

# Results of FY2016

May 22<sup>nd</sup>, 2017  
The Shizuoka Bank, Ltd.



静岡銀行

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## Reference

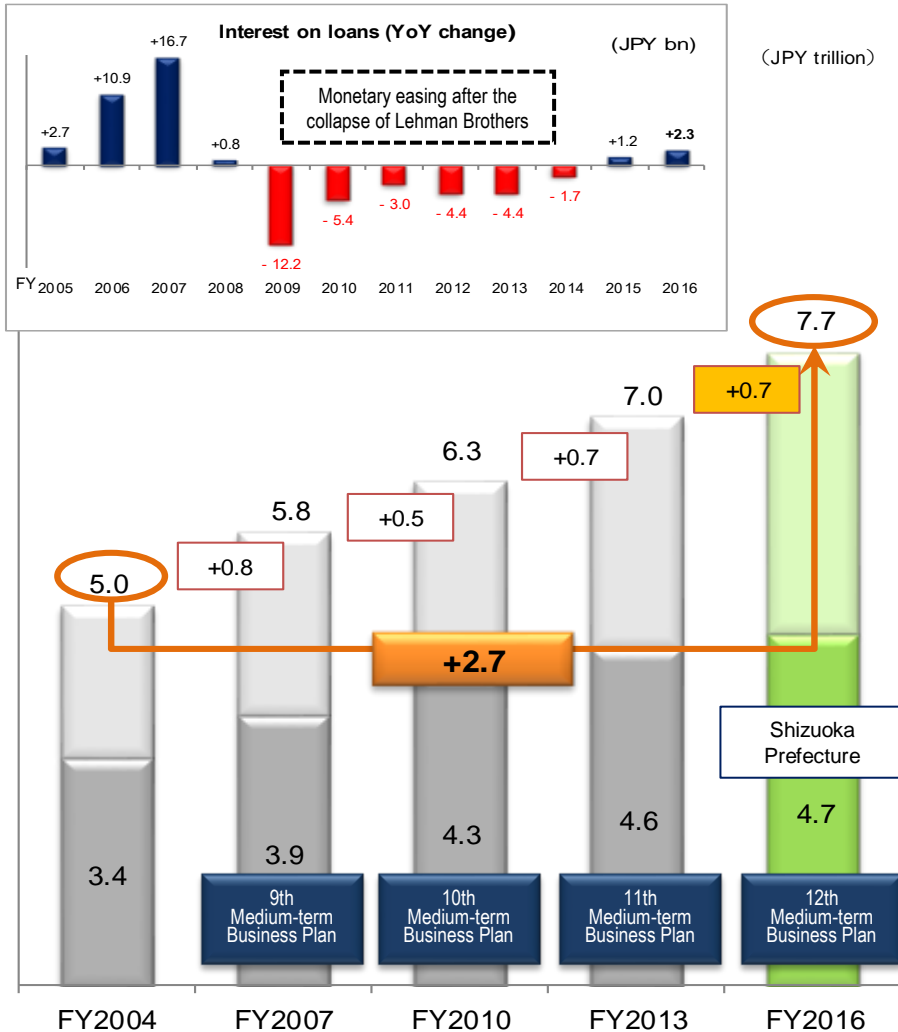
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# **Review of the 12<sup>th</sup> Medium-term Business Plan**

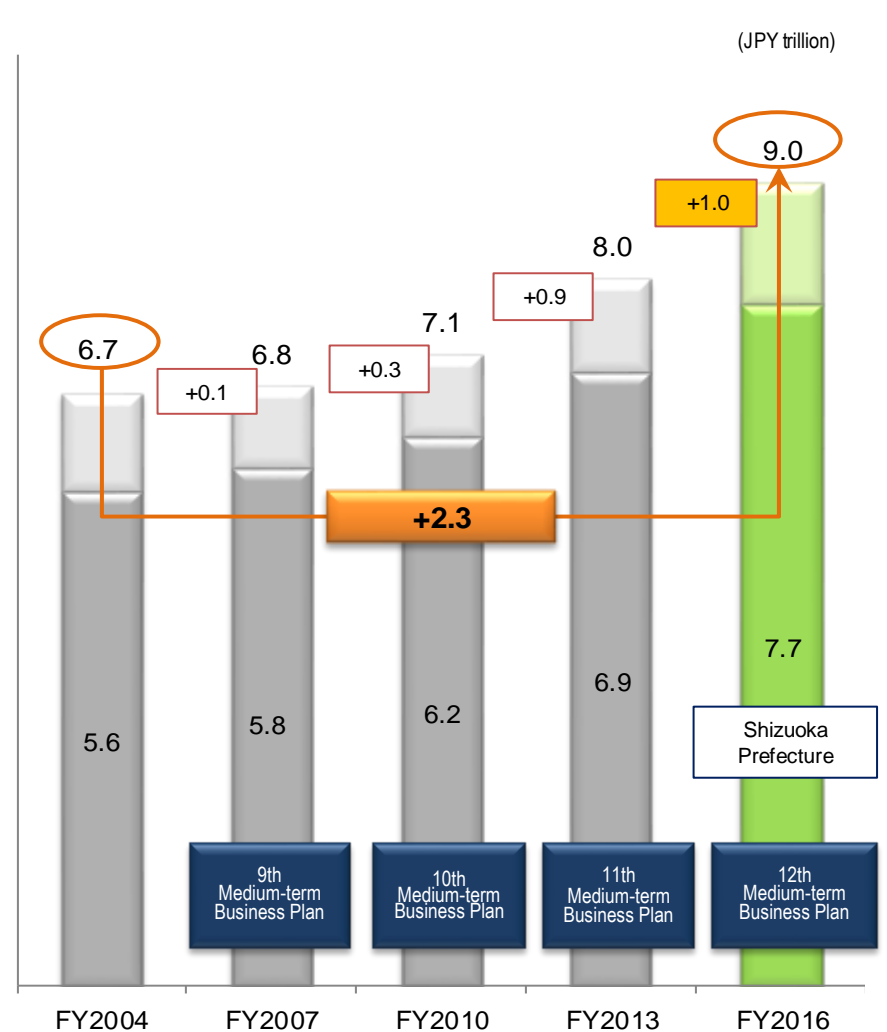
# Results of the 12<sup>th</sup> Medium-term Business Plan (1) – Loans and Deposits

- Total loan balance (average balance) has increased by JPY 2.7 trillion for 12 years since the 9<sup>th</sup> Medium-term Business plan
- Interest on loans decreased under the 10<sup>th</sup> and 11<sup>th</sup> Medium-term Business Plans due to the impact of monetary easing, but this trend reversed in the second half of the 12<sup>th</sup> Medium-term Business Plan
- Total deposit balance (average balance) has increased by JPY 2.3 trillion for 12 years since the 9<sup>th</sup> Medium-term Business plan

## Total loan balance (average balance)



## Total deposit balance (average balance)



# Results of the 12th Medium-term Business Plan (2) - Strategic investments

Collaboration among different types of industries



FY2014	FY2015	FY2016
 Capital and business tie-up in Apr. 2014 Most important partner in terms of bank-security collaboration in non-face-to-face channels	 Joint-venture established in Sep. 2015 (The Bank delegates two employees including an outside director) Establishing a housing-related service platform	 Business tie-up in Jun. 2016 Opened the 1st joint desk at Hamamatsu city in Dec. 2016, the 2nd at Shizuoka city in Aori. 2017 Operating joint desks for insurance consultation, and developing a one-stop channel for financial services
	 Capital and business tie-up in Aug. 2015 Offering financial services in the FinTech fields	
	 Capital and business tie-up in Oct. 2015 Offering asset-building services for the working-age people and young adults	
	 Investment in Dec. 2015 Gaining ideas about new business, and fostering human resources with startup know-how	 Business tie-up in Aug. 2016 Developing new financial products and services to energize the property renovation market
Seeking potential for block chains in trading transactions, with ORIX Corporation, ORIX Bank Corporation, NTT DATA Corporation and NTT DOCOMO Ventures, Inc.		Feb.-Jun. 2016 Participated in joint research project on block chain technology
		Aug. 2016 Participated in block chain technology testing

Identify new growth opportunities to support sustained growth and strengthen the earnings base

## Implemented forward-looking strategic investments besides collaboration among different types of industries



“SHIZUGIN Headquarters Tower” started operation in Mar. 2016

- Work style reformation**
- Teleconference system
  - Free-address office
  - Paperless conference

FY 2014-  
Development of next-generation system

# Results of FY2016

# Results of FY2016 - Nonconsolidated

[Nonconsolidated]

(JPY bn, %)

	FY2016	YoY change	
		Increase/ Decrease	Rate of change
Ordinary revenue	210.6	+23.7	+12.7
Gross operating profit	98.6	-46.8	-32.2
Net interest income	109.5	-6.4	-5.5
(Interest on loans)	(95.3)	(+2.3)	(+2.5)
Fees and commissions	15.2	-0.7	-4.4
Trading income	0.3	-0.6	-70.4
Other operating profit	-26.4	-39.0	-308.2
(Bond-related income such as JGBs)	(-30.1)	(-41.4)	(-365.2)
Expenses (-)	79.2	-0.2	-0.3
Actual net operating profit *	19.4	-46.5	-70.6
Provision for general allowance for loan losses (-)	0.2	+1.8	+114.0
Net operating profit	19.2	-48.4	-71.6
Special profit and loss	32.6	+34.1	—
Bad debt written-off (-)	3.8	-0.2	-4.3
Gain (loss) on stocks	36.6	+33.6	—
Ordinary profit	51.8	-14.3	-21.6
Extraordinary profit and loss	-12.6	-12.5	—
Net income before taxes	39.2	-26.8	-40.6
Corporate taxes (-)	14.8	-7.2	-32.8
Net income (Except for loss on valuation of stocks of subsidiaries and affiliates)	24.4 (36.8)	-19.5 (-7.2)	-44.4 (-16.3)

\* Actual NOP=NOP + Provision for general allowance for loan losses

## Overview: FY2016 nonconsolidated

**Ordinary revenue + JPY 23.7bn YoY**  
(continued increase in 2 periods)

- Ordinary revenue rose by JPY 23.7bn YoY to JPY 210.6bn mainly due to increase of JPY 32.9bn YoY in gains on the sales of stocks and increase of JPY 2.3bn YoY in interest on loans

**Gross operating profit - JPY 46.8bn YoY (first decrease in 2 periods)**

- Gross operating profit decreased by JPY 46.8bn YoY to JPY 98.6bn, reflecting drop of JPY 39.0bn YoY in other operating profit mainly because of decrease of JPY 41.4bn YoY in profit and loss on the sales of JGBs and other bonds.

**Net operating profit - JPY 48.4bn YoY (first decrease in 2 periods)**

- Despite of decrease of JPY 0.2bn YoY in expenses, net operating profit decreased by JPY 48.4bn YoY to JPY 19.2bn largely because the Bank shifted from reversing general allowance for loan losses to providing it, which resulted in increase in the allowance by JPY 1.8bn.

**Ordinary profit - JPY 14.3bn YoY**  
(continued decrease in 3 periods)

- Although special profit and loss rose by JPY 33.6bn YoY due to increase in gain on stocks, ordinary profit dropped by JPY 14.3bn YoY to JPY 51.8bn.

**Net income - JPY 19.5bn YoY (first decrease in 2 periods)**

- Net income dropped by JPY 19.5bn YoY to JPY 24.4bn largely due to JPY 12.4bn of the loss on valuation of stocks of subsidiaries and affiliates.

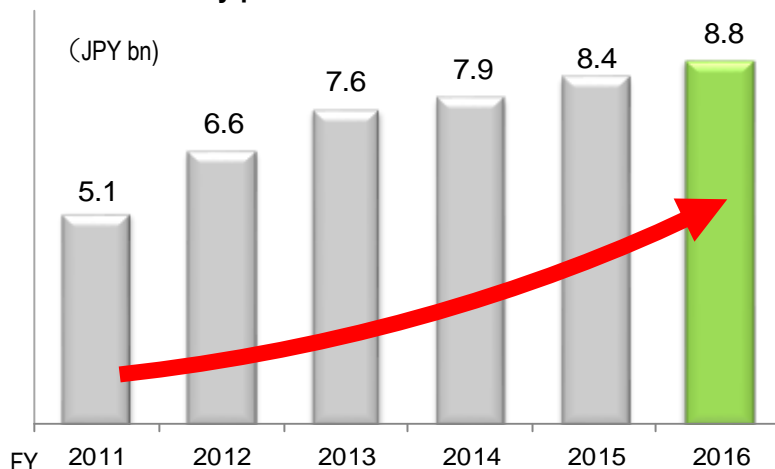
# Results of FY2016 - Consolidated

- Ordinary revenue increased by JPY 26.2bn YoY to JPY 249.8bn, ordinary profit decreased by JPY 25.7bn YoY to JPY 47.1bn.
- Equity in losses of affiliates was booked due to a lump-sum write-down on the unamortized balance of goodwill related to Monex Group shares.
- Total ordinary profit of consolidated subsidiaries increased by JPY 0.4bn YoY to JPY 8.8bn.

〔Consolidated〕	(JPY bn)	FY2016	YoY change	Contents
Ordinary revenue		249.8	+26.2	Continued Increase in 2 periods Due to an increase in gain on sell of stocks
Ordinary profit (Except for a lump-sum write-down on the unamortized balance of goodwill)		47.1 (59.2)	-25.7 (-13.6)	Continued decrease in 2 periods Due to a lump-sum write-down on the unamortized balance of goodwill related to Monex Group shares
Net profit attributable to parent company shareholders (Except for a lump-sum write-down on the unamortized balance of goodwill)		29.3 (41.4)	-18.6 (-6.5)	Continued decrease in 2 periods

## Group companies

### 〔Total ordinary profit of consolidated subsidiaries〕



Consolidated Subsidiaries	
Shizugin Management Consulting Co., Ltd.	Shizugin TM Securities Co., Ltd.
Shizugin Lease Co., Ltd.	Shizuoka Bank (Europe) S.A.
Shizugin Computer Service Co., Ltd. (Name changed from April, 2016)	Shizugin General Service Co., Ltd.
Shizugin Credit Guaranty Co., Ltd.	Shizugin Mortgage Service Co., Ltd.
Shizugin DC Card Co., Ltd.	Shizugin Business Create Co., Ltd.
Shizuoka Capital Co., Ltd.	Shizuoka Liquidity Reserve Limited
Affiliates under equity method of accounting	
Shizugin Saison Card Co., Ltd.	
Monex Group, Inc.	Commons Asset Management, Inc.



# Results Highlights – Gross operating profit

- The bank branch division achieved profit increase of JPY 0.2bn YoY under disadvantageous environment of negative interest rate policy by BOJ. Interest on loans increased by JPY 2.3bn YoY through sustained growth in loans for SMEs and customer loan.
- Gross operating profit in the market operations division decreased by JPY 47.0bn YoY mainly due to realization of losses on US bond holdings and other assets whose values dropped due to rise in US interest rates following the US presidential election.

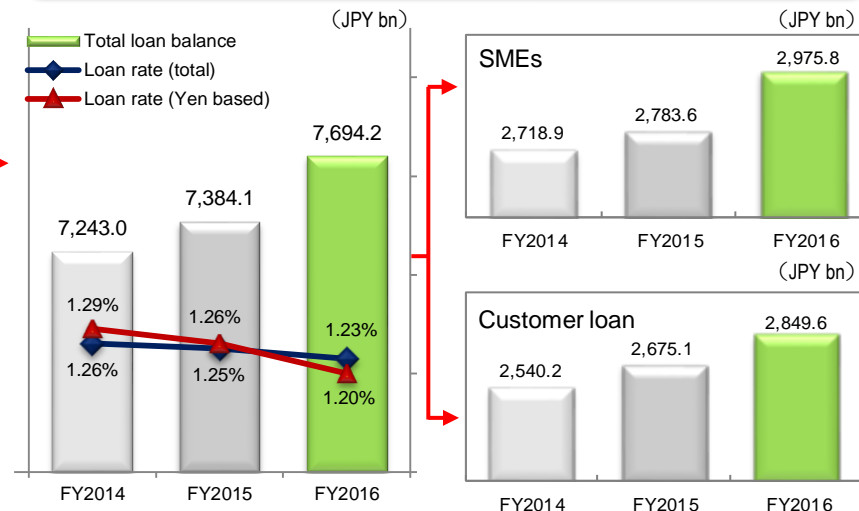
## Breakdown of gross operating profit

(JPY bn)	FY2015	FY2016	YoY change
Gross operating profit	145.4	98.6	-46.8
Net interest income	115.9	109.5	-6.4
Interest on loans	93.0	95.3	+2.3
Interest and dividends on securities	29.8	24.6	-5.2
Interest on Deposits etc.	3.8	4.4	+0.6
Interest paid on deposits etc. (-)	6.3	7.7	+1.4
Interest on Call money etc. (-)	4.4	7.1	+2.7
Fees and commissions	15.9	15.2	-0.7
Trading income	0.9	0.3	-0.6
Other operating profit	12.7	-26.4	-39.0
Bond-related income such as JGBs	11.3	-30.1	-41.4

## Breakdown of gross operating profit by division

① Bank branch division (Loans, Deposits, etc.)	102.6	102.8	+0.2
Interest on loans	93.0	95.3	+2.3
[Yen based]	85.7	85.2	-0.5
[Foreign currencies based]	7.3	10.1	+2.8
Fees and commissions	15.9	15.2	-0.7
Interest paid on deposits etc. (-)	6.3	7.7	+1.4
② Market operations division	42.8	-4.2	-47.0
Interest and dividend on securities	29.8	24.6	-5.2
Interest on Deposits etc.	3.8	4.4	+0.6
Interest on Call money etc. (-)	4.4	7.1	+2.7
Trading income	0.9	0.3	-0.6
Other operating profit	12.7	-26.4	-39.0
[Gain and loss on bonds such as JGBs]	11.3	-30.1	-41.4
(Loss on sales of bonds such as JGBs(-))	(10.8)	(37.3)	(+26.5)
(Reference) Gain on sales of stocks	3.7	36.6	+32.9

## Loan balance (average balance)



## Unrealized gains and losses on securities

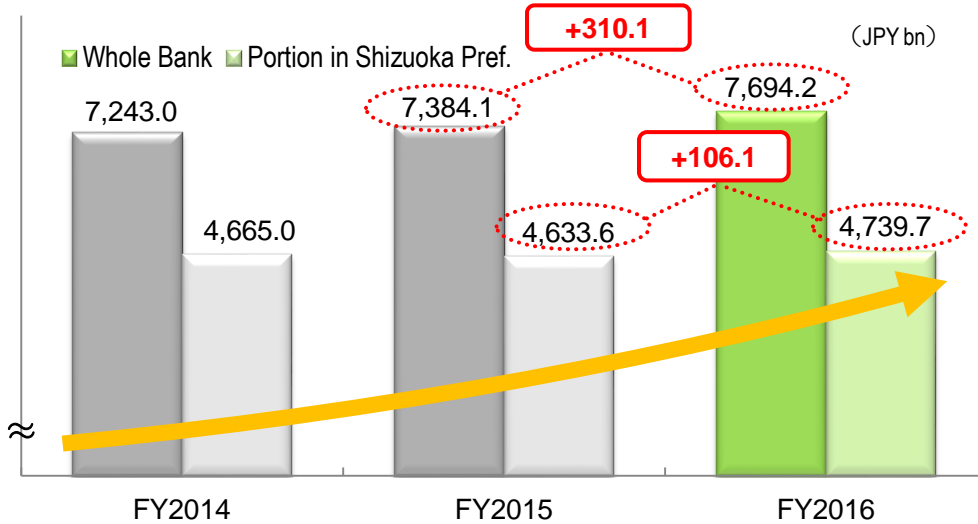
- Unrealized losses on securities as of the end of Dec. 2016 dissolved as of the end of Mar. 2017.
- Total of unrealized gains and losses on securities increased compared to the end of Mar. 2016.

	End of Mar. 2016	End of Sep. 2016	End of Dec. 2016	End of Mar. 2017
Unrealized gains and losses on securities	+227.4	+216.0	+231.5	+230.9
Stocks	+204.6	+206.2	+241.8	+222.8
Bonds	+12.6	+11.0	+6.8	+5.8
Others (Foreign bonds etc.)	+10.2	-1.2	-17.1	+2.3

# Loans (1)

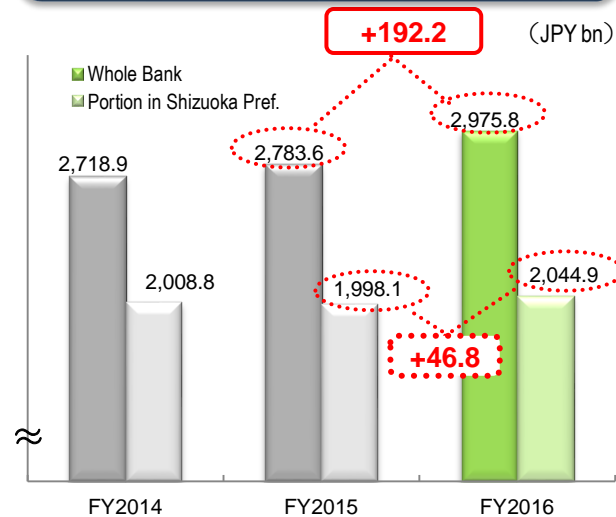
- Total loan balance (average balance) of FY2016 : JPY 7,694.2bn, up JPY 310.1bn (+4.2%) YoY

## Total loan balance (average balance)

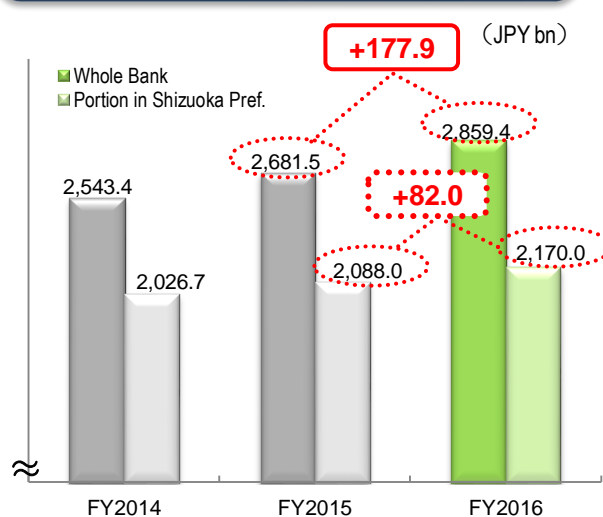


	Average balance	YoY change	Annual growth rate
Total loan balance	JPY 7,694.2bn	+ JPY 310.1bn	+4.2%
Loan balance for SMEs	JPY 2,975.8bn	+ JPY 192.2bn	+6.9%
Retail loan balance	JPY 2,859.4bn	+ JPY 177.9bn	+6.6%
Loan balance for large and medium size enterprises	JPY 1,483.3bn	- JPY 38.9bn	-2.5%

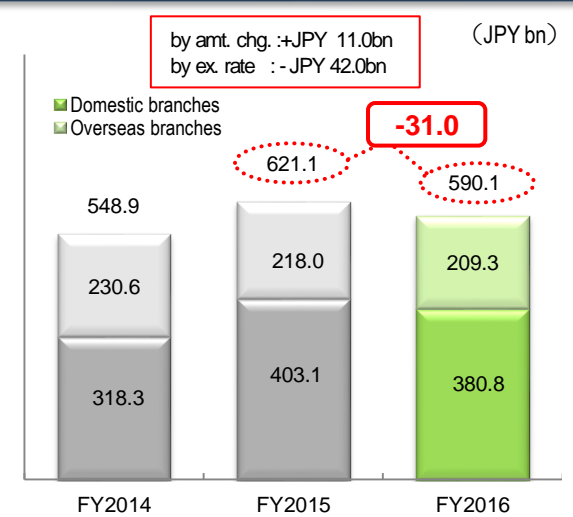
## SMEs loan balance (average balance)



## Retail loan balance (average balance)



## Loan balance in foreign currency (average balance)

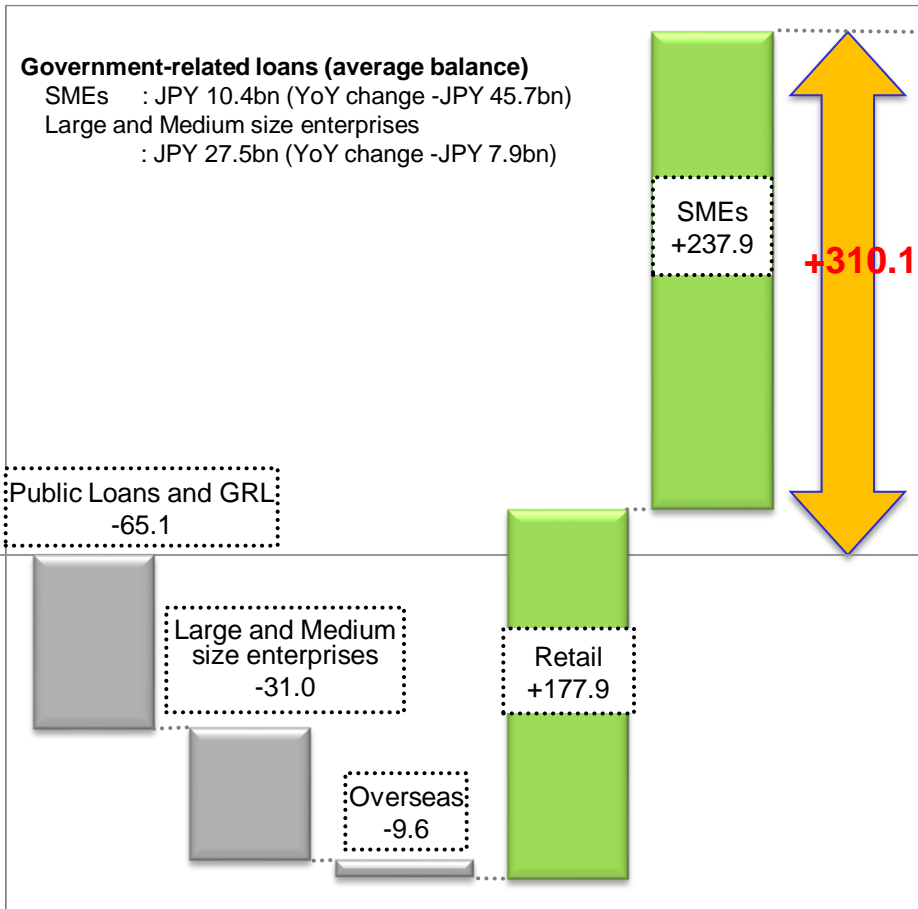


# Loans (2)

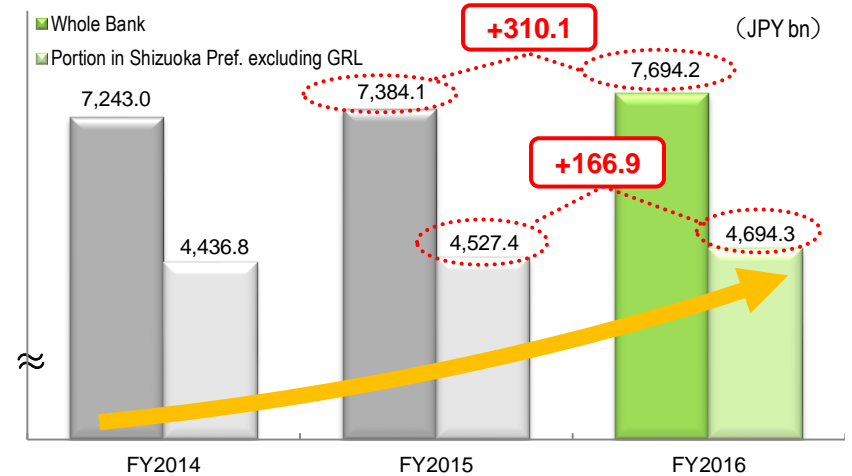
- Changes in lending portfolio: while government-guaranteed and other related loans decreased by maturity, loans for SMEs and retail customers expanded strategically
- As for loan excluding Government-related loans(GRL), loans in Shizuoka Prefecture and total loans for SMEs are growing strongly

## Breakdown of YoY change in loan balance excluding GRL

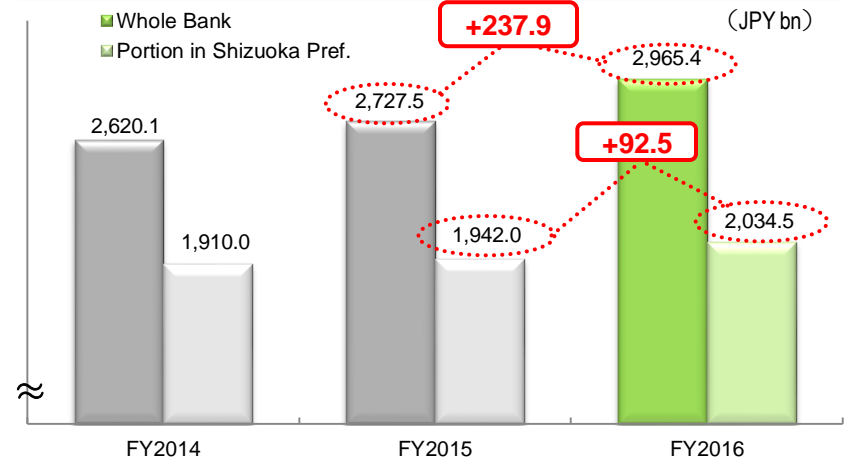
Government-related loans which are classified as loans for Large size enterprises and SMEs are excluded in the figure below. (JPY bn)



## Total loan balance (average balance)



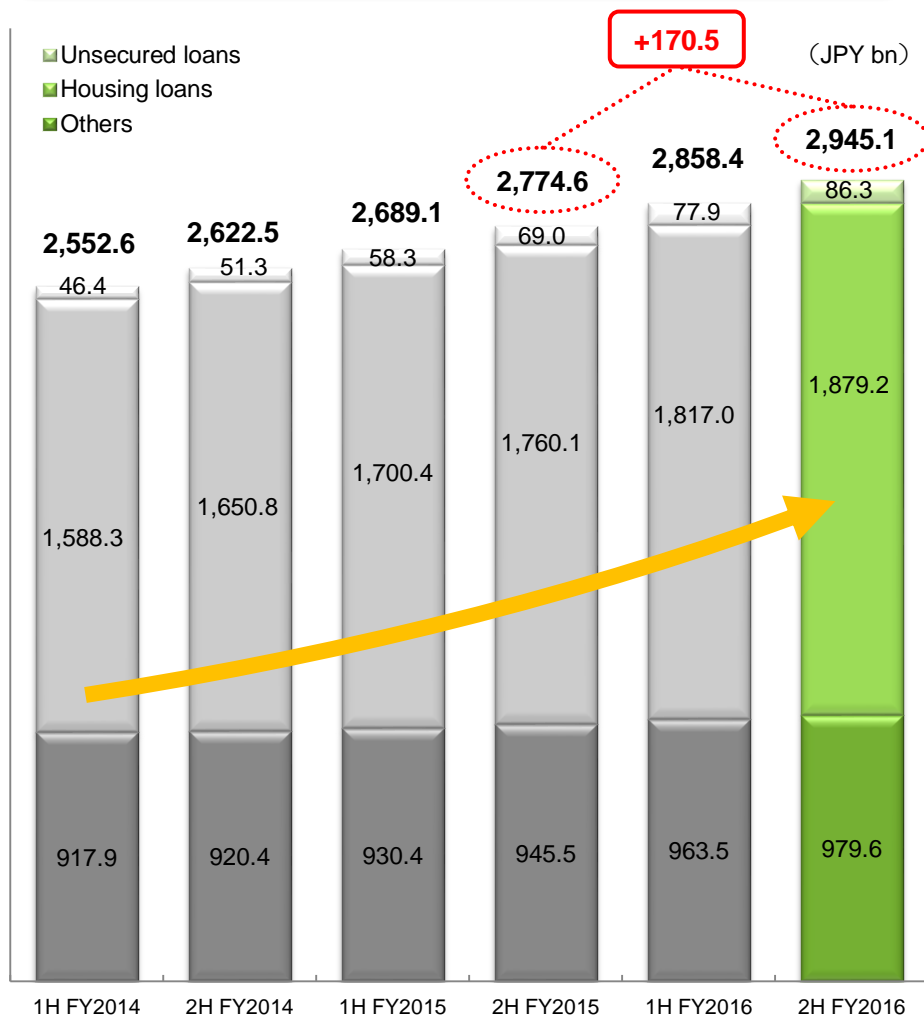
## SMEs loan balance excluding GRL (average balance)



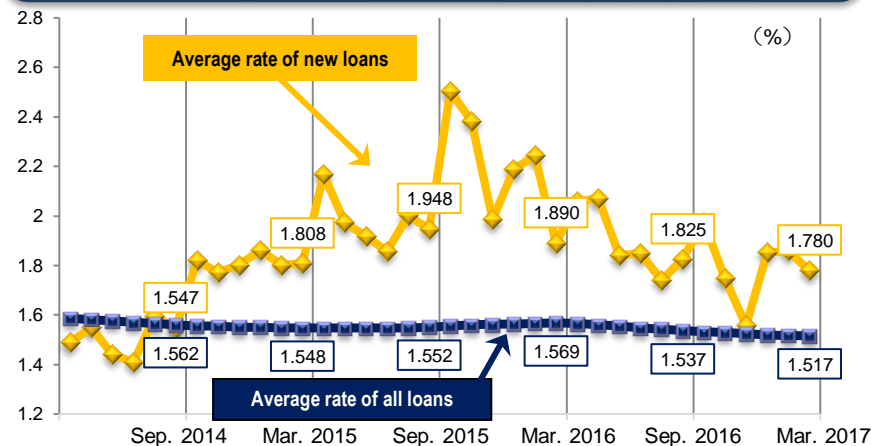
# Customer loan

- Customer loan balance (term-end balance) of FY2016 : JPY 2,945.1bn (up JPY 170.5bn from a year ago), maintaining increase trend
- In customer loan, average rate of new loans have been above average rate of all loans.
- Apartment loans (term-end balance) of FY2016 : JPY 861.1bn (up JPY 44.4bn [+5.4%] from a year ago)

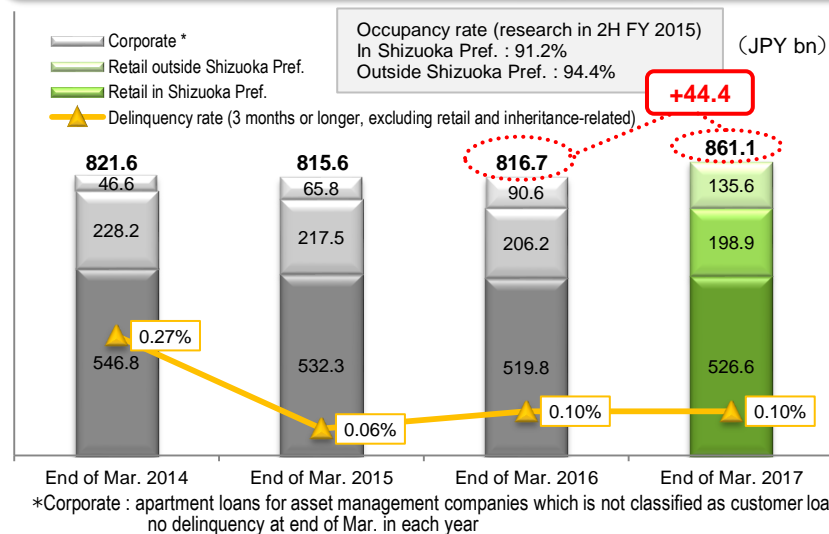
## Customer loan balance (term-end balance)



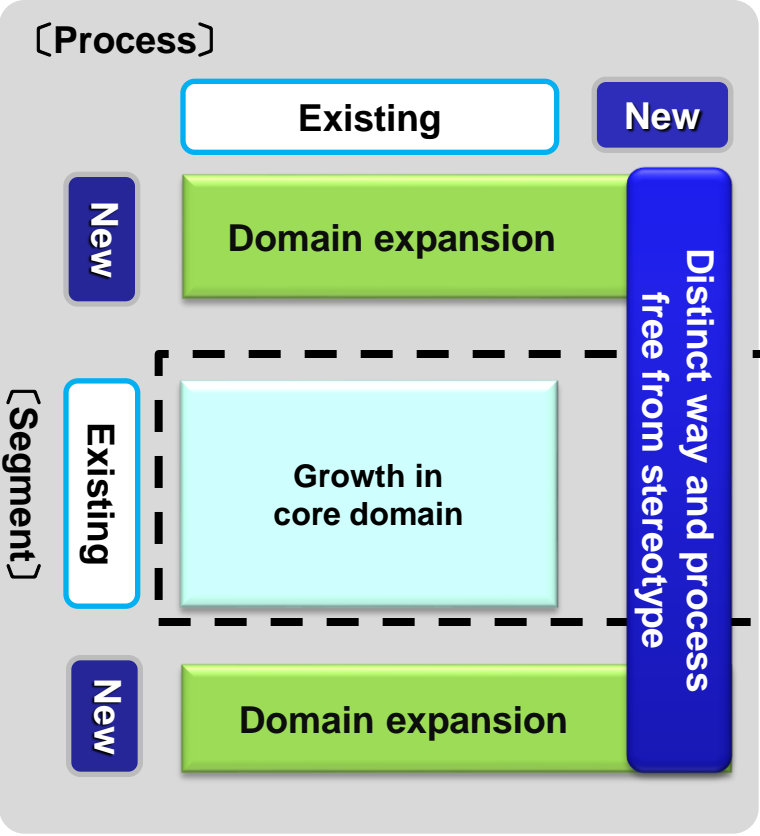
## Loan rates for customer loans (monthly average of contract rates)



## Historical data of balance and delinquency of apartment loans



# Challenge on the new business field in the 12th Medium-term Business Plan (1)



**Expansion of market credit investment**  
Interest & fee income in FY2016 JPY 7.8bn

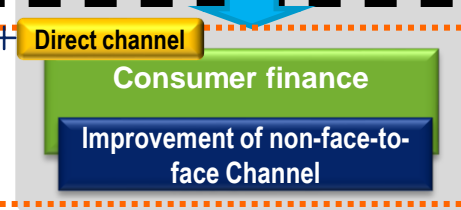
**Promotion of loan for asset building**  
Loans provided : JPY172.8bn, average interest rate : 3.4%  
(Cumulative performance since FY2013)  
Interest earned of FY2016: JPY 4.4bn



Metropolitan Area

- Advance of relationship banking
- Increase in number of loyal customers

- Expansion of housing-related loans
- Solution-offering for asset management
- Consulting for inheritance



Develop new business with Monex Group and different types of business companies

.....  
New business field

**Provide funds for management support**  
154 cases/JPY 4.0bn, Average interest rate 4.2%

**Provide funds for business turn-around**  
510 cases/JPY 14.4bn, Average interest rate 3.3% (Cumulative performance from FY2013)

**Provide funds for Step-up**  
131 cases/JPY 13.9bn, Average interest rate 2.3% (Cumulative performance from FY2015)

**Loan for individual business owners ( Launched Apr. 2015)**  
Balance: JPY 2.1bn (End of Mar. 2017),  
Average interest rate: 13.3% (Cumulative performance from FY2015)

**Expand sales of unsecured loans**  
Increase in unsecured loan balance from the end of Mar. 2015 : JPY 35.0bn,  
Average interest rate in Mar. 2017 : 6.7%

**New card loan (Launched Jul. 2015)**  
Balance: JPY 16.5bn (End of Mar. 2017)  
Interest in FY2016: JPY 1.5bn  
Average interest rate in Mar. 2017 : 11.5%

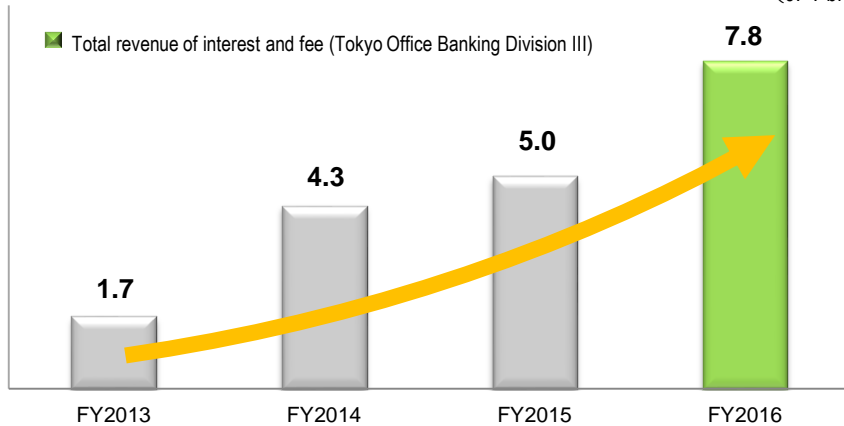
# Challenge on the new business field in the 12th Medium-term Business Plan (2)

- Challenge on the new business field, important policy of 12th Medium-term Business Plan, is leading to favorable results and growing to be an important profit driver
- The Bank is planning to further develop these fields under the 13th Medium-term Business Plan

## Corporate banking

### 【Market credit investment】 Interest & Fee income

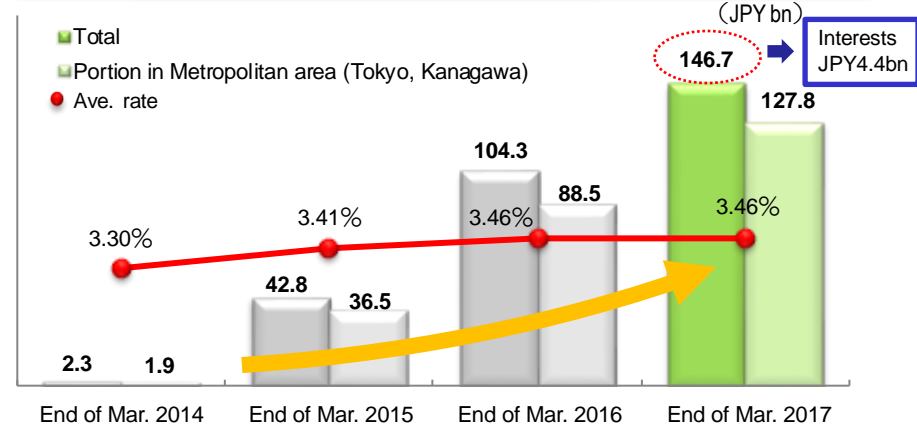
(JPY bn)



## Retail banking

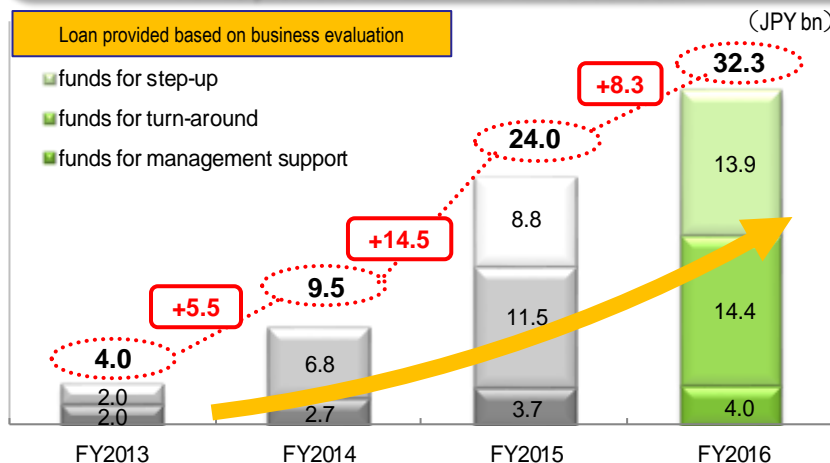
### 【Support for asset building】 Balance of loans for asset building (term-end balance)

(JPY bn)



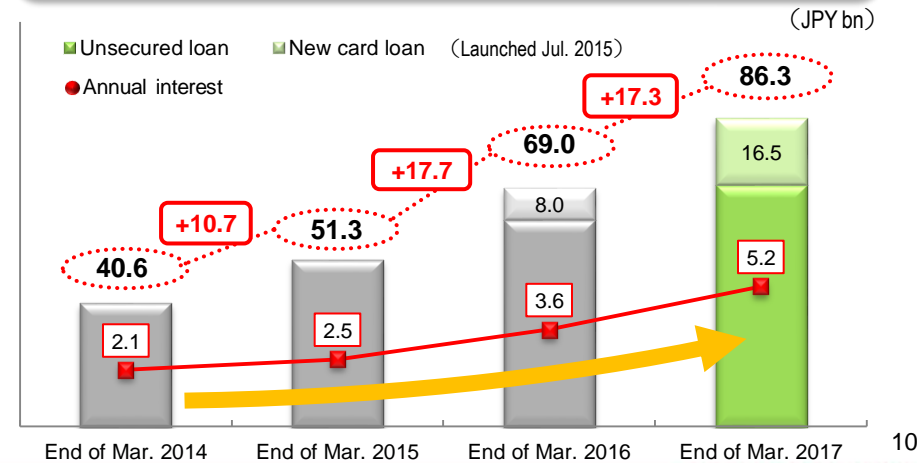
### 【Business loans for small-sized customers】 Funds provided for business turn-around etc.

(JPY bn)



### 【Consumer finance】 Balance of unsecured loans (term-end balance)

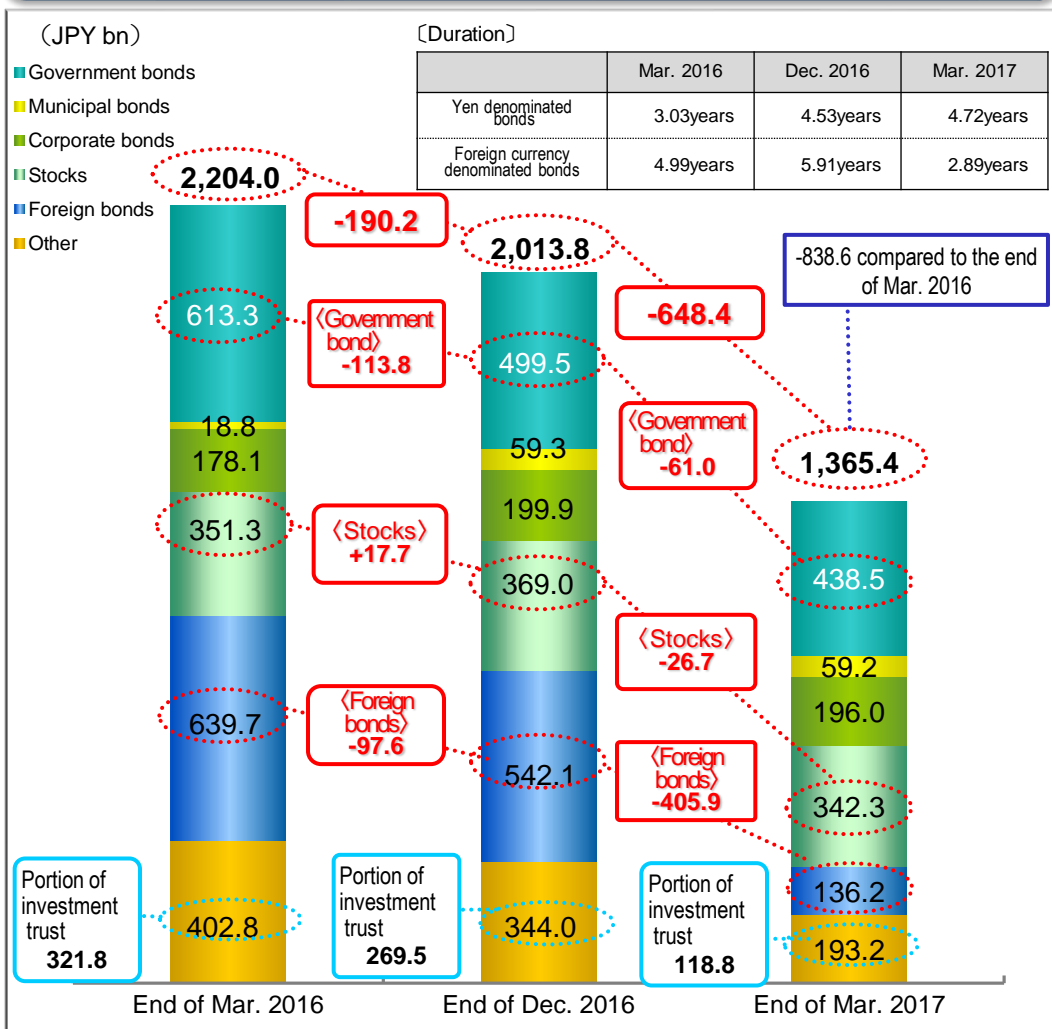
(JPY bn)



# Securities

- Total balance of securities (term-end balance) at the end of Dec. 2016 : JPY 2,013.8bn (-JPY 190.2bn from the end of Mar. 2016)
- Total balance of securities (term-end balance) at the end of Mar. 2017 : JPY 1,365.4bn (-JPY 648.4bn from the end of Dec. 2016)
- To ensure flexibility in bond investment, the division actively wrote off the losses of bonds using gains on the sale of equities. The division will reconstruct the security portfolio by carefully watching the market trend

## Securities



## Gains and losses on securities

(JPY bn)	FY2015	FY2016	Increase/Decrease
Gains on investment trusts	10.4	0.0	-10.4
Gains and losses on bonds such as JGBs	11.3	-30.1	-41.4
Gain on sell of bonds such as JGBs	22.1	13.9	-8.2
Loss on sell of bonds such as JGBs(-)	10.8	37.3	+26.5
Gains and losses on stocks	2.9	36.6	+33.7
Gain on sell of stocks	3.6	36.6	+33.0
Devaluation of stocks (-)	0.6	0.0	-0.6

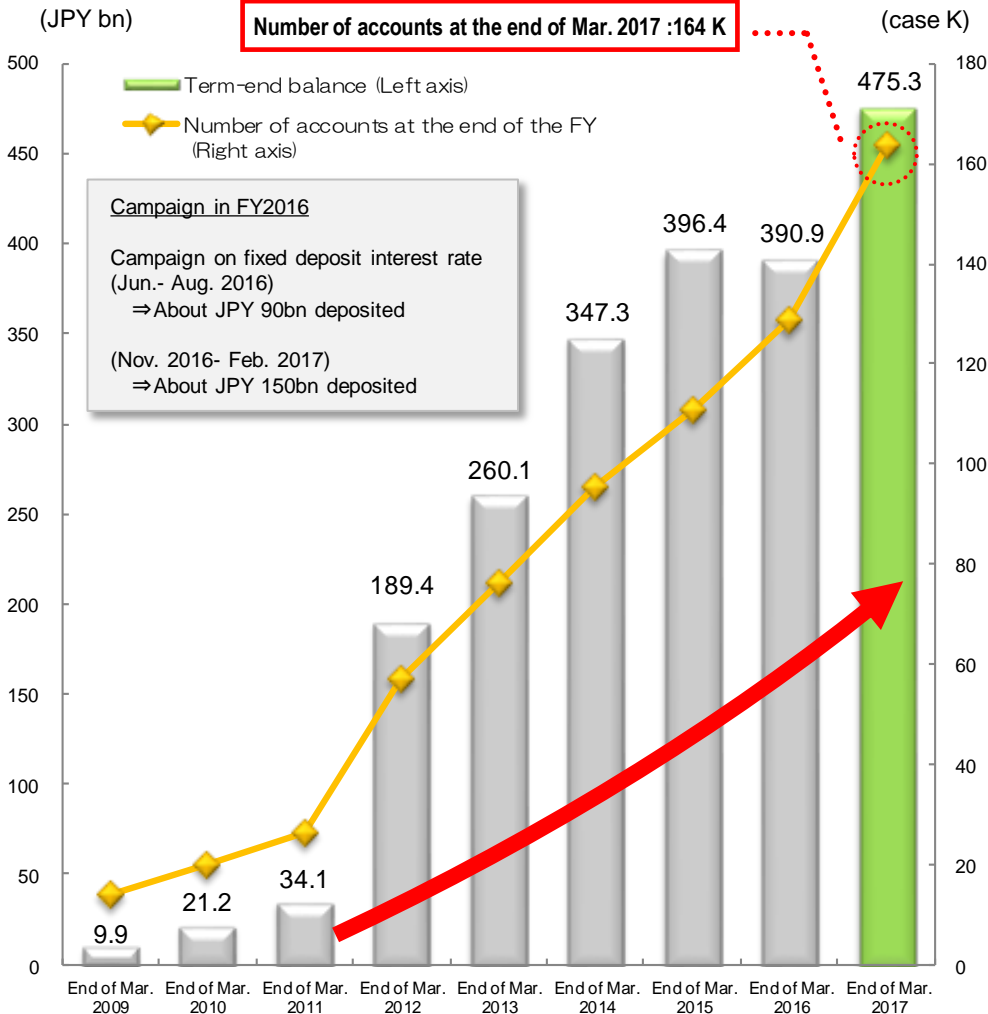
## Unrealized gains and losses on securities

(JPY bn)	End of Mar. 2016	End of Sep. 2016	End of Dec. 2016	End of Mar. 2017
Unrealized gains and losses on securities	+227.4	+216.0	+231.5	+230.9
Stocks	+204.6	+206.2	+241.8	+222.8
Bonds	+12.6	+11.0	+6.8	+5.8
Other (Foreign bonds etc.)	+10.2	-1.2	-17.1	+2.3

# Internet Branch

- Internet Branch, with its deposit balance more than JPY 470bn, is growing into an established funding channel
- The Branch is also reinforcing investment side including housing loans etc. (loan balance at the end of Mar. 2017 : JPY 20.0bn).

## Number of accounts and term-end balance



## Customer distribution by prefecture

Due to a significant increase in customers outside Shizuoka Prefecture, Internet Branch has grown to be a funding channel that can widely collect deposits regardless of location.

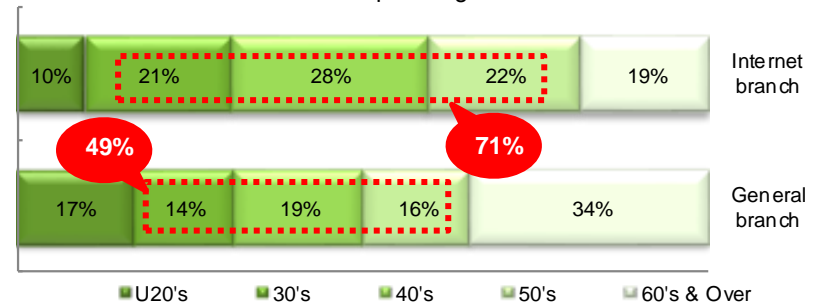
	End of Mar. 2010	End of Mar. 2017	Change from end of Mar. 2010
Shizuoka	84%	31%	-53pt
Tokyo	3%	16%	+13pt
Kanagawa	4%	12%	+8pt
Aichi	2%	6%	+4pt
Other	7%	35%	+28pt

Annotations: +53pt (Shizuoka to Other), 16% (Tokyo, Kanagawa, Aichi), 69% (Other).

New customers gained during 2H FY2016 campaign period: 70.5% was customers outside Shizuoka Prefecture

## Customer distribution by age group (End of Mar. 2017)

Because Internet Branch, unlike brick-and-mortar branches, has generations familiar with the Internet (30's-50's asset building generation) as the main customer segment, Internet Branch provides a wide range of financial services based on customers' life planning.

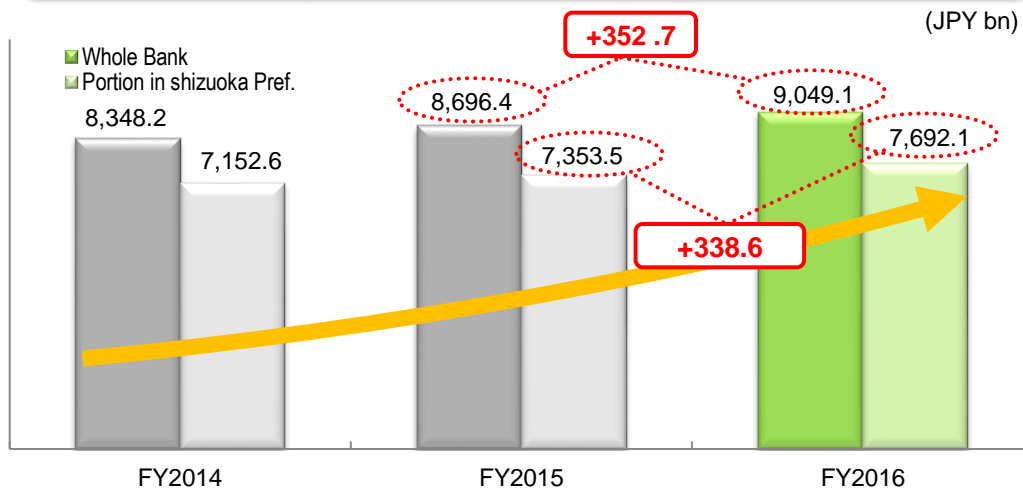




# Deposits

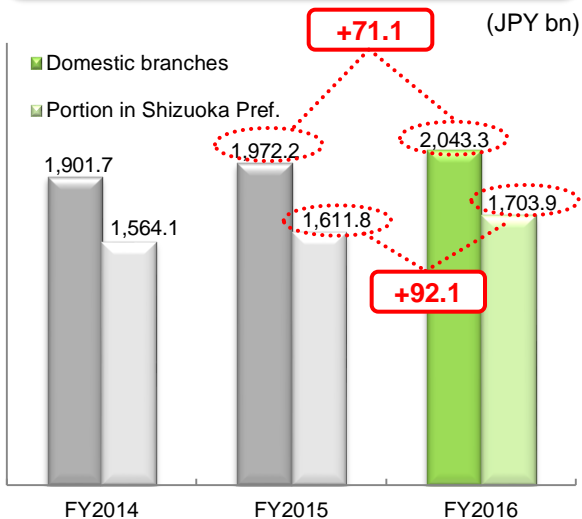
- Deposit balance (average balance) of FY2016: JPY 9,049.1bn, up JPY 352.7bn(+4.0%) YoY
- The Bank intentionally decrease NCD balance by JPY 191.2bn to JPY 163.2bn considering conditions in investment environment

## Deposit balance (average balance)

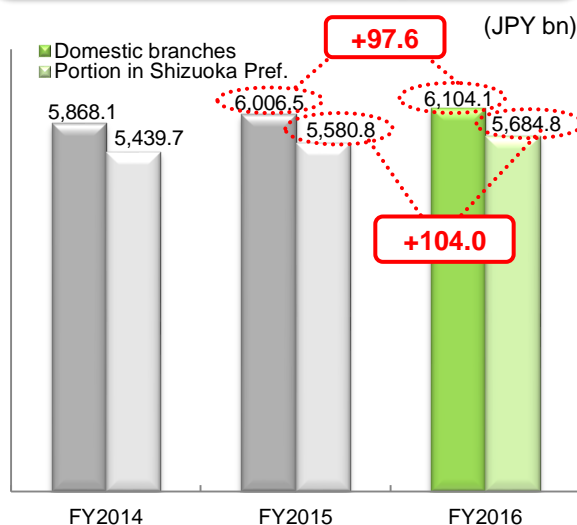


	Average balance	YoY change	Annual growth rate
Total deposit balance	9,049.1bn	+352.7bn	+4.0%
Deposit balance in Shizuoka	7,692.1bn	+338.6bn	+4.6%
Corporate deposit balance	2,043.3bn	+71.1bn	+3.6%
Retail deposit balance	6,104.1bn	+97.6bn	+1.6%
Portion in Internet branch	423.3bn	+13.5bn	+3.3%
NCD	163.2bn	-191.2	-53.9%

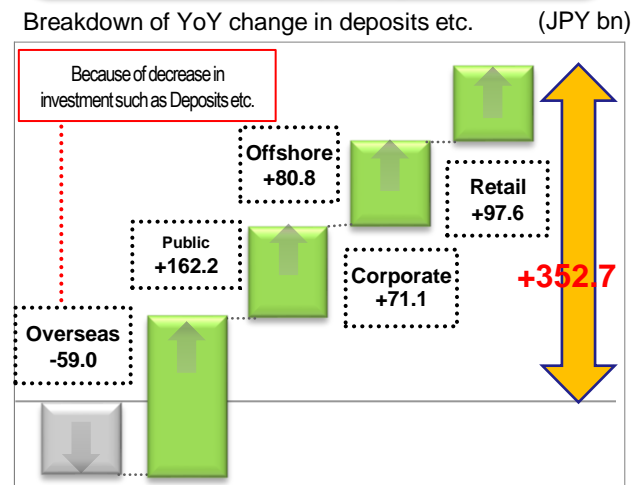
## Corporate deposit balance (average balance)



## Retail deposit balance (average balance)



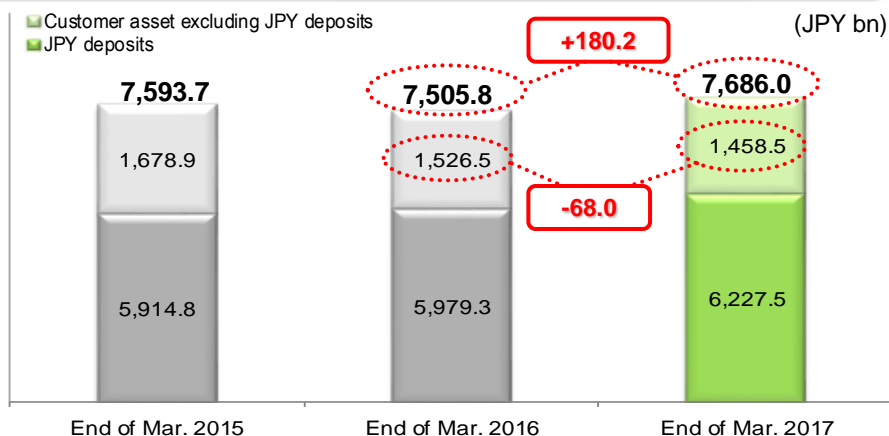
## Breakdown of year-on-year changes in deposits balance (average balance)



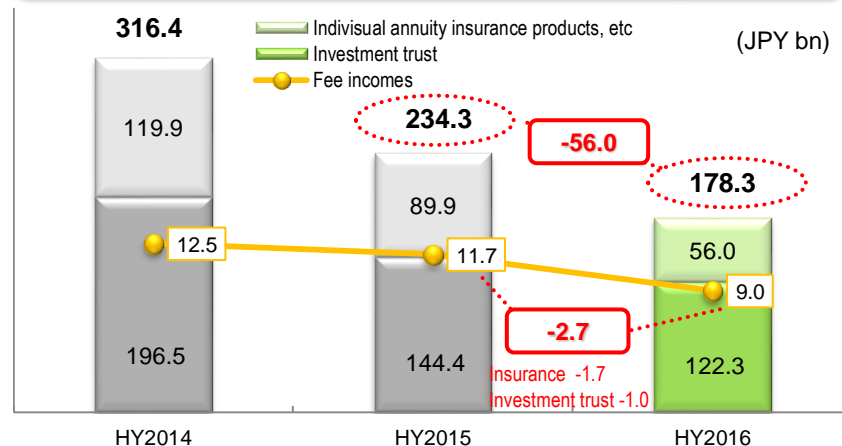
# Customer assets and fee incomes

- Customer assets (including the balance of Shizugin TM Securities) at the end of Mar. 2017 was JPY 7,686.0bn (+JPY 180.2bn from the end of Mar. 2016), of which balance of customer asset excluding JPY deposits was JPY 1,458.5bn (-JPY 68.0bn, of which individual annuity insurance products were -JPY35.7bn, public & corporate bonds -JPY19.9bn, Shizugin TM Securities -JPY 16.2bn)
- The Bank is increasing the percentage of level premium policies in insurance sales to stabilize revenue from insurance sales

## Customer assets (term-end balance)



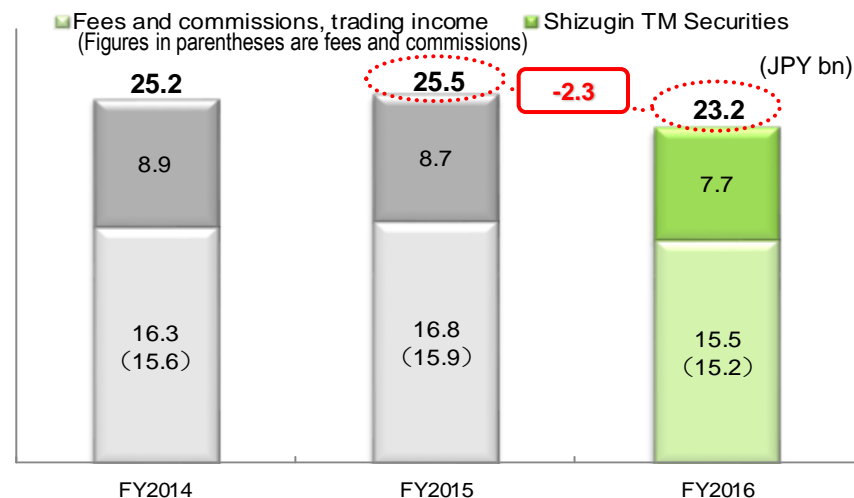
## Sales and fee income from offering investment trusts and insurance products



## Balance of individual annuity insurance products, etc. and investment trusts

Individual annuity insurance products, etc.	FY2014	FY2015	FY2016	Change from the end of Mar. '16
Balance (JPY bn)	951.8	891.5	855.8	-35.7
Level premium policies				
Number of sales	4,283	11,169	14,330	+3,161
Percentage	17%	43%	62%	+19pt
Single premium policies				
Number of sales	20,204	14,953	8,834	-6,119
Percentage	83%	57%	38%	-19pt
Investment trusts				
Balance (JPY bn)	434.6	379.6	348.8	-30.8
Portion in Shizuoka Bank	20.3	22.0	26.6	+4.6
Number of contracts of reserved investment trust	36,537	43,739	44,868	+1,129
Portion in Shizugin TM Securities	414.3	357.6	322.2	-35.4

## Fee incomes (Shizuoka Bank / Shizugin TM Securities)



# Credit-related costs

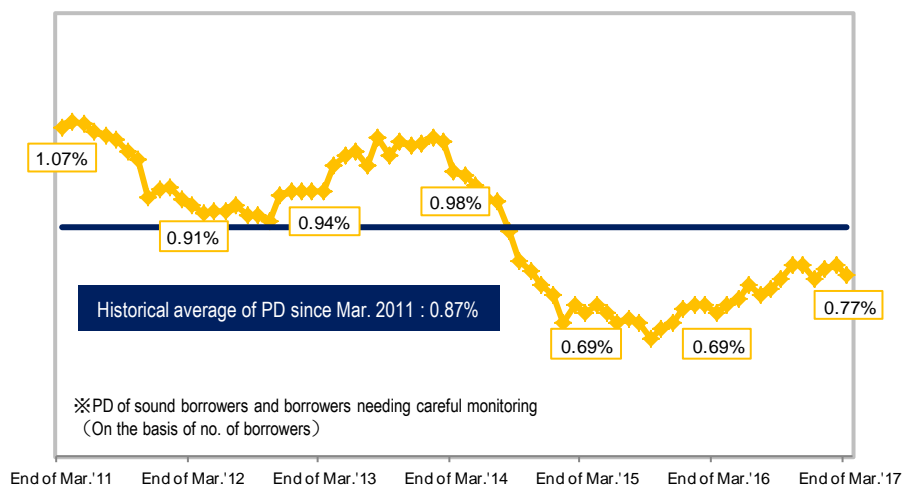
- Credit-related costs in FY2016: JPY 4.1bn (up JPY 1.7bn YoY), Credit-related costs rate of FY2016: 0.05%
- Due to increase of loan balance, the Bank provided general allowance for losses by JPY 0.2bn.

## Breakdown of credit-related costs

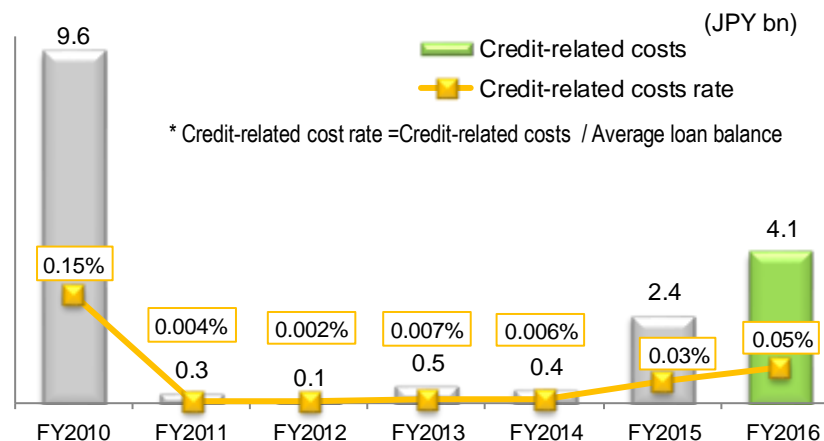
(JPY bn)	FY2015	FY2016	YoY change
Provision for general allowance for loan losses (1)	-1.6	0.2	+1.8
Provision for specific allowance for loan losses (2)	3.6	3.2	-0.4
Other NPL disposal* (3)	0.4	0.7	+0.3
<b>Credit-related Costs (1)+(2)+(3)</b>	<b>2.4</b>	<b>4.1</b>	<b>+1.7</b>

\*Including provision for the estimated future payments to credit guarantee corporations, provision for allowance for accidental losses, and losses on sell of loans

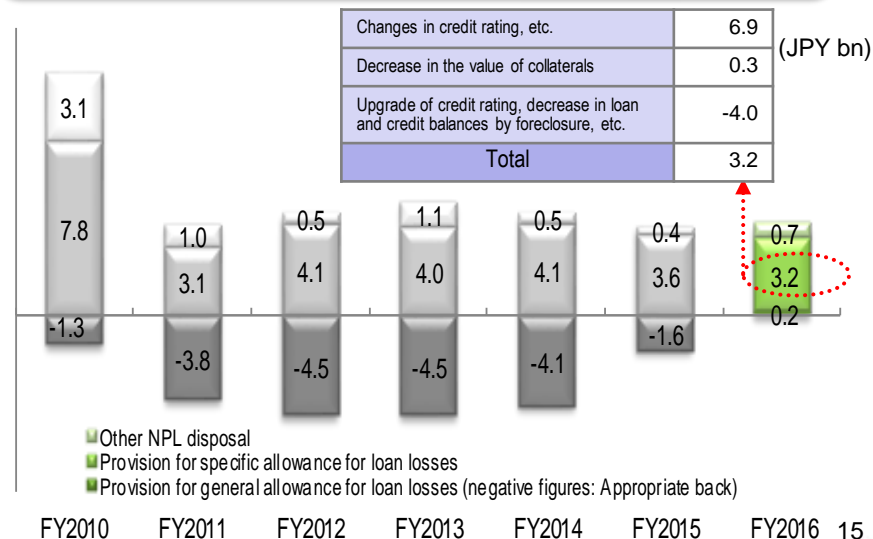
## Probability of Default (PD)



## Credit-related costs and Credit-related cost rate



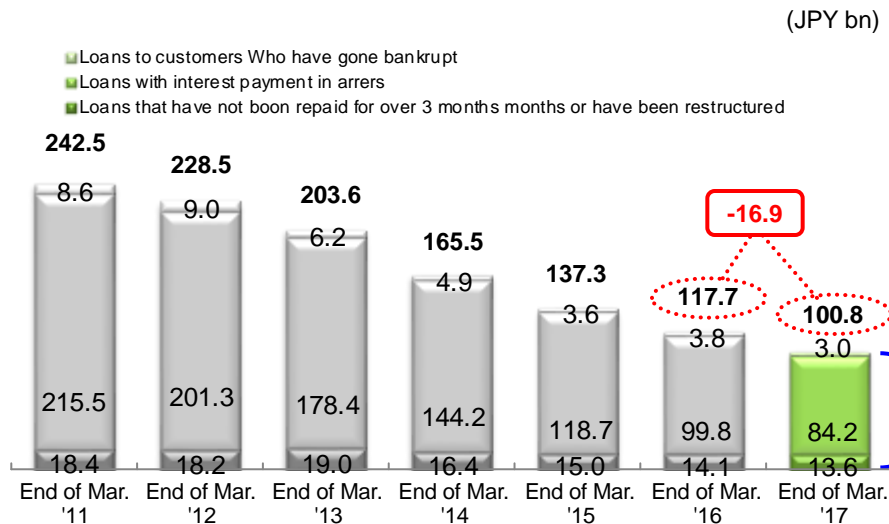
## Provision for allowance for loan losses and other NPL disposal



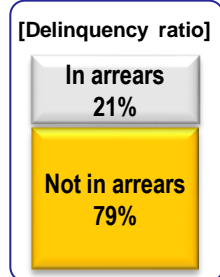
# Risk-management loans

- Total risk-management loans at the end of Mar. 2017: JPY 100.8bn, the ratio of risk-management loans: 1.26% (the lowest in the Bank's history)
- Net risk-management loans : JPY 12.6bn, the ratio of net risk-management loans: 0.15%
- The fact that balance of risk-management loans is steadily reducing from the peak balance of JPY 242.5bn after the collapse of Lehman Brothers shows that the Bank has maintained its soundness in assets.

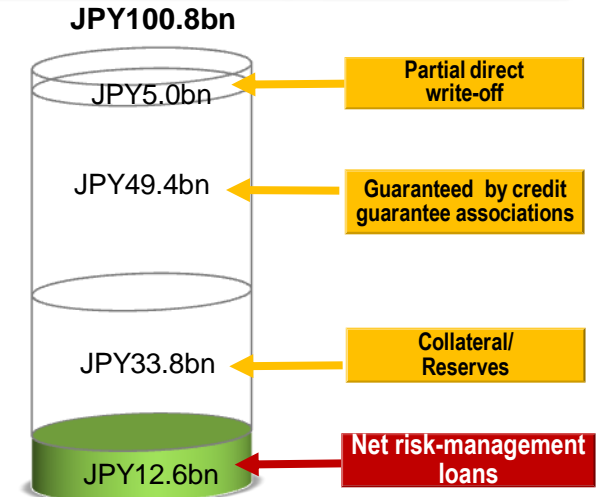
## Trends in Risk-management loans



\*Borrowers classified as "at risk of failure" and borrowers classified as "practically bankrupt" are written as "loans with interest payment in arrears" among the debtor division in accordance with Banking Act



## Net risk-management loans



## NPL removal from the balance sheet

(JPY bn)

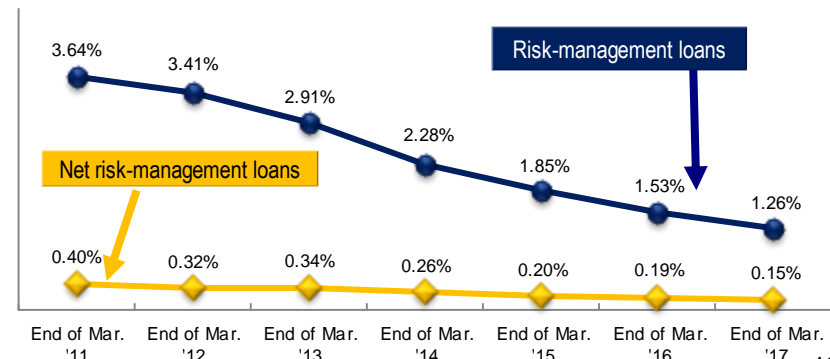
	FY2015	FY2016
New recognition of NPLs	+26.8	+25.4
Removal from the balance sheet (NPL to borrowers classified as "at risk of failure" or riskier categories)	-46.4 (-42.5)	-42.3 (-39.1)
<b>Risk-management loans</b>	<b>117.7</b>	<b>100.8</b>

-16.9

### [Breakdown of JPY -39.1bn] (JPY bn)

Collected from borrower/ set off against deposit account	-3.9
Collateral disposal/ subrogated to guarantor	-12.6
Reclassified to better categories	-15.4
Loans sold-off	-7.2
Direct write-off of loans	—

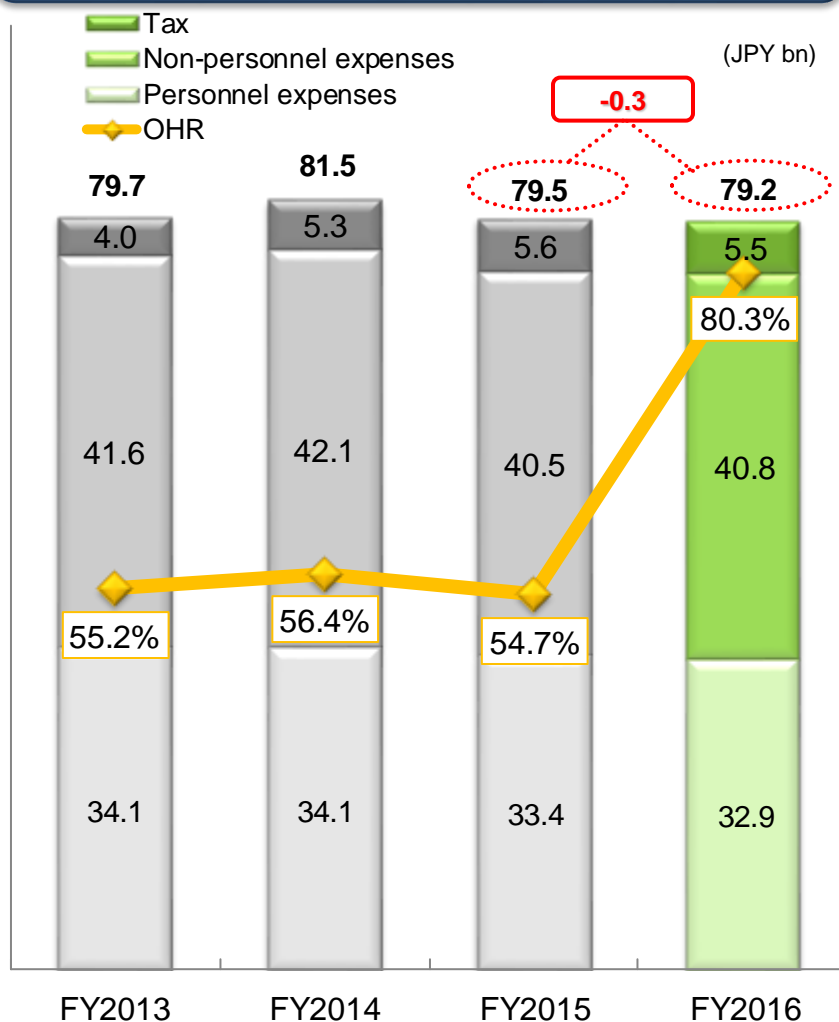
## The ratio of risk-management loans



# Expenses

- Expenses of FY2016: JPY 79.2bn, down JPY 0.3bn YoY
- While OHR temporarily rose to 80.3% in FY2016 due to decrease in gross operating profit, the Bank plans to keep controlling OHR around 55% under the 13<sup>th</sup> Medium-term Business Plan

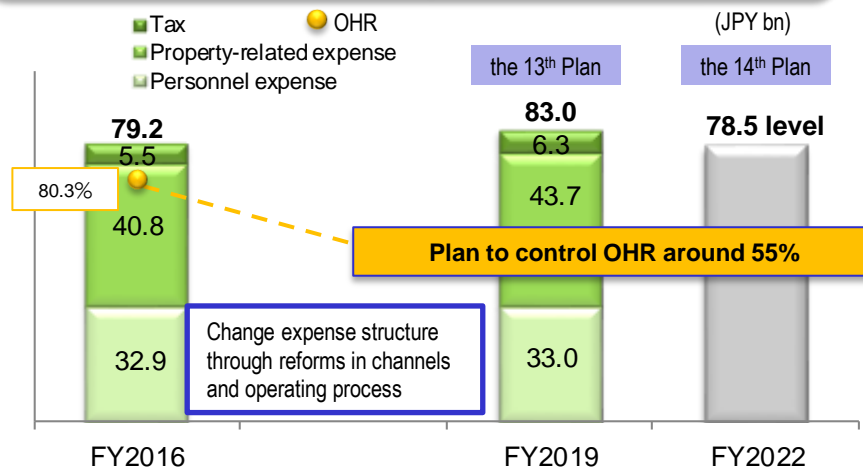
## Expenses and OHR (annual basis)



## Main factors for change of expenses

	YoY change	Main factors
Tax	-JPY0.1bn	Pro forma standard taxation +JPY 0.5bn Consumption tax -JPY 0.3bn Real estate acquisition tax -JPY 0.3bn
Non-personnel expenses	+JPY0.3bn	Advertising expense +JPY 0.2bn Maintenance fee of systems +JPY 0.2bn Outsourcing expense -JPY 0.2bn
Personnel expenses	-JPY0.5bn	Factor of number of employees -JPY 0.5bn
<b>Total</b>	<b>-JPY0.3bn</b>	

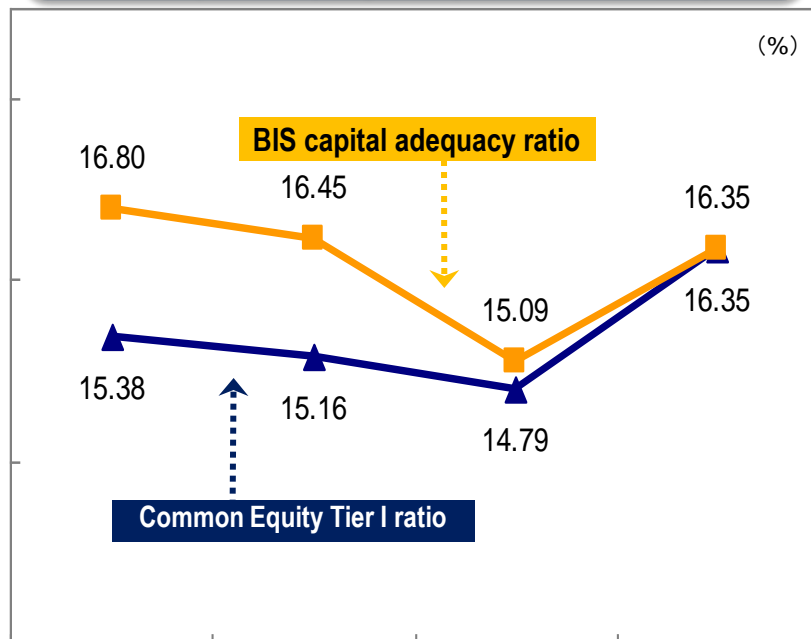
## Plan of expenses



# Capital adequacy ratio

- The Basel III capital adequacy ratio at the end of Mar. 2017 : 16.35%, up 1.26 percent point from the end of Mar. 2016.  
Common Equity Tier I ratio at the end of Mar. 2017 : 16.35%, up 1.56 percent point from the end of Mar. 2016.
- Both figures rose mainly due to decrease in total credit-risk adjusted assets

## BIS capital adequacy ratio ( consolidated basis)



End of Mar. '14    End of Mar. '15    End of Mar. '16    End of Mar. '17

(Basel III)

## Outlier ratio (non-consolidated basis)

Amount of maximum risk	Tier I + Tier II	Outlier ratio
JPY 21.7bn	JPY 798.3bn	2.7%

## Changes in capital and risk-adjusted assets

	(JPY bn)		
[Basel III]	End of Mar. '16	End of Mar. '17	Change from the end of Mar. '16
<b>Capital*</b>	835.1	850.8	+15.7
Common Equity Tier I	818.1	850.8	+32.7
Other Tier I	0.0	0.0	0.0
Tier II	17.0	0.0	-17.0
<b>Risk-adjusted assets</b>	5,530.5	5,202.8	-327.7
Total credit-risk adjusted assets	5,220.2	4,895.5	-324.7
Amount corresponding to market risk	11.9	15.2	+3.3
Amount corresponding to operational risk	298.5	292.1	-6.4

\*Capital does not include preferred shares, subordinated debts, etc.

## [Other index related to the Basel III]

(End of Mar. 2017)

- Liquidity coverage ratio (consolidated): 181.9% (Regulatory level 70% and over)
- Leverage ratio (consolidated): 7.56% (ditto 3% in trial period\*)

\*Until Mar. 2018

# Shareholder return (1) - Profit distribution

- The Bank plans to distribute JPY 20 as annual dividend, and completed share buyback in Oct-Nov 2016 (Buyback period: Oct. 3 – Nov.10, 2016, no. of shares repurchased: 10mn, buyback amount: JPY 8,496mil)
- The Bank maintains the target shareholder return ratio of “50% level in medium and long term ” under the 13th Medium-term Business Plan

## Dividend trends

	FY2014	FY2015	FY2016 Plan	FY2017E
Annual dividend per share (Interim dividend)	JPY16.00 (JPY8.00)	JPY20.00 (JPY10.00)	JPY20.00 (JPY10.00)	JPY20.00 (JPY10.00)

(Figures in parentheses are semi-annual dividend per share)

## Profit distribution to shareholders

	FY2014	FY2015	FY2016 Plan	(JPY bn) FY '07 – '16 (10years)
Annual dividend (1)	9.9	12.3	12.2	Accumulated total 98.7
Repurchase of shares (2) (Shares bought back: million shares)	11.3 (1.0)	7.0 (0.5)	8.5 (1.0)	Accumulated total 103.9
Shareholder returns (3)=(1)+(2)	21.2	19.3	20.7	Accumulated total 202.6
Net income (4)	42.6	44.0	24.4	Accumulated total 344.8
Dividend payout ratio (1)/(4)x100	23.24%	27.91%	49.83%	Average 28.63%
Shareholder return ratio (3)/(4)x100	49.82%	43.82%	84.60%	Average 58.76%

Shareholder return ratio under the 12<sup>th</sup> Medium-term Business Plan 55.10%

[Reference]

ROE (Consolidated : Net income basis)	5.74%	5.18%	3.15%
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Average in 5years

5.37%

“Average” means weighted average

# Shareholder return (2) - Share buybacks, Trends in EPS/BPS

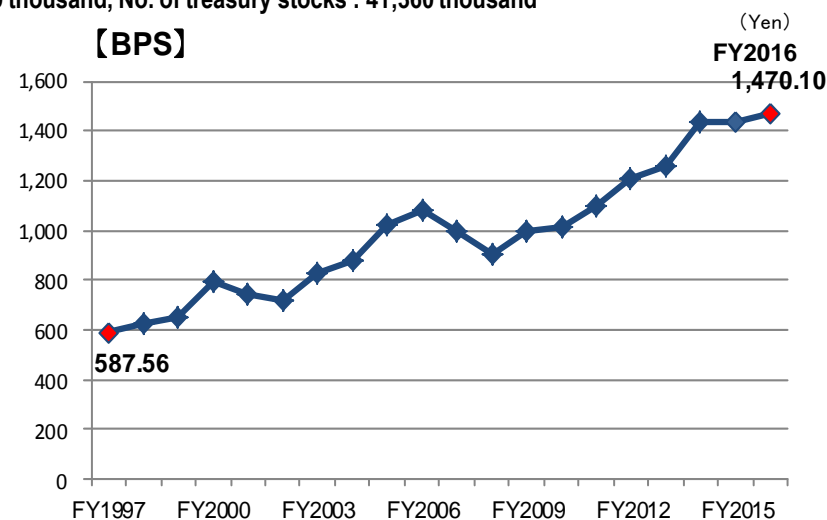
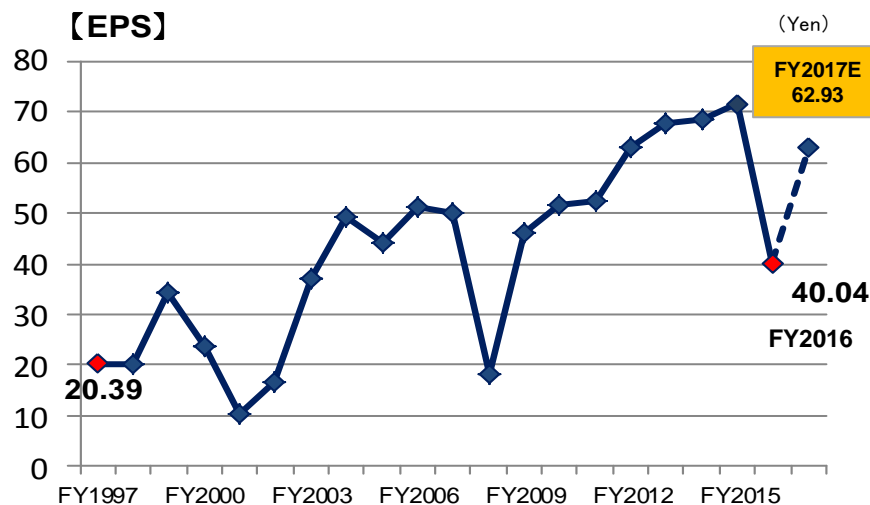
- The bank has regularly bought its own shares back since FY1997, resulting in accumulated number of shares repurchased of 205 million.
- The Bank bought back 10 million shares in FY2016 and canceled 20 million shares in Mar. 2017.

## Historical share buybacks

(Yen)

	Shares bought back (thousand shares)	Repurchase amount of shares (JPY mil)	Number of shares cancelled (thousand shares)	Cancellation amount (JPY mil)	Shareholder return ratio (%)
FY1997-FY2013 (Accumulated total)	181,044	168,560	140,404	128,892	62.65
FY2014	10,000	11,315	—	—	49.8
FY2015	4,767	6,999	—	—	43.8
FY2016	10,000	8,496	20,000	20,578	(Plan) 84.6
Total	205,811	195,370	160,404	149,470	60.1

At the end of Mar. 2017 No. of outstanding shares (including treasury stocks) : 645,129 thousand, No. of treasury stocks : 41,360 thousand





# Projected performance in FY2017

(JPY bn)

【Consolidated】	FY2016	FY2017E	YoY (B-A)
	(A)	(B)	
Ordinary profit (Except for a lump-sum write-down on the unamortized balance of goodwill)	47.1 (59.2)	66.0	+18.9
Net income (Except for a lump-sum write-down on the unamortized balance of goodwill)	29.3 (41.4)	46.0	+16.7

(JPY bn)

【Nonconsolidated】	FY2016	FY2017E	YoY (B-A)
	(A)	(B)	
Gross operating profit	98.6	133.8	+35.2
Net interest income	109.5	111.3	+1.8
Fees and commissions	15.2	14.8	-0.4
Trading income	0.3	1.0	+0.7
Other operating profit (Bond-Related income such as JGBs)	-26.4 (-30.1)	6.7 (4.3)	+33.1 (+34.4)
Expenses (-)	79.2	85.0	+5.8
Provision for general allowance for loan losses (-)	0.2	-5.0	-5.2
Net operating profit	19.2	53.8	+34.6
Special profit and loss	32.6	1.2	-31.4
Ordinary profit	51.8	55.0	+3.2
Net income (Except for loss on valuation of stocks of subsidiaries and affiliates)	24.4 (36.8)	38.0	+13.6
Credit-related costs (-)	4.1	0.0	-4.1

# Overview of the 13<sup>th</sup> Medium-term Business Plan

# Overview of the 13<sup>th</sup> Medium-term Business Plan (1)

## Name of the plan / Group vision

Name of the plan

**TSUNAGU**

“TSUNAGU” has several meanings in Japanese  
...“connect”, “link”, “unite”, etc.

Group vision

**Innovative Bank**

“Shizugin” will continue to create new value along with the region

## Key management Indicator

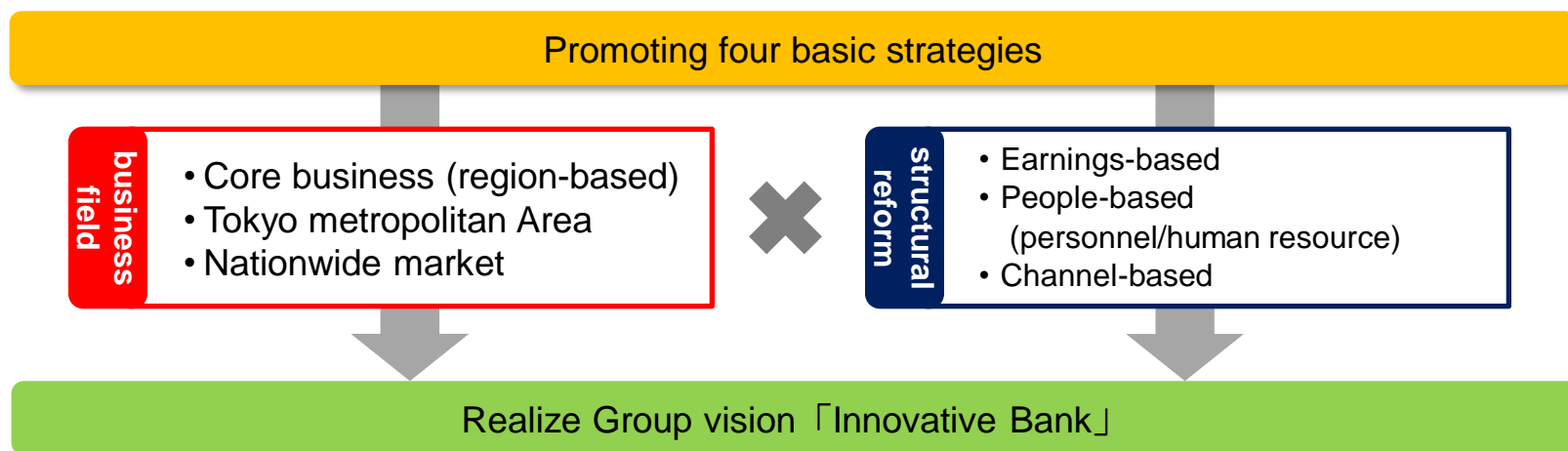
Consolidated	The 12 <sup>th</sup> Medium-term Plan		The 13 <sup>th</sup> Medium-term plan
	Best figure in the Plan	FY2016	FY2019 plan
<b>Ordinary profit</b> (Exclude lump-sum write-down on the unamortized balance of goodwill related to Monex Group shares)	<i>JPY75.1bn</i> [FY2014]	<i>JPY47.1bn</i> (JPY59.2bn)	<b>JPY 77.0bn or more</b>
<b>Net income</b> (Exclude lump-sum write-down on the unamortized balance of goodwill related to Monex Group shares)	<i>JPY49.9bn</i> [FY2014]	<i>JPY29.3bn</i> (JPY41.4bn)	<b>JPY 54.0bn or more</b>
<b>ROE</b> (Exclude lump-sum write-down on the unamortized balance of goodwill related to Monex Group shares)	<i>5.74%</i> [FY2014]	3.15% (4.45%)	<b>6% level</b>
<b>OHR</b>	<i>54.4%</i> [FY2015]	76.4%	<b>55% level</b>
<b>Common Equity Tier I Ratio</b>	16.35% [FY2016]	16.35%	<b>14% level</b>
<b>Shareholder return</b>	<b>50% level in medium and long term</b>		

# Overview of the 13<sup>th</sup> Medium-term Business Plan (2)

## Basic strategy

1. Reinforce core businesses by focusing on regional economic growth
2. Build a new business model for regional bank by developing and monetizing new business fields
3. Reform sales operations using retail channel and IT infrastructure
4. Help realize the dreams and increase the wealth of the region, customers, employees, and shareholders

Realize our vision by promoting four basic strategies in **three business fields: core business (region-based), Tokyo metropolitan area, and nationwide market**, while at the same time engaging in **three structural reforms: earnings, people, and channels**.

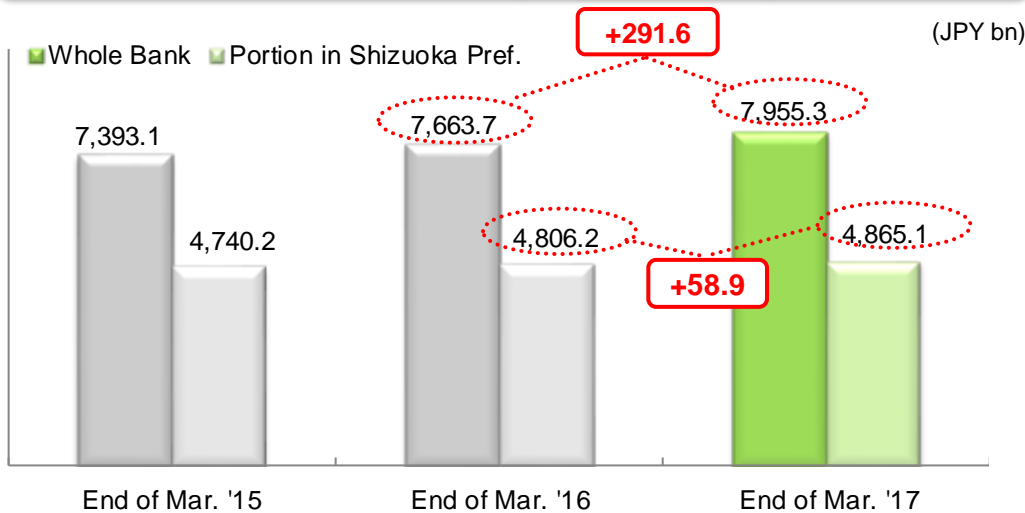


# Reference

# Loans - Term-end balance

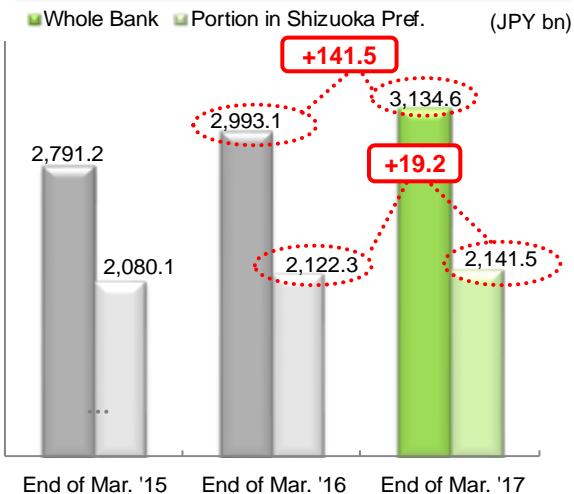
- Total loan balance (term-end balance) of FY2016: JPY 7,955.3bn, up JPY 291.6bn (+3.8%) YoY

## Total loan balance (term-end balance)

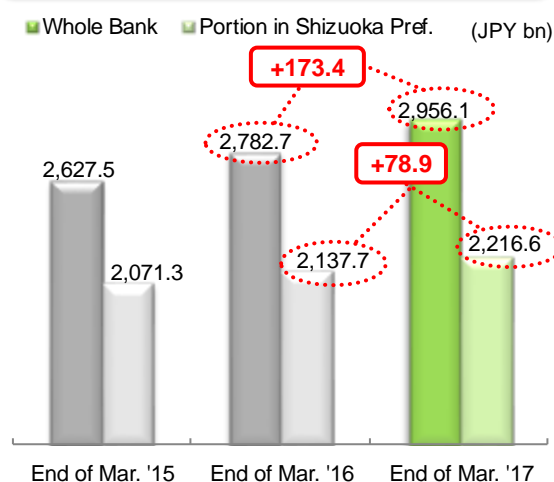


	Term-end balance	Change from the end of Mar. '16	Annual growth rate
Total loan balance	7,955.3bn	+291.6bn	+3.8%
SMEs loan balance	3,134.6bn	+141.5bn	+4.7%
Retail loan balance	2,956.1bn	+173.4bn	+6.2%
Large and Medium sized enterprises	1,481.0bn	-22.2bn	-1.5%

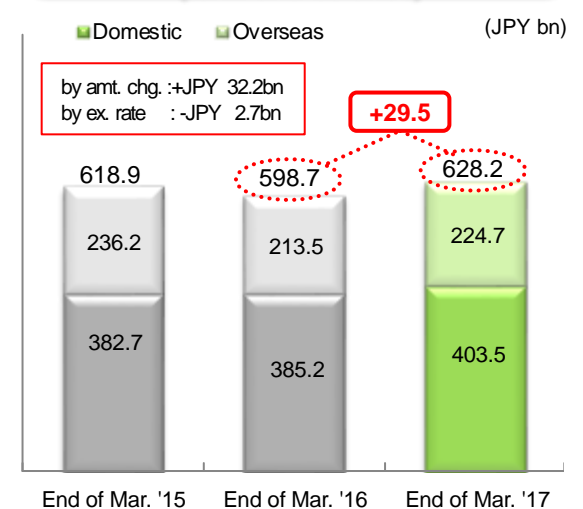
## SMEs loan balance (term-end balance)



## Retail loan balance (term-end balance)



## Loan balance in foreign currency (term-end balance)



# Loans - Loans by industries

- Business loans to real estate account for approximately 11%, and those to each industry such as construction, leasing, money lending and investment account for less than 10% of loan balance, respectively. There is no concentrated exposure to any of these specific industries.
- Expected Loss (EL) for all industries : JPY 6.3bn (JPY 1.2bn for real estate and JPY 0.4bn for construction)
- Unexpected Loss (UL) for all industries : JPY 55.3bn

## Contemporary status of business loans to particular industries

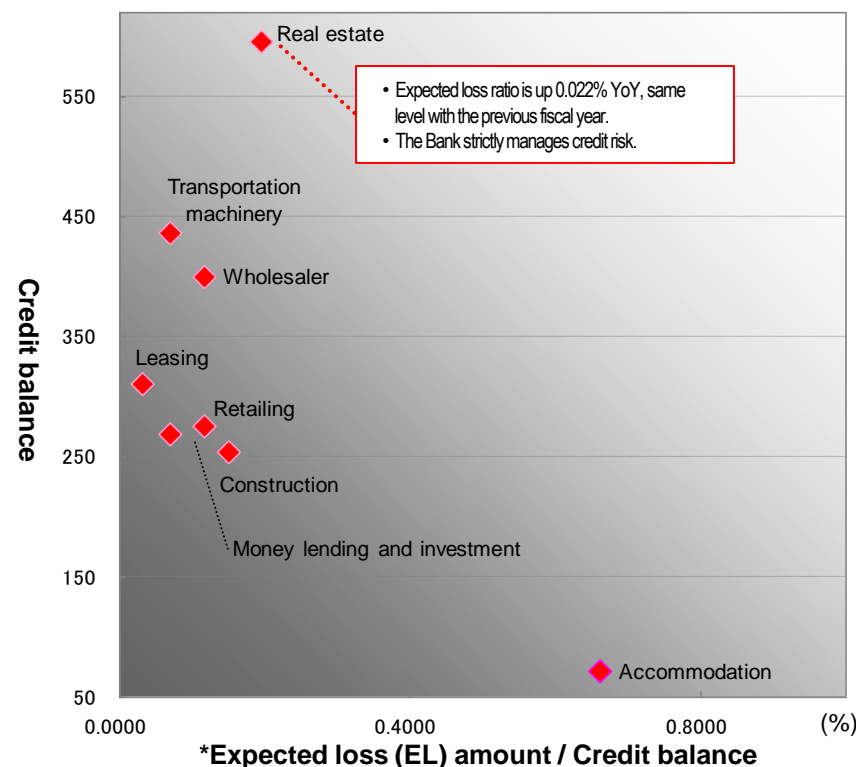
### [ Credit balance (as of the end of Mar. 2017) ]

	Balance	Composition ratio	YoY change
	(JPY bn, %)		
All industries	5,319.1	100.0	+169.1
Real estate	595.5	11.1	+91.2
Wholesaler *	399.7	7.5	-7.6
Money lending and investment	268.6	5.0	-45.5
Transportation machinery	436.1	8.1	+2.3
Construction	254.4	4.7	+3.2
Retailer	275.9	5.1	+10.0
Leasing	310.9	5.8	+22.8
Accommodation	72.0	1.3	-1.1

\* excluding a general trading companies

### [ Credit balance vs. expected loss rate\* ]

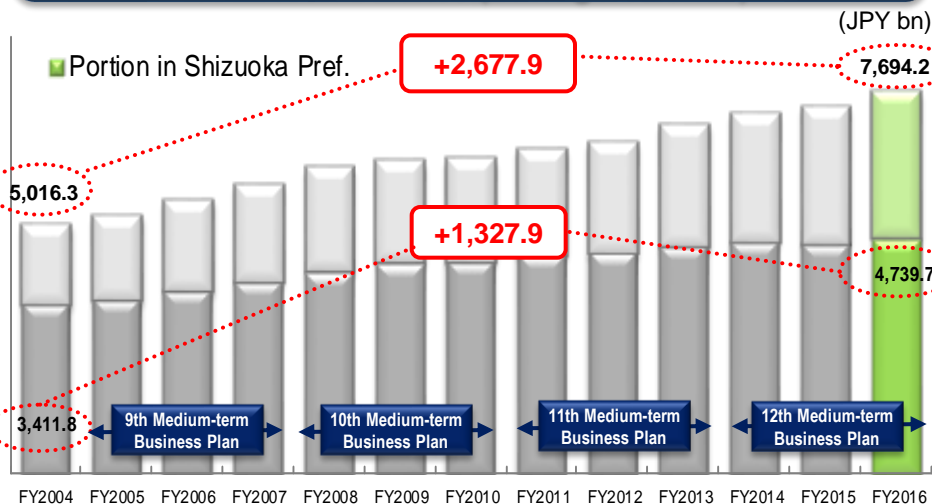
(JPY bn) Excluding borrowers classified as "practically bankrupt" and below



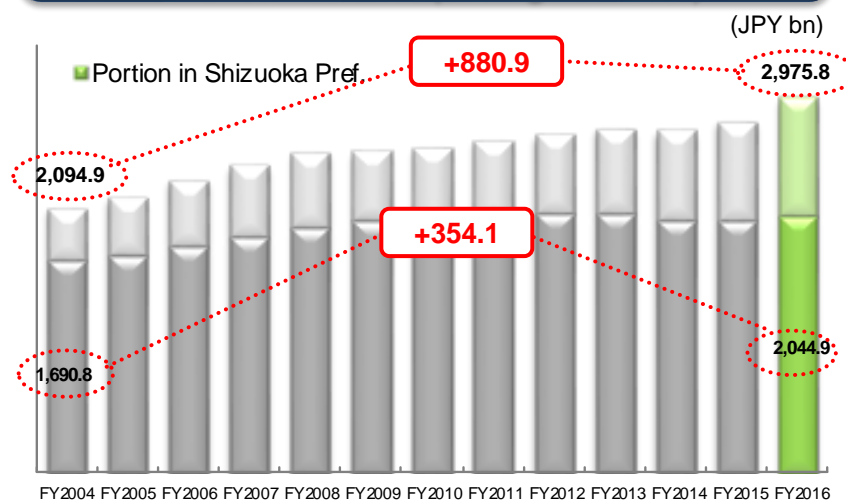
# Historical data of loans

- Total loan balance (average balance) has increased by JPY 2,677.9bn for 12 years since FY2004, of which JPY 1,327.9bn was in Shizuoka Pref.
- SME loan balance: +JPY 880.9bn, consumer loan balance: +JPY 1,433.2bn

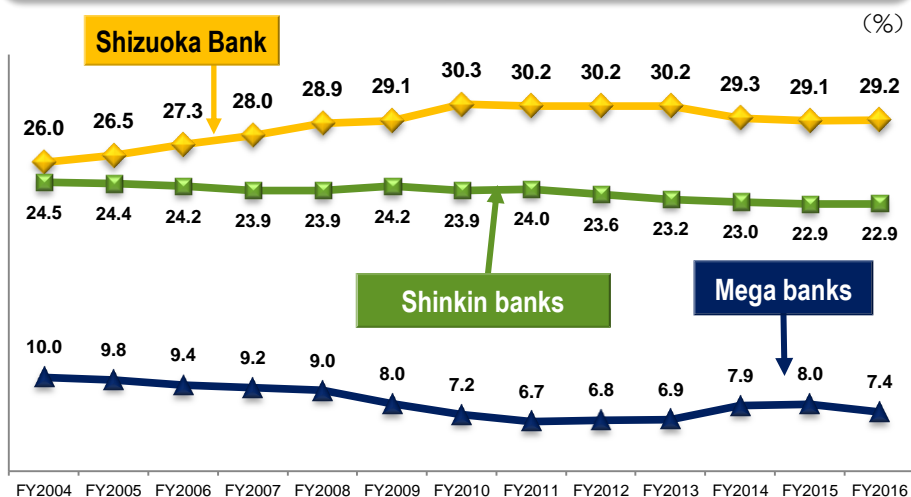
## Total loan balance (average balance)



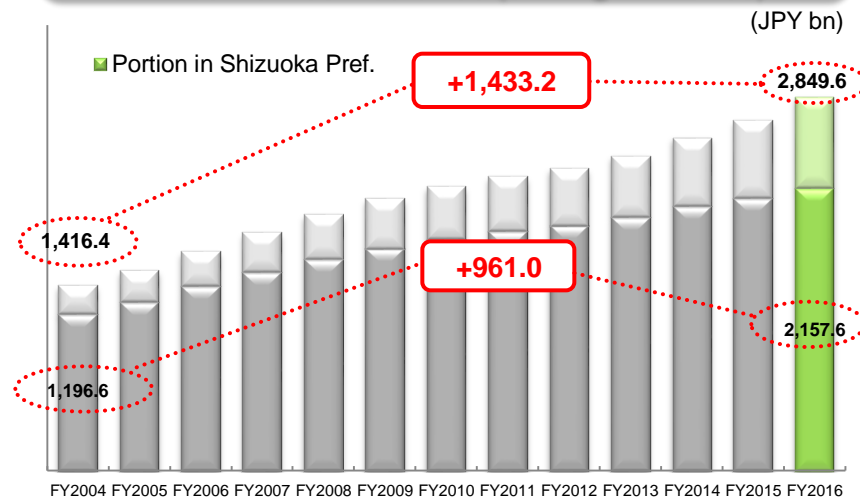
## SME loan balance (average balance)



## Share of loans in Shizuoka Prefecture



## Consumer loan balance (average balance)





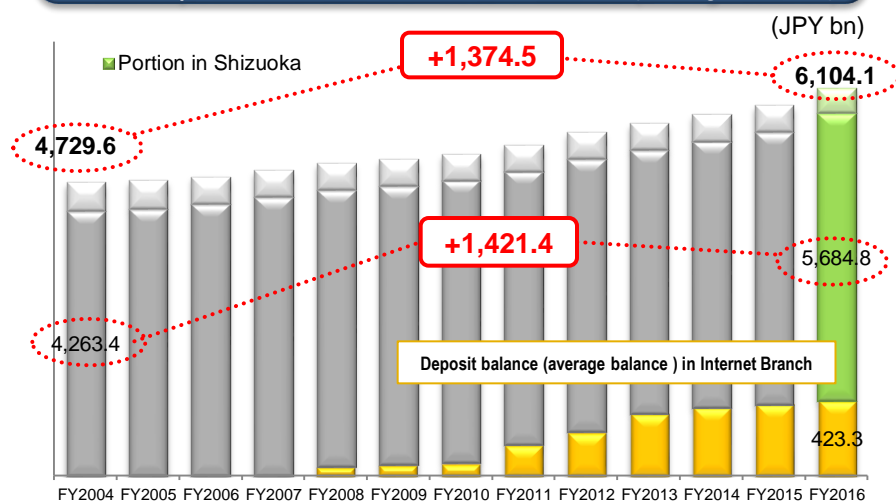
# Historical data of deposits

- Total deposit balance (average balance) has increased by JPY 2,370.5bn for 12 years since FY2004, of which JPY 2,117.5bn was in Shizuoka Pref.
- The Bank has received highest level of credit ratings from two overseas and one Japanese agencies

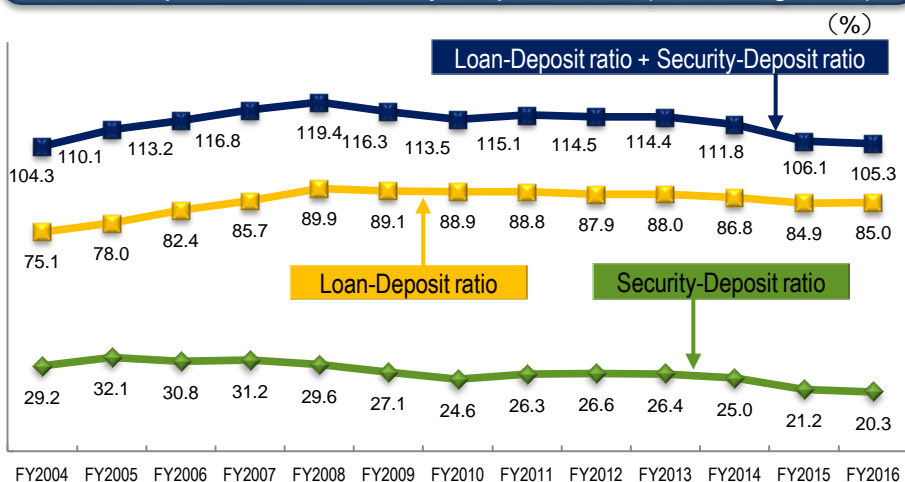
### Deposit balance (average balance)



### Retail deposit balance in domestic branches (average balance)



### Loan-Deposit ratio / Security-Deposit ratio (excluding NCD)

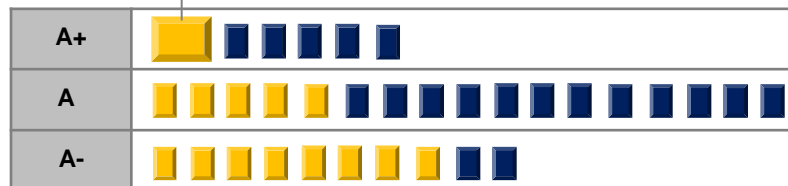


### External ratings (As of the end of Mar. 2017)

- Has received highest credit ratings from two overseas and one Japanese agencies

< Standard & Poor's >

**Shizuoka Bank**



- Regional banks
- Except for regional banks (Mega banks, Trust banks etc.)

< Other external ratings >

Moody's	A1	R&I	AA
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# Productivity Improvement -BPR

- An ongoing BPR program increased front-office staff without boosting the overall headcount up to the 12<sup>th</sup> Medium-term Business plan
- In the 13<sup>th</sup> Medium-term Business plan, the Bank plans to promote reform in channels and operational processes

## Up to now

**<10<sup>th</sup> Medium-term Business Plan>**  
**FY2008 – FY2010**  
 Increased efficiency through IT investment and the expansion of centralized processing

- Back-office workload at sales branches reduced by 60%
- Repositioned back-office staff in sales positions

**Top-line growth**

**Workload reduction of branches**

Year	Deposit and domestic exchange	Public fund and agency services	Teller service
FY2007	100%	100%	100%
FY2009	-23%	100%	100%
FY2010	-57%	100%	100%

**<11<sup>th</sup> Medium-term Business Plan>**  
**FY2011 – FY2013**  
 Extend productivity improvements to the front office workload

- Reduce workload for consumer loan sales staff by 60%

**Further boost top-line growth**

**Reduced processing time for workload of consumer loan**

Year	Processing Time
FY2010	100%
FY2011	-20%
FY2012	-48%
FY2013	-63%

\* Assume the amount of business in FY2010 is set to 100

**<12<sup>th</sup> Medium-term Business Plan>**  
**FY2014 – FY2016**

Ongoing BPR, Operational concentration

“SHIZUGIN Headquarters Tower” started operation  
 →Established new work-style

**Number of personnel in front and back office**

	Mar. 2008	Mar. 2017	Increase / Decrease
Front-office	2,411	2,919	+508
Back-office	1,693	902	-791
<b>Shizuoka Bank [inc. temporary employee]</b>	<b>5,164</b>	<b>4,782</b>	<b>-382</b>

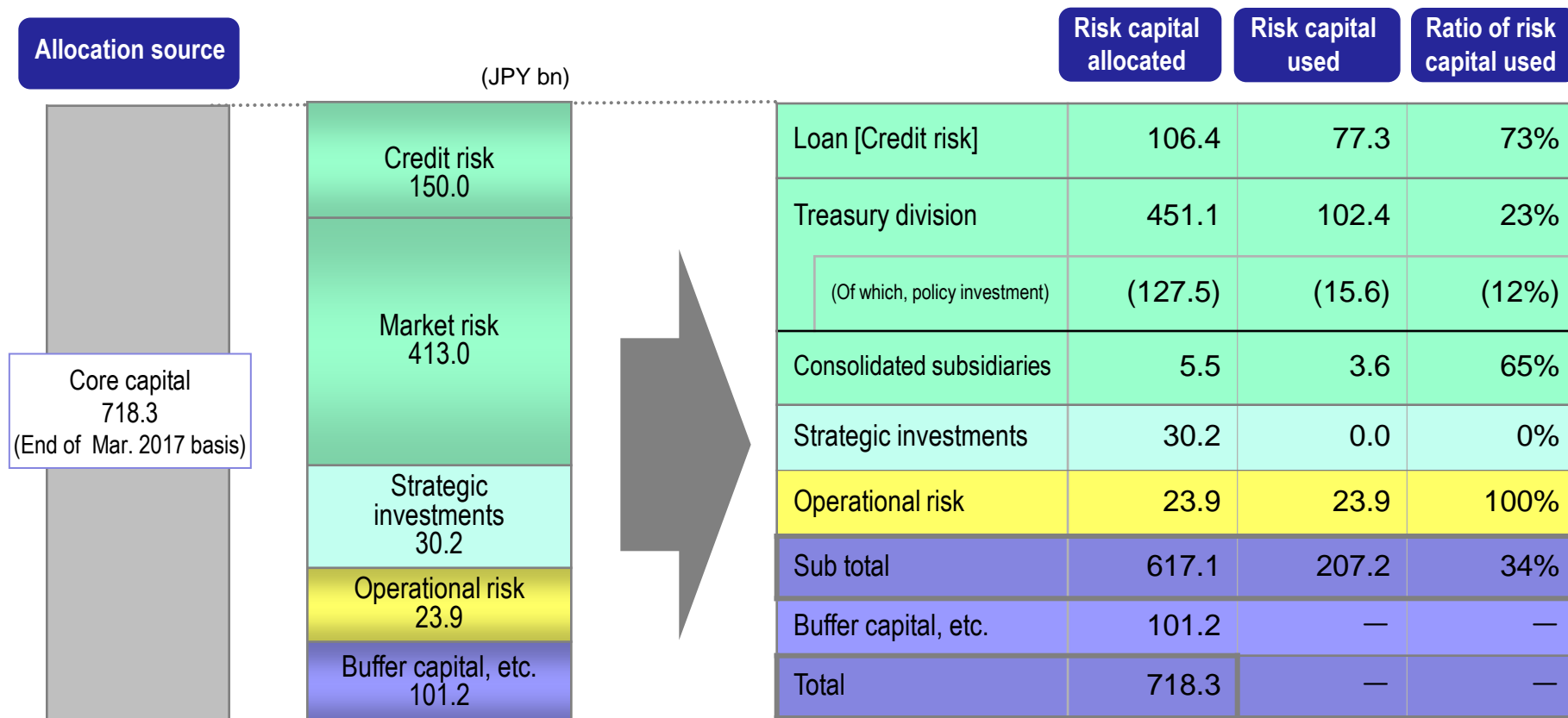
**< 13<sup>th</sup> Medium-term Business Plan>**  
**FY2017– FY2019**

**Sales Innovation Project**

Reform face-to-face/non-face-to-face sales operations (channels) **×** Reform operational processes

# Allocation of risk capital

- Allocation of risk capital for 2H FY2016 (the end of Mar. 2017 basis) amounted to JPY 617.1bn, of which JPY 150.0bn was allocated to credit risk, JPY 413.0bn to market risk, JPY 30.2bn to strategic investments, and JPY 23.9bn to operational risk.
- JPY 77.3bn of risk capital was used for loans [credit risk], and JPY 102.4bn for the Treasury division in FY2016



- Core capital = common equity TIRE I (Basel III standard), excluding other marketable securities valuation difference
- Risk capital amount = <Market risk> | VaR |  
 <Credit risk> (1) | UL | (loan balance includes bad debt written off, CVAs)  
 (2) Basel III capital requirement amount (designated loan claims, securitization transactions, investment funds, and private placement REIT)  
 <Operational risk> Amount equivalent to operational risk
- Buffer capital is kept aside for emergencies such as the anticipated Great Earthquake and other unquantifiable risks

# Group companies

- In FY2016, the total ordinary revenue of 12 major consolidated subsidiaries was JPY 55.2bn (up JPY 2.4bn YoY) and the ordinary profit was JPY 8.8bn (up JPY 0.4bn YoY)

(JPY bn)

Company name	Business	Ordinary Revenue	YoY change	Ordinary Profit	YoY change
Shizugin Management Consulting Co., Ltd.	Corporate and financial management advisory services Bill collection services	1.4	+0.0	0.3	+0.0
Shizugin Lease Co., Ltd.	Leasing	28.5	+2.7	1.6	+0.2
Shizugin Computer Service Co., Ltd.	Computer system development and operation	4.5	-0.1	0.2	-0.0
Shizugin Credit Guaranty Co., Ltd.	Guarantee of housing loans, etc.	3.6	+0.7	2.6	+0.7
Shizugin DC Card Co., Ltd.	Credit card and guarantee of consumer loans	2.2	+0.2	0.5	+0.1
Shizuoka Capital Co., Ltd.	Public-offering assistance Support for corporate rehabilitation	0.5	+0.0	0.2	+0.1
Shizugin TM Securities Co., Ltd.	Securities	7.7	-1.0	3.0	-0.8
Shizuoka Bank (Europe) S.A.	Finance and securities-related services	0.4	+0.0	0.1	+0.0
Shizuoka Liquidity Reserve Ltd.	Acquiring financial debt	0.2	+0.1	0.2	+0.1
Shizugin General Service Co., Ltd.	Fee-based job placement service, general administration	0.9	-0.0	0.0	+0.0
Shizugin Mortgage Service Co., Ltd.	Appraisal of real estate for loan collateral Operation center for loans	1.7	-0.0	0.1	-0.0
Shizugin Business Create Co., Ltd.	Operation center for remittance and bill collection Part-time employee management	3.6	-0.2	0.0	-0.0
<b>Total(12 companies)</b>		<b>55.2</b>	<b>+2.4</b>	<b>8.8</b>	<b>+0.4</b>
Shizugin Saison Card Co., Ltd.*	Credit card and prepaid card Guarantee of consumer loans	2.3	+0.2	0.4	+0.2

\*A company to which the equity method of accounting is applied. Operations commenced in April 2007.

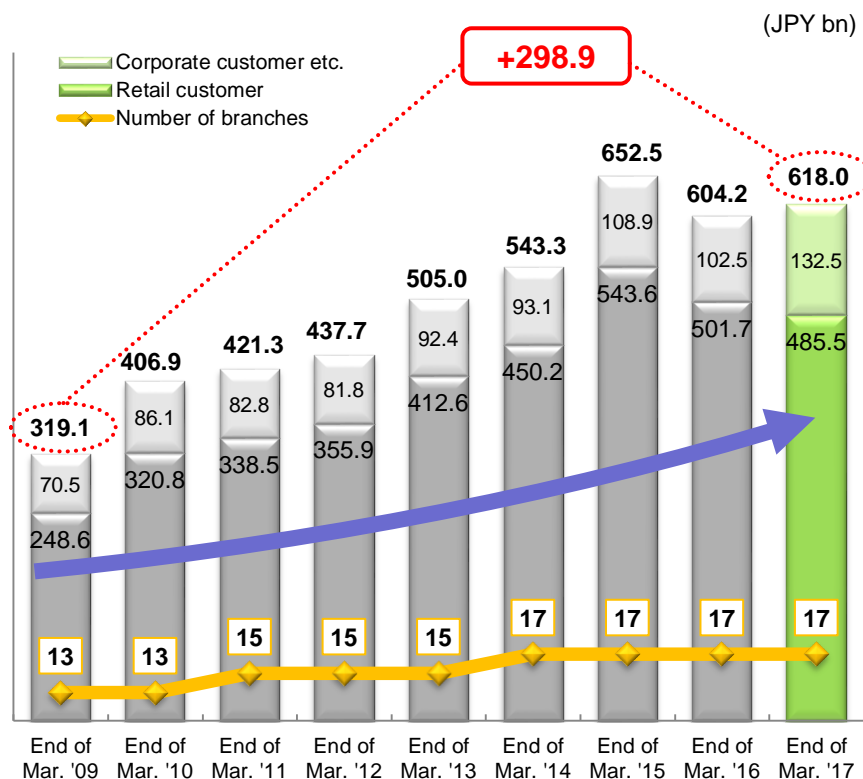
# Shizugin TM Securities Co., Ltd.

- Shizugin TM Securities Co., Ltd (securities subsidiary) has expanded its scale and led Group revenue.
- Customer asset at the end of Mar. 2017 : JPY 618.0bn, up JPY 298.9bn for 8 years from the end of Mar. 2009 after the collapse of Lehman Brothers.

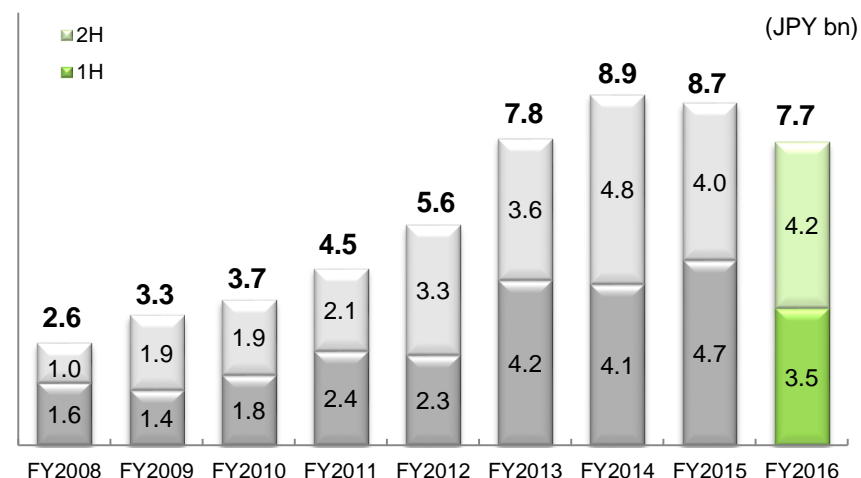
## 【Overview of Shizugin TM Securities, Co., Ltd.】

Establishment : December 2000  
 Capital Stock : JPY 3.0bn  
 Number of Branches : 17 (End of Mar. 2017)

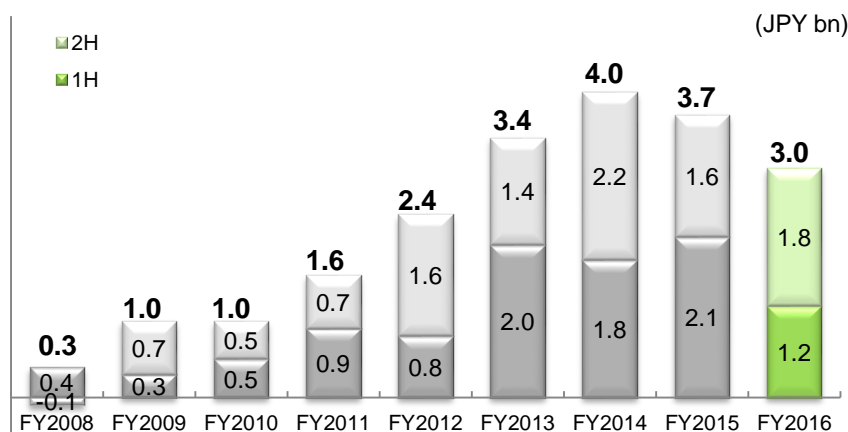
## Customer asset (year-end balance) and number of branches



## Ordinary revenue



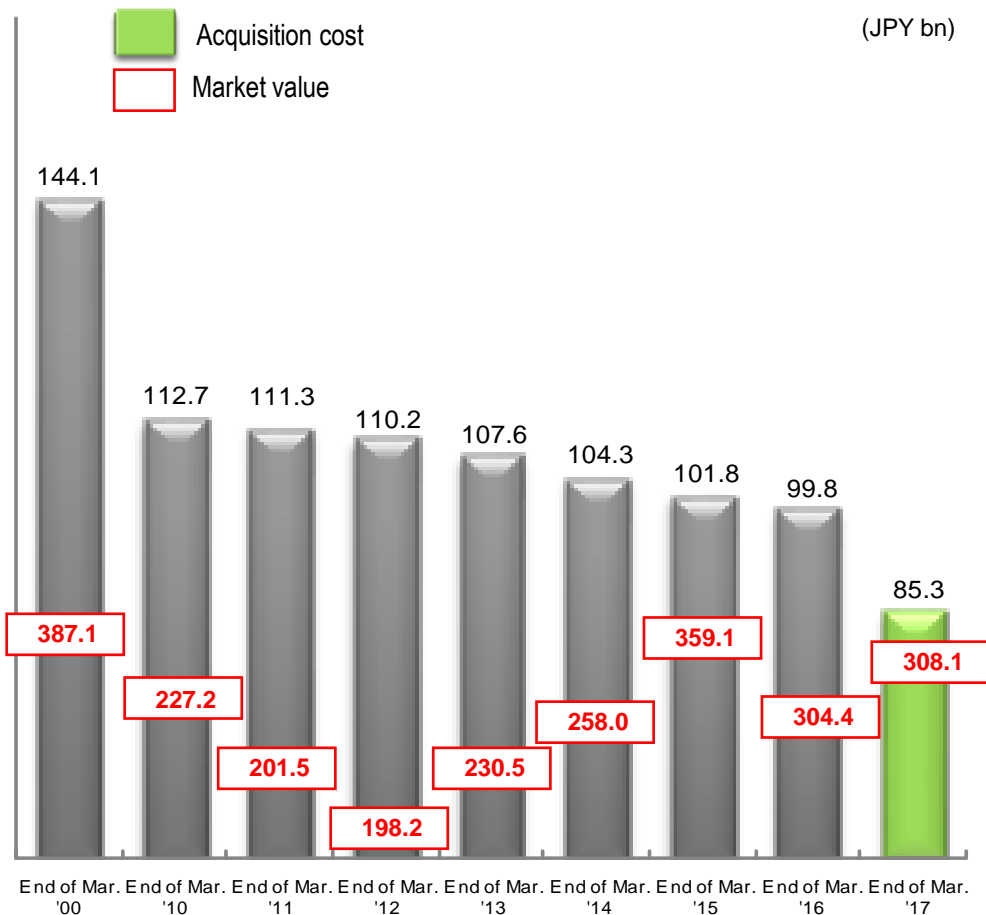
## Ordinary profit



# Strategic shareholdings

- Strategic shareholdings are limited to such stocks that the Bank recognizes are beneficial in terms of business investment, strengthening of business relationships, or contribution to the regional economy.
- By reviewing the reasons and assessing the economic rationale for strategic shareholdings on a regular basis, the Bank has reduced the holding amount on the basis of acquiring cost.

## Prime cost of strategic shareholdings\*



\*Except for equity method affiliate

## Policy on strategic shareholdings (Corporate Governance Code : general principles 1-4)

Strategic shareholdings are limited to such stocks that the Bank recognizes are beneficial in terms of business investment, strengthening of business relationships, or contribution to the regional economy.

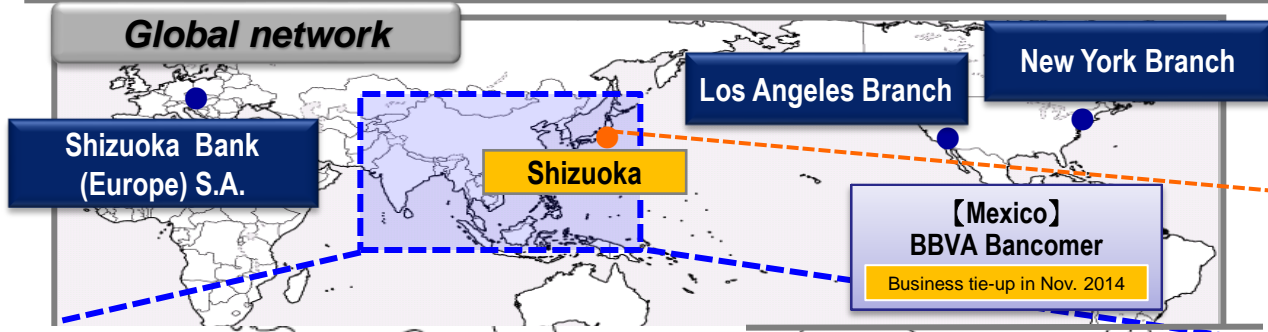
The bank also regularly makes decision on whether to continue holding based on profitability, share prices and other criteria.

The Bank sells such stocks that the Bank recognizes are no longer important after taking into consideration the impact on market conditions and other factors

The bank also attempts to ensure appropriate and efficient management while taking into account the level of equity capital and the use of other assets in operations such as lending

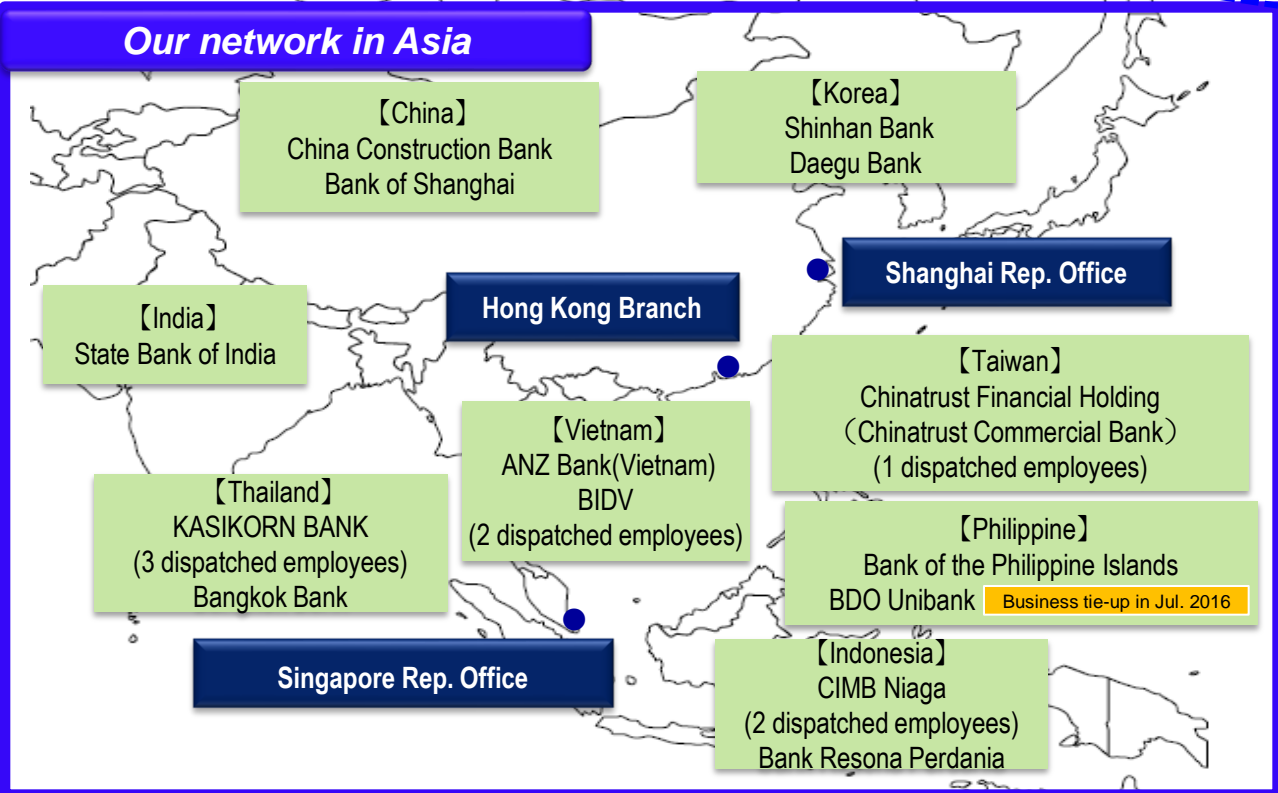
# Global network

- The Bank's global network with 3 branches, 2 rep. offices, 1 subsidiary and total 57 staffs (29 staffs in Asia) abroad helps clients' overseas expansions.
- In Asia, the Bank has business tie-ups with 14 banks in 8 countries/regions including BDO Unibank in Philippine with which the Bank made tie-up in Jul. 2016

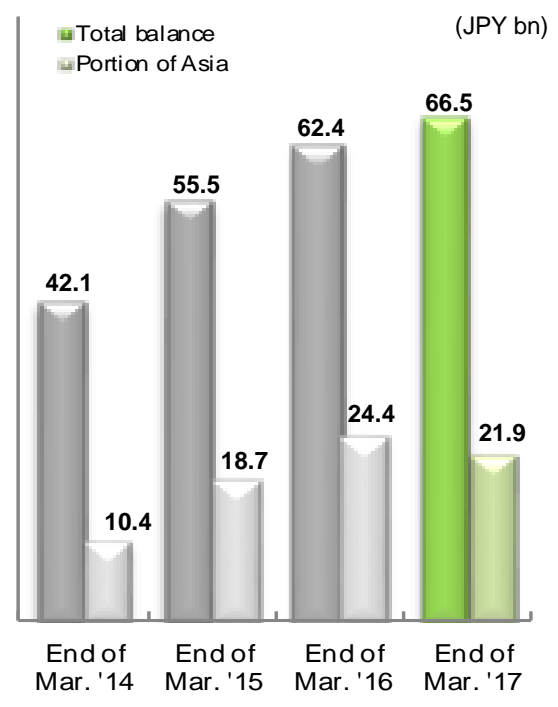


**International Department**

- Manage and control for overseas strategy
- Support Customers for overseas expansion



## Loan balance for Non-Japanese company (term-end balance)



# ESG initiatives (1)



## ESG initiatives

- Institutional investors are increasingly focusing on companies' environmental, social, and governance (ESG) initiatives when making investment decisions, especially in Europe and the U.S.,
- Targeting future corporate value, Shizuoka Bank is also stepping up initiatives in this area as a means of pursuing profits while also tackling social issues

## FTSE

### The Bank is chosen as a constituent of the FTSE4Good Index

FTSE:

London-based company that creates and manages indices for equities, bonds and other assets

FTSE4Good Index:

One index managed by FTSE; comprise of companies with relatively strong environmental, social and governance programs

➔ Highly appreciated by external bodies

## Examples of specific initiatives

### **E: Environment**

The Bank offers financial services which contain the mechanism where the Bank rates environmental initiatives of clients.

### **S: Social**

Improvements of the working environment: encouraging employees to use paid holidays and leave the office earlier; increased support for employees raising children

### **G: Governance**

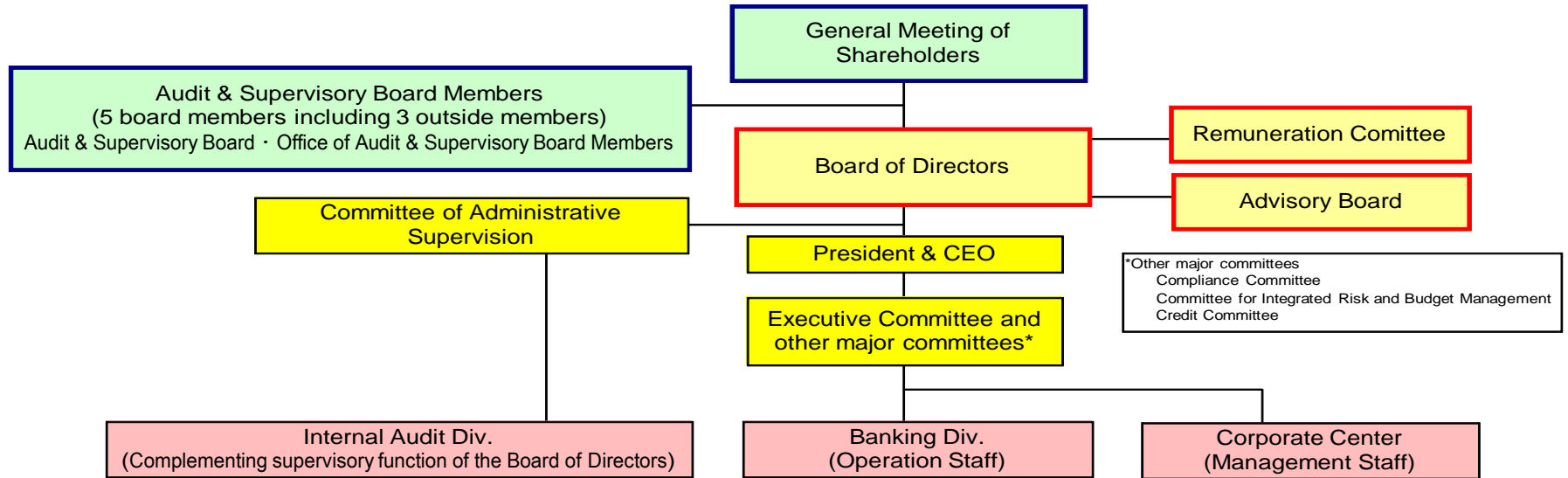
Outside directors account for one third of Board of Directors



# ESG initiatives (2) - Corporate Governance Structure

- As the foundation for fulfilling corporate social responsibility, The Shizuoka Bank Group is strengthening its management systems and enhancing corporate value.

## Shizuoka Bank Group's Corporate Governance System



## Outside Directors · Outside Audit & Supervisory Board Members

### 2 Outside Directors / 10 All Members

Kumi Fujisawa	President, SophiaBank Limited
Kazuyasu Kato	Former President and Chief Executive Officer, Kirin Holdings Co., Ltd.

### 3 Outside Audit & Supervisory Board Members / 5 All Members

Mitsuhiro Ishibashi	Former Director and Executive Vice President, Nippon Life Insurance Company
Kazuo Kouzuki	President and Chief Executive Officer, Tokio Marine & Nichido Career Service Co., Ltd.
Yoshihiro Yamashita	President, Yamashita Yoshihiro Law Office

- One third of bank's directors and audit & supervisory members are outside appointments

- Shizugin is using the independent opinions of these individuals in decision making, oversight and auditing of the Shizuoka Bank Group  
⇒ Increase corporate value

\*All have submitted notification to the Tokyo Stock Exchange of their independent director status

# Economic scale of Shizuoka Prefecture

- The Prefecture accounts for 3% share of all-Japan, and ranks 10th in the scale of economy among prefectures
- The Prefecture has greater GDP than total GDP of 4 prefectures in Shikoku and 3 prefectures in Hokuriku
- GDP in the Prefecture is next to those in the Kuwait, Vietnam, and Bangladesh

## Shizuoka Prefecture indices

	Share of all-Japan		National ranking
•Population	3.69 m	2.9%	10th of 47 (2016)
•No. of households	1.54 m	2.7%	10th of 47 (2016)
•Nominal prefectural GDP	JPY 15.9 tn	3.1%	10th of 47 (FY2013)
•Per-capita income	JPY 3.326m	—	3rd of 47 (FY2013)
•No. of business establishments	180 K	3.1%	10th of 47 (2014)
•Amount of shipments of manufactured goods, etc.	JPY 15.7 tn	5.3%	4th of 47 (2014)
•Agricultural output	JPY 220.4 bn	2.5%	15th of 47 (2015)
•Fishery production volume(*)	170k tons	5.3%	4th of 47 (2016)
•No. of industrial locations(*)	74	7.2%	1th of 47 (2016)
•No. of new housing starts	250K	2.6%	10th of 47 (2016)

\* Based on flash reports

## Shizuoka Prefecture economic scale

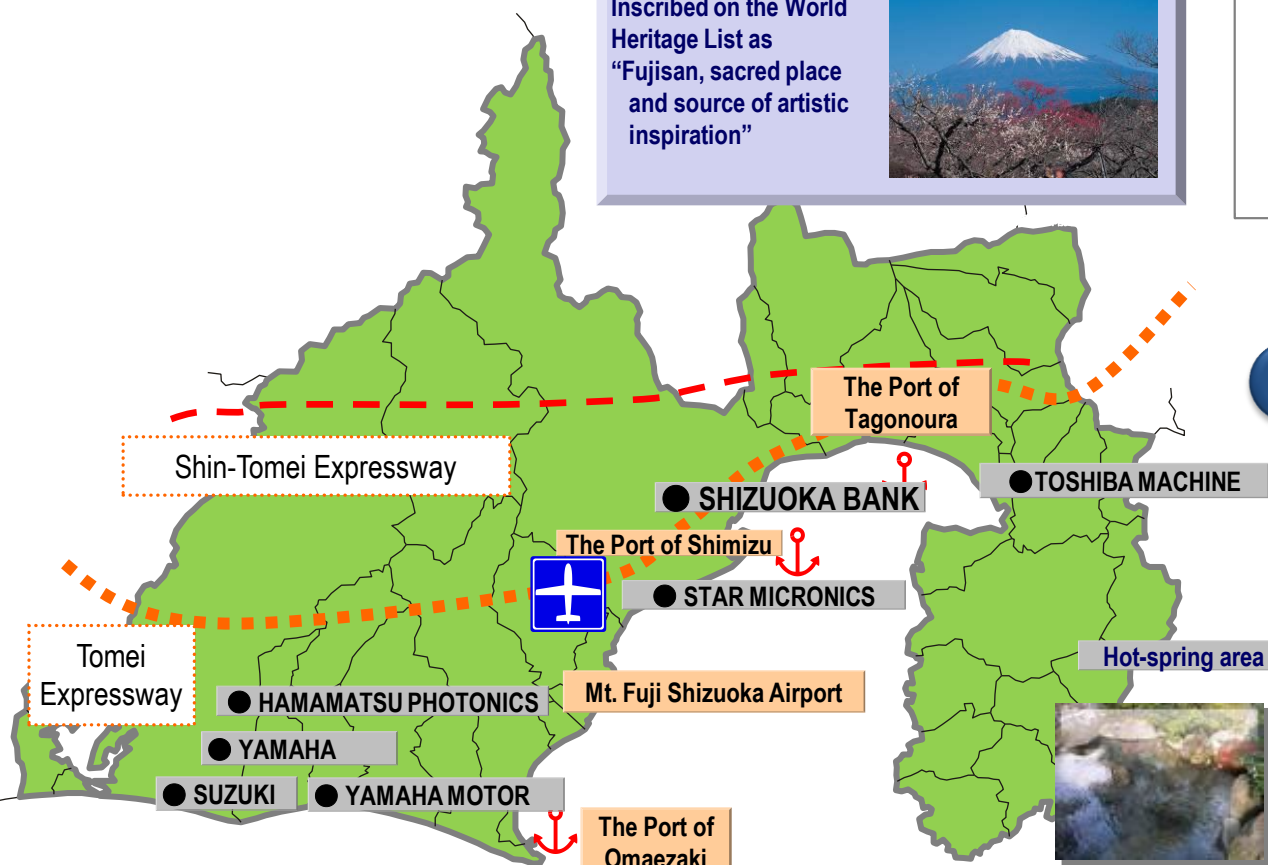
Prefectural GDP (FY2013, Nominal)		
Rank	Prefecture/Region	(US\$ billions)
9	Fukuoka Prefecture	181.5
<b>10</b>	<b>Shizuoka Prefecture</b>	<b>158.4</b>
11	Ibaraki Prefecture	114.8
-	4 prefectures in Shikoku	135.9
-	3 prefectures in Hokuriku	120.0
GDP comparison with countries (2013)		
Rank	Country (Region)	(US\$ billions)
57	Kuwait	174.2
58	Vietnam	170.4
59	Bangladesh	161.3
-	<b>Shizuoka Prefecture</b>	<b>158.4</b>
60	Hungary	134.7
61	Angola	124.9

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

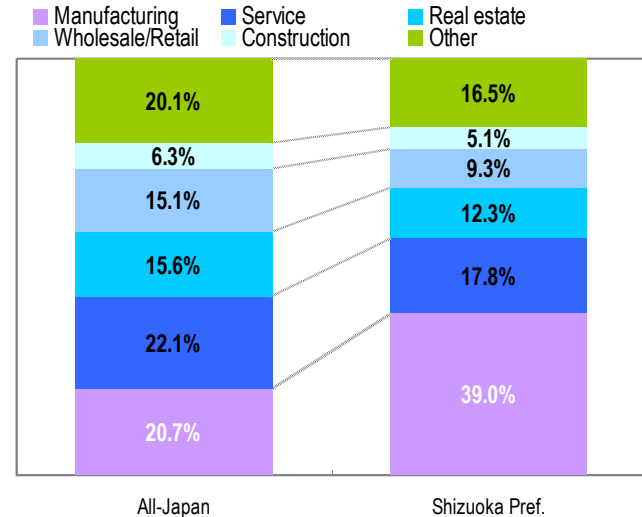
# Economy in Shizuoka Prefecture and current state

- Positions as distribution hub between Tokyo and Osaka/Kyoto
- Represents leading manufacturing prefecture in Japan
- Owns a lot of export-driven manufacturers related to handling machinery of transportation and music instrument and so forth
- Has many representative tourist locations utilizing its rich natural resources

**Mt. Fuji**  
Inscribed on the World Heritage List as "Fujisan, sacred place and source of artistic inspiration"



## Percentage breakdown of GDP in Shizuoka Prefecture by industries



Source: Cabinet Office, Government of Japan, FY2013

## No. of listed companies with HQs in Shizuoka Prefecture

Listing	No. of companies
TSE 1st section	22
TSE 2nd section	10
Mothers	1
Jasdaq	17
<b>Total</b>	<b>50</b>

\*As of the end of Oct. 2016

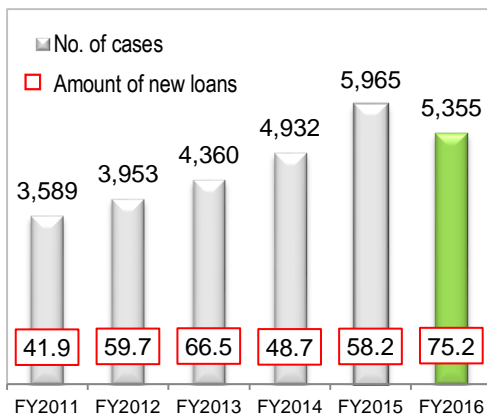
# Region-based Relationship Banking

- The Bank is enhancing relationship with clients through region-based relationship banking with three pillars of solutions; business matching services, support for business restructuring and turn-around, and “Shizuginship”

## Business matching services

- Support customers in expanding their business by creating new sales opportunities

【Historical data of no. of cases】 (Cases, JPY bn)



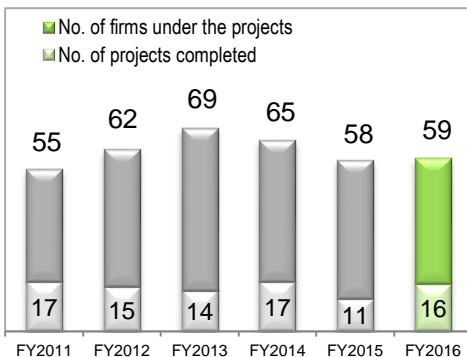
- Have regularly held “Shizugin @gricom (agricom)”, a business networking event for business meetings among companies in the agricultural, forestry and fisheries sector and the food processing sector with buyers since February 2006

- Newly made tie-up with Linkers, Co., offering manufactures focused business matching service

## Support for business restructuring and turn-around

- Support restructuring through building business plans, alliances with external agencies, and utilizing business regeneration fund

【Historical data of no. of projects】 (Cases)



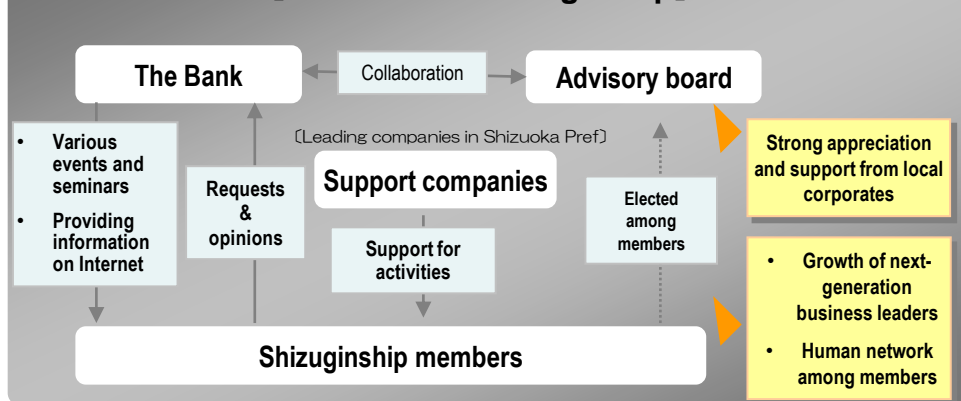
- Has completed business restructuring for about 190 firms since FY 2005

- Save opportunities for labor for about 17,000 people and maintain economic power in the local community

## “Shizuginship” – training club for the next generation managers

- Membership-based service which aims at enhancing ability of next-generation business leaders and contributing to development of the corporates and economy in Shizuoka Pref.
- Has provided opportunities for training and interaction since its launch in April in 2007
- Support Companies, leading companies in Shizuoka Pref., help growing next-generation business leaders by providing opportunities of site visits and dispatching lecturers

### 【Structure of Shizuginship】



【No. of members】 At the end of Mar. 2017 /787 corporates, 1,177 people

【Activities in FY2016】 (total no. of man-days : 1,741)

Content	Activity achievement
General forum	1 forum
Special seminar	2 seminars
Lectures by top executive and specialists	11 Lectures
Seminar	Total 36 Courses
• Executive program	2 Courses
• Middle management program	15 Courses
• Basic program	19 Courses
Site visit	1 visit

# Region-based Relationship Banking

## - Initiatives for growth fields, Support for companies transforming businesses

- The Bank fortifies promotion in growth fields centering medical/welfare business by Posting specialized human resources. (Loan provided for customers on growing fields in FY2016: JPY 152.0bn)

### Initiatives for growth and untapped fields

		Loans in FY2016 ※
Health and welfare	<ul style="list-style-type: none"> <li>Allocate 8 qualified specialists in medical/welfare business management</li> <li>Support openings and expansions of business in this field</li> </ul>	1,276 cases JPY 75.9bn
Environment	<ul style="list-style-type: none"> <li>Generate demand for funds by supporting installation of energy-efficient equipment</li> <li>Provide support for capital investment related to renewable energy</li> </ul>	258 cases JPY 28.8bn
Agriculture	<ul style="list-style-type: none"> <li>Hold "Shizugin@gricom" periodical events to promote Shizuoka produce to buyers</li> <li>Allocate 14 agricultural business advisers</li> </ul>	305 cases JPY 18.9bn
Business Succession	<ul style="list-style-type: none"> <li>Support training next-generation business leaders through "Shizuginship"</li> <li>Support business succession including share transfers and M&amp;As (22 M&amp;A contracts signed in FY2016)</li> </ul>	244 cases JPY 28.4bn
		<b>[Total]</b> 2,083 cases JPY 152.0bn

※Only for long-term loans

### Support for companies transforming or exiting businesses

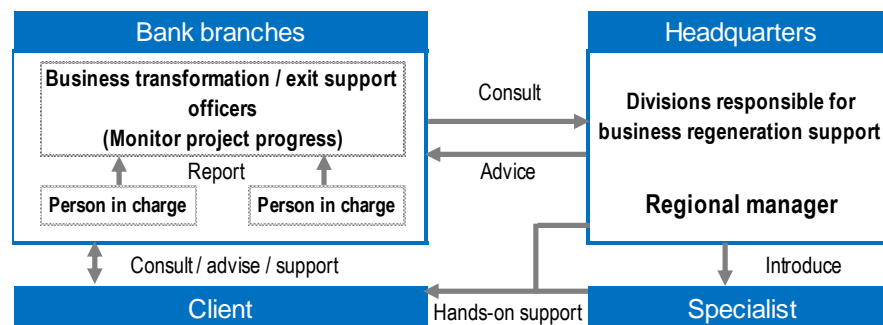
Upgraded organizational system to help companies transform or exit businesses as part of efforts to stabilize the regional economy

#### < Headquarters >

- Assign regional managers to respond to requests for advice and support from bank branches
- Provide hands-on support to requests for support using expertise from business specialists

#### < Bank branches >

- Assign officers for business transformation/exit support officers at each branch
- The officers are responsible for monitoring progress of business transformation/exit projects and providing appropriate instructions and backup to relevant branch personnel based on advice from headquarters



[Cumulative results until FY2016]

Projects handled: 70

Projects completed: 32 (business transformation: 9; business exit: 23)

### Initiatives for supporting entrepreneurs

#### <Shizugin Entrepreneur Awards>

- 34 winners out of a total of 716 applicants received prizes in the past 5 rounds
- "Entrepreneur category" for applicants who are preparing launch of their business or have been in business for less than 5 years was founded for the 4th round in FY2015
- Financial support for the 34 award winners from the 1st to the 5th round  
New loans: 69 cases/JPY 1,435mil Investments: 7 cases/JPY 159mil

### Subsidies

#### <Manufacturing subsidies >

Top level of number of awards among private-sector financial

- First and Second round of subsidy applications for FY2015 supplementary budget, and First round for FY2016: No. awarded: 176

#### < Business innovation support subsidies >

- No. of business innovation plans approved: 88

# Regional revitalization

- Developing the base for promoting regional revitalization by cooperating with parties from various fields such as industry, government, academia, and etc. created under the 12<sup>th</sup> Medium-term Business Plan, the 13<sup>th</sup> Medium-term Business Plan will deploy and develop new industrial promotion

## 12<sup>th</sup> Medium-term Business Plan

On January 12, 2017, our activities were recognized by the Cabinet Office's Headquarters for Vitalizing Towns, People and Jobs for excellence in promoting tourism through regional resource branding and local cooperation.

### Promoting tourism across prefectural boundaries

- Establishment of the Kanagawa-Shizuoka Prefectural Border Region Revitalization Liaison Group

### Contributing to local cooperation

- Formed regional revitalization alliances with 35 all municipal areas in Shizuoka Pref.
- Supported "Project Aisatsu Campaign Izu Peninsula" – One of the World's top Beauty Spots

### Contributing to create the attractiveness of local community

- Building support "Mishima Skywalk", Japan's longest pedestrian suspension bridge

### Shizugin's inbound tourism initiatives

- Runs ongoing seminars about Chinese tourists
- Distributed a guide to tourism companies to help them communicate with overseas travelers using only gestures.



Commendation ceremony  
(Kozo Yamamoto, Minister of State for regional revitalization)

## 13<sup>th</sup> Medium-term Business Plan

Under the 12<sup>th</sup> Medium-term Business Plan, build the base for promoting regional revitalization by cooperating with parties from various fields such as industry, government, academia, and etc.

⇒ Under the 13<sup>th</sup> Medium-term Business Plan, deploy and develop new industrial promotion through support for growth in service industries by support for touring industry and support for new industry integration in community based on these foundational initiatives

### Shizuoka Bank Group's ongoing initiatives

Support each of local towns achieve business plan based on its own comprehensive strategy

Support inbound tourism and sightseeing

Disseminate information and cultivate activities related to regional revitalization

Contribute to the region from an environmental perspective

**This document includes statements concerning future business results. These statements do not guarantee future business results, but contain risks and uncertainties. Please note that future business results may differ from targets for reasons such as changes in the business environment.**

**[Contact]**

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