

Shizuoka Financial Group

Integrated Report

2025



# Corporate Philosophy

Shizuoka Financial Group's Corporate Philosophy expresses the goals of the Group, as a comprehensive financial group founded in the region, to exist and prosper, economically and culturally, alongside and in partnership with regional communities and to contribute to the welfare of the region and these communities.

We are dedicated to contributing to society by steadily putting this Corporate Philosophy into practice as a comprehensive financial group positioned to lead the community into the future.

## Corporate Philosophy

### *Expand dreams and affluence with our community.*

As a comprehensive regional financial institution, we are committed to providing high quality services and helping people accomplish their dreams both in life and business.

As a company that works together with the community, we strive to develop regional economic and cultural growth.

We are committed to sound management as our foundation, proactively staying ahead of the times, and striving for the happiness of our local community, customers, shareholders, and employees.

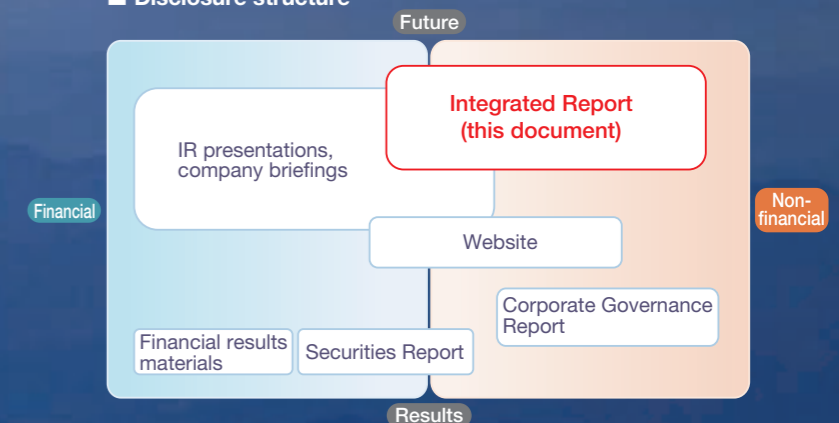
#### ■ Editorial policy

Shizuoka Financial Group has prepared Shizuoka Financial Group Integrated Report 2025 to help all stakeholders better understand and empathize with the Group's efforts to create value, based on our corporate philosophy to expand dreams and affluence alongside our community.

This Report focuses on clarifying the current status of our efforts to achieve sustainability KPIs in light of the changing business environment, based on the past year's results, future challenges, and policies to balance social value creation with growth in corporate value. In addition to financial information, this Integrated Report provides comprehensive coverage of nonfinancial aspects of our efforts such as value creation and sustainability to achieve sustained long-term growth.

We hope this Integrated Report will contribute to promoting dialogue with our stakeholders.

#### ■ Disclosure structure



## Action Guidelines

### Gratitude

We value the interaction of our hearts and minds.

### Creativity and challenge

We always aim for higher goals.

### Open-Mindedness

We always act cheerfully and energetically.

### Self-Innovation

We constantly improve our abilities and sensitivities.

### Pride and Joy

We perform our roles with passion.

## Shizuoka Financial Group Integrated Report 2025

Report on: April 2024 – March 2025

(includes some information for April 2025 and later)

Published: September 2025

Published by: Governance Planning Department,  
Shizuoka Financial Group, Inc.

1-10, Gofukucho, Aoi-ku, Shizuoka, Shizuoka Prefecture 420-0031, Japan

Tel. +81-54-261-3111

This Integrated Report is a disclosure document (explanatory document on business and financial status) prepared under Articles 21 and 52-29 of the Banking Act.

The IFRS Foundation's Integrated Reporting Framework was referred to in its compilation.

This Integrated Report contains forward-looking statements. Note that such statements are not guarantees of future results and may diverge from actual results for various reasons, including changing business conditions.

# Economic Overview of Shizuoka Prefecture

## Industrial Characteristics

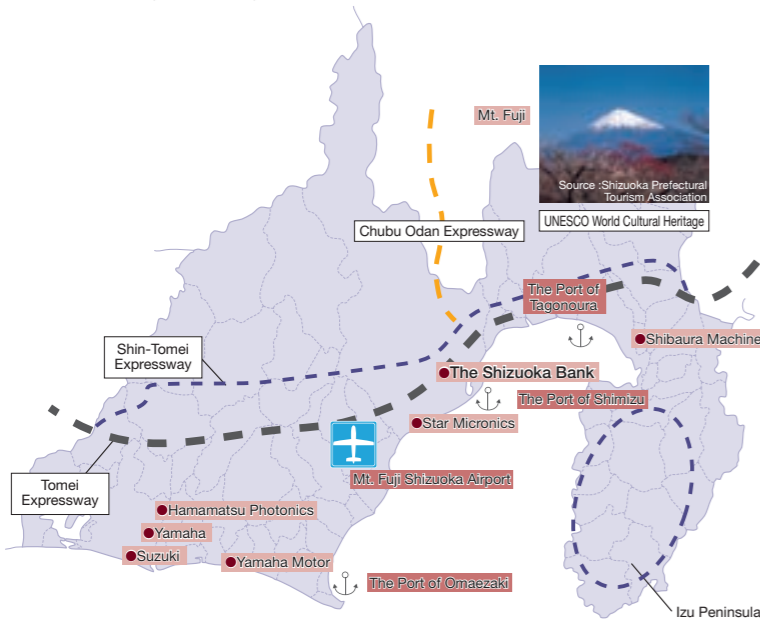
Shizuoka Prefecture is situated midway between the two major consumer markets and industrial centers of Japan — the Nagoya region plus the Osaka-Kyoto region to the west, and the Yokohama-Tokyo region to the east. Because of its location at a busy “crossroads” of the nation, Shizuoka Prefecture has historically developed into a significant center of manufacturing industry. The convenient location of Shizuoka Prefecture in transportation terms has caused the growth of a strong industrial base. Shizuoka Prefecture is one of the country’s leading manufacturing areas. The wide variety of industries represented within Shizuoka has led Shizuoka Prefecture being dubbed “the industrial department store.” Corporations active in Shizuoka include world-leading enterprises such as Toyota, Honda, Suzuki, and Yamaha, and Shizuoka Prefecture is renowned for its accumulation of export-oriented manufacturing companies. Many of these companies have set up production subsidiaries overseas, which

are creating a growing international aspect into the regional economy. We expect that Shizuoka Prefecture will be more internationalized, stimulating the interchange of people and ideas with the major urban centers of Eastern Asia, and act as an important driving force for the regional economy. In recent years the Prefectural authorities have been operating a number of schemes to encourage the companies in the medical treatment, pharmaceuticals, chemicals, and optical technology industries, and to set up operations in the so-called “Shizuoka Triangle Research Cluster” (spread across the Prefecture’s eastern, central, and western districts) as a means of developing an industrial base of the next-generation.



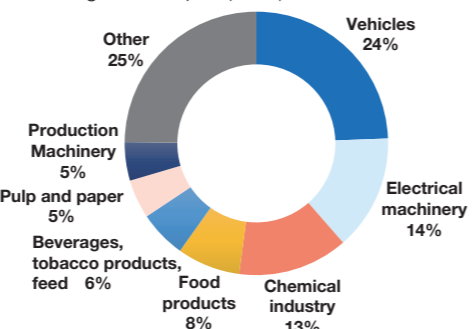
## Economy in Shizuoka Prefecture and Current State

- Positioned as a distribution hub among Tokyo, Nagoya, and Osaka.
- Represents leading manufacturing prefecture in Japan.
- Owns a lot of export-driven companies handling machinery of transportation and musical instruments and etc.
- Has many representative tourist locations with rich natural resources.
- The Izu Peninsula was certificated as a UNESCO Global Geopark in Apr. 2018. Global Geoparks are natural parks of topographical and geological significance. There are ten UNESCO Geoparks in Japan.



### Industrial structure in Shizuoka Prefecture

- Shipments of manufactured goods, etc. by value: JPY 19,029.1bn Third highest in Japan (2022)



Source: Ministry of Economy, Trade and Industry, Economic Census

### Listed companies headquartered in Shizuoka Prefecture (TSE)

Exchange	Companies
TSE Prime	18
TSE Standard	31
TSE Growth	1
Total	50

\* As of March 31, 2025

## Economic scale of Shizuoka Prefecture

- Accounts for 3% share of all-Japan and ranks 10th in the scale of economy in Japan.
- Has greater GDP than total GDP of 4 prefectures in Shikoku or 3 prefectures in Hokuriku.
- Its GDP is ranked next to those in Algeria, Hungary, and Qatar.

Shizuoka Prefecture indices			
	Nationwide share	Nationwide rank	
Population	3.49 mn	2.9%	10/47(2024)
Households	1.58 million	2.7%	10/47(2024)
Prefectural GDP (nominal)	JPY 17.4tn	3.0%	10/47(FY2021)
Prefectural GDP per capita	JPY 3,314k	-	4/47(FY2021)
Business locations	165,000	3.1%	10/47(2021)
Shipments of manufactured goods, etc. by value	JPY 19.0tn	5.3%	3/47(2022)
Agricultural production	JPY 224.5bn	2.3%	15/47(2023)
Fisheries production	145,000t	4.9%	5/47(2023)
Factory locations	47	6.3%	3/47(2023)
New housing starts	19,000	2.4%	10/47(2023)

Shizuoka Prefecture economic scale		
Prefectural GDP (FY2021, nominal)		
Rank	Prefecture, region	(USD bn)
9	Fukuoka	173.2
10	Shizuoka	156.0
11	Ibaraki	129.4
-	Four prefectures of Shikoku	130.6
-	Three prefectures of Hokuriku	117.9
Comparison to national GDPs (2021)		
Rank	Country (Region)	(USD bn)
56	Algeria	185.9
57	Hungary	182.1
58	Qatar	179.7
-	Shizuoka Prefecture	156.0
59	Kuwait	148.5
60	Morocco	142.0

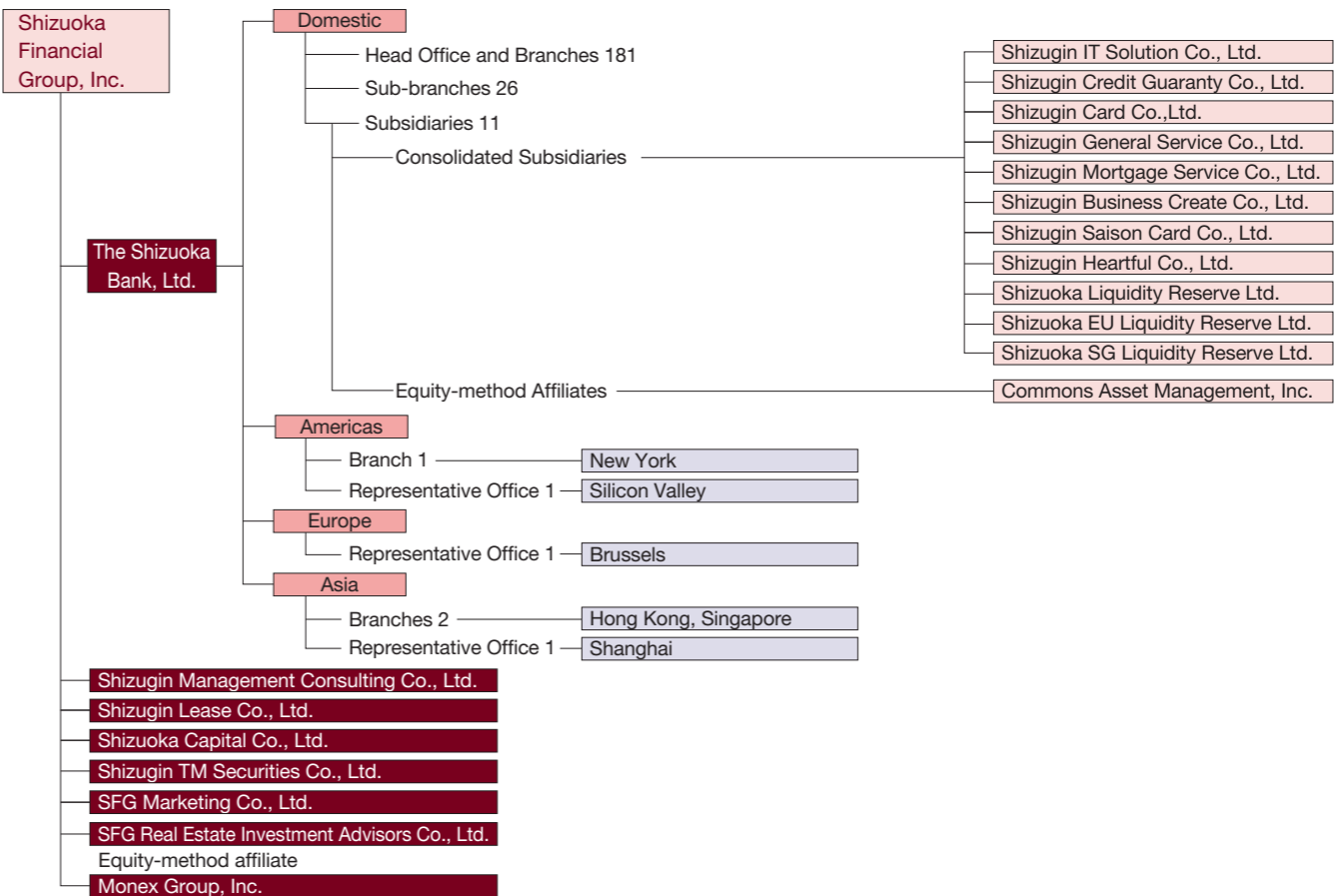
\* Sources: Economic and Social Research Institute (ESRI) Cabinet Office, Government of Japan

# Shizuoka Financial Group at a Glance

## A FIRST-CLASS REGIONAL FINANCIAL GROUP

Shizuoka Financial Group comprises The Shizuoka Bank, Ltd. (the “Bank”) and sixteen group companies, and is one of the largest regional financial groups in Japan. Centered on The Shizuoka Bank with the Head Office, 181 branches and 26 sub-branches, the Group serves the needs of customers not only within Shizuoka Prefecture, its home region, but also in three major economic centers in Japan, namely Tokyo, Osaka, and Nagoya, all of which locates comparatively nearby. For the overseas operation, The Shizuoka Bank has offices in New York, Silicon Valley, Brussels, Hong Kong, Singapore, and Shanghai.

## The Structure of Shizuoka Financial Group (As of July 1, 2025)



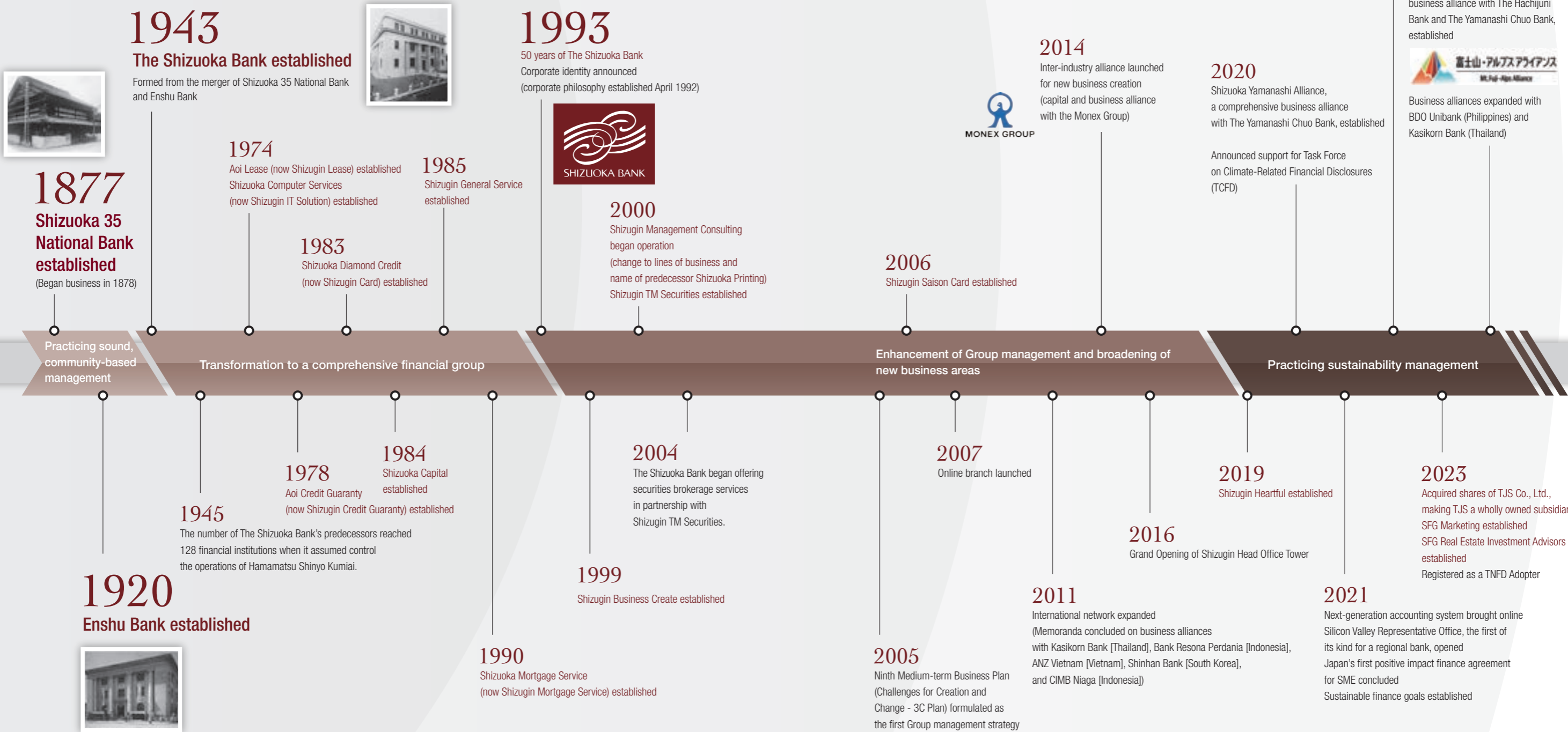
## Contents

<b>1. Shizuoka Financial Group's Value Creation</b>	
Corporate Philosophy, Editorial policy .....	1
Shizuoka Financial Group's history .....	5
Financial / Non-financial highlights .....	7
CEO Message .....	9
Perspective on increasing corporate value .....	17
CFO Message .....	19
Shizuoka Financial Group's Value Creation Process .....	23
<b>2. The Group vision and sources of value creation</b>	
Sources of Competitive Advantages .....	25
Group structure .....	27
New business fields .....	29
Our approach to identifying and seeking solutions to materiality topics .....	31
Management strategies for value creation: First Medium-term Business Plan .....	35
Dialogue Among Outside Directors .....	37
Results of and issues with Shizuoka Financial Group's initiatives to increase corporate value .....	
<b>3. Efforts toward our vision</b>	
<b>Growth strategies of the Medium-term Business Plan</b>	
Combining Regional Co-Creation Strategies and Group Business Strategy .....	43
Alliances with regional banks .....	47
Transformation strategy: IT, digital transformation (DX) .....	59
<b>4. Corporate governance</b>	
Strengthening Corporate Governance .....	93
List of officers .....	103
Thorough Compliance and Risk Management .....	105
The Internal Audit Structure .....	110
Overview of Group companies .....	111
<b>5. Financial information</b>	
Independent Auditor's Report .....	113
Consolidated Balance Sheets .....	118
Consolidated Statements of Income .....	119
Consolidated Statements of Comprehensive Income .....	119
Consolidated Statements of Changes in Equity .....	120
Consolidated Statements of Cash Flows .....	121
Notes to Consolidated Financial Statements .....	122
Key Consolidated Financial Indicators .....	148
<b>Toward a sustainable organization and community</b>	
Roundtable discussions between Director Yagi and Group employees Current state of Shizuoka Financial Group's human capital management .....	63
Initiatives to Implement Human Capital Management .....	67
Environmental Initiatives .....	77
Initiatives Related to Human Rights .....	88
Providing value to stakeholders .....	89

## Shizuoka Financial Group's history

Shizuoka Financial Group was formed in October 2022 with the Group's transition to a holding company structure. The Shizuoka Bank, a leader in the Group in terms of numbers of customers and transactions, traces its roots back to 128 predecessor financial institutions, the oldest of which was a national bank that in 1878 became the first institution to be authorized to issue banknotes in Shizuoka Prefecture. Shizuoka Financial Group is a regional financial institution group with a 147-year history through 2025.

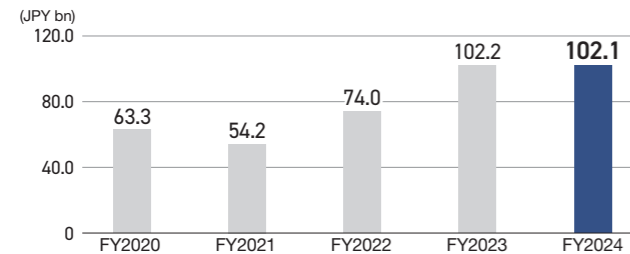
Building on the trust earned within the community over the years, we will improve our capacity, as a comprehensive financial group, to deliver solutions and continue to take on new challenges to maximize the value we provide to all stakeholders.



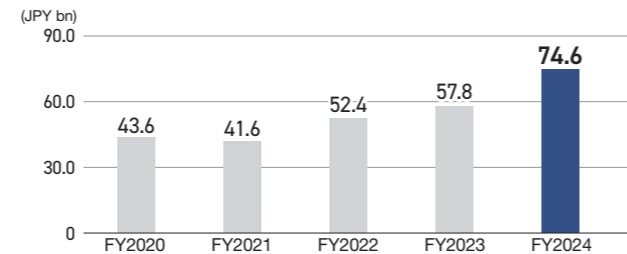
## Financial highlights

### Major items

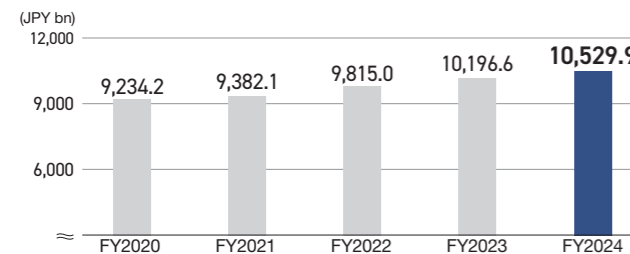
Ordinary profit (consolidated) **102.1** billion yen



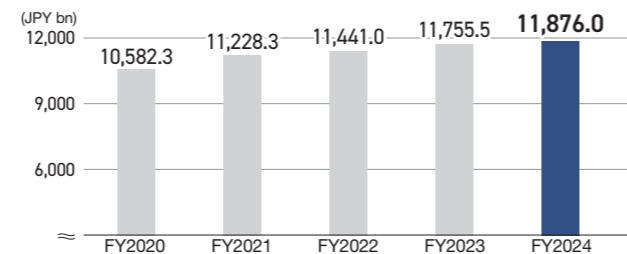
Net income attributable to owners of the parent (consolidated) **74.6** billion yen



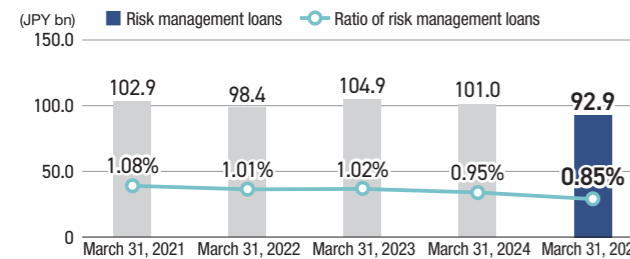
Total loan balance (average balance; The Shizuoka Bank nonconsolidated) **10,529.9** billion yen



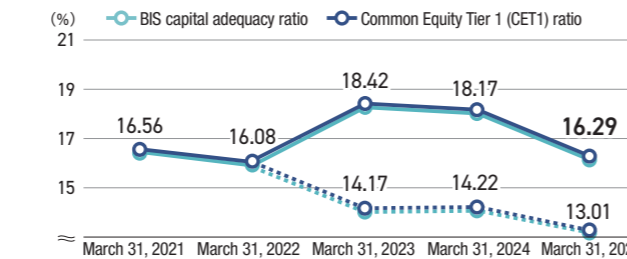
Total deposit balance (average balance; The Shizuoka Bank nonconsolidated) **11,876.0** billion yen



Ratio of risk management loans (The Shizuoka Bank nonconsolidated) **0.85%**



BIS capital adequacy ratio (consolidated) **16.29** (13.01\*)%



\* Estimates reflecting consideration of capital floor adjustment amounts and other factors after full application of final version of Basel III

Credit rating (Moody's) (As of July 1, 2025) **A1**

	Long-term rating	Short-term rating
Shizuoka Financial Group		
R&I	AA-	—
The Shizuoka Bank		
Moody's	A1	P-1
S&P	A-	A-2
R&I	AA-	—

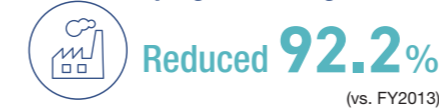
Shareholder return ratio **57.3%**

	FY2020	FY2021	FY2022	FY2023	FY2024	FY2020–2024 (five-year average)
Annual dividend per share	25.0 yen	26.0 yen	30.0 yen	39.0 yen	60.0 yen	—
Dividend payout ratio	32.8%	35.4%	32.2%	37.4%	44.0%	37.0%
Shareholder return ratio	32.8%	56.2%	51.1%	49.3%	57.3%	50.3%

## Non-financial highlights (FY2024 results)

### Environment

Shizuoka Financial Group's greenhouse gas emissions



Sustainable (of which, environmental) finance executed



### Society

Co-creation support in Shizuoka Prefecture based on an open innovation approach



Number of participants in TECH BEAT Shizuoka\*

**46,955** people

Business discussions

**2,391**

\* Forum for business matching between technology startups and companies in Shizuoka Prefecture (cumulative since FY2019)

Shizuoka Kids' Academy



Held **31** times (Cumulative since FY2016)

Percentage of women in leadership positions\*



**23.5%**

Percentage of men taking childcare leave\*



**145.9%**

\* Shizuoka Financial Group, The Shizuoka Bank, Shizugin Lease, Shizugin TM Securities, Shizugin IT Solution, Shizugin Mortgage Service, Shizugin Business Create

### Governance

Composition of Board of Directors

Internal Directors **5**

• Representative Directors 2  
• Directors who are not Audit & Supervisory Board Members 2  
• Director who is Audit & Supervisory Member 1  
[all are male]

Outside Directorss **5**

[three of which are male and two of which are female]

Composition of Audit & Supervisory Board (As of July 2025)

Internal Director / Audit & Supervisory Board Member **1**

[Male]

Outside Directors / Audit & Supervisory Board Members **3**

[two of which are male and one of which is female]

### External evaluations, support for external initiatives

Won Grand Prize S (Social) in the Nikkei Integrated Report Awards



Chosen for KENKO Investment for Health Stock Selection (second consecutive year)



ESG Finance Awards Japan Gold prize winner for third consecutive year



Recognized as 2025 Certified Health & Productivity Management Outstanding Organization (White 500)

Four companies recognized to have outstanding health management initiatives



Named to A List, denoting the highest tier, in the Carbon Disclosure Project's climate change survey



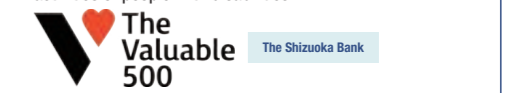
Selected to Next Nadeshiko: Companies Supporting Dual-career and Co-parenting list

Recognized as a firm that supports the careers of both men and women



Supporting the Valuable 500

We support this international initiative to support the activities of people with disabilities.



Pride Index 2024 Gold certified

For LGBTQ-related initiatives



# CEO Message

## Connecting to the future around our circle of stakeholders

### Foreword: Our business environment

In April 2025, **Xover: Clearing the Way to a New Era, the first medium-term business plan** since our transition to a holding company structure, entered its third year. From the time the plan was formulated, we extended the medium-term plan period from three to five years based on our desire to lay solid foundations for realizing the Group's vision. Looking back over the past two years, the accelerating pace of change in the business environment is quite astonishing.

A look at the recent state of the global economy shows the risk of decoupling, as the international order that was conducive to creating value through cooperation is being impacted by issues such as conflict in Ukraine and the Middle East, as well as waves of nationalism—furthering dividing nations, societies, and people.

Rising costs attributable to high fuel and raw material costs spurred by rising geopolitical risks have shifted the Japanese economy from its extended deflationary course to an inflationary course, and in March 2024, The Bank of Japan raised interest rates rose for the first

time in 17 years. Just as we appeared on the cusp of an era of rising interest rates and wages, Japan too is now suffering the ramifications of waves of division and the associated uncertainties, driven by US tariff policy changes and other factors.

Changes in the population structure, due to low birth rates and aging population, continue to accelerate, alongside progress in digital transformation (DX) and green transformation (GX). Given circumstances changing from moment to moment, it is essential to take action with a sense of urgency, a keen sense of the value of time, while continually updating our own outlook and approaches free of the fear of change.

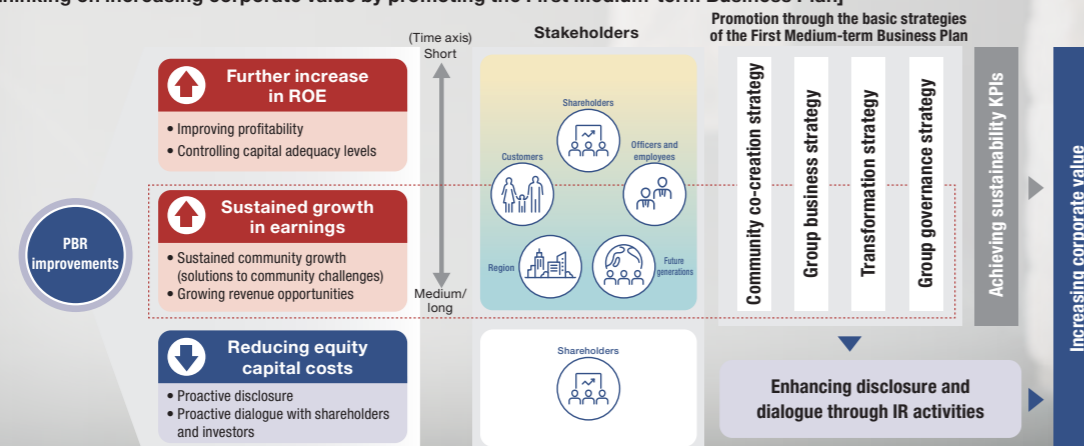
Despite the business environment, Shizuoka Financial Group remains committed to our region and its future as an integrated financial group ready to provide solutions for the future amid uncertainty. We will aim to co-create new value with stakeholders to realize an enriched, sustainable community, as all Group officers and employees share this commitment.

### Shizuoka Financial Group's vision of increasing value

Last year's Integrated Report 2024 explained how we strive to increase our corporate value as a regional financial institution, and our thoughts from the standpoint of improving the **price/book value ratio (PBR)**, an indicator of financial value. Our stance

remains unchanged. Improving PBR requires gains not just in current earnings, as seen in **return on equity (ROE)**, but in projected future earnings as well. To do so, the growth of the local economy—the wellspring of our growth as a regional financial institution—is essential.

[Fig. 1. Our thinking on increasing corporate value by promoting the First Medium-term Business Plan]



Hisashi Shibata

President & CEO



Under this philosophy, the current First Medium-Term Business Plan is distinguished by how it seeks to increase corporate value: in summary, balancing short-term earnings growth and medium- to long-term strategies intended to achieve social impact. We will gauge our progress toward sustained growth of the community and Shizuoka Financial Group based on the **sustainability indicators**, included in the key performance indicators (KPIs), as we work toward our vision for 2030.

This marks our first attempt to identify such KPIs. In dialogue with investors and other stakeholders, we were actually asked several times about the feasibility of balancing social value creation with growth in corporate value. Looking at our steady progress over the past two years and how this goal has taken hold among Group officers and employees, I am even more confident. I sense strong resolve and motivation.

Let's review our recent efforts to increase corporate value through our progress on sustainability KPIs.

Progress on First Medium-Term Business Plan

[Fig. 2. Progress on sustainability KPIs]

		KPI	FY2024 plan	FY2024 results	Assessment	Future courses of action		
Creating social value	Social Impact KPI	Rate of change in population in Shizuoka Prefecture	Continual increase	Increased (+0.014%)  (KPIs for FY2023 and later not disclosed)	○	Contributing through community co-creation strategy measures and cooperation with alliance banks Supporting region-wide decarbonization based on GHG calculation tools		
		Real GDP in Shizuoka Prefecture	Sustained growth		—			
		Rate of decrease in GHGs in Shizuoka Prefecture	Down 46% vs. FY2013 (FY2030)		—			
Increasing corporate value	Engagement KPIs	Customer satisfaction with Group transactions*1	Up YoY	Up 1.9 pts. YoY	○	Implementing effective and efficient customer sales Increasing investment in human capital and reforming hiring strategies Accelerating efforts to achieve carbon neutrality ahead of schedule		
		Group officer and employee engagement**2	4.0 or higher (FY2027)	3.81	▲			
		Carbon neutrality (Scopes 1, 2)	Achieved (FY2030)	Down 90.0% (vs. FY2013)	○			
	Financial KPIs	Earnings	Consolidated ordinary profit	Medium-term targets (before revisions)	100 billion yen	102.1 billion yen	○	Maximizing net interest income with consideration for changes in interest-rate and fundraising trends Growing non-interest revenues through Group company growth, etc.
			Consolidated ROE		100 billion yen Net asset basis: 6.5%	Net asset basis: 6.0% Shareholder equity basis: 7.5%	Net asset basis: 6.3% Shareholder equity basis: 7.7%	
		Efficiency	Consolidated OHR	53%	52.4%	51.9%	○	
Soundness	Consolidated CET1 ratio*3	13%	13.65%	13.01%	○	Improving capital efficiency toward target ROE		

\*1 Measured using net promoter score (NPS), an indicator of customers who would recommend the company, its products, or its services to family, friends, and acquaintances, based on customer surveys  
\*2 Overall satisfaction measured as the average for the five aspects of rewarding work, job suitability, workplace satisfaction, satisfaction with superiors, and loyalty to the company (score of 1-5)  
\*3 Final Basel III basis

Social impact KPIs

Social impact KPIs represent our social impact on Shizuoka Prefecture, the core region of the Shizuoka Financial Group's business territory. We established Rate of change in population, Real GDP, and Rate of decrease in greenhouse gas emissions as the three target indicators through which we will seek to strengthen the sustainability of the regional economy and achieve future expected returns.

We identified FY2024 as a year to give concrete form to the fundamental strategy of regional co-creation\*, and implemented various measures toward this goal.

\* A strategy that aims to create social impact through value co-creation efforts using a broad-ranging network that includes external stakeholders in addition to resources within the Group.

For example, two new companies established in FY2023 after the launch of the First Medium-term Business Plan have expanded their initiatives to embody this strategy.

Shizuoka Financial Group's new business development is designed in line with the concept of filling a gap in a range of solutions for issues in the community. One of these new companies, **SFG Real Estate Investment Advisors**, is an asset management company established to play an upstream role in real estate development and to contribute to the region's vitality, based on our asset of insights and networks built up in connection with real estate finance.

In FY2024, in addition to launching community development planning with multiple local governments, this company supported the launch of numerous funds in corporation with allied financial institutions, targeting projects, including an initiative to convert traditional Japanese homes to lodging by remodeling vacant homes in the city of Shizuoka and a redevelopment project in the city of Nagoya. In its first effective year of operation, it got off to a promising start, recording ordinary profits of 700

million yen. These projects, which can contribute to the region's vitality, an important mission of a regional financial institution, have drawn broad-based public attention. We hope that this business will lead to further future growth and serve as a model case embodying our vision of finding earning opportunities through the provisioning of solutions to community challenges.

In addition to the existing marketing support functions for the region and customers, the other new company, **SFG Marketing**, has launched a service to connect workers from overseas who want to work in Japan with customer employers in the community. Focusing on those who have specified skilled worker visa status, who can be expected to contribute to employers immediately based on their specialized skills, this business is targeting a solution to labor shortages, an important issue in the region. As interregional competition for human resources intensifies, we plan to contribute to the business expansion of regional companies while making the region itself more attractive through taking the initiative to realize a multicultural society that will attract workers from abroad as a comfortable place to work. We will do this by drawing on our reputation, customer base, knowledge, and other resources as a regional financial institution.

Yet another example is the steady results of our **strategy of forming alliances with other regional banks**. We've formed comprehensive business alliances with The Yamanashi Chuo Bank and The Bank of Nagoya, both banks in regions that face issues similar to those of our region. Both of these alliances have provided even greater revenue effects than initially anticipated, by utilizing the business resources of the partner groups to work toward solutions to shared challenges. Joint efforts among banks can take many forms, including mergers. We believe banks, like us, can generate results more effectively and quickly through alliances, as we can work together to find solutions to common issues and offer them in our respective business territories.

In March 2025, with the addition of The Hachijuni Bank, the existing Shizuoka Yamanashi Alliance grew into the **Mt. Fuji/Alps Alliance**. Under this framework, we will

Engagement KPIs

We've identified the following three target engagement indicators: Customer engagement; Group officer and employee engagement; and Achievement of carbon neutrality by Shizuoka Financial Group.

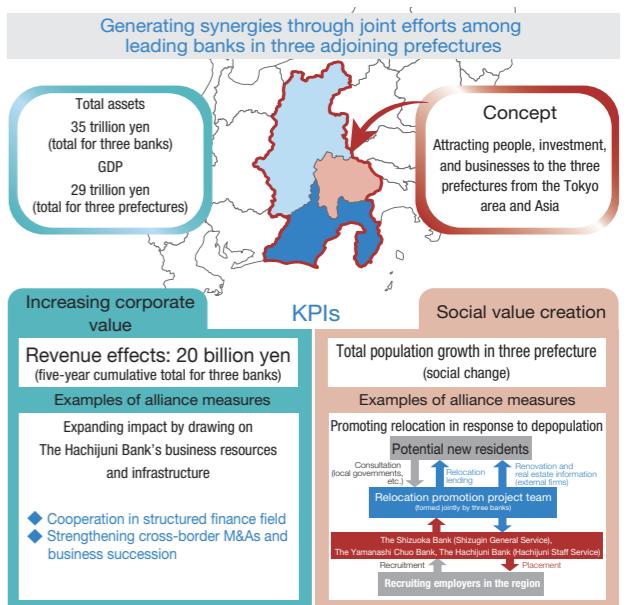
We increased **customer satisfaction with Group transactions** by 1.9 pts. from last year. While the Bank of Japan's policy interest rate hike in FY2024 had a positive impact on financial institution earnings, from the customer's point of view it led to higher interest costs on loans.

Since the finance industry provides intangible products and services, I have always told officers and employees that the interest, fees, and commissions we earn are the price of the value that we provide. Even if financial services like loans and deposits are identical, the value

deploy projects to attract, to the three prefectures of Shizuoka, Yamanashi, and Nagano, people, investment, and businesses, from Tokyo, Asia, and elsewhere, and aim to boost related populations in response to the shared challenges of depopulation and labor shortages. As the first step, the three banks have jointly launched a relocation promotion project based on matching human resources who want to relocate with employers in the region and on lending to encourage relocation. Moving forward, we plan to promote cooperation in various other fields as well.

These are just some examples of our initiatives. We plan to review our contributions to regional growth as a social impact in light of the results on macro indicators, which will be publicly available, as well as promote strategies to realize both social value and business opportunities based on the understanding that efforts to increase regional potential will lead to sustained growth in our own earnings and help to increase our corporate value.

[Fig. 3: Mt. Fuji/Alps Alliance KPIs]



that financial institutions provide to their customers can vary greatly with how their customers experience benefits in areas other than interest. In this sense, I think our ability to increase customer satisfaction even as interest rates rise is very significant. At the same time, this can be attributed to our continuous efforts from the era of negative interest rates in Japan, as we've made progress in strengthening Group functions through bringing our ideas to life in new business developments.

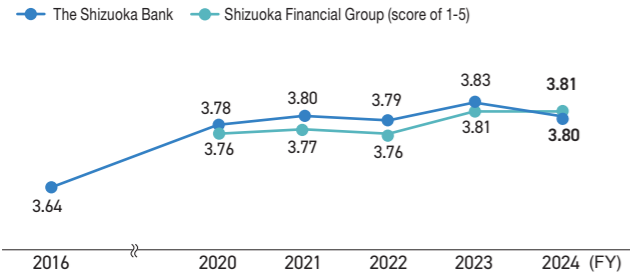
Amid rising interest rates, earnings may increase for some time with no effort on the part of management. But we need to grow earnings by continuing to provide customers with services worth more than the rising interest rates they pay, and by working ceaselessly to make our businesses even better.

Some issues remain to be addressed with regard to the indicator of **Group officer and employee engagement**, which has remained flat since last year. Despite some variation among Group companies, analysis results show a pronounced trend toward a low sense of job compatibility. While this may be due to complex factors, like the need to take on new efforts to create value above and beyond existing business domains and increases in midcareer hiring, we recognize the need to increase the loyalty of officers and employees—the people who implement our strategies, and to increase investment in human capital to transform them into our organizational strengths as important topics together with reforming hiring strategies.

We need to achieve an organization in which all officers and employees can take action on their own with a solid understanding of Shizuoka Financial Group's aims and the reasoning behind our strategies. So far, I have valued the opportunity to communicate the management outlook through repeated town hall meetings and other opportunities for dialogue with officers and employees. As a leader in the organization, I consider it an important responsibility to broaden such opportunities for communication.

It is vital for the entire region to work together toward decarbonization. Based on this outlook, we have made

[Fig. 4. Trend in Shizuoka Financial Group's engagement survey results]



Financial targets

As **financial targets**, we've identified consolidated ordinary profit, consolidated ROE, consolidated OHR, and consolidated CET1 ratio to reflect the perspectives of earnings, efficiency, and soundness. Each indicator is described in detail on other pages. In FY2024, we were able to achieve most of the targets announced for the final year of the Medium-term Business Plan, as earnings grew, centered on core businesses, thanks in part to the tailwind of rising yen interest rates.

[Fig. 6. May 2025 revisions to sustainability KPIs (financial KPIs)]

Financial targets	KPI	FY2027 targets	
		Current Target	Revised Target
Profitability	Consolidated ordinary profit	100 billion yen or more	145 billion yen or more
	Consolidated ROE (net asset basis)	Approx. 6.5%	Approx. 8.5%
	Consolidated ROE (shareholder equity basis)	Approx. 7.5%	Approx. 9.5%
Efficiency	Consolidated OHR	Maintained at approx. 53%	Maintained at approx. 50%
Soundness	Consolidated CET1 ratio*	13% or higher	Approx. 13%

\* Final Basel III basis

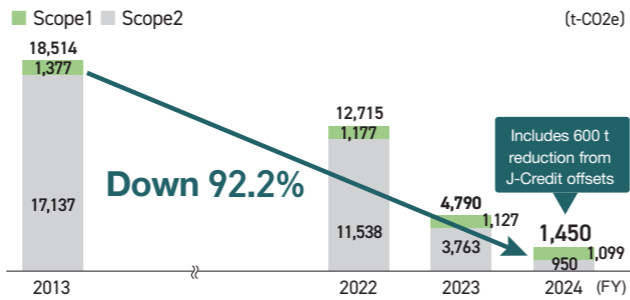
available **Shizuoka GX Support**, a tool for calculating GHG emissions developed by The Shizuoka Bank, to all financial institutions in Shizuoka Prefecture. As of March 2025, more than 1,600 businesses in the region were using it.

In May 2024, we were named the chair organization of the **Shizuoka Carbon Neutral Finance Consortium**, the first instance of all regional banks and credit unions in a prefecture uniting to achieve decarbonization, and are proceeding with joint efforts of all Shizuoka players to achieve a carbon neutral society.

To guide this movement, to the extent possible, we need to play a leading role in the community by making **Shizuoka Financial Group carbon neutral** ahead of schedule. In FY2024, we accelerated adoption of renewable energy and use of J-Credits generated in Shizuoka Prefecture to reduce GHG emissions by more than 90% compared to FY2013.

In addition to regional decarbonization, efforts in areas like preservation and recovery of natural capital are important in protecting the regional industry that forms our customer base. While there are some signs of a movement away from ESG overseas, we continue to recognize sustainability as the essential foundation of business itself.

[Fig. 5. Trends in Shizuoka Financial Group's GHG emissions]



In May 2025, against a backdrop that included revisions in interest rate scenarios in response to changing BoJ monetary policy, we revised our financial targets for the final year of the Medium-term Business Plan to target even higher levels of ordinary profit, ROE, and OHR. While making these changes, I have paid attention in particular to whether our plans are not just feasible but also in accordance with the expectations of shareholders and other market participants.



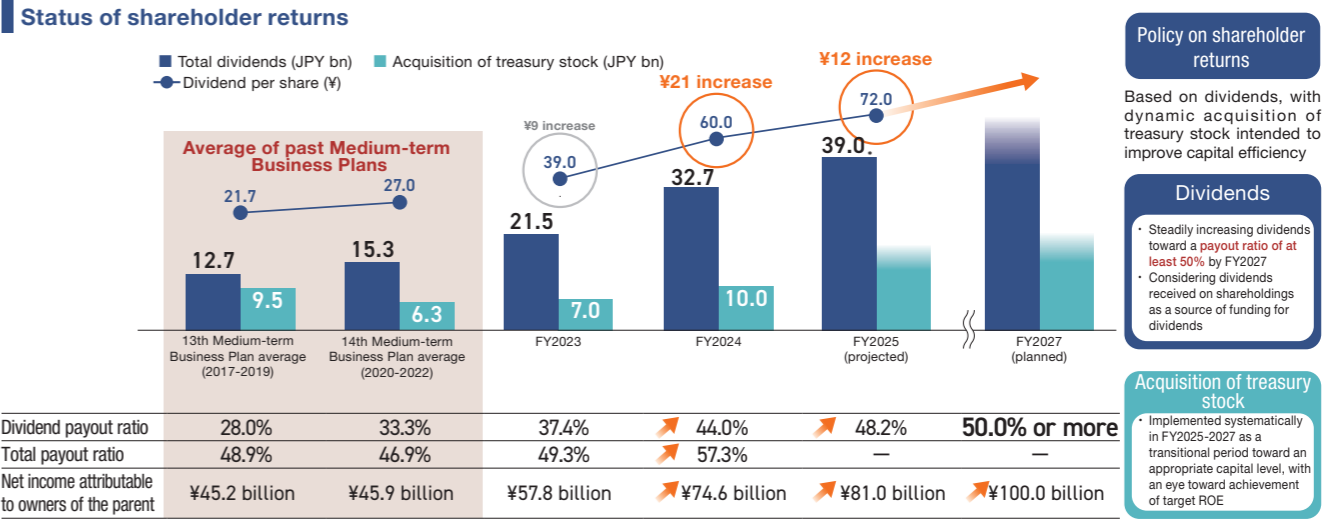
While many believe Shizuoka Financial Group's finances are characterized by solid equity capital, we also recognize the importance of optimizing capital efficiency, including putting capital to effective use for growth, while also maintaining the soundness demanded of a financial institution.

From this perspective, over the past year, the Board of Directors has repeatedly discussed how to reflect market demands in our capital policies and worked to clarify appropriate capital levels and composition and policies for reducing strategic shareholdings. I believe the revised financial targets based on these deliberations made our plans more persuasive for the markets.

Shizuoka Financial Group is committed to its shareholder returns policy to boost **dividends toward a payout ratio of at least 50%**, the highest figure in the financial sector. We expect higher dividends resulting from steady future profit growth to make our shares even more attractive to investors.

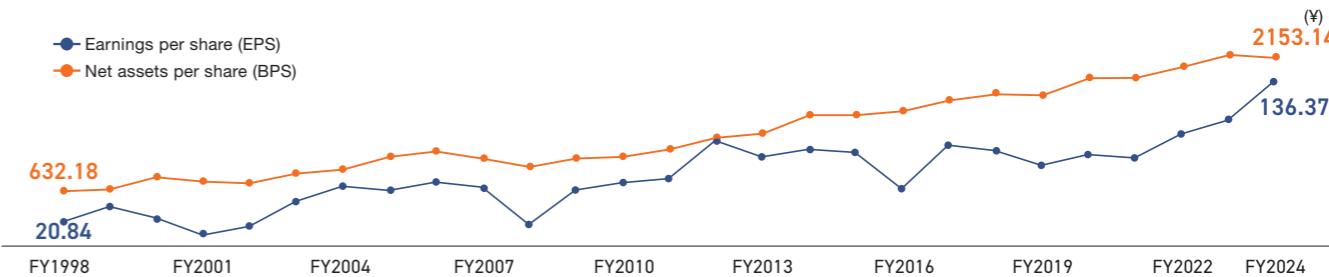
Steadily increasing corporate value by optimizing capital efficiency remains the most pressing management obligation today. By continually increasing ROE to improve PBR, we will seek to achieve a virtuous cycle in which increases in Shizuoka Financial Group's corporate value enable all stakeholders to enjoy the benefits of rising share prices while we give back to the community.

[Fig. 7. Shareholder returns, EPS/BPS trends]



\* Estimated based on shares issued and outstanding (excluding treasury shares) as of March 31, 2025

Trends in EPS and BPS (consolidated)



Updates to the Medium-term Business Plan

As described above, at this point, the First Medium-term Business Plan is progressing smoothly overall. At the same time, as I noted at the outset, our environment is changing at a bewildering pace. In a number of fields, gaps have begun to appear between the strategies of the Medium-term Business Plan and reality.

For example, since there had been no expectation of today's conditions of positive interest rates when the plan was formulated, our understanding of the balance sheet, which contains the deposits, loans, securities, and other sources of financial institutions' earnings, has changed. The positioning of deposits in particular has changed. Rapid technological progress, combined with changes in customer behavior and values, may require revisions to increasingly diverse needs and environments in areas like customer service, including branches.

Based on this understanding, Shizuoka Financial Group has not just revised financial plans based on changing interest rate scenarios but also has decided to formulate a new Medium-term Business Plan, including tactical

Conclusion

■ Connecting to the future around our circle of stakeholders

As emphasized when communicating to our stakeholders, I have sensed through communication and dialogue with both insiders and outsiders that the essence of what we want to communicate should always remain unchanged—which is the need to be an organization that connects to the future based around our circle of stakeholders.

The 13th Medium-term Business Plan, launched in 2017 when I was appointed President of The Shizuoka Bank, was titled "Tsunagu" (i.e., "connect"). That title embodied the concept of envisioning the reliable future while building and strengthening connections among all stakeholders.

Today, we are targeting a sustainable future for our region and the Group by creating social value while increasing corporate value. We plan to do this by linking all stakeholders, including future generations, and working together to find solutions to the community's challenges.

In this way, our initiatives should not be one-off efforts. They have to have lasting roots. Our goal is to realize the **corporate philosophy to expand dreams and affluence with our community**.

As I noted at the start of this message, in this era of unprecedented division we will co-create value for the future while utilizing our networks with diverse stakeholders to connect people and businesses. The role of a regional financial institution is a very important one today, and as Group CEO my goal is to lead all Group officers and

revisions reflecting the changing environment.

The reasons for this bold decision to replace a current plan with a newly created one in the middle of fairly good progress, are expressed in the words of Eiichi Shibusawa, on which I have recently pondered: "Complacency is the first step to decline." These words express the need to take an interest in the issues and to work to improve the situation further at all times, instead of being satisfied with the way things are. Otherwise, no one will be able to target higher peaks. In other words, we can increase our corporate value solely by continuing to update not just our business models, but our outlook as individual officers and employees, by walking in pace with or ahead of the changing times.

We have already established an internal committee to formulate the new plan, in which deliberations will continue over the course of this fiscal year, and aim to make rapid progress toward our medium- to long-term vision by revising and improving our existing plans.

employees forward into the future.

I am grateful for the continuing support and understanding of our stakeholders.



Three questions for Mr. Shibata

Q What do you think has changed the most since you joined the Company?

A Without a doubt, the biggest change has been the progress of digital technology. For example, while today's younger generation may not believe it, when I joined the Bank, all documents were written by hand, and meeting documents were bundles of paper. But since the subsequent rise of word processors and other technologies, you can prepare standard documents simply by entering numbers and other necessary items. All required documents can be viewed using a single tablet. I am a little jealous of those who are starting their careers today.

We live today in very interesting times, where technologies like AI can change the world. Used well, they could be very convenient tools. Misused or relied on too much, they could prove to be pitfalls. Since I, too, cannot make full use of today's technologies, I hope that today's generation of digital natives will help me out as reverse mentors!

Q If you could talk to yourself now as you were when you joined the Company, what would you say?

A That is a tough question! [Laughs] Soon after I joined The Shizuoka Bank, I was assigned to the Yokohama Branch. At that time, I did not know my right from my left, and I made many mistakes. Like everyone else, I was concerned about the future. But I was able to build up many good experiences, eventually rising to the post of President. If I could say something to myself back then, I would like to encourage him and say, "Do not worry—a bright future awaits you!"

Also, if I could go back and redo my life, I would like to start learning golf earlier, as with learning English. If I continued to work more diligently, I would not have to study it every day using an app at this age.

At that time, I felt like I had lots of time to spare. But we do not actually have that much time. In living a good and satisfying life, how one puts one's limited time to use matters. I would encourage people to take on the challenges they can handle only at their age and in their era so they will regret nothing.

Q Looking ahead, can you think of anything you'd like to try that you've never done before?

A There are still so many places around the world, and even in Japan, that I have not visited. I would like to travel with my family to as many places as possible. For example, I would like to visit Yakushima Island while I still have the energy to hike. Looking back on my life so far, I see that there were many times when I was able to persevere thanks to the support of my family, and the time spent with them has been my driving force. Since my children have left home, I would like to give back even more to my wife.

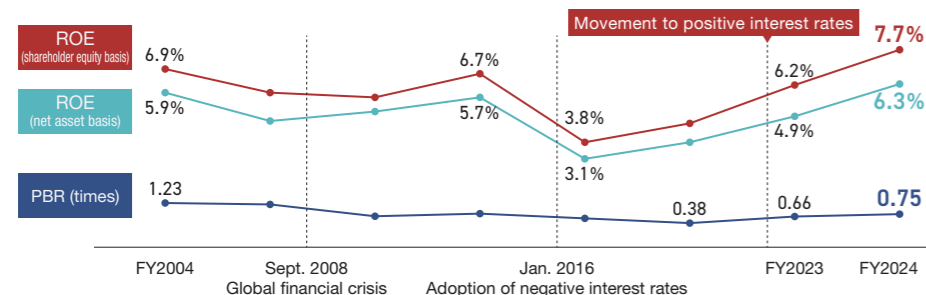
Although they say now that people can live to 100, the time for which we are fit and in good health is a bit shorter. As I said in my answer to the previous question, I would like to use my limited time on earth to the fullest.

If we keep putting something off, eventually, we run out of time. I would like to build new experiences while treasuring each moment.

## Perspective on increasing corporate value

Based on the growth strategies of the First Medium-term Business Plan, Shizuoka Financial Group strives to increase returns on capital and expected growth rates, as well as improve PBR, by enhancing disclosures and proactive dialogue with shareholders and investors.

### Current conditions (ROE and PBR trends)

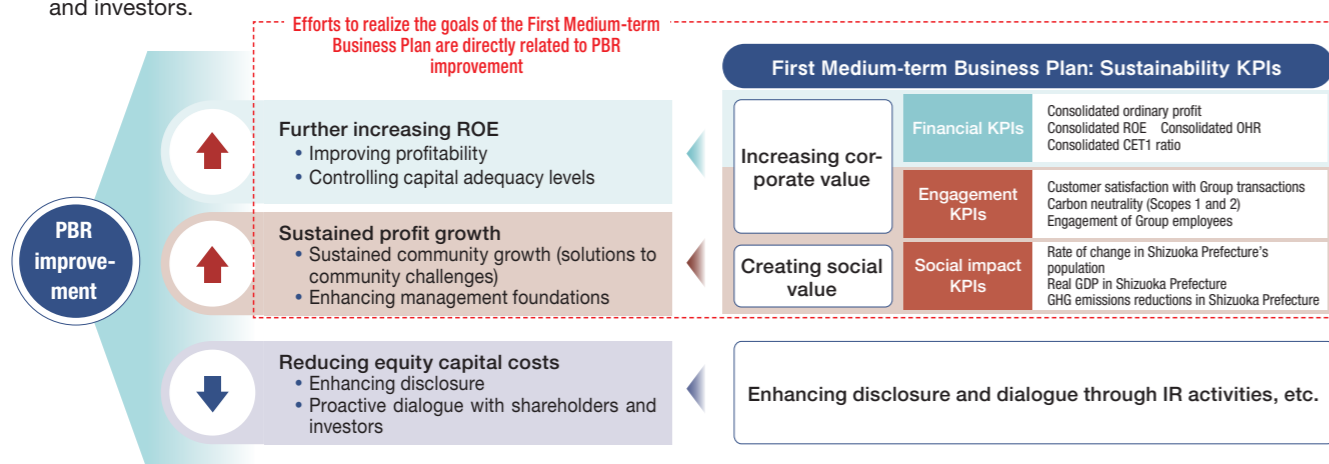


• Earnings growth centered on net interest income associated with JPY interest rate hikes drove ROE (net asset basis) up to 6.3% in FY2024.

• PBR, at 0.75, remains short of the target ratio of 1, and improving the market's evaluation of our shares is a top priority.

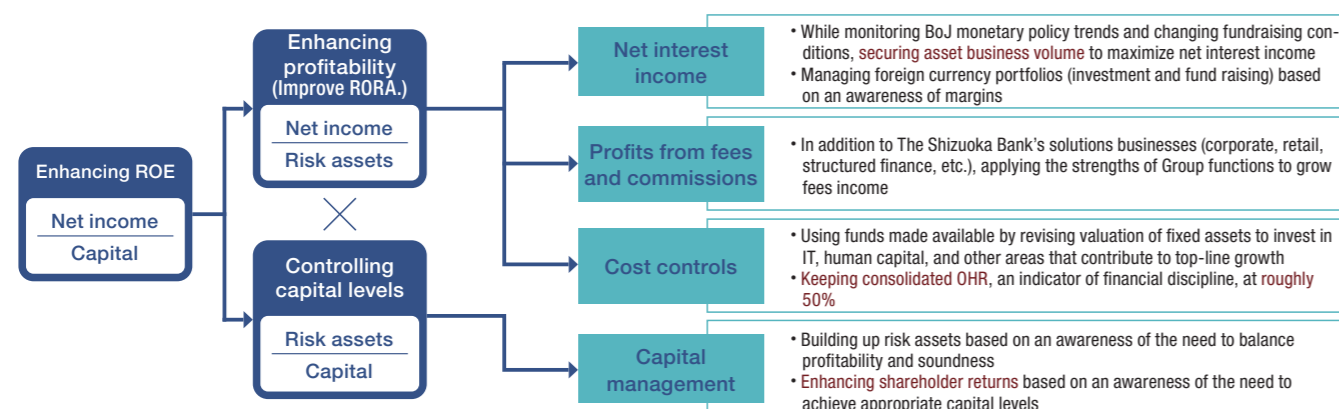
### Perspective on increasing corporate value

Based on the growth strategies of the First Medium-term Business Plan, Shizuoka Financial Group strives to increase returns on capital and expected growth rates, as well as improve PBR, by enhancing disclosures and proactive dialogue with shareholders and investors.



### Logic tree to higher ROE

Striving to control capital at appropriate levels and further improve ROE while increasing earnings capabilities by strengthening the top line and controlling costs



## Policy on efforts to improve capital efficiency

### Raising target ROE\* \* Level after revisions to the First Medium-term Business Plan announced in May 2025

We increased target consolidated ROE to 8.5% (net asset basis) for the final year of the First Medium-term Business Plan, revising profit targets and clarifying capital management policies to achieve this target.

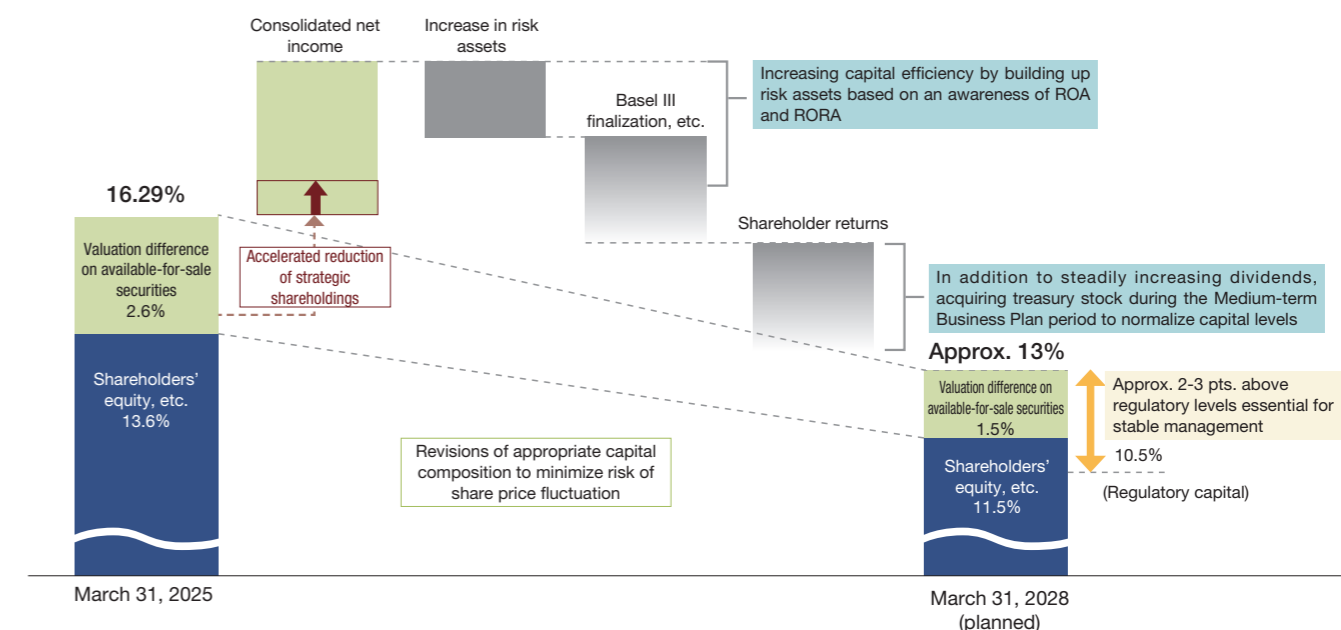


### Aims of these revisions

We set a target ROE of 8.5% to quickly achieve ROE expected by stakeholders, update profit targets in light of recent interest rate conditions, and improve capital efficiency while controlling equity capital to clearly defined levels

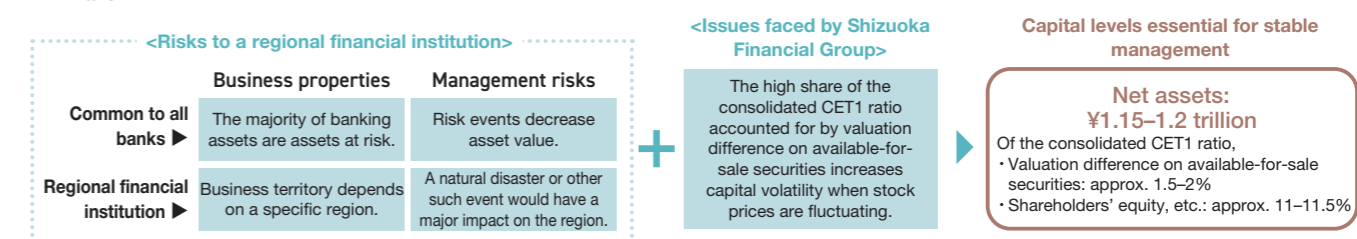
### Capital management policy

While allocating assets based on an awareness of profitability and soundness, targeting higher ROE, we will strive to optimize capital efficiency by enhancing shareholder returns, moving toward appropriate capital levels and composition.



### Perspectives on capital levels

- Pegging the level of capital needed to ensure stable management based on our growth strategies in light of the various risks faced by a regional financial institution
- Keeping valuation difference on available-for-sale securities, which is highly volatile amid fluctuating securities prices, to about 1.5% of the capital ratio



## CFO Message



**We will create new value through financial strategies for the future to achieve sustainable growth for the region and the Group**

**Hiromitsu Umehara**  
Executive Officer & CFO

See also the materials from the May 2025 briefing on financial results.



## 1. Recent business conditions

## Results for FY2024

In FY2024, the second year of the First Medium-term Business Plan, we undertook financial management at a major turning point towards the normalization of Japan's financial environment, spurred by changes in the Bank of Japan's monetary policies.

Gross operating profit grew by 16.0 billion yen year on year, due in large part to higher net interest income at The Shizuoka Bank as yen interest rates rose.

Although ordinary profit fell by 200 million yen year on year due to various factors, including the absence of the temporary increases in profit based on gains on stock recorded in association with fixed asset\* revaluations in the previous year temporary factors are excluded, profit was up 17.7 billion yen year on year, as profit centered on core businesses grew steadily.

These factors led to favorable financial performance. Consolidated net income was up 16.9 billion yen year on year to a record high of 74.6 billion yen, while ROE rose 1.4 pts. to 6.3% on a net assets basis.

\* Account processing that involved revision of the method of evaluating fixed assets such as branches and recording potential future costs such as amortization ahead of schedule as extraordinary losses

Another positive result seen in recent figures is the steady growth in the profit contributions of Group companies other than The Shizuoka Bank. These profit contributions indicate effective profit earned from outside Shizuoka Financial Group after adjustments for intra-group transactions subject to offsetting in consolidated settlement of accounts. In FY2024, both profits related to assets under management at Shizugin TM Securities and commissions earned by SFG Real Estate Investment Advisors grew steadily, contributing to an increase of 2.4 billion yen year on year for the Group in total. We were able to grow our earning capacity steadily by utilizing Group functions.

We believe we have made steady progress on enhancing cooperation in the Group and developing new businesses to contribute solutions to community challenges based on the autonomy of and joint efforts among Group companies we advocated for when we shifted to the holding company structure.

## Results of FY2024 (Consolidated)

(JPY bn)

	FY2024	YoY Increase/ Decrease
<b>Gross operating profit</b>	<b>187.3</b>	<b>+16.0</b>
Operating expenses (-)	97.1	+0.6
Profit based on the equity-method investment balance	0.8	-7.3
<b>Net operating profit*1</b>	<b>91.4</b>	<b>+8.2</b>
Credit-related costs (-)	4.8	-0.2
Gain (loss) on stocks	13.8	-9.3
<b>Ordinary profit</b> (not including factors related to revision of fixed asset valuation)*2	<b>102.1</b>	<b>-0.2 (+17.7)</b>
Extraordinary profit and loss	2.6	+25.3
Net income before taxes	104.6	+25.1
Corporate taxes (-)	30.0	+8.3
<b>Net income*3</b> (not including factors related to revision of fixed asset valuation)*2	<b>74.6</b>	<b>+16.9 (+13.9)</b>
ROE (%)		
Net asset basis	6.3	+1.4
Shareholder equity basis	7.7	+1.5

\*1 Net operating profit = Net operating profit of the Bank nonconsolidated + Consolidated ordinary profit - Ordinary profit of the Bank nonconsolidated

\*2 Profit level after deducting effects of early recording of depreciation and related gain on sale of securities, etc.

\*3 Net income attributable to owners of the parent

## Trends in profit contributions of Group companies other than The Shizuoka Bank

■ Ordinary income of Shizuoka Financial Group subsidiaries other than The Shizuoka Bank  
■ Customer referral commissions, etc. to The Shizuoka Bank  
■ Ordinary income of The Shizuoka Bank subsidiaries\*

	FY2023	FY2024
<b>Main breakdown</b>		
<b>Shizuoka Financial Group subsidiaries</b>		
Shizugin TM Securities	2.9 (+0.9)	
SFG Real Estate Investment Advisors	0.7 (+0.7)	
<b>Customer referral commissions, etc. to The Shizuoka Bank</b>		
Shizugin TM Securities	1.6 (+0.4)	
Shizugin Lease	0.5 (+0.2)	
<b>The Shizuoka Bank subsidiaries</b>		
Shizugin Credit Guaranty	4.2 (+0.2)	
Shizugin Card	0.9 (+0.2)	

\* Not including The Shizuoka Bank (Europe)  
(liquidated by conversion to a representative office)

## 2. Revising the First Medium-term Business Plan

## Revision of sustainability KPIs (financial targets)

In May 2025, we revised the financial targets for the final year of the Medium-term Business Plan in light of changes in the economic outlook, including additional interest rate increases by the Bank of Japan and decreasing expectations for lower rates in the US, and to clarify our goals related to the management approaches of accelerating reductions in strategic shareholdings and striving to improve PBR and increase ROE.

Specifically, we revised the plan's financial targets to 145.0 billion yen or more in consolidated ordinary profit and consolidated ROE of approx. 8.5% on a net asset basis, while maintaining targeted consolidated OHR at approx. 50%. We also revised the target consolidated CET1 ratio from "13% or more" to "approx. 13%."

As we work toward these targets, we currently project consolidated net income of 100.0 billion yen in the final year of the plan.

Assumptions underlying this forecast include improvements in net interest income associated with JPY interest rate hikes to date, as well as the impact of expected additional rate hikes

	KPI	FY2027 target (revised)
Financial targets	<b>Earnings</b>	
	Consolidated ordinary profit	¥145.0 billion or more
	Consolidated ROE (net asset basis)	Approx. 8.5%
	Consolidated ROE (shareholder equity basis)	Approx. 9.5%
	<b>Efficiency</b>	
	Consolidated OHR	Controlled to approx. 50%
<b>Soundness</b>	Consolidated CET1 ratio*	approx. 13%

\* Final Basel III basis

by the BoJ (+0.25%) and further growth in earnings resulting from asset allocation based on an awareness of profitability and soundness. We expect JPY net interest income to increase to 160.0 billion yen in the final year of the plan.

While the main driver on the way toward achievement of target profit levels will be growing JPY interest income, we consider this level to be achievable through stable growth in net interest income without excessively relying on non-interest income such as that from investment trusts and private equity investments, which are highly susceptible to the market environment.

## Anticipated interest rate scenarios

BoJ policy interest rate trends	April 2023	From March 2024	From July 2024	From January 2025	From January 2026	FY2026-2027
	-0.1%	0.1%	0.25%	0.50%	0.75% (+0.25 pts.)	0.75% (unchanged)

## Profit plans

(JPY bn)

	FY2024	FY2027 (planned)	Change
Consolidated ordinary profit	102.1	145.0	+42.9
Consolidated net income	74.6	100.0	+25.4
<b>JPY net interest income</b>	<b>134.8</b>	<b>160.0</b>	<b>+25.2</b>

## Composition of profits

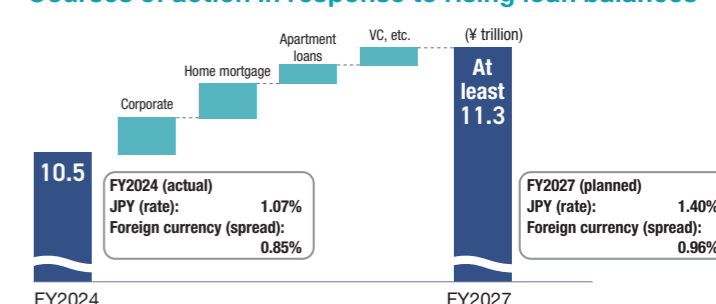
	FY2024	FY2027 (planned)	Change
<b>JPY net interest income</b>	<b>134.8</b>	<b>160.0</b>	<b>+25.2</b>
Balance of interest*1 (deposits, loans, bonds, etc.)	109.5	136.0	+26.5
Of which interest on loans receivable	104.7	147.5	+42.8
Of which interest on bonds	12.9	24.5	+11.6
Of which interest on deposits (-)	7.5	33.5	+26.0
Investment trust, private equity, stock dividends, etc.*2	25.3	24.0	-1.3

\*1 Total net interest income minus items unaffected by interest rate fluctuations (e.g., investment trusts, private equity)

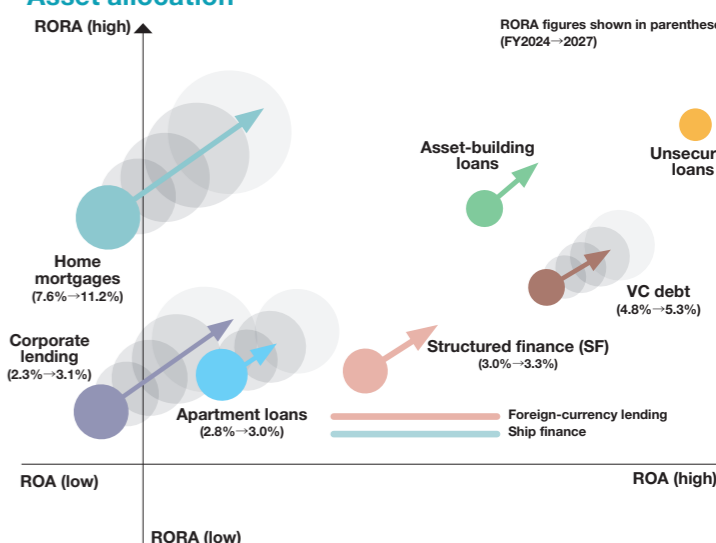
\*2 Interest and dividends on securities minus interest on bonds affected by interest rates

Planned figures for yen net interest income in FY2027 reflect the estimated impact of 7.8 billion yen in the event of future additional interest rate hikes (+0.25%).

## Courses of action in response to rising loan balances



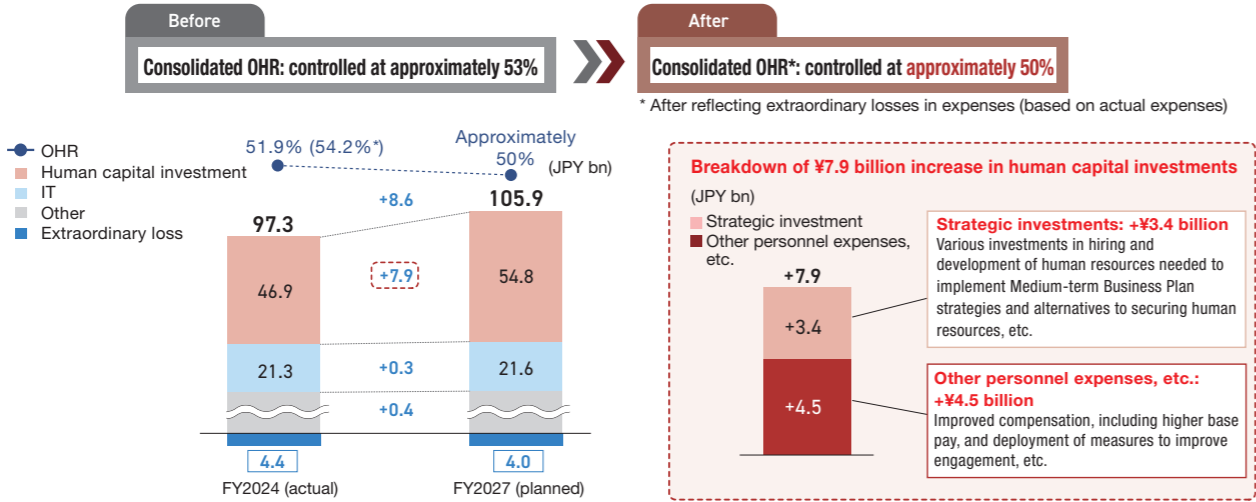
## Asset allocation



Expense controls

In consideration of top-line growth spurred by rising yen interest rates and other factors, we will reduce the target consolidated OHR from approximately 53% to approximately 50%.

With regard to consolidated expenses in the final fiscal year of the plan, while we expect only a slight increase in IT expenses due to lower depreciation associated with revised fixed asset valuations, human capital investments are projected to be 7.9 billion yen higher than in FY2024.

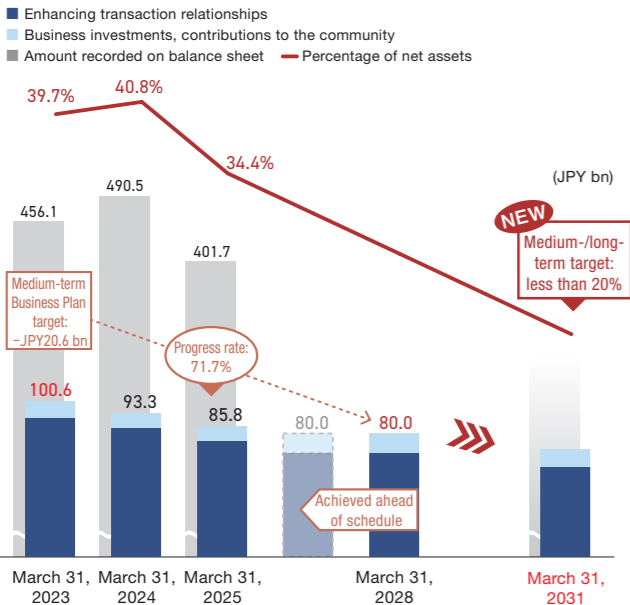


Policy on reducing strategic shareholdings

Strategic shareholdings were reduced by 14.8 billion yen based over the past two years, a 71.7% rate of progress toward the First Medium-term Business Plan's reduction target of 20.6 billion yen, based on acquisition costs, by March 31, 2028. In light of recent progress, we are now planning to reach the target ahead of schedule.

Facing the growing need to ascertain levels of strategic shareholdings based on market value to control capital, we have set the new target of reducing strategic shareholdings as a percentage of net assets to less than 20% by March 31, 2031.

Our policy on holding and reducing strategic shareholdings calls for relinquishing shares if no clear reasons exist to hold them. We will



Investments in human capital are intended to enhance our competitive strengths over the medium to long term. Specific measures include improved compensation, including higher base pay, a factor directly related to hiring power; ongoing measures to increase officer and employee engagement; and strengthening hiring centered on midcareer human resources against a backdrop of revisions of the human resource portfolio to accelerate various strategies.

3. Outlook for Fiscal Year 2025

In fiscal year 2025, we project another record high in net income at 81.0 billion yen (up 6.4 billion yen year on year) and an increase of 15.9 billion yen in consolidated ordinary profit to 118.0 billion yen. This reflects the effects of various factors, including higher net interest income and further growth in Group company earnings, in addition to the absence of the loss on sale of bonds recorded in the previous year as part of efforts to make the bond portfolio more efficient. Some causes for concern remain, however, including the potential impact of changing US trade policies.

The Group as a united team will move to achieve the more aggressive targets of the updated First Medium-term Business Plan by accelerating growth strategies.

Projected consolidated performance in FY2025 (JPY bn)

	FY2024 result	FY2024 forecast	YoY change
Ordinary profit	102.1	118.0	+15.9
Profit attributable to owners of the parent	74.6	81.0	+6.4
ROE (Net asset basis)	6.3%	7.0%	+0.7pt
ROE (Shareholder equity basis)	7.7%	8.0%	+0.3pt
OHR	51.9%	51.6%	-0.3pt
CET1 ratio*	16.29% (13.01%)	15.73% (13.24%)	-0.56pt (+0.23pt)

\* Figures in parentheses are estimates assuming full application of the final version of Basel III.

4. Dialogue with stakeholders (IR activities)

Investor and shareholder relations activities in fiscal year 2024 included expanded opportunities for communication with stakeholders intended to earn their support. We heard a wide range of views from stakeholders through various efforts, including online IR activities for individual investors, briefings on financial results on the theme of strategies to increase the Group's corporate value, and IR meetings with institutional investors in Japan and abroad.

We consider ongoing dialogue with stakeholders and efforts to reflect the results in management to be an essential part of enhancing

the corporate value of Shizuoka Financial Group. The perspectives and opinions are discussed at the Board of Directors and shared within the Group through internal IR activities for Group officers and employees. They provide a valuable reference for us in pursuing our management strategies.

We will continue striving to expand our IR and SR activities, further deepening our communication with shareholders and other stakeholders to boost the Group's corporate value. We look forward to the continuing support and understanding of our stakeholders.

Main IR/SR activities in fiscal year 2024



TOPICS Holding briefings in townhall format

Financial results briefings for young Group officer and employees were held in a townhall format at three venues in Shizuoka Prefecture, with the aim of deepening understanding of management strategies and raising awareness of increasing corporate value through two-way communication between Group management and personnel. CEO Shibata spoke in these meetings, which included active communication from a wide range of perspectives on various topics, including strategic directions and issues identified in daily work.

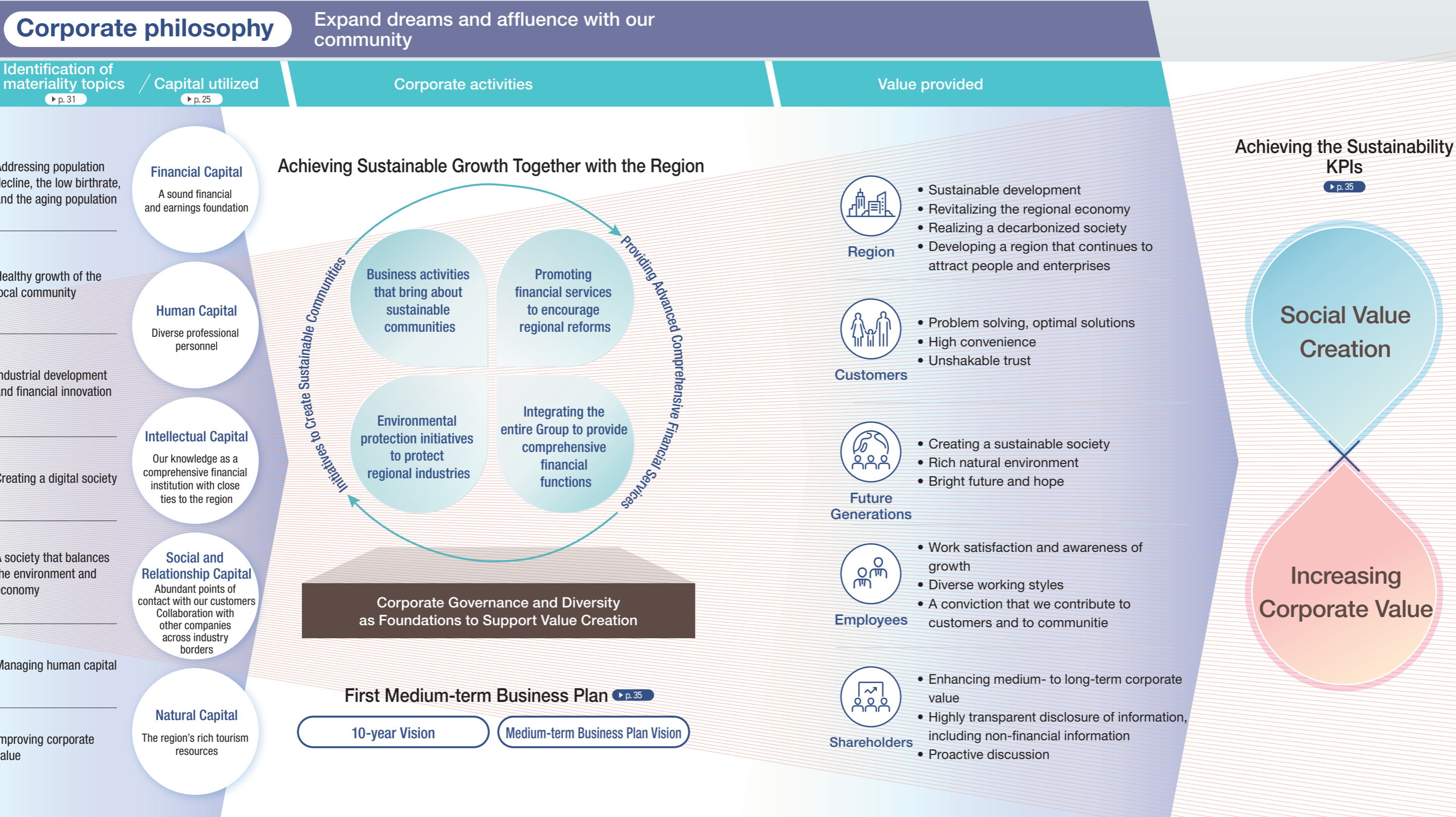
**Comments from participants**

- The opportunity to consider the objectives of our daily work was motivating.
- Getting to hear the President's views in person made it clear what to focus on in the future.
- I plan to strive to be a professional chosen by customers by providing added value.



# Shizuoka Financial Group's Value Creation Process

The Group draws on its management capital to deploy corporate activities to find solutions to materiality topics in accordance with our corporate philosophy: *Expand dreams and affluence with our community*. In this way, we seek both to create social value and to improve corporate value by providing diverse value to all our stakeholders.



Sources of Competitive Advantages

**Financial capital**

Shizuoka Financial Group's assets and earnings capabilities are among the highest of regional financial institutions. Its finances are characterized by remarkable soundness, including a capital adequacy ratio of 16.29% and less than 1% (0.85%) of loans under risk management.

Ordinary profit (consolidated) <b>102.1 billion yen</b>	Net income attributable to owners of the parent (consolidated) <b>74.6 billion yen</b>
Capital adequacy ratio (consolidated) <b>16.29%</b>	Percentage of loans under risk management (The Shizuoka Bank nonconsolidated) <b>0.85%</b>

**Sound financial standing**

**Social and relationship capital**

Supported by customer trust earned over many years, The Shizuoka Bank's deposit balance is among the highest for non-allied regional banks. Its market share of around 40% is the highest in Shizuoka Prefecture and a sign of its competitive strength.

Loans <b>10,529.9 billion yen</b>	Deposits <b>11,876.0 billion yen</b>
<b>Market share in Shizuoka Prefecture</b>	
<b>37.1%</b>	<b>38.2%</b>

**Strong customer base**

**Social and relationship capital**

Shizuoka Financial Group's network in Japan is centered on Shizuoka Prefecture but encompasses Kanagawa Prefecture and other nearby prefectures, as well as Aichi, Yamanashi, and other prefectures in which allied with financial institutions do business. We currently possess 229 domestic business sites. The Group keeps in touch with customers to provide optimal services suited to the needs of our customers and communities. The Group's international network, which supports overseas business expansion by our customers, is among the largest of the regional banks, including six overseas sites (three branches and three representative offices), 17 allied financial institutions, and personnel dispatched to Thailand, Vietnam, and Indonesia.

(as of July 1, 2025)

● The Shizuoka Bank 204 sites (171 inside and 33 outside Shizuoka Prefecture)  
● Shizugin TM Securities 19 sites (15 inside and 4 outside Shizuoka Prefecture)  
● Shizugin Lease 6 sites (5 inside and 1 outside Shizuoka Prefecture)

3 overseas branches 3 representative offices 17 allied financial institutions

**Human capital**

In addition to problem-solving human resources capable of proposing optimal solutions for the issues facing customers, we are developing a diverse and expert pool of human resources, including value-creating human resources capable of creating innovative social value and digital human resources capable of strategically applying digital technologies and data.

**Diverse and expert human resources**

Group total officers and employees\*: 4,110 (as of March 31, 2025) \* Excluding irregular employees

Three kinds of experts

**Problem-solving human resources**

Able to deliver solutions centered on traditional core businesses

**Expected areas**

- Broadening the base of core businesses
- Maintaining and enhancing competitive advantage in the community

**Certified 543 persons**

**Value-creating human resources**

Capable of creating new social value not found in traditional core businesses

**Expected areas**

- Solutions to community issues
- Entering new businesses

**Certified 218 persons**

**Digital human resources**

Human resources capable of using technologies to transform business models and provide new customer value

**Expected areas**

- Business efficiency improvements, automation
- Maximizing impacts of IT investment

**Certified 82 persons**

**Social and relationship capital**

Located roughly in the center of Japan, Shizuoka Financial Group's main market of Shizuoka Prefecture is Japan's 10th largest prefectural economy, with a 3% share of the domestic economy. Its balanced industrial structure, ranging from primary to tertiary industries, and its wealth of world-renowned natural capital, including Mt. Fuji, place it solidly among the Japan's regions with the highest potential.

**Shizuoka Prefecture's market and potential**

**Industry**

**Economic scale and well-balanced industrial structure**

Population (as of June 1, 2025) **3.49 million** **10th in Japan**

Prefectural GDP (FY2022) **JPY 18,402.8 bn** **10th in Japan**

Manufacturing shipments by value, etc. (FY2022) **JPY 19,029.1 bn** **3th in Japan**

Manufacturing shipments, etc. **19,029.1 billion yen**

**Third in Japan (FY2022)**

- Pianos and other: 25%
- Production machinery: 5%
- Pulp and paper: 5%
- Beverages, tobacco products, feeds: 6%
- Food products: 8%
- Chemical industry: 13%
- Electrical machinery: 14%
- Vehicles: 24%

**Nature**

**A wealth of natural capital**

Total area under environmental protection **6th in Japan**

Named a UNESCO Ecopark: Southern Japan Alps

World Cultural Heritage Site: Mt. Fuji

Chubu Odan Expressway

Port of Tagonoura

Shin-Tomei Expressway

Port of Shimizu

Port of Yaizu

Named a Global Geopark: Izu Peninsula

Port of Omaezaki

Suruga Bay

Mt. Fuji Shizuoka Airport

Lake Hamana

Shizuoka Prefecture offers convenient access to the greater Tokyo and Chukyo areas and a wealth of natural capital, including Mt. Fuji and the southern Japan Alps. These features contribute to a varied terrain and climate that enable a wide range of agricultural and fisheries products, making it one of Japan's leading producers of various crops and seafood.

► p. 77: Environmental Initiatives

**Factories relocating to Shizuoka Prefecture**

One of the top choices of factory locations in Japan (2024)

FY	2020	2021	2022	2023	2024
New locations	54	49	52	47	<b>46</b>
National ranking	3	4	4	3	<b>5</b>

Source: Ministry of Economy, Trade and Industry, "Survey of Factory Location Trends"

**Shizuoka Prefecture's health and medicine industry**

Second in Japan in total production value for pharmaceuticals and medical devices (2023)

Product	Production value (JPY bn)	National ranking
Pharmaceuticals	737.5	3
Medical devices	311.6	1
Total	<b>1,049.1</b>	<b>2</b>

Source: Ministry of Health, Labour and Welfare, Shizuoka Prefecture Pharmaceutical Affairs Department, "Statistics of Production by Pharmaceutical Industry"

**Recent issues include declining populations, low birth rates, and aging**

■ Youth population (ages 14 and younger) ■ Productive population (ages 15-64)  
■ Senior population (ages 65 and older)

Source: Data: Statistics Bureau, Ministry of Internal Affairs and Communications, "National Census Report," as of October 1 each year  
Notes:  
1. Totals include responses for which age was unclear.  
2. Population figures for 1945 are from the 1945 Population Census (as of November 1).

**Ranking of desired relocation destinations**

2019	2020	2021	2022	2023	2024
<b>3</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>

Like the rest of Japan, Shizuoka Prefecture faces various issues, including a declining and aging population, and a low birth rate. At the same time, as a region that consistently leads in rankings of attractive relocation destinations, it offers the potential for boosting related populations.

► p. 31: Our Approach to Seeking Solutions to Materiality Topics

Intellectual capital Group structure

Shizuoka Financial Group consists of 23 companies (including equity method affiliates) in businesses such as banking, securities, and leasing. The Group provides a wide range of services to customers across the region. As it continues to expand its range of solutions, whether by taking on the challenges of new business domains, forging alliances with partners in other industries, or strengthening collaboration and synergies among Group companies, it will continue to strive both to create social value and to raise its own corporate value.

Shizuoka Financial Group

The Group consists of 23 companies providing diverse solutions in banking, securities, leasing, and other domains.

Existing financial service domains

Financial holding company | Shizuoka Financial Group

Financial businesses

The Shizuoka Bank  
Shizuoka Liquidity Reserve Ltd.  
Shizuoka EU Liquidity Reserve Ltd.  
Shizuoka SG Liquidity Reserve Ltd.

Leasing business

Shizugin Lease

Credit card business

Shizugin Card  
Shizugin Saison Card

Financial instruments brokerage business

Shizugin TM Securities  
Monex Group\*1  
MONEX GROUP  
Commons Asset Management\*1  
commons asset management, inc.

Startup and revitalization support

Shizuoka Capital

Management consulting business

Shizugin Management Consulting  
Turn The Tide\*2

IT-related businesses

Shizugin IT Solution  
TJS\*2

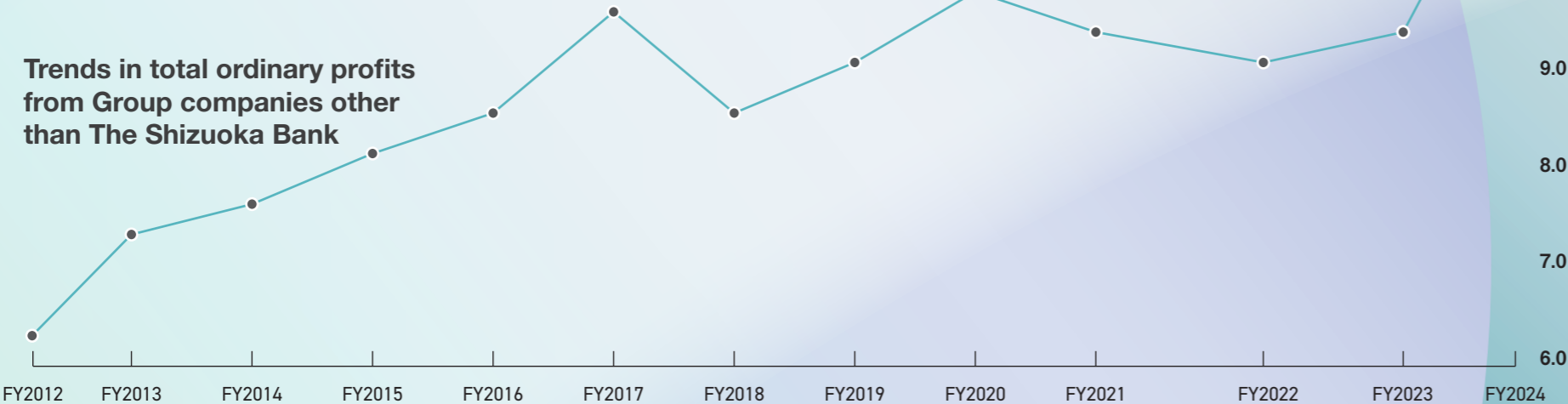
Group productivity improvements

Shizugin General Service  
Shizugin Mortgage Service  
Shizugin Business Create  
Shizugin Heartful

Credit guarantee business

Shizugin Credit Guaranty

Trends in total ordinary profits from Group companies other than The Shizuoka Bank



\*1 Equity method affiliate  
\*2 Nonconsolidated subsidiary

Partnering with other industries to create new added value

Established to take on the challenges of new business domains

Marketing support business

SFG Marketing  
SFGm  
Established July 2023

Asset management/asset-building field

Money Forward

Use of advanced technologies (including AI)

ACSion  
PKSHA

Real estate investment advising

SFG Real Estate Investment Advisors  
SFGR  
Established November 2023

Home lending

au じぶん銀行  
au Jibun Bank  
リノべる。  
Renoveru

Community vitalization

asoview!  
ADDRESS

# New business fields

## Message from the Chief Innovation Officer (CINO)

**We are the ones who will build the future, above and beyond finance:  
Evolving business development through the dual engines of zero-to-one and M&As**

A look back at our efforts over the past year to grow new business domains shows progress in the areas of green transformation (electric power), Web3, and measures to support communities in finding solutions to their challenges. We began trials targeting commercial deployment in the fields of green transformation (GX) and Web3; through Gotemba Mirai Project 2024, we helped communities find solutions to their challenges in the city of Gotemba. These initiatives seek to broaden our business domains into nonfinancial fields.

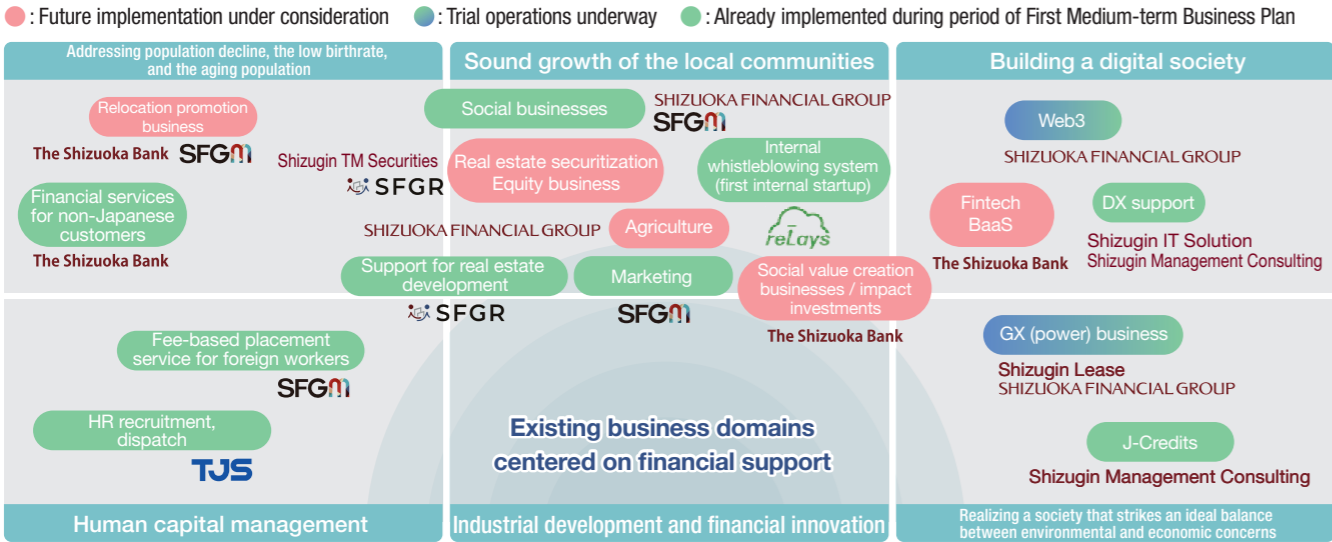
In the area of zero-to-one startup business developments, it has become clear that it will take time for new businesses to grow to scales at which they can impact Group financial results. The return to a world of positive interest rates may bring major business opportunities in fields related to finance. We plan to accelerate business developments through mergers and acquisitions while seeking new opportunities in the financial sector.

Takayoshi Otsuka Executive Officer & CINO



## Courses of action on new businesses based on finding and implementing solutions to social challenges

Based on the idea of providing solutions to society's challenges, Shizuoka Financial Group is taking on the challenge of expanding into new business domains while promoting further growth in existing businesses.



## Trial testing/deployment in preparation for social implementation

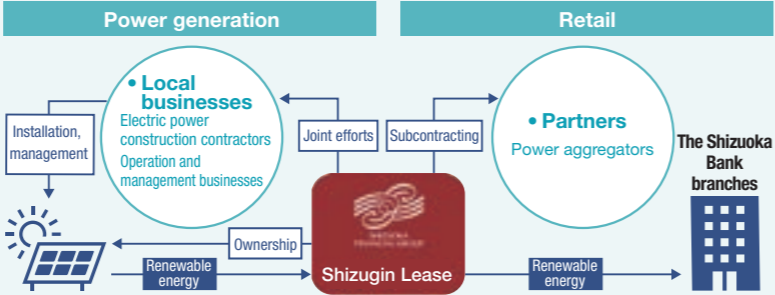
### • Web3

Trial testing/deployment has begun on using nonfungible tokens (NFTs) based on Web3 technologies to communicate new value outside the region and encourage an inflow of people and money to achieve greater regional vitality.

In the first stage, we partnered with Kakuichi Co., Ltd., a company currently planning the Oyama Forest Village project based on next-generation technologies in the town of Oyama, to distribute NFT certificates to community members who provide artistic and other special experiences. Based on the results of trial testing/deployment, future efforts will seek to build a diverse community and further stimulate the region in partnership with stakeholders.

### • GX (power) business

Shizugin Lease plans to develop and operate solar power stations to establish a model based on local production and consumption of renewable energy. Plans call for the supply of renewable energy during trial testing to certain The Shizuoka Bank branches to begin around October 2025. This project will verify the potential of this business through various efforts, including joint efforts with local businesses, to contribute to the eventual full implementation in society.



## SFG marketing

## SFGm

### Vision

**Finding solutions to community challenges by attracting people, things, money, and information from around Japan and the world**

Formed with the Dentsu Group in July 2023, SFG Marketing provides a wide range of marketing support to clients, local governments, and others, with the aim of vitalizing the region by attracting people, things, money, and information. In April 2024, it launched a fee-based placement service for foreign workers as a new initiative to help solve the region's labor shortage.

SFG Marketing aims to contribute to customers' business growth and making the region more attractive through services above and beyond existing finance businesses.



## Fee-based placement service for foreign workers

The shortage of labor is a pressing issue in the community. At the same time, demand is high in Southeast Asia for employment overseas. We have developed this business to refer workers from abroad to customers in the region based on our belief that we can leverage the Shizuoka Financial Group's reputation and networks in Asia to connect workers with employers.

Currently, we have referred human resources from Indonesia, the Philippines, Myanmar, and India, chiefly those who possess specified skilled worker visa status, to 11 employers. Already 43 workers have either begun work or received job offers. We also have begun a partnership with Shizuoka Sangyo University and other educational institutions in the region to refer international students to local employers.

We feel that these services are benefiting both sides. Comments received include "Most of our workers from abroad are diligent and hard working" and "They play important roles in our business," from employers, and "I enjoy my work" and "I want to work hard here in Japan (Shizuoka) as long as I can," from foreign workers. Moving forward, we will seek to make the region a more comfortable place for workers from abroad to live and work, by helping employers develop structures for receiving foreign workers and raising awareness to realize a multicultural society. We are going to serve as a bridge between clients and foreign workers.



Yu Akiyama  
Director, Global Business  
Department

## SFG Real Estate Investment Advisors

## SFGR

### Vision

**Boosting related populations (regional co-creation) along with business potential**

Established in November 2023, SFG Real Estate Investment Advisors aims to utilize the real estate finance knowhow, insights, and human resources built up by The Shizuoka Bank to develop high capital-efficient businesses through real estate securitization schemes. It also aims for a more sustainable region by co-creating new businesses with communities and customers through means such as community vitalization projects in partnership with local governments and utilizing the combined power of Group members to arrange projects that will help grow customers' businesses.

### • Contributing to regional sustainability: Nihon Iro lodging in remodeled traditional Japanese homes

**Supporting a company in the community that aims to make the region more attractive through a solution to the issue of vacant homes**

In February 2025, an investment fund for which SFG Real Estate Investment Advisors serves as sub-asset manager\* acquired two Nihon Iro properties. These properties provide lodging accommodations in remodeled traditional Japanese homes in Mochimune, Suruga Ward, Shizuoka.

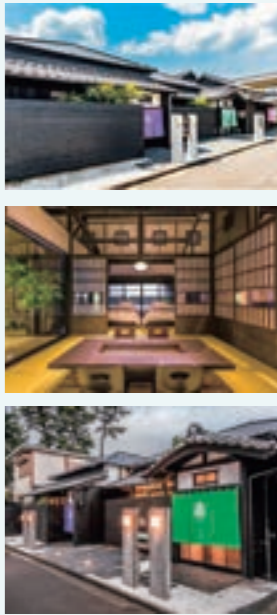
Against the backdrop of population decline, low birthrates, and an aging population, numbers of vacant homes are rising across Japan. This is leading to concerns about communities becoming less attractive as properties not cared for properly become eyesores and health and safety hazards.

The Nihon Iro properties acquired by this investment fund are operated by CSA Travel Corporation, a company working with the aims of putting traditional Japanese homes to effective use as a solution to the issue of vacant homes and rediscovering tourism resources in the community to make it an even more attractive destination. SFG Real Estate Investment Advisors joined as sub-asset manager because the project's aims align with the Group's regional co-creation strategies and is expected to help build a regional ecosystem (cyclical regional economic model).

The traditional Japanese homes were acquired through joint efforts involving numerous parties including the Japan Real Estate Institute, real estate research firms, architects, and experts in old lumber. Use of a real estate securitization scheme made it possible to support regional vitalization in a new way that differed from traditional lending and investment.

SFG Real Estate Investment Advisors plans to continue developing various initiatives toward solutions to regional challenges as it addresses the materiality topics of "Sound growth of the local community" and "Addressing population decline, the low birthrate, and the aging population."

\* Supplemental asset management operations in real estate securitization, other than those for which registration or licensing is required by law

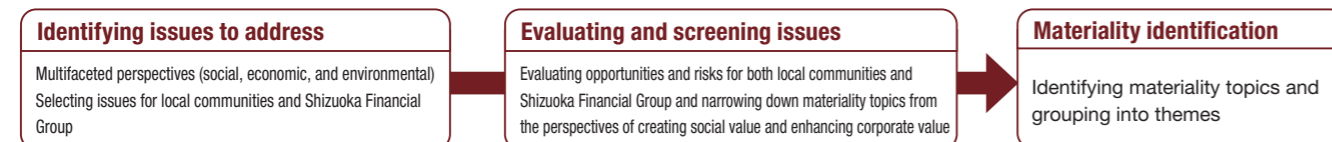


## Our approach to identifying and seeking solutions to materiality topics

Seeking both to create social value and increase corporate value, Shizuoka Financial Group has identified several materiality topics with implications in the fields of society, economy, and environment. We intend to exert a positive impact on society by providing solutions that address these topics.

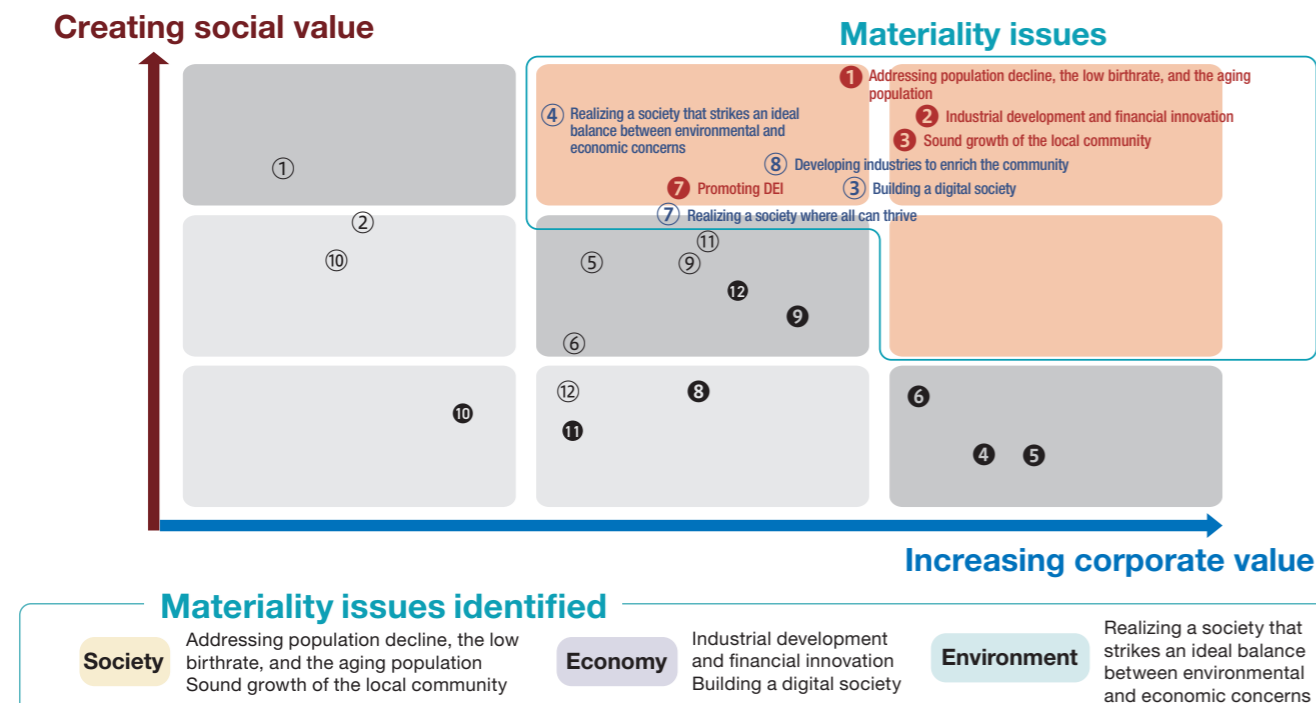
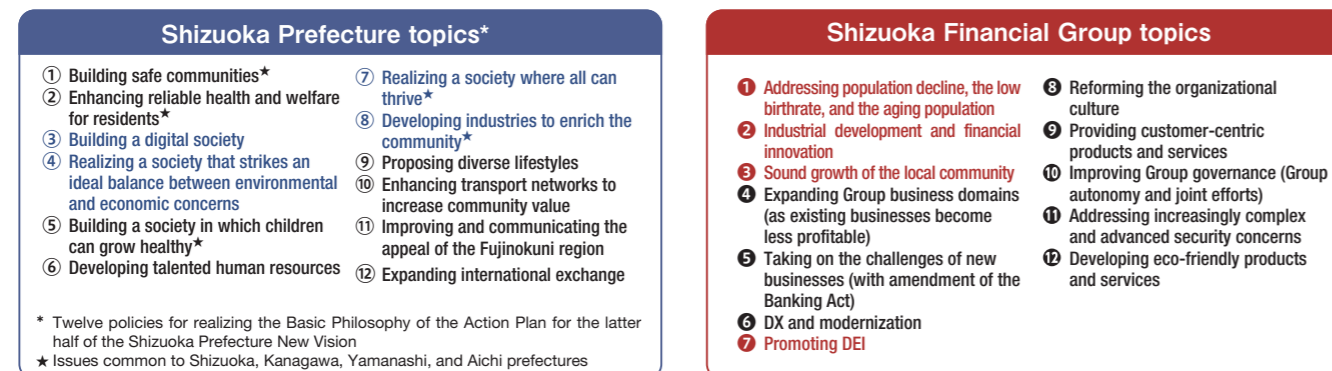
### Materiality identification process

#### Materiality Identification Procedure



#### Identifying issues to consider and materiality topics

Issues to consider related to the community and Shizuoka Financial Group were identified from social, economic, and environmental perspectives. Community issues were identified from Shizuoka Prefecture's action plans; topics common to the Group's business territory and those of its alliance partner banks were reviewed; and the issues identified were mapped to prioritize topics essential to balancing social value creation with growth in corporate value.



## Checking on identified materiality issues

Identified materiality issues are discussed with outside experts under the following frameworks, to check for the need to revise them in response to changing conditions.

### Launching the Xover 2.0 Project Team

The measures included in the First Medium-term Business Plan, "Xover: Clearing the Way to a New Era," which began in FY2023, are reaching the stage of generating results. Examples of such measures include permeation of regional co-creation strategies and starting efforts in new business domains. Now we are required to act in response to marked changes in internal and external environments, such as the changing earnings environment with rising policy interest rates, the region's decreasing population, the progress of digital technologies, and stakeholders' changing behavior.

To intensify efforts to balance creating social value with increasing corporate value through growth strategies reflecting these changing conditions, the Xover 2.0 Project Team was established as a cross-organization project to verify the propriety of the Medium-term Business Plan by discussing medium- to long-term aims, formulating strategies, and reviewing the structure for achieving them.

The membership of the project team consists of Group company personnel across a wide range of age and job categories. While exchanging opinions with outside experts and prominent global professionals, they discussed matters based on diverse perspectives and values. They reported to the Sustainability Committee (Group Executive Committee) on matters including the visions of the region and stakeholders, current management topics, and strategic courses of action based on back-casting from the future of the Japanese and regional economies.

Discussions will intensify to update the Medium-term Business Plan and incorporate new growth strategies.



#### Discussions with outside experts

The Project Team reports on its studies to outside experts to deepen discussions while incorporating a broad range of views.

##### Outside experts

- Tetsuro Ii (Representative Director, Commons Asset Management)
- Toshiki Abe (Representative Director, Ridilover)
- Natsuki Sugai (Founder & Managing, UNLEASH Capital Partners)
- Kumi Fujisawa (Outside Director, Shizuoka Financial Group; Chairperson, Institute for International Socio-Economic Studies, Ltd.)

##### Main topics discussed

- Reaffirming the Shizuoka Financial Group's vision and reviewing issues
- Revising strategic courses of action
- Initiatives drawing on the Shizuoka Financial Group's strengths
- Prior case studies for reference, etc.



### Advisory Board

▶ p. 97: Advisory Board

The Advisory Board, established under the President (CEO) as a management advisory committee, seeks to ensure objectivity and improve sustainability in execution of management. Board membership includes external experts from various fields who offer advanced views based on their wealth of experience.

In FY2024, it met four times to discuss various topics, including future generations, empathy and attachment, and the corporate culture, each time from a long-term, overarching perspective of the Shizuoka Financial Group's business environment.

Advice received from board members included their expectations for the Shizuoka Financial Group. Examples included "Is the corporate purpose clear enough to inspire community members to want to participate?" "Higher employee engagement makes an organization more attractive to customers too," and "Increasing opportunities for communication with outsiders, including management participation, is vital to adapting with sensitivity to change." Comments from the Advisory Board will be utilized to help realize the Shizuoka Financial Group's vision of the future while studying updates to the Medium-term Business Plan.

#### Advisory Board members (FY2024)

- Takahiro Anno (Representative, Management Machine)
  - Kazutoshi Inano (former Vice-President and Co-CEO, Nomura Holdings) \*
  - Akie Iriyama (Professor, Waseda University Graduate School)
  - Fumiko Kato (CEO, WAMazing)
  - Mio Takaoka (Venture Partner, DNX Ventures)
  - Takuya Nakata (Chairman of the Board of Directors, Yamaha Corporation)
  - Kumi Fujisawa (Chairperson, Institute for International Socio-Economic Studies, Ltd.) \*
- (The above members are listed in Japanese syllabary order;  
\* Shizuoka Financial Group Outside Director)
- Katsunori Nakanishi (Chairman, Shizuoka Financial Group)
  - Hisashi Shibata (President & CEO, Shizuoka Financial Group)

#### Key themes in FY2024

- The shape that Shizuoka Financial Group's services, organization, etc. should take in light of the consumption behavior of future generations
- Building a fanbase that feels empathy for and attachment to Shizuoka Financial Group
- Group officer and employee engagement survey results and initiatives to secure human resources and reform the organizational culture

Our approach to seeking solutions to materiality topics

Based on the opportunities and risks associated with the materiality topics identified, we will effectively deploy We will also identify outputs and outcomes corresponding to each materiality topic and ascertain the progress value and strengthening corporate value, through the plan-do-check-act (PDCA) cycle.

Materiality		Major opportunities and risks		Key initiatives in FY2024	Changes in the external environment and awareness of issues
Society	Addressing population decline, low birthrates, and the aging population	Opportunity	Solutions to boost related populations and promote new value creation	<ul style="list-style-type: none"><li>● Launch of the Mt. Fuji/Alps Alliance</li><li>● Start of services for non-Japanese workers</li><li>● Testing of a loan guarantee business for non-Japanese residents</li><li>● Real estate development support by SFG Real Estate Investment Advisors to vitalize the community</li></ul>	<ul style="list-style-type: none"><li>● As initiatives take concrete form with the permeation of community co-creation strategies, society's expectations for social value creation are rising, and other players are also advancing their various initiatives.</li><li>● Increasing labor shortages in the regional economy and changing human resource requirements associated with difficulty in hiring by existing methods, turnover trends, and declining populations</li><li>● Growing importance of life planning for asset formation in an age of 100-year lifespans</li><li>● Need for speed in providing new customer experiences using technological innovation and new technologies</li></ul>
		Risk	Declining regional economy due to labor shortages		
	Healthy growth of the local community	Opportunity	Growing the demand and base for asset building and asset management businesses	<ul style="list-style-type: none"><li>● Promoting the NISA and iDeCo businesses</li><li>● Enhancing financial and economic educational initiatives</li><li>● Consulting on life planning through joint Bank-Securities efforts</li></ul>	
		Risk	Diversification of customer needs, intensifying competition generated by the proliferation of digital channels		
Economy	Industrial development and financial innovation	Opportunity	More opportunities for and growth in solutions associated with increasingly diverse and complex corporate challenges	<ul style="list-style-type: none"><li>● Holding TECH BEAT Shizuoka</li><li>● Growing VC debt and equity investment</li><li>● Building structures to support growth businesses</li><li>● Stimulating sales by increasing numbers of visits</li></ul>	<ul style="list-style-type: none"><li>● Community economic vitalization based on promoting joint efforts with startups (building ecosystems)</li><li>● Need to reform customer points of contact in line with changing stakeholder behaviors</li><li>● Diversifying range of financial players as firms from other industries enter the field</li><li>● Rising costs associated with longer system development timespans and the movement to reflect labor costs in prices against the backdrop of labor shortages</li><li>● Evolving consumer behavior and preferences—for example, the rise of shared and sustainable products and services and perspectives increasingly mindful of the environment and human rights</li></ul>
		Risk	Declining business performance due to inadequacies or delays in adapting to structural changes within society		
	Creating a digital society	Opportunity	More opportunities for and growth in digital solutions through advances in digitalization	<ul style="list-style-type: none"><li>● Promoting use of cashless payments</li><li>● Supporting SME digitalization</li><li>● More advanced data utilization</li><li>● Using generative AI</li><li>● Strengthening cybersecurity</li><li>● Starting Web3 trial testing/ deployment</li></ul>	
		Risk	Declining business performance due to slow pace of adaptation and impaired competitive strength		
Environment	Society that balances the environment and economy	Opportunity	Greater demand for and growth in new solutions related to decarbonization and biodiversity	<ul style="list-style-type: none"><li>● Launching Shizuoka GX Support services at all regional banks and credit unions in the prefecture</li><li>● Efforts to create a decarbonized society through partnerships with local governments</li><li>● Permeation and promotion of environmental finance</li><li>● Support for J-Credit generation</li><li>● Promoting power business trial testing plans</li><li>● Holding biodiversity seminars</li></ul>	<ul style="list-style-type: none"><li>● Need to link responses to the above environmental changes and topics to efforts to enhance asset businesses (investment, fundraising) and fees and commissions businesses in a world of positive interest rates</li></ul>
		Risk	Declining business performance and trust among stakeholders due to natural disasters or stricter regulatory environment		
Employees	Managing human capital	Opportunity	Organizational culture reforms to develop diverse human resources and create new value	<ul style="list-style-type: none"><li>● Enhancing hiring to develop strategic personnel</li><li>● Starting value creation program</li><li>● Town meetings, sustainability training</li><li>● Deploying health management measures</li><li>● Use of an internal startup system</li></ul>	<ul style="list-style-type: none"><li>● Securing personnel to carry out increasingly diverse and complex strategies (enhancing hiring and HR development)</li><li>● Internal permeation of philosophy of balancing social value creation with growth in corporate value</li><li>● Support for career autonomy and workstyle reforms</li><li>● Enhancing integrity and further accelerating DEI initiatives</li><li>● More advanced Group management and sustainability management</li><li>● Building stakeholder relationships and a fanbase into the future</li><li>● Accelerating efforts to achieve higher capital efficiency</li></ul>
		Risk	Slowing of strategic progress due to outflows of human resources and reduced officer and employee motivation		
Shareholders	Improving corporate value	Opportunity	Slowing of strategic progress due to outflows of human resources and reduced officer and employee motivation	<ul style="list-style-type: none"><li>● Further enhancement of shareholder returns     (Steadily increasing dividend payout ratio     Improving capital efficiency through acquisition of treasury stock)</li></ul>	
		Risk	Falling share price, declining stakeholder trust		

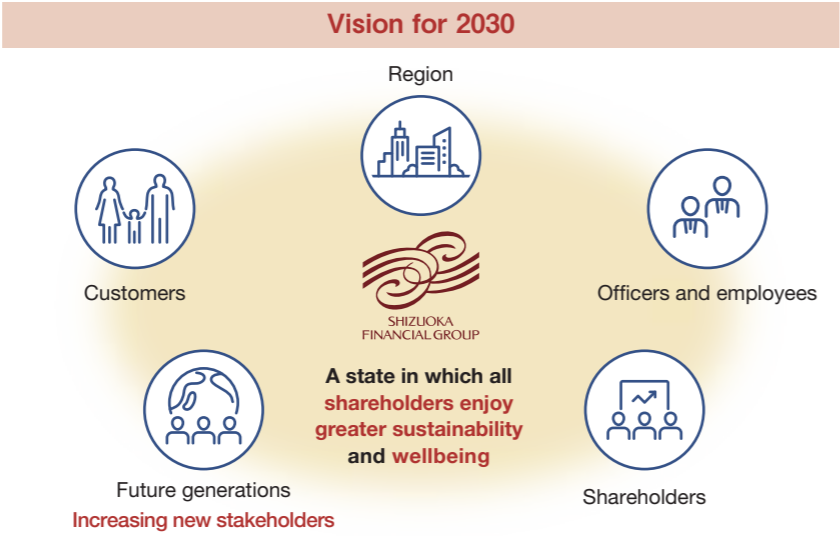
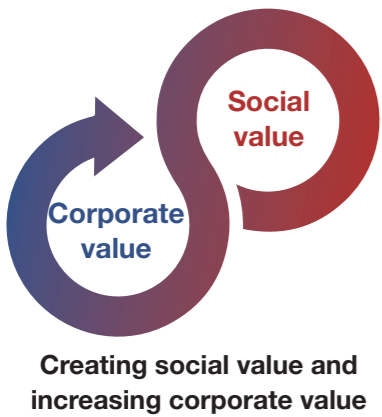
a wide range of measures that lead to solutions, while identifying internal and external environmental changes. on sustainability KPIs to make a positive impact on society as we seek to achieve our missions of creating social

Key measures in FY2025	Outputs (examples)	Outcomes	Impacts
Accelerating efforts to implement, in more concrete form, value creation strategies	● Number of regional tourism plans ● Community development consulting business contracts ● Number of HR solutions ● Number of relocation promotion loans handled	Growth in related population in Shizuoka Prefecture Growth in residents relocating to Shizuoka Prefecture	Rate of change in Shizuoka Prefecture's social population (continual increase)
Solutions to regional challenges Regional ecosystem	● Number of NISA accounts opened ● Ratio of value added group life insurance sets ● Number of participants in financial and economic training and education		
Total asset management			
VC/growth businesses	● Number of TECHBEAT Shizuoka attendees ● Number of VC debt/growth business loans executed ● Number of business succession/M&A solutions	Increasing the number of companies in Shizuoka Prefecture Increasing the corporate growth rate	Shizuoka Prefecture GDP (continual growth)
Global			
Community digital transformation (DX) Data and generative AI	● Number and transaction value of stores adopting Shizugin merchant services ● Number of specific cases involving use of generative AI within the organization ● Number of SME digitalization support cases		
New businesses, capital alliances, M&As			
Deposit and lending businesses	● Number of new customers for GHG emissions calculation services ● Figures for executed environmental finance and leasing transactions ● Number of J-Credit generation support cases	Promoting carbon neutrality	Rate of reduction of GHG emissions in Shizuoka Prefecture (down 46% vs. FY2013) * FY2030
Sustainability			
Human capital investment	● Number of certified strategic human resources (solution provision, value creation, digital) ● Number of midcareer hires ● KPIs on flexible workstyles, health management, and career autonomy	Group employee engagement	Employee wellbeing (engagement indicator)
Capital policies	● Topline growth ● Controlling capital levels	Higher capital efficiency	Financial targets (earnings, efficiency, soundness)

Achieving the sustainability KPIs

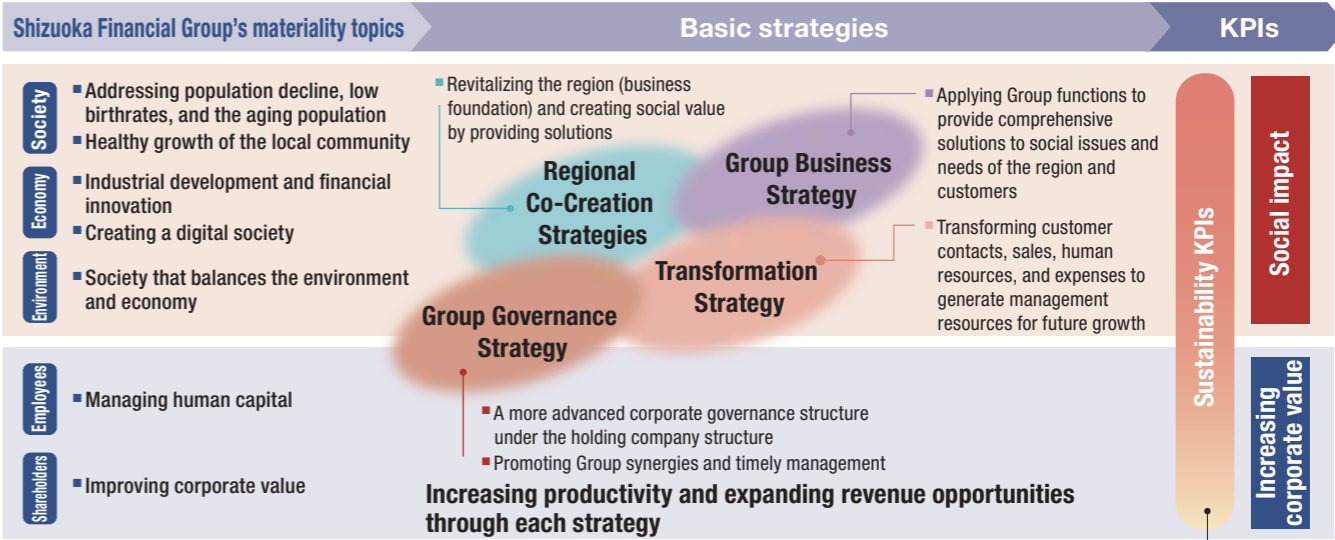
Management strategies for value creation:  
First Medium-term Business Plan

First Medium-term Business Plan [Period covered: FY2023–2027]



10-year vision  
A corporate group committing itself to the growth and future of the region

Medium-term Business Plan Vision  
A problem-solving corporate group creating new value for the future



Progress on sustainability KPIs

Sustainability KPIs

		KPI	FY2027 targets (revised May 2025)
Creating social value	Social impact KPIs	Aim	Rate of change in population in Shizuoka Prefecture
			» Continual increase
			Real GDP in Shizuoka Prefecture
Increasing corporate value	Engagement KPIs	Commit	» Continual growth
			Rate of decrease in GHGs in Shizuoka Prefecture
			» Down 46% vs. FY2013 (FY2030)
			Customer satisfaction with Group transactions*1
			» Up YoY
			Group officer and employee engagement*2
			» 4.0 or higher
	Financial KPIs		Carbon neutrality (Scopes 1, 2)
			» Achieved (FY2030)
			Consolidated ordinary profit
			» 145.0 billion yen or more
			Consolidated ROE
	Earnings		» Approx. 8.5% (net asset basis)
			» Approx. 9.5% (shareholder equity basis)
			Consolidated OHR
	Efficiency		» Controlled to approx. 50%
			Consolidated CET1 ratio*3
	Soundness		» Approx. 13%

Evaluation of FY2024 results

		FY2024 results	Future courses of action and issues
Creating social value	Social impact KPIs	» Increased (+0.014%)	○
		» (KPIs for FY2023 and later not disclosed)	—
		» Slower rate of reduction (down 21.2% vs. FY2022)	—
Increasing corporate value	Engagement KPIs	» Up +1.9 pts. YoY	○
		» 3.81	▲
		» Down 92.2% (vs. FY2013)	○
	Financial KPIs	» 102.1 billion yen	○
		» Net asset basis: 6.3%	○
		» Shareholder equity basis: 7.7%	○
		» 51.9%	○
	Earnings	» 13.01%	○

\*1 Measured using net promoter score (NPS), an indicator of customers who would recommend the company, its products, or its services to family, friends, and acquaintances, based on customer surveys

\*2 Overall satisfaction measured as the average for the five aspects of rewarding work, job suitability, workplace satisfaction, satisfaction with superiors, and loyalty to the company (score of 1–5)

\*3 Final Basel III basis

• Thanks to steady progress toward financial targets, the FY2027 target for consolidated ordinary profit before the May 2025 revisions (¥100 billion) was achieved in FY2024.

• Efforts to make an impact on society, including support for regional decarbonization and alliance strategies, made steady progress.

# Dialogue Among Outside Directors

## Results of and issues with Shizuoka Financial Group's initiatives to increase corporate value

In the following dialogue, three Shizuoka Financial Group Outside Directors tasked with oversight of Group management discuss various topics, including the progress of Group strategies and plans, and identify expectations for business execution sections regarding courses of action and initiatives for the future.



Outside Director  
**Kazutoshi Inano**

Outside Director  
**Kumi Fujisawa**

Outside Director (Audit & Supervisory Committee Member)  
**Kazuto Tsubouchi**

## Q | How should the Shizuoka Financial Group, as a regional financial institution, take on the challenge of increasing corporate value?

**Inano:** Fundamentally, the activities of a financial institution have both a business and a public nature. So it's natural that the Shizuoka Financial Group's First Medium-term Business Plan would promote various measures to increase corporate value and create social value. I think the way it

tries to maximize value for all stakeholders while drawing on its strengths in capital to deliver solutions to regional challenges for sustainable community development is a distinctive strength of the Shizuoka Financial Group.

**Inano:** The price/book value ratio (PBR) is an important indicator in considering how to use this strength to increase the Shizuoka Financial Group's corporate value.

We obtain PBR by multiplying return on equity (ROE) by the price/earnings ratio (PER). The Group can increase ROE on its own through asset management, cost controls, and capital policies. I believe it's making steady progress. On the other hand, the PER is affected by share price, which is determined by external evaluations—not just of present circumstances, but of future potential. In other words, it reflects how we well demonstrate our vision and plans for the future.

Since the Group is moving in the right direction on these matters, I would expect PBR to grow steadily.

**Tsubouchi:** I am very fond of the Shizuoka Financial Group's Corporate Philosophy—*Expand dreams and affluence with our community*—which expresses its pride as a regional financial institution. But, in reality, this is something that is very difficult to put into practice. It requires broadening the

## Q | What are your thoughts on progress on the First Medium-term Business Plan?

**Inano:** Given the improbability of rapidly achieving the goals of the plan for balancing social value creation with growth in corporate value, I do not see any need to bring the plan to full completion within five years. While it is hard to assess the extent of its progress in quantitative terms, I am confident that the Group is continuing to move forward on the plan.

Improving the PBR is an important topic. But share price, which is an element of the PBR as we saw earlier, is a very difficult subject to assess. It is not a good idea to feel encouraged or discouraged by short-term fluctuations. We need, however, to pay attention to it and analyze calmly to identify future issues, since the share price is like a message for management from the market. I think both approaches need to be adopted simultaneously.

**Tsubouchi:** The plan was prepared by back-casting from the Group's vision for five or 10 years in the future, which is a novel and interesting approach. But it does make it hard to decide on clear milestones with related goals and timelines, which in turn makes it difficult to adjust to a dramatically changing world. Since the goals are understood and the Group is definitely moving toward them, I would like to see it revise the processes accordingly as it does so.

**Fujisawa:** It's important to develop the human resources and corporate culture that will move the Group into the future. The plan includes various reforms in corporate culture, including HR systems. But the process of back-casting requires not just a cumulative approach, but a series of leaps and bounds forward. I think room for improvement remains on establishing a corporate culture

range of services to meet the community's diverse needs while ensuring that each grows as a business. It's hard to meet the entire range of diverse needs in a single leap, but the Group seems to be moving forward steadily.

**Fujisawa:** I think since its time as The Shizuoka Bank, the Group has consistently considered the community and how to meet its needs. But moving forward, it needs to consider how to change the community. It needs to consider how to enrich members of the community both economically and in terms of their wellbeing through improvements both quantitative and qualitative. On this point, the transition to a holding company structure was definitely the right move. I believe the Group has laid the foundations for designing and supporting the future of the region, both qualitatively and quantitatively, with the Bank and various other Group companies working from the same perspective.

that is accepting of such leaps and bounds. To improve PBR as well, I think cultural reforms should be further promoted to inspire in the market high expectations for the Group's future.

**Inano:** There is no perfect score when it comes to initiatives such as these. The only way forward is through trial and error. But as a group centered on a bank, whose business is highly regulated, the Shizuoka Financial Group has less room for autonomy and independence than it would in another sector. This may be the fate of a financial business centered on banking. The Group needs to take various actions consciously to break out of this shell and achieve independence and autonomy as a new kind of group.

**Tsubouchi:** I think broadening the range of businesses beyond banking will have a very positive impact on human resource development. It should empower human resources as a whole by building a virtuous circle in which human resources in an environment conducive to taking on new challenges are given the space needed to demonstrate their own abilities and the organization incorporates the results to evolve. The transition to a holding company was definitely the right choice as a catalyst in this process. I think an important next step is to fully establish systems in which the organization supports efforts to take on the challenges of new fields, provides opportunities for these human resources to move forward—and supports them if they fail.

## Q | What issues do you think need to be addressed in the remaining period of the Medium-term Business Plan?

**Fujisawa:** Sometimes it seems the approach of putting digital technologies to even more thorough use to fundamentally reform work and workstyles has not fully permeated throughout the organization. Some sections use AI to transform processes in their workplaces. I would like to see this grow into a major movement across the entire company.

**Tsubouchi:** Since business results are growing steadily, I would like to see the Group take on various challenges with a greater sense of urgency. Given that ROE and various other KPIs are improving, I applaud the attitude of flexibly revising management targets upward in response. President Shibata's approach is bold in moving forward without fear of change. His attitude seems to be spreading among the management team as a whole, which is a very positive change.

**Inano:** If I had to identify one issue, it would be the need to consider the future of our branches based on a thorough look at the changing environment. How to place branches as facilities for securing deposits is a very important management topic across the sector. For example, there is a risk of being left behind if we fail to think thoroughly about the consultation functions that branches offer for customers and how to design the overall sales network.

**Tsubouchi:** I am most concerned about the digital transformation (DX) of contact options with customers. For example, I think we should target a state in which a customer looking for a loan can complete the process all the way through review and approval on a single tablet device, with no need



for paper or seals. DX is a way to provide what customers want, no matter how high the barriers to doing so. Most of the Shizuoka Financial Group's current efforts are still at the level of gradual improvements, but I would like to see it move a bit further forward to achieve numerous transformations.

**Fujisawa:** On this topic, the lack of progress in digitalization among customers in the region, particularly second-tier firms and SMEs, is a major issue. I think viewing customers' daily data in real time and providing the funding needed, when they need it, will be a part of the financial services of the future. To realize such services, it will be essential to promote DX among customers in the region along with within the Group itself.

## Q | What are your thoughts on the alliance strategy with The Yamanashi Chuo Bank, The Hachijuni Bank, and The Bank of Nagoya?

**Fujisawa:** I think it's a wonderful strategy to choose alliances instead of mergers. In considering the meaning of having financial institutions based in individual regions, it's essential to have respect for its deep-rooted culture and customs and design a future of growth and prosperity that reflects each region's characteristics. I don't think a simple merger and adoption of identical policies is the right way to do so. But there are many areas that can be standardized. For this reason, I think the Group's approach of forming alliances is very important. While the current alliances are with banks in areas near Shizuoka, I think we could form alliances with any bank that shares our vision. I think the pace of growth could be accelerated and more knowledge and insights exchanged through active interaction among officers and employees from different regions and companies as well.

**Tsubouchi:** I agree that the approach of forming loose business partnerships is a very good one. The Group is looking for the best partners based on a clear policy to allow them to share expertise in their specialties while keeping strong foundations in each region. Loose alliances would be ideal to forming such partnerships.

**Inano:** I agree that this is a very smart strategy. It's unlikely that the trend toward the merger of banks and banking

## Q | What kind of strategy should the Shizuoka Financial Group adopt in a world of positive interest rates?

**Fujisawa:** The return of positive interest rates will have a positive effect on earnings of financial businesses. The key is how to use these earnings and how to transform assets to value. As the world around us changes at a breathtaking pace, now we need to think boldly about new approaches of how to use funds earned from interest and promptly take action.

**Tsubouchi:** Positive interest rates mean greater deposits will make a financial institution stronger. We must be sure to survive and thrive under such conditions. We need to think first about how to secure deposits, and then about how to invest business earnings from using those deposits.

**Inano:** The banking business is subject to various regulations intended to ensure it fulfills its public mission. The Bank for International Settlements (BIS), or Basel, regulations are particularly influential. These are important regulations that affect how funds raised from deposits can be allocated to other assets. I think the best approach is one of creating an environment in which we can actively take on bold challenges within the specified rules.

**Fujisawa:** I agree. The banking business involves more than just collecting funds from deposits and lending them out. There is no need to stick solely to lending to support business customers' growth. In fact, I think it's risky to confine our thinking to business models that are extensions of the way

## Q | The Group has begun taking on the challenges of new business fields, by establishing companies such as SFG Marketing and SFG Real Estate Investment Advisors. What are your thoughts on such moves, and what do you think should be their aims for the future?

**Tsubouchi:** I am very impressed with the process whereby SFG Real Estate Investment Advisors was established. The approach of realizing a business planned by internal human resources themselves is the best way to build a subsidiary and to enter a new business. Having motivated people plan and take action themselves, instead of being assigned to fill roles in a company that has already been set up, is very meaningful for moving forward to the next stage.

groups will end. At times like this, the subject will come up of how much a regional financial institution should, or can, expand beyond its own region. If a competitor group were to grow much larger, we might need to choose whether to grow ourselves or to target goals in areas other than scale, such as efficiency and profitability. We need to keep this in mind as we move forward with alliances.



things have gone through now. For this reason, I would like the Group to pursue various possibilities while making the most of today's positive interest rates.

**Inano:** I look forward to seeing how their staff find their own management theories by taking on challenges.

**Fujisawa:** The Shizuoka Financial Group has already amassed knowledge and experience concerning the startup growth process through numerous VC investments. I would like to

see it put these resources to more use in new companies launched within the Group as well. I think it would be a good idea to work together with people in the organization who have been involved in investing in startups, and seek their advice or even ask them to make some business decisions.

## Q | Lastly, tell us about your expectations, as Outside Directors, for business execution sections.

**Tsubouchi:** Unfortunately, while the Group is very strong in areas like human resources, organization, capital, and status and brand in the region, it seems it is not making the most of all of these factors. Since the region's economic circumstances will grow even more challenging in the future, it is vital to take steps now to build systems for demonstrating its potential. It would be disappointing not to put this high potential to its fullest use. This is the role of the business execution sections, but it is one of our responsibilities too. I hope we can work together on this moving forward.

**Fujisawa:** I have unshakeable confidence in their hard work and results. We can count on them to carry out plans to the fullest. These are wonderful qualities. But from this point forward, I would like them to shift a little bit off the track and aggressively pitch their own ideas on better ways of doing

things, or ideas on what they would like to do. I look forward to seeing some proposals that might even shake the Board of Directors.

**Inano:** I think the Shizuoka Financial Group is quite strong on long-term planning, adaptation, and flexibility. It's practical, not dogmatic. Its perspectives are broad. Business execution sections are able to accurately assess themselves and formulate strategies on their own, which is an aspect they can proud of. I would like to see not just those involved in business execution but all officers and employees in the Shizuoka Financial Group perform their everyday duties with bold self-confidence.



### TOPICS

## Small meeting held with Outside Directors

To enable shareholders, investors, and other stakeholders to better understand our management policies, we hold IR small meetings in which Outside Directors discuss the Company's growth, approaches to reform, and other matters from an independent, external perspective.

Three Outside Directors (Kazutoshi Inano, Kumi Fujisawa, and Kazuto Tsubouchi) took part in the IR small meeting held in June 2025, in which they explained various topics, including the state of discussions in the Board of Directors, and then answered questions from sell-side and buy-side analysts.

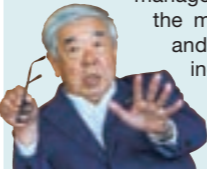


### Details of the day's briefings

#### Director Inano Theme: Increasing corporate value



Director Inano described examples of Board discussions based on dialogue with the markets and explained how management's approach to the markets is improving and how this changing consciousness is reflected in recent share prices.



#### Director Fujisawa Theme: Growing business domains

Based on Board discussion of new business domains, Director Fujisawa described how risk aversion persists in the organization and the need to accelerate internal innovation to create new businesses with a sense of urgency.



#### Director Tsubouchi Theme: How the Board of Directors fulfills its duties



After showing how the current structure allows the Board to take more time for deliberations on important themes, through selection of agenda on important topics and appropriate delegation of authority to business execution sections, Director Tsubouchi described future management policies from his perspective as an Audit & Supervisory Committee Member.



### Key topics of dialogue with investors and analysts

#### Questions

- How to take advantage of the tailwinds of rising interest rates
- Thinking on financial sector reorganization
- Shizuoka Financial Group's strengths that remain unchanged even in a changing business environment

- To what degree employees understand the concept that providing added value leads to increased earnings

#### Answer

I am glad to hear a question from a market participant about the importance of providing added value. This way of thinking seems to be spreading steadily, while some officers and employees in the organization still tend to pay more attention to numerical figures. I would like to share the content of this dialogue in the organization to help raise awareness further.



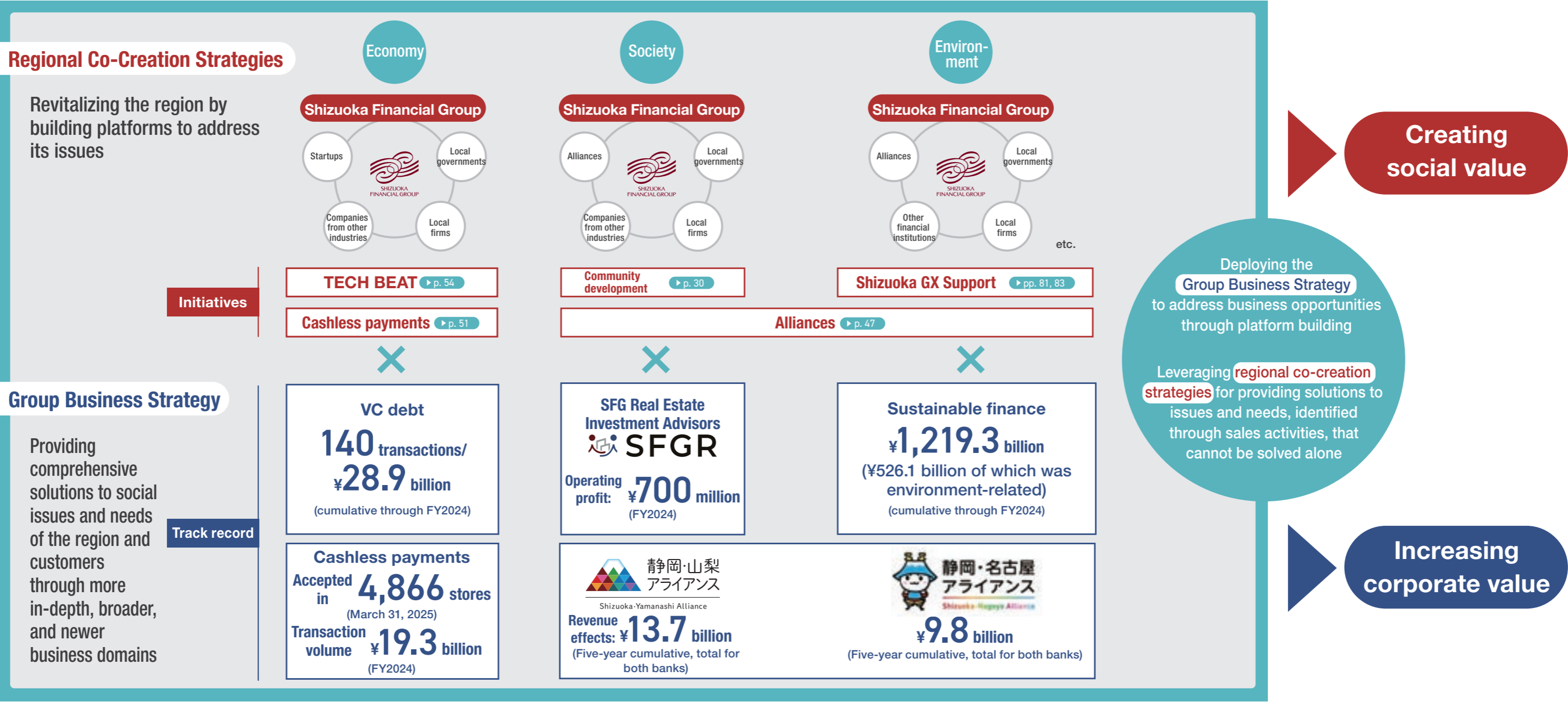
#### Materials from the meeting

Website > To Our Shareholders and Investors > IR Presentation

URL: <https://www.shizuoka-fg.co.jp/ir/ir-presentation.html>



# Combining Regional Co-Creation Strategies and Group Business Strategy



Regional co-creation strategies

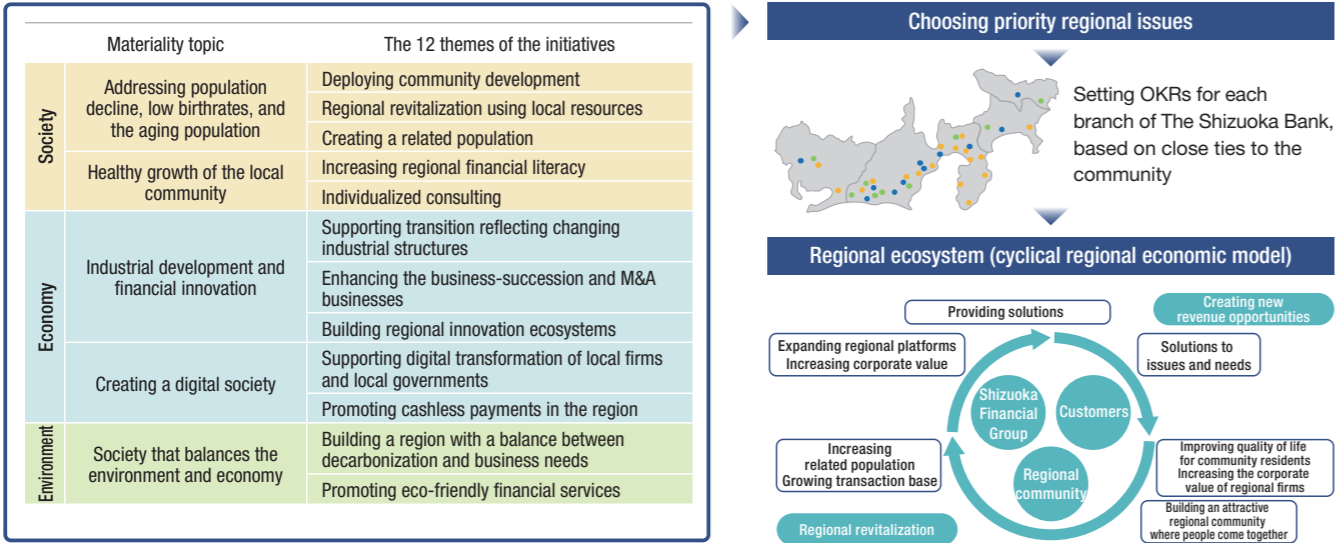
Vision

Revitalizing the region and creating new value by providing solutions to social challenges

Topics

Building platforms for solutions in each region; making strategy implementation and results visible

Through 12 initiative themes based on materiality topics, we are promoting activities toward solutions to community issues identified in each area. Objectives and key results (OKR) have been identified for each branch of The Shizuoka Bank based on these themes, and systems have been adopted under which all officers and employees work together for the community. By developing systems for promoting regional co-creation, we aim both to create social value and to increase corporate value.



Internal promotion structure for regional co-creation initiatives

It is vital in regional co-creation initiatives that all officers and employees take an interest in and consider their ties to the Shizuoka Financial Group's activities and how to move toward solutions to regional challenges. Centered on human resources such as branch managers in each area and regional innovation coordinators tasked with value creation, a consciousness of co-creation is fostered through systems such as sharing successful case studies and social value creation awards. This generates a virtuous circle of creating social value and increasing corporate value by increasing the engagement of each and every officer and employee involved through stimulating the activities and improving human resources' judgment and solution abilities for community issues.



Developing leadership human resources

We are training regional innovation coordinators\* as a value creation human resources category. Regional innovation coordinators are strategic human resources to lead regional co-creation activities. As of March 31, 2025, five regional innovation coordinators had been accredited, who, together with junior regional innovation coordinators—employees completing the necessary training and other activities—are expected to play a key role in building the systems needed to drive related activities.

\* Human resources capable of leading the way to find appropriate solutions to regional challenges based on knowledge of diverse value creation fields (digital, wealth, wellness, and sustainability) and knowledge of advanced technologies.

Increasing engagement

Information on activities is shared daily through an internal chat service, to foster an atmosphere of friendly rivalry.

The social value creation awards have been introduced for outstanding initiatives related to regional co-creation, as we strive to make officers and employees more engaged.

FY2024 activities (Major Examples)

In FY2024, we promoted efforts to give concrete form to community co-creation strategies, centered on activities to build cooperative structures over the medium to long term by working with diverse stakeholders, with the goal of creating community value in mind.

Increasing financial literacy in the region: Financial and economic education

Enriched living through financial wellbeing

Providing financial and economic education through the Shizuoka Financial Group network

Household budget management Life planning Asset management Financial and economic knowledge

Securities firms Other industries Other financial institutions Insurers

Also reflecting needs of local government

KPI

Cumulative total number of participants (April 2023 – March 2025)

33,205/350,000 (through FY2030)

In addition to efforts to improve financial literacy, we also conduct other activities such as programs and seminars to develop human resources to help vitalize the community. Examples include Shizuoka Kids' Academy to bring children closer to their communities and Shizuginship courses to train the next generation of managers. A total of 58,610 people have participated in these programs.

p. 90 Financial and economic education and regional human resource development initiatives

Vitalizing the community by putting regional resources to use: Supporting efforts to transform regional resources into experiential value

As part of our alliance with The Yamanashi Chuo Bank, we are cooperating with partner bank BDO UniBank, Inc. of the Philippines to support tourism in the region.

This initiative has begun selling excursion tours of the attractions of Shizuoka and Yamanashi prefectures to holders of BDO's credit cards in partnership with World Joint Corporation Japan, a leader in luxury travel sales.

We are also providing the Shizuoka City Inspiring Experience-Based Tourism Development Program under contract to the city of Shizuoka. This program provides side-by-side support to tourism-based businesses on topics like creating attractive sightseeing content and hospitality.

By building a tourist destination development platform with tourism startups and experts, the program will promote marketing and branding of regional resources to create a virtuous cycle across the region, based on consumption by long-stay tourists.



Community development: Side-by-side support for regional real estate development and attracting businesses

In November 2024, three parties—the city of Fujieda, The Shizuoka Bank, and SFG Real Estate Investment Advisors—concluded an agreement on a partnership to attract businesses for strategic land use. The effort will promote strategic use of land by attracting businesses to the city.

The city of Fujieda is promoting a new regional growth strategy for the integrated development of an urban base that will attract people, resources, and funds and create growth industries to drive the local economy. This agreement calls for joint community development efforts to make the most of local resources, joint efforts among local businesses, and innovation development.

p. 28: Support for regional vitalization by SFG Real Estate Investment Advisors

## Alliances with regional banks

Through comprehensive alliances with regional banks, we are seeking to realize sustainable growth for the region through broad-ranging joint efforts while utilizing the customer base, brands, and other resources that each bank has built up. An alliance enables large-scale initiatives above and beyond each partner bank's business territory by sharing business resources and community information while maintaining the independence of each bank. This makes it possible to realize the results of the alliance quickly through timely implementation of various measures.

We will continue striving to increase corporate value by generating solutions to regional challenges through joint efforts with alliance partner banks.

### Launch of the Mt. Fuji/Alps Alliance

Formed in 2020, the Shizuoka Yamanashi Alliance targets sustainable growth within the community and expanding earnings opportunities by identifying solutions to social challenges, with a focus on joint efforts to boost related populations and to support businesses for sales channel development by means of holding individual business discussion meetings.

While this was underway, it became clear that The Hachijuni Bank, a leading bank in Nagano Prefecture, which adjoins both Shizuoka and Yamanashi prefectures, shared numerous commonalities with the two allied banks, including regional characteristics and social issues. This led to the decision to expand the Shizuoka Yamanashi Alliance into the Mt. Fuji/Alps Alliance, which was launched through a new three-bank agreement in March 2025.

The banks will continue to balance social value creation efforts with efforts to strengthen corporate value through various activities, including expanding and enhancing their social solutions options while leveraging the strengths of the individual customer bases accumulated over the years.



### Key characteristics of Shizuoka, Yamanashi, and Nagano prefectures

#### Shared appeal

Abundant natural capital, attractive industrial structures, proximity to greater Tokyo area

#### Shared issues

Declining populations, labor shortages, business succession issues

#### Nagano

- Attractive resort areas
- Ranked fourth among places people want to relocate to
- Precision machinery industry

#### Yamanashi

- Abundant natural scenery
- Ranked eighth among places people want to relocate to
- Machinery, electronics, jewelry industries

#### Shizuoka

- Abundant natural capital
- Ranked second among places people want to relocate to
- Vehicle, health, and medicine



The logo featuring Mt. Fuji and the Japan Alps expresses the three banks' vision of partnership and cooperation to move toward a bright future from the ground (region).

### Details

This alliance aims to have an impact of at least 20 billion yen on the total earnings of all three banks (cumulative over five years), through various timely cooperative efforts while maintaining the three banks' management independence, brands, and customer bases.

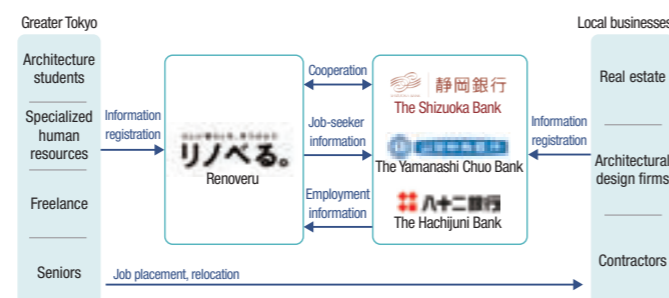
In addition to its earnings targets, the alliance has identified social population growth in the three prefectures as a KPI for gauging social value creation. The alliance will deploy measures toward its aim of solutions to chronic social and regional issues.

### Relocation promotion project

Seeking to boost related populations in response to population decreases and labor shortages, the three banks are studying measures to attract human resources from other regions of Japan and overseas by communicating the appeal of the three prefectures. These efforts are centered on a joint relocation promotion project.

The first phase will include the launch of a human resource matching program to connect job seekers and people looking to relocate from the greater Tokyo area to companies in these regions, through a business alliance with Renoveru, Inc. This is intended to provide employment solutions for people who want to relocate to the three prefectures. The relocation support loans introduced jointly by the three banks are also intended to promote social population growth in the three prefectures while providing economic support after relocation.

### <Human resource matching program>



### Shizuoka Yamanashi Alliance

#### Vision

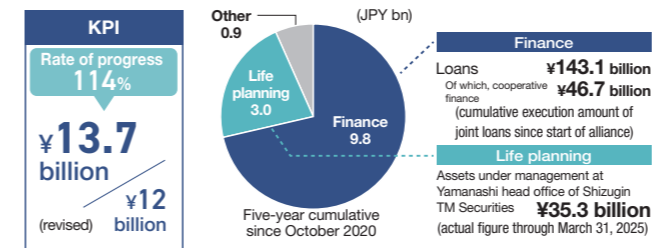
### Economic development in Shizuoka and Yamanashi Prefectures based on joint efforts in the area of regional revitalization

The Shizuoka Yamanashi Alliance is a comprehensive business alliance with The Yamanashi Chuo Bank. Targeting **economic development in Shizuoka and Yamanashi prefectures through partnerships primarily in the area of regional revitalization**, both bank groups pursued a wide range of cooperative measures, including joint efforts in the field of securities at the Yamanashi head office of Shizugin TM Securities and holding individual business meetings with clients of both groups.



#### Revenue effects (KPI achievement)

The impact on earnings over four years has exceeded the KPI target after upward revision (12 billion yen in total for both banks, cumulative over five years).



#### Evolving into the Mt. Fuji/ Alps Alliance

The two-bank framework of the Shizuoka Yamanashi Alliance has been terminated. To accelerate efforts to find solutions to regional challenges, The Hachijuni Bank, which confronts similar challenges despite its potential, will join the alliance to generate more synergies within the framework of the Mt. Fuji/Alps Alliance.

### Shizuoka Nagoya Alliance

#### Vision

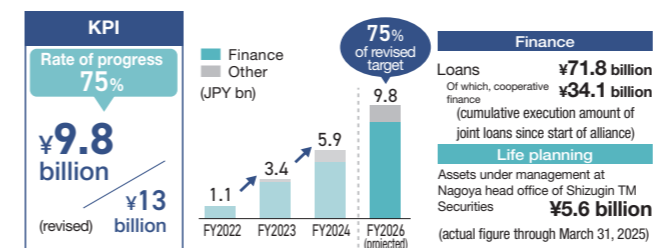
### Responding to the structural transformation of the automobile industry and other regional industries

The Shizuoka Nagoya Alliance is a comprehensive business alliance with The Bank of Nagoya. Both bank groups have positioned their **response to the structural transformation of the automobile industry and other regional industries** as their most important themes and will leverage their management resources to achieve sustainable growth for the region and themselves.



#### Revenue effects (KPI achievement)

Since the alliance achieved 97% of its initial KPI (10 billion yen in total for both banks, cumulative over five years) in its third year, the KPI was revised upward to ¥13 billion.



#### Nagoya head office of Shizugin TM Securities held one-year anniversary seminar

The Nagoya head office of Shizugin TM Securities celebrated its one-year anniversary in October 2024. We will continue to draw on the Shizuoka Financial Group's functions to provide high-value-added products and services to The Bank of Nagoya customers.



#### Addressing regional challenges

The alliance supports industrial reforms across prefectural boundaries, drawing on the knowledge and customer bases of both partners, with a focus on the efforts to address the structural transformation of regional industries, centered on the automobile industry.

#### Industrial reform support

**Supporting business transformation by customers of both banks, with a focus on structural transformation related to decarbonization, the EV shift, and digitalization**

#### Business succession, M&As

**The first merger and acquisition between customers of both banks was achieved with the support of Shizugin Management Consulting.**

#### Event held to allow exchange among section heads

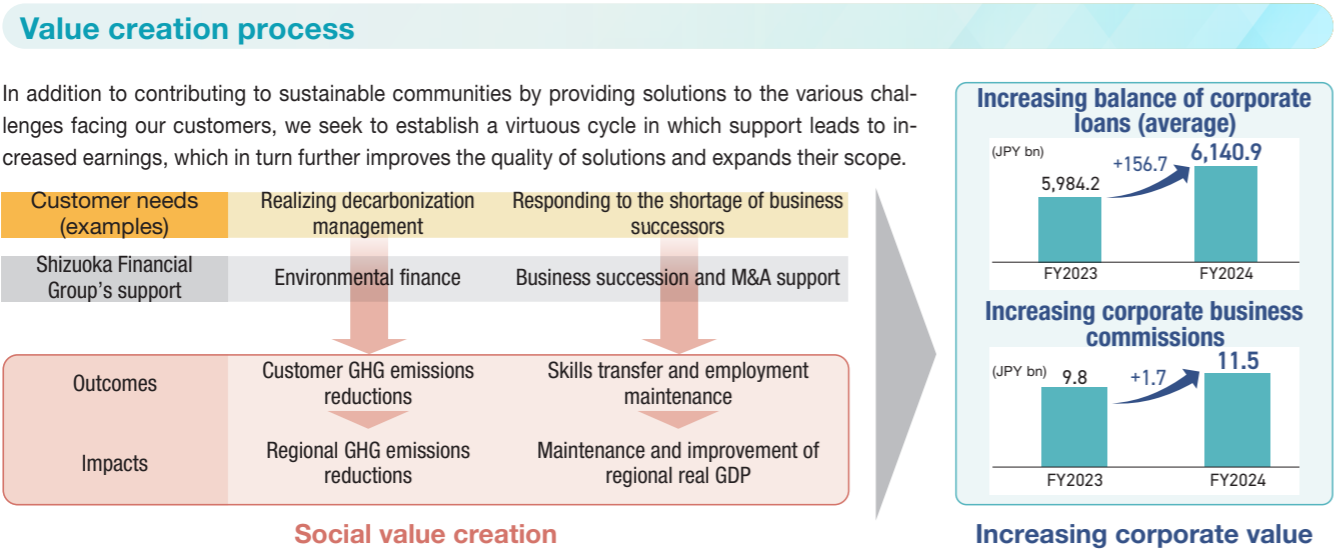
An exchange program was held for section heads of both banks to generate further synergies by strengthening relationships and mutual understanding at the section-head level, including heads of branches.

We will strive to make the measures taken by the alliance still more effective through ongoing exchange among human resources at various levels.



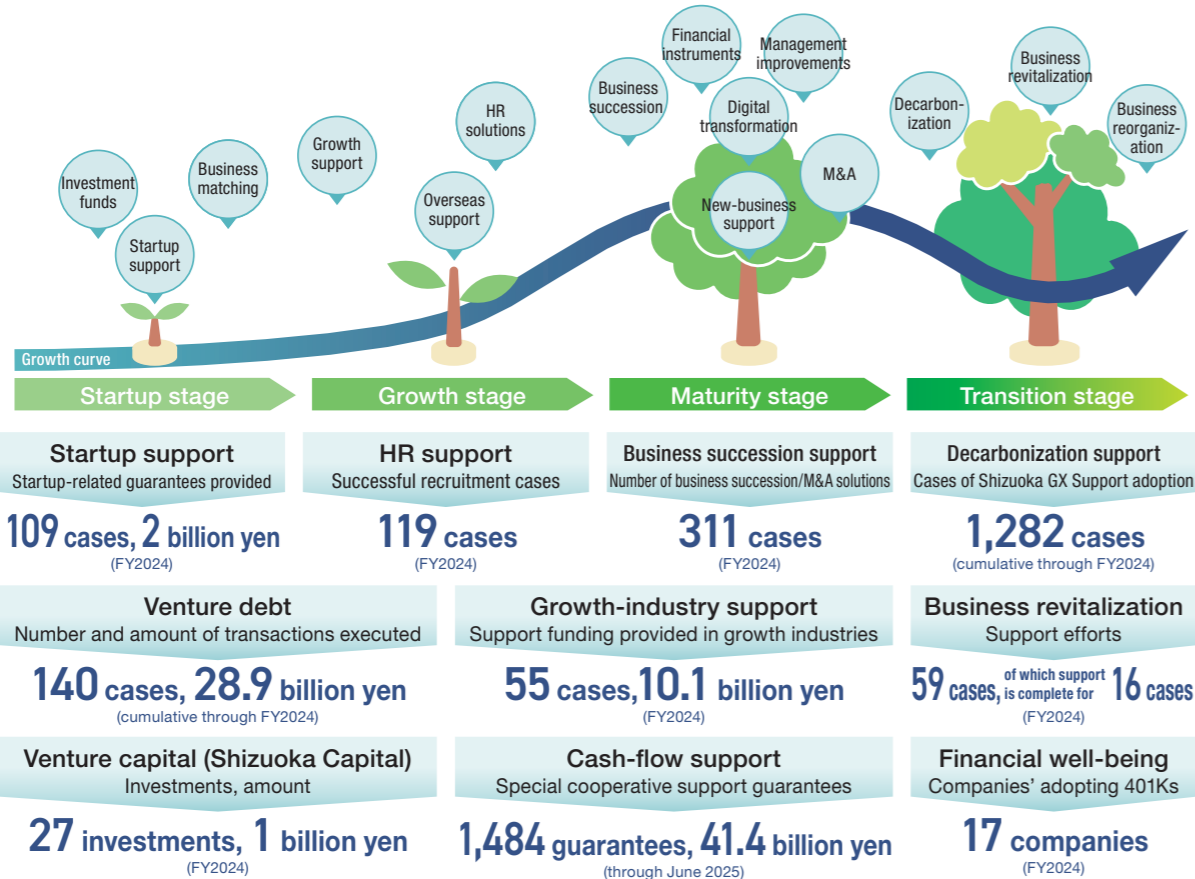
# Responding to corporate needs

- Vision** Achieving sustained regional growth by supporting customer sustainability management efforts
- Topics** Solutions to regional issues through side-by-side support for customers on a Group-wide basis and cooperation with partners both inside and outside the Group



## Support in accordance with stages on the corporate life cycle

We support the sustained growth of our customers as a partner by offering, on a Group-wide basis, a range of service options to meet increasingly diverse and complex issues. We also contribute to the continuous growth of the region through proactive cooperation with partners outside the Group, aiming for solutions to decarbonization and other issues faced by the region.



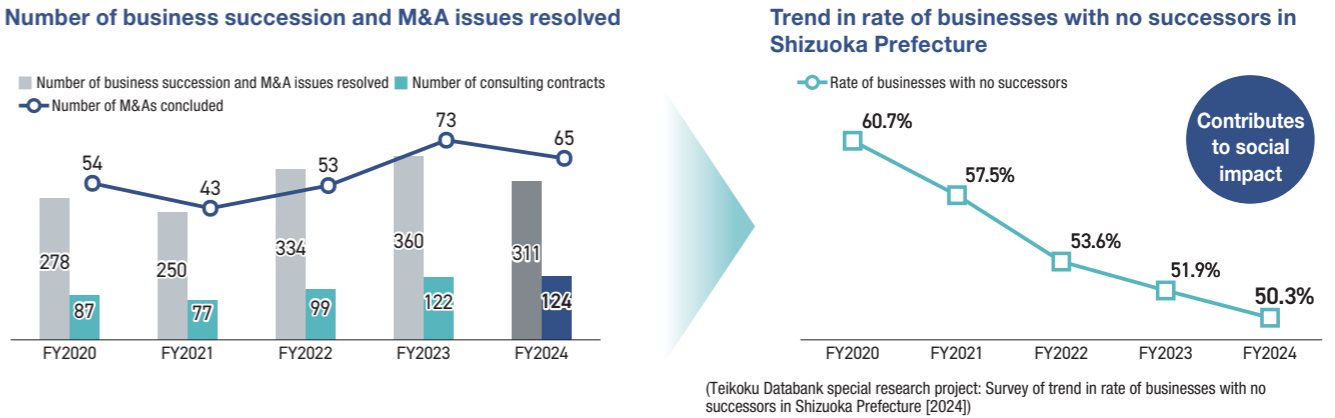
## Positive impact finance (PIF)

Based on an analysis of the environmental, social, and economic impact of customer business activities, The Shizuoka Bank provides positive impact finance (PIF) to support customer initiatives to strengthen positive impact while alleviating and mitigating any negative ones. It will continue to provide active side-by-side support for efforts to strengthen corporate value by achieving customer KPIs and, by extension, helping to realize a sustainable society.



## Business succession and M&A support

As business proprietors age, business succession has emerged as a social issue. In this context, we make the most of the Group's problem-solving abilities, including consulting and funding functions related to business and asset succession, to support business succession. We take into consideration not just the proprietors' intentions and trends affecting future business, but matters outside the immediate scope of the business, including the proprietor's family structure. With the Bank and Shizugin Management Consulting playing central roles and in partnership with tax accountants and other external specialists, we support our customers as they move forward with their business succession efforts, whether within the same family or in M&As.



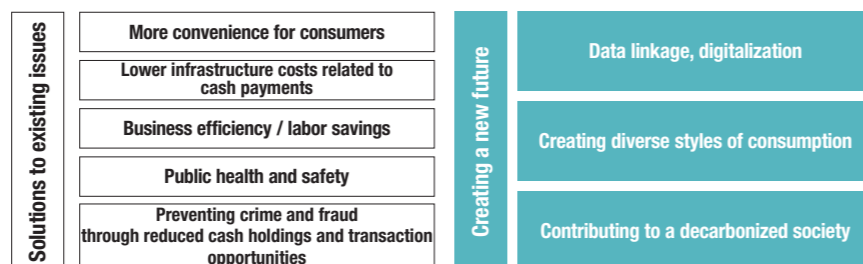
# Promoting cashless payments in the region

- Vision** Improving business efficiency and growing sales opportunities for businesses while making the region more convenient for consumers
- Topics** Building a regional payment network to link businesses and consumers in the region  
Using data to improve services further

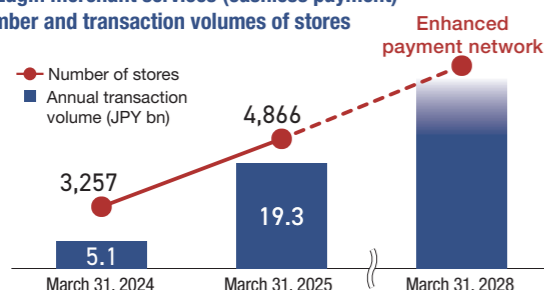
## Efforts to promote cashless payments

The nationwide percentage of cashless payments in Japan in 2024 reached the Japanese government's target for 2025 of roughly 40% a year ahead of schedule. In light of the future target percentage of 80%, The Shizuoka Bank is promoting cashless payments to improve business efficiency and increase sales opportunities for businesses in the region while improving convenience for consumers shopping within the region.

### Social significance of promoting cashless payments



### Shizugin merchant services (cashless payment) Number and transaction volumes of stores



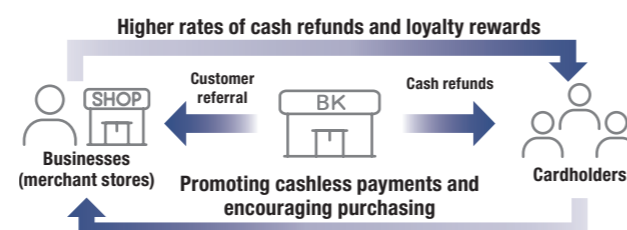
### Credit and debit card transaction volume

	March 31, 2024	March 31, 2025
Cardholders (1,000)	501	551
Transaction volume (JPY bn)	95.2	98.9

## Building a regional payment network

By encouraging consumers to visit affiliated stores in the region through providing benefits such as higher rates of cash refunds and loyalty rewards, the Group is making progress on building a regional payment network to serve as the main bank for debit and credit cards and accounts while also promoting consumption in the region. The aim is to share social value in ways that benefit businesses, consumers, and Shizuoka Financial Group.

### Regional payment network illustration



### TOPICS Shizugin merchant services provide 10% refunds

To build an area payment network, a promotional campaign was carried out in which shoppers who paid using joyca, joycaJ, or Visa debit cards at The Shizuoka Bank participating stores received refunds equal to 10% of their purchase amounts.



### Awarded the contract for the 2024 Shizuoka Prefecture service industry vitalization support program

Seminars were held in four areas of Shizuoka Prefecture and a consumer survey was conducted on testing of cashless payments in the Izu area.



# Responding to globalization

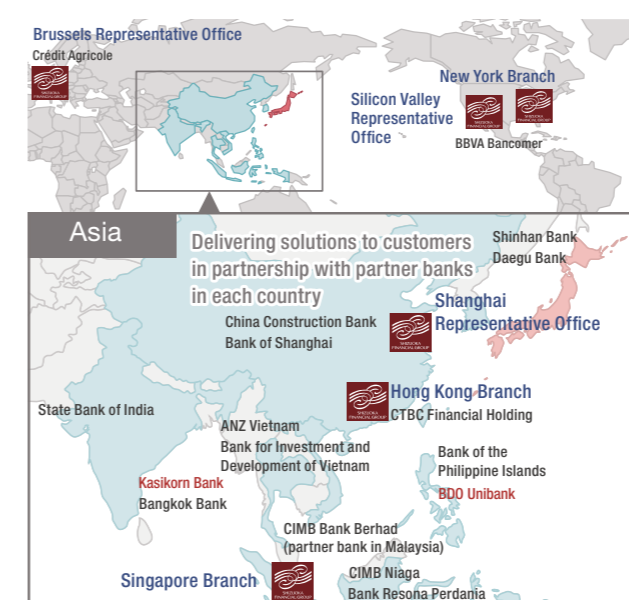
- Vision** Using our international network to enhance our wide-ranging support structure and earning capability
- Topics** Enhancing international business support for customers and securing growth opportunities in global markets

As globalization advances, as a comprehensive financial group, we will help bridge the region and the world by meeting the diverse needs of our customers for cross-border transactions and overseas business development.

## Utilizing our international network to support solutions to challenges faced by the region and customers

In addition to leveraging our extensive international network to meet increasingly diverse customer needs, we partner with alliance banks overseas to address the region's challenges through means such as attracting inbound tourism and providing financial services for non-Japanese nationals.

### Shizuoka Financial Group's international network (6 overseas sites, 17 partner financial institutions)



### Support for overseas expansion and overall business development

We provide timely information and attentive services to meet increasingly diverse customer needs in areas like overseas advancement, including site tours and establishment of subsidiaries and plants overseas, in addition to overseas transactions and overseas investment.

### Trade (export/import) transaction support

We leverage our extensive track record and international network to support sales channel development and customer trade transactions.

### Financing services

We stand ready to support customers in matters related to the financing needs of their overseas subsidiaries with a wide range of solutions, including cross-border loans from their branches and lending in local currency through standby letters of credit to partner financial institutions.

### Other

- Foreign exchange support through international remittances and forex risk hedging
- Financial inclusion initiatives and financial services for international human resources
- Support for doing business in growing Asian markets
- Support for customer human capital management

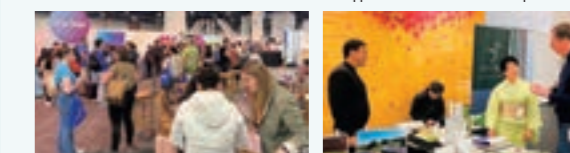
### TOPICS Supporting overseas market development for regional industry

#### Joint exhibition with 13 regional firms in World Tea Expo 2025 (the largest tea trade show in North America) and BIOFACH 2025 (one of the world's largest organic foods exhibitions, held in Germany)

The Shizuoka Bank has formed a consortium with JA Shizuoka and the Chamber of Tea Association of Shizuoka Prefecture to grow Shizuoka's tea exports to 10 billion yen. Seeking to increase recognition of Shizuoka as the tea capital of Japan and to grow tea exports, one of the consortium's initiatives supported exhibitions by the 13 tea associations in the prefecture at trade shows around the world. Additionally, The Shizuoka Bank organized a joint booth with three producers and JA Shizuoka that resulted in business discussions with more than 300 trade companies.

#### World Tea Expo 2025 (North America), BIOFACH (Germany)

- Setting up the Tea Capital Shizuoka booth and supporting exhibition by regional firms
- Entry to global markets in North America, the EU, and elsewhere
- Support for sales channel development



Increasing exports and manufacturing (increasing added value for regional industry) → Increasing regional productivity

### Strengthening partnerships to find solutions to community challenges

#### Comprehensive alliances formed with BDO Unibank of the Philippines and Kasikorn Bank of Thailand

Customer needs are growing increasingly diverse and advanced against a backdrop that includes meeting inbound demand associated with Asian tourists, supporting outbound demand from Japan to Asia, providing financial services for workers from abroad, hiring highly capable human resources from overseas, and technical partnerships with overseas firms.

To meet these customer needs in optimal ways, The Shizuoka Bank has expanded its scope of partnerships with overseas banks beyond businesses in the international sector to build alliance structures across a wider range of fields, including private banking, stimulating creativity in the community, credit cards, and other businesses. Future plans call for expanding these services to attract foreign tourists to Shizuoka Prefecture, approaching wealthy customers abroad, and expanding financial services by providing comprehensive services for overseas workers in Japan employed by The Shizuoka Bank customers.

Enhancing financial services for overseas workers in Japan → Boosting regional related populations

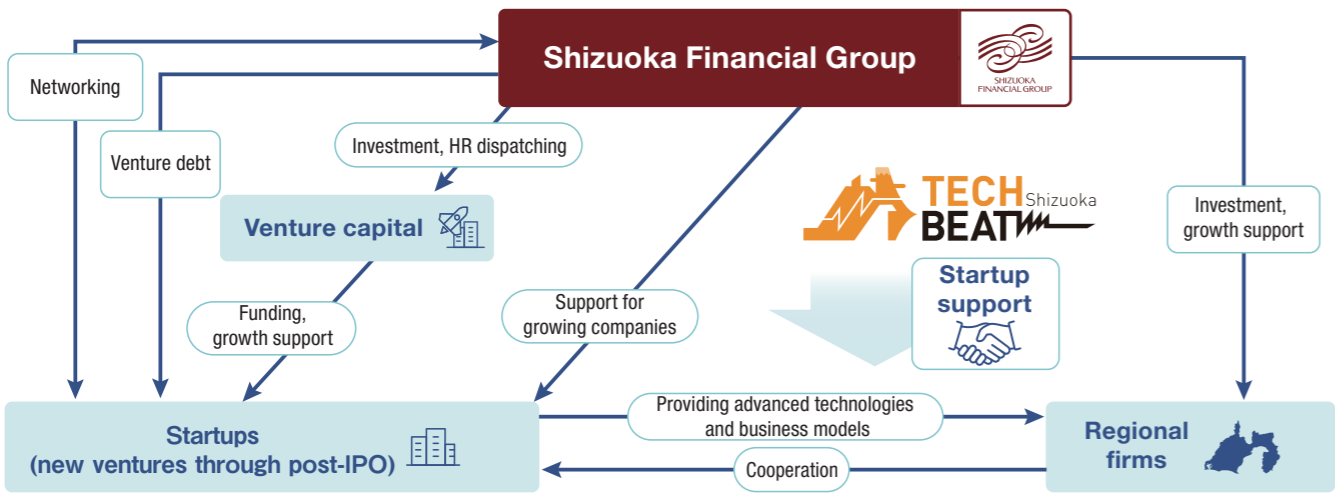
Startup support and community innovations

Vision

Applying our knowledge and networks in venture business to stimulate the regional economy

Topics

Building structures for integrated support for startups and growing firms via investments, financing, and business support  
Building a regional innovation ecosystem for cooperation among startups, communities, and customers



Startup initiatives

Since 2021, The Shizuoka Bank has continued to work toward solutions to materiality topics in the region, by providing multifaceted support for startups based on the expertise and networks it has built up in the VC business. Specifically, in addition to promoting financing for startups (venture debt), it has expanded the lineup of marketing support options through means such as the Shizugin Startup Catalog, a digital catalog intended to introduce products and services for startups. Partnerships with startups, customers in the region, and venture capital investments are growing steadily.

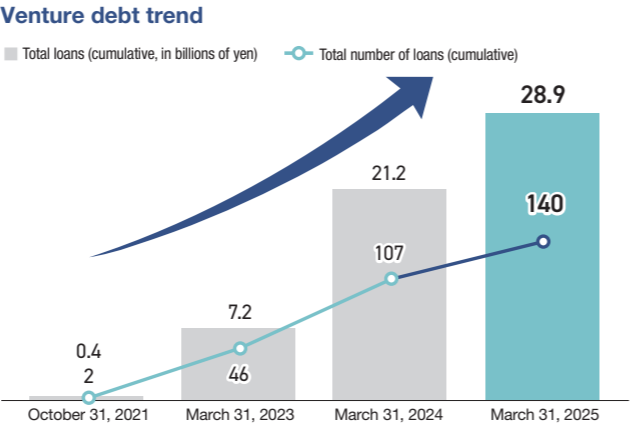
Various efforts in the area of venture debt include loans with stock acquisition rights. Through the end of FY2024, it had executed about 140 venture debt transactions with a total value of 28.9 billion yen. It is also active in providing financing for representatives and asset management firms.

In FY2024, the Shizugin Startup Catalog, first issued in December 2024, resulted in about 300 information requests from customers. The catalog prompted customers across prefectural borders to have more than 300 business discussions with startups, including interviews.

We are also continuing to invest in venture capital as part of efforts to network with startups. In FY2024, we invested in eight new venture capital investment funds, bringing the total to 39 funds representing a cumulative investment of 30.9 billion yen.

Additionally, we are strengthening VC transaction relationships by dispatching personnel to certain of the funds in which we invest, and we are continuing to build relationships with startups through our VC initiatives.

These efforts also contribute to continual human resource development in the startup business field.



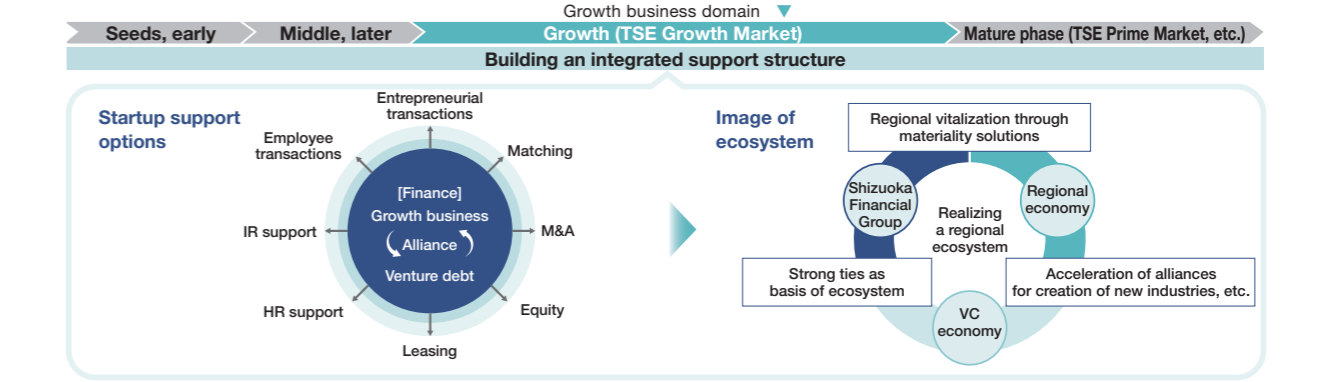
- Funding support other than VC debt**  
(Cumulative through March 31, 2025)
- 24 transactions / JPY 16.1 bn in related financing for representatives and asset management firms
  - Four transactions / JPY 1.6 bn in financing for growth businesses

A catalog containing information on topics like the technologies and business models of 73 startups (published in December 2024)

Growth business

In April 2025, The Shizuoka Bank established the Pre-and Post-IPO Support Office within the Start-up Support Department. The new office offers financial services and solutions to support the continuing growth of businesses before and after the IPO (growth businesses) on the stock market (TSE Growth Market). We support business growth by building an integrated support structure suited to the stages of growth from initial startup to the IPO.

Through these initiatives, together with further expanding our network in the startup field, we give concrete form to the regional co-creation strategies in the First Medium-term Business Plan.



- Examples of initiatives**
- Financial services for growth businesses, solution provision using the Group's internal and external knowledge and networks
  - Stimulating the regional economy through matching growth businesses with regional firms and their HR exchange

TOPICS

**Venture debt executed for Magic Shields, Inc., a startup in Hamamatsu**

In December 2024, The Shizuoka Bank, the Japan Finance Corporation, Hamamatsu Iwata Shinkin Bank, and Shizuoka Guarantee together issued cooperative finance totaling 300 million yen in venture debt to Magic Shields, Inc., a startup in Shizuoka Prefecture. Magic Shields develops, manufactures, and sells Koroyawa soft flooring materials using flexible materials to prevent fractures and injuries in the event of a fall by seniors.  
(See The Shizuoka Bank press release issued December 16, 2024 for more details.)

TECH BEAT Shizuoka

TECH BEAT Shizuoka is an open innovation program to revitalize industry and create new businesses through joint efforts between local companies and startup firms with leading-edge technologies. The prefectural government and the Bank act as the project's secretariats.

In July of each year, the project organizes business matching events, including individual business talks and various programs and seminars on leading-edge technologies, to promote innovation through encounters between businesses in Shizuoka Prefecture and startup firms. It also strives to promote co-creation through the TECH BEAT Shizuoka Awards provided for outstanding cases that result from the event. All year long we also hold workshops where people can learn about the methods and concepts of co-creation, tours of advanced co-creation facilities, entrepreneurship education for students in the prefecture, and other activities. The goal is to build a human resources platform for transforming firms in the region, while also increasing literacy regarding advanced technologies and fostering an atmosphere that encourages taking on challenges, to build an ecosystem to create successive cases of innovation in the region.

Some TECH BEAT Shizuoka Awards winners

Category	Winner	Details of cooperation
Shizuoka Prefecture Governor's Award	Maruyama Tea Products Corporation LOAD & ROAD Inc.	Jointly developed a tea pot that brews the perfect tea based on analysis of the user's body temperature and pulse, air temperature, and other factors; launched new business to develop the best tea blend for the pot.
	AiFarm Co., Ltd. SkymatiX, Inc.	Developed system that users AI to analyze drone images of broccoli heads to determine the best time to harvest the crop.
Executive Committee Chairman Award	SHIBAURA MACHINE Co., Ltd. ENAGEED Co., Ltd.	Swiftly developed HR training program to strengthen employee motivation, ascertain related conditions, and make strengths and weaknesses clear.
	Ishida Tec Co., Ltd. Zero-One Inc.	Jointly developed new products for medical facilities to make crowded conditions and infection risks clear and remove viruses and other materials from the air.

Training for students



Life planning support

Vision

Serving as the best consulting partner for our customers for an era of 100-year lifespans

Topics

Expanding our wide range of service options to meet increasingly diverse customer needs  
Proposing optimal solutions for each individual's future, based on policy for customer-oriented business conduct

Value creation process

We offer quality consulting services to meet a wide range of customer asset-building and asset management needs, with the goal of providing the financial support to customers who need to formulate enriching life plans and to safeguard against financial insecurity.

Customer needs (examples)	Concerns about asset building	Responding to issues posed by longevity
Shizuoka Financial Group's support	Life planning consulting	Comprehensive side-by-side asset management
Outcomes	Building sound communities	Longer asset lives The peace of mind needed to continue living in the community
Impact	Boosting regional social populations	

Social value creation

Balance of individual assets under management

The Shizuoka Bank	1,834.8	1,867.2
Shizugin TM Securities	1,143.1	1,149.1
	691.7	718.1
	March 31, 2024	March 31, 2025

Gains on assets under management (banking, securities)

	11.9	12.7
	FY2023	FY2024

Increasing corporate value

**Total asset management sales**

By adopting the S-Bridge total asset management tool for life planning simulations and portfolio building, the entire Group enhances the range of services, improves contact points, and offers optimal solutions for customers' individual future needs, to realize a one-stop consulting structure able to meet various life planning needs.

Readiness

- Readiness for the future (insurance products)
- Household budget reviews
- Readiness for long lifespans (addressing cognitive conditions)
- Inheritance (testamentary trusts, end-of-life services)

Increasing assets

- Installment-type investment trusts
- Investment trusts
- Shizugin wrap products
- Stocks and bonds

Total asset management sales

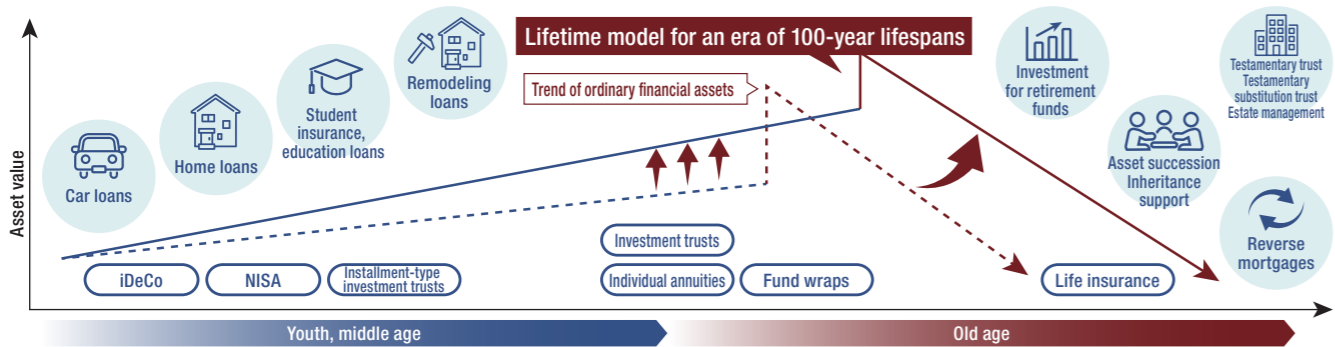
Borrowing

- Diverse loans suited to life plans
- Asset building (asset-building loans, apartment loans)
- Comfortable second lives (reverse mortgages)

Wealth management

- Asset management consulting
- Financial arrangements
- Succession consulting
- Concierge services

Illustration of lifetime assets needed in an era of 100-year lifespans



**Practicing total asset management Groupwide**

To propose the best solutions for growing customer assets, Shizuoka Financial Group clarifies internal Group roles for topics like risk tolerance, financial literacy, and channels and offers corresponding products and services. Staff from The Shizuoka Bank and Shizugin TM Securities work as a team to ascertain the conditions of customer assets, utilize their individual strengths, propose optimal portfolios for asset building, and undertake continual follow-up.

The Shizuoka Bank

- Coordinating optimal proposals from diverse financial instruments and services based on customer needs and environments

Roles of teamwork

- Optimal proposals based on each the strengths of each member
- Timely information-sharing through computer systems

Shizugin TM Securities

- Specialized consulting proposals for comprehensive asset management needs

Monex Group

- Extensive product lineup
- Highly convenient contactless services

Shizugin Consultation Lounges

In April 2025, The Shizuoka Bank remodeled and expanded the consulting functions of its Shizugin Life Design Station facilities as Shizugin Consultation Lounges at 14 branches in Shizuoka Prefecture, to meet customer needs that are growing increasingly advanced alongside changing social structures and diversifying values.

These facilities provide a wide range of consultation services on subjects from asset building through life plan simulation, discussing home loans, reviewing insurance policies, retirement investments, and inheritance.

Distinguishing features of Shizugin Consultation Lounges

01

Also open Saturdays and Sundays (varies by branch)

02

Provide information on products and services to meet customer needs.

03

Advanced reservations for no wait times

04

Approachable environment

Realizing advanced solutions from a goal-based approach: introducing the S-Bridge total asset management tool

In April 2025, to improve their life planning consulting services, The Shizuoka Bank and Shizugin TM Securities introduced the S-Bridge total asset management tool. This tool makes it possible to clearly communicate proposals based on a goals-based approach using visual presentations of total assets for life planning and portfolios tailored to individual needs.

Designed to facilitate ongoing communication with customers and to build closer relationships in our role as life consultation partners, the tool offers simulations of life events and permits the flexible reformulation of asset management methods in response to changing customer goals.

S-Bridge features

- Life plan simulation
- Portfolio building
- Calculation tools (simple inheritance tax, gift tax, etc.)

Achieving customer goals by repeating the process from interviews through determining goals and simulations

Simulation

Interviews

Ascertaining intentions

20s

30s

40s

50s

60s

70s

80s

Goal

Tools used in total asset management

Life-event sheet

Used to propose solutions suited to customer life events

My Inheritance Plan Sheet

Worksheet for ascertaining specifics of the household and assets

Shizugin Inheritance Guide

Provides opportunities to think about inheritance

Household budget app

App to visualize income and expenditures

Wealth Advisor

Tool to provide information related to asset building

## Readiness for an era of 100-year lifespans

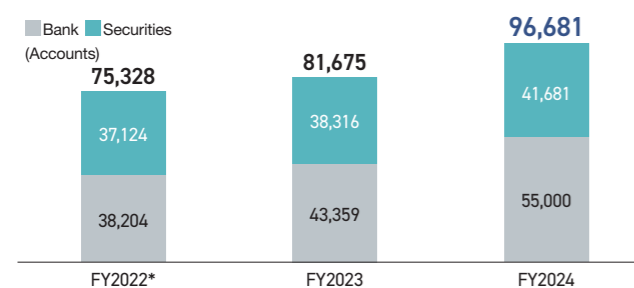
In preparation for the coming age of 100-year lifespans, the Group is enhancing various services to be able to meet a wide range of customer needs from asset building in youth through asset succession in old age.

### Services for customers in the asset-building stage

In this time of superlongevity, asset building for an era of 100-year lifespans and adapting to life stages amid economic and social structural changes are increasingly pressing issues. Shizuoka Financial Group offers various products and services to provide financial support to help customers plan for comfortable living and alleviate economic uncertainty.

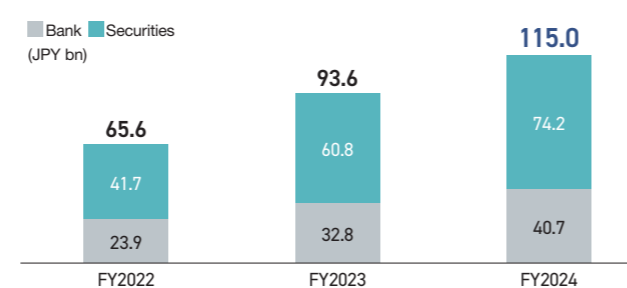
In addition to the consulting services provided at The Shizuoka Bank branches, the Bank partners with Shizugin TM Securities to offer specialized investment advice and an extensive lineup of financial instruments, helping customers to build their assets based on optimal asset management plans reflecting individual life plans and needs. We also support asset-building using the Nippon Individual Savings Account (NISA) system, which was updated in January 2024.

#### NISA accounts opened



\* Total of general NISA, savings NISA, and junior NISA accounts

#### NISA balance



### TOPICS

#### Community financial and economic education initiatives



Targeting the sound growth of the local community through increasing community financial literacy, we provide financial and economic education for all residents, from children through adults.

▶ p. 90 Financial and economic education



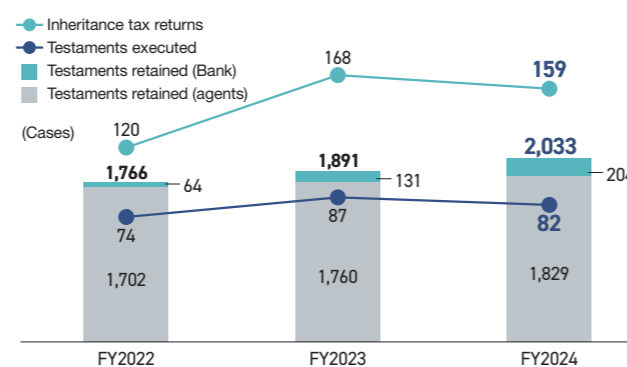
### Services for seniors

In this increasingly aging society, The Shizuoka Bank is expanding its lineup of inheritance products and services to improve its side-by-side customer consulting functions.

Specific products and services include testamentary trusts (from testament preparation to safekeeping and execution) and testamentary substitution trusts through Shizugin trusts that provide asset management, investment services for trust assets, and distribution to designated heirs by customer-specified procedures. The Shizuoka Bank also works with various partner companies to support customers in matters related to future cognitive capacity and related asset management services.

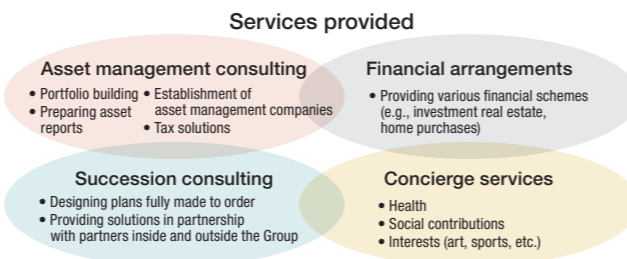
We meet diverse needs through an extensive range of products and services to provide future peace of mind for both customers and their families.

#### Inheritance-related services provided by The Shizuoka Bank



### Wealth management services

We strive to grasp accurate information, including the state of customer assets and issues specific to wealthy customers, to provide optimal consulting services and solutions for such issues. In addition to financial support in various areas, including real estate purchasing and inheritance, provided by our specialists who are highly knowledgeable and experienced in wealth management, we also propose solutions tailored to each customer, including those in non-financial areas such as health and social contributions. We are training wealth concierges as dedicated human resources specialized in value creation. As of March 31, 2025, we had 14 accredited wealth concierges.



## Customer-oriented initiatives

### Customer-oriented business operations

In accordance with the Principles for Customer-Oriented Business Conduct released by the Financial Services Agency, Shizuoka Financial Group has established the Policy for Customer-Oriented Business Conduct and other policies including those related to specific initiatives. To put customer-oriented business operations into practice, we are establishing specific numerical indicators, checking and analyzing conditions through the plan-do-check-act (PDCA) cycle, and applying the results to customer service.

#### FY2024 initiative policies

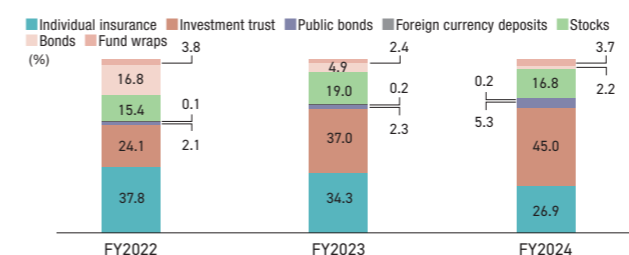
- 1 More advanced total asset management sales through Bank-Securities cooperation to pursue optimal returns for customers**  
Account managers with The Shizuoka Bank and Shizugin TM Securities will work together to propose and follow up on solutions for individual customers to ensure total asset management sales in pursuit of best returns for customers.
- 2 Enhancing proposals and optimal product lineups to support customer investments distributed over the medium to long term**  
In response to revisions to the NISA system, we are enhancing and revising proposals and product lineups to support customer investments distributed over the medium to long term.
- 3 Building on follow-up structures and further enhancing information provision through customer seminars**  
The Shizuoka Bank will regularly review its follow-up structure, while Shizugin TM Securities will firmly establish customer contact rules to boost customer satisfaction.
- 4 HR development to provide optimal consulting proposals**  
We will strive to assign specialized staff and develop human resources with skill sets suited to the times to ensure we can propose optimal solutions for customer issues and needs.
- 5 Enhancing personnel evaluation systems to practice customer-oriented business operations**  
We will enhance systems for evaluation of efforts to move closer to customer solutions by individual personnel and ensure consistency between the everyday actions of our employees and the Group management philosophy.

#### Trends in key numerical indicators

■ In response to wide-ranging customer needs in areas like asset building and asset management, The Shizuoka Bank and Shizugin TM Securities work together to leverage their individual strengths to provide high quality consulting services, thereby helping customers plan for comfortable lives and alleviating economic uncertainties.

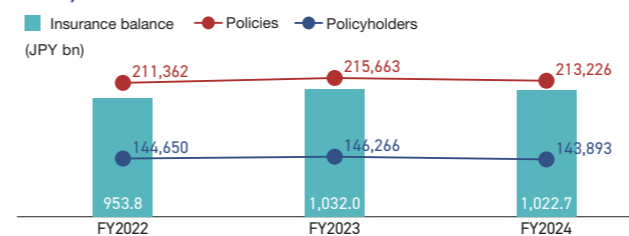
■ We propose asset-building solutions for customers who wish to build assets over the medium to long term from a small start, while informing them about asset- and currency-distribution effects as well as distribution over time through installments. The Shizuoka Bank has also enhanced its product lineup in online transactions, developing a structure able to meet the needs of customers who desire contactless transactions.

#### Sales of asset management products by product type (Shizuoka Financial Group)

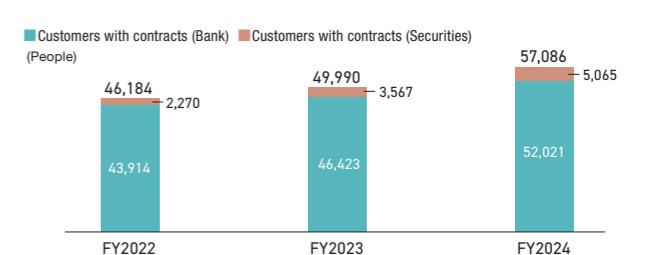


■ The Shizuoka Bank proposes insurance products as solutions that respond to the need to retain assets (inheritance and family security), to provide them to cherished individuals (inter vivos gifts), to generate earnings (annuities), and to prepare for the future (readiness for illness or care needs). In doing so, it uses important information sheets to make proposals based on comparisons to non-insurance financial instruments in line with customer objectives.

#### Insurance product balance, policies, and policyholders (The Shizuoka Bank)

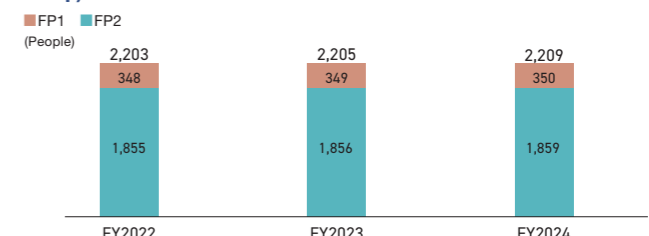


#### Customers with installment trust contracts (Shizuoka Financial Group)



■ The Shizuoka Bank and Shizugin TM Securities encourage employees to take the Financial Planning exam, an official qualification exam that tests skills related to finding and implementing solutions to customer issues. The Bank has also established an internal qualification program intended to improve employee consulting skills, as we strive to train consultants in the corporate and retail sectors.

#### Holders of Financial Planning qualifications (Shizuoka Financial Group)



Transformation strategy : IT, digital transformation (DX)

Vision

Full digitalization of everyday transactions while providing made-to-order solutions in person

Topics

Business transformation and management infrastructure enhancement through the strategic use of tools such as digital data and technologies, including generative AI

Investing in IT to accelerate transformation and growth



Motoya Suzuki  
Executive officer & CIO

The sustained growth of Shizuoka Financial Group requires effective adaptation to changing conditions, including the rapid progress of digital technologies, and optimal transformation in facilities, human resources, computer systems, and other management resources with an eye to our vision of the future.

To move toward such reforms by energetically promoting the Medium-term Business Plan's basic Transformation Strategy, we plan to invest some 80 billion yen in IT during the period covered by the plan. This includes aggressive investments to change customer touchpoints, including completing a website refresh and introducing self-service kiosks in branch offices, as well as ongoing efforts to develop a new mobile app. To transform sales activities, we are enhancing the features of the S-CRM sales support system and building reception and screening systems to consolidate loan procedures entirely on the Web.

Defensive investments intended to enhance IT infrastructure include the migration of the IT infrastructure to the cloud and the adoption of zero-trust security.\* We are developing sustainable management foundations by harnessing the latest technologies. In areas like generative AI and data utilization, some positive impacts on sales results are gradually beginning to emerge. We plan to maintain our efforts in these areas, which we see as growth investments over the medium to long term.

IT strategies are important for rewarding customers' trust and building the Group's future. We will continue targeting further Group growth by evolving ourselves based on both aggressive and defensive strategies.

\* A strict approach to security control that does not trust either internal or external access

Advancing the S-CRM sales support system

In January 2023, 10 Group companies adopted the S-CRM sales support system intended to maximize synergies among Group companies. We also added the features of a digital insurance application app and a total asset management tool to S-CRM to advance transformation in sales activities and management. By continuing to enhance S-CRM features, we will achieve more efficient operations and more precise sales activities to enable proposals of optimal solutions to customers.

January 2025: Introduction of the digital insurance application app

We introduced an additional feature to link customer information and information from sales activities to simplify our menu of insurance products to propose and provide one-stop services for tasks ranging from proposal preparation through application procedures.

This has strengthened compliance while improving administrative processing efficiency, including time savings, by linking computer systems and computerizing various inspections conducted during the application process.

April 2025: Introduction of a total asset management tool

We have introduced a total asset management tool intended to improve life plan consulting. With features including portfolio preparation, robo-advisors, and risk-return analysis, the tool helps propose optimal solutions based on needs accurately confirmed through visualization of customers' total assets.



<Comments from S-CRM users>

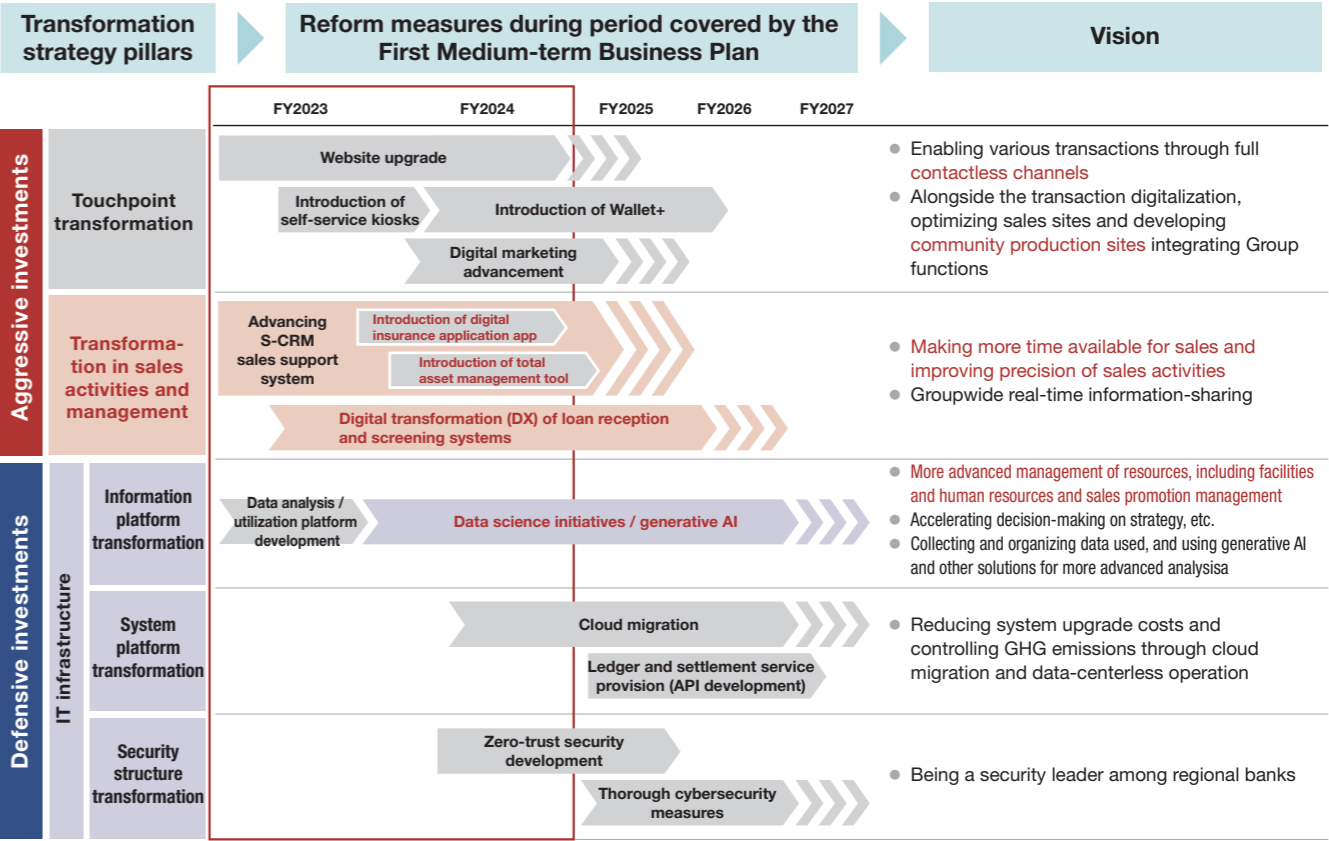
Before the introduction of the digital insurance application app, completing an application required multiple trips back and forth among different computer systems. Now, we can proceed through the procedures from a single place, leading to higher productivity.

(The Shizuoka Bank)

The system helps make proposals more efficient by checking current asset conditions of customers who have consented to sharing of information with The Shizuoka Bank and Shizugin TM Securities before meeting with them.

(Shizugin TM Securities)

IT investment roadmap based on transformation strategy



Loan digital transformation (DX)

Shizuoka Financial Group is pursuing the digital transformation (DX) of its loan operations. In addition to building systems to provide fully contactless services capable of handling processes ranging from application through screening, conclusion of contracts, and loan execution, we are proceeding to adopt AI and reviewing business processes to automate and make screenings more efficient. These efforts will make the loan business more profitable while providing greater customer convenience and making operations more efficient and advanced.

Aims of loan DX

Greater customer convenience

Fully contactless services from application through execution  
Enabling procedures at any time and place, with no need to visit a branch

Smooth, easy-to-understand procedures  
Well-designed, easy-to-use application screens  
Using the Group's customer information to reduce entries made by customers

More efficient operations

Greatly shortening screening time  
Automating and simplifying screening operations by using AI

More efficient loan administration  
Revising business processes in line with new loan reception and screening systems  
Lessening administrative workload by switching to digital forms

More advanced and profitable businesses

Total asset sales  
Allocating the margin in time and human resources obtained by business efficiency improvements to businesses with higher value added, such as consulting and life planning

Expanding revenue opportunities  
Accepting applications from a wide range of areas through fully contactless services  
Raising earnings capabilities through increased business capacity resulting from efficiency improvements

## Leveraging digital technologies to realize business transformation and continual growth



**Hiromi Enomoto**  
Executive officer & CDXO

Customer behavior has changed dramatically in recent years not just due to social structural changes, including low birth rates, the aging society, and declining populations, but shifts online and toward personalization, powered by the rapid progress of AI and other digital technologies. To secure competitive advantages by adapting swiftly to such changes, Shizuoka Financial Group is proceeding with thorough review of business processes from the customer's point of view and implementing digital transformation (DX) to reform business models. At the same time, giving back to regional firms and local governments its skills and knowledge amassed in these efforts, the Group seeks to contribute to the digitalization of the community as a whole.

We have identified as practical initiative themes for FY2025 (1) customer experience reforms, (2) business process reforms, (3) a data-driven approach, (4) regional DX, and (5) human resource development. We plan to accelerate DX further by using AI as a driver, while enhancing data utilization efforts centered on the Data Science Coordination Office.

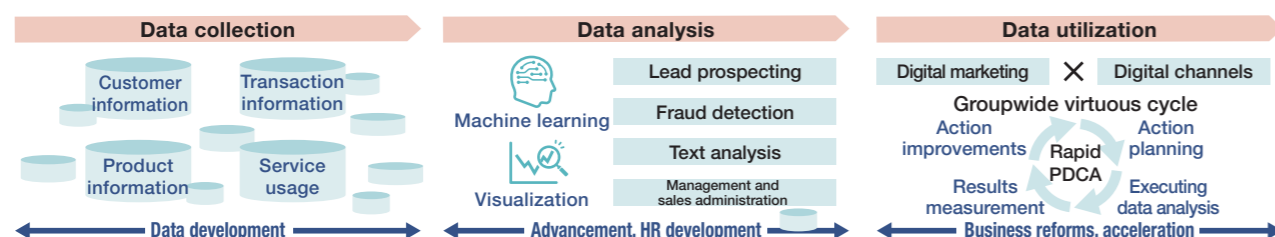
Under these conditions, generative AI in particular is evolving at a bewildering pace. Its use is spreading rapidly in various fields, including the generation of text and images. Certain AI agents introduced to date are capable of taking autonomous action. While risks related to generative AI are both diverse and complex, it remains important to continue to pursue the associated challenges without fear of failure and make efforts to improve the development of our human resources and organizational structures. Through DX initiatives, we plan to achieve continuing growth by simultaneously creating value for society, for our customers, and for the Group.

### Five priority themes



### Data science

As customer behavior changes with the progress of digitalization, we must reform our businesses to deliver appropriate products and services to customers when they need them, based on analysis of internal and external data. To achieve this goal, we are striving to implement high-value-added management Groupwide and to advance and accelerate management and sales administration by harnessing data, centered on the Data Science Management Office established in FY2024. To generate practical business results, we will enhance and accelerate efforts related to data maintenance and HR development. We will also provide high added value to customers by developing an environment in which officers and employees can further demonstrate their specializations and creativity through a smooth cycle of data and business activities.



### • A data scientist

The occupation of data scientist appears to have drawn significant attraction. I believe data scientists need to be catalysts in business reforms. I try to promote use of data in line with this concept. In this process, rather than just analyzing the data, I focus on how it might be linked to business results. I find this rewarding, and it helps me experience personal growth. I would like to expand our use of the data held by the Group to make all stakeholders happy through co-creation efforts with the business side in the future.



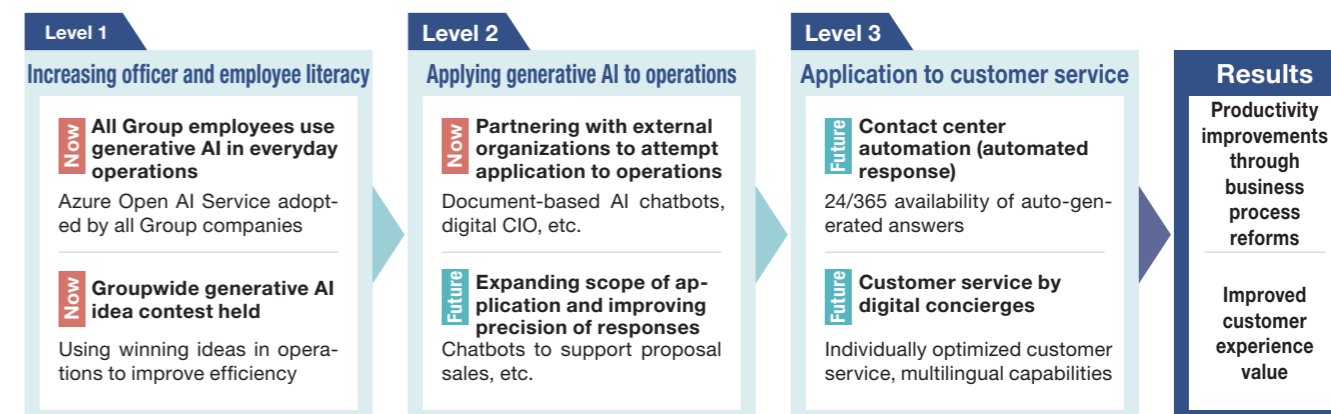
**Yoshiki Wada**  
Data Science Management Office,  
DX Management Department

## Generative AI

The Group is working to create an environment in which all officers and employees can use generative AI. The goal is to use generative AI in customer service and thorough business reforms. In FY2024, we held a generative AI idea contest for all officers and employees, which attracted 86 entries. We will continue striving to improve business efficiency while generating new business ideas and devising more advanced services, by increasing AI literacy among officers and employees.

In preparation for a future of population decline in Japan, in which AI will be considered a part of the workforce and not just a tool, we will focus on business support provided autonomously by AI agents. We also plan to improve customer experience value through the 24/365 availability of contact centers and customer service by digital concierges.

### Generative AI vision



### • Generative AI contest **Winning team** “Using AI to Automate all Excel Work!” (Shizugin Mortgage Service)

We presented a method of using AI to automate all Excel work. This idea came about due to our interest in generative AI to summarize the text of financial reports. Our method is to use VBA code generated automatically by generative AI to automate routine work in each section. Actually we saved about 1,200 hours of work per year at Shizugin Mortgage Service, so we decided to enter the contest to share the idea across the Group.

After the idea led to a first prize, we were delighted to hear that it could be put to use in various head office sections and Group companies. We plan to automate all data entry operations by further expanding the domains in which generative AI is used and incorporating other technologies, like RPA and AI-OCR.



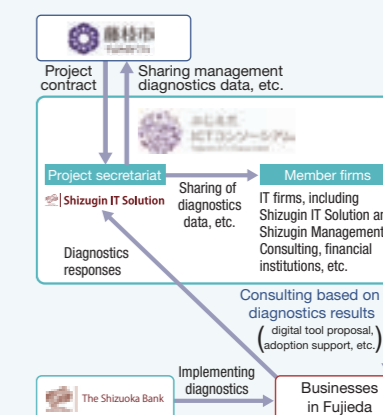
### **Use of the winning idea** Treasury and International Operations Center of the Financial Process Operations Department, The Shizuoka Bank

Faced with the need to improve business efficiency at low cost as a section that processes a wide range of small-volume transactions, we took part in a study meeting held by Shizugin Mortgage Service on preparing macros using generative AI. We then held our own study sessions and prepared a structure under which even people with no experience in preparing macros could use generative AI to work more efficiently. Seven projects in four months resulted in work savings of 758 hours per year. We plan to continue to use generative AI to make our operations more efficient while holding study sessions for other sections to strengthen the spillover effects across the organization.



## TOPICS Groupwide regional DX

Shizuoka Financial Group has identified building a digital society as a materiality topic and is currently promoting regional DX as one effort to address this topic. With the cooperation of The Shizuoka Bank and other Group companies, including Shizugin Management Consulting, which offers DX consulting as a management solution, Shizugin IT Solution, which provides side-by-side support for adopting a wide range of IT solutions, and TJS, which develops computer systems for firms in the community, we are building a structure capable of providing comprehensive support for firms in the region in promoting use of IT and DX from consulting services upstream to system development downstream. Since August 2024, we have operated a digital management diagnostics program under contract to Fujieda City, intended to promote DX at firms within the city. This program clarifies progress on digitalization by companies within the city and makes it possible to provide them with consulting and solutions proposals that match the current state of DX efforts. Through these and other activities, the entire Group will support IT and DX initiatives by companies within the region.



## Roundtable discussions between Director Yagi and Group employees

### Current state of Shizuoka Financial Group's human capital management

— Looking at reality to pursue the ideal —



**Mayumi Hojo**

Executive Director,  
Shizugin IT Solution  
Member, Human Capital  
Management Committee

**Kaori Sano**

General Manager,  
Personnel and Human Resources  
Development Department,  
Shizugin TM Securities  
Member, Human Capital Management Committee

**Minoru Yagi**

Director, Shizuoka Financial Group  
President, The Shizuoka Bank  
Chairperson, Human Capital  
Management Committee

**Kazuhiro Hosoda**

General Manager, Irino Branch,  
The Shizuoka Bank  
Working Group Member,  
Human Capital Management Committee

**Megumi Yagi**

(Facilitator)  
Personnel and Human Resources  
Development Office, Shizuoka Financial Group  
Human Capital Management Committee  
Secretariat (at time of discussion)

The Shizuoka Financial Group's First Medium-term Business Plan identified human capital management as a strategic core. In this discussion, the chairperson and members of the Human Capital Management Committee exchanged opinions on issues faced on the way toward realizing the human capital management ideal.



### Reasons for Shizuoka Financial Group's human capital management initiatives

**Secretariat:** The Shizuoka Financial Group's First Medium-term Business Plan identified human capital management as a strategic core. The Group is aiming to realize this plan through means including investing in and developing human resources and reforming the organizational culture. What are your thoughts on human capital management as the plan enters its third year?

**Hojo:** Amid issues including shrinking populations and the resulting labor shortages, the shortage of digital human resources is reported to be especially acute. At Shizugin IT Solution, it appears quite clear that it will be difficult to secure human resources in the future. Accordingly, we are focusing on investment in employees based on the view that human resources represent capital, not costs.

**Director Yagi:** I am sure that each of you, with experience in

management and human resources, has an understanding of management's outlook on the topic. Tell us how you feel this thinking has permeated among staff at your workplace.

**Hosoda:** I think the younger generation has felt first-hand effects of human capital management as changes in wages, since during their careers they have seen increases in both initial and base pay. But it seems to me that they have yet to reach the understanding that the ultimate aim of human capital management is building an ideal organization.

**Sano:** I think when they hear the words "human capital management," most people think of investment in people. At Shizugin TM Securities as well, I would say that we still have a way to go before all employees understand the true meaning of human capital management as enabling individuals to demonstrate their skills optimally.

**Director Yagi:** The subject of a labor shortage came up just now. It's projected that Japan will be short of 11 million workers in 2040. While economic and other outlooks are extremely uncertain, Japan's population is steadily declining. If Japan as a whole were to have a gap between demand and supply of 11 million workers, we would naturally expect the need to secure human resources to become a top management priority at many businesses.

**Secretariat:** That's why we're emphasizing the importance of human capital management today.

**Director Yagi:** Human capital management sees factors like individual skills, knowledge, and abilities as capital that an employer borrows in order to grow. From the perspective of this fundamental principle, we have to say that Shizuoka Financial Group's level of human capital is not sufficient at present.



### Shizuoka Financial Group's human capital management philosophy and realities

**Secretariat:** What do you think about our current initiatives?

**Director Yagi:** About 10 years ago, when we were still The Shizuoka Bank Group, we established a 10-year Committee to formulate a vision from a long-term perspective to remain a group of companies that would survive the changing times. Our discussions at that time identified a number of issues in corporate culture, including workers' passive attitude toward their jobs, short-term thinking, and top-down control. We took various steps, including renewing the HR system, to resolve these issues. Today, 10 years later, one could not really say that we have fully overcome these issues. Simply developing systems in a state in which the officers, managers, and individual employees who operate them still do not fully understand the essence of human capital management is to put the cart before the horse. While identifying the issues, we also need to take various measures to move toward the ideal.

**Secretariat:** Issues related to culture and atmosphere became apparent in the findings of the FY2024 cultural analysis survey and engagement survey of Group officers and employees as well.

**Director Yagi:** It's hard to change a culture and atmosphere if they are deeply rooted in the organization. A look at the engagement survey results shows that younger employees tended to score higher and veteran staff lower. Frankly, this is not a good state of affairs. Younger employees observe their superiors, so superiors should be positive role models employees will want to emulate.

**Hosoda:** I think many managers are struggling with their extremely concentrated responsibilities. Branches have the mission of providing diverse value to customers in the community, so managers face a heavy workload and considerable pressure. They understand well it's the management earnest vision to realize community co-creation. So much so that they are at a loss.

**Secretariat:** What do you think explains this?

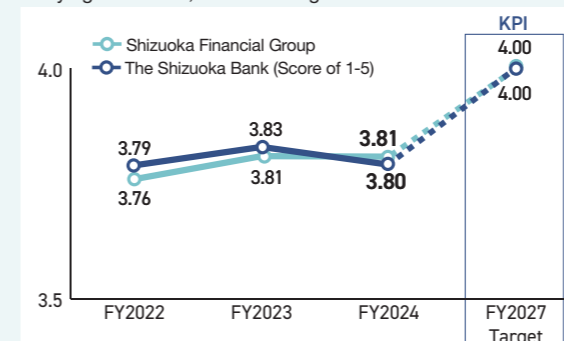
**Director Yagi:** I understand that we identify the issues customers face and offer solutions, earning returns in exchange for these solutions, but sometimes I wonder if we may focus too much on our own profits. This leads to a large gap between management's message and employees' consciousness. I think we need to bridge this gap.

**Hosoda:** I think that may be true in some respects. While the First Medium-term Business Plan for both creating social value and increasing corporate value has led to an atmosphere in which people try hard to balance these aims in the field, creating social value requires thinking and acting on our own for the community, rather than merely awaiting instructions. The people out in the field are not yet accustomed to this approach. Some new ideas have started to appear. It might just be that it is not easy to change everything in a year or two.

**Hojo:** I think it's a positive that various opinions were expressed in the surveys. In previous surveys, people tended to give the answers they thought the questioners were looking for. I am glad to see that the organization has become one in

### Increasing engagement

One of the KPIs in the First Medium-term Business Plan is to increase the average engagement survey score to 4.0 by FY2027. Based on the results of annual engagement surveys, we are working to establish human capital management through the PDCA cycle: identifying issues, studying the issues, and reflecting the results in various measures.



### Examples of issues identified from engagement surveys (items that scored lower year on year)

Item	FY2023	FY2024	YoY
Flat communication practices above and beyond the boundaries between organizations, including branches, internal companies, head office departments, and Group companies	3.49	3.37	-0.12
Strong orientation toward career improvement such as becoming managers	3.29	3.23	-0.06



### Changes as a result of the transition to a holding company structure

**Secretariat:** A look at the engagement survey results for individual companies in FY2024 shows that Shizugin TM Securities and Shizugin IT Solution made considerable progress. Tell us about the changes you feel are taking place in your companies.

**Sano:** With the transition to a holding company structure, Shizugin TM Securities went from being The Shizuoka Bank subsidiary to a coequal Group company. Honestly, before this change, we felt a little isolated. Today, I get a stronger sense of unity as we are able to join together with the other



companies at the same table in training and other activities. Recently, we have had more opportunities for management to communicate directly with younger employees in townhall meetings. This is important because the feeling that the company values its people has started to permeate as they can hear the words of managers directly.

**Director Yagi:** The townhall

which people feel free to state their actual opinions.

**Hosoda:** That's right. I think younger employees speak up more now than they did when I joined the company about 20 years ago. I think they may become accustomed to the culture as they advance through their careers.

**Sano:** I also think things are changing gradually. At Shizugin TM Securities, we started our own HR system reforms based on OKRs. Since the regional co-creation strategies called for in the First Medium-term Business Plan are intended to make a difference over the medium to long term based on thinking about what we can do for the community, the results will not be apparent right away. The strategy itself continues to change. I think not just Groupwide rules and systems, but the organizational culture, has begun to change. But since each company has its own systems, there may be some incongruous aspects from the Groupwide viewpoint.

meeting participants tend to be younger. I have tried to convey to them the backgrounds and significance of strategies by breaking them down simply. Moving forward, it might be a good idea to hold meetings targeting managers so that they can talk about questions emerging in their daily work or complaints against top management.

**Hojo:** While Shizugin IT Solution also has seen improvement in engagement survey results, I don't think a culture can change this quickly. People in the middle ranks may hear the message that self-confidence is key to moving forward but continue to doubt whether that is enough. It is hard to know when to step away from the existing culture.

**Sano:** I think the recent results show a clear gap between younger employees and those at the middle ranks. While it is very hard to bridge this gap, that is a key point that needs to be undertaken.

**Director Yagi:** I think structural changes can help our Group build a flat organization. But what makes it so hard is to ensure psychological safety. People wonder whether they really can communicate matters on an equal footing. Structural changes are not enough to have people break away from short-term thinking and find motivation for or meaning in their job. I think the key to human capital management is changing the invisible atmosphere.

### Changes and culture through DEI

**Hosoda:** The Irino Branch, where I am manager, has an employee who was hired as an athlete. My previous branch had midcareer hires and staff seconded from alliance partner The Bank of Nagoya. Bringing in diverse human resources from outside can change the atmosphere of the organization. I think fluidity in human resources can also alter the intangibles.

**Secretariat:** Currently, the Group has about 200 midcareer hires, who make up about 5% or all officers and employees. As this ratio increases, the culture might change quite a bit.

**Director Yagi:** We should consider culture reform to be an even more important goal of human resource diversity than simply increasing numbers of new hires. I think the culture

would change if we could increase midcareer hires to about 30% of all officers and employees. The same can be said of the percentage of women in managerial posts. This is one reason why it is important to develop environments in which people can balance work and private life, in line with current values, and to increase numbers of role models.

**Hojo:** Before, the women who rose within the organization tended to be ones who worked as many hours as the men. But today, even I, after taking maternity leave twice, have been able to rise to my current position. I would like to communicate my experiences to a wider audience.

**Director Yagi:** In a society where labor shortages are inevitable, these approaches are vital to the management of any company that wants to continue to be chosen as a place to work. This is why corporate HR strategies are so important.

**Secretariat:** Human resource development appears to be growing increasingly important.

**Director Yagi:** Of course. As we noted at the outset, a company's growth depends on the abilities, knowledge, and skills of its individual employees. Human capital management leads to personal growth and self-actualization for employees. To inspire career planning over the long term while thinking about personal growth and private lives, a company has to support employee self-improvement. It's also vital to establish more flexible systems, including transfers, so that human resources in the organization can take the initiative in tackling challenges.

**Hojo:** The fluidity of human resources within the organization offers opportunities for skills enhancement. I think that is also beneficial to build employee specialization. Of course, it is important to bring in human resources from outside. But, in our case, we should seek to balance internal fluidity with hiring from outside, all while aiming to secure the specialization we need.

**Director Yagi:** The key is whether the individual wants to gain more specialization. In place of the company making all the decisions, it is essential to be flexible enough to accept individual desires. We need to transform human capital management based on this understanding.

### The cultural reforms needed for self-propelled human capital management

**Secretariat:** What issues have you noticed in promoting human capital management at Group companies?

**Hojo:** At Shizugin IT Solution, developing digital transformation (DX) human resources seems to be an issue. We need to think about how to put the IT knowledge learned in training to use within the Group. I would like to reap the results of learning to create new value and provide numerous opportunities to experience success.

**Sano:** From a human resource development perspective, at Shizugin TM Securities, we have developed a culture that encourages people, mainly younger employees, to take on the challenge of earning highly specialized qualifications. This appears to have led to greater specialization and to have developed human resources who think about how to provide greater added value to customers.

**Hosoda:** As personal values become increasingly diverse, desired jobs and career paths are also becoming more varied. While some want to become more specialized, others want to devote more time to personal interests. I think diverse human resources are a strength for the organization. Numbers of senior human resources are growing, too. Two employees who play active roles in our branch are 60 or older. They are highly motivated and have a wealth of skills and experience. I think senior employees who play such active roles can have positive impacts on the organization as role models.

**Director Yagi:** Age well-being is an important concept in today's hyper-aging society. Some companies have started to focus on this point. We must pay attention, however, to ensuring that efforts, not just for seniors but for any generation, involve more than just talking about well-being. People spend the bulk of their day at work, and they cannot

**Hojo:** Being able to pursue one's own desires definitely leads to motivation and rewarding work. It improves engagement too.

**Sano:** Today, many younger employees are seeking to earn specialized qualifications on their own. In my work with hiring new graduates, many students talk about their dreams for the future, even before hiring. Unfortunately, that attitude disappears as they grow older.

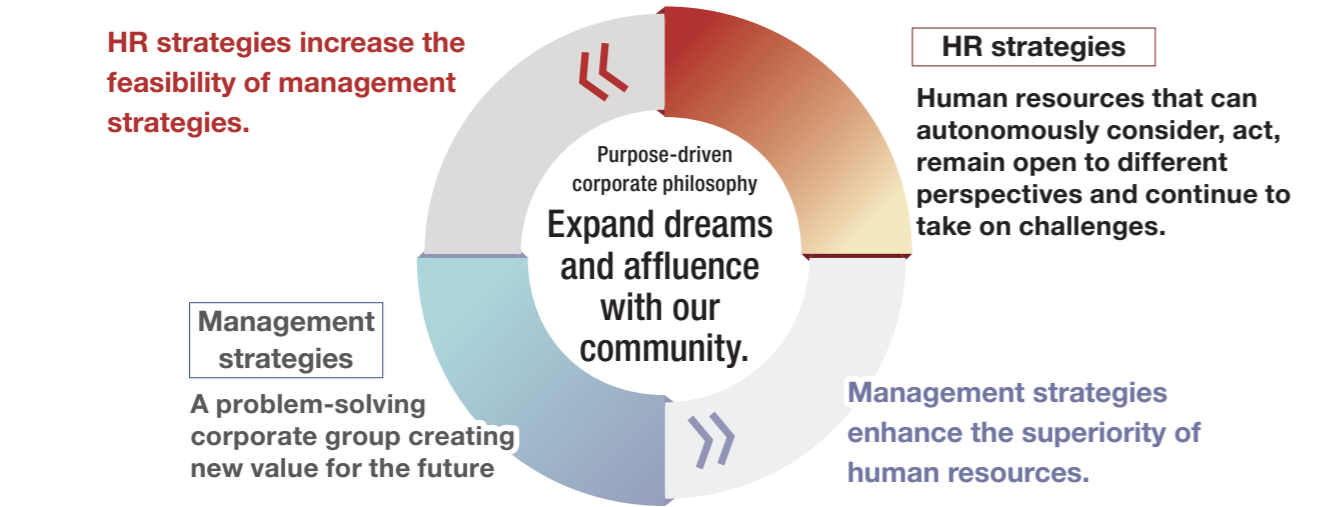
**Director Yagi:** To maintain youthful motivation and enthusiasm, it is important to provide opportunities to take on challenges and to nurture the seeds of growth. At the level of an officer or branch manager, while one might not use the word "dream," a unique vision for the region or the branch should naturally emerge. It would be regrettable if younger employees end up losing this vision as managers before they reach that level.



# Initiatives to Implement Human Capital Management

## Shizuoka Financial Group's efforts toward human capital management

Intended to achieve the sustained growth of the region and of the Shizuoka Financial Group, the First Medium-term Business Plan calls for creating social value and improving corporate value at the same time. Human capital management is a key strategy for achieving this goal. The issues facing customers and communities are growing increasingly diverse and complex. In response, we will accelerate progress toward our vision by taking steps to ensure the growth of individual employees and organization-wide reforms.



Now	Actions	KPI (voluntary target)	FY2024	FY2027	Goals
Gaps between current circumstances and the HR portfolio needed to realize strategy	Building an HR portfolio to achieve strategic goals	Number of midcareer hires	85	150 or more	Enhancing the HR portfolio linked directly to implementation of the management strategy
Gaps between management perspective and employee awareness/action	Aligning individual perspectives and management strategy	Certified persons			Consistency between corporate philosophy and employee actions
Persisting passive attitude, short-term thinking, and top-down approach in the corporate culture	Promoting system to encourage autonomous growth and career building	Value-creating HR	218	520	Innovative organization through cultural reforms to stimulate individual initiative
Uniform work styles, increasingly diverse employee health issues	Permeation of autonomous and flexible workstyles and enhancements in health management	Problem-solving HR	543	920	Realizing wellbeing and rewarding work through individuals demonstrating their abilities to the fullest
		Digital HR	82	115	
		Women as a percentage of managerial posts*	18.7%	27%	
		Average days of childcare leave taken by men*	18.9 days	30 days	
		Consistency between corporate philosophy and actions (engagement survey item)	3.44	Up YoY	
		Trend in satisfaction with challenges (engagement survey item)	3.00	Up YoY	
		Percentage taking annual paid vacation	71.5%	80%	
		Percentage downloading health app	78%	90%	
		Percentage undergoing follow-up checkups after health checkups	53.6% (tentative)	85%	
		Percentage undergoing stress checks	96%	100%	

\* The Shizuoka Bank nonconsolidated

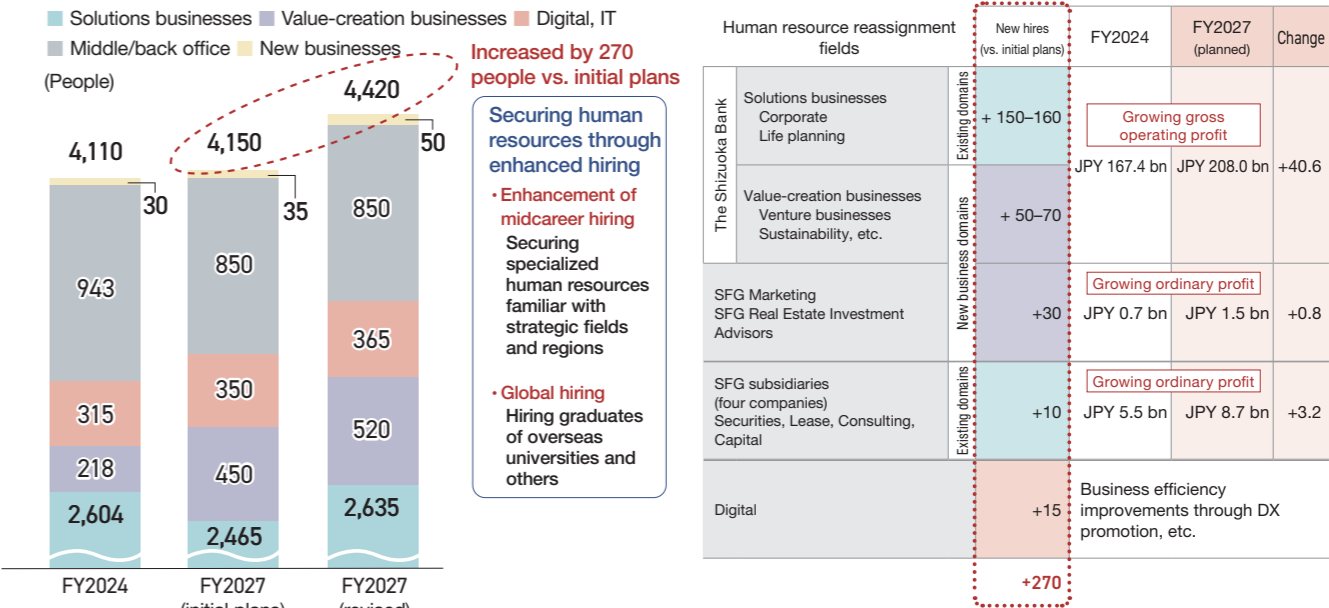
# Building the human resource portfolio required to implement strategy

**Vision** Building a human resource portfolio to implement the strategic goals of the First Medium-term Business Plan

**Topics** Reassigning human resources to implement strategy through securing human resources by development, expanding hiring channels, and other activities, leveraging diverse human resources to develop core next generation HR that will lead the organization

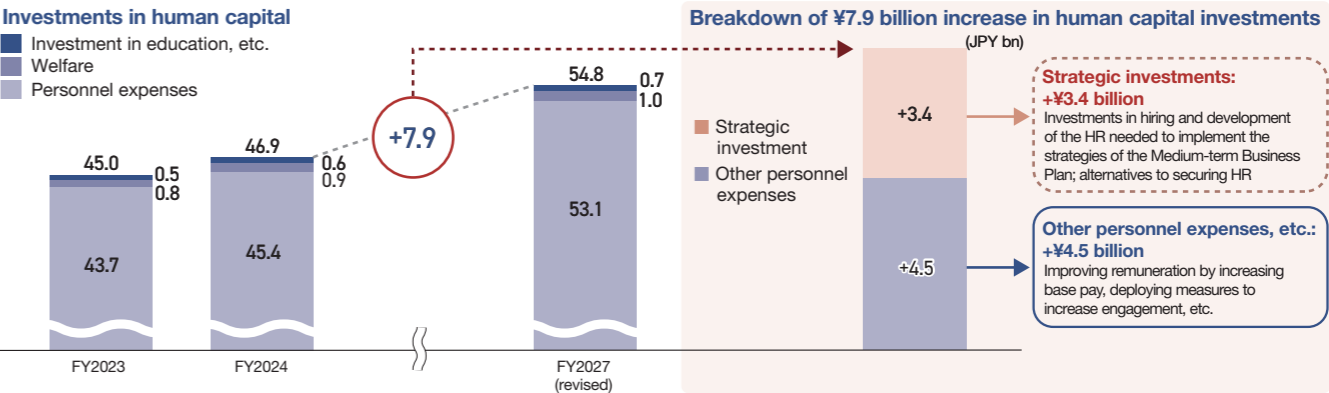
## Reassigning strategic human resources by revising the HR portfolio

In response to changes since the formulation of the First Medium-term Business Plan, we have revised the HR portfolio needed to accelerate each strategy. We will strengthen corporate value by reassigning human resources to priority fields while securing the additional human resources needed through enhancements in midcareer hiring.



## Enhancing investments in human capital

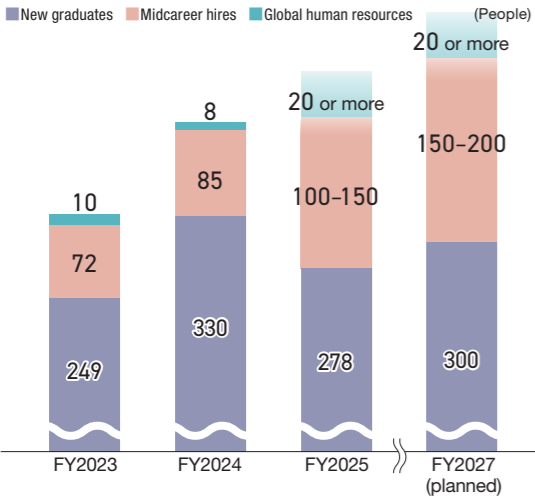
In FY2027, to secure the human resources needed to realize our growth strategies, we expect to increase investments in human capital by 7.9 billion yen (vs. FY2024), 3.4 billion yen of which will be allocated to strategic investments.



Hiring strategies toward the target HR portfolio

We revised our target HR portfolio to increase new hires, chiefly midcareer hires, with the goal of securing specialized human resources highly familiar with strategic fields and regions. We will also secure HR diversity by broadening our hiring channels and promoting DEI so that individual officers and employees can make the most of their abilities and experiences to promote continuing progress in development of the regional community, Group sustained growth, and our corporate value.

Trends in hiring channels (holding company)



Diversification of hiring channels

Midcareer hires	High school and technical school graduates	Trade school graduates
Global hires	Sports and arts hires	Para-athlete hires
Hiring as a second job		Alumni network* hiring

\* Community of former employees

Diversification of hiring channels (The Shizuoka Bank)

	FY2024	KPI
Midcareer hires as a percentage of those in managerial positions	61.5%	70% (by end of FY2027)
Annual hires	58	100 or more
Foreign hires as a percentage of those in managerial positions	4.8%	10% (by end of FY2027)
Annual hires	8	20 or more

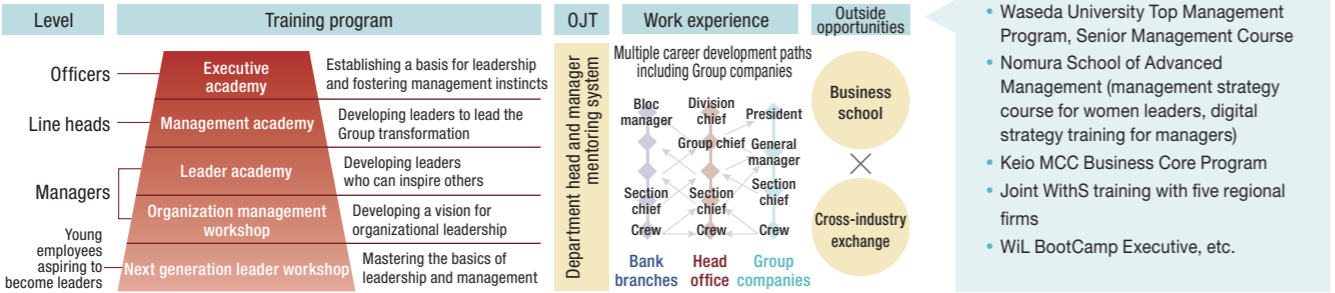
▶ See page 69 for percentage of managerial positions accounted for by women

Developing the human resources needed to lead growth strategies

To systematically develop the next generation of core human resources, we are implementing leader training in stages and strengthening social networks as well as a mindset open to different perspectives and knowledge from external opportunities. In addition to increasing human resources capable of adapting to dramatically changing business environments Groupwide to carry out growth strategies, we will train future leaders for Group companies.

Systematic development of leaders to drive strategy (succession)

We are strengthening leadership by providing diverse experiences in various ways, including multilateral career transfers and Groupwide assignments, in place of traditional unilateral Bank-centered career plans.



Strategic human resource requirements

We will accelerate growth strategies by systematically developing three types of strategic human resources defined to drive the implementation of the basic strategies of the First Medium-term Business Plan.

Medium-term Business Plan strategy	Three types of strategic human resources	HR vision, expected results
Regional co-creation strategy	Value-creating HR	HR capable of creating new social value beyond the traditional core businesses → Entering new business areas, finding solutions to regional challenges
Group business strategy	Problem-solving HR	HR capable of delivering solutions centered on existing core businesses → Maintaining and enhancing competitive strengths in the region
Transformation strategy	Digital HR	HR capable of applying technology to contribute business model reforms and new customer value → Maximizing results through aggressive investment

Certifying strategic human resources to address specific materiality topics

In addition to developing problem-solving HR to explore future core businesses, we are developing the HR needed to create new value and digital HR to lead internal IT development, and are systematically developing strategic HR to find solutions to materiality topics while certifying skills and official qualifications for their fields of activity.

Value-creating HR

Name	Materiality topic					Number certified (March 31, 2025)	KPI	Actions
	Addressing the population decline, low birthrate, and aging population	Sound growth of local communities	Industrial development and financial innovation	Building a digital society	A society that balances the environment and economy			
Regional Innovation Coordinators (including Juniors)	●	●	●	●	●	6	35	Regional co-creation activities with local governments, businesses, schools, and other partners
Accelerators	●	●	●	●	●	1	5	Side-by-side support to find solutions to regional challenges
Entrepreneurs	●	●	●	●	●	10	13	Active entrepreneurship and launching new businesses within the organization
Estate Business Coordinators	●	●	●			5	7	Arranging real estate development transactions to contribute to the growth of communities and business partners
Wellness Coordinators	●	●	●			26	34	Support for maintaining and enhancing local medical care resources
Wealth Concierges		●				14	34	Side-by-side support for wealth-management customers
Venture Business Supporters			●			16	25	Supporting growth of startups (finance, sales support)
Digital Coordinators				●		15	212 in total	Identifying customer solutions through IT and DX support
Digital Consultants				●		40		DX support reception, IT vendor coordination, etc.
Sustainability Consultants					●	85	155	Funding support for GHG reductions (including ex post management), etc.
Total						218	520	

Problem-solving HR

Name		Materiality topic					Number certified (March 31, 2025)	KPI	Actions
		Addressing the population decline, low birthrate, and aging population	Sound growth of local communities	Industrial development and financial innovation	Building a digital society	A society that balances the environment and economy			
Corporate Consultants	HR able to deliver solutions to more challenging issues centered on existing core businesses	●	●	●			323	460	Consulting related to finance, business succession, and other matters for corporate clients
Life Planning Consultants		●	●				220	460	Consulting related to life planning (savings, inheritance, lending, etc.) for retail clients
Total							543	920	

Digital HR

We aim to develop 115 Digital HR by FY2027 as HR capable of playing key roles in promoting and managing digital system development projects.

Name	Number certified (March 31, 2025)	KPI	Actions
Digital Specialists	77	115	Leading promotion and management of IT development projects
Data Scientists	5		Data analysis and AI modeling for business solutions

Comments from a value-creating human resource

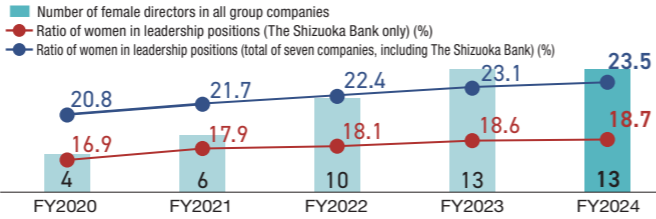
My own career goal is to be a leading player in the real estate investment funds field. I decided to become a value-creating human resource because it seemed like a good way-point toward future career goals. While working toward certification, and even more since then, my sense of responsibility has strengthened. I have come to focus more not just on self-improvement, but on helping junior colleagues to grow and other goals. I will continue striving to provide value in the field of real estate finance, working with internal and external stakeholders.



**Ryusuke Suzuki**  
SFG Real Estate Investment Advisors (Estate Business Coordinator)

Promoting initiatives to advance engagement among women at Group companies

Shizuoka Financial Group is working on Group-wide measures to promote the advancement of women, with the goal of promoting DEI. As of April 2025, the Group had 13 women officers, including representative directors of Group companies.

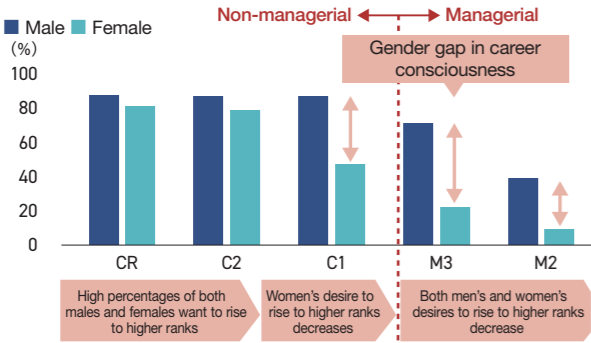


	Shizuoka Financial Group nonconsolidated	The Shizuoka Bank
Now	Women as a percentage of officers in FY2024: 20%	Women as a percentage of those in leadership positions in FY2024: 18.7% Days of childcare leave taken by men in FY2024: 18.9 days
Target	Women as a percentage of officers in FY2027: 30%	Women as a percentage of those in leadership positions in FY2027: 27% Days of childcare leave taken by men in FY2027: 30 or more days

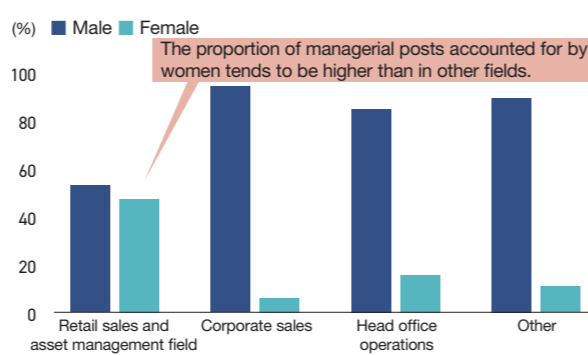
Awareness of issues in career development

The Shizuoka Bank, the core subsidiary, identified the tendency for personnel, both male and female, to lose motivation to rise to higher ranks as they rise in position, as a career development issue. In particular, the percentage of women ranked C1 who want to improve their careers has declined. This clear gender gap in career consciousness is believed to be due in part to the fact that women's career models tend to be heavily weighted toward retail sales and asset management.

Percentage desiring to rise to higher job positions, by rank



Male and female percentages of managerial posts



Supporting women's career development

To support career development and achieve a culture in which diverse human resources can thrive, we provide the Women's Leadership Program to foster a mindset of career development targeting the upper ranks of the organization.

Comments from a program user (Full Bank Branch Challenge)

While I had experience in counter services and financial planning, and as a branch general manager, I had no experience in outside financial sales. The Full Bank Branch Challenge gave me the opportunity to take on challenges as a Full Bank Branch manager. I want to show my three children how I can boldly take on the challenge of creating further value by becoming even better at meeting customer needs.



Reducing the wage gap between men and women (The Shizuoka Bank)

The Group considers one reason for the difference in wages between men and women to be the low proportion of women in management positions. We will work to minimize these wage differences by promoting women.

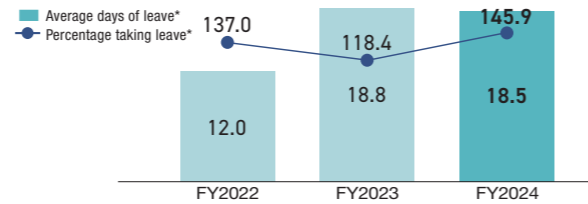
There is no systemic gap at The Shizuoka Bank due to a program whereby employees can choose to be eligible for job transfers involving relocation in accordance with their lifestyle values and other conditions.

Position classification	Wage gap (percentage of women)	Of which, eligible for transfer with relocation	Of which, no transfer with relocation
Management (full-time)	82.0 (18.7)	94.4 (5.8)	97.1 (43.2)
Non-managerial (full-time)	91.1 (51.2)	90.9 (34.7)	87.7 (74.5)
Other	73.1 (76.7)	- (-)	- (-)
Total	66.8 (35.4)	62.8 (20.6)	80.1 (60.7)

Maintaining a 100% male childcare leave usage rate

We have expanded various childcare programs under the Ikusapo (childcare) Program and established programs to encourage promote gender-neutral participation in childcare.

We are also focusing on eliminating resistance to men taking childcare leave and correcting unconscious biases in balancing family and work. We wholeheartedly encourage men to take childcare leave Groupwide.



\* Percentage of men taking childcare leave  
Number of men taking childcare leave (during the fiscal year) / number of male employees whose spouses gave birth (during the fiscal year)

Aligning individual perspectives and management strategy

Vision

Dreams and wellbeing of every employee are aligned with the corporate philosophy and management strategy

Topics

Understanding and expanding awareness of the First Medium-term Business Plan; efforts to promote and implement the HR evaluation system

To improve the efficacy of the measures of the First Medium-term Business Plan and achieve continuing growth in corporate value, Shizuoka Financial Group sees it as essential that management strategies and the ideas and dreams of individual officers and employees, as well as their everyday actions, are in alignment. To this end, we strive to foster solidarity in the organization through repeated opportunities to engage in dialogue and sharing so that all officers and employees can understand the goals of the plan and contribute to reaching them based on their autonomous actions. Through these initiatives, we are trying to align the vectors of management strategies and officers and employees to create greater achievements and social value.

Understanding and permeation of management strategies

We are pursuing various initiatives to help officers and employees understand and take an interest in management strategies and take action on their own.

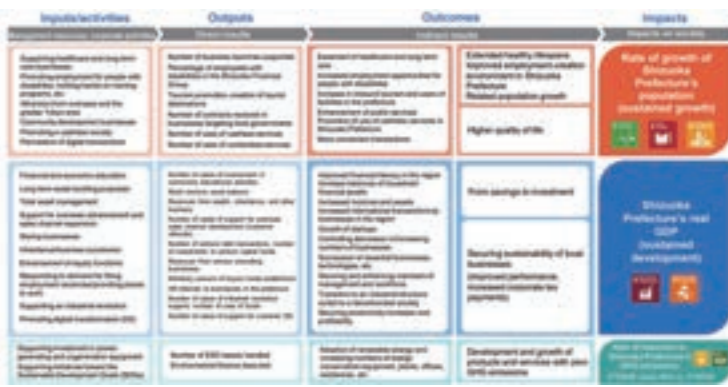
Town hall meetings

Town hall meetings provide opportunities for direct dialogue between management and employees and facilitate understanding of Group policies. In FY2024, all town hall meetings were held in person, with a total of 445 people participating.



Impact roadmap

To permeate throughout the organization the First Medium-term Business Plan's vision on creating social value and increasing corporate value, we are formulating impact roadmaps that depict the ties between everyday operations and social impact for each business area.



Sustainability training

Training programs for all Group officers and employees improve understanding of the purpose-driven management and sustainability transformation management concepts embodied in the First Medium-term Business Plan. My Sustainability Books are used to support understanding of the basic philosophy and management strategies and to further the alignment of the dreams and wellbeing of every employee with management strategies. A total of 17,050 people took part in this four-step training program.

Use of an HR evaluation system to align employee actions with management strategies

We use an HR evaluation system that links organizational and individual goals so that all employees can generate even better results by taking action autonomously to implement strategy based on an awareness of all stakeholders.

Three Values

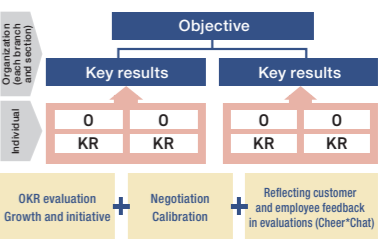
We identified three Values as evaluation criteria to be embodied in everyday activities to achieve the goals of the corporate philosophy and Group Vision. We are seeking to encourage actions in line with the Values based on open communication among employees.

Go Wild!	Be Innovative!	Do Collaboration!
Set ambitious targets for reform and keep learning by pursuing challenges and from failure.	Seek to grow at all times and to pursue disruptive innovations by repeatedly seeking out knowledge.	Continue to generate added value through joint efforts and the free exchange of opinions within a flat organization.

OKR evaluation (HR evaluation system)

We adopted the OKR evaluation system to evaluate contributions to all stakeholders and as well as the extent to which the organization's vision has been embodied. This system's operation is illustrated at right.

Beginning in FY2024, we have set branch and section OKRs on efforts to address regional issues identified based on a regional co-creation strategy, thereby seeking to achieve consistency between the corporate philosophy and management strategy on one hand and individuals' daily actions, HR evaluation, and branch and section initiatives on the other. We will accelerate efforts toward realization of the regional co-creation strategy by all employees.



To reflect multifaceted views from differing perspectives, the HR evaluation process involves negotiations between the employees being evaluated and the evaluators, calibration among branches and sections in certain regional divisions, and feedback from customers and other employees. The details are reported, explained, and thoroughly shared and linked to activity reforms by individual employees.

Promoting systems to encourage independent growth and career development

Vision

Realizing the dreams of individual employees through work within Shizuoka Financial Group

Topics

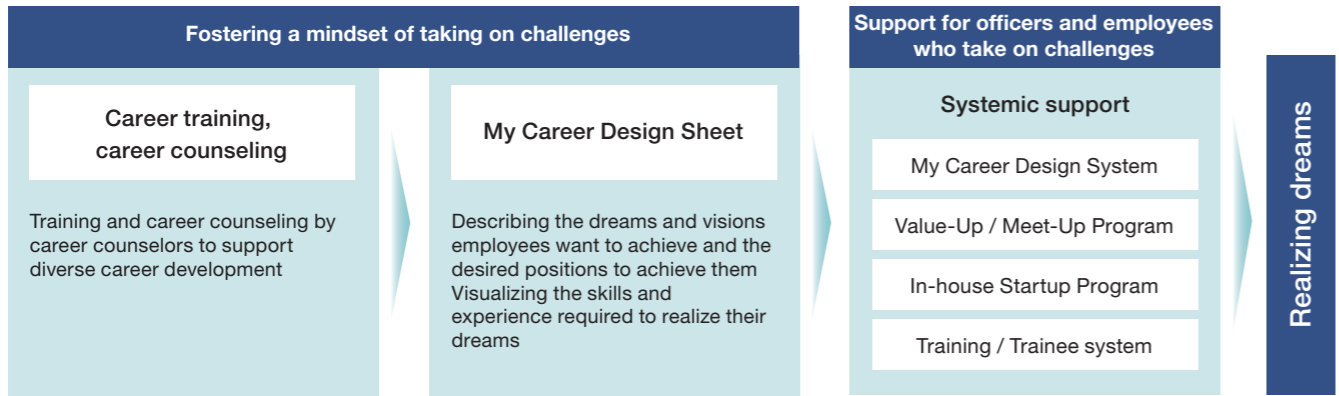
Fostering an organizational culture that encourages innovation without fear of failure  
Enhancing systems to promote independent growth and career development

Enhancing systems to promote autonomy and initiative

Supporting employees as they realize their dreams, through systemic assistance for independent career development

Since FY2024, we have provided career development training intended to encourage individual officers and employees to consider their careers and take action to achieve their career goals.

We are also developing systems to help employees realize their dreams, including establishment of career counseling contact points and updating My Career Design Sheets.



Promoting independent, flexible workstyles and enhancing health management

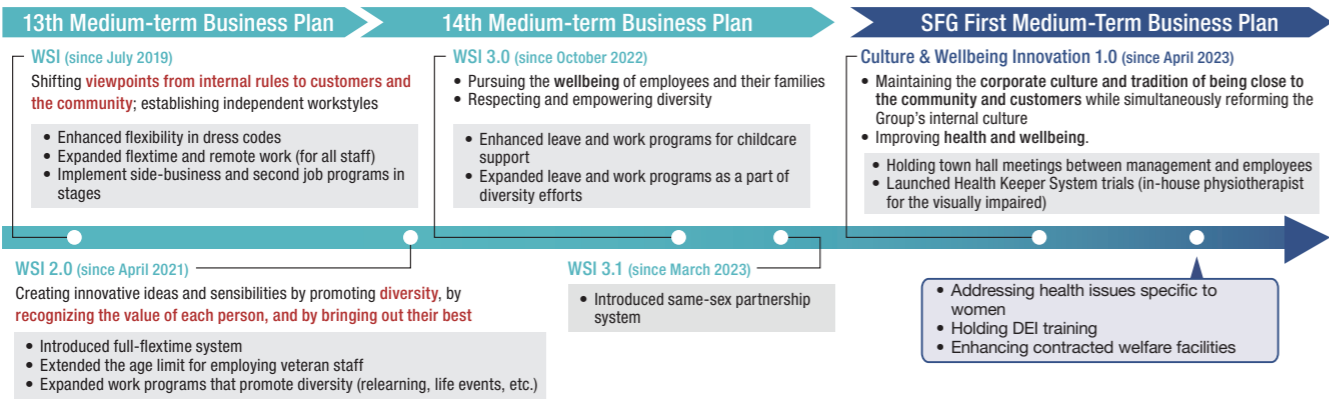
Vision

Realizing flexible workstyles that allow each and every employee to demonstrate his or her abilities to the fullest

Topics

Support for balancing work with private life, developing comfortable working environments, and supporting employee health improvements

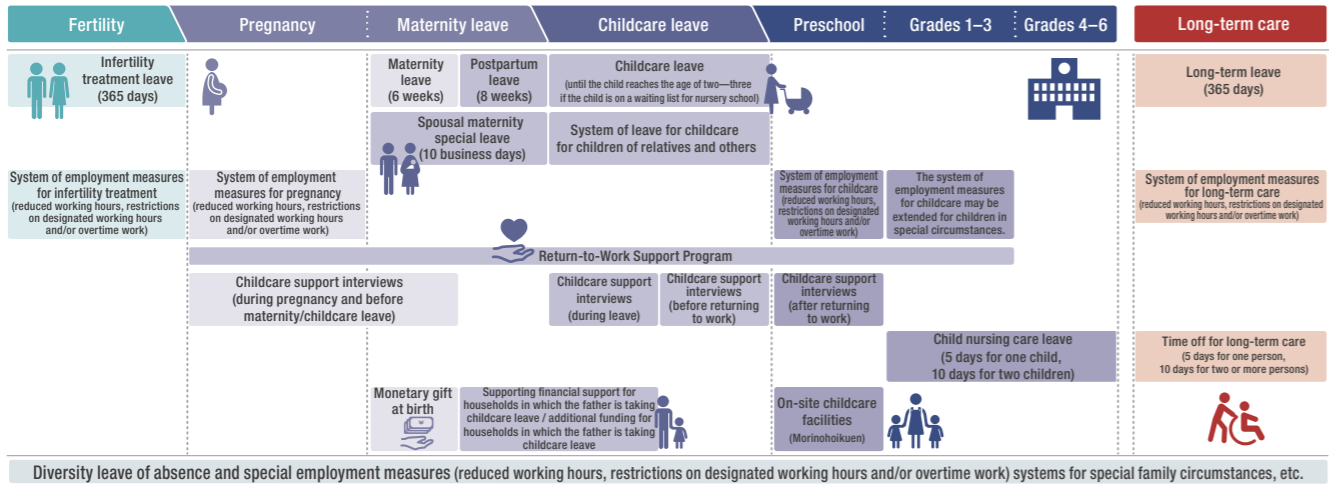
Since July 2019, we have promoted workstyle innovations as part of initiatives to realize flexible workstyles for all employees. This included launching and expanding various programs, including a full flextime system. In April 2023, we expanded this initiative into the Culture & Wellbeing Innovation program, which is a set of measures to improve the engagement and wellbeing of all employees.



Support for balancing work and private life

Balancing support measures

To allow all employees to perform at their best, we have developed and expanded and are currently promoting the use of various systems to support a balance between work and private life. Through remote work, satellite work, and a full flex-time system, we are promoting independent workstyles that match the work and personal lives of employees who have limited hours available for work, thereby enhancing their capacity to refine their skills and achieve job satisfaction.



Supporting the success of those with disabilities

Shizugin Heartful Co., Ltd. was established in October 2019 to create a work environment in which people with disabilities can work with peace of mind while experiencing both the rewards and fulfillment of work.

Employment of those with disabilities is expanding across the Group. As of June 2025, the percentage of persons with disabilities (Group total) was 2.57% at the five subsidiaries on the list of affiliates accorded exceptional treatment with regard to calculations of the percentage of persons with disabilities among all employees (The Shizuoka Bank, Shizugin Lease, Shizugin TM Securities, Shizugin Mortgage Service, and Shizugin Business Create). This exceeds the legal requirement (2.5%).

In addition, we endorse the concept of the Valuable 500, an international initiative to promote the success of people with disabilities and have joined this initiative.



In April 2024, we adopted a health keeper program that employed people with cognitive disabilities who were qualified as massage therapists.

Major health management initiatives

The Group has established health-related KPIs to advance the wellbeing of all employees and their families and supports measures that improve and maintain physical and mental health so that all can perform at their best.

Now	Percentage downloading health app: 78%	Percentage undergoing follow-up checkups after health checkups: 53.6% (tentative figure)	Percentage undergoing stress checks: 96%
Target	Percentage downloading health app: 90%	Percentage undergoing follow-up checkups after health checkups: 85%	Percentage undergoing stress checks: 100%

Social and general health ("Well-happi [Well-being! Happy!] Program")

We are implementing various initiatives to improve health literacy and promote changes in the health awareness of all employees. This program is designed to raise the health awareness of employees and help develop healthy behavioral habits, thereby energizing the Group's organization and improving its productivity. To encourage independent health efforts, the system allows employees to use benefit program points awarded for actions that contribute to better health.

Cafeteria plan linked to health promotion

We support independent and sustained health promotion by employees by awarding points that can be used under the cafeteria plan. This plan offers various benefit options to those who sign up for the health management app and engage in exercise and other healthy activities. These points can be used to purchase goods and lodgings from participating customer businesses. In this way, we seek to link employee health promotion activities to supporting our customers.

Physical Health

To change habits that affect health, we are working to improve the rate of eligible employees undergoing secondary health checkups and receiving specific health guidance as part of health programs undertaken jointly with the health insurance society.

Mental Health

We are working to enhance our mental healthcare system through consultations by occupational health staff, stress checks, and support for employees returning to work after leaves of absence.

Initiatives for financial wellness

The Group is working to help employees who are responsible for creating value to achieve financial wellness\* through financial support in the form of assistance with asset building, illness and injury support, and other programs.

\* Financial security and the capacity to make choices to enjoy life

Employee Stock Ownership Plan

We increased the ESOP subsidy from 100 yen to 150 yen for each contribution of 1,000 yen per unit to contribute to and foster awareness of the social value of the community and the corporate value of the Group by sharing stock value, and to support asset-building by Group employees. We seek to enhance employee motivation and to contribute to the community and customers by fostering a sense of Group unity, further promoting Group management, and advancing the wellbeing of our employees.

RS trust

The Group has adopted a Restricted Stock trust as a program to award shares to all Group employees. This program encourages employees to act from a shareholder's perspective, allowing them to enjoy the benefits of rising share prices and dividends in building their own assets.

Other examples of practical initiatives

- Additions to assets managed in the defined-contribution (401k) pension plan and holding financial wellness training
- New-household support fund of 30,000 yen/month over five years after marriage for employees living in rental homes
- Investment education in tiered training programs
- Special salary of 80% of base salary for a fixed period after the end of the payment period for injury and illness allowance (from health insurance); additional benefits from the health insurance society during time off work due to a non-occupational injury or illness

Student loan repayment support program

In April 2020, we introduced a student loan repayment support program to make work more satisfying for employees while reducing the burden of student loans, a prominent societal issue, through funding that helps younger employees repay student loans based on their years of service.

TOPICS

Recognized in the 2025 KENKO Investment for Health Stock Selection and 2025 Outstanding Organizations of KENKO Investment for Health (White 500)

The Group was selected for the second consecutive year to the KENKO Investment for Health Stock Selection program for companies making outstanding health management efforts by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. We were also chosen to the White 500 under the Outstanding Organizations of KENKO Investment for Health program.



Trends in health management attitude survey results

Evaluation item	FY2023	FY2024	YoY
Shizuoka Financial Group actively promotes good health and health management	3.79	3.87	+0.08
The Group provides education to employees to increase their health literacy	3.52	3.64	+0.12
The Group pursues initiatives to address issues concerning employees working long hours or suffering from mental health conditions.	3.54	3.59	+0.05

\* Average survey scores on a five-point scale

# Environmental Initiatives

Vision

Contributing to a sustainable society by protecting the region’s environment and industries

Topics

Enhancing promotion of environmental management to respond to climate change and preserve and restore natural capital and biodiversity

## MESSAGE



**Motoshige Ito, Director**  
(Member of the Cabinet Secretariat  
GX Implementation Council)

Efforts by all constituents in a region are required to address environmental issues, including climate change, biodiversity, and natural capital. A regional financial institution can play an important role in promoting timely and effective communitywide efforts to respond to such issues. Shizuoka Financial Group is proceeding with initiatives to promote regional environmental responses at various levels.

We are considering initiatives in line with the Medium-term Business Plan’s social impact KPIs, including the rate of reduction in GHG emissions in Shizuoka Prefecture. We are broadening the range of region-wide initiatives, including promotion of joint efforts with local governments and regional financial institutions, sustainable finance to make an impact on the local community, and support by Group companies for creation of carbon credits. In addition to building close ties with diverse public and private sector organizations and enterprises in the region, we have built up a wide range of knowledge on the activities needed to respond to societal challenges, including climate change. Based on the regional network the Group has built up, we should be able to generate substantial impacts through our efforts to tackle social challenges across the region and to achieve local sustainable development goals.

Steady progress is also being made in the business activities of the Group itself. To use the example of climate change, Shizuoka Financial Group has set and worked to achieve targets for reducing Scope 1 and Scope 2 GHGs. As we have reduced emissions at an even faster pace than initially targeted, we can consider even loftier targets through the use of J-Credits and other means, as necessary. Various measures, including the power generated from renewable energy and developing the power networks to support this system, are needed to contribute to regional decarbonization. The Group is actively addressing issues in the power business and related fields.

As climate change and efforts to address environmental issues like biodiversity and natural capital attract growing attention, the Group is also strengthening its efforts in these areas. We have signed on with the Taskforce on Nature-related Financial Disclosures (TNFD), an international framework for corporate evaluations of risks and opportunities related to natural capital and biodiversity and the disclosure of such information as financial information. As part of these activities, we are analyzing our dependencies and impacts on nature in each sector related to lending transactions, and holding seminars on biodiversity.

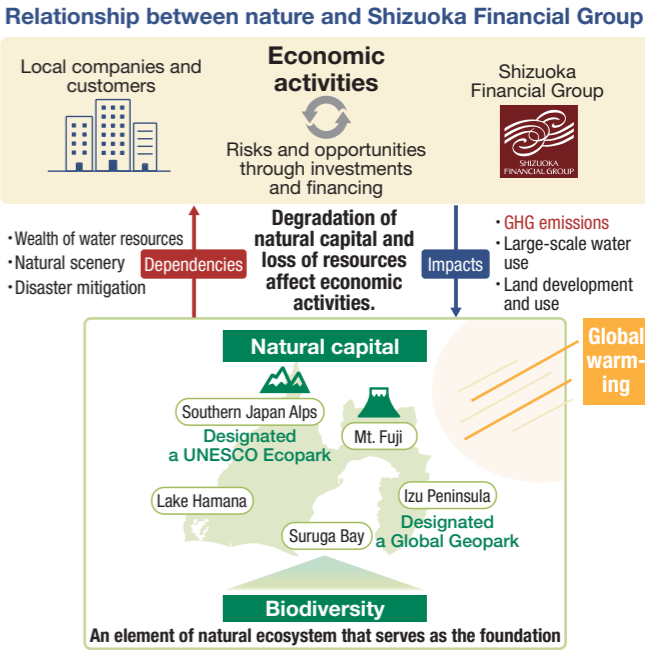
Shizuoka Financial Group can be expected to play a wide range of roles as a core financial group in the region. We will move forward with this while strengthening joint efforts with regional stakeholders.

# Environmentally and economically enriching society Shizuoka Financial Group's thinking on our relationship with nature

Shizuoka Prefecture, the Group’s primary market, possesses a wealth of natural beauty, including Mt. Fuji, Japan’s tallest peak. The region’s industries and the Group both depend on this natural environment for their foundations. We recognize the serious risks to our way of life and business activities caused by global warming, natural capital degradation, and loss of ecosystem services and biodiversity. Against this backdrop, the First Medium-term Business Plan identifies a “society that balances the environment and economy” as a materiality topic.

Because climate change, biodiversity, and natural capital are intertwined in complex ways, as seen in the impact of rising sea levels caused by global warming on marine ecosystems and fish catches, we need to move ahead with an understanding that efforts to address these issues may involve tradeoffs.

Our goal is to enrich society both environmentally and economically by increasing value not just for the Group, but for all stakeholders, including our communities and customers, through integrated solutions firmly based on this understanding.

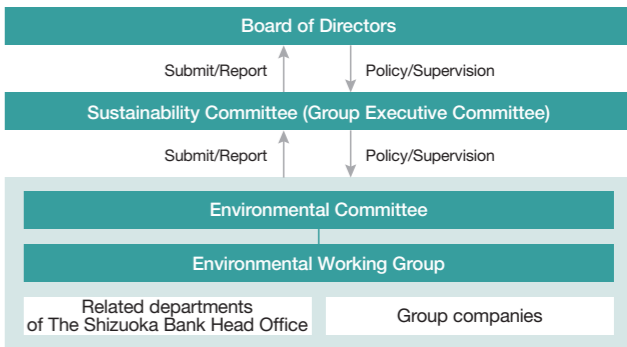


## Climate change, natural capital, and biodiversity initiatives (disclosure based on TCFD and TNFD recommendations)

### Governance

#### Governance structure for environmental initiatives

We have established the Environmental Committee and its subcommittee, the Environmental Working Group, including members from subsidiaries, to realize sustainability management in the Group under the Group environmental policy\*. These bodies engage in cross-functional discussion of policies and measures related to environmental management, including responses to climate change and issues related to natural capital and biodiversity. Their findings are submitted through the Sustainability Committee (Group Executive Committee) for deliberation and review, as necessary, by the Board of Directors and regularly reported. In this way, we strive not just to ensure the effective governance required to achieve a decarbonized region and preserve and restore natural capital and biodiversity, but to realize highly effective measures dynamically.



\* See the Shizuoka Financial Group website for the Group Environmental Policy.

▶ p. 88 Respect for human rights

### TOPICS Shizuoka Financial Group named to the Carbon Disclosure Project's climate change survey's A List, the highest tier

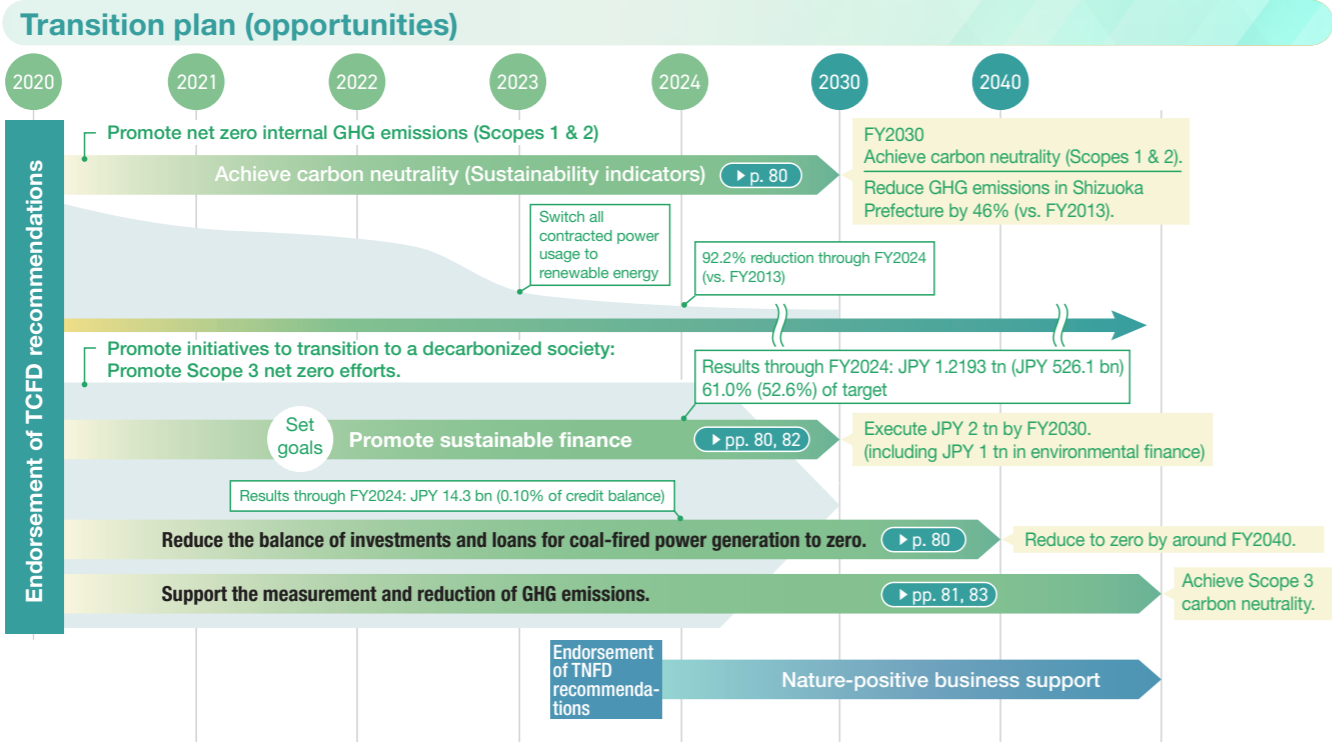
In February 2025, Shizuoka Financial Group was named to the A List for transparency and performance in the field of Climate Change by CDP\*, based on the results of its climate change questionnaire in 2024. A total of 462 companies, including 136 in Japan, made the A List, a list of the organizations rated highest in CDP's evaluations.

\* International NGO in the field of environmental disclosure



Strategy

Shizuoka Financial Group has formulated a transition plan for transitioning the Group and the region to a carbon-free and nature-positive status while ascertaining the risks and opportunities posed by climate change and natural capital degradation. Through Groupwide and region-wide efforts in line with this transition plan, we seek to enrich society both environmentally and economically.



Scenario analysis (ascertaining risks)

We implement scenario analysis to grasp the potential impact of climate change on the Group (i.e., the impact of the risks related to climate change on our credit portfolio). In fiscal year 2024, we broadened the topics considered in our analyses of transition risks to include all industries. We will strive to realize the transition plan through more thorough and advanced credit controls to balance the risks and returns.

Transition risks

Industry	Electric power	Papermaking	Manufacture of motor vehicles, parts, and accessories	Mining and metals	Land transport	Other
Scenarios used	• IEA Net Zero by 2050 (NZE2050) • NGFS Net Zero 2050		• IEA/ETP2017 Beyond 2°C • NGFS Net Zero 2050	• NGFS Net Zero 2050		• IEA NZE Scenario (WEO2023)
Method	Analyzing changes in credit costs based on the scenarios, using data on carbon taxes and other projections to anticipate changes in profit/loss and financial position through 2050					
Results	Increase in credit costs of up to approximately JPY 68.3 bn in total by 2050 (including approximately JPY 46.6 bn under “Other”)					

Physical risks

Scope	Calculations of credit costs related to risks associated with building damage and business continuity for SMEs in Shizuoka Prefecture, Kanagawa Prefecture, and Tokyo	Calculation of credit costs related to building damage for mortgage borrowers in Shizuoka Prefecture, Kanagawa Prefecture, and Tokyo
Scenario	RCP 8.5 in the IPCC WG AR6 (4°C Scenario)	
Method	Analyzing the risk of inundation in the event of flooding by overlaying business site information and collateral location information on hazard maps	
Results	Increase in credit costs of up to approximately JPY 17.3 bn in total by 2050	

Risk management

Investment and loan policy

We refer to our credit policy in determining whether to undertake investments and loans that could potentially affect the environment and society. We have established an investment and loan policy for specific sectors, which declares that we, in principle, will not fund coal-fired power generation in light of its environmental impact. This is part of strengthened efforts to achieve sustainable growth and decarbonization for the region.

Risk management framework

Shizuoka Financial Group implements an integrated Groupwide risk management by using a risk appetite framework (RAF) as a risk management tool for risks associated with climate change and natural capital degradation, the same as for other business risks. Each Group company manages its own risks in accordance with deliberations by the Environmental Working Group, Environmental Committee, and other related bodies, and reports on these efforts to the holding company. The holding company controls risks across the Group based on monitoring and guidance by the risk management coordination section. The Group CRO regularly reports to the Board of Directors on the status of these risks. (See “Thorough Compliance and Risk Management” for an overview of the risk management framework as a whole.) ▶ p. 107

Climate change and natural capital degradation risk management

Shizuoka Financial Group comprehensively identifies risks associated with climate change and natural capital degradation based on the TCFD and TNFD recommendations. We classify them into physical risks, transition risks, and systemic risks for each risk category, as shown in the table below. We will appropriately manage and review these risks based on the characteristics of each risk while considering the impact of climate change and natural capital degradation.

Risk category	Physical risk	Transition risk	Systemic risk	Timeline*
Credit risks	Risk of an increase in credit costs for the Group due to degraded customer assets or business performance or damage to assets held as collateral by the Group due to natural disasters or destruction of social infrastructure	Risk of higher credit costs for the Group due to impaired customer business performance arising from policy changes, regulatory changes, technological advances, or other changes in the business environment	Risk of emergence of potentially compounded physical and transition risks at left due to degradation of ecosystem services associated with the instability of the natural environment	Short term to mid- to long-term
Market risks	Risk of deteriorating customer business performance due to an increase in natural disasters caused by loss of ecosystem diversity, and associated risk of declining price of shares held	Risk of declining price of shares held arising from policy changes, regulatory changes, technological advances, or other changes in the business environment	Risk of instability in the overall financial system or the declining price of shares due to the emergence of potentially compounded physical and transition risks	
Liquidity risks	Risk of outflow of deposits due to the immediate cash needs of customers affected by natural disasters; risk that disruptions of financial markets make funds more difficult to obtain	Risk of deterioration in Group credit ratings due to the perception that it has failed to respond adequately to transition risks, resulting in limited access to market funding	Risk of instability in the overall financial system, difficulty obtaining funds, or outflows of deposits due to lower customer confidence arising from the emergence of potentially compounded physical and transition risks	
Operational risks	Risk of damage to company buildings or other property, plant, or equipment or failure of computer systems, and associated business interruptions, attributable to natural disasters	Risk of losses and business interruption from litigation brought against the Group and damage to its reputation resulting from its inability to respond appropriately to new environmental regulations or system changes	Risk of instability in the overall financial system, system failures, and business interruptions arising from the emergence of potentially compounded physical and transition risks	

\* Physical risks: [Short term] Impact of natural disasters on customer business performance; [Mid- to long-term] Impact of climate change on customer business performance  
Transition risks: [Short term] Impact of natural disasters on customer business performance; [Mid- to long-term] Impact of new regulations or other measures on customer business performance  
Systemic risks: [Short term] Impact of natural disasters on customer business performance and financial markets; [Mid- to long-term] Impact of social instability on customer business performance

Indicators and goals

We have set the following goals to enrich society both environmentally and economically.

Achieving carbon neutrality by FY2030 (Scopes 1 and 2)

The Group has set the target of carbon neutrality (Scopes 1 and 2) by FY2030. In FY2024, our GHG emissions were down by 92.2% compared with FY2013 to 1,450 tons. To ensure reliability, our GHG emissions calculations are independently verified by the Japan Quality Assurance Organization (subject scopes: Scopes 1–3; verification of FY2024 GHG emissions is underway).

Sustainable finance of two trillion yen (cumulative amount executed through FY2030)

We have set the target of executing a cumulative total of two trillion yen in sustainable finance (one trillion yen of which is to be environmental finance) by FY2030. We executed a cumulative total of 1.2193 trillion yen in sustainable finance (526.1 billion yen of which was environmental finance) over the four years through FY2024.

Target	JPY 2 tn (JPY 1 tn)
Results	JPY 1.2193 tn (JPY 526.1 bn)
Progress rate vs. target:	61.0% (52.6%)

Balance of zero investments in and loans for coal-fired power generation (by around FY2040)

We set the target of reducing the balance of investments in and loans for coal-fired power generation to zero by around FY2040. The balance of such investments and loans at the end of March 2025 was 14.3 billion yen, or 0.10% of total outstanding credit.

Supporting regional decarbonization

The First Medium-term Business Plan identifies reducing GHG emissions in Shizuoka Prefecture by 46% (vs. FY2013) as a social impact indicator to be achieved by FY2030. Through its comprehensive financial services, consulting, and other activities, ranging from interviews on decarbonization initiatives to funding and support for calculating and reducing GHG emissions, and a wide range of services beyond financial services, Shizuoka Financial Group strives to support regional firms in their efforts to move closer to the carbon-free ideal.

Major initiatives through now		Future policies	Target indicator
Step 1 Ascertaining current conditions	Engagement (interview activities)	Continuing interviews Identifying issues facing regional firms and providing side-by-side support	Reduce GHG emissions in Shizuoka Prefecture by 46% (vs. FY2013) (FY2030)
Step 2 Visualization of GHG emissions	Providing Shizuoka GX Support services Region-wide efforts with local governments, regional financial institutions, and others Calculating Scope 3, Category 15 emissions	Accelerating visualization of GHG emissions across the region Support for reduction efforts	
Step 3-1 Financial support to reduce emissions	Sustainable finance (e.g., positive impact finance) Formulating shared KPIs	Supporting reductions via sustainable finance Generating social impact using shared KPIs	
Step 3-2 Diverse non-financial support	Support for efforts to generate J-Credits ESG Lease Promotion Project	Promoting carbon-free management by providing a diverse range of support	

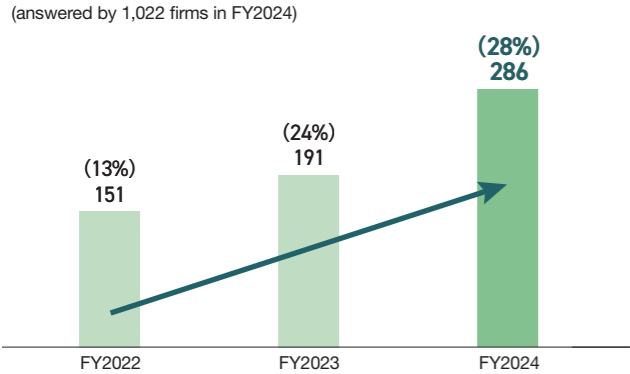
Step 1 Engagement (interview activities)

Since FY2021, Shizuoka Financial Group has engaged in group interviews with customer firms in Shizuoka Prefecture about decarbonization initiatives.

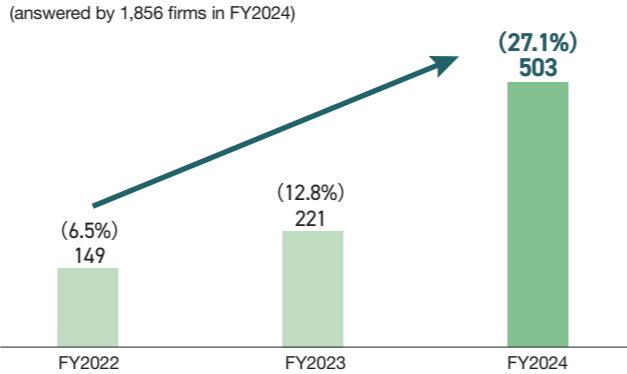
As customer firms are increasingly facing requests for GHG emissions disclosure by their business partners, the number of companies calculating CO<sub>2</sub> emissions using the Shizuoka GX Support GHG emissions calculation tool is up sharply from last year.

Through our wide range of decarbonization solutions, including the Shizuoka GX Support services, we will promote regional decarbonization, offering side-by-side support and working with local governments and other financial institutions.

Number of companies implementing decarbonization initiatives as demanded by their business partners



Number of companies calculating CO<sub>2</sub> emissions



Step 2 Visualization of GHG emissions

p. 83: Regional joint effort initiatives

We provide Shizuoka GX Support as a tool for calculating and visualizing GHG emissions by firms within our community. We are also developing a platform for region-wide joint efforts with local governments and other financial institutions to achieve Shizuoka Prefecture's GHG emissions reduction targets.

Since April 2025, all regional banks and credit unions in Shizuoka Prefecture offer Shizuoka GX Support services. The services are used by numerous firms in the region (1,669 firms, of which 1,282 were provided the services by The Shizuoka Bank, as of March 31, 2025).



Step 3-1

Making an impact on the community through sustainable finance

Shizuoka Financial Group provides financial services that help build a sustainable region. In October 2021, we established sustainable finance targets to strengthen these initiatives. We are promoting sustainable finance, including positive impact finance (PIF), to support customer initiatives to tackle environmental and social issues through their business activities.

Side-by-side support for sustainability management by regional businesses

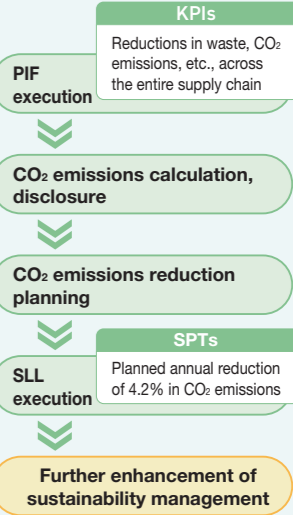
Nozue Shoten strives to maximize resource efficiency as a recycler of scrap metal, specializing in iron and nonferrous metals. In September 2021, it concluded a positive impact finance (PIF) agreement with The Shizuoka Bank as part of its efforts to promote awareness and reduce environmental impact throughout supply chains.

Environmental awareness has spread and grown stronger since PIF execution. The company began disclosing results of calculation of CO<sub>2</sub> emissions. Two years later, it formulated a CO<sub>2</sub> emissions reduction plan.

In March 2024, it concluded with The Shizuoka Bank an agreement on a sustainability-linked loan (SLL) incorporating annual CO<sub>2</sub> emissions reduction plans (calling for 4.2% annual reductions) as specific sustainability performance targets (SPTs). Through these efforts, Nozue plans to promote sustainability management and compare CO<sub>2</sub> emissions of recycled materials and those produced from natural resources to promote public awareness of the benefits of recycling.

The company, with its diligent efforts toward the PIF KPIs and approach of balancing increased corporate value with social value creation, serves as a corporate role model for sustainability management.

The Shizuoka Bank will work with customers to find solutions to social and environmental issues by comprehensively analyzing social impact through PIF, continually and regularly monitoring KPIs, and providing further support in finance and other areas.



Step 3-2

Support for efforts to generate J-Credits

Achieving carbon neutrality through local production and local consumption, with GHG emissions generated in Shizuoka Prefecture offset within the prefecture, Shizugin Management Consulting strives to support the generation of J-Credits.\*<sup>1</sup> Eight J-Credit registration programs and one certification program were implemented through FY2024, and in February 2025, Minami Alps Carbon Credits were created and sold as J-Credits produced within Shizuoka Prefecture. Aiming to realize a community of co-creation and coexistence, we will help build a cyclical model, in which development of mountainous regions leads to industrial development, through means such as further expanding these initiatives. In March 2025, we became the first financial institution group to register as a J-Credit Provider.\*<sup>2</sup>

\*<sup>1</sup> System of certification by the Japanese government of GHG emissions reductions and absorption as credits. Certified credits can be purchased by businesses and other organizations emitting CO<sub>2</sub> for use as carbon offsets.

\*<sup>2</sup> A business certified under the J-Credit program to support J-Credit generation and utilization to encourage GHG emissions reductions and absorption

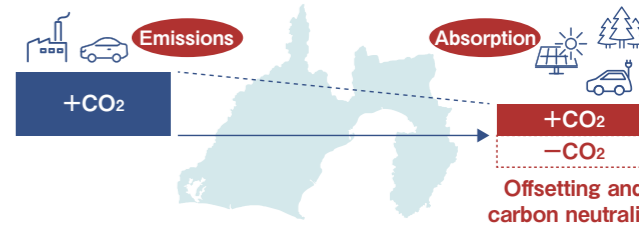
All Minami Alps Carbon Credits fully sold

All FY2024 Minami Alps Carbon Credits, which were generated by Tokushu Tokai Paper Group member JUZAN Co., Ltd. with certification support and sales provided by Shizugin Management Consulting, have been sold. They were purchased by eight companies in Shizuoka Prefecture, including Shizuoka Financial Group, The Shizuoka Bank, and Shizugin Management Consulting. The prices paid will be used in forest management and other activities to contribute to causes such as carbon neutrality through local production and local consumption and ecosystem conservation.

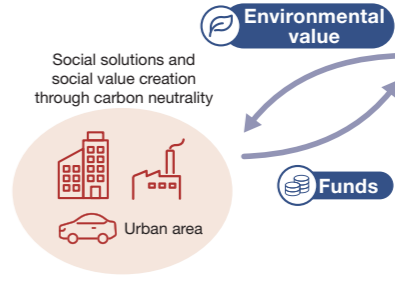
Credits sold	1,348t-CO <sub>2</sub>
Results of credit transactions	Use for carbon offsetting Reinvestment of purchase prices in forest management in the area where the credits were generated

The concept of carbon neutrality through local production and local consumption

Offsetting Shizuoka Prefecture's CO<sub>2</sub> (GHG) emissions inside the prefecture



Well-balanced regionwide development  
Sustainable growth for the entire region



Industrial development

Development of mountainous areas

Solutions to social issues such as depopulation, reduced industry and employment in mountainous areas, atrophying of local industry (such as forestry), and increasing damage caused by environmental degradation

Subsumption

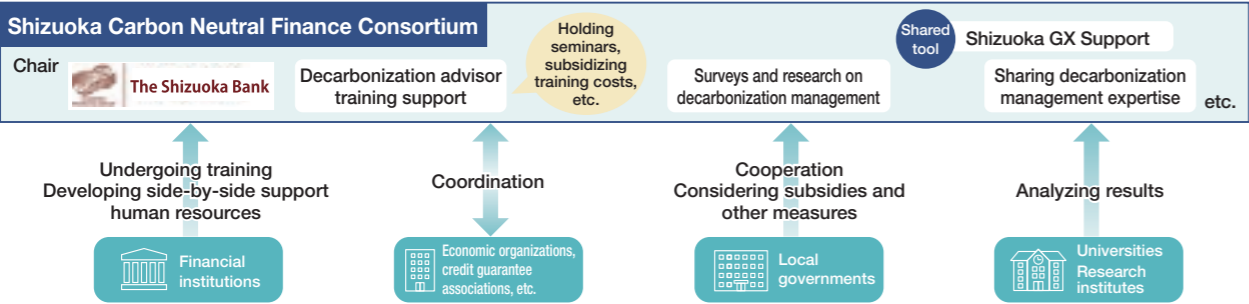
- New value creation
- Economic, social, and lifestyle development not dependent on a single industry

Building a cyclical model of community co-creation and coexistence through J-Credits

Regional joint effort initiatives

Regional joint efforts based on Shizuoka GX Support to promote regional decarbonization initiatives

To realize its materiality goal—a society that balances the environment and economy—Shizuoka Financial Group is developing a regional platform in joint efforts with diverse stakeholders, including local governments and other financial institutions. In May 2024, Shizuoka Prefecture established the Shizuoka Carbon Neutral Finance Consortium with financial institutions within the prefecture, local governments, local universities, and other partners. This is the first initiative of its kind in Japan in which all regional banks and credit unions in a prefecture have agreed to work together to achieve decarbonization. The Shizuoka Bank serves as consortium chair. In this way, the entire region is working together to achieve Shizuoka Prefecture's GHG emissions reduction targets through means such as sharing knowledge on decarbonization solutions provided by regional financial institutions, including Shizuoka GX Support, and cooperating to train bank personnel to provide side-by-side support for decarbonization management by firms in the region.



Cooperation with other financial institutions

All regional banks and credit unions in Shizuoka Prefecture now offer Shizuoka GX Support

Since April 2025, all regional banks and credit unions in Shizuoka Prefecture have offered Shizuoka GX Support, developed and introduced by The Shizuoka Bank. The aim is to accelerate decarbonization across the region by providing decarbonization solutions to local firms through a single tool across the boundaries between financial institutions.



Cooperation with credit guarantee associations

Shizuoka Prefecture Credit Guarantee Association establishes GX Promotion Guarantees

This credit guarantee program, which is conditional on calculating GHG emissions using tools approved by the credit guarantee association (including Shizuoka GX Support), is intended to provide funding support for regional decarbonization.

Cooperation with local governments

Promoting subsidies in joint efforts with local governments

We promote financial subsidies for businesses that have received financial investments to contribute to decarbonization (such as Shizuoka GX Support Loans), chiefly by local governments with which we have concluded partnership agreements. We also share GHG emissions data uploaded to Shizuoka GX Support with the Hamamatsu City to study subsidies and other support measures.

Localities where subsidies are available

Hamamatsu	Iwata
Kosai	Fukuroi
Fuji	

Side-by-side support through the Shizuoka Prefecture decarbonization management practical support project

The Shizuoka Prefecture decarbonization management practical support project has supported GHG emissions reduction planning and reporting by more than 200 firms in the region since FY2023 under contract to the prefecture.

Gold Award in indirect finance category of the ESG Finance Awards Japan for three consecutive years

In February 2025, for the third year in a row, we won the Gold Award (Minister of the Environment Award)—the highest prize—in the indirect finance category of the Sixth ESG Finance Awards Japan, held by the Ministry of the Environment to promote and expand ESG financing and improve related quality aspects.

Reasons for award

- Making significant contributions to decarbonization within the region by providing the Shizuoka GX Support GHG emissions calculation tool to all financial institutions within the prefecture
- Building relations of co-creation with local governments and other partners for integrated regional decarbonization efforts that inspire businesses toward decarbonization
- Good examples for other financial institutions to follow in the training and use of sustainability consultants in the organization for permeation of the efforts



Nature-positive initiatives in the region

To have a nature-positive impact on the region by stopping and reversing the trend in natural capital and biodiversity degradation, we are pursuing various initiatives together with the community, including joint efforts with local governments and nonprofits to implement local government biodiversity strategies, such as Shizuoka Prefecture's Fujinokuni Regional Biodiversity Strategy.

Holding biodiversity seminars with Shizuoka Prefecture and a local nonprofit

In November 2024, we held biodiversity seminars at three sites and a tour of sites demonstrating coexistence with nature in Shizuoka Prefecture as part of a joint effort with the prefecture government and the nonprofit Whole Earth Nature School. Welcoming about 140 participants in total from businesses and local governments in the region, the seminars have boosted motivation toward achieving a nature-positive state in the region, as seen in the number of consultation requests on biodiversity conservation and recovery received by a dedicated hotline set up in the secretariat.



Fujinokuni Regional Biodiversity Strategy Promotion Partnership Agreement concluded with Shizuoka Prefecture

In June 2025, Nonprofit Organization Satoyamakai Kumomyo Five, The Shizuoka Bank, the Small Kindnesses Movement Shizuoka Executive Office, and Shizuoka Prefecture concluded an agreement on promoting activities to ensure biodiversity and protect the natural environment in the Sengo forest in Kumomyo district in the city of Susono and elsewhere, under the Fujinokuni Regional Biodiversity Strategy Promotion Partnership Program. The first activities were held that same month in Susono.

On the day of the activities, 23 participants, including staff from The Shizuoka Bank Susono Branch, pulled weeds on unused farmland and viewed the rural flora and fauna. Future plans under this agreement include thinning and improving untended bamboo forests in Sengo forest and protecting its biodiversity to pass along a rich natural countryside to future generations.



Small Kindness Movement

The Small Kindness Movement seeks to nurture the seeds of empathy within people's hearts by encouraging small acts of kindness under the slogan, *Creating a culture of small kindnesses*. The Shizuoka Prefecture Head Office of the Small Kindness Movement was founded in February 1997. Since its founding, the Group has been involved in this movement's activities. For example, The Shizuoka Bank officers have served as representatives, while the Group company Shizugin General Service has hosted its secretariat. The number of members as of the end of FY2024 totaled 29,789, including corporate, organizational, school, and individual members. Of these, 6,104 were members of Shizuoka Financial Group, as numerous Group employees participate in its activities.

Rural development

In FY2024, 844 participants (including 341 from Shizuoka Financial Group) helped to improve forests by planting 929 trees in 27 locations. In addition, we donated rice harvested by activities to child welfare facilities and other beneficiaries to help children.



Cleanup activities

In FY2024, a total of 5,972 participants (including 2,666 from Shizuoka Financial Group) took part in cleanup activities and contributed to welfare facilities at 151 locations in Shizuoka Prefecture.



Support for the preservation of the Asabata Waterpark site

The Asabata Waterpark site in Aoi Ward, Shizuoka, has been infiltrated by alligator weed, a designated invasive species of perennial grass native to South America. There are concerns that the weed could spread to nearby areas. The Shizuoka Bank has partnered with local conservation groups, companies, the city, and other partners in activities to remove this pest.



Shizugin Furusato Environmental Protection Fund

Through the Shizugin Furusato Environmental Protection Fund, we provide grants to individuals, organizations, and others playing active roles in environmental conservation in Shizuoka Prefecture. In FY2024, we provided a total of 3.00 million yen in grants to 21 recipients. Since the Fund's establishment in 1993 we have provided a total of 93.01 million yen in grants to 738 recipients.

Analysis of natural capital and biodiversity

Since declaring its support for the TNFD recommendations in December 2023, Shizuoka Financial Group has conducted analyses to identify its relationships with natural capital and biodiversity and related risks and opportunities in line with those recommendations.

Based on ENCORE\*1 analysis as well as customer surveys and interviews\*2 of The Shizuoka Bank commercial borrowers in three sectors,\*3 including the paper manufacturing industry, identified based on the properties of regional industry, loan balances, and other considerations, we analyzed businesses in each sector and relationships with nature in regions where those businesses' facilities are concentrated.

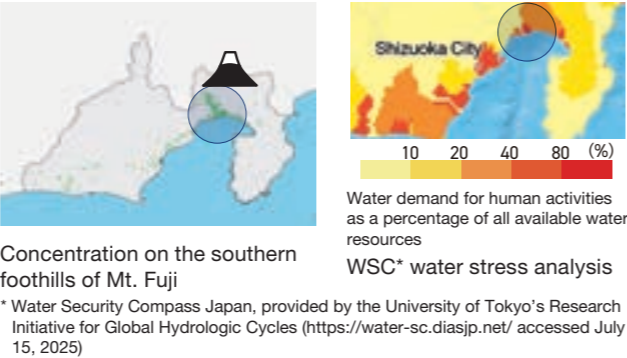
\*1 Tool for ascertaining the scale of dependencies and impacts on nature based on sector and geographical information  
\*2 Of 1,011 customers in subject sectors, 221 responded (a response rate of 21.9%). Additional interviews were conducted with some responding firms.  
\*3 The three sectors of paper manufacture, automobiles and auto components, and fisheries and fisheries processing

Paper manufacture

Paper manufacturers are concentrated in eastern Shizuoka Prefecture

In eastern Shizuoka Prefecture, where this sector is concentrated, we analyzed the status of biodiversity and water stress and checked on business location conditions.

In the southern foothills of Mt. Fuji, where this sector is concentrated, no high concentrations of endangered species or endemic species were found. However, some areas were identified that required consideration for the balance between water demand and supply. For example, in some areas, while stable water supply can be expected, demand exceeded supply.



Relationship between paper manufacture and nature

In addition to ENCORE analysis, we used customer surveys and interviews to verify the specifics of the relationship between this sector and nature in eastern Shizuoka Prefecture.

While numerous survey respondents answered “not applicable” regarding any relationship to nature, other responses clearly indicate that this sector is highly dependent on water resources. For example, it uses large quantities of groundwater and industrial water in papermaking and other processes. It also has a major impact on nature through GHG emissions generated in the burning of fossil fuels and in waste generation. In these ways, the industry depends on close and direct links to nature.

Dependencies					
Benefits of nature	Raw materials procurement	Processing	Packaging	Shipping	Not applicable
Use of water from rivers, lakes, and groundwater (quantity)					
Use of clean water (quality)					
Stable climate					
Quality soil (growing crops etc.)					
Soil erosion prevention, slope stabilization by trees, etc.					
Use of resources derived from nature, including agricultural produce and forestry resources					
Research and product development using genetic materials					
Preventing and mitigating damage due to wind and rain, floods, etc.					
Water, soil, and air purification functions					
Waste and effluent breakdown and absorption					
Maintenance of habitats related to the business, including mud flats, wetlands, and coastal zones					
Contribution to physical and mental wellbeing of natural scenery, etc.					

Impacts					
Burdens on nature	Raw materials procurement	Processing	Packaging	Shipping	Not applicable
Use of large volumes of water					
Drainage to rivers					
Greenhouse gas (GHG) emissions					
Dust, gas, and similar emissions					
Emissions of chemicals, heavy metals, etc.					
Excessive emissions of nitrogen and phosphorus					
Garbage and waste generation and emissions					
Land use for development or building					
Extraction of bioresources, including fish and lumber					
Extraction of mineral resources, including stone, sand, and metals					
Use of lighting or noise generation					

Colors indicate percentages of firms replying that they were dependent on or impacted natural capital in their own business activities.

Relations between paper manufacture and nature in eastern Shizuoka Prefecture

Eastern Shizuoka Prefecture, where this sector is concentrated, features wide-ranging elevations of over 6,000 m—from the peak of Mt. Fuji at 3,776 m to the bed of the Suruga Trough in Suruga Bay at 2,500 m below sea level, all within a distance of just 90 km. This region offers one of the most remarkable diversity in its natural environment in the world. Rain and snowmelt from the foothills of Mt. Fuji, collected as abundant groundwater that nurtures the area's forests, is used by local industry and residents. The abundant natural capital also includes numerous rivers that flow from Yamanashi and Nagano prefectures, joining into the Fuji River and flowing into Suruga Bay.

This sector is supported by abundant groundwater, including water flowing from Mt. Fuji and the Fuji River, which is used in processes such as purification of raw materials and papermaking and then released to Suruga Bay through industrial drainage canals after treatment. In these ways, industry is closely related to nature in the region.

Category	Distinctive natural environment	Main functions	Relationship with paper manufacturing	
Forests	• Foothills of Mt. Fuji	• Nurturing water resources • CO <sub>2</sub> absorption • Habitat maintenance	Dependencies	• Supply of raw materials (wood) • Supply of water used in processing • Absorption of CO <sub>2</sub> emitted by business
Rivers	• Fuji River	• Water cycle • Natural disaster mitigation • Habitat maintenance	Dependencies Impacts	• Supply of water used in processes, including purification and papermaking • Discharge of used water could impact water quality or ecosystems
Sea	• Suruga Bay • Tagonoura Bay	• Habitat maintenance • Natural disaster mitigation • CO <sub>2</sub> absorption	Impacts	• Discharge of used water could impact water quality or ecosystems • Large-scale factory development on the coast could impact ecosystems

Visit the Shizuoka Financial Group website for detailed analysis, including automobiles and auto components and fisheries and fisheries processing.  
<https://www.shizuoka-fg.co.jp/sustainability/environment/natural-capital.html>

Shown below are the balances of loans to commercial borrowers of The Shizuoka Bank located in key biodiversity areas, in areas with high ecosystem intactness (BII\* scores of 0.95 or higher), and in areas where ecosystem cohesivity is rapidly declining (BII scores of 0.7 or lower) as percentages of total lending.

Sector	Paper manufacture	Automobiles and auto components	Fisheries and fisheries processing
Percentage	0.01%	0.20%	0.08%

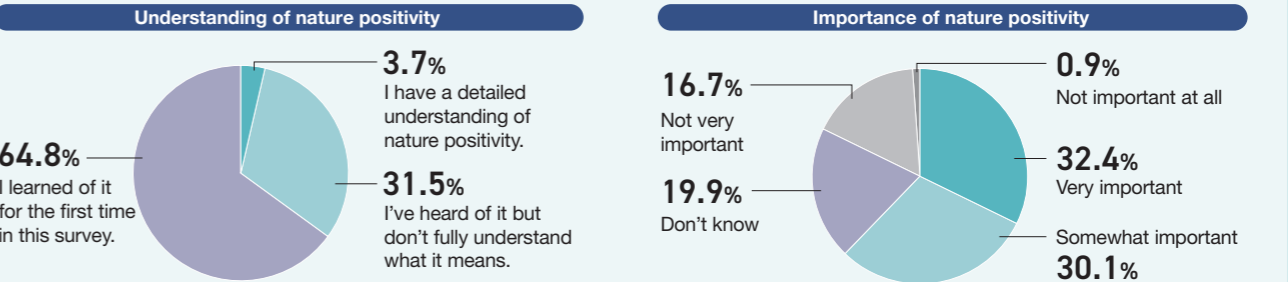
\* Biodiversity Intactness Index  
An indicator of the closeness of a region's biodiversity to its natural state. A score close to one indicates that the ecosystem remains intact. The lower the score, the further loss of biodiversity has progressed.

While continuing to identify relationships to natural capital and biodiversity and the related risks and opportunities, Shizuoka Financial Group will work with stakeholders inside and outside the region to respond to climate change and strive to conserve and restore the natural capital and biodiversity on which regional industry is based. Through these efforts, it plans to realize its materiality goal: a society that balances the environment and economy.

Survey on nature positivity

This survey asked customers about their understanding of nature positivity.\* More than 90% of respondent firms said they did not fully understand what nature-positive meant or learned of it for the first time in the survey. Even so, more than 60% of participants said they considered nature positivity to be important to management.

Based on the findings of this survey, Shizuoka Financial Group will strive to further promote awareness of nature positivity and expand nature-positive initiatives.



\* This survey defines nature positivity as a mindset aimed at halting and reversing biodiversity loss and putting nature on the road to recovery.

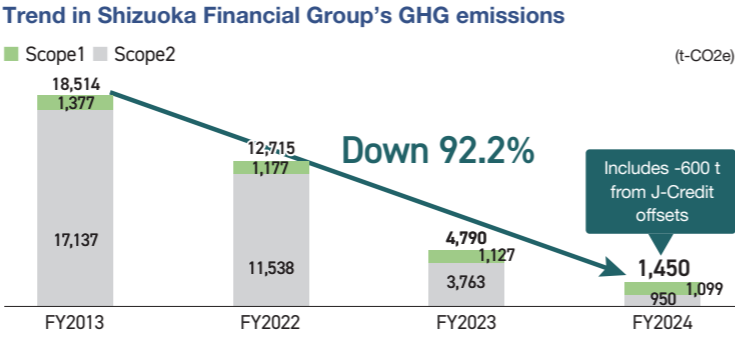
Efforts to reduce Group GHG emissions

Efforts to reduce GHG emissions (use of renewable energy)

The Group has set the target of carbon neutrality (Scopes 1 and 2) by FY2030 to accelerate efforts to achieve a regional carbon-zero society. In FY2024, our GHG emissions were down by 92.2% compared with FY2013, to 1,450 tons. This resulted from the adoption of renewable energy, use of J-Credits generated in Shizuoka Prefecture, and other efforts.

We are striving to promote and use natural renewable energy in the region through means such as making use of Shizugin Solar Park, which started operation in October 2023. The Shizugin Wind Park Higashi-Izu Wind Farm and the Chubu Electric Power Abekawa Hydroelectric Power Station began contributing to supply of effective renewable energy in FY2025.

In addition, Shizugin Lease has begun trial testing of an electric power business (generation and retail) to supply renewable energy to some The Shizuoka Bank branches in joint efforts with local businesses. We will continue to promote renewable energy in the region based on the results of this project.



**The Reuse First policy for IT assets**

Shizuoka Financial Group strives to reduce power consumption and GHG emissions through a cloud-first policy of prioritizing use of public cloud computing services for all Group computer systems. From FY2025, we are also promoting eco-friendly management in our IT assets disposition. Previously, devices no longer used due to computer system modifications had been disposed of as waste, but the new policy calls for prioritizing reuse and recycling instead, which helps reduce the GHG emissions associated with the purchase of new and disposal of old equipment.

Our nature-positive initiatives

In December 2023, Shizuoka Financial Group was registered as a TNFD Adopter—an organization that adopts the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD). In November 2024, we joined the 30 by 30 Alliance for Biodiversity. Through various means, including measures to improve and manage Group-owned land and participation in and support of nature conservation activities in the region, we are striving to preserve and restore biodiversity.



TNFD core global disclosure metrics

We have started collecting data in accordance with TNFD-recommended global core disclosure metrics.

Land	Total spatial footprint (m²)	201,910 m²
Water use	Water use (m³)	41,171 m³
Waste	Total waste (t)	785 t

\*1 Land area refers to total land area for Shizuoka Financial Group as a whole, excluding overseas representative offices but including dormitories, company housing, and rented land.

\*2 Water use shown is calculated for The Shizuoka Bank (using actual figures for the Head Office and figures estimated from water charges for branches and other offices)

\*3 Waste was calculated based on industrial waste management reports submitted in FY2024. The figures cover the Shizuoka Financial Group as a whole, excluding overseas representative offices. Total waste includes plastic waste.

\*4 Other core global disclosure metrics are not applicable.

Initiatives Related to Human Rights

Shizuoka Financial Group recognizes human rights as an important management priority. Based on our Corporate Philosophy—Expand dreams and affluence with our community—we strive to ensure our business activities and transaction relationships have no negative effects on human rights and to take appropriate corrective action in the event of any actual or potential human rights violations. The aim is to realize a society of respect for the human rights of all.

Establishment of the Human Rights Policy

Interest in and expectations related to corporate responsibility in the area of human rights have grown in Japan and abroad. We have established Shizuoka Financial Group's Human Rights Policy in accordance with international standards on human rights, including the prohibition of child forced labor.

\* The full text of the Human Rights Policy is available on our website. (<https://www.shizuoka-fg.co.jp/sustainability/action-policy.html>)

Human rights governance structure

Cross-functional discussions of policies and measures related to human rights take place within the Environmental Committee, Human Capital Management Committee, and Human Rights Working Group, a subsidiary organization of these committees. After submittal to the Sustainability Committee (Group Executive Committee), the content of deliberations is submitted to the Board of Directors for deliberation and review as necessary, and then regularly reported through other channels. This is aimed at taking proactive measures while establishing an effective governance structure for protecting human rights.

Specific human rights initiatives

Cooperation with borrowers

To ensure that its credit transactions will not contribute to human rights violations, The Shizuoka Bank monitors for appropriate treatment and cooperates with customers to prevent and mitigate negative effects if any issues are identified. Results of monitoring in FY2024 found no loans to businesses involved in human rights violations, forced labor, or similar acts.

Cooperation with suppliers

Monitoring for human rights violations or risks thereof through customers and important subcontractors in FY2024 found no subcontractors were involved in violations of human rights, forced labor, or similar acts.

Promoting human rights awareness among employees

To realize an organization in which all executives and employees recognize one another as business partners and respect each other's rights, Shizuoka Financial Group works to ensure that all members of the organization understand the meaning and importance of human rights. These measures include enhancing related curricula and seminars via the tiered training and open college programs.

We are also strengthening efforts to eliminate any kind of harassment, to ensure the wellbeing and motivation of all employees. Examples include training for all managers and annual study meetings in individual workplaces, intended to build positive workplaces and improve communication.

**LGBTQ initiatives**

We are committed to fostering a corporate culture in which a respect for diversity prevails, and implement LGBTQ initiatives to prevent harassment, discrimination, and other human rights violations that affect sexual minorities. Examples include introduction of a same-sex partnership program, preparation of handbooks, and distribution of Ally badges. These efforts led us to receive Pride Index 2024 Gold Certification.

LGBTQ ally badge

Pride Index 2024 Gold Certification

\* See the website for more information on initiatives for executives and employees. (<https://www.shizuoka-fg.co.jp/sustainability/diversity-equity-inclusion.html>)

Corrective and remedial measures

Shizuoka Financial Group has established the Opinion Box whistleblowing system and internal and external harassment hotlines to receive consultations related to the rights of Group employees. Corrective and remedial measures are carried out while safeguarding whistleblowers through measures that ensure anonymity and prevent retaliatory action.

The Shizuoka Bank's customer service office and Group company contact points accept complaints and requests from customers, and the sections in charge of relevant operations take action in response, make improvements, and implement preventive measures.

## TOPICS

## Providing value to stakeholders

We strive to provide value to all our stakeholders through means such as the development of community human resources through provision of financial and economic education or other means, support for cultural and athletic activities within the community, and maintaining structures for business continuity. Our goal is to establish a prosperous, sustainable, and harmonious community.

Shizuoka Financial Group's stakeholders



### Future generations Providing timely experiences to imagine our community's future

#### Gotemba Mirai Project

We work with Gotemba City, which is facing an outflow of the younger population and a shortage of labor, to provide human resource development programs for young people, centered on local high school students. This project seeks to revitalize the community by encouraging young people to think and act on their own in creating and identifying solutions.

#### Entrepreneurship workshops

Roughly once a month, we held entrepreneurship workshops for 30 local high school students. Students form five-person teams to study community issues, consider solutions, and take action on the theme of food and agriculture in Gotemba. With the support of University of Shizuoka students and The Shizuoka Bank employees, the students created innovative business ideas.



Workshop



Interviewing residents



Presenting ideas for solutions



Project closing ceremony

#### Gotemba MIRAI FES 2025 Powered by TGC held

This grand finale of the GOTEMBA MIRAI PROJECT featured announcement of the final results of the entrepreneurship workshops and events in collaboration with Tokyo Girls Collection (TGC), produced by participating high school students. Activities included a fashion show based on concepts proposed by the students, a talk show, and live comedy. At the end of the event, the audience of about 1,000 people recognized the students' efforts with hearty applause.



#### Financial and economic education

We are striving to strengthen financial literacy for a broad range of residents in the region, from future generations to the elderly, through financial and economic education that instills financial knowledge and the capacity to make sound financial judgment.

We aim to provide opportunities to learn about the relationships between finance, the economy, and our lives by meeting the needs of local schools through high school class visits and Bank tours and holding financial courses at universities and businesses.



Seeing what replica 100 million yen looks and feels like



Visiting class at a local high school



University financial course

#### Shizuoka Tournament of the Economics Koshien, national financial and economics quiz competition for high school students

In the Shizuoka Tournament of Economics Koshien, high school students apply their knowledge of finance and economics to compete. In the FY2024 event, 54 students in 27 teams from high schools in Shizuoka Prefecture competed. The winner, the Numazu Higashi Senior High School team, won the right to advance to the all-Japan tournament.



#### Shizuoka Kids' Academy

Shizuoka Kids' Academy seeks to help local children learn about the appeal of their communities and how fun industry can be, to foster a sense of belonging and help them grow into human resources who will power the region's future.

##### FY2024 initiatives

@ Yaizu (Yaizu Fisheries High School)  
Learning about the abundant marine resources and environment of Suruga Bay

@ Seishin Bypass (Shimizu overpass construction site, etc.)  
Learning about the history and culture of regional roads (logistics)

@ Hamamatsu (Shizuoka University)  
Learning in the optics experimental laboratory and through an economics card game



#### Support for athletics

We sponsor various tournaments to support the healthy growth of local children and to stimulate participation in athletics within the community.

<Shizugin Cup>  
• Shizuoka Prefecture U11 Soccer Tournament  
• Shizuoka Prefecture Youth Baseball Tournament  
<All-Japan Youth Grass Soccer Tournament>  
<Shizuoka Prefecture U12 League (S League)>



Region, customers **Creating a prosperous community through cultural promotion efforts**

**Shizugin Euphonia Concerts**

These concerts provide those in the community with opportunities to enjoy performances by some of the finest artists in Japan and abroad.

The revenues from these events are donated to the Shizugin Furusato Environmental Protection Fund.



77th concert:  
Tokunaga Brothers  
(July 2024)



Saya Asakura  
(February 2025)

**Shizugin Culture Forum Shizugin Yose**

These performances of traditional Japanese rakugo storytelling bring smiles to the faces of community residents.



29th event: Shota Shunputei and Ichiba Ryutei (August 2024)



**Pomp and Circumstance illuminated concert**

This concert is held in the front office of The Shizuoka Bank's Hamamatsu Branch, designated a cultural landmark by the city of Hamamatsu, while the branch building itself is illuminated.



Hamamatsu Shonan Senior High School Brass Band (October 2024)

**Mt. Fuji Philharmonic Orchestra**

As an official partner, we support the activities of the only permanent professional orchestra in Shizuoka Prefecture.



The Shizuoka Bank Presents Classical Pops Concert (May 2025)

Community, shareholders, customers **Cooperation and communication with the community to promote economic vitalization**

**Shizuginship courses to train the next generation of managers**

Shizuginship, a membership-based service launched in April 2007, provides learning and networking opportunities for the next generation of managers.

In addition to encouraging business development by members through lectures, seminars, field trips, and other events, Shizuginship pursues activities that develop local human resources.

**Members** (as of March 31, 2025)

670 companies, 992 individuals  
(up 12 companies and 23 individuals from last year)

**Participants**

Total of 1,364 members participated in 52 events held in FY2024

**Past activities**

- Overall forum 1 time
- Seminars (lectures) 21 times
- Seminars (study groups) 17 times
- MBA programs 6 times
- Field trips (Japan and overseas) 3 times
- Special event to explore Shizuoka's appeal 1 course, 4 times

**Major activities in FY2024**

**Overall forum**



**Theme** Overcoming a Nankai Trough Earthquake by learning from history and preparing for the worst  
**Lecturer** Nobuo Fukuwa, Director, Aichi/Nagoya Resilience Co-Creation Center



**Seminars: Lectures by leaders in various fields**

**Theme** Generation Z's consumer behavior patterns and career values  
**Lecturer** Mai Nagata, Director, Shibuya 109 Lab



**Theme** A future society woven by humans and robots  
**Lecturer** Hiroshi Ishiguro, Professor, Graduate School of Engineering Science, University of Osaka Robotics engineer, D. Eng.



**Overseas tour**

India (Bangalore) Study Tour



**Special event to explore Shizuoka's appeal**

In this event, junior and senior high school students from Shizuoka Prefecture teamed up with Shizuginship members to tackle a shared mission: Make Your Dream Real (entrepreneurial plan).



**MBA executive program**

Intended to train top management, this is the highest-level program provided by Shizuginship. It includes a six-day curriculum taught by lecturers invited from the Keio Marunouchi City Campus (MCC) and a roundtable discussion with Shizuginship Director Yagi.

**Curriculum topics**

- Management strategy and innovation
- Business strategy and finance
- Leadership and decision-making
- Marketing strategy
- Accounting information and management
- Group presentations



Community and employees **Building a resilient social infrastructure for the region**

**Maintaining a business continuity system**

Due to its public nature, business continuity is essential to the banking business. Shizuoka Financial Group has established emergency response guidelines as a business continuity plan (BCP) to support the continuation and rapid recovery of critical operations in the event of a large-scale disaster or the outbreak of a highly infectious disease. The emergency response guidelines are reviewed and updated on a continual basis to ensure readiness for any emergency.

We also take measures to protect buildings from earthquakes and install private power generation systems, emergency communications equipment, and other materials and equipment for implementing disaster countermeasures. In addition, we maintain a system for backing up computer systems to enable the rapid resumption of operations, even in the event of an emergency.

Other measures include regular drills on diverse and practical topics like BCP drills and trial operations of the backup center.

**Aseismic facilities at Shizugin Head Office Tower**



**Seismic isolators**

These convert severe short-wavelength vibrations into gentler, long-wavelength vibrations.



**Dampers**

These absorb energy to lessen the building's shaking.



**Cross-linear bearings**

These have extremely low horizontal resistance to help protect the building from ground vibrations.

**Helping each other to prevent disasters**

**Participation in community disaster drills**

The Shizuoka Bank participates in community disaster drills for tsunami evacuation at branches designated as tsunami evacuation buildings (the Okitsu, Shimojima, Kambara, Matsuzaki, and Inatori branches). Carried out in joint efforts with local government and neighborhood associations, these drills include helping residents climb stairs and checking evacuation routes.



**Joint drills with NTT Docomo**

The Shizuoka Bank and the Tokai Branch of NTT Docomo have concluded an agreement on service provision in the event of a disaster. In addition to establishing cooperative ties in normal times, the agreement will help make effective use of each other's facilities, machinery, equipment, and other resources in the event of an emergency. In joint disaster drills, we sought to strengthen joint efforts with the community through means such as checking on the provision of financial services in the event of an emergency using The Shizuoka Bank's Kururia mobile banking vehicles and checking on the ability to support those affected by a disaster together with NTT Docomo.



**Selected to be a sponsor of the Cabinet Office's Disaster Preparedness Collaboration Project**

We were selected as a sponsor of the Cabinet Office's Disaster Preparedness Collaboration Project, whose purpose is to raise public awareness of disaster preparedness through everyday business activities. As part of these activities, we encourage community members to participate in disaster prevention seminars.



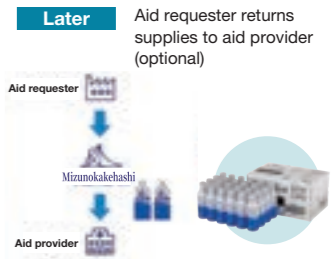
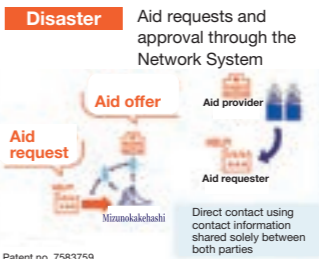
**Details of related activities**

- Activities to raise disaster awareness among customers and others at Bank branches
- Providing a range of disaster drill options to strengthen the self-help capabilities of individual employees and households
- Encouraging local firms to participate in joint disaster drills

**Joining the Mizunokakehashi Network System**

Torrential downpours unleashed by Typhoon Talas in September 2022 devastated communities downstream of the Tomoegawa River, which runs through Shizuoka City. The Group performed various aid activities, including distributing food and water to help residents get their lives and livelihoods back to normal quickly.

However, the damage was greater than anticipated, and relief supplies proved insufficient. Learning from this experience, we were the first organization to join UACJ Corporation's Mizunokakehashi Network System.



# Strengthening Corporate Governance

The Group is strengthening its corporate governance system both to create social value and to improve corporate value.

## Message from the Chairman

—Since the transition to a holding company structure in October 2022, you have made progress on building a governance structure centered around the Shizuoka Financial Group Board of Directors. What are your thoughts on how the Board has functioned to this point?

**Nakanishi:** With the transition to a holding company structure, we adopted the structure of a company with an audit and supervisory committee. This was intended to enhance oversight functions and make management more transparent. The Board has engaged in comprehensive discussions to determine what roles it should play to make the most of this new institutional design, both at the stage of studying the transition to a holding company structure and for the first year thereafter. Through repeated deliberations on topics like what the Board should discuss, what decisions it should make, and how it should monitor business execution by the executive side and Group companies, I think the Directors and Chief Officers have been able to reach a shared understanding. I also think we have made steady progress in moving closer to a separation of oversight and execution functions and a more systematic concept of oversight based on clear documentation of this shared understanding.

—As befits its role in a pure holding company, the current Board focuses more on important decisions on topics like management strategy and internal controls than the Board of The Shizuoka Bank did, as an operating company, before the transition. How do you feel this transition, toward a monitoring board focused on business execution reports from Chief Officers in individual fields, is proceeding?

**Nakanishi:** We have adopted an organizational system of Chief Officers who carry out business execution in their individual fields from the perspective of Group synergies. Providing oversight on this process is an important role for the Board.

I see the Board's oversight as consisting of efforts to monitor and control business execution not just by Chief Officers, but by Group company representatives and officers, based on the clear separation of oversight and execution.

We look into whether business operations are consistent with Board decisions concerning the Medium-term Business Plan and with basic policies on internal controls and other matters. Our key responsibility is to determine if these decisions and operations generate results, to look for uncontrollable risks, and to determine whether the executive side and Group companies are taking on challenging tasks within the governance framework.

The Board must also assess whether management strategies are in step with the times and consistent with investments in areas like human capital and IT, and whether any new business investments are needed to implement our growth strategies. I am paying close attention to these points in the transition to a monitoring board.

—The Board's independence from business execution should be crucial to the pursuit of the separation of the oversight and execution functions. What do you think?

**Nakanishi:** Reflecting the views of Outside Directors in the Board's oversight matters a lot in ensuring independence from the business execution side. On this point, the current makeup of Outside Directors plays an important part in improving oversight—their diversity in terms of careers, insights, and other qualities and capacity to offer penetrating advice and opinions in Board discussions.

I believe this team offers a healthy balance of specialization and character to ensure effective management oversight on important topics, including governance as a comprehensive financial group, new businesses and innovation, domestic and international economic and financial conditions, environmental management, human capital, diversity, and financial capital strategies.

—How do you provide Outside Directors with the information they need to improve Board oversight?

**Nakanishi:** To enhance Board discussions, it is vital to let Outside Directors see the Group as it is. Efforts to make this possible include tours of subsidiaries and opportunities to exchange opinions with subsidiary management. While the Board does have opportunities to hear descriptions of business conditions and other matters from subsidiary presidents, the former activities make it possible to grasp real-world issues more deeply, allowing the insights of Outside Directors to be put to even more effective use in the Board's oversight efforts.

—In discussing the Board's efficacy, Outside Directors have commented favorably on the stable, orderly progression of deliberations. What do you pay attention to as Chairman to ensure effective oversight in Board meetings that last from the morning through the afternoon?

**Nakanishi:** I basically try to ensure that a Board meeting's agenda involves discussions of regular items and reports in the morning, followed by discussions of topics that require more detailed and time-consuming deliberations in the afternoon. This approach lets Chief Officers and others report on business execution in a systematic



**Katsunori Nakanishi**  
Chairman (Representative Director)

**The Board of Directors will enhance oversight to establish financial and capital strategies and realize growth strategies while listening to the voices of stakeholders and markets.**



way so that the Board can discuss important management topics in depth while effectively monitoring business execution Groupwide.

In FY2024, we discussed in greater depth topics like ideal courses of action based on analyzing the share price and other considerations and the ideal composition of shareholders, with the idea of implementing a course of management based on a keen awareness of the cost of capital and share price. We also discussed matters related to risk management, including cybersecurity and integrity, and strengthening the compliance structure. These are important management topics that need to be discussed by the Board, and I think we are addressing them through an approach based on oversight.

—On the subject of enhancing deliberation on management topics, two years ago you began annual Board overnight study sessions. What have the results been?

**Nakanishi:** I think the overnight study sessions were effective in fostering a shared understanding among the Board of matters like its perspectives on oversight and alignment of goals.

The overnight study sessions are held with ample time for discussion, and we invite outside experts on the topic to participate in discussions. Past topics have included the impact of generative AI on corporate management, domestic and international economic conditions in a world of positive interest rates, and other forward-looking discussions of the future. Of course, the overnight study sessions also contribute to more in-depth communication.

—What are the reasons for having the Board receive regular reports on IR activities from the CEO and CFR?

**Nakanishi:** To effectively oversee the executive side and Group companies, the Board needs a firm grasp on what stakeholders are thinking.

As a company listed on the Tokyo Stock Exchange Prime Market, we believe IR reports play an important role in ensuring that the Board keeps the viewpoints of the markets and investors on matters

like Company results and management strategies in mind at all times. As the markets are constantly changing, I think it is vital to identify market trends and put them to effective use in Board oversight.

For example, in the past, The Shizuoka Bank enjoyed a strong reputation for the soundness of its equity capital. But, today, a high capital adequacy ratio and low level of nonperforming claims are not necessarily sufficient to describe a financial group as outstanding. Soundness, of course, is an important factor, but questions like whether the group is taking appropriate risks to tackle the challenge of achieving continuing growth is also important. That's why I think the Board needs to pay attention to these and other market trends in its oversight.

—Lastly, tell us about your view as Chairman of the Board on the future prospects for Shizuoka Financial Group's governance.

**Nakanishi:** When we first transitioned to a holding company structure, we established the governance of the holding company while relying as much as possible on governance structures built by The Shizuoka Bank. The idea was to avoid unexpected omissions or risks in business management. But it is vital for a holding company to pursue business synergies among Group companies and to allocate management resources from a standpoint separate from the Bank and other Group operating companies. For this reason, we need to move in stages to enhance the governance structure under a holding company with the Board fulfilling its oversight functions. In a world of positive interest rates, business conditions are changing dramatically. We need to strengthen the Board's oversight to establish financial and capital strategies and to realize growth strategies while listening to the voices of our stakeholders and the markets.

# Basic approach to corporate governance and history of our corporate governance initiatives

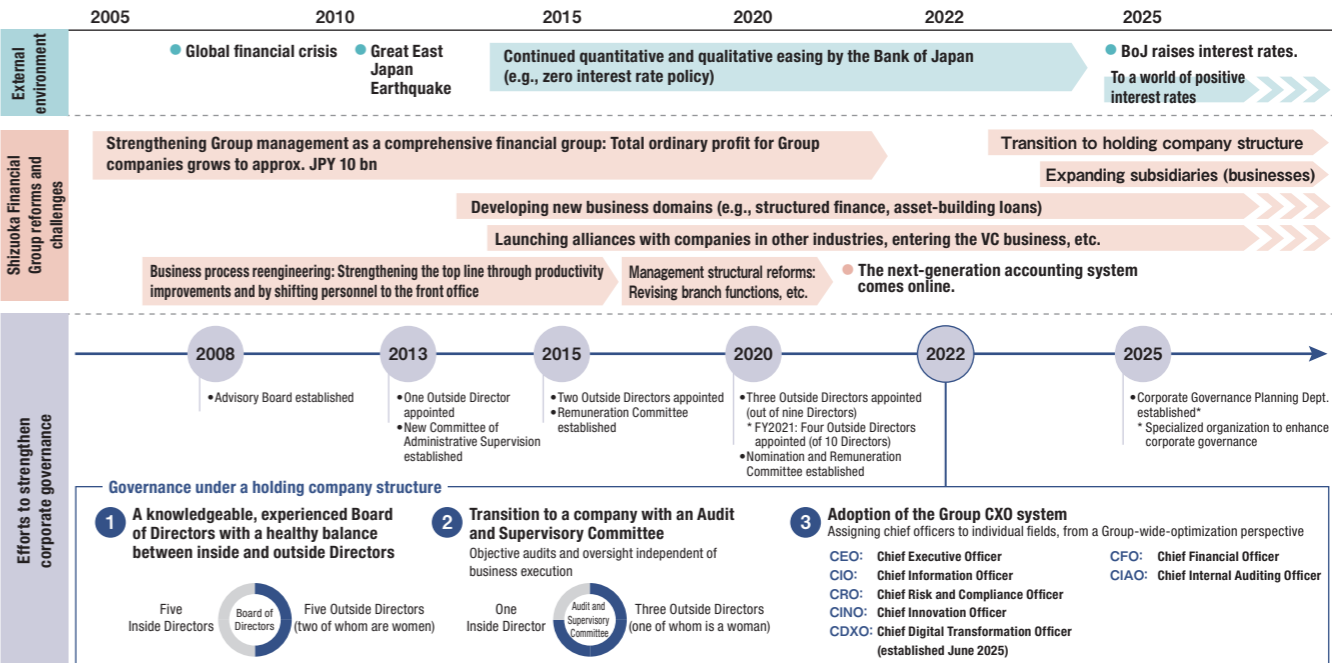
Shizuoka Financial Group seeks to build a resilient corporate governance system that will lead to sustainable growth while contributing to the well-being of all stakeholders: communities, customers, shareholders, employees, and future generations.

We seek to strengthen corporate governance from both the aggressive and defensive perspectives, based on the concept of the separation of supervision and execution functions. The goal is to build a corporate governance system as demanded by stakeholders.

## Corporate Governance Policies

1	The Group establishes a suitable date to hold general meetings of shareholders and publishes notices of these meetings (including English translations) on the Group's website. By continually implementing initiatives such as these aimed at more vigorous general meetings of shareholders and the smooth exercise of shareholders' voting rights, we will secure the rights and equality of shareholders.
2	To ensure that the Group can continue to be a financial institution trusted and chosen by all stakeholders, including shareholders, regions, customers, and employees, we will strive for balance in corporate management by addressing diverse viewpoints, including economic, social, and environmental perspectives, and work towards enhancing sustainability.
3	The Group will engage in appropriate disclosures based on the Banking Act, Financial Instruments and Exchange Act and other laws and regulations, as well as the securities listing regulations of Japanese stock exchanges. In addition, we will strive to disclose information voluntarily, including non-financial information, to ensure the soundness and transparency of our management.
4	In accordance with the Basic Policy Regarding the Design of Internal Control Systems resolved by the Board of Directors based on the Companies Act, we will design a system to ensure that the execution of duties by directors complies with laws, regulations, and the Articles of Incorporation, and other systems to ensure the propriety of our operations and those of our group companies. In addition to incorporating the supervision and advice from an independent perspective by outside directors on the Board of Directors, etc., into corporate governance, we will improve the management supervisory functions of the entire group and seek to improve corporate value on a sustainable basis by leveraging the functions of the Audit and Supervisory Committee and the Nomination and Remuneration Committee.
5	The Group engages in constructive dialogue with shareholders through proactive investor relations activities, in order to contribute to sustained growth and enhanced corporate value over the medium to long term.

## History of corporate governance initiatives

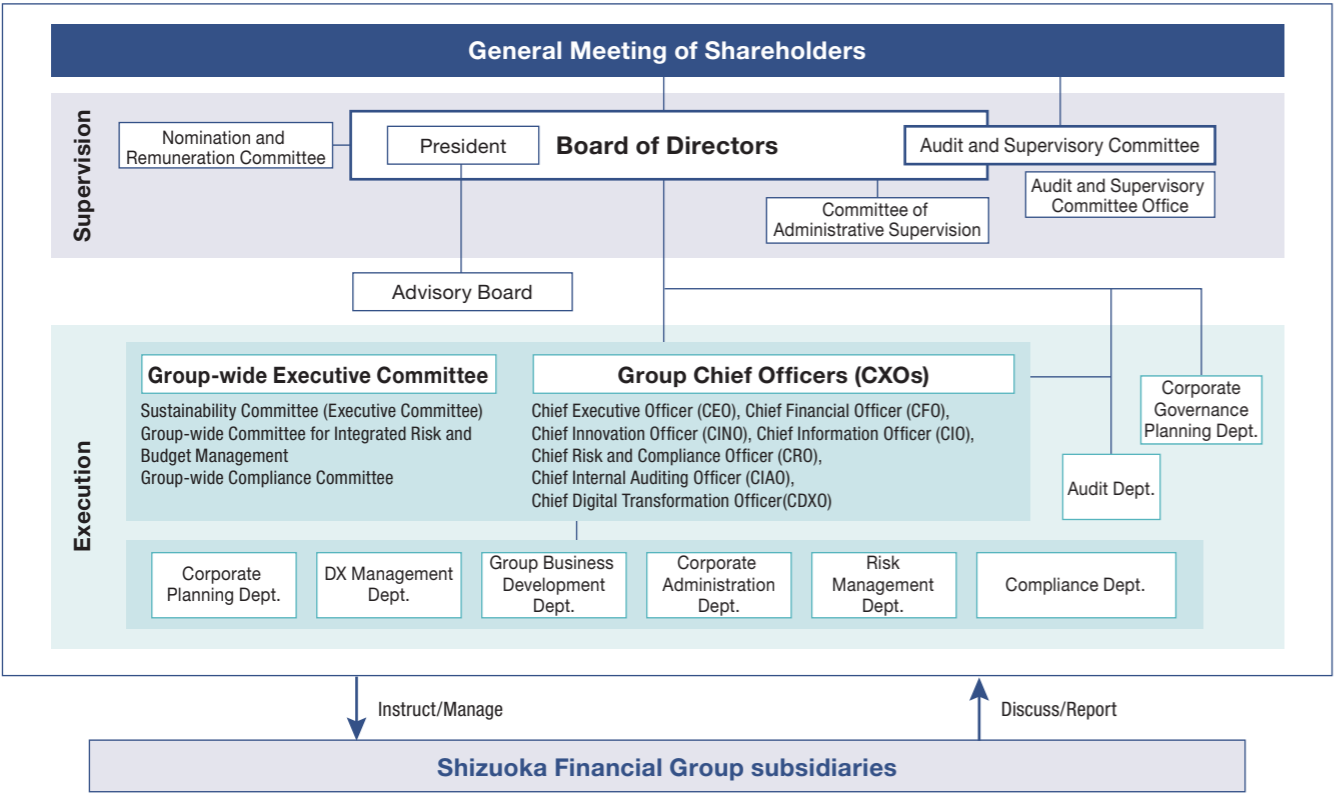


# Overview of the corporate governance organization under the holding company structure

## Organization of the Group's management structure

We have established and operate a corporate governance system whose goal is to enhance Group corporate value in a sustainable manner with management centered at the Group. Through the Board of Directors, the Audit & Supervisory Committee, and the Nomination & Remuneration Committee, each with an appropriate composition of members, including Outside Directors, we have built a system that makes all possible use of the independent management supervisory function.

We are also striving to strengthen group management in executive divisions by establishing a Group-wide Executive Committee, including the Sustainability Committee (Group Executive Committee), the Group-wide Committee for Integrated Risk and Budget Management, and the Group-wide Compliance Committee, as well as appointing Group Chief Officers (CXOs) in each executive field.



### Board of Directors

The Board of Directors consists of 10 directors, including five outside directors (all of whom are independent officers). As an organ responsible for enhancing independence from the business execution perspective and supervising Group-wide management, it determines management strategies, including medium-term business plans and the general features of internal controls, and supervises business execution across the Group.

### Nomination & Remuneration Committee

The Nomination & Remuneration Committee is composed of the Company's two representative directors and five outside directors. It responds to inquiries from the Board of Directors on matters like the nomination of officers and the officer compensation system, to ensure objectivity in the supervision of the Group's senior management team. As an organ authorized by the Board of Directors to make compensation decisions, it deliberates on the allocation of fixed monetary compensation and performance-linked compensation.

### Committee of Administrative Supervision

The Committee of Administrative Supervision has been established to reinforce the supervision of business execution by the Board of Directors. It is composed of the Chairperson of the Board of Directors, outside directors, Audit & Supervisory Committee members, and the Group Chief Internal Audit Officer (CIAO). Its activities include monitoring the status of business execution.

### Audit & Supervisory Committee

The Audit & Supervisory Committee is composed of one full-time Audit & Supervisory Committee member and three outside directors (all independent officers). The Committee is chaired by an outside director and works with the internal audit department to ensure a structure that leads to objective and detailed audits.

### Advisory Board (Management Advisory Committee) (p. 30)

The Advisory Board, established under the President (CEO) as a management advisory committee and composed primarily of external experts, seeks to ensure objectivity and reflect advanced views from outside the organization in execution of management.

## Composition of the Board of Directors for management oversight

In addition to providing sound financial intermediary functions to the community, Shizuoka Financial Group seeks to strengthen group management and develop new businesses that will contribute to the region's growth, based on a flexible, powerful governance structure that serves as the foundations for sustained growth.

The Board of Directors is charged with the mission of overseeing the business execution of operations based on the diverse expertise of the entire group to contribute to the sustainable growth of stakeholders and the Group. The Board of Directors as a whole ensures an appropriate balance in its scope and size by allowing directors and auditors to fulfill their roles from management, social, economic, and business perspectives through a comprehensive approach that reflects knowledge amassed from professional and other backgrounds.

		Management		Society, Economy		Business	
		Supervision of management as a listed company	Leading a comprehensive financial group	Vision for regional society and economy	Response to societal change	Financial intermediation functions	New businesses (development, composition)
Katsunori Nakanishi	Chairman (Representative Director)	●	●	●		●	●
Hisashi Shibata	President & CEO (Representative Director)		●	●		●	
Minoru Yagi	Director & Executive officer		●	●		●	
Yutaka Fukushima	Director & Executive officer			●		●	
Koichi Kiyokawa	Director (Audit & Supervisory Committee Member)			●		●	
Kumi Fujisawa	Outside Director	●		●	● Innovation		●
Kazutoshi Inano	Outside Director	●	●	●		●	●
Motoshige Itoh	Outside Director (Audit & Supervisory Committee Member)	●			● Environment		
Kazuto Tsubouchi	Outside Director (Audit & Supervisory Committee Member)	●			● IT		●
Naomi Ushio	Outside Director (Audit & Supervisory Committee Member)	●			● Diversity		

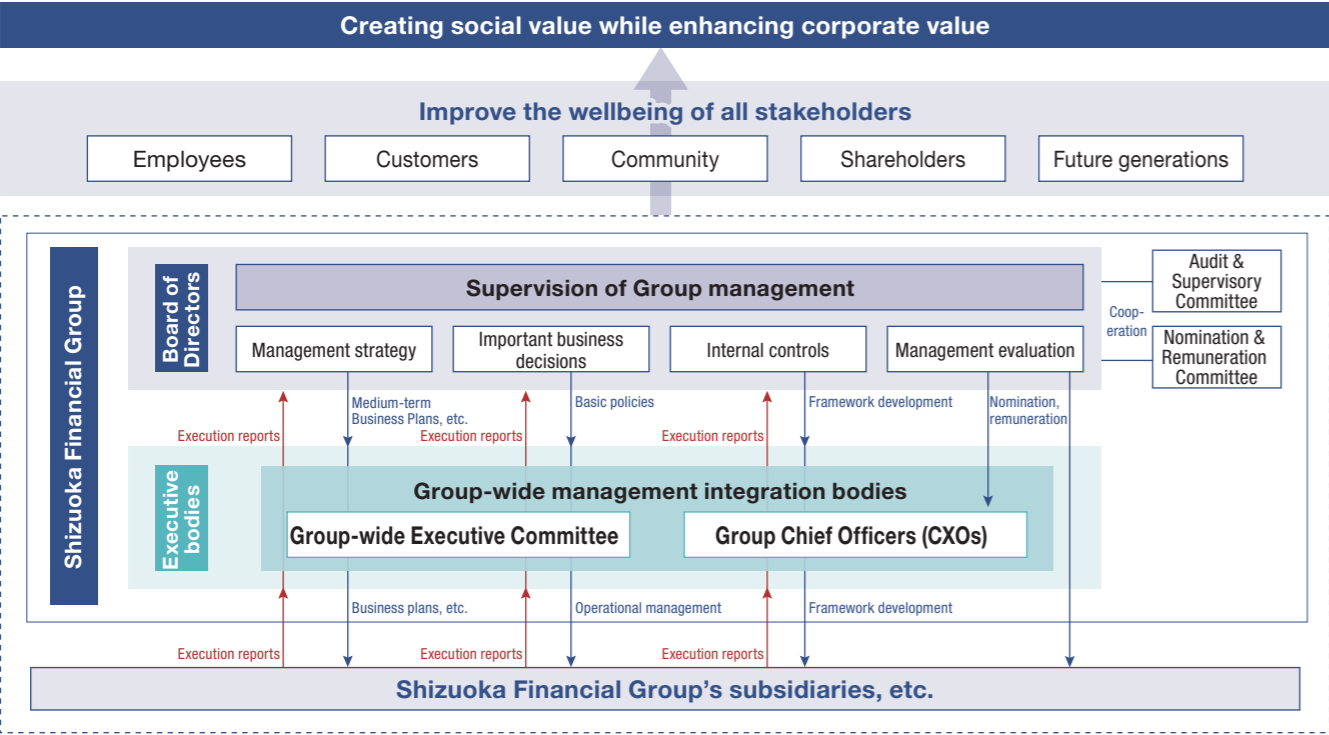
## Building a supervisory structure to ensure the independence of outside directors

Each of the Group's supervisory organs (the Board of Directors, the Audit & Supervisory Committee, and the Nomination & Remuneration Committee) has an appropriate number of outside directors appointed to enable flexible business execution while adapting to the business environment under appropriate management supervision.



Roles of the Board of Directors, Group-wide Executive Committee, and Group Chief Officers (CXOs)

The Group seeks to enhance corporate value on a sustainable basis while establishing appropriate relationships with stakeholders. The Board of Directors supervises Group management from the perspectives of management strategy, important business decisions, internal controls, and management evaluations. The Group-wide Executive Committee and Group Chief Officers (CXOs), under the supervision of the Board of Directors, monitor business execution across the entire group, including subsidiaries, to appropriately allocate management resources and generate group synergies.



Role of the Group-wide Executive Committee

**Sustainability Committee (Group Executive Committee)**  
In addition to deliberating on agenda items to be submitted to the Board of Directors, the Sustainability Committee makes decisions on matters related to business execution other than those for which the Board of Directors has delegated authority to other bodies. The Sustainability Committee also carries out necessary intercompany coordination related to business execution by Group companies.

**Group-wide Committee for Integrated Risk and Budget Management**  
The Group-wide Committee for Integrated Risk and Budget Management deliberates on the Group's basic policy for integrated risk management, the status of progress on comprehensive budget plans, and the overall management of assets and liabilities, as well as how the Group will respond to such matters.

**Group-wide Compliance Committee**  
The Group-wide Compliance Committee oversees and manages all aspects of compliance within the Group, including the basic compliance policy (Ethical Charter) to be submitted to the Board of Directors for approval, amendments to the compliance policy, and the implementation and evaluation of specific measures.

Roles of Group Chief Officers (CXOs)

<b>CEO</b> Chief Executive Officer	The CEO is responsible for management of the entire Group, directing the formulation of Group management policies to maximize value for all stakeholders, and overseeing all aspects of Group management.
<b>CFO</b> Chief Financial Officer	The CFO is responsible for the usage of the entire Group's management resources to achieve its management strategies and oversees all aspects of group management strategy to enhance Group profitability, growth potential, and financial soundness.
<b>CINO</b> Chief Innovation Officer	The CINO is responsible for new businesses and innovation to drive the Group's growth, and oversees and promotes new business development from the perspectives of increasing the Group's social performance, growth potential, and profitability, as well as increasing corporate value.
<b>CIO</b> Chief Information Officer	The CIO is responsible for the development and operation of IT strategy and systems-management frameworks for the entire Group, and oversees and controls business execution across the Group from an information-systems management perspective.
<b>CRO</b> Chief Risk and Compliance Officer	The CRO is responsible for the development and operation of compliance and risk management frameworks for the entire Group, and oversees and controls business execution across the Group from the perspectives of compliance and risk management.
<b>CIAO</b> Chief Internal Audit Officer	The CIAO is responsible for the development and operation of auditing frameworks for the entire Group, keeps business execution in check, and audits related efforts across the Group from a standpoint independent of the executive side.
<b>CDXO</b> Chief Digital Transformation Officer	The CDXO is responsible for promoting digital transformation (DX) across the entire Group and overseas the study, adoption, and permeation of advanced technologies for the management infrastructure to enable reforms in Group businesses and operations.

Efforts to improve the Board of Directors' oversight functions

Shizuoka Financial Group's Board of Directors and other bodies apply the plan-do-check-act (PDCA) cycle, consisting of the following steps. They are managed (D: operations) based on management guidelines (P: policies/standards) addressing topics like the forms the Board's oversight functions should take, and documented through repeated deliberations by the Board. In annual assessments of the Board's efficacy (C: validation), the Board discusses these standards and operations, drawing on the results of analysis of director surveys and other information to contribute to ongoing improvements (A: improvements).

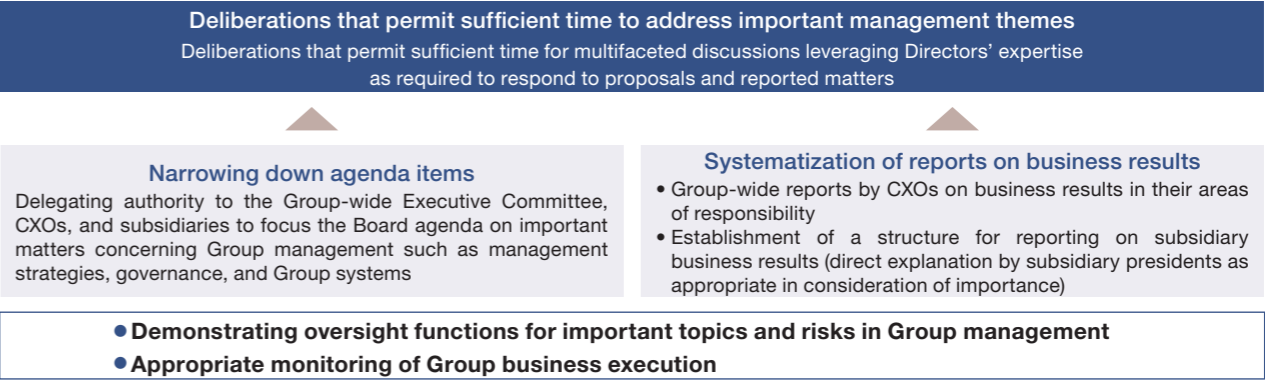
1. Ongoing improvements of the Board's oversight functions

Annual assessment of the efficacy of the Board of Directors is used to continually improve the Board's oversight functions based on the PDCA cycle.



2. Overview of operation of the Board of Directors (thinking based on the operation guidelines [policies])

In addition to narrowing down agenda items to topics that are highly important for Group management, the Board employs systems to monitor matters like Groupwide reports on business results from CXOs. Sufficient time is made available for discussion of important management topics, reflecting the diverse insights of the individual directors.



3. Topics for Board deliberations

In addition to delivering on important management topics and risks and monitoring Group business execution, the Board of Directors explores and studies broader and more advanced management topics through overnight study sessions and enhances information-sharing with outside directors.

Main Board agenda items (topics) in FY2024

<b>Proposals</b>	<b>Reporting</b>
<b>Resolutions</b> <ul style="list-style-type: none"><li>Revisions of the Medium-term Business Plan (financial targets)</li><li>Medium-term Cybersecurity Plan</li><li>Internal Audit Plan</li><li>Approval of financial documents</li><li>Decisions on dividends and share buybacks</li><li>Matters related to the appointment of and remuneration for directors and other officers</li></ul>	<b>Monitoring</b> <ul style="list-style-type: none"><li>Group executive reports (Sustainability Committee [Executive Committee] reports, IR reports)</li><li>Group CXO reports (quarterly results by the CXOs on Group business execution and other matters)</li></ul> <b>Deliberation</b> <ul style="list-style-type: none"><li>Analysis of issues and courses of action for response based on analysis of share price, etc. (appropriate capital adequacy levels, etc.)</li><li>Policies on handling strategic shareholdings, etc., and building up shareholders</li><li>Assessment of Board effectiveness, courses of action for new business fields, The Shizuoka Bank alliances, employee engagement survey findings, FY2025 execution plans (business plans, etc.)</li></ul>

Board of Directors overnight study session (August 2024)

Held to explore important topics, study advanced management topics, and stimulate communication with Group management

<b>Attendees</b>	Directors, Group CXOs, subsidiary presidents, etc.
<b>Topics</b>	<ul style="list-style-type: none"><li>Business composition and management in the context of changing conditions</li><li>Points at issue in domestic and international economics</li><li>Compliance and integrity</li></ul>

Cooperation with subsidiaries and business execution sections

- Exchange of opinions between outside directors and subsidiary top management, etc.**  
In addition to exchanging opinions on topics like strategic courses of actions, progress, and organizational structures for subsidiaries, holding tours of subsidiaries as appropriate  
**Held with top management of all subsidiaries other than The Shizuoka Bank (six companies) by May 2025**
- Exchange of opinions with independent officers**  
Held to strengthen the management oversight functions of the Board and other bodies by aligning perspectives on topics like board management and communication of information with the Board secretariat

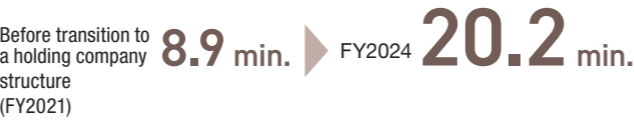
4. Assessment of the effectiveness of the Board of Directors and related issues

Improving effectiveness of the Board still further based on positive evaluations and implementing measures to address any issues identified. Transition to a holding company structure has strengthened effectiveness through enhancements in management and other areas. We will strengthen oversight functions for growth strategies and key risks to grow corporate value still further.

Total agenda items (average per meeting)



Deliberation time (average per agenda item)



Understanding of issues in previous assessment of effectiveness

- Demonstrating oversight functions through communication with chief officers, subsidiary presidents, and others at Board meetings and other opportunities

Improvement measures in FY2024

- Enhancing communication opportunities through the exchange of opinions in Board overnight study sessions, subsidiary tours, and other measures

Positive results and issues from FY2024 assessment of effectiveness

Positives

- Outside directors are given opportunities to state their views freely, and the Board appears to aim at lively discussion.
- Motivation and efforts to apply the insights of outside directors
- Stable, orderly progression of meetings

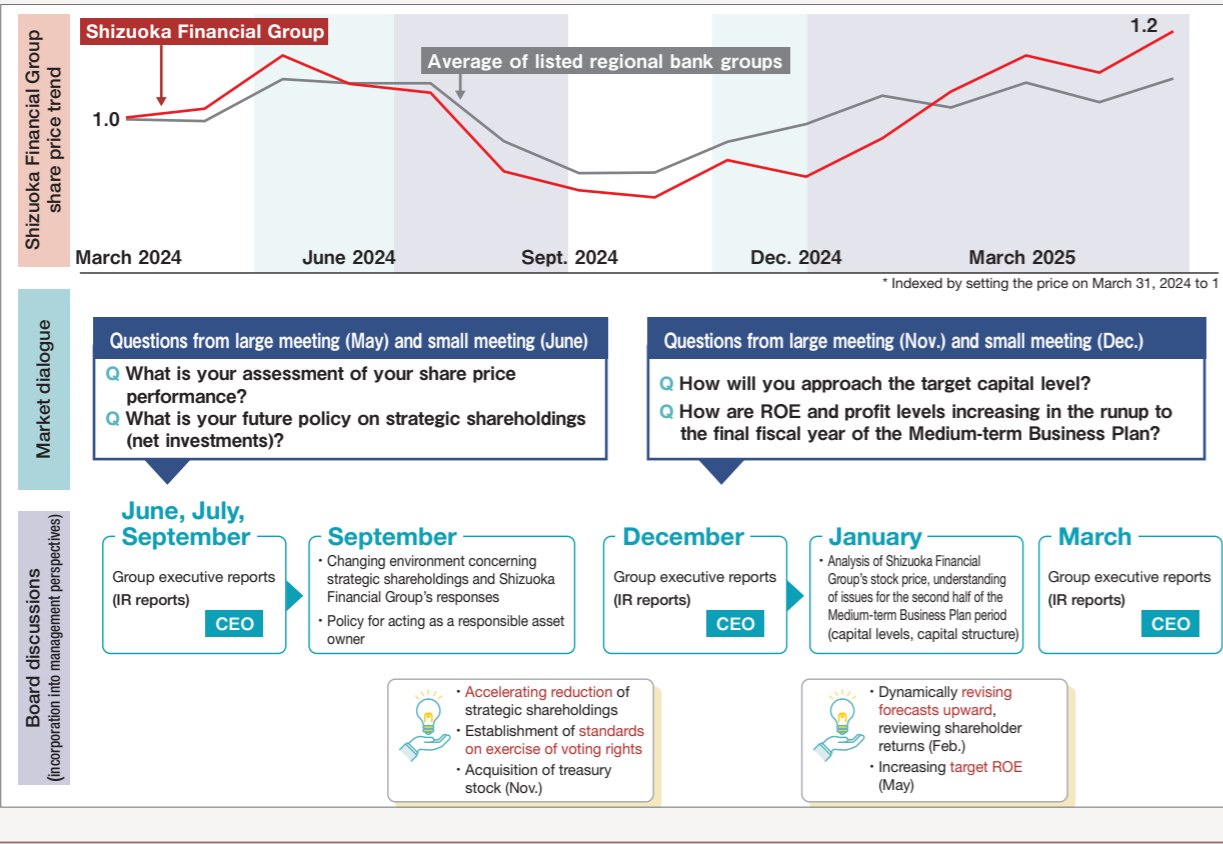
Points for improvement

- Further enhancements of discussions on management strategies (e.g., growth strategies and key risks) and other matters
- Discussions to identify management courses of action beyond mere questions and answers

TOPICS

Demonstrating Board oversight functions to increase corporate value based on dialogue with the markets

We will boost corporate value through the timely sharing with the Board of views and matters of interest to investors and others confirmed through IR activities, thereby incorporating market evaluations of and expectations for Shizuoka Financial Group into management strategies, and communicating information effectively.



Structure of directors' compensation to enhance corporate value

Basic policy on directors' compensation

1. The framework of compensation for directors shall be appropriately established to function as a sound incentive based on our aim to be a sustainable corporate group that can maximize value for all the Group's stakeholders.
2. Directors' compensation shall reflect the roles and responsibilities that each director must fulfill, as well as their results, to maintain and enhance the sound management of the Group based on directors' duty to accurately engage in Group-wide management.
3. The fairness and objectiveness in the process for determining compensation, etc. shall be ensured, under appropriate supervision from the Board of Directors, including the involvement and advice of the Nomination & Remuneration Committee, while respecting the resolutions of the General Meeting of Shareholders.

In addition to fixed monetary compensation, compensation for directors (excluding directors who are Audit & Supervisory Committee members) is composed of performance-linked compensation, officer compensation based on a points system linked to share price, and restricted share-based compensation. This system of compensation encourages morale and desire for enhanced performance, the motivation to increase corporate value, and shareholder-oriented management. Compensation for outside directors and directors who are Audit & Supervisory Committee members consists of fixed monetary compensation only, to ensure their neutrality and independence.

Decisions on the allocation of each form of compensation for

directors (excluding directors who are Audit & Supervisory Committee members) were delegated to the Board of Directors by the First Annual General Meeting of Shareholders held on June 16, 2023. The Nomination & Remuneration Committee is entrusted to allocate fixed monetary compensation and performance-linked compensation by a resolution of the Board of Directors.

The allocation of compensation (fixed monetary compensation only) for directors who are Audit & Supervisory Committee members is determined through discussion among such directors and is limited to no more than ¥90 million per year.

Composition of compensation for directors (excluding directors who are Audit & Supervisory Committee members)

	Basic compensation (cash)	Performance-linked compensation, etc. (cash)		Non-monetary compensation (stock)
	Fixed monetary compensation	Performance-linked compensation	Officer compensation based on a points system linked to share price	Restricted share-based compensation
Upper limit*1	Directors (excluding Audit & Supervisory Committee members)	Directors (excluding outside directors and Audit & Supervisory Committee members)		
	No more than ¥210 million per year	An amount corresponding to the level of net income attributable to owners of the parent, from ¥0 to ¥140 million	No more than 50,000 points per year (each point is worth one share)	No more than ¥50 million and no more than 50,000 shares per year
Proportion*2	60%	20%	10%	10%

\*1 Total for all eligible directors

\*2 Amounts of officer compensation based on points system linked to share price and restricted share-based compensation are calculated with reference to historical share price levels, etc. The proportions of each type of compensation vary depending on the performance-linked compensation paid and the Company's share price.

Performance-linked compensation

We have introduced performance-linked compensation indexed to net income attributable to owners of the parent to encourage morale and the desire for enhanced consolidated performance among directors (excluding outside directors and directors who are Audit & Supervisory Committee members) and to better reflect Group business performance in compensation.

Officer compensation based on points system linked to share price

We have introduced compensation for directors (excluding outside directors and directors who are Audit & Supervisory Committee members) based on a points system linked to share price, with the goal of further strengthening incentives for directors to increase corporate value and further deepening shareholder-oriented management during their terms of office. Under this system, eligible directors are allotted a specific number of points each year and receive a cash amount equivalent to their accumulated points multiplied by the average closing share price of Shizuoka Financial Group's stock during the six-month period immediately before retirement.

Restricted share-based compensation

We have introduced restricted share-based compensation aimed at raising awareness of enhancing corporate value and shareholder-oriented management among directors (excluding outside directors and directors who are Audit & Supervisory Committee members). Under this system, shares of Company common stock, subject to a designated period of transfer restrictions, are granted to eligible directors after the elapse of a prespecified period of time after they cease to serve as either directors or executive officers of Shizuoka Financial Group as a result of retirement or resignation.

List of officers



**Chairman (Representative Director)**  
**Katsunori Nakanishi**

April 1976 Joined The Shizuoka Bank, Ltd.  
July 1992 General Manager of Fujinomiya North Branch  
June 1994 General Manager of Shintori Branch  
June 1995 General Manager of Mishima Branch  
June 1999 Director and General Manager of Corporate Administration Dept.  
June 2001 Director & Executive Officer, General Manager of Corporate Planning Dept.  
June 2003 Director & Senior Executive Officer  
April 2005 Director & Senior Executive Officer, Deputy General Manager of Corporate Center in charge of planning and administration  
June 2005 President & Chief Executive Officer  
June 2011 Chairman, Regional Banks Association of Japan (to June 2012)  
June 2016 Chairman, Regional Banks Association of Japan (to June 2017)  
June 2017 Representative Director (Chairman) of The Shizuoka Bank, Ltd.  
October 2022 Representative Director (Chairman) of Shizuoka Financial Group, Inc. (to present)  
Chairman of Nomination & Remuneration Committee (to present)  
Member of Committee of Administrative Supervision (to present)



**Director**  
**Minoru Yagi**

April 1987 Joined The Shizuoka Bank, Ltd.  
June 2008 General Manager of Shintori Branch  
January 2010 General Manager of Yaizu Branch  
April 2011 Director, Senior General Manager of Corporate Planning Dept.  
June 2012 Executive Officer, General Manager of Corporate Planning Dept.  
June 2014 Director & Senior Executive Officer, Deputy General Manager of Corporate Center in charge of corporate planning and corporate administration  
June 2016 Director & Senior Executive Officer, Deputy General Manager of Banking Division in charge of credit  
June 2017 Director & Senior Managing Executive Officer, General Manager of Corporate Center  
June 2020 Representative Director & Senior Managing Executive Officer, General Manager of Corporate Center  
June 2021 Representative Director & Vice President, General Manager of Corporate Center  
October 2022 Director & Executive Officer, Shizuoka Financial Group, Inc. (to present)  
President, The Shizuoka Bank, Ltd. (to present)  
Chairman, Shizuoka Bankers' Association (to present)  
July 2024 Director, Japanese Bankers Association (to present)



**Director**  
**Kumi Fujisawa**

June 2004 Executive Director, the Investment Trusts Association, Japan  
November 2004 Director, SophiaBank Limited  
June 2011 Public Governor, Japan Securities Dealers Association (to present)  
June 2013 Director, The Shizuoka Bank, Ltd.  
August 2013 President, SophiaBank Limited  
June 2014 Director, Toyota Tsusho Corporation  
March 2018 Director, Japan Professional Football League  
October 2018 Director, Net Protections Holdings, Inc.  
April 2019 Director, Japan Action Tank (to present)  
March 2020 Director, Jinseki Kogen Gakuen Institution (to present)  
January 2021 Director, CellSource Co., Ltd. (to present)  
April 2021 Representative Director, Japan Philanthropic Partners  
October 2021 Auditor, Ridilover Inc. (to present)  
April 2022 Chairperson, Institute for International Socio-Economic Studies, Ltd. (to present)  
May 2022 Director, Edmilson Funds Asia (to present)  
October 2022 Director, Shizuoka Financial Group, Inc. (to present)  
Member of Nomination & Remuneration Committee (to present)  
Member of Committee of Administrative Supervision (to present)  
April 2023 Director, University Public Corporation Osaka (to present)  
July 2024 Chairperson, Japan Society of Sports Industry (to present)  
September 2024 Director, Mercari, Inc. (to present)  
June 2025 Director, Toyota Motor Corporation (to present)



**President & CEO (Representative Director)**  
**Hisashi Shibata**

April 1986 Joined The Shizuoka Bank, Ltd.  
June 2009 Director and General Manager of Corporate Planning Dept.  
April 2011 Director and General Manager of Gofukucho Branch  
June 2011 Executive Officer and General Manager of Gofukucho Branch  
June 2012 Senior Executive Officer, Deputy General Manager of Banking Division in charge of securities and international business; General Manager of Metropolitan Business Unit and General Manager of Tokyo Branch  
April 2013 Senior Executive Officer, Deputy General Manager of Banking Division in charge of Metropolitan Division, General Manager of Tokyo Branch  
June 2014 Director & Senior Executive Officer, Deputy General Manager of Banking Division in charge of credit  
June 2016 Director & Senior Executive Officer, Deputy General Manager of Corporate Center in charge of corporate planning and corporate administration  
June 2017 President & COO  
July 2019 Chairman, Shizuoka Bankers' Association  
June 2021 Director, Japanese Bankers Association  
October 2022 Chairman, Regional Banks Association of Japan (to June 2022)  
President, Shizuoka Financial Group, Inc. (to present)  
Member of Nomination & Remuneration Committee (to present)  
Director, The Shizuoka Bank, Ltd.



**Director**  
**Yutaka Fukushima**

April 1989 Joined The Shizuoka Bank, Ltd.  
April 2005 General Manager of Fujioka Branch  
June 2006 Deputy General Manager of Corporate Planning Group of Corporate Planning Dept.  
January 2009 General Manager of Fujinomiya Branch  
June 2011 Joint General Manager of Credit Dept. (serving concurrently as General Manager of Credit Group II)  
June 2013 Director and General Manager of Fujichuo Branch  
June 2015 Executive Officer, General Manager of Gofukucho Branch  
June 2016 Executive Officer, General Manager of Head Office  
June 2017 Senior Executive Officer, General Manager of Eastern Area Business Unit  
June 2021 Director & Senior Executive Officer, General Manager of Banking Division  
June 2022 Director and Senior Managing Executive Officer, General Manager of Banking Division  
October 2022 Director & Executive Officer, Shizuoka Financial Group, Inc. (to present)  
Director and Senior Managing Executive Officer, The Shizuoka Bank, Ltd. (to present)  
General Manager of Banking Division (to present)



**Director**  
**Kazutoshi Inano**

April 1976 Joined Nomura Securities Co., Ltd. (now NOMURA HOLDINGS, INC.)  
June 2000 Director, Executive Vice President of Nomura Securities Co., Ltd.  
April 2002 Director, President of Nomura Asset Management Co., Ltd.  
April 2003 Director, Deputy President & Co-CEO of Nomura Holdings, Inc.  
April 2005 Director, Chairperson of the Nomura Trust and Banking Co., Ltd.  
April 2008 Executive Managing Director, Deputy Chairperson of Nomura Securities Co., Ltd.  
April 2009 Director, Chairperson, Representative Executive Managing Director of Nomura Asset Management Co., Ltd.  
Vice Chairperson of Japan Association of Corporate Executives  
June 2009 Chairman of the Investment Trusts Association  
August 2009 Chairman of the Securities Analysts Association of Japan  
June 2011 Chairman of the Board of Directors of Nomura Asset Management Co., Ltd.  
July 2013 Chairman of Japan Securities Dealers Association  
May 2017 Chairman of Japan Securities Scholarship Foundation  
April 2018 Chairman of Japan Foundation for Regional Vitalization  
June 2021 Director, The Shizuoka Bank, Ltd.  
October 2022 Director, Shizuoka Financial Group, Inc. (to present)  
Member of Nomination & Remuneration Committee (to present)  
Member of Committee of Administrative Supervision (to present)  
August 2023 Outside Councillor, Ernst & Young ShinNihon LLC (to present)  
July 2025 Chairperson of the Board of Councilors, Japan Securities Scholarship Foundation (to present)



**Director (Audit & Supervisory Committee Member)**  
**Koichi Kiyokawa**

April 1988 Joined The Shizuoka Bank, Ltd.  
June 2006 General Manager of New York Branch  
June 2009 Senior Deputy General Manager of Numazu Branch  
April 2010 General Manager of Fujioka Branch  
April 2012 Joint General Manager of Corporate Administration Dept.  
June 2012 Director and General Manager of Corporate Administration Dept.  
June 2014 Executive Officer, General Manager of Corporate Planning Dept.  
June 2016 Executive Officer, General Manager of Risk Management Dept.  
June 2017 Executive Officer, General Manager of Shimizu Branch  
June 2019 Executive Officer, General Manager of Head Office  
June 2020 Director & Senior Executive Officer  
October 2022 Director (Audit & Supervisory Committee Member), Shizuoka Financial Group, Inc. (to present)  
Member of Committee of Administrative Supervision (to present)  
June 2023 Audit & Supervisory Board Member, The Shizuoka Bank, Ltd. (to present)



**Director (Audit & Supervisory Committee Member)**  
**Kazuto Tsubouchi**

April 1976 Joined Nippon Telegraph and Telephone Public Corporation (now Nippon Telegraph and Telephone Corporation (NTT))  
December 2000 General Manager, Kanazawa Branch of Nippon Telegraph and Telephone West Corporation  
June 2006 Member of the Board of Directors, Senior Vice President, Managing Director of Accounts and Finance Department of NTT Docomo, Inc.  
June 2012 Member of the Board of Directors, Senior Executive Vice President, Chief Financial Officer of NTT Docomo, Inc.  
July 2015 President, Foundation for MultiMedia Communications  
June 2018 Chairman, Information & Telecommunication Equipment Constructor's Association  
June 2020 Director, The Shizuoka Bank, Ltd.  
Councillor, Information & Telecommunication Equipment Constructor's Association  
October 2022 Director (Audit & Supervisory Committee Member), Shizuoka Financial Group, Inc. (to present)  
Member of Nomination & Remuneration Committee (to present)  
Member of Committee of Administrative Supervision (to present)



**Director (Audit & Supervisory Committee Member)**  
**Motoshige Itoh**

September 1978 Assistant Professor, Department of Economics, University of Houston  
April 1996 Professor, Faculty of Economics, the University of Tokyo  
June 2015 Director, East Japan Railway Company  
April 2016 Trustee, the Sasakawa Peace Foundation  
June 2016 Professor, Faculty of International Social Sciences, Gakushuin University  
March 2018 Professor Emeritus, the University of Tokyo (to present)  
June 2018 Corporate Auditor, Haboromo Foods Corporation  
June 2018 Director, the Japan Foundation for the United Nations University (to present)  
April 2022 Director, The Shizuoka Bank, Ltd.  
June 2018 Director, Sumitomo Chemical Company, Limited (to present)  
April 2022 Director, JX Nippon Mining & Metals Corporation (to present)  
June 2022 Director, Haboromo Foods Corporation (to present)  
October 2022 Director (Audit & Supervisory Committee Member), Shizuoka Financial Group, Inc. (to present)  
Member of Nomination & Remuneration Committee (to present)  
Member of Committee of Administrative Supervision (to present)



**Director (Audit & Supervisory Committee Member)**  
**Naomi Ushio**

April 1983 Joined Fuji Television Network, Inc.  
April 1998 Senior Assistant Professor, Meiji University  
April 2009 Professor, School of Information and Communication, Meiji University (to present)  
August 2009 Expert Member, Liaison Conference for the Promotion of Gender Equality, Cabinet Office  
June 2011 Audit & Supervisory Board Member, Seven Bank, Ltd.  
June 2014 Corporate Auditor, JX Holdings, Inc. (now ENEOS Holdings, Inc.)  
April 2016 Vice President, Meiji University  
March 2018 Director, POLA ORBIS HOLDINGS INC. (to present)  
February 2019 Member, 10th Central Council for Education, Ministry of Education, Culture, Sports, Science and Technology  
June 2019 Audit & Supervisory Board Member, The Shizuoka Bank, Ltd.  
June 2020 Corporate Auditor, Haboromo Foods Corporation  
June 2021 Director, the Dai-ichi Life Insurance Company, Limited (to present)  
October 2022 Director (Audit & Supervisory Committee Member), Shizuoka Financial Group, Inc. (to present)  
Member of Nomination & Remuneration Committee (to present)  
Member of Committee of Administrative Supervision (to present)  
June 2024 Director, Haboromo Foods Corporation (to present)

Executive Officers

**Executive Officer & CFO**  
**Hiromitsu Umehara**

**Executive Officer & CINO**  
**Takayoshi Otsuka**

**Executive Officer & CIO**  
**Motoya Suzuki**

**Executive Officer & CRO**  
**Yasuhiro Ogawa**

**Executive Officer & CIAO**  
**Michiko Ohashi**

**Executive Officer & CDXO**  
**Hiromi Enomoto**

# Thorough Compliance and Risk Management

We strive to strengthen our compliance and integrated risk management systems at all times to respond appropriately and effectively to changing business conditions and the growing diversity and complexity of our businesses.

## Practicing steady risk management and positive compliance



**Yasuhiro Ogawa**  
Executive officer & CRO

As Japan shifts to an era of positive interest rates, market and liquidity risk management and credit risk management will grow more important. At the same time, the importance of efforts to achieve operational resilience, including measures to strengthen cybersecurity, continues to grow in the face of increasingly complex and diverse threats such as ever more advanced and ingenious cyberattacks that could have devastating consequences for the financial infrastructure. Our approach to effectively controlling such risks is based on robust and cross-functional risk management across the Group under the holding company's integrated risk management framework.

As a financial institution group, in addition to responding to such risks, we must ensure ever more thorough compliance. By enhancing integrity and taking a positive approach to compliance that considers the obligation for compliance as a matter of doing what is right—rather than avoiding what is wrong—we will meet the expectations of society and stakeholders through rigorous measures to prevent money laundering and counter financial crimes.

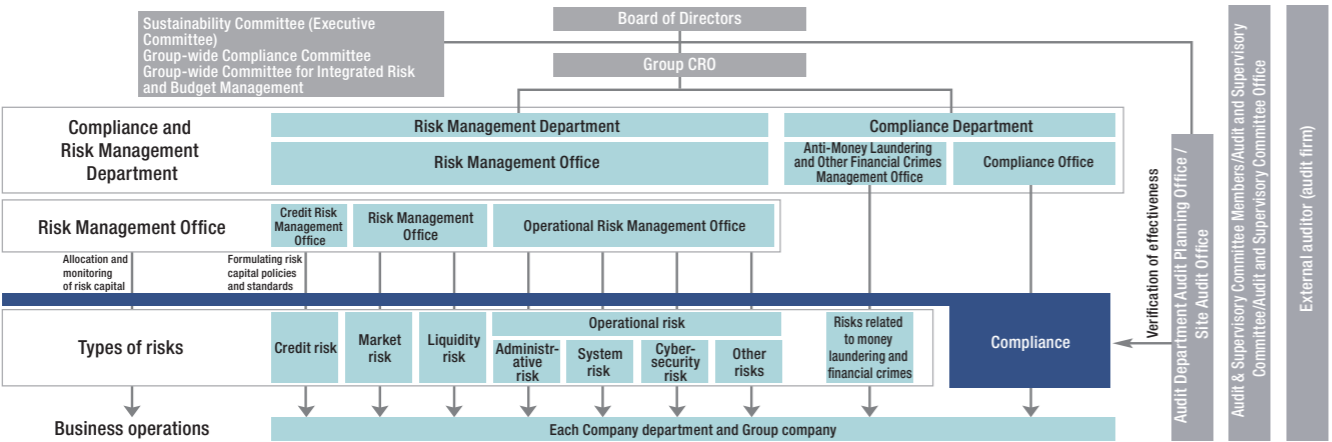
## Basic Compliance Policy

As a member of the community, Shizuoka Financial Group complies with laws, regulations, and social norms and embraces a spirit of fair play. We have established our Ethical Charter as our basic compliance policy, to grow in harmony with the community.

### Ethical Charter

Gaining Trust	Compliance with Laws, Regulations and Rules	Social Etiquette and Fair Play	Breaking Contact with Anti-Social Forces	Active Communication
We are constantly aware of the importance of the Group's social responsibility and public mission. As a financial group, we strive to build unshakable trust through sound business management.	In the conduct of our business, we comply with laws, regulations, and rules, and on the basis of honesty and fairness, we adhere to social norms as a member of society.	As executives and employees of the Group, we contribute to the development of the local community by fostering a strong social etiquette and a spirit of fair play.	The Group adamantly rejects the unreasonable demands made by anti-social forces and groups that offend public order and morals and absolutely refuses to deal with such groups.	We actively communicate with stakeholders and cooperate with them to build a strong compliance system.

### Shizuoka Financial Group's Compliance and Risk Management Systems



## Compliance system

### Compliance system

Shizuoka Financial Group formulates an annual Compliance Program as its practical action plan to ensure compliance.

Chaired by the Group Chief Compliance and Risk Officer (CRO), who has overall responsibility for compliance, the Group-wide Compliance Committee with a membership consisting of directors and other executives meets monthly to deliberate on important compliance matters across the Group and assess the status and activities of the Group's compliance system, including the implementation of compliance programs. The committee reviews and revises the system as necessary.

The Compliance Department monitors the functioning of the compliance system through the integrated management of compliance information with the goal of preventing potential violations and maintaining and strengthening the compliance system across the Group. Compliance Officers and Customer Protection Supervisors assigned to the Compliance Department guide and monitor Group companies in various ways, including on-site inspections.

Each Group company promotes compliance by formulating and implementing compliance programs, and reports to its Compliance Committee on the status of compliance.

### Cultivating a corporate culture focused on compliance

Shizuoka Financial Group has appointed a Group CRO as the individual assigned overall responsibility for compliance across the Group. Management takes an energetic and proactive approach to compliance issues and activities to strengthen awareness of compliance Group-wide.

Efforts also seek to foster a culture in which employees take action on their own to have a positive impact on compliance and to further strengthen the compliance structure through Group synergies.

### Opinion Box whistleblowing system

For early detection and remediation of legal and regulatory violations and other compliance issues, Shizuoka Financial Group has established the Opinion Box internal reporting system. This system allows all executives and employees, including those who have departed the Group within the past year, to submit reports, thereby enhancing self-corrective functions.

Reports can be submitted to the Group CRO, the Compliance Management Department, and attorneys' offices by phone, in writing, by email, via a Web form, or through groupware (intranet), anonymously or signed.

These reports are handled by public interest whistleblowing system personnel who are legally bound to maintain the confidentiality of those submitting the reports. To encourage use of the Opinion Box system, rules expressly forbid any attempts by executives or employees to identify whistleblowers or to subject them to unfavorable treatment.

We seek to strengthen the understanding of this system on an ongoing basis through training and other means. All employees are provided opportunities to get a feel for posting comments to the Opinion Box system through simulated posting exercises every six months.

The Opinion Box system provides opportunities to post various opinions on the workplace and on business activities.

### Measures to prevent money laundering, funding of terrorism, proliferation financing, and violations of economic sanctions

The importance of countermeasures to combat money laundering, terrorism funding, distributed finance, and violation of economic sanctions ("money laundering") has grown in recent years as a key issue in Japan and within the international community. Shizuoka Financial Group believes this concerns not merely compliance, but the management risks capable of posing business issues. As a basic policy, having positioned the elimination of money laundering as an important social responsibility, the Group makes every effort at all times to prevent money laundering through joint efforts involving all related Group companies and sections under management guidance and proactive engagement.

The Group's control systems are based on the concept of three lines of defense, as described in the Financial Services Agency's Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism.

The Group will continue to work with government departments and agencies to strengthen countermeasures to money laundering and other financial crimes with the goal of eradicating criminal organizations and activities and continuing to provide secure and convenient financial services.

### The Shizuoka Bank's Control Systems

Category	Department	Role
First line of defense (sales divisions)	Branches, loan centers, etc.	Proper understanding and proper execution of policy and procedures
Second line of defense (management departments)	Anti-Money Laundering and Other Financial Crimes Management Office, headquarters departments assigned responsibility	Monitoring and supporting the first line of defense (sales divisions)
Third line of defense (internal audit division)	Audit Department	Verification of the effectiveness of measures to combat money laundering and funding of terrorism

### Anticorruption initiatives

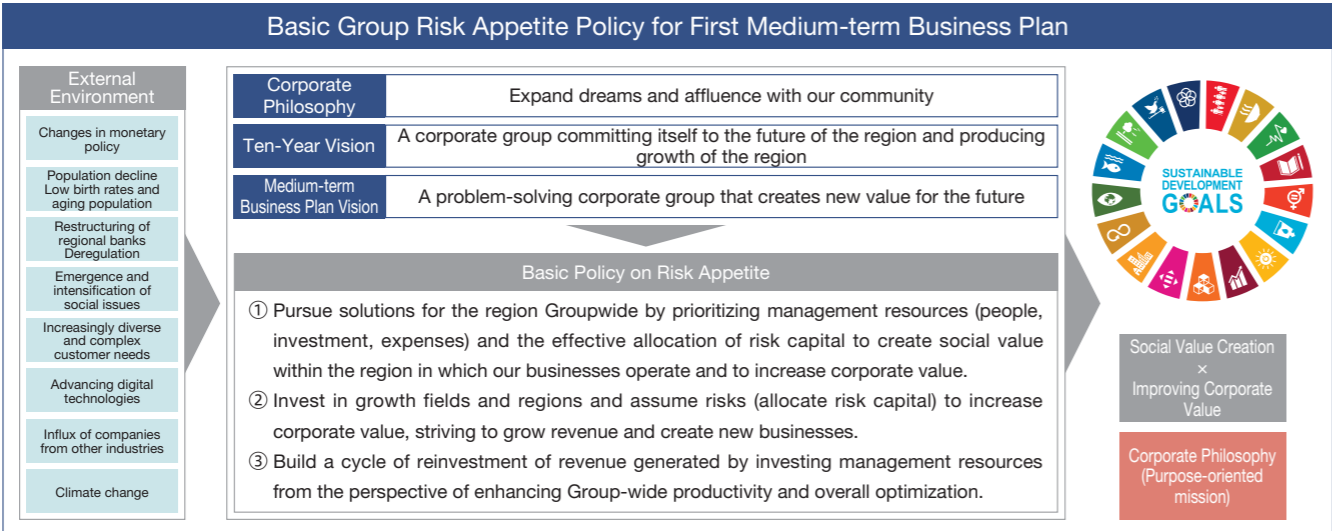
To contribute to a sustainable society and build fair and sound relations with all stakeholders, the Shizuoka Financial Group strives to prevent corruption and bribery.

Related efforts include establishing rules on entertainment and exchange of gifts in the compliance manual's action guidelines and in various rules and regulations; prohibiting gift-giving to public officials or the provision of financial interests to shareholders related to the exercise of voting rights; and ongoing efforts to raise awareness among officers and employees through training and other efforts.

Risk appetite framework (RAF)

The Group has established a clear risk appetite (i.e., types and quantity of risks the Group is willing to assume) to realize its corporate philosophy and management targets. It deploys a risk appetite framework (RAF) as a corporate business and risk management tool.

The specific process is illustrated at right. The goal is to use the RAF to realize optimum risk returns with the Group's medium- to long-term growth in mind.



Risk management framework

Each Group company manages the risks to which it is exposed in accordance with policies set by the holding company, while the holding company handles the integrated management of Group-wide risks.

Specifically, each Group company establishes its own risk management organizations, roles, and assignments to implement autonomous risk management, reporting the status of these risks to the holding company. The holding company controls risks across the Group by ensuring that Group companies understand risk management policies and by undertaking monitoring and guidance through the risk management coordination section. The Group Chief Risk Officer (CRO) regularly reports to the Board of Directors on the status of these risks.

Integrated risk management system

The Group has established a basic framework, including definitions of risk, an organizational structure for risk management, and specific risk control procedures, based on the Basic Risk Management Regulations, which set forth the fundamental principles that underlie our approach to risk management. A management system that allocates risk capital is core to the Group's integrated risk management system and ensures an appropriate balance between strengthening earnings and financial soundness.

The mechanism that allocates risk capital ensures sound management by maintaining risk within a manageable range. The Group defines core shareholder equity as capital for allocation, which it allocates to each department of The Shizuoka Bank (our core Group company) involved in business execution and to other Group companies. Even in the event of the actual emergence of market, credit, or other risks, the system keeps losses within the bounds of shareholder equity.

Credit risk management system

The Credit Risk Management Office of the Compliance and Risk Management Department is responsible for the overall management of credit risk both in Japan and overseas, to maintain and enhance the soundness of the loan asset portfolio. Under the Group's internal rating system, which includes its borrower credit rating system, the Credit Risk Management Office is responsible for designing and supervising the deployment of the system; the planning offices of the credit management departments of Group companies are responsible for day-to-day operations; and the Risk Management Office is responsible for verifying the propriety of the system. Mutual checks and balances among these three units facilitate the proper

function of the Group's internal ratings system.

The Credit Risk Management Office draws on statistical procedures to quantify the credit risks posed by the Group's loan portfolio. In this way, the Group guides the portfolio to avoid excessive credit risk, accurately assessing future risk amounts and monitoring for concentrations of loans with large borrowers or specific industries.

The Audit Department, which is organizationally independent of the banking division, credit management departments, and risk management departments, audits the propriety and effectiveness of the design and operation of the credit risk management system.

Market risk management system

In market transactions, we strive to keep market risk within a defined range by setting restrictions on matters such as the amount of risk capital allocated, valuation gains and losses, position amounts, and sensitivity.

For deposits, loans, investment securities, and other banking account transactions, the Business Strategy Office within the Corporate Planning Department formulates hedging policies based on considerations such as current risk conditions and interest rate outlook, to keep the volume of market risk within a defined range. These policies are reviewed by the Group Integrated Risk and Budget

Management Committee.

The Shizuoka Bank's market operations are structured to rigorously partition administrative and control sections from the sections that engage in these transactions, and the Bank also operates an independent risk management section to ensure mutual checks and balances function as intended. The Audit Department, which is independent of the sections involved in business execution, verifies the effectiveness of these mutual checks and balances among the administrative, execution, and risk management sections.

Liquidity risk management system

By establishing separate departments to manage yen and foreign currency cash flow (e.g., the Fund & Foreign Exchange Group of the Treasury Department, the Business Strategy Planning and ALM Group of the Corporate Planning Department, and the Treasury and International Operations Center of the Financial Process Operations Department of The Shizuoka Bank), and an independent liquidity risk management department (the Risk Management Group of the Compliance and Risk Management Department), the Group ensures systemic mutual checks and balances. As a department to manage cash flow, the Fund & Foreign Exchange Group of the Bank's Treasury Department strives to ensure stable cash flow management while closely monitoring market conditions.

The Risk Management Group of the Compliance and Risk Management Department monitors various related aspects, including the operational status of cash flow management sections

and assessments of assets-liabilities stability.

To ensure preparedness for unforeseen circumstances, we have established an emergency cash flow management system divided into four emergency stages: Stage 1 (prevention); Stage 2 (attention required); Stage 3 (liquidity concerns); and Stage 4 (insufficient liquidity). We have predefined countermeasures and delegated authority to specific individuals for each stage to allow prompt response to any potential issues.

For market liquidity risks, the liquidity risk management department monitors the status of holding highly liquid assets that can be monetized readily. The market divisions of The Shizuoka Bank and other Group companies address market liquidity risk in various ways, including considering liquidity when choosing investment assets and setting limits on specific issues and holding periods.

Operational risk management system

Operational risk is classified by cause. Each risk category is managed by a specialized unit of the Bank, while the Operational Risk Management Group of the Compliance and Risk Management Department is responsible for overseeing and managing operational risk throughout the Group. We are currently moving to strengthen our operational risk management system through various measures, including compiling and analyzing internal loss data and implementing risk control self-assessments. The Audit Department, which is organizationally independent of all units it audits, verifies the effectiveness of the risk management system through on-site inspections and other means. Some typical operational risk management systems are outlined below.

Administrative Risk Management

In addition to prioritizing preventive measures for high-risk cases based on past incidents, we are responding to increasingly diverse business operations and higher trading volumes in various ways, including improving efficiency based on computerization and centralization of branch operations at a shared-services center.

System risk management

Recognizing computer systems as key information assets, we seek to ensure secure and reliable operations based on the Basic Policy for Information Asset Security Measures (Security Policy) and the Standards for Information Asset Security Measures (Security Standards).

ISO 27001 certification

Shizugin IT Solution, which handles the development, operation, and maintenance of Group computer systems, has earned ISO 27001 Information Security Management System certification, another initiative to safeguard information from hacking, leaks, and other hazards.

TOPICS

Balance Sheet Management Consortium established For more advanced risk management based on a core deposits model

In May 2025 together with Allianz Global Investors Japan Co., Ltd. and NS Financial Management Consulting Inc., we established the Balance Sheet Management Consortium with the goal of advancing asset and liability management (ALM). Its first overall meeting was held in July 2025 (with 44 regional financial institutions in attendance). Future plans call for efforts to increase stable net interest income and further advance ALM in addition to risk management based on in-depth discussions with participating financial institutions of balance sheet management that adequately reflect the changing external environment.



Cybersecurity

Basic policy

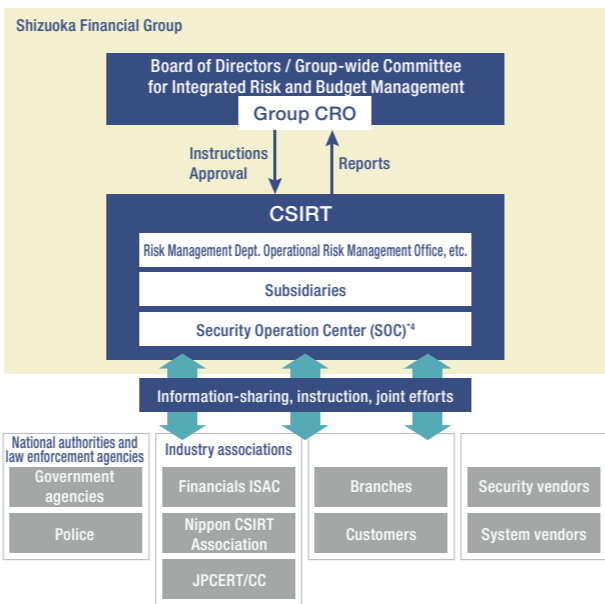
The Shizuoka Financial Group handles large volumes of sensitive data, including customer information, as it engages in business activities essential to society and to the economy, including various financial services. We bear a responsibility to continue business activities and provide secure and stable services and to safeguard customers from cyberattacks. We have identified addressing the risk of cyberattacks as a key management issue. We seek to continue responding to the evolving threat of cyberattacks and to effectively control the related risks.

Framework for managing cybersecurity

Under the management leadership of the Group CRO, the Computer Security Incident Response Team (CSIRT)\*<sup>1</sup> collects and communicates information on cybersecurity threats, investigates and responds to detected attacks, and implements various security measures Group-wide.

The CSIRT has concluded an agreement on joint countermeasures with the Headquarters of Shizuoka Prefectural Police; joined the external organizations Financials ISAC Japan\*<sup>2</sup> and the Nippon CSIRT Association\*<sup>3</sup>; signed an exclusive contract with a security company; and prepared frameworks to enable rapid response to any cyberattacks. Through joint efforts with such public and private external organizations, we strive to enhance the effectiveness of our cybersecurity management framework.

We have established two sections dedicated to cybersecurity: Shizuoka Financial Group's IT Security Team and The Shizuoka Bank's IT Security Office. They are intended to implement timely and effective defense against cyberattacks through continuous enhancement of cybersecurity measures, including gathering information on the threat of cyberattacks and promoting research and implementation of security countermeasures.



\*1 Organization established to respond to cases related to computer security  
\*2 Incorporated organization established to enable cybersecurity information-sharing and cooperation among financial institutions  
\*3 Expert organization in which many corporate CSIRTs are members  
\*4 Established within Shizugin IT Solution as a security operations center (SOC) to receive and respond to alerts issued by security products

Fighting financial crime

In December 2023, we began implementing algorithms that detect improprieties\* with the goal of assuring safe and secure financial services for customers. The system in question identifies improprieties in online transactions. By repeatedly gathering and analyzing data, we seek to make these systems more precise and thereby prevent financial crimes.

We are also striving to communicate relevant information to customers in various ways, including posting to the website any new information on phishing attempts or funds transfer fraud, as well as reminding internet banking users of security concerns.

\* Computer algorithms intended to block improper use of accounts before the funds are received by organized crime in case in which customers are victimized by payment scams

Training and education

To improve the digital literacy of Group officers and employees, we provide continuous education and awareness-raising activities, including information security seminars and e-learning for all officers and employees, sharing information on the latest security trends, and training on suspicious emails.

The CSIRT plays a central role in our periodic participation in various training sessions and exercises organized by Financials ISAC, the National Center of Incident Readiness and Strategy for Cybersecurity (NISC), and other organizations, as we strive to make our cybersecurity measures still more effective.

The Internal Audit Structure

To strengthen corporate value while maintaining the propriety and soundness of business operations, we strive to ensure the efficacy of Group internal audits, keeping firmly in mind the vital need to maintain effective approaches to internal audits that reflect the scale and other attributes of operations, laws and regulations, and risks.

Supporting appropriate risk-taking in Group management from the perspective of internal control



As a comprehensive financial group with roots in the community, Shizuoka Financial Group demonstrates sound financial intermediary functions while developing new businesses to contribute to the region's growth. In today's dramatically changing business environment, the issues and risks raised by the Group's business activities are growing increasingly diverse and complex. We need to continue to improve the effectiveness of Group internal audits by adopting more advanced audit methods and expanding the specialties of audit personnel. By supporting appropriate risk-taking in Group management from the perspective of internal control, we will play a key role in Group governance and promote both the creation of social value and increased corporate value.

Michiko Ohashi  
Executive officer & CIAO

The operational framework of Group-wide internal audits

The Audit Department undertakes internal audits under the direction of the CIAO and supervision of the Board of Directors. To ensure objective and effective internal audits and keep the executive division in check, this department remains independent of the executive side.

The Board of Directors establishes Internal Audit Rules, including Group internal audits policies, and approves internal audit plans.

The Audit Department undertakes internal audits for the Group to assess its compliance and risk management systems and other aspects related to the propriety and effectiveness of internal

controls.

The results of internal audits are reported regularly to the Board of Directors and the Audit & Supervisory Committee, and follow-up is carried out regarding proposals to remedy issues and the status of improvements.

The divisions and personnel responsible for internal audits at Group companies also undertake internal audits and related activities. The CIAO coordinates the management of internal audit activities across the Group.

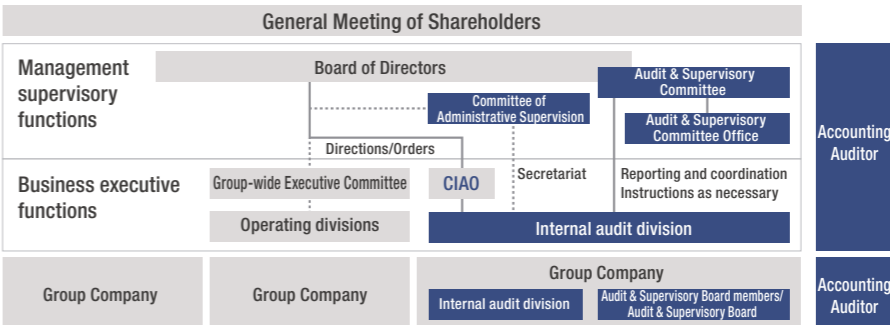
Coordination between the internal audit division and other bodies

The Audit Department has established periodic opportunities for the exchange of opinions and information with inside and outside directors, inside and outside Audit & Supervisory Committee members, representatives, internal audit divisions of Group companies, and other entities and individuals. In this way, through appropriate advising and other intermediary efforts, it seeks to contribute to Group-wide management.

Initiatives to improve the quality and sophistication of internal audits

The Audit Department undertakes various initiatives to ensure effective and high-quality internal audits while adapting to changes in management and business conditions.

After evaluating inherent risks in the companies, sections, and operations subject to internal audits, the Audit Department determines the targets, frequencies, depths, and other parameters of each fiscal year's internal audits to allocate auditing resources efficiently. The department works to develop human capital by encouraging personnel to earn international internal audit qualifications and participate in external seminars and other activities. It also strives to enhance the quality of internal audits by contracting with external agencies in areas that require specialized knowledge.



Note: The bodies and divisions indicated in white letters work with one another.

# Overview of Group companies

## Shizuoka Financial Group's subsidiaries

(As of July 1, 2025)

### 1 The Shizuoka Bank, Ltd.

President	1 10 Gofukuchō 1-chome, Aoi-ku, Shizuoka City, Shizuoka	4 90,845 million yen
Minoru Yagi	2 +81-54-261-3131	5 100%
	3 March 1, 1943	6 Banking services

### 2 Shizugin Management Consulting Co., Ltd.

President	1 2-1 Kusanagi Kita, Shimizu-ku, Shizuoka City, Shizuoka	5 100%
Atsushi Suzuki	2 +81-54-348-1491	6 Corporate and financial management advisory services, bill collection services
	3 May 2, 1962	
	4 440 million yen	

### 3 Shizugin Lease Co., Ltd.

President	1 1-2 Gofukuchō 1-chome, Aoi-ku, Shizuoka City, Shizuoka	4 250 million yen
Kazunobu Wakabayashi	2 +81-54-255-7788	5 100%
	3 March 15, 1974	6 Leasing

### 4 Shizuoka Capital Co., Ltd.

President	1 2-1 Kusanagi Kita, Shimizu-ku, Shizuoka City, Shizuoka	4 100 million yen
Keisuke Shigeno	2 +81-54-347-2210	5 100%
	3 August 1, 1984	6 Public-offering assistance, SME management support, SME business succession support

### 5 Shizugin TM Securities Co., Ltd.

President	1 1-13 Otemachi, Aoi-ku, Shizuoka City, Shizuoka	4 3,000 million yen
Minoru Oishi	2 +81-54-254-6111	5 100%
	3 December 22, 2000	6 Securities

### 6 SFG Marketing Co., Ltd.

President	1 2-1 Kusanagi Kita, Shimizu-ku, Shizuoka City, Shizuoka	4 100 million yen
Dai Nakagawa	2 —	5 80%
	3 July 3, 2023	6 Marketing support services, advertising agency, premium placement services

### 7 SFG Real Estate Investment Advisors, Co., Ltd.

President	1 11-1 Minamicho, Suruga-ku, Shizuoka City, Shizuoka	4 100 million yen
Takahiro Watanabe	2 +81-54-283-0730	5 100%
	3 November 16, 2023	6 Investment advisory services for private real estate funds, consulting services

### Monex Group, Inc.

Equity method affiliate

1 1-12-32 Akasaka, Minato-ku, Tokyo	
2 +81-3-4323-8698	
3 August 2, 2004	
4 13,143 million yen	
5 20%*	
6 Holding of shares in companies operating financial instruments brokerage and other businesses	* 510,911 voting rights held by Shizuoka Financial Group divided by 2,509,608, the total number of shareholders voting rights, as of June 30, 2025

## The Shizuoka Bank's subsidiaries

### 8 Shizugin IT Solution Co., Ltd.

President	1 1-10 Kusanagi Kita, Shimizu-ku, Shizuoka City, Shizuoka	4 54 million yen
Takahide Yamamoto	2 +81-54-347-1111	5 100%
	3 April 1, 1974	6 Computer system development and operation

### 9 Shizugin Credit Guaranty Co., Ltd.

President	1 2-1 Kusanagi Kita, Shimizu-ku, Shizuoka City, Shizuoka	4 400 million yen
Nobushige Sasaki	2 +81-54-348-6611	5 100%
	3 November 1, 1978	6 Guarantee of housing loans, etc.

### 10 Shizugin Card Co., Ltd.

Representative Director	1 1-13-10 Kusanagi, Shimizu-ku, Shizuoka City, Shizuoka	4 50 million yen
Tomohisa Hirano	2 +81-54-344-1155	5 100%
	3 April 1, 1983	6 Credit card and guarantee of consumer loans

### 11 Shizugin General Service Co., Ltd.

President	1 2-1 Kusanagi Kita, Shimizu-ku, Shizuoka City, Shizuoka	4 30 million yen
Makoto Hanazaki	2 +81-54-347-3700	5 100%
	3 July 1, 1985	6 General administration, premium placement services

### 12 Shizugin Mortgage Service Co., Ltd.

President	1 2-1 Kusanagi Kita, Shimizu-ku, Shizuoka City, Shizuoka	4 50 million yen
Tomohiro Nakamura	2 +81-54-348-6720	5 100%
	3 July 2, 1990	6 Appraisal of real estate for loan collateral, operation center for loans

### Shizuoka Liquidity Reserve Limited

1 PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands	4 USD50,000
2 —	5 100%
3 August 12, 2014	6 Purchases of monetary receivables

### Shizuoka EU Liquidity Reserve Limited

1 PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands	4 EUR45,000
2 —	5 100%
3 November 30, 2023	6 Purchases of monetary receivables

### 13 Shizugin Business Create Co., Ltd.

President	1 2-1 Kusanagi Kita, Shimizu-ku, Shizuoka City, Shizuoka	5 100%
Hirokazu Shinohara	2 +81-54-348-8800	6 Operation center for remittance and bill collection, part-time employee management
	3 June 28, 1999	
	4 40 million yen	

### 14 Shizugin Saison Card Co., Ltd.

President	1 11-1 Minamicho, Suruga-ku, Shizuoka City, Shizuoka	4 50 million yen
Hiroki Taki	2 +81-54-281-5701	5 50%
	3 October 30, 2006	6 Credit-card business, credit guarantee business

### 15 Shizugin Heartful Co., Ltd.

Special subsidiary

President	1 2-1 Kusanagi Kita, Shimizu-ku, Shizuoka City, Shizuoka	4 10 million yen
Kaori Higashijima	2 +81-54-348-5810	5 100%
	3 October 1, 2019	6 Making, Printing, and binding of documents

### Commons Asset Management Inc.

Equity method affiliate

1 2-5-17 Minamiaoyama, Minato-ku, Tokyo	
2 +81-3-5860-5724	
3 November 6, 2007	
4 100 million yen	
5 22%*	
6 Asset management, sale of investment trusts	* 26 voting rights held by Shizuoka Financial Group divided by 116, the total number of shareholder voting rights, as of June 30, 2025

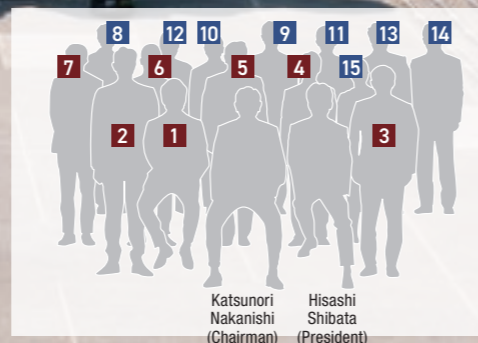
### Shizuoka SG Liquidity Reserve Limited

1 PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands	4 SGD65,000
2 —	5 100%
3 November 30, 2023	6 Purchases of monetary receivables

- Shizuoka Financial Group subsidiary
- The Shizuoka Bank subsidiary
- Shizuoka Financial Group equity method affiliate
- The Shizuoka Bank equity method affiliate

\* Percentages of voting rights shown are rounded down to the nearest whole number.

- 1 Address
- 2 Tel.
- 3 Date established
- 4 Capital
- 5 Percentage of voting rights held
- 6 Major lines of business



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Shizuoka Financial Group, Inc.:

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of Shizuoka Financial Group, Inc. and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 2 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Determination of amounts of loans written-off and allowance for loan losses	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>As disclosed in Note 3, "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Allowance for loan losses" to the consolidated financial statements, The Shizuoka Bank, Ltd. (the "Bank"), a consolidated subsidiary of the Group that engages in banking business, determines the allowance for loan losses in accordance with its write-off and allowance standards. In addition, the quality of loans is assessed through the determination of the category of borrowers by the branches and the Credit Supervision Department, with a subsequent audit performed by the Credit Examination Department, which is independent of these branches and departments, in accordance with the Group's policy and rules for self-assessment of asset quality. The Group recorded an allowance for loan losses of ¥52,599 million and loans and bills discounted of ¥10,672,814 million on the consolidated balance sheet as of March 31, 2025.</p> <p>The Bank determines the category of borrowers by comprehensively considering the information of each borrower, including financial information, future forecasts, loan contract terms, transaction histories and other qualitative information.</p> <p>As a basic strategy in the 1st Medium-Term Business Plan, the Group has established a "Regional Co-Creation Strategy" and commits to solving regional issues. In the area of credit-related matters, the Bank has established a Business Support Department, which will not only support borrowers' financing activities but also actively support borrowers' business improvement.</p> <p>For borrowers who have developed business improvement plans, borrower's categories are judged by considering future forecasts of the business plans such as budgets, medium-term management plans, and business improvement plans developed by the borrowers.</p> <p>In particular, in addition to the determination of the borrower's category, for loans to certain large borrowers for which the allowance for loan losses is determined using the Discounted</p>	<p>We performed the following procedures, among others, regarding the reasonableness of the assumptions used, such as future estimates within the business plans of certain large borrowers, in determining the allowance for loan losses as a key audit matter. This is especially relevant where the Bank intensively relies on these assumptions when determining a borrower's category and estimating future cash flows using the DCF method:</p> <ul style="list-style-type: none"><li>● We made inquiries and inspected related documents to test the design and operating effectiveness of controls over the Group's assessment of the reasonableness of the assumptions, such as future estimates within the borrowers' business plans, based on the analysis of business plans and their progress.</li><li>● To test the reasonableness of the assumptions, such as future estimates within the business plans of specific borrowers, we evaluated the sufficiency and reliability of the information used by the Group and performed the following procedures using information from external and other sources:<ul style="list-style-type: none"><li>➢ We evaluated the reasonableness of the sales projections used in the borrowers' business plans by comparing them with historical sales results, the recent status of customer orders received, and the market environment. We also evaluated the actual achievement against the sales projections.</li><li>➢ We evaluated the reasonableness of the estimated cost reductions used in the business plans, assessing whether they were consistent with the sales projections and whether targets and methods for cost reduction were clearly defined. We also evaluated the</li></ul></li></ul>

<p>Cash Flow ("DCF") method, the Group records the allowance for loan losses by estimating the cash flows from the collection of principals and interests of the loans based on the borrowers' business plans.</p> <p>As disclosed in Note 4, "SIGNIFICANT ACCOUNTING ESTIMATE (Recording of allowance for loan losses)" to the consolidated financial statements, the borrowers' business plans involve uncertainty since they include assumptions related to future forecasts such as sales projections, estimated cost reductions, and expected repayment of loans. In particular, the sales projections are estimated based on assumptions regarding changes in the economic environment such as inflation, interest rate hikes, human resource shortages, potential market growth, and price trends in the industries where borrowers operate. Therefore, such estimates involve a high level of uncertainties and judgments made by the Group.</p> <p>Based on the above, we identified the reasonableness of the assumptions used, such as future estimates within the business plans of certain large borrowers, in determining the allowance for loan losses as a key audit matter, specifically where the Bank intensively relies on these assumptions when determining a borrower's category and estimating future cash flows using the DCF method.</p>	<p>actual achievement against the estimated cost reductions.</p> <ul style="list-style-type: none"> <li>➤ We evaluated whether the expected repayment of loans used in the business plans was supported by reasonable estimates of the cash flows, which were consistent with the sales projections and the estimated cost reductions.</li> <li>➤ We evaluated the need to revise the business plans by comparing them with historical results and testing the Group's causal factor analysis for borrowers showing high divergence.</li> </ul>
--	---

## Other Information

Management is responsible for the other information. The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in Integrated Report, but does not include the consolidated financial statements and our auditor's report thereon. Integrated Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

## Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such

internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the

planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2025, which were charged by us and our network firms to Shizuoka Financial Group, Inc. and its subsidiaries were ¥125 million and ¥61 million, respectively.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

*Deloitte Touche Tohmatsu LLC*  
August 7, 2025

Consolidated Balance Sheets

The Shizuoka Financial Group, Inc. and Consolidated Subsidiaries    March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2025	2024	2025
<b>Assets:</b>			
Cash and due from banks (Notes 16 and 35)	¥ 993,913	¥ 1,562,796	\$ 6,646,914
Call loans and bills bought (Note 35)	140,298	101,876	938,266
Monetary claims bought	50,723	53,743	339,221
Trading assets (Notes 8 and 35)	9,955	11,835	66,581
Money held in trust (Note 9)	143,701	144,200	961,022
Securities (Notes 10, 16 and 35)	3,269,737	3,332,594	21,866,767
Loans and bills discounted (Notes 11, 16, 17 and 35)	10,672,814	10,393,864	71,375,738
Foreign exchanges (Note 12)	9,366	6,283	62,638
Lease receivables and investment assets (Note 33)	84,718	83,899	566,563
Other assets (Notes 13 and 16)	230,709	340,839	1,542,898
Tangible fixed assets (Note 14)	50,084	50,262	334,947
Intangible fixed assets (Note 14)	21,049	22,344	140,772
Asset for retirement benefits (Note 22)	17,279	17,695	115,555
Deferred tax assets (Note 32)	3,185	3,260	21,301
Customers' liabilities for acceptances and guarantees (Note 15)	69,971	68,738	467,940
Allowance for loan losses (Note 35)	(52,599)	(52,594)	(351,768)
Allowance for investment losses	(48)	(50)	(323)
Total Assets	¥15,714,861	¥16,141,589	\$105,095,038
<b>Liabilities and Equity:</b>			
<b>Liabilities:</b>			
Deposits (Notes 16, 18 and 35)	¥11,914,134	¥11,952,156	\$ 79,677,215
Call money and bills sold (Note 35)	34,092	50,146	228,000
Payables under repurchase agreements (Notes 16 and 35)	506,350	517,733	3,386,278
Payables under securities lending transactions (Note 35)	409,480	778,782	2,738,451
Trading liabilities (Note 8)	3,663	4,182	24,502
Borrowed money (Notes 16, 19 and 35)	1,338,684	1,267,287	8,952,616
Foreign exchanges (Note 12)	469	1,122	3,140
Bonds payable (Note 20)	3,000	4,000	20,062
Borrowed money from trust account	109	117	734
Other liabilities (Note 21)	206,123	204,760	1,378,476
Liability for retirement benefits (Note 22)	3,805	3,497	25,448
Provision for directors' retirement benefits	563	415	3,768
Provision for losses from reimbursement of inactive accounts	583	706	3,898
Provision for contingent losses	1,242	1,243	8,311
Provision for point program	246	245	1,648
Provision for employee stock ownership plan	112	—	753
Reserves under special laws	14	14	99
Deferred tax liabilities (Note 32)	55,258	83,048	369,546
Acceptances and guarantees (Note 15)	69,971	68,738	467,940
Total Liabilities	14,547,907	14,938,201	97,290,893
<b>Equity: (Notes 23, 24, 25 and 39)</b>			
Capital stock:			
authorized, 2,000,000 thousand shares;			
issued, 580,129 thousand shares in 2025 and	90,000	90,000	601,885
585,129 thousand shares in 2024			
Capital surplus	40,861	45,922	273,267
Subscription rights to shares	86	86	576
Retained earnings	894,055	845,288	5,979,103
Treasury stock— at cost, 38,195 thousand shares in 2025 and	(41,756)	(36,042)	(279,248)
35,186 thousand shares in 2024			
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	183,698	258,116	1,228,506
Deferred gains on hedges	163,223	245,056	1,091,575
Foreign currency translation adjustments	10,388	1,238	69,471
Defined retirement benefit plans	8,841	9,063	59,130
	1,245	2,758	8,329
Total	1,166,945	1,203,370	7,804,091
Noncontrolling interests	8	16	54
Total Equity	1,166,953	1,203,387	7,804,145
Total Liabilities and Equity	¥15,714,861	¥16,141,589	\$105,095,038

See notes to consolidated financial statements.

Consolidated Statements of Income

The Shizuoka Financial Group, Inc. and Consolidated Subsidiaries    Year ended March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2025	2024	2025
<b>Income:</b>			
<b>Interest Income:</b>			
Interest on loans and discounts	¥153,360	¥146,514	\$1,025,615
Interest and dividends on securities	68,250	52,065	456,433
Other interest income	6,218	7,493	41,589
Subtotal	227,829	206,074	1,523,638
<b>Fees and Commissions</b>	88,452	82,755	591,537
<b>Trading Income</b>	1,542	1,542	10,313
<b>Other Operating Income</b> (Note 26)	2,239	19,188	14,977
<b>Other Income</b> (Note 27)	28,470	36,989	190,402
Total Income	348,534	346,551	2,330,869
<b>Expenses:</b>			
<b>Interest Expense:</b>			
Interest on deposits	42,495	41,129	284,194
Interest on borrowings and rediscounts	2,639	5,450	17,652
Other interest expense	35,592	31,735	238,029
Subtotal	80,727	78,315	539,876
<b>Fees and Commission Payments</b>	39,335	38,397	263,060
<b>Other Operating Expenses</b> (Note 28)	12,690	21,525	84,870
<b>General and Administrative Expenses</b> (Note 29)	97,110	96,469	649,438
<b>Other Expenses</b> (Notes 30 and 31)	14,040	32,353	93,897
Total Expenses	243,904	267,060	1,631,143
<b>Income before income taxes</b>	104,630	79,490	699,725
<b>Income Taxes:</b> (Note 32)			
Current	29,307	27,019	195,995
Deferred	713	(5,286)	4,771
<b>Total income taxes</b>	30,020	21,732	200,766
<b>Net Income</b>	74,609	57,757	498,959
<b>Net Income (Loss) Attributable to Noncontrolling Interests</b>	(8)	(3)	(58)
Net Income Attributable to Owners of the Parent	¥ 74,618	¥ 57,760	\$ 499,017

	Yen	U.S. Dollars (Note 2)
<b>Per Share:</b> (Note 39)		
Basic net income	¥136.37	¥104.17
Diluted net income	136.34	104.15
Cash dividends applicable to the year	60.00	39.00
		0.40

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

The Shizuoka Financial Group, Inc. and Consolidated Subsidiaries    Year ended March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2025	2024	2025
<b>Net Income</b>	¥ 74,609	¥57,757	\$ 498,959
<b>Other Comprehensive Income (Loss):</b> (Note 37)			
Valuation difference on available-for-sale securities	(81,945)	17,057	(548,022)
Deferred gains on hedges	8,862	2,794	59,270
Foreign currency translation adjustments	459	4,925	3,072
Defined retirement benefit plans	(1,513)	1,939	(10,118)
Share of other comprehensive income (loss) in associates	(281)	776	(1,883)
Total other comprehensive income (loss)	(74,418)	27,494	(497,681)
<b>Comprehensive Income</b>	¥ 190	¥85,251	\$ 1,277
<b>Total Comprehensive Income Attributable To:</b>			
Owners of the parent	¥ 199	¥85,255	\$ 1,335
Noncontrolling interests	(8)	(3)	(58)

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

The Shizuoka Financial Group, Inc. and Consolidated Subsidiaries    Year ended March 31, 2025

	Thousands	Millions of Yen											
	Number of Shares of Common Stock Outstanding	Capital Stock	Capital Surplus	Subscription Rights to Shares	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income				Total	Noncontrolling Interests	Total Equity
							Valuation Difference on Available- for-Sale Securities	Deferred Gains or Losses on Hedges	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans			
<b>Balance at April 1, 2023</b>	595,129	¥90,000	¥55,462	¥272	¥805,354	¥(33,607)	¥227,948	¥(1,387)	¥3,242	¥818	¥1,148,105	—	¥1,148,105
Changes during the period													
Cash dividends, ¥32.00 per share		—	—	—	(17,827)	—	—	—	—	—	(17,827)	—	(17,827)
Net income attributable to owners of the parent		—	—	—	57,760	—	—	—	—	—	57,760	—	57,760
Purchase of treasury stock (10,142 thousand shares)		—	—	—	—	(12,297)	—	—	—	—	(12,297)	—	(12,297)
Disposal of treasury stock (346 thousand shares)		—	(7)	—	—	330	—	—	—	—	322	—	322
Retirement of treasury stock (10,000 thousand shares)	(10,000)	—	(9,532)	—	—	9,532	—	—	—	—	—	—	—
Net changes other than shareholders' equity		—	—	(186)	—	—	17,107	2,626	5,820	1,939	27,307	¥16	27,324
<b>Balance at March 31, 2024</b>	585,129	¥90,000	¥45,922	¥86	¥845,288	¥(36,042)	¥245,056	¥1,238	¥9,063	¥2,758	¥1,203,370	¥16	¥1,203,387
<b>Balance at April 1, 2024</b>	585,129	¥90,000	¥45,922	¥86	¥845,288	¥(36,042)	¥245,056	¥1,238	¥9,063	¥2,758	¥1,203,370	¥16	¥1,203,387
Changes during the period													
Cash dividends, ¥47.00 per share		—	—	—	(25,850)	—	—	—	—	—	(25,850)	—	(25,850)
Net income attributable to owners of the parent		—	—	—	74,618	—	—	—	—	—	74,618	—	74,618
Purchase of treasury stock (8,157 thousand shares)		—	—	—	—	(10,993)	—	—	—	—	(10,993)	—	(10,993)
Disposal of treasury stock (148 thousand shares)		—	67	—	—	152	—	—	—	—	219	—	219
Retirement of treasury stock (5,000 thousand shares)	(5,000)	—	(5,128)	—	—	5,128	—	—	—	—	—	—	—
Net changes other than shareholders' equity		—	—	—	—	—	(81,833)	9,149	(221)	(1,513)	(74,418)	(8)	(74,427)
<b>Balance at March 31, 2025</b>	580,129	¥90,000	¥40,861	¥86	¥894,055	¥(41,756)	¥163,223	¥10,388	¥8,841	¥1,245	¥1,166,945	¥8	¥1,166,953

	Thousands of U.S. Dollars (Note 2)											
	Capital Stock	Capital Surplus	Subscription Rights to Shares	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income				Total	Noncontrolling Interests	Total Equity
						Valuation Difference on Available -for-Sale Securities	Deferred Gains or Losses on Hedges	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans			
<b>Balance at April 1, 2024</b>	<b>\$601,885</b>	<b>\$307,112</b>	<b>\$576</b>	<b>\$5,652,967</b>	<b>\$(241,041)</b>	<b>\$1,638,845</b>	<b>\$8,281</b>	<b>\$60,612</b>	<b>\$18,447</b>	<b>\$8,047,689</b>	<b>\$112</b>	<b>\$8,047,801</b>
Changes during the period												
Cash dividends, \$0.31 per share	—	—	—	(172,881)	—	—	—	—	—	(172,881)	—	(172,881)
Net income attributable to owners of the parent	—	—	—	499,017	—	—	—	—	—	499,017	—	499,017
Purchase of treasury stock	—	—	—	—	(73,518)	—	—	—	—	(73,518)	—	(73,518)
Disposal of treasury stock	—	449	—	—	1,016	—	—	—	—	1,466	—	1,466
Retirement of treasury stock	—	(34,294)	—	—	34,294	—	—	—	—	—	—	—
Net changes other than shareholders' equity	—	—	—	—	—	(547,269)	61,189	(1,482)	(10,118)	(497,681)	(58)	(497,739)
<b>Balance at March 31, 2025</b>	<b>\$601,885</b>	<b>\$273,267</b>	<b>\$576</b>	<b>\$5,979,103</b>	<b>\$(279,248)</b>	<b>\$1,091,575</b>	<b>\$69,471</b>	<b>\$59,130</b>	<b>\$8,329</b>	<b>\$7,804,091</b>	<b>\$54</b>	<b>\$7,804,145</b>

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

The Shizuoka Financial Group, Inc. and Consolidated Subsidiaries    Year ended March 31, 2025

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2025	2024	2025
<b>I. Operating Activities:</b>			
Income before income taxes	¥ 104,630	¥ 79,490	\$ 699,725
Adjustments for:			
Income taxes paid	(32,106)	(21,670)	(214,715)
Depreciation and amortization	13,197	15,229	88,261
Impairment losses	4,379	22,143	29,286
Equity in losses (earnings) of affiliated companies	(823)	(8,131)	(5,506)
Increase (decrease) in allowance for loan losses	4	258	33
Increase (decrease) in allowance for investment losses	(1)	0	(12)
Decrease (increase) in asset for retirement benefits	416	(3,851)	2,787
Increase (decrease) in liability for retirement benefits	307	(382)	2,057
Increase (decrease) in provision for directors' retirement benefits	147	(23)	986
Increase (decrease) in provision for reimbursement of inactive accounts	(123)	221	(822)
Increase (decrease) in provision for contingent losses	(1)	(80)	(7)
Increase (decrease) in provision for point program	0	(42)	4
Increase (decrease) in provision for employee stock ownership plan	112	—	753
Interest income	(227,829)	(206,074)	(1,523,638)
Interest expense	80,727	78,315	539,876
Losses (gains) on securities	(4,033)	(22,707)	(26,971)
Losses (gains) on money held in trust	(466)	(99)	(3,122)
Losses (gains) on sale of fixed assets	(6,160)	384	(41,197)
Losses (gains) on liquidation of subsidiaries	—	203	—
Net decrease (increase) in trading assets	1,879	(939)	12,566
Net increase (decrease) in trading liabilities	(518)	(2,136)	(3,470)
Net decrease (increase) in loans and bills discounted	(288,029)	(266,909)	(1,926,231)
Net increase (decrease) in deposits	(28,141)	70,820	(188,200)
Net increase (decrease) in borrowed money	72,074	(66,846)	482,006
Net decrease (increase) in due from banks (excluding deposits paid to Bank of Japan)	25,589	59,928	171,136
Net decrease (increase) in call loans	(39,392)	123,193	(263,443)
Net decrease (increase) in monetary claims bought	3,020	(4,559)	20,196
Net increase (decrease) in call money	(15,431)	(132,062)	(103,200)
Net increase (decrease) in payables under repurchase agreements	(4,919)	80,960	(32,902)
Net increase (decrease) in payables under securities lending transactions	(369,301)	312,001	(2,469,750)
Net decrease (increase) in foreign exchanges (assets)	(3,085)	1,830	(20,637)
Net increase (decrease) in foreign exchanges (liabilities)	(653)	582	(4,369)
Net decrease (increase) in lease receivables and investment assets	(1,455)	(20)	(9,735)
Increase (decrease) in straight bonds—issuance and redemption	(1,000)	(44,769)	(6,687)
Net increase (decrease) in borrowed money from trust account	(7)	(24)	(53)
Interests and dividends received	226,996	205,531	1,518,068
Interests paid	(82,268)	(76,191)	(550,177)
Others—net	51,232	(23,520)	342,623
Total Adjustments	(625,664)	90,562	(4,184,207)
Net Cash Provided by (Used in) Operating Activities	(521,034)	170,053	(3,484,481)
<b>II. Investing Activities:</b>			
Purchases of securities	(942,920)	(1,505,234)	(6,305,893)
Proceeds from sales of securities	763,236	1,037,606	5,104,233
Proceeds from redemptions of securities	201,854	225,342	1,349,925
Increase in money held in trust	(1)	(39,400)	(10)
Decrease in money held in trust	500	—	3,343
Purchases of tangible fixed assets	(5,518)	(4,941)	(36,903)
Purchases of intangible fixed assets	(9,318)	(7,136)	(62,317)
Proceeds from sales of tangible fixed assets	6,830	265	45,681
Proceeds from sales of shares of affiliated companies accounted for by the equity method	1,843	—	12,328
Net Cash Provided by (Used in) Investing Activities	16,506	(293,497)	110,388
<b>III. Financing Activities:</b>			
Dividends paid	(25,794)	(17,796)	(172,506)
Purchases of treasury stock	(10,993)	(7,002)	(73,518)
Proceeds from sales of treasury stock	—	0	—
Proceeds from shares issued to noncontrolling interests	—	20	—
Net Cash Provided by (Used in) Financing Activities	(36,788)	(24,778)	(246,024)
<b>IV. Foreign Currency Translation Adjustments on Cash and Cash Equivalents</b>	<b>(0)</b>	<b>4</b>	<b>(0)</b>
<b>V. Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(541,316)</b>	<b>(148,217)</b>	<b>(3,620,118)</b>
<b>VI. Cash and Cash Equivalents, Beginning of Year</b>	<b>1,420,470</b>	<b>1,568,687</b>	<b>9,499,565</b>
<b>VII. Cash and Cash Equivalents, End of Year</b>	<b>¥ 879,153</b>	<b>¥1,420,470</b>	<b>\$ 5,879,446</b>

See notes to consolidated financial statements.

Cash and due from banks in the consolidated balance sheets at March 31, 2025 and 2024, are reconciled with cash and cash equivalents in the consolidated statements of cash flows as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Cash and due from banks	¥ 993,913	¥1,562,796	\$6,646,914
Due from banks other than the Bank of Japan	(114,759)	(142,326)	(767,467)
Cash and cash equivalents	¥ 879,153	¥1,420,470	\$5,879,446

Notes to Consolidated Financial Statements

The Shizuoka Financial Group, Inc. and Consolidated Subsidiaries    Year ended March 31, 2025

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared from the accounts maintained by The Shizuoka Financial Group, Inc. (the “Company”) and its subsidiaries (the “Group”) in accordance with the provisions set forth in the Companies Act of Japan (the “Companies Act”), the Japanese Financial Instruments and Exchange Act, the Banking Act of Japan, and the Accounting Guideline for Banks in Japan stated by the Japanese Bankers’ Association, and in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to the application and disclosure requirements of IFRS Accounting Standards (IFRS).

In preparing these consolidated financial statements, certain reclas-sifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

2. JAPANESE YEN AND U.S. DOLLAR AMOUNTS

As permitted by the Japanese Financial Instruments and Exchange Act, Japanese yen amounts less than one million and U.S. dollars amounts less than one thousand have been omitted. As a result, the totals shown in the accompanying consolidated financial statements and the notes (both in yen and U.S. dollars) thereto do not necessarily agree with the sum of the individual account balances.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥149.53 to \$1, the approxi-mate rate of exchange at March 31, 2025. Such translation should not be construed as a representation that Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation:

The accompanying consolidated financial statements as of March 31, 2025, include the accounts of the Company, its 17 subsidiaries and three companies accounted for by the equity method.

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

There are twelve companies that the Company has not made sub-sidiaries, although it owned a majority of the voting rights (business execution rights) of those companies in its own account, and there are four companies that the Company has not made associated compa-nies, although it owned at least 20% and not more than 50% of the voting rights (business execution rights) of those companies in its own account. They are not treated as subsidiaries or associated compa-nies because they are owned by consolidated subsidiaries engaged in the investment business as business transactions for the purpose of acquiring capital gains through investment development, etc., and not for the purpose of including them in the Group.

For investments in the remaining unconsolidated subsidiaries and associated companies, if the equity method of accounting had been applied, the effect on the accompanying consolidated financial state-ments would be immaterial.

The difference between the cost of an acquisition and the fair value of net assets of the acquired subsidiary at the date of acquisition is charged to income when incurred.

All significant intercompany accounts and transactions have been eliminated in consolidation. All material unrealized profits resulting from intercompany transactions are eliminated.

Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements:

The accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either IFRS or generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pen-sions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; and (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and (e) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-tempo-rary declines in the fair value of an investment in an equity instrument, where a foreign subsidiary elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

Trading-purpose transactions:

“Transactions for trading purposes” (the purpose of seeking to capture gains arising from short-term fluctuations in interest rates, currency exchange rates or market prices of securities, and other market-related indices or gaps among markets) are included in “Trading assets” and “Trading liabilities” on a trade-date basis.

Trading securities and monetary claims purchased for trading purposes recorded in these accounts are stated at market value, and trading-related financial derivatives are stated at the amounts that would be settled if they were terminated at the end of the fiscal year.

Profits and losses on transactions for trading purposes are shown as “Trading income (expense)” on a trade-date basis.

Securities:

Held-to-maturity debt securities, which are expected to be held-to-maturity with the positive intent and ability to hold to maturity, are stated at amortized cost computed using the straight-line method. Available-for-sale securities, which are not classified as either trading account securities or held-to-maturity debt securities, are stated at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Available-for-sale securities whose fair value cannot be reliably determined are stated at cost, determined by the moving-average method.

For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

Tangible fixed assets:

Tangible fixed assets are stated at cost, less accumulated depreciation. Depreciation of tangible fixed assets owned by the Company and domestic consolidated subsidiaries engaged in the banking business is computed mainly using the declining-balance method over the estimated useful lives, while the straight-line method is applied to structures acquired on or after April 1, 2016.

The range of useful lives is principally from three to 50 years for buildings and from two to 20 years for equipment.

Depreciation of tangible fixed assets owned by the other consolidated subsidiaries is computed mainly using the declining-balance method based on the criteria as stipulated in the Corporation Tax Act.

Lease assets under lease transactions, in which ownership of the lease property is not deemed to be transferred to the lessee, are depreciated by the straight-line method over the lease term.

The residual value is zero or the guaranteed value if specified in the lease contracts.

Impairment loss:

The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

Software:

Internal-use software development costs are amortized using the straight-line method over the useful life (five years) stipulated by the Group.

**Allowance for loan losses:**

The amount of the allowance for loan losses is determined based on management’s judgment and assessment system. This system reflects the past experience of credit losses; possible future credit losses; business experience of credit losses; possible future credit losses; business and economic conditions; the character, quality, and performance of the portfolio; and other pertinent indicators.

The Group implemented a self-assessment system to monitor the quality of its assets. The quality of all loans is assessed by branches and the Credit Supervision Department, in accordance with a subsequent audit by the Credit Examination Department, in accordance with the Group’s policy and rules for self-assessment of asset quality.

The Group has established a credit rating system under which its borrowers are classified into five categories. The credit rating system is used for self-assessment of asset quality. All borrowers are classified into five categories for self-assessment purposes - “normal,” “caution,” “possible bankruptcy,” “virtual bankruptcy,” and “legal bankruptcy.”

Legal bankruptcy:  
Borrowers who are legally or formally bankrupt, such as bankruptcy or special liquidation.

Virtual bankruptcy:  
Borrowers virtually in the same situation as legal bankruptcy.

Possible bankruptcy:  
Borrowers who are not currently bankrupt, but are likely to fall into bankruptcy in the future.

Caution:  
Borrowers who have problems with lending conditions or reimburse performance have slow growth or unstable business conditions.

Management required:  
Borrowers in “caution” whose loans require management (being with restricted loans and loans overdue for more than three months).

Normal:  
Borrowers who are recognized as having good business conditions and no particular financial problems.

- (a) For loans to borrowers classified as legal bankruptcy or virtual bankruptcy, the Group fully provides the net amount of loans and estimated collectible amounts by collateral or guarantees. Regarding loans to borrowers classified as possible bankruptcy, a specific reserve is provided to the necessary extent for the net amount of loans and estimated collectible amounts by collateral or guarantees.
- (b)For the borrower with certain loan amounts classified as possible bankruptcy or being with restructured loans, if cash flows from collection of principals and interests can be reasonably estimated, the Group provides the difference between the present value of these cash flows discounted at the initial contractual rates and the book values of loans (the “DCF” method). For other loans, a general allowance is provided based on anticipation of the expected loss for the average remaining life of loans, etc. The expected loss amount is calculated by adjusting the loss ratio considering future projections.

- (c) For the borrower with certain loan amounts classified as caution or management required, the Group provides the difference between the present value of these cash flows discounted at the initial contractual rates and the book values of loans (the “DCF” method) if cash flows from collection of principals and interests can be reasonably estimated.

- (d) For loans to borrowers classified as normal, caution and management required, a general allowance is provided based on anticipation of the expected loss for the average remaining life of loans, etc. The loss ratio is calculated based on the average value of the actual loan loss ratio over a certain period in the past, and the expected loss amount is calculated by adjusting the loss ratio considering future projections.

Grouping in calculating loss ratio  
In calculating loss ratio, borrowers are divided into consumer loan borrowers and business-lending borrowers. Business-lending borrowers are classified into two categories of normal (upper normal and lower normal), three categories of caution (upper caution, lower caution, and management required), and one category of legal bankruptcy, for a total of seven categories.

A certain period of time in which the expected loss amount is expected in the future  
Allowance for loan losses is recorded based on anticipation of the expected loss ratio for the period corresponding to the average remaining period of receivables (the average remaining period is eight years for consumer loan borrowers, among business loan borrowers of (d) above, about three to four years for “normal,” about three years for “caution,” and about four years for “management required” and “possible bankruptcy” of (b) above).

Revision of expected loss ratio due to future prospects, etc.  
In the current fiscal year, the expected loss ratio has been revised for “management required,” but the impact on allowance for loan losses is minor.

The consolidated subsidiaries provide based on anticipation of the expected loss for loan losses at the amount deemed necessary to cover such losses, principally based on past experience.

**Allowance for investment losses:**  
The allowance for investment losses is provided at a necessary amount based on the estimated possible losses on investments.

**Retirement and pension plans:**  
Certain consolidated subsidiaries have lump-sum retirement benefit plans, a contributory funded defined benefit pension plan, and a noncontributory funded pension plan.

The projected benefit obligations are attributed to periods on a straight-line basis. Actuarial gains and losses are amortized on a straight-line basis over 10 years within the average remaining service period. Past service costs are recognized in the applicable year.

**Provision for losses from reimbursement of inactive accounts:**  
The provision for losses from reimbursement of inactive accounts, which are derecognized as liabilities under certain conditions, is provided for possible losses on future claims of withdrawal based on historical reimbursement experience.

**Provision for retirement benefits to directors:**  
The provision for retirement benefits to directors is provided for the payments that have occurred up to the end of the fiscal year to pay for retirement benefits to directors.

**Provision for contingent losses:**  
The provision for contingent losses is provided for the estimated future payments to credit guarantee corporations due to the implementation of a loss-sharing system.

**Provision for point program:**  
The provision for point program is provided for the reasonably estimated future usage of points given to credit card customers.

**Provision for employee stock ownership plan:**  
The provision for employee stock ownership plan is provided based on the expected amount of stock benefit obligations at the end of the current consolidated fiscal year in order to prepare for the provision of the Company’s shares to employees of the Group in accordance with the Stock Benefit Regulations established by the Company.

**Reserves under special laws:**  
Reserves under special laws are reserves for financial product transaction liabilities in accordance with Section 1, Article 46-5 of the Japanese Financial Instruments and Exchange Act.

**Asset retirement obligations:**  
An asset retirement obligation is recorded for a legal obligation imposed either by law or contract that results from the acquisition, construction, development, and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made.

Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

Leases:

Lessor  
For financing leases in which the Group is a lessor, sales and cost of sales are accounted for when lease payments are paid.

Stock options:

The accounting standard for stock options requires companies to measure the cost of employee stock options based on the fair value at the date of grant and recognize compensation expense over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to nonemployees based on the fair value of either the stock options or the goods or services received. In the balance sheets, the stock options are presented as stock acquisition rights as a separate component of equity until exercised. The standard covers equity settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions. In addition, the standard allows unlisted companies to measure options at their intrinsic value if they cannot reliably estimate fair value.

Translation of foreign currencies:

Assets and liabilities, which are payable or receivable in foreign currencies, are converted into Japanese yen at the rates prevailing at each balance sheet date.  
The financial statements of the consolidated subsidiaries outside Japan are translated into Japanese yen at the current exchange rate at each balance sheet date, except for equity, which is translated at the historical exchange rate.  
Differences arising from such translation are shown as “Foreign currency translation adjustments” in a separate component of equity.

Income taxes:

The Company and its consolidated subsidiaries in Japan allocate income taxes based on the asset and liability method.  
Deferred income taxes are recorded to reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. These deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

Derivatives and hedging activities:

All derivative transactions, except those entered into for hedging purposes, are recognized as either assets or liabilities and measured at fair value, with gains or losses on derivative transactions recognized in the consolidated statements of income.  
For derivative transactions used for hedging purposes, the methods of hedge accounting are as follows:

(a) Transactions to hedge against interest rate risk  
Transactions to hedge against interest rate risk affecting the financial assets and liabilities of the Group are accounted for using deferral hedge accounting as stipulated in the Japanese Institute of Certified Public Accountants (JICPA) Industry Committee Practical Guideline No. 24, March 17, 2022, “Accounting and Auditing Treatments on the Application of Accounting Standards for Financial Instruments in the Banking Industry.” Regarding the effectiveness of a hedging relationship under fair value hedging, a portfolio of hedged items, such as deposits or loans with common maturities, is matched with a group of

hedging instruments, such as interest rate swaps, which offset the effect of fair value fluctuations of the hedged items by identified maturities, and are designated as a hedge of the portfolio. The effectiveness of the fair value hedge is assessed by each group. Also, the effectiveness of a cash flow hedge is assessed on the basis of the correlation between the base interest rate index of the hedged cash flow and that of the hedging instrument.

(b) Special hedging treatment is applied for interest rate swaps  
Transactions to hedge against foreign exchange fluctuation risk  
Deferral hedge accounting is applied to hedges against foreign exchange fluctuation risks associated with foreign currency-denominated monetary assets and liabilities, stipulated in the JICPA Industry Committee Practical Guideline No. 25, October 8, 2020, “Accounting and Auditing Treatments of Accounting Treatments on Foreign Currency Transactions in the Banking Industry.”  
The effectiveness of currency swap transactions, exchange swap transactions, and similar transactions hedging foreign exchange risks of monetary assets and liabilities denominated in foreign currencies is assessed by comparison of the foreign currency position of the hedged monetary assets and liabilities and the hedging instruments.  
In order to hedge the foreign exchange risk of foreign currency-denominated available-for-sale securities (except bonds), the Group applies the “general method,” using market value hedges in accordance with certain conditions, namely the stipulation in advance of which foreign currency-denominated securities are to be hedged, and the existence in foreign currency of a spot-forward liability In excess of the acquisition cost of the relevant foreign currency-denominated securities.

Consolidated statements of cash flows:

For the purpose of the consolidated statements of cash flows, cash and cash equivalents represent cash and due from the Bank of Japan.

Per share information:

Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period. The average number of common shares used in the computation was 547,165 thousand shares for 2025 and 554,450 thousand shares for 2024.  
Diluted net income per share reflects the potential dilution that could occur if the outstanding stock options were exercised. Diluted net income per share assumes full exercise of the outstanding stock options at the beginning of the year (or at the time of grant).  
Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the year, including dividends to be paid after the end of the year.

4. SIGNIFICANT ACCOUNTING ESTIMATE  
(Recording of allowance for loan losses)

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Allowance for loan losses	¥52,599	¥52,594	\$351,768

(2) Information on the significant accounting estimate  
(a) Calculation method  
The calculation method of allowance for loan losses is listed in “Allowance for loan losses” of “3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.”

(b) Main assumptions  
Assumptions are made in determining the impact on borrower’s category, future forecasts such as sales projections, cost reductions, and borrower’s repayment schedules on business plan used for the classification of borrower’s category and the estimate of future cash flow based on cash flow estimate method.  
Future forecasts such as sales projections, cost reductions, and borrower’s repayment schedules on business plan, are determined based on the potential market growth and price trends in the industries to which the borrower belongs.

(c) The impact on the consolidated financial statements for the next fiscal year  
If the original assumption for estimates changes because of the change in the economic environment, such as high prices, interest rate hikes and labor shortages, market growth potential and price trends in the industry to which the borrower belongs, the balance of allowance for loan losses may fluctuate due to the change in borrower’s category, cash flow estimates, and expected loss ratio, and it may affect the consolidated financial statements for the next fiscal year.

(Impairment losses on fixed assets)

Other information that contributes to the understanding of users of consolidated financial statements regarding the content of accounting estimates  
(1) Calculation method of the amount recorded in the consolidated financial statements for the current consolidated fiscal year  
In the current consolidated fiscal year, due to the inability to expect a recovery of the investment in business assets belonging to the branches that constitute the branch sales departments of the Shizuoka Bank, Ltd. (the "Bank") , a consolidated subsidiary of the Company, the book value was reduced to the recoverable value, and the amount of reduction of ¥4,379 million (\$29,286 thousand) was recorded in the extraordinary losses as impairment losses. The details of the impairment losses are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2025	2025
Software and other assets	¥4,132	\$27,638
Land	118	790
Buildings	35	238
Leased assets	29	200
Other tangible fixed assets	62	419
Total	¥4,379	\$29,286

The identification of signs of impairment in the determination of impairment at the department level, the determination of the recognition of impairment loss, and the calculation method are as follows: (Identification of signs of impairment, determination and measurement of whether recognition is necessary)  
For each division, the Bank identifies signs of impairments in the event that the profit or loss arising from the sales activities of the division continues to be negative or is expected to continue to be negative, if the land value falls by more than 50% of the book value, or if there is a change in the use of assets due to factors, such as the closure or relocation of branches.  
For fixed assets to which sign of an impairment is visible, the Bank determines whether or not impairment losses need to be recognized. If the total amount of future cash flows before discounts obtained from fixed assets in the relevant division is less than the book value of the fixed assets, the book value of the fixed assets is reduced to the recoverable value, and the amount of the decrease is recorded as an impairment loss. The recoverable value is calculated as the higher of the use value or the net sale value.

(2) Key assumptions used to calculate the amounts recorded in the consolidated financial statements for the current fiscal year  
At the Bank, the smallest unit of grouping is the branch unit for each branch sales department.  
Software and other assets that are reasonably deemed to be used by each department are assets that belong to each department. Software belonging to the branch sales department is allocated to the sales branch based on the headcounts of each sales branch.  
Future cash flows, which are used to measure the value-in-use of each branch, are calculated based on the most recent net operating income and net operating income plan. In addition, the value-in-use is calculated as the discounted present value of future cash flows, where the discount rate used in the calculation is 10% with reference to the level of the cost of capital (calculated based on the risk-free rate, stock beta, etc.).  
The net selling price is calculated by deducting the estimated disposal cost from the real estate appraisal value, which is an indicator that is considered to appropriately reflect the market value. Since the software assets are customized as systems for in-house use and have no value-in-use at other companies, the net selling price is zero.

(3) Impact on consolidated financial statements for the current fiscal year and the years after  
For valuation of real estates, basis for calculating future cash flows, discount rates, and net sellable value, are used to calculate the value-in-use. These assumptions used during the current consolidated fiscal year’s valuation, may be affected by changes in social and economic trends, real estate market conditions, financial and economic environments, etc. If it becomes necessary to review the assumptions, the amount of impairment loss may increase.

5. CHANGES IN ACCOUNTING POLICIES

(Application of the Accounting Standard for Current Income Taxes, etc.)

The “Accounting Standard for Current Income Taxes, etc.” (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022) have been applied since the beginning of the current consolidated fiscal year.

There will be no impact on the consolidated financial statements for the current consolidated fiscal year.

6. NEW ACCOUNTING PRONOUNCEMENTS

“Accounting Standard for Leasing” (ASBJ Statement No. 34, September 13, 2024)  
“Implementation Guidance on Accounting Standard for Leasing” (ASBJ Guidance No. 33, September 13, 2024), etc.

(1) Overview

In the same manner as the international accounting standards, it stipulates the treatment of all leases of a lessee such as recording assets and liabilities.

(2) Scheduled date of application

The Group will apply the standard and guidance from the beginning of the fiscal year ending March 2028.

(3) Impact of the respective accounting standard and implementation guidance

The Group is currently assessing the impact of adopting the above standard and guidance on the consolidated financial statements.

7. STOCK GRANT TRUST FOR EMPLOYEES

1. Outline of the transaction

The Company has introduced an employee stock delivery trust (RS trust) plan (hereinafter referred to as the "Plan" and the trust established for the purpose of introducing the Plan is referred to as the "Trust") for all employees of the Company and its subsidiaries (hereinafter referred to as "Employees") as an incentive plan.

The purpose of the Plan is to strengthen human capital investment in Employees, who are an important part of achieving the Group's goal of "balancing social value creation and corporate value enhancement," which will lead to improved well-being of Employees and engagement, and to promote co-growth between the organization and individuals.

Under the Plan, a trust will be established using the money contributed by the Company as a source of capital, and the Trust will acquire the Company's shares and deliver the Company's shares equivalent to the number of points granted to Employees through the Trust (provided, however, that Employees shall be subject to a transfer restriction of three years from the date of delivery). Details such as the number of shares to be delivered to the eligible persons will be operated in accordance with the stock delivery regulations established by the eligible company.

2. Shares of the Company remaining in the Trust

The book value and number of shares of the Company remaining in the Trust were ¥992 million (\$6,636 thousand) and 650 thousand shares in the current consolidated fiscal year, and were recorded as treasury stock in the net assets.

8. TRADING ASSETS AND LIABILITIES

Trading assets and liabilities at March 31, 2025 and 2024, consisted of the following:

(a) Trading assets

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Trading securities:			
Japanese government bonds	¥ 78	¥ 57	\$ 527
Local government bonds	373	521	2,498
Industrial bonds	258	346	1,729
Subtotal	711	926	4,754
Financial derivatives:			
Other (Note)	4,249	4,912	28,422
Subtotal	4,249	4,912	28,422
Other trading assets:			
Commercial paper	4,995	5,996	33,404
Subtotal	4,995	5,996	33,404
Total	¥ 9,955	¥ 11,835	\$ 66,581

(b) Trading liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Financial derivatives:			
Other (Note)	¥ 3,663	¥ 4,182	\$ 24,502
Subtotal	3,663	4,182	24,502
Total	¥ 3,663	¥ 4,182	\$ 24,502

Note: Other in assets and liabilities represents unrealized gains and losses, respectively.

9. MONEY HELD IN TRUST

Money held in trust at March 31, 2025 and 2024, consisted of the following:

	Millions of Yen			
	2025			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money held in trust classified as:				
Held-to-maturity	¥ 5,700			¥ 5,700
Money held in trust classified as:				
Available-for-sale	138,001			138,001

	Thousands of U.S. Dollars			
	2025			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money held in trust classified as:				
Held-to-maturity	\$ 38,119			\$ 38,119
Money held in trust classified as:				
Available-for-sale	922,902			922,902

	Millions of Yen			
	2024			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money held in trust classified as:				
Held-to-maturity	¥ 5,200	¥0		¥ 5,200
Money held in trust classified as:				
Available-for-sale	139,000			139,000

10. SECURITIES

Securities at March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Japanese government bonds	¥ 947,277	¥ 954,635	\$ 6,335,034
Local government bonds	172,049	246,231	1,150,600
Corporate bonds	531,310	504,091	3,553,201
Corporate stocks	497,824	543,609	3,329,262
Other securities	1,121,276	1,084,026	7,498,669
Total	¥3,269,737	¥3,332,594	\$21,866,767

Securities included equity investments in unconsolidated subsidiaries and affiliated companies that amounted to ¥31,737 million (\$212,251 thousand) and ¥33,253 million as of March 31, 2025 and 2024, respectively.

In addition to securities, the following table presents details of trading securities and commercial paper classified as trading assets and negotiable certificates of deposit classified as cash and due from banks.

Information regarding each category of the securities classified as trading, available-for-sale, and held-to-maturity at March 31, 2025 and 2024, was as follows:

	Millions of Yen			
	2025			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				¥ 5,706
Available-for-sale:				
Equity securities	¥ 87,237	¥ 375,854	¥ 79	463,011
Debt securities	1,759,259	2	127,831	1,631,430
Others	1,020,926	11,646	41,023	991,548
Held-to-maturity	23,226		675	22,551

	Thousands of U.S. Dollars			
	2025			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				\$ 38,159
Available-for-sale:				
Equity securities	\$ 583,408	\$2,513,571	\$ 531	3,096,448
Debt securities	11,765,257	16	854,885	10,910,388
Others	6,827,568	77,887	274,351	6,631,103
Held-to-maturity	155,331		4,514	150,816

	Millions of Yen			
	2024			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Trading				¥ 6,922
Available-for-sale:				
Equity securities	¥ 90,166	¥416,857	¥ 39	506,984
Debt securities	1,709,236	1,066	42,450	1,667,853
Others	1,083,356	26,099	52,959	1,056,496
Held-to-maturity	41,957	6	480	41,483

Available-for-sale securities sold during the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		
	2025		
	Proceeds from Sales	Total Amount of Gains on Sales	Total Amount of Losses on Sales
Equity securities	¥ 16,761	¥13,597	¥ —
Debt securities:	217,286	46	11,473
Others	455,155	8,564	3,957
Total	¥689,203	¥22,208	¥15,430

	Thousands of U.S. Dollars		
	2025		
	Proceeds from Sales	Total Amount of Gains on Sales	Total Amount of Losses on Sales
Equity securities	\$ 112,091	\$ 90,936	\$ —
Debt securities:	1,453,132	308	76,727
Others	3,043,907	57,275	26,463
Total	\$4,609,131	\$148,519	\$103,191

	Millions of Yen		
	2024		
	Proceeds from Sales	Total Amount of Gains on Sales	Total Amount of Losses on Sales
Equity securities	¥ 24,959	¥20,794	¥ 5
Debt securities:	680,299	4,893	3,205
Others	360,391	15,421	16,430
Total	¥1,065,650	¥41,110	¥19,640

Marketable available-for-sale securities whose fair value significantly declines in comparison with their acquisition cost and whose fair value of the securities will not recover to their acquisition cost are written down and accounted for as impairment losses.

The Group recognizes securities as having significantly declined when their fair value is more than 30% below their acquisition cost.

Impairment losses on marketable available-for-sale equity securities for the years ended March 31, 2025 and 2024, were ¥34 million (\$231 thousand) and ¥6 million, respectively.

11. LOANS AND BILLS DISCOUNTED

Loans and bills discounted at March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Bills discounted	¥ 12,791	¥ 18,464	\$ 85,543
Loans on bills	119,672	142,050	800,321
Loans on deeds	9,407,161	9,097,208	62,911,534
Overdrafts	1,133,188	1,136,140	7,578,337
Total	¥10,672,814	¥10,393,864	\$71,375,738

Loans under bankruptcy proceedings, past-due loans on which interest payments are waived from borrowers who are financially assisted by the Bank, loans past due for three months or more (except for loans under bankruptcy proceedings and past-due loans), and restructured loans at March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Claims provable in rehabilitation from bankruptcy and equivalents	¥19,706	¥ 15,701	\$ 131,791
Doubtful claims	66,393	73,975	444,013
Loans past due for three months or more	1,126	377	7,536
Restructured loans	7,768	12,832	51,955
Total	¥94,996	¥102,887	\$ 635,297

Notes: 1. Loans past due for three months or more include loans for which payments of principal or interest are delinquent by three months or more as calculated from the day following the contracted payment date, but do not include loans under bankruptcy proceedings or past-due loans.  
2. Restructured loans include loans for which certain conditions have been relaxed for the benefit of the borrower (through means, such as the reduction or elimination of interest payments, the deferral of principal repayments, or the relinquishment of claims) with the goal of supporting the recovery of borrowers that have fallen into financial difficulty, and thereby promoting the recovery of the loan.

Bills discounted are accounted for as financial transactions in accordance with the JICPA Industry Audit Committee Report No. 24. The Group had the right by contract or custom to sell or repledge bills discounted and foreign exchange bills bought and their total face values were ¥15,099 million (\$100,982 thousand) and ¥18,552 million as of March 31, 2025 and 2024, respectively.

12. FOREIGN EXCHANGES

Foreign exchange assets and liabilities at March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Due from foreign banks	¥6,875	¥5,916	\$45,983
Foreign exchange bills bought	2,308	87	15,438
Foreign exchange bills receivable	181	279	1,216
Total	¥9,366	¥6,283	\$62,638

(b) Liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Foreign exchange bills sold	¥ 30	¥ 140	\$ 206
Foreign exchange bills payable	438	982	2,933
Total	¥469	¥1,122	\$3,140

13. OTHER ASSETS

Other assets at March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Accrued income	¥ 18,987	¥ 19,007	\$ 126,981
Derivative products	57,699	41,168	385,873
Guarantee deposits	1,891	1,925	12,651
Others	152,130	278,738	1,017,391
Total	¥230,709	¥340,839	\$1,542,898

14. TANGIBLE FIXED ASSETS AND INTANGIBLE FIXED ASSETS

Tangible fixed assets and intangible fixed assets at March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Tangible fixed assets:			
Buildings	¥22,099	¥22,474	\$147,791
Land	16,802	16,725	112,367
Lease assets	16	22	110
Construction in progress	1,362	1,925	9,111
Other tangible fixed assets	9,804	9,114	65,567
Subtotal	50,084	50,262	334,947
Intangible fixed assets:			
Software	20,673	21,967	138,258
Other intangible fixed assets	375	377	2,514
Subtotal	21,049	22,344	140,772
Total	¥71,134	¥72,606	\$475,720

Tangible fixed assets are stated at cost, less accumulated depreciation of ¥124,722 million (\$834,097 thousand) and ¥122,144 million in 2025 and 2024, respectively.

Deferred gains for tax purposes of ¥9,033 million (\$60,412 thousand) and ¥9,033 million on tangible fixed assets sold and replaced with similar assets have been deducted from the cost of newly acquired tangible fixed assets as of March 31, 2025 and 2024, respectively.

15. CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

All contingent liabilities for acceptances and guarantees are recorded and reflected in acceptances and guarantees. Customers' liabilities for acceptances and guarantees have been recorded and reflected as assets in the consolidated balance sheets, representing the Group's right of indemnity from the applicant.

The respective amounts of "Acceptances and Guarantees" and "Customers' Liabilities for Acceptances and Guarantees" are netted in accordance with the appendix forms of "Banking Act Enforcement Regulations" (Ministry of Finance Ordinance No. 10, 1982).

Liabilities for guarantees on corporate bonds included in securities, which were issued by private placement (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act) as of March 31, 2025 and 2024, amounted to ¥20,670 million (\$138,239 thousand) and ¥23,476 million, respectively.

16. ASSETS PLEDGED

Assets pledged as collateral and their relevant liabilities at March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Assets pledged as collateral:			
Securities	¥1,664,321	¥1,937,412	\$11,130,354
Loans and bills discounted	983,558	948,872	6,577,666
Other assets	—	15,288	—
Relevant liabilities to above assets:			
Deposits	¥ 29,643	¥ 29,930	\$ 198,241
Payables under repurchase agreements	506,350	517,733	3,386,278
Payables under securities lending transactions	409,480	778,782	2,738,451
Borrowed money	1,313,300	1,229,207	8,782,852

In addition to the above, the Bank has provided ¥106,101 million (\$709,564 thousand) and ¥28,345 million in securities as collateral for foreign exchange settlements and certain other transactions and as security for future transactions at March 31, 2025 and 2024, respectively.

Guarantee deposits on office space of ¥1,891 million (\$12,651 thousand) and ¥1,925 million, cash collateral paid for financial instruments of ¥44,422 million (\$297,082 thousand) and ¥48,557 million were included in other assets at March 31, 2025 and 2024, respectively, and cash collateral paid to central counterparty of ¥60,800 million was included in other assets at March 31, 2024.

17. LOAN COMMITMENTS

Overdraft agreements and agreements for loan commitments are agreements under which the Bank pledges to lend funds up to a certain limit when applications for advances of loans are received from customers, provided there are no violations of the terms written in the agreements.

The balances of loans undisbursed under these agreements at March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Undisbursed loan commitments outstanding:			
Loans due within one year	¥1,529,647	¥1,551,300	\$10,229,702
Loans due over one year	134,268	129,697	897,938
Total	¥1,663,916	¥1,680,997	\$11,127,641

Many of these agreements terminate without loans being disbursed, and thus, the balance of loans as yet undisbursed will not necessarily affect the future cash flow of the Company and its consolidated subsidiaries. The Company and its consolidated subsidiaries can refuse to advance loans and reject applications that have been received or can reduce the maximum amounts under the agreements for reasonable reasons, such as changes in the financial situation and preservation of credit. In addition, at the time the agreements are entered into, borrowers may, when necessary, be required to provide collateral, such as real estate or securities, and after the agreements have been signed, the state of the borrower's business and other factors may be assessed regularly in accordance with in-house procedures. Moreover, agreements can be revised, if necessary, and steps, such as the formulation of measures to preserve credit, may be taken.

18. DEPOSITS

Deposits at March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Current deposits	¥ 651,337	¥ 685,098	\$ 4,355,898
Savings deposits	7,428,614	7,472,562	49,679,762
Deposits at notice	—	9,582	—
Time deposits	2,934,595	2,930,552	19,625,466
Negotiable certificates of deposit	132,619	99,085	886,905
Other	766,966	755,273	5,129,182
Total	¥11,914,134	¥11,952,156	\$79,677,215

19. BORROWED MONEY

The weighted-average annual interest rates applicable to borrowed money were 0.07% and 0.28% at March 31, 2025 and 2024, respectively.

Borrowed money consists of borrowings from financial institutions. Annual maturities of borrowed money as of March 31, 2025 and 2024, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2025	2025
2026	¥ 384,780	\$2,573,264
2027	744,323	4,977,755
2028	203,705	1,362,307
2029	3,453	23,096
2030 and thereafter	2,421	16,192
Total	¥1,338,684	\$8,952,616

	Millions of Yen
	2024
2025	¥ 124,024
2026	194,735
2027	742,878
2028	202,258
2029 and thereafter	3,389
Total	¥1,267,287

20. BONDS PAYABLE

Bonds at March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Shizugin Lease Co., Ltd.'s first private placement bonds payable only for qualified institutional investors	¥3,000	¥4,000	\$20,062
Total	¥3,000	¥4,000	\$20,062

Annual maturities of bonds as of March 31, 2025 and 2024, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2025	2025
2026	¥1,000	\$ 6,687
2027	1,000	6,687
2028	1,000	6,687
2029	—	—
2030	—	—
Total	¥3,000	\$20,062

	Millions of Yen
	2024
2025	¥1,000
2026	1,000
2027	1,000
2028	1,000
2029	—
Total	¥4,000

21. OTHER LIABILITIES

Other liabilities at March 31, 2025 and 2024, consisted of the followings:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Income taxes payable	¥ 14,289	¥ 17,054	\$ 95,562
Accrued expenses	14,405	14,760	96,336
Unearned income	15,661	15,248	104,740
Derivative products	66,787	65,891	446,646
Cash collateral received for financial products	39,474	25,869	263,988
Others	55,505	65,935	371,201
Total	¥206,123	¥204,760	\$1,378,476

22. RETIREMENT AND PENSION PLANS

The Company and certain consolidated subsidiaries have severance payment plans for employees. Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service, and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from certain consolidated subsidiaries in Japan and annuity payments from a trustee.

1. The changes in defined benefit obligation for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Balance at beginning of year	¥57,930	¥59,707	\$387,418
Current service cost	1,636	1,679	10,946
Interest cost	559	579	3,739
Actuarial (gains) losses	221	(249)	1,484
Benefits paid	(4,052)	(3,914)	(27,098)
Others	128	127	856
Balance at end of year	¥56,424	¥57,930	\$377,346

2. The changes in plan assets for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Balance at beginning of year	¥72,129	¥69,672	\$482,371
Expected return on plan assets	1,245	1,205	8,326
Actuarial gains (losses)	(1,167)	3,067	(7,807)
Contributions from the employer	338	708	2,264
Benefits paid	(2,767)	(2,650)	(18,509)
Others	120	126	808
Balance at end of year	¥69,898	¥72,129	\$467,454

3. Reconciliation between the liability recorded in the consolidated balance sheets and the balances of defined benefit obligation and plan assets

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Funded defined benefit obligation	¥ 54,283	¥ 55,930	\$ 363,027
Plan assets	(69,898)	(72,129)	(467,454)
Total	(15,615)	(16,198)	(104,427)
Unfunded defined benefit obligation	2,141	2,000	14,319
Net asset arising from defined benefit obligation	¥ (13,473)	¥ (14,198)	\$ (90,107)

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Liability for retirement benefits	¥ 3,805	¥ 3,497	\$ 25,448
Asset for retirement benefits	(17,279)	(17,695)	(115,555)
Net asset arising from defined benefit obligation	¥ (13,473)	¥ (14,198)	\$ (90,107)

4. The components of net periodic retirement benefit costs for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Service cost	¥ 1,636	¥ 1,679	\$10,946
Interest cost	559	579	3,739
Expected return on plan assets	(1,245)	(1,205)	(8,326)
Amortization of actuarial gains and losses	(739)	(552)	(4,948)
Others	40	16	273
Net periodic retirement benefit costs	¥ 251	¥ 517	\$ 1,685

5. Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Actuarial gains (losses)	¥(2,129)	¥2,764	\$(14,240)
Total	¥(2,129)	¥2,764	\$(14,240)

6. Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Unrecognized actuarial losses	¥(1,808)	¥(3,937)	\$(12,091)
Total	¥(1,808)	¥(3,937)	\$(12,091)

7. Plan assets

(1) Components of plan assets

Plan assets consisted of the following:

	2025	2024
Debt investments	47%	48%
Equity investments	14%	16%
Cash and cash equivalents	1%	1%
General account of life insurance companies	25%	25%
Others	13%	10%
Total	100%	100%

(2) Method of determining the expected rate of return on plan assets  
The expected rate of return on plan assets is determined considering the long-term rates of return that are expected currently and in the future from the various components of the plan assets.

8. Assumptions used for the years ended March 31, 2025 and 2024, were set forth as follows:

	2025	2024
Discount rate	Mainly 1.0%	Mainly 1.0%
Expected rate of return on plan assets	0.8% - 2.0%	0.8% - 2.0%
Expected rate of salary increase	8.4%	8.4%

9. Defined contribution

The amounts to be contributed by the Company and the consolidated subsidiaries for the years ended March 31, 2025 and 2024, were ¥501 million (\$3,355 thousand) and ¥452 million, respectively.

23. EQUITY

Japanese companies are subject to the Companies Act. The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders’ meeting. Additionally, for companies that meet certain criteria, such as (1) having a board of directors, (2) having independent auditors, (3) having an audit and supervisory board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in

kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Bank cannot do so because it does not meet all the above criteria. The Companies Act permits companies to distribute dividends in kind (noncash assets) to shareholders subject to certain limitations and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act and the Banking Act provide certain limitations on the amounts available for dividends or the purchase of treasury stock.

(b) Increases/decreases and transfer of capital stock, reserve, and surplus

The Banking Act requires that an amount equal to 20% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends, until the total of the aggregate amount of the legal reserve and additional paid-in capital equals 100% of capital stock.

24. STOCK OPTIONS

At the annual general meeting of shareholders of the Bank held on June 17, 2022, Proposal No. 4, “Incorporation of Wholly Owning Parent Company Through Share Transfer,” was approved. As a result of the share transfer under the proposal, the Company issued stock acquisition rights in place of the stock acquisition rights issued by the Bank before the establishment of the Company.

The Company’s stock option plans grant options to the Bank’s directors to purchase certain shares of the Company’s common stock in the respective exercise periods.

The stock options outstanding as of March 31, 2025, were as follows:

Stock Options	Persons Granted	Number of Options Granted	Date of Grant (*)	Exercise Price	Exercise Period
The Company's 8th stock acquisition rights	3 directors (the Bank)	38,000 shares	2014.7.22	¥1 (\$0.01)	From October 3, 2022 to July 22, 2039
The Company's 9th stock acquisition rights	3 directors (the Bank)	17,000 shares	2015.7.21	¥1 (\$0.01)	From October 3, 2022 to July 21, 2040
The Company's 10th stock acquisition rights	3 directors (the Bank)	24,000 shares	2016.7.19	¥1 (\$0.01)	From October 3, 2022 to July 19, 2041
The Company's 11th stock acquisition rights	3 directors (the Bank)	28,000 shares	2017.7.18	¥1 (\$0.01)	From October 3, 2022 to July 18, 2042
The Company's 12th stock acquisition rights	3 directors (the Bank)	26,500 shares	2018.7.17	¥1 (\$0.01)	From October 3, 2022 to July 17, 2043
The Company's 13th stock acquisition rights	3 directors (the Bank)	29,000 shares	2019.7.16	¥1 (\$0.01)	From October 3, 2022 to July 16, 2044

(\*) The date of grant is the original grant date at the Bank.

The Companies Act also provides that capital stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined using a specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

The stock option activity is as follows:

	The Company's 1st stock acquisition rights	The Company's 2nd stock acquisition rights	The Company's 3rd stock acquisition rights	The Company's 4th stock acquisition rights	The Company's 5th stock acquisition rights	The Company's 6th stock acquisition rights	The Company's 7th stock acquisition rights	The Company's 8th stock acquisition rights	The Company's 9th stock acquisition rights	The Company's 10th stock acquisition rights	The Company's 11th stock acquisition rights	The Company's 12th stock acquisition rights	The Company's 13th stock acquisition rights
Year Ended March 31, 2024													
Non-vested													
March 31, 2023—Outstanding													
Granted													
Vested													
March 31, 2024—Outstanding													
Vested													
March 31, 2023—Outstanding	13,000	13,000	20,000	27,000	27,000	30,000	13,000	38,000	17,000	24,000	28,000	26,500	29,000
Vested													
Exercised	13,000	13,000	20,000	27,000	27,000	30,000	13,000	18,000	7,000	12,000	12,000	9,900	11,000
March 31, 2024—Outstanding	—	—	—	—	—	—	—	20,000	10,000	12,000	16,000	16,600	18,000
Exercise price	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
Average stock price at exercise	¥1,039.5	¥1,039.5	¥1,039.5	¥1,039.5	¥1,039.5	¥1,039.5	¥1,039.5	¥1,039.5	¥1,039.5	¥1,039.5	¥1,039.5	¥1,039.5	¥1,039.5
Fair value price at grant date	¥ 1,153	¥ 1,057	¥ 875	¥ 704	¥ 709	¥ 743	¥ 1,135	¥ 1,079	¥ 1,351	¥ 730	¥ 899	¥ 888	¥ 733

	The Company's 8th stock acquisition rights	The Company's 9th stock acquisition rights	The Company's 10th stock acquisition rights	The Company's 11th stock acquisition rights	The Company's 12th stock acquisition rights	The Company's 13th stock acquisition rights
Year Ended March 31, 2025						
Non-vested						
March 31, 2024—Outstanding						
Granted						
Vested						
March 31, 2025—Outstanding						
Vested						
March 31, 2024—Outstanding	20,000	10,000	12,000	16,000	16,600	18,000
Vested						
Exercised						
March 31, 2025—Outstanding	20,000	10,000	12,000	16,000	16,600	18,000
Exercise price	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)
Average stock price at exercise	¥ — (\$ —)	¥ — (\$ —)	¥ — (\$ —)	¥ — (\$ —)	¥ — (\$ —)	¥ — (\$ —)
Fair value price at grant date	¥ 1,079 (\$ 7.21)	¥ 1,351 (\$ 9.03)	¥ 730 (\$ 4.88)	¥ 899 (\$ 6.01)	¥ 888 (\$ 5.93)	¥ 733 (\$ 4.90)

25. VALUATION DIFFERENCE ON AVAILABLE-FOR-SALE SECURITIES

The breakdowns of “Valuation difference on available-for-sale securities” in the consolidated balance sheets are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Valuation difference	¥234,853	¥ 348,574	\$1,570,612
Deferred tax liabilities	(71,311)	(103,086)	(476,905)
Amounts equivalent to difference on available-for-sale securities	¥163,541	¥ 245,487	\$1,093,706
Noncontrolling interest adjustment	—	—	—
Share of valuation difference on available-for-sale securities in affiliated companies	(318)	(431)	(2,130)
Valuation difference on available-for-sale securities	¥163,223	¥ 245,056	\$1,091,575

26. OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Gains on sales of bonds	¥1,990	¥18,512	\$13,312
Gains on financial derivatives	249	594	1,665
Other	—	82	—
Total	¥2,239	¥19,188	\$14,977

27. OTHER INCOME

Other income for the years ended March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Gains on sales of stock and other securities	¥ 15,091	¥ 23,472	\$ 100,926
Equity in earnings of affiliated companies	823	8,131	5,506
Gains on disposal of fixed assets	6,481	25	43,345
Others	6,074	5,360	40,624
Total	¥28,470	¥ 36,989	\$ 190,402

28. OTHER OPERATING EXPENSES

Other operating expenses for the years ended March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Losses on foreign exchange transactions	¥ 186	¥ 2,696	\$ 1,248
Losses on sales of bonds	12,504	18,829	83,622
Total	¥12,690	¥21,525	\$84,870

29. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Salary	¥36,191	¥ 34,968	\$ 242,031
Depreciation expenses	12,055	13,974	80,619
Others	48,864	47,525	326,787
Total	¥97,110	¥ 96,469	\$ 649,438

30. OTHER EXPENSES

Other expenses for the years ended March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Provision of allowance for loan losses	¥ 3,878	¥ 3,980	\$25,940
Losses on written-off claims	227	427	1,524
Losses on sales of stocks and other securities	994	347	6,651
Losses on devaluation of stocks and other securities	326	99	2,182
Losses on disposal of fixed assets	321	409	2,147
Impairment losses	4,379	22,143	29,286
Losses on liquidation of subsidiaries	—	203	—
Others	3,912	4,741	26,164
Total	¥14,040	¥32,353	\$93,897

31. IMPAIRMENT LOSSES

For the year ended March 31, 2025  
In the current consolidated fiscal year, Shizuoka Bank recorded impairment losses on 63 commercial branches and one idle asset in Shizuoka Prefecture.

In calculating impairment losses, the branch sales department of Shizuoka Bank uses the sales branch as the smallest unit of grouping. Assets that are idle or scheduled for disposal are grouped on a per-asset basis.

In addition, for common assets that are reasonably permitted to be used by each department (branch sales department, overseas branch, Tokyo sales department, etc.), the impairment judgment is made after determining that the assets belong to each division. In addition, software belonging to the branch sales department is allocated to the sales store based on the personnel of each sales store.

As a result, in the current consolidated fiscal year, as for business assets belonging to the business branches that constitute the branch sales departments of the Bank, the book value was reduced to the recoverable value for the asset group for which a recovery of investments can no longer be expected, and the amount of reduction of ¥4,379 million (\$29,286 thousand) was recorded in the extraordinary losses as impairment losses.

For the year ended March 31, 2024

Under the “Transformation Strategy,” one of the basic strategies of the 1st Medium-Term Business Plan, which started this fiscal year, the Company envisions transforming its network of sales offices, including branches, into an optimal form in terms of both enhancing services and improving convenience, while keeping an eye on changes in the social structure and advances in digital technology. Over the medium-to long-term period, the Company has a plan to turn the Group’s sales branches into regional production bases that bring together the

functions of the Group by changing branch functions, such as by transforming processing daily branch transactions to online basis and reallocating sales resources to transactions that would add higher value to customers.

In order to realize the medium- to long-term branch concept, the Group is executing measures to enhance its branch operations with digitalization such as a sales operational system renewal which commenced during this fiscal year and a new infrastructure implementation as well as the sophistication and streamlining of sales office operations through the use of the new sales support system “S-CRM” and chatbots.

In consideration of the diversification of the roles and functions of individual branches described above as well as the importance of systems in branch operations, the Bank has revised the method of applying impairment accounting for fixed assets.

Specifically, the Bank revised the grouping method of cash-generating units within the branch sales department from grouping branches located in certain district to a single branch. Assets that are idle or scheduled to be disposed of are grouped on each asset basis.

In addition, software and other assets which were previously corporate assets and were reasonably deemed to be used by each department (branch sales department, overseas branches, Tokyo sales departments, and so on), have been changed to an impairment judgment method based on the fact that they belong to each department. In addition, software belonging to the branch sales department is allocated to the sales branch based on the personnel of each sales store.

As a result, in the current consolidated fiscal year, due to the inability to expect a recovery of the investment in business assets belonging to the business branches that constitute the branch sales departments of the Bank, the book value was reduced to the recoverable value, and the amount of reduction of ¥22,143 million was recorded in the extraordinary losses as impairment losses.

The details of the impairment losses for the years ended March 31, 2025 and 2024 are as follows.

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Software and other assets	¥4,132	¥18,467	\$27,638
Land	118	2,695	790
Buildings	35	227	238
Leased assets	29	450	200
Other tangible fixed assets	62	302	419
Total	¥4,379	¥22,143	\$29,286

The recoverable value is calculated as the higher of the value-in-use or the net sale value. The value-in-use is calculated at the discounted present value of future cash flows, and the discount rate used is 10% with reference to the level of the cost of capital (calculated based on the risk-free rate, stock beta, etc.). The net selling price is calculated by deducting the estimated disposal cost from the amount assessed based on the real estate appraisal value. Since the software assets are customized as in-house use and have no use value at other companies, the net selling price is zero.

32. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes. The breakdowns of deferred tax assets and liabilities by major causes for the years ended March 31, 2025 and 2024 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Deferred tax assets:			
Allowance for loan losses	¥ 15,138	¥ 15,039	\$ 101,239
Liability for retirement benefits	5,665	4,910	37,890
Valuation loss on securities	3,518	3,367	23,530
Depreciation expense	4,974	6,041	33,266
Others	10,784	10,518	72,122
Less: valuation allowance	(4,738)	(4,666)	(31,692)
Deferred tax assets	35,342	35,210	236,356
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(71,288)	(103,063)	(476,752)
Gain on establishment of employee retirement benefit trust	(4,176)	(4,298)	(27,928)
Securities returned from employee retirement benefit trust	(2,070)	(2,180)	(13,846)
Other	(9,879)	(5,456)	(66,073)
Deferred tax liabilities	(87,415)	(114,998)	(584,601)
Net deferred tax assets (liabilities)	¥(52,072)	¥ (79,788)	\$ (348,244)

Revision of the amount of deferred tax assets and deferred tax liabilities due to changes in corporate tax rates, etc.

With the enactment of the “Act to Partially Amend the Income Tax Act, etc. (Act No. 13 of 2025)” on March 31, 2025, the “Special Corporate Tax for Defense” will be imposed from the consolidated fiscal year beginning on or after April 1, 2026. As a result, the effective statutory tax rate used to calculate deferred tax assets and liabilities will be increased from 29.8% to 30.7% for temporary differences that are expected to be resolved in or after the consolidated fiscal year beginning on or after April 1, 2026. As a result of this tax rate change, deferred tax assets and liabilities increased by ¥63 million (\$423 thousand) and ¥1,802 million (\$12,052 thousand) respectively for the current fiscal year, while valuation difference on available-for-sale securities decreased by ¥2,084 million (\$13,941 thousand), deferred gains on hedges decreased by ¥133 million (\$889 thousand), defined retirement benefit plans decreased by ¥18 million (\$126 thousand), and deferred income taxes decreased by ¥497 million (\$3,324 thousand).

33. LEASES

(1) Financial Lease

(a) Lessor

The net lease investment assets are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Gross lease receivables	¥81,391	¥80,334	\$544,315
Estimated residual values	3,028	3,046	20,253
Unearned interest income	(7,382)	(6,894)	(49,370)
Lease investment assets	¥77,037	¥76,485	\$515,199

Maturities of lease receivables are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
	2025	2025
2026	¥1,889	\$12,635
2027	1,467	9,811
2028	1,307	8,742
2029	1,127	7,536
2030	723	4,837
2031 and thereafter	1,756	11,746
Total	¥8,270	\$55,311

Year Ending March 31	Millions of Yen
	2024
2025	¥1,820
2026	1,337
2027	1,099
2028	943
2029	777
2030 and thereafter	2,041
Total	¥8,020

Maturities of lease payment receivables of lease investment assets are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
	2025	2025
2026	¥32,454	\$217,041
2027	16,394	109,638
2028	12,525	83,766
2029	8,666	57,960
2030	5,074	33,937
2031 and thereafter	6,276	41,972
Total	¥81,391	\$544,315

Year Ending March 31	Millions of Yen
	2024
2025	¥32,455
2026	16,148
2027	12,176
2028	8,456
2029	4,846
2030 and thereafter	6,249
Total	¥80,334

(2) Operating Lease

(a) Lessee

The minimum rental commitments under noncancelable operating leases at March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Due within one year	¥318	¥368	\$2,132
Due after one year	478	433	3,199
Total	¥797	¥801	\$5,331

(b) Lessor

The future lease payment receivables under noncancelable operating leases at March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Due within one year	¥ 458	¥ 463	\$3,064
Due after one year	951	805	6,361
Total	¥1,409	¥1,269	\$9,425

34. SEGMENT INFORMATION

An entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

1. Description of Reportable Segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Committee

3. Information about Ordinary Income, Profit (Loss), Assets, Liabilities and Other Items

Year ended March 31, 2025	Millions of Yen						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking Operations	Leasing Operations	Total				
Ordinary income:							
Ordinary income from external customers	¥ 294,698	¥ 32,527	¥ 327,225	¥ 14,051	¥ 341,277		¥ 341,277
Ordinary income from intersegment transactions	3,052	1,025	4,077	39,324	43,402	¥ (43,402)	
Total	¥ 297,750	¥ 33,552	¥ 331,303	¥ 53,376	¥ 384,680	¥ (43,402)	¥ 341,277
Segment profit	¥ 94,983	¥ 1,747	¥ 96,731	¥ 41,492	¥ 138,224	¥ (36,151)	¥ 102,073
Segment assets	15,595,185	124,467	15,719,653	887,748	16,607,402	(892,541)	15,714,861
Segment liabilities	14,560,200	100,121	14,660,322	22,641	14,682,963	(135,056)	14,547,907
Other:							
Depreciation	11,842	1,228	13,070	129	13,200	(2)	13,197
Interest income	228,100	17	228,118	36,227	264,345	(36,516)	227,829
Interest expense	80,659	484	81,144		81,144	(416)	80,727
Equity in earnings of affiliated companies	72		72	750	823		823
Extraordinary income	6,481		6,481	775	7,257		7,257
Gain on disposal of non-current assets	6,481		6,481		6,481		6,481
Gain on sales of shares of subsidiaries and associates				775	775		775
Extraordinary losses	4,690	0	4,691	9	4,700		4,700
Loss on disposal of non-current assets	311	0	311	9	321		321
Impairment losses	4,379		4,379		4,379		4,379
Investments in affiliated companies	1,390		1,390	23,817	25,208		25,208
Increase in property, plant and equipment and intangible assets	14,024	623	14,647	188	14,836		14,836

for Integrated Risk and Budget Management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group's reportable segments consist of the banking operations and leasing operations. Banking operations consist of the banking business centered on deposits, loans, investment securities, and exchange transactions. Leasing operations consist of lease transactions centered on finance leases.

2. Methods of Measurement of Ordinary Income, Profit (Loss), Assets, Liabilities, and Other Items for Each Reportable Segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 3, “SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.”

Thousands of U.S. Dollars							
Year ended March 31, 2025	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking Operations	Leasing Operations	Total				
Ordinary income:							
Ordinary income from external customers	\$ 1,970,834	\$217,528	\$ 2,188,363	\$ 93,973	\$ 2,282,336		\$ 2,282,336
Ordinary income from intersegment transactions	20,411	6,859	27,270	262,989	290,260	\$ (290,260)	
Total	\$ 1,991,245	\$224,388	\$ 2,215,634	\$ 356,963	\$ 2,572,597	\$ (290,260)	\$ 2,282,336
Segment profit	\$ 635,214	\$ 11,688	\$ 646,903	\$ 277,488	\$ 924,391	\$ (241,764)	\$ 682,626
Segment assets	104,294,693	832,394	105,127,087	5,936,928	111,064,016	(5,968,977)	105,095,038
Segment liabilities	97,373,108	669,572	98,042,681	151,417	98,194,098	(903,205)	97,290,893
Other:							
Depreciation	79,196	8,216	87,412	867	88,279	(18)	88,261
Interest income	1,525,451	119	1,525,570	242,272	1,767,843	(244,205)	1,523,638
Interest expense	539,419	3,243	542,662		542,662	(2,786)	539,876
Equity in earnings of affiliated companies	487		487	5,018	5,506		5,506
Extraordinary income	43,345		43,345	5,188	48,533		48,533
Gain on disposal of non-current ass	43,345		43,345		43,345		43,345
Gain on sales of shares of subsidiaries and associates				5,188	5,188		5,188
Extraordinary losses	31,371	2	31,373	60	31,434		31,434
Loss on disposal of non-current assets	2,084	2	2,086	60	2,147		2,147
Impairment losses	29,286		29,286		29,286		29,286
Investments in affiliated companies	9,300		9,300	159,284	168,585		168,585
Increase in property, plant and equipment and intangible assets	93,790	4,167	97,958	1,262	99,220		99,220

Note: "Reconciliations" are mainly eliminations of intersegment transactions.

Millions of Yen							
Year ended March 31, 2024	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking Operations	Leasing Operations	Total				
Ordinary income:							
Ordinary income from external customers	¥ 295,180	¥ 32,370	¥ 327,551	¥ 18,975	¥ 346,526		¥ 346,526
Ordinary income from intersegment transactions	2,352	1,025	3,377	51,650	55,027	¥ (55,027)	
Total	¥ 297,533	¥ 33,395	¥ 330,928	¥ 70,625	¥ 401,554	¥ (55,027)	¥ 346,526
Segment profit	¥ 89,605	¥ 1,711	¥ 91,316	¥ 60,558	¥ 151,875	¥ (49,650)	¥ 102,224
Segment assets	16,004,488	121,522	16,126,010	891,261	17,017,271	(875,682)	16,141,589
Segment liabilities	14,929,168	97,361	15,026,529	29,874	15,056,403	(118,202)	14,938,201
Other:							
Depreciation	13,787	1,332	15,119	114	15,233	(4)	15,229
Interest income	206,198	13	206,212	49,697	255,909	(49,835)	206,074
Interest expense	78,258	306	78,564		78,564	(249)	78,315
Equity in earnings of affiliated companies	50		50	8,081	8,131		8,131
Extraordinary income	25		25		25		25
Gain on disposal of non-current assets	25		25		25		25
Extraordinary losses	22,753	2	22,756	3	22,759		22,759
Loss on disposal of non-current assets	406	2	409		409		409
Impairment losses	22,143		22,143		22,143		22,143
Losses on liquidation of subsidiaries	203		203		203		203
Investments in affiliated companies	1,317		1,317	26,026	27,344		27,344
Increase in property, plant and equipment and intangible assets	11,075	849	11,925	155	12,080	(3)	12,077

Notes: 1. "Reconciliations" are mainly eliminations of intersegment transactions.

2. Shizuoka EU Liquidity Reserve Limited and Shizuoka SG Liquidity Reserve Limited, both established on November 30, 2023, are included in "Banking Operations." SFG Marketing Co., Ltd., established on July 3, 2023, and SFG Real Estate Investment Advisors Co., Ltd., established on November 16, 2023, are included in "Other."

4. Related information

(1) Information about services

Year ended March 31, 2025	Millions of Yen					Thousands of U.S. Dollars				
	Lending Operations	Investment Operations	Leasing Operations	Other	Total	Lending Operations	Investment Operations	Leasing Operations	Other	Total
	¥150,072	¥85,320	¥32,527	¥73,357	¥341,277	\$1,003,625	\$570,593	\$217,528	\$490,589	\$2,282,336

Year ended March 31, 2024	Millions of Yen				
	Lending Operations	Investment Operations	Leasing Operations	Other	Total
	¥139,151	¥94,039	¥32,370	¥80,964	¥346,526

(2) Information about geographical areas

(i) Ordinary income

The domestic share of ordinary income from external customers exceeds 90% of ordinary income in the consolidated statements of income, thus information is not presented.

(ii) Tangible fixed assets

The domestic share of tangible fixed assets exceeds 90% of tangible fixed assets in the consolidated balance sheets, thus information is not presented.

(3) Information about major customers

Ordinary income from a specific customer does not exceed 10% of ordinary income in the consolidated statements of income, thus information is not presented.

5. Information about impairment losses of assets

Year ended March 31, 2025	Millions of Yen					Thousands of U.S. Dollars				
	Reportable Segment			Other	Total	Reportable Segment			Other	Total
	Banking Operations	Leasing Operations	Total			Banking Operations	Leasing Operations	Total		
	¥4,379		¥4,379		¥4,379	\$29,286		\$29,286		\$29,286

Year ended March 31, 2024	Millions of Yen				
	Reportable Segment			Other	Total
	Banking Operations	Leasing Operations	Total		
	¥22,143		¥22,143		¥22,143

35. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(Financial Instruments)

1. Information on financial instruments

(1) Policy for financial instruments

The Group provides comprehensive financial services, centering on banking, along with leasing and financial instruments trading. Its base of operations is Shizuoka Prefecture.

Banking operations, the core business of the Group, provide a range of financial instruments, including deposits in Japanese yen, deposits in foreign currencies, Japanese government bonds, investment trusts, and personal pension insurance. It also provides stable financing for customers in the region through loans to individuals and lending operations for small and medium enterprises.

(2) Details of financial instruments and related risks

The financial assets of the Group consist primarily of loans and bills discounted to domestic customers and securities, including bonds and equity securities.

The loans and bills discounted are exposed to credit risk arising from potential default by borrowers. As about 50% of the loans and bills discounted are for customers in Shizuoka Prefecture, credit-related losses could occur on a large scale if the regional economic environment changes negatively or if a severe earthquake occurs.

The Group holds securities, such as debt securities (bonds), equity securities, and investment trusts, under its investment policy focused on the safety and liquidity of the investment. These securities are exposed to risks of market price fluctuations associated with the credit standing of issuers and interest rate changes. If the prices of equity securities and other securities held decline, impairment losses or valuation losses could adversely affect the operating results and financial standing of the Group.

Financial liabilities consist primarily of deposits from domestic customers and funds raised in the call market. If the Company

loses its credit status because of downgrades or other factors, or if the market environment deteriorates, conditions for financing could worsen or transactions could be constrained.

The Group enters into derivative transactions for customer needs of hedging exchange rates or interest rates, and for asset and liability management (ALM) or hedging individual transactions to appropriately manage the market risks of the Group. The Group also conducts short-term trading transactions.

Derivatives mainly include interest rate swaps, currency swaps, and bond futures, and are exposed to market risk that could cause losses in association with changes in interest rate markets and foreign exchange markets, as well as credit risk (counterparty risk), that is, the risk of default on the initial contract due to the bankruptcy of the counterparty or other factors. Between financial assets and financial liabilities, there are interest rate risks associated with mismatches of interest rates and terms.

(3) Risk management systems for financial instruments

(i) Integrated risk management system

Under the Basic Risk Management Regulations that stipulate the Group's basic risk management policy, the Group has established a basic framework, including an organizational structure for defining and managing risks and specific procedures for risk management.

To ensure a balance between profitability and financial soundness, the Group has introduced a management system based on a risk capital allocation at the core of integrated risk management.

The risk capital allocation is a system for avoiding excessive risk taking by setting risk limits below which the Group will be able to withstand losses on its own. This system allocates core regulatory capital to each operational department or section and controls risk so that if market, credit or other risks emerge, losses will be contained within the range of shareholders' equity.

(ii) Credit risk management system

Credit risk is the risk of incurring losses when collecting loans and bills discounted becomes difficult because of the worsening of borrowers' financial conditions.

The Credit Risk Management Office of the Risk Management Department manages all credit risks associated with the Group's operations both in Japan and overseas in order to ensure the soundness of the Group's loan asset portfolio. The borrower credit rating system, which is an essential part of its credit risk management, together with other internal rating systems, is operated by the Credit Planning Group of the Credit Support Department, designed and supervised by the Credit Risk Management Office, which is independent from the credit department (i.e., the Credit Support Department), and verified for appropriateness of the system by the Risk Management Group of the Risk Management Department. This structure has been designed such that the internal credit rating system will function appropriately through mutual checks and balances between these three groups.

In addition, the Audit Department checks whether credit risk management is conducted appropriately in accordance with the relevant rules, through such means as validation of the self-assessment process.

The Credit Risk Management Office uses statistical methods to quantify latent credit risks intrinsic to the Group's entire loan portfolio. This enables the Bank to accurately assess the scale of potential risk, monitor any concentration of loans to particular large-scale borrowers or specific industries, and thus control the portfolio to avoid excessive credit risk.

The credit risk management status, together with the status of market risk management and liquidity risk management described below, is reported through monthly meetings of the Committee for Group Integrated Risk and Budget Management, which is chaired by the Chief Financial Officer, as well as through other channels of management.

(iii) Market risk management system

Market risk is the risk of incurring losses in association with changes in the prices of financial assets and liabilities that are caused by changes in interest rates, stock prices, and foreign exchange rates.

The Group controls the degree of market risks within a certain range by setting limits about risk capital allocations, unrealized profits and losses, position, sensitivity, and so on.

The Group has established ALM hedge criteria for transactions in banking accounts, especially deposits, loans and bills discounted, and investment securities to control the degree of market risk within a certain range. The Business Strategy Planning Office of the Corporate Planning Department discusses ALM hedge policies based on the status of interest rate risks and interest rate outlook at meetings of the Committee for Group Integrated Risk and Budget Management.

The Group has established a system of checks and balances in the market division by strictly separating trading departments and administration departments and by setting up an independent risk management department. The Audit Department, which is independent of departments subject to audit, checks the effectiveness of this system of checks and balances among the three departments.

The Group measures the market risks (the estimation of possible losses) of financial assets and liabilities, such as securities and derivatives held in trading portfolios, and loans, securities, deposits, bonds payable, and derivative transactions held in banking portfolios, using Value at Risk (VaR). VaR is utilized for the quantitative analysis to manage market fluctuations.

A historical simulation model (a variance covariance model in 2012) is used for the measurement of VaR. The Group performs backtesting comparing VaR calculated by the model and actual profit and loss, in order to determine whether the measurement model captures market risks with sufficient accuracy.

Nevertheless, VaR measures possible market risk amounts statistically calculated based on historical data and is unlikely to capture risks under significant market fluctuations not presumed.

The total amounts of market risks of the Group as of March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
VaR	<b>¥173,751</b>	¥185,135	<b>\$1,161,985</b>

The assumptions used to measure VaR are as follows:

Observation period: Five years

Confidence interval: 99%

Holding period: 125 days for banking transactions and 10 days for trading transactions

Demand deposits staying long term without withdrawal are estimated as core deposits and are reflected in the market risk measurement.

(iv) Liquidity risk management system

There are two types of liquidity risk: (1) financing risk, which is the risk of not being able to secure needed funds as a result of worsening market conditions and other factors, or incurring losses due to being forced to raise funds at much higher interest rates than usual; and (2) market liquidity risk, which is the risk of not being able to trade financial instruments, such as bonds, because of market turmoil or other factors or incurring losses due to being forced to trade financial instruments at far less favorable prices than usual.

The Group has established a system of checks and balances by setting up fund management departments for financing in Japanese yen and in foreign currencies, and a liquidity risk management department that is independent of the fund management departments. The Fund and Foreign Exchange Group of the Treasury Department of the Bank, which is one of the fund management departments, controls amounts raised in markets within a range of amounts permitted to be raised so as to prevent excessive fund-raising in markets, and seeks stable financing, considering market circumstances. The Risk Management Office, which is the liquidity risk management department, assesses the stability of the asset and liability structure, including the status of the holding of liquid assets, and monitors the financing position and the status of management by the fund management departments.

To deal promptly with unforeseeable circumstances, the Bank has classified financing management in emergencies into four phases -- Phase 1 (prevention), Phase 2 (caution needed),

Phase 3 (concern over liquidity), and Phase 4 (lack of liquidity) --, and has appointed authorized personnel and countermeasures for each phase in advance.

To manage market liquidity risk, the liquidity risk management department monitors the holding of liquid assets on a timely basis, and the front office chooses assets to be managed after taking into account their liquidity and sets limits by issue and by term.

(4) Supplementary explanation of the fair values of financial instruments

The fair values of financial instruments include values based on market prices. If there are no market prices, values are reasonably calculated. As these fair values are calculated based on certain assumptions, fair values could differ if different assumptions are used for calculation.

2. Fair values of financial instruments and a breakdown by level of the fair values of financial instruments

The carrying values and fair values of financial instruments, the difference between these values, and their fair values by level are as follows:

Please note that the table below does not include stocks or others without quoted market prices and investments in partnerships. Account items whose carrying values are of law significance have been omitted.

Financial Instruments Categorized by Fair Value Hierarchy

The fair value of financial instruments is categorized into the following three levels, depending on the observability and significance of the inputs used in making fair value measurements:

Level 1: Fair values measured by using quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Fair values measured by using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly

Level 3: Fair values measured by using unobservable inputs for the assets or liabilities

If multiple inputs are used that have a significant impact on the measurement of fair value, fair value is classified at the lowest level in the fair value measurement among the levels to which each of these inputs belongs.

(1) Financial instruments measured at the fair values in the consolidated balance sheets

March 31, 2025	Millions of Yen			
	Level 1	Level 2	Level 3	Total
Trading assets				
Trading securities	<b>¥78</b>	<b>¥5,627</b>		<b>¥5,706</b>
Japanese government bonds	<b>78</b>			<b>78</b>
Local government bonds		<b>373</b>		<b>373</b>
Corporate bonds		<b>5,253</b>		<b>5,253</b>
Securities (*1)				
Available-for-sale securities	<b>1,538,525</b>	<b>1,328,926</b>	<b>¥199,271</b>	<b>3,066,723</b>
Japanese government bonds	<b>947,277</b>			<b>947,277</b>
Local government bonds		<b>163,244</b>		<b>163,244</b>
Corporate bonds		<b>322,007</b>	<b>198,901</b>	<b>520,908</b>
Stocks	<b>458,913</b>	<b>4,098</b>		<b>463,011</b>
Others	<b>132,334</b>	<b>839,576</b>	<b>370</b>	<b>972,281</b>
Foreign bonds	<b>132,334</b>	<b>498,480</b>		<b>630,814</b>
Total assets	<b>¥1,538,604</b>	<b>¥1,334,553</b>	<b>¥199,271</b>	<b>¥3,072,429</b>
Derivative transactions (*2)(*3)(*4)				
Interest rate-related		<b>¥17,921</b>		<b>¥17,921</b>
Currency-related		<b>(26,422)</b>		<b>(26,422)</b>
Total derivative transactions		<b>¥(8,501)</b>		<b>¥(8,501)</b>

March 31, 2025	Thousands of U.S. Dollars			
	Level 1	Level 2	Level 3	Total
Trading assets				
Trading securities	<b>\$527</b>	<b>\$37,632</b>		<b>\$38,159</b>
Japanese government bonds	<b>527</b>			<b>527</b>
Local government bonds		<b>2,498</b>		<b>2,498</b>
Corporate bonds		<b>35,133</b>		<b>35,133</b>
Securities (*1)				
Available-for-sale securities	<b>10,289,074</b>	<b>8,887,356</b>	<b>\$1,332,655</b>	<b>20,509,087</b>
Japanese government bonds	<b>6,335,034</b>			<b>6,335,034</b>
Local government bonds		<b>1,091,716</b>		<b>1,091,716</b>
Corporate bonds		<b>2,153,462</b>	<b>1,330,175</b>	<b>3,483,637</b>
Stocks	<b>3,069,037</b>	<b>27,411</b>		<b>3,096,448</b>
Others	<b>885,003</b>	<b>5,614,767</b>	<b>2,479</b>	<b>6,502,250</b>
Foreign bonds	<b>885,003</b>	<b>3,333,645</b>		<b>4,218,648</b>
Total assets	<b>\$10,289,602</b>	<b>\$8,924,989</b>	<b>\$1,332,655</b>	<b>\$20,547,246</b>
Derivative transactions (*2)(*3)				
Interest rate-related		<b>\$119,849</b>		<b>\$119,849</b>
Currency-related		<b>(176,703)</b>		<b>(176,703)</b>
Total derivative transactions		<b>\$(56,853)</b>		<b>\$(56,853)</b>

(\*1) Securities do not include investment trusts to which the treatment in Paragraph 24-9 of the Implementation Guidance on Accounting Standard for Fair Value Measurement is applied to deem the net asset value to be the fair value.

These investment trusts are carried at ¥19,267 million (\$128,853 thousand) in the consolidated balance sheets.

A reconciliation of the beginning balance to the ending balance of the investment trusts to which the treatment of net asset value as fair value was applied is as follows:

(Millions of Yen)						
Balance at Beginning of Year	Recorded in Profit/Loss	Recorded in Other Comprehensive Income (*)	Net Purchase, Sales and Redemption	The Amount by Which the Net Asset Value of the Investment Trusts is Deemed to be the Fair Value	The Amount by Which the Net Asset Value of the Investment Trusts is Not Deemed to be the Fair Value	Unrealized Gains/Losses on Investment Trusts Held at the Consolidated Balance Sheet Date of the Amount Recorded in Profit/Loss for the Year
<b>¥16,732</b>		<b>¥316</b>	<b>¥2,218</b>			<b>¥19,267</b>

(Thousands of U.S. Dollars)						
Balance at Beginning of Year	Recorded in Profit/Loss	Recorded in Other Comprehensive Income (*)	Net Purchase, Sales and Redemption	The Amount by Which the Net Asset Value of the Investment Trusts is Deemed to be the Fair Value	The Amount by Which the Net Asset Value of the Investment Trusts is Not Deemed to be the Fair Value	Unrealized Gains/Losses on Investment Trusts Held at the Consolidated Balance Sheet Date of the Amount Recorded in Profit/Loss for the Year
<b>\$111,902</b>		<b>\$2,114</b>	<b>\$14,835</b>			<b>\$128,853</b>

(\*) Included in "Valuation difference on available-for-sale securities" of "Other comprehensive income" in the consolidated statements of comprehensive income.

(\*2) The total of all derivative transactions recorded in trading assets and liabilities and other assets and liabilities

Net claims and liabilities arising from derivative transactions are presented in netted amounts. Net negative amounts are marked with a bracket.

Transactions subject to special hedging treatment of interest rate swaps are valued together with the hedged transactions, and have thus been excluded from derivative transactions.

(\*3) Of the derivative transactions, those subject to hedge accounting are carried at ¥(18,330) million (\$122,589 thousand) in the consolidated balance sheets.

Millions of Yen				
March 31, 2024	Level 1	Level 2	Level 3	Total
Trading assets				
Trading securities	¥ 57	¥ 6,864		¥ 6,922
Japanese government bonds	57			57
Local government bonds		521		521
Corporate bonds		6,342		6,342
Securities (*1)				
Available-for-sale securities	1,598,294	1,329,955	¥197,198	3,125,448
Japanese government bonds	954,635			954,635
Local government bonds		236,409		236,409
Corporate bonds		279,867	196,940	476,808
Stocks	501,355	5,628		506,984
Others	142,303	808,049	258	950,611
Foreign bonds	142,303	474,583		616,886
Total assets	¥1,598,352	¥1,336,820	¥197,198	¥3,132,371
Derivative transactions (*2)(*3)(*4)				
Interest rate-related	¥ 3,752		¥ 3,752	
Currency-related		(27,745)		(27,745)
Total derivative transactions	¥ (23,993)		¥ (23,993)	

(\*1) Securities do not include investment trusts to which the treatment in Paragraph 24-9 of the Implementation Guidance on Accounting Standard for Fair Value Measurement is applied to deem the net asset value to be the fair value.

These investment trusts are carried at ¥16,732 million in the consolidated balance sheets.

A reconciliation of the beginning balance to the ending balance of the investment trusts to which the treatment of net asset value as fair value was applied is as follows:

(2) Financial instruments not measured at the fair values in the consolidated balance sheets

Notes have been omitted for cash and due from banks, call loans and bills bought, call money and bills sold, payables under repurchase agreements, and payables under securities lending transactions, as the carrying values of these financial instruments approximate their fair values due to short payment terms.

Millions of Yen						
March 31, 2025	Fair Value				Carrying Value	Difference
	Level 1	Level 2	Level 3	Total		
Securities						
Held-to-maturity		¥ 14,236	¥ 8,315	¥ 22,551	¥ 23,226	¥ (675)
Japanese government bonds						
Local government bonds		8,328		8,328	8,804	(476)
Corporate bonds		1,966	8,315	10,282	10,401	(119)
Others		3,941		3,941	4,019	(78)
Foreign bonds		3,941		3,941	4,019	(78)
Loans and bills discounted					10,672,814	
Allowance for loan losses (*)					(49,196)	
			10,530,866	10,530,866	10,623,617	(92,750)
Total assets	¥ 14,236		¥10,539,182	¥10,553,418	¥10,646,844	¥(93,425)
Deposits		¥11,779,513		¥11,779,513	¥11,781,515	¥ (2,001)
Negotiable certificates of deposit		132,613		132,613	132,619	(5)
Borrowed money		1,297,902	¥ 24,560	1,322,463	1,338,684	(16,221)
Total liabilities		¥13,210,029	¥ 24,560	¥13,234,590	¥13,252,818	¥(18,228)

Thousands of U.S. Dollars						
March 31, 2025	Fair Value				Carrying Value	Difference
	Level 1	Level 2	Level 3	Total		
Securities						
Held-to-maturity		\$ 95,205	\$ 55,611	\$ 150,816	\$ 155,331	\$ (4,514)
Japanese government bonds						
Local government bonds		55,695		55,695	58,884	(3,188)
Corporate bonds		13,151	55,611	68,763	69,563	(800)
Others		26,358		26,358	26,883	(525)
Foreign bonds		26,358		26,358	26,883	(525)
Loans and bills discounted					71,375,738	
Allowance for loan losses (*)					(329,009)	
			70,426,446	70,426,446	71,046,728	(620,282)
Total assets	\$ 95,205		\$70,482,057	\$70,577,262	\$71,202,059	\$(624,797)
Deposits		\$78,776,924		\$78,776,924	\$78,790,309	\$ (13,385)
Negotiable certificates of deposit		886,868		886,868	886,905	(36)
Borrowed money		8,679,883	\$ 164,249	8,844,133	8,952,616	(108,483)
Total liabilities		\$88,343,676	\$ 164,249	\$88,507,926	\$88,629,831	\$(121,905)

(\*) General and individual allowances for losses are excluded from the corresponding loans and bills discounted.

(Millions of Yen)							
Balance at Beginning of Year	Profit/Loss or Other Comprehensive Income		Net Purchase, Sales and Redemption	The Amount by Which the Net Asset Value of the Investment Trusts is Deemed to be the Fair Value	The Amount by Which the Net Asset Value of the Investment Trusts is Not Deemed to be the Fair Value	Balance at Ending of Year	Unrealized Gains/Losses on Investment Trusts Held at the Consolidated Balance Sheet Date of the Amount Recorded in Profit/Loss for the Year
	Recorded in Profit/Loss	Recorded in Other Comprehensive Income (*)					
¥10,300		¥245	¥6,186			¥16,732	

(\*) Included in "Valuation difference on available-for-sale securities" of "Other comprehensive income" in the consolidated statements of comprehensive income.

(\*2) The total of all derivative transactions recorded in trading assets and liabilities and other assets and liabilities

Net claims and liabilities arising from derivative transactions are presented in netted amounts. Net negative amounts are marked with a bracket.

Transactions subject to special hedging treatment of interest rate swaps are valued together with the hedged transactions, and have thus been excluded from derivative transactions.

(\*3) Of the derivative transactions, those subject to hedge accounting are carried at ¥(33,881) million in the consolidated balance sheets.

(\*4) These transactions include, among others, interest rate swaps designated as hedging instruments to reduce market fluctuation risk or foreign exchange fluctuation risk associated with loans to be hedged against. Deferred hedge accounting is applied to these transactions. The Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR (ASBJ PITF No. 40, March 17, 2022) is applied to these hedging relationships.

Millions of Yen							
March 31, 2024	Fair Value				Carrying Value	Difference	
	Level 1	Level 2	Level 3	Total			
Securities							
Held-to-maturity		¥ 16,311	¥ 25,171	¥ 41,483	¥ 41,957	¥ (473)	
Japanese government bonds							
Local government bonds		9,610		9,610	9,822	(211)	
Corporate bonds		2,039	25,171	27,211	27,282	(71)	
Others		4,661		4,661	4,851	(190)	
Foreign bonds		4,661		4,661	4,851	(190)	
Loans and bills discounted					10,393,864		
Allowance for loan losses (*)					(48,450)		
			10,308,115	10,308,115	10,345,413	(37,298)	
Total assets	¥ 16,311		¥10,333,287	¥10,349,598	¥10,387,371	¥(37,772)	
Deposits		¥11,853,056		¥11,853,056	¥11,853,070	¥ (14)	
Negotiable certificates of deposit		99,085		99,085	99,085	0	
Borrowed money		1,224,459	¥ 31,878	1,256,337	1,267,287	(10,949)	
Total liabilities		¥13,176,601	¥ 31,878	¥13,208,480	¥13,219,443	¥(10,963)	

(\*) General and individual allowances for losses are excluded from the corresponding loans and bills discounted.

Note 1: Description of the valuation methodologies and inputs used for measurement of the fair value of financial instruments

Assets

Trading assets

The fair values of trading assets are classified into Level 1 if their unadjusted quoted prices in active markets are available. These trading assets primarily include Japanese government bonds. If the market is not active, the fair values of trading assets are classified into Level 2 even if their published quoted prices are used. These trading assets primarily include local government bonds and corporate bonds.

Securities

The fair values of securities are classified into Level 1 if their unadjusted quoted prices in active markets are available. These securities primarily include listed stocks and Japanese government bonds. If the market is not active, the fair values of securities are classified into Level 2 even if their published quoted prices are used. These securities primarily include local government bonds and corporate bonds. For investment trusts for which no market trading prices exist, the net asset value is used as fair value and classified into Level 2, if there are no material restrictions that would require compensation for the risk from market participants with respect to cancellation or repurchase requests. The fair values of securitized products (beneficial interests in trust) are classified into Level 3, because these fair values are measured based on prices obtained from third parties, and significant unobservable inputs are used to calculate these prices. The fair values of private placement bonds are classified into Level 3, because these fair values are measured by discounting at a discount rate commensurate with the bonds' internal rating, remaining term, and coverage ratio, and the discount rate is a significant unobservable input. Stock acquisition rights are calculated using valuation techniques, such as the option valuation model. Major inputs include probability of listing. Since probability of listing is an unobservable input, the fair value of stock acquisition rights is classified into Level 3.

Loans and bills discounted

The fair values of loans and bills discounted are measured at their present values, which are calculated separately for different categories created based on types and internal ratings of loans and bills discounted, the status of their collateral and guarantees, and their periods, by discounting the future cash flows of the principal and interest at the interest rate expected for similar new loans or at a discount rate calculated by reflecting credit risk, expense rate, etc., on market interest rate. The fair values of floating-rate loans and bills discounted are measured at their carrying values, because their carrying values approximate fair values if the borrowers' credit status has not changed significantly since disbursement, as they quickly reflect market interest rates. As for claims against borrowers classified as legal bankruptcy, virtual bankruptcy or caution, since the loan loss estimates have been calculated based on, among other things, the amounts expected to be recoverable from collateral and guarantees, the fair values of these claims approximate their carrying values minus the amount of allowance for loan losses on the consolidated balance sheets at the end of the fiscal year. The remaining amounts are deemed to be their fair values. These fair values are all classified into Level 3, since the discount rate is unobservable.

Liabilities

Deposits and Negotiable Certificates of Deposit

As for demand deposits payable immediately on demand at the end of the fiscal year, the amounts payable are deemed to be their fair values. The fair values of time deposits and negotiable certificates of deposit are measured at their discounted present value, which is calculated by classifying them based on their periods and discounting the future cash flows at the interest rate to be used when accepting new deposits. The fair values of deposits with short terms (up to one year) or floating interest rates are measured at their carrying values, since their carrying values approximate fair values. These fair values are classified into Level 2.

Borrowed money

The fair value of borrowed money is measured at its present value, which is calculated by classifying the borrowed money based on its period and by discounting the future cash flows at the interest rate expected for similar new borrowings. Floating rate borrowed money reflects market interest rates in short periods, and the credit standing of the Group has not significantly changed since disbursement. Therefore, the carrying value of floating rate borrowed money approximates the fair value. The fair value of borrowed money with short terms (up to one year) is measured at its carrying value, since its carrying value approximates fair value. This fair value is classified into Level 3 if any significant unobservable input is used in its measurement, or otherwise into Level 2.

Derivative Transactions

The fair values of derivative transactions are classified into Level 1 if their unadjusted quoted prices in active markets are available. These derivative transactions primarily include bonds futures. However, since most derivatives are over the counter transactions without published quoted prices, their fair values are measured using valuation techniques, such as the present value technique and the option valuation model depending on the type of transaction and the maturity period. The main inputs used in those valuation techniques are interest rate, exchange rate, and volatility, among others. In addition, price adjustments are made based on the credit risk of the counterparty and that of the Group. The fair values of these transactions are classified into Level 2 if no unobservable inputs are used or if the effect of the unobservable inputs used is insignificant. These transactions primarily include interest rate swaps and forward exchange contracts.

Note 2: Information on financial instruments measured at Level 3 fair values in the consolidated balance sheets  
(1) Quantitative information on significant unobservable inputs  
**March 31, 2025**

Category	Valuation Technique	Significant Unobservable Input	Range of Input	Weighted Average of Input
Securities				
Corporate bonds				
Private placement bonds	Present value technique	Discount rates	0.9% - 2.6%	1.3%
Other				
Stock acquisition rights	Option valuation model	Probability of listing	0% - 100.0%	51.4%

March 31, 2024

Category	Valuation Technique	Significant Unobservable Input	Range of Input	Weighted Average of Input
Securities				
Corporate bonds				
Private placement bonds	Present value technique	Discount rates	0.3% - 1.5%	0.7%
Other				
Stock acquisition rights	Option valuation model	Probability of listing	0% - 50.0%	49.9%

(2) Reconciliation between opening and closing balances and loss/gain on valuation recognized in profit/loss

Millions of Yen				
Securities				
Available-For-Sale Securities				
Private Placement Bonds				
Securitized Products (Beneficial Interest in Trust)				
Stock Acquisition Rights				
<b>March 31, 2025</b>				
Balance at beginning of the year	¥25,547	¥171,392	¥258	
Profit or loss or other comprehensive income for the period				
Recorded in profit or loss (*1)		(38)	(34)	
Recorded in other comprehensive income (*2)	(238)	(2,162)	107	
Net purchases, sales, issues, and settlements	(1,189)	5,588	39	
Transfer into Level 3 fair value				
Transfer from Level 3 fair value				
Balance at end of the year	¥24,120	¥174,780	¥370	
Gains or losses on valuation of financial assets and financial liabilities held at the end of the year included in profit or loss for the period				

Thousands of U.S. Dollars				
Securities				
Available-For-Sale Securities				
Securitized Products (Beneficial Interest in Trust)				
Private Placement Bonds				
Stock Acquisition Rights				
<b>March 31, 2025</b>				
Balance at beginning of the year	\$170,854	\$1,146,210	\$1,726	
Profit or loss or other comprehensive income for the period				
Recorded in profit or loss (*1)		(258)	(231)	
Recorded in other comprehensive income (*2)	(1,594)	(14,462)	720	
Net purchases, sales, issues, and settlements	(7,951)	37,377	265	
Transfer into Level 3 fair value				
Transfer from Level 3 fair value				
Balance at end of the year	\$161,308	\$1,168,866	\$2,479	
Gains or losses on valuation of financial assets and financial liabilities held at the end of the year included in profit or loss for the period				

(\*1) Included in "Interest Income" in the consolidated statements of income.  
(\*2) Included in "Valuation difference on available-for-sale securities" of "Other Comprehensive Income" in the consolidated statements of comprehensive income.

Millions of Yen				
Securities				
Available-For-Sale Securities				
Securitized Products (Beneficial Interest in Trust)				
Private Placement Bonds				
Stock Acquisition Rights				
March 31, 2024				
Balance at beginning of the year	¥29,024	¥162,843	¥ 79	
Profit or loss or other comprehensive income for the period				
Recorded in profit or loss (*1)		(38)	(6)	
Recorded in other comprehensive income (*2)	12	(683)	31	
Net purchases, sales, issues, and settlements	(3,489)	9,270	154	
Transfer into Level 3 fair value				
Transfer from Level 3 fair value				
Balance at end of the year	¥25,547	¥171,392	¥258	
Gains or losses on valuation of financial assets and financial liabilities held at the end of the year included in profit or loss for the period				

(\*1) Included in "Interest Income" in the consolidated statements of income.  
(\*2) Included in "Valuation difference on available-for-sale securities" of "Other Comprehensive Income" in the consolidated statements of comprehensive income.

(3) Description of process of fair value measurement  
The Group has established policies and procedures for fair value measurement in middle departments and back-end departments. Once a fair value is measured, verification is performed to test the validity of the valuation techniques and inputs used in the measurement of the fair value and the appropriateness of the classification of the fair value.  
In calculating fair values, valuation models are used that most appropriately reflect the nature, characteristics, and risks of the individual assets. Furthermore, when quoted prices obtained from a third party are used, the validity of these prices are verified by such appropriate methods as checking the valuation techniques and inputs being used and/or comparing the resulting fair values with fair values of similar financial instruments.

(4) Description of the impact of changes in significant unobservable inputs on fair values  
The significant unobservable inputs used in the measurement of fair values of securitized products (beneficial interests in trust) are probability of default, loss-given default, and prepayment rate. Significant increase (decrease) in probability of default or loss-given default will result in significant decrease (increase) in fair values, whereas significant change in prepayment rate will result in significant decrease (increase) in fair values, depending on the structure of the financial instrument.  
The significant unobservable input used in the measurement of fair values of private placement bonds is discount rate. The discount rate is calculated according to the internal rating of the issuer, the remaining term, and the coverage ratio. Significant increase (decrease) in discount rate will result in significant decrease (increase) in fair values.  
Probability of listing is the significant unobservable input used to calculate the fair value of stock acquisition rights. A significant increase (decrease) in probability of listing will result in a significant increase (decrease) in fair value.

Note 3: Stocks and others without quoted market prices and investments in partnerships are measured as follows in the consolidated balance sheets. They are not included in "Available-for-sale securities" in the tables disclosed within this footnote under the heading, "2. Fair values of financial instruments and a breakdown by level of the fair values of financial instruments" above.

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Unlisted stocks (*1, *2)	¥ 7,949	¥ 7,626	\$ 53,164
Investments in partnerships and others (*3)	120,832	107,575	808,079
Total	¥128,781	¥115,202	\$861,244

(\*1) Unlisted stocks are not included in the disclosure of fair value in accordance with Paragraph 5 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19, March 31, 2020).  
(\*2) The impairment losses on unlisted stocks for the years ended March 31, 2025 and 2024, are ¥291 million (\$1,950 thousand) and ¥92 million, respectively.  
(\*3) Investments in partnerships and others principally include investment partnerships. These are not included in the disclosure of fair value in accordance with Paragraph 24-16 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments."

Note 4: Maturity analysis for financial assets and securities with contractual maturities

	Millions of Yen					
	Due in One Year or Less	Due after One Year through Three Years	Due after Three Years through Five Years	Due after Five Years through Seven Years	Due after Seven Years through Ten Years	Due after Ten Years
<b>March 31, 2025</b>						
Due from banks	¥ 909,281					
Call loans and bills bought	140,298					
Securities:	70,193	¥ 123,576	¥ 254,035	¥ 301,974	¥ 238,091	¥1,672,936
Held-to-maturity securities	1,700	7,052	1,100	1,500	1,400	10,321
Available-for-sale securities	68,493	116,524	252,935	300,474	236,691	1,662,614
Loans and bills discounted (*1)(*2)	2,291,869	1,869,857	1,556,422	899,392	917,566	2,947,100
Total	¥3,411,644	¥1,993,434	¥1,810,457	¥1,201,367	¥1,155,658	¥4,620,036

	Thousands of U.S. Dollars					
	Due in One Year or Less	Due after One Year through Three Years	Due after Three Years through Five Years	Due after Five Years through Seven Years	Due after Seven Years through Ten Years	Due after Ten Years
<b>March 31, 2025</b>						
Due from banks	\$ 6,080,930					
Call loans and bills bought	938,266					
Securities:	469,430	\$ 826,435	\$ 1,698,891	\$2,019,491	\$1,592,263	\$11,187,966
Held-to-maturity securities	11,368	47,161	7,356	10,031	9,362	69,027
Available-for-sale securities	458,061	779,274	1,691,534	2,009,460	1,582,901	11,118,938
Loans and bills discounted (*1)(*2)	15,327,157	12,504,896	10,408,764	6,014,799	6,136,339	19,709,088
Total	\$22,815,785	\$13,331,332	\$12,107,655	\$8,034,290	\$7,728,603	\$30,897,054

(\*1) The amounts of loans and bills discounted without due dates, which have been excluded as of March 31, 2025 are ¥104,559 million (\$699,254 thousand).  
(\*2) The amounts of loans and bills discounted for "possible bankruptcy," "virtual bankruptcy," and "legal bankruptcy," excluding those without due dates, which have been excluded as of March 31, 2025 are ¥86,045 million (\$575,437 thousand).

	Millions of Yen					
	Due in One Year or Less	Due after One Year through Three Years	Due after Three Years through Five Years	Due after Five Years through Seven Years	Due after Seven Years through Ten Years	Due after Ten Years
March 31, 2024						
Due from banks	¥1,474,218					
Call loans and bills bought	101,876					
Securities:	62,423	¥ 113,858	¥ 164,886	¥ 189,469	¥ 539,947	¥1,496,100
Held-to-maturity securities	1,816	10,343	6,700	1,700	1,900	19,328
Available-for-sale securities	60,606	103,515	158,185	187,769	538,047	1,476,771
Loans and bills discounted (*1)(*2)	2,339,936	1,810,686	1,511,389	899,952	969,164	2,667,415
Total	¥3,978,454	¥1,924,544	¥1,676,276	¥1,089,421	¥1,509,111	¥4,163,516

(\*1) The amounts of loans and bills discounted without due dates, which have been excluded as of March 31, 2024 were ¥105,693 million.  
(\*2) The amounts of loans and bills discounted for "possible bankruptcy," "virtual bankruptcy," and "legal bankruptcy," excluding those without due dates, which have been excluded as of March 31, 2024 were ¥89,626 million.

Note 5: Maturity analysis for borrowed money and other interest-bearing debt

	Millions of Yen					
	Due in One Year or Less	Due after One Year through Three Years	Due after Three Years through Five Years	Due after Five Years through Seven Years	Due after Seven Years through Ten Years	Due after Ten Years
<b>March 31, 2025</b>						
Deposits	<b>¥11,476,689</b>	<b>¥ 249,937</b>	<b>¥40,784</b>	<b>¥2,357</b>	<b>¥11,745</b>	
Negotiable certificates of deposit	<b>132,619</b>					
Call money and bills sold	<b>34,092</b>					
Payables under repurchase agreements	<b>506,350</b>					
Payables under securities lending transactions	<b>409,480</b>					
Borrowed money	<b>384,780</b>	<b>948,029</b>	<b>5,028</b>	<b>771</b>	<b>75</b>	
Total	<b>¥12,944,012</b>	<b>¥1,197,967</b>	<b>¥45,812</b>	<b>¥3,129</b>	<b>¥11,820</b>	

	Thousands of U.S. Dollars					
	Due in One Year or Less	Due after One Year through Three Years	Due after Three Years through Five Years	Due after Five Years through Seven Years	Due after Seven Years through Ten Years	Due after Ten Years
<b>March 31, 2025</b>						
Deposits	<b>\$76,751,753</b>	<b>\$1,671,489</b>	<b>\$272,750</b>	<b>\$15,768</b>	<b>\$78,548</b>	
Negotiable certificates of deposit	<b>886,905</b>					
Call money and bills sold	<b>228,000</b>					
Payables under repurchase agreements	<b>3,386,278</b>					
Payables under securities lending transactions	<b>2,738,451</b>					
Borrowed money	<b>2,573,264</b>	<b>6,340,062</b>	<b>33,625</b>	<b>5,162</b>	<b>501</b>	
Total	<b>\$86,564,653</b>	<b>\$8,011,552</b>	<b>\$306,375</b>	<b>\$20,930</b>	<b>\$79,049</b>	

Note: Demand deposits are included in “Due in One Year or Less.”

	Millions of Yen					
	Due in One Year or Less	Due after One Year through Three Years	Due after Three Years through Five Years	Due after Five Years through Seven Years	Due after Seven Years through Ten Years	Due after Ten Years
March 31, 2024						
Deposits	¥11,563,958	¥ 244,442	¥ 34,647	¥1,626	¥8,395	
Negotiable certificates of deposit	99,085					
Call money and bills sold	50,146					
Payables under repurchase agreements	517,733					
Payables under securities lending transactions	778,782					
Borrowed money	124,024	937,614	204,265	1,258	125	
Total	¥13,133,732	¥1,182,056	¥238,913	¥2,884	¥8,520	

Note: Demand deposits are included in “Due in One Year or Less.”

36. DERIVATIVES

Qualitative information on derivatives, such as the nature and the purpose of derivative financial instruments, is included in Note 35.

Derivative transactions to which hedge accounting is not applied at March 31, 2025 and 2024, consisted of the following:

	Millions of Yen			
	Contract or Notional Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains (Losses)
<b>March 31, 2025</b>				
Over the counter:				
Interest rate swaps	<b>¥476,604</b>	<b>¥405,637</b>	<b>¥ 735</b>	<b>¥ 735</b>
Currency swaps	<b>169,631</b>	<b>158,437</b>	<b>0</b>	<b>0</b>
Forward contracts	<b>636,797</b>	<b>301,867</b>	<b>9,074</b>	<b>9,074</b>
Currency options	<b>272,366</b>	<b>201,681</b>	<b>4</b>	<b>3,346</b>
Other	<b>1,801</b>	<b>1,595</b>	<b>14</b>	<b>14</b>

	Thousands of U.S. Dollars			
	Contract or Notional Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains (Losses)
<b>March 31, 2025</b>				
Over the counter:				
Interest rate swaps	<b>\$3,187,350</b>	<b>\$2,712,752</b>	<b>\$ 4,917</b>	<b>\$ 4,917</b>
Currency swaps	<b>1,134,430</b>	<b>1,059,570</b>	<b>1</b>	<b>1</b>
Forward contracts	<b>4,258,663</b>	<b>2,018,777</b>	<b>60,689</b>	<b>60,689</b>
Currency options	<b>1,821,483</b>	<b>1,348,767</b>	<b>28</b>	<b>22,378</b>
Other	<b>12,045</b>	<b>10,668</b>	<b>98</b>	<b>98</b>

Note: Derivatives included in the table above were measured at fair value, and the unrealized gains and losses were recognized in income.

	Millions of Yen			
	Contract or Notional Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains (Losses)
March 31, 2024				
Over the counter:				
Interest rate swaps	¥413,010	¥388,806	¥ 951	¥ 951
Currency swaps	198,296	166,616	45	45
Forward contracts	603,215	325,932	8,862	8,862
Currency options	310,985	242,167	3	3,307
Other	2,851	2,643	24	24

Note: Derivatives included in the table above were measured at fair value, and the unrealized gains and losses were recognized in income.

Derivative transactions to which hedge accounting is applied at March 31, 2025 and 2024, consisted of the following:

	Millions of Yen			
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
<b>March 31, 2025</b>				
Principled treatment:				
Interest rate swaps	Securities classified as available-for-sale and borrowed money	<b>¥576,524</b>	<b>¥573,149</b>	<b>¥ 17,185</b>
Currency swaps	Loans, deposits, and securities in foreign currencies	<b>173,723</b>	<b>153,951</b>	<b>(35,516)</b>
Special hedging treatment:				
Interest rate swaps	Loans	<b>90,087</b>	<b>65,283</b>	

	Thousands of U.S. Dollars			
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
<b>March 31, 2025</b>				
Principled treatment:				
Interest rate swaps	Securities classified as available-for-sale and borrowed money	<b>\$3,855,577</b>	<b>\$3,833,005</b>	<b>\$ 114,931</b>
Currency swaps	Loans, deposits, and securities in foreign currencies	<b>1,161,795</b>	<b>1,029,566</b>	<b>(237,521)</b>
Special hedging treatment:				
Interest rate swaps	Loans	<b>602,469</b>	<b>436,588</b>	

Notes: 1. Principally, deferral hedge accounting is applied as stipulated in JICPA Industry Committee Practical Guideline No. 24, March 17, 2022, and No. 25, October 8, 2020.  
2. The fair value of interest rate swaps with special hedging treatment is omitted as interest rate swaps and loans are treated unitary and their values are included in the fair value of loans and bills discounted in Note 35.

	Millions of Yen			
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2024				
Principled treatment:				
Interest rate swaps	Securities classified as available-for-sale and borrowed money	¥606,199	¥552,129	¥ 2,800
Currency swaps	Loans, deposits, and securities in foreign currencies	163,489	162,532	(36,682)
Special hedging treatment:				
Interest rate swaps	Loans	92,928	70,123	

Notes: 1. Principally, deferral hedge accounting is applied as stipulated in JICPA Industry Committee Practical Guideline No. 24, March 17, 2022, and No. 25, October 8, 2020.  
2. The fair value of interest rate swaps with special hedging treatment is omitted as interest rate swaps and loans are treated unitary and their values are included in the fair value of loans and bills discounted in Note 35.

The contract or notional amounts of derivatives shown in the above table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

37. RELATED-PARTY TRANSACTIONS

Related-party transactions for the years ended March 31, 2025 and 2024, were as follows:

Related-Party Transactions with the Company's Consolidated Subsidiaries

March 31, 2025				
Related Party	Category	Description of Transactions	Millions of Yen	Thousands of U.S. Dollars
Kiyokawa Building Eichiro Kiyokawa	Close relative of a director of Shizuoka Bank	Loans	<b>¥662</b>	<b>\$4,428</b>
Kiyokawa Corporation	Company in which majority voting rights are held by director or close relative of a director of Shizuoka Bank	Loans	<b>¥160</b>	<b>\$1,074</b>
Kiyokawa Real Estate Co., Ltd.	Company in which majority voting rights are held by director or close relative of a director of Shizuoka Bank	Loans	<b>¥765</b>	<b>\$5,116</b>

Notes: 1. Related-party transactions stated above are processed under equal conditions to transactions with general customers.  
2. Amounts of loans are balances at the end of the fiscal year.

March 31, 2024			
Related Party	Category	Description of Transactions	Millions of Yen
Kiyokawa Building Eichiro Kiyokawa	Close relative of a director of Shizuoka Bank	Loans	¥715
Kiyokawa Corporation	Company in which majority voting rights are held by director or close relative of a director of Shizuoka Bank	Loans	¥175
Kiyokawa Real Estate Co., Ltd.	Company in which majority voting rights are held by director or close relative of a director of Shizuoka Bank	Loans	¥905

Notes: 1. Related-party transactions stated above are processed under equal conditions to transactions with general customers.  
2. Amounts of loans are balances at the end of the fiscal year.

38. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Unrealized gain (loss) on available-for-sale securities:			
Gain (loss) arising during the year	<b>¥(106,960)</b>	¥ 46,252	<b>\$(715,308)</b>
Reclassification adjustments to profit and loss	<b>(6,760)</b>	(21,752)	<b>(45,213)</b>
Amount before income taxes and income tax effect	<b>(113,720)</b>	24,499	<b>(760,521)</b>
Income taxes and income tax effect	<b>31,774</b>	(7,441)	<b>212,498</b>
Total	<b>¥ (81,945)</b>	¥ 17,057	<b>\$(548,022)</b>
Deferred gain (loss) on derivatives under hedge accounting:			
Gain (loss) arising during the year	<b>¥ 5,246</b>	¥ (677)	<b>\$ 35,083</b>
Reclassification adjustments to profit and loss	<b>7,579</b>	4,661	<b>50,687</b>
Amount before income taxes and income tax effect	<b>12,825</b>	3,984	<b>85,771</b>
Income taxes and income tax effect	<b>(3,962)</b>	(1,189)	<b>(26,500)</b>
Total	<b>¥ 8,862</b>	¥ 2,794	<b>\$ 59,270</b>
Foreign currency translation adjustments:			
Gains arising during the year	<b>¥ 459</b>	¥ 5,188	<b>\$ 3,072</b>
Reclassification adjustments to profit and loss	<b>—</b>	(263)	<b>—</b>
Amount before income taxes and income tax effect	<b>459</b>	4,925	<b>3,072</b>
Income taxes and income tax effect	<b>—</b>	—	<b>—</b>
Total	<b>¥ 459</b>	¥ 4,925	<b>\$ 3,072</b>
Defined retirement benefit plans:			
Adjustments arising during the year	<b>¥ (1,389)</b>	¥ 3,317	<b>\$ (9,291)</b>
Reclassification adjustments to profit and loss	<b>(739)</b>	(552)	<b>(4,948)</b>
Amount before income taxes and income tax effect	<b>(2,129)</b>	2,764	<b>(14,240)</b>
Income taxes and income tax effect	<b>616</b>	(824)	<b>4,121</b>
Total	<b>¥ (1,513)</b>	¥ 1,939	<b>\$ (10,118)</b>
Share of other comprehensive income in affiliated companies:			
Gain (loss) arising during the year	<b>¥ (281)</b>	¥ 776	<b>\$ (1,883)</b>
Reclassification adjustments to profit and loss	<b>—</b>	—	<b>—</b>
Amount before income taxes and income tax effect	<b>(281)</b>	776	<b>(1,883)</b>
Income taxes and income tax effect	<b>—</b>	—	<b>—</b>
Total	<b>¥ (281)</b>	¥ 776	<b>\$ (1,883)</b>
Total other comprehensive income (loss)	<b>¥ (74,418)</b>	¥ 27,494	<b>\$(497,681)</b>

39. NET INCOME PER SHARE

Net income per share (“EPS”) for the years ended March 31, 2025 and 2024, are computed as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income Attributable to Owners of the Parent	Weighted-Average Shares		EPS
March 31, 2025				
Basic EPS:				
Net income attributable to common shareholders	¥74,618	547,165	¥136.37	\$0.91
Effect of dilutive securities:				
Interest expenses (excluding tax amount)	—			
Stock options		92		
Convertible bonds with stock acquisition rights		—		
Diluted EPS:				
Net income for computation	¥74,618	547,258	¥136.34	\$0.91

	Millions of Yen	Thousands of Shares	Yen
	Net Income Attributable to Owners of the Parent	Weighted-Average Shares	EPS
March 31, 2024			
Basic EPS:			
Net income attributable to common shareholders	¥57,760	554,450	¥104.17
Effect of dilutive securities:			
Interest expenses (excluding tax amount)	—		
Stock options		139	
Convertible bonds with stock acquisition rights		—	
Diluted EPS:			
Net income for computation	¥57,760	554,590	¥104.15

The Company’s shares owned by the Employee Stock Delivery Trust (RS Trust), which are recorded as treasury stock in shareholders’ equity, are included in the number of treasury shares deducted from the total number of shares issued at the end of the fiscal year for calculating the net asset amount per share, and are also included in the number of treasury shares deducted in the calculation of the average number of shares during the period for calculating Basic EPS and Diluted EPS.

For calculating the net asset amount per share, the number of shares at the end of the period after deduction of such treasury stock was 650 thousand shares in the current consolidated fiscal year (not applicable in the previous consolidated fiscal year). For calculating Basic EPS and Diluted EPS, the average number of treasury shares during the period after deduction was 575 thousand shares in the current consolidated fiscal year (not applicable in the previous consolidated fiscal year).

40. SUBSEQUENT EVENTS

Appropriation of Retained Earnings

The following appropriation of retained earnings was authorized at the annual general meeting of shareholders held on June 20, 2025:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends, 35 yen (\$0.23) per share	¥18,990	\$127,000
Total	¥18,990	\$127,000

The total amount of dividends includes dividends of ¥22 million (\$152 thousand) on treasury stock owned by the Employee Stock Delivery Trust (RS Trust).

Key Consolidated Financial Indicators

Summary of Profits (Losses)

	Millions of Yen			Percentage Change
Years ended March 31	2025	2024	Increase (Decrease)	
Net interest income	147,101	127,758	19,343	15.1
Net fees and commissions	49,117	44,358	4,758	10.7
Net trading income	1,542	1,542	0	0.0
Net other operating income	(10,451)	(2,336)	(8,114)	347.2
General and administrative expenses	97,110	96,469	641	0.6
Net other ordinary income	11,873	27,370	(15,497)	(56.6)
Ordinary profits	102,073	102,224	(151)	(0.1)
Income before income taxes	104,630	79,490	25,139	31.6
Income taxes:				
Current	29,307	27,019	2,288	8.4
Deferred	713	(5,286)	5,999	(113.4)
Net income	74,609	57,757	16,851	29.1
Net income attributable to noncontrolling interests	(8)	(3)	(5)	171.5
Net income attributable to owners of the parent	74,618	57,760	16,857	29.1
Comprehensive income	190	85,251	(85,060)	(99.7)

Breakdown of Net Interest Margin

	Billions of Yen
Years ended March 31	2025
Interest income	227.8
Average interest-earning assets	14,813.8
Average interest rate of interest-earning assets (%)	1.53
Interest expense (Note)	80.6
Average interest-bearing liabilities	14,213.9
Average interest rate of interest-bearing liabilities (%)	0.56
Net interest income	147.2

Note: Interest expense here excludes interest paid in relation to investment in money held in trust.

Net Other Operating Income

	Millions of Yen		
Years ended March 31	2025	2024	Increase (Decrease)
Gains on foreign exchange transactions	(186)	(2,696)	2,509
Gains/losses on government bonds	(10,513)	(317)	(10,195)
Gains on sales	1,990	18,512	(16,521)
Losses on sales	(12,504)	(18,829)	6,325
Losses on redemptions			0
Amortized bond issue cost			
Amortized bond issue cost			
Gains/losses on derivative transactions	249	594	(345)
Proceeds from derivative transactions	249	594	(345)
Expenses for derivative products			
Others		82	(82)
Gains/losses on other business	(10,451)	(2,336)	(8,114)
Other operating income	2,239	19,188	(16,949)
Other operating expenses	(12,690)	(21,525)	8,835

Loans Outstanding by Type of Borrower

March 31	Billions of Yen	
	2025	
Domestic branches:		
Manufacturing	1,619.1	15.65
Agriculture and forestry	8.2	0.08
Fishery	15.6	0.15
Mining and quarrying	14.1	0.14
Construction	282.4	2.73
Utilities	164.6	1.59
Telecommunications	75.1	0.73
Transportation and mail service	305.2	2.95
Wholesale and retailing	790.0	7.63
Finance and insurance	742.3	7.17
Real estate, lease, and rental	2,482.8	23.99
Medical, welfare, lodging, and other services	668.0	6.46
Local governments	74.8	0.72
Other	3,104.9	30.01
Subtotal	10,347.9	100.00
Overseas branches and offshore accounts:		
Governments and official institutions	1.7	0.55
Banks and other financial institutions	47.2	14.54
Other	275.8	84.91
Subtotal	324.8	100.00
Total	10,672.8	

Financial Rehabilitation Law Disclosure Claims

March 31	Millions of Yen		
	2025	2024	Increase (Decrease)
Claims provable in rehabilitation from bankruptcy and equivalents	19,706	15,701	4,005
% of total credit	0.18	0.15	0.03
Doubtful claims	66,393	73,975	(7,582)
% of total credit	0.62	0.70	(0.08)
Loans past due for three months or more	1,126	377	749
% of total credit	0.01	0.00	0.00
Restructured loans	7,768	12,832	(5,063)
% of total credit	0.07	0.12	(0.05)
Financial Rehabilitation Law Disclosure Claims total	94,996	102,887	(7,891)
% of total credit	0.88	0.98	(0.09)
Value covered with collateral, guarantees, etc.	84,039	87,899	(3,859)
Cover ratio(%)	88.47	85.43	3.03

Notes: 1. Capital ratios were calculated on a consolidated basis, according to the provision of the Article 52-25 of Banking Act,with the formula on the criteria, the 20th notice by Financial Services Agency in 2006, to judge whether the sufficiency of the equity capital of the banking group is appropriate in light of the assets owned by its group, and so on.

2. Loans past due for three months or more include loans for which payments of principal or interest are delinquent by three months or more, as calculated from the day following the contracted payment date, but do not include claims provable in rehabilitation from bankruptcy and equivalents and doubtful claims.

3. In addition, the leverage ratio, which was a complementary indicator of the capital ratio, was calculated on a consolidated basis,according to the provision of the Article 52-25 of Banking Act, with the formula on the criteria, the 12th notice by Financial Services Agency in 2019, to judge the soundness of the leverage as a complementary indicator of the criteria on whether the sufficiency of the equity capital of the banking group is appropriate in light of the assets owned by its group, and so on.

4. Value covered with collateral, guarantees, etc., includes provisions in the specific reserve for possible loan losses. The covered value was stated on a possible disposal basis.

Allowance for Loan Losses

March 31	Millions of Yen	
	2025	2024
General allowance for loan losses	26,383	26,682
Specific allowance for loan losses	26,216	25,913
Total	52,599	52,594
Loans on written-off claims for the year	227	427

Financial Index

	Consolidated		
Years ended March 31	2025	2024	Increase (Decrease)
Per share (Yen):			
Net income	136.37	104.17	32.20
Net assets	2,153.14	2,188.01	(34.87)
Cash dividends	60.00	39.00	21.00
Dividend payout ratio (%)			
Return on equity (ROE) (%)	6.29	4.91	1.38
Price earnings ratio (PER) (%)	11.90	13.88	(1.98)

Note: The amount of net income returned as a percentage of the average balance of shareholders' equity.

Capital Adequacy Ratio

March 31	Consolidated	
	2025	2024
1. Total capital ratio (%)	16.29	18.17
2. Tier 1 ratio (%)	16.29	18.17
3. Common equity Tier 1 ratio (%)	16.29	18.17
4. Total capital	991.2	1,045.4
5. Tier 1 capital	991.2	1,045.4
6. Common equity Tier 1 capital	991.2	1,045.4
7. Total risk weighted assets	6,082.1	5,752.0
8. Total capital requirements	486.5	460.1
Leverage ratio (%)	6.47	6.88

Notes: 1. Capital ratios were calculated both on consolidated and nonconsolidated bases, with the formula shown on the criteria, the 20th notice by Financial Services Agency in 2006, to judge whether or not the adequacy of equity capital of the Bank is appropriate in light of the circumstances, such as the assets owned by the Bank, according to the provision of the Article 52-25 of Banking Act.

2. The Group adopted the Foundation Internal Rating-Based Approach to calculate credit risk assets and the Standardized Approach for operational risk, and applies the Market Risk Capital Regulations.

3. In addition, the leverage ratio, which was a complementary indicator of the equity ratio, was calculated both on consolidated and nonconsolidated bases, with the formula shown on the criteria, the 12th notice by Financial Services Agency in 2019, to judge the soundness of the leverage as a complementary indicator of the criteria on whether or not the adequacy of equity capital of the Bank is appropriate in light of the circumstances, such as the assets owned by the Bank, according to the provision of the Article 52-25 of Banking Act.

The Shizuoka Bank

Corporate Data

**HEAD OFFICE**  
10, Gofukucho 1-chome, Aoi-ku,  
Shizuoka-shi, Shizuoka 420-8761, Japan

**HEADQUARTERS**  
2-1, Kusanagi-Kita, Shimizu-ku,  
Shizuoka-shi, Shizuoka 424-8677, Japan  
Phone: (81) 54-345-5411  
URL: https://www.shizuokabank.co.jp/

**NUMBER OF EMPLOYEES**  
(As of March 31, 2025)  
2,855

**DATE OF ESTABLISHMENT**  
March 1, 1943

**INTERNATIONAL BUSINESS DEPT.  
INTERNATIONAL BUSINESS  
PROMOTION GROUP**  
Phone: (81) 54-345-5411  
Fax: (81) 54-344-0090

**Financial Process Operations Dept.  
TREASURY & INTERNATIONAL  
OPERATIONS CENTER**  
Phone: (81) 54-345-5700  
Fax: (81) 54-349-5501  
SWIFT address: SHIZJPJT

**DOMESTIC NETWORK**  
(As of July 1, 2025)  
Head Office, 177 branches,  
26 subbranches

**OVERSEAS NETWORK**  
(As of July 1, 2025)  
3 branches,  
3 representative offices

Overseas Service Network

**New York Branch**  
425 Lexington Avenue,  
10th Floor, New York,  
N.Y.10017, U.S.A  
Phone: (1) 212-319-6260  
Fax: (1) 212-319-6270

**Hong Kong Branch**  
Suite 1001-1003, 10th Floor, Tower 6,  
The Gateway, Harbour City,  
9 Canton Road, Tsim Sha Tsui,  
Kowloon, Hong Kong S.A.R., P.R.C.  
Phone: (852) 2521-6547  
Fax: (852) 2845-9257

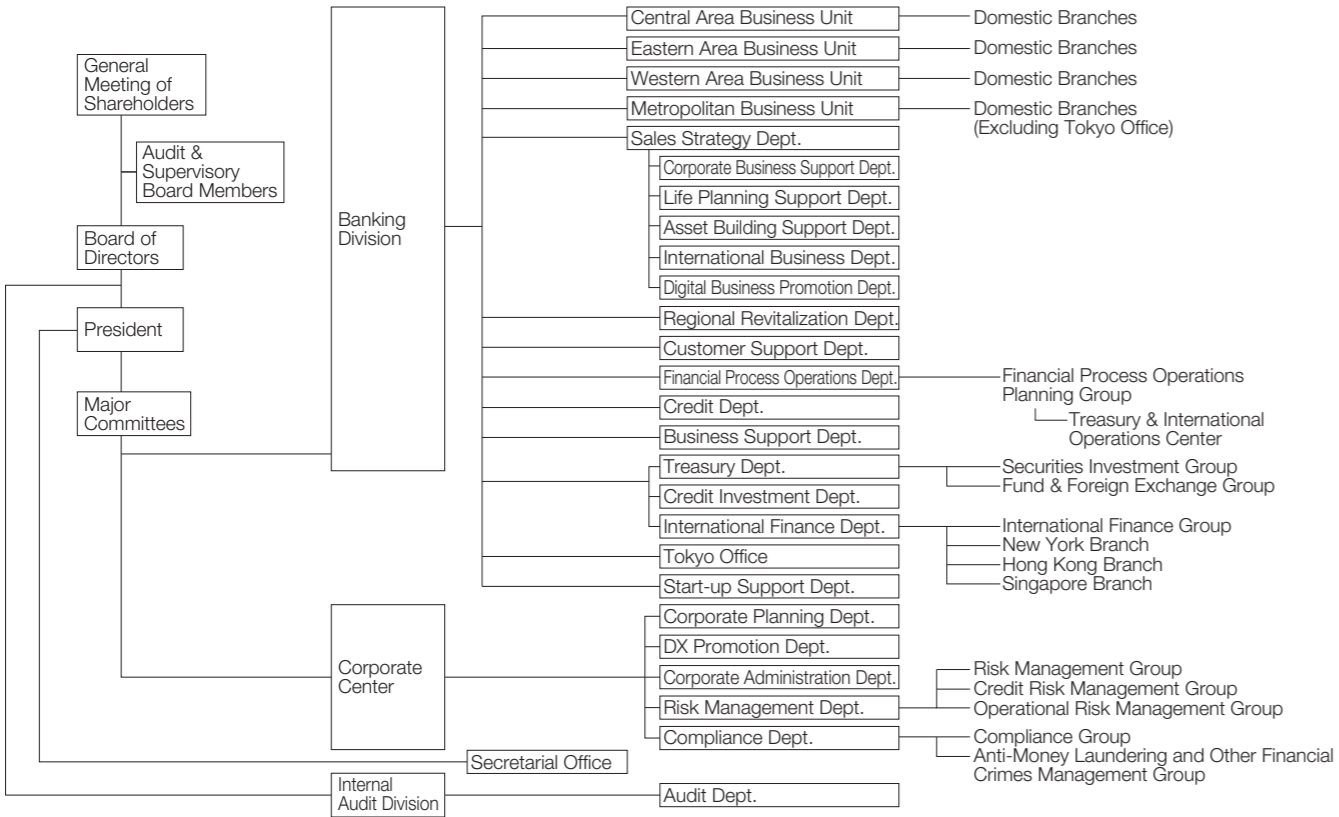
**Singapore Branch**  
10 Collyer Quay #09-08/10, Ocean  
Financial Centre, Singapore  
Phone: (65) 6225-3600  
Fax: (65) 6225-9901

**Shanghai Representative Office**  
Room 1813, Shanghai  
International Trade Centre,  
2201 Yan-An Road (West),  
Chang Ning Qu, Shanghai, P.R.C.  
Phone: (86) 21-6209-8115  
Fax: (86) 21-6209-8116

**Silicon Valley Representative Office**  
873 Santa Cruz Avenue, Suite 204,  
Menlo Park, CA, USA  
Phone: (1) 650-240-3258  
Fax: (1) 650-240-3259

**Brussels Representative Office**  
Rue Jules Cockx 8-10, Box 9, 1160  
Auderghem, Brussels, Belgium  
Phone: (32) 2-646-0470  
Fax: (32) 2-646-2462

Organization Chart



Board of Directors and Audit & Supervisory Board Members

President	Director	Audit & Supervisory Board Member
Minoru Yagi	Takeshi Kageyama	Kazuhiko Taki
	Naoko Nemoto	Koichi Kiyokawa
Director & Senior Managing Executive Officer	Director & Senior Executive Officer	Yoshihiro Yamashita
Yutaka Fukushima	Hiromitsu Umehara	Isamu Nakamura
	Toshiyasu Takizawa	

(As of July 1, 2025)

Investor Information (The Shizuoka Financial Group)

**CAPITAL STOCK** (As of March 31, 2025)  
Common stock..... ¥90,000 million

**NUMBER OF SHARES** (As of March 31, 2025)  
Authorized ..... 2,000,000,000 shares  
Issued and outstanding ..... 580,129,069 shares

**NUMBER OF SHAREHOLDERS** (As of March 31, 2025)  
31,896

**STOCK LISTING**  
Prime Market of the Tokyo Stock Exchange

**TRANSFER AGENT**  
Japan Securities Agents, Ltd.

**PRINCIPAL SHAREHOLDERS**  
The 10 largest shareholders of the Shizuoka Financial Group and their respective shareholdings at March 31, 2025, were as follows:

	Number of shares in thousands	Percentage of total shares outstanding
The Master Trust Bank of Japan, Ltd. (trust account)	81,311	14.98%
Custody Bank of Japan, Ltd. (trust account)	30,138	5.55
Nippon Life Insurance Company	29,745	5.48
Meiji Yasuda Life Insurance Company	29,117	5.36
Sumitomo Life Insurance Company	13,070	2.40
The Dai-ichi Life Insurance Company, Limited	7,505	1.38
THE NOMURA TRUST AND BANKING CO., LTD. AS THE TRUSTEE OF REPURCHASE AG FUND 2024-09 (LIMITED OT FINANC IN RESALE RSTRCT)	7,122	1.31
SUZUKI MOTOR CORPORATION	7,000	1.29
Tokio Marine & Nichido Fire Insurance co., Ltd.	6,965	1.28
MUFJ Bank, Ltd.	6,304	1.16
Total	218,282	40.23%

Notes: 1. In addition to the above, the Shizuoka Financial Group holds 37,545 thousand treasury shares.  
2. Numbers of shares have been rounded down to the nearest 1,000 shares.  
3. Percentages of total shares outstanding have been calculated after subtracting the number of treasury shares from the total number of shares outstanding, with results being rounding down to two decimal places.

The Shizuoka Financial Group

Consolidated Subsidiaries

**THE SHIZUOKA BANK, LTD.**  
Banking service

**SHIZUGIN MANAGEMENT CONSULTING CO., LTD.**  
Corporate and financial management advisory services  
Bill collection services

**SHIZUGIN LEASE CO., LTD.**  
Leasing

**SHIZUGIN IT SOLUTION CO., LTD**  
Computer system development and operation

**SHIZUGIN CREDIT GUARANTY CO., LTD.**  
Guarantee of housing loans, etc.

**SHIZUGIN CARD CO., LTD.**  
Credit card and guarantee of consumer loans

**SHIZUOKA CAPITAL CO., LTD.**

Public-offering assistance  
Support for SME business management  
Support for SME business succession

**SHIZUGIN TM SECURITIES CO., LTD.**  
Securities

**SFG MARKETING CO., LTD.**  
Marketing support services  
Advertising agency services  
Premium placement services

**SFG REAL ESTATE INVESTMENT ADVISORS CO., LTD.**  
Investment advisory services for private real estate funds  
Consulting services

**SHIZUGIN GENERAL SERVICE CO., LTD.**  
General administration  
Premium placement services

**SHIZUGIN MORTGAGE SERVICE CO., LTD.**  
Appraisal of real estate for loan collateral  
Operation center for loans

**SHIZUGIN BUSINESS CREATE CO., LTD.**

Operation center for remittance and bill collection  
Part-time employee management

**SHIZUGIN HEARTFUL CO., LTD.**  
Making, printing, and binding of documents

**SHIZUOKA LIQUIDITY RESERVE LIMITED**  
Purchases of monetary receivables

**SHIZUOKA EU LIQUIDITY RESERVE LIMITED**  
Purchases of monetary receivables

**SHIZUOKA SG LIQUIDITY RESERVE LIMITED**  
Purchases of monetary receivables

**SHIZUGIN SAISON CARD CO., LTD.**  
Credit card  
Guarantee of consumer loans



Shizuoka Financial Group Website  
<https://www.shizuoka-fg.co.jp/english/>

