

Results of 1Q FY2021

August, 2021

The Shizuoka Bank, Ltd.

The 14th Medium-term Business Plan

CO **LO** **R** **S**

2020-2022

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

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Results of 1Q FY2021

Results of 1Q FY2021 – Nonconsolidated

[Nonconsolidated]

(JPY bn, %)

	1Q FY2021	YoY change	
		Increase/ Decrease	Rate of change
Gross operating profit	35.9	-0.8	-2.2
Net interest income	31.1	+1.6	+5.2
Fees and commissions	3.7	-0.6	-13.4
Trading income	0.3	+0.1	+77.5
Other operating profit	0.8	-1.9	-69.9
(Bond-related income such as JGBs)	(-0.5)	(-2.9)	(-120.2)
Expenses (-)	23.8	+2.4	+11.3
Actual net operating profit	12.2	-3.3	-21.1
Core net business profit excluding gains (losses) on bonds and cancellation of investment trusts	12.8	-0.1	-0.7
Provision for general allowance for loan losses (-)	0.1	-0.4	-79.6
Net operating profit	12.1	-2.8	-19.0
Special profit and loss	0.3	-0.6	-65.9
Bad debt written-off (-)	1.0	-1.3	-55.8
Gain (loss) on stocks	-0.1	-1.4	-107.2
Ordinary profit	12.4	-3.5	-21.9
Extraordinary profit and loss	6.0	+6.1	—
Gain on sales of stocks of related companies	6.0	+6.0	—
Net income before taxes	18.3	+2.6	+16.3
Corporate taxes (-)	4.7	+0.5	+10.8
Net income	13.7	+2.1	+18.3
Credit-related costs (-)	1.1	-1.7	-60.1

Gross operating profit (first decrease in 2 periods)

Decreased by JPY 0.8bn YoY, mainly because net interest income increased while fees and commissions and other operating profit decreased

Progress rate 24.4%

Net operating profit (first decrease in 2 periods)

Decreased by JPY 2.8bn YoY, because of increase in expenses due to launch of Next Generation System

Progress rate 22.2%

Ordinary profit (first decrease in 2 periods)

Decreased by JPY 3.5bn YoY, because of decrease in special profit and loss as well as decrease in net operating profit

Progress rate 23.8%

Net income (continued increase in 2 periods)

Increased by JPY 2.1bn YoY, because extraordinary profit and loss was improved due to increase in gain on sales of stocks of related companies while ordinary profit decreased

Progress rate 34.1%

Results of 1Q FY2021 – Consolidated

Ordinary profit decreased by JPY 2.1bn YoY to JPY 14.3bn, and total ordinary profit of consolidated subsidiaries increased by JPY 1.0bn YoY to JPY 2.5bn

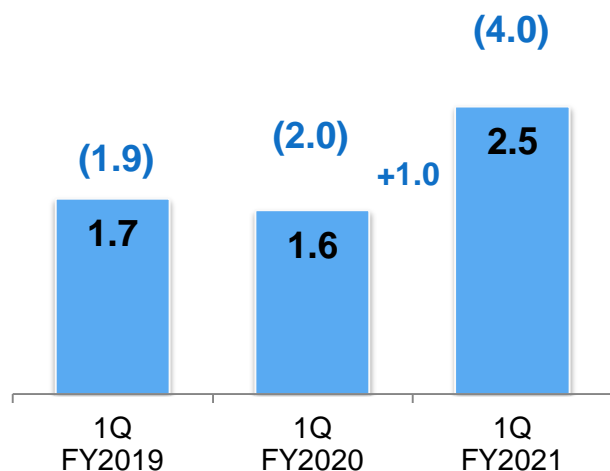
〔Consolidated〕 (JPY bn)	1Q FY2021	YoY	Contents
Ordinary profit	14.3	-2.1	First decrease in 2 periods Nonconsolidated ordinary profit decreased while both ordinary profit of consolidated subsidiaries and profit based on the equity-method investment balance increased Progress rate 23.0%
Net profit attributable to parent company shareholders	14.1	+2.5	Continued increase in 2 periods Extraordinary profit and loss was greatly improved due to increase in gain on sales of stocks of related companies while consolidated ordinary profit decreased Progress rate 30.9%

【Total ordinary profit of consolidated subsidiaries】

Including profit based on the equity-method investment balance



(JPY bn)



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.

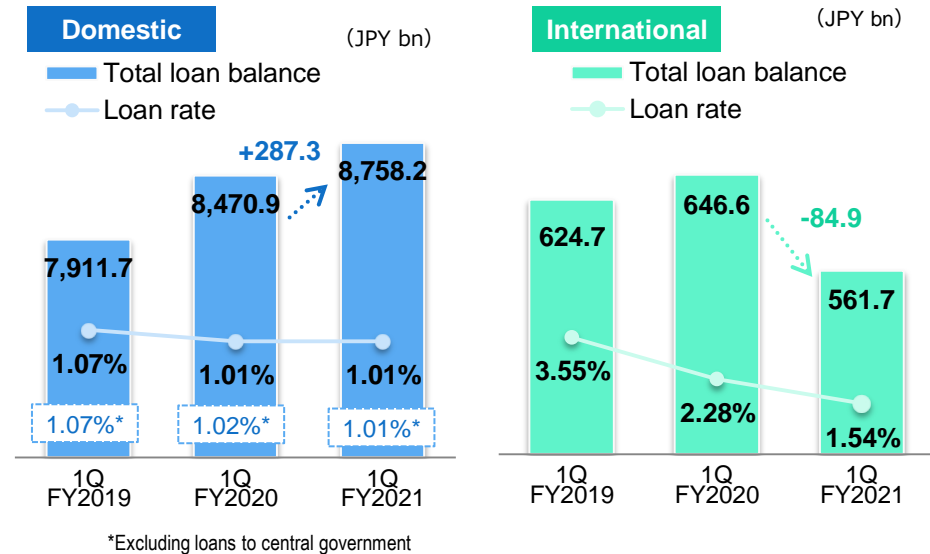
Net interest income

Net interest income increased by JPY 1.6bn YoY as increase in Domestic section makes up for decrease in International section

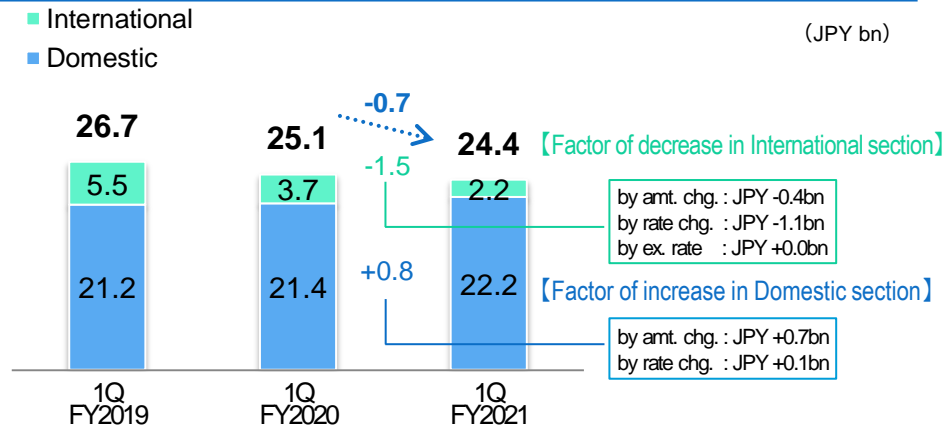
Breakdown of net interest income

(JPY bn)	1Q FY2019	1Q FY2020	1Q FY2021	YoY
Net interest income	29.5	29.6	31.1	+1.6
Domestic section	27.2	26.7	28.8	+2.1
Interest on loans	21.2	21.4	22.2	+0.8
Interest and dividend on securities	6.3	5.3	6.6	+1.2
(Bond)	0.4	0.5	0.5	+0.0
(Gains on investment trust)	1.1	0.0	0.5	+0.5
Fund-raising expense(-)	0.5	0.3	0.3	-0.0
(Interest paid on deposits etc.) (-)	0.5	0.3	0.3	-0.0
Other	0.2	0.3	0.3	+0.1
International section	2.3	2.9	2.3	-0.5
Interest on loans	5.5	3.7	2.2	-1.5
Interest and dividend on securities	2.5	2.1	1.5	-0.7
(Bond)	2.5	2.0	1.2	-0.7
(Gains on investment trust)	0.0	0.1	0.2	+0.1
Fund-raising expense(-)	7.2	3.2	1.4	-1.9
(Interest paid on deposits etc.) (-)	3.3	1.1	0.3	-0.8
Other	1.5	0.3	0.1	-0.2

Loan balance (average balance) and loan rate



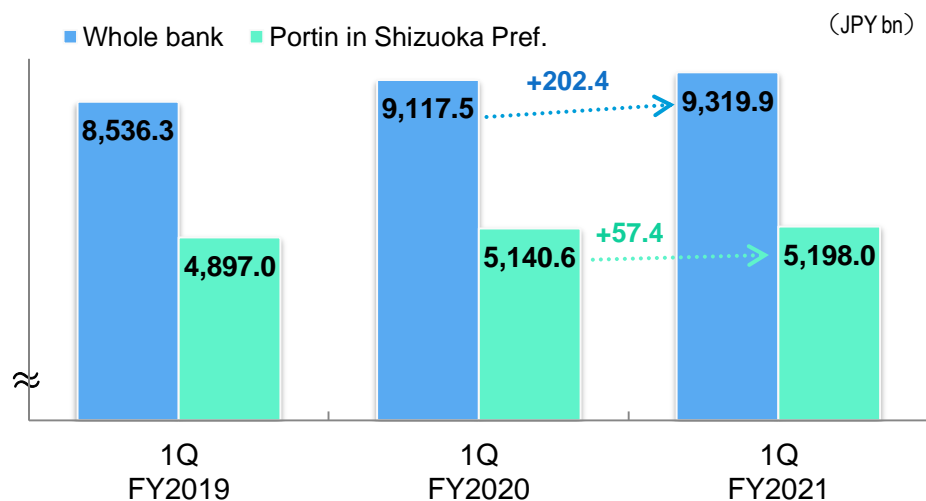
Interest on loans



Loans

Total loan balance (average balance) increased by JPY 202.4bn (+2.2%) YoY as both SMEs loan and retail loan increased with good balance while loan for government and those in foreign currencies decreased

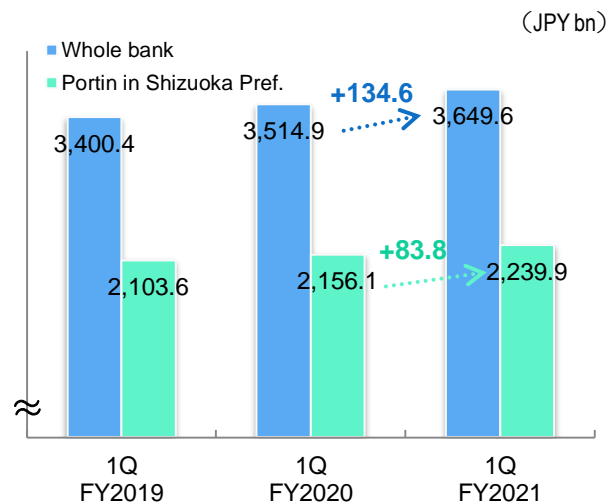
Total loan balance (average balance)



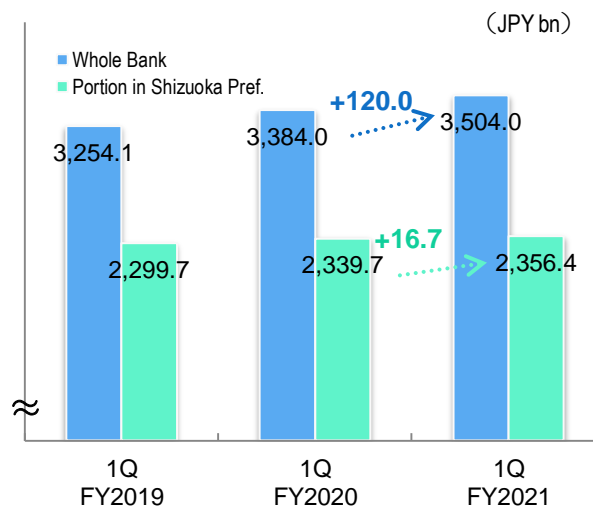
	Average balance	YoY change	Annual growth rate
Total loan balance	JPY9,319.9bn	JPY+ 202.4bn	+2.2%
Loan balance for SMEs	JPY 3,649.6bn	JPY+ 134.6bn	+3.8%
Retail loan balance	JPY 3,504.0bn	JPY+ 120.0bn	+3.5%
Loan balance for large and medium size enterprises	JPY 1,841.8bn	JPY+ 92.7bn	+5.2%
Loan balance for government	JPY 0.0n	JPY- 90.1bn	—
Loan balance in foreign currency	JPY 520.1bn	JPY -88.5bn	-14.5%

by amt. chg.: JPY -99.1bn
by ex. rate: JPY +10.6bn

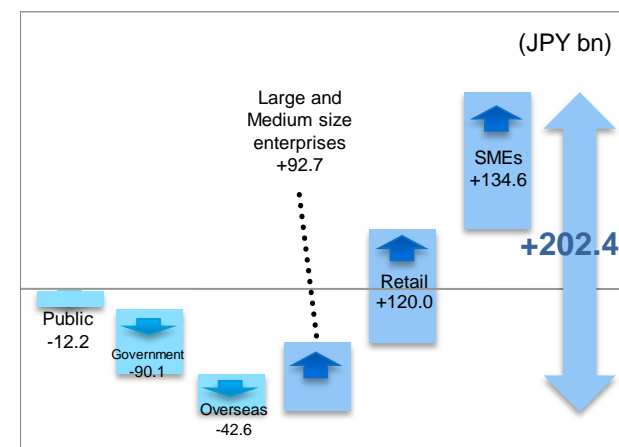
SMEs loan balance (average balance)



Retail loan balance (average balance)



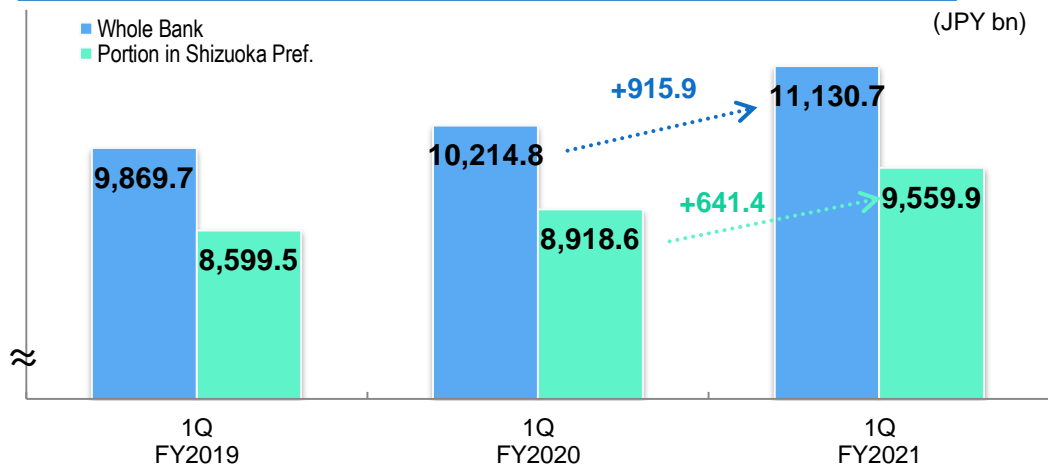
Breakdown of year-on-year changes in loan balance (average balance)



Deposits

Deposit balance (average balance) increased by JPY 915.9bn(+8.9%) YoY mainly due to the increase of corporate deposit balance and retail deposit balance

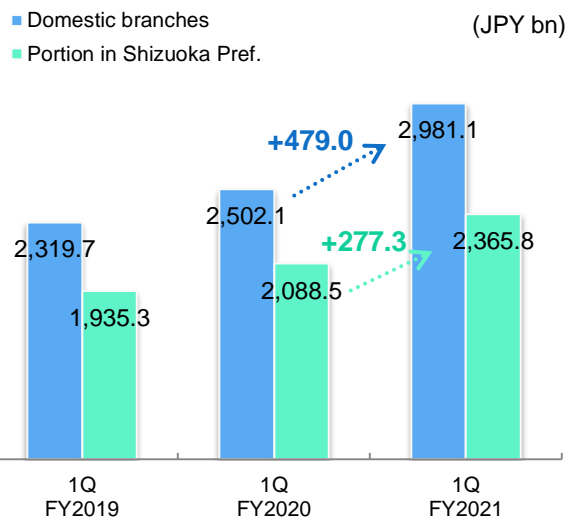
Deposit balance (average balance)



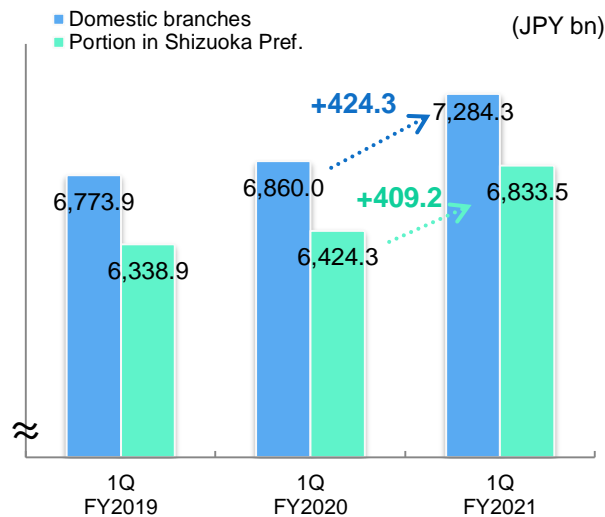
	Average balance	YoY change	Annual growth rate
Total deposit balance	JPY 11,130.7bn	JPY +915.9bn	+8.9%
Deposit balance in Shizuoka	JPY 9,559.9bn	JPY +641.4bn	+7.1%
Corporate deposit balance	JPY 2,981.1bn	JPY +479.0bn	+19.1%
Retail deposit balance	JPY 7,284.3bn	JPY +424.3bn	+6.1%
Public deposit balance	JPY 327.2bn	JPY -45.2bn	-12.1%

NCD	JPY 119.0bn	JPY +51.6bn	+76.5%
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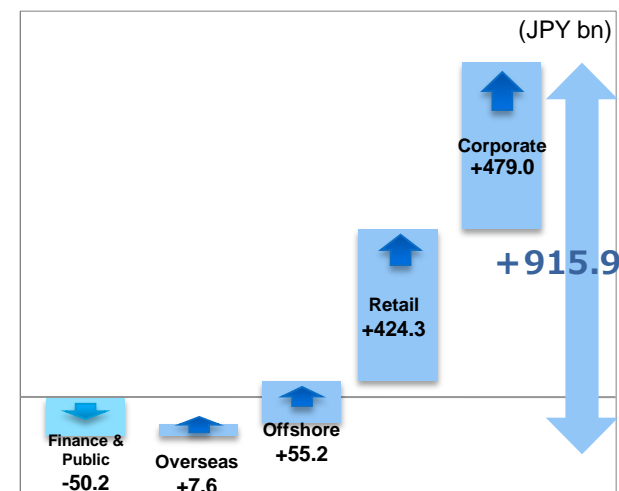
Corporate deposit balance (average balance)



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. 2021 decreased by JPY 21.9bn from the end of Mar. 2021, mainly because JGB decreased while investment trust increased

Securities

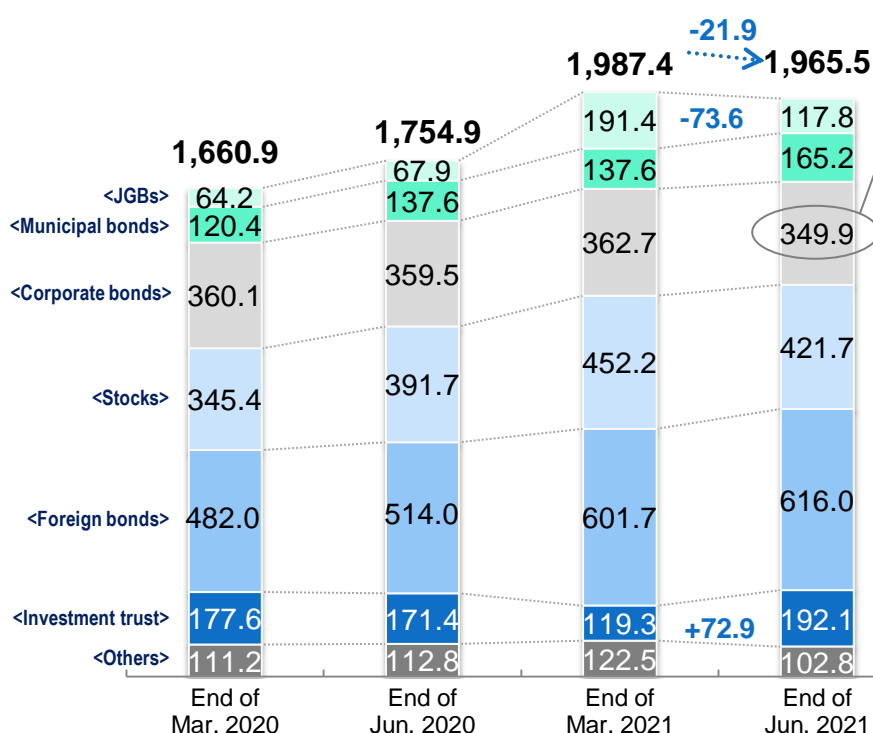
(JPY bn)

【Breakdown of bonds】

Government-guaranteed bonds : JPY 59.1bn FILP agency bonds : JPY 181.9bn

Business bonds : JPY 56.1bn(Of which private placement bonds : JPY 30.2bn)

Held-to-maturity business bonds(Mortgage trust beneficiary rights) : JPY 52.8bn



〔Duration〕

	End of Jun. 2019	End of Jun. 2020	End of Mar. 2021	End of Jun. 2021
Yen based bonds	6.03 years	6.02 years	5.97 years	5.21 years
Foreign bonds	2.35 years	1.79 years	3.37 years	2.80 years

Gains and losses on securities

(JPY bn)

	1Q FY2020	1Q FY2021	YoY
Interest and dividend on securities	7.5	8.0	+0.6
Yen based bonds	0.5	0.5	+0.0
Foreign bonds	2.0	1.2	-0.7
Gains on investment trusts (Gains (losses) on cancellation)	0.1 (0.1)	0.7 (-0.2)	+0.6 (-0.3)

Gains and losses on bonds such as JGBs	2.4	-0.5	-2.9
Gain on sell of bonds such as JGBs	2.5	1.4	-1.1
Loss on sell and redemption of bonds such as JGBs (-)	0.1	1.9	+1.8

Gains and losses on stocks	1.3	-0.1	-1.4
Gain on sales of stocks	1.3	0.5	-0.8
Amortization(-)	—	0.6	+0.6

Unrealized gains and losses on securities

(JPY bn)

	End of Mar. 2020	End of Jun. 2020	End of Mar. 2021	End of Jun. 2021	Change from end of Mar. 2021
Unrealized gains and losses on securities	+217.3	+273.6	+325.6	+303.6	-22.0
Stocks	+211.5	+258.0	+321.4	+293.7	-27.7
Yen based bonds	+3.4	+3.0	+0.9	+2.3	+1.4
Foreign bonds	+5.1	+6.3	-6.0	-2.6	+3.4
Investment trusts	-6.6	+2.4	+4.1	+5.0	+0.9
Others	+3.8	+3.8	+5.2	+5.2	-0.0

Fees and commissions

Fees and commissions in 1Q FY2021 decreased by JPY 0.6bn YoY mainly due to decrease in fee incomes from wholesale

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

Fees and commissions (Nonconsolidated)

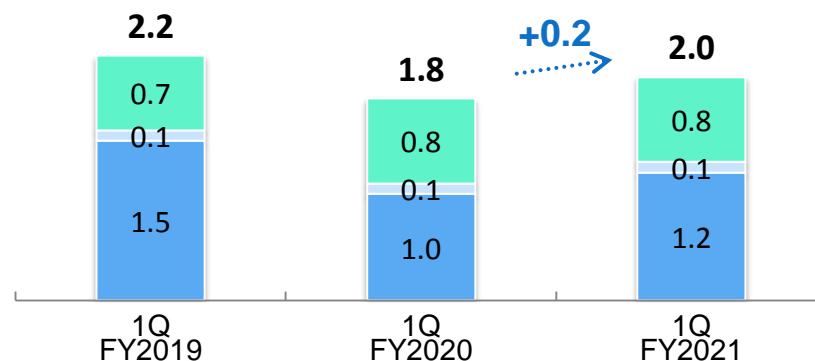
(JPY bn)	1Q FY2019	1Q FY2020	1Q FY2021	YoY
Fees and commissions	3.5	4.3	3.7	-0.6
Fees and commissions incomes	7.0	7.8	7.4	-0.4
Fees and commissions expenses(-)	3.5	3.5	3.7	+0.2

<Major items>

Fee incomes from wholesale	0.8	1.8	0.8	-0.9
Related to market credit investment	0.4	1.3	0.3	-1.0
Syndicated loan, etc.	0.1	0.1	0.2	+0.1
Others(covenants loan, etc.)	0.3	0.4	0.4	-0.0
Other fees on loans	0.4	0.7	1.0	+0.3
Fee incomes on customer assets	1.5	1.0	1.2	+0.2
Investment trust	0.1	0.1	0.1	+0.0
Insurance products	1.5	1.0	1.2	+0.2
Net profit on exchange	1.5	1.4	1.5	+0.0
Life insurance fees on consumer loans(-)	1.7	1.9	2.0	+0.1

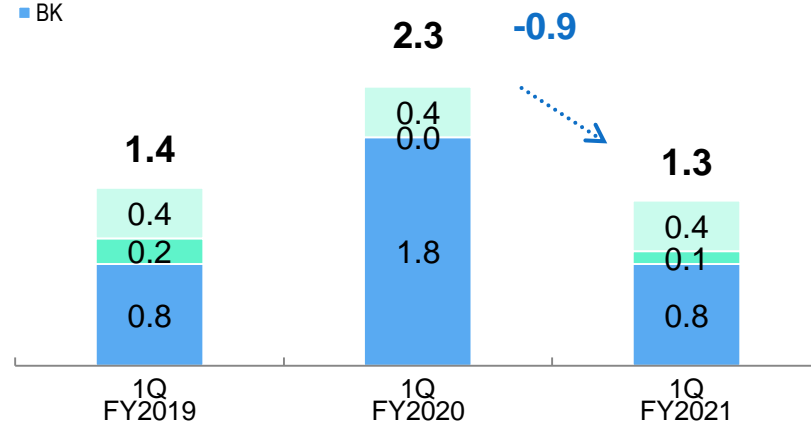
Fee incomes on customer assets (including group companies)

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



Fee incomes from wholesale (including group companies)

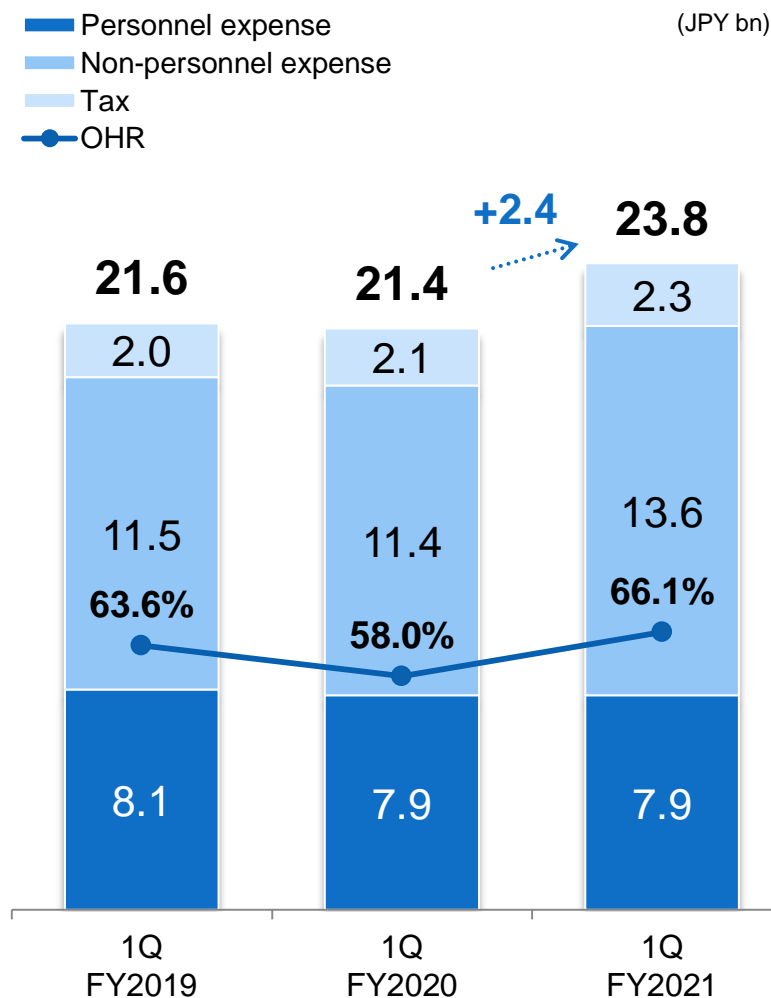
- Ordinary profit of Lease
 - Ordinary profit of SMC
 - BK
- (JPY bn)



Expenses

Expenses (nonconsolidated) was JPY 23.8bn (up JPY 2.4bn YoY), and OHR was 66.1% (up 8.1 pt YoY) in 1Q FY2021

Expenses and OHR (nonconsolidated)

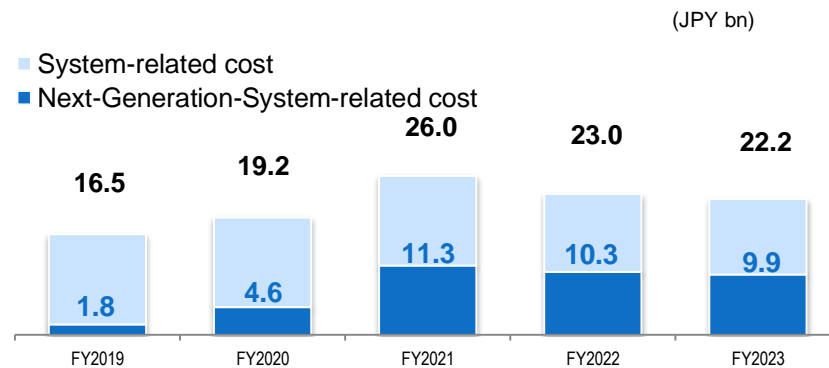


Main factors for change of expenses (nonconsolidated)

	YoY	Main factors
Tax	JPY +0.2bn	Consumption tax JPY +0.4bn
Non-personnel expenses	JPY +2.2bn	Next-Generation-System-related JPY +2.6bn (JPY +2.2bn of those are depreciation, and JPY +0.4bn are running cost)
Personnel expenses	JPY -0.0bn	Salary allowance JPY +0.0bn, Retirement benefit cost JPY -0.1bn
Total	JPY +2.4bn	

Forecast of system-related expenses

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



* Next Generation System started in Jan. 2021

Credit-related costs

Credit-related costs in 1Q FY2021 : JPY 1.1bn (down JPY 1.7bn YoY)

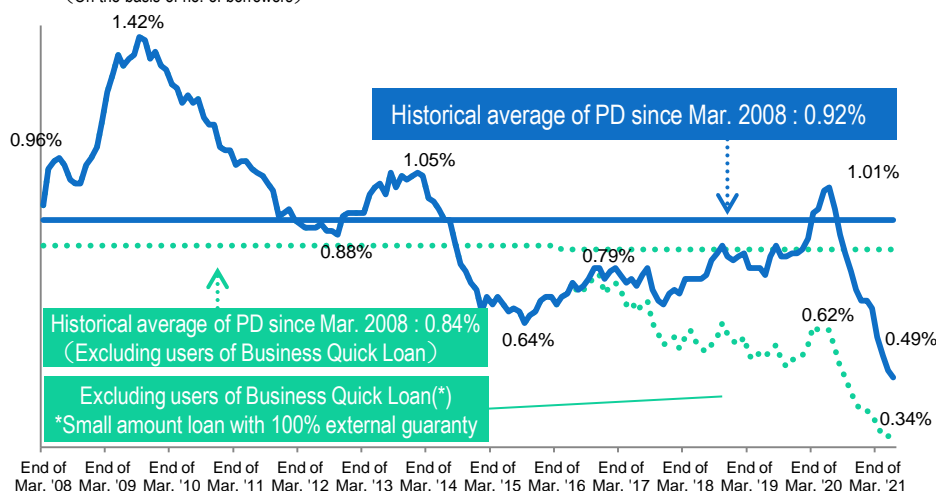
Breakdown of credit-related costs

(JPY bn)	1Q FY2019	1Q FY2020	1Q FY2021	YoY change
Provision for general allowance for loan losses (1)	-0.6	0.5	0.1	-0.4
Provision for specific allowance for loan losses (2)	4.9	2.4	1.0	-1.4
Other non-performing loans (NPL) disposal * (3)	0.1	-0.0	0.0	+0.0
Credit-related Costs (1)+(2)+(3)	4.5	2.9	1.1	-1.7

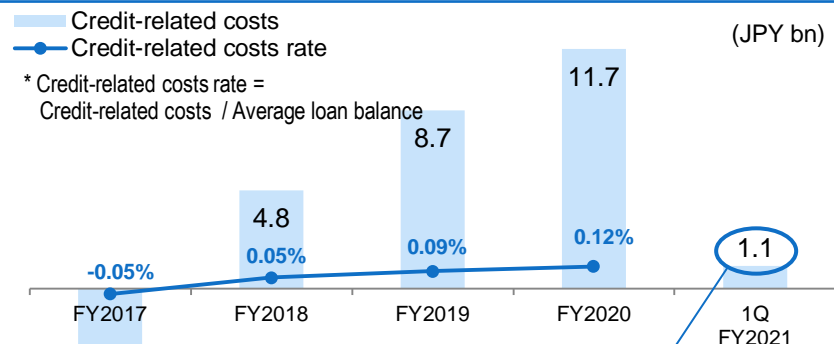
* Including provision for the estimated future payments to credit guarantee corporations, provision for allowance for accidental losses, and losses on sell of loans

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

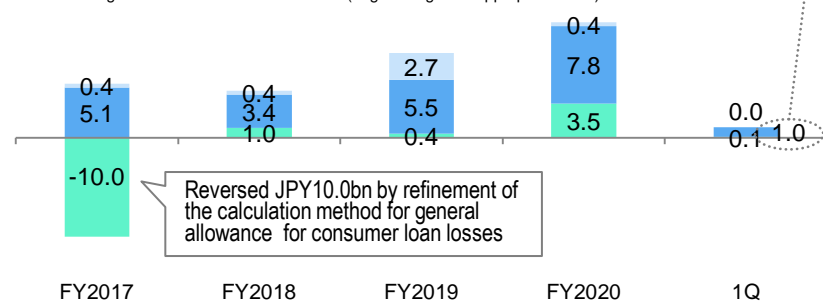


• Cost resulting from COVID-19 effect was JPY 0.8bn

Provision for allowance for loan losses and other NPL disposal

(JPY bn)	Changes in credit rating, etc.	1.7
	Decrease in the value of collaterals	0.0
	Upgrade of credit rating, decrease in loan and credit balances by foreclosure, etc.	-0.7
	Total	1.0

Other NPL disposal
Provision for specific allowance for loan losses
Provision for general allowance for loan losses (negative figures: Appropriate back)



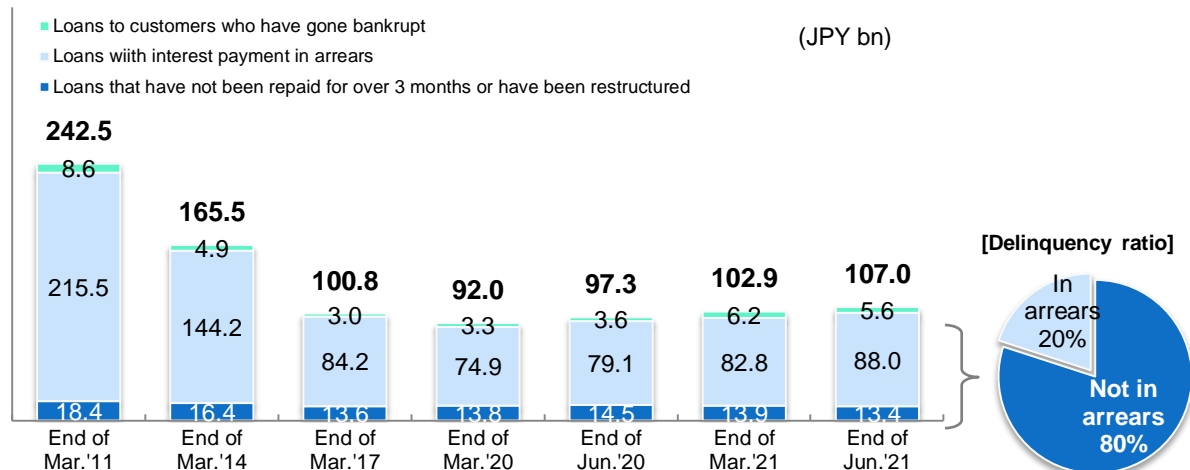
Reversed JPY10.0bn by refinement of the calculation method for general allowance for consumer loan losses

Risk-management loans

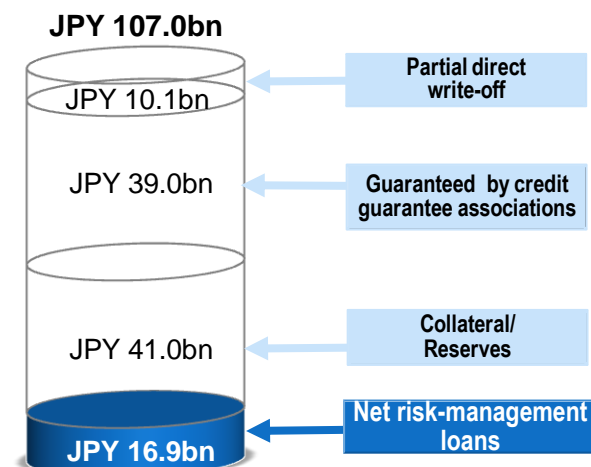
Total risk-management loans as of the end of Jun. 2021 were JPY 107.0bn (the ratio of risk-management loans was 1.14%), greatly decreasing from the peak balance of JPY 242.5bn after the collapse of Lehman Brothers but recently increasing mainly due to factors of COVID-19.

Net risk-management loans were JPY 16.9bn (the ratio of net risk-management loans was 0.18%), which shows the soundness in the Bank's asset

Trends in Risk-management loans



Net risk-management loans



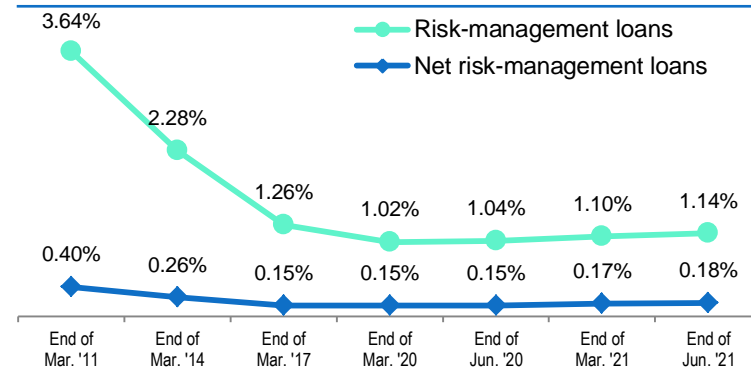
EL (Expected loss in 1 year from now on) : JPY 0.9bn

NPL removal from the balance sheet

	FY2020	1Q FY2021
New recognition of NPLs	+37.8	+9.9
Removal from the balance sheet (NPL to borrowers classified as "at risk of failure" or riskier categories)	-27.0 (-21.1)	-5.8 (-5.0)
Risk-management loans	102.9	107.0

[Breakdown of JPY -5.0bn]		(JPY bn)
Collected from borrower/ set off against deposit account	-0.9	
Collateral disposal/ subrogated to guarantor	-2.3	
Reclassified to better categories	-1.8	
Loans sold-off	—	
Direct write-off of loans	—	

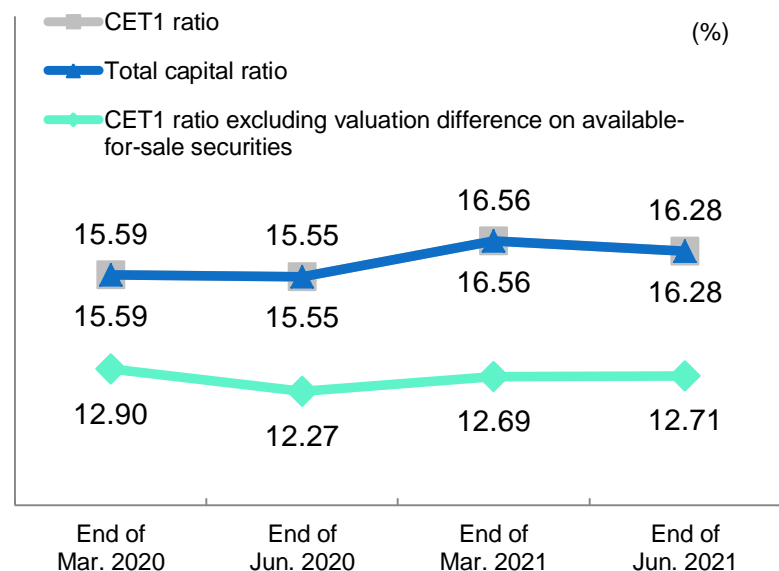
The ratio of risk-management loans



Capital adequacy ratio

Both Total capital ratio and CET1(Common Equity Tier 1) ratio at the end of Jun. 2021 are 16.28%, down 0.28 percent points from the end of Mar. 2021 (CET1 ratio excluding valuation difference on available-for-sale securities at the end of Jun. 2021 is 12.71%, up 0.02 percent points from the end of Mar. 2021)

Capital adequacy ratio (Consolidated basis)



Interest rate risk in the banking book (IRRBB) (Consolidated basis, End of Jun. 2021)

- 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 43.7bn	JPY 982.6bn	$4.4\% \leq 15\%$

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

- Δ NI (Net Interest Income): JPY 5.7bn (Decrease in net interest income due to interest shock Within IRRBB)

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

	End of Mar. '20	End of Jun. '20	End of Mar. '21	End of Jun. '21	Change from the end of Mar. '21
[Basel III]					
Total capital*	893.8	920.8	990.4	982.6	-7.8
CET1	893.8	920.8	990.4	982.6	-7.8
Excluding valuation difference on available-for-sale securities	739.4	726.5	759.2	766.9	+7.7
Other Tier 1	-	-	-	-	± 0.0
Tier 2	-	-	-	-	± 0.0
Risk-adjusted assets	5,729.7	5,920.7	5,979.7	6,032.3	+52.6
Total credit-risk adjusted assets	5,411.3	5,601.7	5,658.0	5,711.0	+53.0
Amount corresponding to market risk	18.6	19.2	19.4	19.0	-0.4
Amount corresponding to operational risk	299.8	299.8	302.3	302.3	± 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. 2021 : 165.1% (Regulatory level 100% and over)
- 1Q FY2021(Daily average) : 169.1%

(2) Leverage ratio (Consolidated, end of Jun. 2021) : 7.9% (Regulatory level 3% and over)

Projected performance in FY2021

Consolidated ordinary profit and profit attributable to owners of the parent in FY2021 are projected to be JPY 62.0bn and JPY 45.5bn, respectively

(JPY bn)

		FY2019	FY2020 (A)	FY2021 (Projected) (B)	YoY (B-A)	1Q FY2021 (C)	Progress rate (C/B)
Consolidated	Ordinary profit	54.6	63.3	62.0	-1.4	14.3	23.0%
	Profit attributable to owners of the parent	38.7	43.6	45.5	+1.9	14.1	30.9%
	ROE	3.85%	4.1%	4.3%	+0.2pt	5.1%	-
	OHR	58.9%	59.5%	58.2%	-1.3pt	67.0%	-
	CET1 ratio	15.59%	16.56%	14.6%	-1.96pt	16.28%	-
Nonconsolidated	Gross operating profit	131.0	138.5	146.9	+8.4	35.9	24.4%
	Net interest income	106.8	114.7	123.2	+8.5	31.1	25.2%
	Fees and commissions	15.6	15.9	16.5	+0.6	3.7	22.3%
	Trading income	0.6	0.9	0.8	-0.1	0.3	35.9%
	Other operating profit	7.9	7.0	6.4	-0.6	0.8	13.0%
	Expenses (-)	79.1	84.4	88.7	+4.3	23.8	26.8%
	Ordinary profit	46.5	51.5	52.0	+0.5	12.4	23.8%
	Net income	33.4	35.5	40.0	+4.5	13.7	34.1%
	Credit-related costs (-)	8.7	11.7	13.0	+1.3	1.1	8.8%



Progress of the 14th Medium-term Business Plan

Picture that Shizuoka Bank Group targets

Aim at “change to a problem-solving corporate group” in the 14th Medium-term Business Plan with a view to realize the picture targeted in long term (10-year Vision)

Picture targeted in long term
(10-year Vision)

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

14th Medium-term Business Plan COLOrS

◆ Vision

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

◆ Three Basic Strategies

1. Group Sales Strategy
2. Innovation Strategy
3. Business Portfolio Strategy

1Q FY2021

“Change of mind”

- Support customers under COVID-19 pandemic
- Conduct HR interaction among Group(*)

FY2021

“Change of action”

- Shift from financial support to business support
- Develop whole asset sales and asset management business

FY2022

“Realization of achievement”

- Customers initially consult Shizuoka Bank Group on any issues and needs

(*)140 People as of the end of Jun. 2021 on a cumulative basis

Initiatives in the 14th Medium-term Business Plan

Steadily realize achievement in the three basic strategies and 10-year strategy

Basic Strategy 1 Group Sales Strategy

- ✓ Meet needs in banking ⇒ P19-21
 - Response to COVID-19
 - Higher efficiency and convenience in housing loan business
 - Apartment loan
- ✓ Meet needs of corporate customers ⇒ P22
- ✓ Meet needs in life-planning ⇒ P23
- ✓ Branch strategy ⇒ P24

Basic Strategy 2 Innovation Strategy

- ✓ Unsecured loan (App, Contact Center etc.) ⇒ P20
- ✓ Operation process reform ⇒ P25
- ✓ IT strategy, Next Generation System ⇒ P26-27
- ✓ DX strategy ⇒ P28
- ✓ Cross-industry collaboration (Full picture,) ⇒ P29
- ✓ Overseas network ⇒ P31

Basic Strategy 2 Business Portfolio Strategy

- ✓ Loans for asset building ⇒ P20-21
- ✓ Market credit investment ⇒ P32

10-year Strategy Region-producing Strategy

- ✓ Cross-industry collaboration (business for venture firms) ⇒ P30
- ✓ Shizuoka Yamanashi Alliance ⇒ P33

Supported customers mainly in cash position, extending loans related to COVID-19 of total JPY 589.2bn as of the end of Jun. 2021. Intend to support customers in business improvement and restructuring as well as in cash position in FY2021.

Situation of support for customers

FY2021

- Provide through support in following 4 aspects to customers requiring special backing (approx. 9,300) among customers which the Bank extended loans related to COVID-19

Ratio to all customers requiring special backing

33%

4%

56%

7%

**Cash position,
business improvement**

**Business
restructuring**

Main business

Succession

- ✓Funding
- ✓Guide business improvement
- ✓Consider change or discontinuation of business etc.
- ✓Develop in new fields
- ✓Change industry
- ✓Change business etc.
- ✓Develop sales channel
- ✓Support for ICT etc.
- ✓M&A
- ✓Introduce HR etc.

- Increase no. of people in Business Support Dept., reinforcing business improvement and restructuring (including change or discontinuation of business)

✓ People in charge of business improvement

Provide hands-on support for business improvement (Intensively support approx. 700 customers among customers which the Bank provides backing in cash position and business improvement by sharing issues and visiting them with branches)

✓ People in charge of business restructuring

Specialize in supporting customers requiring drastic business restructuring (Provide backing such as legal or voluntary liquidation, M&A for turnaround, exit financing, change or discontinuation of business, matching with external personnel or firms to transfer business to)

Situation of loans related to COVID-19

[Total amount]

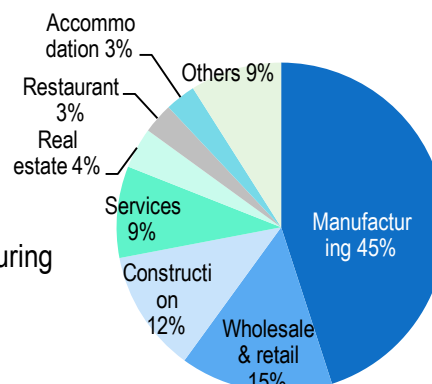
	Until end of Jun. 2021	
New loans (1)	18,341	JPY 531.5bn
Not guaranteed by CGC (*)	554	JPY 225.5bn
Guaranteed by CGC	17,787	JPY 306.1bn
Use of existing credit facilities (2)	291	JPY 57.7bn
Total ((1) + (2))	18,632	JPY 589.2bn
(Ref.) Subordinated loan	7	JPY 2.3bn

* CGC ; Credit Guarantee Corporation

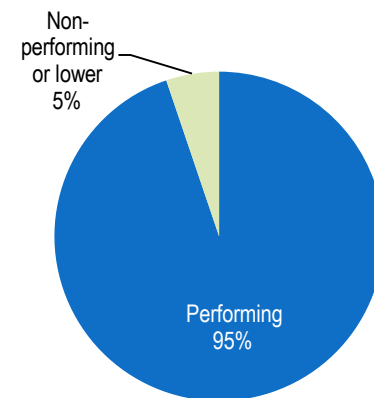
[Ratio of loans in terms of industry and credit rating]

* On the basis of amount as of the end of Jun. 2021

Breakdown in industry (Whole)



Breakdown in credit rating (Not guaranteed by CGC)



Conduct various measures to enhance efficiency of operation and convenience for customers in housing loans and to increase balance of unsecured loans

Consumer loan balance (term-end balance) increased by JPY 124.6bn from the end of Jun. 2020, maintaining increase trend mainly due to growth of housing loans

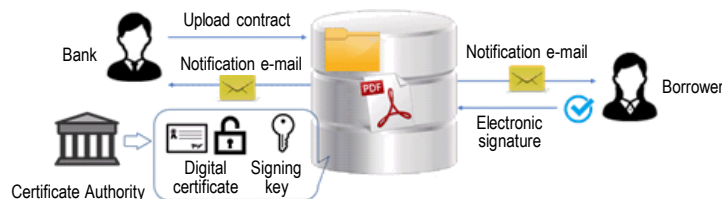
Various measures in consumer loans

Enhance efficiency in operation and convenience for customers in housing loan

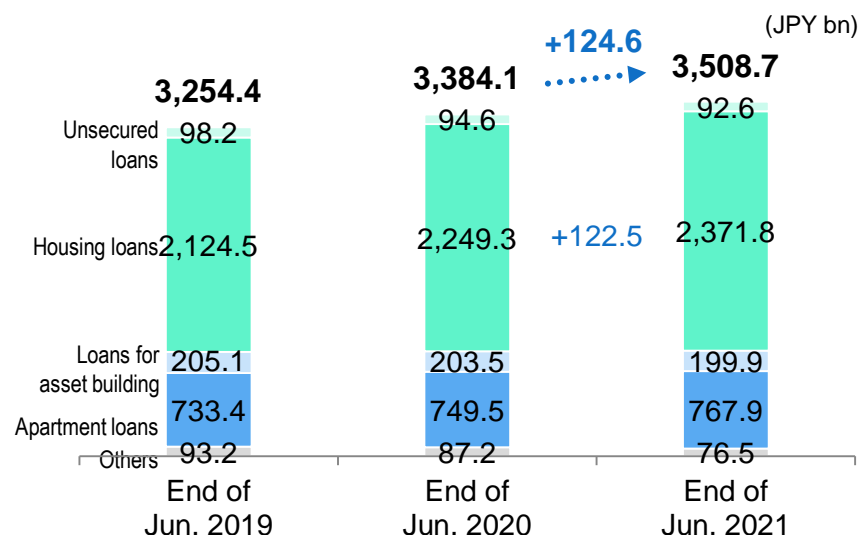
- ✓ Bring staff for housing loans together in Loan Centers
⇒ Reduce required staff for housing loans by 24 people, who are distributed to other business
- ✓ Introduce “Shikaku Map”, a web-based service that enables higher efficiency in research of collateral property, simultaneously with Yamanashi Chuo Bank (first case in Japanese banks)
⇒ Reduce required operation equivalent to approx. 4,000hours per year (one fourth of existing hours)



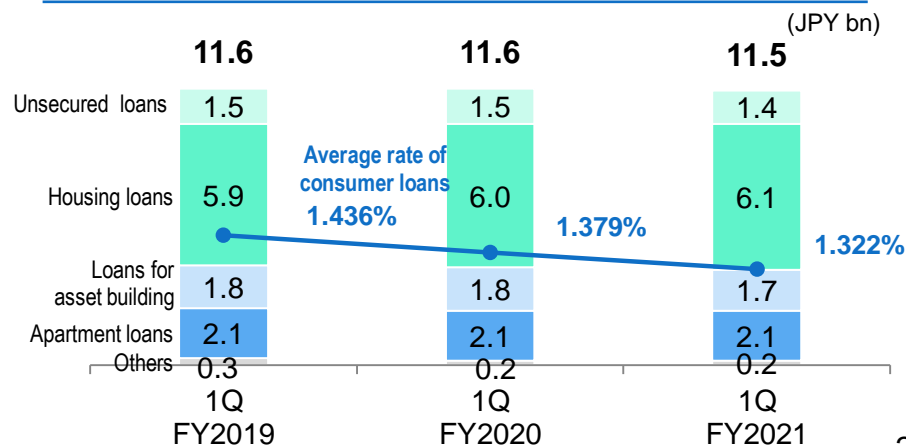
- ✓ Introduce electronic contract



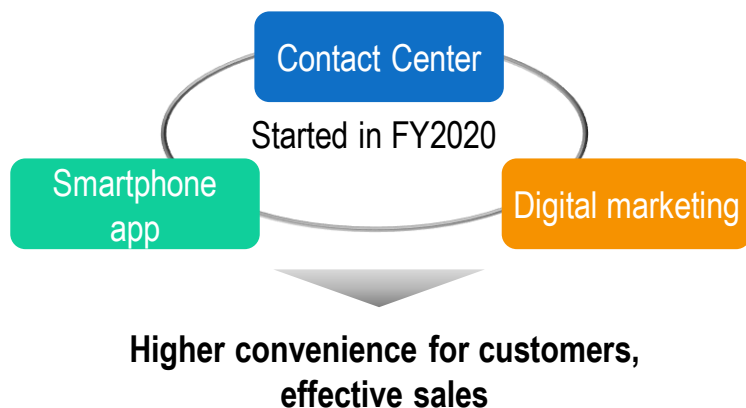
Consumer loan balance (term-end balance)



Interest amount and rate of consumer loans



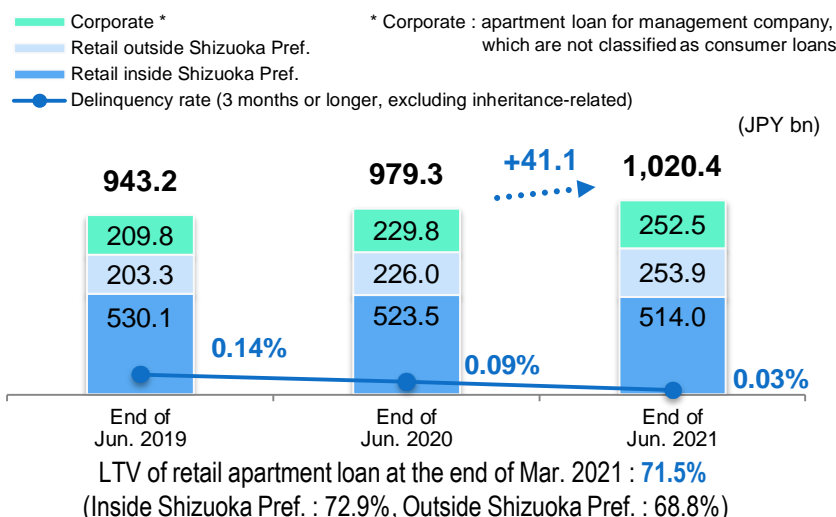
Measures to increase balance of unsecured loans



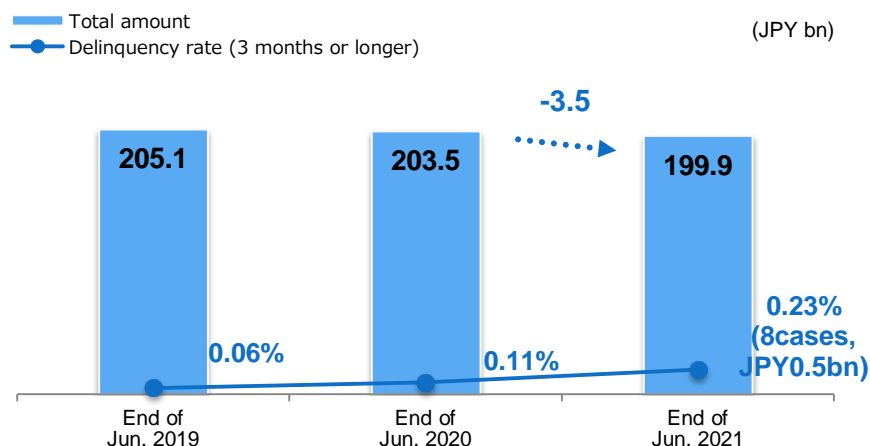
Amount of apartment loan (including loan to businesses) increased by JPY 41.1bn and amount of loan for asset building decreased by JPY 3.5bn, respectively, from the end of Jun. 2020

Aim at re-growing and establishing new business model while keeping system with strict management in loans for asset building

Term-end balance and delinquency rate of apartment loan



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



Initiative so far and future strategy in loans for asset building

- Room for further expansion of business model remains while already reaching to reasonable scale and profitability under system with strict management

Establishment of system with strict monitoring

- ✓ Limit sites to accept application
- ✓ Strictly check documents from applicants with the original
- ✓ Post staff in charge of monitoring
- ✓ Conduct profitability simulation with stress
- ✓ Evaluate collateral value by external entity

Current issue

- ✓ Balance growth is slowing down
- ✓ Establishment of business for wealthy people other than loans is not yet complete

Re-growth and establishment of new business model in loans for asset building

Appropriate personnel distribution

⇒ Keep and raise the level of system with strict monitoring

Promotion of cross-selling in customer asset and private banking services

⇒ Target semi-wealthy and asset-building people, aiming at expanding businesses other than loans with them through cooperation with staff for private banking

Businesses for management in venture companies

⇒ Meet their needs in retail loans such as housing loans and loans to purchase shares of their own companies

Meet needs of corporate customers

Basic strategy 1
Group Sales

Basic strategy 2
Innovation

Basic strategy 3
Business Portfolio

10-year Strategy

Expand lineup of consulting for customers as well as reinforce cooperation within the Shizuoka Bank Group
While fee incomes from corporate customers including those to Group companies decreased by JPY 0.9bn YoY, no. of contracts concluded on M&A and business succession increased.

Initiatives to get into a habit of promoting sales by gathering all strength in the Group

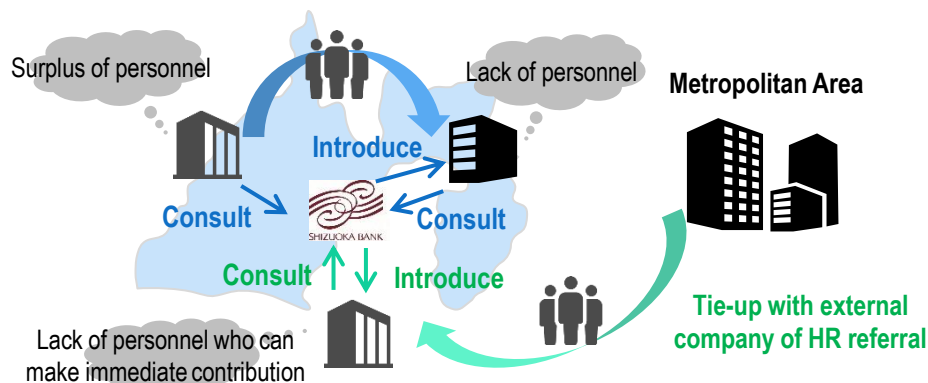
Reinforce cooperation within the Group

- ✓ Conduct HR interaction of approx. 50 people (Shizugin Lease, Shizugin Management Consulting)

Build system to propose loans and leasing simultaneously
Reinforce services for M&A and business succession

Expand lineup of consulting

- ✓ Enter into HR referral business



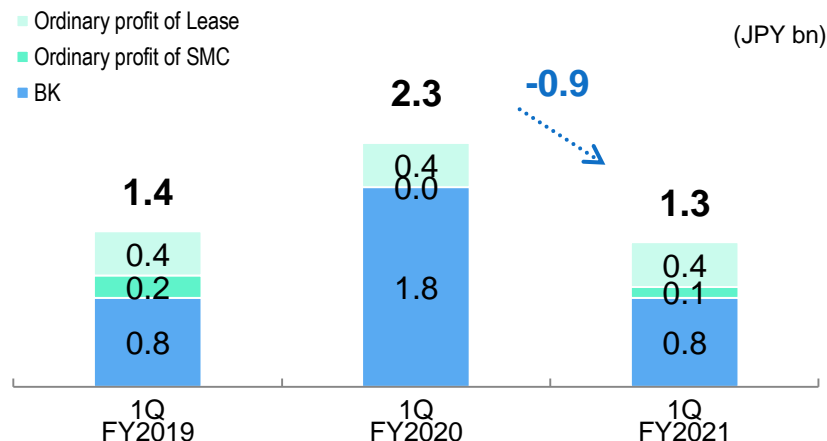
M&A, business succession

- ✓ Reinforce tie-up with organizations, recruit professional personnel

Proposal of financing which contributes to solving problems or enhancing corporate value

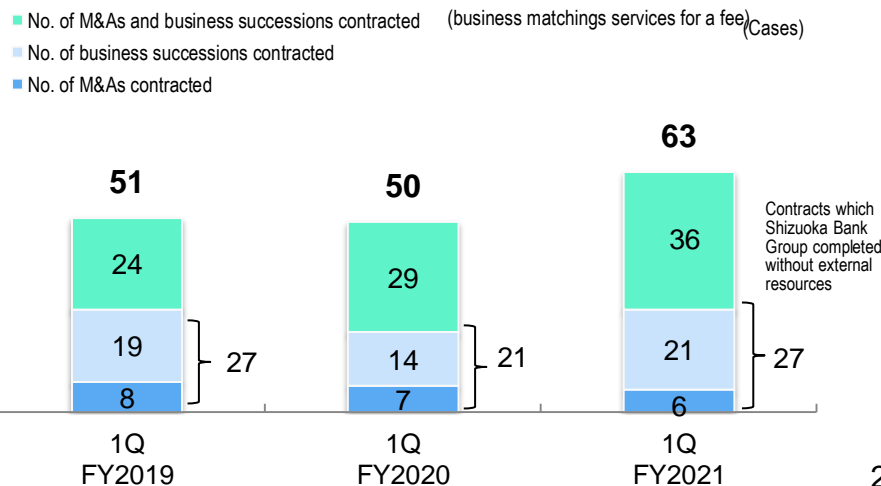
- ✓ Propose various financing such as subordinated loans and leasing

BK: Shizuoka Bank, SMC: Shizugin Management Consulting, Lease: Shizugin Lease
Fee incomes from corporate customers (including group companies)



M&A and business succession (including Group companies)

【Historical data of no. of contract concluded】



Meet needs in life-planning

Basic strategy 1
Group Sales

Basic strategy 2
Innovation

Basic strategy 3
Business Portfolio

10-year Strategy

Develop asset management business with the view of 100-year life era as well as whole asset sales by whole Group
Fee incomes on customer assets including those to Group companies increased by JPY 0.2bn YoY

Initiatives to get into a habit of promoting sales by gathering all strength in the Group

Reinforce cooperation within the Group

- ✓ Conduct HR interaction of approx. 50 people (Shizuoka Bank, Shizugin TM Securities)

Whole asset sales by whole Group

by reinforcing cooperation between bank and securities

Asset management business with the view of 100-year life era

Casual asset building

- ✓ Start offering "Shizugin Wrap"

Face-to-face



Shizugin TM Securities

Non face-to-face



Monex Asset Management

Appropriate asset management (preparation for possible dementia)

- ✓ Start offering trust with surrogate withdrawal function (provided by a major trust bank)



1st case
in regional
banks

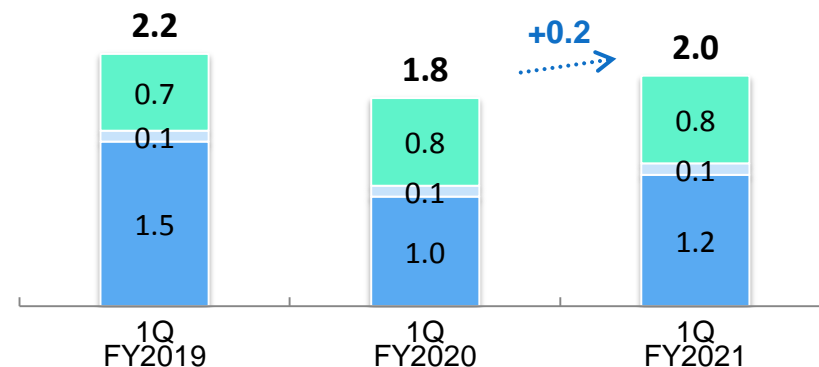
Succession of asset

- ✓ Start testamentary trust business (from Apr. 2021)

One-stop solution for asset from investment to succession

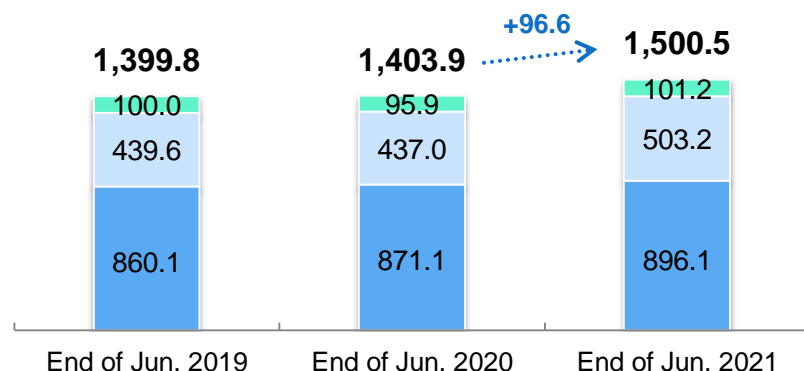
BK: Shizuoka Bank, TM: Shizugin TM Securities
Fee incomes on customer assets (including group companies)

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



Customer assets excluding JPY deposits (term-end balance)

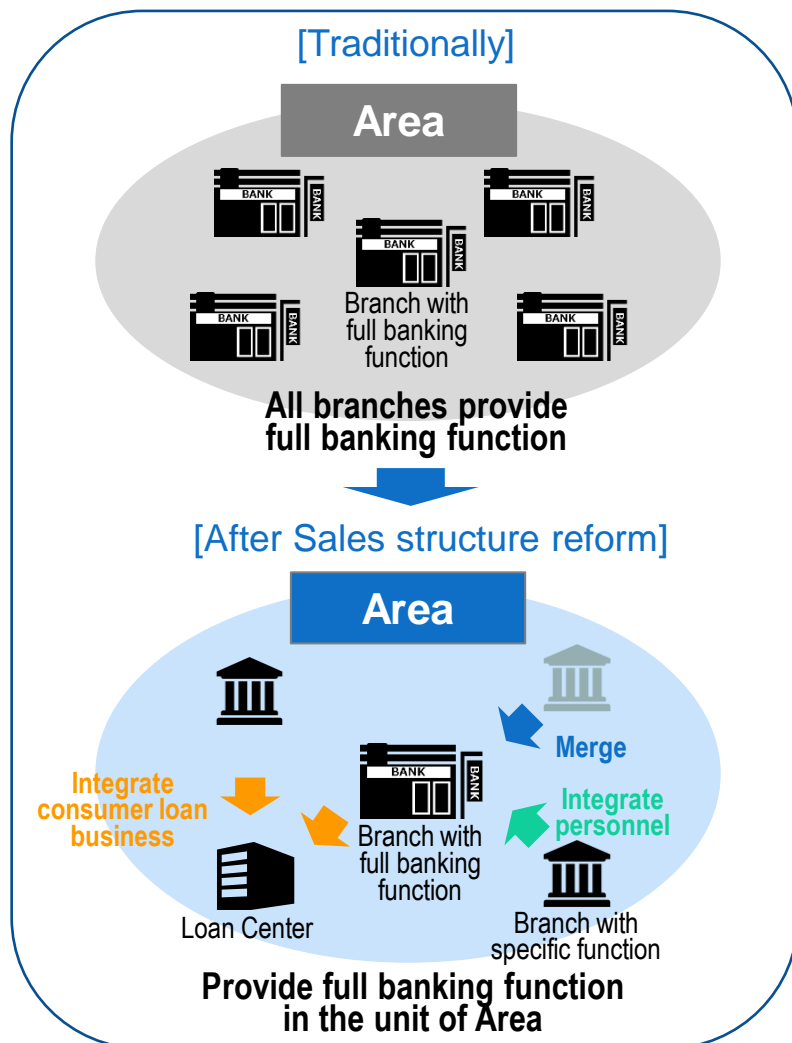
- Others(deposit in foreign currency, investment trusts, public & corporate bonds) (JPY bn)
- Shizugin TM Securities
- Individual annuity insurance products



Provide high-quality financial services reform without shrinking branch network through sales structure with the aim of further enhancing customers' convenience and satisfaction, and conduct a review on ATM network

Sales structure reform (1Q 1Q FY2020-)

- Provide high-quality financial services in the unit of Area, further enhancing customers' convenience and satisfaction



[Achievement]

Areas where the reform was conducted
Branches decreased
Review of branch function
Branch closing at noon
No. of staff secured
Branch-managing cost reduced

Result by FY2020

Approx. 80%

11 branches

32 branches

30 branches

72 staff

JPY 1.2bn

Plan for FY2021

Approx. 80%

12 branches

5 branches

15 branches

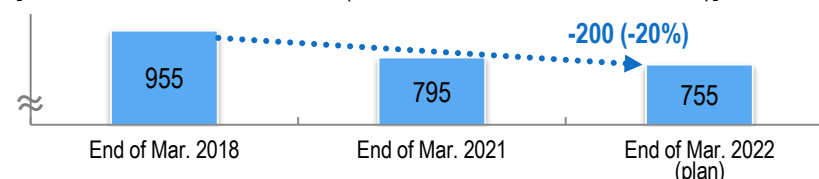
35 staff

JPY 0.8bn

Jointly-managed branch with Shinkin bank in Shizuoka Pref. /Review on ATM network

- Started operating a jointly-managed branch with Mishima Shinkin Bank by renting one part of Kawazu Branch Office to it as a way to effectively use surplus space (Feb. 2021)
- Form appropriate ATM network based on situation of utilization

[Historical data of no. of ATMs (both inside and outside branches)]



Operation process reform

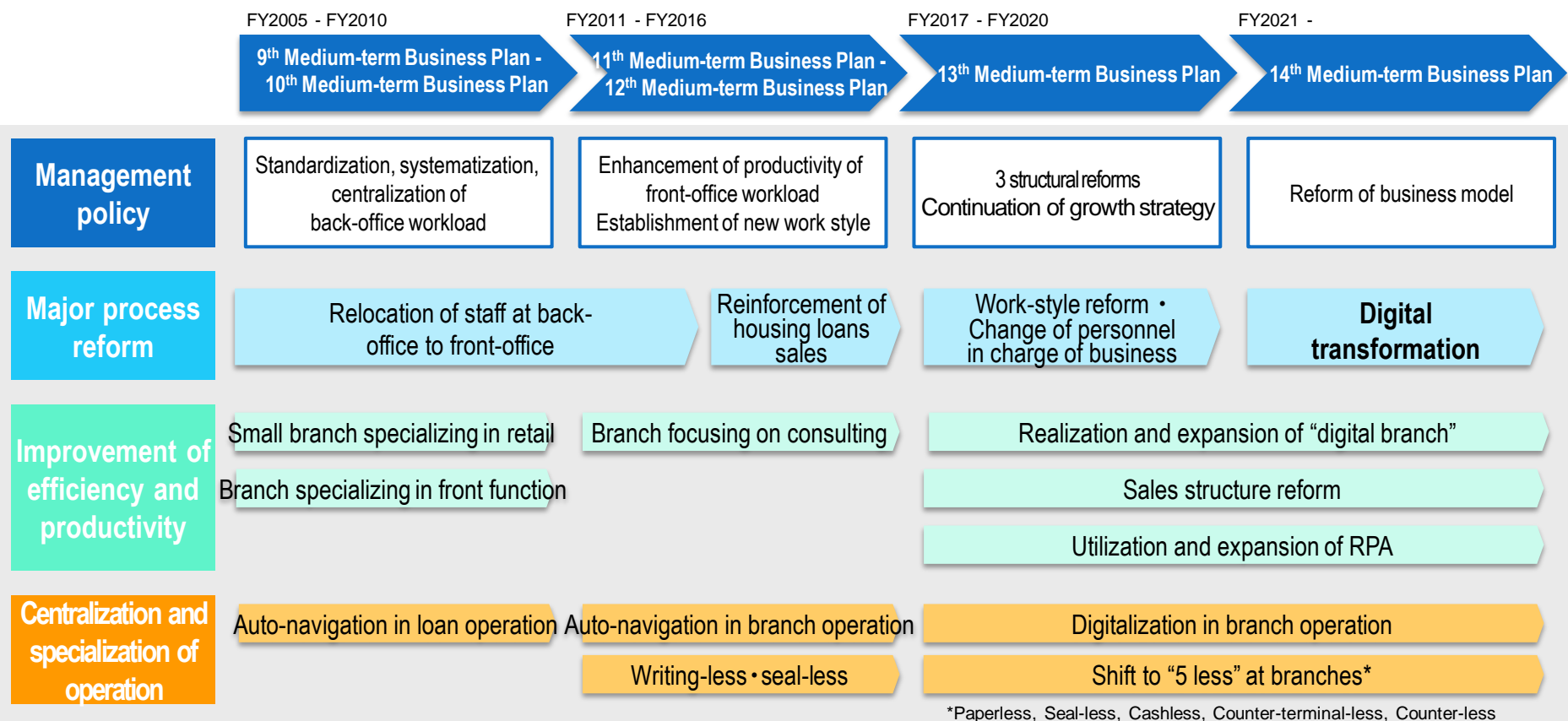
基本戦略1
グループ営業

基本戦略2
イノベーション

基本戦略3
ビジネスポートフォリオ

10年戦略

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)

Time to process
workload on
housing loans

Reduced by 63%
(Comparison between FY2010 and FY2013)

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

* Including temporary employees

Major future target

Sales structure reform

Conduct in **80%** of the
all Areas
(During the 14th Medium-term
Business Plan)

RPA

Automation of operation
requiring 100 staff *
(By FY2021)

* Equivalent to 200K hours per year

IT strategy with Next Generation System

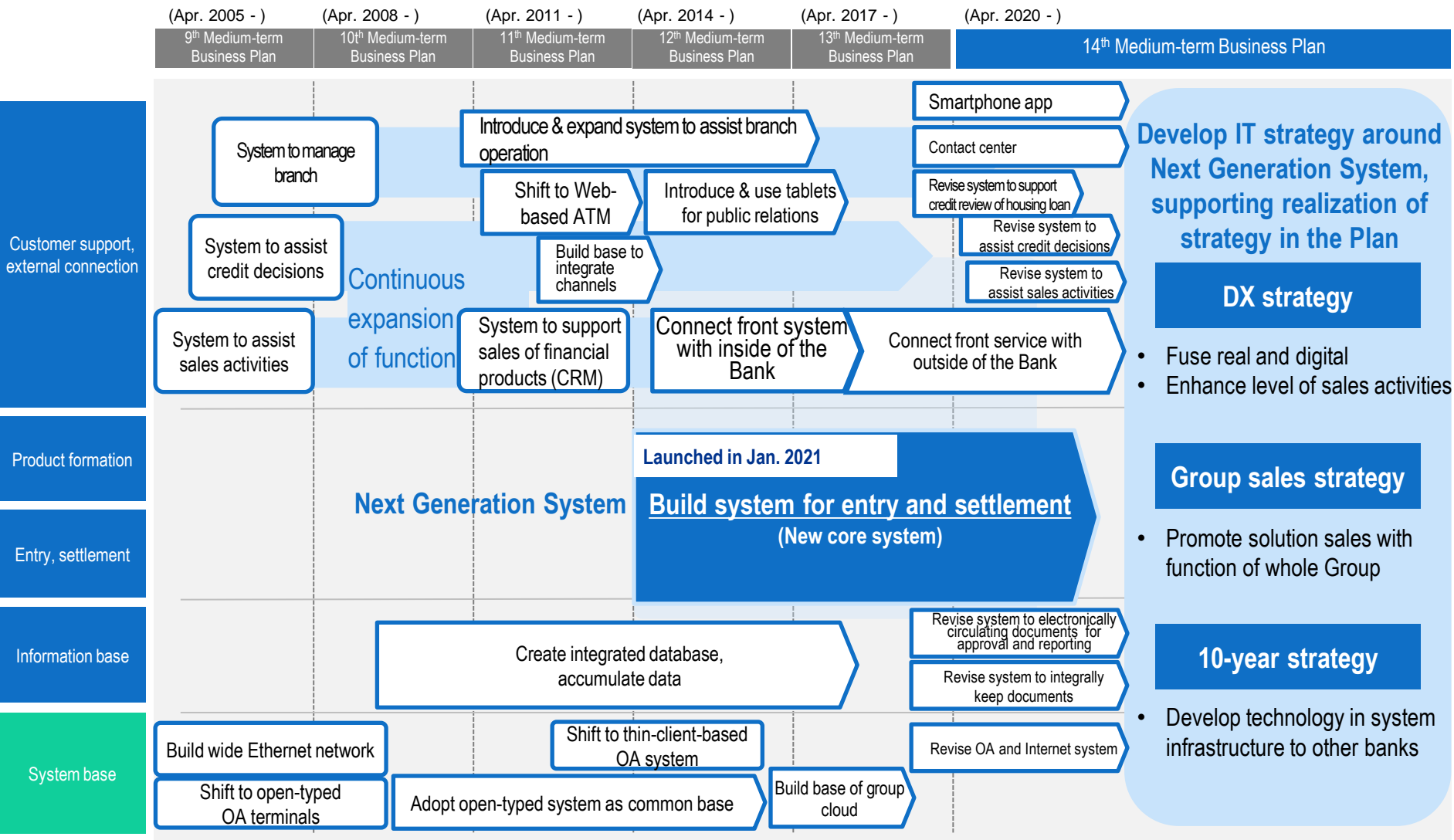
Basic strategy 1
Group Sales

Basic strategy 2
Innovation

Basic strategy 3
Business Portfolio

10-year Strategy

Work on making whole IT system open-typed since 2004, and launch Next Generation System in Jan. 2021
Develop future IT strategy around the system, supporting realization of each strategy in the 14th Medium-term Business Plan



Next Generation System – Outline

Basic strategy 1
Group Sales

Basic strategy 2
Innovation

Basic strategy 3
Business Portfolio

10-year Strategy

Construction of Next Generation System is unprecedented project partly because of adoption of open-type technology for the first time in major Japanese banks

Launched the System in Jan. 2021, avoiding “2025 Digital Cliff”

Direction and issues on financial IT (2025 Digital Cliff)

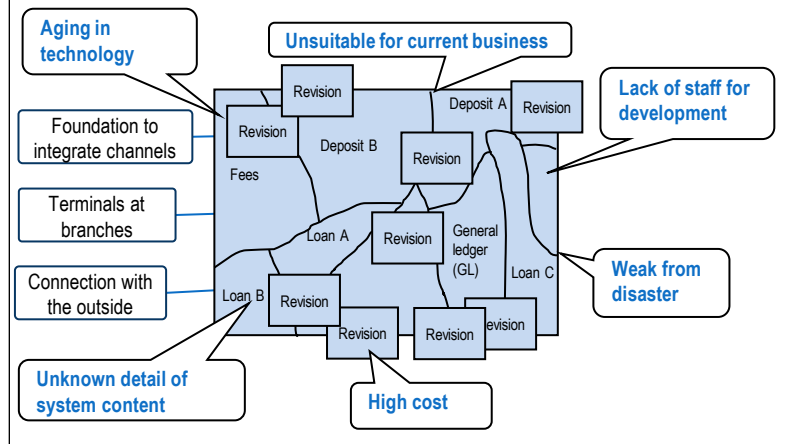
● Direction of IT strategy of financial institutions

- 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 of 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



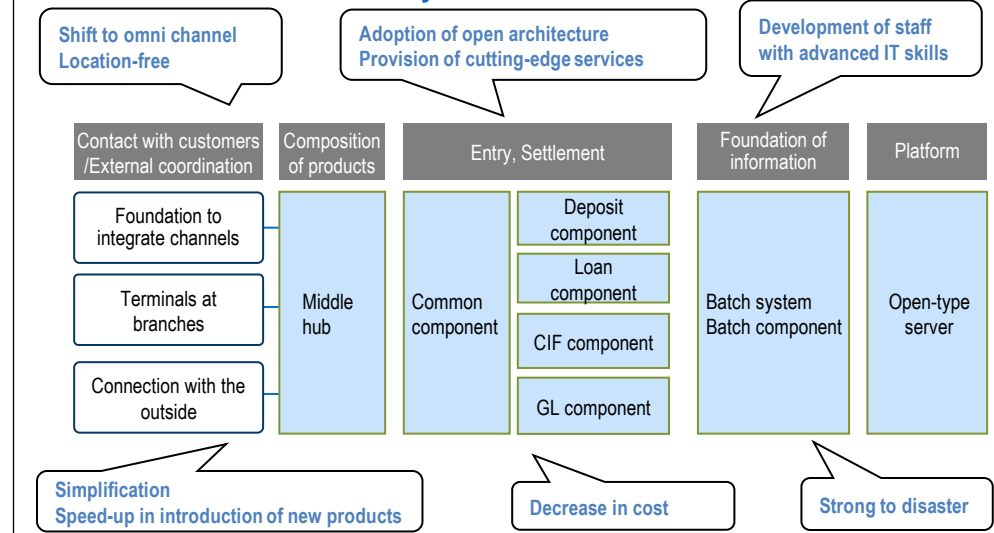
- Build loan supporting system
- Realize ATM operated on Web
- Introduce counter navigation system etc

Continuously expand and decentralize function

● Construct and launch Next Generation System

- 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
- **Launched in Jan. 2021 → Avoid 2025 Digital Cliff**

Structure of Next Generation System



DX strategy – DX in Shizuoka Bank Group

Basic strategy 1
Group Sales

Basic strategy 2
Innovation

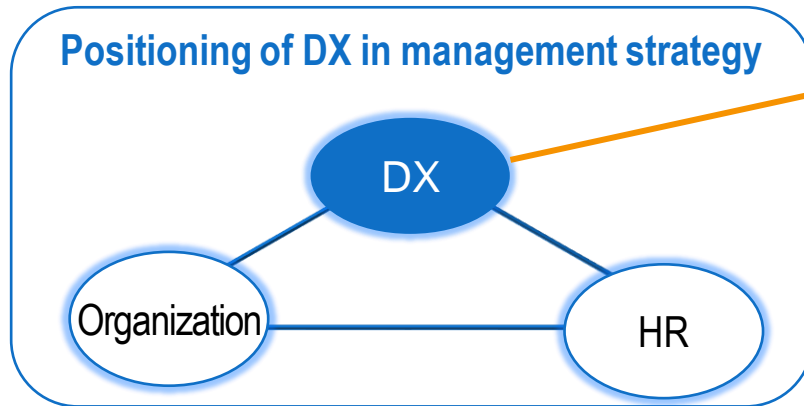
Basic strategy 3
Business Portfolio

10-year Strategy

Work on reform of company itself through DX to realize Corporate Philosophy with the aim of enhancing corporate value in medium to long run

Create new business and deepen existing business by utilizing data and digital technology mainly in 5 key items

Positioning of DX in management strategy



Establish DX policy and department specialized in DX

Make basic way of thoughts on DX clear as a rule

Targeted picture

- ✓ Review operation process from scratch as well as reform business model with data and digital technology as driving force
- ✓ Return knowledge and know-how accumulated through DX to the community and customers

Established DX Strategy Promoting Office (Jun. 2021)

- ✓ Expand DX Strategy Management Office established in Jun. 2020

Reform of company itself (Corporate transformation)

- ✓ Review operation process from scratch
- ✓ Reform business model

5 important fields in DX

Create new business

Reinforce non-face-to-face channel

- ✓ Reform smartphone app
- ✓ Build Contact Center
⇒ Expand customer base

Expand channel with corporate customers

- ✓ Build web portal for corporate customers
⇒ Gain new incomes

Utilize data in the whole Group

- ✓ Reinforce marketing by sharing data
- ✓ Realize efficient cooperation within Group
⇒ Reinforce management as a Group

Digitalize operations in back office

- ✓ Shift to paperless, use RPA
⇒ Reduce cost, enhance productivity

Develop digital professional

- ✓ Actively utilize digital native
- ✓ Recruit professional and acquire knowhow from the outside
⇒ Develop HR

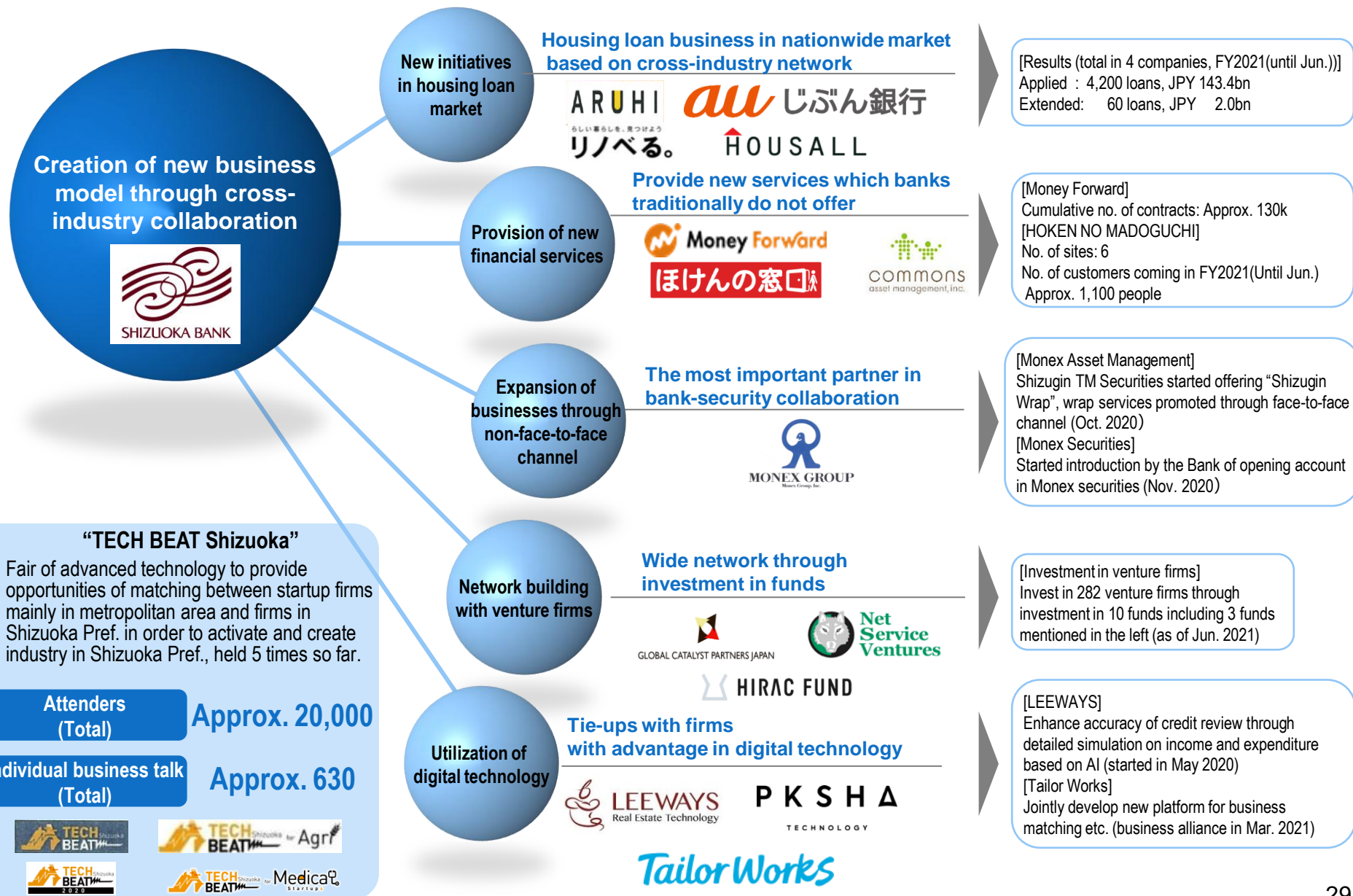
Deepen existing business

Enhance corporate value in medium to long run

[Corporate philosophy]

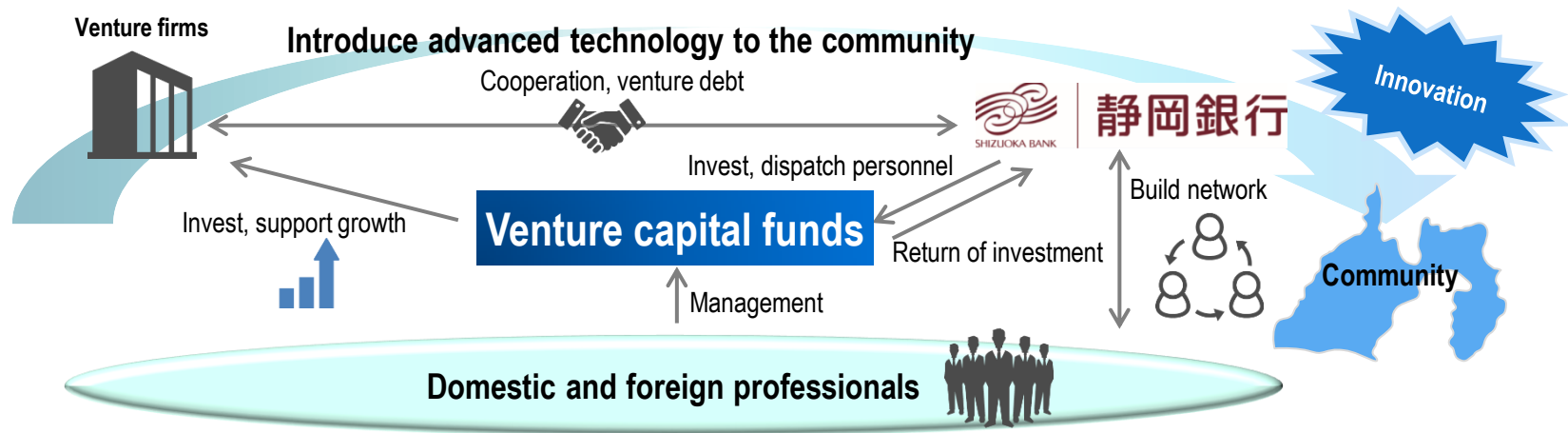
Expand dreams and affluence with our community.

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

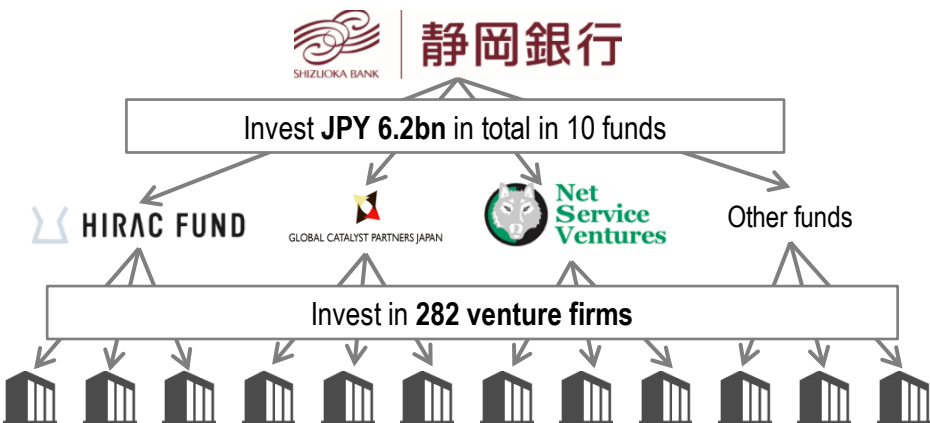


Aim at realizing regional innovation through investment in venture capital funds
Plan to expand business for venture funds and to make it a primary source of revenue in the future

Build ecosystem for HR development and regional innovation through investment in venture capital funds



Situation of investment in venture capital funds
(As of the end of Jun. 2021)



For expansion of business for venture business

- Arrange internal system in order to make business for venture firms a future primary source of revenue

Formerly

Researched business for venture firms as one business in "Innovation Promoting Office"

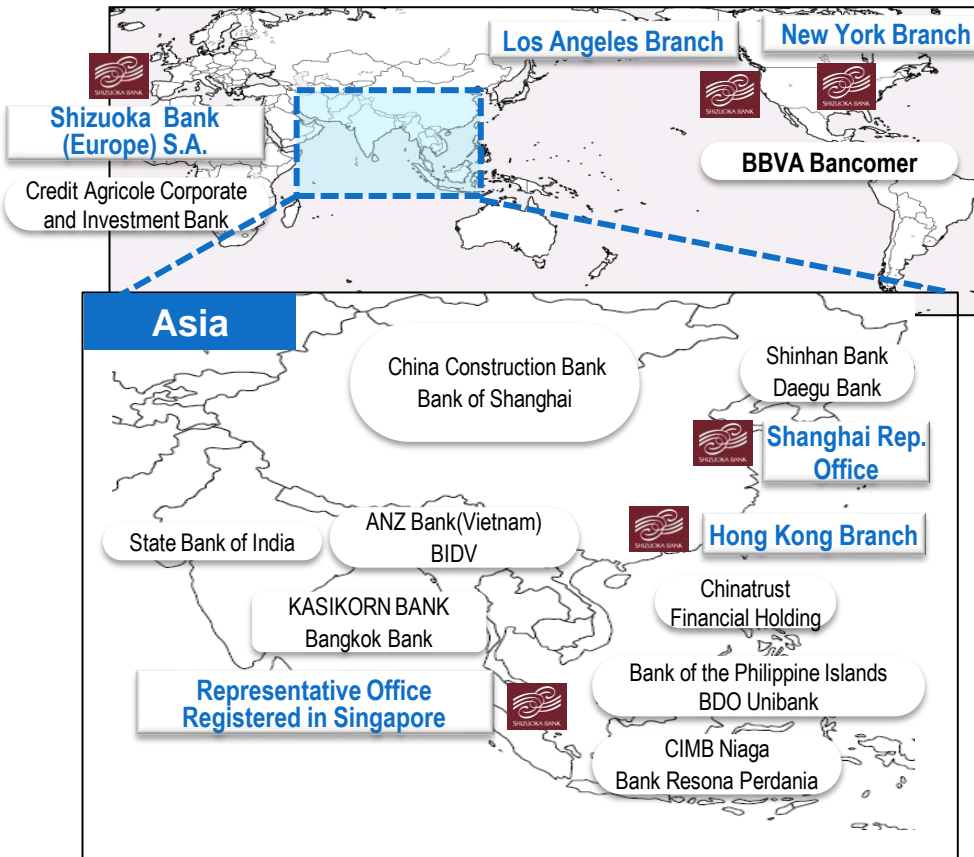
From
Jun. 2021

Establish **Start-up Supporting Project Team** in order to develop new business fields by extending loans to, investing in, and assisting businesses of start-up firms

Own best network in regional banks with 3 branches, 2 rep offices, 1 subsidiary as well as alliance with 1 financial institutions
Work on review of roles of each site according to environment, and reinforce tie-up with Yamanashi Chuo Bank

Overseas network

- Best network in regional banks with 6 overseas sites and alliance with local financial institutions



Review of overseas sites

Environment change in the long term

- ✓ More strict regulation
- ✓ Change in customers' needs (from support for advance to support for business development)
- ✓ Higher geological risk

Change due to COVID-19

- ✓ Review of supply chain
- ✓ Regression from borderless to society with boarder



1 Review of role of each site

- ✓ Conduct review of role of each site in Asia, North America, and Europe (Organizational decision has been made)
- ✓ Will publish when coordination with local supervising government office has been completed

2 Shizuoka Yamanashi Alliance

- ✓ Conclude agreement on support for customers' overseas business with Yamanashi Chuo Bank in order to support its customers through Shizuoka Bank's overseas sites
- ✓ Plan to accept 2 trainees from Yamanashi Chuo Bank (1 of the 2 will be in Hong Kong Branch)



静岡・山梨アライアンス

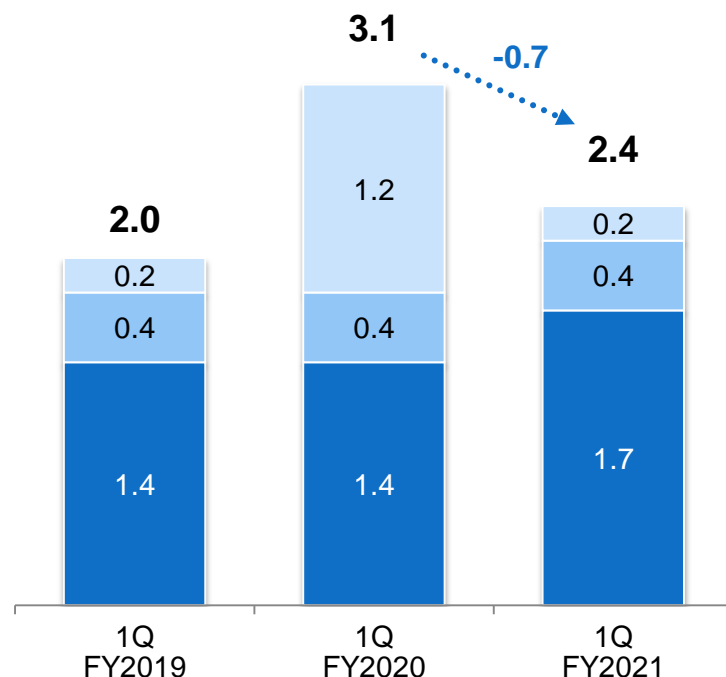
Shizuoka-Yamanashi Alliance

Earnings from market credit investment decreased by JPY 0.7bn YoY

Build structured loan (SF loan) portfolio mainly consisting of loans with high credibility by diversifying scope of loan

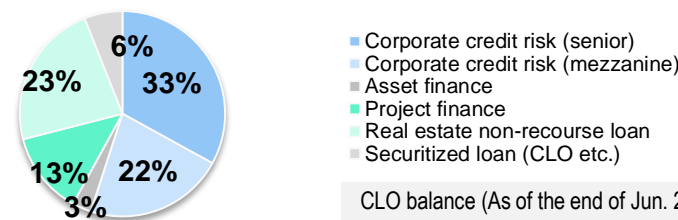
Earnings from market credit investment

- Fee income
- Income from PE and others
- Income and expenditure on loans



Profitability indicators of SF loan	1Q FY2020	1Q FY2021	YoY
ROA (Return on Assets)	0.95%	1.06%	+0.11pt
RORA (Return on Risk-Weighted assets)	1.63%	1.92%	+0.29pt

Breakdown of SF loan by loan type (Average balance in 1Q FY2021: JPY 647.0bn)

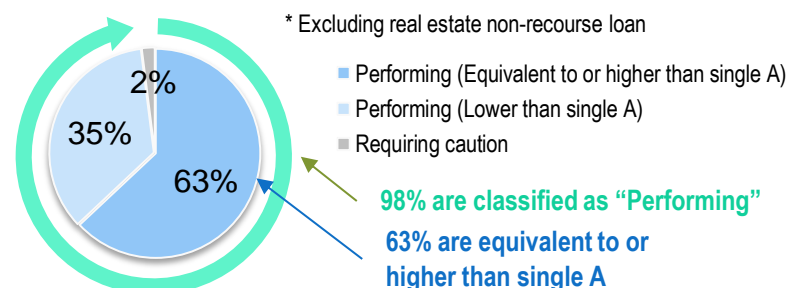


Well-diversified portfolio

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

CLO balance (As of the end of Jun. 2021)
JPY 40.4bn (13 contracts, JPY 3.1bn on average)
All have AAA rating
Subordination ratio: 36.0% - 41.8%

Breakdown of SF loan by credit rating



* Excluding real estate non-recourse loan

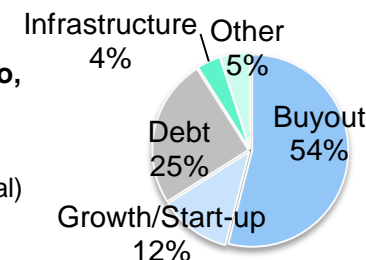
98% are classified as "Performing"
63% are equivalent to or higher than single A

* Average LTV is 59.3% 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 : 83
(Of which 32 are international)



Promptly consider measures of tie-up after concluding the alliance, and realize various ones Aim at realizing various measures in the future as well and effect of JPY 10.0bn or more (total in 5 years by 2 banks)

Achievement in the field of life-planning

• Open Yamanashi Head Office of Shizugin TM Securities

- ✓ Open in the building of Head Office of Yamanashi Chuo Bank (Apr. 2021)
- ✓ Conduct personnel interaction of 1 people between “Shizuoka Bank/Shizugin TM Securities” and “Yamanashi Chuo Bank” in order to further reinforce tie-up

Major results

No. of customers introduced: **Approx. 900**
No. of accounts opened: **Approx. 400**
Amount of sales of customer asset: **Approx. JPY 2.0bn**

• Start offering life insurance product developed through the alliance (Jun. 2021)

- ✓ Single-premium whole-life medical insurance with health insurance benefit
- ✓ Developed jointly by the 2 banks in commemoration of the alliance



Achievement in the field of finance

• Accept 3 trainees from Yamanashi Chuo Bank (Jan. 2021-)

• Sell loans and investments to Yamanashi Chuo Bank in the field of market credit investment

[Effect]

Shizuoka Bank ; Gain profit on sales and secure capacity for new investment

Yamanashi Chuo Bank ; Gain income of interest and dividend

• Jointly arrange syndicated loans (4 loans / JPY 21.0bn)

- ✓ Jointly control covenants in some loans

• Start offering “FUJIBON”, privately placed bond in commemoration of the alliance (Apr. 2021)

- ✓ 7 companies issued the bond
- ✓ The 2 banks jointly donated part of related fee to “Fujisan Fund”

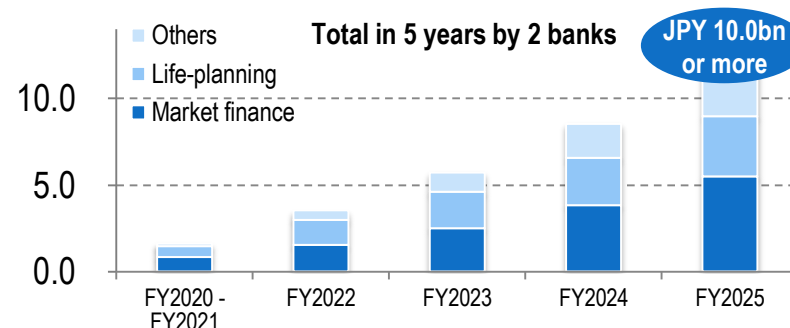
Initiatives with involving local community

- Conclude “the Agreement on M&A business” (Jan. 2021)
- Provide opportunity for both banks’ staff to interact each other (Feb. 2021)
 - ✓ Interaction of young employees and of prospective employees, games between sports clubs of both banks
- Collaborate in the field of overseas businesses (May 2021)
 - ✓ Agreement on support for customers’ overseas business
 - ✓ Personnel interaction
- Standardize inheritance procedures (Jun. 2021)
- Complete contracts of business matching between both banks’ customers (2 contracts)
- Hold events for individual business talks for customers (7 times)
- Jointly hold seminars (5 times)



Target (effect of alliance)

- Aim at realizing **effect of alliance of JPY 10.0bn or more (total in 5 years by 2 banks)** mainly in market finance (market credit investment etc.) and life-planning (Shizugin TM Securities etc.)
- Realized **effect of JPY 1.4bn** by 1Q FY2021



Initiatives for ESG

Reinforce initiatives for ESG in order to realize sustainability management

Environment

Raise up reduction target of decrease in GHG emission (Emission in FY2030 should decrease by 60% compared to that in FY2013)	2021/7
Establish policy on investment in and loan to specified sectors (Not to newly invest in or extend loan to coal fired power generation in principle, etc.)	2021/4
Revise policy on environment (Make Group-wide effort to contribute to realizing decarbonized society through finance)	2021/4
Resolve policy to eliminate investment in and loan to coal fired power generation in or around FY2040	2021/3

Social

Join The Valuable 500 *



2021/2

Extend positive impact finance to SME, first case in Japan

2021/1

Hold TECH BEAT Shizuoka

2018-

Dispatch employees to regional companies

2017-

* An international initiative aimed at promoting disability inclusion in business

Governance

Raise outside director ratio to 40% (Increase outside Directors in 2 consecutive years)	2021/6
Establish Nomination & Remuneration Committee	2020/10
Introduce Restricted Stock Awards	2020/6
Clarify responsibility of executives (Change contract with executives from employment to annual delegation)	2020/6



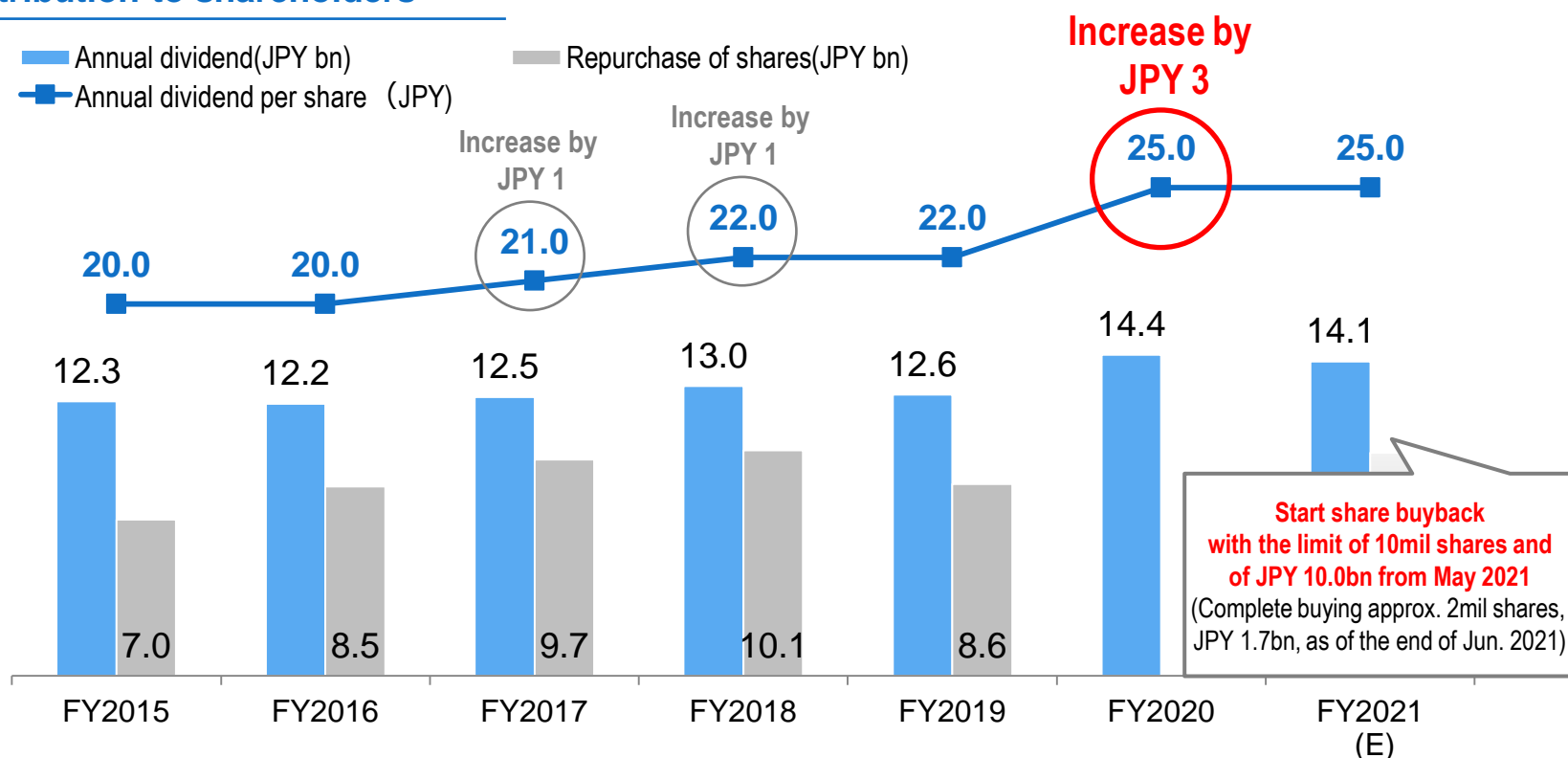
Capital Policy

Shareholder return

Increase annual dividend per share for 1Q FY2021 by JPY 3, and start share buyback (JPY 10.0bn at maximum) since May 2021

Aim at achieving target of “shareholders return ratio of 50% or higher in medium and long term” through constant dividend and flexible share buyback

Profit distribution to shareholders



Dividend payout ratio	25.6%	41.5%	24.9%	27.6%	32.6%	32.8%	30.9%
Shareholder return ratio	40.2%	70.6%	44.3%	49.1%	54.9%	32.8%	52.9%
Profit attributable to owners of the parent	JPY 47.9bn	JPY 29.3bn	JPY 50.1bn	JPY 46.9bn	JPY 38.7bn	JPY 43.6bn	JPY 45.5bn

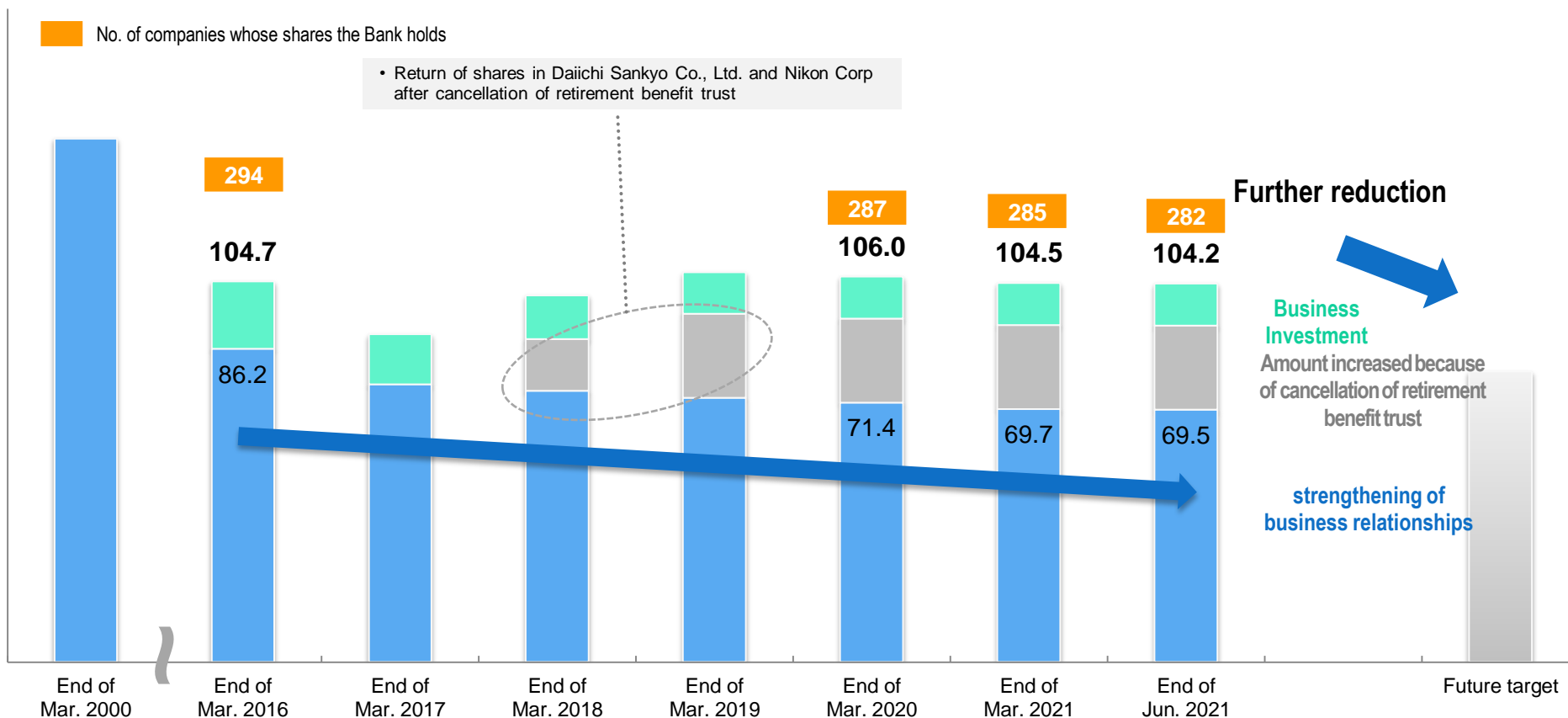
Strategic shareholdings

Make it a rule to reduce strategic shareholdings, and make decision on which shares the Bank should prepare to sell based on analysis on the three types of significance to hold (“business investment”, “strengthening of business relationships”, “contribution to regional economy”) and on economic rationality

Continuously sell shares in every fiscal year, and reduce amount (on the basis of acquisition cost) and number of companies whose shares the Bank holds

Acquisition cost of strategic shareholdings*

(JPY bn)



*Except for shares of group companies and equity method affiliate



For organizational reform

For organizational reform

**Picture targeted in long term
(10-year Vision)**

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

**Picture targeted in medium term
(14th Medium-term
Business Plan Vision)**

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

Quantitative Target

**Consolidated Ordinary Profit
JPY 80.0bn**

Reinforce management as a Group

- ✓ Conduct personnel interaction of 140 people within the Group
- ✓ Appoint persons in the level of branch manager as president of Group companies
- ✓ Appoint persons in Group companies as executives in other Group companies



**Find a way out from
“banking-centered”
(Collaborate as equal partners)**

Reconcile action with corporate philosophy

- ✓ Reform personnel management system for the 1st time in 20 years (introduction of OKR etc.)
- ✓ Change cycle of intra-corporate business plan and award (from half-year to one-year)



**Provide value added in
medium and long term**

Promote diversity

- ✓ Expand side business (start side business by employees outside the Bank)
- ✓ Widen recruiting channel (experts, mid-career workers, high school graduates)
- ✓ Establish Diversity Promoting Committee, appoint 4 female executives in 3 Group companies



Reform corporate culture



ESG/SDG s

ESG/SDGs (1)

– SDGs, Adoption for constituent brand of ESG index

Offer products to support activities for SDGs and promote investment and loan related to SDGs in order to realize rich, vigorous, and sustainable community

Promote products, investment, and loan related to SDGs

Positive Impact Finance

- Loan involving analysis and evaluation of impact of corporate activities on environment, society, and economy, and aiming at support of activities to enhance positive impact as well as to lower negative impact
- Shizuoka Economic Research Institute Ltd. conducts evaluation with cooperation by Japan Credit Rating Agency, Ltd. based on “Principles for Positive Impact Finance *1” and “basic way of thinking of impact finance *2”
 - *1 Proposed by UNEP Finance Initiative
 - *2 Proposed by Positive Impact Finance Task Force

[Loans extended so far]

- Concluded loan contract with Hirano Vinyl Industry Co., Ltd. based on framework of evaluation for SMEs as **the first case in Japan** for regional financial institution
- Concluded loan contract with Yokohama Kankyo Corporation as **the first case in Kanagawa Pref.**
- Concluded loan contract with a Group company Shizugin Lease as **the first case for leasing companies affiliated with regional banks**

“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
- 2 companies issued the bond in FY 2021 (9 companies in total)

Investment in USD bond issued by EBRD

- EBRD issued the bond to promote various activities including program to cope with COVID-19

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

SUSTAINABLE DEVELOPMENT GOALS



ESG/SDGs (2) – Environment

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

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 targets	<ul style="list-style-type: none"> ■ Target and result in decrease in GHG emission <ul style="list-style-type: none"> Target: Emission in FY2030 should decrease by 60% (*) compared to that in FY2013 (*) Raised from previous target of 26% in Jul. 2021 Result: Emission in FY2019 was 15,489 ton (decrease by 12.4% compared to that in FY2013) ■ Investment in and loan to coal fired power generation; Should be zero in or around FY2040

Revise Group policy on environment



- Revise Shizuoka Bank Group policy on environment in Apr. 2021
- Make it clear that the whole Group contributes to realizing sustainable society through main business, reflecting international situation corporate trend on effect of climate change

Establish policy on investment in and loan to specified sectors



- Clarify policy on investment and loan which may negatively affect environment and society, including policy not to newly invest in and extend loan to coal fired power generation in principle
- Establish target to eliminate amount of investment in and loan to coal fired power generation in or around FY2040
(Such amount at the end of Mar. 2021 was JPY 17.9bn, 0.15% of total credit exposure)

Environmental protection through financial business



- Provide two types of account as “ECO Account”
⇒ Among newly opened accounts in FY2020, **about 60% were ECO Accounts.**
- Partially finish mailing “Interest Notes” and “Notification of Maturity” of time deposit to customers

Donate a part of reduced expenses through initiative above to FUJISAN Fund etc
(Donated JPY 4M based in FY2020)

- 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 30 projects in FY2020
- Cumulatively provided JPY 81.2mil since the fund was set up in 1993

ESG/SDGs (3) – Diversity

Promote empowerment of women, employment of people with disabilities, and so on, to encourage all employees to demonstrate their personality and abilities to the full extent from a viewpoint of diversity

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). Thereafter, started "Work Style Innovation 2.0" with expanded initiatives such as flextime without core time (in Apr. 2021)
- 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)
- Recruit HR with expertise and experience which do not exist in Shizuoka Bank Group
 - ✓ Employ people belonging to sports club or cultural activity group (in Apr. 2020)
 - ✓ Employ high school graduates for the first time in 28 years (in Apr. 2021)
 - ✓ Employ a para-athlete of wheelchair rugby player (in Jun. 2021)



- Established a new company in order to actively support independence and participation to the society by people with disabilities, and to further promote employment of those people (in Oct. 2019)
- The first regional bank in Japan to join "The Valuable 500", an initiative which works on promoting success of people with disabilities (in Feb, 2021)



Recognized as "Certificated Health & Productivity Management Organization"



- The Bank was recognized as "the 2021 Certified Health and Productivity Management Organization (large enterprise category)" in Mar. 2021 for various initiatives to maintain and enhance employees' health, such as creating favorable environment and supporting employees' own activities (2 consecutive years)



Rebuild action plan based on Act on Promotion of Women's Participation and Advancement in the Workplace



- Rebuild action plan due to expiration of previous plan (end of Mar. 2021) which was built based on Act on Promotion of Women's Participation and Advancement in the Workplace

Current (Mar. 2021)	Ratio of female employees	33.6%
	Ratio of female employees in managing position	16.9%

Mar. 2024	Ratio of female employees	35% or higher
	Ratio of female employees in managing position	22% or higher

Mar. 2031	Ratio of female employees	40% or higher
	Ratio of female employees in managing position	40% or higher

- Reinforce initiatives for women empowerment in the Group, acquiring multiple certification

	Shizuoka Bank	Shizugin Business Create	Shizugin TM Securities	Shizugin IT Solution
"Platina Kurumin"	○	○	○	○
"Platina Eruboshi"		○		
"Eruboshi" (3 stars)	○		○	

Kurumin: Certify companies which support child raising

Eruboshi: Certify companies which conduct excellent initiatives related to women empowerment (Companies have to meet higher criteria to acquire certification with "Platina" for the both above)

- There are female executives in 3 Group companies (*) and 1 female in a position next to executives in the Bank

* Shizugin General Service (1 Executive Officer), Shizugin Mortgage Service (1 Director & Executive Officer and 1 Executive Officer), Shizugin Business Create (1 Executive Officer)

ESG/SDGs (4) –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. Also, it copes up with issues related to COVID-19 in the region

Considering a situation where Nankai Trough Earthquake is likely to occur, the Bank also actively works on disaster prevention and mitigation

Issues related to COVID-19

- Donated **JPY 10mil** to Shizuoka Pref. in order to support activities of medical personnel
- Recruited part-time workers in order to support university students and so on suffering from income decrease under COVID-19 pandemic

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



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)]

Agreement with NTT DOCOMO on service offering during a disaster



- Arrange battery chargers for mobile phones which can be used during a disaster in some branches and headquarters
- Use the Bank's headquarters as a site of NTT DOCOMO during a disaster



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]

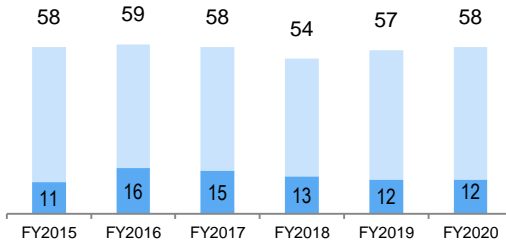
ESG/SDGs (5) – Region-based Relationship Banking

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 240 firms since FY2005

Saves labor opportunities for opportunities for labor for about 25,000 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
- Continued expansion of the collaboration with financial institutions, resulting in standardization with 3 banks, 8 shinkin banks, and 1 labor bank as of Jun. 2021
- Standardize with Yamanashi Chuo Bank as part of Shizuoka Yamanashi Alliance



Support for entrepreneurship and new businesses



<Shizugin Entrepreneur Awards>

- Holding the event in order to expand employment and to activate economy in the region through support for foundation and new businesses
- Held 8 rounds in total so far, resulting in 1,149 applicants, 59 winners
- Achieved following results compared to the point of winning through continued support to winners in the past rounds, contributing to development of local economy



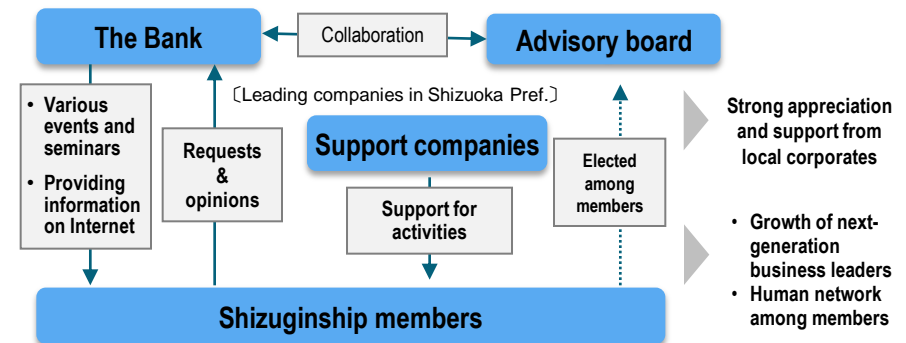
Revenue + JPY 41.1bn **No. of employees + 539**

“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.
- Support Companies, leading companies in Shizuoka Pref., help growing next-generation business leaders by providing opportunities of site visits and dispatching lecturers
- Started collaboration with a similar club offered by Yamanashi Chuo Bank

【Structure of Shizuginship】



【No. of members】 At the end of Jun. 2021 / 719 corporates, 1,065 people

【No. of participants in activities* in 1Q FY2021】 Total 340 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 FY2020, held three times through collaboration with regional companies and groups, attracting 143 people.
- In FY2021, planning joint program with Ito-city (Jul.), joint program with Yamanashi Chuo Bank involving Fukuroi-city (Shizuoka Pref.) and Hokuto-city (Yamanashi Pref.) (Aug.) and jointly holding the event with local TV program and local department store



Reception of trainees on regional revitalization

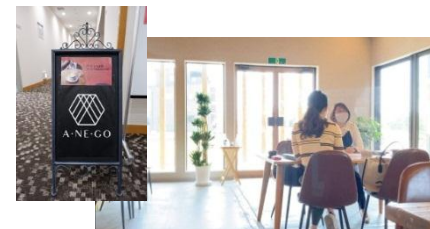
- Receive trainees such as staff in local government since FY2017
- Promote interaction between administration and regional companies as well as grow future leaders through experience in private sector
- Newly started reception from Shizuoka Pref. Board of Education (teachers of elementary school) in FY2021. Including existing trainees from local governments and JA OOIGAWA, 10 trainees are enrolled in Regional Revitalization Dept., working on planning and management of various activities for regional activation



Event for consultation on business succession for female



- Held free events for consultation on business succession for female with “ANEKO”, group for female managers in Shizuoka Pref. which was selected as a business partner in the Shizugin Idea Competition “Joint LAB.”
- With female working managers and prospective business successors as mentors, share mindset as a managers and concern on balancing work and family-life, providing effective support based on experience
 - 1st event: Eastern Area in Shizuoka Pref.
Held in Apr. 2021
 - 2nd event: Central Area in Shizuoka Pref.
Held in Jun. 2021
 - 3rd event: Western Area in Shizuoka Pref.
Planned to be held in Oct. 2021



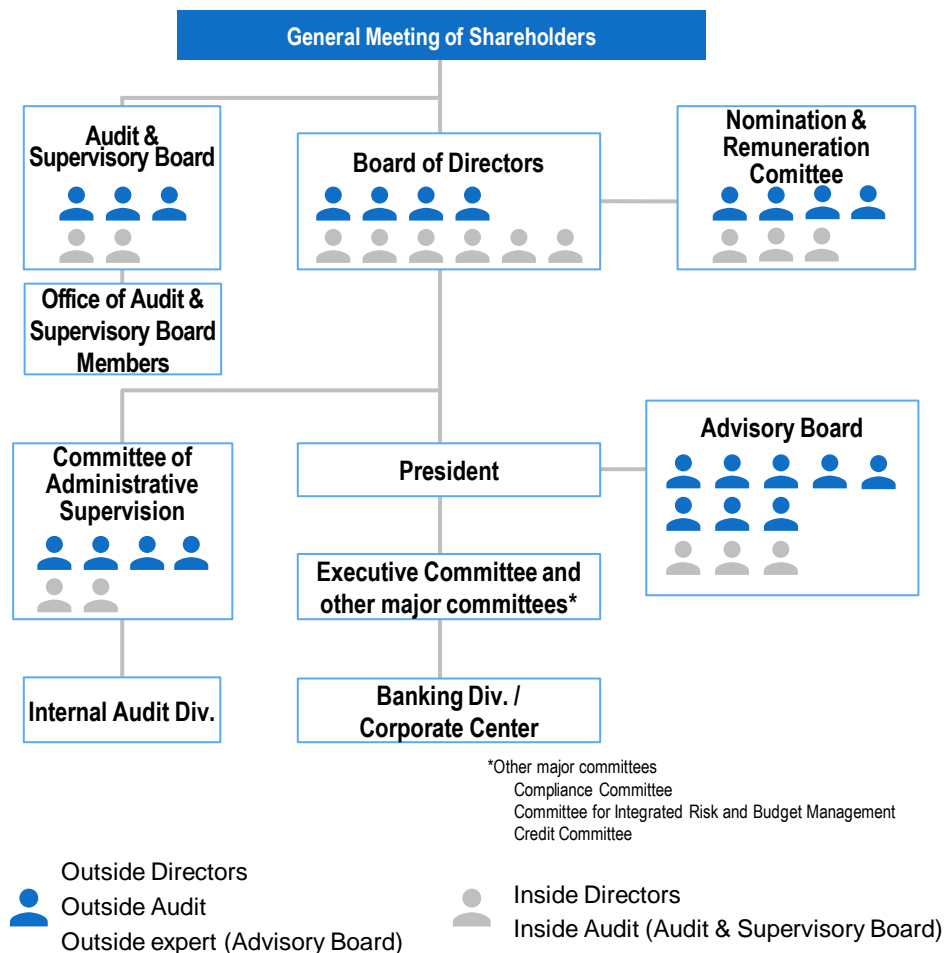
Events for individual business talks

- While holding big-scale events or events with attracting people is difficult due to COVID-19 pandemic, held events for individual business talks mainly online through collaboration with Yamanashi Chuo Bank.
- Conducted following events since FY2020. The events provide effective opportunities to expand sales channels.
 - [Events for individual business talks with tenants in rest areas on expressway operated by NEXCO Central]
 - Feb. 2021 (Yamanashi)
 - Mar. 2021 (Shizuoka, online)
 - [Events for individual business talks with supermarket in Yamanashi Pref. Ogino]
 - Mar. 2021 (online)
 - [Events for individual business talks with supermarket in Shizuoka Pref. Shizutetsu Store]
 - May 2021 (Shizuoka, online)
 - Jun. 2021 (Yamanashi)
 - [Events for individual business talks with tenants in rest areas on expressway operated by NEXCO Central (2nd)]
 - Jun. 2021 (Shizuoka, online)

ESG/SDGs initiatives (7) – Corporate Governance Structure

The Shizuoka Bank Group works on strengthening corporate governance with the intention to separate supervision and execution as basis to realize sustainable growth with stakeholders by reinforcing supervision by Outside Directors, and by delegating power to, clarifying role of, and providing incentives to Business Persons

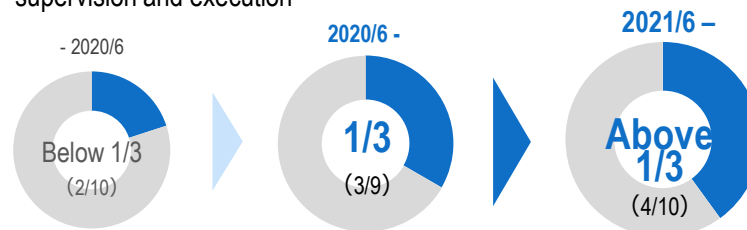
Shizuoka Bank Group's Corporate Governance System



Ratio of outside directors to all directors

Jun, 2021

- Increase no. of and raise ratio of outside Directors in 2 consecutive years in order to “reinforce supervision by outside executives” based on “separation of supervision and execution”



Nomination & Remuneration Committee

Oct, 2020

- Established Nomination & Remuneration Committee whose majority of members are Outside Directors by reorganizing (expanding role of) Remuneration Committee in order to strengthen supervision on nomination and remuneration of Executives

Restricted Stock Awards

Jun, 2020

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

Clarify responsibility of executives

Jun, 2020

- 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

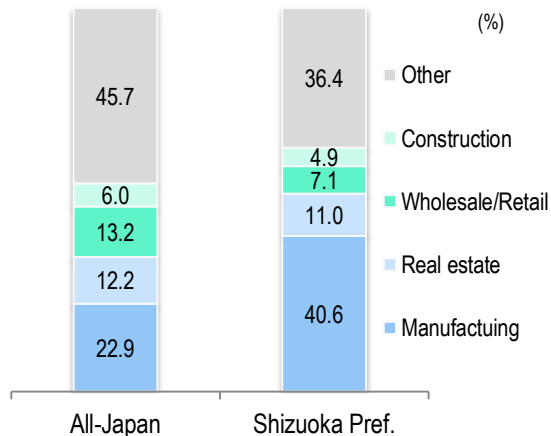


Reference

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

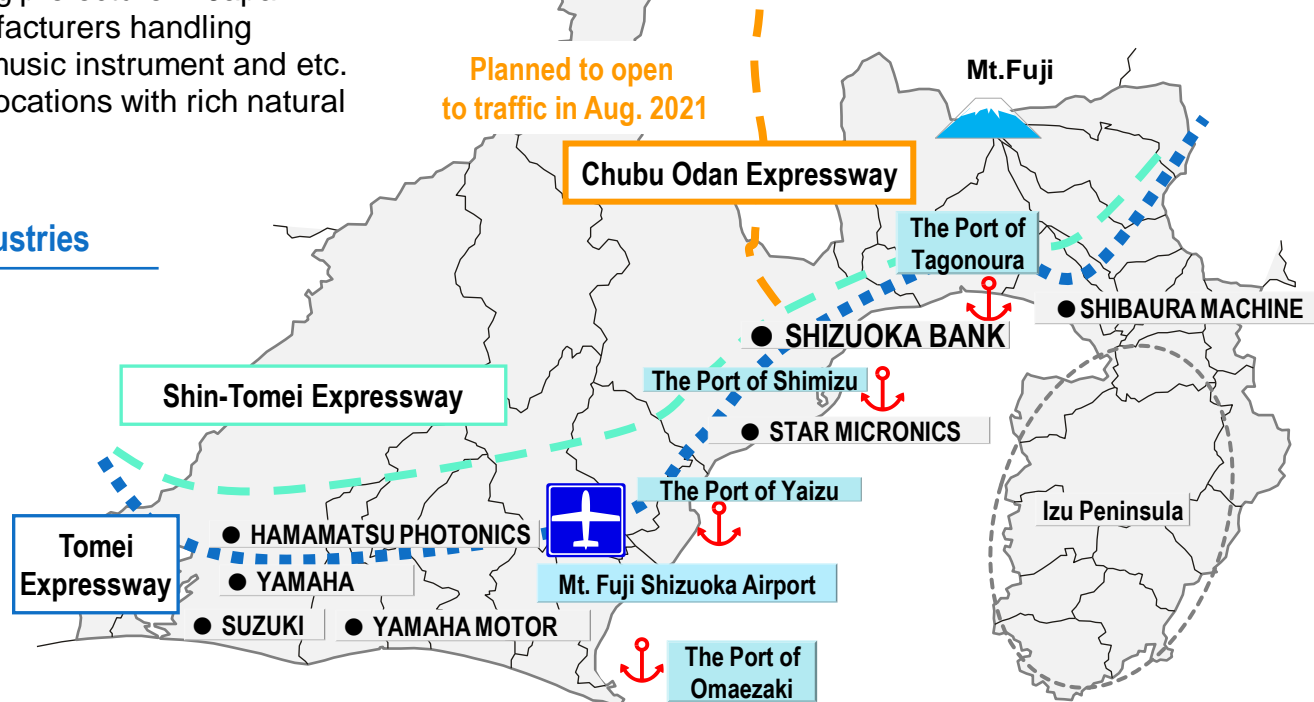


Source: Cabinet Office, Government of Japan, FY2017

No. of listed companies with HQs in Shizuoka Prefecture

* As of the end of Mar. 2021

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 Algeria, Kazakhstan and Qatar

Shizuoka Prefecture indices

	Share of all-Japan		National ranking
Population	3.64mil	2.9%	10th of 47 (2019)
No. of households	1.60mil	2.7%	10th of 47 (2020)
Nominal prefectural GDP	JPY 17.3tn	3.1%	10th of 47 (FY2017)
Per-capita income	JPY 3.388mil	—	4th of 47 (FY2017)
No. of business establishments	190K	3.0%	10th of 47 (2019)
Amount of shipments of manufactured goods, etc. (*)	JPY 17.1tn	5.3%	3rd of 47 (2019)
Agricultural output	JPY 197.9bn	2.2%	17th of 47 (2019)
Fishery production volume	170k tons	5.4%	5th of 47 (2019)
No. of industrial locations (*)	54	6.5%	3rd of 47 (2020)
No. of new housing starts	20K	2.5%	10th of 47 (2020)

(* Preliminary data)

Shizuoka Prefecture economic scale

Prefectural GDP (FY2017, Nominal)

Rank	Prefecture/Region	(USD bn)
9	Hokkaido Prefecture	175.4
10	Shizuoka Prefecture	155.9
11	Ibaraki Prefecture	124.6
-	4 prefectures in Shikoku	131.6
-	3 prefectures in Hokuriku	113.6

GDP comparison with countries (2017)

Rank	Country (Region)	(USD bn)
54	Algeria	170.2
55	Kazakhstan	166.8
56	Qatar	161.1
-	Shizuoka Prefecture	155.9
57	Venezuela	143.8
58	Hungary	143.0

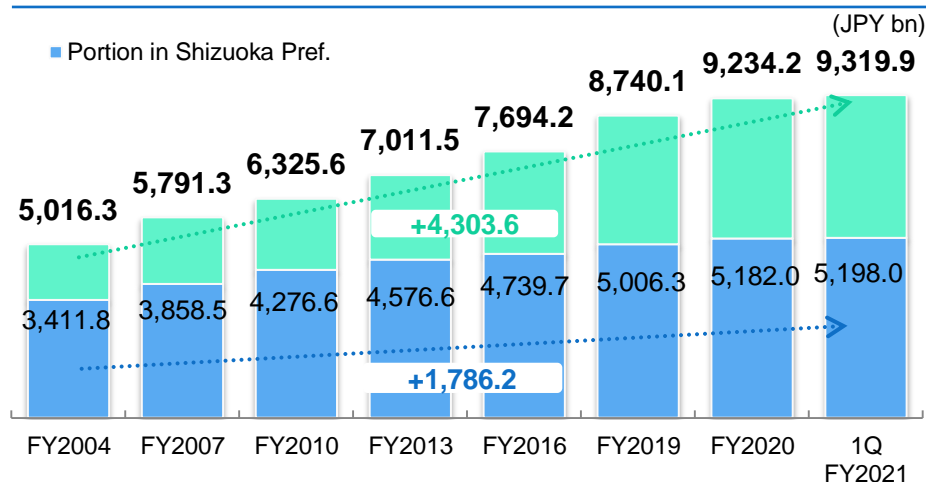
*Sources: Economic and Social Research Institute (ESRI)
Cabinet Office , Government of Japan etc.

Historical data of loans

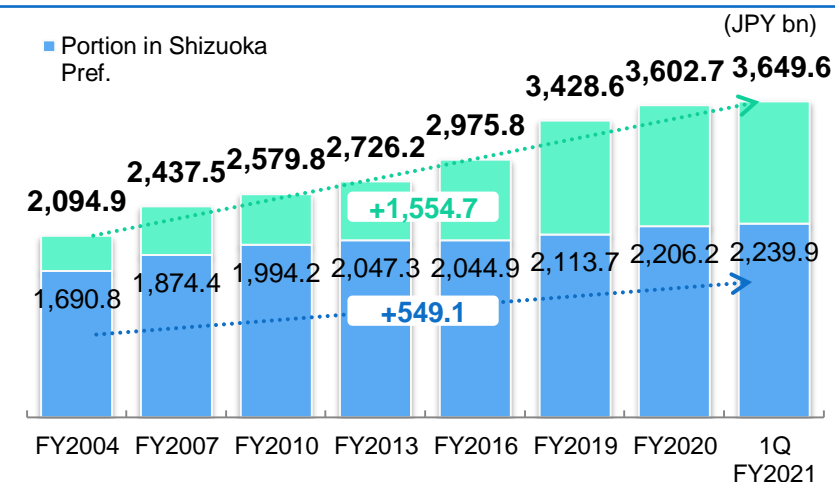
Total loan balance (average balance) had increased by JPY 4,303.6bn since FY2004 to 1Q FY2021, of which JPY 1,786.2bn was in Shizuoka Pref.

SMEs loan balance: JPY +1,554.7bn, consumer loan balance: JPY +2,076.1bn

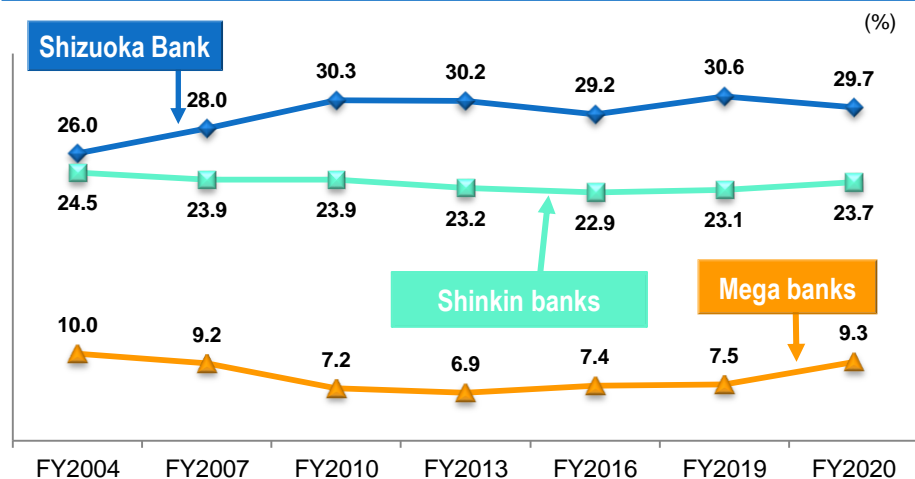
Total loan balance (average balance)



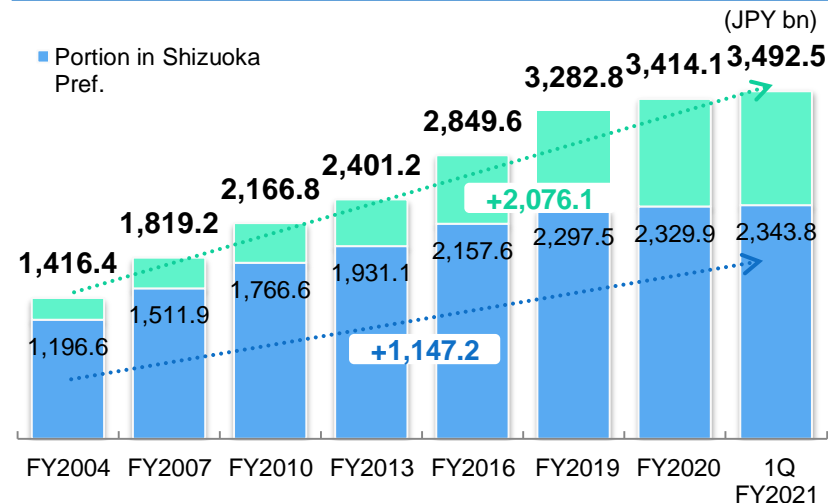
SMEs loan balance (average balance)



Share of loans in Shizuoka Prefecture



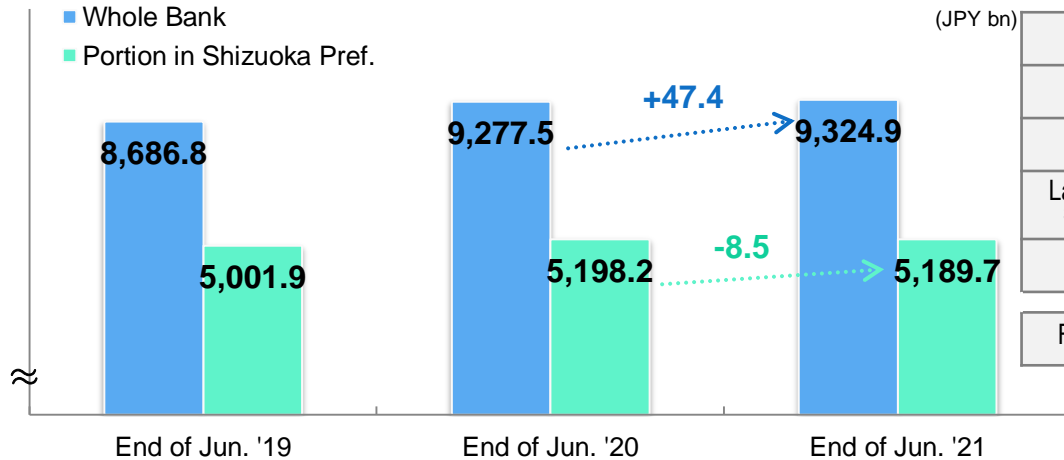
Consumer loan balance (average balance)



Loans(1) – Term-end balance

Total loan balance (term-end balance) increased by JPY 47.4bn (+0.5%) YoY as retail loan increased and SMEs loan slightly increased while loans for large and medium size enterprises, for government, and in foreign currencies decreased

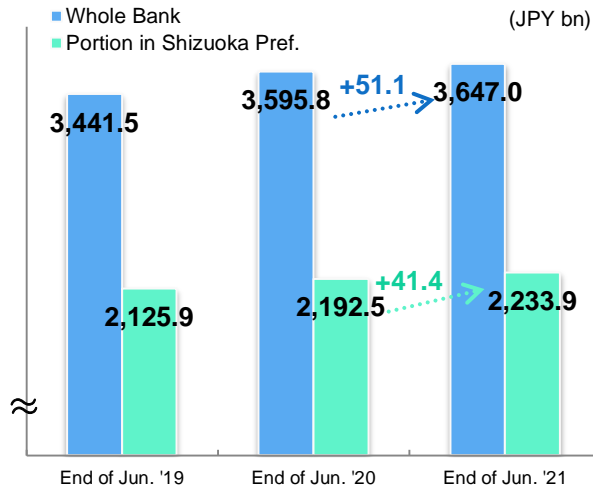
Total loan balance (term-end balance)



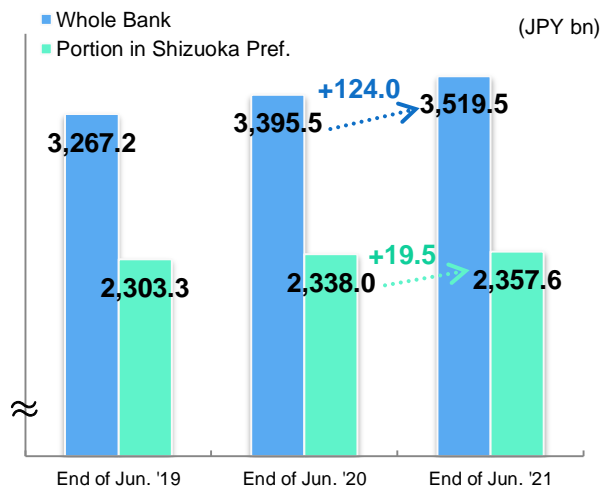
	Term-end balance	Change from the end of Jun. '20	Annual growth rate
Total	JPY9,324.9bn	JPY+ 47.4bn	+0.5%
SMEs	JPY 3,647.0bn	JPY+ 51.1bn	+1.4%
Retail	JPY 3,519.5bn	JPY+ 124.0bn	+3.6%
Large and medium size enterprises	JPY 1,827.2bn	JPY- 34.8bn	-1.8%
Government	JPY 0.0n	JPY- 39.7bn	—
Foreign currency	JPY 522.4bn	JPY -90.6bn	-14.7%

by amt. chg. :JPY -104.1bn
by ex. rate :JPY +13.4bn

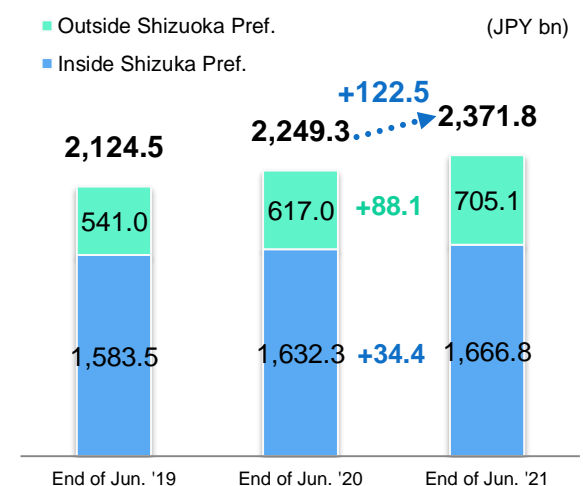
SMEs loan balance (term-end balance)



Retail loan balance (term-end balance)



Housing loan balance (term-end balance)



Loans(2) – Loans by industries

Business loans to real estate account for approximately 14%, 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 10.1bn

Unexpected Loss (UL) for all industries : JPY 92.5bn

Contemporary status of business loans to particular industries

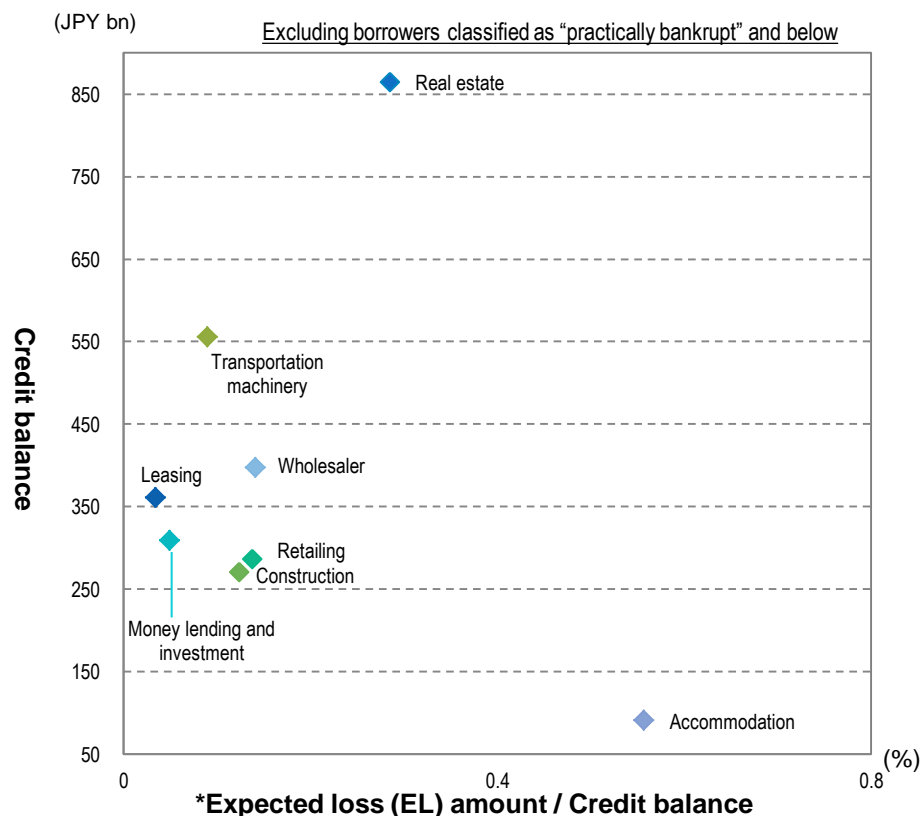
[Credit balance (as of the end of Mar. 2021)] (JPY bn, %)

	Balance	Composition ratio	Change from the end of Mar. '20
All industries	6,237.1	100.0	+334.0
Real estate (*1)	864.7	13.9	+93.7
Wholesaler (*2)	397.3	6.4	-18.7
Money lending and investment	308.9	5.0	-14.5
Transportation machinery	555.6	8.9	+143.1
Construction	270.7	4.3	+29.2
Retailer	286.5	4.6	+14.4
Leasing	361.3	5.8	-0.7
Accommodation	91.0	1.5	+12.2

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

(*2) excluding a general trading companies

[Credit balance vs. expected loss rate*]



DX strategy (1) – image of sales channel as a whole

Basic strategy 1
Group Sales

Basic strategy 2
Innovation

Basic strategy 3
Business Portfolio

10-year Strategy

Provide services which customers can use with no worries anywhere and anytime through investment in IT system
Promote integration of customer information and higher efficiency in business, enabling employees to focus on consulting

Sales structure reform

Provide high-quality financial services
without shrinking branch network
(Conduct in 29 Areas out of 38 Areas
which are object of the reform (approx. 80%)
by 1Q FY2021)

Smart ATM

Specialized consulting
by staff

Start in
Oct. 2020

Next Generation
Contact Center

salesforce

Uniformly respond to
various opinion and request
by combination of AI and diversified tools

Start in
Nov. 2020

Money Forward

New smartphone app



Customers can complete daily transactions on smartphone,
making those transactions more convenient on new apps
which can realize high-graded UI and UX

Start in
Dec. 2020

eKYC
Identification



Security function
to support online transaction
with no worries

Start in
Oct. 2020

salesforce

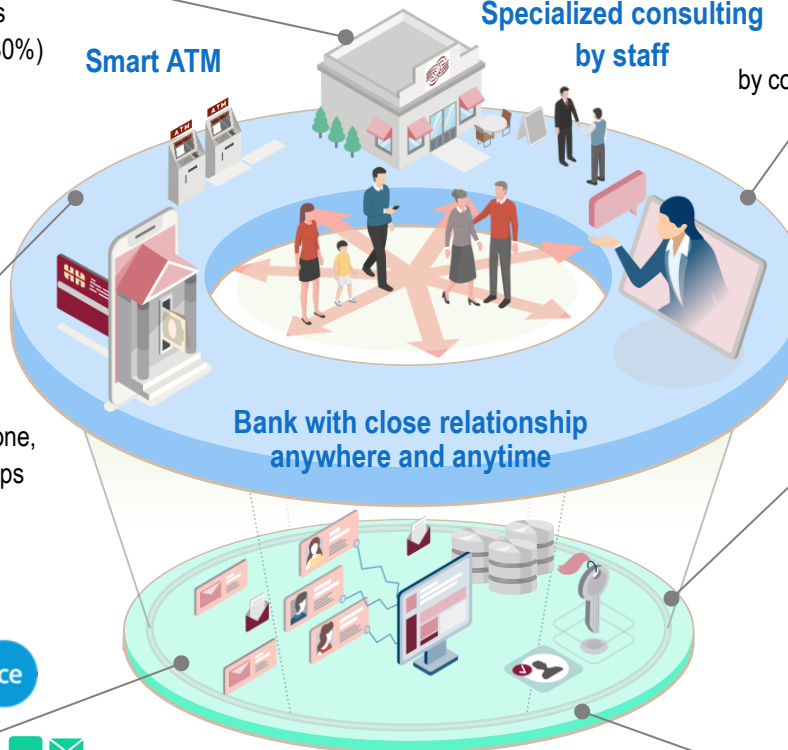
Digitalization
in marketing

AI understands situation of each customer,
providing personalized information timely

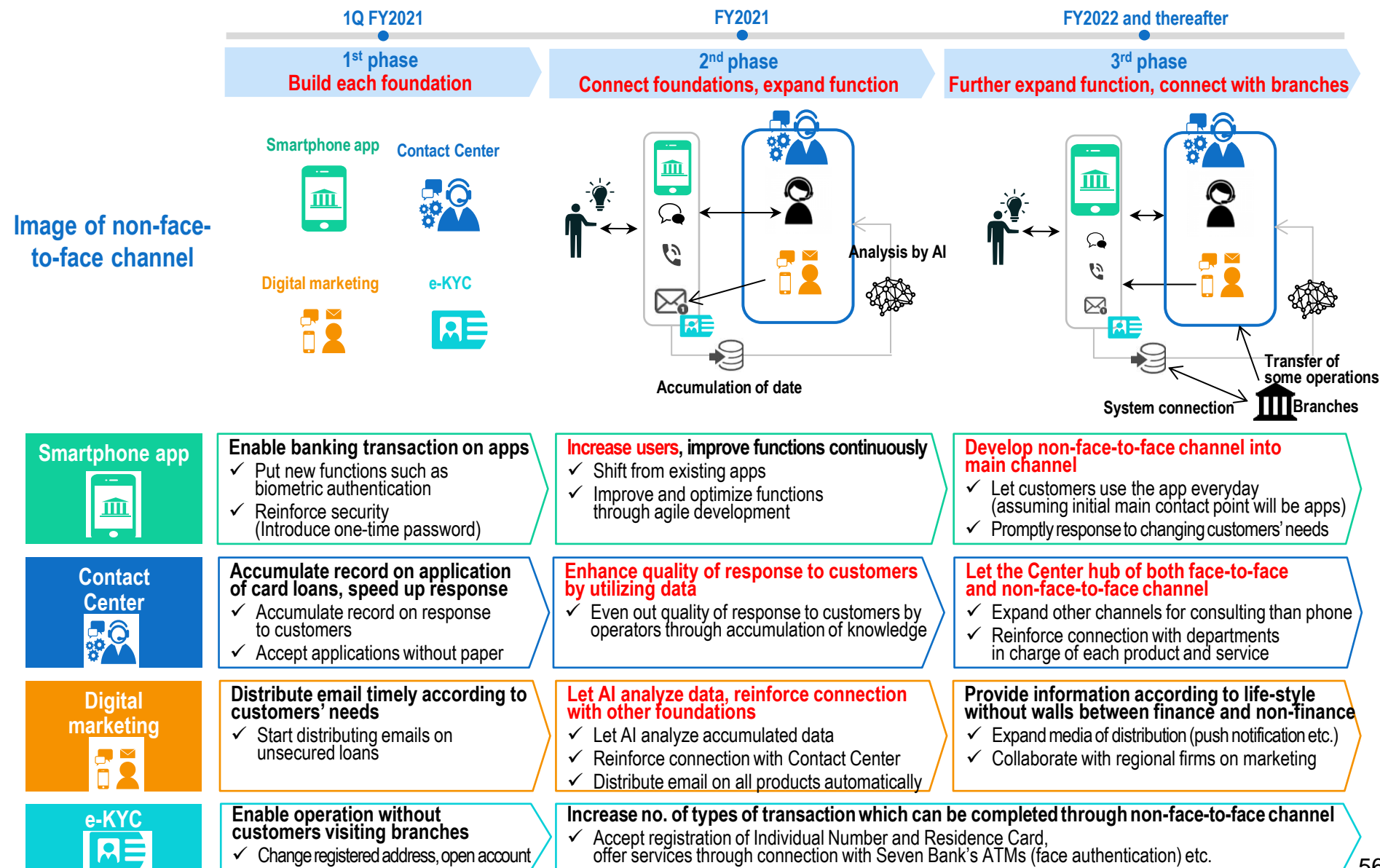
Integration of information
on customers and
higher efficiency in business

Renewal of
various IT systems

Increase in time for consulting
by revising various IT systems in the Bank and
enhancing efficiency of business



Utilize foundations built in 1Q FY2021 with the aim of developing non-face-to-face channel into the main daily contact point with customers and reinforcing connection with branches



Allocation of risk capital

Allocation of risk capital for 1Q FY2021 (the end of Jun. 2021 basis) amounted to JPY 766.8bn, of which JPY 286.0bn was allocated to credit risk, JPY 319.9bn to market risk, JPY 10.0bn to strategic investments, and JPY 24.3bn to operational risk

JPY 115.5bn of risk capital was used for loans (credit risk), and JPY 158.2bn for the Treasury division

Allocation source	(JPY bn)		Risk capital allocated	Risk capital used	Ratio of risk capital used
<div>Core capital JPY 766.8bn (End of Jun. 2021 basis)</div>	Credit risk 286.0	Loan (Credit risk)	209.1	115.5	55%
	Market risk 319.9	Treasury division	386.5	158.2	40%
		(strategic shareholdings)	(124.4)	(76.5)	(61%)
		Consolidated subsidiaries	10.3	3.1	30%
		Strategic investments	10.0	1.9	18%
	Strategic investments 10.0	Operational risk	24.3	24.0	98%
	Operational risk 24.3	Sub total	640.2	302.7	47%
	Buffer capital, etc. 126.6	Buffer capital, etc.	126.6	—	—
		Total	766.8	—	—

- 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 FY2021, the total ordinary profit of 13 consolidated subsidiaries was JPY 2.5bn(up JPY 1.0bn YoY)

(JPY bn)

Company name	Business	1Q FY2021 Ordinary Profit	YoY change
Shizugin Management Consulting Co., Ltd.	Corporate and financial management advisory services Bill collection services	0.1	+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.	1.0	+0.6
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	0.1	+0.0
Shizugin TM Securities Co., Ltd.	Securities	0.7	+0.4
Shizuoka Bank (Europe) S.A.	Finance and securities-related services	-0.0	-0.0
Shizuoka Liquidity Reserve Ltd.	Purchases of monetary receivables	0.0	-0.0
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	-0.0
Total(13 companies)		2.5	+1.0

(Ref.) Affiliates under equity method of accounting

Shizugin Saison Card Co., Ltd.	Credit card, prepaid card, and guarantee of consumer loans	0.0	-0.1
Monex Group, Inc.	Holding stocks of companies practicing securities and so on	* 11.1	+9.1

*Profit before income tax

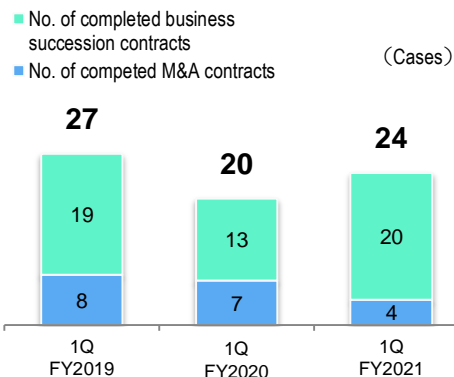
Group companies (2)

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.

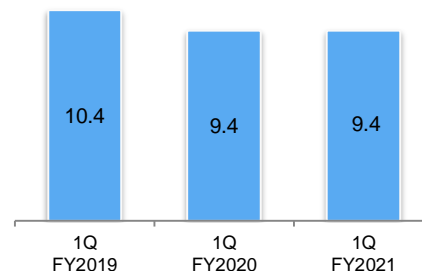
<Main businesses>

- 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 (JPY bn)



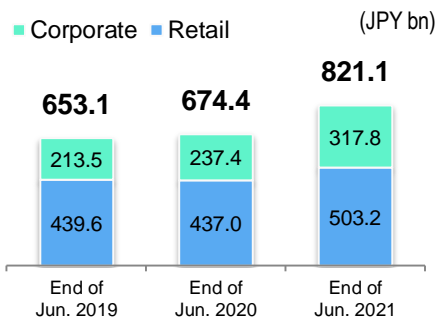
Shizugin Lease Co., Ltd.

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

- Offer wide range of products lineup including promotion of "Shizugin Wrap (ON COMPASS +)" utilizing discretionary investment services (wrap services) by Monex Asset Management through face-to-face channel

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

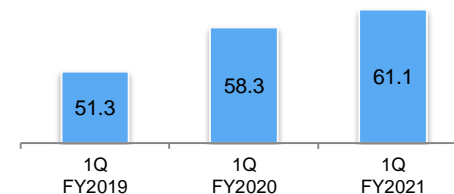
Meet corporate customers' need to raise money through direct finance such as underwriting of stocks on IPO and underwriting of finance by public companies

Shizugin Credit Guaranty

- Started a business to give guaranty to a housing loan product offered by ARUHI Corporation, a housing loan specialist (Aug. 2018)
- Started a business to give guaranty to a housing loan product offered by au Jibun Bank Corporation, an Internet-only bank (Jan. 2021)
- Received approx. 4,100 applications from the two companies in total (1Q FY2021)



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

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 238mil

*Consolidated financial statements have been prepared since FY1998

	Shares bought back (thousand shares)	Repurchase amount of shares (JPY mil)	Number of shares cancelled (thousand shares)	Cancellation amount (JPY mil)	Shareholder return ratio <Consolidated> (%) (*)	EPS <Nonconsolidated> (Yen)	BPS <Nonconsolidated> (Yen)	DPS <Nonconsolidated> (Yen)
FY1997	7,226	9,997	7,226	9,997	—	20.4	587.6	6.0
FY1998	6,633	9,142	6,633	9,142	84.1	20.1	627.6	6.0
FY1999	8,357	9,143	8,357	9,143	52.6	34.1	651.0	6.0
FY2000	24,954	23,281	24,954	23,281	150.3	23.7	792.2	6.0
FY2001	8,234	8,267	8,234	8,267	170.5	10.3	742.7	6.0
FY2002	29,928	23,107	—	—	222.1	16.6	721.3	7.0
FY2003	10,712	8,566	30,000	23,381	50.2	37.2	831.8	7.0
FY2004	—	—	—	—	16.9	49.4	875.9	8.5
FY2005	—	—	—	—	21.4	44.2	1,019.2	10.0
FY2006	—	—	—	—	24.3	51.2	1,077.9	13.0
FY2007	10,000	12,621	10,000	10,130	62.6	49.9	997.2	13.0
FY2008	—	—	—	—	69.7	18.3	903.3	13.0
FY2009	5,000	3,996	5,000	4,638	39.8	46.0	998.2	13.0
FY2010	20,000	14,980	20,000	15,957	65.7	51.8	1,016.3	13.0
FY2011	20,000	14,575	—	—	63.0	52.4	1,097.6	13.5
FY2012	10,000	8,239	20,000	14,953	31.5	62.8	1,204.3	15.0
FY2013	20,000	22,642	—	—	69.3	67.8	1,257.6	15.5
FY2014	10,000	11,315	—	—	42.4	68.5	1,440.7	16.0
FY2015	4,767	6,999	—	—	40.2	71.4	1,436.5	20.0
FY2016	10,000	8,496	20,000	20,578	70.6	40.0	1,470.1	20.0
FY2017	10,000	9,736	—	—	44.3	72.5	1,579.0	21.0
FY2018	10,000	10,069	30,000	30,530	49.1	72.1	1,638.2	22.0
FY2019	10,000	8,623	10,000	10,139	54.9	58.1	1,620.3	22.0
FY2020	—	—	10,000	9,619	32.9	61.8	1,792.2	25.0
FY2021 (Until Jun.)	1,954	1,740	—	—	—	—	—	—
Total	237,765	225,537	210,404	199,758	—	—	—	—

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 1Q FY2020	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% (1Q 1Q FY2020)	15.59%	14% or higher
Others	Consolidated OHR	58.9% (1Q FY2020)	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



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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