



SHIZUOKA BANK GROUP INTEGRATED REPORT

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

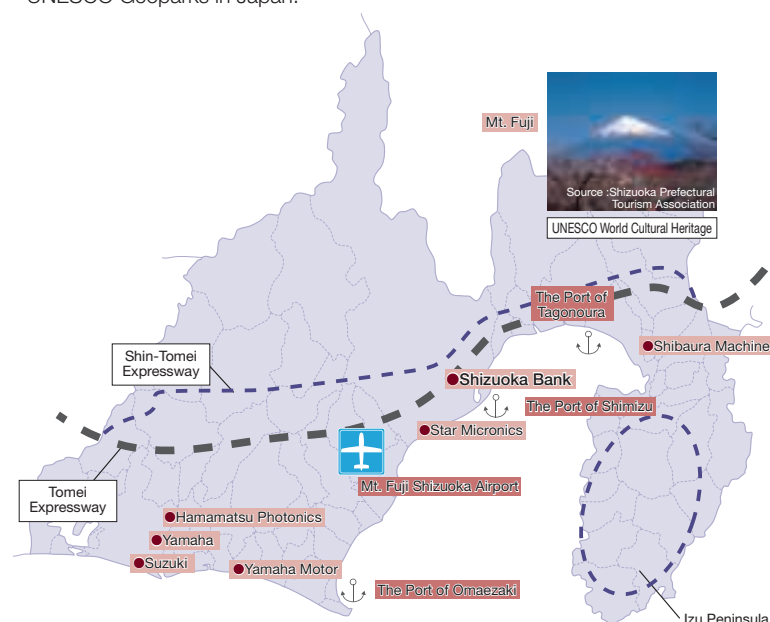
to the regional economy. We expect that Shizuoka prefecture will be more internationalized, stimulating the interchange of people and ideas with the major urban centers of Eastern Asia, and act as an important driving force for the regional economy.

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.

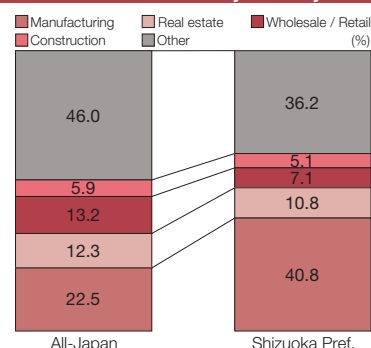


Economy in Shizuoka Prefecture and current state

- 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, FY2016

No. of listed companies with HQs in Shizuoka Prefecture

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

*As of the end of Mar. 2020

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, Iraq, and Algeria.

Shizuoka Prefecture indices			
	Share of all-Japan		National ranking
Population	3.64m	2.9%	10th of 47 (2019)
No. of households	1.59m	2.7%	10th of 47 (2019)
Nominal prefectural GDP	JPY 17.0tn	3.1%	10th of 47 (FY2016)
Per-capita income	JPY 3.300m	-	4th of 47 (FY2016)
No. of business establishments	170k	3.1%	10th of 47 (2016)
Amount of shipments of manufactured goods, etc.(*)	JPY 17.5tn	5.3%	4th of 47 (2018)
Agricultural output	JPY 212.0bn	2.3%	16th of 47 (2018)
Fishery production volume	200k tons	5.8%	4th of 47 (2018)
No. of industrial locations(*)	76	7.7%	1st of 47 (2019)
No. of new housing starts	22k	2.5%	10th of 47 (2019)

*Based on flash reports

Shizuoka Prefecture economic scale

Prefectural GDP (FY2016, Nominal)		
Rank	Prefecture/Region	(US\$ billions)
9	Hokkaido Prefecture	175.5
10	Shizuoka Prefecture	157.3
11	Ibaraki Prefecture	120.5
-	4 prefectures in Shikoku	132.6
-	3 prefectures in Hokuriku	114.4
GDP comparison with countries (2016)		
Rank	Country (Region)	(US\$ billions)
53	New Zealand	185.1
54	Iraq	175.2
55	Algeria	160.0
-	Shizuoka Prefecture	157.3
56	Qatar	151.7
57	Kazakhstan	137.3

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

Shizuoka Bank Group at a Glance

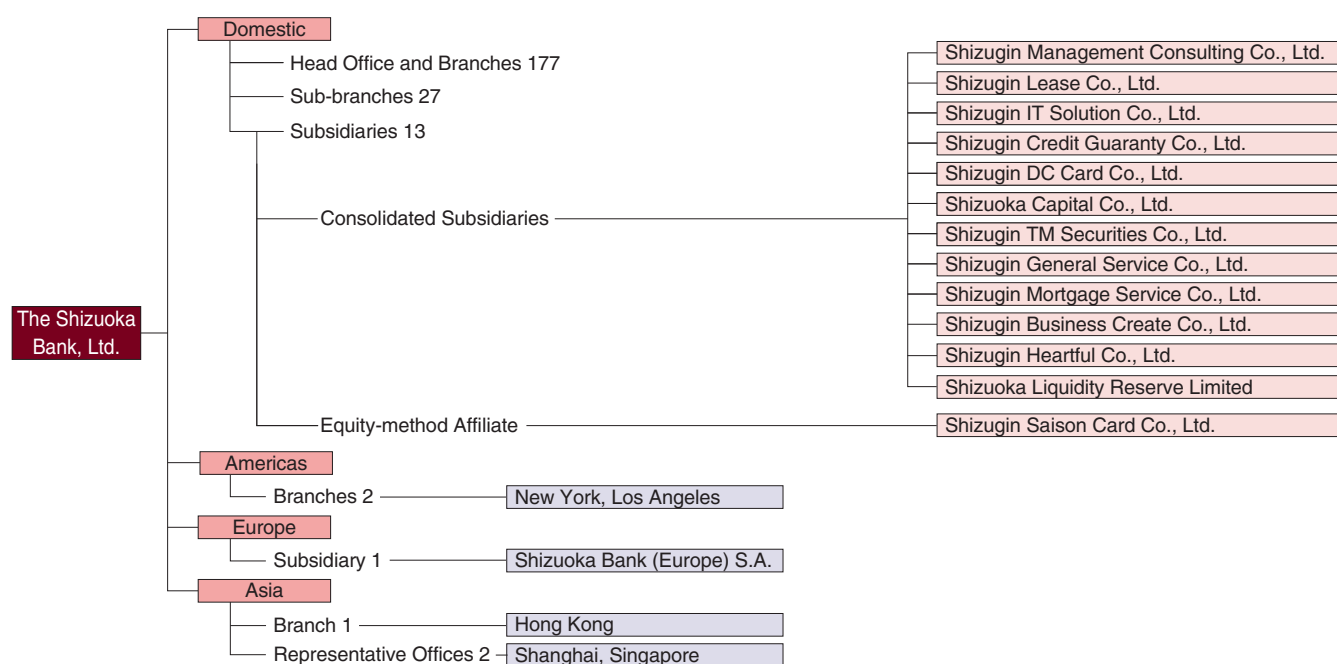
NURTURING THE VISION OF A PROSPEROUS COMMUNITY

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, 2020)



* 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

Change to a Problem-solving Corporate Group Assisting Regional Customers with Hands-on Support



H. Shibata
Hisashi Shibata
President

I would like to express my deepest condolences to those who have lost their lives due to coronavirus disease (COVID-19) and my greatest sympathies to all those affected. I pray also for the early recovery of everyone suffering from the virus, and for its rapid containment.

A mission that remains unwavering in any environment

As the movement of people and goods throughout the world and the economic activity of countries became heavily restricted due to the COVID-19 pandemic, the global economy fell into negative growth for the first time in 11 years and Japan's economy also entered a recession. The 2008 financial crisis began with the failure of a major U.S. financial institution, which seriously affected domestic export-related industries and the manufacturing industry in particular; yet the impact of this crisis was limited to some extent. The current economic crisis, however, which has its roots in public health, has had a major impact on consumer spending, resulting in a negative impact extending to almost all industries.

Within Shizuoka Prefecture, this impact has spread to a wide range of industries, including tourism and manufacturing, and has also affected the lives of individuals. The GDP for the April to June period is estimated to be down 17.8% year on year. Although the emergency declaration has been lifted and economic activity is starting to recover, many business owners in the prefecture believe that economic recovery within the year is unlikely, and the situation facing them is critical.

In these circumstances, while working to prevent the spread of further infection, the Shizuoka Bank Group is fully committed to the resumption and recovery of economic activity, with the highest priority being on supporting the region and customers mainly through cash flow support. Just as we have overcome many ordeals in the past, including economic crises caused by the 2008 financial crisis and the Great East Japan Earthquake, we will fulfill our mission to protect the region and contribute to the prosperous development of the local community even in the midst of the COVID-19 outbreak, and we will work to overcome this difficult situation together with the people of the region.

Taking on the challenge of three business fields and three structural reforms

At the present time, when the impact from COVID-19 on the economy and changes to lifestyles are key topics, the environment surrounding regional financial institutions like us is continuing to change and become increasingly challenging due to the prolonged and unprecedented low interest rate policy, changes in the social structure against a backdrop of the ongoing population decline and aging, and the advancement of digital technology, which is resulting in the spread of non-face-to-face services and the entry by companies in other business sectors.

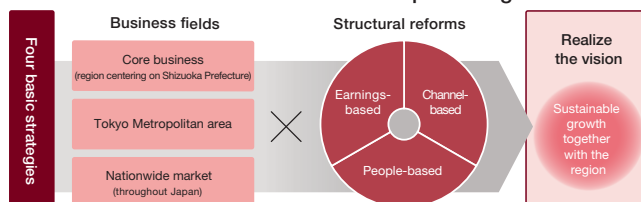
In order to achieve sustainable growth together with the region while assessing these changes, the Shizuoka Bank Group kicked off the 14th Medium-term Business Plan in April this year. Before providing a detailed explanation of the plan, I would first like to look back on the 13th Medium-term Business Plan that we worked on for the past three years until fiscal 2019.

In the 13th Medium-term Business Plan "TSUNAGU," we promoted a variety of strategies embodying the ideas of "growing hand-in-hand with the region," "connecting all stakeholders through our financial services," and "linking our three structural reforms to the 14th Medium-term Business Plan." In addition, we have been working toward the realization of our vision in the plan – Innovative Bank: "Shizugin" will Continue to Create New Value along with the Region.

Specifically, we have established four basic strategies and promoted them in three business fields: our "core business," which is region-based, the "Tokyo Metropolitan area," and the "nationwide market," which operates via the Internet. As well as this, we worked on three structural reforms; namely, earnings-based, channel-based and people-based reforms.

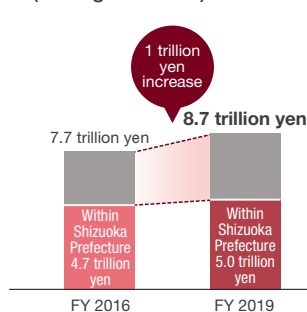
Unfortunately, we were unable to achieve our earnings targets amid bigger changes in the business environment than our initial assumptions, including the market operations environment. However, by individual item, there were some areas where a certain degree of results was obtained.

13th Medium-term Business Plan: Conceptual Diagram

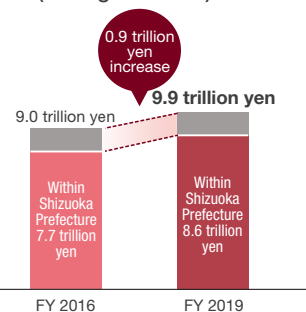


Firstly, as a result of the performance over the past three years, loans and deposits both increased by approximately 1 trillion yen, and the deposit balance as of March 31, 2020 exceeded 10 trillion yen.

■ Balance of loans (average balance)



■ Deposit balance (average balance)



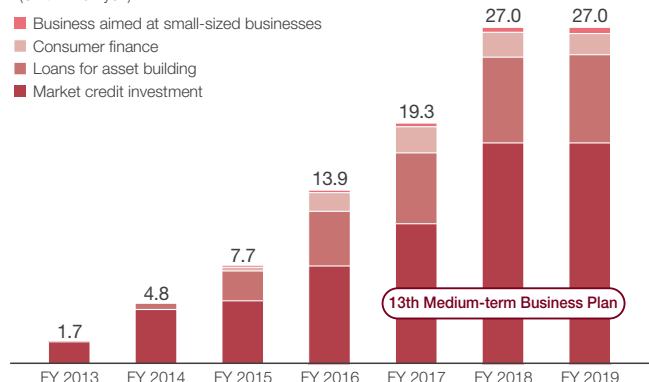
Loan interest income also grew by approximately 10.0 billion yen over the three years due to the growth of the Tokyo Metropolitan area business, including market credit investment and loans for asset building, in addition to an increase in housing loans.

Next, in terms of the results achieved in the three structural reforms, for the earnings-based structural reform, the first of the reforms, we worked to increase revenue in new business fields to a scale of 30.0 billion yen and were able to grow the business to a level close to our initial assumptions.

For the people-based structural reform, the second reform, we strove to improve productivity by working on reducing the total number of working hours

■ Revenue in new business fields (Earnings-based structural reform)

(Unit: Billion yen)

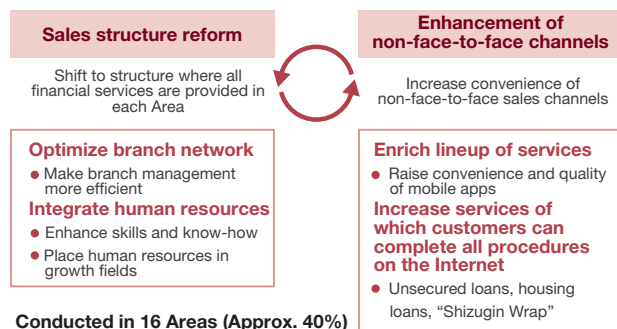


and revising administrative operations in order to respond to employees' diverse views and values with a focus on workstyle reform. In view of our belief that "it is human resources that determine the ability of the Group", in addition to starting a system of dispatching employees to regional companies in fiscal 2018 with the objective of improving problem-solving abilities for regions and business partners, we expanded our human resources systems and focused on strengthening human resource training through measures such as the establishment of "side jobs" that allow for secondary jobs (side jobs) within the Group under the "My Career Design Program", which provides support for individual officers and employees to consider and design their own careers.

For the channel-based structural reform, the third reform, we implemented sales structure reform, the aim of which is to provide standardized services through the optimization of the branch network and the integration of human resources, at 16 of the 37 Areas within Shizuoka Prefecture. In conjunction with this, we optimized face-to-face and non-face-to-face channels overall by striving to enhance non-face-to-face channels, including by improving the convenience of smartphone apps and by expanding services that can be completed via the Internet.

Our policy is to continue to focus on these three structural reforms with the aim of completing them in the 14th Medium-term Management Plan.

■ Initiatives to optimize channels (Channel-based structural reform)



Conducted in 16 Areas (Approx. 40%)
out of all 37 Areas in Shizuoka Pref. by FY2019

Next, with regard to the cross-industry collaboration that we have continued to work on since the 12th Medium-term Business Plan, in addition to launching an alliance scheme whereby Shizugin Credit Guaranty Co., Ltd., a Group company, provides guarantee for variable-interest loans offered by ARUHI Corporation, a financial institution specializing in housing loans nationwide, we promoted collaboration with startup companies with strengths in AI.

Although we are still on a path toward monetization, we are starting to see results in the expansion of our customer base in order to achieve this. In the 14th Medium-term Business Plan, we will firmly nurture each business toward the goal of monetization.

As well as the collaboration between the Shizuoka Bank Group and startup companies, the Bank also held TECH BEAT Shizuoka, an event jointly held with the Shizuoka Prefectural government that connects startup companies with local companies, utilizing the network that we have built to date. As a result, we worked on resolving the region's issues of the lack of IT human resources and the creation of new industries.

In addition, we implemented organizational reforms in fiscal 2017 and fiscal 2019 with the aim of upgrading consulting functions and speeding up decision making. Furthermore, as a process aimed at the further separation of supervision and execution, in June this year we set the ratio of outside directors at one-third and worked on revising the system to enable the execution of daily operations to be completed by the executive departments.

■ Cross-industry collaboration initiatives

	Collaborating companies	Results
Housing loan business in nationwide market based on cross-industry network	ARUHI Corporation. HOUSALL Corporation renoveru Co., Ltd	Applied: 602 loans, 23.1 billion yen (Total of 3 companies, FY 2019)
Provide new services which banks traditionally do not offer	HOKEN NO MADOGUCHI GROUP INC. Money Forward, Inc Commons Asset Management, Inc.	Money Forward (app): 114,417 contracts) HOKEN NO MADOGUCHI: 6 sites, 4,283 people (Number of branch visitors in FY 2019)
Expansion of businesses through non-face-to-face channel	Monex Group, Inc	Started to offer small-sized wrap service "Shizugin Wrap (MSV LIFE)"
Network building with venture firms (investment in funds)	Global Catalyst Partners JAPAN LLC. NetService Venture Group LLC	Invested in 174 venture firms through investment in 4 funds in addition to those mentioned in the left
Utilization of AI	LEEWAYS Inc. PKSHA Technology Inc.	Enhance accuracy of credit review through the Bank's proprietary rental property investment simulation based on AI

14th Medium-term Business Plan "COLORs"

Next, I will explain the vision and basic strategy of the 14th Medium-term Business Plan "COLORs" that we have commenced from fiscal 2020, in order to facilitate everyone's understanding.

Firstly, since the environment surrounding financial institutions and the roles expected of them are changing significantly in line with changes to social structure and advancements in technology, the Bank has set forth two visions under this plan and will work to realize them in order that the Shizuoka Bank Group achieves sustainable growth together with the region in the future. One of these visions is the aim to become a "corporate group committing itself to the future of the region and producing growth of the region" from a long-term perspective. The second, in order to realize that long-term vision, is to firstly work to further strengthen Group management over the next three years and transform into a "problem-solving corporate group assisting regional customers with hands-on support."

■ Vision of the 14th Medium-term Business Plan

14th Medium-term Business Plan Vision

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

10-year Vision
(Picture targeted in long term)

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

The name "COLORs" incorporates the Bank's strong desire to find a way out of traditional "banking-centered" sales style, and realize a new style where everyone in Shizuoka Bank Group works together in providing diverse solutions, while promoting diversity and working on a management strategy based on the philosophy of SDGs.

Based on both the Group's corporate philosophy that is also the purpose of our business, "to expand dreams and affluence with our community," and the philosophy of SDGs, "to realize a sustainable, diverse, and inclusive society where no one is left behind," the basic concept of the plan is "to continue to exist as a corporate group that is needed by the region through finance."

In the process of formulating the Medium-term Business Plan, we identified the issues (materiality) that the Shizuoka Bank Group will prioritize among the main principles of the SDGs, and are reflecting these in our basic strategies.

The management goals targeted in the 14th Medium-term Business Plan have been established with an emphasis on achieving balance among profitability, soundness, and shareholder returns, while taking continuity from past plans into account.

Under the plan, which was formulated prior to incorporating the negative impact from the spread of COVID-19, we will continue our growth strategy, targeting a record-high consolidated ordinary income of 80.0 billion yen or more in fiscal 2022. In the face of the continued challenging situation with regard to net interest income and the increase in costs associated with the startup of next-generation systems, we aim to achieve target of consolidated ordinary income by increasing profits through initiatives with our three basic strategies and 10-year strategy.

In addition, we have left the consolidated ROE of 5% or more, the Consolidated Common Equity Tier 1 Ratio of 14% or more, and the consolidated OHR of around 55% unchanged from the 13th Medium-term Business Plan (management targets in the fiscal 2019 business plan).

Meanwhile, we have amended the shareholder return ratio from the conventional non-consolidated basis to a consolidated basis, and changed the target of “a shareholder return ratio of 50% level over the medium- to long-term” to “a shareholder return ratio of 50% or more over the medium- to long-term.”

Basic strategies for realizing the vision

I will now explain the basic strategies in the 14th Medium-term Business Plan. In order to achieve our vision and management targets, we have separated the strategies in the plan into three basic strategies and a 10-year strategy.

As shown in the figure below, we have established two of the strategies; namely, Basic Strategy 1: Group Sales Strategy and the 10-Year Strategy: Region-producing Strategy as initiatives for the region, which is our main base, and will prioritize these strategies in the allocation of management resources and proactive risk-taking.

Basic Strategies of the 14th Medium-term Business Plan



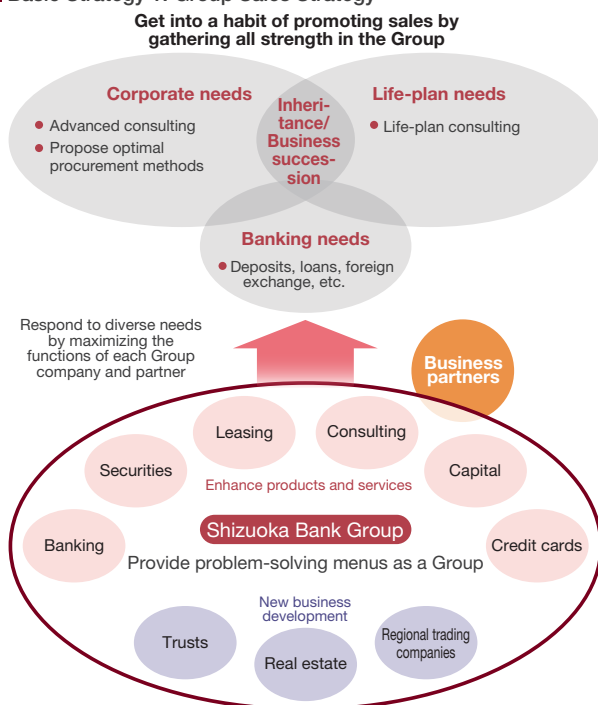
In order to secure earnings to develop these two strategies and maintain economic and social sustainability, we will promote Basic Strategy 2: Innovation Strategy and Basic Strategy 3: Business Portfolio Strategy in parallel.

In other words, the strategy is to aim for sustainable growth together with the region while complementing the earnings required for initiatives in the region, which is our main base, through the allocation of management resources and taking risks in growth areas and fields.

Next, I will explain each strategy.

The first basic strategy, Group Sales Strategy, consists of three main pillars: “Get into a habit of promoting sales by gathering all strength in the Group,” “Enhance convenience of regional financial systems” and “Complete the three structural reforms in the 13th Medium-term Business Plan.”

Basic Strategy 1: Group Sales Strategy



Among these, “Get into a habit of promoting sales by gathering all strength in the Group” refers to responding to the diverse needs of customers by maximizing the functions of Group companies and business partners without limiting this response to banking functions. This is the most important measure in this medium-term business plan.

Specifically, our aim is to increase revenue by consolidating the Group’s collective strengths to meet “banking needs,” such as deposits and loans, “corporate needs” for corporate customers, and “life-plan needs” for individual customers.

Firstly, in response to “banking needs,” which are the needs for traditional banking transactions such as deposits and loans, we aim to enhance our earnings power in terms of both increasing efficiency and pursuing growth potential by reforming the sales structure in order to reallocate personnel and reassess them to growth fields.

Next, in response to “corporate needs” for corporate customers, in the field of business succession and M&A, we will strengthen collaboration between Group company Shizugin Management Consulting Co., Ltd. and funds and external consulting companies. In the securities and leasing field, we will strategically allocate personnel from the Bank to Group companies, and promote initiatives in the area of corporate securities, including stock transfers, bond underwriting, and securities investment proposals. At the same time, we will work to expand our business fields by making full-scale entry into new leasing areas incorporating overseas projects such as real estate and aircraft.

Regarding our response to “life-plan needs” for individuals, we will strengthen the system to enable one-stop support utilizing the functions of the Group and our business partners to meet the needs of each life stage.

In response to inheritance needs, which are expected to increase in the future, we will make a full-scale entry into the trust business, and work on transitioning to the in-house execution of inheritance-related transactions that until now we were obliged to outsource to companies outside the Group. In the future, we would like to develop the inheritance business into an inheritance platform business that gathers information and services related to life after retirement and link this to a one-stop business that meets a variety of needs. We plan to first establish a foothold in the next three years and aim to realize the business in the 10-year Strategy.

In addition, in order to “Enhance convenience of regional financial systems,” as a regional financial institution that is part of the local social infrastructure, we will establish financial services for migrant workers and non-permanent workers in collaboration with other industries from the perspective of SDGs, and we will promote collaboration in non-competing fields with other financial institutions in the prefecture with the dual aims of improving convenience for customers in the region, and increasing the operational efficiency of the Group.

Furthermore, we will focus our efforts on completing the three structural reforms that we have been working on under the 13th Medium-term Business Plan.

The second basic strategy, the Innovation Strategy, is a strategy to pursue earnings opportunities from new perspectives, including through methods that differ from conventional approaches and by entering new fields. This will involve us working on three main areas: “digital transformation,” “global strategy,” and “strategic investment and cross-industry collaboration.”

Firstly, in “digital transformation,” we will work to reform our sales structure and renew our smartphone financial services based on operations BPR and next generation IT systems, as well as upgrade face-to-face services. We will also put in place a system that gives customers rapid access to non-face-to-face services anytime, anywhere using a smartphone app.

Basic Strategy 2: Innovation Strategy

	Existing business fields	New business fields
Existing methods and expertise		Global strategy <ul style="list-style-type: none"> Develop non-Japanese financing projects Gather the latest information and bring it back to Japan Harness growth markets
New methods and expertise	Digital transformation <ul style="list-style-type: none"> Operations BPR Smartphone financial services Utilize information 	Strategic investment and cross-industry collaboration <ul style="list-style-type: none"> Monetization of existing partnership schemes New strategic alliances

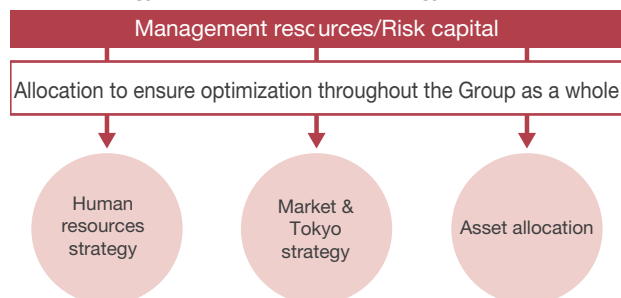
We believe that in future banking business, while basic transactions will shift to non-face-to-face services, the focus of face-to-face transactions will shift from branches to people. Instead of waiting for customers to come to branches, sales personnel will visit customers directly and complete transactions on the spot using mobile tools. In other words, we anticipate the arrival of an era in which it is not the case that “bank = branches” but rather a case that “bank = people”, and we are positioning this as an important initiative for us to adapt to this image of the future. In June this year, we established the DX (Digital Transformation) Strategy Management Office within the Corporate Planning Department, and plan to accelerate future initiatives.

Next, in our “global strategy,” we will utilize our overseas network to harness growth opportunities in the global market and strengthen the dissemination of information to domestic customers. In addition, once we have established an appropriate management system, we will work to develop non-Japanese financing projects by the Bank and to harness the growth of the Southeast Asia market by utilizing the functions of Group companies, including leasing.

In “strategic investment and cross-industry collaboration,” we aim to monetize the cross-industry collaboration that we have been working on to date, including our collaboration with Monex Group, external guarantee schemes, and fund investments. In terms of the direction of future strategic alliances, we plan to secure investment capacity through sales structure reform and BPR, and proactively work on investments that are necessary from the perspectives of expanding Group functions and diversifying earnings opportunities.

The third basic strategy, the Business Portfolio Strategy, aims to increase earnings by allocating management resources and risk capital in each field in a way that ensures their optimization throughout the Group as a whole, and working on the three main areas of “human resources strategy,” “Market & Tokyo strategy,” and “asset allocation.”

■ Basic Strategy 3: Business Portfolio Strategy



Firstly, in the “human resources strategy,” we will generate around 200 staff through sales structure reform and operations BPR and, utilizing professional human resources from within and outside the Bank, strategically allocate them in fields pursuing growth under the three basic strategies. In this way, we aim to realize each strategy with a sense of speed.

In addition, we aim to maximize our problem-solving abilities by strengthening the training of Group executives and employees, as well as by establishing the duties of specialists who have strengths in specialized fields, and engaging in the recruitment of, and collaboration with, external professional human resources.

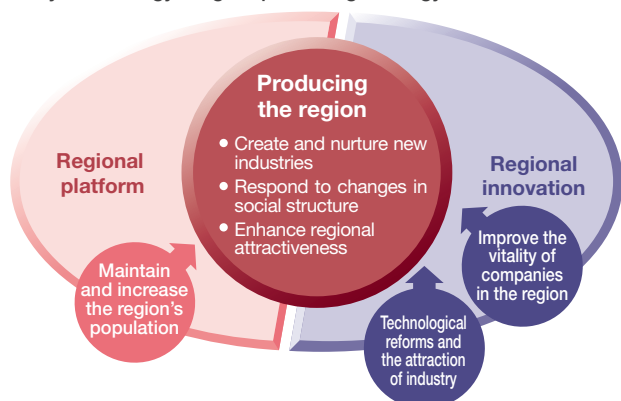
Next, in the “Market & Tokyo strategy,” we aim to increase earnings by harnessing business opportunities in the Tokyo Metropolitan area, leveraging our stable funding base and Group company functions.

In market operations, we will work on building earnings portfolios from a medium- to long-term perspective, diversifying investment targets and methods, and reducing foreign currency funding costs; in market credit investment, we will work on the expansion of risk return-conscious portfolios and the development of new investment and financing methods; and the Tokyo Office will work on harnessing a wide range of earnings opportunities in transactions with large corporations and business opportunities among asset-building and high-earning individuals.

In “asset allocation,” we will focus on the assets held by the entire Group in accordance with our strategy to strengthen collaboration among the Group, and will work to expand interest income and reduce funding costs by practicing asset allocation management based on the consolidated balance sheet.

Under the 10-year Strategy: Region-producing Strategy, which is designed to realize our long-term vision, we will contribute to the sustainable growth of regional industries and the economy as a corporate group that drives the region, and will take a medium- to long-term perspective toward resolving issues facing the region from the viewpoint of SDGs, among others.

■ 10-year Strategy: Region-producing Strategy



■ Initiatives to resolve regional issues by utilizing the Group's network and knowledge

■ Strengthening solutions in non-finance fields

- Regional trading company business
- Inheritance platform, etc.

■ Utilization of networks cultivated through cross-industry collaboration

- ▶ Participation in the venture business through collaboration with leading entrepreneurs and investors
- Promote regional innovation
- Venture investment
- Promote intra-preneurship

We will link the strategy to maintaining and increasing the region's population through our business as a regional platform, including solving regional issues by utilizing the Group network, and strengthening solutions in non-finance fields such as regional trading companies and inheritance platforms.

At the same time, we will promote initiatives to bring about innovation in the region. We will work to improve the vitality of companies in the region, and activate technological reforms and the attraction of industry to the region through initiatives such as TECH BEAT Shizuoka, making full use of the network we have cultivated through collaboration with companies in other business sectors.

Through such initiatives, we will create and nurture new industries, develop a regional base that is capable of responding to changes in social structure, and channel these into improving the attractiveness of the region.

Under the 14th Medium-term Business Plan, the Bank aims to “Change to a problem-solving corporate group assisting regional customers with hands-on support” through the three basic strategies and the 10-year strategy described above.

The courage to turn difficulties into positive power

Sustainable growth of the Bank cannot be achieved without development of the regional economy. This is something I take the opportunity to reiterate to officers and employees in the Group. No matter how the times or the environment change, we must fulfil our social mission as a financial infrastructure of the region to consistently provide stable and safe financial services. In addition, I believe that meeting the expectations of each and every customer will create new vitality in the regional economy and lead to sustainable growth for both the region and the Shizuoka Bank Group.

■ TECH BEAT Shizuoka



In July 2019, we co-sponsored TECH BEAT Shizuoka with the Shizuoka Prefectural government with the aim of resolving regional issues, including the lack of IT human resources, and creating new industries.

Since then, we have held TECH BEAT Shizuoka for agri (online format) in March 2020 and TECH BEAT Shizuoka 2020 (online format) in July 2020.

The idea is universal to the Group's corporate philosophy, “expand dreams and affluence with our community,” and the philosophy of SDGs to “leave no one behind.” Financing and other assistance under the COVID-19 crisis is also based on this concept. We will make my utmost effort to prevent the spread of infection and at the same time achieve economic growth.

The economic crisis caused by the COVID-19 pandemic is putting great strain on regional economies. However, if viewed from a different perspective, it can also be seen as an opportunity to see regions in a new light in terms of the risk related to concentration of all aspects in the Tokyo Metropolitan area. In that sense, I believe that improving the region by resolving the issues of our customers who receive our financing assistance is an important role for regional financial institutions like us and one that cannot be replaced by service platform providers or venture companies.

The use of digital technology and the need for innovation have been highlighted once again in light of the recent economic activities under the state of emergency that was declared. For customers faced with these challenges, we focused our efforts on supporting solutions through initiatives such as TECH BEAT Shizuoka, which we held online in July this year. At the same time, I strongly recognize that we must see this as a good opportunity to reexamine how we, and our services, should be.

The Shizuoka Bank Group aims to transform into a problem-solving corporate group by steadily implementing the 14th Medium-term Business Plan, and we will repeatedly take up new challenges armed with the courage to change what needs to be changed while adhering to our corporate philosophy. I believe that by bringing together the specialist skills and expertise of the 14 Group companies, and with decisive action and strong will without fear of difficulties, together with the people of the region we will turn the historical turning point of the COVID-19 crisis into a force for good.

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

Shizuoka Bank Group's Value Creation Process



Outcome

Vision

Region

- Sustainable development
- Revitalization of the regional economy

Customers

- Problem solving, optimal solutions
- High convenience
- Unshakable trust

Shareholders

- Enhancement of medium- to long-term corporate value
- Highly transparent disclosure of information, including non-financial information
- Proactive discussion

Employees

- Work satisfaction and awareness of growth
- Diverse working styles
- Work-life balance

Attractive Region

- Attractive place to live in
- Attractive place to work in
- Attractive place to visit



Attractive Shizuoka Bank Group

- Sustainable business model
- Corporate culture that encourages employees to be proud of their region and their company

Providing Comprehensive Financial Services as an Integrated Group

An Introduction to the Shizugin Group

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



TOPICS

● Shizugin Heartful
Established Shizugin Heartful Co., Ltd.
(October 2019)
Shizugin Heartful Co., Ltd. was established on October 1, 2019 with the aim of further promoting the employment of persons with disabilities. The company acquired the certification of a special-purpose subsidiary on May 22, 2020 based on the Act on Employment Promotion etc. of Persons with Disabilities.

● Shizugin IT Solution
Shizugin Computer Service was renamed
(April 2020)
As the business environment surrounding the Group changes dramatically, the name of the company was changed to Shizugin IT Solution Co., Ltd. for the purpose of publicizing its roles and mission required in the new financial era within and outside of the Group, including the provision of IT solutions to banking groups.

Information Technology

- Shizugin IT Solution

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

(July 2019)

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

● Shizugin Management Consulting

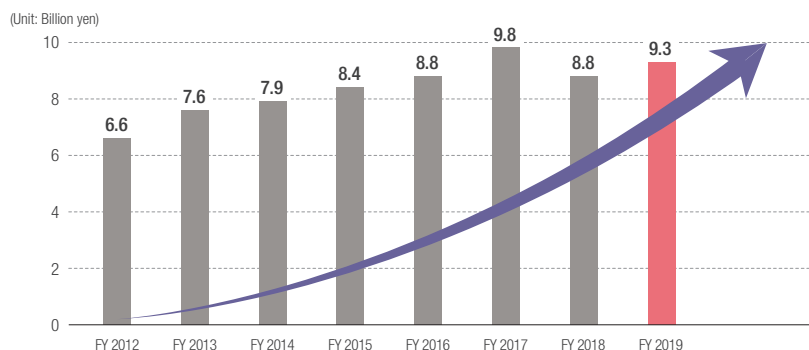
M&A and Business Succession Initiatives

We are expanding our achievements in business succession and M&A consulting, focused on small and medium-sized enterprises, and signed 116 agreements in fiscal 2019*.

* Total number of business succession consulting agreements and M&A agreements.

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 13 consolidated subsidiaries is one of the greatest among regional banks.



Performance of Group Companies (13 Consolidated Subsidiaries) for FY 2019

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

Initiatives for SDGs

Services

Region-based relationship banking

- Solutions for Various management Issues
 - 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
 - Business matching services
 - Consulting
 - Support for overseas business development
 - 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 230 companies completed business turn-around since 2005 and secured local employment for 24,000 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, 2020): 754 corporations, 1,111 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
- 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.)

* 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

Response to Climate Change (Initiatives to Support the TCFD Recommendation)

In March 2020, the Shizuoka Bank announced its support for the TCFD* Recommendations. While proceeding with analyses of climate change scenarios, we will work together as a Group toward the sustainable growth of the region and proactively address social issues such as the environment.

The four measures advocated by the TCFD Recommendations are as follows.

*Task Force on Climate related Financial Disclosures



Governance	Establish specified measures and monitor progress by management committee in order to realize plans for harmonization between environmental protection and corporate activities which were discussed during establishment the 14th Medium-term Business Plan
Strategy	<ul style="list-style-type: none"> ■ Opportunities: Support customers' capital investment and use of leasing to decrease GHG emission, and contribute to low environmental impact ■ Transition Risks: Analyze and grasp risks resulting from transition to low-carbon economy considering that ratio of carbon-related loan to total loan is 1.3% ■ Physical Risks: Analyze scenario of climate change resulting from recent climate change, and grasp impact to the Bank's finance
Risk management	<ul style="list-style-type: none"> ■ Judge whether or not to extend such loan that may affect environment and society based on Credit Policy ■ Examine and establish risk management system to cope with transition risks and physical risks resulting from climate change
Indicators and goals	<ul style="list-style-type: none"> ■ Decrease GHG emission; CO2 emission due to use of electric power in FY2018 was 16,385 ton (down 1,289 ton since FY2015) ■ Establish goal of environment-related loan in FY2020; JPY 30.0bn (Result in FY2019 was JPY 24.6bn)

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%)
 - Founded 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)

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

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

Governance

Further Strengthening of Corporate Governance

→ P16

Thorough Enforcement of Compliance and Risk Management

→ P18

Countermeasures to Prevent Money Laundering and Provision of Funds to Terrorists

→ P19

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.



14th Medium-term Business Plan

COLORs

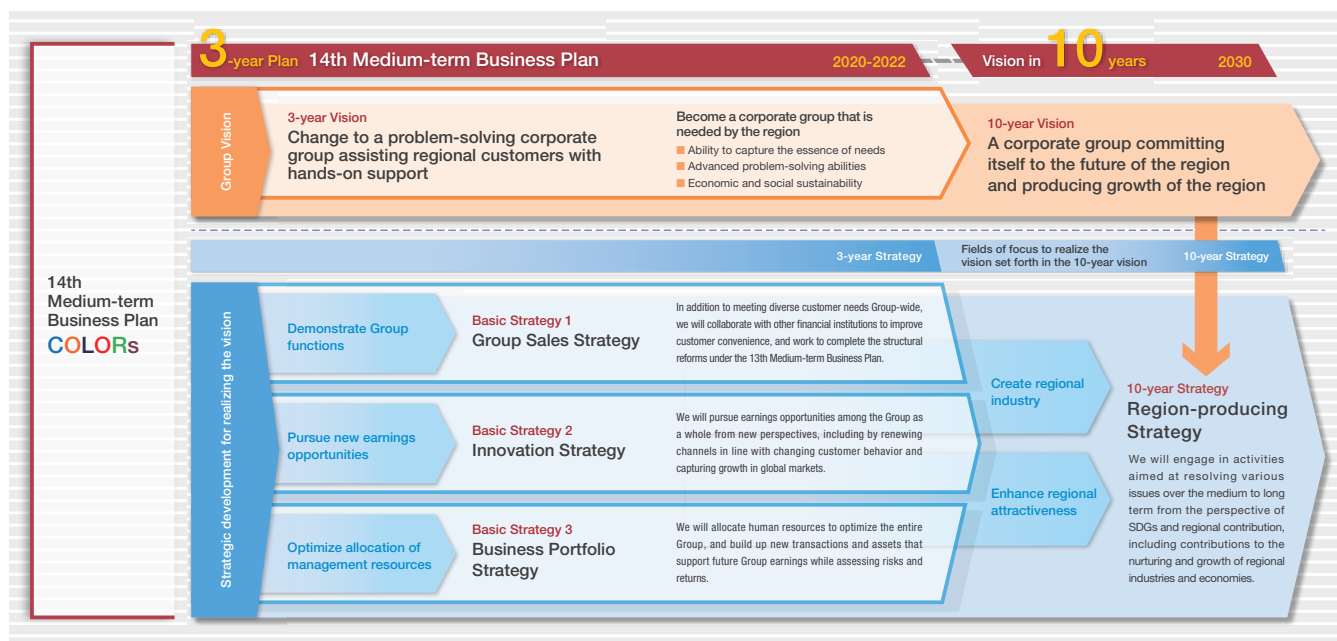
Aspirations behind the name

We aim to find a way out of the traditional “banking-centered” sales style, and realize a new style where everyone in Shizuoka Bank Group works together in providing solutions to diversified needs of the region and customers from various angles.

The name also incorporates our desire to further strengthen initiatives towards diversity and SDGs.

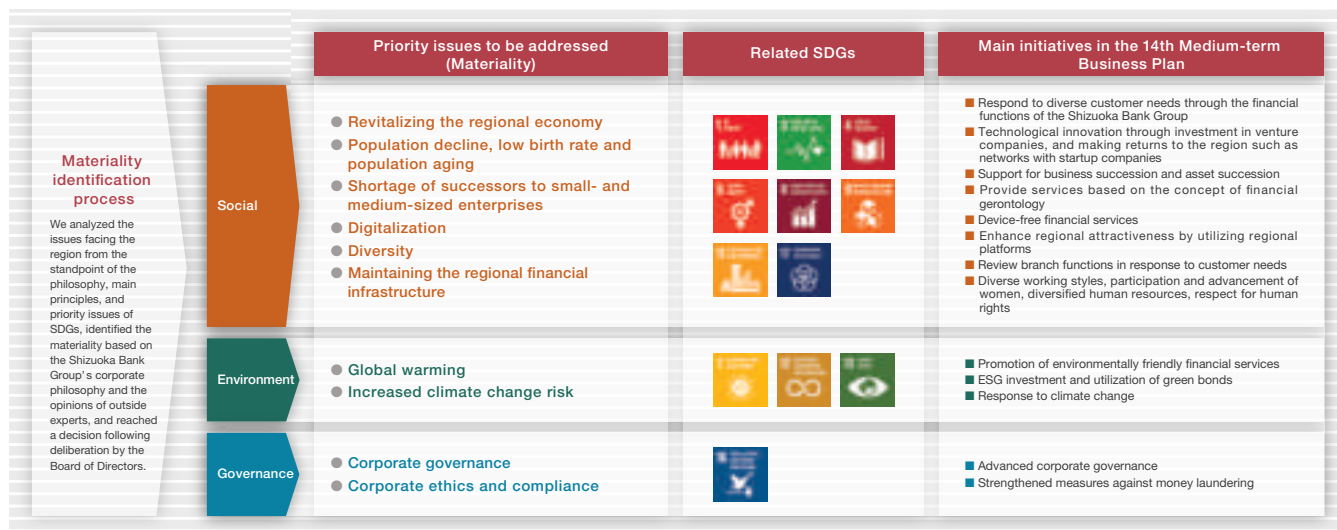
Target performance indicators (consolidated basis)

		Fiscal 2022 plan
Profitability	Ordinary income	¥80.0 billion or more
	ROE	5% or more
Financial soundness	Common equity Tier 1 ratio	14% or more
	OHR	Around 55%
Other	Shareholder return	50% or more over the medium to long term



Realizing Sustainability Management

When formulating the 14th Medium-term Business Plan, the Shizuoka Bank Group identified the priority issues (materiality) that must be addressed in order to realize a sustainable society and maintain and enhance corporate value, and reflects these in our management strategy.

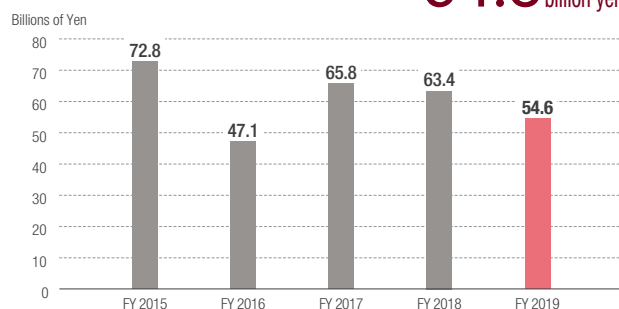


Financial Highlights

Main Items

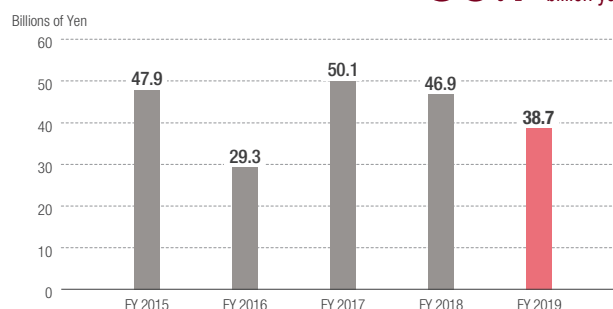
Ordinary profit (consolidated)

54.6 billion yen



Net income attributable to owners of the parent

38.7 billion yen



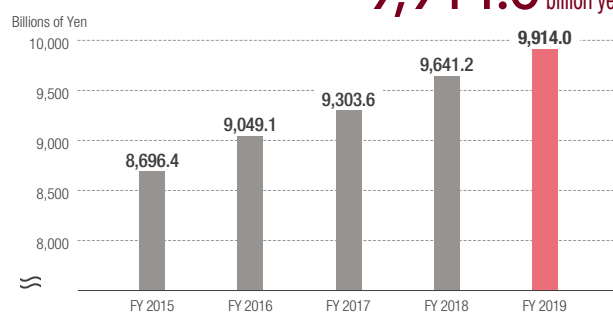
Balance of total loans (average balance, non-consolidated)

8,740.1 billion yen



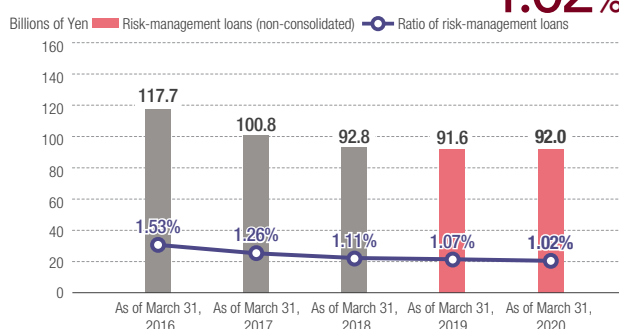
Total deposits (average balance, non-consolidated)

9,914.0 billion yen



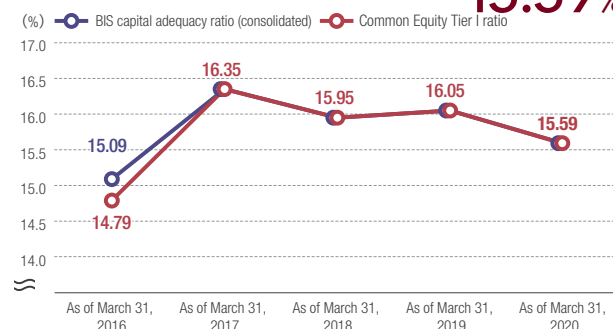
Ratio of risk-management loans (non-consolidated)

1.02%



BIS capital adequacy ratio (consolidated)

15.59%



Credit Ratings (Moody's) (As of July 1, 2020)

A1

	Long-term rating	Short-term rating
Moody's	A1	P-1
Standard & Poor's	A-	A-2
Rating and Investment Information, Inc.	AA-	-

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

58.62%

Important Items	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2010-FY 2019 (10-year average)
Non-consolidated						
Dividend per share	20.00 yen	20.00 yen	21.00 yen	22.00 yen	22.00 yen	-
Dividend payout ratio	27.91%	49.83%	28.74%	30.38%	37.75%	28.50%
Shareholder return ratio	43.82%	84.60%	51.16%	53.99%	63.54%	58.62%
Consolidated						
Shareholder return ratio	40.23%	70.60%	44.32%	49.11%	54.90%	51.19%

Non-Financial Highlights (results for fiscal year 2019)

Environment



47%
reduction in paper documents at corporate headquarters
(compared to FY 2011)



63%
of accounts opened are ECO Accounts*
* Includes Online General Accounts opened without a passbook, and WebWallet Internet branch accounts



12.6%
reduction in electricity usage (Shizugin Headquarters Tower)
(compared to FY 2015)

Social



Received Award for Excellence in Regional Revitalization for the **fourth** 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
15 times
(Total since FY 2016)



Completed **230** cases of corporate rehabilitation support initiatives and helped **24,192** people secure continued employment or re-employment through corporate rehabilitation and business succession support
(Total since FY 2005)

■ Corporate rehabilitation support initiatives: **57**
Number completed: **12**



16.1%
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)*

Governance

Composition of the Board of Directors



Directors from within the Company: 6
[6 males]

Representative Directors:	3
Executive Directors:	2
Non-executive Directors:	1



Outside Directors: **3**
[2 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]

(As of July 2020)

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
FY2020	Appointed three outside directors Introduced a restricted share-based compensation system Introduced mandate contracts for executive officers

Framework

Board of Directors

The Board of Directors consisting of 9 directors (including 3 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: 9	Representative directors: 3 Executive directors: 2 Non-executive director: 1 (6males)	3 (2 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. (FY2019)

Discussion meetings for independent officers	2
Discussion meetings between representative directors and independent officers	1
Discussion meetings involving officers from inside and outside the Bank, apart from those shown above	2

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 of the 101st, 109th, and 114th Annual General Meetings of Shareholders held in June 2007, June 2015, and June 2020, respectively. The Board of Directors is entrusted to allocate each component of compensation by the general meeting of shareholders that adopted each component.

Restricted share-based compensation 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 ¥140 million
Restricted share-based compensation system	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 in December each year 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 2019 showed that with regard to medium- to long-term management issues, the Board of Directors established multiple occasions for discussion with respect to the direction of the 14th Medium-term Business Plan prior to any resolution, and sought to provide more substantial prior information and prior briefings to outside directors, and it was judged that the Board of Directors was operated appropriately and its effectiveness was ensured.

Based on the discussions by the Board of Directors at the evaluation, it was determined that the Board of Directors should work to bring about more substantial discussion, including by enhancing opportunities for communication between outside officers and officers responsible for business execution on site, etc., and clarifying the points being deliberated.

Overview of the results of the evaluation of the effectiveness of the Board of Directors as a whole for fiscal 2019

Achievements	<ul style="list-style-type: none"> Securing time for discussion on medium- to long-term management issues More substantial prior briefings on materials for Board of Directors meetings More substantial prior provision of information to outside directors
Challenges	<ul style="list-style-type: none"> Enhancement of opportunities for communication between outside directors and the business execution department (on site, etc.) Clarification of the points being deliberated

Compensation apart from fixed monetary compensation

Performance-linked compensation

The Bank has introduced a system of performance-linked compensation, indexed to net income attributable to owners of the parent*, aimed at encouraging morale and desire for enhanced performance among directors (excluding outside directors and part-time directors).

*The 114th Annual General Meeting of Shareholders held in June 2020 approved a resolution to change the index from net income (non-consolidated) to net income attributable to owners of the parent (consolidated).

Restricted share-based compensation system

With the aim of providing incentives to directors (excluding outside directors and part-time directors) to work on the sustainable enhancement of corporate value, and to promote the further sharing of value with shareholders, the 114th Annual General Meeting of Shareholders held in June 2020 approved a resolution to introduce a restricted share-based compensation system that grants no more than 50 million yen and 50,000 shares of common stock per annum with certain transfer restrictions attached.

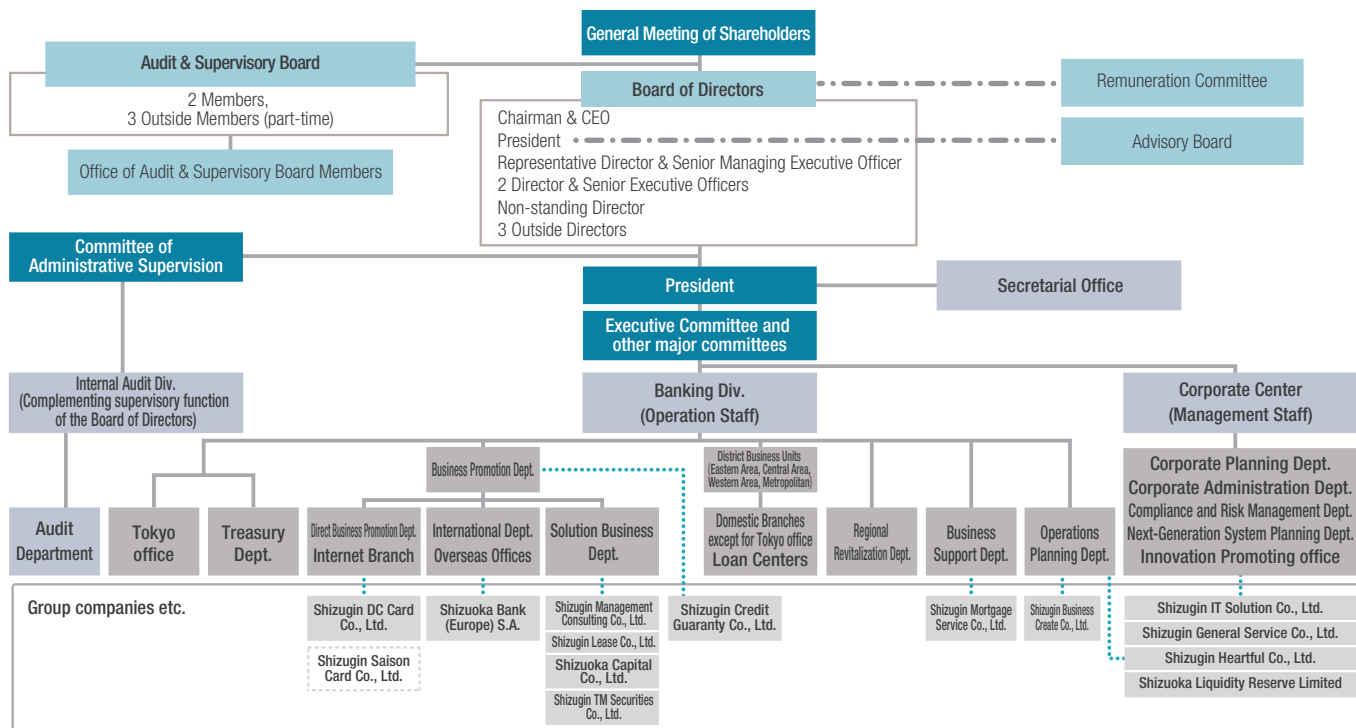
In accordance with the introduction of this system, the existing system of stock compensation-type stock options was abolished with the exception of those stock options that have already been granted.

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, 2020)



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.

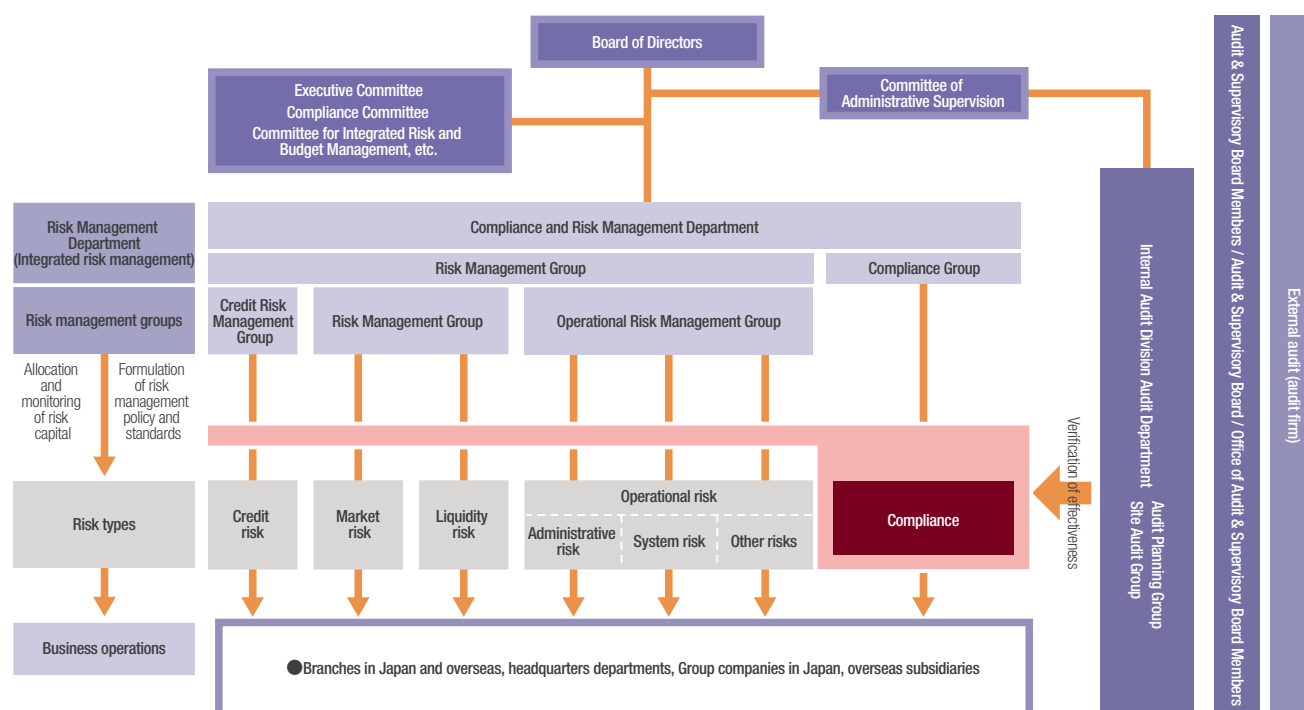
Basic Compliance Policy

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

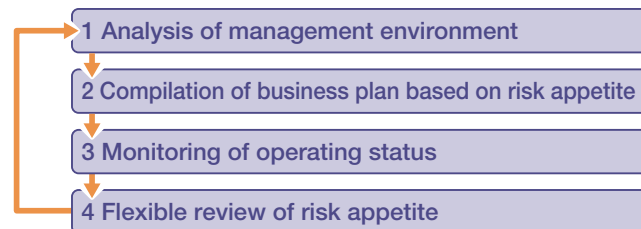
The control system established by the Shizuoka Bank is based on the idea of "three lines of defense" indicated in the "Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism" established by the Financial Services Agency.

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.

Risk Appetite Framework (RAF)

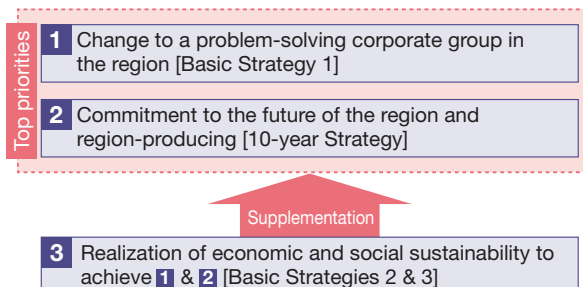
The Shizuoka Bank Group has clarified the risk appetite (types and amount of risks that the Group is willing to take) in order to realize its corporate philosophy and management targets, and uses RAF as a method of corporate administration and risk management.

The specific process is shown in the table on the right. The aim is to use RAF to realize optimum risk return and achieve the medium- to long-term growth of the Shizuoka Bank Group.



14th Medium-term Business Plan Group Risk Appetite Basic Policy

- ① By prioritizing the use of management resources and risk-taking with regard to initiatives in the region that is our management base, and strategically allocating resources with a focus on human resources in particular, we will transform into a corporate group that can provide diversified solutions and enhance our presence in the region.
- ② To continue to exist as a corporate group that is needed by the region, we will complement our earnings by taking risks to increase earnings through risk capital allocation (investments and loans in growth areas and fields).



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.

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

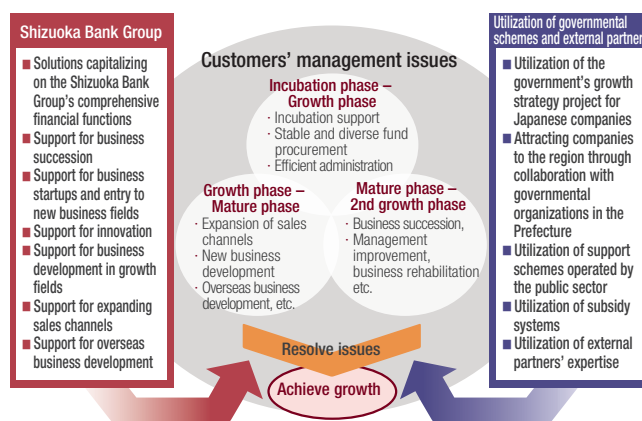
Basic Policy

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

The Shizuoka Bank will support 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. When providing support, we utilize an extensive network encompassing Group companies and external partners to offer management support and resolve management issues facing customers engaged in business operations.



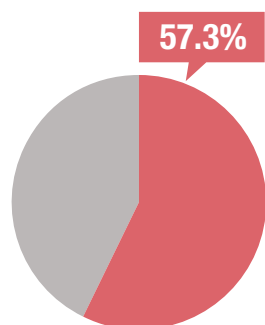
Smooth Supply of Funds to Companies in the Region

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.

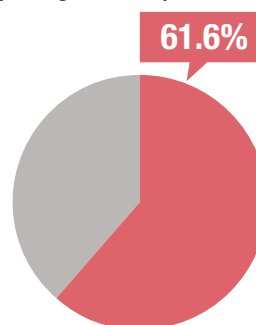
The bank continues assisting increase in business value by supporting growth of customers and providing

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 held Shizugin@gribiz, an annual seminar supporting new entry into farming and new farming operations by enterprises. In addition, we support customers' commercialization of the agricultural business from various perspectives, including nationwide dissemination of prefectural products centered on Shizuoka Prefecture at "Regional Banks-Food Selection," a trade show about foods.

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.

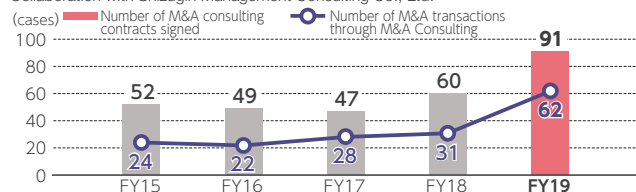
In addition to lectures, seminars and other events, Shizuginship members can access useful information through the dedicated website.

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

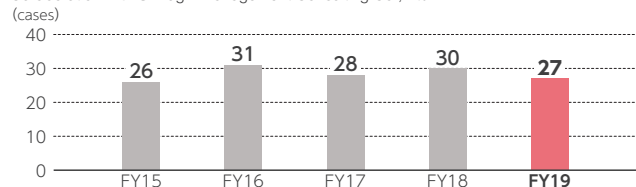
Collaboration with Shizugin Management Consulting Co., Ltd.



* 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

In order to respond to customers' various management issues and needs, we provide business matching utilizing Shizuoka Bank's extensive branch and information network and the Shizuoka Bank Group's wealth of services, as well as collaboration with external specialized organizations.

By providing a wide range of proposals for optimal solutions for customers through these initiatives, we support problem solving for customers and the realization of their sustainable growth.

In addition, we will continue to provide solutions as a Group and, in fields where it is difficult for the Group alone to respond, we will collaborate with external enterprises in different industries and specialist organizations with the aim of expanding the realm of solutions and transforming into a problem-solving corporate group.

During fiscal 2019, to support business matching through business talks, we held TECH BEAT Shizuoka in July, a trade show that promotes collaboration between companies within Shizuoka Prefecture and start-up companies in the Tokyo Metropolitan area and leads to the vitalization of regional industries and the creation of new industries, and in March 2020, we held TECH BEAT Shizuoka for Agri, specializing in agriculture. In this way, we are supporting the growth of our business partners through open innovation.

In addition, in September 2019, we participated in Regional Banks-Food Selection 2019, a BtoB trade show on foods held jointly by regional banks, and jointly held exhibitions with our customers at "Fujinokuni Shizuoka Yumekaido (meaning The Dream Road - Mt. Fuji area, Shizuoka)," thereby working on marketing support for the distinctive products of the region.

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.

Advanced Technology / Business Matching TECH BEAT Shizuoka

In July 2019, jointly with the Shizuoka Prefectural government, the Bank held a large-scale trade show TECH BEAT Shizuoka, with the aim of promoting collaboration between companies in Shizuoka Prefecture and start-up companies in the Tokyo Metropolitan area, and linking this collaboration to the vitalization of industries in the prefecture and the creation of new industries. The event was a great success, with the participation of 14 prefectural companies and 48 start-up companies, and attracted approximately 3,300 visitors leading to some 328 business talks during the event.

In addition, in March 2020 we held TECH BEAT Shizuoka for Agri, an event specializing in the agricultural sector where there is potential of leveraging AI and ICT. The event was changed to an online event in the last minute due to the spread of COVID-19, but attracted a great deal of interest with 1,685 viewers (including archives) and 69 business talks on the day.

Again in fiscal 2020, we will support the further growth of companies within Shizuoka Prefecture by introducing the latest technology of start-up companies through TECH BEAT Shizuoka, and promoting open innovation.

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

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.

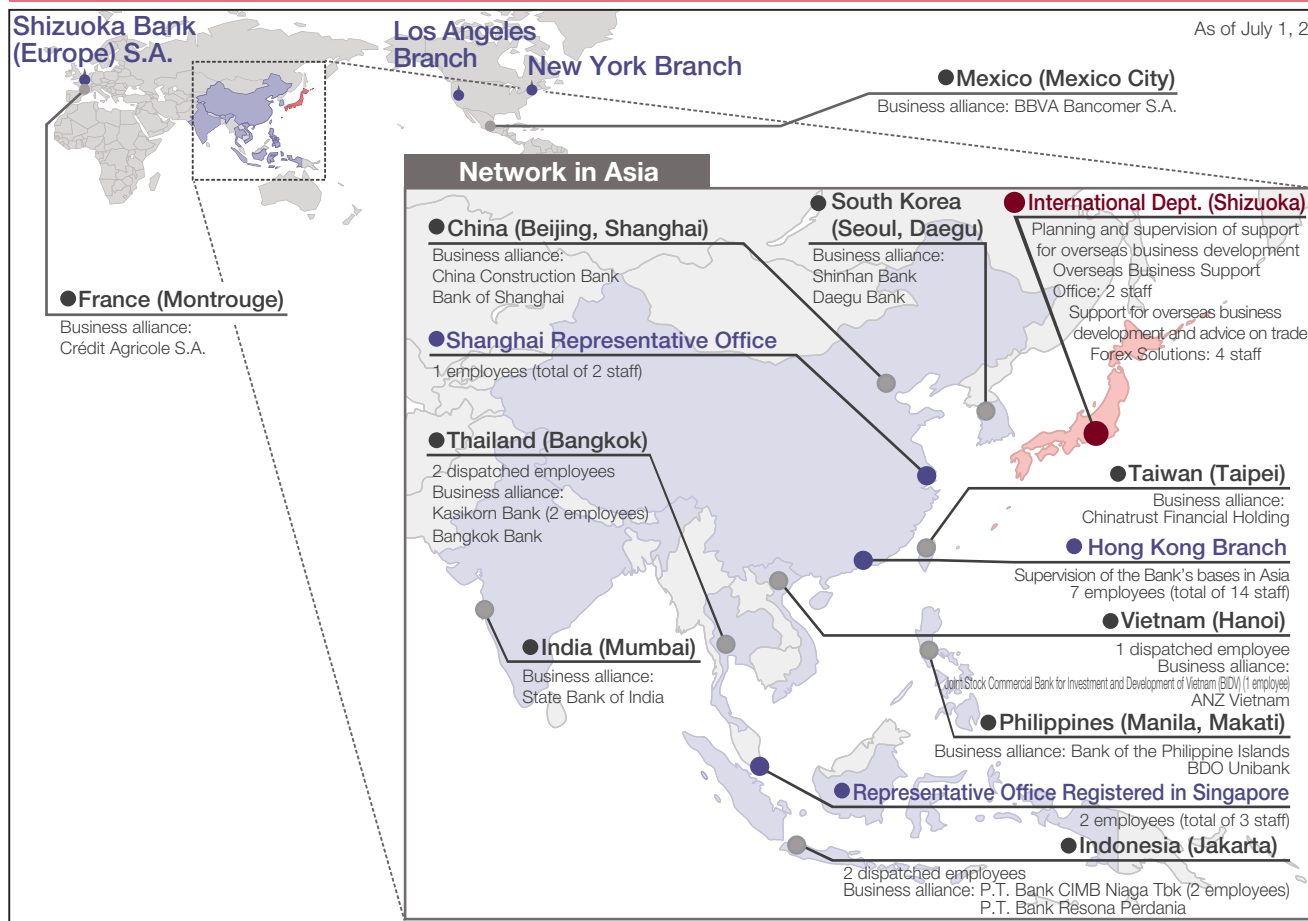
•Financing services

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 (6 Overseas Offices, 16 Partner Financial Institutions)

As of July 1, 2020



INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of The Shizuoka Bank Ltd. and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2020, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2020, and its consolidated financial performance and its consolidated 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 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC

June 8, 2020

Consolidated Balance Sheet

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries March 31, 2020

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2020	2019	2020
Assets:			
Cash and due from banks (Notes 12 and 30)	¥ 1,384,218	¥ 1,221,342	\$ 12,719,093
Call loans and bills bought (Note 30)	169,388	270,212	1,556,449
Monetary claims bought	35,820	40,332	329,143
Trading assets (Notes 4 and 30)	14,429	36,469	132,591
Money held in trust (Note 5)	4,000	3,900	36,754
Securities (Notes 6, 12, and 30)	1,633,713	1,402,704	15,011,609
Loans and bills discounted (Notes 7, 12, 13, and 30)	8,939,666	8,531,914	82,143,398
Foreign exchanges (Note 8)	11,921	7,582	109,543
Lease receivables and investment assets (Note 28)	82,181	70,770	755,132
Other assets (Notes 9 and 12)	139,205	124,287	1,279,109
Tangible fixed assets (Note 10)	63,025	67,063	579,118
Intangible fixed assets (Note 10)	46,457	38,658	426,884
Asset for retirement benefits (Note 18)	7,883	6,387	72,440
Deferred tax assets (Note 27)	3,074	2,664	28,253
Customers' liabilities for acceptances and guarantees (Note 11)	52,928	72,371	486,339
Allowance for loan losses (Note 30)	(45,087)	(41,835)	(414,290)
Allowance for investment losses	(55)	(55)	(513)
Total Assets	¥12,542,772	¥11,854,771	\$ 115,251,058
Liabilities and Equity:			
Liabilities:			
Deposits (Notes 12, 14, and 30)	¥10,105,519	¥ 9,919,324	\$ 92,856,009
Call money and bills sold (Note 30)	131,103	168,834	1,204,661
Payables under repurchase agreements (Notes 12 and 30)	333,380	129,016	3,063,311
Trading liabilities (Note 4)	4,113	6,028	37,797
Borrowed money (Notes 12, 15, and 30)	671,333	282,839	6,168,641
Foreign exchanges (Note 8)	623	542	5,731
Bonds payable (Note 16)	33,914	35,444	311,628
Bonds with stock acquisition rights (Note 16)	32,649	33,297	300,000
Borrowed money from trust account	229	243	2,111
Other liabilities (Note 17)	111,646	100,622	1,025,877
Liability for retirement benefits (Note 18)	19,515	20,114	179,324
Provision for directors' retirement benefits	401	349	3,689
Provision for losses from reimbursement of inactive accounts	1,225	980	11,256
Provision for contingent losses	1,447	1,249	13,304
Provision for point program	420	353	3,862
Reserves under special laws	11	11	107
Deferred tax liabilities (Note 27)	49,513	66,331	454,964
Acceptances and guarantees (Note 11)	52,928	72,371	486,339
Total Liabilities	11,549,977	10,837,956	106,128,621
Equity: (Notes 19, 20, 21, and 35)			
Capital stock,			
authorized, 2,414,596 thousand shares;			
issued, 605,129 thousand shares in 2020 and 615,129 thousand shares	90,845	90,845	834,749
in 2019			
Capital surplus	54,884	54,884	504,310
Subscription rights to shares	361	323	3,323
Retained earnings	721,793	705,966	6,632,306
Treasury stock-at cost,			
31,226 thousand shares in 2020 and 31,225 thousand shares in 2019	(30,125)	(31,642)	(276,814)
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	153,789	195,080	1,413,116
Deferred gains or losses on hedges	154,363	193,428	1,418,393
Deferred gains or losses on hedges	407	671	3,742
Foreign currency translation adjustments	(1,103)	75	(10,138)
Defined retirement benefit plans	121	904	1,120
Total	991,549	1,015,457	9,110,990
Noncontrolling Interests	1,245	1,357	11,446
Total Equity	992,794	1,016,815	9,122,437
Total Liabilities and Equity	¥12,542,772	¥11,854,771	\$ 115,251,058

See notes to consolidated financial statements.

Consolidated Statement of Income

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2020

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2020	2019	2020
Income:			
Interest Income:			
Interest on loans and discounts	¥105,585	¥106,766	\$ 970,190
Interest and dividends on securities	24,118	31,417	221,620
Other interest income	5,151	4,920	47,335
Subtotal	134,856	143,104	1,239,145
Fees and Commissions	68,599	66,442	630,338
Trading Income	3,047	3,004	28,006
Other Operating Income (Note 22)	9,833	7,268	90,352
Other Income (Note 23)	13,359	19,527	122,757
Total Income	229,696	239,346	2,110,599
Expenses:			
Interest Expense:			
Interest on deposits	13,311	12,805	122,311
Interest on borrowings and rediscounts	5,181	3,898	47,609
Other interest expense	10,173	10,431	93,485
Subtotal	28,666	27,135	263,406
Fees and Commission Payments	37,793	36,224	347,271
Trading Expenses			
Other Operating Expenses (Note 24)	1,939	5,702	17,820
General and Administrative Expenses (Note 25)	87,571	90,235	804,663
Other Expenses (Note 26)	19,129	13,367	175,771
Total Expenses	175,100	172,665	1,608,932
Income before income taxes	54,596	66,681	501,667
Income Taxes: (Note 27)			
Current	16,571	17,794	152,266
Deferred	(765)	1,943	(7,038)
Total income taxes	15,805	19,738	145,227
Net Income	38,791	46,943	356,439
Net Income Attributable to Noncontrolling Interests	88	68	809
Net Income Attributable to Owners of the Parent	¥ 38,703	¥ 46,874	\$ 355,629
	Yen		U.S. Dollars (Note 2)
Per Share: (Note 34)			
Basic net income	¥67.19	¥79.31	\$0.61
Diluted net income	65.40	76.93	0.60
Cash dividends applicable to the year	22.00	22.00	0.20

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2020

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2020	2019	2020
Net Income	¥ 38,791	¥ 46,943	\$ 356,439
Other Comprehensive Income (Loss): (Note 33)			
Valuation difference on available-for-sale securities	(39,243)	(962)	(360,591)
Deferred gains or losses on hedges	(263)	(47)	(2,420)
Foreign currency translation adjustments	(956)	2,487	(8,789)
Defined retirement benefit plans	(782)	(1,811)	(7,188)
Share of other comprehensive income in associates	(243)	385	(2,234)
Total other comprehensive income (loss)	(41,488)	51	(381,224)
Comprehensive Income	(2,697)	46,995	(24,784)
Total Comprehensive Income Attributable To:			
Owners of the parent	¥ (2,587)	¥ 47,026	\$ (23,777)
Noncontrolling Interests	(109)	(31)	(1,007)

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2020

	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, 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
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
Balance, April 1, 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
Cash dividends, ¥22.00 per share					(12,735)						(12,735)		(12,735)
Net Income attributable to owners of the parent					38,703						38,703		38,703
Purchase of treasury stock (10,000 thousand shares)						(8,623)					(8,623)		(8,623)
Disposal of treasury stock (0 thousand shares)					(0)	0					0		0
Retirement of treasury stock (10,000 thousand shares)	(10,000)				(10,139)	10,139							
Net changes other than shareholders' equity				38			(39,065)	(264)	(1,179)	(782)	(41,252)	(112)	(41,364)
Balance, March 31, 2020	605,129	¥90,845	¥54,884	¥361	¥721,793	¥(30,125)	¥154,363	¥407	¥(1,103)	¥121	¥991,549	¥1,245	¥992,794

	Thousands of U.S. Dollars (Note 2)												
						Accumulated Other Comprehensive Income							
	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, 2019	\$834,749	\$504,310	\$2,968	\$6,486,872	\$(290,749)	\$1,777,348	\$6,170	\$696	\$8,308	\$9,330,674	\$12,477	\$9,343,152	
Cash dividends, \$0.20 per share				(117,025)						(117,025)		(117,025)	
Net Income attributable to owners of the parent				355,629						355,629		355,629	
Purchase of treasury stock					(79,237)					(79,237)		(79,237)	
Disposal of treasury stock				(0)	2					2		2	
Retirement of treasury stock				(93,169)	93,169								
Net changes other than shareholders' equity			354			(358,955)	(2,427)	(10,835)	(7,188)	(379,052)	(1,030)	(380,082)	
Balance, March 31, 2020	\$834,749	\$504,310	\$3,323	\$6,632,306	\$(276,814)	\$1,418,393	\$3,742	\$(10,138)	\$1,120	\$9,110,990	\$11,446	\$9,122,437	

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2020

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2020	2019	2020
I. Operating Activities:			
Income before income taxes	¥ 54,596	¥ 66,681	\$ 501,667
Adjustments for:			
Income taxes paid	(15,240)	(21,682)	(140,034)
Depreciation and amortization	11,852	13,239	108,911
Impairment losses	52		484
Gains on return of assets from retirement benefit trusts		(3,490)	
Equity in (earnings) losses of affiliated companies	(505)	(109)	(4,644)
Increase (decrease) in allowance for loan losses	3,252	1,462	29,882
Increase (decrease) in allowance for investment losses	0	1	6
Increase (decrease) in asset and liability for retirement benefits	(2,094)	3,365	(19,250)
Increase (decrease) in provision for directors' retirement benefits	52	23	477
Increase (decrease) in provision for reimbursement of inactive accounts	245	(186)	2,251
Increase (decrease) in provision for contingent losses	198	(256)	1,824
Increase (decrease) in provision for point program	66	0	614
Interest income	(134,856)	(143,104)	(1,239,145)
Interest expense	28,666	27,135	263,406
Losses (gains) on securities	(7,107)	(6,578)	(65,304)
Losses (gains) on money held in trust	(45)	(41)	(417)
Losses (gains) on sale of fixed assets	315	188	2,898
Net decrease (increase) in trading assets	22,039	(17,039)	202,517
Net increase (decrease) in trading liabilities	(1,915)	(1,471)	(17,599)
Net decrease (increase) in loans and bills discounted	(420,349)	(244,650)	(3,862,442)
Net increase (decrease) in deposits	199,257	272,403	1,830,904
Net increase (decrease) in borrowed money	390,234	(3,687)	3,585,728
Net decrease (increase) in due from banks (excluding deposits paid to Bank of Japan)	81,029	34,278	744,547
Net decrease (increase) in call loans	100,252	(67,055)	921,179
Net decrease (increase) in monetary claims bought	4,511	1,438	41,454
Net increase (decrease) in call money	(34,407)	96,058	(316,158)
Net increase (decrease) in payables under repurchase agreements	207,152	21,983	1,903,450
Net increase (decrease) in payables under securities lending transactions		(68,682)	
Net decrease (increase) in foreign exchanges (assets)	(4,363)	1,423	(40,096)
Net increase (decrease) in foreign exchanges (liabilities)	81	(3,345)	752
Net decrease (increase) in lease receivables and investment assets	(11,878)	(5,256)	(109,146)
Increase (decrease) in straight bonds-issuance and redemption	(1,036)	36,074	(9,522)
Net increase (decrease) in borrowed money from trust account	(13)	15	(127)
Interest and dividends received	141,489	140,654	1,300,095
Interest paid	(29,349)	(26,402)	(269,683)
Other-net	(2,261)	(30,073)	(20,782)
Total Adjustments	525,325	6,632	4,827,031
Net Cash Provided by (Used in) Operating Activities	579,922	73,314	5,328,698
II. Investing Activities:			
Purchases of securities	(1,382,860)	(1,336,340)	(12,706,614)
Proceeds from sales of securities	922,345	1,326,596	8,475,099
Proceeds from redemptions of securities	166,176	220,243	1,526,939
Increase in money held in trust	(100)	(200)	(918)
Purchases of tangible fixed assets	(2,650)	(3,350)	(24,350)
Purchases of intangible fixed assets	(12,092)	(7,378)	(111,114)
Proceeds from sales of tangible fixed assets	508	438	4,674
Payments for execution of asset retirement obligations		(255)	
Proceeds from sales of shares of affiliated companies accounted for by the equity method	1,274		11,713
Net Cash Provided by (Used in) Investing Activities	(307,397)	199,753	(2,824,569)
III. Financing Activities:			
Redemption of bonds with stock acquisition rights		(53,120)	
Dividends paid	(12,719)	(13,051)	(116,874)
Dividends paid to noncontrolling interests	(2)	(2)	(22)
Purchases of treasury stock	(8,623)	(10,070)	(79,237)
Proceeds from sales of treasury stock	0	0	2
Net Cash Provided by (Used in) Financing Activities	(21,345)	(76,244)	(196,132)
IV. Foreign Currency Translation Adjustments on Cash and Cash Equivalents	(8)	(73)	(76)
V. Net Increase (Decrease) in Cash and Cash Equivalents	251,170	196,750	2,307,919
VI. Cash and Cash Equivalents, Beginning of Year	908,669	711,919	8,349,442
VII. Cash and Cash Equivalents, End of Year	¥1,159,840	¥ 908,669	\$10,657,362

See notes to consolidated financial statements.

Cash and due from banks in the consolidated balance sheets at March 31, 2020 and 2019, are reconciled with cash and cash equivalents in the consolidated statements of cash flows as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2020	2019	2020
Cash and due from banks	¥1,384,218	¥1,221,342	\$12,719,093
Due from banks other than the Bank of Japan	(224,378)	(312,672)	(2,061,730)
Cash and cash equivalents, end of year	¥1,159,840	¥ 908,669	\$10,657,362

Notes to Consolidated Financial Statements

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2020

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.

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 ¥108.83 to \$1, the approximate rate of exchange at March 31, 2020. 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, 2020, include the accounts of the Bank, its 13 (12 in 2019) 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.

On October 1, 2019, SHIZUGIN HEARTFUL CO., LTD was newly consolidated as a result of its establishment.

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; and (e) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign subsidiary elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

Effective on April 1, 2019, the Group adopted the revised Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force No. 24, September 14, 2018). There was no effect from this adoption for the year ended March 31, 2020.

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.

Lease assets under lease transactions, in which ownership of the lease property is not deemed to be transferred to the lessee, are depreciated by the straight-line method over the lease term.

The residual value is zero or the guaranteed value if specified in the lease contracts.

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 anticipation of the expected loss for the average remaining life of loans, etc. The loss ratio is calculated based on the average value of the actual loan loss ratio over a certain period in the past, and the expected loss amount is calculated by adjusting the loss ratio considering future projections.

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

(Additional information)

There is concern about the impact on the reimbursement ability of borrowers, because of the spread of COVID-19. However, the allowance for loan losses is calculated on the assumption that there will be no significant impact on borrower's category of the Group.

If the situation of COVID-19 and its economic impact vary in the future, the balance of allowance for loan losses may increase, due to the change of borrower's category and the increase of expected loss ratio, and it may make an influence on the consolidated financial statements of the next fiscal year.

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.

(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 576,006 thousand shares for 2020 and 591,009 thousand shares for 2019.

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.

New Accounting Pronouncements:

- "Accounting Standard for Fair Value Measurement" (Corporate Accounting Standards No. 30 issued by ASBJ on July 4, 2019)
- "Implementation Guidance on Accounting Standard for Fair Value Measurement" (Implementation Guidance of Corporate Accounting Standards No. 31 issued by ASBJ on July 4, 2019)
- "Accounting Standard for Financial Instruments" (Corporate Accounting Standards No. 10 issued by ASBJ on July 4, 2019)

(1) Overview

IASB and FASB have established detailed guidance for fair value measurement (IFRS 13 "Fair Value Measurement" by IFRS and Topic 820 "Fair Value Measurement" by FASB). In order to improve the comparability between the international accounting standard and Japanese accounting standard, ASBJ has mainly considered guidance and disclosure on fair value of financial instruments and published the

accounting standard and implementation guidance for fair value measurement accordingly. They are applied to financial instruments based on "Accounting Standard for Financial Instruments."

(2) Scheduled date of the application

The Group will adopt them from the beginning of the period ending March 31, 2022.

(3) Impact of the application of the respective accounting standard and implementation guidance

The Group has not yet evaluated the effect on its financial statements by applying them.

4. TRADING ASSETS AND LIABILITIES

Trading assets and liabilities at March 31, 2020 and 2019, consisted of the following:

(a) Trading assets

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Trading securities:			
Japanese government bonds	¥ 134	¥ 744	\$ 1,238
Local government bonds	2,077	5,850	19,085
Industrial bonds	194	53	1,787
Foreign securities	2,192	43	20,149
Subtotal	4,599	6,691	42,260
Trading security derivatives:			
Bond futures' options		3	
Other (Note)	8	(0)	80
Subtotal	8	2	80
Financial derivatives:			
Other (Note)	4,822	6,776	44,310
Subtotal	4,822	6,776	44,310
Other trading assets:			
Commercial paper	4,999	22,999	45,938
Other (Note)	0	0	1
Subtotal	4,999	22,999	45,940
Total	¥14,429	¥36,469	\$132,591

(b) Trading liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Trading security derivatives:			
Bond futures' options		¥ 1	
Other (Note)		14	
Subtotal		15	
Financial derivatives:			
Other (Note)	¥4,113	6,013	\$37,797
Subtotal	4,113	6,013	37,797
Total	¥4,113	¥6,028	\$37,797

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

5. MONEY HELD IN TRUST

Money held in trust at March 31, 2020 and 2019, consisted of the following:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2020				
Money held in trust classified as:				
Held-to-maturity	¥4,000	¥0		¥4,000

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2019				
Money held in trust classified as:				
Held-to-maturity	¥3,900	¥29		¥3,929

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2020				
Money held in trust classified as:				
Held-to-maturity	\$36,754	\$7		\$36,762

6. SECURITIES

Securities at March 31, 2020 and 2019, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Japanese government bonds	¥ 64,218	¥ 50,094	\$ 590,076
Local government bonds	129,620	98,392	1,191,034
Corporate bonds	361,582	358,779	3,322,455
Corporate stocks	336,698	389,864	3,093,800
Other securities	741,594	505,575	6,814,243
Total	¥1,633,713	¥1,402,704	\$15,011,609

As of March 31, 2020 and 2019, securities included equity investments in unconsolidated subsidiaries and affiliated companies that amounted to ¥19,962 million (\$183,432 thousand) and ¥20,892 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, 2020 and 2019, was as follows:

March 31, 2020	Millions of Yen			Fair Value
	Cost	Unrealized Gains	Unrealized Losses	
Securities classified as:				
Trading				¥ 9,598
Available-for-sale:				
Equity securities	¥101,172	¥214,357	¥ 1,667	313,862
Debt securities	499,207	3,974	524	502,656
Others	720,663	16,479	14,382	722,760
Held-to-maturity	54,214	130	41	54,303

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, 2020	Thousands of U.S. Dollars			Fair Value
	Cost	Unrealized Gains	Unrealized Losses	
Securities classified as:				
Trading				\$ 88,200
Available-for-sale:				
Equity securities	\$ 929,636	\$1,969,659	\$ 15,323	2,883,972
Debt securities	4,587,035	36,517	4,821	4,618,732
Others	6,621,917	151,428	132,157	6,641,189
Held-to-maturity	498,155	1,200	378	498,977

Available-for-sale securities sold during the years ended March 31, 2020 and 2019, were as follows:

Year Ended March 31, 2020	Millions of Yen		
	Proceeds from Sales	Total Amount of Gains on Sales	Total Amount of Losses on Sales
Equity securities	¥ 5,768	¥ 4,787	
Debt securities	259,641	1,262	¥ 12
Others	648,504	7,388	7,484
Total	¥913,915	¥13,438	¥7,496

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, 2020	Thousands of U.S. Dollars		
	Proceeds from Sales	Total Amount of Gains on Sales	Total Amount of Losses on Sales
Equity securities	\$ 53,008	\$ 43,992	
Debt securities	2,385,755	11,597	\$ 111
Others	5,958,874	67,889	68,770
Total	\$8,397,638	\$123,478	\$68,882

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 years ended March 31, 2020 and 2019, were ¥1,787 million (\$16,422 thousand) and ¥116 million, respectively.

7. LOANS AND BILLS DISCOUNTED

Loans and bills discounted at March 31, 2020 and 2019, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Bills discounted	¥ 21,459	¥ 27,856	\$ 197,180
Loans on bills	177,707	159,841	1,632,894
Loans on deeds	7,657,613	7,290,770	70,363,076
Overdrafts	1,082,885	1,053,445	9,950,246
Total	¥8,939,666	¥8,531,914	\$82,143,398

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, 2020 and 2019, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Loans under bankruptcy proceedings	¥ 3,840	¥ 4,641	\$ 35,291
Past-due loans	76,736	72,698	705,106
Loans past due for three months or more	558	257	5,130
Restructured loans	13,256	16,411	121,810
Total	¥94,392	¥94,008	\$867,338

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, 2020 and 2019, 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 ¥24,491 million (\$225,039 thousand) and ¥28,297 million, respectively.

8. FOREIGN EXCHANGES

Foreign exchange assets and liabilities at March 31, 2020 and 2019, consisted of the following:

(a) Assets

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Due from foreign banks	¥ 8,223	¥6,159	\$ 75,558
Foreign exchange bills bought	3,031	441	27,858
Foreign exchange bills receivable	666	981	6,126
Total	¥11,921	¥7,582	\$109,543

(b) Liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Foreign exchange bills sold	¥162	¥223	\$1,495
Foreign exchange bills payable	461	319	4,236
Total	¥623	¥542	\$5,731

9. OTHER ASSETS

Other assets at March 31, 2020 and 2019, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Accrued income	¥ 8,880	¥ 10,869	\$ 81,601
Derivative products	20,209	10,707	185,695
Guarantee deposits	2,079	2,012	19,104
Others	108,036	100,697	992,707
Total	¥139,205	¥124,287	\$1,279,109

10. TANGIBLE FIXED ASSETS AND INTANGIBLE FIXED ASSETS

Tangible fixed assets and intangible fixed assets at March 31, 2020 and 2019, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Tangible fixed assets:			
Buildings	¥ 28,797	¥ 30,866	\$ 264,610
Land	21,460	21,687	197,194
Lease assets	29		275
Construction in progress	2,554	2,510	23,468
Other tangible fixed assets	10,183	11,999	93,569
Subtotal	63,025	67,063	579,118
Intangible fixed assets:			
Software	46,013	38,211	422,798
Other intangible assets	444	447	4,086
Subtotal	46,457	38,658	426,884
Total	¥109,483	¥105,722	\$1,006,003

Tangible fixed assets are stated at cost, less accumulated depreciation of ¥114,822 million (\$1,055,062 thousand) and ¥111,389 million in 2020 and 2019, respectively.

As of March 31, 2020 and 2019, deferred gains for tax purposes of ¥9,542 million (\$87,678 thousand) and ¥9,562 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, 2020 and 2019. As a result, the Group recognized an impairment loss of ¥52 million (\$484 thousand) at March 31, 2020, 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, 2020 and 2019, amounted to ¥25,985 million (\$238,768 thousand) and ¥23,245 million, respectively.

12. ASSETS PLEDGED

Assets pledged as collateral and their relevant liabilities at March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Assets pledged as collateral:			
Due from banks			
Securities	¥769,678	¥467,808	\$7,072,299
Loans and bills discounted	613,957	3,108	5,641,433
Relevant liabilities to above assets:			
Deposits	¥ 66,420	¥ 25,777	\$ 610,314
Payables under repurchase agreements	333,380	129,016	3,063,311
Borrowed money	629,924	251,162	5,788,153

In addition to the above, the Bank has provided ¥21,490 million (\$197,470 thousand) and ¥21,499 million in securities and ¥217 million (\$2,000 thousand) and ¥221 million in due from banks as collateral for foreign exchange settlements and certain other transactions and as security for futures transactions at March 31, 2020 and 2019, 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 ¥2,079 million (\$19,104 thousand) and ¥2,012 million at March 31, 2020 and 2019, in the amount of ¥6,475 million (\$59,505 thousand) and ¥5,848 million at March 31, 2020 and 2019, in the amount of ¥56,700 million (\$520,996 thousand) and ¥53,000 million at March 31, 2020 and 2019, 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, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Undisbursed loan commitments outstanding:			
Loans due within one year	¥1,612,615	¥1,683,707	\$14,817,746
Loans due over one year	103,218	99,473	948,438
Total	¥1,715,833	¥1,783,180	\$15,766,185

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, 2020 and 2019, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Current deposits	¥ 481,731	¥ 482,594	\$ 4,426,455
Savings deposits	5,630,583	5,339,179	51,737,417
Deposits at notice	30,487	35,945	280,139
Time deposits	3,281,814	3,445,953	30,155,425
Negotiable certificates of deposit	139,324	115,209	1,280,198
Other	541,578	500,441	4,976,372
Total	¥10,105,519	¥9,919,324	\$92,856,009

15. BORROWED MONEY

At March 31, 2020 and 2019, the weighted-average annual interest rates applicable to borrowed money were 0.25% and 0.88%, respectively.

Borrowed money consists of borrowings from financial institutions. Annual maturities of borrowed money as of March 31, 2020, were as follows:

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2021	¥445,643	\$4,094,860
2022	9,335	85,778
2023	5,434	49,935
2024	204,148	1,875,847
2025 and thereafter	6,771	62,219
Total	¥671,333	\$6,168,641

16. BONDS PAYABLE

Bonds at March 31, 2020 and 2019, consisted of the following:

	Rate (%)	Millions of Yen		Thousands of U.S. Dollars
		2020	2019	2020
Unsecured convertible bonds with stock acquisition rights, payable in U.S. dollars, due January 2023	three-month U.S. dollar Libor minus 0.5%	¥32,649	¥33,297	\$300,000
The Bank's first bonds payable in U.S. dollars (only for qualified institutional investors)		3,175	4,095	29,180
The Bank's bonds payable in U.S. dollars due December 2023	3.31	30,738	31,348	282,448
Total		¥66,563	¥68,741	\$611,628

The coupon amount of Shizuoka Bank, Ltd.'s first U.S. dollar-denominated bonds (only for qualified institutional investors), which are discounted bonds, is ¥3,541 million (\$32,538 thousand).

Annual maturities of bonds as of March 31, 2020, were as follows:

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2021		
2022		
2023	¥32,649	\$300,000
2024	33,914	311,628
2025		
Total	¥66,563	\$611,628

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 January 2023	\$14.005	21,420	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, 2020 and 2019, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Income taxes payable	¥ 8,291	¥ 6,986	\$ 76,185
Accrued expenses	9,931	11,050	91,256
Unearned income	15,456	14,076	142,024
Derivative products	12,146	9,143	111,610
Cash collateral received for financial products	11,725	2,557	107,740
Other	54,095	56,809	497,060
Total	¥111,646	¥100,622	\$1,025,877

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, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Balance at beginning of year	¥66,261	¥68,260	\$608,851
Current service cost	1,805	1,829	16,586
Interest cost	649	670	5,966
Actuarial gains and losses	(163)	58	(1,500)
Benefits paid	(4,814)	(4,691)	(44,242)
Past service cost			
Others	132	132	1,215
Balance at end of year	¥63,869	¥66,261	\$586,877

2. The changes in plan assets for the years ended March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Balance at beginning of year	¥ 52,534	¥ 57,899	\$ 482,717
Expected return on plan assets	1,102	1,086	10,129
Actuarial gains and losses	(1,440)	(399)	(13,233)
Contributions from the employer	2,965	5,409	27,246
Return of stocks from retirement benefit trusts		(8,568)	
Benefits paid	(3,055)	(3,026)	(28,074)
Others	131	133	1,209
Balance at end of year	¥ 52,237	¥ 52,534	\$ 479,993

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
	2020	2019	2020
Funded defined benefit obligation	¥ 44,354	¥ 46,146	\$ 407,553
Plan assets	(52,237)	(52,534)	(479,993)
Total	(7,883)	(6,387)	(72,440)
Unfunded defined benefit obligation	19,515	20,114	179,324
Net liability (asset) arising from defined benefit obligation	11,632	13,727	106,884

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Liability for retirement benefits	¥19,515	¥20,114	\$179,324
Asset for retirement benefits	(7,883)	(6,387)	(72,440)
Net liability (asset) arising from defined benefit obligation	11,632	13,727	106,884

4. The components of net periodic retirement benefit costs for the years ended March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Service cost	¥ 1,805	¥ 1,829	\$ 16,586
Interest cost	649	670	5,966
Expected return on plan assets	(1,102)	(1,086)	(10,129)
Amortization of prior service cost	160	947	1,479
Amortization of transitional obligation			
Gains on return of assets from retirement benefit trusts		(3,490)	
Others	47	66	437
Net periodic retirement benefit costs	¥ 1,560	¥(1,061)	\$ 14,340

5. Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Prior service cost			
Actuarial (gains) losses	¥(1,115)	¥(2,589)	\$(10,254)
Others			
Total	¥(1,115)	¥(2,589)	\$(10,254)

6. Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Unrecognized prior service cost			
Unrecognized actuarial gains and losses	¥(180)	¥(1,296)	\$(1,661)
Others			
Total	¥(180)	¥(1,296)	\$(1,661)

7. Plan assets

(1) Components of plan assets

Plan assets consisted of the following:

	2020	2019
Debt investments	40%	40%
Equity investments	17%	18%
Cash and cash equivalents	1%	1%
General account of life insurance companies	39%	38%
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, 2020 and 2019, were set forth as follows:

	2020	2019
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, 2020 and 2019, were ¥439 million (\$4,035 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 ¥38 million (\$354 thousand) and ¥44 million for the years ended March 31, 2020 and 2019, respectively.

The stock options outstanding as of March 31, 2020, 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
2019 Stock Option	7 directors	50,000 shares	2019.7.16	¥ 1 (\$0.01)	From July 17, 2019 to July 16, 2044

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	2019 Stock Option
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		
Year Ended March 31, 2020													
Non-vested													
March 31, 2019—Outstanding												50,000	
Granted												50,000	50,000
Vested													50,000
March 31, 2020—Outstanding													50,000
Vested													
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		
Vested												50,000	
Exercised													
March 31, 2020—Outstanding	13,000	13,000	20,000	27,000	27,000	30,000	22,000	48,000	26,000	36,000	50,000	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)	¥ 1 (\$ 0.01)
Average stock price at exercise	¥ (\$)	¥ (\$)	¥ (\$)	¥ (\$)	¥ (\$)	¥ (\$)	¥ (\$)	¥ (\$)	¥ (\$)	¥ (\$)	¥ (\$)	¥ (\$)	¥ (\$)
Fair value price at grant date	¥1,153 (\$10.59)	¥1,057 (\$ 9.71)	¥ 875 (\$ 8.04)	¥ 704 (\$ 6.46)	¥ 709 (\$ 6.51)	¥ 743 (\$ 6.82)	¥1,135 (\$10.42)	¥1,079 (\$ 9.91)	¥1,351 (\$12.41)	¥ 730 (\$ 6.70)	¥ 899 (\$ 8.26)	¥ 888 (\$ 8.15)	¥ 733 (\$ 6.73)

The assumptions used to measure the fair value of the 2019 stock option are as follows:

Estimate method: Black-Scholes option-pricing model

Volatility of stock price: 31.2%

Estimated remaining outstanding period: Four years

Estimated dividend: ¥22.0 per share

Risk-free interest rate: (0.205)%

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
	2020	2019	2020
Valuation difference	¥218,237	¥273,496	\$2,005,302
Deferred tax liabilities	(63,639)	(79,656)	(584,762)
Deferred tax assets			
Amounts equivalent to difference on available-for-sale securities	¥154,597	¥193,840	\$1,420,540
Noncontrolling interests adjustment	¥ (298)	¥ (496)	\$ (2,745)
Share of valuation difference on available- for-sale securities in affiliated companies	¥ 65	¥ 84	\$ 598
Valuation difference on available-for-sale securities	¥154,363	¥193,428	\$1,418,393

22. OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2020 and 2019, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Gains on foreign exchange transactions	¥3,841	¥2,146	\$35,297
Gains on sales of bonds	5,817	4,188	53,450
Gains on financial derivatives	162	933	1,493
Other	12	0	110
Total	¥9,833	¥7,268	\$90,352

23. OTHER INCOME

Other income for the years ended March 31, 2020 and 2019, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Reversal of allowance for loan losses			
Gains on sales of stocks and other securities	¥ 4,787	¥ 7,787	\$ 43,992
Equity in earnings of affiliated companies	505	109	4,644
Gains on disposal of fixed assets	19	119	178
Gains on sales of shares of affiliated companies accounted for by the equity method	381		3,508
Gains on return of assets from retirement benefit trusts		3,490	
Other	7,665	8,019	70,433
Total	¥13,359	¥19,527	\$122,757

24. OTHER OPERATING EXPENSES

Other operating expenses for the years ended March 31, 2020 and 2019, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Losses on sales of bonds	¥1,296	¥5,239	\$11,912
Losses on redemption of bonds	643		5,908
Amortized bond issue cost		463	
Total	¥1,939	¥5,702	\$17,820

25. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended March 31, 2020 and 2019, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Salary	¥33,023	¥33,626	\$303,436
Depreciation expenses	10,882	12,250	99,992
Other	43,666	44,358	401,233
Total	¥87,571	¥90,235	\$804,663

26. OTHER EXPENSES

Other expenses for the years ended March 31, 2020 and 2019, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Provision of allowance for loan losses	¥ 7,476	¥ 5,588	\$ 68,703
Losses on written-off claims	384	386	3,529
Losses on sales of stocks and other securities		39	
Losses on devaluation of stocks and other securities	1,940	119	17,827
Losses on money held in trust	4	5	41
Losses on disposal of fixed assets	334	308	3,077
Impairment losses	52		484
Other	8,935	6,920	82,107
Total	¥19,129	¥13,367	\$175,771

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 29.8% and 29.9% for the years ended March 31, 2020 and 2019, respectively.

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Deferred tax assets:			
Allowance for loan losses	¥ 12,664	¥ 11,560	\$ 116,373
Provision for retirement benefits	5,944	5,976	54,621
Valuation loss on securities	6,194	6,512	56,917
Other	9,558	9,019	87,829
Less valuation allowance	(6,985)	(7,335)	(64,188)
Deferred tax assets	27,376	25,733	251,553
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(63,616)	(79,633)	(584,552)
Gain on establishment of employee retirement benefit trust	(5,201)	(5,201)	(47,792)
Securities returned from employee retirement benefit trust	(2,809)	(2,809)	(25,819)
Other	(2,187)	(1,755)	(20,100)
Deferred tax liabilities	(73,815)	(89,400)	(678,265)
Net deferred tax assets/(liabilities)	¥(46,438)	¥ (63,667)	\$ (426,711)

28. LEASES

(1) Financial Lease

(a) Lessor

The net lease investment assets are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Gross lease receivables	¥80,796	¥71,254	\$742,414
Estimate residual values	3,272	3,079	30,068
Unearned interest income	(6,987)	(6,615)	(64,201)
Lease investment assets	¥77,082	¥67,718	\$708,280

Maturities of lease receivables are as follows:

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
	2020	2020
2021	¥1,063	\$ 9,770
2022	985	9,057
2023	876	8,050
2024	775	7,126
2025	563	5,180
2026 and thereafter	1,207	11,092
Total	¥5,471	\$50,277

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

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
	2020	2020
2021	¥21,338	\$196,075
2022	17,699	162,634
2023	14,201	130,488
2024	10,743	98,721
2025	6,896	63,372
2026 and thereafter	9,916	91,122
Total	¥80,796	\$742,414

(2) Operating Lease

(a) Lessee

The minimum rental commitments under noncancelable operating leases at March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Due within one year	¥ 737	¥ 476	\$ 6,780
Due after one year	1,465	1,280	13,467
Total	¥2,203	¥1,757	\$20,247

(b) Lessor

The future lease payment receivables under noncancelable operating leases at March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Due within one year	¥ 586	¥ 654	\$ 5,389
Due after one year	753	869	6,923
Total	¥1,340	¥1,523	\$12,313

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, 2020	Millions of Yen						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking Operations	Leasing Operations	Total				
Ordinary income:							
Ordinary income from external customers	¥ 181,177	¥ 31,151	¥ 212,328	¥ 16,966	¥ 229,295		¥ 229,295
Ordinary income from intersegment transactions	3,761	1,294	5,055	4,655	9,710	¥ (9,710)	
Total	¥ 184,938	¥ 32,445	¥ 217,384	¥ 21,621	¥ 239,006	¥ (9,710)	¥ 229,295
Segment profit	¥ 46,802	¥ 1,522	¥ 48,325	¥ 8,112	¥ 56,437	¥ (1,855)	¥ 54,582
Segment assets	12,514,051	108,975	12,623,027	172,084	12,795,111	(252,339)	12,542,772
Segment liabilities	11,599,225	88,948	11,688,174	34,229	11,722,404	(172,426)	11,549,977
Other:							
Depreciation	10,945	1,007	11,952	191	12,144	(291)	11,852
Interest income	136,594	8	136,603	867	137,470	(2,614)	134,856
Interest expense	29,456	201	29,658	7	29,665	(999)	28,666
Equity in earnings of affiliated companies				505	505		505
Investments in affiliated companies				17,465	17,465		17,465
Increase in property, plant and equipment and intangible assets	14,580	515	15,095	45	15,141	(398)	14,742

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, 2020	Thousands of U.S. Dollars						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking Operations	Leasing Operations	Total				
Ordinary income:							
Ordinary income from external customers	\$ 1,664,775	\$ 286,236	\$ 1,951,011	\$ 155,900	\$ 2,106,912		\$ 2,106,912
Ordinary income from intersegment transactions	34,558	11,897	46,456	42,774	89,230	\$ (89,230)	
Total	\$ 1,699,333	\$ 298,134	\$ 1,997,467	\$ 198,675	\$ 2,196,142	\$ (89,230)	\$ 2,106,912
Segment profit	\$ 430,052	\$ 13,993	\$ 444,045	\$ 74,541	\$ 518,587	\$ (17,045)	\$ 501,541
Segment assets	114,987,150	1,001,338	115,988,489	1,581,223	117,569,713	(2,318,654)	115,251,058
Segment liabilities	106,581,142	817,318	107,398,460	314,525	107,712,986	(1,584,365)	106,128,621
Other:							
Depreciation	100,571	9,255	109,827	1,762	111,589	(2,677)	108,911
Interest income	1,255,120	78	1,255,199	7,969	1,263,169	(24,023)	1,239,145
Interest expense	270,667	1,854	272,521	65	272,587	(9,181)	263,406
Equity in earnings of affiliated companies				4,644	4,644		4,644
Investments in affiliated companies				160,482	160,482		160,482
Increase in property, plant and equipment and intangible assets	133,971	4,737	138,708	420	139,128	(3,663)	135,464

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, 2020	¥105,117	¥34,716	¥31,151	¥58,310	¥229,295	\$965,884	\$318,993	\$286,236	\$535,798	\$2,106,912
Year ended March 31, 2019	¥105,922	¥43,387	¥30,118	¥56,308	¥235,736					

(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				Total	Reportable Segment				Total
	Banking Operations	Leasing Operations		Other		Banking Operations	Leasing Operations		Other	
Impairment losses of assets										
Year ended March 31, 2020	¥52		¥52		¥52	\$484		\$484		\$484

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 2020), 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, 2020 and 2019, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
VaR	¥107,203	¥148,493	\$985,050

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

Demand deposits staying long term without withdrawal are estimated as core deposits and are reflected in the market risk measurement.

(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, 2020 and 2019, consisted of the following:

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gains (Losses)
March 31, 2020			
Cash and due from banks	¥ 1,384,218	¥ 1,384,218	
Call loans and bills bought	169,388	169,388	
Trading assets:			
Trading securities	9,598	9,598	
Securities:			
Held-to-maturity	54,214	54,303	¥ 89
Available-for-sale	1,539,279	1,539,279	
Loans and bills discounted	8,939,666		
Allowance for loan losses	(40,862)		
Subtotal	8,898,803	8,940,902	42,099
Total	¥12,055,503	¥12,097,692	¥42,188
Deposits	¥10,105,519	¥10,105,609	¥ 90
Call money and bills sold	131,103	131,103	
Payables under repurchase agreements	333,380	333,380	
Borrowed money	671,333	671,476	143
Total	¥11,241,336	¥11,241,570	¥ 233
Derivative transactions:			
Nonhedging derivatives	¥ 2,418	¥ 2,418	
Hedging derivatives	6,361	6,361	
Total	¥ 8,780	¥ 8,780	

	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	

	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gains (Losses)
March 31, 2020			
Cash and due from banks	\$ 12,719,093	\$ 12,719,093	
Call loans and bills bought	1,556,449	1,556,449	
Trading assets:			
Trading securities	88,200	88,200	
Securities:			
Held-to-maturity	498,155	498,977	\$ 821
Available-for-sale	14,143,893	14,143,893	
Loans and bills discounted	82,143,398		
Allowance for loan losses	(375,470)		
Subtotal	81,767,927	82,154,763	386,835
Total	\$110,773,720	\$111,161,377	\$387,657
Deposits	\$ 92,856,009	\$ 92,856,839	\$ 829
Call money and bills sold	1,204,661	1,204,661	
Payables under repurchase agreements	3,063,311	3,063,311	
Borrowed money	6,168,641	6,169,961	1,319
Total	\$103,292,624	\$103,294,773	\$ 2,149
Derivative transactions:			
Nonhedging derivatives	\$ 22,221	\$ 22,221	
Hedging derivatives	58,457	58,457	
Total	\$ 80,678	\$ 80,678	

- 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, and (3) Payables under repurchase agreements

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.

- (4) 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, 2020 and 2019, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Unlisted stocks	¥ 6,462	¥ 6,306	\$ 59,377
Investments in partnerships and others	17,382	12,538	159,719
Total	¥23,844	¥18,844	\$219,096

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, 2020 and 2019, were ¥152 million (\$1,404 thousand) and ¥2 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, 2020						
Due from banks	¥1,299,701					
Call loans and bills bought	169,388					
Securities:	37,934	¥ 94,703	¥ 124,277	¥ 79,944	¥136,045	¥ 691,943
Held-to-maturity	670	2,742	2,000	2,700	2,000	43,977
Available-for-sale	37,263	91,960	122,277	77,244	134,045	647,965
Loans and bills discounted	2,199,899	1,446,900	1,169,544	797,466	862,136	2,249,897
Total	¥3,706,923	¥1,541,603	¥1,293,821	¥877,410	¥998,181	¥2,941,840

	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, 2020						
Due from banks	\$11,942,493					
Call loans and bills bought	1,556,449					
Securities:	348,566	\$ 870,194	\$ 1,141,939	\$ 734,580	\$1,250,070	\$ 6,358,017
Held-to-maturity	6,164	25,202	18,377	24,809	18,377	404,093
Available-for-sale	342,401	844,991	1,123,561	709,771	1,231,693	5,953,923
Loans and bills discounted	20,214,090	13,295,048	10,746,528	7,327,632	7,921,866	20,673,504
Total	\$34,061,600	\$14,165,242	\$11,888,468	\$8,062,212	\$9,171,937	\$27,031,521

Notes: 1. The amount of loans and bills discounted without due dates, which have been excluded is ¥133,243 million (\$1,224,328 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 ¥80,577 million (\$740,397 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, 2020						
Deposits	¥ 9,676,510	¥387,950	¥ 34,424	¥2,107	¥4,526	
Call money and bills sold	131,103					
Payables under repurchase agreements	333,380					
Borrowed money	445,643	14,769	209,373	1,546		
Total	¥10,586,637	¥402,719	¥243,798	¥3,654	¥4,526	

	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, 2020						
Deposits	\$88,914,002	\$3,564,734	\$ 316,317	\$19,366	\$41,588	
Call money and bills sold	1,204,661					
Payables under repurchase agreements	3,063,311					
Borrowed money	4,094,860	135,713	1,923,858	14,209		
Total	\$97,276,835	\$3,700,448	\$2,240,175	\$33,575	\$41,588	

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, 2020 and 2019, consisted of the following

Millions of Yen				
	Contract or Notional Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains (Losses)
March 31, 2020				
Listed:				
Bond futures	¥ 619		¥ 8	¥ 8
Over the counter:				
Interest rate swaps	483,236	¥370,595	978	978
Currency swaps	91,046	78,131	156	156
Forward contracts	388,245	160,034	1,227	1,227
Currency options	179,877	139,218	1	2,126
Other	4,885	4,549	44	44

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

Thousands of U.S. Dollars				
	Contract or Notional Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains (Losses)
March 31, 2020				
Listed:				
Bond futures	\$ 5,687		\$ 80	\$ 80
Over the counter:				
Interest rate swaps	4,440,291	\$3,405,268	8,989	8,989
Currency swaps	836,593	717,923	1,440	1,440
Forward contracts	3,567,452	1,470,499	11,281	11,281
Currency options	1,652,827	1,279,224	17	19,538
Other	44,895	41,800	412	412

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, 2020 and 2019, consisted of the following:

Millions of Yen				
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2020				
Principled treatment:				
Interest rate swaps	Deposits	¥41,232	¥41,123	¥ 858
Currency swaps	Loans, deposits, and securities in foreign currencies	76,615	66,492	5,661
Forward contracts	Loans, deposits, and securities in foreign currencies	26,623		(158)
Special hedging treatment:				
Interest rate swaps	Loans	59,445	43,018	

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	

Thousands of U.S. Dollars				
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2020				
Principled treatment:				
Interest rate swaps	Deposits	\$378,871	\$377,871	\$ 7,892
Currency swaps	Loans, deposits, and securities in foreign currencies	703,993	610,976	52,018
Forward contracts	Loans, deposits, and securities in foreign currencies	244,636		(1,453)
Special hedging treatment:				
Interest rate swaps	Loans	546,225	395,285	

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, 2020 and 2019, were as follows:

Related-Party Transactions with the Bank

Related Party	Category	Description of Transactions	Millions of Yen		Thousands of U.S. Dollars
			2020	2019	2020
Makizo Iio	Close relative of a director of Shizuoka Bank	Loans	¥ 70	¥ 64	\$ 645
Kai Goto	Close relative of a director of Shizuoka Bank	Loans		¥113	
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	¥530	¥448	\$4,870

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, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Unrealized gain on available-for-sale securities:			
Gains arising during the year	¥(51,106)	¥ 9,950	\$(469,602)
Reclassification adjustments to profit and loss	(4,153)	(11,347)	(38,160)
Amount before income tax effect	(55,259)	(1,396)	(507,763)
Income tax effect	16,016	434	147,171
Total	¥(39,243)	¥ (962)	\$(360,591)
Deferred gains on derivatives under hedge accounting:			
Gains arising during the year	¥ (3,327)	¥ (6,012)	\$ (30,579)
Reclassification adjustments to profit and loss	2,952	5,943	27,128
Amount before income tax effect	(375)	(69)	(3,451)
Income tax effect	112	21	1,030
Total	¥ (263)	¥ (47)	\$ (2,420)
Foreign currency translation adjustments:			
Gains arising during the year	¥ (956)	¥ 2,559	\$ (8,789)
Reclassification adjustments to profit and loss		(71)	
Amount before income tax effect	(956)	2,487	(8,789)
Income tax effect			
Total	¥ (956)	¥ 2,487	\$ (8,789)
Defined retirement benefit plans:			
Adjustments arising during the year	¥ (1,276)	¥ (46)	\$ (11,733)
Reclassification adjustments to profit or loss	160	(2,542)	1,479
Amount before income tax effect	(1,115)	(2,589)	(10,254)
Income tax effect	333	777	3,065
Total	¥ (782)	¥ (1,811)	\$ (7,188)
Share of other comprehensive income in affiliated companies:			
Gains arising during the year	¥ (243)	¥ 385	\$ (2,234)
Reclassification adjustments to profit or loss			
Amount before income tax effect	(243)	385	(2,234)
Income tax effect			
Total	¥ (243)	¥ 385	\$ (2,234)
Total other comprehensive income	¥(41,488)	¥ 51	\$(381,224)

34. NET INCOME PER SHARE

Basic net income per share (EPS) for the years ended March 31, 2020 and 2019, 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, 2020				
Basic EPS:				
Net income available to common shareholders	¥38,703	576,006	¥67.19	\$0.617
Effect of dilutive securities:				
Interest expenses (excluding tax amount)	400			
Stock options		397		
Convertible bonds with stock acquisition rights		21,420		
Diluted EPS:				
Net income for computation	¥39,103	597,825	¥65.40	\$0.601
Year ended	Millions of Yen	Thousands of Shares	Yen	
March 31, 2019	Net income attributable to Owners of the Parent	Weighted-Average Shares	EPS	
Basic EPS:				
Net income available to common shareholders	¥46,874	591,009	¥79.31	
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	

35. SUBSEQUENT EVENTS

1. Retirement of Treasury Stock

On May 11, 2020, the Board of Directors resolved the following retirement of treasury stock and the Bank completed it on May 29, 2020:

- (1) Type of stock: Common stock
- (2) Number of shares: 10,000,000 shares
- (3) Retirement date: May 29, 2020

2. Appropriation of Retained Earnings

The following appropriation of retained earnings was authorized at the ordinary general shareholders' meeting held on June 19, 2020:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends,		
¥11.0 (\$0.10) per share	¥6,312	\$58,007
Total	¥6,312	\$58,007

Key Consolidated Financial Indicators

Summary of Profits (Losses)

Years ended March 31	Millions of Yen			Percentage Change
	2020	2019	Increase (Decrease)	
Net interest income	¥106,189	¥115,968	¥ (9,779)	(8.4)%
Net fees and commissions	30,806	30,217	588	1.9
Net trading income	3,047	3,004	43	1.4
Net other operating income	7,893	1,566	6,327	404.0
General and administrative expenses	87,571	90,235	(2,663)	(2.9)
Net other ordinary income	(5,783)	2,858	(8,641)	(302.3)
Ordinary profits	54,582	63,379	(8,797)	(13.8)
Income before income taxes	54,596	66,681	(12,084)	(18.1)
Income taxes:				
Current	16,571	17,794	(1,223)	(6.8)
Deferred	(765)	1,943	(2,709)	(139.4)
Net income	38,791	46,943	(8,151)	(17.3)
Net income attributable to noncontrolling interests	88	68	19	28.7
Net income attributable to owners of the parent	38,703	46,874	(8,171)	(17.4)
Comprehensive income	(2,697)	46,995	(49,692)	(105.7)

Breakdown of Net Interest Margin

Year ended March 31	Billions of Yen
	2020
Interest income	¥ 134.8
Average interest-earning assets	10,783.0
Average interest rate of interest-earning assets (%)	1.25
Interest expense (Note)	28.6
Average interest-bearing liabilities	10,967.2
Average interest rate of interest-bearing liabilities (%)	0.26
Net interest income	106.1

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		
	2020	2019	Increase (Decrease)
Gains on foreign exchange transactions	¥ 3,841	¥ 2,146	¥ 1,695
Gains/losses on government bonds	3,877	(1,050)	4,928
Gains on sales	5,817	4,188	1,628
Losses on sales	(1,296)	(5,239)	3,942
Losses on redemptions	(643)		(643)
Amortized bond issue cost		(463)	463
Gains/losses on derivative transactions	162	933	(771)
Proceeds from derivative transactions	162	933	(771)
Others	12	0	11
Gains/losses on other business	7,893	1,566	6,327
Other operating income	9,833	7,268	2,564
Other operating expenses	(1,939)	(5,702)	3,763

Loans Outstanding by Type of Borrower

March 31	Billions of Yen, % Share			
	2020		2019	
Domestic branches:				
Manufacturing	¥1,390.5	16.02%	¥1,328.3	16.03%
Agriculture and forestry	8.6	0.10	8.5	0.10
Fishery	9.7	0.11	8.8	0.11
Mining and quarrying	12.0	0.14	11.6	0.14
Construction	227.5	2.62	226.1	2.73
Utilities	123.7	1.43	114.3	1.38
Telecommunications	69.2	0.80	69.6	0.84
Transportation and mail service	304.7	3.51	305.9	3.69
Wholesale and retailing	813.7	9.37	787.0	9.49
Finance and insurance	479.1	5.52	454.2	5.48
Real estate, lease, and rental	1,977.2	22.77	1,945.9	23.48
Medical, welfare, lodging, and other services	552.4	6.36	538.3	6.49
Local governments	129.5	1.49	130.9	1.58
Other	2,583.9	29.76	2,358.6	28.46
Subtotal	8,682.3	100.00	8,288.7	100.00
Overseas branches and offshore accounts:				
Governments and official institutions	5.1	1.99	9.8	4.06
Banks and other financial institutions	12.7	4.96	6.2	2.56
Other	239.4	93.05	227.0	93.38
Subtotal	257.3	100.00	243.1	100.00
Total	¥8,939.6		¥8,531.9	

Risk-Monitored Asset Information

March 31	Millions of Yen		
	2020	2019	Increase (decrease)
Loans under bankruptcy proceedings A	¥ 3,840	¥ 4,641	¥ (800)
% of loans and bills discounted	0.04	0.05	(0.01)
Past-due loans B	76,736	72,698	4,038
% of loans and bills discounted	0.85	0.85	0.00
Loans past due for three months or more C	558	257	301
% of loans and bills discounted	0.00	0.00	0.00
Restructured loans D	13,256	16,411	(3,154)
% of loans and bills discounted	0.14	0.19	(0.04)
Risk-monitored loan total E (E=A+B+C+D)	94,392	94,008	383
% of loans and bills discounted	1.05	1.10	(0.04)
Value covered with collateral, guarantees, etc. F	80,342	78,946	1,396
Cover ratio (%) F/E	85.11	83.97	1.13

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	
	2020	2019
General allowance for loan losses	¥23,115	¥22,601
Specific allowance for loan losses	21,972	19,233
Total	¥45,087	¥41,835
[Loans on written-off claims for the year]	¥ [384]	¥ [386]

Financial Index

Years ended March 31	Consolidated			Nonconsolidated		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Per share (Yen):						
Net income	¥ 67.19	¥ 79.31	¥(12.12)	¥ 58.05	¥ 72.14	¥(14.09)
Net assets	1,727.10	1,738.53	(11.43)	1,620.29	1,638.17	(17.88)
Cash dividends	22.00	22.00		22.00	22.00	
Dividend payout ratio (%)				37.89	30.49	7.40
Return on equity (%) (Note)	3.85	4.67	(0.82)	3.54	4.50	(0.96)
Price earnings ratio (%)	9.77	10.62	(0.85)	11.31	11.68	(0.37)

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	
	2020	2019	2020	2019
March 31				
1. Total capital ratio (%)	15.59	16.05	13.76	14.28
2. Tier 1 ratio (%)	15.59	16.05	13.76	14.28
3. Common Equity Tier 1 ratio (%)	15.59	16.05	13.76	14.28
4. Total capital	893.7	913.3	821.1	845.7
5. Tier 1 capital	893.7	913.3	821.1	845.7
6. Common Equity Tier 1 capital	893.7	913.3	821.1	845.7
7. Total risk-weighted assets	5,729.6	5,690.1	5,967.4	5,918.9
8. Total capital requirements	458.3	455.2	477.3	473.5
Leverage ratio (%)	7.01	7.59	6.46	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, Gofukucho 1-chome, 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, 2020)
2,755

DATE OF ESTABLISHMENT

March 1, 1943

DOMESTIC NETWORK

(As of July 1, 2020)
Head Office, 176 branches,
27 subbranches

OVERSEAS NETWORK

(As of July 1, 2020)
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

80 Raffles Place, #09-21 UOB Plaza 2,
Singapore 048624
Phone: (65) 6225-3600
Fax: (65) 6225-9901

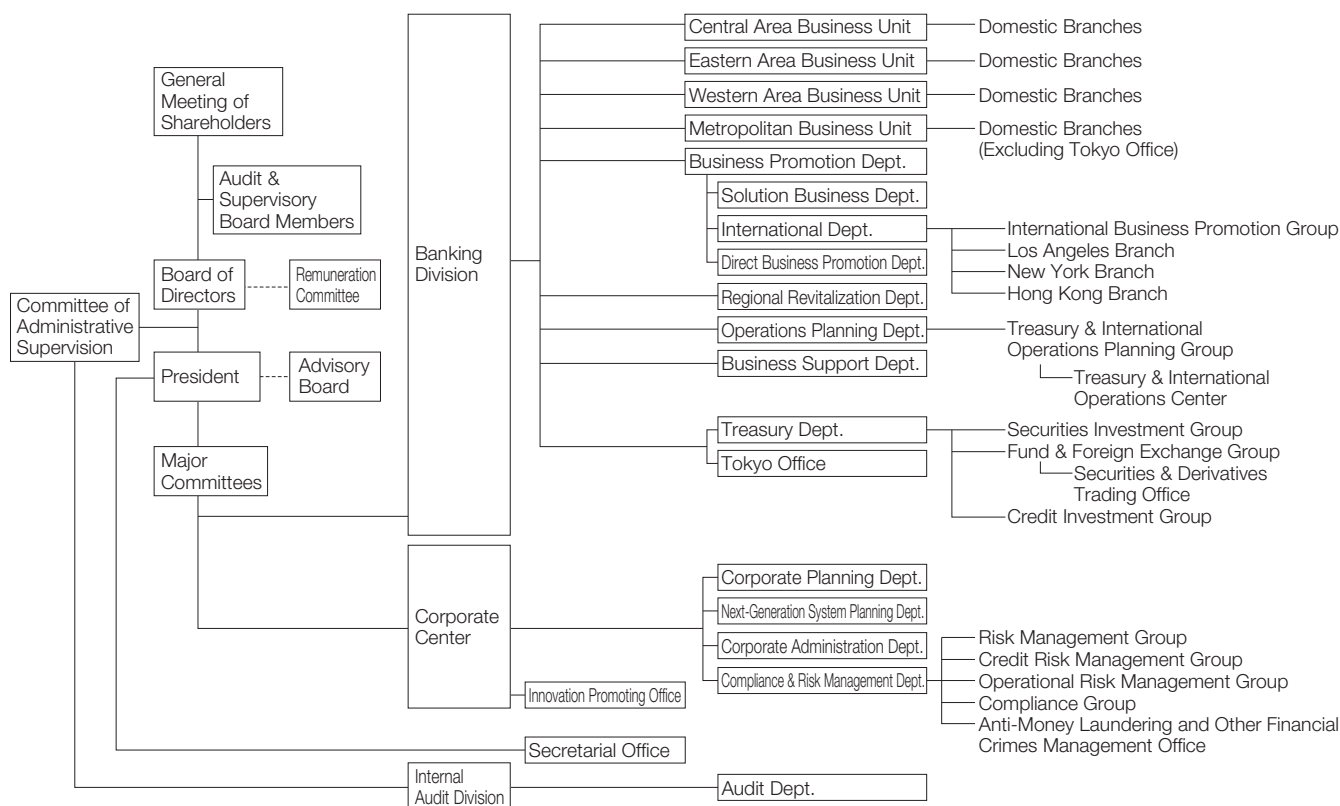
Shanghai Representative Office

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
Fax: (86) 21-6209-8116

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*¹

Katsunori Nakanishi

President & COO*²

Hisashi Shibata

Director & Senior Managing Executive Officers

Minoru Yagi

Director & Senior Executive Officers

Hidehito Iio

Koichi Kiyokawa

Directors

Yoshihiro Nagasawa

Kumi Fujisawa

Motoshige Itoh

Kazuto Tsubouchi

Audit & Supervisory Board Members

Hiroki Saito

Mitsuru Kobayashi

Yoshihiro Yamashita

Naomi Ushio

Isamu Nakamura

*¹CEO=Chief Executive Officer

*²COO=Chief Operating Officer

(As of July 1, 2020)

Investor Information

CAPITAL STOCK (As of March 31, 2020)

Common stock..... ¥90,845 million

NUMBER OF SHARES (As of March 31, 2020)

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

Issued and outstanding 605,129,069 shares

NUMBER OF SHAREHOLDERS (As of March 31, 2020)

22,736

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	2016	2017	2018	2019	2020
High	1,519	1,055	1,252	1,153	901
Low	768	655	860	820	532

PRINCIPAL SHAREHOLDERS

The 10 largest shareholders of the Bank and their respective shareholdings at March 31, 2020, were as follows:

	Number of Shares in Thousands	Percentage of Total Shares Outstanding
The Master Trust Bank of Japan, Ltd. (trust account)	47,228	8.22%
Nippon Life Insurance Company	29,745	5.18
Meiji Yasuda Life Insurance Company	29,117	5.07
Japan Trustee Services Bank, Ltd. (trust account)	24,334	4.24
Sumitomo Life Insurance Company	13,070	2.27
MUFJ Bank, Ltd.	11,884	2.07
The Dai-ichi Life Insurance Company, Limited	11,546	2.01
Japan Trustee Services Bank, Ltd. (trust account 5)	9,941	1.73
Japan Trustee Services Bank, Ltd. (trust account 9)	9,596	1.67
JP MORGAN CHASE BANK 385151	9,547	1.66
Total	196,013	34.15%

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 IT Solution 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

SHIZUGIN HEARTFUL CO., LTD.

Making, printing and binding of documents

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.

<https://www.shizuokabank.co.jp/english/>

For more detailed
information, please
refer to our website.

