

Results of FY2021

May 23rd, 2022

The Shizuoka Bank, Ltd.

The 14th Medium-term Business Plan

COLORs

2020-2022

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

Results of FY2021

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Results of FY2021

Results of Nonconsolidated

While ordinary profit decreased mainly due to decrease in bond-related income such as JGBs reflecting market condition, core gross operating profit and core net business profit, both of which exclude market investment, and net income increased

[Nonconsolidated]

(JPY bn, %)

	FY2021	YoY change	
		Increase/Decrease	Rate of change
Gross operating profit	134.7	-3.8	-2.7
(Core gross operating profit)	144.3	+10.6	+7.9
Net interest income	124.5	+9.8	+8.5
Fees and commissions	14.8	-1.1	-6.6
Trading income	0.9	-0.0	-0.6
Other operating profit	-5.5	-12.6	-178.2
(Bond-related income such as JGBs)	(-9.6)	(-14.4)	(-301.7)
Expenses (-)	88.2	+3.8	+4.5
Actual net operating profit	46.4	-7.6	-14.1
Core net business profit excluding gains (losses) on bonds and cancellation of investment trusts	53.3	+4.4	+8.9
Provision for general allowance for loan losses (-)	2.6	-0.9	-25.4
Net operating profit	43.8	-6.7	-13.3
Nonrecurring profit and loss	1.5	+0.5	+56.1
Bad debt written-off (-)	2.9	-5.3	-64.3
Gain (loss) on stocks	3.5	-4.4	-55.8
Ordinary profit	45.3	-6.2	-12.0
Extraordinary profit and loss	4.5	+7.1	—
Gain on sales of stocks of related companies	6.0	+5.3	+727.1
Net income before taxes	49.8	+0.9	+1.7
Corporate taxes (-)	13.7	+0.2	+1.7
Net income	36.1	+0.6	+1.7
Credit-related costs (-)	5.5	-6.1	-52.6

Gross operating profit (first decrease in 2 periods)

Decreased by JPY 3.8bn YoY, mainly because fees and commissions and other operating profit decreased while net interest income increased

Achievement rate 91.6%

Net operating profit (continued decrease in 3 periods)

Decreased by JPY 6.7bn YoY, because of decrease in gross operating profit and increase in expenses due to launch of Next Generation System

Achievement rate 80.8%

Ordinary profit (first decrease in 2 periods)

Decreased by JPY 6.2bn YoY, because net operating profit decreased while nonrecurring profit and loss increased

Achievement rate 87.0%

Net income (continued increase in 2 periods)

Increased by JPY 0.6bn YoY, because extraordinary profit and loss increased due to increase in gain on sales of stocks of related companies while ordinary profit decreased

Achievement rate 90.3%

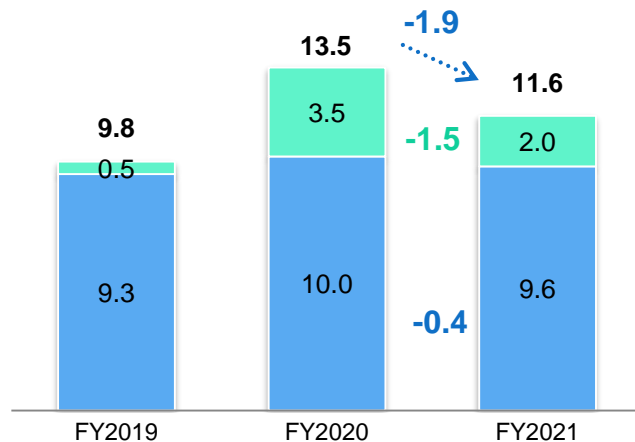
Results of FY2021 – Consolidated

Ordinary profit decreased by JPY 9.1bn YoY to JPY 54.2bn, and total ordinary profit of consolidated subsidiaries decreased by JPY 0.4bn YoY to JPY 9.6bn

〔Consolidated〕	FY2021	YoY	Contents
Ordinary profit	54.2	-9.1	First decrease in 2 periods Achievement rate 87.4% Decreased YoY, because both bond-related income such as JGBs and profit based on the equity-method investment balance decreased
Net profit attributable to parent company shareholders	41.6	-2.0	First decrease in 2 periods Achievement rate 91.5% Decreased YoY, because consolidated ordinary profit decreased while extraordinary profit and loss increased due to increase in gain on sales of stocks of related companies

【Total ordinary profit of consolidated subsidiaries / Profit based on the equity-method investment balance】
(JPY bn)

- Profit based on the equity-method investment balance
- Total ordinary profit of consolidated subsidiaries



＜ Consolidated subsidiaries＞

(JPY bn)

Company name	Business	FY2021 Ordinary Profit	YoY change
Shizugin Management Consulting Co., Ltd.	Corporate and financial management advisory services Bill collection services	0.6	-0.0
Shizugin Lease Co., Ltd.	Leasing	1.6	+0.1
Shizugin IT Solution Co., Ltd.	Computer system development and operation	0.3	-0.0
Shizugin Credit Guaranty Co., Ltd.	Guarantee of housing loans, etc.	3.7	+0.2
Shizugin DC Card Co., Ltd.	Credit card and guarantee of consumer loans	0.9	-0.0
Shizuoka Capital Co., Ltd.	Public-offering assistance Support for corporate rehabilitation	0.3	+0.0
Shizugin TM Securities Co., Ltd.	Securities	2.3	-0.4
Shizuoka Bank (Europe) S.A.	Finance and securities-related services	-0.1	-0.1
Shizuoka Liquidity Reserve Ltd.	Purchases of monetary receivables	0.0	-0.1
Shizugin General Service Co., Ltd.	Fee-based job placement service, general administration	0.0	+0.0
Shizugin Mortgage Service Co., Ltd.	Appraisal of real estate for loan collateral Operation center for loans	0.0	-0.0
Shizugin Business Create Co., Ltd.	Operation center for remittance and bill collection Part-time employee management	-0.0	-0.0
Shizugin Heartful Co., Ltd.	Making, printing and binding of documents	0.0	+0.0
Total (13 companies)		9.6	-0.4

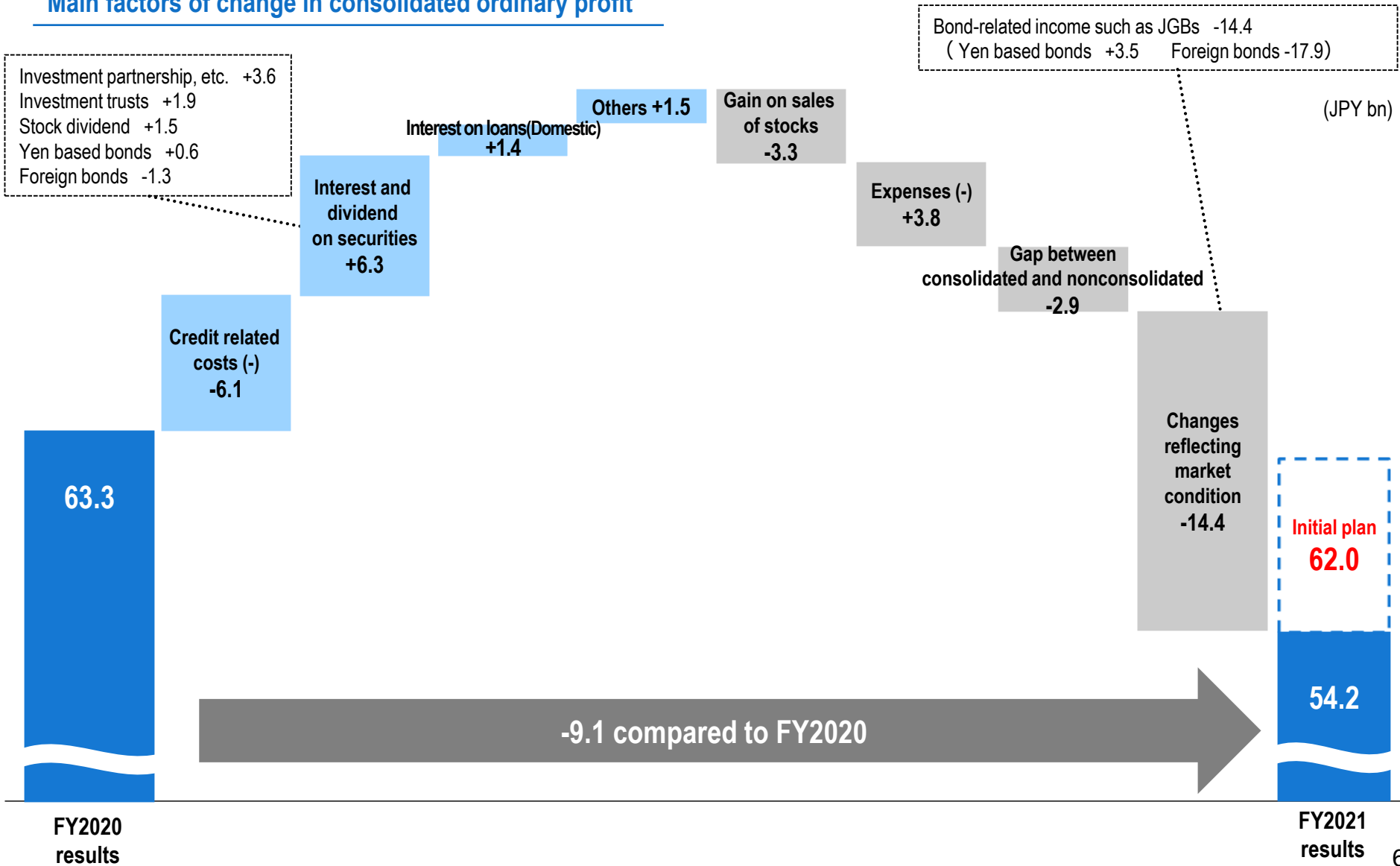
(Ref.) Affiliates under equity method of accounting

Shizugin Saison Card Co., Ltd.	Credit card, prepaid card, and guarantee of consumer loans	0.1	-0.4
Monex Group, Inc.	Holding stocks of companies practicing securities and so on	20.8	-0.5
Commons Asset Management, Inc.	Investment management, sales of investment trust	0.1	0.1

Factors of change in consolidated ordinary profit –comparison with FY2020 results

Consolidated ordinary profit in FY2021 decreased by JPY 9.1bn YoY mainly due to realization of appraised losses resulting from rise of USD interest rate

Main factors of change in consolidated ordinary profit



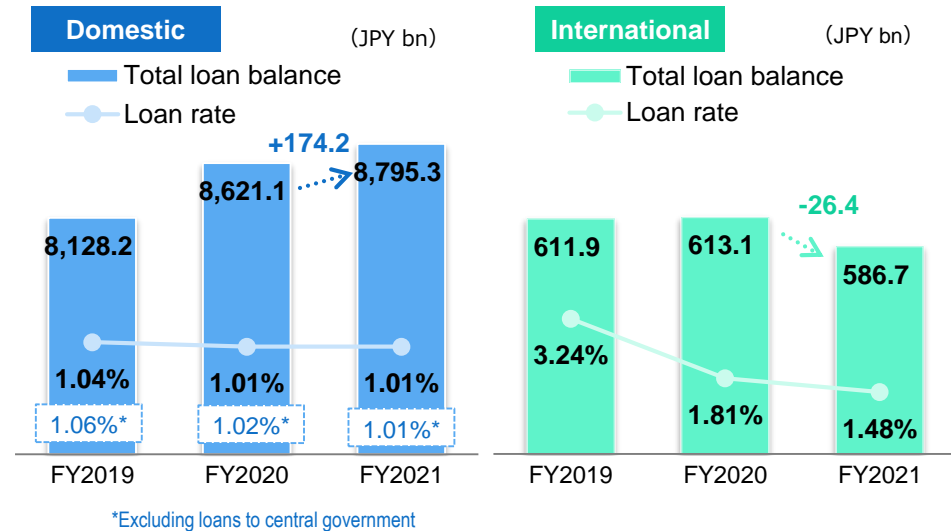
Net interest income

Net interest income increased by JPY 9.8bn YoY due to increase in both Domestic and International section

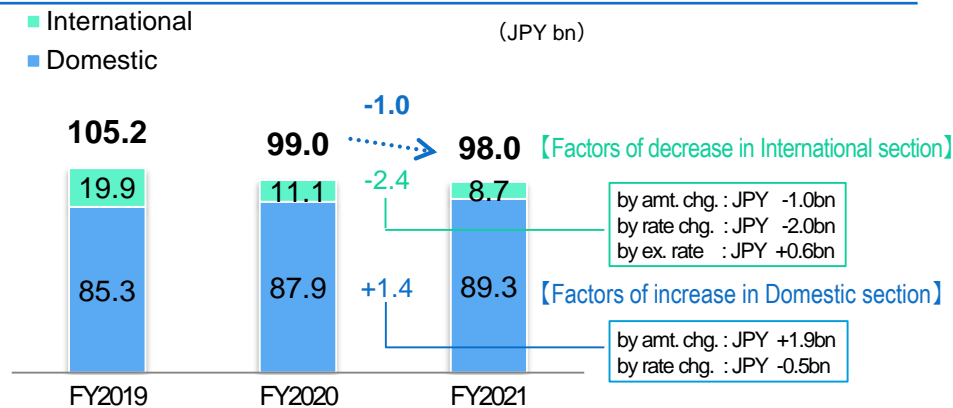
Breakdown of net interest income

(JPY bn)	FY2019	FY2020	FY2021	YoY
Net interest income	106.8	114.7	124.5	+9.8
Domestic section	97.3	103.4	110.0	+6.6
Interest on loans	85.3	87.9	89.3	+1.4
Interest and dividend on securities	12.8	15.6	19.0	+3.4
(Bond)	1.5	1.9	2.5	+0.7
(Gains on investment trust)	0.0	2.2	2.5	+0.3
Fund-raising expense(-)	1.7	1.2	1.0	-0.2
(Interest paid on deposits etc.) (-)	1.6	1.1	0.9	-0.2
Others	0.9	1.1	2.7	+1.6
International section	9.6	11.2	14.5	+3.2
Interest on loans	19.9	11.1	8.7	-2.4
Interest and dividend on securities	12.2	7.8	10.8	+3.0
(Bond)	11.7	6.1	4.8	-1.3
(Gains on investment trust)	0.0	0.9	2.6	+1.7
Fund-raising expense(-)	27.6	8.3	5.3	-3.0
(Interest paid on deposits etc.) (-)	12.0	2.4	1.3	-1.1
Others	5.1	0.6	0.3	-0.3

Loan balance (average balance) and loan rate



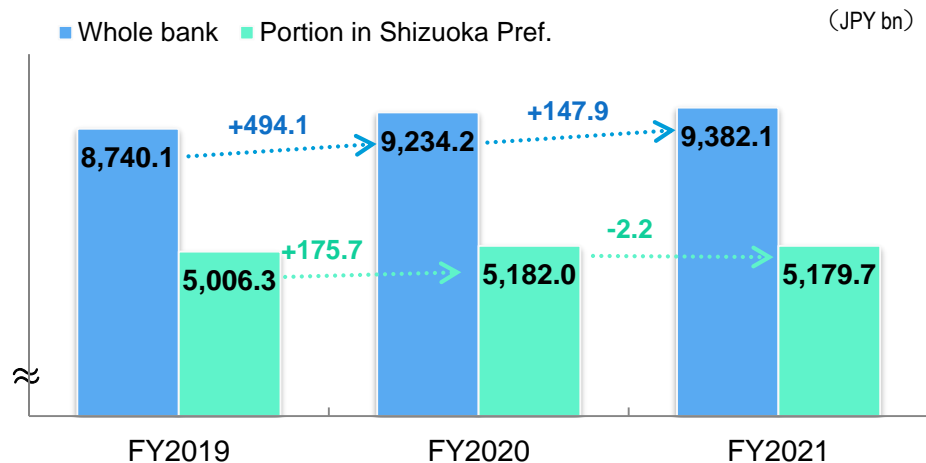
Interest on loans



Loans

Total loan balance (average balance) increased by JPY 147.9bn (+1.6%) YoY as both SMEs and retail loan increased with good balance

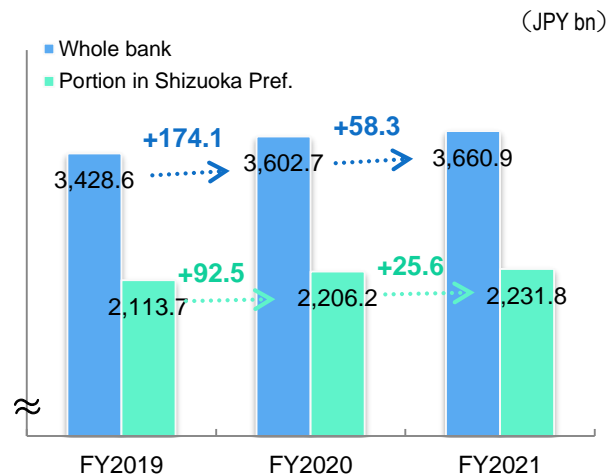
Total loan balance (average balance)



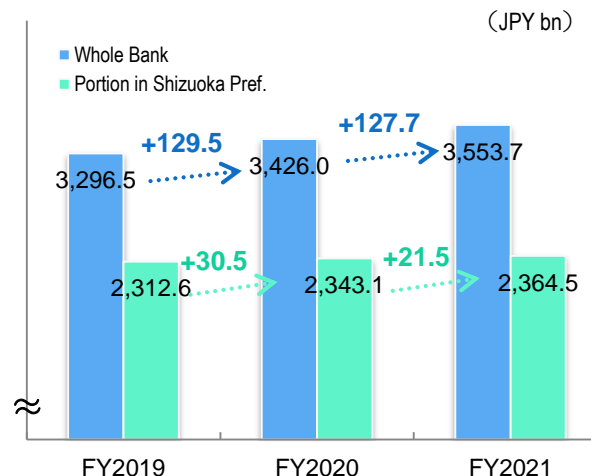
	Average balance	YoY change	Annual growth rate
Total loan balance	JPY 9,382.1bn	JPY +147.9bn	+1.6%
Loan balance for SMEs	JPY 3,660.9bn	JPY +58.3bn	+1.6%
Retail loan balance	JPY 3,553.7bn	JPY +127.7bn	+3.7%
Loan balance for large and medium size enterprises	JPY 1,829.0bn	JPY +11.5bn	+0.6%
Loan balance in foreign currency	JPY 546.1bn	JPY -27.9bn	-5.1%

by amt. chg. :JPY -66.4bn
by ex. rate :JPY +38.5bn

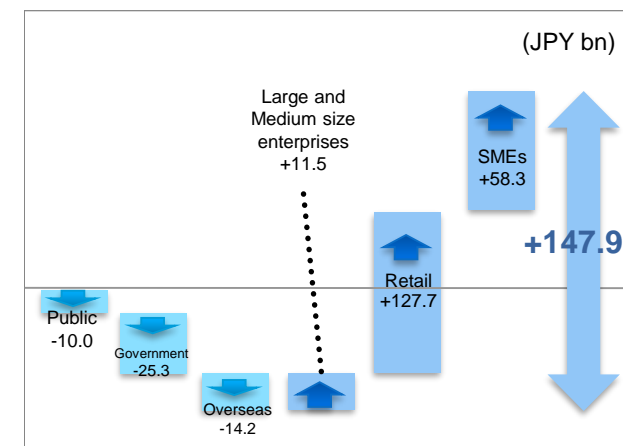
SMEs loan balance (average balance)



Retail loan balance (average balance)



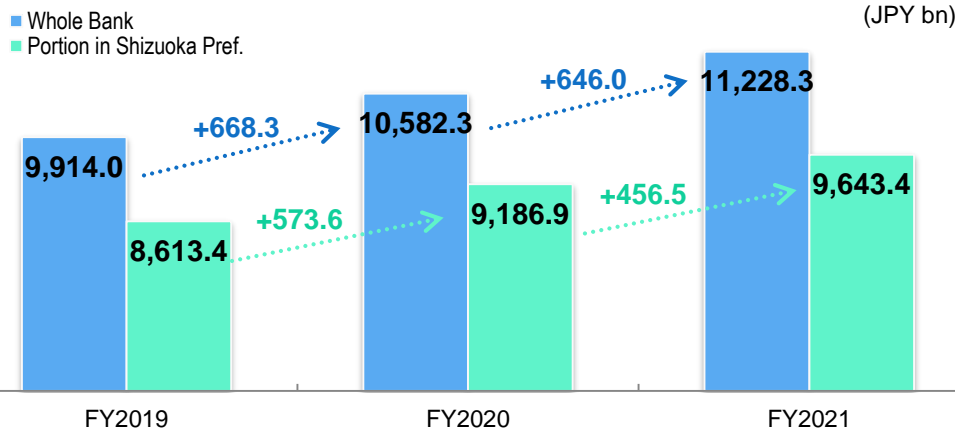
Breakdown of year-on-year changes in loan balance (average balance)



Deposits

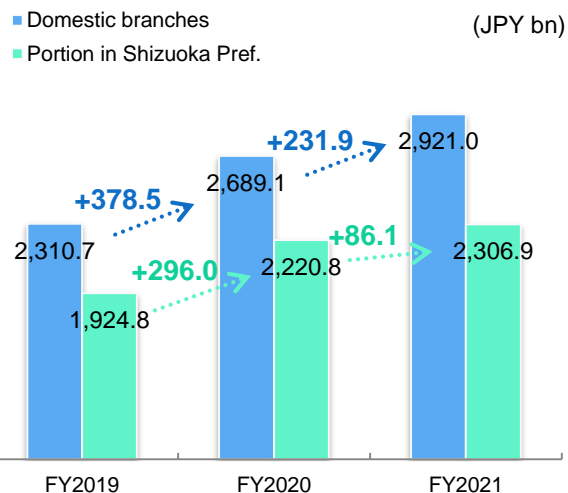
Deposit balance (average balance) increased by JPY 646.0bn (+6.1%) YoY mainly due to the increase of corporate and retail deposit balance

Deposit balance (average balance)

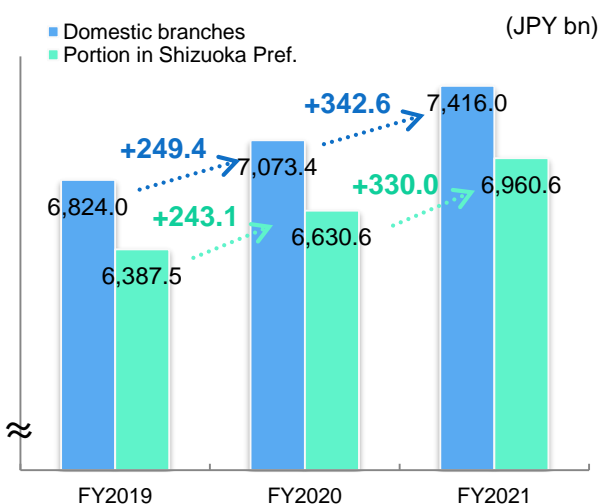


	Average balance	YoY change	Annual growth rate
Total deposit balance	JPY 11,228.3bn	JPY +646.0bn	+6.1%
Deposit balance in Shizuoka	JPY 9,643.4bn	JPY +456.5bn	+4.9%
Corporate deposit balance	JPY 2,921.0bn	JPY +231.9bn	+8.6%
Retail deposit balance	JPY 7,416.0bn	JPY +342.6bn	+4.8%
Public deposit balance	JPY 343.7bn	JPY +41.3bn	+13.6%
NCD	JPY 141.3bn	JPY +55.5bn	+64.7%

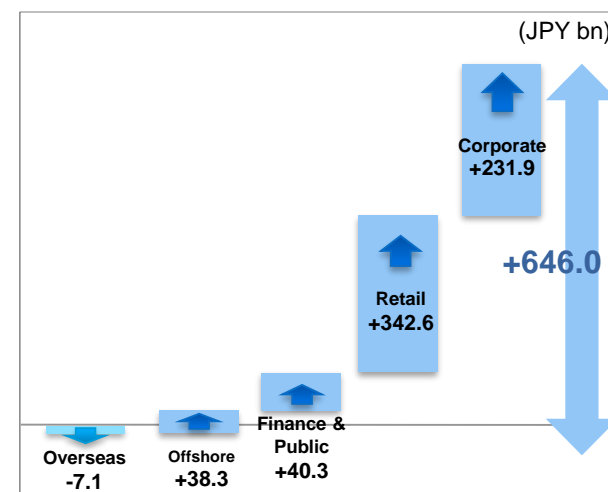
Corporate deposit balance (average balance)



Retail deposit balance (average balance)



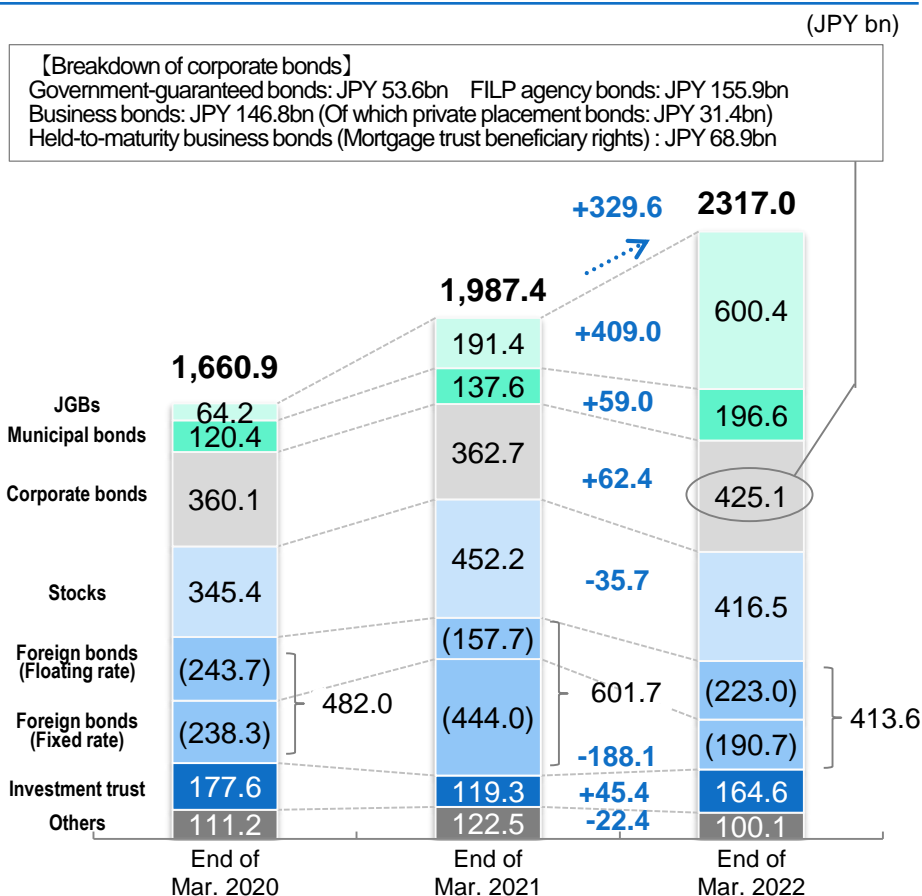
Breakdown of year-on-year changes in deposits balance (average balance)



Securities

Conduct restructuring of securities portfolio in response to change in market environment in order to secure stable profit in medium to long run

Securities



【Duration】

	End of Mar. 2020	End of Mar. 2021	End of Mar. 2022
Yen based bonds	6.03 years	5.97 years	6.37 years
Foreign bonds	2.35 years	3.37 years	2.08 years

Gains and losses on securities

(JPY bn)	FY2020	FY2021	YoY
Interest and dividend on securities	23.4	29.7	+6.3
Yen based bonds	1.9	2.5	+0.7
Foreign bonds	6.1	4.8	-1.3
Gains on investment trusts (Gains (losses) on cancellation)	3.1 (0.3)	5.1 (2.7)	+1.9 (+2.4)

Gains and losses on bonds such as JGBs	4.8	-9.6	-14.4
Gain on sell of bonds such as JGBs	10.2	19.0	+8.7
Loss on sell and redemption of bonds such as JGBs (-)	5.5	28.6	+23.1

Gains and losses on stocks	7.9	3.5	-4.4
Gain on sales of stocks	8.1	4.8	-3.3
Amortization (-)	0.3	1.3	+1.1

Unrealized gains and losses on securities

(JPY bn)	End of Mar. 2020	End of Mar. 2021	End of Mar. 2022	Change from end of Mar. 2021
Unrealized gains and losses on securities	+217.3	+325.6	+274.2	-51.4
Stocks	+211.5	+321.4	+288.0	-33.3
Yen based bonds	+3.4	+0.9	-6.6	-7.6
Foreign bonds	+5.1	-6.0	-17.8	-11.8
Investment trusts	-6.6	+4.1	+0.6	-3.5
Others	+3.8	+5.2	+10.0	+4.8

Fees and commissions

Fees and commissions in FY2021 decreased by JPY 1.1bn YoY mainly due to decrease in net profit on exchange and to increase in life insurance fees on consumer loans

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

Fees and commissions

[Nonconsolidated]	(JPY bn)	FY2019	FY2020	FY2021	YoY
Fees and commissions		15.6	15.9	14.8	-1.1
Fees and commissions incomes		30.8	31.3	30.9	-0.4
Fees and commissions expenses (-)		15.2	15.4	16.0	+0.6
Life insurance fees on consumer loans (-)		7.1	7.7	8.3	+0.6

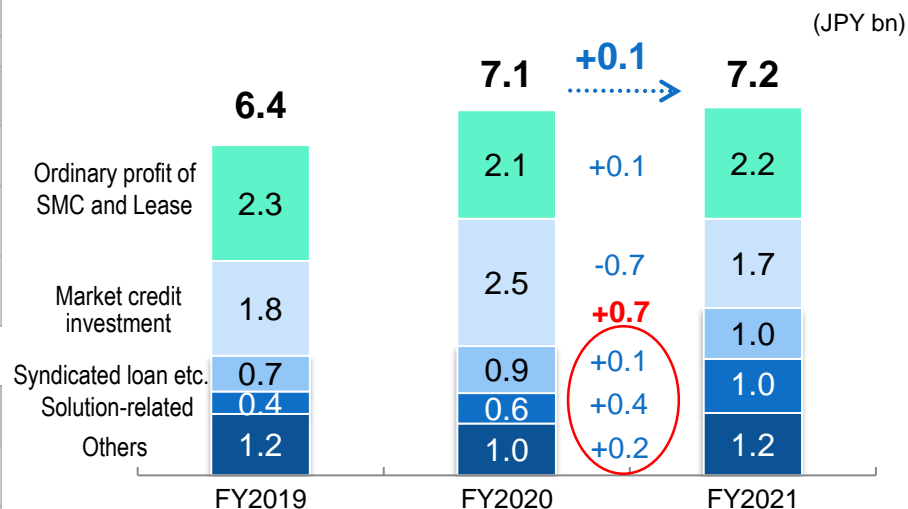
<Major items>

Fee incomes from wholesale	4.2	5.0	5.0	-0.0
Related to market credit investment	1.8	2.5	1.7	-0.7
Syndicated loan, etc.	0.7	0.9	1.0	+0.1
Solution-related (Business matching, support for subsidy, etc.)	0.4	0.6	1.0	+0.4
Others (covenants loan, etc.)	1.2	1.0	1.2	+0.2
Other fees on loans	2.7	3.5	4.0	+0.6
Fee incomes on customer assets	5.4	4.6	5.0	+0.4
Investment trust	0.2	0.2	0.3	+0.0
Insurance products	5.2	4.4	4.7	+0.4
Net profit on exchange	6.1	5.9	5.6	-0.4

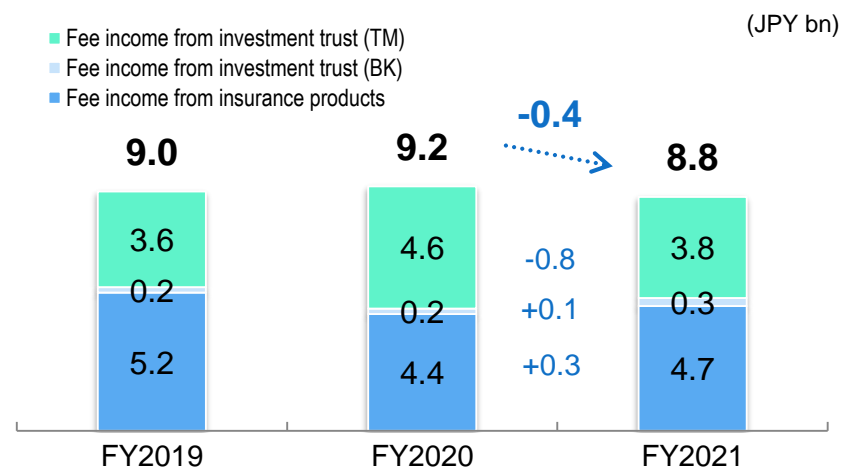
[Consolidated]

Fees and commissions	30.8	32.2	31.3	-0.9
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Fee incomes from wholesale (including group companies)



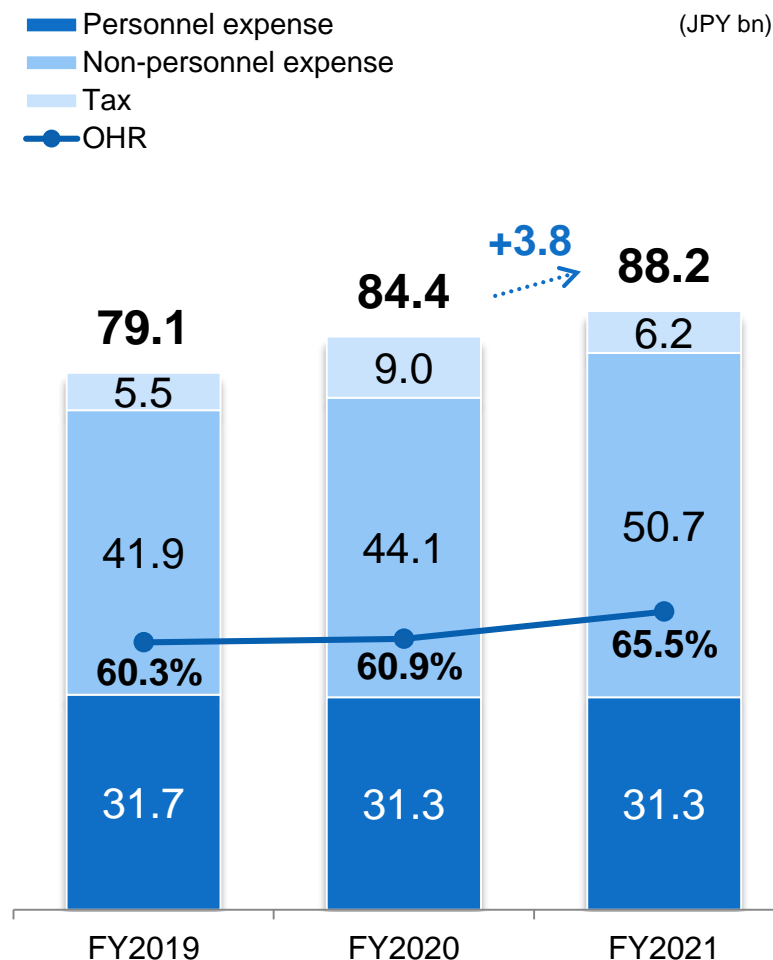
Fee incomes on customer assets (including group companies)



Expenses

Expenses (nonconsolidated) was JPY 88.2bn (up JPY 3.8bn YoY), and OHR was 65.5% (up 4.6pt YoY) in FY2021

Expenses and OHR (nonconsolidated)



Main factors for change of expenses (nonconsolidated)

	YoY	Main factors
Tax	JPY -2.8bn	Consumption tax JPY -2.5bn
Non-personnel expenses	JPY +6.5bn	Next-Generation-System-related JPY +7.0bn (Depreciation JPY +6.5bn and running cost JPY +0.4bn)
Personnel expenses	JPY +0.1bn	Salary allowance JPY +0.2bn, Retirement benefit cost JPY -0.2bn
Total	JPY +3.8bn	

Breakdown of non-personnel expenses (nonconsolidated)

	FY2019	FY2020	FY2021	YoY
Non-personnel expenses	41.9	44.1	50.7	+6.5
Of which, related to IT system	16.5	19.1	26.0	+6.9
(Of which, Next-Generation-System-related)	(1.8)	(4.6)	(11.6)	(+7.0)
Of which, depreciation and amortization	10.8	12.4	18.4	+6.0
(Of which, Next-Generation-System-related)	(0.7)	(2.9)	(9.4)	(+6.5)

Credit-related costs

Credit-related costs in FY2021 : JPY 5.5bn (down JPY 6.1bn YoY)

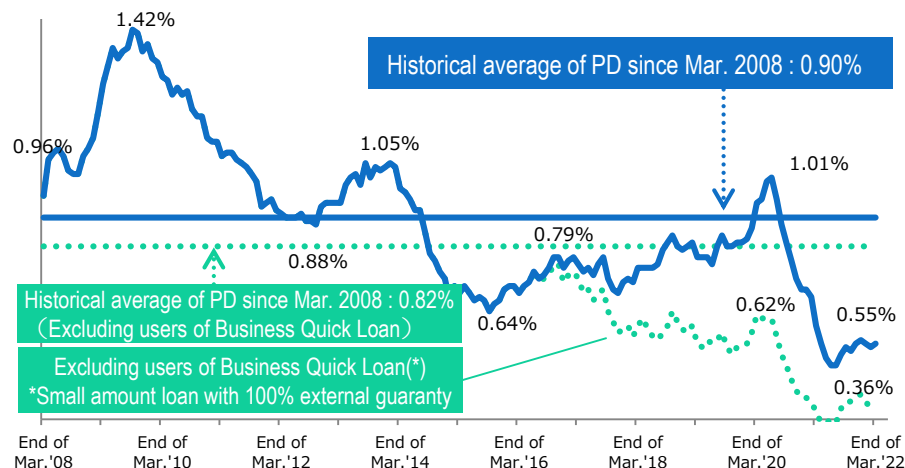
Breakdown of credit-related costs

(JPY bn)	FY2019	FY2020	FY2021	YoY change
Provision for general allowance for loan losses (1)	0.4	3.5	2.6	-0.9
Provision for specific allowance for loan losses (2)	5.5	7.8	2.8	-5.0
Other non-performing loans (NPL) disposal * (3)	2.7	0.4	0.1	-0.3
Credit-related Costs (1)+(2)+(3)	8.7	11.7	5.5	-6.1

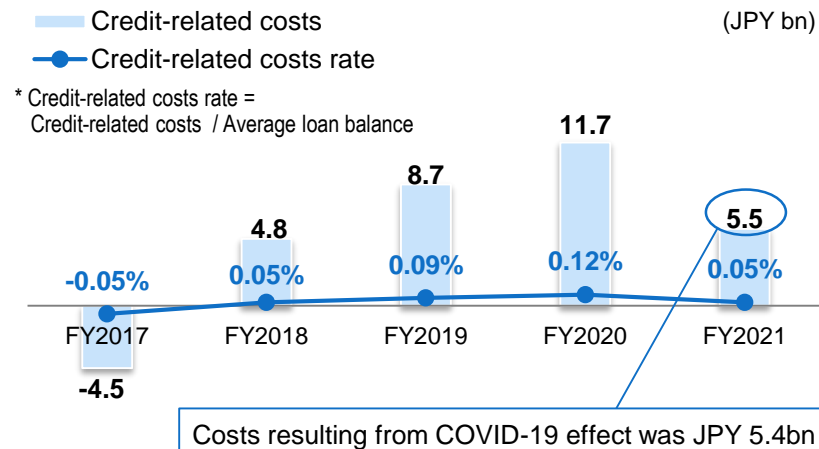
* Including provision for the estimated future payments to credit guarantee corporations, provision for allowance for accidental losses, and losses on sell of loans

Probability of Default (PD)

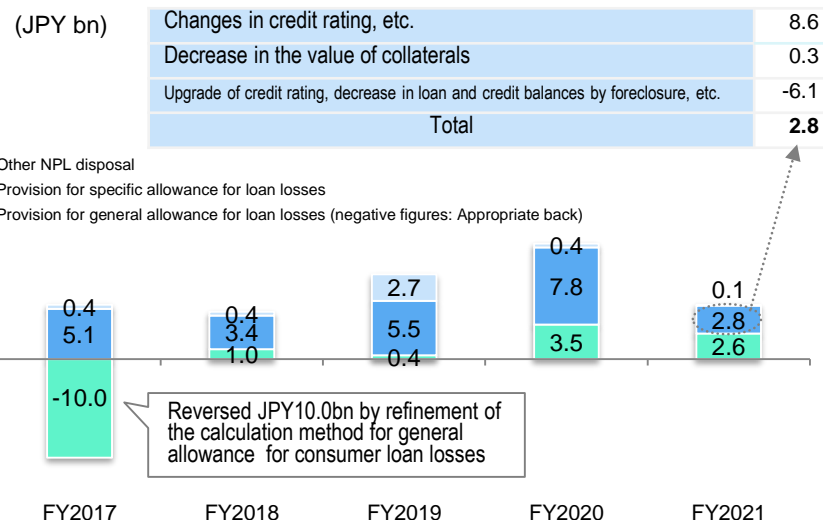
※PD of sound borrowers and borrowers needing careful monitoring
(On the basis of no. of borrowers)



Credit-related costs and Credit-related cost ratio



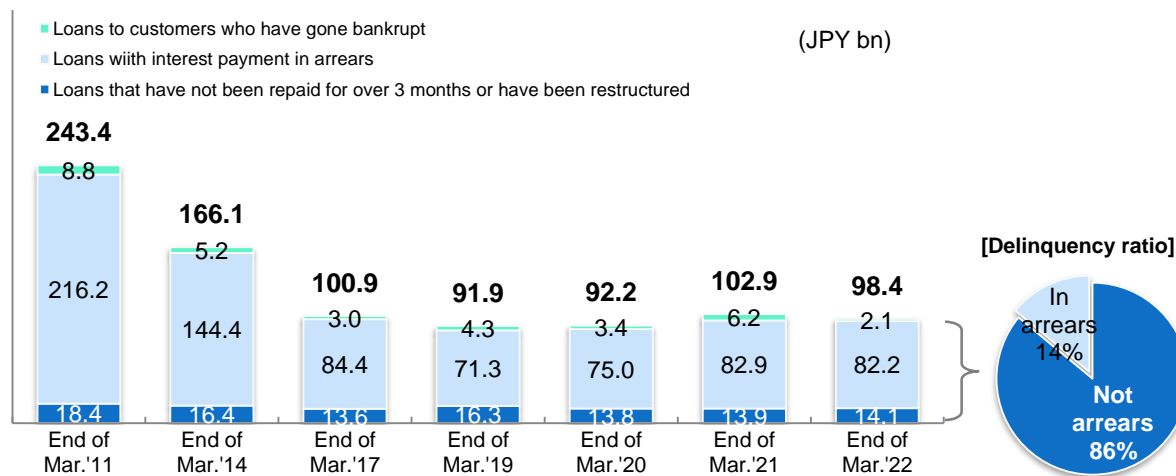
Provision for allowance for loan losses and other NPL disposal



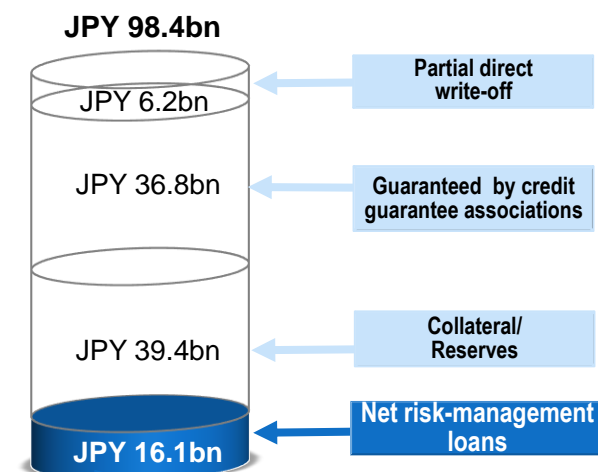
Risk-management loans (Loans based on the Financial Reconstruction Act *)

Total risk-management loans were JPY 98.4bn (the ratio of risk-management loans was 1.01%), greatly decreasing from the peak balance of JPY 243.4bn after the collapse of Lehman Brothers
 Net risk-management loans were JPY 16.1bn (the ratio of net risk-management loans was 0.16%), which shows the soundness in the Bank's asset

Trends in Risk-management loans



Net risk-management loans



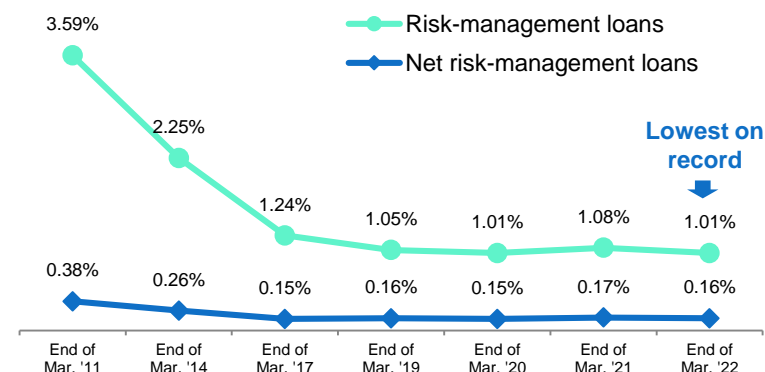
EL (Expected loss in 1 year from now on) : JPY 0.8bn

NPL removal from the balance sheet

	FY2020	FY2021
New recognition of NPLs	+37.8	+29.5
Removal from the balance sheet (NPL to borrowers classified as "at risk of failure" or riskier categories)	-27.0 (-21.1)	-34.0 (-30.7)
Risk-management loans	102.9	98.4

[Breakdown of JPY -30.7bn] (JPY bn)	
Collected from borrower/ set off against deposit account	-5.6
Collateral disposal/ subrogated to guarantor	-7.3
Reclassified to better categories	-9.3
Loans sold-off	-8.5

The ratio of risk-management loans

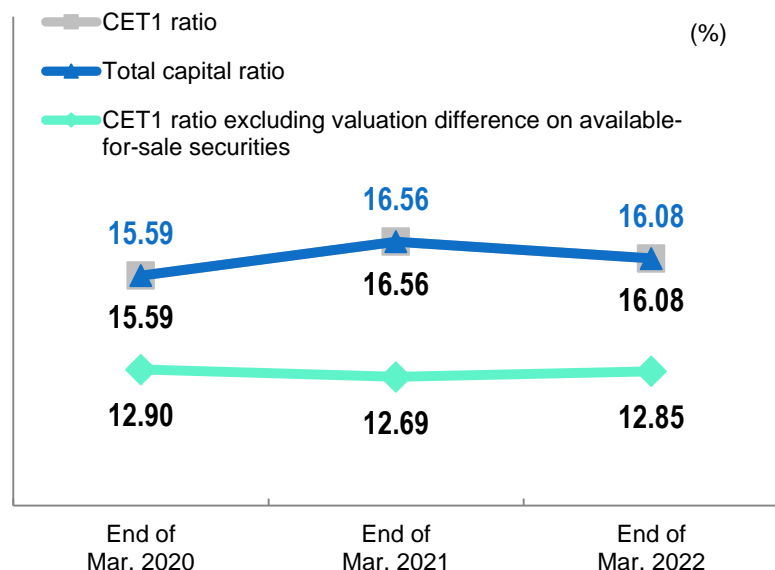


* Reconcile risk-management loans with loans based on the Financial Reconstruction Act according to revision of Order for Enforcement of the Banking Act since the end of Mar. 2022. Adopt the standard retroactively to the past.

Capital adequacy ratio

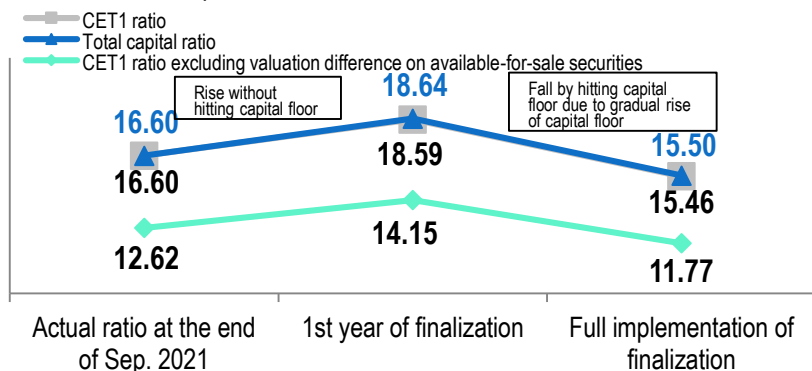
Both Total capital ratio and CET1(Common Equity Tier 1) ratio at the end of Mar. 2022 are 16.08%, down 0.48 percent points from the end of Mar. 2021 (CET1 ratio excluding valuation difference on available-for-sale securities at the end of Mar. 2022 is 12.85%, up 0.16 percent points from the end of Mar. 2021)

Capital adequacy ratio (Consolidated basis)



Capital adequacy ratio (Basel III finalization basis: consolidated)

- Make a trial calculation on influence of Basel III finalization based on figures at the end of Sep. 2021



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

				(JPY bn)
[Basel III]				
	End of Mar. '20	End of Mar. '21	End of Mar. '22	Change from the end of Mar. '21
Total capital*	893.8	990.4	965.4	-25.1
CET1	893.8	990.4	965.4	-25.1
Excluding valuation difference on available-for-sale securities	739.4	759.2	771.6	+12.4
Other Tier 1	-	-	-	±0
Tier 2	-	-	-	±0
Risk-adjusted assets	5,729.7	5,979.7	6,001.2	+21.6
Total credit-risk adjusted assets	5,411.3	5,658.0	5,672.1	+14.1
Amount corresponding to market risk	18.6	19.4	20.2	+0.8
Amount corresponding to operational risk	299.8	302.3	309.0	+6.7

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

Interest rate risk in the banking book (IRRBB) (Consolidated basis, End of Mar. 2022)

- Results of materiality test: ΔEVE (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 41.2bn	JPY 965.4bn	4.3% ≤ 15%

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

- ΔNII (Net Interest Income): **JPY 7.1bn**
(Decrease in net interest income due to interest shock Within IRRBB)

Projected performance in FY2022

Projected consolidated ordinary profit and profit attributable to owner of the parent in FY2022 are JPY 76.0bn (JPY 4.0bn less than Medium-term Business Plan: due to increase in credit-related costs) and JPY 54.0bn, respectively

(JPY bn)

Consolidated

	FY2019	FY2020	FY2021 (A)	FY2022 (Projected) (B)	YoY (B-A)	Change for 3yrs	FY2022 plan (Medium-term Business Plan)
Ordinary profit	54.6	63.3	54.2	76.0	+21.8	+21.4	80.0
Profit attributable to owners of the parent	38.7	43.6	41.6	54.0	+12.4	+15.3	56.5
ROE	3.8%	4.1%	3.8%	4.7%	+0.9pt	+0.9pt	5% or higher
OHR	58.9%	59.5%	64.2%	56.5%	-7.7pt	-2.4pt	Around 55%
CET1 ratio	15.59%	16.56%	16.08%	15.2%	-0.8pt	-0.39pt	14% or higher

Nonconsolidated

Gross operating profit	131.0	138.5	134.7	151.7	+17.0	+20.7	144.4
Net interest income	106.8	114.7	124.5	127.8	+3.3	+21.0	—
Fees and commissions	15.6	15.9	14.8	17.4	+2.6	+1.8	—
Trading income	0.6	0.9	0.9	0.8	-0.1	+0.2	—
Other operating profit	7.9	7.0	-5.5	5.7	+11.2	-2.2	—
Expenses (-)	79.1	84.4	88.2	87.7	-0.5	+8.6	83.8
Ordinary profit	46.5	51.5	45.3	64.5	+19.2	+18.0	67.0
Net income	33.4	35.5	36.1	45.0	+8.9	+11.6	46.7
Credit-related costs (-)	8.7	11.7	5.5	1.1	+5.5	+2.3	7.0



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(*)

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

To realize 10-year Vision

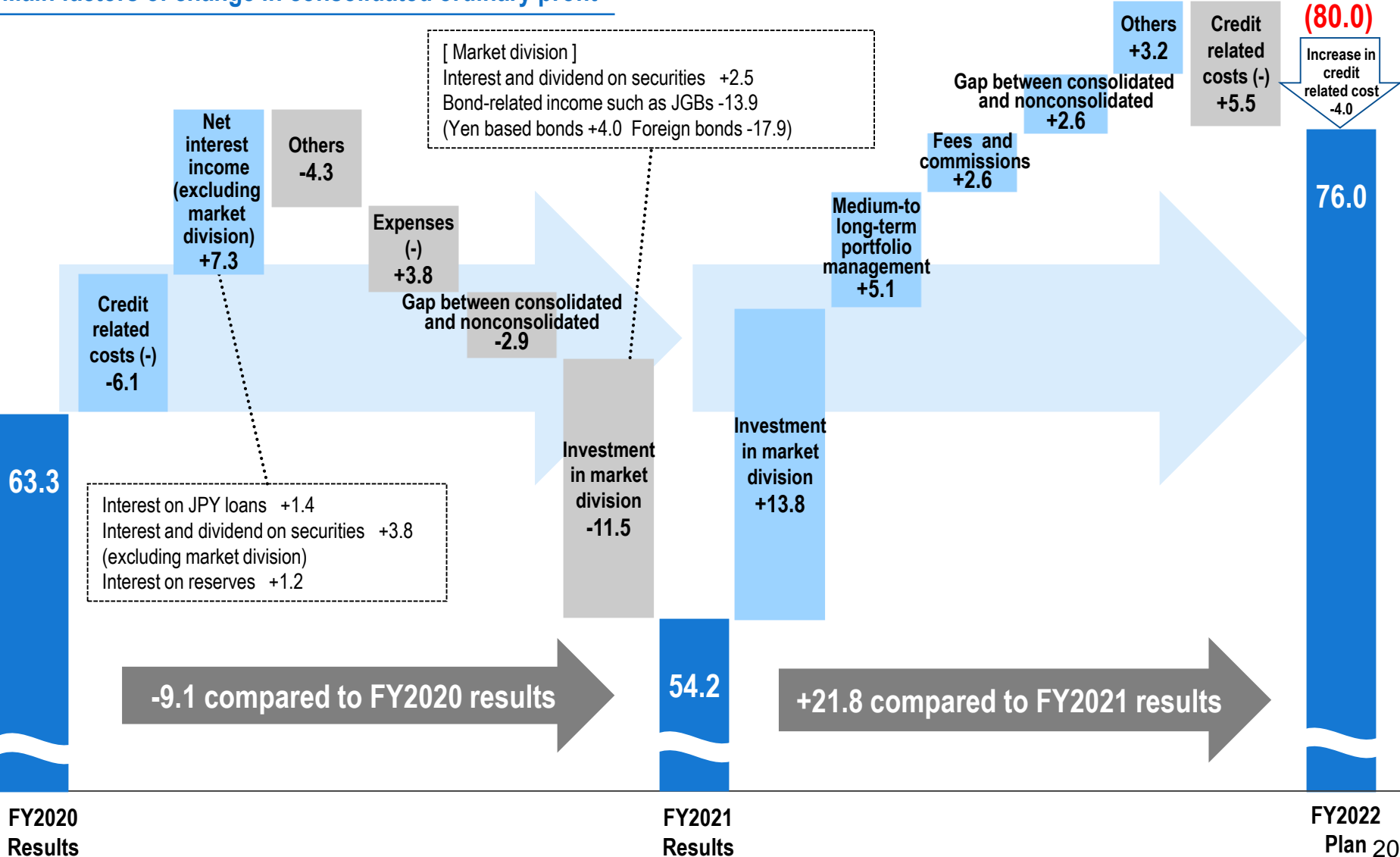
Aim at change to a corporate group that produces growth of the region by continuing challenge to expand new business fields as well as reinforcing earning power through problem-solving of the region in addition to traditional business of loans and deposits



Factors of change in consolidated ordinary profit –comparison with FY2020 results and FY2022 plan

Target consolidated ordinary profit of JPY 76.0bn in FY2022 by improving operation in market division and increasing fees and commissions and Group company earnings through resolution of customer issues (JPY 4.0bn less than Medium-term Business Plan: due to increase in credit-related cost)

Main factors of change in consolidated ordinary profit



Extend loans related to COVID-19 to customers in various industries

Business Support Dept. provide hands-on support in cash position and business improvement

Situation of loans related to COVID-19 (newly extended)

[Loan amount newly extended] (JPY bn)

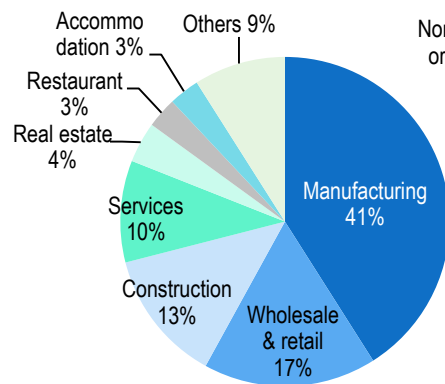
	End of Mar. '21	End of Sep. '21	End of Mar. '22
Not guaranteed by CGC(*)	159.3	119.7	119.5
Guaranteed by CGC	300.1	306.4	311.2
Of which, loans without interest	209.3	217.1	210.5
Total	459.3	426.1	430.7

* CGC ; Credit Guarantee Corporation

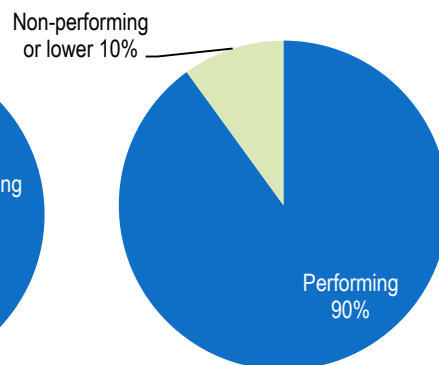
[Ratio of loans in terms of industry and credit rating]

* On the basis of amount as of the end of Mar. 2022

Breakdown in industry (Whole)



Breakdown in credit rating (Not guaranteed by CGC)



Support for customers

Cash position,
business improvement

Business
restructuring

Main business

Succession

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

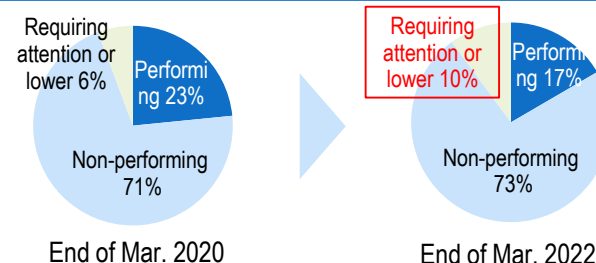
Customers the Bank supports in cash position and business improvement (approx. 3,000)

Customers Business Support Dept. is involved in support for (approx. 700)

Customer the Bank provides hands-on support (approx. 190→230)

Involvement by Business Support Dept. (to approx. 700 customers)

[Credit rating]



[Support in cash position]

• Extend **JPY75.1bn loan** in total for guaranteed and not guaranteed by CGC

[Support in establishment of business improvement plan]

- Newly establish plans for **50 customers**
- Established plans for approx. 500 customers (71%) in total

[Hands-on support]

- Start support for all target customers by the end of Mar. 2022 (Upgrade 3 customers to performing, complete support for 1 customer through M&A)
- Expand target customers for hands-on support to approx. 230 customers in response to harsh economic environment

Meet needs of corporate customers

Basic strategy 1
Group Sales

Basic strategy 2
Innovation

Basic strategy 3
Business Portfolio

10-year Strategy

Aim at change to a problem-solving corporate group that the Bank plans in the 14th Medium-term Business Plan, making Group-wide effort to solve management issues of corporate customers

Support for business improvement

Cash position,
business improvement

Strengthening support in the COVID-19 Pandemic

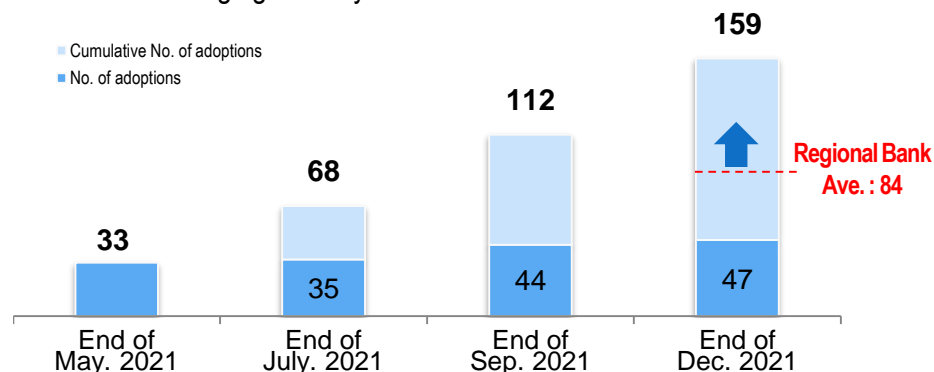
	FY2019	FY2020	FY2021
M&A (recover-type, relief-type, etc.)	10 companies	19 companies	21 companies
Subordinated loan	4 loans, JPY 0.5bn	7 loans, JPY 2.3bn	6 loans, JPY 2.8bn
Co-financing with JFC*	—	37 loans, JPY 4.0bn	50 loans, JPY 4.2bn
Use of revitalization funds	—	1 case	1 case
No. of business restructuring support initiatives	57 cases	58 cases	59 cases
No. of projects completed	12 cases	12 cases	14 cases

* Co-financing with equity subordinated loans from JFC

Business restructuring

Business
restructuring

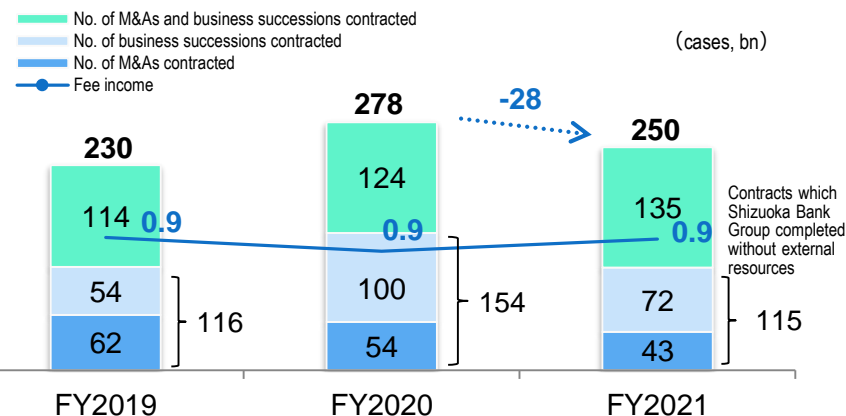
- Provide support on application to Business Restructuring Subsidy for customers who need business restructuring such as developing new fields and changing industry or business



Succession

M&A and business succession (including Group companies)

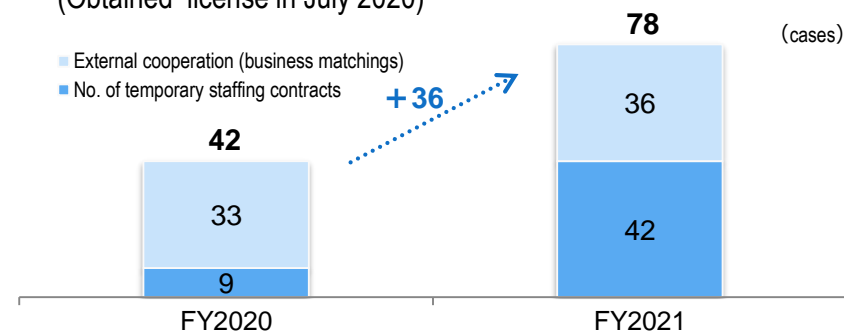
[No. of contract concluded and fee income]



Solution on HR

Main business

- Support for business operations and the challenge of new business and structural reforms for local companies through HR introduction. (Obtained license in July 2020)



Meet needs in life-planning

Basic strategy 1
Group Sales

Basic strategy 2
Innovation

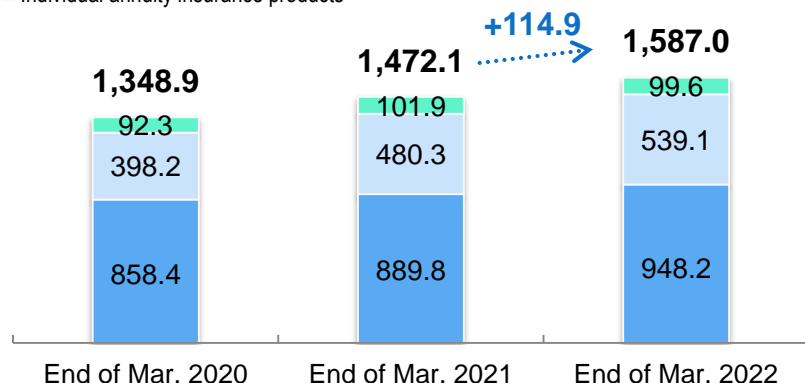
Basic strategy 3
Business Portfolio

10-year Strategy

Develop asset management business with the view of 100-year life era as well as whole asset sales by whole Group
Customer asset excluding JPY deposits of the whole Group increased by JPY 114.9bn YoY

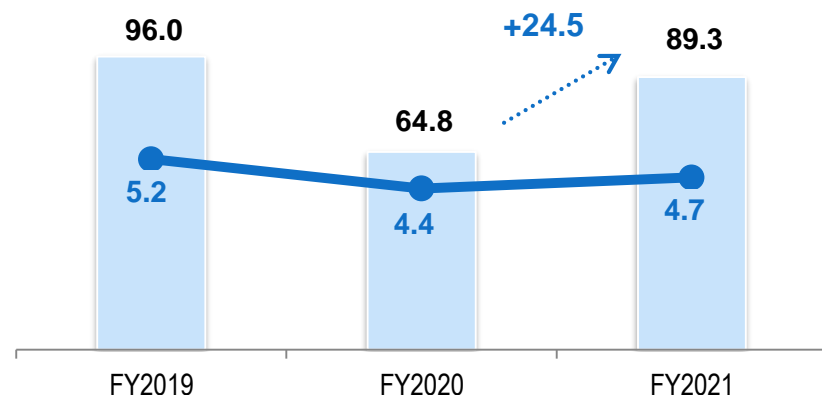
Customer assets excluding JPY deposits (term-end balance)

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



Amount of sales and commissions in insurance

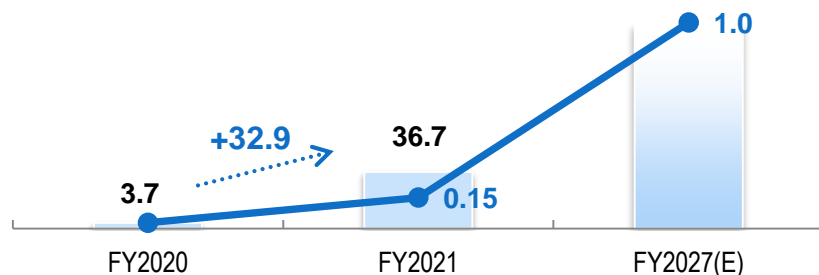
Amount of sales (JPY bn)
Commissions



Results of “Shizugin Wrap” (Accumulated amount of contract)

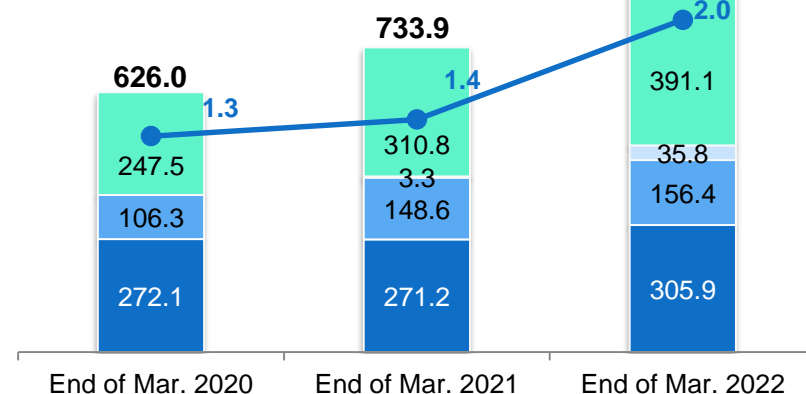
Promote shift of customer asset business to stock-type. Aim at growth to business with trust fee of JPY 1.0bn scale in future.

Accumulated amount of contract (face to face・non-face to face) (JPY bn)
Trust fee



Customer assets of Shizugin TM Securities

Investment trusts
Stock
Stock revenue
Wrap
Others



Consumer loans

Basic strategy 1
Group Sales

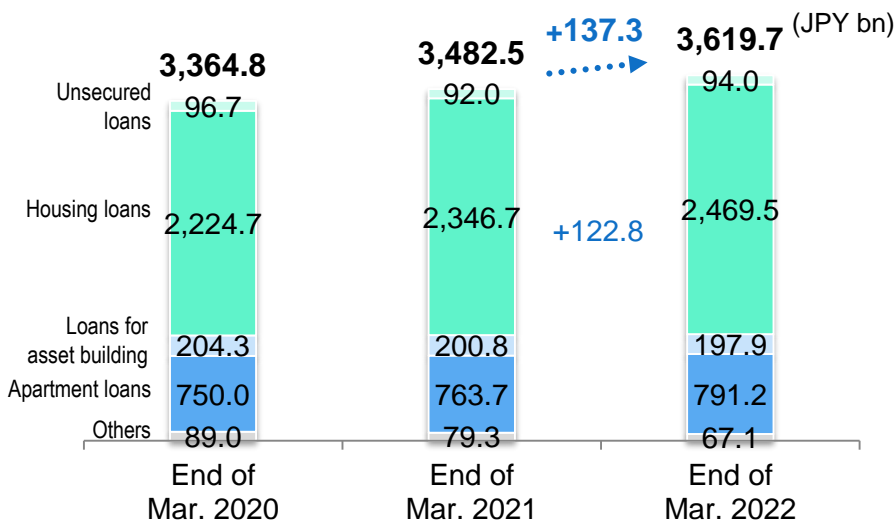
Basic strategy 2
Innovation

Basic strategy 3
Business Portfolio

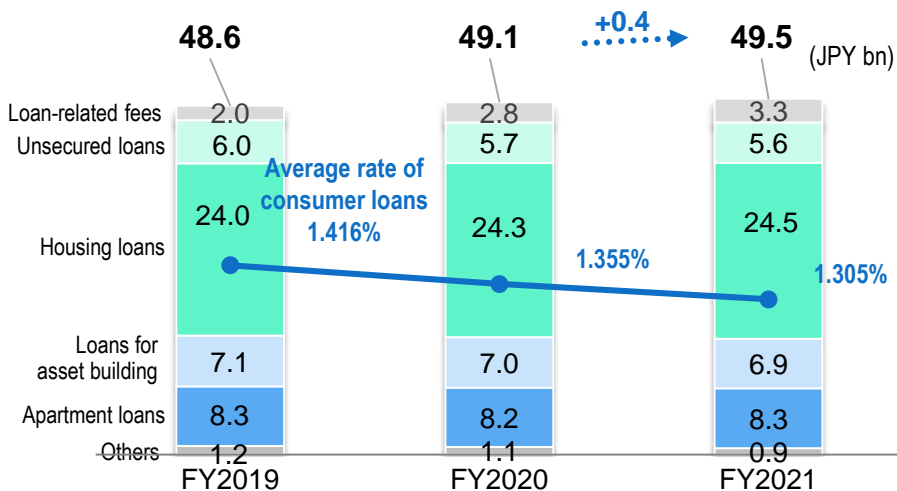
10-year Strategy

Consumer loan balance (term-end balance) increased by JPY 137.3bn from the end of Mar. 2021 mainly due to growth of housing loans

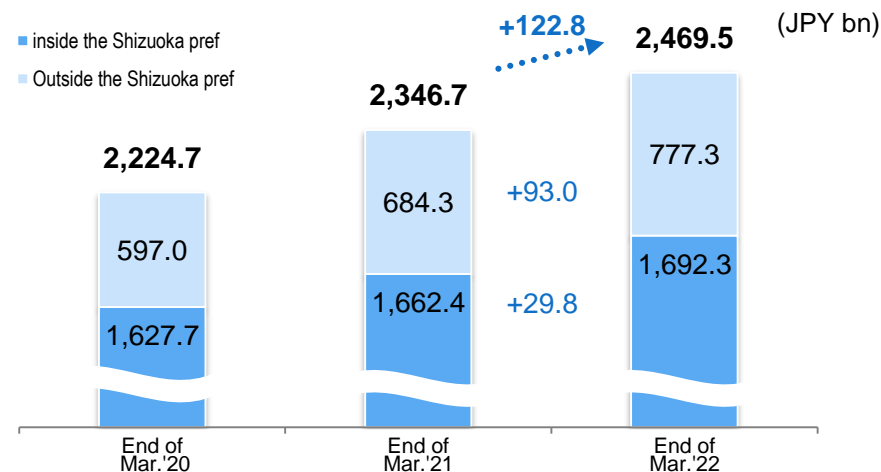
Consumer loan balance (term-end balance)



Interest amounts, fees and rates of consumer loans



Housing loan breakdown by region



Direction of housing loans strategies

[Inside the Shizuoka Pref.]

- Rename 14 Loan Centers in Shizuoka Pref. as “**Life Design Stations**”
Strengthen consulting sales on overall life-planning by making them bases for multifunction including asset building and insurance review starting with housing loans
- **Collaborate with housing loan tech companies** to introduce customers from Shizuoka Bank to housebuilders (**new commercial distribution**)

[Outside the Shizuoka Pref.]

- **Relocate Shonan Loan Center into the Fujisawa Branch** with easy access
Expand points of contact with customers and building contractors, and provide one-stop services by leveraging Group functions to meet the diverse needs of customers

[Common]

- Expand product lineup, including **group credit life insurance for married couples living together with cancer coverage (first in Japan)** and **a system for deferring principal repayment on housing replacement projects**

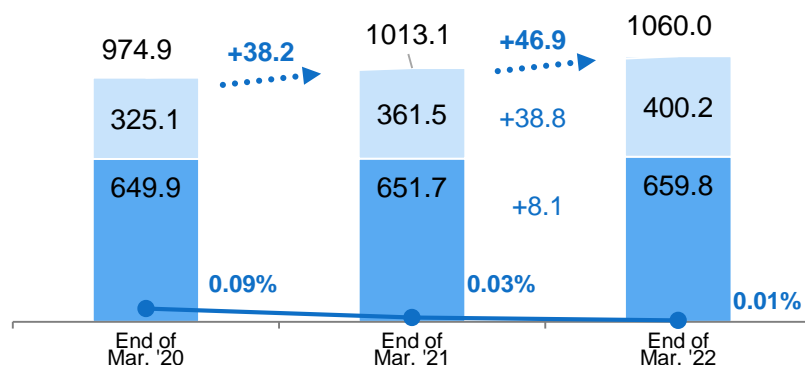
Apartment loan balance (including loan to corporates) increased by JPY 46.9bn, and loan balance for asset building decreased by JPY 2.9bn from the end of Mar. 2021

Aim at re-growing and establishing new business model in loans for asset building

Term-end balance and delinquency rate of apartment loan (including loan to corporates)

■ Retail outside Shizuoka Pref.
■ Retail inside Shizuoka Pref.
● Delinquency rate (3 months or longer, excluding inheritance-related)

* Corporate : apartment loans for management company, which are not classified as consumer loans (JPY bn)

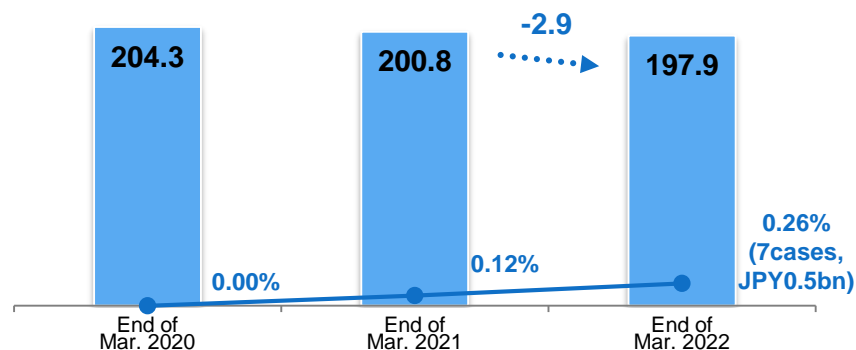


LTV of retail apartment loan at the end of Mar. 2022 : **73.0%**
 (Inside Shizuoka Pref. : 74.3%, Outside Shizuoka Pref. : 70.9%)

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

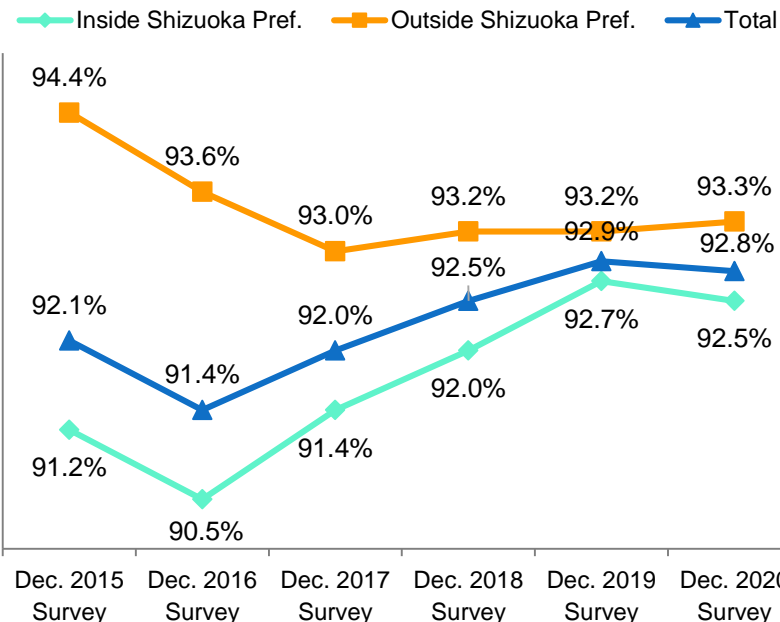
■ Total amount
● Delinquency rate (3 months or longer)

(JPY bn)



Occupancy rate*

* Survey on occupancy rate for rental property (Dec. 2020)



Future strategies of loans for asset building

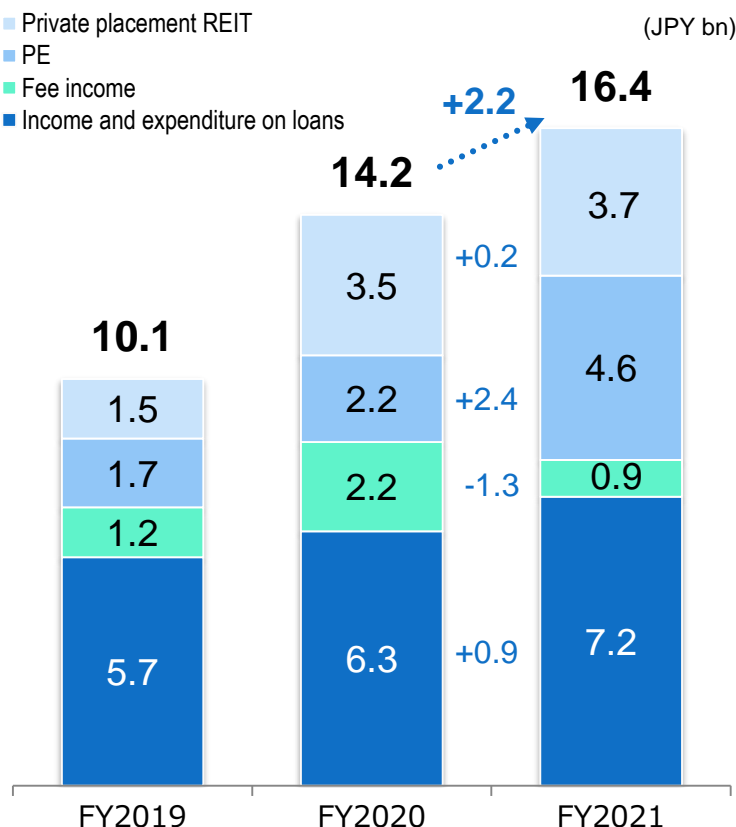
- Reinforce the organization by increasing the number of employees, etc.
 - ✓ Expand loan balance by increasing the number of employees and strengthening personnel training
- Expand business for management in venture companies
 - ✓ Meet their needs in retail loans such as housing loans and in loans to purchase shares of their own companies
- Promote whole asset sales
 - ✓ Develop a private banking service system in collaboration with private banking staff, targeting the affluent, semi-affluent, and asset-building classes

Earnings from market credit investment increased by JPY 2.2bn YoY

Structured loan (SF loan) portfolio mainly consist of high credit rating with various loan type

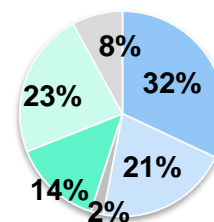
Earnings from market credit investment

- Private placement REIT
- PE
- Fee income
- Income and expenditure on loans



Profitability indicators of SF loan	FY2020	FY2021	YoY
ROA (Return on Assets)	0.99%	1.08%	+0.09pt
RORA (Return on Risk-Weighted assets)	1.71%	1.95%	+0.24pt

Breakdown of SF loan by loan type (Average balance in FY2021: JPY 648.3bn)



Well-diversified portfolio

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

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

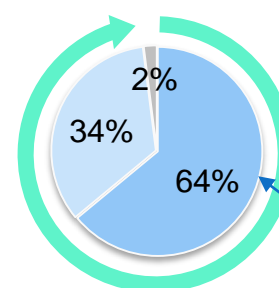
CLO balance (As of the end of Mar. 2022)

JPY 60.0bn (18 contracts, JPY 3.3bn on average)

All have AAA rating

Subordination ratio: 35.0% - 41.8%

Breakdown of SF loan by credit rating



* Excluding real estate non-recourse loan

98% are classified as "Performing"

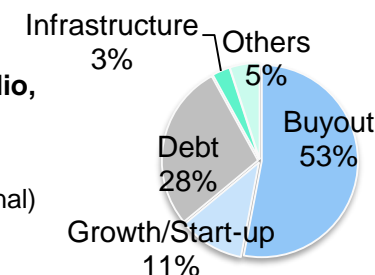
64% are equivalent to or higher than single A

* Average LTV is 58.7% 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 : 91
(Of which 38 are international)



Cross-industry collaboration

Basic strategy 1
Group Sales

Basic strategy 2
Innovation

Basic strategy 3
Business Portfolio

10-year Strategy

Create new businesses which can innovate management of banks through cross-industry collaboration.
Has invested JPY 21.3bn in capital and business alliance partners
(Unrealized gains and losses at the end of Mar. 2022: JPY +21.6bn)

New businesses in housing loan market



Collaboration
Income*
JPY 0.6bn

<Total results by the end of FY2021>

Extend housing loans: JPY 27.8bn

Purchase securitized products (RMBS): around JPY 100.0bn

⇒ Effect of increased income in FY2022 + JPY 0.7bn per year

The most important partner in bank-security collaboration



Collaboration and
Investment Income*
JPY 3.7bn

<Total results by the end of FY2021>

Profit based on the equity-method investment balance: JPY 10.6bn

Gain on sales of stock: JPY 7.1bn

Shizugin Wrap etc.: JPY 0.2 bn

(Goodwill retirement: -14.2bn)

Provision of new financial services



Collaboration and
Investment Income*
JPY 3.7bn

HOKEN NO MADOGUCHI

5 out of 7 stores become profitable

Commons Asset Management, Inc

Amount of distributions and gains on sales of
investment trust total JPY 3.8bn

Utilization of digital technology



Utilized the **TaylorWorks** online platform for TECH BEAT Shizuoka and established a matching form on the platform to connect university-launched ventures with companies in the Shizuoka Pref.

*Cumulative until the end of FY2021

Invested JPY 19.7bn in 398 venture firms through investment in 15 venture funds
 Aim at expanding business for venture firms and making it a pillar of earnings in the future by utilizing network built through the investment

Type of industry of invested firms (End of Mar.2022)

Type of industry	No. of firms
For corporate, SaaS	91
Fin Tech	53
Medical, nursing care, biotechnology	50
AI, data analysis	25
Manufacturing, robotics, IoT	19
Others	160
Total	398

TECH BEAT Shizuoka



- Fair of advanced technology to provide opportunities of matching between startup firms mainly in metropolitan area and firms in Shizuoka Pref.
- Total of 7 meetings since the first meeting in July 2019
 (All industries: 3 times, Agriculture and other primary industries: 3 times, Medical: once)

Attendees
(Total)

Approx. 31,000

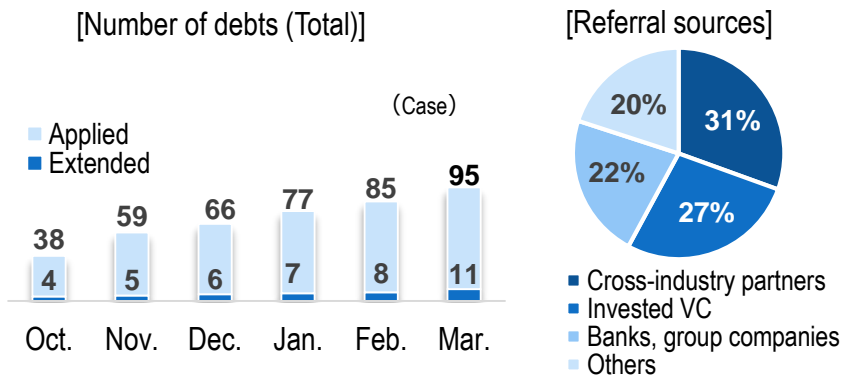
Individual business
talk (Total)

Approx. 1,200



Venture Debt

- Have executed **11 venture debt transactions amounting to JPY 1.5bn** since start of initiatives in Oct. 2021 by the end of March 2022
- Referrals from venture capitalists and people related with firms to which the Bank has already executed venture debt have increased as a result of increased awareness of the Bank's initiatives



Utilize the debt guarantee program implemented by METI

- Be designated as a financial institution for the “Debt Guarantee Program for Private Loans to Deep Tech Ventures” established by METI (**one and only regional bank**)
- Extended large-sized syndicated loan of JPY 0.7bn with Yamanashi Chuo Bank, our alliance partner

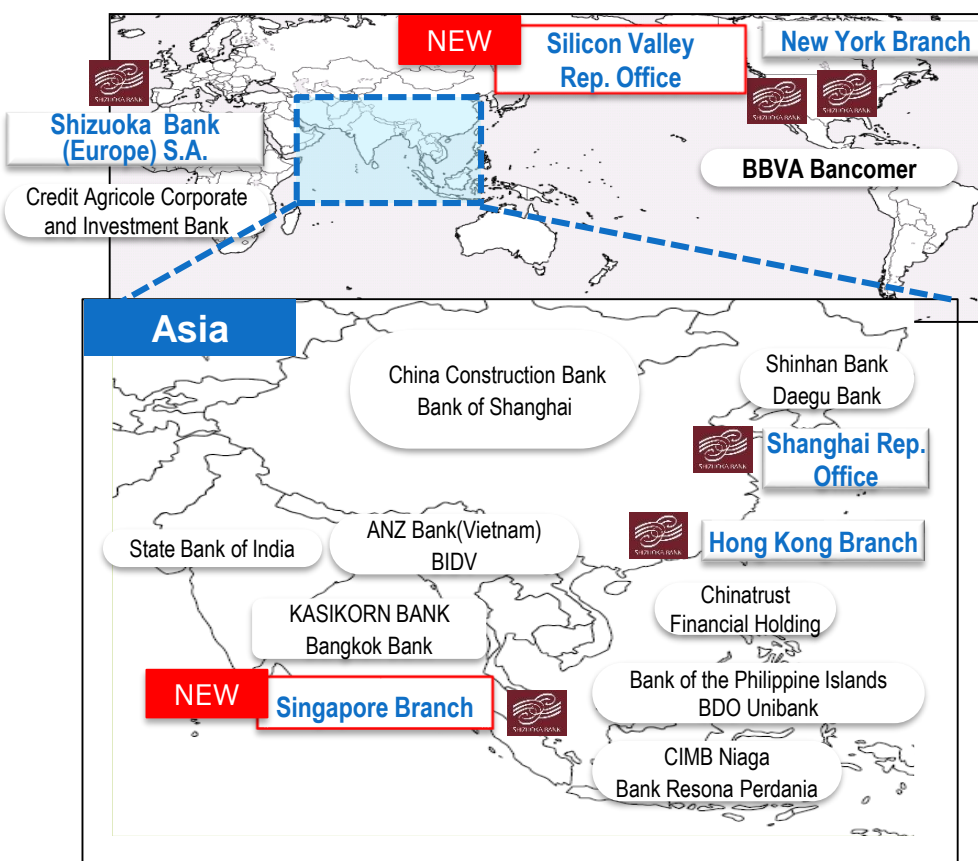
Introduce loan products with stock acquisition rights

- Acquire stock acquisition rights when financing a start-up firm
- Provide new financing options for startup firms, whose access to funding is generally limited, by focusing on their business model and growth potential

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

1 Establish Silicon Valley Rep. Office

- ✓ Move location to Silicon Valley area and change function of Los Angeles Branch in order to gather information on advanced technology and business for venture business
- ✓ Businesses of loans, deposits, and so on in Los Angeles Branch were transferred to New York Branch

2 Change Rep. Office Registered in Singapore to a branch

- ✓ Cover areas such as Southeast and West Asia where many Japanese companies advance by taking advantage of Singapore as a financial center and information agglomeration in Asia
- ✓ Expected to capture more profit opportunity in future by expanding function of whole Group abroad

3 Shizuoka Yamanashi Alliance

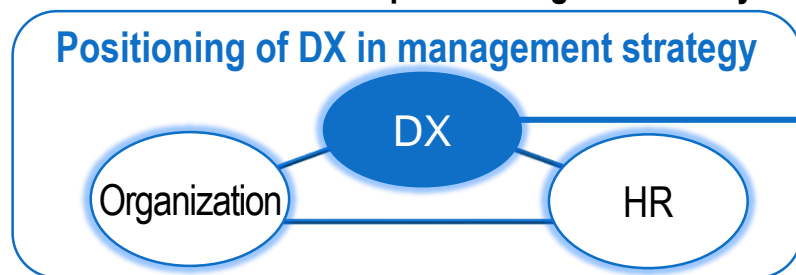
- ✓ Conclude agreement on support for customers' overseas business with Yamanashi Chuo Bank in order to support its customers through Shizuoka Bank's overseas sites
- ✓ Plan to accept 2 trainees from Yamanashi Chuo Bank (1 of the 2 will be in Hong Kong Branch)



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

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



Targeted picture

Reform of company itself (Corporate Transformation)

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

Obtained certification as a "DX certified business operator" from METI (Apr. 2022)



Digital Transformation
Certification

Utilize DX-investment-promoting tax system for strategic investment projects

Progress in 5 key fields

Create new business	Reinforce non-face-to-face channel	Mobile apps	✓ Expand functions of mobile apps / 2nd phase (until Jun. 2022) • Expand target to customers of all branches (currently limited to Internet Branch), introduce web-based banking books, etc.	Details in P. 74
		Contact Center	✓ Expand functions of Contact Center / 2nd phase (until Jan. 2022) • Enhance communication with customers by introducing chatbot and manned chat • Share knowledge and standardize services by using common platform in plural operations within the Center	Details in P. 73
	Expand channel with corporate customers	Portal website for corporate customers	✓ Consider building portal website for corporate customers / 1st phase (planning by Sep. 2022) • Reinforce relation with customers and enhance efficiency and productivity by expanding service lineup contributing to solving issues such as financial and non-financial services and support for digitization	—
		Support customers' adoption of IT (SIS)	✓ Provide SMEs with services to adopt IT (started in Jul. 2021) • Receive over 170 applications since starting the services by the end of Mar. 2022	—
Deepen existing business	Utilize data in the whole Group	Utilization of data	✓ Build platform to analyze and utilize data (planning by Oct. 2022) • Digitization and paperless operations through workflow transformation → Plan to eliminate about 90% of approximately 6,140 paper forms (about 50% have been eliminated) • Standardization and productivity improvement of employees / business management through data visualization	—
	Digitalize operations in back office	Operations digitization	✓ BPR in sales operations (targeting around the end of Mar. 2025) • Reduce working hours by -36% through 76 BPR measures, including the launch of a new CRM system • Sophisticated group-wide sales activities through deployment of business-use smartphones and development of OA system environments	—
	Develop digital professional	"Digital HRs"	✓ Enhance IT literacy of all staff in whole Group (around 2025) • Aim at acquisition of recommended qualification such as IT Passport Certificate by all staff (Certificate holders as of the end of Mar. 2022 : 659) ✓ Develop "IT HRs" who can utilize new technology and "digital HRs" who can reform business model and create new value for customers with it	—

System-related expenses

Basic strategy 1
Group Sales

Basic strategy 2
Innovation

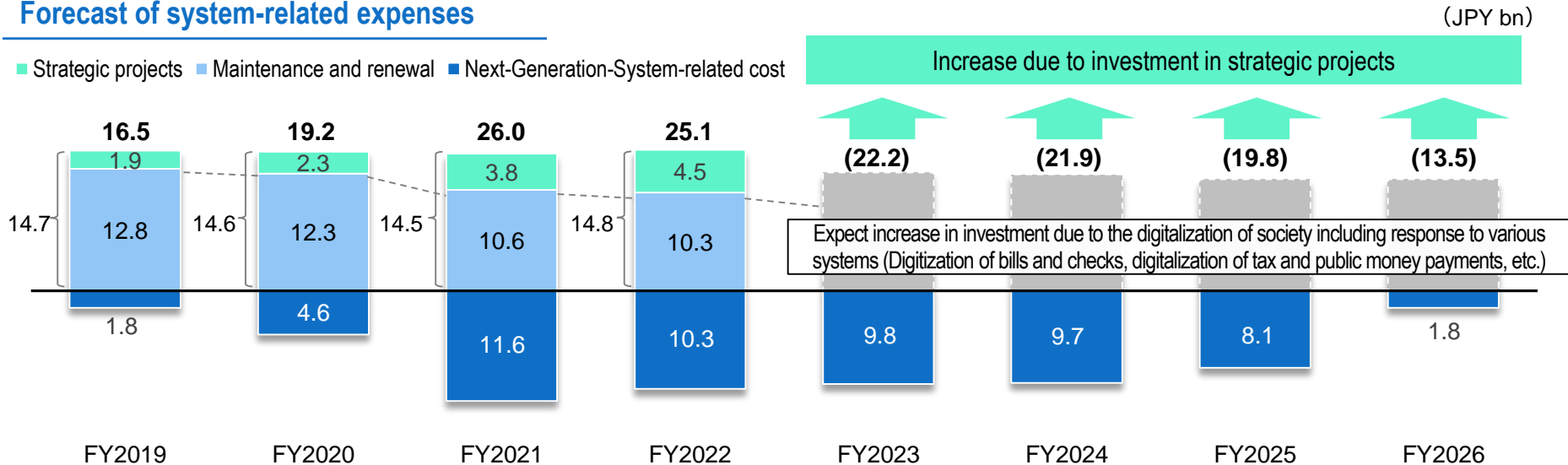
Basic strategy 3
Business Portfolio

10-year Strategy

Get ready for increase in strategic projects such as channel strategy, work style innovation, and information utilization with enhanced development productivity thanks to launch of Next Generation System

Aim at managing system-related expenses, which has been expected to reach its peak in FY2021, under certain level by aggressively investing in strategic projects

Forecast of system-related expenses



Effects of Next Generation System

[Expected effect of enhanced productivity]

Initial Plan Results
25% < 33%



Previous system Next generation system

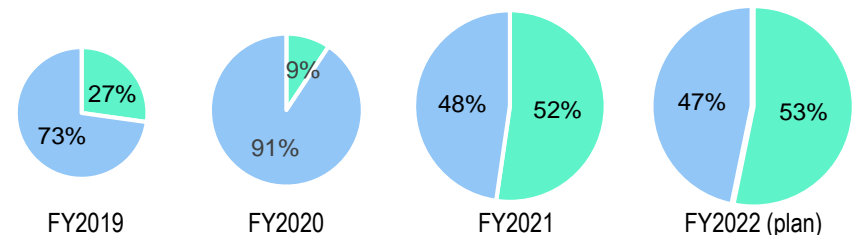
- * Compare the 2 systems in 99 projects which both systems were involved
- ➡ **Development productivity increased at a level higher than planned**
- Hitachi, Ltd. launches "Open Stage," an open-typed core package based on our Next Generation System, for other financial institutions.

Expand strategic investments

[System Investment (Excluding Next-Generation-System-related cost)]

(JPY bn)

	FY2019	FY2020	FY2021	FY2022
Strategic projects	0.9	0.4	5.0	5.1
Maintenance and renewal	2.3	4.1	4.6	4.5



Policy to build and use system infrastructure

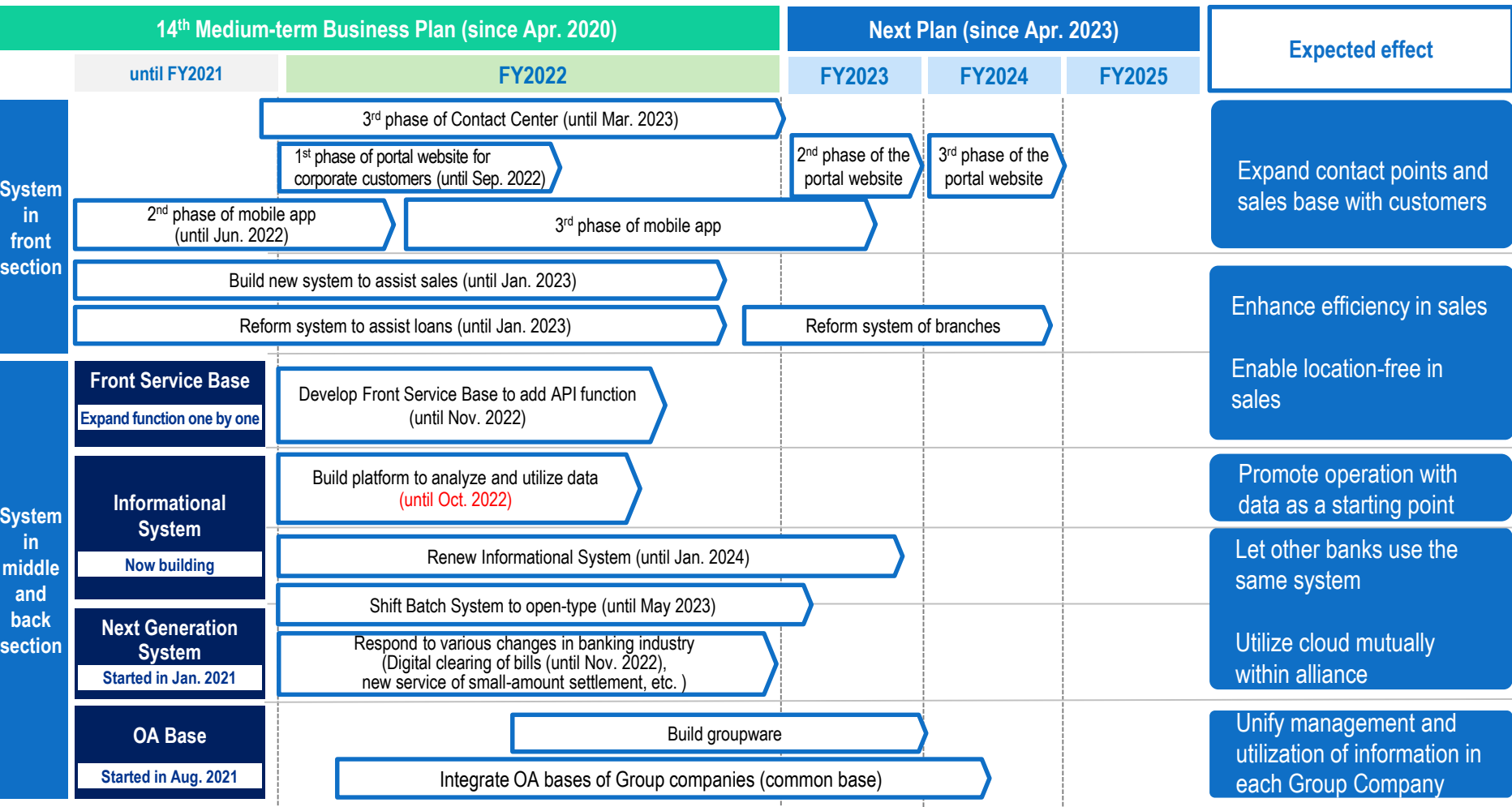
Basic strategy 1
Group Sales

Basic strategy 2
Innovation

Basic strategy 3
Business Portfolio

10-year Strategy

Completed renewal of OA system to enable working from home under COVID-19 pandemic and higher efficiency in sales activity as well as stable operation of Next Generation System in FY2021. Besides, started developing API function among systems to enhance channels and building platform to strategically utilize data



[Portal website for corporate customers]

- Release contents contributing to solving customers' issue such as support for digitization one by one, aiming at expanding contact points and reinforcing relation with customers, and enhancing efficiency and productivity of both customers and the Bank

[Front Service Base]

- Base which enables smooth communication among systems through API. Expand function one by one. Now adding API function to enable online connection with various systems (with a view for location-free in sales)

[New system to assist sales]

- Aim at increasing time for sales by reducing labor with use of voice input and GPS, and optimizing sales performance by integrating and utilizing customer information scattered among various systems



Decarbonization

Initiatives to realize carbon-neutral society

Basic strategy 1
Group Sales

Basic strategy 2
Innovation

Basic strategy 3
Business Portfolio

10-year Strategy

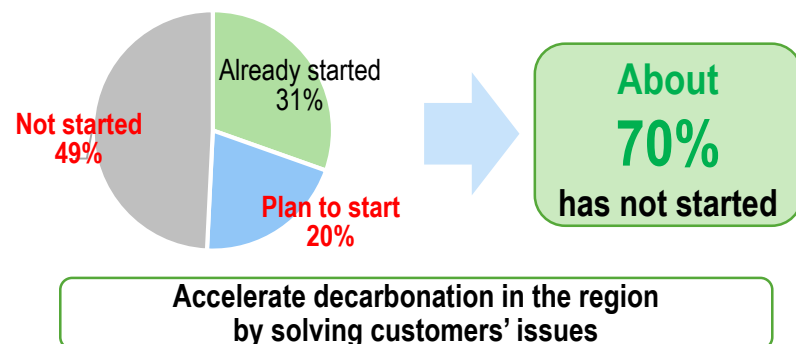
Support customers' main business and expand lineup of services based on interview with customers on decarbonization as well as develop Sustainable Finance

Interview with customers on decarbonization (Approx. 2,600)

- Conducted interviews to understand the issue and needs of customers, to support their main business, and to expand the service menu (from Aug. to Sep. in 2021)

Results of interviews

[Status of decarbonization efforts]



Respond to issues faced by local companies

[Offerings line-up]

- How to get started, who to consult
- Appropriate financing methods
- Capital investment, use of subsidies, etc
- Calculation method for CO2 emissions
- Shortage of manpower to deal with

Provide information on industry trends, etc.

Sustainable Finance ESG leasing

Support for equipment introduction (solar power generation equipment)

Support for simple CO2 measurement and target setting

HR solutions

Respond to finance needs (Promoting Sustainable Finance)

	Target by FY2030	Target In FY2021	Results In FY2021
Sustainable Finance	JPY 2tn	JPY 100.0bn	JPY 113.3bn
Finance related to environment	JPY 1tn	JPY 50.0bn	JPY 54.7bn

<Major Sustainable Finance Achievements in FY2021>

(JPY bn)

Finance products	No. of executions	Amount executed
Positive Impact Finance	30	10.8
Sustainability Linked Loan	4	6.7
SDGs Support Loan	48	3.2
SDGs Private Placement Bond	27	2.9

Received the **Silver Award (Minister of the Environment Award)** at the ESG Finance Award Japan

Received the "Silver Award" in the **indirect finance category** for the initiatives and achievements in "Positive Impact Finance" for SMEs and support for customers' business activities by leveraging the strength in relationship banking



[ESG Finance Award Japan]

Award program implemented by the Ministry of the Environment to promote and expand ESG finance and enhance its quality by recognizing investors, financial institutions, and companies that promote initiatives that have an impact on the environment, society, and the economy, and by widely sharing those initiatives among society

TCFD Recommendation

Conduct scenario analysis on climate change and enhance disclosure, as well as conduct Group-wide initiatives to realize smooth transition to decarbonized society of the community since supporting TCFD recommendation in Mar. 2020



Initiatives related to TCFD Recommendation

- Below are the Bank's responses to 4 recommendations by TCFD

Governance	<ul style="list-style-type: none">■ Revise Group Policy on Environment (Apr. 2021)																				
Strategy	<ul style="list-style-type: none">■ Promote Sustainable Finance and have dialogue with customers about decarbonization■ Conduct scenario analysis in climate change (Analysis of transition and physical risks)■ Establish Industrial Transformation Support Project Team (Apr.2022)																				
Risk management	<ul style="list-style-type: none">■ Establish policy on investment in and loan to specified sectors (Apr.2021)<ul style="list-style-type: none">• Do not newly invest in and extend loan to coal fired power generation in principle																				
Indicators and targets	<ul style="list-style-type: none">■ Sustainable Finance and finance related to environment<ul style="list-style-type: none">• Target on a cumulative basis by FY2030: JPY 2tn (of that, finance related to environment 1tn)■ Investment in and loan to coal fired power generation<ul style="list-style-type: none">• Should be zero in or around FY 2040■ Target in decrease in GHG emission<ul style="list-style-type: none">• Achieve carbon neutrality by FY2030 (Target raised from “-60% compared to FY2013”)■ Results in decrease in GHG emission (t-CO2) <div><p>Compared to FY2013: -17.0%</p><table><thead><tr><th>Fiscal Year</th><th>Scope 1</th><th>Scope 2</th><th>Total</th></tr></thead><tbody><tr><td>FY2013</td><td>636</td><td>17,046</td><td>17,682</td></tr><tr><td>FY2018</td><td>619</td><td>15,541</td><td>16,160</td></tr><tr><td>FY2019</td><td>516</td><td>14,757</td><td>15,273</td></tr><tr><td>FY2020</td><td>548</td><td>14,129</td><td>14,677</td></tr></tbody></table></div>	Fiscal Year	Scope 1	Scope 2	Total	FY2013	636	17,046	17,682	FY2018	619	15,541	16,160	FY2019	516	14,757	15,273	FY2020	548	14,129	14,677
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FY2020	548	14,129	14,677																		

[Scenario Analysis Results (Credit Risk)]

- Conduct analysis of transition risk and physical risk through **participation in the Ministry of the Environment's Scenario Analysis Pilot Program Support Project in FY2021, etc.**

■ Transition risk

Target Sector	Paper manufacture (*1)	Manufacture of motor vehicles and their accessories
Scenario	IEA net zero by 2050 (NZE2050)	IEA net zero by 2050 (NZE2050) IEA/ETP 2017 Beyond 2°C
Method	Analyze changes in credit costs based on scenarios, using carbon tax and other forecast data to project changes in profit/loss and financial position by 2050	
Analysis Result	[Increase in credit cost] Up to approximately JPY14.5bn in total by 2050	

(*1) Participate in the Ministry of the Environment's Scenario Analysis Pilot Program Support Project

■ Physical risk

Scope of coverage	Calculate credit costs related to risk of damage for building and business continuity for SMEs in Shizuoka Pref. (*2)	Calculate building damage costs and credit costs for mortgage borrowers in Shizuoka Pref.
Scenario	RCP8.5 in the IPCC WG II AR6 (4°C Scenario)	
Method	Analyzes the risk of inundation in the event of flooding by overlaying business and collateral location information with hazard maps	
Analysis Result	[Increase in credit cost] Up to approximately JPY15.5bn by 2050	

(*1) Participate in the Ministry of the Environment's Scenario Analysis Pilot Program Support Project

Initiatives to decrease GHG emission (“Shizuoka Green Electricity”, “Shizugin Solar Park”)

Conclude a contract to purchase “Shizuoka Green Electricity” (from Sep. 2021)

Conclude agreement on the “Shizugin Solar Park” (“Off-site Corporate PPA”) (May 2022)

Expect **effect to reduce GHG emissions by approx. 2,900 tons (down 16% compared to emission in FY2013)** in total

[Shizuoka Green electricity (effect to reduce GHG emissions by **approx. 1,800 tons (down 10%)**)]

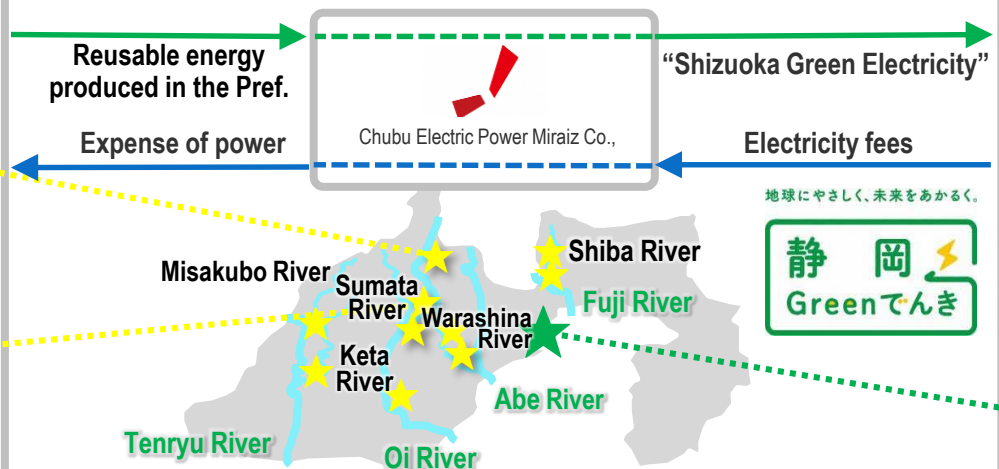
* Service by Chubu Electric Power Group to provide electricity with no CO2 emission produced in Shizuoka Pref. by utilizing reusable energy such as that from hydroelectric power plant along rivers within the Pref

Hydroelectric power plants owned by Chubu Electric Power Group (extract)

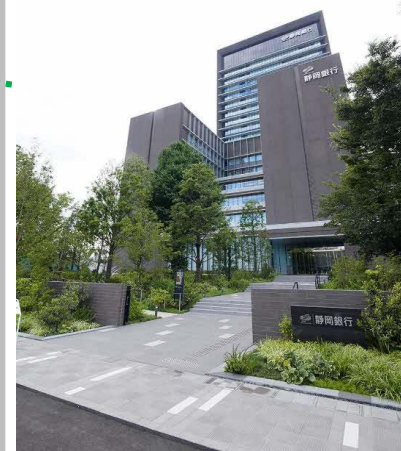
Hatanagi Daiichi Plant



Ikawa Plant



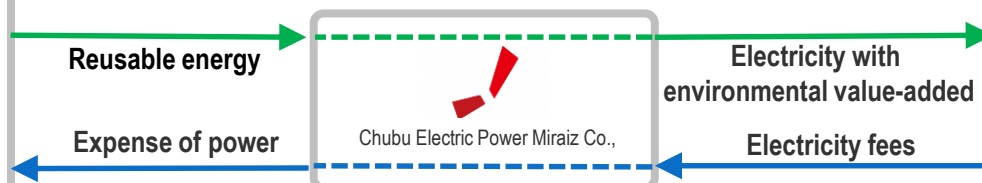
静岡銀行



[Shizugin Solar Park (effect to reduce GHG emissions by **approx. 1,100 tons (down 6%)**)]

* Purchase renewable energy in bulk from a mega solar power plant to be built by Chubu Electric Power Group (Scheduled to begin operation in Sep. 2023)

Mega solar power plant to be constructed by Chubu Electric Power Group (Miho)





Human capital

Investment in human capital (1) -Change mindset among Group executives and staff

Expand system to support career development and renew evaluation system in order to promote autonomy, challenge, and diversity for each Shizuoka Bank Group employee

First in regional bank

“My Career Design System”

* Total users for 3 years during FY2019 - FY2021

(Person)

Side-job and second business

Side-job 18

(of which, 3 received from other companies)

Second business 9

FA rights, Long-term trainee rights

Dispatch to companies in different industries 21

Dispatch to regional companies 15

Dispatch to financial institutions, etc. 23

Internal trainee 10

Support for Value-up and Meet-up

Value-up (*3) 69

Meet-up (*4) 43

Post challenge (*1) 33

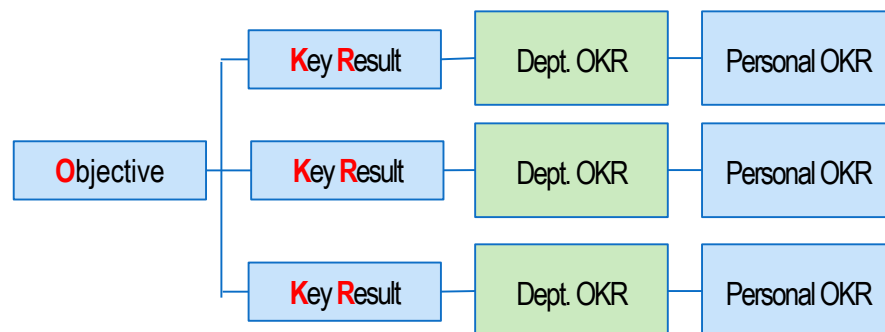
Internal side job (*2) 39

Transfer system among group companies 59

Evaluation on OKR and Value (details in P.76)

<OKR>

Present targeted situation or picture (Objective) and establish quantitative target (Key Results) to realize them



<Value>

Standard of a value that all staff should embody

Go Wild!

Be Innovative!

Do Collaboration!

Internal venture business

NEW

Call for ideas from employees that contribute to inner and outer innovation

No. of applications in FY2021 : 59

(*1) Move to a desired department within the group

(*2) Work 1 day a week in desired department within the group

(*3) Provide financial support for skill development to improve skills, such as qualification courses, etc.

(*4) Provide financial support to participation in cross-industrial networkings and regional events, etc.

Investment in human capital (2) -Efforts to realize the vision of the Medium-term Business Plan

Aim at transforming into a problem-solving corporate group that can achieve sustainable growth together with regional communities by practicing diversity and inclusion

Develop expert to manage customers' issues

1st grade Certified
Skilled Professional of
Financial Planning

331

Medium Enterprise
Management
Consultant

65

licensed laborer,
tax accountant

19

M&A Senior Expert

25

(License holder as of the end of Mar.2022)

Develop “Digital Human Resources”

(Person)

<Target by 2030>

• “Digital Coordinators” 700

Human resources who can understand customer management issues that can be solved digitally and coordinate appropriately to resolve them

• Information Technology Passport Certificate

All group executives and employees should acquire

Create an organization in which diversified human resources can play an active role

Ratio of female employees in leadership positions

⇒Target 40% by 2030

FY2018	FY2019	FY2020	FY2021
15.7%	16.1%	16.9%	17.9%

Mid-career recruitment

(^{*1})

85

Of which,
promotion to management positions

62

High School Graduate Recruitment

Total of 10 through FY2022



Balancing work and studies

Foreigner recruitment

(^{*1})

(International Student)

6

* Local staff in overseas sites

8

Sports & Arts Recruitment

Total of 10 through FY2022



Belong to a club team, etc.,
while working for the Bank



Alliance with regional banks

Promptly implemented measures of tie-up after concluding the alliance, leading to realization of earnings effect significantly exceeding initial plan after 1 year and 5 months

Earnings effect (total of both banks)

- Aim at realizing **effect of alliance of JPY 10.0bn or more (total in 5 years by 2 banks)** mainly in market finance (market credit investment etc.) and life-planning (Shizugin TM Securities etc.)
- Realized **effect of JPY 2.2bn** by FY2021 (JPY 6.1bn in 5-year basis)

Progress ratio to target by FY2025 (JPY 10.0bn)	61%
Progress ratio to target in FY2021 (JPY 1.5bn)	151%

Achievement in the field of finance

- Cooperation in the field of market credit investment
 - ✓ **Extend real estate non-recourse loans (7 loans, JPY 30.9bn)**
- Jointly arrange syndicated loans (10 loans / JPY 15.6bn)**
- Extend the 1st syndicated loan related to regional revitalization in the Alliance (Dec. 2021)** **NEW**
 - ✓ Capital to build shared second-house in Yamanashi Pref.

<SANU Original Cabin>



- Execute the first Deep Tech Venture Co-financing through the Debt Guarantee Program (Dec. 2021)
 - ✓ Working capital for upfront investment in Maas business **NEW**

<WHILL ModelC2>



Achievement in the field of life-planning

- Business development of Shizugin TM Securities Yamanashi Head Office
 - ✓ Open in the building of Head Office of Yamanashi Chuo Bank (Apr. 2021)
 - ✓ Conduct personnel interaction of 16 people in order to further reinforce tie-up
- < result in FY2021 >
 - ✓ Amount of sales of customer asset: **Approx. JPY 17.7bn**
 - ✓ Balance of customer asset: **Approx. JPY 15.4bn**



Initiatives with involving local community

- Events for individual business talks for customers: 13 times**
- ➡ **Contracts of business matching completed: 75 / Contract Rate: 12.6%**

< Result held in FY2021 >

	Total by 2 banks	(The Bank)
No. of participation	365	(238)
No. of negotiation	594	(385)
No. of contracts	75	(55)
Contract rate	12.6%	(14.3%)

- Joint seminars on regional development, including entrepreneurship and start-up, agribusiness, immigration, two-location residence, and for local public entities
- Establish **“Shizuoka-Yamanashi Mirai Growth Support Fund”**, a business succession fund jointly invested by the two banks (May 2022) **NEW**

Conclude comprehensive business alliance with The Bank of Nagoya as a strategy to achieve sustainable growth for the region and the Shizuoka Bank Group, aiming at realizing earning effect of alliance of JPY 10.0bn or more (total in 5 years by 2 banks)

Overview of comprehensive business alliance

Name of alliance	“Shizuoka Nagoya Alliance”
Contract	Comprehensive business alliance
Date of Contract	27, Apr. 2022
Purpose	<ul style="list-style-type: none">Mutually and extensively utilize the know-how and management resources of both banks to solve customers' issues, expand the revenue, and reduce costs, while focusing on supporting customers' structural transformation of regional industries, and achieve sustainable growth of the region and the two banks' groups
Details of alliance	<ul style="list-style-type: none">Consider following initiatives promptly while maintaining the management independence and unique corporate brand and customer base of both banks<ul style="list-style-type: none">✓ Strengthen support for customers in major industries in both Shizuoka and Aichi Prefectures✓ Contribute to the local community and capture new business opportunities through matching the needs of the two banks' customers✓ Expand service lineup by utilizing management resources mutually such as group company functions✓ Reduce cost through sharing various systems and back-office operations✓ Develop human resource through dispatch of trainees, personnel exchange, and joint training programs, etc.

Image of the alliance

Provide knowledge and expertise in support of the automotive industry
Utilize the automotive supply chain network



Provide group company functions (securities, M&A, business succession, etc.)
Provide expertise related to business turnarounds and venture innovation

Contribute to **sustainable growth of local economies**
by **solving issues** of the region and customer

Features of Aichi Pref. (whose prefectural capital is Nagoya)

High percentage of manufacturing industry in the Prefecture's GDP, similar industrial structure to that of Shizuoka Prefecture

➡ Transportation equipment especially accounts for a high percentage

	Aichi Pref.	Kanagawa Pref.	Shizuoka Pref.
Shipment of manufactured goods, etc. (Ranking in Japan)	JPY 47,924.4bn (1st)	JPY 17,746.1bn (2nd)	JPY 17,154.0bn (3rd)
of which transportation machinery	55.6%	21.1%	25.0%

Source: “Industrial Statistics Survey”, Ministry of Economy, Trade and Industry

Features of the Bank of Nagoya

- Provide sophisticated industrial support through “Automotive Supply Chain Ecosystem” by “**Automotive Supply Chain Assistance Office**”
- Own a **network of over 2,600 supply chain companies** of finished vehicle manufacturers

Establish 10 subcommittees to examine and implement cooperative measures quickly, aiming at early realization of earnings effects

Name of subcommittee	Theme	Specific initiatives
(1)Business Support	<ul style="list-style-type: none">Support customers by developing support system to respond to transformation in industrial structure	<ul style="list-style-type: none">✓ Grasp status of supply chain of the Bank's customers✓ Share the know-how in support of the automotive industry, and strengthen support systems in collaboration with automotive supply chain companies✓ Provide support for business restructuring and business relocation in regions that straddle the sales area
(2)Strategy for corporate	<ul style="list-style-type: none">Collaborate in the field of financeProvide business matchingStrengthen M&A and management consulting	<ul style="list-style-type: none">✓ Co-organize syndicated loans and co-financing deals✓ Expand sales channels in a wide area across sales areas, share procurement, and mutually utilize the functions of each group company
(3)Strategy for life-planning	<ul style="list-style-type: none">Collaborate in the fields of financial instruments intermediation and customer assetsDevelop smartphone apps, card business, etc.	<ul style="list-style-type: none">✓ Provide securities functions by utilizing Shizugin TM Securities
(4)International strategy	<ul style="list-style-type: none">Provide solutions to customers by utilizing the overseas networks of both banks	<ul style="list-style-type: none">✓ Strengthen support for overseas business by utilizing overseas offices of both banks
(5)Market finance	<ul style="list-style-type: none">Work on market credit investment	<ul style="list-style-type: none">✓ Share the know-how on market credit investment and joint structure projects
(6)Innovation, venture	<ul style="list-style-type: none">Collaborate in the field of innovationJointly work on venture debt	<ul style="list-style-type: none">✓ Jointly examine new business development and PE fund investment✓ Co-organize venture debt deals
(7)Sharing office work	<ul style="list-style-type: none">Reduce cost by sharing and integrating operation	<ul style="list-style-type: none">✓ Examine centralization of administrative work at group companies and expansion of outsourcing
(8)IT System	<ul style="list-style-type: none">Share and integration of various IT systems	<ul style="list-style-type: none">✓ Examine efficiency improvement through sharing and standardizing various systems
(9)Sales strategy	<ul style="list-style-type: none">Develop sales strategy to expand transactions	<ul style="list-style-type: none">✓ Examine cooperative measures in areas where sales offices of both banks overlap
(10)HR Strategy	<ul style="list-style-type: none">Conduct human interaction and hold training course in collaboration, etc.	<ul style="list-style-type: none">✓ Develop human resource through joint organization of trainee, personnel exchanges, and training, etc.



Transformation to a Holding Company Structure

Holding Company Structure (1) - Purpose of Transformation

Transform to a holding company structure in order to further contribute to maximization for the value of all stakeholders, including the shareholders, community, customers, and employees, and to build a resilient management structure, which will enable the Group to continue its sustainable growth

Purpose of Transformation to Holding Company Structure

Maximize the value of all stakeholders

Region & customers

Solve increasingly diversified and complex challenges
Comprehensive, extensive, good-quality financial services

Shareholders

Increase shareholder value through sustainable growth
Increase return to shareholders

Employees

Activate participation of diverse personalities across the Group
Improve job and employee satisfaction and treatment

Transformation to Holding Company Structure

Realize sustainable growth through overall optimization of the Group

Expand new business fields to contribute to growth of the region

Strengthen Group management through independence, autonomy, and collaboration

Develop flexible and robust governance structure

Relationship with and trust by local community and customers which the Bank has cultivated over its long history

Holding Company Structure (2) - Outline of Transformation

Shizuoka Bank Group will establish “Shizuoka Financial Group” on October 3, 2022, and will transform to a holding company structure

SHIZUOKA FINANCIAL GROUP

Company name : Shizuoka Financial Group, Inc.

Ambitions expressed in the company name

Keep our gratitude to various stakeholders who have helped us grow since our foundation in Shizuoka and our pride as a company headquartered in Shizuoka

Existence as a corporate group providing comprehensive financial services is a universal one while the whole Group intends to expand into new business fields by transformation to a holding company structure

Basic strategy 1 Group Business Strategy

Further expand customer bases and business lines of the existing businesses, and realize sustainable growth through developing new business fields

Increase our combined strength as a problem-solving corporate group and help the region and customers towards a better future

Basic strategy 2 Transformation Strategy

Create new values through transformation in products and services, channels, costs, human resources, etc.

Provide more value to stakeholders by adapting to rapid changes of the times and promoting forward-looking transformation

Basic strategy 3 Regional Joint Creation Strategy

Contribute to solving various challenges facing the region by serving as a “regional hub” and forming a “regional platform”

Commit ourselves as a corporate group for producing growth of the region towards realization of an attractive, value-added community that keeps attracting people

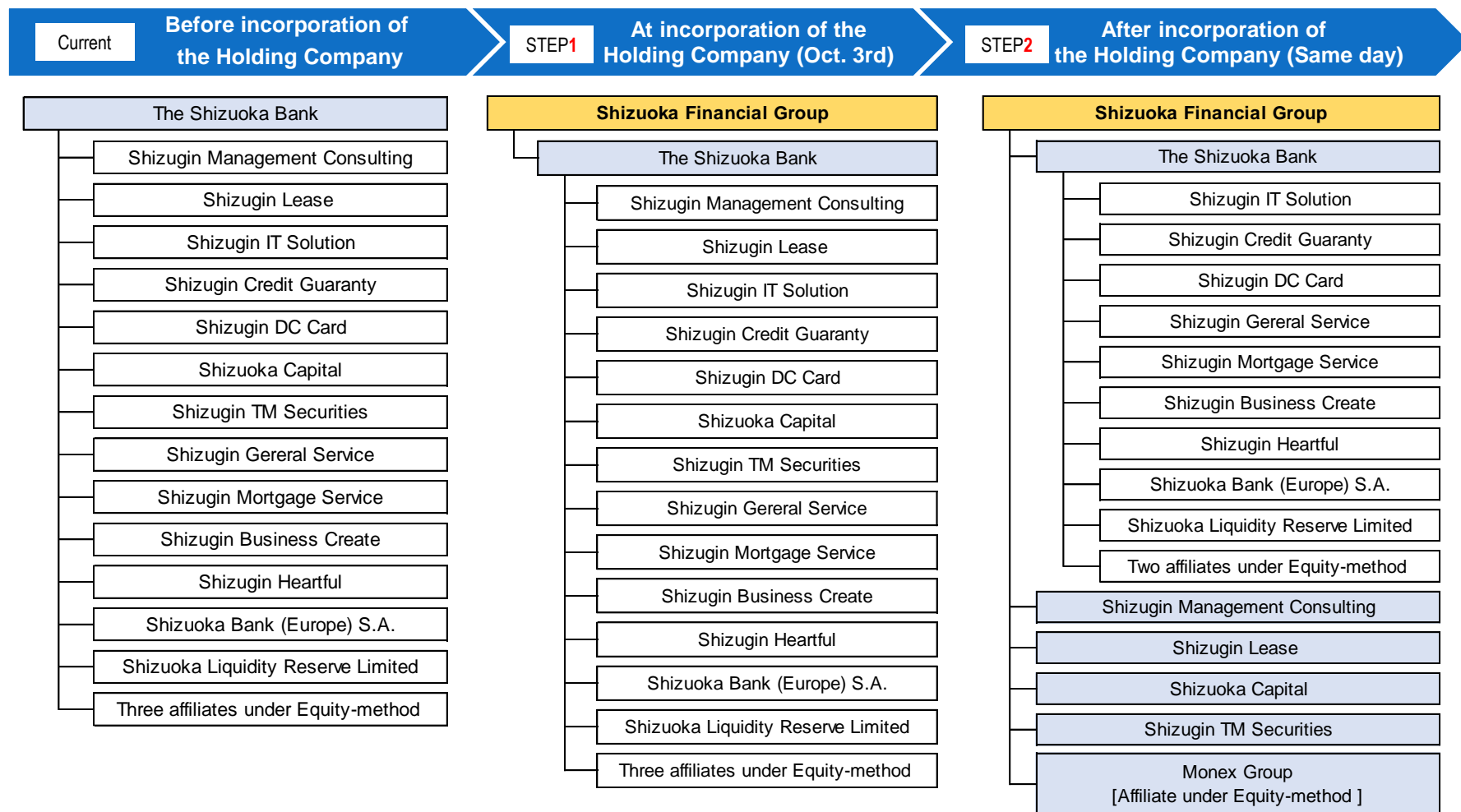
Basic strategy 4 Group Governance Strategy

Intend to sophisticate our corporate governance from both offensive and defensive perspectives and to develop a flexible, robust group governance structure in order to realize basic strategies 1 through 3

Holding Company Structure (3) - Group Structure

Shizuoka Bank becomes a wholly-owned subsidiary of the Holding Company by incorporating the Holding Company through the Share Transfer **STEP 1**

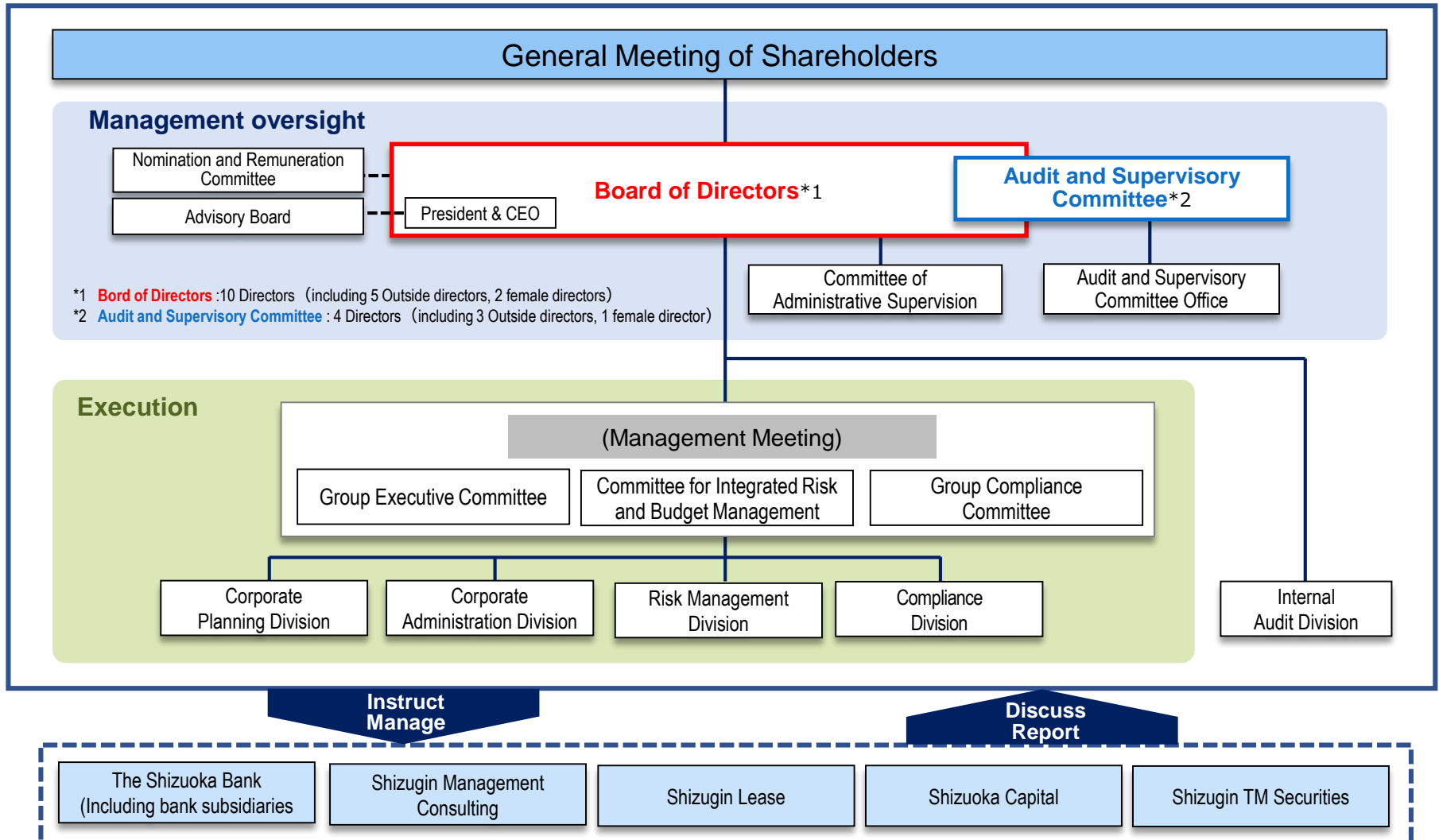
Incorporation of the Holding Company will be followed by reorganization of a total of five companies --four of the Bank's consolidated subsidiaries (Shizugin Management Consulting Co., Ltd., Shizugin Lease Co., Ltd., Shizuoka Capital Co., Ltd., and Shizugin TM Securities Co., Ltd.) and one of the Bank's equity-method affiliates (Monex Group, Inc.) -- into the Holding Company's directly invested companies on the same day with STEP1 **STEP 2**



Holding Company Structure (4) - Management (Governance) Structure

By making the Holding Company a company with audit and supervisory committee, the Bank intends to sophisticate the corporate governance from both offensive and defensive perspectives in order to make the governance structure flexible and robust in line with the expectations of stakeholders, and to create a highly objective and transparent management structure

Governance Structure under the Holding Company Structure





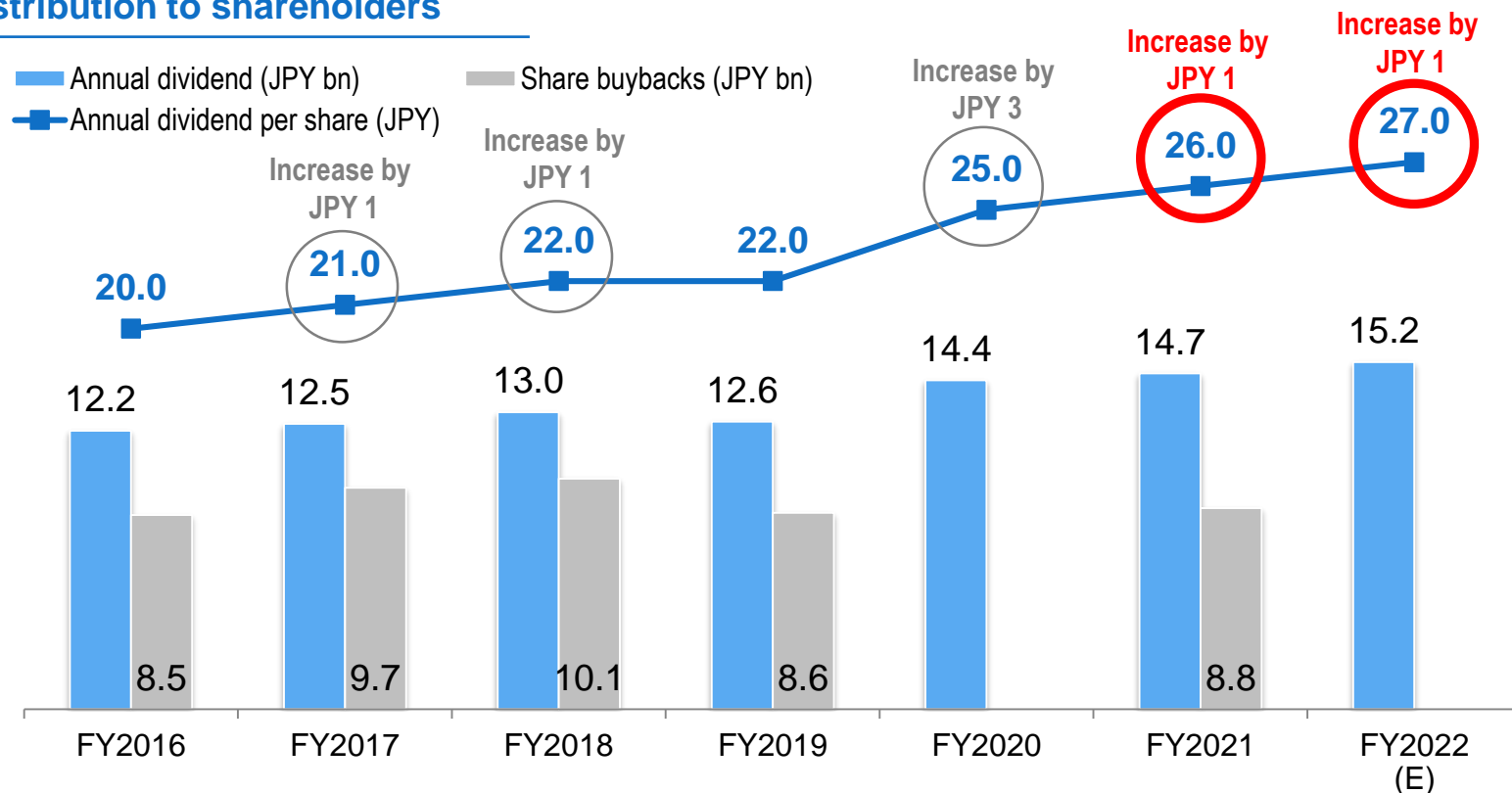
Capital Policy

Shareholder return

Increase annual dividend per share for FY2021 by JPY1 to JPY26.

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	41.5%	24.9%	27.6%	32.6%	32.8%	35.4%	28.2%
Shareholder return ratio	70.6%	44.3%	49.1%	54.9%	32.8%	56.2%	28.2%
Profit attributable to owners of the parent	JPY 29.3bn	JPY 50.1bn	JPY 46.9bn	JPY 38.7bn	JPY 43.6bn	JPY 41.6bn	JPY 54.0bn

Strategic shareholdings

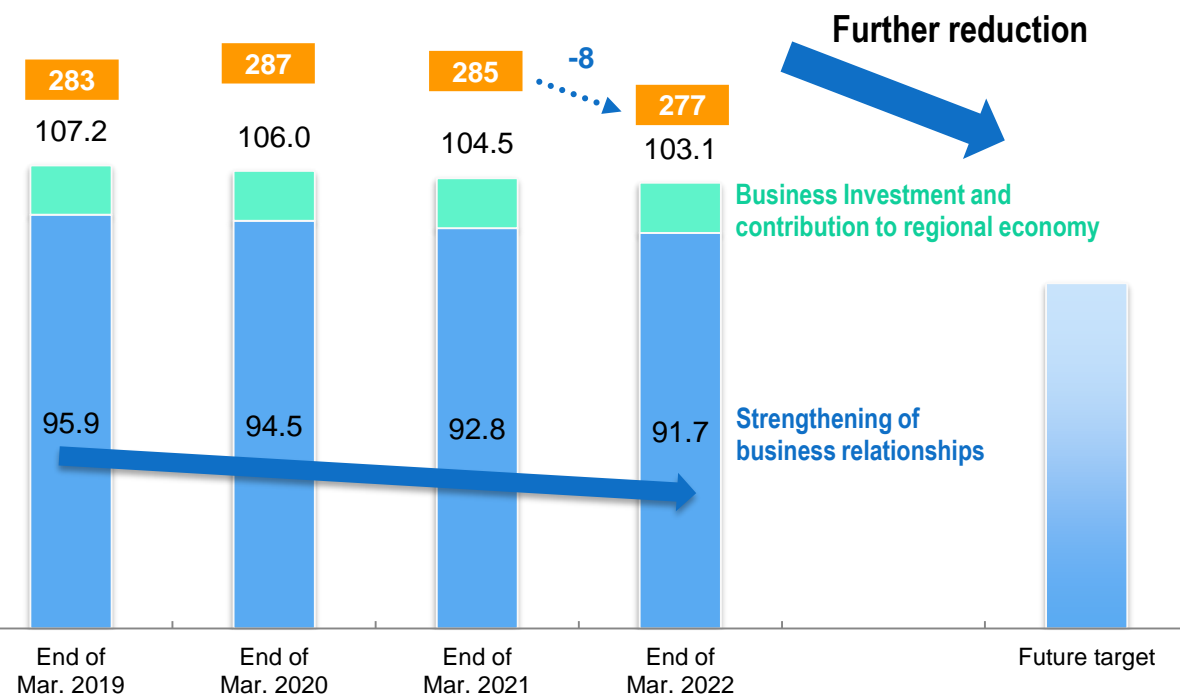
Make it a rule to reduce strategic shareholdings, and make decision on which shares the Bank should prepare to sell based on analysis on the three types of significance to hold (“business investment”, “strengthening of business relationships”, “contribution to regional economy”) and on economic rationality

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*1

(JPY bn)

■ No. of companies whose shares the Bank holds



[Results of sales]

(JPY bn)	Amount of sales	Acquisition cost basis	Profit (loss) on sales ^{*2}
FY2018	10.1	2.5	7.6
FY2019	5.5	1.0	4.5
FY2020	8.9	1.6	7.3
FY2021	4.2	1.5	2.7

^{*2} Excluding amortization

*1 Excluding shares of group companies and equity method affiliate



ESG/SDGs

Initiatives for ESG

Reinforce initiatives for ESG in order to realize Sustainability Management

Environment

Raise up reduction target of decrease in GHG emission (aim at achieving carbon neutrality in FY 2030)	2022/4
Conduct scenario analysis (transition risk and physical risk) through projects supported by the Ministry of the Environment, etc.	By 2022/2
Establish target on Sustainable Finance (JPY 2tn in total by FY2030) Result in FY2021: JPY 113.3bn (JPY +13.3bn compared to target)	2021/10
Conduct interviews to regional companies on decarbonization	2021/8

Social

Establish Industrial Transformation Support Project Team	2022/4
Sign Japan Impact-driven Financing Initiative	2021/11
Join The Valuable 500 *	2021/2
Has held TECH BEAT Shizuoka	Since 2018



* An international initiative aimed at promoting disability inclusion in business





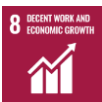







Governance

Disclose Board of Directors Skills Matrix, field where each member is expected to play an important role	2021/12
Commence consideration of transformation to a holding company structure	2021/9
Raise outside director ratio to 40% (Increase outside Directors in 2 consecutive years)	2021/6
Establish Nomination & Remuneration Committee	2020/10

Realizing Sustainability Management

Reflect philosophy and principles of SDGs in Group management strategy as well as practice Corporate Philosophy under the 14th Medium-term Business Plan

Specified materiality to be addressed in order to realize sustainable society and to enhance corporate value when establishing the 14th Medium-term Business Plan, and working on each issue

	Priority issues to be addressed (Materiality)	Related SDGs	Main initiatives in the 14th Medium-term Business Plan
Social	<ul style="list-style-type: none"> ● Revitalizing the regional economy ● Population decline, low birth rate and population among ● Shortage of successors to small- and medium-sized enterprises ● Digitalization ● Diversity ● Maintaining the regional financial infrastructure 	       	<p>Basic Strategy 1</p> <ul style="list-style-type: none"> ■ Respond to diverse customer needs through the financial functions of the Shizuoka Bank Group ■ Support for business succession and asset succession ■ Provide services based on the concept of financial Gerontology ■ Review branch functions in response to customer needs <p>Basic Strategy 2</p> <ul style="list-style-type: none"> ■ Device-free financial services ■ Technological innovation through investment in venture companies <p>Basic Strategy 3</p> <ul style="list-style-type: none"> ■ Diverse working styles, participation and advancement of women, diversified human resources, respect for human rights <p>10-year Strategy</p> <ul style="list-style-type: none"> ■ Returning of networks with startup companies to the region ■ Enhance regional attractiveness by utilizing regional platforms
Environment	<ul style="list-style-type: none"> ● Increased climate change risk ● Global warming 	  	<ul style="list-style-type: none"> ■ Promotion of environmentally friendly financial services ■ ESG investment and utilization of green bonds ■ Response to climate change
Governance	<ul style="list-style-type: none"> ● Corporate governance ● Corporate ethics and compliance 		<ul style="list-style-type: none"> ■ Advanced corporate governance ■ Strengthened measures against money laundering

ESG/SDGs (1) – Diversity

Promote women empowerment, 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

Initiatives for Diversity



Period	Contents
Aug. 2019	Launch "Workstyle Innovation" initiatives, including review of dress code and paid vacation, with the aim of changing to an autonomous working style
Apr. 2021	Launch "Work Style Innovation 2.0" by expanding existing initiatives such as introduction of flextime system
Apr. 2020	Employ people belonging to sports club and cultural activity group (7 in total by FY2021)
Apr. 2021	Resumption of High School Graduate Recruitment (Total of 10 in FY2021 and FY2022)
Oct. 2019	Establish a new company "Shizugin Heartful" in order to actively support independence and participation to the society by people with disabilities, and to further promote employment of those people
Feb. 2021	The first regional bank in Japan to join "The Valuable 500", an initiative which works on promoting success of people with disabilities
Jun. 2021	Employ a para-athlete of wheelchair rugby player
Mar. 2021	Endorse the "100% Paternity Leave Declaration"
Apr. 2022	Receive "Fujinokuni Family Education Support Promotion Company" award for efforts to encourage male to participate in childcare (paternity leave utilization rate: 100% in FY2021)



Recognized as "2022 Certificated Health & Productivity Management Organization"



- The Shizuoka Bank and Shizugin IT Solution were recognized as "the 2022 Certified Health and Productivity Management Organization (large enterprise category)" in Mar. 2022 for various initiatives to maintain and enhance employees' health, such as creating favorable environment and supporting employees' own activities



Women Empowerment



Formulate action plan in accordance with Women's Advancement Promotion Law

Current Ratio of female employees 34.8%
(Mar. 2022) Ratio of female employees in managing position 17.9%

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

- Appoint a female as Executive Officer at the Bank for the first time in Apr. 2022
- Plan to appoint a female as President at Shizugin Heartful in Jun. 2022
- Besides, there are 4 female executives in 3 Group companies (*)
* Shizugin General Service (1 Executive Officer), Shizugin Mortgage Service (1 Director & Executive Officer and 1 Executive Officer), Shizugin Business Create (1 Executive Officer)
- Strengthen initiatives for women empowerment in the Group, acquiring multiple certification

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

Kurumin: Certify companies which support child raising

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

ESG/SDGs (2) –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



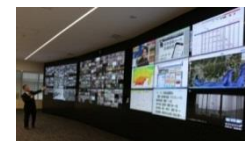
- Actively work on education of finance and economy by providing people with opportunity to learn banks' role in economy and society through study tour in the Bank and lecture by the Bank's staff
- Hold Shizuoka-Prefectural tournament of “Economics Koshien”, a competition on economic and financial knowledge by high school students
- Hold a program where high school students, enterprise managers, and the Bank's staff seek attractiveness of Shizuoka as part of activity to develop human resources in the community



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 (3) – 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.

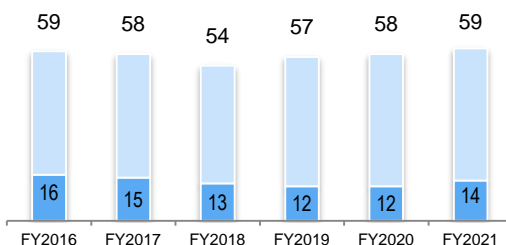
Support for business restructuring and turn-around

- 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 260 firms since FY2005

Saves labor opportunities for opportunities for labor for about 27,000 people and maintain economic power in the local community



Collaboration on non-competitive fields with other financial institutions within Shizuoka Pref.

Standardization of inheritance procedures

- In Oct. 2019, standardize 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
- Continue expansion of the collaboration with financial institutions, resulting in standardization with 3 banks, 8 shinkin banks, and 1 labor bank as of Mar. 2022
- Standardize with Yamanashi Chuo Bank as part of Shizuoka Yamanashi Alliance



Standardization of ongoing customer due diligence

- Standardize procedures of ongoing customer due diligence (*) on anti-money laundering through a platform which the Bank has built
- Share procedures with 4 banks and 2 Shinki banks as of the end of Mar. 2022

(*) Process for banks to periodically check whether or not there are any changes on customer information, purpose of accounts, etc.

Support for entrepreneurship and new businesses

<Shizugin Entrepreneur Awards>

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



Revenue + JPY 4.1bn

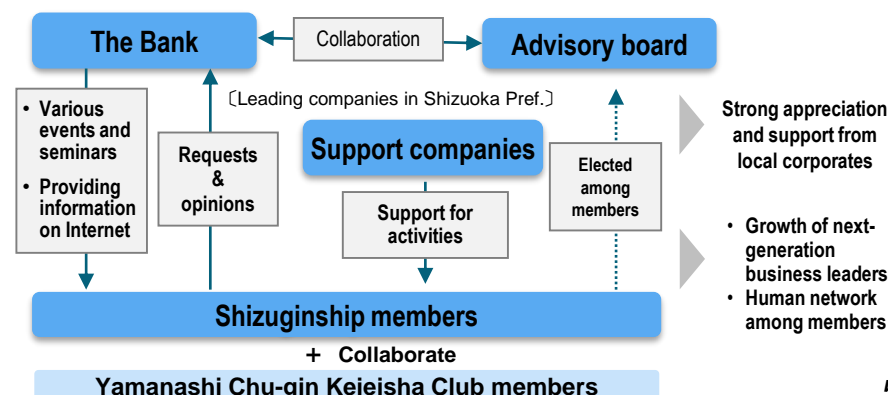
No. of employees + 611

“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
- Expanded collaboration with a similar club offered by Yamanashi Chuo Bank

【Structure of Shizuginship】

【No. of members】 At the end of Mar. 2022 / 702 corporates, 1,037 people
 【No. of participants in activities in FY2021】 Total 1,636 people



ESG/SDGs initiatives (4) – Regional revitalization

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

Shizuoka Kids Academy



- Aim 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

<Activities in FY2021>

Period	Details of the event	No. of participants
Jul.	@Ito Fishing Experience (Collaboration project with Ito City)	57
Aug.	With Yamanashi "Making sweets with parents and children" (Jointly with Yamanashi Chuo Bank, Co-sponsored by Fukuroi City and Hokuto City)	46
Oct.	Shizuoka Kids Academy	15



Shizugin Idea Competition "Joint LAB."

- Aim at creating new businesses that will lead to the sustainable regional communities through collaboration among local businesses and organizations and the Bank
- Held the 1st round in FY2019, attracting 43 applications and resulting in ties-up with 3 applicants in Aug. 2020



- The themes of the 2nd round are **"Sustainability"** and **"Diversity & Inclusion"**
- Number of Applications: 67
- The partner will be selected in Sep. 2022 after the first and second round of selection, and presentation.

7th meeting to discuss regional revitalization



- Held the meeting to share advanced initiatives on regional revitalization within the community and to foster awareness on regional revitalization on Oct. 2021
- Staff in local government in Yamanashi Pref. and Yamanashi Chuo Bank participated the event this year based on the Shizuoka Yamanashi Alliance. Approx. 600 people participated online.

[Lectures]

- Circular Initiatives & Partners
Representative Mr. Akihiro Yasui
- Mayor of Fuefuki City in Yamanashi Pref.
Mr. Masaki Yamashita
- Mayor of Shimada City
Ms Kinuyo Someya



Events for individual business talks



- Held event for business talks to attract suppliers hoping to start business with grocery store and pharmacy in both Shizuoka and Yamanashi Pref. in order to expand business and to activate interaction between the two prefectures as part of Shizuoka Yamanashi Alliance
- Support customers to expand sales channels by holding the event in both face-to-face and online because their opportunities to expand sales channels are decreasing due to cancel of big-scale events and stagnation of sales activities

[Results (Jan. 2021- Mar. 2022)]

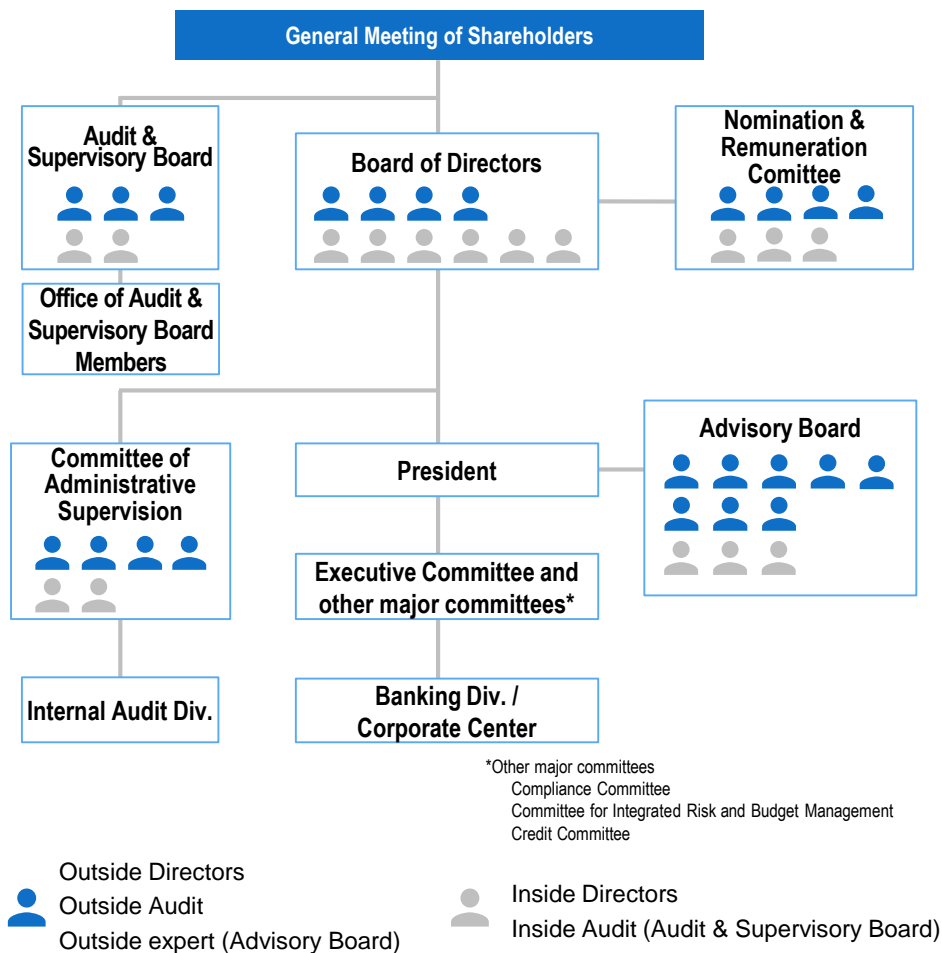
	Total	Shizuoka Bank	Yamanashi Chuo Bank
No. of events	16	-	-
No. of application	587	407	180
No. of participants	433	278	155
No. of business talks	639	421	218



ESG/SDGs initiatives (5) – Corporate Governance Structure

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

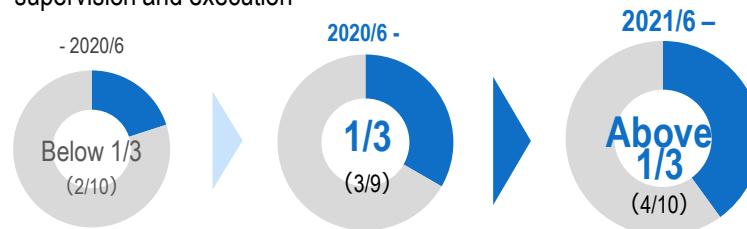
Shizuoka Bank Group's Corporate Governance System



Ratio of outside directors to all directors

Jun, 2021

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



Nomination & Remuneration Committee

Oct, 2020

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

Restricted Stock Awards

Jun, 2020

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

Clarify responsibility of executives

Jun, 2020

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

ESG/SDGs initiatives (6) – Corporate Governance Structure (Board of Directors Skills Matrix)

Board of Directors supervises business execution with diversified expertise, leading to sustainable growth of stakeholders and the Group
[\[Board of Directors Skills Matrix \(Fields where each member is expected to play important role\)\]](#)

Name	Position	Management		Society, Economy		Business	
		Supervision of management as s listing company	Leading a comprehensive financial group	Vision for regional society and economy	Response to social change	Function for financial intermediation	New businesses (development, composition)
Katsunori Nakanishi	Chairman & CEO	●	●	●		●	●
Hisashi Shibata	President & COO		●	●		●	
Minoru Yagi	Deputy President & CFO		●	●		●	
Yutaka Fukushima	Director & Senior Executive Officer			●		●	
Koichi Kiyokawa	Director & Senior Executive Officer			●		●	
Yoshihiro Nagasawa	Director		●	●		●	
Kumi Fujisawa	Outside Director	●		●	● Innovation		●
Motoshige Itoh	Outside Director	●			● Environment		
Kazuto Tsubouchi	Outside Director	●			● IT		●
Kazutoshi Inano	Outside Director	●	●	●		●	●
Hiroki Saito	Full-time Auditor			●		●	
Mitsuru Kobayashi	Full-time Auditor			●		●	
Yoshihiro Yamashita	Outside Auditor			●		●	
Naomi Ushio	Outside Auditor	●			● Diversity		
Isamu Nakamura	Outside Auditor		●			●	



Reference

Economy in Shizuoka Prefecture – 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 Kazakhstan, Algeria and Hungary



Shizuoka Prefecture indices

	Share of all-Japan		National ranking
Population	3.63mil	2.9%	10th of 47 (2020)
No. of households	1.61mil	2.7%	10th of 47 (2021)
Nominal prefectural GDP	JPY 17.5tn	3.1%	10th of 47 (FY2018)
Per-capita income	JPY 3.432mil	—	4th of 47 (FY2018)
No. of business establishments	190K	3.0%	10th of 47 (2019)
Amount of shipments of manufactured goods, etc.	JPY 17.2tn	5.3%	3rd of 47 (2019)
Agricultural output	JPY 188.7bn	2.1%	19th of 47 (2020)
Fishery production volume	180k tons	5.7%	4th of 47 (2020)
No. of industrial locations	54	6.5%	3rd of 47 (2020)
No. of new housing starts	21K	2.5%	10th of 47 (2021)

Shizuoka Prefecture economic scale

Prefectural GDP (FY2018, Nominal)

Rank	Prefecture/Region	(USD bn)
9	Hokkaido Prefecture	177.2
10	Shizuoka Prefecture	157.5
11	Ibaraki Prefecture	126.6
-	4 prefectures in Shikoku	130.2
-	3 prefectures in Hokuriku	117.7

GDP comparison with countries (2018)

Rank	Country (Region)	(USD bn)
55	Kazakhstan	179.3
56	Algeria	175.4
57	Hungary	160.4
-	Shizuoka Prefecture	157.5
58	Kuwait	138.2
59	Ukraine	130.9

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

Attractiveness of Shizuoka Pref. (1) – Nature, Sightseeing

- Position as distribution hub between Tokyo and Nagoya/Osaka
- More convenient in transportation in north-south direction due to open of Chubu Odan Expressway
- Own rich nature such as Mt. Fuji, South Alps, and Lake Hamana
- One of the best Japanese sightseeing spots with nature
- Rank high in survey of place to hope to relocate in Japan

Promote relocation and settlement

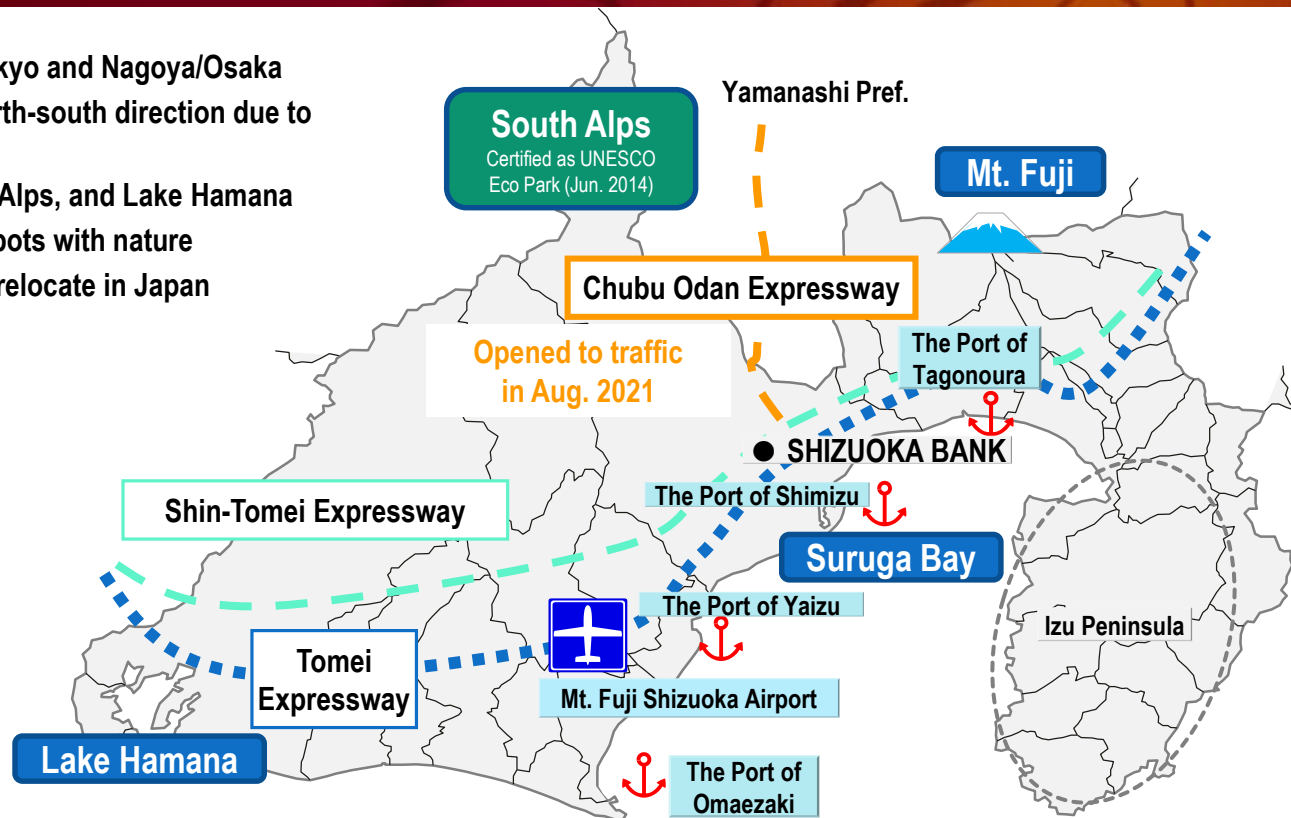
Ranking of prefectures to hope to relocate

Top in 2021 survey

Popular to all generation

Ranking of place to hope to relocate				
2018	2019	2020	2021	
2nd	3rd	1st	1st	

Source: Research by NPO “Center for Support to Return to Hometown”



Lake Hamana

- 10th largest lake in Japan
- Famous for marine sports and farming of eels and young sardines



Source: Website of public interest incorporated foundation “Bureau of Tourism in Hamamatsu and Lake Hamana”

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”



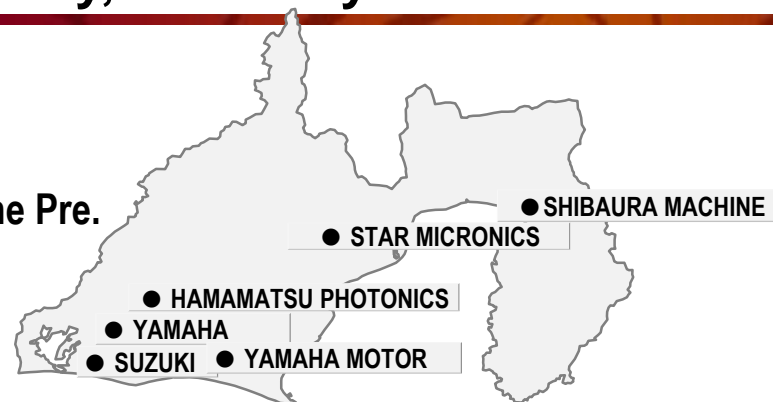
Izu Peninsula awarded Global Geopark status by UNESCO

- 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



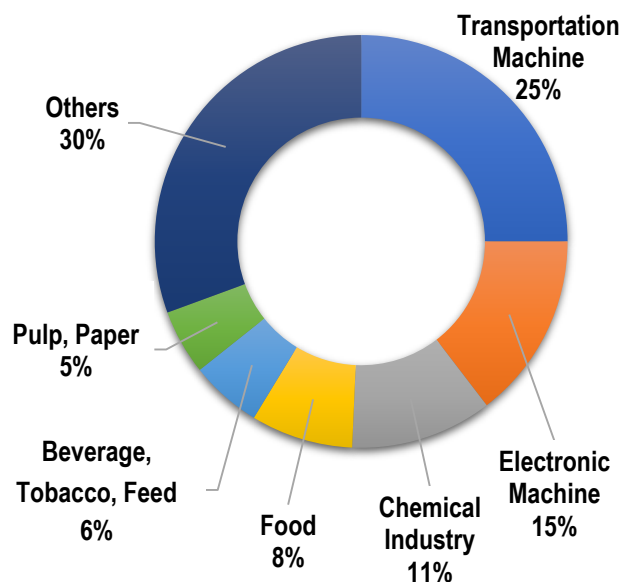
Attractiveness of Shizuoka Pref. (2) – Industry, Economy

- Leading “Manufacturing Prefecture” in Japan
 - Well-balanced industrial structure with transportation machine, medicines and medical devices, music instrument, etc.
- Medical health industry agglomerates mainly in eastern part of the Pre.
- Various advanced industry agglomerates in the whole Pref.
- Rank high in no. of industrial location every year



Industrial structure

- Amount of shipments of manufactured goods etc.
: JPY 17,154.0bn **3rd largest in Japan (2019)**



Source: Survey on industrial statistics by METI

No. of industrial location

Rank high in Japan every year

FY	2016	2017	2018	2019	2020
No.	74	97	67	78	54
Ranking	1st	1st	4th	2nd	3rd

Source: Survey on industrial statistics by METI

Medical health industry

Production amount of medicines and medical devices: approx. JPY 1.2tn

→ **Top for 11 consecutive years (2020年)**

Category	Production amount (JPY bn)	Ranking
Medicines	839.6	3 rd
Medical devices	365.4	1 st
Total	1,205.0	1st

Source: “Statistics of Production by Pharmaceutical Industry” by MHLW and Pharmaceutical Affairs Office in Shizuoka Pref.

Listed companies with headquarters within the Pref.

※As of the end of Mar. 2022

Listing	No. of companies
TSE Prime	20
TSE Standard	30
TSE Growth	1
Total	51

Agglomeration of advanced industry

Next generation cars, Light quantum technology
Marine biotechnology, and Cellulose nanofiber (CNF) etc.



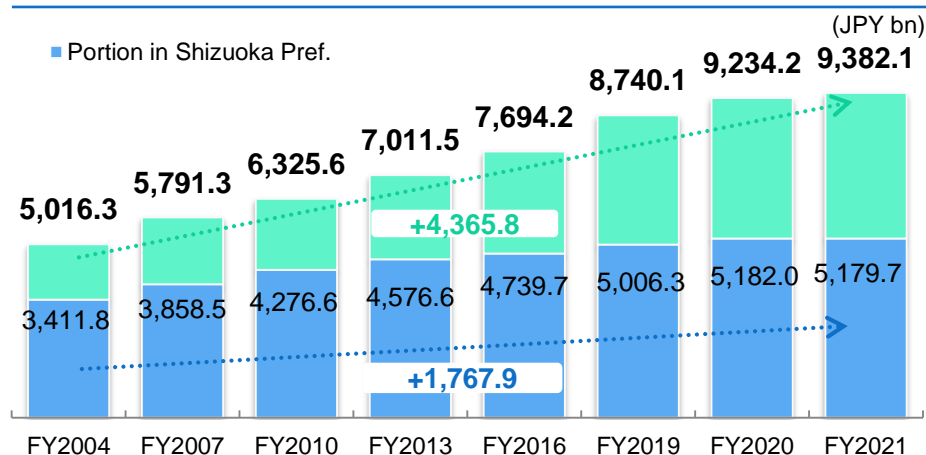
Source: website of center for next generation cars Hamamatsu

Historical data of loans

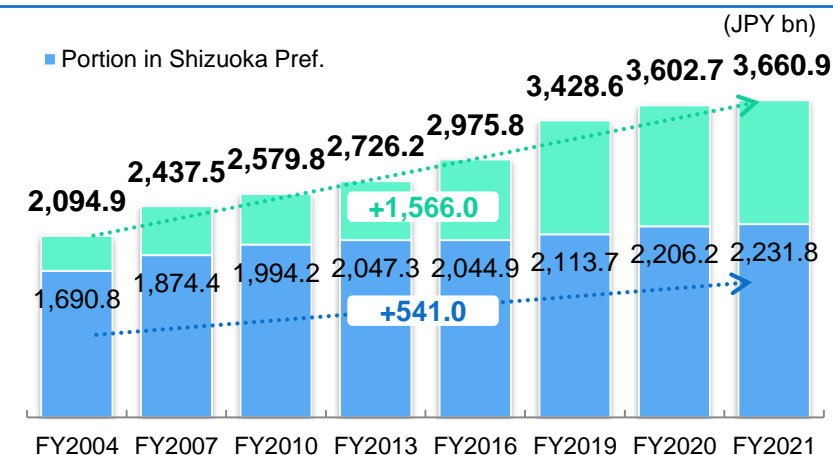
Total loan balance (average balance) had increased by JPY 4,365.8bn since FY2004 to FY2021, of which JPY 1,767.9bn was in Shizuoka Pref.

SMEs loan balance: JPY +1,566.0bn, consumer loan balance: JPY +2,126.2bn

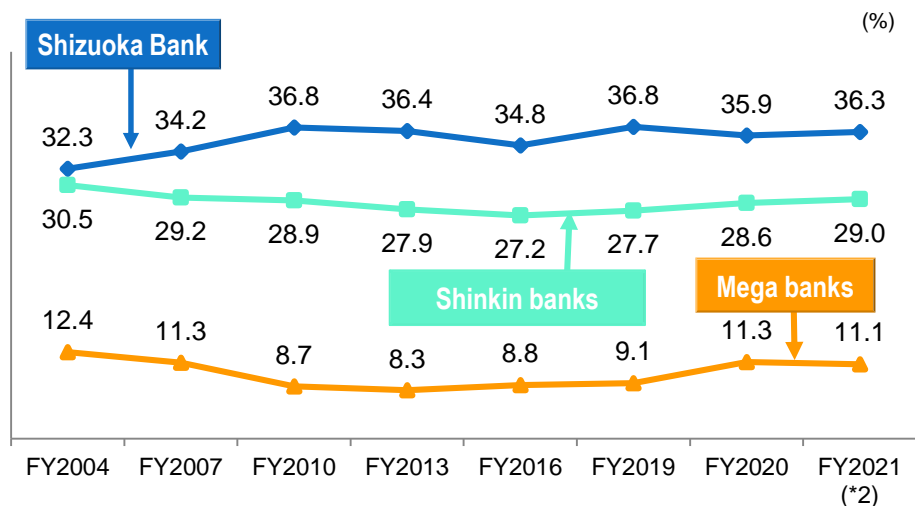
Total loan balance (average balance)



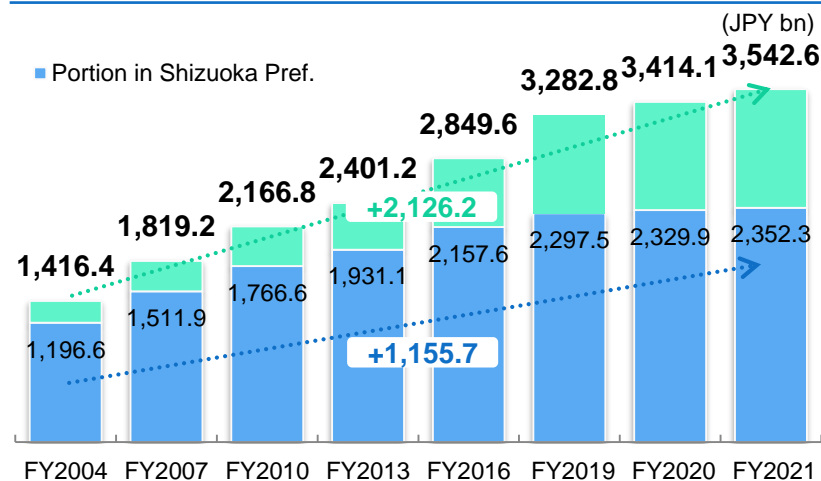
SMEs loan balance (average balance)



Share of loans in Shizuoka Prefecture (*1)



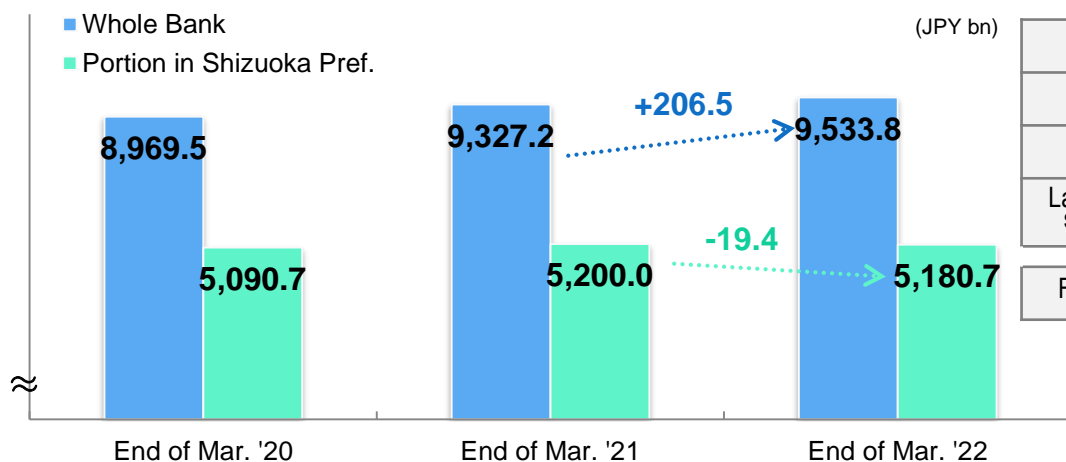
Consumer loan balance (average balance)



Loans(1) – Term-end balance

Total loan balance (term-end balance) increased by JPY 206.5bn (+2.7%) YoY as retail loan increased while increase in SMEs loan was slight, loans for large and medium size enterprises decreased

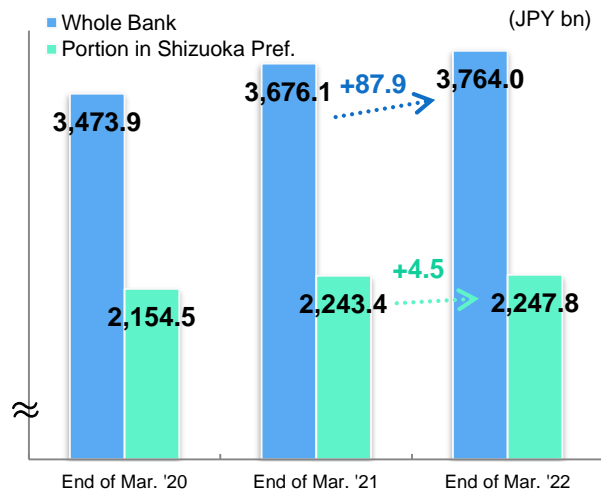
Total loan balance (term-end balance)



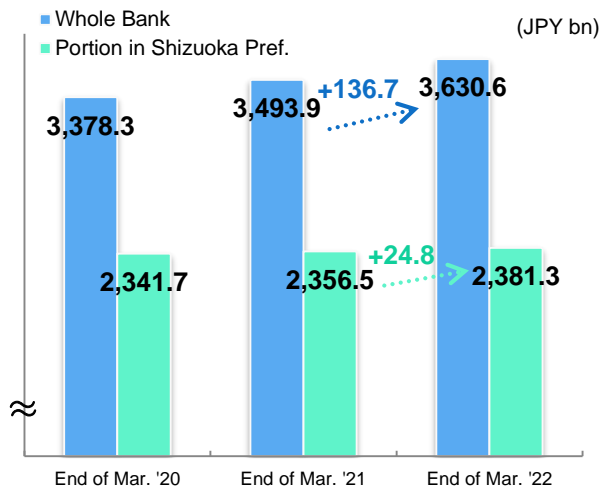
	Term-end balance	Change from the end of Mar. '21	Annual growth rate
Total	JPY 9,533.8bn	JPY+ 206.5bn	+2.2%
SMEs	JPY 3,764.0bn	JPY+ 87.9bn	+2.3%
Retail	JPY 3,630.6bn	JPY+ 136.7bn	+3.9%
Large and medium size enterprises	JPY 1,821.8bn	JPY- 9.7bn	-0.5%
Foreign currency	JPY 549.7bn	JPY +14.0bn	+2.6%

by amt. chg. : JPY -38.3bn
 by ex. rate : JPY +52.3bn

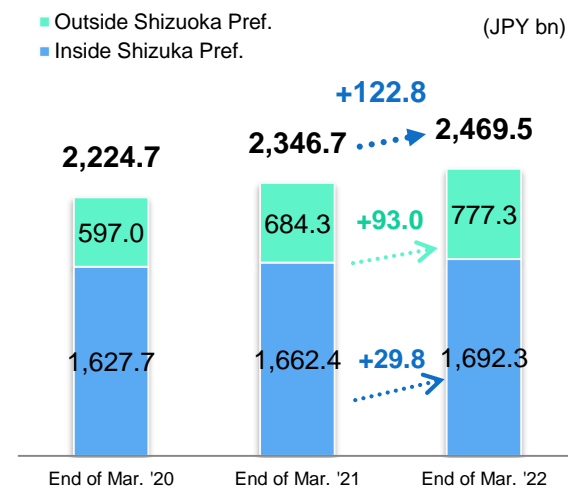
SMEs loan balance (term-end balance)



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 9.8bn

Unexpected Loss (UL) for all industries : JPY 89.2bn

Contemporary status of business loans to particular industries

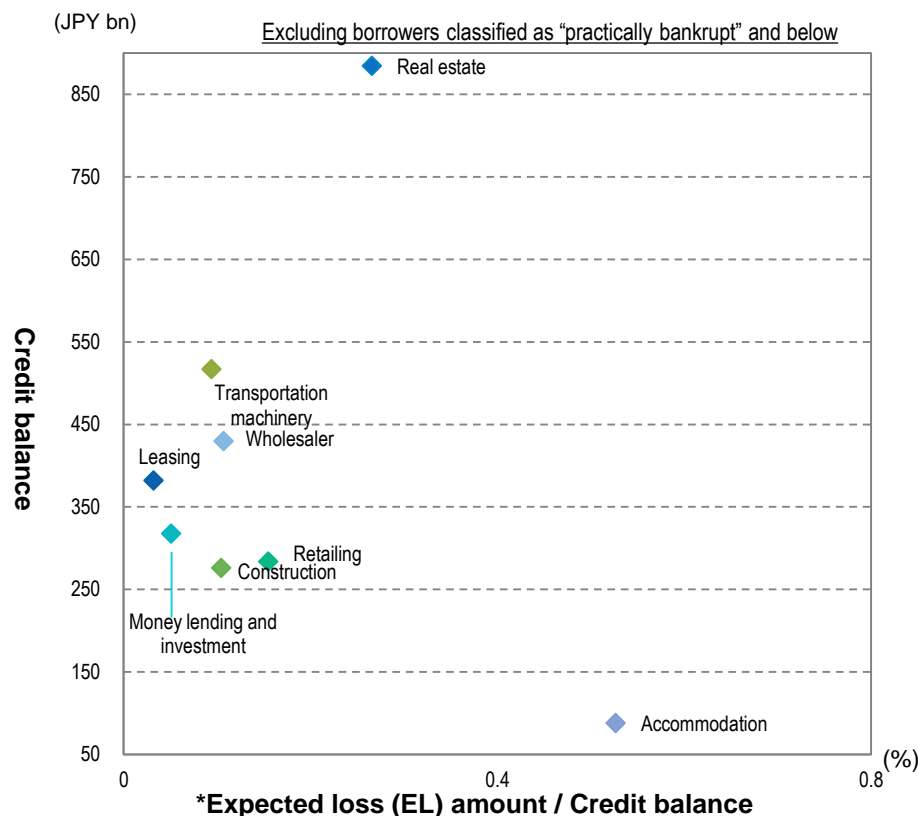
[Credit balance (as of the end of Mar. 2022)] (JPY bn, %)

	Balance	Composition ratio	Change from the end of Mar. '21
All industries	6,323.9	100.0	+86.9
Real estate (*1)	884.3	13.9	+19.6
Wholesaler (*2)	429.8	6.8	+32.4
Money lending and investment	317.4	5.0	+8.5
Transportation machinery	517.0	8.1	-38.6
Construction	275.9	4.3	+5.2
Retailer	283.7	4.4	-2.8
Leasing	382.0	6.0	+20.7
Accommodation	87.8	1.3	-3.2

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

(*2) excluding a general trading companies

[Credit balance vs. expected loss rate*]



Operation process reform

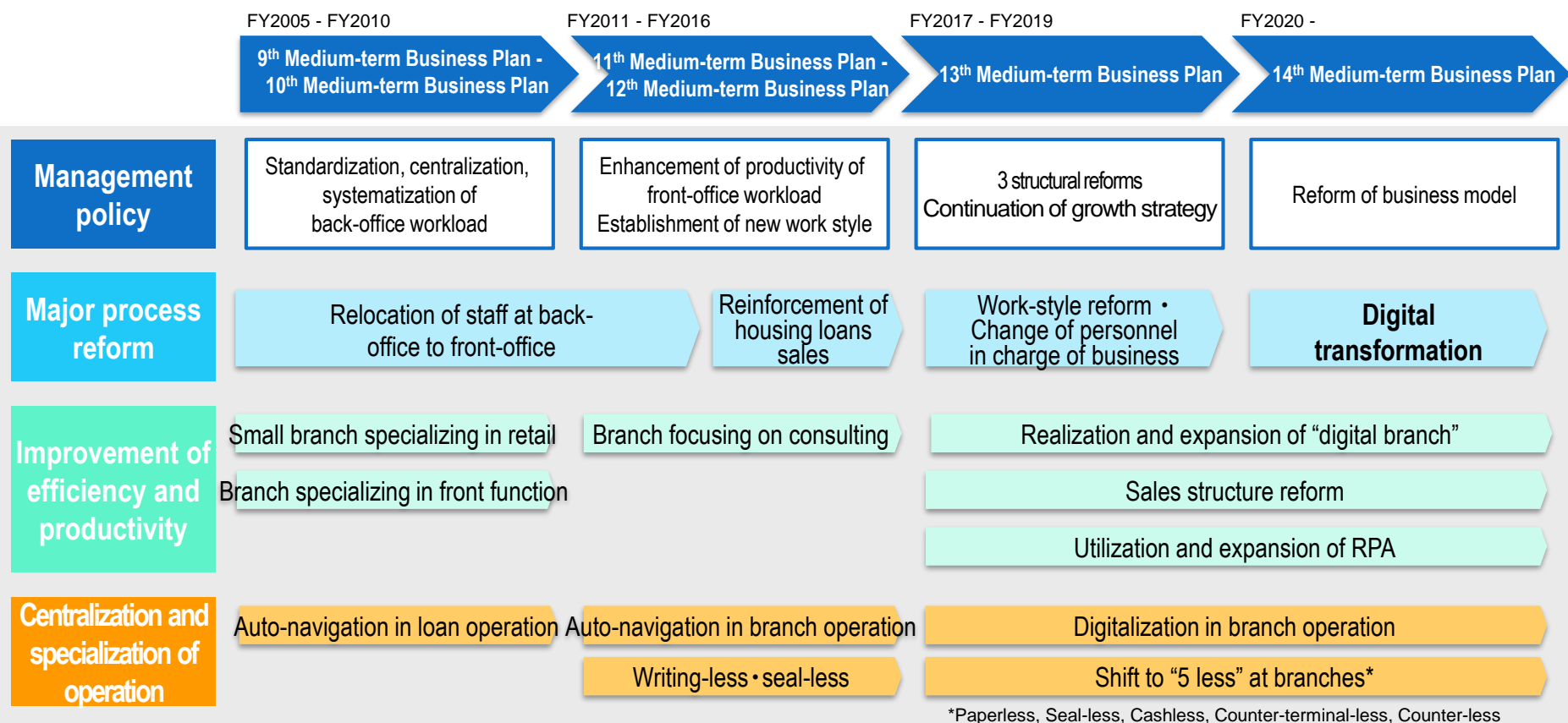
基本戦略1
グループ営業

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)

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

Expand business as well as enhance productivity



Compared to FY2004

Average balance of loan (FY2021) **x 1.9**

Consolidated ordinary profit (FY2021) **x 1.2**

Time to process workload on housing loans

Reduced by 63%

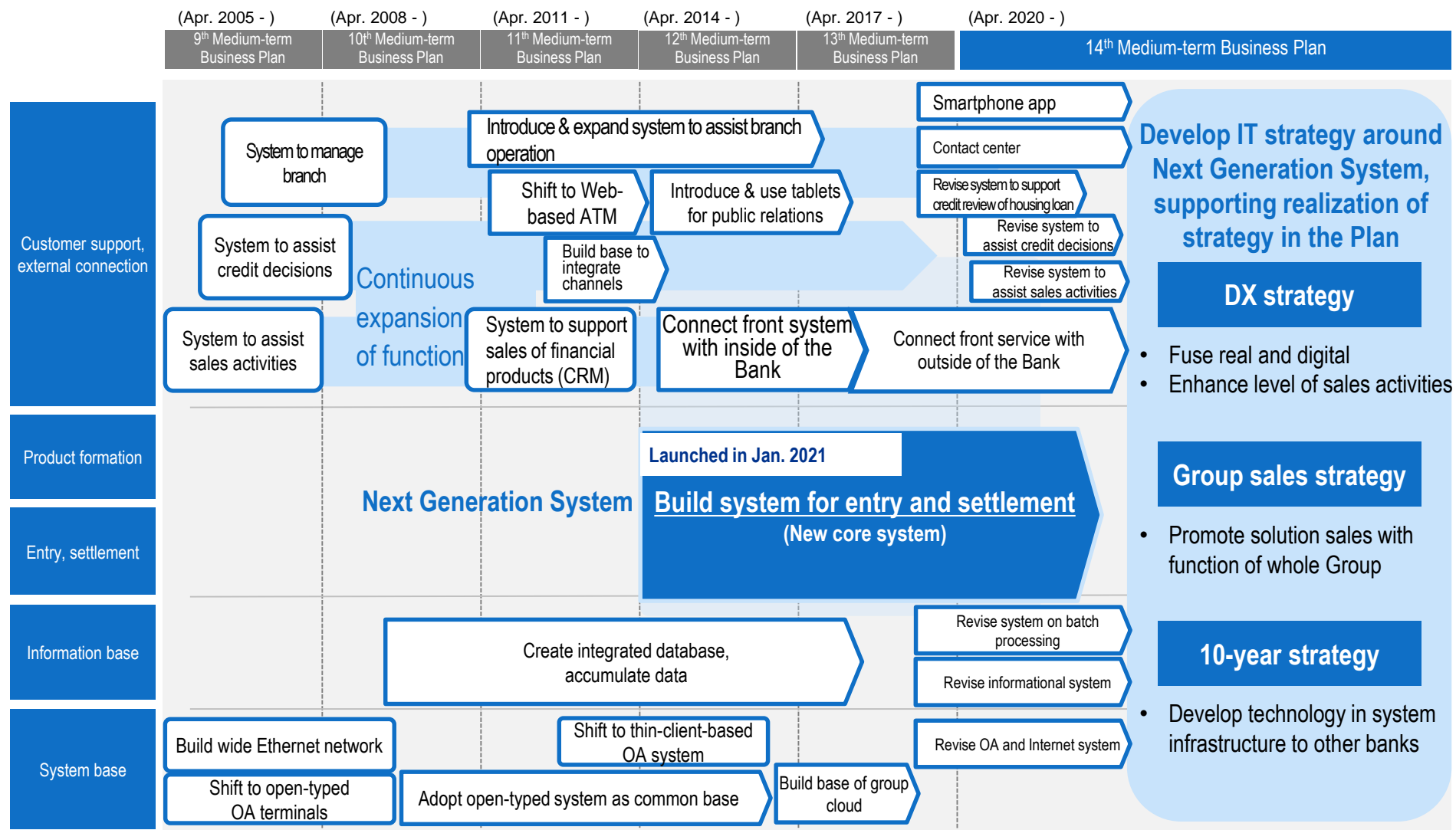
(Comparison between FY2010 and FY2013)

Shift to open-type IT system

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

Special support by Financial Services Agency for advanced initiatives on core systems of banks has been completed (Nov. 2021)



Next Generation System – Outline

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)

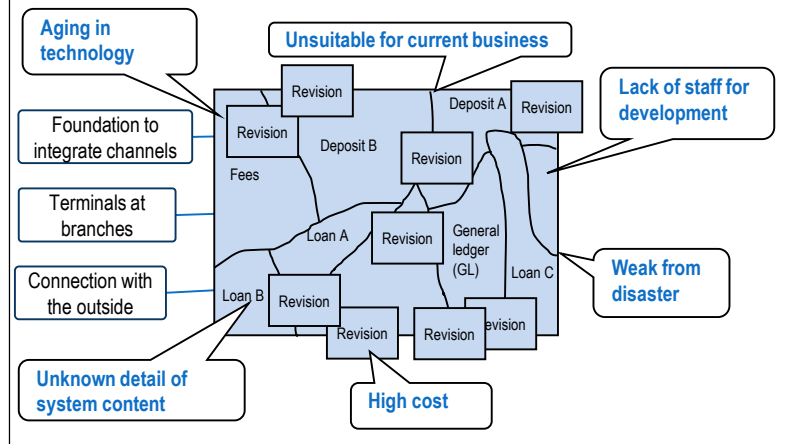
● Direction of IT strategy of financial institutions

- 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



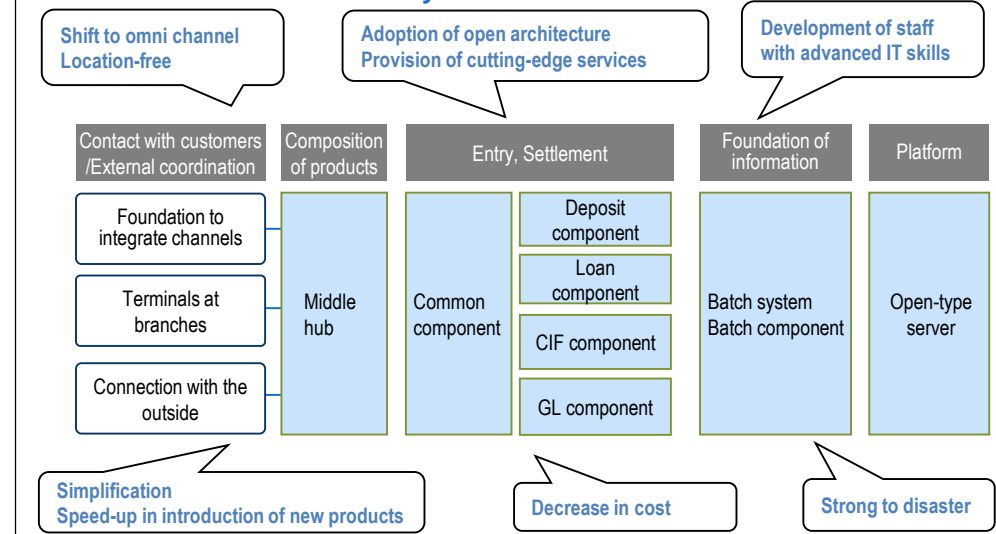
- Build loan supporting system
- Realize ATM operated on Web
- Introduce counter navigation system etc

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

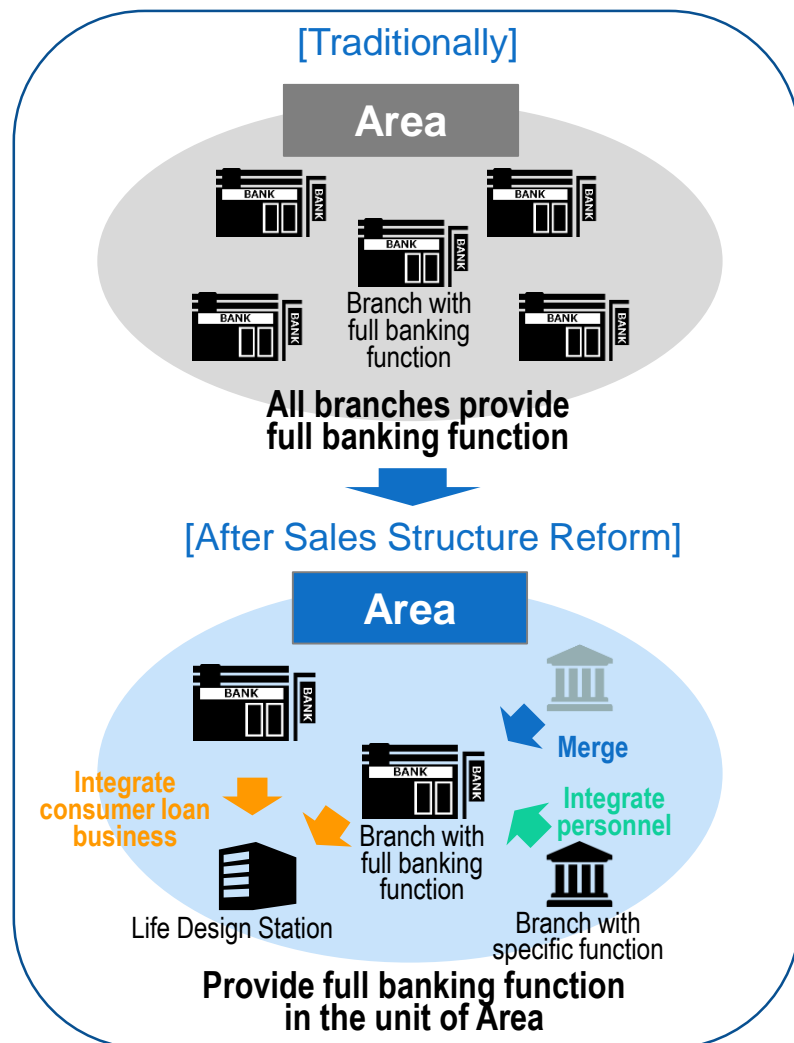


Branch Strategy

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



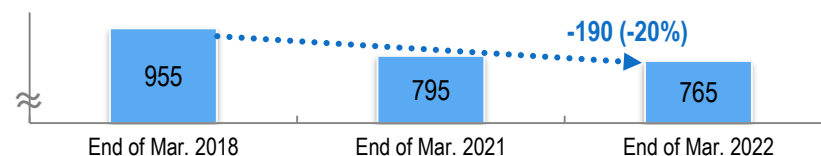
[Achievements]

	Result by FY2020	Result in FY2021
Areas where the reform was conducted	Approx. 80%	Approx. 90%
Branches decreased	-11 branches	-10 branches
Review of branch function	32 branches	5 branches
Branch closing at noon	28 branches	5 branches
No. of staff secured	72 staff	36 staff
Branch-managing cost reduced	JPY -1.2bn	JPY -0.7bn

Relocation of stores to public facilities/ Review on ATM network

- Opened Maisaka Branch in Maisaka Kyodo Center. Met the need to maintain a base of operations and the utilization of idle assets in Hamamatsu City (Nov. 2021)
- Form appropriate ATM network based on situation of utilization

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



Reinforcement of non-face-to-face channel

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

FY2020

FY2021

FY2022 and thereafter

1st phase

Build each foundation

2nd phase

Connect foundations, expand function

3rd phase

Further expand function, connect with branches

Smartphone app Contact Center



Digital marketing

e-KYC

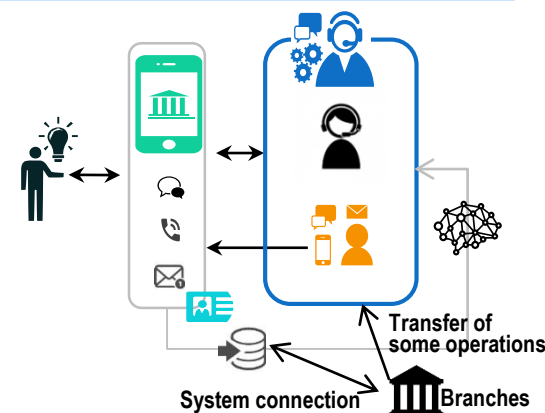
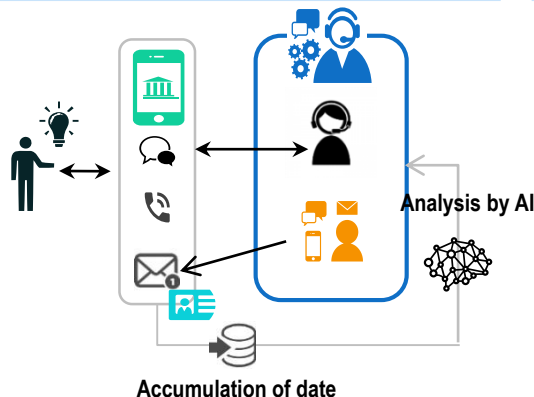


Image of non-face-to-face channel

Mobile app



Enable banking transaction on apps (Dec. 2020)

- ✓ Applicable to Internet Branch
- ✓ New function such as biometric identification etc.

Increase users, improve functions (planning in Jun. 2022)

- ✓ Expand to all branches, simplify procedures to start using, introduce web-based bank books

Develop into main channel for retail customers

- ✓ Complete all services offered in branches
- ✓ Capture new customer segment by expanding function such as non-financial services

Contact Center



Accumulate record on application of card loans, speed up response (Oct. 2020)

- ✓ Accumulate record on response to customers
- ✓ Accept applications without paper

Enhance quality of response to customers (Jan. 2022)

- ✓ Expand acceptance channel (chat, web form)
- ✓ Share record and standardize response by multiple sections through Contact Center System

Reinforce outbound function

- ✓ Further expand acceptance channel (video call)
- ✓ Transfer some operations in branches
- ✓ Develop sales and follow-up services

Digital marketing



Distribute email timely according to customers' needs (Oct. 2020)

- ✓ Start distributing emails on unsecured loans

Let AI analyze data, reinforce connection with other foundations

- ✓ Let AI analyze accumulated data (Sep. 2021)
- ✓ Expand products to distribute email on (one by one since Apr. 2021)

Provide information according to life-style without walls between finance and non-finance

- ✓ Expand media of distribution (push notification etc.)
- ✓ Collaborate with regional firms on marketing

e-KYC



Enable operation without customers visiting branches

- ✓ Change registered address (Dec. 2020)
- ✓ Open account (Apr. 2021)

Increase no. of types of transaction which can be completed through non-face-to-face channel

- ✓ Start trial to accept application for change of registered address in Seven Bank's ATMs (Sep. 2021)
- ✓ Accept Individual Number and Residence Card, connect with Seven Bank's ATMs (face authentication) etc.

Image on future development of mobile app

Take advantage of mobile app as a core channel to retail customers, expanding function in order to activate communication with such customers that the Bank could not have effective contact point with so far and to aim at generating revenue

1st phase

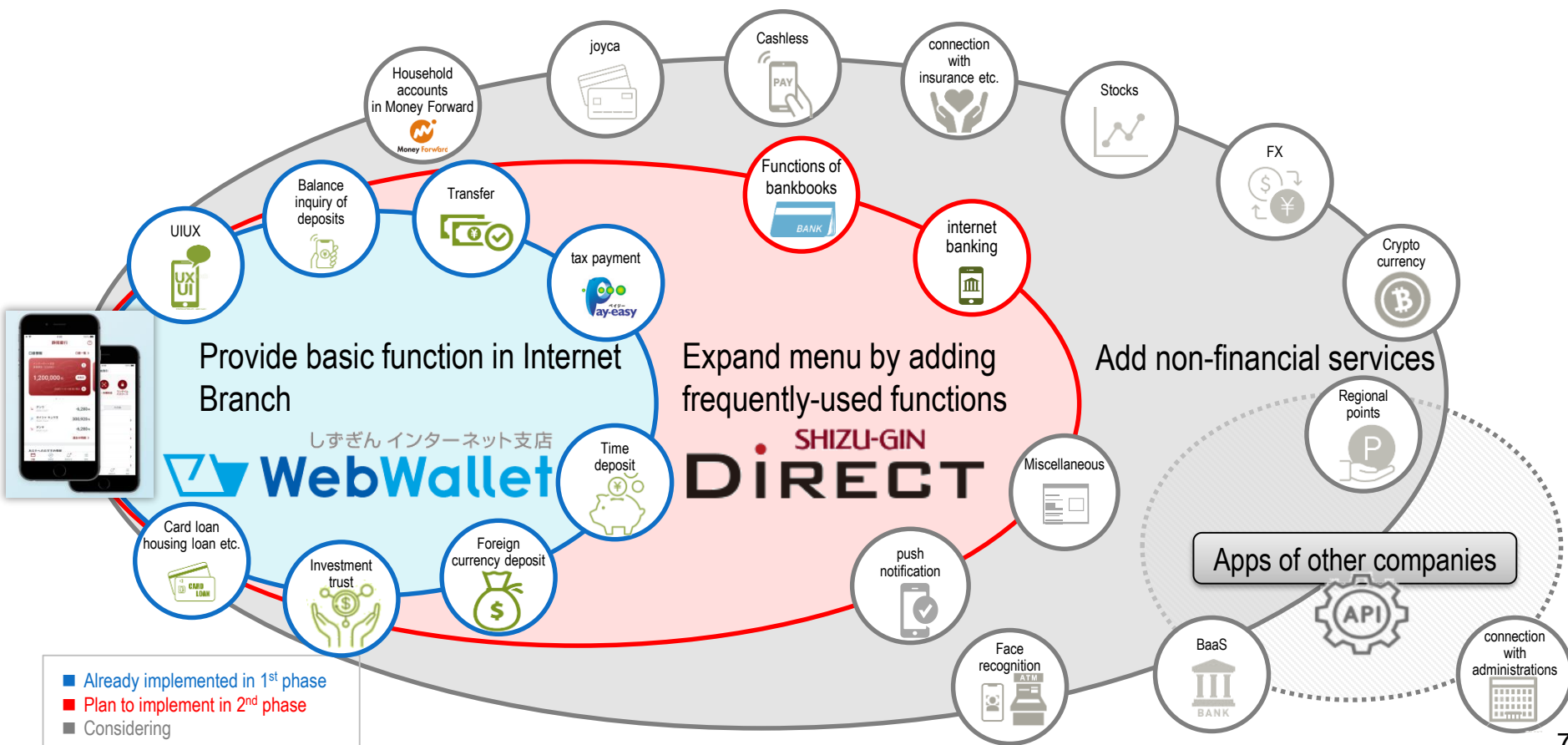
Provide basic functions such as balance inquiry through the app for customers of Internet Branch

2nd phase

Expand target to customers of all branches, and add functions with high demand such as use of internet banking immediately after application

3rd phase and thereafter

Provide all services offered at branches through the app
Add non-financial services



Initiatives for organizational reform (1)

– workstyle reform, “Work Style Innovation” (WSI)

Implement workstyle reform step by step in order to change organizational culture

Aim at organizational culture where combination of diversified sense of value and personality creates innovative ideas

13th Medium-term Business Plan

14th Medium-term Business Plan

WSI (Jul. 2019-)

Shift **viewpoint from “internal rule” to “customers, community”**, building style to work **autonomously**

Workstyle reform

(Sep. 2017-)

- **Correct mindset** on long work hours
- **Review operations** from employees' point of view
- **Introduce system** to realize diversified workstyle

WSI2.0 (Apr. 2021-)

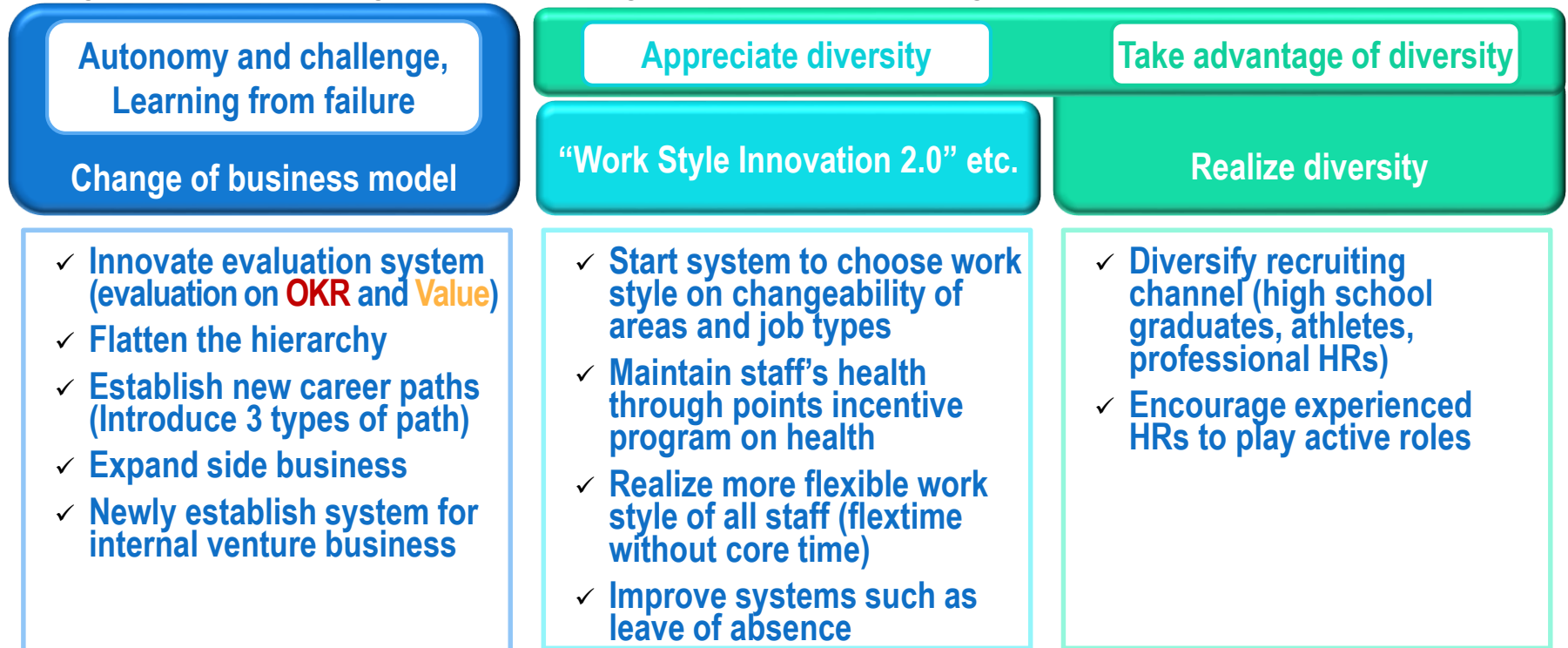
Create **innovative ideas** and new feelings by **promoting diversity** and **appreciating sense of value and combining personality** of each person

- ✓ **Enhance flexibility in dress code**
- ✓ **Expand flextime and telework (to all staff)**
- ✓ **Develop side business step by step**

Initiatives for organizational reform (2)

– drastic reform in personnel system

Reform personnel system drastically to build group of people that can think and act autonomously and continue challenge while appreciating diversified thoughts and to realize change to sustainable business model



<OKR>

- System to aim at creating the greatest impact by clarifying will of each person and organizational vision and reconciling behaviors with vectors of effort
- Clarify purpose on why to aim at achieving quantitative target by presenting targeted situation or picture (Objective) and establishing quantitative target (Key Results) to realize them
- Promote voluntary challenge for change and learning from failure as well as aim at harmonizing “Corporate Philosophy”, “Daily behaviors” and “Evaluation”

<Value>

- Standard of a value that all staff should embody in daily behaviors in order to realize Corporate Philosophy, Medium-term Business Plan Vision, and 10-year Vision

Go Wild !

Situation where “ambition for change” is presented and “challenge and learning from failure” are repeated

Be Innovative !

Situation where “exploration” is repeated and “self reform” to aim at creation from disruption continues

Do Collaboration !

Situation where “free opinions on an equal footing” fly and creation of “added value through collaboration” continues

Allocation of risk capital

Allocation of risk capital for FY2021 (the end of Mar. 2022 basis) amounted to JPY 771.6bn, of which JPY 286.0bn was allocated to credit risk, JPY 322.9bn to market risk, JPY 10.0bn to strategic investments, and JPY 24.3bn to operational risk

JPY 117.3bn of risk capital was used for loans (credit risk), and JPY 153.7bn for the Treasury division

Allocation source	(JPY bn)		Risk capital allocated	Risk capital used	Ratio of risk capital used
<div>Core capital JPY 771.6bn (End of Mar. 2022 basis)</div>	Credit risk 286.0	Loan (Credit risk)	209.1	117.3	56%
	Market risk 322.9	Treasury division	389.5	153.7	39%
		(strategic shareholdings)	(124.4)	(70.9)	(57%)
		Consolidated subsidiaries	10.3	4.0	39%
		Strategic investments	10.0	3.9	38%
	Strategic investments 10.0	Operational risk	24.3	24.3	100%
	Operational risk 24.3	Sub total	643.2	303.2	47%
	Buffer capital, etc. 128.4	Buffer capital, etc.	128.4	—	—
		Total	771.6	—	—

- 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

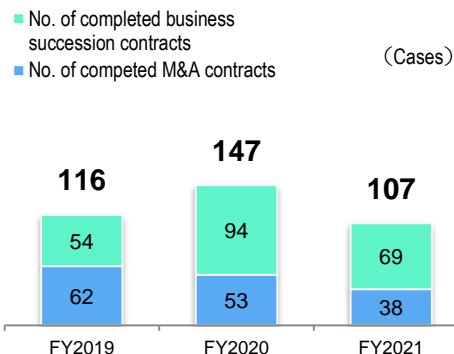
Group companies

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

Shizugin Management Consulting

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

Performance in consulting businesses for M&A and business succession



Shizugin Management Consulting Co., Ltd.

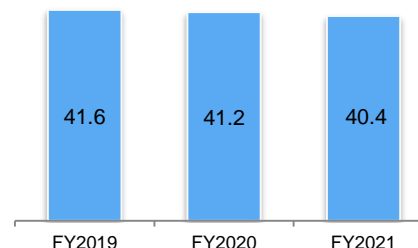
<Main businesses>

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

Shizugin Lease

- Shizuoka Bank has started intermediary services of Shizugin Lease since 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)



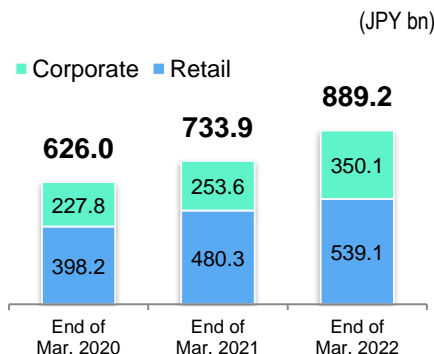
Shizugin Lease Co., Ltd.

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 (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

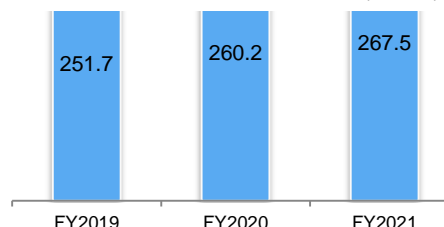
Meet corporate customers' need to raise money through direct finance such as underwriting of stocks on IPO and underwriting of finance by public companies

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. 18,000 applications from the two companies in total (FY2021)



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



Shizugin Credit Guaranty Co., Ltd.

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

Shareholder return – Share buybacks (Time series data)

The bank has regularly bought its own shares since FY1997, resulting in accumulated number of shares repurchased of 246mil

*Consolidated financial statements have been prepared since FY1998

	Shares bought back (thousand shares)	Repurchase amount of shares (JPY mil)	Number of shares cancelled (thousand shares)	Cancellation amount (JPY mil)	Shareholder return ratio <Consolidated> (%) (*)	EPS <Nonconsolidated> (Yen)	BPS <Nonconsolidated> (Yen)	DPS <Nonconsolidated> (Yen)
FY1997	7,226	9,997	7,226	9,997	—	20.4	587.6	6.0
FY1998	6,633	9,142	6,633	9,142	84.1	20.1	627.6	6.0
FY1999	8,357	9,143	8,357	9,143	52.6	34.1	651.0	6.0
FY2000	24,954	23,281	24,954	23,281	150.3	23.7	792.2	6.0
FY2001	8,234	8,267	8,234	8,267	170.5	10.3	742.7	6.0
FY2002	29,928	23,107	—	—	222.1	16.6	721.3	7.0
FY2003	10,712	8,566	30,000	23,381	50.2	37.2	831.8	7.0
FY2004	—	—	—	—	16.9	49.4	875.9	8.5
FY2005	—	—	—	—	21.4	44.2	1,019.2	10.0
FY2006	—	—	—	—	24.3	51.2	1,077.9	13.0
FY2007	10,000	12,621	10,000	10,130	62.6	49.9	997.2	13.0
FY2008	—	—	—	—	69.7	18.3	903.3	13.0
FY2009	5,000	3,996	5,000	4,638	39.8	46.0	998.2	13.0
FY2010	20,000	14,980	20,000	15,957	65.7	51.8	1,016.3	13.0
FY2011	20,000	14,575	—	—	63.0	52.4	1,097.6	13.5
FY2012	10,000	8,239	20,000	14,953	31.5	62.8	1,204.3	15.0
FY2013	20,000	22,642	—	—	69.3	67.8	1,257.6	15.5
FY2014	10,000	11,315	—	—	42.4	68.5	1,440.7	16.0
FY2015	4,767	6,999	—	—	40.2	71.4	1,436.5	20.0
FY2016	10,000	8,496	20,000	20,578	70.6	40.0	1,470.1	20.0
FY2017	10,000	9,736	—	—	44.3	72.5	1,579.0	21.0
FY2018	10,000	10,069	30,000	30,530	49.1	72.1	1,638.2	22.0
FY2019	10,000	8,623	10,000	10,139	54.9	58.1	1,620.3	22.0
FY2020	—	—	10,000	9,619	32.9	61.8	1,792.2	25.0
FY2021	10,000	8,759	—	—	56.2	63.6	1,781.1	26.0
Total	245,811	232,557	210,404	199,758	—	—	—	—

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

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

Name 「 **COLORs** 」

【Thoughts put in the name】

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

10-year Vision (Picture targeted in long term)

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

14th Medium-term Business Plan Vision

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

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

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

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

Basic strategy 1 (3-year Strategy)

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

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

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

10-year Strategy

Region-producing Strategy

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

Basic strategy 2 (3-year Strategy)

Innovation Strategy ~Pursue new profit opportunities

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

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

Basic strategy 3 (3-year Strategy)

Business Portfolio Strategy ~Optimize allocation of management resource

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

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

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

	Indicators	The 13 th Medium-term Business Plan		The 14 th Medium-term Business Plan
		Peak under the Plan	Results in 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



This document includes statements concerning future business results.

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

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

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