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To whom it may concern:

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Formulation of the Fukuoka Financial Group's 8th Medium-Term Management Plan

Fukuoka Financial Group, Inc. (FFG, Director & President: Hisashi Goto) hereby announces that it has formulated its 8th Medium-Term Management Plan (8th MTMP), which covers the three-year period from April 2025 to March 2028. A summary of the plan is provided below.

1. Business environment surrounding the Group

Since April 2007, the Group has been engaged in various activities contributing to the development of the local economy as a wide-area development regional financial group with an extensive network that covers the entire Kyushu area, primarily focusing on the prefectures of Fukuoka, Kumamoto, and Nagasaki. In addition, in 2021, the Group established Minna Bank, Japan's first digital bank.

Under its 7th MTMP, which started in 2022, the Group advanced initiatives aimed at securing future earnings and enhancing risk tolerance. These efforts include strengthening the Group's ability to provide solutions through the transformation of existing businesses starting with DX, restructuring its securities portfolio in response to changes in domestic and international market environments, and business integration with the Fukuoka Chuo Bank.

Amid projected future population decline in areas where the Group operates, the competitive environment is becoming increasingly fierce as megabanks, regional banks, online banks, and online securities firms grow in strength, and as more and more businesses from other sectors enter the financial services market. The magnitude of changes in the world—such as societal trends and advancements in digital technology—is significantly increasing, leading to an outlook characterized by uncertainty and unpredictability.

Recognizing this environment, and with an aim for sustainable growth, FFG has clarified its “purpose”—that is, the North Star for its employees—and has reviewed its “principles.” In addition, it has also formulated a 10-year “Long-Term Strategy” aimed at realizing the society it aims to create. The 8th MTMP is positioned as the first action plan for implementing the Long-Term Strategy.

2. The Group's Long-Term Strategy

(1) Strategic direction

FFG's Long-Term Strategy is its 10-year roadmap for realizing the community it aims to create through its business activities (an “economically, materially, and spiritually enriched society”). Anticipating the impact of significant environmental changes on the region, including societal, economic, and technological changes, FFG has identified four key materiality issues for the region ((1) promotion of local industry, (2) adapting to an era of 100-year life expectancy, (3) response to the digital society, and (4) response to climate change). Taking into account the evolving competitive landscape, FFG has also formulated five basic policies.

(2) Basic policies

5 basic policies		Overview
1	Transformation of existing businesses	Leverage digital technology/AI for a deeper customer understanding and provide services that meet customer needs with human attentiveness
2	Creation of new value	Lead Kyushu's industrial development with new added value beyond that of a commercial bank
3	Acquisition of new revenue	Expand business in growth regions/areas
4	Innovation of approach	Implement new business approaches that leverage FFG's latent strengths
5	Building strong foundations	Evolve a management base that supports business operations

FFG will position policies 1 through 3 as its growth strategies, and will address policies 4 and 5 to underpin their effective implementation.

Through these policies, FFG will optimize its business and human resource portfolios, aiming to improve profit and ROE through sustainable profit growth (10-year target ROE: 10% or higher). In addition, as a regional financial institution rooted in Kyushu, primarily in Fukuoka, Kumamoto, and Nagasaki, FFG will strive to realize the society it aims to create.

3. Overview of the 8th Medium-Term Management Plan

As an action plan for the Long-Term Strategy, the 8th MTMP was developed through a combination of backcasting (addressing future requirements) and forecasting (adapting to the initiatives of the 7th MTMP and changes in the current market environment).

With a basic strategy of a “three-year period building a growth platform for the sustainable growth of existing businesses and the co-creation of new value,” in addition to evolving existing core businesses, FFG will invest in future growth drivers and broaden its business domains in order to contribute to the realization of “true wealth” in the region.

Overview		
Name	8th Medium-Term Management Plan	
Plan period	April 2025 – March 2028 (3-year period)	
the society it aims to create	Economically, materially, and spiritually enriched society	
8th MTMP basic strategy	Three-year period building a growth platform for the sustainable growth of existing businesses and the co-creation of new value – First three years aimed at realizing the society FFG aims to create – To contribute to the realization of “true wealth in the region,” in addition to evolving its existing core businesses, engage in growth investments and expansion of business domains aimed at future growth	
Basic policies * Based on Long-Term Strategy	(3-year theme)	
	① Transformation of existing businesses	Rigorously pursue the enhancement (both qualitative and quantitative) of customer contact points
	② Strengthening the investment banking business	Expand the foundation and lay the groundwork for strengthening and creating local industries
	③ Acquisition of new revenue	Expand business in growth areas and promote growth investments
	④ Innovation of approach	Actively collaborate with external parties to advance each business
	⑤ Building strong foundations	Build a management base that supports growth strategies

[Overview of priority initiatives]

① Transformation of existing businesses	3-year theme		Rigorously pursue the enhancement of customer contact points (increase the quality and quantity of sales activities) (toward expanding the customer base ahead of disruptors)
	Priority initiatives	Corporate/retail	● Develop area strategies and segment-based sales according to industry characteristics and needs ● Expand channels and enhance services through the use of digital technology and AI ● Strengthen the ability to provide solutions by increasing specialist personnel (such as RM and PB) as well as by consolidating consulting functions and building a system for the management of resources
		Deposits/base	● Actively promote BaaS to local companies (in collaboration with Minna Bank) ● Strengthen workplace-based marketing
		Business operations reform	● Promote a shift in channels and paperless operation and streamline loan administration through the use of AI
② Strengthening the investment banking business	3-year theme		Expand the foundation and lay the groundwork for strengthening local industries (lead the restructuring/transition of industry in Kyushu) and creating new industries
	Priority initiatives	M&A	● Strengthen promotion through integrating information and knowledge within the Group and increasing personnel
		Equity	● Expand business and develop human resources through collaboration with external funds
		GX/structured finance	● Build a high-quality portfolio through the expansion of existing assets, etc. ● Enter new businesses such as GX and engage in related assets
		Start-ups	● Rebuild organizational structure through human resource development and acquisition, and fully expand debt business
③ Acquisition of new revenue	3-year theme		Expand business in growth areas and promote growth investments (toward sustainable earnings growth and non-linear growth)
	Priority initiatives	Market operation	● Expand interest rate risk-taking instruments and promote diversified investment
		Minna Bank	● Generate profit and pursue early profitability based on business collaboration
		Inorganic	● Promote M&A and alliances for future growth
④ Elements of “innovation of approach” are included in ① to ③ above			
⑤ Building strong foundations	3-year theme		Build a management base that supports growth strategies (1 through 3)
	Priority initiatives	Optimal governance	● Radically streamline headquarters and review operational structure
		Human resources strategy	● Build a strategic human resources portfolio and improve employee engagement
		Enhancement of risk management	● Enhance and streamline portfolio management

[Target management indicators]

In the 8th MTMP, FFG has set return on equity (ROE), consolidated net income, and capital adequacy ratio (Basel III finalization basis (full implementation)) as target management indicators, and through efficient capital management conscious of profit growth and soundness, it will strive to enhance profitability and improve corporate value.

Target management indicators	Final year target Assumed yen policy interest rate: Unchanged at 0.5%
ROE	About 9%
Net income (consolidated)	¥100 billion
Capital adequacy ratio	10% level

- * Net income: Net income attributable to owners of the parent
- * Capital adequacy ratio: Basel III finalization basis (full implementation)

[Capital policy]

As in the past, based on the premise of maintaining soundness, FFG’s basic policy will be to manage capital in a way that balances shareholder returns with investment in growth for the development of the local economy and the enhancement of corporate value.

With regard to returning profits to shareholders, FFG will raise its dividend payout ratio from its previous target of 35% to around 40%, and strive to steadily and sustainably increase and maintain dividends per share through profit growth (the dividend table will be abolished) .

In terms of shareholder return measures that contribute to improving capital efficiency, FFG will consider acquisition of its own shares while taking into account its performance and capital situation, growth investment opportunities, and stock price and other market environment factors.

In addition, FFG has now set a new target for “reducing cross-shareholdings of listed shares” (reducing the balance of cross-shareholdings (market value) to less than 15% of consolidated net assets by the end of March 2028) in order to further utilize its capital effectively.

Contact for further inquiries

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