

Results of FY2020

May 17th, 2021

The Shizuoka Bank, Ltd.

The 14th Medium-term Business Plan

CO **LO** **RS**

2020-2022

Contents

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

Results of FY2020

| | | |
|--|-------|-------|
| Results of FY2020 – Nonconsolidated / Consolidated | ..... | 4-5 |
| Net interest income | ..... | 6 |
| Loans / Deposits | ..... | 7-8 |
| Securities | ..... | 9 |
| Fees and commissions | ..... | 10 |
| Expenses | ..... | 11 |
| Credit-related costs / Risk-management loans | ..... | 12-13 |
| Capital adequacy ratio | ..... | 14 |
| Projected performance in FY2021 | ..... | 15 |

Progress of the 14th Medium-term Business Plan

| | | |
|---|-------|-------|
| Picture that Shizuoka Bank Group targets / Initiatives for in the 14 th Medium-term Business Plan | ..... | 17-18 |
| Response to COVID-19 | ..... | 19 |
| Consumer loans / Apartment loan / Loan for asset building | ..... | 20-21 |
| Meet needs of corporate customers / Meet needs in life-planning | ..... | 22-23 |
| Branch Strategy | ..... | 24 |
| Operation process reform | ..... | 25 |
| IT strategy with Next Generation System / Next Generation System – Outline | ..... | 26-27 |
| DX strategy – DX in Shizuoka Bank Group | ..... | 28 |
| Cross-industry collaboration (1)–(3) | ..... | 29-31 |
| Overseas network | ..... | 32 |
| Market credit investment | ..... | 33 |
| Shizuoka Yamanashi Alliance | ..... | 34 |
| Initiatives for ESG | ..... | 35 |

Capital Policy

| | | |
|-------------------------|-------|----|
| Shareholder return | ..... | 37 |
| Strategic shareholdings | ..... | 38 |

For organizational reform

| | | |
|---------------------------|-------|----|
| For organizational reform | | 40 |
|---------------------------|-------|----|

Reference

| | | |
|--|-------|-------|
| Economy in Shizuoka Prefecture (1)-(2) | ..... | 42-43 |
| Historical data of loans / deposits | ..... | 44-45 |
| Loans (1)-(2) | ..... | 46-47 |
| DX strategy (1)-(2) | ..... | 48-49 |
| Allocation of risk capital | ..... | 50 |
| Group companies (1)-(2) | ..... | 51-52 |
| Shareholder return – Share buybacks (Time series data) | ..... | 53 |
| 14th Medium-term Business Plan (1)-(4) | ..... | 54-57 |

Reference (ESG/SDGs part)

| | | |
|------------------------------|-------|-------|
| ESG/SDGs initiatives (1)-(7) | | 59-65 |
|------------------------------|-------|-------|



Results of FY2020

Results of FY2020 – Nonconsolidated

[Nonconsolidated]

(JPY bn, %)

| | FY2020 | YoY change | |
|---|--------------|-----------------------|-------------------|
| | | Increase/ Decrease | Rate of change |
| Gross operating profit | 138.5 | +7.5 | +5.7 |
| Net interest income | 114.7 | +7.8 | +7.3 |
| Fees and commissions | 15.9 | +0.3 | +1.8 |
| Trading income | 0.9 | +0.2 | +38.8 |
| Other operating profit | 7.0 | -0.8 | -10.7 |
| (Bond-related income such as JGBs) | (4.8) | (+0.9) | (+23.3) |
| Expenses (-) | 84.4 | +5.3 | +6.7 |
| Actual net operating profit | 54.1 | +2.2 | +4.1 |
| Core net business profit excluding gains (losses) on bonds and cancellation of investment trusts | 48.9 | +0.9 | +1.9 |
| Provision for general allowance for loan losses (-) | 3.5 | +3.1 | +747.5 |
| Net operating profit | 50.6 | -0.9 | -1.7 |
| Special profit and loss | 0.9 | +6.0 | +118.9 |
| Bad debt written-off (-) | 8.2 | -0.1 | -1.1 |
| Gain (loss) on stocks | 7.9 | +5.3 | +206.1 |
| Ordinary profit | 51.5 | +5.0 | +10.8 |
| Extraordinary profit and loss | -2.6 | -2.6 | - |
| Impairment loss (-) | (*) 2.9 | +2.8 | - |
| Net income before taxes | 48.9 | +2.4 | +5.2 |
| Corporate taxes (-) | 13.4 | +0.4 | +3.0 |
| Net income | 35.5 | +2.0 | +6.1 |
| Credit-related costs (-) | 11.7 | +3.0 | +34.5 |

Gross operating profit (first increase in 2 periods)

Increased by JPY 7.5bn YoY, mainly due to increase in net interest income

Achievement rate 96.4%

Net operating profit (continued increase in 2 periods)

Decreased by JPY 0.9bn YoY, because of increase in expenses due to launch of Next Generation System and in provision for general allowance for loan losses

Achievement rate 89.1%

Ordinary profit (first increase in 2 periods)

Increased by JPY 5.0bn YoY, because of improvement of special profit and loss mainly due to increase in gain (loss) on stocks

Achievement rate 100.0%

Net income (first increase in 3 periods)

Increased by JPY 2.0bn YoY, as a result of both increase in ordinary profit, and worsening of extraordinary profit and loss due to increase in impairment loss

Achievement rate 98.5%

(*) Impairment on branches and idle assets

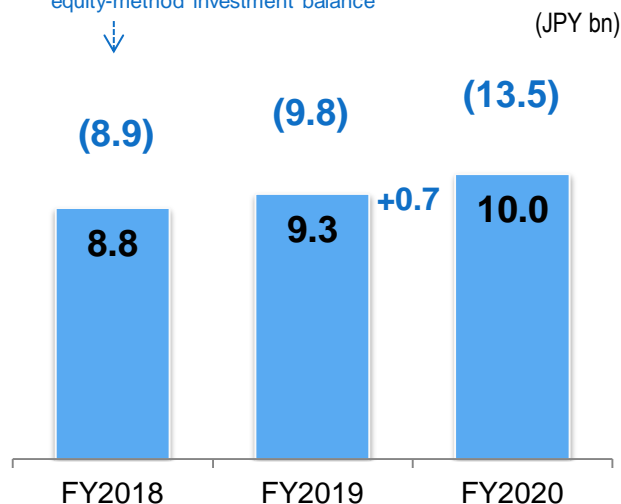
Results of FY2020 – Consolidated

Ordinary profit increased by JPY 8.8bn YoY to JPY 63.3bn, and total ordinary profit of consolidated subsidiaries increased by JPY 0.7bn YoY to JPY 10.0bn

| 〔Consolidated〕 (JPY bn) | FY2020 | YoY | Contents |
|--|--------|------|--|
| | | | |
| Ordinary profit | 63.3 | +8.8 | First increase in 3 periods Due to increase in nonconsolidated ordinary profit, in total ordinary profit of consolidated subsidiaries, and in profit based on the equity-method investment balance Achievement rate 103.8% |
| Net profit attributable to parent company shareholders | 43.6 | +4.9 | First increase in 3 periods Due to increase in ordinary profit while nonconsolidated impairment loss and corporate taxes increased Achievement rate 103.9% |

【Total ordinary profit of consolidated subsidiaries】

Including profit based on the equity-method investment balance



Consolidated Subsidiaries (13companies)

| | |
|--|-------------------------------------|
| Shizugin Management Consulting Co., Ltd. | Shizugin TM Securities Co., Ltd. |
| Shizugin Lease Co., Ltd. | Shizuoka Bank (Europe) S.A. |
| Shizugin IT Solution Co., Ltd. | Shizugin General Service Co., Ltd. |
| Shizugin Credit Guaranty Co., Ltd. | Shizugin Mortgage Service Co., Ltd. |
| Shizugin DC Card Co., Ltd. | Shizugin Business Create Co., Ltd. |
| Shizuoka Capital Co., Ltd. | Shizuoka Liquidity Reserve Limited |
| Shizugin Heartful Co., Ltd. | |

Affiliates under equity method of accounting (3companies)

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

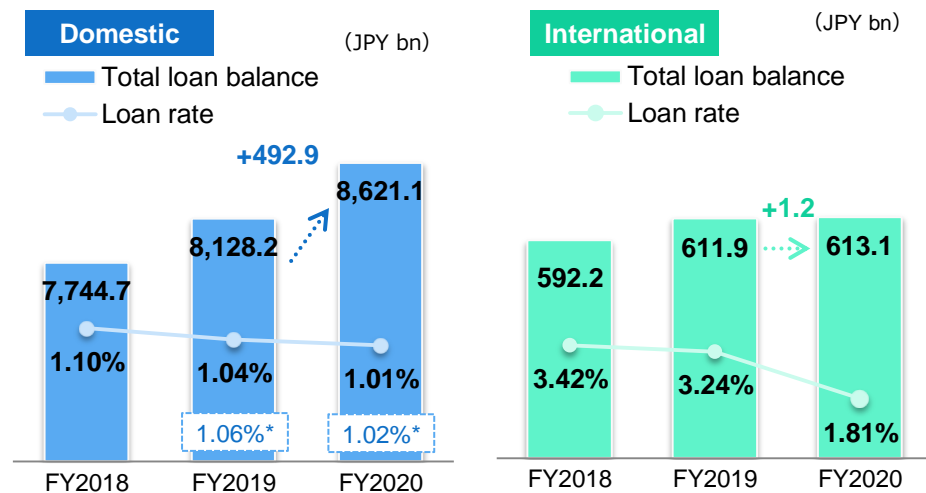
Net interest income

Net interest income increased by JPY 7.8bn YoY due to increase in both Domestic section and International section

Breakdown of net interest income

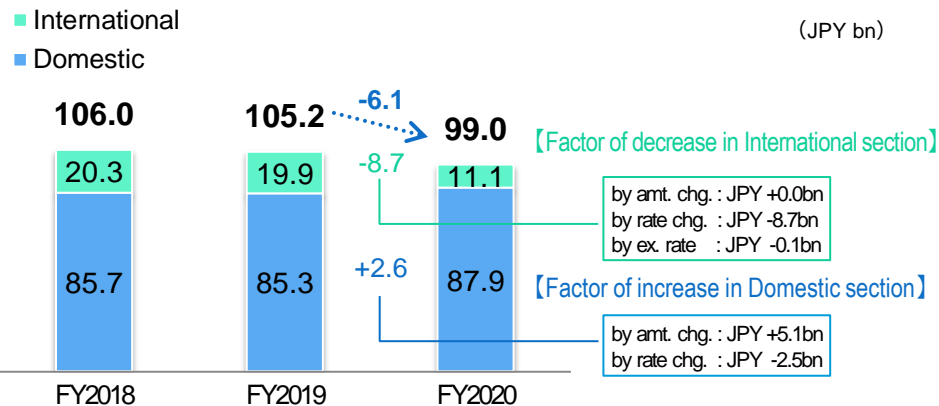
| (JPY bn) | FY2018 | FY2019 | FY2020 | YoY |
|---|--------|--------|--------|-------|
| Net interest income | 116.6 | 106.8 | 114.7 | +7.8 |
| Domestic section | 107.1 | 97.3 | 103.4 | +6.2 |
| Interest on loans | 85.7 | 85.3 | 87.9 | +2.6 |
| Interest and dividend on securities | 22.3 | 12.8 | 15.6 | +2.8 |
| (Bond) | 1.9 | 1.5 | 1.9 | +0.3 |
| (Gains on investment trust) | 4.9 | 0.0 | 2.2 | +2.2 |
| Fund-raising expense(-) | 2.0 | 1.7 | 1.2 | -0.5 |
| (Interest paid on deposits etc.) (-) | 1.9 | 1.6 | 1.1 | -0.5 |
| Other | 1.1 | 0.9 | 1.1 | +0.2 |
| International section | 9.5 | 9.6 | 11.2 | +1.7 |
| Interest on loans | 20.3 | 19.9 | 11.1 | -8.7 |
| Interest and dividend on securities | 10.2 | 12.2 | 7.8 | -4.4 |
| (Bond) | 9.8 | 11.7 | 6.1 | -5.6 |
| (Gains on investment trust) | 0.0 | 0.0 | 0.9 | +0.9 |
| Fund-raising expense(-) | 26.1 | 27.6 | 8.3 | -19.3 |
| (Interest paid on deposits etc.) (-) | 11.5 | 12.0 | 2.4 | -9.6 |
| Other | 5.1 | 5.1 | 0.6 | -4.5 |

Loan balance (average balance) and loan rate



*Excluding loans to central government

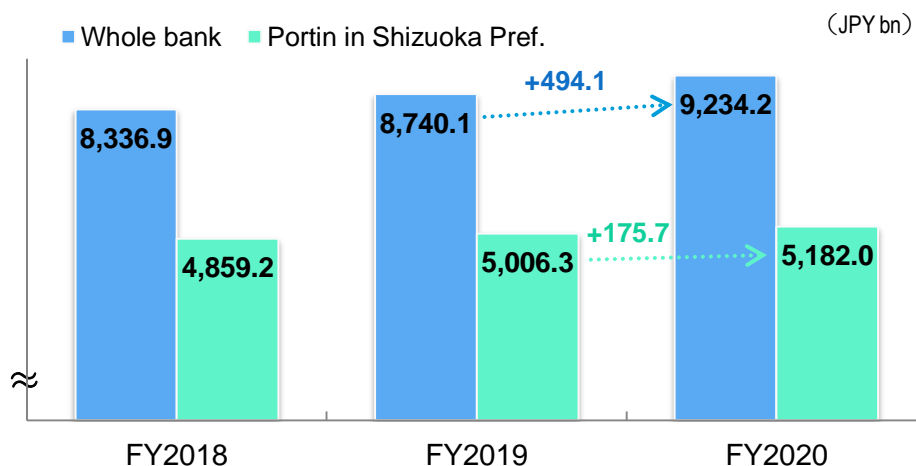
Interest on loans



Loans

Total loan balance (average balance) increased by JPY 494.1bn (+5.6%) YoY mainly reflecting both well-balanced growth in SMEs loan and retail loan and great increase in loans for large and medium size enterprises due to support for cash position

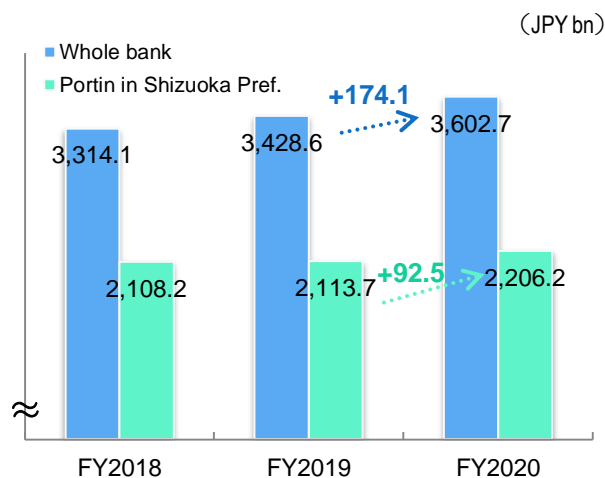
Total loan balance (average balance)



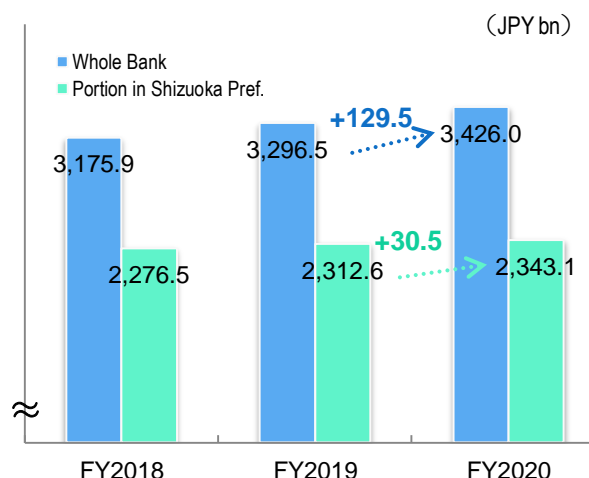
| | Average balance | YoY change | Annual growth rate |
|--|-----------------|--------------|--------------------|
| Total loan balance | JPY9,234.2bn | JPY+ 494.1bn | +5.6% |
| Loan balance for SMEs | JPY 3,602.7bn | JPY+ 174.1bn | +5.0% |
| Retail loan balance | JPY 3,426.0bn | JPY+ 129.5bn | +3.9% |
| Loan balance for large and medium size enterprises | JPY 1,817.5bn | JPY+ 250.7bn | +15.9% |
| Loan balance in foreign currency | JPY 574.0bn | JPY -3.7bn | -0.6% |

by amt. chg. :JPY +1.6bn
by ex. rate : JPY -5.4bn

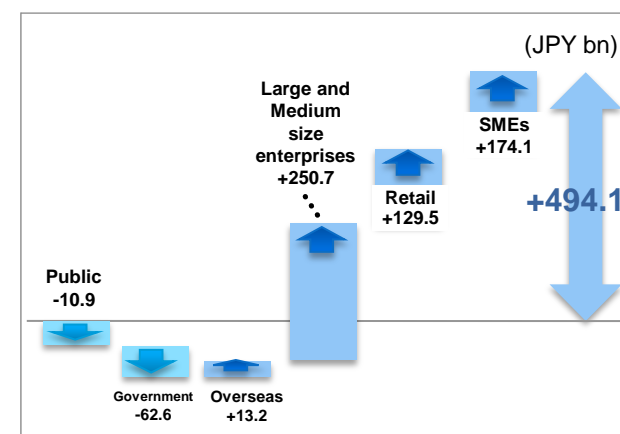
SMEs loan balance (average balance)



Retail loan balance (average balance)



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



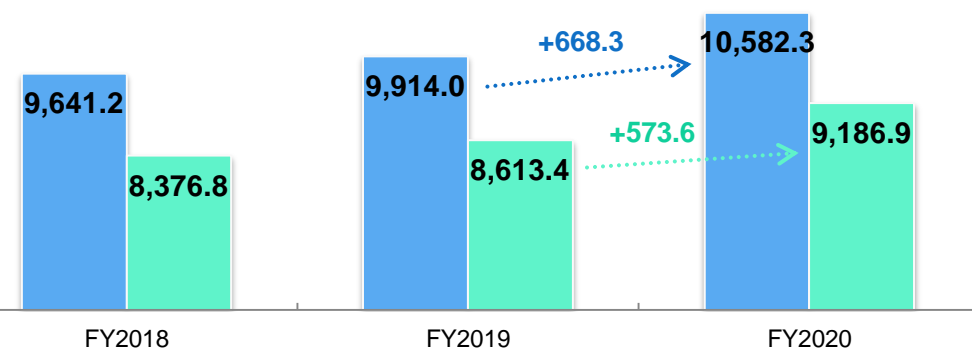
Deposits

Deposit balance (average balance) increased by JPY 668.3bn(+6.7%) YoY mainly due to the increase of corporate deposit balance

Deposit balance (average balance)

■ Whole Bank
■ Portion in Shizuoka Pref.

(JPY bn)



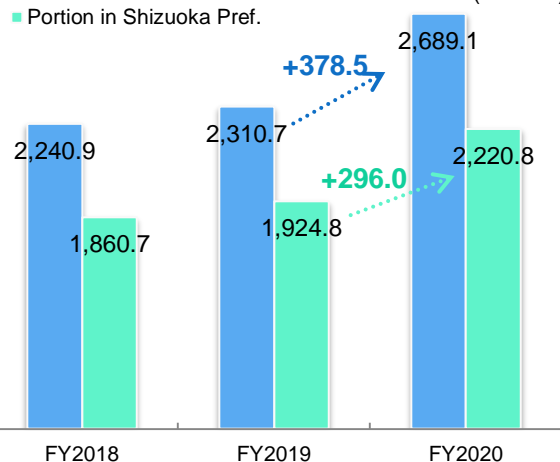
| | Average balance | YoY change | Annual growth rate |
|-----------------------------|-----------------|--------------|--------------------|
| Total deposit balance | JPY 10,582.3bn | JPY +668.3bn | +6.7% |
| Deposit balance in Shizuoka | JPY 9,186.9bn | JPY +573.6bn | +6.6% |
| Corporate deposit balance | JPY 2,689.1bn | JPY +378.5bn | +16.3% |
| Retail deposit balance | JPY 7,073.4bn | JPY +249.4bn | +3.6% |
| Public deposit balance | JPY 302.4bn | JPY +32.6bn | +12.0% |

| | | | |
|-----|------------|-------------|--------|
| NCD | JPY 85.8bn | JPY -88.9bn | -50.8% |
|-----|------------|-------------|--------|

Corporate deposit balance (average balance)

■ Domestic branches
■ Portion in Shizuoka Pref.

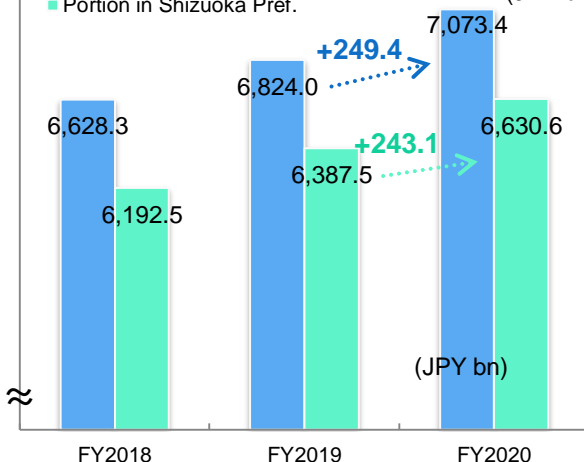
(JPY bn)



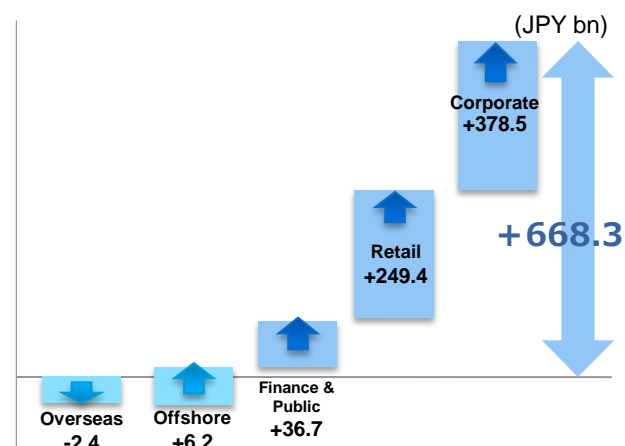
Retail deposit balance (average balance)

■ Domestic branches
■ Portion in Shizuoka Pref.

(JPY bn)



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



Securities

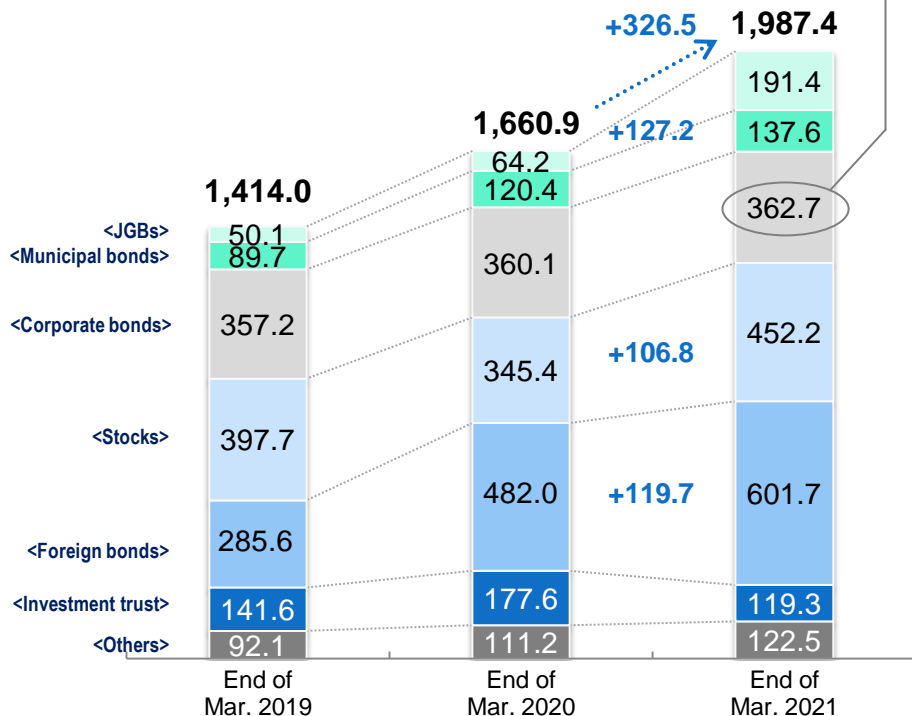
The balance of securities at the end of Mar. 2021 increased by JPY 326.5bn from the end of Mar. 2020, mainly because of increase in JGB, foreign bonds, and stocks

Securities

(JPY bn)

【Breakdown of bonds】

Government-guaranteed bonds : JPY 59.1bn FILP agency bonds : JPY 193.7bn
Business bonds : JPY 53.5bn(Of which private placement bonds : JPY 30.3bn)
Held-to-maturity business bonds(Mortgage trust beneficiary rights) : JPY 56.4bn



〔Duration〕

| | End of Mar. 2019 | End of Mar. 2020 | End of Mar. 2021 |
|-----------------|------------------|------------------|------------------|
| Yen based bonds | 5.02 years | 6.03 years | 5.97 years |
| Foreign bonds | 3.96 years | 2.35 years | 3.37 years |

Gains and losses on securities

(JPY bn)

| | FY2019 | FY2020 | YoY |
|--|--------------|--------------|----------------|
| Interest and dividend on securities | 24.9 | 23.4 | -1.5 |
| Yen based bonds | 1.5 | 1.9 | +0.3 |
| Foreign bonds | 11.7 | 6.1 | -5.6 |
| Gains on investment trusts (Gains (losses) on cancellation) | 0.0 (0.0) | 3.1 (0.3) | +3.1 (+0.3) |

| | | | |
|---|-----|------|------|
| Gains and losses on bonds such as JGBs | 3.9 | 4.8 | +0.9 |
| Gain on sell of bonds such as JGBs | 5.8 | 10.2 | +4.4 |
| Loss on sell and redemption of bonds such as JGBs (-) | 1.9 | 5.5 | +3.5 |

| | | | |
|----------------------------|-----|-----|------|
| Gains and losses on stocks | 2.6 | 7.9 | +5.3 |
| Gain on sales of stocks | 4.5 | 8.1 | +3.6 |
| Amortization(-) | 1.9 | 0.3 | -1.7 |

Unrealized gains and losses on securities

(JPY bn)

| | End of Mar. 2019 | End of Mar. 2020 | End of Mar. 2021 | Change from end of Mar. 2020 |
|---|------------------|------------------|------------------|------------------------------|
| Unrealized gains and losses on securities | +271.5 | +217.3 | +325.6 | +108.4 |
| Stocks | +261.8 | +211.5 | +321.4 | +109.9 |
| Yen based bonds | +5.9 | +3.4 | +0.9 | -2.5 |
| Foreign bonds | +2.6 | +5.1 | -6.0 | -11.1 |
| Investment trusts | -1.2 | -6.6 | +4.1 | +10.7 |
| Others | +2.4 | +3.8 | +5.2 | +1.4 |

Fees and commissions

Fees and commissions in FY2020 increased by JPY 0.3bn YoY mainly due to increase in fee incomes from wholesale

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

Fees and commissions (Nonconsolidated)

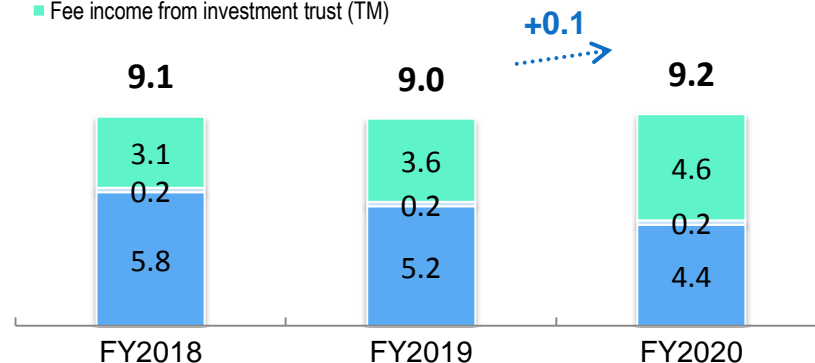
| (JPY bn) | FY2018 | FY2019 | FY2020 | YoY |
|----------------------------------|--------|--------|--------|------|
| Fees and commissions | 15.8 | 15.6 | 15.9 | +0.3 |
| Fees and commissions incomes | 30.5 | 30.8 | 31.3 | +0.5 |
| Fees and commissions expenses(-) | 14.7 | 15.2 | 15.4 | +0.2 |

<Major items>

| | | | | |
|--|-----|-----|-----|------|
| Fee incomes from wholesale | 4.3 | 4.2 | 5.0 | +0.8 |
| Related to market credit investment | 2.1 | 1.8 | 2.5 | +0.6 |
| Syndicated loan, etc. | 0.8 | 0.7 | 0.9 | +0.2 |
| Others(covenants loan, etc.) | 1.4 | 1.6 | 1.6 | -0.0 |
| Other fees on loans | 2.1 | 2.7 | 3.5 | +0.8 |
| Fee incomes on customer assets | 6.0 | 5.4 | 4.6 | -0.8 |
| Investment trust | 0.2 | 0.2 | 0.2 | +0.0 |
| Insurance products | 5.8 | 5.2 | 4.4 | -0.9 |
| Net profit on exchange | 6.1 | 6.1 | 5.9 | -0.2 |
| Life insurance fees on consumer loans(-) | 6.9 | 7.1 | 7.7 | +0.6 |

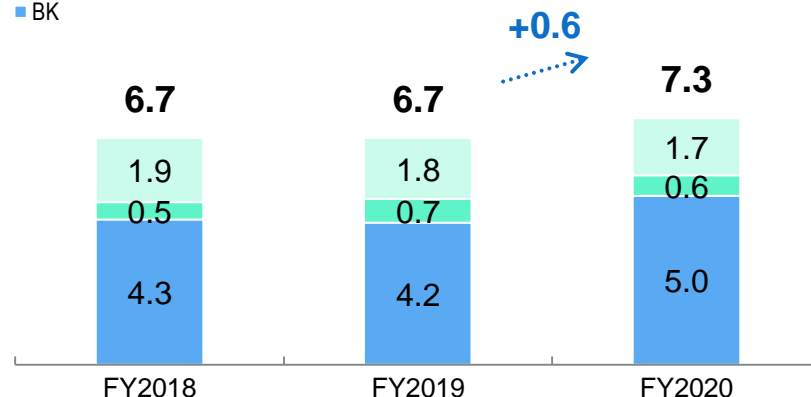
Fee incomes on customer assets (including group companies)

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



Fee incomes from wholesale (including group companies)

- Ordinary profit of Lease*
- Ordinary profit of SMC
- BK

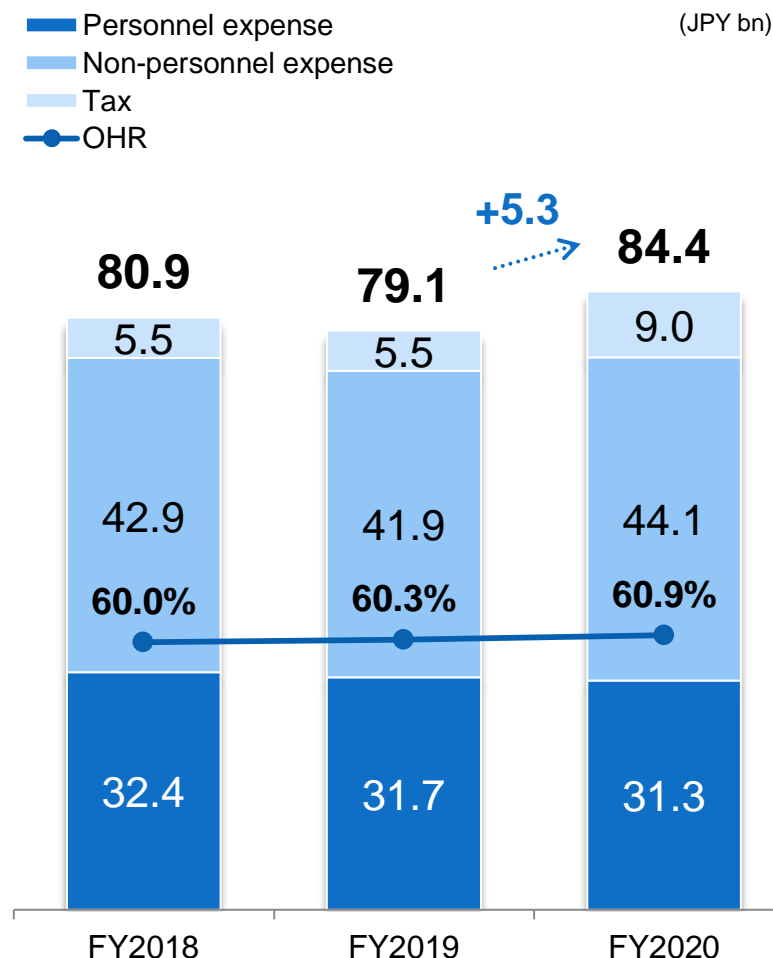


*Ordinary profit of Lease is before paying intermediate fees to the Bank

Expenses

Expenses (nonconsolidated) was JPY 84.4bn (up JPY 5.3bn YoY), and OHR was 60.9% (up 0.6 pt YoY) in FY2020

Expenses and OHR (nonconsolidated)

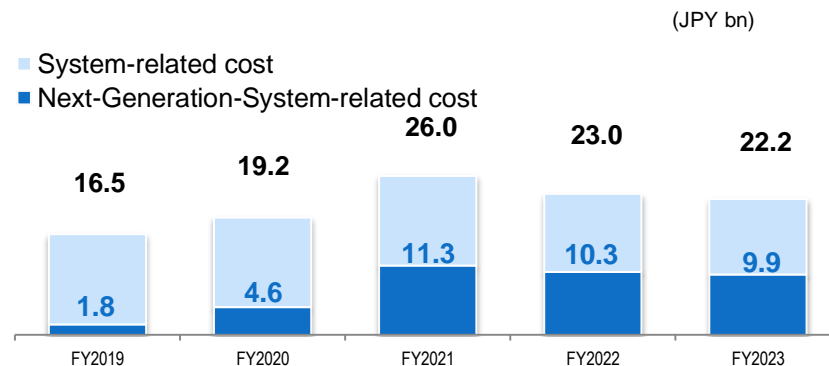


Main factors for change of expenses (nonconsolidated)

| | YoY | Main factors |
|------------------------|-------------------|---|
| Tax | JPY +3.5bn | Next-Generation-System-related JPY +2.7bn |
| Non-personnel expenses | JPY +2.2bn | Next-Generation-System-related JPY +2.8bn (JPY +2.2bn of those are depreciation, and JPY +0.6bn are running cost) |
| Personnel expenses | JPY -0.4bn | Salary allowance JPY -0.3bn |
| Total | JPY +5.3bn | |

Forecast of system-related expenses

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



* Next Generation System started in Jan. 2021

Credit-related costs

Credit-related costs in FY2020 : JPY 11.7bn (up JPY 3.0bn YoY)

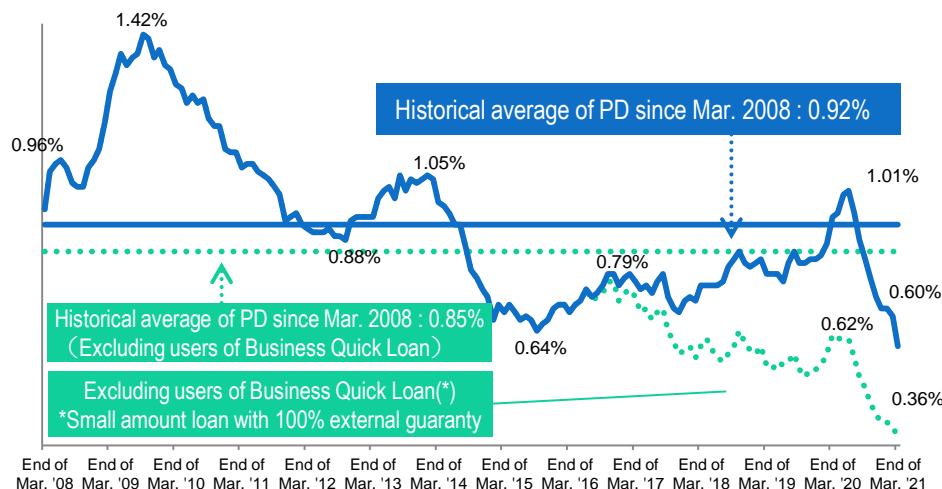
Breakdown of credit-related costs

| (JPY bn) | FY2018 | FY2019 | FY2020 | YoY change |
|--|--------|--------|--------|------------|
| Provision for general allowance for loan losses (1) | 1.0 | 0.4 | 3.5 | +3.1 |
| Provision for specific allowance for loan losses (2) | 3.4 | 5.5 | 7.8 | +2.2 |
| Other non-performing loans (NPL) disposal * (3) | 0.4 | 2.7 | 0.4 | -2.3 |
| Credit-related Costs (1)+(2)+(3) | 4.8 | 8.7 | 11.7 | +3.0 |

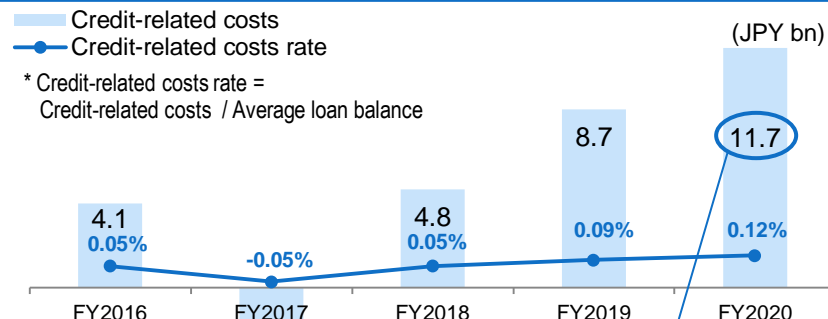
* Including provision for the estimated future payments to credit guarantee corporations, provision for allowance for accidental losses, and losses on sell of loans

Probability of Default (PD)

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



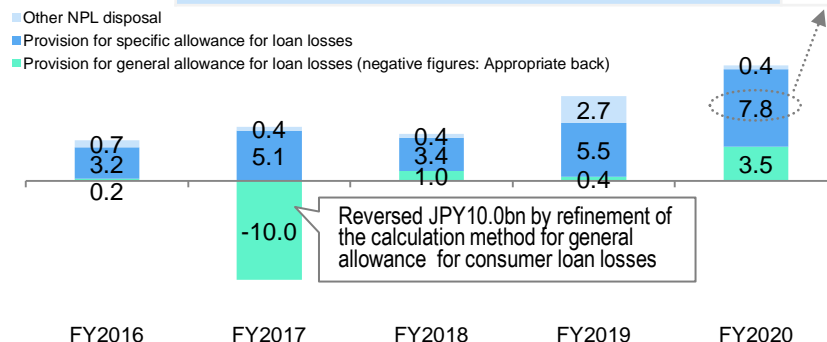
Credit-related costs and Credit-related cost ratio



- Including JPY 3.8bn of 2 large-scale (larger than JPY 1.0bn) provisions for specific allowance for loan losses
- Cost resulting from COVID-19 effect was JPY 6.2bn

Provision for allowance for loan losses and other NPL disposal

| | | |
|----------|---|------------|
| (JPY bn) | Changes in credit rating, etc. | 10.7 |
| | Decrease in the value of collaterals | 0.1 |
| | Upgrade of credit rating, decrease in loan and credit balances by foreclosure, etc. | -3.0 |
| | Total | 7.8 |

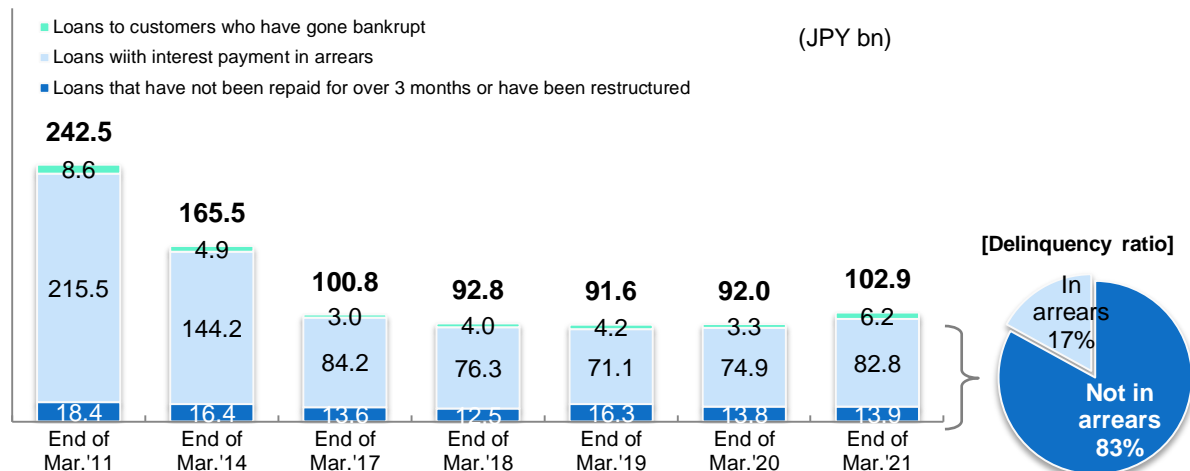


Risk-management loans

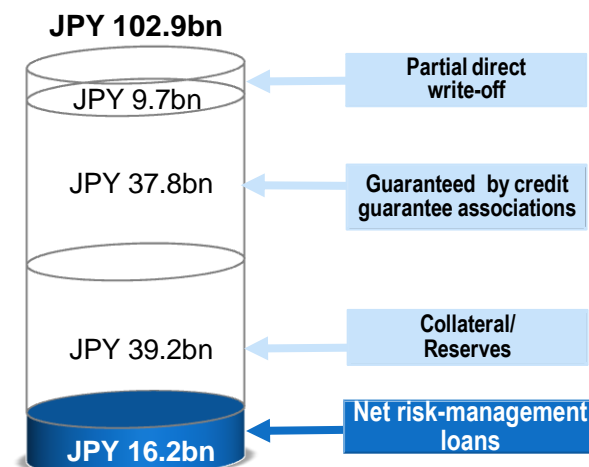
Total risk-management loans were JPY 102.9bn (the ratio of risk-management loans was 1.10%), greatly decreasing from the peak balance of JPY 242.5bn after the collapse of Lehman Brothers but recently increasing mainly due to factors of COVID-19.

Net risk-management loans were JPY 16.2bn (the ratio of net risk-management loans was 0.17%), which shows the soundness in the Bank's asset

Trends in Risk-management loans



Net risk-management loans



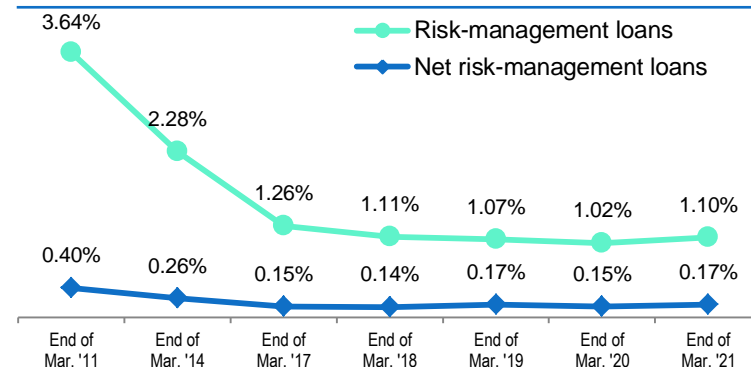
EL (Expected loss in 1 year from now on) : JPY 1.1bn

NPL removal from the balance sheet

| | FY2019 | FY2020 |
|--|------------------|------------------|
| New recognition of NPLs | +32.0 | +37.8 |
| Removal from the balance sheet (NPL to borrowers classified as "at risk of failure" or riskier categories) | -31.6 (-23.4) | -27.0 (-21.1) |
| Risk-management loans | 92.0 | 102.9 |

| [Breakdown of JPY -21.1bn] | | (JPY bn) |
|--|------|----------|
| Collected from borrower/ set off against deposit account | -3.0 | |
| Collateral disposal/ subrogated to guarantor | -9.0 | |
| Reclassified to better categories | -5.9 | |
| Loans sold-off | -3.1 | |
| Direct write-off of loans | -0.0 | |

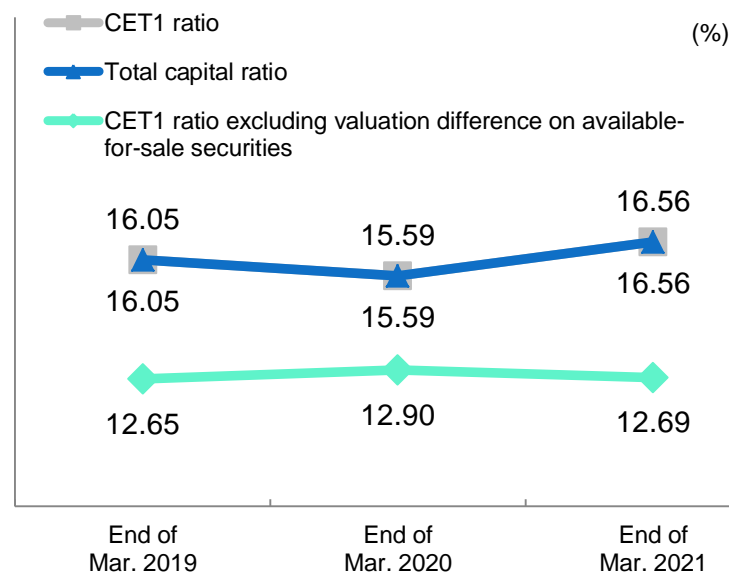
The ratio of risk-management loans



Capital adequacy ratio

Both Total capital ratio and CET1(Common Equity Tier 1) ratio at the end of Mar. 2021 are 16.56%, up 0.97 percent points from the end of Mar. 2020 (CET1 ratio excluding valuation difference on available-for-sale securities at the end of Mar. 2021 is 12.69%, down 0.21 percent points from the end of Mar. 2020)

Capital adequacy ratio (Consolidated basis)



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

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

| Decrease in economic value | Tier 1 | Results of materiality test* |
|----------------------------|-------------|------------------------------|
| JPY 48.3bn | JPY 990.4bn | $4.9\% \leq 15\%$ |

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

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

- Δ NI (Net Interest Income): JPY 5.9bn (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. '19 | End of Mar. '20 | End of Mar. '21 | Change from the end of Mar. '21 |
| Total capital* | 913.3 | 893.8 | 990.4 | +96.6 |
| CET1 | 913.3 | 893.8 | 990.4 | +96.6 |
| Excluding valuation difference on available-for-sale securities | 719.9 | 739.4 | 759.2 | +19.8 |
| Other Tier 1 | - | - | - | ± 0.0 |
| Tier 2 | - | - | - | ± 0.0 |
| Risk-adjusted assets | 5,690.1 | 5,729.7 | 5,979.7 | +250.0 |
| Total credit-risk adjusted assets | 5,379.1 | 5,411.3 | 5,658.0 | +246.7 |
| Amount corresponding to market risk | 13.0 | 18.6 | 19.4 | +0.8 |
| Amount corresponding to operational risk | 298.1 | 299.8 | 302.3 | +2.5 |

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

[Other indices related to the Basel III]

(1) Liquidity coverage ratio (Consolidated)

- End of Mar. 2021 : 172.0% (Regulatory level 100% and over)
- FY2020(Daily average) : 170.8%

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

Projected performance in FY2021

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

(JPY bn)

| Consolidated | | FY2018 | FY2019 | FY2020 (A) | FY2021 (Projected) (B) | YoY (B-A) |
|--------------|---|--------|--------|---------------|------------------------------|--------------|
| | Ordinary profit | 63.4 | 54.6 | 63.3 | 62.0 | -1.4 |
| | Profit attributable to owners of the parent | 46.9 | 38.7 | 43.6 | 45.5 | +1.9 |
| | ROE | 4.6% | 3.8% | 4.1% | 4.3% | +0.2pt |
| | OHR | 59.0% | 58.9% | 59.5% | 58.2% | -1.3pt |
| | CET1 ratio | 16.05% | 15.59% | 16.56% | 14.6% | -1.96pt |

| Nonconsolidated | Gross operating profit | 134.8 | 131.0 | 138.5 | 146.9 | +8.4 |
|-----------------|--------------------------|-------|-------|-------|-------|------|
| | Net interest income | 116.6 | 106.8 | 114.7 | 123.2 | +8.5 |
| | Fees and commissions | 15.8 | 15.6 | 15.9 | 16.5 | +0.6 |
| | Trading income | 0.8 | 0.6 | 0.9 | 0.8 | -0.1 |
| | Other operating profit | 1.6 | 7.9 | 7.0 | 6.4 | -0.6 |
| | Expenses (-) | 80.9 | 79.1 | 84.4 | 88.7 | +4.3 |
| | Ordinary profit | 56.5 | 46.5 | 51.5 | 52.0 | +0.5 |
| | Net income | 42.6 | 33.4 | 35.5 | 40.0 | +4.5 |
| | Credit-related costs (-) | 4.8 | 8.7 | 11.7 | 13.0 | +1.3 |



Progress of the 14th Medium-term Business Plan

Picture that Shizuoka Bank Group targets

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

Picture targeted in long term
(10-year Vision)

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

14th Medium-term Business Plan COLOrS

◆ Vision

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

◆ Three Basic Strategies

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

FY2020

“Change of mind”

- Support customers under COVID-19 pandemic
- Conduct HR interaction among Group (127 people)

FY2021

“Change of action”

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

FY2022

“Realization of achievement”

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

Initiatives in the 14th Medium-term Business Plan

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

Basic Strategy 1 Group Sales Strategy

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

Basic Strategy 2 Innovation Strategy

- ✓ Unsecured loan (App, Contact Center etc.) ⇒ P20
- ✓ Operation process reform ⇒ P25
- ✓ IT strategy, Next Generation System ⇒ P26-27
- ✓ DX strategy ⇒ P28
- ✓ Cross-industry collaboration (Full picture, au Jibun Bank) ⇒ P29-30
- ✓ Overseas network ⇒ P32

Basic Strategy 2 Business Portfolio Strategy

- ✓ Loans for asset building ⇒ P20-21
- ✓ Market credit investment ⇒ P33

10-year Strategy Region-producing Strategy

- ✓ Cross-industry collaboration (business for venture firms) ⇒ P31
- ✓ Shizuoka Yamanashi Alliance ⇒ P34

Supported customers mainly in terms of cash position in FY2020, extending loans related to COVID-19 of total JPY 574.9bn. Intend to support customers in terms of business improvement and restructuring as well as of cash position in FY2021.

Situation of support for customers

FY2020

- Categorized customers' needs into three types, supporting in minute detail

Cash position

- ✓ Funding
- ✓ Rescheduling etc.

Main business

- ✓ Develop sales channel
- ✓ Support for ICT etc.

Succession

- ✓ M&A
- ✓ Introduce HR etc.

FY2021

- Re-categorize the needs into four types

Cash position, business improvement

- ✓ Funding
- ✓ Guide business improvement
- ✓ Consider change or discontinuation of business etc.

Business restructuring

- ✓ Develop in new fields
- ✓ Change industry
- ✓ Change business etc.

Main business

- ✓ Develop sales channel
- ✓ Support for ICT etc.

Succession

- ✓ M&A
- ✓ Introduce HR etc.

- Establish a team to support change or discontinuation of business within the headquarters (8 people)
 - ✓ Conducted strategic personnel distribution, increasing staff in Business Support Dept.

Situation of loans related to COVID-19

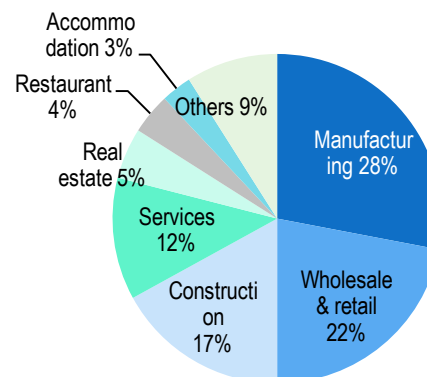
[Total amount]

| | Until end of Mar. 2021 | |
|---------------------------------------|------------------------|--------------------|
| New loans (1) | 17,153 | JPY 517.3bn |
| Not guaranteed by CGC (*) | 532 | JPY 223.8bn |
| Guaranteed by CGC | 16,589 | JPY 293.4bn |
| Use of existing credit facilities (2) | 291 | JPY 57.7bn |
| Total ((1) + (2)) | 17,444 | JPY 574.9bn |
| (Ref.) Subordinated loan | 7 | JPY 2.3bn |

* CGC ; Credit Guarantee Corporation

[Situation of loans guaranteed by CGC]

Breakdown in industry



Others

Average amount

- JPY 20mil

Term

- Over 90% are longer than 3 years, and over 80% are longer than 7 years

Grace period

- Three fourths have grace period

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

Consumer loan balance (term-end balance) increased by JPY 117.7bn from the end of Mar. 2020, maintaining increase trend mainly due to growth of housing loans

Various measures in consumer loans

Enhance efficiency in operation and convenience for customers in housing loan

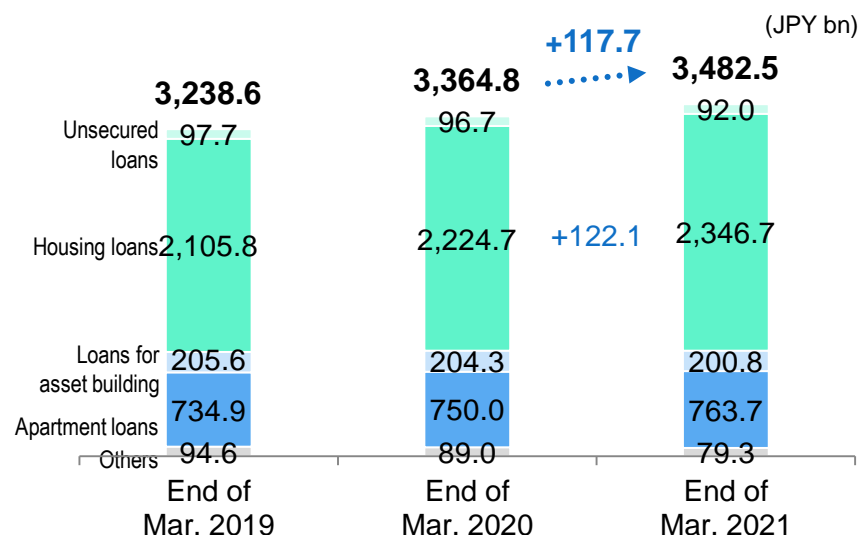
- ✓ Bring staff for housing loans together in Loan Centers
⇒ Reduce required staff for housing loans by 24 people, who are distributed to other business
- ✓ Introduce “Shikaku Map”, a web-based service that enables higher efficiency in research of collateral property, simultaneously with Yamanashi Chuo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



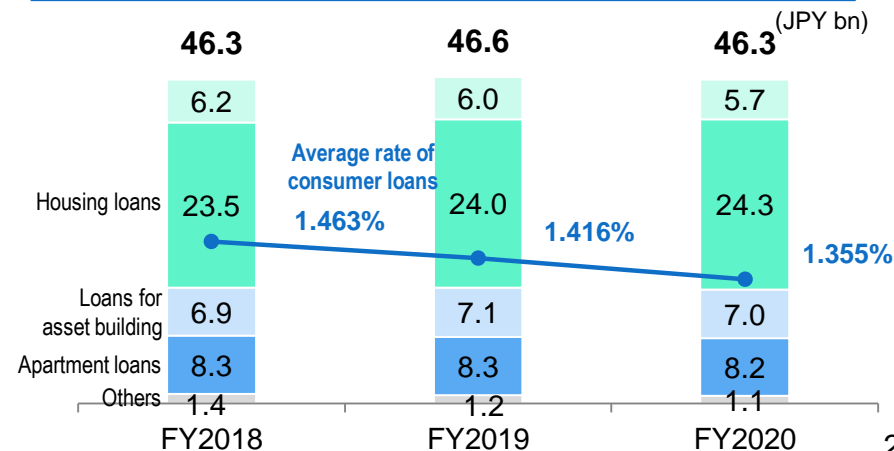
- ✓ Introduce electronic contract



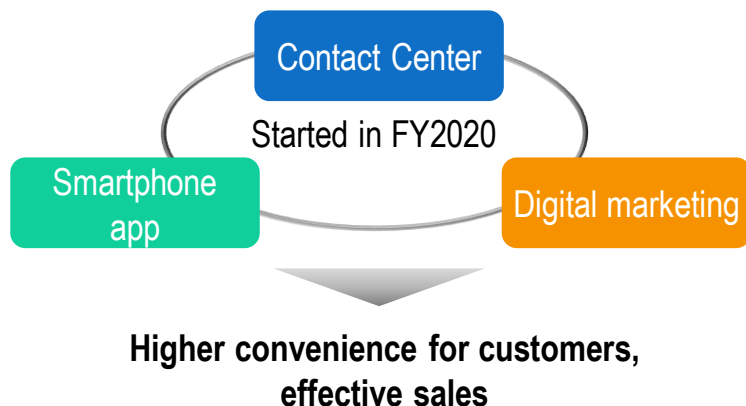
Consumer loan balance (term-end balance)



Interest amount and rate of consumer loans



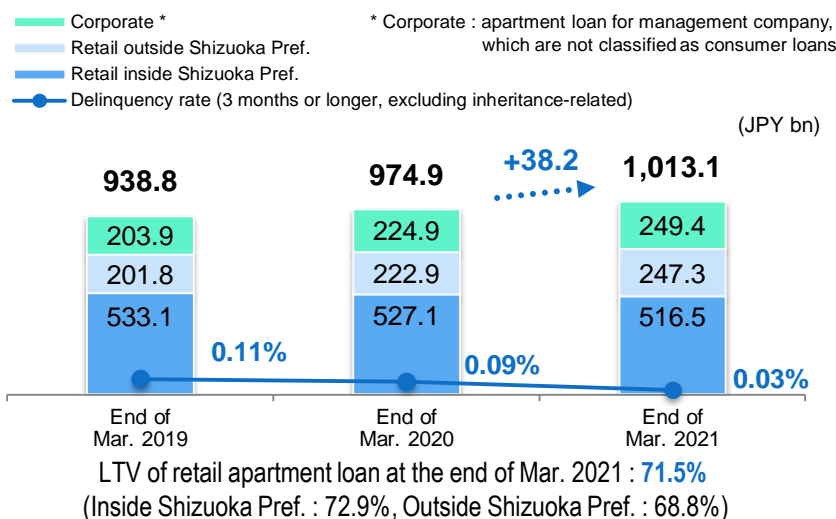
Measures to increase balance of unsecured loans



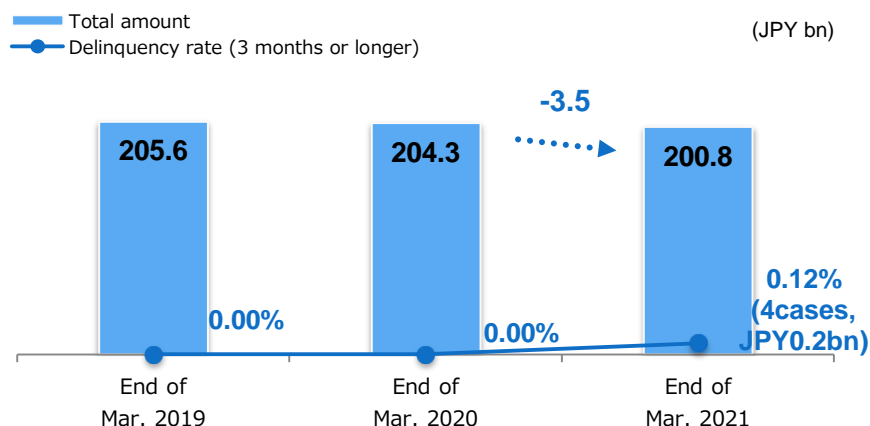
Amount of apartment loan (including loan to businesses) increased by JPY 38.2bn and amount of loan for asset building decreased by JPY 3.5bn, respectively, from the end of Mar. 2020

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

Term-end balance and delinquency rate of apartment loan



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



Initiative so far and future strategy in loans for asset building

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

Establishment of system with strict monitoring

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

Current issue

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

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

Appropriate personnel distribution

⇒ Keep and raise the level of system with strict monitoring

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

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

Businesses for management in venture companies

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

Meet needs of corporate customers

Basic strategy 1
Group Sales

Basic strategy 2
Innovation

Basic strategy 3
Business Portfolio

10-year Strategy

Expand lineup of consulting for customers as well as reinforce cooperation within the Shizuoka Bank Group
Fee incomes from corporate customers including those to Group companies increased by JPY 0.6bn YoY

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

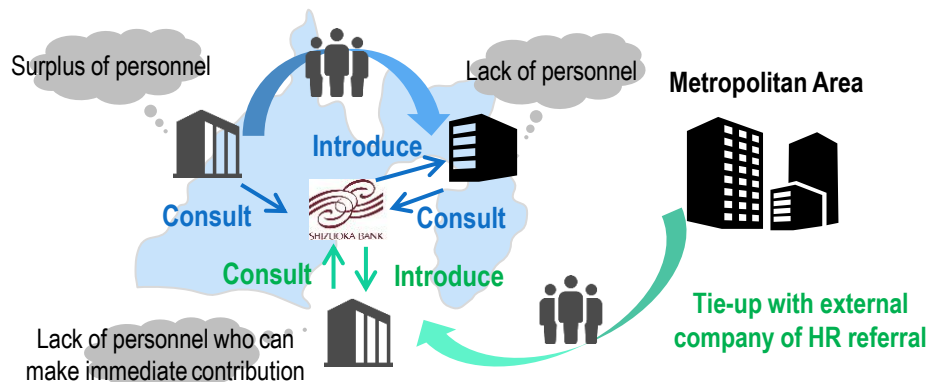
Reinforce cooperation within the Group

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

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

Expand lineup of consulting

- ✓ Enter into HR referral business



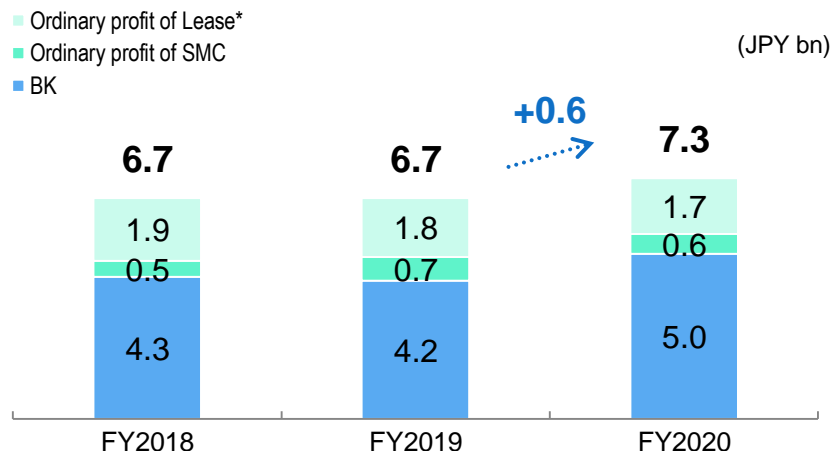
M&A, business succession

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

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

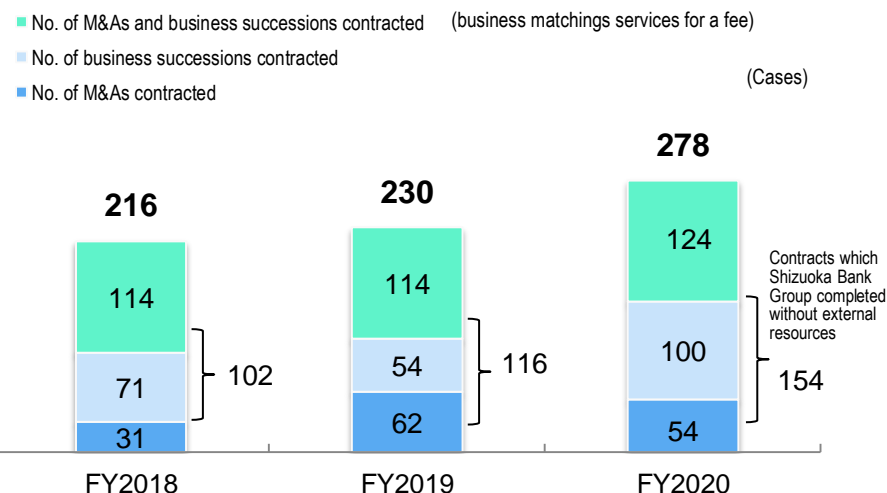
- ✓ Propose various financing such as subordinated loans and leasing

Fee incomes from corporate customers (including group companies)



Support for business succession

[Historical data of no. of contracted matching]



Meet needs in life-planning

Basic strategy 1
Group Sales

Basic strategy 2
Innovation

Basic strategy 3
Business Portfolio

10-year Strategy

Develop asset management business with the view of 100-year life era as well as whole asset sales by whole Group
Fee incomes on customer assets including those to Group companies increased by JPY 0.1bn YoY

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

Reinforce cooperation within the Group

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

Whole asset sales by whole Group

by reinforcing cooperation between bank and securities

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

Casual asset building

- ✓ Start offering "Shizugin Wrap"

Face-to-face



Shizugin TM Securities

Non face-to-face



Monex Asset Management

Appropriate asset management (preparation for possible dementia)

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



1st case
in regional
banks

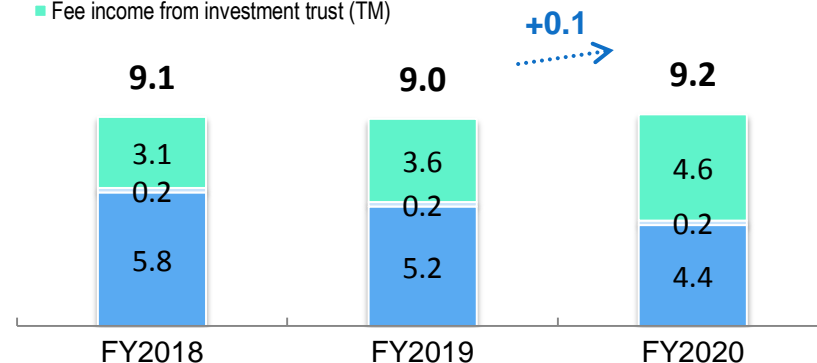
Succession of asset

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

One-stop solution for asset from investment to succession

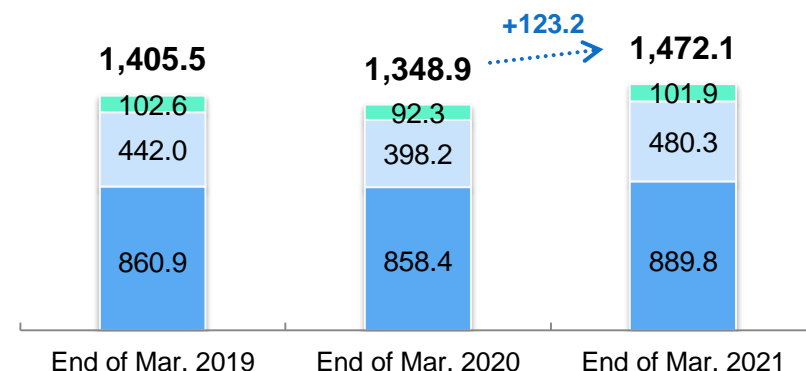
Fee incomes on customer assets (including group companies)

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



Customer assets excluding JPY deposits (term-end balance)

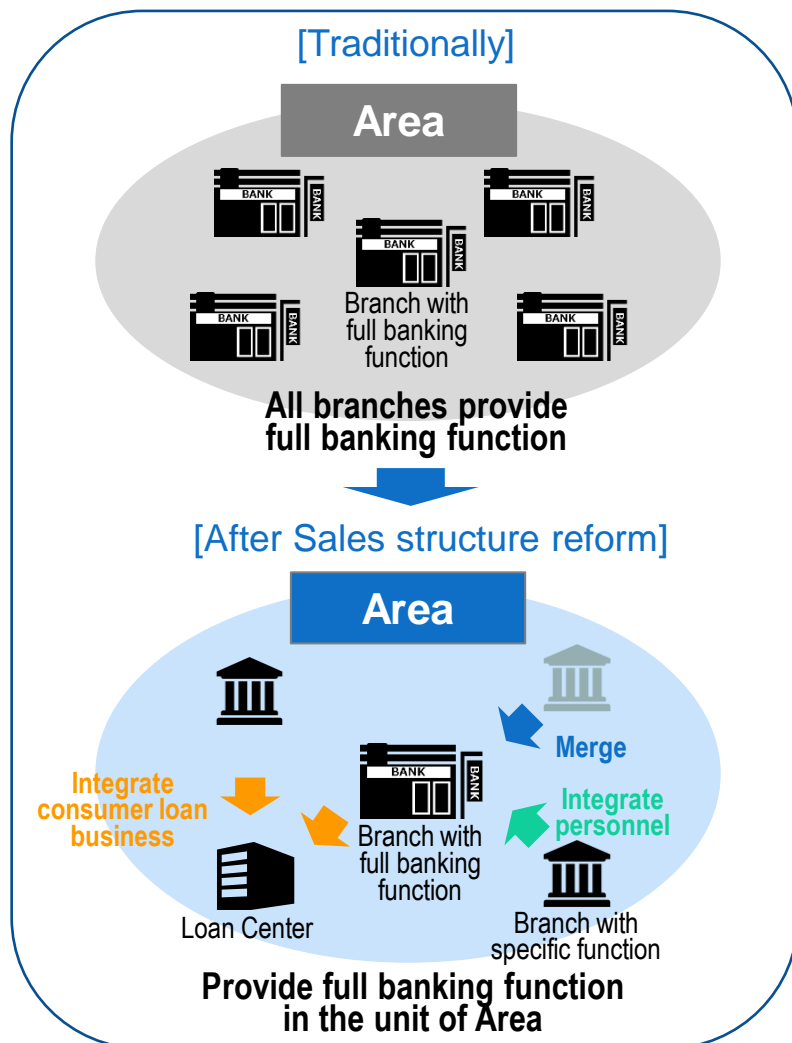
- Others(deposit in foreign currency, investment trusts, public & corporate bonds) (JPY bn)
- Shizugin TM Securities
- Individual annuity insurance products



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

Sales structure reform (FY2018-)

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



[Achievement]

Areas where the reform was conducted

Branches decreased

Review of branch function

Branch closing at noon

No. of staff secured

Branch-managing cost reduced

Result by FY2020

Approx. 80%

11 branches

32 branches

30 branches

72 staff

JPY 1.2bn

Plan for FY2021

Approx. 80%

12 branches

5 branches

15 branches

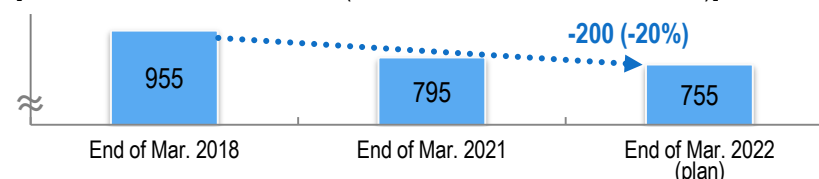
35 staff

JPY 0.8bn

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

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

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



Operation process reform

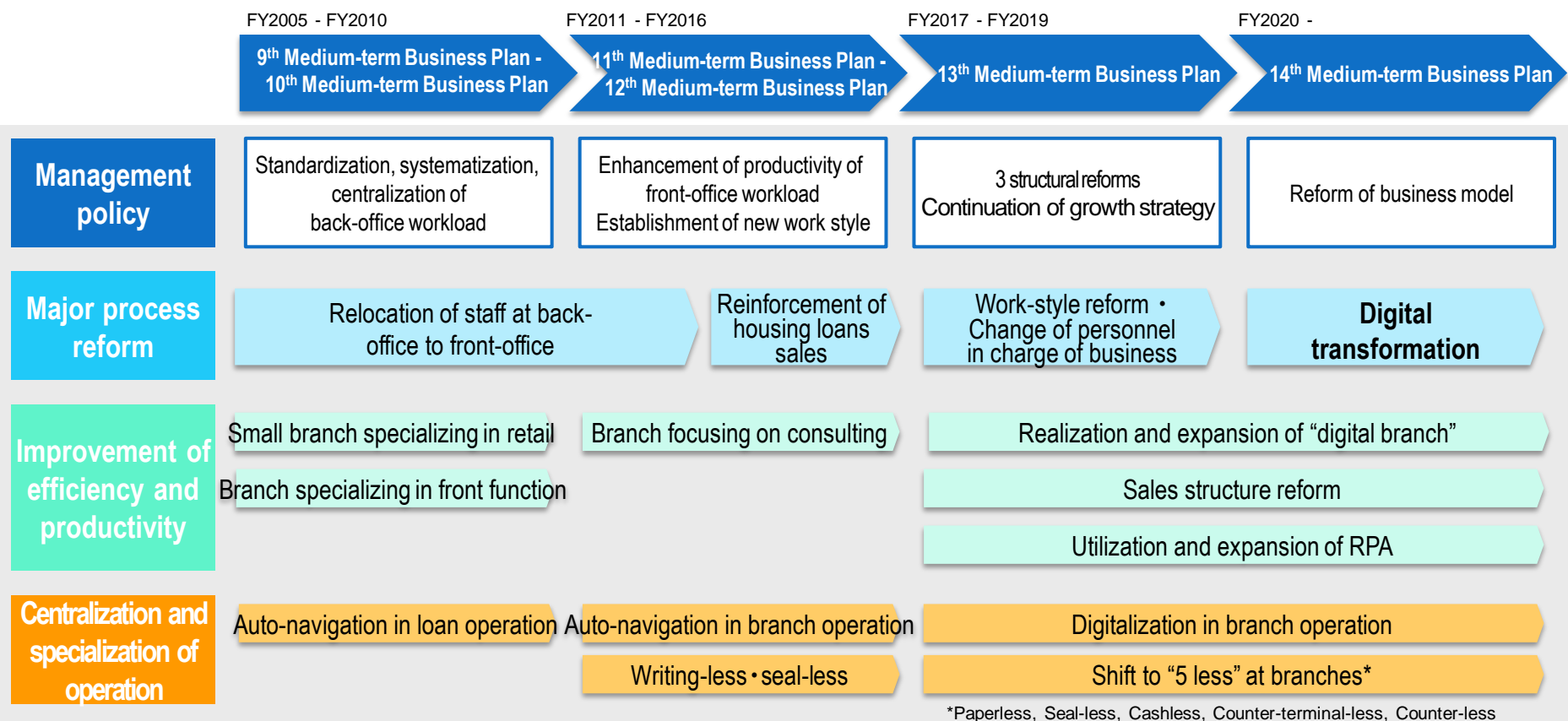
基本戦略1
グループ営業

基本戦略2
イノベーション

基本戦略3
ビジネスポートフォリオ

10年戦略

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



Major achievement so far

Back-office workload
at branches

Reduced by 57%
(Comparison between FY2007 and FY2010)

Time to process
workload on
housing loans

Reduced by 63%
(Comparison between FY2010 and FY2013)

Relocation of staff
at back-office to
front-office

**Increased front-
office employees**
while reducing total employees

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

* Including temporary employees

Major future target

Sales structure reform

RPA

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

Automation of operation
requiring 100 staff *
(By FY2021)

* Equivalent to 200K hours per year

IT strategy with Next Generation System

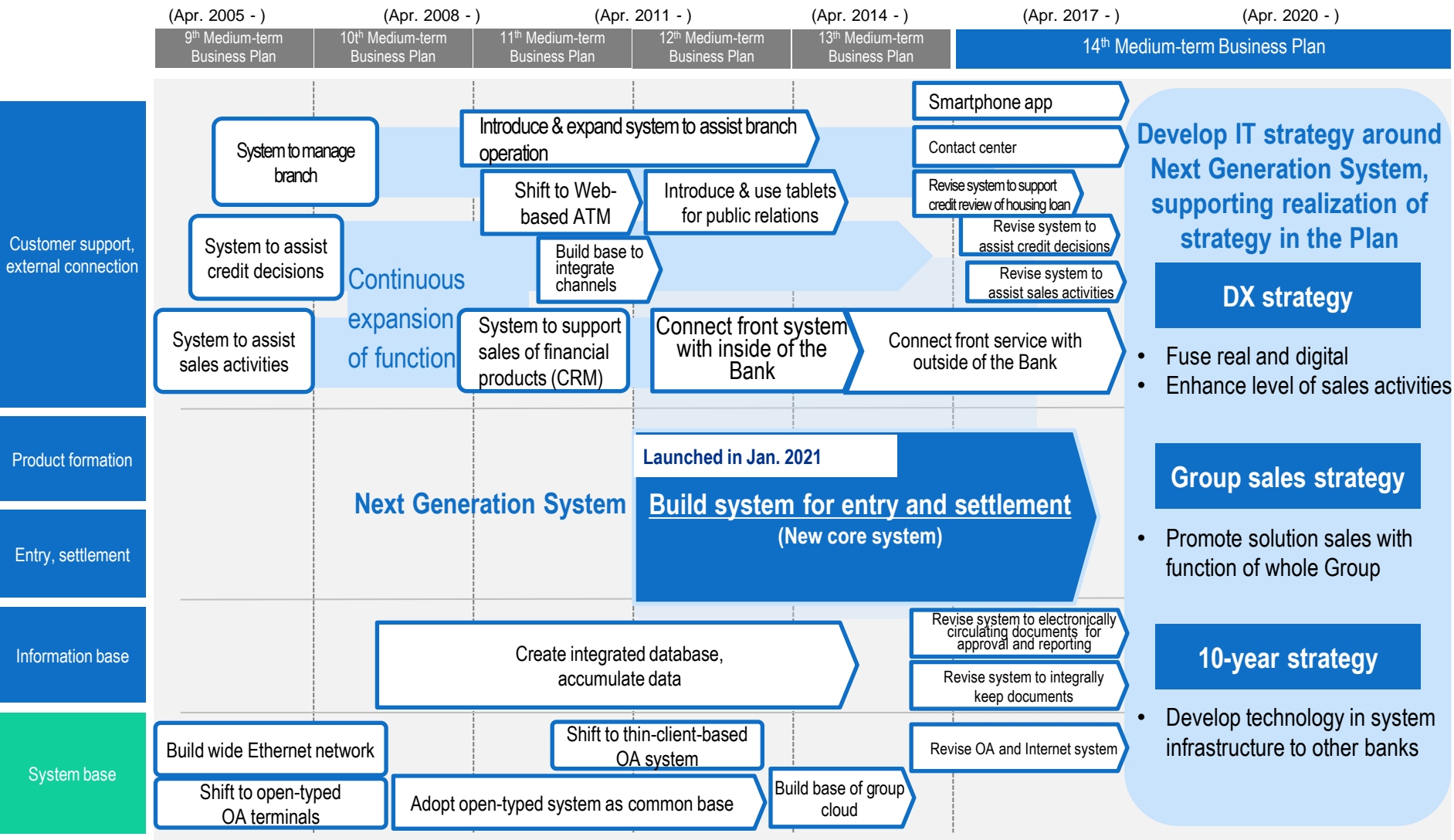
Basic strategy 1
Group Sales

Basic strategy 2
Innovation

Basic strategy 3
Business Portfolio

10-year Strategy

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



Next Generation System – Outline

Basic strategy 1
Group Sales

Basic strategy 2
Innovation

Basic strategy 3
Business Portfolio

10-year Strategy

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

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

Direction and issues on financial IT (2025 Digital Cliff)

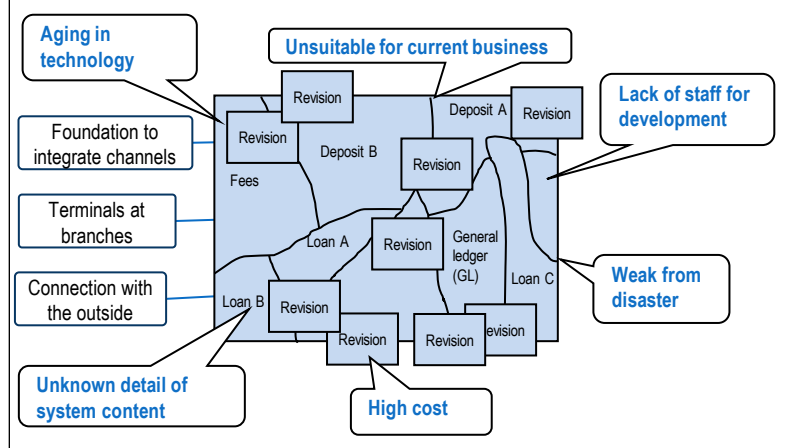
● Direction of IT strategy of financial institutions

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

● Current situation and issues of each institution

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

Image of shift to black box



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

The Bank’s policy and system strategy

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



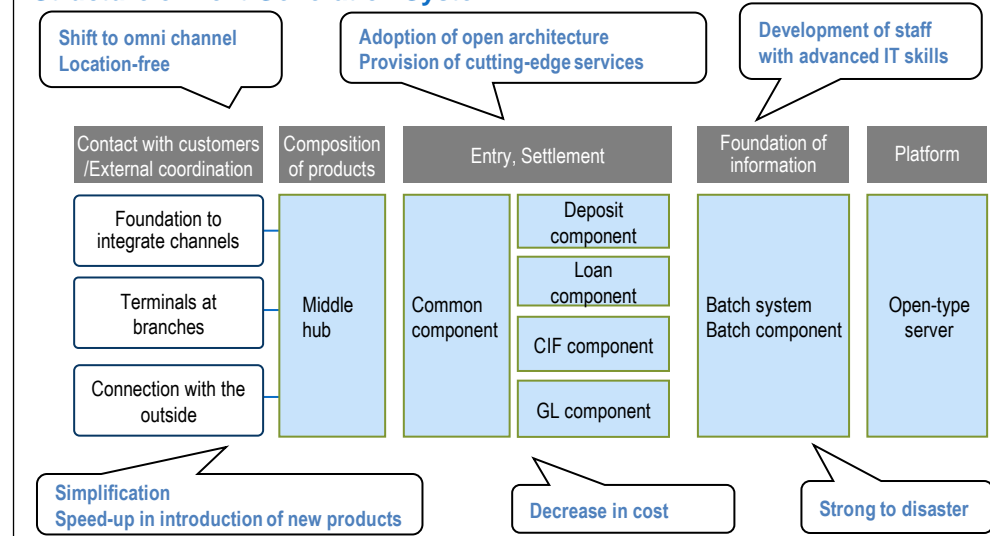
- Build loan supporting system
- Realize ATM operated on Web
- Introduce counter navigation system etc

Continuously expand and decentralize function

● Construct and launch Next Generation System

- Unprecedented project because of **new construction of key system including change of vendor** and of **adoption of open-type technology for the first time in major Japanese banks**
- Selected as **the first case** to receive special support by Financial Services Agency for advanced initiatives on core systems of banks in Apr. 2020
- **Launched in Jan. 2021 → Avoid 2025 Digital Cliff**

Structure of Next Generation System



DX strategy – DX in Shizuoka Bank Group

Basic strategy 1
Group Sales

Basic strategy 2
Innovation

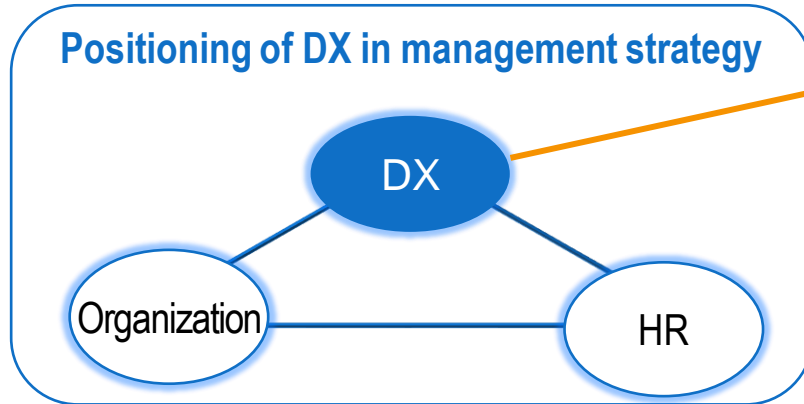
Basic strategy 3
Business Portfolio

10-year Strategy

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

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

Positioning of DX in management strategy



Establish DX policy and department specialized in DX

Make basic way of thoughts on DX clear as a rule

Targeted picture

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

Plan to establish DX Strategy Promoting Office (Jun. 2021)

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

Reform of company itself (Corporate transformation)

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

5 important fields in DX

Create new business

Reinforce non-face-to-face channel

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

Expand channel with corporate customers

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

Utilize data in the whole Group

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

Digitalize operations in back office

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

Develop digital professional

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

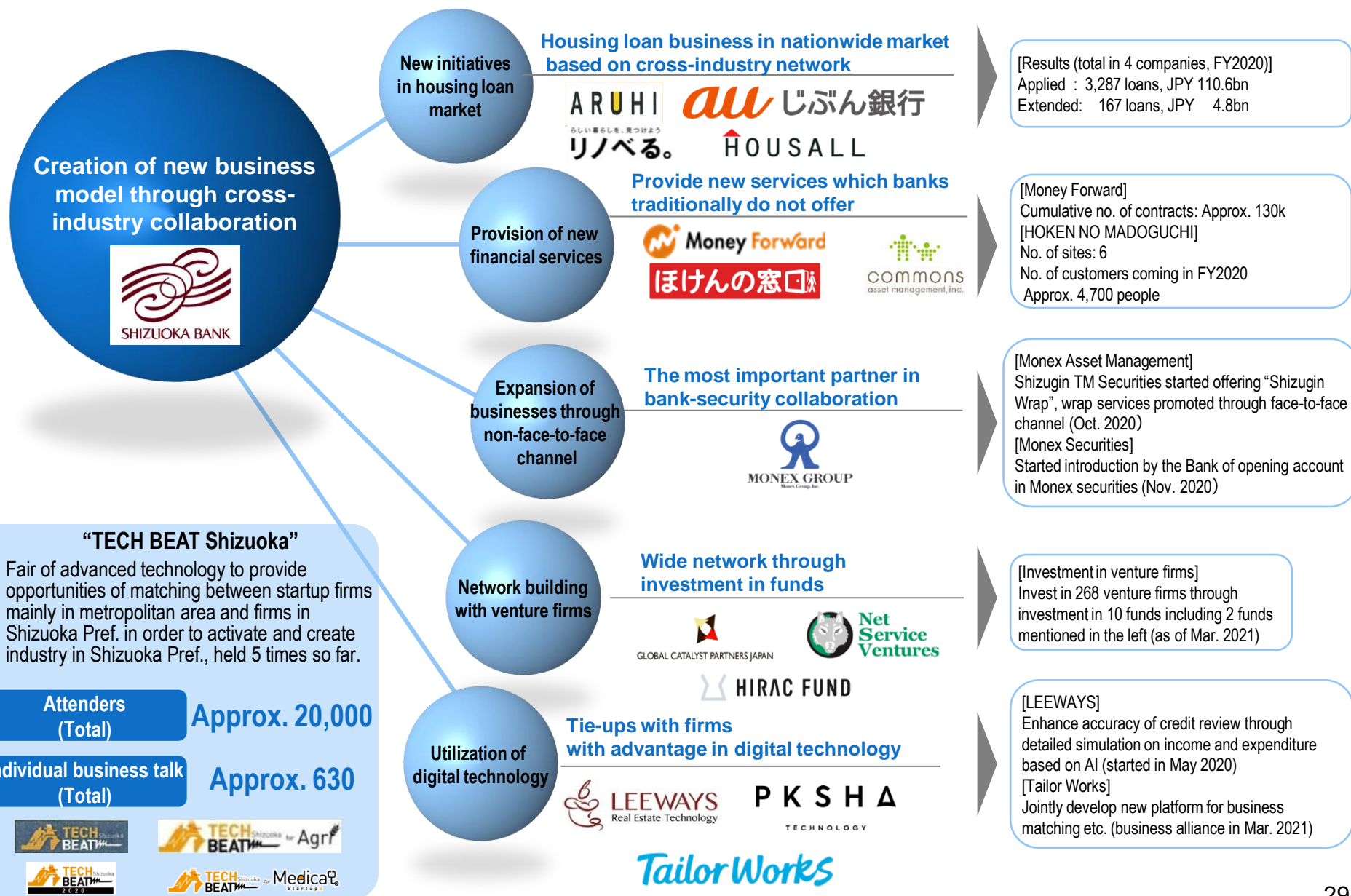
Deepen existing business

Enhance corporate value in medium to long run

[Corporate philosophy]

Expand dreams and affluence with our community.

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

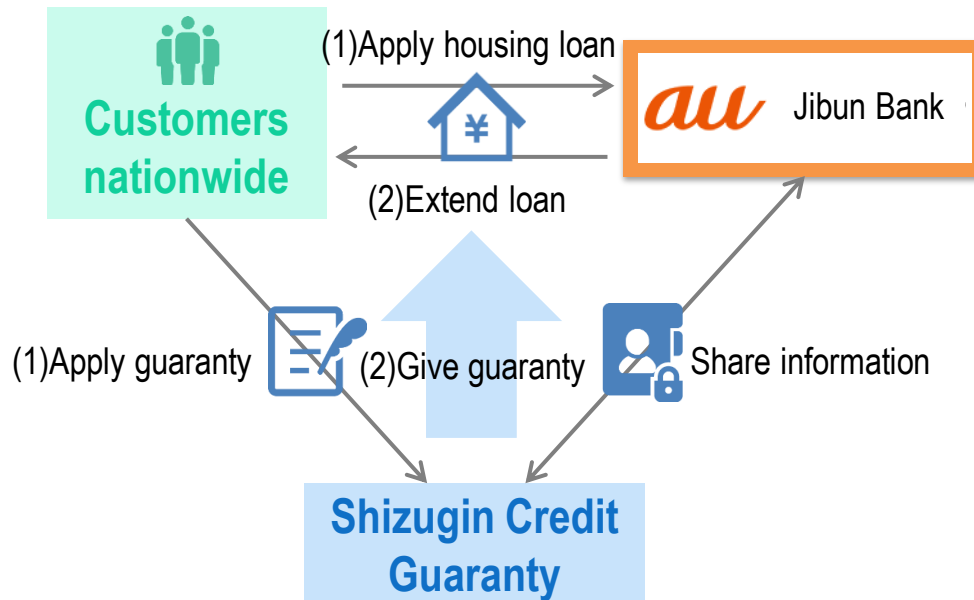


Build new business model through collaboration with firms in other industry

Business to give guaranty through collaboration with au Jibun Bank Corporation

- **Start collaboration with au Jibun Bank Corporation** (from Jan. 28th, 2021), following collaboration with ARUHI Corporation which started in 2018, in order to expand housing loan business efficiently and to develop the business nationwide by utilizing function of group companies

[Scheme of collaboration]



(Note) Some housing loans are without guaranty by Shizugin Credit Guaranty

Advantage (1)

Enable to expand housing loan business without brick-and-mortar branches (at low cost)

Advantage (2)

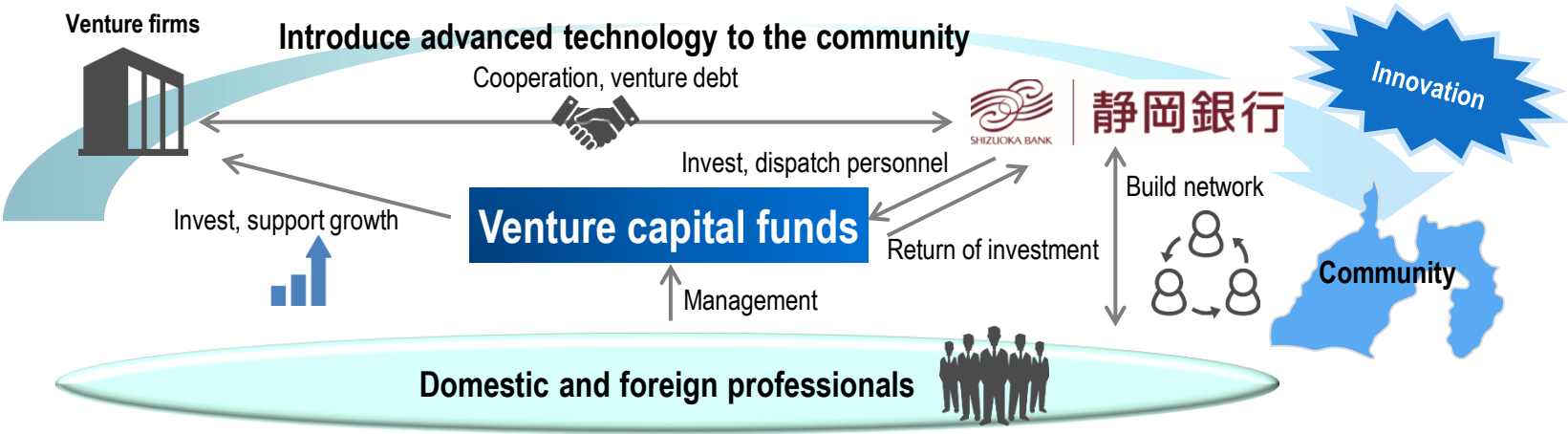
Enable to accept application nationwide by utilizing network of firms in other industry (development of field)

Accept approx. 2,400 applications

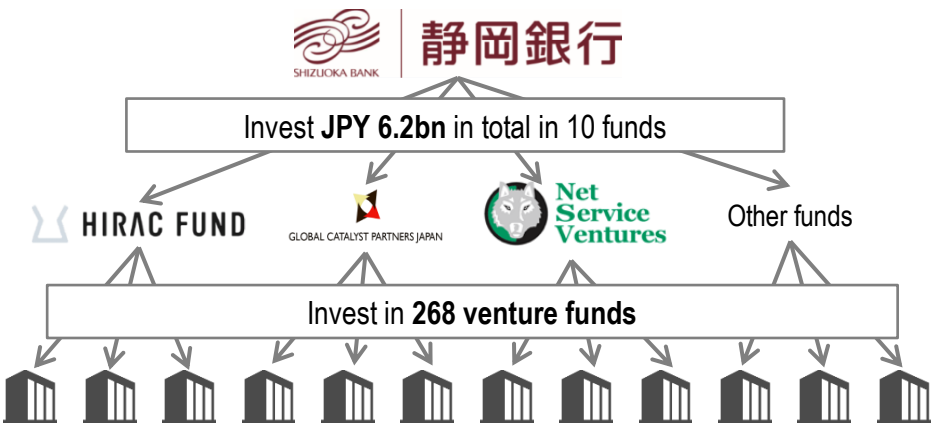
for approx. 2 months to the end of Mar. 2021

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

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



Situation of investment in venture capital funds



For expansion of business for venture business

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

Present

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

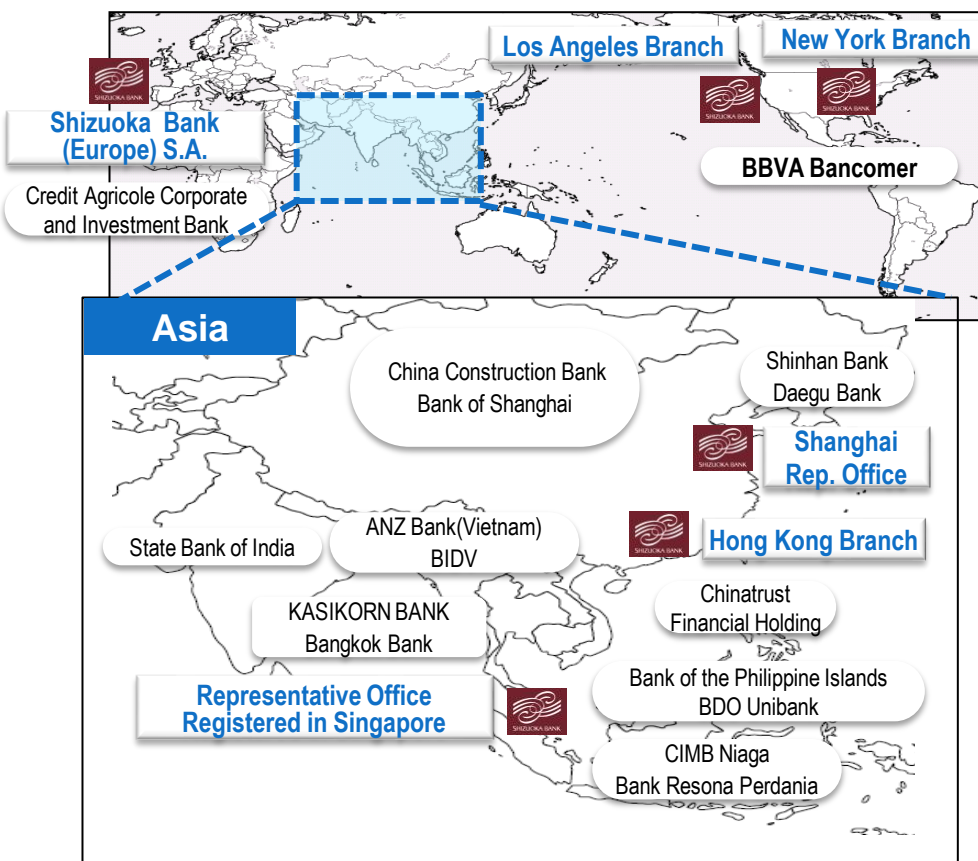
Future

Plan to establish specified department (Jun. 2021) which works on building business for venture firms

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

Overseas network

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



Review of overseas sites

Environment change in the long term

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

Change due to COVID-19

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



1 Review of role of each site

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

2 Shizuoka Yamanashi Alliance

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



静岡・山梨アライアンス

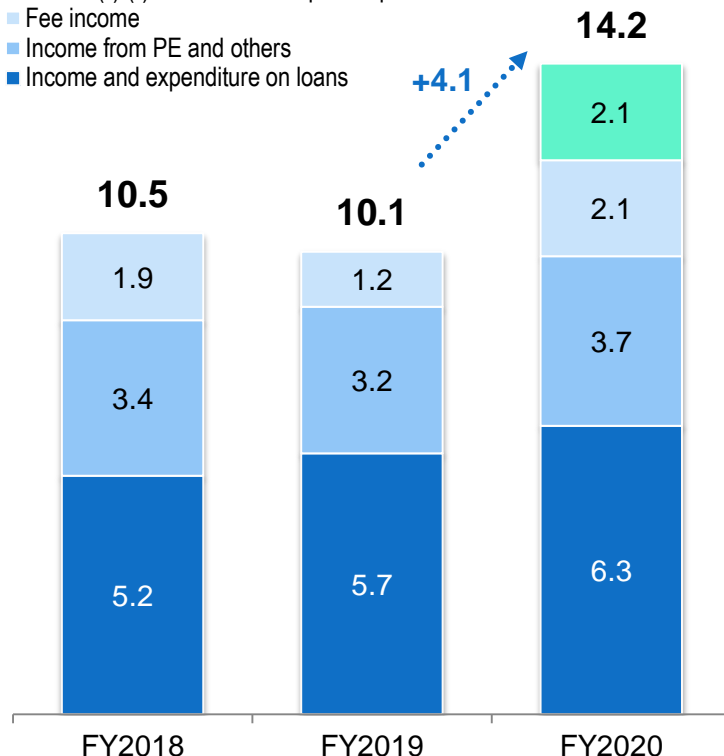
Shizuoka-Yamanashi Alliance

Earnings from market credit investment increased by JPY 4.1bn YoY

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

Earnings from market credit investment

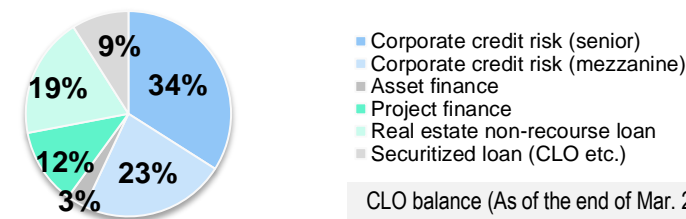
- Others (*) (*)Gain or sales of private placement REIT etc. (JPY bn)
- Fee income
- Income from PE and others
- Income and expenditure on loans



| Profitability indicators of SF loan | FY2019 | FY2020 | YoY |
|---|--------|--------|---------|
| ROA (Return on Assets) | 0.94% | 0.99% | +0.05pt |
| RORA (Return on Risk-Weighted assets) | 1.57% | 1.71% | +0.14pt |

Breakdown of SF loan by loan type

(Average balance in FY2020: JPY 632.3bn)

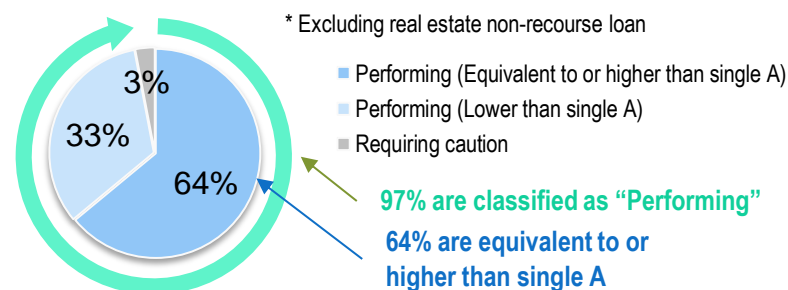


Well-diversified portfolio

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

CLO balance (As of the end of Mar. 2021)
JPY 51.8bn (17 contracts, JPY 3.0bn on average)
All have AAA rating
Subordination ratio: 35.0% - 41.8%

Breakdown of SF loan by credit rating

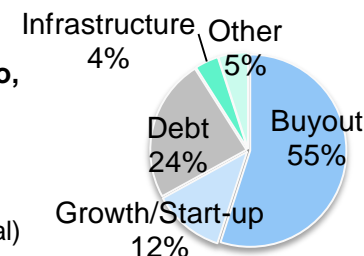


* Average LTV is 59.0% for real estate non-recourse loans

Ratio of capital commitment in PE by investment types

Well-diversified portfolio, same as SF loan

No. of investment : 79
(Of which 28 are international)



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

Open of Yamanashi Head Office of Shizugin TM Securities

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



Achievement in the field of finance

- Accept 2 trainees from Yamanashi Chuo Bank
- Sell loans and investments to Yamanashi Chuo Bank in the field of market credit investment
 [Effect]
 Shizuoka Bank ; Gain profit on sales and secure capacity for new investment
 Yamanashi Chuo Bank ; Gain income of interest and dividend
- Jointly arrange **2 syndicated loans of JPY 5.2bn**

Initiatives with involving local community

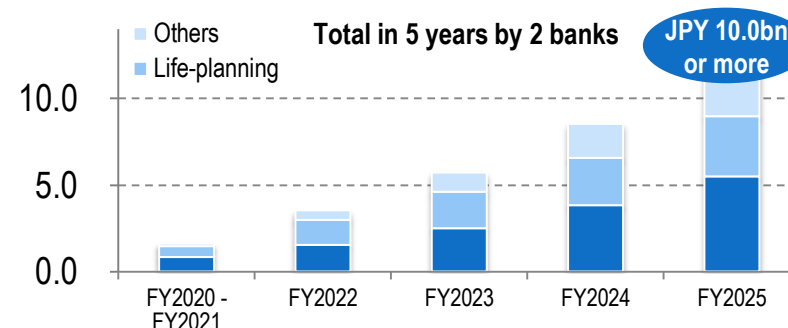
- Conclude “the Agreement on M&A business”
- Conclude agreement on support for customers' overseas business
- Complete contracts of business matching between both banks' customers
- Jointly hold seminars
- Hold events for individual business talks for customers
- Provide opportunity for both banks' staff to interact each other
 - Interaction of young employees, interaction of prospective employees
 - Games between sports clubs of both banks
- Make logo mark



静岡・山梨アライアンス
Shizuoka・Yamanashi Alliance

Target (effect of alliance)

- Aim at realizing **effect of alliance of JPY 10.0bn or more (total in 5 years by 2 banks)** mainly in market finance (market credit investment etc.) and life-planning (Shizugin TM Securities etc.)
- In FY2020, realized **effect of JPY 1.1bn for 5 months** since conclusion of the alliance



Initiatives for ESG

Reinforce initiatives for ESG in order to realize sustainability management

Environment

| | |
|--|---------------|
| Establish policy on investment in and loan to specified sectors (Not to newly invest in or extend loan to coal fired power generation in principle, etc.) | 2021/4 |
| Revise policy on environment (Make Group-wide effort to contribute to realizing decarbonized society through finance) | 2021/4 |
| Resolve policy to eliminate investment in and loan to coal fired power generation in or around FY2040 | 2021/3 |
| Support the TCFD Recommendation  | 2020/3 |

Social

Join The Valuable 500 *



2021/2

Extend positive impact finance to SME, first case in Japan

2021/1

Hold TECH BEAT Shizuoka

2018-

Dispatch employees to regional companies

2017-

* An international initiative aimed at promoting disability inclusion in business

Governance

| | |
|--|----------------|
| Establish Nomination & Remuneration Committee | 2020/10 |
| Raise ratio of outside directors to all directors above one third (Decrease total Directors and increase outside Directors) | 2020/6 |
| Introduce Restricted Stock Awards | 2020/6 |
| Clarify responsibility of executives (Change contract with executives from employment to annual delegation) | 2020/6 |



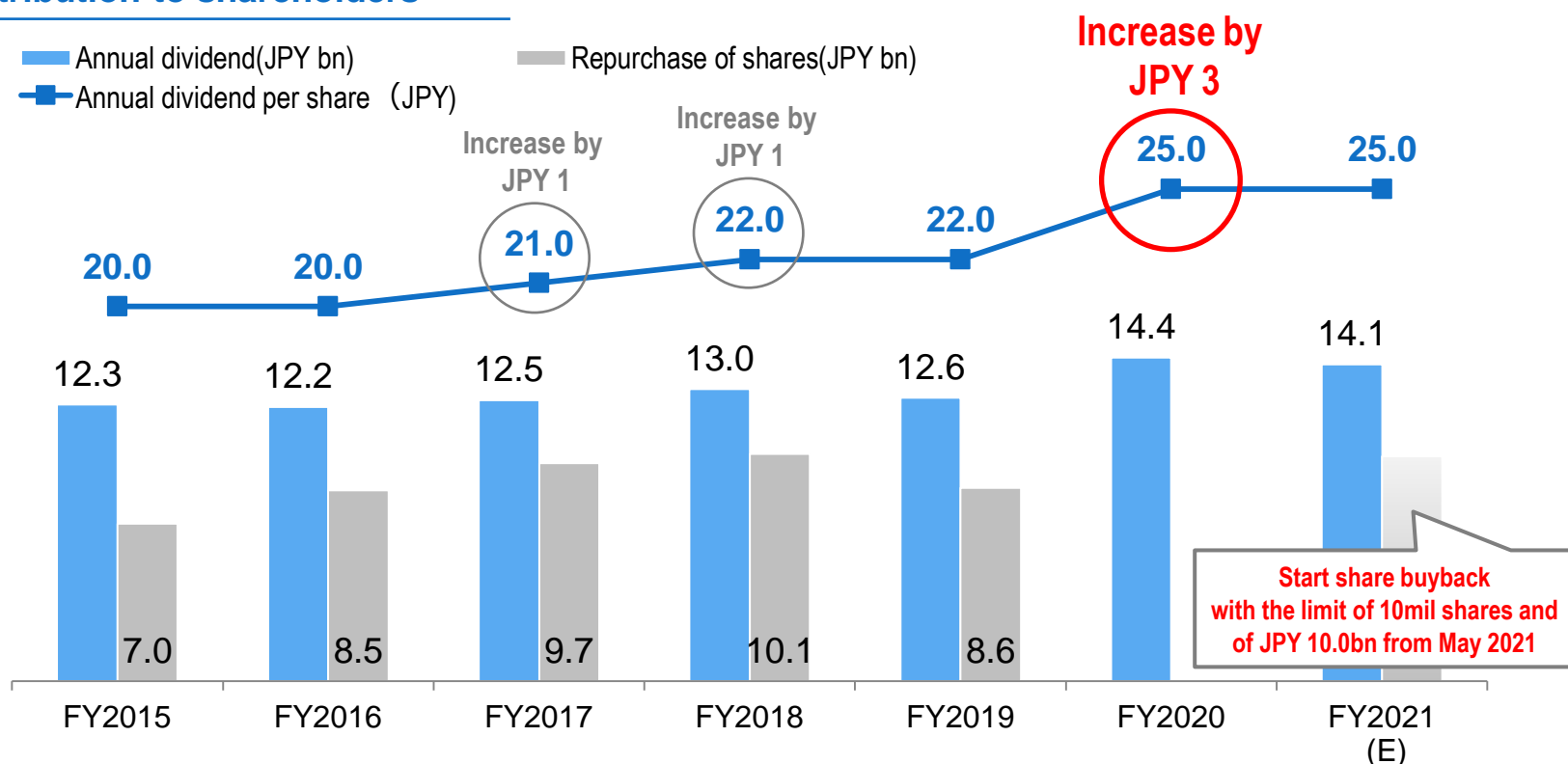
Capital Policy

Shareholder return

Increase annual dividend per share for FY2020 by JPY 3, and start share buyback (JPY 10.0bn at maximum) since May 2021

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

Profit distribution to shareholders



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

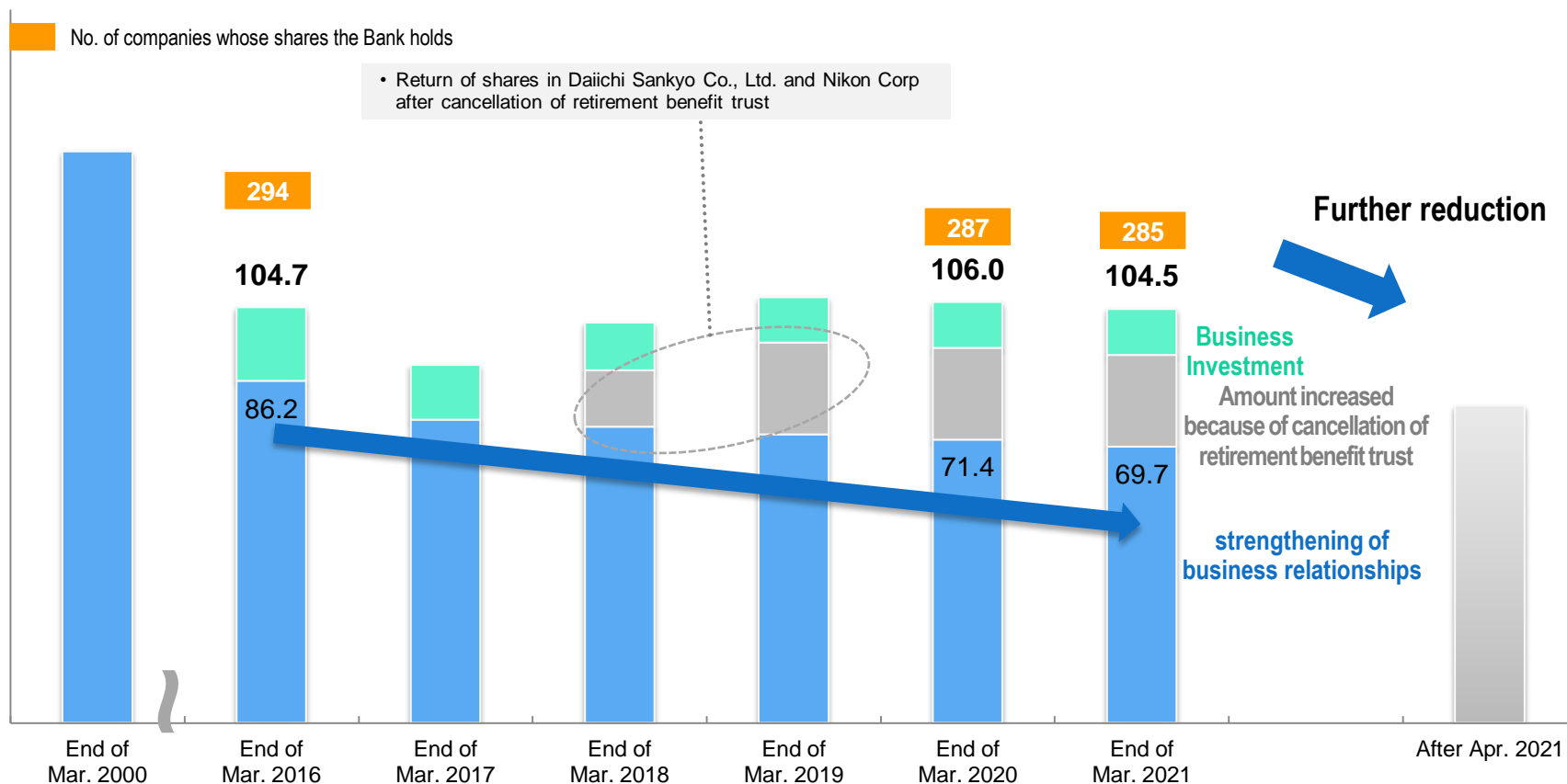
Strategic shareholdings

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

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

Acquisition cost of strategic shareholdings*

(JPY bn)



*Except for shares of group companies and equity method affiliate



For organizational reform

For organizational reform

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

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

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

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

Quantitative Target

**Consolidated Ordinary Profit
JPY 80.0bn**

Reinforce management as a Group

Select personnel in the level of branch manager as president of Group companies

Conduct personnel interaction of 127 people within the Group



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

Reconcile action with corporate philosophy

Reform personnel management system for the 1st time in 20 years (introduction of OKR etc.)

Change cycle of intra-corporate business plan and award (from half-year to one-year)



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

Promote diversity

Expand side business
(start side business by employees outside the Bank)

Widen recruiting channel
(experts, mid-career workers, high school graduates)



Reform corporate culture

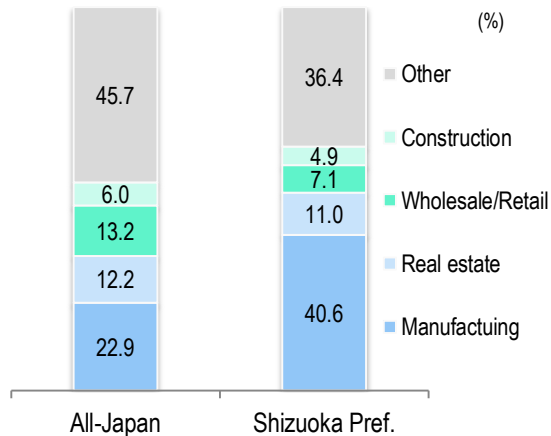


Reference

Economy in Shizuoka Prefecture(1) – Positioning and current state

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

Percentage breakdown of GDP in Shizuoka Prefecture by industries

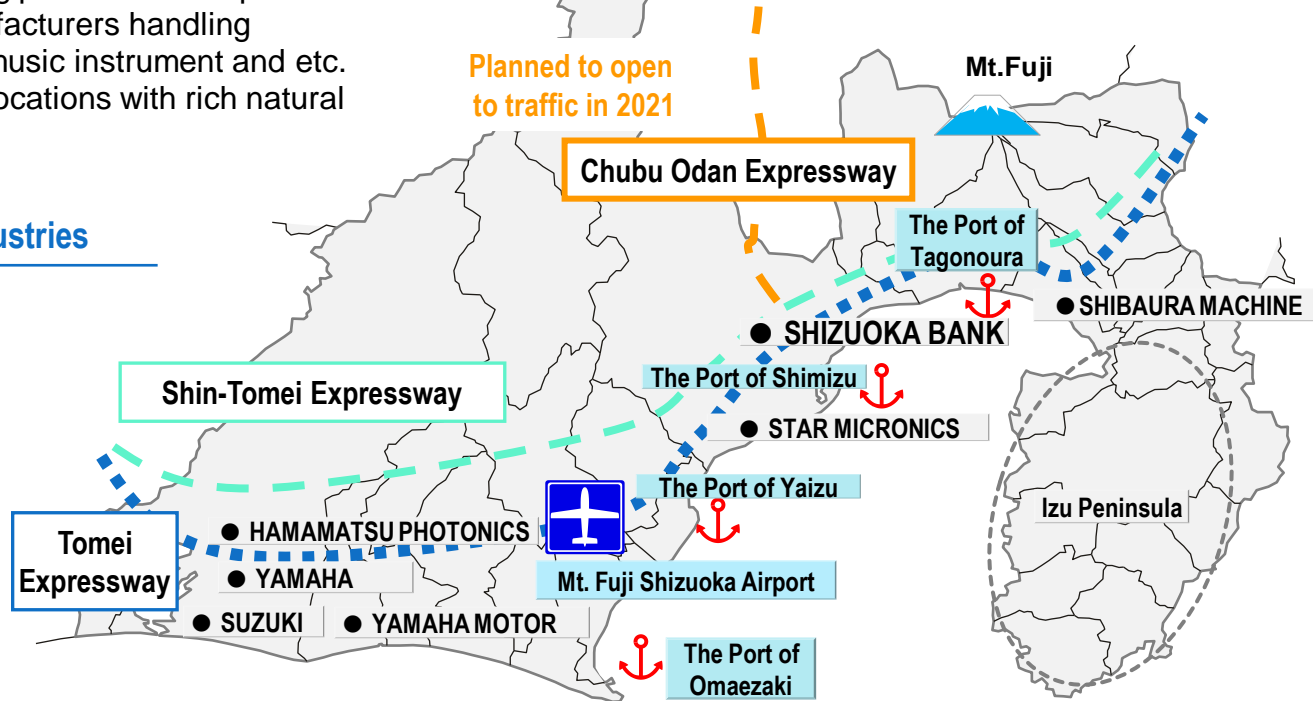


Source: Cabinet Office, Government of Japan, FY2017

No. of listed companies with HQs in Shizuoka Prefecture

* As of the end of Mar. 2021

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



UNESCO World Heritage Site in Shizuoka Prefecture

Mt. Fuji

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



Nirayama Reverberatory Furnaces

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



Izu Peninsula awarded Global Geopark status by UNESCO

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



Economy in Shizuoka Prefecture(2) – Economic scale

The Prefecture accounts for 3% share of all-Japan, and ranks 10th in the scale of economy among prefectures

The Prefecture has greater GDP than total GDP of 4 prefectures in Shikoku and 3 prefectures in Hokuriku
GDP in the Prefecture is next to those in Algeria, Kazakhstan and Qatar

Shizuoka Prefecture indices

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

(* Preliminary data)

Shizuoka Prefecture economic scale

Prefectural GDP (FY2017, Nominal)

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

GDP comparison with countries (2017)

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

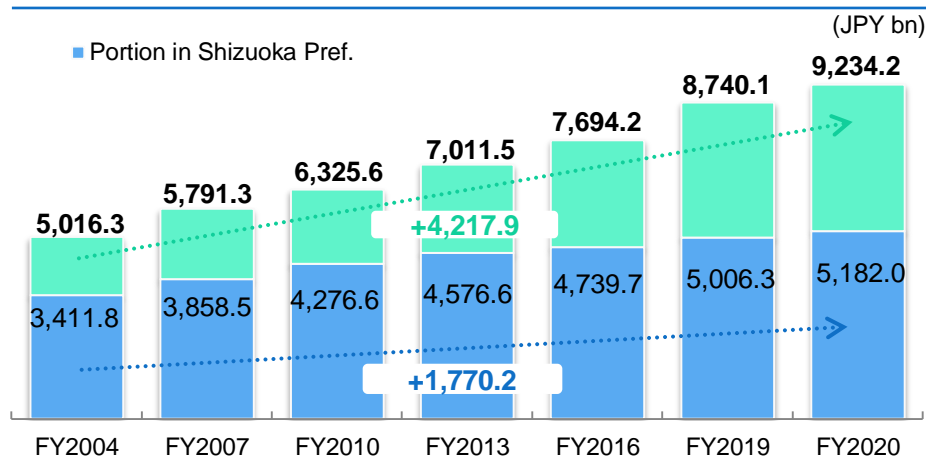
*Sources: Economic and Social Research Institute (ESRI)
Cabinet Office , Government of Japan etc.

Historical data of loans

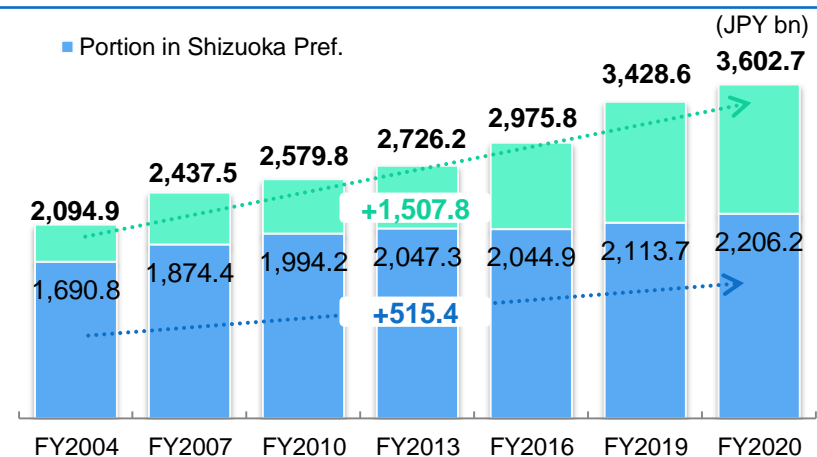
Total loan balance (average balance) had increased by JPY 4,217.9bn since FY2004 to FY2020, of which JPY 1,770.2bn was in Shizuoka Pref.

SMEs loan balance: JPY +1,507.8bn, consumer loan balance: JPY +1,997.7bn

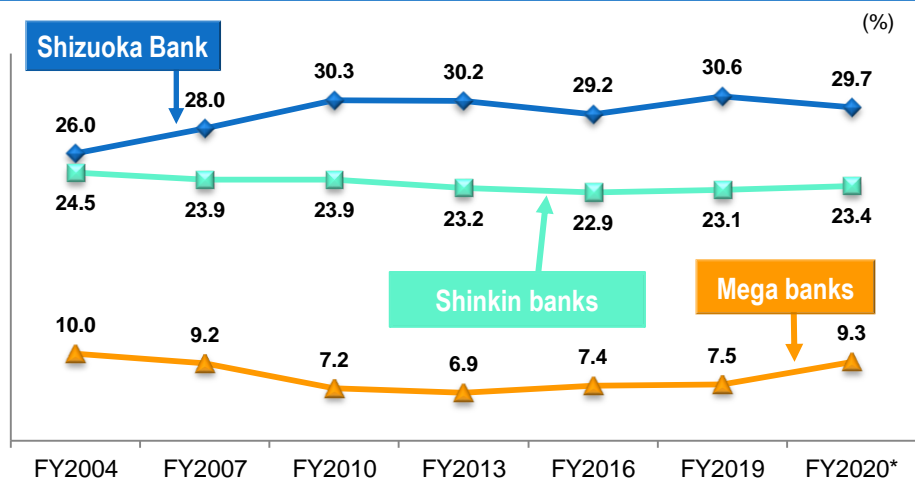
Total loan balance (average balance)



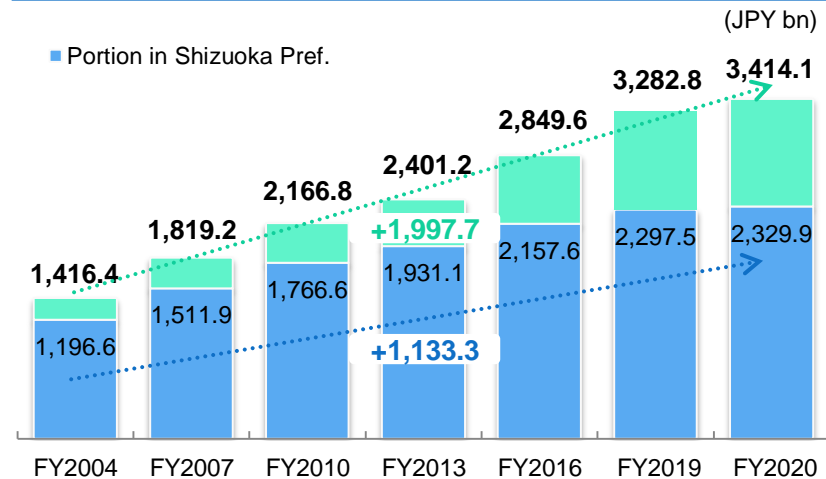
SMEs loan balance (average balance)



Share of loans in Shizuoka Prefecture



Consumer loan balance (average balance)



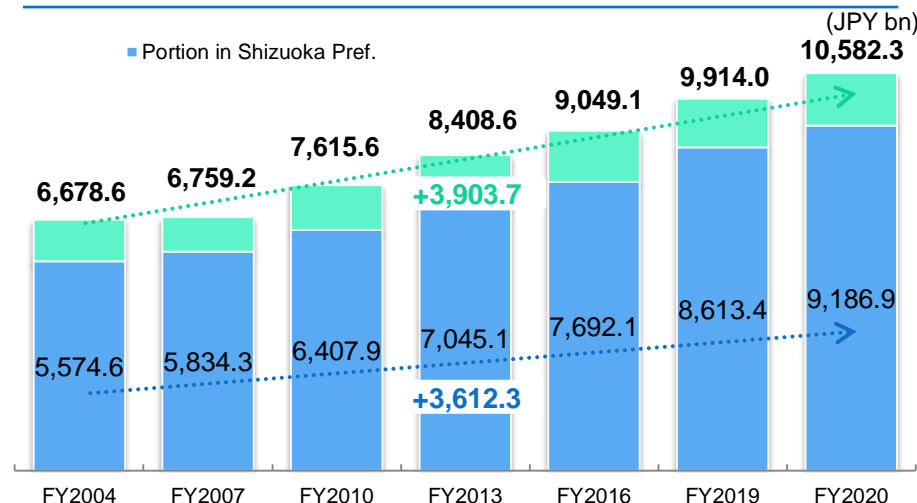
*Until Feb, 2021

Historical data of deposits

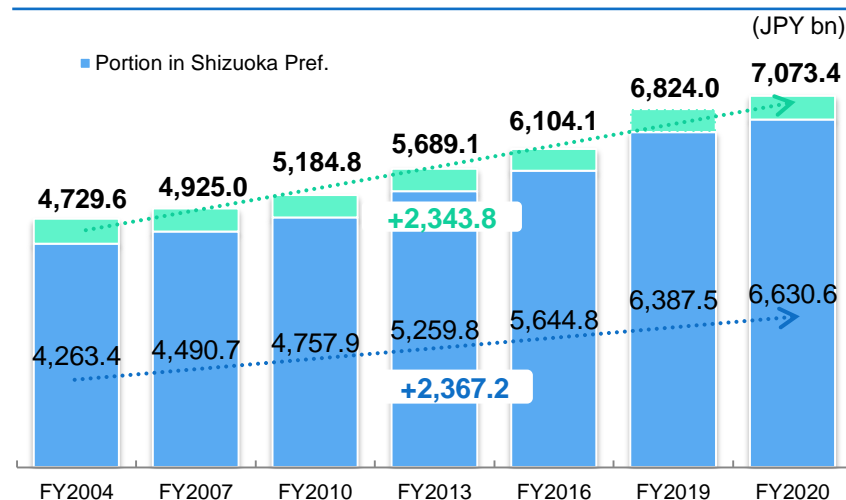
Total deposit balance (average balance) had increased by JPY 3,903.7bn since FY2004 to FY2020, of which JPY 3,612.3bn was in Shizuoka Pref.

The Bank has received highest level of credit ratings from two overseas and one Japanese agencies

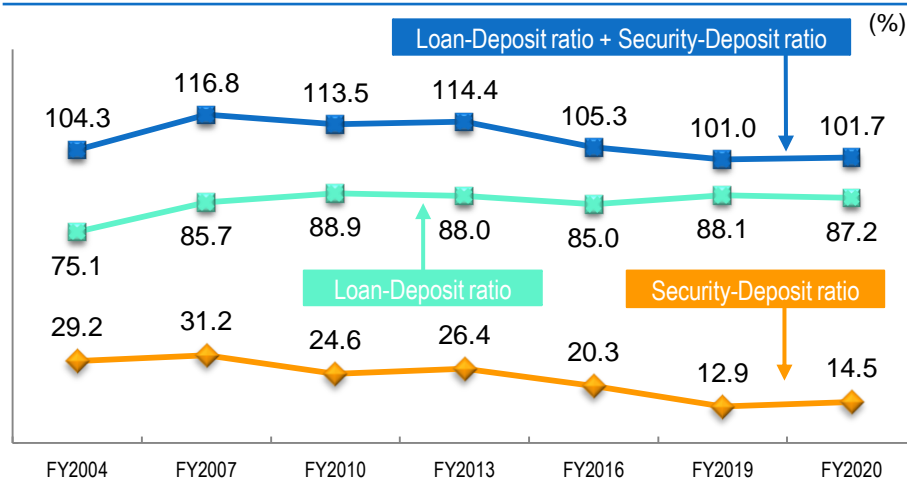
Deposit balance (average balance)



Retail deposit balance (average balance)



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



External ratings (As of the end of Mar. 2021)

< Moody's >

Shizuoka Bank



Regional banks

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

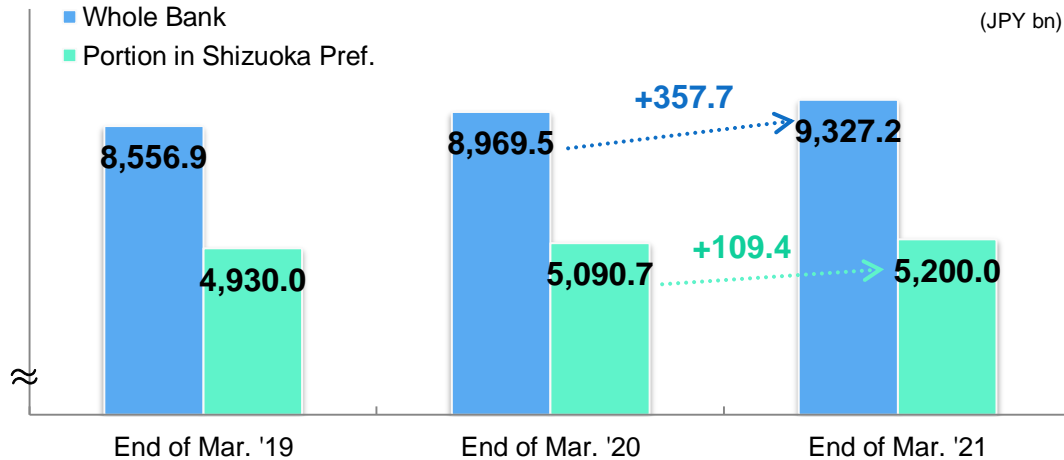
< Other external ratings >



Loans(1) – Term-end balance

Total loan balance (term-end balance) increased by JPY 357.7bn (+3.9%) YoY mainly reflecting both well-balanced growth in SMEs loan and retail loan and great increase in loans for large and medium size enterprises due to support for cash position

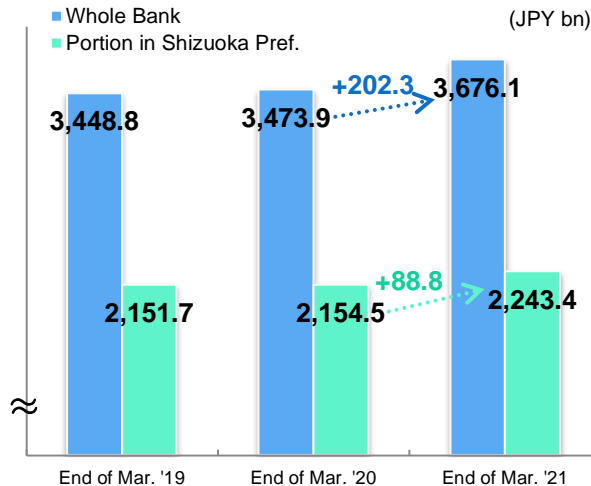
Total loan balance (term-end balance)



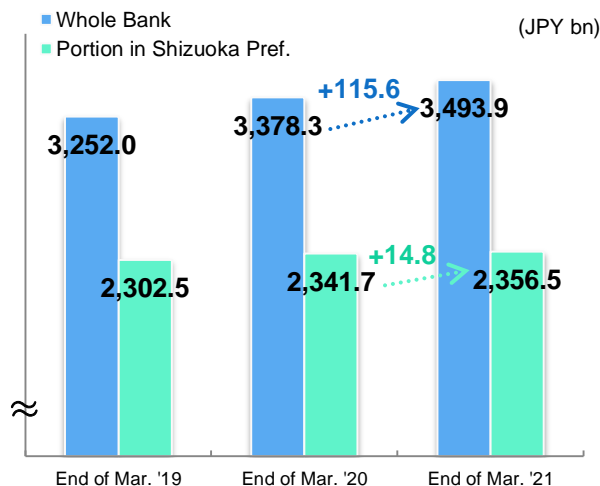
| | Term-end balance | Change from the end of Mar. '20 | Annual growth rate |
|------------------------------------|------------------|---------------------------------|--------------------|
| Total loan balance | JPY 9,327.2bn | JPY +357.7bn | +3.9% |
| SMEs loan balance | JPY 3,676.1bn | JPY +202.3bn | +5.8% |
| Retail loan balance | JPY 3,493.9bn | JPY +115.6bn | +3.4% |
| Large and Medium sized enterprises | JPY 1,831.4bn | JPY +200.3bn | +12.2% |
| Loan balance in foreign currency | JPY 535.6bn | JPY -51.9bn | -8.8% |

by amt. chg.: JPY -60.9bn
by ex. rate: JPY +9.0bn

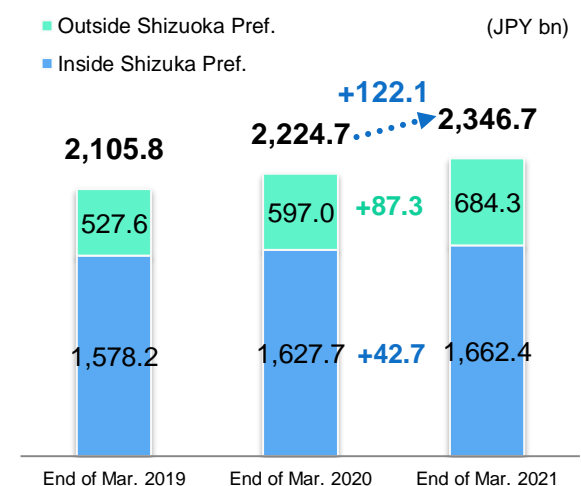
SMEs loan balance (term-end balance)



Retail loan balance (term-end balance)



Housing loan balance (term-end balance)



Loans(2) – Loans by industries

Business loans to real estate account for approximately 14%, and those to each industry such as construction, leasing, and money lending and investment account for less than 10% of loan balance respectively. Build a credit portfolio with borrowers from diverse industries

Expected Loss (EL) for all industries : JPY 10.1bn

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

Contemporary status of business loans to particular industries

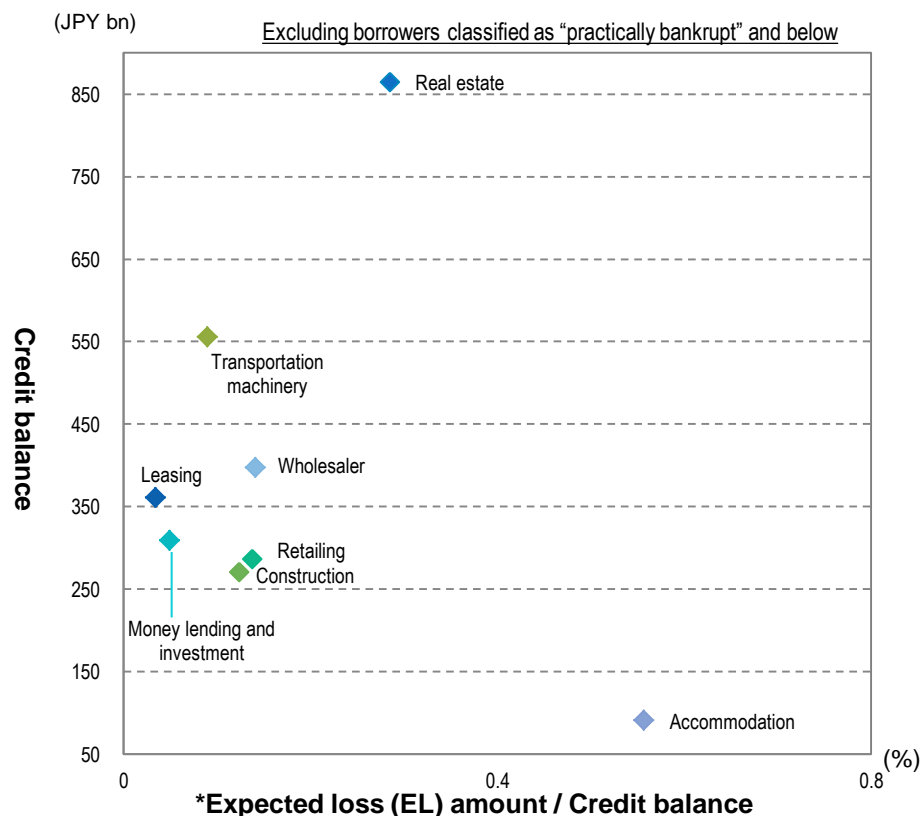
[Credit balance (as of the end of Mar. 2021)] (JPY bn, %)

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

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

(*2) excluding a general trading companies

[Credit balance vs. expected loss rate*]



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

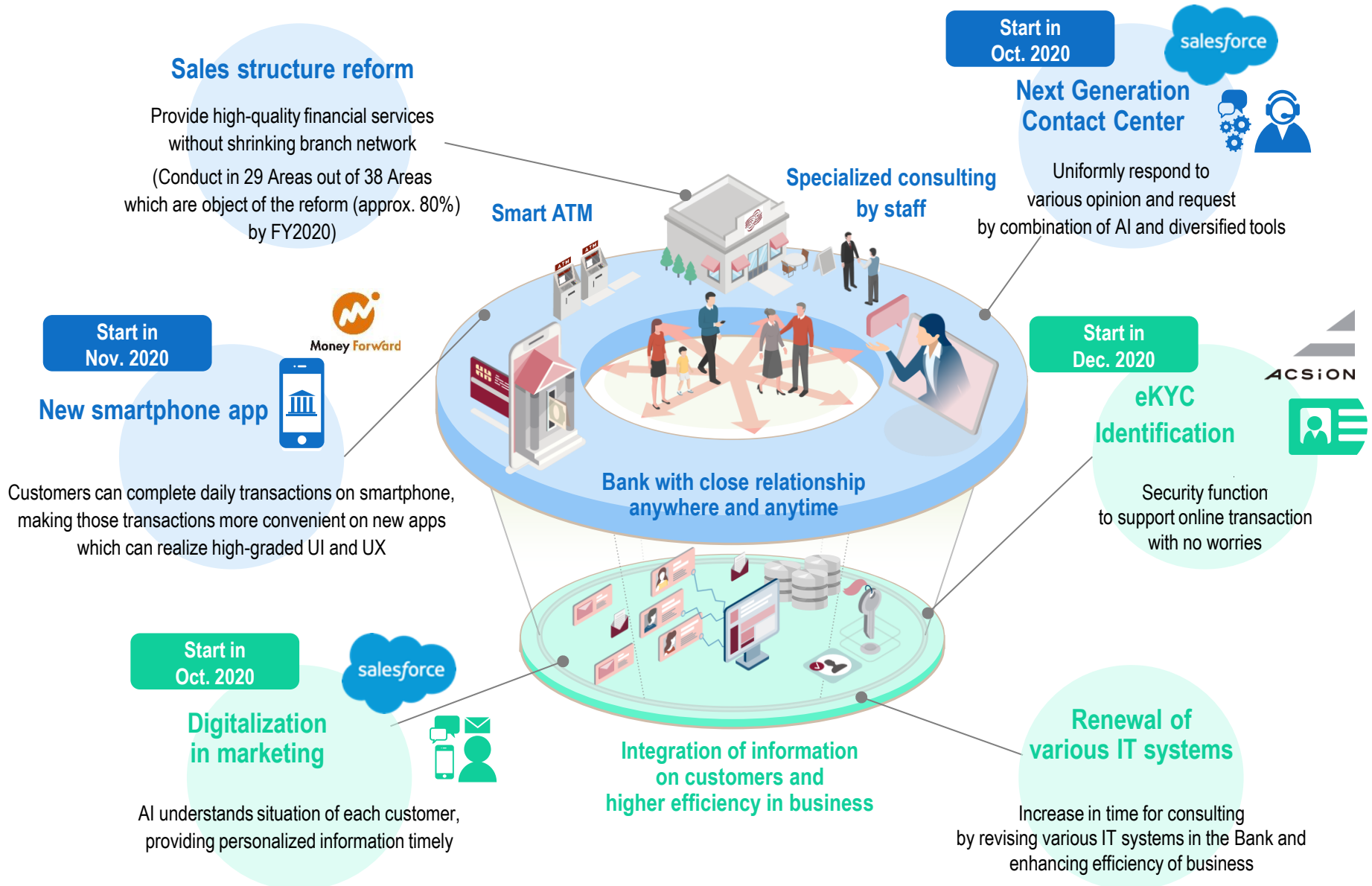
Basic strategy 1
Group Sales

Basic strategy 2
Innovation

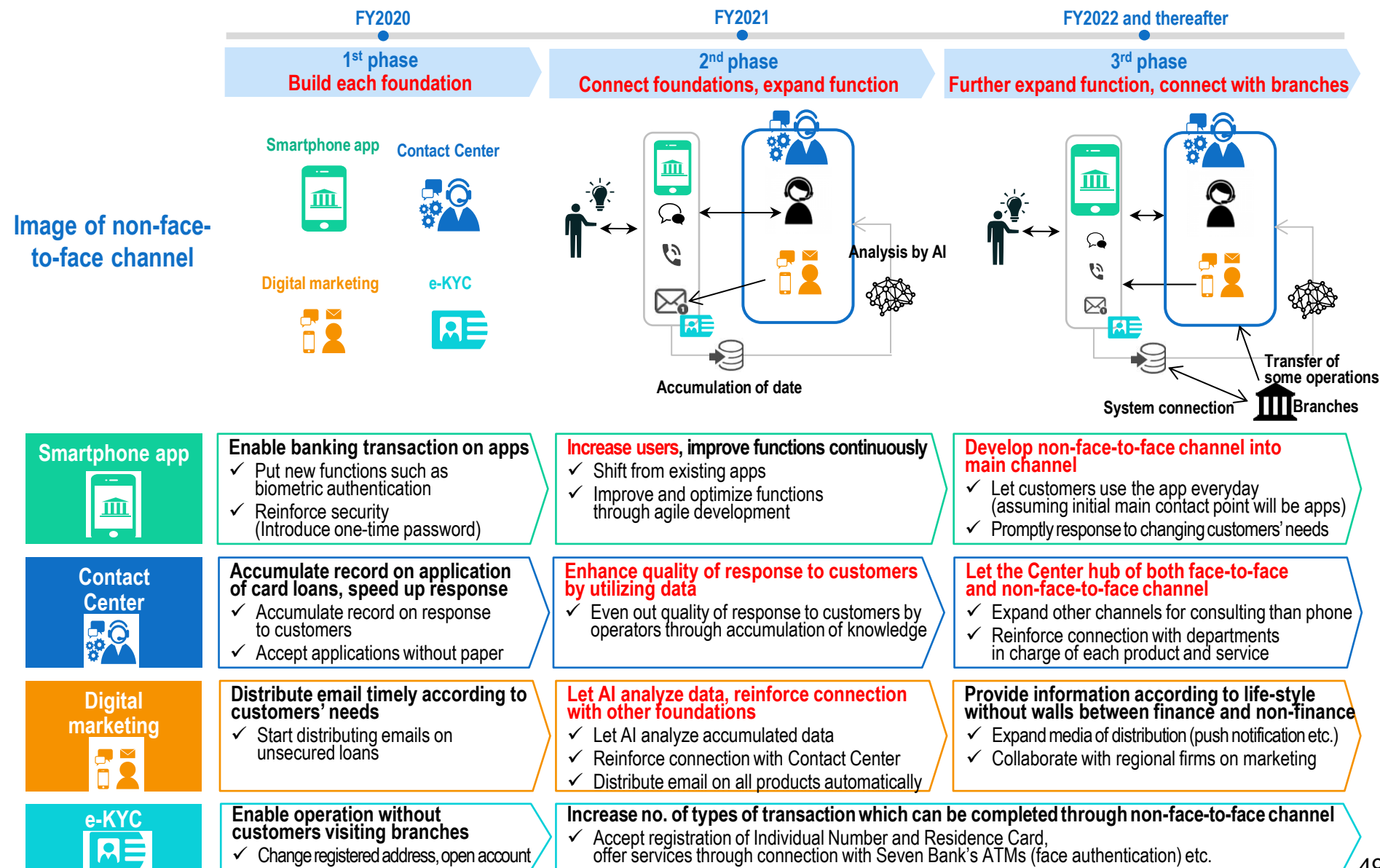
Basic strategy 3
Business Portfolio

10-year Strategy

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



Utilize foundations built in FY2020 with the aim of developing non-face-to-face channel into the main daily contact point with customers and reinforcing connection with branches



Allocation of risk capital

Allocation of risk capital for FY2020 (the end of Mar. 2021 basis) amounted to JPY 759.2bn, of which JPY 276.0bn was allocated to credit risk, JPY 313.6bn to market risk, JPY 10.0bn to strategic investments, and JPY 24.0bn to operational risk

JPY 121.9bn of risk capital was used for loans (credit risk), and JPY 136.7bn for the Treasury division

| Allocation source | (JPY bn) | | Risk capital allocated | Risk capital used | Ratio of risk capital used |
|--|-------------------------------|---------------------------|------------------------|-------------------|----------------------------|
| <div>Core capital JPY 759.2bn (End of Mar. 2021 basis)</div> | Credit risk 276.0 | Loan (Credit risk) | 201.2 | 121.9 | 60% |
| | Market risk 313.6 | Treasury division | 377.1 | 136.7 | 36% |
| | | (strategic shareholdings) | (130.5) | (47.0) | (36%) |
| | | Consolidated subsidiaries | 11.3 | 3.2 | 28% |
| | Strategic investments 10.0 | Strategic investments | 10.0 | 2.0 | 19% |
| | Operational risk 24.0 | Operational risk | 24.0 | 24.0 | 100% |
| | Buffer capital, etc. 135.6 | Sub total | 623.6 | 287.8 | 46% |
| | | Buffer capital, etc. | 135.6 | — | — |
| | | Total | 759.2 | — | — |
| | | | | | |

- Core capital = CET1(excluding valuation difference on available-for-sale securities) < Fully-loaded basis >
- Risk capital amount = <Market risk> | VaR |
 <Credit risk> (1) | UL | (loan balance includes bad debt written off, CVAs)
 (2) Basel III capital requirement amount (designated loan claims, securitization transactions, investment funds, and private placement REIT)
 <Operational risk> Amount equivalent to operational risk
- Buffer capital is kept aside for emergencies such as the anticipated Great Earthquake and other unquantifiable risks

Group companies (1)

In FY2020, the total ordinary profit of 13 consolidated subsidiaries was JPY 10.0bn(up JPY 0.7bn YoY)

(JPY bn)

| Company name | Business | FY2020 Ordinary Profit | YoY change |
|--|--|------------------------------|-------------|
| Shizugin Management Consulting Co., Ltd. | Corporate and financial management advisory services Bill collection services | 0.6 | -0.1 |
| Shizugin Lease Co., Ltd. | Leasing | 1.5 | -0.0 |
| Shizugin IT Solution Co., Ltd. | Computer system development and operation | 0.3 | -0.0 |
| Shizugin Credit Guaranty Co., Ltd. | Guarantee of housing loans, etc. | 3.5 | +0.8 |
| Shizugin DC Card Co., Ltd. | Credit card and guarantee of consumer loans | 1.0 | +0.1 |
| Shizuoka Capital Co., Ltd. | Public-offering assistance Support for corporate rehabilitation | 0.3 | -0.0 |
| Shizugin TM Securities Co., Ltd. | Securities | 2.7 | +0.7 |
| Shizuoka Bank (Europe) S.A. | Finance and securities-related services | -0.1 | -0.1 |
| Shizuoka Liquidity Reserve Ltd. | Purchases of monetary receivables | 0.1 | -0.7 |
| Shizugin General Service Co., Ltd. | Fee-based job placement service, general administration | 0.0 | +0.0 |
| Shizugin Mortgage Service Co., Ltd. | Appraisal of real estate for loan collateral Operation center for loans | 0.1 | -0.0 |
| Shizugin Business Create Co., Ltd. | Operation center for remittance and bill collection Part-time employee management | 0.0 | +0.0 |
| Shizugin Heartful Co., Ltd. | Making, printing and binding of documents | 0.0 | +0.0 |
| Total(13 companies) | | 10.0 | +0.7 |

(Ref.) Affiliates under equity method of accounting

| | | | |
|--------------------------------|---|--------|-------|
| Shizugin Saison Card Co., Ltd. | Credit card, prepaid card, and guarantee of consumer loans | 0.4 | +0.1 |
| Monex Group, Inc. | Holding stocks of companies practicing securities and so on | * 21.3 | +17.2 |

*Profit before income tax

Group companies (2)

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

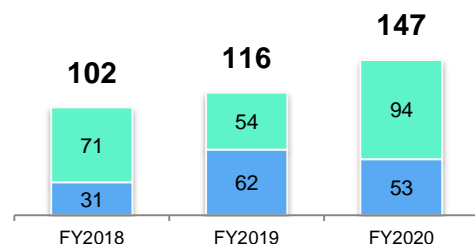
Shizugin Management Consulting

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

Performance in consulting businesses for M&A and business succession

- No. of completed business succession contracts
- No. of completed M&A contracts

(Cases)



Shizugin Management Consulting Co., Ltd.

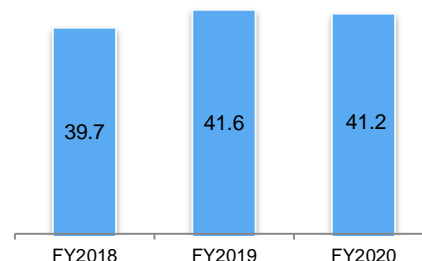
<Main businesses>

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

Shizugin Lease

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

Amount of lease and installment contracts (JPY bn)



Shizugin Lease Co., Ltd.

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

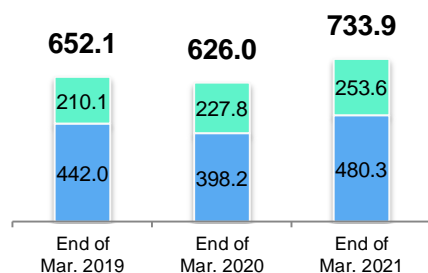
Shizugin TM Securities

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

Amount of customer assets

- Corporate
- Retail

(JPY bn)



Shizugin TM Securities Co., Ltd.

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

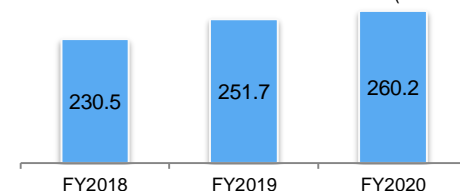
Meet corporate customers' need to raise money through direct finance such as underwriting of stocks on IPO and underwriting of finance by public companies

Shizugin Credit Guaranty

- Started a business to give guaranty to a housing loan product offered by ARUHI Corporation, a housing loan specialist (Aug. 2018)
- Started a business to give guaranty to a housing loan product offered by au Jibun Bank Corporation, an Internet-only bank (Jan. 2021)
- Received approx. 3,000 applications from the two companies in total (FY2020)



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



Shizugin Credit Guaranty Co., Ltd.

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

Shareholder return – Share buybacks (Time series data)

The bank has regularly bought its own shares since FY1997, resulting in accumulated number of shares repurchased of 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 <Consolidated> (%) (*) | EPS <Nonconsolidated> (Yen) | BPS <Nonconsolidated> (Yen) | DPS <Nonconsolidated> (Yen) |
|--------|--|--|--|-------------------------------------|--|-----------------------------------|-----------------------------------|-----------------------------------|
| FY1997 | 7,226 | 9,997 | 7,226 | 9,997 | — | 20.4 | 587.6 | 6.0 |
| FY1998 | 6,633 | 9,142 | 6,633 | 9,142 | 84.1 | 20.1 | 627.6 | 6.0 |
| FY1999 | 8,357 | 9,143 | 8,357 | 9,143 | 52.6 | 34.1 | 651.0 | 6.0 |
| FY2000 | 24,954 | 23,281 | 24,954 | 23,281 | 150.3 | 23.7 | 792.2 | 6.0 |
| FY2001 | 8,234 | 8,267 | 8,234 | 8,267 | 170.5 | 10.3 | 742.7 | 6.0 |
| FY2002 | 29,928 | 23,107 | — | — | 222.1 | 16.6 | 721.3 | 7.0 |
| FY2003 | 10,712 | 8,566 | 30,000 | 23,381 | 50.2 | 37.2 | 831.8 | 7.0 |
| FY2004 | — | — | — | — | 16.9 | 49.4 | 875.9 | 8.5 |
| FY2005 | — | — | — | — | 21.4 | 44.2 | 1,019.2 | 10.0 |
| FY2006 | — | — | — | — | 24.3 | 51.2 | 1,077.9 | 13.0 |
| FY2007 | 10,000 | 12,621 | 10,000 | 10,130 | 62.6 | 49.9 | 997.2 | 13.0 |
| FY2008 | — | — | — | — | 69.7 | 18.3 | 903.3 | 13.0 |
| FY2009 | 5,000 | 3,996 | 5,000 | 4,638 | 39.8 | 46.0 | 998.2 | 13.0 |
| FY2010 | 20,000 | 14,980 | 20,000 | 15,957 | 65.7 | 51.8 | 1,016.3 | 13.0 |
| FY2011 | 20,000 | 14,575 | — | — | 63.0 | 52.4 | 1,097.6 | 13.5 |
| FY2012 | 10,000 | 8,239 | 20,000 | 14,953 | 31.5 | 62.8 | 1,204.3 | 15.0 |
| FY2013 | 20,000 | 22,642 | — | — | 69.3 | 67.8 | 1,257.6 | 15.5 |
| FY2014 | 10,000 | 11,315 | — | — | 42.4 | 68.5 | 1,440.7 | 16.0 |
| FY2015 | 4,767 | 6,999 | — | — | 40.2 | 71.4 | 1,436.5 | 20.0 |
| FY2016 | 10,000 | 8,496 | 20,000 | 20,578 | 70.6 | 40.0 | 1,470.1 | 20.0 |
| FY2017 | 10,000 | 9,736 | — | — | 44.3 | 72.5 | 1,579.0 | 21.0 |
| FY2018 | 10,000 | 10,069 | 30,000 | 30,530 | 49.1 | 72.1 | 1,638.2 | 22.0 |
| FY2019 | 10,000 | 8,623 | 10,000 | 10,139 | 54.9 | 58.1 | 1,620.3 | 22.0 |
| FY2020 | — | — | 10,000 | 9,619 | 32.9 | 61.8 | 1,792.2 | 25.0 |
| Total | 235,811 | 223,798 | 210,404 | 199,758 | — | — | — | — |

*Consolidated financial statements have been prepared since FY1998

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

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

Name 「 **COLORs** 」

【Thoughts put in the name】

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

10-year Vision (Picture targeted in long term)

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

14th Medium-term Business Plan Vision

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

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

Set “Region-Producing Strategy” as a long-term strategy (10-year Strategy), and three basic strategies “Group Sales Strategy”, “Innovation Strategy”, “Business Portfolio Strategy” as 3-year Strategies

Allocate management resource and take risks in initiatives in a “region”, the management base for Shizuoka Bank Group, as the top priority, at the same time doing so in growth areas and growth fields in order to complement profit as well

Basic strategy 1 (3-year Strategy)

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

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

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

10-year Strategy

Region-producing Strategy

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

Basic strategy 2 (3-year Strategy)

Innovation Strategy ~Pursue new profit opportunities

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

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

Basic strategy 3 (3-year Strategy)

Business Portfolio Strategy ~Optimize allocation of management resource

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

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

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

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

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

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

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

(JPY bn)

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

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

Reference (ESG/SDGs part)

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

ESG/SDGs initiatives (1)

– SDGs, Adoption for constituent brand of ESG index

The Bank has continued various initiatives up to now in order to realize rich, energized, and sustainable regional community

Provide products that support SDGs initiatives, and promote investment and loan related to SDGs

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

Promote products, investment, and loan related to SDGs

“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

Positive Impact Finance to SMEs (first case in Japan)

- Loan involving analysis and evaluation of impact of corporate activities on environment, society, and economy, and aiming at continuous support of such activities
- Concluded loan contract with Hirano Vinyl Industry Co., Ltd. based on framework of evaluation for SMEs as the first case for regional financial institution in Japan

Investment in USD bond issued by EBRD

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

Adoption for constituent brand of ESG index

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

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

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

MSCI Japan Empowering Women Index (Theme type ESG Index)

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

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

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

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

ESG/SDGs initiatives (2) – Environment

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

Support the TCFD Recommendation



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

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



| | |
|------------------------|---|
| Governance | Establish specified measures and monitor progress by management committee in order to realize plans for harmonization between environmental protection and corporate activities which were discussed during establishment the 14 th Medium-term Business Plan |
| Strategy | <ul style="list-style-type: none"> ■ Opportunities: Support customers' capital investment and use of leasing to decrease GHG emission, and contribute to low environmental impact ■ Transition Risks: Analyze and grasp risks resulting from transition to low-carbon economy considering that ratio of carbon-related loan to total loan is 1.3% ■ Physical Risks: Analyze scenario of climate change resulting from recent climate change, and grasp impact to the Bank's finance |
| Risk management | <ul style="list-style-type: none"> ■ Judge whether or not to extend such loan that may affect environment and society based on Credit Policy ■ Examine and establish risk management system to cope with transition risks and physical risks resulting from climate change |
| Indicators and targets | <ul style="list-style-type: none"> ■ Target and result in decrease in GHG emission <ul style="list-style-type: none"> Target: Emission in FY2030 should decrease by 26% (*) compared to that in FY2013 (*) May be revised according to situation Result: Emission in FY2019 was 15,489 ton (decrease by 12.4% compared to that in FY2013) ■ Investment in and loan to coal fired power generation; Should be zero in or around FY2040 |

Revise Group policy on environment



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

Establish policy on investment in and loan to specified sectors



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

Environmental protection through financial business



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

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

- Provide financial support through the Shizugin Furusato Environmental Protection Fund Charitable Trust to individuals and groups in Shizuoka Pref. that promote environmental protection
- Provided a total of JPY 3mil to 30 projects in FY2020
- Cumulatively provided JPY 81.2mil since the fund was set up in 1993

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

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

Make efforts to provide employees-friendly working environment and to support employees' health promotion

Diversity



- Started "Work Style Innovation" including revision of dress code and rule on vacation so that employees decide work style by themselves (in Aug. 2019). Thereafter, started "Work Style Innovation 2.0" with expanded initiatives such as flextime without core time (in Apr. 2021)
- Started supporting repayment of scholarships by employees in order to provide a work environment where they can work with peace of mind without financial and psychological burden (in Apr. 2020)
- Recruit HR with expertise and experience which do not exist in Shizuoka Bank Group
 - Employed people belonging to sports club or cultural activity group (in Apr. 2020)
 - Employ high school graduates for the first time in 28 years (in Apr. 2021)



- The first regional bank in Japan to join "The Valuable 500", an initiative which works on promoting success of people with disabilities (in Feb, 2021)



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



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

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



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

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

Established "Shizugin Heartful Co., Ltd."



- Established a new company in order to actively support independence and participation to the society by people with disabilities, and to further promote employment of those people (in Oct. 2019)
- Received "the special subsidiary company" certification in May 2020

The special subsidiary company

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

Recognized as "Certificated Health & Productivity Management Organization"



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



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. Also, it copes up with issues related to COVID-19 in the region

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

Issues related to COVID-19

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

Promotion of local culture and sports

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



Education of finance and economy



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



Business continuity in emergency



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



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

Agreement with NTT DOCOMO on service offering during a disaster



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



Measures against tsunami



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



[Life jackets]



[Outdoor upstairs to rooftop]

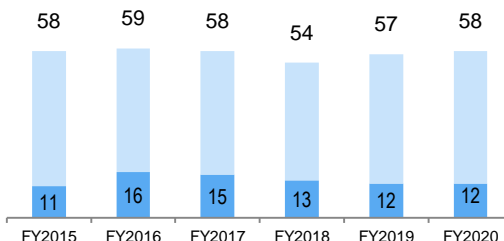
ESG/SDGs initiatives (5) – Region-based Relationship Banking

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

Support for business restructuring and turn-around

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

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



Has completed business restructuring for about 240 firms since FY2005

Saves labor opportunities for opportunities for labor for about 25,000 people and maintain economic power in the local community



Expansion of standardization of inheritance procedures with other financial institutions

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



Support for entrepreneurship and new businesses



<Shizugin Entrepreneur Awards>

- Holding the event in order to expand employment and to activate economy in the region through support for foundation and new businesses
- Held 7 rounds in total so far, resulting in 1,039 applicants, 52 winners
- Collected applicants for FY2020 (8th round) with theme of “Overcome COVID-19!”, attracting 110 applications, announced the 7 winners in Mar. 2021.

Highest award
Genial Light Co., Ltd.
“Commercialization of machine to rapidly inspect virus”

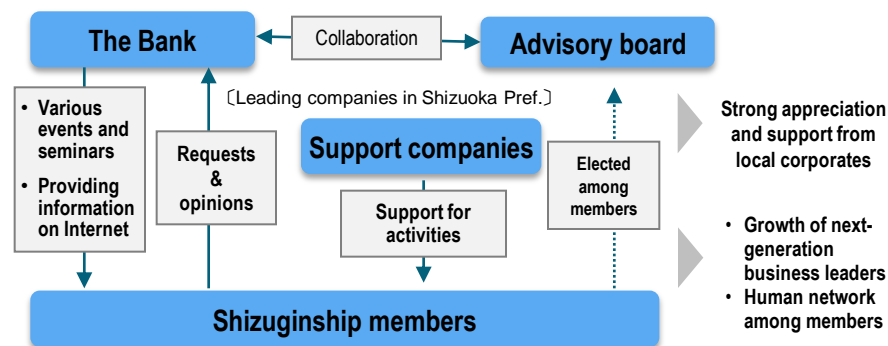


“Shizuginship” – training club for the next generation managers



- Membership-based service which aims at enhancing ability of next-generation business leaders and contributing to development of the corporations and economy in Shizuoka Pref.
- Support Companies, leading companies in Shizuoka Pref., help growing next-generation business leaders by providing opportunities of site visits and dispatching lecturers
- Started collaboration with a similar club offered by Yamanashi Chuo Bank

【Structure of Shizuginship】



【No. of members】 At the end of Mar. 2021 / 726 corporates, 1,074 people

【No. of participants in activities* in FY2020】 Total 1,587 people

* Held online due to COVID-19 effect

ESG/SDGs initiatives (6) – Regional revitalization

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

Shizuoka Kids Academy



- Aims at developing human resources for regional areas by encouraging local children to learn about their home towns in a fun way, fostering a greater attachment to their home towns and encouraging them to live locally in the future
- In FY2020, held three times through collaboration with regional companies and groups, attracting 143 people. One out of the three was jointly held with a local TV program “GENKI SHIZUOKAJIN” and a local department store Matsuzakaya Shizuoka online for the first time
- This activity was certified as “This is MECENAT 2020” in Jun. 2020, second certification in 2 consecutive years



■ 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. 164 activities (by 96 companies and organizations) were certified in FY2020

Reception of trainees on regional revitalization

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



6th meeting to discuss regional revitalization



- Held in Sep. 2020, attracting approx. 500 people including head of each city and town within Shizuoka Pref., staff in local government, related groups such as chamber of commerce and industry, and staff of the Bank through the Bank's videoconferencing system or YouTube. Attendants shared examples of advanced initiatives related to regional revitalization.

[Lecturer]

- Mr. Shugo Yanaka;
Professor in Department of Global Management of BBT University
- Mr. Hirotsuke Otake;
Executive in Regional Economy Vitalization Corporation of Japan
- Mr. Kenji Takamura; Mayor of Susono-City



Events for individual business talks

- While holding big-scale events or events with attracting people is difficult due to COVID-19 pandemic, held events for individual business talks mainly online through collaboration with Yamanashi Chuo Bank.
- Conducted following two events in FY2020. The fact that 90% of participants either reached to agreement or are continuing talks shows that the event provides effective opportunities to expand sales channels.

[Events for individual business talks with tenants in rest areas on expressway operated by NEXCO Central]

| | |
|----------|---|
| Date | Feb. 3 rd and 5 th , 2021 (Yamanashi) March 10 th , 2021 (Shizuoka) |
| Contents | Attracted 7 buyers and 49 customers, held 127 business talks |

[Events for individual business talks with supermarket in Yamanashi Pref. Ogino]

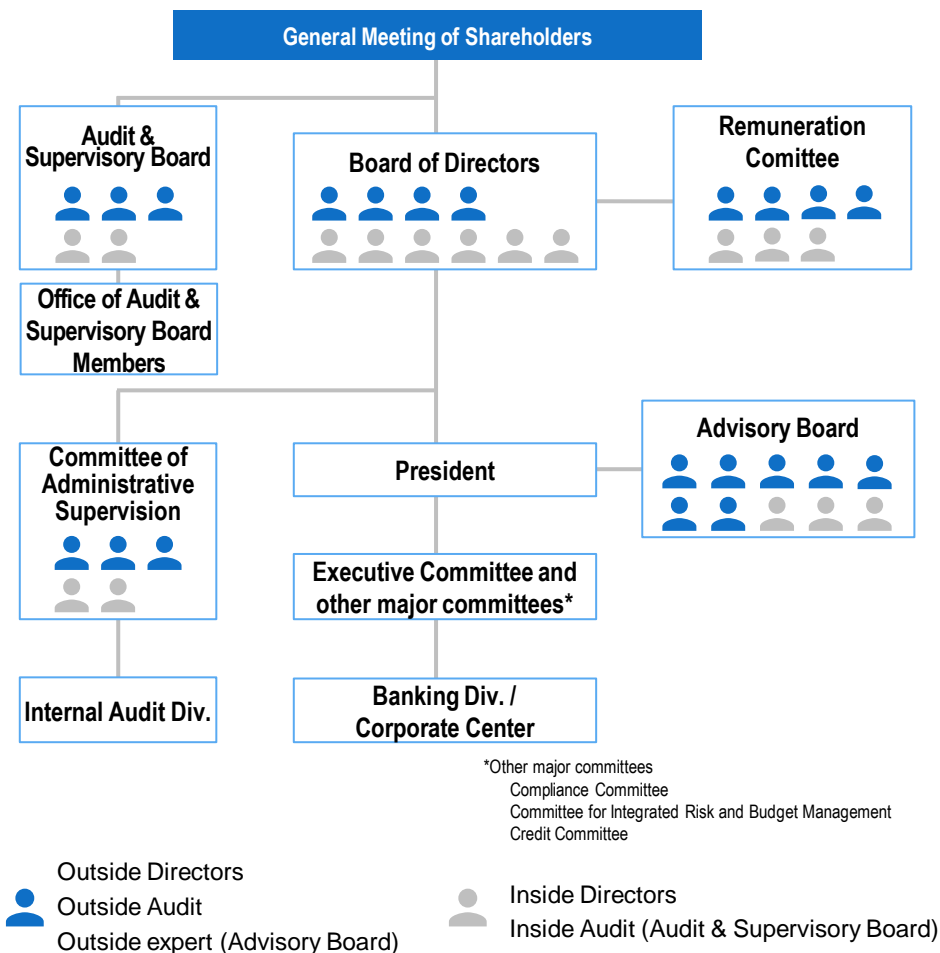
| | |
|----------|---|
| Date | March 26 th , 2021 |
| Contents | Attracted 1 buyer and 13 customers, held 13 business talks |

ESG/SDGs initiatives (7) – Corporate Governance Structure

The Shizuoka Bank Group intends to enhance its corporate value by reinforcing supervision by Outside Directors, and strengthening its management systems by delegating power to, clarifying role of, and providing incentives to Business Person

Shizuoka Bank Group's Corporate Governance System

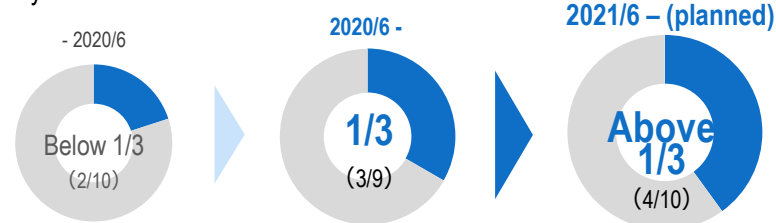
(From Jun. 2021 / planned)



Ratio of outside directors to all directors

Jun, 2021

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



Nomination & Remuneration Committee

Oct, 2020

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

Restricted Stock Awards

Jun, 2020

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

Clarify responsibility of executives

Jun, 2020

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



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]

The Shizuoka Bank. Corporate Planning Department (Yasumasa Koto)

TEL: 054-261-3131 (main) 054-345-9161 (direct)

FAX: 054-344-0131

E – mail: kikaku@jp.shizugin.com URL: <https://www.shizuokabank.co.jp/>