

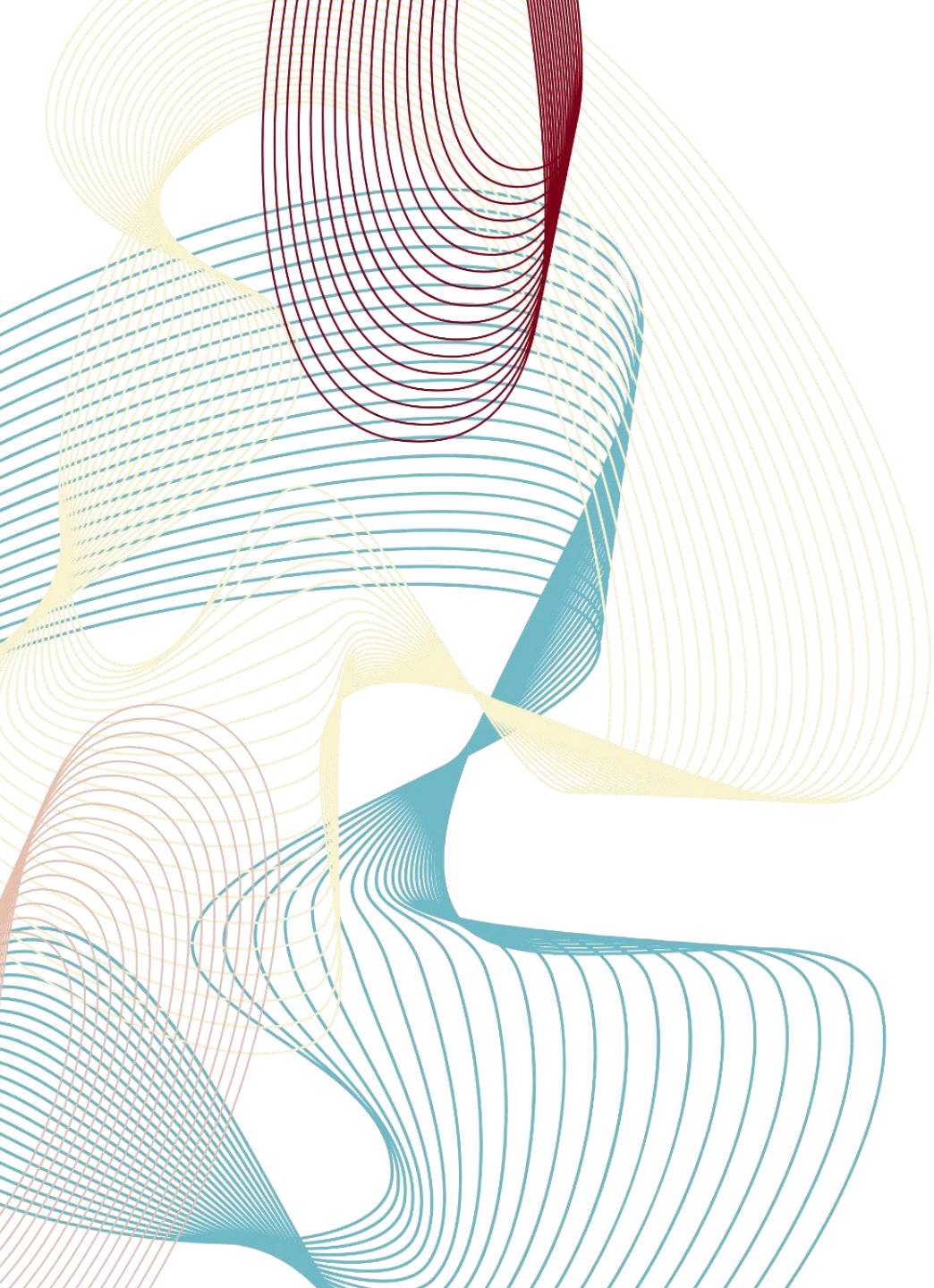


**Shizuoka Financial Group**  
**2nd Medium-term Business Plan**  
**(FY2026-FY2028)**

April 2026

**Xover2.0**  
-Into the future together

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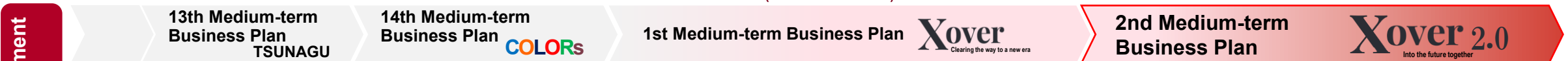
# **Evolution of Shizuoka Financial Group's Management Strategies**

# Evolution of Shizuoka Financial Group's Management Strategies

Continually increased its corporate value by deploying strategies in response to the changing external environment, and recently reached the milestone of a PBR of one. Under the 2nd Medium-term Business Plan, based on the reforms implemented during the period of the previous Medium-term Business Plan, we are resolved to boost corporate value still further.



\* Action to Implement Management that is Conscious of Cost of Capital and Stock Price (March 2023)



**Points**

- Enhancing Group management and expansion of new business domains**
- Migration of Group companies to independent growth and sustainability management**
- Expansive revision of the plan to advance to an even higher stage**

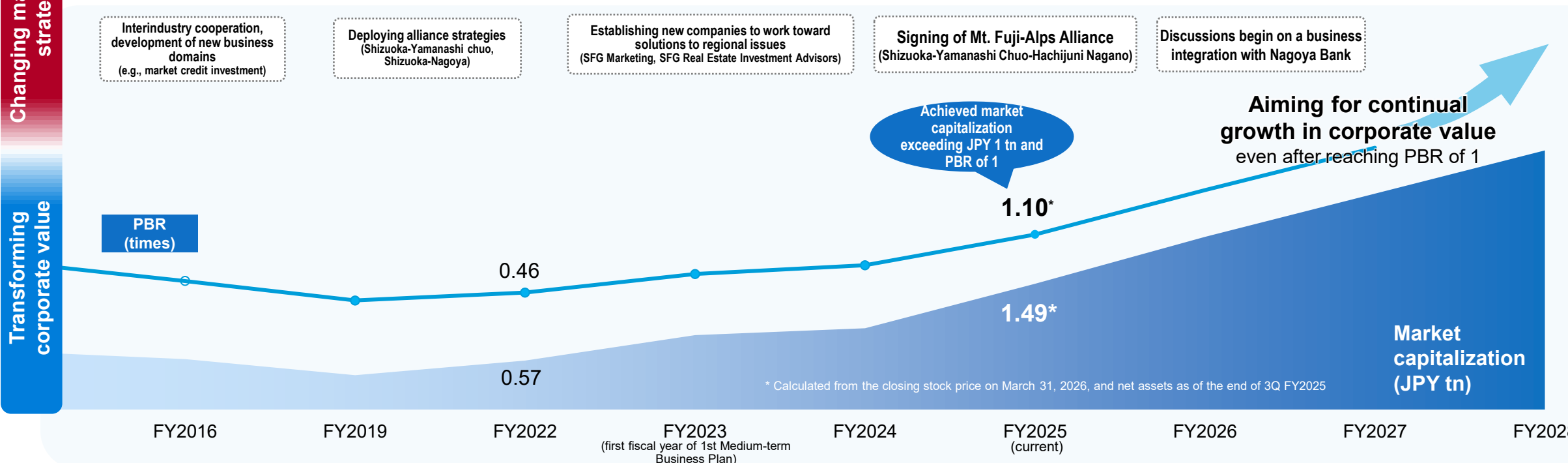
Interindustry cooperation, development of new business domains (e.g., market credit investment)

Deploying alliance strategies (Shizuoka-Yamanashi chuo, Shizuoka-Nagoya)

Establishing new companies to work toward solutions to regional issues (SFG Marketing, SFG Real Estate Investment Advisors)

Signing of Mt. Fuji-Alps Alliance (Shizuoka-Yamanashi Chuo-Hachijuni Nagano)

Discussions begin on a business integration with Nagoya Bank



# Review of the 1st Medium-term Business Plan (1) Financial targets

Consolidated ordinary profit, ROE, and OHR are on track to meet targets. We recognize that controlling the CET1 ratio remains a key topic for the future. Market valuation has improved significantly due to steady growth in core business and a revision of the shareholder return policy aimed at improving capital efficiency.

## Progress toward and assessment of financial targets and challenges for the future

Indicator	FY2027 plans	FY2025 forecasts *1	Assessment	Current state	Challenges for future
<b>Consolidated ordinary profit</b>	<b>JPY 145.0 bn</b> or more	<b>JPY 127.0 bn</b>	○	<div style="border: 1px solid blue; padding: 2px;">+</div> In addition to <b>net interest income growth</b> backed by rising interest rates, we achieved <b>growth in fees and commissions</b> generated by Group functions.	<ul style="list-style-type: none"> <li>➤ <b>Maximizing net interest income</b> based on balance sheet controls (asset replacement, stabilizing fundraising)</li> <li>➤ Harnessing investment capacity to achieve inorganic growth</li> </ul>
<b>Consolidated ROE</b> (Based on net assets)	Approx. <b>8.5%</b>	<b>7.3%</b>	○	<div style="border: 1px solid blue; padding: 2px;">+</div> <b>Steady profit growth</b> groupwide led to higher ROE (shared understanding of <b>policies to improve capital efficiency</b> in the Board of Directors). <div style="border: 1px solid red; padding: 2px;">-</div> <b>The high level of equity capital</b> constitutes downward pressure on ROE.	<ul style="list-style-type: none"> <li>➤ Building the earnings structure needed to achieve sustained growth in both interest and non-interest income</li> <li>➤ <b>Controlling capital to the level</b> needed to achieve the ROE target</li> </ul>
<b>Consolidated OHR</b>	Controlled at approx. <b>50%</b>	<b>55.6%</b> (47.6%)*2	○	<div style="border: 1px solid blue; padding: 2px;">+</div> Generating investment capacity by <b>revising fixed asset valuations</b> in addition to <b>top-line growth</b> while controlling expense levels	<ul style="list-style-type: none"> <li>➤ Active investment in business foundations to support future growth strategies, such as <b>AI and human capital</b>, premised on appropriate financial discipline</li> </ul>
<b>Consolidated CET1 Ratio</b>	Approx. <b>13%</b>	<b>15.95%</b> (13.76%)*3	▲	<div style="border: 1px solid red; padding: 2px;">-</div> Due mainly to <b>increasing valuation gains on shareholdings</b> as a result of rising stock prices, the CET1 ratio remains higher than the target level.	<ul style="list-style-type: none"> <li>➤ Reducing valuation difference on securities as a percentage of capital</li> <li>➤ <b>Increasing capital efficiency</b> through investment in growth, shareholder returns, etc.</li> </ul>

\*1 Based on announced performance forecasts \*2 Based on core gross operating profit \*3 Estimates calculated under full application of finalized Basel III framework

## Changes in capital policies during the period of the 1st Medium-term Business Plan

### 1 Revision of target dividend payout ratio

Initial target on formulation of the 1st Medium-term Business Plan

Raise the dividend payout ratio progressively to **40% or more** by FY2027.



Revised target (since February 2024)

Raise the dividend payout ratio progressively to **50% or more** by FY2027.

➤ Following the revision, the policy was changed to one of considering dividends received from shareholdings as a source of dividend payments.

### 2 Purchase of treasury stock

Continually implementing purchase of treasury stock to control capital and to achieve the ROE target

Market evaluations have improved with growing profits from core businesses and execution of capital policies to improve capital efficiency.

### Shareholder returns and share price trend during period of 1st Medium-term Business Plan

	FY2022 (actual)	FY2025 (forecast)
<b>Dividend/share</b>	JPY 30.0	<b>JPY 80.0</b>
<b>Dividend payout ratio</b>	32.2%	<b>49.0%</b>
<b>Total payout ratio</b>	51.1%	<b>82.9%</b>
<b>Share price (FY end)</b>	JPY 951	<b>JPY 2,563</b>

# Review of the 1st Medium-term Business Plan (2) Engagement and social impact KPIs

Steady progress toward the target for each indicator achieved by enhancing stakeholder engagement and efforts to make the region more sustainable

## Progress toward and assessment of each indicator and challenges for the future

	Indicator	FY2027 target	Status of initiatives targeting achievement	Challenges for future	
Engagement KPIs	Customer <b>satisfaction with Group transactions</b> *1	Increase from the <b>Previous Fiscal Year</b>	<b>FY2025 result</b> Increased from the <b>Previous Fiscal Year: +4.6</b> (Preliminary figures)		<ul style="list-style-type: none"> <li>➤ Communications to earn stakeholder empathy (<b>building a fan base</b>)</li> <li>➤ <b>Improving convenience and functionality</b> of individual customer contact points (both real and digital)</li> </ul>
	Group employee <b>engagement</b> *2	<b>4.0 or higher</b>	<b>FY2025 result</b> <b>3.86</b> (+0.05 pt YoY)		<ul style="list-style-type: none"> <li>➤ Rebuilding the <b>HR portfolio</b> (training, hiring, reassignment)</li> <li>➤ Changing support roles through AI</li> </ul>
	<b>Carbon neutrality</b> (Scopes 1 and 2)	<b>Achieved</b> (FY2030)	<b>Company efforts to achieve carbon neutrality</b> Using renewable energy Shizugin Solar Park began operation (October 2023) Shizugin Aqua Energy Park Load Ieyasu Hydroelectric Plant began operation (March 2024)	<b>Promoting regionwide decarbonization efforts</b> Tool-based solutions provided by Group companies Shizuoka GX Support Sustainable finance Carbon offset leases J-Credits Subsidy application support	<ul style="list-style-type: none"> <li>➤ <b>Achieving carbon neutrality for the Shizuoka Financial Group</b></li> <li>➤ Measuring and reducing GHG emissions by <b>commercial borrowers (Category 15)</b></li> <li>➤ Enhancing <b>Groupwide</b> decarbonization solutions</li> </ul>
	<b>Reduction GHG emissions in Shizuoka Prefecture</b>	<b>-46%</b> vs. FY2013 (FY2030)			
Social impact KPIs	<b>Rate of Social Change in Shizuoka Prefecture's Population</b>	<b>Continuously increasing</b>	<b>Evolution of alliance strategy</b> Hachijuni Nagano Bank newly added Shizuoka-Yamanashi Alliance 富士山・アルプスアライアンス Mt. Fuji - Alps Alliance	<b>Accelerating regional co-creation by establishing new companies</b> SFG Marketing SFG Real Estate Investment Advisors Solutions to regional labor shortage Support for regional stimulation	<ul style="list-style-type: none"> <li>➤ Enhancing efforts to <b>boost related populations</b> in partnership with alliance banks and other measures</li> <li>➤ <b>Supporting new business creation by regional businesses</b> (initiatives through newly established foundation, etc.)</li> <li>➤ Enhancing Group functions to <b>demonstrate regional financial power</b></li> </ul>
	<b>Real GDP in Shizuoka Prefecture</b>	<b>Sustained growth</b>	Enhanced efforts to <b>attract people to the region</b> through relocation promotion projects and other efforts among the three alliance banks		

\*1 Net promoter score (NPS; percentage who would recommend a product, service, or company to friends, family, or acquaintances) based on customer surveys

\*2 Average overall satisfaction measured using the five elements of rewarding work, job suitability, satisfaction with the workplace, satisfaction with superiors, and loyalty to employer (graded 1-5)

# Background of formulation of the 2nd Medium-term Business Plan

Reasons for formulation ahead of schedule

We formulated the 2nd Medium-term Business Plan ahead of schedule to adapt strategically to environmental changes not foreseen in the previous Medium-term Business Plan, such as entering a world of positive interest rates and the need to harness AI.

## Major changes in the business environment

## Perspectives needed in new management strategies

## Strategies required to adapt to changes

### Entering a world of positive interest rates

#### Keywords

Selecting assets based on an awareness of yields on investment  
Slowing growth of deposits, importance of stable fundraising

#### Balance sheet management (asset and liability allocation)

- Asset management** Asset accumulation and replacement based on a keen awareness of profitability
- Fundraising** Diversifying fundraising beyond deposits, controlling fundraising costs

**Previous Medium-term Business Plan (planned for five years) ended after three years**

### Evolution of AI and digital technologies

#### Keywords

AI implementation is directly related to differences in business competitive strength

#### Workstyle reforms utilizing AI (replacement and supplementation)

- Replacement** Improving the bottom line through business efficiency improvements
- Supplementation** Growing the top line by using AI strategically (e.g., to support sales)

Taking into account factors such as the scope of changes and the rising value of time, we chose to **formulate** a new Medium-term Business Plan **ahead of schedule** rather than **revise** the 1st Medium-term Business Plan.

### Changing customer behavior and diversification of values

#### Keywords

Customer touchpoints, stakeholder relations

#### Further reforming customer touchpoints, building relationships with stakeholders

- Evolution of transformation strategy
- Building a fan base

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Accelerating efforts to increase corporate value by adapting the management strategies that serve as milestones for growth to the changing environment

### Sense of crisis regarding regional growth

#### Keywords

Shrinking populations, low birth rates, aging society, coexistence and coprosperity with the region

#### Further enhancing regional co-creation strategies

- Alliance strategy
- Community development
- Shizuoka FG economic zone



# **Overview of the 2nd Medium-term Business Plan**

# Overview of the 2nd Medium-term Business Plan

We have established two visions: one for 10 years and one for the Medium-term Business Plan. We aim to achieve the KPIs and maximize both corporate and social value by implementing the basic strategies needed to realize these visions.

**Xover** (Crossover) **2.0** -Into the future together

Period: **FY2026-FY2028** (three years)

**10-year Vision**

A cyclical state of resonance between Shizuoka Financial Group's growth and stakeholder growth

**Medium-term Business Plan Vision**

A value co-creating corporate group that continues to grow by building the future in partnership with the region

Revising strategies and KPIs to reflect the changing business environment

The desired state for stakeholders

Strategies to realize the vision

KPIs

 Region	A vibrant regional community with a growing related population
 Customers	Contact points that constantly bring customers closer to Shizuoka Financial Group even amid changing values and behavior
 Future Generations	A sustainable society characterized by hope and a bright future
 Shareholders	Sustained growth in shareholder value and increasing our shareholder fan base
 Employees	Consistent strategies, missions, behavior, and evaluations Flexible work styles that match values and views of work

## Basic strategies

- 1 Co-creation, growth, challenge**  
Deploying growth strategies in three business domain categories
- 2 Transformation 2.0**  
Accelerating reforms through investment in IT systems (e.g., AI, digital transformation)
- 3 Corporate communication**  
Building relationships in which stakeholders choose us for the long term

## AI

Fusing AI with various reforms to build AI-native structures

## Human capital management

Building an HR portfolio to realize strategies

Sustainability indicators

Increasing corporate value

Creating social value

# Sustainability indicators

It consist of financial targets and engagement indicators intended to increase corporate value and social impact indicators used to gauge the results of social value creation.

		Indicator	Previous Medium-term Business Plan target (FY2027)	2nd Medium-term Business Plan target (FY2028)		
Increasing corporate value	Financial targets	Profitability	Consolidated ordinary profit	JPY <b>145.0</b> bn or more	JPY <b>170.0</b> bn or more	Commitment indicators
		Profitability	Consolidated ROE (Based on net assets)	Approx. <b>8.5%</b>	Approx. <b>9.5%</b>	
			Efficiency	Consolidated OHR	Approx. <b>50%</b>	
		Soundness	Consolidated CET1 Ratio	Approx. <b>13%</b>	Approx. <b>13%</b>	
	Engagement KPIs	Customer satisfaction with Group transactions		<b>Positive</b> YoY growth	<b>Positive</b> YoY growth	
		Group employee engagement		<b>4.0</b> or higher	<b>4.0</b> or higher	
		Shizuoka Financial Group's GHG emissions (Scopes 1 and 2)		Carbon neutrality <b>achieved</b> (FY2030)	Carbon neutrality <b>achieved</b> (FY2030)	
		<b>NEW</b>	GHG emissions by commercial borrowers*	—	<b>Reduced</b> YoY in each year	
Creating social value	Social impact KPIs	Rate of social change in Shizuoka Prefecture's population		<b>Continuously increasing</b>	Continually targeted indicators	
		Real GDP in Shizuoka Prefecture		<b>Sustained growth</b>		
		Reduction GHG emissions in Shizuoka Prefecture		<b>-46%</b> vs. FY2013 (FY2030)		

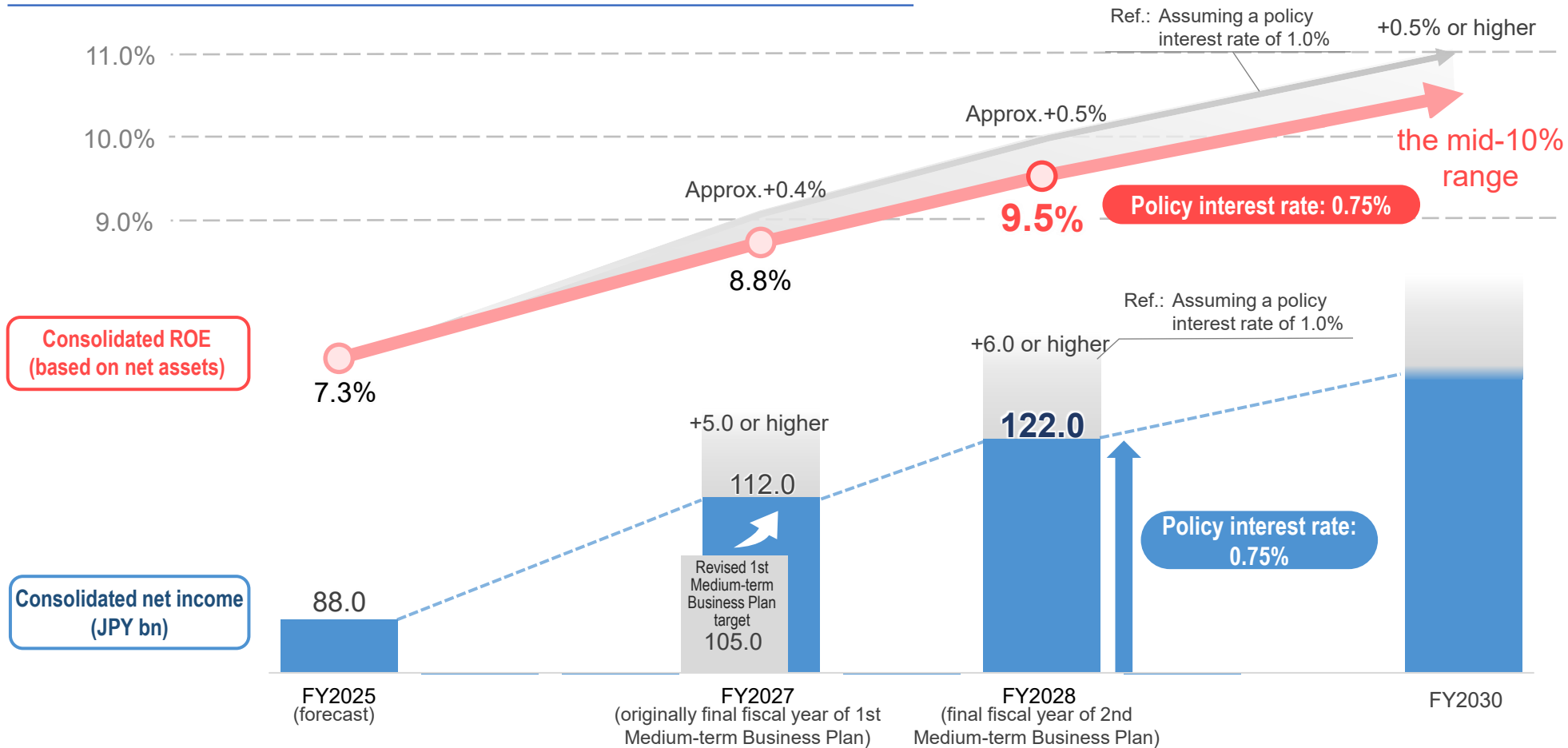
\* Refers to commercial borrowers recognized as measuring their own GHG emissions.

# Approach to target ROE level Trends in ROE, profit, and capital

Assuming interest rates in the absence of additional rate hikes (policy rate of 0.75%), we expect ROE in the final fiscal year of the 2nd Medium-term Business Plan to be approx. 9.5%.

We will aim to transform the business structure to achieve an ROE exceeding 10% over the medium to long term even without the positive effects of rising interest rates.

## Medium- to long-term target ROE and profit levels



### ROE

Realizing capital efficiency to achieve ROE exceeding 10% even without interest rate hikes

Upside of approx. +0.5% assuming a policy interest rate of 1.0%

### Growth strategies

- (1) Pursuing organic growth based on appropriate **balance sheet controls**
- (2) Securing inorganic growth opportunities through **M&As, etc.**

### Capital strategies

- (1) **Rectifying the capital structure through share reductions**  
Using additional gains from sale of stock strategically for investment in growth, etc.
- (2) **Enhancing shareholder returns to increase capital efficiency**

(JPY tn)	FY2025 (forecast)	FY2027 (originally final fiscal year of 1st Medium-term Business Plan)	FY2028 (final fiscal year of 2nd Medium-term Business Plan)	FY2030
<b>Equity capital</b>	1.0	1.0-1.05	1.05-1.1	-
<b>Net assets</b>	1.2-1.25	1.2-1.25	1.25-1.3	1.3 or higher

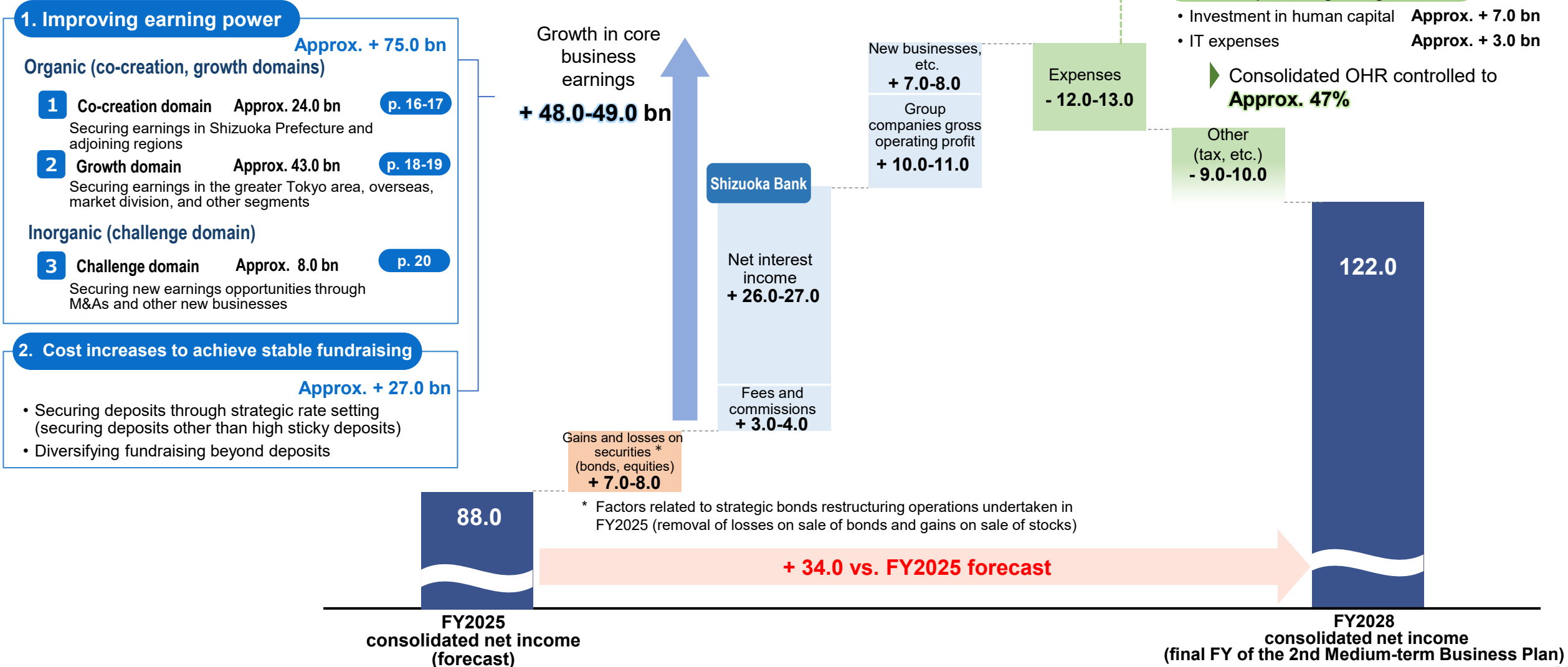
# Composition of profit growth during the Medium-term Business Plan

Achieving top-line growth through strategies for each of the three business domains while duly accounting for the costs required to achieve stable fundraising to support balance sheet growth.

We will enhance investments in human capital and IT systems, elements essential to implementing our strategies, to achieve the consolidated net income target of JPY122.0 bn in the final fiscal year of the Medium-term Business Plan.

(JPY bn)

## Composition of consolidated net income



# Perspective on yen balance sheet management

In addition to selecting assets with an emphasis on yields, we plan to diversify fundraising methods to ensure liquidity while prioritizing highly sticky deposits, thereby building an appropriate balance sheet for a world of positive interest rates and maximizing net interest income.

## Selecting assets based on an awareness of yields on investment

### 1 Lending targets to grow balances

#### SMEs

While growing our share of the regional market in Shizuoka Prefecture, also strengthening corporate lending in Kanagawa Prefecture through strategic staffing and other means

#### Individual

Since these are important transactions for building the customer base, we will seek to achieve growth primarily in major metropolitan areas while cutting costs via **DX and centralized loan operations**.

### 2 Lending to improve profitability

#### Large and medium-sized enterprises Market credit investment

Shrinking low-profit loans in stages to make the balance sheet more profitable without increasing balances

p. 18

#### JPY bonds p. 19

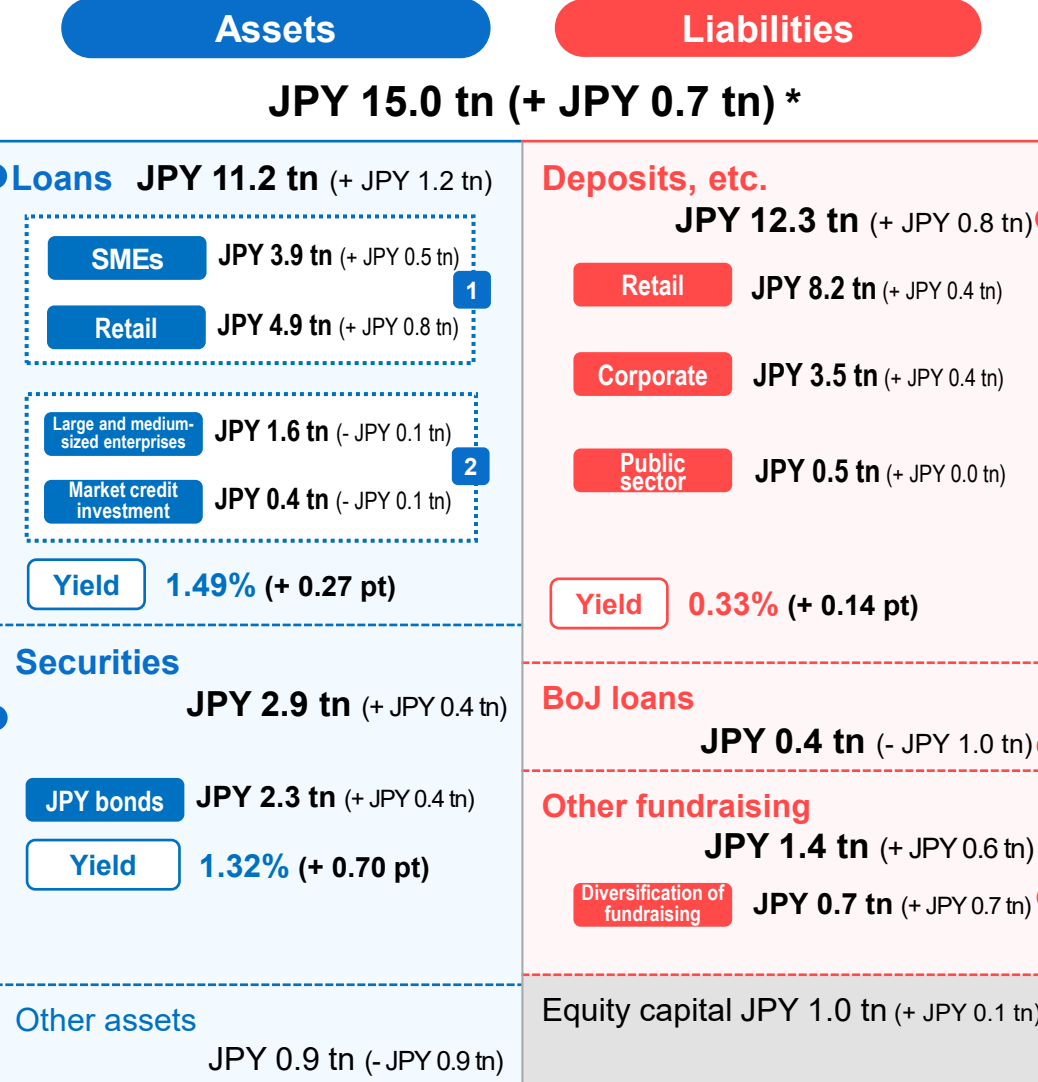
Maintaining strategic replacement operations to move toward a sounder, more efficient bonds portfolio with a view to increasing carrying income

#### Equities p. 30

Accelerating reduction of shareholdings from a capital control perspective

Making strategic use of gains on sales of shares to achieve the target ROE

## FY2028 target yen balance sheet structure (average balances)



\* Figures in parentheses ( ) are vs. FY2025.(project)

## Stabilizing fundraising to support balance sheet growth

### 1 Securing highly sticky deposits

**Creation of a Shizuoka FG economic zone**  
Launching a **loyalty points program** to maintain ties between customers and Shizuoka FG

**Enhancement non-face-to-face channels (apps)**  
Advancing digital marketing with the introduction of **Wallet+**; becoming a **bank customers want to stay with**.

### 2 Spending to secure strategic deposits

Supplementing fundraising with sticky deposits through highly competitive products, enhanced campaigns and promotions, and other measures.

p. 17

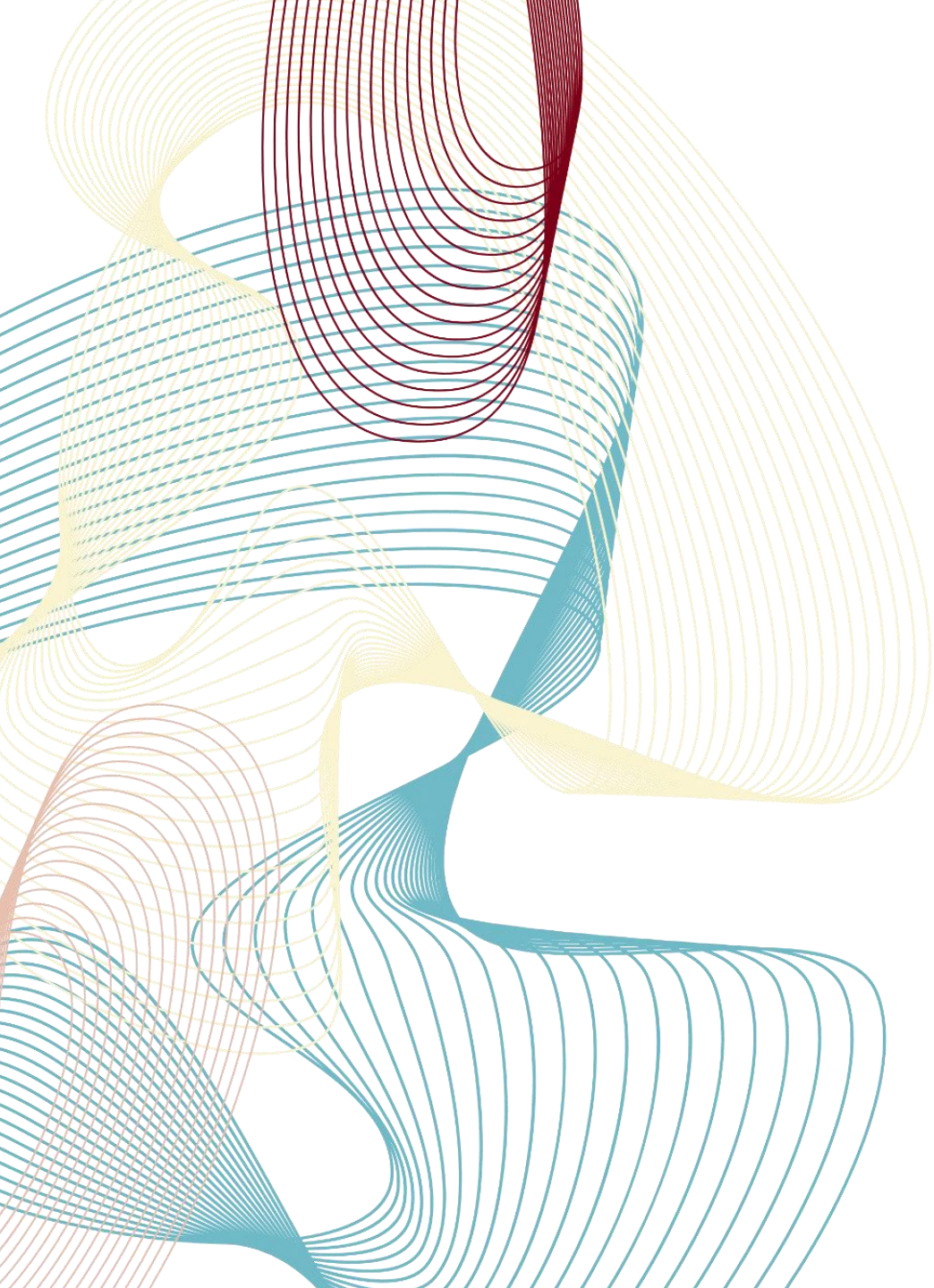
### Key issue **Decreasing balance of BoJ loans**

Decreasing BoJ loans by JPY 1.2 tn through FY2027

### Response **Using alternative means of fundraising**

<b>BoJ loans</b> <small>(climate change response system)</small>	<b>JPY 0.3 tn</b>
<b>Corporate bonds</b>	<b>JPY 0.3 tn</b>
<b>Loan securitization</b>	<b>JPY 0.4 tn</b>

Set target for **JPY fundraising cost guide** and managing overall fundraising costs, including supplemental fundraising methods



# Basic Strategies

# Basic strategies (1) Co-creation, growth, challenges

We plan to maximize efforts to increase corporate value and create social value by strategically allocating management resources to three domains grouped by requisite functions and roles.

## Co-creation domain

## Growth domain

## Challenge domain



Concept

Preparing management foundations based on efforts to co-create value

Increasing corporate value by capitalizing on market growth potential

Building a base for growth from a clean slate

Definition

**Shizuoka Prefecture and adjoining regions**  
(markets with which we have relationships of coexistence and shared prosperity)

**Greater Tokyo area, Aichi, Osaka, overseas**  
(markets recognized to have growth potential)

Markets and fields to build new earnings and customer bases

Mission

**Growing related population**  
**Regional coexistence and shared prosperity**

**Making the growth domain our home field**  
**Aggressively securing earnings opportunities**

Expanding Group functions  
Realizing disruptive growth

Keywords

Community development business, regional growth  
Deposits/loans, Group company earnings

Balance sheet control  
Metropolitan areas, global strategy

M&A, new business development,

HR allocation

2,230 (+110)

720 (+90)

40 (+20)

# Basic strategies (1) Co-creation, growth, challenge Co-creation domain

We plan to achieve regional coexistence and shared prosperity by leveraging Shizuoka Financial Group functions to promote the community development business and strengthen corporate consulting functions.

**Community development: Moving toward a business model only achievable by the Shizuoka Financial Group**

1st Medium-term Business Plan  
Building the groundwork for community development

2nd Medium-term Business Plan  
Taking on the challenges of regional depopulation

Community development case study

Acquiring landmark regional properties in partnership with regional firms



Hamamatsu Aet Tower

↑ Attracting growing numbers of inquiries concerning regional development

↓ Accumulating community development expertise

**SFGR**  
Establishing SFG Real Estate Investment Advisors

Growth of SFG Real Estate Investment Advisors

	FY2025 (planned*)	FY2028 (planned)	Change
Asset management balance of contracts	JPY 80.0 bn	JPY 150.0 bn	+ JPY 70.0 bn
ordinary profit	JPY 0.85 bn	JPY 1.6 bn	+ JPY 0.75 bn

Participating in an arena project to strengthen community appeal



Shizuoka City Arena

Creating social value

Business and employment creation  
Growing related population



Increasing corporate value

Maintaining and expanding the customer base  
Maximizing earnings opportunities

-Enhancing Group functions to achieve community development-

**SFGR** Real estate asset management business, real estate-related businesses

Shizugin Management Consulting

Research, planning

Shizugin Lease

Real estate leasing

SFG Marketing

Marketing support

Shizuoka Community Development Consulting

Community development planning support

etc.

New

## Corporate consulting: Supporting the growth of regional firms

Consolidating corporate consulting functions to create the region's leading consulting firm

Now

Shizuoka Bank draws on functions across the Group to propose solutions to client firms.



Client firm

Shizuoka Bank

M&A

Shizugin Management Consulting

Equity

Shizuoka Capital

DX

Shizugin IT Solutions

⋮

Future

Building a structure for providing one-stop solutions in response to varying inquiries, thereby contributing to client firm growth

Shizuoka Financial Group

Shizuoka Bank

Shizugin TM Securities

Shizugin Lease

SFG Real Estate Investment Advisors

Shizuoka Capital

Corporate consulting business

M&A/Business Succession

Consulting  
(management consulting, sustainability, etc.)

Equity  
(hands-on, PMI)

DX

Amoeba  
(new business PoC)

+ Additional new functions through M&As, etc.

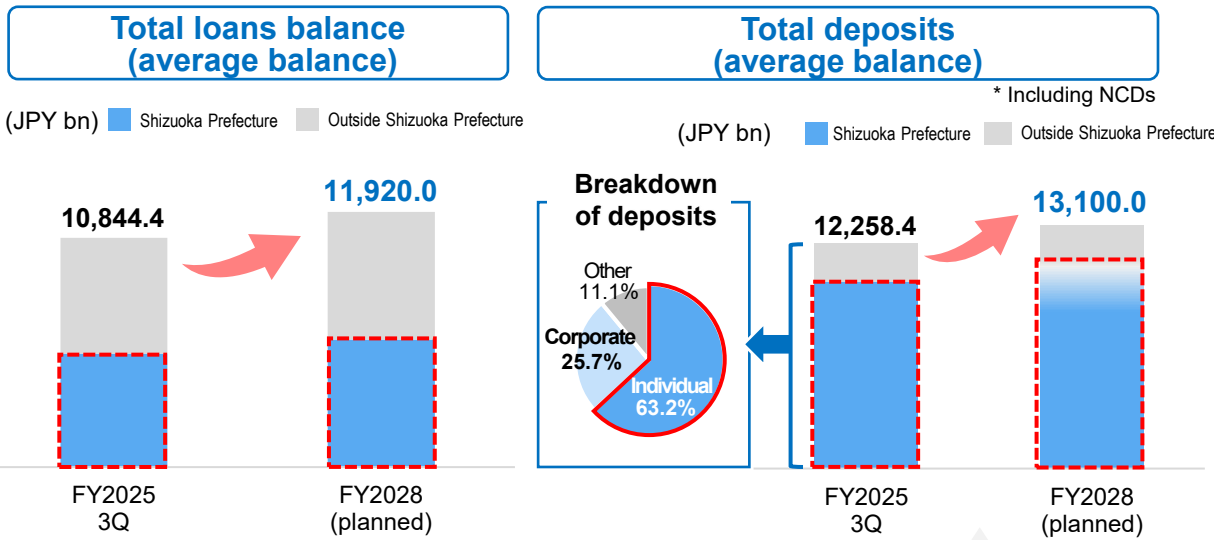
Building a structure for capitalizing on our strengths based on Group functions and maximizing earnings through cross selling

\* Based on the target figures established at the start of the 2025 fiscal year

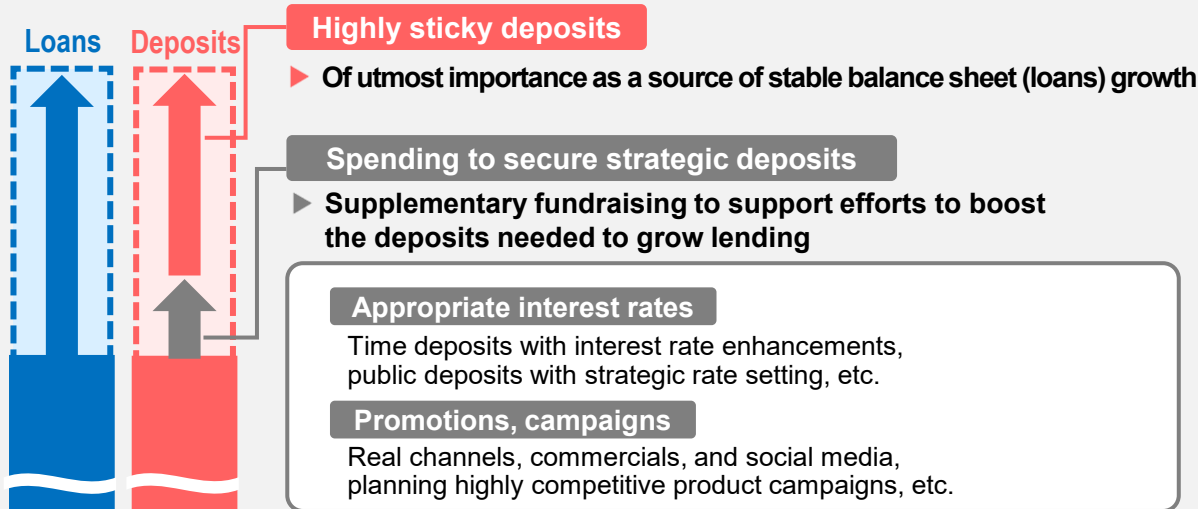
# Basic strategies (1) Co-creation, growth, challenge Co-creation domain (deposits strategy)

Strengthening our capacity to secure highly sticky deposits that support lending growth by using digital technologies to enhance customer touchpoints and various services.

## Current conditions

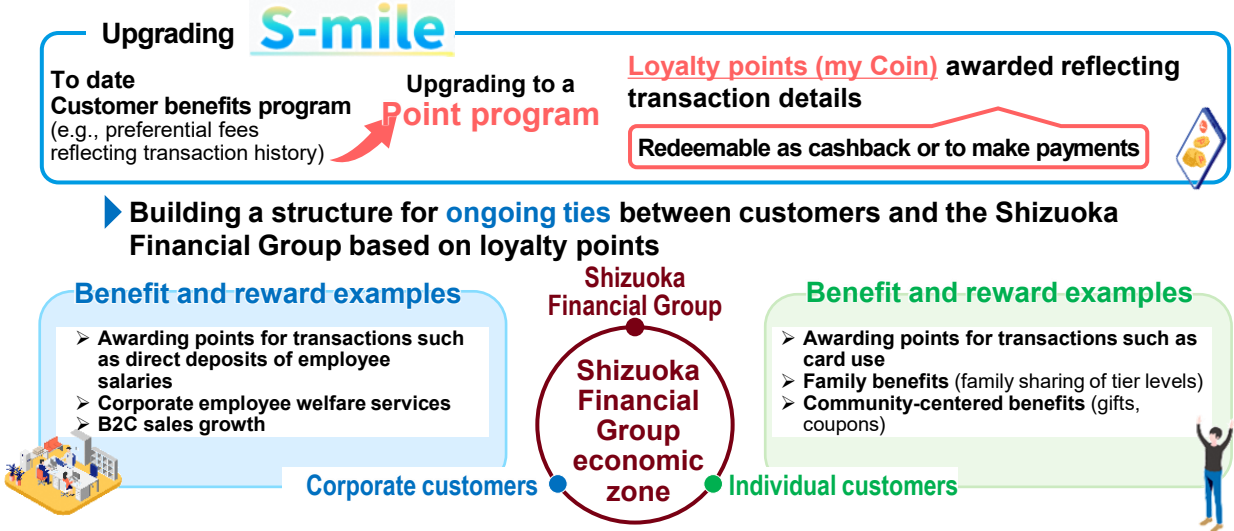


## Approach to securing deposits

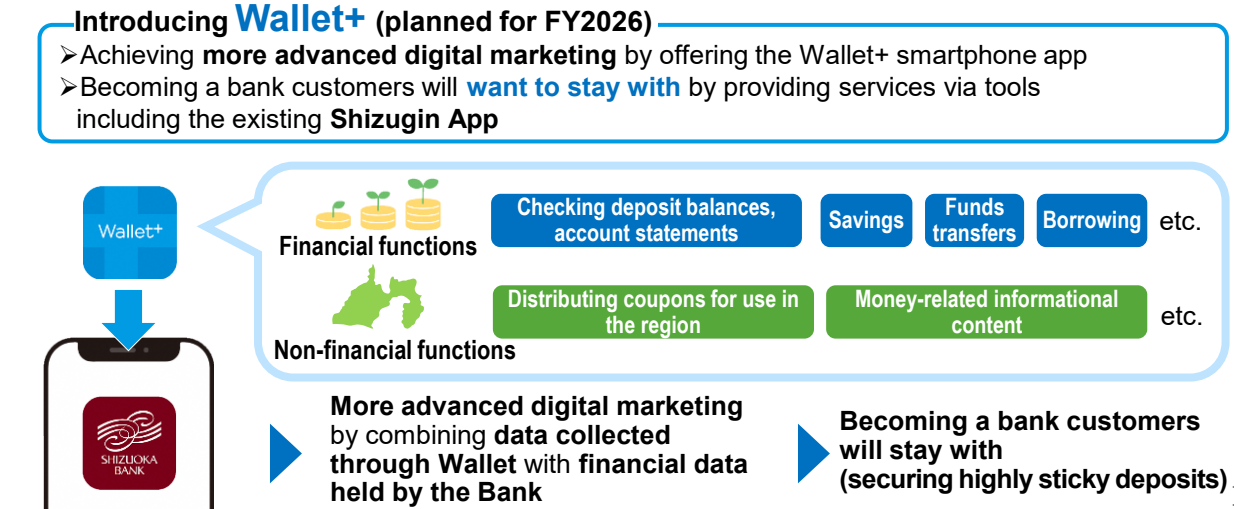


## Initiatives to secure highly sticky deposits

### 1 Creating a Shizuoka Financial Group economic zone



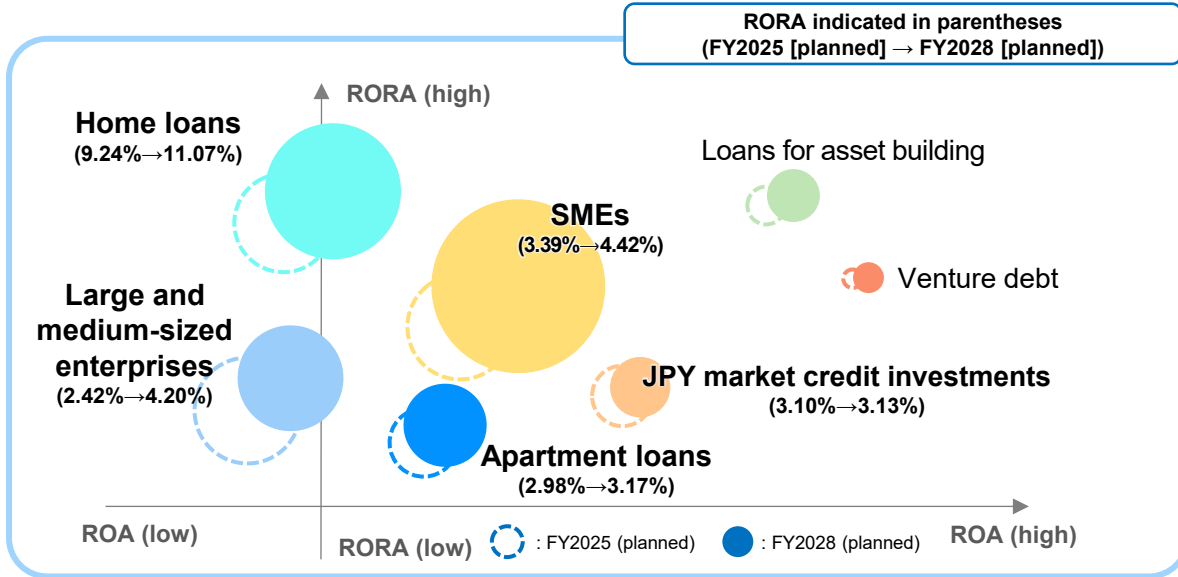
### 2 Contactless channel (app) enhancement



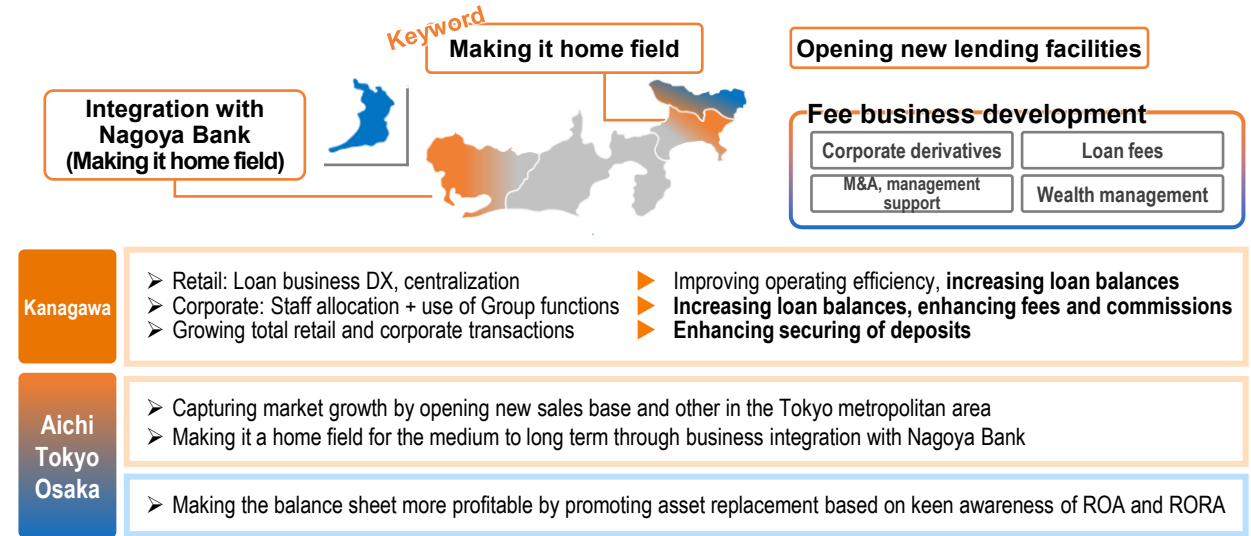
# Basic strategies (1) Co-creation, growth, challenge Growth domain (loans)

Allocate management resources to high-growth markets and increase loans to metropolitan markets and overseas under appropriate profit and loss management

## Asset allocation



## Metropolitan markets (Kanagawa, Aichi, Tokyo, Osaka)

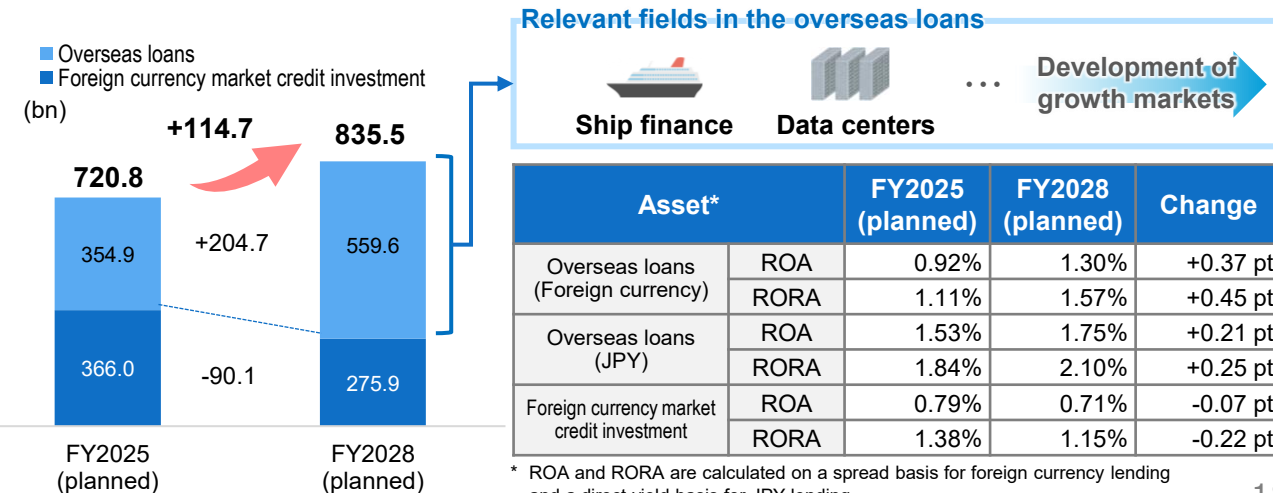


Asset (JPY bn)	FY2025 (planned)		FY2028 (planned)		Change	
	Balance	Yield	Balance	Yield	Balance	Yield
<b>JPY loans</b>	9,969.0	1.21%	11,157.9	1.49%	+1,188.9	+0.27 pt
Corporate (Of which Kanagawa)	5,402.3 (519.1)	1.02% (1.50%)	5,760.6 (775.8)	1.37% (1.84%)	+358.3 (+256.7)	+0.35 pt (+0.33 pt)
SMEs	3,390.2	1.34%	3,910.9	1.85%	+520.7	+0.51 pt
Large and medium-sized enterprises	1,754.3	0.74%	1,613.8	1.29%	-140.5	+0.54 pt
Retail* (Of which Kanagawa)	3,779.8 (1,181.2)	1.15% (1.08%)	4,584.1 (1,697.8)	1.32% (1.27%)	+804.3 (+516.7)	+0.17 pt (+0.18 pt)
Market credit investments	421.6	1.77%	352.2	1.93%	-69.4	+0.16 pt

\* Home loans + apartment loans (individual)

## Global

Boosting profitability in the international finance sector through portfolio rebuilding contributed by toward growth markets



Continue the replacement operations of held bond to enhance its profitability and soundness, aim at building a bond portfolio that supports sustainable profit growth.

## Securities investment policy

### 1 Improving JPY bond portfolio profitability

#### Status of valuation difference on securities

**Stocks** Unrealized gains on shareholdings increasing with rising stock prices

**JPY bonds** Valuation difference fluctuating with rising JPY interest rates

#### Trends in shareholdings and bond balances (JPY bn)

	March 31, 2023	December 31, 2025	Change
Stocks balance (of which, valuation difference)	457.4 (355.5)	573.9 (481.4)	+116.5 (+125.9)
Bonds balance (of which, valuation difference)	1,586.5 (-9.9)	1,469.4 (-182.5)	-117.1 (-172.6)

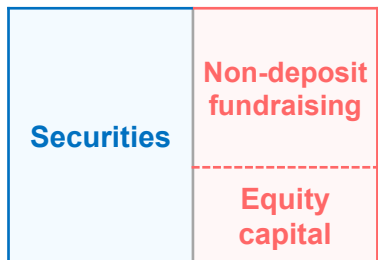
**Stocks** Accelerating reduction of shareholdings from a capital control perspective

**JPY bonds** Continue the replacement operation aimed at improving profitability and soundness

Making strategic use of rising gains on sales of stock (offsetting losses on sales of bonds)

### 2 Portfolio management with consideration for balance with fundraising

#### Target future balance sheet



#### Point

- Securing sources of investment for securities through diversification of fundraising other than deposits, and **allocating deposits to increase loans**
- Adding the **securities balance ratio\*** as a portfolio KPI

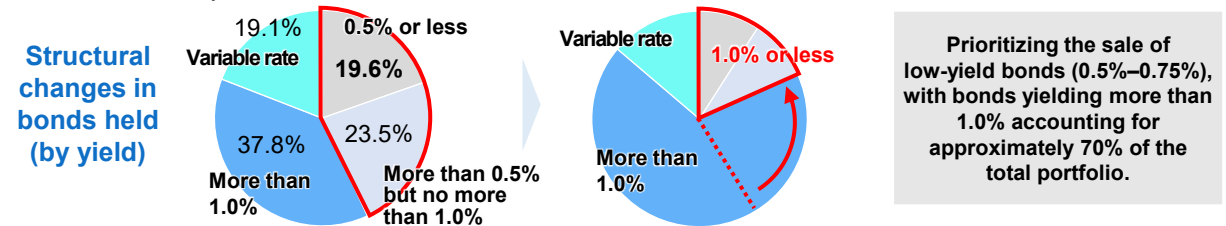
\* Securities ÷ (non-deposit fundraising + equity capital)

### Building a bond portfolio

In a rising interest rate environment, while appropriately controlling the average holding period, proceed with the replacement operations and new purchases.

(JPY bn)	December 2025 (actual)		FY2025 (planned)		Change	
	Balance	Yield	Balance	Yield	Balance	Yield
<b>JPY bonds*</b>	1,651.9	1.03%	2,290.0	1.50%	+638.1	+0.47%
<b>Average holding period</b>	7.1years		5.4years		-1.7years	

\* Both balance and yield are term-end basis.



By Building a highly profitable portfolio, increase the likelihood of sustained **improvements in ROE**

**Increase in interest income from held bonds (projected)**

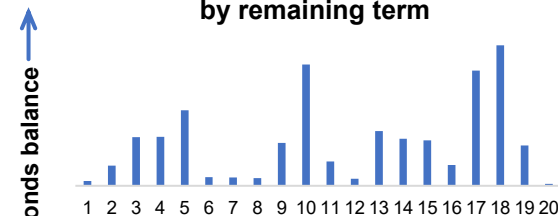
**+ Approx. JPY 17.0 bn** (vs. the end of December 2025)

#### Target future portfolio

Capturing the turning point from rising to falling interest rates, effectively manage interest rate risk and secure carry income

#### Current conditions

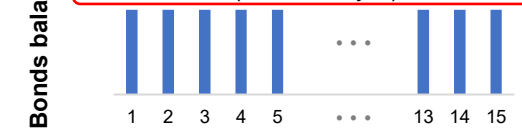
#### Variation in balances of holdings by remaining term



#### Ideal vision

#### Laddered portfolio free of differences in remaining term

Construct a ladder portfolio with an average remaining maturity of approximately 7 years (2–2.5 trillion yen)



We seek to accelerate new business development and M&A strategies to build new earnings and customer bases under the 2nd Medium-term Business Plan.

Courses of action for new businesses during the period covered by the Medium-term Business Plan

## 1 Implementing functions needed to achieve growth as a financial group

Identifying **priority areas** from perspectives such as the **business environment** and **impacts on earnings and society**

## 2 Business development and M&A to expand the scale of earnings

Oriented toward business development to **increase Groupwide ROE**, based on a keen awareness of **business scale and profitability** (ordinary profit of approx. JPY 1.0 bn)

## 3 Business development and M&A to expand co-creation and growth domain strategies

Examples of fields oriented toward business domain expansion

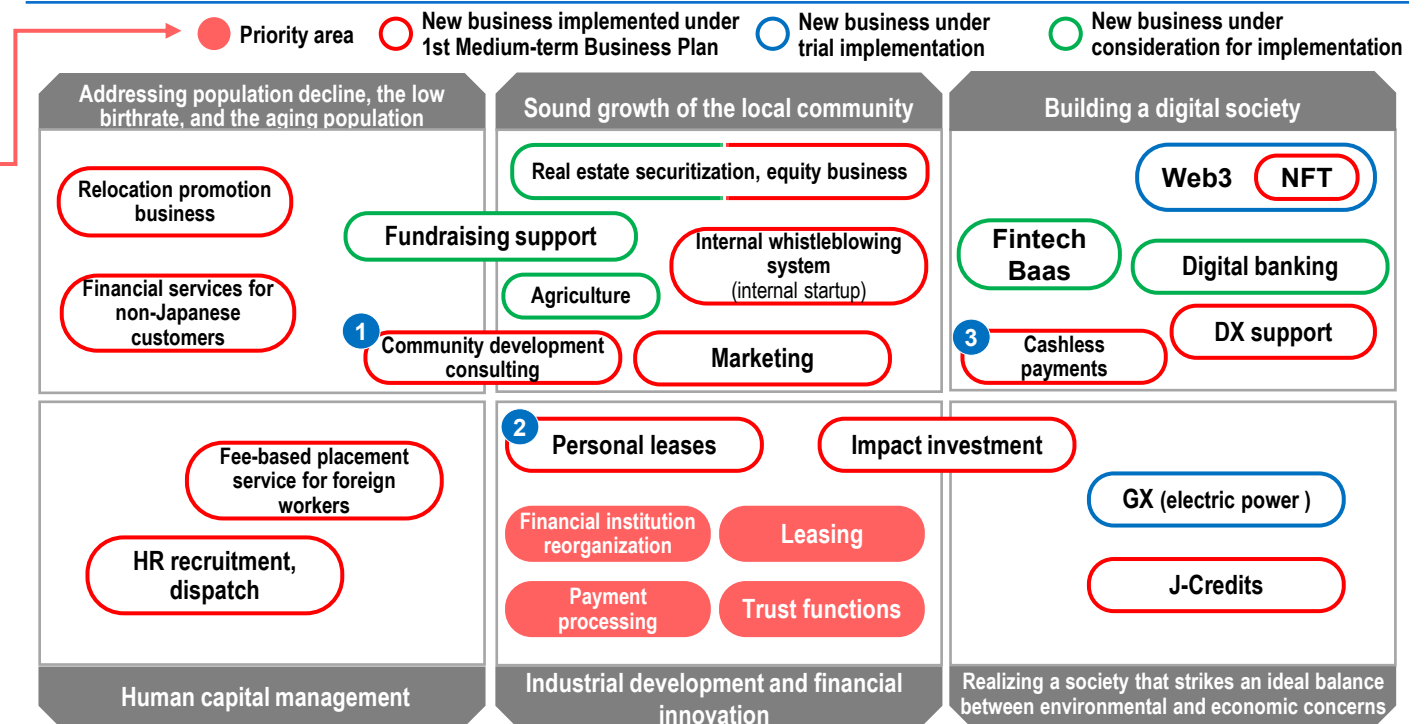
Co-creation	Growth
Agricultural businesses GX (electric power) Fundraising support	Fintech, BaaS Web 3.0, Digital banking
Real estate securitization	

## 4 Business implementation via internal startups and PoC

Functions to be added regarding our role as regional **financial group** despite only modest contributions to profit



## Launch of new business toward solutions to materiality topics



2nd Medium-term Business Plan

## Accelerating new business development and M&A initiatives

- Shizuoka Community Development Consulting** (established April 2026)
  - Established as joint venture with regional business aimed at **sustainable community development** based on development planning support and other activities.
- Tokyo Gas Lease** (made a subsidiary in April 2026)
  - Using its financial functions (leasing, etc.) and network in the greater Tokyo area to **accelerate business development** in a growth domain
- Nissenren Shizuoka** (to be made wholly-owned subsidiary in FY2026)
  - Creating value-added services based on the payment process** its payment functions and network of member stores

# Basic strategies (2) Transformation 2.0

We will redefine channels, HR, and other management resources to achieve sustained growth for the Shizuoka Financial Group in response to a rapidly evolving business environment.


Using AI and other technologies, we will implement the growth strategies of the Medium-term Business Plan through four transformations.

## Strategic approach

### 1 Redefined channel roles

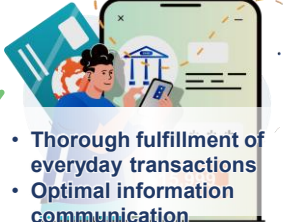
**Real channels**

- Brand experience
- Locations for building trusting relationships




**Digital channels**

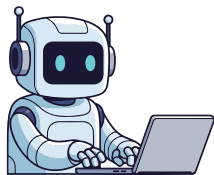
- Thorough fulfillment of everyday transactions
- Optimal information communication



Transforming real channels from places to conduct procedures to places for consultations with peace of mind  
Maximizing transactions with customers through the seamless interaction of both channels

### 2 Transforming workstyles for officers and employees (coworking with AI)

AI as a colleague **assumes** or **supplements** staff roles.

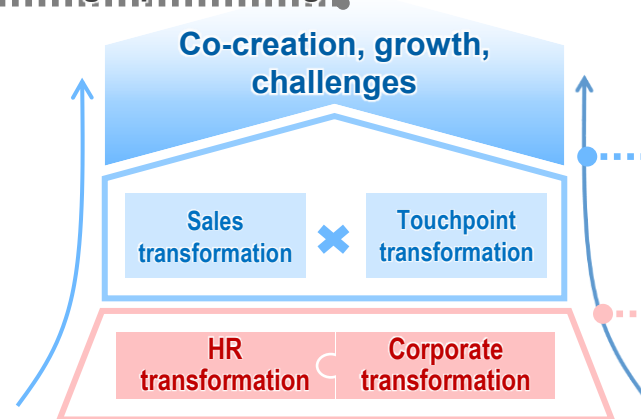


Officers and employees concentrate on **added-value work**.

Freeing up time and human resources by implementing AI in various reforms to customer experience, sales activities, and business processes. Building an organization equipped to achieve top line growth.

## Four transformations

### Strategic positioning



### Growth strategy acceleration

Maximizing strategic benefits by improving sales quality and expanding customer touchpoints

### Organizational reforms

Making strategy more effective by reforming the business foundations to support growth strategies

### Sales Transformation

BPR, AI implementation  
Sales skill improvements  
Data sharing, analysis



Building competitive strength

### Touchpoint Transformation

Reorganizing branch network  
Improving app convenience  
Digital marketing



Growing transaction opportunities

### HR Transformation

HR portfolio rebuilding  
Accelerating investment in human capital

Maximizing individual and organizational performance

### Corporate Transformation

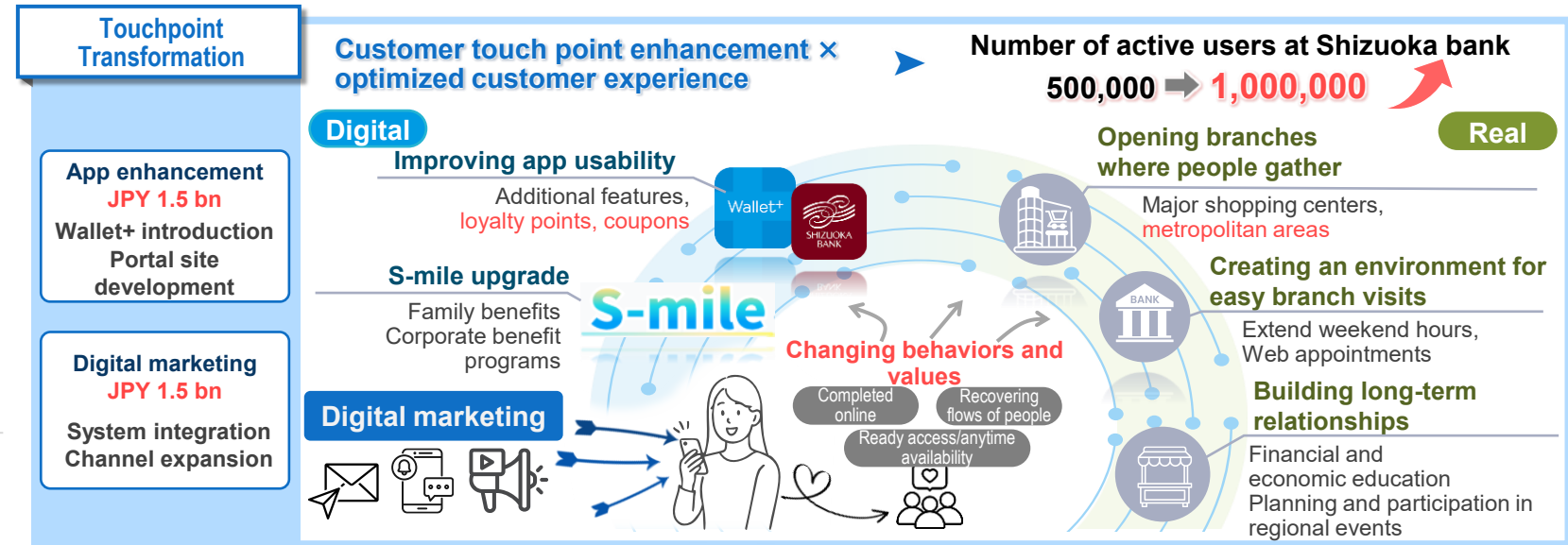
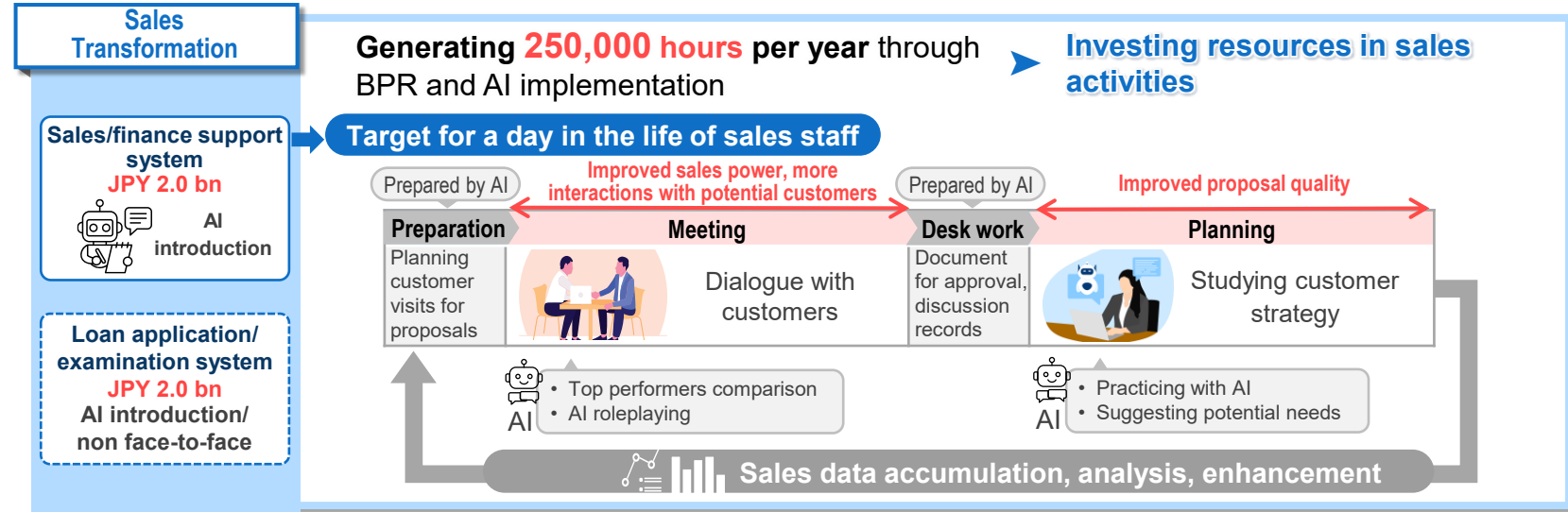
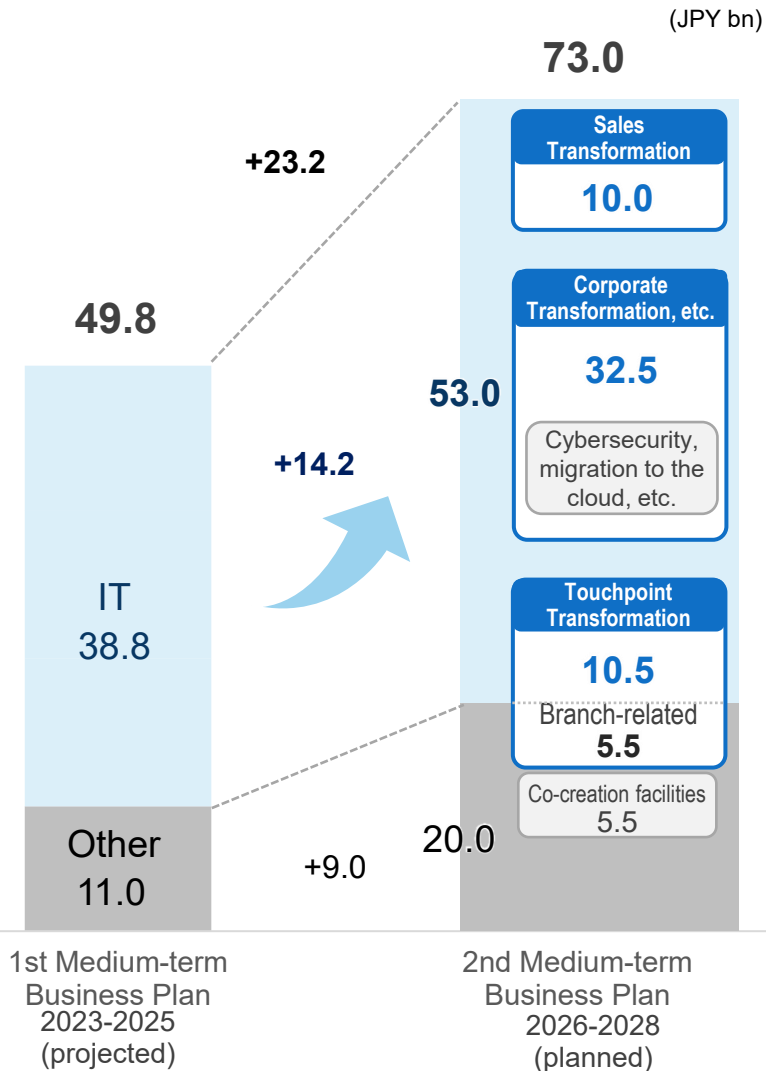
AI natives  
Doubling the speed of IT systems development  
Visualization of management resources

Optimal allocation of management resources

# Basic strategies (2) Transformation 2.0 Investment plans

Under the 2nd Mid-Term Business Plan, we will leverage the IT infrastructure we have been developing to date as a foundation, utilizing AI and data across various business operations to optimize sales activities and enhance the customer experience. Through this transformation, we will improve per person productivity and effectively accelerate strategy execution in each domain.

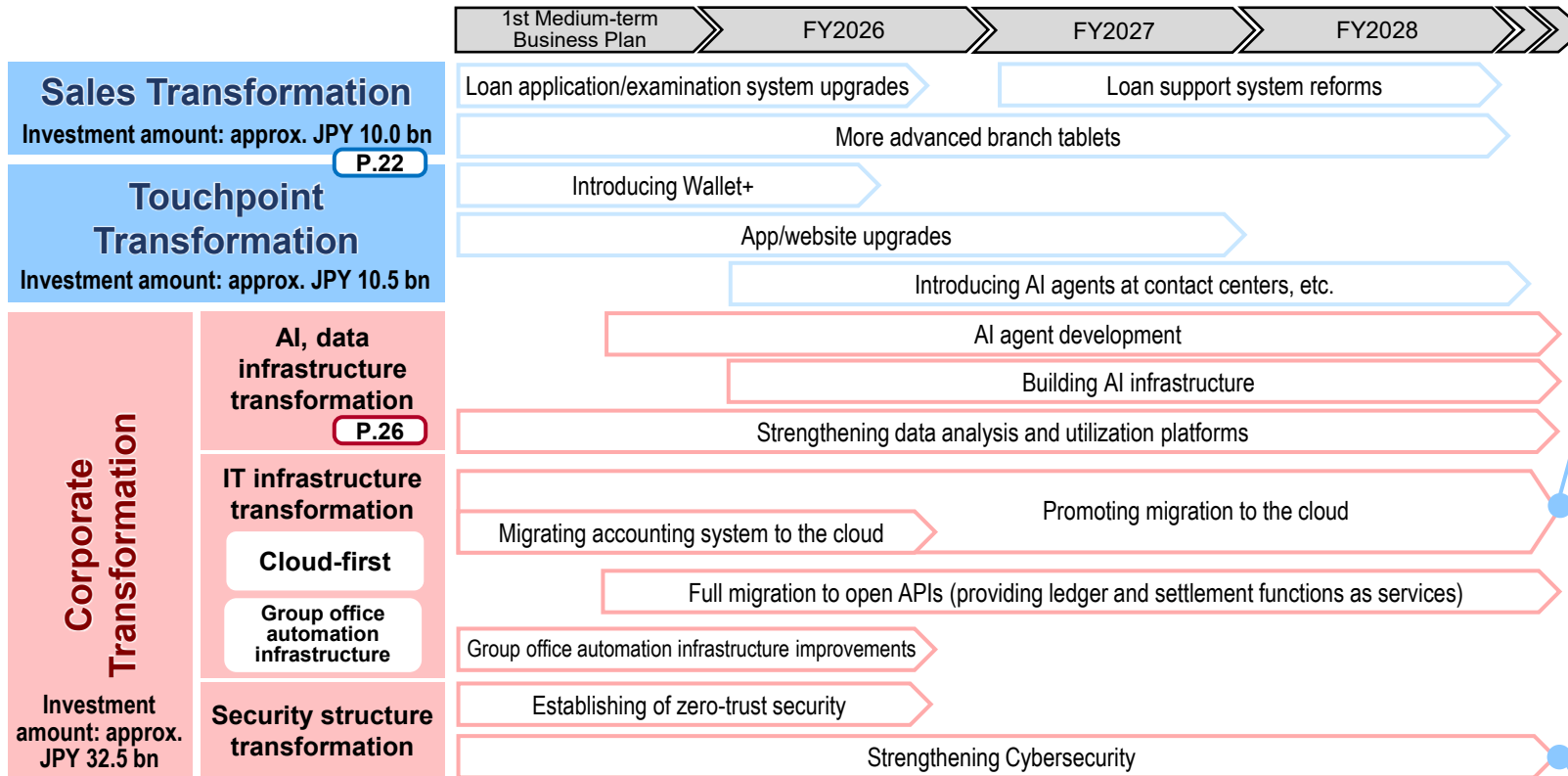
## Investment plans



# Basic strategies (2) Transformation 2.0 IT investment roadmap

Making strategic investments into more advanced risk management while accelerating strategy implementation by building a rapid IT development structure.

## Medium-term Business Plan IT investment roadmap



### Cloud-first JPY 9.0 bn

**1st Medium-term Business Plan** Completion of migration from mainframes

**2nd Medium-term Business Plan** Migrating various systems to the cloud, starting with the accounts system (January 2027)

**Results**

- Reducing the cost of revisions by JPY **0.3** bn/year or more (FY2030 target)
- Reducing GHG emissions by at least **1,200** t/year (FY2030 target)
- Reducing costs by at least JPY **1.0** bn/year by migrating to a data-centerless structure (medium-/long-term target)
- Securing operational resilience

### Cybersecurity JPY 4.5 bn

**2nd Medium-term Business Plan** Responding to the growing sophistication of cyberattacks

Strengthening cybersecurity (FY2026 and thereafter)

Strengthening the cybersecurity structure by steadily introducing security tools, etc.

**Results**

- Contributing to safety in using AI and other advanced services and tools

## Doubling the speed of IT systems development

Adding AI and other technologies to existing IT infrastructure and to the development structure for in-house development to **improve development speed and productivity**

- ✓ Shifting to AI-driven development
- ✓ Launching no-code/low-code development (democratizing development)
- ✓ Developing a remote development environment
- ✓ Revising IT development processes and structures

### Vision

**Doubling the speed of product and service provision**

Responding swiftly to customer needs; maximizing earnings opportunities

**Doubling the speed of business reforms**

Contributing to higher business productivity

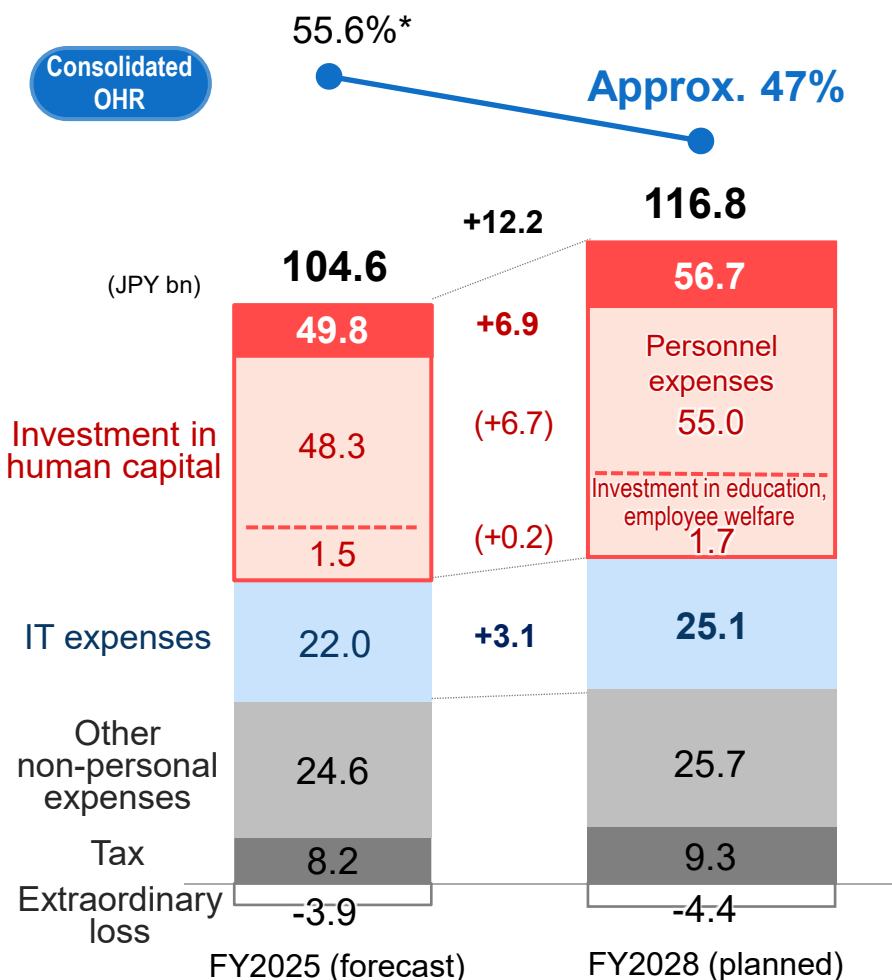


# Basic strategies (2) Transformation 2.0 Cost controls

The policy is to maintain financial discipline by controlling consolidated OHR at approximately 47% while enhancing the investment needed to realize growth strategies.

## Expense level, OHR target (consolidated)

Controlling consolidated OHR, an indicator of financial discipline, at **approx. 47%**.



\* Consolidated OHR calculated based on core gross operating profit is 47.6%.

## Investment in human capital

### Breakdown of JPY 6.9 bn increase

#### Personnel expenses + JPY 6.7 bn

Securing expert human resources

Base pay increases, etc.

RS trust

Developing remuneration systems linked to contributions to increasing corporate value

#### Investment in education, employee welfare + JPY 0.2 bn

Reskilling

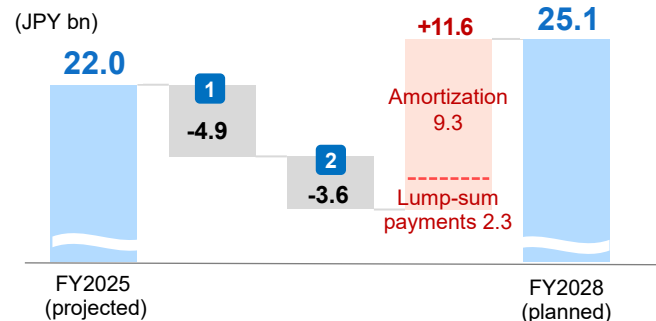
Employee benefits enhancement, etc.

To rebuild the human resources portfolio to realize strategy, transforming to an organization in which each and every officer and employee can play a maximum role



## IT expenses

### Breakdown of JPY 3.1 bn increase



Managing expense level appropriately while enhancing IT investments supported to realize growth strategies

- 1 End of depreciation for past investments**
  - Next-generation accounting system - JPY 2.8 bn
  - Office Automation, S-navi - JPY 0.4 bn etc.
- 2 Reducing amortization of revaluation of fixed assets**

Reducing each FY's amortization burden by due to early recording of investments (recognized as a one-time extraordinary loss)

➔ Promoting new investment while controlling costs

Implementing the basic strategies of the 2nd Medium-term Business Plan by optimizing human resources assignments through workload reductions using AI and other means.

## Ideal human resources portfolio

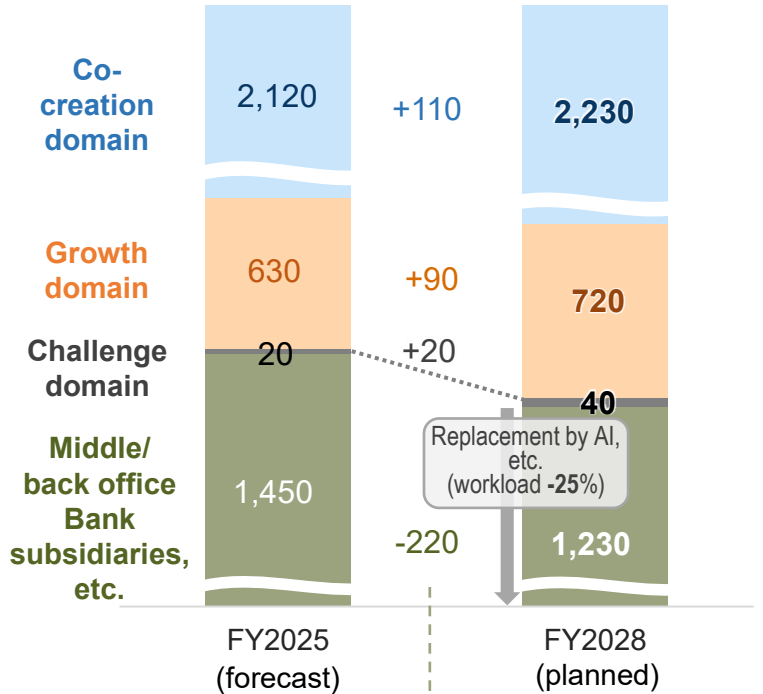
Maintaining constant staffing from FY2025 while reassigning personnel to priority domains.

Consolidated  
Gross operating profit

JPY 192.0 bn

JPY 257.0 bn

Approx. 4,200 persons → Approx. 4,200 persons



## Deployment of strategic human resources

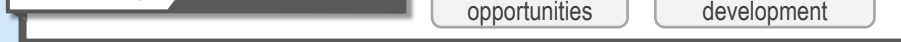
### Co-creation + 110 persons



### Growth + 90 persons



### Challenge + 20 persons



### Transformation 2.0 + 70 persons

### Corporate communications + 10 persons

## Strategic human resources development



## KGI (indicators for assessing results)

Measuring results of human capital investments made to implement strategy.

### Productivity indicator

#### Gross operating profit / person\*

FY2025 FY2028

JPY 69 mn → JPY 86 mn

\* Consolidated gross operating profit / front office staff (in three domains)

### HR capital indicators

To assess matters such as strategic alignment of HR assignments

Organization	Engagement	3.86 / 4.0 or more
Value-creation HR	363 / 520	
Problem-solving HR	665 / 920	
Digital HR	90 / 115	
AI HR <b>NEW</b>	- / 150	
Individual	Career match	72.3% / 75-80% (FY2025 results / FY2028 KPIs)

# Basic strategies (2) Transformation 2.0 AI investment and deployment

By replacing/supplementing human tasks with AI, we can streamline routine operations and improve the quality of decision-making, allowing our staff to focus on delivering value to customers

## Building a framework for AI development

### Developing and securing HR Approx. 0.6 bn

**All officers and employees**  
Capable of making the most of AI on a daily basis

Developing and hiring 150 people

#### AI power users

Citizen developers deployed to business

#### AI expert HR

Advanced development specialists

### AI / data infrastructure development Approx. 3.5 bn



Developing data suitable for AI reference and use

Building the infrastructure required to ensure secure and stable AI deployment

### Governance structure development



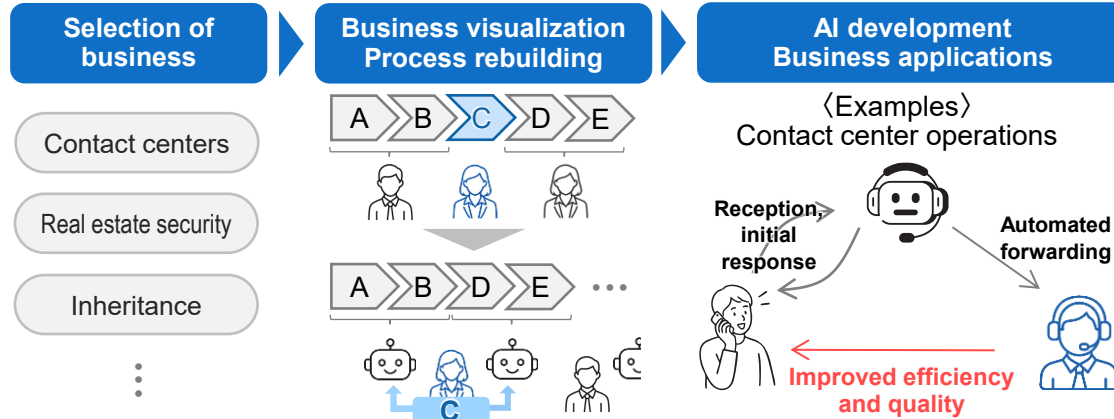
Developing guardrails

Appropriate risk controls

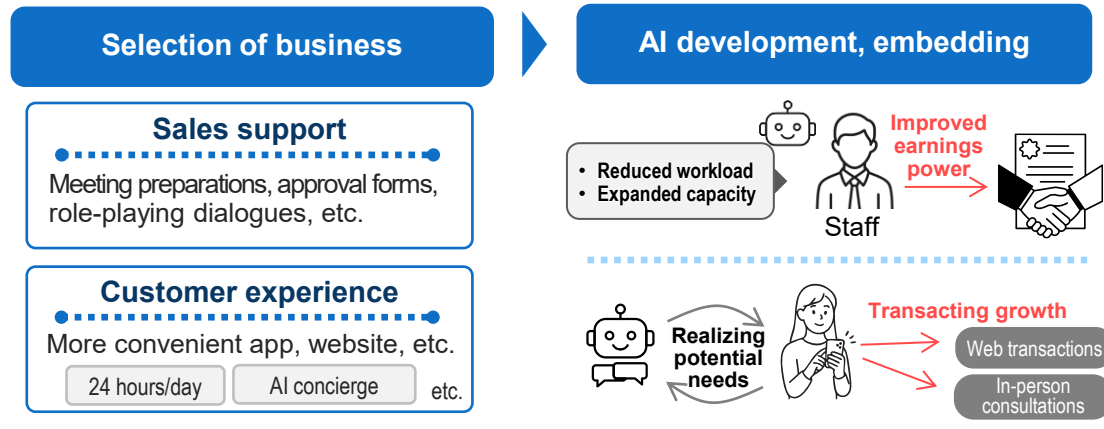
## Practical AI development for business

JPY 5.0-6.0 bn

### Replacement by AI **Freeing resources** by reducing workloads



### Supplementation by AI **Creating earnings opportunities** by building competitive strengths and optimizing customer experience



FY2028

FY2030

Headquarters/head office workload  
Reduced by **25%** vs. FY2025 (equivalent to 175 persons)

Increasing number of transactions processed per employee (Freeing resources)

**Strategic reassignment**

P.25

Headquarters/head office workload  
Reduced by **50%** vs. FY2025 (equivalent to 300 persons)

Individual and organizational **performance maximized**

Realizing sales transformation / touchpoint transformation visions

Building competitive strengths

Growing transaction opportunities

P.22

Increasing corporate value

**Maximization**

Creation social value

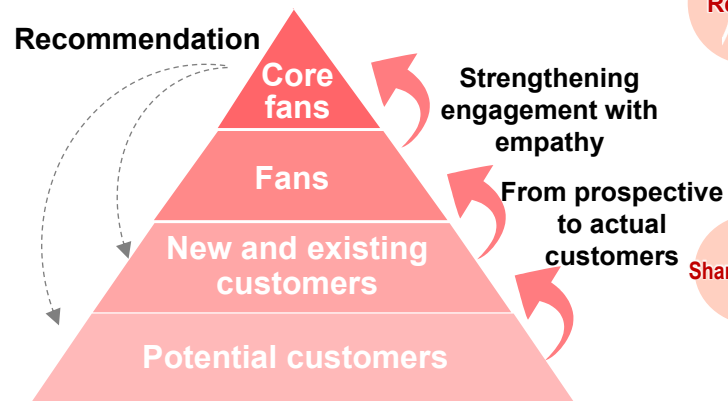
# Basic strategies (3) Corporate communication

Through both building a fanbase for deep, long-term ties with stakeholders and advancing corporate governance to support these efforts, we seek to link stronger engagement among various stakeholders to medium- to long-term growth in corporate value.

## Stakeholder communication

Deploying efforts to build a **fanbase** and to establish deep, long-lasting ties through communication that builds stakeholder **empathy** and loyalty

### Image of shift in fanbase



**Region** Branding linked to sports and culture



**Customers, employees** Incentives to strengthen engagement

**S-mile (loyalty points program)**

**RS trust for officers and employees**



**Shareholders** Making shares more attractive to pass along to the next generation



**Future generations** Holding events on behalf of future generations in partnership with regional firms Supporting future generations of athletes

## Increasing corporate value over the medium to long term



**Region** Fostering solidarity for regional co-creation



**Customers** Growing customer transactions by improving customer satisfaction



**Employees** Improving engagement to make the most of our human capital



**Shareholders** Increasing fans among shareholders who have empathy for the Shizuoka Financial Group's management vision



**Future generations** Expanding the customer base in the future

### Enhancing governance to support management strategies

General Meetings of Shareholders

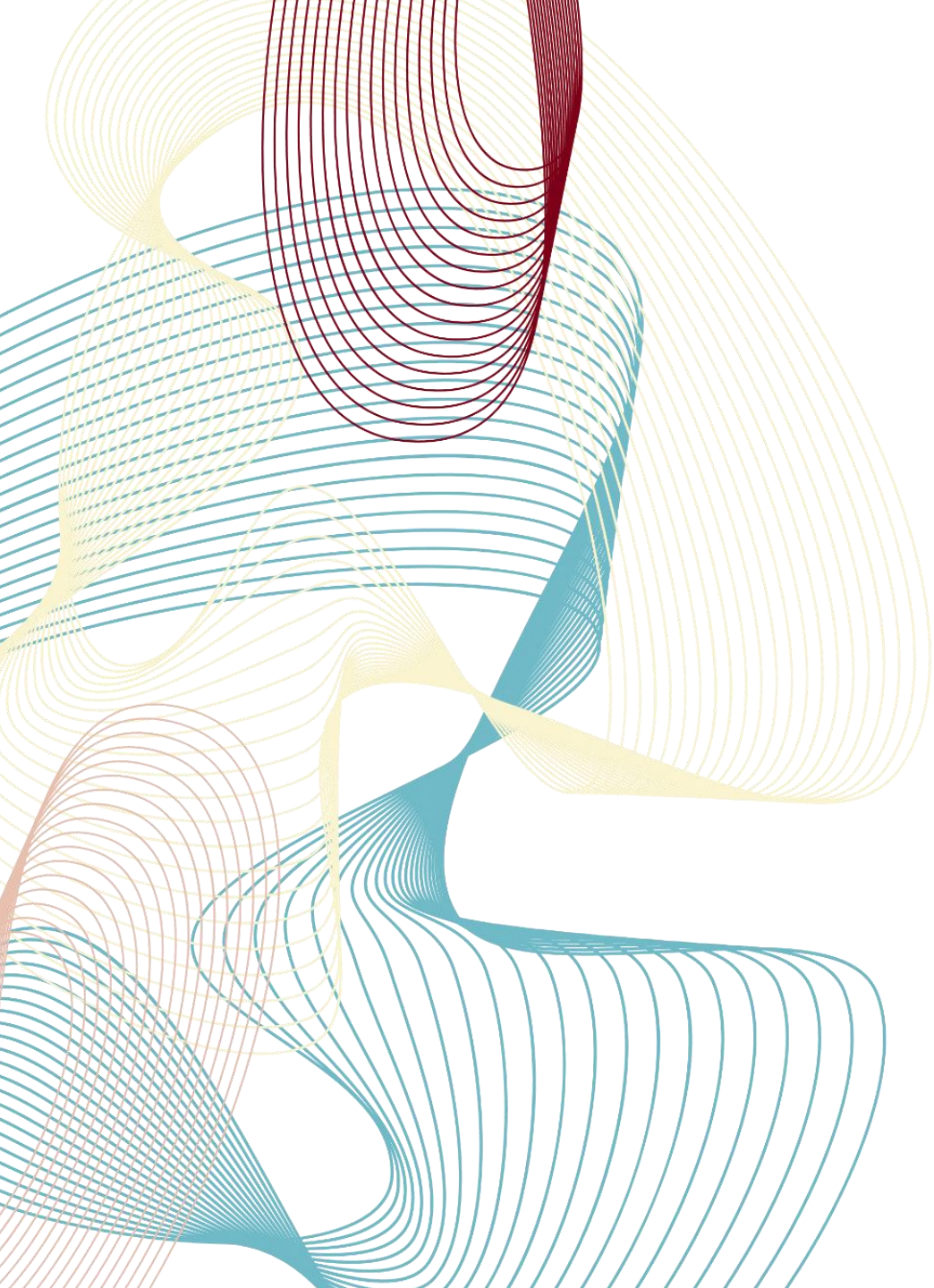
Board of Directors

Officer remuneration

Officer system

- 1 A management approach that deepens stakeholder understanding**  
Enhancing dialogue with the markets and properly reflecting the content in management strategies
- 2 Governance to promote co-creation of value**  
Vitalizing Board of Directors meetings to support realization of Medium-term Business Plan strategies (through agenda setting)
- 3 Officer system to increase the likelihood of successful strategy implementation**  
Improving the officer remuneration system by incorporating appropriate incentives to achieve management goals

## Corporate governance



# Capital Policies

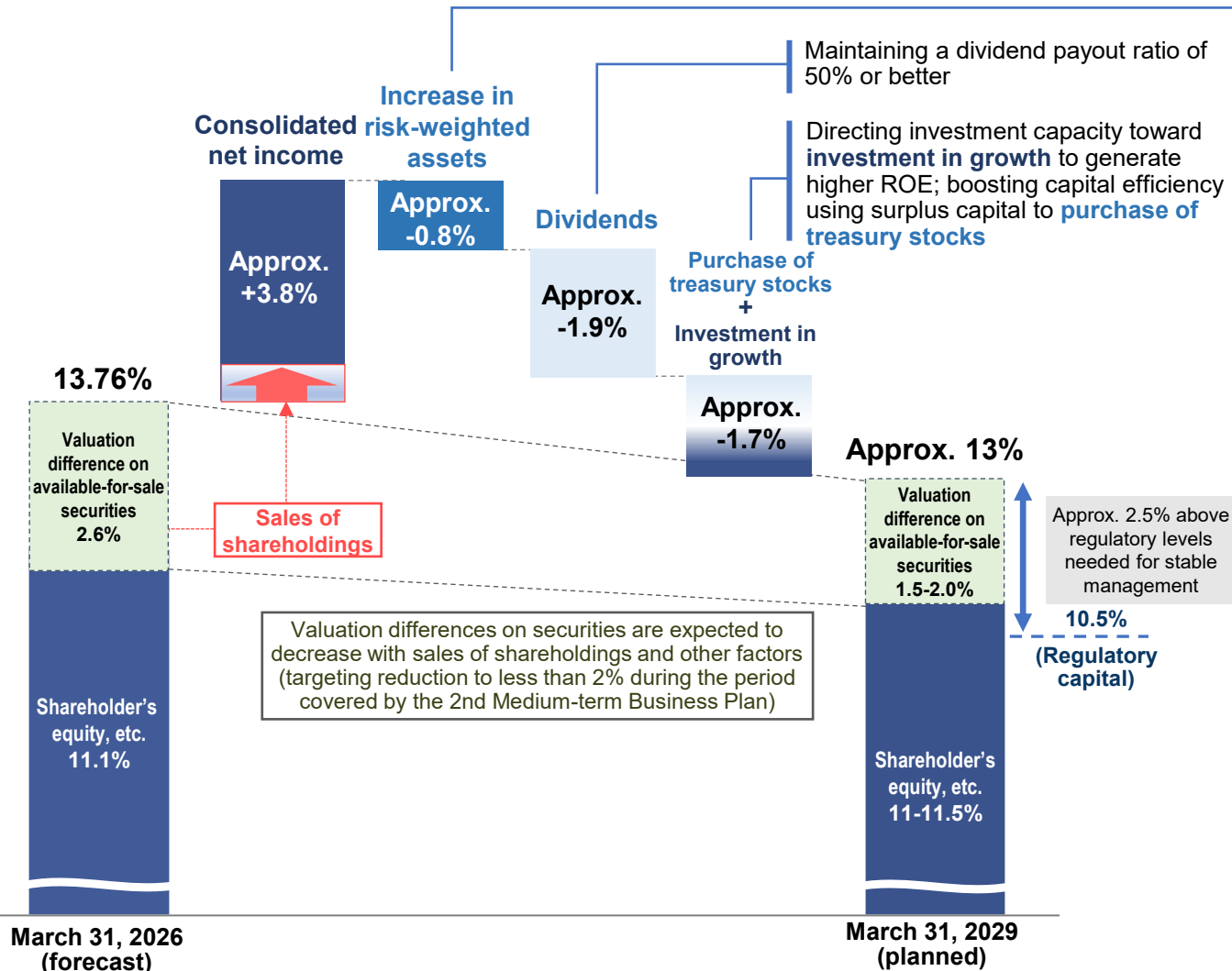
# Capital management

Building up risk-weighted assets focused on profitability while adjusting capital levels and structure to achieve an appropriate consolidated CET1 ratio of approx. 13%

## Changes in the capital adequacy ratio

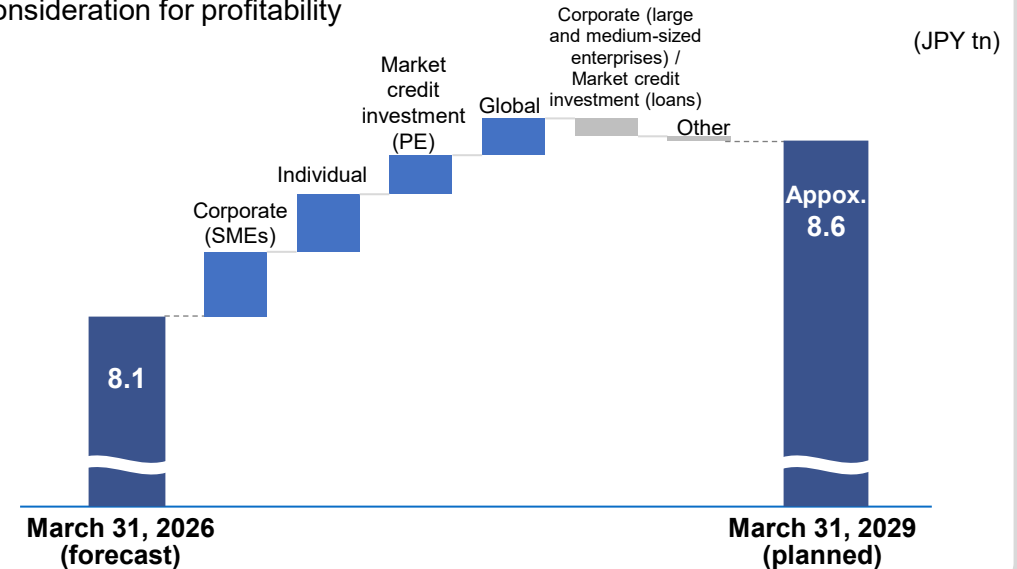
\* Based on full application of Basel III finalization

Controlling the consolidated CET1 ratio to approx. 13% by March 31, 2029



## Factors underlying changes in risk-weighted assets

Building up risk-weighted assets through effective asset allocation with consideration for profitability



## ROE target

Increasing the likelihood of achieving target ROE by controlling capital growth at an appropriate level in addition to raising the level of profits

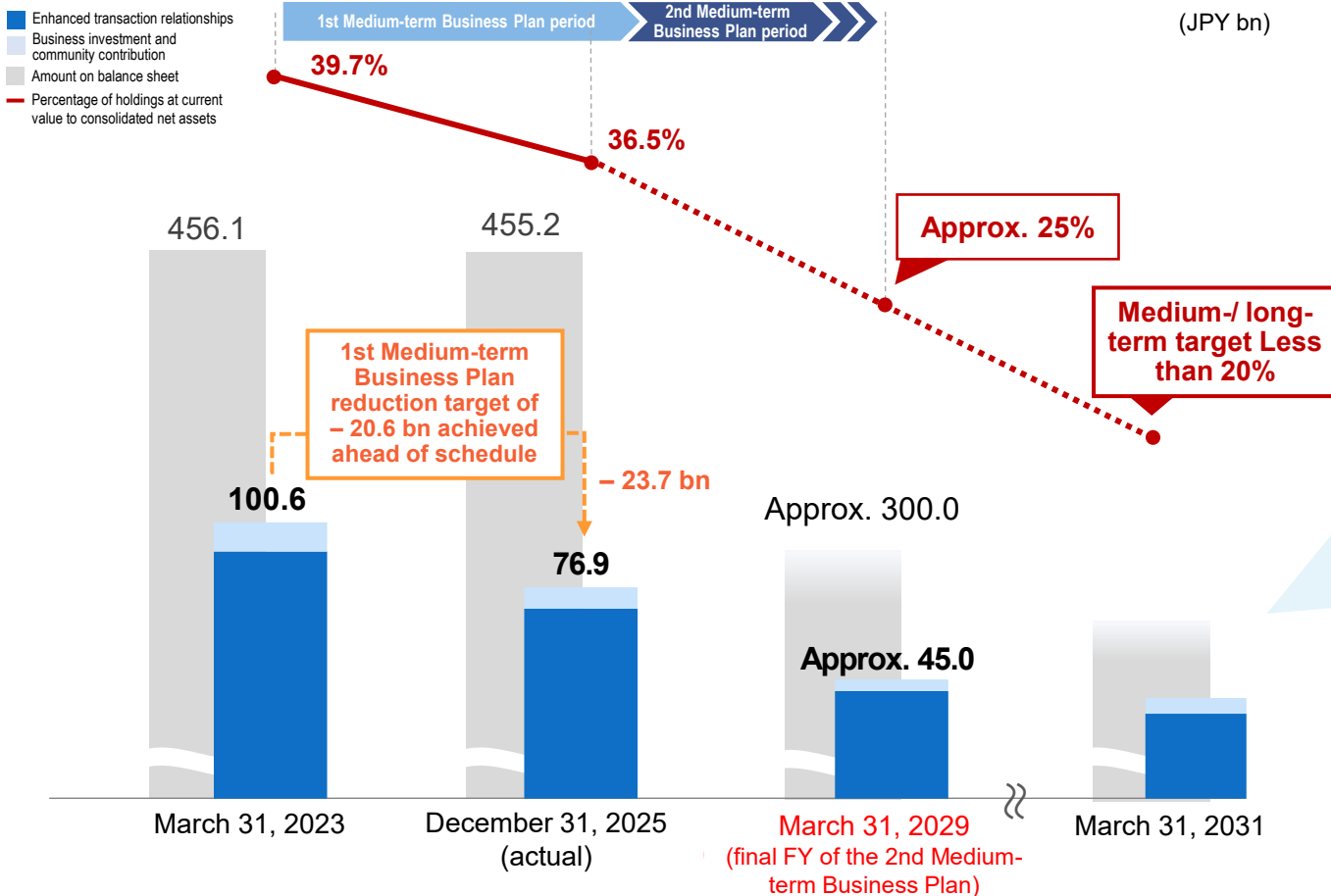
	FY2025 (forecast)	FY2028 (final FY of 2nd Medium-term Business Plan)
Net income	JPY 88.0 bn	JPY 122.0 bn
Net assets	Approx. JPY1.25 tn	JPY 1.25–1.3 tn
ROE (based on net assets)	7.3%	Approx. 9.5%

# Reduction of strategic shareholdings

Reducing strategic shareholdings by approx. 25% by the final FY of the 2nd Medium-term Business Plan to achieve the medium-/ long-term reduction target (i.e., to strategic shareholdings accounting for less than 20% of net assets).

We plan to reduce the ratio of valuation difference on available-for-sale securities to capital while making strategic use of gains on sale of stocks to achieve profit growth.

## Trend in balance of strategic-shareholdings



Net assets (JPY tn)	1.1	1.25	1.25–1.3	1.3~
Nikkei Average (JPY)	28,041	50,339	—	—

## Policy on reduction of strategic shareholdings

Reducing strategic shareholdings to **less than 20%** of net assets by March 31, 2031

Eliminating strategic shareholdings for which holding is judged not to be meaningful\*

➡ (1) Transfer to net investments, or (2) Sale execution

\*Verification of meaning of holding in terms of enhanced transaction relationships, business investment, and community contribution

## Plans for the period covered by the 2nd Medium-term Business Plan

Strategic shareholdings as a percentage of net assets (March 31, 2029) **Approx. 25%**

Gains on sale of stocks (2026–2028 cumulative, projected) **Approx. 100.0 bn**

**Policy on Utilization** Strategic use to achieve ROE target

- ✓ Investments in human capital, IT systems ➤ Increasing productivity to realize strategy
- ✓ Allocation to bonds replacement operations ➤ Growing earnings through increased yields on securities
- ✓ Growing investments in new businesses, M&As, etc. ➤ Securing new earnings opportunities to achieve sustained growth

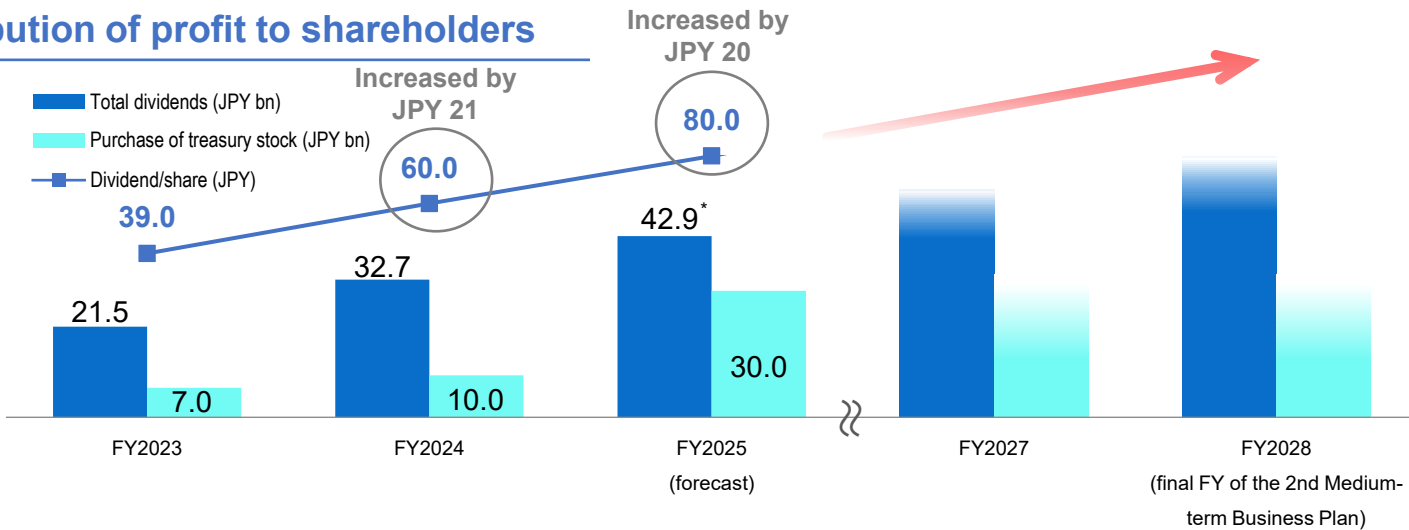
## Shareholding policy

- Consider dividends received as a source of returns to shareholders, aiming for shareholdings to play a role as capital to support stable management. Target valuation gain/loss on securities accounting for **about 1.5–2%** of the CET1 ratio (targeting reduction to less than 2% during the period covered by the 2nd Medium-term Business Plan)

# Policy on shareholder returns

The dividend payout ratio will **maintain 50% or better** even after reaching this target; dividends will continue to increase as profit growth. We plan to achieve further improvements in capital efficiency by appropriate capital levels through the continuous purchase of treasury stock.

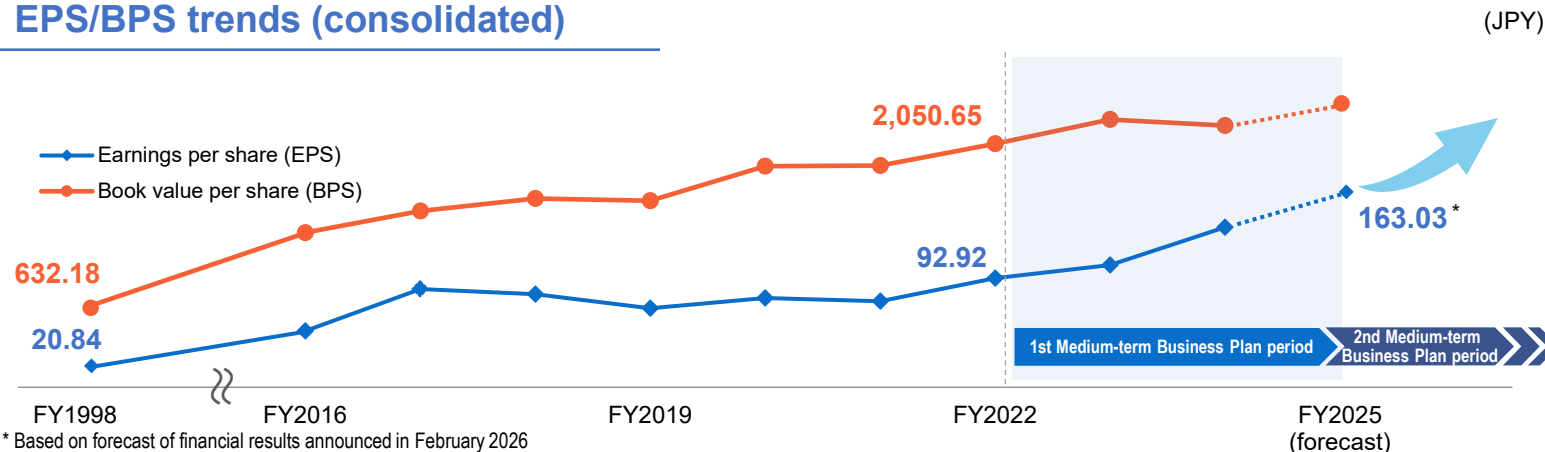
## Distribution of profit to shareholders



Dividend payout ratio	37.4%	44.0%	49.0%	50%~	50%~
Total payout ratio	49.3%	57.3%	82.9%	-	-
Net income attributable to owners of the parent	JPY 57.8 bn	JPY 74.6 bn	JPY 88.0 bn	JPY 112.0 bn	JPY 122.0 bn

\* Based on forecast of financial results announced in February 2026

## EPS/BPS trends (consolidated)



\* Based on forecast of financial results announced in February 2026

## Policy on shareholder returns

While the policy is based on dividends, we will also purchase treasury stock dynamically to improve capital efficiency.

### Dividends

- Steadily increasing dividends to a **dividend payout ratio of 50% or better** by FY2027; maintaining a **dividend payout ratio of 50% or better** in FY2028 and beyond
- Continuing to increase our dividend payments through sustained profit growth

### Purchase of treasury stock

- Purchasing treasury stock dynamically **at the level needed to reach the ROE target** as part of capital controls (course of action continued from previous Medium-term Business Plan)

## EPS growth

EPS growth rate during period covered by the previous Medium-term Business Plan

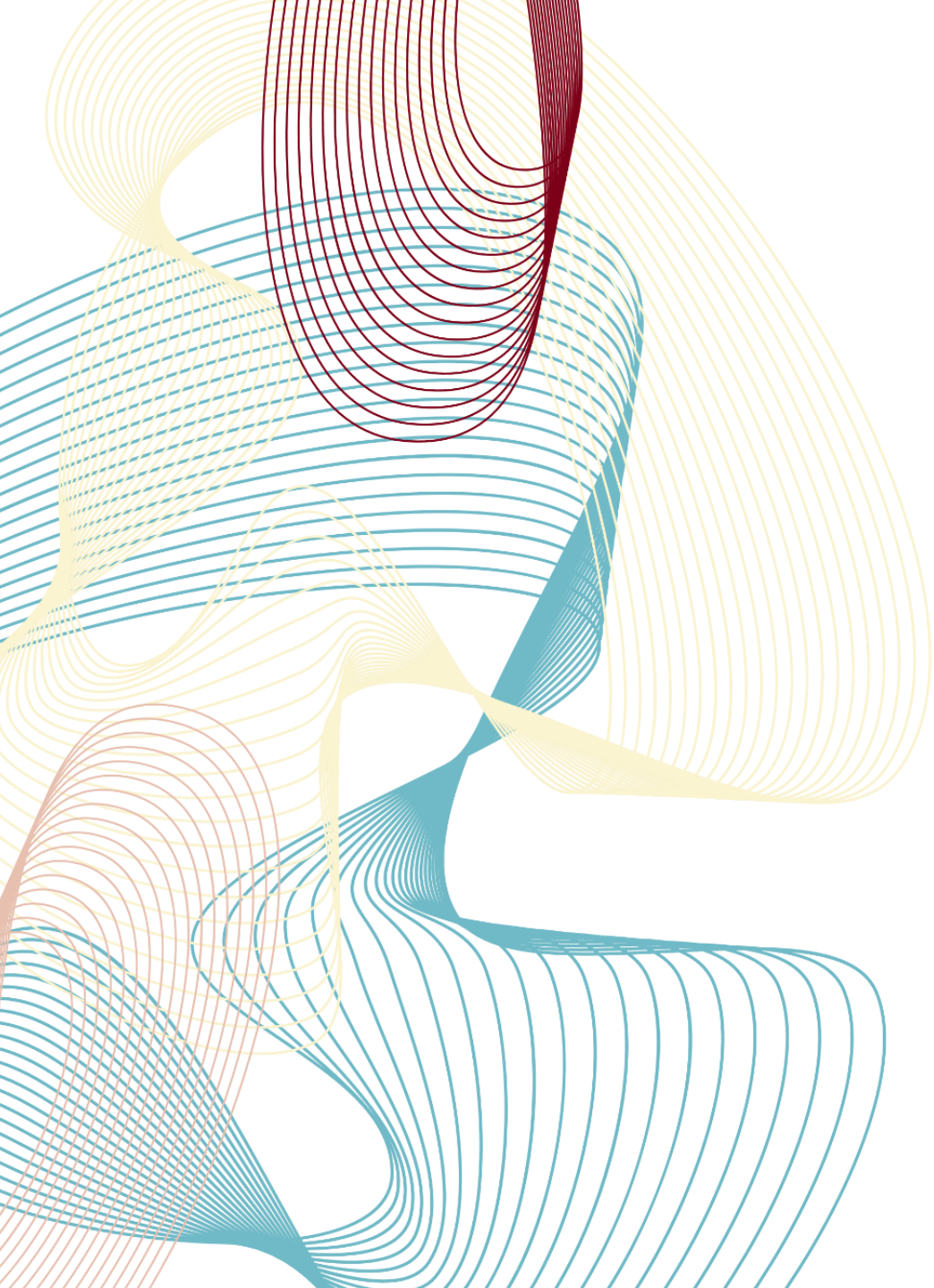
75.4%

	FY2022 (actual)	FY2025 (forecast)	Contribution to EPS growth
Consolidated net income <sup>*1</sup>	52.4	88.0	71.0%
Total number of issued shares (average balance) <sup>*2</sup>	564	540	4.4%
EPS	92.92	163.03	-

Targeting continued **further growth in EPS** through steady profit growth and improved capital efficiency

\*1 Figures for FY2025 are from forecasts of financial results (JPY bn)

\*2 Not including treasury stock (million shares)



# Reference Materials

# Profit Plans for Group Companies

## Group company plans for final fiscal year of the Medium-term Business Plan

(Left: FY2025 forecast; center: FY2028 planned; right: three-year change)

### Consolidated

(JPY bn)	FY2025 forecast	FY2028 planned	Three-year change
Ordinary profit	127.0	170.0	+43.0
Net income attributable to owners of the parent	88.0	122.0	+34.0
ROE	7.3%	Approx. 9.5%	—
OHR*	55.6% (47.6%)	Approx. 47%	—

\*The figures in parentheses ( ) are based on core gross operating profit.

### Shizuoka Bank

Gross operating profit	167.0	222.0	+55.0
Net interest income	170.0	197.0	+27.0
Fees and commissions	27.5	31.0	+3.5
Trading income	1.0	1.0	—
Other operating profit	-31.5	-6.0	+25.5
Expenses (-)	92.0	99.0	+7.0
Ordinary profit	116.0	150.0	+34.0
Net income	80.0	102.0	+22.0
Credit-related costs (-)	6.0	6.0	—

(JPY bn)	Shizugin TM Securities			Shizugin Lease			Shizugin Management Consulting		
Gross operating profit	10.4	13.2	+2.8	3.8	4.8	+1.0	2.9	4.6	+1.7
Expenses (-)	6.8	7.7	+0.9	2.0	2.3	+0.3	2.3	3.2	+0.9
Ordinary profit	3.6	5.5	+1.9	1.8	2.5	+0.7	0.6	1.4	+0.8
Net income	2.5	3.8	+1.3	1.3	1.8	+0.5	0.4	1.0	+0.6

(JPY bn)	Shizuoka Capital			SFG Marketing			SFG Real Estate Investment Advisors		
Gross operating profit	0.7	1.4	+0.7	1.0	1.9	+0.9	1.2	2.3	+1.1
Expenses (-)	0.4	0.5	+0.1	1.0	1.8	+0.8	0.4	0.7	+0.3
Ordinary profit	0.3	1.0	+0.7	0.0	0.1	+0.1	0.9	1.6	+0.7
Net income	0.2	0.7	+0.5	0.0	0.1	+0.1	0.6	1.1	+0.5

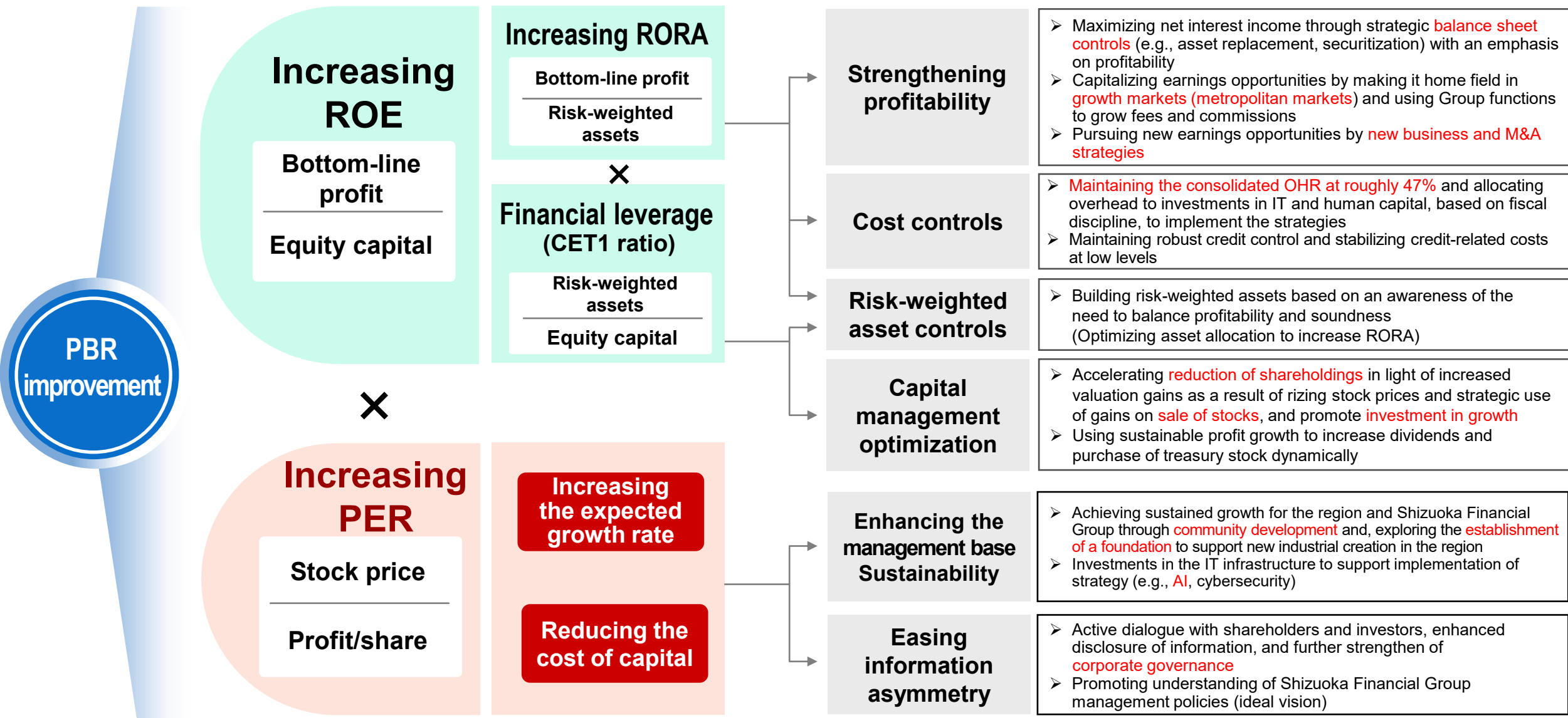
(JPY bn)	Shizuoka Bank subsidiaries (10 companies)		
Gross operating profit	23.2	23.9	+0.7
Expenses (-)	17.8	18.0	+0.2
Ordinary profit	5.4	5.9	+0.5
Net income	3.8	4.2	+0.4

### Consolidated subsidiaries total (16 companies, not including Shizuoka Bank)

	FY2025 forecast	FY2028 planned	Change
Ordinary profit	12.6	18.0	+5.4
Net income	8.8	12.6	+3.8

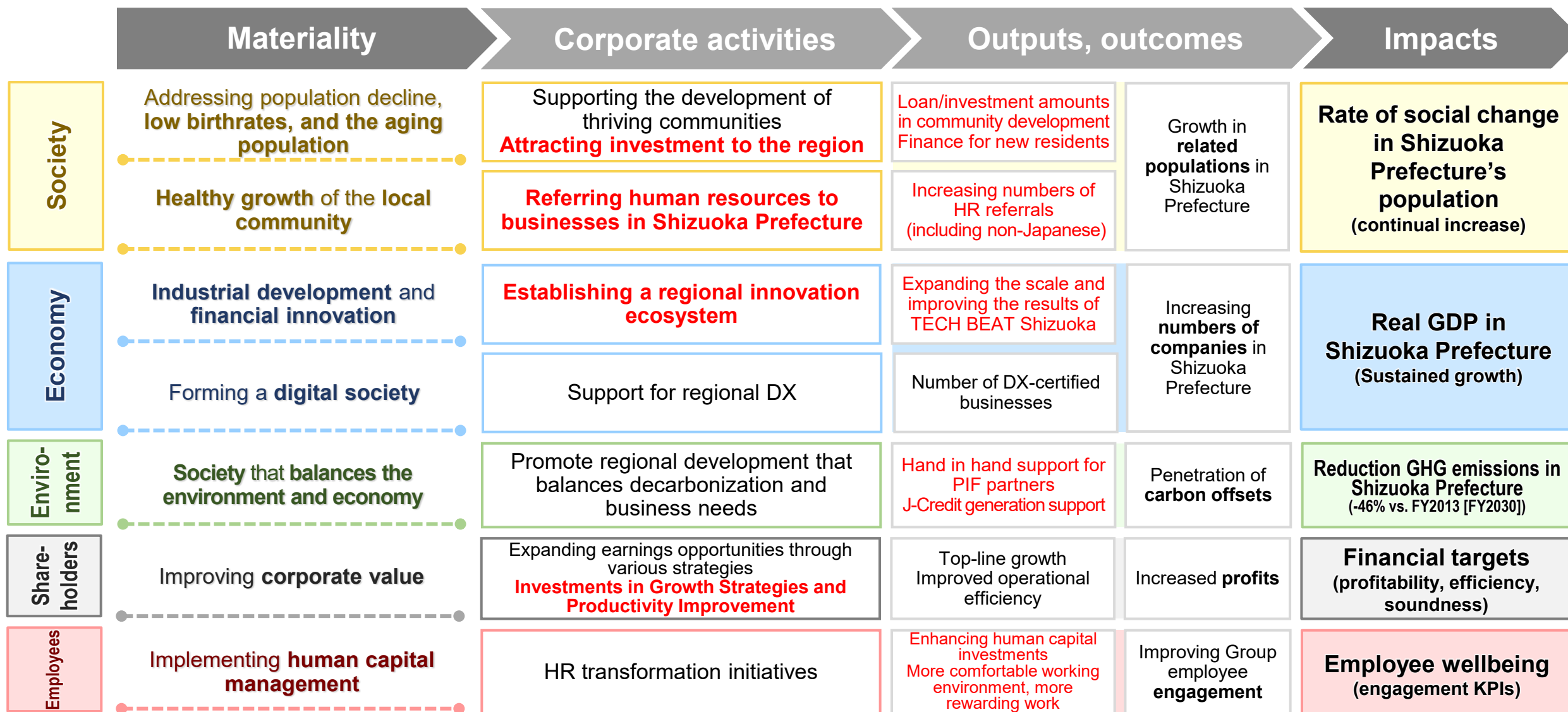
# Efforts to increase corporate value Logic tree

We are committed to further improving ROE by implementing growth strategies in both organic and inorganic area and maintaining capital at an appropriate level. In addition to strengthening management foundations to increase the expected growth rate, enhancing disclosure to alleviate information asymmetry, and controlling capital costs.

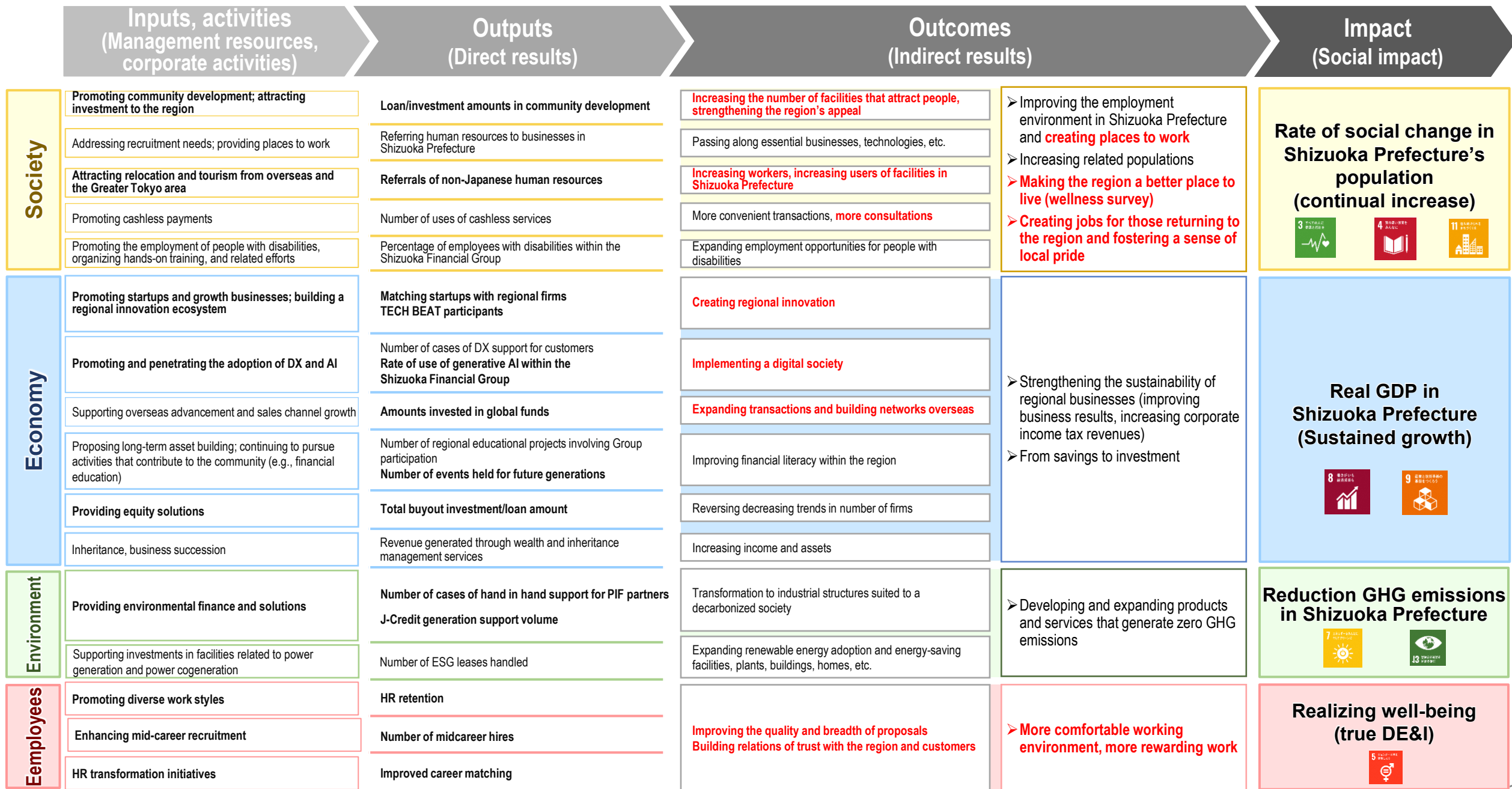


# Materiality topics

While building on the important materiality topics identified in the 1st Mid-Term Business Plan, we will update our corporate activities to address these issues and create social impact.



# Impact Roadmap



# Initiatives to support local decarbonization

Make full use of the Group's decarbonization support services we have expanded under the 1st Mid-Term Business Plan to effectively assist local companies in reducing their GHG emissions. Continuing to accelerate our collaborative efforts across the region to achieve our materiality of "Society that balances the environment and economy"

## Region-wide decarbonization initiatives

- Concluding partnership agreements on decarbonization and other topics with municipalities (Hamamatsu, Kosai, Gotemba, Iwata, Fukuroi)
- Established the Shizuoka Carbon Neutral Finance Consortium
- Shizugin Lease launches verification testing in the power sector.



### Vision

**2050** Net zero financed emissions for Shizuoka Financial Group

### Social impact indicator

**2030** Reduction GHG emissions in Shizuoka Prefecture (- 46% vs. FY2013)

## Enhancing Groupwide decarbonization support

- Introduction of Shizuoka GX Support (Shizuoka Bank)
- Introduction of GX promotion guarantees (Shizuoka Bank)
- Introduction of Shizuoka GX Support Z (Shizuoka Bank)
- Introduction of carbon offset auto leases (Shizugin Lease)
- Introduction of Shizuoka GX-support loan (Shizuoka Bank)
- J-Credit creation support (Shizugin Management Consulting)
- All regional banks and credit union in Shizuoka Prefecture began offering Shizuoka GX Support.

NEW

### Sustainability indicator for the 2nd Medium-term Business Plan

GHG emissions by commercial borrowers

2025

- Shizugin Wind Park Higashi-Izu Wind Farm began operation.
- Abekawa Hydroelectric Power Station began operation.



2024

- City of Hamamatsu carbon-neutral business certification



2023

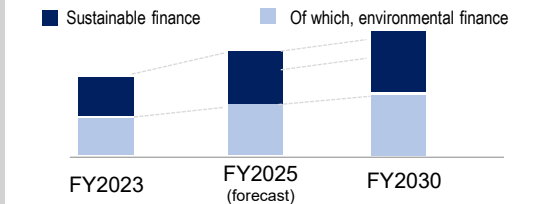
- Shizugin Solar Park began operation.

- Shizugin Aqua Energy Park Load leyasu Hydroelectric Plant began operation.

Promoting decarbonization within the Group

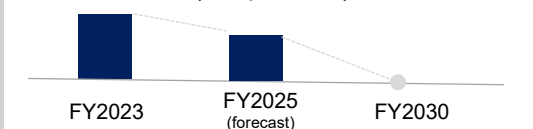
### Sustainable finance

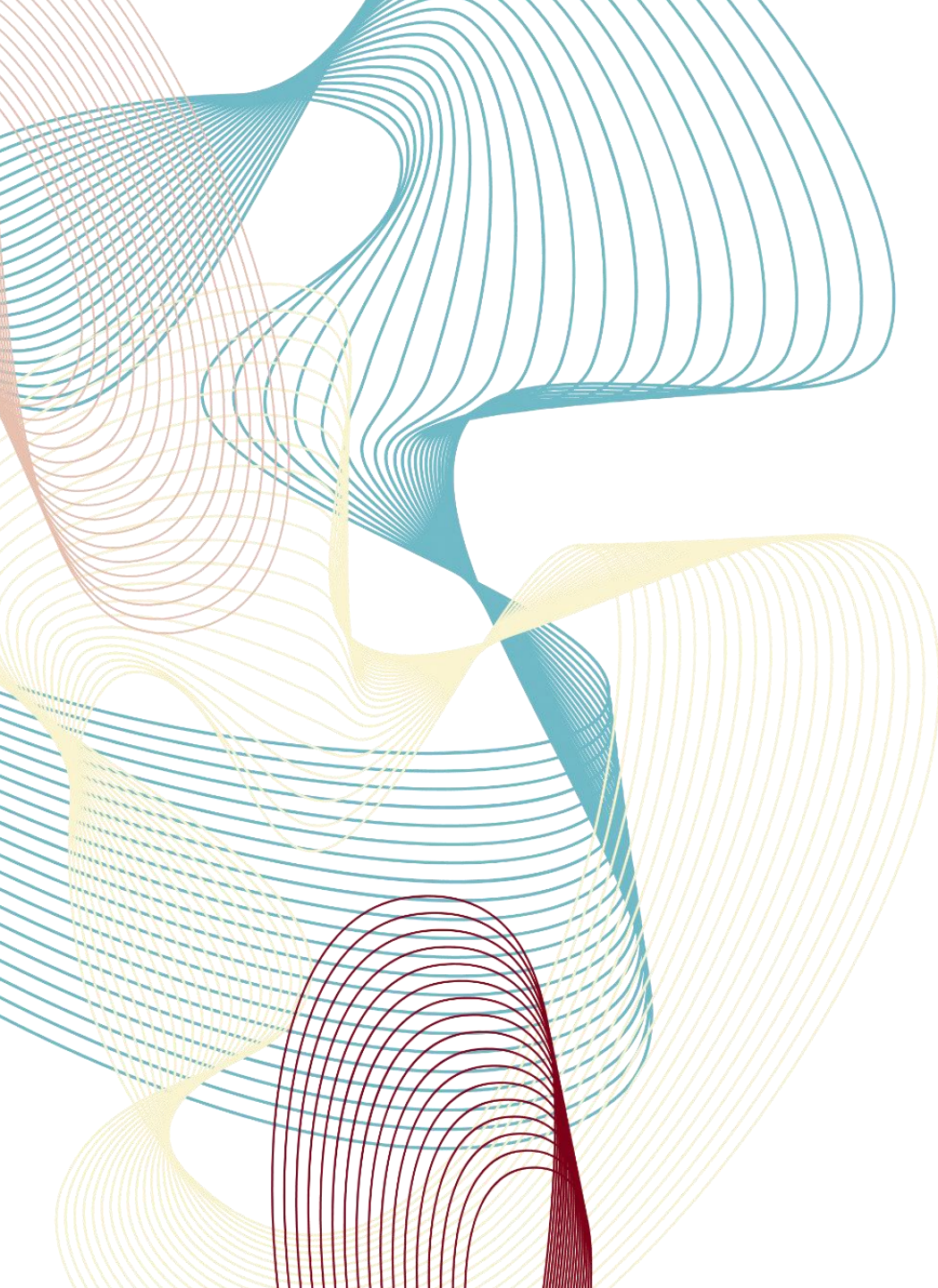
**FY2030 target: JPY 2 tn**  
(of which, JPY 1 tn is environmental finance)



### Group GHG emissions

**Achieving carbon neutrality in FY2030**  
(Scopes 1, 2)





**This document includes statements concerning future business results. These statements do not represent guarantees of future business results and entail various risks and uncertainties.**

**Note that future business results may differ from targets for various reasons, including changes in the business environment.**

Note: Figures in graphs that show year-on-year comparisons are calculated using the figures that appear in the graphs.

### **Contact**

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