

Presentation for Investors

August, 2017
The Shizuoka Bank, Ltd.



静岡銀行

Contents

Shizuoka Prefecture - Our Operational Foundation

Economic scale of Shizuoka Prefecture	.....	1
Economy in Shizuoka Prefecture and current state	.....	2

Distinguishing feature of Shizuoka Bank

Historical data of loans	.....	3
Historical data of deposits	.....	4
Profit levels and productivity improvement	.....	5
Region-based Relationship Banking	.....	6

Results of 1Q FY2017

Results of FY2016 -Consolidated and Nonconsolidated	.....	7
Results of 1Q FY2017 -Nonconsolidated	.....	8
Results of 1Q FY2017 -Consolidated	.....	9
Results Highlights –Gross operating profit	.....	10
Loans (1)	.....	11
Loans (2)	.....	12
Consumer loan	.....	13
Developing and monetizing new business fields(1)	.....	14
Developing and monetizing new business fields(2) -Cross-industry collaboration	.....	15
Securities	.....	16
Deposits	.....	17
Internet branch	.....	18
Customer assets and fee incomes	.....	19
Credit-related costs	.....	20
Risk-management loans	.....	21
Expenses	.....	22

Capital adequacy ratio	.....	23
Shareholder return (1) -Profit distribution	.....	24
Shareholder return (2) -Share buybacks, Trends in EPS/BPS	.....	25
Projected performance in FY2017	.....	26

Reference

Loans - Term-end balance	.....	27
Loans - Loans by industries	.....	28
Allocation of risk capital	.....	29
Group companies	.....	30
Shizugin TM Securities Co., Ltd.	.....	31
Strategic shareholdings	.....	32
Global network	.....	33
ESG initiatives -Corporate Governance Structure	.....	34
Regional revitalization	.....	35
Region-based Relationship Banking - Initiatives for growth fields, Support for companies transforming businesses	.....	36
Overview of the 13th Medium-term Business Plan (1) -Name of the plan/ Group vision, Key management Indicator	.....	37
Overview of the 13th Medium-term Business Plan (2) -Basic strategy	.....	38
Overview of the 13th Medium-term Business Plan (3) -Structural reforms	.....	39
Overview of the 13th Medium-term Business Plan (4) -Structure of consolidated ordinary profit plan	.....	40
Overview of the 13th Medium-term Business Plan (5) -Target figures	.....	41



Shizuoka Prefecture - Our Operational Foundation

Economic scale of Shizuoka Prefecture

- 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 the Vietnam, Bangladesh and Kuwait

Shizuoka Prefecture indices

	Share of all-Japan		National ranking
•Population	3.69 m	2.9%	10th of 47 (2016)
•No. of households	1.56 m	2.7%	10th of 47 (2017)
•Nominal prefectural GDP	JPY 15.4 tn	3.0%	10th of 47 (FY2014)
•Per-capita income	JPY 3.22m	—	3rd of 47 (FY2014)
•No. of business establishments	180 K	3.1%	10th of 47 (2014)
•Amount of shipments of manufactured goods, etc.	JPY 15.7 tn	5.3%	4th of 47 (2014)
•Agricultural output	JPY 220.4 bn	2.5%	15th of 47 (2015)
•Fishery production volume(*)	170k tons	5.3%	4th of 47 (2016)
•No. of industrial locations(*)	74	7.2%	1st of 47 (2016)
•No. of new housing starts	250K	2.6%	10th of 47 (2016)

* Based on flash reports

Shizuoka Prefecture economic scale

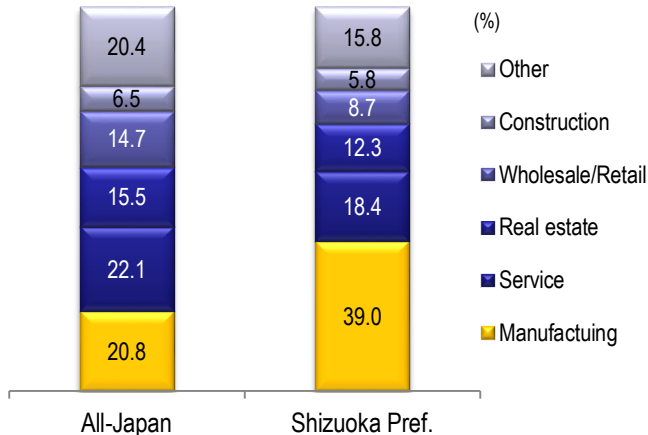
Prefectural GDP (FY2014, Nominal)		
Rank	Prefecture/Region	(US\$ billions)
9	Fukuoka Prefecture	164.8
10	Shizuoka Prefecture	140.5
11	Ibaraki Prefecture	105.6
-	4 prefectures in Shikoku	125.5
-	3 prefectures in Hokuriku	110.7
GDP comparison with countries (2014)		
Rank	Country (Region)	(US\$ billions)
56	Vietnam	185.8
57	Bangladesh	184.0
58	Kuwait	162.7
-	Shizuoka Prefecture	140.5
60	Hungary	139.3
61	Ukraine	132.3

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

Economy in Shizuoka Prefecture and current state

- Positions as distribution hub between Tokyo and Osaka/Kyoto
- Represents leading manufacturing prefecture in Japan
- Owns a lot of export-driven manufacturers related to handling machinery of transportation and music instrument and so forth
- Has many representative tourist locations utilizing its rich natural resources

Percentage breakdown of GDP in Shizuoka Prefecture by industries



Source: Cabinet Office, Government of Japan, FY2014

No. of listed companies with HQs in Shizuoka Prefecture

Listing	No. of companies
TSE 1 st section	22
TSE 2 nd section	10
Mothers	1
Jasdaq	17
Total	50

*As of the end of Oct. 2016

UNESCO World Heritage Site in Shizuoka Prefecture

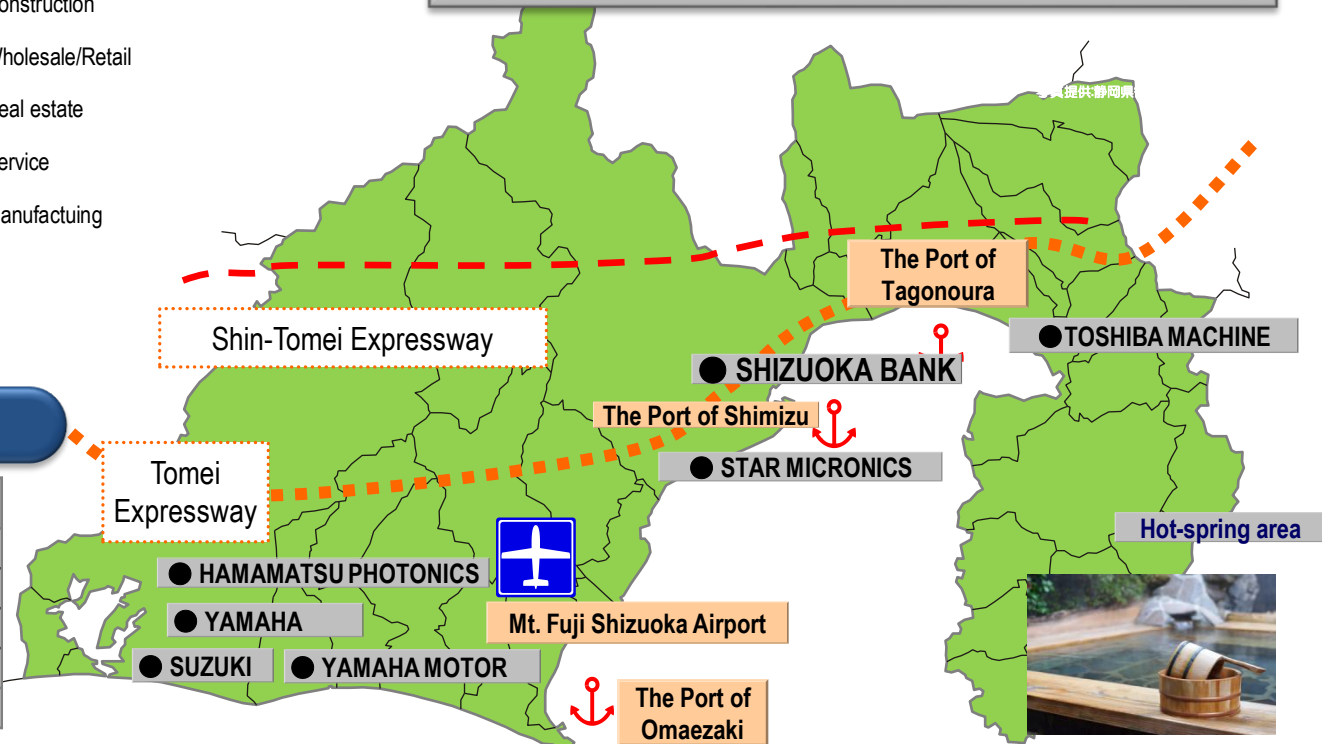
Mt. Fuji

(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"

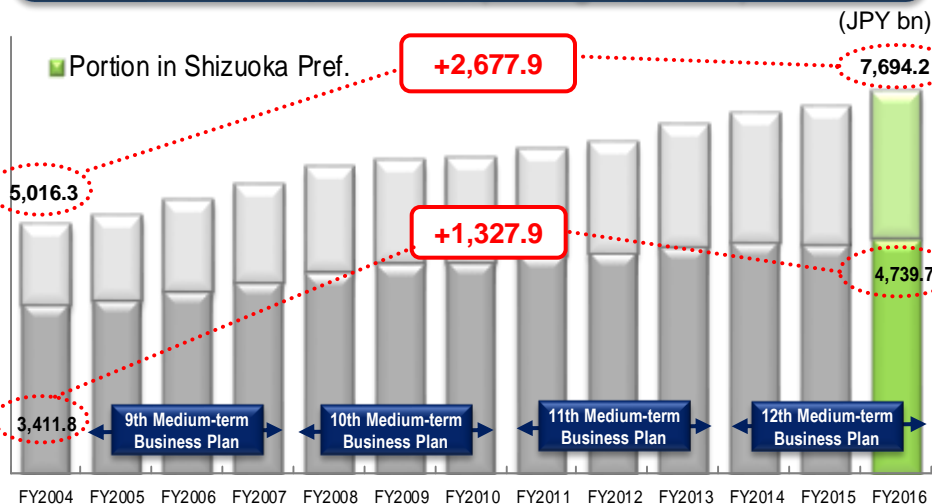


Distinguishing feature of Shizuoka Bank

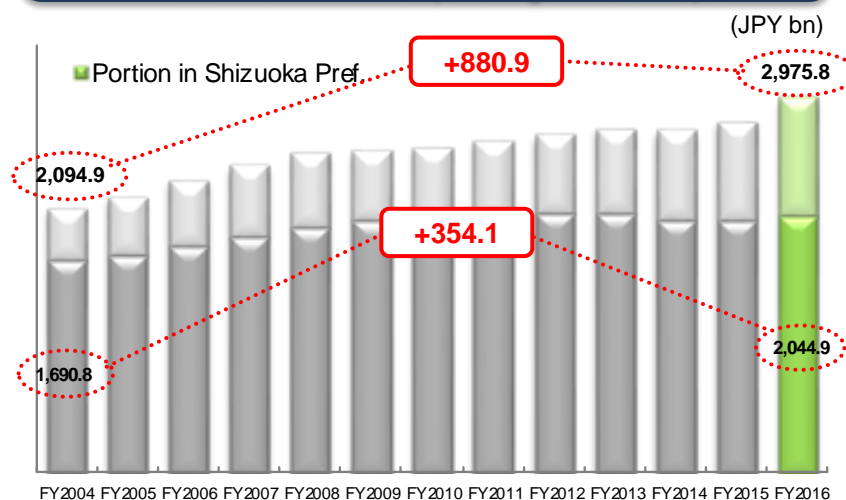
Historical data of loans

- Total loan balance (average balance) has increased by JPY 2,677.9bn for 12 years since FY2004, of which JPY 1,327.9bn was in Shizuoka Pref.
- SME loan balance: +JPY 880.9bn, consumer loan balance: +JPY 1,433.2bn

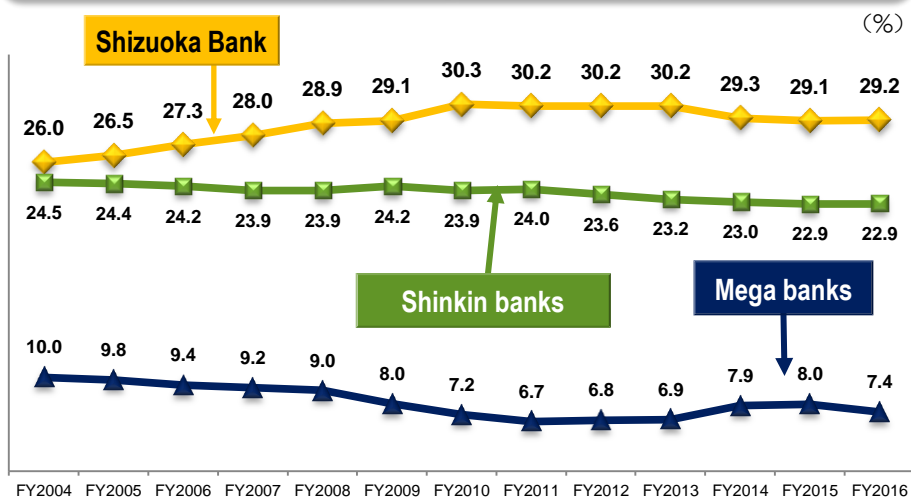
Total loan balance (average balance)



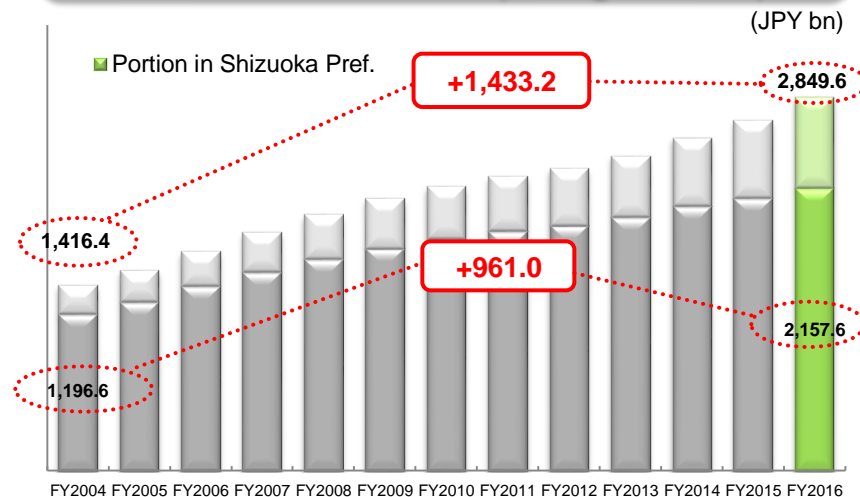
SME loan balance (average balance)



Share of loans in Shizuoka Prefecture



Consumer loan balance (average balance)



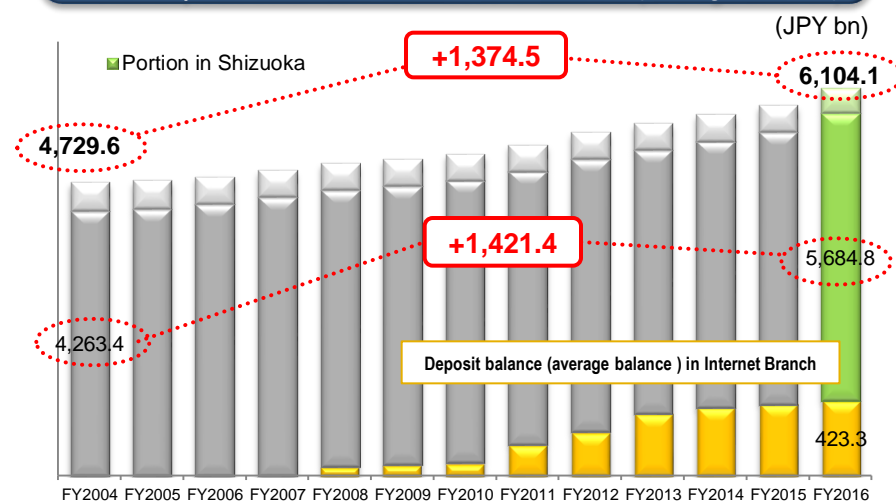
Historical data of deposits

- Total deposit balance (average balance) has increased by JPY 2,370.5bn for 12 years since FY2004, of which JPY 2,117.5bn was in Shizuoka Pref.
- The Bank has received highest level of credit ratings from two overseas and one Japanese agencies

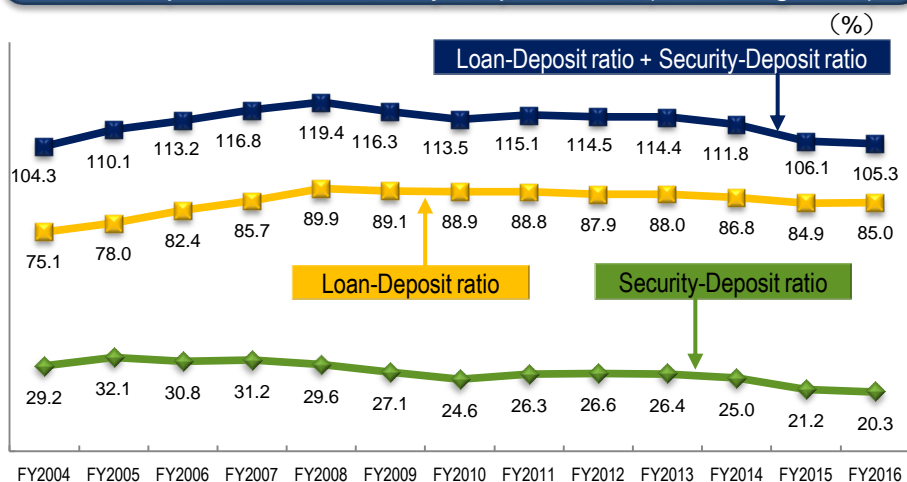
Deposit balance (average balance)



Retail deposit balance in domestic branches (average balance)



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

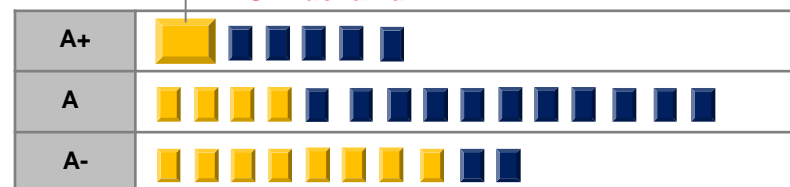


External ratings (As of the end of Jun. 2017)

- Has received highest credit ratings from two overseas and one Japanese agencies

< Standard & Poor's >

Shizuoka Bank



Regional banks

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

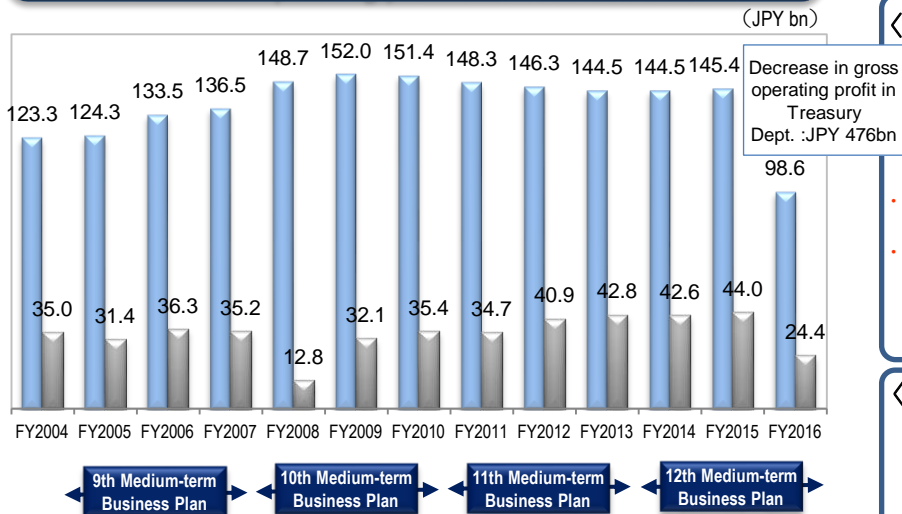
< Other external ratings >

Moody's	A1	R&I	AA
---------	----	-----	----

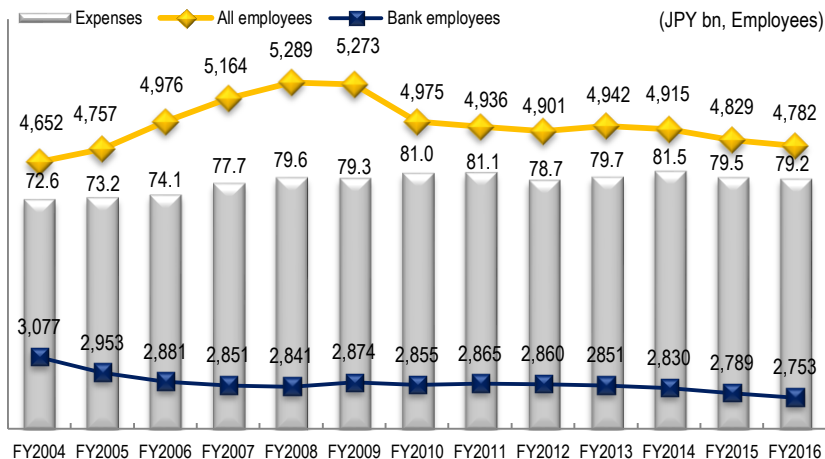
Profit levels and productivity improvement

- Ongoing BPR program increased front-office staff and revenue without boosting the overall headcount
- Productivity improvement (IT investment, BPR) prevented increase of expense while increasing net income

Gross operating profit and Net income



Expenses and Number of employees



Productivity Improvement

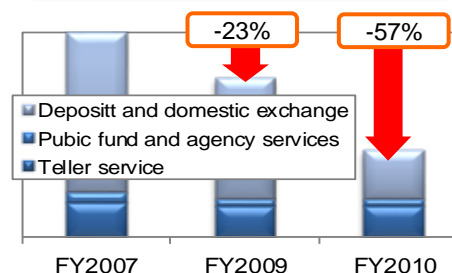
<10th Medium-term Business Plan> FY2008 – FY2010

Increased efficiency through IT investment and the expansion of centralized processing

- Back-office workload at sales branches reduced by 60%
- Repositioned back-office staff in sales positions

Top-line growth

Workload reduction of branches



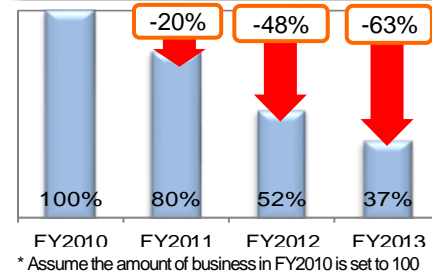
<11th Medium-term Business Plan> FY2011 – FY2013

Extend productivity improvements to the front office workload

- Reduce workload for consumer loan sales staff by 60%

Further boost top-line growth

Reduced processing time for workload of consumer loan



<12th Medium-term Business Plan> FY2014 – FY2016

Ongoing BPR, Operational concentration

“SHIZUGIN Headquarters Tower” started operation
→ Established new work-style

Number of personnel in front and back office

	Mar. 2008	Mar. 2017	Increase / Decrease
Front-office	2,411	2,919	+508
Back-office	1,693	902	-791
Shizuoka Bank [inc. temporary employee]	5,164	4,782	-382

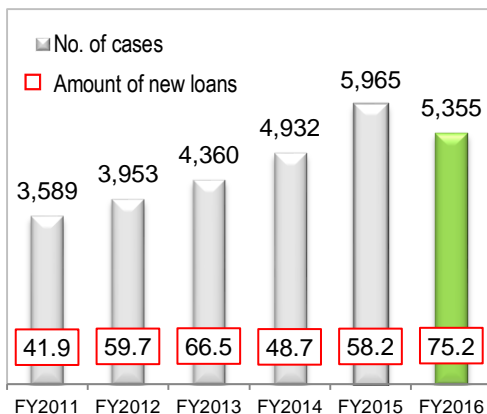
Region-based Relationship Banking

- The Bank is enhancing relationship with clients through region-based relationship banking with three pillars of solutions; business matching services, support for business restructuring and turn-around, and “Shizuginship”

Business matching services

- Support customers in expanding their business by creating new sales opportunities

【Historical data of no. of cases】 (Cases, JPY bn)



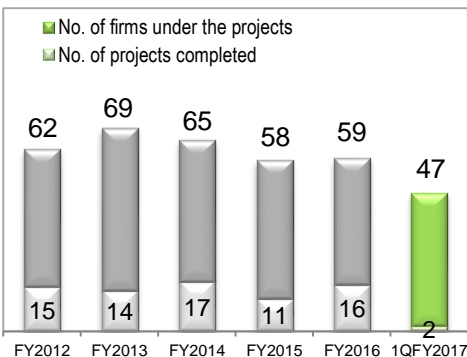
- Have regularly held “Shizugin @gricom (agricom)”, a business networking event for business meetings among companies in the agricultural, forestry and fisheries sector and the food processing sector with buyers since February 2006

- Newly made tie-up with Linkers, Co., offering manufactures focused business matching service

Support for business restructuring and turn-around

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

【Historical data of no. of projects】 (Cases)



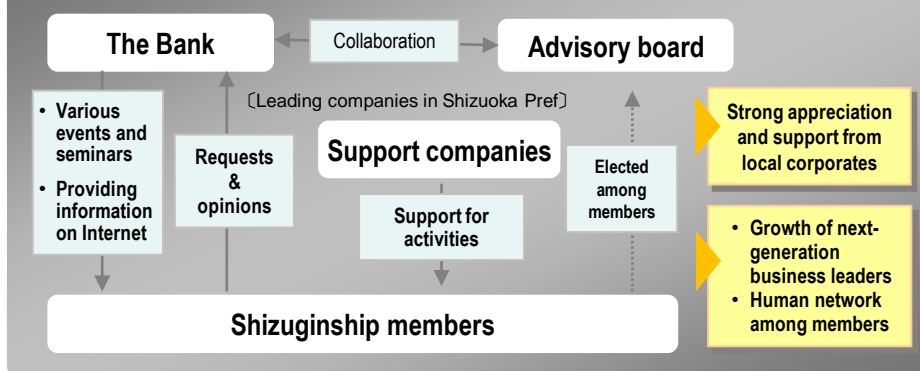
- Has completed business restructuring for about 190 firms since FY 2005

- Save opportunities for labor for about 18,000 people and maintain economic power in the local community

“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 corporates and economy in Shizuoka Pref.
- Has provided opportunities for training and interaction since its launch in April in 2007
- Support Companies, leading companies in Shizuoka Pref., help growing next-generation business leaders by providing opportunities of site visits and dispatching lecturers

【Structure of Shizuginship】



【No. of members】 At the end of Jun. 2017 / 780 corporates, 1,160 people

TOPIX

Cooperation between development of human resources in the region and that in the Shizuoka Bank Group

- The Bank set up Human Resources Development Department on the realignment of the headquarter in June 2017 in order to strengthen the relationship between the region and the Shizuoka Bank Group and to create virtuous circle of simultaneous growth of the two
- Some members in the Human Resources Development Group of the Human Resources Development Department are in charge of human interaction with the region. They promote both development of human resources in the region and that in the Shizuoka Bank Group by providing various opportunities to widen perspective and to build broad human network not only for employees in the Bank but also for managers and employees of companies in the region

Results of 1Q FY2017

Results of FY2016 – Consolidated and Nonconsolidated

〔Consolidated〕 (JPY bn, %)	FY2016	YoY change		Contents
		Increase/Decrease	Rate of change	
Ordinary revenue	249.8	+26.2	+11.7	Continued Increase in 2 periods Due to an increase in gain on sell of stocks
Ordinary profit (Except for a lump-sum write-down on the unamortized balance of goodwill)	47.1 (59.2)	-25.7 (-13.6)	-35.3 (-18.7)	Continued decrease in 2 periods Due to a lump-sum write-down on the unamortized balance of goodwill related to Monex Group shares
Net profit attributable to parent company shareholders (Except for a lump-sum write-down on the unamortized balance of goodwill)	29.3 (41.4)	-18.6 (-6.5)	-38.8 (-13.6)	Continued decrease in 2 periods

〔Nonconsolidated〕

Ordinary revenue	210.6	+23.7	+12.7
Gross operating profit	98.6	-46.8	-32.2
Net interest income (Interest on loans)	109.5 (95.3)	-6.4 (+2.3)	-5.5 (+2.5)
Fees and commissions	15.2	-0.7	-4.4
Trading income	0.3	-0.6	-70.4
Other operating profit (Bond-related income such as JGBs)	-26.4 (-30.1)	-39.0 (-41.4)	-308.2 (-365.2)
Expenses (-)	79.2	-0.2	-0.3
Actual net operating profit *	19.4	-46.5	-70.6
Provision for general allowance for loan losses (-)	0.2	+1.8	+114.0
Net operating profit	19.2	-48.4	-71.6
Special profit and loss	32.6	+34.1	—
Bad debt written-off (-)	3.8	-0.2	-4.3
Gain (loss) on stocks	36.6	+33.6	—
Ordinary profit	51.8	-14.3	-21.6
Extraordinary profit and loss	-12.6	-12.5	—
Net income before taxes	39.2	-26.8	-40.6
Corporate taxes (-)	14.8	-7.2	-32.8
Net income (Except for loss on valuation of stocks of subsidiaries and affiliates)	24.4 (36.8)	-19.5 (-7.2)	-44.4 (-16.3)

* Actual NOP=NOP + Provision for general allowance for loan losses

Ordinary revenue + JPY 23.7bn YoY (continued increase in 2 periods)

- Ordinary revenue rose by JPY 23.7bn YoY to JPY 210.6bn mainly due to increase of JPY 32.9bn YoY in gains on the sales of stocks and increase of JPY 2.3bn YoY in interest on loans

Gross operating profit - JPY 46.8bn YoY (first decrease in 2 periods)

- Gross operating profit decreased by JPY 46.8bn YoY to JPY 98.6bn, reflecting drop of JPY 39.0bn YoY in other operating profit mainly because of decrease of JPY 41.4bn YoY in profit and loss on the sales of JGBs and other bonds.

Net operating profit - JPY 48.4bn YoY (first decrease in 2 periods)

- Despite decrease of JPY 0.2bn YoY in expenses, net operating profit decreased by JPY 48.4bn YoY to JPY 19.2bn largely because general allowance for loan losses shifted from being reversed to being provided, which resulted in increase in the allowance by JPY 1.8bn.

Ordinary profit - JPY 14.3bn YoY (continued decrease in 3 periods)

- Although special profit and loss rose by JPY 34.1bn YoY due to increase in gain on stocks (up JPY 33.6bn YoY), ordinary profit dropped by JPY 14.3bn YoY to JPY 51.8bn.

Net income - JPY 19.5bn YoY (first decrease in 2 periods)

- Net income dropped by JPY 19.5bn YoY to JPY 24.4bn largely due to JPY 12.4bn of the loss on valuation of stocks of subsidiaries and affiliates.

Results of 1Q FY2017 - Nonconsolidated

[Nonconsolidated]

(JPY bn, %)

	1Q FY2017	YoY change	
		Increase/ Decrease	Rate of change
Ordinary revenue	44.6	-9.1	-16.8
Gross operating profit	32.6	-12.9	-28.3
Net interest income	28.9	-3.8	-11.7
(Interest on loans)	(24.4)	(+1.0)	(+4.4)
Fees and commissions	3.7	-0.1	-3.6
Trading income	0.2	+0.1	+92.3
Other operating profit	-0.2	-9.0	-102.1
(Bond-related income such as JGBs)	(-0.0)	(-8.6)	(-100.0)
Expenses (-)	21.4	+1.0	-4.7
Actual net operating profit *	11.2	-13.9	-55.3
Provision for general allowance for loan losses (-)	-0.1	+0.2	+55.7
Net operating profit	11.3	-14.0	-55.3
Special profit and loss	3.1	+4.8	+274.8
Bad debt written-off (-)	0.4	-2.0	-81.9
Gain (loss) on stocks	3.8	+3.7	-
Ordinary profit	14.4	-9.2	-39.0
Extraordinary profit and loss	0.1	+12.9	+100.6
Net income before taxes	14.4	+3.7	+34.6
Corporate taxes (-)	3.8	-2.7	-41.3
Net income	10.7	+6.4	+147.7

* Actual NOP=NOP + Provision for general allowance for loan losses

Overview: 1Q FY2017 nonconsolidated

Ordinary revenue - JPY 9.1bn YoY
(first decrease in 2 periods)

- Although gains on the sales of stocks increased by JPY 3.7bn YoY, ordinary revenue decreased by JPY 9.1bn YoY to JPY 44.6bn reflecting decrease of JPY 9.0bn YoY in gains on the sales of JGBs and other bonds and decrease of JPY 4.8bn YoY in interest and dividend on securities.

Gross operating profit - JPY 12.9bn YoY
(continued decrease in 4 periods)

- Gross operating profit decreased by JPY 12.9bn YoY to JPY 32.6bn, reflecting decrease of JPY 9.0bn YoY in other operating profit mainly because of decrease of JPY 8.6bn YoY in profit and loss on the Bond-related income such as JGBs.

Net operating profit - JPY 14.0bn YoY
(continued decrease in 4 periods)

- Net operating profit decreased by JPY 14.0bn YoY to JPY 11.3bn, reflecting decrease of gross operating profit and increase of JPY 1.0bn YoY in expenses

Ordinary profit - JPY 9.2bn YoY
(continued decrease in 4 periods)

- Although special profit and loss rose by JPY 4.8bn YoY due to increase in gain on stocks (up JPY 3.7bn YoY) and decrease in bad debt written-off (down JPY 2.0bn YoY), ordinary profit decrease by JPY 9.2bn YoY to JPY 14.4bn.

Net income + JPY 6.4bn YoY (first increase in 2 periods)

- Net income increased by JPY 6.4bn YoY to JPY 10.7bn since the effect of loss on valuation of stocks of subsidiaries and affiliates (JPY 12.7bn) disappeared.

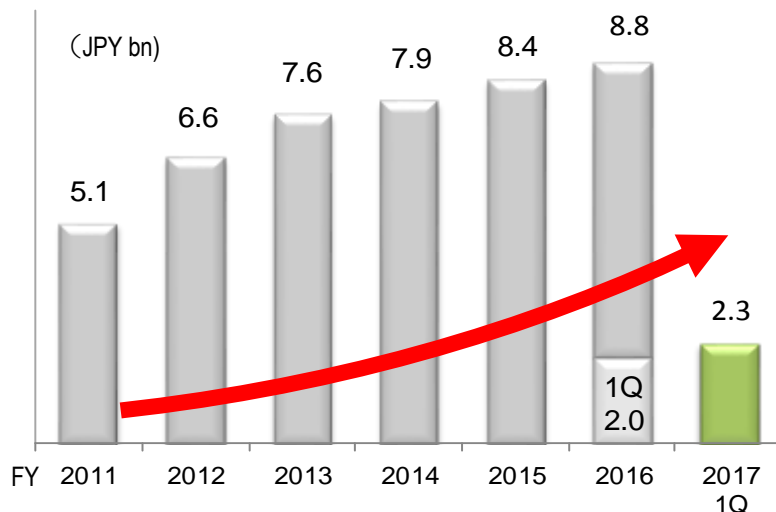
Results of 1Q FY2017 - Consolidated

- Ordinary revenue decreased by JPY 7.7bn YoY to JPY 53.9bn, ordinary profit increased by JPY 3.5bn YoY to JPY 15.5bn.
- Total ordinary profit of consolidated subsidiaries increased by JPY 0.3bn YoY to JPY 2.3bn.

〔Consolidated〕	(JPY bn)	1Q FY2017	YoY change	Contents
Ordinary revenue		53.9	-7.7	Continued decrease in 2 periods Due to a decrease in bond-related income such as JGBs and interest and dividends on securities
Ordinary profit		15.5	+3.5	First increase in 4 periods Due to a decrease in ordinary expenses since the effect of equity in losses of affiliates disappeared
Net profit attributable to parent company shareholders		11.1	+6.2	First increase in 3 periods

Group companies

〔Total ordinary profit of consolidated subsidiaries〕



Consolidated Subsidiaries

Shizugin Management Consulting Co., Ltd.	Shizugin TM Securities Co., Ltd.
Shizugin Lease Co., Ltd.	Shizuoka Bank (Europe) S.A.
Shizugin Computer Service Co., Ltd. (Name changed from April, 2016)	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

Affiliates under equity method of accounting

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

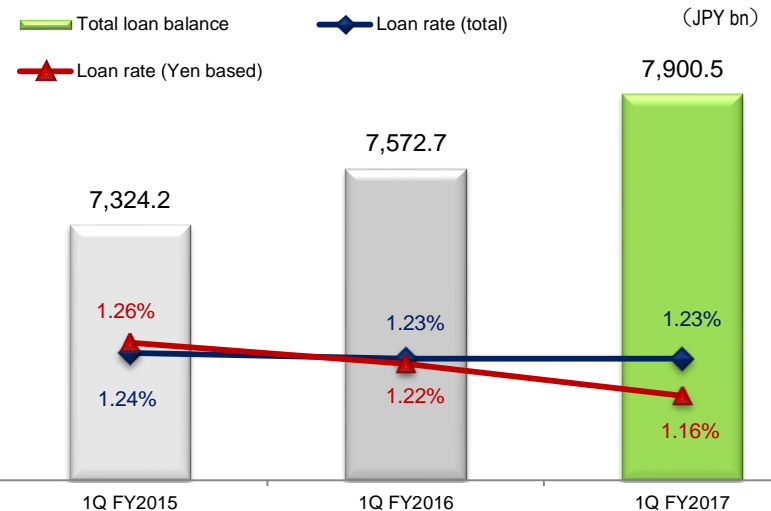
Results Highlights – Gross operating profit

- The bank branch division achieved profit increase of JPY 0.3bn YoY mainly due to the increase of interest on loans
- The market operations division is working on reconstructing the security portfolio, as securities outstanding have drastically decreased compared to the same period of the previous year due to the write-off the losses on U.S. debt securities implemented in FY2016.
- Gross operating profit of the market operations division decreased by JPY 13.3bn YoY, due to decrease of interest and dividend on securities and bond-related income such as JGBs

Breakdown of gross operating profit

Breakdown of gross operating profit by division (JPY bn)	1Q FY2016	1Q FY2017	YoY change
① Bank branch division (Loans, Deposits, etc.)	25.7	26.0	+0.3
Interest on loans	23.4	24.4	+1.0
[Yen based]	21.3	21.1	-0.2
[Foreign currencies based]	2.1	3.3	+1.2
Fees and commissions	3.8	3.7	-0.1
Interest paid on deposits etc. (-)	1.5	2.1	+0.6
② Market operations division	19.8	6.5	-13.3
Interest and dividend on securities	11.6	6.8	-4.8
Interest on Deposits etc.	0.9	1.1	+0.2
Interest on Call money etc. (-)	1.6	1.4	-0.2
Trading income	0.1	0.2	+0.1
Other operating profit	8.8	-0.2	-9.0
(Bond-related income such as JGBs)	8.6	-0.0	-8.6
(Reference) Gain on sales of stocks	0.0	3.8	+3.8

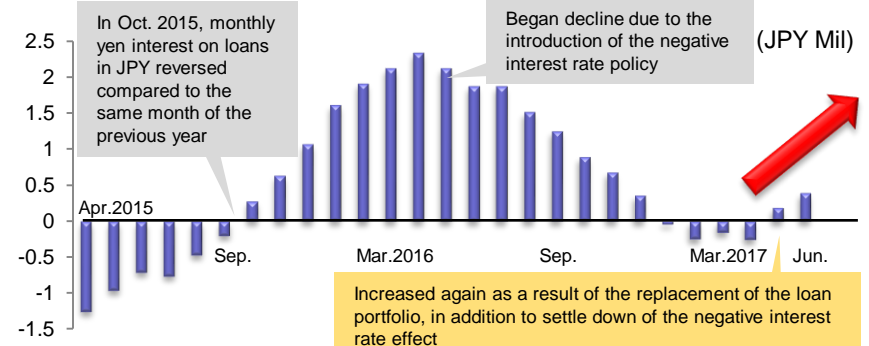
Loan balance (average balance)



Total balance of securities (term-end balance) and Unrealized gains and losses on securities

(JPY bn)	Total balance of securities –JPY595.8 bn from the end of Jun. 2016			
	End of Jun. 2016	End of Dec. 2016	End of Mar. 2017	End of Jun. 2017
Total balance of securities	2,042.4	2,013.8	1,365.4	1,446.6
Unrealized gains and losses on securities	+188.4	+231.5	+230.9	+253.0
Stocks	+176.6	+241.8	+222.8	+246.7
Bonds	+13.4	+6.8	+5.8	+4.4
Others (Foreign bonds etc.)	-1.6	-17.1	+2.3	+1.9

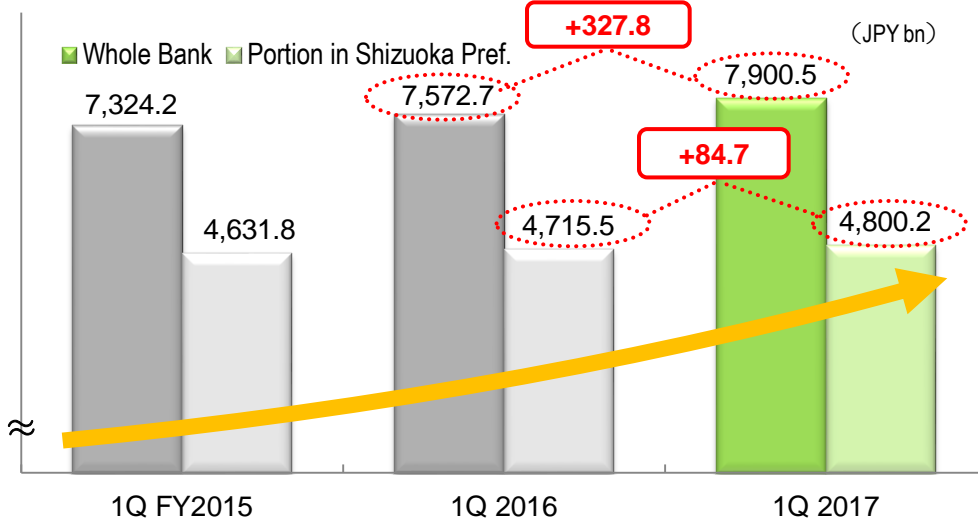
YoY comparison of interest on loans in JPY



Loans (1)

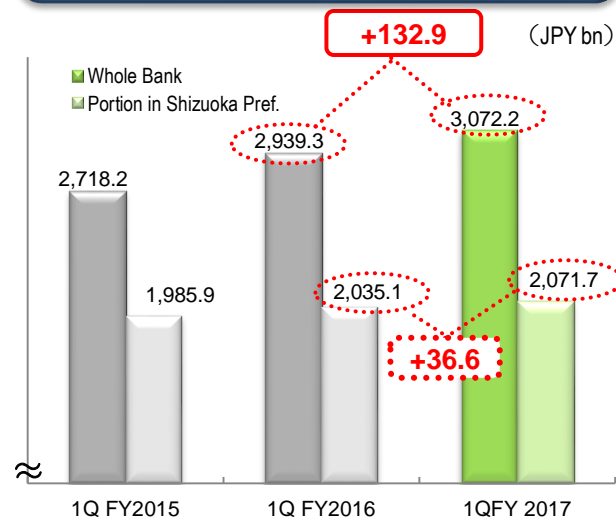
- Total loan balance (average balance) of 1Q FY2017 : JPY 7,900.5bn, up JPY 327.8bn (+4.3%) YoY

Total loan balance (average balance)

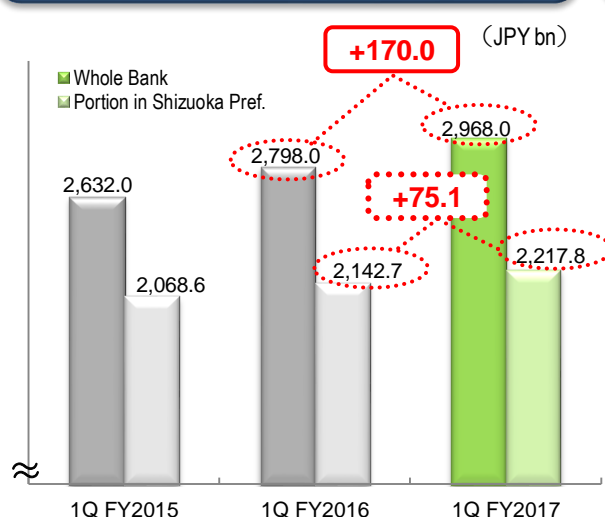


	Average balance	YoY change	Annual growth rate
Total loan balance	JPY 7,900.5bn	+ JPY 327.8bn	+4.3%
Loan balance for SMEs	JPY 3,072.2bn	+ JPY 132.9bn	+4.5%
Retail loan balance	JPY 2,968.0bn	+ JPY 170.0bn	+6.0%
Loan balance for large and medium size enterprises	JPY 1,472.4bn	+ JPY 5.6bn	+0.3%

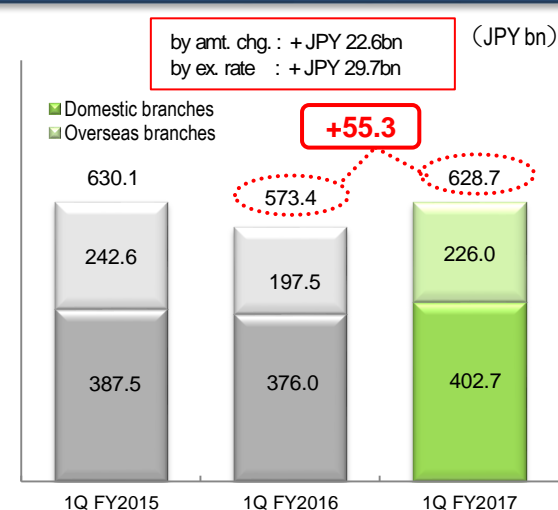
SMEs loan balance (average balance)



Retail loan balance (average balance)



Loan balance in foreign currency (average balance)



Loans (2)

- Changes in lending portfolio: while government-guaranteed and other related loans decreased by maturity, loans for SMEs and retail customers expanded strategically
- As for loan excluding Government-related loans(GRL), loans in Shizuoka Prefecture and total loans for SMEs are growing strongly

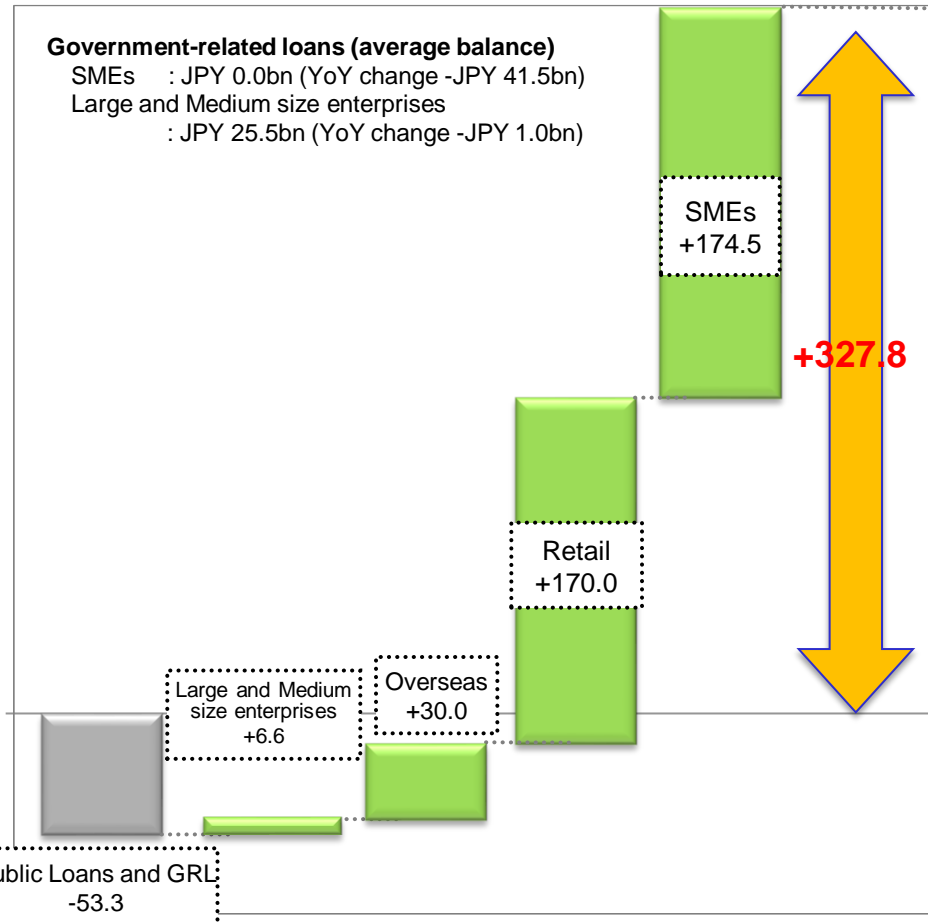
Breakdown of YoY change in loan balance excluding GRL

Government-related loans which are classified as loans for Large size enterprises and SMEs are excluded in the figure below.

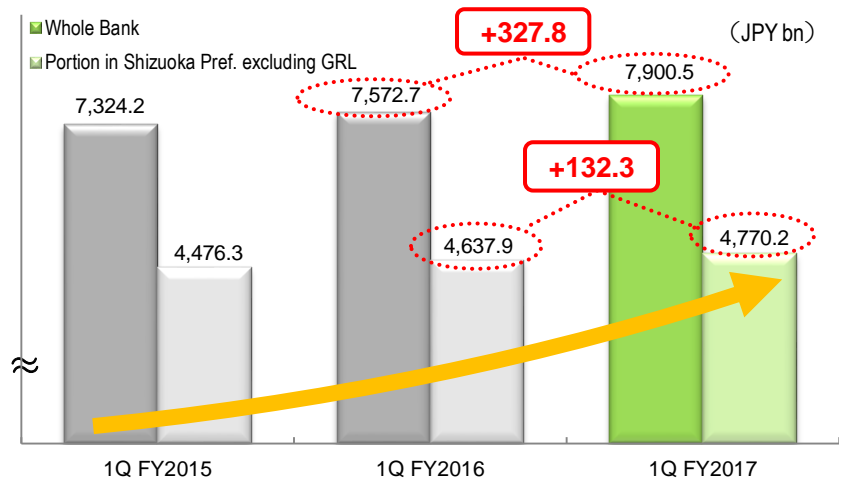
(JPY bn)

Government-related loans (average balance)

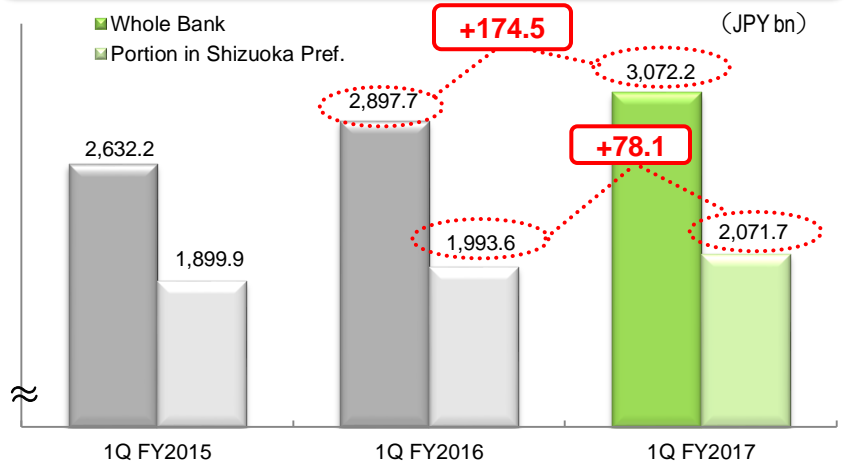
SMEs : JPY 0.0bn (YoY change -JPY 41.5bn)
 Large and Medium size enterprises : JPY 25.5bn (YoY change -JPY 1.0bn)



Total loan balance (average balance)



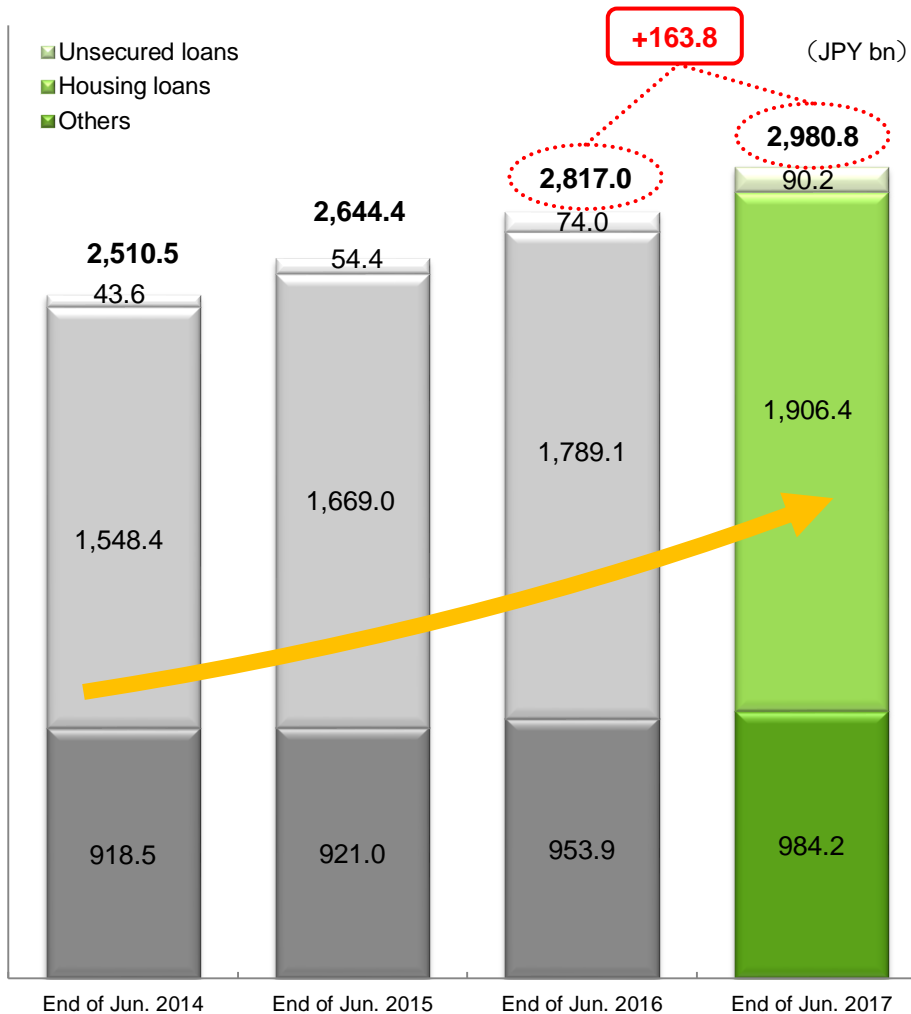
SMEs loan balance excluding GRL (average balance)



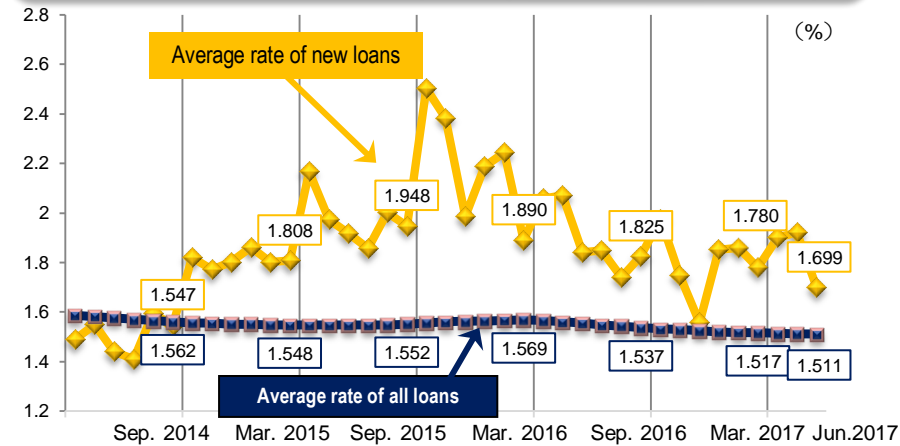
Consumer loan

- Consumer loan balance (term-end balance) of 1Q FY2017 : JPY 2,980.8bn (up JPY 163.8bn from the end of Jun. 2016), maintaining increase trend
- In consumer loan, average rate of new loans have been above average rate of all loans.
- Apartment loans (term-end balance) of 1Q FY2017 : JPY 871.2bn (up JPY 47.6bn from the end of Jun. 2016)

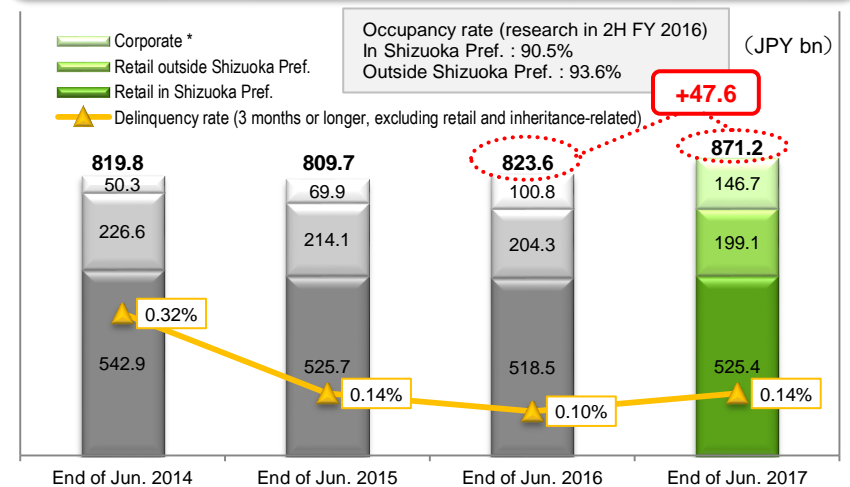
Consumer loan balance (term-end balance)



Loan rates for consumer loans (monthly average of contract rates)



Historical data of balance and delinquency of apartment loans



*Corporate : apartment loans for asset management companies which is not classified as customer loan, no delinquency at end of Mar. in each year

Developing and monetizing new business fields (1)

- Challenge on the new business field in the 12th Medium-term Business Plan, is leading to favorable results and growing to be an important profit driver
- Aiming for development and monetization of these fields under the 13th Medium-term Business Plan, in addition to further exploring new business areas

Developing and monetizing new business fields in the 13th Medium-term Plan

Areas for further development in the 13th Medium-term Business Plan based on 12th Plan policies

Growth in core businesses

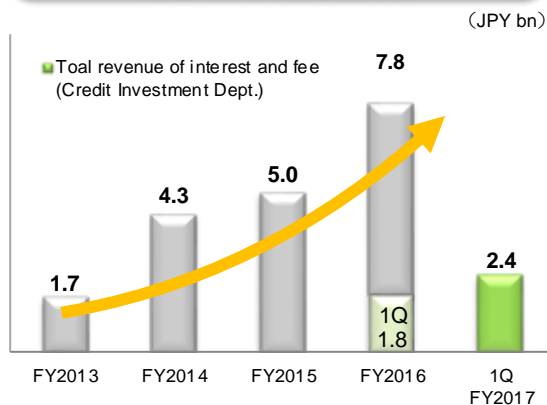
New areas of development and monetization in the 13th Medium-term Business Plan

13th Medium-term Business Plan

- Expand our customer base in nationwide market by Internet Branch
- Collaborate with the Monex Group to promote financial products
- Develop new retail loan market
- Increase the number of "HOKENNO MADOGUCHI@ Shizugin"
- Expansion of financial services focusing on small business operators

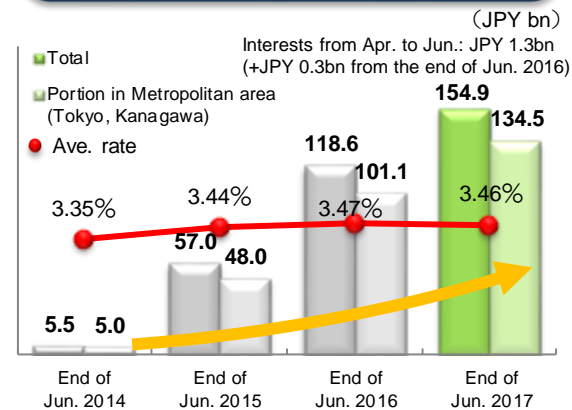
Tokyo metropolitan area

【Market credit investment】 Interest & Fee income



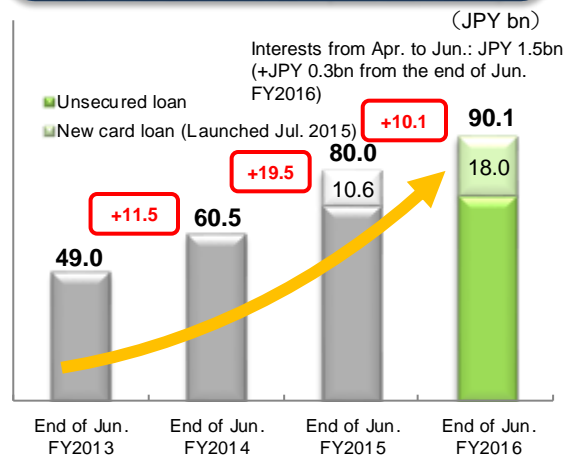
Tokyo metropolitan area

【Support for asset building】 Balance of loans for asset building (term-end balance)



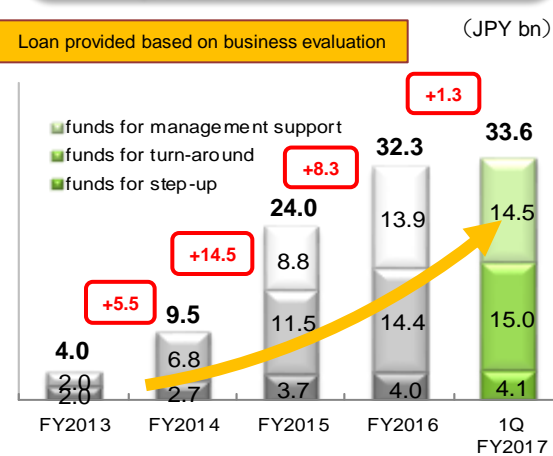
Nationwide market

【Consumer finance】 Balance of unsecured loans (term-end balance)



Reinforce core businesses

【Business loans for small-sized customers】 Funds provided for business turn-around etc.



Developing and monetizing new business fields (2)

-Cross-industry collaboration

Business development in three business fields

Core business (region-based)

Tokyo metropolitan Area

Nationwide market

Create added value in each business field by cross-industry collaboration

→ Make new growth opportunities and build a revenue base which leads to sustainable growth

Face-to-face channel

HOKEN NO MADOGUCHI INC.

ほけんの窓口

Business tie-up in Jun. 2016

Operating joint desks for insurance consultation, and developing a one-stop channel for financial services

Recoveru, Inc.

らしい暮らしを、見つけよう

リノべる。

Business tie-up in Aug. 2016

Developing new financial products and services to energize the property renovation market

HOUSALL

Joint-venture established in Sep. 2015
(The Bank delegates two employees including an outside director)

Establishing a housing-related service platform

Non-face-to-face channel


commons
asset management, inc.

Capital and business tie-up in Oct. 2015

Offering asset-building services for the working-age people and young adults



GLOBAL CATALYST PARTNERS JAPAN

Investment in Dec. 2015

Gaining ideas about new business, and fostering human resources with startup know-how



MONEX GROUP
Monex Group, Inc.

Capital and business tie-up in Apr. 2014

Most important partner in terms of bank-security collaboration in non-face-to-face channels

 **Money Forward**

Capital and business tie-up in Aug. 2015

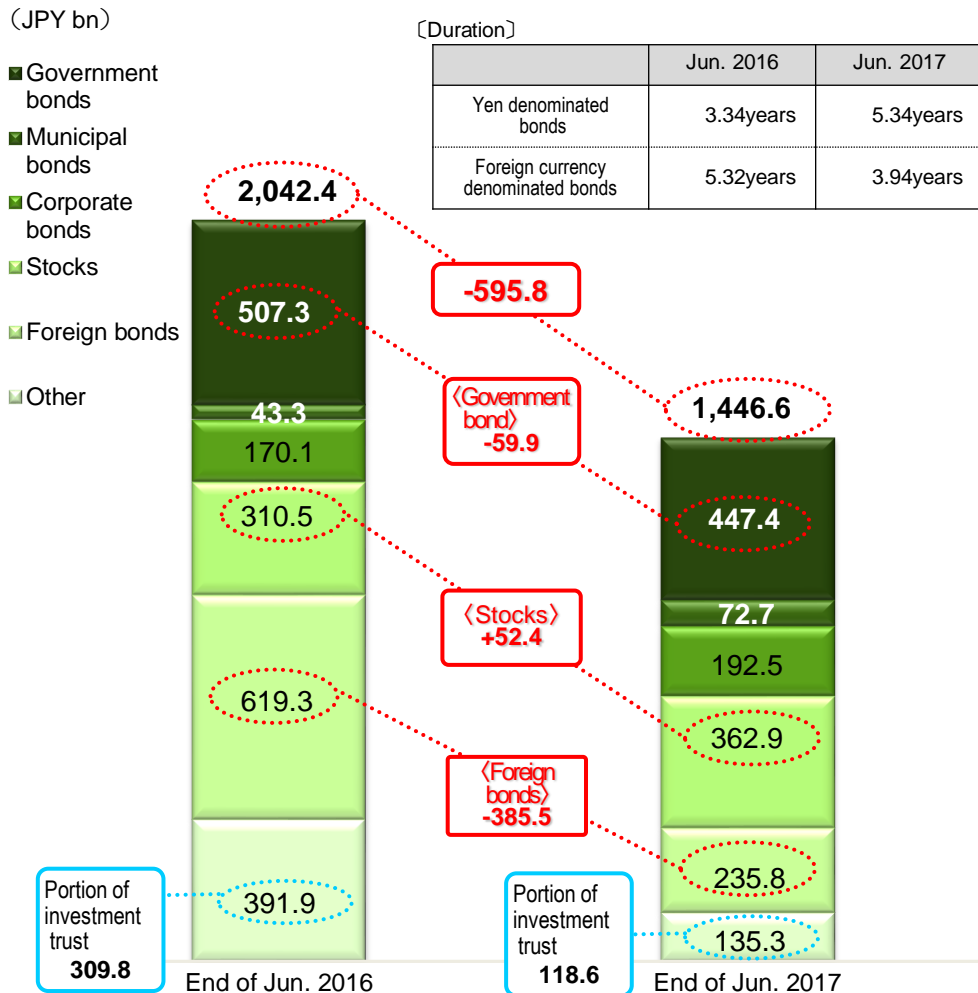
Offering financial services in the FinTech fields

Continue to look for new collaborations with cross-industry company

Securities

- Total balance of securities (term-end balance) at the end of Jun. 2017 : JPY 1,446.6bn (-JPY 595.8bn from the end of Jun. 2016)
- The balance has decreased greatly by loss of foreign bonds etc. in 2H FY2016. The Bank reconstructed the securities portfolio by carefully watching the market trend in 1Q FY2017, and will continue reconstruction by assessing interest rate trends

Securities



Gains and losses on securities

(JPY bn)

	1Q FY2016	1Q FY2017	Increase/Decrease
Gains on investment trusts	3.0	1.6	-1.4
Gains and losses on bonds such as JGBs	8.6	-0.0	-8.6
Gain on sell of bonds such as JGBs	9.0	—	-9.0
Loss on sell of bonds such as JGBs(-)	0.4	0.0	-0.4
Gains and losses on stocks	0.0	3.8	+3.8
Gain on sell of stocks	0.0	3.8	+3.8
Devaluation of stocks (-)	—	—	—

Unrealized gains and losses on securities

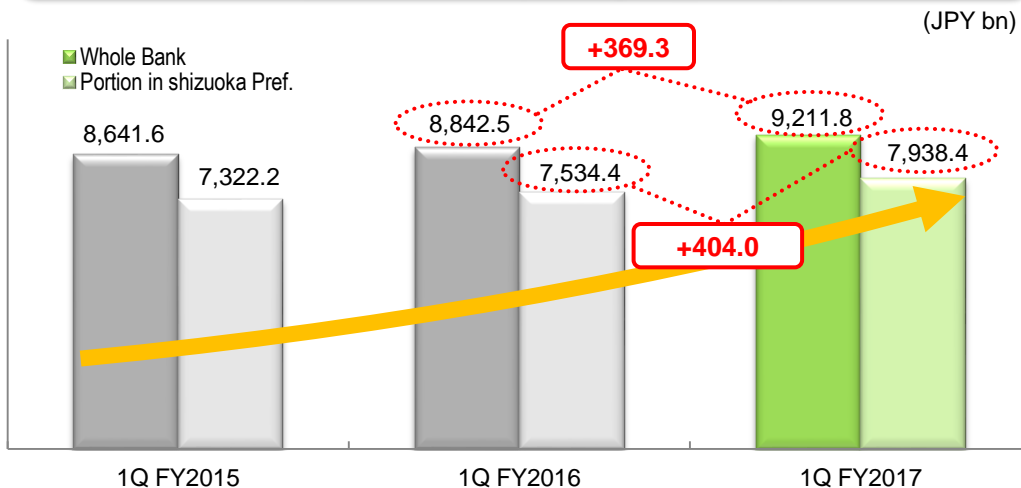
(JPY bn)

	End of Jun. 2016	End of Jun. 2017
Unrealized gains and losses on securities	+188.4	+253.0
Stocks	+176.6	+246.7
Bonds	+13.4	+4.4
Other (Foreign bonds etc.)	-1.6	+1.9

Deposits

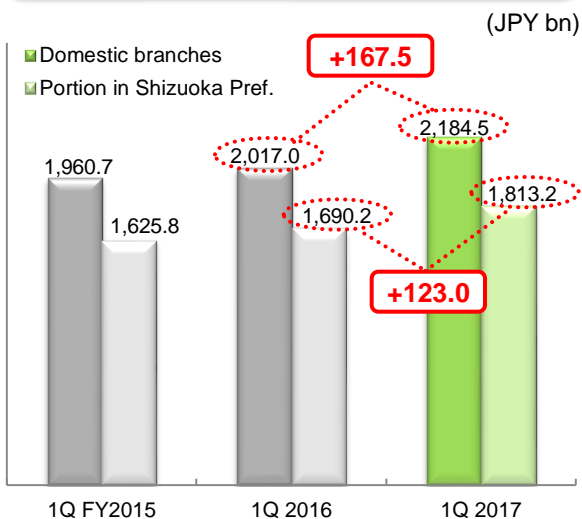
- Deposit balance (average balance) of 1Q FY2017: JPY 9,211.8bn, up JPY 369.3bn(+4.1%) YoY
- NCD balance (average balance) of 1Q FY2017: JPY 165.5bn, up JPY 6.9bn YoY

Deposit balance (average balance)

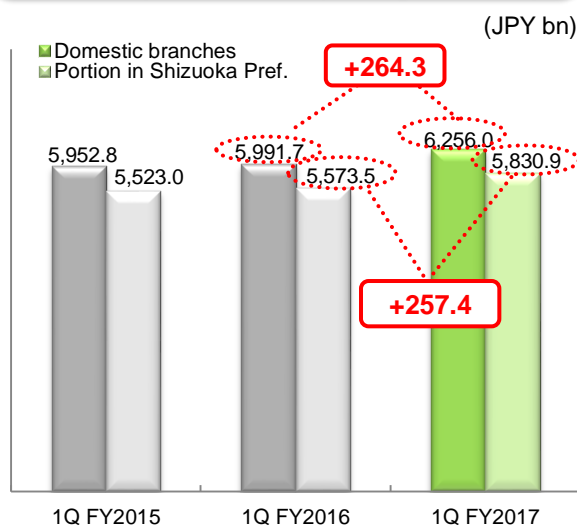


	Average balance	YoY change	Annual growth rate
Total deposit balance	9,211.8bn	+369.3bn	+4.1%
Deposit balance in Shizuoka	7,938.4bn	+404.0bn	+5.3%
Corporate deposit balance	2,184.5bn	+167.5bn	+8.3%
Retail deposit balance	6,256.0bn	+264.3bn	+4.4%
Portion in Internet branch	474.7bn	+84.4bn	+21.6%
NCD	165.5bn	+6.9bn	+4.3%

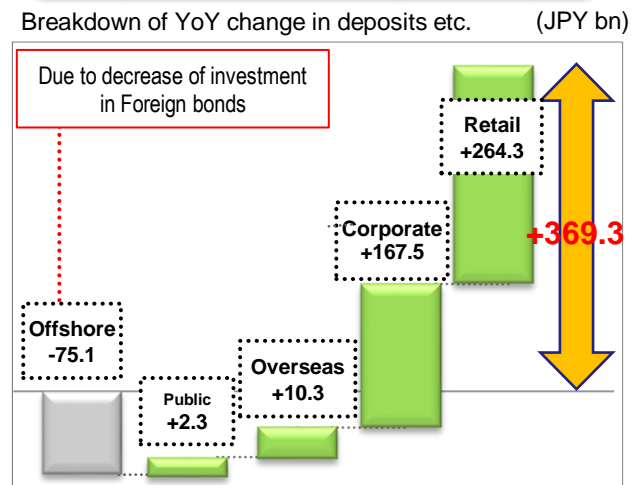
Corporate deposit balance (average balance)



Retail deposit balance (average balance)



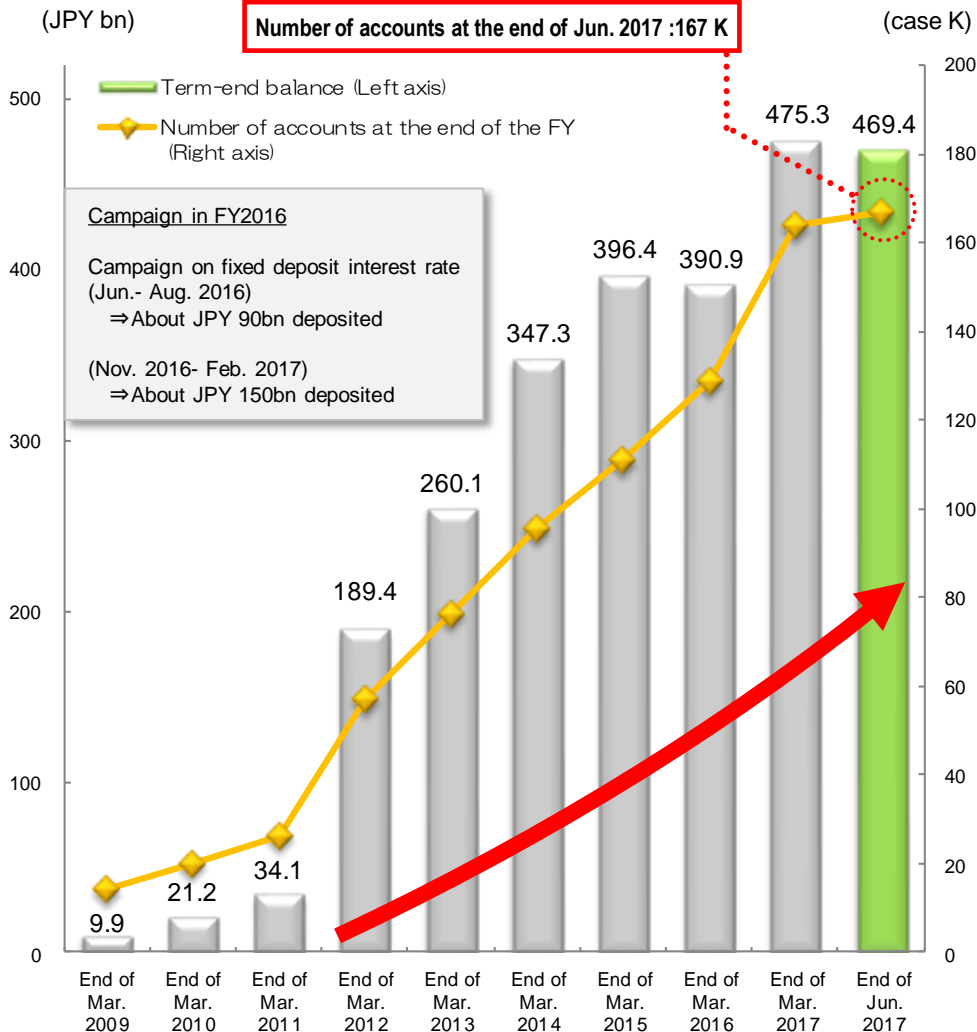
Breakdown of year-on-year changes in deposits balance (average balance)



Internet Branch

- Internet Branch, with its deposit balance about JPY 470bn, is growing into an established funding channel
- The Branch is also reinforcing investment side including housing loans etc. (loan balance at the end of Jun. 2017 : JPY 22.3bn).

Number of accounts and term-end balance



Customer distribution by prefecture

Due to a significant increase in customers outside Shizuoka Prefecture, Internet Branch has grown to be a funding channel that can widely collect deposits regardless of location.

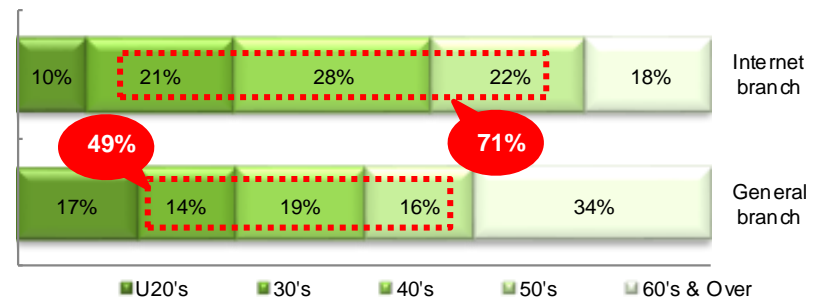
	End of Mar. 2010	End of Jun. 2017	Change from end of Mar. 2010
Shizuoka	84%	32%	-52pt
Tokyo	3%	15%	+12pt
Kanagawa	4%	12%	+8pt
Aichi	2%	6%	+4pt
Other	7%	35%	+28pt

+52pt (Total increase in non-Shizuoka prefectures)
68% (Share of non-Shizuoka prefectures at end of Jun. 2017)

New customers gained during 2H FY2016 campaign period: 70.5% was customers outside Shizuoka Prefecture

Customer distribution by age group (End of Jun. 2017)

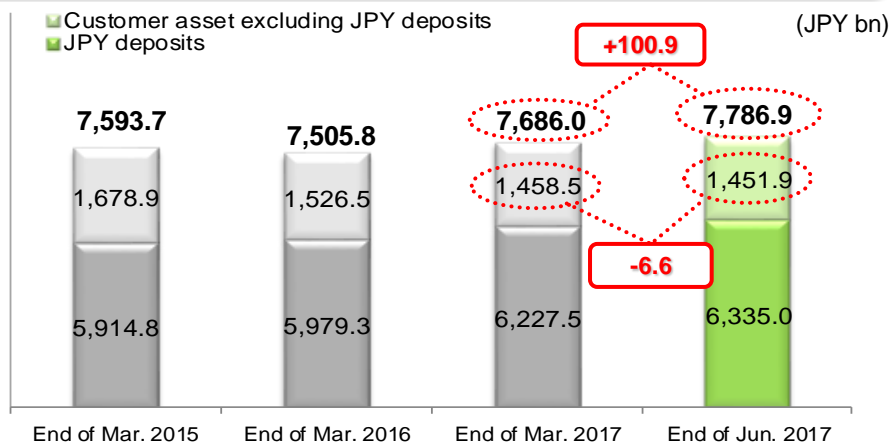
Because Internet Branch, unlike brick-and-mortar branches, has generations familiar with the Internet (30's-50's asset building generation) as the main customer segment, Internet Branch provides a wide range of financial services based on customers' life planning.



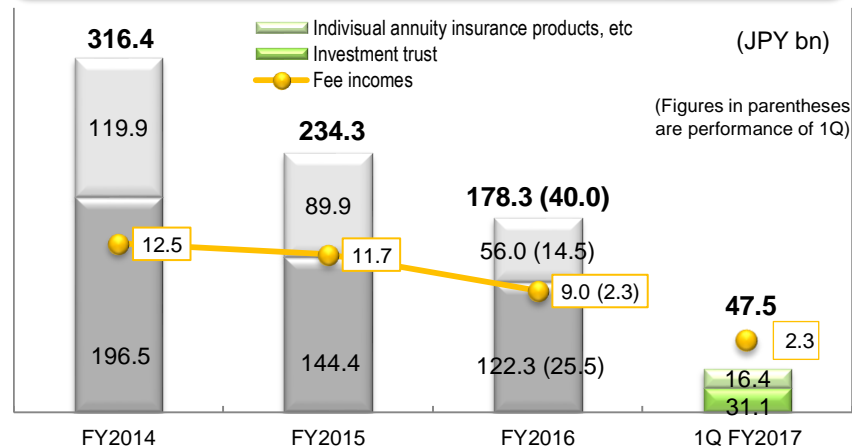
Customer assets and fee incomes

- Customer assets (including the balance of Shizugin TM Securities) at the end of Jun. 2017 was JPY 7,786.9bn (+JPY 100.9bn from the end of Mar. 2017), of which balance of customer asset excluding JPY deposits was JPY 1,451.9bn (-JPY 6.6bn, of which individual annuity insurance products were -JPY 7.6bn, public & corporate bonds -JPY 4.0bn, Shizugin TM Securities +JPY 3.7bn)

Customer assets (term-end balance)



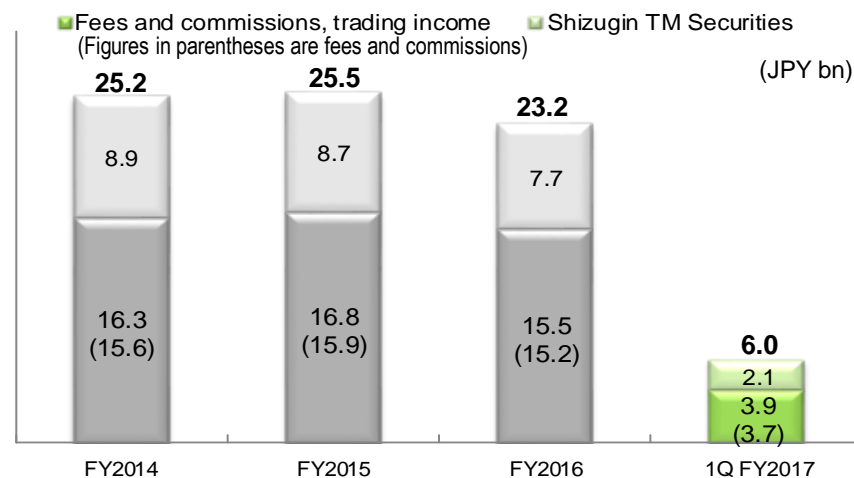
Sales and fee income from offering investment trusts and insurance products



Balance of individual annuity insurance products, etc. and investment trusts

Individual annuity insurance products, etc.	FY2015	FY2016	1Q FY2017	Change from the end of Mar. '17	
Balance (JPY bn)	891.5	855.8	848.1	-7.7	
Level premium policies	Number of sales	11,169	14,330	2,349	—
	Percentage	43%	62%	49%	-13pt
Single premium policies	Number of sales	14,953	8,834	2,438	—
	Percentage	57%	38%	51%	+13pt
Investment trusts	FY2015	FY2016	1Q FY2017	Change from the end of Mar. '17	
Balance (JPY bn)	379.6	348.8	345.9	-2.9	
Portion in Shizuoka Bank	22.0	26.6	27.8	+1.2	
Number of contracts of reserved investment trust	43,739	44,868	45,180	+312	
Portion in Shizugin TM Securities	357.6	322.2	318.1	-4.1	

Fee incomes (Shizuoka Bank / Shizugin TM Securities)



Credit-related costs

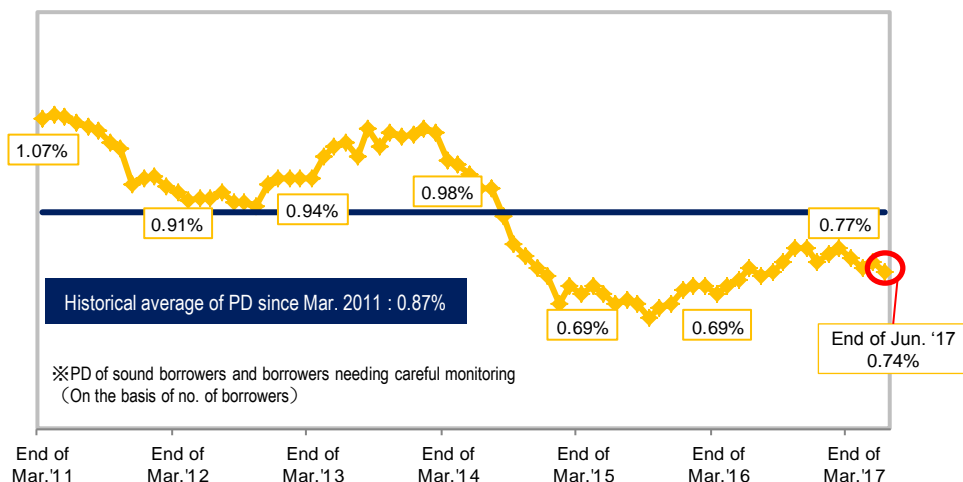
- Credit-related costs in 1Q FY2017: JPY 0.3bn (down JPY 1.8bn YoY),
- Credit-related costs rate of 1Q FY2017: 0.01%

Breakdown of credit-related costs

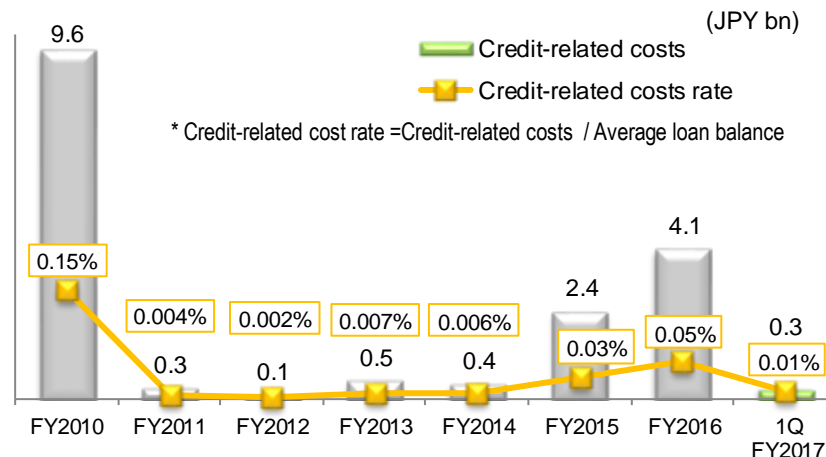
(JPY bn)	1Q FY2016	1Q FY2017	YoY change
Provision for general allowance for loan losses (1)	-0.3	-0.1	+0.2
Provision for specific allowance for loan losses (2)	2.3	0.4	-2.0
Other non-performing loans (NPL) disposal* (3)	0.1	0.1	-0.0
Credit-related Costs (1)+(2)+(3)	2.2	0.3	-1.8

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

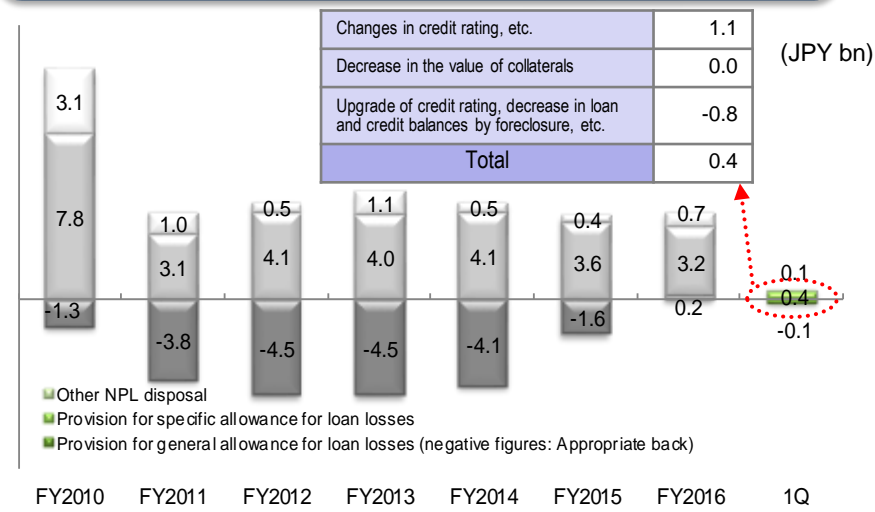
Probability of Default (PD)



Credit-related costs and Credit-related cost rate



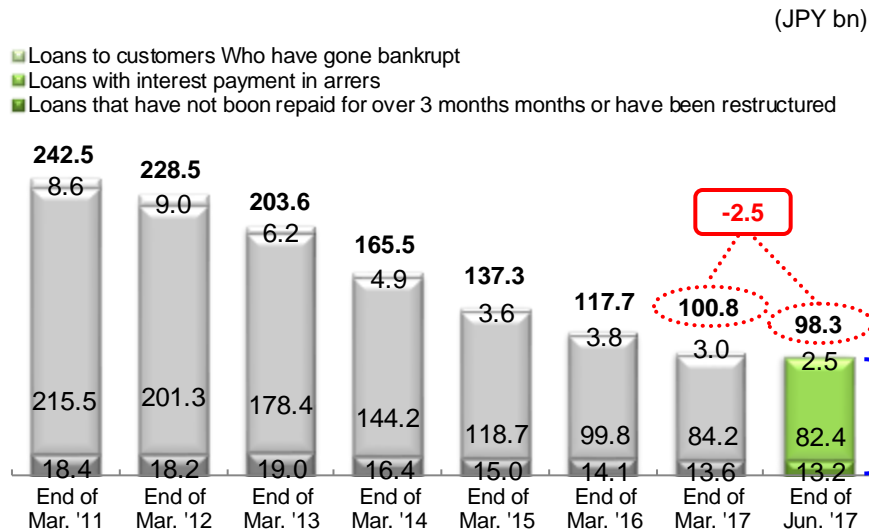
Provision for allowance for loan losses and other NPL disposal



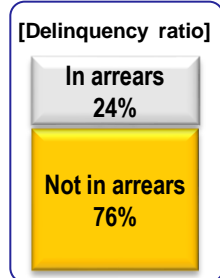
Risk-management loans

- Total risk-management loans at the end of Jun. 2017: JPY 98.3bn, the ratio of risk-management loans: 1.22% (the lowest in the Bank's history)
- Net risk-management loans: JPY 12.1bn, the ratio of net risk-management loans: 0.15%
- The fact that balance of risk-management loans is steadily reducing from the peak balance of JPY 242.5bn after the collapse of Lehman Brothers shows that the Bank has maintained its soundness in assets.

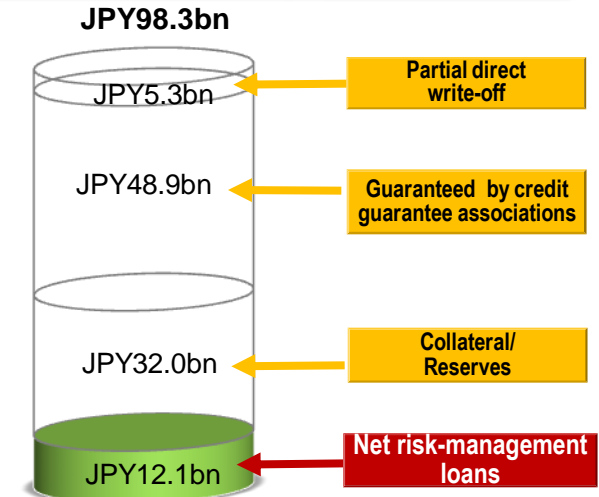
Trends in Risk-management loans



*Borrowers classified as "at risk of failure" and borrowers classified as "practically bankrupt" are written as "loans with interest payment in arrears" among the debtor division in accordance with Banking Act



Net risk-management loans



NPL removal from the balance sheet

(JPY bn)

	FY2016	1Q FY2017
New recognition of NPLs	+25.4	+6.0
Removal from the balance sheet (NPL to borrowers classified as "at risk of failure" or riskier categories)	-42.3 (-39.1)	-8.5 (-7.8)
Risk-management loans	100.8	98.3

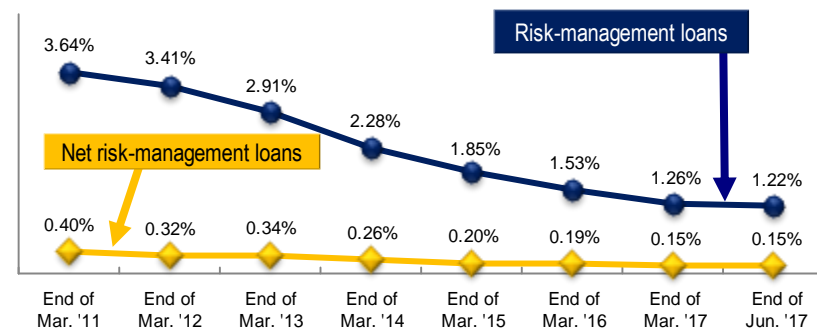
-2.5

[Breakdown of JPY -7.8bn]

(JPY bn)

Collected from borrower/ set off against deposit account	-1.5
Collateral disposal/subrogated to guarantor	-3.2
Reclassified to better categories	-2.4
Loans sold-off	-0.3
Direct write-off of loans	-0.4

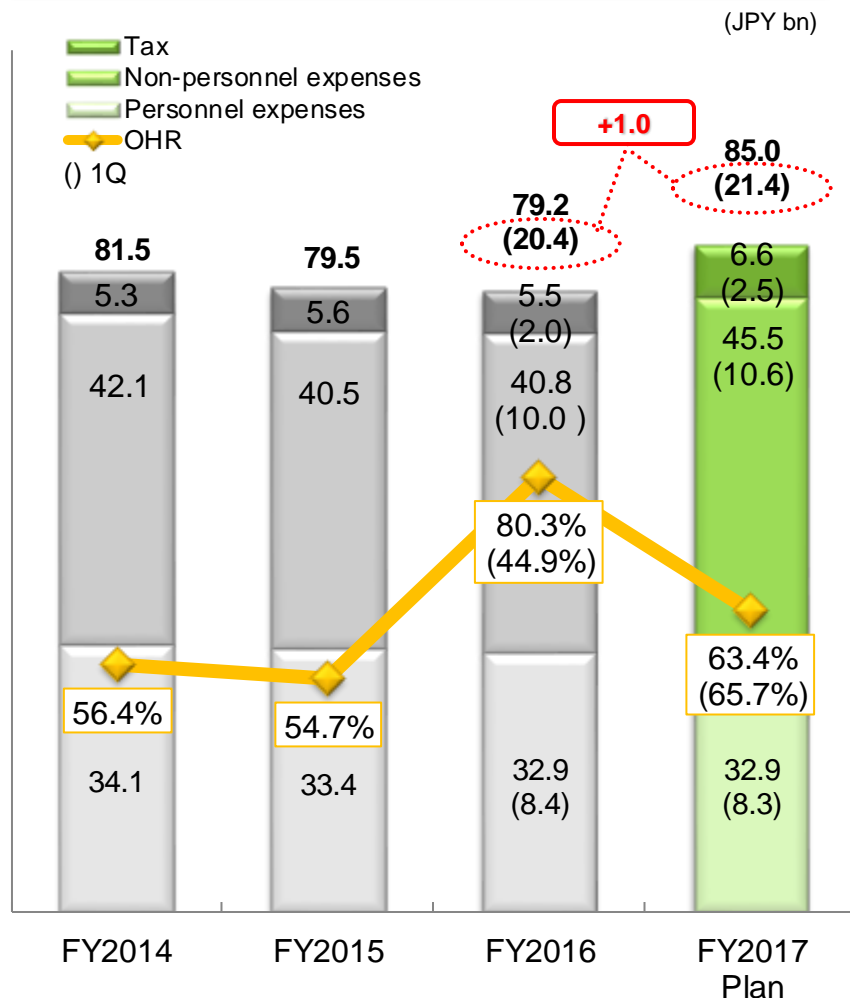
The ratio of risk-management loans



Expenses

- Expenses of 1Q FY2017: JPY 21.4bn (+JPY 1.0bn YoY), OHR of 1Q FY2017: 65.7% (+20.8 percent point YoY)
- System related expenses (Depreciation expenses, maintenance fees, consumption tax involved with investment) increased

Expenses and OHR (annual basis)

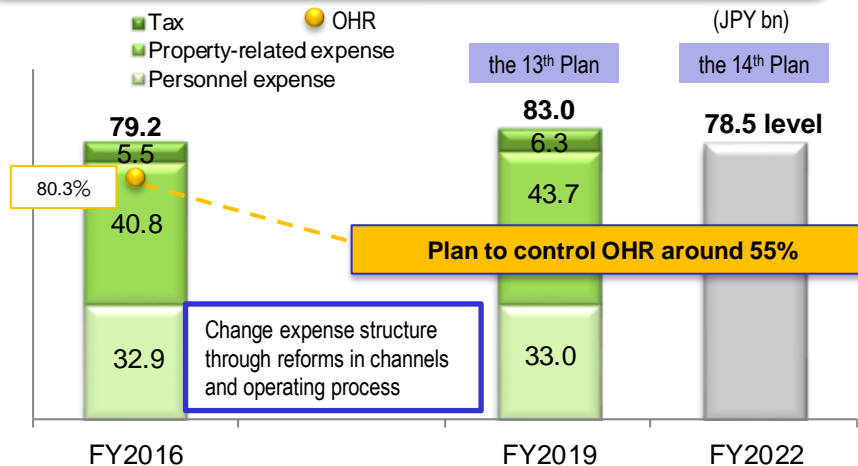


Main factors for change of expenses

	YoY change	Main factors
Tax	+JPY0.5bn	Consumption tax +JPY 0.6bn
Non-personnel expenses	+JPY0.6bn	Depreciation expenses +JPY 0.4bn Maintenance fee of systems +JPY 0.2bn
Personnel expenses	-JPY0.1bn	Factor of number of employees -JPY 0.1bn
Total	+JPY1.0bn	

Expenses related with systems +JPY 1.2bn

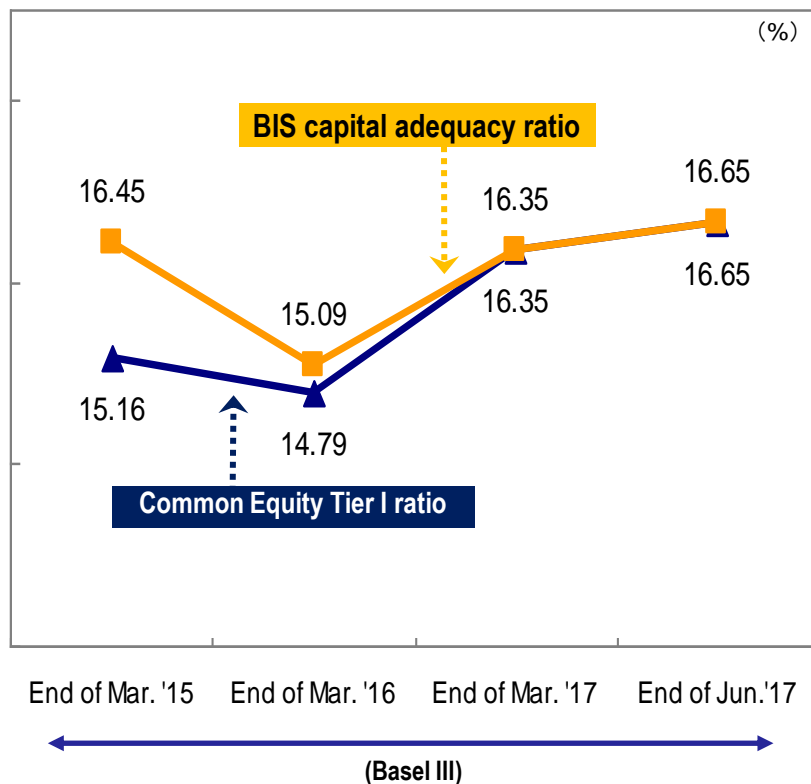
Plan of expenses



Capital adequacy ratio

- The Basel III capital adequacy ratio at the end of Jun. 2017 : 16.65%, up 0.30 percent point from the end of Mar. 2017.
Common Equity Tier I ratio at the end of Mar. 2017 : 16.65%, up 0.30 percent point from the end of Mar. 2017.

BIS capital adequacy ratio (consolidated basis)



Outlier ratio (non-consolidated basis)

Amount of maximum risk	Tier I + Tier II	Outlier ratio
JPY 27.6bn	JPY 827.0bn	3.33%

Changes in capital and risk-adjusted assets

	(JPY bn)			
[Basel III]	End of Mar. '16	End of Mar. '17	End of Jun. '17	Change from the end of Mar. '17
Capital*	835.1	850.8	880.3	+29.5
Common Equity Tier I	818.1	850.8	880.3	+29.5
Other Tier I	0.0	0.0	0.0	±0.0
Tier II	17.0	0.0	0.0	±0.0
Risk-adjusted assets	5,530.5	5,202.8	5,286.5	+83.7
Total credit-risk adjusted assets	5,220.2	4,895.5	4,980.1	+84.6
Amount corresponding to market risk	11.9	15.2	14.3	-0.9
Amount corresponding to operational risk	298.5	292.1	292.1	±0.0

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

[Other index related to the Basel III]

(End of Jun. 2017)

- Liquidity coverage ratio (consolidated): 186.3% (Regulatory level 80% and over)
- Leverage ratio (consolidated): 7.62% (ditto 3% in trial period)

Shareholder return (1) - Profit distribution

- The Bank plans to distribute JPY 20 as annual dividend, and completed share buyback in Oct-Nov 2016 (Buyback period: Oct. 3 – Nov.10, 2016, no. of shares repurchased: 10mn, buyback amount: JPY 8,496mil)
- The Bank maintains the target shareholder return ratio of “50% level in medium and long term ” under the 13th Medium-term Business Plan

Dividend trends

	FY2014	FY2015	FY2016	FY2017E
Annual dividend per share (Interim dividend)	JPY16.00 (JPY8.00)	JPY20.00 (JPY10.00)	JPY20.00 (JPY10.00)	JPY20.00 (JPY10.00)

(Figures in parentheses are semi-annual dividend per share)

Profit distribution to shareholders

	FY2014	FY2015	FY2016	FY '07 – '16 (10years)
Annual dividend (1)	9.9	12.3	12.2	Accumulated total 98.7
Repurchase of shares (2) (Shares bought back: million shares)	11.3 (10)	7.0 (5)	8.5 (10)	Accumulated total 103.9
Shareholder returns (3)=(1)+(2)	21.2	19.3	20.7	Accumulated total 202.6
Net income (4)	42.6	44.0	24.4	Accumulated total 344.8
Dividend payout ratio (1)/(4)x100	23.24%	27.91%	49.83%	Average 28.63%
Shareholder return ratio (3)/(4)x100	49.82%	43.82%	84.60%	Average 58.76%

(JPY bn)

Shareholder return ratio under the 12th Medium-term Business Plan 55.10%

[Reference]

ROE (Consolidated : Net income basis)	5.74%	5.18%	3.15%
---------------------------------------	-------	-------	-------

Average in 5years

5.37%

“Average” means weighted average

Shareholder return (2) - Share buybacks, Trends in EPS/BPS

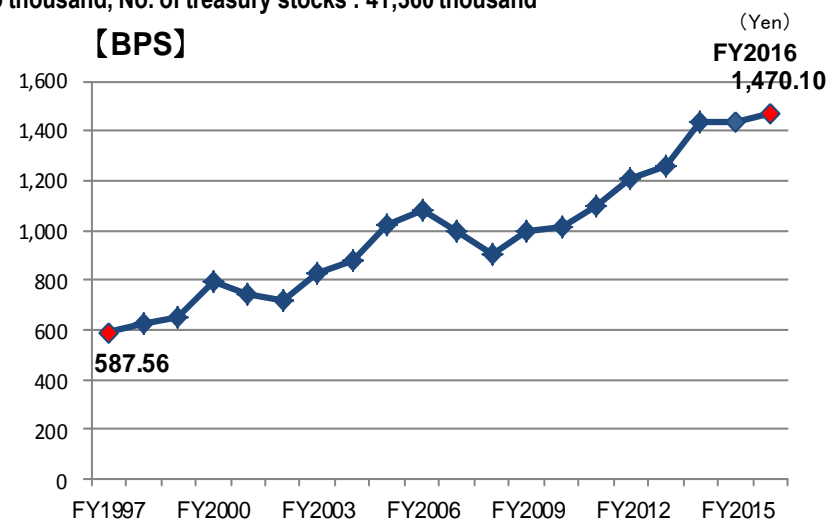
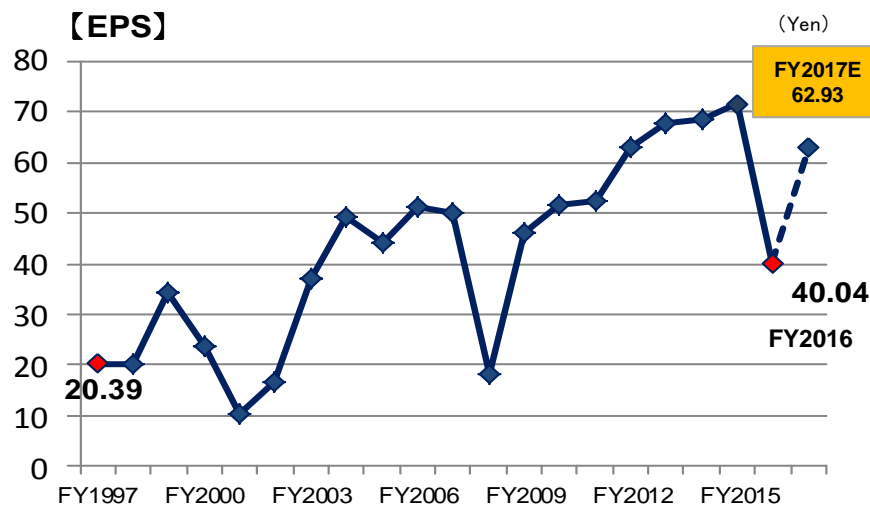
- The bank has regularly bought its own shares back since FY1997, resulting in accumulated number of shares repurchased of 205 million.
- The Bank bought back 10 million shares in FY2016 and canceled 20 million shares in Mar. 2017.

Historical share buybacks

(Yen)

	Shares bought back (thousand shares)	Repurchase amount of shares (JPY mil)	Number of shares cancelled (thousand shares)	Cancellation amount (JPY mil)	Shareholder return ratio (%)
FY1997-FY2013 (Accumulated total)	181,044	168,560	140,404	128,892	62.65
FY2014	10,000	11,315	—	—	49.8
FY2015	4,767	6,999	—	—	43.8
FY2016	10,000	8,496	20,000	20,578	84.6
Total	205,811	195,370	160,404	149,470	60.1

At the end of Mar. 2017 No. of outstanding shares (including treasury stocks) : 645,129 thousand, No. of treasury stocks : 41,360 thousand



Projected performance in FY2017

(JPY bn)

【Consolidated】	FY2016	FY2017E	YoY (B-A)
	(A)	(B)	
Ordinary profit (Except for a lump-sum write-down on the unamortized balance of goodwill)	47.1 (59.2)	66.0	+18.9
Net income (Except for a lump-sum write-down on the unamortized balance of goodwill)	29.3 (41.4)	46.0	+16.7

(JPY bn)

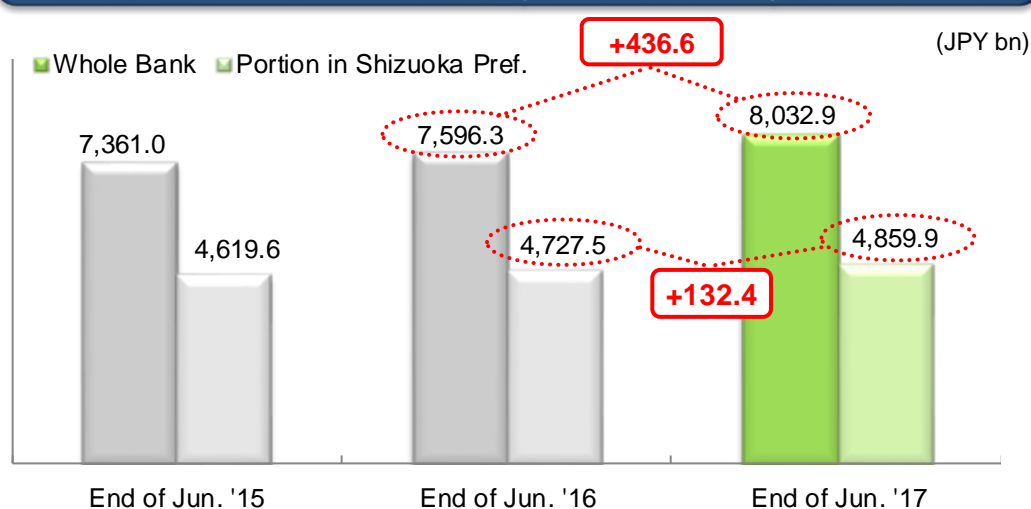
【Nonconsolidated】	FY2016	FY2017E	YoY (B-A)
	(A)	(B)	
Gross operating profit	98.6	133.8	+35.2
Net interest income	109.5	111.3	+1.8
Fees and commissions	15.2	14.8	-0.4
Trading income	0.3	1.0	+0.7
Other operating profit (Bond-Related income such as JGBs)	-26.4 (-30.1)	6.7 (4.3)	+33.1 (+34.4)
Expenses (-)	79.2	85.0	+5.8
Provision for general allowance for loan losses (-)	0.2	-5.0	-5.2
Net operating profit	19.2	53.8	+34.6
Special profit and loss	32.6	1.2	-31.4
Ordinary profit	51.8	55.0	+3.2
Net income (Except for loss on valuation of stocks of subsidiaries and affiliates)	24.4 (36.8)	38.0	+13.6
Credit-related costs (-)	4.1	0.0	-4.1

Reference

Loans - Term-end balance

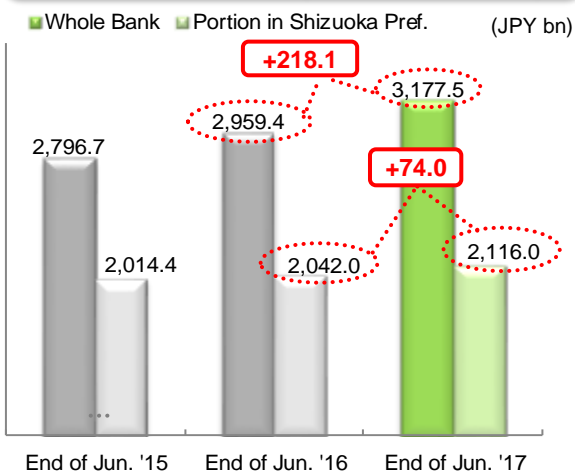
- Total loan balance (term-end balance) of 1Q FY2017: JPY 8,032.9bn, up JPY 436.6bn (+5.7%) YoY

Total loan balance (term-end balance)

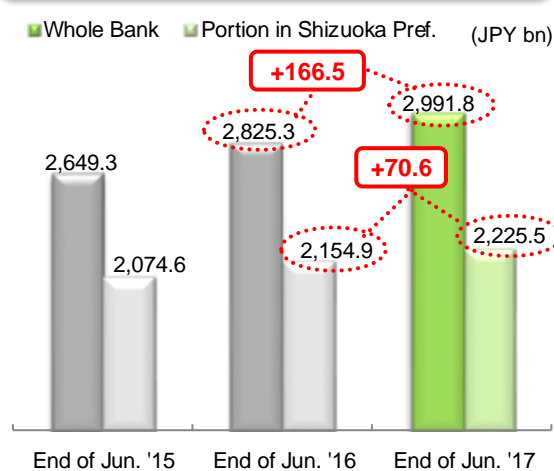


	Term-end balance	Change from the end of Jun. '16	Annual growth rate
Total loan balance	8,032.9bn	+436.6bn	+5.7%
SMEs loan balance	3,177.5bn	+218.1bn	+7.3%
Retail loan balance	2,991.8bn	+166.5bn	+5.8%
Large and Medium sized enterprises	1,474.6bn	+26.4bn	+1.8%

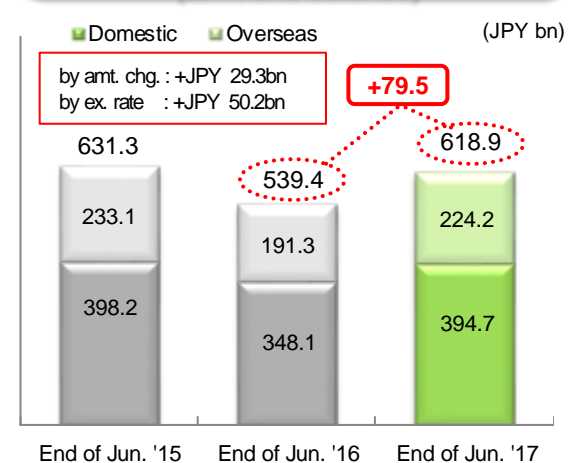
SMEs loan balance (term-end balance)



Retail loan balance (term-end balance)



Loan balance in foreign currency (term-end balance)



Loans - Loans by industries

- Business loans to real estate account for approximately 11%, and those to each industry such as construction, leasing, money lending and investment account for less than 10% of loan balance, respectively. There is no concentrated exposure to any of these specific industries.
- Expected Loss (EL) for all industries : JPY 6.3bn (JPY 1.2bn for real estate and JPY 0.4bn for construction)
- Unexpected Loss (UL) for all industries : JPY 55.3bn

Contemporary status of business loans to particular industries

[Credit balance (as of the end of Mar. 2017)]

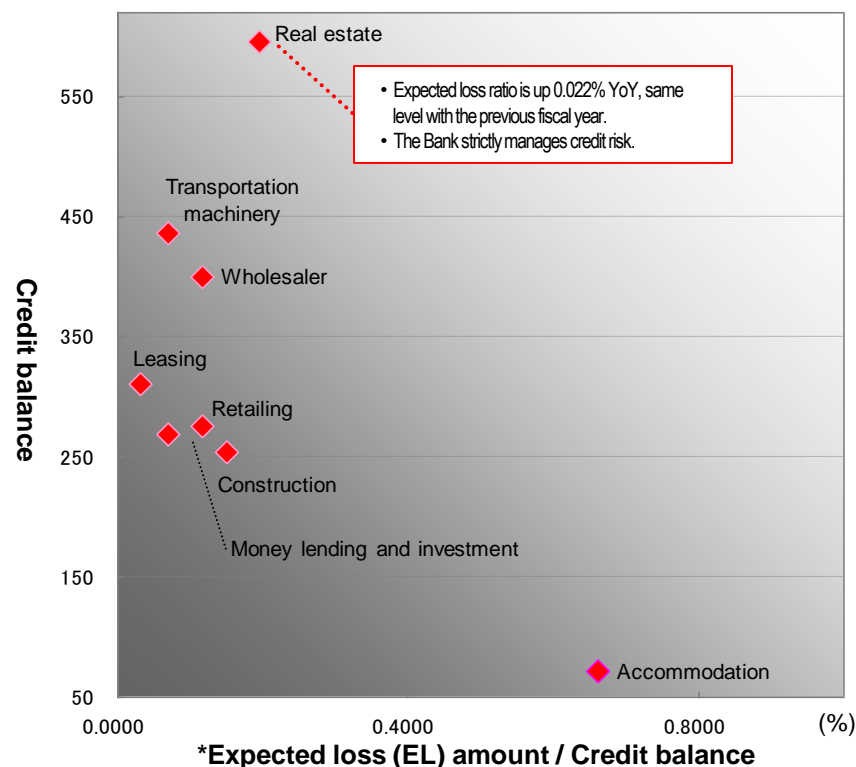
(JPY bn, %)

	Balance	Composition ratio	YoY change
All industries	5,319.1	100.0	+169.1
Real estate	595.5	11.1	+91.2
Wholesaler *	399.7	7.5	-7.6
Money lending and investment	268.6	5.0	-45.5
Transportation machinery	436.1	8.1	+2.3
Construction	254.4	4.7	+3.2
Retailer	275.9	5.1	+10.0
Leasing	310.9	5.8	+22.8
Accommodation	72.0	1.3	-1.1

* excluding a general trading companies

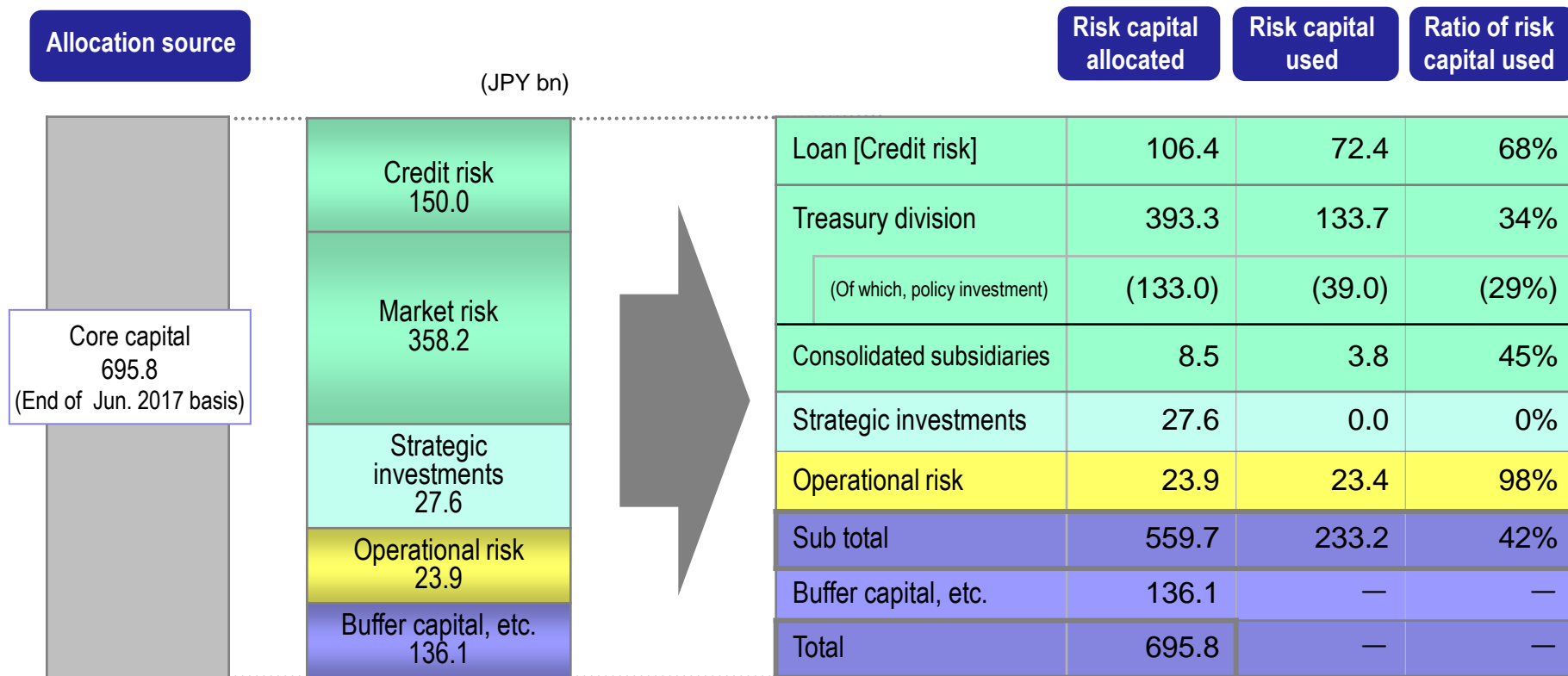
[Credit balance vs. expected loss rate*]

(JPY bn) Excluding borrowers classified as "practically bankrupt" and below



Allocation of risk capital

- Allocation of risk capital for 1H FY2017 (the end of Jun. 2017 basis) amounted to JPY 559.7bn, of which JPY 150.0bn was allocated to credit risk, JPY 358.2bn to market risk, JPY 27.6bn to strategic investments, and JPY 23.9bn to operational risk.
- JPY 72.4bn of risk capital was used for loans [credit risk], and JPY 133.7bn for the Treasury division



- Core capital = common equity Tire I (Basel III standard), excluding other marketable securities valuation difference < 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

- In 1Q FY2017, the total ordinary revenue of 12 major consolidated subsidiaries was JPY 13.9bn (up JPY 0.8bn YoY) and the ordinary profit was JPY 2.3bn (up JPY 0.3bn YoY)

(JPY bn)

Company name	Business	Ordinary Revenue		Ordinary Profit	
			YoY change		YoY change
Shizugin Management Consulting Co., Ltd.	Corporate and financial management advisory services Bill collection services	0.3	+0.0	0.1	+0.0
Shizugin Lease Co., Ltd.	Leasing	7.1	+0.4	0.3	-0.1
Shizugin Computer Service Co., Ltd.	Computer system development and operation	1.0	-0.2	0.0	-0.0
Shizugin Credit Guaranty Co., Ltd.	Guarantee of housing loans, etc.	1.0	+0.1	0.8	+0.1
Shizugin DC Card Co., Ltd	Credit card and guarantee of consumer loans	0.6	+0.1	0.2	+0.0
Shizuoka Capital Co., Ltd.	Public-offering assistance Support for corporate rehabilitation	0.1	-0.0	-0.0	-0.0
Shizugin TM Securities Co., Ltd.	Securities	2.1	+0.4	0.8	+0.3
Shizuoka Bank (Europe) S.A.	Finance and securities-related services	0.1	+0.0	0.0	-0.0
Shizuoka Liquidity Reserve Ltd.	Acquiring financial debt	0.1	+0.1	0.1	+0.0
Shizugin General Service Co., Ltd.	Fee-based job placement service, general administration	0.2	+0.0	0.0	-0.0
Shizugin Mortgage Service Co., Ltd.	Appraisal of real estate for loan collateral Operation center for loans	0.4	+0.0	0.0	-0.0
Shizugin Business Create Co., Ltd.	Operation center for remittance and bill collection Part-time employee management	0.9	-0.1	0.0	-0.0
Total(12 companies)		13.9	+0.8	2.3	+0.3
Shizugin Saison Card Co., Ltd.*	Credit card and prepaid card Guarantee of consumer loans	0.6	+0.0	0.1	+0.0

*A company to which the equity method of accounting is applied. Operations commenced in April 2007.

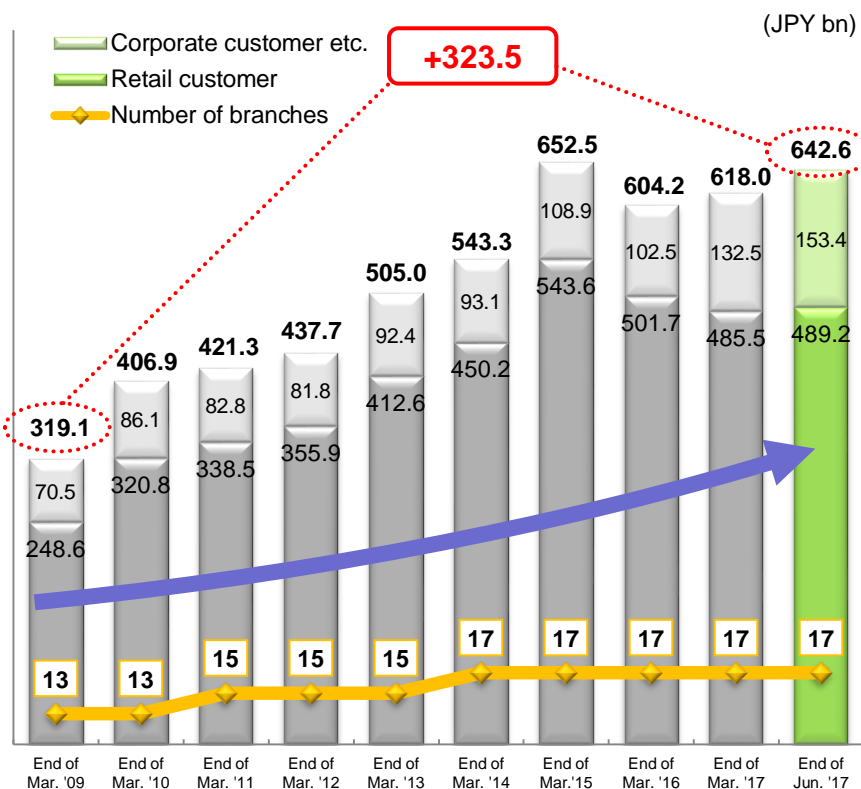
Shizugin TM Securities Co., Ltd.

- Shizugin TM Securities Co., Ltd (securities subsidiary) has expanded its scale and led Group revenue.
- Customer asset at the end of Jun. 2017 : JPY 642.6bn, up JPY 323.5bn for 8 years from the end of Mar. 2009 after the collapse of Lehman Brothers.

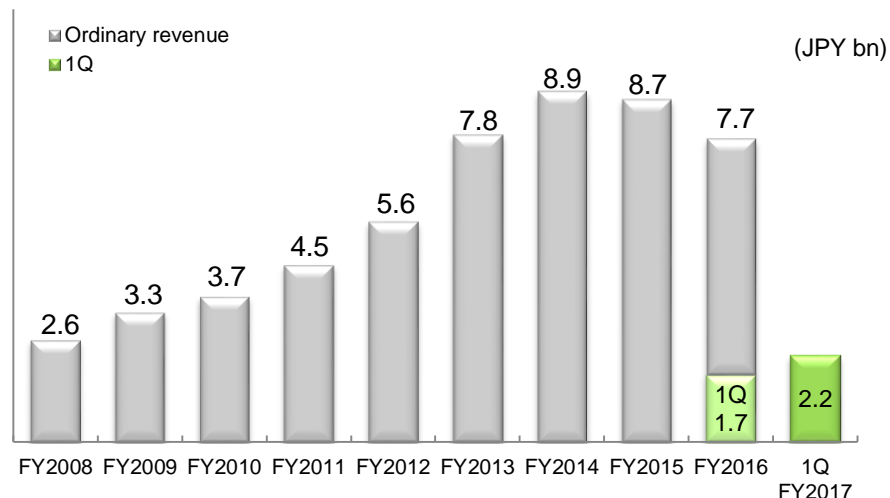
【Overview of Shizugin TM Securities, Co., Ltd.】

Establishment : December 2000
 Capital Stock : JPY 3.0bn
 Number of Branches : 17 (End of Jun. 2017)

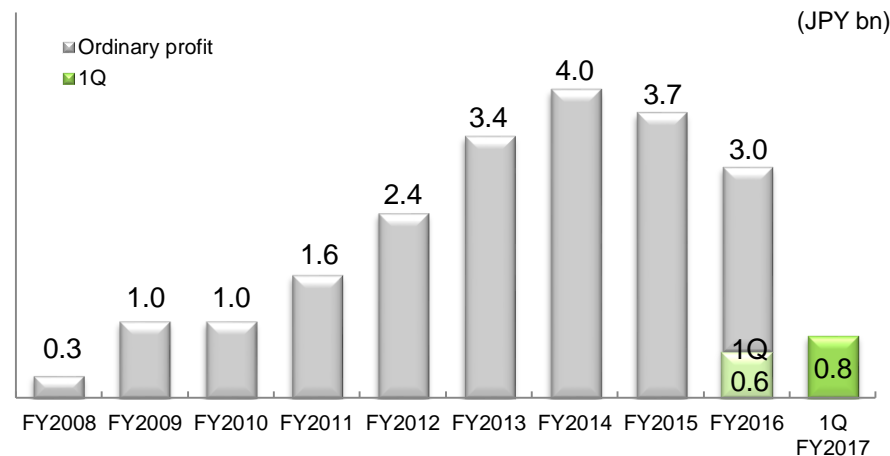
Customer asset (year-end balance) and number of branches



Ordinary revenue



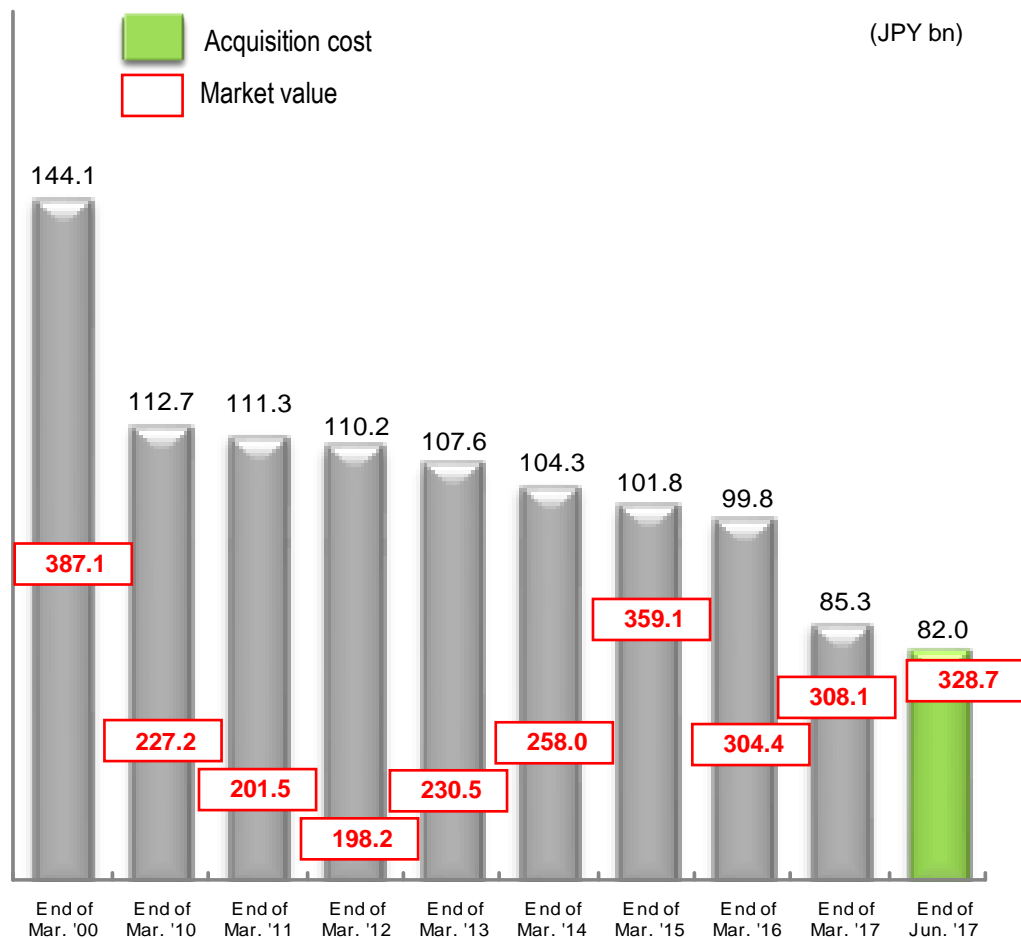
Ordinary profit



Strategic shareholdings

- Strategic shareholdings are limited to such stocks that the Bank recognizes are beneficial in terms of business investment, strengthening of business relationships, or contribution to the regional economy.
- By reviewing the reasons and assessing the economic rationale for strategic shareholdings on a regular basis, the Bank has reduced the holding amount on the basis of acquiring cost.

Prime cost of strategic shareholdings*



*Except for equity method affiliate

Policy on strategic shareholdings (Corporate Governance Code : general principles 1-4)

Strategic shareholdings are limited to such stocks that the Bank recognizes are beneficial in terms of business investment, strengthening of business relationships, or contribution to the regional economy.

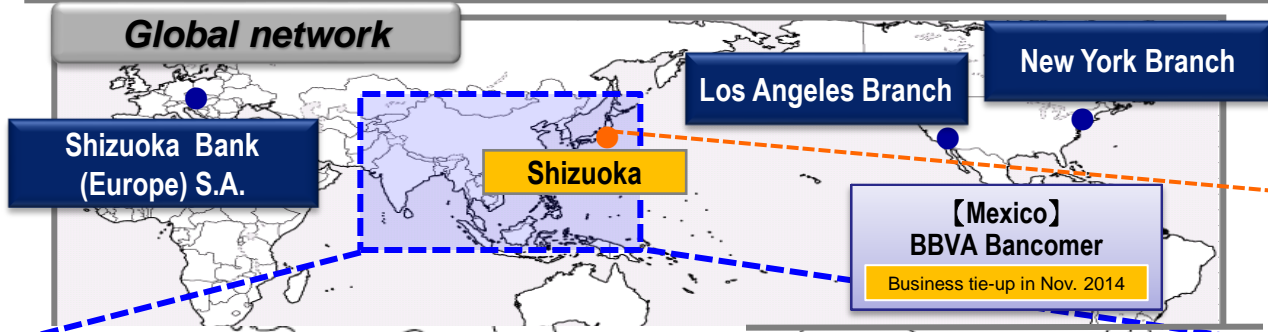
The bank also regularly makes decision on whether to continue holding based on profitability, share prices and other criteria.

The Bank sells such stocks that the Bank recognizes are no longer important after taking into consideration the impact on market conditions and other factors

The bank also attempts to ensure appropriate and efficient management while taking into account the level of equity capital and the use of other assets in operations such as lending

Global network

- The Bank's global network with 3 branches, 2 rep. offices, 1 subsidiary and total 57 staffs (29 staffs in Asia) abroad helps clients' overseas expansions.
- In Asia, the Bank has 3 overseas offices plus business tie-ups with 14 banks in 9 countries/regions including BDO Unibank in Philippine with which the Bank made tie-up in Jul. 2016

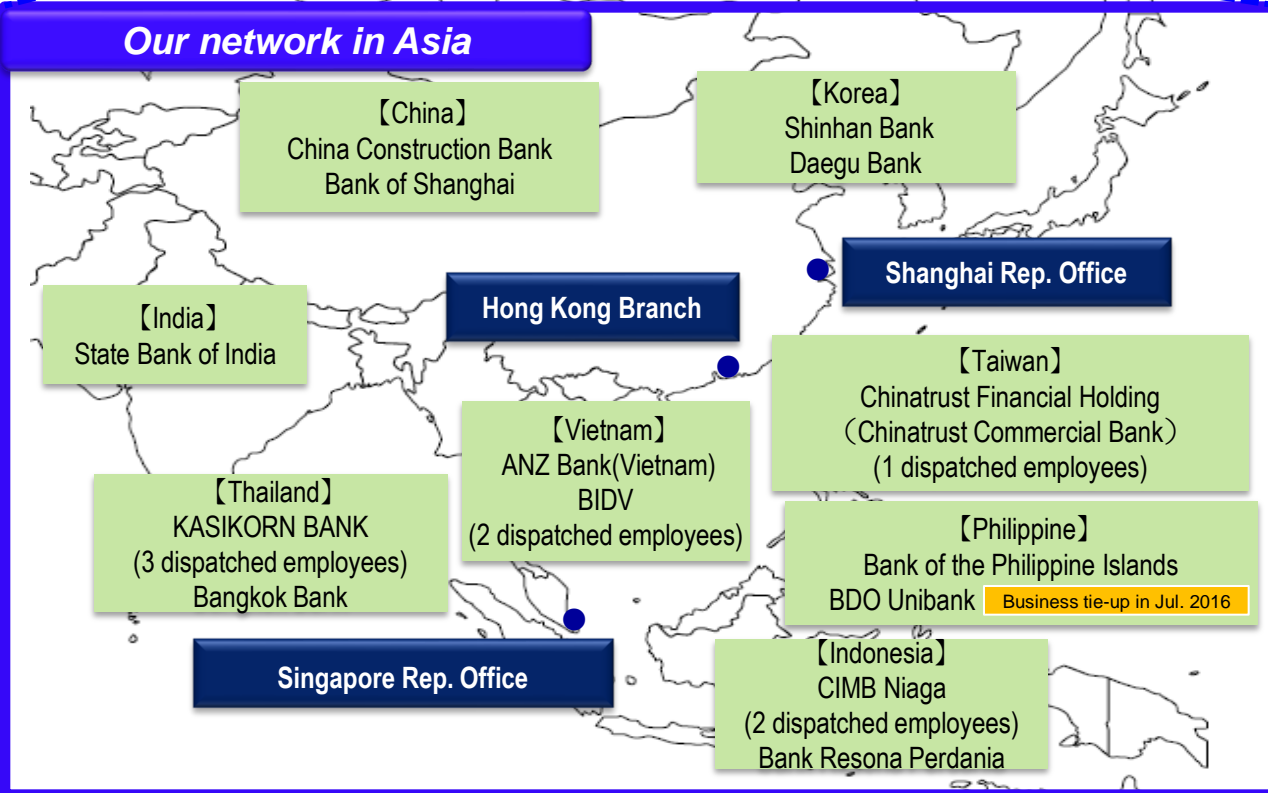


Global network

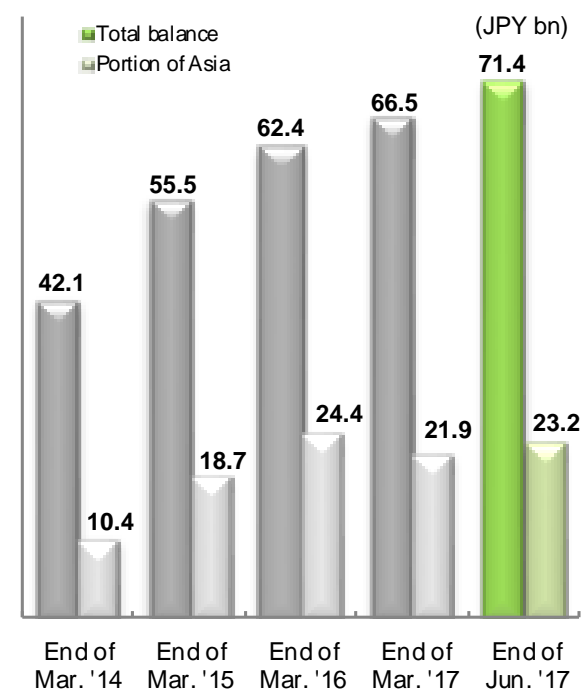
- • • Our own offices
- • • Offices owned by our affiliates

International Department

- Manage and control for overseas strategy
- Support Customers for overseas expansion



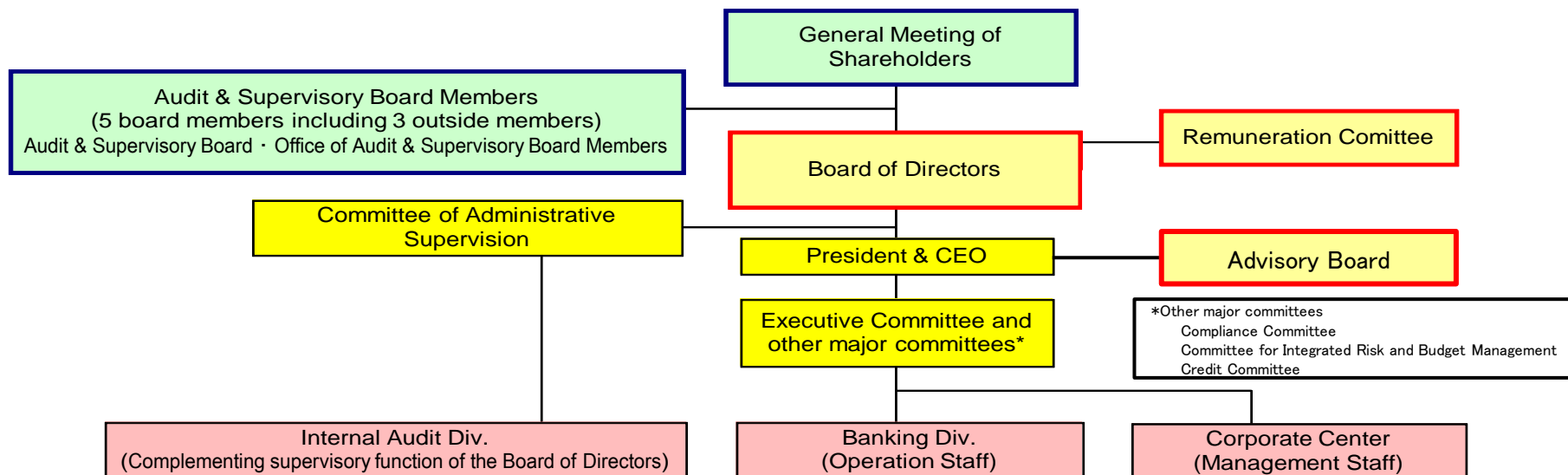
Loan balance for Non-Japanese company (term-end balance)



ESG initiatives - Corporate Governance Structure

- As the foundation for fulfilling corporate social responsibility, The Shizuoka Bank Group is strengthening its management systems and enhancing corporate value.

Shizuoka Bank Group's Corporate Governance System



Outside Directors · Outside Audit & Supervisory Board Members

2 Outside Directors / 10 All Members

Kumi Fujisawa	President, SophiaBank Limited
Kazuyasu Kato	Former President and Chief Executive Officer, Kirin Holdings Co., Ltd.

3 Outside Audit & Supervisory Board Members / 5 All Members

Mitsuhiro Ishibashi	Former Director and Executive Vice President, Nippon Life Insurance Company
Kazuo Kouzuki	President and Chief Executive Officer, Tokio Marine & Nichido Career Service Co., Ltd.
Yoshihiro Yamashita	President, Yamashita Yoshihiro Law Office

- One third of bank's directors and audit & supervisory members are outside appointments
- Shizugin is using the independent opinions of these individuals in decision making, oversight and auditing of the Shizuoka Bank Group
⇒ Increase corporate value

*All have submitted notification to the Tokyo Stock Exchange of their independent director status

Regional revitalization

- Developing the base for promoting regional revitalization by cooperating with parties from various fields such as industry, government, academia, and etc. created under the 12th Medium-term Business Plan, the 13th Medium-term Business Plan will deploy and develop new industrial promotion

Initiatives so far

Under the 12th Medium-term Business Plan, build the base for promoting regional revitalization by cooperating with parties from various fields such as industry, government, academia, and etc.

⇒ On January 12, 2017, our activities were recognized by the Cabinet Office's Headquarters for Vitalizing Towns, People and Jobs for excellence in promoting tourism through regional resource branding and local cooperation.

Promoting tourism across prefectural boundaries

- Establishment of the Kanagawa-Shizuoka Prefectural Border Region Revitalization Liaison Group
- Creation of the map without prefectural border of Fuji, Hakone and Izu area

Contributing to local cooperation

- Formed regional revitalization alliances with 35 all municipal areas in Shizuoka Pref.
- Supported "Project Aisatsu* Campaign Izu Peninsula" – One of the World's top Beauty Spots *Aisatsu means greeting

Contributing to create the attractiveness of local community

- Building support "Mishima Skywalk", Japan's longest pedestrian suspension bridge

Shizugin's inbound tourism initiatives

- Runs ongoing seminars about Chinese tourists
- Distributed a guide to tourism companies to help them communicate with overseas travelers using only gestures.



The map without prefectural border of Fuji, Hakone and Izu area

Initiatives in future

Deploy and develop new industrial promotion through support for growth in service industries by support for touring industry and support for new industry integration in community based on foundational initiatives which the Bank has built so far

Support each of local towns achieve business plan based on its own comprehensive strategy

Support inbound tourism and sightseeing

Disseminate information and cultivate activities related to regional revitalization

Contribute to the region from an environmental perspective

TOPIC

Initiatives to spread the "Omotenashi" Standard Certification

The Bank has held seminars at three venues in Shizuoka Prefecture in order to spread the "Omotenashi" Standard Certification", which the Ministry of Economy, Trade, and Industry (METI) in Japanese Government established in August 2016. (205 people in total participated the seminars at the three venues.)

What is the "Omotenashi Standard Certification"? ...

- METI established the certification in order to activate services industry and to enhance productivity in the industry in Aug. 2016.
- The purpose of the certification is to promote activation of business operators in the services industry by "visualize" the quality of their services.
- Business operators get certification mark if they apply to it and are approved.



*Omotenashi means Japanese hospitality

Region-based Relationship Banking

- Initiatives for growth fields, Support for companies transforming businesses

- The Bank fortifies promotion in growth fields centering medical/welfare business by Posting specialized human resources. (Loan provided for customers on growing fields in 1Q FY2017: JPY 29.8bn)

Initiatives for growth and untapped fields

		Loans in 1Q FY2017 ※
Health and welfare	<ul style="list-style-type: none"> Allocate 8 qualified specialists in medical/welfare business management Support openings and expansions of business in this field 	204 cases JPY 12.9bn
Environment	<ul style="list-style-type: none"> Generate demand for funds by supporting installation of energy-efficient equipment Provide support for capital investment related to renewable energy 	63 cases JPY 6.9bn
Agriculture	<ul style="list-style-type: none"> Hold "Shizugin@gricom" periodical events to promote Shizuoka produce to buyers Allocate 14 agricultural business advisers 	96 cases JPY 4.3bn
Business Succession	<ul style="list-style-type: none"> Support training next-generation business leaders through "Shizuginship" Support business succession including share transfers and M&As (22 M&A contracts signed in FY2016) 	78 cases JPY 5.7bn
		[Total] 441 cases JPY 29.8bn

※Only for long-term loans

Support for companies transforming or exiting businesses

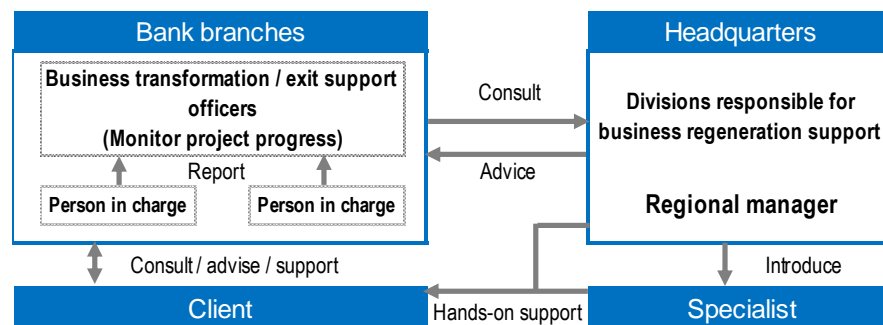
Upgraded organizational system to help companies transform or exit businesses as part of efforts to stabilize the regional economy

< Headquarters >

- Assign regional managers to respond to requests for advice and support from bank branches
- Provide hands-on support to requests for support using expertise from business specialists

< Bank branches >

- Assign officers for business transformation/exit support officers at each branch
- The officers are responsible for monitoring progress of business transformation/exit projects and providing appropriate instructions and backup to relevant branch personnel based on advice from headquarters



[Cumulative results until 1Q FY2017]

Projects handled: 81

Projects completed: 33 (business transformation: 9; business exit: 24)

Initiatives for supporting entrepreneurs

<Shizugin Entrepreneur Awards>

- 34 winners out of a total of 716 applicants received prizes in the past 5 rounds
- "Entrepreneur category" for applicants who are preparing launch of their business or have been in business for less than 5 years was founded for the 4th round in FY2015
- Financial support for the 34 award winners from the 1st to the 5th round
New loans: 72 cases/JPY 1,940mil Investments: 7 cases/JPY 159mil

Subsidies

<Manufacturing subsidies >

Top level of number of awards among private-sector financial

- First and Second round of subsidy applications for FY2015 supplementary budget, and First round for FY2016: No. awarded: 176

< Business innovation support subsidies >

- No. of business innovation plans approved: 88

Overview of the 13th Medium-term Business Plan (1)

-Name of the plan/ Group vision, Key management Indicator

Name of the plan / Group vision

Name of the plan

TSUNAGU

“TSUNAGU” has several meanings in Japanese
...“connect”, “link”, “unite”, etc.

Group vision

Innovative Bank

“Shizugin” will continue to create new value along with the region

Key management Indicator

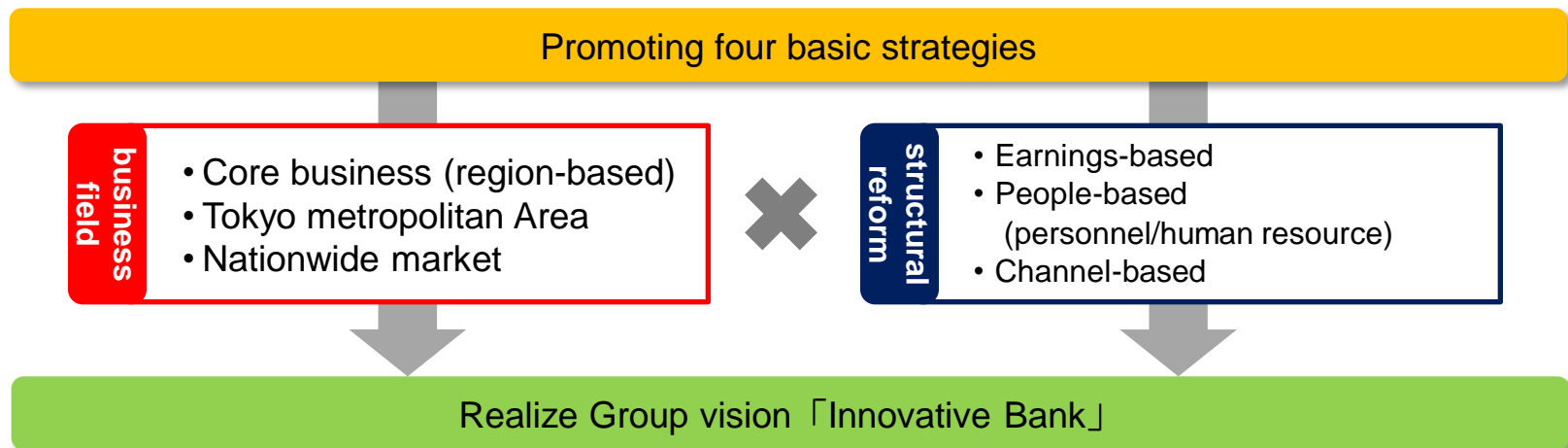
Consolidated	The 12 th Medium-term Plan		The 13 th Medium-term plan
	Best figure in the Plan	FY2016	FY2019 plan
Ordinary profit (Exclude lump-sum write-down on the unamortized balance of goodwill related to Monex Group shares)	<i>JPY75.1bn</i> [FY2014]	<i>JPY47.1bn</i> (JPY59.2bn)	JPY 77.0bn or more
Net income (Exclude lump-sum write-down on the unamortized balance of goodwill related to Monex Group shares)	<i>JPY49.9bn</i> [FY2014]	<i>JPY29.3bn</i> (JPY41.4bn)	JPY 54.0bn or more
ROE (Exclude lump-sum write-down on the unamortized balance of goodwill related to Monex Group shares)	<i>5.74%</i> [FY2014]	3.15% (4.45%)	6% level
OHR	<i>54.4%</i> [FY2015]	76.4%	55% level
Common Equity Tier I Ratio	16.35% [FY2016]	16.35%	14% level
Shareholder return	50% level in medium and long term		

Overview of the 13th Medium-term Business Plan (2) -Basic strategy

Basic strategy

1. Reinforce core businesses by focusing on regional economic growth
2. Build a new business model for regional bank by developing and monetizing new business fields
3. Reform sales operations using retail channel and IT infrastructure
4. Help realize the dreams and increase the wealth of the region, customers, employees, and shareholders

Realize our vision by promoting four basic strategies in **three business fields: core business (region-based), Tokyo metropolitan area, and nationwide market**, while at the same time engaging in **three structural reforms: earnings, people, and channels**.



Overview of the 13th Medium-term Business Plan (3) –Structural reforms

- Under the 13th Medium-term Business Plan, the Bank will engage in **three structural reforms targeting earnings, people, and channels**, aiming to create sustainable business model in the future

12th Medium-term Business plan

Challenge on the new
business fields
Strategic investment

13th Medium-term Business plan

Maintain growth
strategy through three
structural reforms

14th Medium-term Business plan

Construct
sustainable business
model

Earnings-based structural reforms

Core business growth

- **Converse earnings structure** through growth of bank branch division

Growth in a monetary easing environment

- **Continue to develop opportunities in new business fields**

Reforms of expense structure

- Create a low cost operating structure along with channel changes

People-based (personnel/human resource) structural reforms

Work style-based structural changes

- **Aim to be an attractive Bank for employees** through diverse work style values

Improvement in balance between
operation and its cost

- Reform management structure corresponding to profitability of operations

Channel-based structural reforms

Non-face-to-face channel expansion

- **Change in customer behaviors, expansion of cross-regional transactions**

Changes in roles and targets of
non-face-to-face channel

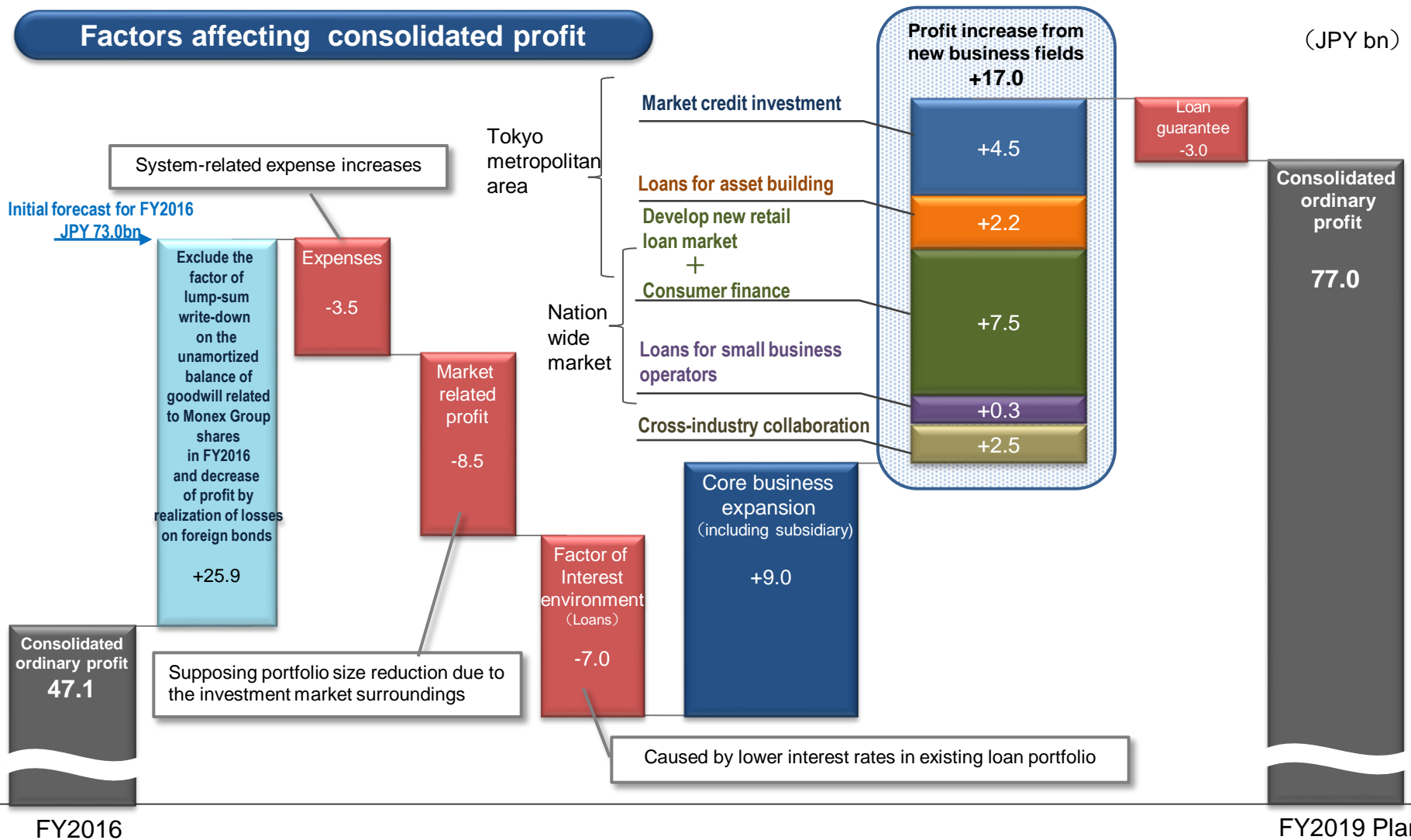
- Sales force structural reforms corresponding to future population dynamics

Overview of the 13th Medium-term Business Plan (4)

-Structure of consolidated ordinary profit plan

- Aiming to achieve consolidated ordinary profit of JPY 77.0bn in FY2019 through **region-based core business expansion** and **top-line growth focused in the Tokyo metropolitan area and nationwide market**

Factors affecting consolidated profit



FY2016

FY2019 Plan

Overview of the 13th Medium-term Business Plan (5) -Target figures

Target figures of the 13th Medium-term plan

		(JPY)	FY2015	FY2016	FY2019 Plan	Increase/ Decrease
Consolidated	Ordinary profit		72.8bn	47.1bn	77.0bn or more	+29.9bn
	Net income		47.9bn	29.3bn	54.0bn or more	+24.7bn
	ROE		5.18%	3.16%	6% level	—
	OHR		54.4%	76.5%	55% level	—
	Common Equity Tier 1 ratio		14.79%	16.35%	14% level	—
Non-consolidated	Gross operating profit		145.4bn	98.6bn	147.3bn	+48.7bn
	Net interest income		115.9bn	109.5bn	121.7bn	+12.2bn
	Interest on loans		93.0bn	95.3bn	106.9bn	+11.6bn
	Interest and dividends on securities		29.8bn	24.6bn	25.6bn	+1.0bn
	Fees and commissions		15.9bn	15.2bn	17.0bn	+1.8bn
	Trading income		0.9bn	0.3bn	1.7bn	+1.4bn
	Other operating profit		12.7bn	- 26.4bn	6.9bn	+33.3bn
	Gains and losses on bonds such as JGBs		11.3bn	- 30.1bn	3.7bn	+33.8bn
	Expenses (-)		79.5bn	79.2bn	83.0bn	+3.8bn
	Actual net operating profit		65.9bn	19.4bn	64.3bn	+44.9bn
	Ordinary profit		66.1bn	51.8bn	64.0bn	+12.2bn
	Net income		44.0bn	24.4bn	44.5bn	+20.1bn
	Shareholder return		43.82%	84.60%	50% level in medium and long term	—
Loans balance (average balance)		7,384.1bn	7,694.2bn	8,450.0bn	+755.8bn	
Deposits balance (average balance)		9,050.8bn	9,212.3bn	9,550.0bn	+337.7bn	
Securities balance (average balance)		1,839.7bn	1,838.3bn	1,600.0bn	- 238.3bn	

This document includes statements concerning future business results. These statements do not guarantee future business results, but contain risks and uncertainties. Please note that future business results may differ from targets for reasons such as changes in the business environment.

[Contact]

The Shizuoka Bank. Corporate Planning Department (Hiroyuki Sugiyama)

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

FAX: 054-344-0131

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