

Mebuki Financial Group

IR Presentation

Financial Results for FY2025



Hello, everyone. I am Akino of Mebuki Financial Group.
Today, I would like to explain the financial results for FY2025, the forecast for FY2026, and our future initiatives.

1 (1) Highlights

■ Results for FY2025

		Results for FY25	YoY Change	Compared to Forecast
Net income attributable to owners of the parent	Consolidated	¥84.1bn	+¥25.9bn	+¥3.1bn
Core net business income ^{*1}		¥119.6bn	+¥27.3bn	—
(o/w Difference of interests between loans and deposits)		(¥127.0bn)	(+¥11.0bn)	—
(o/w Fees from customers)		(¥45.0bn)	(+¥1.2bn)	—
(o/w Securities income ^{*2})	Banks' total	(¥62.7bn)	(+¥20.9bn)	—
(o/w Expenses (-))		(¥115.1bn)	(+¥5.8bn)	—
Gains/losses on securities ^{*3}		¥0.8bn	+¥15.4bn	—
Credit related costs (-)		¥12.7bn	+¥6.8bn	—
ROE (based on net assets)	Consolidated	8.2%	+2.3%pt	+0.1%pt
Annual Dividends per Share (Payout Ratio)		¥28 (31.4%)	+¥12 (+4.0%pt)	—

^{*1} Excluding gains/losses on cancellation of investment trusts and futures and options

^{*2} Excluding gains/losses on cancellation of investment trusts and including interest on BOJ deposits

^{*3} Gains/losses on Bond transactions + Related to stocks + Cancellation of investment trusts + Futures and options*

■ Forecast for FY2026

		Forecast for FY26	YoY Change	Final year of the 4th medium-term plan (plan for FY27)
Ordinary profit		¥139.0bn	+¥23.3bn	¥130.0bn or more
Net income attributable to owners of the parent		¥95.0bn	+¥10.8bn	¥90.0bn or more
ROE (based on net assets)	Consolidated	approx. 9.0%	approx. +0.8%pt	9.0% or more
Annual Dividends per Share (Payout Ratio)		¥40 (39.5%)	+¥12 (+8.1%pt)	—

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First, I will explain the overview of the financial results.

Net income attributable to owners of the parent increased by ¥25.9 billion year-on-year to ¥84.1 billion, achieving the highest profit since our business integration.

We believe the main factors for the profit growth were the expansion of the difference of interests between loans and deposits capturing the rise in domestic interest rates, and the substantial increase in securities income due to the replacement of our portfolio.

Next, regarding the forecast for FY2026, we plan net income attributable to owners of the parent of ¥95.0 billion, an increase of ¥10.8 billion year-on-year, and expect ROE to be approximately 9.0%.

This level means that we expect to reach our net income target for FY2027 under the Fourth Medium-Term Group Business Plan one year ahead of schedule.

In addition, annual dividends per share are planned to be ¥40, a substantial increase of ¥12 from ¥28 for FY2025, and the payout ratio is expected to be 39.5%.

1 (11) Forecast for FY2026

- For the fiscal year 2026, we plan consolidated ordinary profit of ¥139.0bn, an increase of ¥23.3bn (YoY) and a net income attributable to owners of the parent of ¥95.0bn, an increase of + ¥10.8bn (YoY).
- The record high since our business integration is expected by developing strategies under the 4th Medium-Term Group Business Plan and capturing the effects of rising interest rates.

■ Forecast for FY2026 (Ordinary Profit / Net Income)

● Mebuki FG Consolidated (¥bn)

	Forecast for FY2026	Compared to previous forecast	Results for FY2025
Ordinary Profit	139.0	+23.3	115.6
Net income attributable to owners of the parent	95.0	+10.8	84.1

● Subsidiary Banks (Non-consolidated) (¥bn)

Joyo Bank	Forecast for FY2026	Compared to previous forecast	Results for FY2025
Ordinary Profit	89.0	+20.6	68.3
Net Income	61.0	+9.9	51.0

● Total of Two Subsidiary Banks (¥bn)

	Forecast for FY2026	Compared to previous forecast	Results for FY2025
Ordinary Profit	135.5	+24.9	110.5
Net Income	93.0	+11.6	81.3

Ashikaga Bank	Forecast for FY2026	Compared to previous forecast	Results for FY2025
Ordinary Profit	46.5	+4.2	42.2
Net Income	32.0	+1.6	30.3

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This slide shows the full-year earnings forecasts for FY2026 on a consolidated basis and for the two subsidiary banks on a non-consolidated basis.

As shown in the upper left section, consolidated net income is expected to be ¥95.0 billion, an increase of ¥10.8 billion from the previous fiscal year, as I mentioned earlier.

As stated in the lower section, net income for Joyo Bank is projected at ¥61.0 billion, an increase of ¥9.9 billion, and net income for Ashikaga Bank is projected at ¥32.0 billion, an increase of ¥1.6 billion.

1 (11) Forecast for FY2026

■ Details of Forecast for FY2026

【Joyo+Ashikaga】		Forecast for		FY2025 Results
		FY2026	YoY	
(¥bn)				
Core gross business profit ¹		249.0	+14.1	234.8
Net interest income (Excluding gains/losses on cancellation of investment trusts)		203.0	+13.2	189.7
1	Difference of interests between loans and deposits	138.5	+11.4	127.0
2	Securities' income (Excluding gains/losses on cancellation of investment trusts)	64.5	+1.7	62.7
	(O/W Interest on Bank of Japan deposits)	11.0	-5.6	16.6
3	Fees from customers ²	46.0	+0.9	45.0
4	Expenses	123.5	+8.3	115.1
Core net business income ¹		125.5	+5.8	119.6
5	Gains/losses on securities ³	15.0	+14.1	0.8
6	Credit Related Cost	10.0	-2.7	12.7
	Other non-recurrent gains/losses (Employee benefit expenses, etc.)	5.0	+2.1	2.8
	Ordinary profit	135.5	+24.9	110.5
	Net income⁴	93.0	+11.6	81.3

【Mebuki FG Consolidated】

Profits of Group Companies	4.5	-2.2	6.7
Consolidation adjustment (Adjustments related to securities, etc.)	-2.5	+1.4	-3.9
Net income attributable to owner of the parent	95.0	+10.8	84.1
ROE (based on net assets)	approx. 9.0%	approx. +0.8%pt	8.2%
RORA	1.27%	+0.07%pt	1.20%

¹ Excluding gains/losses on cancellation of investment trusts and futures and options

² Net fees and commissions + income related to derivatives for customers + foreign exchange

³ Gains/losses on bond transactions + related to stocks + cancellation of investment trusts + futures and options

■ Market Scenario (Policy rates in Japan and U.S.A.)

	Policy rate (End of fiscal year)	10 year government bond yield	Perspective
Japan	0.75%	From 2.00 to 2.50%	Policy rate remains unchanged during FY26.
U.S.A.	3.50%	From 3.20 to 4.20%	One interest rate cut during FY26.

■ Main Reasons of Change (YoY) (¥ bn)

Factors		Reasons
1	Difference of interest between loans and deposits +11.4	<ul style="list-style-type: none"> ● (Yen-denominated) Interest on loans +26.5 / Interest on deposits(-)+17.5 ● (Foreign currency) Interest on loans -0.5 / Interest on deposits(-) -0.5 ● Interest on loans to special account of MoF +2.5
2	Securities' income +1.7	<ul style="list-style-type: none"> ● Expansion of spreads through portfolio rebalancing, etc. +7.3 ● Decrease in interest on BOJ deposits -5.6 (Considering decline in the deposit balance following the maturity of BOJ common collateral operations)
3	Fees from customers +0.9	<ul style="list-style-type: none"> ● Increase in trust fees (investment trusts) and fees from corporate customers (syndicate loans, etc.) ● Increase in guarantee fees due to the increase in loan balance
4	Expenses(-) +8.3	<ul style="list-style-type: none"> ● Human capital investment aimed at salary increases and securing human resources ● Strategic DX investments and modernization of network infrastructure, etc.
5	Gains/losses on securities* +14.1	<ul style="list-style-type: none"> ● Disappearance of losses on sales of domestic and foreign bonds ● Gains on sales due to the reduction of strategic shareholdings
6	Credit related costs (-) -2.7	<ul style="list-style-type: none"> ● Set based on the average credit cost ratio over the past several years. However, we will continue to closely monitor the impact of the situation in the Middle East.

This slide shows the breakdown of our earnings forecast.

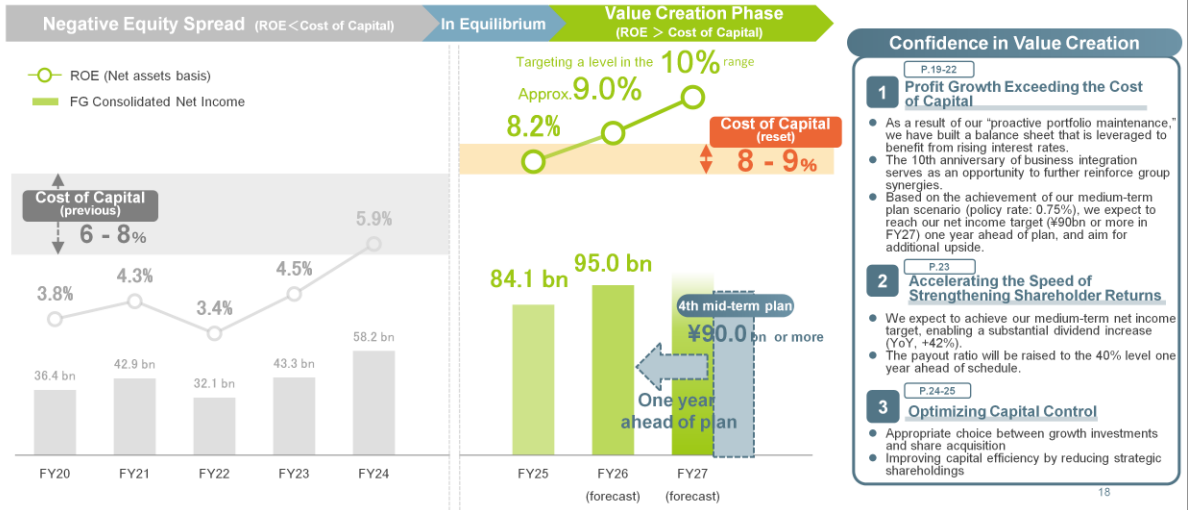
As for the market scenario shown in the upper right, it incorporates no domestic policy rate hikes in its forecast during FY2026. The main reasons for change are described in the lower right section.

In addition to the expansion of core gross business profit, the increase in gains on securities will significantly exceed the increase in expenses, and we plan a net income growth of approximately ¥11.0 billion.

2 (1) Transition to a Value Creation Phase

- To meet investor expectations in a world of positive interest rates, we have reset our cost of capital to 8 – 9%.
- At present, ROE and the cost of capital are roughly in balance. By achieving sustainable profit growth, we aim to shift to a value creation phase in which ROE consistently exceeds the cost of capital.

Resetting the Cost of Capital and Transition to a Value Creation Phase



From here, I would like to explain our initiatives and approach for further enhancing our corporate value.

First, regarding our recognition of the cost of capital, we have reset our baseline assumption from the previous "6 to 8%" to "8 to 9%" starting from this fiscal year. This revision was made by comprehensively considering factors such as the rising interest rate environment, investor expectations identified through dialogue with shareholders, and the implied cost of capital derived from PBR, in addition to the conventional CAPM calculation.

As shown in the graph in the center of the slide, ROE for FY2025 reached 8.2%, rising to a level roughly in balance with the reset cost of capital.

Going forward, by achieving sustainable profit growth, we aim to shift into a "value creation phase" where ROE consistently exceeds the cost of capital, and we will target a level in the 10.0% range over the medium to long term.

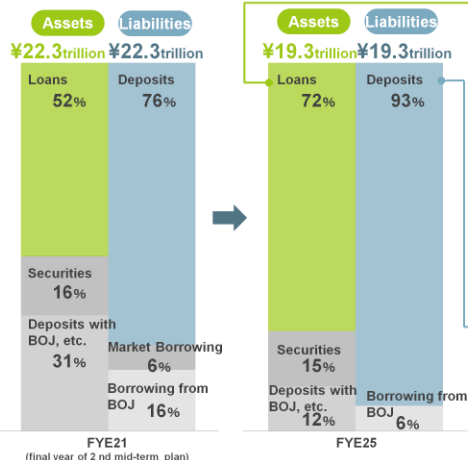
To establish full confidence in this value creation, we will drive three major initiatives as listed on the right side: "profit growth exceeding the cost of capital," "accelerating the speed of strengthening shareholder returns," and "optimization of capital control."

2 (2) Profit Growth Exceeding the Cost of Capital —Loans / Deposits—

- We will pursue the growth of loan balance while managing our portfolio with a focus on improving interest rate sensitivity (by increasing the share of floating-rate loans and shifting from short-term prime-rate linked loans to market-rate linked loans).
- At the same time, recognizing that deposits are a "source of support for sustainable growth," we will develop strategies tailored to each customer segment and aim to secure long-term and stable acquisition of deposits.

■ Controlling Balance Sheet (Loans / Deposits)

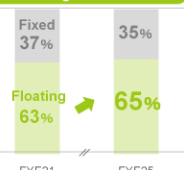
Changes in Structure of Yen Funding / Investment



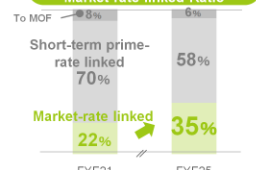
Changes in Composition of Loans by Interest Type

- By selecting low-margin fixed rate loans and increasing floating rate loans in line with customer needs, both profitability and interest rate sensitivity have improved.
- For floating rate loans, we also continued shifting from short-term prime-rate linked loans to market-rate linked loans, creating a structure that can more readily benefit from rising interest rates.

Floating / Fixed Ratio



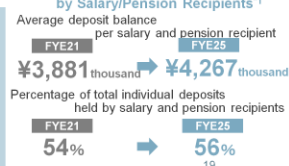
Short-term prime-rate linked / Market-rate linked Ratio



Strategies of Acquiring Deposits with a World of Positive Interest Rates

- Individual**
 - Enhancing stickiness by acquiring salary and pension accounts and accounts of younger customers, and linkages with loan transactions
 - Stimulating investment needs via our banking app
 - Strengthening deposit acquisition through campaigns
- Corpo-rate**
 - Strengthening our payment infrastructure
 - Improving the convenience of digital channels

(Re) Status of Deposits by Salary/Pension Recipients¹



This slide shows the control of yen funding and investment, which serves as the largest engine for our profit growth.

First, regarding loans, we have been expanding our loan balance primarily for corporate and individual customers, while simultaneously transforming our structure to become more leveraged to benefit from rising interest rates.

Specifically, we have selected and managed low-margin fixed-rate loans while accumulating floating-rate loans.

Furthermore, to enhance our interest rate sensitivity, we have driven a shift from short-term prime-rate linked loans to market-rate linked loans. As a result, the ratio of market-rate linked loans within floating-rate loans expanded from 22% to 35%, creating a flexible structure that can capture interest rate rising benefits more rapidly.

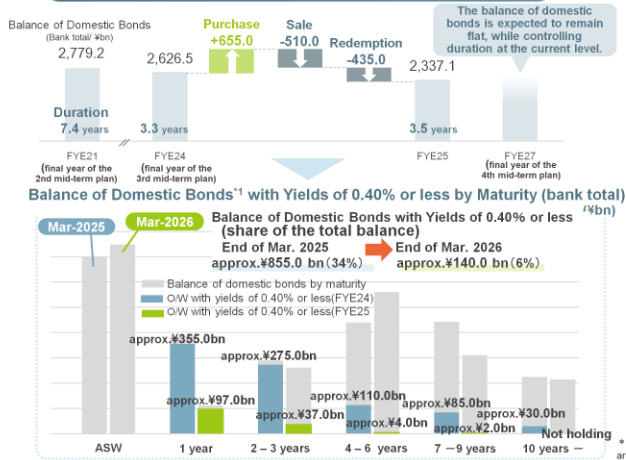
On the other hand, recognizing that deposits are the source of support for sustainable growth, we are steadily making efforts to secure highly sticky deposits. The percentage of total individual deposits held by salary and pension recipients rose from 54% to 56%, and we will continuously work to build a robust and sticky funding base.

2 (2) Profit Growth Exceeding the Cost of Capital – Securities –

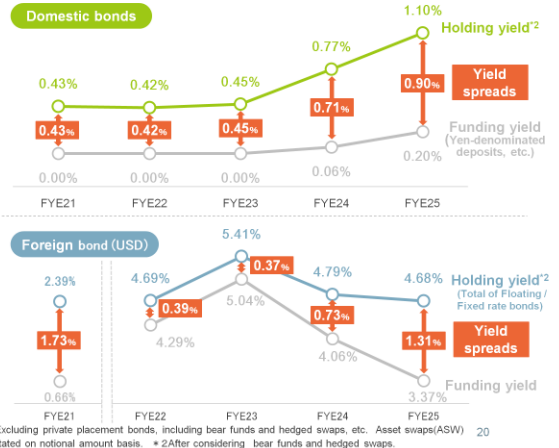
- We proceeded with the sale of low-yield domestic bonds, and as a result, the share of total bonds with yield of "0.40% or less" was reduced to 6% of the total balance as of the end of March 2026.
- At the same time, while maintaining duration within a certain range, we have purchased higher-yield domestic bonds, capturing rising interest rates effects and raising the yield spread to 0.90%.

■ Controlling Balance Sheet (Securities)

Proactive Maintenance of Securities Portfolio (Operations of Domestic Bonds)



Realization of the Effect of Portfolio Maintenance (Improvement of yield spreads)



This slide shows the results of our operations in the securities portfolio.

We have continued proactive maintenance of our securities portfolio in response to market changes.

Specifically, as shown in the lower left graph, the share of total domestic bonds with a yield of "0.40% or less," which accounted for 34% as of March 31, 2025, was successfully reduced to 6% as of March 31, 2026.

Although it is not shown in this slide, we are continuing the same operation in this fiscal year, and as of the end of April, the sale of bonds with a maturity of over one year and a yield of "0.40% or less" has been mostly completed.

Moreover, while proceeding with the sale of low-yield assets, we have purchased higher-yield domestic bonds while controlling the overall duration within a short-term range of approximately 3.5 years.

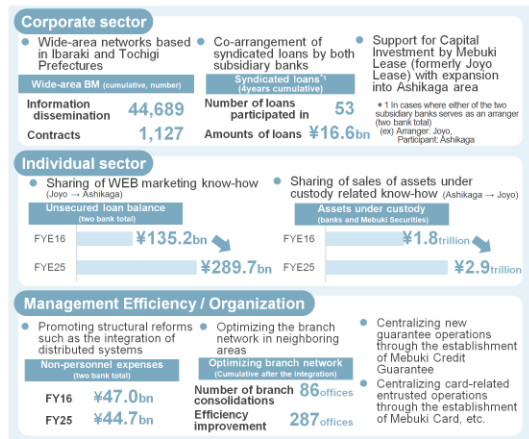
Through these operations, as shown in the upper right graph, the yield spread of domestic bonds compared to funding costs improved from 0.43% as of March 31, 2022, to 0.90% at present. This demonstrates that our portfolio has evolved to readily capture the effects of rising interest rates while maintaining appropriate risk tolerance.

2 (2) Profit Growth Exceeding the Cost of Capital – Group Synergies –

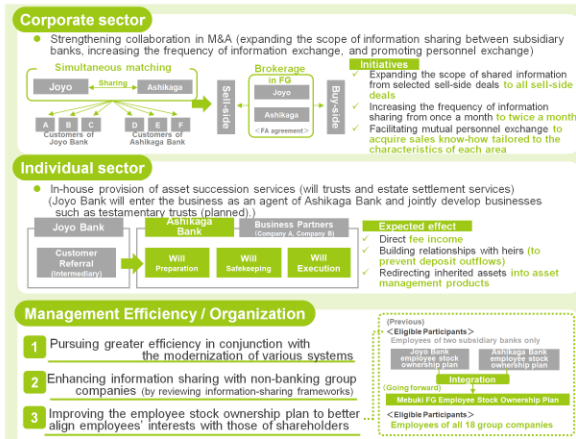
- The 10th anniversary of our business integration serves as an opportunity to further reinforce group synergies.
- Going forward, we aim to shift into a “deepening phase,” in which we further enhance synergies through closer integration across the group.

■ Reinforcing Group Synergies on the Occasion of the 10th Anniversary of the Business Integration

“Creating Phase” Realization of synergy effects by the integration



“Deepening Phase” Enhancing synergies through closer integration (April 2026-)



This slide shows the reinforcement of group synergies on the occasion of the 10th anniversary of our business integration.

As shown on the left side, we have successfully realized visible integration effects during the "Creating Phase" by leveraging the wide-area networks of both subsidiary banks and centralizing various infrastructures.

Going forward, we aim to shift into a "Deepening Phase" to further enhance synergies through closer integration across the group.

In the corporate sector, we will further deepen collaboration by expanding the scope of shared information between subsidiary banks and promoting mutual personnel exchange, thereby strengthening our strategic M&A services and business matching.

In the individual sector, we will enhance asset succession services and wealth management businesses by jointly expanding trust-related operations, such as testamentary trusts.

We will work to expand profit opportunities not only through direct fee income but also by strengthening relationships with heirs to prevent deposit outflows, redirecting inherited assets into asset management products, and capturing assets held outside our group.

In addition, we will pursue greater operational efficiency in conjunction with the modernization of various systems, enhance information sharing frameworks with non-banking group companies, and improve the employee stock ownership plan to better align our employees' interests with those of shareholders.

2 (3) Accelerating the Speed of Strengthening Shareholder Returns

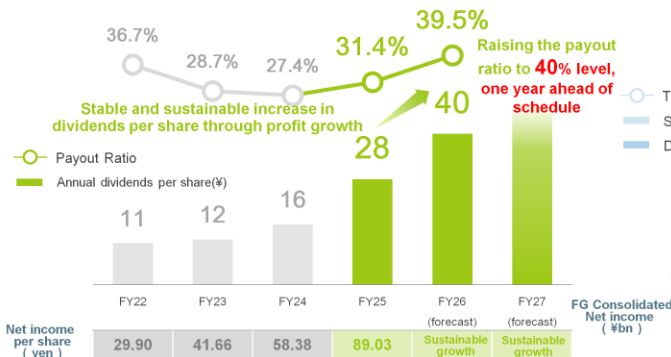
- Backed by sustainable profit growth, we will implement a substantial increase in annual dividends per share (+42%), raising the payout ratio to 40% level, one year ahead of schedule.
- Share acquisitions will be dynamically managed based on capital management.
- **Strengthening Shareholder Returns backed by Sustainable Profit Growth**

Shareholder Return Policy

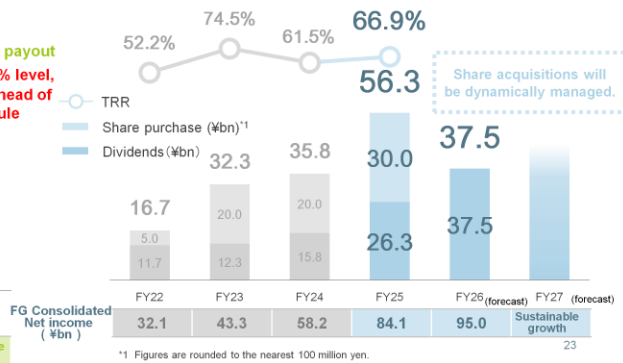
- Dividends ▶
- Share acquisition ▶

We aim to fundamentally achieve a stable and sustainable increase in dividends per share through profit growth, and target a **Dividend Payout Ratio of 40% or more by fiscal year 2027**.
The share acquisition will be **dynamically managed based on capital management** that considers market trends, performance forecasts, and the strategic use of capital to capture growth opportunities.

Annual Dividends per Share



Dividends / Shareholder Returns



¹ Figures are rounded to the nearest 100 million yen.

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This slide shows our shareholder returns.

Under our shareholder return policy, we aim to fundamentally achieve a stable and sustainable increase in dividends per share through profit growth, and targeted a dividend payout ratio of 40% or more by FY2027.

Backed by our record-high profit, the annual dividend for FY2025 was set at ¥28 per share, an increase of ¥12 year-on-year.

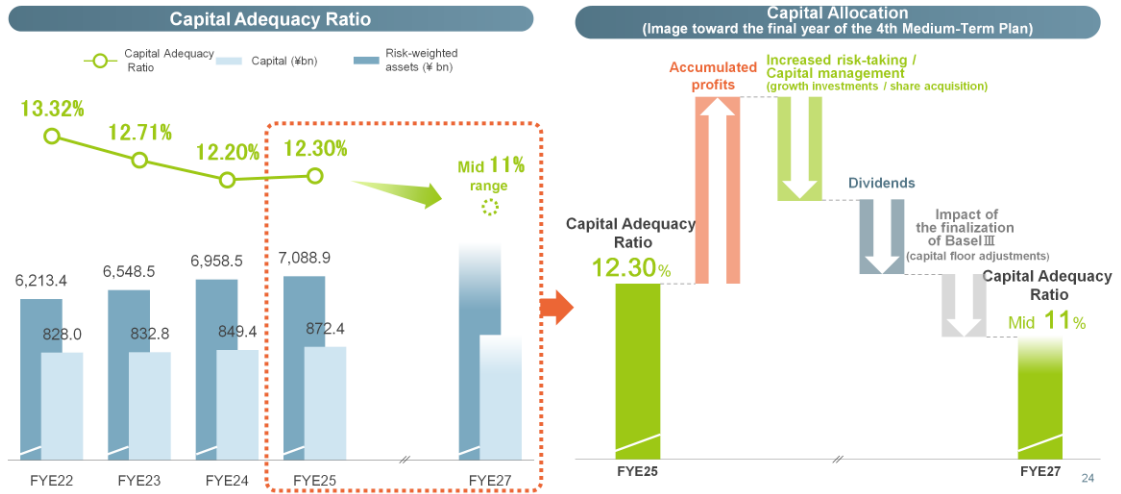
For FY2026, based on the prospect of reaching our medium-term net income target one year ahead of plan, we plan to implement a substantial increase in annual dividends to ¥40 per share.

As a result, the dividend payout ratio for FY2026 will be raised to the 40% level at 39.5% one year ahead of schedule, and we aim to firmly establish a payout ratio at the 40% level going forward.

2 (4) Optimization of Capital Control – Capital Adequacy Ratio–

- We aim for a capital adequacy ratio in the mid-11% range at the end of FY2027 (March 2028), and will appropriately manage surplus capital by balancing risk-taking (loans and investments), growth investments, and shareholder returns.

■ Capital Policy for Enhancing Corporate Value



Next, I will explain our capital control.

Although our capital adequacy ratio stood at 12.30% as of March 31, 2026, we plan to control it toward the mid-11% range by March 2028, as we have previously stated.

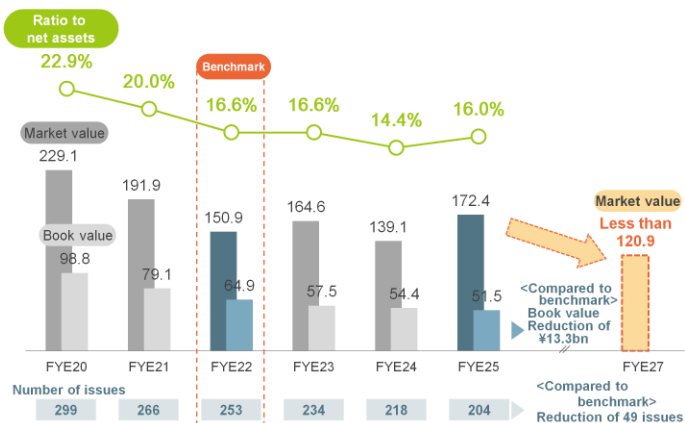
Specifically, while appropriately incorporating the impact of capital floor adjustments under the finalization of Basel III against accumulated profits, we will allocate capital to risk-taking through loans and investments that contribute to sustainable growth, strategic growth investments, and shareholder returns.

Regarding share acquisitions, we will dynamically implement them if we judge that effective investment opportunities are limited—such as when the RORA of target assets does not meet expected levels or when the expected return (IRR) on inorganic growth investments falls below our cost of capital (8–9%)—or if we determine that the stock price is undervalued and share acquisitions would best maximize investor returns.

2 (4) Optimization of Capital Control – Strategic Shareholdings –

- Although the market value reduction (¥35.6bn) has already exceeded the target of ¥30.0bn, due to the impact of the overall rise in the stock market, the net amount increased by ¥21.5bn.
 - We will rigorously monitor the progress of negotiations for share disposals to achieve our reduction targets. For counterparties where progress is slow, we will strengthen individual approaches to accelerate consensus building.
- Improving Capital Efficiency by Reducing Strategic Shareholdings

Reduction of Strategic Shareholdings^{*1} (¥bn)



*1 Figures are strategic shareholdings (including listed or non-listed stocks) held by Jojo Bank, which owns more than two-thirds stocks owned by Mebuki FG and subsidiaries.

Reduction Target (set on May 2023)

Reduction of listed strategic shareholdings by **¥30.0bn at market value** in 5 years from end of FY22 to end of FY27

Reduction result by the end of March 2026 (market value basis)

Compared to FYE22 (benchmark) + **¥21.5bn**
 Reduction Change in market value - **¥35.6bn** + **¥57.2bn**
 Status of Negotiations (Sale has not been completed) + **Agreed market price (13 issues) ¥33.5bn**
 o/w unrealized gains +**¥23.3bn**

(Re) Process for Assessing the Rationality of Strategic Shareholdings and Reduction



- For all strategic shareholding, we will confirm that they are held for purposes in line with their respective holding policies.
- However, we do not hold them uniformly, and proceed with sales negotiations based on improving capital efficiency and the overall reduction plan.

*2 RORA= (Net interest margin (loans and deposits) - Expenses (incl. credit costs) + Fees and commissions + Dividends) / Risk-weighted assets (loans and stocks) 25

Finally, I will explain the progress in reducing our strategic shareholdings.

In May 2023, we set a target to reduce listed strategic shareholdings by ¥30.0 billion at market value over five years from the end of FY2022 to the end of FY2027.

As shown in the upper section on the right, our reduction results through sales reached ¥35.6 billion by the end of March 2026, already exceeding the original reduction target. However, due to the substantial rise in the stock market, the balance on a market value basis increased by ¥21.5 billion.

Going forward, we will proceed with the sale of shares worth ¥33.5 billion at market value for which we have already obtained divestment agreements. For counterparties where negotiations are progressing slowly, we will strengthen individual approaches to accelerate consensus building and cross-shareholding reduction.

The realized gains on sales will be utilized for additional maintenance of our securities portfolio and as a source of funds for shareholder returns.

This concludes my presentation for today.