Mebuki Financial Group

IR Presentation

Financial Results for the First Quarter of FY2026

Hello, everyone. I am Akino of Mebuki Financial Group.
Today, I would like to explain the overview of our financial results for the first quarter of FY2026.

1 (1) Highlights

Results for 1Q26

		Results for 1Q26	YoY Change	Progress
Net income attributable to owners of the parent	Consolidated	¥34.5bn	+¥12.2bn	Initial (¥95.0bn) 36.3% Revised (¥105.0bn) 32.8%
Core net business income[*1]	Banks' total	¥37.3bn	+¥8.8bn	–
(o/w Difference of interests between loans and deposits)	Banks' total	(¥34.4bn)	(+¥4.7bn)	–
(o/w Fees from customers)	Banks' total	(¥12.8bn)	(+¥1.3bn)	–
(o/w Securities income[*2])	Banks' total	(¥19.9bn)	(+¥4.2bn)	–
(o/w Expenses (-))	Banks' total	(¥29.8bn)	(+¥1.4bn)	–
Gains/losses on securities[*3]	Banks' total	¥11.7bn	+¥7.7bn	–
Credit related costs	Banks' total	¥1.8bn	-¥0.6bn	–

- Net income attributable to owners of the parent increased by ¥12.2bn YoY to ¥34.5bn, achieving the highest profit for the first quarter since business integration. While increasing in total expenses by the investment in human capital, etc., the expansion of difference of interests between loans and deposits capturing the rise in domestic interest rates and the increase in securities income, etc. have driven profit growth.

*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 FY26 (revised on August 5, 2026)

		Initial Forecast (announced in May 2026)	Revised Forecast (announced in Aug. 2026)	Compared to Initial Forecast
Ordinary profit	Consolidated	¥139.0bn	¥153.5bn	+¥14.5bn
Net income attributable to owners of the parent	Consolidated	¥95.0bn	¥105.0bn	+¥10.0bn
ROE (based on net assets)	Consolidated	approx. 9.0%	approx. 9.5%	approx.+0.5%pt
Annual Dividends per Share (Payout Ratio)	Consolidated	¥40 (39.5%)	¥44 (39.3%)	+¥4 (-0.2%pt)

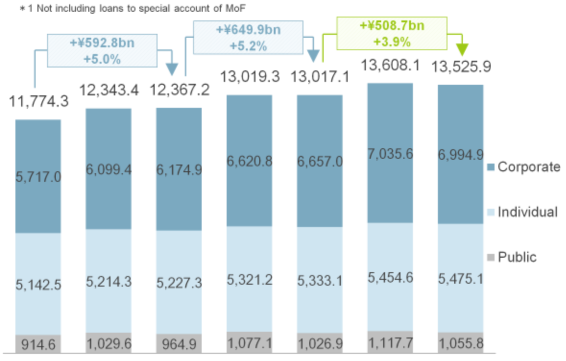
First, I will explain the overview of our financial results.
Net income attributable to owners of the parent increased by ¥12.2 billion year on year to ¥34.5 billion, achieving the highest profit for the first quarter since business integration.
While increasing in total expenses due to investment in human capital and other areas, the expansion of the difference of interests between loans and deposits, capturing the rise in domestic interest rates, and the increase in securities income due to portfolio rebalancing, have driven profit growth.
In addition, following the policy rate hike in June, further expansion of core business income is expected. Accordingly, as shown in the lower section of the slide, we have revised up our full-year earnings forecast by ¥10.0 billion to ¥105.0 billion.
The progress rate for the first quarter against the revised forecast is 32.8%.
In addition, we have decided to increase dividends.
We plan annual dividends per share of ¥44, an increase of ¥4 from the level announced in May this year, and the payout ratio is expected to be 39.3%.

1（5）Loans —Term-end Balance—

- Amount of loans increased by ¥508.7bn (YoY) and the growth was +3.9%(annualized). Loans to corporate customers maintained a high growth rate, while loans to individual customers also showed steady progress.
- Difference of domestic interests between deposits and loans increased by ¥4.6bn due to an increase in loan interest (average balance +¥545.5bn, yield +23.3bp) that exceeds the interest paid on deposits.

Term-end Balance [*1] (Bank total) (¥bn)

*1 Not including loans to special account of MoF



Loans to special account of MoF (¥bn)

795.1	466.2	211.1	340.0	230.0	548.7	517.3

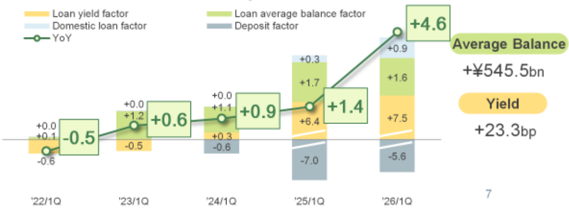
Total loans (¥bn)

12,569.4	12,809.6	12,578.3	13,359.3	13,247.1	14,156.8	14,043.3

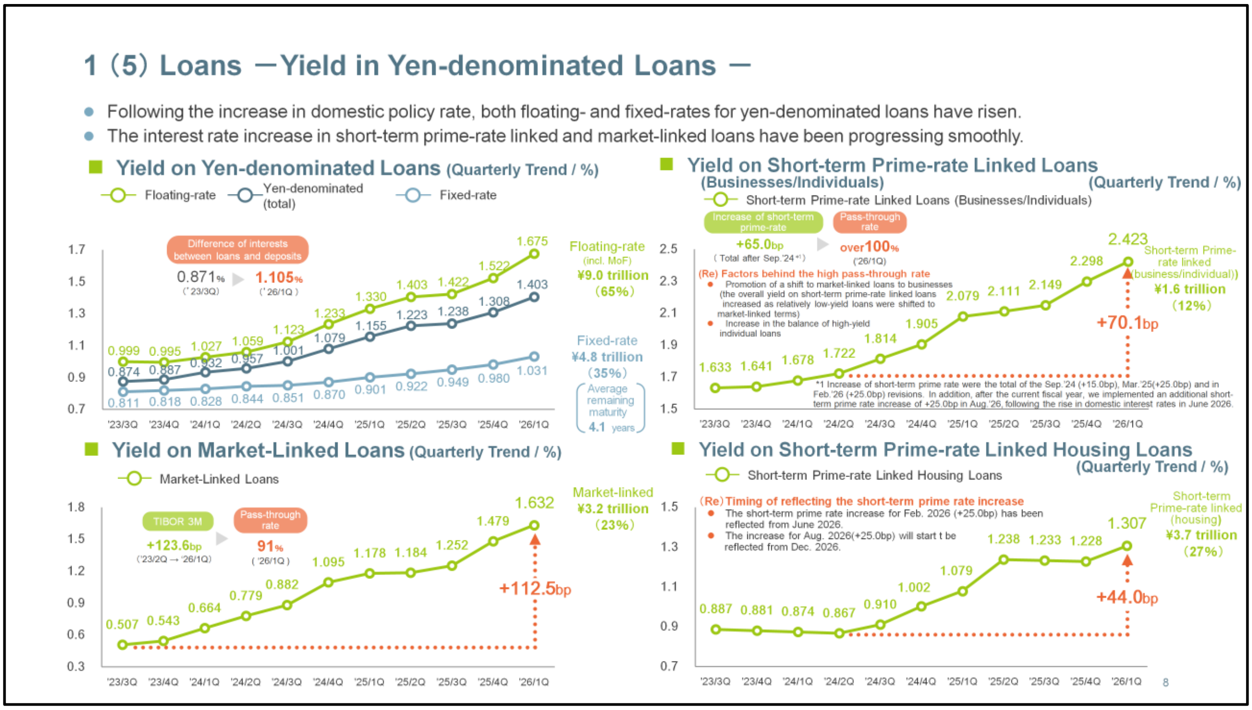
Year on Year Changes (¥bn)

	Jun-24	Jun-25	Jun-26
Total	+592.8 +5.0%	+649.9 +5.2%	+508.7 +3.9%
Corporate	+457.8 +8.0%	+482.1 +7.8%	+337.9 +5.0%
Individual	+84.8 +1.6%	+105.7 +2.0%	+141.9 +2.6%
Public	+50.2 +5.4%	+62.0 +6.4%	+28.9 +2.8%

YoY Change in Difference of Domestic Interests between Loans and Deposits (¥bn)



This slide shows the status of loans.
Please look at the graph on the left.
The term-end balance of loans increased by ¥508.7 billion year on year, or 3.9% on an annualized basis.
Please look at the table in the upper right.
By borrower type, loans to corporate customers led the overall growth, while loans to individual and public sector customers also remained solid.



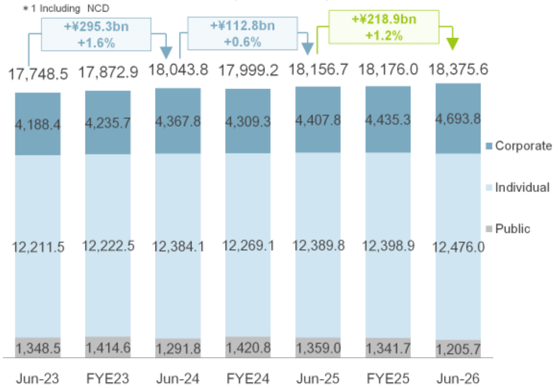
This slide shows the quarterly trends in yields on yen-denominated loans.
First, please look at the graph in the upper left.
The top green line represents floating-rate loans, the middle line represents total loans, and the bottom line represents fixed-rate loans.
All of these have been rising since March 2024, when the negative interest rate policy was lifted.
Accordingly, the loan-to-deposit yield spread has expanded from 0.871% before the end of the negative interest rate policy to 1.105% at present.
For fixed-rate loans, the balance stood at ¥4.8 trillion as of the end of June, with an average remaining duration of around 4.1 years. This means that interest rates on roughly ¥1.0 trillion of loans will be renewed each year.
For floating-rate loans, we have broken them down into three categories: short-term prime rate-linked, market rate-linked, and housing loans. In all of these categories, rate hikes are progressing smoothly, and following the policy rate hike in June, we expect further increases going forward.

1（6）Deposits —Term-end Balance—

- Balance of deposits increased by ¥218.9bn YoY (+1.2% annualized). Corporate deposits have led an increase in the balance, as we have enhanced to build a deposit share in line with our loan share.
- We will continuously make efforts to strengthen the acquisition of sticky deposits for both corporate and individual customers by promoting the use of our bank as their main accounts for settlement transactions.

Term-end Balance[*1] (Bank total) (¥bn)

*1 Including NCD



Balance of Customer assets under custody (Bank total + Mebuki Securities) (¥bn)

2,269.5	2,409.5	2,514.8	2,511.5	2,621.4	2,893.6	3,203.1

Total balance (Deposits + Customer assets under custody) (¥bn)

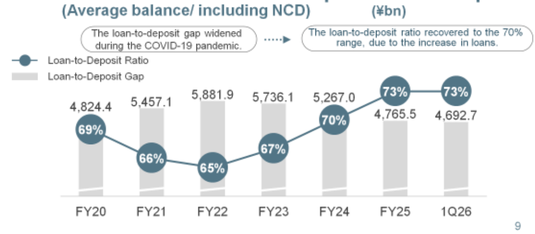
20,018.0	20,282.5	20,558.7	20,510.8	20,778.2	21,069.6	21,578.8

Year on Year Changes (¥bn)

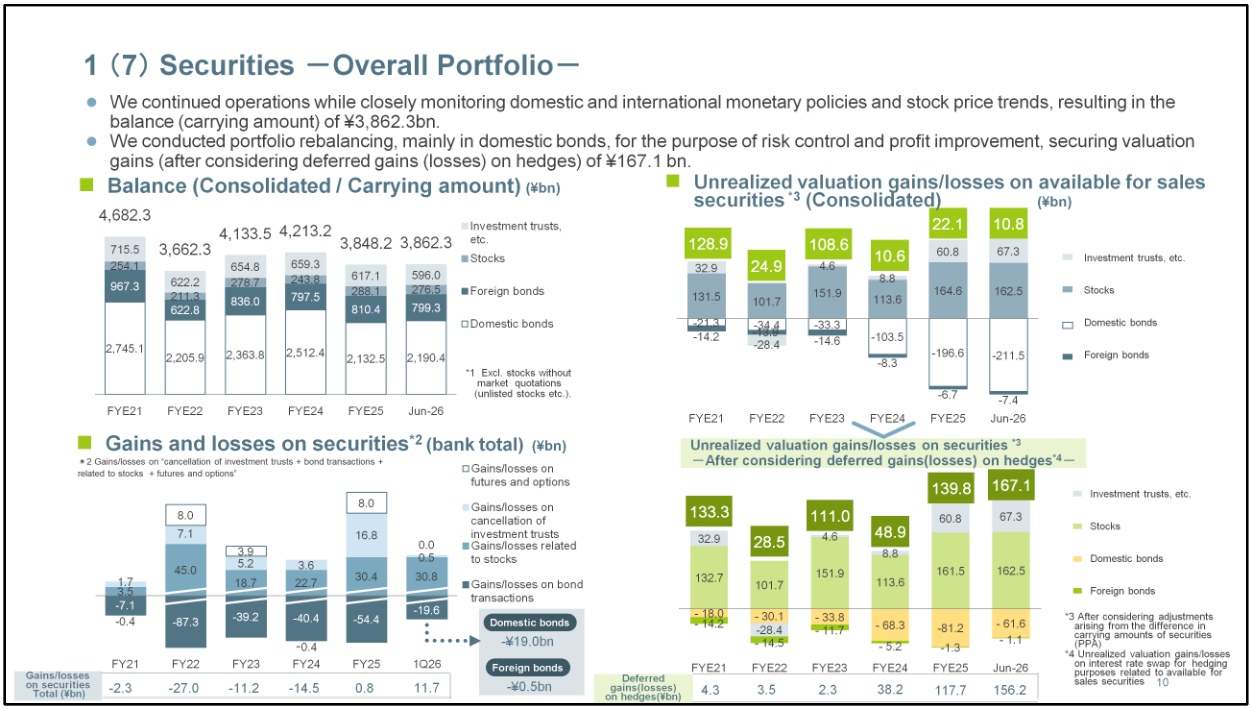
	Jun-24	Jun-25	Jun-26
Total	+295.3 +1.6%	+112.8 +0.6%	+218.9 +1.2%
Corporate	+179.4 +4.2%	+39.9 +0.9%	+286.0 +6.4%
Individual	+172.6 +1.4%	+5.7 +0.0%	+86.1 +0.6%
Public	-56.7 -4.2%	+67.1 +5.1%	-153.2 -11.2%

Yen-denominated Loan-to-Deposit Ratio / Gap

(Average balance/ including NCD) (¥bn)



This slide shows the status of deposits.
The term-end balance of deposits increased by ¥218.9 billion year on year, or 1.2% on an annualized basis.
Please look at the table in the upper right.
By customer type, public sector deposits decreased, reflecting a shift toward bond investment.
Corporate deposits increased at a high annualized rate of 6.4%, driven by our efforts to acquire settlement accounts and payroll accounts, as well as to build a deposit share in line with our loan share, thereby leading the increase in the overall balance.
In addition, the lower left section of the slide shows the total balance of deposits and customer assets under custody.
As customer needs continue to diversify in line with demographic changes and changes in the interest rate environment, we will continue our consulting activities in order to grow the total balance of customer assets.



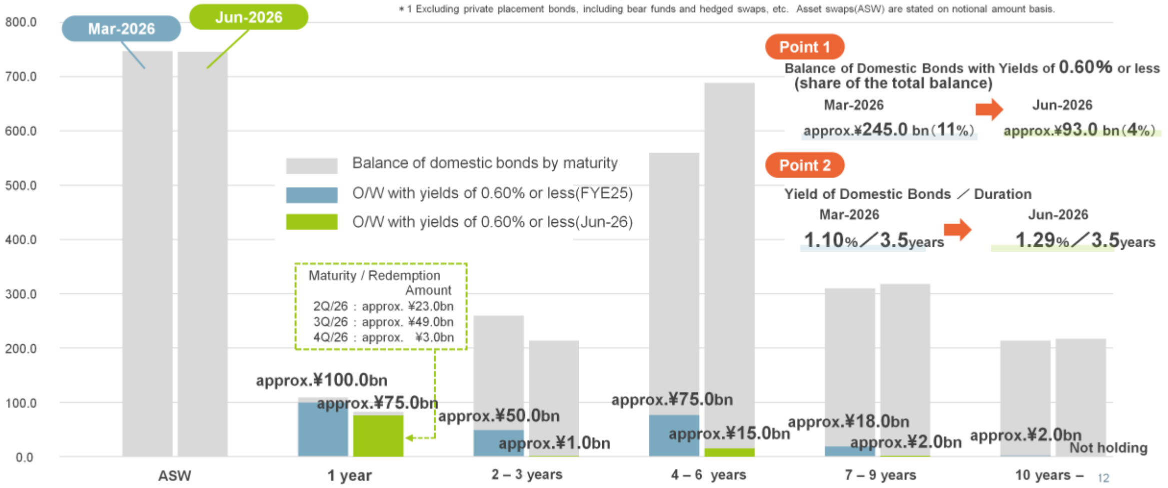
This slide shows the status of securities.
As shown in the graph in the upper left, the overall balance of securities remained almost flat.
As for gains and losses on securities, as shown in the graph in the lower left, we recorded a loss on sales of ¥19.6 billion, primarily due to the replacement of low-yield bonds for the purpose of improving profitability. However, gains on the sale of stocks and other items more than offset this, resulting in net gains on sales of ¥11.7 billion.
In addition, as shown in the graph in the lower right, valuation gains after considering deferred hedges amounted to ¥167.1 billion.

1（7）Securities — Domestic bonds (reference) —

- By selling low-yield domestic bonds, we reduced the balance of domestic bonds with yields of 0.60% or less approximately ¥93.0 bn as of end of June 2026, representing 4% of the total bond portfolio.
- At the same time, while keeping duration short, we raised the overall yield to 1.29%.

Balance of Domestic Bonds[*1] with Yields of 0.60% or less by Maturity (bank total) (¥bn)

＊1 Excluding private placement bonds, including bear funds and hedged swaps, etc. Asset swaps(ASW) are stated on notional amount basis.



Let me provide some supplementary comments on the domestic bond portfolio. Assuming that the policy rate rises to 1.5% and the deposit beta is 40%, domestic bonds with a yield of 0.6% or less could result in a negative spread.

During the first quarter, we worked on the maintenance of this segment, and as of the end of June, the balance of such bonds had been reduced to ¥93.0 billion, with their share of the total domestic bond portfolio shrinking from 11% at the end of March 2026 to 4%.

Of this ¥93.0 billion, ¥75.0 billion has a remaining maturity of less than one year, and most of it will mature within this year. Therefore, we believe that the maintenance of the portfolio assuming a 1.5% policy rate has been largely completed.

At the same time, while proceeding with the sale of low-yield bonds, we controlled overall duration at around 3.5 years and purchased higher-yield domestic bonds, raising the overall yield to 1.29%.

Going forward, while closely monitoring interest rate trends and fully taking into account the possibility of a further rise in rates, we will continue to build a portfolio that can better capture the benefits of rising interest rates.

1（8）Forecast for FY2026 ―Upward Revision―

- Against the backdrop of the Bank of Japan's policy rate hike in June 2026, etc., further growth in core business income is expected and we revise up our consolidated earnings forecast for FY2026.
- We plan consolidated ordinary profit of ¥153.5bn, an increase of ¥14.5bn compared to the initial forecast and a net income attributable to owners of the parent of ¥105.0bn, an increase of + ¥10.0bn compared to the initial forecast.

Forecast for FY2026 (Ordinary Profit / Net Income)

Mebuki FG Consolidated (¥bn)

	Forecast for FY2026	Compared to initial forecast	Results for 1Q26	Progress
Ordinary Profit	153.5	+14.5	49.8	32.5%
Net income attributable to owners of the parent	105.0	+10.0	34.5	32.8%

Total of Two Subsidiary Banks (¥bn)

	Forecast for FY2026	Compared to initial forecast	Results for 1Q26	Progress
Ordinary Profit	150.0	+14.5	48.7	32.4%
Net Income	103.0	+10.0	33.7	32.7%

Subsidiary Banks (Non-consolidated) (¥bn)

Joyo Bank	Forecast for FY2026	Compared to initial forecast	Results for 1Q26	Progress
Ordinary Profit	98.0	+9.0	345	35.2%
Net Income	67.5	+6.5	238	35.4%

Ashikaga Bank	Forecast for FY2026	Compared to initial forecast	Results for 1Q26	Progress
Ordinary Profit	52.0	+5.5	14.2	27.3%
Net Income	35.5	+3.5	9.8	27.7%

This slide shows the full-year earnings forecast for FY2026.
It also includes the earnings forecasts for each subsidiary bank.

1（8）Forecast for FY2026 ―Details of Upward Revision―

Details of Forecast for FY2026

【Joyo+Ashikaga】

		Forecast for FY2026	vs. initial forecast	1Q26 Results	Progress
	Core gross business profit*1	269.0	+20.0	67.2	24.9%
	Net interest income (Excluding gains/losses on cancellation of investment trusts)	222.0	+19.0	54.3	24.4%
1	Difference of interests between loans and deposits	145.5	+7.0	34.4	23.6%
2	Securities' income (Excluding gains/losses on cancellation of investment trusts)	76.5	+12.0	19.9	26.0%
	(O/W Interest on Bank of Japan deposits)	(17.5)	(+6.5)	(5.2)	(29.8%)
3	Fees from customers*2	47.0	+1.0	12.8	27.3%
4	Expenses	123.5	±0.0	29.8	24.1%
	Core net business income*1	145.5	+20.0	37.3	25.7%
5	Gains/losses on securities*3	9.5	-5.5	11.7	123.6%
6	Credit Related Cost	10.0	±0.0	1.8	18.0%
	Other non-recurrent gains/losses (Employee benefit expenses, etc.)	5.0	±0.0	1.3	27.9%
	Ordinary profit	150.0	+14.5	48.7	32.4%
	Net income	103.0	+10.0	33.7	32.7%

【Mebuki FG Consolidated】

	Forecast for FY2026	vs. initial forecast	1Q26 Results	Progress
Profits of Group Companies	4.5	±0.0	1.7	39.8%
Consolidation adjustment (Adjustments related to securities,etc.)	-2.5	±0.0	-1.0	40.6%
Net income attributable to owner of the parent	105.0	+10.0	34.5	32.8%
ROE (based on nete assets)	approx. 9.5%	approx. +0.5%pt	12.6%	–
RORA	1.41%	+0.14%pt	1.97%	–

*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"

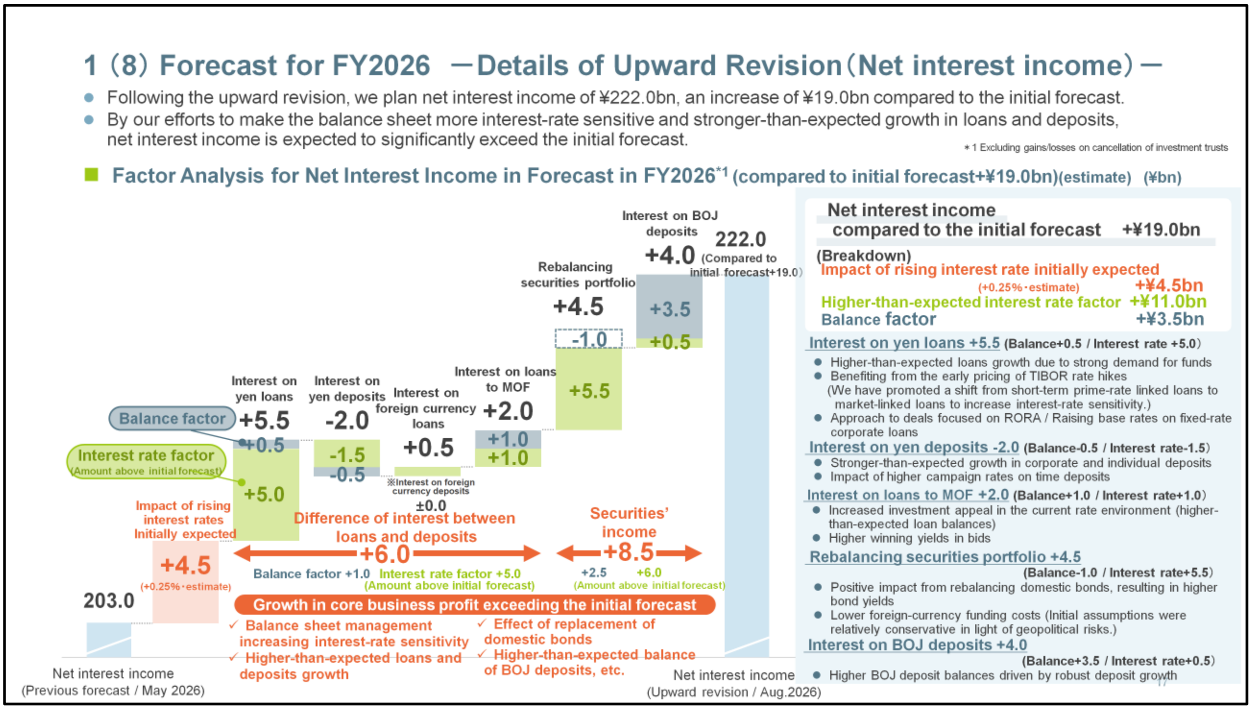
Market Scenario (Policy rates in Japan and U.S.A.)

	Policy rate (End of fiscal year)	10 year government bond yield	Perspective
Japan	1.00%	From 2.20 to 2.70%	Policy rate remains unchanged during FY26.
U.S.A.	3.75%	From 3.50 to 4.50%	Policy rate remains unchanged during FY26.

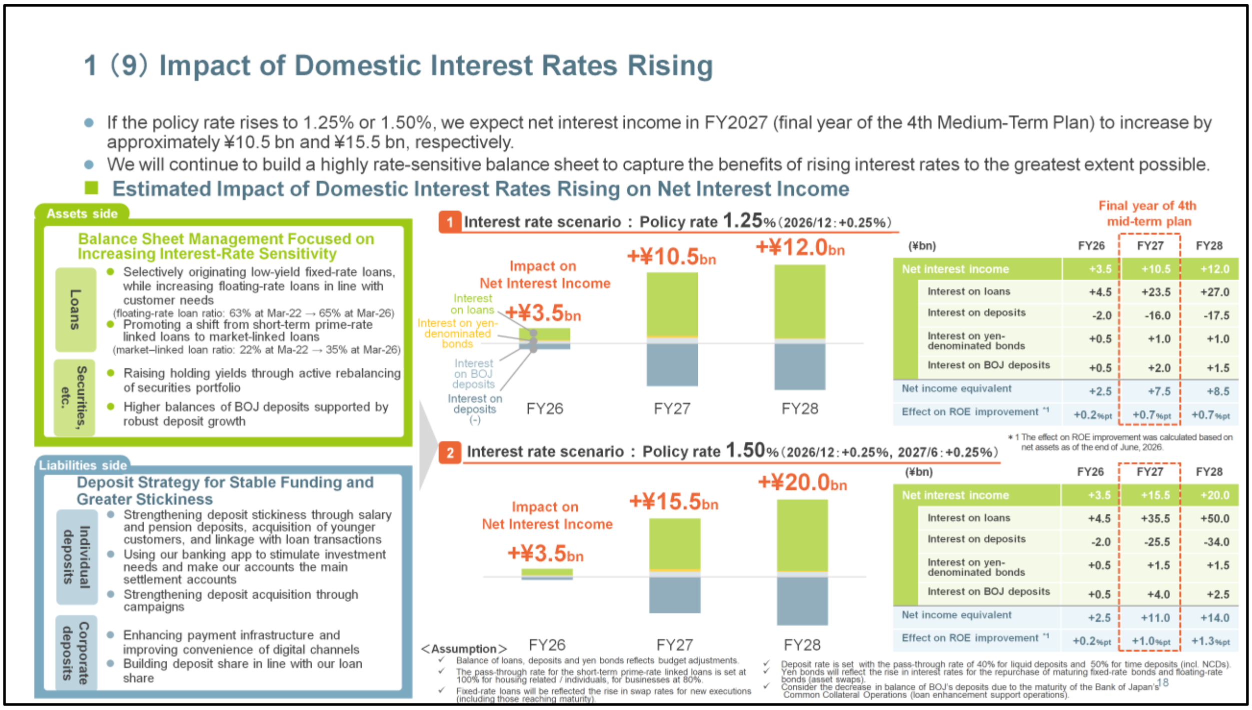
Main Reasons of Change (YoY) (¥ bn)

	Factors		Reasons
1	Difference of interest between loans and deposits	+7.0	• (Yen-denominated) Interest on loans +14.5 / Interest on deposits(-)+10.5 • (Foreign currency) Interest on loans +0.5 / Interest on deposits(-) ±0.0 • Interest on loans to special account of MoF +2.5
2	Securities' income	+12.0	• Expansion of spreads through portfolio rebalancing, etc. +5.5 • Increase in interest on BOJ deposits +6.5 (An upward revision in the balance of BOJ deposits, reflecting the effect of interest rate rising and strengthened deposit acquisition)
3	Fees from customers	+1.0	• Solid sales of investment trusts reflecting a stronger investment appetite. • Increase in trust fees driven by growth in the balance of investment trust.
4	Expenses(-)	±0.0	• Human capital investment for salary increases and securing human resources as well as strategic DX investments are progressing largely in line with plan.
5	Gains/losses on securities	-5.5	• Implementation of additional maintenance of domestic bonds in light of the interest rate outlook (Reduction of strategic shareholdings is being continued.)
6	Credit related costs (-)	±0.0	• Credit related costs have remained at a stable level. However, we will continue to closely monitor the impact of the situation in the Middle East.

This slide shows the breakdown of the upward revision to the earnings forecast.
Primarily driven by an increase in net interest income accompanying higher interest rates, we expect consolidated net income to be ¥10.0 billion higher than the level announced in May this year.
The main factors behind the changes from the previous forecast are shown in the lower right of the slide.
On the upside, the difference of interests between loans and deposits is expected to increase by ¥7.0 billion, securities income, including interest on BOJ deposits, by ¥12.0 billion, and fees from customers by ¥1.0 billion.
On the downside, gains and losses on securities are expected to decrease by ¥5.5 billion, reflecting portfolio maintenance costs.



This slide analyzes the factors behind the change from the initial forecast in net interest income, which is the main driver of the upward revision.
Following the upward revision, we plan net interest income of ¥222.0 billion for FY2026, an increase of ¥19.0 billion compared to the initial forecast.
Looking at the breakdown of this increase, while the initially assumed impact of rising interest rates was ¥4.5 billion, the difference of interests between loans and deposits came in at ¥6.0 billion above plan and securities income came in at ¥8.5 billion above plan, resulting in a total upside of ¥14.5 billion.
There are two major factors behind this upside.
The first is the positive effect of interest rates. We have been promoting balance sheet management focused on increasing interest-rate sensitivity, including a shift in loans toward market-linked pricing and rebalancing of the securities portfolio.
As a result, we expect the positive effect from interest rates to exceed our initial assumption.
The second factor is the contribution from balances. In addition to stronger-than-expected loan balances driven by robust funding demand, higher BOJ deposit balances resulting from solid deposit growth have also contributed to the increase in net interest income.
In summary, this upward revision reflects not only our balance sheet management in anticipation of rising interest rates and our asset allocation focused on profitability, but also the additional boost from the steady accumulation of deposits.



This slide shows the estimated impact of further policy rate hikes on net interest income.
Our earnings forecast for this fiscal year is based on the assumption that the policy rate remains unchanged at 1.00%. However, as I explained earlier, we have been shifting to a more interest-rate-sensitive balance sheet, and therefore we expect further earnings growth in a rising-rate environment.
Please look at the table on the right.
Under a scenario in which the policy rate rises to 1.25% in December, net interest income in FY2027 is expected to increase by ¥10.5 billion. In terms of net income, this corresponds to an increase of ¥7.5 billion, with a positive impact of approximately 0.7 percentage points on ROE.
If rates rise further and the policy rate reaches 1.50% in June next year, the impact on net interest income in FY2027 is expected to expand to ¥15.5 billion. In terms of net income, this corresponds to an increase of ¥11.0 billion, with a positive impact of approximately 1.0 percentage point on ROE.
That concludes my presentation for today.