

Presentation for Investors

February, 2019
The Shizuoka Bank, Ltd.



静岡銀行

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

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Results of 3Q FY2018

Results of 3Q FY2018 – Nonconsolidated

〔Nonconsolidated〕

(JPY bn, %)

	3Q FY2018	YoY	
		Increase/ Decrease	Rate of change
Ordinary revenue	146.1	+7.1	+5.0
Gross operating profit	99.9	+1.7	+1.7
Net interest income	88.5	+4.2	+4.9
(Interest on loans)	(79.1)	(+4.5)	(+6.0)
Fees and commissions	11.8	-0.0	-0.3
Trading income	0.5	-0.0	-6.4
Other operating profit	-0.9	-2.4	-158.6
(Bond-related income such as JGBs)	(-3.0)	(-3.2)	(-)
Expenses (-)	61.1	-0.9	-1.4
Actual net operating profit *	38.8	+2.6	+7.2
Provision for general allowance for loan losses (-)	-0.9	-0.9	-
Net operating profit	39.7	+3.5	+9.6
Special profit and loss	4.9	-9.2	-65.1
Gain from reversal of allowance for loan losses	0.0	-6.3	-
Bad debt written-off (-)	2.9	+2.6	+946.7
Gain (loss) on stocks	6.9	-2.1	-23.2
Ordinary profit	44.6	-5.7	-11.2
Extraordinary profit and loss	3.4	+3.4	-
Net income before taxes	48.0	-2.3	-4.4
Corporate taxes (-)	13.4	-1.1	-7.8
Net income	34.6	-1.1	-3.1

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

Overview : 3Q FY2018 Nonconsolidated

Ordinary revenue JPY +7.1bn YoY (first increase in 2 periods)

- Ordinary revenue increased by JPY 7.1bn YoY to JPY 146.1bn, mainly due to increase in interest on loans (up JPY 4.5bn) and increase in interest and dividend on securities (up JPY 7.0bn)

Gross operating profit JPY +1.7bn YoY (continued increase in 2 periods)

- Gross operating profit increased by JPY 1.7bn YoY to JPY 99.9bn, reflecting both increase in net interest income (up 4.2bn) and decrease in bond-related income such as JGBs (down JPY 3.2bn) caused by loss from sales of foreign bonds

Net operating profit JPY +3.5bn YoY (continued increase in 2 periods)

- Net operating profit increased by JPY 3.5bn YoY to JPY 39.7bn, mainly because of increase in gross operating profit, decrease in expenses (down JPY 0.9bn), and reversal of general allowance for loan losses (JPY 0.9bn)

Ordinary profit JPY -5.7bn YoY (first decrease in 2 periods)

- Ordinary profit decreased by JPY 5.7bn YoY to JPY 44.6bn, reflecting decrease in special profit and loss (down JPY 9.2bn) mainly caused by absence of gains from reversal of allowance for loan losses (JPY 6.3bn)

Net income JPY -1.1bn YoY (first decrease in 2 periods)

- Net income decreased by JPY 1.1bn YoY to JPY 34.6bn, reflecting decrease in ordinary profit as well as increase in extraordinary profit and loss caused by gains on return of retirement benefit trust (JPY 3.5bn)

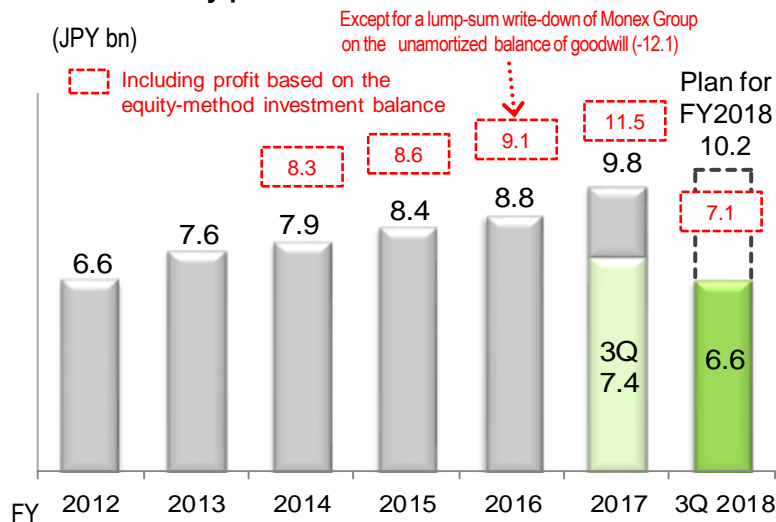
Results of 3Q FY2018 – Consolidated

- Ordinary revenue increased by JPY 6.9bn YoY to JPY 178.1bn, and ordinary profit decreased by JPY 7.4bn YoY to JPY 49.9bn
- Total ordinary profit of consolidated subsidiaries decreased by JPY 0.8bn YoY to JPY 6.6bn

〔Consolidated〕 (JPY bn)	3Q FY2018	YoY	Contents
Ordinary revenue	178.1	+6.9	First increase in 2 periods Due to increase both in interest on loans and in interest and dividend on securities
Ordinary profit	49.9	-7.4	First decrease in 2 periods Due to increase both in funding costs and in loss from sales of foreign bonds
Net profit attributable to parent company shareholders	38.0	-2.5	First decrease in 2 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.	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

- Profit in the bank branch division increased by JPY 1.5bn YoY, as a result of increase in interest on loans compensating increase in interest paid on deposits etc. Especially, interest on yen-based loans, maintaining growth trend of last fiscal year, increased by JPY 0.4bn YoY
- Profit in the market operations division increased by JPY 0.2bn YoY, reflecting increase in interest and dividend on securities, but on the other hand increase in funding cost of foreign currencies and decrease in bond-related income such as JGBs

Breakdown of gross operating profit

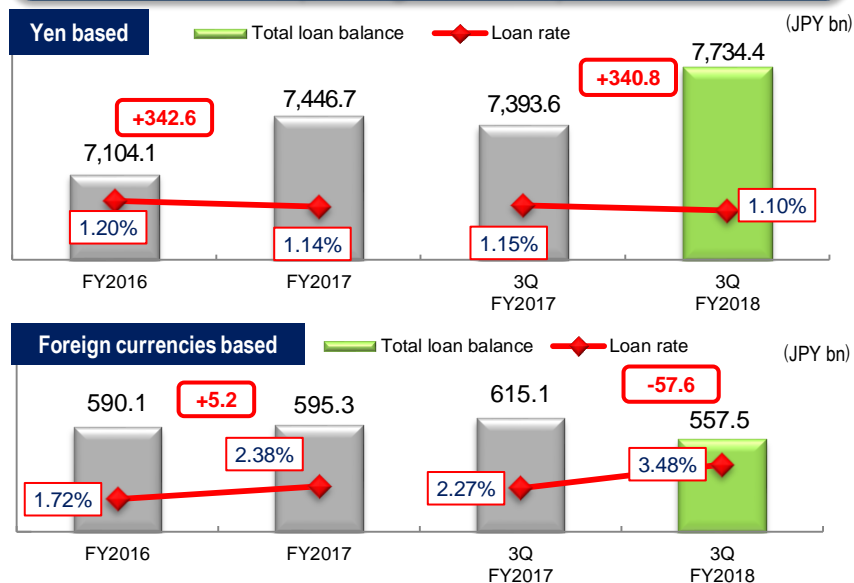
Breakdown of gross operating profit by division (JPY bn)	3Q FY2017	3Q FY2018	YoY
(1) Bank branch division (Loans, Deposits, etc.)	79.7	81.2	+1.5
Interest on loans	74.6	79.1	+4.5
(Yen based)	64.1	64.5	+0.4
(Foreign currencies based)	10.5	14.6	+4.1
Fees and commissions	11.8	11.8	-0.0
Interest paid on deposits etc. (-)	6.7	9.7	+3.0
(2) Market operations division	18.5	18.7	+0.2
Interest and dividend on securities	18.7	25.7	+7.0
Interest on Deposits etc.	3.0	3.9	+0.9
Interest on Call money etc. (-)	5.3	10.6	+5.3
Trading income	0.6	0.6	-0.0
Other operating profit	1.5	-0.9	-2.4
(Bond-related income such as JGBs)	0.3	-3.0	-3.3
(Gains on foreign exchange transactions)	1.0	1.6	+0.6
(Gains on financial derivatives)	0.3	0.9	+0.6
(Reference) Gains and losses on stocks	8.9	6.9	-2.0

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

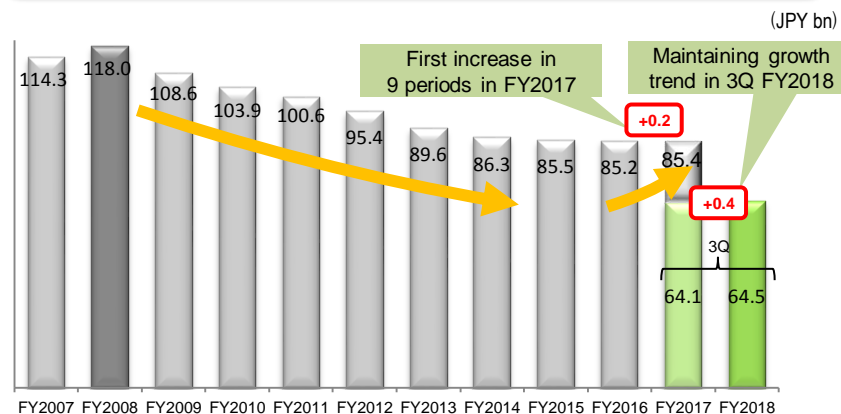
Total balance of securities decreased by JPY 201.2bn from the end of Dec. 2017

(JPY bn)	End of Dec. 2017	End of Mar. 2018	End of Sep. 2018	End of Dec. 2018
Total balance of securities	1,625.5	1,615.6	1,755.8	1,424.3
Unrealized gains and losses on securities	+300.4	+272.5	+319.8	+232.9
Stocks	+288.0	+265.4	+313.1	+234.4
Bonds	+5.1	+5.2	+2.7	+5.5
Others	+7.3	+1.9	+4.0	-7.0
Foreign bonds	-0.3	-0.6	-2.3	+0.8
Investment trusts	+7.1	+1.8	+5.2	-8.8

Loan balance (average balance) and loan rate



Interest on loans in JPY



Expanding business fields (1)

- Challenge on the expanding business field in the 12th Medium-term Business Plan, is leading to favorable results
- Aim for further expansion of profitability in these fields as well as development and monetization in new business fields under the 13th Medium-term Business Plan

Developing and monetizing 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

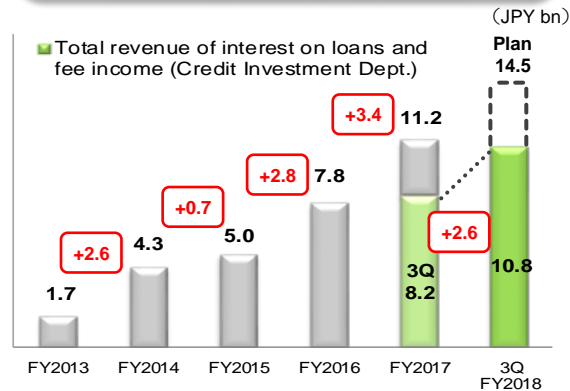
New areas of development and monetization in the 13th Medium-term Business Plan

Developing new business fields

- Guaranty business through collaboration with a housing loan specialist, ARUHI
- Collaborate with Monex Group to provide financial services
- Connection of bank accounts with a smartphone settlement service "Origami Pay"

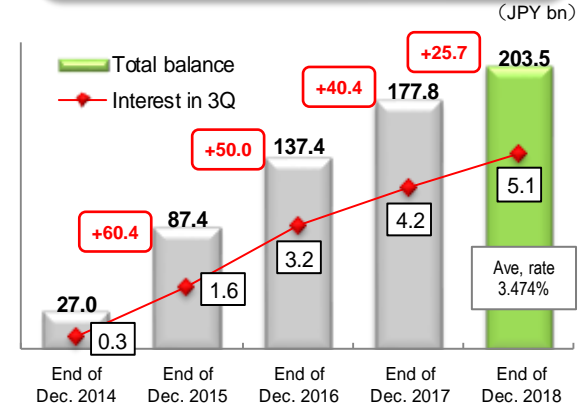
Tokyo metropolitan area

【Market Credit investment】 Interest on loans & Fee income



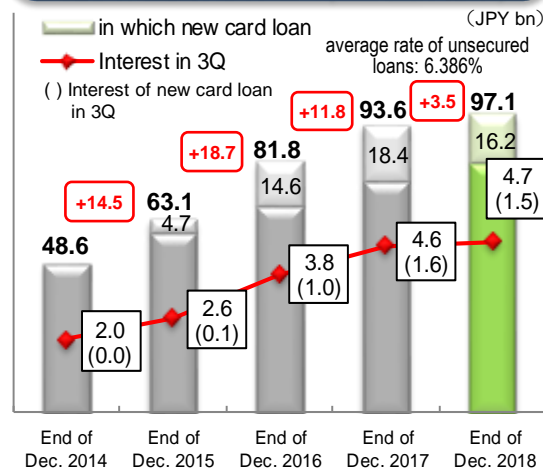
Tokyo metropolitan area

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



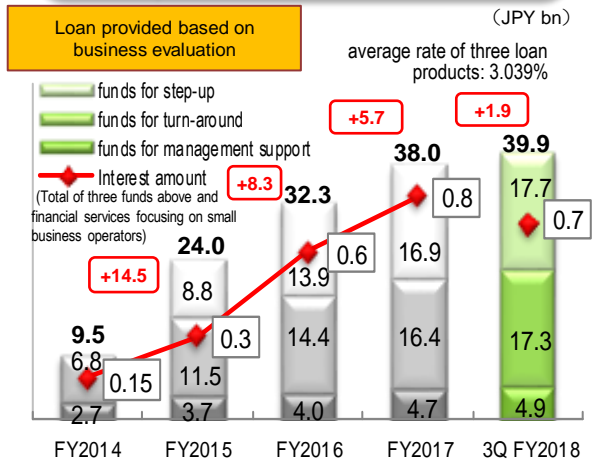
Nationwide market

【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.



Expanding business fields (2)

- Continue to develop business fields and generate JPY 30.0bn revenue by FY2019

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

Developing new business fields

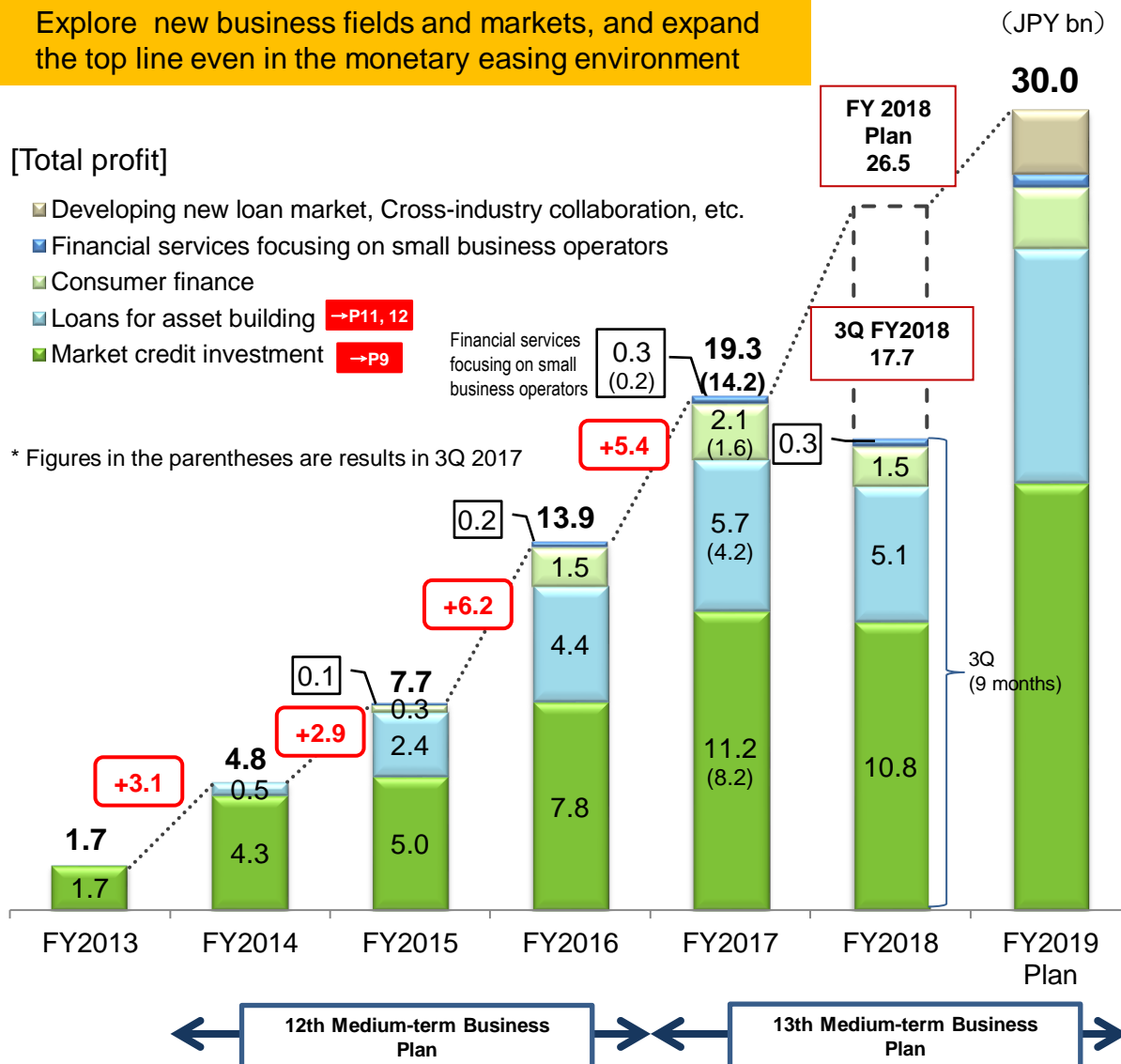
- Guaranty business through collaboration with a housing loan specialist, ARUHI
- Collaborate with Monex Group to provide financial services
- Connection of bank accounts with a smartphone settlement service "Origami Pay"

Explore new business fields and markets, and expand the top line even in the monetary easing environment

[Total profit]

- Developing new loan market, Cross-industry collaboration, etc.
- Financial services focusing on small business operators
- Consumer finance
- Loans for asset building →P11, 12
- Market credit investment →P9

* Figures in the parentheses are results in 3Q 2017



Developing new business fields (1) – 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.



Business tie-up in Jun. 2016

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

Renoveru, Inc.
らしい暮らしを、見つけよう



Business tie-up in Aug. 2016
Investment in Jul. 2017

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



Joint-venture established in Sep. 2015 (The Bank delegates an employee as an outside director)

Establishing a housing-related service platform



Memorandum for collaboration exchanged in May 2018

Development of housing loan products and research for higher efficiency in operation



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

Became LP investor in venture fund set up by WiL, LLC. in Feb. 2018



Connection of accounts with "Origami Pay" in Aug. 2018

Connection of bank accounts with a smartphone settlement service "Origami Pay"



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



Capital and business tie-up in Aug. 2015

Offering financial services in FinTech fields

Business tie-up with Japan Digital Design Inc.* in Oct. 2017

*Subsidiary of Mitsubishi UFJ Financial Group

Non-face-to-face channel

Developing new business fields (2) – Cross-industry collaboration

Collaborate with Monex Group to provide financial services



Sales of USD-based corporate bond to retail investors

- **Monex, Inc.**, sold some portion of USD-based corporate bond for retail investors on the Internet which the Bank issued in Dec. 2018 (total amount was USD 282mil)

[Existing services]

- “SHIZUGIN Wrap (MSV LIFE)” based on discretionary investment management (wrap service) by **Monex-Saison-Vanguard Investment Partners**
The robo-advisor equipped in the system offers comprehensive service including judgment on investment, exercise of buying and selling, consulting, and so on
- Financial instruments intermediary services with **Monex, Inc.**,
Customers can apply to open an account in Monex, Inc., through website of Shizuoka Bank

>>> Address diversifying investment needs

Expand non-face-to-face channels

Connection of bank accounts with a smartphone settlement service “Origami Pay”

- Started connection of bank accounts with a smartphone settlement service “Origami Pay” offered by **Origami Inc.** (Aug. 2018)
- Once registering ordinary deposit account in Shizuoka Bank in the mobile app of Origami, retail customers can complete purchase without cash by letting a smartphone read a QR code when shopping at member stores of Origami



>>> Diversification of settlement means

Develop new loan market

Collaboration with an online service provider related to housing loan, MFS, Inc.

- In Feb. 2019, started connection between examination system for housing loans of Shizuoka Bank and “Moge Check”, an online service offered by **MFS, Inc.** that helps retail customers with housing loan to switch a loan provider for a better loan term
- Customers can get proposal reflecting result of examination of Shizuoka Bank only by registering required information in Moge Check

Guaranty through collaboration with a housing loan specialist, ARUHI



- Shizugin Credit Guaranty Co., Ltd., a group company, started a new business to give guaranty to a housing loan product “ARUHI Variable S” offered by **ARUHI Corporation** (Aug. 2018)
- Received 325 applications until Dec. 2018 (Equivalent to 1 Loan Center)

>>> Develop new channels of housing loans

Collaboration with new business partners

Search for collaboration with companies which participated in networking events

- Continue to search for opportunity of collaboration with 7 companies which participated in networking event (held in Mar. 2018)

Example (1)
Business matching
by utilizing of AI

Instant and automatic matching by AI
of information which staff register in system
⇒ **Increase in opportunities of proposal, quick response**
(Will start demonstrative experiment in Mar. 2019)

Example (2)
Enhanced marketing
by utilizing external data

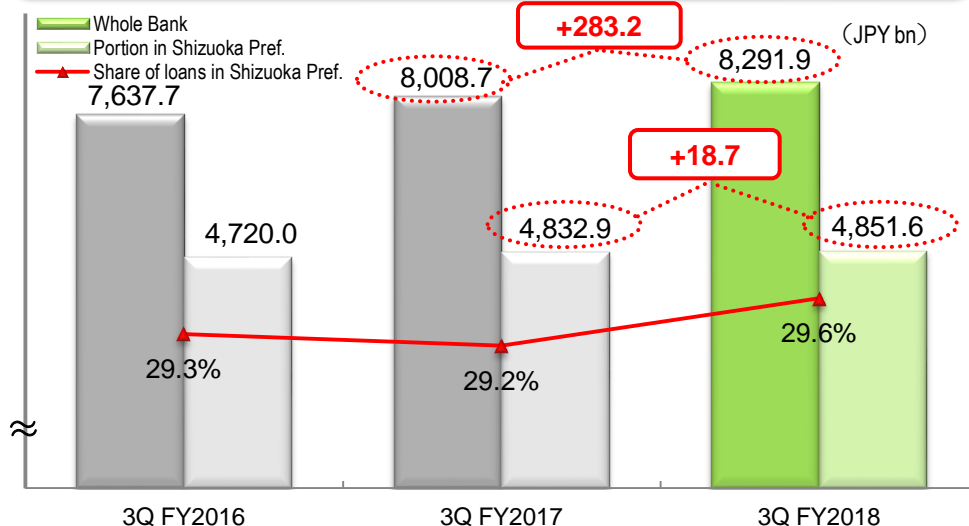
Collaboration between internal data and external data
by building infrastructure system to manage marketing data
⇒ **Efficient proposal and automatic message**
(Will start collecting data which can be used in the infrastructure system in Mar. 2019)

>>> Provide service with high value-added

Loans

- Total loan balance (average balance) increased by JPY 283.2bn (+3.5%) YoY mainly reflecting growth in loan balance for SMEs and retail loan balance

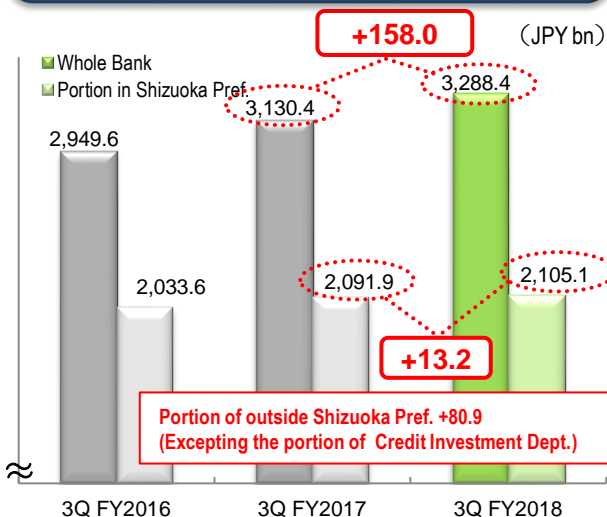
Total loan balance (average balance)



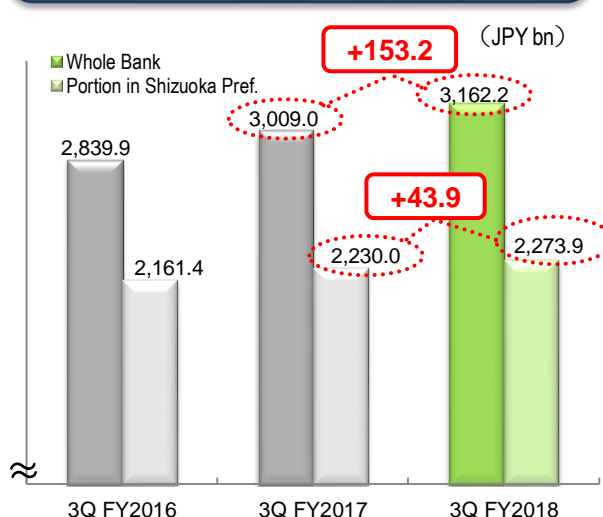
	Average balance	YoY	Annual growth rate
Total loan balance	JPY 8,291.9bn	JPY +283.2bn	+3.5%
Loan balance for SMEs	JPY 3,288.4bn	JPY +158.0bn	+5.0%
Retail loan balance	JPY 3,162.2bn	JPY +153.2bn	+5.0%
Loan balance for large and medium size enterprises	JPY 1,473.2bn	JPY -12.4bn	-0.8%
Loan balance in foreign currency	JPY 557.5bn	JPY -57.5bn	-9.3%

by amt. chg. : JPY -52.0bn
by ex. rate : JPY -5.5bn

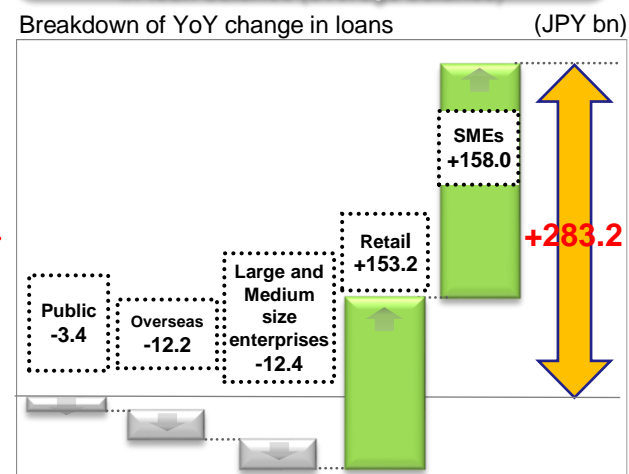
SMEs loan balance (average balance)



Retail loan balance (average balance)



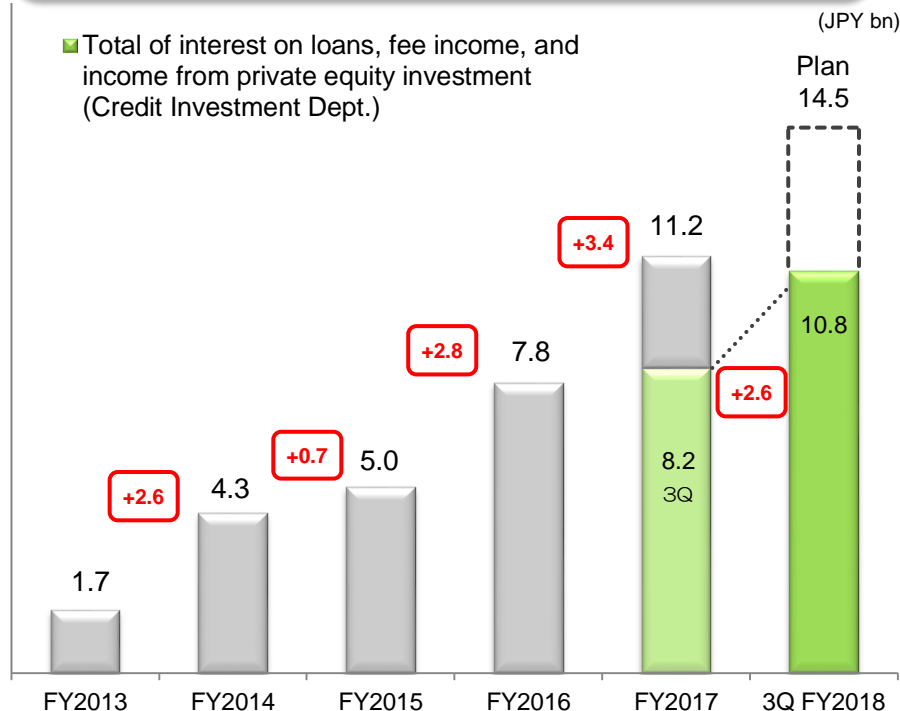
Breakdown of year-on-year changes in loan balance (average balance)



Market credit investment

Interest & Fee income in market credit investment

■ Total of interest on loans, fee income, and income from private equity investment (Credit Investment Dept.)



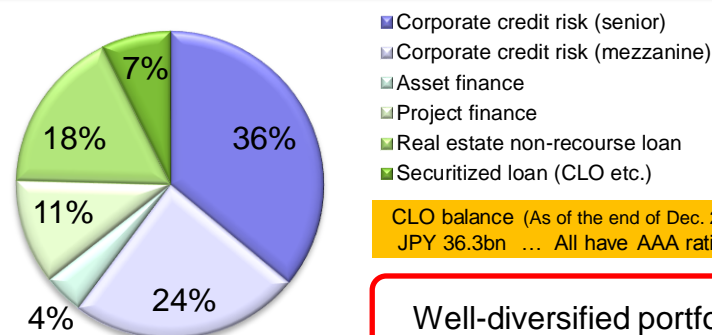
Investment in private equity (PE) and others

(JPY bn)

	FY2013	FY2014	FY2015	FY2016	FY2017	3Q FY2018
Capital commitment in PE	14.0	16.0	26.1	36.7	47.3	54.1
Amount of investment in PE	1.6	2.8	7.4	12.9	18.2	19.7
Amount in investment in private placement REIT	9.8	13.0	15.9	20.2	25.3	28.3
Total income	0.7	2.3	0.4	1.0	1.6	1.0

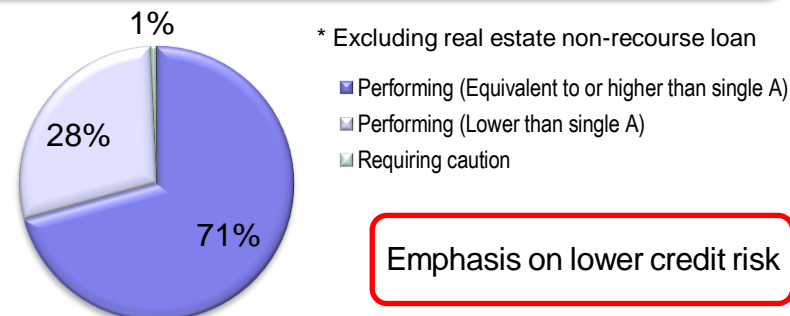
Targeting well-diversified portfolio by continuously investing in every fiscal year
 ⇒ Leading to generation of constant revenue as no. of cases of investment which is on the growth phase in J-Curve effect increases

Breakdown of loan by product (Monthly average balance in Dec. 2018: JPY 538.0bn)



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

Credit rating of loans (As of the end of Dec. 2018)



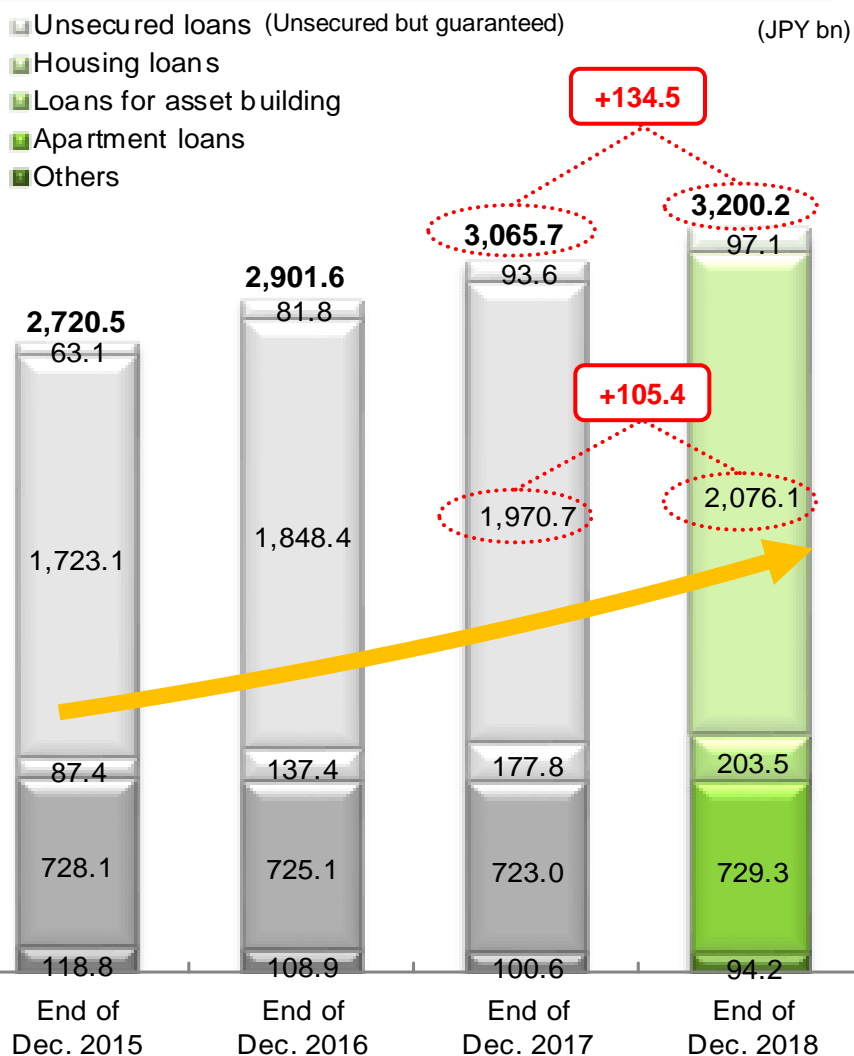
• As for real estate non-recourse loan, credit ratings of all loans are performing with rating lower than single A, and **LTV is 62.8%**

Return to risk		End of Dec. 2018
Amount of risk capital used	Credit Investment Dept. (Share in total)	JPY 37.5bn (11.1%)
Return to risk (Risk-adjusted return / Amount of risk capital used)		39.5%

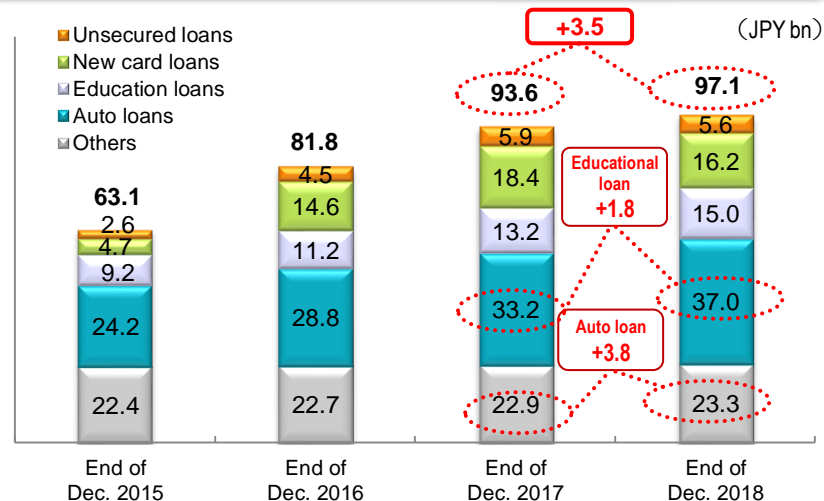
Consumer loans(1)

- Consumer loan balance (term-end balance) increased by JPY 134.5bn from the end of Dec. 2017, maintaining increase trend mainly due to growth of housing loans

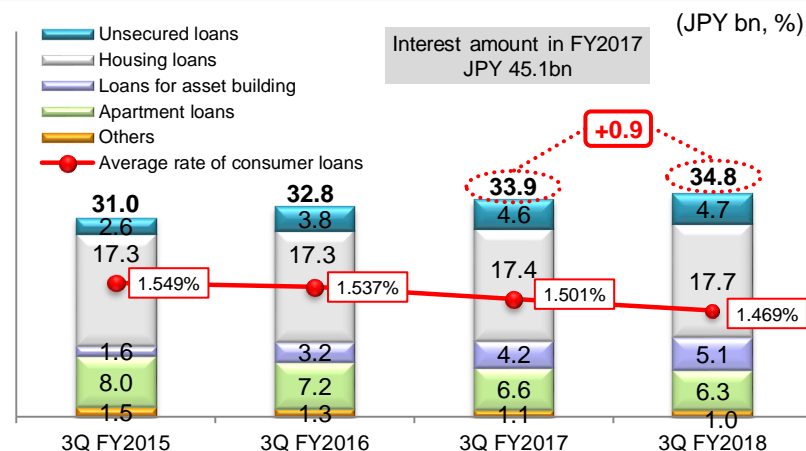
Consumer loan balance (term-end balance)



Unsecured loan balance (term-end balance)



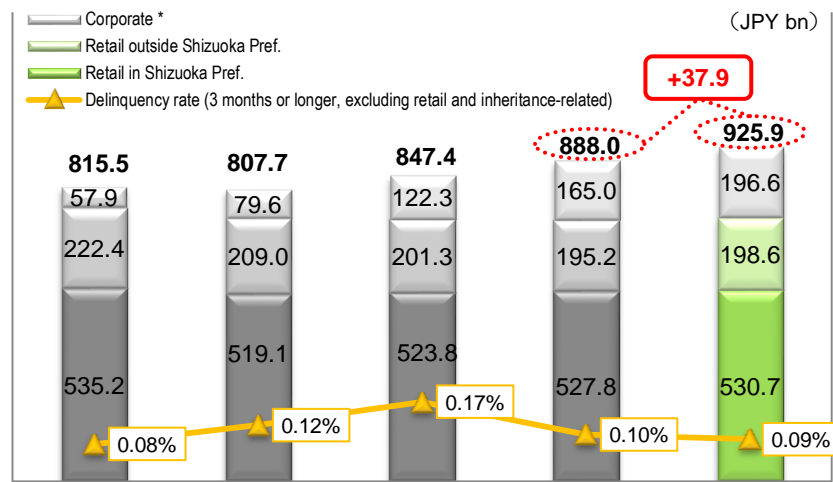
Interest amount and rate of consumer loans



Consumer loans(2) – Apartment loans, loans for asset building

- Build a sound loan portfolio of apartment loans (including loans to businesses) and loans for asset building by conducting appropriate assessments of business risks

Term end balance and delinquency of Apartment loans



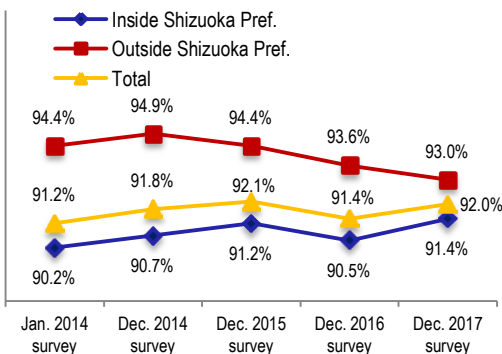
End of Dec. 2014 End of Dec. 2015 End of Dec. 2016 End of Dec. 2017 End of Dec. 2018

*Corporate : apartment loans for asset management companies which are not classified as customer loan

LTV of retail apartment loans at the end of Sep. 2018: 70.6%
(Inside Shizuoka Pref.: 72.6%, Outside Shizuoka Pref.: 65.9%)

Delinquency rates on apartment loans are low and occupancy rates remain high

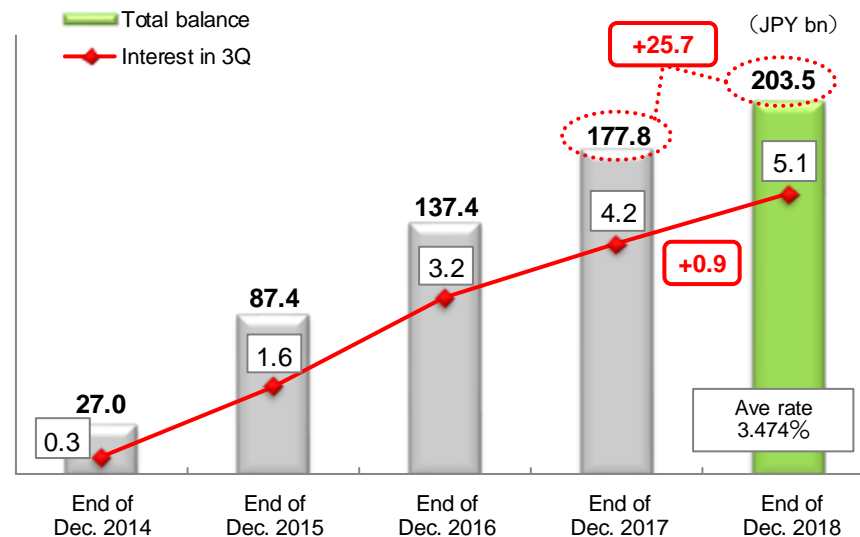
[Survey on occupancy for rental property]



«Reference» Vacancy rate statistical data
Ministry of Public Management "Housing, Land survey statistics"(2013)

Shizuoka Prefecture :24.8%
Tokyo :16.2%
Kanagawa Prefecture :17.3%
National average :18.9%

Term end balance of Asset building loans



◆ Apartment loan :

Help customers who already have land and other real estate to better utilize

◆ Loan for asset building :

Help customers with high income to start building assets from now on

Both in apartment loans and loans for asset building, appropriate assessments involve reviewing the repayment capability of borrowers and assessing risk at businesses, including the profitability of lease properties based on factors such as vacancy risk and downside risk to rents

Consumer loan (3) – Loans for asset building

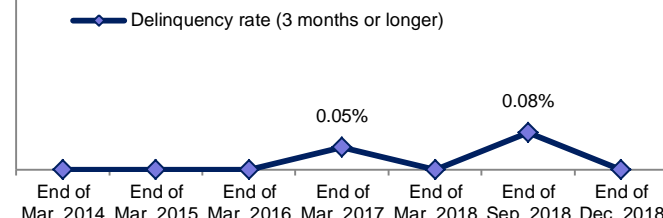
Stance

System for strict stance in acceptance of application &

Credit review with emphasis on profitability of property itself (risk at business)

- Customers can apply for those loans in limited locations and only staff who have completed specialized internal training can deal with them
- Only original documents are accepted as evidence for financial assets and so on (Strict rule to check such information directly from the customers themselves, not from brokers)
- Credit review is based on simulation where stated stresses are put on occupancy rates, loan interest rate, and so on (Whether or not the property is used for sublet is considered only as reference, and credit review does not depend on that aspect)
- Objective evaluation of real estate collateral by external party (independent on sales dept.) is adopted

Credit risk maintains low



Information on loan applications accepted

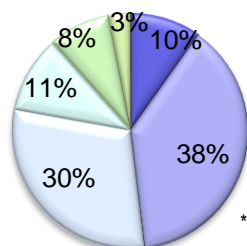
(Data on loans financed by Asset Building Support Division in 3Q FY2018)

Limited credit risks with sound borrowers' profile

Annual income of borrowers

(As of acceptance of loans)

Average annual income: JPY 13mil

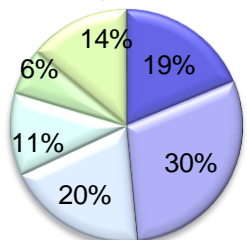


* Borrowers with sufficient credibility because of total income of family, financial asset, repayment ratio to income, and so on

Financial assets borrowers have

(As of acceptance of loans)

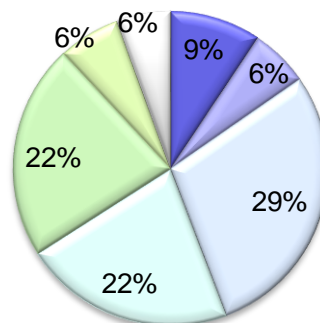
Average financial assets: JPY 34mil



Property expected to keep high occupancy rate

Geographic distribution of property

Most are in metropolitan area, and expected to keep high occupancy rate due to closeness to stations and main roads

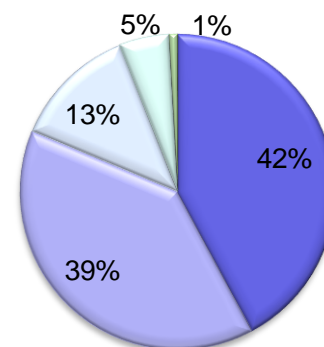


Introduction of potential customers is not concentrated to specified brokers

Loan portfolio made up of diversified small-amount loans

Loan amount per deal

Average loan amount per deal: JPY 67mil



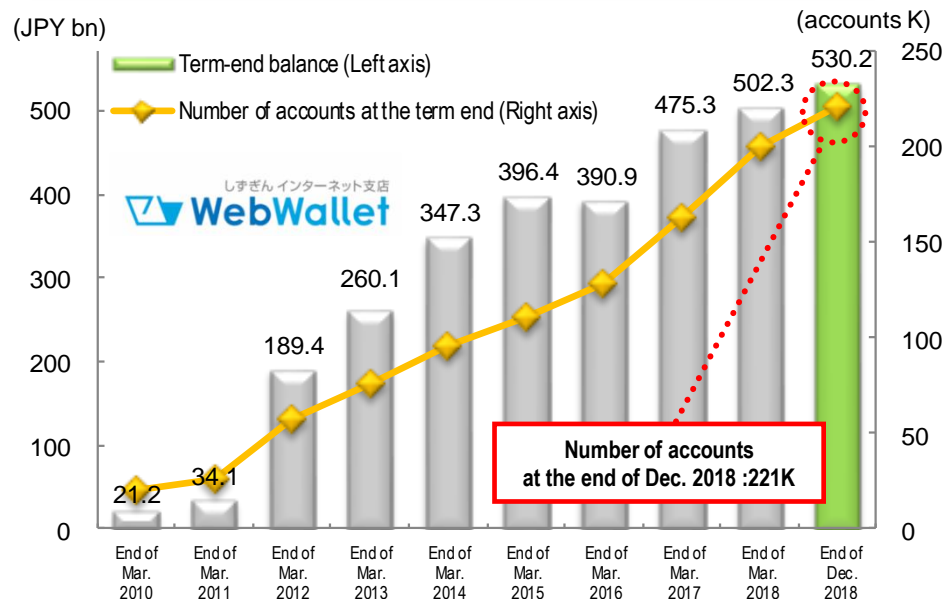
Among all loan deals, about 40% is less than JPY 50mil, and more than 80% is less than JPY 100mil, showing portfolio made up of diversified small-amount loans

- Asset Building Support Division holds various seminars for customers, **supporting asset building in areas other than real estate investment as well**
- Plan to expand relationship with customers from medium-and-long-term viewpoint

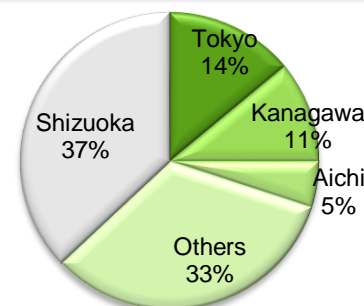
Internet Branch

- Internet Branch, with its deposit balance more than JPY 500.0bn, is growing into an established funding channel
- Through Internet Branch, the Bank promotes expansion of business outside the region and increase of transactions with younger generation which is expected to be the Bank's future customer base, both of which are the basis of nationwide market strategy in the 13th Medium-term Business Plan

Number of accounts and term-end balance

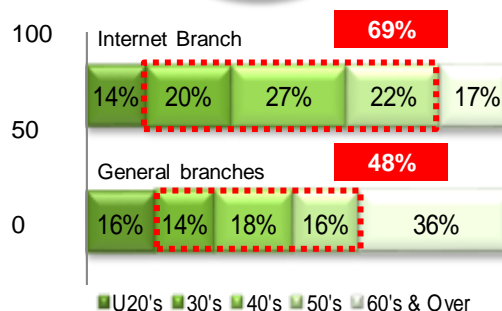


Customer distribution by prefecture (End of Dec. 2018)



Grown to be a funding channel that can widely collect deposits regardless of location

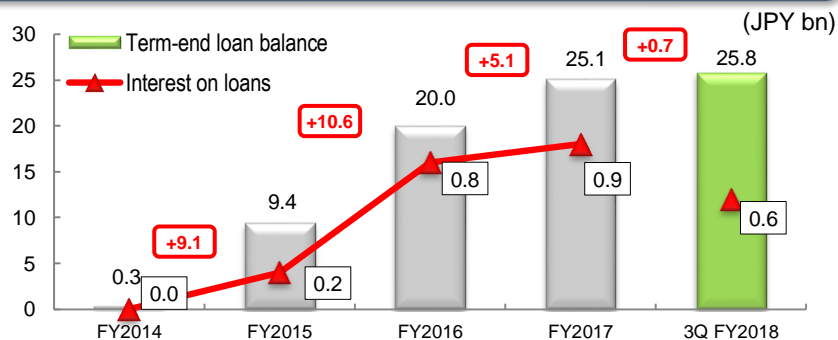
Outside Shizuoka Pref. : 63%
(Mar. 2010 : 16%)



Main customer segment is 30's-50's asset building generation

⇒ Internet Branch can provide various financial services based on customers' life planning

Loan balance and interest on loans



Lineup of products provided by Internet Branch

Loan (No need for customers to come to branches from application to contract)

Unsecured	Loan with specified use, Card loan
Secured	Housing loan, Free loan

Product for asset management (Products solely offered by Internet Branch)

Time deposit	JPY-based, Other-currencies-based
Investment trust	One-time type, Installment type



Fees and commissions

- Fees and commissions on nonconsolidated basis were roughly same with those in 3Q FY2017, and fees and commissions including Shizugin Management Consulting and Shizugin TM Securities decreased by JPY 1.5bn YoY
- The Bank works to enhance not only non-consolidated profitability such as fee incomes related to corporate but also consolidated profitability by consulting solution-based marketing with group companies

Group-based Fees and commissions

(JPY bn)	3Q FY2017	3Q FY2018	YoY
(1) Fees and commissions (Nonconsolidated)	11.8	11.8	-0.0
Fees and commissions revenue	21.8	22.2	+0.4
Fees and commissions expense (-)	10.0	10.4	+0.4
(2) Ordinary revenue of Shizugin Management Consulting	1.1	1.2	+0.1
(3) Ordinary revenue of Shizugin TM Securities	6.5	4.9	-1.6
Total ((1)+(2)+(3))	19.4	17.9	-1.5

Shizugin Management Consulting

- Carried out M&A and business succession consulting for SMEs stably
- Further expanding M&A and business succession field in the 13th Medium-term Business Plan

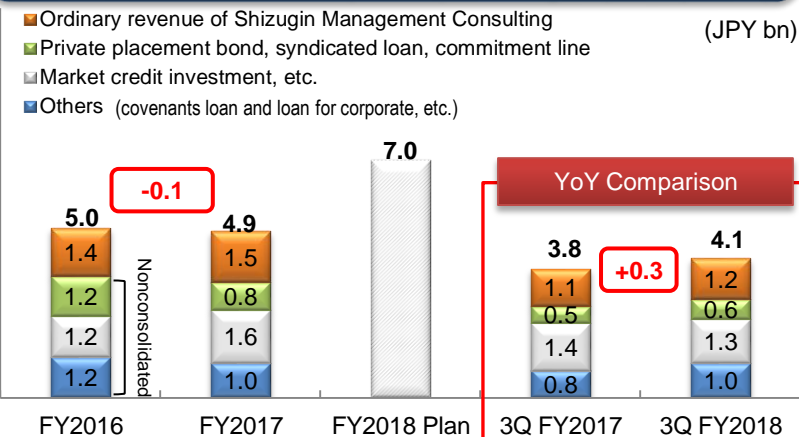
(JPY bn) [contracts number]		FY2015	FY2016	FY2017	3Q FY2018
Ordinary revenue		1.35	1.40	1.49	1.23
Consultant fee	M&A	0.29 [24]	0.33 [23]	0.39 [28]	0.36 [19]
	Business succession	0.10 [56]	0.11 [40]	0.13 [51]	0.12 [47]
Settlement service		0.80	0.83	0.85	0.64

Shizugin TM Securities

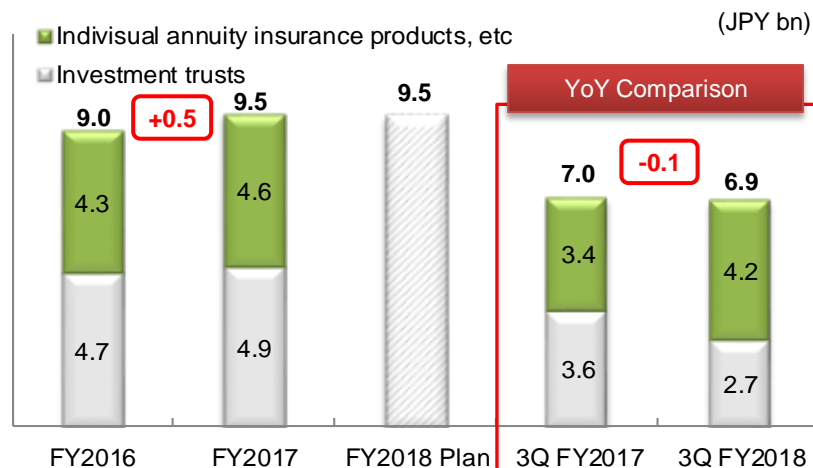
- Recorded No.1 ordinary revenue and ordinary profit among the regional banks securities subsidiary (FY2017)
- Leading Group revenue through selling investment trust and bonds

(JPY bn)	FY2015	FY2016	FY2017	3Q FY2018
Ordinary revenue	8.69	7.73	8.50	4.95
(Investment trust-related)	(5.48)	(4.47)	(4.69)	(2.55)
Investment trust sales	136.2	114.0	121.5	62.1
Bond sales	82.7	96.7	143.3	82.1

Fee incomes related to corporate (include group companies)



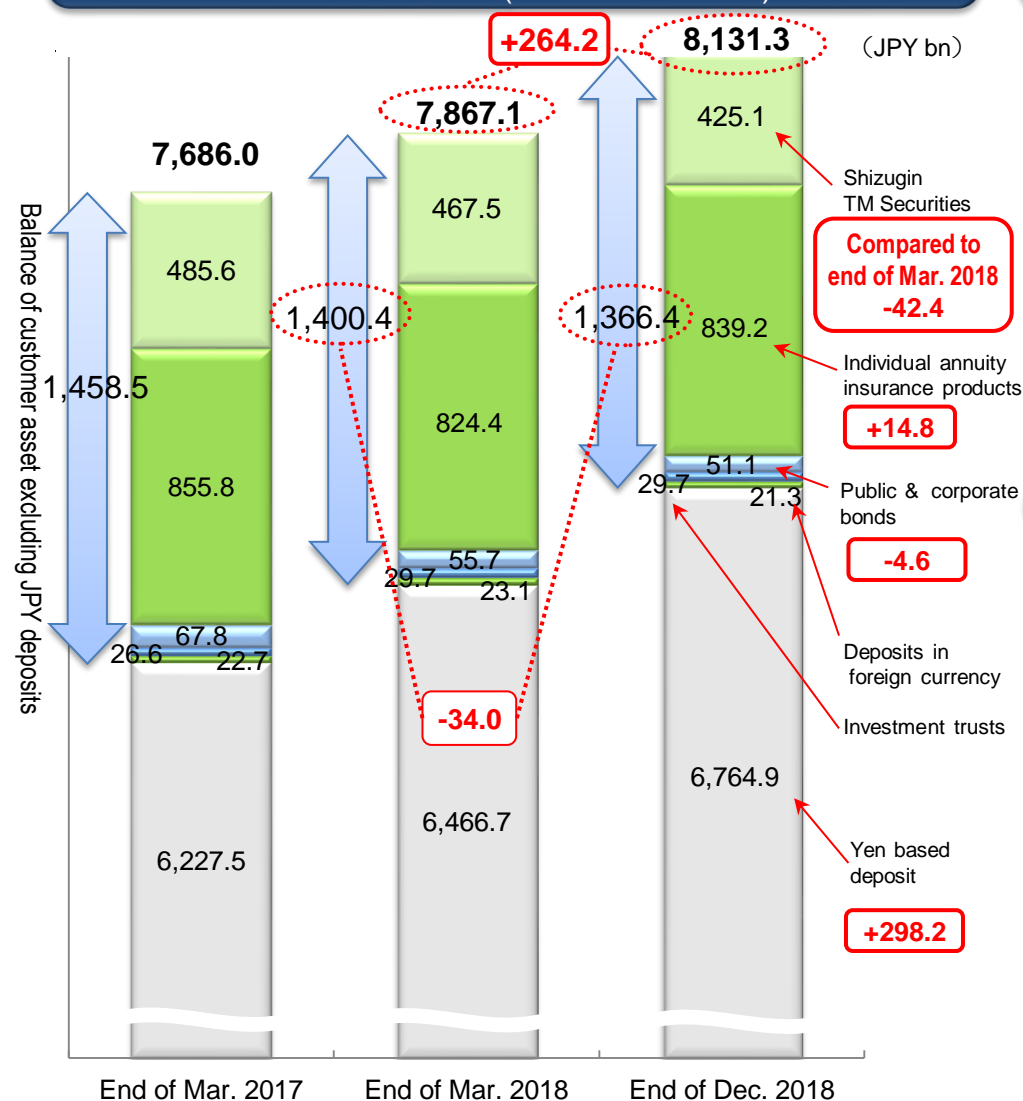
Sales and fee income from offering investment trusts and insurance products (Shizuoka Bank / Shizugin TM Securities)



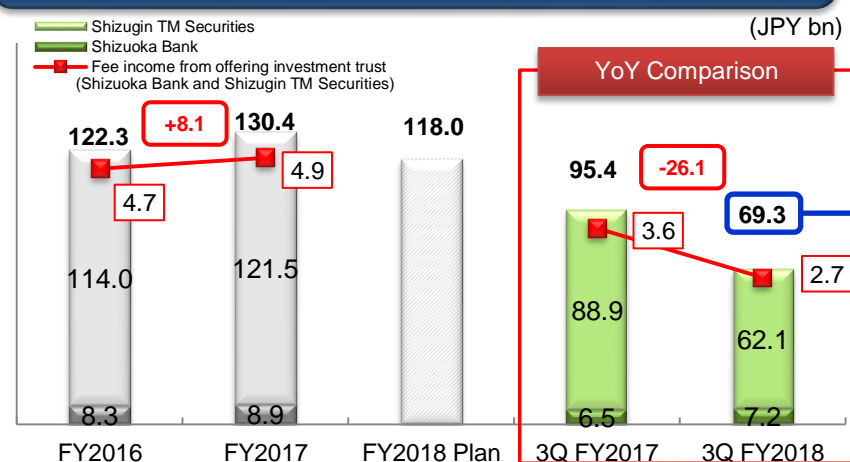
Customer assets

- Customer assets at the end of Dec. 2018 increased by JPY 264.2bn from the end of Mar. 2018 due to the growth of Individual annuity insurance products and Yen based deposit balance
- Sales amount of investment trusts decreased by JPY 26.1bn YoY, and that of insurance products increased by JPY 19.4bn YoY

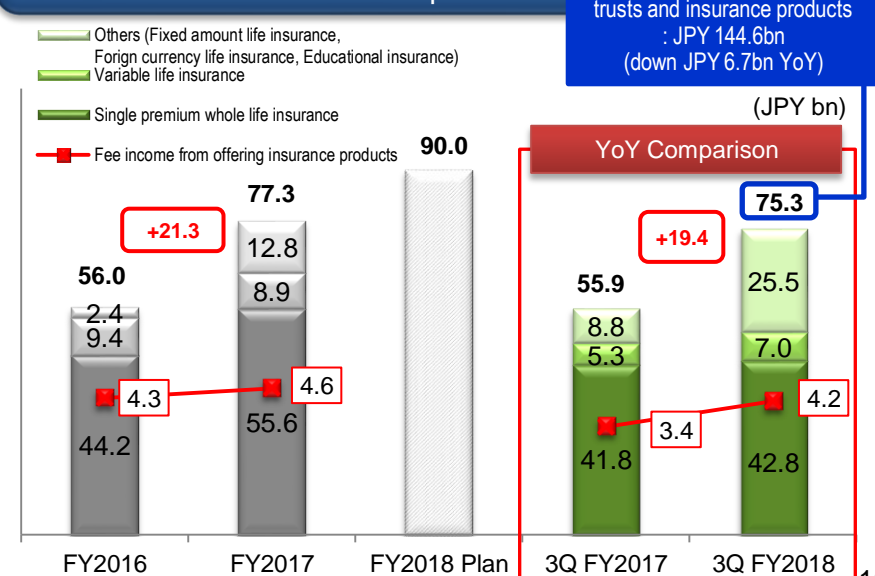
Customer assets (term-end balance)



Investment trusts



Insurance products

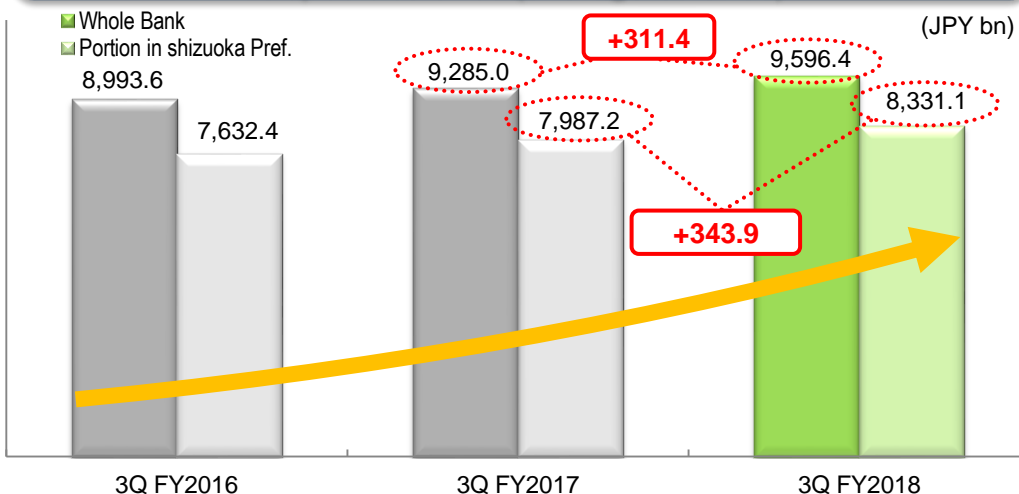


Total sales amount of investment trusts and insurance products : JPY 144.6bn (down JPY 6.7bn YoY)

Deposits

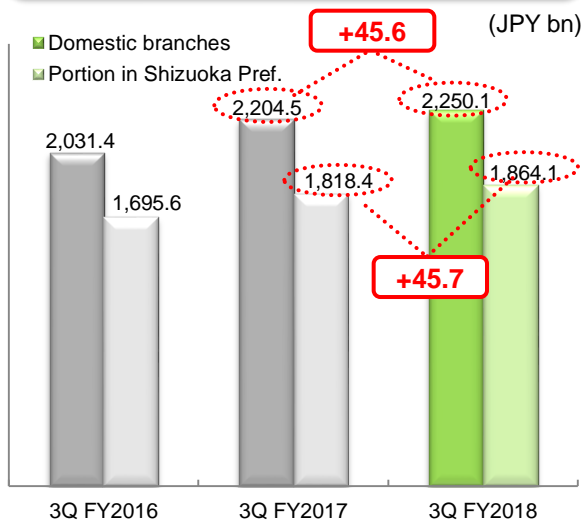
- Deposit balance (average balance) increased by JPY 311.4bn (+3.3%) YoY mainly due to the increase of retail deposit balance

Deposit balance (average balance)

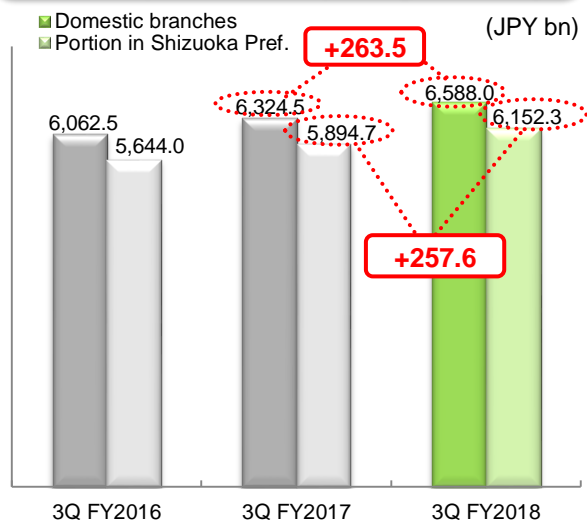


	Average balance	YoY	Annual growth rate
Total deposit balance	JPY 9,596.4bn	JPY +311.4bn	+3.3%
Deposit balance in Shizuoka	JPY 8,331.1bn	JPY +343.9bn	+4.3%
Corporate deposit balance	JPY 2,250.1bn	JPY +45.6bn	+2.0%
Retail deposit balance	JPY 6,588.0bn	JPY +263.5bn	+4.1%
Portion in Internet branch	JPY 506.5bn	JPY +39.9bn	+8.5%
NCD	JPY 99.5bn	JPY -74.0bn	-42.6%

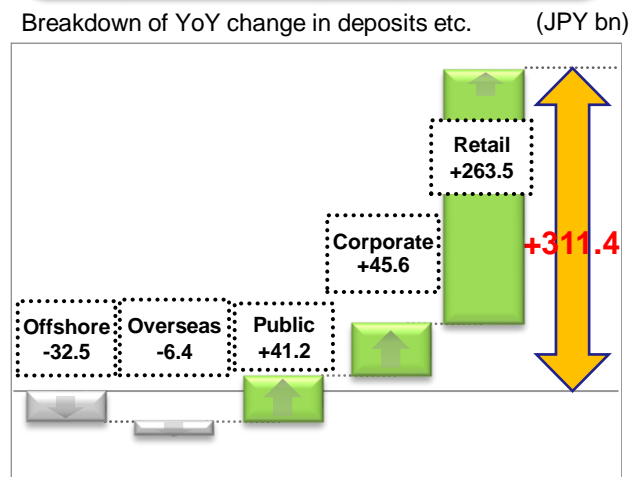
Corporate deposit balance (average balance)



Retail deposit balance (average balance)



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



Securities

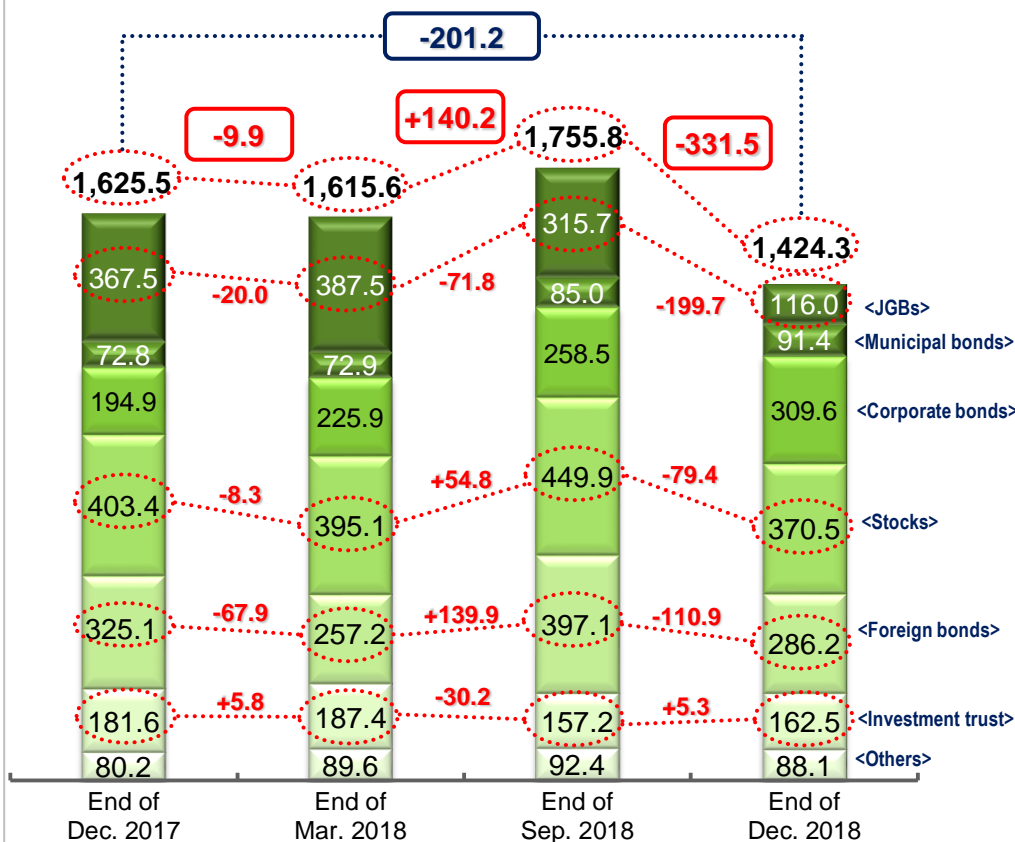
- The Bank reduced its balance of Yen-based and foreign-currencies-based bonds in 3Q 2018 considering interest trend. As a result, the balance of securities at the end of Dec. 2018 decreased by JPY 201.2bn compared to the end of Dec. 2017

Securities

[Duration]

	End of Dec. 2017	End of Mar. 2018	End of Sep. 2018	End of Dec. 2018
Yen based bonds	5.45 years	5.42 years	5.72 years	5.49 years
Foreign bonds	5.15 years	5.07 years	5.25 years	4.59 years

(JPY bn)



Gains and losses on securities

(JPY bn)	3Q FY2017	3Q FY2018	YoY
Interest and dividend on securities	18.7	25.7	+7.0
Gains on investment trusts	6.2	4.2	-2.0
Gains and losses on bonds such as JGBs	0.3	-3.0	-3.3
Gain on sell of bonds such as JGBs	1.1	2.2	+1.1
Loss on sell of bonds such as JGBs(-)	0.8	5.2	+4.4
Gains and losses on hedges	0.3	0.8	+0.5
Gains and losses on stocks	8.9	6.9	-2.0
Gain on sales of stocks	8.9	7.0	-1.9

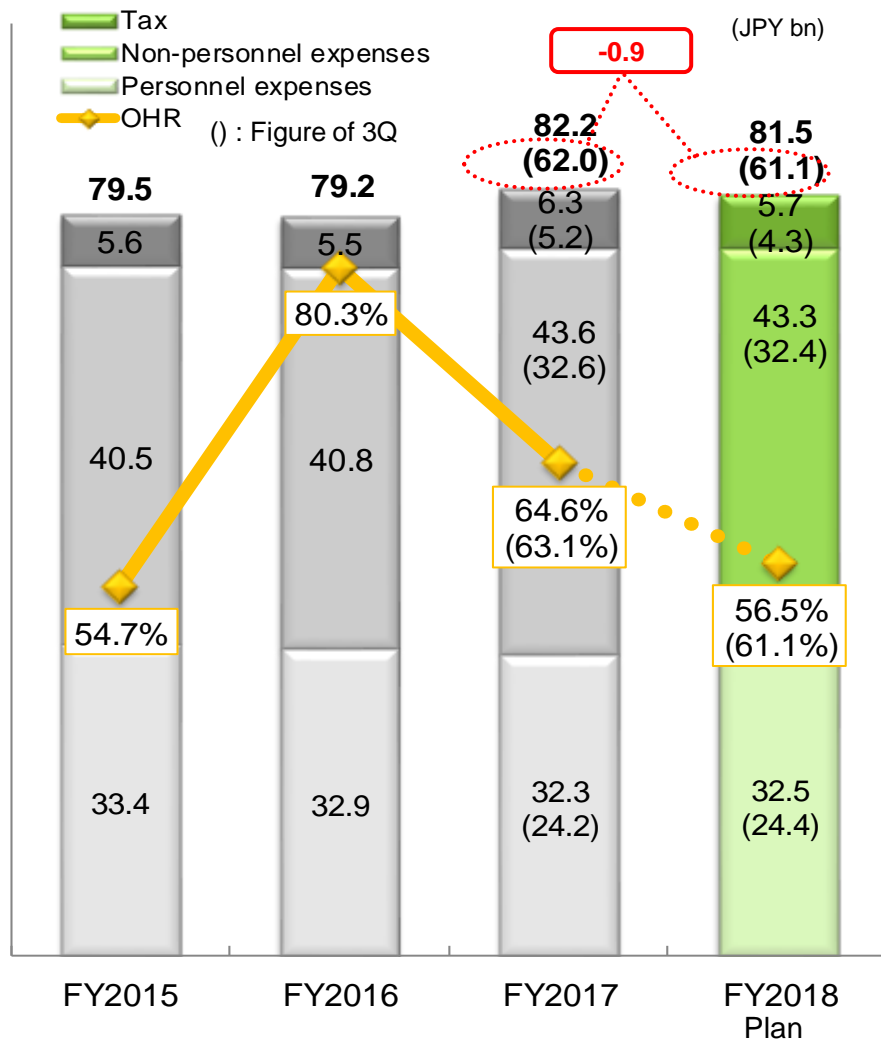
Unrealized gains and losses on securities

(JPY bn)	End of Dec. 2017	End of Mar. 2018	End of Sep. 2018	End of Dec. 2018	End of Jan. 2019
Unrealized gains and losses on securities	+300.4	+272.5	+319.8	+232.9	+251.4
Stocks	+288.0	+265.4	+313.1	+234.4	+247.5
Bonds	+5.1	+5.2	+2.7	+5.5	+4.8
Other	+7.3	+1.9	+4.0	-7.0	-0.9
Foreign bonds	-0.3	-0.6	-2.3	+0.8	+1.9
Investment trusts	+7.1	+1.8	+5.2	-8.8	-3.8

Expenses

- Expenses of 3Q FY2018 was JPY 61.1bn (down JPY 0.9bn YoY), and OHR was 61.1% (down 2.0 percent points YoY)
- Maintain the policy to control OHR around 55% in the 13th Medium-term Business Plan

Expenses and OHR



Main factors for change of expenses

	YoY	Main factors	
Tax	JPY -0.9bn	Consumption tax JPY -0.8bn	Non-personnel expenses related with systems JPY+0.3bn
Non-personnel expenses	JPY -0.2bn	Deposit insurance premium JPY -0.1bn Depreciation expense JPY -0.4bn	
Personnel expenses	JPY +0.2bn	Health insurance premium JPY +0.2bn	
Total	JPY -0.9bn		

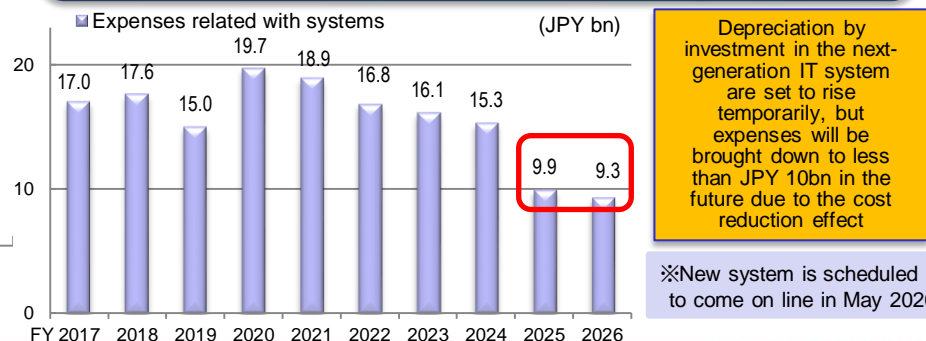
Comparison with initial expenses plan

	FY2017	FY2018
Initial plan (13 th Medium-term Business Plan)	JPY 85.0bn	JPY 84.5bn
Performance/Plan	JPY 82.2bn	JPY 81.5bn

Efforts to reduce expenses were successful, with expenses falling below the target level in the 13th Medium-term Business Plan

⇒ Aim for further reductions by charging the cost structure through channel and operation process reform

Forecast of expenses related with systems



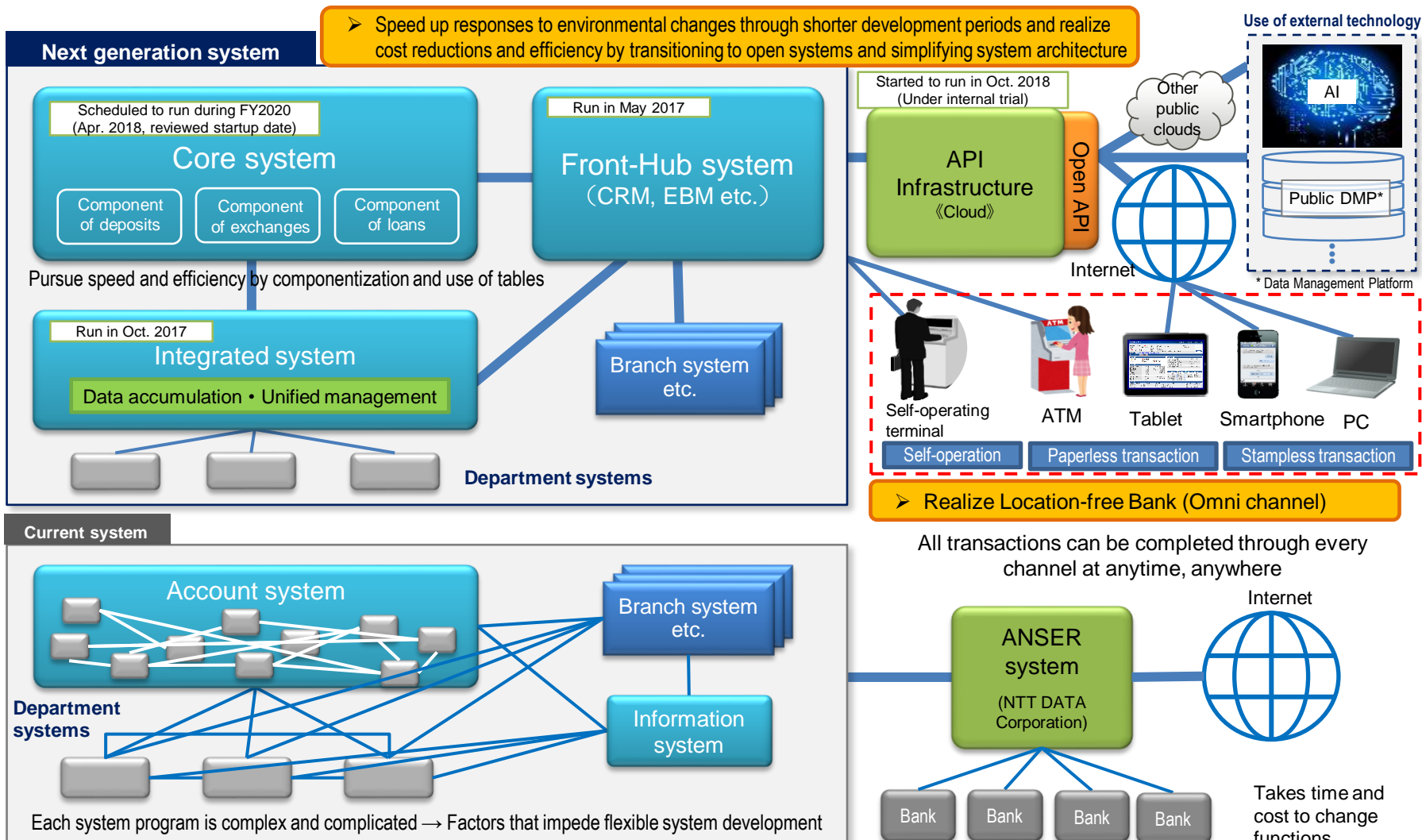
Next Generation System

- The Next Generation System was scheduled to start operation in Jan. 2019, but the startup date has been pushed back to sometime during FY2020 to secure sufficient time for testing; the decision was made to ensure the system is stable, as it needs to be compatible with other various systems, including the updated Japanese Banks' Payment Clearing Network (Zengin System), which currently faces delays
- Updates to hardware in the current system were completed in May 2017 and there is no impact on the stable operation of the system or on our strategies in the 13th Medium-term Business Plan

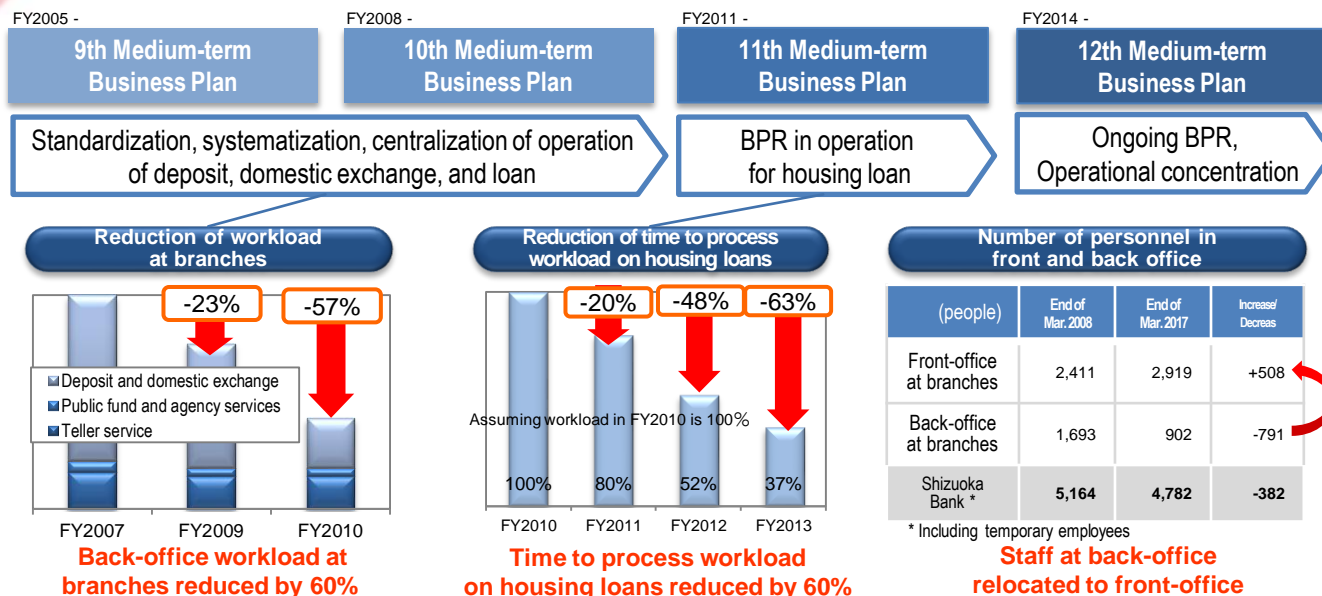
Open system



Main frame system



Operation process reform



- Management of branches at low cost through drastic BPR
- Sales structure reform
- Work style reform

Even further enhancement of productivity

Shift to “5 less” at branches

Paperless

Seal-less

Cashless

Counter-terminal-less

Counter-less

Effect

- Branches with less staff and less equipment, optimized network of ATMs, realization of branch sharing with other financial institutions
- Enhancement of customers' convenience
- Staff's energy concentrated on consulting

Use of RPA

- System for uniform development of RPA prepared in Aug. 2018
- 10 kinds of operation automated within 2 months
⇒ 90% of workload (equivalent to 2,400 hours per year) reduced

Plan from now on

Use of RPA to wider range of operations

Synergy with drastic BPR

Speed-up in enhancement of productivity and efficiency

Reduction of human error

Relocate staff who are released from back-office-work to front-office
 <Ref.> Number of staff currently working in back-office: about 1,000
 ⇒ Possible to shift to front-office by drastic BPR and use of RPA

Sales structure reform

Integrate branches and staff in business area

Improve efficiency and reduce cost of branch operation
Share expertise and know-how among branch personnel

Strengthen solutions marketing and ensure provision of highly targeted financial services without shrinking the branch network

Further improvements in customer convenience and satisfaction

- Initial trial of sales structure reform started in two Areas in Apr. 2018
- The trial started in three other Areas in Jul. 2018
- The reform will start in 13 additional Areas during FY2019

Credit-related costs

- Credit-related costs in 3Q 2018: JPY 2.0bn (up JPY 8.1bn YoY), Credit-related cost ratio: 0.03%

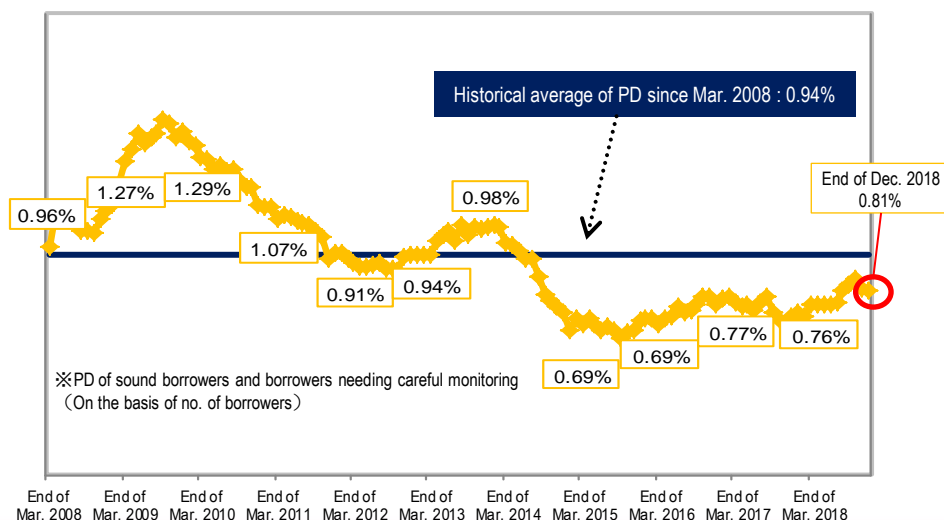
Breakdown of credit-related costs

(JPY bn)	3Q FY2017	3Q FY2018	YoY
Provision for general allowance for loan losses (1)	[-9.4] -	-0.9	[+8.5] -0.9
Provision for specific allowance for loan losses (2)	[3.1] -	2.7	[-0.4] +2.7
Other non-performing loans (NPL) disposal *1 (3)	0.2	0.2	-0.0
Reversal of allowance for loan losses *2 (4)	6.3	-	-6.3
Credit-related Costs (1)+(2)+(3)-(4)	-6.1	2.0	+8.1

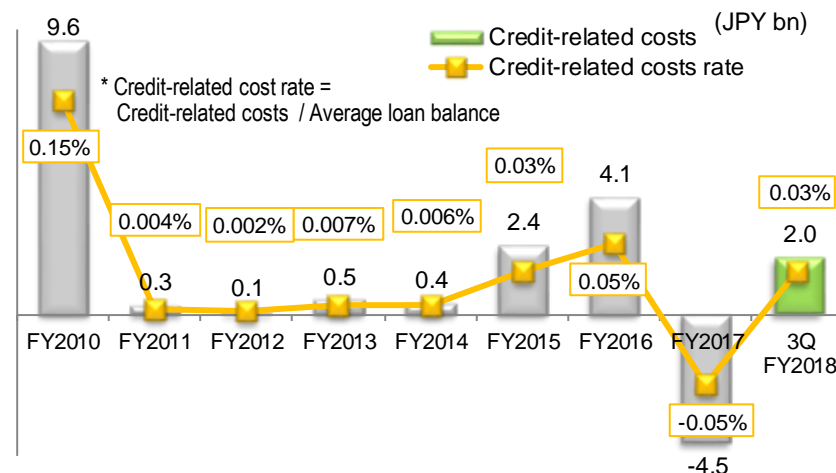
*1 Including provision for the estimated future payments to credit guarantee corporations, provision for allowance for accidental losses, and losses on sell of loans

*2 Reversal of allowance for loan losses shows the net amount for provision for general allowance for loan losses and provision for specific allowance for loan losses. Figures in parentheses [] is the amount before netting

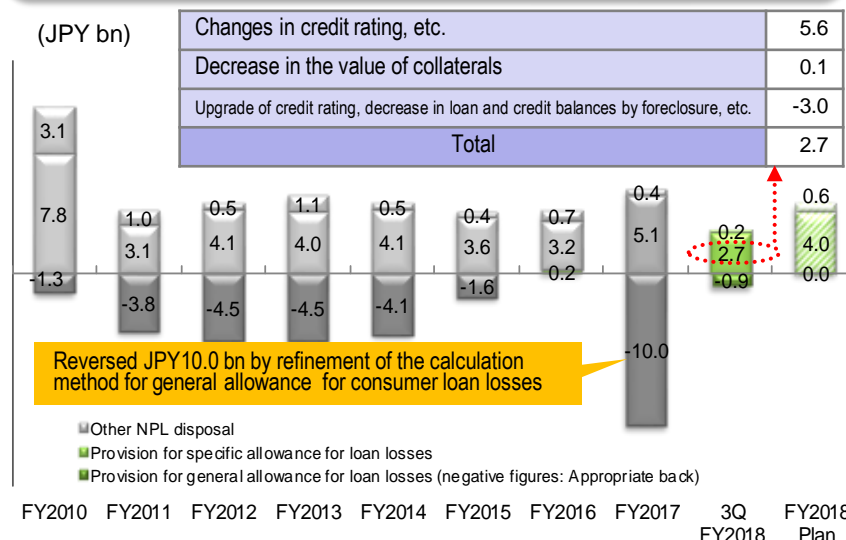
Probability of Default (PD)



Credit-related costs and Credit-related cost ratio



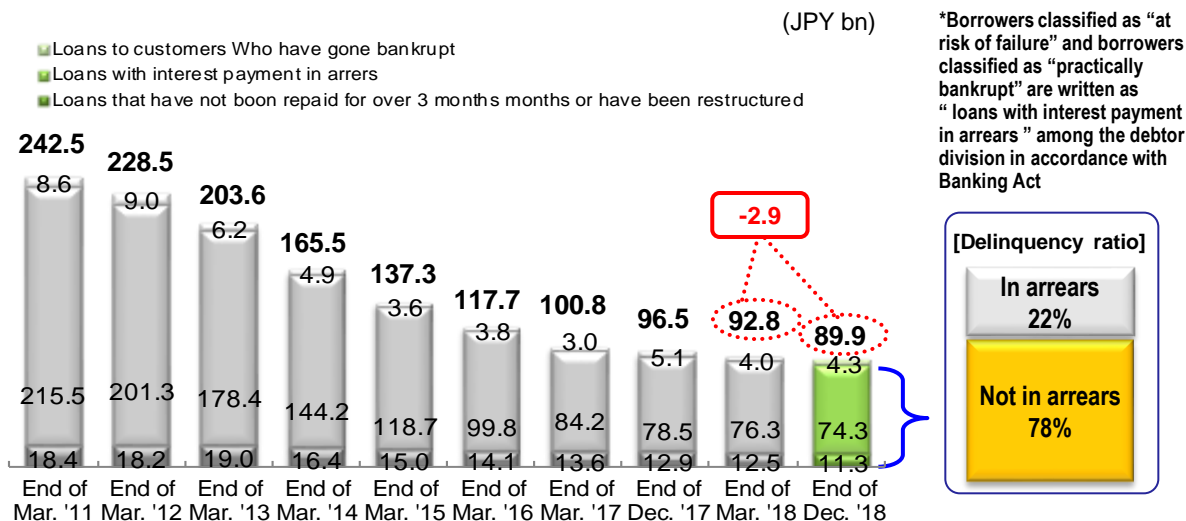
Provision for allowance for loan losses and other NPL disposal



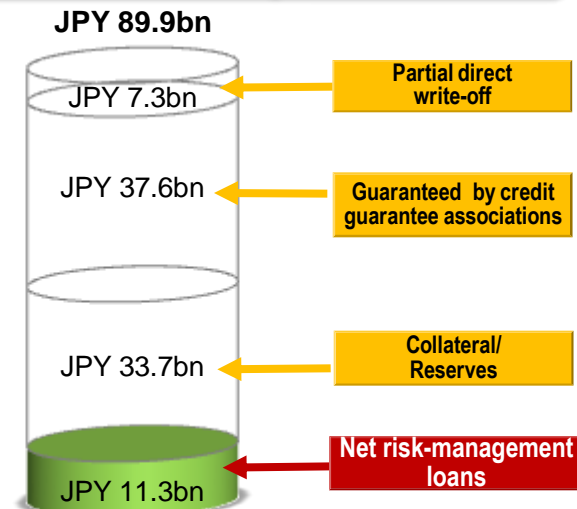
Risk-management loans

- Total risk-management loans keep decreasing from the peak balance of JPY 242.5bn after the collapse of Lehman Brothers, and the figure at the end of Dec. 2018 was JPY 89.9bn, resulting in less than JPY 90.0bn for the first time (the ratio of risk-management loans was 1.05%)
- Net risk-management loans were JPY 11.3bn (the ratio of net risk-management loans was 0.13%), which shows the soundness in the Bank's asset

Trends in Risk-management loans



Net risk-management loans



NPL removal from the balance sheet

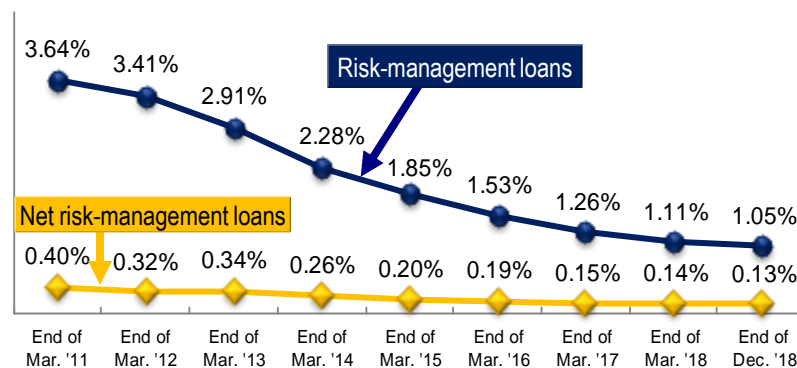
(JPY bn)	FY2017	3Q FY2018
New recognition of NPLs	+25.2	+19.5
Removal from the balance sheet (NPL to borrowers classified as "at risk of failure" or riskier categories)	-33.2 (-29.7)	-22.4 (-20.0)
Risk-management loans	92.8	89.9

-2.9

[Breakdown of JPY 20.0bn]

(JPY bn)	
Collected from borrower/ set off against deposit account	-2.7
Collateral disposal/ subrogated to guarantor	-10.2
Reclassified to better categories	-5.4
Loans sold-off	-1.5
Direct write-off of loans	-0.2

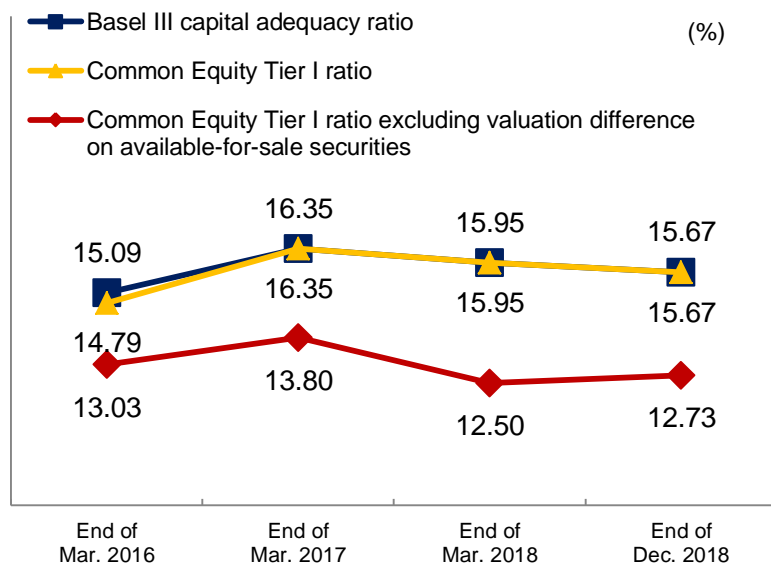
The ratio of risk-management loans



Capital adequacy ratio

- Both Basel III capital adequacy ratio and Common Equity Tier I ratio at the end of Dec. 2018 are 15.67%, slightly decreasing by 0.28 percent points from the end of Mar. 2018 (Common Equity Tier I ratio excluding valuation difference on available-for-sale securities at the end of Dec. 2018 is 12.73%, up 0.23 percent points from the end of Mar. 2018)

BIS capital adequacy ratio (Consolidated basis)



Interest rate risk in the banking book (IRRBB) (Consolidated basis, End of Dec. 2018)

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

Decrease in economic value	Tier I	Results of materiality test*
JPY 86.0bn	JPY 888.9bn	$9.6\% \leq 15\%$

*Financial Services Agency supervision guidelines require Δ EVE to be less than 15% of Tier I capital

- Δ NI (Net Interest Income): JPY 6.6bn (Decrease in net interest income due to interest shock Within IRRBB)

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

	End of Mar. '17	End of Mar. '18	End of Dec. '18	Change from the end of Mar. '18
[Basel III]				
Capital*	850.8	897.9	888.9	-9.0
Common Equity Tier I	850.8	897.9	888.9	-9.0
Excluding valuation difference on available-for-sale securities	718.3	703.6	722.0	+18.4
Other Tier I	0.0	0.0	0.0	± 0.0
Tier II	0.0	0.0	0.0	± 0.0
Risk-adjusted assets	5,202.8	5,626.9	5,670.2	+43.3
Total credit-risk adjusted assets	4,895.5	5,319.5	5,358.2	+38.7
Amount corresponding to market risk	15.2	12.7	15.7	+3.0
Amount corresponding to operational risk	292.1	294.7	296.3	+1.6

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

[Other indices related to the Basel III]

(1) Liquidity coverage ratio (Consolidated)

- End of Dec. 2018 : 156.5% (Regulatory level 90% and over)
- 3Q FY2018(Daily average) : 147.5%

(2) Leverage ratio (Consolidated, end of Dec. 2018) : 7.45% (Ditto 3% in trial period)

Shareholder return (1) – Profit distribution

- For FY2018, the Bank plans to pay an annual dividend of JPY 22 per share (up JPY 1 YoY), and completed share buyback during Nov.-Dec. 2018 (Buyback period: Nov. 9 - Dec. 10, no. of shares: 10mil, buyback amount: JPY 10,069mil)
- 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

13th Medium-term Business Plan

	FY2015	FY2016	FY2017	FY2018 E
Annual dividend per share	JPY20.00 (JPY10.00)	JPY20.00 (JPY10.00)	JPY21.00 (JPY10.00)	JPY22.00 (JPY11.00)

Profit distribution to shareholders

() : Figures of interim dividend per share

(JPY bn)

		FY2015	FY2016	FY2017	FY2018 E	FY '08– '17 (10years)
Annual dividend (1)		12.3	12.2	12.5	13.0	Accumulated total 102.1
Repurchase of shares (2) (Shares bought back: million shares)		7.0 (5)	8.5 (10)	9.7 (10)	10.1 (10)	Accumulated total 101.0
Shareholder returns (3)=(1)+(2)		19.3	20.7	22.2	23.1	Accumulated total 203.1
Nonconsolidated	Net income (4)	44.0	24.4	43.4	45.0	Accumulated 353.0
	Dividend payout ratio (1)/(4)x100	27.91%	49.83%	28.74%	28.79%	Average 28.91%
	Shareholder return ratio (3)/(4)x100	43.82%	84.60%	51.16%	51.16%	Average 57.52%
Consolidated	Profit attributable to owners of the parent (5)	47.9	29.3	50.1	52.0	Accumulated total 400.1
	Dividend payout ratio (1)/(5)x100	25.62%	41.58%	24.90%	24.91%	Average 25.51%
	Shareholder return ratio (3)/(5)x100	40.23%	70.60%	44.32%	44.27%	Average 50.75%
[Reference]						Average in 5years
ROE (Consolidated)		5.18%	3.15%	5.21%	-	4.98%

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

- The bank has regularly bought its own shares since FY1997, resulting in accumulated number of shares repurchased of 226mil
- In FY2018, the Bank cancelled 30mil shares on May 31st. In addition, the Bank bought back 10mil shares during Nov.-Dec.

Historical share buybacks

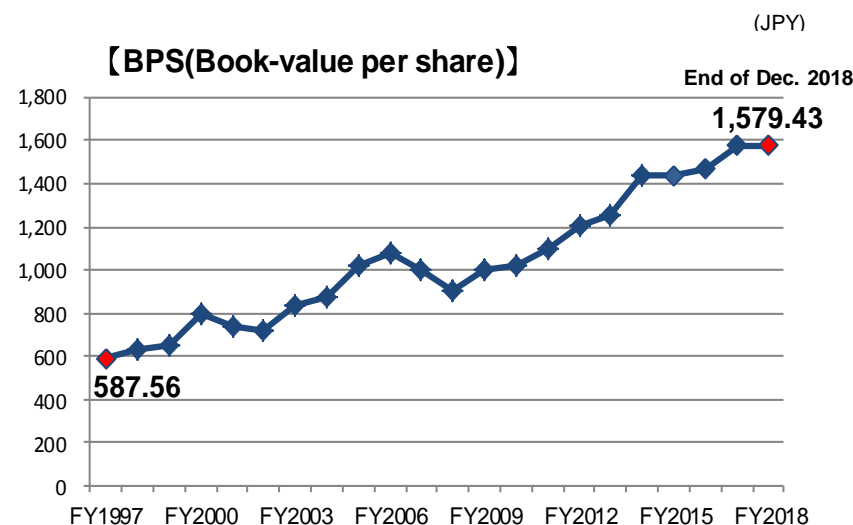
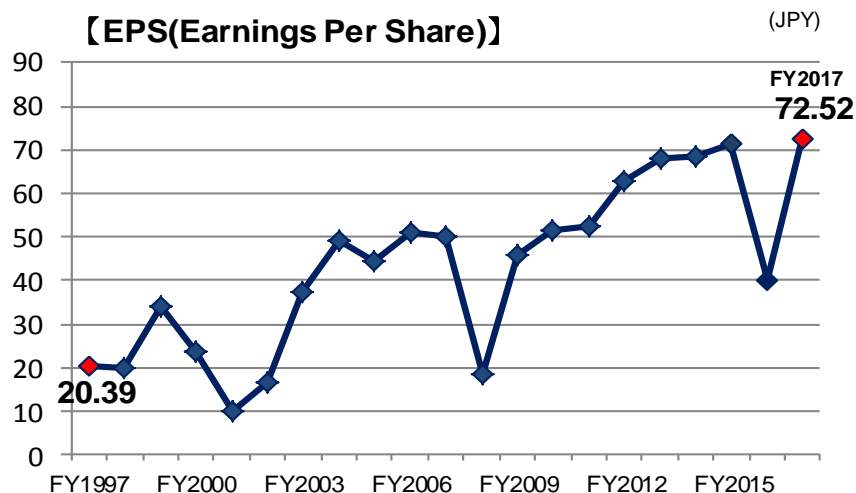
	Shares bought back (thousand shares)	Repurchase amount of shares (JPY mil)	Number of shares cancelled (thousand shares)	Cancellation amount (JPY mil)
FY1997-FY2015 (Accumulated total)	195,811	186,873	140,404	128,892
FY2016	10,000	8,496	20,000	20,578
FY2017	10,000	9,736	—	—
FY2018	10,000	10,069	30,000	30,530
Total	225,811	215,175	190,404	180,000

Cancel 30mil shares, worth JPY 30,530mil, in May 2018

After cancellation
No. of outstanding shares (including treasury stocks) : 615,129 thousand
No. of treasury stocks : 21,225 thousand

Buy back 10mil shares during Nov.-Dec. 2018

Bought 28% of outstanding shares at the end of Mar. 1997



Shareholder return (3) – Share buybacks (Time series data)

- The bank has regularly bought its own shares since FY1997, resulting in accumulated number of shares repurchased of 226mil

	Shares bought back (thousand shares)	Repurchase amount of shares (JPY mil)	Number of shares cancelled (thousand shares)	Cancellation amount (JPY mil)	Shareholder return ratio <Nonconsolidated> (%)	Shareholder return ratio <Consolidated> (%) (*)	EPS <Nonconsolidated> (Yen)	BPS <Nonconsolidated> (Yen)	DPS <Nonconsolidated> (Yen)
FY1997	7,226	9,997	7,226	9,997	90.3	—	20.4	587.6	6.0
FY1998	6,633	9,142	6,633	9,142	86.7	84.1	20.1	627.6	6.0
FY1999	8,357	9,143	8,357	9,143	51.4	52.6	34.1	651.0	6.0
FY2000	24,954	23,281	24,954	23,281	152.0	150.3	23.7	792.2	6.0
FY2001	8,234	8,267	8,234	8,267	165.4	170.5	10.3	742.7	6.0
FY2002	29,928	23,107	—	—	229.4	222.1	16.6	721.3	7.0
FY2003	10,712	8,566	30,000	23,381	50.8	50.2	37.2	831.8	7.0
FY2004	—	—	—	—	17.1	16.9	49.4	875.9	8.5
FY2005	—	—	—	—	22.5	21.4	44.2	1,019.2	10.0
FY2006	—	—	—	—	25.3	24.3	51.2	1,077.9	13.0
FY2007	10,000	12,621	10,000	10,130	61.8	62.6	49.9	997.2	13.0
FY2008	—	—	—	—	70.8	69.7	18.3	903.3	13.0
FY2009	5,000	3,996	5,000	4,638	40.6	39.8	46.0	998.2	13.0
FY2010	20,000	14,980	20,000	15,957	67.2	65.7	51.8	1,016.3	13.0
FY2011	20,000	14,575	—	—	67.6	63.0	52.4	1,097.6	13.5
FY2012	10,000	8,239	20,000	14,953	43.9	31.5	62.8	1,204.3	15.0
FY2013	20,000	22,642	—	—	75.7	69.3	67.8	1,257.6	15.5
FY2014	10,000	11,315	—	—	49.8	42.4	68.5	1,440.7	16.0
FY2015	4,767	6,999	—	—	43.8	40.2	71.4	1,436.5	20.0
FY2016	10,000	8,496	20,000	20,578	84.6	70.6	40.0	1,470.1	20.0
FY2017	10,000	9,736	—	—	51.1	44.3	72.5	1,579.0	21.0
FY2018 (Until Dec.)	10,000	10,069	30,000	30,530	—	—	—	—	22.0
Total	225,811	215,175	190,404	180,000	—	—	—	—	—

*Consolidated financial statements have been prepared since FY1998

Projected performance in FY2018 • Progress of the 13th Medium-term Business Plan

Projected performance in FY2018 • Progress of the 13th Medium-term Business Plan

(JPY bn)

Projected performance in FY2018

【Consolidated】

	FY2017 (A)	FY2018E (B)	YoY (B-A)	Results 3Q FY2018 (C)	Progress rate (C/B)
Ordinary profit	65.8	72.0	+6.2	49.9	69.3%
Profit attributable to owners of the parent	50.1	52.0	+1.9	38.0	73.0%

【Nonconsolidated】

Gross operating profit	127.3	144.1	+16.8	99.9	69.4%
Net interest income	111.5	122.1	+10.6	88.5	72.5%
Fees and commissions	15.2	17.0	+1.8	11.8	69.3%
Trading income	0.8	1.0	+0.2	0.5	57.8%
Other operating profit	-0.2	4.0	+4.2	-0.9	-22.5%
(Bond-Related income such as JGBs)	(-4.2)	(1.6)	(+5.8)	(-3.0)	(-186.1%)
Expenses (-)	82.2	81.5	-0.7	61.1	75.0%
Provision for general allowance for loan losses (-)	-	-	-	-0.9	-
Net operating profit	45.1	62.6	+17.5	39.7	63.5%
Special profit and loss	11.1	-1.6	-12.7	4.9	-306.7%
Ordinary profit	56.2	61.0	+4.8	44.6	73.2%
Net income	43.4	45.0	+1.6	34.6	77.0%
Credit-related costs (-)	-4.5	4.6	+9.1	2.0	43.1%

Progress of the 13th Medium-term Business Plan

(JPY bn)

【Consolidated】

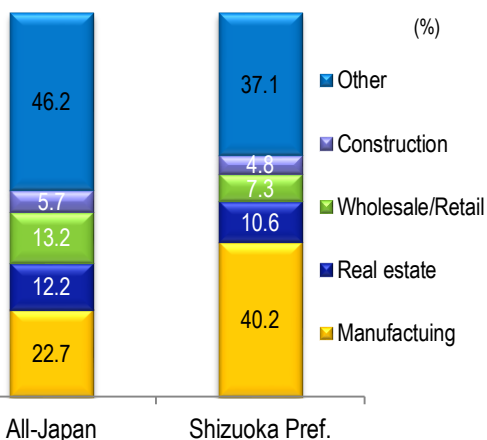
	12th Medium-term Business Plan	13th Medium-term Business Plan		
	Results of FY2016	Results of FY2017	FY2018E	FY2019 Plan
Ordinary profit (Except for a lump-sum write-down on the unamortized balance of goodwill)	47.1 (59.2)	65.8	72.0	77.0 or more
Profit attributable to owners of the parent (Except for a lump-sum write-down on the unamortized balance of goodwill)	29.3 (41.4)	50.1	52.0	54.0 or more

Reference

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 handling machinery of transportation and music instrument and etc.
- Has many representative tourist locations with rich natural resources

Percentage breakdown of GDP in Shizuoka Prefecture by industries

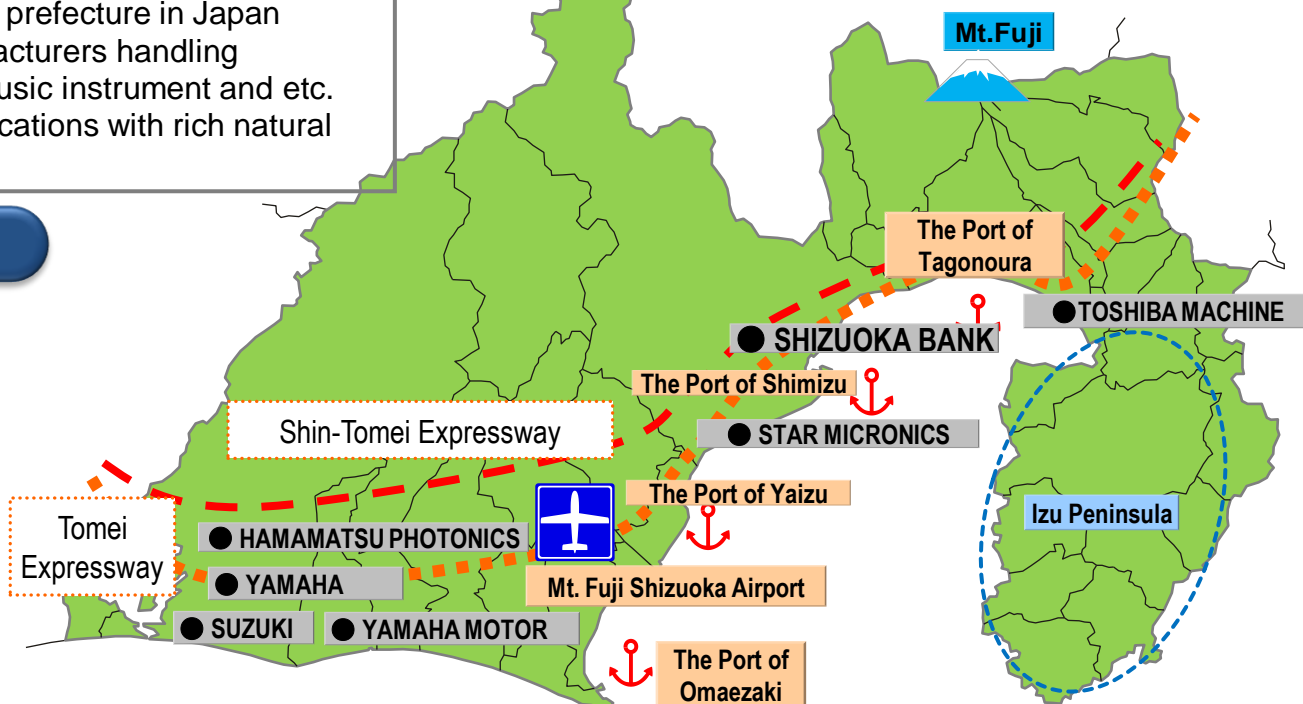


Source: Cabinet Office, Government of Japan, FY2015

No. of listed companies with HQs in Shizuoka Prefecture

* As of the end of Nov. 2018

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



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



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 Algeria, Qatar and Kazakhstan

Shizuoka Prefecture indices

	Share of all-Japan		National ranking
•Population	3.68 mil	2.9%	10th of 47 (2017)
•No. of households	1.57 mil	2.7%	10th of 47 (2018)
•Nominal prefectural GDP	JPY 17.3 tn	3.2%	10th of 47 (FY2015)
•Per-capita income	JPY 3.316 mil	—	6th of 47 (FY2015)
•No. of business establishments	170 K	3.1%	10th of 47 (2016)
•Amount of shipments of manufactured goods, etc.	JPY 16.1 tn	5.3%	3rd of 47 (2016)
•Agricultural output(*)	JPY 226.3 bn	2.4%	15th of 47 (2017)
•Fishery production volume(*)	200k tons	6.2%	4th of 47 (2017)
•No. of industrial locations	97	9.2%	1st of 47 (2017)
•No. of new housing starts	23K	2.4%	10th of 47 (2017)

* Based on flash reports

Shizuoka Prefecture economic scale

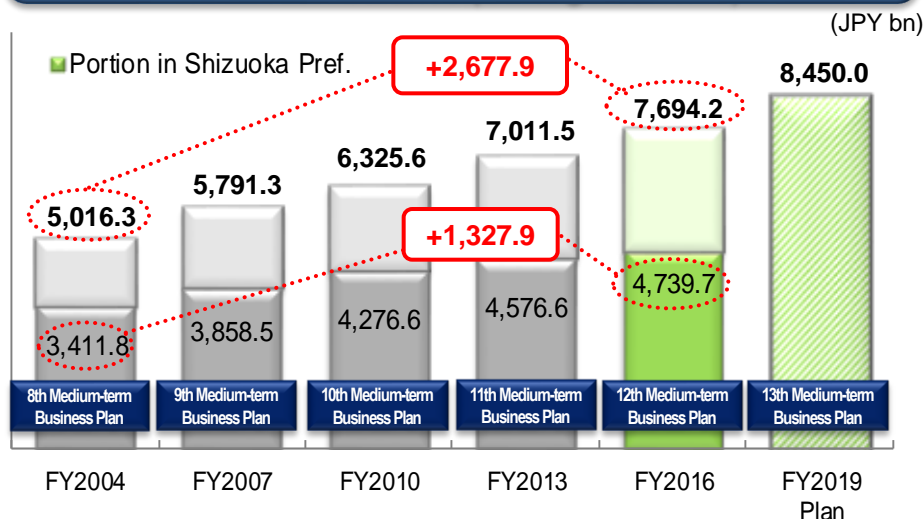
Prefectural GDP (FY2015, Nominal)		
Rank	Prefecture/Region	(USD bn)
9	Fukuoka Prefecture	157.0
10	Shizuoka Prefecture	144.0
11	Ibaraki Prefecture	108.2
-	4 prefectures in Shikoku	118.0
-	3 prefectures in Hokuriku	103.7
GDP comparison with countries (2015)		
Rank	Country (Region)	(USD bn)
55	Algeria	167.6
56	Qatar	166.9
57	Kazakhstan	159.4
-	Shizuoka Prefecture	144.0
58	Hungary	139.2
59	Angola	126.5

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

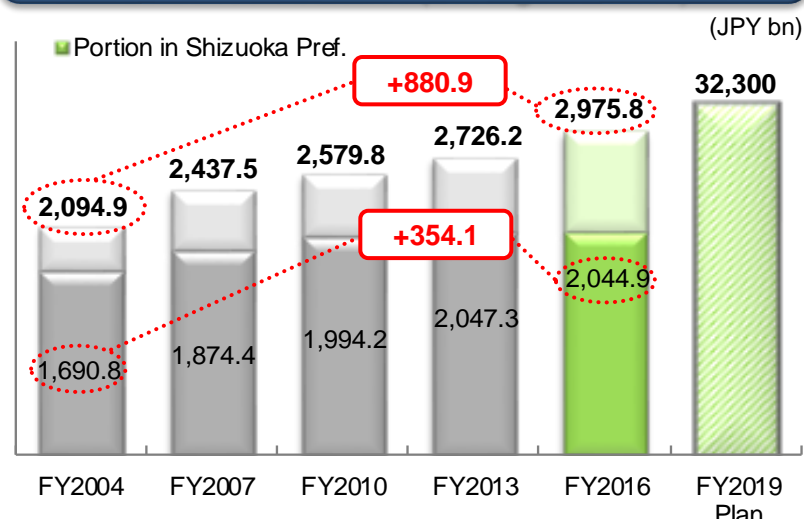
Historical data of loans

- Total loan balance (average balance) had increased by JPY 2,677.9bn for 12 years since FY2004 to FY2016, of which JPY 1,327.9bn was in Shizuoka Pref.
- SMEs loan balance: JPY +880.9bn, consumer loan balance: JPY +1,433.2bn

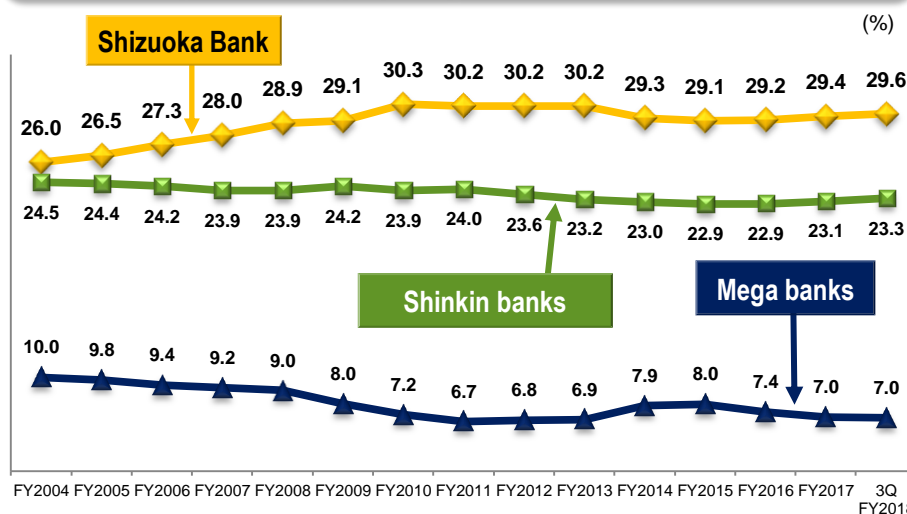
Total loan balance (average balance)



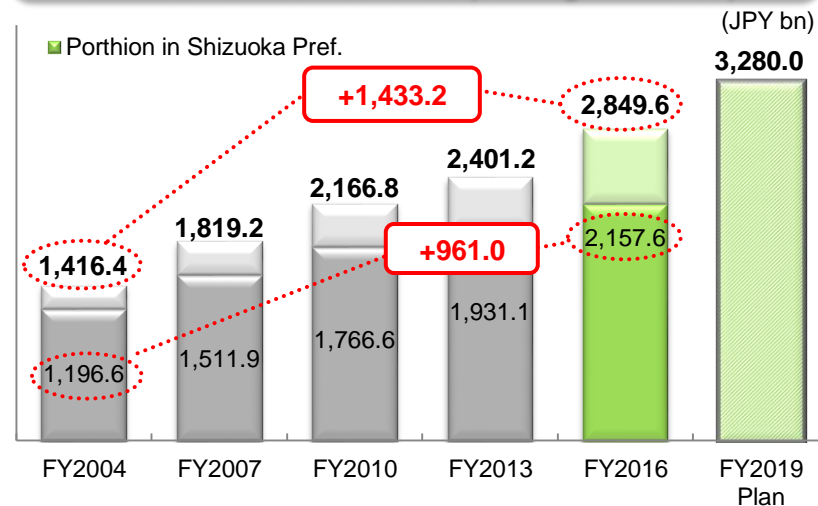
SMEs loan balance (average balance)



Share of loans in Shizuoka Prefecture



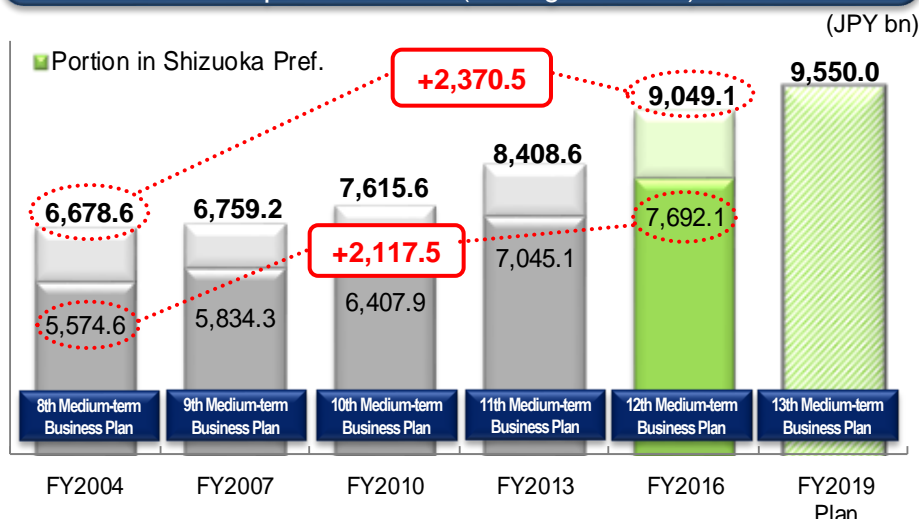
Consumer loan balance (average balance)



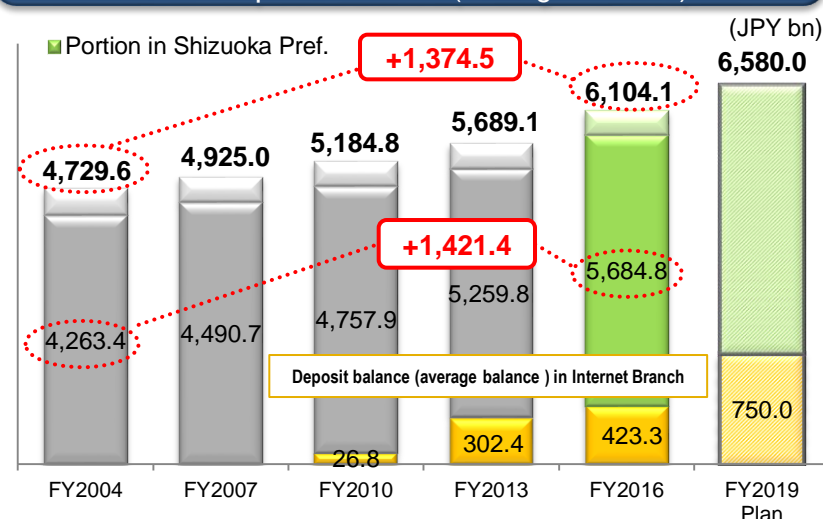
Historical data of deposits

- Total deposit balance (average balance) had increased by JPY 2,370.5bn for 12 years since FY2004 to FY2016, 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

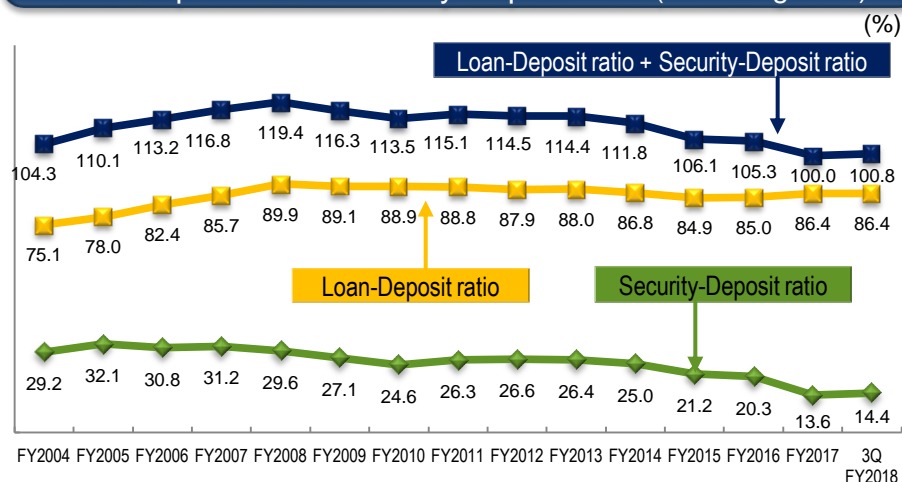
Deposit balance (average balance)



Retail deposit balance (average balance)



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



External ratings (As of the end of Jan. 2019)

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

< Standard & Poor's >

Shizuoka Bank

A+		(Seven Bank, Ltd., Japan Post Bank Co., Ltd.)
A		
A-		

■ Regional banks

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

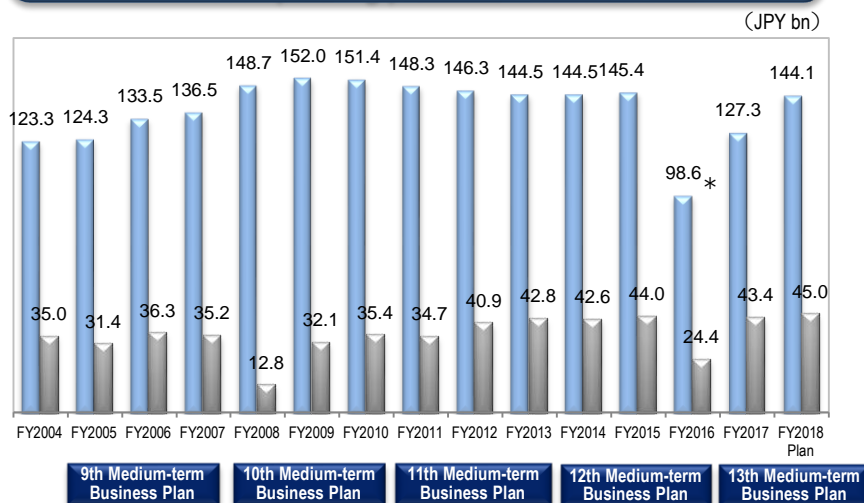
< Other external ratings >

Moody's	A1	R&I	AA
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Profit levels and productivity improvement

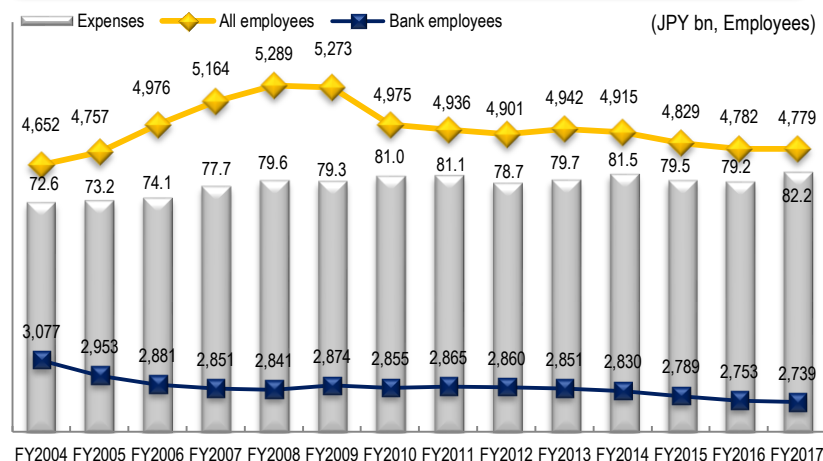
- Ongoing BPR program increased front-office staff and revenue without boosting the overall headcount
- Productivity improvement (IT investment, BPR) prevented increase of expense while increasing net income

Gross operating profit and Net income



* Decrease in gross operating profit in Treasury Dept.: JPY -47.0bn

Expenses and Number of employees



Productivity Improvement

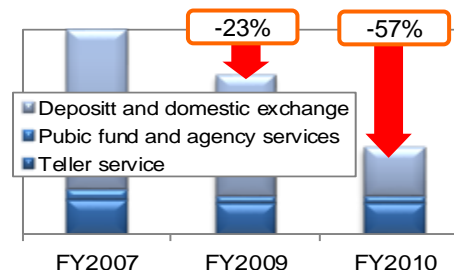
<10th Medium-term Business Plan> FY2008 – FY2010

Increased efficiency through IT investment and the expansion of centralized processing

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

Top-line growth

Reduction of workload at branches



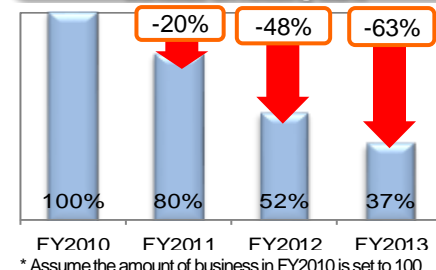
<11th Medium-term Business Plan> FY2011 – FY2013

Extend productivity improvements to the front office workload

- Time to process workload on housing loans reduced by 60%

Further boost top-line growth

Reduction of time to process workload on housing loans



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

Ongoing BPR,
Operational concentration

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

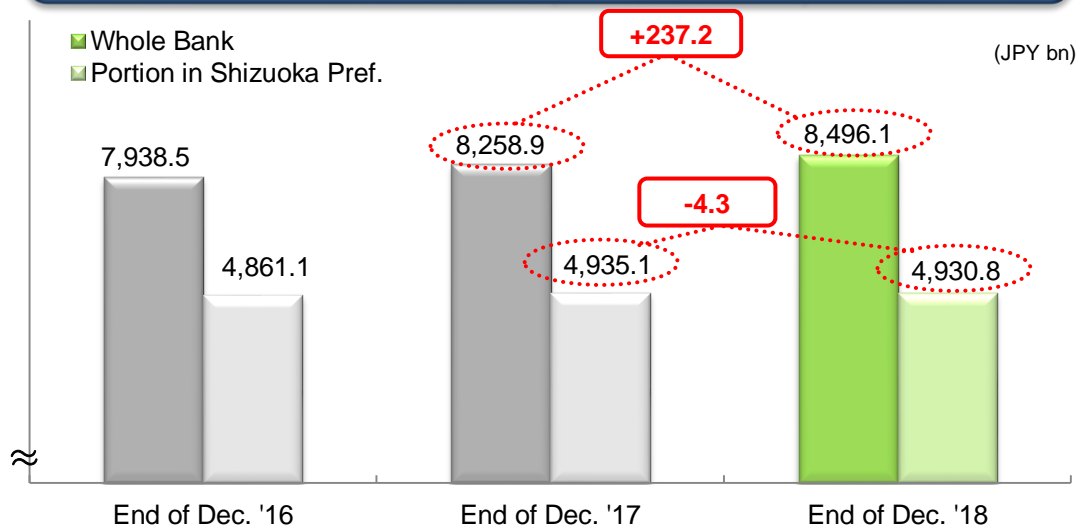
Number of personnel in front and back office

	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

Loans – Term-end balance

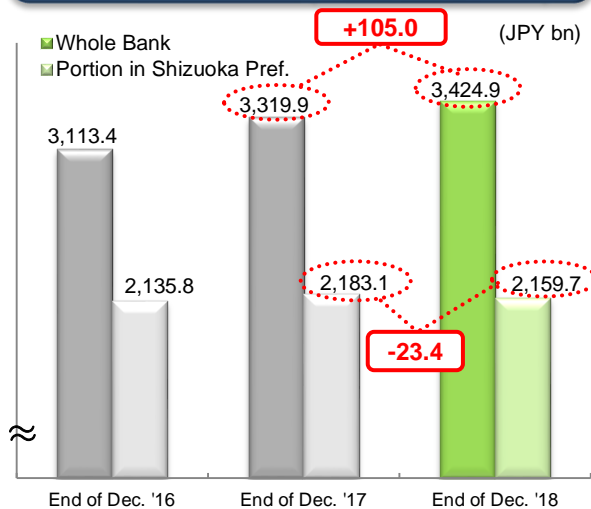
- Total loan balance (term-end balance) increased by JPY 237.2bn (+2.8%) compared to the end of Dec. 2017 mainly due to the increase of SMEs loans and retail loans

Total loan balance (term-end balance)

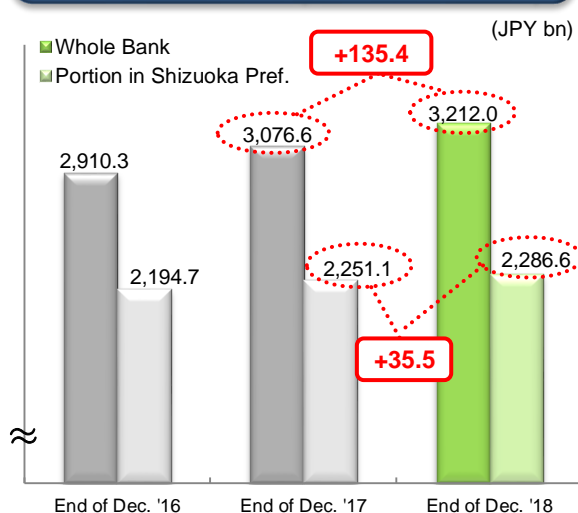


	Term-end balance	Change from the end of Dec. '17	Annual growth rate
Total loan balance	JPY 8,496.1bn	JPY +237.2bn	+2.8%
SMEs loan balance	JPY 3,424.9bn	JPY +105.0bn	+3.1%
Retail loan balance	JPY 3,212.0bn	JPY +135.4bn	+4.4%
Large and Medium sized enterprises	JPY 1,505.6bn	JPY +5.1bn	+0.3%

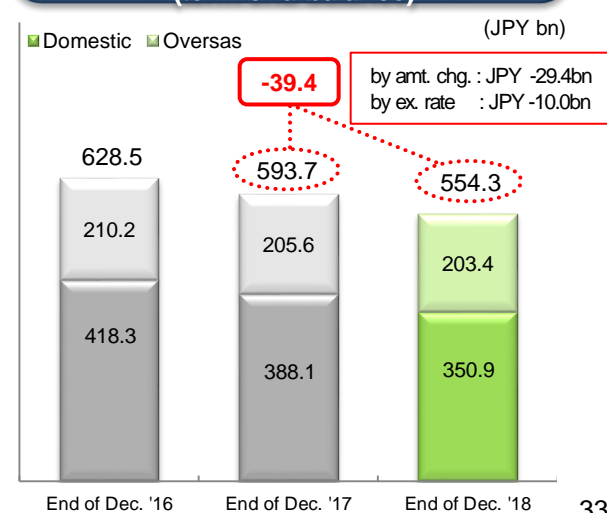
SMEs loan balance (term-end balance)



Retail loan balance (term-end balance)



Loan balance in foreign currencies (term-end balance)



Loans – Loans by industries

- Business loans to real estate account for approximately 13%, 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 7.1bn
- Unexpected Loss (UL) for all industries : JPY 66.9bn

Contemporary status of business loans to particular industries

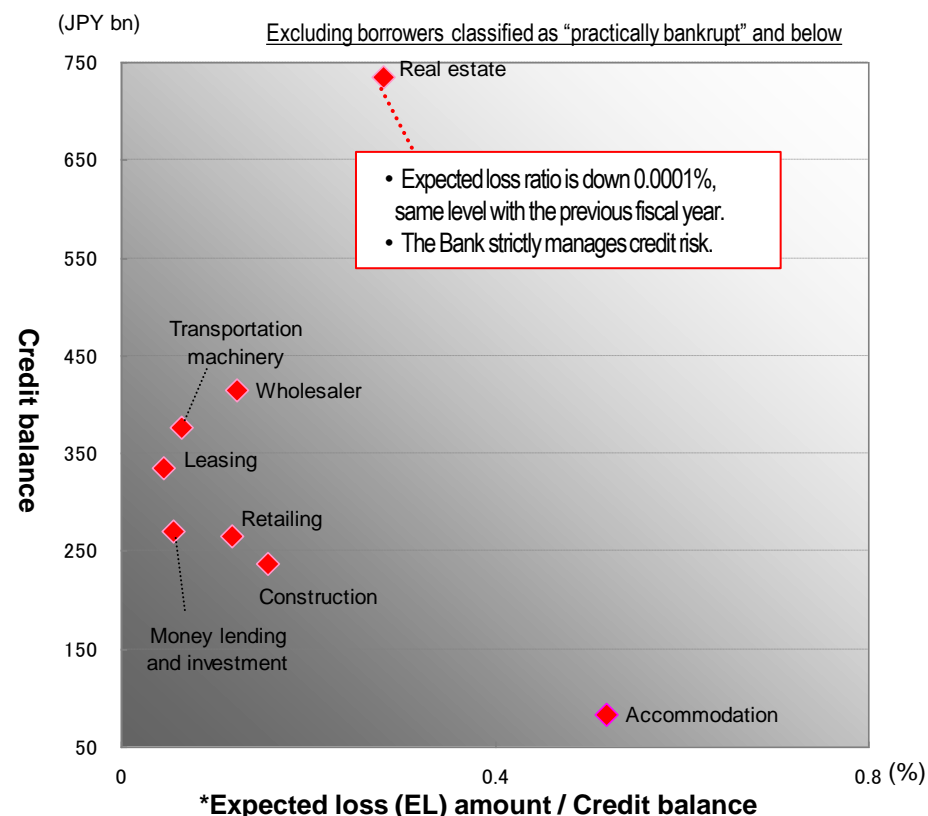
[Credit balance (as of the end of Sep. 2018)] (JPY bn, %)

	Balance	Composition ratio	Change from the end of Mar. '18
All industries	5,533.3	100.0	+31.7
Real estate (*1)	734.6	13.3	+27.3
Wholesaler (*2)	414.7	7.5	-0.4
Money lending and investment	270.1	4.9	-14.1
Transportation machinery	376.7	6.8	-15.8
Construction	238.2	4.3	-13.2
Retailer	265.7	4.8	-6.1
Leasing	336.1	6.1	+2.2
Accommodation	82.6	1.5	+5.9

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

(*2) excluding a general trading companies

[Credit balance vs. expected loss rate*]

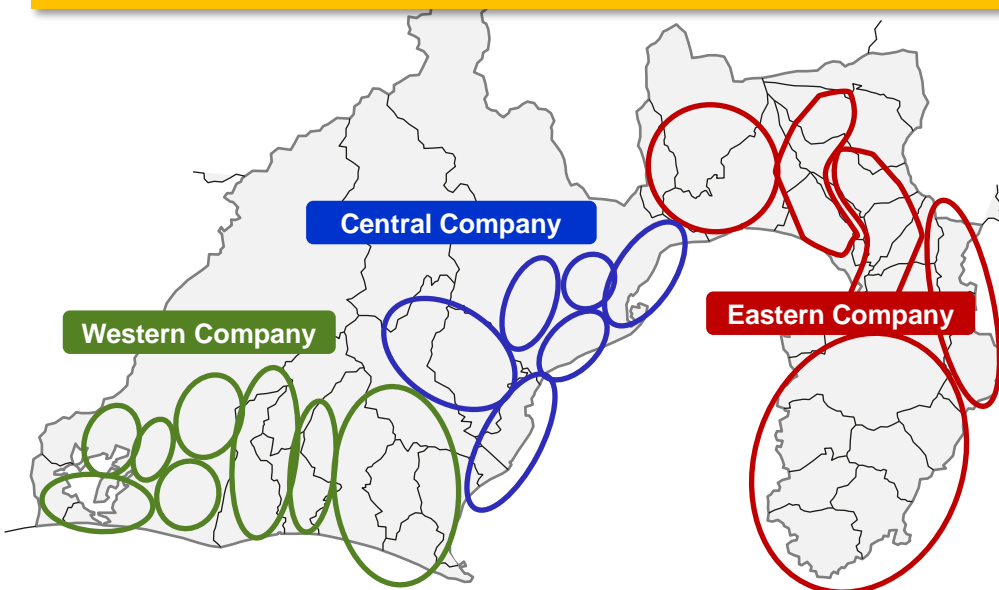


Sales structure reform

- Reform sales structure to address changes in customer needs and the operating environment, aim to further improve customer convenience and satisfaction by offering high-quality financial services without shrinking the branch network

- The Bank divides Shizuoka Pref. into three Companies which consist of 19 Blocks
- The 19 Blocks are further divided into 37 Areas

Dense branch network covers the whole of Shizuoka Pref. (144 branches)



Company	Block
Eastern Company	Shimoda, Atami, Mishima, Numazu, Fuji-Chuo
Central Company	Honten, Gofukucho, Ekinan, Shimizu, Yaizu, Fujieda-Eki
Western Company	Kakegawa, Iwata, Fukuroi, Hamamatsu, Naruko, Hamamatsu-Chuo, Aoicho, Hamakita

Background

Customer needs

- Increase in need for solutions for business succession planning, business matching, business turnaround etc.
- Diversification of customer need

Operating environment

- Decrease in population and number of business sites
- Decrease in branch customer traffic because of shift to online banking
- Projected contraction in the workforce

Sales structure reform is aimed at integrating branch functions and personnel in each area to improve efficiency, to reduce the cost of branch operation and to share expertise and know-how among branch personnel

Strengthen solutions marketing and ensure provision of highly targeted financial services without shrinking the branch network

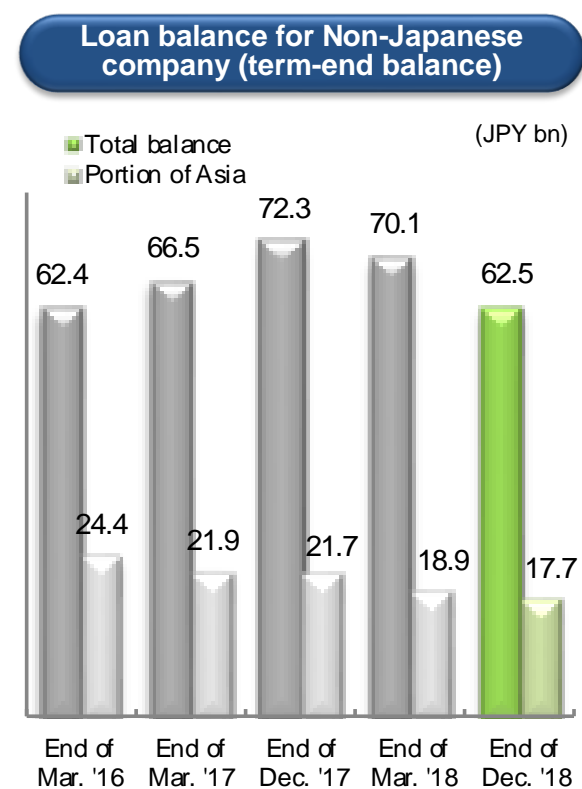
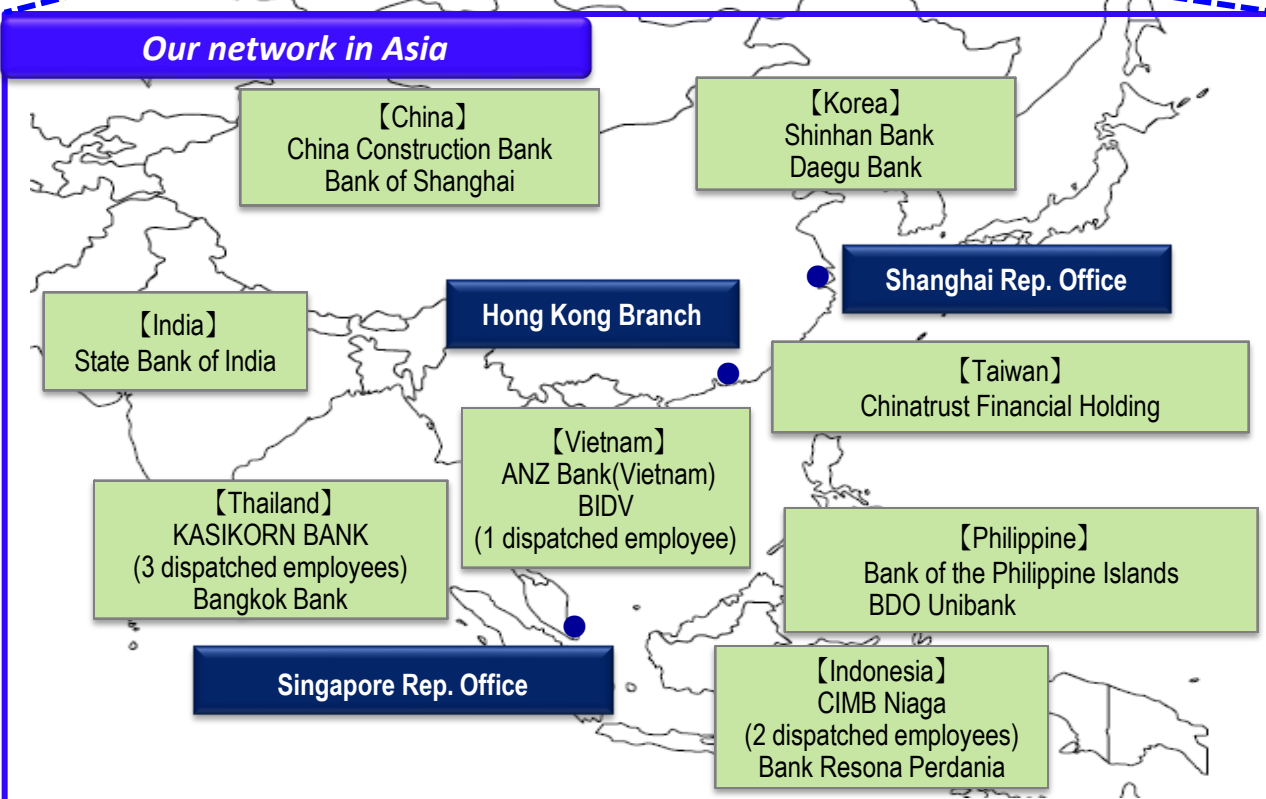
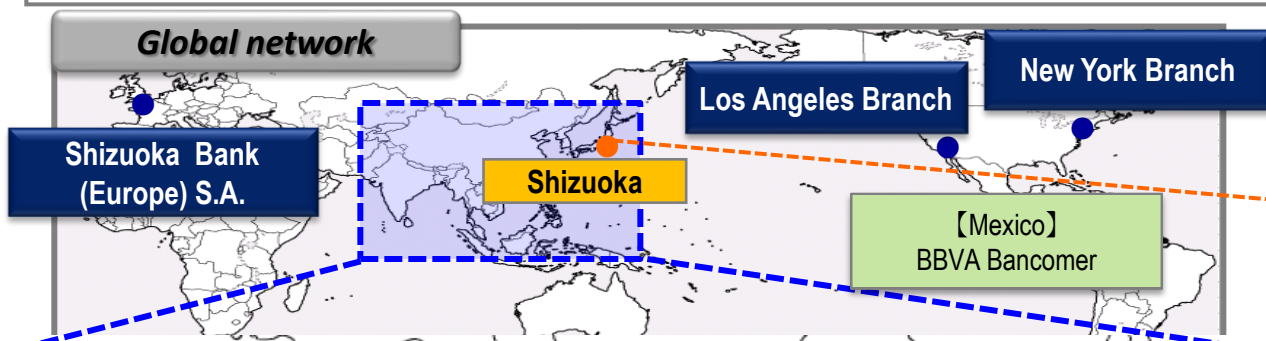
Further improvements in customer convenience and satisfaction

Progress of sales structure reform

1st phase (trial)	Apr. 2018	Started as trial in 2 Areas
	Jul. 2018	Started as trial in 3 other Areas
2nd phase (expansion)	FY2019	Plan to start in 13 other Areas
	FY2020 -	Plan to start in more Areas

Global network

- The Bank's global network with 3 branches, 2 rep. offices, 1 subsidiary and total 51 staffs (25 staffs in Asia) abroad helps clients' overseas expansions
- In Asia, the Bank has 3 overseas offices and business tie-ups with 14 banks in 9 countries/regions



Allocation of risk capital

- Allocation of risk capital for 3Q FY2018 (the end of Dec. 2018 basis) amounted to JPY 722.0bn, of which JPY 168.0bn was allocated to credit risk, JPY 390.0bn to market risk, JPY 3.4bn to strategic investments, and JPY 23.6bn to operational risk
- JPY 84.3bn of risk capital was used for loans (credit risk), and JPY 224.4bn for the Treasury division

Allocation source			Risk capital allocated	Risk capital used	Ratio of risk capital used	
<div>Core capital JPY 722.0bn (End of Dec. 2018 basis)</div>		(JPY bn)				
	Credit risk 168.0		Loan (Credit risk)	116.4	84.3	72%
	Market risk 390.0		Treasury division	433.1	224.4	52%
		(strategic shareholdings)	(184.0)	(106.4)	(58%)	
	Strategic investments 3.4		Consolidated subsidiaries	8.5	3.5	41%
	Operational risk 23.6		Strategic investments	3.4	0.0	0%
	Buffer capital, etc. 137.0		Operational risk	23.6	23.2	98%
			Sub total	585.0	335.4	57%
		Buffer capital, etc.	137.0	—	—	
		Total	722.0	—	—	

- 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 3Q FY2018, the total ordinary revenue of 12 major consolidated subsidiaries was JPY 43.3bn (down JPY 0.6bn YoY) and the ordinary profit was JPY 6.6bn (down JPY 0.8bn YoY)

(JPY bn)

Company name	Business	Ordinary Revenue	YoY	Ordinary Profit	YoY
Shizugin Management Consulting Co., Ltd.	Corporate and financial management advisory services Bill collection services	1.2	+0.1	0.4	+0.1
Shizugin Lease Co., Ltd.	Leasing	23.3	+0.1	1.3	+0.0
Shizugin Computer Service Co., Ltd.	Computer system development and operation	2.8	-0.0	0.2	+0.1
Shizugin Credit Guaranty Co., Ltd.	Guarantee of housing loans, etc.	3.2	+0.2	2.1	-0.0
Shizugin DC Card Co., Ltd.	Credit card and guarantee of consumer loans	2.0	+0.1	0.5	-0.0
Shizuoka Capital Co., Ltd.	Public-offering assistance Support for corporate rehabilitation	0.3	+0.0	0.1	+0.0
Shizugin TM Securities Co., Ltd.	Securities	4.9	-1.6	1.2	-1.4
Shizuoka Bank (Europe) S.A.	Finance and securities-related services	0.6	+0.2	0.1	+0.0
Shizuoka Liquidity Reserve Ltd.	Purchases of monetary receivables	0.7	+0.4	0.7	+0.4
Shizugin General Service Co., Ltd.	Fee-based job placement service, general administration	0.7	+0.0	0.0	-0.0
Shizugin Mortgage Service Co., Ltd.	Appraisal of real estate for loan collateral Operation center for loans	1.3	-0.0	0.0	-0.0
Shizugin Business Create Co., Ltd.	Operation center for remittance and bill collection Part-time employee management	2.3	-0.2	0.0	+0.0
Total(12 companies)		43.3	-0.6	6.6	-0.8
Shizugin Saison Card Co., Ltd.*	Credit card and prepaid card Guarantee of consumer loans	1.9	+0.1	0.3	-0.1

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

Shizugin TM Securities Co., Ltd.

- Shizugin TM Securities Co., Ltd (securities subsidiary) has expanded its scale of customer assets and led Group revenue
- Customer assets at the end of Dec. 2018 : JPY 623.4bn, up JPY 304.3bn for 9 years 9 months from the end of Mar. 2009 after the collapse of Lehman Brothers

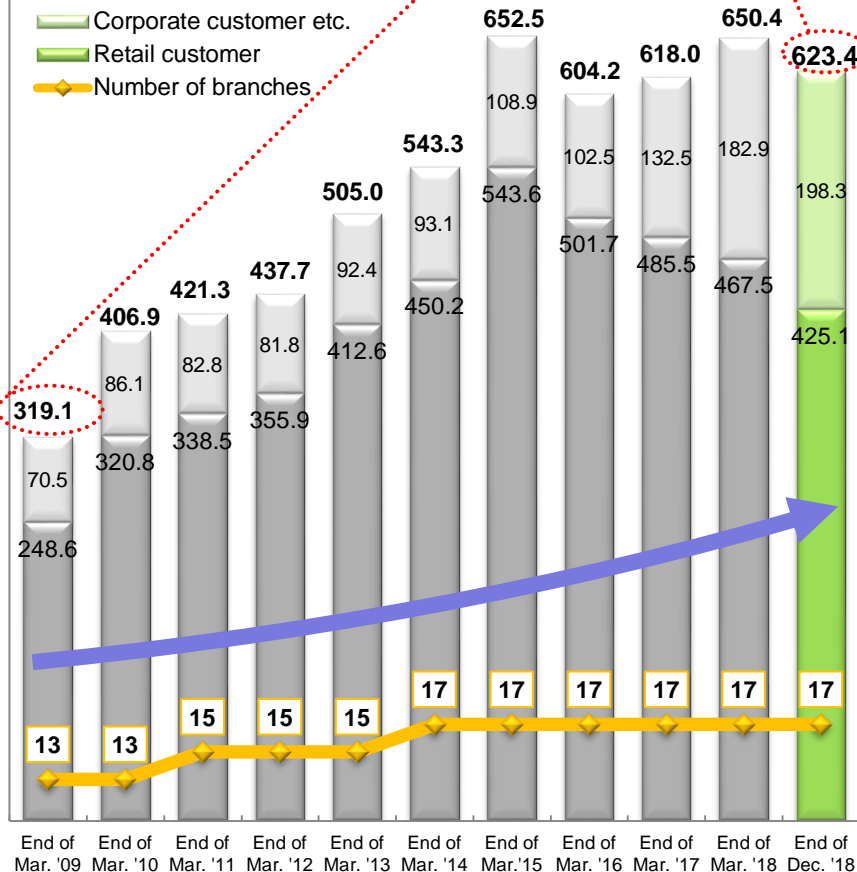
Customer assets (year-end balance) and number of branches

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

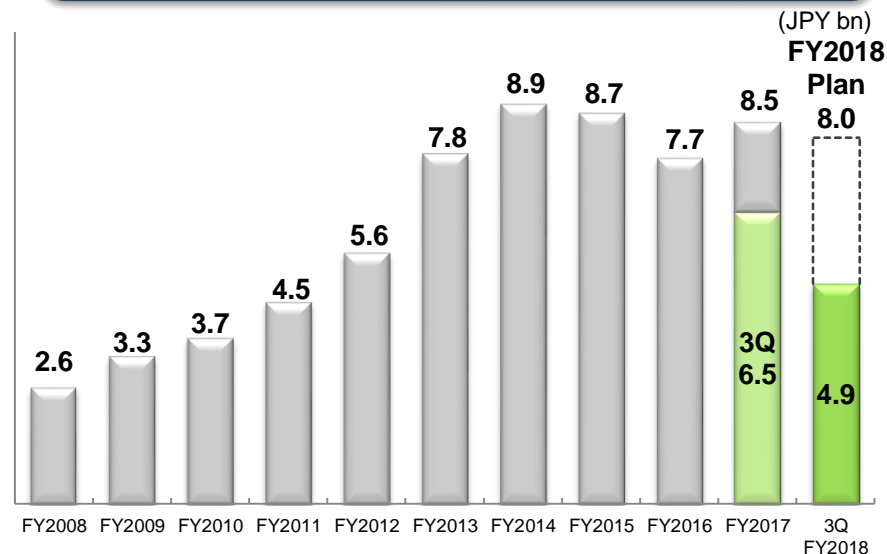
Establishment : Dec. 2000
Capital Stock : JPY 3.0bn
Number of Branches : 17 (End of Dec. 2018)

+304.3

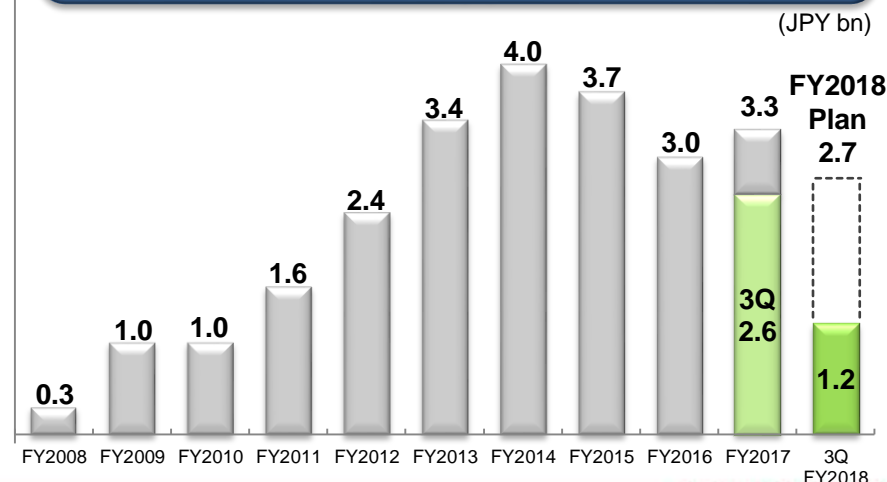
(JPY bn)



Ordinary revenue



Ordinary profit



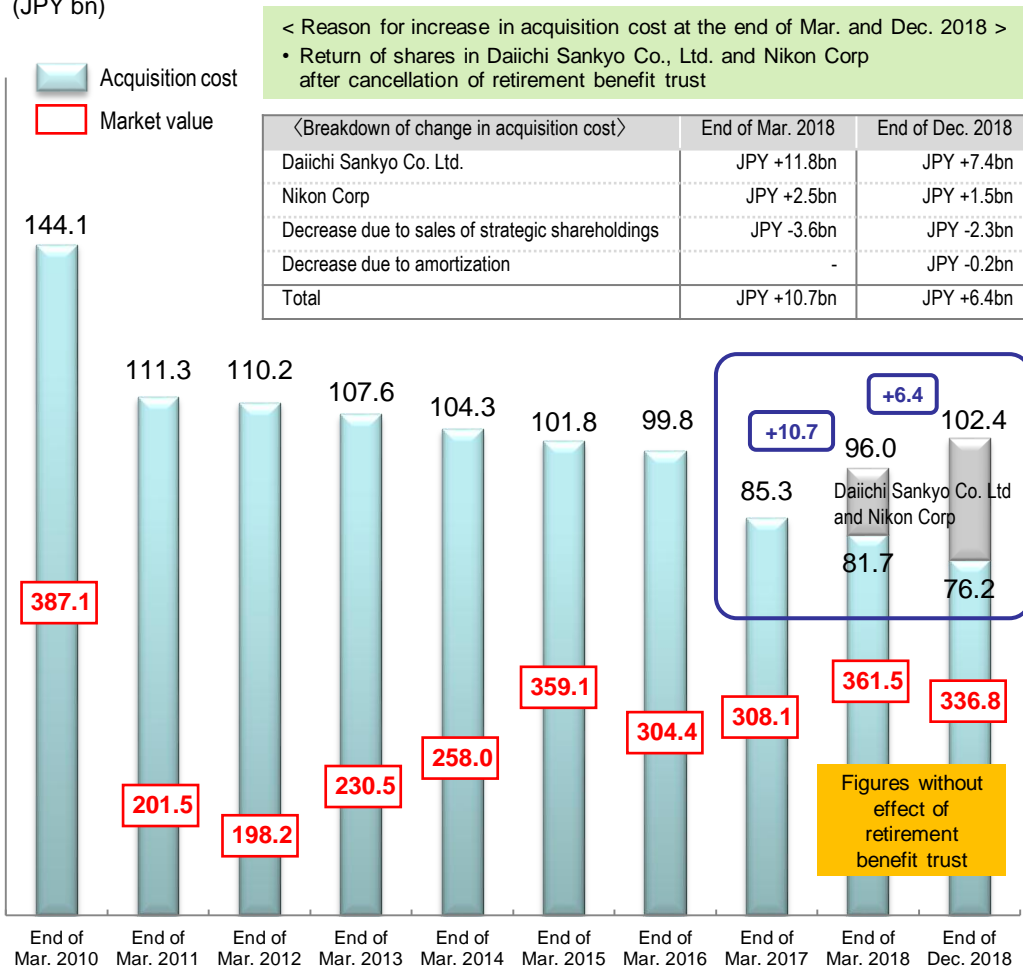
Strategic shareholdings

- 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*

(JPY bn)

Acquisition cost
Market value



*Except for equity method affiliate

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

The Bank has its policy to decrease strategic shareholdings, and only owns such stocks that are considered to be significant in terms of business investment, strengthening of business relationships, or contribution to the region.

In addition, the Bank regularly reviews benefit from shareholdings and profitability compared to cost of capital, and decides annual policy on strategic shareholdings in annual business plan which are approved by the Board of Directors.

The Bank reviews significance and economic rationality of shareholdings based on various data such as cost of capital.

When counterparties of shareholdings show their intention to sell the Bank's stocks, the Bank agrees with them without preventing in principle.

* The Bank has changed contents in Corporate Governance Report in Dec. 2018 based on the revision of general principles of Corporate Governance Code in Jun. 2018

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

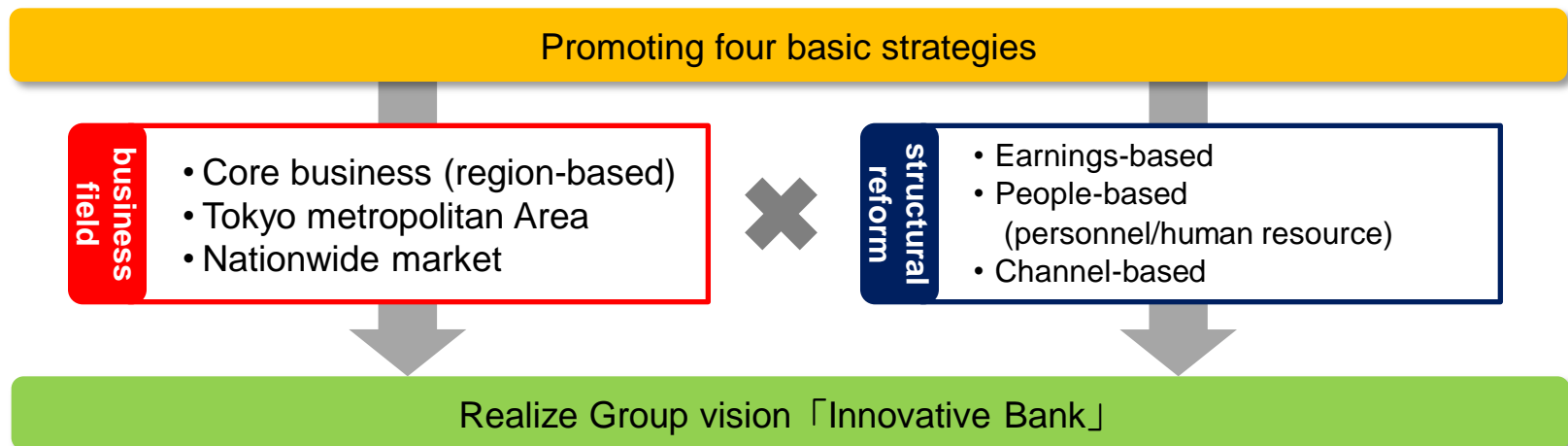
Consolidated	The 12 th Medium-term Plan		The 13 th Medium-term plan
	Best figure in the Plan	FY2016	FY2019 plan
Ordinary profit (Exclude lump-sum write-down on the unamortized balance of goodwill related to Monex Group shares)	<i>JPY75.1bn</i> <i>[FY2014]</i>	<i>JPY47.1bn</i> <i>(JPY59.2bn)</i>	<i>JPY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

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

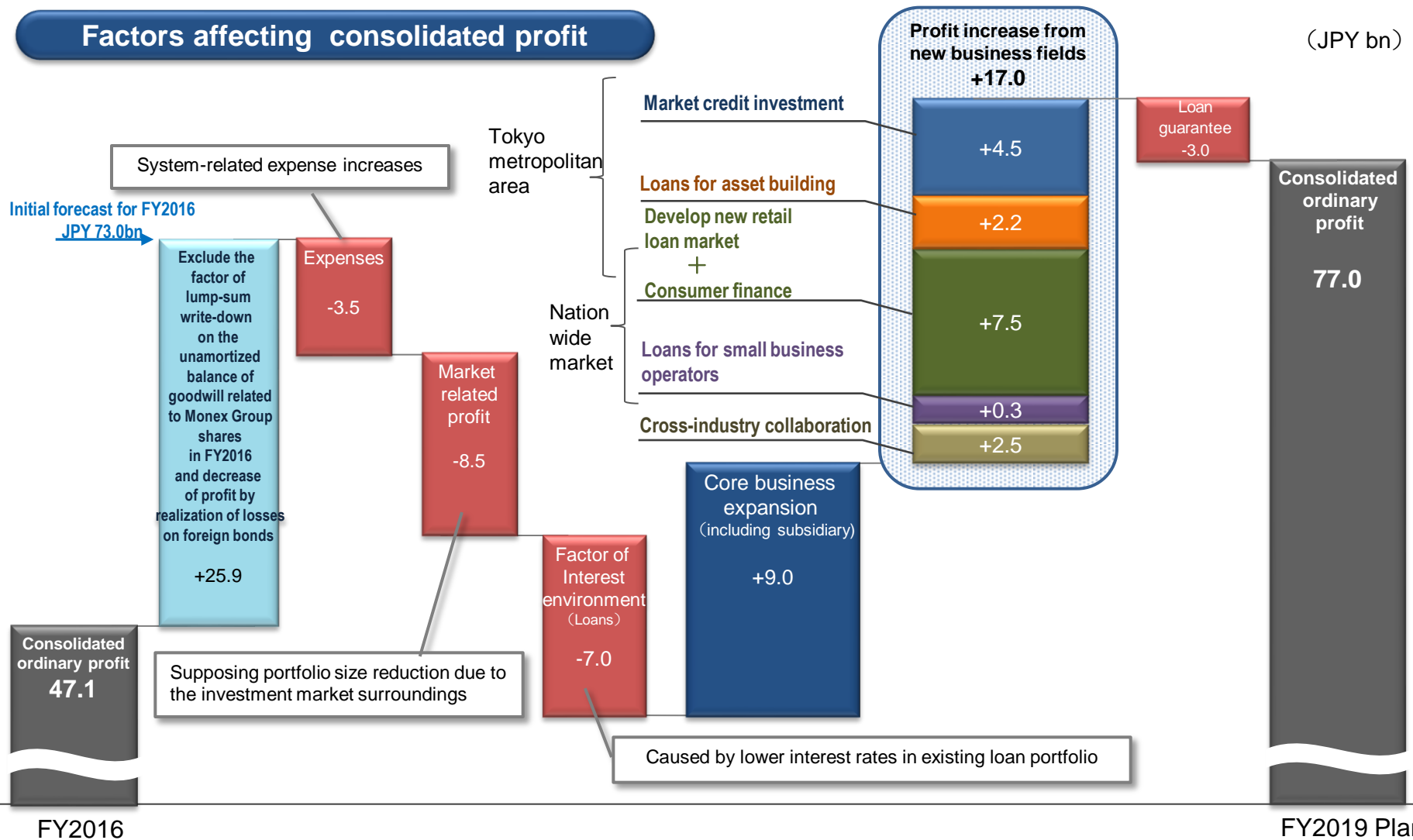
- Sales force structural reforms corresponding to future population dynamics

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	FY2017	FY2019 Plan	Change from FY2016 (3 years)
Consolidated	Ordinary profit	72.8bn	47.1bn	65.8bn	77.0bn or more	+29.9bn
	Profit attributable to owner of the parent	47.9bn	29.3bn	50.1bn	54.0bn or more	+24.7bn
	ROE	5.18%	3.16%	5.21%	6% level	—
	OHR	54.4%	76.5%	62.4%	55% level	—
	Common Equity Tier 1 ratio	14.79%	16.35%	15.95%	14% level	—
Non-consolidated	Gross operating profit	145.4bn	98.6bn	127.3bn	147.3bn	+48.7bn
	Net interest income	115.9bn	109.5bn	111.5bn	121.7bn	+12.2bn
	Interest on loans	93.0bn	95.3bn	99.6bn	106.9bn	+11.6bn
	Interest and dividends on securities	29.8bn	24.6bn	24.6bn	25.6bn	+1.0bn
	Fees and commissions	15.9bn	15.2bn	15.2bn	17.0bn	+1.8bn
	Trading income	0.9bn	0.3bn	0.8bn	1.7bn	+1.4bn
	Other operating profit	12.7bn	- 26.4bn	- 0.2bn	6.9bn	+33.3bn
	Gains and losses on bonds such as JGBs	11.3bn	- 30.1bn	- 4.2bn	3.7bn	+33.8bn
	Expenses (-)	79.5bn	79.2bn	82.2bn	83.0bn	+3.8bn
	Actual net operating profit	65.9bn	19.4bn	45.1bn	64.3bn	+44.9bn
	Ordinary profit	66.1bn	51.8bn	56.2bn	64.0bn	+12.2bn
	Net income	44.0bn	24.4bn	43.4bn	44.5bn	+20.1bn
	Shareholder return	43.82%	84.60%	51.16%	50% level in medium and long term	—
	Loans balance (average balance)	7,384.1bn	7,694.2bn	8,042.0bn	8,450.0bn	+755.8bn
	Deposits balance (average balance)	9,050.8bn	9,212.3bn	9,464.8bn	9,550.0bn	+337.7bn
	Securities balance (average balance)	1,839.7bn	1,838.3bn	1,265.0bn	1,600.0bn	- 238.3bn

Reference (ESG/SDGs part)

- **SDGs**
- **Adoption for constituent brand of ESG index**
- **Environment**
- **Diversity and work-life balance**
- **Activities to contribute to the region**
- **Corporate Governance Structure**
- **Region-based Relationship Banking (1)**
- **Region-based Relationship Banking (2)**
- **Regional revitalization**

ESG/SDGs initiatives (1) – SDGs

- The Bank has continued various initiatives up to now in order to realize rich, energized, and sustainable regional community
- The Bank began to provide products which support initiatives for SDGs in wealth management and loan

SDGs (Sustainable Development Goals)

- SDGs are development goals for international society which consist of 17 items and are adopted in the UN Summit in 2015
- As a financial institution rooted in the region, the Bank has continued various initiatives up to now in order to realize rich, energized, and sustainable regional community
- The Bank plans to keep actively coping with social issues to achieve SDGs as a regional financial institution

* Related initiatives in this presentation are shown with pictogram of SDGs

SUSTAINABLE DEVELOPMENT GOALS



TOPIC

Shizugin TM Securities Co., Ltd. started trading in “NISSAY SDGs Global Select Fund”

- In Jul. 2018, started trading in investment trusts targeting companies which are selected among listed companies engaging in businesses leading to achievement of SDGs and whose stock prices are expected to rise in medium and long term

TOPIC

The Bank started offering “Shizugin SDGs Private Placement Bond”

- In Nov. 2018, started offering “Shizugin SDGs Private Placement Bond” with special treatment of interest rates in order to support capital funding of companies actively working on SDGs
- 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

- What are SDGs (Sustainable Development Goals)?
Goals for 2030 globally adopted in the UN Summit in Sep. 2015 in order to achieve sustainable world. They consist of 17 comprehensive goals aiming for sustainable development with good balance among economy, society, and environment

ESG/SDGs initiatives (2) – Adoption for constituent brand of ESG index

- The Bank is adopted as a constituent brand of three out of four indices selected for ESG investment by the Government Pension Investment Fund (GPIF)
- There are only two regional banks selected for three or more indices

■ 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 from 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

**Shizuoka Bank will continue to fulfill its social responsibility
with the aim of earning stakeholders' trust and realizing an abundant society**

【Reference】

【Number of constituent brands of indices selected by GPIF】 (Number of brands as of Dec. 2018)

(1) MSCI Japan ESG Select Leaders Index	: Constituent brands...268, of which five are regional banks (including Shizuoka Bank)
(2) MSCI Japan Empowering Women Index	: Constituent brands...215, of which five are regional banks (including Shizuoka Bank)
(3) FTSE Blossom Japan Index	: Constituent brands...155, no regional bank is included
(4) S&P/JPX Carbon Efficient Index	: Constituent brands...1,694, of which 64 are regional banks (including Shizuoka Bank)

ESG/SDGs initiatives (3) – Environment

- Make efforts as a corporate citizen to pass our rich natural environment to next generations

Action guidelines for environment issues

- Address environmental issues through financial operations
- Reduce the environmental impact of the Shizuoka Bank Group
- Reinforce employee efforts to tackle environmental issues in the community and at home

Donation on issuance of USD-based corporate bond



- The Bank, as an initiatives for environmental protection, donated JPY 10mil to FUJISAN Fund (*) in order to contribute to maintaining Mt. Fuji, a representative world heritage in Shizuoka Pref., on the issuance of the Bank's USD-based corporate bond to retail investors in Dec. 2018



May Mt. Fuji be a World Heritage forever!

* Fund run by NPO National Council on Fujisan World Heritage

Reduction of use of paper



- Introduced systems to enable meetings, request of approval, and reporting without using paper in the headquarters
- Working on reduction of environmental impact by limiting paper-based documents through work-style reform
- Number of paper-based documents in the headquarters in FY2017 was 50% lower than that in FY2011

Shizugin Furusato Environmental Protection Fund Charitable Trust



- Provide financial support through the Shizugin Furusato Environmental Protection Fund Charitable Trust to individuals and groups in Shizuoka Pref. that promote environmental protection
- Provided a total of JPY 3mil to 27 projects in FY2017
- Cumulatively provided JPY 72.2mil to 571 projects since the fund was set up in 1993

ECO Account

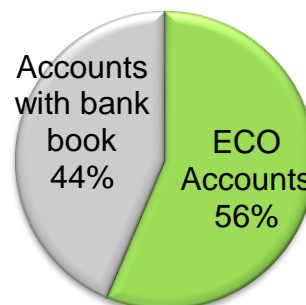


- Work to reduce paper usage by offering two ECO Accounts – the Integrated Web Account, an account without bank book, and WebWallet, an online banking account, in order to protect the environment through our financial operations
- Donate a part of reduced costs by not issuing bank book to groups that promote environmental protection

- ✓ Ask new customers to select an ECO Account in principle when opening an account and encourage existing customers to switch to an ECO Account
- ✓ Plan to donate JPY 50 to the FUJISAN Fund for every ECO Account opened in our branches in FY2018

Donated JPY 864,450 based on the number of accounts opened in 1H FY2018

【Ratio of ECO Accounts among newly opened accounts】



Among newly opened accounts in 3Q FY2018, more than half was ECO Accounts.

ESG/SDGs initiatives (4) – Diversity and work-life balance

- Empower women in the workplace and encourage all employees to demonstrate their personality and abilities to the full extent

Supporting women in the workplace



- Launched an action plan to actively promote women with a goal of increasing the ratio of women in the leadership positions (section chief or higher) to more than 20% by the end of FY2020

	FY2015	FY2016	FY2017
Ratio of women in leadership positions	13.0%	14.1%	15.0%

Networking events for women from different industries



- Have held networking events for women with local companies since 2015 in order to support women advance their careers through interaction with local companies
- Held a networking event with Yamaha Corporation, Yamaha Motor Co., Ltd. and Enshu Railway Co., Ltd. in Feb.2018 which attracted 82 women including employees in member companies of Shizugunship



Shizuoka Bank has been recognized by the Japanese Minister of Health, Labour and Welfare as a superior company for its efforts supporting the empowerment of women in the workplace. The Bank received "Eruboshi" certification, which is based on the Act on Promotion of Women's Participation and Advancement in the Workplace, and "Platinum Kurumin" certification, which is based on the Act for Measures to Support the Development of the Next-Generation Children.

Eruboshi



Platinum Kurumin



On-site kindergarten, "Mori no Hoikuen"



- Opened in July 2010 and jointly run with Shizuoka Gas Co., Ltd. and Shizuoka Railway Co., Ltd.
- Help families to balance work and child rearing commitments by creating an environment where employees with children can work without worries



Recognized under "White 500"



- The Bank was recognized under "the 2018 Certified Health and Productivity Management Organization (large enterprise category) -White 500-" in Feb. 2018 for various initiatives to maintain and enhance employees' health, such as creating favorable environment and supporting employees' own activities



- Certified Health and Productivity Management Organization Recognition Program**
The program is conducted by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi (*). Under the program, the Nippon Kenko Kaigi examines enterprises engaging in initiatives for overcoming health-related challenges in regional communities or for promoting health-conscious activities by the Nippon Kenko Kaigi, and recognizes outstanding enterprises engaging in efforts for health and productivity management.

(*) Nippon Kenko Kaigi : An organization that takes practical community- and workplace-based actions, under the collaboration of private organizations and with full administrative support, for the elongation of the healthy life-span and to provide appropriate medical care

ESG/SDGs initiatives (5) – Activities to 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
- Considering a situation where Nankai Trough Earthquake is likely to occur, the Bank also actively works on disaster prevention and mitigation

Promotion of local culture

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



Promotion of sports

- Facilitate promotion of children sports by supporting tournaments of soccer and baseball for boys and girls
- Support activities of a local sports club which engages in training and supporting female athletes as a sponsor with Yamaha Motor Corp. Ltd., etc.



* Mr. Katsuyuki Kiyomiya, a former coach of professional rugby team of Yamaha Motors, took an important role in establishing the sports club. The club will found a team of female rugby sevens.

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



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)]

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]

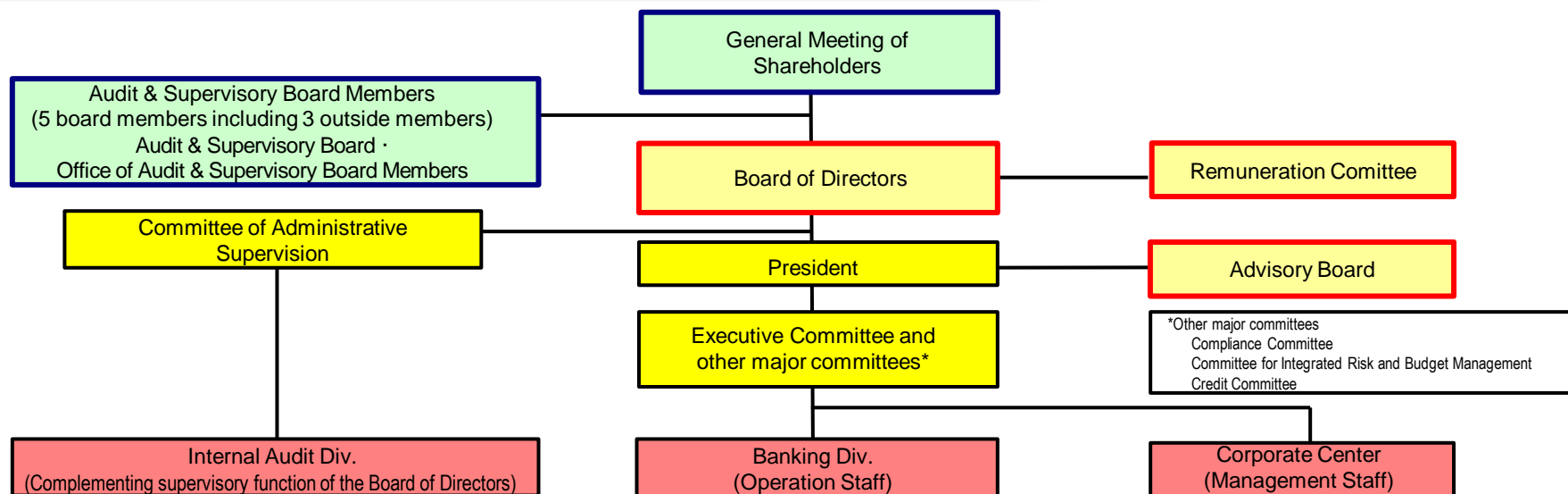


[Outdoor upstairs to rooftop]

ESG/SDGs initiatives (6) – 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
Motoshige Itoh	Professor Emeritus, The University of Tokyo Professor, Faculty of International Social Sciences, Gakushuin University

3 Outside Audit & Supervisory Board Members / 5 All Members

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

- One third of bank's directors and audit & supervisory members are outside appointments
- The Bank is using 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

(As of the end of Jul. 2018)

ESG/SDGs initiatives (7) – Region-based Relationship Banking (1)

- The Bank is supporting clients from various perspectives through supporting entrepreneurs, business matching services, and “Shizuginship” etc.

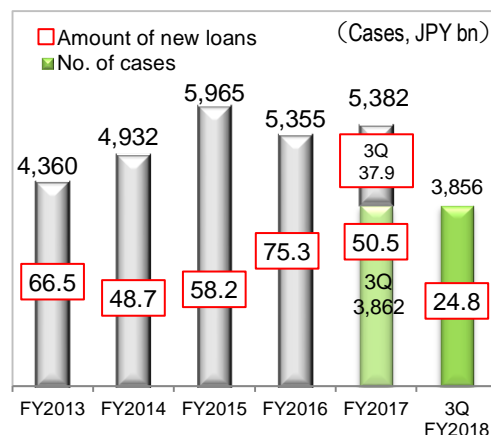
Initiatives for supporting entrepreneurs

<Shizugin Entrepreneur Awards>

- 44 winners out of 892 applicants received prizes in the past 6 rounds
- Sixth round in FY2017: 176 applicants (Announced winners in Mar. 2018)
- Seventh round in FY2018: Applications collection - from Oct. to Nov. 2018
Announcement of winners - Mar. 2019
- Financial support for the 44 award winners from the 1st to the 6th round
New loans: 125 cases/JPY 3,021mil Investments: 10 cases/JPY 229mil

Business matching services

- Support customers in expanding their business by creating new sales opportunities
- [Historical data of no. of cases]



- Have regularly held “Shizugin @gricom (agricom)”, a business networking event for business meetings among companies in the agricultural, forestry, fisheries and food processing sector with buyers since Feb. 2006
- Participate in “Regional bank food selection” and “Super Market Trade Show”
- Introduce goods of the Bank’s clients through collaboration with AFC Co. Ltd in the mail order where food products in Shizuoka Pref. can be sold to nationwide

Subsidies application support

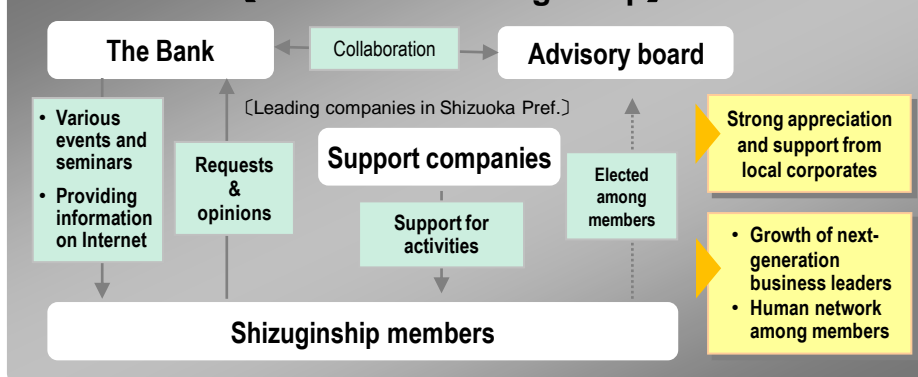
<Manufacturing subsidies >

- Top level of number of awards among private financial institutions
- No. awarded in FY2015 : 226
No. awarded in FY2016 : 176
No. awarded in FY2017 : 142

“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.
- Has provided opportunities for training and interaction since its launch in Apr. 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 Dec. 2018 / 783 corporates, 1,149 people

【Activities in 3Q FY2018】 (No. of members participated: total 1,372 people)

Content	Activity achievement
Overall forum (Mainly consisting of lectures and networking events, held at each region in Shizuoka Pref.)	3 Forum
Lectures by top executive and specialists	5 Lectures
Seminar <ul style="list-style-type: none"> Executive program Middle management program Basic program 	Total 44 Courses 9 Courses 9 Courses 26 Courses
Inspection tour to India	1 tour

ESG/SDGs initiatives (8) – Region-based Relationship Banking (2)

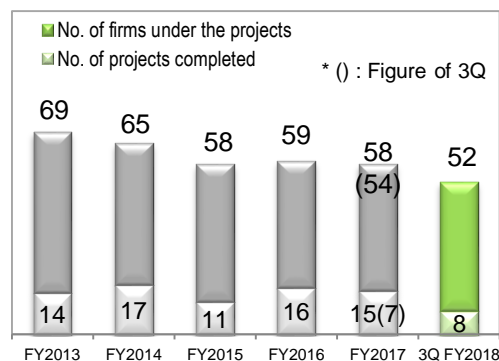
- Actively working to maintain regional industrial base and employment through support for business restructuring and turn-around targeted to clients suffering from performance downturn or business succession as social issues, etc.

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)



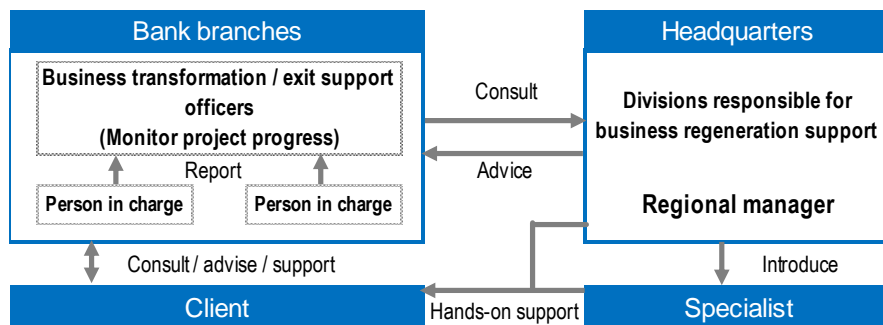
- Has completed business restructuring for about 210 firms since FY 2005

- Saves labor opportunities for opportunities for labor for about 20,000 people and maintain economic power in the local community

Support for companies transforming or exiting businesses



- Important initiatives contributing to stabilization of regional economy



[Cumulative results until 3Q FY2018]

Projects handled: 102

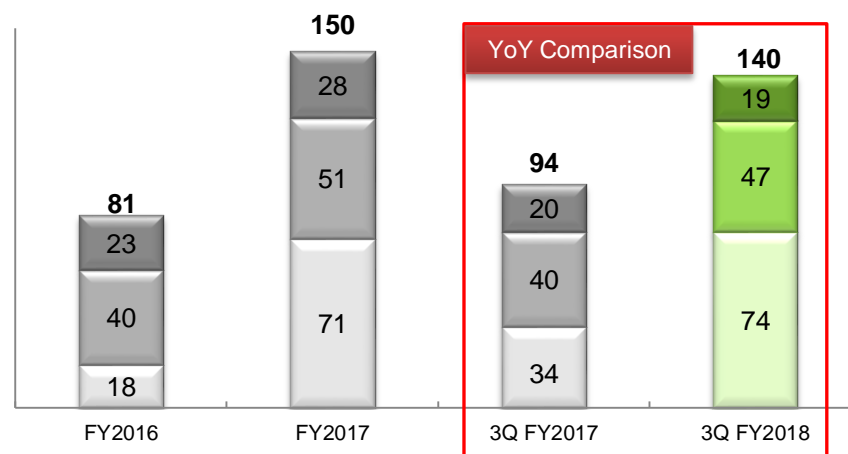
Projects completed: 47 (business transformation: 10, business exit: 37)

Support for business succession



- Support business succession including share transfers and M&As, mainly by Solution Business Department and Shizugin Management Consulting Co. Ltd.

■ No. of M&As contracted *1
 ■ No. of business successions contracted *1 (Cases)
 ■ No. of M&As and business successions contracted (business matchings services for a fee) *2



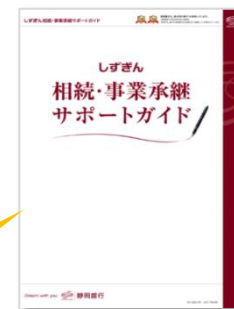
*1 No. of cases contracted by Shizugin Management Consulting Co. Ltd.

*2 No. of business matching services for a fee introduced to external partner companies

➢ **Loans related to business succession in 3Q FY2018 : 151 cases / JPY 21.0bn (down 125 cases / down JPY 5.2bn YoY)**

※Only for long-term loans

“Support Guide for inheritance and business succession”
 Explain easily to understand about inheritance and business succession from both individual and corporate perspective(Issued in Oct. 2017)



ESG/SDGs initiatives (9) – 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

4th meeting to discuss regional revitalization



- In Jul. 2018, about 500 people including the mayors of each town in Shizuoka Pref., officials from all local governments, members of the Chamber of Commerce and other groups, and Shizuoka Bank employees participated in a video conference

[Lecture]

- Mr. Akira Torizuka, Former President of Isumi Railway Co. Ltd. "How to activate the region through local railway"
- Mr. Shohei Kitamura, Mayor of Fujieda City "Initiatives for regional revitalization in Fujieda City"
- Mr. Teruyuki Shirouzu, from the Cabinet Office's Headquarters for Vitalizing Towns, People and Jobs through innovative projects "Basic policy in 2018 for vitalization of towns, people, and jobs"



Shizuoka Kids Academy



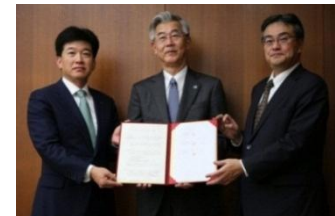
- Aims at developing human resources for regional areas by encouraging local children to learn about their home towns in a fun way, fostering a greater attachment to their home towns and encouraging them to live locally in the future
- From Oct. to Dec. 2018, held three events with regional companies including Kimura Foundry Co. Ltd., Shunkado Co., Ltd., Matsuzakaya Shizuoka, Shizuoka Broadcasting System Co., Ltd., which attracted 171 parents and children (61pairs)



Conclusion of alliance agreement with Bank of Yokohama and Yamanashi Chuo Bank



- Concluded alliance agreement on promotion of tourism in Fuji, Hakone, and Izu areas with Bank of Yokohama and Yamanashi Chuo Bank in Oct. 2018
- Newly launched "Kanagawa-Yamanashi-Shizuoka Prefectural Region Revitalization Liaison Group" a liaison group among 9 organizations (3 banks, 3 prefectures, and 3 chambers of commerce and industry) by developing an existing group "Kanagawa-Shizuoka Prefectural Border Region Revitalization Liaison Group"



15th "Shizugin @gricom (agricom)"



- Held the event to promote business talks and interaction between producers and buyers of agricultural products in Dec. 2018
- In addition to individual business talks, the event offered opportunity where students in a culinary school located in Shizuoka Pref. made lunch by using ingredients of the producers and provided the buyers with the lunch



Awarded for contribution to promotion of prefectural food culture



- The Bank was awarded by Shizuoka Pref. Government for its contribution to promotion of prefectural food culture in Nov. 2018, first to receive the prize as a financial institution
- Appreciation of some activities by the Bank, such as holding events for business talks and Shizuoka Kids Academy, led to the prize



**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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