

# Results of 1H FY2021

November 15, 2021

The Shizuoka Bank, Ltd.

The 14<sup>th</sup> Medium-term Business Plan

**COLORs**

2020-2022

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

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# Results of 1H FY2021

# Results of 1H FY2021 – Nonconsolidated

[Nonconsolidated]

	(JPY bn, %)	1H FY2021	YoY change	
			Increase/ Decrease	Rate of change
<b>Gross operating profit</b>		<b>72.8</b>	<b>-0.0</b>	<b>-0.0</b>
Net interest income		61.8	+4.4	+7.5
Fees and commissions		7.8	-0.5	-5.9
Trading income		0.5	+0.1	+20.3
Other operating profit (Bond-related income such as JGBs)		2.6 (0.6)	-4.0 (-4.8)	-60.4 (-89.5)
Expenses (-)		45.3	+4.8	+11.7
Actual net operating profit		27.4	-4.8	-14.8
Core net business profit excluding gains (losses) on bonds and cancellation of investment trusts		24.9	-1.2	-4.4
Provision for general allowance for loan losses (-)		2.0	+0.1	+4.7
<b>Net operating profit</b>		<b>25.5</b>	<b>-4.9</b>	<b>-16.0</b>
Special profit and loss		2.9	+1.2	+75.7
Bad debt written-off (-)		1.0	-1.9	-64.8
Gain (loss) on stocks		2.8	-0.1	-2.3
<b>Ordinary profit</b>		<b>28.3</b>	<b>-3.7</b>	<b>-11.4</b>
Extraordinary profit and loss		5.9	+6.0	-
Gain on sales of stocks of related companies		6.0	+6.0	-
Net income before taxes		34.2	+2.4	+7.4
Corporate taxes (-)		9.4	-0.3	-2.8
<b>Net income</b>		<b>24.9</b>	<b>+2.6</b>	<b>+11.9</b>
Credit-related costs (-)		3.0	-1.8	-37.5

## Gross operating profit (remain roughly flat)

Decreased by JPY 0.0bn YoY, mainly because fees and commissions and other operating profit decreased while net interest income increased

Progress rate 49.5%

## Net operating profit (first decrease in 2 periods)

Decreased by JPY 4.9bn YoY, because of increase in expenses due to launch of Next Generation System

Progress rate 46.9%

## Ordinary profit (first decrease in 2 periods)

Decreased by JPY 3.7bn YoY, because net operating profit decreased while special profit and loss increased

Progress rate 54.4%

## Net income (continued increase in 2 periods)

Increased by JPY 2.6bn YoY, because extraordinary profit and loss was improved due to increase in gain on sales of stocks of related companies while ordinary profit decreased

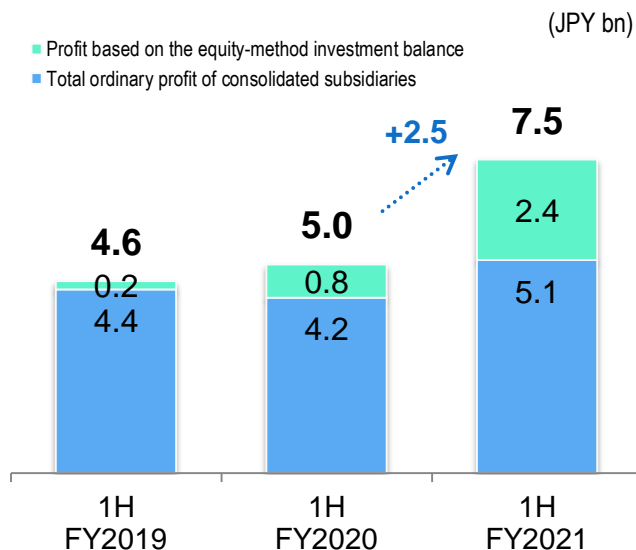
Progress rate 62.1%

# Results of 1H FY2021 – Consolidated

Ordinary profit decreased by JPY 2.1bn YoY to JPY 33.4bn, and total ordinary profit of consolidated subsidiaries increased by JPY 0.9bn YoY to JPY 5.1bn

〔Consolidated〕	(JPY bn)	1H FY2021	YoY	Contents
Ordinary profit		33.4	-2.1	<b>First decrease in 2 periods</b> Nonconsolidated ordinary profit decreased while both ordinary profit of consolidated subsidiaries and profit based on the equity-method investment balance increased <b>Progress rate 53.8%</b>
Net profit attributable to parent company shareholders		27.5	+3.2	<b>Continued increase in 2 periods</b> Extraordinary profit and loss was improved due to increase in gain on sales of stocks of related companies while consolidated ordinary profit decreased <b>Progress rate 60.5%</b>

## 〔Total ordinary profit of consolidated subsidiaries / Profit based on the equity-method investment balance〕



## Consolidated Subsidiaries (13companies)

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

## Affiliates under equity method of accounting (3companies)

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

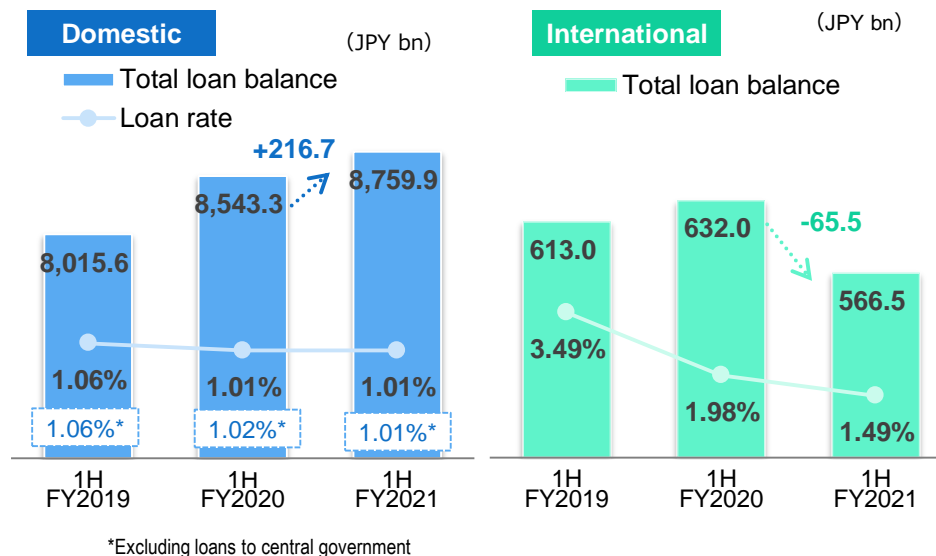
# Net interest income

Net interest income increased by JPY 4.4bn YoY as increase in Domestic section makes up for decrease in International section

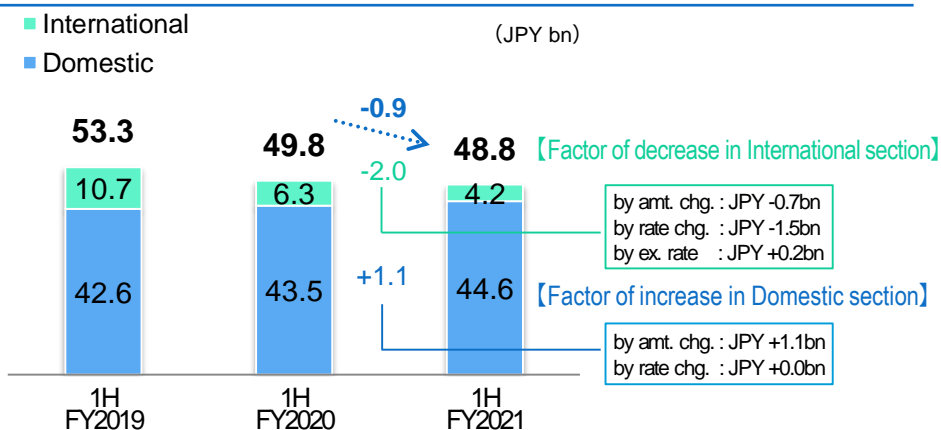
## Breakdown of net interest income

(JPY bn)	1H FY2019	1H FY2020	1H FY2021	YoY
Net interest income	54.6	57.5	61.8	+4.4
Domestic section	50.0	51.2	56.0	+4.7
Interest on loans	42.6	43.5	44.6	+1.1
Interest and dividend on securities	7.9	7.9	11.2	+3.3
(Bond)	0.8	1.0	0.9	-0.1
(Gains on investment trust)	1.7	0.0	2.4	+2.4
Fund-raising expense(-)	1.0	0.7	0.6	-0.1
(Interest paid on deposits etc.) (-)	1.0	0.6	0.6	-0.1
Other	0.4	0.6	0.8	+0.2
International section	4.7	6.2	5.9	-0.4
Interest on loans	10.7	6.3	4.2	-2.0
Interest and dividend on securities	5.8	4.6	4.1	-0.5
(Bond)	5.6	3.3	2.3	-1.0
(Gains on investment trust)	0.2	0.9	1.0	+0.1
Fund-raising expense(-)	14.7	5.0	2.6	-2.5
(Interest paid on deposits etc.) (-)	6.5	1.5	0.6	-1.0
Other	2.8	0.4	0.1	-0.3

## Loan balance (average balance) and loan rate



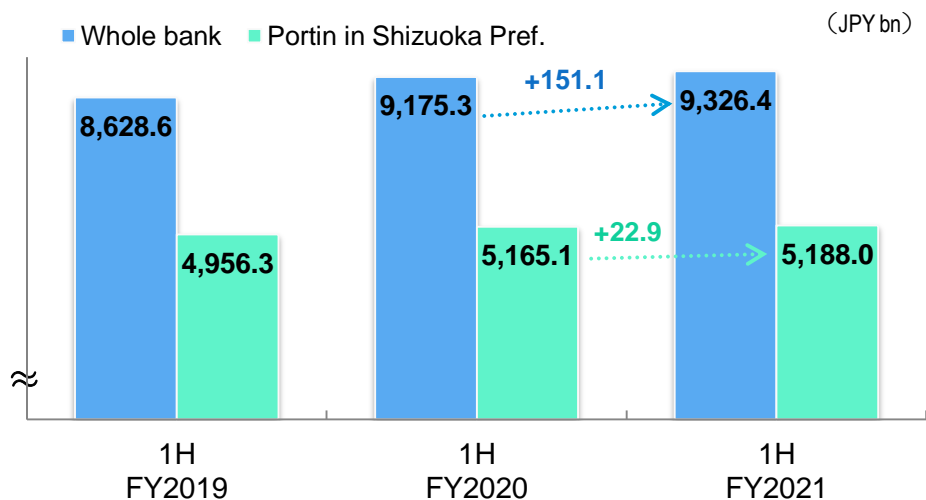
## Interest on loans



# Loans

Total loan balance (average balance) increased by JPY 151.1bn (+1.6%) YoY as both SMEs loan and retail loan increased with good balance while loan for government and those in foreign currencies decreased

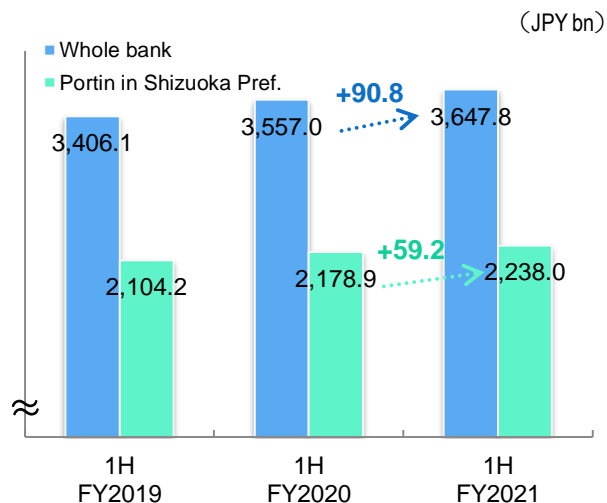
## Total loan balance (average balance)



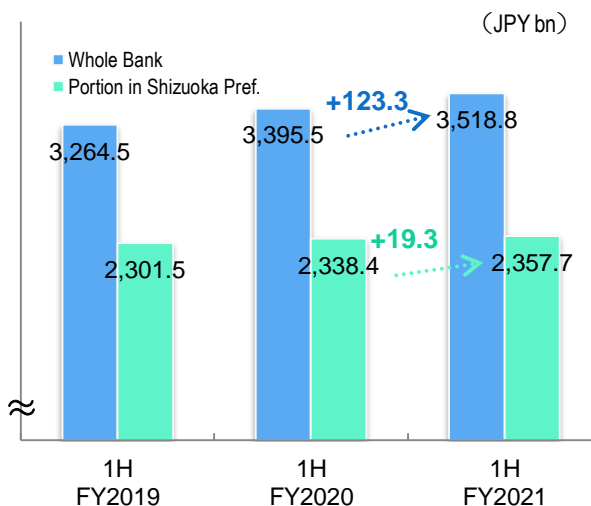
	Average balance	YoY change	Annual growth rate
Total loan balance	JPY9,326.4bn	JPY+ 151.1bn	+1.6%
Loan balance for SMEs	JPY 3,647.8bn	JPY+ 90.8bn	+2.5%
Retail loan balance	JPY 3,518.8bn	JPY+ 123.3bn	+3.6%
Loan balance for large and medium size enterprises	JPY 1,830.4bn	JPY+ 27.6bn	+1.5%
Loan balance for government	—	JPY- 50.5bn	—
Loan balance in foreign currency	JPY 525.0bn	JPY -69.4bn	-11.6%

by amt. chg.:JPY -88.8bn  
by ex. rate :JPY +19.3bn

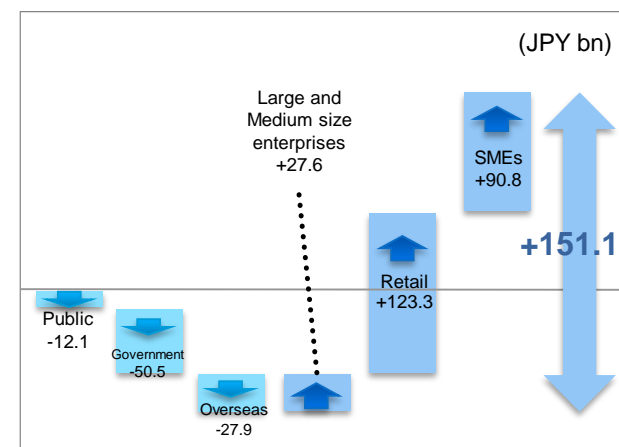
## SMEs loan balance (average balance)



## Retail loan balance (average balance)



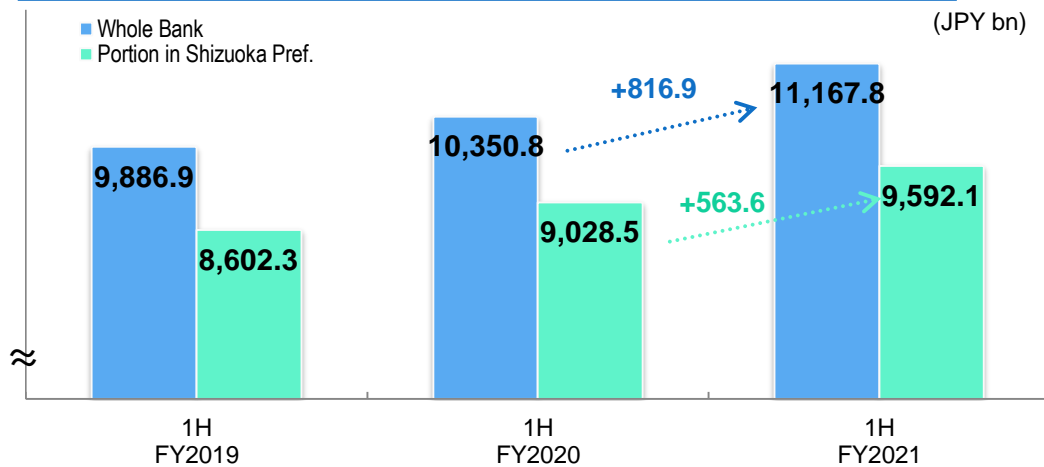
## Breakdown of year-on-year changes in loan balance (average balance)



# Deposits

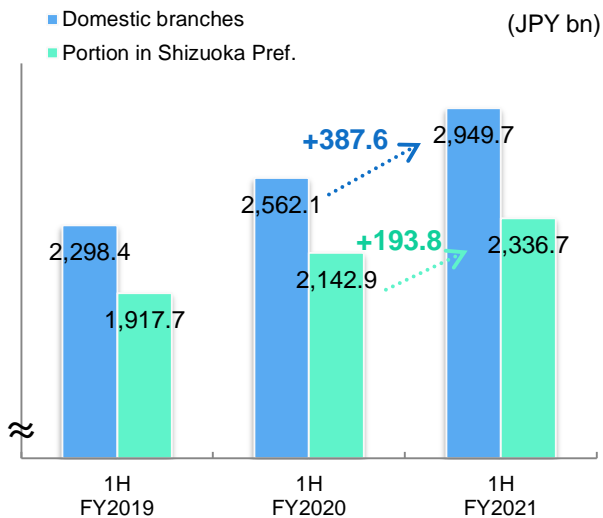
Deposit balance (average balance) increased by JPY 816.9bn(+7.8%) YoY mainly due to the increase of corporate deposit balance and retail deposit balance

## Deposit balance (average balance)

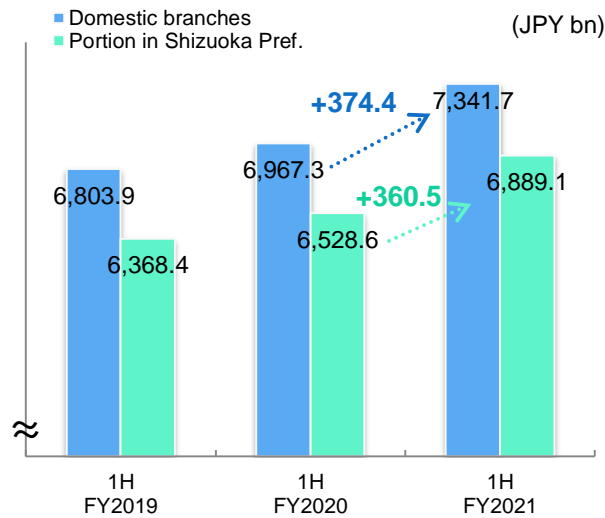


	Average balance	YoY change	Annual growth rate
Total deposit balance	JPY 11,167.8bn	JPY +816.9bn	+7.8%
Deposit balance in Shizuoka	JPY 9,592.1bn	JPY +563.6bn	+6.2%
Corporate deposit balance	JPY 2,949.7bn	JPY +387.6bn	+15.1%
Retail deposit balance	JPY 7,341.7bn	JPY +374.4bn	+5.3%
Public deposit balance	JPY 333.0bn	JPY +9.8bn	+3.0%
NCD	JPY 125.1bn	JPY +48.1bn	+62.3%

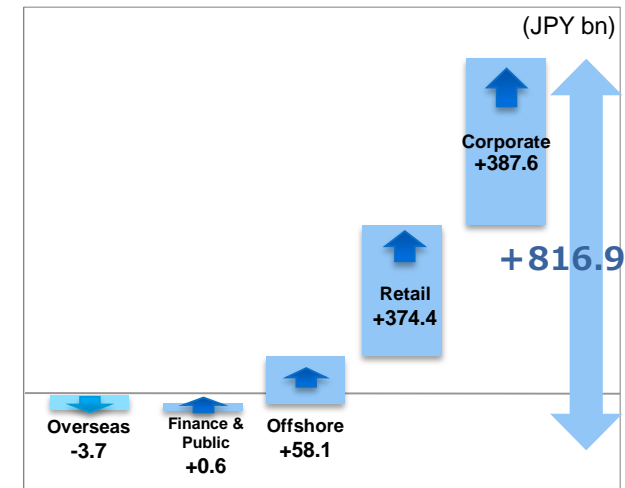
## Corporate deposit balance (average balance)



## Retail deposit balance (average balance)



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





# Securities

The balance of securities at the end of Sep. 2021 increased by JPY 169.4bn from the end of Mar. 2021, mainly because JGBs, municipal bonds, and investment trust increased

## Securities

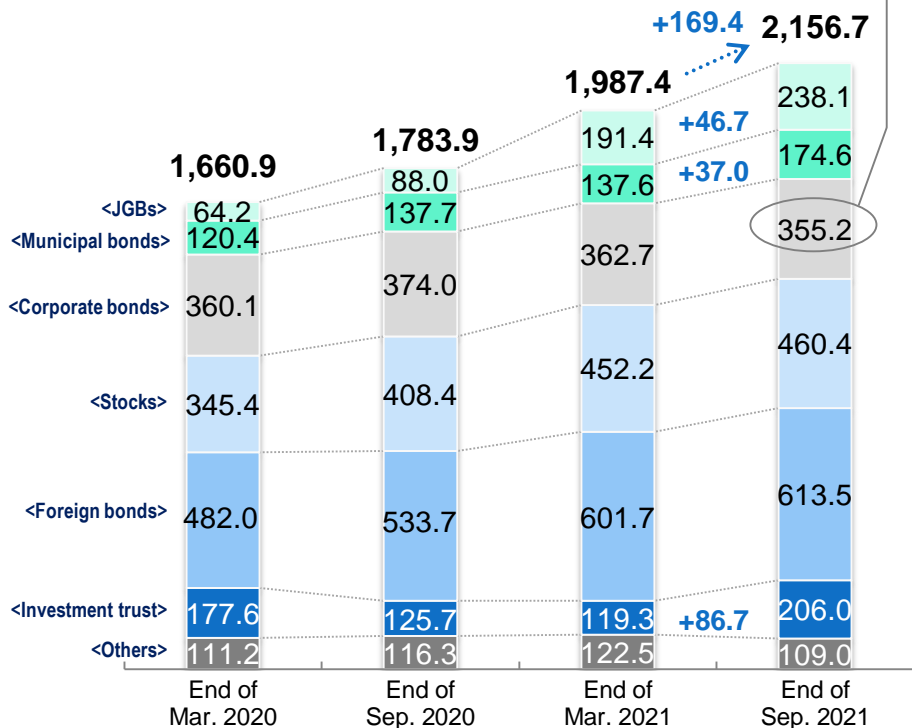
(JPY bn)

[Breakdown of bonds]

Government-guaranteed bonds : JPY 59.0bn FILP agency bonds : JPY 158.3bn

Business bonds : JPY 64.9bn(Of which private placement bonds : JPY 30.9bn)

Held-to-maturity business bonds(Mortgage trust beneficiary rights) : JPY 72.9bn



[Duration]

	End of Mar. 2020	End of Sep. 2020	End of Mar. 2021	End of Sep. 2021
Yen based bonds	6.03 years	6.13 years	5.97 years	5.73 years
Foreign bonds	2.35 years	2.49 years	3.37 years	3.21 years

## Gains and losses on securities

(JPY bn)

	1H FY2020	1H FY2021	YoY
Interest and dividend on securities	12.5	15.3	+2.8
Yen based bonds	1.0	0.9	-0.1
Foreign bonds	3.3	2.3	-1.0
Gains on investment trusts (Gains (losses) on cancellation)	0.9 (0.8)	3.3 (2.0)	+2.5 (+1.2)

Gains and losses on bonds such as JGBs	5.4	0.6	-4.8
Gain on sell of bonds such as JGBs	5.8	2.8	-2.9
Loss on sell and redemption of bonds such as JGBs (-)	0.4	2.3	+1.9

Gains and losses on stocks	2.9	2.8	-0.1
Gain on sales of stocks	5.1	3.4	-1.6
Amortization(-)	2.1	0.6	-1.5

## Unrealized gains and losses on securities

(JPY bn)

	End of Mar. 2020	End of Sep. 2020	End of Mar. 2021	End of Sep. 2021	Change from end of Mar. 2021
Unrealized gains and losses on securities	+217.3	+292.7	+325.6	+342.2	+16.6
Stocks	+211.5	+277.6	+321.4	+333.5	+12.1
Yen based bonds	+3.4	+3.4	+0.9	+0.9	-0.0
Foreign bonds	+5.1	+3.7	-6.0	-3.5	+2.4
Investment trusts	-6.6	+4.9	+4.1	+4.3	+0.2
Others	+3.8	+3.0	+5.2	+7.0	+1.8

# Fees and commissions

Fees and commissions in 1H FY2021 decreased by JPY 0.5bn YoY mainly due to decrease in fee incomes from wholesale

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

## Fees and commissions

[Nonconsolidated]	(JPY bn)	1H FY2019	1H FY2020	1H FY2021	YoY
Fees and commissions		8.3	8.3	7.8	-0.5
Fees and commissions incomes		15.4	16.0	15.9	-0.1
Fees and commissions expenses(-)		7.1	7.7	8.1	+0.4
Life insurance fees on consumer loans(-)		3.5	3.8	4.1	+0.3

### <Major items>

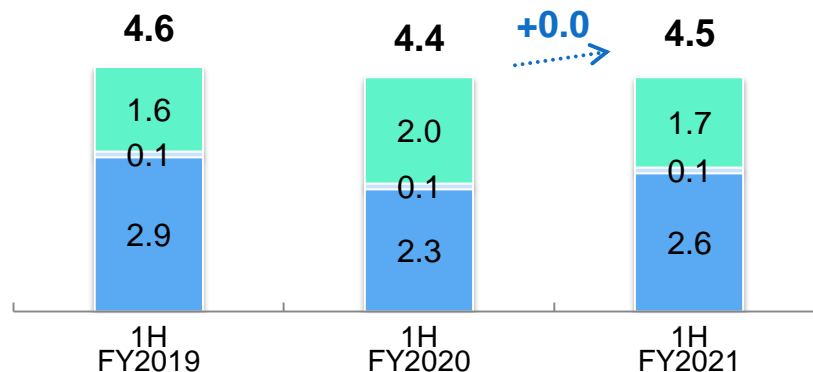
Fee incomes from wholesale		2.3	3.1	2.4	-0.6
Related to market credit investment		1.1	1.7	0.8	-0.8
Syndicated loan, etc.		0.3	0.5	0.5	+0.0
Others(covenants loan, etc.)		0.9	0.9	1.1	+0.2
Other fees on loans		1.1	1.7	2.1	+0.4
Fee incomes on customer assets		3.0	2.4	2.7	+0.3
Investment trust		0.1	0.1	0.1	+0.0
Insurance products		2.9	2.3	2.6	+0.3
Net profit on exchange		3.0	3.0	2.9	-0.0

### [Consolidated]

Fees and commissions		15.5	16.0	15.7	-0.2
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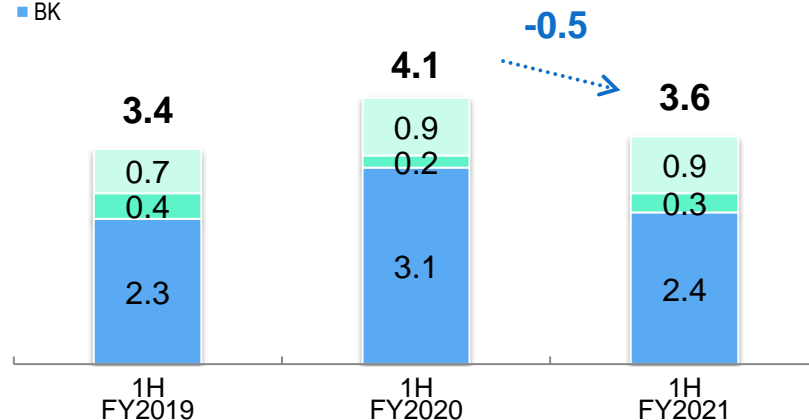
## Fee incomes on customer assets (including group companies)

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



## Fee incomes from wholesale (including group companies)

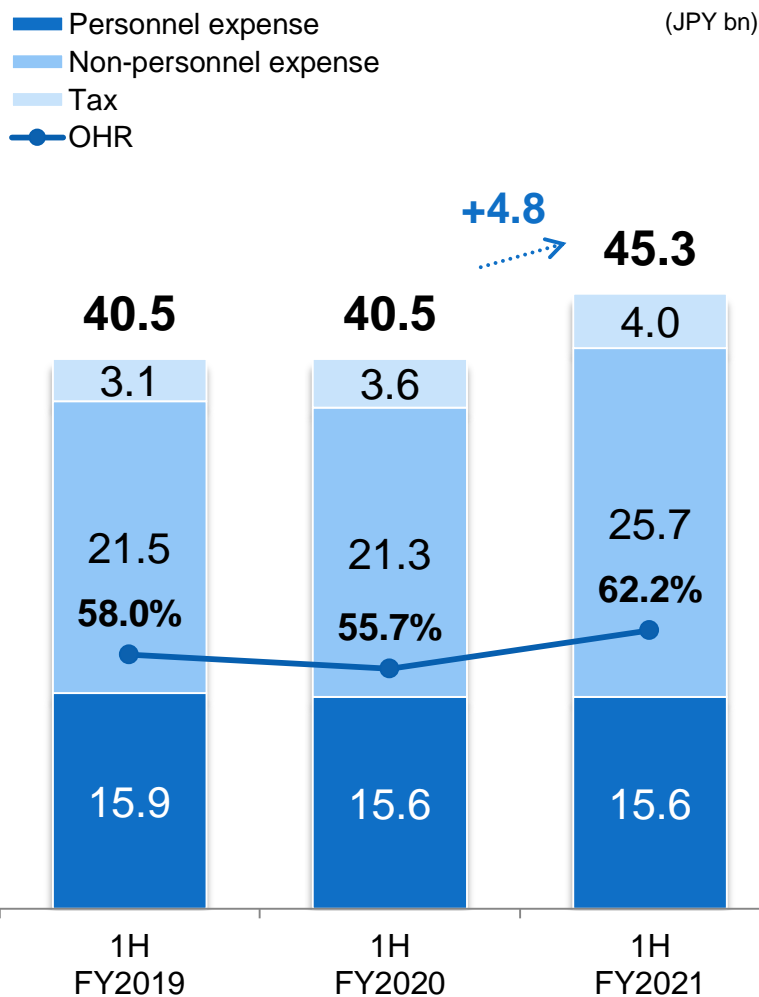
- Ordinary profit of Lease
- Ordinary profit of SMC
- BK



# Expenses

Expenses (nonconsolidated) was JPY 45.3bn (up JPY 4.8bn YoY), and OHR was 62.2% (up 6.5 pt YoY) in 1H FY2021

## Expenses and OHR (nonconsolidated)

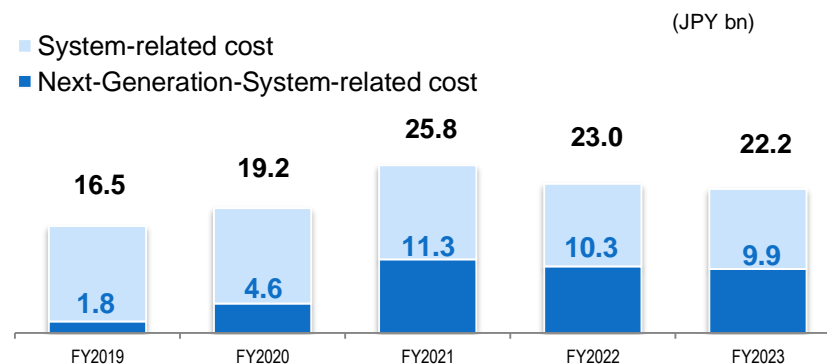


## Main factors for change of expenses (nonconsolidated)

	YoY	Main factors
Tax	JPY +0.4bn	Consumption tax JPY +0.5bn
Non-personnel expenses	JPY +4.4bn	Next-Generation-System-related JPY +4.8bn (JPY +4.4bn of those are depreciation, and JPY +0.4bn are running cost)
Personnel expenses	JPY -0.0bn	Salary allowance JPY +0.1bn, Retirement benefit cost JPY -0.1bn
<b>Total</b>	<b>JPY +4.8bn</b>	

## Forecast of system-related expenses

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



\* Next Generation System started in Jan. 2021

# Credit-related costs

## Credit-related costs in 1H FY2021 : JPY 3.0bn (down JPY 1.8bn YoY)

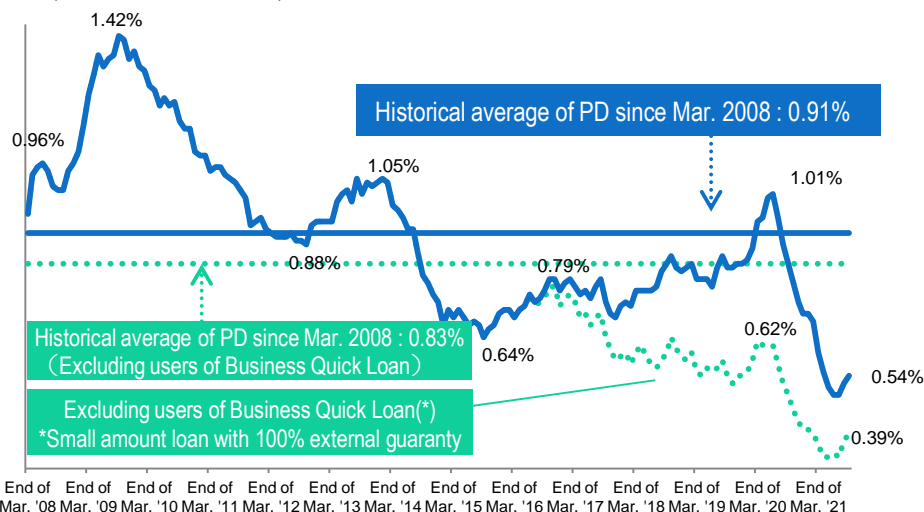
### Breakdown of credit-related costs

(JPY bn)	1H FY2019	1H FY2020	1H FY2021	YoY change
Provision for general allowance for loan losses (1)	0.3	1.9	2.0	+0.1
Provision for specific allowance for loan losses (2)	3.6	3.0	0.9	-2.1
Other non-performing loans (NPL) disposal * (3)	2.3	-0.1	0.1	+0.2
Credit-related Costs (1)+(2)+(3)	6.2	4.8	3.0	-1.8

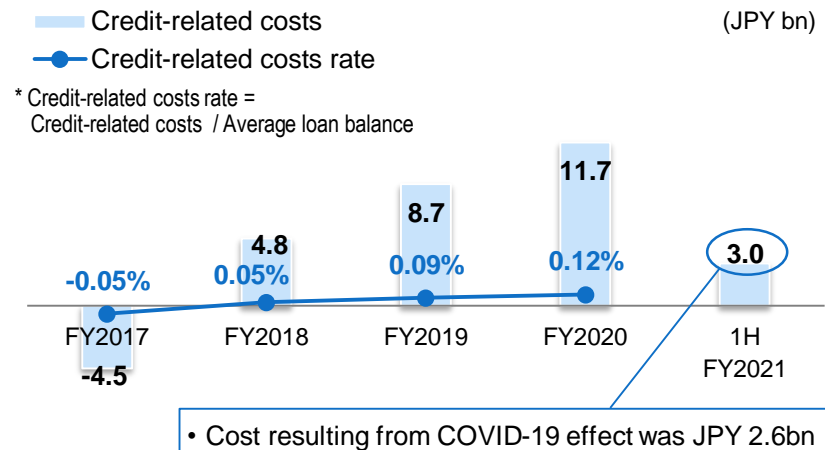
\* Including provision for the estimated future payments to credit guarantee corporations, provision for allowance for accidental losses, and losses on sell of loans

### Probability of Default (PD)

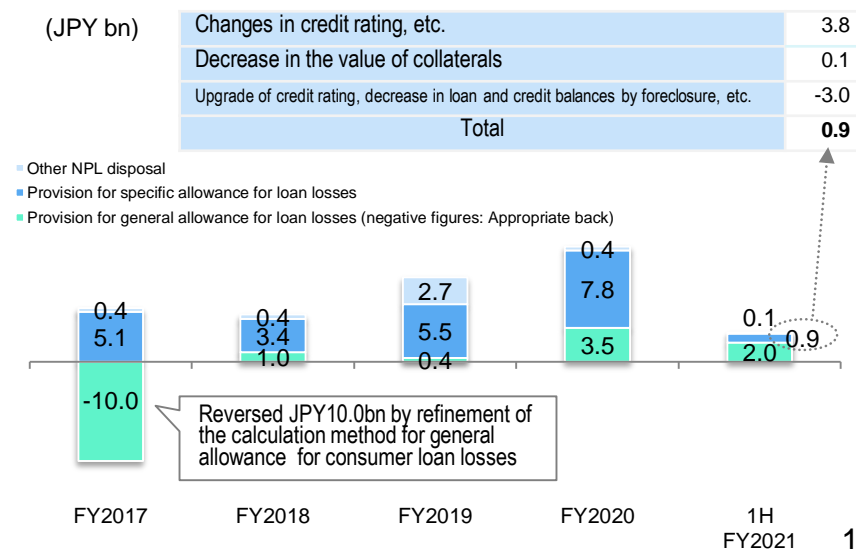
※PD of sound borrowers and borrowers needing careful monitoring  
(On the basis of no. of borrowers)



### Credit-related costs and Credit-related cost ratio



### Provision for allowance for loan losses and other NPL disposal

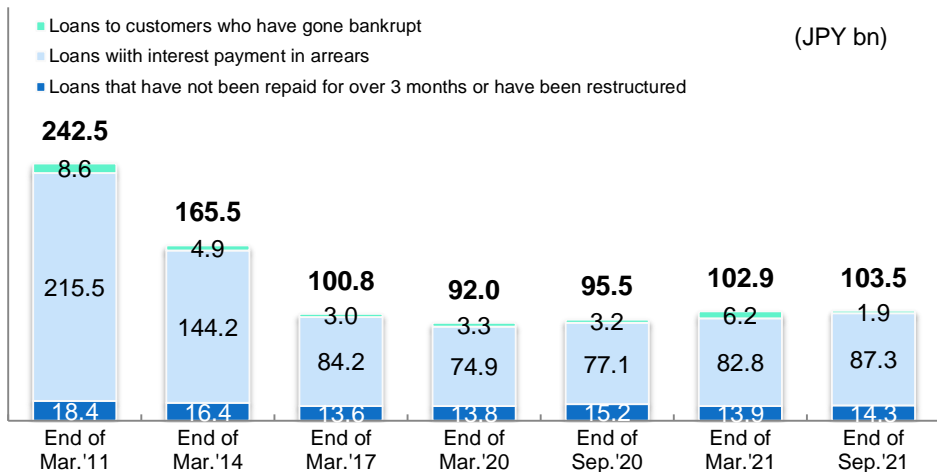


# Risk-management loans

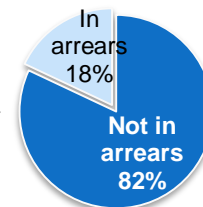
Total risk-management loans as of the end of Sep. 2021 were JPY 103.5bn (the ratio of risk-management loans was 1.10%), greatly decreasing from the peak balance of JPY 242.5bn after the collapse of Lehman Brothers but recently increasing mainly due to factors of COVID-19.

Net risk-management loans were JPY 17.5bn (the ratio of net risk-management loans was 0.18%), which shows the soundness in the Bank's asset

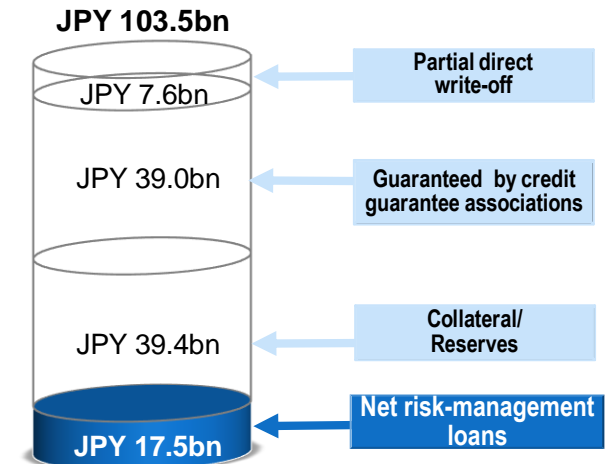
## Trends in Risk-management loans



[Delinquency ratio]



## Net risk-management loans



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

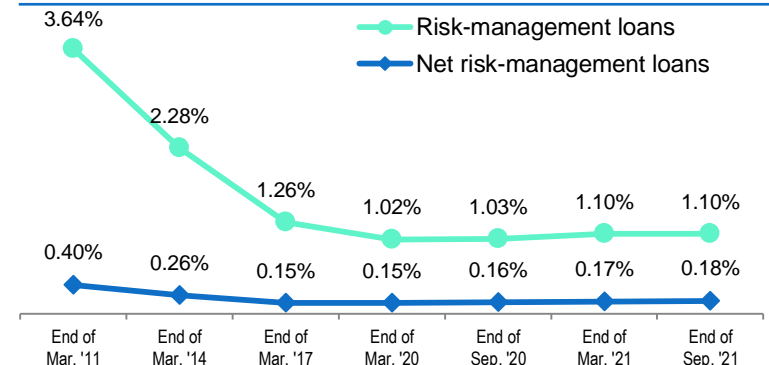
## NPL removal from the balance sheet

	FY2020	1H FY2021
New recognition of NPLs	+37.8	+17.5
Removal from the balance sheet (NPL to borrowers classified as "at risk of failure" or riskier categories)	-27.0 (-21.1)	-16.8 (-14.8)
<b>Risk-management loans</b>	<b>102.9</b>	<b>103.5</b>

[Breakdown of JPY -14.8bn] (JPY bn)

Collected from borrower/ set off against deposit account	-3.2
Collateral disposal/ subrogated to guarantor	-3.7
Reclassified to better categories	-3.5
Loans sold-off	-4.4
Direct write-off of loans	—

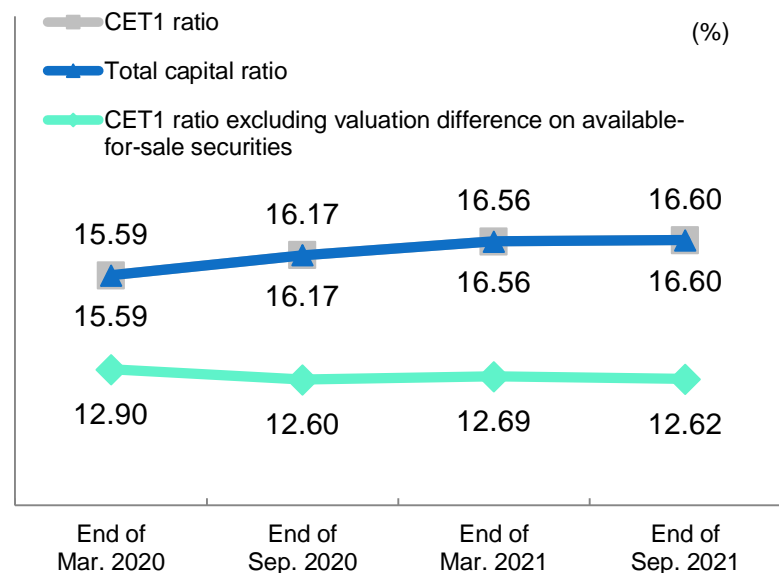
## The ratio of risk-management loans



# Capital adequacy ratio

Both Total capital ratio and CET1(Common Equity Tier 1) ratio at the end of Sep. 2021 are 16.60%, up 0.04 percent points from the end of Mar. 2021 (CET1 ratio excluding valuation difference on available-for-sale securities at the end of Sep. 2021 is 12.62%, down 0.07 percent points from the end of Mar. 2021)

## Capital adequacy ratio (Consolidated basis)



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

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

Decrease in economic value	Tier 1	Results of materiality test*
<b>JPY 47.6bn</b>	<b>JPY 1,012.7bn</b>	<b>4.7% <math>\leq</math> 15%</b>

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

- $\Delta$ NII (Net Interest Income): **JPY 4.8bn** (Decrease in net interest income due to interest shock Within IRRBB)

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

	End of Mar. '20	End of Sep. '20	End of Mar. '21	End of Sep. '21	Change from the end of Mar. '21
<b>[Basel III]</b>					
<b>Total capital*</b>	<b>893.8</b>	<b>942.1</b>	<b>990.4</b>	<b>1,012.7</b>	<b>+22.3</b>
CET1	893.8	942.1	990.4	1,012.7	+22.3
Excluding valuation difference on available-for-sale securities	739.4	734.4	759.2	769.9	+10.7
Other Tier 1	-	-	-	-	$\pm 0.0$
Tier 2	-	-	-	-	$\pm 0.0$
<b>Risk-adjusted assets</b>	<b>5,729.7</b>	<b>5,825.2</b>	<b>5,979.7</b>	<b>6,098.5</b>	<b>+118.9</b>
Total credit-risk adjusted assets	5,411.3	5,504.2	5,658.0	5,776.8	+118.8
Amount corresponding to market risk	18.6	17.3	19.4	19.6	+0.2
Amount corresponding to operational risk	299.8	303.7	302.3	302.1	-0.2

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

### [Other indices related to the Basel III]

(1) Liquidity coverage ratio (Consolidated)

- End of Sep. 2021 : 168.0% (Regulatory level 100% and over)
- 1H FY2021(Daily average) : 176.8%

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

# Projected performance in FY2021

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

(JPY bn)

		FY2019	FY2020 (A)	FY2021 (Projected) (B)	YoY (B-A)	1H FY2021 (C)	Progress rate (C/B)
Consolidated	Ordinary profit	54.6	63.3	62.0	-1.4	33.4	53.8%
	Profit attributable to owners of the parent	38.7	43.6	45.5	+1.9	27.5	60.5%
	ROE	3.85%	4.1%	4.3%	+0.2pt	4.9%	-
	OHR	58.9%	59.5%	58.2%	-1.3pt	62.0%	-
	CET1 ratio	15.59%	16.56%	14.5%	-2.06pt	16.60%	-
Nonconsolidated	Gross operating profit	131.0	138.5	146.9	+8.4	72.8	49.5%
	Net interest income	106.8	114.7	123.2	+8.5	61.8	50.2%
	Fees and commissions	15.6	15.9	16.5	+0.6	7.8	47.3%
	Trading income	0.6	0.9	0.8	-0.1	0.5	62.6%
	Other operating profit	7.9	7.0	6.4	-0.6	2.6	40.5%
	Expenses (-)	79.1	84.4	88.7	+4.3	45.3	51.0%
	<b>Ordinary profit</b>	<b>46.5</b>	<b>51.5</b>	<b>52.0</b>	<b>+0.5</b>	<b>28.3</b>	<b>54.4%</b>
	<b>Net income</b>	<b>33.4</b>	<b>35.5</b>	<b>40.0</b>	<b>+4.5</b>	<b>24.9</b>	<b>62.1%</b>
	Credit-related costs (-)	8.7	11.7	13.0	+1.3	3.0	23.1%



# **Progress of the 14th Medium-term Business Plan**



# Picture that Shizuoka Bank Group targets

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

Picture targeted in long term  
(10-year Vision)

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

## 14th Medium-term Business Plan **COLO**Rs

### ◆ Vision

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

### ◆ Three Basic Strategies

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

1Q FY2021

“Change of mind”

- Support customers under COVID-19 pandemic
- Conduct HR interaction among Group(\*)

FY2021

“Change of action”

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

FY2022

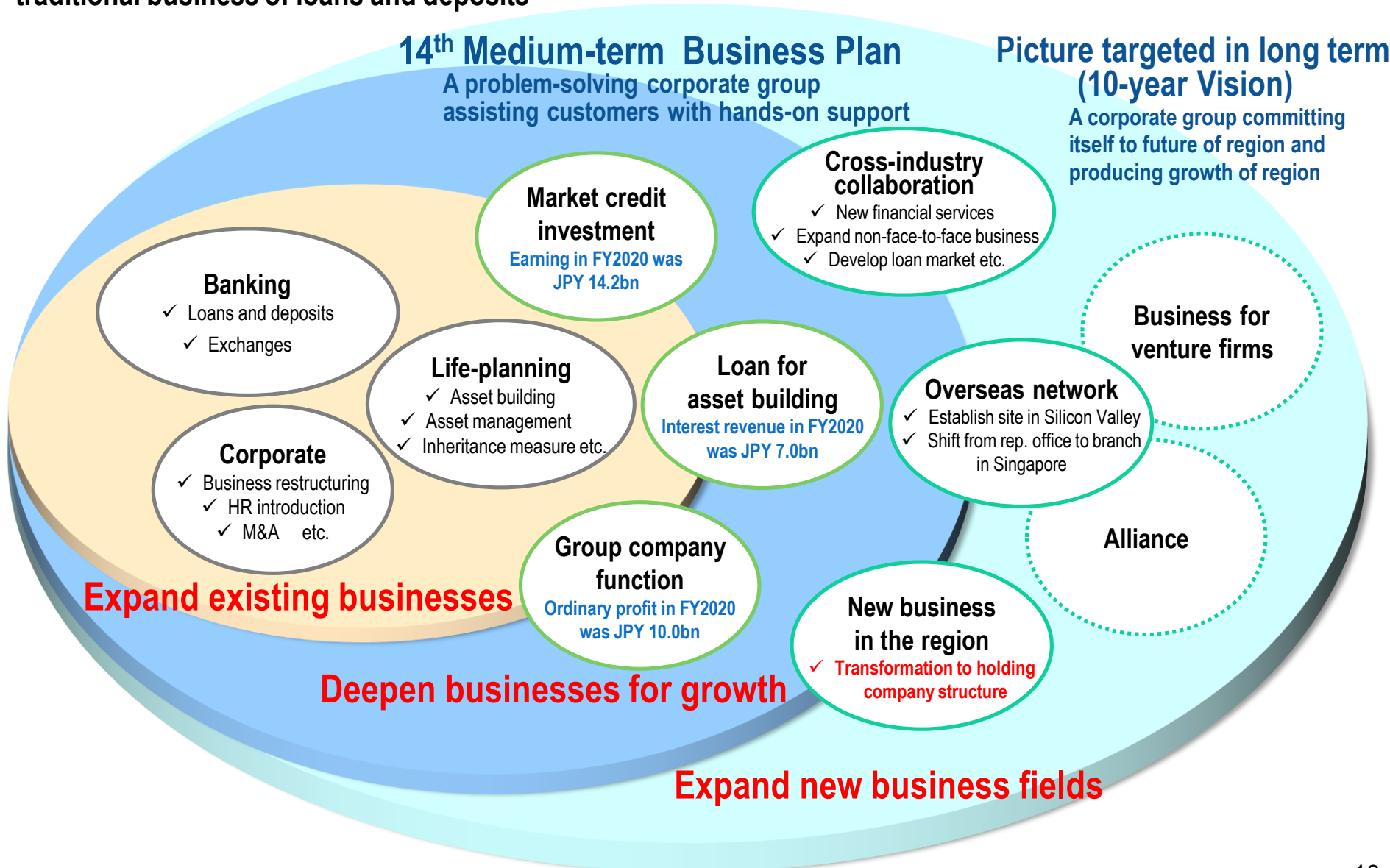
“Realization of achievement”

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

(\*)158 People as of Oct.1st 2021 on a cumulative basis

# To realize 10-year Vision

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



Supported customers mainly in cash position, extending loans related to COVID-19 of total JPY 593.3bn as of the end of Sep. 2021. Intend to support customers in business improvement and restructuring as well as in cash position in FY2021.

## Situation of loans related to COVID-19

### [Total amount]

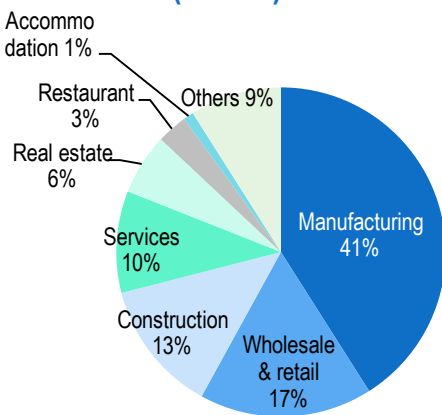
	Until end of Sep. 2021	
New loans (1)	18,619	JPY 535.7bn
Not guaranteed by CGC (*)	573	JPY 226.7bn
Guaranteed by CGC	18,046	JPY 309.0bn
Use of existing credit facilities (2)	291	JPY 57.7bn
<b>Total ( (1) + (2) )</b>	<b>18,910</b>	<b>JPY 593.3bn</b>
(Ref.) Subordinated loan	9	JPY 2.6bn

\* CGC ; Credit Guarantee Corporation

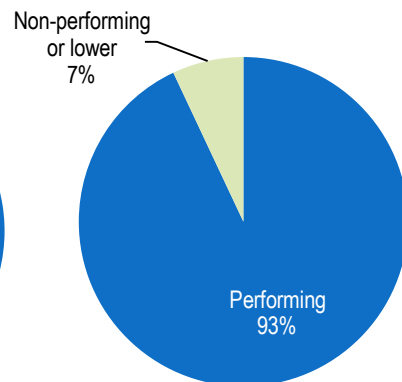
### [Ratio of loans in terms of industry and credit rating]

\* On the basis of amount as of the end of Sep. 2021

#### Breakdown in industry (Whole)



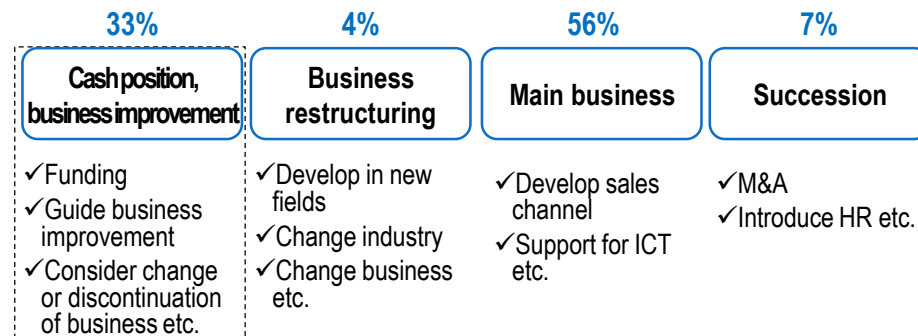
#### Breakdown in credit rating (Not guaranteed by CGC)



## Situation of support for customers

- Provide through support in following 4 aspects to customers requiring special backing (approx. 9,300) among customers which the Bank extended loans related to COVID-19

### Ratio to all customers requiring special backing



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

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

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

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

- Provide intense support for approx. 700 customers out of approx. 3,000 customers which the Bank supports in cash position and business improvement
- Select approx. 190 customers requiring hands-on support out of the approx. 700, establishing response policy for each of them (reschedule repayment, establish business improvement plan, send external HR, change or discontinue business) and helping solve issues

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

Succession

## Support for business improvement

Cash position,  
business improvement

[Result of support by Business Support Dept.]	FY2019	FY2020	1H FY2021
M&A (recover-type, relief-type, etc.)	10cases	19cases	10cases
Subordinated loan	4 loans, JPY 0.5bn	7 loans, JPY 2.3bn	2 loans, JPY 0.4bn
Business Support Dept. is involved in	2 loans, JPY 0.2bn	2 loans, JPY 1.3bn	2 loans, JPY 0.4bn
Use of revitalization funds	—	1case	1case

### [Example of support to company without relationship with the Bank]

Corporation lawyer consulted the Bank on the company, and the Bank conducted support of prepackaged civil rehabilitation (\*). That enabled continued employment of all employees hoping so.

\* Civil rehabilitation where sponsor is designated before beginning legal procedure

Business  
restructuring

## Business restructuring

- Provide support on application to business restructuring subsidy for customers with needs for business restructuring such as developing into new fields and changing industry or business

[Adoption of business restructuring subsidy (total of 1<sup>st</sup> and 2<sup>nd</sup> round)]

**73 cases**

\* Cases where the Bank was involved in (including those the Bank's partners supported)

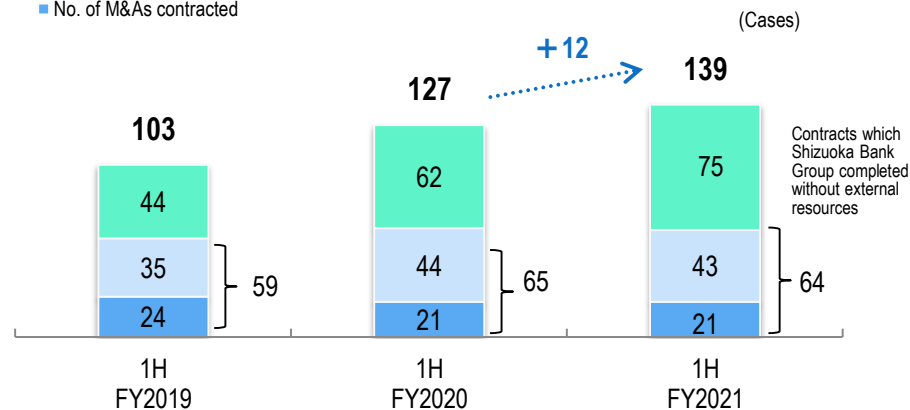
### [Example of support through introduction of external professional HR]

Propose support by external professional HR to efficiently work on business restructuring. Introduce the HR through the Bank's partners (pioneering HR business by Cabinet Office)

## M&A and business succession (including Group companies)

[Historical data of no. of contract concluded]

- No. of M&As and business successions contracted (business matchings services for a fee)
- No. of business successions contracted
- No. of M&As contracted

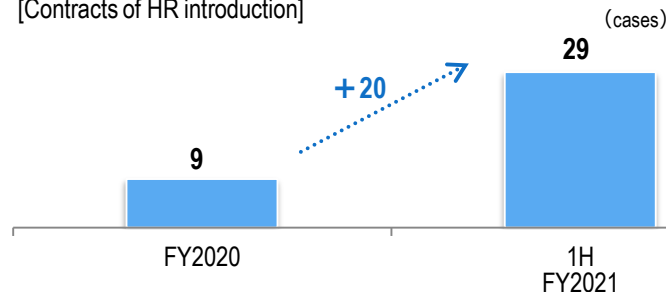


Main business

## Solution on HR

- Acquire permits and licenses for charged employment placement services in Jul. 2020 in order to provide in-depth support to cope with lack of HR and management issues for regional companies which are becoming serious

[Contracts of HR introduction]



## Support customers' main business and enhance lineup of services based on interview to customers on decarbonization as well as develop sustainable finance

### Promote sustainable finance

Execution amount target of Sustainable finance **JPY 2tn**  
(On a cumulative basis by FY2030)

✓ Target in FY2021 : JPY 100.0bn , Result in 1H FY2021 : JPY 51.1bn

Of that, finance related to environment **JPY 1tn**  
(On a cumulative basis by FY2030)

✓ Target in FY2021 : JPY 50.0bn , Result in 1H FY2021 : JPY 22.6bn

### [Major results]

#### Positive impact finance

- Extended **12 finances (JPY 3.3bn)** until Sep. 2021

#### Sustainability linked loan

- Extended the **1<sup>st</sup> loan** on Sep. 2021

#### “Shizugin SDGs Private Placement Bond”

- 11 companies** issued the bond in 1H FY 2021 (16 companies in total)

#### Investment on ESG/SDGs

- Invest in **“NTT Group Green Bonds”** that NTT Finance Corporation issues

### Interview to customers on decarbonization (approx. 2,600 clients)

**Background**

- Carbon Neutral Declaration by Government, higher importance for regional companies to work on decarbonization
- Reinforcing Group-wide initiatives to realize decarbonized society

**Purpose**

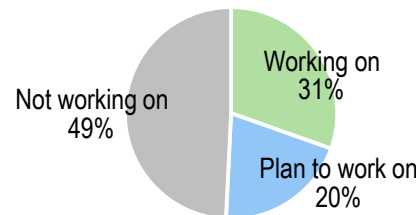
- Grasp issues and needs of customers to support their main business and enhance lineup of services

Conducted in Aug. and Sep.

### Result of interviews by branches

[initiatives for decarbonization]

[Issues of regional companies]



- How to begin and who to consult
- Adequate funding method
- Support system such as subsidy
- How to measure CO2 emission
- Human resource to work on with etc.

### Initiatives by Shizuoka Bank Group

- Provide solution with Group-wide expertise to solve customers' issues

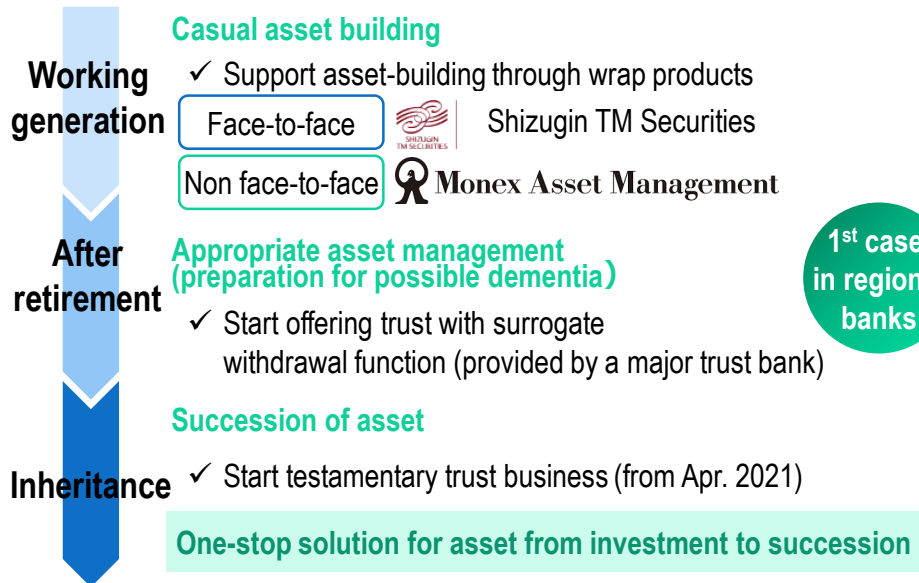
Sustainable finance	Leasing	HR solution (HR introduction etc.)
Support to briefly measure CO2 emission and to establish target		Introduction of business matching

- Continue enlightenment activities to customers to decarbonize the region

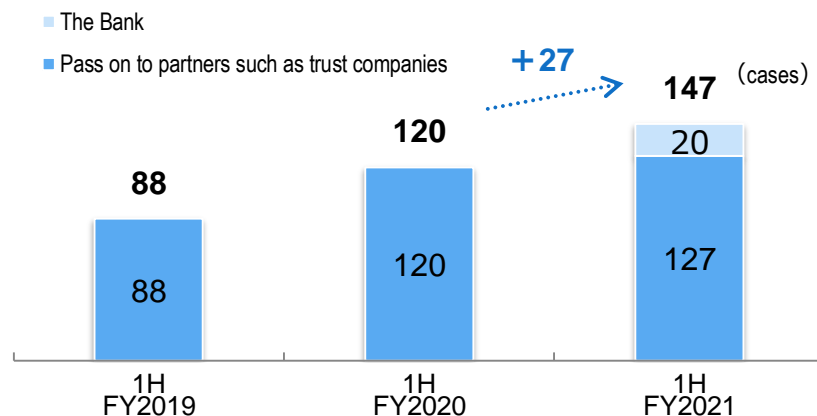
# Meet needs in life-planning

Develop asset management business with the view of 100-year life era as well as whole asset sales by whole Group  
Customer asset excluding JPY deposits of the whole Group increased by JPY 113.1bn YoY

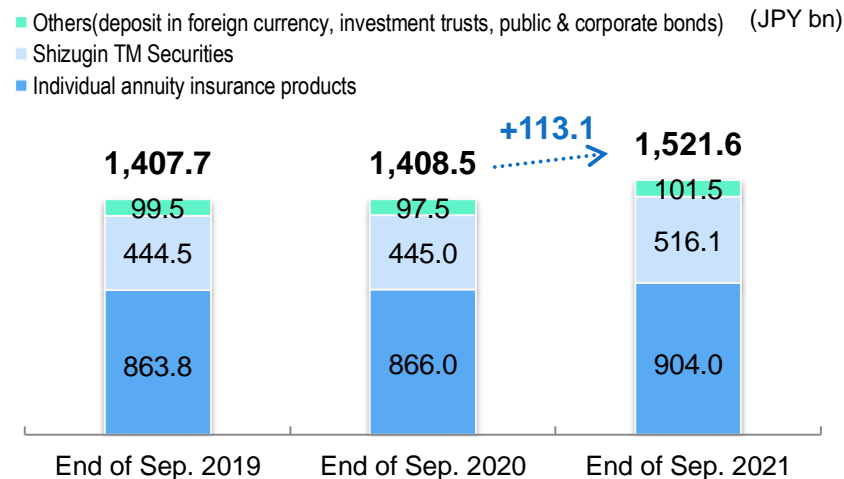
Initiatives to get into a habit of promoting sales by gathering all strength in the Group



## Results of testamentary trust (No. of deals)

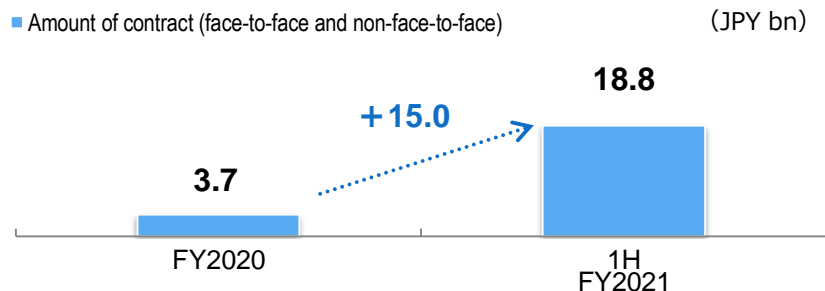


## Customer assets excluding JPY deposits (term-end balance)



## Results of "Shizugin Wrap" (Amount of contract)

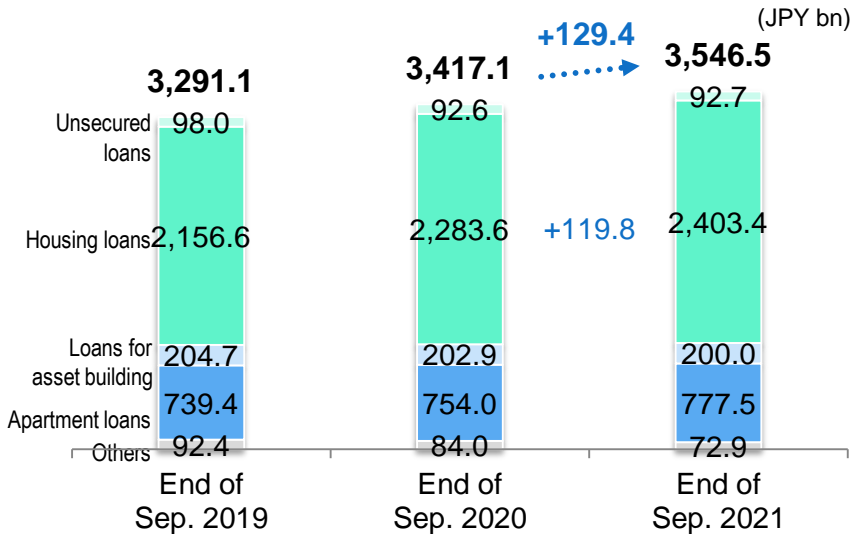
Promote shift of customer asset business to stock-type. Aim at growth to business with trust fee of JPY 1.0bn scale in future.



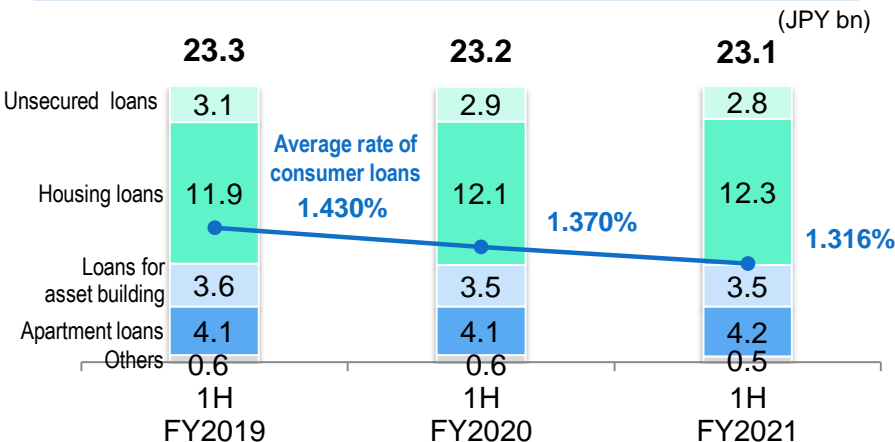
Conduct various measures to enhance efficiency of operation and convenience for customers in housing loans and to increase balance of unsecured loans

Consumer loan balance (term-end balance) increased by JPY 129.4bn from the end of Sep. 2020, maintaining increase trend mainly due to growth of housing loans

## Consumer loan balance (term-end balance)



## Interest amount and rate of consumer loans



## New initiatives in consumer loans

### Initiatives to build new business model

- ✓ Conclude letter of intent on collaboration with a housing loan tech venture firm "The iYell Co., Ltd"
- ✓ Share customers' need captured through consulting on life-planning from the Bank to companies doing housing businesses

[Traditionally]



[This initiative]



### Reinforce function of Loan Centers

- ✓ Aim at developing consulting on life-planning where the Bank takes customers' acquisition of house as a starting point to solve their various needs such as continuous asset building from working generation, and rename Loan Centers as "Life Design Station"
- ✓ Post staff for housing loans and for insurance with knowledge on tax, social security system, insurance products, and so on (or jointly establish "Hoken no Madoguchi"), aiming at sites where one-stop consulting on household for house-acquiring generation is provided
- ✓ Plan to rename 2 Loan Centers (Shizuoka Ekinan, Hamamatsu) in Dec. 2021, thereafter renaming other Centers within the Pref. one by one

# Apartment loan / Loan for asset building

Basic strategy 1  
Group Sales

Basic strategy 2  
Innovation

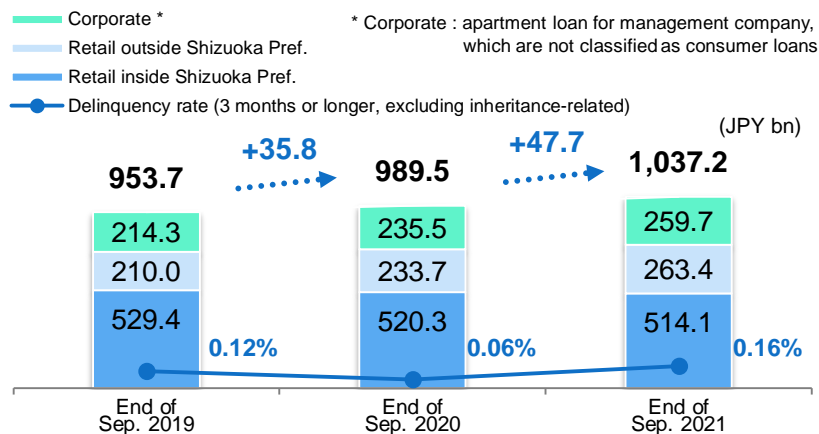
Basic strategy 3  
Business Portfolio

10-year Strategy

Amount of apartment loan (including loan to businesses) increased by JPY 47.7bn and amount of loan for asset building decreased by JPY 2.9bn, respectively, from the end of Sep. 2020

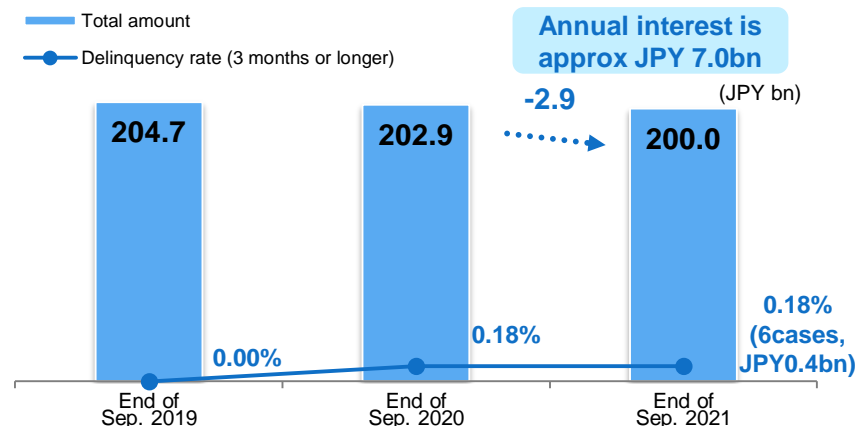
Aim at re-growing and establishing new business model while keeping system with strict management in loans for asset building

## Term-end balance and delinquency rate of apartment loan



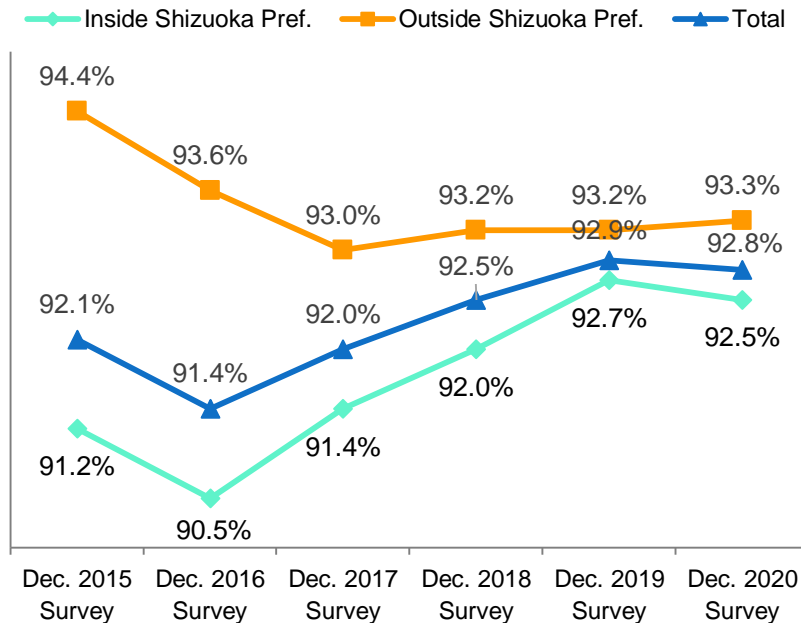
LTV of retail apartment loan at the end of Sep. 2021 : **71.7%**  
(Inside Shizuoka Pref. : 72.9%, Outside Shizuoka Pref. : 69.5%)

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



## Occupancy rate\*

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



## Future strategy in loans for asset building

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

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

**Businesses for management in venture companies**

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



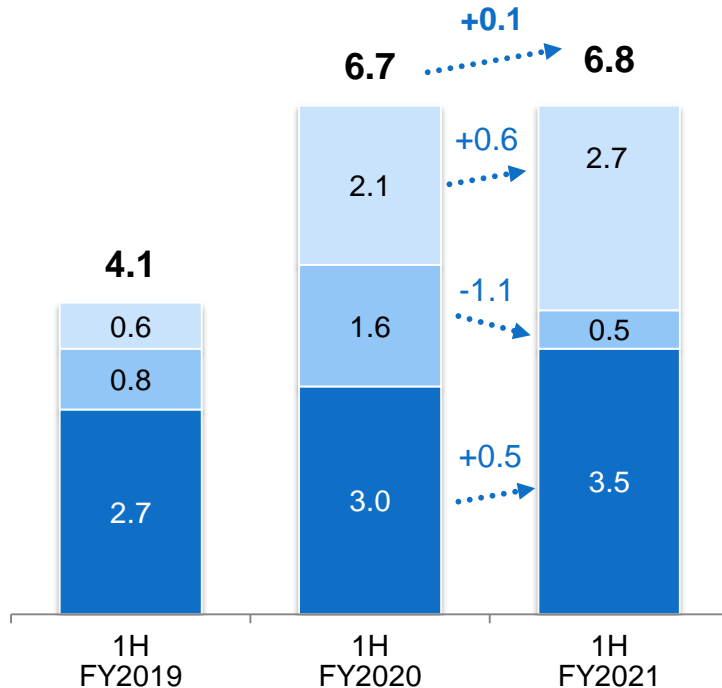
Earnings from market credit investment increased by JPY 0.1bn YoY

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

## Earnings from market credit investment

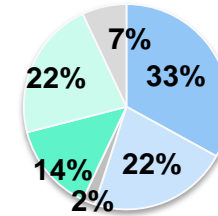
- Income from PE and others
- Fee income
- Income and expenditure on loans

(JPY bn)



Profitability indicators of SF loan	1H FY2020	1H FY2021	YoY
<b>ROA</b> (Return on Assets)	0.96%	1.07%	+0.11pt
<b>RORA</b> (Return on Risk-Weighted assets)	1.66%	1.93%	+0.27pt

## Breakdown of SF loan by loan type (Average balance in 1H FY2021: JPY 646.2bn)



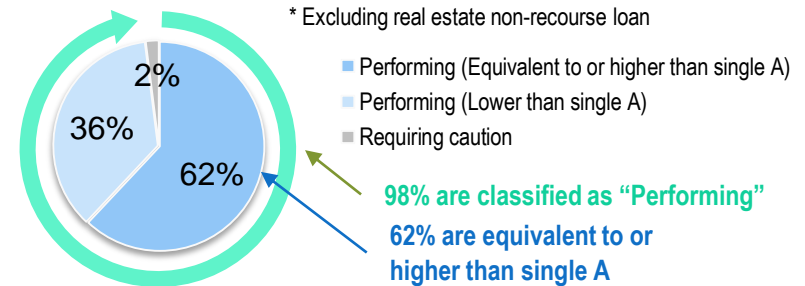
- Corporate credit risk (senior)
- Corporate credit risk (mezzanine)
- Asset finance
- Project finance
- Real estate non-recourse loan
- Securitized loan (CLO etc.)

CLO balance (As of the end of Sep. 2021)  
 JPY 65.0bn (21 contracts, JPY 3.1bn on average)  
 All have AAA rating  
 Subordination ratio: 35.0% - 41.8%

Well-diversified portfolio

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

## Breakdown of SF loan by credit rating

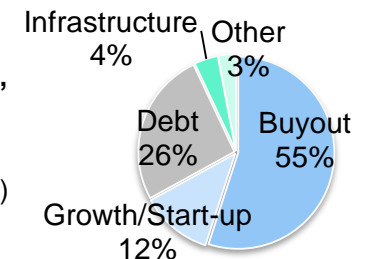


\* Average LTV is 59.4% for real estate non-recourse loans

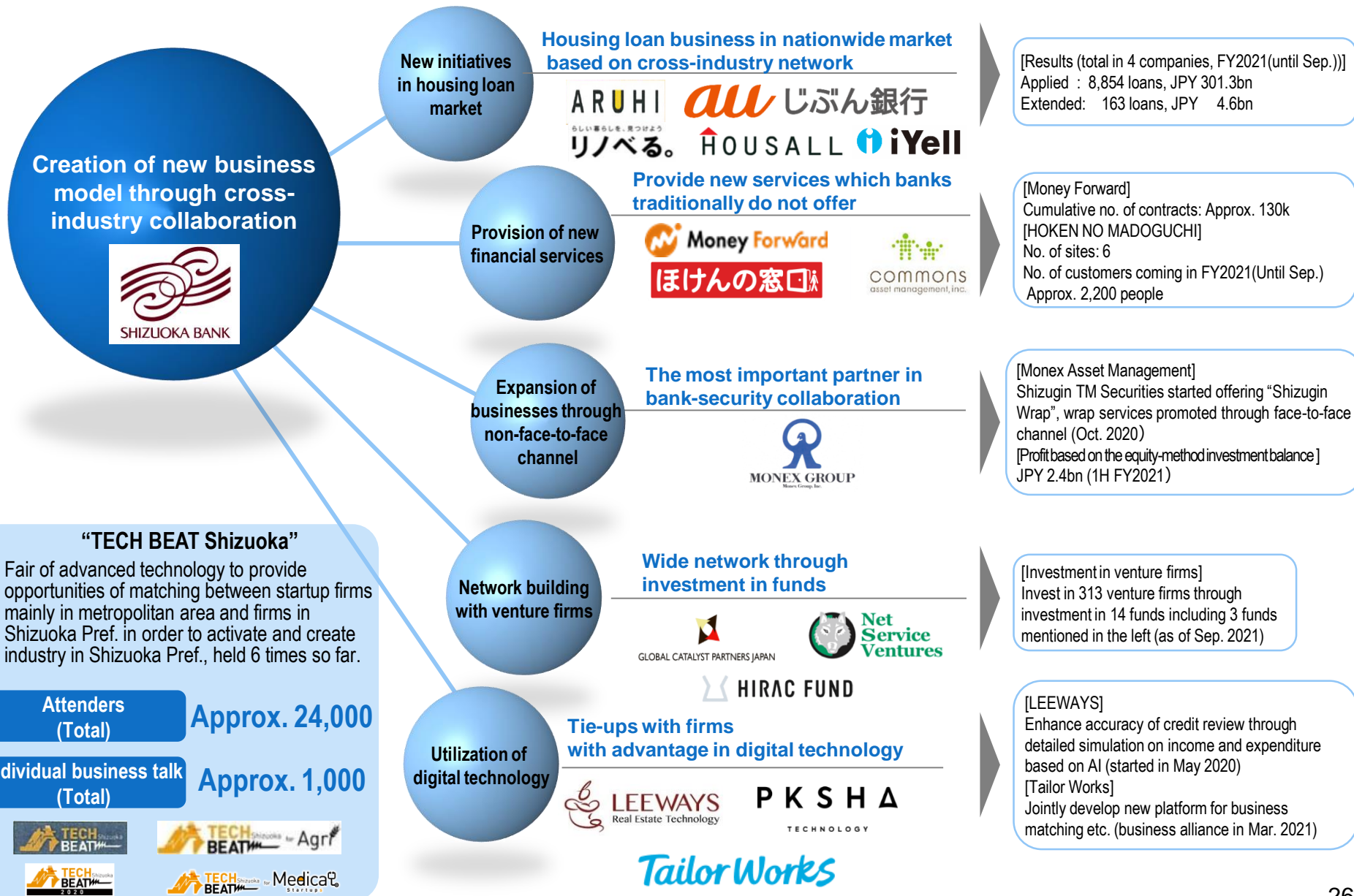
## Ratio of capital commitment in PE by investment types

Well-diversified portfolio, same as SF loan

No. of investment : 84  
 (Of which 34 are international)



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

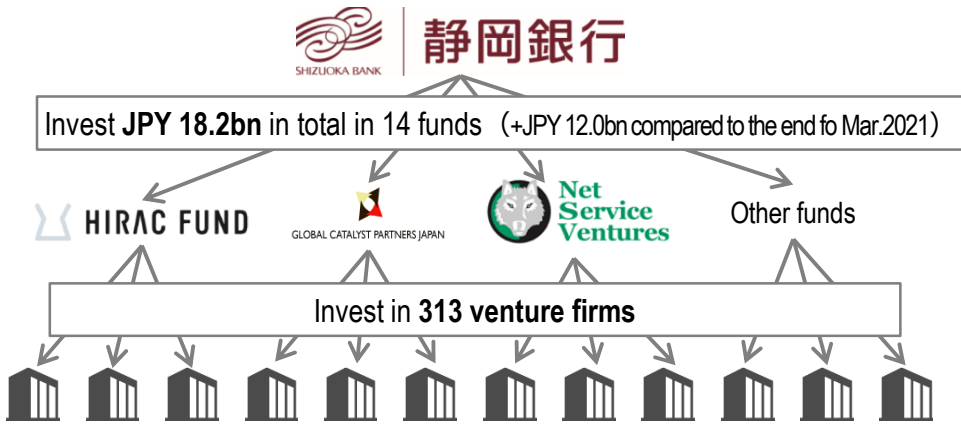


**Aim at realizing regional innovation through investment in venture capital funds**

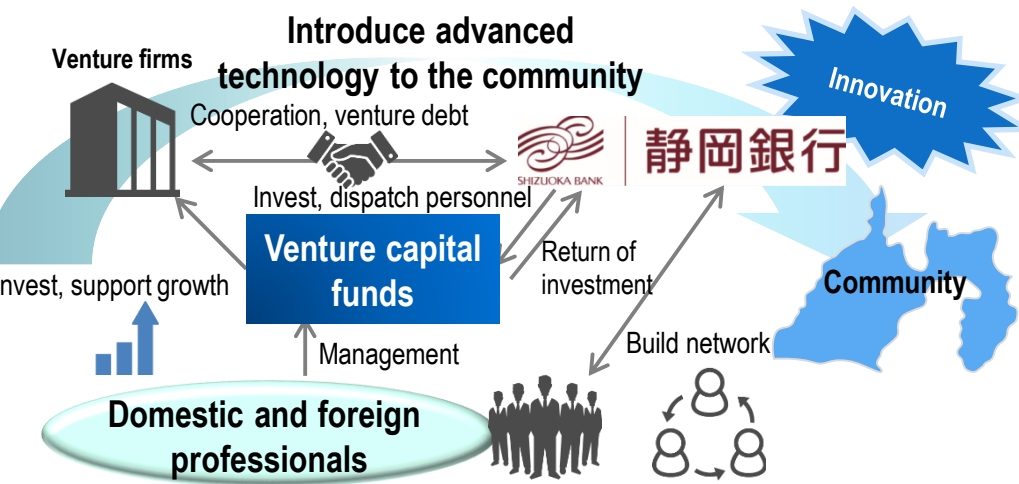
**Plan to expand business for venture funds and to make it a primary source of revenue in the future**

## Situation of investment in venture capital funds (As of the end of Sep. 2021)

- Newly invest in **venture capital fund in Silicon Valley** jointly with 6 regional banks



## Build ecosystem for HR development and regional innovation



## For expansion of business for venture business

**From Jun. 2021**

Establish **Start-up Supporting Project Team** in order to develop new business fields by extending loans to, investing in, and assisting businesses of start-up firms

**Sep. 2021**

Acquire authorization of **guarantee system to loan by private financial institution to venture firms in deep tech** by METI

**1st in regional banks**

**From Sep. 2021**

Set up internal structure for venture debt (policy, rule of approval, etc.) and start venture debt

Extend **1st venture debt and a loan related to venture firms** by the end of Sep. 2021

**Nov. 2021**

Establish **Silicon Valley Representative Office** to gather information on cutting-edge technology and advanced initiatives and to build network on business for venture firms

**1st in regional banks**

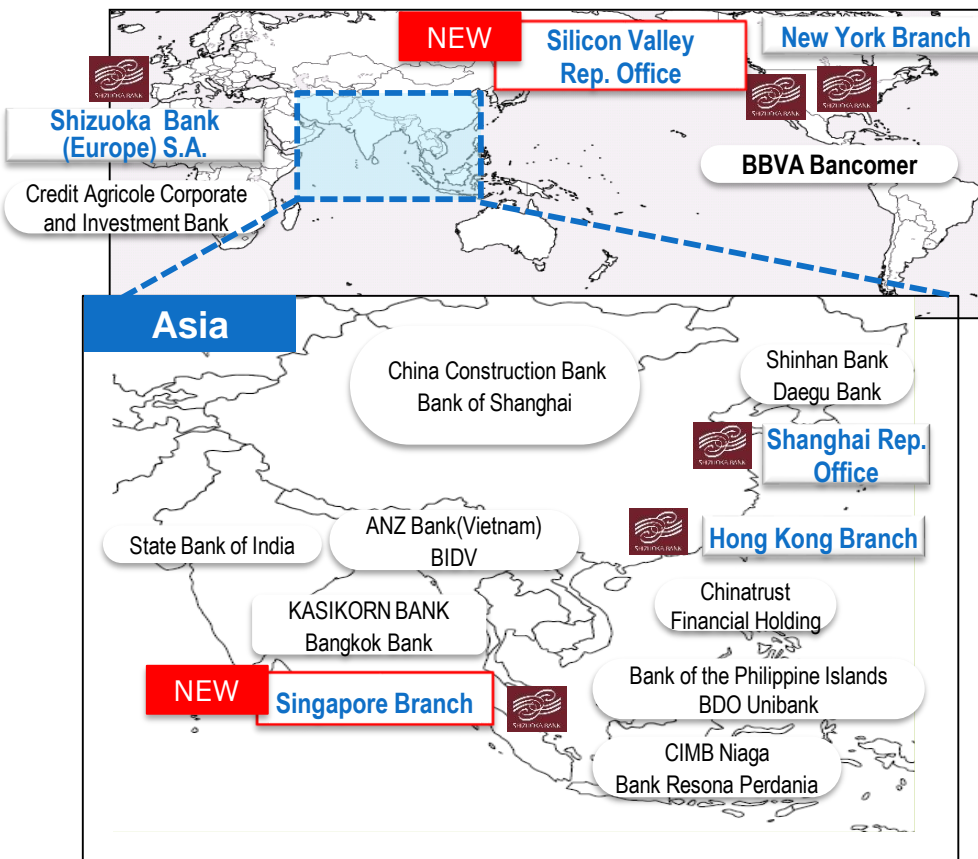
Dispatch 3 staff from Japan, including one dispatched to NSIC \* (Nomura SRI Innovation Center)

\* A members-only research center established by Nomura Holdings and SRI International, which introduces research institutions and start-up firms in US to member companies, and provides opportunities for practical learning to build new business models. The Bank has joined "NSIC program" since the program newly started in Jul. 2021 (**only one in financial institutions**).

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

## Overseas network

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



## Review of overseas sites

### 1 Establish Silicon Valley Rep. Office

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

### 2 Change Rep. Office Registered in Singapore to a branch

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

### 3 Shizuoka Yamanashi Alliance

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

Promote DX strategy after going through shift of whole IT system to open-type

10 years until now

Reduce cost and raise revenue by shifting to next-generation and advanced IT system

Reform structure of IT system

- Optimal arrangement of function according to strategy
- Loosely-coupled IT system with structure of 4 layers

Actively adopt open architecture

- Enhance compatibility with Internet
- Actively utilize advanced technology
- Reduce cost based on principle of market competition

Reduce cost in non-strategic areas

- Promote removal of main frame
- Build private cloud, integrating and standardizing IT system infrastructure in the whole Group

Launched next generation system

10 years from now

Reform business model, channel, and workstyle by utilizing digital technology

Strategy to utilize cloud

- Promote further use of private cloud
- Realize hybrid environment with public cloud
- Challenge to develop cloud-native application (API and agile development)

Actively utilize digital solution

- Automate routine operation by RPA and BPM
- Automate specified operation by AI etc.
- Enhance efficiency and speed in operation with AI-OCR etc.

Enhance security

- Reinforce countermeasure to cyber attacks to end devices etc.
- Reinforce measure to protect data on cloud

From **legacy** to **open-type**  
(Avoid 2025 Digital Cliff)

⇒ Build sustainable IT system infrastructure

From **open-type** to **DX**

# DX strategy – DX in Shizuoka Bank Group

Basic strategy 1  
Group Sales

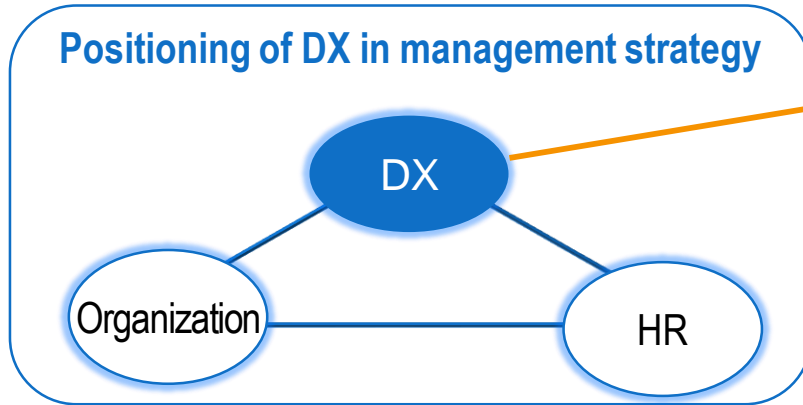
Basic strategy 2  
Innovation

Basic strategy 3  
Business Portfolio

10-year Strategy

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

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



**Targeted picture**

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

## Situation of initiatives in 5 important fields in DX

Create new business	<b>Reinforce non-face-to-face channel</b> (details in P.63, 64)	<ul style="list-style-type: none"> <li>✓ <b>Expand functions of mobile apps</b> (planning in Jun. 2022)                             <ul style="list-style-type: none"> <li>• Expand target to customers of all branches (currently limited to Internet Branch)</li> </ul> </li> <li>✓ <b>Expand functions of Contact Center</b> (planning in Jan. 2022)                             <ul style="list-style-type: none"> <li>• Enhance consulting function through chat etc.</li> </ul> </li> </ul>
	<b>Expand channel with corporate customers</b>	<ul style="list-style-type: none"> <li>✓ <b>Consider building portal website for corporate customers</b> <ul style="list-style-type: none"> <li>• Provide banking functions, Develop contact points with customers and enhance convenience by reinforcing non-face-to-face services such as electric contract</li> <li>• Offer new functions in finance and non-finance</li> </ul> </li> </ul>
	<b>Utilize data in the whole Group</b>	<ul style="list-style-type: none"> <li>✓ <b>Build platform on use analysis and use of data</b> (planning in Nov. 2022)                             <ul style="list-style-type: none"> <li>• Speed up decision making by visualizing information on business administration and earning management etc.</li> <li>• Enhance services to customers by utilizing data</li> </ul> </li> </ul>
Deepen existing business	<b>Digitalize operations in back office</b>	<ul style="list-style-type: none"> <li>✓ <b>BPR in branch operations</b> <ul style="list-style-type: none"> <li>• Standardize, reinforce, and enhance productivity of branch operations</li> <li>• Strengthen operation management system by sharing data and information</li> </ul> </li> <li>✓ <b>Post “person in charge of DX strategy promotion” in each Group company</b> (Jul. 2021)</li> </ul>
	<b>Develop digital professional</b>	<ul style="list-style-type: none"> <li>✓ <b>Enhance IT literacy of staff in whole Group</b> <ul style="list-style-type: none"> <li>• Aim at acquisition of recommended qualification such as IT passport by all staff by 2030</li> </ul> </li> <li>✓ <b>Develop “IT HRs” who can utilize new technology and “digital HRs” who can reform business model and create new value for customers with it</b></li> </ul>

## Reform of company itself (Corporate transformation)

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

Enhance corporate value in medium to long run

[Corporate philosophy]

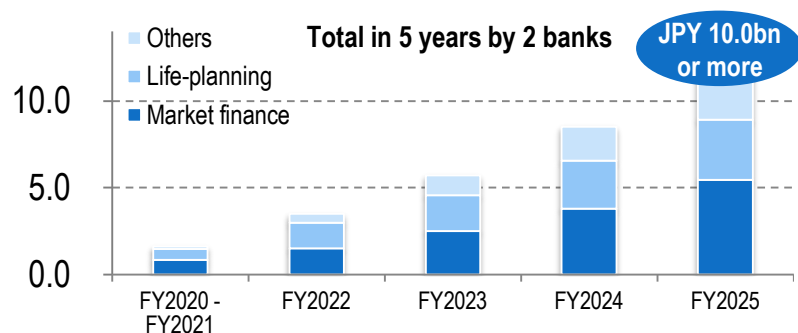
Expand dreams and affluence with our community.



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

### Target (effect of alliance)

- Aim at realizing **effect of alliance of JPY 10.0bn or more (total in 5 years by 2 banks)** mainly in market finance (market credit investment etc.) and life-planning (Shizugin TM Securities etc.)
- Realized **effect of JPY 2.9bn** by 2Q FY2021 (5 year basis)



### Achievement in the field of life-planning (until the end of Sep. 2021)

- **Open Yamanashi Head Office of Shizugin TM Securities**
    - ✓ Open in the building of Head Office of Yamanashi Chuo Bank (Apr. 2021)
    - ✓ Conduct personnel interaction of 16 people between “Shizuoka Bank/Shizugin TM Securities” and “Yamanashi Chuo Bank” in order to further reinforce tie-up
- Major results**
- No. of customers introduced: **Approx. 1,900**
  - No. of accounts opened: **Approx. 860**
  - Amount of sales of customer asset: **Approx. JPY 5.2bn**
- Developed health 2 insurance products jointly by the 2 banks
    - “Fuji no Mimamori” (Start offering in Jun. 2021)
    - “Premier Harvest” (Start offering in Nov. 2021)

### Achievement in the field of finance (until the end of Sep. 2021)

- Accept 3 trainees from Yamanashi Chuo Bank (Jan. 2021-)
  - Cooperation in the field of market credit investment
    - ✓ Extend real estate non-recourse loans (3 loans, JPY 12.5bn) NEW
    - ✓ Sell loans and private-placement REIT to Yamanashi Chuo Bank
- [Effect]

Shizuoka Bank ; Gain profit on sales and secure capacity for new investment

Yamanashi Chuo Bank ; Gain income of interest and dividend
- Jointly arrange syndicated loans (6loans / JPY 32.6bn)
    - ✓ Jointly control covenants in some loans
  - Start offering “FUJIBON”, privately placed bond in commemoration of the alliance (Apr. 2021)
    - ✓ 10companies(JPY 1.0bn) issued the bond
    - ✓ The 2 banks jointly donated part of related fee to “Fujisan Fund”

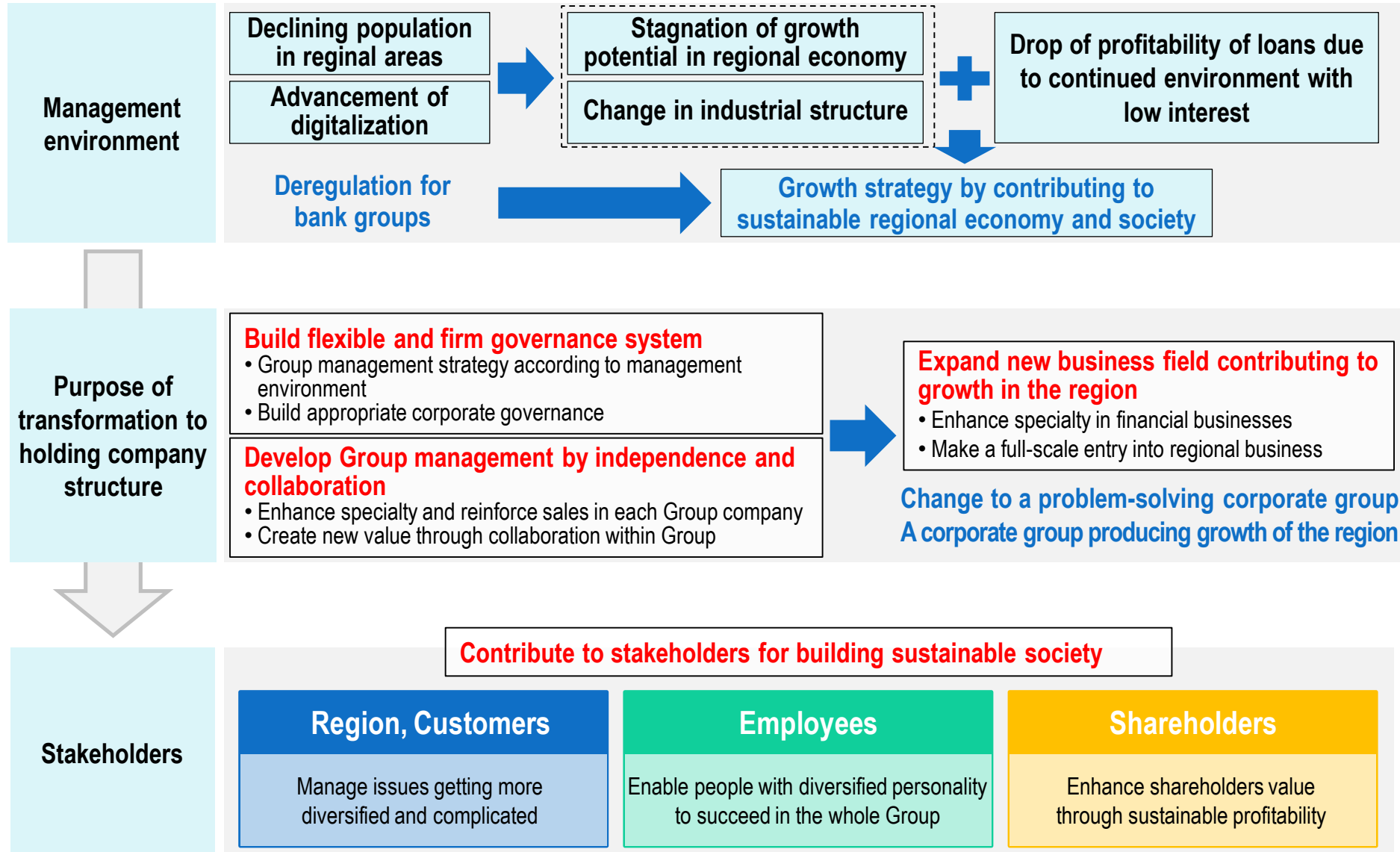
### Initiatives with involving local community

- Collaborate in the field of overseas businesses (May 2021)
    - ✓ Agreement on support for customers’ overseas business
    - ✓ Accept a trainee from Yamanashi Chuo Bank (Hong Kong Branch)
  - Standardize inheritance procedures (Jun. 2021)
  - Complete contracts of business matching between both banks’ customers (2 contracts)
  - Hold events for individual business talks for customers (7 times)
  - Jointly hold seminars (6 times)
- 
- Mutual use of ATM for free (Oct. 2021) NEW
  - Mutual use of cars in case of natural disaster (Oct. 2021) NEW

# Background and purpose of transformation to holding company structure

Publicly announce transformation to a holding company structure by Oct. 2022 as a target date (Sep. 2021)

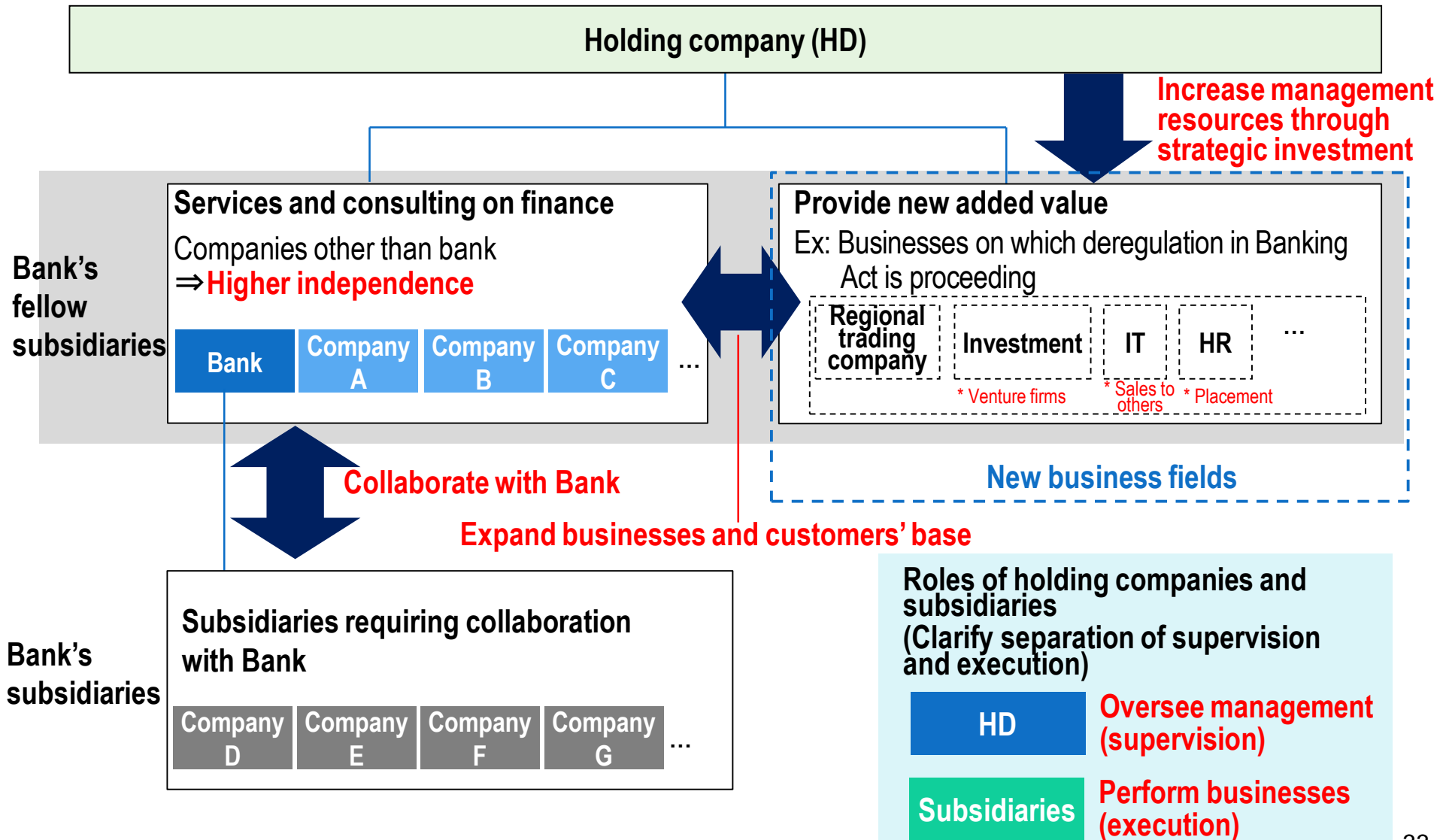
Aim at building business model for further growth while coping with environmental change flexibly





# Image of holding company structure

Aim at building structure where **Group management is reinforced** with holding company as a controller and subsidiaries can concentrate on promoting business for the 15<sup>th</sup> Medium-term Business Plan




# Initiatives for ESG

## Reinforce initiatives for ESG in order to realize sustainability management

Environment

<b>Establish target on sustainable finance (JPY 2tn in total by FY2030)</b>	<b>2021/10</b>
<b>Conduct interviews to regional companies on decarbonization</b>	<b>2021/8</b>
Raise up reduction target of decrease in GHG emission (Emission in FY2030 should decrease by 60% compared to that in FY2013)	2021/7
Establish policy on investment in and loan to specified sectors (Not to newly invest in or extend loan to coal fired power generation in principle, etc.)	2021/4

Social

<b>Extend 12 positive impact finances of JPY 3.3bn in total</b>	<b>-2021/9</b>
Join The Valuable 500 * 	2021/2
Hold TECH BEAT Shizuoka	2018-
Dispatch employees to regional companies	2017-

\* An international initiative aimed at promoting disability inclusion in business

Governance

<b>Commence consideration of transformation to a holding company structure</b>	<b>2021/9</b>
<b>Raise outside director ratio to 40% (Increase outside Directors in 2 consecutive years )</b>	<b>2021/6</b>
Establish Nomination & Remuneration Committee	2020/10
Introduce Restricted Stock Awards	2020/6



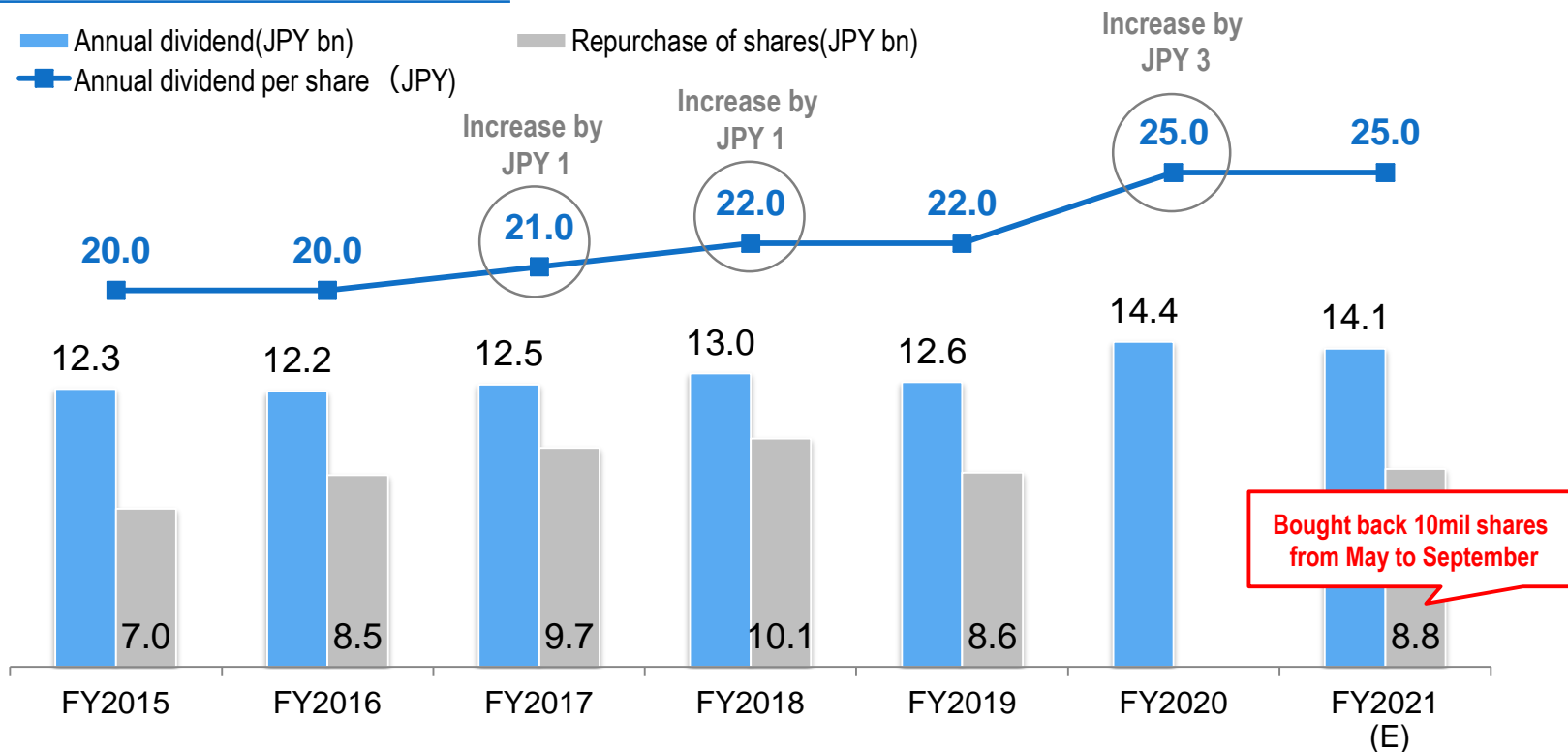
# Capital Policy

# Shareholder return

For FY2021, the Bank plans to pay an annual dividend of JPY 25 per share, and bought back 10mil shares (JPY 8.8bn) from May to September

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

## Profit distribution to shareholders



Dividend payout ratio	25.6%	41.5%	24.9%	27.6%	32.6%	32.8%	30.9%
Shareholder return ratio	40.2%	70.6%	44.3%	49.1%	54.9%	32.8%	50.2%
Profit attributable to owners of the parent	JPY 47.9bn	JPY 29.3bn	JPY 50.1bn	JPY 46.9bn	JPY 38.7bn	JPY 43.6bn	JPY 45.5bn


# Strategic shareholdings

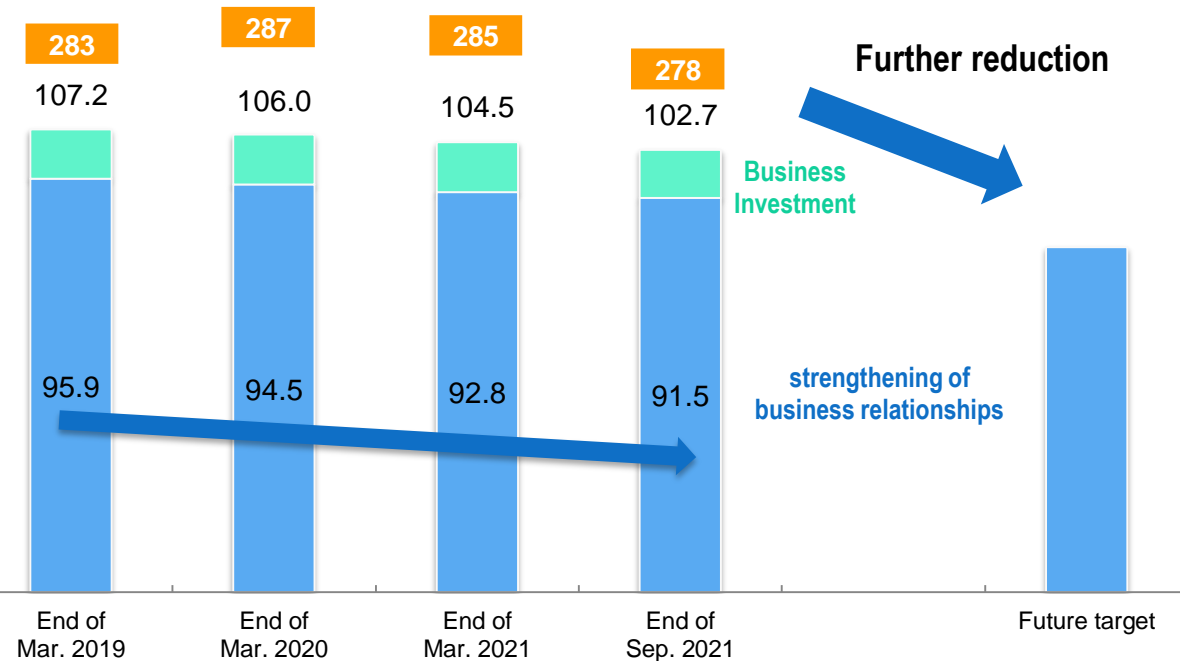
Make it a rule to reduce strategic shareholdings, and make decision on which shares the Bank should prepare to sell based on analysis on the three types of significance to hold (“business investment”, “strengthening of business relationships”, “contribution to regional economy”) and on economic rationality

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

## Acquisition cost of strategic shareholdings\*1

(JPY bn)

 No. of companies whose shares the Bank holds



[Results of sales]

(JPY bn)	Amount of sales	Acquisition cost basis	Profit (loss) on sales *2
FY2018	10.1	2.5	7.6
FY2019	5.5	1.0	4.5
FY2020	8.9	1.6	7.3
1H FY2021	4.0	1.4	2.6

\*2 Excluding amortization

\*1Except for shares of group companies and equity method affiliate



**For organizational reform**

# Initiatives for organizational reform – workstyle reform, “Work Style Innovation” (WSI)

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

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

13<sup>th</sup> Medium-term Business Plan

14<sup>th</sup> Medium-term Business Plan

## Workstyle reform

(Sep. 2017-)

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

## WSI (Jul. 2019-)

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

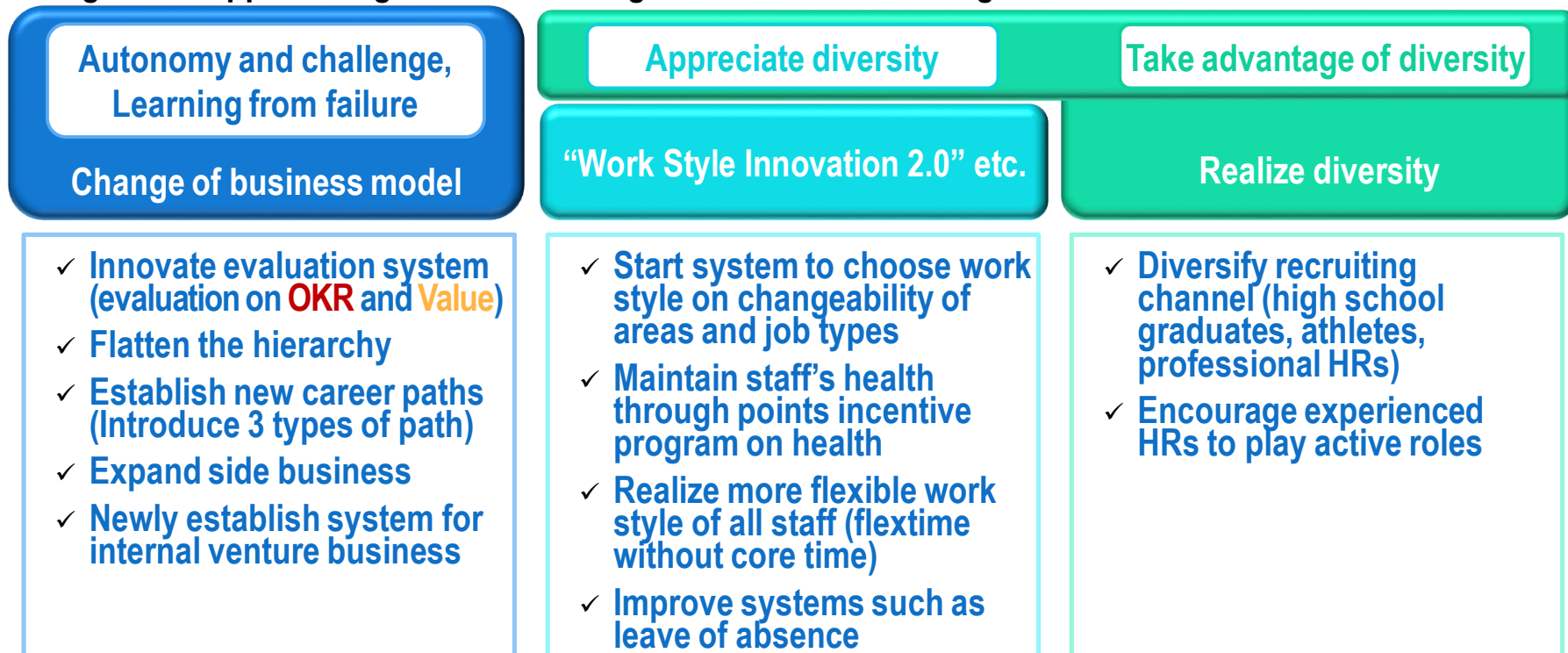
## WSI2.0 (Apr. 2021-)

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

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

# Initiatives for organizational reform – drastic reform in personnel system (extract)

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



**<OKR>**

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

**<Value>**

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

<p><b>Go Wild !</b></p>	<p><b>Be Innovative !</b></p>	<p><b>Do Collaboration !</b></p>
<p>Situation where “ambition for change” is presented and “challenge and learning from failure” are repeated</p>	<p>Situation where “exploration” is repeated and “self reform” to aim at creation from disruption continues</p>	<p>Situation where “free opinions on an equal footing” fly and creation of “added value through collaboration” continues</p>








# ESG/SDG s

# Realizing Sustainability Management

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

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

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

# ESG/SDGs (1)

## – SDGs, Adoption for constituent brand of ESG index

Offer products to support activities for SDGs and promote investment and loan related to SDGs in order to realize rich, vigorous, and sustainable community

### Promote products, investment, and loan related to SDGs

#### Sustainable finance

[Target (On a cumulative basis by FY2030)]

- **JPY 2tn (of that, finance related to environment)**
  - ✓ Target in FY2021 : JPY 100.0bn (of that, finance related to environment JPY 50.0bn)
  - ✓ Result in 1H FY2021 : JPY 51.1bn (of that, finance related to environment JPY 22.6bn)

[Introduce new products]

	Positive impact finance	Sustainability linked loan	Green loan, Social loan
Feature	Evaluate effect of corporate activity on environment, society, and economy, and establish quantitative and qualitative KPI	Establish quantitative ambitious SPTs(*), and interest rate is linked with degree of achievement of the SPTs	Use is limited to solving issues on environment (Green loan) and society (Social loan)
Use of capital	Not specified	Not specified	Specified (as written above)
Customers' need	<ul style="list-style-type: none"> <li>✓ Set up internal system on SDGs</li> <li>✓ Advertise initiatives on SDGs</li> </ul>	<ul style="list-style-type: none"> <li>✓ Advertise themselves by establishing advanced environmental target</li> <li>✓ Be incentivized to achieve target</li> </ul>	<ul style="list-style-type: none"> <li>✓ Advertise initiatives to solve environmental and social issues</li> </ul>

\* SPTs (Sustainability Performance Targets) : Target to measure degree of contribution to sustainability

#### “Shizugin SDGs Private Placement Bond”

- Product to support capital funding of companies actively working on SDGs with special treatment of interest rates  
On announcing overview of issuance of the bond in newspapers and so on, it is articulated there that the bond is SDGs Private Place Bond if the issuer hopes
- 11 companies issued the bond in 1H FY 2021 (16 companies in total)

#### Investment on ESG/SDGs

- Actively promote ESG investment that contributes to solving social and environmental issues

[Example of investment]

- ✓ Invest in bonds that EBRD issues to promote various projects including program to cope with COVID-19
- ✓ Invest in “NTT Group Green Bonds” that NTT Finance Corporation issues

### Adoption for constituent brand of ESG index

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

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

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

#### MSCI Japan Empowering Women Index (Theme type ESG Index)

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

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

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

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

### SUSTAINABLE DEVELOPMENT GOALS



# ESG/SDGs (2) – Environment (initiatives related to TCFD Recommendation)

Continue to analyze scenario on climate change and to enhance disclosure, as well as conduct Group-wide initiatives to realize smooth transition to decarbonized society of the community

## Support the TCFD Recommendation



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

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



Governance	Establish specified measures and monitor progress by management committee in order to realize plans for harmonization between environmental protection and corporate activities which were discussed during establishment the 14 <sup>th</sup> Medium-term Business Plan
Strategy	<ul style="list-style-type: none"> <li>■ Opportunities: Support customers' capital investment and use of leasing to decrease GHG emission, and contribute to low environmental impact</li> <li>■ Transition Risks: Analyze and grasp risks resulting from transition to low-carbon economy considering that ratio of carbon-related loan to total loan is 1.2%</li> <li>■ Physical Risks: Analyze scenario of climate change resulting from recent climate change, and grasp impact to the Bank's finance</li> </ul>
Risk management	<ul style="list-style-type: none"> <li>■ Judge whether or not to extend such loan that may affect environment and society based on Credit Policy</li> <li>■ Examine and establish risk management system to cope with transition risks and physical risks resulting from climate change</li> </ul>
Indicators and targets	<ul style="list-style-type: none"> <li>■ Target and result in decrease in GHG emission                             <ul style="list-style-type: none"> <li>Target: Emission in FY2030 should decrease by 60% (*) compared to that in FY2013</li> <li>(*) Raised from previous target of 26% in Jul. 2021</li> <li>Result: Emission in FY2020 was 15,140 ton (decrease by 14.4% compared to that in FY2013)</li> </ul> </li> <li>■ Investment in and loan to coal fired power generation; Should be zero in or around FY2040</li> </ul>

## Revise Group policy on environment



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

## Establish policy on investment in and loan to specified sectors



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

## Decrease GHG emission



- Concluded contract to buy “**Shizuoka Green Electricity**” to use in the headquarters (Sep. 2021-)

**Effect to reduce CO2 emission of approx. 1,800 tons**  
(Decrease by 10% compared to FY2013)

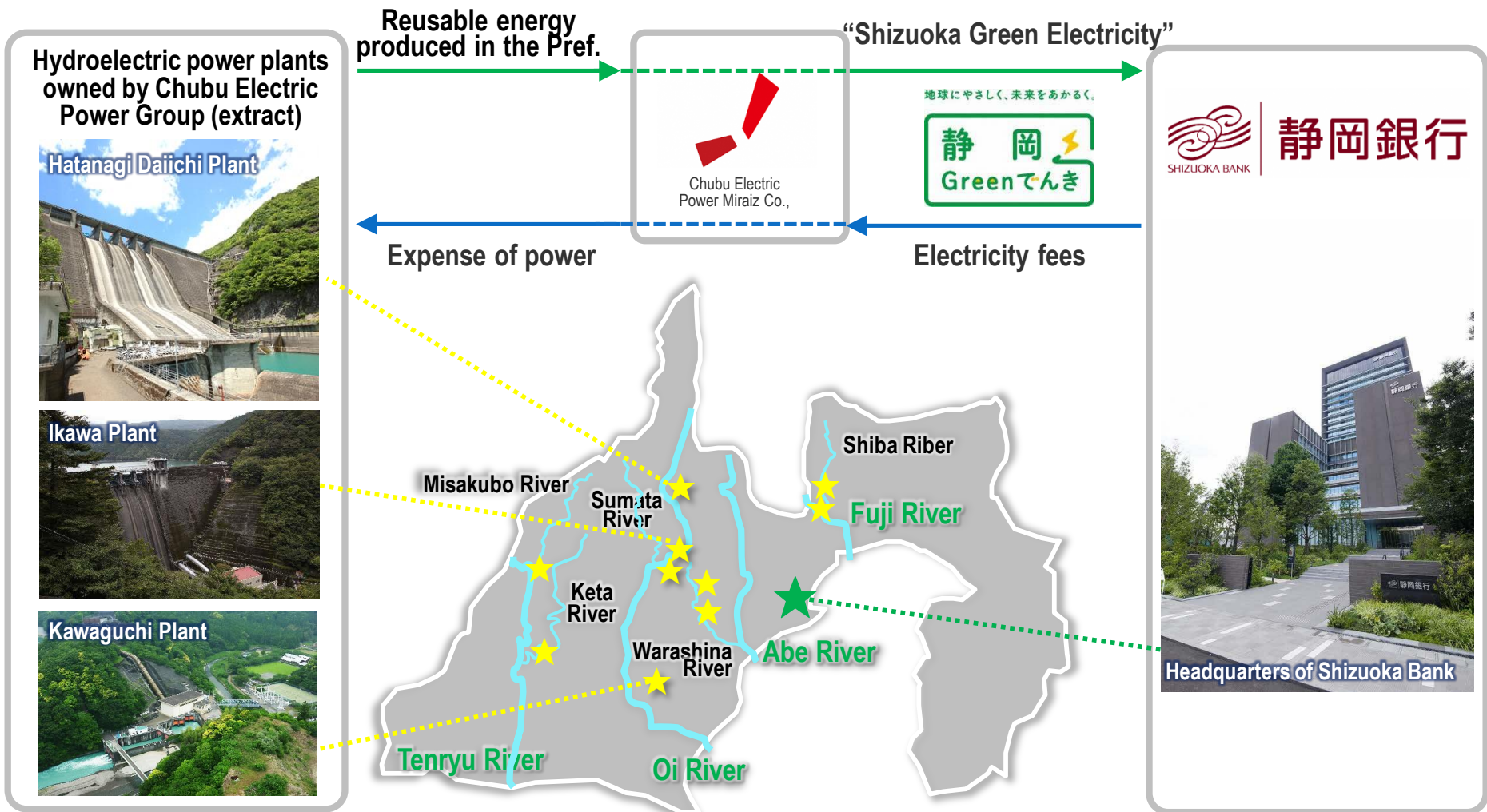
### “Shizuoka Green Electricity”

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

# (FYI) Image of “Shizuoka Green Electricity”

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

Major firms in the Pref. besides Shizuoka Bank Group have decided to introduce the service (Sep. 2021)



# ESG/SDGs (3) – Diversity

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

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

## Diversity



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



- Established a new company in order to actively support independence and participation to the society by people with disabilities, and to further promote employment of those people (in Oct. 2019)
- The first regional bank in Japan to join “The Valuable 500”, an initiative which works on promoting success of people with disabilities (in Feb, 2021)



## Recognized as “Certificated Health & Productivity Management Organization”



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



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



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

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

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

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

- Reinforce initiatives for women empowerment in the Group, acquiring multiple certification

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

Kurumin: Certify companies which support child raising

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

- There are female executives in 3 Group companies (\*) and 1 female in a position next to executives in the Bank
- \* Shizugin General Service (1 Executive Officer), Shizugin Mortgage Service (1 Director & Executive Officer and 1 Executive Officer), Shizugin Business Create (1 Executive Officer)

# ESG/SDGs (4) –Contribute to the region

As activities to realize its corporate philosophy to “expand dreams and affluence with our community”, the Bank engages in some activities to contribute to the region such as promotion of local culture and sports, education of finance and economy. Also, it copes up with issues related to COVID-19 in the region

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

## Issues related to COVID-19

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

## Promotion of local culture and sports

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



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



## Education of finance and economy



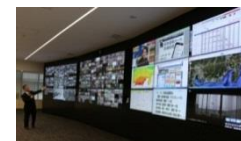
- Actively work on education of finance and economy by providing people with opportunity to learn banks' role in economy and society through study tour in the Bank and lecture by the Bank's staff
- Hold Shizuoka-Prefectural tournament of “Economics Koshien”, a competition on economic and financial knowledge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



## Business continuity in emergency



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



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

## Agreement with NTT DOCOMO on service offering during a disaster



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



## Measures against tsunami



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



[Life jackets]



[Outdoor upstairs to rooftop]

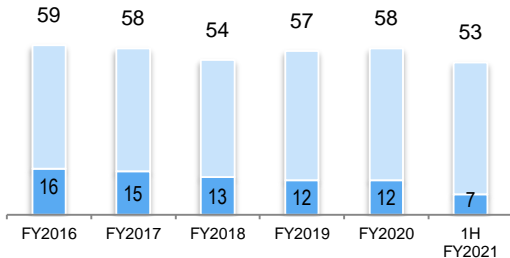
# ESG/SDGs (5) – Region-based Relationship Banking

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

## Support for business restructuring and turn-around

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

- No of firms under the projects
- No of projects completed



Has completed business restructuring for about 250 firms since FY2005

Saves labor opportunities for opportunities for labor for about 26,000 people and maintain economic power in the local community



## Expansion of standardization of inheritance procedures with other financial institutions

- In Oct. 2019, standardized the documents and procedures related to inheritance of deposits and so on with Hamamatsu Iwata Shinkin Bank in order to improve convenience for local customers and office efficiency
- Standardized and simplified process for heritance by sharing the customer's entry form and by enabling customers who meet certain criteria to complete procedures with sign and seal by only one heir representative
- Continued expansion of the collaboration with financial institutions, resulting in standardization with 3 banks, 8 shinkin banks, and 1 labor bank as of Sep. 2021
- Standardize with Yamanashi Chuo Bank as part of Shizuoka Yamanashi Alliance



## Support for entrepreneurship and new businesses



### <Shizugin Entrepreneur Awards>

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



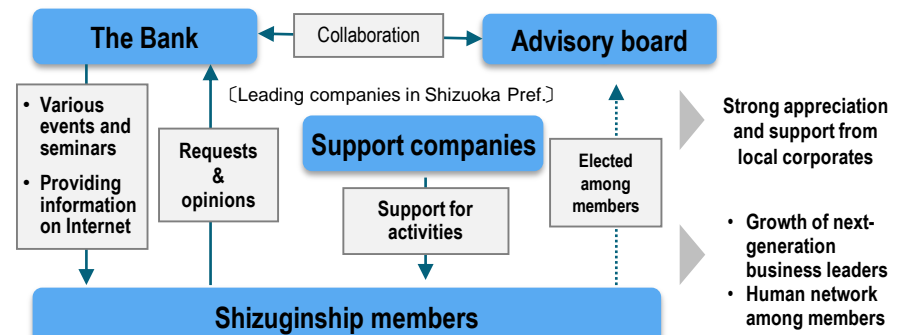
Revenue + JPY 4.1bn    No. of employees + 539

### “Shizuginship” – training club for the next generation managers



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

### 【Structure of Shizuginship】



【No. of members】 At the end of Sep. 2021 / 715 corporates, 1,057 people  
 【No. of participants in activities in 1H FY2021】 Total 843 people



# ESG/SDGs initiatives (6) – Regional revitalization

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

## Shizuoka Kids Academy



- Aims at developing human resources for regional areas by encouraging local children to learn about their home towns in a fun way, fostering a greater attachment to their home towns and encouraging them to live locally in the future
- In FY2021, planning joint program with Ito-city (Jul.), joint program with Yamanashi Chuo Bank involving Fukuroi-city (Shizuoka Pref.) and Hokuto-city (Yamanashi Pref.) (Aug.) and jointly holding the event with local TV program and local department store(Oct.), attracting 118 people.



## <Commemoration of full open of Chubu Odan Expressway> Panel to spread information in Head Offices of Shizuoka Bank and Yamanashi Chuo Bank

- Set up a space to spread information such as sightseeing information in both Shizuoka and Yamanashi Pref. in the Head Offices of Shizuoka Bank and Yamanashi Chuo Bank to commemorate full open of Chubu Odan Expressway in Aug. 2021. Introduce attractiveness of community through large-scale panel as well as brochure on sightseeing in areas along the expressway.



### <Contents>

- Introduce Chubu Odan Expressway
- Inform local products and sightseeing place along the expressway
- Explain expected effect of full open of the expressway

## 7th meeting to discuss regional revitalization



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

### [Lectures]

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



## Events for individual business talks



- Held event for business talks to attract suppliers hoping to start business with supermarkets in both Shizuoka and Yamanashi Pref. and tenants in rest areas on expressway operated by NEXCO Central in order to expand business and to activate interaction between the two prefectures as part of Shizuoka Yamanashi Alliance
- Support customers expand sales channels by holding the event in both face-to-face and online in a situation where their opportunities to expand sales channels are decreasing due to cancel of big-scale events and stagnation of sales activities

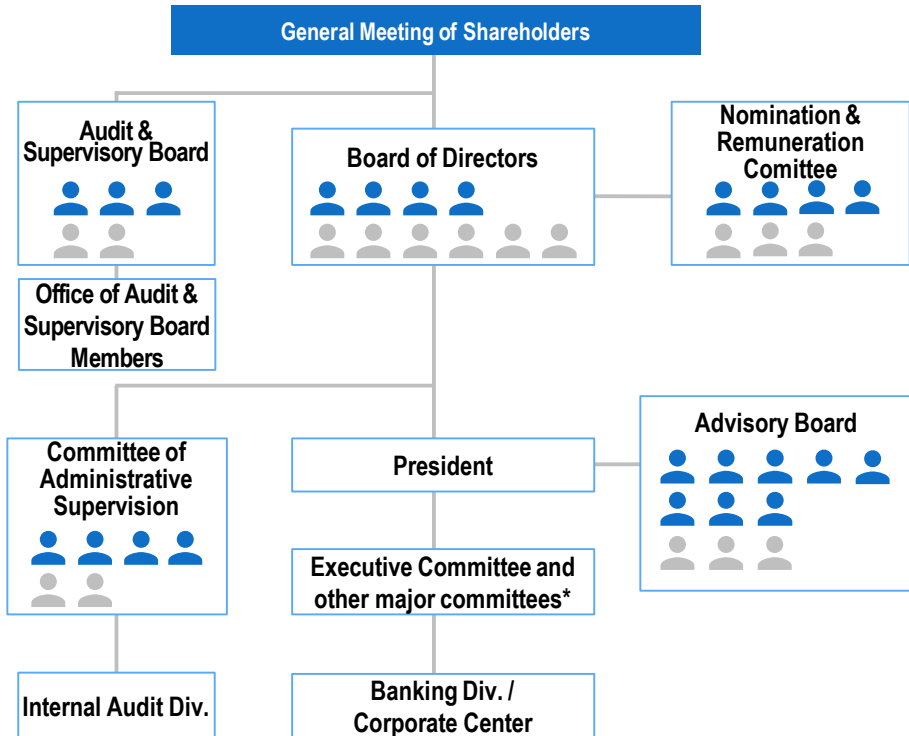


	Total	Shizuoka Bank	Yamanashi Chuo Bank
No. of events	10	-	-
No. of application	346	220	126
No. of participants	259	148	111
No. of business talks	424	236	188

# ESG/SDGs initiatives (7) – Corporate Governance Structure

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

## Shizuoka Bank Group's Corporate Governance System



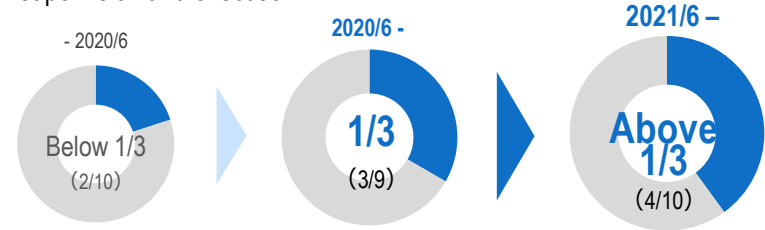
\*Other major committees  
Compliance Committee  
Committee for Integrated Risk and Budget Management  
Credit Committee

- Outside Directors
- Outside Audit
- Outside expert (Advisory Board)
- Inside Directors
- Inside Audit (Audit & Supervisory Board)

## Ratio of outside directors to all directors

Jun, 2021

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



## Nomination & Remuneration Committee

Oct, 2020

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

## Restricted Stock Awards

Jun, 2020

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

## Clarify responsibility of executives

Jun, 2020

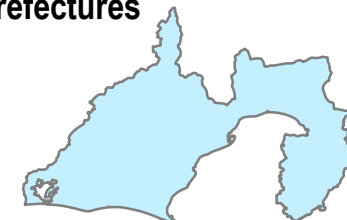
- Changed contract with executives from employment to delegation (every year)
  - ⇒ Clarify responsibility for execution
- Provide Restricted Stock Awards to executives
  - ⇒ Promote action to enhance corporate value from shareholders' view



# Reference

# Economy in Shizuoka Prefecture – Economic scale

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



## Shizuoka Prefecture indices

	Share of all-Japan		National ranking
Population	3.64mil	2.9%	10th of 47 (2019)
No. of households	1.61mil	2.7%	10th of 47 (2021)
Nominal prefectural GDP	JPY 17.5tn	3.1%	10th of 47 (FY2018)
Per-capita income	JPY 3.432mil	—	4th of 47 (FY2018)
No. of business establishments	190K	3.0%	10th of 47 (2019)
Amount of shipments of manufactured goods, etc.	JPY 17.2tn	5.3%	3rd of 47 (2019)
Agricultural output	JPY 197.9bn	2.2%	17th of 47 (2019)
Fishery production volume(*)	170k tons	5.4%	4th of 47 (2019)
No. of industrial locations (*)	54	6.5%	3rd of 47 (2020)
No. of new housing starts	20K	2.5%	10th of 47 (2020)

(\* Preliminary data)

## Shizuoka Prefecture economic scale

### Prefectural GDP (FY2018, Nominal)

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

### GDP comparison with countries (2018)

Rank	Country (Region)	(USD bn)
55	Kazakhstan	179.3
56	Algeria	175.4
57	Hungary	160.4
-	<b>Shizuoka Prefecture</b>	<b>157.5</b>
58	Kuwait	140.7
59	Ukraine	130.9

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

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

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

## Promote relocation and settlement

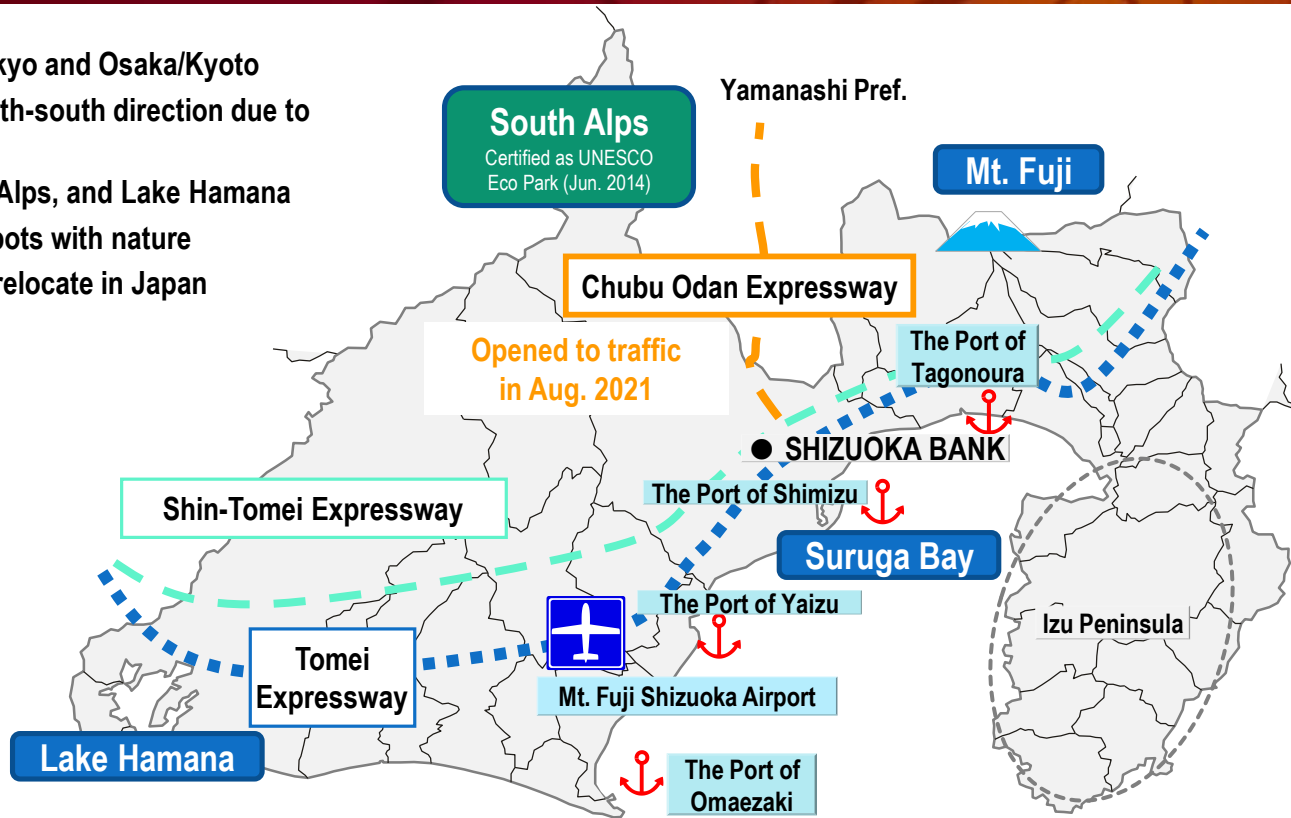
Ranking of prefectures to hope to relocate

Top in 2020 survey

Popular to all generation

Ranking of place to hope to relocate			
2017	2018	2019	2020
3rd	2nd	3rd	1st

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



## Lake Hamana

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



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

## UNESCO World Heritage Site in Shizuoka Prefecture

### Mt. Fuji

(Registered in Jun. 2013)

Inscribed on the World Heritage List as “Fujisan, sacred place and source of artistic inspiration”



### Nirayama Reverberatory Furnaces

(Registered in Jul. 2015)

Inscribed on the World Heritage List as “Sites of Japan’s Meiji Industrial Revolution: Iron and Steel, Shipbuilding and Coal Mining”



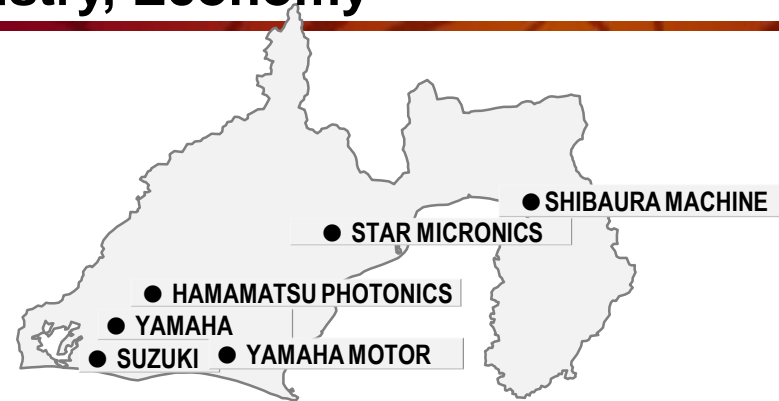
## Izu Peninsula awarded Global Geopark status by UNESCO

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



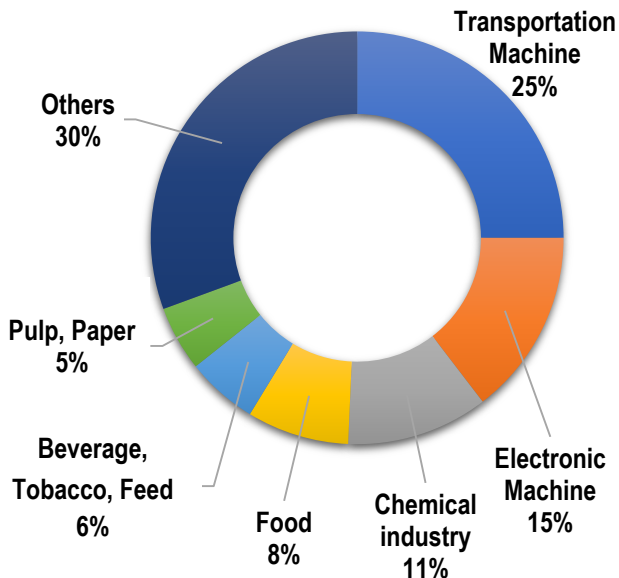
# Attractiveness of Shizuoka Pref. (2) – Industry, Economy

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



## Industrial structure

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



Source: Survey on industrial statistics by METI

## No. of industrial location

Rank high in Japan every year

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

Source: Survey on industrial statistics by METI

## Medical health industry

Production amount of medicines and medical devices: approx. JPY 1.2tn  
 → **1Top for 10 consecutive years**

Category	Production amount (JPY bn)	Ranking
Medicines	402.2	3rd
Medical devices	838.2	1st
<b>Total</b>	<b>1,240.4</b>	<b>1st</b>

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

## Listed companies with headquarters within the Pref.

※As of the end of Mar.2021

Listing	No. of companies
TSE 1 <sup>st</sup> section	24
TSE 2 <sup>nd</sup> section	9
Mothers	1
Jasdaq	16
<b>Total</b>	<b>50</b>

## Agglomeration of advanced industry

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



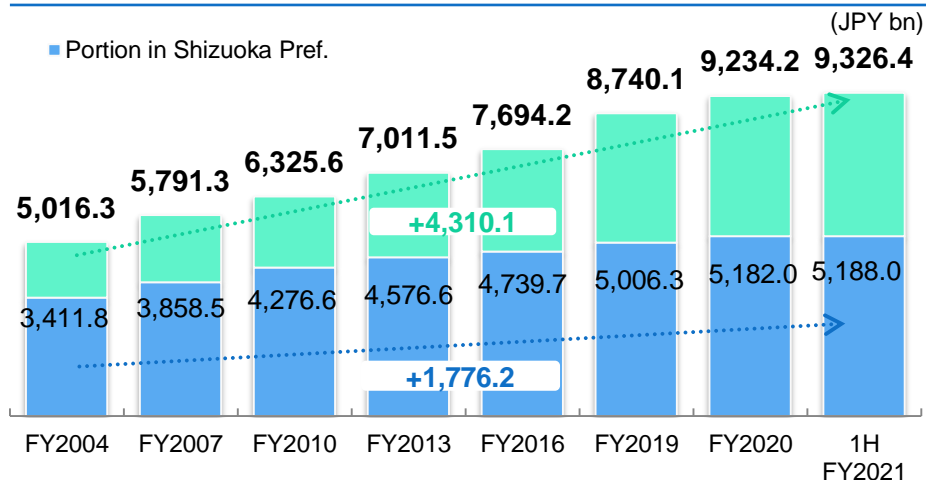
Source: website of center for next generation cars Hamamatsu

# Historical data of loans

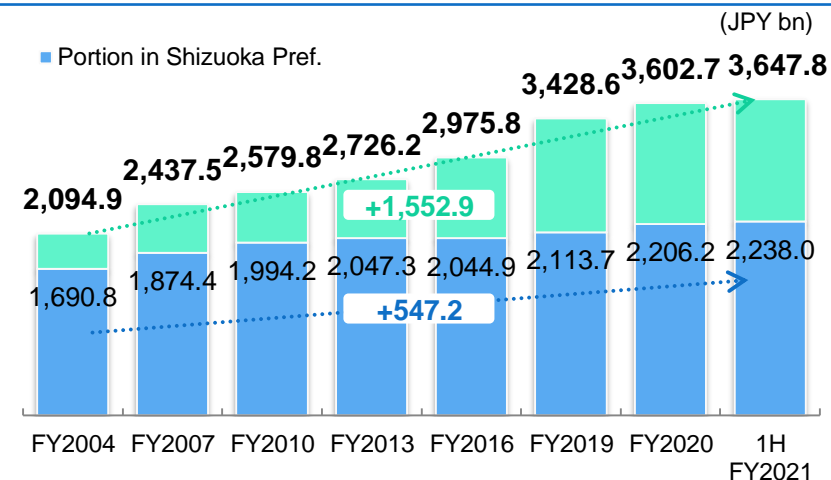
Total loan balance (average balance) had increased by JPY 4,310.1bn since FY2004 to 1H FY2021, of which JPY 1,776.2bn was in Shizuoka Pref.

SMEs loan balance: JPY +1,552.9bn, consumer loan balance: JPY +2,091.2bn

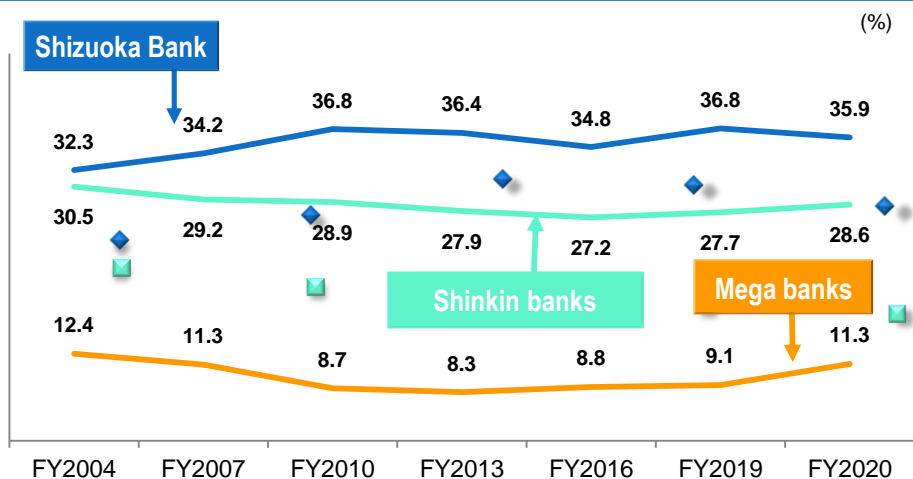
## Total loan balance (average balance)



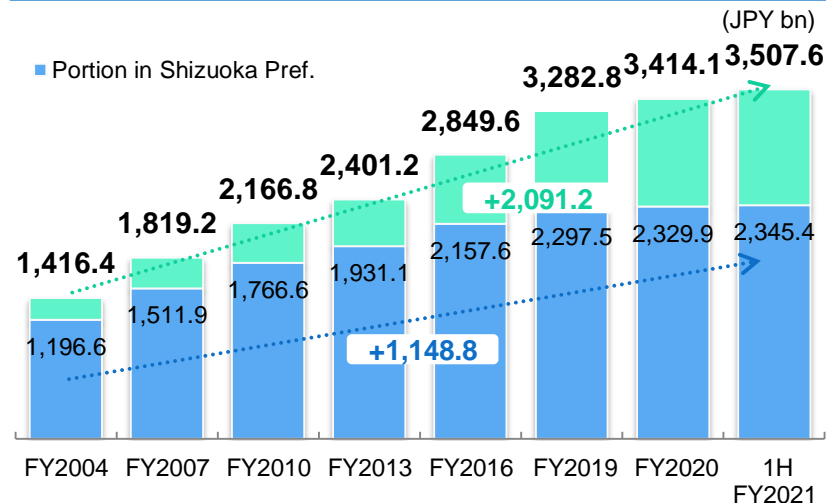
## SMEs loan balance (average balance)



## Share of loans in Shizuoka Prefecture(\*)



## Consumer loan balance (average balance)



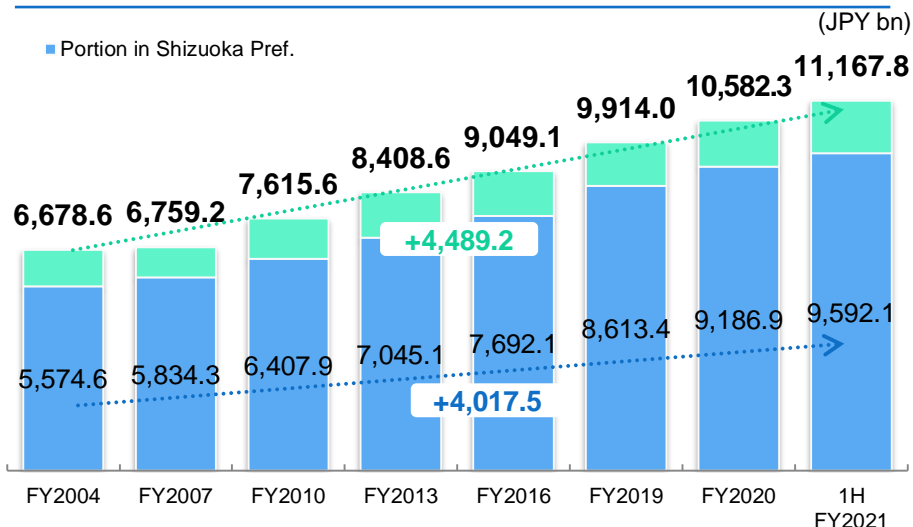
(\*) Changing calculation method, and applying the new method to the past as well

# Historical data of deposits

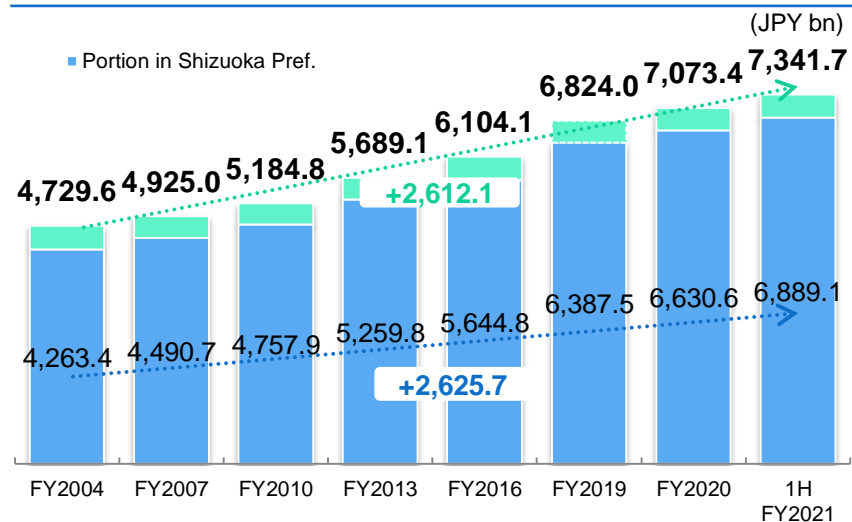
Total deposit balance (average balance) had increased by JPY 4,489.2bn since FY2004 to 1H FY2021, of which JPY 4,017.5bn was in Shizuoka Pref.

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

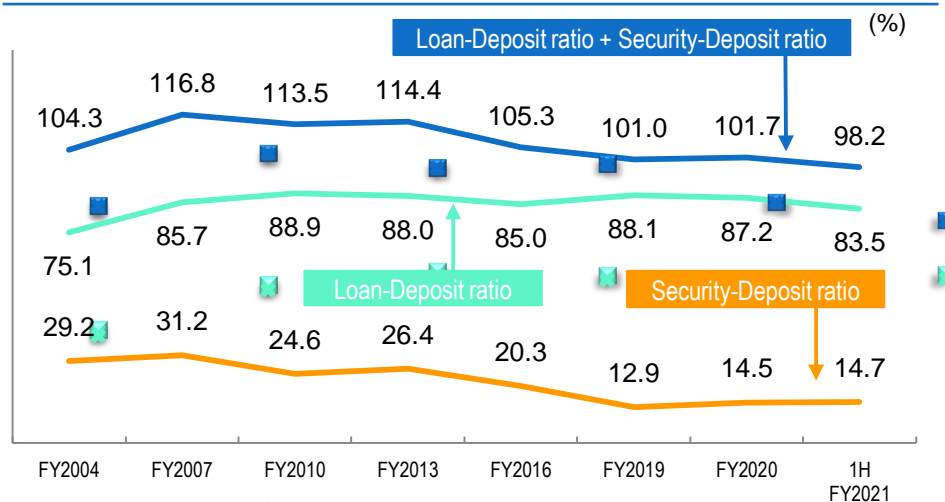
## Deposit balance (average balance)



## Retail deposit balance (average balance)



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



## External ratings (As of the end of Sep. 2021)

<Moody's>

Shizuoka Bank



Regional banks

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

<Other external ratings>

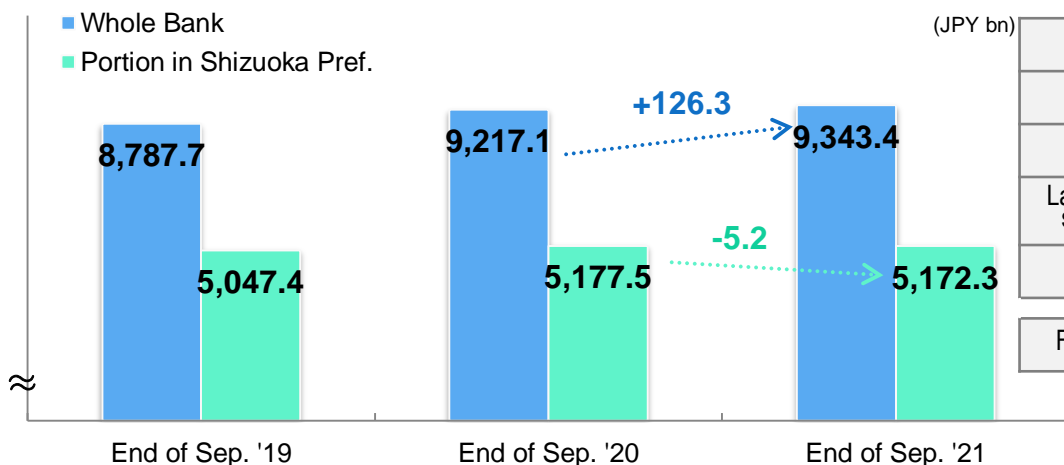




# Loans(1) – Term-end balance

Total loan balance (term-end balance) increased by JPY 126.3bn (+1.3%) YoY as retail loan increased while increase in SMEs loan was slight, loans for large and medium size enterprises, and in foreign currencies decreased

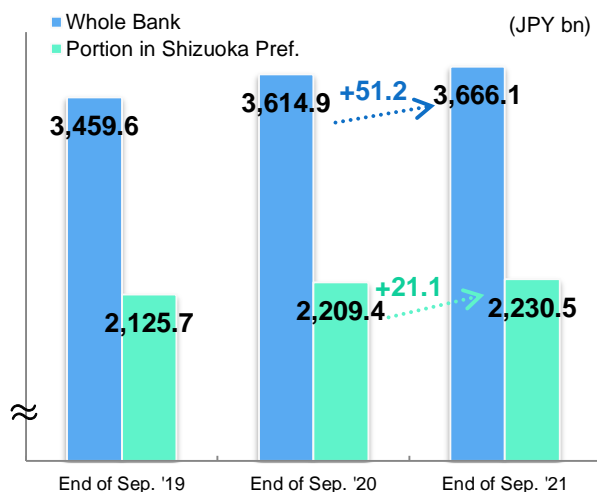
## Total loan balance (term-end balance)



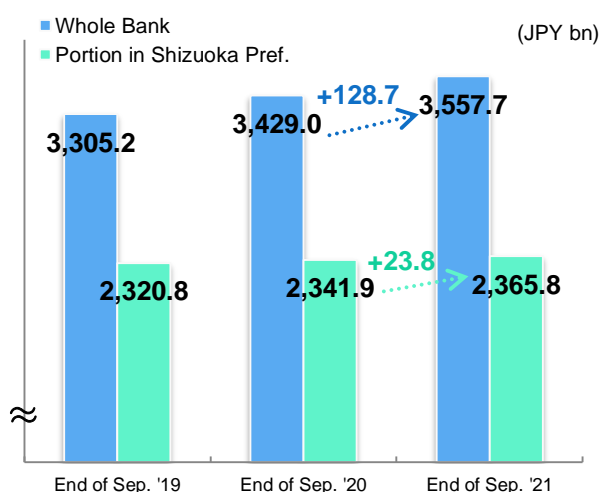
	Term-end balance	Change from the end of Jun. '20	Annual growth rate
Total	JPY9,343.4bn	JPY+ 126.3bn	+1.3%
SMEs	JPY 3,666.1bn	JPY+ 51.2bn	+1.4%
Retail	JPY 3,557.7bn	JPY+ 128.7bn	+3.7%
Large and medium size enterprises	JPY 1,813.1bn	JPY- 18.5bn	-1.0%
Government	—	JPY± 0.0bn	—
Foreign currency	JPY 529.5bn	JPY -17.8bn	-3.2%

by amt. chg. : JPY -46.7bn  
by ex. rate : JPY +29.0bn

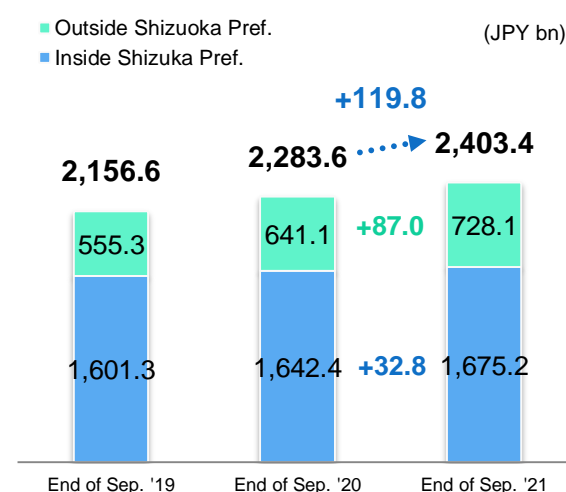
## SMEs loan balance (term-end balance)



## Retail loan balance (term-end balance)



## Housing loan balance (term-end balance)



## Loans(2) – Loans by industries

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

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

Unexpected Loss (UL) for all industries : JPY 85.8bn

### Contemporary status of business loans to particular industries

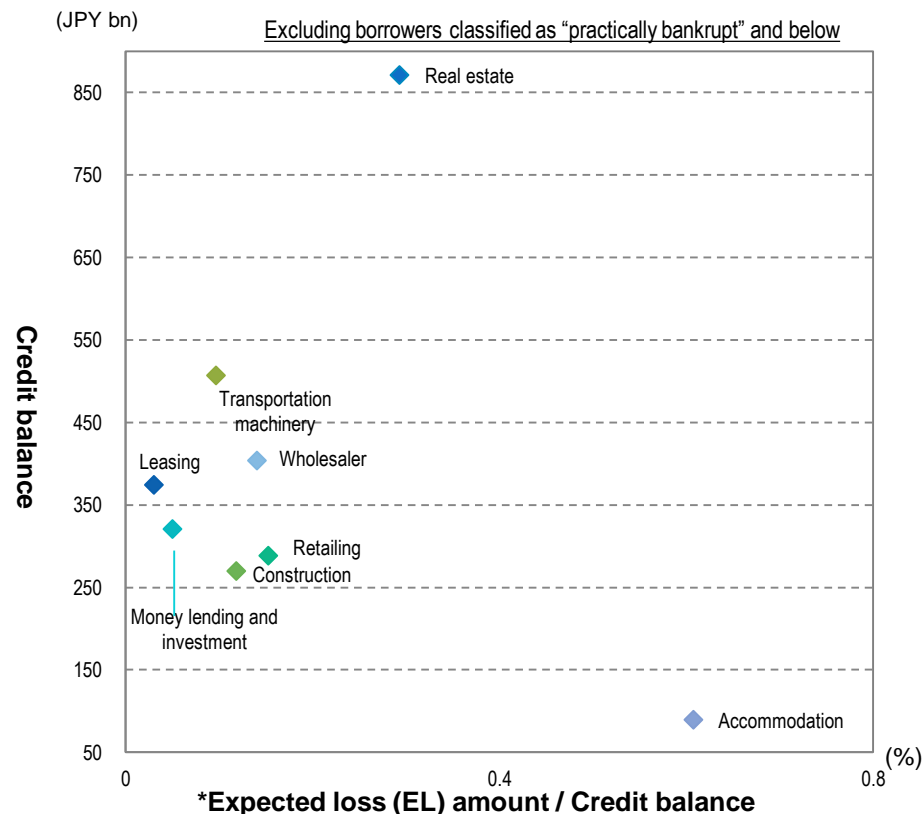
[ Credit balance (as of the end of Sep. 2021) ] (JPY bn, %)

	Balance	Composition ratio	Change from the end of Mar. '21
All industries	6,205.7	100.0	-31.4
Real estate (*1)	871.2	14.0	+6.5
Wholesaler (*2)	403.7	6.5	+6.3
Money lending and investment	320.7	5.2	+11.8
Transportation machinery	507.4	8.2	-48.2
Construction	269.5	4.3	-1.2
Retailer	288.1	4.6	+1.6
Leasing	374.6	6.0	+13.3
Accommodation	89.9	1.4	-1.1

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

(\*2) excluding a general trading companies

[ Credit balance vs. expected loss rate\* ]



# Operation process reform

基本戦略1  
グループ営業

基本戦略2  
イノベーション

基本戦略3  
ビジネスポートフォリオ

10年戦略

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

FY2005 - FY2010

FY2011 - FY2016

FY2017 - FY2020

FY2021 -

9<sup>th</sup> Medium-term Business Plan -  
10<sup>th</sup> Medium-term Business Plan

11<sup>th</sup> Medium-term Business Plan -  
12<sup>th</sup> Medium-term Business Plan

13<sup>th</sup> Medium-term Business Plan

14<sup>th</sup> Medium-term Business Plan

Management  
policy

Standardization, centralization,  
systematization of  
back-office workload

Enhancement of productivity of  
front-office workload  
Establishment of new work style

3 structural reforms  
Continuation of growth strategy

Reform of business model

Major process  
reform

Relocation of staff at back-  
office to front-office

Reinforcement of  
housing loans  
sales

Work-style reform •  
Change of personnel  
in charge of business

Digital  
transformation

Improvement of  
efficiency and  
productivity

Small branch specializing in retail  
Branch specializing in front function

Branch focusing on consulting

Realization and expansion of “digital branch”

Sales structure reform

Utilization and expansion of RPA

Centralization and  
specialization of  
operation

Auto-navigation in loan operation Auto-navigation in branch operation

Writing-less • seal-less

Digitalization in branch operation

Shift to “5 less” at branches\*

\*Paperless, Seal-less, Cashless, Counter-terminal-less, Counter-less

## Major achievement so far

Back-office workload  
at branches

Reduced by  
**57%**

(Comparison between FY2007 and FY2010)

Relocation of staff  
at back-office to  
front-office

Increased front-  
office employees

while reducing total employees

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

\* Including temporary employees

Expand business  
as well as enhance  
productivity



Compared to FY2004

Average balance  
of loan  
(1H FY2021) **x 1.9**

Consolidated  
ordinary profit  
(FY2020) **x 1.2**

Time to process  
workload on  
housing loans

Reduced by  
**63%**

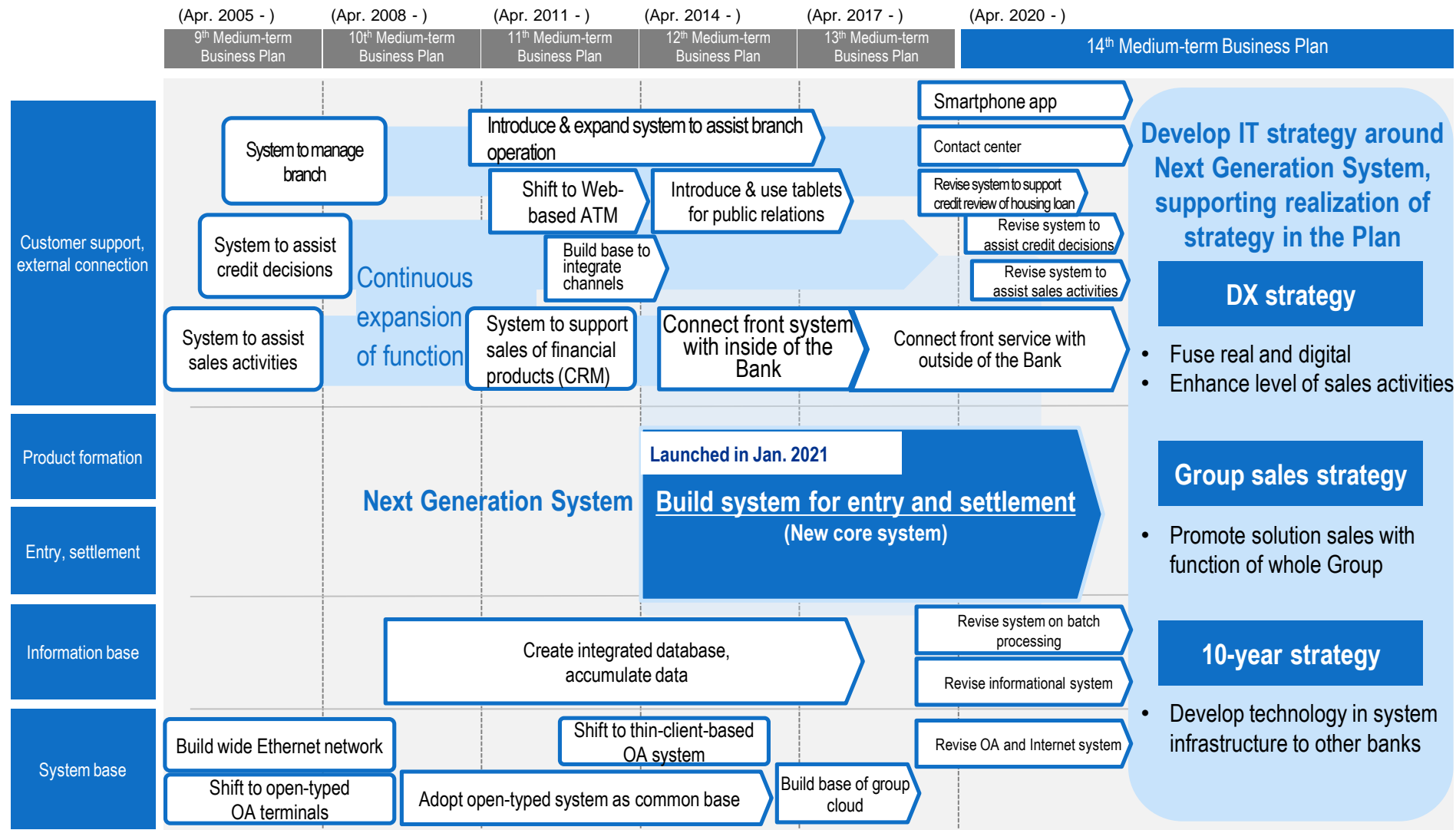
(Comparison between FY2010 and FY2013)

# Shift to open-type IT system

Work on making whole IT system open-typed since 2004, and launch Next Generation System in Jan. 2021

Develop future IT strategy around the system, supporting realization of each strategy in the 14<sup>th</sup> Medium-term Business Plan

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



# Next Generation System – Outline

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

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

## Direction and issues on financial IT (2025 Digital Cliff)

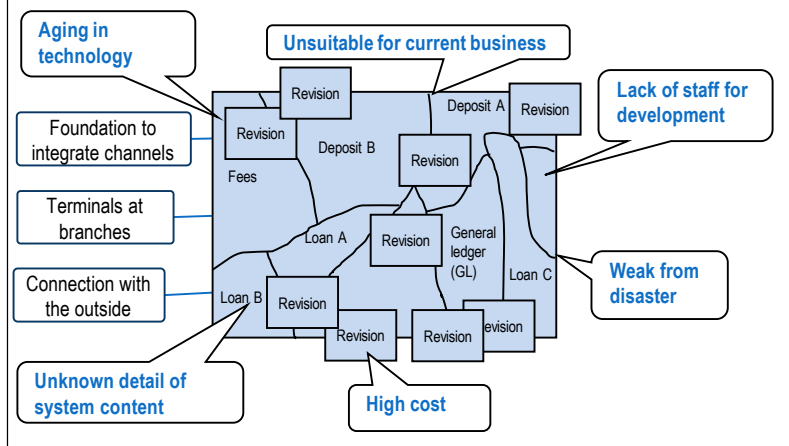
### ● Direction of IT strategy of financial institutions

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

### ● Current situation and issues of each institution

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

### Image of shift to black box



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

## The Bank’s policy and system strategy

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



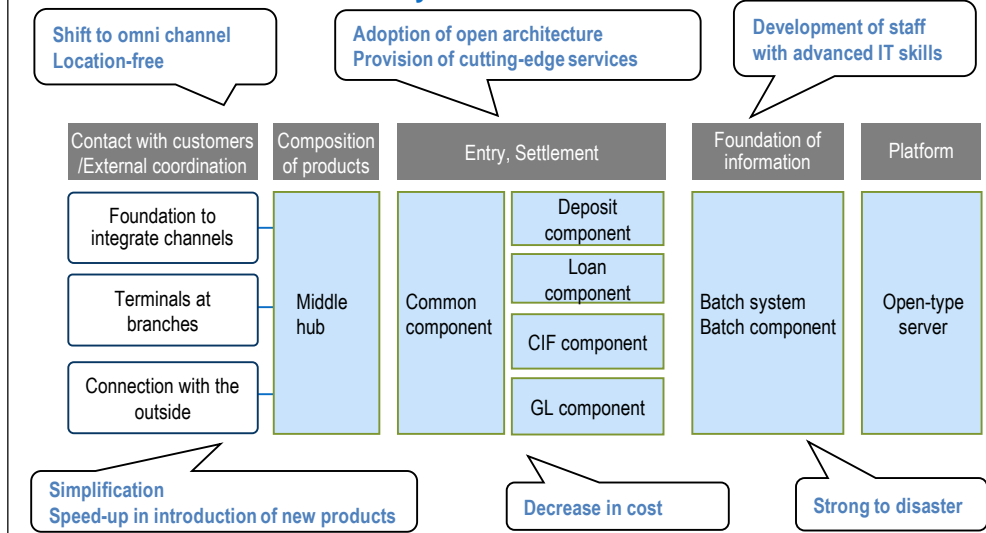
- Build loan supporting system
- Realize ATM operated on Web
- Introduce counter navigation system etc

Continuously expand and decentralize function

### ● Construct and launch Next Generation System

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

### Structure of Next Generation System

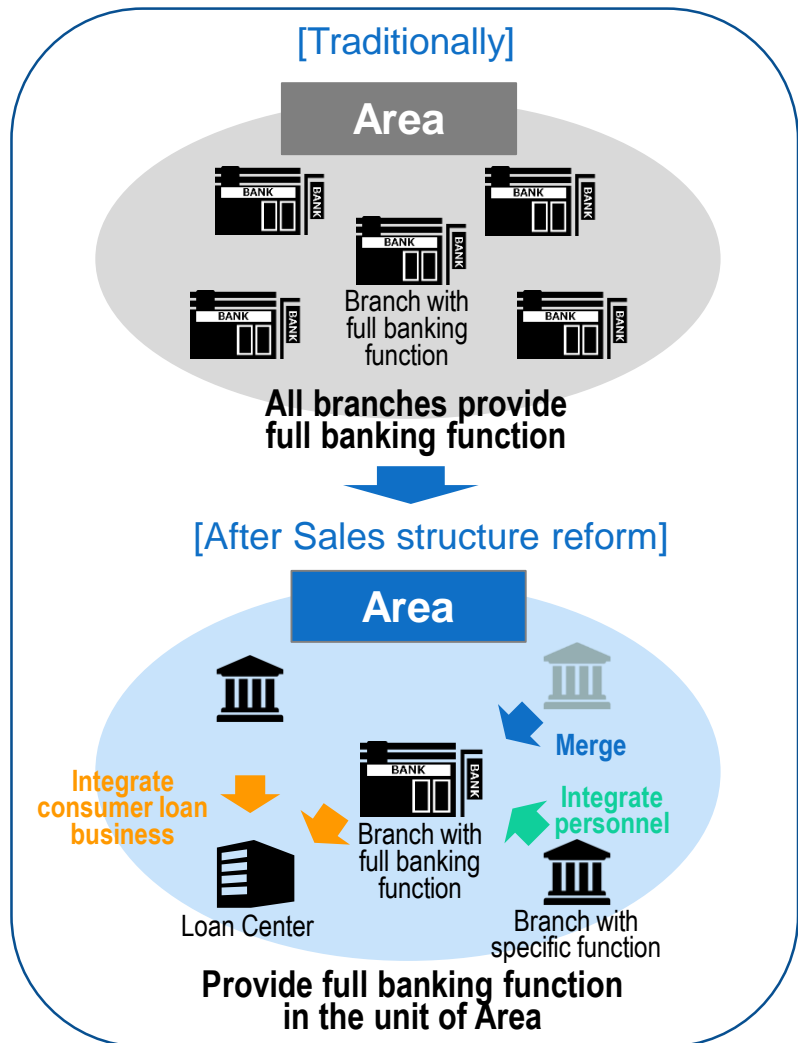


# Branch Strategy

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

## Sales structure reform (1Q 1Q FY2020-)

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



## [Achievement]

- Areas where the reform was conducted
- Branches decreased
- Review of branch function
- Branch closing at noon
- No. of staff secured
- Branch-managing cost reduced

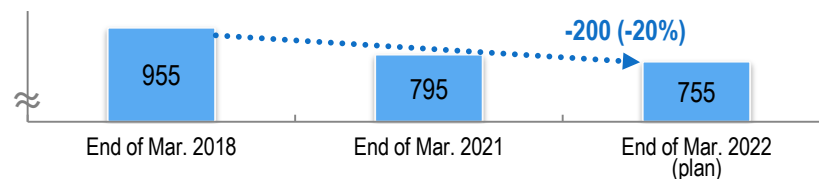
## Result by FY2020    Prospects for FY2021

Areas where the reform was conducted	Approx. 80%	Approx. 90%
Branches decreased	11 branches	10 branches
Review of branch function	32 branches	5 branches
Branch closing at noon	30 branches	15 branches
No. of staff secured	<b>72 staff</b>	<b>29staff</b>
Branch-managing cost reduced	<b>JPY 1.2bn</b>	<b>JPY 0.7bn</b>

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

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

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



# DX strategy(1) – Reinforce non-face-to-face channel

Utilize foundations built in 1Q FY2021 with the aim of developing non-face-to-face channel into the main daily contact point with customers and reinforcing connection with branches

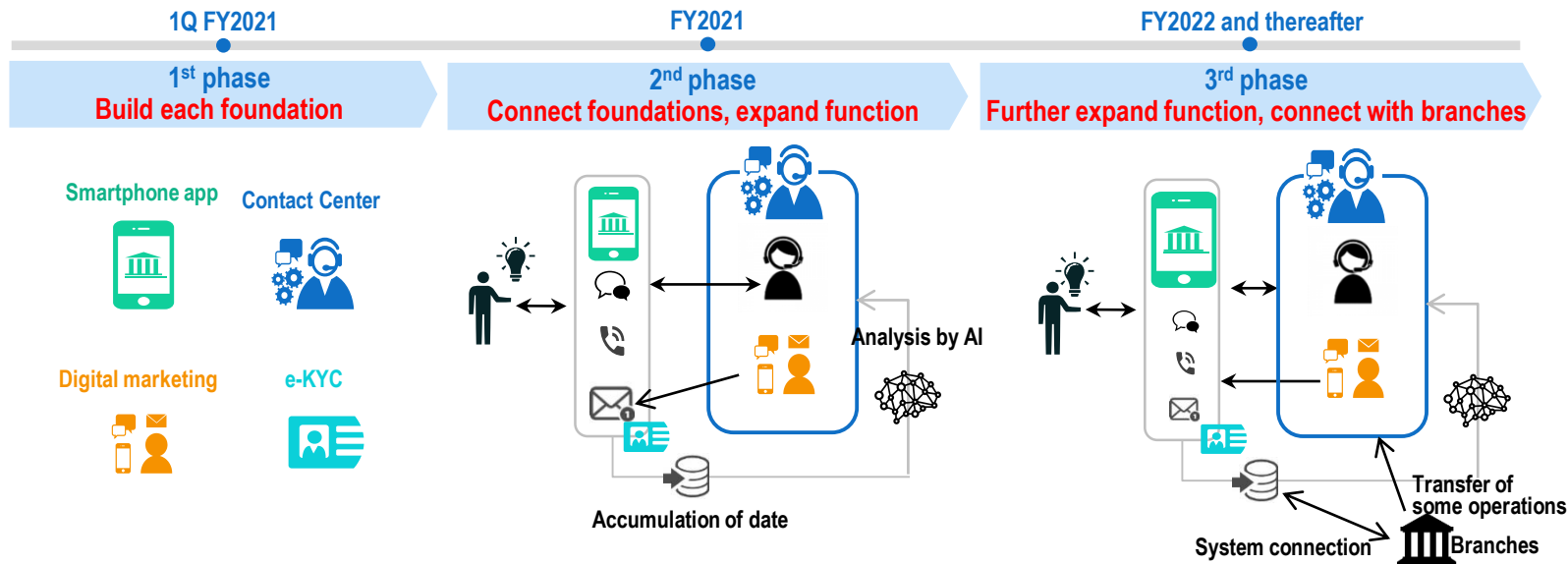


Image of non-face-to-face channel

<p><b>Smartphone app</b></p>	<p><b>Enable banking transaction on apps</b></p> <ul style="list-style-type: none"> <li>✓ Put new functions such as biometric authentication</li> <li>✓ Reinforce security (Introduce one-time password)</li> </ul>	<p><b>Increase users, improve functions continuously</b></p> <ul style="list-style-type: none"> <li>✓ Shift from existing apps</li> <li>✓ Improve and optimize functions through agile development</li> </ul>	<p><b>Develop non-face-to-face channel into main channel</b></p> <ul style="list-style-type: none"> <li>✓ Let customers use the app everyday (assuming initial main contact point will be apps)</li> <li>✓ Promptly response to changing customers' needs</li> </ul>
<p><b>Contact Center</b></p>	<p><b>Accumulate record on application of card loans, speed up response</b></p> <ul style="list-style-type: none"> <li>✓ Accumulate record on response to customers</li> <li>✓ Accept applications without paper</li> </ul>	<p><b>Enhance quality of response to customers by utilizing data</b></p> <ul style="list-style-type: none"> <li>✓ Even out quality of response to customers by operators through accumulation of knowledge</li> </ul>	<p><b>Let the Center hub of both face-to-face and non-face-to-face channel</b></p> <ul style="list-style-type: none"> <li>✓ Expand other channels for consulting than phone</li> <li>✓ Reinforce connection with departments in charge of each product and service</li> </ul>
<p><b>Digital marketing</b></p>	<p><b>Distribute email timely according to customers' needs</b></p> <ul style="list-style-type: none"> <li>✓ Start distributing emails on unsecured loans</li> </ul>	<p><b>Let AI analyze data, reinforce connection with other foundations</b></p> <ul style="list-style-type: none"> <li>✓ Let AI analyze accumulated data</li> <li>✓ Reinforce connection with Contact Center</li> <li>✓ Distribute email on all products automatically</li> </ul>	<p><b>Provide information according to life-style without walls between finance and non-finance</b></p> <ul style="list-style-type: none"> <li>✓ Expand media of distribution (push notification etc.)</li> <li>✓ Collaborate with regional firms on marketing</li> </ul>
<p><b>e-KYC</b></p>	<p><b>Enable operation without customers visiting branches</b></p> <ul style="list-style-type: none"> <li>✓ Change registered address, open account</li> </ul>	<p><b>Increase no. of types of transaction which can be completed through non-face-to-face channel</b></p> <ul style="list-style-type: none"> <li>✓ Accept registration of Individual Number and Residence Card, offer services through connection with Seven Bank's ATMs (face authentication) etc.</li> </ul>	

# DX strategy(2) – Image on future development of mobile app

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

## 1<sup>st</sup> phase

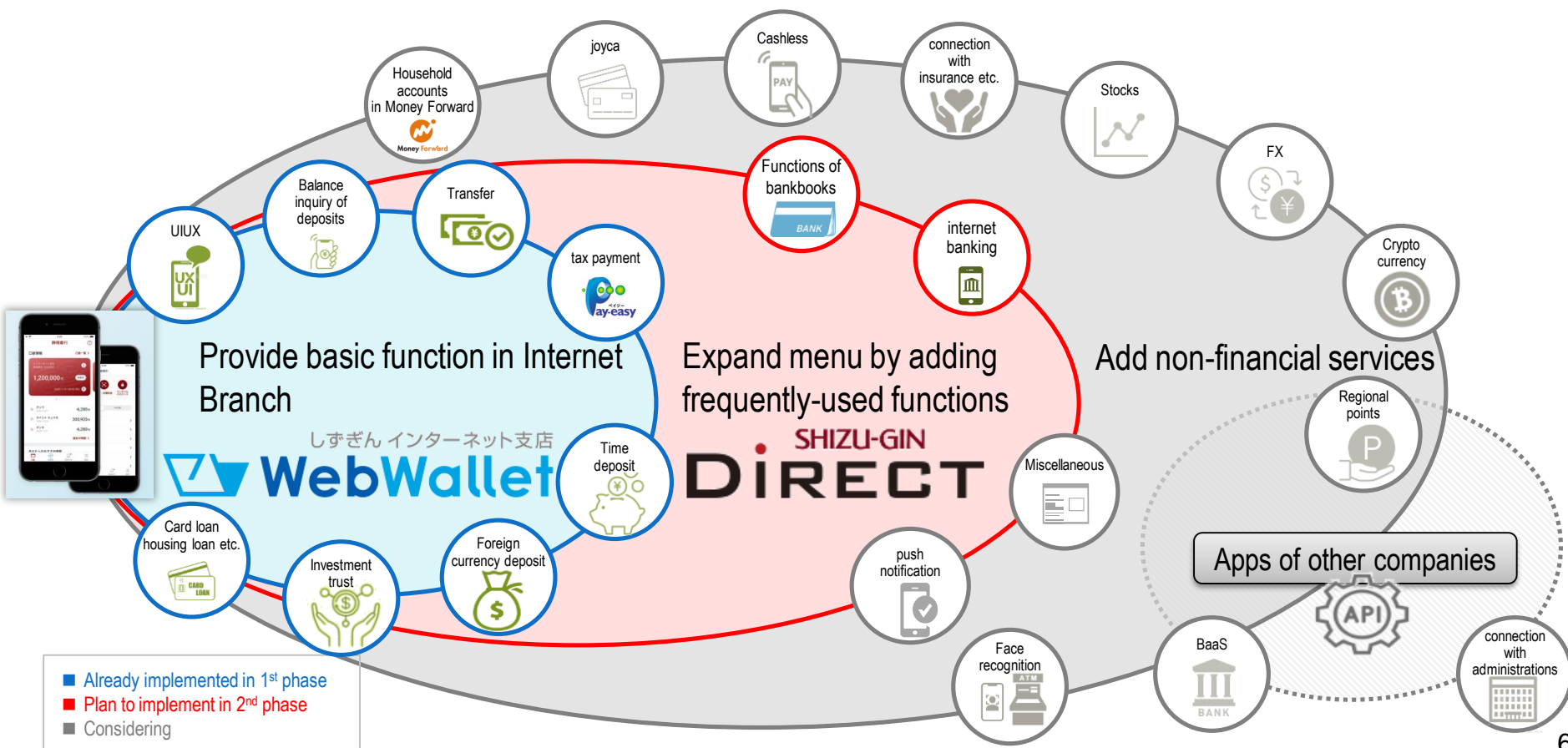
Provide basic functions such as balance inquiry through the app for customers of Internet Branch

## 2<sup>nd</sup> phase

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

## 3<sup>rd</sup> phase and thereafter

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





# Allocation of risk capital

Allocation of risk capital for 1H FY2021 (the end of Sep. 2021 basis) amounted to JPY 769.9bn, of which JPY 286.0bn was allocated to credit risk, JPY 319.9bn to market risk, JPY 10.0bn to strategic investments, and JPY 24.3bn to operational risk

JPY 110.4bn of risk capital was used for loans (credit risk), and JPY 147.0bn for the Treasury division

Allocation source	(JPY bn)		Risk capital allocated	Risk capital used	Ratio of risk capital used
Core capital JPY 769.9bn (End of Sep. 2021 basis)	Credit risk 286.0	Loan (Credit risk)	209.1	110.4	52%
	Market risk 319.9	Treasury division	386.5	147.0	38%
		(strategic shareholdings)	(124.4)	(62.3)	(50%)
	Strategic investments 10.0	Consolidated subsidiaries	10.3	3.1	30%
		Strategic investments	10.0	3.6	35%
	Operational risk 24.3	Operational risk	24.3	24.3	100%
	Buffer capital, etc. 129.7	Sub total	640.2	288.4	45%
	Buffer capital, etc.	129.7	—	—	
	Total	769.9	—	—	

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

# Group companies (1)

In 1H FY2021, the total ordinary profit of 13 consolidated subsidiaries was JPY 5.1bn(up JPY 0.9bn YoY)

(JPY bn)

Company name	Business	1H FY2021 Ordinary Profit	YoY change
Shizugin Management Consulting Co., Ltd.	Corporate and financial management advisory services Bill collection services	0.3	+0.1
Shizugin Lease Co., Ltd.	Leasing	0.9	+0.0
Shizugin IT Solution Co., Ltd.	Computer system development and operation	0.2	-0.0
Shizugin Credit Guaranty Co., Ltd.	Guarantee of housing loans, etc.	2.0	+0.7
Shizugin DC Card Co., Ltd.	Credit card and guarantee of consumer loans	0.4	-0.0
Shizuoka Capital Co., Ltd.	Public-offering assistance Support for corporate rehabilitation	0.1	+0.0
Shizugin TM Securities Co., Ltd.	Securities	1.2	+0.2
Shizuoka Bank (Europe) S.A.	Finance and securities-related services	-0.0	-0.0
Shizuoka Liquidity Reserve Ltd.	Purchases of monetary receivables	0.0	-0.1
Shizugin General Service Co., Ltd.	Fee-based job placement service, general administration	0.0	+0.0
Shizugin Mortgage Service Co., Ltd.	Appraisal of real estate for loan collateral Operation center for loans	0.0	+0.0
Shizugin Business Create Co., Ltd.	Operation center for remittance and bill collection Part-time employee management	-0.0	-0.0
Shizugin Heartful Co., Ltd.	Making, printing and binding of documents	0.0	+0.0
<b>Total(13 companies)</b>		<b>5.1</b>	<b>+0.9</b>

(Ref.) Affiliates under equity method of accounting

Shizugin Saison Card Co., Ltd.	Credit card, prepaid card, and guarantee of consumer loans	0.1	-0.2
Monex Group, Inc.	Holding stocks of companies practicing securities and so on	* 18.3	+14.1

\*Profit before income tax

# Group companies (2)

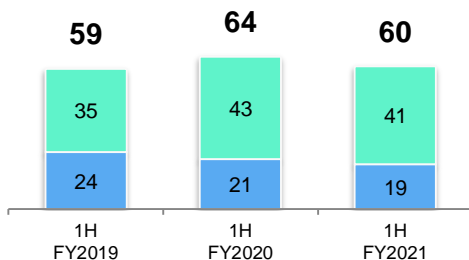
Provide comprehensive financial services by integrating expertise in Shizuoka Bank Group and utilizing cross-industry collaboration

## Shizugin Management Consulting

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

### Performance in consulting businesses for M&A and business succession

- No. of completed business succession contracts (Cases)
- No. of completed M&A contracts



### Shizugin Management Consulting Co., Ltd.

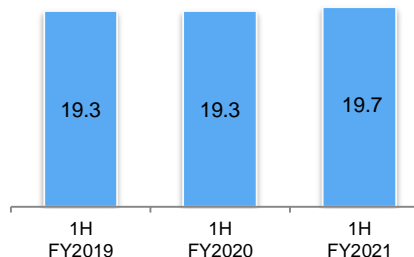
<Main businesses>

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

## Shizugin Lease

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

### Amount of lease and installment contracts (JPY bn)



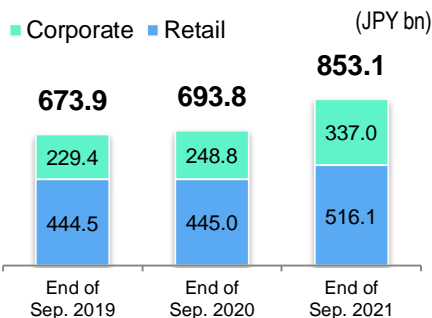
### Shizugin Lease Co., Ltd.

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

## Shizugin TM Securities

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

### Amount of customer assets (JPY bn)



### Shizugin TM Securities Co., Ltd.

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

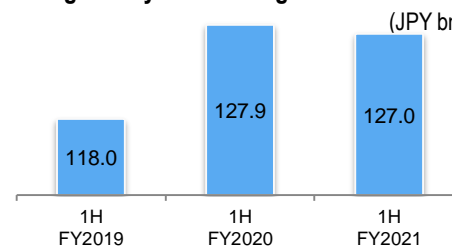
Meet corporate customers' need to raise money through direct finance such as underwriting of stocks on IPO and underwriting of finance by public companies

## Shizugin Credit Guaranty

- Started a business to give guaranty to a housing loan product offered by ARUHI Corporation, a housing loan specialist (Aug. 2018)
- Started a business to give guaranty to a housing loan product offered by au Jibun Bank Corporation, an Internet-only bank (Jan. 2021)
- Received approx. 8,700 applications from the two companies in total (1H FY2021)



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



### Shizugin Credit Guaranty Co., Ltd.

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

# Shareholder return – Share buybacks (Time series data)

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

\*Consolidated financial statements have been prepared since FY1998

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

# 14<sup>th</sup> Medium-term Business Plan(1) – Name and vision

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

Name 「 **COLORS** 」

【Thoughts put in the name】

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

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

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

**14<sup>th</sup> Medium-term  
Business Plan Vision**

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

# 14<sup>th</sup> Medium-term Business Plan(2) – Basic strategies

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

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

## Basic strategy 1 (3-year Strategy)

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

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

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

## 10-year Strategy

### Region-producing Strategy

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

## Basic strategy 2 (3-year Strategy)

### Innovation Strategy ~Pursue new profit opportunities

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

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

## Basic strategy 3 (3-year Strategy)

### Business Portfolio Strategy ~Optimize allocation of management resource

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

# 14<sup>th</sup> Medium-term Business Plan(3) – Targeted management indicators

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

	Indicators	The 13 <sup>th</sup> Medium-term Business Plan		The 14 <sup>th</sup> Medium-term Business Plan
		Peak under the Plan	Results in 1Q FY2020	Planned figures in FY2022
Profitability	Consolidated ordinary profit	JPY 65.8bn (FY2017)	JPY 54.6bn	<b>JPY 80.0bn or more</b>
	Consolidated ROE	5.21% (FY2017)	3.85%	<b>5% or higher</b>
Soundness	Consolidated CET1 ratio	16.05% (1Q 1Q FY2020)	15.59%	<b>14% or higher</b>
Others	Consolidated OHR	58.9% (1Q FY2020)	58.9%	<b>55% level</b>
	Shareholders return	50% level in medium and long term (non-consolidated)		<b>50% or higher in medium and long term (consolidated)</b>

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

# 14<sup>th</sup> Medium-term Business Plan(4) – Plan of figures

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

(JPY bn)

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

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





**This document includes statements concerning future business results.**

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

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

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