

Results of 3Q FY2022

February, 2023

Shizuoka Financial Group, Inc.

第14次中期経営計画

COLORS ~多彩~

2020-2022

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Results of 3Q FY2022

Results of 3Q FY2022 - Consolidated

(JPY bn,%)	3Q FY2022	YoY change	
		Increase/Decrease	Rate of change
Gross operating profit	118.4	-3.8	-3.1
operating expenses (-)	71.9	-2.2	-3.0
Profit based on the equity-method investment balance	0.3	-1.6	-83.8
Net operating profit^{※1}	47.2	-0.1	-0.3
Credit-related costs (-)	3.5	-1.2	-25.5
Gain (loss) on stocks	11.9	+8.6	+263.2
Ordinary profit	55.8	+5.7	+11.4
Extraordinary profit and loss	-0.1	-6.0	-101.7
Net income before taxes	55.7	-0.3	-0.5
Corporate taxes (-)	16.0	-0.2	-1.2
Net income^{※2}	39.7	-0.1	-0.2
ROE	4.8	+0.0	—

Gross operating profit JPY 118.4bn (first decrease in 6 periods)

Decreased by JPY 3.8bn, mainly due to decrease in gross operating profit of Shizuoka Bank (- JPY 2.9bn)

Net operating profit JPY47.2bn (continued decrease in 2 periods)

Decreased by JPY 0.1bn due to decrease in gross operating profit, despite decrease in provision for general allowance for loan losses and expenses

Ordinary profit JPY 55.8bn (first increase in 2 periods)

Progress rate 73.4%

Increased by JPY 5.7bn, because gain (loss) on stocks increased while provision for specific allowance for loan losses increased

Net income JPY 39.7bn (first decrease in 3 periods)

Progress rate 73.4%

Decreased by JPY 0.1bn due to decrease in extraordinary profit and loss resulting from the absence of gain (loss) on stocks of subsidiaries and affiliates (JPY 5.5 bn)

※1 Net operating profit = Net operating profit(Non-consolidated) + Ordinary profit(Consolidated) – Ordinary profit(Non-consolidated)

※2 Net income attributable to owners of the parent

Financial Results of Major Group Companies

Shizuoka Bank Nonconsolidated

(JPY bn,%)	3Q FY2022	YoY change	
		Increase/ Decrease	Rate of change
Gross operating profit	107.3	-2.9	-2.6
(Core gross operating profit)	115.6	+7.2	+6.6
Net interest income	91.9	-0.8	-0.8
Fees and commissions	15.8	+4.6	+40.9
Trading income	1.3	+0.6	+89.7
Other operating profit	-1.7	-7.3	-129.4
(Bond-related income such as JGBs)	(-8.3)	(-10.1)	-
(Foreign exchange trading profit)	(6.4)	(+3.0)	+86.3
Expenses (-)	65.3	-2.0	-2.9
Actual net operating profit	41.9	-1.0	-2.2
Core net business profit excluding gains (losses) on bonds and cancellation of investment trusts	50.1	+12.0	+31.6
Provision for general allowance for loan losses (-)	-1.5	-3.6	-168.4
Net operating profit	43.4	+2.6	+6.4
Nonrecurring profit and loss	8.6	+5.9	+211.9
Bad debt written-off (-)	4.3	+2.7	+171.6
Gain (loss) on stocks	11.8	+8.6	+264.6
Ordinary profit	52.0	+8.5	+19.4
Extraordinary profit and loss*	0.2	-5.7	-97.0
Net income before taxes	52.2	+2.8	+5.6
Corporate taxes (-)	13.8	+0.2	+1.7
Interim net income	38.4	+2.6	+7.1
Credit-related costs (-)	2.8	-0.9	-23.5

* Extraordinary profit and loss decreased due to decreased in gain on sales of stocks of related companies(-JPY 6.0bn, YoY).

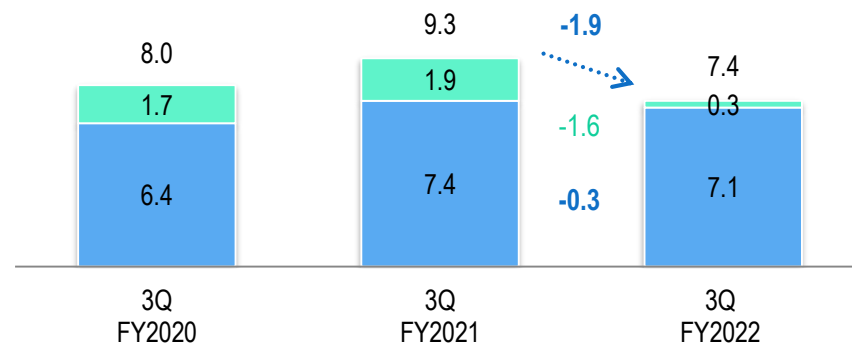
Major Group Companies other than the Bank

	Shizugin Management Consulting		Shizugin Lease	
	3Q FY2022	YoY change	3Q FY2022	YoY change
Gross operating profit	0.8	-0.0	2.5	+0.1
Expenses (-)	0.6	+0.1	1.2	+0.0
Ordinary profit	0.2	-0.1	1.3	+0.1
Interim net income	0.2	-0.1	0.9	+0.1

	Shizuoka Capital		Shizugin TM Securities	
	3Q FY2022	YoY change	3Q FY2022	YoY change
Gross operating profit	0.4	+0.1	5.1	-0.7
Expenses (-)	0.2	+0.0	3.7	-0.2
Ordinary profit	0.2	+0.0	1.4	-0.5
Interim net income	0.2	+0.0	1.0	-0.4

【 Consolidated ordinary profit (Excluding Shizuoka Bank) / Profit based on the equity-method investment balance 】

- Profit based on the equity-method investment balance
- Consolidated ordinary profit (Excluding Shizuoka Bank)



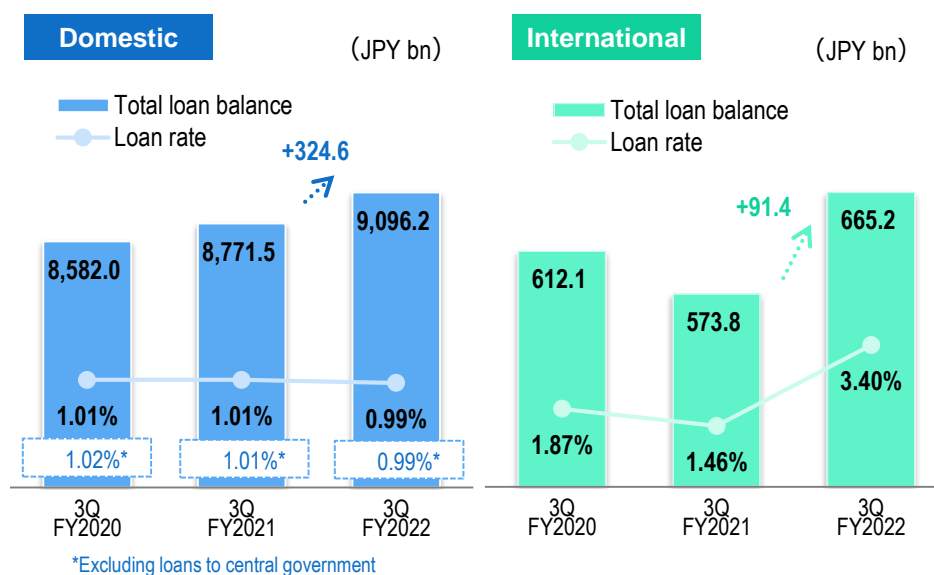
Net interest income - Shizuoka Bank Nonconsolidated

Net interest income in domestic section steadily increased while total net interest income decreased mainly due to higher funding costs in international section

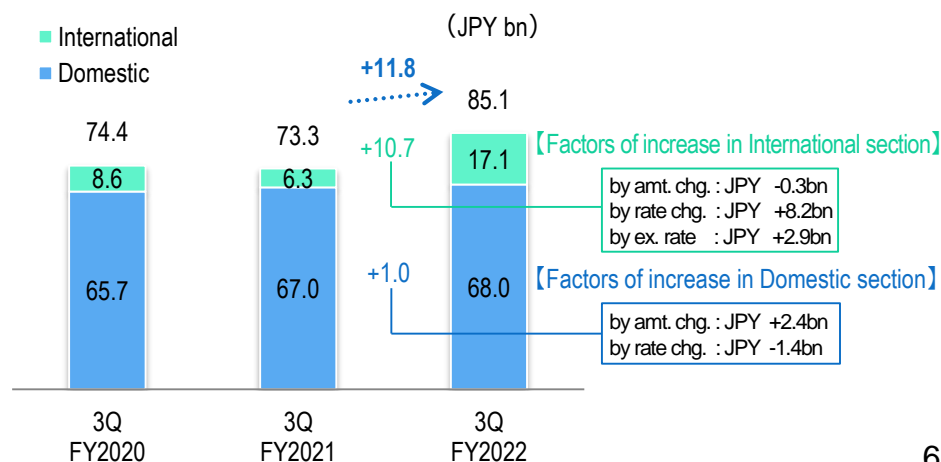
Breakdown of net interest income

(JPY bn)	3Q FY2020	3Q FY2021	3Q FY2022	YoY
Net interest income	85.5	92.7	91.9	-0.8
Domestic section	77.1	83.6	84.3	+0.7
Interest on loans	65.7	67.0	68.0	+1.0
Interest and dividend on securities	11.6	15.7	15.4	-0.3
(Bond)	1.5	1.4	3.0	+1.6
(Gains on investment trust)	0.2	3.0	0.4	-2.6
Fund-raising expense (-)	1.0	0.9	0.6	-0.2
(Interest paid on deposits etc.) (-)	1.0	0.9	0.7	-0.1
Others	0.8	1.8	1.6	-0.2
International section	8.3	9.1	7.6	-1.5
Interest on loans	8.6	6.3	17.1	+10.7
Interest and dividend on securities	5.8	6.3	10.0	+3.7
(Bond)	4.5	3.5	7.3	+3.8
(Gains on investment trust)	0.9	2.0	1.0	-1.0
Fund-raising expense (-)	6.6	3.7	22.5	+18.8
(Interest paid on deposits etc.) (-)	1.9	0.8	9.7	+8.9
Others	0.5	0.2	3.0	+2.8

Loan balance (average balance) and loan rate



Interest on loans



Securities (1) – Shizuoka Bank Nonconsolidated

Valuation gains/losses on bonds worsened due to rising interest rates in Japan and abroad. Despite these factors overall securities maintained JPY 255.8 bn in unrealized gains

Securities

*1 Balance is based on acquisition cost excluding unrealized gains and losses

(JPY bn)	Balance(*1)		Unrealized gains and losses		
	End of Dec. FY2022	Change from End of Sep. FY2022	End of Dec. FY2022	After hedging	Change from End of Sep. FY2022
	2,396.6	+79.2	+255.8	+265.4	-17.9
Stocks	102.4	-25.9(*2)	+322.4	-	+3.0
Yen based bonds	1,467.5	+131.1	-37.0	-32.0	-23.6
(JGBs)	(761.0)	(+112.2)	(-23.7)	(-18.6)	(-15.6)
Foreign bonds	469.7	-30.0	-40.3	-35.8	+1.0
(Fixed rate)	(241.7)	(+1.2)	(-12.5)	(-7.9)	(+3.3)
(Floating rate)	(227.9)	(-31.3)	(-27.8)	-	(-2.3)
Investment trust	272.6	+0.4	-1.5	-	+2.5
Others	84.4	+3.5	+12.2	-	-0.7

*2 Including shares of subsidiaries, etc(-24.2bn), distributed in accordance with the transition to a holding company structure

Gains and losses on securities

(JPY bn)	3Q FY2021	3Q FY2022	YoY
Interest and dividend on securities	22.0	25.4	+3.4
Yen based bonds	1.4	3.0	+1.6
Foreign bonds	3.5	7.3	+3.8
Gains on investment trusts (Gains (losses) on cancellation)	5.0 (3.1)	1.5 (0.2)	-3.6 (-2.9)
Investment funds	2.5	3.5	+1.1
Gains and losses on bonds such as JGBs	1.8	-8.3	-10.1
Gain on sell of bonds such as JGBs	6.5	13.6	+7.0
Loss on sell and redemption of bonds such as JGBs (-)	4.8	21.9	+17.1
Gains and losses on stocks	3.2	11.8	+8.6
Gain on sales of stocks	4.0	11.9	+7.9
Amortization (-)	0.8	0.1	-0.7

[Duration] (Excluding interest rate hedged portion)

* Excluding futures transactions

	End of Dec. 2021	End of Mar. 2022	End of Sep. 2022	End of Dec. 2022
Yen based bonds	3.22 years	6.17 years	6.40 years	6.41 years
Foreign bonds*	3.50 years	4.15 years	2.65 years	2.65 years

[Simulation of the effect of replacing U.S. Bonds*]

Effect of replacing to high-yield bonds on net interest income and valuation gains/losses

U.S. Bonds	1H 2022		Oct.-Dec. 2022	
	sell	JPY 92.8bn	sell	JPY 25.8bn
	buy	JPY 65.5bn	buy	JPY 21.4bn
	gain (loss)	- JPY 10.1bn	gain (loss)	- JPY 2.9bn

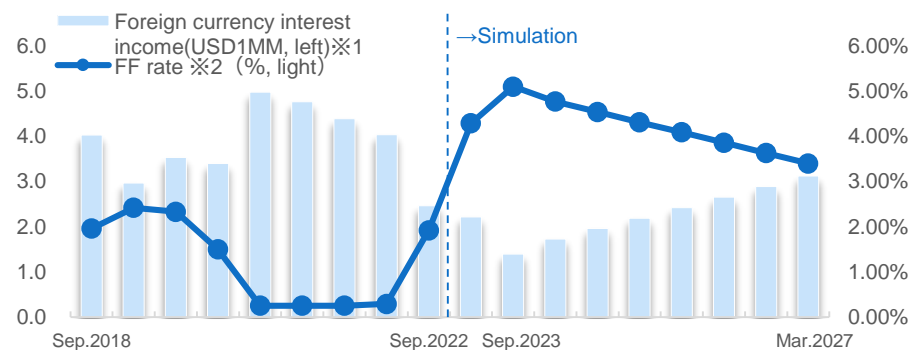
<Compared to case without replace>

- (1) Net interest income (annualized)
+ JPY 2.0bn
- (2) Valuation gains/losses as the end of Dec. 2022
+ JPY 14.2bn improved
(+ JPY 1.3bn considering realized losses)

*Excluding asset swap transactions

Forecast of net interest income for the entire foreign currency portfolio (assets and liabilities)

- Although there is some negative spread in foreign currency investments, overall foreign currency net interest income is positive due to the diversification of foreign currency investment and procurement methods.
- Net interest income is expected to decrease until the first half of 2023 due to interest rate rises, but to increase thereafter

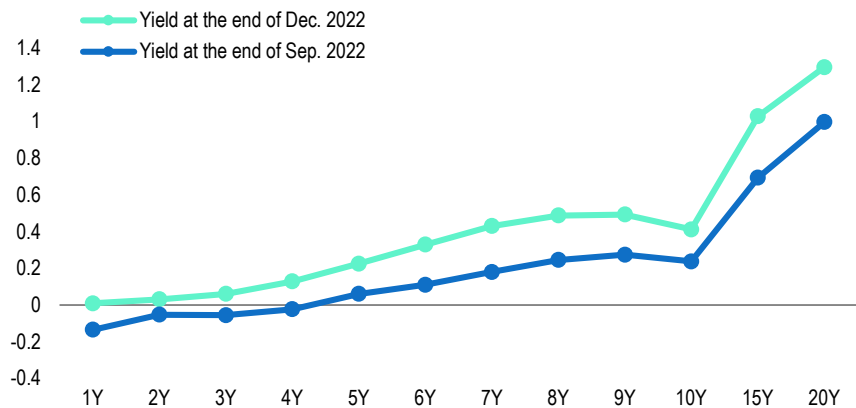


※1 Overall net interest income including loans, securities, deposits, corporate bonds, etc.

※2 FF rate forecast by market participants (Estimate based on portfolio as of end of Nov. 2022)

Securities (2) Effect of rising long-term yen interest rates - Shizuoka Bank Nonconsolidated

Modification of Yield Curve Control by BOJ



(1) Short-term Impact

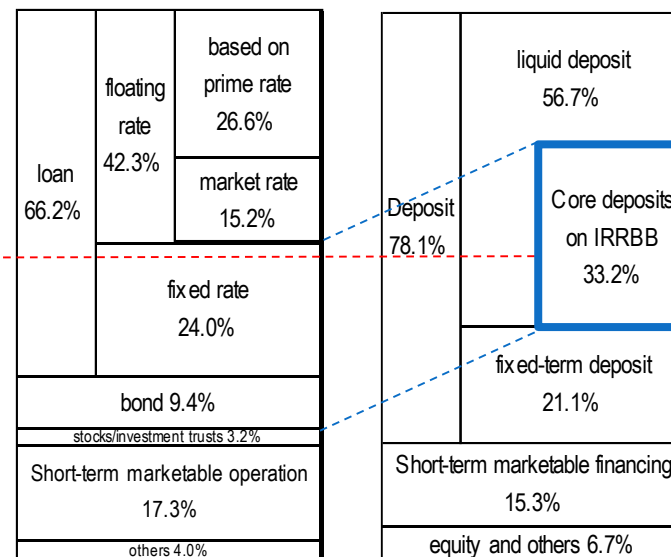
Although net valuation gains/losses on yen based bonds will deteriorate, interest margin will be secured due to the balance with core deposits, which are stable and less sensitive to interest rates.
 impact on CET1 ratio : -0.3%

valuation gain or loss	Gain (loss) on valuation of securities				
	Stocks	Yen based bonds	Foreign bonds	Investment trusts	Others
End of Sep. 2022	+273.7	+319.4	-13.3	-41.3	-3.9
End of Dec. 2022	+255.8	+322.4	-37.0	-40.3	-1.5
Change from End of Sep. 2022	-17.9	+3.0	-23.6	+1.0	+2.5

(2) Medium- to Long-Term Impact

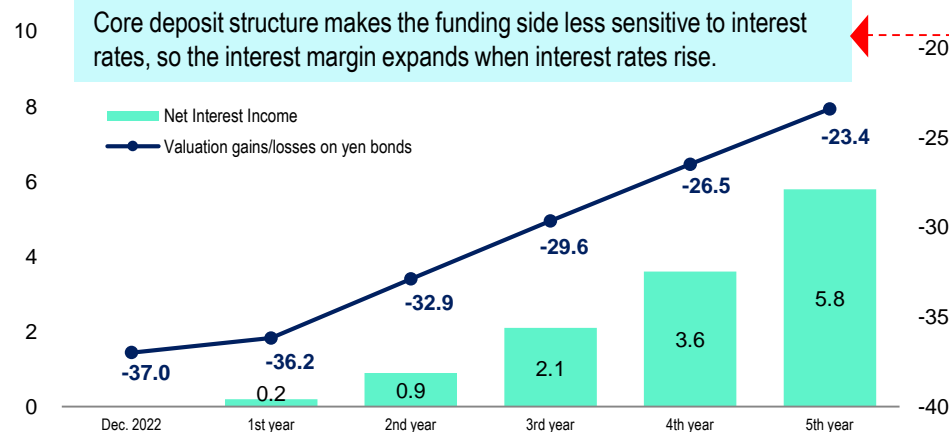
[Yen Based Portfolio Structure Sep. 2022]

Asset (100%) JPY 13,840.0bn Liability and Equity (100%)



Yen based net interest income will increase due to interest rate changes on loans and bonds.
 Valuation gains/losses on yen based bonds will also improve due to shorter remaining maturities.

(Yen based net interest income : JPY bn)



Core deposit structure makes the funding side less sensitive to interest rates, so the interest margin expands when interest rates rise.

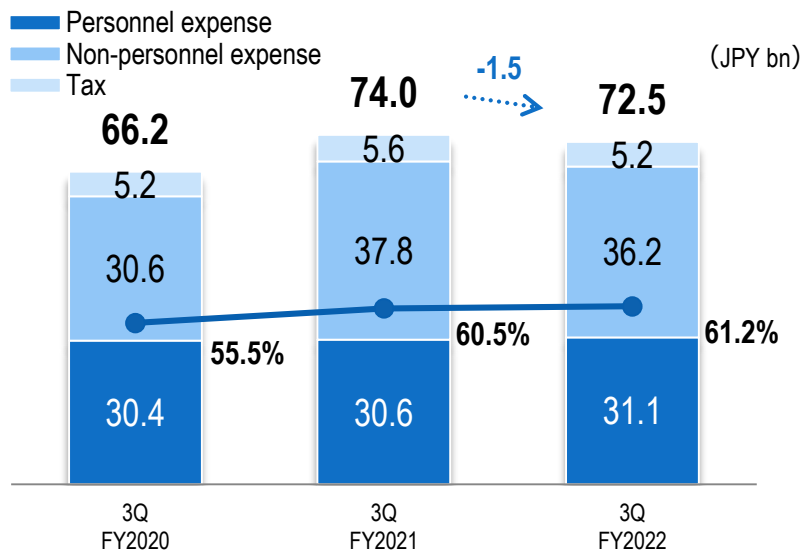
[Prerequisite]

At maturity of fixed-rate loans, 50% of the amount is renewed to reflect increases in market interest rates (excluding consumer loans)
 When the yen based bond maturity date arrives, the same amount is purchased to reflect the full market interest rate increase.

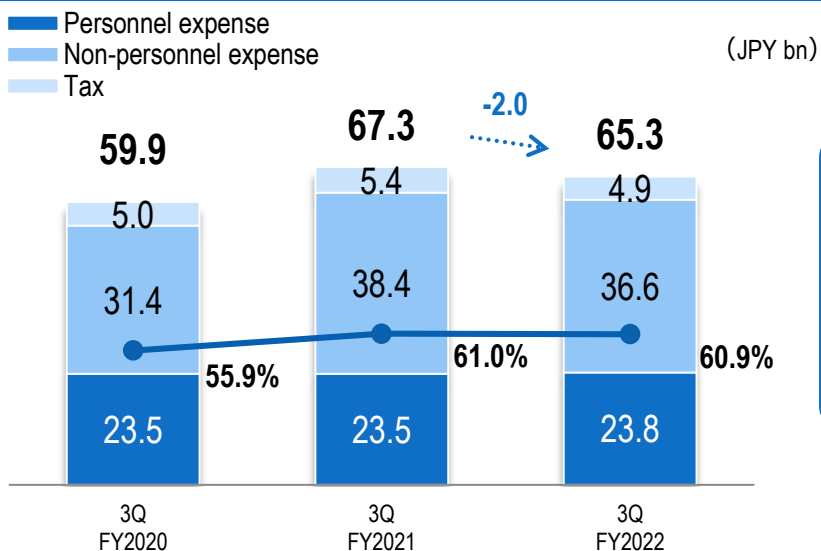
Expenses

Expenses in 3Q FY2022 decreased YoY

Expenses and OHR (Consolidated)



Expenses and OHR (Nonconsolidated)



Main factors for change of expenses (Consolidated)

	YoY	Main factors
Tax	JPY -0.4bn	Consumption tax JPY -0.4bn
Non-personnel expenses	JPY -1.6bn	Deposit insurance premium JPY -1.1bn
Personnel expenses	JPY +0.6bn	Shizuoka Bank JPY +0.3bn SFG JPY +0.2bn
Total	JPY -1.5bn	

Main factors for change of expenses, Next-Generation-System-related

	YoY	Main factors
Tax	JPY -0.4bn	Consumption tax JPY -0.4bn
Non-personnel expenses	JPY -1.8bn	Deposit insurance premium JPY -1.1bn Depreciation and amortization JPY -1.2bn
Personnel expenses	JPY +0.3bn	Salaries, etc. JPY +0.3bn
Total	JPY -2.0bn	
(Reference)		
Next-Generation-System-related (Estimated full-year amount)	JPY 7.9bn (- 1.2bn, YoY)	(Estimated full-year amount JPY 10.3bn)

Credit-related costs - Shizuoka Bank Nonconsolidated

Overall credit costs decreased YoY and remained at a low level

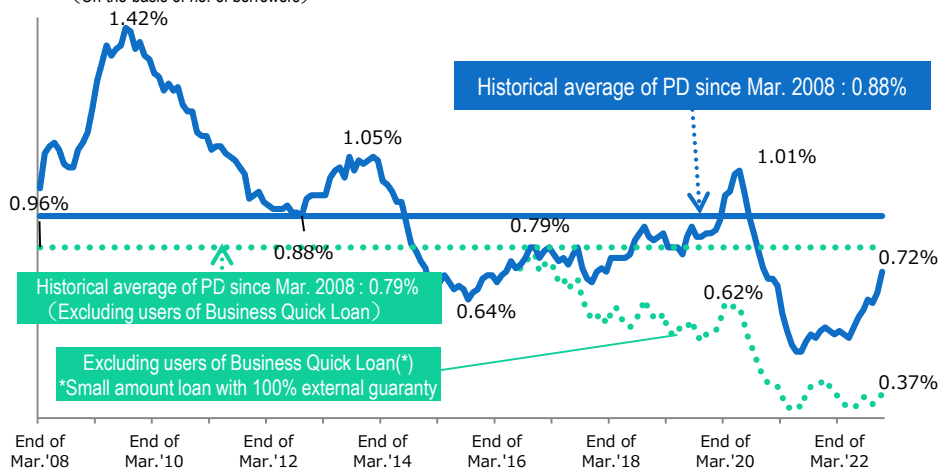
Breakdown of credit-related costs

(JPY bn)	3Q FY2020	3Q FY2021	3Q FY2022	YoY change
Provision for general allowance for loan losses (1)	3.1	2.1	-1.5	-3.6
Provision for specific allowance for loan losses (2)	5.9	1.4	4.1	+2.7
Other non-performing loans (NPL) disposal * (3)	0.1	0.2	0.2	+0.0
Credit-related Costs (1)+(2)+(3)	9.1	3.7	2.8	-0.9

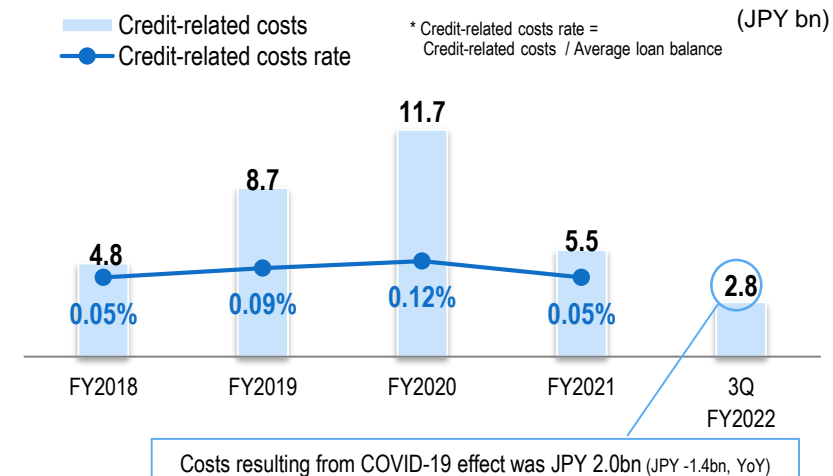
* Including provision for the estimated future payments to credit guarantee corporations, provision for allowance for accidental losses, and losses on sell of loans

Probability of Default (PD)

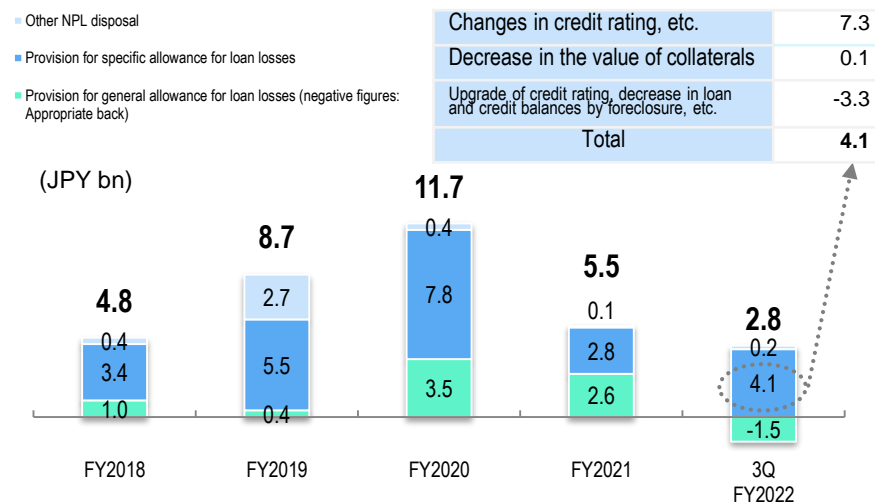
※PD of sound borrowers and borrowers needing careful monitoring
(On the basis of no. of borrowers)



Credit-related costs and Credit-related cost ratio

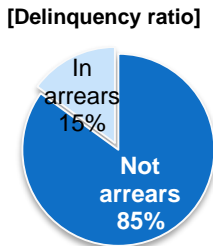
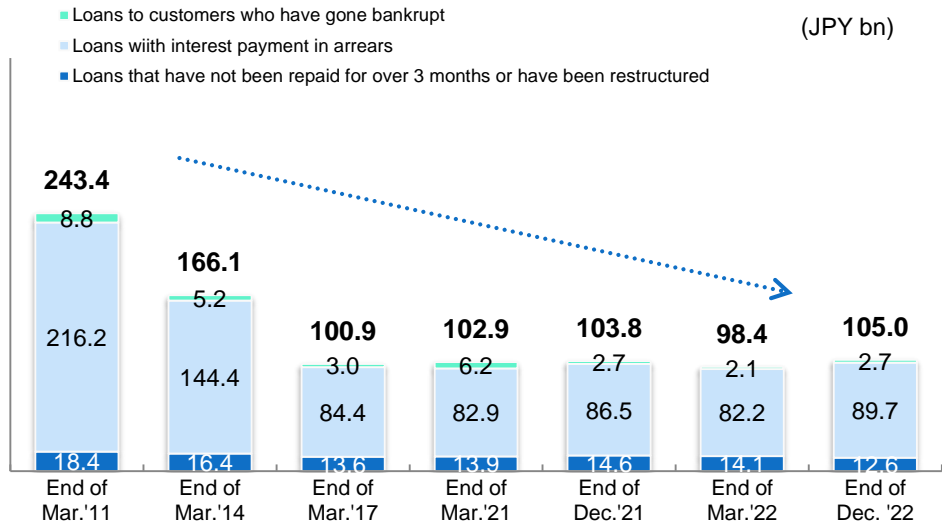


Provision for allowance for loan losses and other NPL disposal

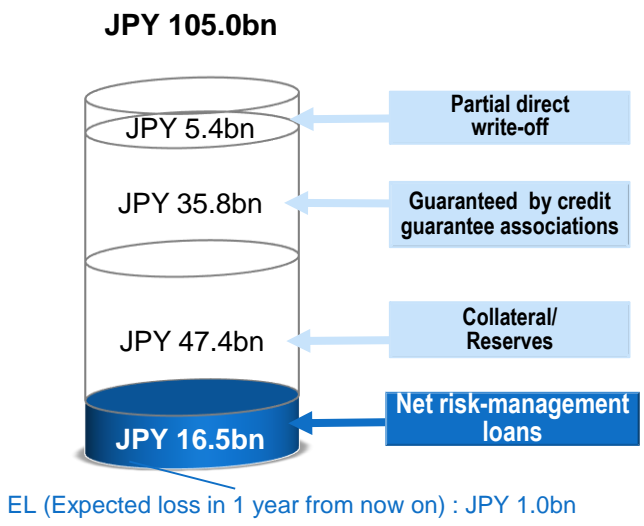


Overall risk-management loans increased compared to End of Mar. 2022, while net risk-management loans remained at a low level

Trends in Risk-management loans



Net risk-management loans

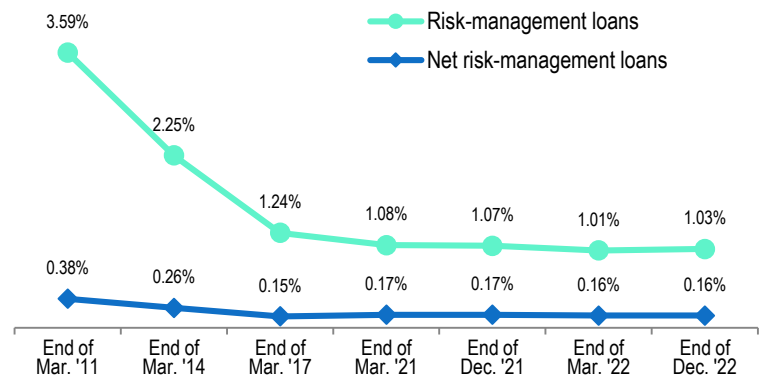


NPL removal from the balance sheet

	FY2021	3Q FY2022
New recognition of NPLs	+29.5	+24.6
Removal from the balance sheet (NPL to borrowers classified as "at risk of failure" or riskier categories)	-34.0 (-30.7)	-18.0 (-15.4)
Risk-management loans	98.4	105.0

Collected from borrower/ set off against deposit account	-4.7
Collateral disposal/ subrogated to guarantor	-4.8
Reclassified to better categories	-4.0
Loans sold-off	-1.8

The ratio of risk-management loans

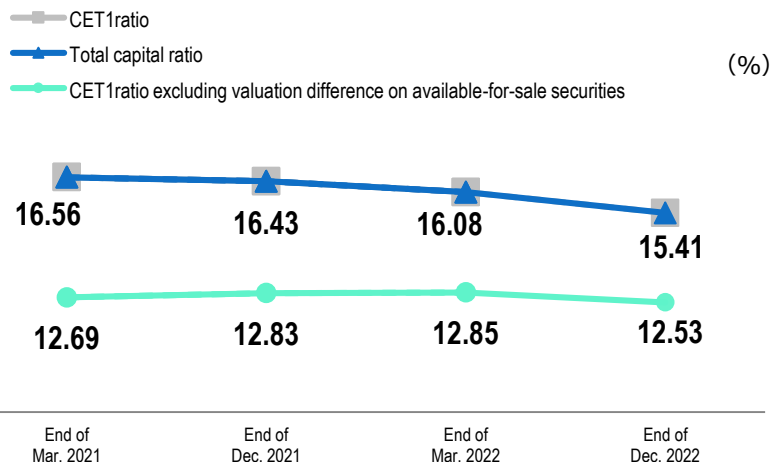


* Reconcile risk-management loans with loans based on the Financial Reconstruction Act according to revision of Order for Enforcement of the Banking Act since the end of Mar. 2022. Adopt the standard retroactively to the past.

Capital adequacy ratio

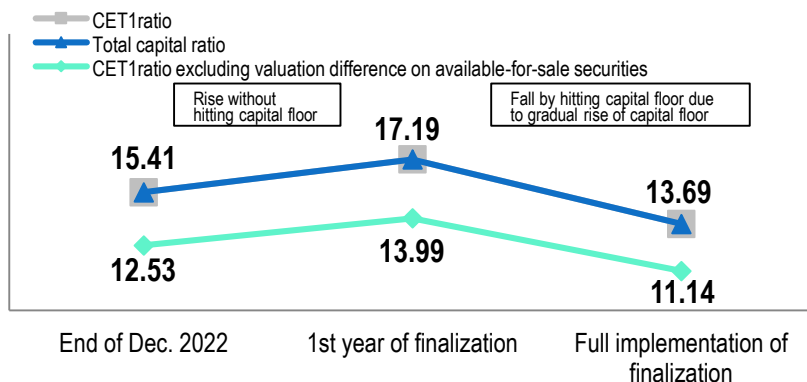
Both Total capital ratio and CET1 ratio were 15.41%, down 0.67 percent points from the end of Mar. 2022

Capital adequacy ratio



Capital adequacy ratio(Basel III finalization basis)

- Make a trial calculation on influence of Basel III finalization based on figures at the end of Dec. 2022



Changes in capital and risk-adjusted assets

[Basel III]	(JPY bn)	End of Mar. '21	End of Dec. '21	End of Mar. '22	End of Dec. '22	Change from the end of Mar. '22
Total capital*		990.4	997.9	965.4	955.2	-10.2
CET1		990.4	997.9	965.4	955.2	-10.2
Excluding valuation difference on available-for-sale securities		759.2	779.3	771.6	776.7	+5.1
Other Tier 1		-	-	-	-	-
Tier 2		-	-	-	-	-
Risk-adjusted assets		5,979.7	6,070.6	6,001.2	6,197.8	+196.6
Total credit-risk adjusted assets		5,658.0	5,749.1	5,672.1	5,856.8	+184.7
Amount corresponding to market risk		19.4	19.4	20.2	22.4	+2.2
Amount corresponding to operational risk		302.3	302.1	309.0	318.6	+9.6

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

Interest rate risk in the banking book (IRRBB)(Consolidated basis, End of Dec. 2022)

- 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 1	Results of materiality test*
JPY 38.8bn	JPY 955.2bn	4.1% \leq 15%

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

- Δ NI (Net Interest Income): JPY 8.1bn**
(Decrease in net interest income due to interest shock Within IRRBB)

Projected performance in FY2022

Consolidated ordinary income is expected to be JPY 76.0 bn in FY2022 as originally planned.

(JPY bn)

		FY2020	FY2021 (A)	FY2022 (Projected) (B)	YoY (B-A)	3Q FY2022 (C)	Progress rate (C/B)
Consolidated	Ordinary profit	63.3	54.2	76.0	+21.8	55.8	73.4%
	Profit attributable to owners of the parent	43.6	41.6	54.0	+12.4	39.7	73.4%
	ROE	4.1%	3.8%	4.7%	+0.9pt	4.8%	-
	OHR	59.5%	64.2%	56.5%	-7.7pt	61.2%	-
	CET1 ratio	16.56%	16.08%	15.2%	-0.8pt	15.4%	-
Nonconsolidated	Gross operating profit	138.5	134.7	149.0	+14.3	107.3	72.0%
	Net interest income	114.7	124.5	121.5	-3.0	91.9	75.6%
	Fees and commissions	15.9	14.8	20.5	+5.7	15.8	76.9%
	Trading income	0.9	0.9	1.0	+0.1	1.3	127.2%
	Other operating profit	7.0	-5.5	6.0	+11.5	-1.7	-27.7%
	Expenses (-)	84.4	88.2	87.5	-0.7	65.3	74.6%
	Ordinary profit	51.5	45.3	64.5	+19.2	52.0	80.6%
	Net income	35.5	36.1	45.0	+8.9	38.4	85.2%
	Credit-related costs (-)	11.7	5.5	7.0	+1.5	2.8	40.6%



Progress of the 14th Medium-term Business Plan

Picture that Shizuoka Financial Group targets

Picture targeted in long term
(10-year Vision)

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

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

◆ Vision

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

◆ Three Basic Strategies

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

FY2020

“Change of mind”

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

FY2021

“Change of action”

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

FY2022

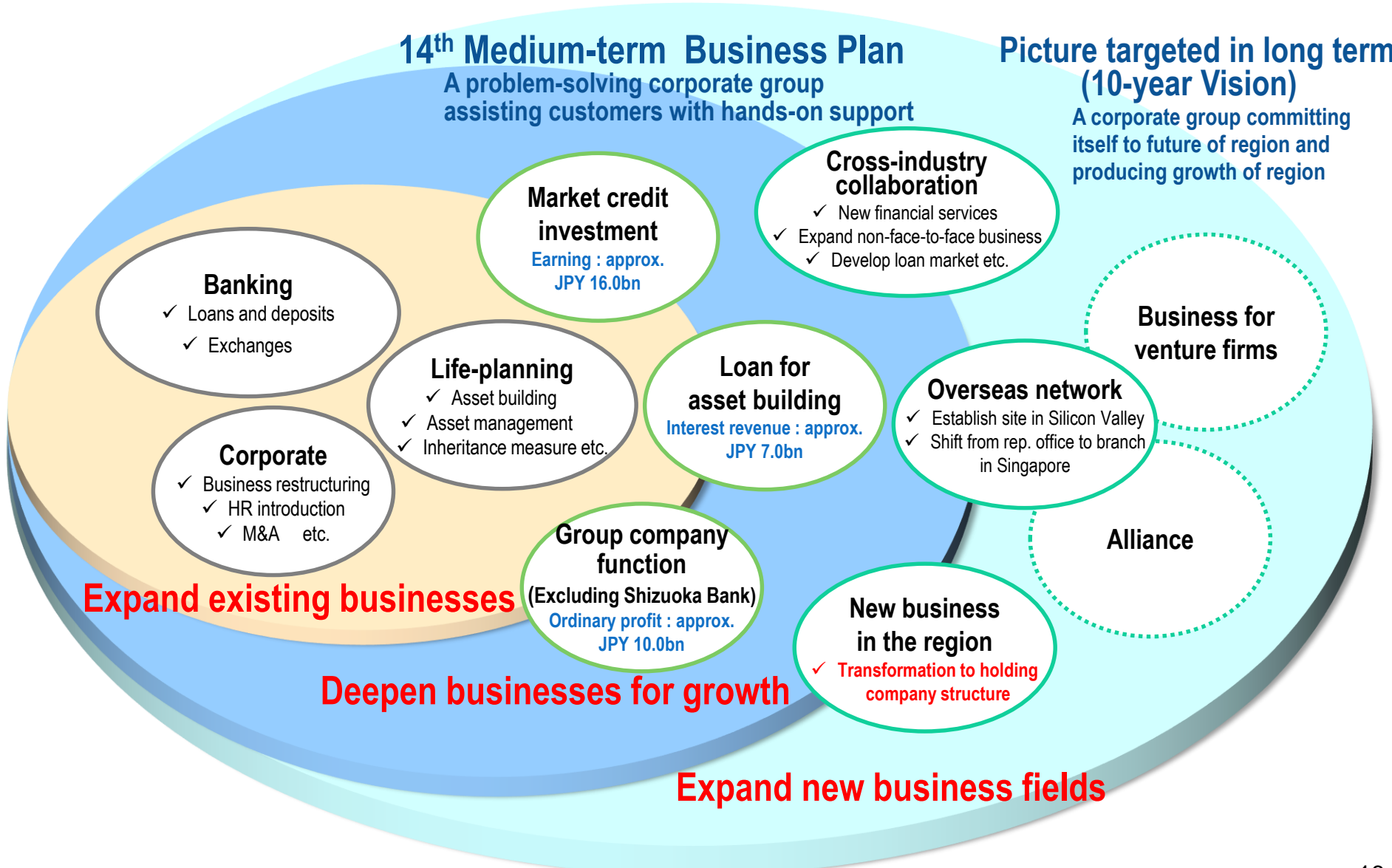
“Realization of achievement”

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

(*) 228 people as of Jan.1st 2023 on a cumulative basis

To realize 10-year Vision

Aim at reinforcing earning power through problem-solving of the region and expanding new business field in addition to traditional business of loans and deposits



Progress of the 14th Medium-term Business Plan

Transformation into a problem-solving corporate group is steadily progressing under three basic strategies and a 10-year strategy

	FY 2020	FY 2021	FY2022
Group Sales Strategy	<p>Provide solutions to meet diversifying corporate needs</p> <ul style="list-style-type: none"> • Entry into HR introduction business • Support for cash management(COVID-19) 	<ul style="list-style-type: none"> • Started business of IT support • Started to handle ESG leases • Started Positive Impact Financing for SMEs 	<ul style="list-style-type: none"> • Acquire 100% ownership of SCC • Shizuoka Capital No.9 Fund established • Acquire 100% ownership of TJS
	<p>Strengthen capabilities on comprehensive consulting for individuals</p> <ul style="list-style-type: none"> • Started face-to-face wrap services (Shizugin Wrap) 	<ul style="list-style-type: none"> • Name of loan center changed to Life Design Station • Started testamentary trusts (Establish a Hoken-no-Madoguchi or set up an insurance desk) 	
Innovation Strategy	DX Strategy	<ul style="list-style-type: none"> • Launched Next Generation System • Reinforce non-face-to-face channel (Mobile apps, Contact Center, Portal website for corporate customers) 	<ul style="list-style-type: none"> • Launched New system to assist sales
	<p>Business for venture firms</p> <p>Cross-industry collaboration</p>	<ul style="list-style-type: none"> • au Jibun Bank (guaranty) • Tailor Works (community platform) 	<ul style="list-style-type: none"> • Started venture debt • iYell (housing loan platform) • Address (utilization of vacant houses) • asoview! (sightseeing)
	Global strategy		<ul style="list-style-type: none"> • Established Silicon Valley Rep. Office • Change Rep. Office Registered in Singapore to a branch
Business Portfolio Strategy	<p>Human resource strategy</p> <ul style="list-style-type: none"> • Human interaction Among Group Companies • Side-job and second business system 	<ul style="list-style-type: none"> • New evaluation system (Value, OKR) • Introduction of full flextime system, etc. • High school graduate hiring resumes; para-athlete hiring begins. 	<ul style="list-style-type: none"> • First female executive officer (Shizuoka Bank) Representative Director (Shizugin Heartfull)
10-year Strategy	<p>Alliance with regional banks</p> <ul style="list-style-type: none"> • Shizuoka-Yamanashi Alliance 	<ul style="list-style-type: none"> • Established Shizugin TM Securities Yamanashi Head Office 	<ul style="list-style-type: none"> • Business Succession fund • Shizuoka-Nagoya Alliance
	<p>Initiatives in response to changes in the environment</p>	<ul style="list-style-type: none"> • Set target on Sustainable Finance 	<ul style="list-style-type: none"> • Transition to holding company structure • Industrial Transformation Support PT

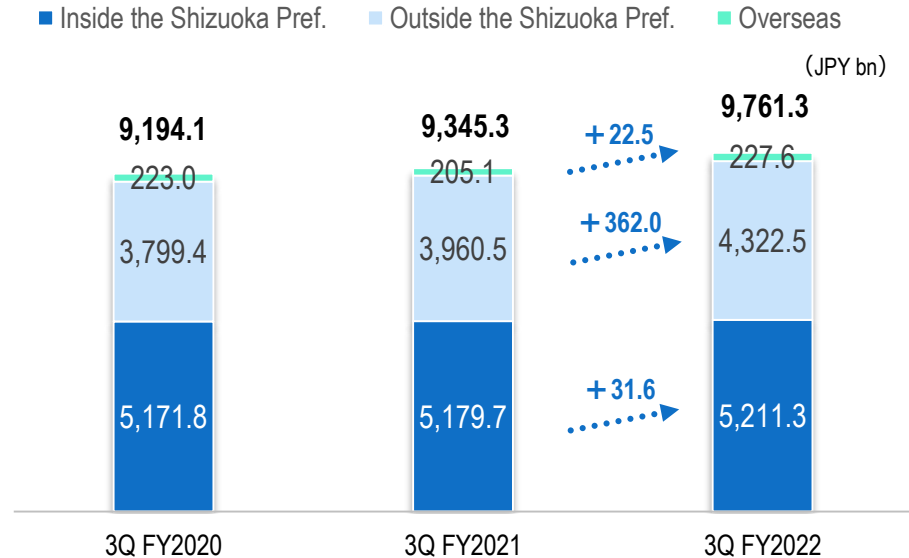
Loan balance (average balance) increased mainly due to increase in loans for SMEs and Retails (+4.4% annual late)

Total loan balance (average balance)

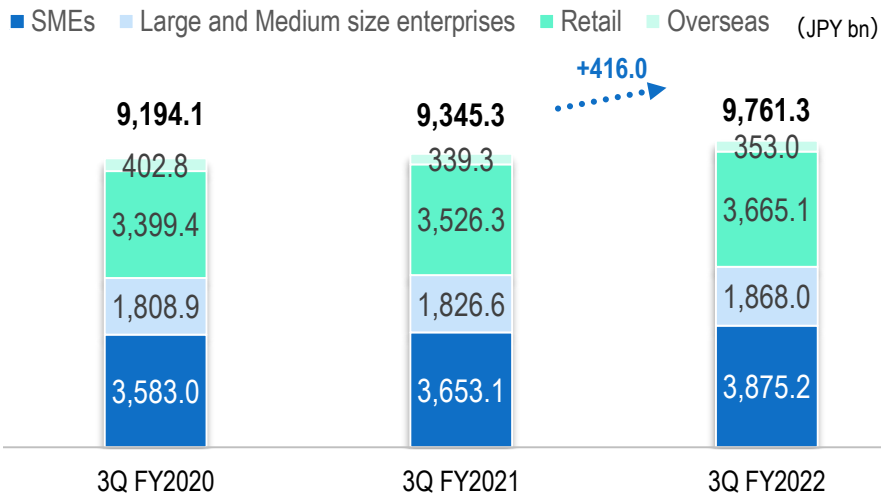
	Average balance	YoY change	Annual growth rate
Total loan balance	JPY 9,761.3 bn	JPY +416.0 bn	+4.4%
Loan balance for SMEs	JPY 3,875.2 bn	JPY +222.1 bn	+6.0%
Loan balance for large and medium size enterprises	JPY 1,868.0 bn	JPY +41.3 bn	+2.2%
Retail loan balance	JPY 3,665.1 bn	JPY +138.8 bn	+3.9%
Loan balance in foreign currency	JPY 628.6 bn	JPY +95.9 bn	+18.0%

by amt. chg.: JPY -10.1bn
by ex. rate: JPY +106.0bn

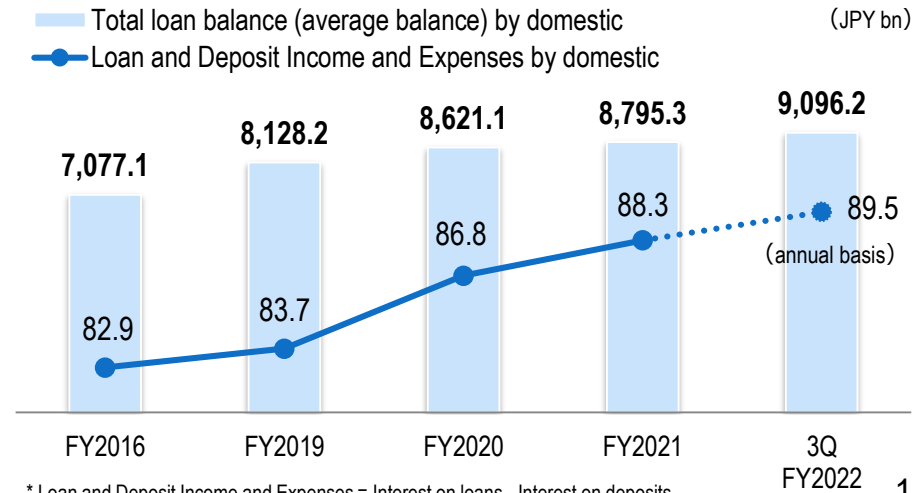
Total loan balance by region



Total loan balance (average balance)



Loan and Deposit Income and Expenses by domestic*



Deposits - Shizuoka Bank Nonconsolidated

Basic strategy 1
Group Sales

Basic strategy 2
Innovation

Basic strategy 3
Business Portfolio

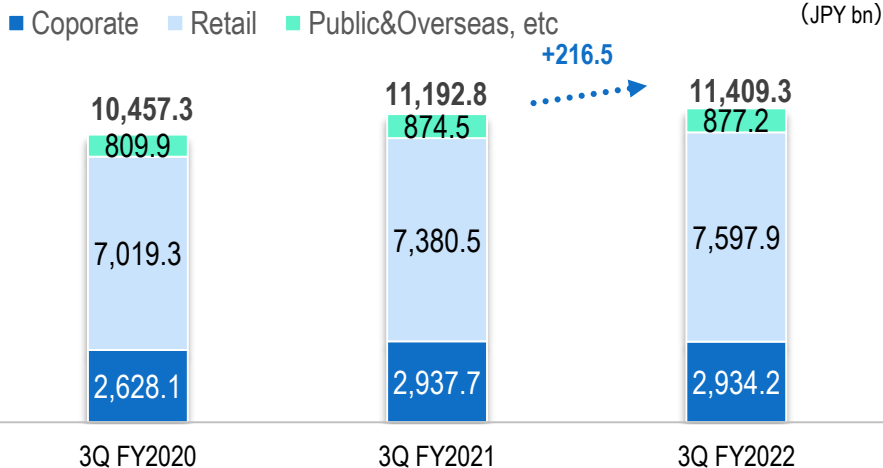
10-year Strategy

Deposit balance (average balance) increased mainly due to increase in retail deposit balance (+1.9% annual late)

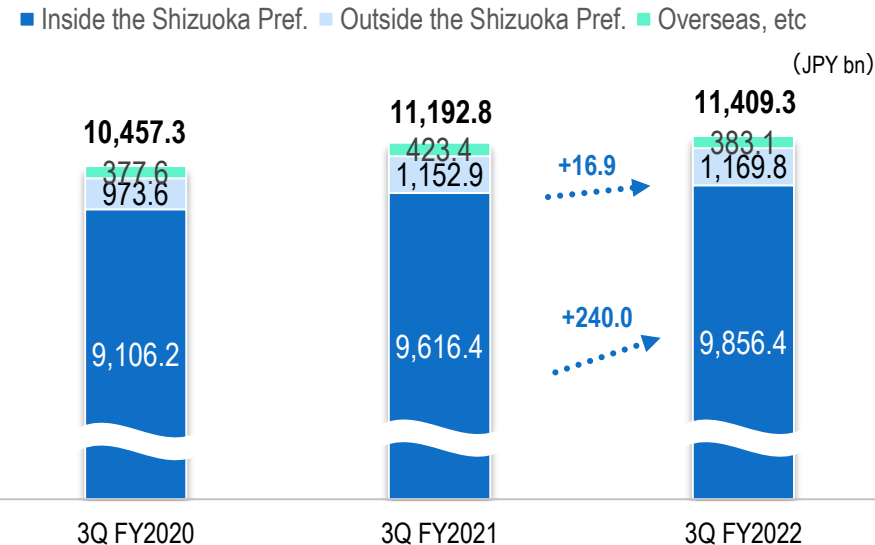
Deposit balance (average balance)

(JPY bn)	Average balance	YoY change	Annual growth rate
Total deposit balance	JPY 11,409.3bn	JPY +216.5bn	+1.9%
Deposit balance in Shizuoka	JPY 9,856.4bn	JPY +240.0bn	+2.4%
Corporate deposit balance	JPY 2,934.2bn	JPY -3.6bn	-0.1%
Retail deposit balance	JPY 7,597.9bn	JPY +217.4bn	+2.9%
Public deposit balance	JPY 337.3bn	JPY +2.4bn	+0.7%
NCD	JPY 89.0bn	JPY -44.9bn	-33.5%

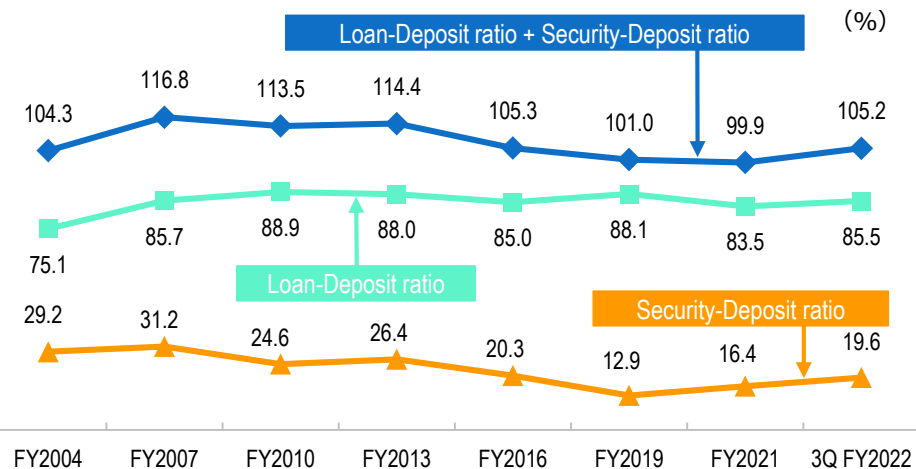
Deposit balance (average balance)



Deposit balance by region

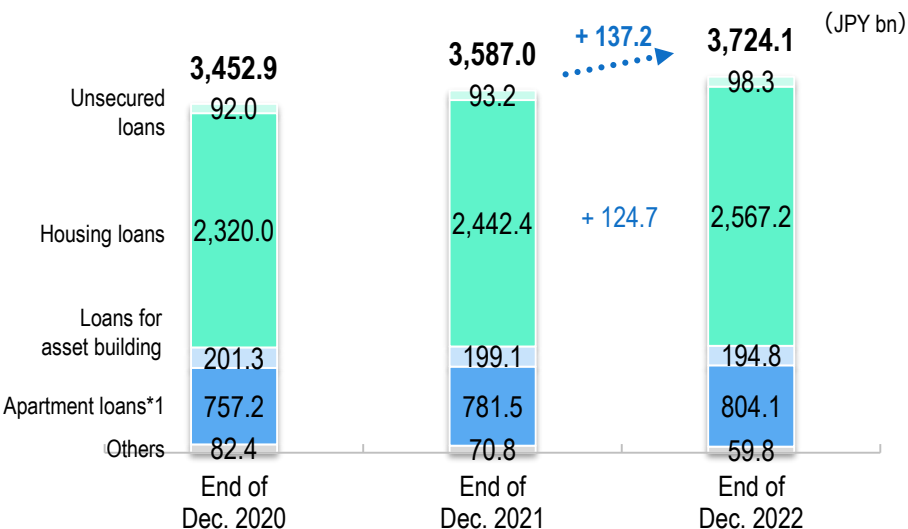


Loan-Deposit ratio / Security-Deposit ratio (excluding NCD)

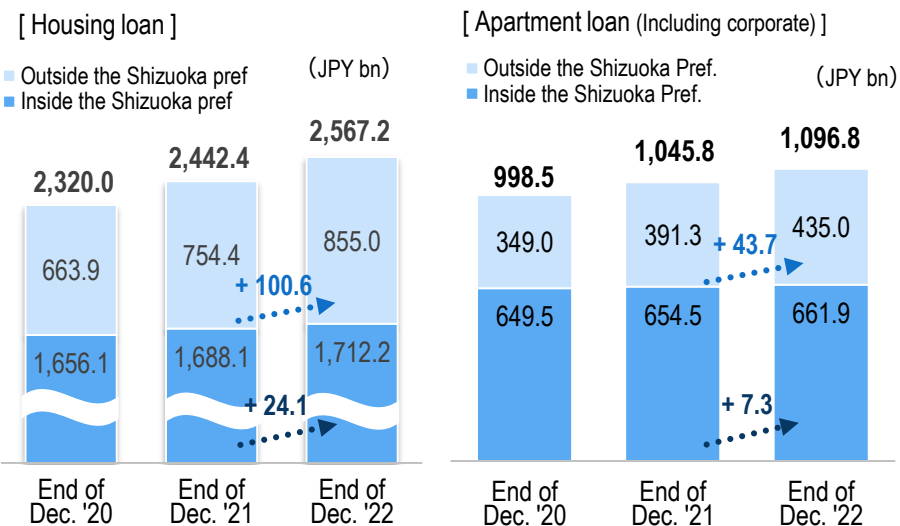


Consumer loan balance (term-end balance) increased mainly due to increase in housing loan balance

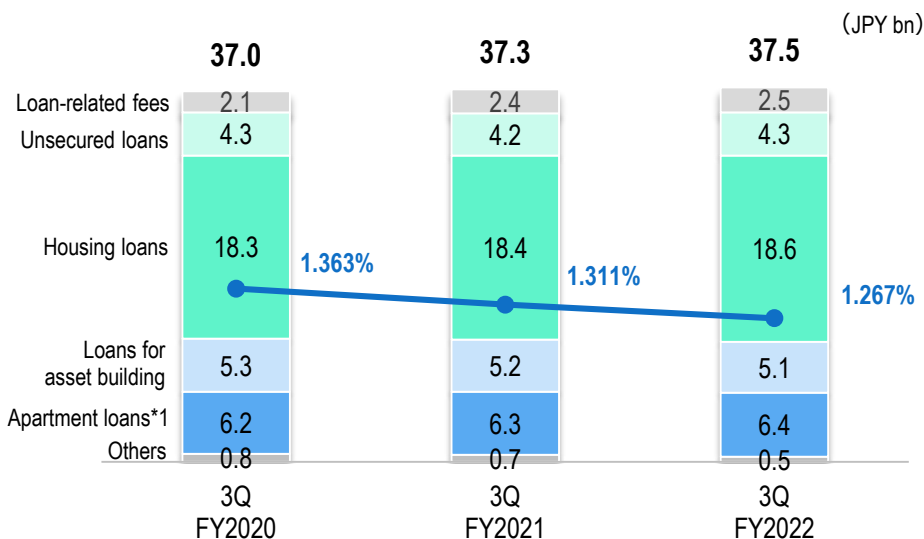
Consumer loan balance (term-end balance)



Housing loan and Apartment loan breakdown by region



Interest amounts, fees and rates of consumer loans



Delinquency rate and Occupancy rate

[Delinquency rate] (3 months or longer)	End of Dec. 2020	End of Dec. 2021	End of Dec. 2022
Housing loans	0.13%	0.11%	0.09%
Apartment loans (Including corporate)	0.05%	0.17%	0.02%
Loans for asset building	0.12%	0.27%	0.29%

[Occupancy rate]	Dec. 2019 Survey	Dec. 2020 Survey	Dec. 2021 Survey
Inside Shizuoka Pref.	92.7%	92.5%	93.5%
Outside Shizuoka Pref	93.2%	93.3%	94.1%

Fees and commissions increased due to an increase in corporate-related income and a decrease in expenses.

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

Fees and commissions, Trading income

(JPY bn)	3Q FY2020	3Q FY2021	3Q FY2022	YoY
[Consolidated]Fees and commissions	23.9	23.3	27.6	+4.3
[Nonconsolidated(BK)]Fees and commissions	12.1	11.2	15.8	+4.6
Fees and commissions incomes	23.3	22.9	25.6	+2.7
Fees and commissions expenses (-)	11.3	11.7	9.8	*-1.9

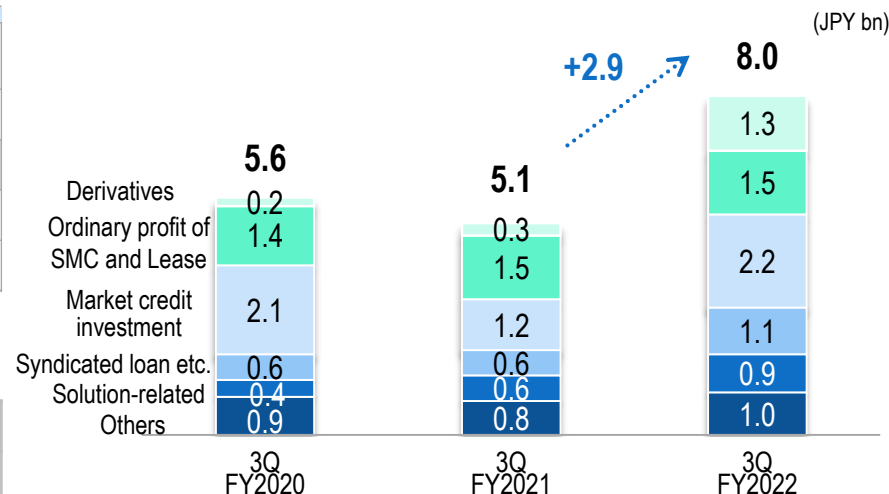
*Effects of changes in account (Group credit life insurance dividends+1.3, Investment funds expenses -1.1)

[Major items(BK)]

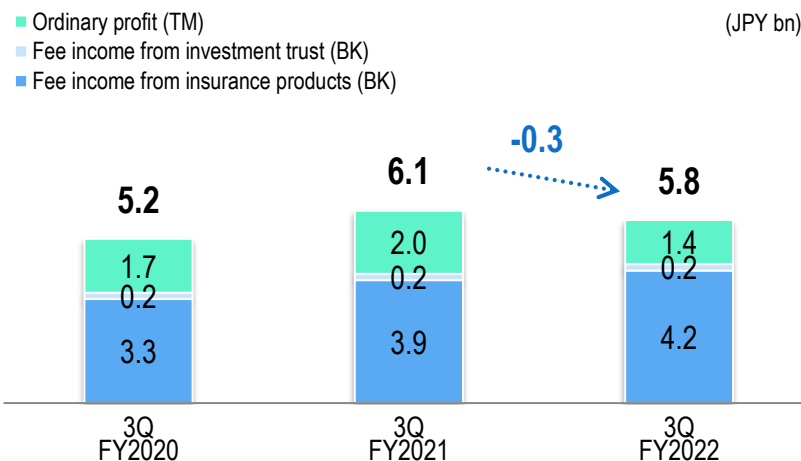
Fee incomes from wholesale	3.9	3.3	5.2	+2.0
Related to market credit investment	2.1	1.2	2.2	+1.0
Syndicated loan, etc.	0.6	0.6	1.1	+0.5
Solution-related (Business matching, support for subsidy, etc.)	0.4	0.6	0.9	+0.3
Others (covenants loan, etc.)	0.9	0.8	1.0	+0.2
Other fees on loans	2.5	3.0	2.8	-0.2
Fee incomes on customer assets	3.5	4.1	4.4	+0.3
Investment trust	0.2	0.2	0.2	-0.0
Insurance products	3.3	3.9	4.2	+0.3
Net profit on exchange	4.5	4.2	4.0	-0.3

[Nonconsolidated]Trading income	0.7	0.7	1.3	+0.6
Derivatives	0.2	0.3	1.3	+1.0

Fee incomes from wholesale (BK, SMC, Lease)



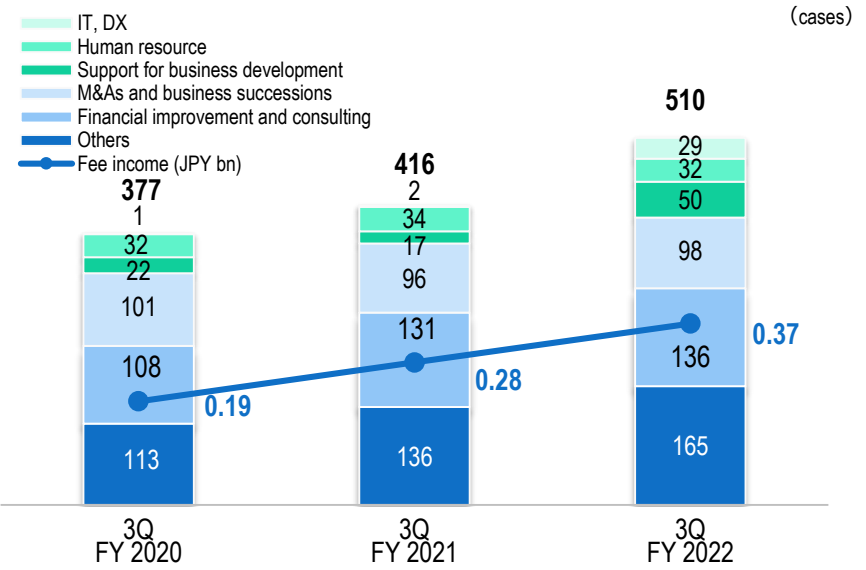
Fee incomes on customer assets (BK, TM)



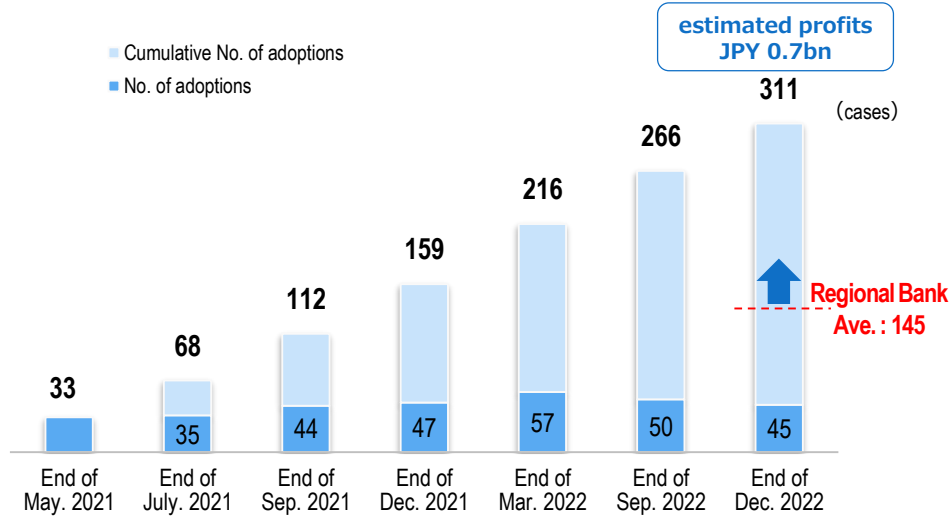
Meet needs of corporate customers

Provide solutions tailored to management issues of corporate customers through Group-wide collaboration

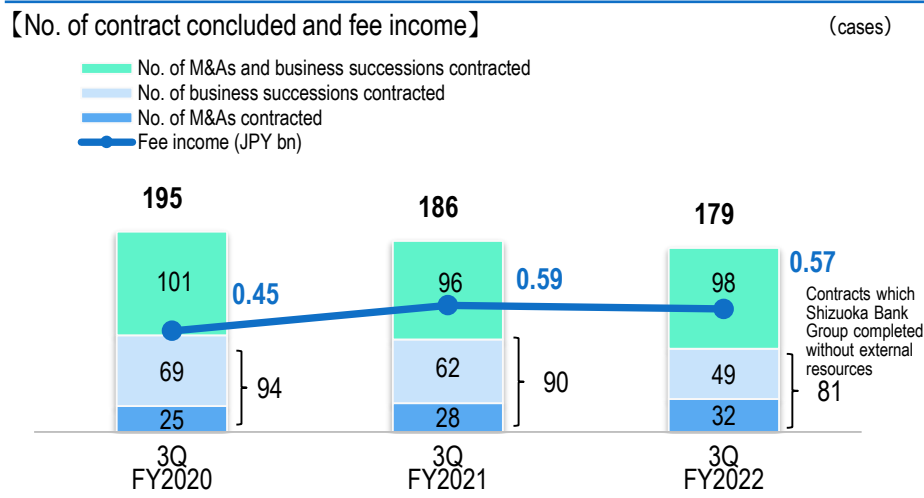
Business matching (introduction of business partners) Main business



Business restructuring Main business



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



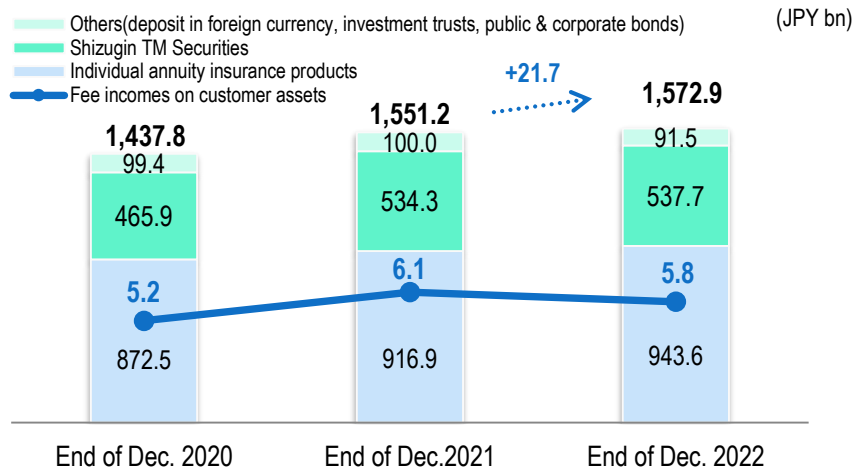
Support for business improvement Cash position, business improvement

	FY2020	FY2021	3Q FY2022
M&A (recover-type, relief-type, etc.)	19 companies	21 companies	19 companies
Subordinated loan	7 loans, JPY 2.3bn	6 loans, JPY 2.8bn	1 loan, JPY 0.3bn
Co-financing with JFC*	37 loans, JPY 4.0bn	50 loans, JPY 4.2bn	53 loans, JPY 7.6bn
Use of revitalization funds	1 case	1 case	1 case
No. of business restructuring support initiatives	58 cases	59 cases	59 cases
No. of projects completed	12 cases	14 cases	8 cases

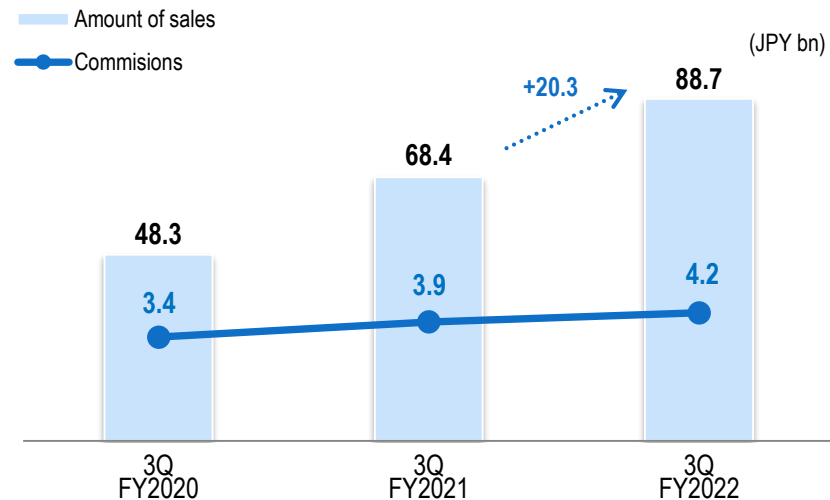
* Co-financing with equity subordinated loans from JFC

Customer asset excluding JPY deposits of the whole Group (including Shizugin TM Securities) increased steadily

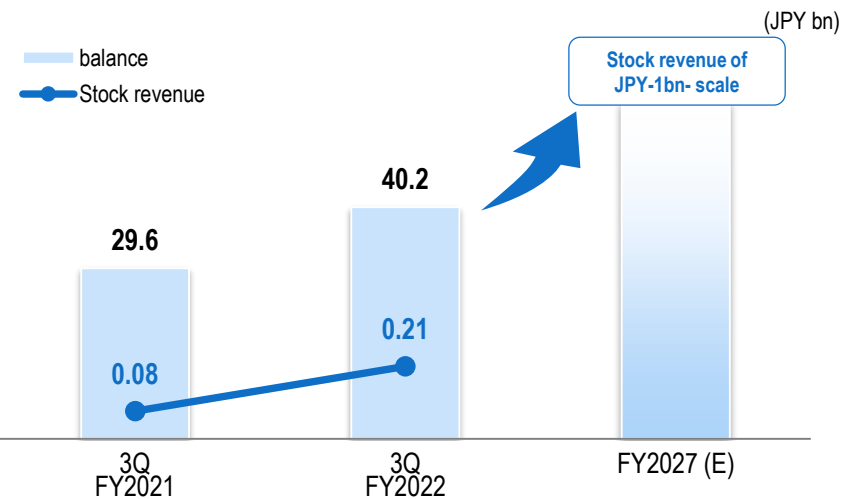
Customer assets excluding JPY deposits (Term-end balance)



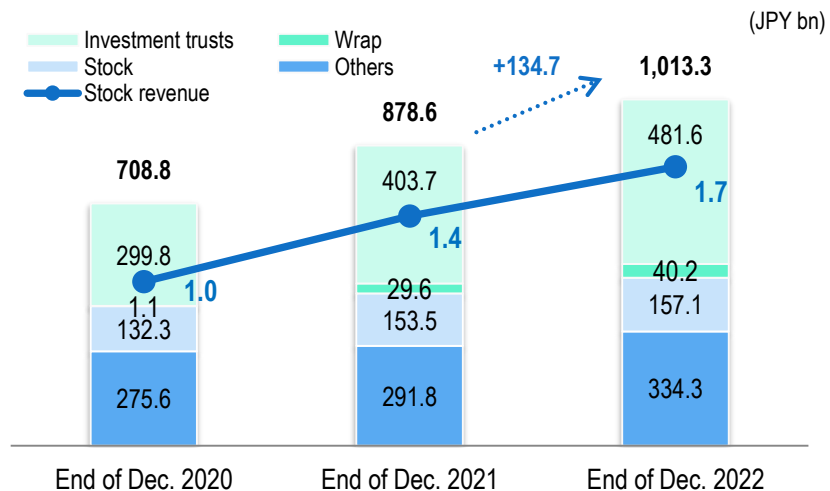
Amount of sales and commissions in insurance



Results of "Shizugin Wrap" (Balance and Stock revenue)



Customer assets of Shizugin TM Securities (Term-end balance)

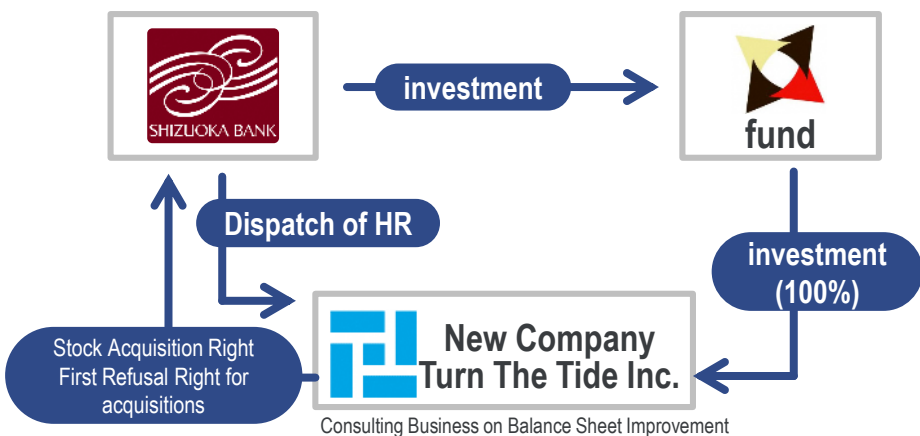


Expand venture business by utilizing the established network

Type of industry of invested firms (End of Dec.2022 20 fund Approx. JPY 25.5bn)

Type of industry	No. of firms
For corporate, SaaS	109
Fin Tech	63
Medical, nursing care, biotechnology	59
AI, data analysis	32
Manufacturing, robotics, IoT	25
Others	190
Total	478

Initiatives with the SSI model



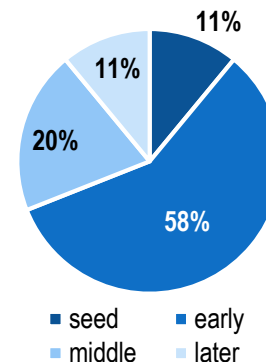
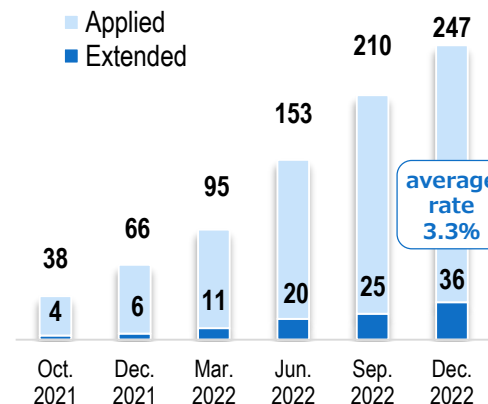
Turn The Tide Inc. was established by utilizing the GCPJ Fund's new business model (SSI)

Venture Debt

(Execution amount as of the end of Dec. 2022: approx. 5.2 billion yen)

[Number of debts (Total)]

(Case) [Percentage of loans by growth stage]



TECH BEAT Shizuoka

- Fair of advanced technology to provide opportunities of matching between startup firms mainly in metropolitan area and firms in Shizuoka Pref.

Theme	No. of Times held
All industries	4
Agriculture and other primary industries	3
Medical	1

Attendees (Total) **Approx. 34,000**

Individual business talk (Total) **Approx. 1,400**



Expand high-value-added business through cross-industrial collaboration by investing JPY 21.3bn (unrealized gains; + JPY 10.2bn), leading to collaboration income of JPY 9.0bn

Bank-security collaboration (Collaboration and Investment Income JPY 4.0bn)



[Total results by the end of Dec.FY2022]
Profit based on the equity-method investment balance: JPY 10.9bn
Gain on sales of stock: JPY 7.1bn
 (Goodwill retirement: JPY -14.2bn)
 Shizugin Wrap etc.: JPY 0.2bn

- ✓ **Enhance asset building services** for the 100-year life period
 → Jointly provide wrap products (face-to-face and non-face-to-face)
- ✓ **Develop business for start-ups** through LP investment in VC (Sourcing of venture debt, etc.)
- ✓ Consider new services using **blockchain**

New businesses in housing loan market (Collaboration Income JPY 1.4bn)



[Total results by the end of Dec.FY2022]
Housing loan interest and guarantee fee: JPY 0.6bn
Interest on securities (RMBS): JPY 0.8bn

- ✓ **Diversify mortgage business** (ARUHI・au JIBUN Bank)
 → Guarantee balance JPY 19.4 bn,
 Amount of RMBS around JPY 110bn
- ✓ Provide **online matching services with house builder** and customer → Jointly manage “Tatepita-Shizuoka” (iYell)

Provision of new financial services (Collaboration and Investment Income JPY 3.7bn)



[Total results by the end of Dec.FY2022]
Commons Asset Management, Inc
 Amount of distributions and gains on sales of investment trust total **JPY 3.8bn**

- ✓ **Jointly develop smartphone apps** to expand non-face-to-face channels (Money Forward)
- ✓ Realize consultings that combine mortgage, asset formation, and insurance counseling
 → **Establish “Hoken no Madoguchi” at Life Design Stations**

Revitalization of region

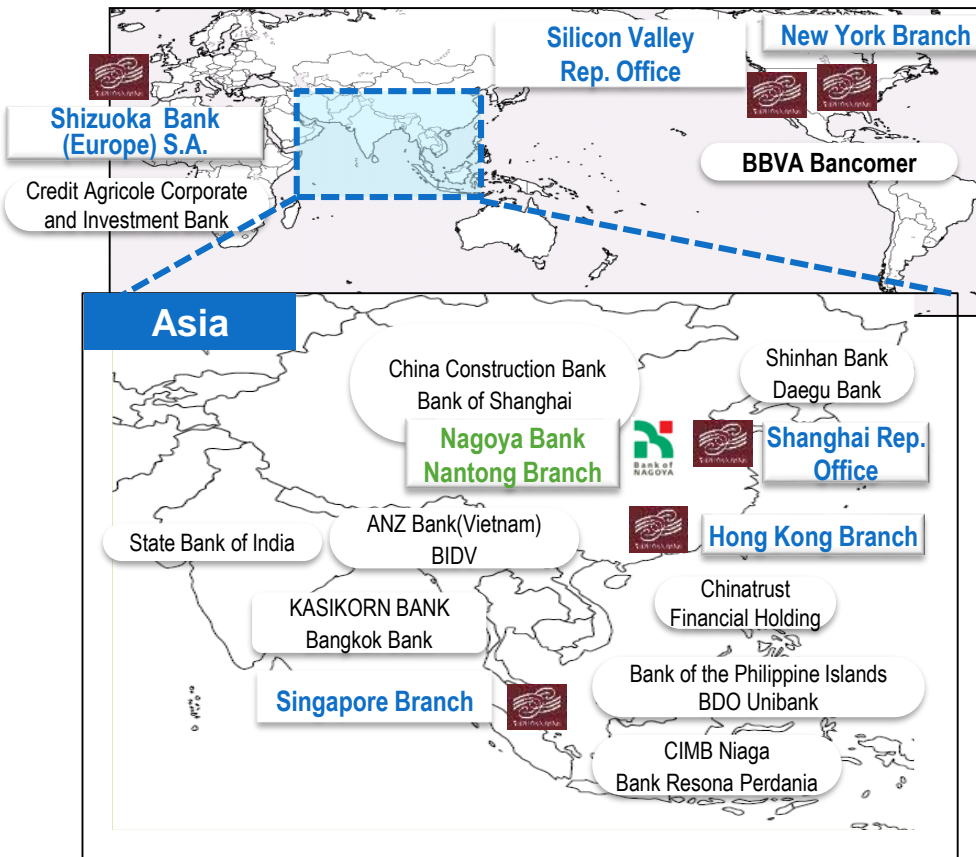


- ✓ Revitalize local tourism business [asoview]
- ✓ Promote effective utilization of idle assets (vacant houses, etc.) [ADDRESS]
 → **Accelerate collaboration that contributes to regional revitalization**

After reviewing the roles of overseas offices, strengthen business development

Overseas network

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



Overseas Strategic Initiatives

1 Overseas Business Development

- ✓ Contracted for overseas M&A: 2 cases (buying needs) (Singapore)
- ✓ The number and balance of non-Japanese deals are both on the rise as the market recovers, despite a temporary decline in the number of deals during COVID-19 pandemic
Balance as of the end of Dec. 2022: JPY 100.1 bn (+33.9 bn YoY)

2 Alliances with regional banks

- ✓ Accept 1 trainee in Hong Kong Branch from Yamanashi Chuo Bank (Jul. 2021)
- ✓ Strengthen ties with the Nantong Branch of the Bank of Nagoya as a base for CNY-denominated transactions

3 Silicon Valley Representative Office Initiatives

- ✓ Established in November 2021 to gather information on advanced technologies and venture businesses
- ✓ Gather information by Actively meeting with Japanese companies, government agencies, local VCs, startups, etc.

Prepared the structure for an increase in strategic projects by improving productivity with the launch of the next-generation core system

Effects of Developing a Next-Generation Accounting System

- Improved development efficiency by simplifying program structure and eliminating parameters in programming

[Effects of Productivity Improvement]

- Compare development efficiency before and after the launch of the next-generation core system

*FY2016-2020 is not included because development projects were restrained to prioritize the construction of the next-generation core system during these periods

	Before the launch (ave.FY2014-2015)	After the launch (ave.FY2021-2022)
Cost	JPY 3,485mil per year	JPY 3,562mil per year
No. of cases	208 cases per year	322 cases per year
Man-hours per project	17 man months per case	11 man months per case

6 man months per case (approx.35%) down

Able to handle 1.5 times projects or more then before with the same costs

Effects of RPA

- RPA system* was introduced in August 2018 and is planned to be applied to a total of 135 operations by FY2022

*Asystem that automatically processes routine tasks on a PC by having a robot memorize the task performed by humans.

Effects of Group Cloud Platform

- Build the private cloud infrastructure that is common to the group. Eliminate duplicate investment and improve development efficiency through common infrastructure
- Of the 270 systems in the entire group, approximately 80 systems are planned to be installed on the infrastructure by FY2023

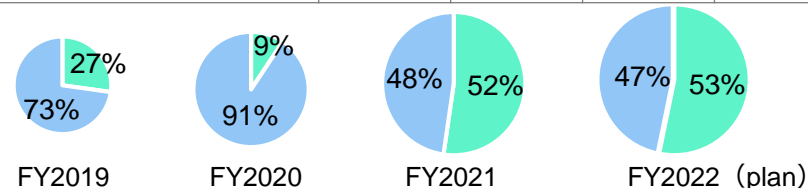
[Expected Effects(total until FY2023)]

	Conventional	Group Cloud	Effect
Lump-sum payment	JPY 2.3 bn	JPY 1.4bn	JPY -0.9bn
Running costs	JPY 0.2bn / year	JPY 0.1bn / year	JPY -0.1bn / year

Expand strategic investments

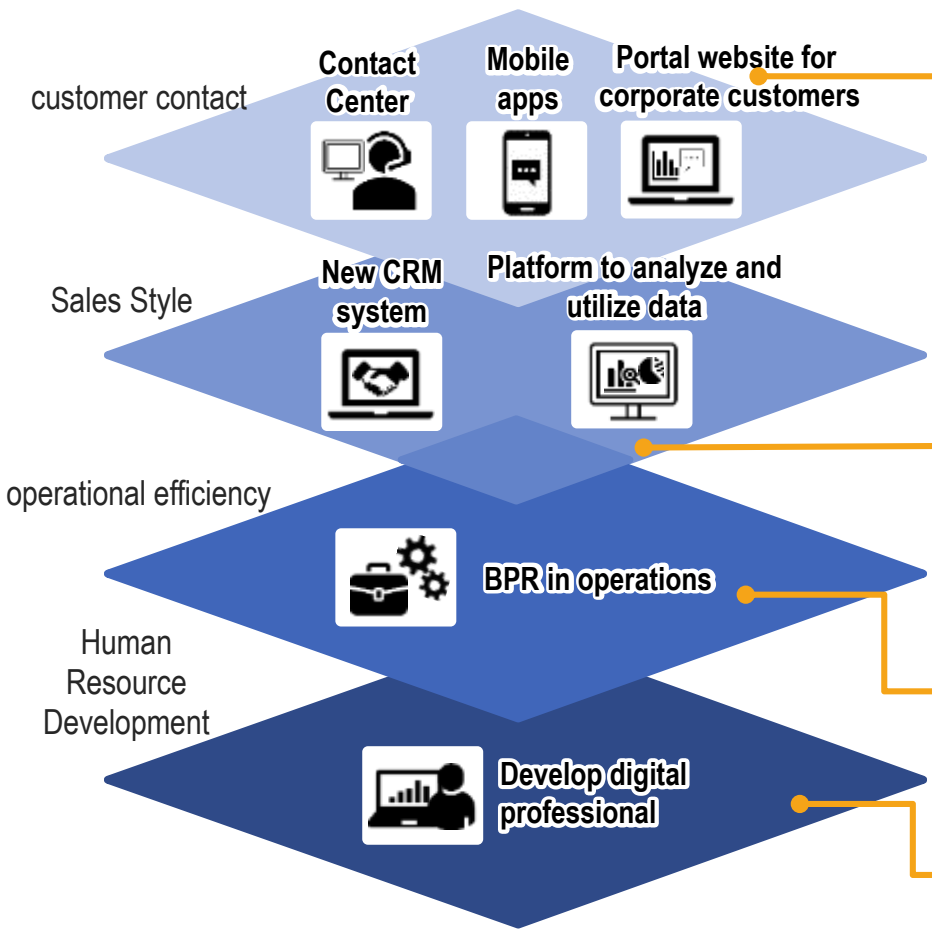
[System Investment (Excluding Next-Generation-System-related cost)] (JPY bn)

	FY2019	FY2020	FY2021	FY2022
Strategic projects	0.9	0.4	5.0	5.1
Maintenance and renewal	2.3	4.1	4.6	4.5



➔ Cumulative business reduction hours by FY2022: -140,000 hours / year (equivalent to approx. 70 employees)(including planned values)

Progress in transformation to a business model that maximizes the use of digital technology and data in anticipation of the next mid-term business plan



Reinforce non-face-to-face channel

- Expanded mobile app use to all stores (started in Jun. 2022)
180,000 downloads (end of Dec. 2022)
- Launched the corporate portal site “Shizugin Business Portal” (started in Sep. 2022)
- Over 3,000 users (End of Dec. 2022)



Main functions (to be expanded sequentially)

- Application for consulting services
- Visualization of deposit information, etc.

- Expand contact center function (started in Jan. 2022)
Expand customer contact points by introducing chatbots and manned chat

Transform sales style

- **Seamless information sharing, generation of sales time, and sophistication of sales activities realize through the new CRM system (planning by Jan. 2023)** and the platform to analyze and utilize data (planning by Nov. 2022)

Utilize digital technology to improve operational efficiency

- Reduced annual workload by 140,000 hours for the entire group through the use of RPA and AI-OCR

Develop management resources (human resources) to support DX strategy

- Develop digital professional and enhance IT literacy of all staff (Details in P.34)

DX投資促進税制の活用



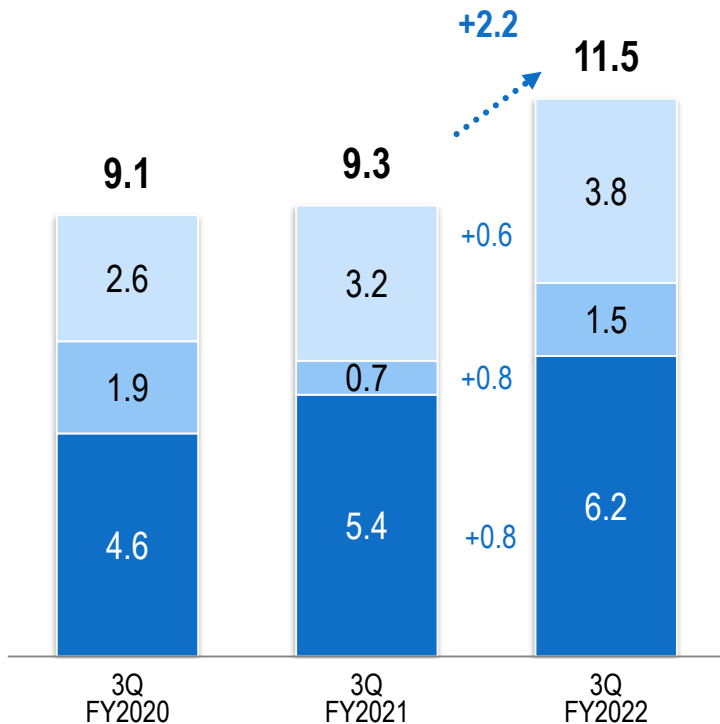
Apr. 2022
Obtained certification as a “DX certified business operator” from METI

Promote strategic digital investment after receiving special tax exemptions under the DX investment promotion taxation

Earnings from market credit investment increased due to increase in Income and expenditure on loans, fee income, PE, etc.

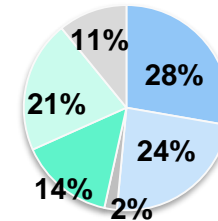
Earnings from market credit investment

- Income from PE and others
 - Fee income
 - Income and expenditure on loans
- (JPY bn)



Profitability indicators of SF loan	3Q FY2021	3Q FY2022	YoY
ROA (Return on Assets)	1.07%	1.06%	-0.01pt
RORA (Return on Risk-Weighted assets)	1.94%	1.82%	-0.12pt

Breakdown of SF loan by loan type (Average balance in 3Q FY2022: JPY 758.5bn)



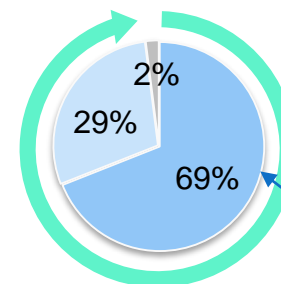
- Corporate credit risk (senior)
- Corporate credit risk (mezzanine)
- Asset finance
- Project finance
- Real estate non-recourse loan
- Securitized loan (CLO etc.)

CLO balance (As of the end of Dec. 2022)
JPY 88.3bn (24 contracts, JPY 3.7bn on average)
All have AAA rating
Subordination ratio: 35.0% - 41.8%

Well-diversified portfolio

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

Breakdown of SF loan by credit rating



* Excluding real estate non-recourse loan

- Performing (Equivalent to or higher than single A)
- Performing (Lower than single A)
- Non-performing or lower

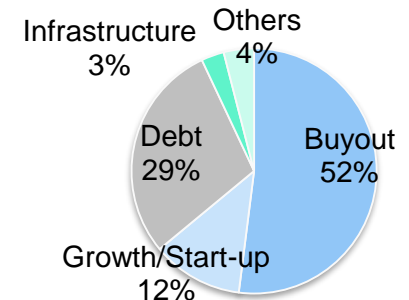
98% are classified as "Performing"
69% are equivalent to or higher than single A

* Average LTV is 59.5% for real estate non-recourse loans

Ratio of capital commitment in PE by investment types

Well-diversified portfolio, same as SF loan

No. of investment : 103
(Of which 44 are international)





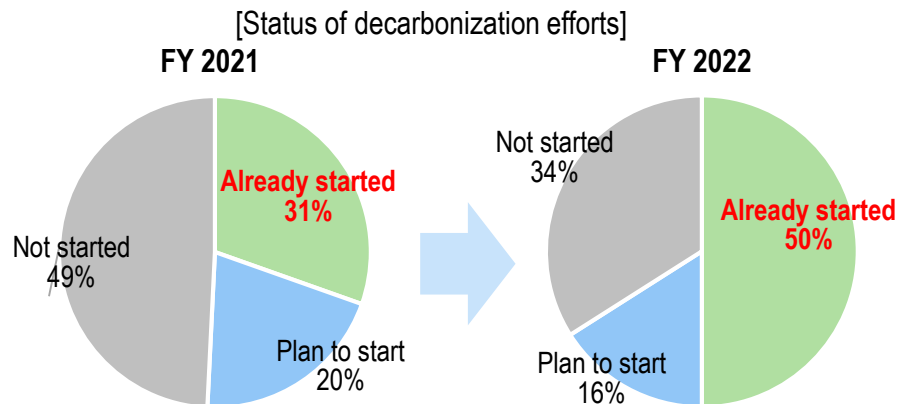
Initiatives for Sustainability Management

(Climate Change Response, Human Capital)

Develop support for customers with a focus on sustainable finance based on the results of the interviews on decarbonization

Interview with customers on decarbonization (Approx. 2,300)

- The number of companies working on this issue has increased to about half since the time of last year's hearing.



Accelerate decarbonation in the region by solving customers' issues

Selected for the "FY2022 ESG Regional Finance Promotion Project" by the Ministry of the Environment (Jul. 2022)

<ESG Regional Finance Promotion Project>

A support project by the Ministry of the Environment to promote ESG finance that contributes to improving regional sustainability and creating regional circular and ecological sphere.

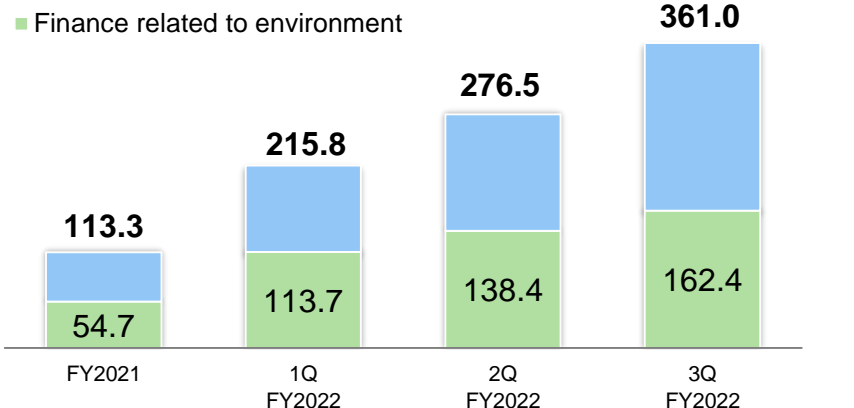
The project will support the achievement of KPIs set at the time of sustainable finance execution. In addition, by working to visualize and measure the economic ripple effects of the identified impacts, the project will further promote and disseminate sustainable finance

Promoting Sustainable Finance

- Target by FY2030 **JPY 2tn** (Finance related to environment **JPY 1tn**)

	Target In FY2022	Results In 3Q FY2022	Progress rate to annual target
Sustainable Finance	JPY 115.0bn	JPY 247.7bn	215 %
Finance related to environment	JPY 57.5bn	JPY 107.7bn	187 %

[Cumulative amount of sustainable finance executed]



SDGs Support Guarantee Program

- A guarantee program developed in cooperation with the Shizuoka Credit Guarantee Corporation to support companies engaging in the SDGs.
- Started in April 2022, ahead of other banks
- The number of guarantees approved exceeded approx. 2,700** (End of Dec.2022)(Approx. JPY 89bn)

Enhance disclosure and promote initiatives to decarbonize the region

Initiatives related to TCFD Recommendation



- Below are the Bank's responses to 4 recommendations by TCFD

Governance	<ul style="list-style-type: none"> Established the Environmental Committee (Oct. 2022) 																								
Strategy	<ul style="list-style-type: none"> Conducted interview with customers on decarbonization (second round, covering about 2,300 companies) Signed Partnership Agreement with SUZUYO SHOJI CO., LTD. and SHIZUOKA GAS CO., LTD.(Sep. 2022) Funded the Decarbonization Support Organization.(Oct.2022) 																								
Risk management	<ul style="list-style-type: none"> Establish policy on investment in and loan to specified sectors (Apr.2021) Do not newly invest in and extend loan to coal fired power generation in principle 																								
Indicators and targets	<ul style="list-style-type: none"> Sustainable Finance and finance related to environment Target on a cumulative basis by FY2030: JPY 2tn (of that, finance related to environment 1tn) Investment in and loan to coal fired power generation Should be zero in or around FY 2040 Joined PCAF (Partnership for Carbon Accounting Financials)(Nov. 2022) Joined GX (Green Transformation) League by METI(Nov. 2022) Target in decrease in GHG emission Achieve carbon neutrality by FY2030 Results in decrease in GHG emission (t-CO₂) <table border="1"> <caption>GHG Emission (t-CO₂)</caption> <thead> <tr> <th>Fiscal Year</th> <th>Scope 1</th> <th>Scope 2</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>FY2013</td> <td>636</td> <td>17,046</td> <td>17,682</td> </tr> <tr> <td>FY2018</td> <td>619</td> <td>15,541</td> <td>16,160</td> </tr> <tr> <td>FY2019</td> <td>516</td> <td>14,757</td> <td>15,273</td> </tr> <tr> <td>FY2020</td> <td>548</td> <td>14,129</td> <td>14,677</td> </tr> <tr> <td>FY2021</td> <td>636</td> <td>13,345</td> <td>13,981</td> </tr> </tbody> </table> <p>Compared to FY2013: -20.9%</p>	Fiscal Year	Scope 1	Scope 2	Total	FY2013	636	17,046	17,682	FY2018	619	15,541	16,160	FY2019	516	14,757	15,273	FY2020	548	14,129	14,677	FY2021	636	13,345	13,981
Fiscal Year	Scope 1	Scope 2	Total																						
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FY2021	636	13,345	13,981																						

[Scenario Analysis Results (Credit Risk)]

- Conduct analysis of transition risk and physical risk through participation in the Ministry of the Environment's Scenario Analysis Pilot Program Support Project in FY2021, etc.
- This year, we will conduct a scenario analysis of transition risks in the automotive and automotive accessory parts manufacturing industry by manufacturing component, and use the results to support local companies.**

Transition risk

Target Sector	Paper manufacture (*1)	Manufacture of motor vehicles and their accessories
Scenario	IEA net zero by 2050 (NZE2050)	IEA net zero by 2050 (NZE2050) IEA/ETP 2017 Beyond 2°C
Method	Analyze changes in credit costs based on scenarios, using carbon tax and other forecast data to project changes in profit/loss and financial position by 2050	
Analysis Result	[Increase in credit cost] Up to approximately JPY14.5bn in total by 2050	

(*1) Participate in the Ministry of the Environment's Scenario Analysis Pilot Program Support Project

Physical risk

Scope of coverage	Calculate credit costs related to risk of damage for building and business continuity for SMEs in Shizuoka Pref. (*2)	Calculate building damage costs and credit costs for mortgage borrowers in Shizuoka Pref.
Scenario	RCP8.5 in the IPCC WG II AR6 (4°C Scenario)	
Method	Analyzes the risk of inundation in the event of flooding by overlaying business and collateral location information with hazard maps	
Analysis Result	[Increase in credit cost] Up to approximately JPY15.5bn by 2050	

(*1) Participate in the Ministry of the Environment's Scenario Analysis Pilot Program Support Project

CDP Score Report - CLIMATE CHANGE 2022

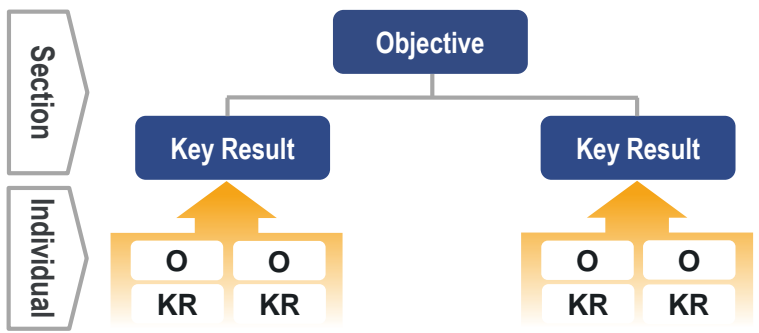
Received a "B-" rating in the results of the 2022 Climate Change Report by CDP, an international environmental NGO.

Implemented personnel system reforms with the keywords of “autonomy,” “change,” and “diversity” to realize human capital management

Introduction of OKR*1

Autonomy Challenge

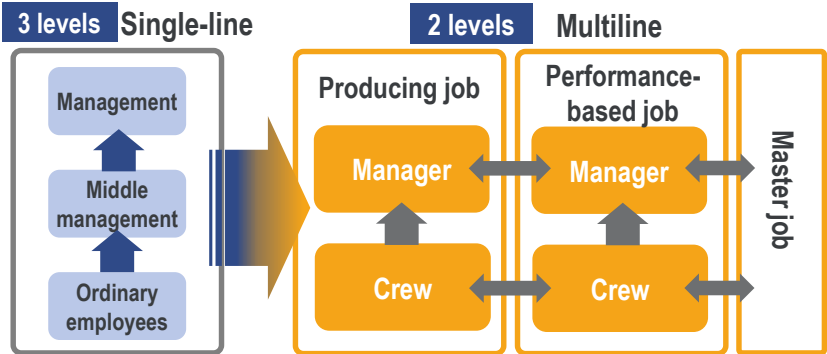
OKR is an evaluation system that is composed of Objective and Key Results, and is not biased solely toward performance targets.



Establishment of new career routes*1

Autonomy Challenge

- Reorganized job group hierarchy into two levels in order to activate flat communication, clarify roles
- Established a new career route that allows each individual to choose a career autonomously



*1 Introduced at Shizuoka Bank

Promote Side-job and Second Business*2

Autonomy Challenge Diversity



Mercari, Inc. → Shizuoka Bank
Saki Ikeda
 ■ Project member of personnel system reform
 ■ Engaged in planning new businesses



Shizuoka Bank → Marubeni Corporation
Kenta Hayashi
 ■ Consider regional revitalization through electric power business

*2 Total users during FY2020 – 3Q FY2022: 32

Internal venture business

Autonomy Challenge

Call for ideas from employees that contribute to inner and outer innovation

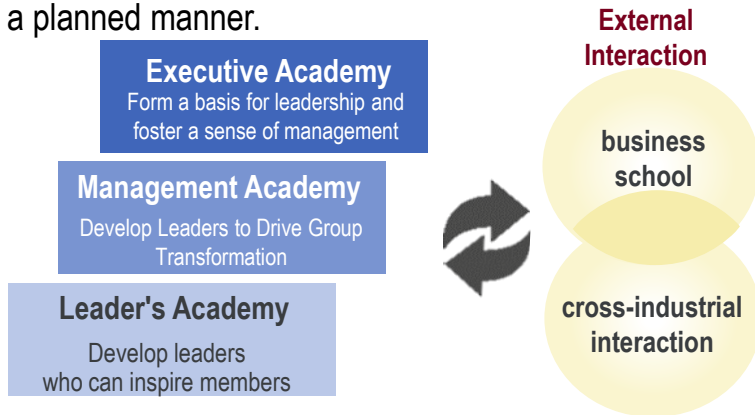
- No. of applications in FY2021 : 59
- Grand Prize
Digital securitization of whiskey casks by using security tokens



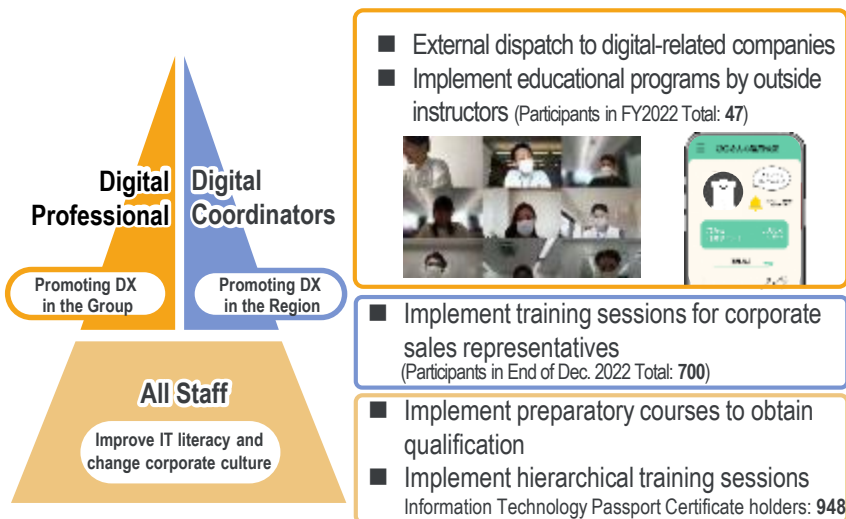
Implemented personnel system reforms with the keywords of “autonomy”, “challenge”, and “diversity” to realize human capital management

Developing Next Generation Leaders Autonomy Challenge

We provide education and develop human capital for the future in a planned manner.



Develop digital professional Challenge



Support for autonomous career development Autonomy Challenge Diversity

Expanding the "My Career Design System," which supports each executive and employee in designing his or her own career. (Including Side-job / Second Business)

External Dispatch/Internal Trainee

Dispatch employees to outside companies and provide them with traineeships in specialized departments with the aim to make them acquire expertise in business succession, financial market, digitalization, etc.

57

Dispatch to Regional Companies

Develop human capital through dispatch of employees who gain a deep understanding of the business challenges faced by regional companies and can contribute to the development of our customers by offering appropriate solutions.

15

Transfer System Among Group Companies

Allow each employee to transfer between group companies according to his or her career vision regardless of employment status.

86

Post Challenge / Intra-company side job

Provide employees with “post challenge”, system to allow them to work at a department of their choice, and intra-company side job that allows them to work one day a week in a department of their choice while belonging to their current department.

75



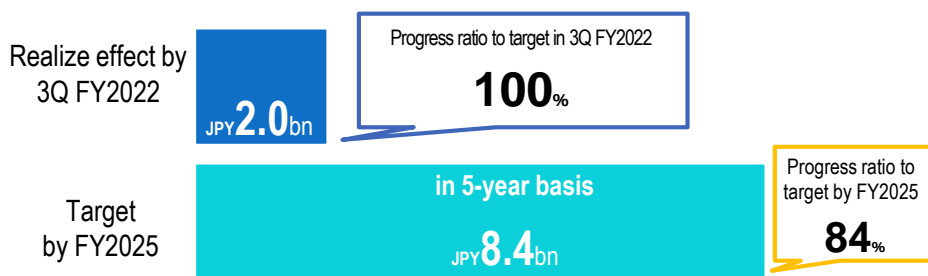
Alliance with regional banks



Promptly implemented measures of tie-up, leading to realization of earnings effect significantly exceeding initial plan

Earnings effect (Total of both banks)

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



Achievement in the field of finance

[Result by 3Q FY2022]

- Cooperation in the field of market credit investment
Extend real estate non-recourse loans **(12 loans, JPY 64.5bn)**
- Jointly arrange syndicated loans **(15 loans, JPY 26.2bn)**

Extend the syndicated loan related to regional revitalization in the Alliance

Capital to build shared second-house in Yamanashi Pref. (Dec. 2021)



<SANU Original Cabin>

Execute the Deep Tech Venture Co-financing through the Debt Guarantee Program

Working capital for upfront investment in MaaS business (Mar. 2022)



<WHILL ModelC2>

Achievement in the field of life-planning

Business development of Shizugin TM Securities Yamanashi Head Office

- Open in the building of Head Office of Yamanashi Chuo Bank (Apr. 2021)
- Conduct personnel interaction of 16 people in order to further reinforce tie-up

[Result by 3Q FY2022]

- ✓ Amount of sales of customer asset: **JPY 33.1bn**
- ✓ Balance of customer asset: **JPY 25.4bn**

山梨中央銀行とともに
お客様の資産形成をお手伝いします
静銀ディーエム証券山梨本店
2021年4/20日オープン!



<Yamanashi Chuo Bank Head Office Sales Dept.>

Initiatives with involving local community

- Events for individual business talks for customers: **19times** (By 3Q FY2022)
- Contracts of business matching completed : **82 / Contract Rate 12.4%**

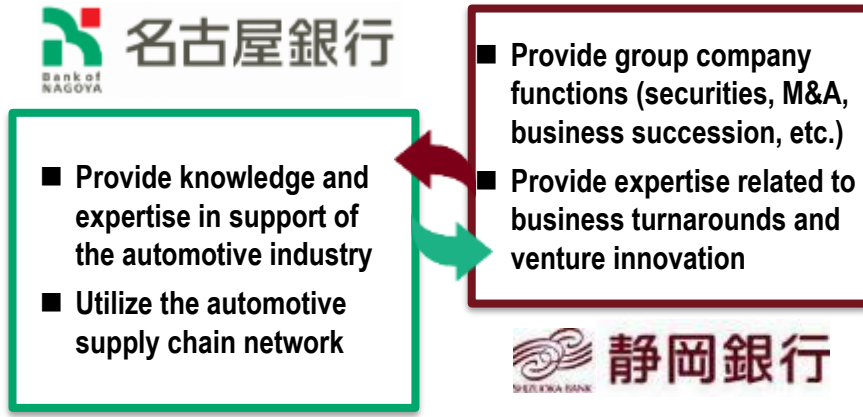
*The number of contracts and contract rates are through the interim of FY2022

Result held by 1H FY2022	Total by 2 banks	(The Bank)
No. of participation	448	(295)
No. of negotiation	660	(429)
No. of contracts	82	(57)
Contract rate	12.4%	(13.3%)

- Joint seminars on regional development, including entrepreneurship and start-up, agribusiness, immigration, two-location residence, and for local public entities
- Establish "Shizuoka-Yamanashi Mirai Growth Support Fund", a fund to support business succession jointly invested by the 2 banks (May 2022) → Contracted the first project (Sep. 2022)

Since the alliance was formed, KPIs were set by 10 subcommittees, and cooperative measures were promptly implemented.

Image of the alliance



Contribute to sustainable growth of local economies by solving issues of the region and customer

Realization measures

<Initiatives that contribute to supporting industrial reform>

- Organize the automotive supply chain
- Exchange of human resource in the field of corporate revitalization

2022 Aug. ~ Shizuoka Bank → Nagoya Bank 1
2022 Sep. ~ Nagoya Bank → Shizuoka Bank 1

<Collaboration on projects>

- Jointly organize syndicated loan
5 case / JPY 7.4bn
- Jointly invest in VC
2 case / JPY 2.6bn

Determination of Alliance Logo and Character

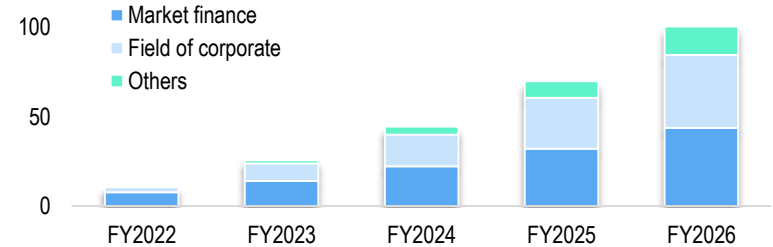
- Derived from the childhood name "Takechiyo" of Tokugawa Ieyasu, a great man of Shizuoka and Aichi.
- He has the armor in the motif of Fuji and the golden orca of Nagoya Castle.

Takecho



Earnings effect (total of both banks)

Aim at realizing effect of alliance of JPY 10.0bn or more (total in 5 years by 2 banks) mainly in market finance (market credit investment etc.) and the field of corporate (Industrial transformation support and syndicated loan etc.)



- Results of JPY 8.7bn in 3Q FY2022 (JPY 20.9bn in 5-year basis)

Jointly organize various events and develop products

- Web seminar "Outlook and Challenges for China's Economy after lockdown"
- Cyber security web seminar
- Web seminar "Explanation of parts and structures for EV"
- Web seminar on Experiencing accumulated investment trusts
- Seminar on Transfer Pricing Taxation



Collaboration at the job officer ceremony
Showed the video introduction the attractions of both regions by broadcasting both bank's ceremony

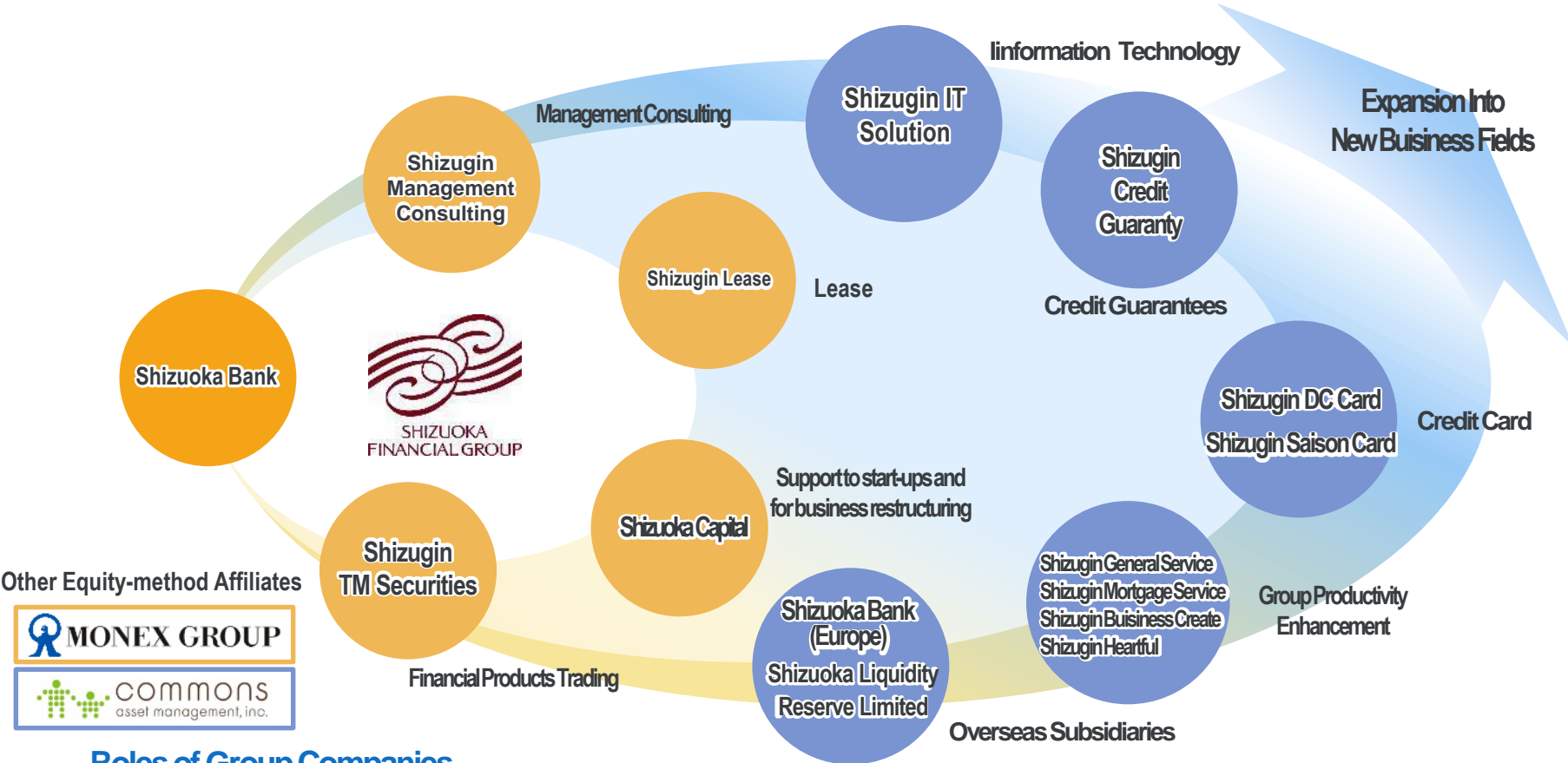


Transformation to a Holding Company Structure

Direction of the first Medium-term Business Plan

Holding Company Structure - Roles

Aim to maximize value for all stakeholders through independence and collaboration among group companies, expansion into new business areas, and a flexible and robust governance structure



Other Equity-method Affiliates

Roles of Group Companies

Holding Company

Oversees the Group's business strategy

- Strengthen Group Management
- Allocate management resources in an optimal manner
- Co-create value with our stakeholders

Subsidiary of Holding Company

Accelerate group-wide growth

- Enhance the diversity and expertise of its services
- Expand its own business fields and customer base

Bank's Subsidiary, etc.

Support group-wide growth

- Further strengthen cooperation with banks and group companies
- Expand products and services and improve of business quality

Expansion of Business Domain – Acquire 100% ownership of TJS Co., Ltd.

Acquire 100% ownership of TJS Co., Ltd. to enhance digitalization and productivity of local companies and to strengthen human resource support. Obtained approval as a subsidiary of a bank holding company as stipulated in Article 52-23, Paragraph 1, Item 14 of the Banking Law. **(The first in The Group)**

Issues facing regional companies

TJS's Business

Main Business : software development, HR Dispatch
43 years of business history, mainly in Shizuoka Pref.

Customer Support Menu of Shizuoka Financial Group

Business Succession

IT / DX

Sales channel development

Insufficient human resources

Decarbonation

⋮

IT / DX Promotion Support



Software Development

Extensive experience in software development for manufacturing, finance, public sector, etc.
Hands-on development support and maintenance management for SMEs can also be considered

IT Support (from Jul. 2021)

Develop IT support services for regional companies [**Shizugin IT solution**]
Support for business efficiency, productivity improvement, and introduction and utilization of cloud services and other systems

Human Resources Support



HR Dispatch

Strengths in IT, finance, office clerical work, and medical staffing
Major company in Shizuoka Prefecture with 5,000 registered staff

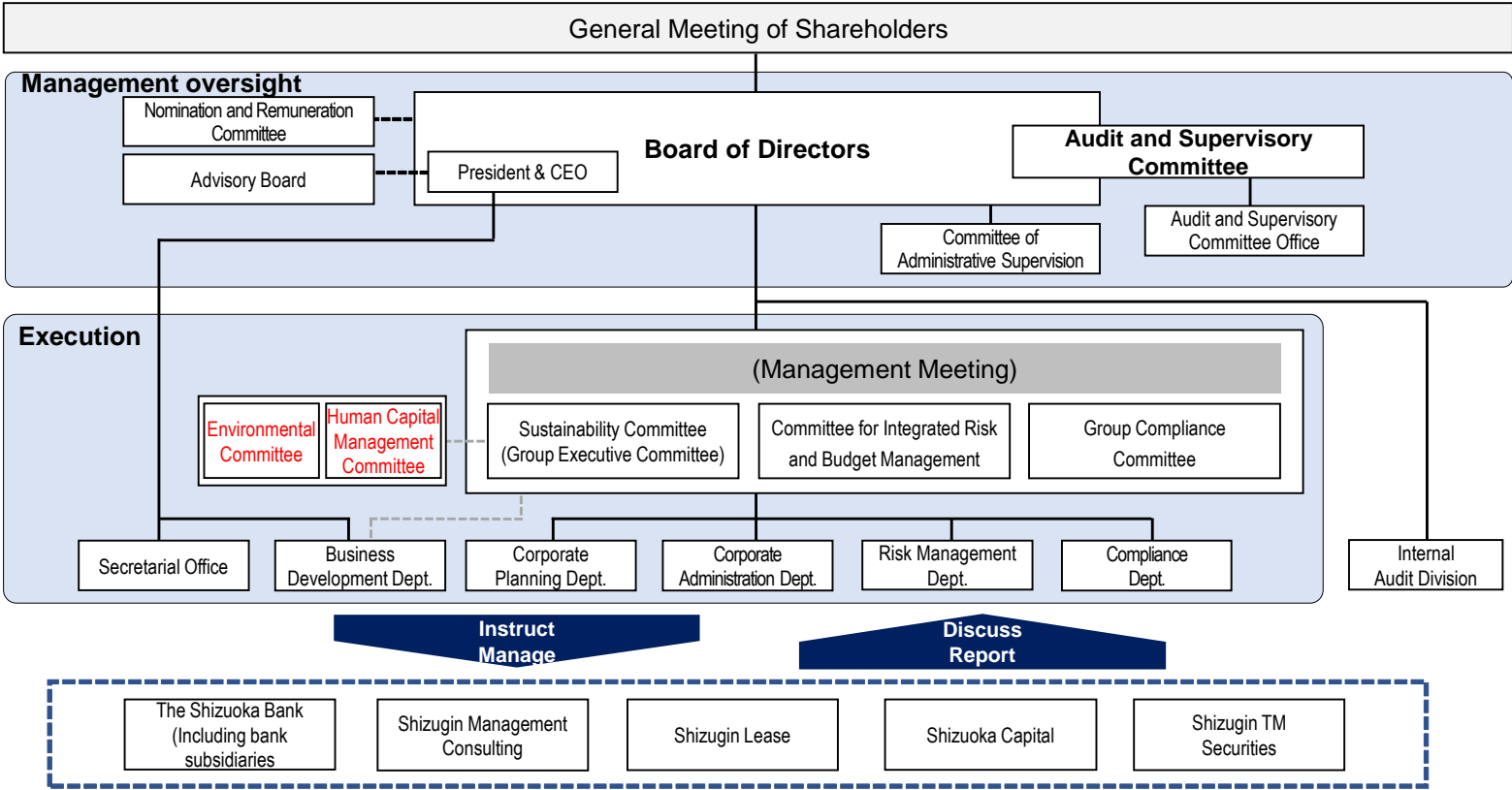
HR Introduction (from Jul. 2020)

Focus on immediate and managerial personnel with experience in manufacturing operations [**Shizuoka Bank**]
Introduce personnel with sufficient work experience through collaboration with companies in Shizuoka Pref. (Star Micronics, Yamaha Motor)

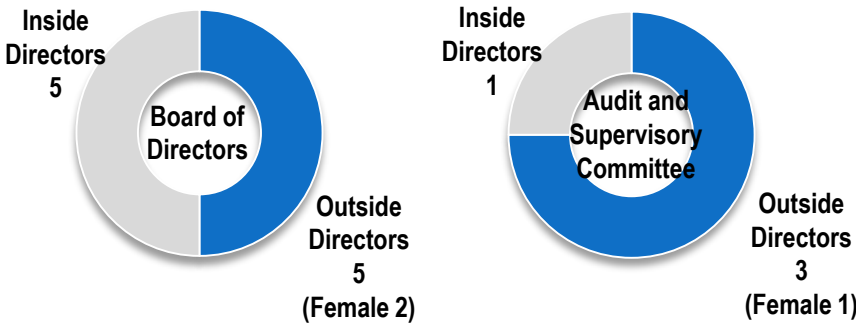
Contribute to solving regional issues and sustainable growth by combining Shizuoka Financial Group's customer base with TJS's business strengths

Holding Company Structure - Governance

Sophisticated business activities of each company through optimal allocation of management resources



Composition of Board Members



Introduced the Group Chief Officer system

Chief Executive Officer (CEO)	Hisashi Shibata
Chief Financial Officer (CFO)	Hiromitsu Umehara
Chief Information Officer (CIO)	Motoya Suzuki
Chief Risk and Compliance Officer (CRO)	Yasuhiro Ogawa
Chief Internal Audit Officer (CIAO)	Toru Atsumi

Holding Company Structure - Composition of Directors and Executive Officers

Separate representative directors of holding company and those of bank to clarify the supervision and execution, letting them concentrate on their own roles

Shizuoka Financial Group

Directors

Chairman (Representative Director)	Katsunori Nakanishi
President & CEO (Representative Director)	Hisashi Shibata
Director & Executive Officer	Minoru Yagi
Director & Executive Officer	Yutaka Fukushima
Outside Director	Kumi Fujisawa
Outside Director	Kazutoshi Inano

Directors (Audit & Supervisory Committee Member)

Director	Koichi Kiyokawa
Outside Director	Motoshige Itoh
Outside Director	Kazuto Tsubouchi
Outside Director	Naomi Ushio

Executive Officers

Executive Officer (CFO)	Hiromitsu Umehara
Executive Officer (CIO)	Motoya Suzuki
Executive Officer (CRO)	Yasuhiro Ogawa
Executive Officer (CIAO)	Toru Atsumi

Shizuoka Bank

Directors

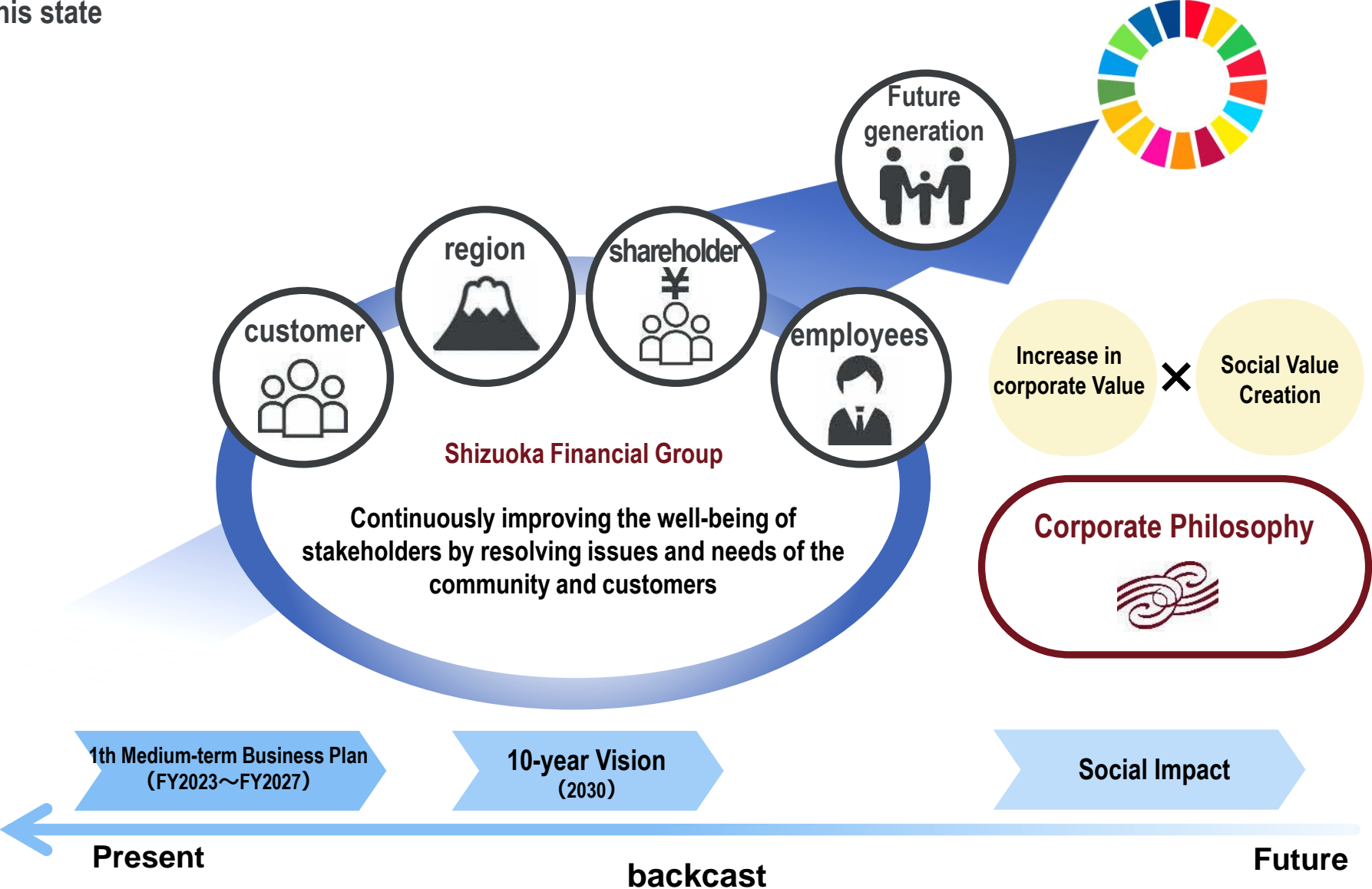
Chairman	Katsunori Nakanishi
President (Representative Director)	Minoru Yagi
Director & Senior Managing Executive Officer (Representative Director)	Yutaka Fukushima
Director	Hisashi Shibata
Director & Senior Executive Officer	Toshiyasu Takizawa
Audit & Supervisory Board Members	Hiroki Saito
Audit & Supervisory Board Members	Mitsuru Kobayashi
Audit & Supervisory Board Members	Yoshihiro Yamashita
Audit & Supervisory Board Members	Isamu Nakamura

Executive Officers (Senior Executive Officers and above)

Senior Managing Executive Officer	Mitsuhide Sugita
Senior Executive Officer	Tokunao Ito
Senior Executive Officer	Hiromitsu Umehara
Senior Executive Officer	Eiji Ishi
Senior Executive Officer	Hideyuki Murayama
Senior Executive Officer	Kazuhiko Taki

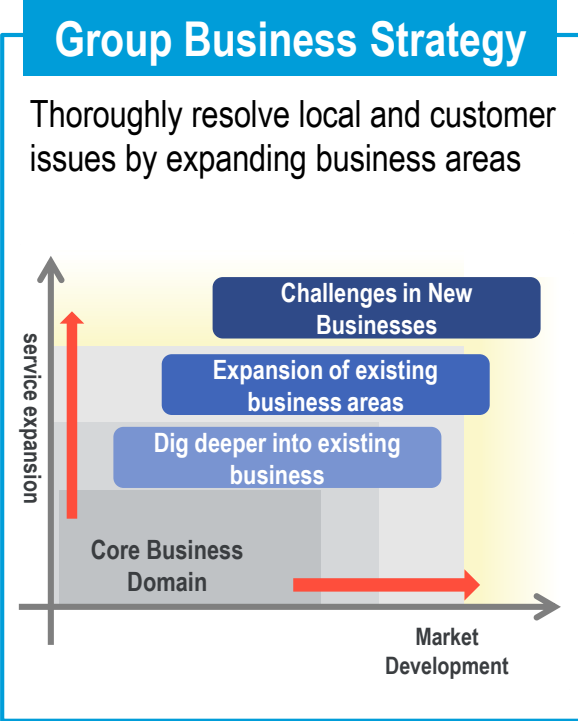
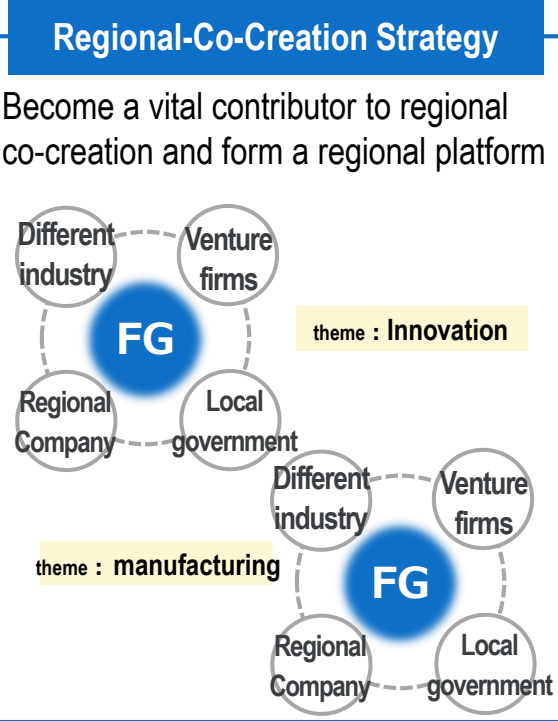
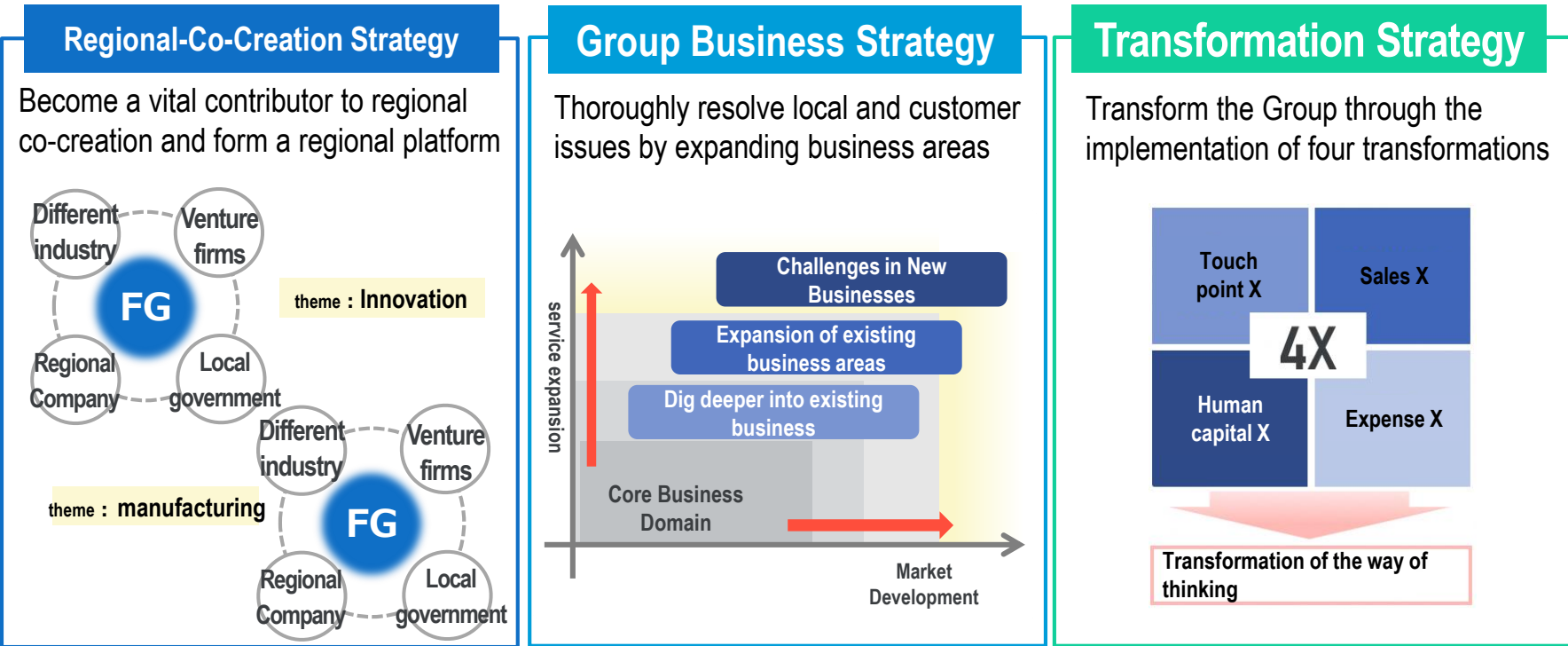
SFG 1th Medium-term Business Plan(1) - Way of thinking

Establish the “target state” to be achieved in 2030 and formulate the first Mid-term Business Plan to achieve this state



SFG 1th Medium-term Business Plan(2) - Basic strategy

Aim at achieving sustainability indicators that impact society through four basic strategies



Achieve sustainability indicators

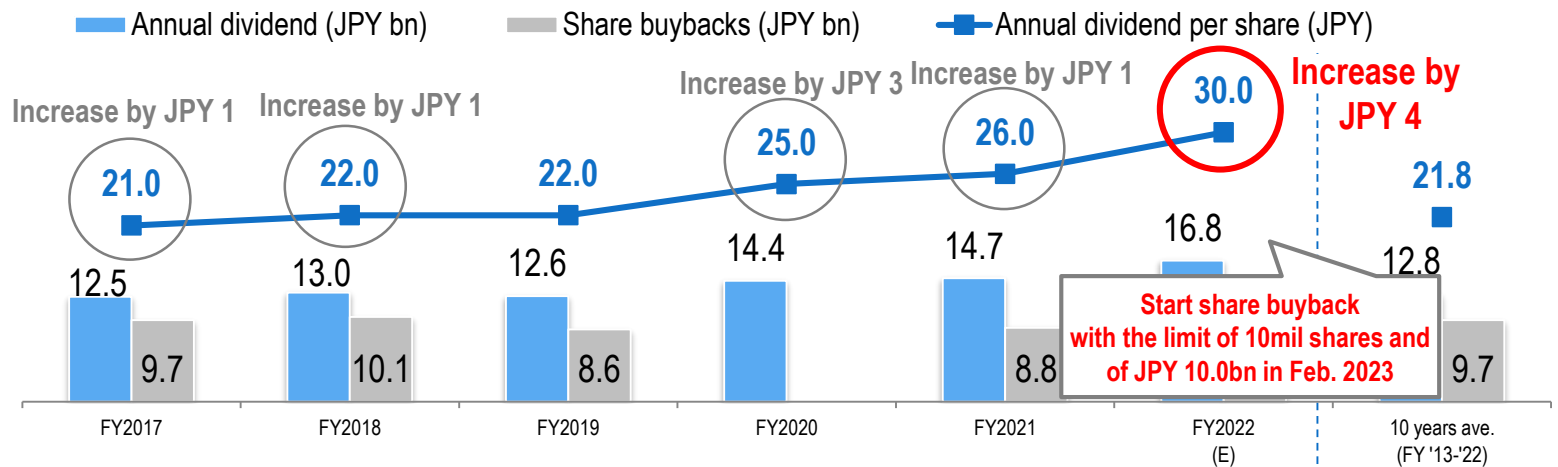


Capital Policy

Shareholder return

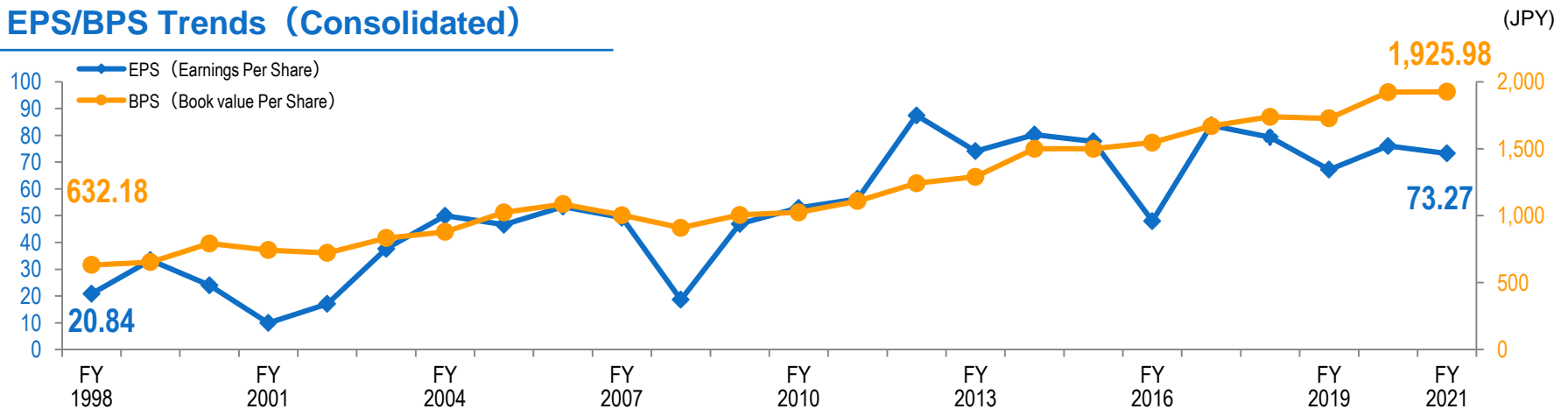
Aim at achieving target of “shareholders return ratio of 50% or higher in medium and long term” through constant dividend and flexible share buyback

Profit distribution to shareholders



Dividend payout ratio	24.9%	27.6%	32.6%	32.8%	35.4%	31.0%	28.5%
Shareholder return ratio	44.3%	49.1%	54.9%	32.8%	56.2%	49.5%	50.0%
Profit attributable to owners of the parent	JPY 50.1bn	JPY 46.9bn	JPY 38.7bn	JPY 43.6bn	JPY 41.6bn	JPY 54.0bn	JPY 44.9bn

EPS/BPS Trends (Consolidated)




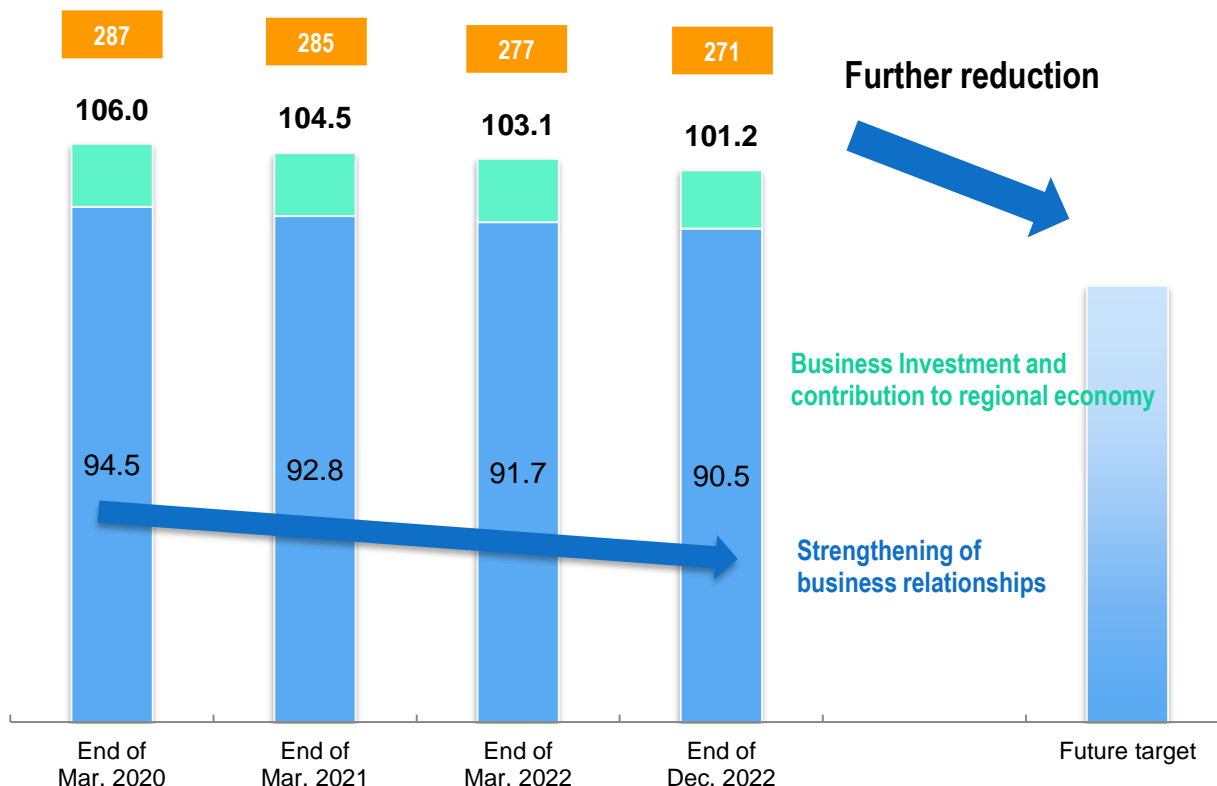
Strategic shareholdings

Make it a rule to reduce strategic shareholdings, and select stocks to sell and continuously sell shares in every fiscal year

Acquisition cost of strategic shareholdings*1

(JPY bn)

 No. of companies whose shares the Bank holds



[Results of sales]

	Amount of sales (JPY bn)	Acquisition cost basis	Profit (loss)
			on sales *2
FY2020	8.9	1.6	7.3
FY2021	4.2	1.5	2.7
3Q FY2022	15.0	3.8	11.3
Total	28.1	6.9	21.3

*2 Excluding amortization

[The amount agreed to sell] (29 companies)

	Estimated sale amount (JPY bn)	Acquisition cost basis	Valuation profit and loss
End of Dec. 2022	47.4	12.2	+ 35.2

Profits from the sale of strategic shareholdings will be used for investment in systems and human resources, venture development, and optimization of the securities portfolio.

*1 Excluding shares of group companies and equity method affiliate



Reference (ESG/SDGs)

Initiatives for ESG

Environment

Raise up reduction target of decrease in GHG emission (aim at achieving carbon neutrality in FY 2030)	2022/4
Establish target on Sustainable Finance (JPY 2tn in total by FY2030) Results in 3Q FY2022 : JPY 247.7bn (Progress rate to annual target: 215%)	2021/10
Join PCAF (Partnership for Carbon Accounting Financials) Join GX (Green Transformation) League	2022/11
Receive a "B-" rating in the results of the 2022 Climate Change Report by CDP	2022/12

Social




Establish Industrial Transformation Support Project Team	2022/4
Sign Japan Impact-driven Financing Initiative	2021/11
Join The Valuable 500 * 	2021/2
Has held TECH BEAT Shizuoka	Since 2018

* An international initiative aimed at promoting disability inclusion in business

Governance

Disclose Board of Directors Skills Matrix, field where each member is expected to play an important role	2021/12
Transition to holding company structure (Adopted the structure of a company with an audit committee, Transformation of Board Management)	2022/10
Introduced the Group Chief Officer system	2022/10

Realizing Sustainability Management

	Priority issues to be addressed (Materiality)	Related SDGs	Main initiatives in the 14th Medium-term Business Plan
Social	<ul style="list-style-type: none"> ● Revitalizing the regional economy ● Population decline, low birth rate and population among ● Shortage of successors to small- and medium-sized enterprises ● Digitalization ● Diversity ● Maintaining the regional financial infrastructure 		<p style="background-color: #f4a460; padding: 5px; margin-bottom: 10px;">Basic Strategy 1</p> <ul style="list-style-type: none"> ■ Respond to diverse customer needs through the financial functions of the Shizuoka Financial Group ■ Support for business succession and asset succession ■ Provide services based on the concept of financial Gerontology ■ Review branch functions in response to customer needs <p style="background-color: #f4a460; padding: 5px; margin-bottom: 10px;">Basic Strategy 2</p> <ul style="list-style-type: none"> ■ Device-free financial services ■ Technological innovation through investment in venture companies <p style="background-color: #f4a460; padding: 5px; margin-bottom: 10px;">Basic Strategy 3</p> <ul style="list-style-type: none"> ■ Diverse working styles, participation and advancement of women, diversified human resources, respect for human rights <p style="background-color: #e91e63; color: white; padding: 5px; margin-bottom: 10px;">10-year Strategy</p> <ul style="list-style-type: none"> ■ Returning of networks with startup companies to the region ■ Enhance regional attractiveness by utilizing regional platforms
Environment	<ul style="list-style-type: none"> ● Increased climate change risk ● Global warming 		<ul style="list-style-type: none"> ■ Promotion of environmentally friendly financial services ■ ESG investment and utilization of green bonds ■ Response to climate change
Governance	<ul style="list-style-type: none"> ● Corporate governance ● Corporate ethics and compliance 		<ul style="list-style-type: none"> ■ Advanced corporate governance ■ Strengthened measures against money laundering






ESG/SDGs (1) – Diversity

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

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

Initiatives for Diversity



Period	Contents	
Aug. 2019	Launch "Workstyle Innovation" initiatives, including review of dress code and paid vacation, with the aim of changing to an autonomous working style	
Apr. 2021	Launch "Work Style Innovation 2.0" by expanding existing initiatives such as introduction of flextime system	
Apr. 2020	Employ people belonging to sports club and cultural activity group (10 in total by FY2022)	
Apr. 2021	Resumption of High School Graduate Recruitment (Total of 10 in FY2021 and FY2022)	
Oct. 2019	Establish a new company "Shizugin Heartful" in order to actively support independence and participation to the society by people with disabilities, and to further promote employment of those people	
Feb. 2021	The first regional bank in Japan to join "The Valuable 500", an initiative which works on promoting success of people with disabilities	
Jun. 2021	Employ a para-athlete of wheelchair rugby player	
Mar. 2021	Endorse the "100% Paternity Leave Declaration"	
Apr. 2022	Receive "Fujinokuni Family Education Support Promotion Company" award for efforts to encourage male to participate in childcare (paternity leave utilization rate: 100% in FY2021)	

Recognized as "2022 Certificated Health & Productivity Management Organization"



- The **Shizuoka Bank** and **Shizugin IT Solution** were recognized as "the 2022 Certified Health and Productivity Management Organization (large enterprise category)" in Mar. 2022 for various initiatives to maintain and enhance employees' health, such as creating favorable environment and supporting employees' own activities



Women Empowerment



Formulate action plan in accordance with Women's Advancement Promotion Law [Shizuoka Bank]

Result as of Mar. 2022

Ratio of female employees	34.8%
Ratio of female employees in managing position	17.9%

Mar. 2024

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

Mar. 2031

Ratio of female employees	40% or higher
Ratio of female employees in managing position	40% or higher

- There are **8 female executives in 5 Group companies** (*)
 - * **Shizuoka Bank** (1 Executive Officer), **Shizugin General Service** (1 Director & Executive Officer), **Shizugin Mortgage Service** (1 Director & Executive Officer and 2 Executive Officers), **Shizugin Business Create** (1 Executive Officer), **Shizugin Heartful** (1 President and 1 Executive Officer)
- Strengthen initiatives for women empowerment in the Group, acquiring multiple certification

	Shizuoka Bank	Shizugin Business Create	Shizugin TM Securities	Shizugin IT Solution	Shizugin Mortgage Service
"Platina Kurumin"	○	○	○	○	
"Platina Eruboshi"		○			
"Eruboshi" (3 stars)	○		○	○	○

Kurumin: Certify companies which support child raising

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

ESG/SDGs (2) –Contribute to the region

Engage in various regional contribution activities to put into practice the Philosophy " expand dreams and affluence with our community"

Actively work on disaster prevention and mitigation in a situation where Nankai Trough Earthquake is likely to occur

Promotion of local culture and sports

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



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



Education of finance and economy

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



Business continuity in emergency



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



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

Agreement with NTT DOCOMO on service offering during a disaster



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



Measures against tsunami



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



[Life jackets]



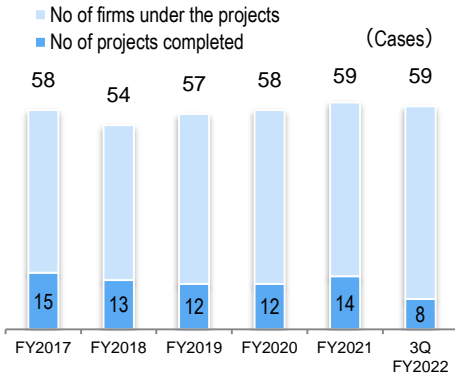
[Outdoor upstairs to rooftop]

ESG/SDGs (3) – Region-based Relationship Banking

Provide support from various perspectives depending on the growth stage of customers

Support for business restructuring and turn-around

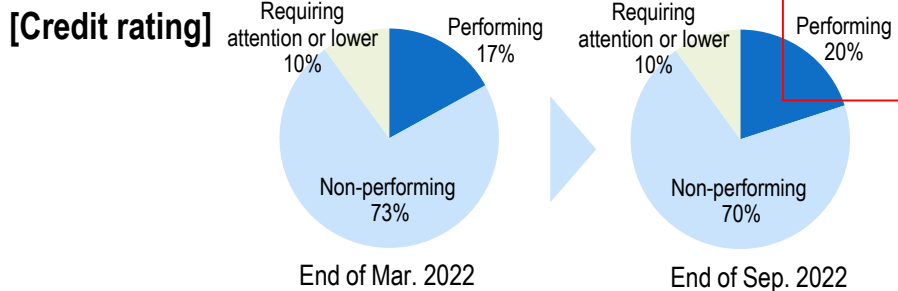
- Support restructuring through building business plans, alliances with external agencies, and utilizing business regeneration fund



Has completed business restructuring for about 290 firms since FY2005

Saves labor opportunities for opportunities for labor for about 27,000 people and maintain economic power in the local community

- Credit ratings of customers supported by the Business Support Division in relation to Covid-19 have turned to increase for performing customers and remained unchanged for those requiring attention or lower.



Collaboration on non-competitive fields with other financial institutions within Shizuoka Pref.

- Established the Industrial Transformation Support Project Team in April 2022 to strengthen the business support system that contributes to sustainable growth of local industries.
- Gathering information, researching and analyzing the automotive supply chain to create a supply chain tree diagram.

Support for entrepreneurship and new businesses

<Shizugin Entrepreneur Awards>

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



Revenue + JPY 6.0bn

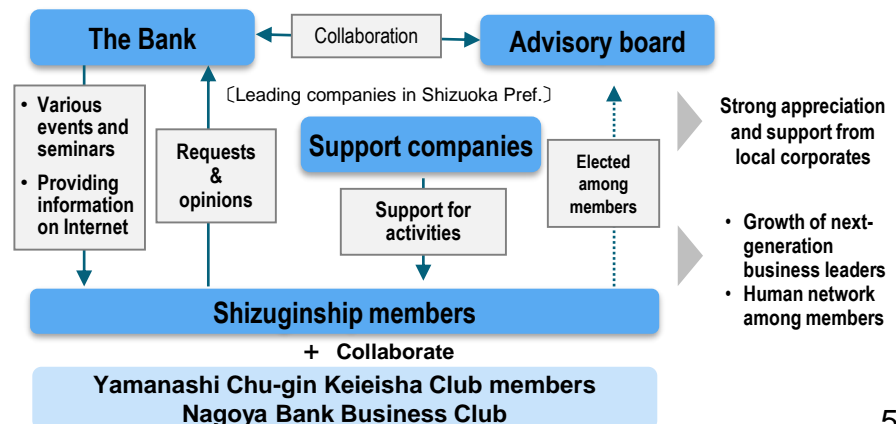
No. of employees + 433

“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.
- Start cooperation with “Nagoya Bank Business Club”

【Structure of Shizuginship】

【No. of members】 At the end of Dec. 2022 / 691 corporates, 1,020 people
 【No. of participants in activities in FY2022】 Total 547people



ESG/SDGs initiatives (4) – Regional revitalization

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

Shizuoka Kids Academy



- Aim 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

<Activities in FY2022>

Period	Details of the event	No. of Participants
May, Aug.	@Okushizu Agricultural Experience	37
Jun.	@Inatori Omotenashi Experience, etc.	44
Sep.	@Miho Aquaculture Experience With Agricultural production	130
Oct.-Jan.	Kids Academy "Tokugawa Ieyasu Project"	51



Shizugin Idea Competition "Joint LAB."

- Aim at creating new businesses that will lead to the sustainable regional communities through collaboration among local businesses and organizations and the Bank
- Held the 1st round in FY2019, attracting 43 applications and resulting in ties-up with 3 applicants in Aug. 2020

- The themes of the 2nd round are **"Sustainability"** and **"Diversity & Inclusion"**
- Number of Applications: 67
- Announced ideas for collaborative projects with three partners in Dec. 2022 after the first and second round of selection, and presentation



8th meeting to discuss regional revitalization



- Held the meeting to share advanced initiatives on regional revitalization within the community and to foster awareness on regional revitalization in Oct. 2022
- Staff in local government in Yamanashi Pref. and Yamanashi Chuo Bank participated the event this year based on the Shizuoka Yamanashi Alliance. Approx. 600 people participated online.

[Lectures]

- Hamamatsu City Flower Green Promotion Foundation
Director Ms. Konami Tsukamoto
- Mayor of Minami Alps City in Yamanashi Pref.
Mr. Kazumoto Kanemaru
- Mayor of Numazu City
Mr. Shuichi Yorishige



Events for individual business talks



- Held event for business talks to attract suppliers hoping to start business with grocery store and pharmacy in both Shizuoka and Yamanashi Pref. in order to expand business and to activate interaction between the two prefectures as part of Shizuoka Yamanashi Alliance

[Results (Jan. 2021- Dec. 2022)]

	Total	Shizuoka Bank	Yamanashi Chuo Bank
No. of events	22	-	-
No. of application	729	509	220
No. of participants	526	340	186
No. of business talks	775	521	254



*Includes projects not related to Yamanashi Chuo Bank

ESG/SDGs initiatives (5) – Corporate Governance Structure (Board of Directors Skills Matrix)

Board of Directors supervises business execution of the Group with diversified expertise

[Board of Directors Skills Matrix (Fields where each member is expected to play important role)]

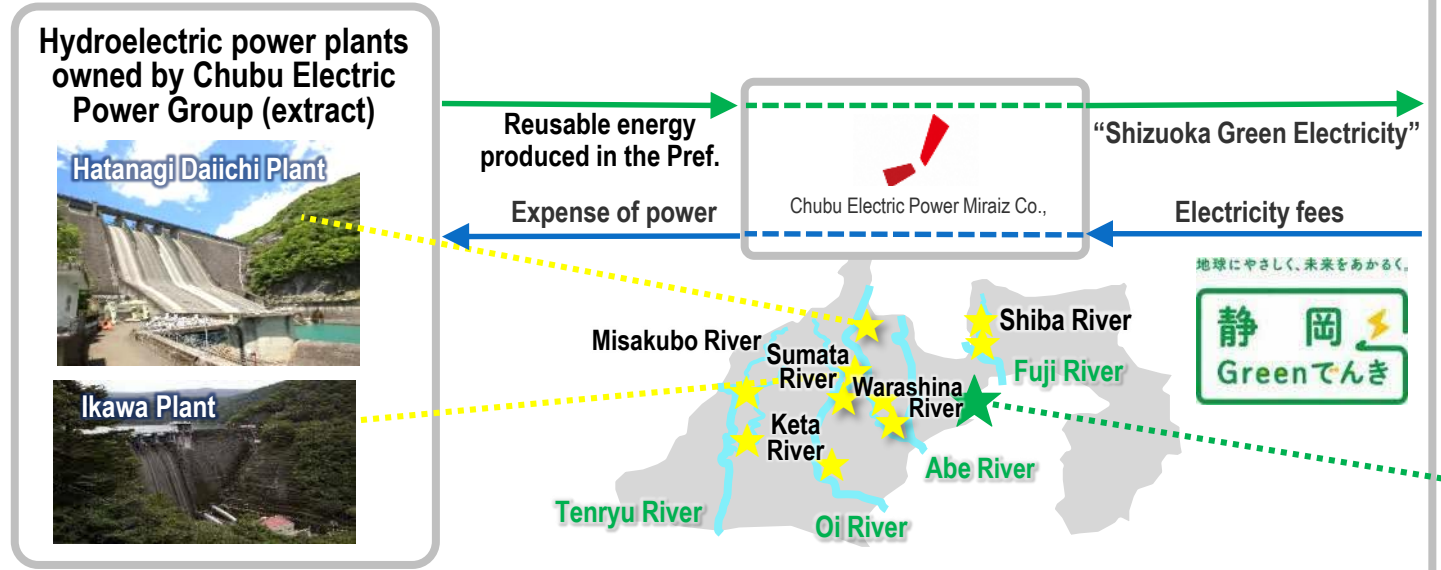
Name	Position	Management		Society, Economy		Business	
		Supervision of management as a listing company	Leading a comprehensive financial group	Vision for regional society and economy	Response to social change	Function for financial intermediation	New businesses (development, composition)
Katsunori Nakanishi	Chairman (Representative Director)	●	●	●		●	●
Hisashi Shibata	President & CEO (Representative Director)		●	●		●	
Minoru Yagi	Director		●	●		●	
Yutaka Fukushima	Director			●		●	
Koichi Kiyokawa	Director(Audit & Supervisory Committee Member)			●		●	
Kumi Fujisawa	Outside Director	●		●	● Innovation		●
Kazutoshi Inano	Outside Director	●	●	●		●	●
Motoshige Itoh	Outside Director(Audit & Supervisory Committee Member)	●			● Environment		
Kazuto Tsubouchi	Outside Director(Audit & Supervisory Committee Member)	●			● IT		●
Naomi Ushio	Outside Auditor(Audit & Supervisory Committee Member)	●			● Diversity		

Initiatives to decrease GHG emission (“Shizuoka Green Electricity”, “Shizugin Solar Park”)

Conclude contract to purchase “Shizuoka Green Electricity” and agreement on the “Shizugin Solar Park” with Chubu Electric Power Group

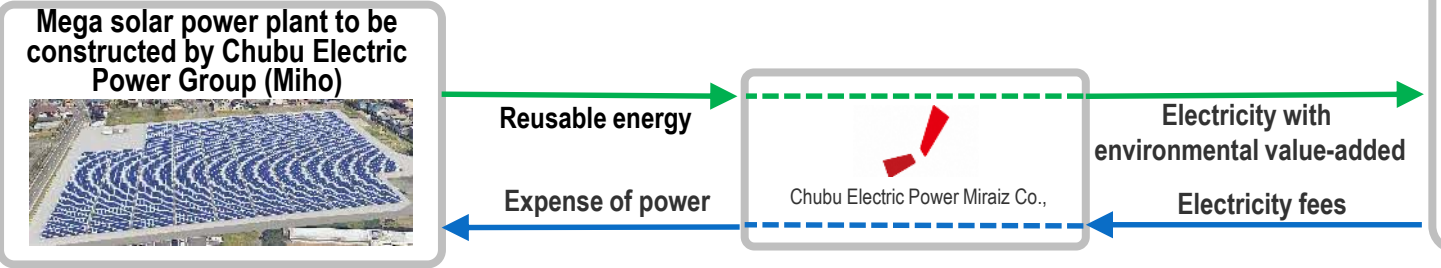
[Shizuoka Green electricity (effect to reduce GHG emissions by approx. 1,800 tons (down 10%))]

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



[Shizugin Solar Park (effect to reduce GHG emissions by approx. 1,100 tons (down 6%))]

* Purchase renewable energy in bulk from a mega solar power plant to be built by Chubu Electric Power Group (Scheduled to begin operation in Sep. 2023)

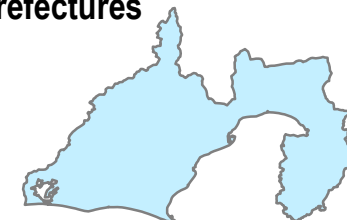




Reference

Economy in Shizuoka Prefecture – Economic scale

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



Shizuoka Prefecture indices

	Share of all-Japan		National ranking
Population	3.63mil	2.9%	10th of 47 (2021)
No. of households	1.62mil	2.7%	10th of 47 (2022)
Nominal prefectural GDP	JPY 17.5tn	3.1%	10th of 47 (FY2018)
Per-capita income	JPY 3.432mil	—	4th of 47 (FY2018)
No. of business establishments	190K	3.0%	10th of 47 (2019)
Amount of shipments of manufactured goods, etc.	JPY 17.2tn	5.3%	3rd of 47 (2019)
Agricultural output	JPY 188.7bn	2.1%	19th of 47 (2020)
Fishery production volume	240k tons	7.6%	3th of 47 (2021)
No. of industrial locations	49	5.7%	4rd of 47 (2021)
No. of new housing starts	21K	2.5%	10th of 47 (2021)

Shizuoka Prefecture economic scale

Prefectural GDP (FY2018, Nominal)

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

GDP comparison with countries (2018)

Rank	Country (Region)	(USD bn)
55	Kazakhstan	179.3
56	Algeria	175.4
57	Hungary	160.6
-	Shizuoka Prefecture	157.5
58	Kuwait	138.2
59	Ukraine	130.9

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

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

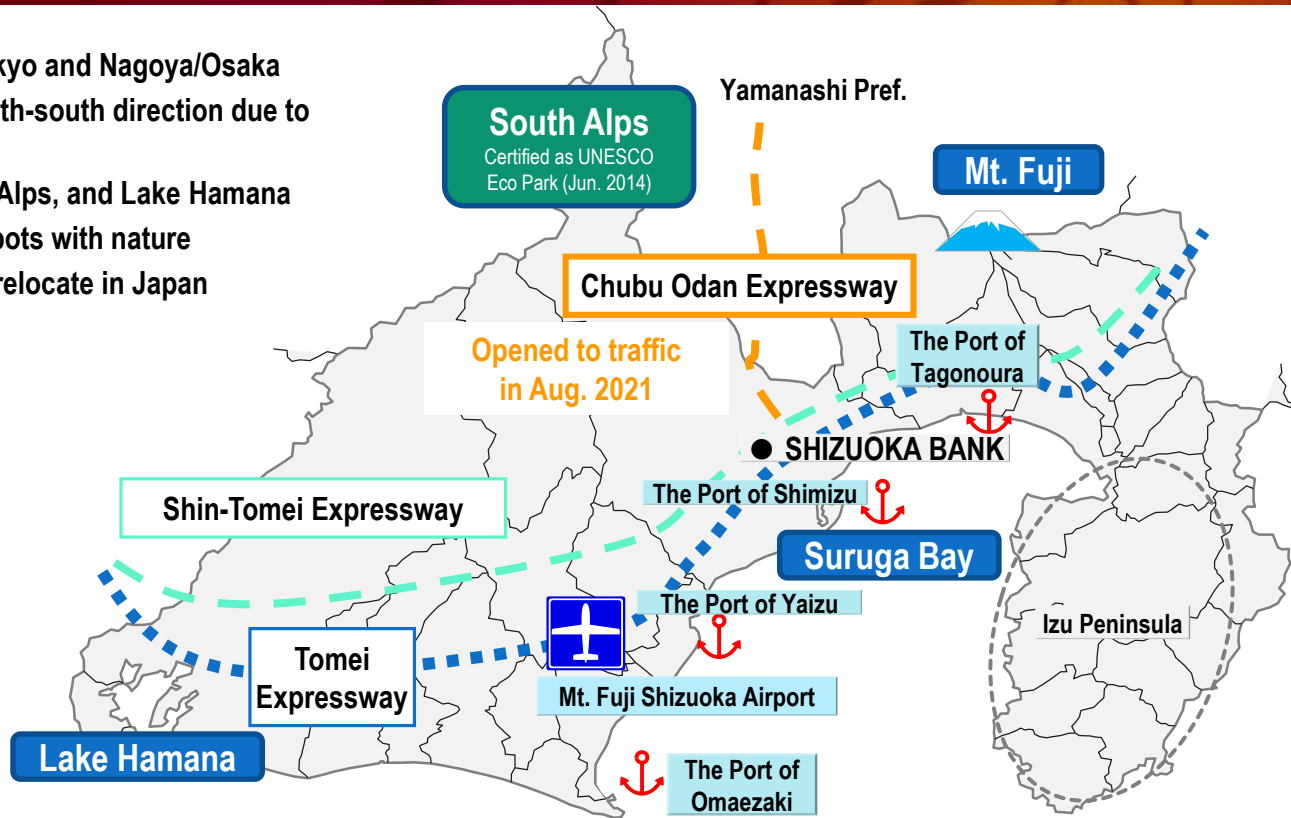
- Position as distribution hub between Tokyo and Nagoya/Osaka
- More convenient in transportation in north-south direction due to open of Chubu Odan Expressway
- Own rich nature such as Mt. Fuji, South Alps, and Lake Hamana
- One of the best Japanese sightseeing spots with nature
- Rank high in survey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

Promote relocation and settlement

Ranking of prefectures to hope to relocate
Top in 2021 survey
 Popular to all generation

Ranking of place to hope to relocate			
2018	2019	2020	2021
2nd	3rd	1st	1st

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



Lake Hamana

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



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

UNESCO World Heritage Site in Shizuoka Prefecture

Mt. Fuji

(Registered in Jun. 2013)

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



Nirayama Reverberatory Furnaces

(Registered in Jul. 2015)

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



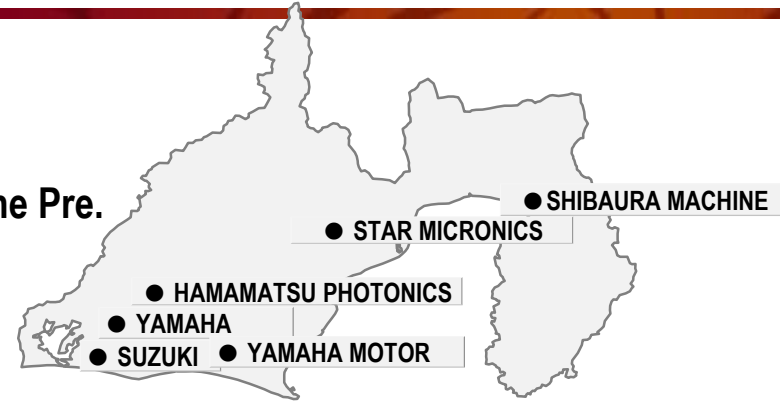
Izu Peninsula awarded Global Geopark status by UNESCO

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



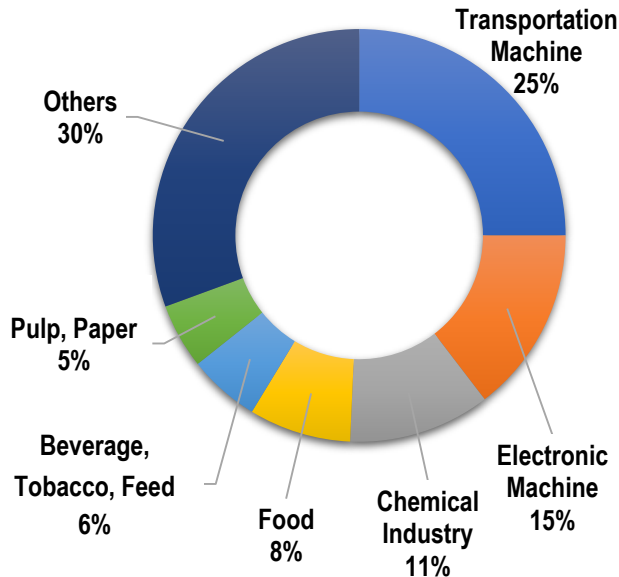
Attractiveness of Shizuoka Pref. (2) – Industry, Economy

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



Industrial structure

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



Source: Survey on industrial statistics by METI

No. of industrial location

Rank high in Japan every year

FY	2017	2018	2019	2020	2021
No.	97	67	78	54	49
Ranking	1st	4th	2nd	3rd	4rd

Source: Survey on industrial statistics by METI

Medical health industry

Production amount of medicines and medical devices: approx. JPY 1.2tn

→ **Top for 11 consecutive years (2020年)**

Category	Production amount (JPY bn)	Ranking
Medicines	839.6	3rd
Medical devices	365.4	1st
Total	1,205.0	1st

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

Listed companies with headquarters within the Pref.

※As of the end of Mar. 2022

Listing	No. of companies
TSE Prime	20
TSE Standard	30
TSE Growth	1
Total	51

Agglomeration of advanced industry

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

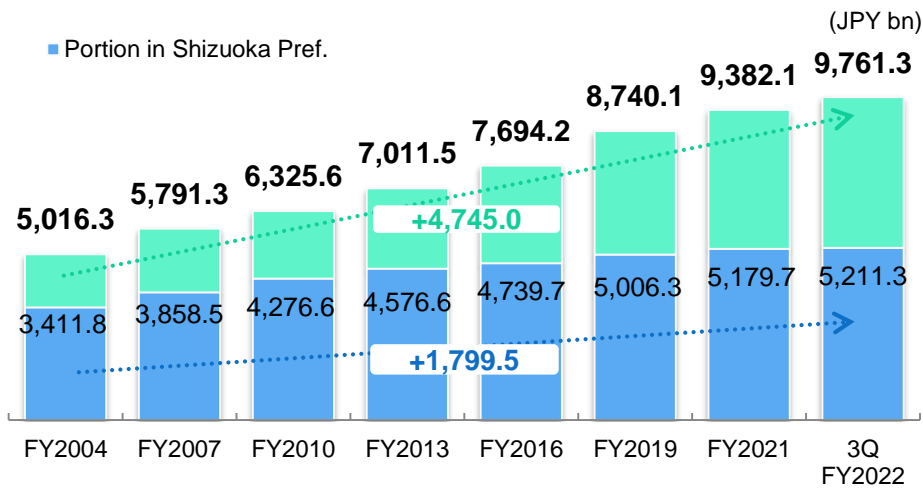


Source: website of center for next generation cars Hamamatsu

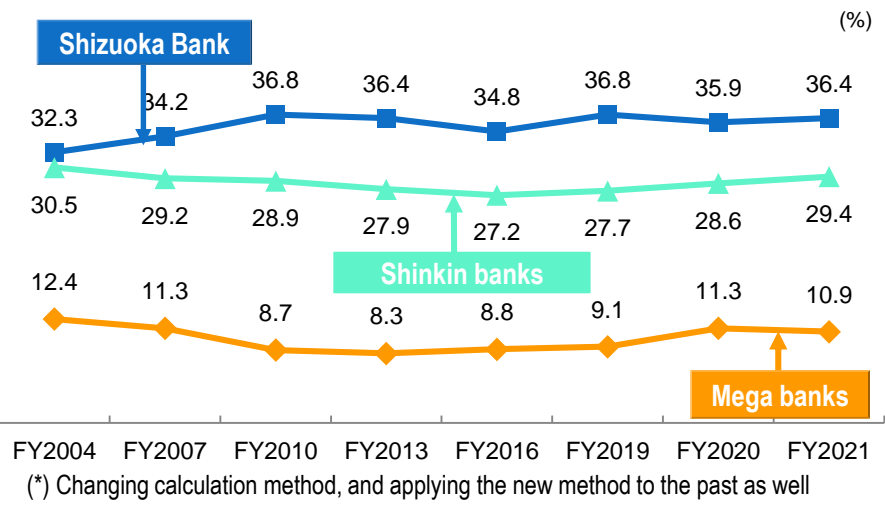
Historical data of loans and deposits - Shizuoka Bank Nonconsolidated

Total Loan and Deposit balance (average balance) has maintained increasing trend both inside and outside Shizuoka pref. since FY2004, and the Bank has received highest level of credit ratings

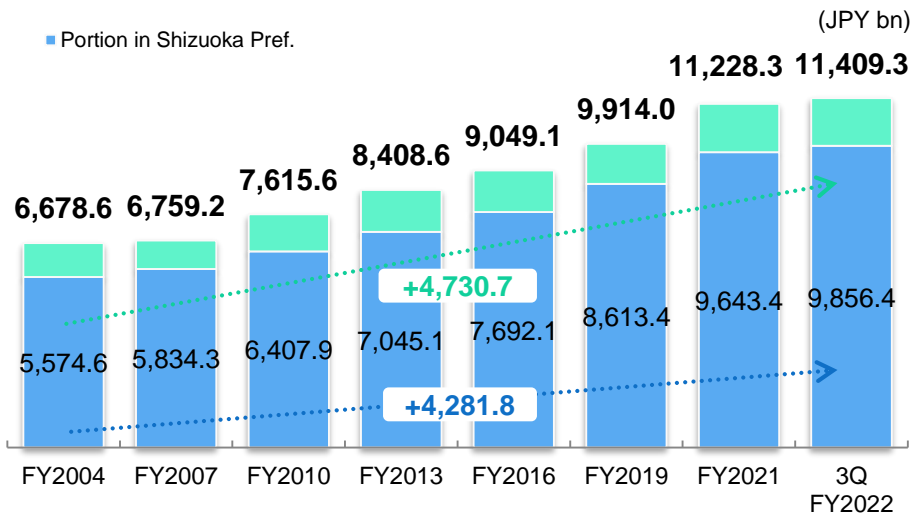
Total loan balance (average balance)



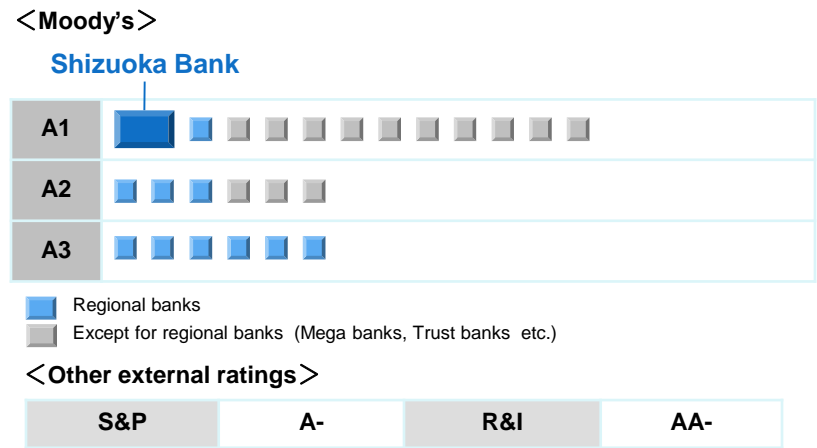
Share of loans in Shizuoka Prefecture (*)



Deposit balance (average balance)



External ratings (As of the end of Dec. 2022)



Loans – Loans by industries deposits - Shizuoka Bank Nonconsolidated

Expected Loss (EL) for all industries : JPY 12.4bn

Unexpected Loss (UL) for all industries : JPY 92.5bn

Contemporary status of business loans to particular industries

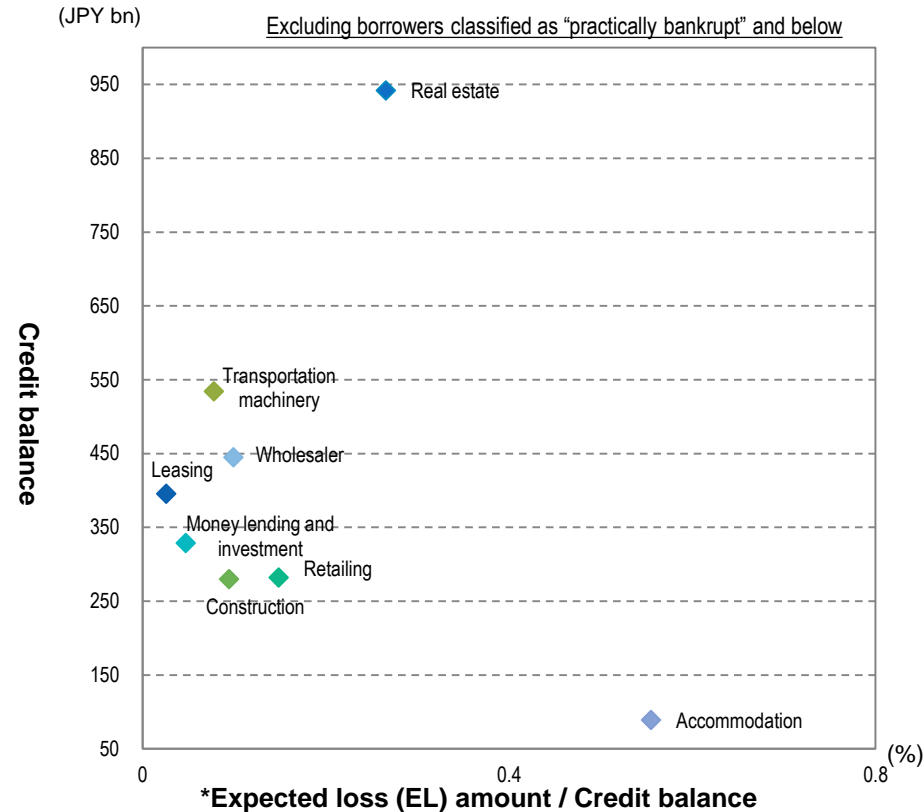
[Credit balance (as of the end of Sep. 2022)] (JPY bn, %)

	Balance	Composition ratio	Change from the end of Sep. '21
All industries	6,635.3	100.0	+429.6
Real estate (*1)	941.6	14.1	+70.4
Transportation machinery	534.3	8.0	+26.9
Wholesaler (*2)	444.8	6.7	+41.2
Leasing	395.7	5.9	+21.0
Money lending and investment	328.9	4.9	+8.2
Retailer	282.0	4.2	-6.1
Construction	279.8	4.2	+10.4
Accommodation	89.2	1.3	-0.7

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

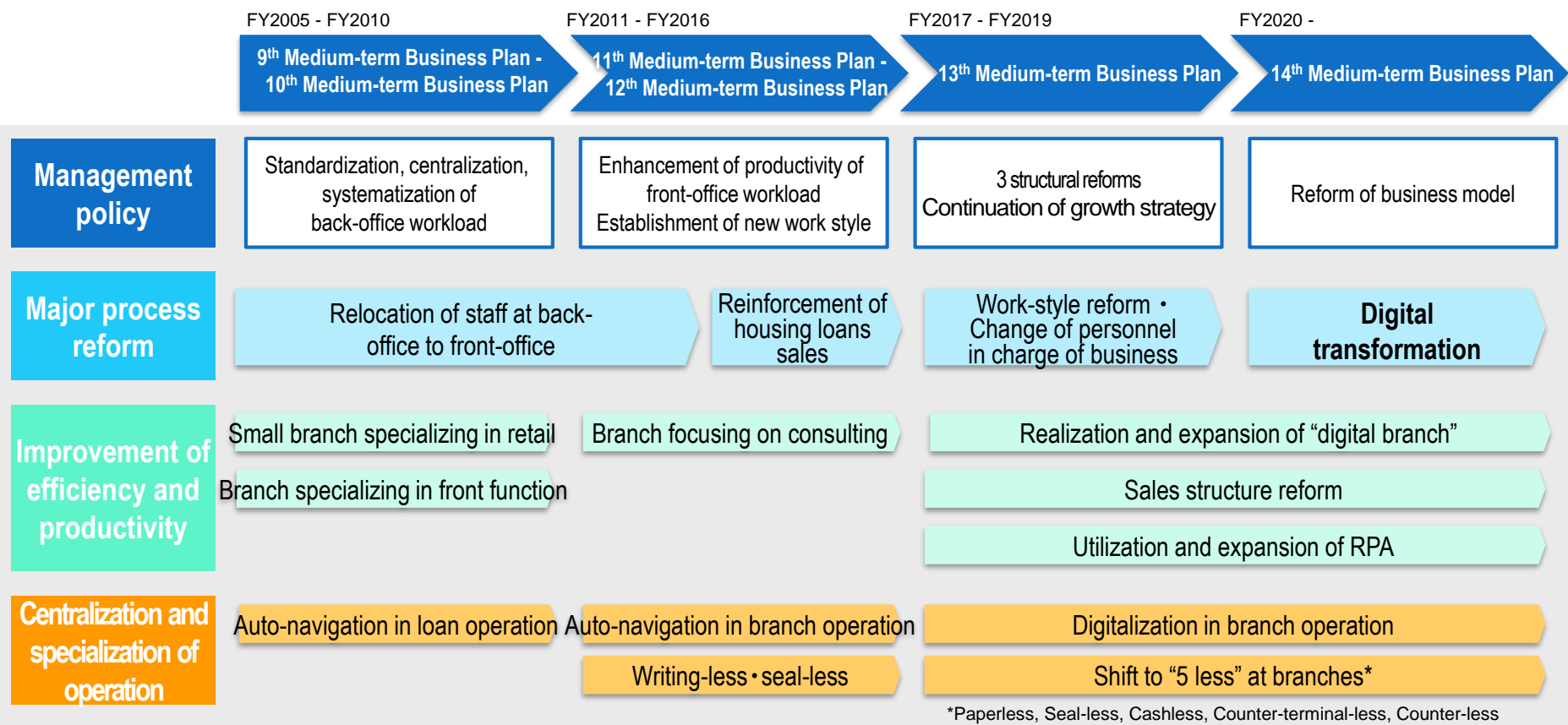
(*2) excluding a general trading companies

[Credit balance vs. expected loss rate*]



Operation process reform

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



Major achievement so far

Back-office workload at branches

Reduced by 57%

(Comparison between FY2007 and FY2010)

Relocation of staff at back-office to front-office

Increased front-office employees

while reducing total employees

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

* Including temporary employees

Expand business as well as enhance productivity



Compared to FY2004

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

Consolidated ordinary profit (FY2021) **x 1.2**

Time to process workload on housing loans

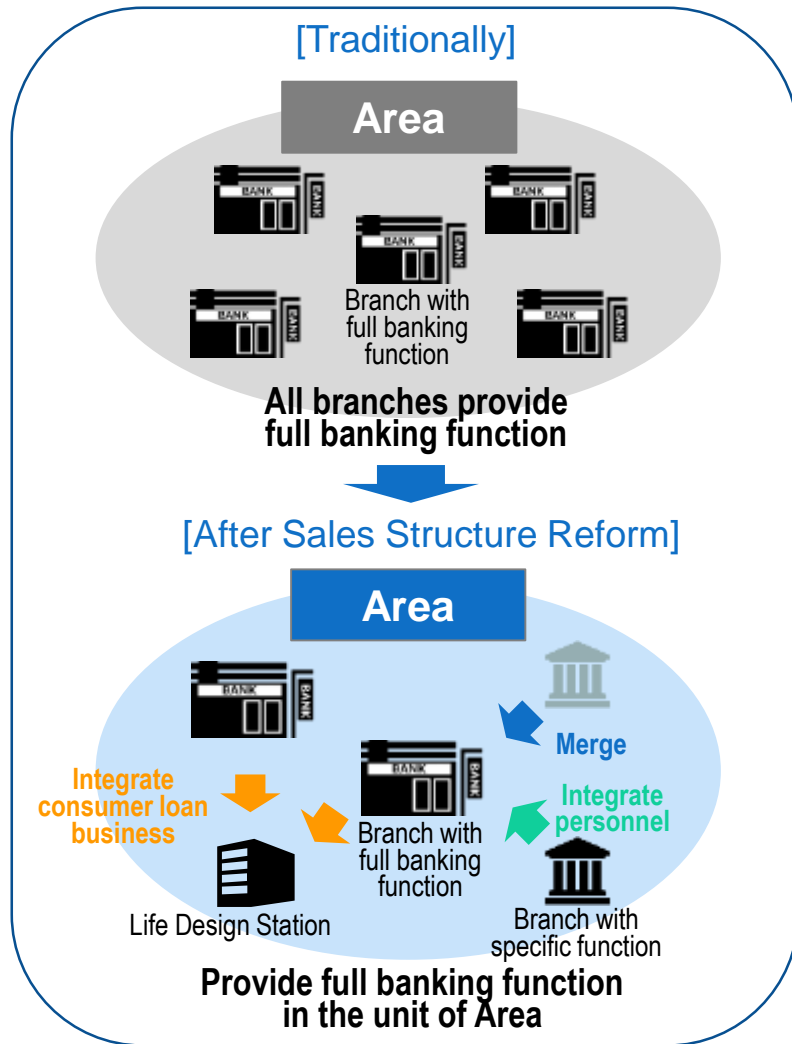
Reduced by 63%

(Comparison between FY2010 and FY2013)

Branch Strategy - Shizuoka Bank Nonconsolidated

Provide high-quality financial services in the unit of Area through sales structure reforms, further enhancing customers' convenience and satisfaction, and conduct a review of ATM network

Sales Structure Reform (FY2018-)



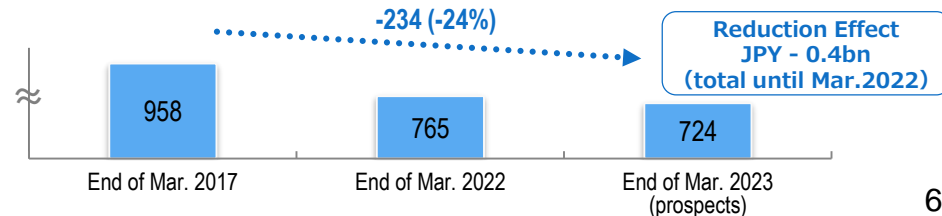
[Achievements]

	Result by FY2021	Prospects for FY2022
Areas where the reform was conducted	Approx. 90%	Approx. 90%
Branches decreased	-21 branches	-2 branches
Review of branch function	37 branches	2 branch
Branch closing at noon	33 branches	2 branch
No. of staff secured	256 staff	15 staff
Branch-managing cost reduced	JPY -1.9bn	JPY -0.1bn

Relocation of stores to public facilities/ Review on ATM network

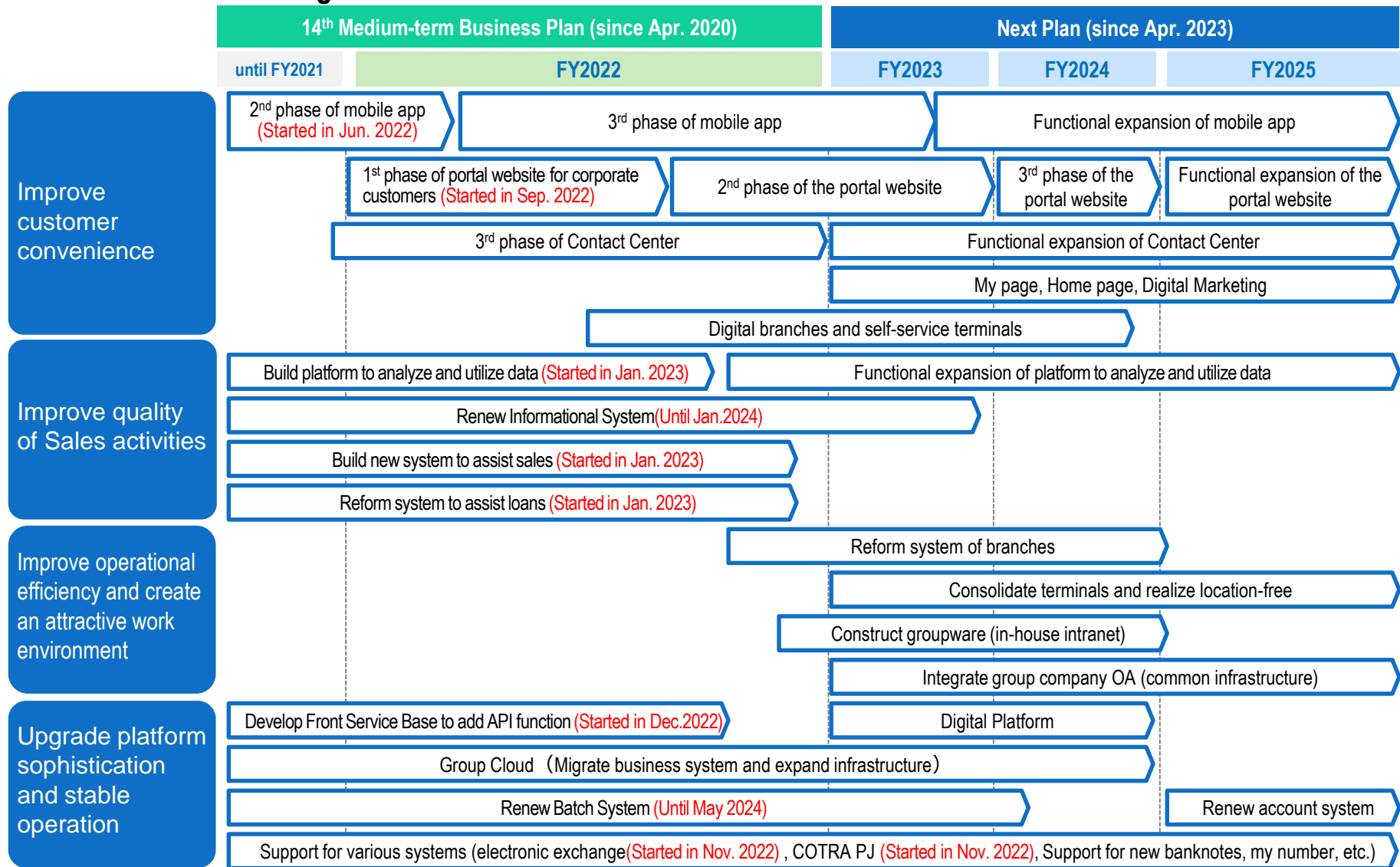
- Relocated and opened the Asaba Branch in the Asaba Shopping Town "PADDY". Continue to exist with lighter branch functions and maintain a network of locations. (Nov. 2022)
- Form appropriate ATM network based on situation of utilization

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

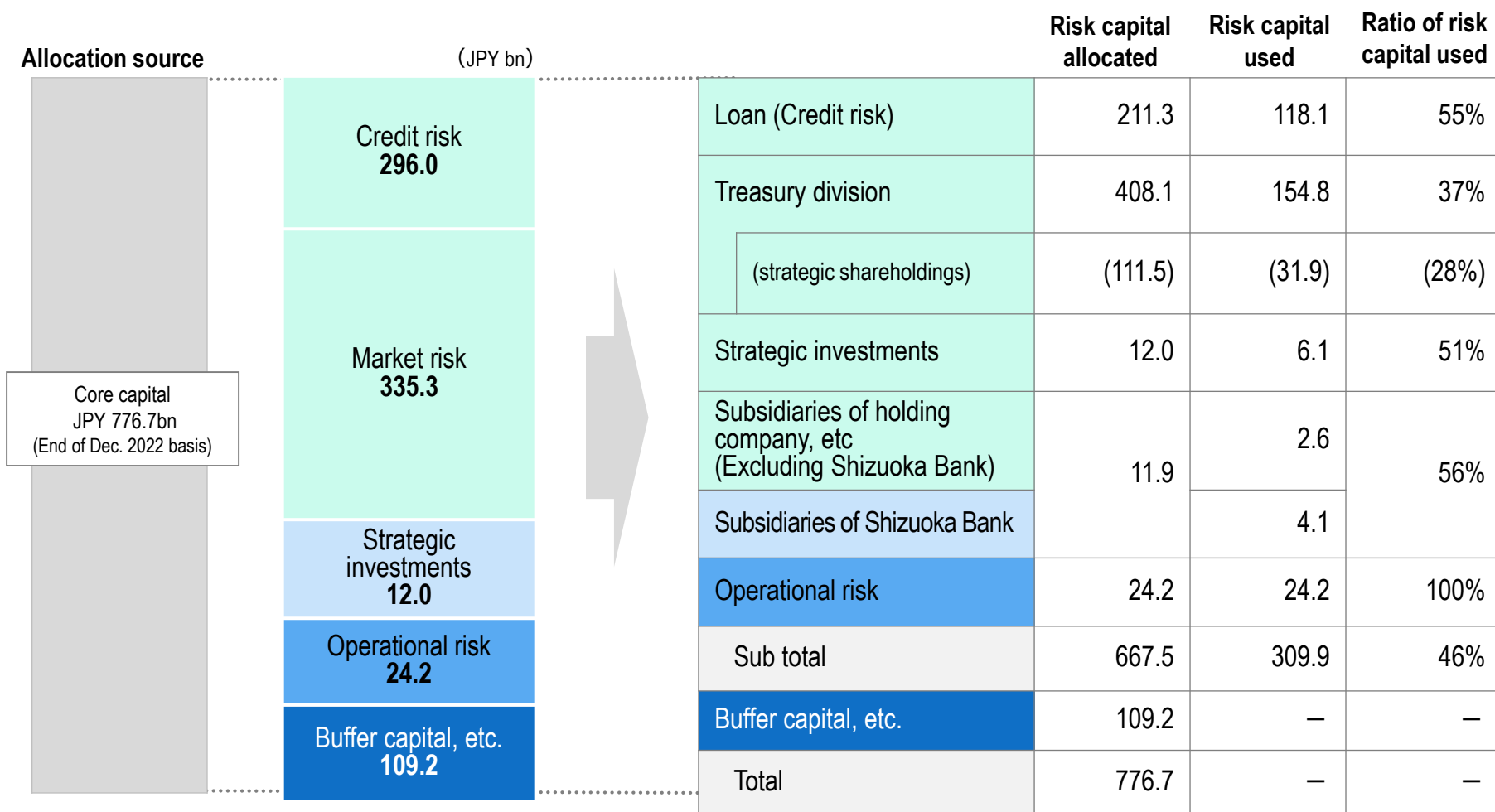


Policy o build and use system infrastructure

Promote the transformation of sales styles and work methods through the use of digital technology, with the aim of providing high value-added services to customers. Develop a system infrastructure to support the realization of the strategies of the New Medium-Term Business Plan



Allocation of risk capital



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

Group companies (Excluding Shizuoka Bank)

The total ordinary profit of group companies (excluding Shizuoka Bank) in 3Q FY2022 was JPY 7.1bn (down JPY 0.3bn YoY)

(JPY bn)

Company name	Business	3Q FY2022	
		Ordinary Profit	YoY change
Shizugin Management Consulting Co., Ltd.	Corporate and financial management advisory services Bill collection services	0.2	-0.1
Shizugin Lease Co., Ltd.	Leasing	1.3	+0.1
Shizuoka Capital Co., Ltd.	Public-offering assistance Support for corporate rehabilitation	0.2	+0.0
Shizugin TM Securities Co., Ltd.	Securities	1.4	-0.5
Subsidiaries of Shizuoka Bank			
Shizugin IT Solution Co., Ltd.	Computer system development and operation	0.3	+0.0
Shizugin Credit Guaranty Co., Ltd	Guarantee of housing loans, etc.	3.0	+0.1
Shizugin DC Card Co., Ltd	Credit card and guarantee of consumer loans	0.7	-0.0
Shizuoka Bank (Europe) S.A.	Finance and securities-related services	-0.2	-0.1
Shizuoka Liquidity Reserve Ltd.	Purchases of monetary receivables	0.1	+0.1
Shizugin General Service Co., Ltd	Fee-based job placement service, general administration	0.0	-0.0
Shizugin Mortgage Service Co., Ltd.	Appraisal of real estate for loan collateral Operation center for loans	0.0	+0.0
Shizugin Business Create Co., Ltd.	Operation center for remittance and bill collection Part-time employee management	0.0	+0.0
Shizugin Heartful Co., Ltd.	Making, printing and binding of documents	0.0	-0.0
Total excluding Shizuoka Bank (13 companies)		7.1	-0.3

(Ref.) Affiliates under equity method of accounting

Shizugin Saison Card Co., Ltd.	Credit card, prepaid card, and guarantee of consumer loans	0.2	+0.1
Monex Group, Inc.	Holding stocks of companies practicing securities and so on	* 2.5	-16.8

*Profit before income tax

Shareholder return – Share buybacks (Time series data)

210 million shares (26.1% of shares outstanding before the initial retirement in 1997) have been retired by FY2021

	Shares bought back (thousand shares)	Repurchase amount of shares (JPY mil)	Number of shares cancelled (thousand shares)	Cancellation amount (JPY mil)	Shareholder return ratio <Consolidated> (%) (*)	EPS <Consolidated> (Yen) (*)	BPS <Consolidated> (Yen) (*)	DPS <Consolidated> (Yen) (*)
FY1997	7,226	9,997	7,226	9,997	—	20.4	587.6	6.0
FY1998	6,633	9,142	6,633	9,142	84.1	20.8	632.2	6.0
FY1999	8,357	9,143	8,357	9,143	52.6	33.4	652.8	6.0
FY2000	24,954	23,281	24,954	23,281	150.3	24.0	792.0	6.0
FY2001	8,234	8,267	8,234	8,267	170.5	10.0	742.5	6.0
FY2002	29,928	23,107	—	—	222.1	17.1	722.3	7.0
FY2003	10,712	8,566	30,000	23,381	50.2	37.6	833.4	7.0
FY2004	—	—	—	—	16.9	50.0	878.8	8.5
FY2005	—	—	—	—	21.4	46.6	1,024.6	10.0
FY2006	—	—	—	—	24.3	53.4	1,086.0	13.0
FY2007	10,000	12,621	10,000	10,130	62.6	49.3	1,003.8	13.0
FY2008	—	—	—	—	69.7	18.6	909.2	13.0
FY2009	5,000	3,996	5,000	4,638	39.8	46.9	1,005.4	13.0
FY2010	20,000	14,980	20,000	15,957	65.7	52.9	1,024.6	13.0
FY2011	20,000	14,575	—	—	63.0	56.3	1,109.7	13.5
FY2012	10,000	8,239	20,000	14,953	31.5	87.5	1,242.1	15.0
FY2013	20,000	22,642	—	—	69.3	74.1	1,290.1	15.5
FY2014	10,000	11,315	—	—	42.4	80.3	1,500.2	16.0
FY2015	4,767	6,999	—	—	40.2	77.8	1,500.3	20.0
FY2016	10,000	8,496	20,000	20,578	70.6	48.0	1,545.6	20.0
FY2017	10,000	9,736	—	—	44.3	83.7	1,669.0	21.0
FY2018	10,000	10,069	30,000	30,530	49.1	79.3	1,738.5	22.0
FY2019	10,000	8,623	10,000	10,139	54.9	67.2	1,727.1	22.0
FY2020	—	—	10,000	9,619	32.9	76.0	1,922.6	25.0
FY2021	10,000	8,759	—	—	56.2	73.3	1,926.0	26.0
Total	245,811	232,557	210,404	199,758	—	—	—	—

*Consolidated financial statements have been prepared since FY1998



This document includes statements concerning future business results.

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

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

[Contact]

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