

**FY2026 IR Day (The 2nd Medium-term Business Plan)
Main Questions and Answers (April 20, 2026)
(Speaker: Hisashi Shibata, CEO)**



Q1	<p>You appear to be managing capital so that the total payout ratio from dividends and acquisition of treasury shares would exceed 90% without investments in growth. What specific areas are you targeting for growth investments?</p>
A1	<p>➤ We plan to control capital levels while allocating investment capacity, including profits accumulated during the three-year period covered by the Medium-term Business Plan, to growth investments and shareholder returns. Basically, the percentage of returns to shareholders would increase in the absence of growth investments. With regard to growth investments, we plan to take part in new business development and M&As. We've identified leasing, trust functions, settlement services, and financial institution restructuring as four priority areas connected to our growth as a financial group. We also want to actively consider businesses that are expected to generate revenues of approximately 1 billion yen, as well as Web 3.0 and digital banking businesses, which offer the potential to expand the co-creation and growth domains specified by the Plan's basic strategies and play a key role in strengthening deposit strategies.</p>
Q2	<p>What does the new indicator of JPY fundraising cost show? Also, what range of deposit beta do you anticipate during the period covered by the Medium-term Business Plan?</p>
A2	<p>➤ As for JPY fundraising costs, we will establish cost guidelines for the fundraising operations overall as a way to optimize related cost amid the diversification of JPY fundraising sources beyond deposits.</p> <p>➤ The deposit beta has recently been tracking slightly above 40%. We expect it to continue rising. We don't intend simply to accept rising fundraising costs, but we can tolerate the deposit beta up to roughly 50% overall as we build the balance sheet based on fundraising from a broad range of sources, not limited to deposits.</p>
Q3	<p>Although it's still before the business integration with the Bank of Nagoya, can you proceed with financial strategies that look ahead to the post-integration phase—for example, using the Bank of Nagoya's unrealized gains on stock?</p>
A3	<p>➤ We're currently at the stage of having concluded a basic agreement on the business integration, with the finalization of the agreement set for March 2027. Since we have yet to conclude a final version of the agreement, we don't believe it would be realistic to incorporate elements of uncertainty that modify the Bank of Nagoya's balance sheet or affect our management strategies.</p> <p>However, we do need to engage in repeated discussions on how to increase corporate value after the integration with a sense of urgency. We will need to change our management structures, including asset liability management (ALM) and governance, from their current single-bank basis to forms that will function effectively in a two-bank format. We consider this to be a particularly challenging topic.</p>

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Q4	To what degree do you account for profit margin on deposits in calculating returns on risked assets (RORA)?
A4	<ul style="list-style-type: none"> ➤ For RORA, the numerator includes investment yield-based interest for yen-denominated assets and spread-based interest for foreign currencies. Risk-weighted assets account for the denominator. For this reason, we don't consider fundraising costs for yen RORA.

Q5	How will you achieve top-line growth through the business integration with the Bank of Nagoya beyond the growth that would be achieved by the alliance? Also, what is your timeline for improving ROE?
A5	<ul style="list-style-type: none"> ➤ The major differences between the alliance and the business integration lie in the capacity of the latter to increase corporate value as a single group, which serves as the incentives to incorporate into the Group profits that previously flowed out of the Group to external parties. For example, when providing customers with financial services like consulting and securities, we may work with external companies, but after the integration, we will naturally prioritize Group functions to provide added value, resulting in profits being returned to the Group. We believe advancing this framework will lead to more growth than could be achieved by an alliance. ➤ Regarding the impact on ROE, while we can't indicate related components and other factors at this point because the assumptions may differ substantially given the matters to be decided in the future, like the stock-swap ratio, we will continue to disclose as much information as possible on the state of our consideration of these matters, going forwards.

Q6	I would expect there to be a time during the preparatory period for the business integration in which you won't be able to pay returns to shareholders for technical reasons. What impact will this have on your approach to shareholder returns during the period covered by the Medium-term Business Plan?
A6	<ul style="list-style-type: none"> ➤ We have no intention of changing our basic approach to shareholder returns. We will maintain our approach to shareholder returns while targeting a state in which the price per share continues to increase even after the business integration. ➤ During the integration, we may need to consider issuing new shares in addition to using existing treasury stock, but even in such case, we would expect to buy back the equivalent number of new shares within a few years. We intend to proceed by considering various scenarios.

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Q7	<p>What ROE levels can you target if the policy interest rate is set to 1% or 1.5%? Also, what level of gains on the sale of stock do you project for each fiscal year of the current Medium-term Business Plan?</p>
A7	<ul style="list-style-type: none"> ➤ Assuming a policy interest rate of 1%, we would expect an upside of approximately +0.5% in ROE in the final year of the Medium-term Business Plan (FY2028), bringing us to roughly 10%. In considering the prospect of a policy interest rate of 1.5%, we need to consider matters like the impact on the regional economy and our credit-related costs. For this reason, I would like to refrain from giving quantitative figures at this time. But we do plan to perform simulations based on future interest rate trends and share them as necessary in our IR activities. ➤ We estimate approximately JPY100.0 billion in gains on sale of stock over the three years of the Medium-term Business Plan, for annual average gains on sale of stock of about JPY30.0 billion. However, we expect this to vary somewhat since the unrealized gains themselves will fluctuate due to the share price.
Q8	<p>With the growing numbers of factors to consider, including the business integration with the Bank of Nagoya, how will you control the CET1 ratio?</p>
A8	<ul style="list-style-type: none"> ➤ This Medium-term Business Plan doesn't account for the impact of the business integration with the Bank of Nagoya. So, the assumptions for the CET1 ratio will change significantly depending on the conditions for the business integration and future capital policies. We recognize this as a topic for the future. As with ROE, we intend to provide pertinent explanations through future IR activities as information becomes available.
Q9	<p>With total shareholder return ratios exceeding 80%, primarily among top regional banks and with overall shareholder returns rising across the industry, what are your thoughts on future shareholder return policies?</p>
A9	<ul style="list-style-type: none"> ➤ We forecast a total payout ratio of 82.9% for FY2025. This is based on our policy of providing higher returns to shareholders, which is a requirement resulting from our efforts to achieve our target ROE and capital levels. This approach will remain unchanged going forward; rather than tracking other companies' levels and trying not to fall below them, we will work to implement returns at the levels needed, based on our own vision. While future levels will depend on striking a balance with growth investments, we expect to maintain high shareholder returns for the time being.

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Q10	The increase in expenses for Shizuoka Bank on a nonconsolidated basis seems relatively low around 7%, or JPY7.0 billion yen for three years. Why is that?
A10	<ul style="list-style-type: none"> ➤ We expect expenses to decline by about JPY4.9 billion with the end of amortization of past large-scale investments, including the accounting system upgrade. We also estimate an impact of approximately JPY3.6 billion from the recording of some future depreciation as an extraordinary loss due to revisions of our fixed asset valuation method implemented during the previous Medium-term Business Plan period. Ultimately, despite an increase due to investments during the current Medium-term Business Plan, we expect the completion of past large-scale amortization to have a positive effect on controlling expenses.
Q11	What is your policy for future joint efforts with the Monex Group? What returns on investment do you expect from continuing to hold shares of Monex Group stock?
A11	<ul style="list-style-type: none"> ➤ In the Web 3.0 domain, including blockchain, NFT, and other technologies, we're at the stage of intensifying cooperation to realize our various strategies under the current Medium-term Business Plan through means such as proof-of-concept testing with the support of the Monex Group. Another meaningful outcome of this cooperation is to obtain the knowledge we lack from the Monex Group in areas like token deposits and stable coins. ➤ At this point, we aren't considering selling our shares in the Monex Group stock. However, we are monitoring its returns on investment.
Q12	What are your thoughts on the Bank of Nagoya's strengths and issues? Also, given its ROE and profit levels, simple totaling of figures would drive your ROE down. How do you plan to boost ROE after the integration?
A12	<ul style="list-style-type: none"> ➤ I'll refrain from commenting on the Bank of Nagoya's issues, since it would be inappropriate for us to do so at this time. Meanwhile, we consider one of its greatest strengths to be its firm grip on the vast market of Aichi Prefecture, the city of Nagoya in particular. Since the Nagoya area is a market characterized by very low interest rates, it would be challenging to boost ROE through businesses centered on deposits and loans alone. As we have enhanced our services to grow revenues related to fees and commissions, we believe that by providing our comprehensive financial services to the Bank of Nagoya's customer network, we can increase fee revenue and ultimately improve ROE.

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Q13	Am I right to see this business integration as a step toward becoming the world's leading regional bank, as mentioned in a previous IR meeting?
A13	<ul style="list-style-type: none"> ➤ Based on simple totals, the integration would bring us to the fourth or fifth largest group in the regional banking sector by scale of assets and to the top with respect to market capitalization and profits. But more significant than these figures is the attractive market encompassing the Tokyo metropolitan area and the Chukyo area, which account for approximately 16% of Japan's GDP. Having this area, the heart of the Japanese economy, as our base of operations, combined with our capacity to provide services with deep roots in the community, is a significant advantage. We believe the business integration is a solid step towards becoming the world's leading regional bank.

Q14	Why are your plans based on the conservative assumption of a 0.75% policy rate? Wouldn't that have negative effects on the share price based on relatively low profits and ROE? What explains this premise?
A14	<ul style="list-style-type: none"> ➤ While some feel that the assumption of a 0.75% policy rate is conservative, we want to transition to strategies and business structures that will make it possible to achieve ROE in the mid-10% range during the period covered by the next Medium-term Business Plan, without relying on interest rate hikes. That's why we formulated this plan without incorporating additional rate hikes. ➤ This decision is also affected somewhat by the impact of the future business integration with the Bank of Nagoya as an additional factor we need to consider. Since we will need to broadly revise this plan at appropriate junctures in light of the progress of discussions toward the business integration, we believe it is preferable at this time to target steady, well-grounded growth by eliminating uncertain factors to the degree possible, rather than projecting a high ROE that assumes additional rate hikes. We believe it would be better to revise the plan in light of prevailing interest rate conditions at the point in time when we can incorporate the impact of the business integration and other factors, and that's why the current plan is based on these assumptions.