

Results of FY2019

May 25th, 2020
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Review of the 13th Medium-term Business Plan

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Review of the 13th Medium-term Business Plan

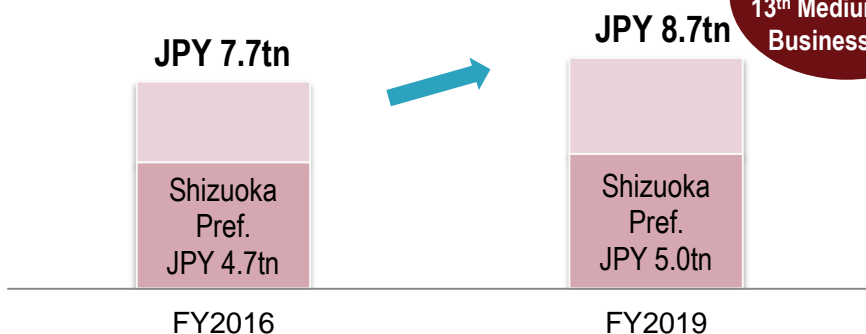
Achievement in the 13th Medium-term Business Plan

- Loan amount and deposit amount respectively increased by approximately JPY 1.0tn in 3 years
- Interest on loans increased by approximately JPY 10.0bn due to housing loan and businesses in Tokyo metropolitan area

Loan amount (average balance)

- Increased by **JPY 1.0tn** in total and by **0.3tn** in Shizuoka Pref. in 3 years

+ JPY 0.2tn compared to the 13th Medium-term Business Plan



Deposit amount (average balance)

- Increased by **JPY 0.9tn** in 3 years mainly due to growth in Shizuoka Pref.
- Exceeded **JPY 10tn** mark at the end of Mar. 2020

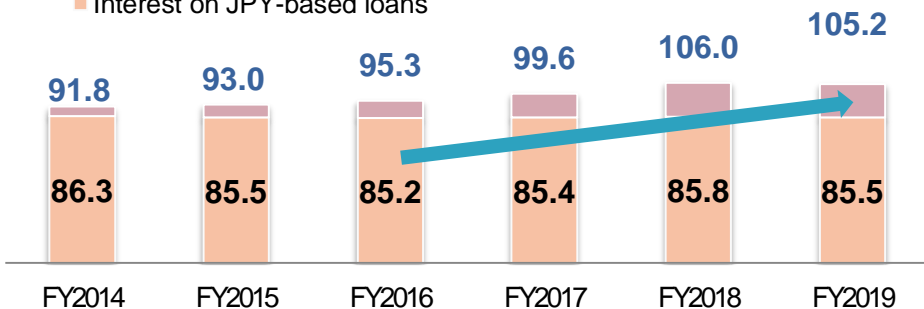
+ JPY 0.3tn compared to the 13th Medium-term Business Plan



Interest on loans

- Increased by **approx. JPY 10.0bn** in 3 years

■ Interest on non-JPY-based loans
■ Interest on JPY-based loans



Core business (region-based)

- Housing loan amount grew

Interest amount (compared to FY2016)
+ JPY 1.0bn

Tokyo metropolitan area

- Market credit investment
- Loans for asset building

Total interest amount (compared to FY2016)
+ JPY 10.0bn

Nationwide market

- Internet Branch
⇒ Established funding channel

Deposit amount (average balance)
Reached to JPY 500.0bn

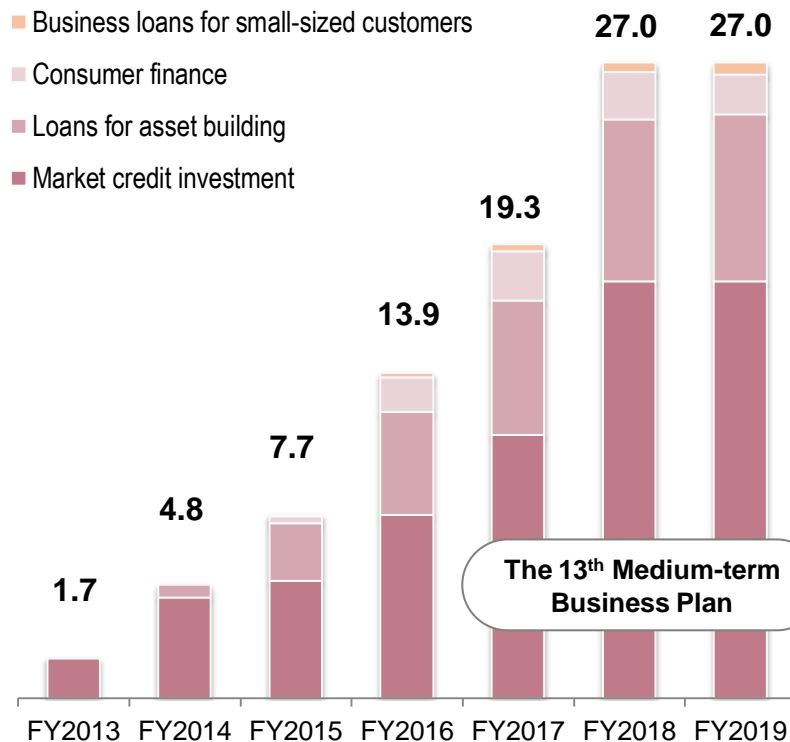
Achievement in 3 structural reforms

- Contribution of bank branch division rose due to growth in new business fields
- Various efforts in people-based (personnel / human resource) and channel-based reforms also resulted in certain degree of achievement

Earning-based reform

- Revenue in new business fields grew to **JPY 30.0bn** level

【Revenue in new business fields】 (JPY bn)



People-based (personnel / human resource) reform

- Promoted work-style reform and diversity
 - ✓ Changed persons in charge of certain businesses (housing loan etc.)
 - ✓ Established **Shizugin Heartful**
 - ✓ Work-style reform ⇒ decreased approx. **5% of total working hours and 30% of overtime working hours**
 - ✓ “Work Style Innovation” (introduction of **flextime**, revision of **dress code**, etc.)

Channel-based reform

Sales structure reform

- Shift to structure where all financial services are provided in each Area

Optimize branch network

- ✓ Make branch management more efficient

Integrate human resource

- ✓ Enhance skills and know-how
- ✓ Place human resource in growth fields



Enhancement of non-face-to-face channel

- Increase convenience of non-face-to-face sales channel

Enrich lineup of services

- ✓ Raise convenience and quality of mobile apps

Increase services of which customers can complete all procedures on Internet

- ✓ Unsecured loan, Housing loan
- ✓ “Shizugin Wrap”

Conducted in **16 Areas** out of all 37 Areas in Shizuoka Pref. by FY2019

Initiatives in ESG

- Efforts in ESG resulted in certain degree of achievement in each fields

FY2017

Conducted demonstrative experiment of “car-sharing business” in Izu Peninsula	E	S
Established a policy on customer-centered business operation		S
Innovated to functional organization (Including establishment of Solution Business Dept.)		G

FY2018

Made it as a rule that accounts newly opened at counters should be ECO accounts (*) in principle, and started to donate a part of reduced expenses to FUJISAN Fund		E
Donated to FUJISAN Fund on issue of USD-based bonds		E
Started trial of sales structure reform		S
Started program to dispatch bankers to companies in the region		S
Newly established Anti-Money Laundering and Other Financial Crimes Management Office		G

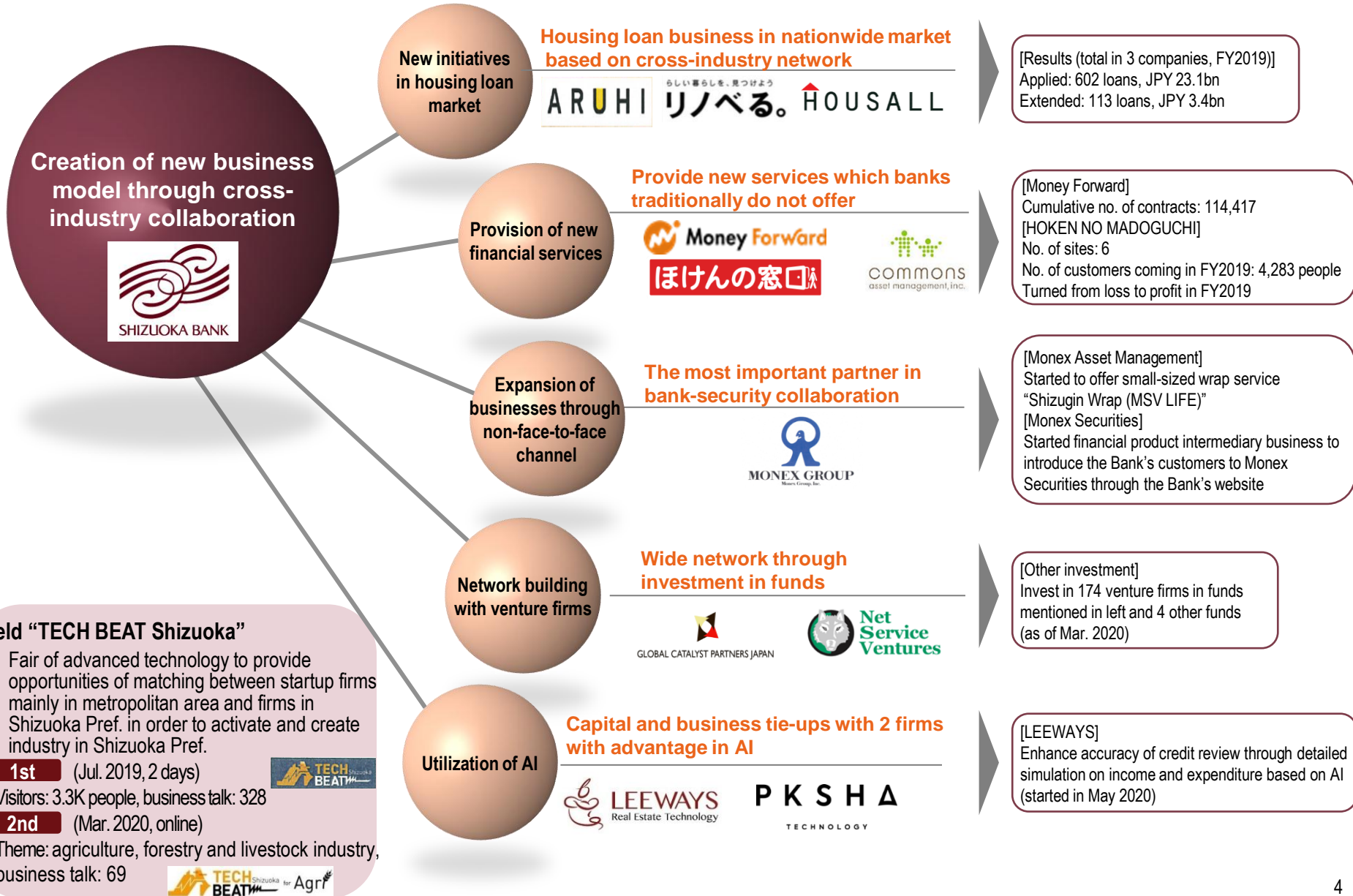
* Two types of account; “Integrated Web Account”, an account without bank book in physical branch, and “WebWallet”, an account in the Internet Branch

FY2019

Supported the TCFD Recommendation		E
Partially finish mailing “Interest Notes” and “Notification of Maturity” of time deposit to customers		E
Expanded Areas to conduct trial of sales structure reform		S
Held TECH BEAT Shizuoka (twice)		S
Delegated authority by merging and reorganizing Departments and Groups in the Headquarters		G

Development of new businesses through cross-industry collaboration

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



Held "TECH BEAT Shizuoka"

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

1st (Jul. 2019, 2 days)
• Visitors: 3.3K people, business talk: 328

2nd (Mar. 2020, online)
• Theme: agriculture, forestry and livestock industry, business talk: 69



Results of FY2019

Results of FY2019 – Nonconsolidated

〔Nonconsolidated〕

(JPY bn, %)

	FY2019	YoY change	
		Increase/ Decrease	Rate of change
Ordinary revenue	183.9	-9.0	-4.6
Gross operating profit	131.0	-3.8	-2.8
Net interest income	106.8	-9.8	-8.3
(Interest on loans)	(105.2)	(-0.8)	(-0.7)
(Interest and dividend on securities)	(24.9)	(-7.7)	(-23.4)
Fees and commissions	15.6	-0.2	-0.9
Trading income	0.6	-0.2	-22.7
Other operating profit	7.9	+6.3	+404.8
(Bond-related income such as JGBs)	(3.9)	(+4.9)	(+469.0)
Expenses (-)	79.1	-1.8	-2.2
Provision for general allowance for loan losses (-)	0.4	-0.6	-60.0
Net operating profit	51.5	-1.4	-2.6
Core net business profit excluding gains (losses) on bonds and cancellation of investment trusts	48.0	-4.4	-8.3
Special profit and loss	-5.0	-8.6	-238.7
Bad debt written-off (-)	8.3	+4.5	+119.8
Gain (loss) on stocks	2.6	-4.9	-65.5
Ordinary profit	46.5	-10.0	-17.7
Extraordinary profit and loss	0.0	-3.3	-99.2
Net income before taxes	46.5	-13.3	-22.2
Corporate taxes (-)	13.0	-4.1	-23.9
Net income	33.4	-9.2	-21.5
Credit-related costs (-)	8.7	+3.9	+80.8

Ordinary revenue

Decreased by JPY 9.0bn YoY , mainly due to decrease in interest and dividend on securities and in gain on sales of stocks, despite increase in gain on sales of bonds such as JGBs

Gross operating profit

Decreased by JPY 3.8bn YoY, reflecting decrease in net interest income mainly due to decrease in interest and dividend on securities, despite increase in bond-related income such as JGBs

Net operating profit

Decreased by JPY 1.4bn YoY , because decrease in expenses and in provision for general allowance for loan losses could not compensate decrease in gross operating profit

Ordinary profit

Decreased by JPY 10.0bn YoY , reflecting increase in bad debt write-off and decrease in gain(loss) on stocks, as well as decrease in net operating profit

Net income

Decreased by JPY 9.2bn YoY , due to decrease in ordinary profit and in extraordinary profit and loss mainly caused by absence of gains on return of retirement benefit trust recorded in FY2018, despite decrease in corporate taxes

Results of FY2019 – Consolidated

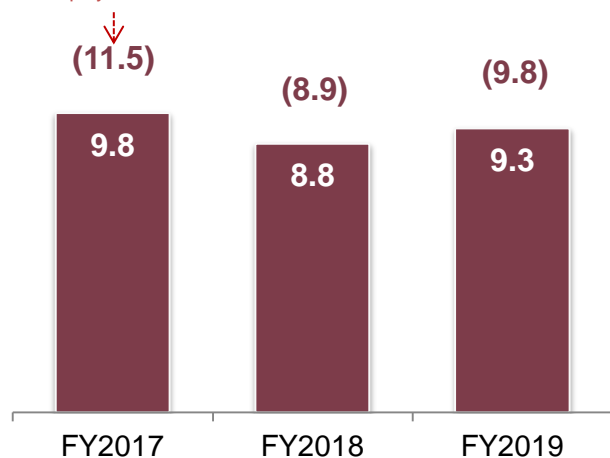
- Ordinary revenue decreased by JPY 6.4bn YoY to JPY 229.3bn, and ordinary profit decreased by JPY 8.8bn YoY to JPY 54.6bn
- Total ordinary profit of consolidated subsidiaries increased by JPY 0.5bn YoY to JPY 9.3bn

〔Consolidated〕 (JPY bn)	FY2019	YoY	Contents
Ordinary revenue	229.3	-6.4	Due to decrease in interest and dividend on securities
Ordinary profit	54.6	-8.8	Due to increase in interest expenses and provision for allowance for loan losses
Net profit attributable to parent company shareholders	38.7	-8.2	Due to decrease both in ordinary profit and in special profit and loss while corporate taxes decreased

〔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.	

* Changed the company name from Shizugin Computer Service on Apr. 1st, 2020

Affiliates under equity method of accounting (3companies)

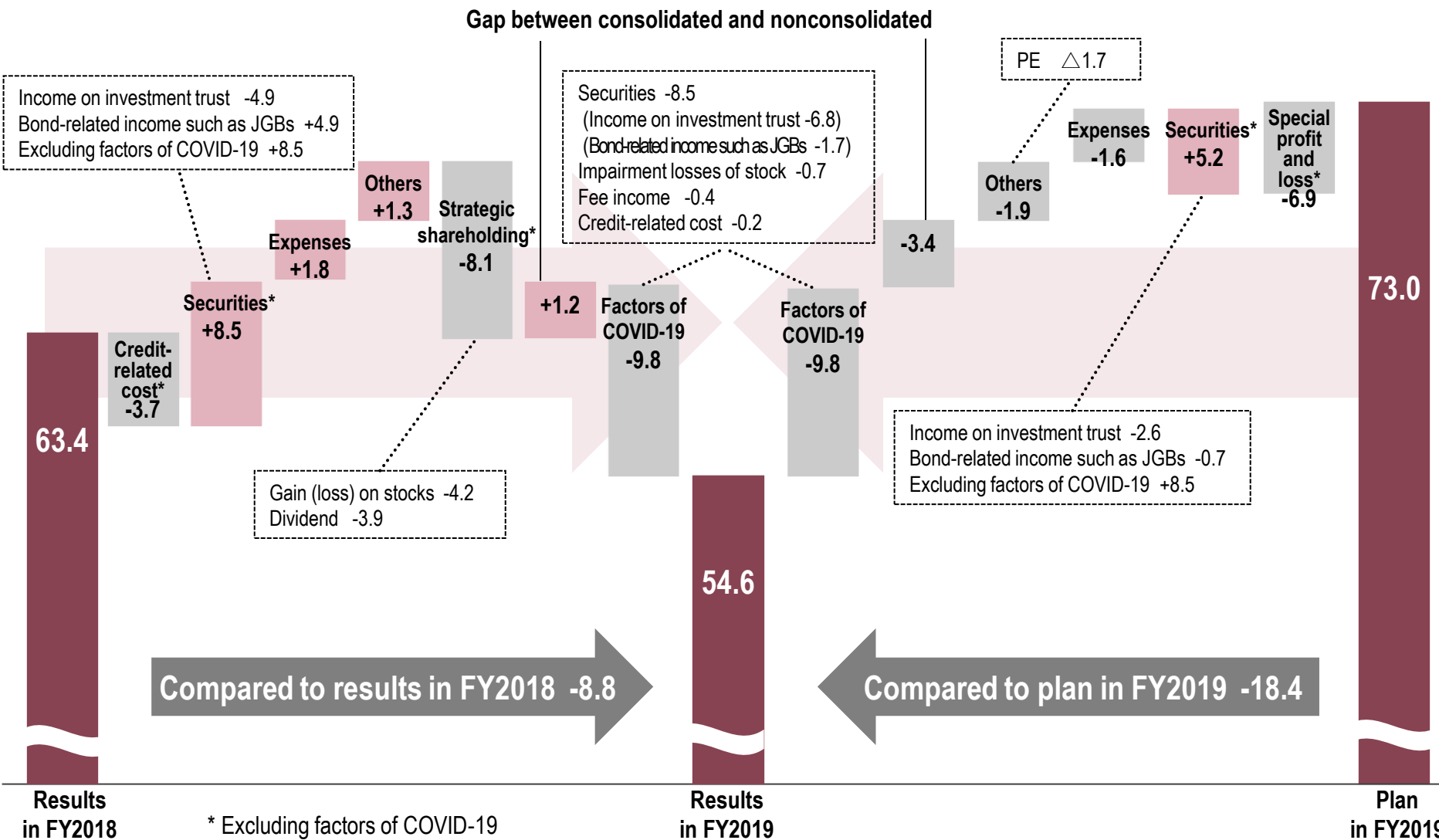
Shizugin Saison Card Co., Ltd.	
Monex Group, Inc.	Commons Asset Management, Inc.

Factor of change in consolidated ordinary profit – Comparison with results in FY2018 and plan in FY2019

- Consolidated ordinary profit in FY2019 was JPY 8.8bn smaller than that in FY2018, and JPY 18.4bn smaller than plan in FY2019, mainly due to record of unrealized loss of securities whose value rapidly fell because of COVID-19 pandemic

Factors of change in consolidated ordinary profit

(JPY bn)



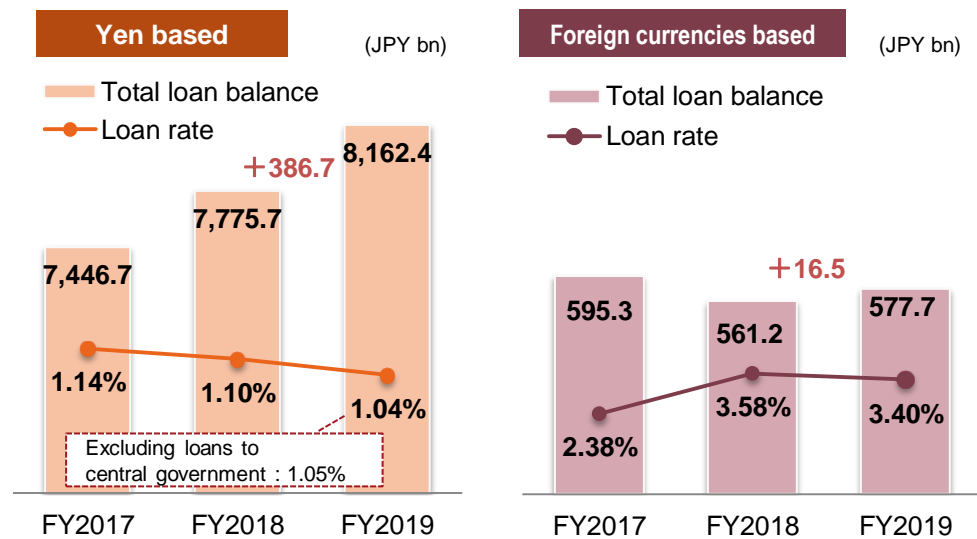
Results Highlights – Gross operating profit

- Profit in the bank branch division decreased by JPY 1.2bn YoY due to decrease both in interest on loans and in fees and commissions, and increase in interest paid on deposits.
- Profit in the market operations division decreased by JPY 2.6bn YoY, as increase in other operating profit could not compensate decrease in interest and dividend on securities and increase in funding cost of foreign currencies

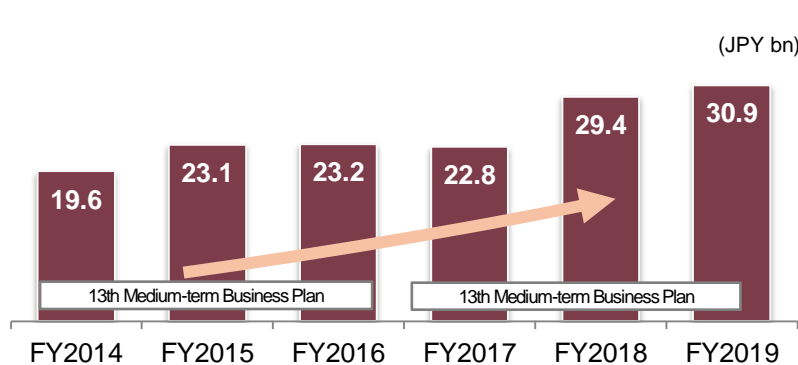
Breakdown of gross operating profit

Breakdown of gross operating profit by division (JPY bn)	FY2018	FY2019	YoY
(1) Bank branch division (Loans, Deposits, etc.)	108.4	107.2	-1.2
Interest on loans	106.0	105.2	-0.8
(Yen based)	85.8	85.5	-0.4
(Foreign currencies based)	20.1	19.7	-0.4
Fees and commissions	15.8	15.6	-0.2
Interest paid on deposits etc. (-)	13.3	13.6	+0.2
(2) Market operations division	26.4	23.8	-2.6
Interest and dividend on securities	32.6	24.9	-7.7
Interest on Deposits etc.	5.7	5.6	-0.1
Interest on Call money etc. (-)	14.3	15.2	+0.9
Trading income	0.8	0.6	-0.2
Other operating profit	1.6	7.9	+6.3
(Bond-related income such as JGBs)	-1.1	3.9	+4.9
(Gains on foreign exchange transactions)	2.1	3.8	+1.7
(Gains on financial derivatives)	0.9	0.2	-0.8
(Reference) Gains and losses on stocks	7.5	2.6	-4.9

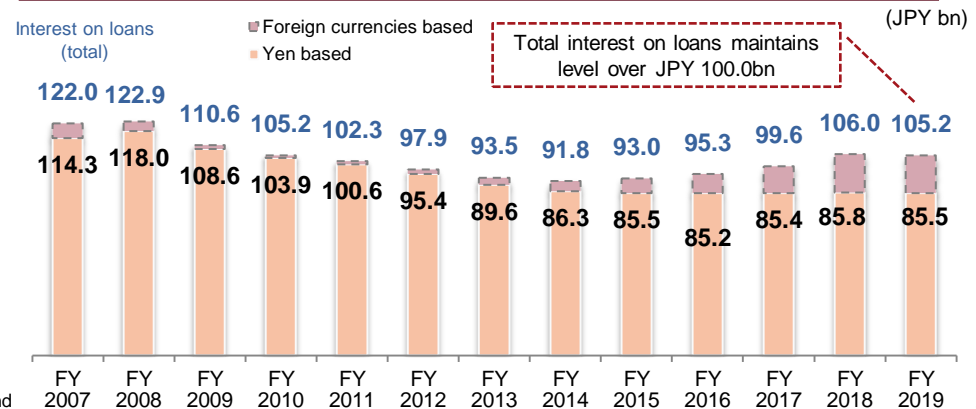
Loan balance (average balance) and loan rate



Profit from services to customers (*)



Interest on loans

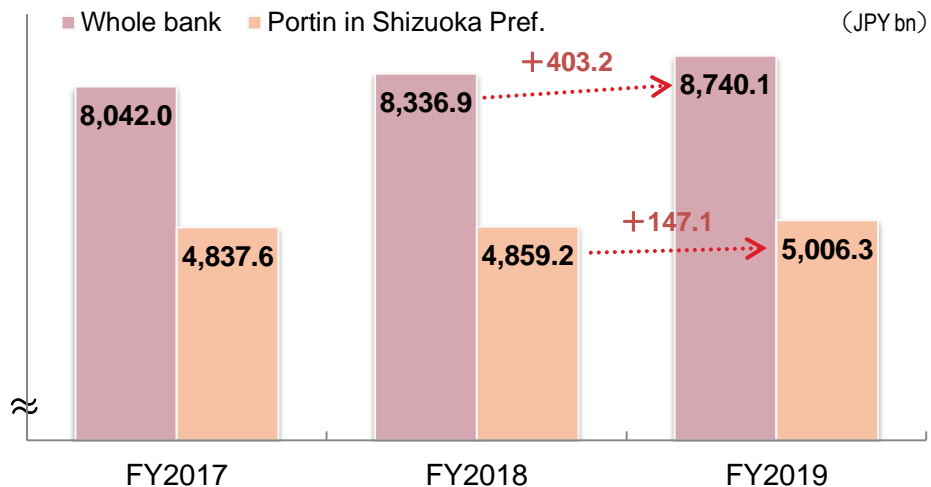


(*) Profit from services to customers = Loan average balance * Yield gap between loan and deposit + Fees and commissions – Operating expenses

Loans

- Total loan balance (average balance) increased by JPY 403.2bn (+4.8%) YoY mainly reflecting well-balanced growth in loan balance for SMEs and in retail loan balance

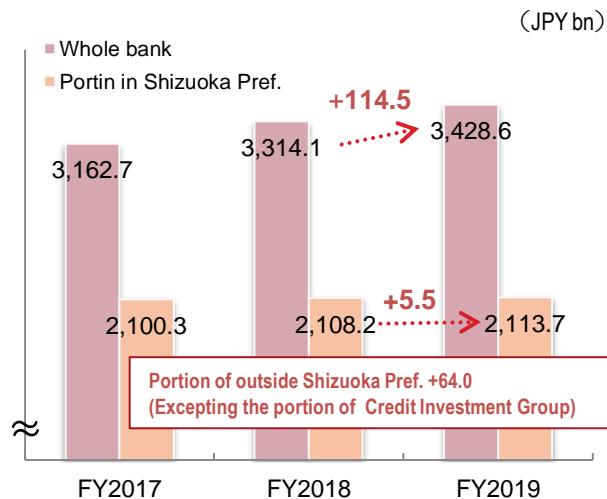
Total loan balance (average balance)



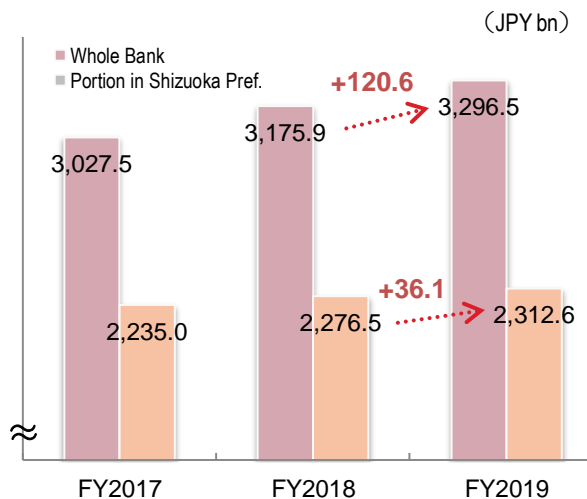
	Average balance	YoY change	Annual growth rate
Total loan balance	JPY8,740.1bn	JPY+ 403.2bn	+4.8%
Loan balance for SMEs	JPY 3,428.6bn	JPY+ 114.5bn	+3.4%
Retail loan balance	JPY 3,296.5bn	JPY+ 120.6bn	+3.7%
Loan balance for large and medium size enterprises	JPY 1,566.9bn	JPY+ 87.1bn	+5.8%
Loan balance in foreign currency	JPY 577.7bn	JPY +16.5bn	+2.9%

by amt. chg.: JPY +28.0bn
by ex. rate: JPY -11.5bn

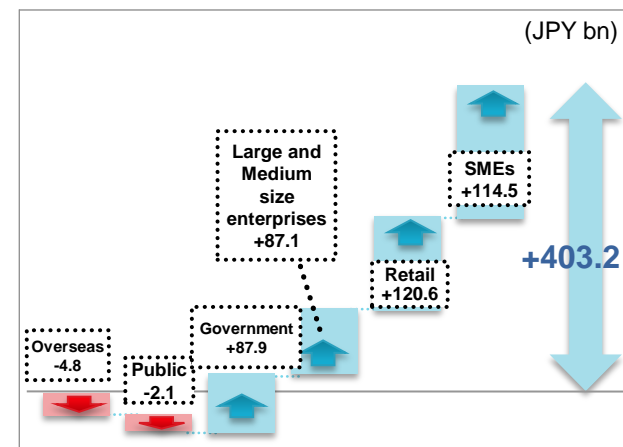
SMEs loan balance (average balance)



Retail loan balance (average balance)



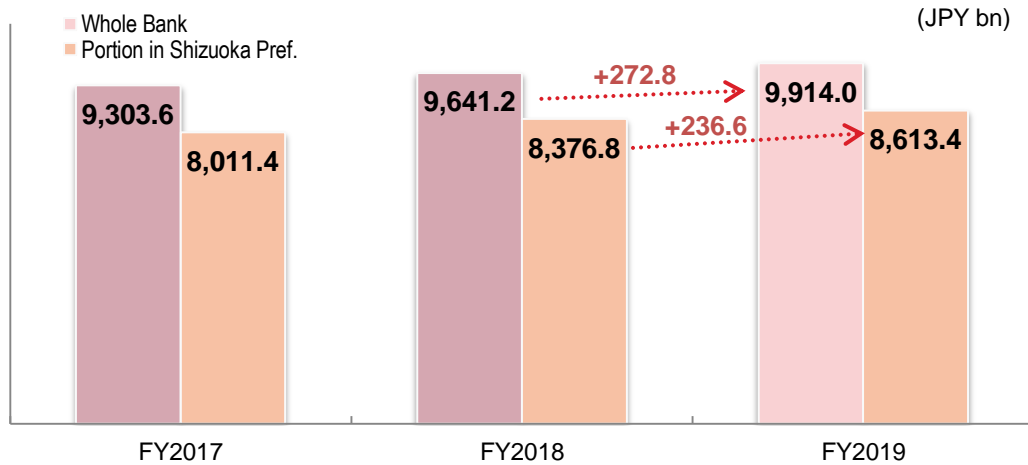
Breakdown of year-on-year changes in loan balance (average balance)



Deposits

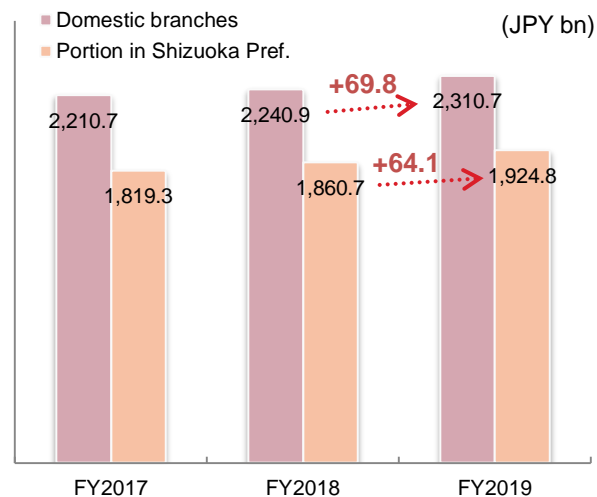
- Deposit balance (average balance) increased by JPY 272.8bn(+2.8%) YoY mainly due to the increase of retail deposit balance in Shizuoka Pref.

Deposit balance (average balance)

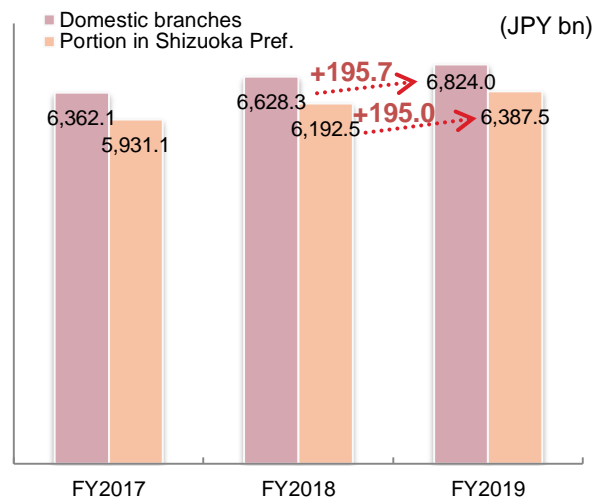


	Average balance	YoY change	Annual growth rate
Total deposit balance	JPY 9,914.0bn	JPY +272.8bn	+2.8%
Deposit balance in Shizuoka	JPY 8,613.4bn	JPY +236.6bn	+2.8%
Corporate deposit balance	JPY 2,310.7bn	JPY +69.8bn	+3.1%
Retail deposit balance	JPY 6,824.0bn	JPY +195.7bn	+2.9%
Portion in Internet branch	JPY 521.7bn	JPY +45.4bn	+0.8%
NCD	JPY 174.7bn	JPY +72.3bn	+70.5%

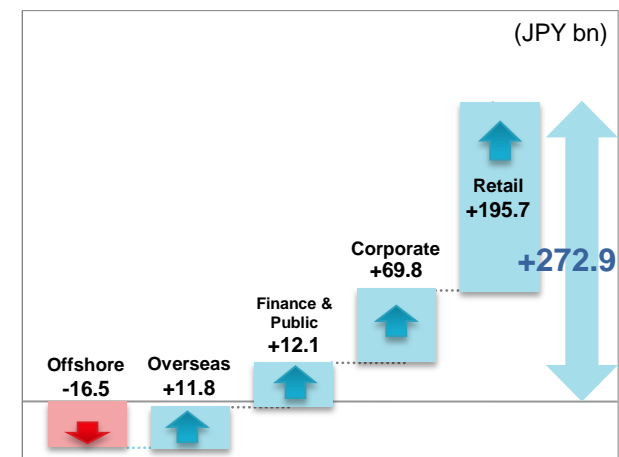
Corporate deposit balance (average balance)



Retail deposit balance (average balance)



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



Securities

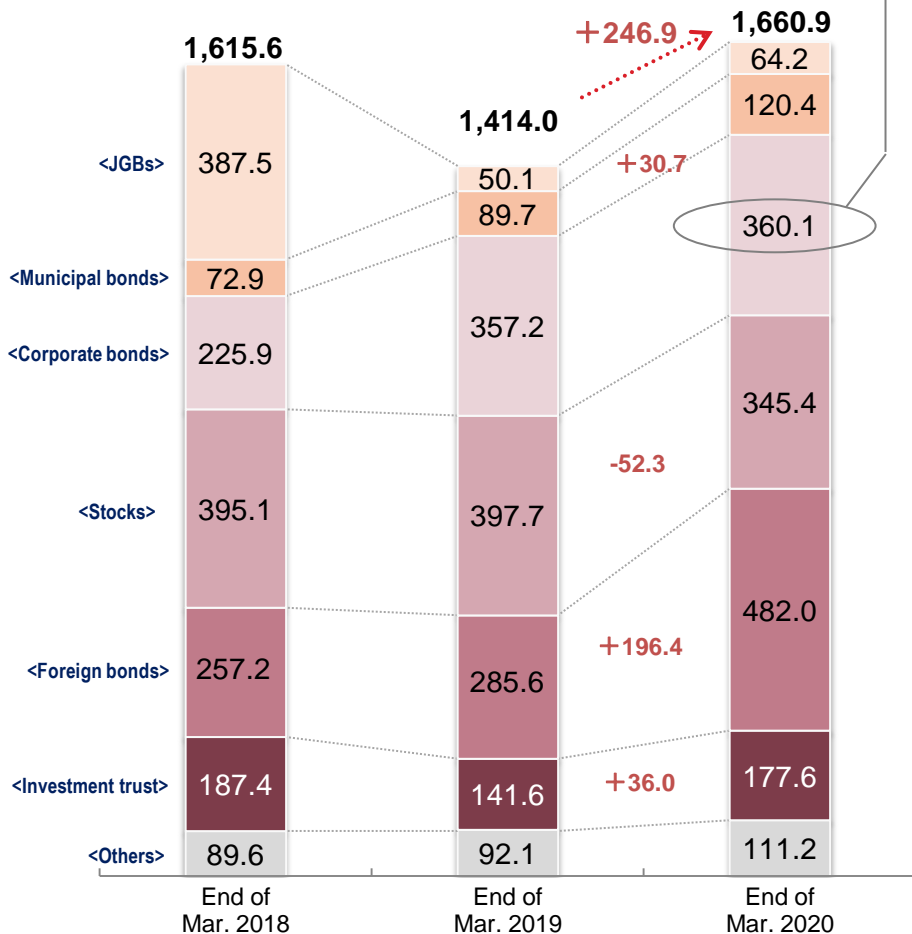
- The balance of securities at the end of Mar. 2020 increased by JPY 246.9bn from the end of Mar. 2019, mainly because the Bank increased the balance of foreign bonds

Securities

(JPY bn)

【Breakdown of bonds】

Government-guaranteed bonds : JPY 59.3bn
 FILP agency bonds : JPY 201.6bn
 Business bonds : JPY 57.2bn(Of which private placement bonds : JPY 27.4bn)
 Held-to-maturity business bonds(Mortgage trust beneficiary rights) : JPY 42.0bn



Gains and losses on securities

(JPY bn)

	FY2018	FY2019	YoY
Interest and dividend on securities	32.6	24.9	-7.7
Gains on investment trusts (Gains (losses) on cancellation)	4.9 (2.6)	0.0 (0.0)	-4.9 (-2.6)
Gains and losses on bonds such as JGBs	-1.1	3.9	+4.9
Gain on sell of bonds such as JGBs	4.2	5.8	+1.6
Loss on sell and redemption of bonds such as JGBs (-)	5.3	1.9	-3.3
Gains and losses on hedges	0.7	-0.1	-0.8
Gains and losses on stocks	7.5	2.6	-4.9
Gain on sales of stocks	7.6	4.5	-3.1

Unrealized gains and losses on securities

	(JPY bn)	End of Mar. 2018	End of Mar. 2019	End of Mar. 2020	Change from end of Mar. 2019
Unrealized gains and losses on securities		+272.5	+271.5	+217.3	-54.2
Stocks		+265.4	+261.8	+211.5	-50.3
Bonds		+5.2	+5.9	+3.4	-2.5
Other		+1.9	+3.8	+2.3	-1.5
Foreign bonds		-0.6	+2.6	+5.1	+2.5
Investment trusts		+1.8	-1.2	-6.6	-5.4

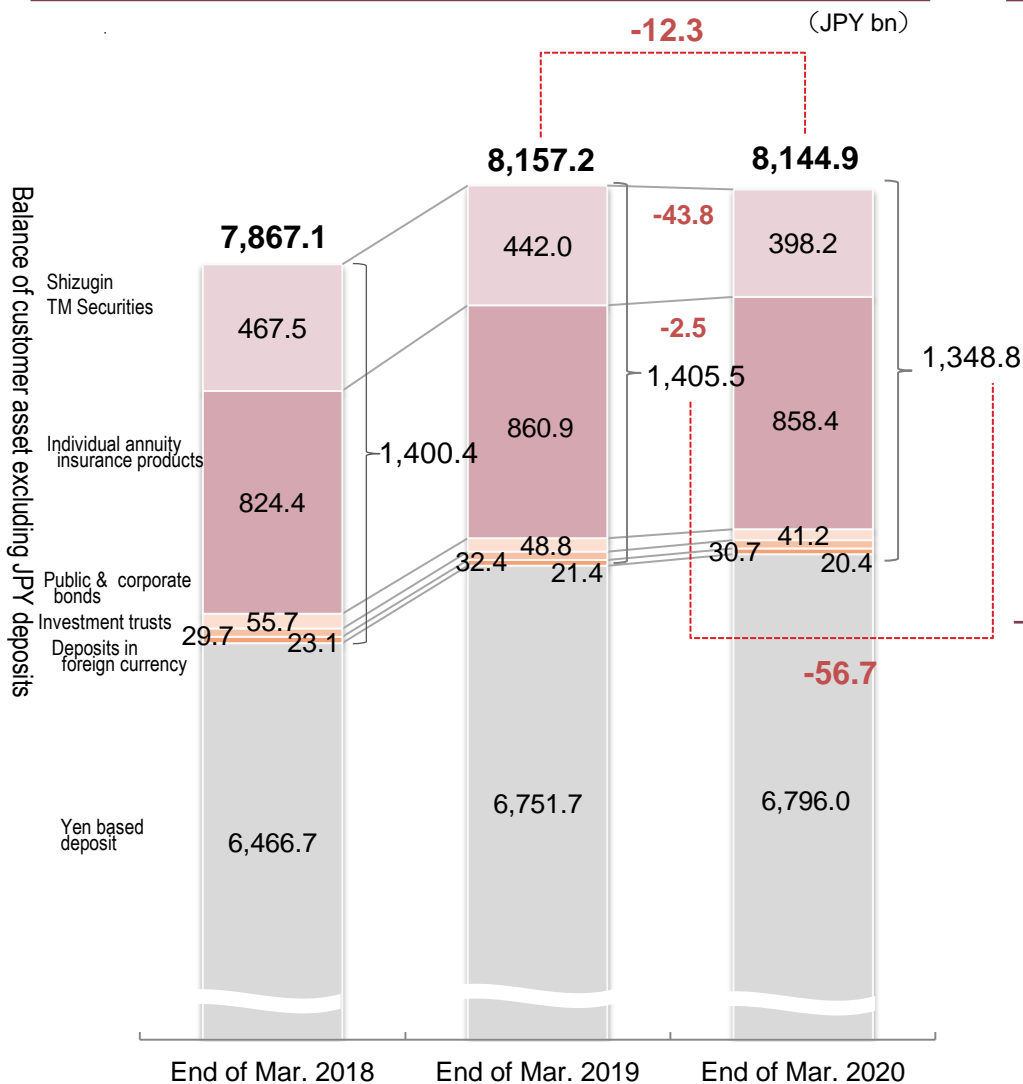
〔Duration〕

	End of Mar. 2018	End of Mar. 2019	End of Mar. 2020
Yen based bonds	5.42 years	5.02 years	6.03 years
Foreign bonds	5.07 years	3.96 years	2.35 years

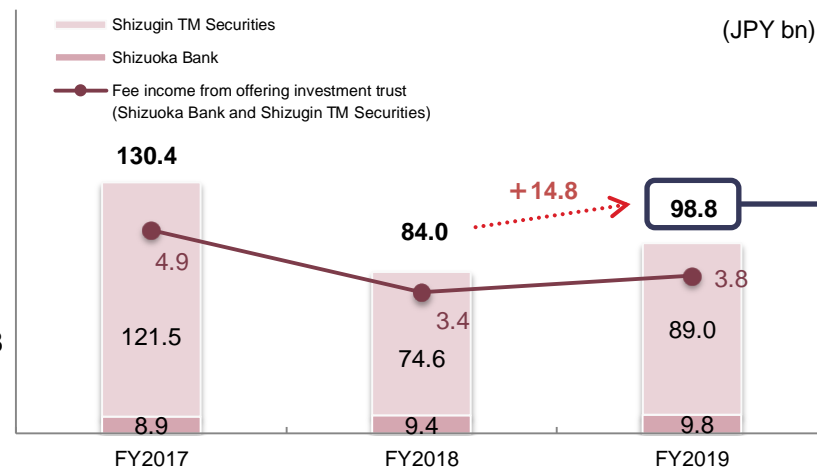
Customer assets

- Customer assets at the end of Mar. 2020 decreased by JPY 12.3bn from the end of Mar. 2019 mainly due to decrease in balance of customer asset excluding JPY deposits
- Sales amount of investment trusts increased by JPY 14.8bn YoY, and that of insurance products decreased by JPY 9.4bn YoY

Customer assets (term-end balance)

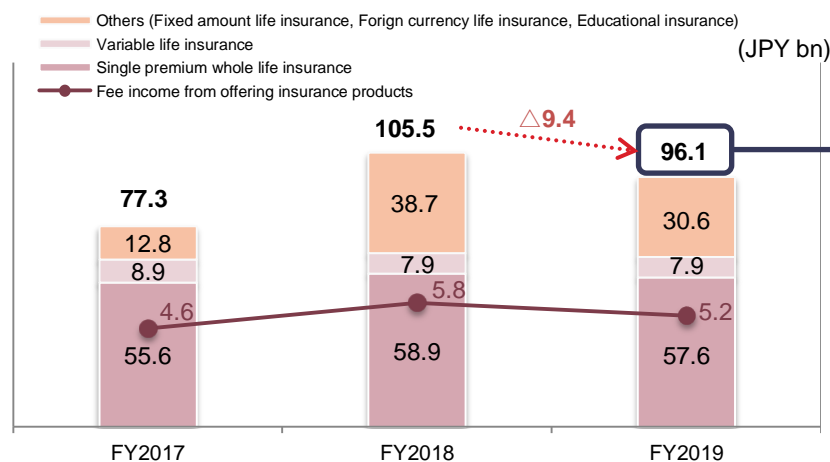


Investment trusts



Total sales amount of investment trusts and insurance products : JPY 194.9bn (up JPY 5.4bn YoY)

Insurance products

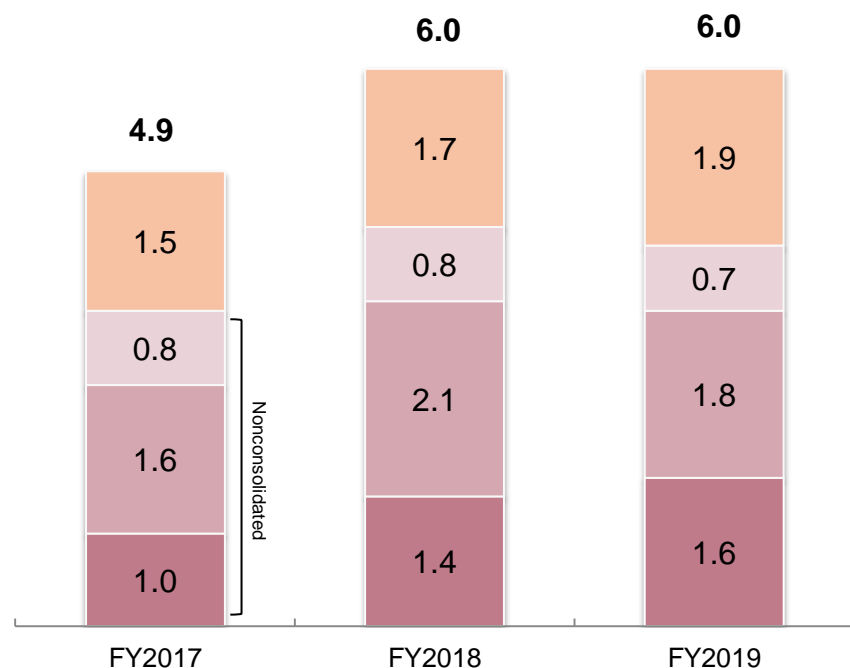


Consulting business for corporate customers

- Fee incomes related to corporate including those for group companies in FY2019 were roughly same with those in FY2018 as ordinary revenue of Shizugin Management Consulting increased because of growth in M&A businesses and fees income related to loans for corporates increased while income on market credit investment decreased
- Work on support to solve social issues on business succession by combining expertise of the Bank and group companies

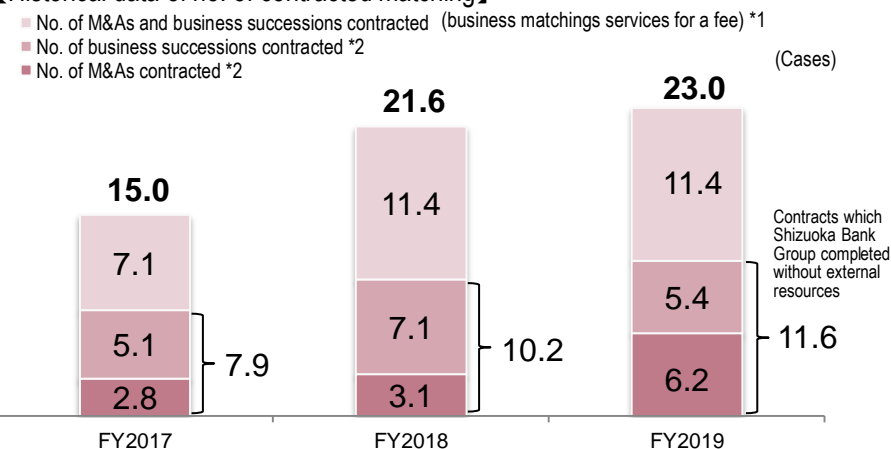
Fee incomes related to corporate (include group companies)

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



Support for business succession

【Historical data of no. of contracted matching】



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

Shizugin Management Consulting

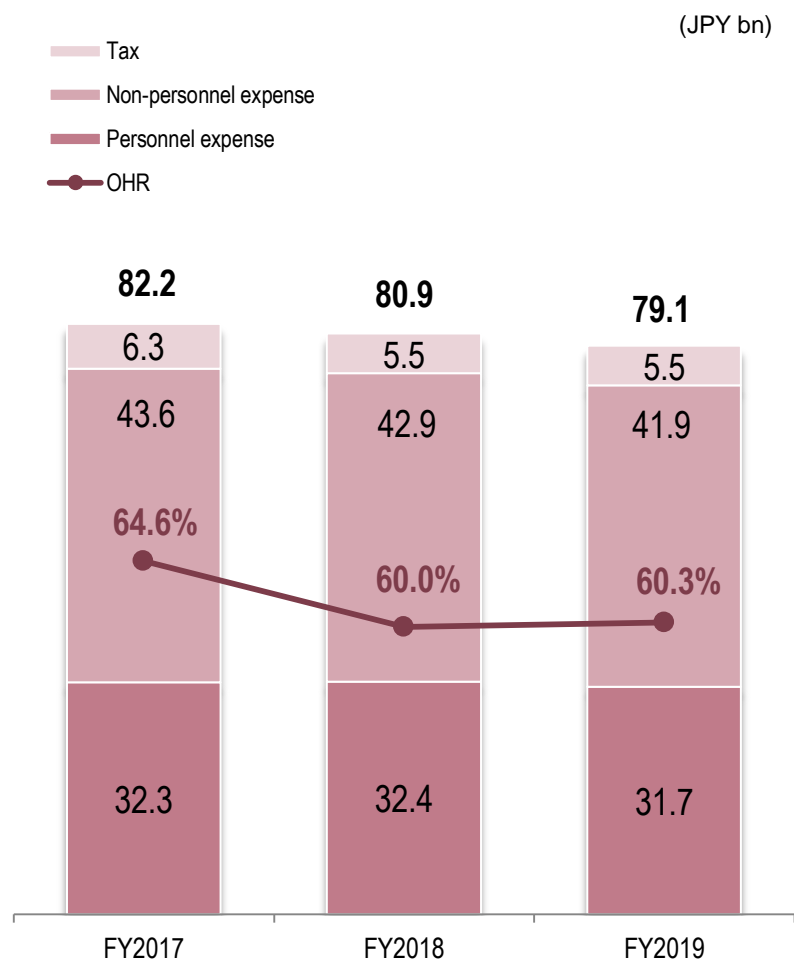
- Carry out consulting for M&A and business succession stably, and aim to further expand these businesses

[contracts number]		FY2017	FY2018	FY2019	YoY
(JPY bn)					
Ordinary revenue		1.49	1.66	1.88	+0.22
Consultant fee	M&A	0.39 [28]	0.50 [31]	0.74 [62]	+0.24 [+31]
	Business succession	0.13 [51]	0.17 [71]	0.15 [54]	-0.02 [-17]
Settlement service		0.85	0.85	0.86	+0.01

Expenses

- Expenses (nonconsolidated) in FY2019 was JPY 79.1bn (down JPY 1.8bn YoY), and OHR was 60.3% (up 0.3 pt YoY)
- System-related cost in FY2019 was JPY 16.5bn (down JPY 0.6bn YoY)

Expenses and OHR (nonconsolidated)

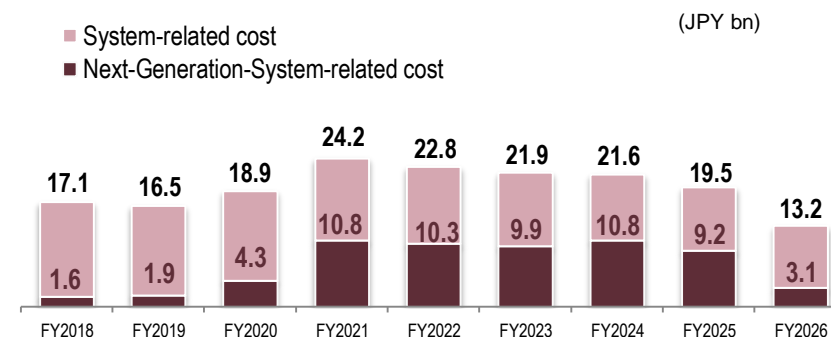


Main factors for change of expenses (nonconsolidated)

	YoY	Main factors
Tax	JPY +0.0bn	Consumption tax JPY +0.1bn
Non-personnel expenses	JPY -1.0bn	Depreciation expense JPY -1.3bn System-related maintenance fee JPY +0.3bn
Personnel expenses	JPY -0.8bn	Salary allowance JPY -0.6bn
Total	JPY -1.8bn	

Forecast of system-related expenses

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



* Next Generation System will start in Jan. 2021

Credit-related costs

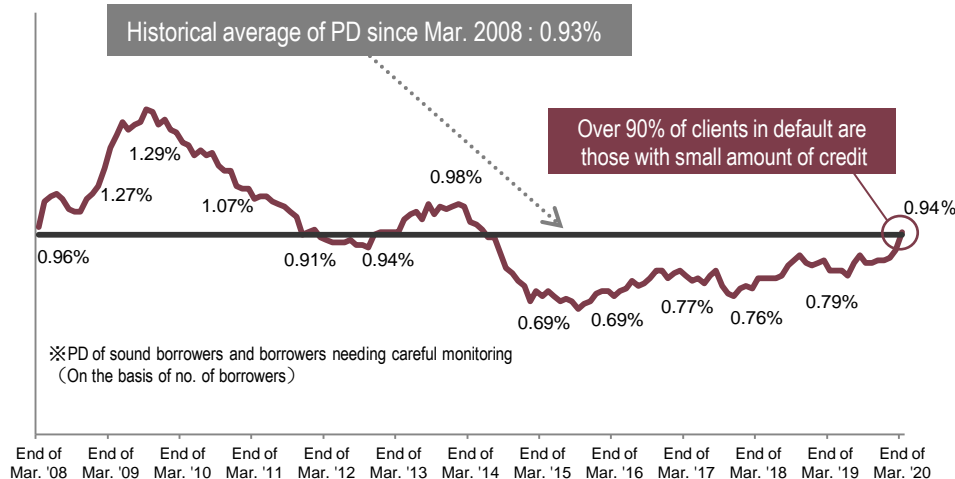
● Credit-related costs in FY2019 : JPY 8.7bn (up JPY 3.9bn YoY)

Breakdown of credit-related costs

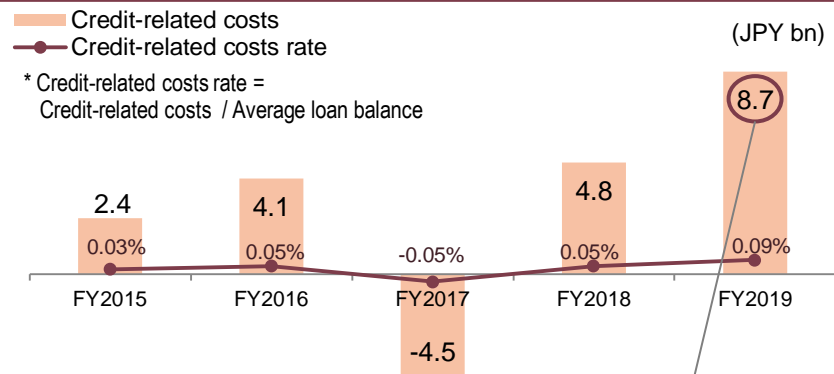
(JPY bn)	FY2018	FY2019		YoY change
		1H	2H	
Provision for general allowance for loan losses (1)	1.0	0.3	0.1	-0.6
Provision for specific allowance for loan losses (2)	3.4	3.6	1.9	+2.1
Other non-performing loans (NPL) disposal * (3)	0.4	2.3	0.5	+2.4
Credit-related Costs (1)+(2)+(3)	4.8	6.2	2.5	+3.9

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

Probability of Default (PD)

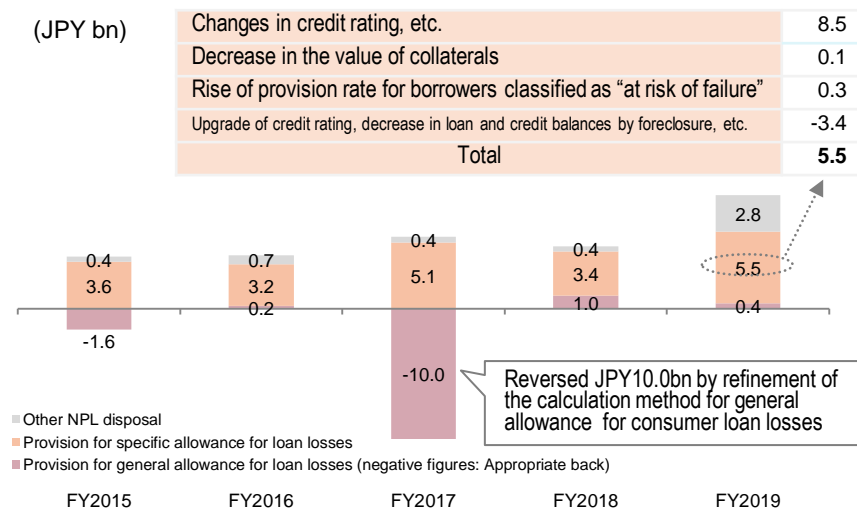


Credit-related costs and Credit-related cost ratio



Including both JPY 1.3bn of provision for specific allowance for loan losses(1company) and JPY 1.9bn of losses on debt waiver(1company) to companies outside Shizuoka Pref.

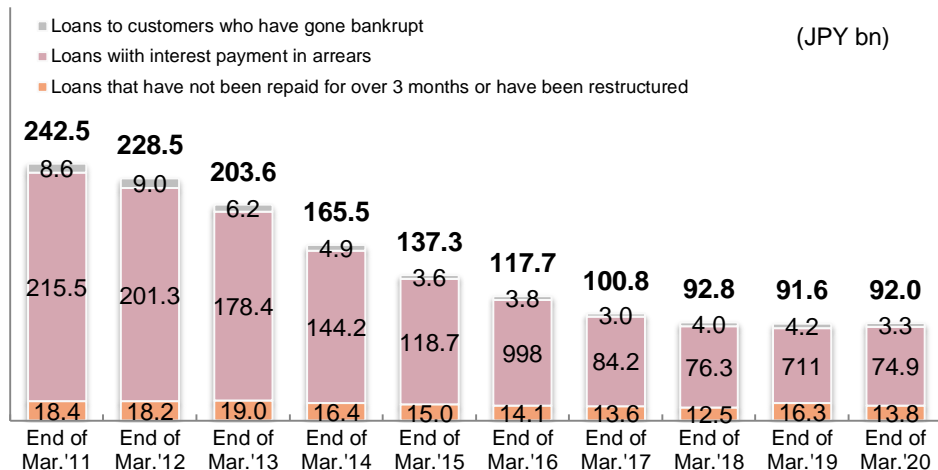
Provision for allowance for loan losses and other NPL disposal



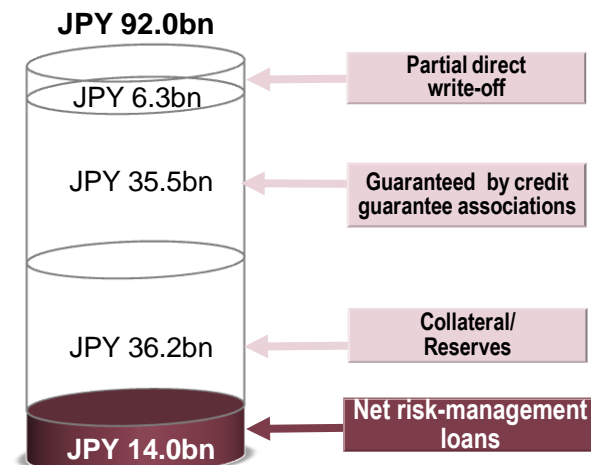
Risk-management loans

- Total risk-management loans keep decreasing from the peak balance of JPY 242.5bn after the collapse of Lehman Brothers, and the figure at the end of Mar. 2020 was JPY 92.0bn (the ratio of risk-management loans was 1.02%)
- Net risk-management loans were JPY 14.0bn (the ratio of net risk-management loans was 0.15%), which shows the soundness in the Bank's asset

Trends in Risk-management loans



Net risk-management loans



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

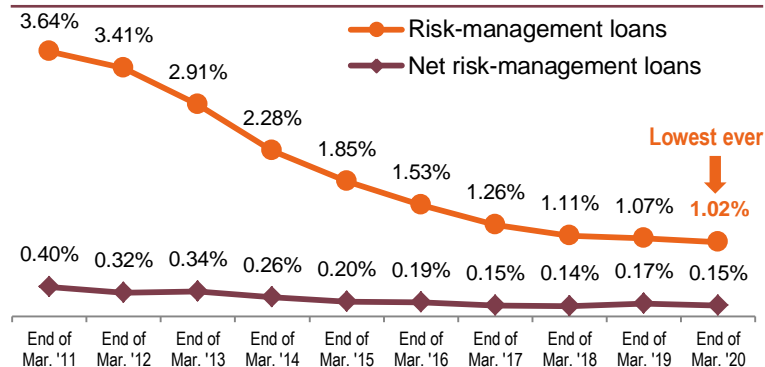
NPL removal from the balance sheet

	FY2018	FY2019
New recognition of NPLs	+28.3	+32.0
Removal from the balance sheet (NPL to borrowers classified as "at risk of failure" or riskier categories)	-29.5 (-27.3)	-31.6 (-23.4)
Risk-management loans	91.6	92.0

[Breakdown of JPY -23.4bn] (JPY bn)

Collected from borrower/ set off against deposit account	-3.5
Collateral disposal/subrogated to guarantor	-9.5
Reclassified to better categories	-5.7
Loans sold-off	-4.7
Direct write-off of loans	—

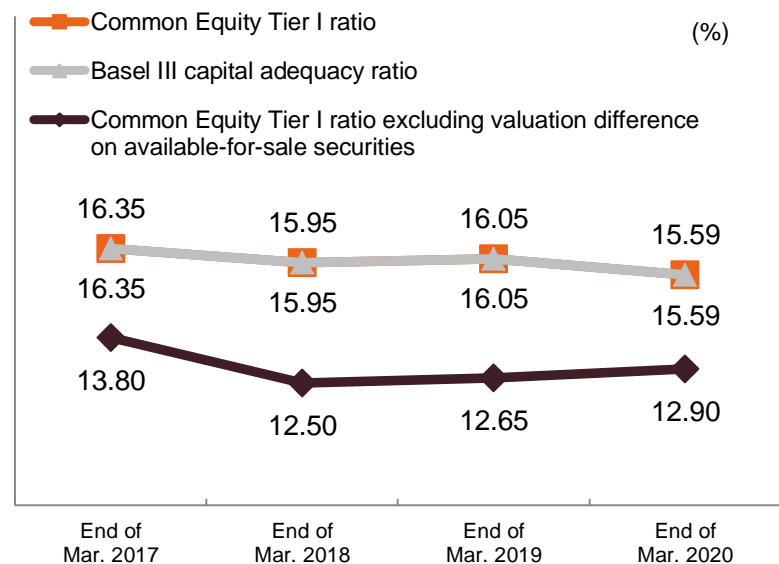
The ratio of risk-management loans



Capital adequacy ratio

- Both Basel III capital adequacy ratio and Common Equity Tier I ratio at the end of Mar. 2020 are 15.59%, down 0.46 percent points from the end of Mar. 2019 (Common Equity Tier I ratio excluding valuation difference on available-for-sale securities at the end of Mar. 2020 is 12.90%, up 0.25 percent points from the end of Mar. 2019)

BIS capital adequacy ratio (Consolidated basis)



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

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

Decrease in economic value	Tier I	Results of materiality test*
JPY 37.6bn	JPY 893.8bn	4.2% \leq 15%

*Financial Services Agency supervision guidelines require Δ EVE to be less than 15% of Tier I capital
 * Changed model to calculate core deposit in Mar. 2020 from standard model to internal model

- Δ NII (Net Interest Income): JPY 8.7bn**
 (Decrease in net interest income due to interest shock Within IRRBB)

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

	(JPY bn)				
[Basel III]	End of Mar. '17	End of Mar. '18	End of Mar. '19	End of Mar. '20	Change from end of Mar. '19
Capital*	850.8	897.9	913.3	893.8	-19.5
Common Equity Tier I	850.8	897.9	913.3	893.8	-19.5
Excluding valuation difference on available-for-sale securities	718.3	703.6	719.9	739.4	+19.5
Other Tier I	0.0	0.0	0.0	0.0	\pm 0.0
Tier II	0.0	0.0	0.0	0.0	\pm 0.0
Risk-adjusted assets	5,202.8	5,626.9	5,690.1	5,729.7	+39.6
Total credit-risk adjusted assets	4,895.5	5,319.5	5,379.1	5,411.3	+32.2
Amount corresponding to market risk	15.2	12.7	13.0	18.6	+5.6
Amount corresponding to operational risk	292.1	294.7	298.1	299.8	+1.7

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

[Other indices related to the Basel III]

- Liquidity coverage ratio (Consolidated)
 - End of Mar. 2020 : 135.0% (Regulatory level 100% and over)
 - 4Q FY2019(Daily average) : 138.7%
- Leverage ratio (Consolidated, end of Mar. 2020) : 7.01% (Rough target 3% and over in trial period)

Expanding business fields (1)

- Income from new business fields has grown to JPY 30.0bn level

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

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



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

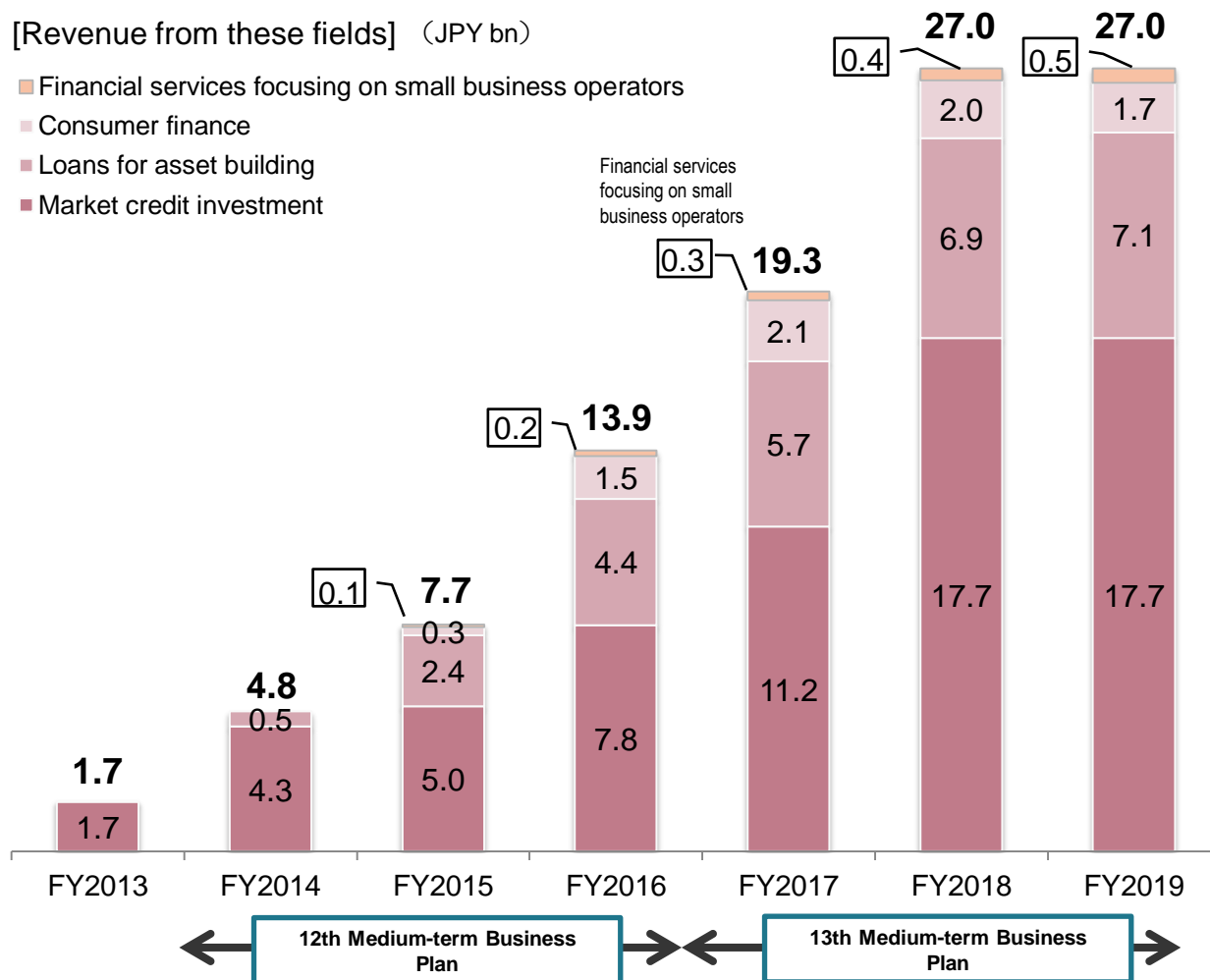
Developing new business fields

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

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

[Revenue from these fields] (JPY bn)

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



Expanding business fields (2)

- In business fields that the Bank developed in the 12th Medium-term Business Plan, efforts to further expand revenue in the 13th Medium-term Business Plan resulted in growth from the 12th Medium-term Business Plan on the whole

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

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



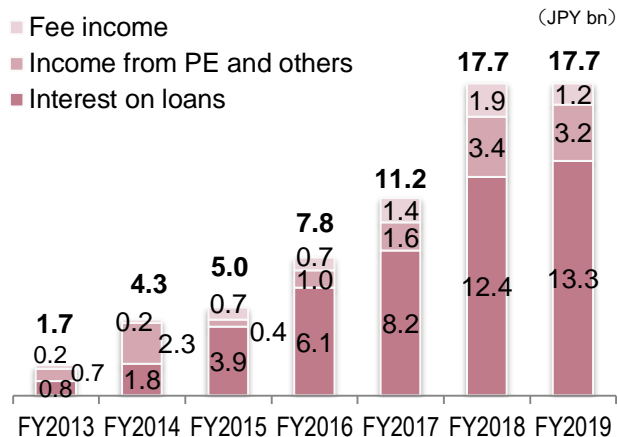
New areas of development and monetization in the 13th Medium-term Business Plan

Developing new business fields

- Guaranty through collaboration with a housing loan specialist, ARUHI
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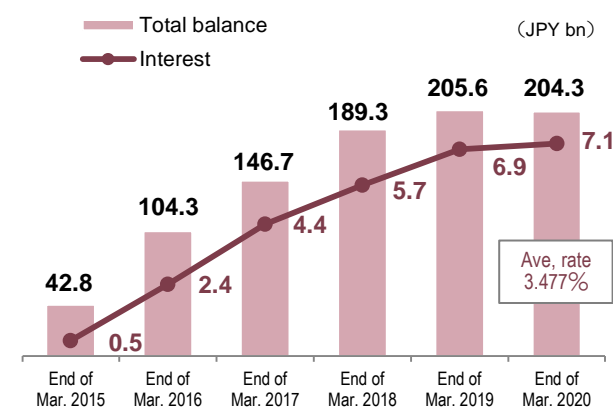
【Market Credit investment】 Interest on loans & Fee income

Tokyo metropolitan area



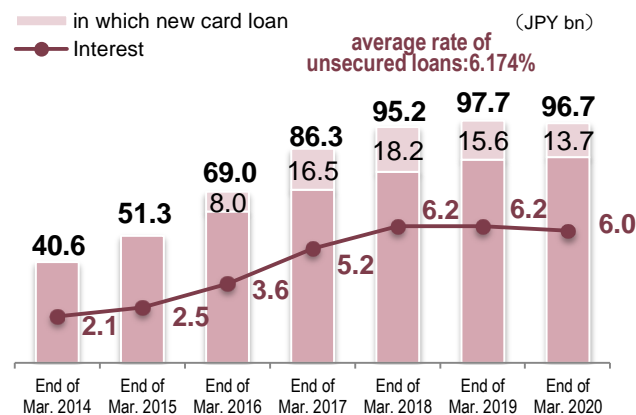
【Support for asset building】 Balance of loans for asset building

Tokyo metropolitan area



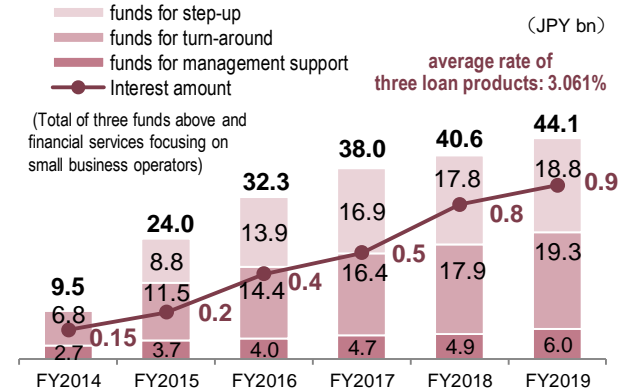
【Consumer finance】 Balance of unsecured loans

Nationwide market



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

Reinforce core business

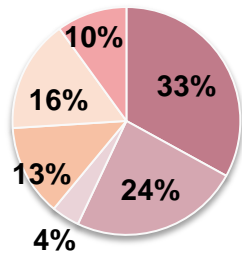


Market credit investment

- Build structured loan (SF loan) portfolio mainly consisting of loans with high credibility by diversifying scope of loan
- Target to generate constant profit in private equity investment by diversifying timing and scope of investment

Breakdown of SF loan by loan type

(Monthly average balance in Mar. 2020: JPY 547.8bn)



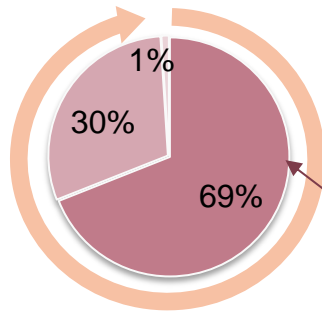
- Corporate credit risk (senior)
- Corporate credit risk (mezzanine)
- Asset finance
- Project finance
- Real estate non-recourse loan
- Securitized loan (CLO etc.)

CLO balance (As of the end of Mar. 2020)
 JPY 56.9bn (19 contracts, JPY 3.0bn on average)
 All have AAA rating
 Subordination ratio: 35.0% - 41.8%

Well-diversified portfolio

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

Breakdown of SF loan by credit rating



- Performing (Equivalent to or higher than single A)
- Performing (Lower than single A)
- Requiring caution

99% are classified as "Performing"
69% are equivalent to or higher than single A

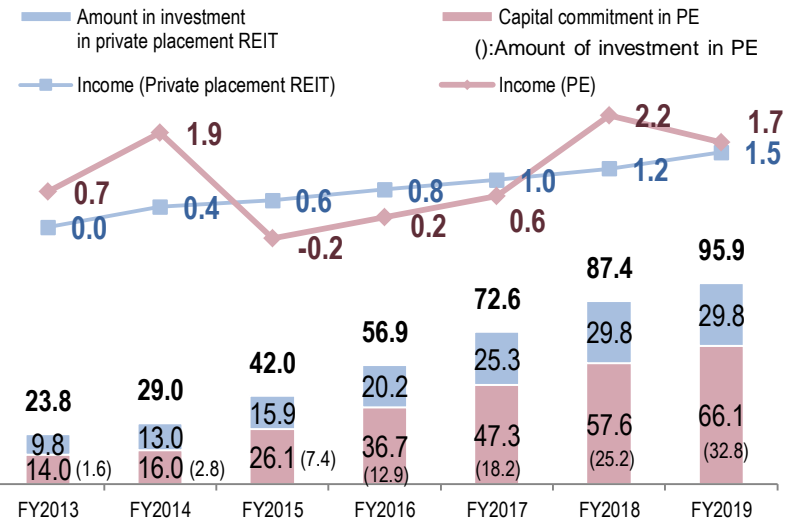
* **Average LTV is 59.9%** for real estate non-recourse loans

Profitability indicators of SF loan	FY2018	FY2019	Compared to FY2018
ROA (Return on Assets)	0.90%	0.94%	+0.04pt
RORA (Return on Risk-Weighted assets)	1.46%	1.57%	+0.11pt

Investment in private equity (PE) and others

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

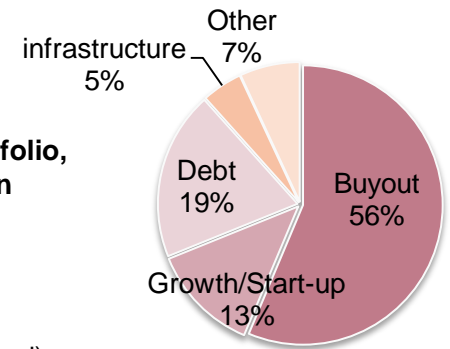
(JPY bn)



Ratio of capital commitment in PE by investment types

Well-diversified portfolio, same as SF loan

No. of investment : 68
 (Of which 21 are international)



Consumer loans (1)

- Consumer loan balance (term-end balance) increased by JPY 126.2bn from the end of Mar. 2019, maintaining increase trend mainly due to growth of housing loans

Consumer loan balance (term-end balance)

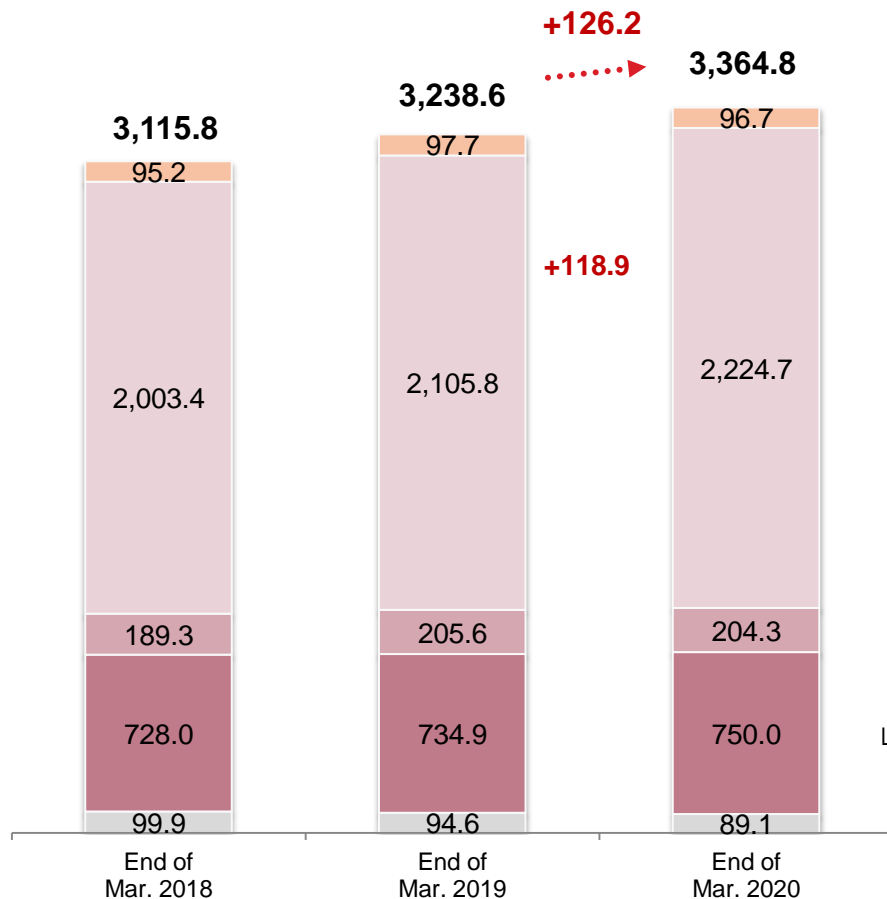
Unsecured loans (Unsecured but guaranteed) (JPY bn)

Housing loans

Loans for asset building

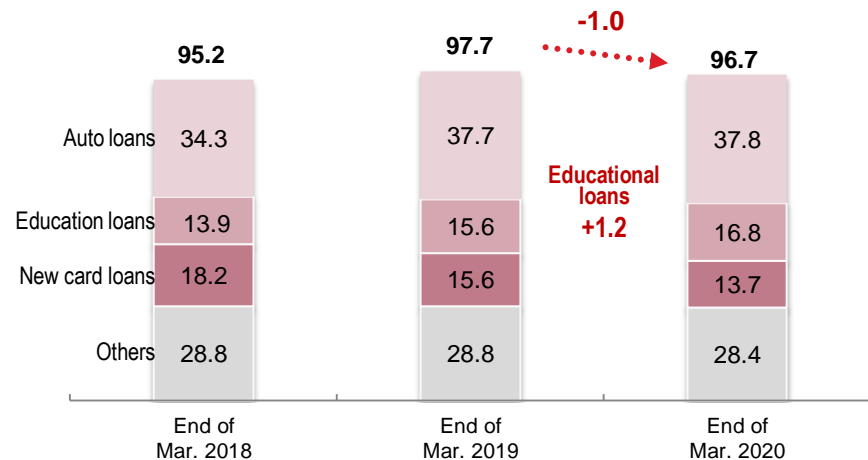
Apartment loans

Others



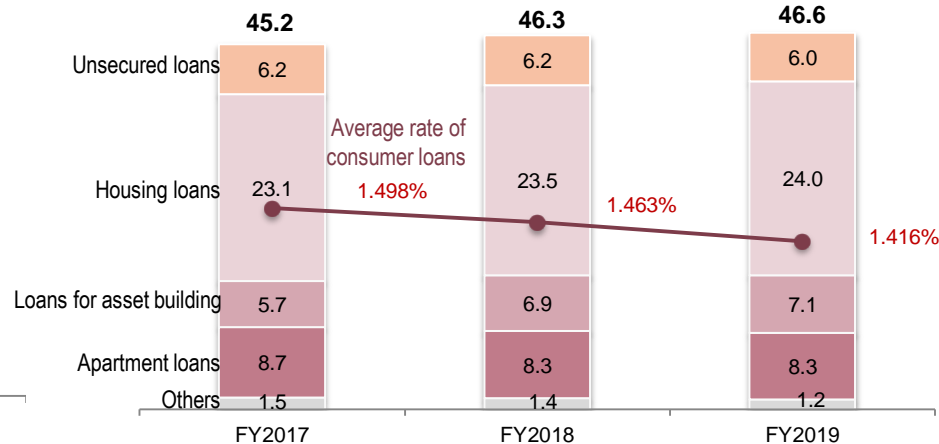
Unsecured loan balance (term-end balance)

(JPY bn)



Interest amount and rate of consumer loans

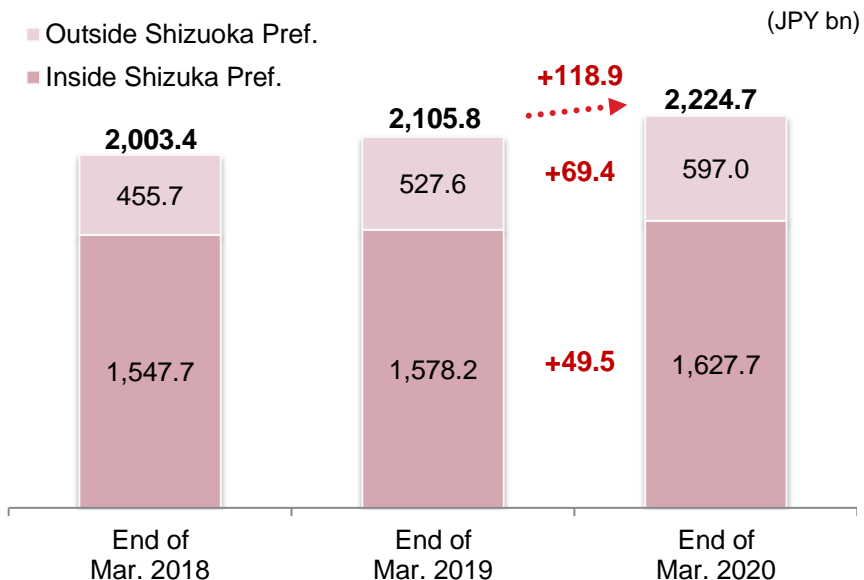
(JPY bn, %)



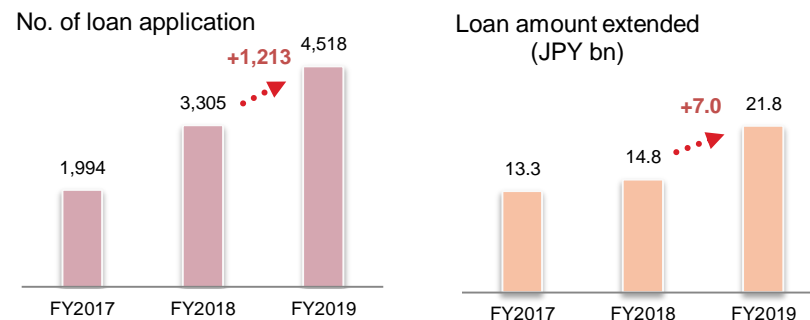
Consumer loans (2) – Housing loan

- Housing loan balance increased by JPY 118.9bn from the end of Mar. 2019 (+5.6%), growing both inside and outside Shizuoka Pref.

Housing loan balance (term-end balance)



Housing loan at the Direct Loan Center

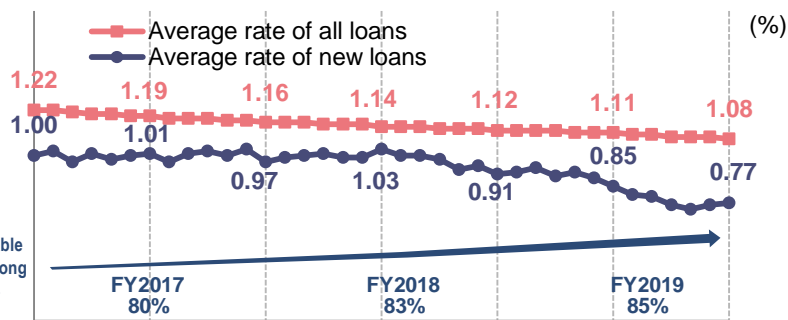


What is the Direct Loan Center?

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

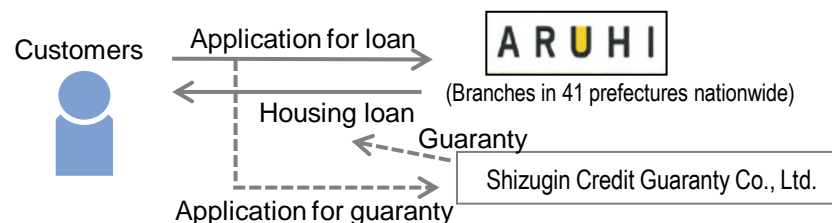
Interest rate of housing loan

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



Housing loan business in nationwide market

- Shizugin Credit Guaranty Co., Ltd., a group company, started a new business to give guaranty to a housing loan product "ARUHI Variable S" offered by ARUHI Corporation (Aug. 2018)
- 574 applications were received between Aug. 2018 and Mar. 2020.



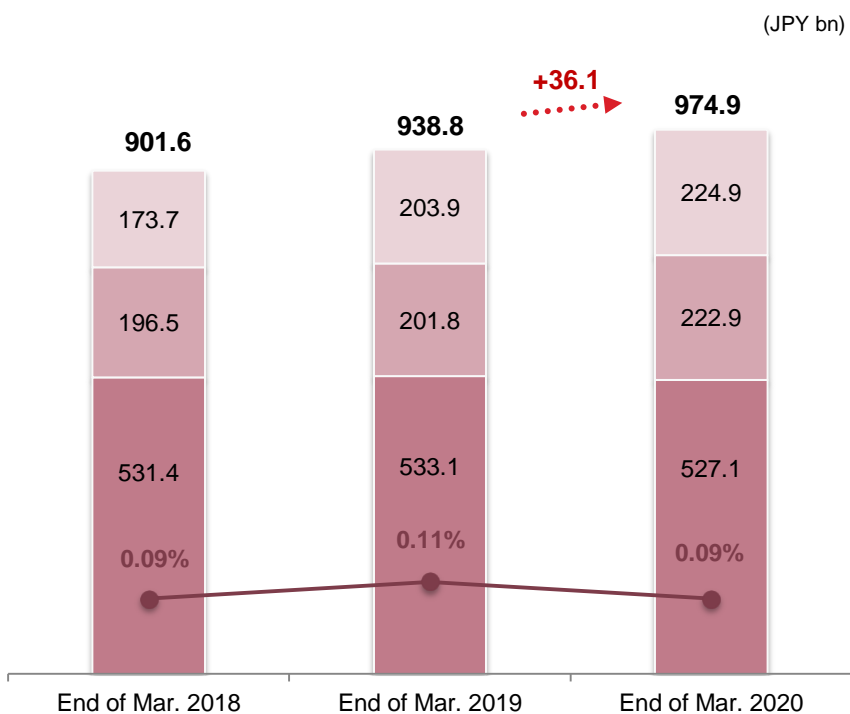
Mar. 2017 Sep. 2017 Mar. 2018 Sep. 2018 Mar. 2019 Sep. 2019 Mar. 2020

Consumer loans (3) – Apartment loan

- Amount of apartment loan (including loan to businesses) increased by JPY 36.1bn from the end of Mar. 2019
- Low delinquency rate and high occupancy rate show soundness of apartment loan portfolio

Term-end balance and delinquency rate of apartment loan

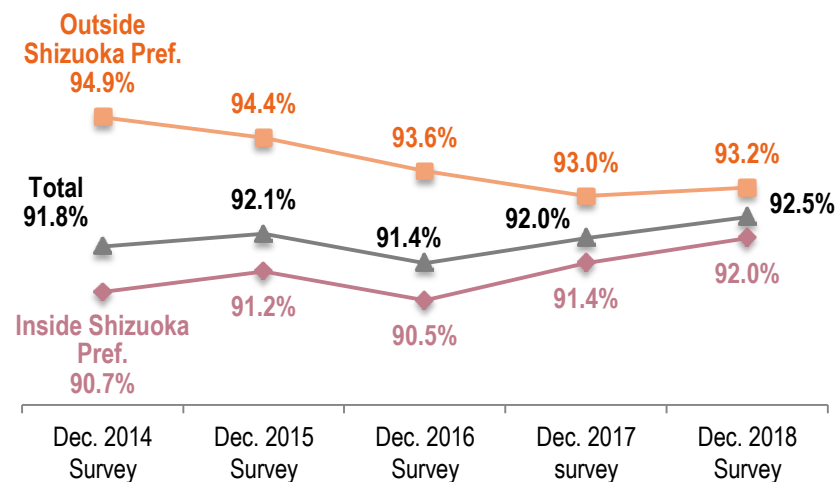
- Corporate *
 - Retail outside Shizuoka Pref.
 - Retail inside Shizuoka Pref.
 - Delinquency rate (3 months or longer, excluding inheritance-related)
- * Corporate : apartment loan for management company, which are not classified as consumer loans



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

Occupancy rate

【Survey on occupancy rate for rental property】



Enhancing accuracy of credit screening by utilizing cross-industry collaboration

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

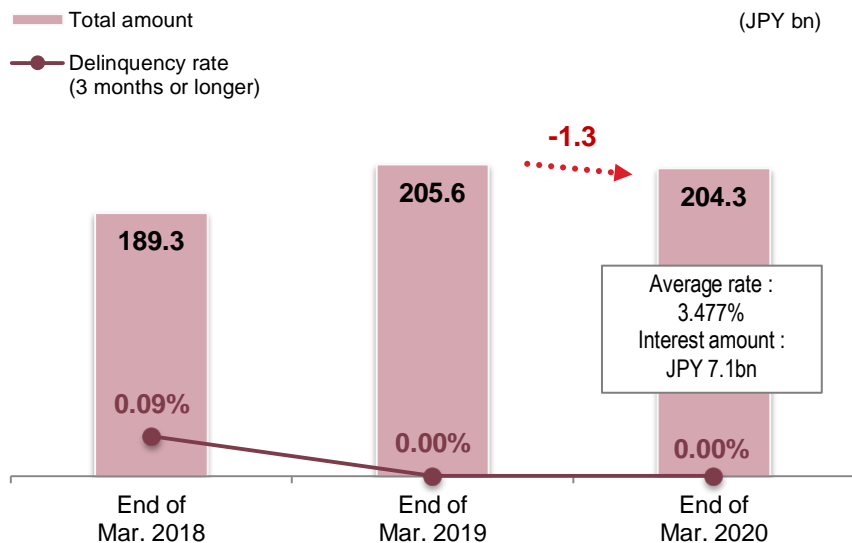
⇒ Enhance accuracy of screening by detailed simulation of income and expenditure based on AI (Started in May 2020)



Consumer loans (4) – Loan for asset building

- Manage loan for asset building based on strict review system with emphasis on profitability of property
- Loan portfolio is well-diversified with small-amount loans, and there is no delinquency as of the end of Mar. 2020

Term-end balance of loan for asset building



Stance

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

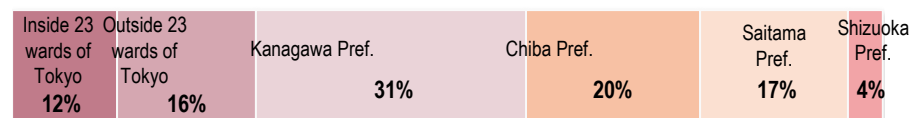
- Branches that can accept applications are limited, and staff that can deal with them are limited to those who have completed specialized internal training
- Evidence for applications including financial assets of borrowers are limited to original documents presented by borrowers themselves
- Credit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

Data on applications accepted

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

Geographical distribution of property

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



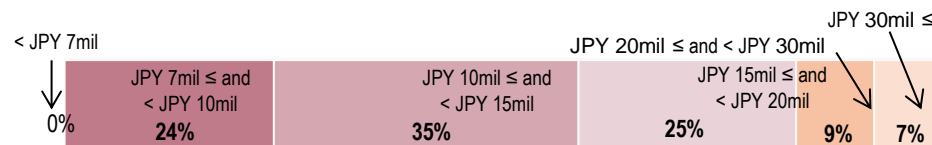
Loan amount per deal

The fact that average loan amount per deal is JPY 68mil shows that loan portfolio is well-diversified with small-amount loans



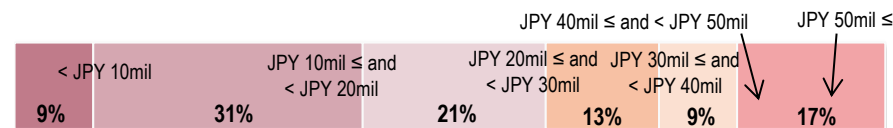
Borrowers' annual income

Average annual income is JPY 15mil



Borrowers' financial asset

Average amount of financial asset is JPY 31mil



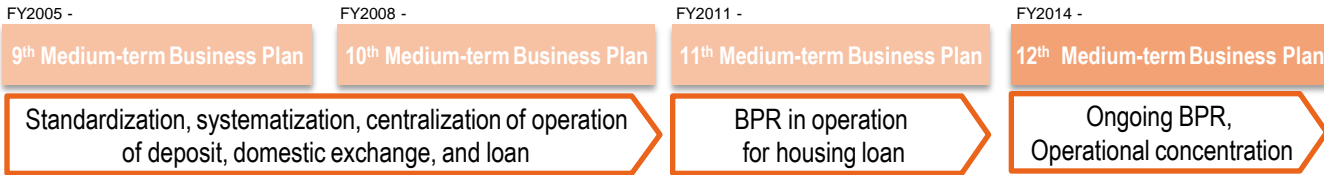
Occupancy rate

Occupancy rate is 92% → Profitability of property is assured

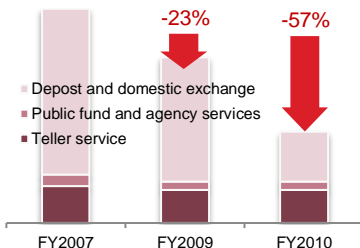
(Dec. 2018 basis)

Operation process reform

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

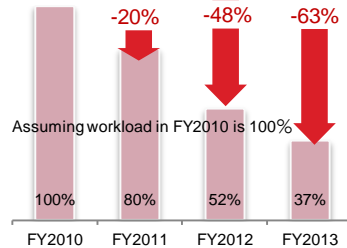


Reduction of workload at branches



Back-office workload at branches reduced by 60%

Reduction of time to process workload on housing loans



Time to process workload on housing loans reduced by 60%

Number of personnel in front and back office

(people)	End of Mar. 2006	End of Mar. 2017	Increase/Decrease
Front-office at branches	2,411	2,919	+508
Back-office at branches	1,693	902	-791
Shizuoka Bank *	5,164	4,782	-382

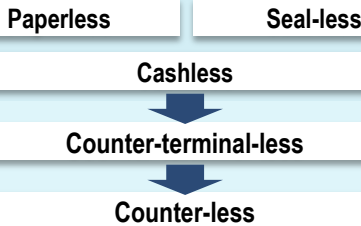
* Including temporary employees

Staff at back-office relocated to front-office

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

Even further enhancement of productivity

Shift to "5 less" at branches



Utilization of RPA

- Structure for uniform development of RPA prepared in Aug. 2018
- Operations requiring 60K hours per year have been automated (cumulative by FY2019)

Future Target

Automate operations requiring 200K hours per year (equivalent to workload of 100 staff) by expanding operations to use RPA by FY2021

Restructuring of headquarters

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

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



Establishment of "Operations BPR Project Team"

- Speed-up of BPR in operations reflecting branch function

Building new sales structure

Development of sales structure reform

- Integrate staffs in a business area and engage them in businesses with high added-value including inheritance and business succession
- Maintain branch network through decreasing required staffs and equipment in branches
- Started the reform in 11 additional Areas in FY2019 (resulting in 16 Areas in total out of all 37 Areas in Shizuoka Pref.)

Realization of "digital branch"

Speed-up of BPR in operations → ATMs with enhanced function

Realization of "digital branch", a branch managed by less staffs

Decrease of branch-related cost

Expansion of non-face-to-face channel

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

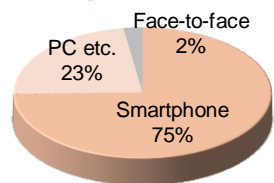
Lineup of non-face-to-face channel

	Internet Branch	Shizugin Direct	Shizugin Direct Lite	Shizugin STATION	Money Forward for Shizuoka
Type	Account solely offered on the Internet	Internet banking	Internet banking (Lighter version)	Smartphone app	App of household account book
Major services	Request to check balance and record of account, Bank transfer, Transaction related to time deposit, etc		Request to check balance and record of account	Request to check balance and record of account, Provision of various information	Automatic housing account book, asset management
No. of users* (YoY)	261K (+27K)	72K (+6K)	282K (+53K)	258K (+30K)	114K (+14K)

* As of the end of Mar. 2020

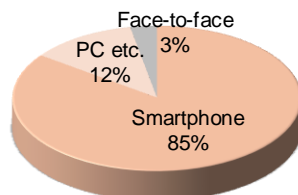
Loans transaction in non-face-to-face channel

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



FY2016

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

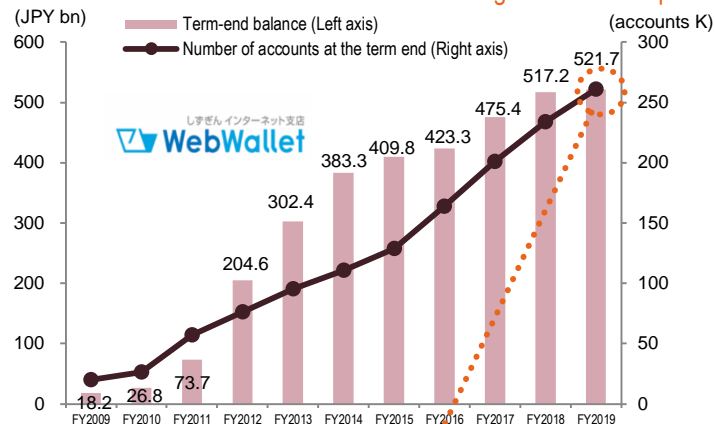


FY2019

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

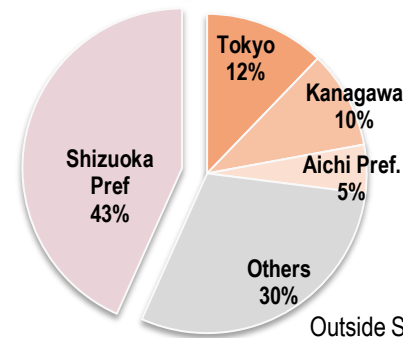
Loans transaction in non-face-to-face channel

Historical data on no. of accounts and average amount of deposit



No. of accounts at the end of Mar. 2020 : 261K

Distribution of customers (by region)



Outside Shizuoka Pref. : **58%**
(At the end of Mar. 2010 : 16%)

Shareholder return (1) – Profit distribution

- For FY2019, the Bank plans to pay an annual dividend of JPY 22 per share
- The Bank targets “consolidated shareholders return ratio of 50% or higher in medium and long term” under the 14th Medium-term Business Plan

Dividend trends

	FY2016	FY2017	FY2018	FY2019	FY2020 (E)
Annual dividend per share	JPY20.00 (JPY10.00)	JPY21.00 (JPY10.00)	JPY22.00 (JPY11.00)	JPY22.00 (JPY11.00)	JPY22.00 (JPY11.00)

() : Figures of interim dividend per share

Profit distribution to shareholders

(JPY bn)

		FY2016	FY2017	FY2018	FY2019 (E)	FY '10– '19 (10years)
Annual dividend (1)		12.2	12.5	13.0	12.6	Accumulated total 109.5
Repurchase of shares (2) (Shares bought back: million shares)		8.5 (10)	9.7 (10)	10.1 (10)	8.6 (10)	Accumulated total 115.7
Shareholder returns (3)=(1)+(2)		20.7	22.2	23.0	21.2	Accumulated total 225.2
Nonconsolidated	Net income (4)	24.4	43.4	42.6	33.4	Accumulated 384.2
	Dividend payout ratio (1)/(4)x100	49.83%	28.74%	30.38%	37.75%	Average 28.50%
	Shareholder return ratio (3)/(4)x100	84.60%	51.16%	53.99%	63.54%	Average 58.62%
Consolidated	Profit attributable to owners of the parent (5)	29.3	50.1	46.9	38.7	Accumulated total 439.9
	Dividend payout ratio (1)/(5)x100	41.58%	24.90%	27.63%	32.62%	Average 24.89%
	Shareholder return ratio (3)/(5)x100	70.60%	44.32%	49.11%	54.90%	Average 51.19%

[Reference]

	FY2016	FY2017	FY2018	FY2019
ROE (Consolidated)	3.15%	5.21%	4.67%	3.85%

Average in 5years

4.41%

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

- The Bank has regularly bought its own shares since FY1997, resulting in accumulated number of shares repurchased of 236mil
- In FY2019, the Bank cancelled 10mil shares and bought back 10mil shares
- In FY2020, the Bank plans to cancel 10mil shares on May 29th

Historical share buybacks

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

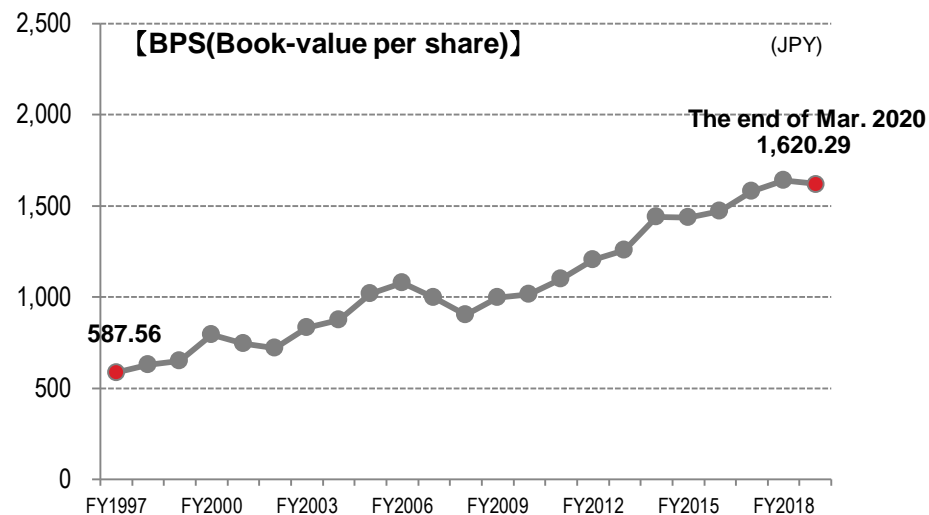
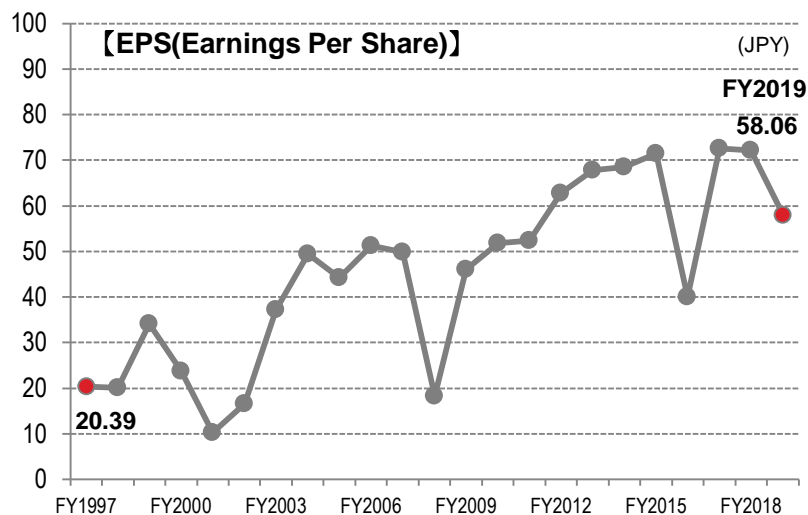
➤ Bought 29% of outstanding shares at the end of Mar. 1997

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

Cancel 10mil shares in May 2019

Buy back 10mil shares in May and Jun. 2019

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





Projected performance in FY2020

Projected performance in FY2020

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

(JPY bn)

		FY2017	FY2018	FY2019 (A)	FY2020 (Projected) (B)	YoY (B-A)
Consolidated	Ordinary profit	65.8	63.4	54.6	61.0	+6.4
	Profit attributable to owners of the parent	50.1	46.9	38.7	42.0	+3.3
	ROE	5.21%	4.67%	3.85%	4.2%	+0.35pt
	OHR	62.4%	59.0%	58.9%	58.0%	-0.9pt
	Common Equity Tier I ratio	15.95%	16.05%	15.59%	13.6%	-1.99pt
Nonconsolidated	Gross operating profit	127.3	134.8	131.0	141.0	+10.0
	Net interest income	111.5	116.6	106.8	112.9	+6.1
	Fees and commissions	15.2	15.8	15.6	17.3	+1.7
	Trading income	0.8	0.8	0.6	0.9	+0.3
	Other operating profit	-0.2	1.6	7.9	9.9	+2.0
	(Bond-Related income such as JGBs)	(-4.2)	(-1.1)	(3.9)	(4.8)	+0.9
	Expenses (-)	82.2	80.9	79.1	84.7	+5.6
	Ordinary profit	56.2	56.5	46.5	51.5	+5.0
	Net income	43.4	42.6	33.4	36.0	+2.6
	Credit-related costs (-)	-4.5	4.8	8.7	13.0	+4.3



Overview of the 14th Medium-term Business Plan

Name and vision of the 14th Medium-term Business Plan

- 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

Basic strategies in the 14th Medium-term Business Plan

- 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

Targeted management indicators in the 14th Medium-term Business Plan

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

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

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

Plan of figures in the 14th Medium-term Business Plan

- Target consolidated ordinary profit of JPY 80.0bn, consolidated ROE of 5% or higher, and consolidated Common Equity Tier I 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	—
	Common Equity Tier I 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
Bond-related income such as JGBs	- 1.1	3.9	4.4	+ 0.5	
Expenses (-)	80.9	79.1	83.8	+ 4.7	
Actual net operating profit	53.9	51.9	60.6	+ 8.7	
Ordinary profit	56.5	46.5	67.0	+ 20.5	
Net income	42.6	33.4	46.7	+ 13.3	
Credit-related costs (-)	4.8	8.7	7.0	- 1.7	
Average amount of loan	8,336.9	8,740.1	9,801.0	+ 1,060.9	
Average amount of deposit	9,743.6	10,088.7	11,074.7	+ 986.0	
Average amount of securities	1,336.0	1,281.8	1,984.7	+ 702.9	

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

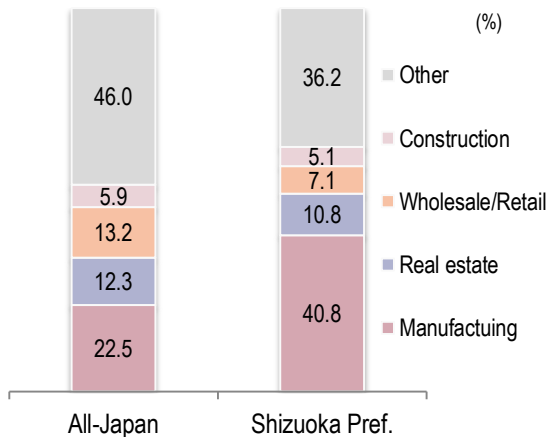


Reference

Economy in Shizuoka Prefecture and current state

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

Percentage breakdown of GDP in Shizuoka Prefecture by industries

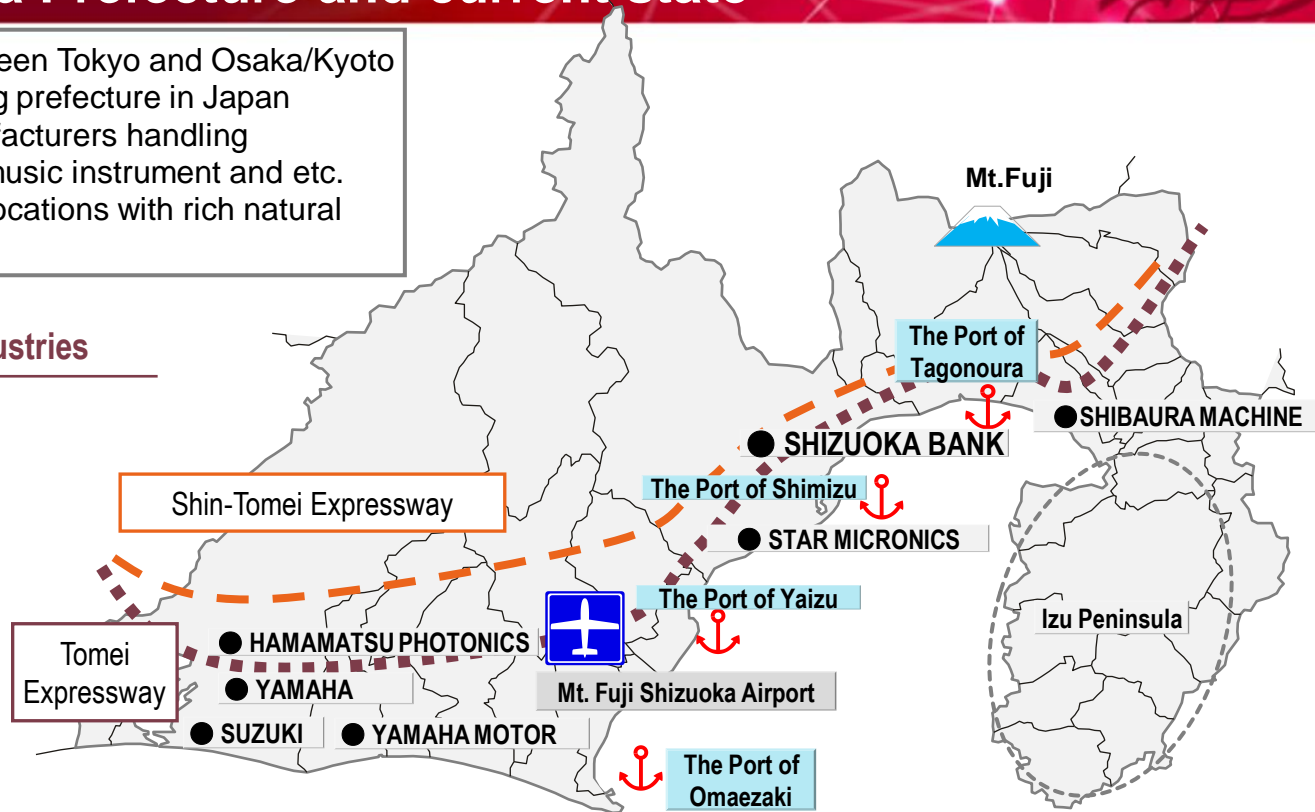


Source: Cabinet Office, Government of Japan, FY2016

No. of listed companies with HQs in Shizuoka Prefecture

* As of the end of Mar. 2020

Listing	No. of companies
TSE 1 st section	24
TSE 2 nd section	9
Mothers	1
Jasdaq	16
Total	50



UNESCO World Heritage Site in Shizuoka Prefecture

Mt. Fuji

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



Nirayama Reverberatory Furnaces

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



Izu Peninsula awarded Global Geopark status by UNESCO

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



Economic scale of Shizuoka Prefecture

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

Shizuoka Prefecture indices

	Share of all-Japan		National ranking
Population	3.64mil	2.9%	10th of 47 (2019)
No. of households	1.59mil	2.7%	10th of 47 (2019)
Nominal prefectural GDP	JPY 17.0tn	3.1%	10th of 47 (FY2016)
Per-capita income	JPY 3.300mil	—	4th of 47 (FY2016)
No. of business establishments	170K	3.1%	10th of 47 (2016)
Amount of shipments of manufactured goods, etc. (*)	JPY 17.5tn	5.3%	4th of 47 (2018)
Agricultural output	JPY 212.0bn	2.3%	16th of 47 (2018)
Fishery production volume	220k tons	5.8%	4th of 47 (2018)
No. of industrial locations (*)	76	7.7%	1st of 47 (2019)
No. of new housing starts	22K	2.5%	10th of 47 (2019)

(* Preliminary data)

Shizuoka Prefecture economic scale

Prefectural GDP (FY2016, Nominal)

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

GDP comparison with countries (2016)

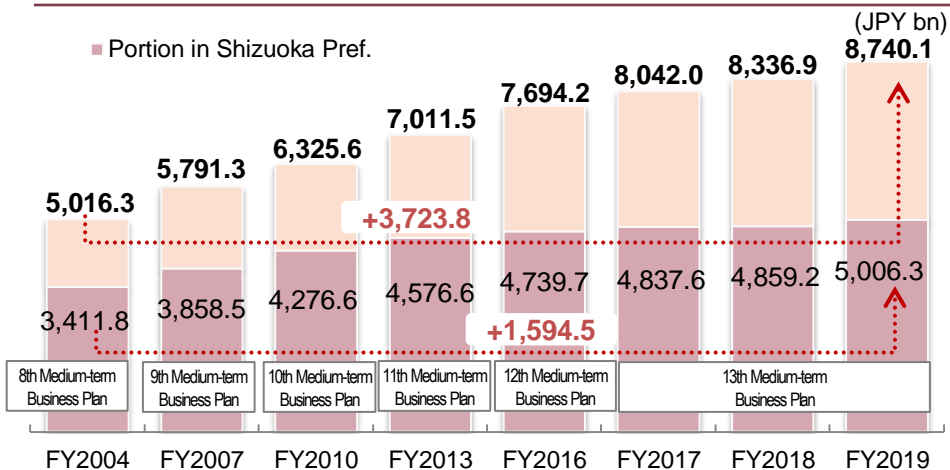
Rank	Country (Region)	(USD bn)
53	New Zealand	185.1
54	Iraq	175.2
55	Algeria	160.0
-	Shizuoka Prefecture	157.3
56	Qatar	151.7
57	Kazakhstan	137.3

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

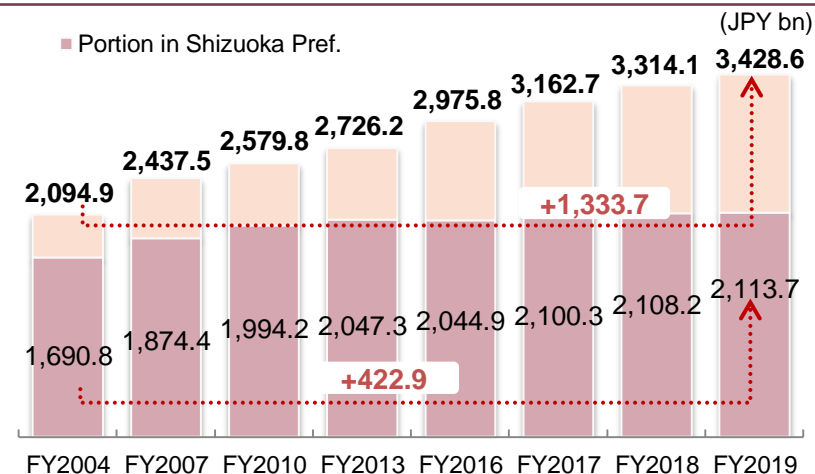
Historical data of loans

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

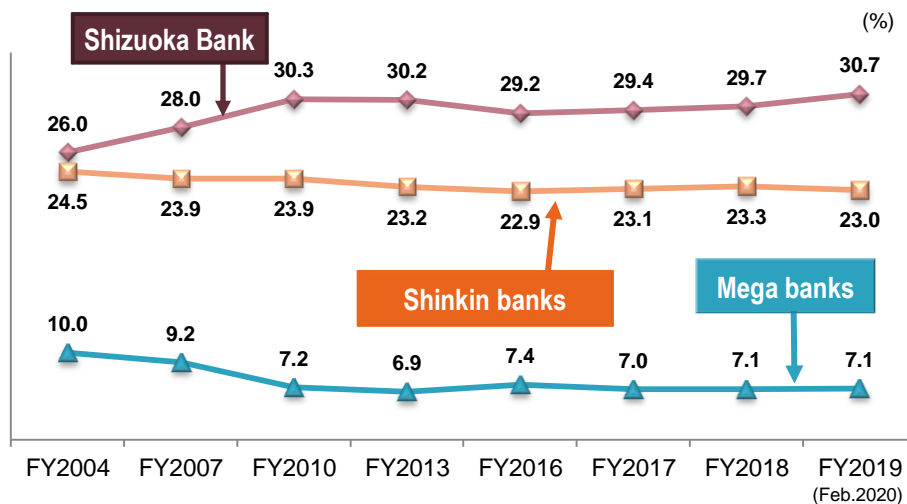
Total loan balance (average balance)



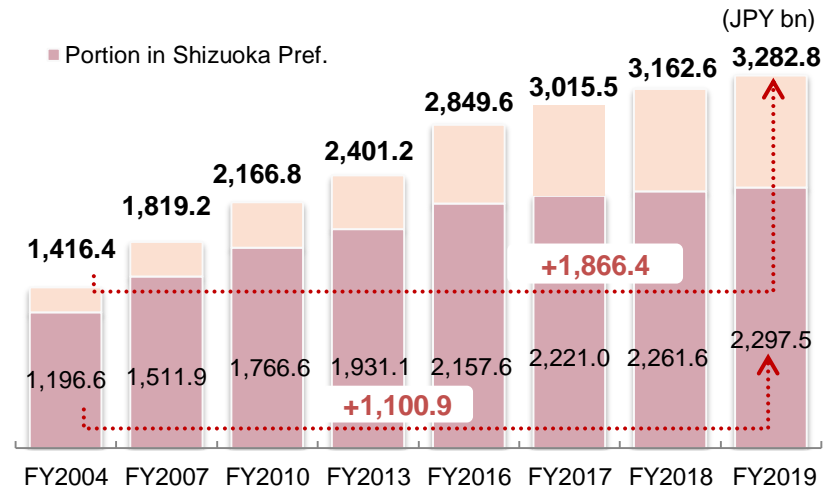
SMEs loan balance (average balance)



Share of loans in Shizuoka Prefecture



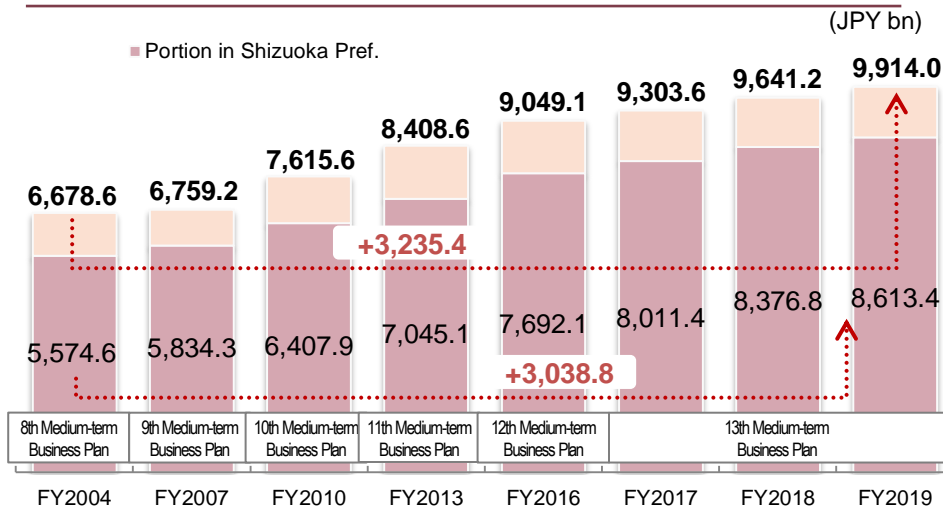
Consumer loan balance (average balance)



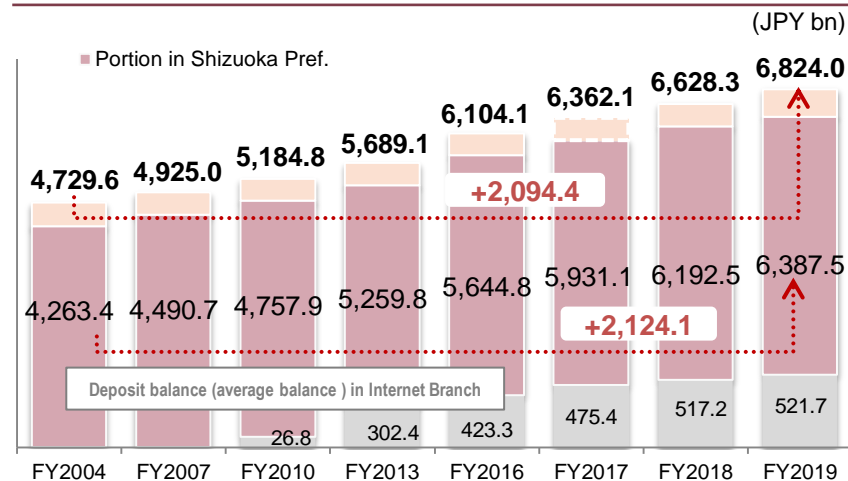
Historical data of deposits

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

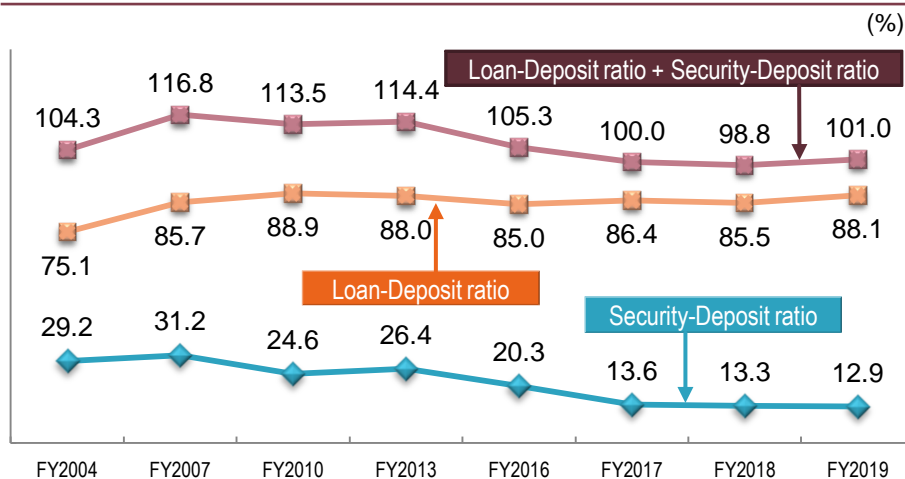
Deposit balance (average balance)



Retail deposit balance (average balance)



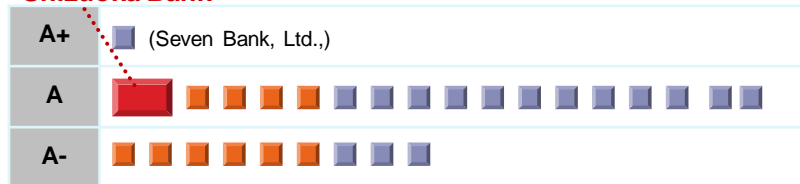
Loan-Deposit ratio / Security-Deposit ratio (excluding NCD)



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

< Standard & Poor's >

Shizuoka Bank



Regional banks

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

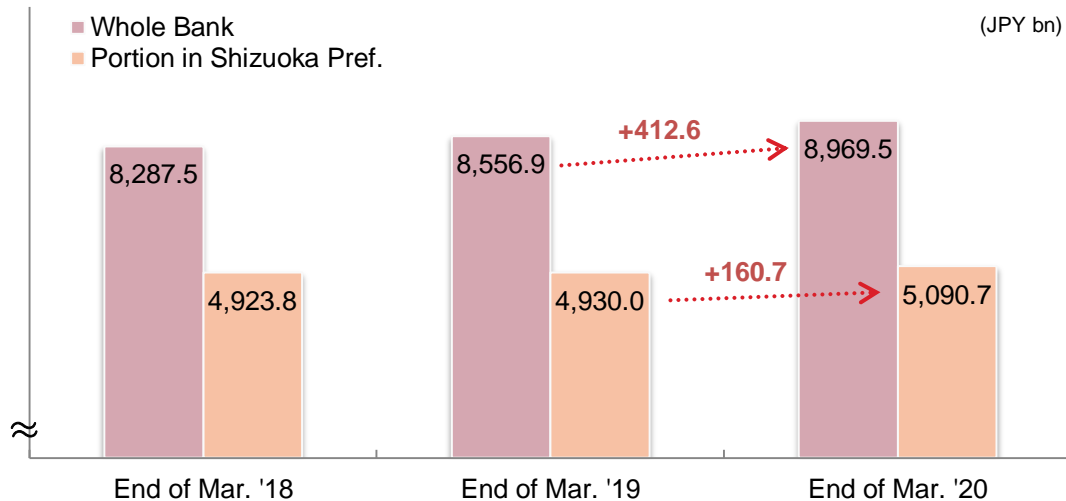
< Other external ratings >



Loans – Term-end balance

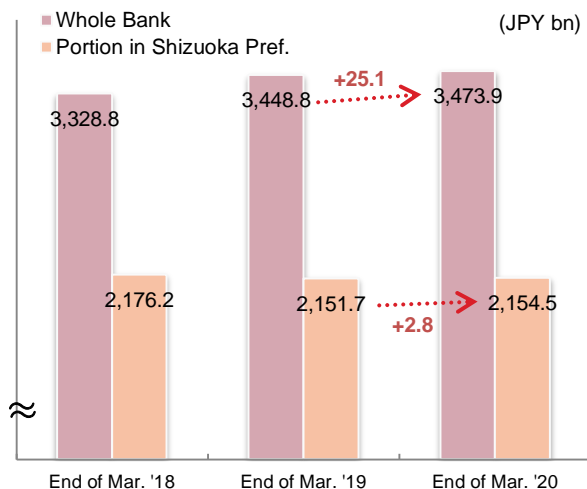
- Total loan balance (term-end balance) increased by JPY 412.6bn (+4.8%) compared to the end of Mar. 2019 mainly due to the increase of SMEs loans and retail loans

Total loan balance (term-end balance)

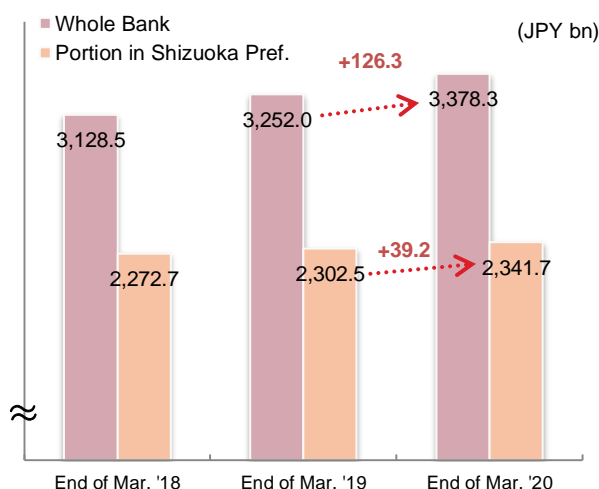


	Term-end balance	Change from the end of Mar. '19	Annual growth rate
Total loan balance	JPY 8,969.5bn	JPY +412.6bn	+4.8%
SMEs loan balance	JPY 3,473.9bn	JPY +25.1bn	+0.7%
Retail loan balance	JPY 3,378.3bn	JPY +126.3bn	+3.8%
Large and Medium sized enterprises	JPY 1,631.1bn	JPY +133.6bn	+8.9%
Loan balance in foreign currency	JPY 587.6bn	JPY -1.3bn	-0.2%

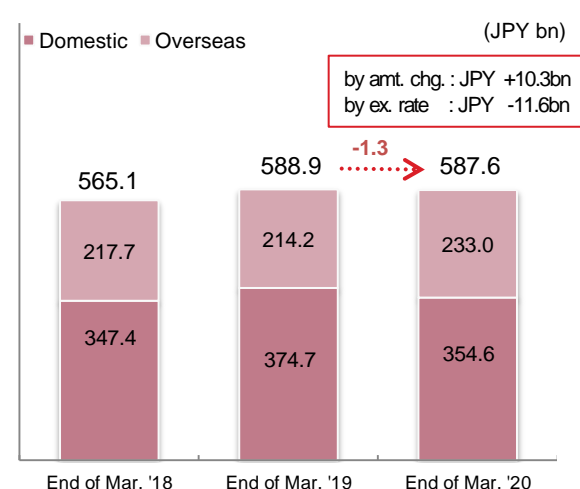
SMEs loan balance (term-end balance)



Retail loan balance (term-end balance)



Loan balance in foreign currencies (term-end balance)



Loans – Loans by industries

- Business loans to real estate account for approximately 13%, and those to each industry such as construction, leasing, and money lending and investment account for less than 10% of loan balance respectively. Build a credit portfolio with borrowers from diverse industries
- Expected Loss (EL) for all industries : JPY 8.7bn
- Unexpected Loss (UL) for all industries : JPY 80.6bn

Contemporary status of business loans to particular industries

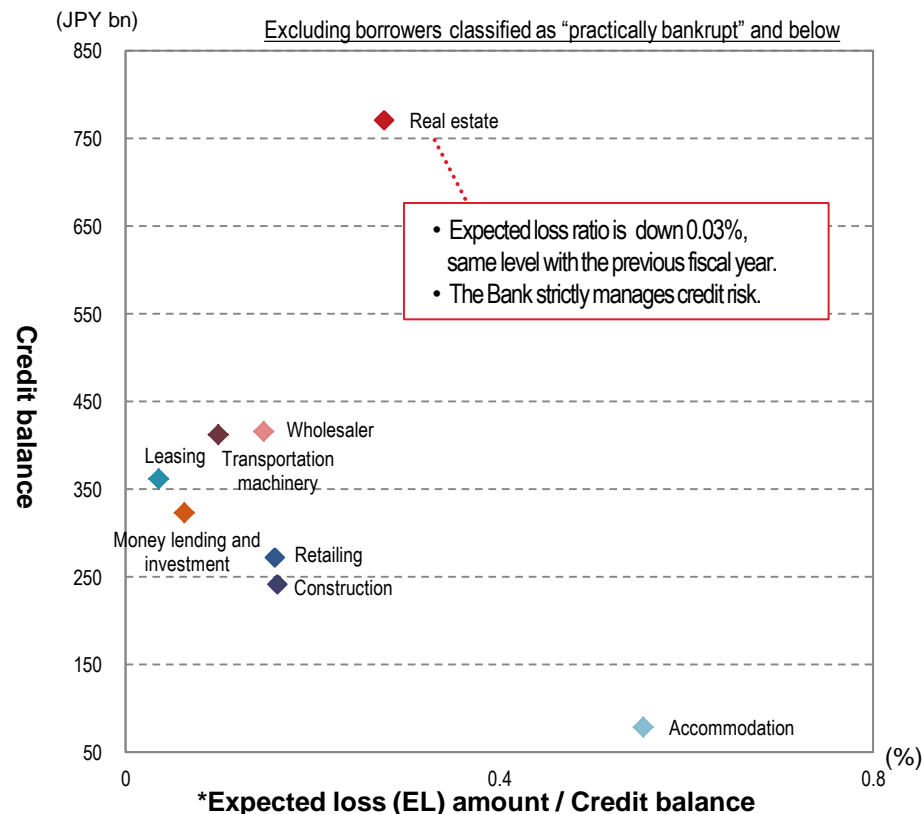
[Credit balance (as of the end of Mar. 2020)] (JPY bn, %)

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

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

(*2) excluding a general trading companies

[Credit balance vs. expected loss rate*]

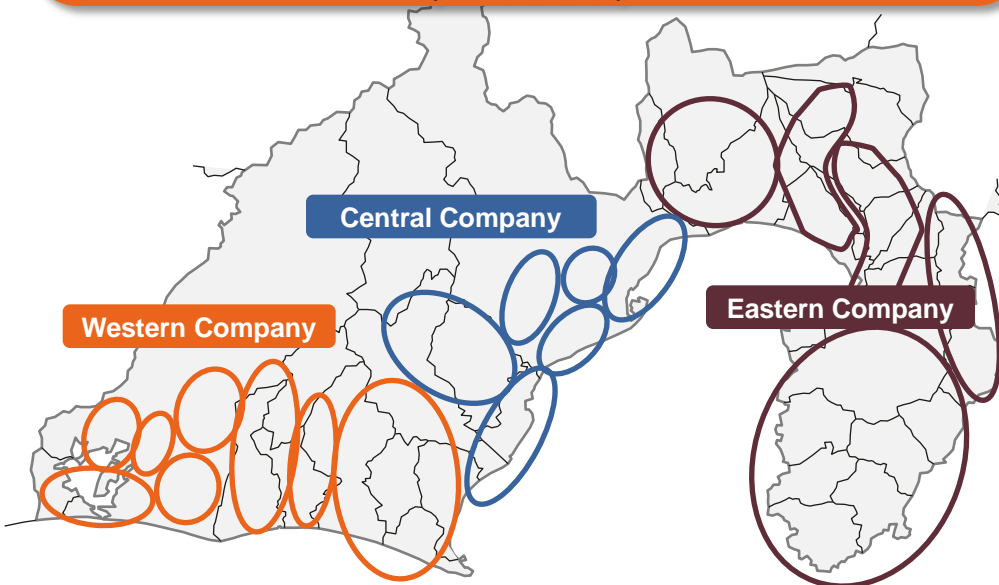


Sales structure reform

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

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

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



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

Background

Customer needs

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

Operating environment

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

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

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

Further improvements in customer convenience and satisfaction

Progress of sales structure reform

1 st phase (trial)	Apr. 2018	Started as trial in 2 Areas
	Jul. 2018	Started as trial in 3 other Areas
2 nd phase (expansion)	Apr. 2019	Started in other 2 Areas
	Jul. 2019	Started in other 3 Areas
	Oct. 2019	Started in other 2 Areas
	FY2019 (besides above)	Merge branches by putting function of 2 branches at 1 location in 4 other Areas
	FY2020 -	Starting in more Areas

Next Generation System

- Construction of Next Generation System is unprecedented project partly because of adoption of open-type technology for the first time in major Japanese banks
- Assure sufficient amount time to inspect Core System in order to make every possible preparation for stable operation → Plan to start operation in Jan. 2021

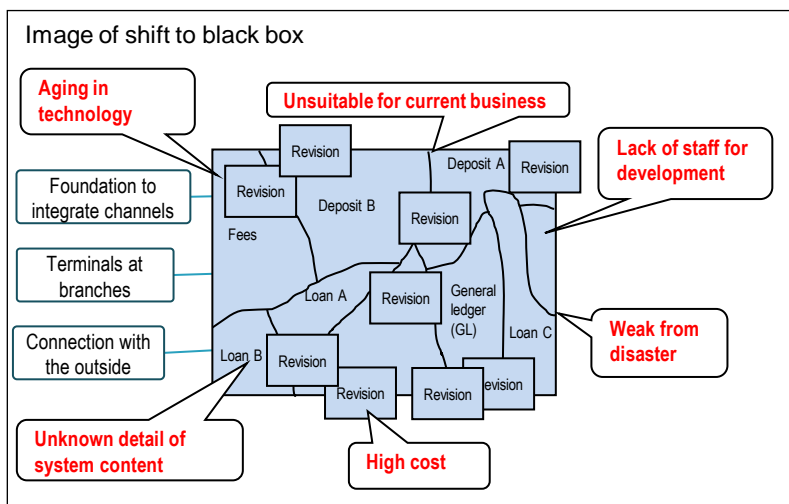
Direction and issues on financial IT (2025 Digital Cliff)

● Direction of IT strategy of financial institutions

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

● Current situation and issues of each institution

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



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

The Bank's policy and system strategy

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



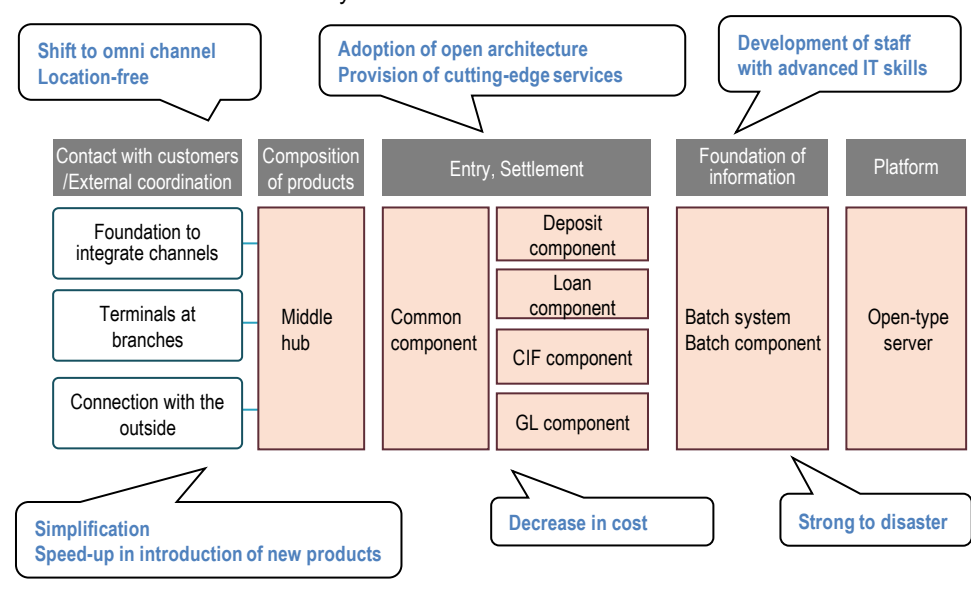
- Build loan supporting system
- Realize ATM operated on Web
- Introduce counter navigation system etc.

Continuously expand and decentralize function

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

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

Structure of Next Generation System



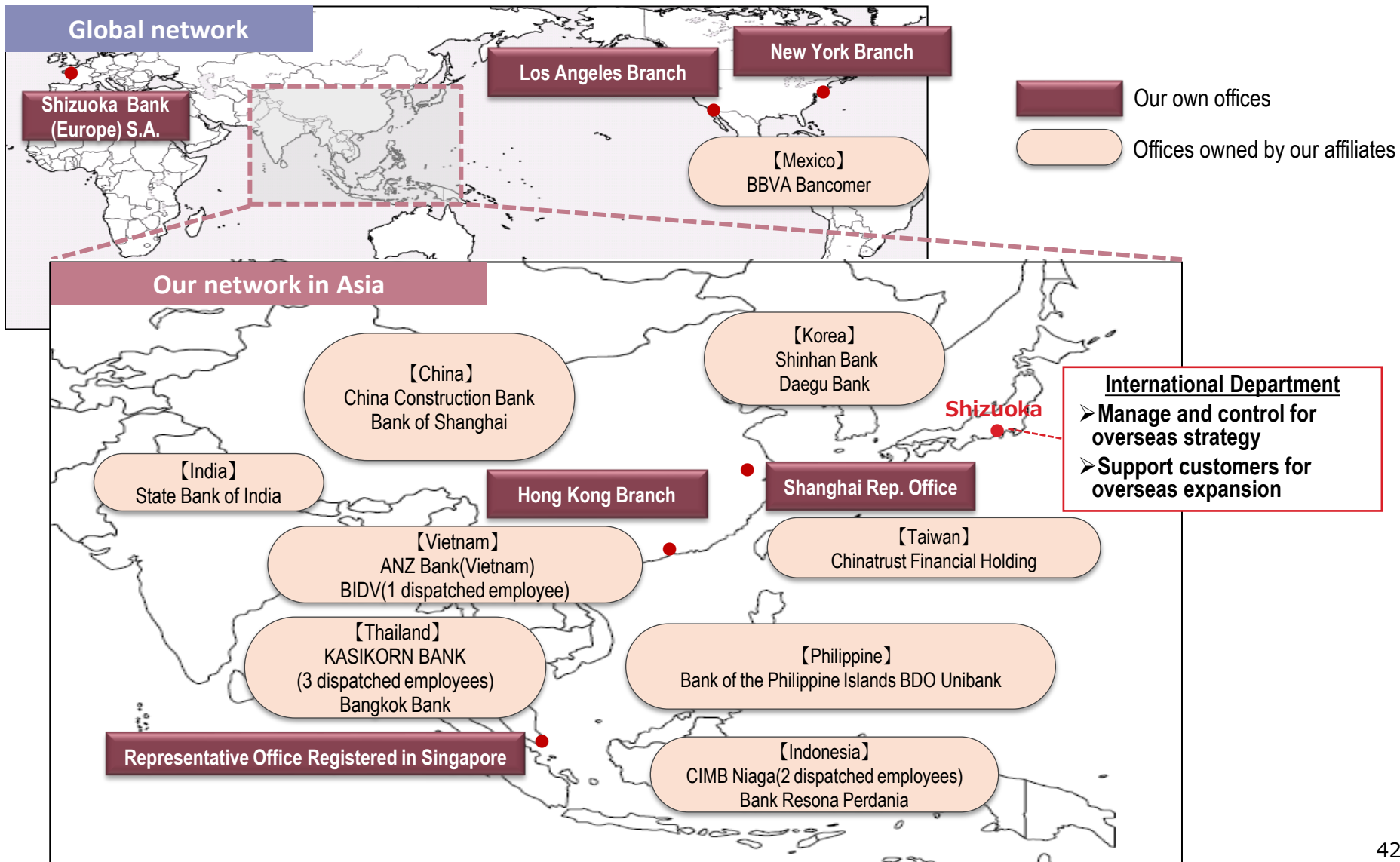
Simplification
Speed-up in introduction of new products

Decrease in cost

Strong to disaster

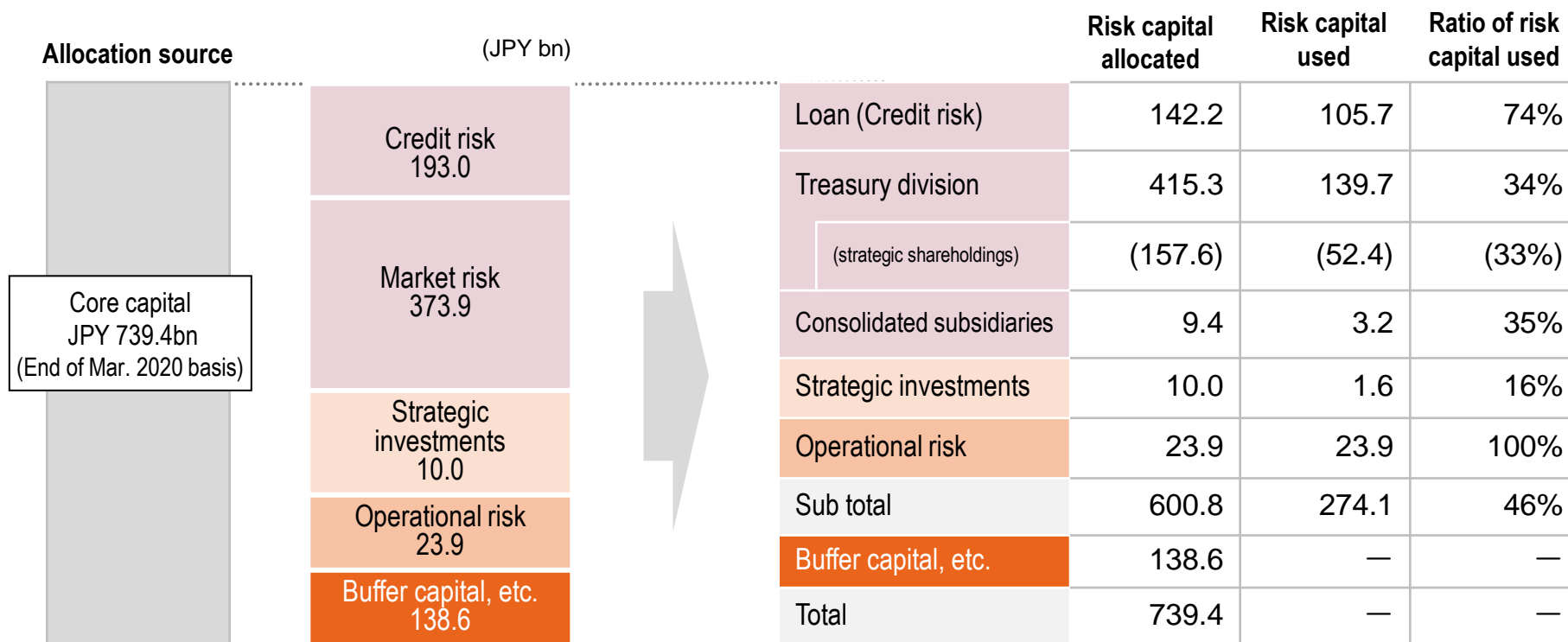
Overseas network

- The Bank's global network with 3 branches, 2 rep. offices, 1 subsidiary and total 53 staffs (25 staffs in Asia) abroad helps clients' oversea expansions
- In Asia, the Bank has 3 overseas offices and business tie-ups with 13 banks in 9 countries/regions



Allocation of risk capital

- Allocation of risk capital for 4Q FY2019 (the end of Mar. 2020 basis) amounted to JPY 739.4bn, of which JPY 193.0bn was allocated to credit risk, JPY 373.9bn to market risk, JPY 10.0bn to strategic investments, and JPY 23.9bn to operational risk
- JPY 105.7bn of risk capital was used for loans (credit risk), and JPY 139.7bn for the Treasury division



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

Group companies (1)

- In FY2019, the total ordinary revenue of 13 major consolidated subsidiaries was JPY 60.2bn (up JPY 2.2bn YoY) and the ordinary profit was JPY 9.3bn (up JPY 0.5bn YoY)

(JPY bn)

Company name	Business	Ordinary Revenue	Ordinary Profit		
			YoY change	YoY change	
Shizugin Management Consulting Co., Ltd.	Corporate and financial management advisory services Bill collection services	1.9	+0.2	0.7	+0.2
Shizugin Lease Co., Ltd.	Leasing	32.4	+1.0	1.5	-0.3
Shizugin IT Solution Co., Ltd. *1	Computer system development and operation	3.7	-0.1	0.4	+0.0
Shizugin Credit Guaranty Co., Ltd.	Guarantee of housing loans, etc.	4.6	+0.3	2.7	-0.2
Shizugin DC Card Co., Ltd	Credit card and guarantee of consumer loans	2.9	+0.2	0.8	+0.1
Shizuoka Capital Co., Ltd.	Public-offering assistance Support for corporate rehabilitation	0.6	+0.1	0.3	+0.1
Shizugin TM Securities Co., Ltd.	Securities	6.9	+0.6	2.0	+0.5
Shizuoka Bank (Europe) S.A.	Finance and securities-related services	1.0	+0.2	0.1	+0.1
Shizuoka Liquidity Reserve Ltd.	Purchases of monetary receivables	0.8	-0.1	0.8	-0.1
Shizugin General Service Co., Ltd.	Fee-based job placement service, general administration	0.9	+0.0	0.0	+0.0
Shizugin Mortgage Service Co., Ltd.	Appraisal of real estate for loan collateral Operation center for loans	1.7	+0.0	0.1	+0.0
Shizugin Business Create Co., Ltd.	Operation center for remittance and bill collection Part-time employee management	2.8	-0.2	0.0	-0.0
Shizugin Heartful Co., Ltd.	Making, printing and binding of documents	0.0	—	0.0	—
Total(13 companies)		60.2	+2.2	9.3	+0.5

*1 Changed the company name from Shizugin Computer Service on Apr. 1st, 2020
(Ref.) Affiliates under equity method of accounting

*2 Total revenue, *3Profit before income tax

Shizugin Saison Card Co., Ltd.	Credit card, prepaid card, and guarantee of consumer loans	2.7	+0.1	0.3	-0.0
Monex Group, Inc.	Holding stocks of companies practicing securities and so on	*2 53.4	-0.1	*3 4.1	+2.3

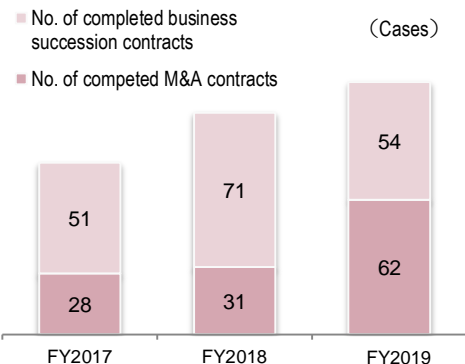
Group companies (2)

- 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.

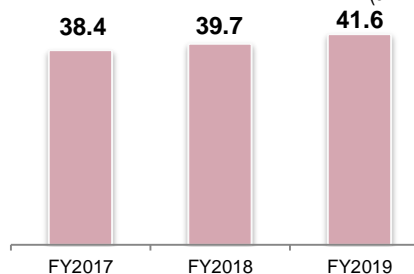
<Main businesses>

- 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)



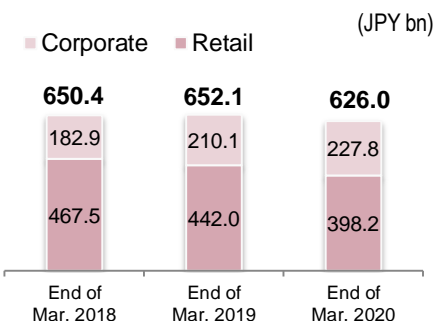
Shizugin Lease Co., Ltd.

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

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

Amount of customer assets



Shizugin TM Securities Co., Ltd.

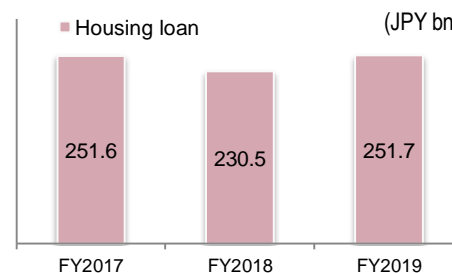
Offer lineup of various products including investment trust, bond, and stock, and comprehensive financial services based on coordination with Shizuoka Bank

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

Shizugin Credit Guaranty

- Started a business to give guaranty to a housing loan product "ARUHI Variable S" offered by ARUHI Corporation, a housing loan specialist (Aug. 2018)
- Received 574 applications from Aug. 2018 to Mar. 2020

Amount of housing loan extended with guaranty from Shizugin Credit Guaranty



Shizugin Credit Guaranty Co., Ltd.

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

Strategic shareholdings

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

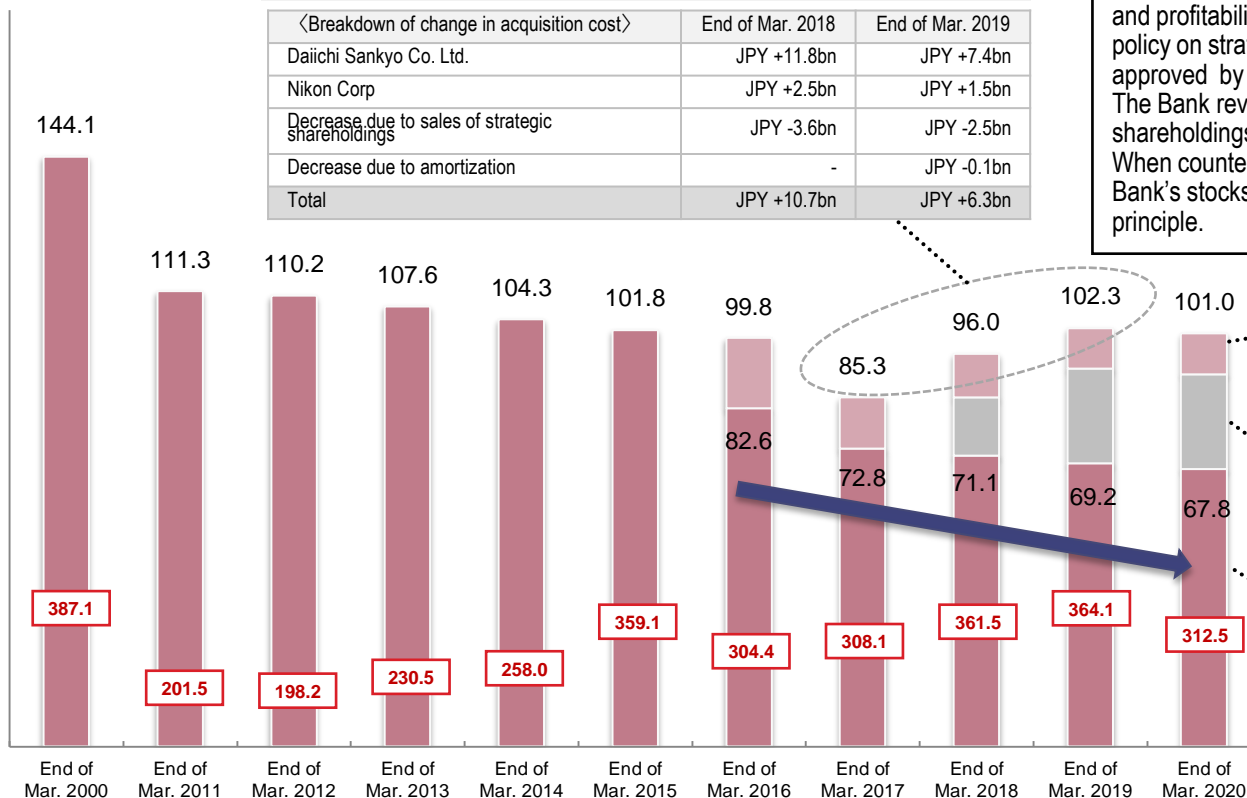
Prime cost of strategic shareholdings*

(JPY bn)

■ Acquisition cost
 □ Market value

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

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



Policy on strategic shareholdings

(Corporate Governance Code : general principles 1-4)

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

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

The Bank reviews significance and economic rationality of shareholdings based on various data such as cost of capital.

When counterparties of shareholdings show their intention to sell the Bank's stocks, the Bank agrees with them without preventing in principle.

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

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

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

*Except for equity method affiliate

Shareholder return – Share buybacks (Time series data)

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

	Shares bought back (thousand shares)	Repurchase amount of shares (JPY mil)	Number of shares cancelled (thousand shares)	Cancellation amount (JPY mil)	Shareholder return ratio <Nonconsolidated> (%)	Shareholder return ratio <Consolidated> (%) (*)	EPS <Nonconsolidated> (Yen)	BPS <Nonconsolidated> (Yen)	DPS <Nonconsolidated> (Yen)
FY1997	7,226	9,997	7,226	9,997	90.3	—	20.4	587.6	6.0
FY1998	6,633	9,142	6,633	9,142	86.7	84.1	20.1	627.6	6.0
FY1999	8,357	9,143	8,357	9,143	51.4	52.6	34.1	651.0	6.0
FY2000	24,954	23,281	24,954	23,281	152.0	150.3	23.7	792.2	6.0
FY2001	8,234	8,267	8,234	8,267	165.4	170.5	10.3	742.7	6.0
FY2002	29,928	23,107	—	—	229.4	222.1	16.6	721.3	7.0
FY2003	10,712	8,566	30,000	23,381	50.8	50.2	37.2	831.8	7.0
FY2004	—	—	—	—	17.1	16.9	49.4	875.9	8.5
FY2005	—	—	—	—	22.5	21.4	44.2	1,019.2	10.0
FY2006	—	—	—	—	25.3	24.3	51.2	1,077.9	13.0
FY2007	10,000	12,621	10,000	10,130	61.8	62.6	49.9	997.2	13.0
FY2008	—	—	—	—	70.8	69.7	18.3	903.3	13.0
FY2009	5,000	3,996	5,000	4,638	40.6	39.8	46.0	998.2	13.0
FY2010	20,000	14,980	20,000	15,957	67.2	65.7	51.8	1,016.3	13.0
FY2011	20,000	14,575	—	—	67.6	63.0	52.4	1,097.6	13.5
FY2012	10,000	8,239	20,000	14,953	43.9	31.5	62.8	1,204.3	15.0
FY2013	20,000	22,642	—	—	75.7	69.3	67.8	1,257.6	15.5
FY2014	10,000	11,315	—	—	49.8	42.4	68.5	1,440.7	16.0
FY2015	4,767	6,999	—	—	43.8	40.2	71.4	1,436.5	20.0
FY2016	10,000	8,496	20,000	20,578	84.6	70.6	40.0	1,470.1	20.0
FY2017	10,000	9,736	—	—	51.1	44.3	72.5	1,579.0	21.0
FY2018	10,000	10,069	30,000	30,530	53.9	49.1	72.1	1,638.2	22.0
FY2019	10,000	8,623	10,000	10,139	63.5	54.9	58.1	1,620.3	22.0
Total	235,811	223,798	200,404	190,139	—	—	—	—	—

*Consolidated financial statements have been prepared since FY1998

Reference (ESG/SDGs part)

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

ESG/SDGs initiatives (1)

– SDGs, Adoption for constituent brand of ESG index

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

SDGs (Sustainable Development Goals)

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

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

SUSTAINABLE DEVELOPMENT GOALS



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

SDGs-related products

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

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

“Shizugin SDGs Private Placement Bond”

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

Adoption for constituent brand of ESG index

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

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

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

MSCI Japan Empowering Women Index (Theme type ESG Index)

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

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

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

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

ESG/SDGs initiatives (2) – Environment

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

Action guidelines for environment issues

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

Support the TCFD Recommendation



- Declare in Mar. 2020 support for the TCFD (*) Recommendation which demands information disclosure on “risk” and “opportunity” related to climate change
- Intend to reinforce information disclosure and to actively work on various initiatives to cope with social problems such as environment issues by gathering all strength in the Group

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



Shizugin Furusato Environmental Protection Fund Charitable Trust

- Provide financial support through the Shizugin Furusato Environmental Protection Fund Charitable Trust to individuals and groups in Shizuoka Pref. that promote environmental protection
- Provided a total of JPY 3mil to 28 projects in FY2019
- Cumulatively provided JPY 78.2mil to 614 projects since the fund was set up in 1993



ECO Ideas Contest

- Hold the Shizugin Eco Ideas Contest, which calls on primary school students in Shizuoka Pref. to develop solutions for environmental issues every year
- Received a total of 1,030 highly creative ideas, with one student receiving the grand prize, 10 students receiving distinctions, and 6 schools receiving top school awards in the FY2019 contest (8th contest)

The grand prize in FY2019 was awarded for the “Cap Calendar”

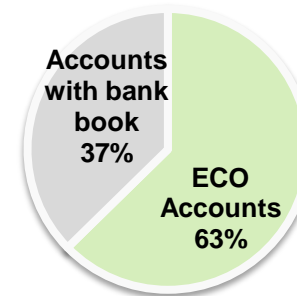
Calendar made of cork board into which colored plastic-bottle-cap with date and day are inserted

Environmental protection through financial business



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

【Ratio of ECO Accounts among newly opened accounts】



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

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

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

Donated JPY 1,912K based on the number of accounts opened in FY2019

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

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

Diversity



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

Networking events for women from different industries



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



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

Eruboshi



Platinum Kurumin



Female Executive Officers in group companies



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

Established “Shizugin Heartful Co., Ltd.”



- Established a new company in order to actively support independence and participation to the society by handicapped people, and to further promote employment of those people (in Oct. 2019)
- Plan to apply for “the special subsidiary company” while expanding business
- 6 new employees joined the company in Apr. 2020

The special subsidiary company

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

Recognized as “Certificated Health & Productivity Management Organization”



- The Bank was recognized as “the 2020 Certified Health and Productivity Management Organization (large enterprise category)” in Mar. 2020 for various initiatives to maintain and enhance employees’ health, such as creating favorable environment and supporting employees’ own activities



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

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

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

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

Promotion of local culture and sports

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



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



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

Education of finance and economy



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



Business continuity in emergency



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



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

Measures against tsunami



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



[Life jackets]



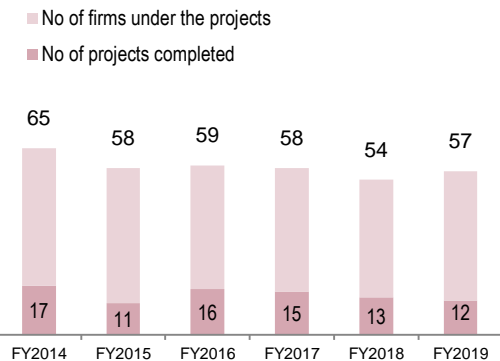
[Outdoor upstairs to rooftop]

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

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

Support for business restructuring and turn-around

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



Has completed business restructuring for about 230 firms since FY2005

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



Standardization of inheritance procedures with Hamamatsu Iwata Shinkin Bank

- 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
- Continue to expand similar initiatives with other financial institutions in Shizuoka Pref.



Support for entrepreneurship and new businesses

<Shizugin Entrepreneur Awards>

- 52 winners out of 1,039 applicants received prizes in the past 7 rounds
- Seventh round in FY2018: 8 winners out of 147 applicants received prizes (Announced winners in Mar. 2019)

<Shizugin Idea Competition "Joint LAB.">

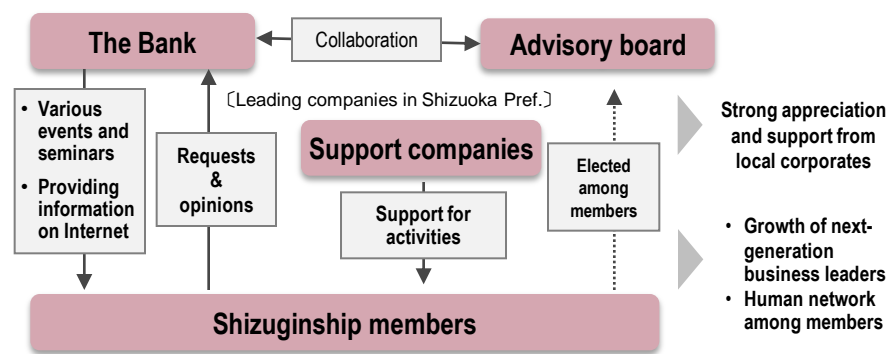
- Collect business ideas that other companies and organizations want to try with the Bank and realize those new businesses, attempting to revitalize regional economies and aiming for sustainable regional growth by challenging new businesses based on the ideas
- Held the 1st round in FY2019, planning to announce the winners in Jun. 2020

“Shizuginship” – training club for the next generation managers

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



【Structure of Shizuginship】



【No. of members】 At the end of Mar. 2020 / 754 corporates, 1,111 people
 【No. of participants in activities in FY2019】 Total 1,384 people

ESG/SDGs initiatives (6) – Regional revitalization

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

Shizuoka Kids Academy



- Aims at developing human resources for regional areas by encouraging local children to learn about their home towns in a fun way, fostering a greater attachment to their home towns and encouraging them to live locally in the future
- In FY2019, held a total of 4 events with regional companies and organizations which attracted 208 parents and children (79 pairs)
- This activity was certified as “This is MECENAT 2019” in Jun. 2019



■ This is MECENAT

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

Entry into regional trading company business



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

<Examples of the regional platform business>

- Support for improving brand strength and market development of local products
- Tourism promotion
- Human resource development
- Creation of new businesses utilizing local resources etc...



Alliance for Regional Revitalization



- In Oct. 2019, about 500 people (including mayors of each city in Shizuoka Pref., officials of local governments, related organizations such as the Chamber of Commerce, and The Bank’s executives and employees) participated the conference through The Bank’s TV conference system.
- In Jul. 2019, concluded alliance agreement with Central Nippon Expressway Company Limited and The Yamanashi Chuo Bank, Ltd. for the purpose of activation of regional economy. Aims at providing business opportunity to regional companies, expanding sales channels of regional products, increasing domestic and foreign tourists and consumption through sightseeing, and activating interaction of people and products, with good opportunity of extension of Chubu Odan Expressway

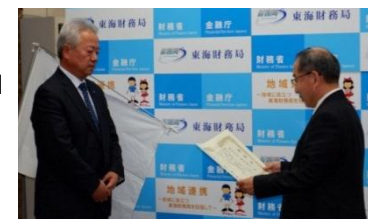


Honored for good practice for 3 consecutive years



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

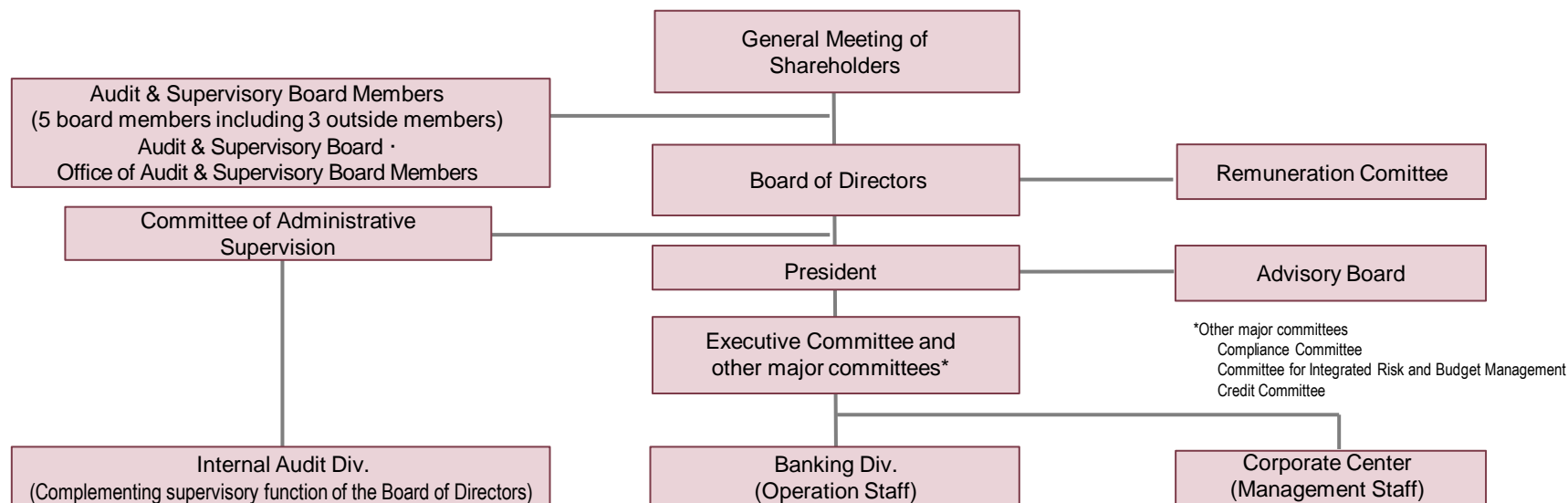
* Qubena is educational table devices offered by COMPASS Inc., an IT venture firm producing and delivering educational contents. Qubena has been adopted in “Future Classroom” demonstration projects by METI, and introduced in public junior high schools in Tokyo since Jul. 2018



ESG/SDGs initiatives (7) – Corporate Governance Structure

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

Shizuoka Bank Group's Corporate Governance System



Outside Directors • Outside Audit & Supervisory Board Members

2 Outside Directors / 10 All Members

Kumi Fujisawa	President, SophiaBank Limited
Motoshige Itoh	Professor Emeritus, The University of Tokyo Professor, Faculty of International Social Sciences, Gakushuin University

3 Outside Audit & Supervisory Board Members / 5 All Members

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

- One third of bank's directors and audit & supervisory members are outside appointments
- The Bank is using independent opinions of these individuals in decision making, oversight and auditing of The Shizuoka Bank Group
⇒ Increase corporate value

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

(As of Jul. 2019)

This document includes statements concerning future business results.

These statements do not guarantee future business results, but contain risks and uncertainties.

Please note that future business results may differ from targets for reasons such as changes in the business environment.

[Contact]

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