

Results of 1H FY2019

Nov. 19, 2019
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*In Principle, the amounts etc. in this material are rounded off to the unit

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Results of 1H FY2019

Results of 1H FY2019 – Nonconsolidated

[Nonconsolidated]

(JPY bn, %)

	1H FY2019	YoY change	
		Increase/ Decrease	Rate of change
Ordinary revenue	99.3	-3.7	-3.5
Gross operating profit	69.8	-2.9	-3.9
Net interest income	54.6	-8.5	-13.4
(Interest on loans)	(53.3)	(+0.9)	(+1.7)
Fees and commissions	8.3	+0.1	+0.7
Trading income	0.3	-0.0	-12.9
Other operating profit	6.6	+5.5	+535.2
(Bond-related income such as JGBs)	(3.7)	(+4.6)	(+496.9)
Expenses (-)	40.5	-0.9	-2.0
Provision for general allowance for loan losses (-)	0.3	+1.4	+128.0
Net operating profit	29.0	-3.5	-10.6
Core net business profit excluding gains (losses) on bonds and cancellation of investment trusts	24.8	-2.8	-10.0
Special profit and loss	0.4	-3.0	-89.0
Bad debt written-off (-)	5.9	+3.6	+154.8
Gain (loss) on stocks	4.5	-0.1	-2.7
Ordinary profit <Projected figure:30.0>	29.4	-6.5	-18.1
Extraordinary profit and loss	0.3	-3.0	-89.8
Net income before taxes	29.7	-9.5	-24.2
Corporate taxes (-)	8.1	-2.7	-25.3
Net income <Projected figure:21.0>	21.6	-6.8	-23.8
Credit-related costs (-)	6.2	+5.0	+410.6

(Notes) Projected figure was announced on May 10, 2019

Overview : 1H FY2019 Nonconsolidated

Ordinary revenue JPY -3.7bn YoY (first decrease in 2 periods)

- Ordinary revenue decreased by JPY 3.7bn YoY to JPY 99.3bn, mainly due to decrease in interest and dividend on securities (down JPY 7.9bn), despite increase in interest on loans(up JPY 0.9bn), and increase in other operating income(up JPY 2.8bn)

Gross operating profit JPY -2.9bn YoY (first decrease in 2 periods)

- Gross operating profit decreased by JPY 2.9bn YoY to JPY 69.8bn, reflecting decrease in net interest income (down JPY 8.5bn), despite increase in bond-related income such as JGBs (up JPY 4.6bn)

Net operating profit JPY -3.5bn YoY (first decrease in 2 periods)

- Net operating profit decreased by JPY 3.5bn YoY to JPY 29.0bn reflecting increase in provision for general allowance for loan losses (up JPY 1.4bn), despite decrease in expenses (down JPY 0.9bn)

Ordinary profit JPY -6.5bn YoY (first decrease in 2 periods)

- Ordinary profit decreased by JPY 6.5bn to JPY 29.4bn, reflecting decrease in special profit and loss (down JPY 3.0bn) mainly caused by increase in bad debt write-off (up JPY 3.6bn), as well as decrease in net operating profit

Net income JPY -6.8bn YoY (first decrease in 3 periods)

- Net income decreased by JPY 6.8bn YoY to JPY 21.6bn, due to decrease in extraordinary profit and loss (down JPY 3.0bn) mainly caused by absence of gains on return of retirement benefit trust (JPY 3.5bn) recorded in 1H 2018, despite decrease in corporate taxes (down JPY 2.7bn)

Results of 1H FY2019 – Consolidated

- Ordinary revenue decreased by JPY 3.2bn YoY to JPY 120.6bn, and ordinary profit decreased by JPY 6.1bn YoY to JPY 32.7bn
- Total ordinary profit of consolidated subsidiaries decreased by JPY 0.0bn YoY to JPY 4.4bn

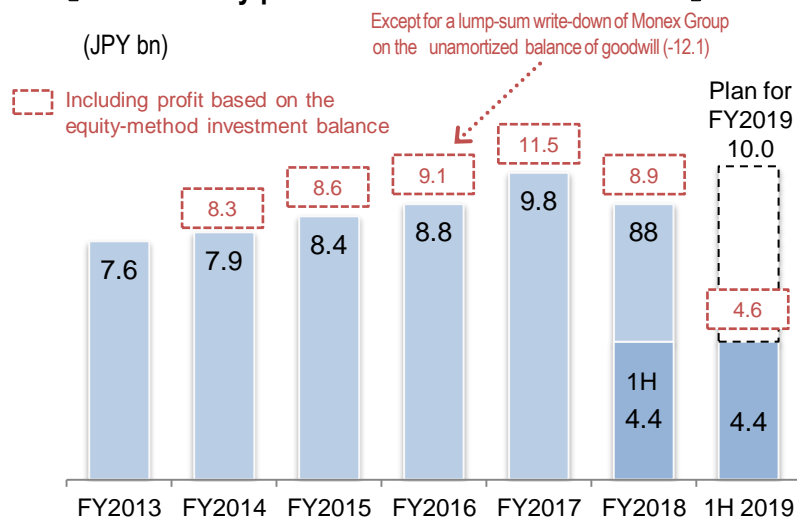
〔Consolidated〕 (JPY bn)	1H FY2019	YoY	Contents
Ordinary revenue	120.6	-3.2	First decrease in 2 periods Due to decrease in interest and dividend on securities
Ordinary profit <Projected figure:34.5>	32.7	-6.1	First decrease in 3 periods Due to increase in interest expenses and provision for allowance for loan losses
Net profit attributable to parent company shareholders <Projected figure:24.0>	23.5	-6.4	First decrease in 3 periods Due to decrease in gain on return of assets from retirement benefits trust

(Notes) Projected figure was announced on May 10, 2019

Group companies

〔Total ordinary profit of consolidated subsidiaries〕

(JPY bn)



Consolidated Subsidiaries (12companies)*

Shizugin Management Consulting Co., Ltd.	Shizugin TM Securities Co., Ltd.
Shizugin Lease Co., Ltd.	Shizuoka Bank (Europe) S.A.
Shizugin Computer Service Co., Ltd.	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

*13 companies as of Nov. 2019 with the establishment of Shizugin Heartful Co., Ltd. in Oct. 2019

Affiliates under equity method of accounting (3companies)

Shizugin Saison Card Co., Ltd.
Monex Group, Inc. Commons Asset Management, Inc.

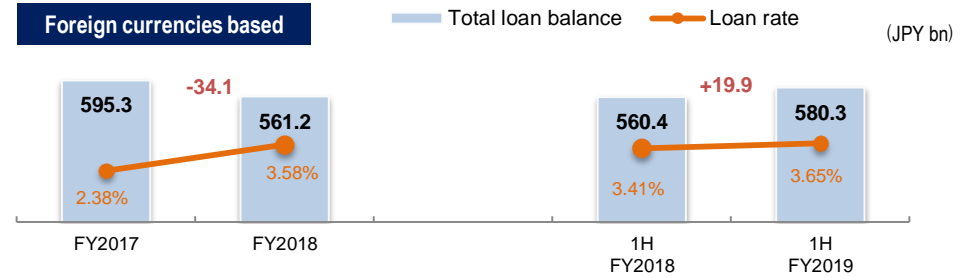
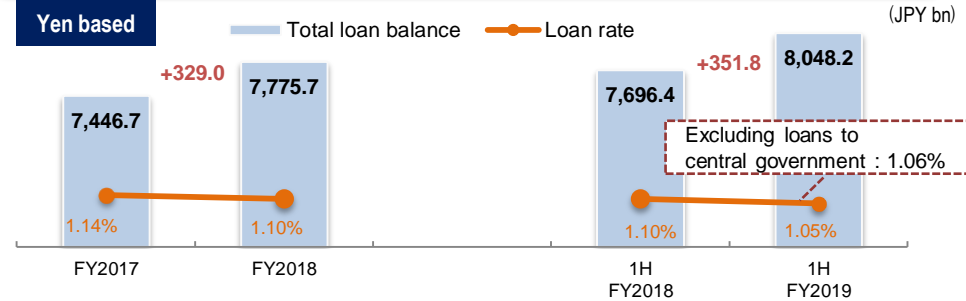
Results Highlights – Gross operating profit

- Profit in the bank branch division decreased by JPY 0.2bn YoY, as increase in interest on loans and increase in fees and commissions could not compensate increase in interest paid on deposits. Interest on yen-based loans decreased by JPY 0.1bn YoY.
- Profit in the market operations division decreased by JPY 2.8bn YoY, as increase in other operating profit could not compensate decrease in interest and dividend on securities and increase in funding cost of foreign currencies

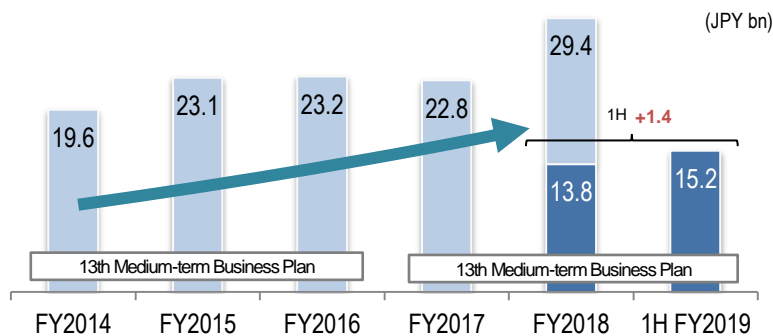
Breakdown of gross operating profit

Breakdown of gross operating profit by division (JPY bn)	1H FY2018	1H FY2019	YoY
(1) Bank branch division (Loans, Deposits, etc.)	54.3	54.1	-0.2
Interest on loans	52.4	53.3	+0.9
(Yen based)	42.8	42.7	-0.1
(Foreign currencies based)	9.6	10.6	+1.0
Fees and commissions	8.2	8.3	+0.1
Interest paid on deposits etc. (-)	6.3	7.5	+1.2
(2) Market operations division	18.5	15.7	-2.8
Interest and dividend on securities	21.6	13.7	-7.9
Interest on Deposits etc.	2.7	3.0	+0.3
Interest on Call money etc. (-)	7.2	7.9	+0.7
Trading income	0.3	0.3	-0.0
Other operating profit	1.1	6.6	+5.5
(Bond-related income such as JGBs)	-0.9	3.7	+4.6
(Gains on foreign exchange transactions)	1.2	2.8	+1.6
(Gains on financial derivatives)	0.8	0.1	-0.7
(Reference) Gains and losses on stocks	4.6	4.5	-0.1

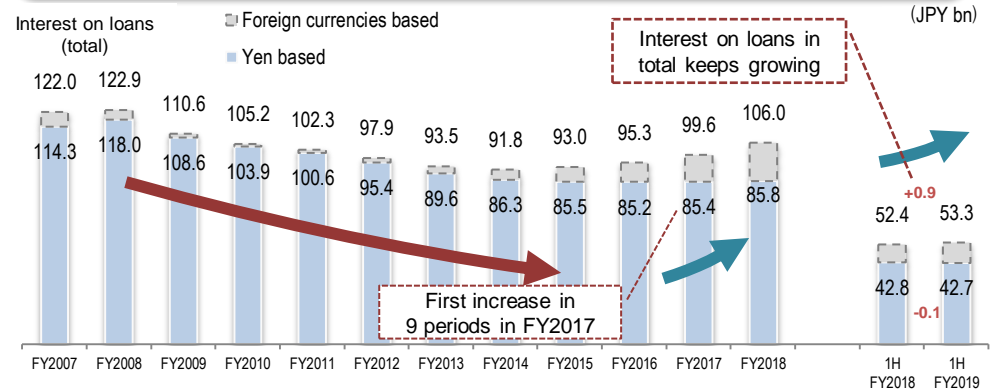
Loan balance (average balance) and loan rate



Profit from services to customers (*)



Interest on loans

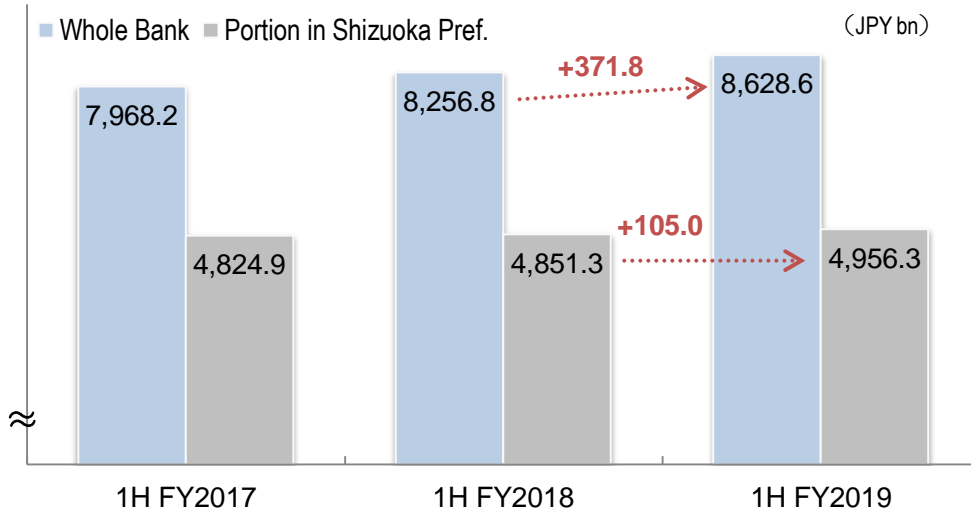


(*) Profit from services to customers = Loan average balance * Yield gap between loan and deposit + Fees and commissions – Operating expenses

Loans

- Total loan balance (average balance) increased by JPY 371.8bn (+4.5%) YoY mainly reflecting growth in loan balance for SMEs and retail loan balance

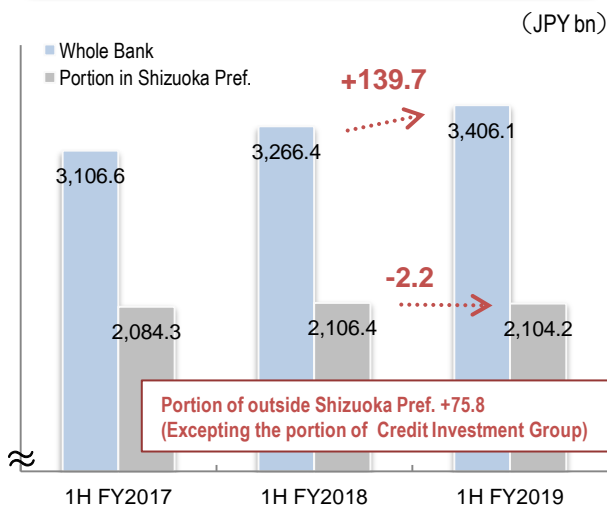
Total loan balance (average balance)



	Average balance	YoY change	Annual growth rate
Total loan balance	JPY8,628.6bn	JPY+ 371.8bn	+4.5%
Loan balance for SMEs	JPY 3,406.1bn	JPY+ 139.7bn	+4.2%
Retail loan balance	JPY 3,264.5bn	JPY+ 118.9bn	+3.7%
Loan balance for large and medium size enterprises	JPY 1,528.8bn	JPY+ 59.7bn	+4.0%
Loan balance in foreign currency	JPY 580.3bn	JPY +19.9bn	+3.5%

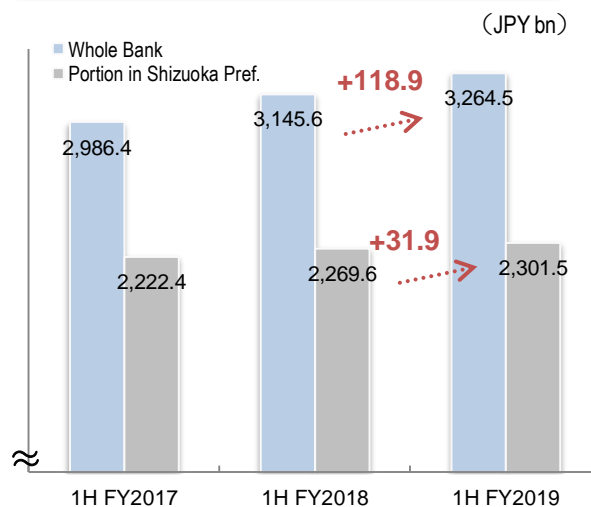
by amt. chg. :JPY +36.6bn
by ex. rate :JPY -16.7bn

SMEs loan balance (average balance)

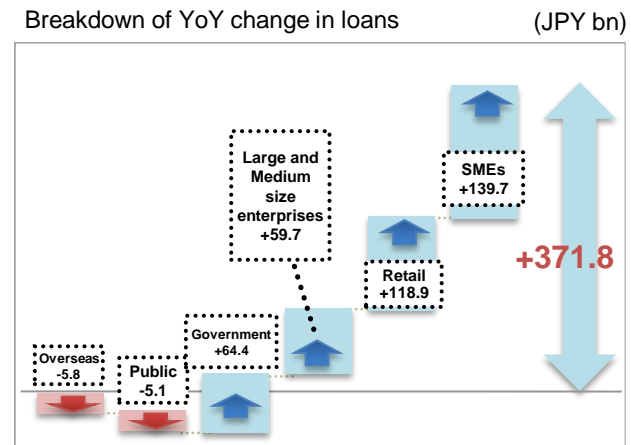


Portion of outside Shizuoka Pref. +75.8
(Excepting the portion of Credit Investment Group)

Retail loan balance (average balance)



Breakdown of year-on-year changes in loan balance (average balance)



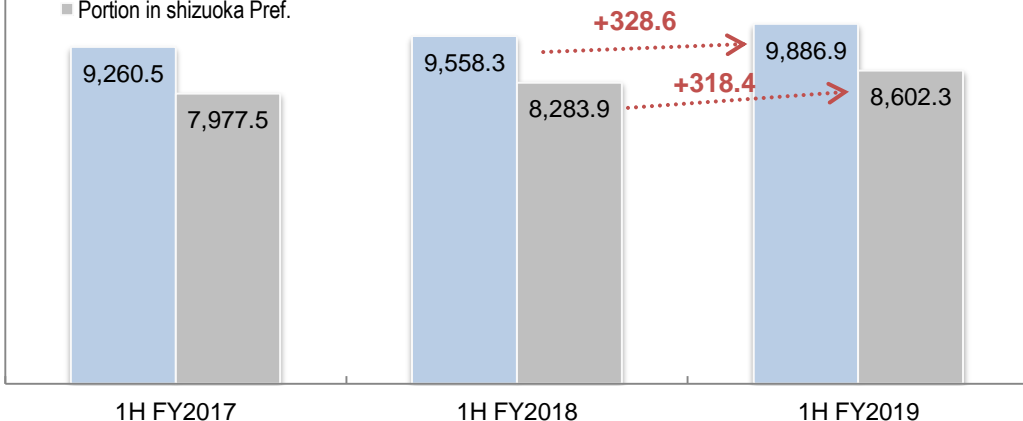
Deposits

- Deposit balance (average balance) increased by JPY 328.6bn(+3.4%) YoY mainly due to the increase of retail deposit balance

Deposit balance (average balance)

- Whole Bank
- Portion in shizuoka Pref.

(JPY bn)

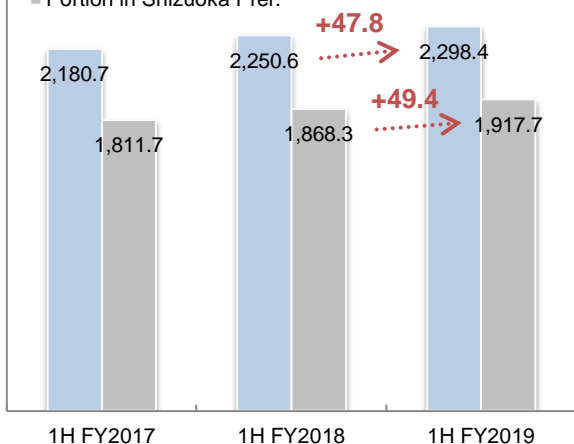


	Average balance	YoY change	Annual growth rate
Total deposit balance	JPY 9,886.9bn	JPY +328.6bn	+3.4%
Deposit balance in Shizuoka	JPY 8,602.3bn	JPY +318.4bn	+3.8%
Corporate deposit balance	JPY 2,298.4bn	JPY +47.8bn	+2.1%
Retail deposit balance	JPY 6,803.9bn	JPY +254.2bn	+3.8%
Portion in Internet branch	JPY 550.7bn	JPY +47.3bn	+9.4%
NCD	JPY 186.1bn	JPY +88.8bn	+91.3%

Corporate deposit balance (average balance)

(JPY bn)

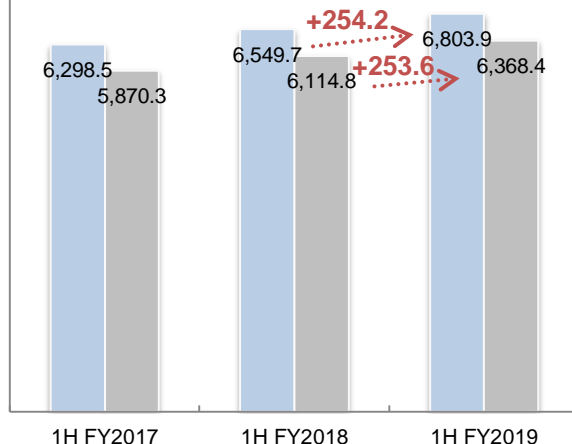
- Domestic branches
- Portion in Shizuoka Pref.



Retail deposit balance (average balance)

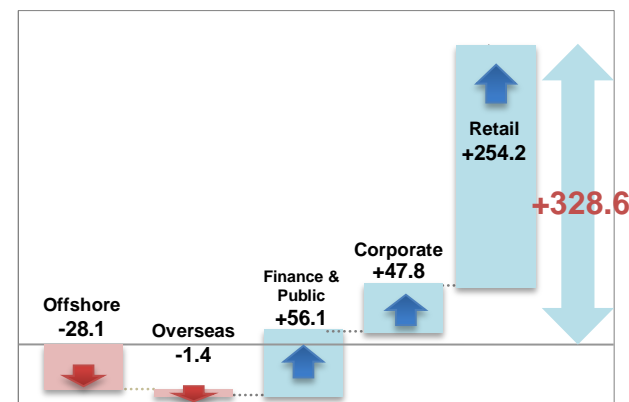
(JPY bn)

- Domestic branches
- Portion in Shizuoka Pref.



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

Breakdown of YoY change in deposits etc. (JPY bn)



Securities

- The balance of securities at the end of Sep. 2019 increased by JPY 141.6bn from the end of Mar. 2019, mainly because the Bank increased the balance of foreign bonds

Securities

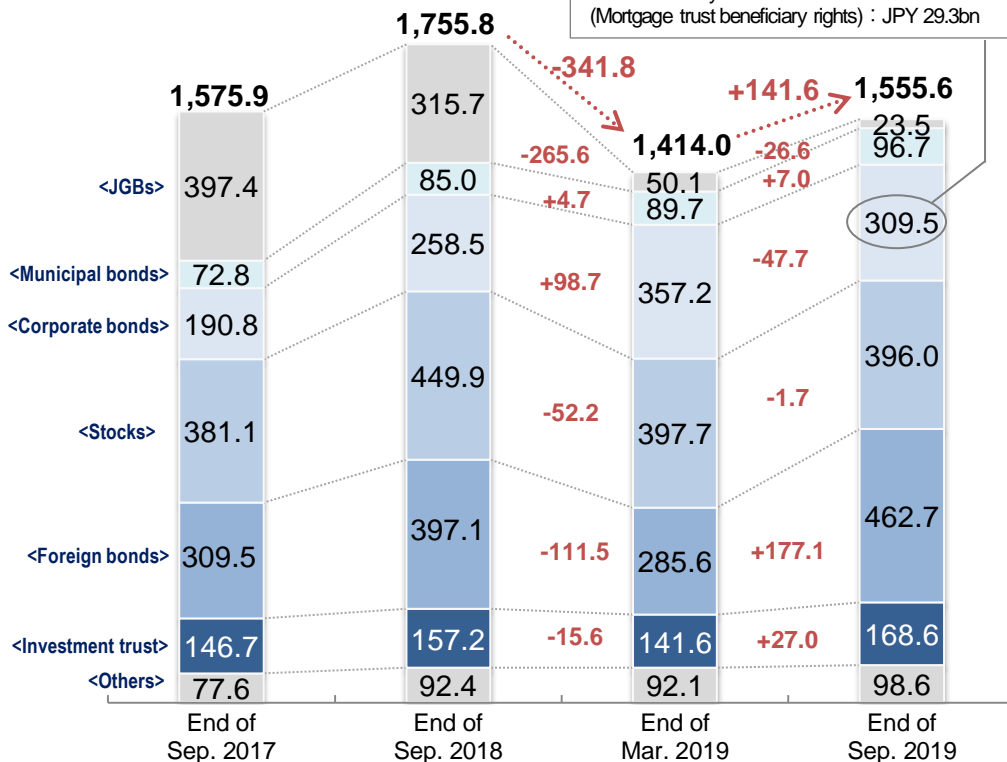
[Duration]

(JPY bn)

	End of Sep. 2017	End of Sep. 2018	End of Mar. 2019	End of Sep. 2019
Yen based bonds	4.93 years	5.72 years	5.02 years	5.46 years
Foreign bonds	5.30 years	5.25 years	3.96 years	3.22 years

[Breakdown of bonds]

Government-guaranteed bonds : JPY 59.6bn
 FILP agency bonds : JPY 171.8bn
 Business bonds : JPY 48.7bn
 (Of which private placement bonds : JPY 25.4bn)
 Held-to-maturity business bonds
 (Mortgage trust beneficiary rights) : JPY 29.3bn



Gains and losses on securities

(JPY bn)

	1H FY2018	1H FY2019	YoY
Interest and dividend on securities	21.6	13.7	-7.9
Gains on investment trusts (Gains (losses) on cancellation)	6.2 (4.7)	1.9 (0.7)	-4.3 (-4.0)
Gains and losses on bonds such as JGBs	-0.9	3.7	+4.6
Gain on sell of bonds such as JGBs	1.8	3.7	+1.9
Loss on sell and redemption of bonds such as JGBs (-)	2.7	0.0	-2.7
Gains and losses on hedges	0.8	-0.1	-0.9
Gains and losses on stocks	4.6	4.5	-0.1
Gain on sales of stocks	4.6	4.5	-0.1

Unrealized gains and losses on securities

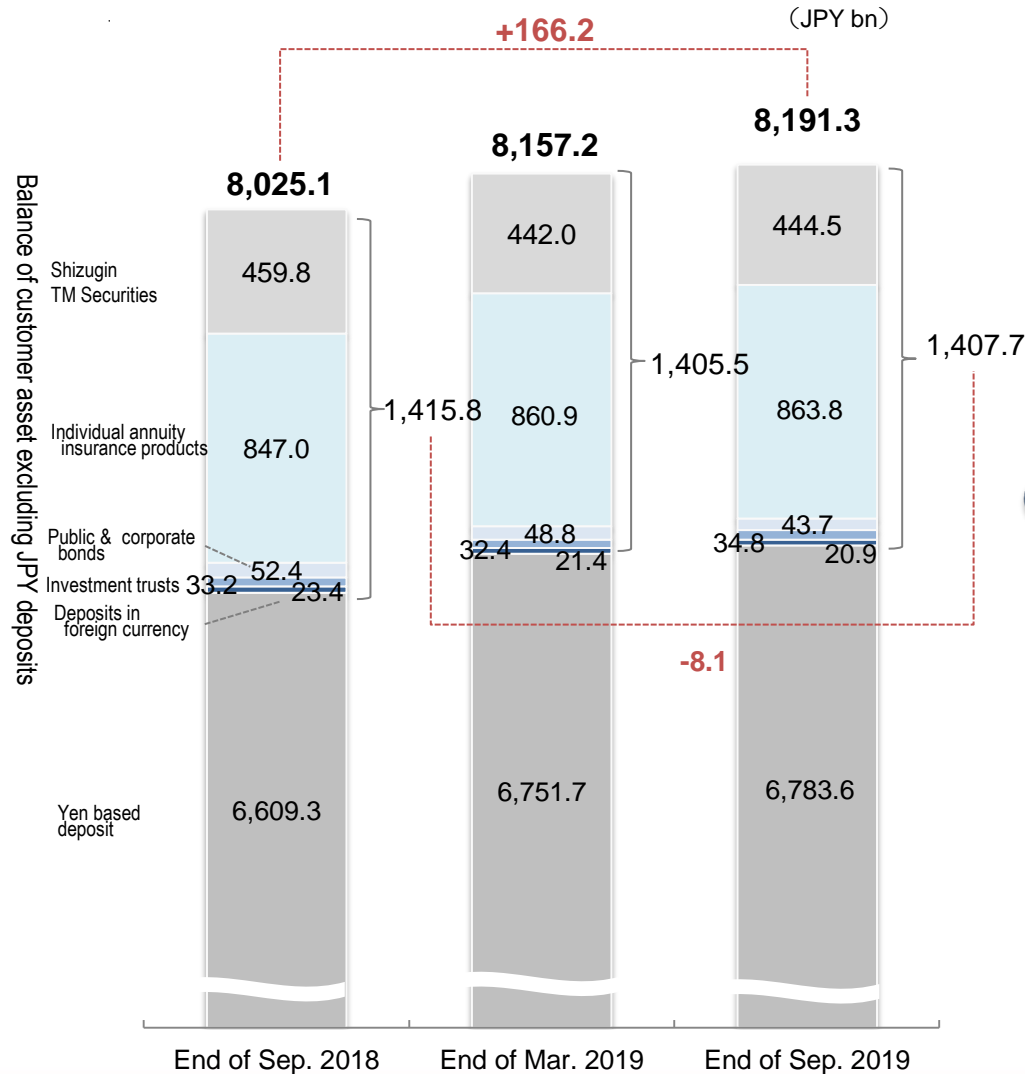
(JPY bn)

	End of Sep. 2017	End of Sep. 2018	End of Mar. 2019	End of Sep. 2019	Change from end of Mar. 2019
Unrealized gains and losses on securities	+273.7	+319.8	+271.5	+272.4	+0.9
Stocks	+265.0	+313.1	+261.8	+260.3	-1.5
Bonds	+4.7	+2.7	+5.9	+6.5	+0.6
Other	+4.0	+4.0	+3.8	+5.7	+1.9
Foreign bonds	-0.2	-2.3	+2.6	+3.4	+0.8
Investment trusts	+3.6	+5.2	-1.2	+0.2	+1.4

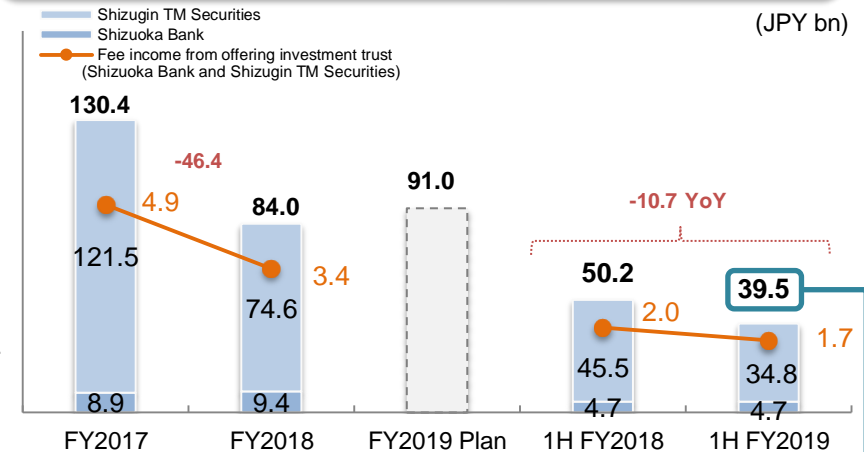
Customer assets

- Customer assets at the end of Sep. 2019 increased by JPY 166.2bn from the end of Sep. 2018 due to the growth of Yen based deposit balance
- Sales amount of investment trusts decreased by JPY 10.7bn YoY, and that of insurance products increased by JPY 4.0bn YoY

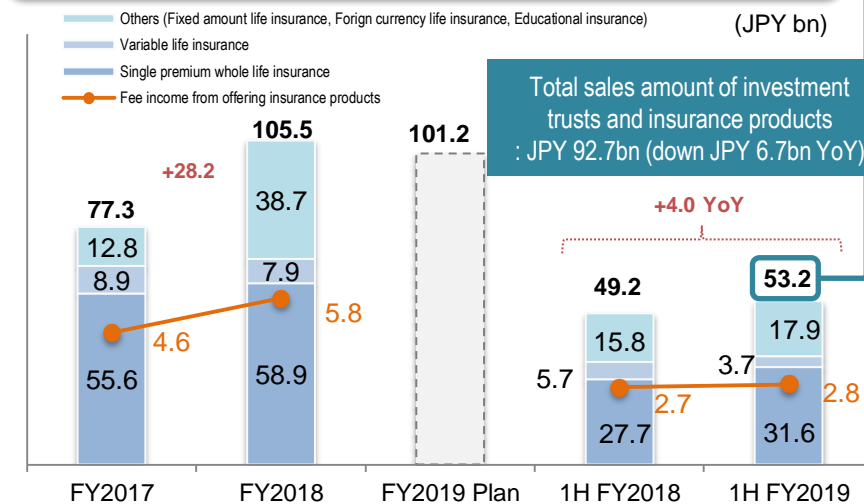
Customer assets (term-end balance)



Investment trusts



Insurance products



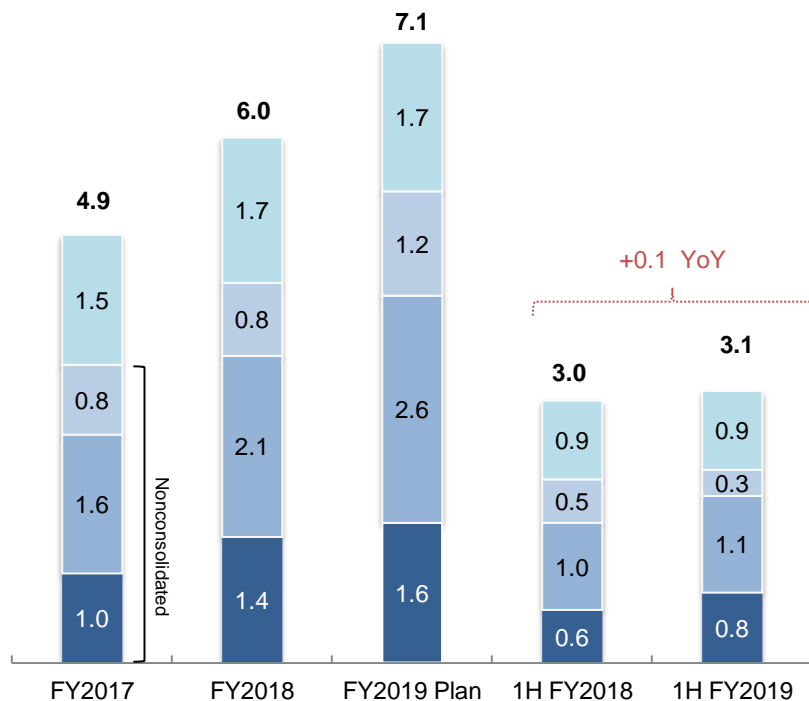
Total sales amount of investment trusts and insurance products : JPY 92.7bn (down JPY 6.7bn YoY)

Consulting business for corporate customers

- Fee incomes related to corporate including those for group companies increased by JPY 0.1bn YoY mainly due to increase in fee incomes related to market credit investment and loan for corporate
- Works on support to solve social issues on business succession, by combining expertise of the Bank and group companies

Fee incomes related to corporate (include group companies)

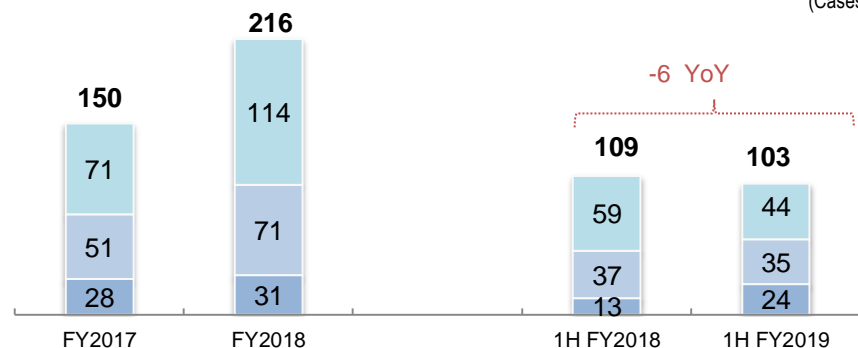
- Ordinary revenue of Shizugin Management Consulting (JPY bn)
- Private placement bond, syndicated loan, commitment line (covenants loan and loan for corporate, etc.)
- Market credit investment, etc.
- Others



Support for business succession

[Historical data of no. of contracted matching]

- No. of M&As and business successions contracted (business matchings services for a fee) *1
- No. of business successions contracted *2
- No. of M&As contracted *2



- *1 No. of business matching services for a fee introduced to external partner companies
- *2 No. of cases contracted by Shizugin Management Consulting Co. Ltd.

Shizugin Management Consulting

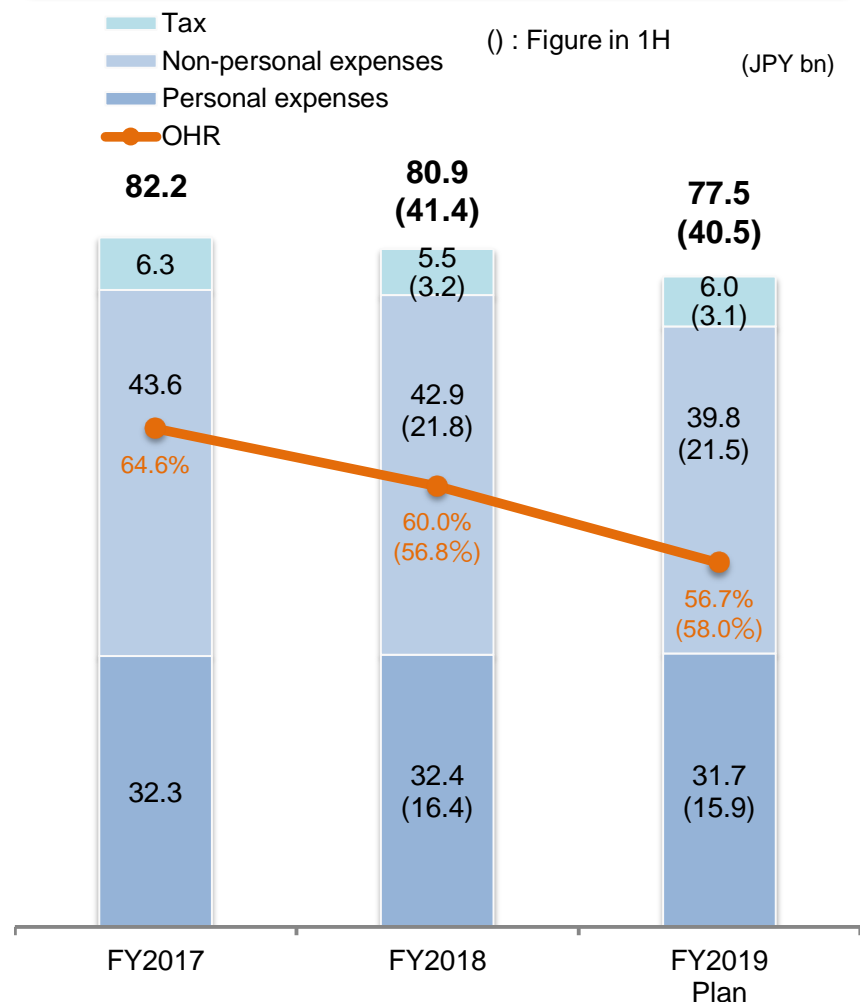
- Carry out consulting for M&A and business succession stably, and aim to further expand these businesses

		(JPY bn)	FY2017	FY2018	1H	1H FY2019	YoY
		[contracts number]					
Ordinary revenue			1.49	1.66	0.88	0.94	+0.06
Consultant fee	M&A		0.39 [28]	0.50 [31]	0.28 [13]	0.36 [24]	+0.08 [+11]
	Business succession		0.13 [51]	0.17 [71]	0.08 [37]	0.08 [35]	+0.00 [-2]
Settlement service			0.85	0.85	0.43	0.43	+0.00

Expenses

- Expenses of 1H FY2019 was JPY 40.5bn (down JPY 0.9bn YoY), and OHR was 58.0% (up 1.2 pt YoY)
- Intend to manage OHR around 55% in FY2019, which is the target in the 13th Medium-term Business Plan

Expenses and OHR



Main factors for change of expenses

	YoY	Main factors
Tax	JPY -0.1bn	Consumption tax JPY -0.03bn
Non-personnel expenses	JPY -0.3bn	Depreciation expense JPY -0.6bn Maintenance fee of systems +JPY 0.3bn
Personnel expenses	JPY -0.5bn	Salary allowance JPY -0.4bn
Total	JPY -0.9bn	

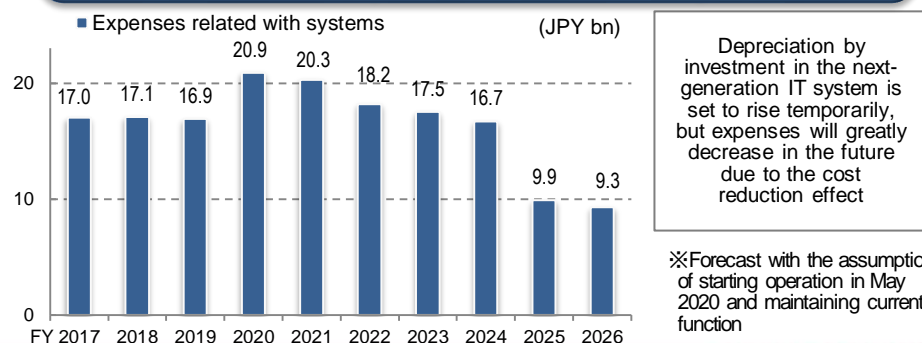
Comparison with initial expenses plan

	FY2017	FY2018	FY2019
Initial plan (13 th Medium-term Business Plan)	JPY 85.0bn	JPY 84.5bn	JPY 83.0bn
Performance/Plan	JPY 82.2bn	JPY 80.9bn	JPY 77.5bn

Efforts to reduce expenses were successful, with expenses falling below the target level in the 13th Medium-term Business Plan

⇒ Aim for further reductions by changing the cost structure through channel and operation process reform

Forecast of expenses related with systems



Credit-related costs

- 1H FY2019; Credit-related costs: JPY 6.2bn (up JPY 5.0bn YoY)
- Provision for specific allowance for loan losses: JPY 3.6bn (up JPY 1.3bn YoY, including JPY 1.5bn of large provisions)

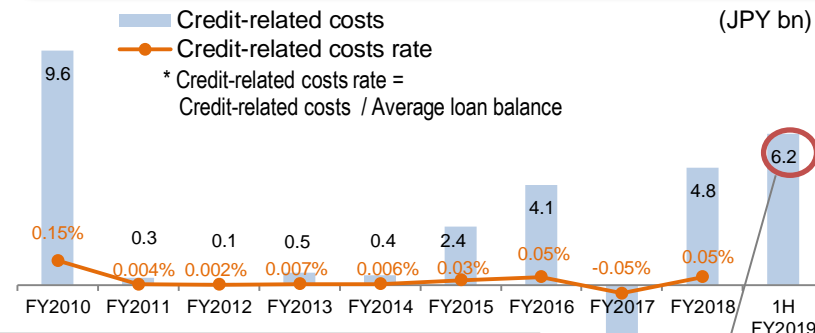
Breakdown of credit-related costs

(JPY bn)	1H FY2017	1H FY2018	1H FY2019	YoY change
Provision for general allowance for loan losses (1)	[-8.9]	-1.1	0.3	+1.4
Provision for specific allowance for loan losses (2)	[2.2]	2.3	3.6	+1.3
Other non-performing loans (NPL) disposal *1 (3)	0.1	-0.0	2.3	+2.3
Reversal of allowance for loan losses *2 (4)	6.8	-	-	-
Credit-related Costs (1)+(2)+(3)	-6.6	1.2	6.2	+5.0

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

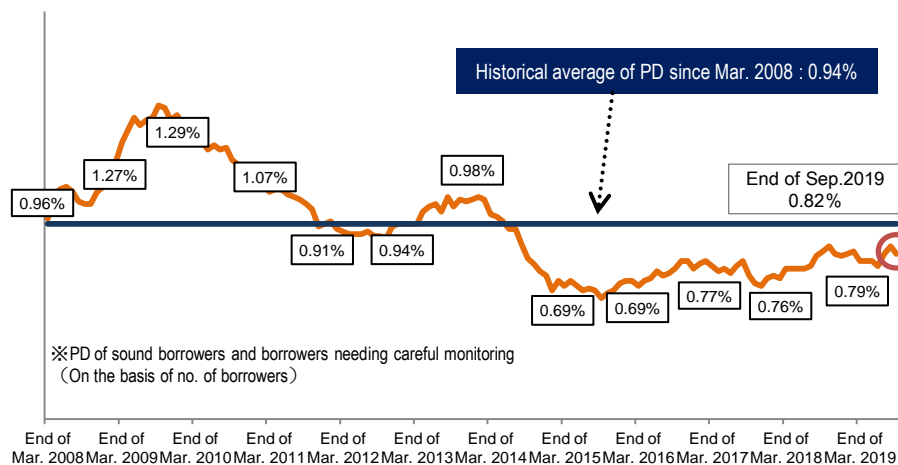
*2 Reversal of allowance for loan losses shows the net amount for provision for general allowance for loan losses and provision for specific allowance for loan losses. Figures in parentheses [] is the amount before netting

Credit-related costs and Credit-related cost ratio

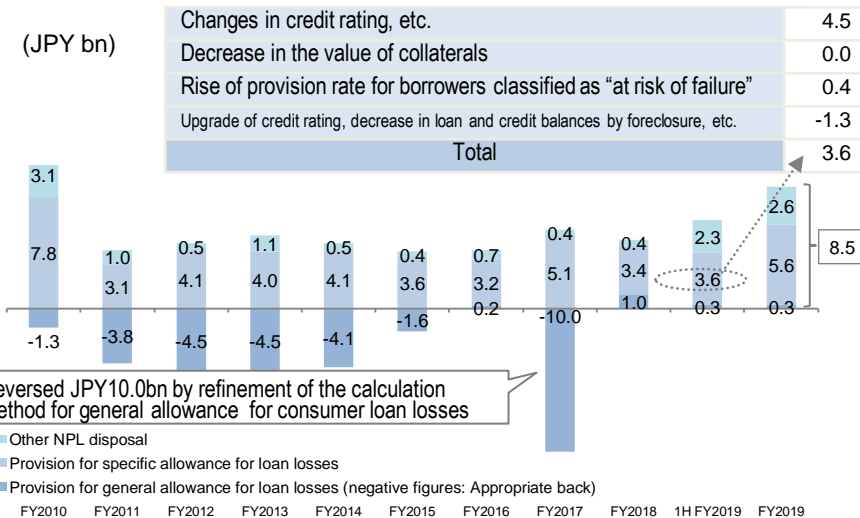


Including both JPY 1.5bn of provision for specific allowance for loan losses (2 companies) and JPY 1.9bn of losses on debt waiver (1 company) to companies outside Shizuoka Pref.

Probability of Default (PD)



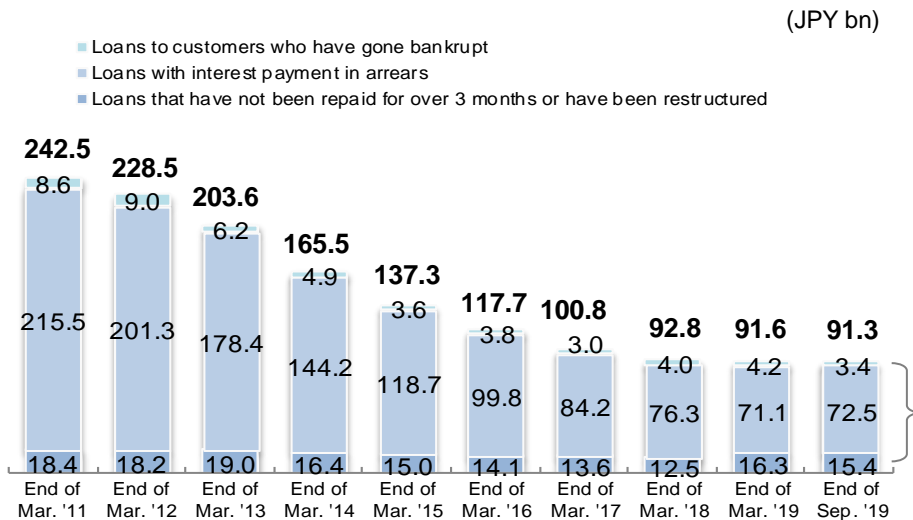
Provision for allowance for loan losses and other NPL disposal



Risk-management loans

- Total risk-management loans keep decreasing from the peak balance of JPY 242.5bn after the collapse of Lehman Brothers, and the figure at the end of Sep. 2019 was JPY 91.3bn (the ratio of risk-management loans was 1.03%)
- Net risk-management loans were JPY 14.6bn (the ratio of net risk-management loans was 0.16%), which shows the soundness in the Bank's asset

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

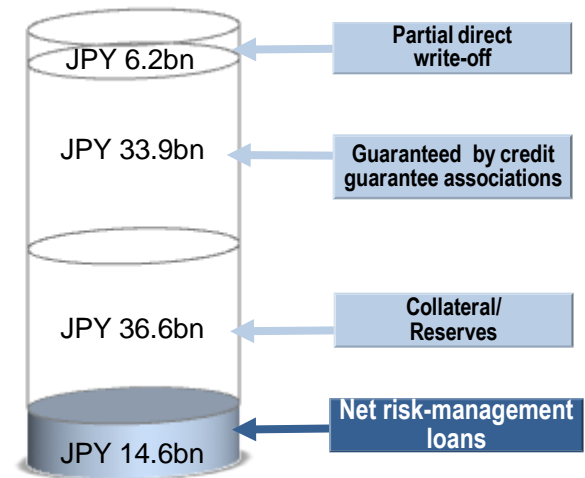
[Delinquency ratio]

In arrears 24%

Not in arrears 76%

Net risk-management loans

JPY 91.3bn



EL (Expected loss in 1 year from now on) : JPY 1.1bn

NPL removal from the balance sheet

(JPY bn)

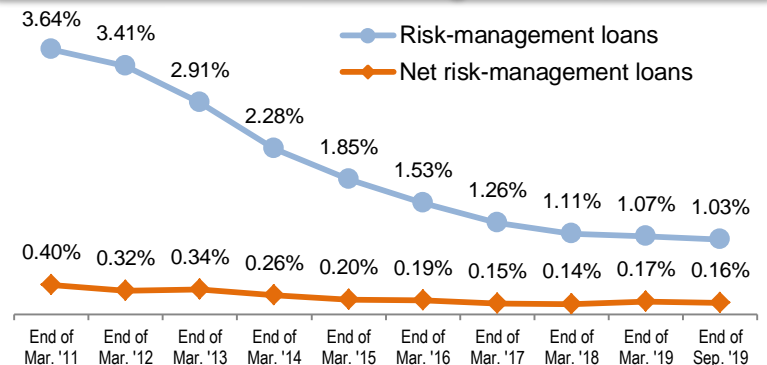
	FY2018	1H FY2019
New recognition of NPLs	+28.3	+15.7
Removal from the balance sheet (NPL to borrowers classified as "at risk of failure" or riskier categories)	-29.5 (-27.3)	-16.0 -12.3
Risk-management loans	91.6	91.3

[Breakdown of JPY -12.3bn]

(JPY bn)

Collected from borrower/ set off against deposit account	-1.8
Collateral disposal/subrogated to guarantor	-5.2
Reclassified to better categories	-3.3
Loans sold-off	-2.0
Direct write-off of loans	—

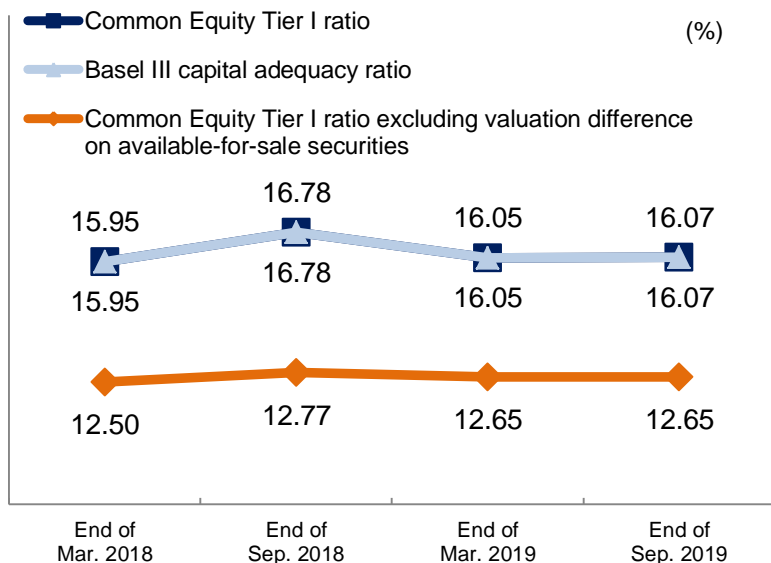
The ratio of risk-management loans



Capital adequacy ratio

- Both Basel III capital adequacy ratio and Common Equity Tier I ratio at the end of Sep. 2019 are 16.07%, slightly increasing by 0.02 percent points from the end of Mar. 2019 (Common Equity Tier I ratio excluding valuation difference on available-for-sale securities at the end of Sep. 2019 is 12.65%, up 0.00 percent points from the end of Mar. 2019)

BIS capital adequacy ratio (Consolidated basis)



Interest rate risk in the banking book (IRRBB) (Consolidated basis, End of Sep. 2019)

- Results of materiality test: Δ EVE (Economic Value of Equity) (Decrease in economic value of equity due to interest rate shock within IRRBB)

Decrease in economic value	Tier I	Results of materiality test*
JPY 98.9bn	JPY 911.8bn	10.8% \leq 15%

*Financial Services Agency supervision guidelines require Δ EVE to be less than 15% of Tier I capital

- Δ NII (Net Interest Income): JPY 9.9bn (Decrease in net interest income due to interest shock Within IRRBB)

Changes in capital and risk-adjusted assets (Consolidated basis)

	End of Mar. '18	End of Sep. '18	End of Mar. '19	End of Sep. '19	Change from end of Mar. '19
[Basel III]					
Capital*	897.9	952.1	913.3	911.8	-1.5
Common Equity Tier I	897.9	952.1	913.3	911.8	-1.5
Excluding valuation difference on available-for-sale securities	703.6	724.6	719.9	717.8	-2.1
Other Tier I	0.0	0.0	0.0	0.0	\pm 0.0
Tier II	0.0	0.0	0.0	0.0	\pm 0.0
Risk-adjusted assets	5,626.9	5,672.3	5,690.1	5,670.4	-19.7
Total credit-risk adjusted assets	5,319.5	5,364.3	5,379.1	5,350.8	-28.3
Amount corresponding to market risk	12.7	11.6	13.0	19.7	+6.7
Amount corresponding to operational risk	294.7	296.4	298.1	299.9	+1.8

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

[Other indices related to the Basel III]

(1) Liquidity coverage ratio (Consolidated)

- End of Sep. 2019 : 125.4% (Regulatory level 100% and over)
- 1 H FY2019(Daily average) : 132.2%

(2) Leverage ratio (Consolidated, end of Sep. 2019) : 7.32% (Rough target 3% and over in trial period)

Progress of the 13th Medium-term Business Plan • Projected performance in FY2019

Expanding business fields (1)

- Challenge on the expanding business field in the 12th Medium-term Business Plan, is leading to favorable results
- Aim for further expansion of profitability in these fields as well as development and monetization in new business fields under the 13th Medium-term Business Plan

Developing and monetizing business fields in the 13th Medium-term Plan

Areas for further development in the 13th Medium-term Business Plan based on 12th Plan policies



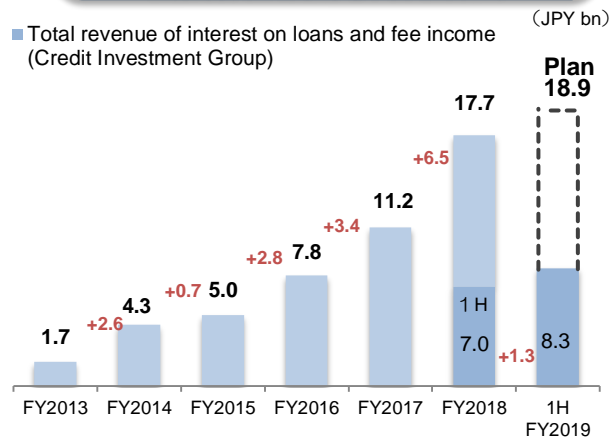
New areas of development and monetization in the 13th Medium-term Business Plan

Developing new business fields

- Guaranty through collaboration with a housing loan specialist, ARUHI
- Collaboration with Monex Group to provide financial services
- Development of “HOKEN NO MADOGUCHI @ Shizugin”
- Connection of bank accounts with providers of cashless payment services
- New cross-industry collaboration

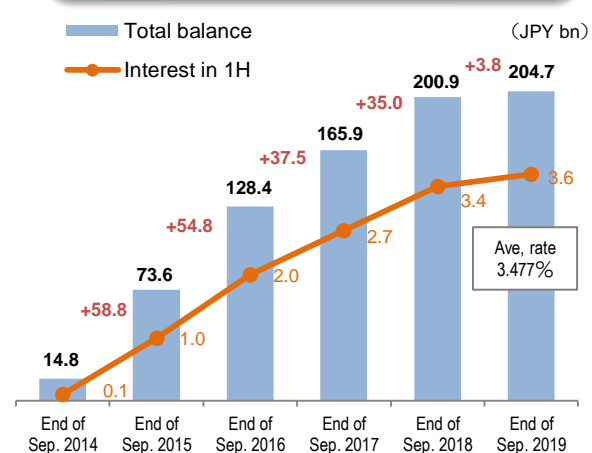
Tokyo metropolitan area

【Market Credit investment】 Interest on loans & Fee income



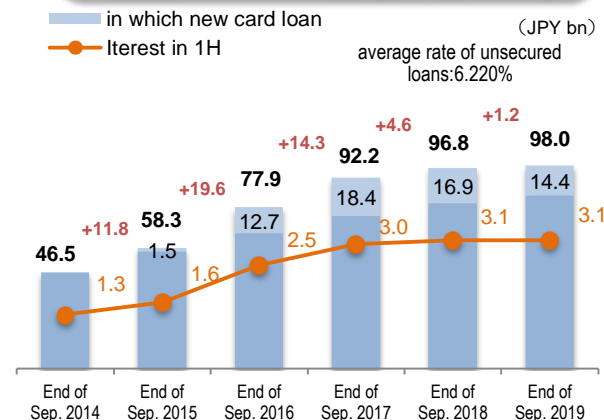
Tokyo metropolitan area

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



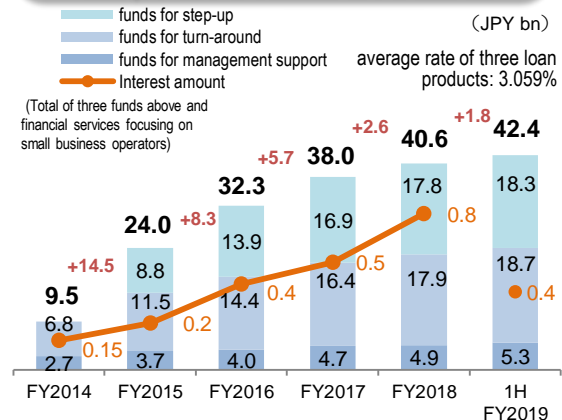
Nationwide market

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



Reinforce core businesses

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



Expanding business fields (2)

- Continue to develop business fields and generate JPY 30.0bn revenue by FY2019

Developing and monetizing business fields in the 13th Medium-term Plan

Areas for further development in the 13th Medium-term Business Plan based on 12th Plan policies



New areas of development and monetization in the 13th Medium-term Business Plan

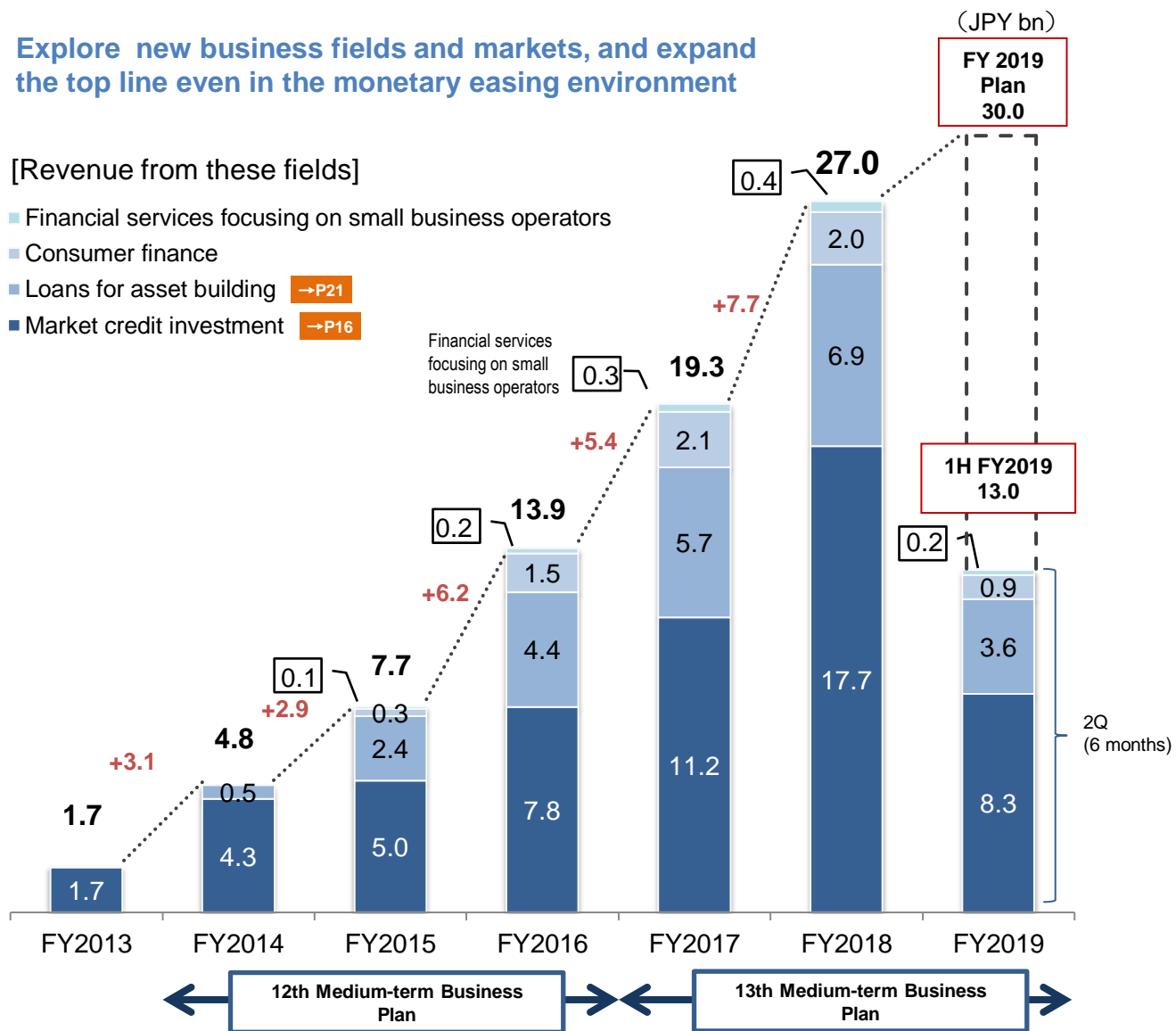
Developing new business fields

- Guaranty through collaboration with a housing loan specialist, ARUHI
- Collaboration with Monex Group to provide financial services
- Development of "HOKEN NO MADOGUCHI @ Shizugin"
- Connection of bank accounts with providers of cashless payment services
- New cross-industry collaboration

Explore new business fields and markets, and expand the top line even in the monetary easing environment

[Revenue from these fields]

- Financial services focusing on small business operators
- Consumer finance
- Loans for asset building →P21
- Market credit investment →P16



Development of new businesses through cross-industry collaboration(1)

- Create new businesses which can innovate management of banks through cross-industry collaboration

Have gradually expanded cross-industry collaboration since capital and business tie-up with Monex Group, Inc. in Apr. 2014

Creation of new business model through cross-industry collaboration



New initiatives in housing loan market

Housing loan business in nationwide market based on cross-industry network



Provision of new financial services

Provide new services which banks traditionally do not offer



Expansion of businesses through non-face-to-face channel

The most important partner in bank-security collaboration



Network building with venture firms

Wide network through investment in funds



Invest in 120 venture firms through investment in funds mentioned above and 3 other funds (as of Sep. 2019)

New collaboration

Newly concluded capital and business tie-ups with 2 firms with advantage in AI



Capital and business tie-up in Jun. 2019 Capital and business tie-up in Jul. 2019

Topic

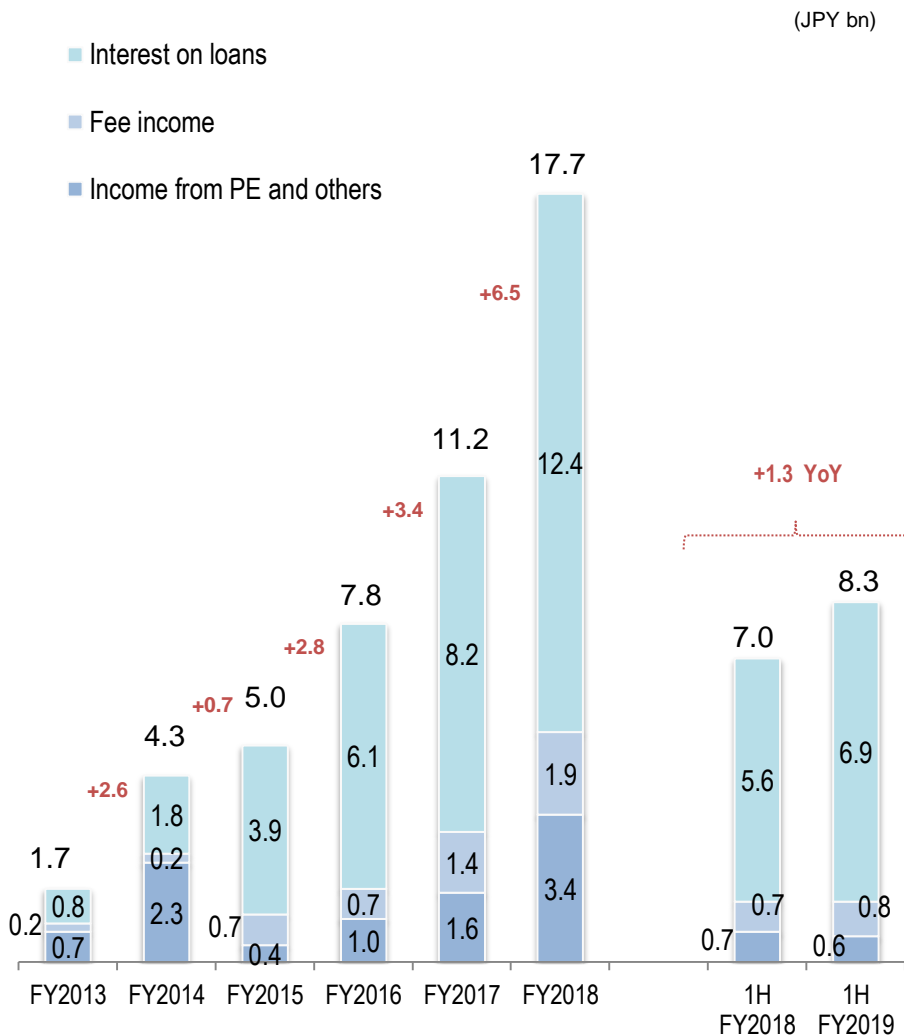
Held "TECH BEAT Shizuoka"

- Cosponsored a fair featuring advanced technology "TECH BEAT Shizuoka" with the prefectural government on 24th and 25th Jul. 2019 in order to activate industry and to create new businesses in Shizuoka Pref.
- Start-up firms with advanced technology and firms within Shizuoka Pref. attended the fair, and had opportunities for exhibitions of technology and products and for business talks in order to realize innovation and to create of businesses in the region (328 business talks were held)

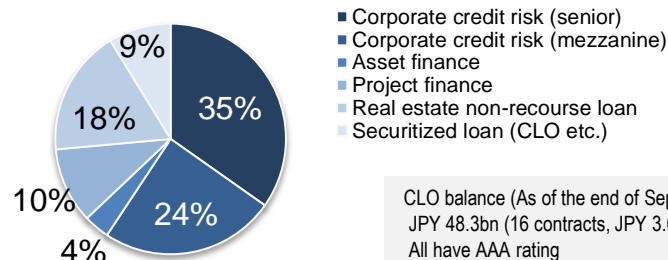
Market credit investment (1)

- Interest and fee income in market credit investment increased by JPY 1.3bn YoY
- Build structured loan (SF loan) portfolio mainly consisting of loans with high credibility by diversifying scope of loan

Interest & Fee income in market credit investment



Breakdown of SF loan by loan type (Monthly average balance in Sep. 2019: JPY 565.2bn)

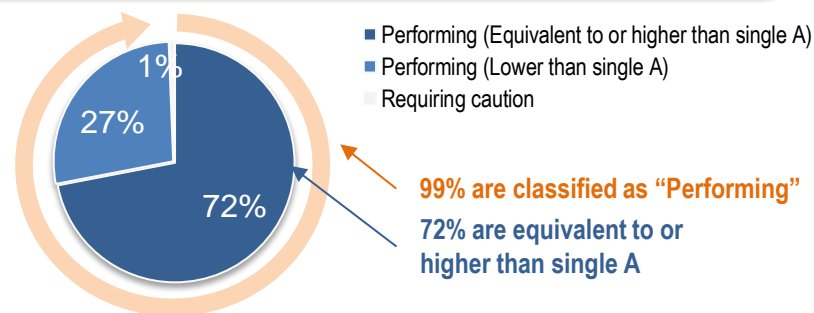


CLO balance (As of the end of Sep. 2019)
 JPY 48.3bn (16 contracts, JPY 3.0bn on average)
 All have AAA rating
 Subordination ratio: 35.0% - 41.8%

Well-diversified portfolio

(JPY-based : Other-currencies-based = 6 : 4)

Breakdown of SF loan by credit rating



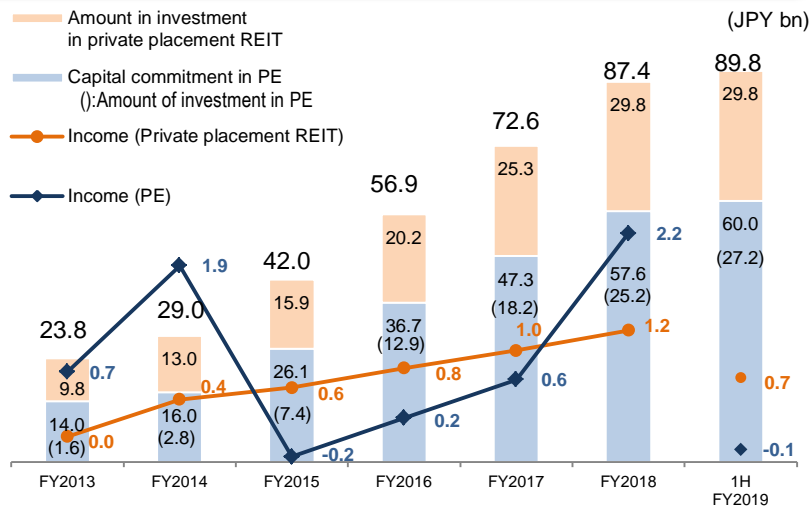
* Average LTV is 61.0% for real estate non-recourse loans (All are classified as "Performing")

Profitability indicators of SF loan	1HFY2018	1HFY2019	YoY
ROA (Return on Assets)	0.87%	0.94%	+0.07%
RORA (Return on Risk-Weighted assets)	1.41%	1.53%	+0.12%

Market credit investment (2)

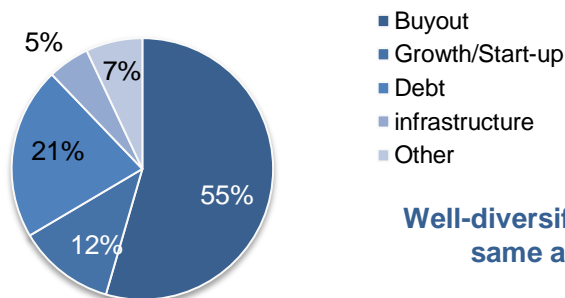
- Target to generate constant profit in private equity investment by diversifying timing and scope of investment
- Arrange risk management system covering the whole businesses of market credit investment

Investment in private equity (PE) and others



Realize portfolio with diversified timing of investment by keep investing every fiscal year

Ratio of capital commitment in PE by investment types



Well-diversified portfolio, same as in loan

No. of investment : 60 (Of which 20 are international)

Risk management system for market credit investment

1st review

【Front】

- Analyze from various angles including scheme, risk, and return

【Front】

- Analyze and inspect qualitatively and quantitatively based on internal criteria

2nd review

【Risk management sections】

- Specify risk factors inherent in scheme and evaluate risk

Multiple sections are involved in prior analysis and inspection

Monitoring

【Front, Risk management sections】

- Collect and evaluate risk information
- Conduct stress test in risk management sections

Grasp change of risk at any time

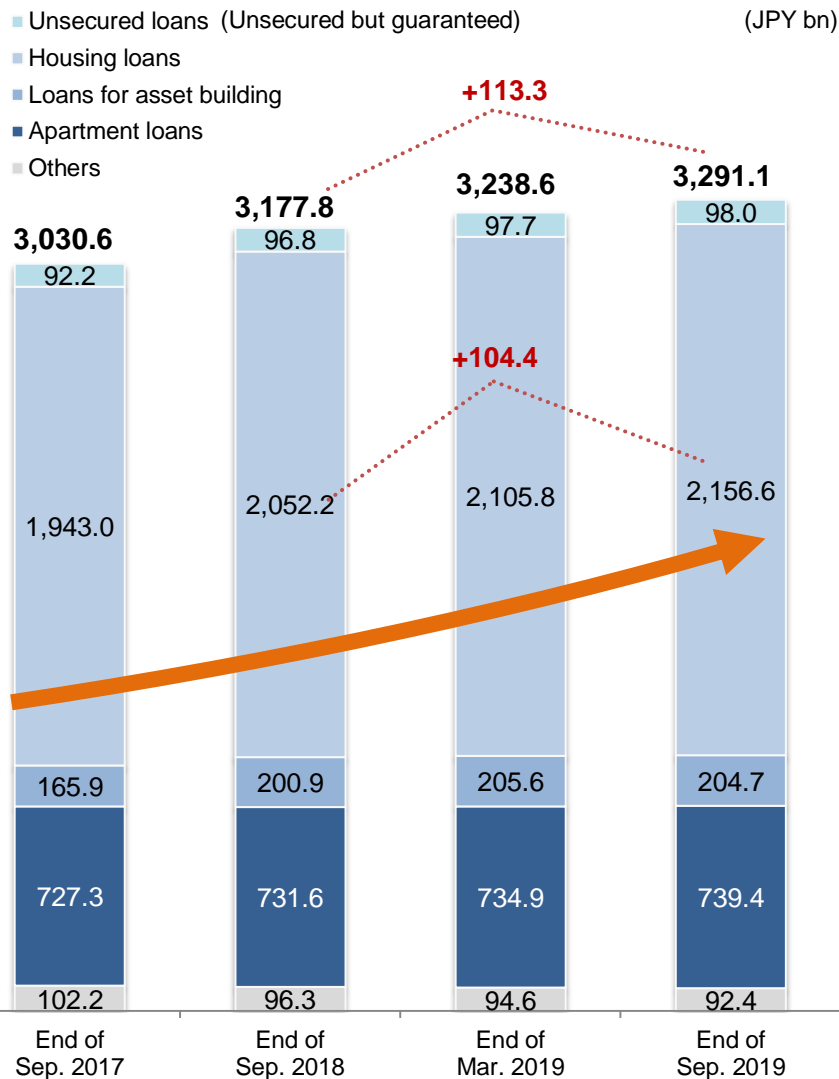
Place highly-skilled staff with experience of temporary transfer to the outside including mega banks at Front and other sections

Consumer loans (1)

- Consumer loan balance (term-end balance) increased by JPY 113.3bn from the end of Sep. 2018, maintaining increase trend mainly due to growth of housing loans

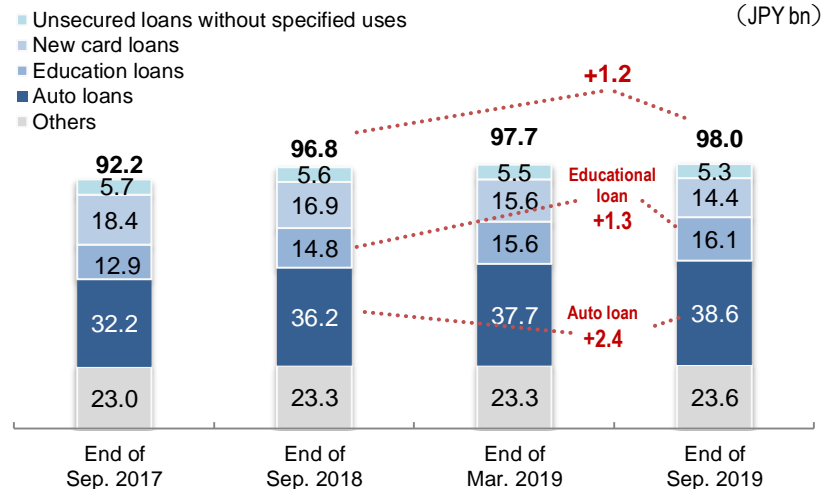
Consumer loan balance (term-end balance)

(JPY bn)



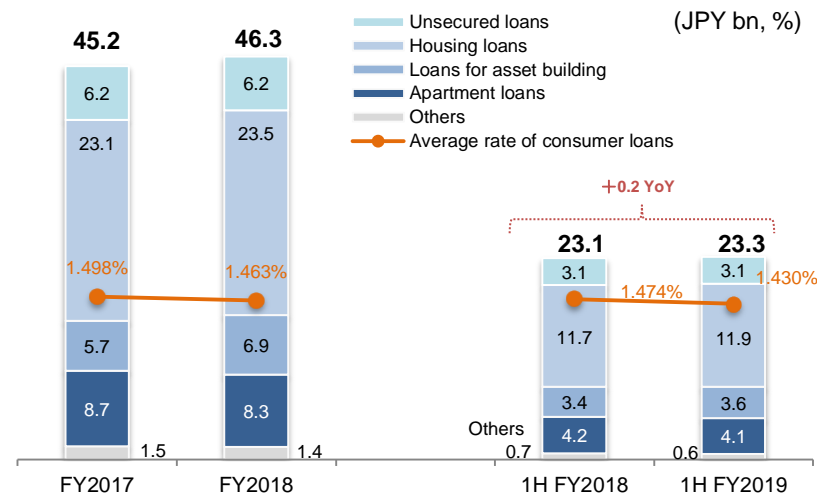
Unsecured loan balance (term-end balance)

(JPY bn)



Interest amount and rate of consumer loans

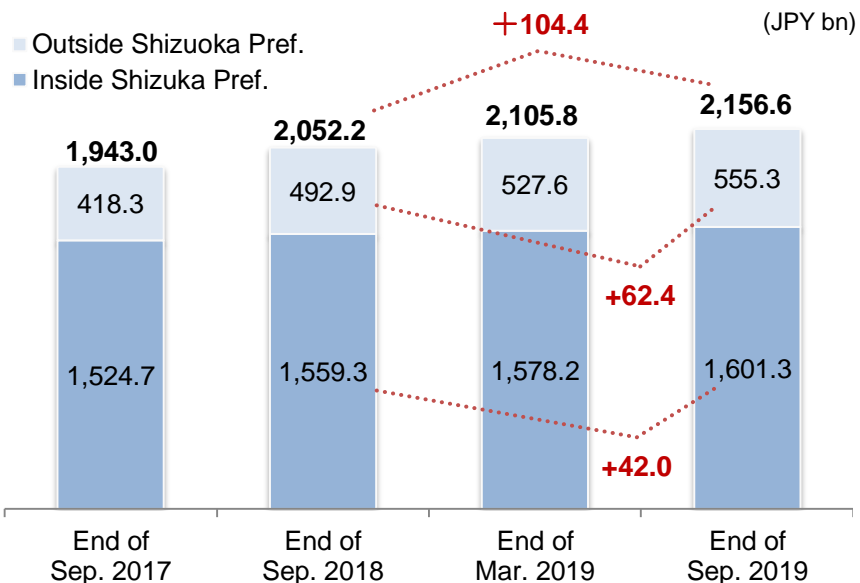
(JPY bn, %)



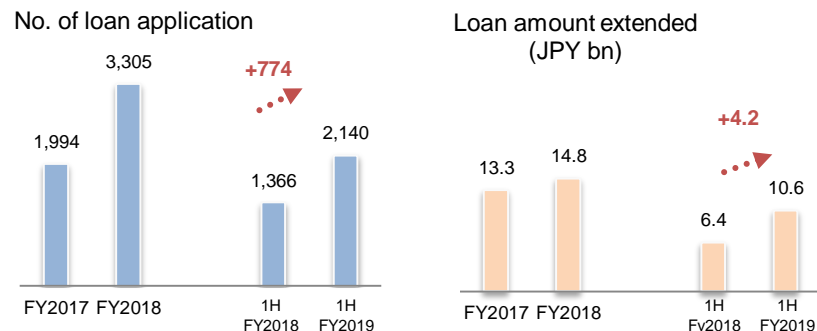
Consumer loans (2) – Housing loan

- Housing loan balance increased by JPY 104.4bn from the end of Sep. 2018 (+5.0%), growing both inside and outside Shizuoka Pref.

Housing loan balance (term-end balance)



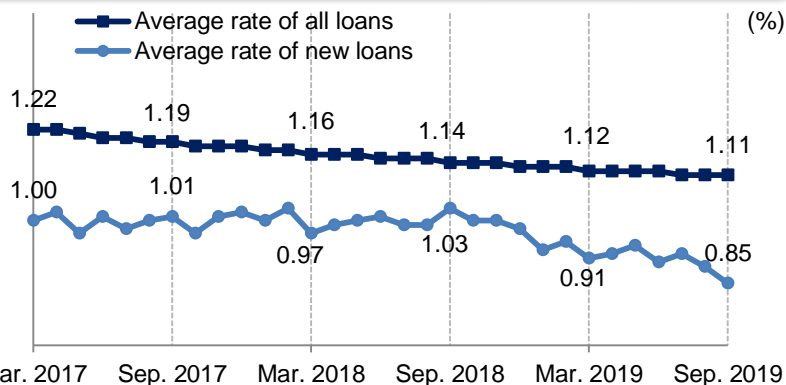
Housing loan at the Direct Loan Center



What is the Direct Loan Center?

- Established in the headquarters in Apr. 2018 to enhance convenience for customers who prefer transactions in non-face-to-face channel (Figures of FY2017 in the graph above are those of staff in charge of direct loan business, the predecessor of Direct Loan Center)
- A counter-less loan center focusing on non-face-to-face transactions which can complete whole process of loans

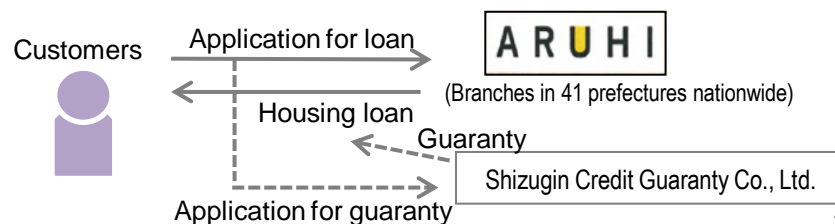
Interest rate of housing loan



While rates are dropping on the whole, average rate of all loans maintains over 1%

Housing loan business in nationwide market

- Shizugin Credit Guaranty Co., Ltd., a group company, started a new business to give guaranty to a housing loan product "ARUHI Variable S" offered by ARUHI Corporation (Aug. 2018)
- 474 applications were received between Aug. 2018 and Sep. 2019.

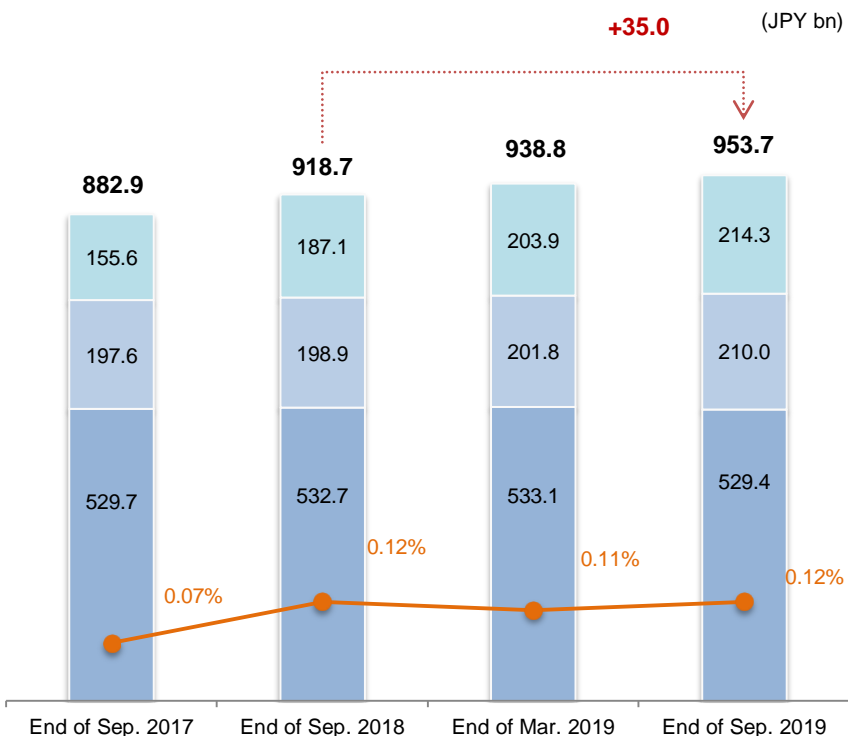


Consumer loans (3) – Apartment loan

- Amount of apartment loan (including loan to businesses) increased by JPY 35.0bn from the end of Sep. 2018
- Low delinquency rate and high occupancy rate show soundness of apartment loan portfolio

Term-end balance and delinquency rate of apartment loan

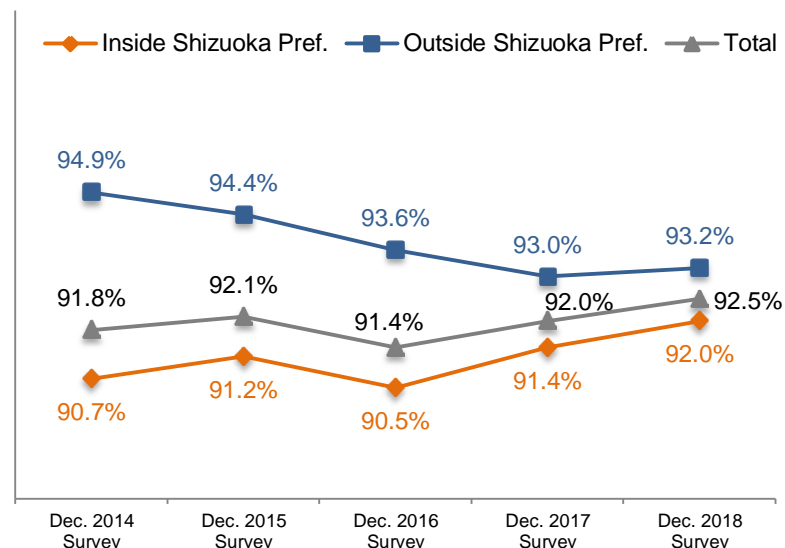
- Corporate *
 - Retail outside Shizuoka Pref.
 - Retail inside Shizuoka Pref.
 - Delinquency rate (3 months or longer, excluding inheritance-related)
- * Corporate : apartment loan for management company, which are not classified as consumer loans



LTV of retail apartment loan at the end of Sep. 2019 : 70.0%
(Inside Shizuoka Pref. : 71.9%, Outside Shizuoka Pref. : 65.6%)

Occupancy rate

【Survey on occupancy rate for rental property】



Enhancing accuracy of credit screening by utilizing cross-industry collaboration

- Concluded capital and business tie-up with **LEEWAYS Inc.** in Jun. 2019
- Plan to create index for screening and evaluation by combining the Bank's logic for screening and evaluation with AI-based tool analyzing real estate by LEEWAYS

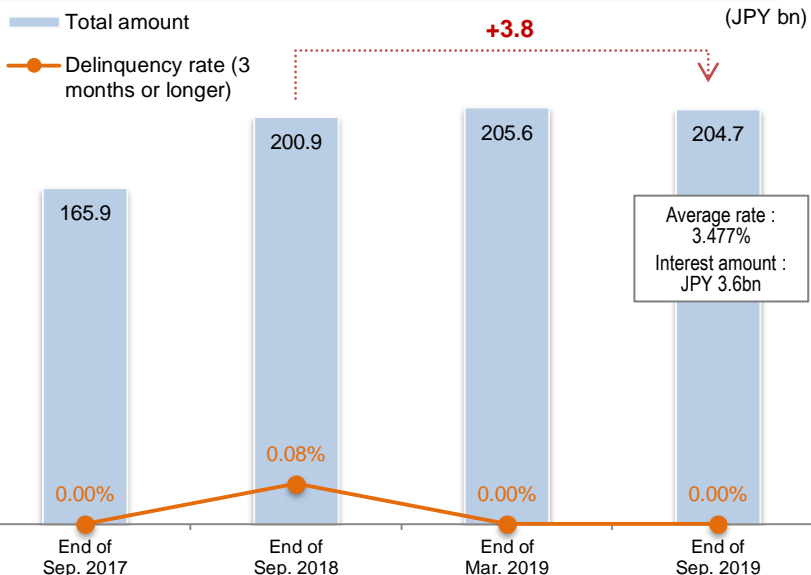
⇒ Enhance accuracy of screening by detailed simulation of income and expenditure based on AI (Plan to start in 1H FY2020)



Consumer loans (4) – Loan for asset building

- Manage loan for asset building based on strict review system with emphasis on profitability of property
- Loan portfolio is well-diversified with small-amount loans, and there is no delinquency at the end of Sep. 2019

Term-end balance of loan for asset building



Stance

Strict system in accepting application & Credit review with emphasis on profitability of property (risk in business)

- Branches that can accept applications are limited, and staff that can deal with them are limited to those who have completed specialized internal training
- Evidence for applications including financial assets of borrowers are limited to original documents presented by borrowers themselves
- Credit review is based on simulation where stated stresses are put on various parameters including occupancy rates and loan rates (Whether the property is used for sublet or not is considered only as reference, and credit review does not depend on such information)
- Collateral is evaluated by external party (independent on sales sections)

Data on applications accepted

(Data on loans financed by Asset Building Support Division in 1H FY2019)

Geographical distribution of property

Most are in metropolitan area, and expected to keep high occupancy rates due to closeness to stations or main roads

Geographical Area	Percentage
Inside 23 wards of Tokyo	10%
Outside 23 wards of Tokyo	10%
Kanagawa Pref.	28%
Chiba Pref.	28%
Saitama Pref.	22%
Shizuoka Pref.	2%

Loan amount per deal

The fact that average loan amount per deal is JPY 62mil shows that loan portfolio is well-diversified with small-amount loans



Borrowers' annual income

Average annual income is JPY 14mil



Borrowers' financial asset

Average amount of financial asset is JPY 25mil



Occupancy rate

Occupancy rate is 92% → Profitability of property is assured

(Dec. 2018 basis)

Innovation in sales structure

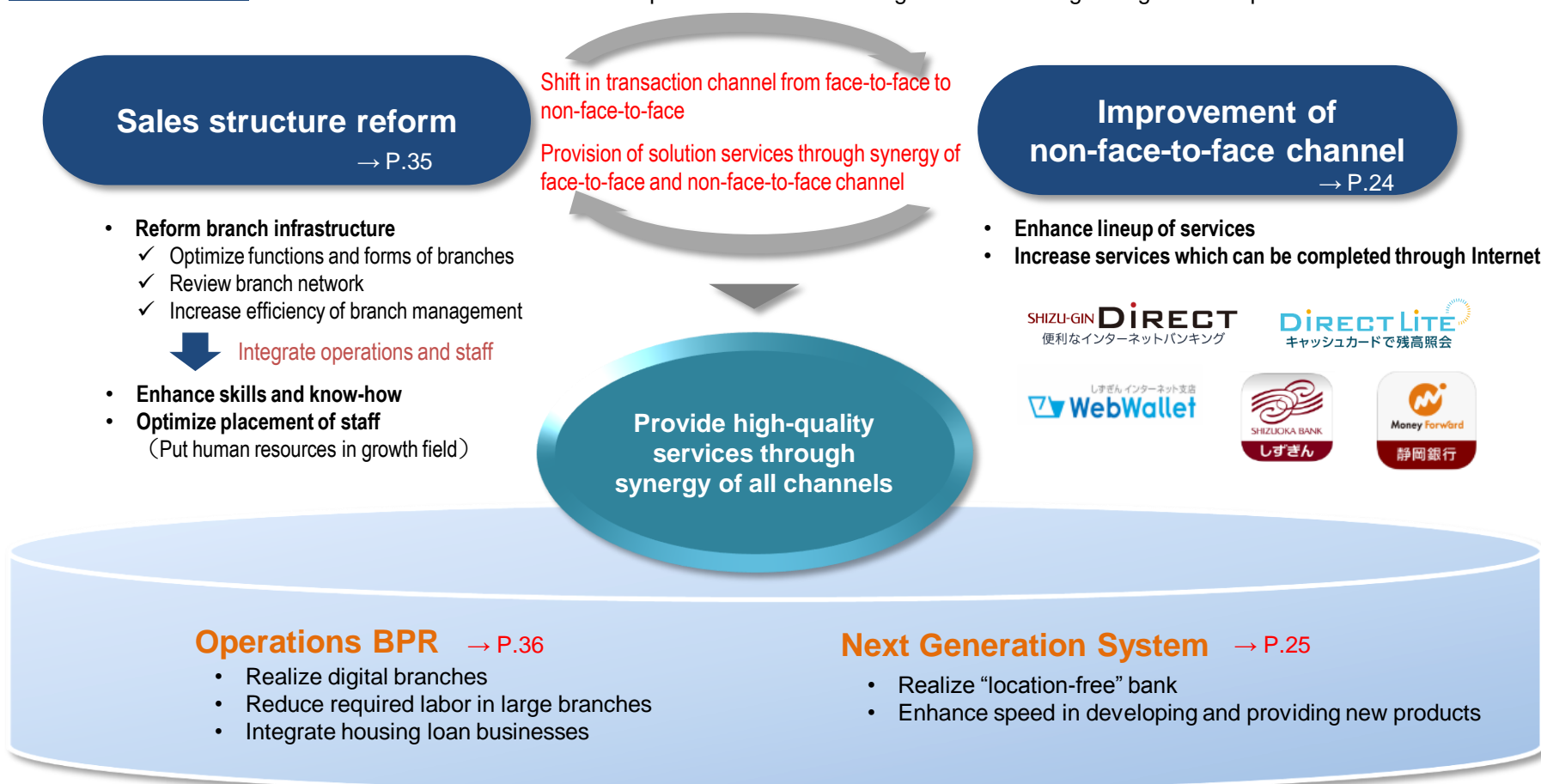
- Work on sales structure reform, operations BPR, and system development in order to construct sales structure where the Bank provides advanced and high-quality services through omni channel

Change in customers' behavior

- Main channel for daily banking transactions shifts from branches to online due to spread of Internet and smartphones
- On the other hand, customers prefer face-to-face channel as for consultation in inheritance, asset management and so on

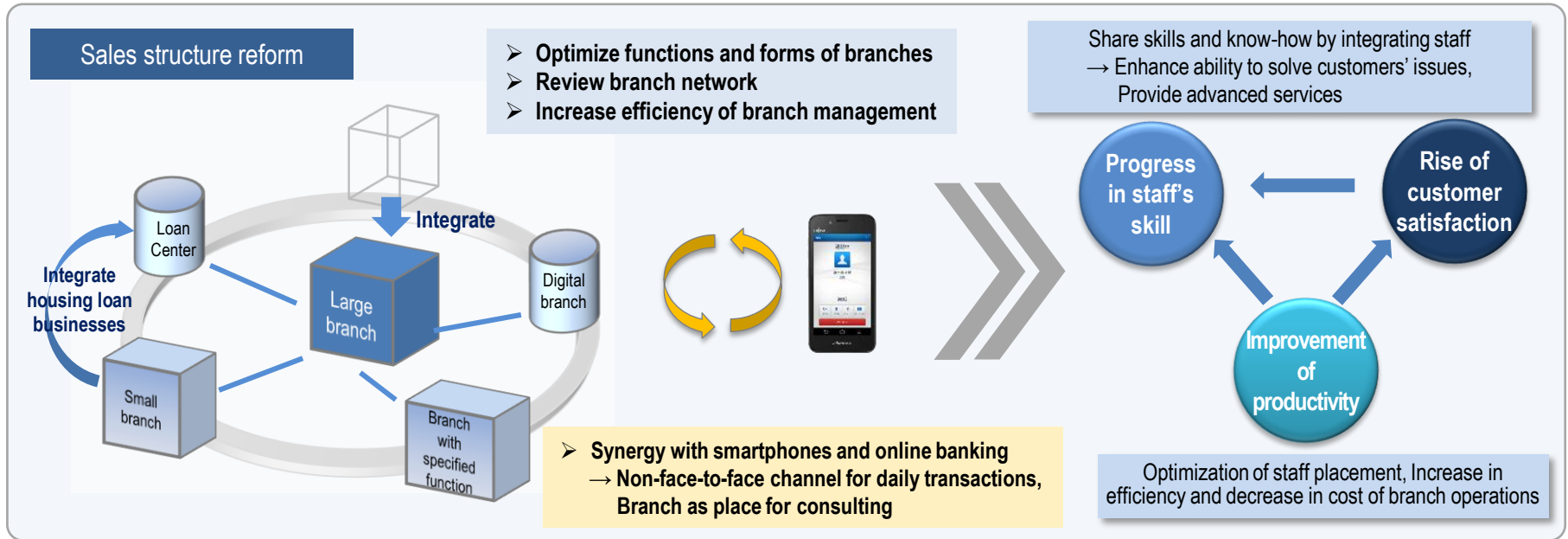
New sales structure

- Realize omni channel where any transactions can be completed through any channels
- Increase efficiency of branch management by optimizing branch network based on regional characteristics
- Enhance skills and know-how and put human resources in growth field through integration of operations and staff



Future image of branch channel

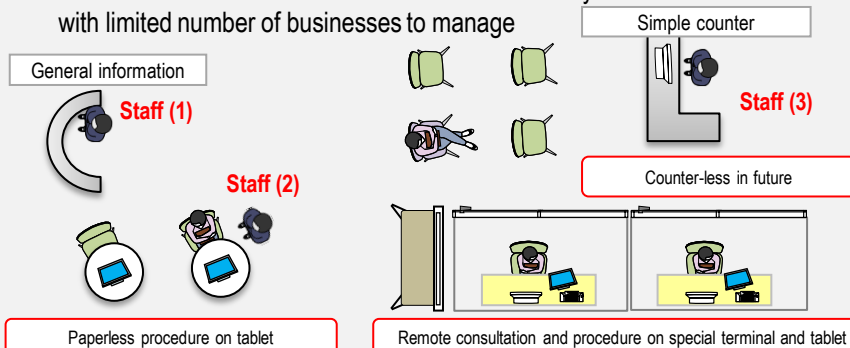
Plan of sales structure and branch channel



Digital branch

Branch for daily transaction managed by less staff through **use of digital technology** (shift to "5 less"*)

→ Location to meet customers' needs in the community at lower cost with limited number of businesses to manage



Example of use of surplus space in branch

Realize rental of surplus space to the outside according to needs in the community and joint branch with other financial institutions and companies



5th floor	Rental to the outside	
4th floor	Rental to the outside	
3rd floor	Rental to the outside	
2nd floor	Bank branch	Rental to the outside
1st floor	ATM	Rental to the outside
		Parking

〔Construction of building under consideration (Reconstruction of branch due to aging)〕

* paperless, seal-less, cashless, counter-terminal-less, counter-less

Expansion of non-face-to-face channel

- Non-face-to-face channel has become important point of contact with clients through expansion of lineup of services
- Internet Branch, with its deposit balance more than JPY 500.0bn, has grown into an established funding channel in nationwide market

Lineup of non-face-to-face channel

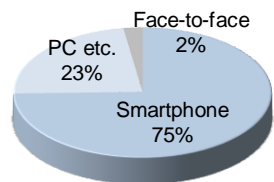
	Internet Branch	Shizugin Direct	Shizugin Direct Lite	Shizugin STATION	Money Forward for Shizuoka Bank
Type	Account solely offered on the Internet	Internet banking	Internet banking (Lighter version)	Smartphone app	App of household account book
Major services	Request to check balance and record of account, Bank transfer, Transaction related to time deposit, etc		Request to check balance and record of account	Request to check balance and record of account, Provision of various information	Automatic housing account book, asset management
No. of users * (YoY)	249K (+14K)	66K (+0.2K)	252K (+23K)	247K (+18K)	107K (+7K)

* As of the end of Sep. 2019

Loans transaction in non-face-to-face channel

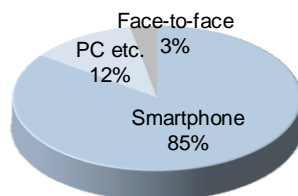
Data of application for unsecured loan (*) through non-face-to-face channel

* Excluding such products that are assumed to be offered through face-to-face channel



FY2016

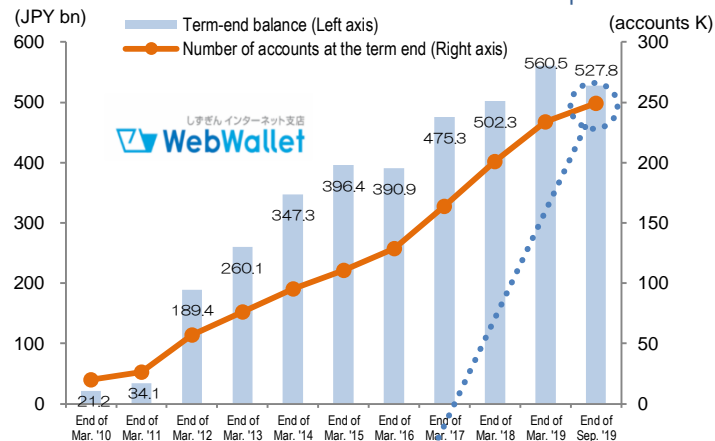
Ratio of application through non-face-to-face channel **97%**
Of which through smartphone **85%**



1H2019

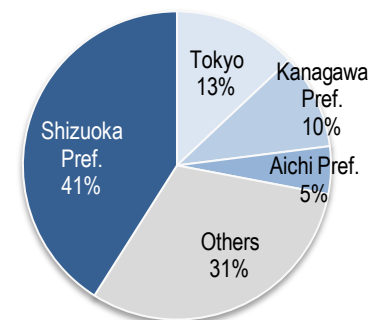
Funding deposit in nationwide market

Historical data on no. of accounts and amount of deposit



No. of accounts at the end of Sep. 2019 : 249K

Distribution of customers (by region)



Outside Shizuoka Pref. : 59%
(At the end of Mar. 2010 : 16%)

Next Generation System

- Construction of Next Generation System is unprecedented project partly because of adoption of open-type technology for the first time in major Japanese banks
- Assure sufficient amount time to inspect Core System in order to make every possible preparation for stable operation → Currently targeting to start operation in FY2020

Direction and issues on financial IT (2025 Digital Cliff)

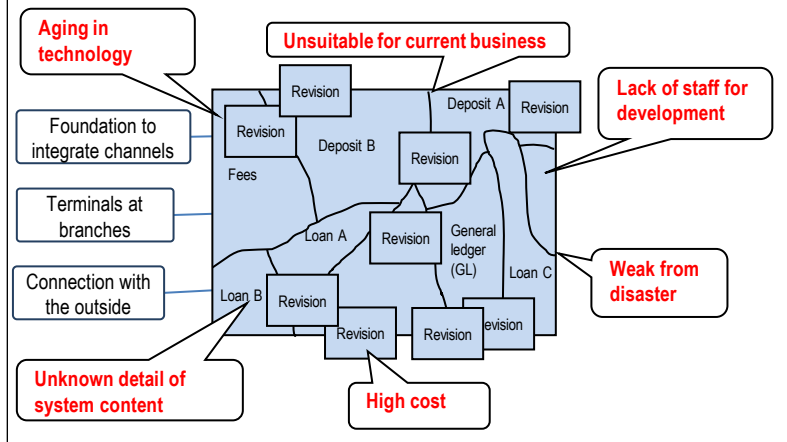
● Direction of IT strategy of financial institutions

- Strategically utilize Fintech and IT as a measure for innovation
- Realize flexible coordination with new services
- Make use of advanced technology such as cloud and AI
- Drastically review basic structure of system

● Current situation and issues of each institution

- Aging of technology used in system
- Expansion, complexity, and shift to black box or system
- Shift to structure with higher cost due to "legacy system"

Image of shift to black box



Failure to solve issues by 2025 will make the institution a loser in digital competition
→ "2025 Digital Cliff"

The Bank's policy and system strategy

● Grasp issues on shift to legacy and black box of system at early stage



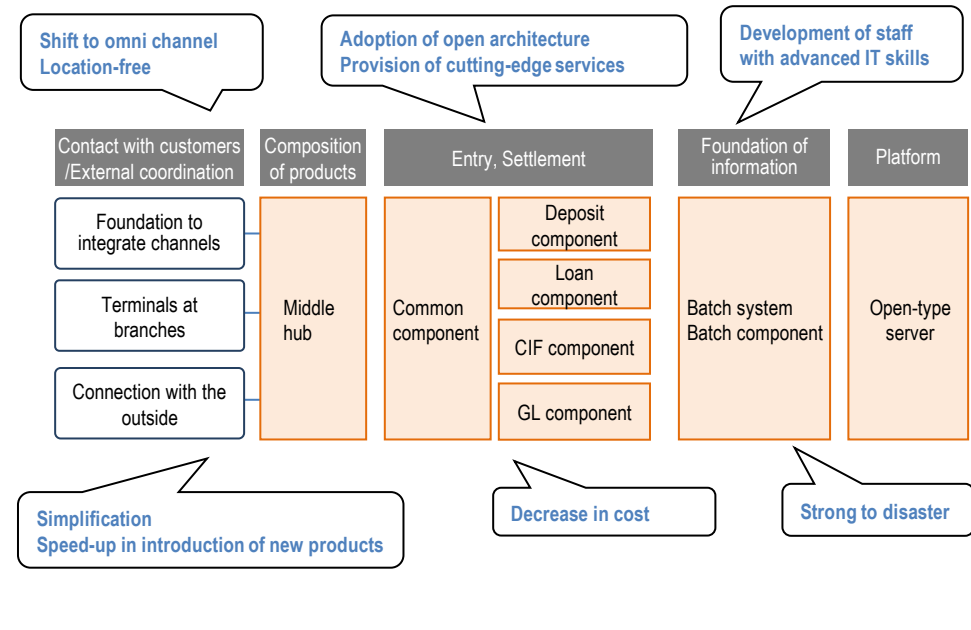
- Build loan supporting system
- Realize ATM operated on Web
- Introduce counter navigation system etc

Continuously expand and decentralize function

● Construct Next Generation System (Plan to start operation in FY2020)

- Unprecedented project because of **new construction of key system including change of vendor** and of **adoption of open-type technology for the first time in major Japanese banks**

Structure of Next Generation System



Projected performance in FY2019

- Ordinary profit and profit attributable to owners of the parent in FY2019 (both consolidated) are projected to be JPY 73.0bn and JPY 51.5bn, respectively, based on change in environment from the time when the 13th Medium-term Business Plan was made

Projected performance in FY2019		FY2016	FY2017	FY2018 (A)	FY2019 (Projected) (B)	YoY (B-A)	1H FY2019 (C)	Progress rate (C/B)	(JPY bn)
									Plan FY2019 (Mid-term Business Plan)
Consolidated	Ordinary profit	47.1	65.8	63.4	73.0	+9.6	32.7	44.7%	77.0 or more
	Profit attributable to owners of the parent	29.3	50.1	46.9	51.5	+4.6	23.5	45.7%	54.0 or more
	ROE	3.15%	5.21%	4.67%	5.1%	+0.43pt	4.60%	-	6% level
	OHR	76.4%	62.4%	59.0%	53.9%	-5.1pt	57.6%	-	55% level
	Common Equity Tier I ratio	16.35%	15.95%	16.05%	14.9%	-1.15pt	16.07%	-	14% level
Nonconsolidated	Gross operating profit	98.6	127.3	134.8	136.5	+1.7	69.8	51.1%	147.3
	Net interest income	109.5	111.5	116.6	111.9	-4.7	54.6	48.8%	121.7
	Fees and commissions	15.2	15.2	15.8	15.8	+0.0	8.3	52.3%	17.0
	Trading income	0.3	0.8	0.8	0.7	-0.1	0.3	42.3%	1.7
	Other operating profit	-26.4	-0.2	1.6	8.1	+6.5	6.6	81.7%	6.9
	(Bond-Related income such as JGBs)	(-30.1)	(-4.2)	(-1.1)	(4.6)	+5.7	(3.7)	81.1%	(3.7)
	Expenses (-)	79.2	82.2	80.9	77.5	-3.4	40.5	52.2%	83.0
	Ordinary profit	51.8	56.2	56.5	61.5	+5.0	29.4	47.8%	64.0
	Net income	24.4	43.4	42.6	43.0	+0.4	21.6	50.2%	44.5
	Credit-related costs (-)	4.1	-4.5	4.8	8.5	+3.7	6.2	72.6%	3.7

Shareholder return (1) – Profit distribution

- For FY2019, the Bank plans to pay an annual dividend of JPY 22 per share
- 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

13th Medium-term Business Plan

	FY2016	FY2017	FY2018	FY2019 (E)
Annual dividend per share	JPY20.00 (JPY10.00)	JPY21.00 (JPY10.00)	JPY22.00 (JPY11.00)	JPY22.00 (JPY11.00)

Profit distribution to shareholders

() : Figures of interim dividend per share

	FY2016	FY2017	FY2018	FY2019 (E)	
Annual dividend (1)	12.2	12.5	13.0	12.6	
Repurchase of shares (2) (Shares bought back: million shares)	8.5 (10)	9.7 (10)	10.1 (10)	8.6 (10)	
Shareholder returns (3)=(1)+(2)	20.7	22.2	23.0	21.2	
Nonconsolidated	Net income (4)	24.4	43.4	42.6	43.0
	Dividend payout ratio (1)/(4)x100	49.83%	28.74%	30.38%	29.36%
	Shareholder return ratio (3)/(4)x100	84.60%	51.16%	53.99%	49.41%
Consolidated	Profit attributable to owners of the parent (5)	29.3	50.1	46.9	51.5
	Dividend payout ratio (1)/(5)x100	41.58%	24.90%	27.63%	24.51%
	Shareholder return ratio (3)/(5)x100	70.60%	44.32%	49.11%	41.25%

(JPY bn)

FY '09– '18 (10years)
Accumulated total 106.0
Accumulated total 111.0
Accumulated total 217.0
Accumulated 382.9
Average 27.67%
Average 56.68%
Accumulated total 433.9
Average 24.41%
Average 50.01%
Average in 5years
4.78%

[Reference]

ROE (Consolidated)	3.15%	5.21%	4.67%	5.00%
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Shareholder return (2) – Share buybacks, Trends in EPS/BPS

- The Bank has regularly bought its own shares since FY1997, resulting in accumulated number of shares repurchased of 236mil
- In FY2019, the Bank cancelled 10mil shares on May 31st. In addition, the Bank bought back 10mil shares by Jun. 10th

Historical share buybacks

	Shares bought back (thousand shares)	Repurchase amount of shares (JPY mil)	Number of shares cancelled (thousand shares)	Cancellation amount (JPY mil)
FY1997-FY2016 (Accumulated total)	205,811	195,370	160,404	149,470
FY2017	10,000	9,736	—	—
FY2018	10,000	10,069	30,000	30,530
FY2019	10,000	8,623	10,000	10,139
Total	235,811	223,798	200,404	190,139

→ Bought 29% of outstanding shares at the end of Mar. 1997

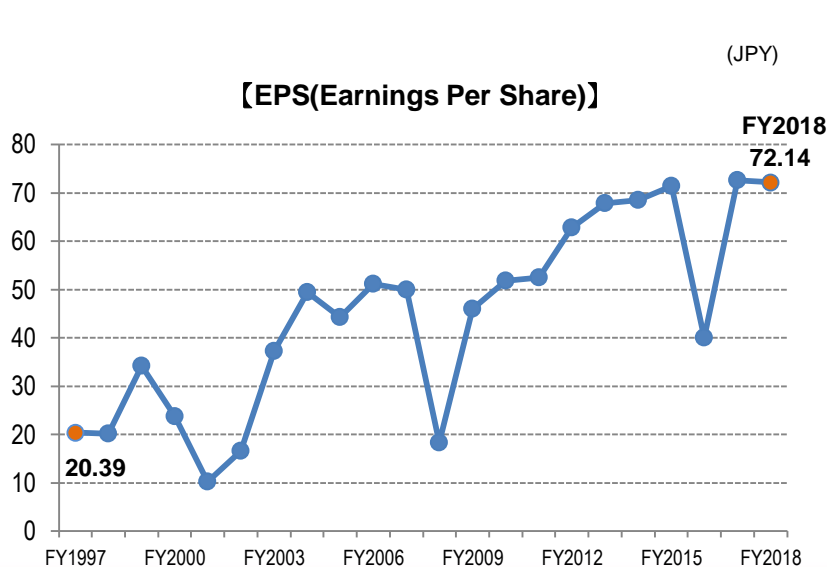
As of the end of Mar. 2019
No. of outstanding shares (including treasury stocks) : 615,129 thousands
No. of treasury stocks : 31,226 thousands

Cancel 10mil shares in May 2019

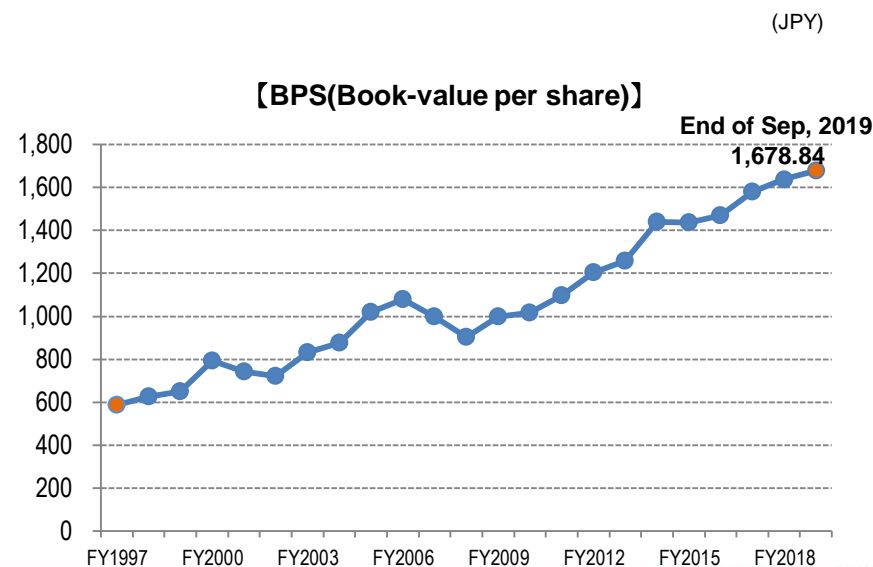
Buy back 10mil shares in May and Jun. 2019

After cancellation and buyback
No. of outstanding shares (including treasury stocks) : 605,129 thousands
No. of treasury stocks : 31,226 thousands

【EPS(Earnings Per Share)】



【BPS(Book-value per share)】



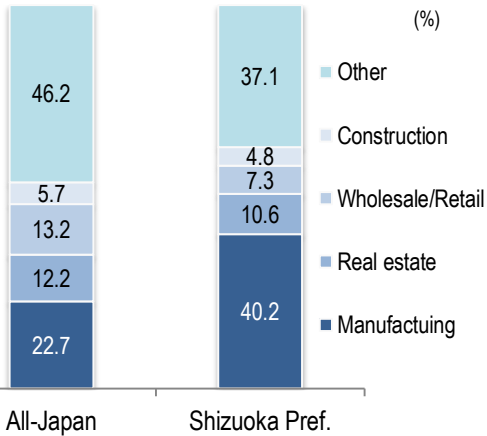
End of Sep, 2019

Reference

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 handling machinery of transportation and music instrument and etc.
- Has many representative tourist locations with rich natural resources

Percentage breakdown of GDP in Shizuoka Prefecture by industries

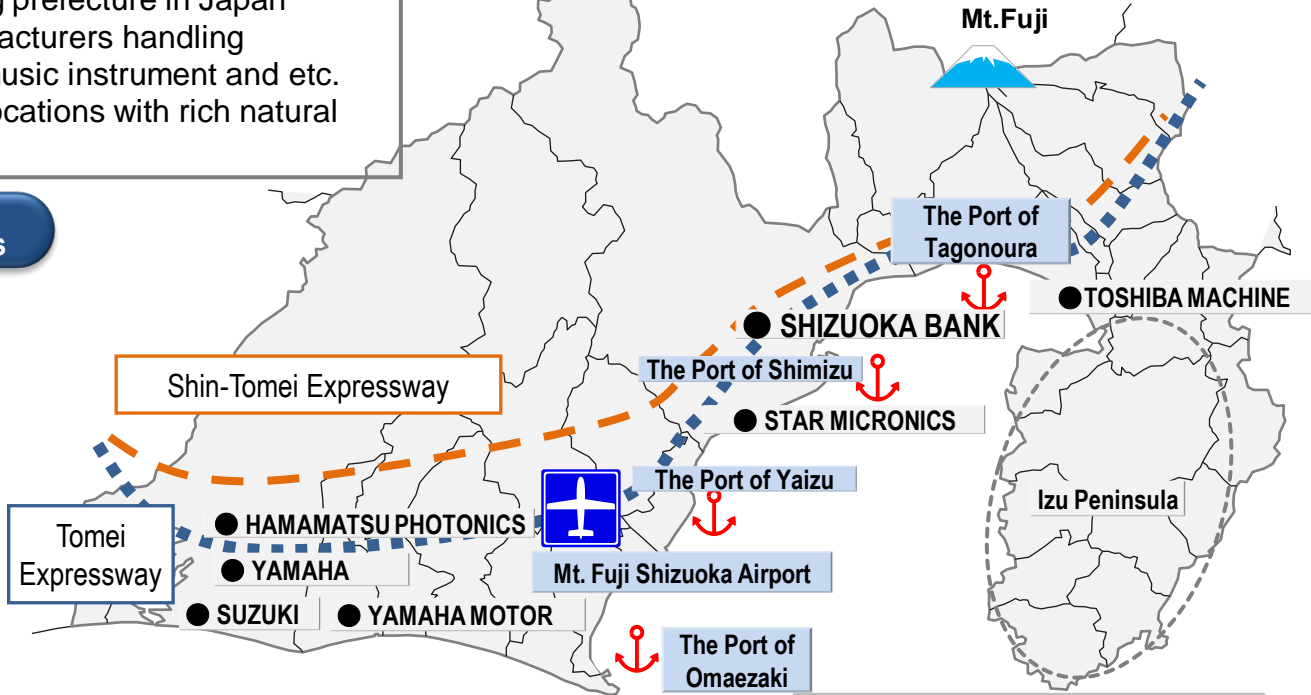


Source: Cabinet Office, Government of Japan, FY2015

No. of listed companies with HQs in Shizuoka Prefecture

* As of the end of Sep. 2019

Listing	No. of companies
TSE 1 st section	23
TSE 2 nd section	10
Mothers	1
Jasdaq	16
Total	50



UNESCO World Heritage Site in Shizuoka Prefecture

Mt. Fuji

(Registered in Jun. 2013)
 Inscribed on the World Heritage List as "Fujisan, sacred place and source of artistic inspiration"



Nirayama Reverberatory Furnaces

(Registered in Jul. 2015)
 Inscribed on the World Heritage List as "Sites of Japan's Meiji Industrial Revolution: Iron and Steel, Shipbuilding and Coal Mining"



Izu Peninsula awarded Global Geopark status by UNESCO

- The Izu Peninsula was certified as a UNESCO Global Geopark in Apr. 2018
- Global Geoparks are natural parks of topographical and geological significance. There are nine UNESCO Geoparks in Japan



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 Algeria, Kazakhstan and Hungary

Shizuoka Prefecture indices

	Share of all-Japan		National ranking
•Population	3.66mil	2.9%	10th of 47 (2018)
•No. of households	1.59mil	2.7%	10th of 47 (2019)
•Nominal prefectural GDP	JPY 17.3tn	3.2%	10th of 47 (FY2015)
•Per-capita income	JPY 3.316mil	—	6th of 47 (FY2015)
•No. of business establishments	170K	3.1%	10th of 47 (2016)
•Amount of shipments of manufactured goods, etc.	JPY 16.8tn	5.3%	4th of 47 (2017)
•Agricultural output	JPY 226.3bn	2.4%	15th of 47 (2017)
•Fishery production volume(*)	190k tons	5.8%	4th of 47 (2018)
•No. of industrial locations (*)	67	6.0%	4th of 47 (2018)
•No. of new housing starts	23K	2.5%	10th of 47 (2018)

* Based on flash reports

Shizuoka Prefecture economic scale

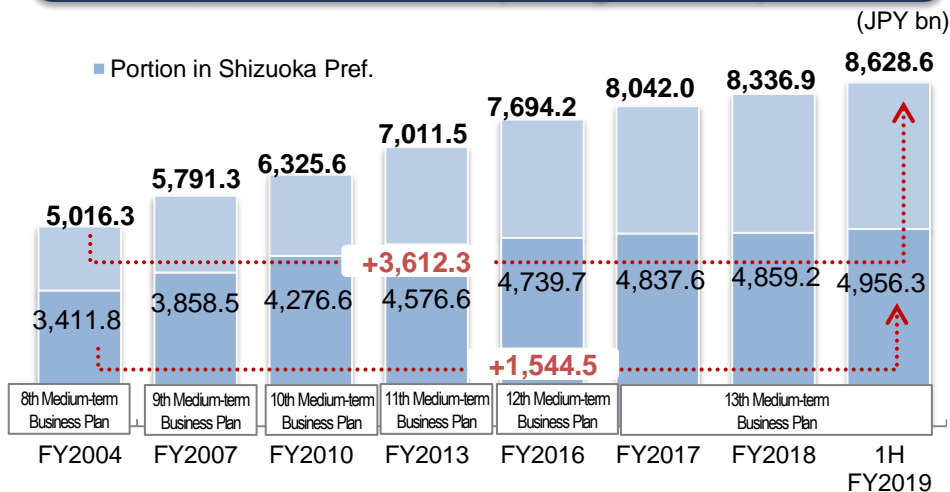
Prefectural GDP (FY2015, Nominal)		
Rank	Prefecture/Region	(USD bn)
9	Fukuoka Prefecture	157.0
10	Shizuoka Prefecture	144.0
11	Ibaraki Prefecture	108.2
-	4 prefectures in Shikoku	118.0
-	3 prefectures in Hokuriku	103.7
GDP comparison with countries (2015)		
Rank	Country (Region)	(USD bn)
55	Algeria	180.4
56	Kazakhstan	170.5
57	Hungary	155.7
-	Shizuoka Prefecture	144.0
58	Kuwait	141.1
59	Ukraine	124.6

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

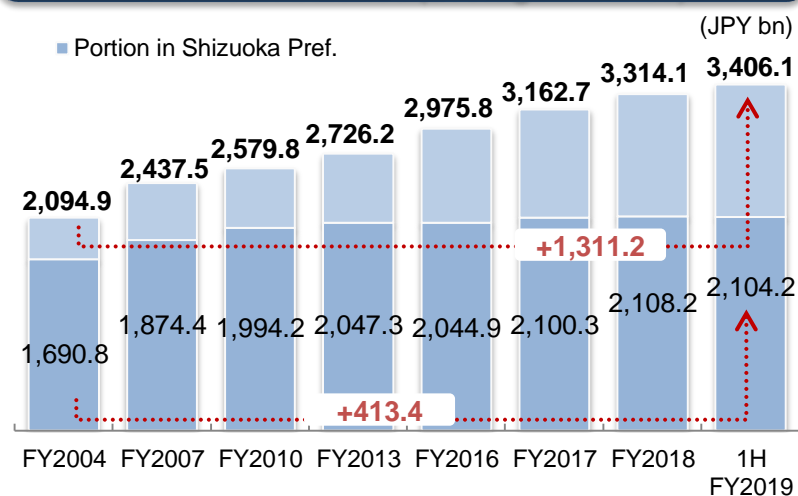
Historical data of loans

- Total loan balance (average balance) had increased by JPY 3,612.3bn since FY2004 to 1H FY2019, of which JPY 1,544.5bn was in Shizuoka Pref.
- SMEs loan balance: JPY +1,311.2bn, consumer loan balance: JPY +1,834.4bn

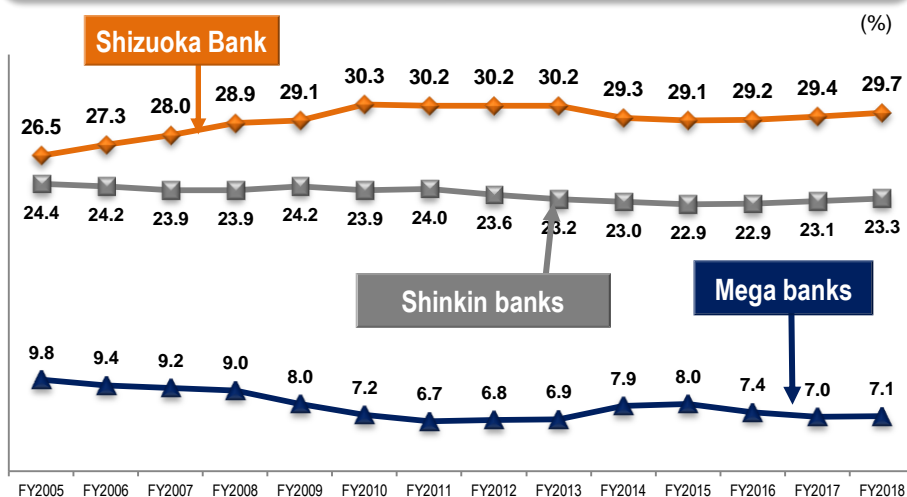
Total loan balance (average balance)



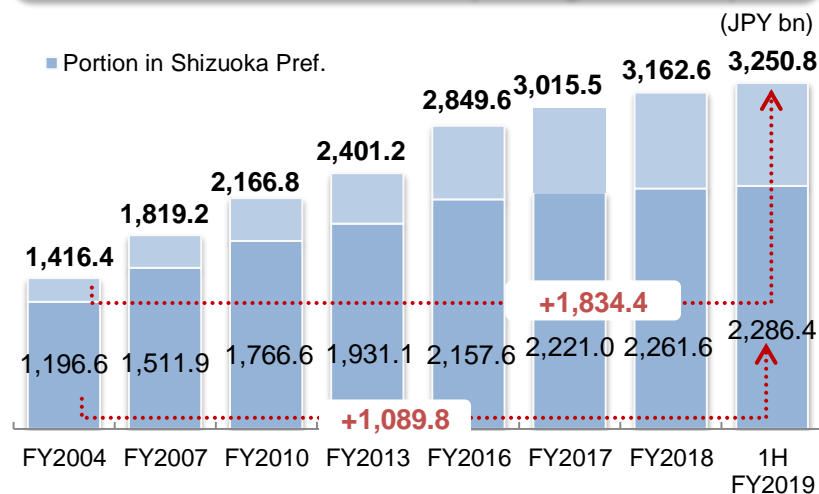
SMEs loan balance (average balance)



Share of loans in Shizuoka Prefecture



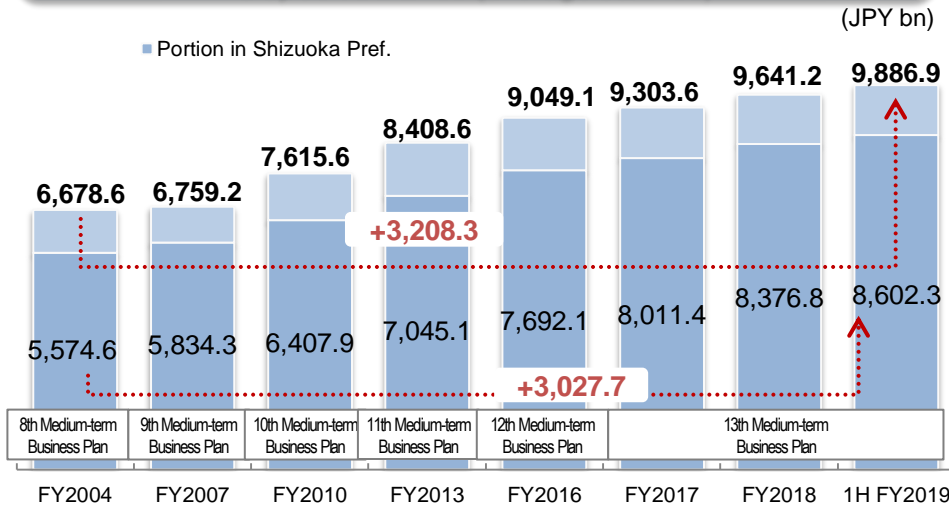
Consumer loan balance (average balance)



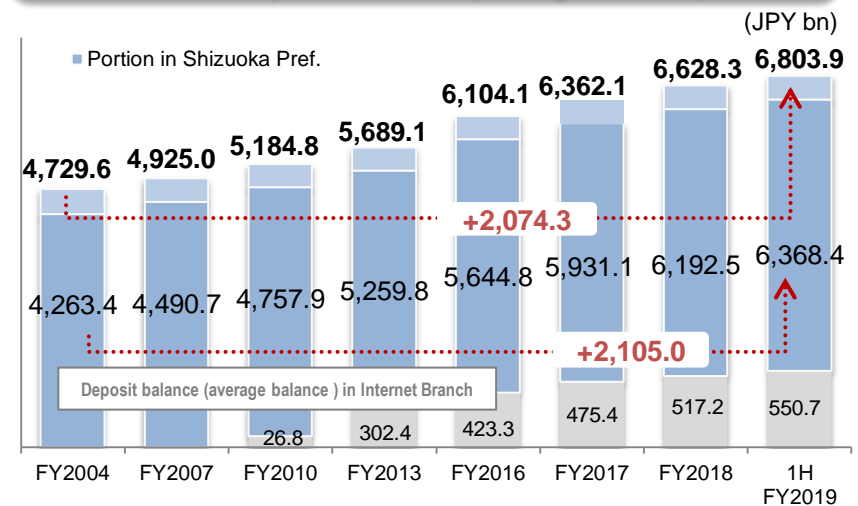
Historical data of deposits

- Total deposit balance (average balance) had increased by JPY 3,208.3bn since FY2004 to 1H FY2019, of which JPY 3,027.7bn was in Shizuoka Pref.
- The Bank has received highest level of credit ratings from two overseas and one Japanese agencies

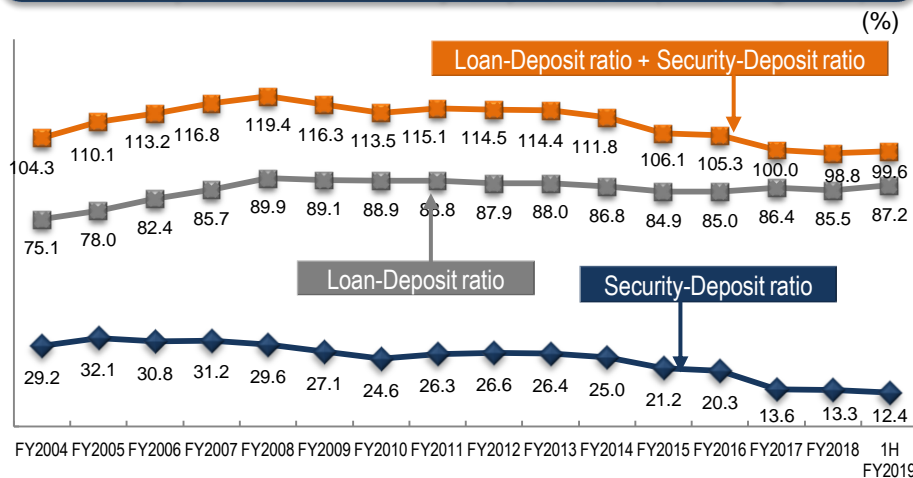
Deposit balance (average balance)



Retail deposit balance (average balance)



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



External ratings (As of the end of Sep. 2019)

- Has received high 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.)

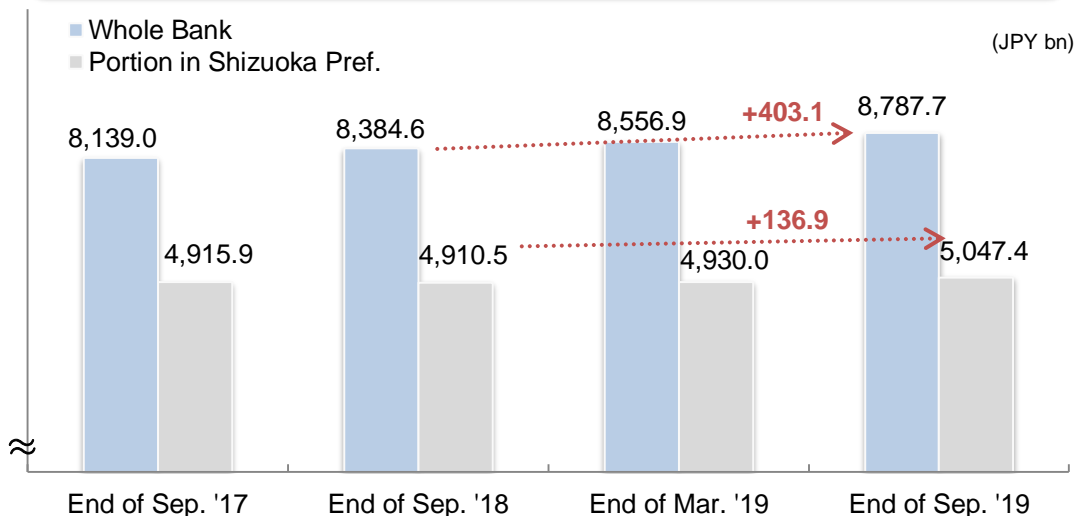
< Other external ratings >



Loans – Term-end balance

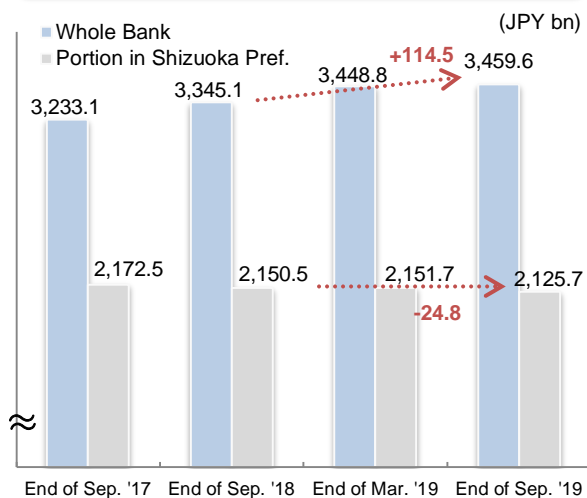
- Total loan balance (term-end balance) increased by JPY 403.1bn (+4.8%) compared to the end of Sep. 2018 mainly due to the increase of SMEs loans and retail loans

Total loan balance (term-end balance)

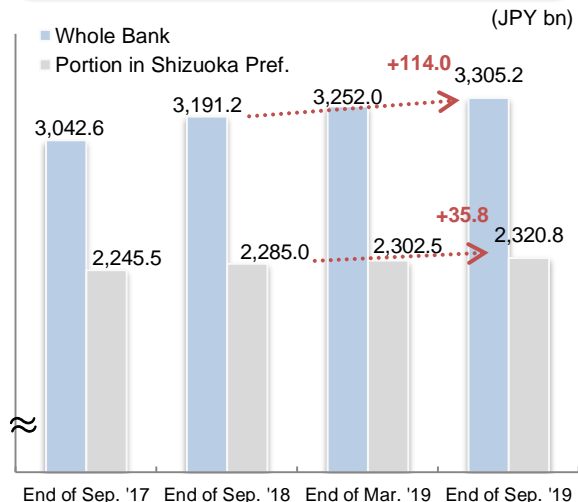


	Term-end balance	Change from the end of Sep. '19	Annual growth rate
Total loan balance	JPY 8,787.7bn	JPY +403.1bn	+4.8%
SMEs loan balance	JPY 3,459.6bn	JPY +114.5bn	+3.4%
Retail loan balance	JPY 3,305.2bn	JPY +114.0bn	+3.5%
Large and Medium sized enterprises	JPY 1,570.1bn	JPY +83.7bn	+5.6%
Loan balance in foreign currency	JPY 555.8bn	JPY +1.9bn	+0.3%

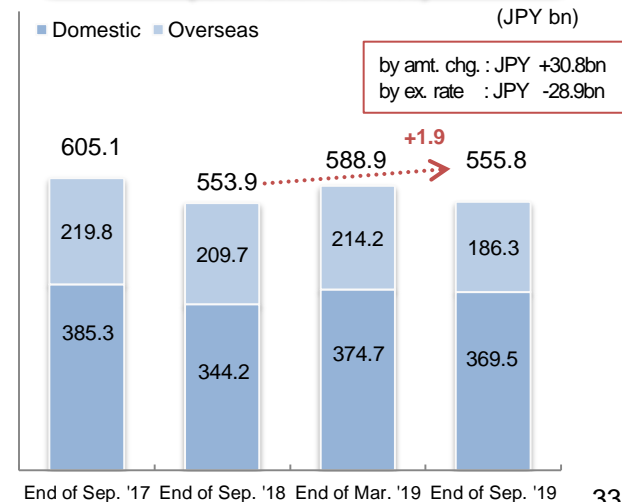
SMEs loan balance (term-end balance)



Retail loan balance (term-end balance)



Loan balance in foreign currencies (term-end balance)



Loans – Loans by industries

- Business loans to real estate account for approximately 13%, and those to each industry such as construction, leasing, and money lending and investment account for less than 10% of loan balance respectively. Build a credit portfolio with borrowers from diverse industries
- Expected Loss (EL) for all industries : JPY 7.6bn
- Unexpected Loss (UL) for all industries : JPY 72.8bn

Contemporary status of business loans to particular industries

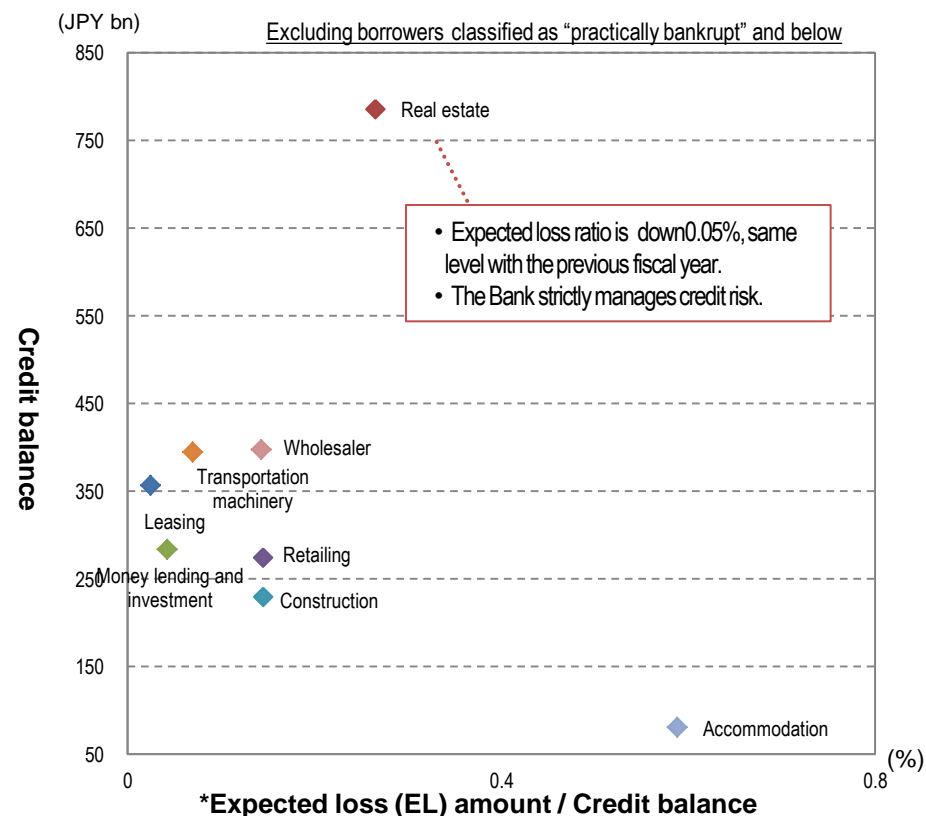
[Credit balance (as of the end of Sep. 2019)] (JPY bn, %)

	Balance	Composition ratio	Change from the end of Mar. '19
All industries	5,825.3	100.0	+169.9
Real estate (*1)	785.8	13.5	+14.5
Wholesaler (*2)	397.4	6.8	-22.0
Money lending and investment	283.9	4.9	+16.5
Transportation machinery	394.5	6.8	-7.9
Construction	229.4	3.9	-8.6
Retailer	274.2	4.7	+14.0
Leasing	356.5	6.1	+10.3
Accommodation	80.4	1.4	-1.9

(*1) excluding apartment loans and loans for asset building

(*2) excluding a general trading companies

[Credit balance vs. expected loss rate*]

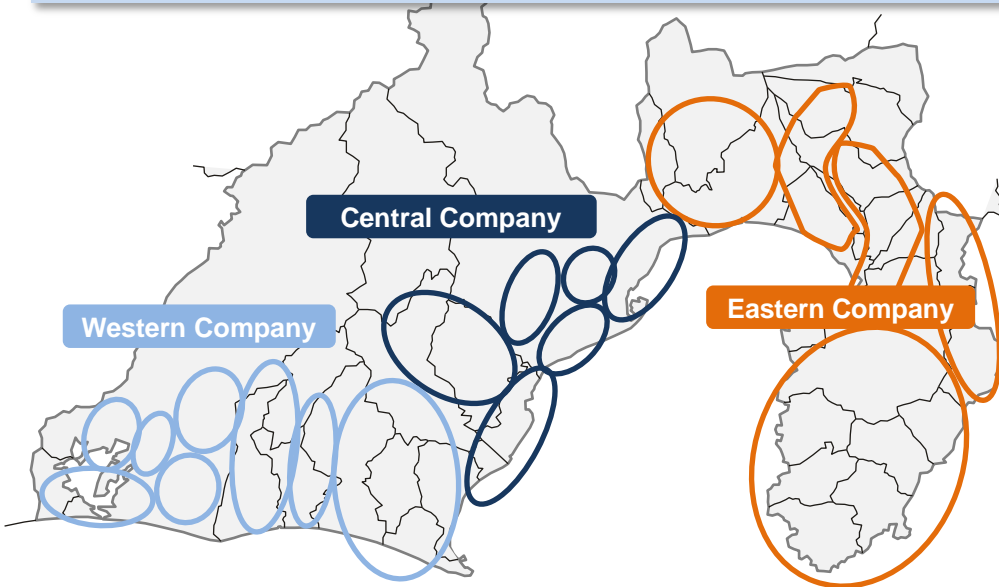


Sales structure reform

- Reform sales structure to address changes in customer needs and the operating environment, aim to further improve customer convenience and satisfaction by offering high-quality financial services without shrinking the branch network

- The Bank divides Shizuoka Pref. into three Companies which consist of 19 Blocks
- The 19 Blocks are further divided into 37 Areas

Dense branch network covers the whole of Shizuoka Pref. (144 branches)



Company	Block
Eastern Company	Shimoda, Atami, Mishima, Numazu, Fuji-Chuo
Central Company	Honten, Gofukucho, Ekinan, Shimizu, Yaizu, Fujieda-Eki
Western Company	Kakegawa, Iwata, Fukuroi, Hamamatsu, Naruko, Hamamatsu-Chuo, Aoicho, Hamakita

Background

Customer needs

- Increase in need for solutions for business succession planning, business matching, business turnaround etc.
- Diversification of customer need

Operating environment

- Decrease in population and number of business sites
- Decrease in branch customer traffic because of shift to online banking
- Projected contraction in the workforce

Sales structure reform is aimed at integrating branch functions and personnel in each area to improve efficiency, to reduce the cost of branch operation and to share expertise and know-how among branch personnel

Strengthen solutions marketing and ensure provision of highly targeted financial services without shrinking the branch network

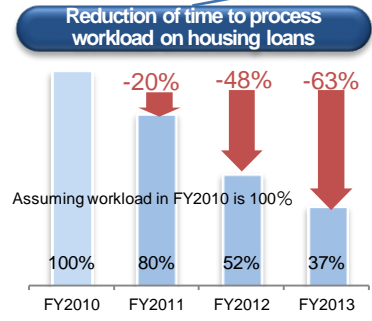
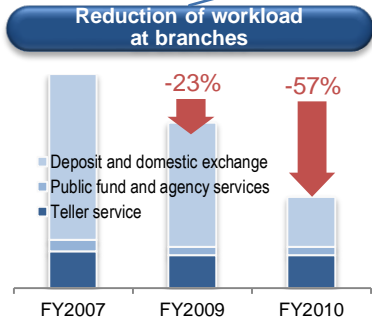
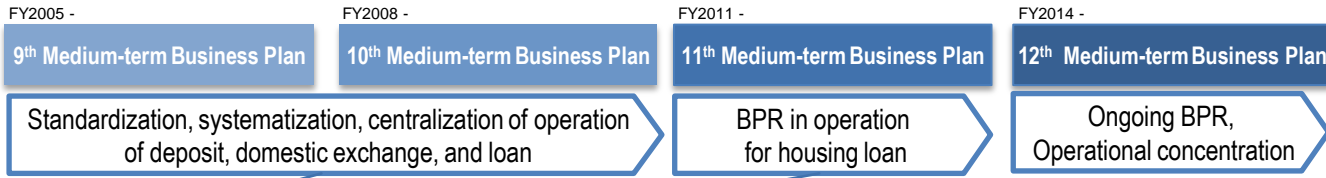
Further improvements in customer convenience and satisfaction

Progress of sales structure reform

1 st phase (trial)	Apr. 2018	Started as trial in 2 Areas
	Jul. 2018	Started as trial in 3 other Areas
2 nd phase (expansion)	Apr. 2019	Started in other 2 Areas
	Jul. 2019	Started in other 3 Areas
	Oct. 2019	Started in other 2 Areas
	Until the end of Mar. 2020	Plan to start in 6 other Areas
	FY2020 -	Plan to start in more Areas

Operation process reform

- Aim to realize “digital branch”, a branch managed by less staffs, by further accelerating operations BPR which the Bank continued so far



Number of personnel in front and back office

(people)	End of Mar. 2008	End of Mar. 2017	Increase/Decrease
Front-office at branches	2,411	2,919	+508
Back-office at branches	1,693	902	-791
Shizuoka Bank *	5,164	4,782	-382

* Including temporary employees

FY2017 - 13th Medium-term Business Plan -

Operation process reform

- Management of branches at low cost through drastic BPR
- Higher productivity by introducing RPA
- Sales structure reform

Back-office workload at branches reduced by 60%

Time to process workload on housing loans reduced by 60%

Staff at back-office relocated to front-office

Even further enhancement of productivity

Shift to “5 less” at branches

Paperless

Seal-less

Cashless

Counter-terminal-less

Counter-less

Use of RPA

- System for uniform development of RPA prepared in Aug. 2018
- Operations requiring 12K hours per year have been automated (in FY2018)

Target in FY2019

Automate operations requiring 200K hours per year (equivalent to workload of 100 staffs)
by expanding operations to use RPA

Restructuring of headquarters

Integration of section for business promotion at branches and that for planning branch channel

- Demonstrate function of planning branch channel based on strategy for business promotion at branches



Establishment of “Operations BPR Project Team”

- Speed-up of BPR in operations reflecting branch function

Building new sales structure

Development of sales structure reform

- Integrate staffs in a business area and engage them in businesses with high added-value including inheritance and business succession
- Maintain branch network through decreasing required staffs and equipment in branches
- Plan to Start the reform in 13 additional Areas in FY2019 (resulting in 18 Areas in total)

Realization of “digital branch”

Speed-up of BPR in operations

ATMs with enhanced function

Realization of “digital branch”, a branch managed by less staffs

Decrease of branch-related cost

Global network

- The Bank's global network with 3 branches, 2 rep. offices, 1 subsidiary and total 54 staffs (25 staffs in Asia) abroad helps clients' overseas expansions
- In Asia, the Bank has 3 overseas offices and business tie-ups with 14 banks in 9 countries/regions



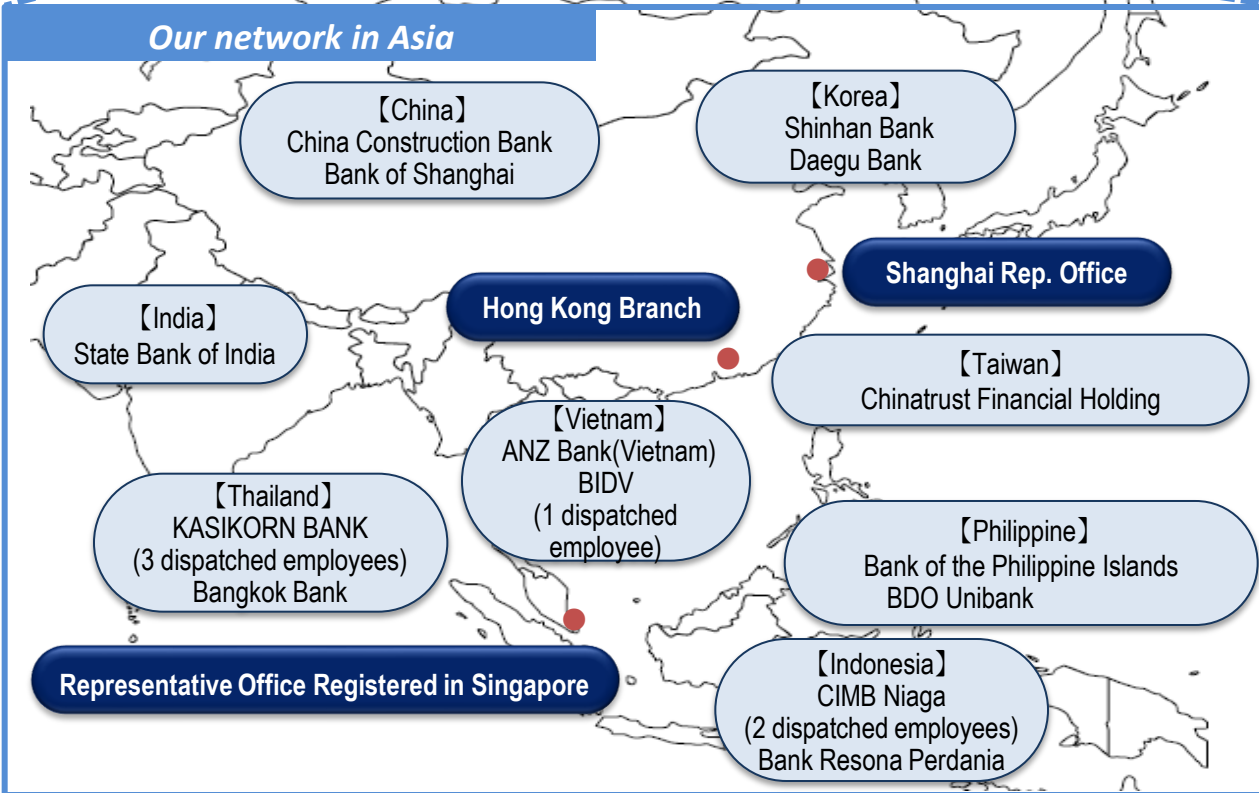
• • • Our own offices
 • • • Offices owned by our affiliates

International Department

- Management and control for overseas strategy
- Support customers for overseas expansion

Has supported overseas expansion of about 300 companies since FY2010

Countries	No. of companies
Thailand	96
China	44
Indonesia	42
Vietnam	33
India	14
Others (Asia)	29
Others (Excluding Asia)	37
Total	295



Topic

Launched cross-border loan in Indonesian Rupiah, the first case for Japanese banks

- Build scheme for loans in Indonesian Rupiah through collaboration with CIMB Niaga, one of our affiliates, and JBIC
- Launched cross-border loan in Indonesian Rupiah to local subsidiary of our domestic corporate client in Mar. 2019, the first case not only for the Bank but also for all Japanese banks

Allocation of risk capital

- Allocation of risk capital for 1H FY2019 (the end of Sep. 2019 basis) amounted to JPY 717.8bn, of which JPY 185.0bn was allocated to credit risk, JPY 390.0bn to market risk, JPY 4.5bn to strategic investments, and JPY 23.7bn to operational risk
- JPY 102.3bn of risk capital was used for loans (credit risk), and JPY 161.6bn for the Treasury division

Allocation source	(JPY bn)	Risk capital allocated	Risk capital used	Ratio of risk capital used	
Core capital JPY 717.8bn (End of Sep. 2019 basis)	Credit risk 185.0	Loan (Credit risk)	127.7	102.3	80%
	Market risk 390.0	Treasury division	438.0	161.6	36%
		(strategic shareholdings)	(184.5)	(36.1)	(19%)
	Strategic investments 4.5	Consolidated subsidiaries	9.3	3.3	35%
	Operational risk 23.7	Strategic investments	4.5	1.4	31%
	Buffer capital, etc. 114.6	Operational risk	23.7	23.7	100%
		Sub total	603.2	292.3	48%
	Buffer capital, etc.	114.6	—	—	
	Total	717.8	—	—	

- Core capital = common equity Tire I (Basel III standard), excluding other marketable securities valuation difference < Fully-loaded basis >
- 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 (1)

- In 1H FY2019, the total ordinary revenue of 12 major consolidated subsidiaries was JPY 29.3bn (up JPY 0.2bn YoY) and the ordinary profit was JPY 4.4bn (down JPY 0.0bn 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	0.9	+0.1	0.4	+0.1
Shizugin Lease Co., Ltd.	Leasing	15.8	+0.2	0.7	-0.0
Shizugin Computer Service Co., Ltd.	Computer system development and operation	1.8	-0.1	0.2	+0.0
Shizugin Credit Guaranty Co., Ltd.	Guarantee of housing loans, etc.	2.3	+0.1	1.3	-0.1
Shizugin DC Card Co., Ltd.	Credit card and guarantee of consumer loans	1.4	+0.1	0.4	+0.1
Shizuoka Capital Co., Ltd.	Public-offering assistance Support for corporate rehabilitation	0.2	+0.0	0.1	+0.0
Shizugin TM Securities Co., Ltd.	Securities	3.1	-0.4	0.8	-0.1
Shizuoka Bank (Europe) S.A.	Finance and securities-related services	0.5	+0.1	-0.0	-0.0
Shizuoka Liquidity Reserve Ltd.	Purchases of monetary receivables	0.4	+0.0	0.4	+0.0
Shizugin General Service Co., Ltd.	Fee-based job placement service, general administration	0.5	+0.0	0.0	+0.0
Shizugin Mortgage Service Co., Ltd.	Appraisal of real estate for loan collateral Operation center for loans	0.9	+0.0	0.0	+0.0
Shizugin Business Create Co., Ltd.	Operation center for remittance and bill collection Part-time employee management	1.4	-0.1	0.0	-0.0
Total(12 companies)		29.3	+0.2	4.4	-0.0

(Ref.) Affiliates under equity method of accounting

*1 Total revenue, *2 Profit before income tax

Shizugin Saison Card Co., Ltd.	Credit card, prepaid card, and guarantee of consumer loans	1.3	+0.1	0.2	+0.0
Monex Group, Inc.	Holding stocks of companies practicing securities and so on	*1 26.2	-0.6	*2 2.2	+0.4

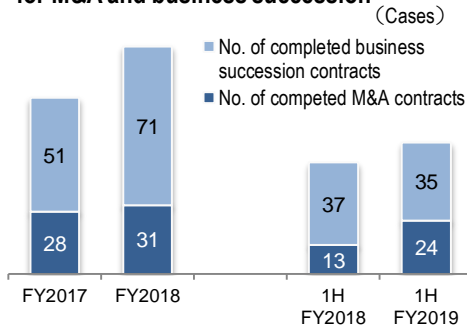
Group companies (2)

- Provide comprehensive financial services by integrating expertise in Shizuoka Bank Group and utilizing cross-industry collaboration

Shizugin Management Consulting

- Keep stable performance in consulting businesses for M&A and business succession to SMEs, and aim at further expanding businesses in these fields

Performance in consulting businesses for M&A and business succession



Shizugin Management Consulting Co., Ltd.

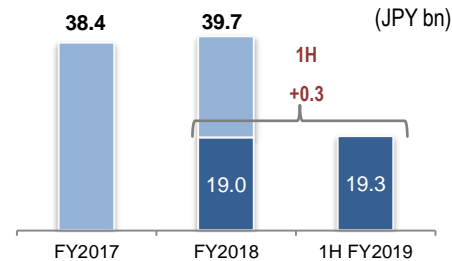
<Main businesses>

- Consultation for M&A
- Support for business succession
- Consultation for management (Management diagnosis, support for deciding business plan)
- Support for deciding business restructuring plan
- Support for acquiring ISO Certification
- Consultation for personnel management
- Bill collection services

Shizugin Lease

- Shizuoka Bank has started intermediary services of Shizugin Lease in Oct. 2018 where the Bank offers proposals combining loan and lease (limited to finance lease exempt from passage of title)

Amount of lease and installment contracts



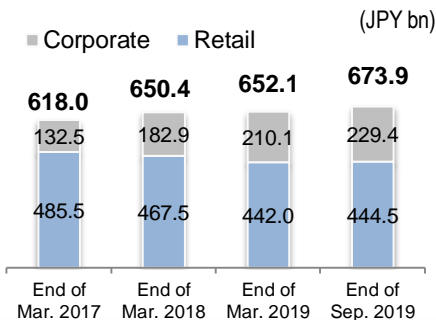
Shizugin Lease Co., Ltd.

Support customers expand and efficiently run businesses by meeting needs for capital investment in various ways ranging from lease of property including cutting-edge OA equipment, large industrial machinery, solar power generation facility, nursing care facility and automobiles to overseas lease and real estate lease enabled by alliance with other companies.

Shizugin TM Securities

- Provides lineup of various products including "SHIZUGIN Wrap (MSV LIFE)" based on discretionary investment management run by Monex-Saison-Vangurd Investment Partners

Amount of customer assets



Shizugin TM Securities Co., Ltd.

Offer lineup of various products including investment trust, bond, and stock, and comprehensive financial services based on coordination with Shizuoka Bank

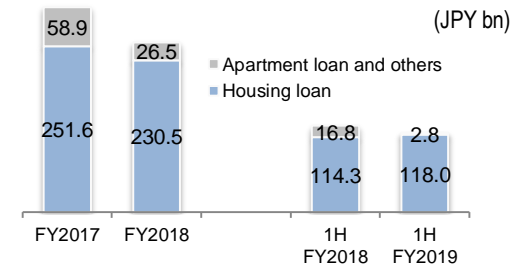
Meet corporate customers' need to raise money through direct finance such as underwriting of stocks on IPO and underwriting of finance by public companies

Shizugin Credit Guaranty

- Started a business to give guaranty to a housing loan product "ARUHI Variable S" offered by ARUHI Corporation, a housing loan specialist (Aug. 2018)
- Received 474 applications from Aug. 2018 to Sep. 2019



Amount of housing-related loan extended with guaranty from Shizugin Credit Guaranty



Shizugin Credit Guaranty Co., Ltd.

Conduct credit review and give guaranty to consumer loan centering housing-related loan

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

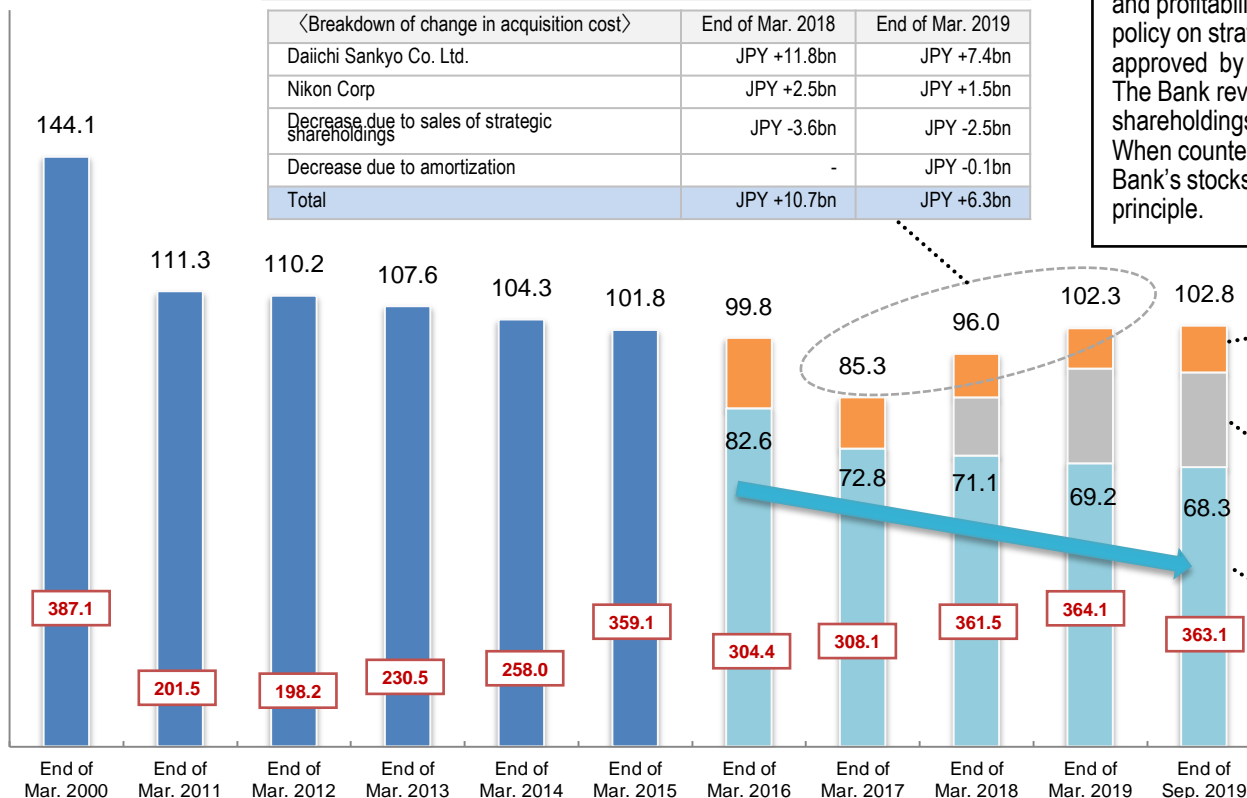
Prime cost of strategic shareholdings*

(JPY bn)

■ Acquisition cost
 □ Market value

< Reason for increase in acquisition cost at the end of Mar. 2018 and 2019 >
 • Return of shares in Daiichi Sankyo Co., Ltd. and Nikon Corp after cancellation of retirement benefit trust

<Breakdown of change in acquisition cost>	End of Mar. 2018	End of Mar. 2019
Daiichi Sankyo Co. Ltd.	JPY +11.8bn	JPY +7.4bn
Nikon Corp	JPY +2.5bn	JPY +1.5bn
Decrease due to sales of strategic shareholdings	JPY -3.6bn	JPY -2.5bn
Decrease due to amortization	-	JPY -0.1bn
Total	JPY +10.7bn	JPY +6.3bn



Policy on strategic shareholdings

(Corporate Governance Code : general principles 1-4)

The Bank has its policy to decrease strategic shareholdings, and only owns such stocks that are considered to be significant in terms of business investment, strengthening of business relationships, or contribution to the region.

In addition, the Bank regularly reviews benefit from shareholdings and profitability compared to cost of capital, and decides annual policy on strategic shareholdings in annual business plan which are approved by the Board of Directors.

The Bank reviews significance and economic rationality of shareholdings based on various data such as cost of capital. When counterparties of shareholdings show their intention to sell the Bank's stocks, the Bank agrees with them without preventing in principle.

Stocks recognized as beneficial to hold in terms of "business investment" (stocks the Bank holds in terms of business strategy)

Amount increased because of cancellation of retirement benefit trust (acquisition cost of stocks of Daiichi Sankyo Co., Ltd. and Nikon Corp)

Stocks recognized as beneficial to hold in terms of "strengthening of business relationships"

*Except for equity method affiliate

Shareholder return – Share buybacks (Time series data)

- The bank has regularly bought its own shares since FY1997, resulting in accumulated number of shares repurchased of 236mil

	Shares bought back (thousand shares)	Repurchase amount of shares (JPY mil)	Number of shares cancelled (thousand shares)	Cancellation amount (JPY mil)	Shareholder return ratio <Nonconsolidated> (%)	Shareholder return ratio <Consolidated> (%) (*)	EPS <Nonconsolidated> (Yen)	BPS <Nonconsolidated> (Yen)	DPS <Nonconsolidated> (Yen)
FY1997	7,226	9,997	7,226	9,997	90.3	—	20.4	587.6	6.0
FY1998	6,633	9,142	6,633	9,142	86.7	84.1	20.1	627.6	6.0
FY1999	8,357	9,143	8,357	9,143	51.4	52.6	34.1	651.0	6.0
FY2000	24,954	23,281	24,954	23,281	152.0	150.3	23.7	792.2	6.0
FY2001	8,234	8,267	8,234	8,267	165.4	170.5	10.3	742.7	6.0
FY2002	29,928	23,107	—	—	229.4	222.1	16.6	721.3	7.0
FY2003	10,712	8,566	30,000	23,381	50.8	50.2	37.2	831.8	7.0
FY2004	—	—	—	—	17.1	16.9	49.4	875.9	8.5
FY2005	—	—	—	—	22.5	21.4	44.2	1,019.2	10.0
FY2006	—	—	—	—	25.3	24.3	51.2	1,077.9	13.0
FY2007	10,000	12,621	10,000	10,130	61.8	62.6	49.9	997.2	13.0
FY2008	—	—	—	—	70.8	69.7	18.3	903.3	13.0
FY2009	5,000	3,996	5,000	4,638	40.6	39.8	46.0	998.2	13.0
FY2010	20,000	14,980	20,000	15,957	67.2	65.7	51.8	1,016.3	13.0
FY2011	20,000	14,575	—	—	67.6	63.0	52.4	1,097.6	13.5
FY2012	10,000	8,239	20,000	14,953	43.9	31.5	62.8	1,204.3	15.0
FY2013	20,000	22,642	—	—	75.7	69.3	67.8	1,257.6	15.5
FY2014	10,000	11,315	—	—	49.8	42.4	68.5	1,440.7	16.0
FY2015	4,767	6,999	—	—	43.8	40.2	71.4	1,436.5	20.0
FY2016	10,000	8,496	20,000	20,578	84.6	70.6	40.0	1,470.1	20.0
FY2017	10,000	9,736	—	—	51.1	44.3	72.5	1,579.0	21.0
FY2018	10,000	10,069	30,000	30,530	53.9	49.1	72.1	1,638.2	22.0
FY2019 (Until Sep.)	10,000	8,623	10,000	10,139	—	—	—	—	—
Total	235,811	223,798	200,404	190,139	—	—	—	—	—

*Consolidated financial statements have been prepared since FY1998

Overview of the 13th Medium-term Business Plan (1)

– Name of the plan/ Group vision, Basic strategy

Name of the plan / Group vision

Name of the plan **TSUNAGU**

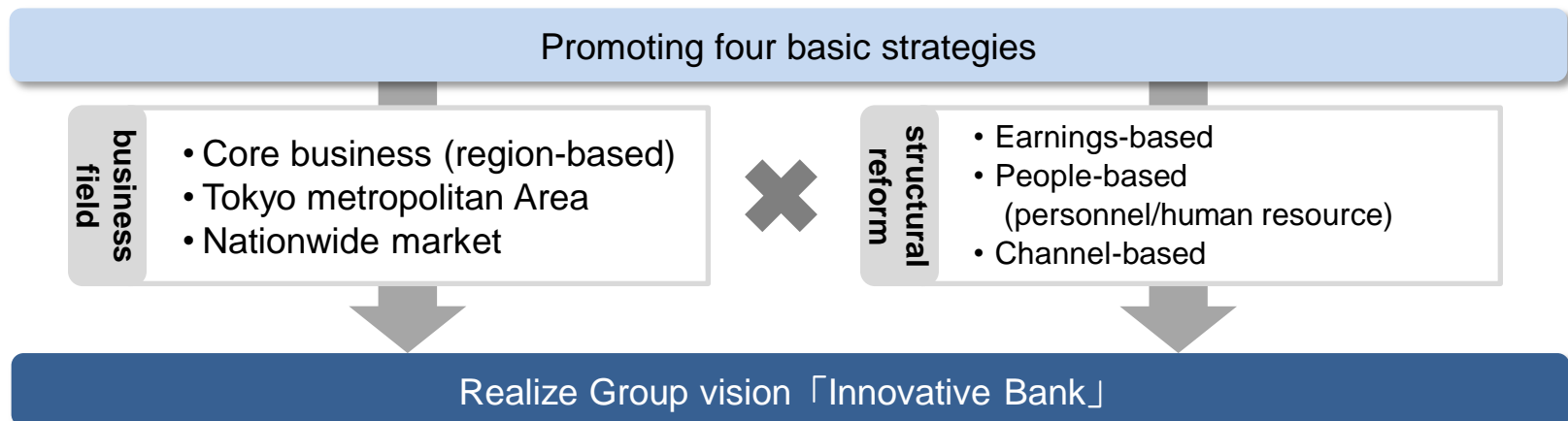
“TSUNAGU” has several meanings in Japanese
...“connect”, “link”, “unite”, etc.

Group vision **Innovative Bank** “Shizugin” will continue to create new value along with the region

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.



Overview of the 13th Medium-term Business Plan (2) – Structural reforms

- Under the 13th Medium-term Business Plan, the Bank will engage in **three structural reforms targeting earnings, people, and channels**, aiming to create sustainable business model in the future

12th Medium-term Business plan

Challenge on the new
business fields
Strategic investment

13th Medium-term Business plan

Maintain growth
strategy through three
structural reforms

14th Medium-term Business plan

Construct
sustainable business
model

Earnings-based structural reforms

Core business growth

- **Converse earnings structure** through growth of bank branch division

Growth in a monetary easing environment

- **Continue to develop opportunities in new business fields**

Reforms of expense structure

- Create a low cost operating structure along with channel changes

People-based (personnel/human resource) structural reforms

Work style-based structural changes

- **Aim to be an attractive Bank for employees** through diverse work style values

Improvement in balance between
operation and its cost

- Reform management structure corresponding to profitability of operations

Channel-based structural reforms

Non-face-to-face channel expansion

- **Change in customer behaviors, expansion of cross-regional transactions**

Changes in roles and targets of
non-face-to-face channel

- Sales force structural reforms corresponding to future population dynamics

Reference (ESG/SDGs part)

- **SDGs**
- **Adoption for constituent brand of ESG index**
- **Environment**
- **Diversity and work-life balance**
- **Activities to contribute to the region**
- **Corporate Governance Structure**
- **Region-based Relationship Banking (1)**
- **Region-based Relationship Banking (2)**
- **Regional revitalization**

ESG/SDGs initiatives (1)

– SDGs, Adoption for constituent brand of ESG index

- The Bank has continued various initiatives up to now in order to realize rich, energized, and sustainable regional community
- The Bank began to provide products which support initiatives for SDGs in wealth management and loan

SDGs (Sustainable Development Goals)

- SDGs are development goals for international society which consist of 17 items and are adopted in the UN Summit in 2015
- As a financial institution rooted in the region, the Bank has continued various initiatives up to now in order to realize rich, energized, and sustainable regional community
- The Bank plans to keep actively coping with social issues to achieve SDGs as a regional financial institution

* Related initiatives in this presentation are shown with pictogram of SDGs

SUSTAINABLE DEVELOPMENT GOALS



- What are SDGs (Sustainable Development Goals)?
Goals for 2030 globally adopted in the UN Summit in Sep. 2015 in order to achieve sustainable world. They consist of 17 comprehensive goals aiming for sustainable development with good balance among economy, society, and environment

SDGs-related products

“NISSAY SDGs Global Select Fund” (Shizugin TM Securities Co., Ltd.)

- Investment trusts targeting companies which are selected among listed companies engaging in businesses leading to achievement of SDGs and whose stock prices are expected to rise in medium and long term

“Shizugin SDGs Private Placement Bond”

- Product to support capital funding of companies actively working on SDGs with special treatment of interest rates
On announcing overview of issuance of the bond in newspapers and so on, it is articulated there that the bond is SDGs Private Place Bond if the issuer hopes

Adoption for constituent brand of ESG index

Adopted as a constituent brand of three indices selected for ESG investment by the Government Pension Investment Fund (GPIF)

MSCI Japan ESG Select Leaders Index (Comprehensive type ESG Index)

- Companies in each industry are selected for the excellence of their ESG initiatives based on information disclosed by the company and MSCI independent research

MSCI Japan Empowering Women Index (Theme type ESG Index)

- Companies are selected among Japanese corporations leading their industry in the promotion of employee gender diversity, the promotion of women’s participation and advancement

* MSCI: A leading index company providing a variety of investment information for institutional investors around the world

S&P/JPX Carbon Efficient Index (Theme type ESG Index)

- Companies are selected for high carbon efficiency (low level of carbon emissions per unit of revenue) and sufficient disclosure

ESG/SDGs initiatives (2) – Environment

- Make efforts as a corporate citizen to pass our rich natural environment to next generations

Action guidelines for environment issues

- Address environmental issues through financial operations
- Reduce the environmental impact of the Shizuoka Bank Group
- Reinforce employee efforts to tackle environmental issues in the community and at home

Donation on issuance of USD-based corporate bond



- The Bank, as an initiatives for environmental protection, donated JPY 10mil to FUJISAN Fund (*) in order to contribute to maintaining Mt. Fuji, a representative world heritage in Shizuoka Pref., on the issuance of the Bank's USD-based corporate bond to retail investors in Dec. 2018



May Mt. Fuji be a World Heritage forever!

* Fund run by NPO National Council on Fujisan World Heritage

Shizugin Furusato Environmental Protection Fund Charitable Trust



- Provide financial support through the Shizugin Furusato Environmental Protection Fund Charitable Trust to individuals and groups in Shizuoka Pref. that promote environmental protection
- Provided a total of JPY 3mil to 15 projects in FY2018
- Cumulatively provided JPY 75.2mil to 586 projects since the fund was set up in 1993

ECO Ideas Contest



- Hold the Shizugin Eco Ideas Contest, which calls on primary school students in Shizuoka Pref. to develop solutions for environmental issues every year
- Received a total of 830 highly creative ideas, with one student receiving the grand prize, 11 students receiving distinctions, and five schools receiving top school awards in the FY2018 contest (7th contest)

The grand prize in FY2018 was awarded for the "Book jacket warmed by sunlight"

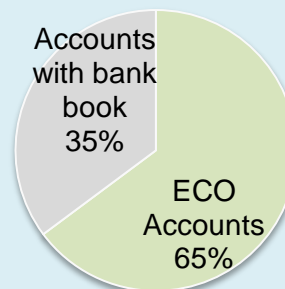
Book jacket warmed by sunlight which enables us to read a book without cooling hands even in winter

Environmental protection through financial business



- Provide two types of account as "ECO Account" – "Integrated Web Account", an account without bank book in physical branch, and "WebWallet", an account in the Internet Branch

【Ratio of ECO Accounts among newly opened accounts】



Among newly opened accounts in 1H FY2019, more than 60% were ECO Accounts.

- Partially finish mailing "Interest Notes" and "Notification of Maturity" of time deposit to customers from Dec. 2019

- ✓ Reduce use of paper
- ✓ Donate a part of reduced expenses to FUJISAN Fund

Donated JPY 911,300 based on the number of accounts opened in 1H FY2019

ESG/SDGs initiatives (3) – Diversity and work-life balance

- Empower women in the workplace and encourage all employees to demonstrate their personality and abilities to the full extent

Work-style reform



- Established a project team to promote cross-departmental work-style reform (in Oct. 2017)
- Support employees realize work-life balance by introducing various systems including flextime, paid leave by the hour (both in Jul. 2018), and telework (in Oct. 2018)
- Started “Work Style Innovation” including revision of dress code and rule on vacation so that employees decide work style by themselves (in Aug. 2019)

Networking events for women from different industries



- Have held networking events for women with local companies since 2015 in order to support women advance their careers through interaction with local companies



Shizuoka Bank has been recognized by the Japanese Minister of Health, Labour and Welfare as a superior company for its efforts supporting the empowerment of women in the workplace. The Bank received "Eruboshi" certification, which is based on the Act on Promotion of Women's Participation and Advancement in the Workplace, and "Platinum Kurumin" certification, which is based on the Act for Measures to Support the Development of the Next-Generation Children.

Eruboshi



Platinum Kurumin



Female Executive Officers in group companies



- Two females became Executive Officers in Shizugin Mortgage Service Co., Ltd. in Jun. 2019

Established “Shizugin Heartful Co., Ltd.”



- Established a new company in order to actively support independence and participation to the society by handicapped people, and to further promote employment of those people (in Oct. 2019)
- Plan to apply for “the special subsidiary company” while expanding business

The special subsidiary company

- A subsidiary company approved by the Minister of Health, Labor, and Welfare as a company specially taking handicapped people into consideration
- Handicapped people working for the special subsidiary company can be included in the calculation of the parent company's ratio of employment of handicapped people

Recognized under “White 500”



- The Bank was recognized under “the 2019 Certified Health and Productivity Management Organization (large enterprise category) -White 500-” in Feb. 2019 for various initiatives to maintain and enhance employees' health, such as creating favorable environment and supporting employees' own activities



Certified Health and Productivity Management Organization Recognition Program

The program is conducted by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi (*). Under the program, the Nippon Kenko Kaigi examines enterprises engaging in initiatives for overcoming health-related challenges in regional communities or for promoting health-conscious activities by the Nippon Kenko Kaigi, and recognizes outstanding enterprises engaging in efforts for health and productivity management.

(* Nippon Kenko Kaigi : An organization that takes practical community- and workplace-based actions, under the collaboration of private organizations and with full administrative support, for the elongation of the healthy life-span and to provide appropriate medical care

ESG/SDGs initiatives (4) – Activities to contribute to the region

- As activities to realize its corporate philosophy to “expand dreams and affluence with our community”, the Bank engages in some activities to contribute to the region such as promotion of local culture and sports, education of finance and economy
- Considering a situation where Nankai Trough Earthquake is likely to occur, the Bank also actively works on disaster prevention and mitigation

Promotion of local culture

- Regularly hold concerts by domestic and foreign first-class artists and events of Rakugo, Japanese traditional storytelling performance, for people in the region



Promotion of sports

- Facilitate promotion of children sports by supporting tournaments of soccer and baseball for boys and girls



- Support activities of a local sports club which engages in training and supporting female athletes as a sponsor with Yamaha Motor Corp. Ltd., etc.

* Mr. Katsuyuki Kiyomiya, a former coach of professional rugby team of Yamaha Motors, took an important role in establishing the sports club. The club established a team of female rugby sevens and started activities.

Education of finance and economy



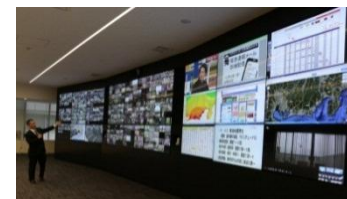
- Actively work on education of finance and economy by providing people with opportunity to learn banks' role in economy and society through study tour in the Bank and lecture by the Bank's staff
- Hold Shizuoka-Prefectural tournament of “Economics Koshien”, a competition on economic and financial knowledge by high school students



Business continuity in emergency



- Create outline of measures against emergency as a business continuity plan
- Establish a system where the Bank can instantly resume operation in emergency by introducing base isolation, installing standby generators, and preparing back-up of systems
- Build a system to support people in the region in emergency by utilizing a special room in the headquarters



[Equipment for videoconference (in a special room for emergency)]

Measures against tsunami



- Deploy life jackets for customers and employees in branches in areas where people should immediately evacuate when tsunami occurs
- Prepare shelters against tsunami which work by floating in branches in areas where altitude is not high enough
- Take measures against tsunami when reconstructing branches on the coast
 - Structure to prevent collapse by tsunami, rooftop higher than expected height of tsunami
 - Outdoor upstairs to rooftop



[Life jackets]

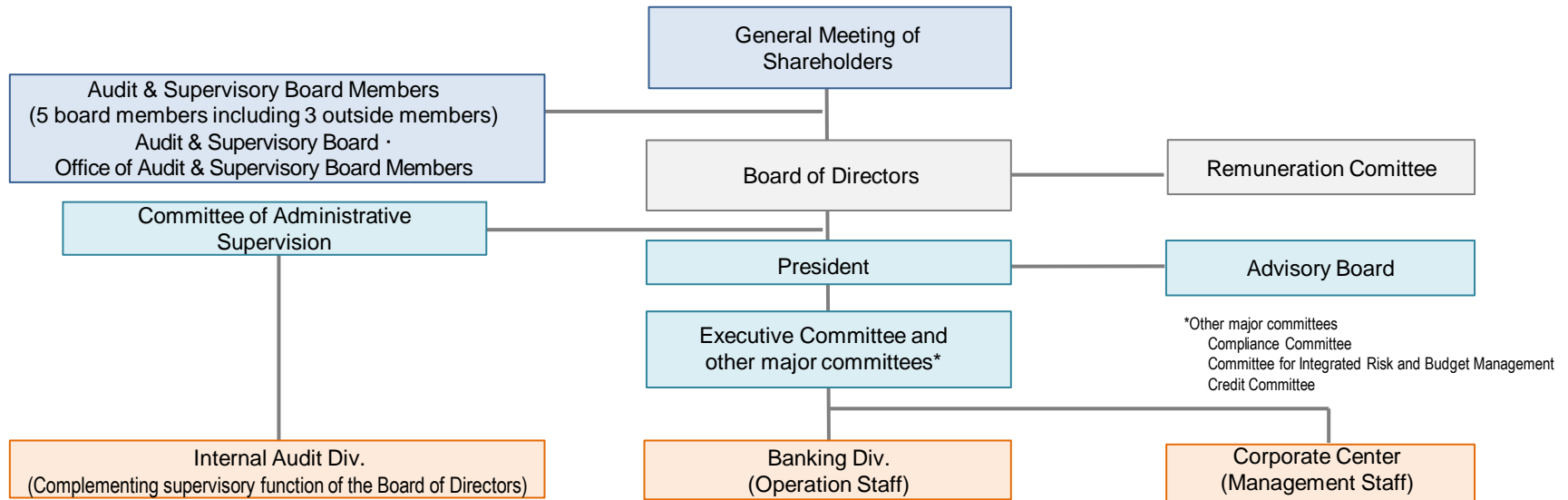


[Outdoor upstairs to rooftop]

ESG/SDGs initiatives (5) – 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
Motoshige Itoh	Professor Emeritus, The University of Tokyo Professor, Faculty of International Social Sciences, Gakushuin University

3 Outside Audit & Supervisory Board Members / 5 All Members

Kazuo Kouzuki	Former Director and Executive Vice President, Tokio Marine & Nichido Fire Insurance Co., Ltd.
Yoshihiro Yamashita	President, Yamashita Yoshihiro Law Office
Naomi Ushio	Vice President, Meiji University

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

(As of Jul. 2019)

ESG/SDGs initiatives (6) – Region-based Relationship Banking

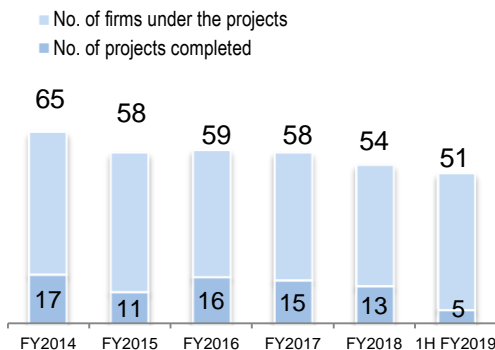
- The Bank is supporting clients from various perspectives through support for business restructuring and turn-around, supporting entrepreneurs, and “Shizuginship” etc.

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 220 firms since FY 2005

- Saves labor opportunities for opportunities for labor for about 21,000 people and maintain economic power in the local community

Initiatives for supporting entrepreneurs



<Shizugin Entrepreneur Awards>

- 52 winners out of 1,039 applicants received prizes in the past 7 rounds
- Seventh round in FY2018: 8 winners out of 147 applicants received prizes (Announced winners in Mar. 2019)
- Financial support for the award winners in the past rounds
New loans: 160 cases/JPY 4,721mil Investments: 10 cases/JPY 229mil

“Shizuginship” – training club for the next generation managers

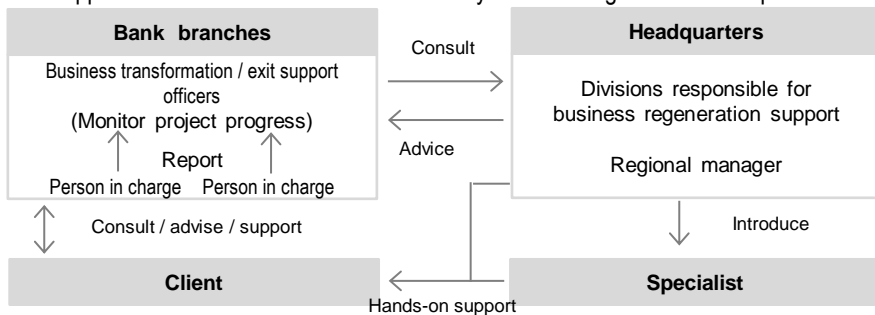


- Membership-based service which aims at enhancing ability of next-generation business leaders and contributing to development of the corporations and economy in Shizuoka Pref.
- Has provided opportunities for training and interaction since its launch in Apr. in 2007
- Support Companies, leading companies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

Support for companies transforming or exiting businesses



- Provide such customers that have difficulty in business restructuring and turn-around with support for business transformation or exit by collaborating with external specialists

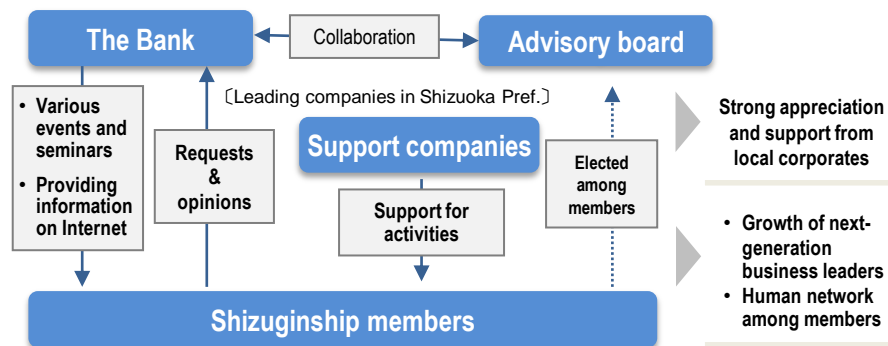


【Cumulative results until 1H FY2019】

Projects handled: 112

Projects completed: 54 (business transformation: 10, business exit: 44)

【Structure of Shizuginship】



【No. of members】 At the end of Sep. 2019 / 763 corporates, 1,127 people

【No. of participants in activities in FY2019 (at the end of Sep.)】 Total 717 people

ESG/SDGs initiatives (7) – Regional revitalization

- Promotes regional industry development by working as a coordinator among industry, government, academia and etc., and contributing to embody businesses which help the development of the region

Shizuoka Kids Academy



- Aims at developing human resources for regional areas by encouraging local children to learn about their home towns in a fun way, fostering a greater attachment to their home towns and encouraging them to live locally in the future
- In 1H FY2019, held events with regional companies including Tokuzoumaru Co., Ltd., and Shunkado Co., Ltd., which attracted 129 parents and children (43pairs)
- This activity was certified as “This is MECENAT 2019” in Jun. 2019



■ This is MECENAT

Certification system established in 2014 in order to inform of mecenat activities (support of the arts and culture) by companies and to convey social significance and presence of them. 166 activities (by 95 companies and organizations) were certified in FY2019

Alliance Agreement with Central Nippon Expressway Company and Yamanashi Chuo bank



- In Jul. 2019, concluded alliance agreement with Central Nippon Expressway Company Limited and The Yamanashi Chuo Bank, Ltd. for the purpose of activation of regional economy. It was the first case where expressway companies and financial institutions concluded comprehensive regional alliance agreement
- Plan various initiatives in future for the purpose of providing business opportunity to regional companies, expanding sales channels of regional products, increasing domestic and foreign tourists and consumption through sightseeing, and activating interaction of people and products, with good opportunity of extension of Chubu Odan Expressway



Multi-prefectural initiatives for revitalization of tourism industry

17 PARTNERSHIPS FOR THE GOALS



- Created multi-prefectural framework for revitalization of tourism industry in Fuji, Hakone, and Izu areas by establishing “Kanagawa-Yamanashi-Shizuoka Prefectural Region Revitalization Liaison Group”, which consist of 9 organizations (3 banks, 3 prefectures, and 3 Chambers of Commerce)
- Implementing various initiatives, including creation of tourism map without prefectural border, support for local governments to launch website for foreign tourists, and development of cycle tourism



Honored for good practice for 3 consecutive years



- Honored by the Cabinet Office’s Headquarters for Vitalizing Towns, People and Jobs in Mar. 2019 for good practice leading to regional revitalization by financial institution, resulting in the first case for a regional bank to be honored for 3 consecutive years
- The Bank encourages and helps elementary schools and junior high schools in Shizuoka Pref. to introduce “Qubena” (*), educational tablet devices utilizing AI, in order to contribute to Shizuoka Pref. Government’s policy to develop human resources good at science and IT. Such initiatives were well appreciated, which led to the honor.

* Qubena is educational table devices offered by COMPASS Inc., an IT venture firm producing and delivering educational contents. Qubena has been adopted in “Future Classroom” demonstration projects by METI, and introduced in public junior high schools in Tokyo since Jul. 2018



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.

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