



Shizuoka Bank Group

Integrated Report 2019



Economic Overview of Shizuoka Prefecture

Industrial Characteristics

Shizuoka Prefecture is situated midway between the two major consumer markets and industrial centers of Japan — the Nagoya region plus the Osaka-Kyoto region to the west, and the Yokohama-Tokyo region to the east. Because of this location at a busy “crossroads” of the nation, it has historically developed into a significant center of manufacturing industry. The convenient location of Shizuoka Prefecture in transportation terms has caused the growth of a strong industrial base. The prefecture is one of the country’s leading manufacturing areas. The wide variety of industries represented within Shizuoka has led to it being dubbed “the industrial department store.” Corporations active in Shizuoka include world-leading enterprises such as Toyota, Honda, Suzuki, and Yamaha, and the prefecture is renowned for its concentration of export-oriented manufacturing companies. Many of these firms have set up production subsidiaries overseas, which is creating a growing international aspect to the

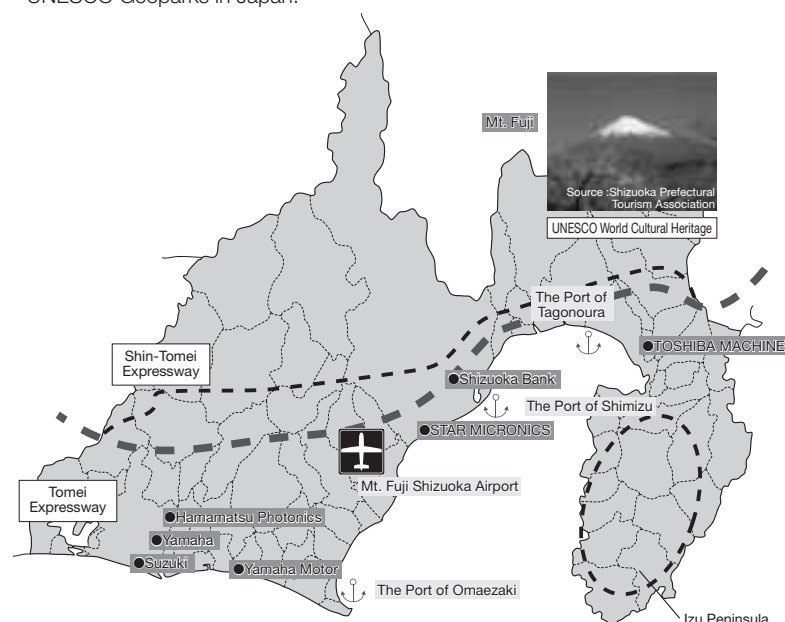
regional economy. We expect that Shizuoka prefecture will be more internationalized, stimulating the interchange of people and ideas with the major urban centers of Eastern Asia, and act as an important driving force for the regional economy.

In recent years the prefectural authorities have been operating a number of schemes to encourage companies in the medical treatment, pharmaceuticals, chemicals, and optical technology industries, among others, to set up operations in the so-called “Shizuoka Triangle Research Cluster” (spread across the prefecture’s eastern, central, and western districts) as a means of developing a next-generation industrial base.

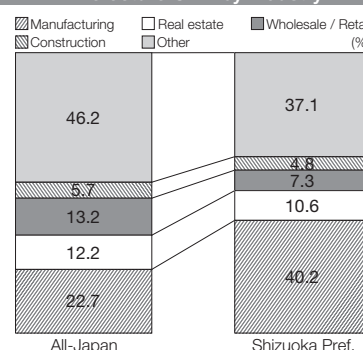


Economy in Shizuoka Prefecture and current state

- Positions as distribution hub between Tokyo and Osaka/Kyoto.
- Represents leading manufacturing prefecture in Japan.
- Owns a lot of export-driven companies handling machinery of transportation and musical instruments and etc.
- Has many representative tourist locations with rich natural resources.
- The Izu Peninsula was certificated 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.



Percentage distribution of Shizuoka Prefecture GDP by industry



Source: Cabinet Office, Government of Japan, FY2015

No. of listed companies with HQs in Shizuoka Prefecture

Listing	No. of companies
TSE 1 st section	23
TSE 2 nd section	8
Mothers	1
Jasdaq	17
Nagoya Stock Exchange 2 nd section	1
Total	50

*As of the end of Mar. 2019

Economic scale of Shizuoka Prefecture

- Accounts for 3% share of all-Japan and ranks 10th in the scale of economy in Japan.
- Has greater GDP than total GDP of 4 prefectures in Shikoku or 3 prefectures in Hokuriku.
- Its GDP is ranked next to those in New Zealand, Algeria, and Qatar.

Shizuoka Prefecture indices			
	Share of all-Japan		National ranking
Population	3.68m	2.9%	10th of 47 (2017)
No. of households	1.57m	2.7%	10th of 47 (2018)
Nominal prefectural GDP	JPY 17.3tn	3.2%	10th of 47 (FY2015)
Per-capita income	JPY 3.316m	-	6th of 47 (FY2015)
No. of business establishments	170k	3.1%	10th of 47 (2016)
Amount of shipments of manufactured goods, etc.(*)	JPY 16.7tn	5.3%	4th of 47 (2017)
Agricultural output(*)	JPY 226.3bn	2.4%	15th of 47 (2017)
Fishery production volume	200k tons	6.2%	4th of 47 (2017)
No. of industrial locations(*)	67	6.0%	4th of 47 (2018)
No. of new housing starts	23k	2.5%	10th of 47 (2018)

*Based on flash reports

Shizuoka Prefecture economic scale

Prefectural GDP (FY2015, Nominal)		
Rank	Prefecture/Region	(US\$ billions)
9	Fukuoka Prefecture	157.0
10	Shizuoka Prefecture	144.0
11	Ibaraki Prefecture	108.2
-	4 prefectures in Shikoku	118.0
-	3 prefectures in Hokuriku	103.7
GDP comparison with countries (2015)		
Rank	Country (Region)	(US\$ billions)
55	New Zealand	175.8
56	Algeria	166.0
57	Qatar	161.7
-	Shizuoka Prefecture	144.0
58	Hungary	122.8
59	Angola	116.2

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

Shizuoka Bank Group at a Glance

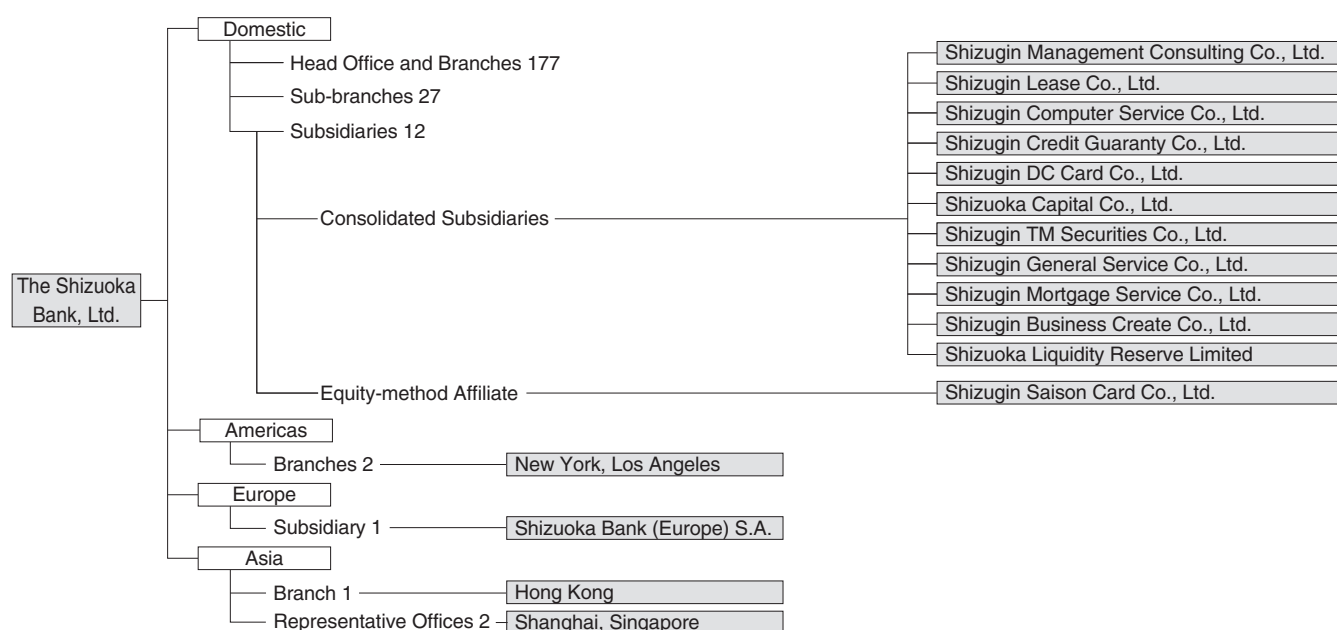
NURTURING THE VISION OF A PROSPEROUS COMMUNITY

True to a corporate philosophy, which aims to “expand dreams and affluence with our community,” the Shizuoka Bank Group makes an ongoing contribution to the development of the region around Shizuoka Prefecture, which forms the core of its business base. This corporate philosophy incorporates not only an economic dimension but also a cultural one: living in harmony with the local communities and the people we serve, sharing prosperity with them as a home-grown local banking group and a member of the regional community, and also helping local people to live more fulfilling lives.

A FIRST-CLASS REGIONAL BANK GROUP

The Shizuoka Bank Group comprises Shizuoka Bank and thirteen Group companies, and is one of the largest regional banking groups in Japan. Centered on Shizuoka Bank with the Head Office, 176 branches and 27 sub-branches, the Group serves the needs of customers not only within Shizuoka Prefecture, its home region, but also in three major economic centers in Japan, namely Tokyo, Osaka, and Nagoya, all of which are comparatively nearby. For overseas operation, the Bank operates in New York, Los Angeles, Brussels, Hong Kong, Shanghai, and Singapore.

The Structure of the Shizuoka Bank Group (As of July 1, 2019)



* Other than the above-mentioned Group companies, Monex Group, Inc. and Commons Asset Management, Inc. are equity-method affiliates of Shizuoka Bank.

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Message from the President

“Shizugin” is Committed to Always Being a Good Partner of the Region and Achieving Sustainable Growth Together with the Region



Major change in the business environment

As the Heisei era has ended and the new Reiwa era has just begun, let me look back over the 30 years of the Heisei era. After the Nikkei Stock Average reached a record high of 38,915 yen on the very last trading day of the first year of the Heisei era (December 29, 1989), the bubble economy burst and Japan entered a deflationary period widely referred to as the lost two decades. The Japanese economy plummeted from its peak, experiencing hardships in the wake of the collapse of Lehman Brothers in 2008 and the Great East Japan Earthquake of 2011, and eventually began to mount a recovery. Moreover, the rapid progress of population aging with a low birthrate and the trends of informatization and globalization are leading to the transformation of social systems and diversification of our lifestyles and values.

Meanwhile, the environment in which the banking industry operates also underwent far-reaching changes. One change of great significance for the management of regional financial institutions is that regional economies, the bedrock of such institutions, are unlikely to achieve substantial growth for the foreseeable future. Amid ongoing population decline and aging, the excessive concentration of population in Tokyo is continuing and the economies of most regions, excluding the Tokyo Metropolitan area, are at the risk of shrinking.

However, sustainable growth of regional financial institutions cannot be achieved without development of regional economies. Thus, “being close to the region” should always be the priority of the Bank’s management. I think that taking the lead in vitalization of every aspect of the regional economy and aiming to achieve sustainable growth together with the region constitute the Bank’s social mission and the reason for our existence as a regional financial institution.

Initiatives for the 13th Medium-term Business Plan

In these circumstances, the Shizuoka Bank Group launched the 13th Medium-term Business Plan “TSUNAGU” in April 2017. The vision—Innovative Bank: “Shizugin” will Continue to Create New Value along with the Region—embodies our strong commitment to always being a good partner of the region and achieving sustainable growth together with the region.

Under this plan, we are implementing four basic strategies in three business fields to realize the vision. The four strategies are “reinforce core businesses by focusing on regional economic growth”, “build a new business model for a regional bank by developing and monetizing new business fields”, “reform sales operations using the retail channel and IT infrastructure”, and “help realize the dreams and increase the wealth of the region, customers, employees, and shareholders”. The three business fields are the core business (region-based), the Tokyo Metropolitan area, and the nationwide market.

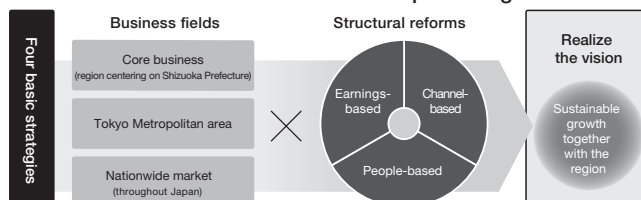
First of all, in the core business field, we are emphasizing the Bank’s business in the region centering on Shizuoka Prefecture.

Specifically, in order to further promote region-based relationship banking, we are emphasizing provision of loans based on a business assessment involving evaluation of technological capabilities and potential, support for business start-ups and entry to new business fields and support for management improvement and business rehabilitation to maintain and enhance the vitality of the region, and fostering of successors with a view to the next generation. From the viewpoint of regional revitalization, we have entered partnership agreements with all local governments in Shizuoka Prefecture, and are conducting wide-ranging activities including promotion of tourism and support of human resources.

Above all, our top priority is to strengthen the support for inheritance and business succession, which are urgent issues in the region in line with the trend of the aging society. This is an important initiative to hand over the vitality of the region to the next generation. In fiscal 2018, we established a hands-on support system for business succession involving business restructuring. Fully utilizing the Group’s comprehensive financial functions, we are establishing support systems to meet the various needs of enterprises.

Sharing and addressing the issues of the region in a concerted effort to resolve them constitute the Bank’s social mission, and we are doing so from various perspectives. Even if these initiatives may not lead to short-term gains, we think they should be implemented with a view to the future. Thus, costs necessary for the future of the region must be covered by our business in fields beyond the region, which is why we are also active in the Tokyo Metropolitan area and the nationwide market.

13th Medium-term Business Plan: Conceptual Diagram



Specifically, in the Tokyo Metropolitan area, with a view to cultivating a new business field that will become a pillar of earnings over the medium- to long-term, we are emphasizing businesses that meet diverse and sophisticated needs unique to the Tokyo Metropolitan area. Especially, we began establishing a system for market credit investment in 2013, ahead of other regional banks, and enhanced the expertise and flexibility of our operation. As a result, market credit investment has become one of our growth drivers. Going forward, we will vigorously hold workshops with other regional banks to encourage them to participate in such investment. We believe that the greater the number of banks participating in the market, the more the transactions in the market will be vitalized, leading to sound and stable growth of the market and the steady expansion of business opportunities.

Our business in the nationwide market is conducted mainly via the Internet. The Bank's Internet Branch, which is the foundation of our strategy, has gained the support of many customers including those outside Shizuoka Prefecture. Indeed, it has grown to be the branch with the largest deposit balance and is playing a vital role in raising funds. As of March 31, 2019, it had 234,000 accounts (of which 61% were held by customers outside Shizuoka Prefecture) and a deposit balance of 560.5 billion yen.

In addition, we are striving to expand and improve functions of the Bank's "Shizugin STATION" smartphone app launched in 2015 with the concept "Turn your smartphone into a bank teller!". As of March 31, 2019, "Shizugin STATION" subscribers exceeded 380,000.

Moreover, we have enhanced the convenience of online procedures for loans for the purchase of cars and for educational expenses. As a result, applications for loans via smartphones now account for over 80% of total loan applications.

Furthermore, in August 2018, Shizugin Credit Guaranty Co., Ltd., a group company, started a new business to provide guaranty for the "ARUHI Variable S" housing loan product offered by ARUHI Corporation, a financial institution specializing in housing loans that has branches in 40 prefectures nationwide. We intend to apply this business model to collaboration with other partners and develop it as a source of revenue for the housing loan business in the nationwide market.

Toward establishment of a sustainable business model

Under the 13th Medium-term Business Plan, in addition to implementation of the basic strategies in the three business fields, we are also tackling three structural reforms.

The first is the "earnings-based" structural reform. In the persisting low-interest-rate environment, we are endeavoring to strengthen the earnings power of the Bank's core business by increasing loan interest income and reinforcing the fee business with the aim of reducing the dependence on the market operations division as a proportion of total earnings.

The second is the "channel-based" structural reform. We are promoting the sales structure reform with the aim of offering higher-value-added financial services through revision of branch functions with a view to optimization according to regional characteristics and markets and through integration of business processes and personnel at major branches supervising areas. In addition, we are implementing initiatives to enrich non-face-to-face services.

The third is the "people-based" structural reform. Centering on workstyle reform, we are emphasizing the strengthening of human resources development while striving to reduce the total number of working hours and revising administrative operations in order to respond to employees' diverse views and values.

Regarding these reforms, most of the action plans formulated at the time of the drafting of the 13th Medium-term Business Plan have already been launched and we believe they are already proving to be beneficial. In fiscal 2019, the final year of the 13th Medium-term Business Plan, we intend to accelerate our initiatives to enhance the structure so as to anticipate change in the current era and respond effectively.

As the business environment remains challenging, an increasing number of financial institutions are seeking management integration or are engaged in large-scale streamlining of management. Setting itself apart from this trend, the Shizuoka Bank Group is working to establish a new business model that will open up possibilities for regional financial institutions.

Starting with a capital and business alliance with Monex Group, Inc. in April 2014, we have continuously promoted collaboration with many companies in other business sectors, including Money Forward, Inc. and HOKEN NO MADOGUCHI INC. Moreover, in April 2019, the Bank established the "Innovation Promoting Office" that directly reports to the General Manager of the Corporate Center to further accelerate initiatives for creating businesses that will transform banking management through collaboration with companies in other business sectors.

In July 2019, jointly with the Shizuoka Prefectural government, the Bank held TECH BEAT Shizuoka, a business matching fair focused on advanced technology. Companies possessing advanced technologies related not only to finance, but also to various other fields were invited to this event held in Shizuoka to offer opportunities to network with companies in Shizuoka Prefecture and match potential partners. We are also promoting initiatives for vitalization of regional industries and creation of new industries through utilization of advanced technologies in order to achieve sustainable growth together with the region.

Major achievements and progress of the three structural reforms

Structural reforms	Major achievements and progress
Earnings-based	Earnings of the Bank's core business steadily increased and the ratio of the earnings of the market operations division to total earnings decreased.
Channel-based	The sales structure reform is to be implemented in 18 areas by the end of fiscal 2019 (progress rate of 49%).
People-based	Reduction of the total number of working hours, improvement of various human resources systems, and enrichment of the system for external training (dispatching of employees to enterprises in the region, enterprises that possess advanced technologies, etc.)

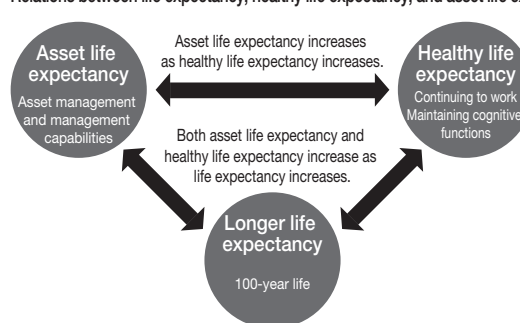
Initiatives for creation of a sustainable society

In promoting such business development, we are also emphasizing initiatives for ESG and SDGs, including environmental protection and response to social issues, with the aim of achieving a sustainable society.

Considering that population aging is more advanced in Japan than in any other country, financial institutions are urged to offer proposals for asset building in readiness for the 100-year life and financial services that can be used with peace of mind even by elderly customers. In other words, the need for services embodying the concept of "financial gerontology" is increasing. Therefore, the Shizuoka Bank joined the Japan Financial Gerontology Institute, ahead of other regional banks.

As Japan is poised to become a super-aged society, it is vital to strike a balance between three life expectancies: "life expectancy," "healthy life expectancy (continuing to work and maintaining cognitive functions)," and "asset life expectancy (asset management and management capabilities)". In these circumstances, we are conducting research into financial services jointly with major financial institutions in Japan and intend to reflect the knowledge gained through discussion and study in order to offer the optimum services to customers.

Relations between life expectancy, healthy life expectancy, and asset life expectancy



Shareholder return policy and our perspective

Let me comment on shareholder returns.

Under the 13th Medium-term Business Plan, "the target shareholder return ratio is 50% level over the medium- to long-term." The Bank paid dividends amounting to ¥22 per share for the full year of fiscal 2018, an increase of ¥1 from the previous year. In addition, the Bank repurchased 10 million shares of its own stock. As a result, the shareholder return ratio and the payout ratio of the Shizuoka Bank on a non-consolidated basis were 53.99% and 30.38%, respectively.

The Bank's policy is to increase its share value expressed as earnings per share (EPS) and the book-value per share (BPS) by appropriate shareholder returns while promoting a growth strategy through strategic investment based on the recording of stable revenue far into the future. We wish to be an enterprise whose share value continues to increase regardless of the timing of the share purchase by shareholders so as to encourage long-term shareholding.

Future of regional financial institutions

A while ago I heard a bank executive use the metaphor of a dam to describe the role of a bank. The role of a dam is to hold back rainwater accumulating upstream so as to prevent flooding in the event of heavy rain, and to ensure a supply of water for growth of crops during drought.

The role of a dam in relation to the supply of water is similar to that of a bank in relation to the supply of funds. For example, following the collapse of Lehman Brothers, we strove to overcome the threat to the regional economy together with our customers. Our general managers and personnel at branches visited customers in the region one by one to find out about their cash flows and supplied necessary funds.

Being a good partner of the region and sustaining the regional economy, not only through supply of funds, but also through the provision of support for inheritance and business succession and for business restructuring, will always constitute the role and mission of regional financial institutions no matter how the economic environment changes.

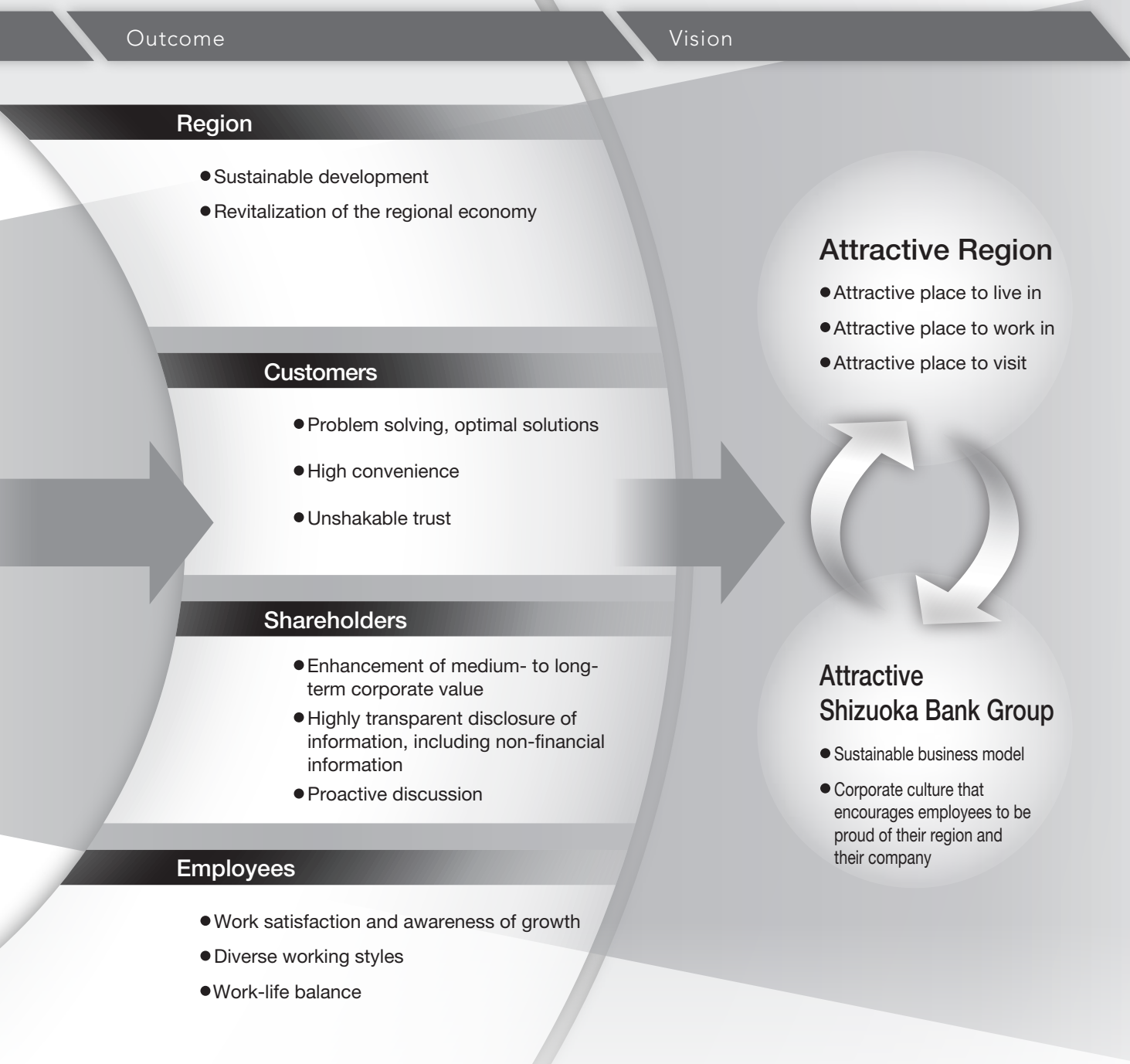
Thus, regardless of the changes brought by the progress of AI and other digital technology or by the advent of an era in which platform operators and fintech companies perform certain financial functions, I believe they cannot replace banks as good partners that are always side by side and sustain the regional economy. This is the role that the Shizuoka Bank Group aims to fulfill.

Fiscal 2019 is the final year of the 13th Medium-term Business Plan. By gathering and deploying the Shizuoka Bank Group's manifold capabilities, we are determined to realize our vision—Innovative Bank: "Shizugin" will Continue to Create New Value along with the Region—and establish a business model for achieving sustainable growth together with the region.

I would be grateful for your continued understanding and support in the years ahead.

Shizuoka Bank Group's Value Creation Process

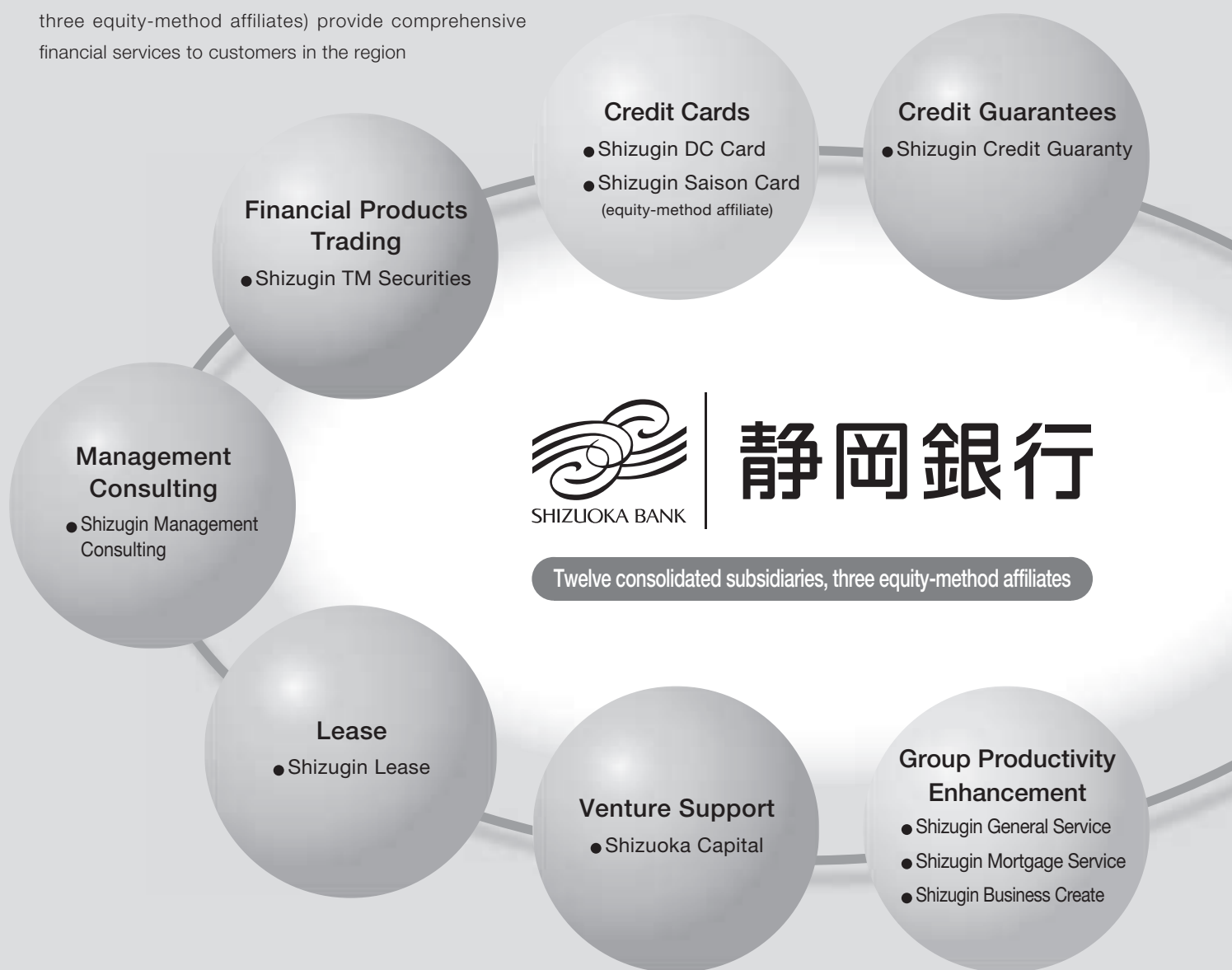




Providing Comprehensive Financial Services as an Integrated Group

An Introduction to the Shizugin Group

Fifteen highly-specialized group companies (including three equity-method affiliates) provide comprehensive financial services to customers in the region



TOPICS

● Shizugin Lease Commencement of Intermediary Services between Shizuoka Bank and Shizugin Lease

(October 2018)

We can now provide a combination of bank loans and leases at Shizuoka Bank counters.

Note: Only applicable to finance leases with no transfer of ownership.

● Shizugin Credit Guaranty Commencement of Credit Guarantee Services in Partnership with ARUHI Corporation

(August 2018)

We began an initiative where Shizugin Credit Guaranty provides guarantees for "ARUHI Variable S," a variable rate housing loan product offered by ARUHI Corporation, a financial institution specializing in housing loans. This is the first case that Shizugin Credit Guaranty has offered guarantee services for companies outside the Shizuoka Bank Group.

Information Technology

- Shizugin Computer Service

Overseas Subsidiaries

- Shizuoka Bank (Europe) S.A.
- Shizuoka Liquidity Reserve Limited

Other Equity-method Affiliates

- Monex Group
- Commons Asset Management

● Shizuoka Capital Initiatives to Stimulate Tourism

(January 2019)

The Shizuoka Tourism Revitalization Investment Association (Shizuoka Tourism Revitalization Fund) operated by Shizuoka Capital implemented its sixth investment project.

● Shizugin TM Securities Initiatives towards SDGs

(July 2018)

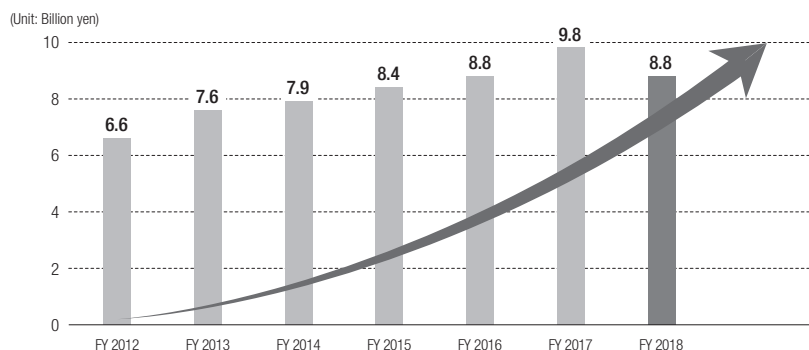
We commenced offering trust investment in listed companies with businesses that are related to the achievement of SDGs, carefully selected based on expected medium- to long-term share price growth.

● Shizugin Management Consulting M&A and Business Succession Initiatives

We are expanding our achievements in M&A and business succession consulting, focused on small and medium-sized enterprises, and signed 131 consultancy agreements in fiscal year 2018.

Performance of Group Companies

Our group companies have strengthened their collaboration with the Bank and responded to diverse customer needs. As a result, the combined ordinary profit of our 12 consolidated subsidiaries is one of the greatest among regional banks.



Performance of Group Companies (12 Consolidated Subsidiaries) for FY 2018 (Billion Yen)

Company Name	Business	Ordinary Revenue	YoY	Ordinary Profit	YoY
Shizugin Management Consulting Co., Ltd.	Corporate and financial management advisory services Bill collection services	1.7	+0.2	0.5	+0.1
Shizugin Lease Co., Ltd.	Leasing	31.5	+0.4	1.8	+0.1
Shizugin Computer Service Co., Ltd.	Computer system development and operation	3.8	-0.0	0.3	+0.1
Shizugin Credit Guaranty Co., Ltd.	Guarantee of housing loans, etc.	4.3	+0.2	2.8	-0.0
Shizugin DC Card Co., Ltd.	Credit card and guarantee of consumer loans	2.7	+0.2	0.7	+0.1
Shizuoka Capital Co., Ltd.	Public-offering assistance Support for corporate rehabilitation	0.5	+0.0	0.2	+0.0
Shizugin TM Securities Co., Ltd.	Securities	6.4	-2.1	1.5	-1.8
Shizuoka Bank (Europe) S.A.	Finance and securities-related services	0.8	+0.2	-0.0	-0.1
Shizuoka Liquidity Reserve Limited	Purchases of monetary receivables	0.9	+0.5	0.9	+0.5
Shizugin General Service Co., Ltd.	Fee-based job placement service, general administration	0.9	-0.0	0.0	+0.0
Shizugin Mortgage Service Co., Ltd.	Appraisal of real estate for loan collateral Operation center for loans	1.7	-0.0	0.0	-0.0
Shizugin Business Create Co., Ltd.	Operation center for remittance and bill collection Part-time employee management	3.0	-0.3	0.0	+0.0
Total (12 Companies)		58.0	-0.7	8.8	-1.0

Initiatives for SDGs

Services



Region-based relationship banking

- Solutions for Various management Issues } → P19
- Smooth Supply of Funds to Companies in the Region }
- Regional revitalization
 - Coordinate among industry, government, academia, etc. and facilitate the development of businesses that contribute to regional development
 - Hosting the Shizuoka Kids Academy, an event for elementary school children in the region, where they can learn about local history, culture and industries
- Initiatives in growth fields } → P20
- Business matching services }
- Consulting }
- Support for overseas business development → P21
- Support for business restructuring and turn-around
 - Support business restructuring and turn-around of customers through building business plans, alliances with external agencies, and utilizing business regeneration fund
 - Around 200 companies completed business turn-around since 2005 and secured local employment for 19,000 people, maintaining a vibrant local economy.

Life-plan support for our customers

- Proposals personally tailored to each individual customer
 - We provide a full range of products and services to meet customers' financial needs for each life event, such as starting work, getting married, giving birth or buying their own home

Support for inheritance and business succession



- Inheritance solutions and asset succession support
 - We present a range of services related to inheritance and advancements, allowing customers wishing for a smooth succession to spend their old age in security
- Business succession support
 - In collaboration with our group companies and specialized external agencies, we provide support for passing on business property, including company shares, as well as management succession
- "Shizuginship" – training club for the next-generation managers
 - Membership-based service that aims at enhancing ability of next-generation business leaders and contributing to development of the corporations and economy in Shizuoka Pref. It provides opportunities for training and interaction.
 - No. of members (as of March 31, 2019): 774 corporations, 1,133 people

Environment

At the Shizuoka Bank, we recognize that it is our responsibility as a corporate citizen to protect the rich natural environment and pass it on to the next generation in an even better condition. We position vigorous initiatives to address environmental issues as a precondition for the continuation of business activities, not only as the social responsibility and the public mission of a company.

■ Six Basic Principles

1. We comply with legal regulations related to the environment and all other requirements endorsed by the Shizuoka Bank such as the industrial action guidelines.
2. We promote energy saving, resource saving and recycling.
3. As a comprehensive financial institution in the region, we work to enhance the convenience of our customers by developing and offering environmentally conscious products and services, and we strive to protect both the regional and the global environment in view of the expectations of the region we serve.
4. We precisely identify such aspects of our business activities that have significant environmental impacts, formulate environmental objectives and specific environmental targets whose achievement will contribute to environmental protection, and strive to achieve them. We conduct regular monitoring and reviewing to enhance environmental performance, and attempt continuous improvement of our environmental management systems and prevention of environmental contamination.
5. We endeavor to raise the environmental awareness of each employee by promoting environmental protection activities as a company, and support employees' such activities as a person through work-style reform.
6. We document this environmental policy, communicate it to all employees and all other people working for the Shizuoka Bank, and make it available to the public.

Addressing environmental issues through financial operations



We support our customers' environmental protection initiatives in various ways by utilizing our comprehensive financial functions.

- Private placement bond based on environmental rating
 - Multi-level beneficial interest rates are offered according to the environmental ratings of issuers
- ECO Support Business Loan
 - To meet the funding needs for business activities whose objective is environmental protection
- Consulting on gaining certification for environmental management systems
- ECO Account
 - A part of reduced costs by not issuing a bank book is donated to groups that promote environmental protection.
- "Fujisan" Time Deposit
 - All interest on the deposit is donated to groups that promote environmental protection.
- Green World Bank Bond Fund (investment trust)

* Fujisan = Mt. Fuji

Reducing the environmental impact of the Shizuoka Bank Group



As a part of the environmental protection activities, we are working to reduce CO2 emissions in order to mitigate global warming.

- Reduction of energy consumption
- Reduction of paper usage
- Recycling of paper
- Zero emissions
- Green purchasing
 - Prioritize purchase of environmentally conscious products for use as novelties
- Introduction of advanced energy-saving facilities
- Introduction of eco-friendly cars

Reinforcing employee efforts to tackle environmental issues in the community and at home



We are reinforcing our employees' efforts to tackle environmental issues in the community and at home by conducting an awareness survey on the mitigation of global warming and disseminating information on the environment.

- Small Kindness Movement
 - Voluntary activities, including tree planting, forest maintenance, and clean-ups.
 - Administrative offices are established within a group company to facilitate employees' vigorous involvement.
- Shizugin Furusato* Environmental Protection Fund Charitable Trust
 - Financial support is provided through the Trust to individuals and groups in Shizuoka Pref. that promote environmental protection.

*Furusato = hometown

Social

Diversity



- Empowering woman in the workplace
 - Promote women with a goal of increasing the ratio of women in the leadership positions (section chief or higher) to more than 20% by the end of FY2020
- Support for working parents
 - Well-developed childcare leave system and shorter working hours system during childcare
 - A work-from-home system
- Promotion of participation by persons with disabilities
 - Employment rate of persons with disabilities satisfying the statutory rate (2.2%)
 - Plan to found Shizugin Heartful Co., Ltd. (in October 2019), to provide proactive support for persons with disabilities to gain autonomy and participate in society
- System for recruiting international students

Countermeasures against financial crime

- Compensation system for victims of financial crimes
 - Compensation for losses attributable to counterfeit or unauthorized use of stolen cards
 - Compensation for losses attributable to unauthorized withdrawals using stolen bankbooks
 - Compensation for losses attributable to unauthorized withdrawals using online banking services
- Various security measures
 - Cash card security measures
 - PIN Code Reset Service on ATMs, issuing of IC cash cards which are difficult to counterfeit
 - Online security measures
 - Implementation of strict personal identification, countermeasure against phishing and spyware
 - Sophisticated authentication by the use of one-time password

Development of human resources in the region



- Financial education
 - Organizing bank visits and providing presentations for elementary, junior high, and high school students
- Holding a financial quiz competition for high school students
- Acceptance of internships
- Scholarship for students from Asian countries
 - Grant 100,000 yen a month per person for two years (No obligation to repay)

Countermeasures against large-scale disasters



- Establishment of a system for ensuring business continuity
 - A business continuity plan (BCP) has been established for continuation or early recovery of critical operations in the event of a large-scale disaster or the outbreak of an infectious disease posing a high risk. The BCP is reviewed and updated on a continuous basis.
 - Measures are taken to protect buildings from earthquakes, and private power generation systems, emergency communication equipment, and other materials and equipment for disaster countermeasures are installed.
 - The Emergency Countermeasures Office is located at the headquarters to enable us to assist people in the region in the event of a disaster.
- Countermeasures against tsunami
 - When rebuilding a branch in an area that may be affected by a tsunami, the new building will be designed such that the roof is higher than the expected height of the tsunami.
 - A staircase is installed enabling direct access from outside the branch to the roof so that anyone can use it as a safe haven in the event of a disaster.

Raising awareness about human rights



- Provision of education and training about human rights to new employees and employees at various levels

Promotion of culture and sports

- Holding of concerts featuring leading artists from Japan and abroad
- Holding of performances of rakugo, the traditional Japanese performing art of comic storytelling
- Sponsorship of children's soccer competitions and baseball competitions

Governance

Further Strengthening of Corporate Governance

→ P14

Thorough Enforcement of Compliance and Risk Management

→ P16

Countermeasures to Prevent Money Laundering and Provision of Funds to Terrorists

→ P16

Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs) were adopted unanimously at the UN summit in September 2015.

A set of 17 goals and 169 targets were set as development goals to be achieved by 2030 by the international community including developed countries.

SDGs are universal goals applicable to all countries for resolving social issues, such as poverty and hunger, and other issues, including the environment, gender equality, energy, and the working environment. SDGs need to be addressed by a global partnership involving all stakeholders, including governments, civil society, and the private sector.

SUSTAINABLE DEVELOPMENT GOALS



13th Medium-term Business Plan “TSUNAGU” (fiscal 2017-2019)

TSUNAGU

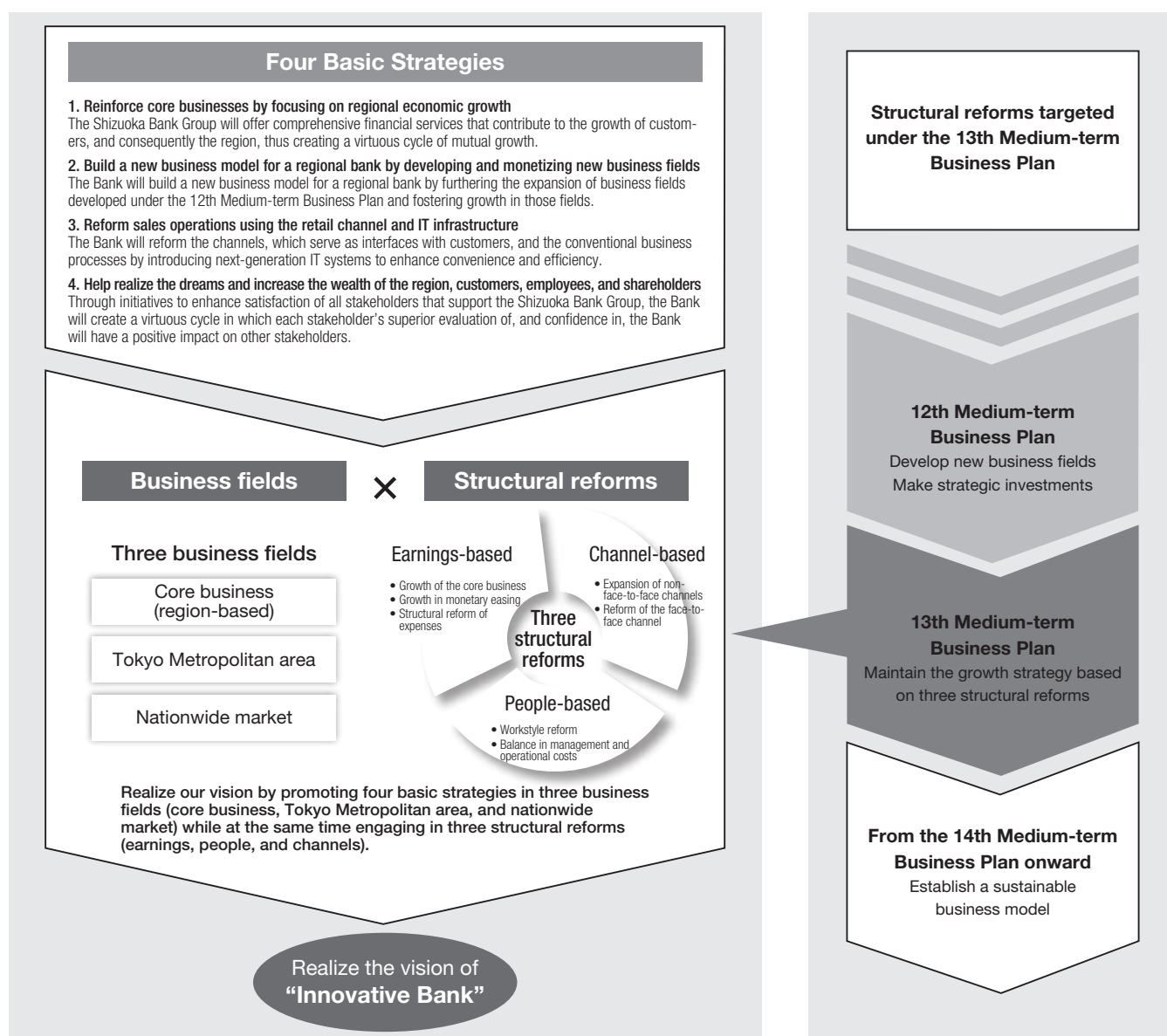
The Shizuoka Bank has launched the 13th Medium-term Business Plan “TSUNAGU.”

Under this plan, we will strengthen our core businesses in the region through the provision of comprehensive financial services. At the same time, we will step up the expansion of new business fields developed under the 12th Medium-term Business Plan to create a new business model for sustainable growth of the Shizuoka Bank Group.

Aspirations of “TSUNAGU”

- Grow hand in hand with the region. Bequeath the tradition of the Shizuoka Bank Group to the next generation
- Connect all stakeholders (region, customers, employees, and shareholders) through financial services offered by the Shizuoka Bank Group
- Link the three structural reforms under the 13th Medium-term Business Plan to the establishment of a sustainable business model under the 14th Medium-term Business Plan

Vision **Innovative Bank:** “Shizugin” will Continue to Create New Value along with the Region



Target performance indicators

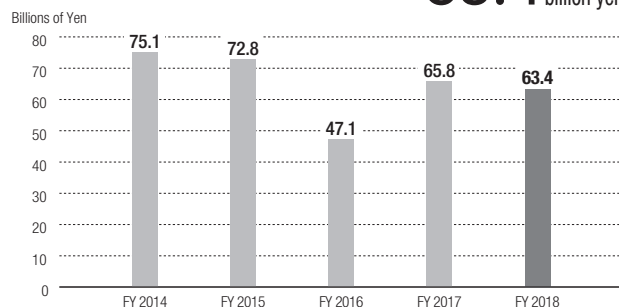
		Fiscal 2019 targets	Targets in operational plans for fiscal 2019*
Profitability indicators	Consolidated ordinary income	¥77.0 billion or more	¥73.0 billion
	Consolidated net income	¥54.0 billion or more	¥51.5 billion
Efficiency indicators	Consolidated ROE	Around 6%	5% or more
	Consolidated OHR	Around 55%	Around 55%
Financial soundness indicator	Consolidated Common Equity Tier I Ratio	Around 14%	Around 14%
Indicator for investors	Shareholder return ratio	50% level over the medium to long term	50% level over the medium to long term

Note: Figures above reflect changes in the business environment since formulating the 13th Medium-term Business Plan. Announced in June 2019.

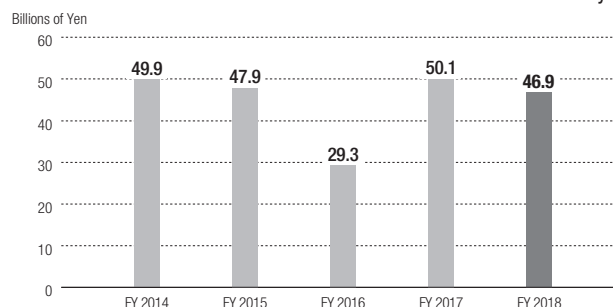
Financial Highlights

Main Items

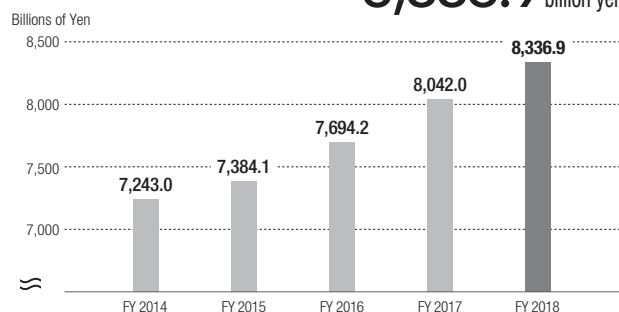
Ordinary profit (consolidated) **63.4** billion yen



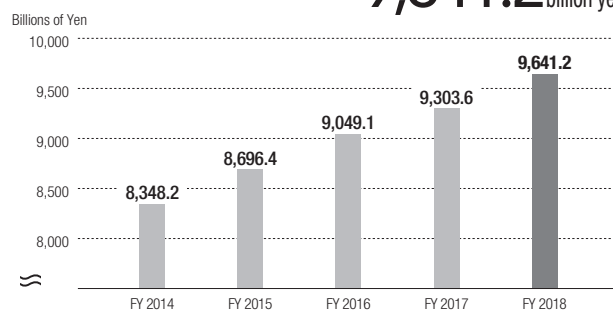
Net income attributable to owners of the parent **46.9** billion yen



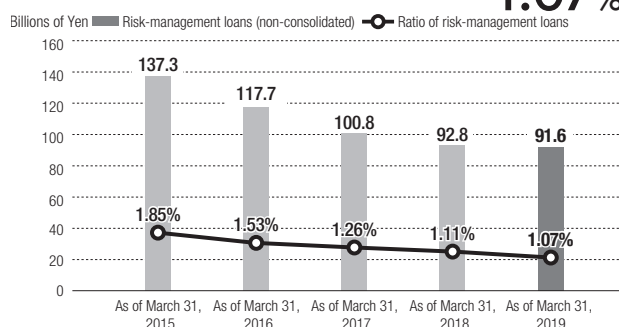
Balance of total loans (average balance, non-consolidated) **8,336.9** billion yen



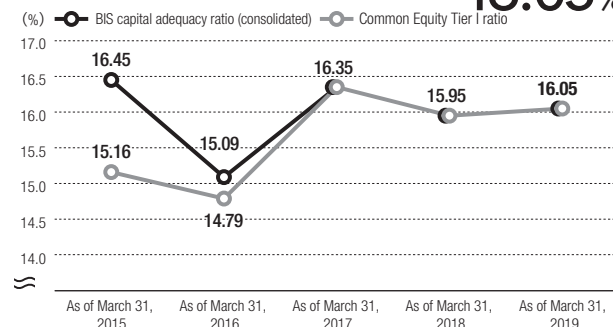
Total deposits (average balance, non-consolidated) **9,641.2** billion yen



Ratio of risk-management loans (non-consolidated) **1.07%**



BIS capital adequacy ratio (consolidated) **16.05%**



Credit Ratings (Moody's) (As of July 1, 2019)

A1

	Long-term rating	Short-term rating
Moody's	A1	P-1
Standard & Poor's	A	A-1
Rating and Investment Information, Inc.	AA-	-

Shareholder return ratio (10-year average, non-consolidated)

56.68%

Important Items	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2009-FY 2018 (10-year average)
Non-consolidated						
Dividend per share	16.00 yen	20.00 yen	20.00 yen	21.00 yen	22.00 yen	-
Dividend payout ratio	23.24%	27.91%	49.83%	28.74%	30.38%	27.67%
Shareholder return ratio	49.82%	43.82%	84.60%	51.16%	53.99%	56.68%
Consolidated						
Shareholder return ratio	42.47%	40.23%	70.60%	44.32%	49.11%	50.01%

Non-Financial Highlights (results for fiscal year 2018)

Environment



48%

reduction in paper documents at corporate headquarters

(compared to FY 2011)



58%

of accounts opened are ECO Accounts*

*Includes Online General Accounts opened without a passbook, and WebWallet Internet branch accounts



12.3%

reduction in electricity usage (Shizugin Headquarters Tower)

(compared to FY 2015)

Social



Received Award for Excellence in Regional Revitalization for the

third consecutive year
(first time for a regional bank)

(Awarded to financial institutions by the Cabinet Office's Headquarters for Vitalizing Towns, People, and Jobs for "featured initiatives")



Hosted Shizuoka Kids' Academy

11 times

(Total since FY 2016)



Helped **20,515** people
secure continued employment or re-employment through corporate rehabilitation and business succession support

(Total since FY 2005)

■Corporate rehabilitation support initiatives: **54**
Number completed: **13**
■Business succession support initiatives: **1,492**



15.7%

ratio of women in leadership positions

■External Recognition

Certification under the Act on Promotion of Women's Participation and Advancement in the Workplace



"Eruboshi"
Certified as an outstanding company for initiatives related to the participation and advancement of women

Certification under the Act on Advancement of Measures to Support Raising Next-Generation Children



"Platinum Kurumin"
Certified as a company engaged in initiatives towards a high level of support for parenting

Certified Health & Productivity Management Organization Recognition Program



"Certified Health & Productivity Management Organization (large enterprise category) - White 500"
Certified as a company with outstanding initiatives related to the participation of women

Governance

(As of July 2019)

Composition of the Board of Directors



Directors from within the Company: 8
[8 males]

Representative Directors: 2
Executive Directors: 5
Non-executive Directors: 1



Outside Directors:

2

[1 male, 1 female]

Composition of the Audit & Supervisory Board



Audit & Supervisory Board Members from within the Company: 2
[2 males]



Outside Audit & Supervisory Board Members:

3

[2 males, 1 female]

Further Strengthening of Corporate Governance

The Shizuoka Bank Group is strengthening its management systems to enhance corporate value.

Corporate Governance Policies

The Shizuoka Bank Group continuously strives to reinforce its system of corporate governance, in order to achieve sustained growth and enhance corporate value. For this purpose, it has established the following corporate governance policies.

1	The Shizuoka Bank establishes a suitable date to hold general meetings of shareholders and publishes notices of these meetings (including English translations) on the Shizuoka Bank website. By continually implementing initiatives such as these aimed at a more vigorous general meeting of shareholders and the smooth exercise of shareholders' voting rights, we will secure the rights and equality of shareholders.
2	So that the Shizuoka Bank can continue to be a financial institution that is trusted and chosen by all stakeholders, including shareholders, region, customers and employees, we will strive for balance in corporate management by addressing diverse viewpoints, including economic, social and environmental perspectives, and work towards enhancing sustainability.
3	The Shizuoka Bank will engage in appropriate disclosure based on the Banking Act, Financial Instruments and Exchange Act and other laws and regulations, as well as securities listing regulations of Japanese stock exchanges. In addition, we will strive to disclose information voluntarily, including non-financial information, to ensure the soundness and transparency of management.
4	In accordance with the Basic Policy Regarding the Design of Internal Control Systems resolved by the Board of Directors, based on the Companies Act, the Shizuoka Bank designs systems to ensure appropriateness of operations of the Shizuoka Bank and its Group including a system for ensuring that execution of duties of directors complies with laws and regulations and the Articles of Incorporation. In addition to appointing several independent officers and drawing on the functions of the Advisory Board (a management advisory committee consisting mainly of external specialists) and the Committee of Administrative Supervision (a committee consisting mainly of non-executive directors including outside directors who are selected by the Board of Directors), the Shizuoka Bank strives to strengthen its corporate government systems through continuing consideration of optimal systems for the Bank, including the evaluation of other modes of governance apart from that of a company with an Audit & Supervisory Board.
5	The Shizuoka Bank engages in constructive dialogue with shareholders through proactive investor relations activities, in order to contribute to the sustained growth and enhanced corporate value over the medium to long term.

Establishment of the corporate governance system

FY2006	Established the Basic Policy Regarding the Design of Internal Control Systems
FY2007	Introduced performance-linked compensation and stock compensation-type stock options
FY2008	Established the Advisory Board (optional organizational body)
FY2013	Established the Committee of Administrative Supervision (optional organizational body) Appointed one outside director
FY2015	Appointed two outside directors Introduced a directors' retirement benefit system based on a points system linked to share price Established a Remuneration Committee (optional organizational body) Hosted the first discussion meeting for independent officers Began effectiveness evaluations of the Board of Directors as a whole Hosted the first discussion meeting between representative directors and independent officers

Framework

Board of Directors

The Board of Directors consisting of 10 directors (including 2 outside directors who are independent officers as stipulated by the Tokyo Stock Exchange Inc.) is responsible for management-level decision-making and supervision. The Board of Directors decides on important management strategies, such as medium-term business plans and operational plans, and basic policies relating to compliance and risk management. It also oversees the execution of operations.

Audit & Supervisory Board

The Shizuoka Bank has adopted the Audit & Supervisory Board Member system of governance. The Audit & Supervisory Board consists of 5 Audit & Supervisory Board members (including 3 outside Audit & Supervisory Board members who are independent officers). Audit & Supervisory Board members audit directors' performance of their duties based on the auditing standards for Audit & Supervisory Board members.

Optional Organizational Bodies

Committee of Administrative Supervision

The Committee of Administrative Supervision has been established to reinforce supervision of execution of operations by the Board of Directors. This committee, consisting mainly of directors who are not involved in execution of operations and are selected by the Board of Directors, monitors the situation of the execution of operations by the executive departments, and requests improvement if necessary.

Advisory Board (management advisory committee)

To reflect outside viewpoints with the goal of ensuring the objectivity of the Bank's decision-making process, the Bank has the Advisory

Composition of the Board of Directors and Audit & Supervisory Board

	Officers from within the Bank	Outside officers
Directors: 10	Representative directors: 2 Executive directors: 5 Non-executive director: 1 (8males)	2 (1 male, 1 female)
Audit & Supervisory Board members: 5	2 (2 males)	3 (2 males, 1 female)

Board, consisting mainly of experts from outside the Bank. The Advisory Board is an advisory body to the President.

In response to enquiries by the President, the Advisory Board deliberates on the validity and appropriateness of important matters of corporate governance, including the appointment and dismissal of officers, matters pertaining to all aspects of management, and any issues related to management.

Remuneration Committee

To further enhance transparency in the determination of directors' compensation, and to increase the fairness and acceptability of the compensation decision process, the Bank has established a Remuneration Committee composed of all outside directors and representative directors, with all outside Audit & Supervisory Board members participating as observers.

The Remuneration Committee sets standards for compensation, and deliberates on matters including the allocation of performance-linked compensation, as an optional body to determine compensation, authorized by the Board of Directors.

Enhancing the Effectiveness of Corporate Governance

Leveraging the Expertise of Outside Officers

In order to fully draw on the expertise of outside directors and outside Audit & Supervisory Board members, and have lively discussion at Board of Directors meetings, the Bank provides opportunities for these outside officers to receive briefings on the businesses of the Shizuoka Bank Group, its medium-term business plan and operational plans, at the time they assume office.

Materials to be used at meetings of the Board of Directors are distributed to participants, and they are briefed by the responsible unit prior to each meeting.

Discussion meetings for independent officers have been held several times every year since fiscal 2015.

In addition, based on opinions expressed at discussion meetings for independent officers, the Bank is striving for more vigorous communication between outside officers and officers from within the Company, with measures including discussion meetings between representative directors and independent officers.

Number of discussion meetings for independent officers, etc. (FY2018)

Discussion meetings for independent officers	3
Discussion meetings between representative directors and independent officers	1
Discussion meetings involving officers from inside and outside the Bank, apart from those shown above	1

Directors' Compensation

In addition to fixed monetary compensation, directors' compensation comprises performance-linked compensation, stock compensation-type stock options and a directors' retirement benefit based on a points system linked to share price. This system of compensation encourages morale and desire for enhanced performance, the motivation to increase corporate value, and shareholder-oriented management.

The upper limits of each component of compensation were determined by resolutions at the 101st and 109th Annual General Meetings of Shareholders held in June 2007 and June 2015, respectively. The Board of Directors is entrusted to allocate each component of compensation by the general meeting of shareholders that adopted each component.

Stock compensation-type stock options and the points for directors' retirement benefits based on a points system linked to share price are allocated by resolution of the Board of Directors.

By resolution of the Board of Directors, the Remuneration Committee is entrusted to allocate fixed monetary compensation and performance-linked compensation.

Upper limits of each component of compensation (Total for all directors)

Compensation component	Upper limit
Fixed monetary compensation	No more than ¥300 million
Performance-linked compensation	An amount corresponding to the level of net income, not exceeding ¥100 million
Stock compensation-type stock options	No more than ¥50 million per year
Directors' retirement benefits based on a points system linked to share price	No more than 50,000 points per year (each point is worth one share)

Evaluation of the Effectiveness of the Board of Directors as a Whole

A questionnaire survey on the effectiveness of the Board of Directors as a whole has been conducted annually since fiscal 2015, targeting directors and Audit & Supervisory Board members. The Board of Directors conducts discussions and evaluations based on the results of the survey.

Evaluation of the survey results for fiscal 2018 showed improvements relative to the previous fiscal year in areas such as the provision of information through prior briefings, and it was judged that the Board of Directors was operated appropriately and its effectiveness was ensured.

Furthermore, as a result of the discussions at the evaluation, it was determined that the Board of Directors should provide opportunities to debate on matters such as medium- to long-term management issues, while reviewing the number of agenda items so as to secure greater time for deliberation, in order to bring about more substantial discussion.

Overview of the results of the evaluation of the effectiveness of the Board of Directors as a whole for fiscal 2018

Achievements	<ul style="list-style-type: none"> • More substantial prior briefings on materials for Board of Directors meetings • Prior distribution of materials for Board of Directors meetings • Securing opportunities to speak at Board of Directors meetings • Provision of training opportunities
Challenges	<ul style="list-style-type: none"> • Streamlining of the number of meeting agenda items • Securing time for discussion on medium- to long-term management issues

Compensation apart from fixed monetary compensation

Performance-linked compensation

The Bank has introduced a system of performance-linked compensation, indexed to net income, aimed at encouraging morale and desire for enhanced performance among directors.

Stock compensation-type stock options

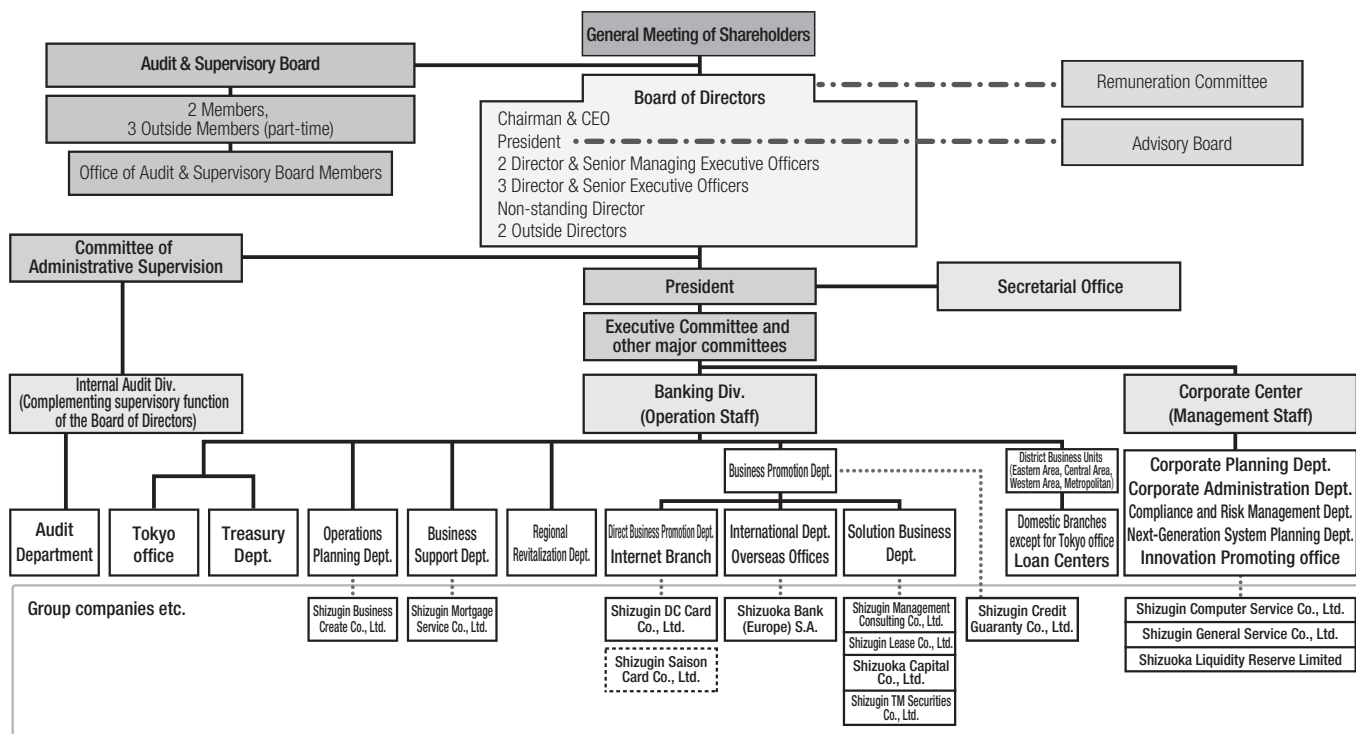
The Bank has chosen a system of stock compensation-type stock options where directors are allotted stock acquisition rights of no more than ¥50 million yen per year, with the aim of enhancing directors' motivation to increase corporate value, and promote shareholder-oriented management.

Directors' retirement benefits based on a points system linked to share price

The Bank has introduced a system of directors' retirement benefits based on a points system linked to share price, where retiring directors receive a monetary amount linked to the share price, with the aim of further strengthening the incentive for directors to increase corporate value during their terms of office. Directors (except for outside directors and part-time directors) are allotted a specific number of points each year. On retiring, directors receive an amount in cash equivalent to their accumulated points multiplied by the average share closing price of Shizuoka Bank during the six-month period immediately prior to retirement.

Shizuoka Bank Group's Corporate Governance System

(as of July 1, 2019)



Note: Executive Committee, Compliance Committee, Committee for Integrated Risk and Budget Management, and Credit Committee

*The Remuneration Committee, the Advisory Board, and the Committee of Administrative Supervision are not committees pursuant to the Companies Act but optional organizational bodies.

*Dotted lines in the figure indicate supervision over operations of the Shizuoka Bank Group companies (contacts for consultation, support, etc.)

*Measures to ensure appropriateness of operations of the Shizuoka Bank Group include the following: the Group Representative Management Liaison Meeting consisting of representatives of the Shizuoka Bank and its Group companies which is held periodically; the full-time Audit & Supervisory Board Members of the Shizuoka Bank serving as part-time audit & supervisory board members of Group companies; and the general managers of the Bank's departments that supervise Group companies, the General Manager of the Corporate Planning Dept., and the General Manager of the Human Resources Development Dept. serving as part-time directors of Group companies.

*Shizugin Saison Card Co., Ltd. is an equity-method affiliate. Likewise, Monex Group, Inc. and Commons Asset Management, Inc. are also equity-method affiliates.

Thorough Enforcement of Compliance and Risk Management

The Shizuoka Bank Group is engaged in initiatives to further strengthen its compliance and integrated risk management systems, in order to respond accurately and appropriately to changes in the business environment, as well as factors such as the diversification and increasing complexity of operations.

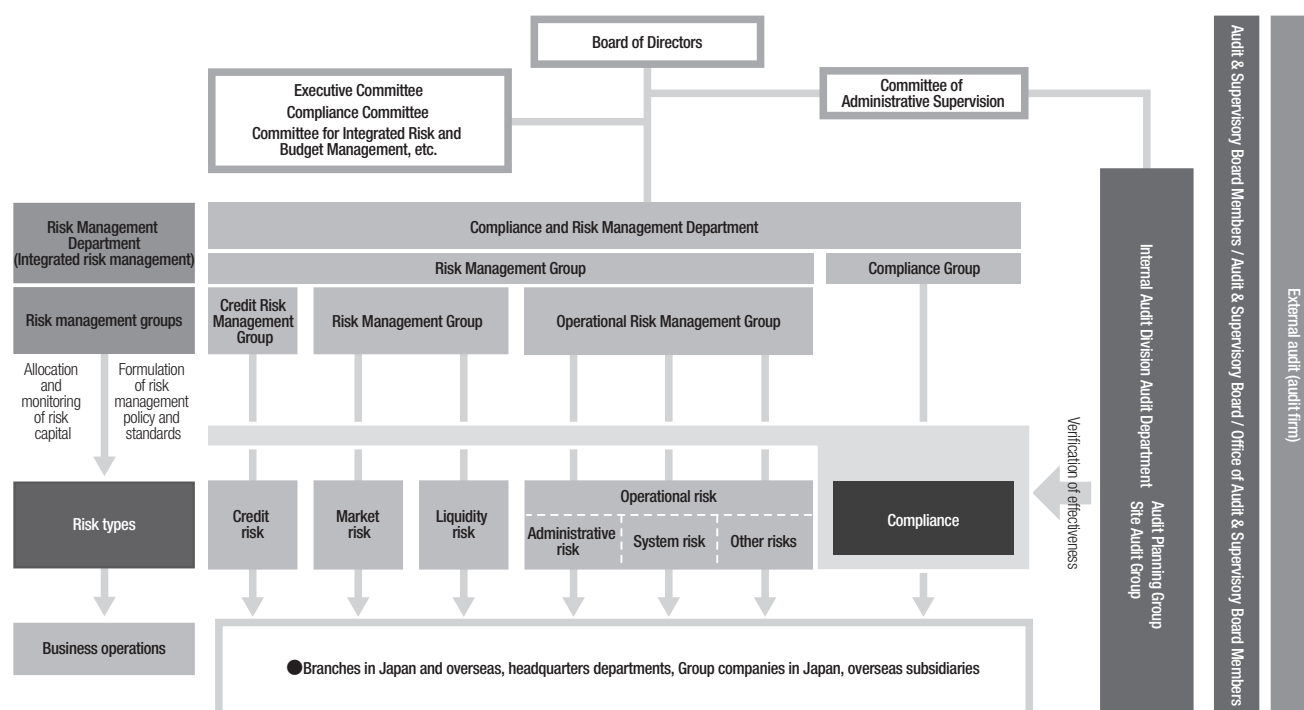
Basic Compliance Policy

As a member of the local community, the Shizuoka Bank Group complies with laws, regulations, and social norms and embraces a spirit of fair play. To achieve a harmonious

relationship with the community for further development, the Bank has established an Ethical Charter, which sets out the Bank's basic compliance policy.

Ethical Charter	
Gaining Trust	We are constantly aware of the importance of the Bank's social responsibility and public mission. As a banking group, we strive to build unshakable trust through sound business management.
Compliance with Laws, Regulations and Rules	In the conduct of our business, we comply with laws, regulations, and Company rules and, on the basis of honesty and fairness, we adhere to social norms as a member of society.
Social Etiquette and Fair Play	As executives and employee of the Shizuoka Bank Group, we contribute to the development of the local community by fostering a strong social etiquette and a spirit of fair play.
Breaking Contact with Anti-Social Forces	The Shizuoka Bank Group adamantly rejects the unreasonable demands made by anti-social forces and groups that offend public order and morals and absolutely refuses to deal with such groups.
Active Communication	We actively communicate with stakeholders and cooperate with them to build a strong compliance system.

Shizuoka Bank Group's Compliance and Risk Management Systems



Compliance System

At the Shizuoka Bank Group, the Board of Directors formulates the Compliance Program, an annual action plan.

The Compliance Committee, chaired by the President and consisting of directors and other executives, meets monthly to deliberate on important compliance-related matters and assess the operation of the compliance system across the Shizuoka Bank Group, including the progress toward achievement of the goals of the Compliance Program. The committee reviews and revises the Compliance System as deemed necessary.

The Compliance Department monitors the functioning of the compliance system through integrated management of compliance-related information to prevent possible

compliance violations and strengthen the compliance system.

Compliance Officers and officers responsible for the management of risk-bearing products assigned to the Compliance Department provide guidance to the Bank's branch offices and conduct monitoring, through on-site checks.

Compliance managers and compliance promoters are assigned to all branches of the Bank, headquarters departments, and Group companies where they conduct compliance inspections and draft reports on day-to-day business operations. The Audit Department of the Internal Audit Division verifies the appropriateness and effectiveness of the compliance system.

Cultivating Compliance-centered Corporate Culture

Management is actively involved in compliance activities to enhance awareness of all employees of the Shizuoka Bank Group concerning compliance. For example, directors directly give instructions about compliance, taking the opportunity of branch managers' meetings and visits to branch offices.

The Bank's measures to foster and raise compliance awareness include the following:

Shizugin Compliance Book

The Bank has established standards of conduct vis-à-vis laws and regulations that must be observed in the execution of day-to-day business activities. The Shizugin Compliance Book, which is on the enterprise network for reference by all officers and employees of the Shizuoka Bank Group, provides clear explanations concerning the relevant laws and regulations.

"Opinion Box" Internal Reporting System

For early detection and remediation of compliance-related issues, such as violation of laws and regulations, the Bank has established the "Opinion Box," an internal reporting system via which all executives and employees of the Shizuoka Bank Group can directly report, so as to enhance the self-corrective function.

Reports can be made to the Executive in charge of compliance, the Compliance Management Department, and attorneys' offices by phone, in writing, by email, or through groupware regardless of whether anonymous or not. The name of the person making a report will not be disclosed without his or her consent. In order to encourage use of the Opinion Box, it is stipulated that under no circumstances are executives or employees permitted to seek to identify the person reporting and no one who reports shall be treated unfavorably.

Compliance Education and Training

The Bank conducts ongoing educational activities for the practice of compliance, such as training for executives and employees and the holding of monthly study groups at branches.

Countermeasures to Prevent Money Laundering and Provision of Funds to Terrorists

The importance of countermeasures to combat money laundering and the provision of funds to terrorists is increasing in recent years, as an issue that Japan and the international community must tackle. The Shizuoka Bank regards these issues not only in terms of compliance, but also in terms of coping with the risks, which may develop into management issues. As such, the Shizuoka Bank Group is making a concerted effort to enhance the effectiveness of such countermeasures, with initiatives to strengthen its preparedness such as the establishment of the Anti-Money Laundering and Other Financial Crimes Management Office in April 2018.

Shizuoka Bank's control systems

Category	Department	Role
First line of defense (sales division)	Branches, loan centers etc.	Proper understanding and accurate executing of policy and procedures
Second line of defense (management departments)	Anti-Money Laundering and Other Financial Crimes Management Office, Department responsible at headquarters	Monitoring and support of the first line of defense (sales division)
Third line of defense (Internal Audit Division)	Audit Department	Verification of the effectiveness of countermeasures to combat money laundering and the provision of funds to terrorists

The control system established by the Shizuoka Bank is based on the idea of "three lines of defense" indicated in the "Guidelines for Anti-Money Laundering

and Combating the Financing of Terrorism" established by the Financial Services Agency.

The Shizuoka Bank will continue to cooperate with related government departments and agencies to strengthen countermeasures to combat money laundering and the provision of funds to terrorists, aiming to eliminate criminal organizations and activities from the Bank's finances, and continuing to provide safe and convenient financial services.

Integrated Risk Management Systems

The Shizuoka Bank Group has established a basic framework, including definitions of risk, an organizational structure for risk management, and specific risk control procedures based on the Basic Risk Management Regulations, which lay down the fundamental principles that underlie our approach to risk management.

To ensure an appropriate balance between raising earnings levels and financial sustainability, the Bank's risk management is based on the allocation of risk capital as an integral part of its integrated risk management system.

The allocation of risk capital is a mechanism to ensure the soundness of management by keeping risk within a manageable range. Shizuoka Bank defines core shareholder's equity as capital for allocation and allocates it to all departments involved in business execution. Even if market risk, credit risk and other risks were to materialize, the resulting losses would be controlled within the bounds of shareholders' equity.

Credit Risk Management System

The Credit Risk Management Group of the Compliance and Risk Management Department is responsible for overall management of credit risk relating to the Shizuoka Bank Group's operations both in Japan and overseas in order to maintain and enhance the soundness of the Group's loan asset portfolio. In the Bank's internal rating system, including its borrower credit rating system, which is the foundation stone of its credit risk management, the Credit Risk Management Group of the Risk Management Department is responsible for the design of the system and supervision of its operation; the Ratings Assessment Group of the Credit Department is responsible for the day-to-day operation of the credit rating system; and the Risk Management Group of the Risk Management Department is responsible for verification of the appropriateness of the system. Mutual checks and balances among these three units facilitate greater precision and proper functioning of the Bank's internal ratings system.

The Credit Risk Management Group uses statistical methods to quantify latent credit risk in the Bank's loan portfolio. In this way, the Bank accurately assesses the amount of future risk, monitors the concentration of loans to particular large borrowers or specific industries, and thus controls the portfolio to avoid excessive credit risk.

The Audit Department, which is organizationally independent of the Banking Division, the Credit Department, and the Risk Management Department, audits the appropriateness and effectiveness of the design and operation of the credit risk management system.

Market Risk Management System

In market transactions, the Shizuoka Bank Group limits the amount of risk capital allocated and sets various restrictions, such as on gains or losses from valuation of investment securities, and on the amount of exposure or loss depending upon the risk profile of each transaction or financial instrument. In this way, the Group keeps market risk within certain defined levels.

For banking account transactions, centering on deposits, loans, and investment securities, the Business Strategy Planning and ALM Group of the Corporate Planning Department formulates the hedging policies based on current risk conditions and on the outlook for interest rates so as to keep risk volume within a certain range, and these policies are deliberated at the Committee for Integrated Risk and Budget Management.

The organization of the market operations is strictly separated into departments conducting transactions (front office: Treasury Department, etc.), administrative and control departments (back office: Treasury & International Operations Center of the Operations Planning Department), and an independent risk management department (middle office: Risk Management Group of the Compliance and Risk Management Department) for mutual checks and balances. Moreover, the Audit Department, which is independent of the departments responsible for executing transactions, verifies the effectiveness of the mutual checks and balances between these three departments.

Liquidity Risk Management System

The Shizuoka Bank Group has separate yen and foreign currency-denominated financing management departments (Fund & Foreign Exchange Group of the Treasury Department, Treasury & International Operations Center of the Operations Planning Department, etc.), and a liquidity risk management department (Risk Management Group of the Compliance and Risk Management Department) that is entirely independent of the financing management departments. In this way, the Bank has put in place a system that provides mutual checks and balances. The Fund & Foreign Exchange Group of the Treasury Department, which is one of the financing management departments, controls fundraising requirements within procurable levels to avoid excessive fundraising. We conduct stable fund management activities, paying close attention to market conditions. Moreover, the liquidity risk management department monitors the status of financing management departments and assesses the stability of the assets-liabilities structure.

To handle unforeseen circumstances, we proactively prepared an emergency cash flow management system, assuming four stages of emergency: “Stage 1 (preventive stage)”; “Stage 2 (attention required stage)”; “Stage 3 (liquidity concern stage)”; and “Stage 4 (insufficient liquidity stage)”. We predefined countermeasures and authorized persons for each stage, thereby forming a structure capable of swiftly responding to issues should they arise.

With regard to market liquidity risk, the liquidity risk management department routinely monitors the status of highly liquid asset holdings that can be easily monetized. The front office addresses market liquidity risk by selecting investment assets based on their liquidity and setting limits on specific stocks and holding periods.

What is Value at Risk (VaR)?

VaR is a risk management technique that statistically measures the potential loss in value of an asset over a given period of time.

Operational Risk Management System

Each risk category is managed by a dedicated unit of the Bank, while the Operational Risk Management Group of the Compliance and Risk Management Department is responsible for overseeing and managing operational risk throughout the Shizuoka Bank Group. In line with our basic policies on operational risk management, we are taking steps to strengthen our operational risk management system through a range of measures including the compilation and analysis of internal loss data and the implementation of a risk control self-assessment. The Audit Department, which is organizationally independent from any of the units that it audits, verifies the effectiveness of the risk management system through on-site inspection, etc.

Administrative Risk Management

The Shizuoka Bank Group has established the Administrative Risk Management Rules that include the Group's basic policy for administrative risk management and executes operations in accordance with the rules. For administrative incidents that occur, we take preventive steps by according priority to measures for incidents involving higher risk to reduce administrative risk. In response to diversification of operations and increasing transaction volumes, we are promoting the shifting of the administrative function at our branches to a shared services center and the introduction of IT systems to enhance efficiency and thus avert operational risk.

System Risk Management

The Shizuoka Bank Group positions IT systems as a part of information assets. We have established the Basic Policy for Information Asset Security Measures (Security Policy) that includes our basic policy for dealing with system risk. We are implementing various security measures based on the Standards for Information Asset Security Measures (Security Standards) to ensure secure operation of the IT systems.

Prompt and Appropriate Disclosure

To ensure prompt and appropriate provision of corporate information to the Bank's stakeholders, the Bank conducts comprehensive information disclosure in accordance with the Banking Law and the Financial Instruments and Exchange Act and the securities listing regulations of the Japanese stock exchanges. The Bank also conducts voluntary proactive disclosure by appropriately disclosing information in a consistent, transparent and impartial manner.

The Information Disclosure Regulations, which set out the policy, procedures, and systems, on information disclosure (Information Disclosure Policy), have been determined by the Board of Directors. In accordance with the Information Disclosure Regulations, the Corporate Planning Department centrally manages various information generated by each group, and the information is disclosed after implementing the predetermined approval procedure according to the specified authorization classification. To maintain prompt and appropriate disclosure, when necessary, the Corporate Planning Department confers with the Compliance Department and the auditing firm, while the Internal Audit Division periodically verifies the appropriateness and effectiveness of the systems and operational administration concerning disclosure.

Region-based Relationship Banking

Basic Policy

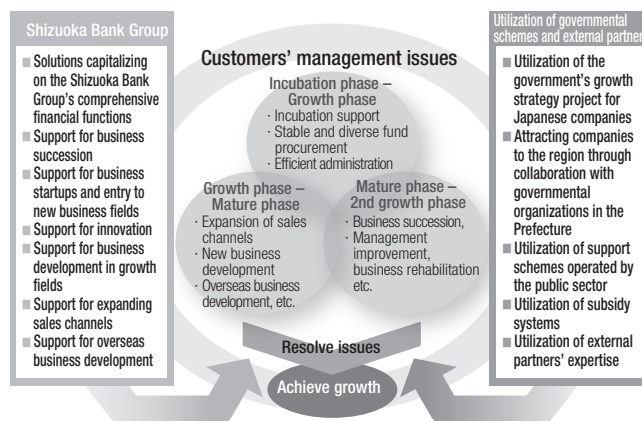
Region-based relationship banking is a business model whereby financial institutions cultivate long-term relationships with customers and offer financial services based on their grasp of customer needs obtained through the relationships.

The Shizuoka Bank Group's basic policy on region-based relationship banking is to "achieve sustained growth in tandem with the region by adhering to the Bank's corporate philosophy, 'expand dreams and affluence with our community.'" By putting this corporate philosophy into practice under the medium-term business plan and annual plans, we are promoting region-based relationship banking and aim to achieve sustained growth by cultivating mutually beneficial relationships with our customers in the region through the provision of value-added services attuned to their needs.

Solutions for Various Management Issues

Utilizing an extensive network encompassing Group companies and external partners, the Shizuoka Bank Group supports vitalization of the regional economy and development of customers' businesses over the medium to long term by offering high-value-added solution services and financing attuned to the development phase.

The Bank's Shizugin Growth Field Support Project supports local companies concerning new business development, management innovation, and restructuring.



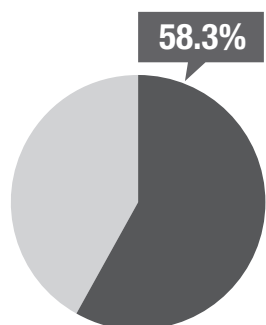
Smooth Supply of Funds to Companies in the Region

The Bank works on activation of regional economy by assisting increase in business value of companies and solo proprietors who support regional economy and by stably providing funds for business.

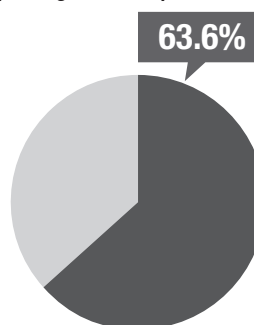
The bank continues assisting increase in business value by supporting growth of customers and providing

appropriate solutions to management issues, as well as providing funds for business to even more customers by promoting loans without overly depending on collateral or guarantee based on proper evaluation of sustainability and prospects.

Ratio of loans in Shizuoka Prefecture to total loans (average balance)



Ratio of loans in Shizuoka Prefecture to total loans for small and medium-sized enterprises (SMEs) (average balance)



Support for Business Start-ups and Entry to New Business Fields and Initiatives in Growth Fields

Growth fields

The Shizuoka Bank Group is emphasizing its initiatives in five growth fields: healthcare and nursing care, the environment, agriculture, support for overseas business development, and business succession support.

* Please see the next page for support for overseas business development.

Healthcare and nursing care

Specialists in the healthcare and nursing care field are assigned to the headquarters and regional business units. We hold seminars for healthcare institutions and offer support for the start-up of healthcare and nursing care businesses, business succession, and the securing of business sites.

The Environment

Prompted by the growing emphasis on environmental management, we support our customers' response to environmental issues by offering loans and private placement bonds based on environmental rating and support for obtaining ISO 14001 certification.

Furthermore, we proactively provide support for new energy businesses and for businesses endeavoring to save energy.

Agriculture

We organize the "shizugin@gricom" trade show to support the food business in general. In order to meet the needs of customers wishing to enter the agricultural sector or new fields in the food industry, we follow the Agriculture, Commerce and Industry Collaboration Program, which is an initiative of the Japanese government, and support collaboration between agriculture and the food industry advocated by the Japanese government.

Business Succession Support

In collaboration with external experts such as tax accountant corporations and lawyer's offices in addition to the subsidiaries such as Shizugin Management Consulting Co., Ltd. and Shizuoka Capital Co., Ltd., the Shizuoka Bank assists customers with succession both of business properties including company stock and of management.

"Shizuginship" for Young Managers

Shizuginship is a membership service that the Bank launched in April 2007. It provides a learning and networking opportunity for young managers who will be the next generation of business leaders.

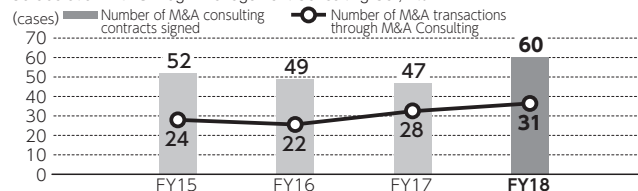
In addition to lectures, seminars and other events, Shizuginship members can access useful information through the dedicated website.

Consulting

Leveraging the Shizuoka Bank Group's comprehensive financial capabilities, we offer information and consulting to help our customers solve their business issues.

M&A consulting

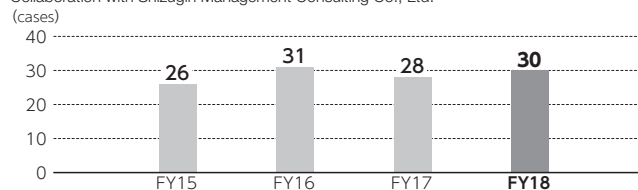
Collaboration with Shizugin Management Consulting Co., Ltd.



* Regarding the "number of M&A transactions through M&A Consulting," where separate contracts are concluded with both the acquiring company and the company being acquired, these are counted as two contracts.

Management consulting contracts

Collaboration with Shizugin Management Consulting Co., Ltd.

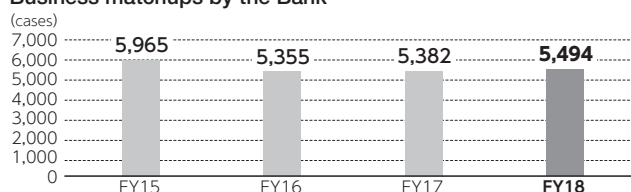


Business Matching

The Shizuoka Bank offers business matching services. Leveraging our well-developed branch network centering on Shizuoka Prefecture, we introduce buyers and sellers of products and services. In fiscal 2018, the Bank arranged 5,494 business matchups. We also organize the "shizugin@gricom" trade show for the agriculture, forestry and fisheries sectors, and support other initiatives in collaboration with other financial institutions to help market distinctive products of Shizuoka Prefecture.

In February 2019, for the Supermarket Trade Show 2019, one of the largest exhibitions about foods, and a good opportunity for business talks, we organized a booth titled "Fujinokuni Shizuoka Yumekaido (meaning The Dream Road - Mt. Fuji area, Shizuoka)" in cooperation with Shizuoka Prefectural government and Shizuoka Industrial Foundation, and jointly held exhibitions in the trade show with 51 of our customers.

Business matchups by the Bank



Support for Business Start-ups and Entry to New Business Fields

Our specialists in charge of management consulting who are qualified small and medium enterprise management consultants and personnel in charge of business stations in each region identify promising companies and foster them. As well as addressing funding needs through a joint fund with Shizuoka Capital Co., Ltd. and public loan schemes, such as those for supporting business start-ups and entry to new business fields, and our own loan products, we offer customers a broad range of support. For example, when visiting customers we may be accompanied by small and medium enterprise management consultants who offer advice. We also introduce the other party of business matching to customers.

We are also providing support for venture businesses through industry-academia-government collaboration, which involves working with universities and technical colleges in each region, as well as with the Shizuoka Industrial Foundation and other public organizations.

In addition, we have been supporting customers' growth through assistance in filing for subsidies based on the management innovation plan or the Manufacturing Subsidy.

7th Shizugin Entrepreneur Awards

We hosted the 7th Shizugin Entrepreneur Awards and commended entrepreneurs engaged in innovative and creative businesses, capable of opening up a bright future for the regional economy.

In fiscal 2018, we invited applications for business plans for three categories, Pre-founding (at the business planning stage), Start-ups (less than five years since the start of business) and Corporate Innovation and Second-time Start-ups (five years or more since the start of business).

From 147 applications, eight winners were selected: one Excellent Award winner, two Outstanding Award winners, one Observer Award winner, and four Special Award winners. The award winners were commended in April 2019.

The Shizuoka Bank Group will assist all applicants in their efforts to accomplish their business plans by offering them various supports in filing management innovation plan applications and business matching services for developing sales channels.

Number of applications for the 7th Shizugin Entrepreneur Awards

Category	Number of applications
Pre-founding (business planning stage)	19
Start-ups (less than five years since the start of business)	40
Corporate Innovation and Second-time Start-ups (five years or more since the start of business)	88
Total	147

Support for Overseas Business Development

Support for Overseas Business Development

To support customers in the development of their overseas business, the Shizuoka Bank Group has six overseas offices: two in the U.S. (New York and Los Angeles), one in Europe (Brussels), and three in Asia (Hong Kong, Singapore, and Shanghai).

Support Systems within Japan

Six staff responsible for forex solutions, featuring bank personnel with overseas service experience, are stationed in the Bank's International Department, which is engaged in the planning and supervision of support for overseas business development.

Staff responsible for forex solutions cooperate with domestic branches to respond to diverse customer needs, for example providing information on the overseas investment environment, support for expanding sales channels, and financing for overseas businesses.

In addition, they provide information on a broad range of issues, not limited to finance, for customers entering overseas markets for the first time, including lifestyle, accommodation and education for Japanese staff stationed overseas.

Support Systems Overseas

To support customers in the development of their overseas business, the Shizuoka Bank Group has six overseas offices: two in the U.S. (New York and Los Angeles), one in Europe (Brussels), and three in Asia (Hong Kong, Singapore, and Shanghai).

In Asia where robust economic growth is continuing, in addition to the Bank's own offices, we have established a

network covering the region through business alliances with local financial institutions, providing hands-on support from overseas expansion to local business development.

Many of our customers are developing their businesses in Thailand, Vietnam and Indonesia. The Bank has dispatched its staff to these countries to provide customers proactive support in local business expansion. Moreover, we host Seiyukai events for customers of Shizuoka Bank, providing an opportunity for our customers to network and exchange information.

Support menu for overseas business development

•Consultation on overseas business development

The Bank provides the latest information and fine-tuned services to meet diverse customer needs, including overseas business development, transactions with foreign companies, and foreign investment.

•Support for export and import transactions

Capitalizing on its experience and overseas network, the Bank facilitates customers' transactions.

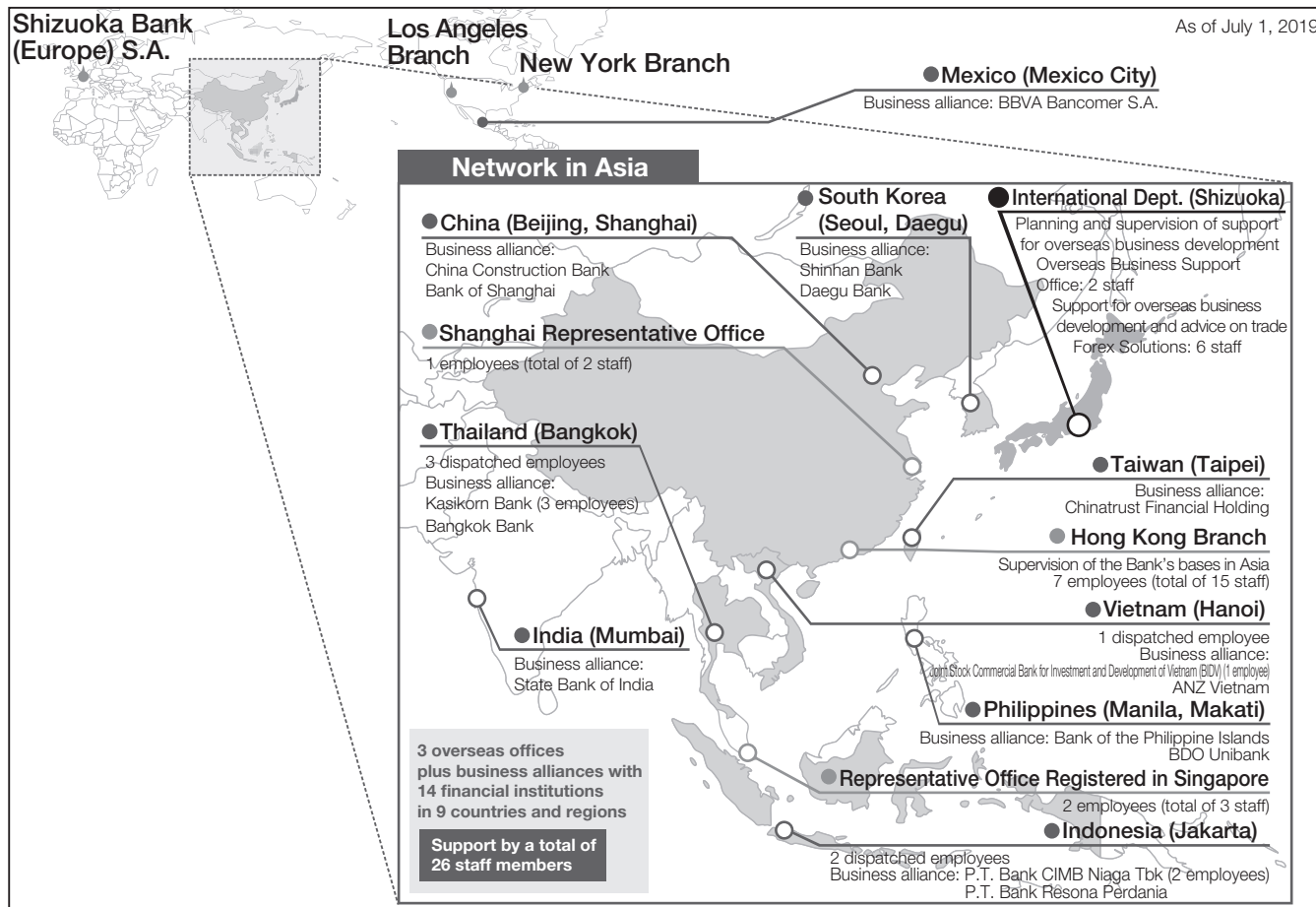
•Financing services

The Bank provides advice on a range of financing schemes for customers' local subsidiaries overseas, including cross-border loans from domestic branches, and stand-by letters of credit to facilitate loans in local currency from our partner financial institutions.

•Guidance on foreign exchange, including overseas remittance and forex risk hedging

Shizuoka Bank Group's Overseas Network

As of July 1, 2019



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The Shizuoka Bank Ltd.:

We have audited the accompanying consolidated balance sheet of The Shizuoka Bank Ltd. and its consolidated subsidiaries as of March 31, 2019, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Shizuoka Bank Ltd. and its consolidated subsidiaries as of March 31, 2019, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 2 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

June 5, 2019 *Deloitte Touche Tohmatsu LLC*

Member of
Deloitte Touche Tohmatsu Limited

Consolidated Balance Sheet

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries March 31, 2019

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2019	2018	2019
Assets:			
Cash and due from banks (Notes 12 and 30)	¥ 1,221,342	¥ 1,051,482	\$ 11,004,075
Call loans and bills bought (Note 30)	270,212	200,599	2,434,563
Monetary claims bought	40,332	41,770	363,385
Trading assets (Notes 4 and 30)	36,469	19,429	328,587
Money held in trust (Note 5)	3,900	3,700	35,138
Securities (Notes 6, 12, and 30)	1,402,704	1,597,906	12,638,120
Loans and bills discounted (Notes 7, 12, 13, and 30)	8,531,914	8,263,507	76,871,023
Foreign exchanges (Note 8)	7,582	8,968	68,314
Lease receivables and investment assets (Note 28)	70,770	65,983	637,631
Other assets (Notes 9 and 12)	124,287	122,820	1,119,805
Tangible fixed assets (Note 10)	67,063	71,228	604,231
Intangible fixed assets (Note 10)	38,658	36,637	348,307
Asset for retirement benefits (Note 18)	6,387	9,838	57,549
Deferred tax assets (Note 27)	2,664	2,382	24,005
Customers' liabilities for acceptances and guarantees (Note 11)	72,371	76,894	652,054
Allowance for loan losses (Note 30)	(41,835)	(40,372)	(376,926)
Allowance for investment losses	(55)	(54)	(497)
Total Assets	¥11,854,771	¥11,532,724	\$ 106,809,368
Liabilities and Equity:			
Liabilities:			
Deposits (Notes 12, 14, and 30)	¥ 9,919,324	¥ 9,624,934	\$ 89,371,332
Call money and bills sold (Note 30)	168,834	69,661	1,521,167
Payables under repurchase agreements (Notes 12 and 30)	129,016	104,080	1,162,419
Payables under securities lending transactions (Notes 12 and 30)		68,589	
Trading liabilities (Note 4)	6,028	7,499	54,319
Borrowed money (Notes 12, 15, and 30)	282,839	283,200	2,548,337
Foreign exchanges (Note 8)	542	3,888	4,886
Bonds payable (Note 16)	35,444		319,346
Bonds with stock acquisition rights (Note 16)	33,297	84,992	300,000
Borrowed money from trust account	243	228	2,196
Other liabilities (Note 17)	100,622	127,043	906,594
Liability for retirement benefits (Note 18)	20,114	20,199	181,229
Provision for directors' retirement benefits	349	325	3,149
Provision for losses from reimbursement of inactive accounts	980	1,166	8,829
Provision for contingent losses	1,249	1,505	11,256
Provision for point program	353	353	3,184
Reserves under special laws	11	11	105
Deferred tax liabilities (Note 27)	66,331	65,340	597,637
Acceptances and guarantees (Note 11)	72,371	76,894	652,054
Total Liabilities	10,837,956	10,539,915	97,648,045
Equity: (Notes 19, 20, 21, and 35)			
Capital stock, authorized, 2,414,596 thousand shares; issued, 615,129 thousand shares in 2019 and 645,129 thousand shares in 2018	90,845	90,845	818,503
Capital surplus	54,884	54,884	494,495
Subscription rights to shares	323	350	2,910
Retained earnings	705,966	702,591	6,360,629
Treasury stock-at cost, 31,225 thousand shares in 2019 and 51,304 thousand shares in 2018	(31,642)	(52,183)	(285,091)
Accumulated other comprehensive income:	195,080	194,928	1,757,638
Valuation difference on available-for-sale securities	193,428	194,349	1,742,759
Deferred gains or losses on hedges	671	561	6,050
Foreign currency translation adjustments	75	(2,697)	682
Defined retirement benefit plans	904	2,715	8,146
Total	1,015,457	991,415	9,149,088
Noncontrolling Interests	1,357	1,392	12,234
Total Equity	1,016,815	992,808	9,161,323
Total Liabilities and Equity	¥11,854,771	¥11,532,724	\$ 106,809,368

See notes to consolidated financial statements.

Consolidated Statement of Income

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2019

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2019	2018	2019
Income:			
Interest Income:			
Interest on loans and discounts	¥106,766	¥100,750	\$ 961,942
Interest and dividends on securities	31,417	23,560	283,065
Other interest income	4,920	2,828	44,333
Subtotal	143,104	127,140	1,289,341
Fees and Commissions	66,442	64,487	598,632
Trading Income	3,004	3,623	27,069
Other Operating Income (Note 22)	7,268	4,971	65,491
Other Income (Note 23)	19,527	30,131	175,936
Total Income	239,346	230,355	2,156,471
Expenses:			
Interest Expense:			
Interest on deposits	12,805	8,883	115,377
Interest on borrowings and rediscounts	3,898	2,678	35,122
Other interest expense	10,431	4,854	93,983
Subtotal	27,135	16,415	244,482
Fees and Commission Payments	36,224	34,574	326,376
Trading Expenses			
Other Operating Expenses (Note 24)	5,702	5,219	51,381
General and Administrative Expenses (Note 25)	90,235	92,871	813,004
Other Expenses (Note 26)	13,367	9,643	120,438
Total Expenses	172,665	158,724	1,555,683
Income before income taxes	66,681	71,630	600,787
Income Taxes: (Note 27)			
Current	17,794	18,360	160,322
Deferred	1,943	3,102	17,514
Total income taxes	19,738	21,463	177,837
Net Income	46,943	50,167	422,950
Net Income Attributable to Noncontrolling Interests	68	36	616
Net Income Attributable to Owners of the Parent	¥ 46,874	¥ 50,130	\$ 422,333
	Yen		U.S. Dollars (Note 2)
Per Share: (Note 34)			
Basic net income	¥79.31	¥83.71	\$0.71
Diluted net income	76.93	78.32	0.69
Cash dividends applicable to the year	22.00	21.00	0.19

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2019

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2019	2018	2019
Net Income	¥ 46,943	¥ 50,167	\$ 422,950
Other Comprehensive Income (Loss): (Note 33)			
Valuation difference on available-for-sale securities	(962)	29,116	(8,669)
Deferred gains or losses on hedges	(47)	(145)	(430)
Foreign currency translation adjustments	2,487	(2,566)	22,415
Defined retirement benefit plans	(1,811)	3,785	(16,320)
Share of other comprehensive income in associates	385	(528)	3,471
Total other comprehensive income (loss)	51	29,661	466
Comprehensive Income	46,995	79,828	423,416
Total Comprehensive Income Attributable To:			
Owners of the parent	¥ 47,026	¥ 79,573	\$ 423,703
Noncontrolling Interests	(31)	254	(287)

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2019

	Thousands	Millions of Yen												
		Accumulated Other Comprehensive Income												
	Number of Shares of Common Stock Outstanding	Capital Stock	Capital Surplus	Subscription Rights to Shares	Retained Earnings	Treasury Stock	Valuation Difference on Available -for-Sale Securities	Deferred Gains or Losses on Hedges	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Noncontrolling Interests	Total Equity	
Balance, April 1, 2017	645,129	¥90,845	¥54,884	¥407	¥664,459	¥(42,503)	¥165,605	¥750	¥198	¥(1,069)	¥933,578	¥1,140	¥934,719	
Cash dividends, ¥20.00 per share					(11,991)						(11,991)		(11,991)	
Net Income attributable to owners of the parent					50,130						50,130		50,130	
Purchase of treasury stock (10,049 thousand shares)						(9,789)					(9,789)		(9,789)	
Disposal of treasury stock (105 thousand shares)					(7)	108					101		101	
Net changes other than shareholders' equity				(57)			28,743	(189)	(2,896)	3,785	29,386	251	29,638	
Balance, March 31, 2018	645,129	¥90,845	¥54,884	¥350	¥702,591	¥(52,183)	¥194,349	¥561	¥(2,697)	¥2,715	¥991,415	¥1,392	¥992,808	
(April 1, 2018, as previously reported)														
Cumulative effect of accounting change					105		(105)							
Balance, April 1, 2018 (as restated)	645,129	¥90,845	¥54,884	¥350	¥702,696	¥(52,183)	¥194,244	¥561	¥(2,697)	¥2,715	¥991,415	¥1,392	¥992,808	
Cash dividends, ¥22.00 per share					(13,065)						(13,065)		(13,065)	
Net Income attributable to owners of the parent					46,874						46,874		46,874	
Purchase of treasury stock (10,001 thousand shares)						(10,070)					(10,070)		(10,070)	
Disposal of treasury stock (80 thousand shares)					(9)	81					72		72	
Retirement of treasury stock (30,000 thousand shares)	(30,000)				(30,530)	30,530								
Net changes other than shareholders' equity				(27)			(815)	110	2,773	(1,811)	230	(34)	195	
Balance, March 31, 2019	615,129	¥90,845	¥54,884	¥323	¥705,966	¥(31,642)	¥193,428	¥671	¥75	¥904	¥1,015,457	¥1,357	¥1,016,815	

	Thousands of U.S. Dollars (Note 2)											
	Capital Stock	Capital Surplus	Subscription Rights to Shares	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income				Total	Noncontrolling Interests	Total Equity
						Valuation Difference on Available -for-Sale Securities	Deferred Gains or Losses on Hedges	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans			
Balance, March 31, 2018	\$818,503	\$494,495	\$3,156	\$6,330,219	\$(470,164)	\$1,751,053	\$5,054	\$(24,307)	\$24,467	\$8,932,479	\$12,544	\$8,945,023
(April 1, 2018, as previously reported)												
Cumulative effect of accounting change				947		(947)						
Balance, April 1, 2018 (as restated)	818,503	494,495	3,156	6,331,167	(470,164)	1,750,105	5,054	(24,307)	24,467	8,932,479	12,544	8,945,023
Cash dividends, \$0.19 per share				(117,713)						(117,713)		(117,713)
Net Income attributable to owners of the parent				422,333						422,333		422,333
Purchase of treasury stock					(90,733)					(90,733)		(90,733)
Disposal of treasury stock				(85)	735					650		650
Retirement of treasury stock				(275,071)	275,071							
Net changes other than shareholders' equity			(245)			(7,346)	995	24,990	(16,320)	2,072	(309)	1,763
Balance, March 31, 2019	\$818,503	\$494,495	\$2,910	\$6,360,629	\$(285,091)	\$1,742,759	\$6,050	\$682	\$8,146	\$9,149,088	\$12,234	\$9,161,323

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2019

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2019	2018	2019
I. Operating Activities:			
Income before income taxes	¥ 66,681	¥ 71,630	\$ 600,787
Adjustments for:			
Income taxes paid	(21,682)	(9,977)	(195,357)
Depreciation and amortization	13,239	14,166	119,281
Impairment losses		78	
Gains on return of assets from retirement benefit trusts	(3,490)	(6,007)	(31,446)
Equity in (earnings) losses of affiliated companies	(109)	(1,651)	(990)
Increase (decrease) in allowance for loan losses	1,462	(6,708)	13,180
Increase (decrease) in allowance for investment losses	1	0	10
Increase (decrease) in asset and liability for retirement benefits	3,365	2,942	30,326
Increase (decrease) in provision for directors' retirement benefits	23	43	215
Increase (decrease) in provision for reimbursement of inactive accounts	(186)	869	(1,675)
Increase (decrease) in provision for contingent losses	(256)	(274)	(2,307)
Increase (decrease) in provision for point program	0	16	2
Interest income	(143,104)	(127,140)	(1,289,341)
Interest expense	27,135	16,415	244,482
Losses (gains) on securities	(6,578)	(4,945)	(59,273)
Losses (gains) on money held in trust	(41)	(35)	(372)
Losses (gains) on sale of fixed assets	188	138	1,699
Net decrease (increase) in trading assets	(17,039)	12,668	(153,526)
Net increase (decrease) in trading liabilities	(1,471)	(12,629)	(13,253)
Net decrease (increase) in loans and bills discounted	(244,650)	(364,050)	(2,204,258)
Net increase (decrease) in deposits	272,403	294,547	2,454,310
Net increase (decrease) in borrowed money	(3,687)	10,775	(33,224)
Net decrease (increase) in due from banks (excluding deposits paid to Bank of Japan)	34,278	27,732	308,839
Net decrease (increase) in call loans	(67,055)	69,268	(604,157)
Net decrease (increase) in monetary claims bought	1,438	(2,141)	12,961
Net increase (decrease) in call money	96,058	(34,414)	865,467
Net increase (decrease) in payables under repurchase agreements	21,983	71,998	198,071
Net increase (decrease) in payables under securities lending transactions	(68,682)	47,547	(618,819)
Net decrease (increase) in foreign exchanges (assets)	1,423	(2,342)	12,822
Net increase (decrease) in foreign exchanges (liabilities)	(3,345)	3,787	(30,144)
Net decrease (increase) in lease receivables and investment assets	(5,256)	(5,281)	(47,359)
Increase (decrease) in straight bonds-issuance and redemption	36,074		325,025
Net increase (decrease) in borrowed money from trust account	15	25	136
Interest and dividends received	140,654	119,157	1,267,267
Interest paid	(26,402)	(16,226)	(237,878)
Other-net	(30,073)	(34,048)	(270,952)
Total Adjustments	6,632	64,304	59,759
Net Cash Provided by (Used in) Operating Activities	73,314	135,934	660,547
II. Investing Activities:			
Purchases of securities	(1,336,340)	(1,244,230)	(12,040,184)
Proceeds from sales of securities	1,326,596	900,016	11,952,393
Proceeds from redemptions of securities	220,243	188,555	1,984,351
Increase in money held in trust	(200)	(400)	(1,801)
Purchases of tangible fixed assets	(3,350)	(3,943)	(30,186)
Purchases of intangible fixed assets	(7,378)	(10,610)	(66,481)
Proceeds from sales of tangible fixed assets	438	512	3,954
Payments for execution of asset retirement obligations	(255)		(2,298)
Net Cash Provided by (Used in) Investing Activities	199,753	(170,100)	1,799,746
III. Financing Activities:			
Proceeds from issuance of bonds with stock acquisition rights		33,900	
Redemption of bonds with stock acquisition rights	(53,120)		(478,601)
Dividends paid	(13,051)	(11,975)	(117,593)
Dividends paid to noncontrolling interests	(2)	(2)	(22)
Purchases of treasury stock	(10,070)	(9,789)	(90,733)
Proceeds from sales of treasury stock	0	101	2
Net Cash Provided by (Used in) Financing Activities	(76,244)	12,233	(686,948)
IV. Foreign Currency Translation Adjustments on Cash and Cash Equivalents	(73)	74	(661)
V. Net Increase (Decrease) in Cash and Cash Equivalents	196,750	(21,857)	1,772,683
VI. Cash and Cash Equivalents, Beginning of Year	711,919	733,777	6,414,268
VII. Cash and Cash Equivalents, End of Year	¥ 908,669	¥ 711,919	\$ 8,186,952

See notes to consolidated financial statements.

Cash and due from banks on the consolidated balance sheets at March 31, 2019 and 2018, are reconciled with cash and cash equivalents on the consolidated statements of cash flows as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2019	2018	2019
Cash and due from banks	¥1,221,342	¥1,051,482	\$11,004,075
Due from banks other than the Bank of Japan	(312,672)	(339,562)	(2,817,122)
Cash and cash equivalents, end of year	¥ 908,669	¥ 711,919	\$ 8,186,952

Notes to Consolidated Financial Statements

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2019

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared from the accounts maintained by The Shizuoka Bank, Ltd. (the "Bank") and its subsidiaries (the "Group") in accordance with the provisions set forth in the Companies Act of Japan (the "Companies Act"), the Japanese Financial Instruments and Exchange Act, the Banking Act of Japan, and the Accounting Guideline for Banks in Japan stated by the Japanese Bankers' Association, and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards (IFRS).

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

In addition, certain reclassifications have been made in the 2018 consolidated financial statements to conform to the classifications used in 2019.

2. JAPANESE YEN AND U.S. DOLLAR AMOUNTS

As permitted by the Japanese Financial Instruments and Exchange Act, Japanese yen amounts less than one million and U.S. dollars amounts less than one thousand have been omitted. As a result, the totals shown in the accompanying consolidated financial statements and the notes (both in yen and U.S. dollars) thereto do not necessarily agree with the sum of the individual account balances.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥110.99 to \$1, the approximate rate of exchange at March 31, 2019. Such translation should not be construed as a representation that Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation:

The accompanying consolidated financial statements as of March 31, 2019 and 2018, include the accounts of the Bank, its 12 significant subsidiaries, and three companies accounted for by the equity method.

Under the control and influence concepts, those companies in which the Bank, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

For investments in the remaining unconsolidated subsidiaries and associated companies, if the equity method of accounting had been applied, the effect on the accompanying consolidated financial statements would not be material.

The difference between the cost of an acquisition and the fair value of net assets of the acquired subsidiary at the date of acquisition is charged to income when incurred.

All significant intercompany accounts and transactions have been eliminated in consolidation. All material unrealized profits resulting from intercompany transactions are eliminated.

Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements:

The accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either IFRS or generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; and (d)

cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting.

Trading-purpose transactions:

"Transactions for trading purposes" (the purpose of seeking to capture gains arising from short-term fluctuations in interest rates, currency exchange rates or market prices of securities, and other market-related indices or from gaps among markets) are included in "Trading assets" and "Trading liabilities" on a trade-date basis. Trading securities and monetary claims purchased for trading purposes recorded in these accounts are stated at market value, and trading-related financial derivatives are stated at the amounts that would be settled if they were terminated at the end of the fiscal year.

Profits and losses on transactions for trading purposes are shown as "Trading income (expense)" on a trade-date basis.

Securities:

Held-to-maturity debt securities, which are expected to be held-to-maturity with the positive intent and ability to hold to maturity, are stated at amortized cost computed using the straight-line method. Available for sale securities, which are not classified as either trading account securities or held-to-maturity debt securities, are stated at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Available-for-sale securities whose fair value cannot be reliably determined are stated at cost, determined by the moving-average method.

For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

Tangible fixed assets:

Tangible fixed assets are stated at cost, less accumulated depreciation. Depreciation of tangible fixed assets owned by the Bank is computed mainly using the declining-balance method over the estimated useful lives, while the straight-line method is applied to structures acquired on or after April 1, 2016.

The range of useful lives is principally from three to 50 years for buildings and from two to 20 years for equipment.

Depreciation of tangible fixed assets owned by consolidated subsidiaries is principally computed using the declining-balance method over the estimated useful lives of the assets.

The useful lives for lease assets are the terms of the respective leases.

Impairment loss:

The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

Software:

The Bank and its consolidated subsidiaries in Japan amortize internal-use software development costs using the straight-line method over the useful life (five years).

Allowance for loan losses:

The amount of the allowance for loan losses is determined based on management's judgement and assessment of future losses based on the Bank's self-assessment system. This system reflects the past experience of credit losses; possible future credit losses; business and economic conditions; the character, quality, and performance of the portfolio; and other pertinent indicators.

The Bank implemented a self-assessment system to monitor the quality of its assets. The quality of all loans is assessed by branches and the Credit Supervision Department, with a subsequent audit by the Credit Examination Department, in accordance with the Bank's policy and rules for self-assessment of asset quality.

The Bank has established a credit rating system under which its borrowers are classified into five categories. The credit rating system is used for self-assessment of asset quality. All borrowers are classified into five categories for self-assessment purposes — "normal," "caution," "possible bankruptcy," "virtual bankruptcy," and "legal bankruptcy."

For loans to borrowers classified as legal bankruptcy or virtual bankruptcy, the Bank fully provides the net amount of loans and estimated collectible amounts by collateral or guarantees. Regarding loans to borrowers classified as possible bankruptcy, a specific reserve is provided to the necessary extent for the net amount of loans and estimated collectible amounts by collateral or guarantees.

For the borrower with certain loan amounts classified as possible bankruptcy or being with restructured loans, if cash flows from collection of principals and interests can be reasonably estimated, the Bank provides the difference between the present value of these cash flows discounted at the initial contractual rates and the book values of loans (the "DCF" method).

For other loans, a general allowance is provided based on the historical loan loss ratio.

The consolidated subsidiaries provide for the allowance for loan losses at the amount deemed necessary to cover such losses, principally based on past experience.

Allowance for investment losses:

The allowance for investment losses is provided at a necessary amount based on the estimated possible losses on investments.

Retirement and pension plans:

The Bank and certain consolidated subsidiaries have lump-sum retirement benefit plans, a contributory funded defined benefit pension plan, and a noncontributory funded pension plan.

The projected benefit obligations are attributed to periods on a straight-line basis. Actuarial gains and losses are amortized on a straight-line basis over 10 years within the average remaining service period. Past service costs are recognized in the applicable year.

Provision for losses from reimbursement of inactive accounts:

The provision for losses from reimbursement of inactive accounts, which are derecognized as liabilities under certain conditions, is provided for possible losses on future claims of withdrawal based on historical reimbursement experience.

Provision for retirement benefits to directors:

The provision for retirement benefits to directors is provided for the payments that have occurred up to the end of the fiscal year to pay for retirement benefits to directors.

Provision for contingent losses:

The provision for contingent losses is provided for the estimated future payments to credit guarantee corporations due to the implementation of a loss-sharing system.

Provision for point program:

The provision for the point program is provided for the reasonably estimated future usage of points given to credit card customers.

Reserves under special laws:

Reserves under special laws are reserves for financial product transaction liabilities in accordance with Section 1, Article 46-5 of the Japanese Financial Instruments and Exchange Act.

Asset retirement obligations:

An asset retirement obligation is recorded for a legal obligation imposed either by law or contract that results from the acquisition, construction, development, and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

Leases:

Lessor

For financing leases in which the Bank is lessor, sales and cost of sales are accounted for when lease payments are paid.

Stock options:

The accounting standard for stock options requires companies to measure the cost of employee stock options based on the fair value at the date of grant and recognize compensation expense over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to nonemployees based on the fair value of either the stock options or the goods or services received. In the balance sheet, the stock options are presented as stock acquisition rights as a separate component of equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions. In addition, the standard allows unlisted companies to measure options at their intrinsic value if they cannot reliably estimate fair value.

Translation of foreign currencies:

Assets and liabilities, which are payable or receivable in foreign currencies, are converted into Japanese yen at the rates prevailing at each balance sheet date.

The financial statements of the consolidated subsidiaries outside Japan are translated into Japanese yen at the current exchange rate at each balance sheet date, except for equity, which is translated at the historical exchange rate.

Differences arising from such translation are shown as "Foreign currency translation adjustments" in a separate component of equity.

Income taxes:

The Bank and its consolidated subsidiaries in Japan allocate income taxes based on the asset and liability method.

Deferred income taxes are recorded to reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. These deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

Derivatives and hedging activities:

All derivative transactions, except those entered into for hedging purposes, are recognized as either assets or liabilities and measured at fair value, with gains or losses on derivative transactions recognized in the statement of income.

For derivative transactions used for hedging purposes, the methods of hedge accounting are as follows:

(a) Transactions to hedge against interest rate risk

Transactions to hedge against interest rate risk affecting the financial assets and liabilities of the Bank are accounted for using deferral hedge accounting as stipulated in the Japan Institute of Certified Public Accountant ("JICPA") Industry Audit Committee Report No. 24, "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in the Banking Industry."

Regarding the effectiveness of a hedging relationship under fair value hedging, a portfolio of hedged items, such as deposits or loans with common maturities, is matched with a group of hedging instruments, such as interest rate swaps, which offset the effect of fair-value fluctuations of the hedged items by identified maturities, and are designated as a hedge of the portfolio. The effectiveness of the fair value hedge is assessed by each group. Also, the effectiveness of a cash flow hedge is assessed on the basis of the correlation between the base interest rate index of the hedged cash flow and that of the hedging instrument.

Special hedging treatment is applied for interest rate swaps.

Methods similar to that utilized by the Bank are applied to hedge transactions conducted by the subsidiaries of the Bank.

(b) Transactions to hedge against foreign exchange fluctuation risk
Deferral hedge accounting is applied to hedges against foreign exchange fluctuation risks associated with foreign currency-denominated monetary assets and liabilities, stipulated in the JICPA Industry Audit Committee Report No. 25, "Accounting and Auditing Treatment of Accounting Treatment on Foreign Currency Transactions in the Banking Industry."

The effectiveness of currency swap transactions, exchange swap transactions, and similar transactions hedging foreign exchange risks of monetary assets and liabilities denominated in foreign currencies is assessed by comparison of the foreign currency position of the hedged monetary assets and liabilities and the hedging instruments.

In order to hedge the foreign exchange risk of foreign currency-denominated available-for-sale securities (except bonds), the Bank applies the "general method," using market value hedges in accordance with certain conditions, namely the stipulation in advance of which foreign currency-denominated securities are to be hedged, and the existence in foreign currency of a spot-forward liability in excess of the acquisition cost of the relevant foreign currency-denominated securities.

Statement of cash flows:

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash and due from the Bank of Japan.

Per share information:

Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits. The average number of common shares used in the computation was 591,009 thousand shares for 2019 and 598,834 thousand shares for 2018.

Diluted net income per share reflects the potential dilution that could occur if the outstanding stock options were exercised. Diluted net income per share assumes full exercise of the outstanding stock options at the beginning of the year (or at the time of grant).

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years, including dividends to be paid after the end of the year.

4. TRADING ASSETS AND LIABILITIES

Trading assets and liabilities at March 31, 2019 and 2018, consisted of the following:

(a) Trading assets

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Trading securities:			
Japanese government bonds	¥ 744	¥ 818	\$ 6,705
Local government bonds	5,850	4,587	52,708
Industrial bonds	53	19	478
Foreign securities	43	21	395
Subtotal	6,691	5,445	60,287
Trading security derivatives:			
Bond futures' options	3	1	31
Other (Note)	(0)	(0)	(6)
Subtotal	2	0	24
Financial derivatives:			
Other (Note)	6,776	7,983	61,054
Subtotal	6,776	7,983	61,054
Other trading assets:			
Commercial paper	22,999	5,998	207,217
Other (Note)	0	0	3
Subtotal	22,999	5,999	207,220
Total	¥36,469	¥19,429	\$328,587

(b) Trading liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Trading security derivatives:			
Bond futures' options	¥ 1	¥ 0	\$ 12
Other (Note)	14	(0)	128
Subtotal	15	0	141
Financial derivatives:			
Other (Note)	6,013	7,499	54,178
Subtotal	6,013	7,499	54,178
Total	¥6,028	¥7,499	\$54,319

Note: Other in assets and liabilities represents unrealized gains and losses, respectively.

5. MONEY HELD IN TRUST

Money held in trust at March 31, 2019 and 2018, consisted of the following:

	Millions of Yen			Fair Value
	Cost	Unrealized Gains	Unrealized Losses	
March 31, 2019				
Money held in trust classified as:				
Held-to-maturity	¥3,900	¥29		¥3,929
	Millions of Yen			Fair Value
	Cost	Unrealized Gains	Unrealized Losses	
March 31, 2018				
Money held in trust classified as:				
Held-to-maturity	¥3,700	¥0		¥3,700
	Thousands of U.S. Dollars			Fair Value
	Cost	Unrealized Gains	Unrealized Losses	
March 31, 2019				
Money held in trust classified as:				
Held-to-maturity	\$35,138	\$269		\$35,407

6. SECURITIES

Securities at March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Japanese government bonds	¥ 50,094	¥ 387,539	\$ 451,338
Local government bonds	98,392	80,827	886,497
Corporate bonds	358,779	227,942	3,232,535
Corporate stocks	389,864	387,505	3,512,606
Other securities	505,575	514,091	4,555,142
Total	¥1,402,704	¥1,597,906	\$12,638,120

As of March 31, 2019 and 2018, securities included equity investments in unconsolidated subsidiaries and affiliated companies that amounted to ¥20,892 million (\$188,233 thousand) and ¥20,432 million, respectively.

In addition to securities, the following table presents details of trading securities and commercial paper classified as trading assets and negotiable certificates of deposit classified as cash and due from banks.

Information regarding each category of the securities classified as trading, available-for-sale, and held-to-maturity at March 31, 2019 and 2018, was as follows:

March 31, 2019	Millions of Yen			Fair Value
	Cost	Unrealized Gains	Unrealized Losses	
Securities classified as:				
Trading				¥ 29,690
Available-for-sale:				
Equity securities	¥102,406	¥263,923	¥ 189	366,141
Debt securities	458,594	6,006	85	464,516
Others	486,902	10,058	6,217	490,743
Held-to-maturity	45,041	215		45,256

March 31, 2018	Millions of Yen			Fair Value
	Cost	Unrealized Gains	Unrealized Losses	
Securities classified as:				
Trading				¥ 11,445
Available-for-sale:				
Equity securities	¥ 96,104	¥267,623	¥ 31	363,696
Debt securities	661,549	5,702	525	666,726
Others	499,817	7,338	5,214	501,941
Held-to-maturity	32,027	240	13	32,254

March 31, 2019	Thousands of U.S. Dollars			Fair Value
	Cost	Unrealized Gains	Unrealized Losses	
Securities classified as:				
Trading				\$ 267,508
Available-for-sale:				
Equity securities	\$ 922,665	\$2,377,905	\$ 1,705	3,298,865
Debt securities	4,131,858	54,117	765	4,185,210
Others	4,386,901	90,628	56,021	4,421,507
Held-to-maturity	405,811	1,943		407,755

Available-for-sale securities sold during the years ended March 31, 2019 and 2018, were as follows:

Year Ended March 31, 2019	Millions of Yen		
	Proceeds from Sales	Total Amount of Gains on Sales	Total Amount of Losses on Sales
Equity securities	¥ 10,261	¥ 7,787	¥ 39
Debt securities	385,616	1,236	29
Others	934,723	11,414	11,101
Total	¥1,330,601	¥20,439	¥11,169

Year Ended March 31, 2018	Millions of Yen		
	Proceeds from Sales	Total Amount of Gains on Sales	Total Amount of Losses on Sales
Equity securities	¥ 13,311	¥ 9,109	
Debt securities	95,339	214	¥ 12
Others	808,504	13,375	11,354
Total	¥917,155	¥22,699	¥11,367

Year Ended March 31, 2019	Thousands of U.S. Dollars		
	Proceeds from Sales	Total Amount of Gains on Sales	Total Amount of Losses on Sales
Equity securities	\$ 92,454	\$ 70,165	\$ 352
Debt securities	3,474,332	11,141	264
Others	8,421,693	102,846	100,022
Total	\$11,988,480	\$184,153	\$100,638

Marketable available-for-sale securities whose fair value significantly declines in comparison with their acquisition cost and whose fair value of the securities will not recover to their acquisition cost are written down and accounted for as impairment losses.

The Bank recognizes securities as having significantly declined when their fair value is more than 30% below their acquisition cost.

Impairment losses on marketable available-for-sale equity securities for the year ended March 31, 2019, were ¥116 million (\$1,053 thousand).

7. LOANS AND BILLS DISCOUNTED

Loans and bills discounted at March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Bills discounted	¥ 27,856	¥ 28,123	\$ 250,981
Loans on bills	159,841	179,238	1,440,146
Loans on deeds	7,290,770	6,966,305	65,688,539
Overdrafts	1,053,445	1,089,839	9,491,355
Total	¥8,531,914	¥8,263,507	\$76,871,023

Loans under bankruptcy proceedings, past-due loans on which interest payments are waived from borrowers who are financially assisted by the Bank, loans past due for three months or more (except for loans under bankruptcy proceedings and past-due loans), and restructured loans at March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Loans under bankruptcy proceedings	¥ 4,641	¥ 4,395	\$ 41,820
Past-due loans	72,698	77,704	654,997
Loans past due for three months or more	257	349	2,318
Restructured loans	16,411	12,118	147,864
Total	¥94,008	¥94,569	\$847,000

Notes: 1. Loans past due for three months or more include loans for which payments of principal or interest are delinquent by three months or more as calculated from the day following the contracted payment date, but do not include loans under bankruptcy proceedings or past-due loans.

2. Restructured loans include loans for which certain conditions have been relaxed for the benefit of the borrower (through means, such as the reduction or elimination of interest payments, the deferral of principal repayments, or the relinquishment of claims) with the goal of supporting the recovery of borrowers that have fallen into financial difficulty and thereby promoting the recovery of the loan.

Bills discounted are accounted for as financial transactions in accordance with the JICPA Industry Audit Committee Report No. 24. As of March 31, 2019 and 2018, the Bank had the right by contract or custom to sell or repledge bills discounted and foreign exchange bills bought and their total face values were ¥28,297 million (\$254,957 thousand) and ¥28,866 million, respectively.

8. FOREIGN EXCHANGES

Foreign exchange assets and liabilities at March 31, 2019 and 2018, consisted of the following:

(a) Assets

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Due from foreign banks	¥6,159	¥7,214	\$55,495
Foreign exchange bills bought	441	742	3,976
Foreign exchange bills receivable	981	1,012	8,842
Total	¥7,582	¥8,968	\$68,314

(b) Liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Foreign exchange bills sold	¥223	¥ 773	\$2,011
Foreign exchange bills payable	319	3,114	2,875
Total	¥542	¥3,888	\$4,886

9. OTHER ASSETS

Other assets at March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Accrued income	¥ 10,869	¥ 8,894	\$ 97,936
Derivative products	10,707	24,850	96,474
Guarantee deposits	2,012	2,052	18,130
Others	100,697	87,023	907,263
Total	¥124,287	¥122,820	\$1,119,805

10. TANGIBLE FIXED ASSETS AND INTANGIBLE FIXED ASSETS

Tangible fixed assets and intangible fixed assets at March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Tangible fixed assets:			
Buildings	¥ 30,866	¥ 32,805	\$278,098
Land	21,687	21,863	195,399
Construction in progress	2,510	2,671	22,617
Other tangible fixed assets	11,999	13,889	108,115
Subtotal	67,063	71,228	604,231
Intangible fixed assets:			
Software	38,211	36,189	344,277
Other intangible assets	447	448	4,030
Subtotal	38,658	36,637	348,307
Total	¥105,722	¥107,866	\$952,539

Tangible fixed assets are stated at cost, less accumulated depreciation of ¥111,389 million (\$1,003,597 thousand) and ¥109,108 million in 2019 and 2018, respectively.

As of March 31, 2019 and 2018, deferred gains for tax purposes of ¥9,562 million (\$86,156 thousand) and ¥9,563 million, respectively, on tangible fixed assets sold and replaced with similar assets have been deducted from the cost of newly acquired tangible fixed assets.

The Group reviewed its long-lived assets for impairment as of March 31, 2019 and 2018. As a result, the Group recognized an impairment loss of ¥78 million at March 31, 2018, as other expense for certain branches due to continuous operating losses, and the carrying amount of the relevant tangible fixed assets was written down to the recoverable amount. The recoverable amount of such tangible fixed assets was measured at its net selling price determined by quotation from a third-party vendor.

11. CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

All contingent liabilities for acceptances and guarantees are recorded and reflected in acceptances and guarantees. Customers' liabilities for acceptances and guarantees have been recorded and reflected as assets in the consolidated balance sheet, representing the Bank's right of indemnity from the applicant.

The respective amounts of "Acceptances and Guarantees" and "Customers' Liabilities for Acceptances and Guarantees" are netted in accordance with the appendix forms of "Banking Act Enforcement Regulations" (Ministry of Finance Ordinance No. 10, 1982).

Liabilities for guarantees on corporate bonds included in securities, which were issued by private placement (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act) as of March 31, 2019 and 2018, amounted to ¥23,245 million (\$209,439 thousand) and ¥23,555 million, respectively.

12. ASSETS PLEDGED

Assets pledged as collateral and their relevant liabilities at March 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Assets pledged as collateral:			
Due from banks		¥ 241	
Securities	¥467,808	592,285	\$4,214,874
Loans and bills discounted	3,108		28,005
Relevant liabilities to above assets:			
Deposits	¥ 25,777	¥ 43,093	\$ 232,252
Payables under repurchase agreements	129,016	104,080	1,162,419
Payables under securities lending transactions		68,589	
Borrowed money	251,162	251,722	2,262,931

In addition to the above, the Bank has provided ¥21,499 million (\$193,708 thousand) and ¥22,131 million in securities and ¥221 million (\$2,000 thousand) and ¥212 million in due from banks as collateral for foreign exchange settlements and certain other transactions and as security for futures transactions at March 31, 2019 and 2018, respectively.

Guarantee deposits on office space, cash collateral paid for financial instruments, and cash collateral paid to central counterparty are included in other assets in the amount of ¥2,012 million (\$18,130 thousand) and ¥2,052 million at March 31, 2019 and 2018, in the amount of ¥5,848 million (\$52,696 thousand) and ¥2,157 million at March 31, 2019 and 2018, in the amount of ¥53,000 million (\$477,520 thousand) and ¥43,900 million at March 31, 2019 and 2018, respectively.

13. LOAN COMMITMENTS

Overdraft agreements and agreements for loan commitments are agreements under which the Bank pledges to lend funds up to a certain limit when applications for advances of loans are received from customers, provided there are no violations of the terms written in the agreements.

The balances of loans undisbursed under these agreements at March 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Undisbursed loan commitments outstanding:			
Loans due within one year	¥1,683,707	¥1,635,133	\$15,169,902
Loans due over one year	99,473	105,816	896,236
Total	¥1,783,180	¥1,740,949	\$16,066,139

Many of these agreements terminate without loans being disbursed, and thus the balance of loans as yet undisbursed will not necessarily affect the future cash flow of the Bank or its consolidated subsidiaries. The Bank or its consolidated subsidiaries can refuse to advance loans and reject applications that have been received or can reduce the maximum amounts under the agreements for reasonable reasons, such as changes in the financial situation and preservation of credit. In addition, at the time the agreements are entered into, borrowers may when necessary, be required to provide collateral, such as real estate or securities, and after the agreements have been signed, the state of the borrower's business and other factors may be assessed regularly in accordance with in-house procedures. Moreover, agreements can be revised if necessary, and steps, such as the formulation of measures to preserve credit, may be taken.

14. DEPOSITS

Deposits at March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Current deposits	¥ 482,594	¥ 486,198	\$ 4,348,093
Savings deposits	5,339,179	5,009,487	48,105,048
Deposits at notice	35,945	38,114	323,861
Time deposits	3,445,953	3,450,076	31,047,419
Negotiable certificates of deposit	115,209	150,560	1,038,016
Other	500,441	490,498	4,508,892
Total	¥9,919,324	¥9,624,934	\$89,371,332

15. BORROWED MONEY

At March 31, 2019 and 2018, the weighted-average annual interest rates applicable to borrowed money were 0.88% and 0.63%, respectively.

Borrowed money consists of borrowings from financial institutions. Annual maturities of borrowed money as of March 31, 2019, were as follows:

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2020	¥256,976	\$2,315,312
2021	9,573	86,251
2022	7,502	67,596
2023	3,580	32,256
2024 and thereafter	5,207	46,920
Total	¥282,839	\$2,548,337

16. BONDS PAYABLE

Bonds at March 31, 2019 and 2018, consisted of the following:

	Rate (%)	Millions of Yen		Thousands of U.S. Dollars
		2019	2018	2019
Unsecured convertible bonds with stock acquisition rights, payable in U.S. dollars, due April 2018			¥53,120	
Unsecured convertible bonds with stock acquisition rights, payable in U.S. dollars, due January 2023	three -month U.S. dollar Libor minus 0.5%	¥33,297	31,872	\$300,000
The Bank's first bonds payable in U.S. dollars (only for qualified institutional investors)		4,095		36,898
The Bank's bonds payable in U.S. dollars due December 2023	3.31	31,348		282,448
Total		¥68,741	¥84,992	\$619,346

The coupon amount of Shizuoka Bank, Ltd's first U.S. dollar-denominated bonds (only for qualified institutional investors), which are discounted bonds, is ¥4,748 million (\$42,784 thousand).

Annual maturities of bonds as of March 31, 2019, were as follows:

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2020		
2021		
2022		
2023	¥33,297	\$300,000
2024	35,444	319,346
Total	¥68,741	\$619,346

The following is a summary of the terms for conversion and redemption of the convertible bonds with stock acquisition rights:

	Conversion Price	Number of Shares of Common Stock (thousand)	Exercise Period
Unsecured convertible bonds with stock acquisition rights, payable in U.S. dollars, due April 2018	\$13.29	37,622	From May 10, 2013 to April 11, 2018
Unsecured convertible bonds with stock acquisition rights, payable in U.S. dollars, due January 2023	\$14.037	21,372	From February 8, 2018 to January 11, 2023

The conversion price is subject to adjustment for certain subsequent events, such as the issuance of common stock or disposal of treasury stock at less than market price, and stock splits.

17. OTHER LIABILITIES

Other liabilities at March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Income taxes payable	¥ 6,986	¥ 10,133	\$ 62,943
Accrued expenses	11,050	9,051	99,561
Unearned income	14,076	13,824	126,828
Derivative products	9,143	9,969	82,382
Cash collateral received for financial products	2,557	18,202	23,039
Other	56,809	65,861	511,839
Total	¥100,622	¥127,043	\$906,594

18. RETIREMENT AND PENSION PLANS

The Bank and certain consolidated subsidiaries have severance payment plans for employees. Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service, and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Bank or from certain consolidated subsidiaries in Japan and annuity payments from a trustee.

1. The changes in defined benefit obligation for the years ended March 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Balance at beginning of year	¥68,260	¥70,951	\$615,015
Current service cost	1,829	1,942	16,487
Interest cost	670	697	6,044
Actuarial gains and losses	58	(836)	526
Benefits paid	(4,691)	(4,640)	(42,268)
Past service cost			
Others	132	144	1,196
Balance at end of year	¥66,261	¥68,260	\$597,002

2. The changes in plan assets for the years ended March 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Balance at beginning of year	¥ 57,899	¥ 63,533	\$ 521,662
Expected return on plan assets	1,086	1,278	9,792
Actuarial gains and losses	(399)	8,022	(3,602)
Contributions from the employer	5,409	2,096	48,735
Return of stocks from retirement benefit trusts	(8,568)	(14,243)	(77,203)
Benefits paid	(3,026)	(2,926)	(27,268)
Others	133	138	1,206
Balance at end of year	¥ 52,534	¥ 57,899	\$ 473,323

3. Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Funded defined benefit obligation	¥ 46,146	¥ 48,060	\$ 415,773
Plan assets	(52,534)	(57,899)	(473,323)
Total	(6,387)	(9,838)	(57,549)
Unfunded defined benefit obligation	20,114	20,199	181,229
Net liability (asset) arising from defined benefit obligation	13,727	10,361	123,679

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Liability for retirement benefits	¥20,114	¥20,199	\$181,229
Asset for retirement benefits	(6,387)	(9,838)	(57,549)
Net liability (asset) arising from defined benefit obligation	13,727	10,361	123,679

4. The components of net periodic retirement benefit costs for the years ended March 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Service cost	¥ 1,829	¥ 1,942	\$ 16,487
Interest cost	670	697	6,044
Expected return on plan assets	(1,086)	(1,278)	(9,792)
Amortization of prior service cost	947	2,571	8,537
Amortization of transitional obligation			
Gains on return of assets from retirement benefit trusts	(3,490)	(6,007)	(31,446)
Others	66	94	602
Net periodic retirement benefit costs	¥(1,061)	¥(1,979)	\$ (9,567)

5. Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Prior service cost			
Actuarial (gains) losses	¥(2,589)	¥5,422	\$(23,326)
Others			
Total	¥(2,589)	¥5,422	\$(23,326)

6. Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Unrecognized prior service cost			
Unrecognized actuarial gains and losses	¥(1,296)	¥(3,885)	\$(11,683)
Others			
Total	¥(1,296)	¥(3,885)	\$(11,683)

7. Plan assets

- (1) Components of plan assets

Plan assets consisted of the following:

	2019	2018
Debt investments	40%	29%
Equity investments	18%	33%
Cash and cash equivalents	1%	1%
General account of life insurance companies	38%	34%
Others	3%	3%
Total	100%	100%

- (2) Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return that are expected currently and in the future from the various components of the plan assets.

8. Assumptions used for the years ended March 31, 2019 and 2018, were set forth as follows:

	2019	2018
Discount rate	Mainly 1.0%	Mainly 1.0%
Expected rate of return on plan assets	2.0%	2.0%
Expected rate of salary increase	6.3%	6.3%

9. Defined contribution

The amounts to be contributed by the Bank and certain consolidated subsidiaries for the years ended March 31, 2019 and 2018, were ¥449 million (\$4,048 thousand) and ¥449 million, respectively.

19. EQUITY

Japanese companies are subject to the Companies Act. The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria, such as (1) having a board of directors, (2) having independent auditors, (3) having an audit and supervisory board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Bank cannot do so because it does not meet all the above criteria. The Companies Act permits companies to distribute dividends in kind (noncash assets) to shareholders subject to certain limitations and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act and the Banking Act provide certain limitations on the amounts available for dividends or the purchase of treasury stock.

(b) Increases/decreases and transfer of capital stock, reserve, and surplus

The Banking Act requires that an amount equal to 20% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends, until the total of the aggregate amount of the legal reserve and additional paid-in capital equals 100% of capital stock.

The Companies Act also provides that capital stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined using a specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

20. STOCK OPTIONS

The Bank's stock option plans grant options to directors to purchase certain shares of the Bank's common stock in the respective exercise periods.

Stock-based compensation expenses were ¥44 million (\$401 thousand) and ¥42 million for the years ended March 31, 2019 and 2018, respectively.

The stock options outstanding as of March 31, 2019, were as follows:

Stock Options	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2007 Stock Option	8 directors	67,000 shares	2007.7.27	¥ 1 (\$0.01)	From July 28, 2007 to July 27, 2032
2008 Stock Option	8 directors	66,000 shares	2008.7.18	¥ 1 (\$0.01)	From July 19, 2008 to July 18, 2033
2009 Stock Option	8 directors	89,000 shares	2009.7.24	¥ 1 (\$0.01)	From July 25, 2009 to July 24, 2034
2010 Stock Option	8 directors	100,000 shares	2010.7.23	¥ 1 (\$0.01)	From July 24, 2010 to July 23, 2035
2011 Stock Option	8 directors	100,000 shares	2011.7.22	¥ 1 (\$0.01)	From July 23, 2011 to July 22, 2036
2012 Stock Option	8 directors	100,000 shares	2012.7.24	¥ 1 (\$0.01)	From July 25, 2012 to July 24, 2037
2013 Stock Option	8 directors	88,000 shares	2013.7.23	¥ 1 (\$0.01)	From July 24, 2013 to July 23, 2038
2014 Stock Option	8 directors	92,000 shares	2014.7.22	¥ 1 (\$0.01)	From July 23, 2014 to July 22, 2039
2015 Stock Option	7 directors	37,000 shares	2015.7.21	¥ 1 (\$0.01)	From July 22, 2015 to July 21, 2040
2016 Stock Option	7 directors	50,000 shares	2016.7.19	¥ 1 (\$0.01)	From July 20, 2016 to July 19, 2041
2017 Stock Option	7 directors	50,000 shares	2017.7.18	¥ 1 (\$0.01)	From July 19, 2017 to July 18, 2042
2018 Stock Option	7 directors	50,000 shares	2018.7.17	¥ 1 (\$0.01)	From July 18, 2018 to July 17, 2043

The stock option activity is as follows:

	2007 Stock Option	2008 Stock Option	2009 Stock Option	2010 Stock Option	2011 Stock Option	2012 Stock Option	2013 Stock Option	2014 Stock Option	2015 Stock Option	2016 Stock Option	2017 Stock Option	2018 Stock Option
Year Ended March 31, 2018												
Non-vested												
March 31, 2017—Outstanding										50,000		
Granted											50,000	
Vested										50,000		
March 31, 2018—Outstanding											50,000	
Vested												
March 31, 2017—Outstanding	18,000	18,000	32,000	46,000	49,000	60,000	55,000	82,000	37,000			
Vested										50,000		
Exercised			5,000	8,000	8,000	16,000	21,000	22,000	11,000	14,000		
March 31, 2018—Outstanding	18,000	18,000	27,000	38,000	41,000	44,000	34,000	60,000	26,000	36,000		
Year Ended March 31, 2019												
Non-vested												
March 31, 2018—Outstanding											50,000	
Granted												50,000
Vested											50,000	
March 31, 2019—Outstanding												50,000
Vested												
March 31, 2018—Outstanding	18,000	18,000	27,000	38,000	41,000	44,000	34,000	60,000	26,000	36,000		
Vested											50,000	
Exercised	5,000	5,000	7,000	11,000	14,000	14,000	12,000	12,000				
March 31, 2019—Outstanding	13,000	13,000	20,000	27,000	27,000	30,000	22,000	48,000	26,000	36,000	50,000	
Exercise price	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)
Average stock price at exercise	¥ 1,054 (\$ 9.49)	¥ 1,054 (\$ 9.49)	¥ 1,054 (\$ 9.49)	¥ 1,054 (\$ 9.49)	¥ 1,054 (\$ 9.49)	¥ 1,054 (\$ 9.49)	¥ 1,054 (\$ 9.49)	¥ 1,054 (\$ 9.49)	¥ (\$)	¥ (\$)	¥ (\$)	¥ (\$)
Fair value price at grant date	¥ 1,153 (\$ 10.38)	¥ 1,057 (\$ 9.52)	¥ 875 (\$ 7.88)	¥ 704 (\$ 6.34)	¥ 709 (\$ 6.38)	¥ 743 (\$ 6.69)	¥ 1,135 (\$ 10.22)	¥ 1,079 (\$ 9.72)	¥ 1,351 (\$ 12.17)	¥ 730 (\$ 6.57)	¥ 899 (\$ 8.09)	¥ 888 (\$ 8.00)

The assumptions used to measure the fair value of the 2018 stock option are as follows:

Estimate method: Black-Scholes option-pricing model

Volatility of stock price: 30.8%

Estimated remaining outstanding period: Four years

Estimated dividend: ¥21.0 per share

Risk-free interest rate: (0.115)%

21. VALUATION DIFFERENCE ON AVAILABLE-FOR-SALE SECURITIES

The breakdown of "Valuation difference on available-for-sale securities" posted in the consolidated balance sheet is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Valuation difference	¥273,496	¥274,893	\$2,464,158
Deferred tax liabilities	(79,656)	(80,098)	(717,689)
Deferred tax assets		7	
Amounts equivalent to difference on available-for-sale securities	¥193,840	¥194,802	\$1,746,468
Noncontrolling interests adjustment	¥ (496)	¥ (596)	\$ (4,474)
Share of valuation difference on available- for-sale securities in affiliated companies	¥ 84	¥ 143	\$ 764
Valuation difference on available-for-sale securities	¥193,428	¥194,349	\$1,742,759

22. OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Gains on foreign exchange transactions	¥2,146	¥1,732	\$19,338
Gains on sales of bonds	4,188	1,061	37,738
Gains on financial derivatives	933	2,174	8,412
Other	0	3	1
Total	¥7,268	¥4,971	\$65,491

23. OTHER INCOME

Other income for the years ended March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Reversal of allowance for loan losses		¥ 3,613	
Gains on sales of stocks and other securities	¥ 7,787	9,109	\$ 70,165
Equity in earnings of affiliated companies	109	1,651	990
Gains on disposal of fixed assets	119	255	1,080
Gains on return of assets from retirement benefit trusts	3,490	6,007	31,446
Other	8,019	9,493	72,251
Total	¥19,527	¥30,131	\$175,936

24. OTHER OPERATING EXPENSES

Other operating expenses for the years ended March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Losses on sales of bonds	¥5,239	¥5,213	\$47,205
Losses on redemption of bonds		5	
Amortized bond issue cost	463		4,176
Total	¥5,702	¥5,219	\$51,381

25. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Salary	¥33,626	¥34,091	\$302,967
Depreciation expenses	12,250	13,173	110,372
Other	44,358	45,605	399,664
Total	¥90,235	¥92,871	\$813,004

26. OTHER EXPENSES

Other expenses for the years ended March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Provision of allowance for loan losses	¥ 5,588		\$ 50,349
Losses on written-off claims	386	¥ 294	3,478
Losses on sales of stocks and other securities	39		352
Losses on devaluation of stocks and other securities	119	5	1,073
Losses on money held in trust	5	6	46
Equity in losses of affiliated companies			
Losses on disposal of fixed assets	308	394	2,780
Impairment losses		78	
Other	6,920	8,863	62,356
Total	¥13,367	¥9,643	\$120,438

27. INCOME TAXES

The Bank and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 29.9% and 30.2% for the years ended March 31, 2019 and 2018, respectively.

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Deferred tax assets:			
Allowance for loan losses	¥ 11,560	¥11,169	\$ 104,156
Provision for retirement benefits	5,976	6,684	53,846
Valuation loss on securities	6,512	6,537	58,680
Other	9,019	8,931	81,259
Less valuation allowance	(7,335)	(7,372)	(66,091)
Deferred tax assets	25,733	25,950	231,851
Deferred tax liabilities:			
Valuation difference			
on available-for-sale securities	(79,633)	(80,068)	(717,484)
Gain on establishment of employee retirement benefit trust	(5,201)	(5,222)	(46,862)
Securities returned from employee retirement benefit trust	(2,809)	(1,801)	(25,317)
Other	(1,755)	(1,816)	(15,820)
Deferred tax liabilities	(89,400)	(88,908)	(805,484)
Net deferred tax assets(liabilities)	¥(63,667)	¥(62,957)	\$(573,632)

28. LEASES

(1) Financial Lease

(a) Lessor

The net lease investment assets are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Gross lease receivables	¥71,254	¥66,877	\$641,990
Estimate residual values	3,079	3,064	27,741
Unearned interest income	(6,615)	(6,318)	(59,604)
Lease investment assets	¥67,718	¥63,623	\$610,127

Maturities of lease receivables are as follows:

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
	2019	2019
2020	¥ 662	\$ 5,968
2021	577	5,207
2022	551	4,970
2023	461	4,157
2024	384	3,464
2025 and thereafter	607	5,474
Total	¥3,245	\$29,243

Maturities of lease payment receivables of lease investment assets are as follows:

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
	2019	2019
2020	¥19,378	\$174,597
2021	16,075	144,841
2022	12,728	114,683
2023	9,453	85,175
2024	6,263	56,428
2025 and thereafter	7,354	66,263
Total	¥71,254	\$641,990

(2) Operating Lease

(a) Lessee

The minimum rental commitments under noncancelable operating leases at March 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Due within one year	¥ 476	¥ 555	\$ 4,293
Due after one year	1,280	1,736	11,538
Total	¥1,757	¥2,291	\$15,831

(b) Lessor

The future lease payment receivables under noncancelable operating leases at March 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Due within one year	¥ 654	¥ 725	\$ 5,894
Due after one year	869	1,076	7,836
Total	¥1,523	¥1,801	\$13,730

29. SEGMENT INFORMATION

An entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

1. Description of Reportable Segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Committee for Integrated Risk and Budget Management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group's reportable segments consist of the banking operations and leasing operations. Banking operations consist of the banking business centered on deposits, loans, investment securities,

and exchange transactions. Leasing operations consist of lease transactions centered on finance leases.

2. Methods of Measurement of Ordinary Income, Profit (Loss), Assets, Liabilities, and Other Items for Each Reportable Segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 3, "Summary of Significant Accounting Policies."

3. Information about Ordinary Income, Profit (Loss), Assets, Liabilities, and Other Items

Year Ended March 31, 2019	Millions of Yen						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking Operations	Leasing Operations	Total				
Ordinary income:							
Ordinary income from external customers	¥ 190,313	¥30,118	¥ 220,431	¥ 15,304	¥ 235,736		¥ 235,736
Ordinary income from intersegment transactions	3,629	1,345	4,975	4,639	9,614	¥ (9,614)	
Total	¥ 193,942	¥31,464	¥ 225,407	¥ 19,943	¥ 245,351	¥ (9,614)	¥ 235,736
Segment profit	¥ 56,520	¥ 1,807	¥ 58,328	¥ 7,086	¥ 65,414	¥ (2,034)	¥ 63,379
Segment assets	11,829,100	98,698	11,927,799	154,124	12,081,924	(227,152)	11,854,771
Segment liabilities	10,887,632	79,572	10,967,205	27,515	10,994,721	(156,764)	10,837,956
Other:							
Depreciation	12,162	1,030	13,193	312	13,505	(266)	13,239
Interest income	145,046	10	145,057	991	146,048	(2,944)	143,104
Interest expense	28,054	197	28,252	7	28,260	(1,124)	27,135
Equity in earnings of affiliated companies				109	109		109
Investments in affiliated companies				18,472	18,472		18,472
Increase in property, plant and equipment and intangible assets	10,201	481	10,682	411	11,094	(365)	10,729

Year Ended March 31, 2018	Millions of Yen						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking Operations	Leasing Operations	Total				
Ordinary income:							
Ordinary income from external customers	¥ 177,406	¥29,298	¥ 206,705	¥ 17,386	¥ 224,091		¥ 224,091
Ordinary income from intersegment transactions	3,795	1,573	5,369	4,276	9,645	¥ (9,645)	
Total	¥ 181,202	¥30,872	¥ 212,075	¥ 21,662	¥ 233,737	¥ (9,645)	¥ 224,091
Segment profit	¥ 56,276	¥ 1,706	¥ 57,983	¥ 9,613	¥ 67,596	¥ (1,756)	¥ 65,839
Segment assets	11,515,831	94,178	11,610,009	153,033	11,763,043	(230,319)	11,532,724
Segment liabilities	10,591,056	76,275	10,667,332	27,163	10,694,495	(154,579)	10,539,915
Other:							
Depreciation	13,039	1,045	14,085	325	14,411	(244)	14,166
Interest income	128,753	14	128,768	533	129,301	(2,161)	127,140
Interest expense	16,883	204	17,088	5	17,094	(678)	16,415
Equity in earnings of affiliated companies				1,651	1,651		1,651
Investments in affiliated companies				18,515	18,515		18,515
Increase in property, plant and equipment and intangible assets	14,027	613	14,640	191	14,832	(278)	14,553

Year Ended March 31, 2019	Thousands of U.S. Dollars						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking Operations	Leasing Operations	Total				
Ordinary income:							
Ordinary income from external customers	\$ 1,714,687	\$271,363	\$ 1,986,051	\$ 137,892	\$ 2,123,943		\$ 2,123,943
Ordinary income from intersegment transactions	32,703	12,126	44,829	41,798	86,628	\$ (86,628)	
Total	\$ 1,747,391	\$283,489	\$ 2,030,880	\$ 179,691	\$ 2,210,571	\$ (86,628)	\$ 2,123,943
Segment profit	\$ 509,236	\$ 16,288	\$ 525,525	\$ 63,848	\$ 589,374	\$ (18,333)	\$ 571,040
Segment assets	106,578,073	889,260	107,467,333	1,388,638	108,855,972	(2,046,604)	106,809,368
Segment liabilities	98,095,621	716,937	98,812,558	247,908	99,060,467	(1,412,422)	97,648,045
Other:							
Depreciation	109,582	9,286	118,869	2,815	121,684	(2,402)	119,281
Interest income	1,306,844	94	1,306,938	8,930	1,315,868	(26,527)	1,289,341
Interest expense	252,766	1,781	254,547	70	254,618	(10,135)	244,482
Equity in earnings of affiliated companies				990	990		990
Investments in affiliated companies				166,430	166,430		166,430
Increase in property, plant and equipment and intangible assets	91,916	4,334	96,251	3,705	99,956	(3,288)	96,667

Note: "Reconciliations" are mainly eliminations of intersegment transactions.

4. Related information
(1) Information about services

	Millions of Yen					Thousands of U.S. Dollars				
	Lending Operations	Investment Operations	Leasing Operations	Other	Total	Lending Operations	Investment Operations	Leasing Operations	Other	Total
Ordinary income from external customers										
Year ended March 31, 2019	¥105,922	¥43,387	¥30,118	¥56,308	¥235,736	\$954,340	\$390,913	\$271,363	\$507,325	\$2,123,943
Year ended March 31, 2018	¥99,576	¥33,726	¥29,298	¥61,490	¥224,091					

(2) Information about geographical areas

(i) Ordinary income

The domestic share of ordinary income from external customers exceeds 90% of ordinary income in the consolidated statement of income, thus information is not presented.

(ii) Tangible fixed assets

The domestic share of tangible fixed assets exceeds 90% of tangible fixed assets in the consolidated balance sheet, thus information is not presented.

(3) Information about major customers

Ordinary income from a specific customer does not exceed 10% of ordinary income in the consolidated statements of income, thus information is not presented.

5. Information about impairment losses of assets

	Millions of Yen					Thousands of U.S. Dollars				
	Reportable Segment					Reportable Segment				
	Banking Operations	Leasing Operations	Total	Other	Total	Banking Operations	Leasing Operations	Total	Other	Total
Impairment losses of assets										
Year ended March 31, 2018	¥78		¥78		¥78					

30. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

1 Qualitative Information of Financial Instruments

(1) Group Policy for Financial Instruments

The Group provides comprehensive financial services, centering on banking, along with leasing and management consulting. Its base of operations is Shizuoka Prefecture.

The Bank, the core business operator of the Group, provides a range of financial instruments, including deposits in Japanese yen, deposits in foreign currencies, Japanese government bonds, investment trusts, and personal pension insurance. It also provides stable financing for customers in the region through loans to individuals and lending operations for small and medium enterprises.

(2) Details of Financial Instruments and Related Risks

The financial assets of the Bank consist primarily of loans and bills discounted to domestic customers and securities, including bonds and equity securities.

The loans and bills discounted are exposed to credit risk arising from potential default by borrowers. As about 60% of the loans and bills discounted are for customers in Shizuoka Prefecture, credit-related losses could occur on a large scale if the regional economic environment changes negatively or if a severe earthquake occurs.

The Group holds securities, such as debt securities (bonds), equity securities, and investment trusts under its investment policy taking into account the safety and liquidity of the investment. These securities are exposed to risks of market price fluctuations associated with the credit standing of issuers and interest rate changes. If the prices of equity securities and other securities held decline, impairment losses or valuation losses could adversely affect the operating results and financial standing of the Group.

Financial liabilities consist primarily of deposits from domestic customers, corporate bonds, and funds raised in the call market. If the Group loses its credit status because of downgrades or other factors or if the market environment deteriorates, conditions for financing could worsen or transactions could be constrained.

The Group enters into derivative transactions for customer needs of hedging exchange rates or interest rates, and for asset and

liability management (ALM) or hedging individual transactions to appropriately manage the market risks of the Group. The Group also conducts trading transactions for the short term.

Derivatives mainly include interest rate swaps, currency swaps, and bond futures and are exposed to market risk that could cause losses in association with changes in interest rate markets and foreign exchange markets, as well as credit risk (counterparty risk), that is, the risk of default on the initial contract due to the bankruptcy of the counterparty or other factors. Between financial assets and financial liabilities, there are interest rate risks associated with mismatches of interest rates and terms.

(3) Risk Management Systems for Financial Instruments

(i) Integrated risk management system

Under the Basic Risk Management Regulations that stipulate the Group's basic risk management policy, the Group has established a basic framework, including an organizational structure for defining and managing risks and specific procedures for risk management.

To ensure a balance between profitability and financial soundness, the Group has introduced a management system based on a risk capital allocation at the core of integrated risk management.

The risk capital allocation is a system for avoiding excessive risk taking by setting risk limits. This system allocates core regulatory capital to each operational department or section and controls risk so that if market risks emerge, losses will be contained within the range of shareholder's equity.

(ii) Credit risk management system

Credit risk is the risk of incurring losses when collecting loans and bills discounted becomes difficult because of the worsening of borrowers' financial conditions.

The Credit Risk Management Group of the Risk Management Department manages all credit risk relating to the Group's operations both in Japan and overseas in order to ensure the soundness of the Group's loan asset portfolio.

The Bank's borrower credit rating system, which is an essential part of its credit risk management, together with other internal rating systems, is operated by the Rating Assessment

Group of the Credit Department (the Credit Planning Group from April 2019), designed and supervised by the Credit Risk Management Group, which is independent from the Credit Department, and verified by the Risk Management Group of the Risk Management Department.

These three units exercise a mutual limitation and checking function with respect to one another, thereby facilitating greater precision and more advanced functions in the Bank's internal ratings system.

In addition, the Audit Department confirms whether credit risk management is performed in conformance with the relevant rules through verification of the self-assessment process.

The Credit Risk Management Group uses statistical methods to quantify latent credit risk across the Bank's entire loan portfolio. In this way, the Bank accurately assesses the scale of potential risk, monitors the concentration of loans to particular large-scale borrowers or specific industries, and thus controls the portfolio to avoid excessive credit risk.

The Bank's credit risk management status, with the status of market risk management and liquidity risk management, which is described below, is reported through monthly meetings of the Committee for Integrated Risk and Budget Management, which is chaired by the president and other channels of management.

(iii) Market risk management system

Market risk is the risk of incurring losses in association with changes in the prices of financial assets and liabilities that are caused by changes in interest rates, stock prices, and foreign exchange rates.

The Group controls the degree of market risks within a certain range by setting limits about risk capital allocations, amount of gains or losses, position, and sensitivity, and so on.

The Bank has established ALM hedge criteria for transactions in banking accounts, especially deposits, loans and bills discounted, and investment securities to control the degree of market risk within a certain range. The Business Strategy Planning and ALM Group of the Corporate Planning Department discusses ALM hedge policies based on the situation of interest rate risks and expected interest rates at meetings of the Committee for Integrated Risk and Budget Management.

The Bank has established a system of cross-checks and balances in the market division by strictly separating trading departments and operation departments, and has set up an independent risk management department. The Audit Department, which is independent of departments subject to audit, checks the effectiveness of this system of checks, and balances among the three divisions.

The Bank and the Shizuoka Bank (Europe) S.A. measure the market risks (the estimation of possible losses) of financial assets and liabilities, such as securities and derivatives held in trading portfolios, and loans, securities, deposits, bonds payable, and derivative transactions held in banking portfolios, using Value at Risk (VaR). VaR is utilized for the quantitative analysis to manage market fluctuations.

A historical simulation model (a variance covariance model in 2012) is used for the measurement of VaR. The Bank performs backtesting comparing VaR calculated by the model and actual profit and loss, in order to determine whether the measurement model captures market risks with sufficient accuracy.

Nevertheless, VaR measures possible market risk amounts statistically calculated based on historical data and is unlikely to capture risks under significant market fluctuations not presumed.

The total amounts of market risks as of March 31, 2019 and 2018, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
VaR	¥148,493	¥153,797	\$1,337,900

The assumptions used to measure VaR are as follows:

Observation period: Five years

Confidence interval: 99%

Holding period: 125 days for banking transactions and 10 days for trading transactions

The due dates of core deposits, defined as demand deposits staying long term without withdrawal, are allocated within 10 years based on an internal model using a specific formula.

(iv) Liquidity risk management system

There are two types of liquidity risk: (1) financing risk, that is, the risk of not being able to secure needed funds as a result of worsening market conditions and other factors, or incurring losses due to being forced to raise funds at much higher interest rates than usual and (2) market liquidity risk, that is, the risk of not being able to trade financial instruments, such as bonds, because of market turmoil or other factors or incurring losses due to being forced to trade financial instruments at far less favorable prices than usual.

The Bank has established a system of cross-checks and balances by setting up fund management departments for financing in Japanese yen and in foreign currencies, and a liquidity risk management department that is independent of the fund management departments. The Fund & Foreign Exchange Group controls amounts raised in markets within a range of amounts that can be raised and seeks stable financing, considering market circumstances. The Risk Management Group assesses the stability of the asset and liability structure, including the status of the holding of liquid assets and monitors the financing position and the status of the management of the financing departments.

To deal promptly with unforeseeable circumstances, the Group has classified financing management in emergencies into four phases—Phase 1 (prevention), Phase 2 (caution needed), Phase 3 (concern over liquidity), and Phase 4 (lack of liquidity)—and has determined the authorized personnel and countermeasures for each phase in advance.

To manage market liquidity risk, the liquidity risk management department monitors the holding of liquid assets on a timely basis, and the front office chooses assets to be managed after taking into account their liquidity and/or sets limits by name and by term.

(4) Supplementary Explanation of the Fair Values of Financial Instruments

The fair values of financial instruments include values based on market prices, and if there are no market prices, values are reasonably calculated. Fair values could differ if different assumptions are used for calculation.

2. Fair Values of Financial Instruments

The carrying amount, fair values, and differences between them at March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gains (Losses)
March 31, 2019			
Cash and due from banks	¥ 1,221,342	¥ 1,221,342	
Call loans and bills bought	270,212	270,212	
Trading assets:			
Trading securities	29,690	29,690	
Securities:			
Held-to-maturity	45,041	45,256	¥ 215
Available-for-sale	1,321,400	1,321,400	
Loans and bills discounted	8,531,914		
Allowance for loan losses	(38,506)		
Subtotal	8,493,408	8,529,239	35,831
Total	¥11,381,095	¥11,417,141	¥36,046
Deposits	¥ 9,919,324	¥ 9,919,505	¥ 181
Call money and bills sold	168,834	168,834	
Payables under repurchase agreements	129,016	129,016	
Borrowed money	282,839	282,552	(287)
Total	¥10,500,015	¥10,499,909	¥ (106)
Derivative transactions:			
Nonhedging derivatives	¥ 1,421	¥ 1,421	
Hedging derivatives	892	892	
Total	¥ 2,314	¥ 2,314	

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gains (Losses)
March 31, 2018			
Cash and due from banks	¥ 1,051,482	¥ 1,051,482	
Call loans and bills bought	200,599	200,599	
Trading assets:			
Trading securities	11,445	11,445	
Securities:			
Held-to-maturity	32,027	32,254	¥ 226
Available-for-sale	1,532,364	1,532,364	
Loans and bills discounted	8,263,507		
Allowance for loan losses	(37,634)		
Subtotal	8,225,873	8,251,043	25,170
Total	¥11,053,793	¥11,079,190	¥25,397
Deposits	¥ 9,624,934	¥ 9,625,359	¥ 425
Call money and bills sold	69,661	69,661	
Payables under repurchase agreements	104,080	104,080	
Payables under securities lending transactions	68,589	68,589	
Borrowed money	283,200	283,151	(49)
Total	¥10,150,467	¥10,150,843	¥ 375
Derivative transactions:			
Nonhedging derivatives	¥ 1,523	¥ 1,523	
Hedging derivatives	13,842	13,842	
Total	¥ 15,365	¥ 15,365	

	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gains (Losses)
March 31, 2019			
Cash and due from banks	\$ 11,004,075	\$ 11,004,075	
Call loans and bills bought	2,434,563	2,434,563	
Trading assets:			
Trading securities	267,508	267,508	
Securities:			
Held-to-maturity	405,811	407,755	\$ 1,943
Available-for-sale	11,905,583	11,905,583	
Loans and bills discounted	76,871,023		
Allowance for loan losses	(346,938)		
Subtotal	76,524,084	76,846,915	322,831
Total	\$102,541,626	\$102,866,401	\$324,775
Deposits	\$ 89,371,332	\$ 89,372,968	\$ 1,636
Call money and bills sold	1,521,167	1,521,167	
Payables under repurchase agreements	1,162,419	1,162,419	
Borrowed money	2,548,337	2,545,744	(2,592)
Total	\$ 94,603,256	\$ 94,602,299	\$ (956)
Derivative transactions:			
Nonhedging derivatives	\$ 12,807	\$ 12,807	
Hedging derivatives	8,044	8,044	
Total	\$ 20,851	\$ 20,851	

- Notes: 1. Allowance for loan losses is deducted from the carrying amount of loans and bills discounted.
2. Derivative transactions include both derivatives accounted for as trading assets/liabilities and derivatives accounted for as other assets/liabilities. Net assets and liabilities arising from derivative transactions are shown on a net basis and in the case that net amounts are liabilities, they are shown as a negative amount.
3. Interest rate swaps, for which special hedging treatment is applied, are excluded from derivative transactions as they are evaluated with hedged items on the whole.
4. Hedged items with special hedging treatment of interest rate swaps are treated as united transactions. For items whose fair value is calculated by discounting future cash flows, deferred and accrued accounts at the calculation date are considered.

Methods used for calculating the fair values of financial instruments Assets

(1) Cash and due from banks

Since the fair values of amounts due from banks without maturities approximate their carrying values, the fair values are deemed equal to the carrying values. The terms of all amounts due from banks with maturities are short (within one year) and their fair values approximate their carrying values. The fair values are therefore deemed equal to the carrying values.

(2) Call loans and bills bought

The terms of all assets are short (within one year) and their fair values approximate their carrying values. The fair values are therefore deemed equal to the carrying values.

(3) Trading assets

The fair values of securities, such as bonds held for trading, are determined by reference to quoted market prices on stock exchanges or prices offered by correspondent financial institutions.

(4) Securities

The fair values of shares are determined by reference to quoted market prices on stock exchanges. The fair values of bonds are determined by reference to quoted market prices or prices offered by correspondent financial institutions. Investment trusts are determined by reference to their publicly available unit prices. The fair values of private placement bonds guaranteed by the Bank are determined by the calculation method for loans and bills discounted described in (5) below after adjusting to reflect guarantee commissions received, among other factors.

(5) Loans and bills discounted

As floating rate loans and bills discounted reflect market interest rates over short periods, unless the credit standing of the borrower is significantly different after the loan was made or the bill was drawn, the fair value approximates the carrying value. The fair value is therefore deemed equal to the carrying value.

The fair values of fixed-rate loans and bills discounted are their present values that are estimated for each classification based on their type, internal rating, status of collateral and guarantees, and terms and by discounting the future cash flows of the principal and interest using the rates at which similar new loans would be made or market interest rates, plus credit cost rates in accordance with internal ratings and expense rates. The fair values of fixed-rate loans and bills discounted, whose terms are short (within one year), approximate their carrying values and are therefore deemed equal to the carrying values.

Losses from loans to borrowers in legal bankruptcy, in virtual bankruptcy, and in possible bankruptcy are computed based on estimated recoverable amounts. The fair values of those loans approximate the consolidated balance sheet amounts at the closing date, minus the currently estimated losses and are therefore deemed equal to the amounts.

The fair values of loans and bills discounted for which repayment terms are not set because of their attributes (e.g., loans are limited to the amounts of pledged assets) are assumed to approximate their carrying values, considering the expected repayment periods and interest rate conditions, and are deemed equal to the carrying values.

Liabilities

(1) Deposits

The fair values of demand deposits are deemed equal to the amounts that would be paid (carrying values) if the payments were demanded at the balance sheet date. The fair values of time

deposits and negotiable certificates of deposit, which are classified in accordance with their periods, are their present values that are estimated by discounting the future cash flows, using the rates that would be offered for new deposits to be received.

The fair values of deposits and negotiable certificates of deposit with short deposit terms (within one year) or with variable interest rates approximate their carrying values and are deemed equal to their carrying values.

- (2) Call money and bills sold, (3) Payables under repurchase agreements, and (4) Payables under securities lending transactions. The terms of all liabilities are short (within one year) and their fair values approximate their carrying values. The fair values are therefore deemed equal to the carrying values.

- (5) Borrowed money

Floating rate-borrowed money reflects market interest rates in short periods, and the credit standing of the Bank and its consolidated subsidiaries has not significantly changed from when the money was borrowed. The fair value of floating rate borrowed money is therefore considered to approximate the carrying value and is deemed equal to the carrying value. The present value of fixed-rate borrowed money, which is classified in accordance with its period, is estimated by discounting future cash flows,

using rates that would be offered to similar borrowings. The fair value of borrowed money whose term is short (within one year) approximates the carrying value and is therefore deemed equal to the carrying value.

Derivatives

Fair value information for derivatives is included in Note 31.

Carrying amount of financial instruments whose fair value cannot be reliably determined at March 31, 2019 and 2018, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Unlisted stocks	¥ 6,306	¥ 6,297	\$ 56,815
Investments in partnerships and others	12,538	9,703	112,971
Total	¥18,844	¥16,001	\$169,787

Notes: 1. Unlisted stocks without market prices, and whose fair values are difficult to determine, are not included in fair value information.
2. The impairment losses on unlisted stocks for the years ended March 31, 2019 and 2018, were ¥2 million (\$20 thousand) and ¥5 million, respectively.
3. Investments in partnerships, whose assets include unlisted stocks and other assets, are not included in fair value disclosures as it is difficult to determine their fair values.

Maturity analysis for financial assets and securities with contractual maturities

	Millions of Yen					
	Due in One Year or Less	Due after One Year through Three Years	Due after Three Years through Five Years	Due after Five Years through Seven Years	Due after Seven Years through Ten Years	Due after Ten Years
March 31, 2019						
Due from banks	¥1,133,925					
Call loans and bills bought	270,212					
Securities:	75,599	¥ 75,421	¥ 141,832	¥141,711	¥ 38,301	¥ 443,072
Held-to-maturity	1,247	2,470	2,000	2,700	3,000	33,484
Available-for-sale	74,351	72,950	139,832	139,011	35,301	409,587
Loans and bills discounted	2,037,714	1,393,641	1,121,978	774,726	829,544	2,155,107
Total	¥3,517,450	¥1,469,063	¥1,263,811	¥916,438	¥867,845	¥2,598,180

	Thousands of U.S. Dollars					
	Due in One Year or Less	Due after One Year through Three Years	Due after Three Years through Five Years	Due after Five Years through Seven Years	Due after Seven Years through Ten Years	Due after Ten Years
March 31, 2019						
Due from banks	\$10,216,464					
Call loans and bills bought	2,434,563					
Securities:	681,135	\$ 679,534	\$ 1,277,884	\$1,276,799	\$ 345,085	\$ 3,992,001
Held-to-maturity	11,242	22,259	18,019	24,326	27,029	301,687
Available-for-sale	669,893	657,274	1,259,864	1,252,472	318,055	3,690,314
Loans and bills discounted	18,359,438	12,556,459	10,108,826	6,980,145	7,474,045	19,417,135
Total	\$31,691,602	\$13,235,994	\$11,386,710	\$8,256,944	\$7,819,130	\$23,409,137

Notes: 1. The amount of loans and bills discounted without due dates, which have been excluded is ¥141,862 million (\$1,278,154 thousand).

2. The amount of loans and bills discounted for "possible bankruptcy," "virtual bankruptcy," and "legal bankruptcy," excluding those without due dates, which have been included is ¥77,339 million (\$696,817 thousand).

Maturity analysis for borrowed money and other interest-bearing debt

	Millions of Yen					
	Due in One Year or Less	Due after One Year through Three Years	Due after Three Years through Five Years	Due after Five Years through Seven Years	Due after Seven Years through Ten Years	Due after Ten Years
March 31, 2019						
Deposits	¥ 9,475,808	¥401,346	¥35,617	¥2,498	¥4,053	
Call money and bills sold	168,834					
Payables under repurchase agreements	129,016					
Borrowed money	256,976	17,075	4,373	4,227	187	
Total	¥10,030,635	¥418,421	¥39,990	¥6,726	¥4,240	

	Thousands of U.S. Dollars					
	Due in One Year or Less	Due after One Year through Three Years	Due after Three Years through Five Years	Due after Five Years through Seven Years	Due after Seven Years through Ten Years	Due after Ten Years
March 31, 2019						
Deposits	\$85,375,331	\$3,616,056	\$320,909	\$22,514	\$36,519	
Call money and bills sold	1,521,167					
Payables under repurchase agreements	1,162,419					
Borrowed money	2,315,312	153,848	39,400	38,087	1,688	
Total	\$90,374,230	\$3,769,904	\$360,310	\$60,602	\$38,208	

Note: Demand deposits are included in "Due in One Year or Less."

31. DERIVATIVES

Qualitative information on derivatives, such as the nature and the purpose of derivative financial instruments, is included in Note 30.

Derivative transactions to which hedge accounting is not applied at March 31, 2019 and 2018, consisted of the following

Millions of Yen				
	Contract or Notional Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains (Losses)
March 31, 2019				
Listed:				
Bond futures	¥ 3,357		¥ (14)	¥ (14)
Bond futures' options	5,000		1	(0)
Over the counter:				
Interest rate swaps	715,014	¥559,717	866	866
Currency swaps	98,649	78,963	187	187
Forward contracts	244,727	18,979	346	346
Currency options	188,445	142,340	(18)	(18)
Other	4,968	4,768	51	51

Millions of Yen				
	Contract or Notional Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains (Losses)
March 31, 2018				
Listed:				
Bond futures	¥ 1,356		¥ (0)	¥ (0)
Bond futures' options	1,000		0	(0)
Over the counter:				
Interest rate swaps	802,211	¥636,170	614	614
Currency swaps	119,502	58,587	81	81
Forward contracts	307,472		747	747
Currency options	157,253	113,694	2	2
Other	4,187	4,158	77	77

Thousands of U.S. Dollars				
	Contract or Notional Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains (Losses)
March 31, 2019				
Listed:				
Bond futures	\$ 30,250		\$ (131)	\$ (131)
Bond futures' options	45,049		15	(3)
Over the counter:				
Interest rate swaps	6,442,154	\$5,042,957	7,806	7,806
Currency swaps	888,814	711,442	1,692	1,692
Forward contracts	2,204,953	170,999	3,124	3,124
Currency options	1,697,856	1,282,464	(162)	(162)
Other	44,763	42,961	462	462

Note: Derivatives included in the table above were measured at fair value, and the unrealized gains and losses were recognized in income.

Derivative transactions to which hedge accounting is applied at March 31, 2019 and 2018, consisted of the following:

Millions of Yen				
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2019				
Principled treatment:				
Interest rate swaps	Deposits	¥41,551	¥41,551	¥1,236
Currency swaps	Loans, deposits, and securities in foreign currencies	94,321	68,959	(543)
Forward contracts	Loans, deposits, and securities in foreign currencies	44,807		200
Special hedging treatment:				
Interest rate swaps	Loans	40,370	36,981	

Millions of Yen				
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2018				
Principled treatment:				
Interest rate swaps	Deposits	¥ 93,689	¥40,569	¥ 1,222
Currency swaps	Loans, deposits, and securities in foreign currencies	153,431	65,009	12,771
Forward contracts	Loans, deposits, and securities in foreign currencies	120,094		(151)
Special hedging treatment:				
Interest rate swaps	Loans	36,429	23,060	

Thousands of U.S. Dollars				
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2019				
Principled treatment:				
Interest rate swaps	Deposits	\$374,367	\$374,367	\$11,139
Currency swaps	Loans, deposits, and securities in foreign currencies	849,823	621,314	(4,897)
Forward contracts	Loans, deposits, and securities in foreign currencies	403,711		1,802
Special hedging treatment:				
Interest rate swaps	Loans	363,729	333,195	

Notes: 1. Principally, deferral hedge accounting is applied as stipulated in JICPA Industry Audit Committee Report No.24, issued on February 13, 2002, and No.25, issued on July 29, 2002.
2. The fair value of interest rate swaps with special hedging treatment is omitted as interest rate swaps and loans are treated unitary and their values are included in the fair value of loans and bills discounted in Note 30.

The fair values of listed transactions represent the closing price on the Tokyo Financial Exchange and other exchanges at the consolidated balance sheet date. The fair values of over-the-counter transactions are calculated mainly using the discounted present values or option-pricing models.

The contract or notional amounts of derivatives shown in the above table do not represent the amounts exchanged by the parties and do not measure the Bank's exposure to credit or market risk.

32. RELATED-PARTY TRANSACTIONS

Related-party transactions for the years ended March 31, 2019 and 2018, were as follows:

Related-Party Transactions with the Bank

Related Party	Category	Description of Transactions	Millions of Yen		Thousands of U.S. Dollars
			2019	2018	2019
Makizo Iio	Close relative of a director of Shizuoka Bank	Loans	¥ 64	¥295	\$ 583
Kai Goto	Close relative of a director of Shizuoka Bank	Loans	¥113	¥116	\$1,023
Park View Asset Co., Ltd	Company in which majority voting rights are held by director or close relative of a director of Shizuoka Bank	Loans	¥448	¥463	\$4,041

Note: 1. Related-party transactions stated above are processed under equal conditions to transactions with general customers.
2. Amounts of loans are balances at the end of the fiscal year, except Kai Goto.
3. Amount of loans to Kai Goto is the balance on June 30, 2018, as the related director retired on June 15, 2018.

33. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) for the years ended March 31, 2019 and 2018, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Unrealized gain on available-for-sale securities:			
Gains arising during the year	¥ 9,950	¥56,184	\$ 89,654
Reclassification adjustments to profit and loss	(11,347)	(13,649)	(102,240)
Amount before income tax effect	(1,396)	42,534	(12,585)
Income tax effect	434	(13,418)	3,916
Total	¥ (962)	¥29,116	\$ (8,669)
Deferred gains on derivatives under hedge accounting:			
Gains arising during the year	¥ (6,012)	¥ (3,771)	\$ (54,175)
Reclassification adjustments to profit and loss	5,943	3,563	53,547
Amount before income tax effect	(69)	(208)	(628)
Income tax effect	21	63	197
Total	¥ (47)	¥ (145)	\$ (430)
Foreign currency translation adjustments:			
Gains arising during the year	¥ 2,559	¥ (2,566)	\$ 23,064
Reclassification adjustments to profit and loss	(71)		(648)
Amount before income tax effect	2,487	(2,566)	22,415
Income tax effect			
Total	¥ 2,487	¥ (2,566)	\$ 22,415
Defined retirement benefit plans:			
Adjustments arising during the year	¥ (46)	¥ 8,858	\$ (417)
Reclassification adjustments to profit or loss	(2,542)	(3,436)	(22,909)
Amount before income tax effect	(2,589)	5,422	(23,326)
Income tax effect	777	(1,636)	7,005
Total	¥ (1,811)	¥ 3,785	\$ (16,320)
Share of other comprehensive income in affiliated companies:			
Gains arising during the year	¥ 385	¥ 236	\$ 3,471
Reclassification adjustments to profit or loss		(765)	
Amount before income tax effect	385	(528)	3,471
Income tax effect			
Total	¥ 385	¥ (528)	\$ 3,471
Total other comprehensive income	¥ 51	¥29,661	\$ 466

34. NET INCOME PER SHARE

Basic net income per share (EPS) for the years ended March 31, 2019 and 2018, is computed as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year ended	Net income attributable to Owners of the Parent	Weighted-Average Shares	EPS	
March 31, 2019				
Basic EPS:				
Net income available to common shareholders	¥46,874	591,009	¥79.31	\$0.714
Effect of dilutive securities:				
Interest expenses (excluding tax amount)	454			
Stock options		364		
Convertible bonds with stock acquisition rights		23,845		
Diluted EPS:				
Net income for computation	¥47,329	615,220	¥76.93	\$0.693
Year ended	Millions of Yen	Thousands of Shares	Yen	
March 31, 2018	Net income attributable to Owners of the Parent	Weighted-Average Shares	EPS	
Basic EPS:				
Net income available to common shareholders	¥50,130	598,834	¥83.71	
Effect of dilutive securities:				
Interest expenses (excluding tax amount)	50			
Stock options		400		
Convertible bonds with stock acquisition rights		41,483		
Diluted EPS:				
Net income for computation	¥50,181	640,718	¥78.32	

35. SUBSEQUENT EVENTS

- Purchase of Treasury Stock
On May 10, 2019, the Board of Directors resolved the following purchase of treasury stock:
(1) Type of stock : Common stock
(2) Number of shares : Up to 10,000,000 shares
(3) Aggregate amount of shares : Up to ¥10,000 million (U.S. \$90,098 thousand)
(4) Purchase period : May 15, 2019 to June 21, 2019
- Retirement of Treasury Stock
On May 10, 2019, the Board of Directors resolved the following retirement of treasury stock and the Bank completed it on May 31, 2019:
(1) Type of stock : Common stock
(2) Number of shares : 10,000,000 shares
(3) Retirement date : May 31, 2019

3. Appropriation of Retained Earnings

The following appropriation of retained earnings was authorized at the ordinary general shareholders' meeting held on June 14, 2019:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends,		
¥11.0 (\$0.09) per share	¥6,422	\$57,869
Total	¥6,422	\$57,869

Key Consolidated Financial Indicators

Summary of Profits (Losses)

Years ended March 31	Millions of Yen			Percentage Change
	2019	2018	Increase (Decrease)	
Net interest income	¥115,968	¥110,724	¥ 5,244	4.7%
Net fees and commissions	30,217	29,912	305	1.0
Net trading income	3,004	3,623	(619)	(17.0)
Net other operating income	1,566	(247)	1,813	(733.3)
General and administrative expenses	90,235	92,871	(2,636)	(2.8)
Net other ordinary income	2,858	14,697	(11,839)	(80.5)
Ordinary profits	63,379	65,839	(2,459)	(3.7)
Income before income taxes	66,681	71,630	(4,949)	(6.9)
Income taxes:				
Current	17,794	18,360	(566)	(3.0)
Deferred	1,943	3,102	(1,158)	(37.3)
Net income	46,943	50,167	(3,223)	(6.4)
Net income attributable to noncontrolling interests	68	36	31	86.4
Net income attributable to owners of the parent	46,874	50,130	(3,255)	(6.4)
Comprehensive income	46,995	79,828	(32,833)	(41.1)

Breakdown of Net Interest Margin

Year ended March 31	Billions of Yen
	2019
Interest income	¥ 143.1
Average interest-earning assets	10,368.0
Average interest rate of interest-earning assets (%)	1.38
Interest expense (Note)	27.1
Average interest-bearing liabilities	10,289.2
Average interest rate of interest-bearing liabilities (%)	0.26
Net interest income	115.9

Note: Interest expense here excludes interest paid in relation to investment in money held in trust.

Net Other Operating Income

Years ended March 31	Millions of Yen		
	2019	2018	Increase (Decrease)
Gains on foreign exchange transactions	¥ 2,146	¥ 1,732	¥ 413
Gains/losses on government bonds	(1,050)	(4,157)	3,106
Gains on sales	4,188	1,061	3,126
Losses on sales	(5,239)	(5,213)	(25)
Losses on redemptions		(5)	5
Amortized bond issue cost	(463)		(463)
Gains/losses on derivative transactions	933	2,174	(1,240)
Proceeds from derivative transactions	933	2,174	(1,240)
Others	0	3	(3)
Gains/losses on other business	1,566	(247)	1,813
Other operating income	7,268	4,971	2,296
Other operating expenses	(5,702)	(5,219)	(483)

Loans Outstanding by Type of Borrower

March 31	Billions of Yen, % Share			
	2019		2018	
Domestic branches:				
Manufacturing	¥1,328.3	16.03%	¥1,301.6	16.24%
Agriculture and forestry	8.5	0.10	7.8	0.10
Fishery	8.8	0.11	7.5	0.09
Mining and quarrying	11.6	0.14	13.4	0.17
Construction	226.1	2.73	241.5	3.01
Utilities	114.3	1.38	104.9	1.31
Telecommunications	69.6	0.84	60.7	0.76
Transportation and mail service	305.9	3.69	291.4	3.64
Wholesale and retailing	787.0	9.49	787.1	9.82
Finance and insurance	454.2	5.48	411.6	5.14
Real estate, lease, and rental	1,945.9	23.48	1,855.7	23.16
Medical, welfare, lodging, and other services	538.3	6.49	534.5	6.67
Local governments	130.9	1.58	134.0	1.67
Other	2,358.6	28.46	2,261.8	28.22
Subtotal	8,288.7	100.00	8,014.1	100.00
Overseas branches and offshore accounts:				
Governments and official institutions	9.8	4.06	9.0	3.61
Banks and other financial institutions	6.2	2.56	13.4	5.40
Other	227.0	93.38	226.9	90.99
Subtotal	243.1	100.00	249.3	100.00
Total	¥8,531.9		¥8,263.5	

Risk-Monitored Asset Information

March 31	Millions of Yen		
	2019	2018	Increase (decrease)
Loans under bankruptcy proceedings A	¥ 4,641	¥ 4,395	¥ 245
% of loans and bills discounted	0.05	0.05	0.00
Past-due loans B	72,698	77,704	(5,006)
% of loans and bills discounted	0.85	0.94	(0.08)
Loans past due for three months or more C	257	349	(92)
% of loans and bills discounted	0.00	0.00	(0.00)
Restructured loans D	16,411	12,118	4,292
% of loans and bills discounted	0.19	0.14	0.04
Risk-monitored loan total E (E=A+B+C+D)	94,008	94,569	(560)
% of loans and bills discounted	1.10	1.14	(0.04)
Value covered with collateral, guarantees, etc. F	78,946	82,623	(3,677)
Cover ratio (%) F/E	83.97	87.36	(3.39)

- Notes: 1. Risk-monitored loans are based on Article 19-2 of the Ordinance for Endorsement of the Banking Act. Because these loans are disclosed regardless of the presence or absence of collateral, guarantees, or other coverage, the figures shown do not represent unrecoverable amounts.
2. Loans past due for three months or more include loans for which payments of principal or interest are delinquent by three months or more, as calculated from the day following the contracted payment date, but do not include loans to bankrupt borrowers or past-due loans.
3. Restructured loans include loans for which certain conditions have been relaxed for the benefit of the borrower (through such means as the reduction or elimination of interest payments, the deferral of principal repayments, or the relinquishment of a portion of liabilities) with the goal of supporting the recovery of borrowers that have fallen into financial difficulty and thereby promoting the recovery of the loan.
4. Value covered with collateral, guarantees, etc., includes provisions in the specific reserve for possible loan losses. The covered value was stated on a possible disposal basis.

Allowance for Loan Losses

March 31	Millions of Yen	
	2019	2018
General allowance for loan losses	¥22,601	¥21,243
Specific allowance for loan losses	19,233	19,128
Total	¥41,835	¥40,372
[Loans on written-off claims for the year]	¥ [386]	¥ [294]

Financial Index

Years ended March 31	Consolidated			Nonconsolidated		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
Per share (Yen):						
Net income	¥ 79.31	¥ 83.71	¥ (4.40)	¥ 72.14	¥ 72.52	¥ (0.38)
Net assets	1,738.53	1,668.95	69.58	1,638.17	1,579.09	59.08
Cash dividends	22.00	21.00	1.00	22.00	21.00	1.00
Dividend payout ratio (%)				30.49	28.95	1.54
Return on equity (%) (Note)	4.67	5.21	(0.54)	4.50	4.75	(0.25)
Price earnings ratio (%)	10.62	12.01	(1.39)	11.68	13.87	(2.19)

Note: The amount of net income returned as a percentage of the average balance of shareholder's equity.

Capital Adequacy Ratio

	Billions of Yen			
	Consolidated		Nonconsolidated	
	2019	2018	2019	2018
March 31				
1. Total capital ratio (%)	16.05	15.95	14.28	14.35
2. Tier 1 ratio (%)	16.05	15.95	14.28	14.35
3. Common Equity Tier 1 ratio (%)	16.05	15.95	14.28	14.35
4. Total capital	913.3	897.9	845.7	838.8
5. Tier 1 capital	913.3	897.9	845.7	838.8
6. Common Equity Tier 1 capital	913.3	897.9	845.7	838.8
7. Total risk-weighted assets	5,690.1	5,626.8	5,918.9	5,841.9
8. Total capital requirements	455.2	450.1	473.5	467.3
Leverage ratio (%)	7.59		7.04	

Notes: 1. Capital ratios were calculated both on a consolidated and nonconsolidated basis conforming to the Ministry of Finance guidelines, based on Article 14-2 of the Banking Act.

2. The Group adopted the Foundation Internal Rating-Based Approach to calculate credit risk assets and the Standardized Approach for operational risk, and applies the Market Risk Capital Regulations.

3. In addition, the leverage ratio, which was a complementary indicator of the equity ratio, was calculated both on consolidated and nonconsolidated basis, with the formula shown on the criteria, the 11th notice by Financial Services Agency in 2019, to judge the soundness of the leverage as a complementary indicator of the criteria on whether or not the adequacy of equity capital of the bank is appropriate in light of the circumstances, such as the assets owned by the bank, according to the provision of the article 14-2 of Banking Act.

The Shizuoka Bank

Corporate Data

HEAD OFFICE

10, Gofukuchō 1-chōme, Aoi-ku,
Shizuoka-shi, Shizuoka 420-8761, Japan

HEADQUARTERS

2-1, Kusanagi-Kita, Shimizu-ku,
Shizuoka-shi, Shizuoka 424-8677, Japan
Phone: (81) 54-345-5411
URL: <https://www.shizuokabank.co.jp/>

INTERNATIONAL BUSINESS PROMOTION GROUP

Phone: (81) 54-345-5411
Fax: (81) 54-344-0090

TREASURY & INTERNATIONAL OPERATIONS CENTER

Phone: (81) 54-345-5700
Fax: (81) 54-349-5501
SWIFT address: SHIZJPJT

NUMBER OF EMPLOYEES

(As of March 31, 2019)
2,819

DATE OF ESTABLISHMENT

March 1, 1943

DOMESTIC NETWORK

(As of July 1, 2019)
Head Office, 176 branches,
27 subbranches

OVERSEAS NETWORK

(As of July 1, 2019)
3 branches,
2 representative offices, and
1 subsidiary

Overseas Service Network

Los Angeles Branch

801 South Figueroa Street, Suite 610,
Los Angeles, CA 90017, U.S.A.
Phone: (1) 213-622-3233
Fax: (1) 213-623-8674

New York Branch

600 Lexington Ave,
4th Floor, New York,
NY 10022, U.S.A.
Phone: (1) 212-319-6260
Fax: (1) 212-319-6270

Hong Kong Branch

Suite 1010, 10th Floor, Chater House,
8 Connaught Road, Central, Hong Kong
S.A.R.,
People's Republic of China
Phone: (852) 2521-6547
Fax: (852) 2845-9257

Representative Office Registered in Singapore

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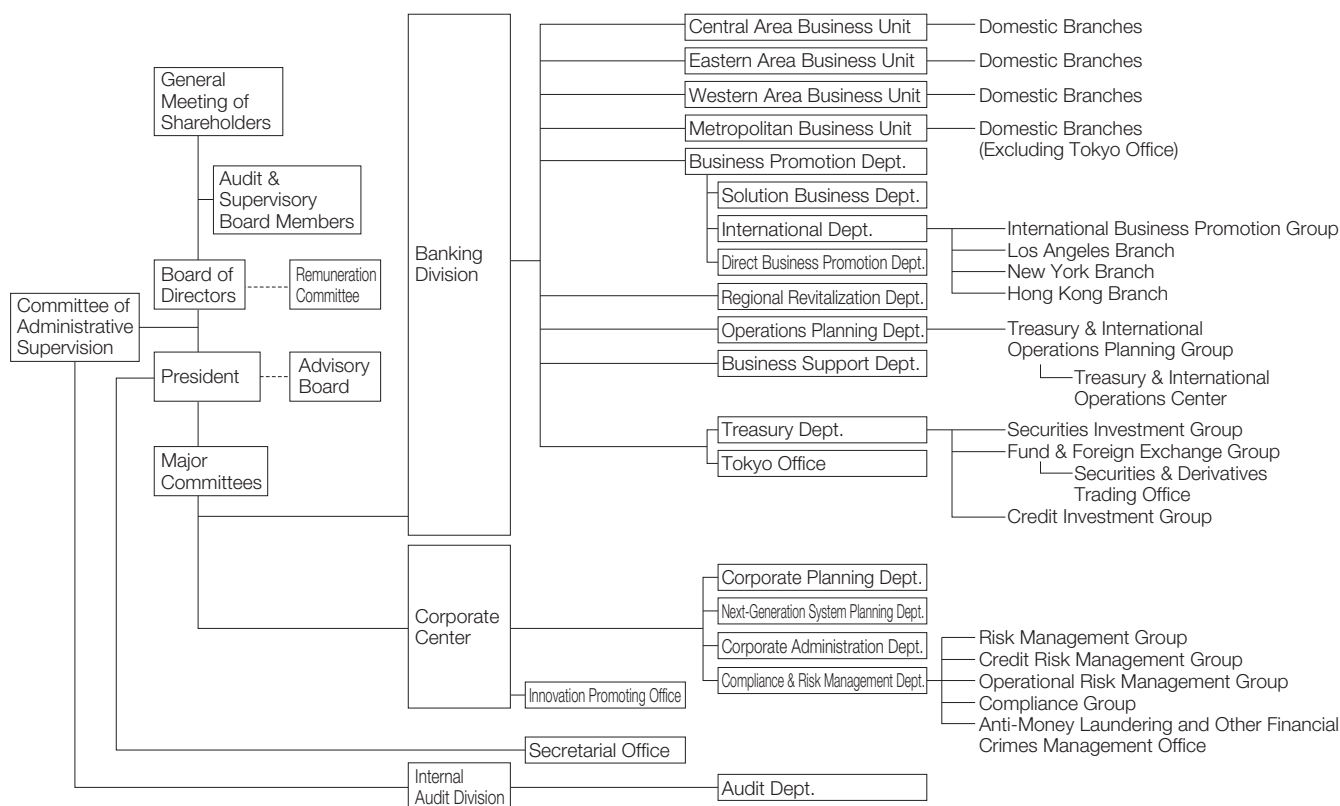
Shanghai Representative Office

Room 1813, Shanghai
International Trade Centre,
2201 Yan-An Road (West),
Chang Ning Qu, Shanghai,
People's Republic of China
Phone: (86) 21-6209-8115
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Shizuoka Bank (Europe) S.A.

Rue Jules Cockx 8-10, Box 9, 1160
Auderghem, Brussels, Belgium
Phone: (32) 2-646-0470
Fax: (32) 2-646-2462

Organization Chart



Board of Directors and Audit & Supervisory Board

Chairman & CEO*

Katsunori Nakanishi

President

Hisashi Shibata

Director & Senior Managing Executive Officers

Hirotohi Sugimoto

Minoru Yagi

Director & Senior Executive Officers

Yoshihiro Nagasawa

Hidehito Iio

Mitsuru Kobayashi

Directors

Toshihiko Yamamoto

Kumi Fujisawa

Motoshige Itoh

Audit & Supervisory Board Members

Hiroki Saito

Yutaka Okoshi

Kazuo Kouduki

Yoshihiro Yamashita

Naomi Ushio

*CEO=Chief Executive Officer

(As of July 1, 2019)

Investor Information

CAPITAL STOCK (As of March 31, 2019)

Common stock..... ¥90,845 million

NUMBER OF SHARES (As of March 31, 2019)

Authorized..... 2,414,596,000 shares

Issued and outstanding 615,129,069 shares

NUMBER OF SHAREHOLDERS (As of March 31, 2019)

21,520

STOCK LISTING

First Section of the Tokyo Stock Exchange

TRANSFER AGENT

Japan Securities Agents, Ltd.

STOCK PRICE, TURNOVER

Annual high/low stock price (five years)

(Yen)

Years ended March 31	2015	2016	2017	2018	2019
High	1,292	1,519	1,055	1,252	1,153
Low	938	768	655	860	820

PRINCIPAL SHAREHOLDERS

The 10 largest shareholders of the Bank and their respective shareholdings at March 31, 2019, were as follows:

	Number of Shares in Thousands	Percentage of Total Shares Outstanding
The Master Trust Bank of Japan, Ltd. (trust account)	44,579	7.63%
Nippon Life Insurance Company	29,745	5.09
Meiji Yasuda Life Insurance Company	29,117	4.98
Japan Trustee Services Bank, Ltd. (trust account)	27,512	4.71
Sumitomo Life Insurance Company	13,070	2.23
MUFJ Bank, Ltd.	11,884	2.03
Tokio Marine & Nichido Fire Insurance Co., Ltd.	11,608	1.98
The Dai-ichi Life Insurance Company, Limited	11,546	1.97
Japan Trustee Services Bank, Ltd. (trust account 5)	9,728	1.66
Daiichi Sankyo Company, Ltd.	9,343	1.60
Total	198,136	33.93%

The Shizuoka Bank Group

Consolidated Subsidiaries

SHIZUGIN MANAGEMENT CONSULTING CO., LTD.

Corporate and financial management
advisory services

Bill collection services

SHIZUGIN LEASE CO., LTD.

Leasing

SHIZUGIN COMPUTER SERVICE CO., LTD.

Computer system development and operation

SHIZUGIN CREDIT GUARANTY CO., LTD.

Guarantee of housing loans, etc.

SHIZUGIN DC CARD CO., LTD.

Credit card and guarantee of consumer loans

SHIZUOKA CAPITAL CO., LTD.

Public-offering assistance
Support for corporate rehabilitation

SHIZUGIN TM SECURITIES CO., LTD.

Securities

SHIZUGIN GENERAL SERVICE CO., LTD.

Fee-based job placement services
General administration

SHIZUGIN MORTGAGE SERVICE CO., LTD.

Appraisal of real estate for loan collateral
Operation center for loans

SHIZUGIN BUSINESS CREATE CO., LTD.

Operation center for remittance and bill
collection

Part-time employee management

SHIZUOKA BANK (EUROPE) S.A.

Finance and securities-related services

SHIZUOKA LIQUIDITY RESERVE LIMITED

Purchases of monetary receivables

Affiliates under Equity Method

SHIZUGIN SAISON CARD CO., LTD.

Credit card and prepaid card
Guarantee of consumer loans

* Other than the above-mentioned Group companies, Monex Group, Inc. and Commons Asset Management, Inc. are equity-method affiliates of Shizuoka Bank.

THE SHIZUOKA BANK, LTD.

For more detailed
information, please
refer to our website.

