

Results of 1Q FY2020

August, 2020

The Shizuoka Bank, Ltd.

The 14th Medium-term Business Plan

COLORs

2020-2022

Results of 1Q FY2020

Results of 1Q FY2020 – Nonconsolidated	.....	4
Results of 1Q FY2020 – Consolidated	.....	5
Net interest income	.....	6
Loans / Deposits	.....	7-8
Securities	.....	9
Fees and commissions	.....	10
Expenses	.....	11
Credit-related costs / Risk-management loans	.....	12-13
Capital adequacy ratio	.....	14

Major Initiatives

Main initiatives in 1Q	.....	16
Market credit investment	.....	17
Consumer loans (1)-(2)	.....	18-19
Development of new businesses through cross-industry collaboration	.....	20
Operation process reform	.....	21
Shareholder return (1)-(2)	22-23

Projected performance in FY2020

Projected performance in FY2020	25
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Reference

Economy in Shizuoka Prefecture (1)-(2)	27-28
Historical data of loans / deposits	29-30
Loans (1)-(2)	.....	31-32
Housing loan / Unsecured loans	.....	33
Customer assets / Consulting business for corporate customers	.....	34
Sales structure reform	.....	35
Next Generation System	.....	36
Overseas network	.....	37
Allocation of risk capital	.....	38
Group companies (1)-(2)	.....	39-40
Strategic shareholdings	.....	41
Shareholder return – Share buybacks (Time series data)	.....	42
14th Medium-term Business Plan (1)-(4)	43-46

Reference (ESG/SDGs part)

ESG/SDGs initiatives (1)-(7)	48-54
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Results of 1Q FY2020

Results of 1Q FY2020 – Nonconsolidated

[Nonconsolidated]

(JPY bn, %)

	1Q FY2020	YoY change	
		Increase/ Decrease	Rate of change
Gross operating profit	36.8	+2.9	+8.6
Net interest income	29.6	+0.1	+0.3
(Interest on loans)	(25.1)	(-1.6)	(-6.0)
(Interest and dividend on securities)	(7.5)	(-1.3)	(-15.1)
Fees and commissions	4.3	+0.8	+22.1
Trading income	0.2	+0.0	+35.6
Other operating profit	2.8	+2.0	+255.9
(Bond-related income such as JGBs)	(2.4)	(+1.7)	(+253.7)
Expenses (-)	21.4	-0.2	-0.9
Actual net operating profit	15.4	+3.1	+25.4
Core net business profit excluding gains (losses) on bonds and cancellation of investment trusts	12.9	+1.8	+16.0
Provision for general allowance for loan losses (-)	0.5	+1.1	+188.1
Net operating profit	14.9	+2.0	+15.6
Special profit and loss	0.9	+2.3	+170.4
Bad debt written-off (-)	2.4	-2.7	-53.7
Gain (loss) on stocks	1.3	-0.8	-38.4
Ordinary profit	15.9	+4.3	+37.3
Extraordinary profit and loss	-0.1	-0.1	-424.1
Net income before taxes	15.8	+4.2	+36.8
Corporate taxes (-)	4.2	+1.3	+45.0
Net income	11.6	+2.9	+34.0

Credit-related costs (-)	2.9	-1.6	-36.0
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Gross operating profit

Increased by JPY 2.9bn YoY, mainly due to increase in fees and commissions and bond-related income such as JGBs

Progress rate 26.1%

Net operating profit

Increased by JPY 2.0bn YoY, because of increase in gross operating profit and decrease in expenses despite increase in provision for general allowance for loan losses

Progress rate 27.0%

Ordinary profit

Increased by JPY 4.3bn YoY, reflecting decrease in bad debt write-off, as well as increase in net operating profit

Progress rate 30.8%

Net income

Increased by JPY 2.9bn YoY, due to increase in corporate taxes, despite increase in ordinary profit

Progress rate 32.1%

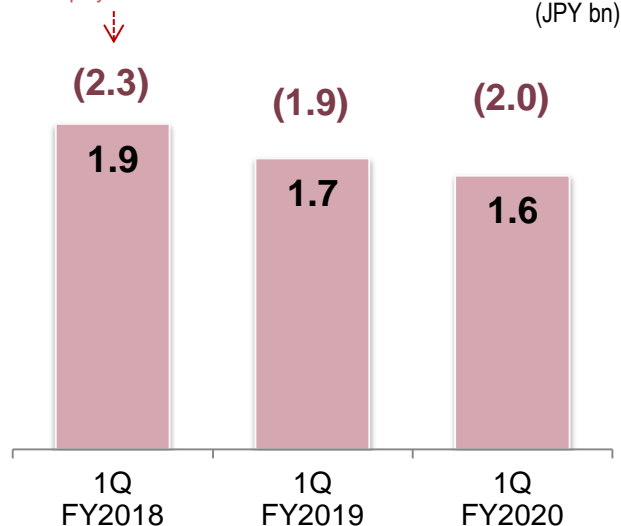
Results of 1Q FY2020 – Consolidated

- Ordinary profit increased by JPY 4.5bn YoY to JPY 16.4bn, and total ordinary profit of consolidated subsidiaries decreased by JPY 0.1bn YoY to JPY 1.6bn

〔Consolidated〕 (JPY bn)	1Q FY2020	YoY	Contents
Ordinary profit	16.4	+4.5	Due to increase in nonconsolidated ordinary profit and in profit based on the equity-method investment balance Progress rate 26.9%
Net profit attributable to parent company shareholders	11.6	+3.1	Due to increase in ordinary profit and loss while corporate taxes increased Progress rate 27.5%

【Total ordinary profit of consolidated subsidiaries】

Including profit based on the equity-method investment balance



Consolidated Subsidiaries (13companies)

Shizugin Management Consulting Co., Ltd.	Shizugin TM Securities Co., Ltd.
Shizugin Lease Co., Ltd.	Shizuoka Bank (Europe) S.A.
Shizugin IT Solution 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
Shizugin Heartful Co., Ltd.	

Affiliates under equity method of accounting (3companies)

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

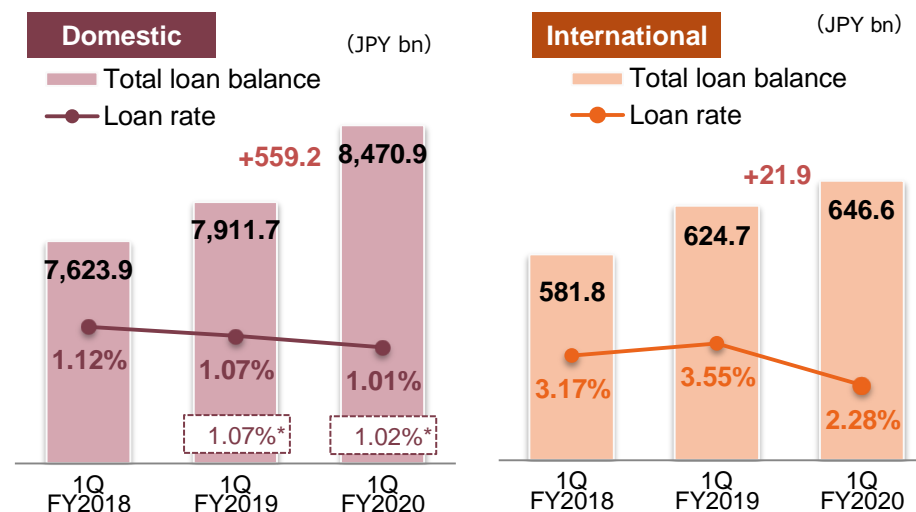
Net interest income

- Net interest income increased by JPY 0.1bn YoY as increase in international section compensated for decrease in domestic section

Breakdown of net interest income

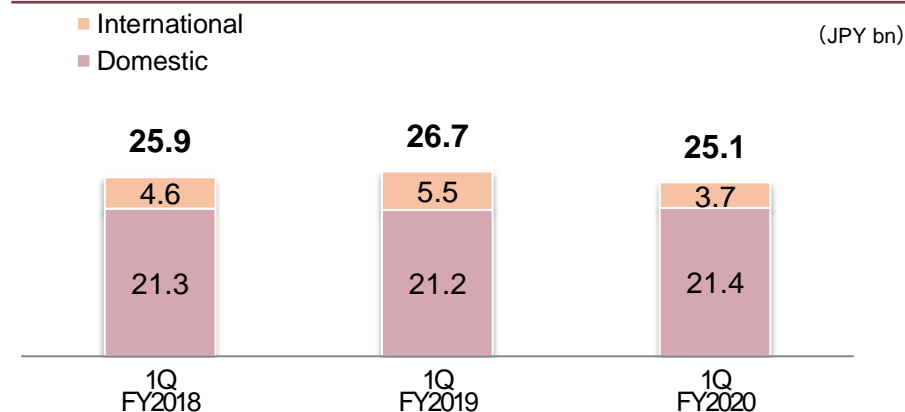
(JPY bn)	1Q FY2018	1Q FY2019	1Q FY2020	YoY
Net interest income	31.8	29.5	29.6	+0.1
Domestic section	29.8	27.2	26.7	-0.5
Interest on loans	21.3	21.2	21.4	+0.2
Interest and dividend on securities	8.7	6.3	5.3	-1.0
(Bond)	0.5	0.4	0.5	+0.1
(Gains (losses) on cancellation of investment trust)	2.2	0.5	0.0	-0.5
Fund-raising expense(-)	0.5	0.5	0.3	-0.2
(Interest paid on deposits etc.) (-)	0.5	0.5	0.3	-0.2
Other	0.3	0.2	0.3	+0.1
International section	2.0	2.3	2.9	+0.6
Interest on loans	4.6	5.5	3.7	-1.9
Interest and dividend on securities	2.1	2.5	2.1	-0.3
(Bond)	2.1	2.5	2.0	-0.5
Fund-raising expense(-)	6.3	7.2	3.2	-4.0
(Interest paid on deposits etc.) (-)	2.6	3.3	1.1	-2.2
Other	1.6	1.5	0.3	-1.2

Loan balance (average balance) and loan rate



*Excluding loans to central government

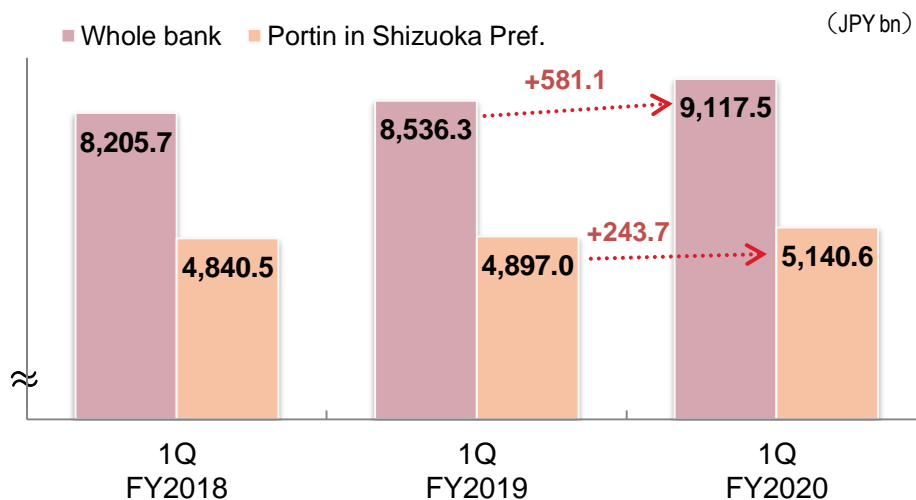
Interest on loans



Loans

- Total loan balance (average balance) increased by JPY 581.1bn (+6.8%) YoY mainly reflecting both well-balanced growth in SMEs loan and retail loan and great increase in loans for large and medium size enterprises due to support for cash position

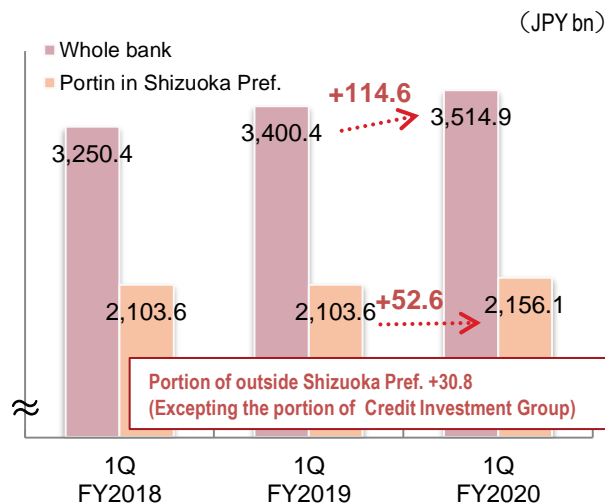
Total loan balance (average balance)



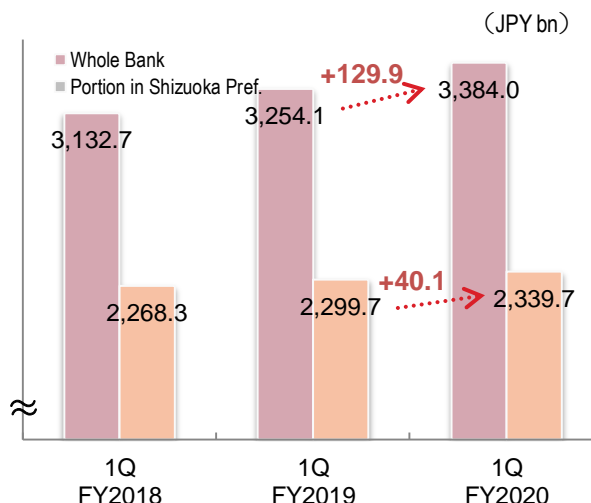
	Average balance	YoY change	Annual growth rate
Total loan balance	JPY9,117.5bn	JPY+ 581.1bn	+6.8%
Loan balance for SMEs	JPY 3,514.9bn	JPY+ 114.6bn	+3.3%
Retail loan balance	JPY 3,384.0bn	JPY+ 129.9bn	+3.9%
Loan balance for large and medium size enterprises	JPY 1,749.2bn	JPY+ 254.6bn	+17.0%
Loan balance in foreign currency	JPY 608.6bn	JPY +15.5bn	+2.6%

by amt. chg. :JPY +24.0bn
by ex. rate : JPY -8.5bn

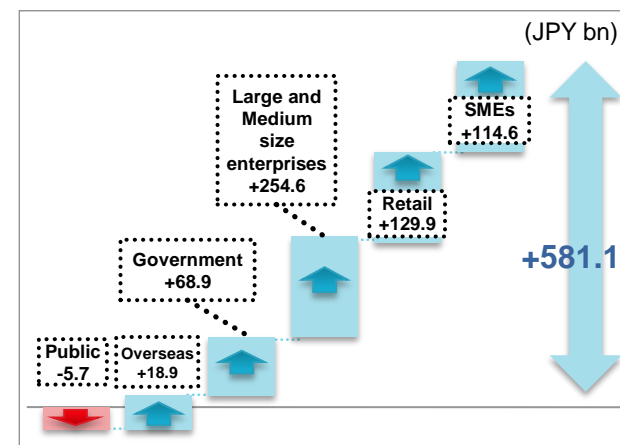
SMEs loan balance (average balance)



Retail loan balance (average balance)



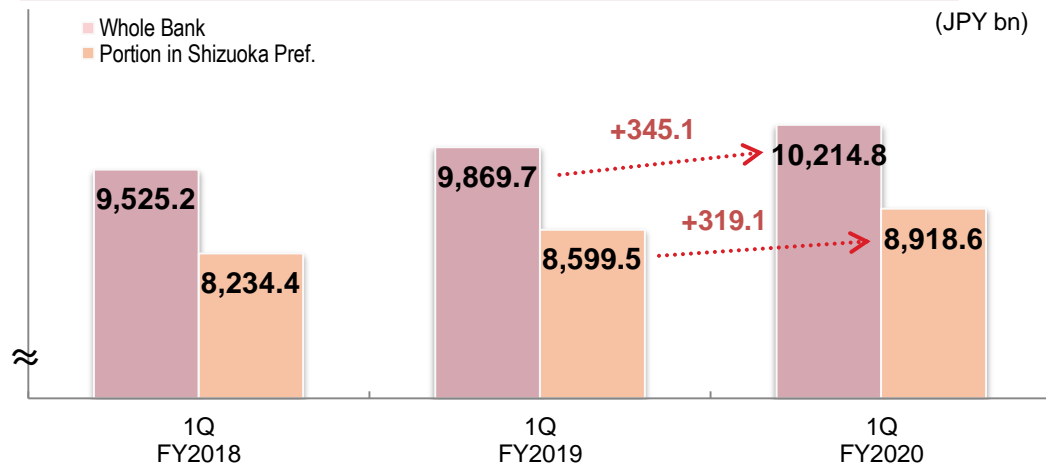
Breakdown of year-on-year changes in loan balance (average balance)



Deposits

- Deposit balance (average balance) increased by JPY 345.1bn(+3.4%) YoY mainly due to the increase of corporate deposit balance

Deposit balance (average balance)

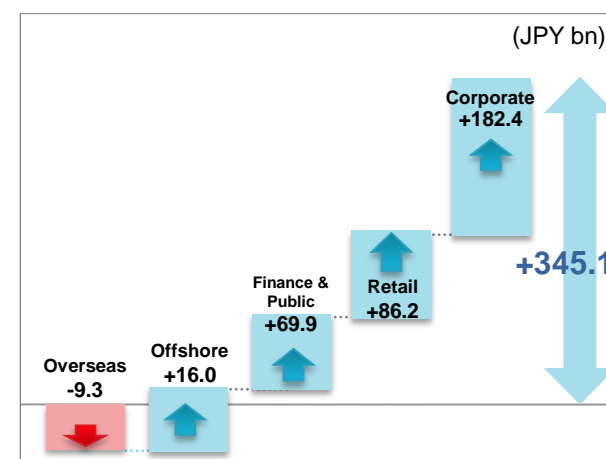
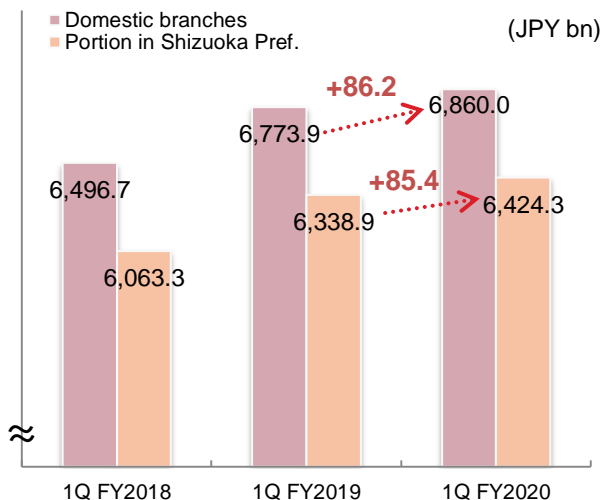
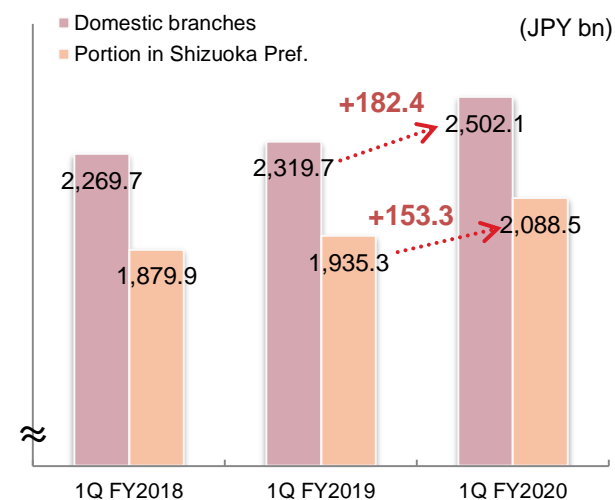


	Average balance	YoY change	Annual growth rate
Total deposit balance	JPY 10,214.8bn	JPY +345.1bn	+3.4%
Deposit balance in Shizuoka	JPY 8,918.6bn	JPY +319.1bn	+3.7%
Corporate deposit balance	JPY 2,502.1bn	JPY +182.4bn	+7.8%
Retail deposit balance	JPY 6,860.0bn	JPY +86.2bn	+1.2%
NCD	JPY 67.4bn	JPY -100.2bn	-59.7%

Corporate deposit balance (average balance)

Retail deposit balance (average balance)

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



Securities

- The balance of securities at the end of Jun. 2020 increased by JPY 94.0bn from the end of Mar. 2020, mainly because the balance of stock increased due to recovery of stock price and the Bank increased the balance of foreign bonds

Securities

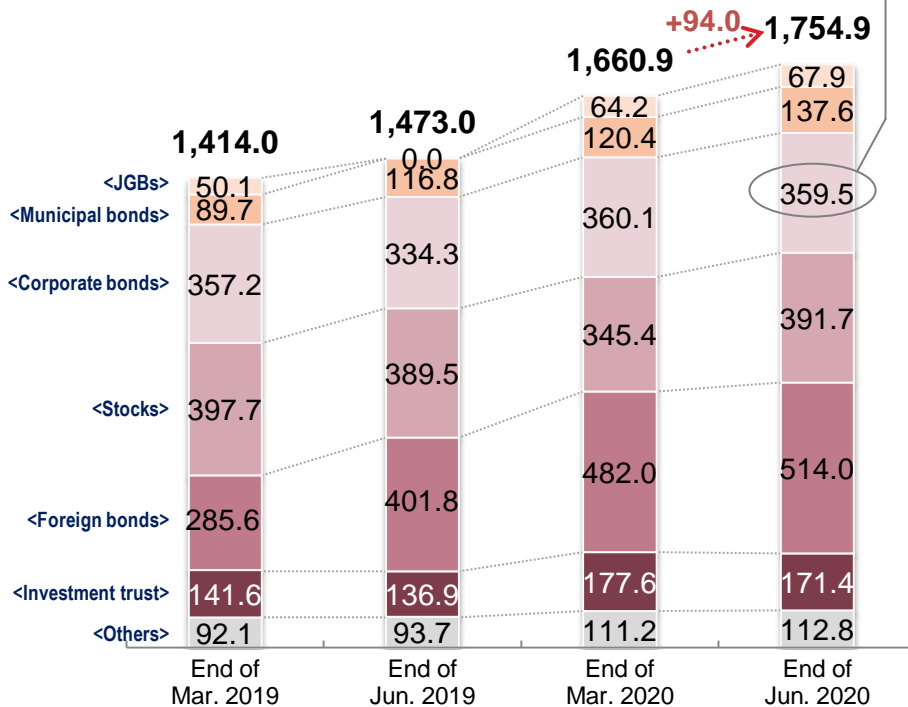
(JPY bn)

[Breakdown of bonds]

Government-guaranteed bonds : JPY 59.3bn FILP agency bonds : JPY 209.1bn

Business bonds : JPY 51.2bn (Of which private placement bonds : JPY 26.5bn)

Held-to-maturity business bonds (Mortgage trust beneficiary rights) : JPY 40.0bn



[Duration]

	End of Mar. 2019	End of Jun. 2019	End of Mar. 2020	End of Jun. 2020
Yen based bonds	5.02 years	5.83 years	6.03 years	6.02 years
Foreign bonds	3.96 years	2.76 years	2.35 years	1.79 years

Gains and losses on securities

(JPY bn)	1Q FY2019	1Q FY2020	YoY
Interest and dividend on securities	8.8	7.5	-1.3
Yen based bonds	0.4	0.5	+0.1
Foreign bonds	2.5	2.0	-0.5
Gains on investment trusts (Gains (losses) on cancellation)	1.1 (0.5)	0.1 (0.1)	-0.9 (-0.4)

Gains and losses on bonds such as JGBs	0.7	2.4	+1.7
Gain on sell of bonds such as JGBs	0.8	2.5	+1.7
Loss on sell and redemption of bonds such as JGBs (-)	0.1	0.1	-0.0
Gains and losses on hedges	-0.1	0.0	+0.1

Gains and losses on stocks	2.1	1.3	-0.8
Gain on sales of stocks	2.1	1.3	-0.8

Unrealized gains and losses on securities

(JPY bn)	End of Mar. 2019	End of Jun. 2019	End of Mar. 2020	End of Jun. 2020	Change from end of Mar. 2020
Unrealized gains and losses on securities	+271.5	+266.4	+217.3	+273.6	+56.3
Stocks	+261.8	+253.8	+211.5	+258.0	+46.6
Yen based bonds	+5.9	+6.5	+3.4	+3.0	-0.4
Foreign bonds	+2.6	+3.9	+5.1	+6.3	+1.1
Investment trusts	-1.2	-0.2	-6.6	+2.4	+9.0
Other	+2.4	+2.4	+3.8	+3.8	+0.0

Fees and commissions

- Fees and commissions in 1Q FY2020 increased by JPY 0.8bn YoY mainly due to increase in fee incomes related to market credit investment

BK: Shizuoka Bank, SMC: Shizugin Management Consulting, Lease: Shizugin Lease, TM: Shizugin TM Scurities

Fees and commissions (Nonconsolidated)

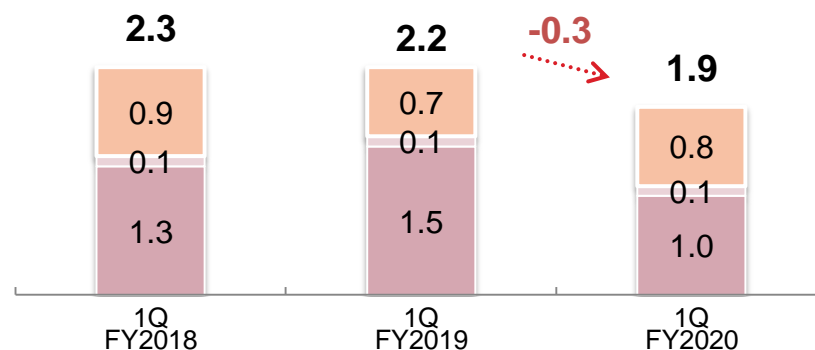
(JPY bn)	1Q FY2018	1Q FY2019	1Q FY2020	YoY
Fees and commissions	4.1	3.5	4.3	+0.8
Fees and commissions incomes	7.5	7.0	7.8	+0.8
Fees and commissions expenses(-)	3.4	3.5	3.5	+0.0

<Major items>

Fee incomes from wholesale	1.1	0.8	1.7	+0.9
Related to market credit investment	0.6	0.4	1.3	+0.9
Syndicated loan, etc.	0.3	0.1	0.1	+0.0
Others(covenants loan, etc.)	0.2	0.3	0.3	-0.0
Other fees on loans	0.5	0.4	0.7	+0.3
Fee incomes on customer assets	1.4	1.5	1.1	-0.5
Investment trust	0.1	0.1	0.1	+0.0
Insurance products	1.3	1.5	1.0	-0.5
Net profit on exchange	1.5	1.5	1.4	-0.1
Life insurance fees on consumer loans(-)	1.7	1.7	1.9	+0.2

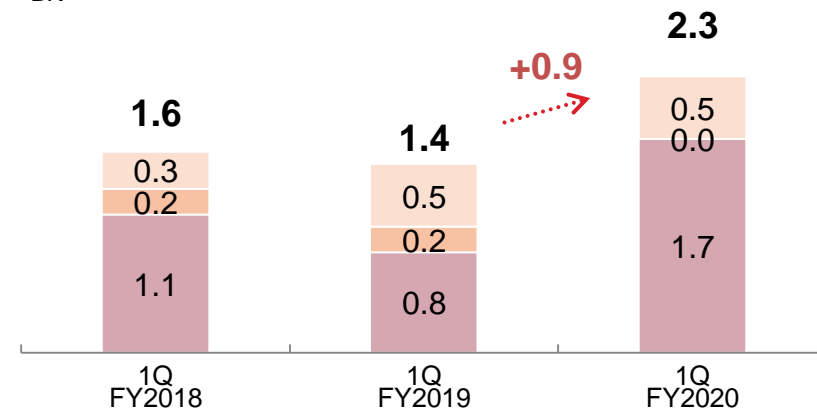
Fee incomes on customer assets (including group companies)

- Fee income from offering investment trust (TM) (JPY bn)
- Fee income from offering investment trust (BK)
- Fee income from offering insurance products



Fee incomes from wholesale (including group companies)

- Ordinary profit of Lease* (JPY bn)
- Ordinary profit of SMC
- BK

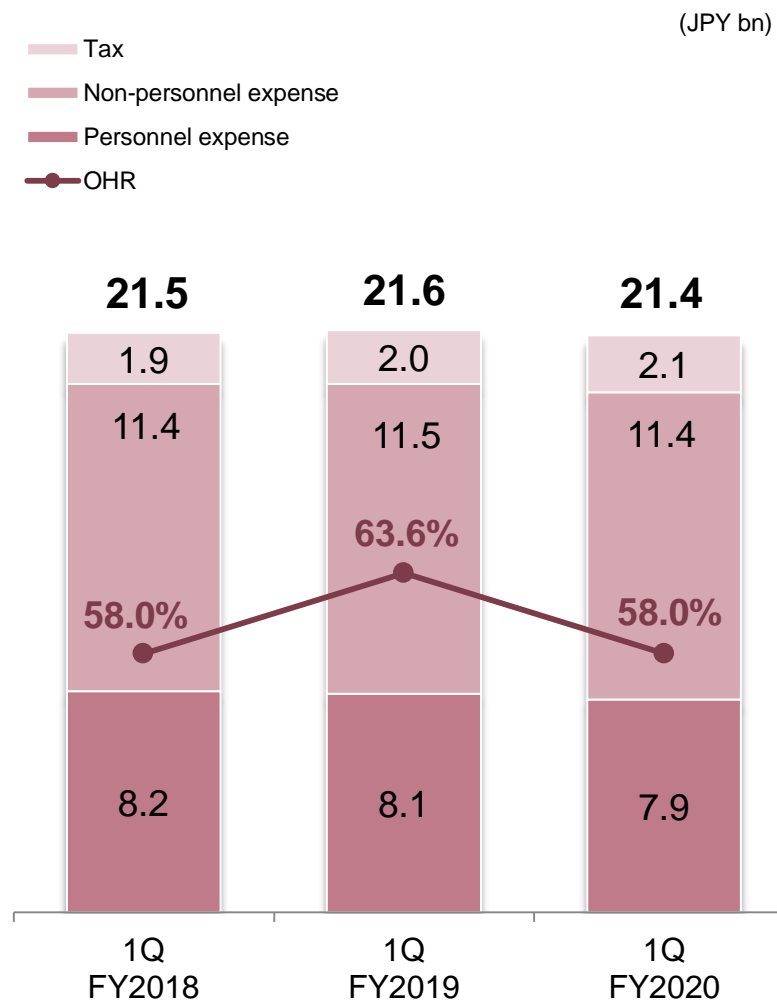


*Ordinary profit of Lease is before paying intermediate fees to the Bank

Expenses

- Expenses (nonconsolidated) was JPY 21.4bn (down JPY 0.2bn YoY), and OHR was 58.0% (down 5.6 pt YoY)

Expenses and OHR (nonconsolidated)

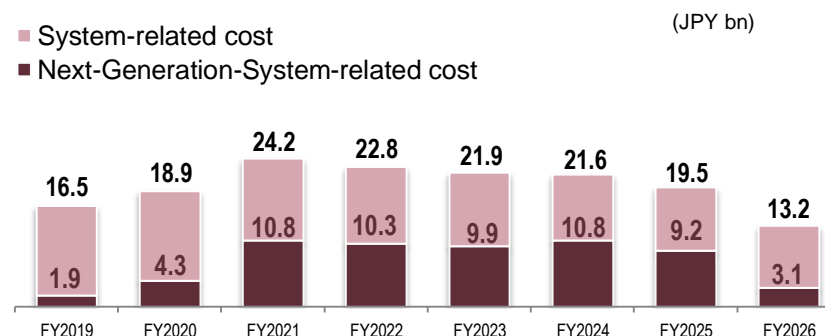


Main factors for change of expenses (nonconsolidated)

	YoY	Main factors
Tax	JPY +0.1bn	Consumption tax JPY +0.1bn
Non-personnel expenses	JPY -0.2bn	Depreciation expense JPY -0.2bn
Personnel expenses	JPY -0.1bn	Salary allowance JPY -0.1bn
Total	JPY -0.2bn	

Forecast of system-related expenses

Depreciation by investment in the next-generation IT system is set to rise temporarily, but expenses will greatly decrease in the future due to the cost reduction effect



* Next Generation System will start in Jan. 2021

Credit-related costs

- Credit-related costs in 1Q FY2019 : JPY 2.9bn (down JPY 1.6bn YoY)

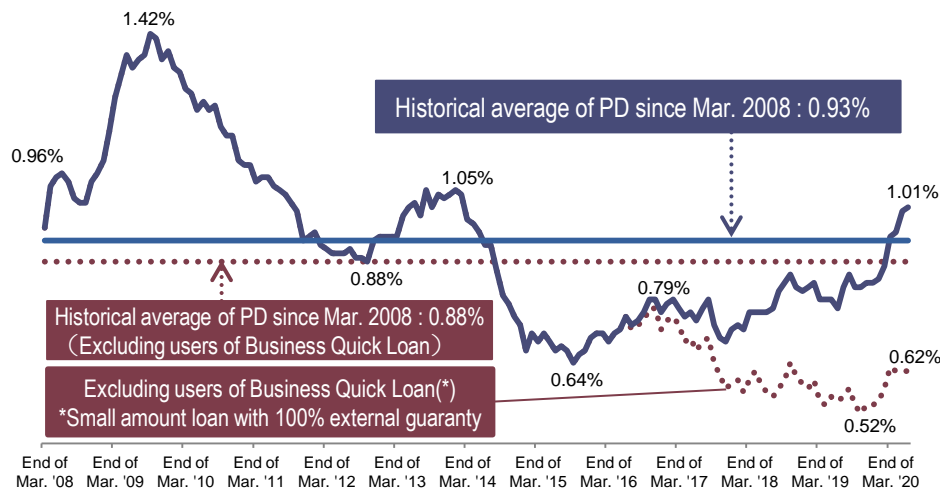
Breakdown of credit-related costs

(JPY bn)	1Q FY2018	1Q FY2019	1Q FY2020	YoY change
Provision for general allowance for loan losses (1)	-0.5	-0.6	0.5	+1.1
Provision for specific allowance for loan losses (2)	2.2	4.9	2.4	-2.6
Other non-performing loans (NPL) disposal * (3)	0.1	0.1	-0.0	-0.2
Credit-related Costs (1)+(2)+(3)	1.8	4.5	2.9	-1.6

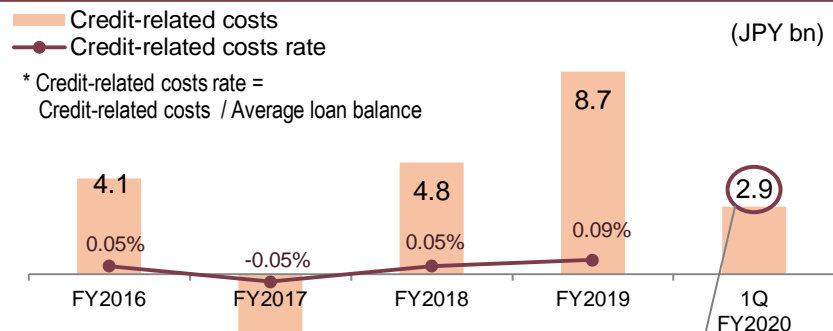
* Including provision for the estimated future payments to credit guarantee corporations, provision for allowance for accidental losses, and losses on sell of loans

Probability of Default (PD)

※PD of sound borrowers and borrowers needing careful monitoring
(On the basis of no. of borrowers)

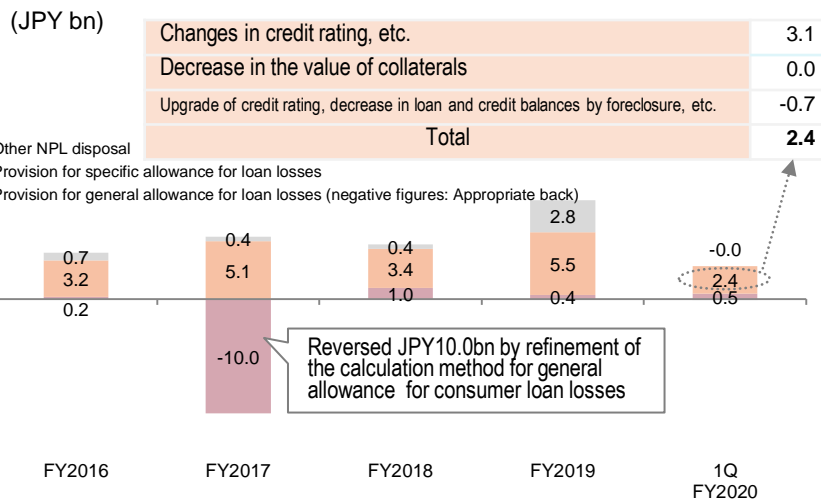


Credit-related costs and Credit-related cost ratio



- Including both JPY 1.8bn of provision for specific allowance for loan losses(1 company) to company outside Shizuoka Pref.
- Cost resulting from COVID-19 effect was JPY 0.7bn

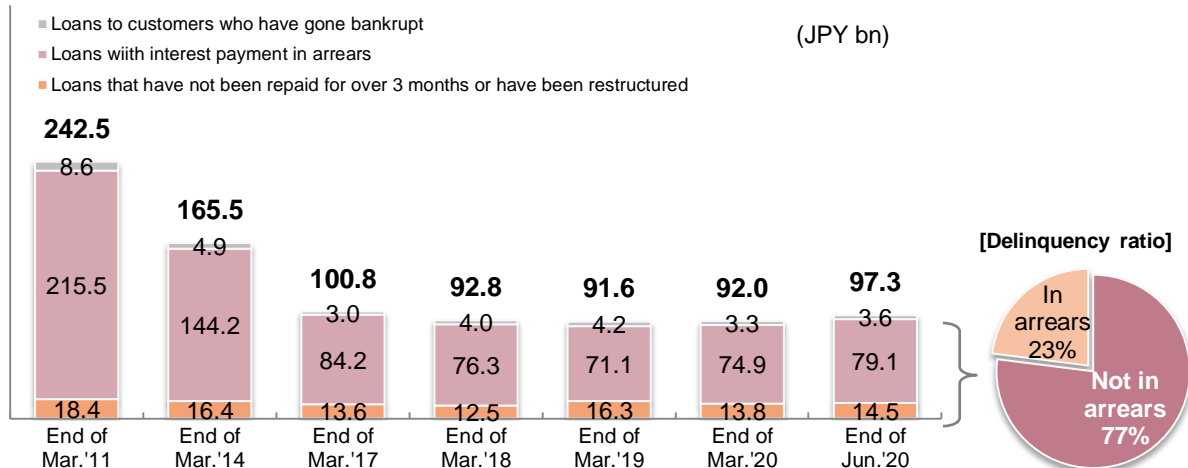
Provision for allowance for loan losses and other NPL disposal



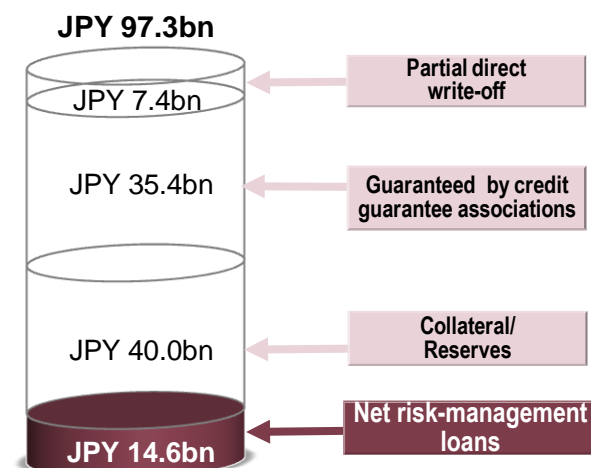
Risk-management loans

- 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 Jun. 2020 was JPY 97.3bn (the ratio of risk-management loans was 1.04%)
- Net risk-management loans were JPY 14.6bn (the ratio of net risk-management loans was 0.15%), which shows the soundness in the Bank's asset

Trends in Risk-management loans



Net risk-management loans



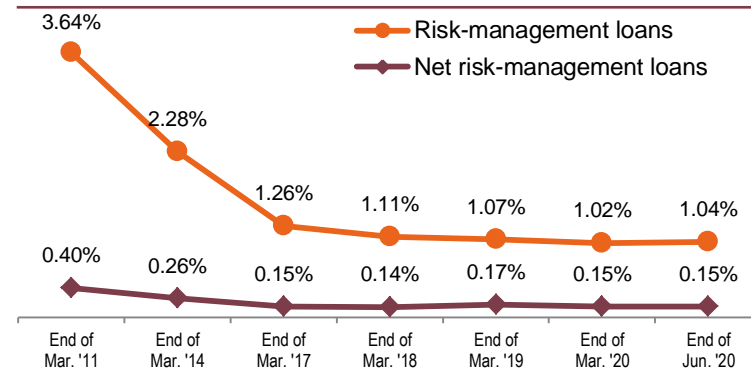
EL (Expected loss in 1 year from now on) : JPY 0.9bn

NPL removal from the balance sheet

	FY2019	1Q FY2020
New recognition of NPLs	+32.0	+13.0
Removal from the balance sheet (NPL to borrowers classified as "at risk of failure" or riskier categories)	-31.6 (-23.4)	-7.7 (-6.2)
Risk-management loans	92.0	97.3

[Breakdown of JPY -6.2bn] (JPY bn)	
Collected from borrower/ set off against deposit account	-1.3
Collateral disposal/ subrogated to guarantor	-4.1
Reclassified to better categories	-0.8
Loans sold-off	—
Direct write-off of loans	—

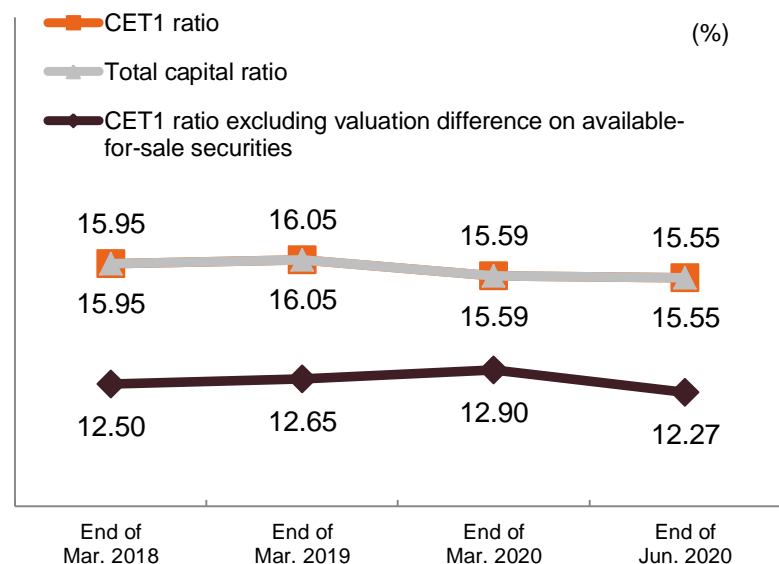
The ratio of risk-management loans



Capital adequacy ratio

- Both Total capital ratio and CET1(Common Equity Tier 1) ratio at the end of Jun. 2020 are 15.55%, down 0.04 percent points from the end of Mar. 2020 (CET1 ratio excluding valuation difference on available-for-sale securities at the end of Jun. 2020 is 12.27%, down 0.63 percent points from the end of Mar. 2020)

Capital adequacy ratio (Consolidated basis)



Interest rate risk in the banking book (IRRBB) (Consolidated basis, End of Jun. 2020)

- 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 1	Results of materiality test*
JPY 30.2bn	JPY 920.8bn	3.2% ≤ 15%

*Financial Services Agency supervision guidelines require Δ EVE to be less than 15% of Tier 1 capital

* Changed model to calculate core deposit in Mar. 2020 from standard model to internal model

- Δ NI (Net Interest Income): JPY 4.2bn**
(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 Mar. '19	End of Mar. '20	End of Jun. '20	Change from end of Mar. '20
[Basel III]					
Total capital*	897.9	913.3	893.8	920.8	+27.0
CET1	897.9	913.3	893.8	920.8	+27.0
Excluding valuation difference on available-for-sale securities	703.6	719.9	739.4	726.5	-12.9
Other Tier 1	0.0	0.0	0.0	0.0	±0.0
Tier 2	0.0	0.0	0.0	0.0	±0.0
Risk-adjusted assets	5,626.9	5,690.1	5,729.7	5,920.7	+191.0
Total credit-risk adjusted assets	5,319.5	5,379.1	5,411.3	5,601.7	+190.4
Amount corresponding to market risk	12.7	13.0	18.6	19.2	+0.6
Amount corresponding to operational risk	294.7	298.1	299.8	299.8	±0.0

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

[Other indices related to the Basel III]

(1) Liquidity coverage ratio (Consolidated)

• End of Jun. 2020 : 119.1% (Regulatory level 100% and over)

• 1Q FY2020(Daily average) : 137.0%

(2) Leverage ratio (Consolidated, end of Jun. 2020) : 7.59% (Rough target 3% and over in trial period)

A decorative vertical bar on the left side of the slide. It features a dark red background with a lighter red, swirling, cloud-like pattern in the upper half. The lower half contains a network diagram with white nodes connected by thin white lines, set against a gradient of red and pink.

Major Initiatives

Main initiatives in 1Q

- Started revising organizational system in order to achieve the 14th Medium-term Business Plan as well as responded to COVID-19 in 1Q FY2020

Response to COVID-19

- Extended **6,315 loans of JPY 385.4bn** as a rapid response to customers' needs to support cash position (Until end of Jun.)

[Situation of loans related to COVID-19]

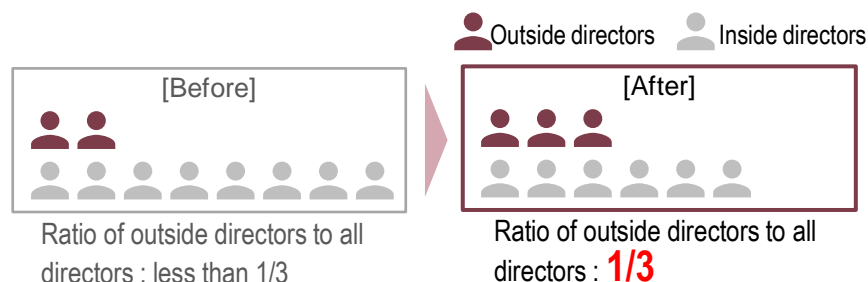
	Until end of Jun.		Until end of Jul.	
New loans (1)	6,045	JPY 330.5bn	8,822	JPY 389.1bn
Not guaranteed by CGC (*)	407	JPY 191.3bn	443	JPY 204.7bn
Guaranteed by CGC	5,538	JPY 139.2bn	8,379	JPY 184.4bn
Use of existing credit facilities (2)	270	JPY 54.9bn	277	JPY 55.1bn
Total ((1)+(2))	6,315	JPY 385.4bn	9,099	JPY 444.2bn

* CGC ; Credit Guarantee Corporation

- Donated **JPY 10mil** to Shizuoka Pref. in order to support activities of medical personnel

Corporate Governance (details are in P.54)

- Decreased total directors and increased outside directors in order to “separate supervision and execution” and to “delegate power to execution section” (Jun. 2020)



14th Medium-term Business Plan (details are in P. 43 -)

Basic strategy 1 Group Sales Strategy

- Strengthened solution sales related to human resources by **acquiring permits and licenses for charged employment placement services** (first acquisition among financial institutions in Shizuoka Pref.)
- Started trial of **branch with minimum staff** to reform operation at counters
- Integrated 6 branches (including planned integration) by putting function of 2 branches at 1 location, accelerating Sales Structure Reform (the reform has been conducted in 19 Areas out of all 37 Areas (approx. 50%) in Shizuoka Pref.)
- Enhanced customers' convenience by expanding financial institutions to share inheritance-related procedures (2 institutions in Shizuoka Pref. → 10 (including planned expansion))

Basic strategy 2 Innovation Strategy

- Established “**DX Strategy Management Office**” and “**Digital Channel Development Project Team**” to strengthen promotion of DX strategy
- Received special support for Next Generation System by Financial Services Agency for advanced initiatives on core systems of banks (first case in Japan)

Basic strategy 3 Business Portfolio Strategy

- Conducted **human interaction of 74 staff** among Shizuoka Bank Group in order to optimize group function
- Continued to dispatch staff to regional companies in order to enhance ability to provide solution (11 staff in FY2020)

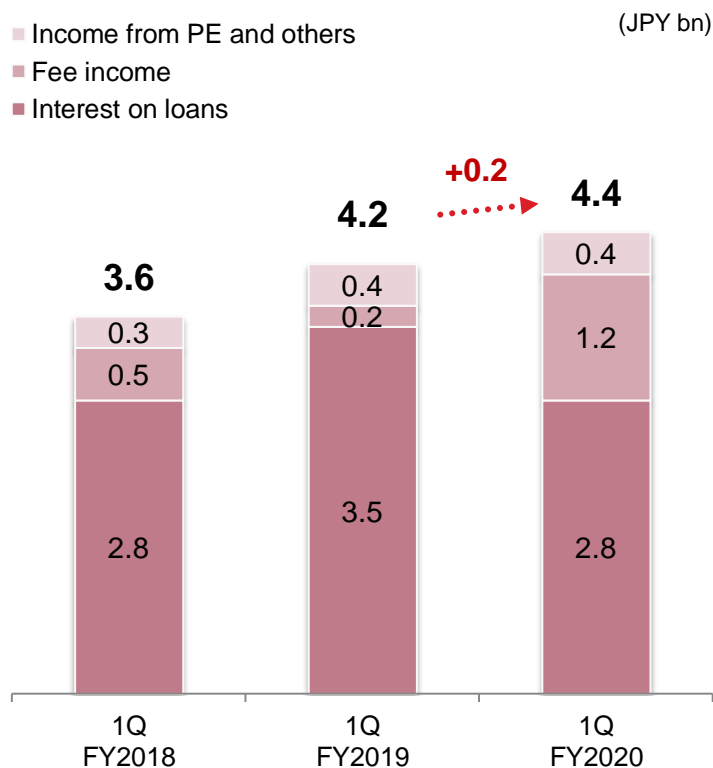
10-year strategy Region-producing Strategy

Established “**SHIZUOKA360**”, a council whose goal is to create future of sustainable and rich regional society, through collaboration with The Shizuoka Shimbun and Fujinokuni Bussan Co.,Ltd (partner of capital and business tie-up)

Market credit investment

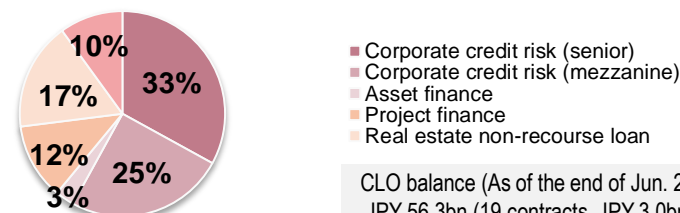
- Interest and fee income in market credit investment increased by JPY 0.2bn YoY
- Build structured loan (SF loan) portfolio mainly consisting of loans with high credibility by diversifying scope of loan

Interest on loans & Fee income



Profitability indicators of SF loan	1Q FY2019	1Q FY2020	YoY
ROA (Return on Assets)	0.94%	0.95%	+0.01pt
RORA (Return on Risk-Weighted assets)	1.53%	1.63%	+0.10pt

Breakdown of SF loan by loan type (Average balance in 1Q FY2020: JPY 599.4bn)

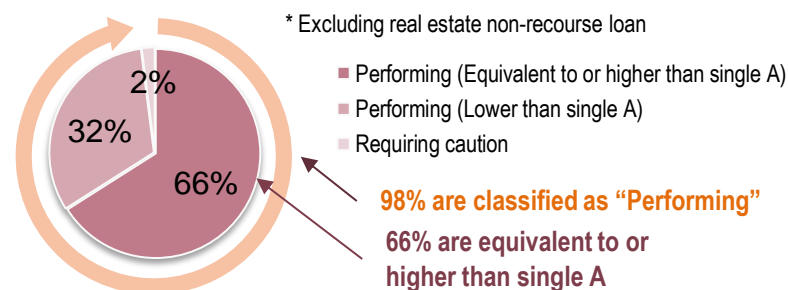


CLO balance (As of the end of Jun. 2020)
JPY 56.3bn (19 contracts, JPY 3.0bn on average)
All have AAA rating
Subordination ratio: 35.0% - 41.8%

Well-diversified portfolio

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

Breakdown of SF loan by credit rating

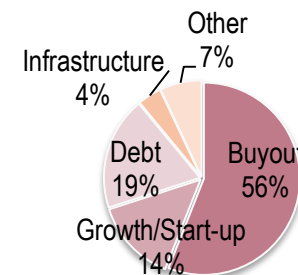


* **Average LTV is 59.4%** for real estate non-recourse loans

Ratio of capital commitment in PE by investment types

Well-diversified portfolio, same as SF loan

No. of investment : 71
(Of which 23 are international)



Consumer loans (1)

- Consumer loan balance (term-end balance) increased by JPY 129.7bn from the end of Jun. 2019, maintaining increase trend mainly due to growth of housing loans

Consumer loan balance (term-end balance)

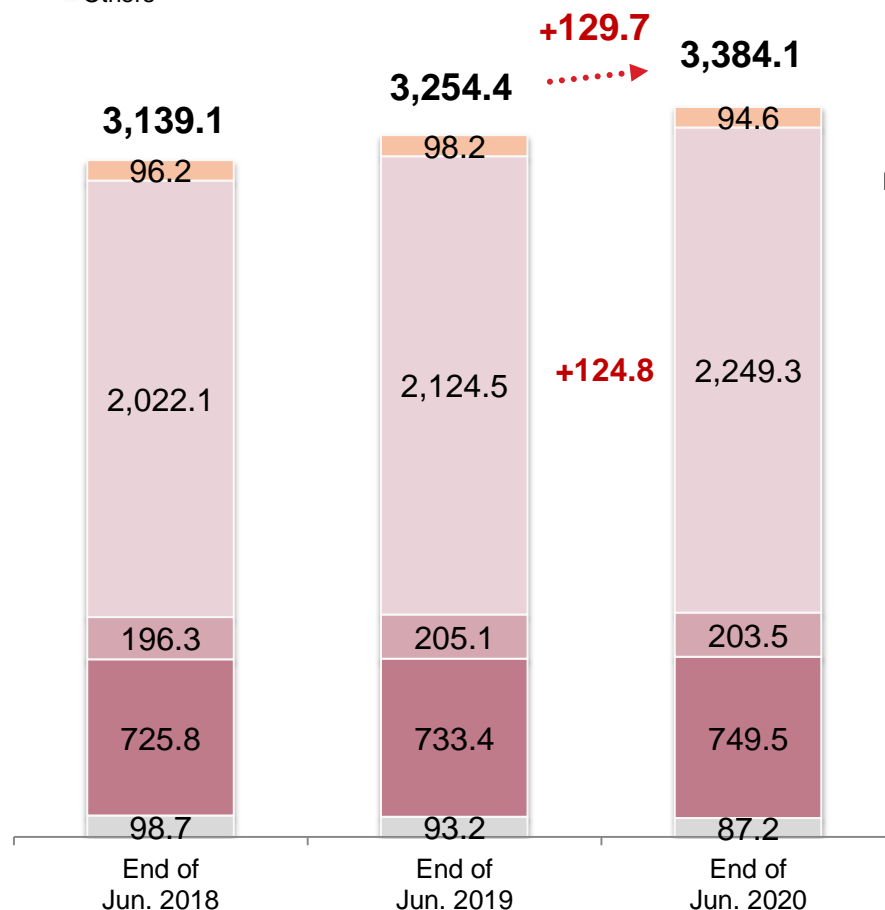
Unsecured loans (Unsecured but guaranteed) (JPY bn)

Housing loans

Loans for asset building

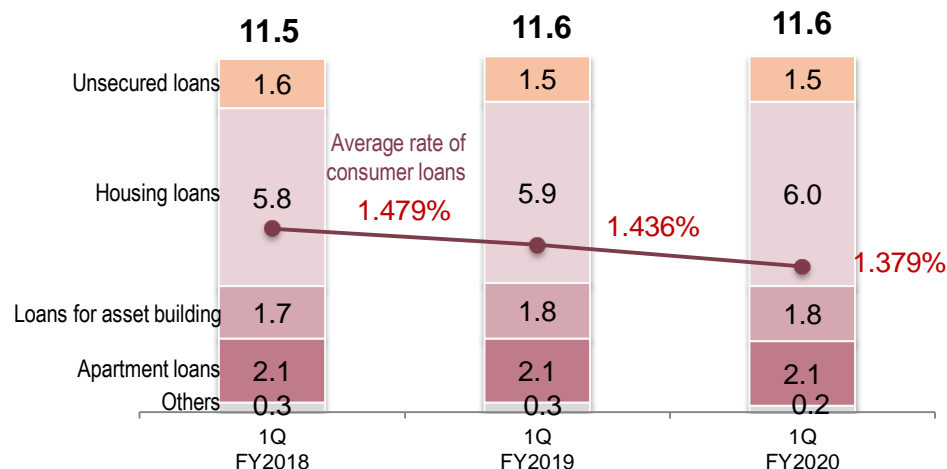
Apartment loans

Others



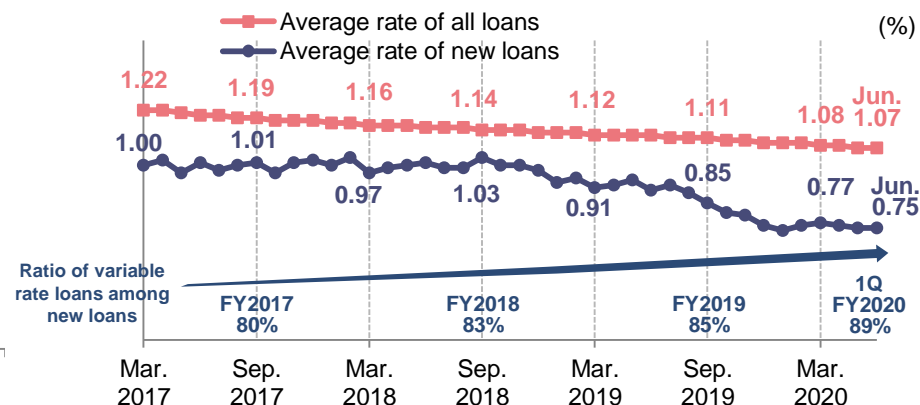
Interest amount and rate of consumer loans

(JPY bn, %)



Interest rate of housing loan

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



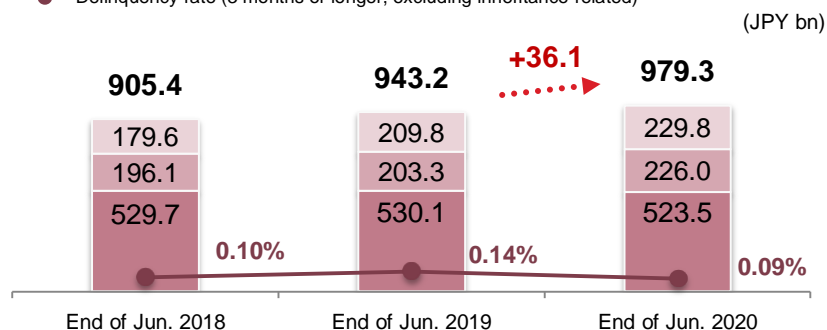
Consumer loans (2) – Apartment loan / Loan for asset building

- Amount of apartment loan (including loan to businesses) increased by JPY 36.1bn and amount of loan for asset building decreased by JPY 1.6bn, respectively, from the end of Jun. 2019
- Low delinquency rate and high occupancy rate show soundness of 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

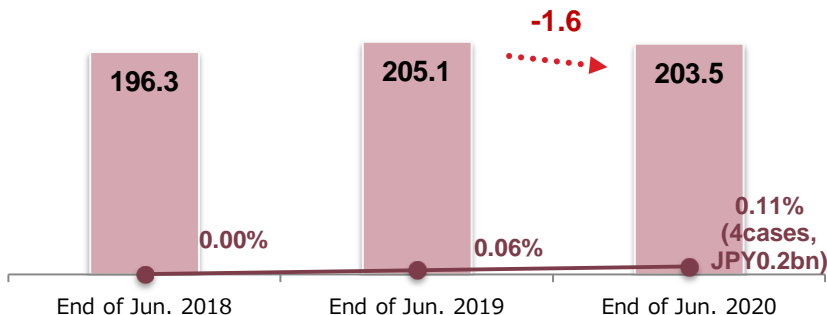


LTV of retail apartment loan at the end of Mar. 2020 : **71.3%**
 (Inside Shizuoka Pref. : 73.2%, Outside Shizuoka Pref. : 67.3%)

Term-end balance and delinquency rate of loan for asset building

■ Total amount
● Delinquency rate (3 months or longer)

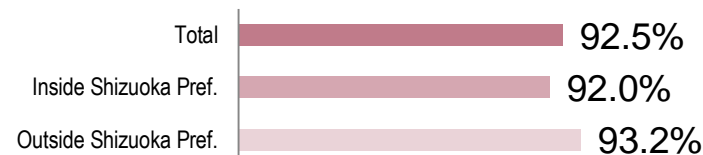
(JPY bn)



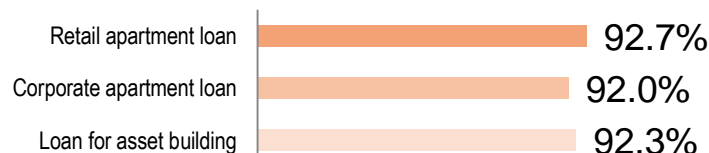
Occupancy rate*

* Survey on occupancy rate for rental property(Dec. 2018)

By region



By loan type



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 (Started in May 2020)



Development of new businesses through cross-industry collaboration

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

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



[Results (total in 3 companies, FY2020(until Jun.))]
Applied: 212 loans, JPY 7.2bn
Extended: 41 loans, JPY 1.2bn

Provision of new financial services

Provide new services which banks traditionally do not offer



[Money Forward]
Cumulative no. of contracts: 118,108
[HOKEN NO MADOGUCHI]
No. of sites: 6
No. of customers coming in FY2020(Until Jun.)
1,019 people

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

The most important partner in bank-security collaboration



[Monex Asset Management]
Started to offer small-sized wrap service "Shizugin Wrap" (Aug. 2018)
[Monex Securities]
Started financial product intermediary business to introduce the Bank's customers to Monex Securities through the Bank's website (Oct. 2018)

Network building with venture firms

Wide network through investment in funds



[Other investment]
Invest in 197 venture firms in funds mentioned in left and 4 other funds (as of Jun. 2020)

Utilization of AI

Capital and business tie-ups with 2 firms with advantage in AI



[LEEWAYS]
Enhance accuracy of credit review through detailed simulation on income and expenditure based on AI (started in May 2020)

Held "TECH BEAT Shizuoka"

- ✓ Fair of advanced technology to provide opportunities of matching between startup firms mainly in metropolitan area and firms in Shizuoka Pref. in order to activate and create industry in Shizuoka Pref.

1st (Jul. 2019, 2 days)



- Visitors: 3.3K people, business talk: 328

2nd (Mar. 2020, online)



- Theme: agriculture, forestry and livestock industry, business talk: 69

- No. of views (including archive): 1,685

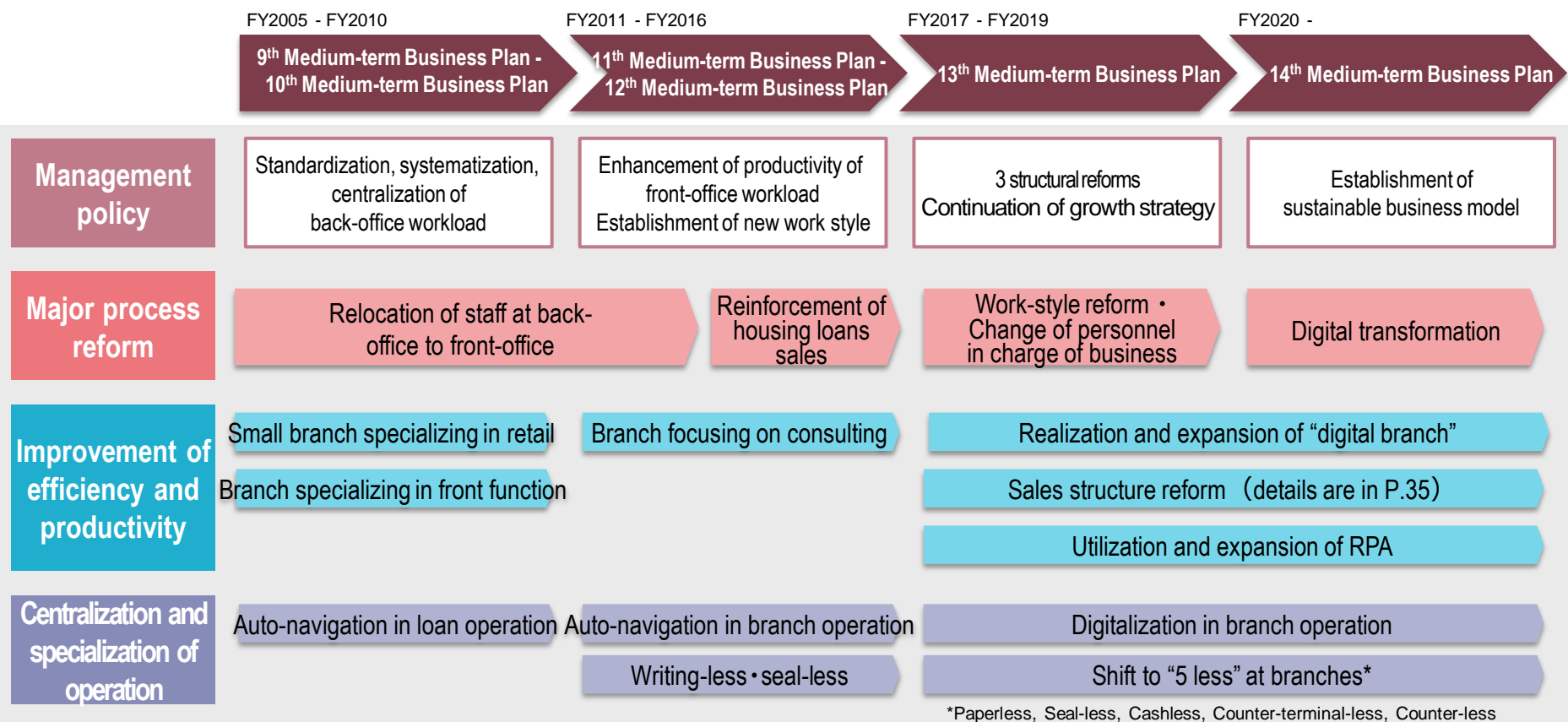
3rd (Jul. 2020, online)



- No. of real-time views: 10,831
business talk: 139

Operation process reform

- Aim to enhance productivity and to build new sales structure by promoting BPR, RPA, and sales structure reform



Major achievement so far

Back-office workload at branches

Reduced by 57%

(Comparison between FY2007 and FY2010)

Relocation of staff at back-office to front-office

Increased front-office employees
while reducing total employees

(people)	End of Mar. 2008	End of Mar. 2020	Increase/Decrease
Front-office at branches	2,411	2,802	+391
Back-office at branches	1,693	853	-840
Shizuoka Bank*	5,164	4,629	-535

Time to process workload on housing loans

Reduced by 63%

(Comparison between FY2010 and FY2013)

Major future target

Sales structure reform

Completion

(During the 14th Medium-term Business Plan)

RPA

Automation of operation
requiring 100 staff *
(By FY2021)

* Including temporary employees

* Equivalent to 200K hours per year

Shareholder return (1) – Profit distribution

- For FY2019, the Bank paid an annual dividend of JPY 22 per share, and expected annual dividend for FY2020 is JPY 22 per share as well
- The Bank maintains the target shareholder return ratio of “consolidated shareholders return ratio of 50% or higher in medium and long term” under the 14th Medium-term Business Plan

Dividend trends

	FY2017	FY2018	FY2019	FY2020 (E)
Annual dividend per share	JPY21.00 (JPY10.00)	JPY22.00 (JPY11.00)	JPY22.00 (JPY11.00)	JPY22.00 (JPY11.00)

() : Figures of interim dividend per share

Profit distribution to shareholders

		FY2017	FY2018	FY2019	(JPY bn)
					FY '10– '19 (10years)
Annual dividend (1)		12.5	13.0	12.6	Accumulated total 109.5
Repurchase of shares (2) (Shares bought back: million shares)		9.7 (10)	10.1 (10)	8.6 (10)	Accumulated total 115.7
Shareholder returns (3)=(1)+(2)		22.2	23.0	21.2	Accumulated total 225.2
Consolidated	Profit attributable to owners of the parent (4)	50.1	46.9	38.7	Accumulated total 439.9
	Dividend payout ratio (1)/(4)x100	24.90%	27.63%	32.62%	Average 24.89%
	Shareholder return ratio (3)/(4)x100	44.32%	49.11%	54.90%	Average 51.19%

[Reference]

				Average in 5years
ROE (Consolidated)	5.21%	4.67%	3.85%	4.41%

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 and bought back 10mil shares
- In FY2020, the Bank cancelled 10mil shares in May

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-FY2017 (Accumulated total)	215,811	205,106	160,404	149,470
FY2018	10,000	10,069	30,000	30,530
FY2019	10,000	8,623	10,000	10,139
FY2020	—	—	10,000	9,619
Total	235,811	223,798	210,404	199,758

As of the end of Mar. 2020
No. of outstanding shares (including treasury stocks) : 605,129 thousands
No. of treasury stocks : 31,226 thousands

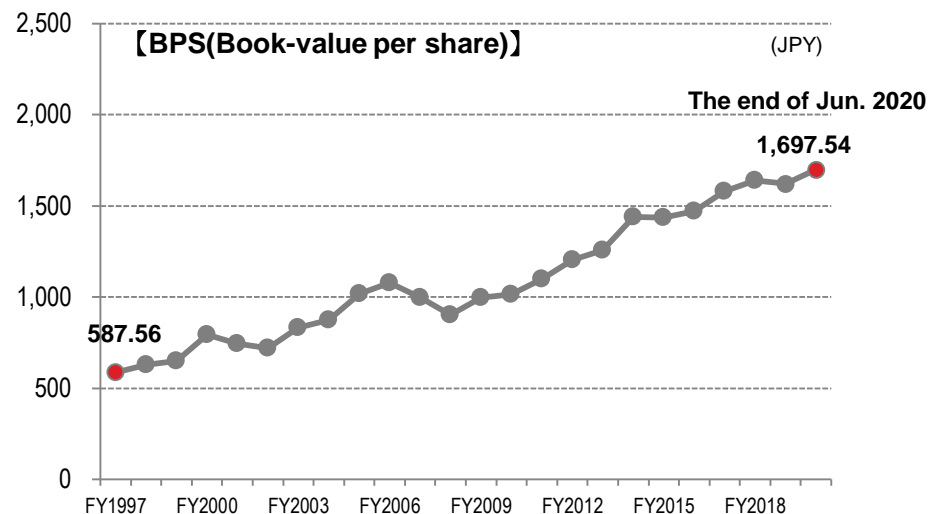
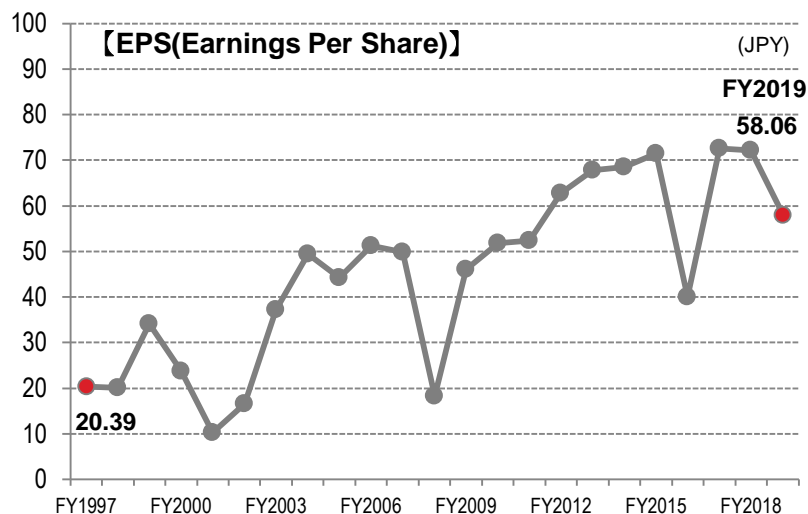


Cancelled 10mil shares in May 2020



After cancellation and buyback
No. of outstanding shares (including treasury stocks) : 595,129 thousands
No. of treasury stocks : 21,181 thousands

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





Projected performance in FY2020

Projected performance in FY2020

- Consolidated ordinary profit and profit attributable to owners of the parent in FY2020 (both consolidated) are projected to be JPY 61.0bn and JPY 42.0bn, respectively

(JPY bn)

		FY2018	FY2019 (A)	FY2020 (Projected) (B)	YoY (B-A)	1Q FY2020 (C)	Progress rate (C/B)
Consolidated	Ordinary profit	63.4	54.6	61.0	+6.4	16.4	26.9%
	Profit attributable to owners of the parent	46.9	38.7	42.0	+3.3	11.6	27.5%
	ROE	4.67%	3.85%	4.2%	+0.35pt	4.57%	-
	OHR	59.0%	58.9%	58.0%	-0.9pt	59.1%	-
	CET1 ratio	16.05%	15.59%	15.0%	-0.59pt	15.55%	-
Nonconsolidated	Gross operating profit	134.8	131.0	141.0	+10.0	36.8	26.1%
	Net interest income	116.6	106.8	112.9	+6.1	29.6	26.2%
	Fees and commissions	15.8	15.6	17.3	+1.7	4.3	24.7%
	Trading income	0.8	0.6	0.9	+0.3	0.2	18.0%
	Other operating profit	1.6	7.9	9.9	+2.0	2.8	28.0%
	Expenses (-)	80.9	79.1	84.7	+5.6	21.4	25.2%
	Ordinary profit	56.5	46.5	51.5	+5.0	15.9	30.8%
	Net income	42.6	33.4	36.0	+2.6	11.6	32.1%
	Credit-related costs (-)	4.8	8.7	13.0	+4.3	2.9	22.2%

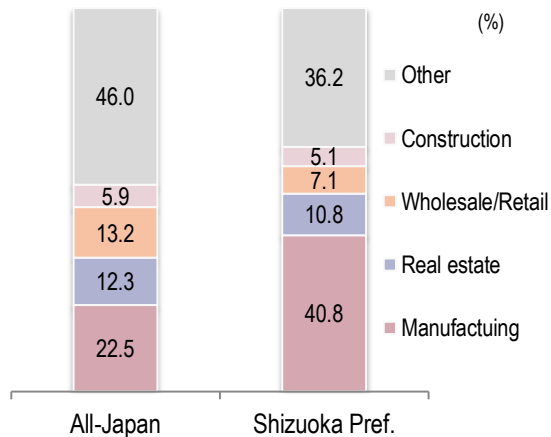


Reference

Economy in Shizuoka Prefecture(1) – Positioning 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

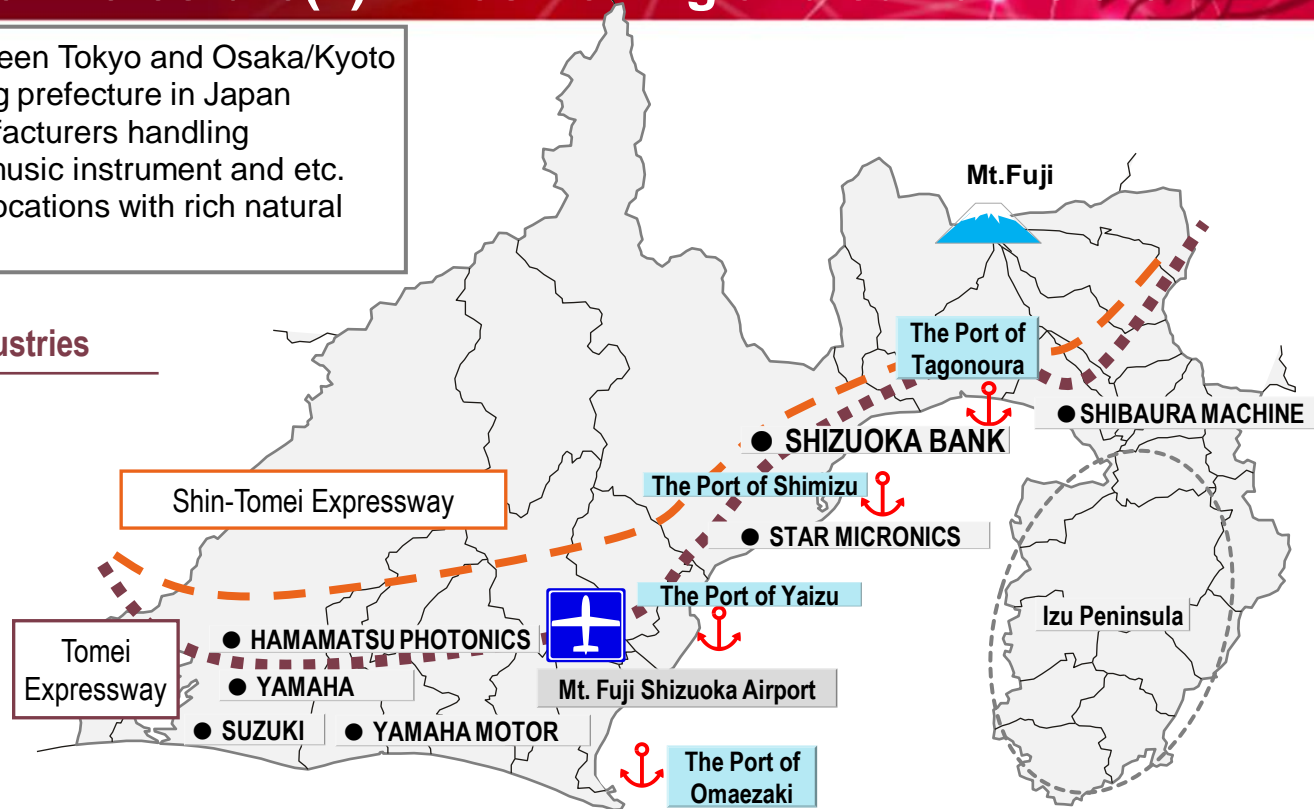


Source: Cabinet Office, Government of Japan, FY2016

No. of listed companies with HQs in Shizuoka Prefecture

* As of the end of Mar. 2020

Listing	No. of companies
TSE 1 st section	24
TSE 2 nd section	9
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



Economy in Shizuoka Prefecture(2) – Economic scale

- 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 New Zealand, Iraq and Algeria

Shizuoka Prefecture indices

	Share of all-Japan		National ranking
Population	3.64mil	2.9%	10th of 47 (2019)
No. of households	1.59mil	2.7%	10th of 47 (2019)
Nominal prefectural GDP	JPY 17.0tn	3.1%	10th of 47 (FY2016)
Per-capita income	JPY 3.300mil	—	4th of 47 (FY2016)
No. of business establishments	170K	3.1%	10th of 47 (2016)
Amount of shipments of manufactured goods, etc. (*)	JPY 17.5tn	5.3%	4th of 47 (2018)
Agricultural output	JPY 212.0bn	2.3%	16th of 47 (2018)
Fishery production volume	200k tons	5.8%	4th of 47 (2018)
No. of industrial locations (*)	76	7.7%	1st of 47 (2019)
No. of new housing starts	22K	2.5%	10th of 47 (2019)

(* Preliminary data)

Shizuoka Prefecture economic scale

Prefectural GDP (FY2016, Nominal)

Rank	Prefecture/Region	(USD bn)
9	Hokkaido Prefecture	175.5
10	Shizuoka Prefecture	157.3
11	Ibaraki Prefecture	120.5
-	4 prefectures in Shikoku	132.6
-	3 prefectures in Hokuriku	114.4

GDP comparison with countries (2016)

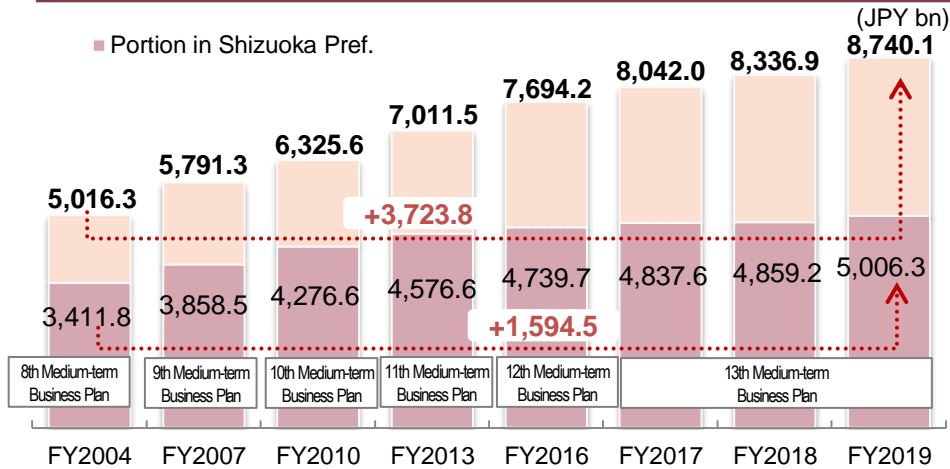
Rank	Country (Region)	(USD bn)
53	New Zealand	185.1
54	Iraq	175.2
55	Algeria	160.0
-	Shizuoka Prefecture	157.3
56	Qatar	151.7
57	Kazakhstan	137.3

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

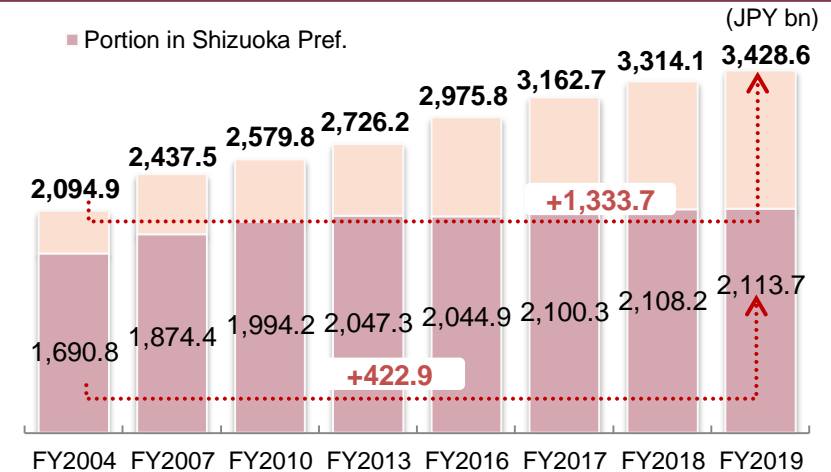
Historical data of loans

- Total loan balance (average balance) had increased by JPY 3,723.8bn since FY2004 to FY2019, of which JPY 1,594.5bn was in Shizuoka Pref.
- SMEs loan balance: JPY +1,333.7bn, consumer loan balance: JPY +1,866.4bn

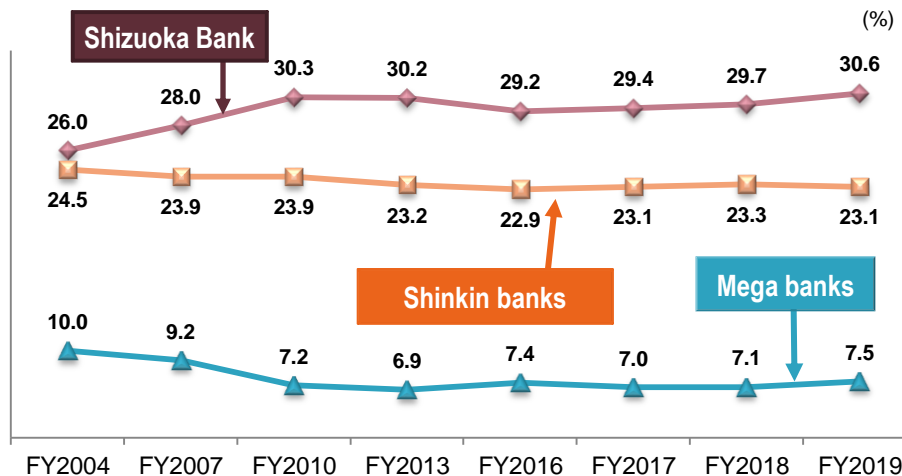
Total loan balance (average balance)



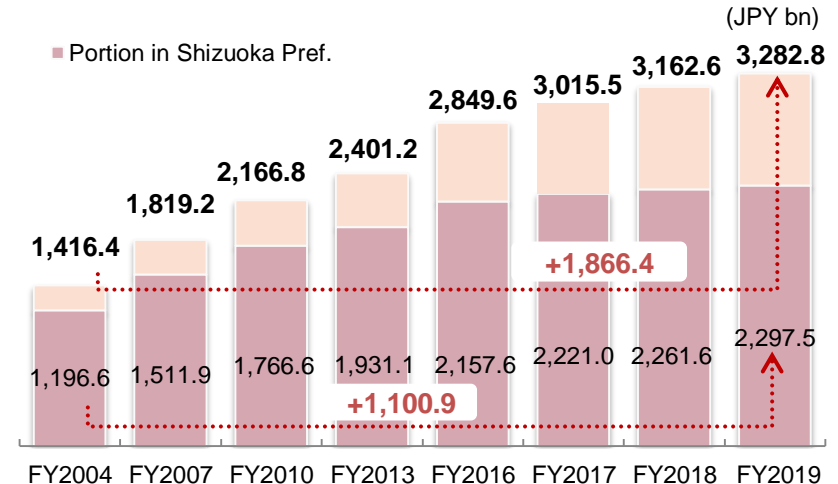
SMEs loan balance (average balance)



Share of loans in Shizuoka Prefecture



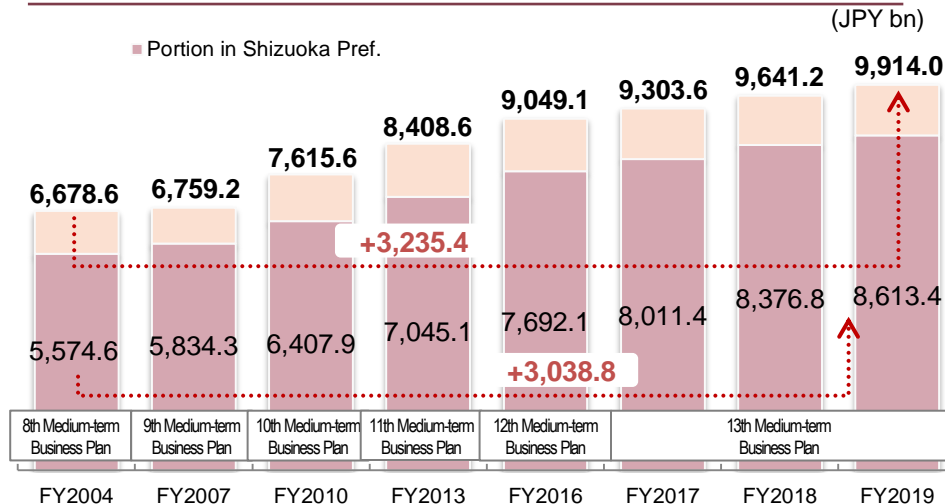
Consumer loan balance (average balance)



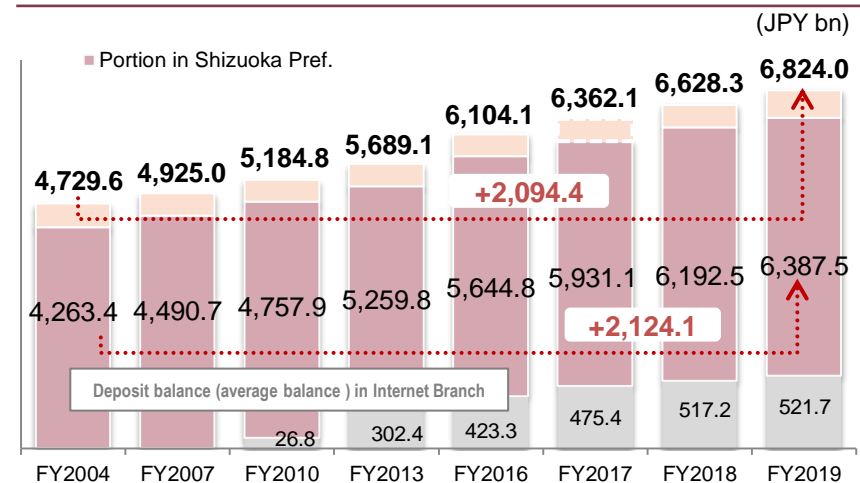
Historical data of deposits

- Total deposit balance (average balance) had increased by JPY 3,235.4bn since FY2004 to FY2019, of which JPY 3,038.8bn was in Shizuoka Pref.
- The Bank has received highest level of credit ratings from two overseas and one Japanese agencies

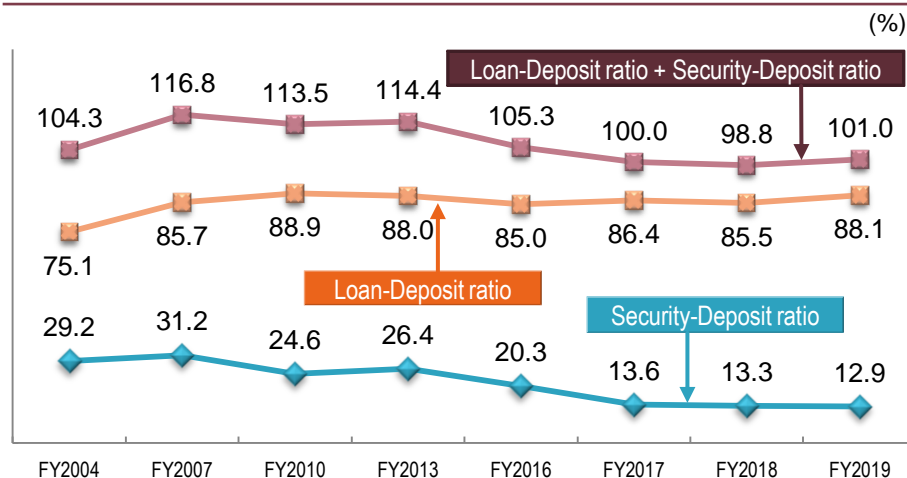
Deposit balance (average balance)



Retail deposit balance (average balance)



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



External ratings (As of the end of Jun. 2020)

< Moody's >

Shizuoka Bank



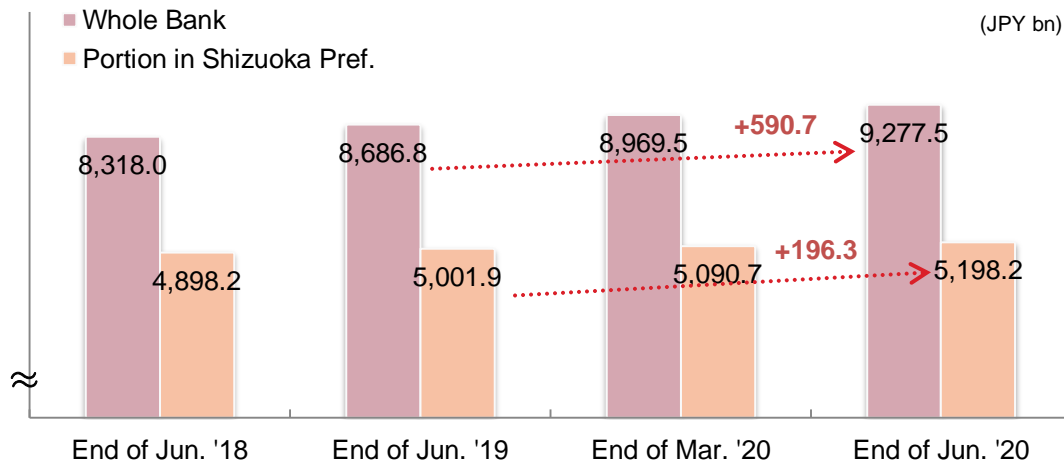
< Other external ratings >

S&P	A-	R&I	AA-
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Loans(1) – Term-end balance

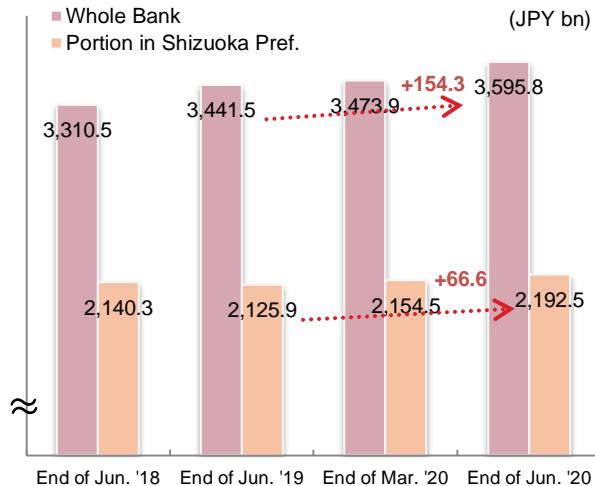
- Total loan balance (term-end balance) increased by JPY 590.7bn (+6.7%) YoY mainly reflecting both well-balanced growth in SMEs loan and retail loan and great increase in loans for large and medium size enterprises due to support for cash position

Total loan balance (term-end balance)

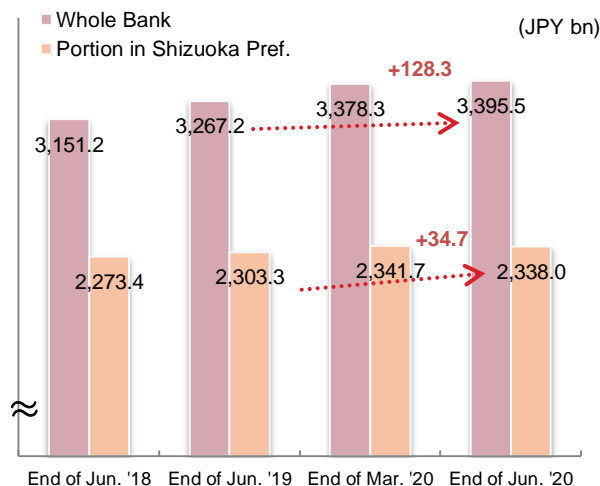


	Term-end balance	Change from the end of Jun. '19	Annual growth rate
Total loan balance	JPY 9,277.5bn	JPY +590.7bn	+6.7%
SMEs loan balance	JPY 3,595.8bn	JPY +154.3bn	+4.4%
Retail loan balance	JPY 3,395.5bn	JPY +128.3bn	+3.9%
Large and Medium sized enterprises	JPY 1,862.0bn	JPY +334.2bn	+21.8%
Loan balance in foreign currency	JPY 613.0bn	JPY +36.3bn	+6.3%

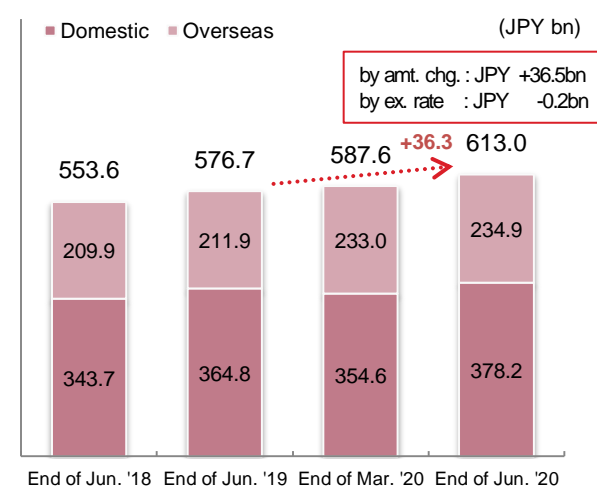
SMEs loan balance (term-end balance)



Retail loan balance (term-end balance)



Loan balance in foreign currencies (term-end balance)



Loans(2) – 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 8.7bn
- Unexpected Loss (UL) for all industries : JPY 80.6bn

Contemporary status of business loans to particular industries

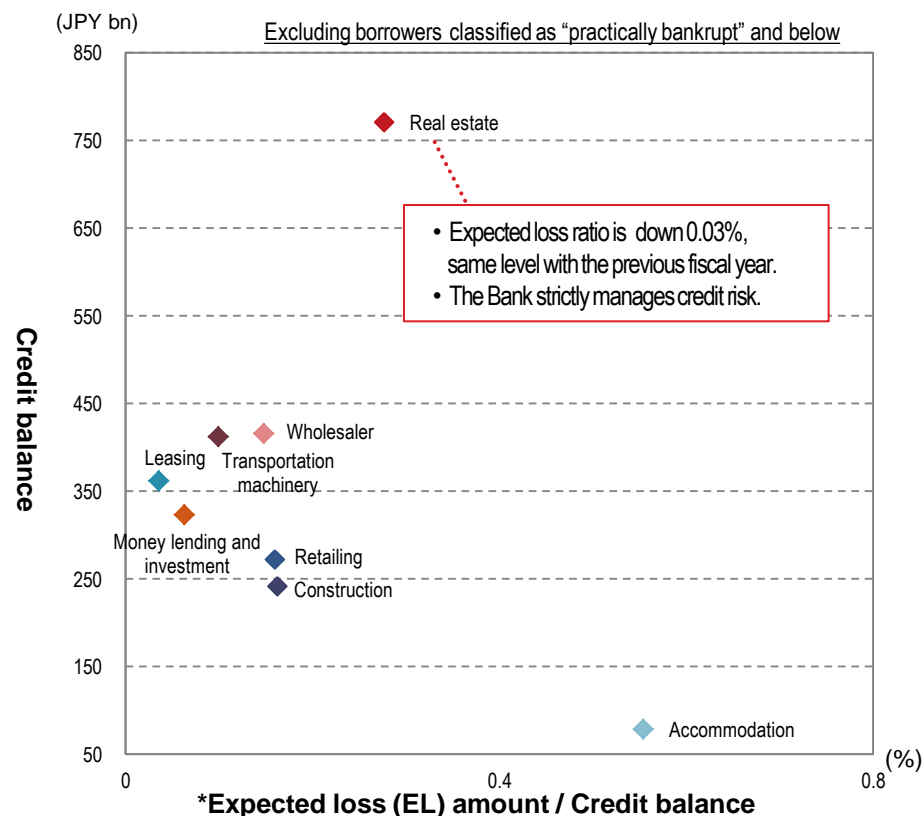
[Credit balance (as of the end of Mar. 2020)] (JPY bn, %)

	Balance	Composition ratio	Change from the end of Mar. '19
All industries	5,903.1	100.0	+247.6
Real estate (*1)	771.0	13.1	-0.3
Wholesaler (*2)	416.0	7.0	-3.4
Money lending and investment	323.3	5.5	+55.9
Transportation machinery	412.5	7.0	+10.1
Construction	241.5	4.1	+3.4
Retailer	272.1	4.6	+11.9
Leasing	362.0	6.1	+15.9
Accommodation	78.8	1.3	-3.5

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

(*2) excluding a general trading companies

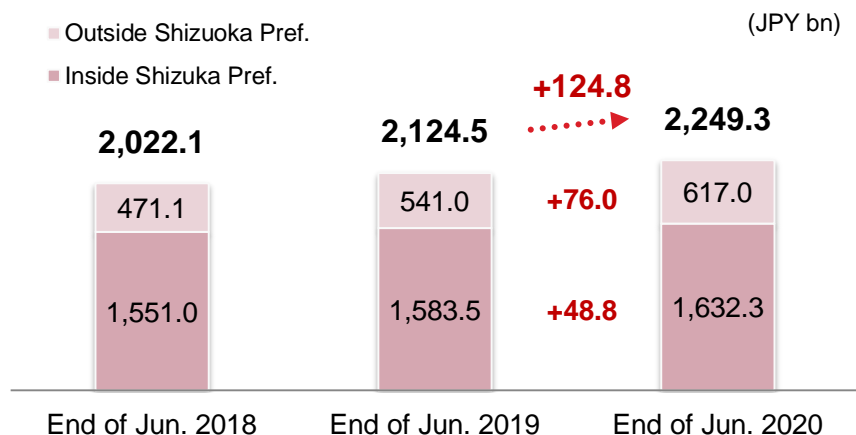
[Credit balance vs. expected loss rate*]



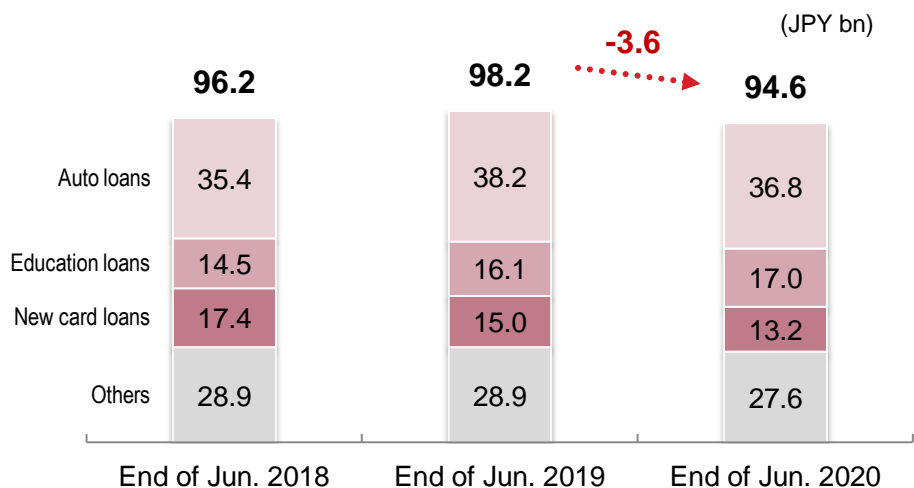
Housing loan / Unsecured loans

- Housing loan balance increased by JPY 124.8bn from the end of Jun. 2019 (+5.8%), growing both inside and outside Shizuoka Pref.

Housing loan balance (term-end balance)

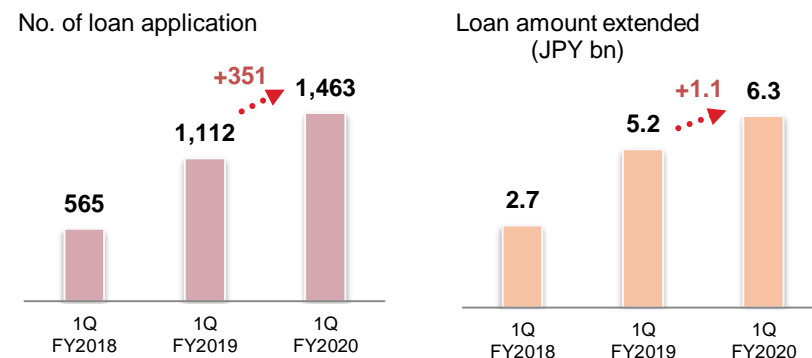


Unsecured loan balance (term-end balance)



Loan transaction through non-face-to-face channel

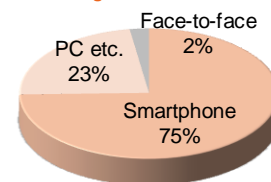
Housing loan at the Direct Loan Center



What is the Direct Loan Center?

- A counter-less loan center focusing on non-face-to-face transactions which can complete whole process of loans

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



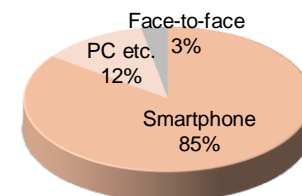
FY2016



FY2019

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

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

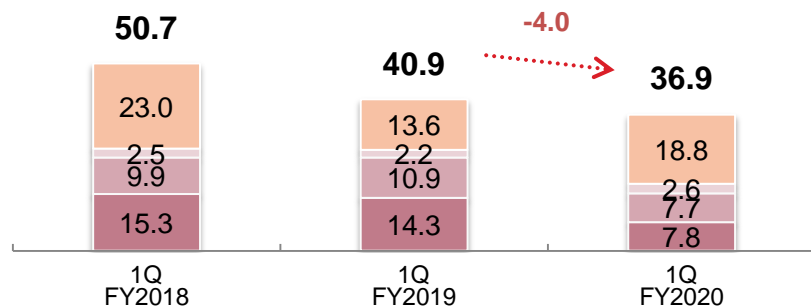


Customer assets / Consulting business for corporate customers

- Sale amount of customer assets decreased by JPY 4.0bn YoY as sales of insurance greatly fell while sales of investment trust increased
- Work on support to solve social issues on business succession by combining expertise of the Bank and group companies

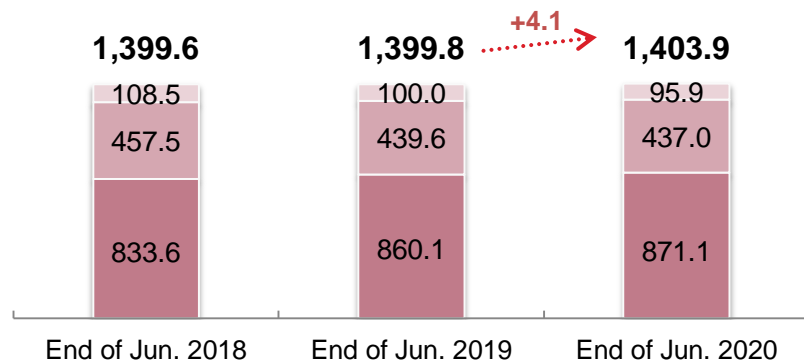
Sales amount of customer assets (insurance, investment trust)

- Investment trust(Shizugin TM Securities)
 - Investment trust(Shizuoka Bank)
 - Variable life insurance, etc.
 - Single premium whole life insurance
- (JPY bn)



Customer assets excluding JPY deposits (term-end balance)

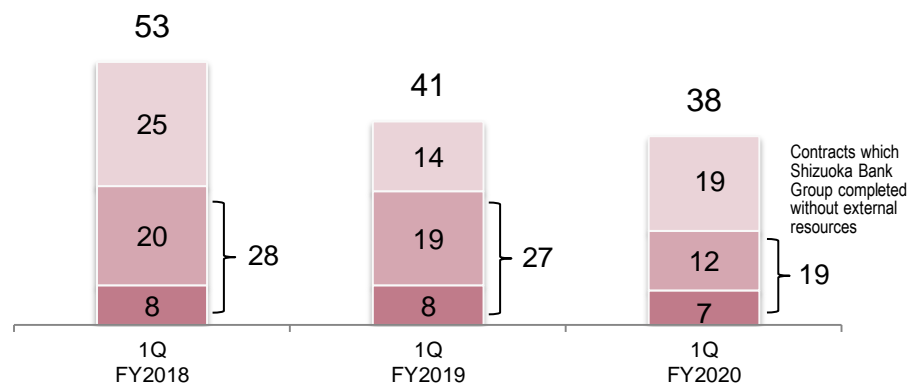
- Others(deposit in foreign currency, investment trusts, public & corporate bonds)
 - Shizugin TM Securities
 - Individual annuity insurance products
- (JPY bn)



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
- (Cases)



*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

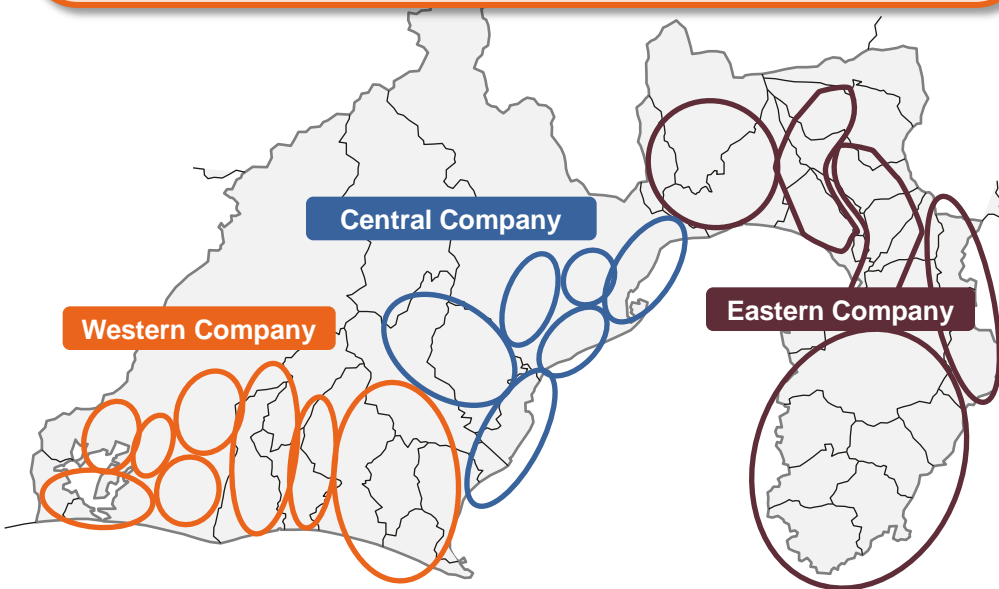
		(JPY bn)			
		1Q FY2018	1Q FY2019	1Q FY2020	YoY
Consultant fee	M&A	0.23	0.18	0.05	-0.13
	Business succession	0.04	0.04	0.03	-0.01
Settlement service		0.22	0.22	0.21	-0.01
Ordinary profit		0.24	0.18	0.05	-0.13

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.



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)	FY2018	Started as trial in 2 Areas, Started in 3 other Areas
	FY2019	Started in other 7 Areas
	FY2019 (besides above)	Merge branches by putting function of 2 branches at 1 location in 4 Areas
2 nd phase (expansion)	FY2020	Merge branches by putting function of 2 branches at 1 location in 6 Areas(including 3 new Areas)
	Total	19 Areas

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 → Plan to start operation in Jan. 2021

Direction and issues on financial IT (2025 Digital Cliff)

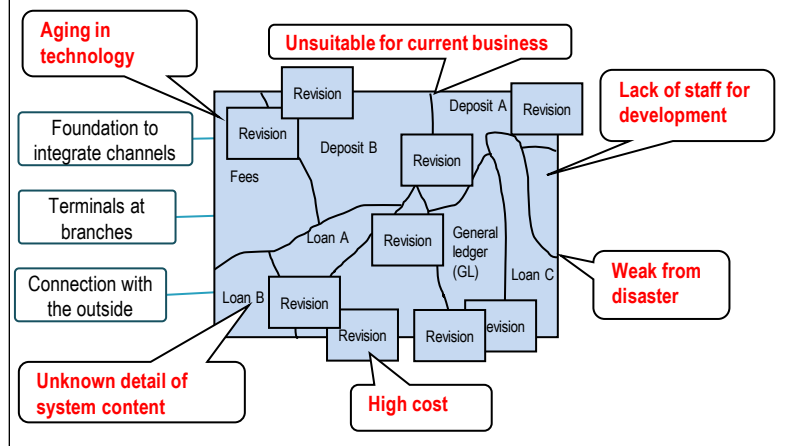
● Direction of IT strategy of financial institutions

- 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



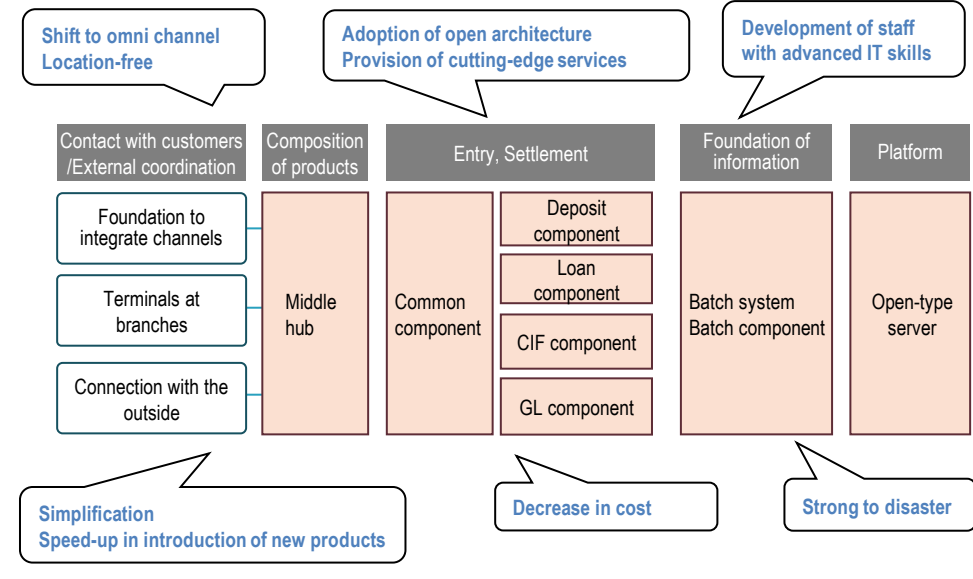
- Build loan supporting system
- Realize ATM operated on Web
- Introduce counter navigation system etc

Continuously expand and decentralize function

● Construct Next Generation System (Plan to start operation in Jan. 2021)

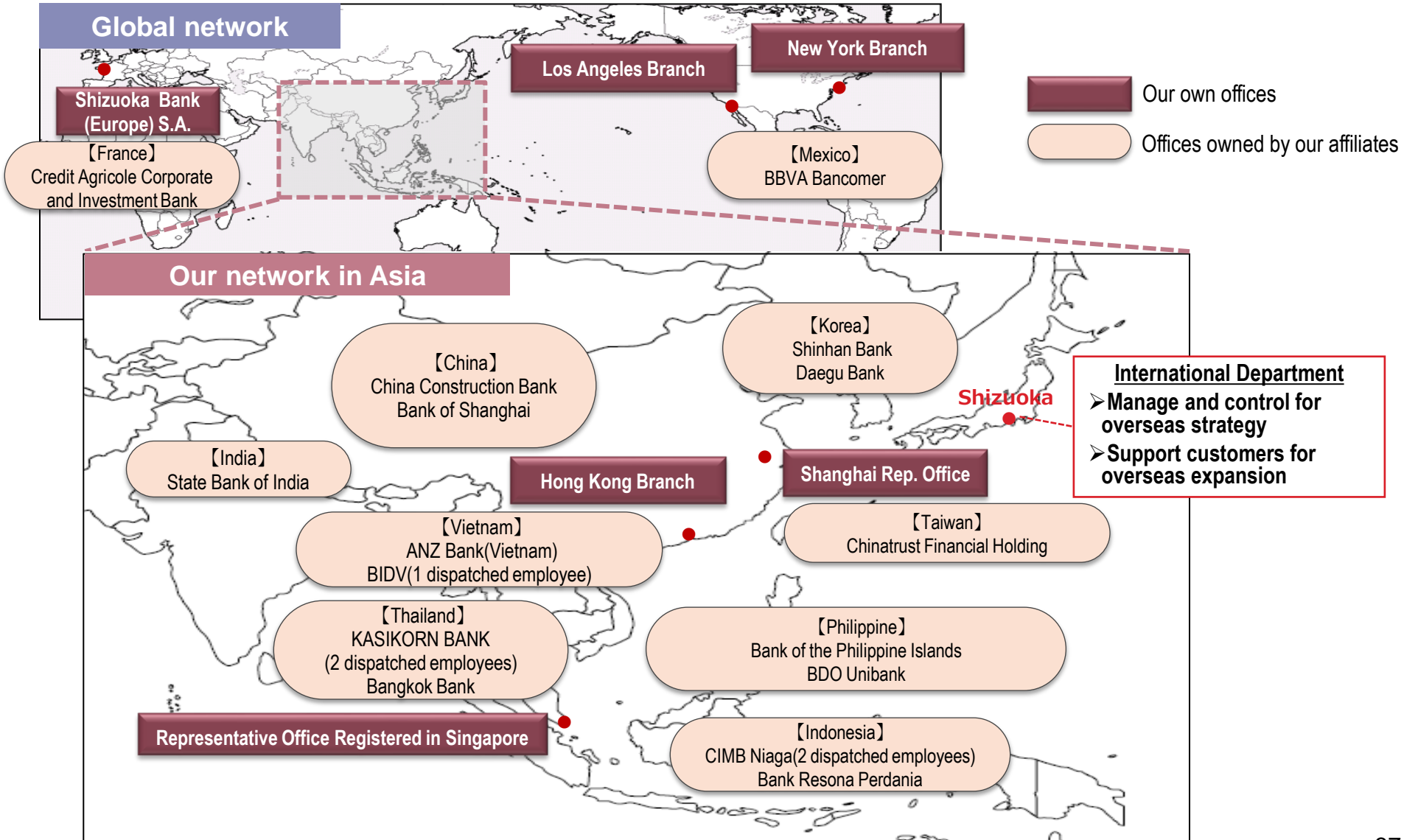
- Unprecedented project because of **new construction of key system including change of vendor** and of **adoption of open-type technology for the first time in major Japanese banks**
- Selected as **the first case** to receive special support by Financial Services Agency for advanced initiatives on core systems of banks in Apr. 2020

Structure of Next Generation System



Overseas network

- The Bank's global network with 3 branches, 2 rep. offices 1 subsidiary, and business tie-ups with 16 banks, helps clients' overseas expansions
- In Asia, the Bank has 3 overseas offices and business tie-ups with 14 banks in 9 countries/regions



Allocation of risk capital

- Allocation of risk capital for 1Q FY2020 (the end of Jun. 2020 basis) amounted to JPY 726.5bn, of which JPY 215.0bn was allocated to credit risk, JPY 362.4bn to market risk, JPY 10.0bn to strategic investments, and JPY 24.0bn to operational risk
- JPY 136.0bn of risk capital was used for loans (credit risk), and JPY 101.6bn for the Treasury division

Allocation source	(JPY bn)		Risk capital allocated	Risk capital used	Ratio of risk capital used
Core capital JPY 726.5bn (End of Jun. 2020 basis)	Credit risk 215.0	Loan (Credit risk)	152.7	136.0	89%
	Market risk 362.4	Treasury division	414.9	101.6	24%
		(strategic shareholdings)	(158.8)	(18.8)	(11%)
	Strategic investments 10.0	Consolidated subsidiaries	9.8	3.2	32%
	Operational risk 24.0	Strategic investments	10.0	1.6	16%
	Buffer capital, etc. 115.1	Operational risk	24.0	24.0	100%
		Sub total	611.4	266.3	43%
		Buffer capital, etc.	115.1	—	—
		Total	726.5	—	—

- Core capital = CET1(excluding valuation difference on available-for-sale securities) < 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 1Q FY2020, the total ordinary profit of 13 major consolidated subsidiaries was JPY 1.6bn (down JPY 0.1bn YoY)

(JPY bn)

Company name	Business	1Q FY2020 Ordinary Profit	YoY change
Shizugin Management Consulting Co., Ltd.	Corporate and financial management advisory services Bill collection services	0.0	-0.1
Shizugin Lease Co., Ltd.	Leasing	0.4	-0.0
Shizugin IT Solution Co., Ltd.	Computer system development and operation	0.1	-0.0
Shizugin Credit Guaranty Co., Ltd.	Guarantee of housing loans, etc.	0.4	-0.1
Shizugin DC Card Co., Ltd.	Credit card and guarantee of consumer loans	0.2	+0.0
Shizuoka Capital Co., Ltd.	Public-offering assistance Support for corporate rehabilitation	0.0	+0.0
Shizugin TM Securities Co., Ltd.	Securities	0.3	+0.0
Shizuoka Bank (Europe) S.A.	Finance and securities-related services	-0.0	+0.2
Shizuoka Liquidity Reserve Ltd.	Purchases of monetary receivables	0.0	-0.2
Shizugin General Service Co., Ltd.	Fee-based job placement service, general administration	0.0	-0.0
Shizugin Mortgage Service Co., Ltd.	Appraisal of real estate for loan collateral Operation center for loans	0.0	-0.0
Shizugin Business Create Co., Ltd.	Operation center for remittance and bill collection Part-time employee management	0.0	-0.0
Shizugin Heartful Co., Ltd.	Making, printing and binding of documents	0.0	-
Total(13 companies)		1.6	-0.1

(Ref.) Affiliates under equity method of accounting

*Profit before income tax

Shizugin Saison Card Co., Ltd.	Credit card, prepaid card, and guarantee of consumer loans	0.1	+0.1
Monex Group, Inc.	Holding stocks of companies practicing securities and so on	* 2.0	+0.8

Group companies (2)

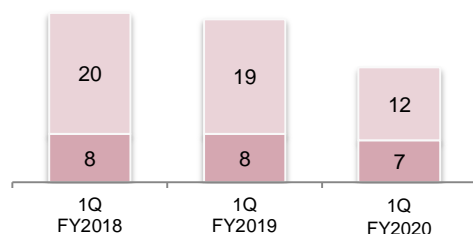
- Provide comprehensive financial services by integrating expertise in Shizuoka Bank Group and utilizing cross-industry collaboration

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

- No. of completed business succession contracts (Cases)
- No. of completed M&A contracts



Shizugin Management Consulting Co., Ltd.

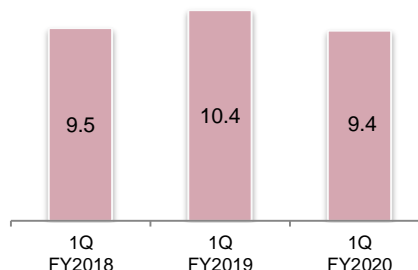
<Main businesses>

- 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 (JPY bn)



Shizugin Lease Co., Ltd.

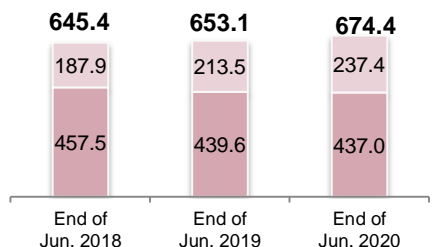
Support customers expand and efficiently run businesses by meeting needs for capital investment in various ways ranging from lease of property including cutting-edge OA equipment, large industrial machinery, solar power generation facility, nursing care facility and automobiles to overseas lease and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

Shizugin TM Securities

- Provide lineup of various products including "SHIZUGIN Wrap (ON COMPASS)" based on discretionary investment management run by Monex-Saison-Vangurd Investment Partners

Amount of customer assets (JPY bn)

- Corporate
- Retail



Shizugin TM Securities Co., Ltd.

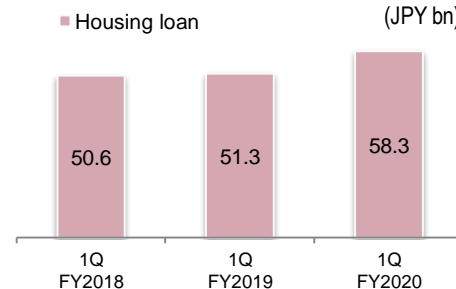
Offer lineup of various products including investment trust, bond, and stock, and comprehensive financial services based on coordination with Shizuoka Bank

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 740 applications from Aug. 2018 to Jun. 2020

Amount of housing loan extended with guaranty from Shizugin Credit Guaranty (JPY bn)



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

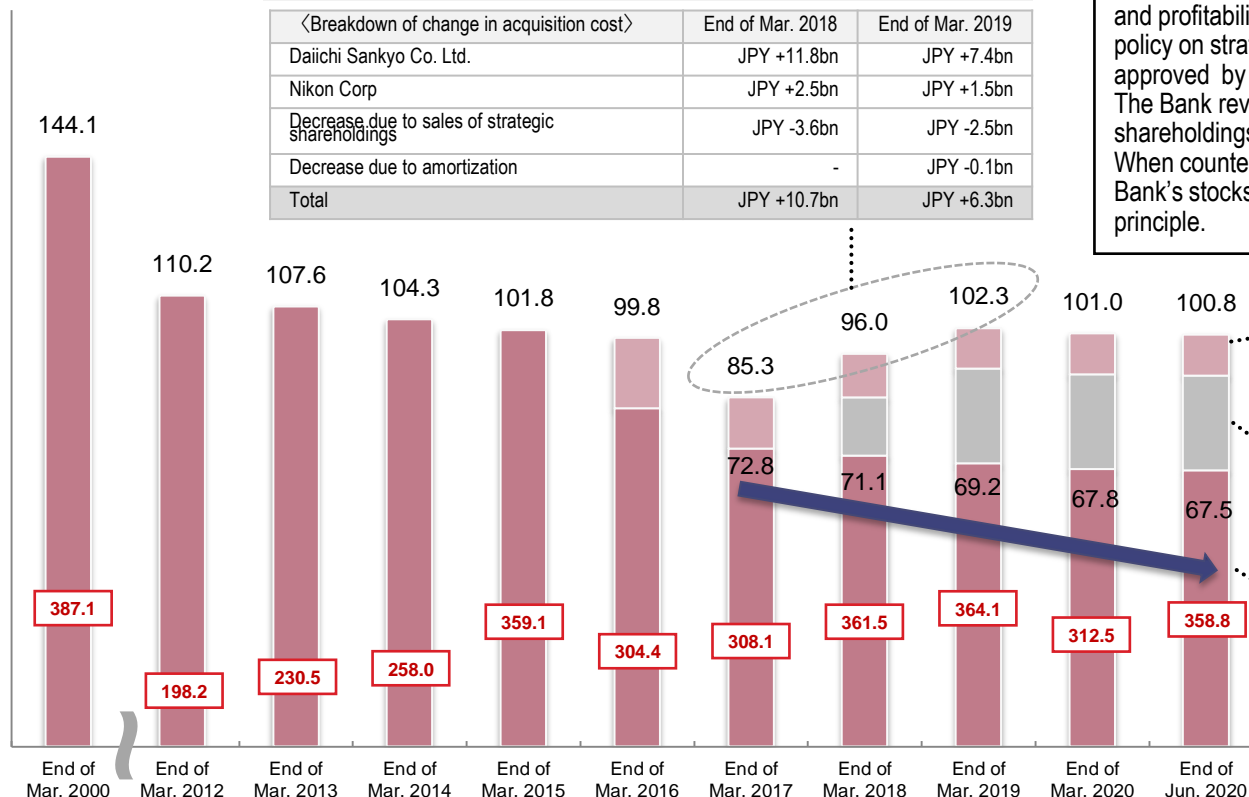
Prime cost of strategic shareholdings*

(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	10,000	8,623	10,000	10,139	63.5	54.9	58.1	1,620.3	22.0
Total	235,811	223,798	200,404	190,139	—	—	—	—	—

*Consolidated financial statements have been prepared since FY1998

14th Medium-term Business Plan(1) – Name and vision

- Draw both “10-year Vision”, where Shizuoka Bank Group commits itself to growth of regional industry and economy from long-term perspectives, and “14th Medium-term Business Plan Vision”, where it innovates its business model in order to realize 10-year Vision

Name 「 **COLORs** 」

【Thoughts put in the name】

- Find a way out from traditional “banking-centered” sales style, and realize new style where everyone in Shizuoka Bank Group works together in providing solutions to diversified needs of region and customers from various angles
- Actively promote diversity and SDGs

10-year Vision (Picture targeted in long term)

A corporate group committing itself to future of region and producing growth of region

14th Medium-term Business Plan Vision

Change to a problem-solving corporate group assisting regional customers with hands-on support

14th Medium-term Business Plan(2) – Basic strategies

- Set “Region-Producing Strategy” as a long-term strategy (10-year Strategy), and three basic strategies “Group Sales Strategy”, “Innovation Strategy”, “Business Portfolio Strategy” as 3-year Strategies
- Allocate management resource and take risks in initiatives in a “region”, the management base for Shizuoka Bank Group, as the top priority, at the same time doing so in growth areas and growth fields in order to complement profit as well

Basic strategy 1 (3-year Strategy)

Group Sales Strategy ~Find a way out from “banking-centered”

- (1) Get into a habit of promoting sales by gathering all strength in the Group
- (2) Enhance convenience of regional financial system
- (3) Complete 3 structural reforms in the 13th Medium-term Business Plan

Allocate management resource
and take risks in initiatives
in a “region” as the top priority

10-year Strategy

Region-producing Strategy

- (1) Create regional industry
~Promote regional innovation
- (2) Enhance regional attractiveness
~Build regional platform,
Develop regional human resource, etc

Basic strategy 2 (3-year Strategy)

Innovation Strategy ~Pursue new profit opportunities

- (1) DX
- (2) Global strategy
- (3) Strategic investment,
Cross-industry collaboration

Complement profit
by allocating management resource
and taking risks
in growth areas and fields
(economic/social sustainability)

Basic strategy 3 (3-year Strategy)

Business Portfolio Strategy ~Optimize allocation of management resource

- (1) Human resource strategy
- (2) Market & Tokyo strategy
- (3) Asset allocation

14th Medium-term Business Plan(3) – Targeted management indicators

- Target consolidated ordinary profit of JPY 80.0bn, consolidated ROE of 5% or higher, and consolidated CET1(Common Equity Tier 1) Ratio of 14% or higher in FY2022

	Indicators	The 13 th Medium-term Business Plan		The 14 th Medium-term Business Plan
		Peak under the Plan	Results in FY2019	Planned figures in FY2022
Profitability	Consolidated ordinary profit	JPY 65.8bn (FY2017)	JPY 54.6bn	JPY 80.0bn or more
	Consolidated ROE	5.21% (FY2017)	3.85%	5% or higher
Soundness	Consolidated CET1 ratio	16.05% (FY2018)	15.59%	14% or higher
Others	Consolidated OHR	58.9% (FY2019)	58.9%	55% level
	Shareholders return	50% level in medium and long term (non-consolidated)		50% or higher in medium and long term (consolidated)

In addition to indicators above, manage “Consolidated fees and commissions income ratio” and “Ratio of retail shareholders in the region” as indicators to monitor internally

14th Medium-term Business Plan(4) – Plan of figures

- Target consolidated ordinary profit of JPY 80.0bn, consolidated ROE of 5% or higher, and consolidated CET1(Common Equity Tier 1) ratio of 14% or higher in FY2022

		(JPY bn)			
		Results in FY2018	Results in FY2019	Plan in FY2022	Change in 3 years
Consolidated	Gross operating profit	150.8	147.9	169.2	+ 21.3
	Fees & commissions revenue (*)	23.3	23.1	29.3	+ 6.2
	Ordinary profit	63.4	54.6	80.0	+ 25.4
	Profit attributable to owners of the parent	46.9	38.7	56.5	+ 17.8
	ROE	4.67%	3.85%	5% or higher	—
	OHR	60.0%	58.9%	55% level	—
	CET1 ratio	16.05%	15.59%	14% or higher	—
	Gross operating profit	134.8	131.0	144.4	+ 13.4
	Interest on loans	106.0	105.2	110.3	+ 5.1
	Interest and dividend on securities	32.6	24.9	37.1	+ 12.2
Non-consolidated	Bond-related income such as JGBs	- 1.1	3.9	4.4	+ 0.5
	Expenses (-)	80.9	79.1	83.8	+ 4.7
	Actual net operating profit	53.9	51.9	60.6	+ 8.7
	Ordinary profit	56.5	46.5	67.0	+ 20.5
	Net income	42.6	33.4	46.7	+ 13.3
	Credit-related costs (-)	4.8	8.7	7.0	- 1.7
	Average amount of loan	8,336.9	8,740.1	9,801.0	+ 1,060.9
	Average amount of deposit	9,743.6	10,088.7	11,074.7	+ 986.0
	Average amount of securities	1,336.0	1,281.8	1,984.7	+ 702.9

* Total of non-consolidated fees and commissions, non-consolidated trading income, and ordinary profit of Shizugin Management Consulting, Shizugin Lease, and Shizugin TM Securities

Reference (ESG/SDGs part)

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

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

Support the TCFD Recommendation



- Declare in Mar. 2020 support for the TCFD (*) Recommendation which demands information disclosure on “risk” and “opportunity” related to climate change
- Below are the Bank’s responses to 4 recommendations by TCFD

* Task force established by Financial Stability Board consisting of central banks and financial authorities in major countries



Governance	Establish specified measures and monitor progress by management committee in order to realize plans for harmonization between environmental protection and corporate activities which were discussed during establishment the 14 th Medium-term Business Plan
Strategy	<ul style="list-style-type: none"> ■ Opportunities: Support customers’ capital investment and use of leasing to decrease GHG emission, and contribute to low environmental impact ■ Transition Risks: Analyze and grasp risks resulting from transition to low-carbon economy considering that ratio of carbon-related loan to total loan is 1.3% ■ Physical Risks: Analyze scenario of climate change resulting from recent climate change, and grasp impact to the Bank’s finance
Risk management	<ul style="list-style-type: none"> ■ Judge whether or not to extend such loan that may affect environment and society based on Credit Policy ■ Examine and establish risk management system to cope with transition risks and physical risks resulting from climate change
Indicators and goals	<ul style="list-style-type: none"> ■ Decrease GHG emission; CO2 emission due to use of electric power in FY2018 was 16,385 ton (down 1,289 ton since FY2015) ■ Establish goal of environment-related loan in FY2020; JPY 30.0bn (Result in FY2019 was JPY 24.6bn)

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 28 projects in FY2019
- Cumulatively provided JPY 78.2mil to 614 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 1,030 highly creative ideas, with one student receiving the grand prize, 10 students receiving distinctions, and 6 schools receiving top school awards in the FY2019 contest (8th contest)

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
Among newly opened accounts in 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 1,912K based on the number of accounts opened in 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
- Make efforts to provide employees-friendly working environment and to support employees' health promotion

Diversity



- Started "Work Style Innovation" including revision of dress code and rule on vacation so that employees decide work style by themselves (in Aug. 2019)
- Started supporting repayment of scholarships by employees in order to provide a work environment where they can work with peace of mind without financial and psychological burden (in Apr. 2020)
- Plan to start recruiting high school graduates for the first time in 27 years and to help their payment of university expense from Apr. 2021 in order to hire and grow people who support the future of the region

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



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)
- 6 new employees joined the company in Apr. 2020
- Received "the special subsidiary company" certification in May 2020

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 as "Certificated Health & Productivity Management Organization"



- The Bank was recognized as "the 2020 Certified Health and Productivity Management Organization (large enterprise category)" in Mar. 2020 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 and sports

- Regularly hold concerts by domestic and foreign first-class artists and events of Rakugo, Japanese traditional storytelling performance, for people in the region
- Facilitate promotion of children sports by supporting tournaments of soccer and baseball for boys and girls



- Started hiring athletes who belong to regional sports teams and members of cultural activities organizations as regular employees of the Bank's group and providing working opportunities to them (in Apr. 2020)

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) – Region-based Relationship Banking

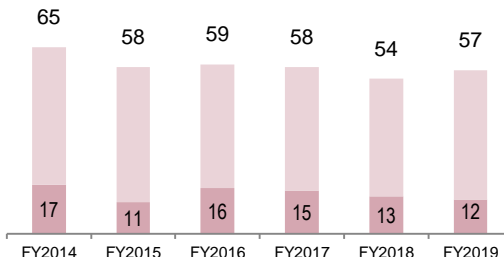
- The Bank is supporting clients from various perspectives through support for business restructuring and turn-around, supporting entrepreneurs, and “Shizuginship” etc.

Support for business restructuring and turn-around



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

■ No of firms under the projects
■ No of projects completed



Has completed business restructuring for about 230 firms since FY2005

Saves labor opportunities for opportunities for labor for about 24,000 people and maintain economic power in the local community

Expansion of standardization of inheritance procedures with other financial institutions



- In Oct. 2019, standardized the documents and procedures related to inheritance of deposits and so on with Hamamatsu Iwata Shinkin Bank in order to improve convenience for local customers and office efficiency
- Standardized and simplified process for heritance by sharing the customer's entry form and by enabling customers who meet certain criteria to complete procedures with sign and seal by only one heir representative
- 6 Shinkin Banks (Shizuoka-Yaizu, Seishin, Numazu, Mishima, Shimada-Kakegawa, and Enshu) joined the standardization in Apr. 2020, Shimizu Bank joined in May 2020, and Suruga Bank joined in Jul. 2020
- Shizuoka Chuo Bank and Fuji Shinkin Bank will join in Aug. 2020

Support for entrepreneurship and new businesses



<Shizugin Idea Competition "Joint LAB.">

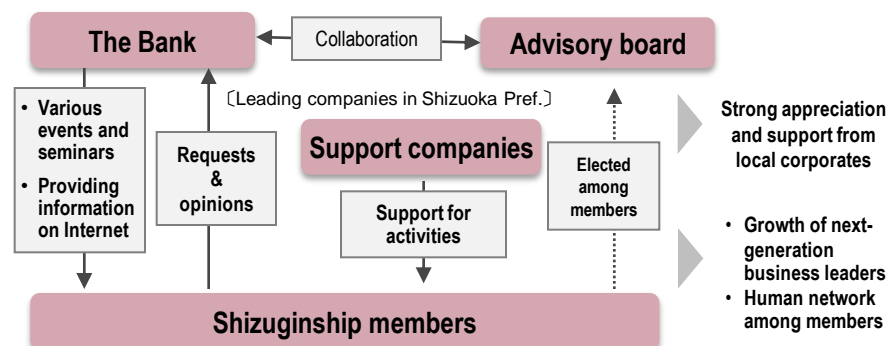
- Collect business ideas that other companies and organizations want to try with the Bank and realize those new businesses, attempting to revitalize regional economies and aiming for sustainable regional growth by challenging new businesses based on the ideas
- Held the 1st round in FY2019, attracting 43 applications
- 6 applicants advanced to online examination event to give a presentation in Jun. 2020
- 3 applicants received a prize in Aug. 2020

“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

【Structure of Shizuginship】



【No. of members】 At the end of Jun. 2020 / 743 corporates, 1,094 people

【No. of participants in activities* in 1Q FY2020】 Total 93 people

* Held online due to COVID-19 effect

ESG/SDGs initiatives (6) – 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 FY2019, held a total of 4 events with regional companies and organizations which attracted 208 parents and children (79 pairs)
- 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

Entry into regional trading company business



- In Feb. 2020, concluded business alliance agreement with Fujinokuni Bussan Co., Ltd in order to entry into businesses that will contribute to the future growth of the region including regional trading company business (In Apr. 2020, The Bank delegates an employee to this company)
- Work on “the regional platform business” that will contribute to the future growth of the region by using the company’s branding and marketing know-how and the Bank’s customer network

<Examples of the regional platform business>

- Support reinforcement of branding power and product development of regional products
- Support search for new sales channels and development of market
- Tourism promotion
- Human interaction, Human resource development
- Creation of new businesses utilizing local resources etc...

Alliance for Regional Revitalization



- In Oct. 2019, about 500 people (including mayors of each city in Shizuoka Pref., officials of local governments, related organizations such as the Chamber of Commerce, and The Bank’s executives and employees) participated the conference through The Bank’s TV conference system.
- 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. Aims at 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



Honored for good practice for 4 consecutive years

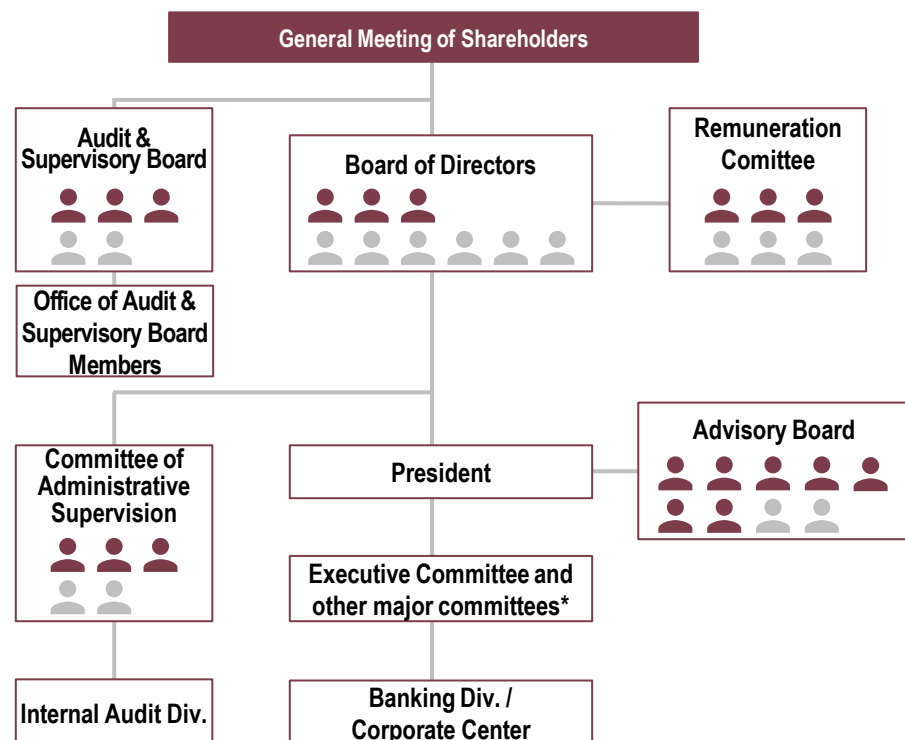


- Honored by the Cabinet Office’s Headquarters for Vitalizing Towns, People and Jobs in May 2020 for good practice leading to regional revitalization by financial institution, resulting in the first case for a regional bank to be honored for 4 consecutive years
- Practice to be honored; “Networking event for “new active” by collaborating with local government, and efforts to solve problems of regional SMEs through use of Web system” (Shizuoka Bank, Shizuoka-Yaizu Shinkin Bank, Seishin Shinkin Bank)
- Shizuoka City Government has held “networking event for new active” for the purpose of matching regional SMEs with “new active” people since FY2018
 - * “New active” people mean senior citizens with rich experience, expertise, and human network who live in Tokyo Metropolitan area and have retired from large companies
- Shizuoka Bank provides “online platform for business talks” as a new method to solve regional problems and to keep up with the times based on management resources of related organizations in order to aim at full-scale participations from FY2020

ESG/SDGs initiatives (7) – Corporate Governance Structure

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

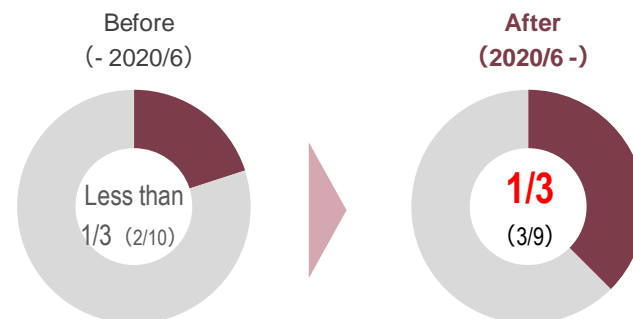
Shizuoka Bank Group's Corporate Governance System



*Other major committees
Compliance Committee
Committee for Integrated Risk and Budget Management
Credit Committee

Ratio of outside directors to all directors

- Decreased total directors and increased outside directors in order to “separate supervision and execution” and to “delegate power to execution section”



Restricted Stock Awards

- Introduced Restricted Stock Awards in order to motivate full-time directors (excluding outside directors) of the Bank to continuously enhance corporate value and to further share value with shareholders

Upper limit

Within JPY 50mil per year, and 50,000 stocks per year

Clarify responsibility of executives

- Changed contract with executives from employment to delegation (every year)
⇒ Clarify responsibility for execution
- Provide Restricted Stock Awards to executives
⇒ Promote action to enhance corporate value from shareholders' view

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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