder returns	Dividends per share	125 yen	135 yen

* Based on the Basel III endgame (full compliance)

The 8th Mid-Term Management Plan

The 8th Mid-Term Management Plan, which started this fiscal year, is positioned as three years to build a growth foundation for the sustainable growth of existing businesses and the co-creation of new value. Based on our long-term strategies, we are aiming to increase profit (= improve ROE) by implementing sales strategies and optimally managing our business portfolio, and to improve PBR by allocating the profits acquired to future investments and returns.

With a focus on long-term growth, we will invest capital in growth initiatives such as DX human resource development and the construction of DX-related systems. At the same time, we will steadily increase revenue through the effects of rising yen interest rates and revenue growth from sales measures.

Specifically, we expect to increase profits through measures in each division, such as increasing the volume of loans with a focus on RORA in commercial banking and investment banking divisions, expanding diversified investments in market divisions, and improving revenue through business integration and loan expansion at Minna Bank.

Even after taking into account increased allowance for loan losses in anticipation of the expiration of the Bank of Japan's special interest rate policy and future uncertainties, as well as measures such as growth investments, we expect profit growth to exceed that of the previous mid-term plan period. In FY2027, the final year of the 8th Mid-Term Management Plan, we are planning consolidated net income of 100.0 billion yen and ROE of approximately 9.0%, assuming that the policy interest rate will remain unchanged at 0.5%.

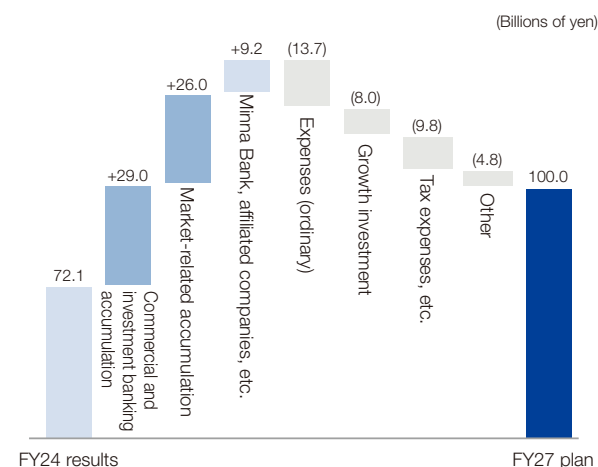
Toward Improving Corporate Value

FFG aims to improve corporate value by creating a virtuous cycle of revenue acquisition through growth investment and achieving their investment effects, thus achieving sustainable growth.

Based on this approach, FFG has implemented forward-looking measures such as management integration and new businesses since our establishment in 2007, expanding our regions and business areas and maintaining a growth trend in consolidated net income.

However, ROE is below the cost of shareholders' equity, and PBR is below 1. Based on the fundamental concept of creating a virtuous cycle of revenue acquisition through growth investment and achieving their investment effects, we have established the following pillars toward resolving this issue and improving PBR: (1) improve ROE, (2) improve growth rate, and (3) reduce cost of shareholders' equity to improve PER. We have created a logic tree to clarify the relationship between various initiatives and PBR improvement. (Details on the next page)

Profit growth plan (consolidated net income)



8th Mid-Term Management Plan target management indicators		FY27	
			vs. FY24
Profitability	Consolidated net income	100.0 billion yen	+27.9 billion yen
	ROE	About 9%	+ About 1.6%
Soundness	Capital adequacy ratio	10% level	—

Message from the CFO

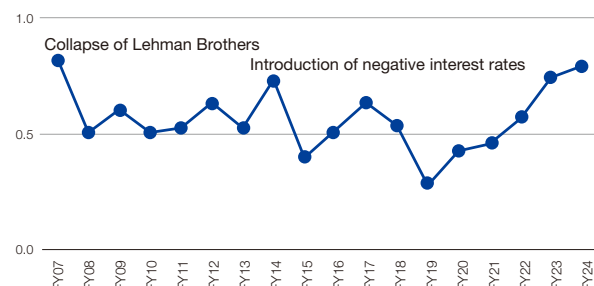
■ Cost of shareholders' equity and target ROE

$$\text{PBR} = \frac{\text{① ROE}}{\text{③ Cost of shareholders' equity} - \text{② Growth rate}} \times \frac{1}{1}$$

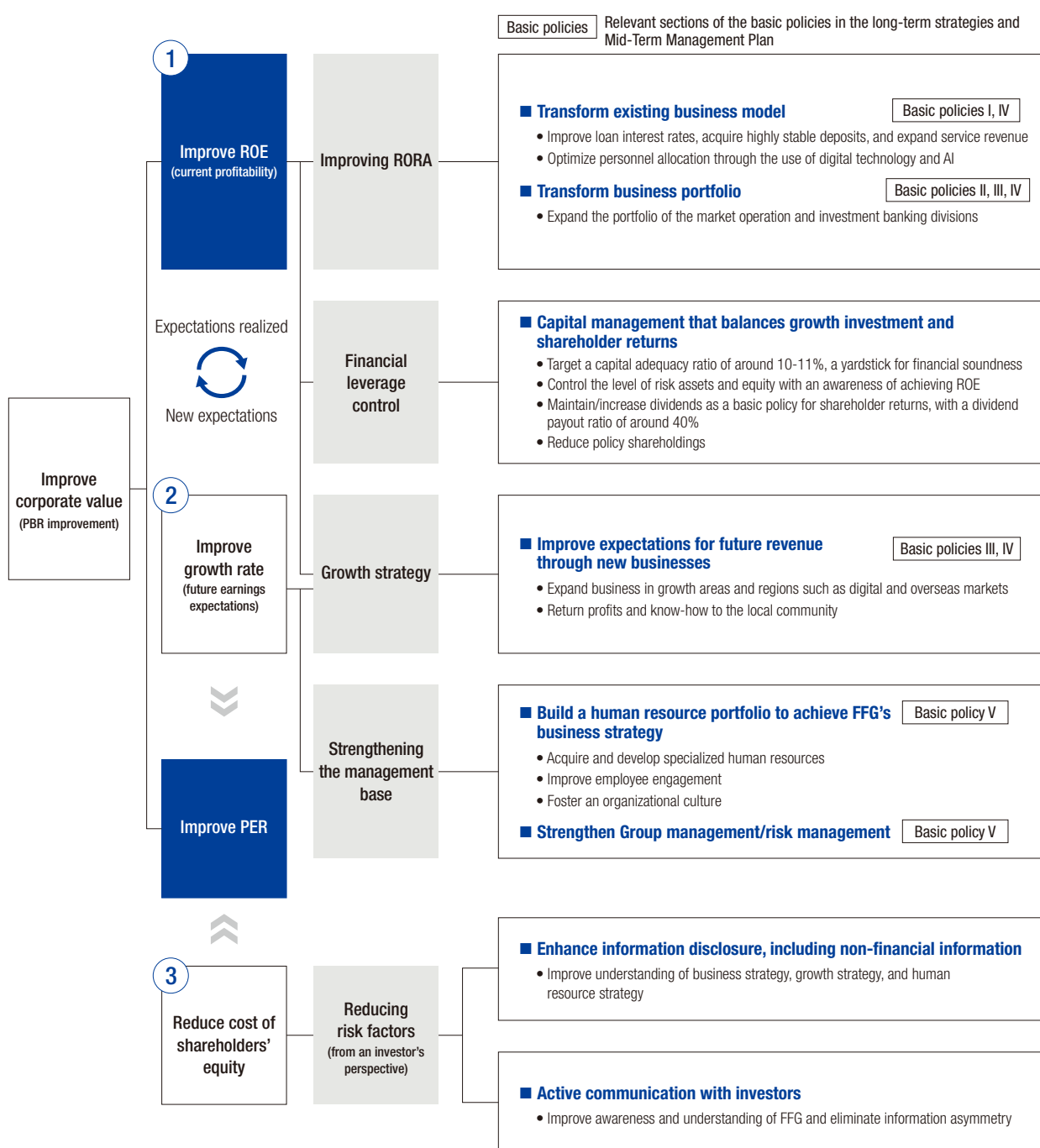
Cost of shareholders' equity based on CAPM*	About 8%
Target ROE in the 8th Mid-Term Management Plan	About 9%
Future target ROE	10% or more

*CAPM: Capital Asset Pricing Model
One theory for calculating cost of shareholders' equity

(Trends in PBR)



■ Logic tree



(1) Improve ROE

We will improve the RORA of commercial banking divisions through measures such as improving the yield on loans, expanding service revenue, and appropriate personnel allocation. Additionally, we aim to raise the Company-wide RORA by measures such as optimizing market/ALM risk-return and expanding the portfolio of investment banking divisions. At the same time, we will implement financial leverage control with an awareness of achieving the target ROE.

Initiatives to capture the effects of rising interest rates

We will strive to capture the benefits of rising interest rates by maximizing the yen-denominated assets accumulated by FFG to date, acquiring highly stable deposits, and securing appropriate lending spreads in return for supporting the growth of our customers' businesses.

In market divisions, rising interest rates will have a positive impact on interest income, but a negative impact on valuation gains and losses. Our policy is to pursue optimization in an environment of interest rate fluctuations, taking into account both revenue and valuation gains and losses.

Thorough utilization of digital technology/AI

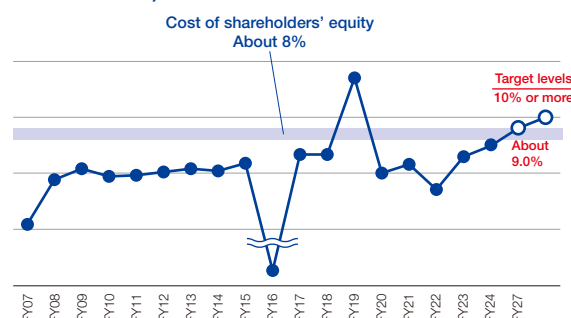
In our long-term strategies, we aim to evolve the management base that supports our business through DX as well as to transform our existing businesses based on DX. We are not merely focused on improving productivity through measures such as optimizing personnel allocation. Instead, we aim to go beyond that and achieve higher profitability—an increase in ROE—by leveraging thoroughly digital and AI technologies to gain a deeper understanding of our customers and deliver high-quality solutions through human expertise.

Long-term business portfolio

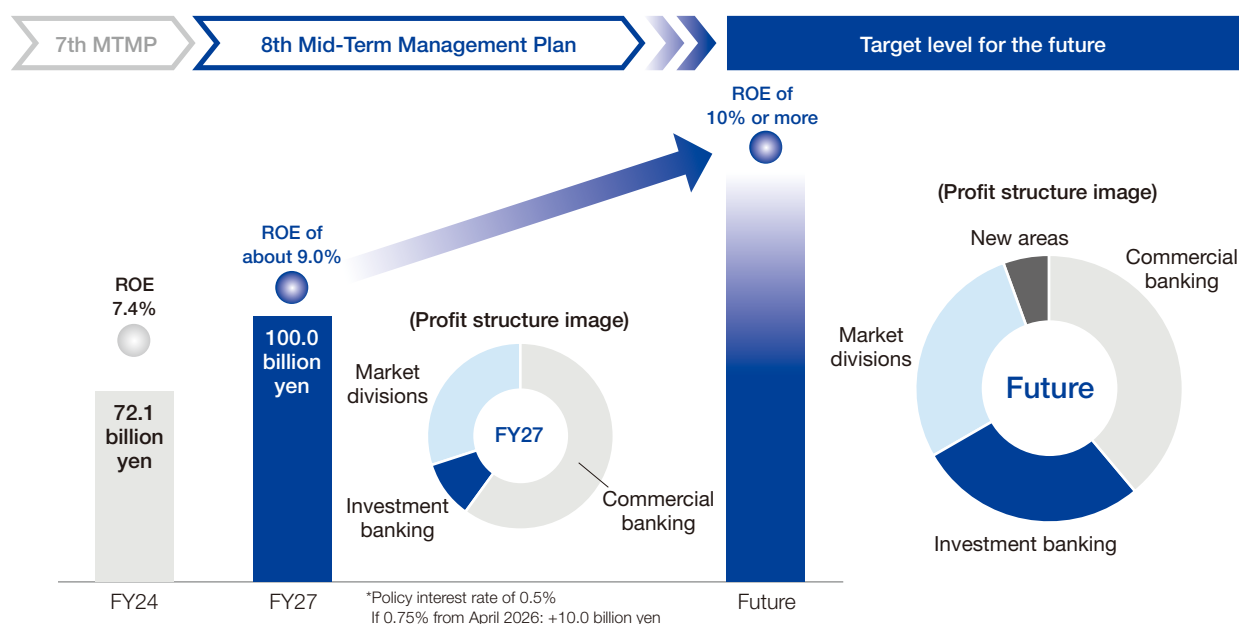
Currently, about 65% of FFG's total profits come from commercial banking divisions such as loans to SMEs and investment trust fees; 10% from investment banking divisions such as structured finance; and 25% from market divisions.

In our long-term strategies, we plan to build a more profitable business portfolio while increasing profits in each area in order to expand the proportion of the investment banking business and market divisions in our overall profits. Although this will result in a decrease in the proportion of commercial banking divisions, we plan to increase profits and continue to strengthen this area as our core business.

(Trends in ROE)



FFG's ideal profit image and portfolio



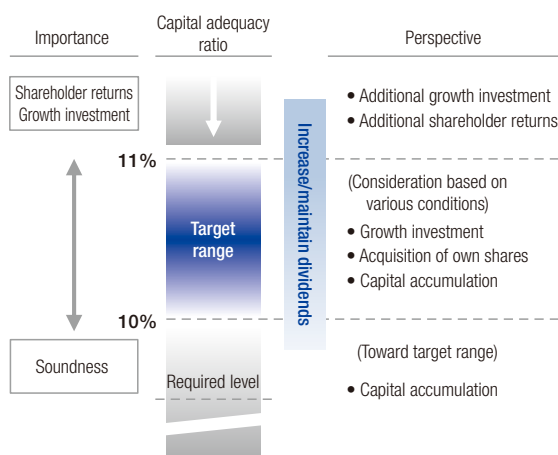
Message from the CFO

Financial leverage control

Our basic policy for our capital strategy is “capital management that achieves a balance between growth investment and shareholder returns based on the premise of maintaining soundness of the Company.” We target a capital adequacy ratio of around 10 to 11% (based on full compliance with Basel III).

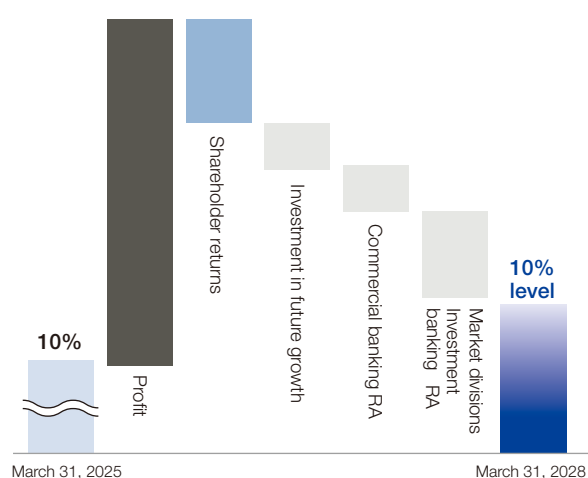
Within that framework, our basic policy for shareholder returns is to maintain and increase stable dividends based on profit growth. The dividend payout ratio for the 8th Mid-Term Management Plan period has been revised from the previous level of around 35% to around 40%, taking into account past profit growth and future outlook. In addition, we will appropriately control risk assets and capital while maintaining awareness of the profit and ROE levels we aim to achieve in our long-term strategies.

■ Capital management perspective



■ Capital allocation

(Image of capital utilization for the three years of the 8th Mid-Term Management Plan)



Policy shareholdings

We have been working to reduce our policy shareholdings, taking into consideration whether holding them contributes to the development of the regional economy and the improvement of FFG's corporate value. As we launch our new Mid-Term Management Plan, we have clarified our basic policy of reducing the balance of policy investments related to listed shares and set a numerical target of reducing the balance of such investments to less than 15% of consolidated net assets by the end of March 2028, the final year of the 8th Mid-Term Management Plan.

(2) Improve growth rate

Growth strategy

We will promote our growth strategy to secure future revenue. We will work to expand profitability in the investment banking and market divisions, grow Minna Bank and strategic subsidiaries, and promote inorganic strategies aimed at accelerating growth and achieving non-continuous growth. (→Details: Pages 35 and 36, “Acquisition of New Revenue”)

By realizing this growth strategy, we will enhance the overall profitability of FFG, thereby raising investors' expectations for FFG's future revenue = growth rate and improving PER.

We must allocate the right management resources, especially human resources, to realize our growth strategy. To this end, we will strive to build a human resource portfolio that will enable us to realize our business portfolio by strengthening the recruitment of specialized human resources, such as those in the investment banking and market divisions, and by developing existing human resources. As part of the 8th Mid-Term Management Plan, we will allocate a total of 600 personnel to priority fields, including 150 personnel to be freed up through operational efficiency improvements and 450 personnel to be added through recruitment and other measures.

■ Strategic human resource allocation and human resource strategy in the 8th Mid-Term Management Plan



(3) Reduce cost of shareholders' equity

Enhancement of non-financial information disclosure

We will expand the disclosure of not only financial information such as capital strategies and business strategies aimed at improving ROE, but also non-financial information such as human resource strategies and ESG-related information. In doing so, we aim to enhance management transparency and communicate the sustainable growth of our business to our stakeholders in an easy-to-understand manner. We will conduct management improvements and policy reviews based on the opinions we receive regarding our disclosures, and use this information to further improve our corporate value.

In particular, disclosure related to sustainability has become increasingly important in recent years in light of recent developments such as the mandatory disclosure of sustainability information in securities reports and the finalization of disclosure standards. We must therefore continue expanding and enhancing disclosure in this area. FFG will focus on the following sustainability-related items as we strive to achieve sustainable growth together with our stakeholders by further expanding our disclosures.

[Climate change]

Enhance CO₂ emissions calculations through the introduction of a calculation tool

[Human capital]

Quantitatively grasp the gap between the current and desired states of the human resource portfolio

[Human rights]

Implement human rights due diligence

[Natural capital/biodiversity]

Grasp nature-related risks and opportunities in the investment and loan portfolio

Dialogue with shareholders and other stakeholders

We actively engage in investor relations activities to deepen understanding among our shareholders and other stakeholders.

We have been receiving increased attention in recent years due to factors such as the revitalization of the Kyushu economy following the entry of TSMC and expectations of rising interest rates in Japan due to policy adjustments by the Bank of Japan. As a result, we have seen an increase in opportunities to engage in dialogue with new investors.

In the previous fiscal year, we held large meetings and IR Days to engage in dialogue with our shareholders and investors. In addition, the management team or employees in charge of IR engaged in dialogue with Japanese and overseas shareholders and investors whenever requested (72 companies in total). We held discussions with institutional investor fund managers, analysts, ESG representatives, and sell-side analysts in Japan and overseas, mainly on topics such as the overview and progress of the 7th Mid-Term Management Plan, the strategic direction of the 8th Mid-Term Management Plan, capital policy, Minna Bank, and sustainability.

This year's Integrated Report was created as a communication tool to convey a series of value creation stories based on our newly launched principles, long-term strategies, and 8th Mid-Term Management Plan. We hope to use this Integrated Report to engage in constructive dialogue with our stakeholders.

We share the opinions of shareholders and investors obtained through dialogue with the Board of Directors, etc. as appropriate, using them as reference for corporate strategies, business operations, capital policies, and other matters. We look forward to continuing to receive candid opinions.

We appreciate the continued understanding and support of our stakeholders.

■ Status of dialogue implementation

	Briefing	Person in charge	Participants
May 28, 2024	Large MTG	Director & President	108
July 9, 2024	IR Day	External Director CDO	12
November 27, 2024	Large MTG	Director & President	109
May 27, 2025	Large MTG	Director & President	115

I. Transformation of Existing Business Model

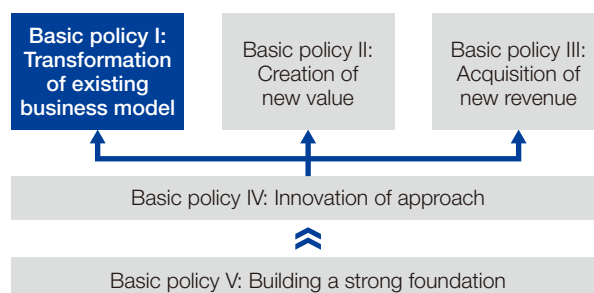
Overview

The environment surrounding regional financial institutions is expected to undergo significant changes, including the shrinkage of regional economies due to shifts in demographics, as well as intensifying competition with disruptors. In addition, as technology evolves at an unforeseen pace and AI takes over fund management, customers' cash flow and asset management will be automatically optimized, which may reduce business opportunities for existing financial institutions. With such a society in mind, we will continue to actively incorporate and utilize digital technology and AI in order to continue being chosen by our customers. We will also enhance human capabilities (expertise and interpersonal skills) to provide added value to our customers in terms of information quantity and quality, marketing capabilities, and solution capabilities, thereby contributing to the growth of local companies and a prosperous future for local residents.

Specifically, in addition to information and data accumulated through digital channels (BIZSHIP, banking app for individual customers) and SFA, we will effectively utilize qualitative information that cannot be obtained through digital technology/AI—such as the true challenges that can be identified and extracted through sincere dialogue with people—as an organization to enhance and standardize our sales quality.

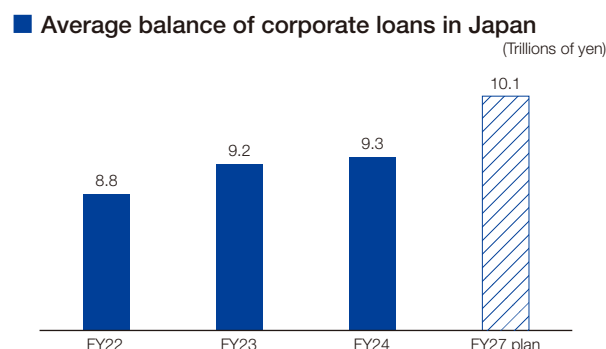
For example, individual customers may want to consider asset formation and succession planning that suits them and their families, while corporate customers may want to promote digital transformation and consider investments to improve operational efficiency. We use data to visualize these needs. However, these needs cannot always be determined and solved by customers on their own. We are confident that we can lead to better solutions by supporting decision-making with the power of people, in addition to comparisons using digital technology and advice using AI.

In the 8th Mid-Term Management Plan, which is the first stage of our long-term strategies, we will thoroughly pursue ways to enhance the quality and quantity of our contact points with customers (i.e., enhancing customer contact points) with the aim of expanding our transaction share and growing the number of key customers. To do so, we will prioritize sales strengthening tailored to each segment, and build a structure capable of providing solutions that differentiate us from our competitors through effective and efficient sales activities.



Corporate Businesses

In our corporate businesses, we aim to become a “business partner” rooted in our customers and local communities. Going forward, we will develop strategic sales activities based on customer needs. We revitalize local economies as a whole, starting with job creation, by supporting the growth of core and mid-sized companies that drive local economies. In addition, we capture the needs of all customers and provide solutions by utilizing digital technology and AI on a daily basis and developing and establishing inside sales.

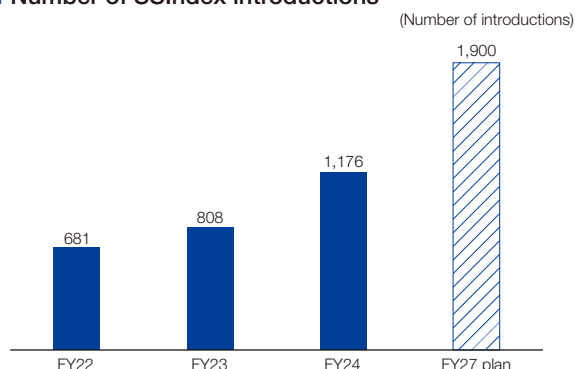


*Total of the Bank of Fukuoka, the Kumamoto Bank, the Juhachi-Shinwa Bank, and the Fukuoka Chuo Bank

Meanwhile, as the issues and needs of corporate customers become increasingly diverse, it is important to combine FFG's solution functions centering on finance. At the center of this are RM human resources who can build long-term relationships with customers and support their growth. RM human resources collect information and needs on site, which are then consolidated by the front-line headquarters, which acts as a hub to effectively provide FFG solutions. (Details on page 34: Collaboration Between Commercial Banking and Investment Banking Divisions)

We also consider sustainable business to be an important field where we can engage in dialogue with our customers from a medium- to long-term perspective. We support our customers' initiatives through SSIndex, a scoring model service that quantitatively evaluates and visualizes the efforts of local communities and businesses toward ESG/SDGs.

■ Number of SSIndex introductions



Retail Banking Business

In our retail banking business, we aim to become a “life-long partner” to our customers, helping them overcome financial uncertainty and achieve a prosperous future. In this era of long life stages known as the era of 100-year human lifespans, we will provide solutions tailored to each customer's stage of life and needs.

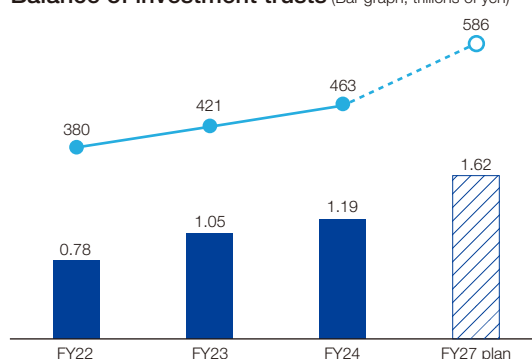
For high-net-worth individuals, owners, and seniors, our highly specialized banking and securities human resources will provide advanced solutions such as asset succession and asset management by leveraging the services of our alliance partners. For working customers, we will expand the services available on our app while establishing bases in each business area that can handle all kinds of consultations related to life planning (such as loans, asset formation, and level premium insurance). Through these initiatives, we will realize prosperous lives for local customers by providing the most suitable services at the most suitable time through the most suitable channels for each customer.

■ Number of investment trust and stock holding accounts

(Line graph; thousands of accounts)

Balance of investment trusts

(Bar graph; trillions of yen)



Enhancement of Channel Contact Points

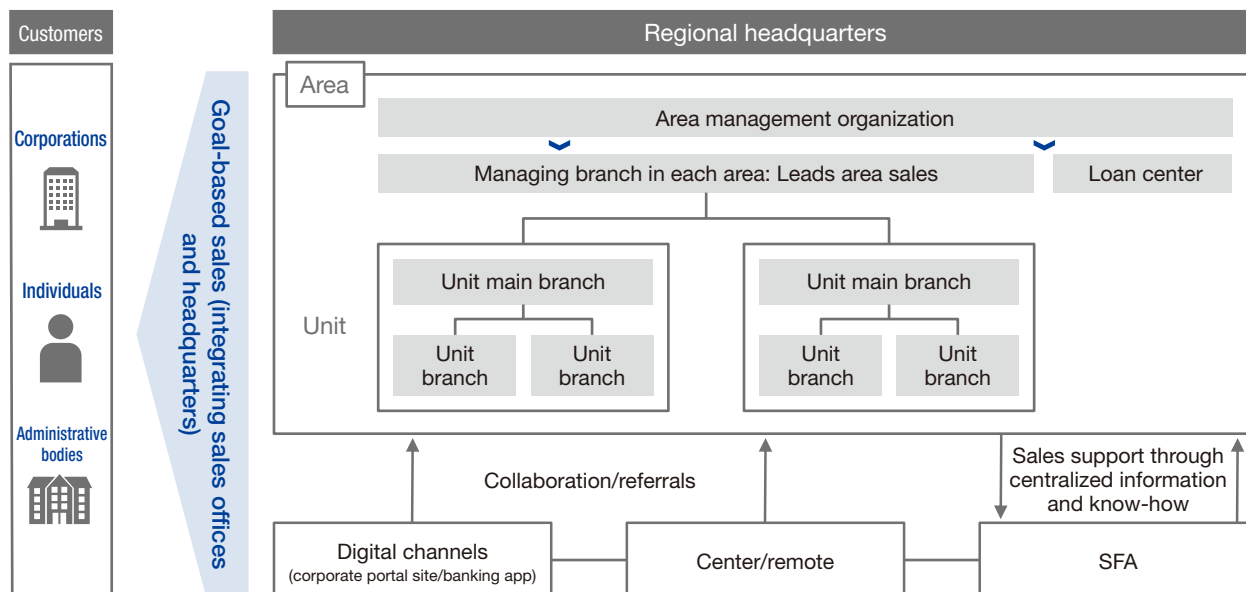
Building a network of channels that leaves no gaps is essential for enhancing customer contact points. We are developing a sales structure that allows us to interact directly with customers, as well as digital channels, centers, and remote operations.

We have launched the area/unit system that integrates the operation of multiple branches. This system is designed to deliver services across the entire sales area through representatives with a high level of skills and know-how, without compromising customer convenience. By centralizing sales representatives at a branch that acts as the nucleus of the local region, we eliminate any overlap between sales activities in the same business area, thereby enhancing sales productivity. This enables a sales structure that can make proposals that are optimized for local characteristics and customer needs.

We will build a system in which digital channels, centers, and remote operations, as well as their corresponding contact points and back offices, are organically and seamlessly linked so that services can be provided anytime through the channels that customers want.

Basic Policies for Long-Term Strategies__ I . Transformation of Existing Business Model

■ Customer contact points



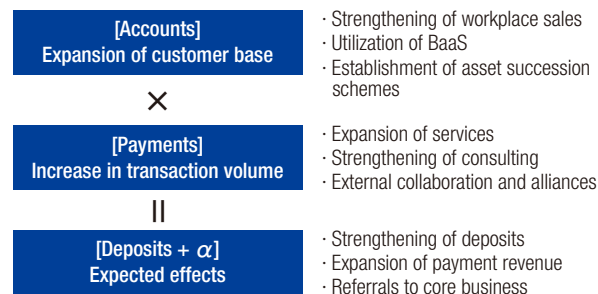
Expansion of Base

Securing highly stable deposits is essential for developing the business that FFG aims to achieve. We will strengthen our mortgage loans and asset formation services, which serve as the starting point for securing highly stable deposits and forming long-term relationships with our customers. We will also strengthen our payments and base, which are essential for account operations.

As one such initiative, we will form alliances with non-finance businesses to incorporate external ideas and technologies. We will also leverage our network of local companies and local governments and the BaaS functions of Minna Bank to create an FFG economic zone. We will target not only our customers, but also their customers, employees, and supply chains.

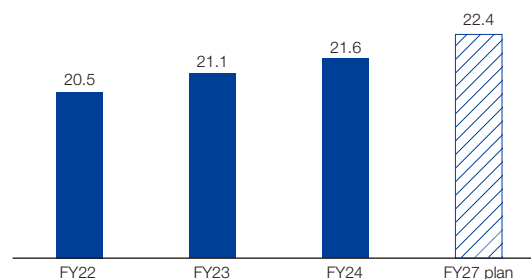
We drive economic activity closely tied to local life to create diverse forms of abundance with our communities and build a solid customer base that is supported by our customers, while also aiming to acquire stable deposits.

■ Expansion of payments/base business



■ Average balance of deposits *FFG overall

(Trillions of yen)



*Total of the Bank of Fukuoka, the Kumamoto Bank, the Juhachi-Shinwa Bank, and the Fukuoka Chuo Bank, including NCD

Utilization of Digital Technology and AI

Transitioning to a sales style that utilizes digital technology and AI requires all employees to use digital tools and AI on a daily basis to deepen their understanding of customers. With a focus on our customers, we aim to transform our existing business model through digital transformation.

We are boosting customer convenience through our banking app for individual customers and the BIZSHIP portal site for corporate customers. We also introduced the SFA sales support system for sales representatives, which features a function that integrates customer data and sales data obtained from both digital and physical contact points to provide sales representatives with recommendations on the next action they should take.

By transforming know-how from within the Group into formal knowledge and providing sales representatives with the recommendations they need in different situations, such as the solutions they should propose and the timing of customer approaches, we aim to achieve higher quality, more homogeneous sales activities.

Going forward, we will effectively introduce digital tools and AI tools into all sales and marketing activities to dramatically improve the quantity and quality of sales activities, thereby raising the value we provide to our customers to a new level.

BIZSHIP

A portal service that connects corporate customers with banks to provide transaction efficiency and business growth support.

In addition to making customers' banking transactions more efficient, BIZSHIP provides customers with fully integrated access to a range of information, from management issues to their solutions.

By using the data acquired through sources such as management diagnostic tools and portal access records, we will be able to gain a deeper understanding of our customers. Through coordination with SFA, we will be able to accurately ascertain customer needs across all aspects of their business activities, not just loans, enabling us to provide high-quality solutions.

Banking app for individual customers

The banking app for individual customers is an intuitive, safe, and secure application that anyone can easily start using. It enables customers to complete banking procedures anywhere. These services are aimed at addressing customers' unfamiliarity and concerns about money and digital technology based on the concept of "a banking app that is by your side." It is designed to be accessible to all customers, even those uncomfortable with a digital environment.

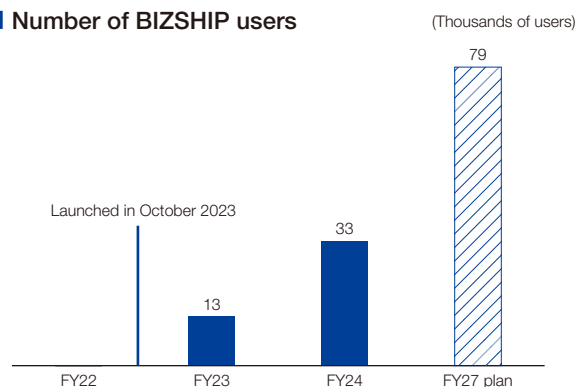
At FFG, we are progressively internalizing app development to achieve functional improvements and updates (over 1,000 items in the first year and a half since launch) at a faster rate than the apps provided by other banks.

We will continue to add and improve features, and we aim to increase the number of users to 2.5 million by the end of the 8th Mid-Term Management Plan and grow the app into a starting point for individual transactions.

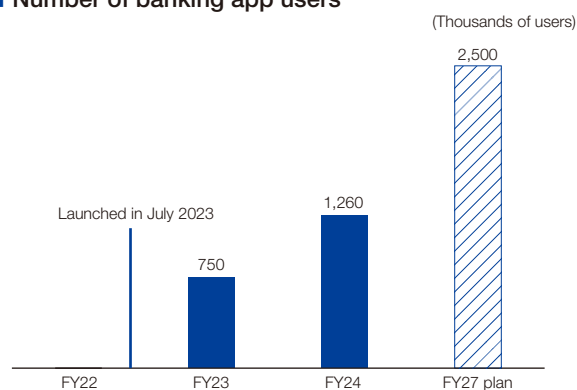
■ Areas to consider utilizing AI in sales/administrative processes

Sales activities	Hypothesis-based sales	Visit preparation support
Loan operations	Operational efficiency improvement	Automated reviews, review support
Management operations	Early warning detection	Rating support

■ Number of BIZSHIP users



■ Number of banking app users



II. Creation of New Value

Overview

We aim to create new value for local communities by strengthening our investment banking business. We will focus on the priority areas of M&A, equity business, start-ups, and GX and structured finance as we work to strengthen our structure and develop human resources in the medium to long term.

We are currently working to strengthen our structure in each solution area under the theme of expanding the base and laying the groundwork for strengthening and creating local industries.

M&A

In Kyushu, the M&A market is expected to become more active due to population decline and a shortage of successors. In addition, industrial issues are becoming more serious in each community, and there is a growing need for industrial restructuring. FFG has been focusing on supporting customers in resolving these issues through our M&A advisory services.

Going forward, we will centralize the M&A representatives currently dispersed across FFG and our subsidiary banks into a subsidiary and strengthen our sales structure. We aim to lead the restructuring of local industries and become the No. 1 M&A firm in Kyushu.

Equity business

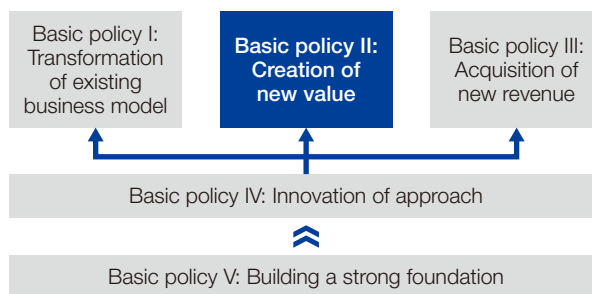
In the course of successfully rehabilitating core companies that have supported local communities, FFG has accumulated know-how in this field ahead of other regional banks, securing a competitive advantage over our peers.

It is essential to support the rehabilitation, succession, and growth of midsize companies, which are the driving force of the regional economy, and their SME customers in order to realize sustainable local communities. To this end, FFG will focus on developing management human resources who can participate in management and formulate and execute strategies. We will continue to support local communities and aim to expand the regional economy.

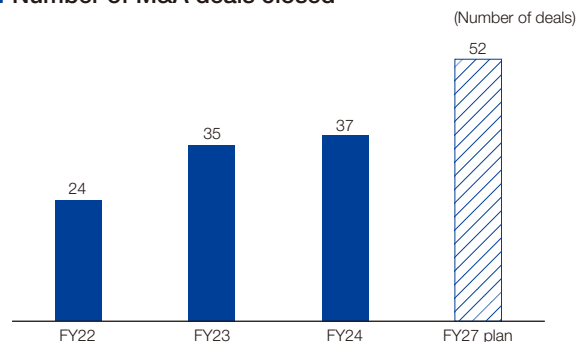
Startups

The government has positioned startups as the engine of economic growth and aims to provide 10 trillion yen in risk capital, which is 10 times the current amount.

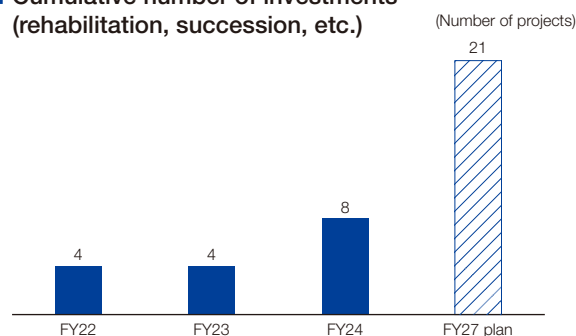
Based on FFG's connections and networks, FFG will build a startup ecosystem for Kyushu that will provide a stable supply of risk capital, an abundant supply of human resources, and the creation of new businesses originating from universities and local companies, with the aim of making Kyushu a hub for the creation of new industries.



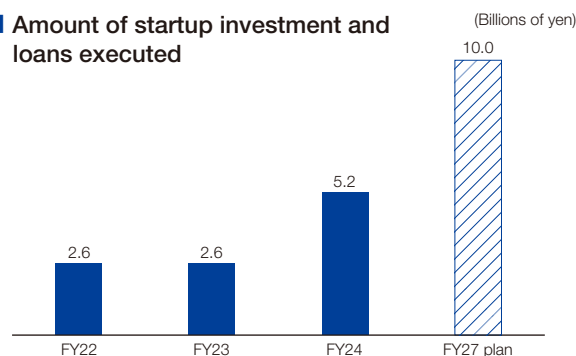
■ Number of M&A deals closed



■ Cumulative number of investments (rehabilitation, succession, etc.)



■ Amount of startup investment and loans executed



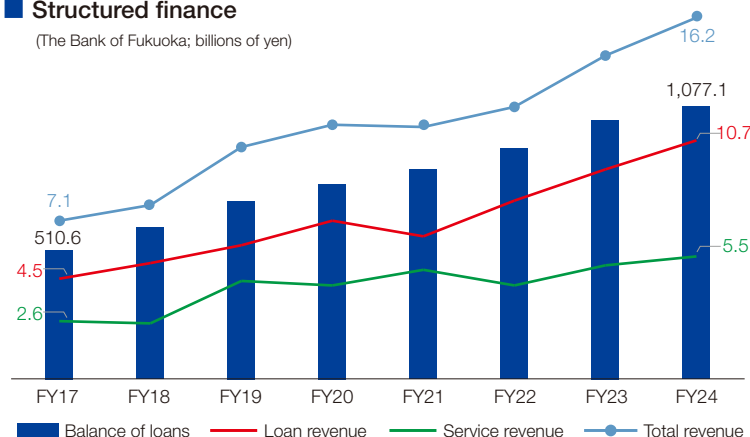
GX/Structured finance

Structured finance, which began as a derivative of business turnaround initiatives, has expanded its product lineup and now has a balance exceeding 1 trillion yen.

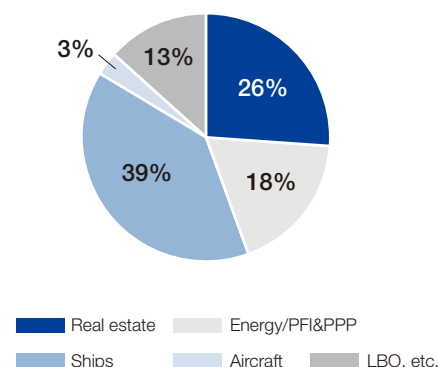
We anticipate that GX will progress in the future, with investment activity becoming particularly active in the energy field in Kyushu, and we aim to grow our portfolio by incorporating new assets that capture these changes in the environment.

Structured finance

(The Bank of Fukuoka; billions of yen)



Breakdown of balance by product as of March 31, 2025



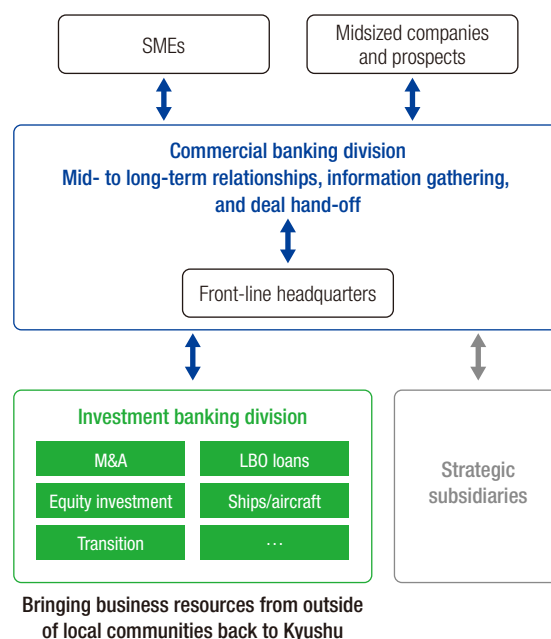
Collaboration Between Commercial Banking and Investment Banking Divisions

As environmental changes accelerate and the needs of our customers become increasingly diverse and sophisticated, it is necessary for not only front-line sales staff but also FFG as a whole, including the front-line headquarters, to work together to provide customers with advanced and optimal solutions.

We will be equipped with and make full use of FFG solutions including the know-how and network cultivated by FFG's investment banking division, as well as our strategic subsidiaries.

In other words, taking the commercial banking division (RM division)—which practices goal-based sales rooted in relationships with FFG in Kyushu—as the core, we aim to build out the FFG ecosystem including the investment banking division which aims to maximize earnings in high-potential markets such as areas outside Kyushu (mainly Tokyo), and strategic subsidiaries.

We will create projects that have a significant impact on the regional economy to enhance FFG's presence and maximize FFG's medium- to long-term revenue opportunities.

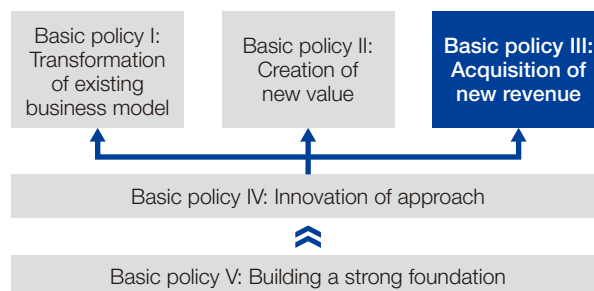


III. Acquisition of New Revenue

Overview

We aim to achieve our long-term strategy by not only expanding our existing businesses but also expanding our businesses in growth fields and regions to generate new revenue.

We will promote inorganic strategies to expand our earning power in market fields, grow strategic subsidiaries such as Minna Bank, and accelerate growth and achieve discontinuous growth.



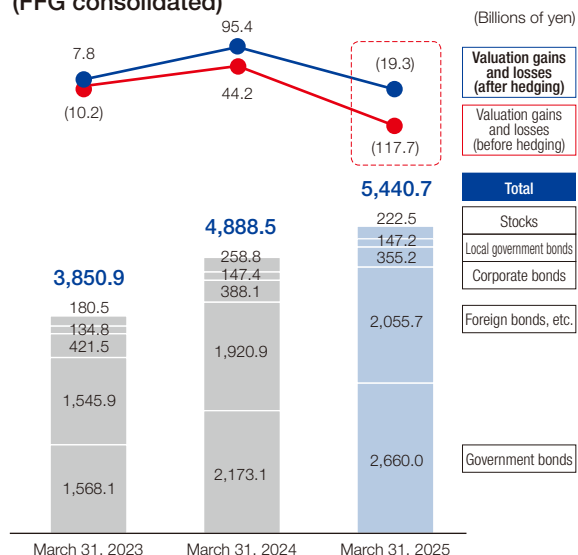
Market Divisions

FFG's securities investment is based on long-term diversified investment. We have constructed our portfolio by diversifying risk factors such as stocks, bonds, and alternative assets, while also diversifying over time. In the 7th Mid-Term Management Plan, against a sharp rise in overseas interest rates, we restructured our securities portfolio (realizing losses on sales) with a focus on foreign bonds to strengthen our resilience to rising interest rates. In addition, we have been promoting greater diversification of investments with the aim of shifting from a portfolio heavily weighted toward yen interest rates to one with greater risk diversification, with the goal of improving risk-return efficiency.

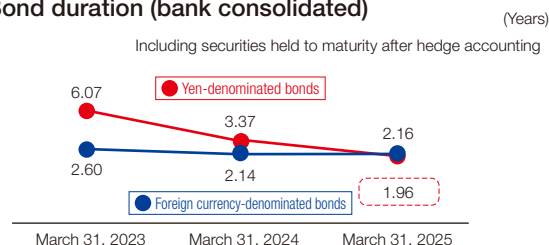
In a world with interest rates, it is becoming increasingly important to control yen interest rate risk. We will work to build a portfolio that balances thorough risk control and high profitability while responding appropriately to changes in the environment.

In existing areas, we will strengthen yen interest rate management and further diversify our investment portfolio, which we have been pursuing for some time. As part of our efforts to expand into new areas, we will focus on growing the business of FFG Asset Management, which was established during the 7th Mid-Term Management Plan, and actively acquire new revenue by expanding our business areas and revenue opportunities.

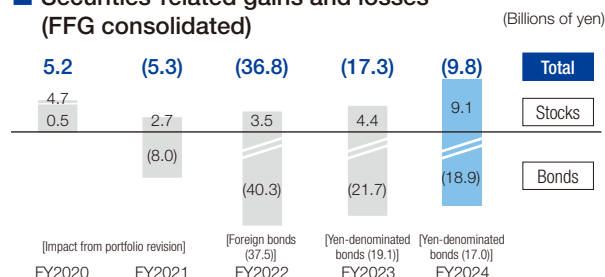
■ End-of-period balances and valuation gains/losses (FFG consolidated)



■ Bond duration (bank consolidated)



■ Securities-related gains and losses (FFG consolidated)



Minna Bank

FFG has launched our Minna Bank business with the aim of becoming a digital banking group that responds to the changing times. Innovation has been occurring in various industries since the launch of Minna Bank services in 2021 due to advances in digital technology, and the financial industry is also undergoing a digital shift. As of 2025, digitization is progressing faster than anticipated, and further acceleration is possible with AI.

Within the industry, the scale of online banks is growing, and non-finance businesses are increasingly entering the finance business, gradually eroding the market share of existing banks. FFG is preparing countermeasures against disruptors by providing financial services in line with current trends through Minna Bank, as well as by shifting to the system provider side through external system sales and BaaS.

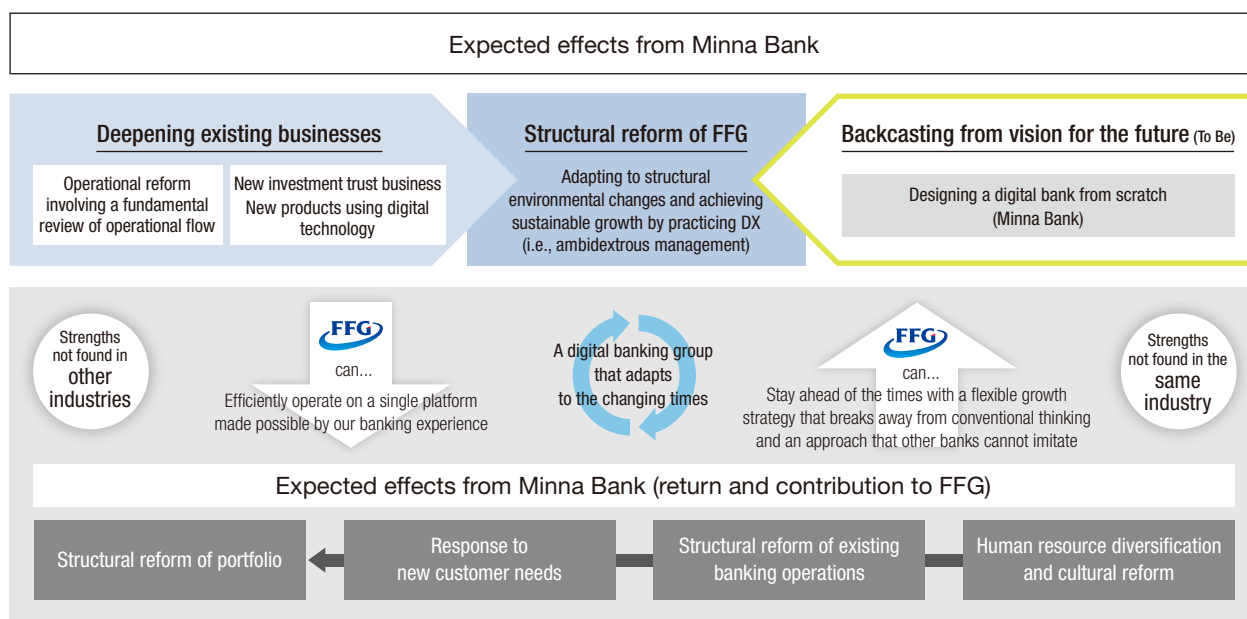
The system developed by Minna Bank differs from existing core systems in that it enables rapid development and service provision, making it well-suited to the rapidly

changing times of today.

In May 2025, we announced the external provision of the system to MUFG Bank as our first external system sale. We will continue to promote external system sales to companies in Japan and abroad that have a need for it.

We also believe we have entered a phase where FFG as a whole can leverage the advantages we have gained by taking the lead in digital banking and BaaS, and going forward, we plan to utilize the flexible system of Minna Bank to provide services to local businesses.

As one such measure, we will collaborate with local companies to develop new customers utilizing BaaS functions. We will realize FFG's growth while simultaneously defending against disruptors and taking the offensive by leveraging the networks established by each FFG bank, the advanced capabilities of Minna Bank, our mutual strengths, and the power of digital technology to capture regional economic zones.



Inorganic

Amid growing uncertainty in the business environment, inorganic strategies such as M&A and alliances are essential to accelerate growth in priority initiatives and achieve discontinuous growth.

We will establish a structure capable of continuously planning and promoting inorganic strategies to advance their implementation.

Minna Bank



Kenichi Nagayoshi

President, Minna Bank

Established iBank marketing in 2016
Assumed the position of President,
Minna Bank in April 2022



Becoming a Major Player in the Japanese Digital Banking Market - Launch of Minna Bank 2.0

Initiatives since our founding

It has been four years since we began operations in May 2021. As a pioneer of digital banking in Japan, we have always strived to create new customer experiences. In 2022, we launched loan services to meet the diverse needs of our customers, and we positioned 2023 as the first year of Banking as a Service (BaaS), focusing on building the foundation for our BaaS business to create new financial experiences in collaboration with our partner companies. As a result, by the end of FY2024, we have surpassed 1.25 million accounts and are steadily expanding our customer base. Furthermore, even in the rapidly expanding and highly competitive BaaS market both in Japan and overseas, we have reached 11 service release partners, establishing a unique position based on our insights and experience from the early days, FFG's management base, and our digital-native development capabilities.

BaaS serves as a new value creation engine for businesses that want to incorporate financial functions into their own services. Leveraging APIs enables the rapid and low-cost introduction of financial functions such as payment, loans, and account integration without the burden of obtaining financial licenses or large-scale development. In addition, it is possible to seamlessly provide financial functions within your own services, leading to improved customer satisfaction and engagement. Furthermore, you can create new revenue opportunities through new commission income and increased customer unit value through improved added value, thereby strengthening your competitiveness in the market.

The future of BaaS that Minna Bank aims to achieve is not limited to simply providing functions through API integration. We have also begun exploring ways to monetize our business by collaborating with partner companies that have a nationwide customer base. In the future, we aim to create a world where customers can naturally use the most suitable financial services in any situation without having to think about financial institutions, thereby evolving finance into something more accessible and personalized.

To date, we have successfully acquired a number of

accounts mainly among the digital native generation throughout Japan, which is in line with our initial target.

However, total loan balance, which is expected to be our main source of revenue, remained sluggish at 22.9 billion yen, resulting in profits falling short of our target. Therefore, we believe that continued strengthening efforts are necessary to achieve profitability.

Minna Bank's 2nd Mid-Term Management Plan

This fiscal year, Minna Bank launched our 2nd Mid-Term Management Plan, Minna Bank 2.0. The plan identifies achieving profitability by FY2027 as our top priority issue, and we will focus on the following six strategic initiatives.

- (1) Product strategy (providing a customer experience unique to Minna Bank)
- (2) Alliance strategy (expanding the BaaS economic zone)
- (3) Loan strategy (establishing the business as a revenue driver)
- (4) Marketing strategy (significantly increasing the number of Minna Bank loyal customers)
- (5) System strategy (early implementation of measures through improved development capabilities)
- (6) Human resources strategy (creating an organization that maximizes individual performance)

We will provide services that differentiate us from our competitors, enhance the appeal of Minna Bank, and expand our user base through BaaS with businesses that have a customer base. We will then aim to generate revenue and achieve profitability by offering a wide range of services. Furthermore, we will ensure that we achieve these goals by improving our system development capabilities, including the recruitment of digital talent, and by creating an organization that enables our human resources to perform to the best of their abilities.

We already have specific projects underway for future growth, and over the next three years, we will focus all our efforts on expanding our customer base and strengthening our profitability with BaaS at the core in order to become a major player in digital banking in Japan.

Future Developments

System provision to major financial institutions

On May 27, 2025, we announced that Minna Bank's fully cloud-based banking system running on Google Cloud had been adopted as the core system for MUFG Bank's new digital bank. This is the first time that this system has been provided to an external party.

The conventional core systems adopted by traditional banks often require extensive development and involve many interdependent components, resulting in enormous financial and time costs for system development. However, our system, designed with a cloud and microservice foundation, incorporates cutting-edge technologies in multiple layers. This enables a high level of flexibility, scalability, speed, and reliability, which allows for early entry into the digital banking market.

Our track record of being adopted by Japan's leading bank is a significant advantage. Taking this opportunity, we aim to expand the provision of next-generation banking systems not only in Japan but also to a wide range of businesses overseas.

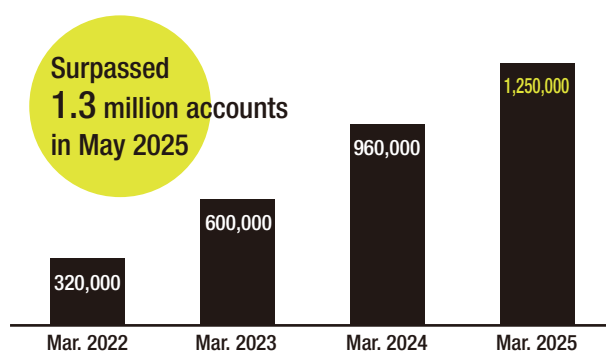
Toward becoming a major player in digital banking

Minna Bank has set an ambitious vision of becoming a major player in digital banking in Japan over the next 10 years. Currently, when combined with the customer base of our corporate partners, we have a considerable number of potential users. We will create services and customer experiences that will delight our corporate partners and customers, making full use of this potential to realize our vision. In addition, we plan to take on the challenge of new businesses such as BtoB in the future.

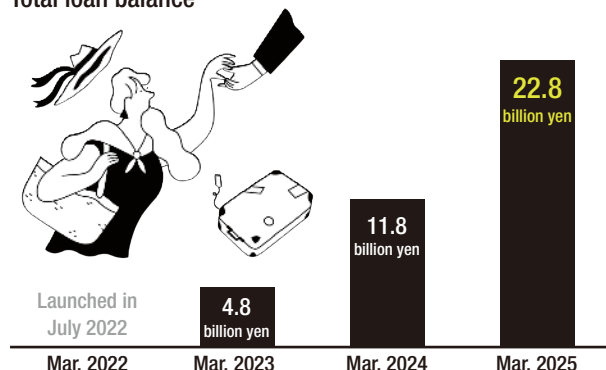
From the perspective of FFG's long-term strategies, which look 10 years ahead, responding to market erosion by new entrants (disruptors) that leverage digital technology will become increasingly important in the future. Minna Bank will leverage our leading position as Japan's first digital bank to the fullest extent possible, and by returning the know-how and solutions we have cultivated through our unique service development and BaaS business to FFG, we will further strengthen collaboration in a wide range of fields to contribute to promoting DX of the entire Group and enhancing the value the entire Group provides.

Four Years of Achievements

Number of accounts



Total loan balance



Alliance partners



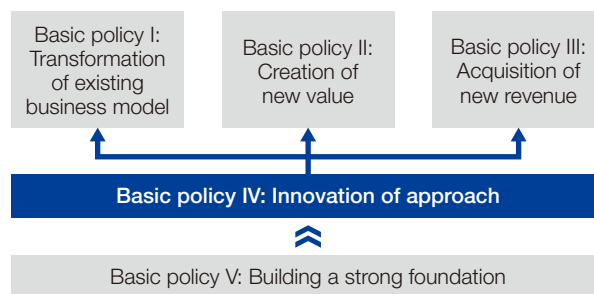
As of May 2025

IV. Innovation of Approach

Overview

Among the basic policies of our long-term strategies, we have positioned I to III as growth strategies. In order to realize these growth strategies, it is essential to strengthen FFG's own capabilities (acquiring know-how) and co-creation with external players.

We will support the realization of these growth strategies through innovation of approach such as improving customer convenience through a regional platform built by the Kyushu industrial community, creating growth industries through a startup system in collaboration with local governments and universities, and utilizing networks of businesses, funds, and financial institutions with cutting-edge know-how.



Creation of a Localized Regional Digital Platform

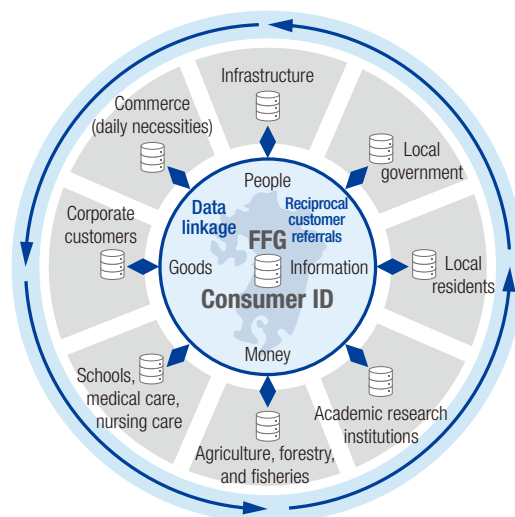
FFG has built collaborative relationships based on trust with various players in the region as an organization that plays an essential role in the flow of funds necessary for regional economic development. We believe that these relationships are the source of our value as a regionally rooted financial institution, and that we need to further evolve this strength in the future.

One direction we are taking is the construction of a localized regional digital platform. FFG aims to provide a wide range of services that extend into non-financial areas based on the relationships of trust we have built up with local companies over many years. In order to promote the diversification of such services, it is essential to have an open and collaborative system in which various entities (companies, local governments, etc.) in the region can link and utilize data with each other. Through the establishment of such a system, we aim to realize a co-creative regional economic zone in which local communities work together to resolve issues and create value.

Establishing such a co-creative platform will create a circular system that enables local businesses and residents to resolve various issues within the regional economic zone, thereby facilitating the efficient and continuous flow of people, goods, money, and information within local communities. Additionally, this will lead to the

development of a convenient social infrastructure that enables each resident to access optimal solutions for their daily issues in a one-stop manner.

The establishment of such a regional circular economic zone is a framework for co-creation that will open up the future together with local communities, and is precisely the challenge of implementing our principles of “Create diverse forms of abundance with our communities through advanced ideas.” as concrete and sustainable value in society.



Building an Ecosystem for Startups in Kyushu

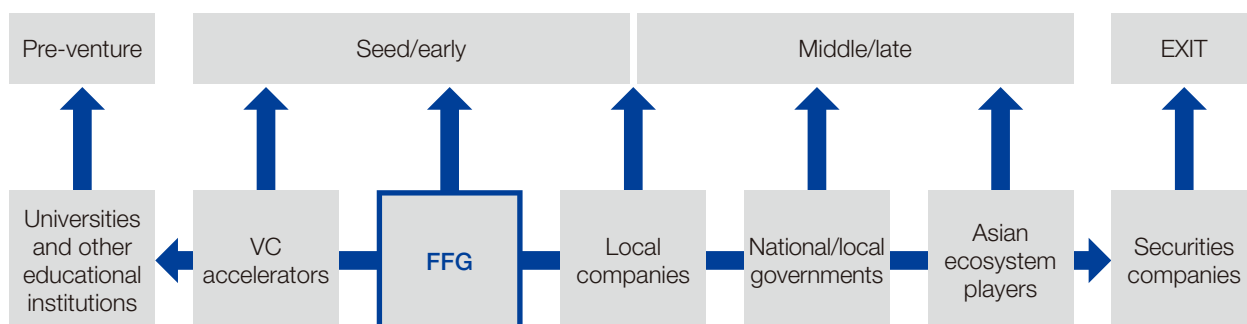
The government has positioned startups as an engine for economic growth. Fukuoka City, where FFG is headquartered, has declared itself a “startup city” and is operating support facilities to foster a culture of entrepreneurship, which is gaining recognition.

FFG’s startup investment is guided by the philosophy of creating the future together with startups. As a unique and reliable source of risk capital, FFG aims to build a startup ecosystem in Kyushu by leveraging our strengths as a financial institution, including our connections and networks, and to make Kyushu a hub for the creation of new industries, thereby creating diverse forms of abundance.

FFG has been focusing on the growth of startups, and the number of matches per year has increased to around 300.

The first step in further expanding our initiatives and building a startup ecosystem in Kyushu is for us to act as a flag-bearer, gathering funds and support from relevant parties, bringing stakeholders together, and working as a unified force. We will strengthen initiatives that only FFG can undertake as we aim to build an ecosystem that enables a stable supply of risk capital, an abundant supply of human resources, and the creation of new businesses originating from universities and local companies.

■ Conceptual diagram



Initiative Example: Collaboration with OpenAI

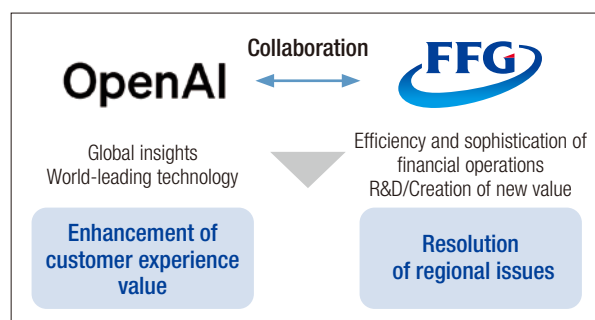
Basic policy I of the 8th Mid-Term Management Plan, “Transformation of existing business model,” focuses on expanding channels and enhancing services through the use of digital technology and AI. It positions AI, which is rapidly advancing, as a core technology for accelerating FFG’s DX.

As part of FFG’s utilization of AI, we established an AI Strategy Group within the DX Promotion Headquarters in April 2024 and have been working with external partners who have insights and capabilities in cutting-edge technologies to strategically utilize generative AI to improve the efficiency of existing operations.

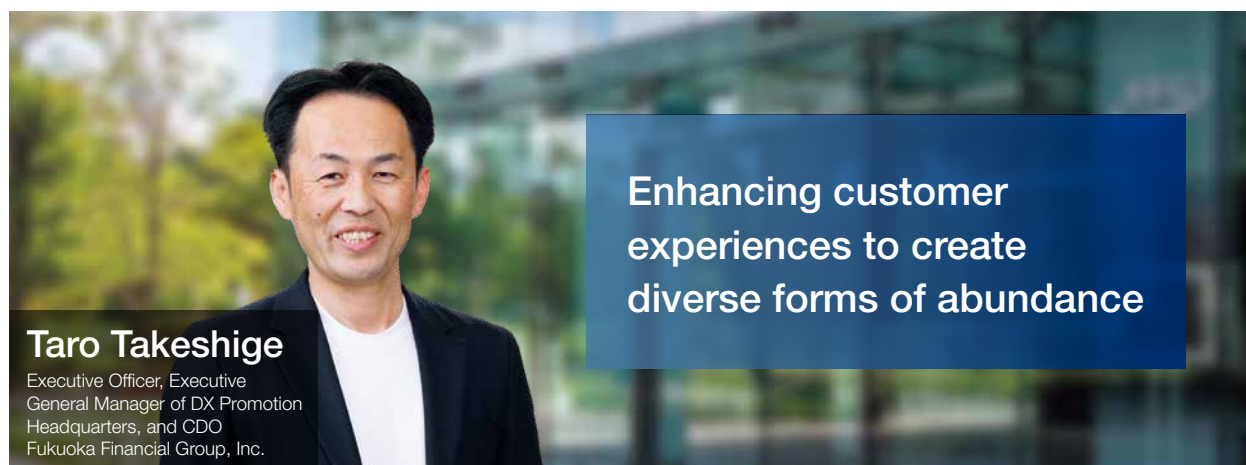
In March 2025, we began collaborating with OpenAI, Inc. (CEO Sam Altman; OpenAI) to enhance the efficiency and sophistication of financial operations and create new value through the use of generative AI. As the first step, we have introduced ChatGPT Enterprise provided by OpenAI. We aim to improve customer experience value and resolve regional issues through its application to various use cases utilizing generative AI currently under consideration at FFG, which will lead to business transformation, such as

AI-driven business process transformation and sales enhancement, and the creation of new value through R&D.

Going forward, as AI technology advances and acceptance grows, AI is likely to be incorporated into various value chains and processes in society, leading to major changes in industrial and business structures. FFG will contribute to the revitalization of regional economies by leveraging OpenAI’s unique technology, which has been developed with consideration for data privacy and security, to capture global trends in technological innovation, respond quickly to changes and challenges in our customers’ businesses, and promote regional innovation.



DX Vision



The role expected of a regional financial institution

FFG has supported local communities for many years and has been supported by them in return. In order to continue to be part of the community in the future, we must provide services that will continue to be chosen by our customers. Going forward, individual customers are expected to increasingly seek personalized services that leverage digital technology, online procedures, and AI. For corporate customers, digital and AI-enabled transaction practices will become more established, and the services expected from banks will become increasingly diverse.

In addition, customer contact points are also gradually changing. With Banking as a Service (BaaS), which provides financial functions to non-finance businesses, the integration of finance and non-finance businesses is expected to progress, and finance will become more integrated into everyday consumption and purchasing behavior. It is also expected that there will be an increase in situations where financial institutions support financial transactions through the channels of non-finance businesses behind the scenes, allowing customers to complete financial transactions as a seamless part of their daily experience.

Such changes that enhance customer experience value are irreversible and may accelerate rapidly due to technological innovations and other factors. At FFG, we aim to continue providing new value to our customers by taking the lead in utilizing cutting-edge technologies such as digital technology and AI, and by openly collaborating and cooperating with external businesses.

DX vision and long-term strategies

At FFG, we will transform our business through the use of digital technology and AI, as well as data linkage with external parties, in order to continue fulfilling our role as a regional financial institution. Specifically, we aim to create a world where personalized and timely services can be accessed easily and

conveniently anytime, anywhere, enabling customers to complete financial processes seamlessly and hassle free.

First, we plan to gain a deeper understanding of our customers to deliver personalized services in a timely manner by collaborating with businesses in different industries to obtain data that FFG cannot obtain on our own. We will also consider using AI to support decision-making so that our customers can make the best choices without hesitation.

Next, by integrating financial functions into the services of non-finance businesses, we hope to greatly improve convenience for customers by enabling them to complete simple financial transactions within those services. This will also improve operational efficiency for businesses. For more advanced financial transactions, we will continue to provide comprehensive, high-quality services with the support of our staff.

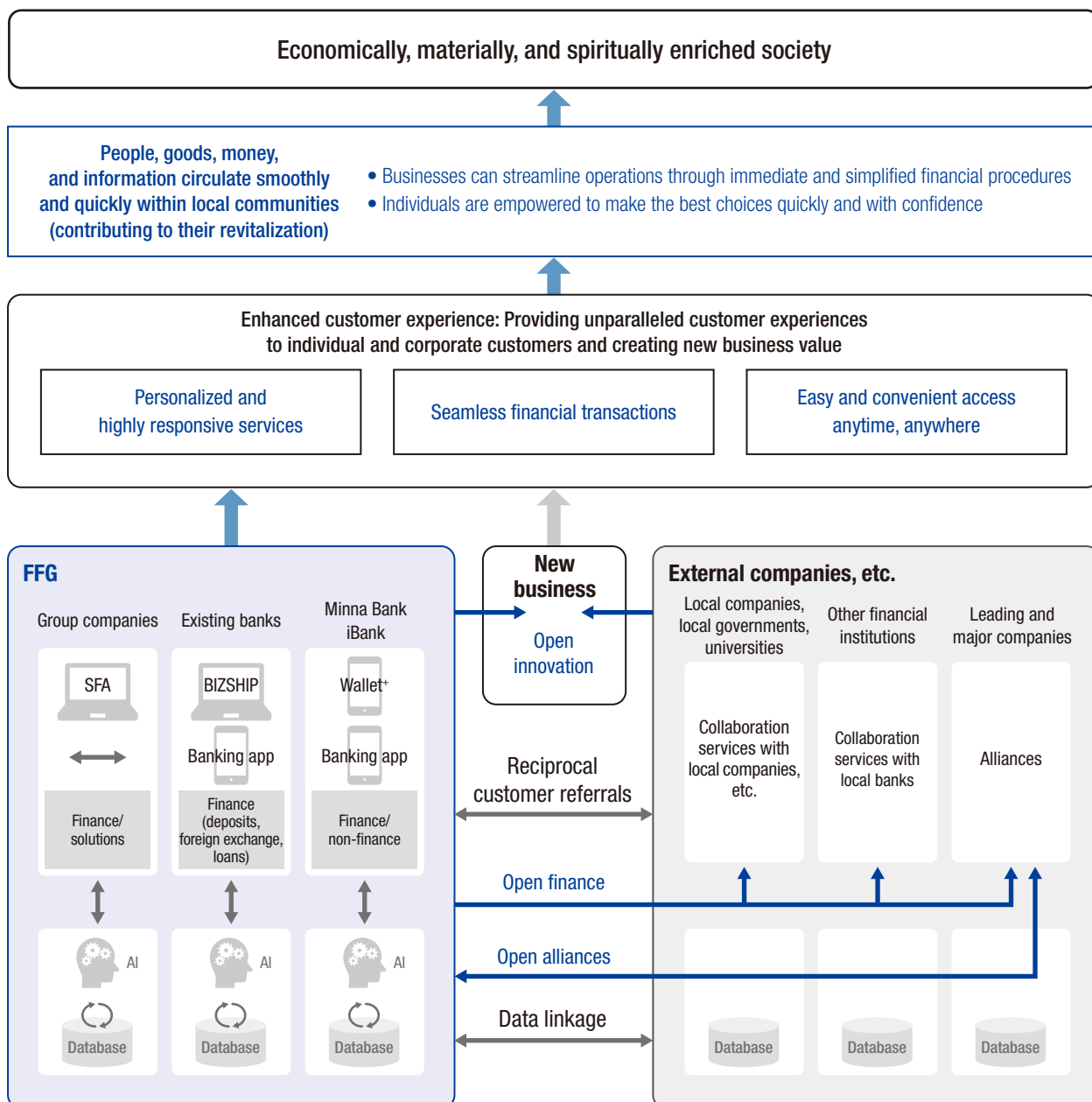
In addition, we will further integrate FFG's channels, including digital channels such as our banking app for individual customers and the BIZSHIP portal site for corporate customers, with real channels such as branches and people, and further enhance our services by leveraging AI. This will enable our customers to easily and conveniently use our services anytime, anywhere, through their preferred channel, whether that be digital, human, or AI.

In the future, we will not only focus on customer-oriented DX (customer DX), such as enhancing the experience of individual customers and improving the productivity of corporate customers, but also take on the challenge of industrial DX, which involves integrating financial systems into the entire supply chain to improve transaction efficiency. This will expand the scope from customer DX to industrial DX, and by increasing the number of such industries, it will also lead to regional DX. FFG will contribute to creating diverse forms of abundance in the society it aims to create by working to promote DX across local communities, starting with the FFG ecosystem.

Open strategy

We will strive to realize our vision by leveraging our strengths as a financial institution rooted in local communities and engaging in cross-industry and cross-area co-creation (open strategy) to enhance customer experiences and create new business value. Specifically, we will work on acquiring capabilities such as resources, knowledge, and data through alliances with advanced companies that possess technology (open alliances), building a financial ecosystem by incorporating financial functions into our business customers (open finance), and creating innovative business models and new services through collaboration with external parties (open innovation).

■ Open strategy conceptual diagram

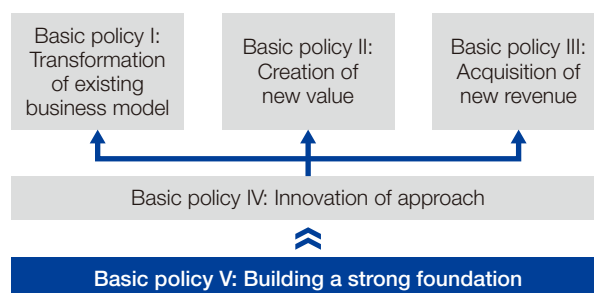


V. Building a Strong Foundation

Overview

We must further strengthen FFG's management base, which supports each strategy and measure, in order to implement basic policies I to IV and provide value to society.

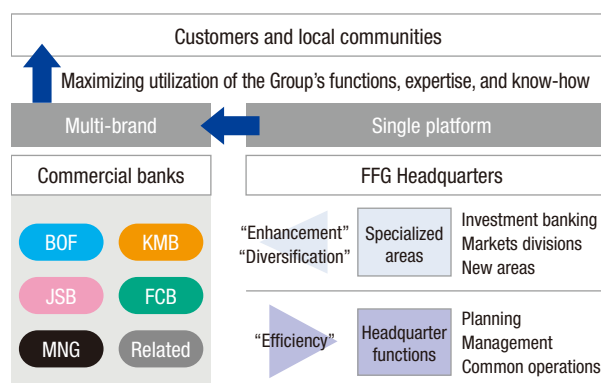
To this end, we will promote the strengthening of FFG's management base by building a strong foundation based on evolving our Group management structure, maximizing human capital, enhancing risk management, and reforming our organizational culture.



Evolution of Group Management Structure

Since our founding, FFG has pursued efficiency by standardizing administrative, system, and product services across the Group, while operating under a single platform/multiple brands structure that allows each bank to conduct business under the brand name most familiar to customers in their respective local communities.

We will execute our long-term strategies by diversifying and enhancing our expertise in specialized areas such as investment banking and market divisions, while promoting the efficiency of headquarters functions through the use of digital technology and AI, thereby evolving our Group management structure.



Maximization of Human Capital

We will clarify the human resource requirements necessary to realize each business strategy, promote the upgrading of generalists and the acquisition and development of specialized human resources, and proceed with building a strategic human resource portfolio. As specific measures for the immediate future, we will work on strengthening recruitment by business segment, utilizing talent management systems, and introducing a new human resources system as we aim to achieve the following human capital indicators as milestones in three years.

	Personnel in management positions with diverse backgrounds	Engagement		Number of mid-career recruits	Number of RM human resources
FY22	23.8%	Score: 59.0	Rating: A	79/year	—
FY23	24.7%	Score: 59.1	Rating: A	88/year	—
FY24	28.1%	Score: 59.0	Rating: A	130/year	—
~					
FY27	30%	Rating: A or higher		155/year	200

Enhancement of Risk Management

FFG's business portfolio will undergo significant changes through risk-taking as part of our long-term strategies. During this process, it is necessary to be mindful of unexpected environmental changes and increased uncertainty.

Under these circumstances, we will implement risk management strategies in line with basic policies I to III of our long-term strategies with the aim of achieving a risk management system that enables us to build a resilient portfolio and a strong management base that will support FFG's sustainable growth.

Long-term strategies	Risk taking		Risk management
I. Transformation of existing business model	Utilization of digital technology and AI	»	Establishment of the screening and management system using digital technology Risk management systems in response to environmental changes and business area expansion, etc.
II. Creation of new value	Increase in equity investment Expansion of existing assets Startup support	»	Enhancement of rating system Expansion and enhancement of research and analysis functions Strengthening of liquidity risk management, etc.
III. Acquisition of new revenue	Expansion of private assets, overseas investments, etc.	»	Enhancement of comprehensive risk management Enhancement of securities portfolio management, etc.
Transformation and expansion of business portfolio	Expansion of credit portfolio and securities portfolio	»	Establishment of credit portfolio management (CPM) framework etc.

Reform of Organizational Culture (Internal DX)

The realization of our long-term strategies requires a mindset (thinking one step ahead) and the fostering of a corporate culture that encourages all employees to take on new challenges without fear of failure in order to create new value.

We aim to transform into an autonomous and self-driven organization where employees can leverage external networks to continue taking on new challenges without fear of failure, under a corporate culture that ensures psychological safety and allows each individual to fully utilize their abilities regardless of age or position.

[Corporate culture]

We will foster a corporate culture that is not bound by precedent, encourages taking on new challenges, and allows individuals to demonstrate their abilities regardless of age or position (a culture that does not fear failure and a culture of cooperation and collaboration).

[Mindset and human resources]

All employees must be able to transform their own operations by leveraging digital technologies and external networks. Specifically, we aim for employees to possess three qualities: a sense of involvement, whereby they fully understand the necessity of DX (transformation) and take ownership of it regardless of their position; literacy, whereby they can utilize digital technology without resistance; and an open mind, whereby they actively build networks outside the Company and utilize the information and technology obtained from those networks.

[Organizational structure]

We will build an organizational structure in which human resources with a mindset for organizational change are assigned to each division at headquarters and to sales offices, enabling them to independently and autonomously identify issues, solve them, and create innovation based on UX. We aim to create an organization in which each division at headquarters and sales offices take the initiative in executing ideas and plans in accordance with processes that are optimized for both business (customer experience) and systems.



Human Capital Management



Co-Evolution of Corporate and Human Resource Strategies

In this unpredictable era of heightened uncertainty and accelerating change, strengthening human resources to realize corporate strategies has become more important than ever. It is essential that we practice human capital management that brings out the abilities and passion of each employee in order to remain an organization that can respond flexibly and quickly to environmental changes. At FFG, we are working on integrated human resource management that closely links corporate and human resource strategies in order to advance these initiatives in a future-oriented manner.

Under the 7th Mid-Term Management Plan, we welcomed many new members with backgrounds in areas other than traditional banking, such as engineers and data scientists, in order to take on many challenges.

Under the 8th Mid-Term Management Plan, which started this fiscal year, we will build a growth foundation for the sustainable growth of existing businesses and the co-creation of new value. In addition to the digital and IT fields we have traditionally focused on, we will accelerate recruitment and training in our investment banking divisions, including M&A, in order to build a strategic human resource portfolio.

Furthermore, it is important to improve employee engagement in order for these diverse human resources to perform to the best of their abilities. Therefore, at FFG, we conduct engagement surveys among other initiatives to

grasp the thoughts and opinions of our employees and implement measures to improve their work environment and sense of fulfillment.

The foundation of these human resource strategies is the promotion of active participation by diverse human resources and the fostering of an organizational culture. We are working to further promote active participation by diverse human resources, including women, who account for about half of our employees, and to create an organizational culture where each employee can grow through their work while valuing their own lifestyles. By establishing the foundation of these human resource strategies, we aim to create a vibrant organization where diverse and autonomous individuals can find a greater sense of fulfillment in their work.

The source of our competitive advantage in providing financial services rooted in local communities is our people. The creativity, empathy, and drive for change of our employees, who work closely with our customers to co-create value, are FFG's true competitive strength.

We will draw out the maximum potential of each employee's abilities, experience, and motivation through investment in human resources, our greatest asset, to accelerate a virtuous cycle that brings abundance to local communities and improves corporate value.

We believe that improving FFG's human capital through the co-evolution of corporate and human resource strategies is the key to surviving in an unpredictable era.

Human Resource Strategy in the 8th Mid-Term Management Plan

Toward building a strategic human resource portfolio

The key to executing our corporate strategies is to build a strategic human resource portfolio that links our business and human resource portfolios.

In achieving optimal personnel allocation that is aligned with our business strategy, we will focus on (1) the recruitment of diverse human resources, (2) the development of human resources to achieve our strategies, and (3) the optimal and flexible allocation of human resources.

The effective development and allocation of human resources necessary to realize a strategic human resource portfolio requires the identification of specific skills required in each area, as well as the continuous monitoring of employees' skills, training status, and workforce status by area and department.

Therefore, we have introduced a talent management system that enables the centralized management and analysis of human resource data (employee data, evaluations and appraisals, skills and experience, career aspirations, job suitability, motivation, etc.) that had previously been stored in various locations. We aim to utilize this system to share employees' skills and characteristics across the organization, thereby accelerating the development and optimal allocation of human resources.

(1) Recruitment of diverse human resources

- Secure talented human resources through measures such as increasing starting salaries
- Implement recruitment of new graduates for specific departments (digital IT and investment banking divisions)
- Strengthen competitiveness in career recruitment (introduce personnel systems for professional human resources)

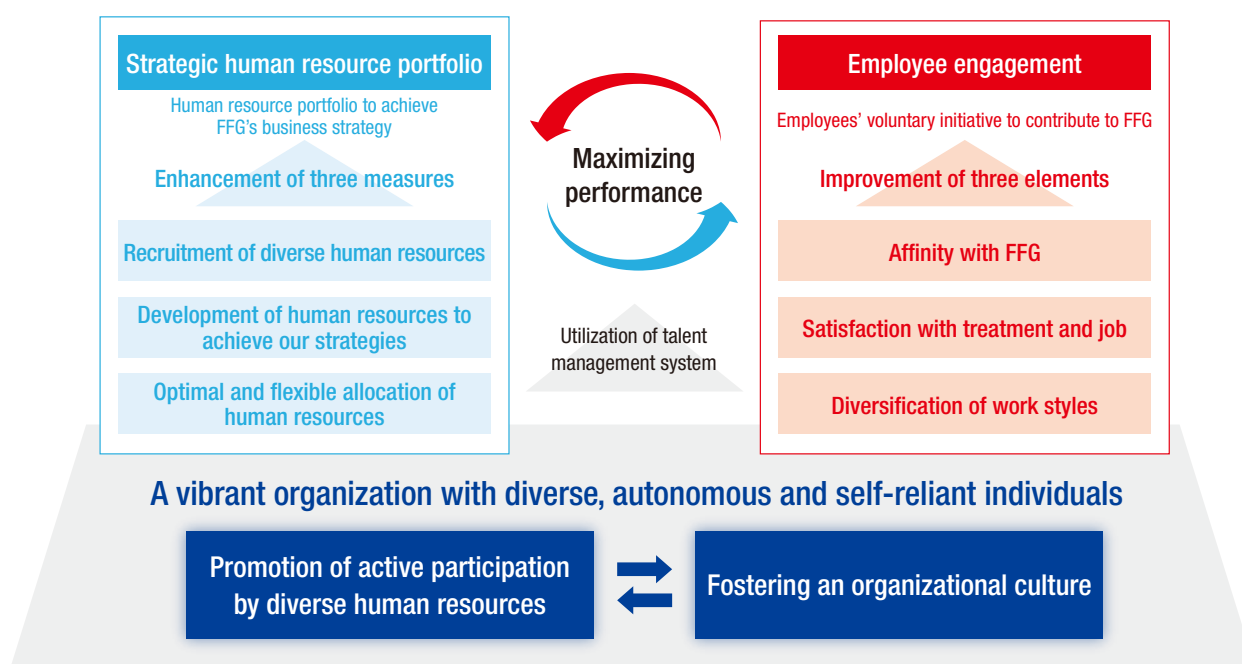
(2) Development of human resources to achieve our strategies

- Foster an environment where human resources can demonstrate their skills and expertise and proactively carry out their work
- Organize the abilities and skills required for each job and establish a training system that includes reskilling

(3) Optimal and flexible allocation of human resources

- Implement flexible promotion and allocation across Group subsidiaries and affiliated companies regardless of their affiliation
- Transition from human resource management using grading that includes seniority-based elements to human resource management based on job duties and roles

■ FFG's human resource strategy



Human Capital Management

Initiatives to improve employee engagement

Improving employee engagement is essential for each FFG employee to act voluntarily and maximize their performance to achieve our business strategy.

At FFG, we have positioned (1) affinity with FFG, (2) satisfaction with treatment and job, and (3) diversification of work styles as the three main factors that increase employee engagement, and we are implementing measures to improve the ease of work and sense of fulfillment of our employees.

In addition, we conduct an annual 360-degree behavioral assessment for management at all headquarters and sales offices whereby they analyze the behavior of their superiors from the perspectives of colleagues and subordinates. By identifying management characteristics that are difficult for individuals to notice, we encourage improvements in the management styles of supervisors, leading to increased engagement across the workplace.

We have been conducting engagement surveys since FY2022 to gauge employee engagement. The results for February 2025 were [59.0 (rating A)*], maintaining a consistently positive result.

We must further strengthen communication, such as building a sense of solidarity throughout the Company, improving communication between different levels of the organization, and fostering a sense of unity in the workplace, in order to further improve engagement.

To this end, we have been holding workplace workshops for each department since FY2024. At the workshops, supervisors acted as facilitators to analyze the survey results for their workplaces, formulate action plans for each workplace, and implement them.

The action plans developed for each workplace cover a wide range of activities, including efforts to revitalize

(1) Affinity with FFG

- Implementation of FFG Principles Co-Creation Project
- Implementation of two-way communication between the management team and employees (dialogue with the President and officers)
- Internal social media posts by the President

(2) Satisfaction with treatment and job

- Increase in starting salary/three consecutive years of pay raises
- Special incentive payments for employee stock ownership plan members
- Support for career development (Career Challenge system, specialist course)

(3) Diversification of work styles

- Introduction of an internal concurrent role system
- Expansion of support measures for balancing work with child and nursing care
- Introduction of a flexible leave system

communication in the workplace and share business know-how, as well as establishing rules to maintain a bright and clean workplace environment.

In addition to implementing uniform measures led by headquarters, we will also identify issues in each workplace and consider and implement improvement activities. We will then verify the effectiveness of these measures in the next survey, establishing an autonomous PDCA cycle that will lead to the implementation of optimal engagement improvement measures for each workplace.

*The average of the scores of about 10,000 companies using this survey is 50
The third highest rating on a scale from AAA to DD

[Direction of personnel system reforms]

The social environment surrounding employees is changing rapidly, with shifts in mindset toward work and diverse perspectives on work-life balance.

In such an environment, we are working to reform our personnel system in order to further accelerate both the development of a strategic human resource portfolio and improvement of employee engagement.

The major direction of the personnel system reform is positioned as improving employee autonomy, treatment based on roles and performances, and strengthening the acquisition and training of specialized human resources. We aim to transition to a system that eliminates the previous seniority-based elements and enables the early promotion and placement of employees with high levels of initiative and ability, regardless of age.

Specifically, we will foster an environment that allows talented human resources who can actively perform their duties by honing their skills and expertise to thrive. We will also clarify roles and assign the right people to the right positions, providing treatment commensurate with their roles and performance.

At the same time, we intend to define the skills required in each area and establish a system for appropriately evaluating expertise.

Promotion of active participation by diverse human resources

FFG's policy for the promotion of active participation by diverse human resources is to respect and combine the diverse kinds of knowledge and experience possessed by human resources with a wide variety of experience and backgrounds and thereby contribute to organizational growth.

In particular, given that women account for about half of FFG's employees, we consider the establishment of a workplace environment that enables women to fully utilize their abilities (= promotion of gender diversity) a high-priority initiative to promote in terms of establishing a foundation for facilitating active participation by diverse human resources.

Under the 8th Mid-Term Management Plan, we will promote the expansion of our work-life balance support systems and development of an organizational culture to enable employees to build a career, grow, and actively participate without being affected by life events. We will also promote the creation of an organization where each and every employee takes the issue of active participation by diverse human resources to heart and every employee is able to demonstrate their abilities. In addition, we will develop an inclusive environment that enables employees to demonstrate their abilities while supporting each other and mutually respecting differences that include not only nationality, gender, and age but also career differences.

[Diversifying the decision-making level]

During the three years of the 7th Mid-Term Management Plan, the proportion of women in management positions increased significantly from 15.2% to 21.0%, but, in terms of diversifying the decision-making level, we face issues that include fostering top leaders and expanding the range of human resources who could be candidates for such positions. To respond to these issues, for women at the Deputy General Manager level or above, FFG is promoting the establishment of a career development support system through collaboration between departments, officers, and the Human Resources Department. This includes planned human-resource allocation and training that consider the medium- to long-term career paths of each employee as well as the implementation of mentoring programs with officers.

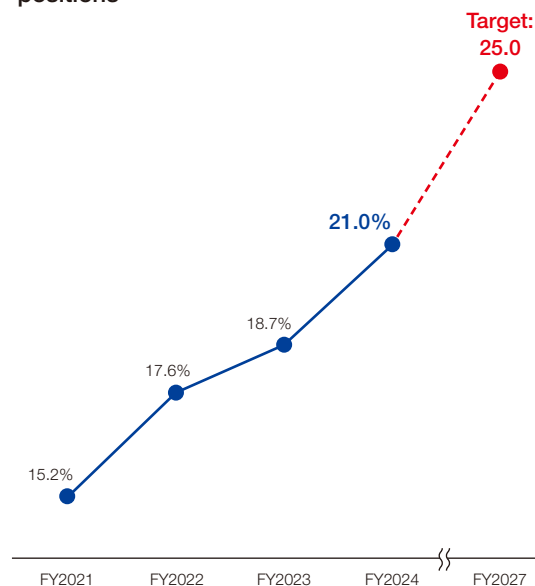
Through these initiatives, we are aiming to produce top female leaders as soon as possible and expand or enhance the pool of candidates who could be leaders in the future.

[Developing a suitable environment by raising awareness of the promotion of active participation by diverse human resources]

To increase the sophistication of initiatives aimed at promoting active participation by diverse human resources and boost the effectiveness of related measures, it is necessary for every employee to understand the significance of such initiatives.

In FY2024, we launched our organization-wide project "+α (alpha)." The project's leaders are persons in management or higher level positions, and the purpose of the project is to gain an understanding of issues related to the promotion of active participation by diverse human resources at each workplace and to plan and implement initiatives aimed at resolving such issues. Through this project, we will promote the development of a suitable environment while also deepening and broadening awareness of the promotion of active participation by diverse human resources.

Changes in the ratio of women in management positions*



* Equivalent in meaning to the definition of managerial positions in the regulations of the "Act on Promotion of Women's Active Engagement in Professional Life" (Act No. 64 of 2015)

Career development support cycle



Organization-wide project +α (alpha)

This project includes participation by a total of 142 persons as project leaders, and its goal is for each of them, without being bound by conventional approaches, to individually consider what extra (+α) they can personally achieve, and put it into real action.



FFG's Human Capital

Forming a strategic human resource portfolio

Recruitment of diverse human resources

At FFG, we actively recruit new employees to secure the human resources necessary to realize our business strategy.

In addition to our traditional recruitment of new graduates, we have established a recruitment team for mid-career recruits and started recruiting new graduates for specific departments in order to strengthen our system for acquiring specialized human resources.

	FY2023	FY2024
New graduates	454	479
Of which, recruitment for specific departments	14	22
Mid-career recruits	88	130

Development of human resources to achieve our strategies

The costs associated with training for human resource development are not simply expenses; they are investments in human capital, which is the source of FFG's competitive advantage. We are working to build our ideal human resource portfolio by planning and implementing a wide variety of training programs, including traditional human resource development, programs for absorbing external knowledge, and training for acquiring specialized skills, while also establishing a training system that enables autonomous career development.

Results for FY2024	
Annual training cost	362 million yen
Qualification exam/self-development incentive	66 million yen
Digital human resource development program	21 participants
Solution-focused human resource development program	28 participants
Next-generation leader program	8 participants
Management training participants	174
On-the-job secondment (for skill-building purposes)	59 participants

Optimal and flexible allocation of human resources

●Area/unit system

This is a system that groups together branch staff by area and strengthens the skills of branch staff through both "real" on-the-job training, and "digital" sharing of information and know-how using our systems, which results in flexible and efficient sales.

●Recruitment and development of digital human resources

We are strengthening the recruitment and development of digital human resources in order to provide new added value that is unique to FFG.

<Number of digital human resources>

FY2023 **503** → FY2024 **585**

Promotion of active participation by diverse human resources/ Fostering of an organizational culture

Target ratio of personnel in management positions

We implement appropriate and fair management and support to enable our diverse and specialized human resources to actively participate using their individual strengths. We have set a target for the ratio of personnel in management positions as an indicator to visualize these efforts, and are monitoring it.

< Ratio of personnel in management positions with diverse backgrounds>

FY2024 **28.1%** Target (FY2030) 35% or more

<Ratio of women in management positions>

FY2024 **21.0%** Target (FY2027) 25% or more

Mandatory childcare leave for men

In order to actively promote men's participation in childcare, we have made it mandatory for male employees to take 10 business days of childcare leave. With men's childcare leave as a starting point, we are promoting the revision of our work styles.

	The Bank of Fukuoka	The Kumamoto Bank	The Juhachi-Shinwa Bank	The Fukuoka Chuo Bank
Percentage of child care leave taken by men	100.9%	93.1%	98.1%	100%
Average number of days taken	19.8 days	13.7 days	13.8 days	10 days

Improving employee engagement

Satisfaction with treatment

We are increasing starting salaries and implementing pay raises on an ongoing basis with the aim of securing talented and diverse human resources and improving employee engagement, taking into account price trends and future outlook of the business environment.

<Increased starting salaries>

The Bank of Fukuoka, the Kumamoto Bank, the Juhachi-Shinwa Bank	270,000 yen
The Fukuoka Chuo Bank	235,000 yen

<Implemented pay raises>

Pay raise rate in FY2025	About 6.0%
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Satisfaction with job

We have established various systems to enable employees to take the initiative in planning and realizing their careers, such as the Career Challenge system, which allows employees to apply for the positions (jobs) of their choice, and the specialist course, which allows employees who

are experienced in specialized operations to further hone their skills and experience in their areas of expertise.

<Results for FY2024>

Number of Career Challenge applicants	178
Number of specialist course registrants	20

Diversification of work styles

●Internal concurrent role system

A system that provides support for employees working at sales offices to realize diverse work styles and career paths by providing them with the opportunity to try their hand at headquarters work while continuing their current jobs.

●Flexible leave system

A multipurpose leave system that allows employees to focus on their career development or personal circumstances, to help them build a better career after returning to work.

●Reinstatement system

A system that provides reemployment opportunities for employees who resigned due to marriage, childbirth, childcare, nursing care, or the transfer of a spouse.

Enhancement of welfare programs

●Cafeteria plan

A welfare program that allows employees to choose benefits according to their needs. 40,000 yen worth of points are awarded annually to support the personal lives of employees.

●Enhanced living environment

To enhance the living environments of employees, we provide housing allowances and renovate dormitories and company housing.

●Subsidy for employee stock ownership plan

To share the rewards of FFG's growth with employees, we provide a subsidy of a certain amount as an incentive for the purchase of shares in the stock ownership plan.

Acquisition of various certifications

FFG obtained "Kurumin" certification as a company that supports childcare, "Eruboshi" certification as a company that promotes women's active participation in the workplace as well as "KENKO Investment for Health" certification as a company that strategically promotes employee health from a management perspective.



Kurumin Plus
Acquired by the Bank of
Fukuoka



Kurumin
Acquired by the Juhachi-
Shinwa Bank
and the Fukuoka Chuo Bank



Eruboshi
Acquired by the Bank of
Fukuoka, the Kumamoto Bank,
and the Juhachi-Shinwa Bank



KENKO Investment for Health
Acquired by the Bank of
Fukuoka

Achieving Sustainable Local Communities

Sustainability Policy

FFG has incorporated a sustainability perspective into the practical implementation of its principles, and has clarified this approach in its Sustainability Policy, which is as follows.

Under this sustainability policy, FFG will carry out business activities while leveraging the strengths and technological innovations it has cultivated in both financial and non-financial capital to provide various types of value to stakeholders and contribute to the realization of an economically, materially, and spiritually enriched, and sustainable society.

**Through business activities based on its corporate philosophy,
Fukuoka Financial Group will contribute to solving environmental
and social issues, while aiming to realize a sustainable local society
and improve FFG's corporate value.**

Governance System for Sustainability

Under the direction and advice of the Board of Directors, FFG has built an organizational structure to promote sustainability measures across the entire Group, led by the FFG Headquarters and with the Corporate Planning Division as an administration division.

Sustainability Promotion Conference

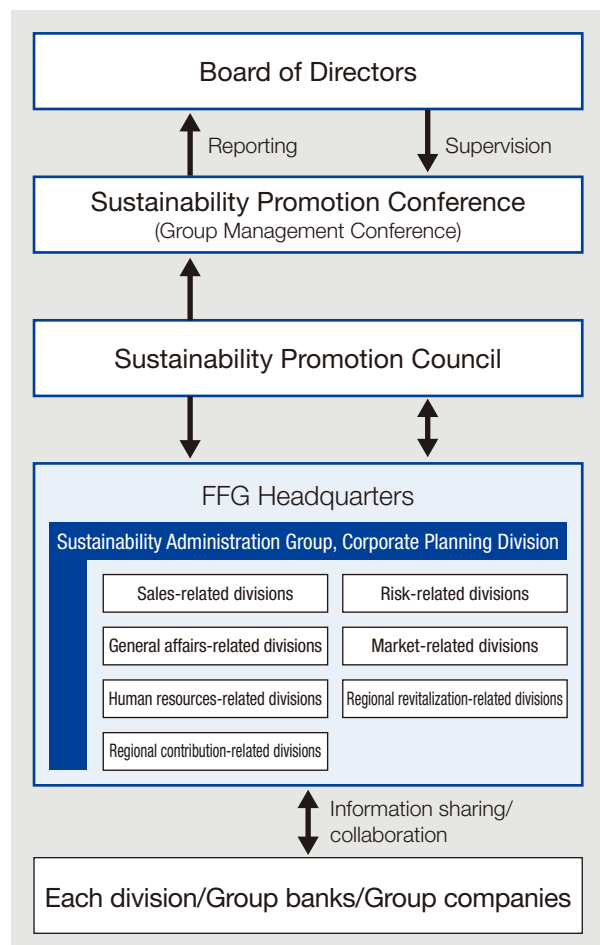
In principle, once every six months, within the framework of the Group Management Conference, we share the progress and issues related to sustainability measures and discuss countermeasures.

<Main topics for discussion in FY2024>

- Action plan to reduce in-house CO₂ emissions
- Direction of initiatives to reduce CO₂ emissions from investments and loan recipients
- Sharing of issues in initiatives to achieve the promotion of active participation by diverse human resources
- Direction of initiatives to advance human rights responses
- Achievement of long-term goals for financial and economic education and upward revision of said goals
- Future direction of sustainable business

Sustainability Promotion Council

As a subordinate organization of the Sustainability Promotion Conference, the Sustainability Promotion Council holds monthly horizontal meetings attended by division heads to identify immediate issues, share initiatives and best practices across divisions and banks, and consider specific measures.



Initiatives to Address Environmental Issues

Responding to Climate Change

FFG has positioned efforts for addressing climate change as an important element of its management. Aiming to share easy-to-understand and useful information with its stakeholders, the Group has been working to expand its disclosures in the areas of “governance,” “strategy,” “risk management,” and “indicators and targets” since declaring its support for the recommendations of the TCFD in August 2020.

Governance

The Group prioritizes climate change response as a materiality issue under its sustainability promotion framework, and aims to implement flexible and effective measures.

In order to clarify FFG’s roles and responsibilities regarding climate change-related risks and opportunities, our Risk Management Policy stipulates that the Board of Directors is responsible for developing and establishing various risk management systems based on the characteristics of the climate change-related risk, and action plans and other related matters are discussed by the Board of Directors or the Group Risk Management Committee, depending on the nature of the climate change-related risk.

Strategies

<Risks and opportunities>

FFG has recognized the following climate change-related risks and opportunities based on factors such as the Group’s asset structure, business model, and possible future changes in the external environment.

Risks

Risk type	Content	Risk category	Time axis*
Physical risk	Increased damage to customers due to an increase in heavy rains, typhoons, and other natural disasters in the Kyushu region, FFG’s business base	Credit risk	Short to long term
	Increased damage to subsidiary bank branches and data centers due to an increase in heavy rains, typhoons, and other natural disasters in the Kyushu region, FFG’s business base	Tangible asset risk	Short to long term
Transition risk	Manifestation of negative impacts that comes with transitioning to a decarbonized society on finances and business continuity of mainly SME customers with limited resources to respond to the transition	Credit risk	Medium to long term
	Decrease in value of loans for businesses such as coal-fired thermal power plants due to strengthened restrictions on businesses that could negatively impact the environment and society		Medium to long term
	Decline in corporate value due to gap between FFG’s climate change initiatives and stakeholders’ expectations	Reputation risk	Short to long term

*Short term (0 to 3 years), medium term (3 to 10 years), long term (more than 10 years)

■ Opportunities

Risk type	Content	Time axis*
Products and services	In preparation for an increase in storms, floods, and other disasters, providing customers with risk reduction schemes that utilize insurance, and services such as BCP formulation and diagnosis support	Short to long term
	Increased sustainable financing that supports the business of customers to solve environmental issues	Long term
	Increased consulting services such as GHG emission measurement and reduction plan execution support	Short to long term
	Achieve sustainable business by supporting the sustainability management of customers through dialogue, based on the Sustainable Scale Index, a unique ESG/SDGs scoring model service developed jointly by FFG subsidiary Sustainable Scale and Kyushu University	Short to long term

*Short term (0 to 3 years), medium term (3 to 10 years), long term (more than 10 years)

<Scenario analysis>

FFG utilizes scenario analysis to identify the impact of climate change-related risks on the Group and establish strategic resilience.

The results of a calculated scenario analysis (combined values for the Bank of Fukuoka, the Kumamoto Bank, the Juhachi-Shinwa Bank, and the Fukuoka Chuo Bank) are as follows. We assess that the impact on the Group's performance and financial status from both physical and transition risks is limited.

■ Scenario analysis results

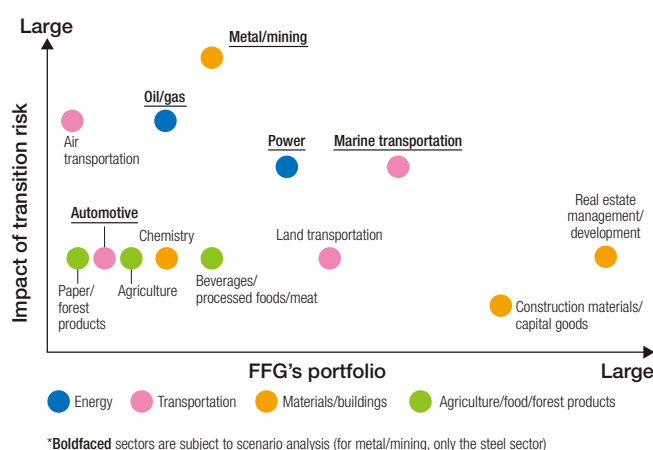
	Physical risk	Transition risk
Risk analyzed	Damage to collateral properties from storms and floods Deterioration of financial conditions due to the suspension of obligors' businesses	Deterioration of financial conditions of obligors from decreased net sales and increased costs that come with transitioning to a decarbonized society
Applicable portfolio	Borrowers with business feasibility in Japan	Utility and energy sector (Excludes water suppliers and renewable energy generators) Automotive sector Steel sector Marine transportation sector (only the ocean-going vessel chartering business)
Scenario	SSP 5.8.5 (4°C scenario) or SSP 1.2.6 (2°C scenario) in the UN Intergovernmental Panel on Climate Change (IPCC) Assessment Report	Net Zero 2050 (1.5°C scenario) and Current Policies (3°C scenario) by the Network of Central Banks and Supervisors for Greening the Financial System (NGFS)
Analysis method	Assume once-in-a-century storms and floods and estimate the level of impact on locations and structures such as obligors' collateral properties and business offices	Forecast changes in future performance in the target sector based on the transition scenario, and estimate the impact on ratings and credit costs
Analysis results	Additional credit costs that could be incurred by 2050: Up to 31.5 billion yen in a single year	Additional credit costs that could be incurred by 2050: Cumulative total of 17.6 to 74.1 billion yen

■ Selection of sectors subject to scenario analysis

With an eye toward the transition to a decarbonized society, we conduct risk assessment to inform the selection of sectors subject to scenario analysis of transition risks. The risk assessment is carried out based on how large the impact of policy and legal, technology, market, and reputation changes would be on each sector, as well as the size of FFG's portfolio.

In FY2024, based on sector-specific risk assessments, we added the marine transportation sector to our existing sectors and conducted an analysis.

We will enhance risk recognition by constantly reviewing the assessment results of each sector, in accordance with changes in climate-related policy, technology, and market environments.



<Carbon-related assets>

FFG is working to identify the status of transactions with carbon-related industries that are considered vulnerable to climate change risks under the TCFD recommendations. The ratio of carbon-related industries (carbon-related assets) in the total outstanding loans of the Bank of Fukuoka, the Kumamoto Bank, the Juhachi-Shinwa Bank, and the Fukuoka Chuo Bank as of March 31, 2025, is as follows. Aggregation was performed by applying the Bank of Japan's industry classification to the industry classification used in the TCFD recommendations. It includes loans and acceptances and guarantees, but does not include unexecuted balance of commitment lines.

Energy*	Transportation	Materials/buildings	Agriculture/food/forest products	Total carbon-related assets
1.84%	4.53%	23.48%	1.33%	31.19%

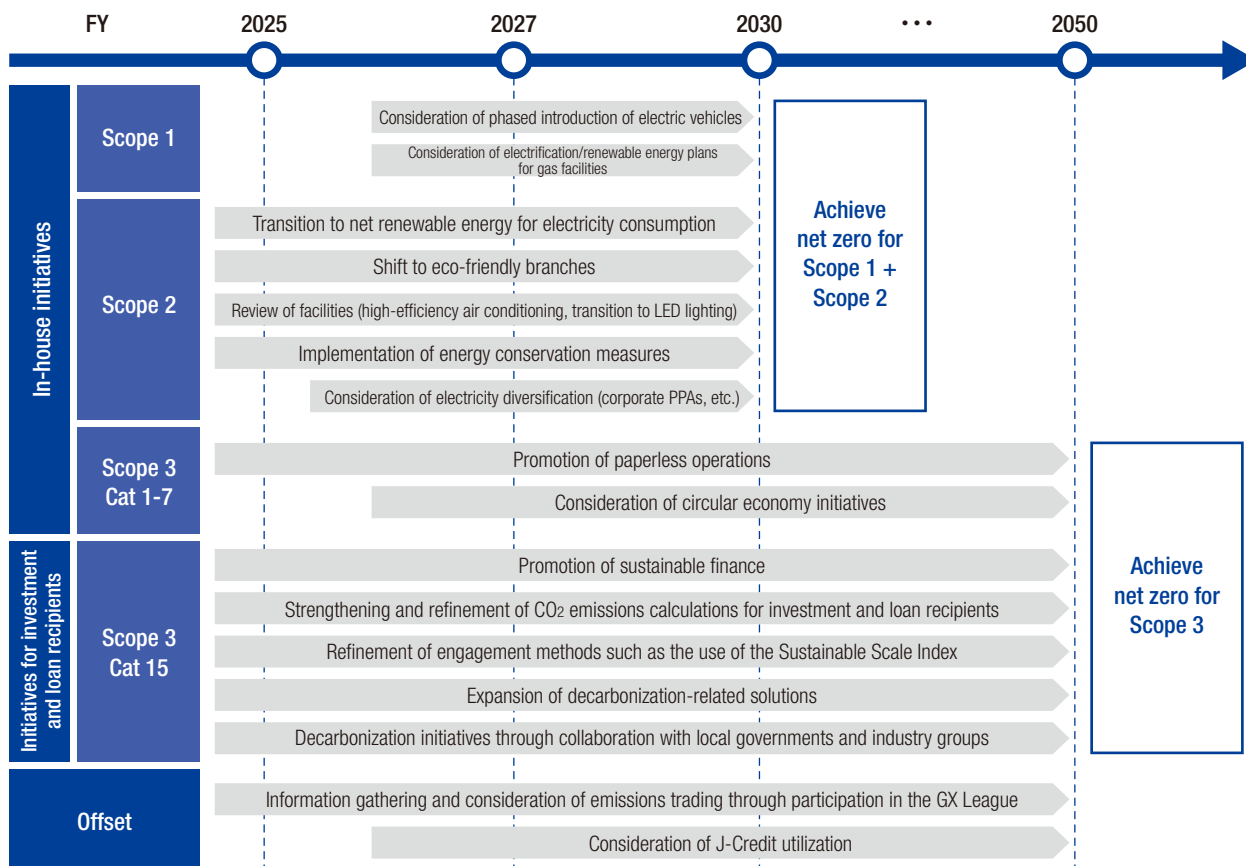
*Excludes loans for solar and renewable energy project finance in the energy sector

<Decarbonization transition roadmap>

As a regional financial institution, FFG is committed to contributing to the sustainable growth of communities by promoting decarbonization not only within the Company but also throughout the region, with the aim of achieving the 2030 target and 2050 carbon neutrality set by the Japanese government based on the Paris Agreement's 1.5°C target.

To this end, FFG will promote various reduction measures to achieve our long-term KPI of "net zero in-house CO₂ emissions by FY2030," while supporting decarbonization management through engagement (dialogue) with our customers. We will also promote initiatives to achieve net zero CO₂ emissions, including Scope 3, by 2050.

Decarbonization transition roadmap



<Initiatives to reduce in-house CO₂ emissions>

We are promoting the reduction of energy consumption to reduce CO₂ emissions at FFG by implementing energy-saving measures such as shifting to eco-friendly branches when rebuilding branches, switching to highly efficient air conditioning, and adopting LED lighting.

In addition, starting in FY2024, we began transitioning our electricity consumption to net renewable energy sources, reducing CO₂ emissions equivalent to the electricity consumption of the head offices of FFG, the Bank of Fukuoka, the Kumamoto Bank, the Juhachi-Shinwa Bank, and the Fukuoka Chuo Bank. We will continue to expand the scope of our transition to net renewable energy and work toward achieving net zero emissions by FY2030.

As an initiative from a long-term perspective, we will also consider in-house power generation using solar and other power sources, corporate PPAs, and emissions trading, which is expected to become more widespread in the future.

Eco-friendly branches

In March 2025, we relocated the Wakamatsu Branch of the Bank of Fukuoka and started operations at the newly constructed branch.

The new branch is equipped with solar panels and high-efficiency equipment, making it eco-friendly and the first Bank of Fukuoka branch to obtain certifications for ZEB and the highest ranking of BELS.



*Net Zero Energy Building (ZEB): A building that aims to achieve a net zero balance of primary energy consumption for the building while providing a comfortable indoor environment

*Building-Housing Energy-efficiency Labeling System (BELS): A third-party certification system that displays the energy efficiency performance of buildings

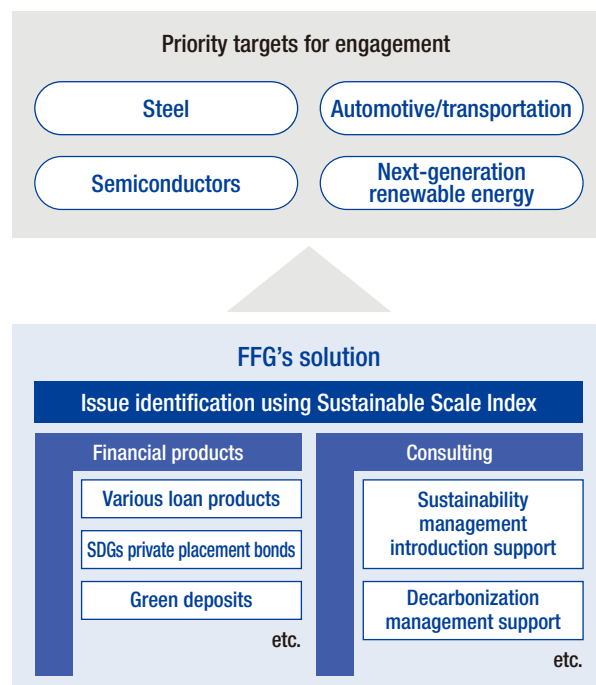
<Initiatives to reduce CO₂ emissions of investment and loan recipients (engagement strategy)>

■ Priority sectors for engagement

The majority of FFG's CO₂ emissions come from the Scope 3 Category 15 emissions of investment and loan recipients. As a financial institution, we believe that in order to achieve regional sustainability, it is necessary to engage in decarbonization efforts across the entire region through dialogue with customers.

In FY2024, we selected priority target industries for engagement (dialogue) based on the results of scenario analysis and the "Investment Strategy by Sector" formulated by the Ministry of Economy, Trade and Industry to promote investment for the realization of GX.

Going forward, we will use the Sustainable Scale Index scoring results and scenario analysis results to engage in dialogue with our customers and identify and share their vision as well as issues and priorities for achieving it. We will also provide diverse solutions such as finance and consulting to contribute to the sustainable growth of our customers and communities, including decarbonization.



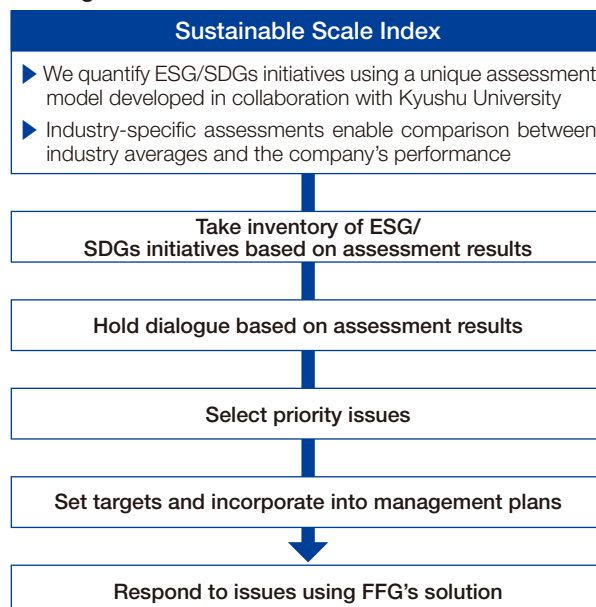
■ Sustainable Scale, ESG/SDGs support subsidiary

Sustainable Scale, Co., Ltd. aims to serve as a bridge to promote the creation and growth of sustainable local communities and the companies that support them through ESG/SDGs initiatives. The company aims to promote initiatives for the realization of sustainability transformation and contribute to the healthy growth of local communities.

Sustainable Scale has appointed Distinguished Professor Shunsuke Managi of Kyushu University, who serves as the representative of the United Nations Inclusive Wealth Report, as a director. Through the Sustainable Scale Index, its unique scoring model service, the company quantitatively evaluates and visualizes the efforts of local communities and businesses toward ESG/SDGs.

Using this service as a starting point, FFG will increase and deepen opportunities for dialogue with customers and connect them to its various solutions that support the sustainable growth of regional companies.

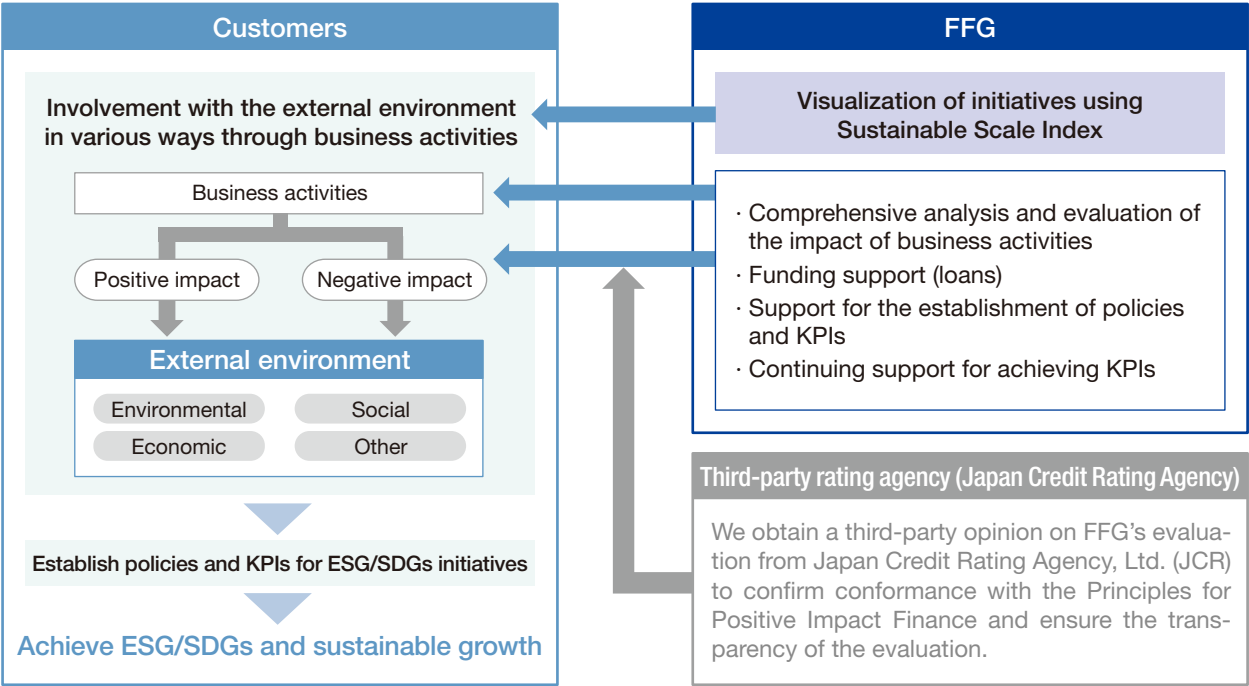
<Example of ESG/SDGs support flow using the scoring model>



■ FFG’s Positive Impact Finance (PIF)

Based on the results of evaluation using the Sustainable Scale Index and internationally recognized impact assessment tools, we engage in extensive dialogue with customers to analyze and identify the positive and negative impact of their activity results on the environment, society, and the economy. FFG’s Positive Impact Finance (PIF) is a loan product through which FFG provides medium- and long-term tandem support to help customers achieve sustainable growth by mitigating negative effects and increasing positive effects (setting KPIs).

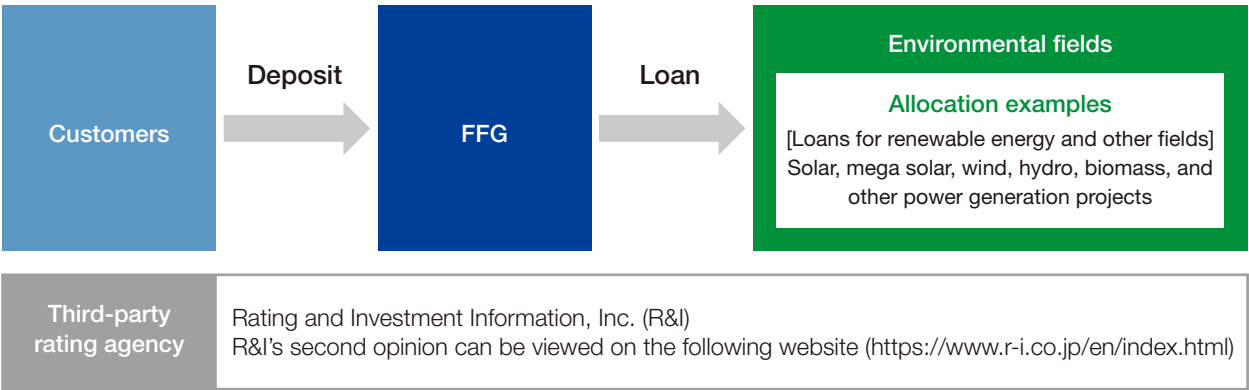
We have engaged in extensive dialogue with many customers since we started offering this product in July 2023, achieving a total execution amount exceeding 10 billion yen.



■ FFG Green Deposit

In December 2024, we began recruiting for the FFG Green Deposit program, which allocates funds entrusted to us for loans in environmental fields, thereby providing customers with opportunities to engage in ESG/SDGs initiatives.

We received a wide range of feedback from customers who utilized this product, such as, “we’re glad we can contribute to solving environmental issues not only through investing but also through deposits,” and “while it has been difficult to advance environmental protection initiatives in our core business, we welcomed the opportunity to contribute through deposits.” During the approximately two-month recruitment period, we accepted a total of 10.2 billion yen of deposits from 296 customers, exceeding the 10 billion yen recruitment amount.



■ Regional initiatives through strengthened external collaboration

Kyushu Ryutsu Sustainability Salon

In May 2023, the Bank of Fukuoka, together with AEON KYUSHU Co., Ltd. and TOPPAN Inc., established the “Kyushu Ryutsu Sustainability Salon” (“Kyushu Distribution Sustainability Salon”) to promote sustainability in the retail and distribution industries in the Kyushu area. Since its establishment, the salon has continued to facilitate the exchange of information between its member companies. It is now proceeding with discussions aimed at taking concrete action.

Kyushu-Okinawa Banking Alliance Semiconductor Solution (Q-BASS)

We are implementing various measures, including information exchange, to promote sustainability under Q-BASS—an alliance of 13 banks in Kyushu and Okinawa—which aims to contribute in a more concrete and proactive way to Kyushu's economic growth as a regional financial institution, beginning with semiconductor-related industries.



Risk Management

The Group positions risks that are particularly important for management as top risks, and has selected “risks related to climate change” as one of them. Should climate change-related risks manifest, there would be ripple effects across every risk category including credit, market, liquidity, and operational risks. Our Board of Directors is actively involved in the development and establishment of proper risk management systems based on such characteristics of the climate change-related risk.

Climate change-related risks that are deemed important are managed and addressed within a comprehensive risk management framework by risk category depending on how a risk is likely to manifest itself. For example, we assess the physical risk of damage to Group branches from storms and floods within the operational risk management framework, and appropriately address the risk by taking necessary measures such as reevaluating insurance policies.

<Environment and Society-Conscious Loan Policy>

In order to make consideration for the environment and society in our loan services, the Bank of Fukuoka, the Kumamoto Bank, the Juhachi-Shinwa Bank, and the Fukuoka Chuo Bank have stipulated prohibited loans and loan activities that require special attention in our “Environment and Society-Conscious Loan Policy.” In May 2025, we reviewed our policy based on domestic and international trends in sustainability initiatives.

The balance of loans in project finance for construction of coal-fired thermal power plants in the Group was 1.9 billion yen as of March 31, 2025, which is scheduled to become zero by FY2035.

■ Overview of Environment and Society-Conscious Loan Policy

Loans prohibited across sectors	• Anti-social forces • Businesses that violate public order and morals or laws and regulations • Businesses that violate the Washington Convention • Businesses that have a negative impact on Ramsar Convention-designated wetlands or UNESCO World Heritage Sites • Businesses that engage in child labor, forced labor, or human trafficking
Policies for specified sectors	• Coal-fired power generation • Coal mining • Oil/gas • Large-scale hydropower generation • Biomass power generation • Palm oil plantation development • Large-scale deforestation • Manufacturing of cluster munitions or other inhumane weapons

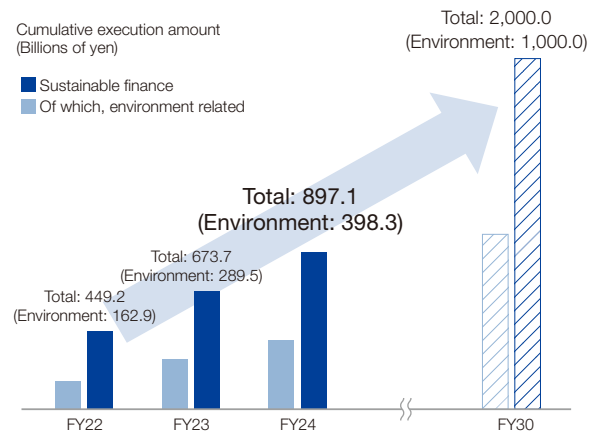
Indicators and Targets

In order to further promote its efforts against climate change, FFG has set targets for a “sustainable finance total execution amount” and “net-zero in-house CO₂ emissions,” and is conducting monitoring.

<Sustainable finance>

FFG positions finance which contributes to the resolution of environmental and social issues of our customers and the realization of a decarbonized society as “sustainable finance.” We have set the total execution amount target as “2 trillion yen from FY2020 to FY2030 (including 1 trillion yen for the environment).” We will contribute to the sustainable growth of local communities by supporting our customers in resolving their issues.

	Achievement (FY2020–FY2024)
Sustainable finance	897.1 billion yen
Of which, environment related	398.3 billion yen

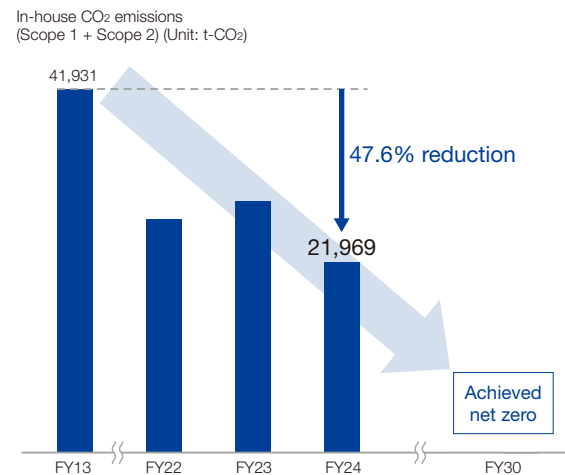


<In-house CO₂ emissions>

We set our in-house CO₂ emissions (Scope 1, 2) reduction target as “net zero by FY2030” in order to accelerate our local decarbonization efforts and are promoting initiatives to achieve this goal.

Starting from FY2024, we have transitioned to net renewable energy for a portion of our energy consumption, resulting in a 47.6% reduction compared to FY2013.

		(Unit: t-CO ₂)		
Measurement items	FY2013	FY2023	FY2024	
Scope 1	4,447	2,967	2,961	
Scope 2	37,484	26,019	19,009	
Scope 1, 2	41,931	28,986	21,969	



<Scope 3>

Scope 3 emissions for FY2024 are as follows.

For Category 15 (investments and loans), the emissions were calculated for investment and loan recipients (corporations) of the Bank of Fukuoka, the Kumamoto Bank, the Juhachi-Shinwa Bank, and the Fukuoka Chuo Bank with business feasibility, taking into account the measurement method of the PCAF Standard. We used both the bottom-up approach, where emissions are calculated from GHG emissions data disclosed by companies, and the top-down approach, where emissions are estimated based on carbon intensity of each industry.

We will contribute to the realization of a decarbonized society by expanding the scope of calculation and introducing new tools to refine calculations, as well as utilizing the calculation results to engage with customers and in turn reducing emissions.

*Carbon intensity = $\Sigma(\text{Carbon intensity of each borrower}) / \text{Number of borrowers}$

*Calculated emissions (top-down approach)
 $= \Sigma(\text{Carbon intensity of each borrower} \times \text{Borrower net sales}) \times \text{Attribution coefficient (Financial institution's investments and loans outstanding / Total shareholders' equity and liabilities)}$

*Excluding customers that have not closed their fiscal year or do not have the data necessary for calculation for other reasons (88% of investments and loans outstanding are covered)
 The calculation results may change significantly in the future due to expanded disclosure of customers' GHG emissions or changes in calculation standards and methods and industry classifications

(Unit: t-CO₂)

	Measurement items	FY2024
Category 1:	Purchased products and services	60,785
Category 2:	Capital goods	48,100
Category 3:	Fuel and energy-related activities not included in Scope 1 and 2	3,627
Category 4:	Transport, delivery (upstream)	1,770
Category 5:	Waste generated from operations	33
Category 6:	Business trips	1,031
Category 7:	Employee commutes	3,559
Category 15:	Investments and loans	22,063,268
Total		22,182,173

(Breakdown of Category 15 (investments and loans))

(Unit: t-CO₂)

	Industry	Carbon intensity	FY2024
Energy	Oil/gas	2.98	229,237
	Coal	1.24	5,009
	Power	29.08	2,190,218
Transportation	Air cargo transportation	0.00	0
	Air passenger transportation	12.14	49,156
	Marine transportation	7.37	2,098,243
	Rail transportation	3.02	53,332
	Truck services	3.60	742,633
	Automotive/parts	4.96	184,841
Materials/buildings	Metal/mining	10.17	1,522,971
	Chemicals	6.96	422,436
	Construction materials	27.15	1,448,042
	Capital goods (buildings, etc.)	4.15	3,874,362
	Real estate management/development	1.28	703,602
Agriculture/beverages/forest products	Beverages	2.64	11,973
	Agriculture	8.47	289,280
	Packaged foods/meat	5.36	1,107,163
	Paper/forest products	4.13	149,421
Other		1.90	6,981,351
Total			22,063,268

Initiatives for natural capital and biodiversity conservation

FFG has been participating in the Taskforce on Nature-related Financial Disclosures (TNFD) Forum since March 2024.

Corporate business activities depend on and impact natural capital in various stages of the value chain, including procurement, production, shipping, sales, and disposal. Financial institutions are broadly involved in natural capital through the business activities of customers who are investment and loan recipients. FFG has established an "Environmental Policy" and "Environment and Society-Conscious Loan Policy" and has actively worked to address environmental and social issues.

Going forward, we will analyze dependence and impact on natural capital across investment and loan sectors, assess risks and opportunities based on these analyses, and advance strategy considerations in a concrete manner.



Growth Trajectory

1877~

- **1877** Established The 17th National Bank, Ltd. (predecessor of the Bank of Fukuoka) as the first national bank in Kyushu
- **1877** Established The 18th National Bank, Ltd. (predecessor of the Juhachi Bank)
- **1879** Established The 99th National Bank, Ltd. (predecessor of Shinwa Bank)
- **1929** Established Kumamoto Mutual Loan Company (predecessor of Kumamoto Family Bank)
- **1951** Established Shokin Shokusan Mujin K.K. (predecessor of the Fukuoka Chuo Bank)

2000~

- **2001** The Bank of Fukuoka recorded 175.0 billion yen in allowance for loan losses (leading to a net loss of 76.8 billion yen), bidding farewell to its non-performing loans

First regional bank to apply the “Private Liquidation Guidelines” while focusing on business rehabilitation
- **2006** Reached basic agreement on the business integration of the Bank of Fukuoka and Kumamoto Family Bank
- **2007** Established the Fukuoka Financial Group, Inc.



- **2008** Established FFG Business Consulting Co., Ltd.
- **2010** Established FFG's management style of “Single Platform/Multiple Brands”
- **2012** Made Maeda Securities Co., Ltd. a wholly-owned subsidiary (creating the current FFG Securities Co., Ltd.)
- **2013** Changed company name of Kumamoto Family Bank, Ltd. to the Kumamoto Bank, Ltd.
- **2016** Reached basic agreement on business integration with the Juhachi Bank
- **2016** Established iBank marketing Co., Ltd. Launched Wallet+, a smartphone app
- **2016** Established FFG Venture Business Partners Co., Ltd.
- **2018** Obtained approval from the Fair Trade Commission to integrate with the Juhachi Bank

2019~

- **2019** Business integration with the Juhachi Bank
- **2020** Merged Shinwa Bank and the Juhachi Bank Created the Juhachi-Shinwa Bank, Ltd.



- **2021** Established Sustainable Scale Co., Ltd.
- **2021** Established FFG Growth Investment Co., Ltd.
- **2021** Launched Minna Bank services



- **2022** Established FFG Succession, Ltd.
- **2023** Established FFG Industries Co., Ltd.
- **2023** Launched a banking app for individual customers and BIZSHIP portal site for corporate customers
- **2023** Business integration with the Fukuoka Chuo Bank

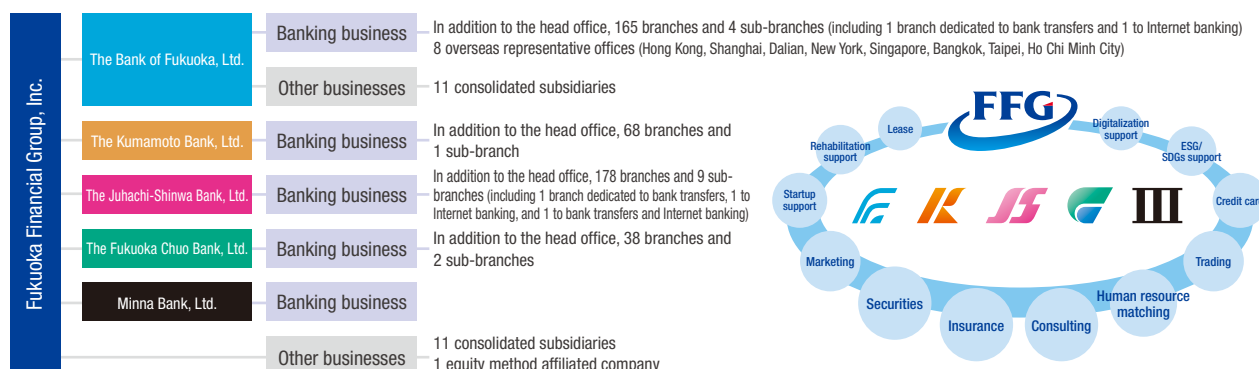


- **2025** Banking app for individual customers surpassed 1.2 million downloads

Overview of the Organization/Strengths of FFG

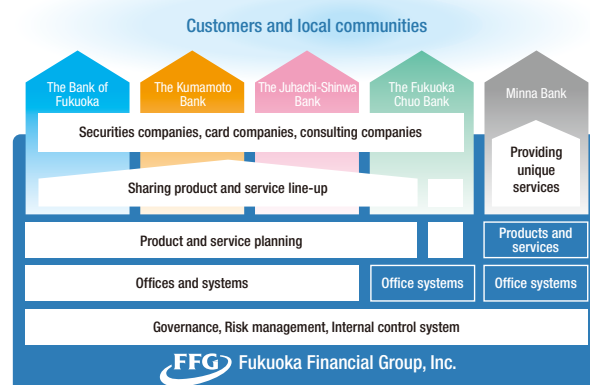
FFG consists of 28 Group companies. FFG is a comprehensive financial service group primarily serving the Fukuoka, Kumamoto, and Nagasaki markets. We are capable of addressing all the needs of our customers, from securities, insurance, and consulting, to marketing and startup support. We are building a Group-wide operating system based on the idea of optimizing the entire Group, including banks and affiliated companies.

FFG Company Chart



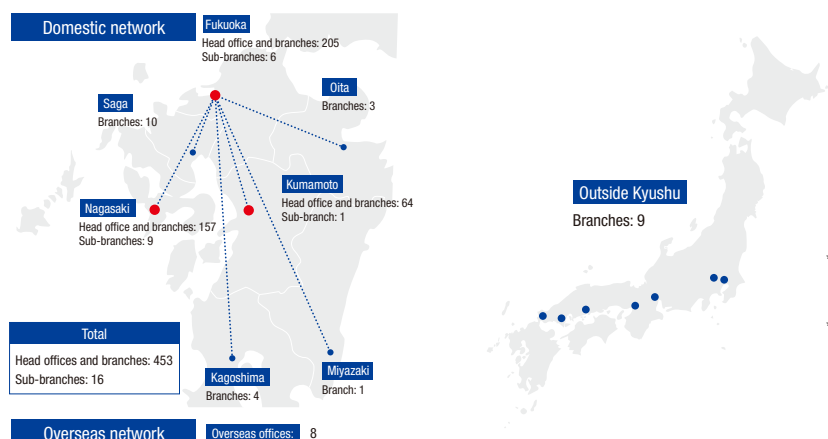
Single Platform/Multiple Brands

We maintain the brands of each bank that have been well-loved and trusted by local communities throughout their long history, and at the same time, we have established a “Single Platform/Multiple Brands” that standardizes the business administration and IT systems as well as products and services. Our unique management style is optimally suited to business integration between regional banks to facilitate the pursuit of economies of scale and efficiency. Minna Bank, the first digital bank in Japan, provides unique services nationwide under the governance and risk management of FFG.



Solid Business Base and a Close-Knit Network

FFG is a regional financial group with a wide area of presence that seamlessly covers the entire Kyushu region which it sees as a single economic zone, centered around its mother markets of Fukuoka, Kumamoto, and Nagasaki. Building on the trust each bank has built up, we have earned strong support from both corporate and retail customers, with a sales base that is top class among regional bank groups.



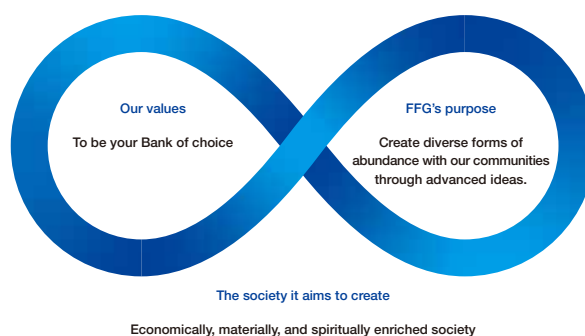
*Branches in Fukuoka includes a branch for bank transfer service only, and an internet branch.
*Branches in Nagasaki includes 2 branches for bank transfer service only, and an internet branch.
(As of June 30, 2025)

Corporate Governance

Basic Views on Corporate Governance

The Group is a regional financial group with a wide area of presence that includes the Bank of Fukuoka, the Kumamoto Bank, the Juhachi-Shinwa Bank, the Fukuoka Chuo Bank, and Minna Bank. It leverages its dense sales network, primarily in its core business area of Kyushu, to offer sophisticated and diverse financial products and services.

The Group's principles are the basis for the views and behavior of each employee. We see these principles as the foundation of Group management.

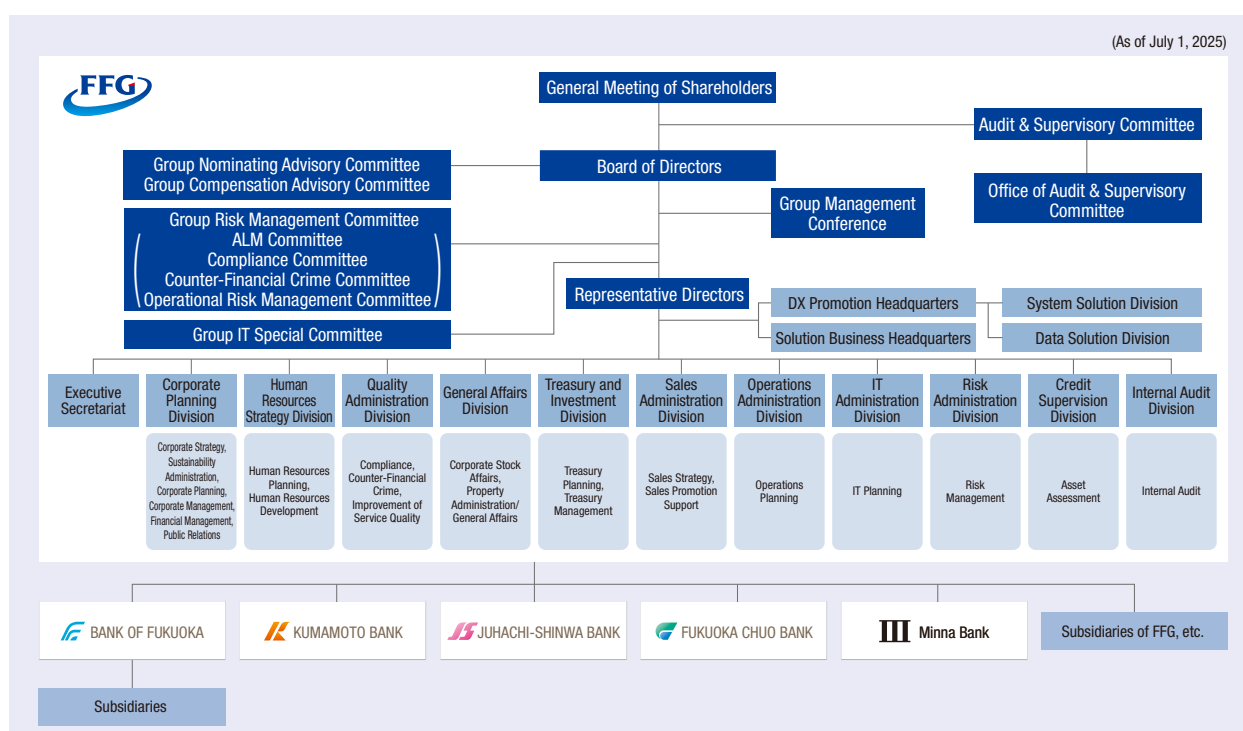


Under these principles, the Company, as a holding company to govern the Group, mainly consists of the core subsidiary banks, is working toward the realization of highly effective corporate governance for the purpose of optimizing the management resources of the Group and administering the Group as a whole in a sound and appropriate manner. In addition, we have formulated the Fukuoka Financial Group Corporate Governance Guidelines*1 as our basic approach to corporate governance and its operational guidelines. (*1 Please refer to our Group website for details.)

Corporate Governance System

Overview and Reasons for Adoption of Current Corporate Governance System

The Company has appointed four highly independent External Directors to fully perform supervisory functions within the Board of Directors, while the Audit & Supervisory Committee, composed of three Audit & Supervisory Committee Members, audits the status of the Directors' job performance appropriately. In this way, a sufficiently effective governance system has been established, and therefore the current organizational design of a company with an audit & supervisory committee has been adopted.



● Board of Directors (held 11 meetings in FY2024)

The Board of Directors consists of 12 Directors (including four External Directors), and shall discuss and make decision on basic guidelines related to Group management, as well as matters stipulated by laws, ordinances and the Articles of Incorporation. The Board shall also make decisions on important matters concerning business management of subsidiary banks, business and affairs of the Group, while overseeing the job performance of Directors and Executive Officers.

● Office of Audit & Supervisory Committee

To fully perform the audit functions of the Audit & Supervisory Committee, staff (multiple members) are exclusively designated to support the Audit & Supervisory Committee.

● Group Nominating Advisory Committee, Group Compensation Advisory Committee

To enhance transparency and fairness of our Group management, the Group Nominating Advisory Committee and Group Compensation Advisory Committee, advisory bodies to the Board of Directors, shall discuss matters related to the election/dismissal and the compensation of Directors.

Group Nominating Advisory Committee

Chairperson:

Takashige Shibato (Director & Chairman)

Members:

Hisashi Goto (Director & President)

Masahiko Fukasawa (External Director)

Kumi Hanaoka (External Director)

Hideo Yamada (External Director)

Nobuko Ishibashi (External Director)

Group Compensation Advisory Committee

Chairperson:

Masahiko Fukasawa (External Director)

Members:

Takashige Shibato (Director & Chairman)

Hisashi Goto (Director & President)

Kumi Hanaoka (External Director)

Hideo Yamada (External Director)

Nobuko Ishibashi (External Director)

● Group Management Conference

The Group Management Conference consists of seven Executive Directors (chaired by the President) (also attended by the full-time Audit & Supervisory Committee Member), and based on basic guidelines stipulated and matters entrusted by the Board of Directors, shall discuss important matters related to business and affairs of the Group, including Group management and operational planning.

● Group IT Special Committee

The Group IT Special Committee consists of seven Executive Directors and general managers of departments/offices in charge (chaired by the President) (also attended by the full-time Audit & Supervisory Committee Member), and to strengthen the IT governance system of the Group as a whole, shall discuss matters related to IT strategy, system risk management, and investment in IT systems.

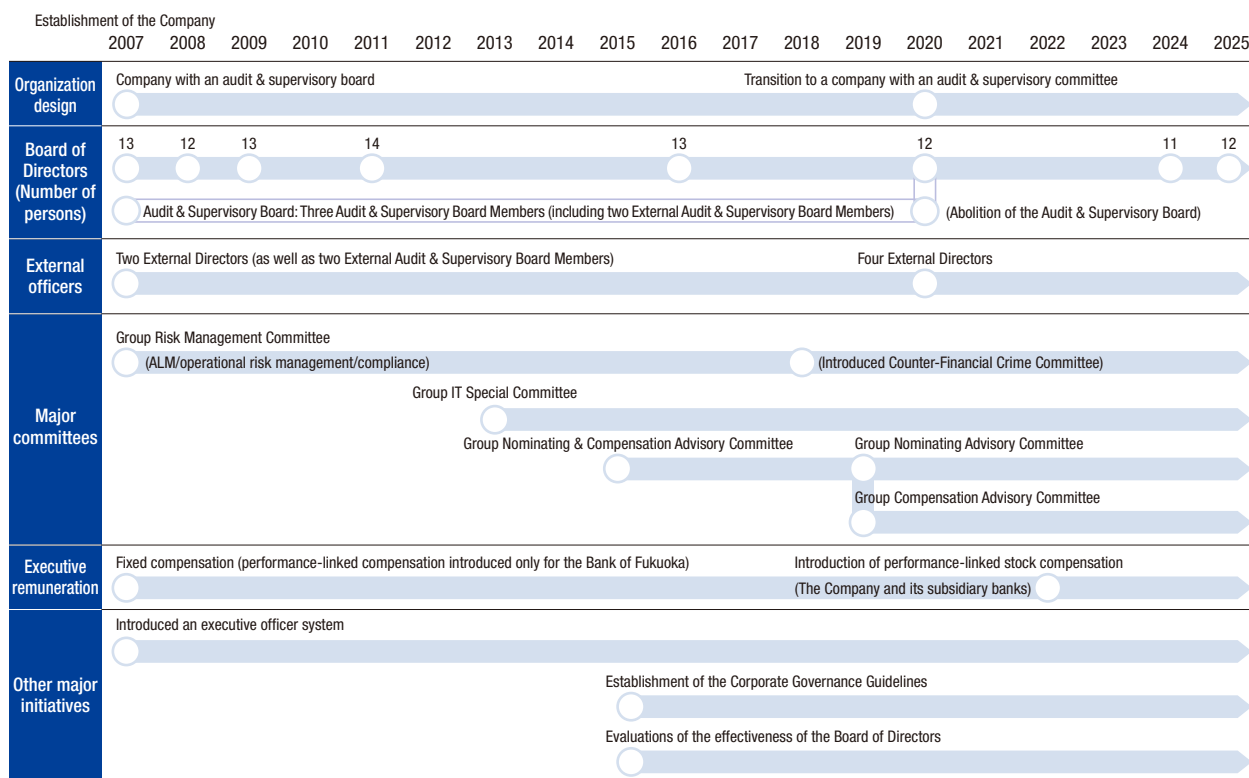
● Group Risk Management Committee

The Group Risk Management Committee consists of seven Executive Directors and general managers of departments/offices in charge (chaired by the President) (also attended by the full-time Audit & Supervisory Committee Member), and shall discuss and report on matters related to asset portfolio management, compliance, and counter-financial crime management, in addition to carrying out discussions concerning each of the risk management systems of the Group as a whole.

● Executive Officers

For quick decision-making of the Board of Directors and strengthening business execution functions, 20 Executive Officers (including seven serving concurrently as Director) are elected and delegated the execution of business by a resolution of the Board of Directors.

History of Strengthening Corporate Governance



Corporate Governance

Board of Directors

Directors

**Takashige Shibato**

**Director & Chairman
(Representative
Director)**

The Bank of Fukuoka, Ltd.;
Director & Chairman
(Representative Director)

**Hisashi Goto**

**Director & President
(Representative
Director)**

The Bank of Fukuoka, Ltd.;
Director & President
(Representative Director)

**Hiroshi Miyoshi**

**Director & Deputy
President
(Representative
Director)**

The Bank of Fukuoka, Ltd.;
Director & Deputy President
(Representative Director)

**Gakuto Naruse**

**Director &
Executive Officer**

The Bank of Fukuoka, Ltd.;
Director & Senior Managing
Executive Officer

**Masahiro Hashizume**

**Director &
Executive Officer**

The Bank of Fukuoka, Ltd.;
Director & Senior Managing
Executive Officer

**Toshihiro Sakamoto**

**Director &
Executive Officer**

The Kumamoto Bank, Ltd.;
Director & President
(Representative Director)

● Skills Matrix of the Board of Directors

The Company's basic stance is to compose its Board of Directors so that their overall knowledge, experience, capabilities, and other qualities are well-balanced in order to realize sustainable growth and medium- to long-term improvement in corporate value of the Company.

The following matrix indicates the knowledge, experience, capabilities, and other qualities that the Company believes its Board of Directors should possess, and the knowledge, experience, capabilities, and other qualities possessed by the Directors:

Organiza- tion	Name	Gender	Position	Member of each Committee*1		Skills which the Company believes its Board of Directors should possess							
				Group Nominating Advisory Committee	Group Compensation Advisory Committee	Corporate management	Financial accounting	Legal/ Compliance	Risk Management	Consulting/ Marketing	Market strategy/ Investment strategy	Human resource strategy/ Diversity	DX strategy
Board of Directors	Takashige Shibato	Male	Chairman	◎	○	●	●	●	●		●	●	●
	Hisashi Goto	Male	President	○	○	●		●	●	●		●	●
	Hiroshi Miyoshi	Male	Deputy President			●	●			●	●		●
	Gakuto Naruse	Male	Director			●			●		●		
	Masahiro Hashizume	Male	Director			●				●		●	
	Toshihiro Sakamoto	Male	Director			●				●		●	●
	Nobuhiko Yamakawa	Male	Director			●			●	●	●		
	Masahiko Fukasawa	Male	Director (External)	○	◎	●	●			●			
	Kumi Hanaoka	Female	Director (External)	○	○			●			●	●	
Audit & Supervisory Committee	Tetsuya Maruta	Male	Audit & Supervisory Committee Member							●		●	
	Hideo Yamada	Male	Audit & Supervisory Committee Member (External)	○	○		●			●			
	Nobuko Ishibashi	Female	Audit & Supervisory Committee Member (External)	○	○			●				●	

*1 ◎ and ○ denote the chairperson of each committee and its members, respectively.



Nobuhiko Yamakawa

**Director &
Executive Officer**

The Juhachi-Shinwa Bank, Ltd.;
Director & President
(Representative Director)



Masahiko Fukasawa

External Director

Carlyle Japan LLC;
Managing Director & Head
of Global Portfolio Solutions
Japan



Kumi Hanaoka

External Director

Mitsubishi UFJ Morgan
Stanley Securities Co., Ltd.;
Member of the Board of
Directors



Tetsuya Maruta

**Director
(Audit & Supervisory
Committee Member,
full-time)**



Hideo Yamada

**External Director
(Audit & Supervisory
Committee Member)**

Waseda University;
Professor Emeritus

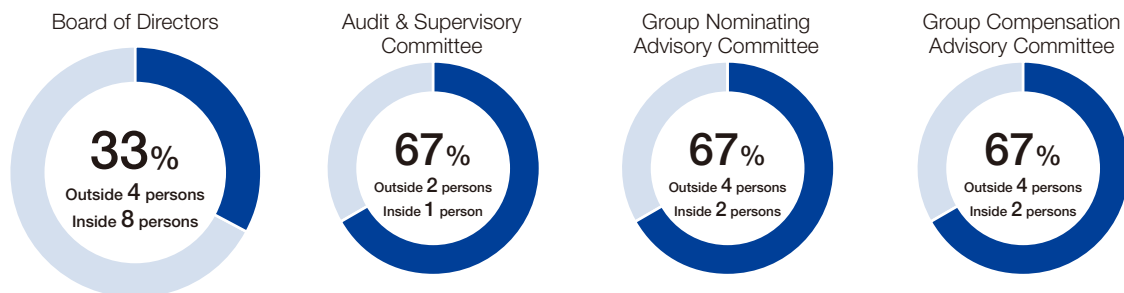


Nobuko Ishibashi

**External Director
(Audit & Supervisory
Committee Member)**

Kobe City Law Office;
Representative partner lawyer

● Ratio of External Directors



● Reasons for Electing External Directors

Name	Independent Director	Reason for election, expected roles	Attendance in FY2024
Masahiko Fukasawa	●	Mr. Masahiko Fukasawa has held positions as the Japan Representative (concurrently served as Chairman of Korea Office) and the Chairman of China Office of A.T. Kearney. He has also served as the Joint Representative of Asian Region and the Joint Representative of Japan, Managing Director, and Senior Advisor of Alix-Partners Asia, LLC. He has served as Managing Director & Head of Global Portfolio Solutions Japan of Carlyle Japan LLC from April 2024. As such, he possesses extensive practical experience and specialized knowledge in consulting on management strategy and business revitalization of a wide variety of companies. He has been elected as External Director in the expectation that he will supervise Directors and management of the Company from an independent and objective standpoint while utilizing his extensive practical experience and insight accumulated so far to provide opinions, guidance, and advice to our top management in a timely and appropriate manner, thereby contributing to the medium- to long-term improvement of the corporate value of the Group.	Board of Directors 11/11 meetings
Kumi Hanaoka	●	Ms. Kumi Hanaoka has been engaged in market operations and public relations at banks and securities companies of Mitsubishi UFJ Financial Group, Inc. After serving as executive officers of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Mitsubishi UFJ Securities Holdings Co., Ltd. and Mitsubishi UFJ Financial Group, Inc., she is currently a Member of the Board of Directors of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. In addition, she is working on the career support for female employees through seminars and mentoring activities. Thus, she possesses abundant practical experience and specialized knowledge regarding general finance and market investment, compliance and corporate social responsibility (CSR) through public relations, and human resources management, including advancement of women. She has been elected as External Director in the expectation that she will supervise Directors and management of the Company from an independent and objective standpoint while utilizing her extensive practical experience and insight accumulated so far to provide opinions, guidance, and advice to our top management in a timely and appropriate manner, thereby contributing to the medium- to long-term improvement of the corporate value of the Group.	Board of Directors -/- meetings
Hideo Yamada	●	Although Mr. Hideo Yamada has never been directly involved in the management of a corporation, he possesses extensive practical experience and advanced capabilities and insight in the corporate management strategies, finance and accounting fields gained through his extensive career including Professor of Graduate School of Business and Finance of Waseda University (Currently Professor Emeritus of Waseda University). He has been elected as External Director serving as an Audit & Supervisory Committee Member in the expectation that he is able to provide valuable advice to the Board of Directors and conduct objective and neutral audits of the Company to ensure legal compliance and appropriateness of business executions of the Company by utilizing his extensive practical experience and professional insight, thereby contributing to the establishment of a quality corporate governance structure that responds to social trust.	Board of Directors 11/11 meetings Audit & Supervisory Committee 10/10 meetings
Nobuko Ishibashi	●	Although Ms. Nobuko Ishibashi has never been directly involved in the management of a corporation, she possesses extensive practical experience and advanced capabilities and insight in legal affairs in general as an attorney. She has been elected as External Director serving as an Audit & Supervisory Committee Member in the expectation that she is able to provide valuable advice to the Board of Directors and conduct objective and neutral audits of the Company to ensure legal compliance and appropriateness of business executions of the Company by utilizing her extensive practical experience and professional insight, thereby contributing to the establishment of a quality corporate governance structure that responds to social trust.	Board of Directors 11/11 meetings Audit & Supervisory Committee 10/10 meetings

Corporate Governance

Director Remuneration

The Company has introduced a performance-linked stock compensation plan for its Directors (excluding Directors serving as Audit & Supervisory Committee Members, External Directors, and Directors who are non-residents in Japan). The plan seeks to clarify the link between Directors' remuneration and the Group's performance and shareholder value, raise the motivation of Directors to contribute to the medium- to long-term improvement of business performance and the growth of corporate value, and have Directors share with all shareholders the risks and returns of share price fluctuations.

Policy on Determining Remuneration Amounts and Calculation Methods

(resolution at the Board of Directors Meeting held on June, 2025)

[Basic policies]

Compensation for Directors (excluding Directors serving as Audit & Supervisory Committee Members) of the Company shall be determined based on the "Policies on Determining Compensation for Directors, etc." set forth in Article 10 of the Corporate Governance Guidelines within the scope of the total annual compensation for all Directors resolved at the Annual Shareholders Meeting.

—Policies on Determining Compensation for Directors, etc.—

- (1) A system of Compensation for Directors shall be set appropriately so that it serves as a healthy incentive for Directors and Executive Officers, which would eventually lead to the sustainable growth of the Group.
- (2) Compensation for Directors shall be determined in overall consideration of the roles and responsibilities of each Director and Executive Officer, in addition to considering the Company's mid- to long-term business performance and economic and social conditions.
- (3) The Group Compensation Advisory Committee shall, in response to the consultation from the Board of Directors, deliberate on Compensation for Directors based on the policies set forth in this Article, and the Board of Directors shall make final decisions with full respect for the Committee's deliberation.

[Specific policies based on basic policies]

- (1) Policy on determining amounts of individual compensation, etc. (excluding performance-linked compensation, etc. and non-monetary compensation, etc.), and calculation methods (including policy on determining the timing or conditions for granting compensation)
 - Individual base compensation shall be paid monthly with a fixed amount.
 - The Group Compensation Advisory Committee shall, in response to the consultation from the Board of Directors, deliberate on the base compensation, based on the "Policies on Determining Compensation for Directors, etc." The Board of Directors shall respect the Committee's deliberation and determine the officer compensation system based on the Policies on Determining Compensation for Directors, etc., and the base compensation is paid pursuant to the system.
- (2) Policy on determining the details of performance-linked compensation, etc. and non-monetary compensation, etc. and calculation methods of their amounts and number of units (including policy on determining the timing or conditions for granting compensation)
 - To clarify management responsibility and provide an incentive to improve corporate value, the Company has decided to pay its Directors (excluding External Directors) a performance-linked stock compensation, in addition to base compensation. At a predetermined time each year, eligible Directors shall be granted points based on the following indicators: 1) the level of net income attributable to owners of parent; 2) the Company's consolidated ROE; 3) sustainable finance cumulative execution amount of subsidiary banks combined; and 4) the ratio of executives with diverse backgrounds across the Company and its subsidiary banks. The Directors shall be delivered Company shares, etc., upon retiring from the positions of both the Company's Director (including Director serving as an Audit & Supervisory Committee Member) and Executive Officer, and the number of shares to be delivered shall be determined based on the cumulative number of points granted during their terms in office.
 - The Group Compensation Advisory Committee shall, in response to the consultation from the Board of Directors, deliberate on the non-monetary compensation, which is the subject performance-linked compensation, based on the "Policies on Determining Compensation for Directors, etc." The Board of Directors shall pay the compensation in accordance with the officer compensation system decided with full respect for the Committee's deliberation.
- (3) Policy on determining the ratio of amounts of fixed compensation, performance-linked compensation, etc., and non-monetary compensation, etc. to amounts of individual compensation, etc.
 - Individual compensation paid to the Directors shall be the sum of base compensation and stock compensation, which is a performance-linked compensation. The compensation system including provision on the ratio of base compensation to stock compensation, a performance-linked compensation, in individual compensation, etc. shall be set appropriately based on the "Policies on Determining Compensation for Directors, etc." so that the system functions as a healthy incentive toward sustainable growth.

- (4) Methods for determining the details of individual compensation, etc., for Directors (when delegating Directors all or part of the determination of the details of individual compensation, etc., their names, positions, responsibilities, and the details of the authority to be delegated shall be included)
- The Group Compensation Advisory Committee shall, in response to the consultation from the Board of Directors, deliberate on the details of individual compensation, etc. for Directors, based on the “Policies on Determining Compensation for Directors, etc.” The Board of Directors shall respect the Committee’s deliberation and determine the officer compensation system, and the details of individual compensation, etc. for Directors based on the system.
 - Of the individual compensation, etc. for Directors, the base compensation for External Directors shall also be deliberated by the Group Compensation Advisory Committee in response to the consultation from the Board of Directors, and based on the “Policies on Determining Compensation for Directors, etc.” However, the Board of Directors shall delegate to the Chairman the responsibility to make final decisions on the specific details of the individual compensation, etc. with full respect for the Committee’s deliberation, and the Chairman who has received such delegation shall make final decisions.

In terms of compensation for the Company’s Directors (excluding Directors serving as Audit & Supervisory Committee Members), the maximum amount of total annual remuneration for all Directors is set based on resolution by a shareholders meeting. At the 15th Annual Shareholders Meeting held on June 29, 2022, it was resolved that (1) the total annual remuneration be within 220 million yen in monetary compensation (including up to 24 million yen annually for External Directors), and (2) the amount of money to be contributed to the stock compensation program be within 80 million yen per fiscal year.

In terms of compensation for the Company’s Directors serving as Audit & Supervisory Committee Members, the maximum amount of total monthly remuneration for all such Directors is set based on resolution by a shareholders meeting. At the 13th Annual Shareholders Meeting held on June 26, 2020, it was resolved that the total monthly remuneration be within 6 million yen (within 72 million yen annualized).

The Group Compensation Advisory Committee, in response to the consultation from the Board of Directors, deliberates on individual compensation for Directors (excluding Directors serving as Audit & Supervisory Committee Members) based on the “Policies on Determining Compensation for Directors, etc.,” and the Board of Directors makes the final decision with full respect for the Committee’s deliberation. The individual compensation for Directors serving as Audit & Supervisory Committee Members is determined based on discussions by the Audit & Supervisory Committee.

Evaluation of Effectiveness of the Board of Directors in FY2024 (Summary)

The Board of Directors of the Company analyzes and evaluates the effectiveness of the Board as a whole on an annual basis, and regularly discloses the summary of the evaluation.

The method and results of evaluation of the effectiveness of the Board of Directors as a whole for FY2024 are as follows.

[Evaluation method]

The evaluation of the Board of Directors was implemented by following the method (procedures) described below.

- Conducted a questionnaire to evaluate the effectiveness of the Board of Directors with Directors and Executive Officers;
- In addition to i), conducted interviews with External Directors to collect a wider range of opinions; and
- Based on the results of i) and ii), analyzed and evaluated the effectiveness of the Board of Directors as a whole, and implemented sharing of awareness on issues, discussions on improvement measures, etc.

The evaluation method in general and the details of the questionnaire were decided based on a review from the objective perspective of external experts.

Corporate Governance

[Evaluation results (summary)]

1. Overall evaluation

- We verified that the Board of Directors was properly operated pursuant to the Corporate Governance Guidelines and that the effectiveness of the Board of Directors as a whole is ensured.

2. Results of previous year's evaluation and subsequent actions

- Through the previous year's evaluation, participants shared their perspectives regarding issues such as the need to grasp the status of the business portfolio and have deeper discussions in advance on the medium- to long-term vision and direction.
- In accordance with the above, the Company has worked to enhance discussions when considering the direction of medium- to long-term management, such as reviewing long-term strategies and principles, by establishing opportunities for stage-by-stage discussions, sharing the status of discussions with External Directors, and conducting individual discussions.

3. Awareness of issues shared through the evaluation and the trajectory of future response

- Through this evaluation, as a result of the initiatives described in 2 above, the direction of medium- to long-term management was thoroughly discussed in depth as a topic worthy of serious consideration, leading to the formulation of long-term strategies and new principles for the Company's sustainable growth.
- On the other hand, in order to further enhance effectiveness, the Company confirmed the need to continue confirming the direction of the long-term strategies that were formulated and to hold discussions on revisions as necessary in light of the increasing volatility of the economic environment.
- In order to address these issues, the Company will actively establish opportunities for reviewing long-term strategies and mid-term management plans and revising them in response to changes in the business environment. The Company will also further strengthen its systems for grasping the status of its business portfolio and human resources portfolio, which form the basis for discussions, in a timely and appropriate manner in order to strengthen corporate governance and deepen discussions, which will lead to an increase in the Group's corporate value over the medium to long term.

FY2023 evaluation results	FY2024 initiatives	FY2024 evaluation results
(Awareness of issues) · Need to have deeper and more extensive discussions on the medium- to long-term vision and direction · Need to grasp the status of the business portfolio in light of the uncertain and rapidly changing business environment	· Created opportunities for stage-by-stage input and detailed discussion, including individual discussions outside the Board of Directors, when considering the new principles and direction of long-term strategies · Started monitoring and follow-up activities aimed at reviewing the business portfolio and optimizing resource allocation	(Evaluation) · Significant improvements made, including thorough and in-depth discussions on the direction of medium- to long-term management, such as new principles and long-term strategies · Need to establish systems for monitoring and other activities aimed at reviewing the business portfolio and optimizing resource allocation
	(Awareness of issues) · Need to continue confirming the direction of the long-term strategies that were formulated and to hold discussions on revisions as necessary in light of the increasing volatility of the economic environment	(Direction of initiatives) · Proactively create opportunities for reviewing long-term strategies and mid-term management plans and revising them in response to changes in the business environment · Further strengthening of systems for grasping the status of the business portfolio and human resources portfolio, which form the basis for discussions, in a timely and appropriate manner

Specific Issues Considered by the Board of Directors (FY2024)

○ Matters related to the Board of Directors, etc. · Selection of Representative Directors and Managing Directors · Selection of Executive Officers and selection of Managing Executive Officers · Election of members of the Group Nominating Advisory Committee and the Group Compensation Advisory Committee · Evaluations of the effectiveness of the Board of Directors ○ Matters related to the Group's management strategies and business execution · Matters related to revising the principles · Matters related to long-term strategies · Formulation of business plans · Progress of business plans · Matters related to the creation of the Annual Report · Status of business at Minna Bank · Progress of initiatives to revitalize the economy of Nagasaki prefecture · Regular reviewing of retention of shares for crossshareholding investments · Matters related to system updates	○ Matters related to the Group's financial results · Finalization of financial results, payment of dividends ○ Matters related to the Group's internal audit · Formulation of audit plans · Status of implementation of audits ○ Matters related to the Group's risk management · Selection of top risks · Formulation of risk management programs · Status of risk management · Status of self-assessments, results of amortization/allowance for loan losses, and nonperforming loans disclosed under the Financial Reconstruction Law ○ Matters related to the Group's compliance · Formulation of Compliance Program · Progress of Compliance Program · Responses to money laundering, etc.
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For more information on the Group's corporate governance, please refer to the Corporate Governance Report available on the Company's website.
<https://www.fukuoka-fg.com/en/company/governance.html>

Compliance Measures

Basic Views

The Group believes that “compliance” is one of the most important management issues for financial institutions, for which trust is the greatest asset. We are working to establish corporate ethics, and enhance and strengthen our compliance system.

The Group and all officers and employees shall comply with the letter and the spirit of our Compliance Charter*, which shows the compliance-related basic values, spirit, and code of conduct in common among Group companies, and conduct daily business with high ethical standards.

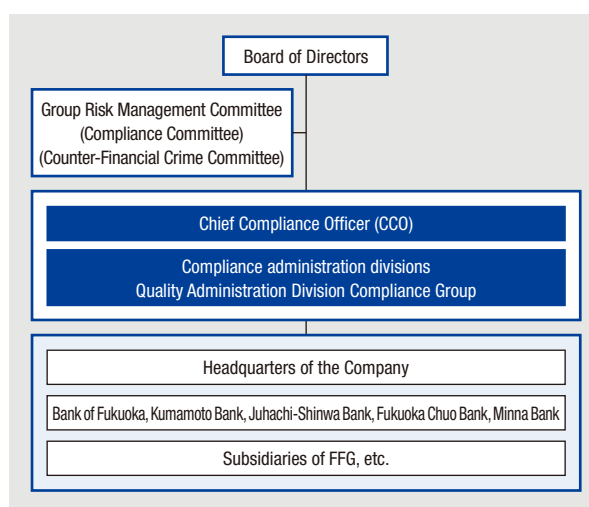
*Our Compliance Charter is posted on our company website.
<https://www.fukuoka-fg.com/en/company/compliance.html>

Compliance System

We have established the position of Chief Compliance Officer (CCO) as the officer in charge of building and operating compliance systems for the entire Group, as well as the Quality Administration Division Compliance Group as the department that oversees compliance.

Furthermore, we have established the Compliance Committee, comprised of the President, Directors, and other members, who discuss and report on important matters related to compliance, and periodically evaluate and check the progress of the Compliance Program.

Each company in the Group has also established a compliance administration division, and they are working together with the Company to enhance and strengthen the compliance system throughout the Group.



Initiatives to Enhance and Strengthen Our Compliance System

The Group has established a Compliance Charter, as well as a Compliance Manual that compiles our ethical provisions, in-house regulations, and laws and other pertinent ordinances. We also establish a Compliance Program for each fiscal year in light of changes in the social environment and other factors as a practical plan for priority issues and action plans related to compliance.

This fiscal year, we have set as our key initiatives the “cultivation of a corporate culture that emphasizes compliance with laws and regulations,” “enhancement of anti-money laundering and other management systems,” and “strengthening of customer protection and other management systems,” and are aiming to improve awareness among employees and promote voluntary actions based on a sense of “doing what is right as a member of society.” We are implementing various initiatives such as sending out messages from management, holding regular workplace training sessions, and strengthening our anti-fraud control system. In addition, we are continuing measures to facilitate communication and initiatives related to promoting risk reporting that ensures psychological safety, aiming to foster a corporate culture of open communication.

Whistleblowing System and Other Initiatives for the Early Discovery and Correction of Misconduct

FFG has set up a whistleblowing system called the Whistleblowing Hotline for the early detection and correction of acts such as violations of laws and ordinances, or violations of employment rules. Not only an internal contact point, but also an external contact point in a law office has been established in order to ensure confidentiality.

In addition, we have established a variety of systems that allow employees to report and consult with the Human Resources department or supervisors about anything, so that troubles, concerns, etc. can be gathered more broadly and addressed early. In order to promote awareness of these systems, we have placed posters with a focus on the user’s perspective throughout the Company. Also, by making it possible for officers and employees to check contact information from their smartphones, we convey the sense of security and the convenience of our reporting and consultation systems.

Anti-Bribery and Anti-Corruption Initiatives

We have clearly stated FFG's basic views, including the honest and fair execution of business and our zero tolerance as an organization towards any form of bribery or corruption in the Compliance Manual, together with specific measures such as not providing, accepting, soliciting, or promising any monetary or other benefits in our dealings with public officials and the like. We are thoroughly spreading this knowledge to all officers and employees.

Measures Against Money Laundering, etc.

Positioning the prevention of money laundering, terrorist financing, and violations of sanctions related to foreign exchange laws and regulations (including economic sanctions and proliferation financing) ("money laundering, etc.") as one of the most critical issues for business management, the Group has established the Counter-Financial Crime Group under the Quality Administration Division as an administration department and works to ensure uncompromising verification and sophistication of the management system to maintain and improve public trust.

FFG's Main Initiatives

Establishment of the Management System

FFG regularly holds Counter-Financial Crime Committee meetings attended by the management and heads of each department in order to discuss and report measures and cases. Understanding that financial crimes such as money laundering can pose a material risk to the business, the management and heads of each department proactively take the initiative and require all employees to fully understand the countermeasures.

Employee Training

In order to build a system that prevents use by criminal organizations, we conduct training and comprehension tests. We are also striving to improve the awareness and sensitivity of all employees to financial crimes, such as by regularly disseminating methods and points to be aware of regarding financial crimes, which are becoming more sophisticated and complex.

Effectiveness Verification

We conduct effectiveness verification to ensure that our management systems are functioning effectively in response to changes in risks related to money laundering, etc., and implement improvement measures as necessary to maintain and enhance our management system on an ongoing basis.

Revision of the Risk Assessment Report

The Group identifies and assesses the risks associated with products and services that it offers, and in order to reduce such risks, we have established a written Risk Assessment Report by a Specified Business Operator, etc. (Risk Assessment Report), which is revised at least once a year.

Efforts to Establish Systems to Prevent Use by Criminal Groups

Efforts to Combat Special Fraud and Other Financial Crimes

The Group implements measures to prevent the spread of special fraud and other financial crimes by taking various measures based on the "Comprehensive Measures 2.0 to Protect the Public from Fraud" and requests from authorities, thereby protecting the valuable assets of customers.

Efforts to Prevent Sanctions Violations Related to Compliance with Foreign Exchange Laws and Regulations

We conduct thorough checks of funds settlements and other transactions involving transaction counterparties, countries/regions, and target items in order to ensure the reliable implementation of economic sanctions based on economic sanctions laws and regulations of various countries, such as the Foreign Exchange and Foreign Trade Act and U.S. OFAC regulations.

Efforts to Cut Off Relationships with Anti-Social Forces

In order to maintain public trust in financial institutions and fulfill our social responsibilities, the Group is mobilizing its entire organization to cut off all relationships with anti-social forces that threaten the order and safety of civil society.

Specifically, we are working to prevent transactions with anti-social forces by introducing criminal organization exclusion clauses into our contracts and transaction agreements. In addition, if the other party is found to be an anti-social force after the start of a transaction, we will cooperate with external specialized agencies such as the police and lawyers to take measures to eliminate transactions and cut off relationships.

Risk Management

Basic Views

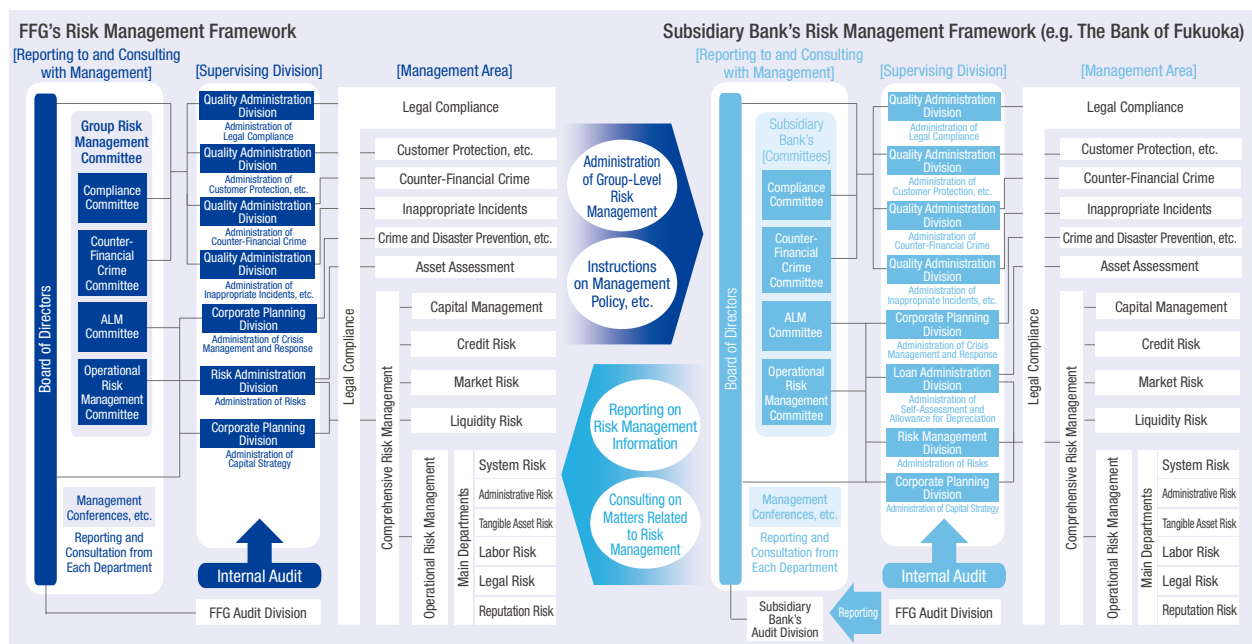
While business opportunities expanded for banks due to changes in society such as evolution of technology and growing awareness of SDGs, they have caused the risks that banks face to become more diverse and complex. In this environment, risk management, which identifies risks, understands and analyses them, and implements appropriate control measures, has become increasingly important.

FFG, in so far as is possible, applies a uniform yardstick to quantify the diverse risks that arise in the pursuit of its business and, based on comprehensive understanding, aims for management that strikes a balance between maintaining soundness and raising profitability. This is implemented groupwide through the FFG's risk management measures.

The Risk Management System for FFG and the Group's Banks

FFG has established the Group Risk Management Committee, comprising the holding company and Group banks, to monitor the various risks that the Group faces and to deliberate on risk management measures and policies attuned to changes in the internal and external environments.

In addition, Group banks have founded similar risk management systems that carry out comprehensive risk management for the Group in close cooperation with FFG.



Risk Appetite Framework

Financial institutions receive profits in exchange for taking on various risks that arise from businesses, etc., including credit risk on loans and market risk on securities investment.

FFG defines the types and amount of risk taken on voluntarily with the aim of achieving management goals as "Risk appetite." With this risk appetite as the starting point, we introduced the "Risk Appetite Framework" to conduct business management and risk management.

Through establishing the Risk Appetite Framework, our stance towards risk-taking is clarified, which enables FFG to pursue more opportunities for profit, and to conduct more appropriate risk control.

Risk Appetite Policy

FFG specifies strategies regarding risk-taking in the risk appetite policy and defines “risks to take and risks to avoid.”

The risk appetite policy consists of “Fundamental principle,” which specifies the fundamental principle for risk-taking in each risk category, and “Risk Appetite (qualitative and quantitative),” which specifies specific risk-taking methods and the quantitative levels thereof.

There are eight risk categories in the risk appetite policy comprising “Compliance risk,” “ESG risk” and “AI risk” added to the five* comprehensive risk management categories.

*Refers to: 1) Comprehensive risk, 2) Market risk, 3) Credit risk, 4) Liquidity risk, 5) Operational risk

For more information on the comprehensive risk management framework and each risk category, see FFG Disclosure 2025 “Financial Data” (in Japanese) on our website.

Policy on Allowance for Loan Losses

FFG takes out allowances in a forward-looking manner (“forward-looking allowances”) by quantifying future risks using a wide range of information on the current and future circumstances and reflecting this on our allowance for loan losses while taking our loan policies and portfolio into account.

A “forward-looking allowance” strengthens our preparedness for future uncertainty by calculating allowances based on economic predictions, which allows FFG to operate loans without being too impacted by economic fluctuations, and leads to stable and appropriate financial intermediary functions including cash management support.

FFG specifically estimates “forward-looking allowances” by considering the need to group allowances based on criteria such as industry types and company size, while taking the analysis of our credit portfolio into consideration. Next, FFG analyzes the possibility of risk events that might aggravate the domestic or international economic environment, and considers the future economic scenario. Under the “Policy on Allowance for Loan Losses,” FFG reviews the necessity for grouping and the economic scenario every half year, in principle.

The “Policy on Allowance for Loan Losses” has been formulated within the Risk Appetite Framework, and FFG has established a structure to maintain the soundness of capital and allowance together to cover latent credit risks that may actualize in the event of future economic deterioration.

Stress Tests

Amid drastic changes in the external environment surrounding financial institutions, FFG positions stress tests as an effective method of evaluating the sustainability of its business model.

FFG conducts multiple types of stress tests, striving to strengthen its responsiveness to each type of risk. Specifically, through multiple stress scenarios that reflect deteriorating risks including credit risk and market risk that may arise in the future, FFG verifies the appropriateness of its management plans and risk appetite. Through scenarios that refer to extremely large market fluctuations, etc. in the past, FFG verifies the adequacy of regulatory capital and economic capital under stress situations.

Strategy Risk Assessment

In the business environment surrounding financial institutions changing acceleratingly due to the declining birthrate and aging population, and new entrants from other sectors fueled by digitalization, FFG is expanding new initiatives such as digital transformation (DX) as well, therefore strategy risks are rising in importance.

FFG defines strategy risk as a “risk of business misjudgments and lack of adaptability to environmental changes affecting financial and business stability,” and assesses strategy risks under the Risk Appetite Framework. Specifically, strategy risks are classified and assessed taking a certain method, and in particular, those that are quantifiable are reflected in the capital adequacy assessment.

Risk Indicator Management

Among potentially significant risks identified, FFG conducts risk indicator management on risks for which quantitative analysis is possible and that have a material impact on FFG. Specifically, utilizing risk heat maps, etc. which comprise various quantitative indicators such as production and employment-related indices and expected inflation rate, FFG conducts initiatives to capture indicators of risk actualization in the future.

The aims of risk indicator management are: “to swiftly recognize a heightened level of a potentially significant risk for FFG” and “to discuss and implement specific countermeasures at an early stage for risks where the possibility of actualization is high and the impact is large, so as to keep the impact on FFG to a minimum.”

Risk Management

Top Risks

The Group defines risks that are particularly important for management as “top risks,” which are selected by the Board of Directors. We share awareness regarding top risks within the Group, and take measures to reduce their probability and impact. By doing so, we are working to strengthen risk governance.

Top Risks	Examples of risk events
System failure and cyber attacks	• Loss of credibility due to large-scale system failures which disadvantage customers • Loss of credibility due to customer information being leaked or continuity of operations being hindered because of a cyberattack
Deterioration of our credit portfolio	• Credit cost increase that exceeds forecasts, due to the deterioration of business performance of customers caused by rising prices and wages, labor shortages, etc.
Reduced competitiveness due to the rapid development of digital society	• Damage to our existing earnings base due to the advancement of technology or the emergence of innovative financial services run by platformers and other industries
Sustained growth stagnation due to human resource shortages	• Intensifying competition for human resources due to population decline and other factors that make it difficult to secure the quality and quantity of necessary human resources, thereby significantly impacting our sustained growth
Destabilization of Japanese and international financial markets	• Increased valuation losses due to extreme market fluctuations, and contraction of portfolio size and future earnings associated with the treatment of losses
Decrease of customer base	• Decreased customer base due to the decline of the regional economy and the increase in closure of customers' businesses as population decline and aging progress at a faster pace than expected in business areas • Decreased customer base due to changes in the business environment such as customer needs, such as significant expansion of online banks and diversification of corporate financing methods
Compliance risks	• Loss of credibility due to acts that violate laws and regulations or deviate from social norms • Loss of credibility resulting from the Group's products being misused for financial crimes due to an inadequate management system for money laundering, etc.
External risks that can change assumptions regarding the social environment (Geopolitics, natural disasters, etc.)	• Significant impact on management strategy resulting from significant changes in the social environment and business assumptions due to the division of the international community associated with the emergence of geopolitical risks • Significant impact on work operations resulting from difficulties in securing funds due to financial instability in Japan caused by the unstable global situation and domestic political turmoil, or a downgrade in the credit rating of Japanese government bonds • Damage to the Company, officers and employees, and customers due to natural disasters such as heavy rains
Liquidity risk in Japan and overseas	• Tight yen-based cash flows due to an outflow of deposits larger and happening in shorter period of time than expected • Tight foreign-currency-based cash flows due to a decline of net interest income or a decrease in procurement resulting from elevated overseas interest rates and increased procurement premiums
Risks related to climate change	• Decrease in corporate value of the Company and customers due to the delay in climate change-related disclosure and decarbonization support for customers

Business Continuity Structure

Amid increases in natural disasters, large-scale cyberattacks, and other incidents that are difficult to predict and have a significant impact on the business continuity of financial institutions, FFG has been working to strengthen and enhance its business continuity structure as a company charged with the mission of providing stable financial services.

FFG has established the Crisis Management Regulations, which set forth the structure, response policies, and other matters to minimize the impact of disasters and accidents and enable recovery from a state of crisis. In case of an emergency, the General Response Headquarters, headed by the officer in charge of Corporate Planning Division, will be set up to take necessary measures. Based on the Crisis Management Regulations, emergency drills are conducted regularly, at least once a year.

Cyber Security Initiatives

Cyber Security Management System

In light of the rising materiality of cyber security as digital transformation (DX) overhauls business models and remote work and other workstyle reforms progress, FFG has selected cyber security as one of the top risks and has been working to strengthen its cyber security management system.

With regard to system risk management, which is the foundation for cyber security management, we are administering and controlling the risk appropriately by building an adequate risk management structure within the framework of operational risk management. For more information, see FFG Disclosure 2025 “Financial Data” (in Japanese) on our website.

To address cyberattack risks that are intensifying in recent years, we have set up the Cyber Security Group, which specializes in cyber security, in the IT Administration Division. FFG collects information on trends in cyberattack methods, vulnerability, and other security-related matters from security vendors and external institutions, and appropriately manages how countermeasures are taken. We also operate the cross-divisional FFG Computer Security Incident Response Team (FFG-CSIRT), with the Cyber Security Group serving as the secretariat. This leads to seamless cooperation between divisions when a cyberattack occurs, and in turn enables an appropriate initial response and recovery efforts from the user’s perspective. At normal times, we share security information and regularly conduct emergency drills. Activities that enhance the effectiveness of security measures are escalated to the Group IT Special Committee, where reports are made to the management team each year.

Response to Incidents

We are conducting ongoing activities to ensure cyber resilience, which minimizes damage in the event of an incident, and to enhance security measures through the Financial Services Agency’s “Guidelines on Cybersecurity in the Financial Sector” and “Cybersecurity Self-Assessment,” as well as through practical incident response drills (TLPT).

Securing Security Specialist Human Resources

We are working to secure professional human resources in a planned manner through the recruitment of new graduates and mid-career recruits who are security specialist human resources, the enhancement of training programs, and collaboration with external security partners.

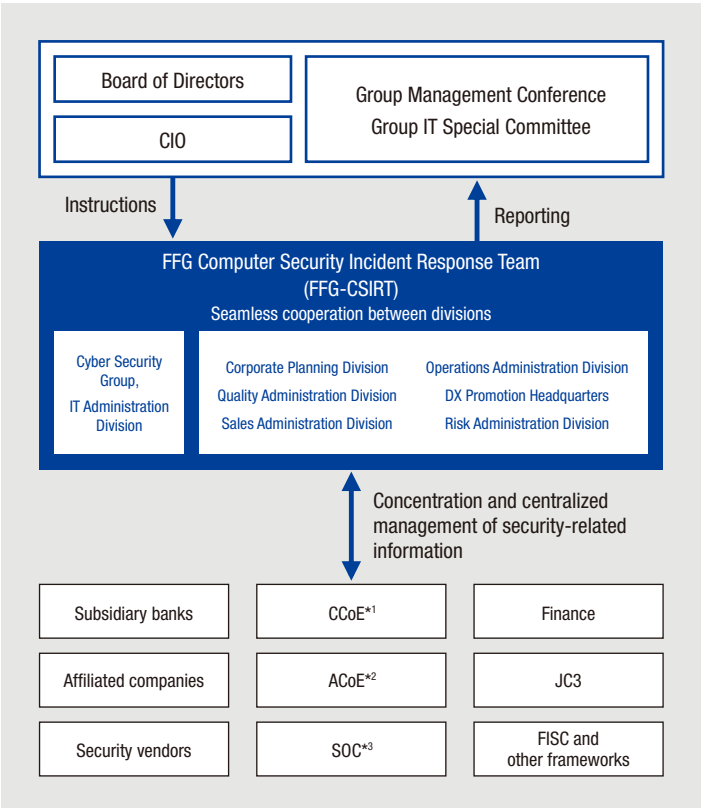
Risk Management

Education and Training

To enhance the overall cyber security literacy of officers and employees, FFG engages in education and training activities constantly, targeting all officers, employees, and staff including those of affiliated companies. Such activities include information security training sessions at workplace, suspicious email drills, and sharing of the latest security incidents. We are also committed to providing security education based on responsibilities, positions, and literacy, such as by holding training sessions for the management team and security training for IT-related divisions.

In addition, we, especially FFG-CSIRT members, actively participate in various other activities, such as drills and exercises organized by the National center of Incident readiness and Strategy for Cybersecurity and the Financial Services Agency.

■ Cyber Security Management System



*1 Cloud Center of Excellence (CCoE)
An organization that has knowledge on cloud systems and supports safe cloud use

*2 Architecture Center of Excellence (ACoE)
An organization that promotes the formulation, implementation, and optimization of system architectures that adapt to changes in the business environment

*3 Security Operation Center (SOC)
An organization that monitors information systems, detects and analyzes cyberattacks, and advises on countermeasures

Internal Audit

Basic Views

To address risks surrounding the Group in a timely and appropriate manner and sustainably improve corporate value, FFG works to enhance and strengthen the internal control system. To this end, the Internal Audit Division, which is independent of business execution departments, conducts effective internal audits in accordance with the scale and characteristics of the business, applicable laws and regulations, and risks.

Implementation Systems for Internal Audits

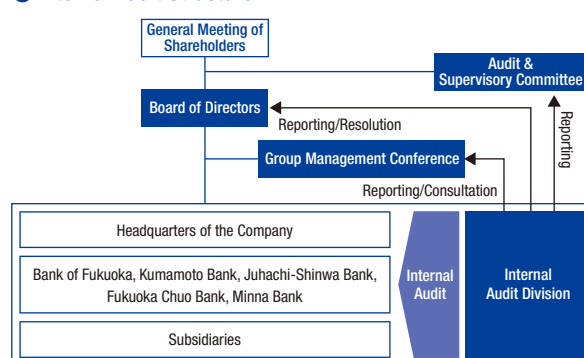
As part of its management and administration, FFG's Internal Audit Division standardizes audit criteria and methods across the board and audits FFG and its subsidiaries, including Group banks.

As the Internal Audit Division consists of secondees from Group banks, FFG has a system in place where it exercises control as a holding company and conducts audits based on the situation and changes in each company.

The Internal Audit Division conducts audits based on internal audit policies as well as audit plans for each fiscal year which are approved by the Board of Directors. Important matters, such as key audit results, are reported regularly to the Board of Directors and the Audit & Supervisory Committee of FFG and subsidiary banks, as well as to the Group Management Conference.

For more effective internal audits, the Internal Audit Division also exchanges information regularly and co-operates closely with Representative Directors, Audit & Supervisory Committee Members, the Accounting Auditor, and departments in charge of internal control and risk management.

Internal Audit Structure



Streamlining and Improving Internal Audits

The Internal Audit Division conducts risk-based audits so audit resources may be allocated effectively and efficiently to risks associated with changes in the internal and external environments or the transformation of business models. In addition, we take advantage of external institutions for audits that involve issues that are cutting-edge or require high levels of expertise.

Through regular internal assessments aimed at maintaining and improving audit quality, as well as external assessments and training for audit personnel, we thus constantly work toward more advanced internal audits.

Initiatives to Verify Individual Measures

The Group flexibly verifies important measures that may affect transactions with customers, as well as cases where it is deemed necessary to confirm the situation in light of changes in the external environment and examples from other companies. Through recommendations to the management team and each responsible business section, we strive to improve these measures.

Interviews about Organizational Culture

The Internal Audit Division interviews each sales office and department about organizational culture to verify whether a sound organizational culture is developed.

The interviews about organizational culture are held not only to prevent misconduct and scandals but also to review whether the culture encourages a future-oriented mindset and motivates employees to take on challenges. By feeding back the findings and best practices to management, the Division takes part in helping to disseminate the principles as the internal audit wing of the Group.

Company Outline (as of March 31, 2025)

Fukuoka Financial Group, Inc.

Head Office	1-8-3, Otemon, Chuo-ku, Fukuoka 810-8693, Japan
Date of Establishment	April 2, 2007
Paid-in Capital	¥124.7 billion
Security Code	8354
Stock Listings	Tokyo Stock Exchange, Fukuoka Stock Exchange
Number of Employees	7,928 (Consolidated)(as of March 31, 2025)
Telephone Number	+81-92-723-2500
Website	https://www.fukuoka-fg.com/

The Bank of Fukuoka, Ltd.

Head Office	2-13-1, Tenjin, Chuo-ku, Fukuoka 810-8727, Japan
Date of Establishment	March 31, 1945
Paid-in Capital	¥82.3 billion
Number of Employees	3,528 (as of March 31, 2025)
Telephone Number	+81-92-723-2131
Website	https://www.fukuokabank.co.jp/

The Bank of Fukuoka's Overseas Network

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Room 622, Furama Hotel, No. 60 Ren Min
Road, Dalian, China
+86-411-8282-3643

New York Representative Office

One Rockefeller Plaza, Suite 1201,
New York, NY 10020-2003 U.S.A.
+1-212-247-2966

The Kumamoto Bank, Ltd.

Head Office	6-29-20, Suizenji, Chuo-ku, Kumamoto 862-8601, Japan
Date of Establishment	January 19, 1929
Paid-in Capital	¥10 billion
Number of Employees	805 (as of March 31, 2025)
Telephone Number	+81-96-385-1111
Website	https://www.kumamotobank.co.jp/

The Juhachi-Shinwa Bank, Ltd.

Head Office	1-11, Douzacho, Nagasaki 850-0841, Japan
Date of Establishment	September 1, 1939
Paid-in Capital	¥36.8 billion
Number of Employees	1,835 (as of March 31, 2025)
Telephone Number	+81-95-824-1818
Website	https://www.18shinwabank.co.jp/

The Fukuoka Chuo Bank, Ltd.

Head Office	2-12-1, Daimyo, Chuo-ku, Fukuoka 810-0041, Japan
Date of Establishment	June 5, 1951
Paid-in Capital	¥4.0 billion
Number of Employees	429 (as of March 31, 2025)
Telephone Number	+81-92-751-4433
Website	https://www.fukuokachuo-bank.co.jp/

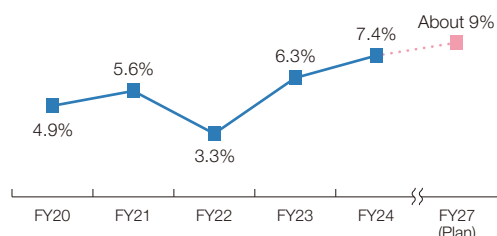
Minna Bank, Ltd.

Head Office	6-27, Nishinakasu, Chuo-ku, Fukuoka 810-0002, Japan
Date of Establishment	August 15, 2019
Paid-in Capital	¥5.4 billion
Number of Employees	173 (as of March 31, 2025)
Telephone Number	+81-92-791-9231
Website	https://www.minna-no-ginko.com/

Financial Data

Consolidated ROE

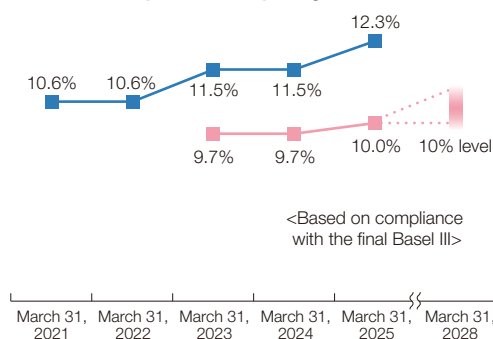
$$\text{Consolidated ROE} = \frac{\text{Net income attributable to owners of the parent}}{(\text{Net assets at the beginning of the period} + \text{Net assets at the end of the period}) \div 2}$$



*Figures up to FY22 do not include Fukuoka Chuo Bank, Ltd.

*Figure in FY23 does not include the first half results for Fukuoka Chuo Bank, Ltd.

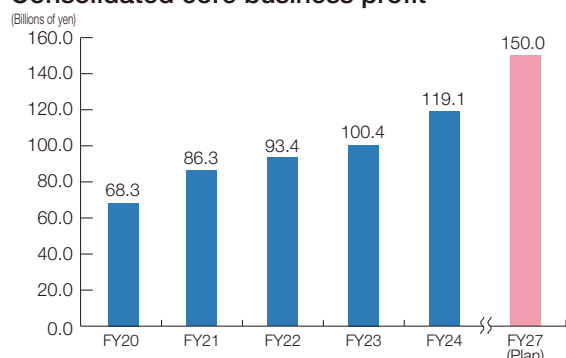
Consolidated capital adequacy ratio



<Based on compliance with the final Basel III>

*Figures up to March 31, 2023 do not include Fukuoka Chuo Bank, Ltd.

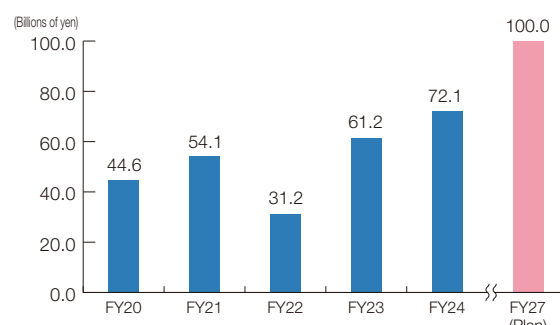
Consolidated core business profit



*Figures up to FY22 do not include Fukuoka Chuo Bank, Ltd.

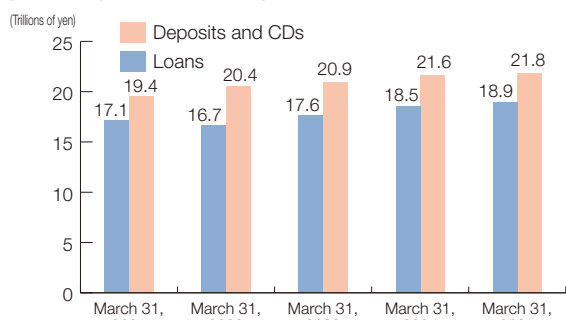
*Figure in FY23 does not include the first half results for Fukuoka Chuo Bank, Ltd.

Consolidated net income



*Figures up to FY22 do not include Fukuoka Chuo Bank, Ltd.

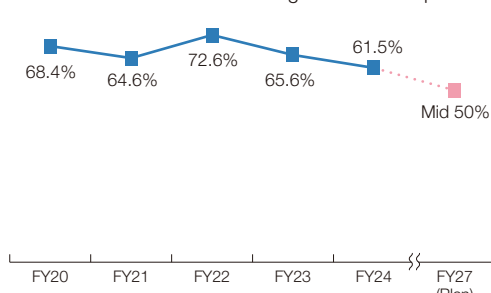
Balance of deposits and loans at the end of the period (consolidated)



*Figures up to March 31, 2023 do not include Fukuoka Chuo Bank, Ltd.

Consolidated OHR

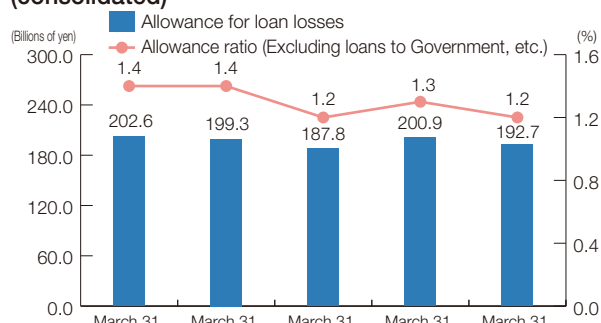
$$\text{Consolidated OHR} = \frac{\text{Consolidated expenses}}{\text{Consolidated gross business profit}}$$



*Figures up to FY22 do not include Fukuoka Chuo Bank, Ltd.

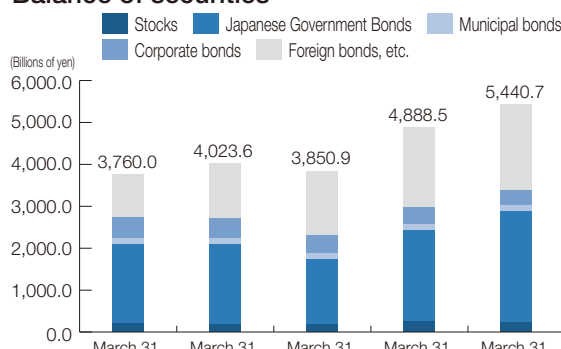
*Figure in FY23 does not include the first half results for Fukuoka Chuo Bank, Ltd.

Allowance for loan losses and allowance ratio trends (consolidated)



*Figures up to March 31, 2023 do not include Fukuoka Chuo Bank, Ltd.

Balance of securities



*Figures up to March 31, 2023 do not include Fukuoka Chuo Bank, Ltd.

