

Results of FY2018

May 20th, 2019
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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 FY2018

Results of FY2018 – Nonconsolidated

〔Nonconsolidated〕

(JPY bn, %)

	FY2018	YoY	
		Increase/ Decrease	Rate of change
Ordinary revenue	193.0	+12.5	+6.9
Gross operating profit	134.8	+7.5	+5.8
Net interest income	116.6	+5.1	+4.5
(Interest on loans)	(106.0)	(+6.4)	(+6.3)
Fees and commissions	15.8	+0.5	+3.5
Trading income	0.8	+0.1	+6.6
Other operating profit	1.6	+1.8	+733.1
(Bond-related income such as JGBs)	(-1.1)	(+3.1)	(+74.7)
Expenses (-)	80.9	-1.3	-1.5
Actual net operating profit *	53.9	+8.8	+19.4
Provision for general allowance for loan losses (-)	1.0	+1.0	-
Net operating profit	52.9	+7.8	+17.1
Special profit and loss	3.6	-7.4	-67.3
Gain from reversal of allowance for loan losses	-	-4.9	-
Bad debt written-off (-)	3.8	+3.4	+816.4
Gain (loss) on stocks	7.5	-1.5	-16.5
Ordinary profit	56.5	+0.3	+0.5
Extraordinary profit and loss	3.3	-2.5	-42.9
Net income before taxes	59.8	-2.2	-3.4
Corporate taxes (-)	17.2	-1.4	-7.4
Net income	42.6	-0.8	-1.8
Credit-related costs (-)	4.8	+9.3	+207.4

Overview : FY2018 Nonconsolidated

Ordinary revenue JPY +12.5bn YoY (first increase in 2 periods)

- Ordinary revenue increased by JPY 12.5bn YoY to JPY 193.0bn, mainly because of increase in interest on loans (up JPY 6.4bn) and increase in interest and dividend on securities (up JPY 8.0bn)

Gross operating profit JPY 7.5bn YoY (continued increase in 2 periods)

- Gross operating profit increased by JPY 7.5bn YoY to JPY 134.8bn, mainly due to increase in net interest income (up JPY 5.1bn) and improvement in bond-related income such as JGBs (up JPY 3.1bn)

Net operating profit JPY +7.8bn YoY (continued increase in 2 periods)

- Net operating profit increased by JPY 7.8bn YoY to JPY 52.9bn, mainly due to increase in gross operating profit and decrease in expenses (down JPY 1.3bn) in spite of increase in provision for general allowance for loan losses (up JPY 1.0bn)

Ordinary profit JPY +0.3bn YoY (continued increase in 2 periods)

- Ordinary profit increased by JPY 0.3bn YoY to JPY 56.5bn, reflecting decrease in special profit and loss (down JPY 7.4bn) mainly caused by absence of gains from reversal of allowance for loan losses (JPY 4.9bn) and deterioration in gain (loss) on stocks (down JPY 1.5bn)

Net income JPY -0.8bn (first decrease in 2 periods)

- Net income decreased by JPY 0.8bn YoY to JPY 42.6bn, mainly because of decrease in gains on return of retirement benefit trust (down JPY 2.5bn)

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

Results of FY2018 – Consolidated

- Ordinary revenue increased by JPY 11.6bn YoY to JPY 235.7bn, and ordinary profit decreased by JPY 2.5bn YoY to JPY 63.4bn
- Total ordinary profit of consolidated subsidiaries decreased by JPY 1.0bn YoY to JPY 8.8bn

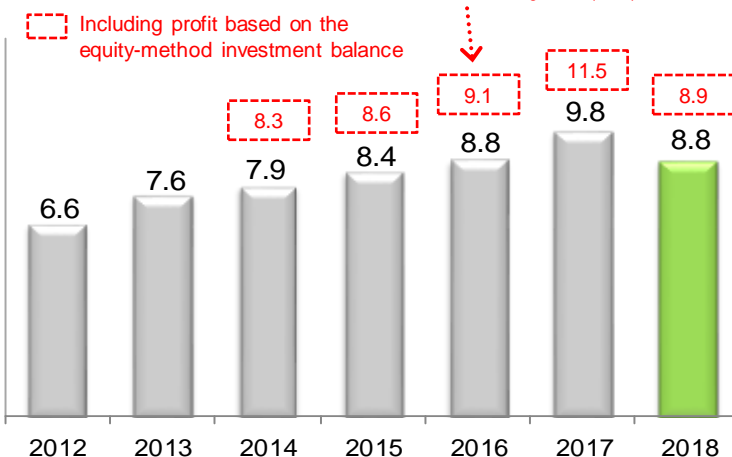
〔Consolidated〕 (JPY bn)	FY2018	YoY	Contents
Ordinary revenue	235.7	+11.6	First increase in 2 periods Due to increase both in interest on loans and in interest and dividend on securities
Ordinary profit	63.4	-2.5	First decrease in 2 periods Due to decrease both in gain from reversal of allowance for loan losses and in profit based on the equity-method investment balance
Net profit attributable to parent company shareholders	46.9	-3.3	First decrease in 2 periods

Group companies

〔Total ordinary profit of consolidated subsidiaries〕

(JPY bn)

Except for a lump-sum write-down of Monex Group on the unamortized balance of goodwill (-12.1)



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 2.7bn YoY, as a result of increase in interest on loans compensating increase in interest paid on deposits etc. Especially, interest on yen-based loans increased by JPY 0.4bn YoY, maintaining growth trend
- Profit in the market operations division increased by JPY 4.8bn YoY, mainly due to increase in interest and dividend on securities and to improvement in bond-related income such as JGBs

Breakdown of gross operating profit

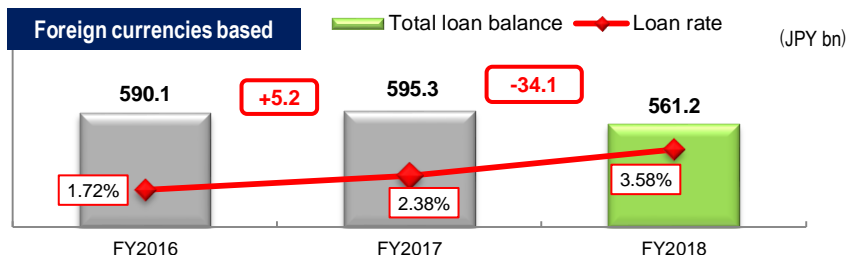
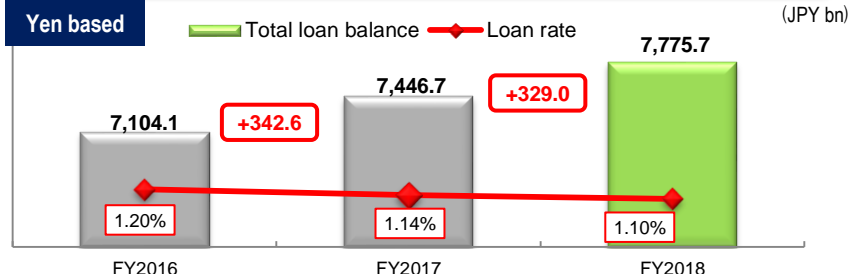
Breakdown of gross operating profit by division (JPY bn)	FY2017	FY2018	YoY
(1) Bank branch division (Loans, Deposits, etc.)	105.7	108.4	+2.7
Interest on loans	99.6	106.0	+6.4
(Yen based)	85.4	85.8	+0.4
(Foreign currencies based)	14.2	20.1	+5.9
Fees and commissions	15.2	15.8	+0.5
Interest paid on deposits etc. (-)	9.1	13.3	+4.3
(2) Market operations division	21.6	26.4	+4.8
Interest and dividend on securities	24.6	32.6	+8.0
Interest on Deposits etc.	4.0	5.7	+1.7
Interest on Call money etc. (-)	7.6	14.3	+6.7
Trading income	0.8	0.8	+0.1
Other operating profit	-0.2	1.6	+1.8
(Bond-related income such as JGBs)	-4.2	-1.1	+3.1
(Gains on foreign exchange transactions)	1.7	2.1	+0.4
(Gains on financial derivatives)	2.2	0.9	-1.2
(Reference) Gains and losses on stocks	8.9	7.5	-1.5

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

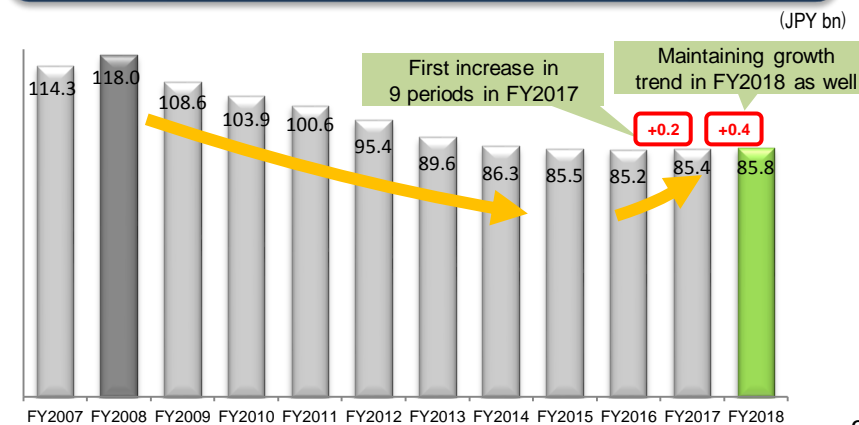
Total balance of securities decreased by JPY 201.6bn from the end of Mar. 2018

(JPY bn)	End of Mar. 2018	End of Sep. 2018	End of Mar. 2019	Change from end of Mar. 2018
Total balance of securities	1,615.6	1,755.8	1,414.0	-201.6
Unrealized gains and losses on securities	+272.5	+319.8	+271.5	-1.0
Stocks	+265.4	+313.1	+261.8	-3.6
Bonds	+5.2	+2.7	+5.9	+0.7
Others	+1.9	+4.0	+3.8	+1.9
Foreign bonds	-0.6	-2.3	+2.6	+3.2
Investment trusts	+1.8	+5.2	-1.2	-3.0

Loan balance (average balance) and loan rate



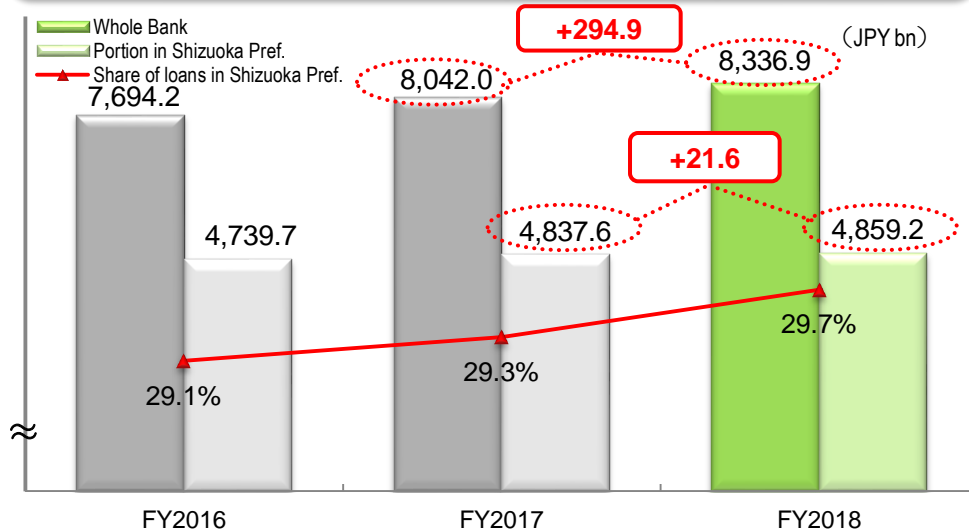
Interest on loans in JPY



Loans

- Total loan balance (average balance) increased by JPY 294.9bn (+3.6%) YoY mainly reflecting growth in loan balance for SMEs and retail loan balance

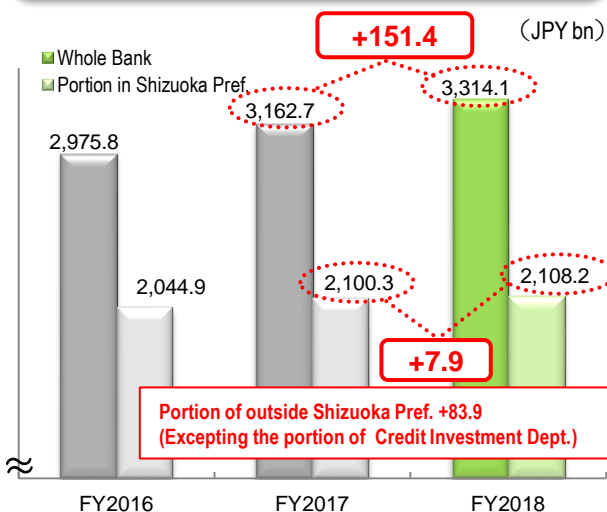
Total loan balance (average balance)



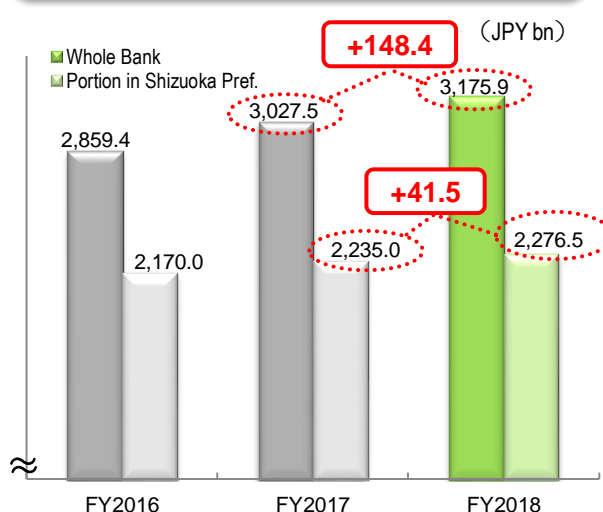
	Average balance	YoY	Annual growth rate
Total loan balance	JPY 8,336.9bn	JPY +294.9bn	+3.6%
Loan balance for SMEs	JPY 3,314.1bn	JPY +151.4bn	+4.7%
Retail loan balance	JPY 3,175.9bn	JPY +148.4bn	+4.9%
Loan balance for large and medium size enterprises	JPY 1,479.7bn	JPY -0.7bn	-0.0%
Loan balance in foreign currency	JPY 561.2bn	JPY -34.1bn	-5.7%

by amt. chg. :JPY -43.3bn
by ex. rate : JPY +9.2bn

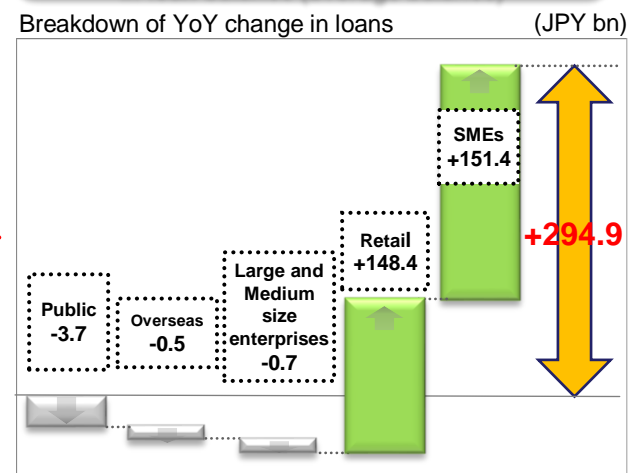
SMEs loan balance (average balance)



Retail loan balance (average balance)



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



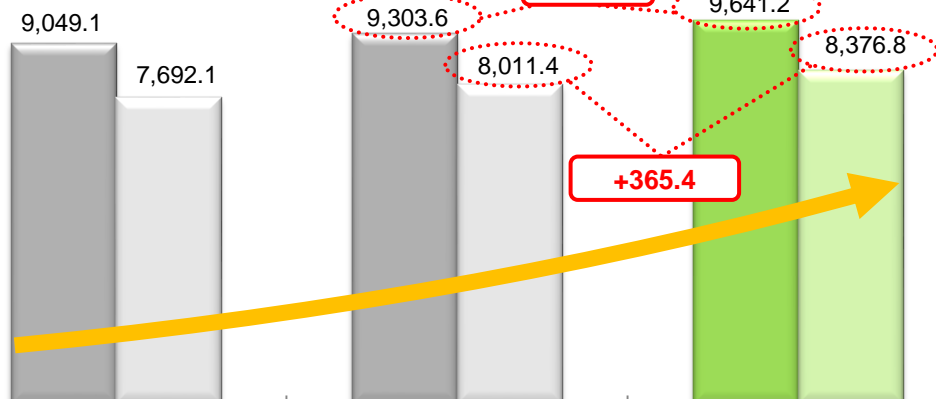
Deposits

- Deposit balance (average balance) increased by JPY 337.6bn (+3.6%) YoY mainly due to the increase of retail deposit balance

Deposit balance (average balance)

■ Portion in shizuoka Pref.

(JPY bn)

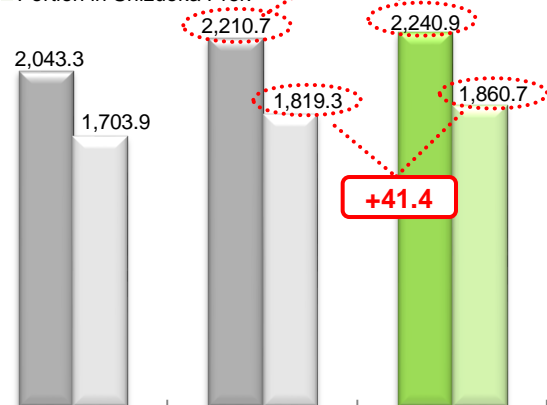


	Average balance	YoY	Annual growth rate
Total deposit balance	JPY 9,641.2bn	JPY +337.6bn	+3.6%
Deposit balance in Shizuoka	JPY 8,376.8bn	JPY +365.4bn	+4.5%
Corporate deposit balance	JPY 2,240.9bn	JPY +30.2bn	+1.3%
Retail deposit balance	JPY 6,628.3bn	JPY +266.2bn	+4.1%
Portion in Internet branch	JPY 517.2bn	JPY +41.7bn	+8.7%
NCD	JPY 102.4bn	JPY -58.8bn	-36.4%

Corporate deposit balance (average balance)

■ Domestic branches
■ Portion in Shizuoka Pref.

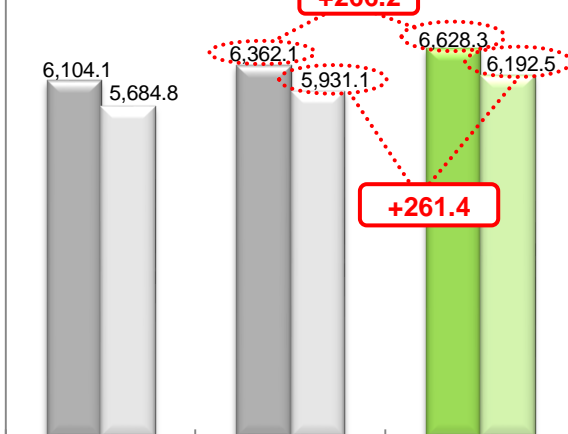
(JPY bn)



Retail deposit balance (average balance)

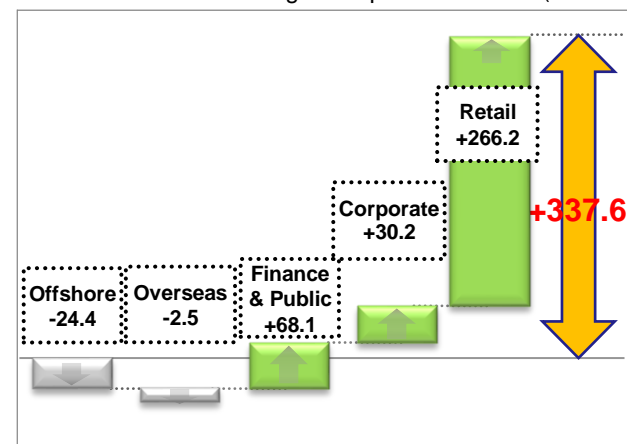
■ Domestic branches
■ Portion in Shizuoka Pref.

(JPY bn)



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

Breakdown of YoY change in deposits etc. (JPY bn)



Securities

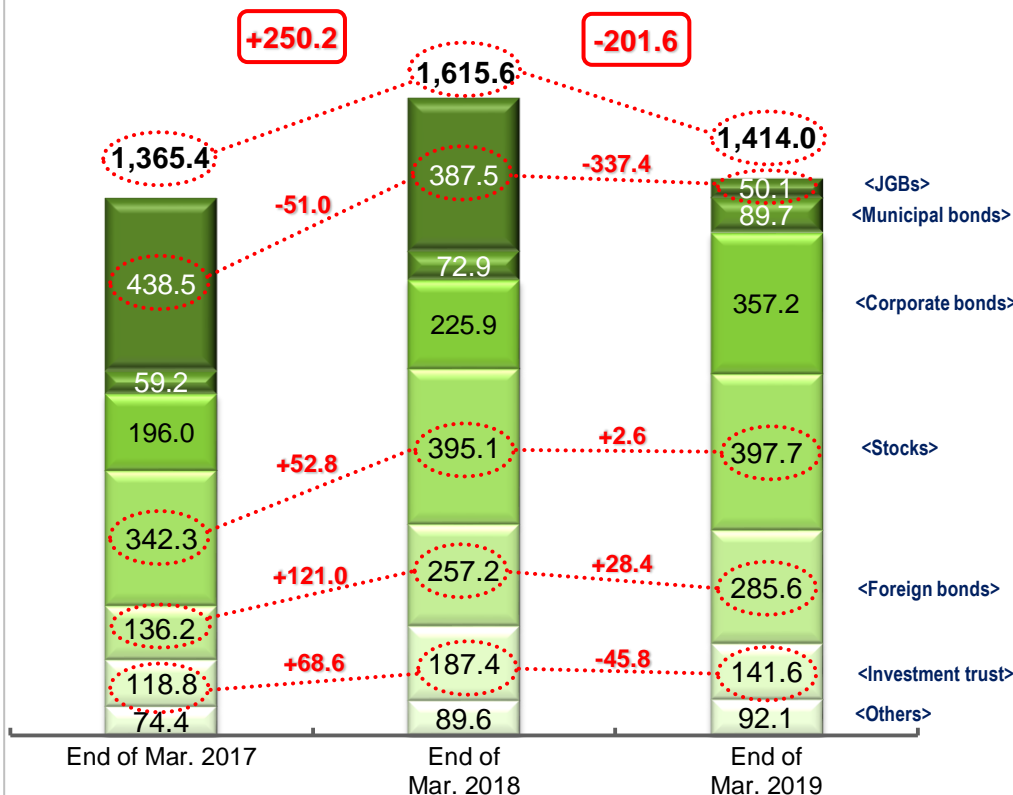
- The balance of securities at the end of FY2018 decreased by JPY 201.6bn compared to the end of FY2017, mainly because the Bank greatly decreased the balance of JGBs based on trend of interest rate, and because amount of investment trust decreased due to cancellation

Securities

[Duration]

	End of Mar. 2017	End of Mar. 2018	End of Mar. 2019
Yen based bonds	4.72 years	5.42 years	5.02 years
Foreign bonds	2.89 years	5.07 years	3.96 years

(JPY bn)



Gains and losses on securities

(JPY bn)	FY2017	FY2018	YoY
Interest and dividend on securities	24.6	32.6	+8.0
Gains on investment trusts	8.7	4.9	-3.8
Gains and losses on bonds such as JGBs	-4.2	-1.1	+3.1
Gain on sell of bonds such as JGBs	1.1	4.2	+3.1
Loss on sell of bonds such as JGBs(-)	5.2	5.3	+0.1
Gains and losses on hedges	2.2	0.7	-1.5
Gains and losses on stocks	8.9	7.5	-1.5
Gain on sales of stocks	8.9	7.6	-1.3

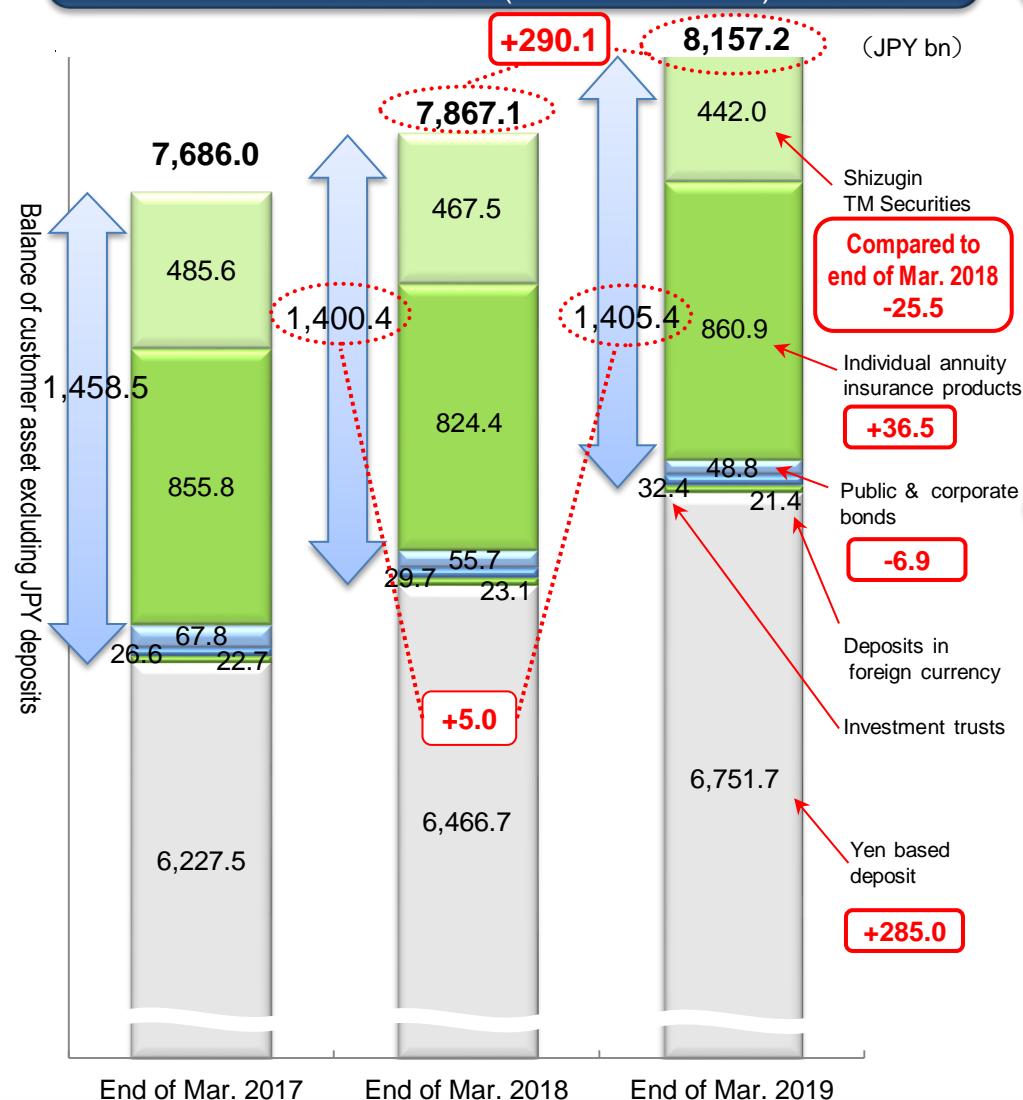
Unrealized gains and losses on securities

(JPY bn)	End of Mar. 2017	End of Mar. 2018	End of Mar. 2019	Change from end of Mar. 2018
Unrealized gains and losses on securities	+230.9	+272.5	+271.5	-1.0
Stocks	+222.8	+265.4	+261.8	-3.6
Bonds	+5.8	+5.2	+5.9	+0.7
Other	+2.3	+1.9	+3.8	+1.9
Foreign bonds	+0.0	-0.6	+2.6	+3.2
Investment trusts	+1.6	+1.8	-1.2	-3.0

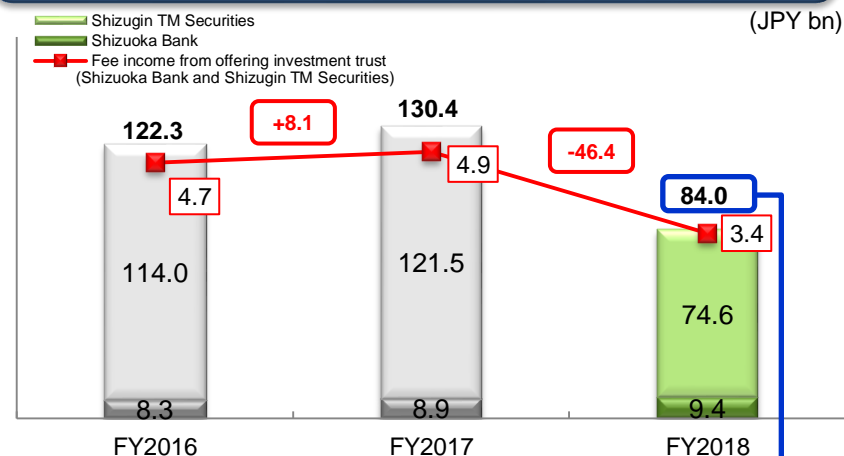
Customer assets

- Customer assets at the end of Mar. 2019 increased by JPY 290.1bn compared to 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 46.4bn YoY, and that of insurance products increased by JPY 28.2bn YoY

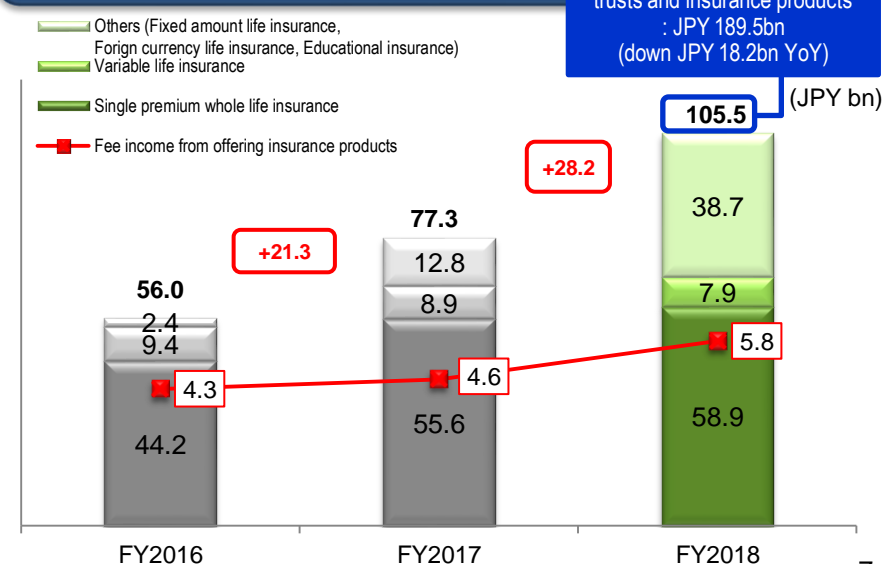
Customer assets (term-end balance)



Investment trusts



Insurance products



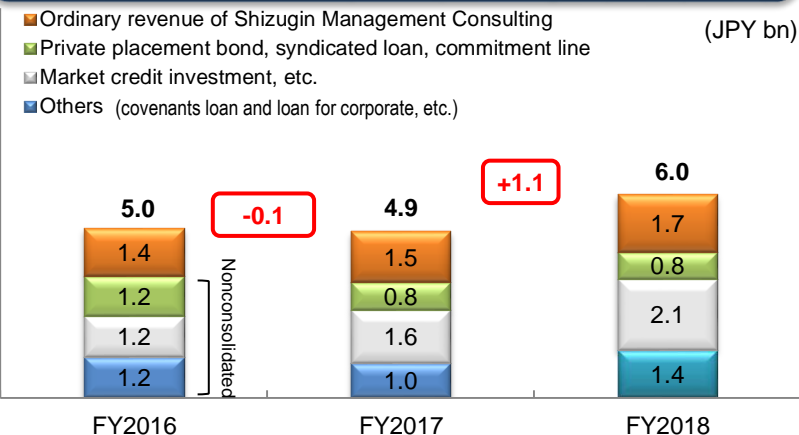
Fees and commissions

- Ordinary revenue of Shizugin TM Securities decreased by JPY 2.1bn YoY due to slump in sales of investment trust which reflects stagnation of willingness to invest
- On the other hand, fees and commissions (nonconsolidated) increased by JPY 0.5bn YoY mainly because of increase in sales of insurance products, and ordinary revenue of Shizugin Management Consulting increased by JPY 0.2bn reflecting brisk performance in M&A and business succession

Group-based Fees and commissions

(JPY bn)	FY2017	FY2018	YoY
(1) Fees and commissions (Nonconsolidated)	15.2	15.8	+0.5
Fees and commissions revenue	29.3	30.5	+1.2
Fees and commissions expense (-)	14.1	14.7	+0.6
(2) Ordinary revenue of Shizugin Management Consulting	1.5	1.7	+0.2
(3) Ordinary revenue of Shizugin TM Securities	8.5	6.4	-2.1
Total ((1)+(2)+(3))	25.2	23.9	-1.3

Fee incomes related to corporate (include group companies)



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

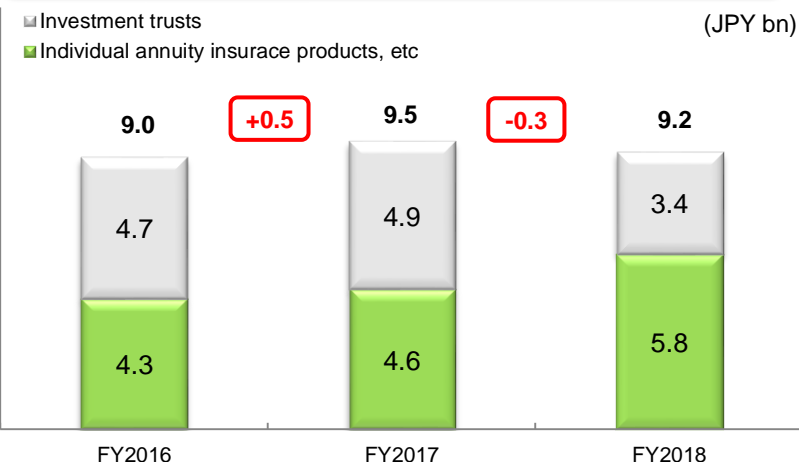
(JPY bn) [contracts number]	FY2016	FY2017	FY2018	YoY
Ordinary revenue	1.40	1.49	1.66	+0.17
Consultant fee				
M&A	0.33 [23]	0.39 [28]	0.50 [31]	+0.11 [+3]
Business succession	0.11 [40]	0.13 [51]	0.17 [71]	+0.04 [+20]
Settlement service	0.83	0.85	0.85	+0.0

Shizugin TM Securities

- Leading Group revenue through selling investment trust and bonds
- Ordinary revenue of FY2018 decreased YoY due to worsening investment environment

(JPY bn)	FY2016	FY2017	FY2018	YoY
Ordinary revenue	7.73	8.50	6.36	-2.14
(Investment trust-related)	(4.47)	(4.69)	(3.13)	(-1.56)
Investment trust sales	114.0	121.5	74.6	-46.9
Bond sales	96.7	143.3	106.8	-36.5

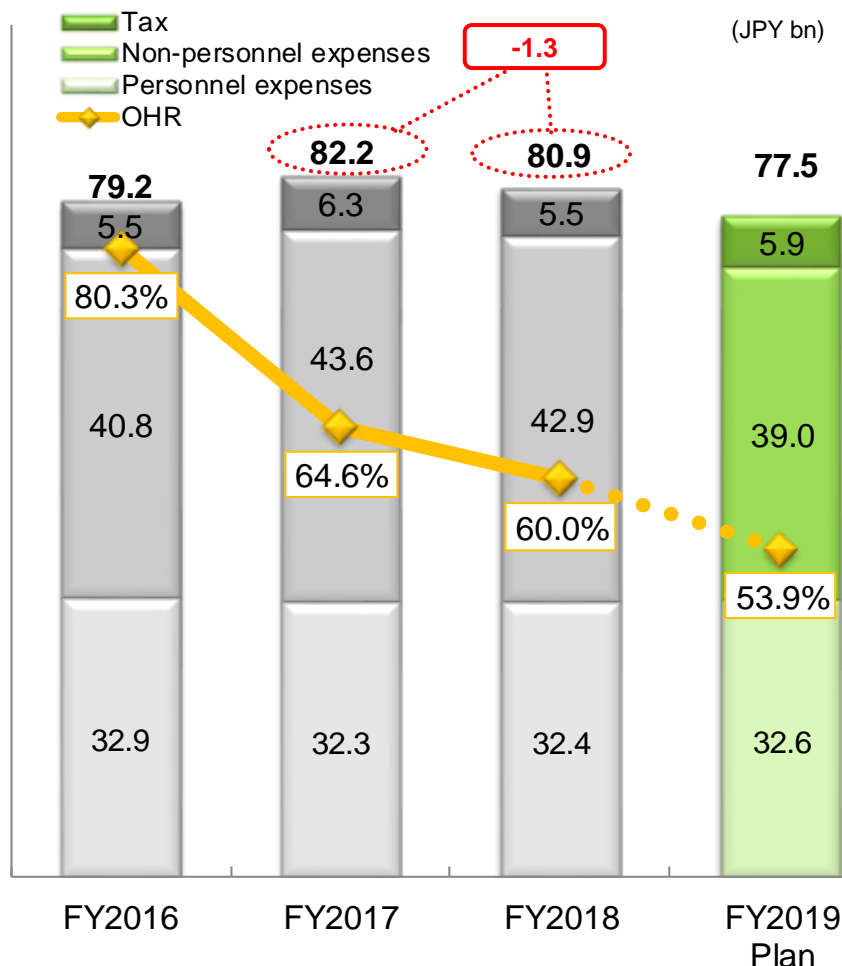
Sales and fee income from offering investment trusts and insurance products (Shizuoka Bank / Shizugin TM Securities)



Expenses

- Expenses of FY2018 was JPY 80.9bn (down JPY 1.3bn YoY), and OHR was 60.0% (down 4.6 percent points YoY)
- Intend to manage OHR around 55% in FY2019, which is the target in the 13th Medium-term Business Plan

Expenses and OHR



Main factors for change of expenses

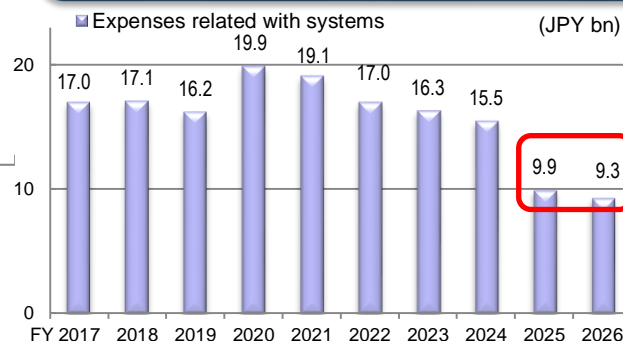
	YoY	Main factors
Tax	JPY -0.8bn	Consumption tax JPY -0.8bn
Non-personnel expenses	JPY -0.6bn	Deposit insurance premium JPY -0.1bn Depreciation expense JPY -0.8bn
Personnel expenses	JPY +0.1bn	Health insurance premium JPY +0.3bn
Total	JPY -1.3bn	

Comparison with initial expenses plan

	FY2017	FY2018	FY2019
Initial plan (13 th Medium-term Business Plan)	JPY 85.0bn	JPY 84.5bn	JPY 83.0bn
Performance/Plan	JPY 82.2bn	JPY 80.9bn	JPY 77.5bn

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



Depreciation by investment in the next-generation IT system are set to rise temporarily, but expenses will be brought down to less than JPY 10bn in the future due to the cost reduction effect

※New system is scheduled to come on line in May 2020

Credit-related costs

- Credit-related costs in FY2018: JPY 4.8bn (up JPY 9.3bn YoY), Credit-related cost ratio: 0.05%

Breakdown of credit-related costs

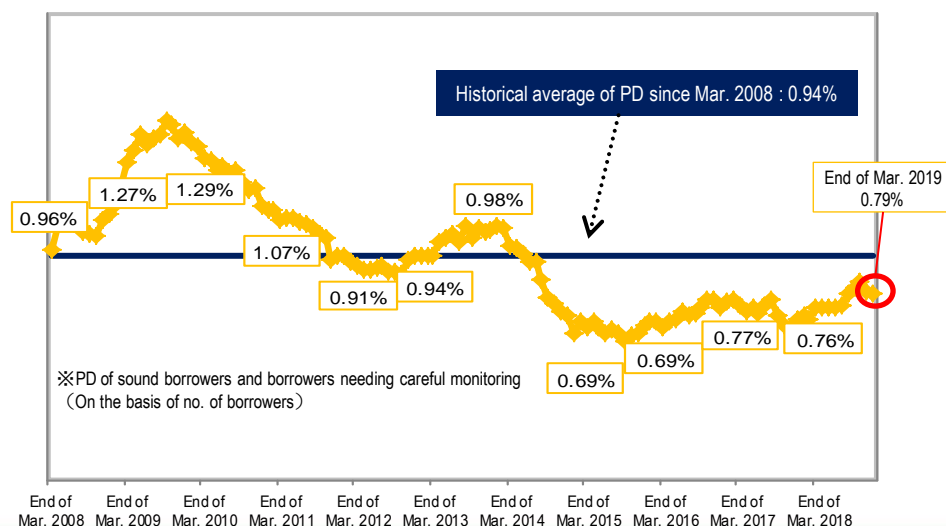
(JPY bn)	FY2017	FY2018	YoY
Provision for general allowance for loan losses *1 (1)	[-10.0] -	1.0	[+11.0] +1.0
Provision for specific allowance for loan losses (2)	[5.1] -	3.4	[-1.7] +3.4
Other non-performing loans (NPL) disposal *2 (3)	0.4	0.4	-0.0
Reversal of allowance for loan losses *3 (4)	4.9	-	+4.9
Credit-related Costs (1)+(2)+(3)-(4)	-4.5	4.8	+9.3

*1 Breakdown of -10.0 in FY2017: Refinement of calculation method for general allowance for loan losses (-6.7), Down of loan loss ratio(-3.3)

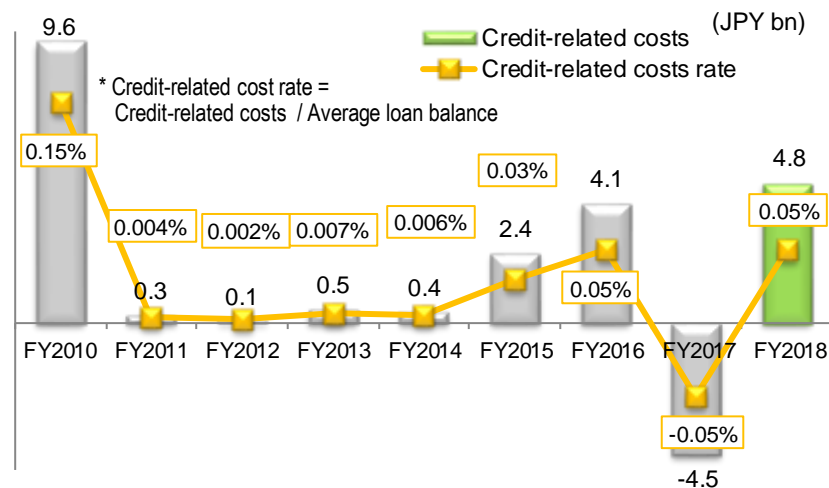
*2 Including provision for the estimated future payments to credit guarantee corporations, provision for allowance for accidental losses, and losses on sell of loans

*3 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

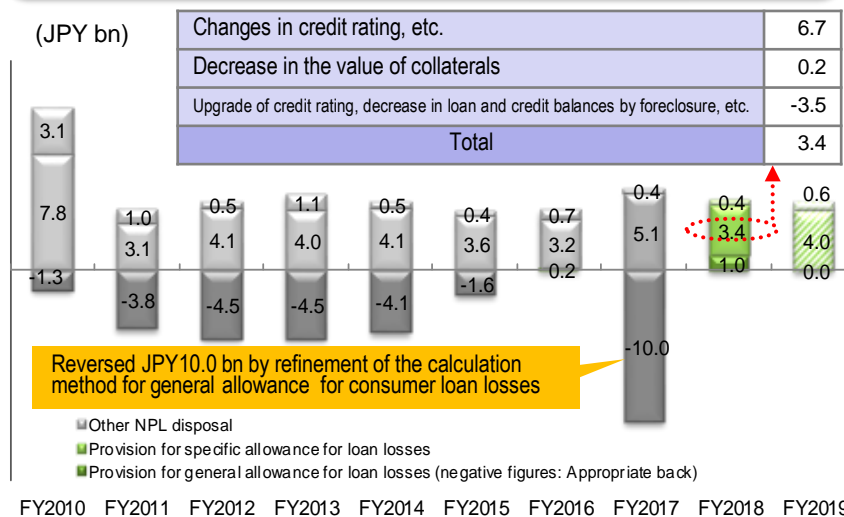
Probability of Default (PD)



Credit-related costs and Credit-related cost ratio



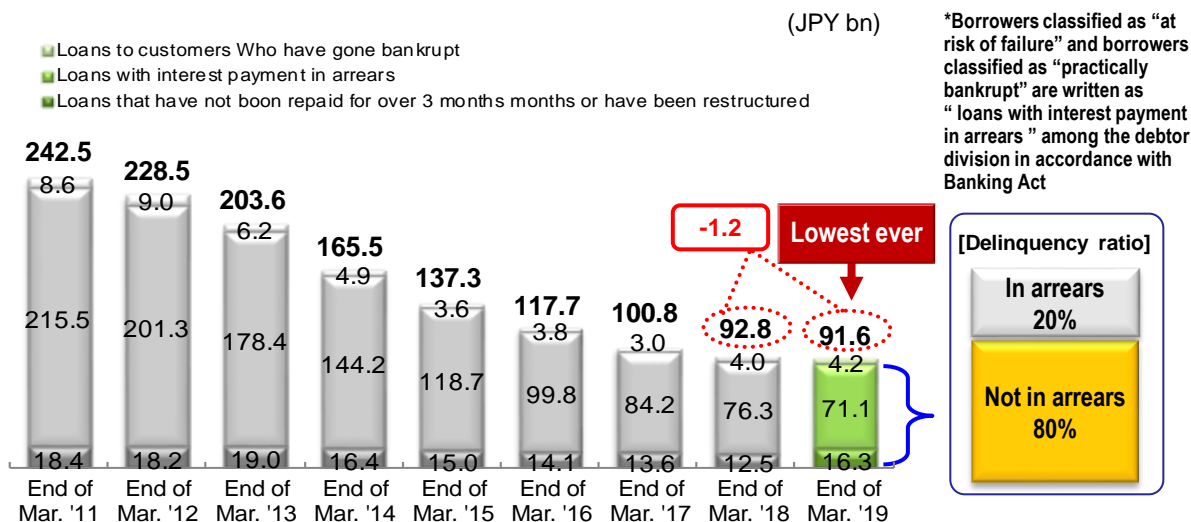
Provision for allowance for loan losses and other NPL disposal



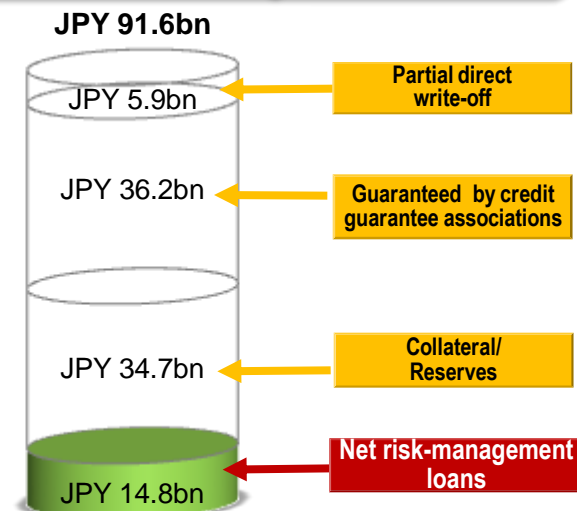
Risk-management loans

- 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 Mar. 2019 was JPY 91.6bn (the ratio of risk-management loans was 1.07%), resulting in the lowest ever
- Net risk-management loans were JPY 14.8bn (the ratio of net risk-management loans was 0.17%), which shows the soundness in the Bank's asset

Trends in Risk-management loans



Net risk-management loans



NPL removal from the balance sheet

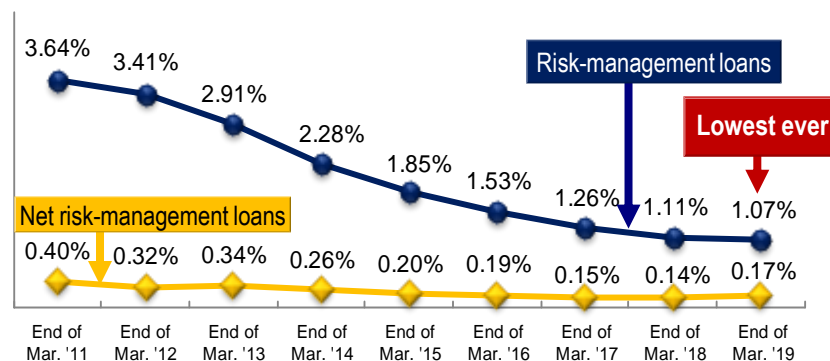
(JPY bn)	FY2017	FY2018
New recognition of NPLs	+25.2	+28.3
Removal from the balance sheet (NPL to borrowers classified as "at risk of failure" or riskier categories)	-33.2 (-29.7)	-29.5 (-27.3)
Risk-management loans	92.8	91.6

-1.2

[Breakdown of JPY -27.3bn]

(JPY bn)	
Collected from borrower/ set off against deposit account	-3.6
Collateral disposal/ subrogated to guarantor	-11.0
Reclassified to better categories	-7.6
Loans sold-off	-4.9
Direct write-off of loans	-0.2

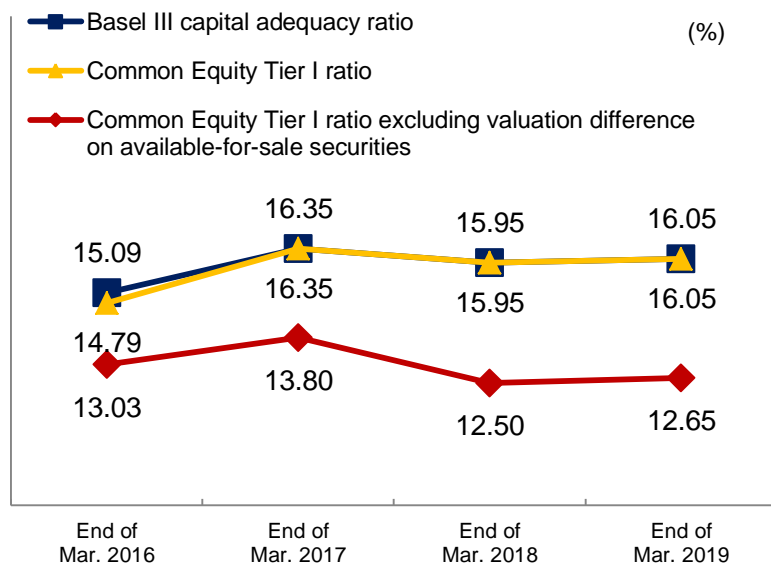
The ratio of risk-management loans



Capital adequacy ratio

- Both Basel III capital adequacy ratio and Common Equity Tier I ratio at the end of Mar. 2019 are 16.05%, slightly increasing by 0.10 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 Mar. 2019 is 12.65%, up 0.15 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 Mar. 2019)

- 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 80.4bn	JPY 913.3bn	$8.8\% \leq 15\%$

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

- Δ NI (Net Interest Income): JPY 7.7bn (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 Mar. '19	Change from end of Mar. '18
[Basel III]				
Capital*	850.8	897.9	913.3	+15.4
Common Equity Tier I	850.8	897.9	913.3	+15.4
Excluding valuation difference on available-for-sale securities	718.3	703.6	719.9	+16.3
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	5,690.1	+63.2
Total credit-risk adjusted assets	4,895.5	5,319.5	5,379.1	+59.6
Amount corresponding to market risk	15.2	12.7	13.0	+0.3
Amount corresponding to operational risk	292.1	294.7	298.1	+3.4

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

[Other indices related to the Basel III]

(1) Liquidity coverage ratio (Consolidated)

- End of Mar. 2019 : 154.8% (Regulatory level 90% and over)
- FY2018(Daily average) : 174.5%

(2) Leverage ratio (Consolidated, end of Mar. 2019) : 7.59% (Rough target 3% and over in trial period)

Progress of the 13th Medium-term Business Plan • Projected performance in FY2019

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

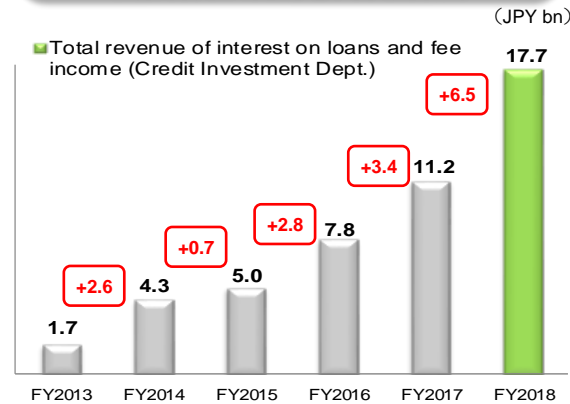
New areas of development and monetization in the 13th Medium-term Business Plan

Developing new business fields

- Guaranty through collaboration with a housing loan specialist, ARUHI
- Collaboration with Monex Group to provide financial services
- Development of "HOKEN NO MADOGUCHI @ Shizugin"
- Connection of bank accounts with providers of cashless payment services

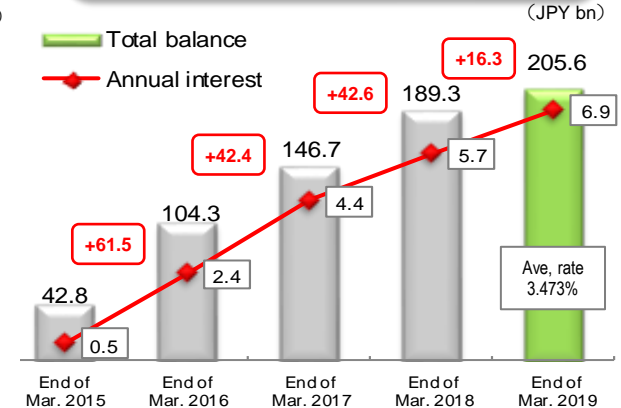
Tokyo metropolitan area

【Market Credit investment】 Interest on loans & Fee income



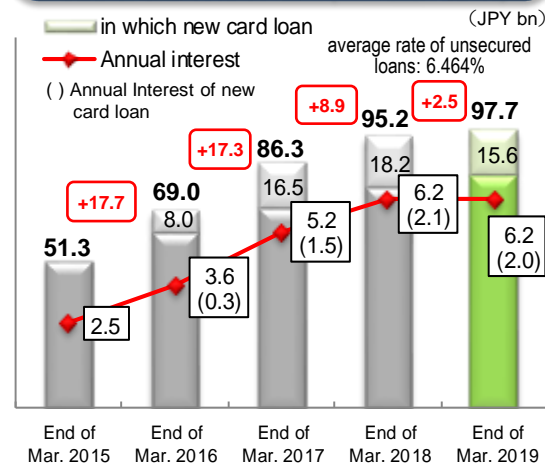
Tokyo metropolitan area

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



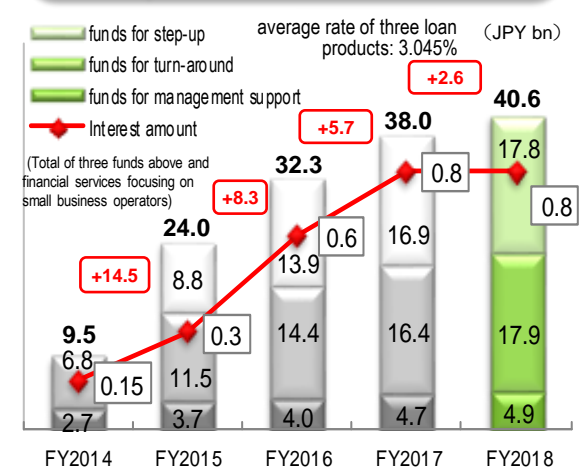
Nationwide market

【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 through collaboration with a housing loan specialist, ARUHI
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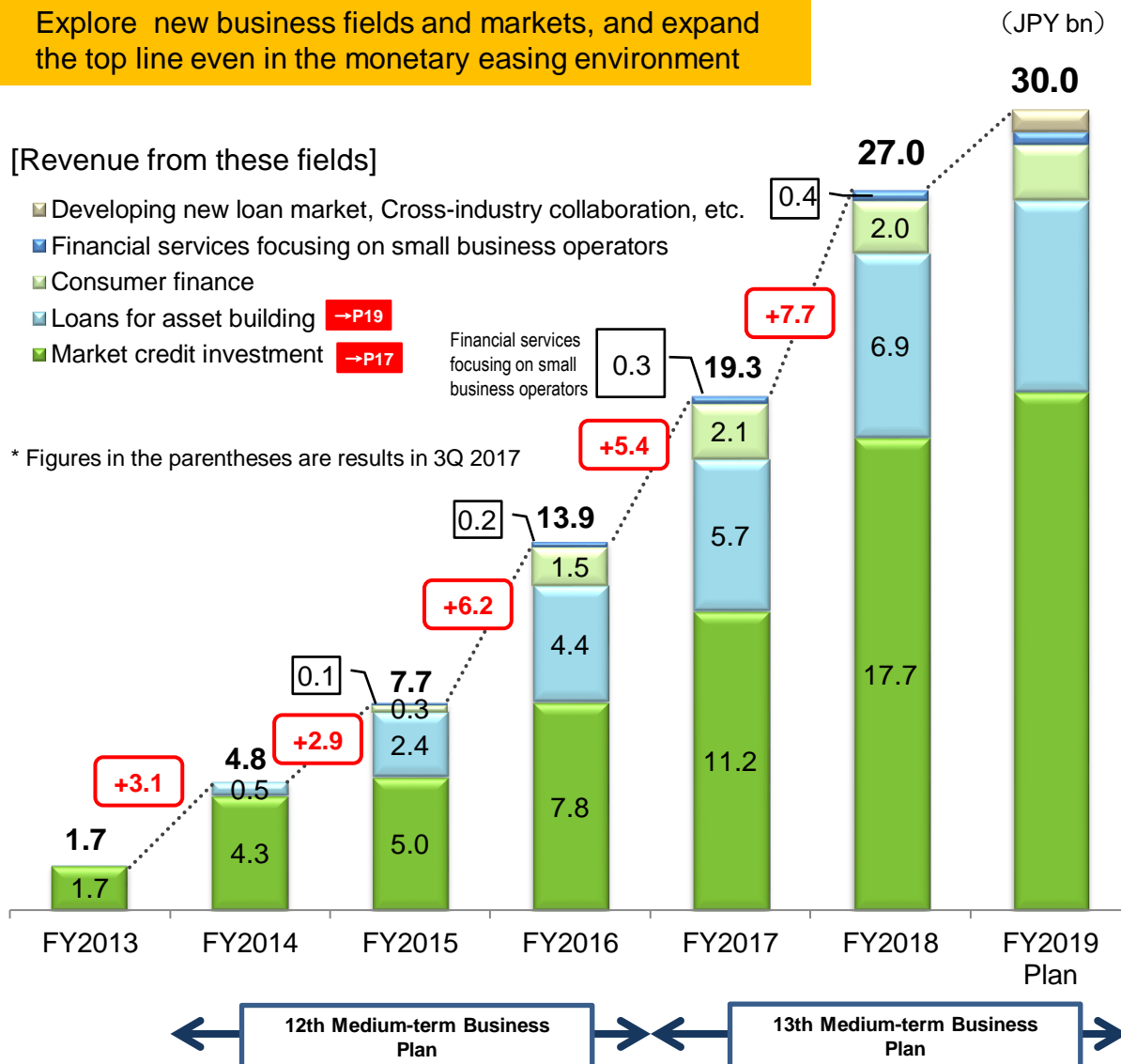
Explore new business fields and markets, and expand the top line even in the monetary easing environment

[Revenue from these fields]

- Developing new loan market, Cross-industry collaboration, etc.
- Financial services focusing on small business operators
- Consumer finance
- Loans for asset building →P19
- Market credit investment →P17

Financial services focusing on small business operators

* Figures in the parentheses are results in 3Q 2017



Developing new business with firms in other industries (1)

– Discovery of partners through cross-industry interaction

- The Bank has built network with venture firms with advanced technology in order to expand new business fields
- Some of ideas for collaboration with firms that attended the networking event held in Mar. 2018 has been realized

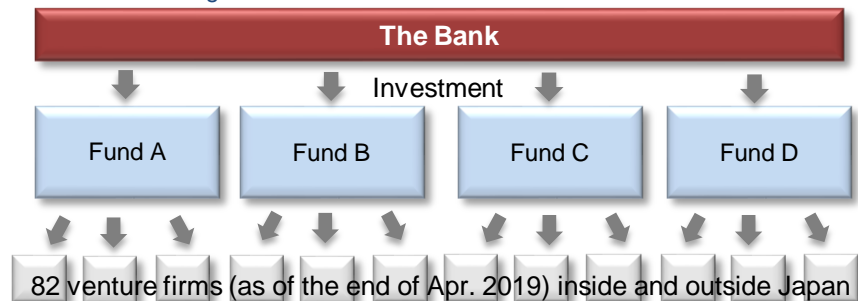
Building cross-industry network

- Established “Innovation Promoting Office”, searching for businesses through cross-industry collaboration to create new value-added by building and utilizing network of firms in other industries

Established “Innovation Promoting Office”

- Established “Innovation Promoting Office” through revision of organizational structure in Apr. 2019
- Intend to flexibly and quickly adopt innovative technologies such as crypto asset, blockchain, and AI, which have potential to greatly change bank business
- By investing in multiple venture funds, the Bank has built relationship with domestic and overseas venture firms, come up with ideas for new business, and developed human resources with know-how for start-up and ability to judge promising businesses

■ Network building with venture firms



Topic

Planning “TECH BEAT Shizuoka”

- Plan to cosponsor a fair featuring advanced technology “TECH BEAT Shizuoka” in Jul. 2019 with the prefectural government in order to activate industry and to create new businesses in Shizuoka Pref.
- Try to realize innovation and to create opportunities for businesses in the region through business talks and exhibition of technology by start-up firms with advanced technology and firms within Shizuoka Pref.



Cross-industry networking event

- Held an event for mid-term reporting in Oct. 2018 to share information on progress of proposed collaboration with 7 companies which the Bank started to connect with since a cross-industry networking event (held in Mar. 2018)



■ Progress of proposed collaboration

Realized collaboration (1) Enhanced marketing by utilizing external data

- Collaboration with **Treasure Data Inc.**
- **Connection between internal data within the Bank and external data** by building infrastructure system to manage marketing data
⇒ **Efficient proposal and automatic message**
(Started collecting data which can be used in the infrastructure system in Mar. 2019)

Collaboration under consideration (1) Business matching by utilizing of AI

- Collaboration with **PKSHA Technology Inc.**
- Plan to **build special platform in which AI helps business matching** by searching for needs of matching and choosing partner (Project launched in Mar. 2019)

Collaboration under consideration (2) Index for screening and evaluation based on AI

- Collaboration with **LEEWAYS Inc.**
- Plan to create index for screening and evaluation by combining the Bank's logic for screening and evaluation with AI-based tool by LEEWAYS to analyze real estate
⇒ **Enhance accuracy of screening by detailed simulation of income and expenditure based on AI** (Plan to start in FY2019)

Collaboration under consideration (3) Support for clients' market expansion through EC

- Collaboration with **BASE Inc.**
- Plan to support corporate clients **to expand market and to rebuild brand** by introducing services offered by BASE, which has abundant know-how in running E-commerce website (Plan to start in FY2019)

Developing new business with firms in other industries (2)

– Cases of businesses which have been commercialized by FY2018

- New businesses through cross-industry collaboration in various categories have been commercialized by FY2018

Collaboration with Monex Group to provide financial services

- 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)
- “SHIZUGIN Wrap (MSV LIFE)” based on discretionary investment management (wrap service) by **Monex-Saison-Vangurd 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



Intend to provide financial services with high value-added by utilizing know-how and customer base of Monex Group

Development of “HOKEN NO MADOGUCHI @ Shizugin”

- Prepare channels to provide financial services including insurance products at one location by developing “HOKEN NO MADOGUCHI @ Shizugin”, joint stores by **HOKEN NO MADOGUCHI GROUP INC.** and the Bank
- Total 6 stores in Shizuoka Pref. and Kanagawa Pref.

ほけんの窓口 @ しずぎん

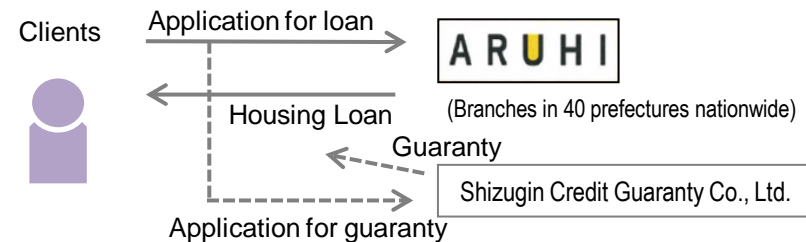
<Development of stores (as of May 2019)>

Hamamatsu Chuo Branch (Hamamatsu City), **Shijimizuka Branch** (Hamamatsu City),
Fujieda Ekimae Branch (Fujieda City), **Shizuoka Ekinan S-Patio Branch** (Shizuoka City),
Numazu Ekihoku Branch (Numazu City), **Tsunashima Branch** (Yokohama City)

Enhance ability to provide total life-planning advice by offering such services that only joint stores can offer

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 383 applications from Aug. 2018 to Mar. 2019 (Equivalent to 1 Loan Center)



Develop the scheme in collaboration with other firms, and let such businesses grow to be sources of profit in the nationwide market

Connection of bank accounts with providers of cashless payment services

- Started connection of bank accounts with a smartphone settlement service “Origami Pay” offered by **Origami Inc.** (Aug. 2018)
- Major smartphone QR settlement services are available through connection with accounts



Settlement services available through connection with accounts	Origami Pay, LINE Pay, Pay Pay
Settlement services available through connection with joyca (credit card)	Origami Pay, Pay Pay, d payment, Rakuten Pay, Amazon Pay

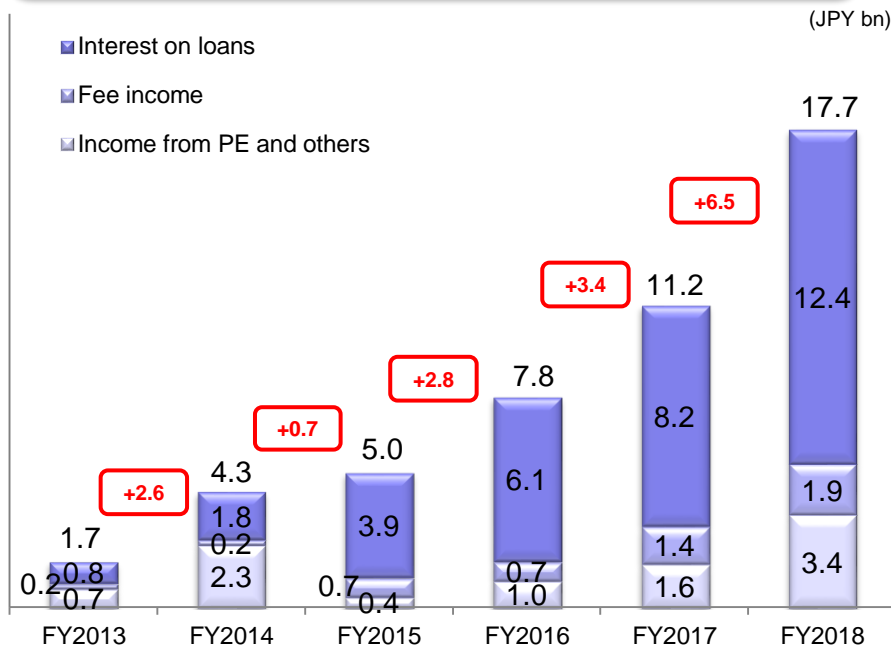
- Preparing for joining “Bank Pay”, a cashless payment services promoted by Japan Electronic Payment Promotion Organization

Try to enhance convenience for customers by diversifying methods of payment

Market credit investment

- Interest and fee income in market credit investment increased by JPY 6.5bn YoY
- Build low-risk portfolio by investing in diversified products and focusing on loans with high credit rating

Interest & Fee income in market credit investment



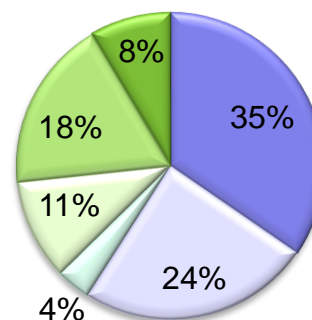
Investment in private equity (PE) and others

(JPY bn)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Capital commitment in PE	14.0	16.0	26.1	36.7	47.3	57.6
Amount of investment in PE	1.6	2.8	7.4	12.9	18.2	25.2
Amount in investment in private placement REIT	9.8	13.0	15.9	20.2	25.3	29.8
Total income	0.7	2.3	0.4	1.0	1.6	3.4

Targeting well-diversified portfolio by continuously investing 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 Mar. 2019: JPY 560.4bn)



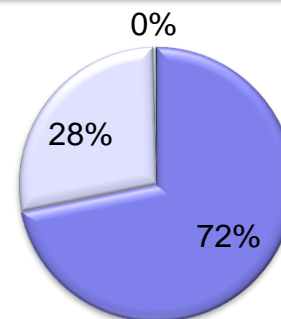
- Corporate credit risk (senior)
- Corporate credit risk (mezzanine)
- Asset finance
- Project finance
- Real estate non-recourse loan
- Securitized loan (CLO etc.)

CLO balance (As of the end of Mar. 2019)
 JPY 49.6bn (16 contracts, JPY 3.1bn on average)
 All have AAA rating
 Subordination ratio: 35.0% - 41.8%

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

Well-diversified portfolio

Credit rating of loans (As of the end of Mar. 2019)



- Performing (Equivalent to or higher than single A)
- Performing (Lower than single A)
- Requiring caution

Almost all loans are classified as performing

* Excluding real estate non-recourse loan

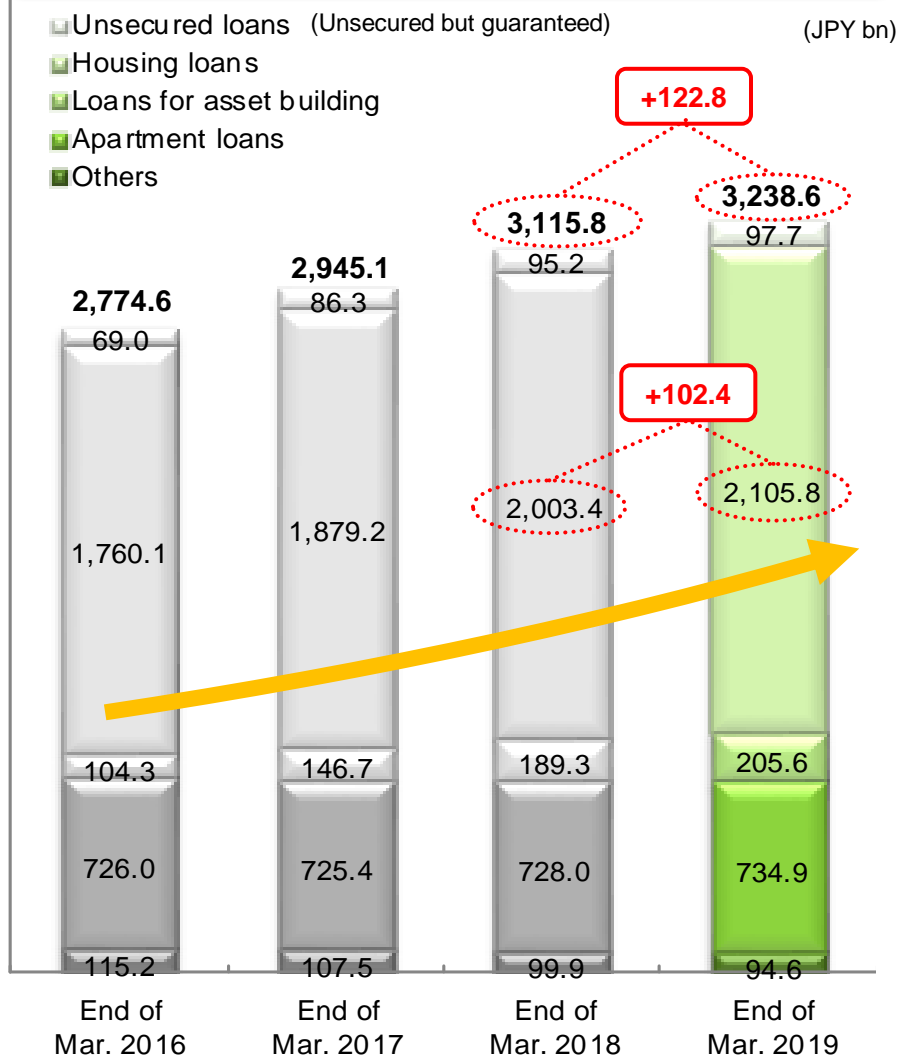
(Credit ratings of all real estate non-recourse loans are performing with rating lower than single A, and **LTV is 61.9%**)

Return to risk		End of Mar. 2019
Amount of risk capital used	Credit Investment Dept. (Share in total)	JPY 43.6bn (13.9%)
Return to risk (Risk-adjusted return / Amount of risk capital used)		39.2%

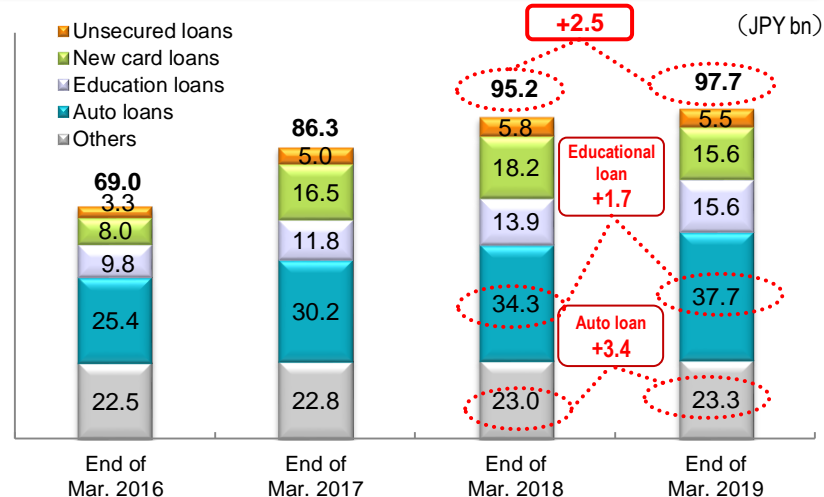
Consumer loans (1)

- Consumer loan balance (term-end balance) increased by JPY 122.8bn from the end of Mar. 2018, maintaining increase trend mainly due to growth of housing loans

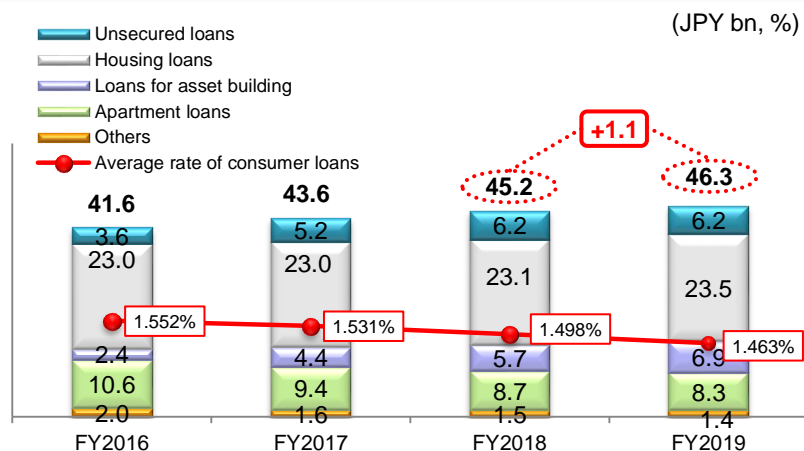
Consumer loan balance (term-end balance)



Unsecured loan balance (term-end balance)



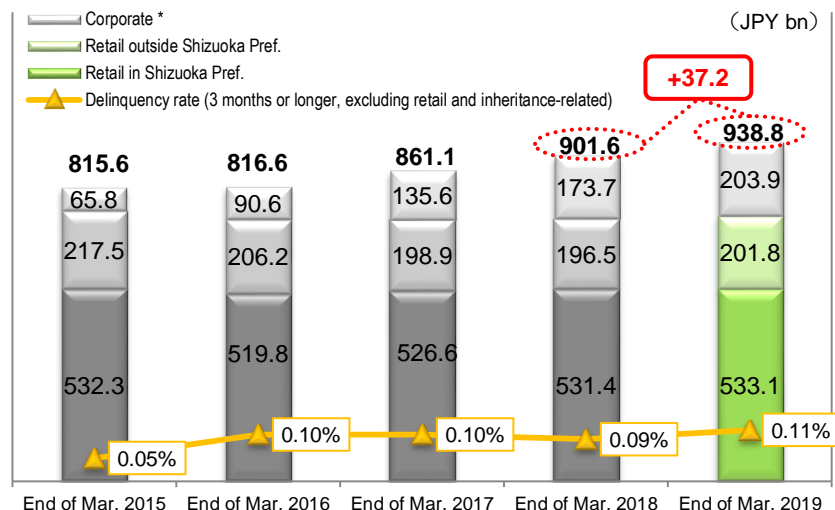
Interest amount and rate of consumer loans



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

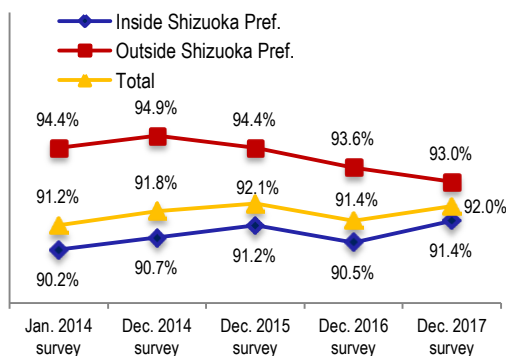
Term end balance and delinquency of Apartment loans



LTV of retail apartment loans at the end of Mar. 2019: 69.2%
(Inside Shizuoka Pref.: 70.4%, Outside Shizuoka Pref.: 66.1%)

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

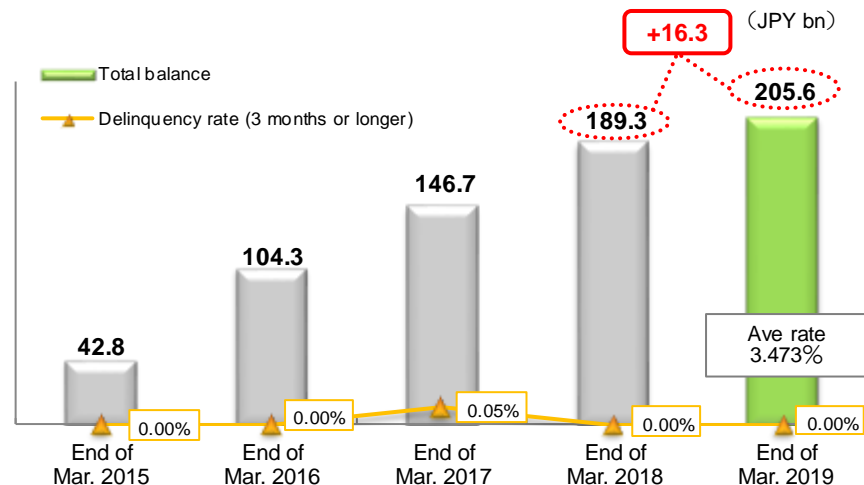
[Survey on occupancy for rental property]



« 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

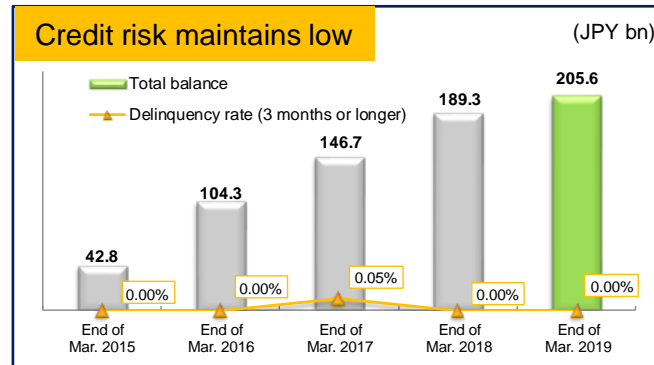
Consumer loan (3) – Loans for asset building

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



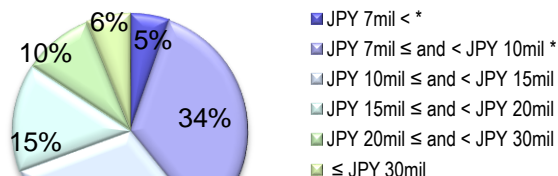
Information on loan applications accepted

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

Limited credit risks with sound borrowers' profile

Annual income of borrowers (As of acceptance of loans)

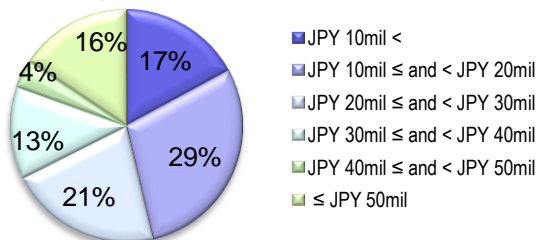
Average annual income: JPY 14mil



* 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)

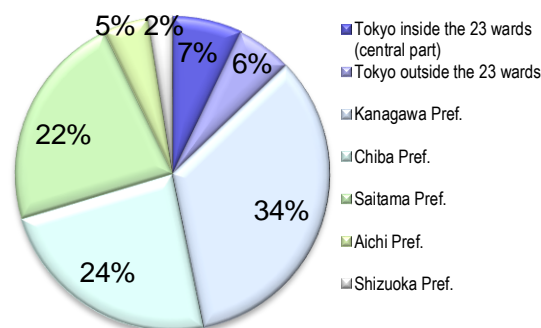
Average financial assets: JPY 33mil



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

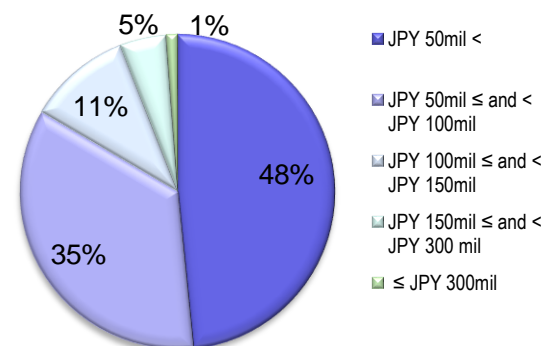


Introduction of potential customers is not concentrated to specified brokers

Loan portfolio made up of diversified small-amount loans

Loan amount per deal

Average loan amount per deal: JPY 66mil








Among all loan deals, about 50% 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

Expansion of non-face-to-face channel

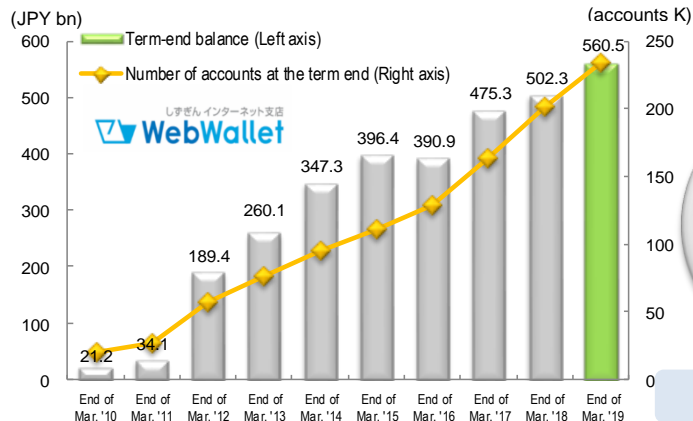
- Non-face-to-face channel has become important point of contact with clients through expansion of lineup of services
- Internet Branch, with its deposit balance more than JPY 500.0bn, has grown into an established funding channel in nationwide market

Lineup of non-face-to-face channel

	Internet Branch	Shizugin Direct	Shizugin Direct Lite	Shizugin STATION	Money Forward for Shizuoka Bank
					
Type	Account solely offered on the Internet	Internet banking	Internet banking (Lighter version)	Smartphone app	App of household account book
Major services	Request to check balance and record of account, Bank transfer, Transaction related to time deposit, etc		Request to check balance and record of account	Request to check balance and record of account, Provision of various information	Automatic housing account book, asset management
No. of users at the end of Mar. '19 (Compared to end of Mar. '18)	234K (+34K)	285K (+20K)	457K (+107K)	389K (+192K)	100K (17K)

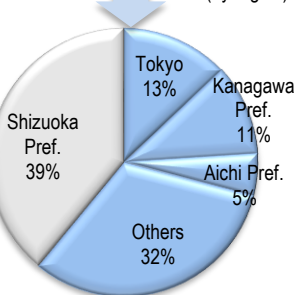
Funding deposit in nationwide market

Historical data on no. of accounts and amount of deposit



No. of accounts at the end of Mar. 2019 : 234K

Distribution of customers (by region)

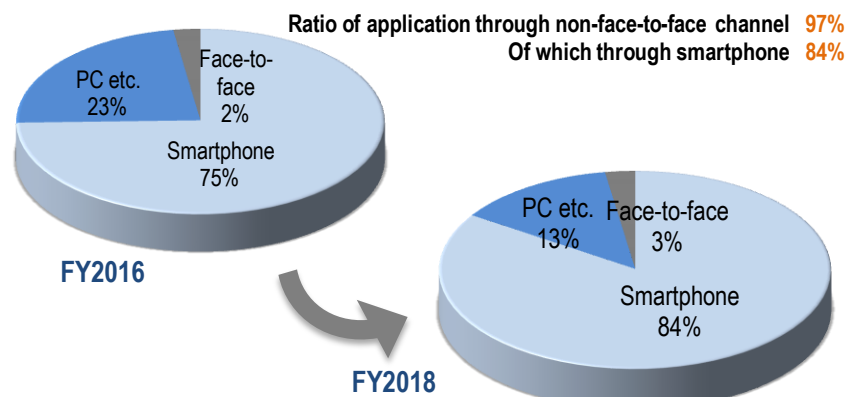


Outside Shizuoka Pref. : 61%
(At the end of Mar. 2010 : 16%)

Loans transaction in non-face-to-face channel

Data of application for unsecured loan (*) through non-face-to-face channel

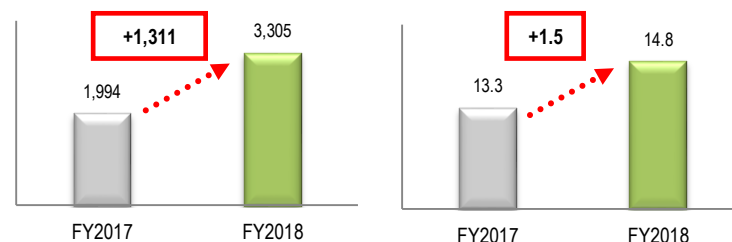
* Excluding such products that are assumed to be offered through face-to-face channel



Data of acceptance of housing loans in Direct Loan Center

No. of acceptance of application

Loan amount launched (JPY bn)

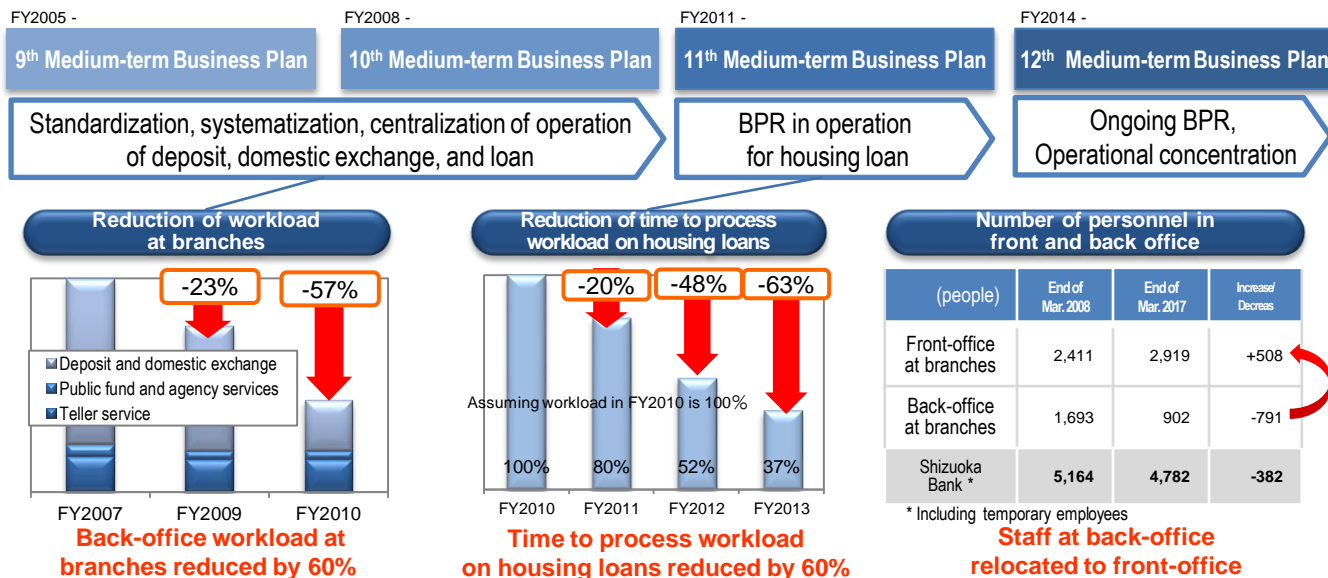


About Direct Loan Center

- Established in the headquarters in Apr. 2017 to enhance convenience for customers who prefers transactions in non-face-to-face channel
- A counter-less loan center focusing on non-face-to-face transactions which can complete whole process of loans

Operation process reform

- Aim to realize “digital branch”, a branch managed by less staffs, by further accelerating operations BPR which the Bank continued so far



- Management of branches at low cost through drastic BPR
- Higher productivity by introducing RPA
- Sales structure reform →P,35

Even further enhancement of productivity

Shift to “5 less” at branches

Paperless

Seal-less

Cashless

Counter-terminal-less

Counter-less

Use of RPA

- System for uniform development of RPA prepared in Aug. 2018
- Operations requiring 12K hours per year have been automated (in FY2018)

Target in FY2019

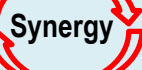
Automate operations requiring 200K hours per year (equivalent to workload of 100 staffs)
by expanding operations to use RPA

Restructuring of headquarters

NEW

Integration of section for business promotion at branches and that for planning branch channel

- Demonstrate function of planning branch channel based on strategy for business promotion at branches



Establishment of “Operations BPR Project Team”

- Speed-up of BPR in operations reflecting branch function

Building new sales structure

Development of sales structure reform

- Integrate staffs in a business area and engage them in businesses with high added-value including inheritance and business succession
- Maintain branch network through decreasing required staffs and equipment in branches
- Start the reform in 13 additional Areas in FY2019 (resulting in 18 Areas in total)

Realization of “digital branch”

Speed-up of BPR in operations

ATMs with enhanced function

Realization of “digital branch”, a branch managed by less staffs

Decrease of branch-related cost

Next Generation System

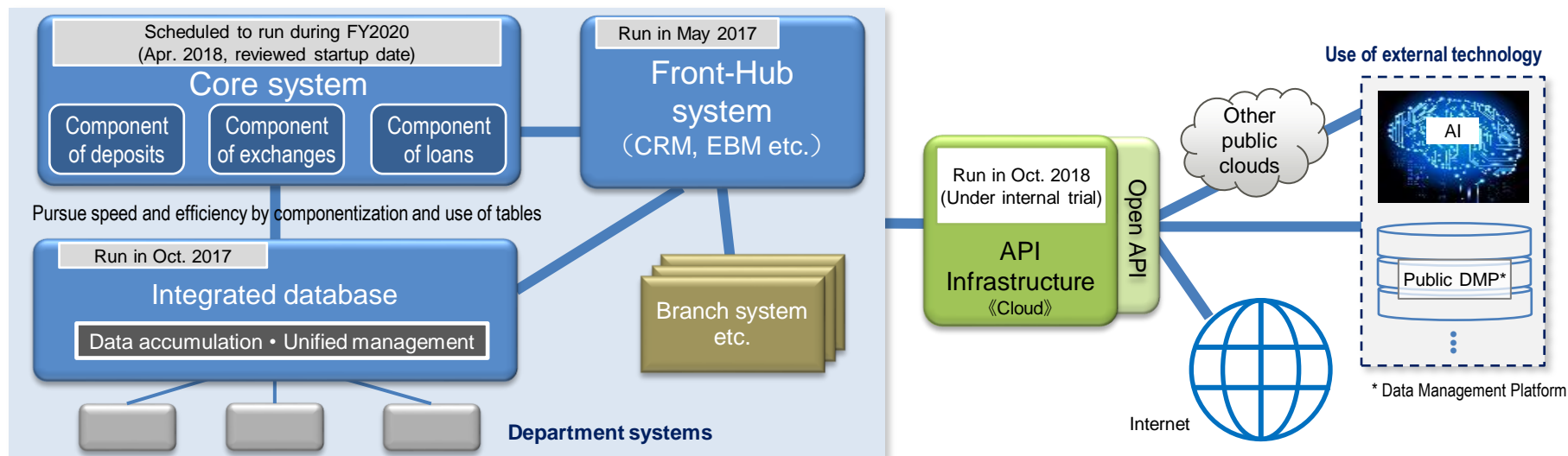
- The Next Generation System was scheduled to start operation in Jan. 2019, but the startup date has been pushed back to sometime during FY2020 to secure sufficient time for testing; the decision was made to ensure the system is stable, as it needs to be compatible with other various systems, including 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

Current system (main frame system)

Each system program is complex and complicated → Factors that impede flexible system development

Next generation system (Open system)

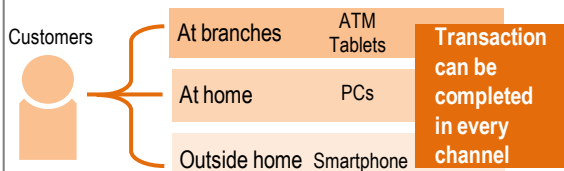
- Speed up responses to environmental changes through shorter development periods and realize cost reductions and efficiency by transitioning to open systems and simplifying system architecture



Vision to realize by building next generation system

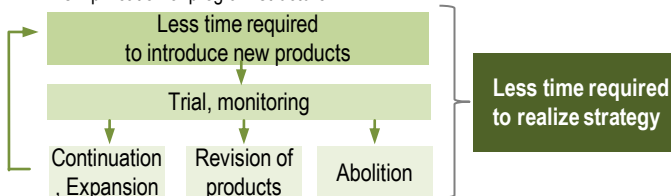
Realization of "location-free" bank

Offer services with the same level of quality both in face-to-face and non-face-to-face channels



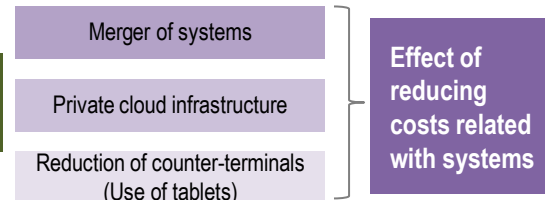
Speed-up in provision of products

Enable speedy provision of products through simplification of program structure



Reduction of cost

Reduce costs related with systems through enhancement of efficiency and so on



Projected performance in FY2019 (1)

- Ordinary profit and profit attributable to owners of the parent in FY2019 (both consolidated) are projected to be JPY 73.0bn and JPY 51.5bn, respectively, based on change in environment from the time when the 13th Medium-term Business Plan was made

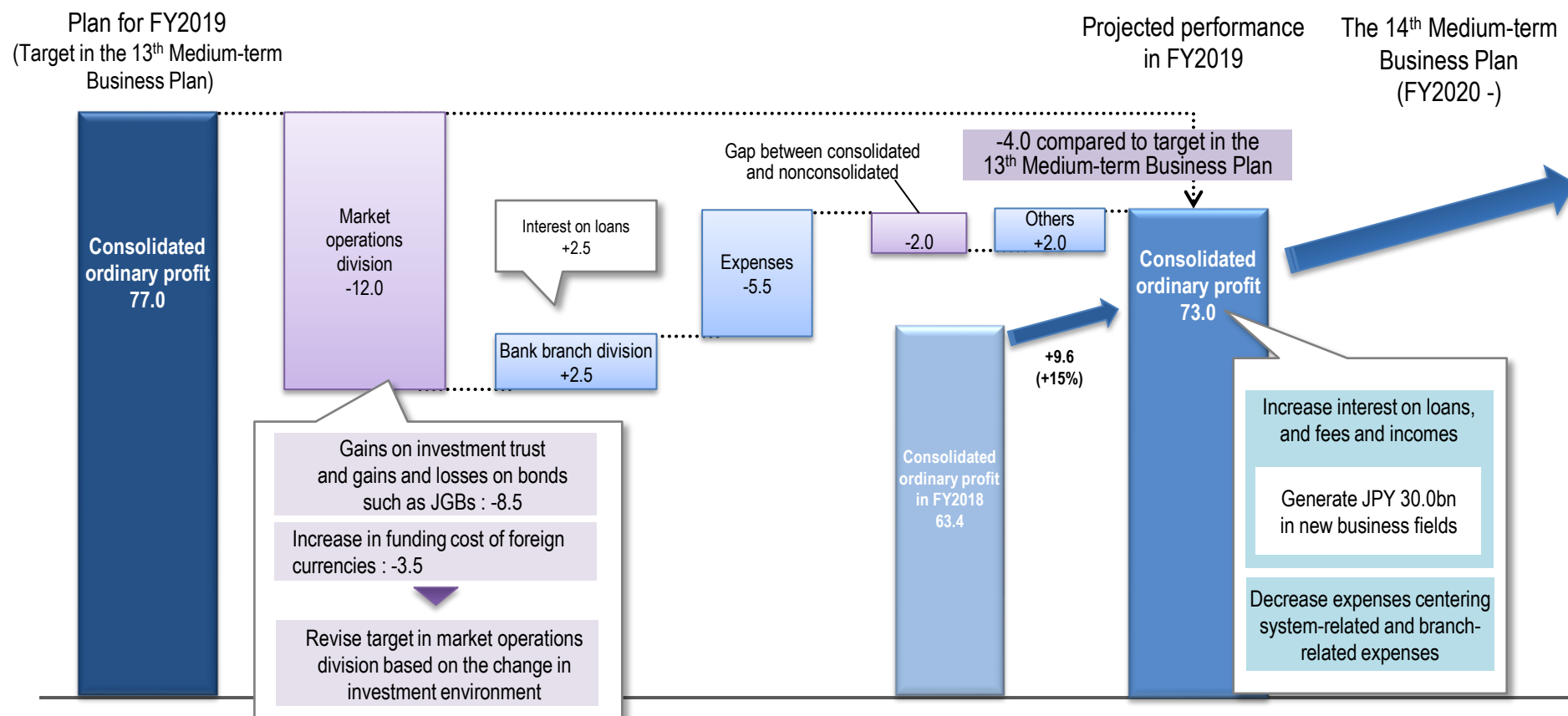
Projected performance in FY2019								(JPY bn)
		FY2016	FY2017	FY2018	FY2019 (Projected)	YoY	Change in 3years	Plan FY2019 (Mid-term Business Plan)
Consolidated	Ordinary profit	47.1	65.8	63.4	73.0	+9.6	+25.9	77.0 or more
	Profit attributable to owners of the parent	29.3	50.1	46.9	51.5	+4.6	+22.2	54.0 or more
	ROE	3.15%	5.21%	4.67%	5.1%	+0.43pt	+1.95pt	6% level
	OHR	76.4%	62.4%	59.0%	53.9%	-5.1pt	-22.5pt	55% level
	Common Equity Tier I ratio	16.35%	15.95%	16.05%	14.9%	-1.15pt	-1.45pt	14% level
Nonconsolidated	Gross operating profit	98.6	127.3	134.8	137.7	+2.9	+39.1	147.3
	Net interest income	109.5	111.5	116.6	117.7	+1.1	+8.2	121.7
	Fees and commissions	15.2	15.2	15.8	16.2	+0.4	+1.0	17.0
	Trading income	0.3	0.8	0.8	0.9	+0.1	+0.6	1.7
	Other operating profit	-26.4	-0.2	1.6	2.9	+1.3	+29.3	6.9
	(Bond-Related income such as JGBs)	(-30.1)	(-4.2)	(-1.1)	(1.5)	+2.6	+31.6	(3.7)
	Expenses (-)	79.2	82.2	80.9	77.5	-3.4	-1.7	83.0
	Ordinary profit	51.8	56.2	56.5	61.5	+5.0	+9.7	64.0
	Net income	24.4	43.4	42.6	43.0	+0.4	+18.6	44.5
	Credit-related costs (-)	4.1	-4.5	4.8	4.6	-0.2	+0.5	3.7

Projected performance in FY2019 (2) – Comparison with the 13th Medium-term Business Plan

- While projected performance in FY2019 is lower than target in the 13th Medium-term Business Plan based on consideration in environment of stock market and of interest rate inside and outside Japan, profit from new business fields is likely to reach to JPY 30.0bn, a target in the 13th Medium-term Business Plan
- Intend to further grow core business field and to develop and monetize new business fields in FY2019, leading to sustainable growth in the 14th Medium-term Business Plan

Comparison of consolidated ordinary profit between target in the Medium-term Business Plan and current projection

(JPY bn)



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 Plan	FY2019 (E)
Annual dividend per share	JPY20.00 (JPY10.00)	JPY20.00 (JPY10.00)	JPY21.00 (JPY10.00)	JPY22.00 (JPY11.00)	JPY22.00 (JPY11.00)

Profit distribution to shareholders

() : Figures of interim dividend per share

(JPY bn)

		FY2015	FY2016	FY2017	FY2018 Plan	FY '09- '18 (10years)
Annual dividend (1)		12.3	12.2	12.5	13.0	Accumulated total 106.0
Repurchase of shares (2) (Shares bought back: million shares)		7.0 (5)	8.5 (10)	9.7 (10)	10.1 (10)	Accumulated total 111.0
Shareholder returns (3)=(1)+(2)		19.3	20.7	22.2	23.0	Accumulated total 217.0
Nonconsolidated	Net income (4)	44.0	24.4	43.4	42.6	Accumulated 382.9
	Dividend payout ratio (1)/(4)x100	27.91%	49.83%	28.74%	30.38%	Average 27.67%
	Shareholder return ratio (3)/(4)x100	43.82%	84.60%	51.16%	53.99%	Average 56.68%
Consolidated	Profit attributable to owners of the parent (5)	47.9	29.3	50.1	46.9	Accumulated total 433.9
	Dividend payout ratio (1)/(5)x100	25.62%	41.58%	24.90%	27.63%	Average 24.41%
	Shareholder return ratio (3)/(5)x100	40.23%	70.60%	44.32%	49.11%	Average 50.01%
[Reference]						Average in 5years
ROE (Consolidated)		5.18%	3.15%	5.21%	4.67%	4.78%

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 by Dec. 10th

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

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

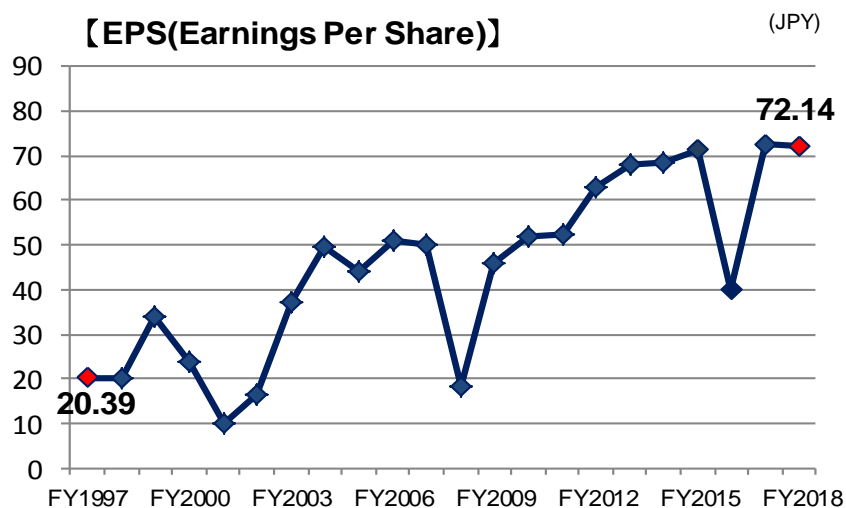
As of the end of Mar. 2019
No. of outstanding shares (including treasury stocks) : 615,129 thousands
No. of treasury stocks : 31,226 thousands

Cancel 10mil shares in May 2019

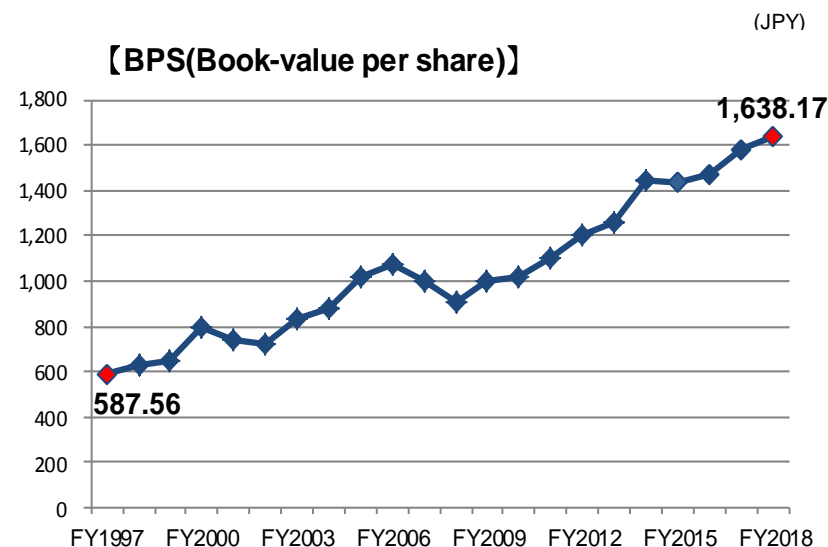
Buy back 10mil shares
in May and Jun. 2019

After cancellation and buyback
No. of outstanding shares (including treasury stocks) : 605,129 thousands
No. of treasury stocks : 31,226 thousands

【EPS(Earnings Per Share)】



【BPS(Book-value per share)】

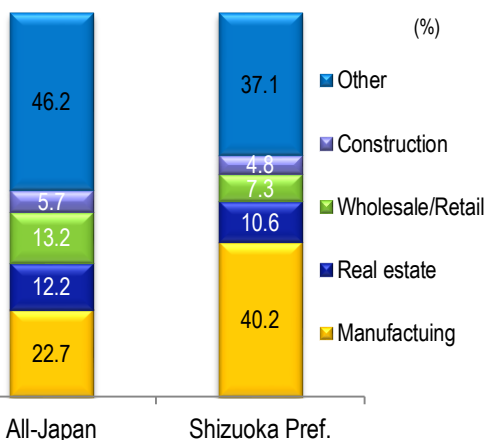


Reference

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

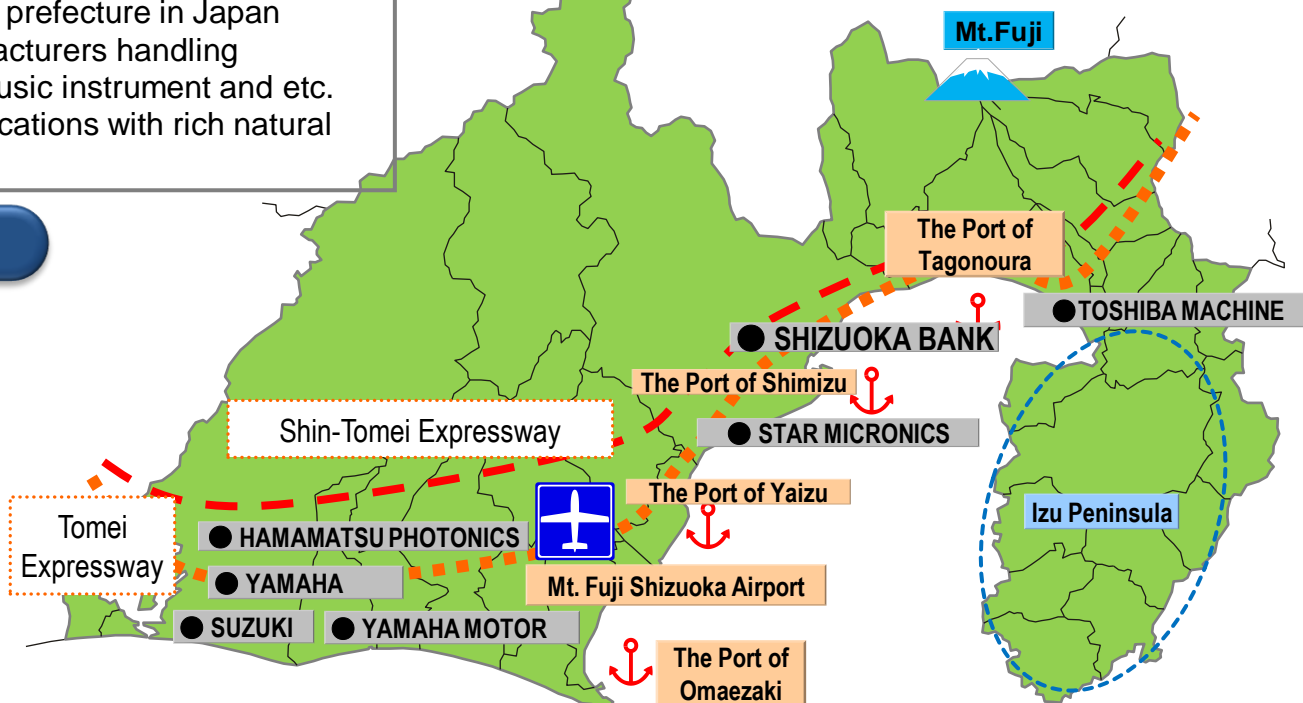


Source: Cabinet Office , Government of Japan, FY2015

No. of listed companies with HQs in Shizuoka Prefecture

* As of the end of Mar. 2019

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 New Zealand, Algeria, and Qatar

Shizuoka Prefecture indices

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

* Based on flash reports

Shizuoka Prefecture economic scale

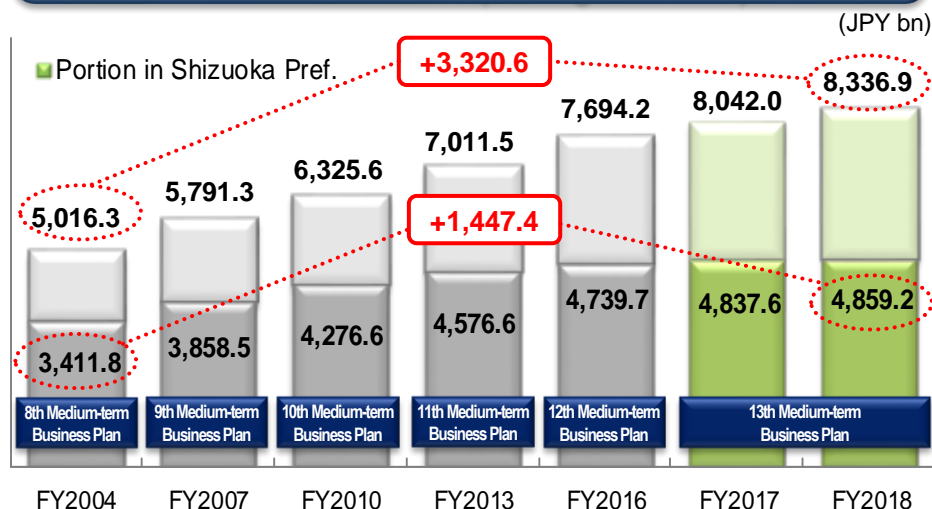
Prefectural GDP (FY2015, Nominal)		
Rank	Prefecture/Region	(USD bn)
9	Fukuoka Prefecture	157.0
10	Shizuoka Prefecture	144.0
11	Ibaraki Prefecture	108.2
-	4 prefectures in Shikoku	118.0
-	3 prefectures in Hokuriku	103.7
GDP comparison with countries (2015)		
Rank	Country (Region)	(USD bn)
55	New Zealand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

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

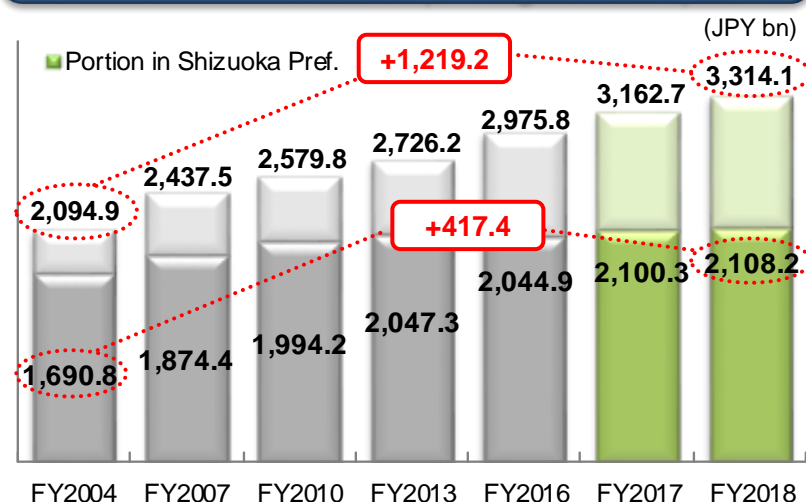
Historical data of loans

- Total loan balance (average balance) had increased by JPY 3,320.6bn for 14 years since FY2004 to FY2018, of which JPY 1,447.4bn was in Shizuoka Pref.
- SMEs loan balance: JPY +1,219.2bn, consumer loan balance: JPY +1,746.2bn

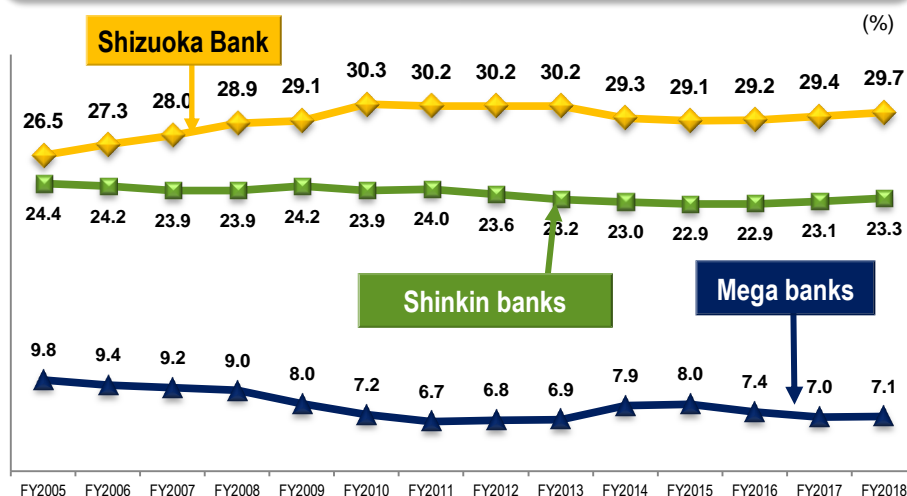
Total loan balance (average balance)



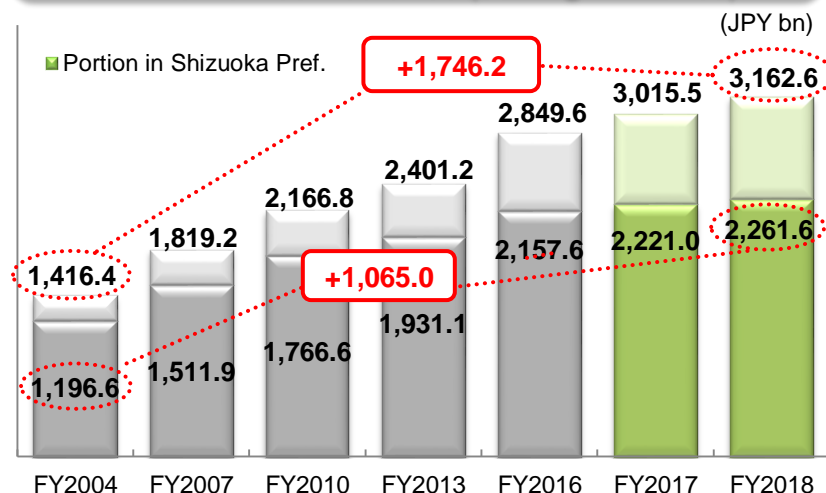
SMEs loan balance (average balance)



Share of loans in Shizuoka Prefecture



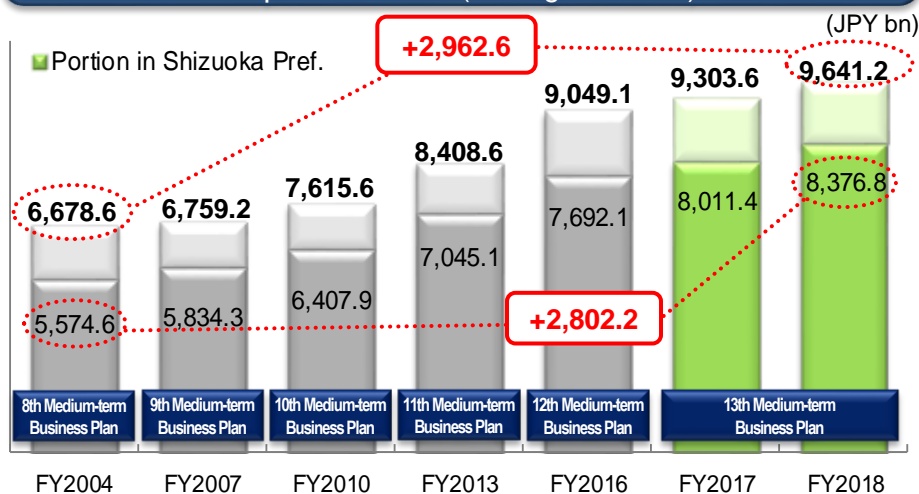
Consumer loan balance (average balance)



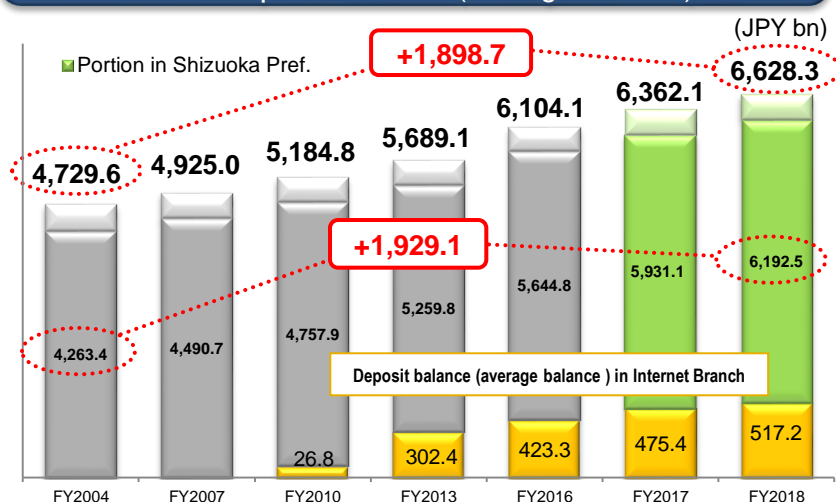
Historical data of deposits

- Total deposit balance (average balance) had increased by JPY 2,962.6bn for 14 years since FY2004 to FY2018, of which JPY 2,802.2bn was in Shizuoka Pref.
- The Bank has received highest level of credit ratings from two overseas and one Japanese agencies

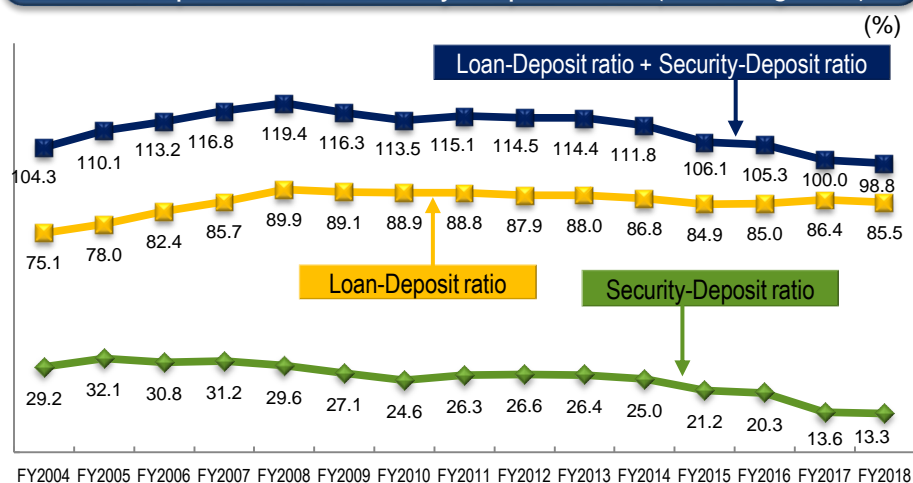
Deposit balance (average balance)



Retail deposit balance (average balance)



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



External ratings (As of the end of Mar. 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.)

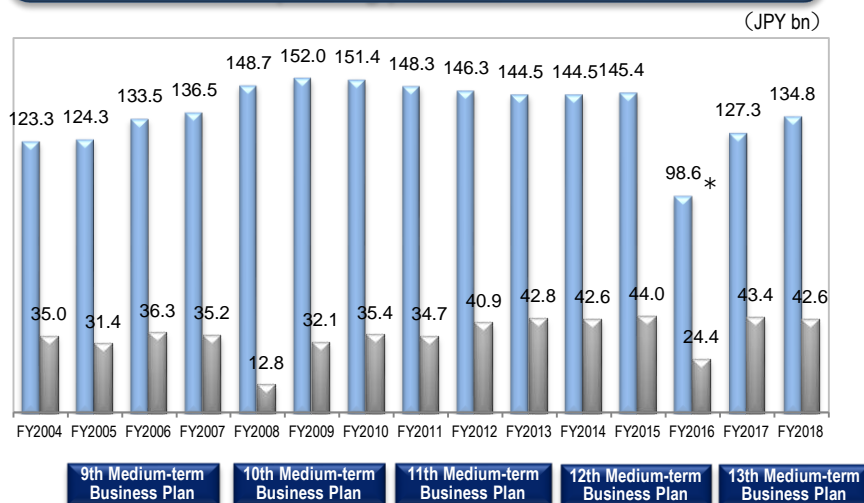
< Other external ratings >

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

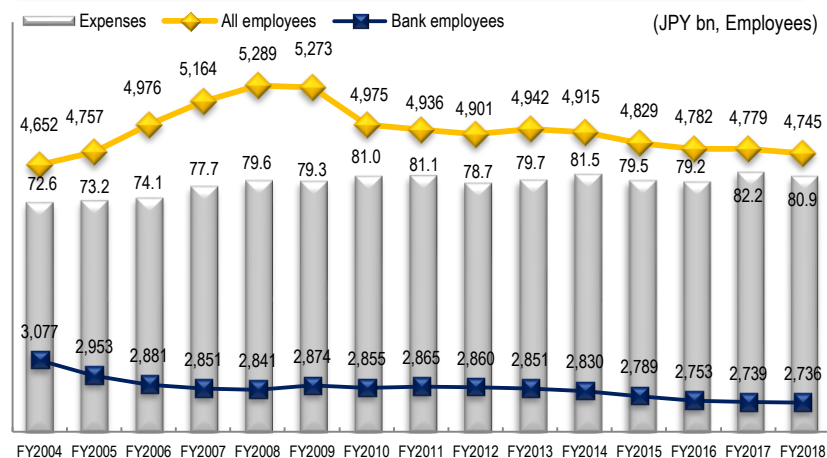
- Ongoing BPR program increased front-office staff and revenue without boosting the overall headcount
- Productivity improvement (IT investment, BPR) prevented increase of expense while net income remained stable

Gross operating profit and Net income



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

Expenses and Number of employees



Productivity Improvement

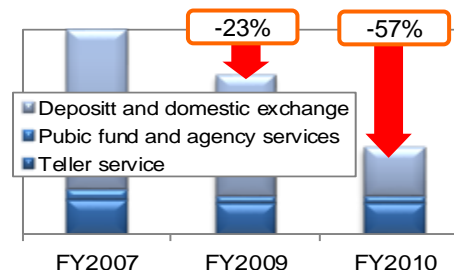
<10th Medium-term Business Plan> FY2008 – FY2010

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



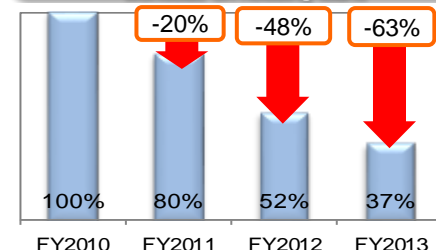
<11th Medium-term Business Plan> FY2011 – FY2013

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

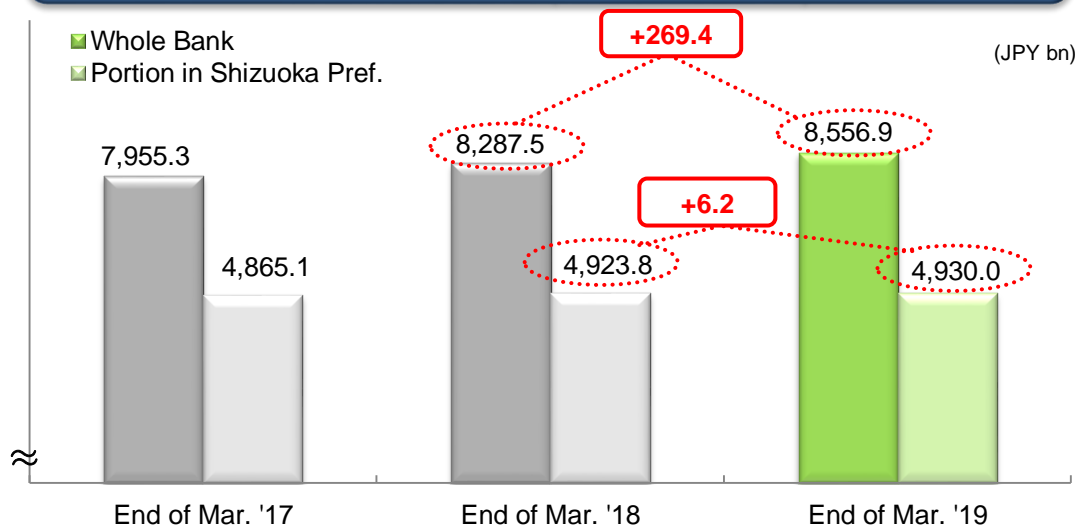
Number of personnel in front and back office

	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

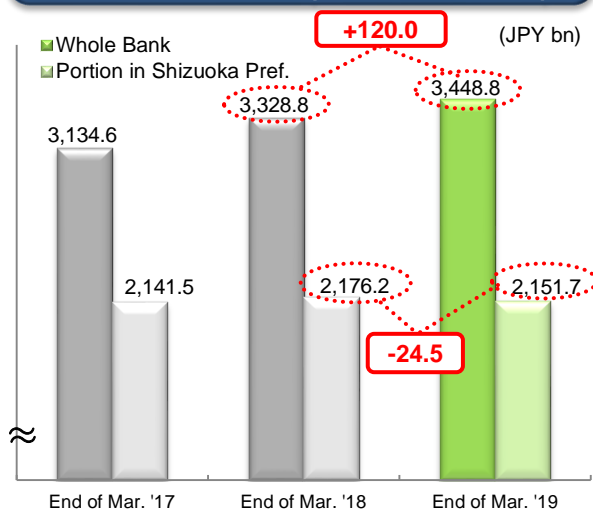
- Total loan balance (term-end balance) increased by JPY 269.4bn (+3.2%) compared to the end of Mar. 2018 mainly due to the increase of SMEs loans and retail loans

Total loan balance (term-end balance)

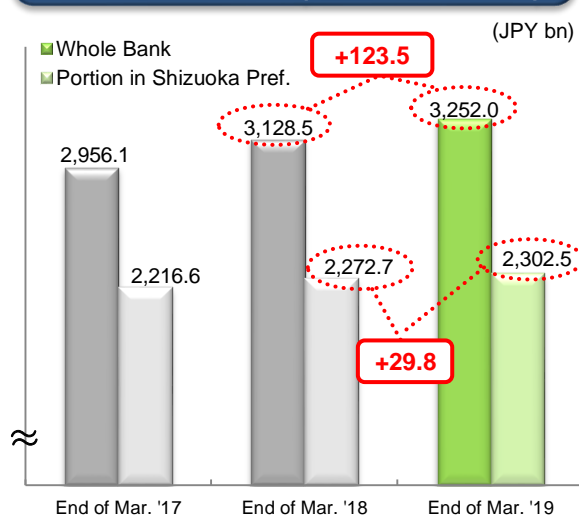


	Term-end balance	Change from the end of Mar. '18	Annual growth rate
Total loan balance	JPY 8,556.9bn	JPY +269.4bn	+3.2%
SMEs loan balance	JPY 3,448.8bn	JPY +120.0bn	+3.6%
Retail loan balance	JPY 3,252.0bn	JPY +123.5bn	+3.9%
Large and Medium sized enterprises	JPY 1,497.5bn	JPY +37.3bn	+2.5%

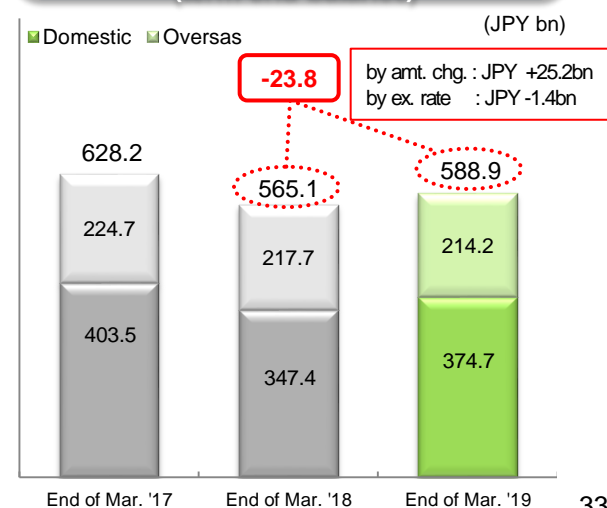
SMEs loan balance (term-end balance)



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 7.7bn
- Unexpected Loss (UL) for all industries : JPY 70.5bn

Contemporary status of business loans to particular industries

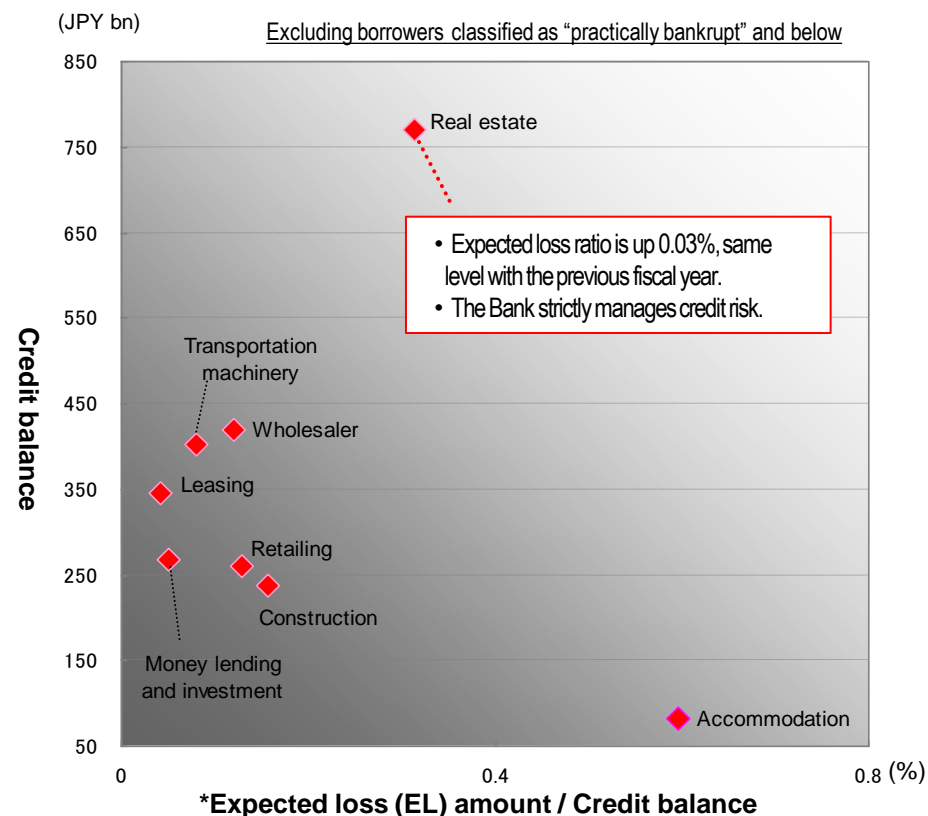
[Credit balance (as of the end of Mar. 2019)] (JPY bn, %)

	Balance	Composition ratio	Change from the end of Mar. '18
All industries	5,655.4	100.0	+153.8
Real estate (*1)	771.3	13.6	+64.0
Wholesaler (*2)	419.4	7.4	+4.3
Money lending and investment	267.4	4.7	-16.8
Transportation machinery	402.4	7.1	+9.9
Construction	238.0	4.2	-13.4
Retailer	260.2	4.6	-11.6
Leasing	346.1	6.1	+12.2
Accommodation	82.3	1.5	+5.6

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

(*2) excluding a general trading companies

[Credit balance vs. expected loss rate*]

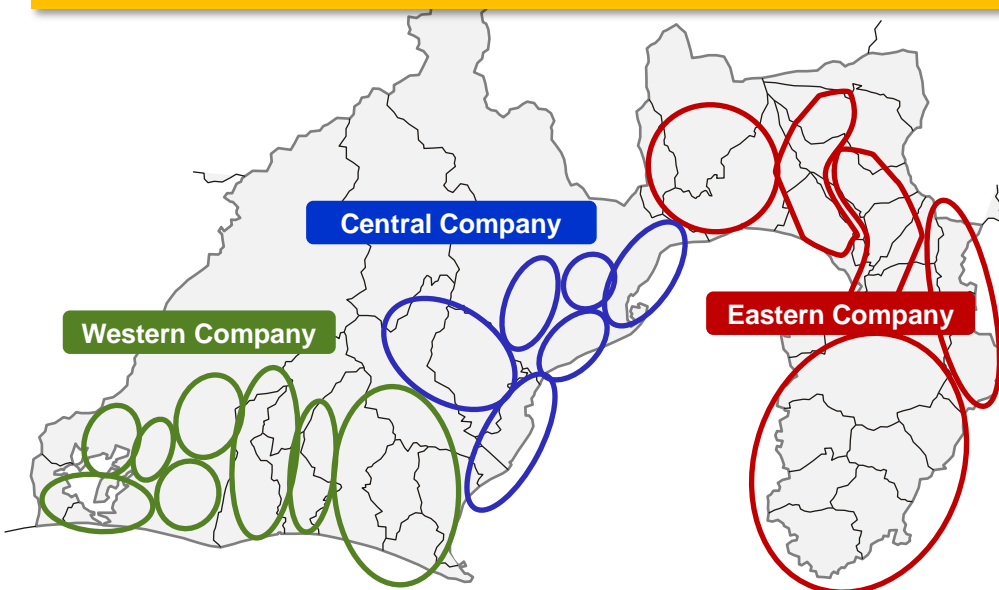


Sales structure reform

- 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

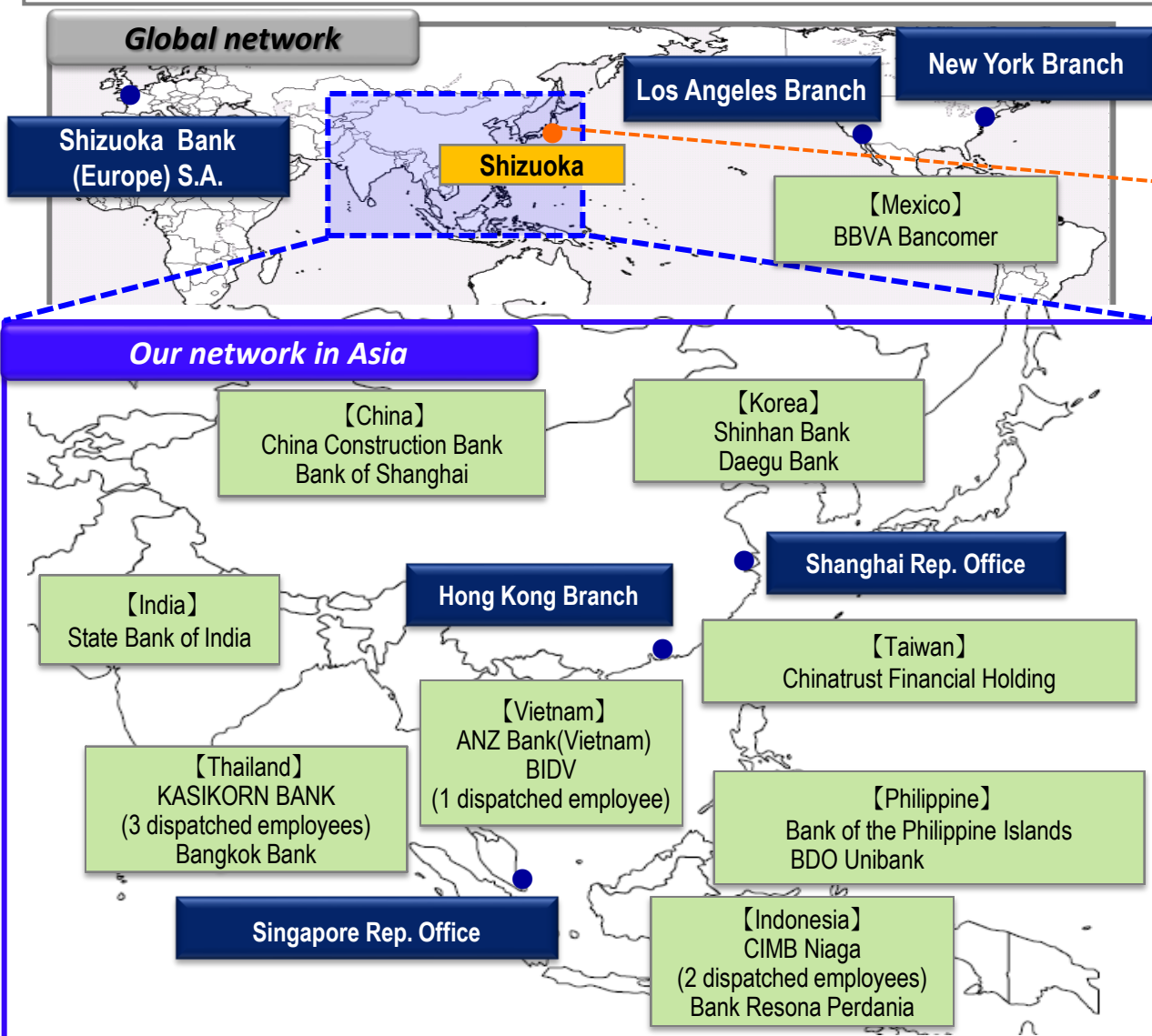
Further improvements in customer convenience and satisfaction

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 54 staffs (26 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



Has supported overseas expansion of about 300 companies since FY2010

Countries	No. of companies
Thailand	96
China	44
Indonesia	42
Vietnam	33
India	14
Others (Asia)	29
Others (Excluding Asia)	37
Total	295

Topic

Launched cross-border loan in Indonesian Rupiah, the first case for Japanese banks

- Build scheme for loans in Indonesian Rupiah through collaboration with CIMB Niaga, one of our affiliates, and JBIC
- Launched cross-border loan in Indonesian Rupiah to local subsidiary of our domestic corporate client in Mar. 2019, the first case not only for the Bank but also for all Japanese banks

Cross-industry collaboration

- 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

Business development in three business fields

Core business (region-based)

Tokyo metropolitan Area

Nationwide market

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

Face-to-face channel

Non-face-to-face channel

Allocation of risk capital

- Allocation of risk capital for 2H FY2018 (the end of Mar. 2019 basis) amounted to JPY 719.8bn, 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 91.6bn of risk capital was used for loans (credit risk), and JPY 193.7bn for the Treasury division

Allocation source			Risk capital allocated	Risk capital used	Ratio of risk capital used	
		(JPY bn)				
Core capital JPY 719.8bn (End of Mar. 2019 basis)	Credit risk 168.0		Loan (Credit risk)	116.4	91.6	79%
	Market risk 390.0		Treasury division	433.1	193.7	45%
		(strategic shareholdings)	(184.0)	(80.3)	(44%)	
	Strategic investments 3.4		Consolidated subsidiaries	8.5	3.4	40%
	Operational risk 23.6		Strategic investments	3.4	0.0	0%
			Operational risk	23.6	23.6	100%
	Buffer capital, etc. 134.8		Sub total	585.0	312.3	53%
			Buffer capital, etc.	134.8	—	—
		Total	719.8	—	—	

- 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 FY2018, the total ordinary revenue of 12 consolidated subsidiaries was JPY 58.0bn (down JPY 0.7bn YoY) and the ordinary profit was JPY 8.8bn (down JPY 1.0bn 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	1.7	+0.2	0.5	+0.1
Shizugin Lease Co., Ltd.	Leasing	31.5	+0.4	1.8	+0.1
Shizugin Computer Service Co., Ltd.	Computer system development and operation	3.8	-0.0	0.3	+0.1
Shizugin Credit Guaranty Co., Ltd.	Guarantee of housing loans, etc.	4.3	+0.2	2.8	-0.0
Shizugin DC Card Co., Ltd.	Credit card and guarantee of consumer loans	2.7	+0.2	0.7	+0.1
Shizuoka Capital Co., Ltd.	Public-offering assistance Support for corporate rehabilitation	0.5	+0.0	0.2	+0.0
Shizugin TM Securities Co., Ltd.	Securities	6.4	-2.1	1.5	-1.8
Shizuoka Bank (Europe) S.A.	Finance and securities-related services	0.8	+0.2	-0.0	-0.1
Shizuoka Liquidity Reserve Ltd.	Purchases of monetary receivables	0.9	+0.5	0.9	+0.5
Shizugin General Service Co., Ltd.	Fee-based job placement service, general administration	0.9	-0.0	0.0	+0.0
Shizugin Mortgage Service Co., Ltd.	Appraisal of real estate for loan collateral Operation center for loans	1.7	-0.0	0.0	-0.0
Shizugin Business Create Co., Ltd.	Operation center for remittance and bill collection Part-time employee management	3.0	-0.3	0.0	+0.0
Total(12 companies)		58.0	-0.7	8.8	-1.0

(Ref.) Affiliates under equity method of accounting

*1 Total revenue, *2 Profit before income tax

Shizugin Saison Card Co., Ltd.	Credit card, prepaid card, and guarantee of consumer loans	2.5	+0.1	0.3	-0.0
Monex Group, Inc.	Holding stocks of companies practicing securities and so on	*1 53.5	-0.7	*2 1.8	-6.8

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 Mar. 2019 : JPY 652.1bn, up JPY 333.0bn compared to 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.】

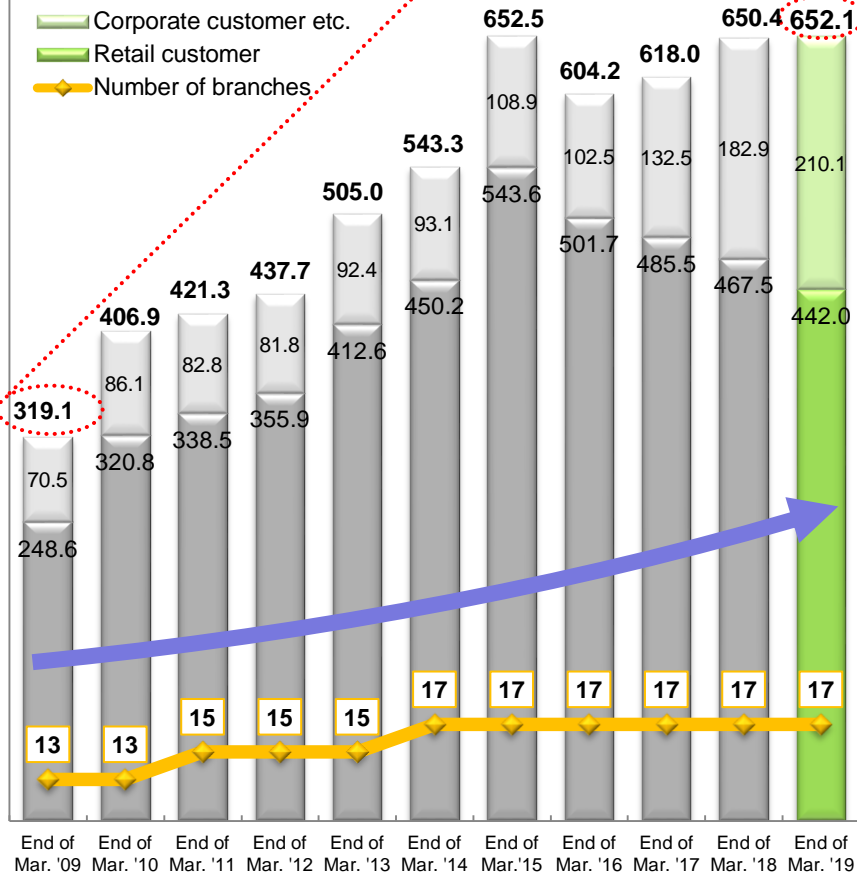
Establishment : Dec. 2000

Capital Stock : JPY 3.0bn

Number of Branches : 17 (End of Mar. 2019)

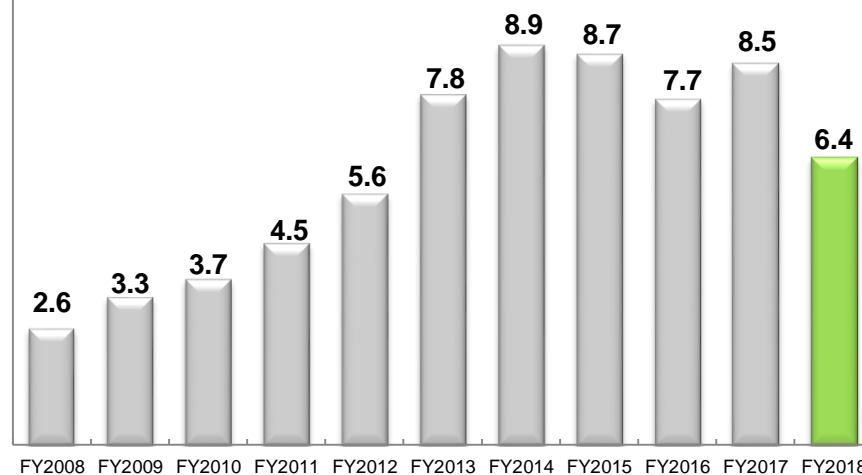
+333.0

(JPY bn)



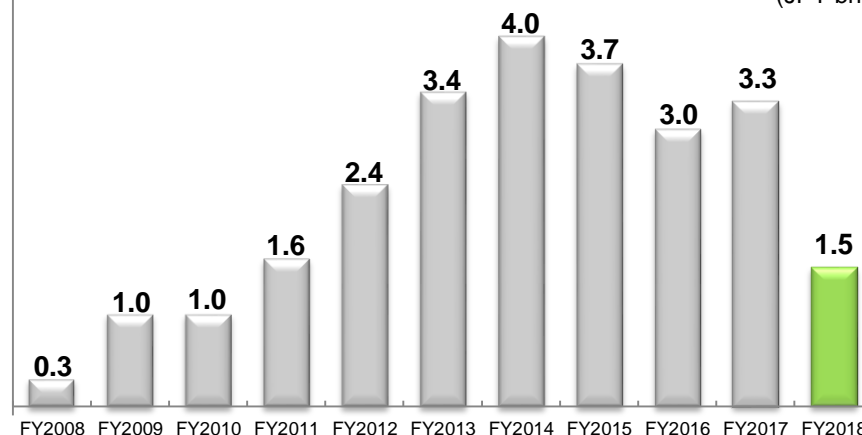
Ordinary revenue

(JPY bn)



Ordinary profit

(JPY bn)



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*

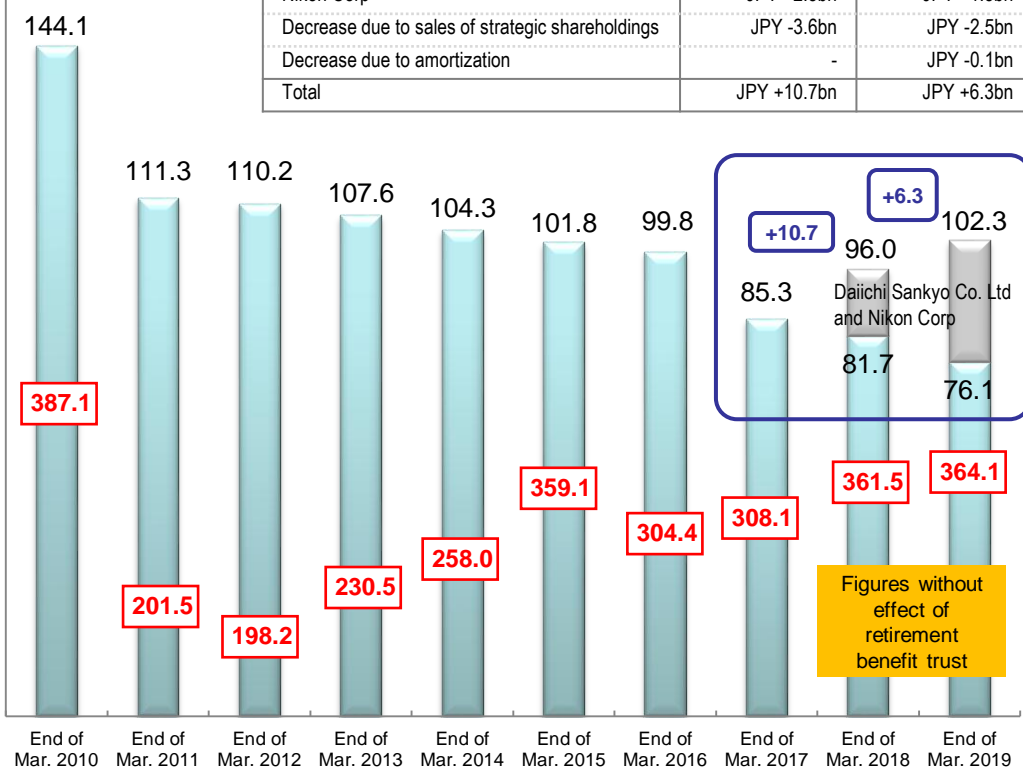
(JPY bn)

Acquisition cost
Market value

< Reason for increase in acquisition cost at the end of Mar. 2018 and 2019 >

- Return of shares in Daiichi Sankyo Co., Ltd. and Nikon Corp after cancellation of retirement benefit trust

<Breakdown of change in acquisition cost>	End of Mar. 2018	End of Mar. 2019
Daiichi Sankyo Co. Ltd.	JPY +11.8bn	JPY +7.4bn
Nikon Corp	JPY +2.5bn	JPY +1.5bn
Decrease due to sales of strategic shareholdings	JPY -3.6bn	JPY -2.5bn
Decrease due to amortization	-	JPY -0.1bn
Total	JPY +10.7bn	JPY +6.3bn



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

*Except for equity method affiliate

Shareholder return – Share buybacks (Time series data)

- The bank has regularly bought its own shares since FY1997, resulting in accumulated number of shares repurchased of 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	10,000	10,069	30,000	30,530	53.9	49.1	72.1	1,638.2	22.0
Total	225,811	215,175	190,404	180,000	—	—	—	—	—

*Consolidated financial statements have been prepared since FY1998

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

– Name of the plan/ Group vision, Basic strategy

Name of the plan / Group vision

Name of the plan **TSUNAGU**

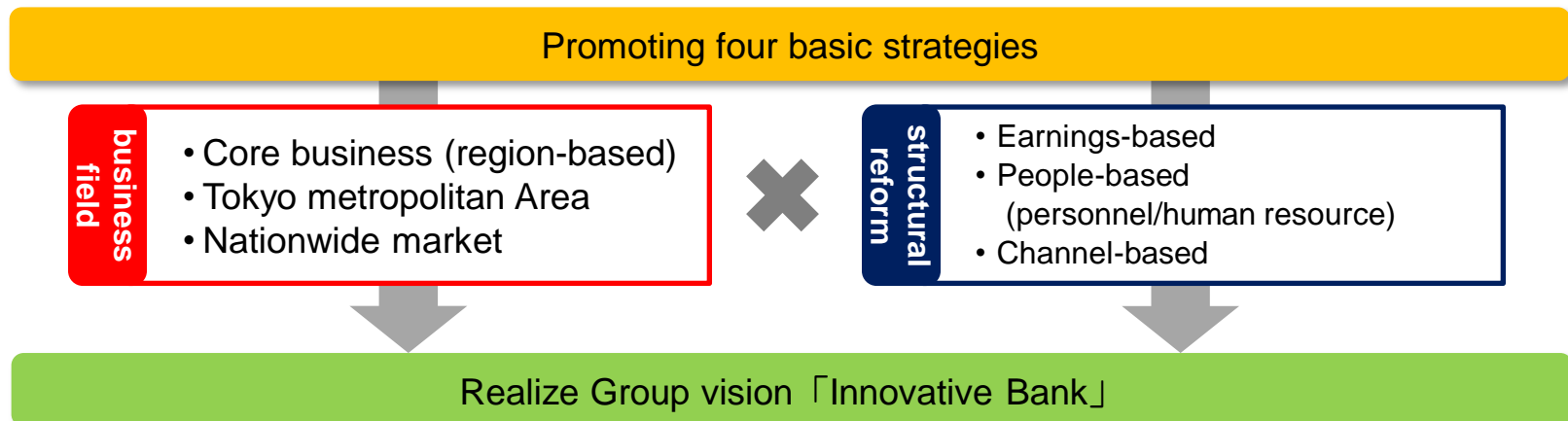
“TSUNAGU” has several meanings in Japanese
...“connect”, “link”, “unite”, etc.

Group vision **Innovative Bank** “Shizugin” will continue to create new value along with the region

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 (2) – 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

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 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】 ((1) and (2) are as of Dec. 2018, (3) is as of Mar. 2019, and (4) is as of Aug. 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...153, 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

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 15 projects in FY2018
- Cumulatively provided JPY 75.2mil to 586 projects since the fund was set up in 1993

ECO Ideas Contest



- Hold the Shizugin Eco Ideas Contest, which calls on primary school students in Shizuoka Pref. to develop solutions for environmental issues every year
- Received a total of 830 highly creative ideas, with one student receiving the grand prize, 11 students receiving distinctions, and five schools receiving top school awards in the FY2018 contest (7th contest)

The grand prize in FY2018 was awarded for the "Book jacket warmed by sunlight"

Book jacket warmed by sunlight which enables us to read a book without cooling hands even in winter

ECO Accounts

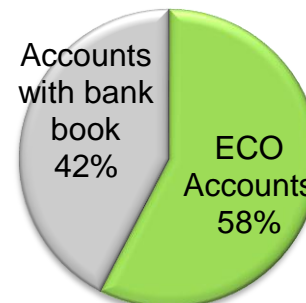


- Work to reduce paper usage by offering two ECO Accounts – "the Integrated Web Account", an account without bank book, and "WebWallet", an online banking account, in order to protect the environment through our financial operations
- Donate a part of reduced costs by not issuing bank book to groups 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 1,904,350 based on the number of accounts opened in FY2018

【Ratio of ECO Accounts among newly opened accounts】



Among newly opened accounts in FY2018, more than half were 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

Work-style reform



- Established a project team to promote cross-departmental work-style reform (in Oct. 2017)
- Encourage the correction of long working hours through internal award system (from Oct. 2017)
- Support employees realize work-life balance by introducing various systems including flextime, paid leave by the hour (both in Jul. 2018), and telework (in Oct. 2018)

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 in Feb. 2019 based on the collaboration among industry, government, and academia, which attracted 92 women including those who working for government or for member corporates of Shiuginship, and university students



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



Plan to found "Shizugin Heartful Co., Ltd."



- Plan to found a new company in order to actively support independence and participation to the society by handicapped people, and to further promote employment of those people (in Oct. 2019)
- Plan to apply for "the special subsidiary company" while expanding business

The special subsidiary company

- A subsidiary company approved by the Minister of Health, Labor, and Welfare as a company specially taking handicapped people into consideration
- Handicapped people working for the special subsidiary company can be included in the calculation of the parent company's ratio of employment of handicapped people

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]

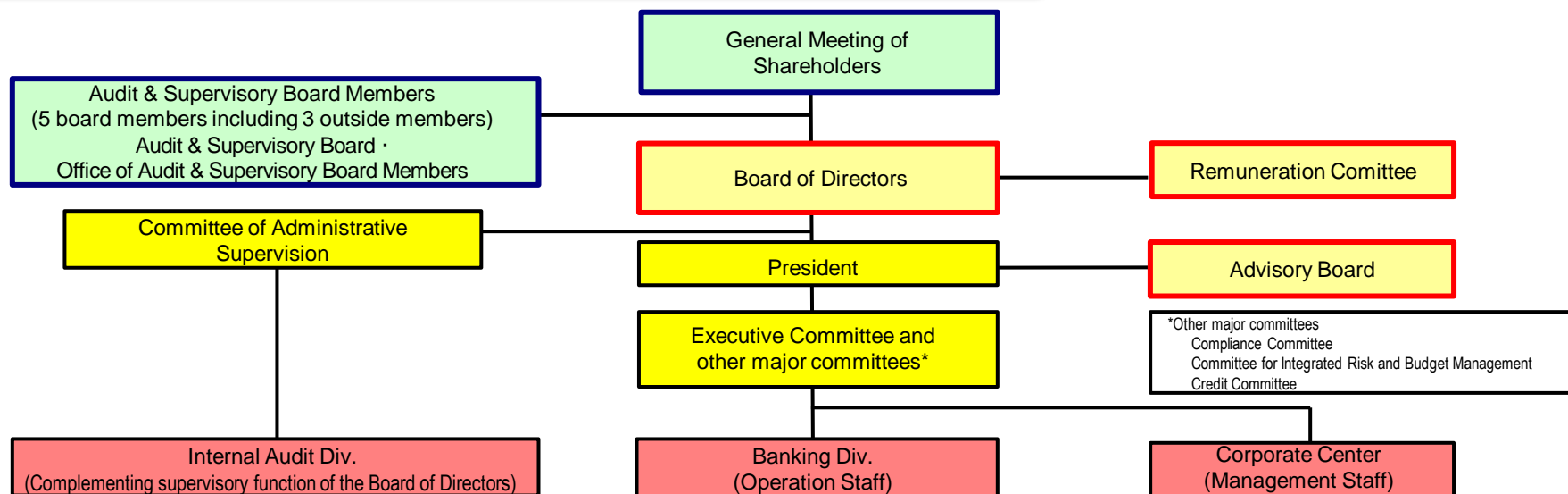


[Outdoor upstairs to rooftop]

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 Apr. 2019)

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.

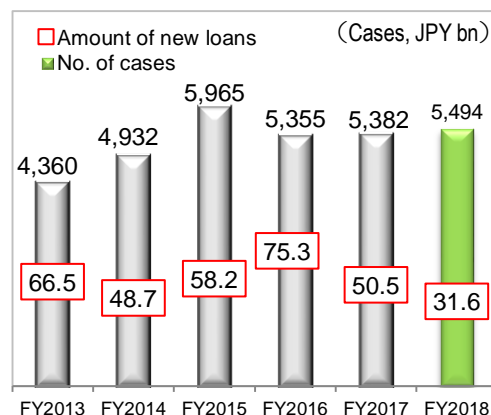
Initiatives for supporting entrepreneurs

<Shizugin Entrepreneur Awards>

- 52 winners out of 1,039 applicants received prizes in the past 7 rounds
- Seventh round in FY2018: 8 winners out of 147 applicants received prizes (Announced winners in Mar. 2019)
- Financial support for the award winners in the past rounds
New loans: 140 cases/JPY 3,734mil 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”
- Support nationwide sales of food produced in Shizuoka Pref. through mail order by collaboration with AFC Co. Ltd

Subsidies application support

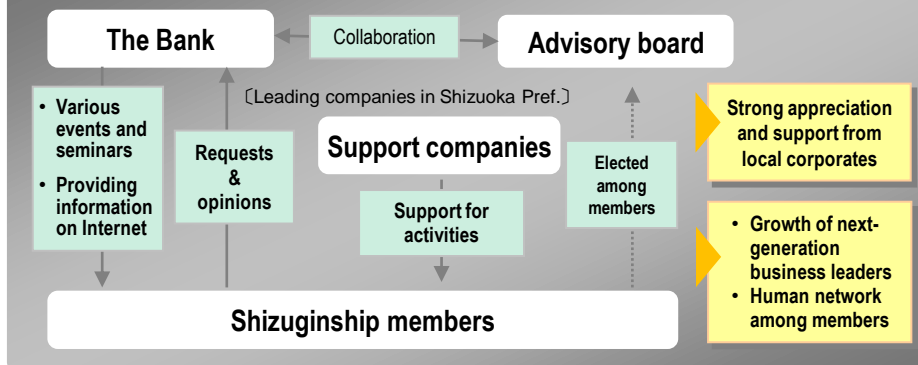
<Manufacturing subsidies >

- 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 Mar. 2019 / 774 corporates, 1,133 people

【Activities in FY2018】 (No. of members participated: total 1,981 people)

Content	Records
Overall forum (Lecturer: Mr. Kawanabe, Chairman in NIHON KOTSU Co., Ltd.)	1 Forum
Regional forum (Lectures and networking in each region)	3 Forums
Lectures by top executive and specialists	9 Lectures
Seminar <ul style="list-style-type: none"> Executive program Middle management program Basic program 	Total 60 Courses 12 Courses 13 Courses 35 Courses
Inspection tour	1 tour

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

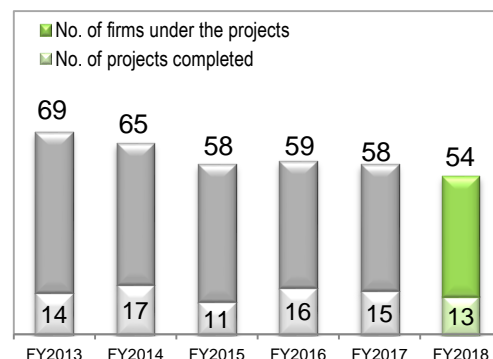
- Actively working to maintain regional industrial base and employment through support for business restructuring and turn-around targeted to clients suffering from performance downturn or business succession as social issues, etc.

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)



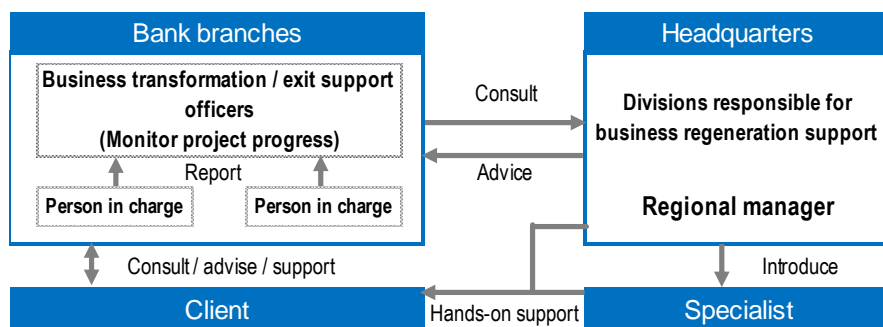
- Has completed business restructuring for about 220 firms since FY 2005

- Saves labor opportunities for opportunities for labor for about 21,000 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 FY2018]

Projects handled: 105

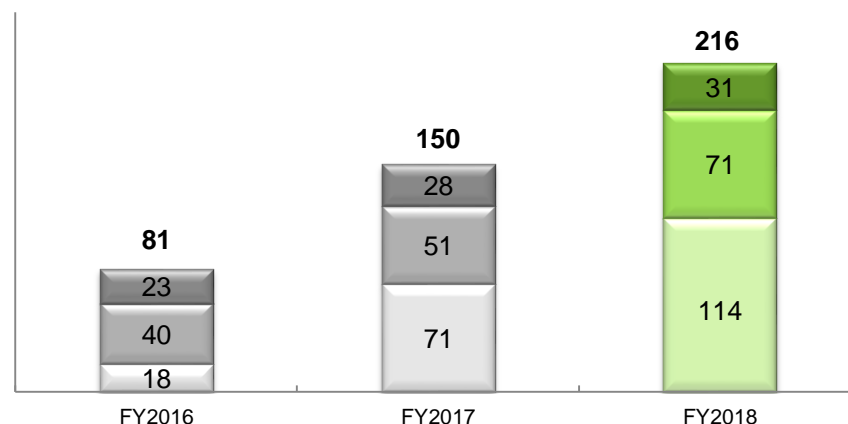
Projects completed: 51 (business transformation: 10, business exit: 41)

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 FY2018 : 252 cases / JPY 32.8bn (down 108 cases / down JPY 2.8bn 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
- In 2H FY2018, 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)



Multi-prefectural initiatives for revitalization of tourism industry



- Created multi-prefectural framework for revitalization of tourism industry in Fuji, Hakone, and Izu areas by establishing "Kanagawa-Yamanashi-Shizuoka Prefectural Region Revitalization Liaison Group", which consist of 9 organizations (3 banks, 3 prefectures, and 3 Chambers of Commerce)
- Implementing various initiatives, including creation of tourism map without prefectural border, support for local governments to launch website for foreign tourists, and development of cycle tourism

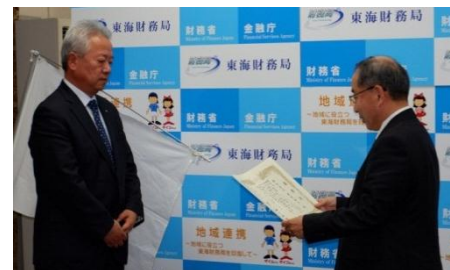


Honored for good practice for 3 consecutive years



- Honored by the Cabinet Office's Headquarters for Vitalizing Towns, People and Jobs in Mar. 2019 for good practice leading to regional revitalization by financial institution, resulting in the first case for a regional bank to be honored for 3 consecutive years
- The Bank encourages and helps elementary schools and junior high schools in Shizuoka Pref. to introduce "Qubena" (*), educational tablet devices utilizing AI, in order to contribute to Shizuoka Pref. Government's policy to develop human resources good at science and IT. Such initiatives were well appreciated, which led to the honor.

* Qubena is educational table devices offered by COMPASS Inc., an IT venture firm producing and delivering educational contents. Qubena has been adopted in "Future Classroom" demonstration projects by METI, and introduced in public junior high schools in Tokyo since Jul. 2018



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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