

Results of 1H FY2022

November, 2022

Shizuoka Financial Group, Inc.

第14次中期経営計画

COLORS ~多彩~

2020-2022

1. Results of 1H FY2022

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Summary

1. Results of 1H FY2022

- ✓ Consolidated Ordinary profit: JPY 38.9bn (YoY+5.5bn) Progress rate: 51.2%
(Shizuoka Bank: 35.9bn (YoY+7.5bn), Consolidated subsidiaries: 4.9bn (YoY-0.2bn))
Consolidated Interim profit: JPY 28.2bn (YoY+0.7bn) Progress rate: 52.2%
- ✓ Profit from core business of the Bank on the non-consolidated basis steadily increased, as core net business profit increased to 81.1 billion yen (+8.9 billion yen YoY) while bond-related income such as JGBs decreased to -7.3 billion yen (-7.9 billion yen YoY) mainly due to the sale of foreign bonds

2. Progress of the 14th Medium-term Business Plan

- ✓ Progress against the profit target for the final fiscal year is generally in line with the plan (no plan revision)
- ✓ Transformation into a problem-solving corporate group is steadily progressing under basic strategies and a 10-year strategy

3. Transformation to a Holding Company Structure

- ✓ Transition to holding company structure from October 2022. 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
- ✓ Formulating the First Medium-term Business Plan for Shizuoka FG to start in April 2023
- ✓ Established Environmental Committee (climate change response, etc.) and Human Capital Management Committee from the perspective of sustainability management



Results of 1H FY2022

Results of 1H FY2022 - Consolidated

Both ordinary profit and interim net income increased, mainly due to increased profit of Shizuoka Bank, progressing as planned.

〔Consolidated〕 (JPY bn,%)	1H FY2022	YoY change	
		Increase/Decrease	Rate of change
Gross operating profit	81.2	+1.0	+1.2
operating expenses (-)	48.4	-1.4	-2.8
Profit based on the equity- method investment balance	0.3	-2.1	-86.9
Net operating profit ^{※1}	34.1	-3.6	+11.8
Credit-related costs (-)	4.2	+0.5	+14.4
Gain (loss) on stocks	9.3	+6.4	+223.6
Ordinary profit	38.9	+5.5	+16.5
Extraordinary profit and loss	-0.0	-5.4	-100.3
Net income before taxes	38.9	+0.0	+0.2
Corporate taxes (-)	10.6	-0.6	-5.4
Interim net income ^{※2}	28.2	+0.7	+2.4
ROE	5.1	+0.2	-

Gross operating profit JPY 81.2bn (first increase in 2 periods)

Increase by JPY 1.0 bn, mainly due to increase in net income of Shizuoka Bank(+ JPY 0.9 bn)

Net operating profit JPY34.1bn (first increase in 2 periods)

Increase by JPY 3.6 bn, due to increase in gross operating profit, decrease in operating expenses and provision for general allowance for loan losses

Ordinary profit JPY 38.9bn (first increase in 2 periods)

Progress rate 51.2%

Increase JPY 5.5bn, because gain (loss) on stocks while credit-related costs increase

Net income JPY 28.2bn (continued increase in 3 periods)

Progress rate 52.2%

Increased by JPY 0.7bn, because ordinary profit increased while extraordinary profit and loss decreased due to decrease in gain on sales of stocks of related companies (JPY 5.5 bn)

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

※2 Interim net income attributable to owners of the parent

Financial Results of Major Group Companies

Shizuoka Bank

(JPY bn,%)	1H FY2022	YoY change	
		Increase/ Decrease	Rate of change
Gross operating profit	73.7	+0.9	+1.3
(Core gross operating profit)	81.1	+8.9	+12.2
Net interest income	62.2	+0.4	+0.5
Fees and commissions	11.0	+3.2	+41.3
Trading income	0.9	+0.4	+89.4
Other operating profit	-0.5	-3.1	-118.9
(Bond-related income such as JGBs)	(-7.3)	(-7.9)	-
(Foreign exchange trading profit)	(6.5)	(+4.8)	+291.2
Expenses (-)	44.0	-1.3	-2.8
Actual net operating profit	29.7	+2.2	+8.0
Core net business profit excluding gains (losses) on bonds and cancellation of investment trusts	36.5	+11.6	+46.8
Provision for general allowance for loan losses (-)	-1.4	-3.4	-171.5
Net operating profit	31.1	+5.6	+22.0
Nonrecurring profit and loss	4.8	+1.9	+67.0
Bad debt written-off (-)	5.3	+4.2	+412.6
Gain (loss) on stocks	9.2	+6.4	+224.6
Ordinary profit	35.9	+7.5	+26.6
Extraordinary profit and loss*	-0.0	-5.9	-100.3
Net income before taxes	35.8	+1.6	+4.7
Corporate taxes (-)	9.1	-0.3	-3.1
Interim net income	26.8	+1.9	+7.6
Credit-related costs (-)	3.9	+0.8	+28.2

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

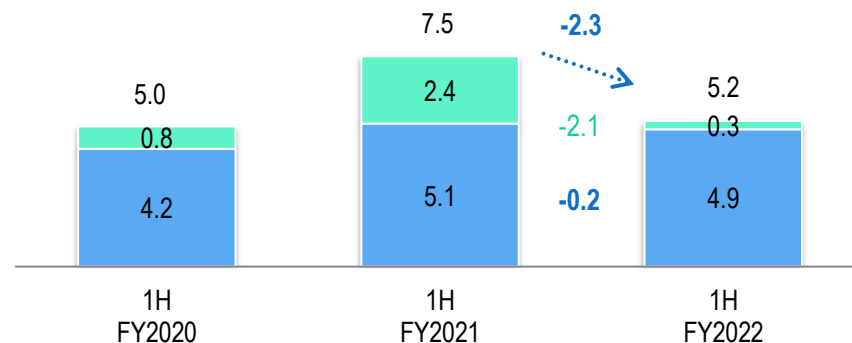
Major Group Companies other than the Bank

	Shizugin Management Consulting		Shizugin Lease	
	1H FY2022	YoY change	1H FY2022	YoY change
Gross operating profit	0.5	-0.1	1.6	+0.0
Expenses (-)	0.3	+0.0	0.8	+0.1
Ordinary profit	0.2	-0.1	0.8	-0.1
Interim net income	0.1	-0.1	0.6	-0.1

	Shizuoka Capital		Shizugin TM Securities	
	1H FY2022	YoY change	1H FY2022	YoY change
Gross operating profit	0.3	+0.1	3.5	-0.3
Expenses (-)	0.1	+0.0	2.5	-0.1
Ordinary profit	0.2	+0.0	1.0	-0.2
Interim net income	0.1	+0.0	0.7	-0.1

【 Total ordinary profit of consolidated subsidiaries / Profit based on the equity-method investment balance 】

- Profit based on the equity-method investment balance
- Total ordinary profit of consolidated subsidiaries



Net interest income - Nonconsolidated

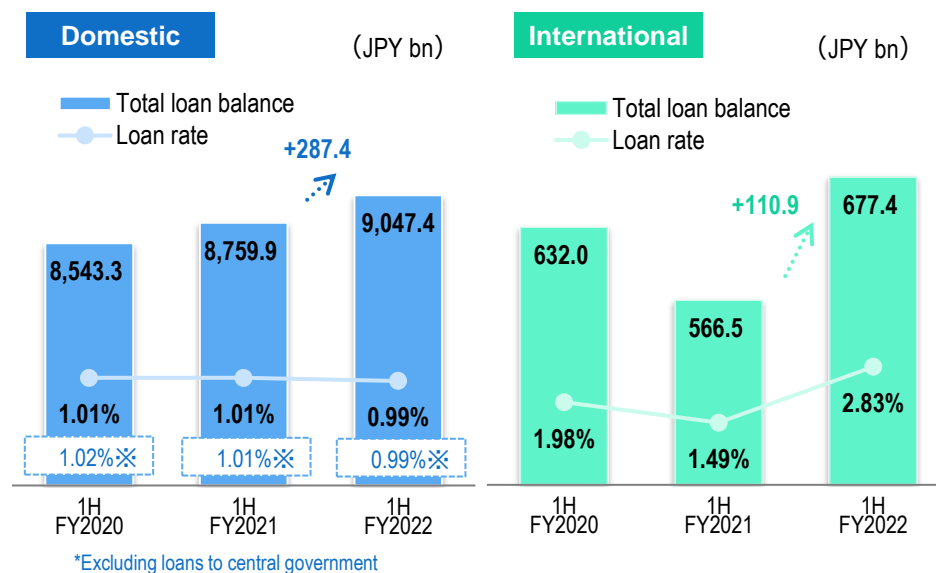
Increase in domestic section offset decrease in international section

Breakdown of net interest income*

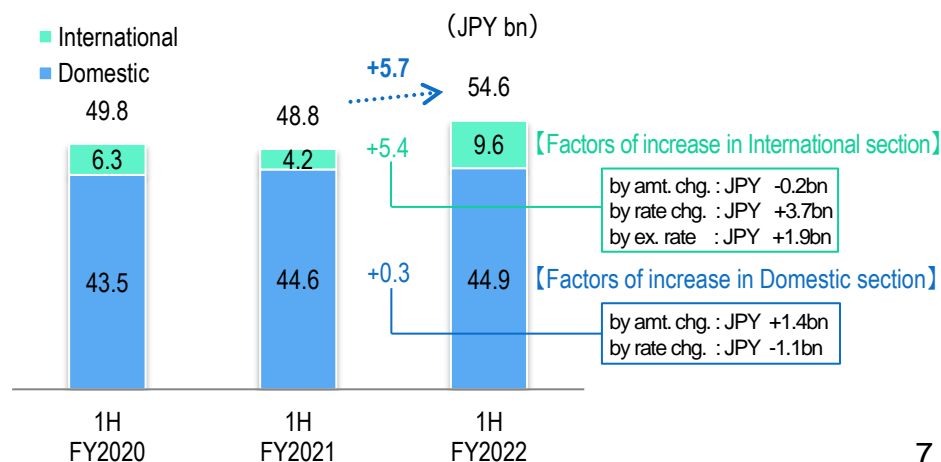
(JPY bn)	1H FY2020	1H FY2021	1H FY2022	YoY
Net interest income	57.5	61.8	62.2	+0.4
Domestic section	51.2	56.0	56.4	+0.4
Interest on loans	43.5	44.6	44.9	+0.3
Interest and dividend on securities	7.9	11.2	10.9	-0.3
(Bond)	1.0	0.9	1.8	+0.9
(Gains on investment trust)	0.0	2.4	0.7	-1.7
Fund-raising expense (-)	0.7	0.6	0.5	-0.2
(Interest paid on deposits etc.) (-)	0.6	0.6	0.5	-0.1
Others	0.6	0.8	1.1	+0.3
International section	6.2	5.9	5.8	-0.1
Interest on loans	6.3	4.2	9.6	+5.4
Interest and dividend on securities	4.6	4.1	6.4	+2.3
(Bond)	3.3	2.3	3.8	+1.6
(Gains on investment trust)	0.9	1.0	0.8	-0.1
Fund-raising expense (-)	5.0	2.6	11.3	+8.8
(Interest paid on deposits etc.) (-)	1.5	0.6	4.7	+4.2
Others	0.4	0.1	1.1	+1.0

* Shizuoka Bank Nonconsolidated

Loan balance (average balance) and loan rate



Interest on loans



Securities and Foreign Currency Interest Income -Nonconsolidated

Conducted reconstruction of securities portfolio to secure stable profit in medium to long run in response to changes in the market environment

Securities

(JPY bn)	Balance※		Unrealized gains and losses		
	End of Sep. FY2022	Change from End of Mar. FY2022	End of Sep. FY2022	After hedging	Change from End of Mar. FY2022
	2317.5	+274.7	+273.7	+277.9	-0.6
Stocks	128.2	-0.2	+319.4	-	+31.3
Yen based bonds	1336.4	+107.7	-13.3	-12.7	-6.7
(JGBs)	(644.8)	(+44.3)	(-8.1)	(-7.4)	(-3.9)
Foreign bonds	499.7	+68.3	-41.3	-37.8	-23.5
(Fixed rate)	(240.5)	(+40.8)	(-15.8)	(-122)	(-6.7)
(Floating rate)	(259.2)	(+27.5)	(-25.6)	-	(-16.9)
Investment trust	272.2	+108.1	-3.9	-	-4.5
Others	80.9	-9.1	+12.9	-	+2.9

※ Balance is based on acquisition cost excluding unrealized gains and losses

Gains and losses on securities

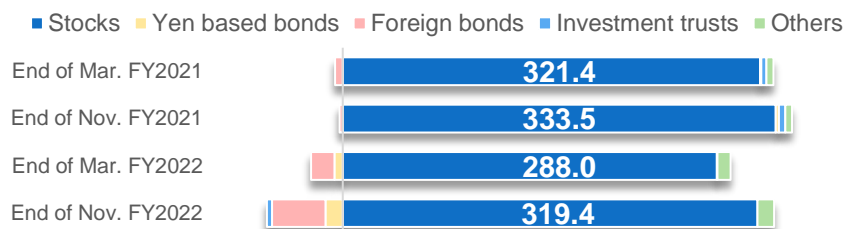
(JPY bn)	1H FY2021	1H FY2022	YoY
Interest and dividend on securities	15.3	17.2	+2.0
Yen based bonds	0.9	1.8	+0.9
Foreign bonds	2.3	3.8	+1.6
Gains on investment trusts (Gains (losses) on cancellation)	3.3 (2.0)	1.5 (0.5)	-1.8 (-1.5)
Investment funds	2.5	3.4	+1.0
Gains and losses on bonds such as JGBs	0.6	-7.3	-7.9
Gain on sell of bonds such as JGBs	2.8	7.5	+4.6
Loss on sell and redemption of bonds such as JGBs (-)	2.3	14.8	+12.5
Gains and losses on stocks	2.8	9.2	+6.4
Gain on sales of stocks	3.4	9.3	+5.8
Amortization (-)	0.6	0.0	-0.6

〔Duration〕 ※Excluding interest rate hedged portion

	End of Mar. 2021	End of Sep. 2021	End of Mar. 2022	End of Sep. 2022
Yen based bonds	5.25 years	5.08 years	6.17 years	6.40 years
Foreign bonds	3.37 years	3.21 years	1.99 years	1.34 years

〔Unrealized gains and losses on securities〕

(JPY bn)



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

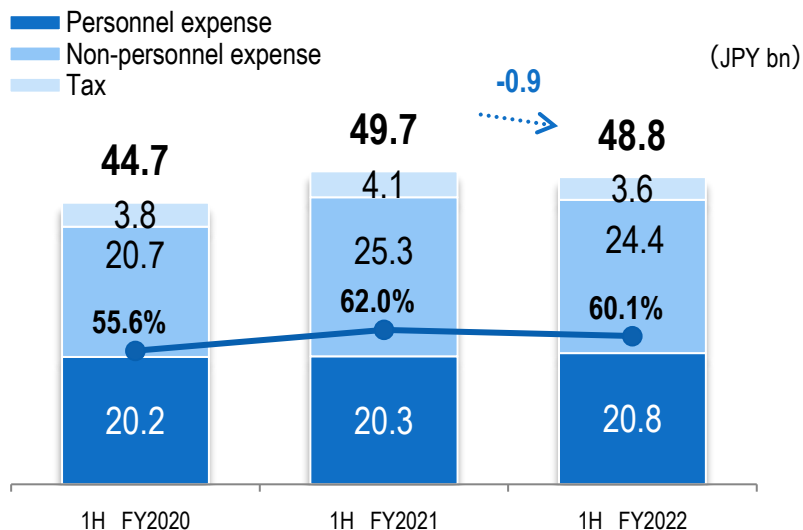


※1 Overall net interest income including loans, securities, deposits, corporate bonds, etc.
 ※2 FF rate forecast by market participants

Expenses

Expenses and OHR in 1H FY2022 decreased YoY

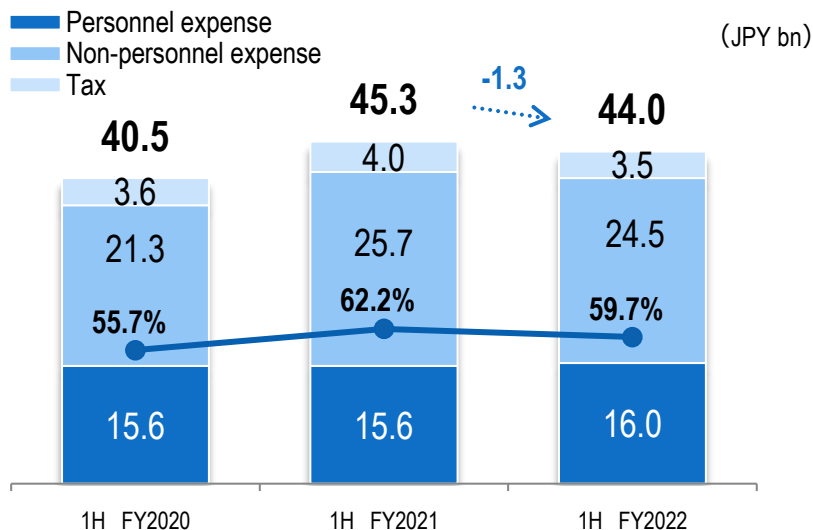
Expenses and OHR (Consolidated)



Main factors for change of expenses (Consolidated)

	YoY	Main factors
Tax	JPY -0.5bn	Consumption tax JPY -0.5bn
Non-personnel expenses	JPY -0.9bn	Deposit insurance premium JPY -0.7bn
Personnel expenses	JPY +0.5bn	Salaries, etc. JPY +0.5bn
Total	JPY -0.9bn	

Expenses and OHR (Nonconsolidated)



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

	YoY	Main factors
Tax	JPY -0.5bn	Consumption tax JPY -0.5bn
Non-personnel expenses	JPY -1.2bn	Deposit insurance premium JPY -0.7bn Depreciation and amortization JPY -0.6bn
Personnel expenses	JPY +0.4bn	Salaries, etc. JPY +0.4bn
Total	JPY -1.3bn	
(Reference)		
Next-Generation-System-related (Estimated full-year amount)	JPY 5.4bn (-0.6bn, YoY)	(Estimated full-year amount JPY 10.3bn)

Credit-related costs - Nonconsolidated

Credit-related costs in 2Q FY 2022 Increased YoY mainly due to increase in specific allowance for loan losses, but remained at a low level

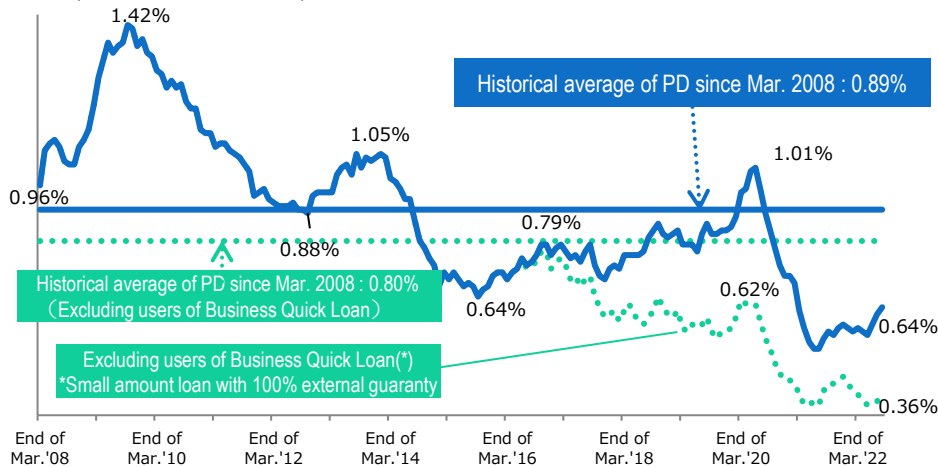
Breakdown of credit-related costs

(JPY bn)	1H FY2020	1H FY2021	1H FY2022	YoY change
Provision for general allowance for loan losses (1)	1.9	2.0	-1.4	-3.4
Provision for specific allowance for loan losses (2)	3.0	0.9	5.1	+4.2
Other non-performing loans (NPL) disposal * (3)	-0.1	0.1	0.2	+0.1
Credit-related Costs (1)+(2)+(3)	4.8	3.0	3.9	+0.8

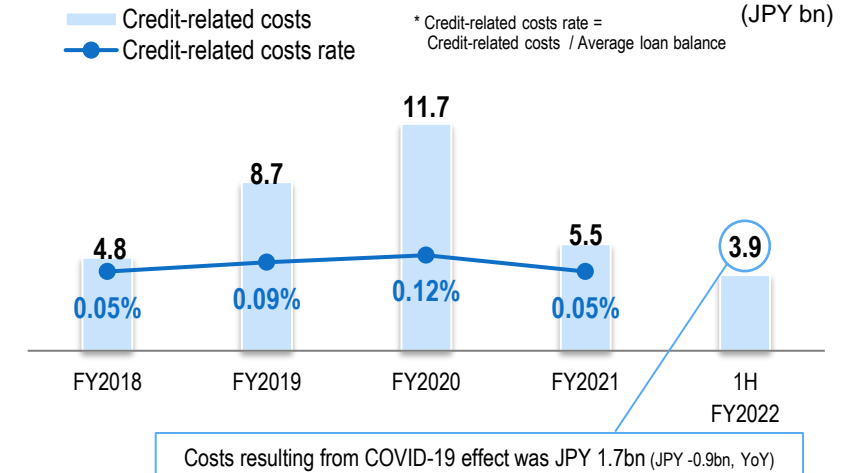
* Including provision for the estimated future payments to credit guarantee corporations, provision for allowance for accidental losses, and losses on sell of loans

Probability of Default (PD)

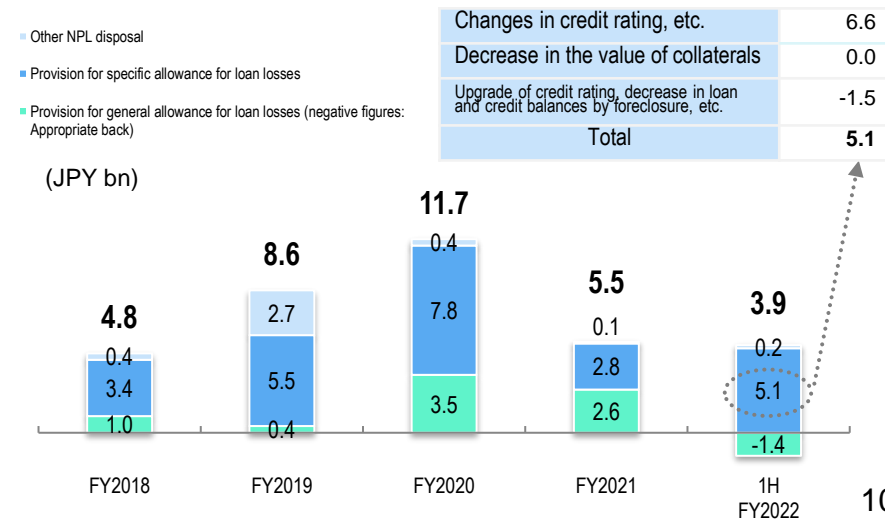
※PD of sound borrowers and borrowers needing careful monitoring
(On the basis of no. of borrowers)



Credit-related costs and Credit-related cost ratio



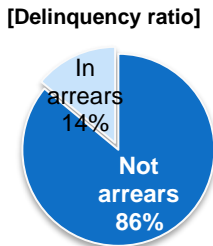
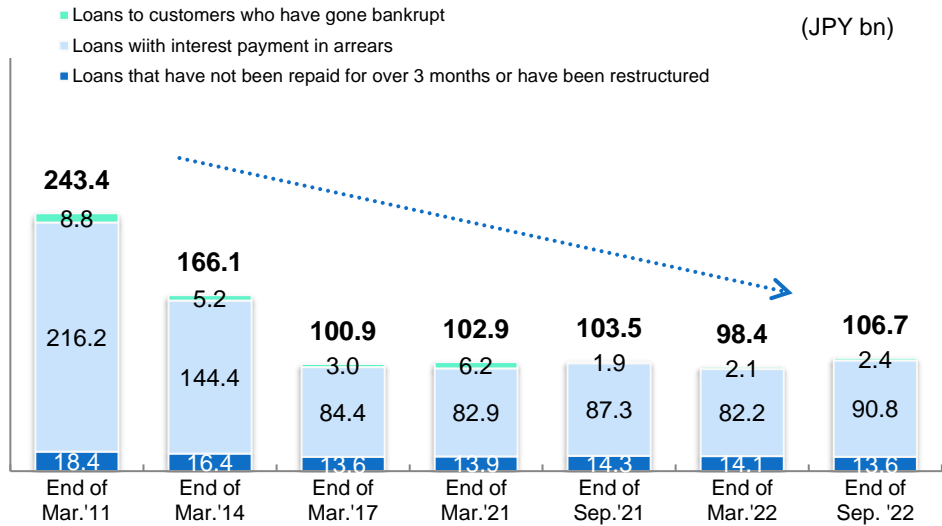
Provision for allowance for loan losses and other NPL disposal



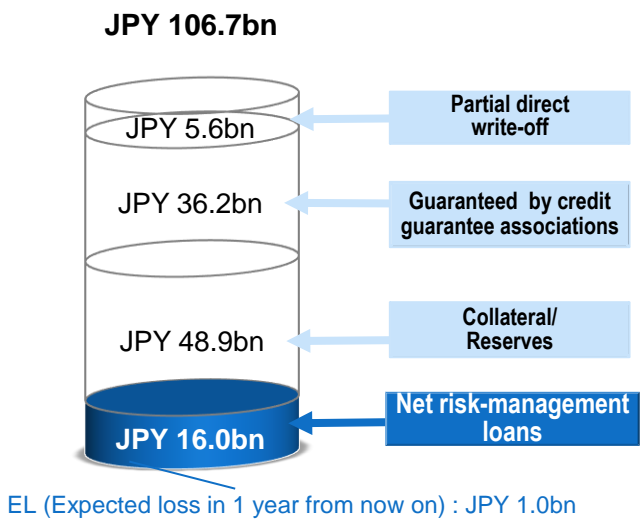
Risk-management loans (Loans based on the Financial Reconstruction Act *) Nonconsolidated

Overall risk-management loans increased compared to End of Mar. 2022, while net risk-management loans decreased

Trends in Risk-management loans



Net risk-management loans

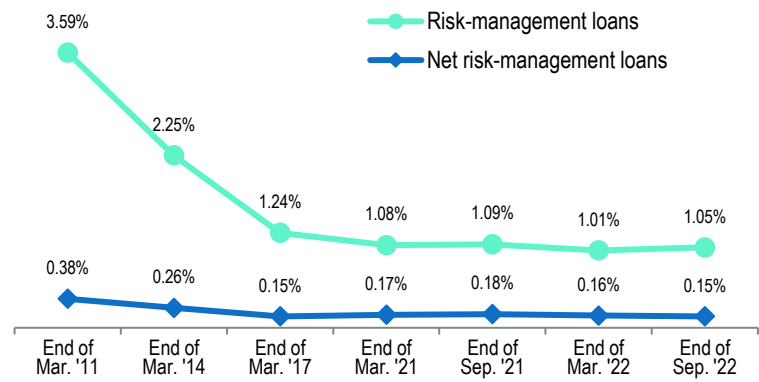


NPL removal from the balance sheet

	FY2021	1H FY2022
New recognition of NPLs	+29.5	+19.0
Removal from the balance sheet (NPL to borrowers classified as "at risk of failure" or riskier categories)	-34.0 (-30.7)	-10.7 (-9.3)
Risk-management loans	98.4	106.7

Collected from borrower/ set off against deposit account	-2.0
Collateral disposal/ subrogated to guarantor	-2.8
Reclassified to better categories	-2.7
Loans sold-off	-1.8

The ratio of risk-management loans

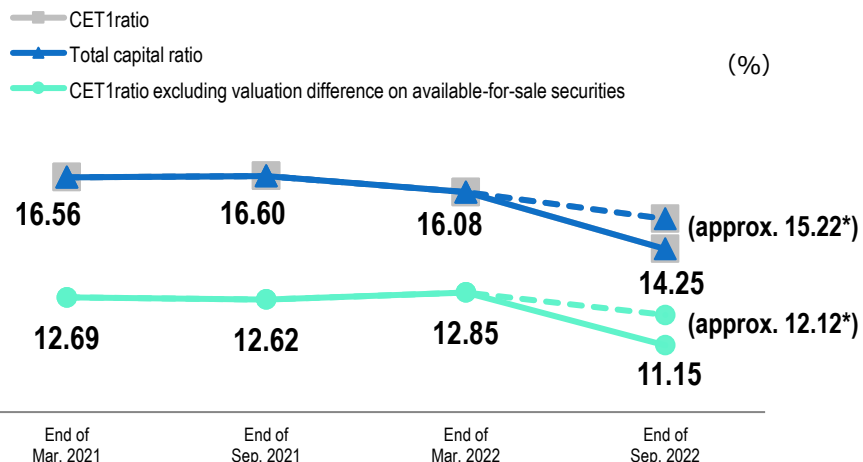


* Reconcile risk-management loans with loans based on the Financial Reconstruction Act according to revision of Order for Enforcement of the Banking Act since the end of Mar. 2022. Adopt the standard retroactively to the past.

Capital adequacy ratio - Nonconsolidated

Both Total capital ratio and CET1 ratio at the end of Sep. 2022 are 14.25%, down 1.83 percent points from the end of Mar. 2022

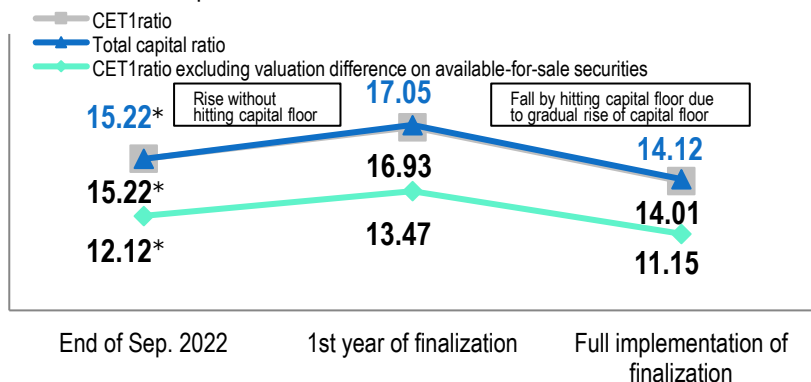
Capital adequacy ratio (Consolidated basis)



*Excluding temporary fluctuation factors such as dividends in kind of shares of subsidiaries due to the transition to a holding company structure (This factor will be eliminated by the inclusion of the holding company in the consolidated accounts as of the end of Dec. 2022.)

Capital adequacy ratio (Basel III finalization basis: consolidated)

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



*Excluding temporary fluctuation factors such as dividends in kind of shares of subsidiaries due to the transition to a holding company structure

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

[Basel III]	(JPY bn)	End of Mar. '21	End of Sep. '21	End of Mar. '22	End of Sep. '22	Change from the end of Mar. '22
Total capital*		990.4	1,012.7	965.4	877.7	-87.7
CET1		990.4	1,012.7	965.4	877.7	-87.7
Excluding valuation difference on available-for-sale securities		759.2	769.9	771.6	686.4	-85.2
(Temporary fluctuation factors due to the transition to a holding company structure)		-	-	-	-	(-59.6)
Other Tier 1		-	-	-	-	-
Tier 2		-	-	-	-	-
Risk-adjusted assets		5,979.7	6,098.5	6,001.2	6,155.8	+154.6
Total credit-risk adjusted assets		5,658.0	5,776.8	5,672.1	5,816.3	+144.2
Amount corresponding to market risk		19.4	19.6	20.2	20.9	+0.7
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 Sep. 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 36.7bn	JPY 877.7bn	4.2% \leq 15%

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

- Δ NII (Net Interest Income): JPY 9.6bn**
(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.

(Revised credit-related costs to JPY 7.0 bn (JPY -4.0 bn from original plan). Profit plan remains unchanged in consideration of market factors.)

(億円)

	FY2020	FY2021 (A)	FY2022 (Projected) (B)	YoY (B-A)	1H FY2022 (C)	Progress rate (C/B)	
Consolidated	Ordinary profit	63.3	54.2	76.0	+21.8	38.9	51.2%
	Profit attributable to owners of the parent	43.6	41.6	54.0	+12.4	28.2	52.2%
	ROE	4.1%	3.8%	4.7%	+0.9pt	5.1%	-
	OHR	59.5%	64.2%	56.5%	-7.7pt	60.1%	-
	CET1 ratio	16.56%	16.08%	15.2%	-0.8pt	14.25%	-
Nonconsolidated	Gross operating profit	138.5	134.7	149.0	+14.3	73.7	49.4%
	Net interest income	114.7	124.5	121.5	-3.0	62.2	51.1%
	Fees and commissions	15.9	14.8	20.5	+5.7	11.0	53.8%
	Trading income	0.9	0.9	1.0	+0.1	0.9	94.9%
	Other operating profit	7.0	-5.5	6.0	+11.5	-0.5	-8.1%
	Expenses (-)	84.4	88.2	87.5	-0.7	44.0	50.2%
	Ordinary profit	51.5	45.3	64.5	+19.2	35.9	55.6%
	Net income	35.5	36.1	45.0	+8.9	26.8	59.4%
	Credit-related costs (-)	11.7	5.5	7.0	+1.5	3.9	55.0%



Progress of the 14th Medium-term Business Plan

Picture that Shizuoka Bank 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

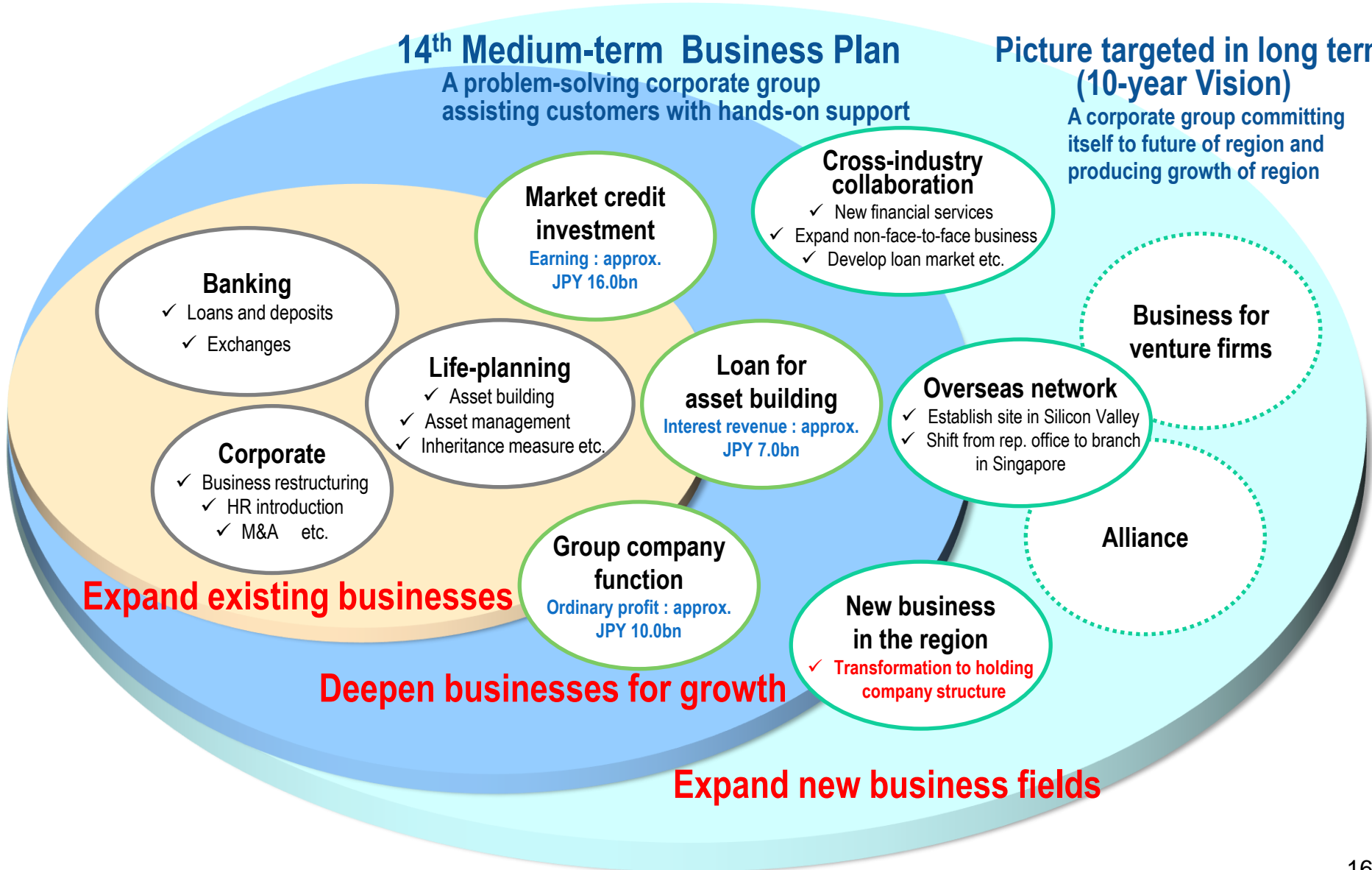
“Realization of achievement”

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

(*) 225 people as of Oct.1st 2022 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"> • Wholly owned subsidiary(SCC) • Shizuoka Capital No.9 Fund established
	<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	<p>DX Strategy</p>	<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) 	
	<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)
	<p>Grobal strategy</p>		<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

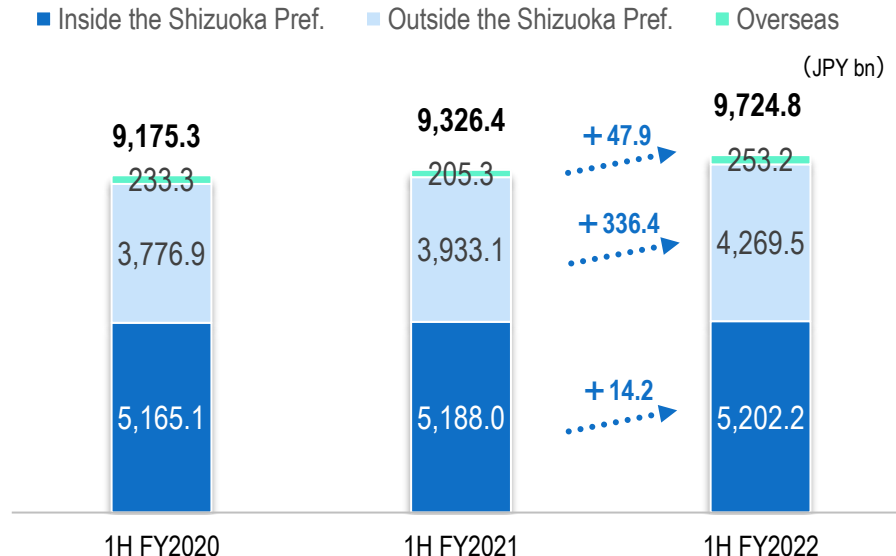
Loan balance (average balance) increased mainly due to increase in loans for SMEs and Retails (+4.2% annual late)

Total loan balance (average balance)

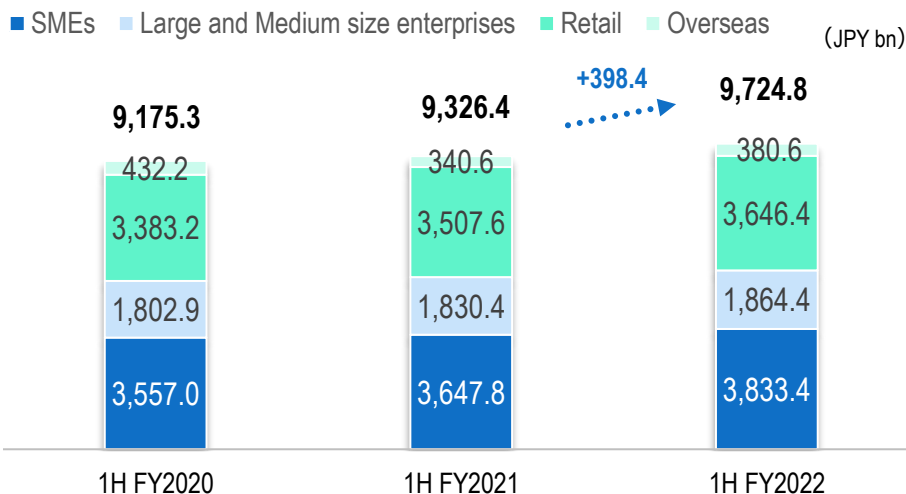
	Average balance	YoY change	Annual growth rate
Total loan balance	JPY 9,724.8bn	JPY +398.4bn	+4.2%
Loan balance for SMEs	JPY 3,833.4bn	JPY +185.6bn	+5.0%
Loan balance for large and medium size enterprises	JPY 1,864.4bn	JPY +34.0bn	+1.8%
Retail loan balance	JPY 3,646.4bn	JPY +138.8bn	+3.9%
Loan balance in foreign currency	JPY 641.2bn	JPY +116.1bn	+22.1%

by amt. chg.: JPY -10.8bn
by ex. rate: JPY +126.9bn

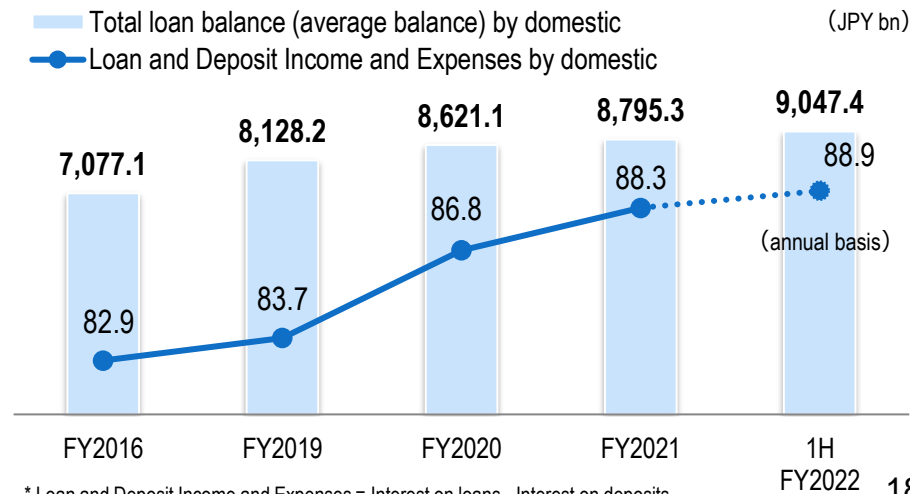
Total loan balance by region



Total loan balance (average balance)



Loan and Deposit Income and Expenses by domestic*



* Loan and Deposit Income and Expenses = Interest on loans - Interest on deposits

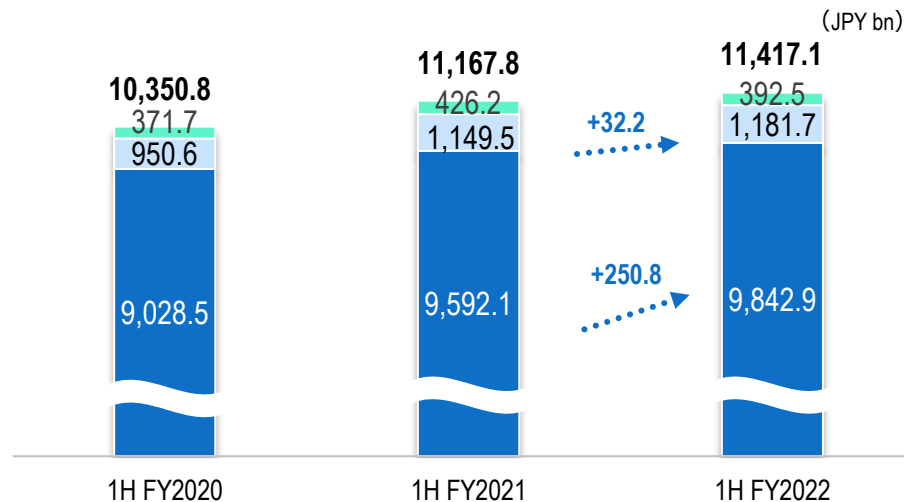
Deposit balance (average balance) increased mainly due to increase in retail deposit balance (+2.2% annual late)

Deposit balance (average balance)

(JPY bn)	Average balance	YoY change	Annual growth rate
Total deposit balance	JPY 11,417.1bn	+ JPY 249.3bn	+ 2.2%
Deposit balance in Shizuoka	JPY 9,842.9bn	+ JPY 250.8bn	+ 2.6%
Corporate deposit balance	JPY 2,920.6bn	- JPY 29.1bn	- 0.9%
Retail deposit balance	JPY 7,582.3bn	+ JPY 240.6bn	+ 3.2%
Public deposit balance	JPY 356.6bn	+ JPY 23.6bn	+ 7.0%
NCD	JPY 93.8bn	- JPY 31.3bn	- 25.0%

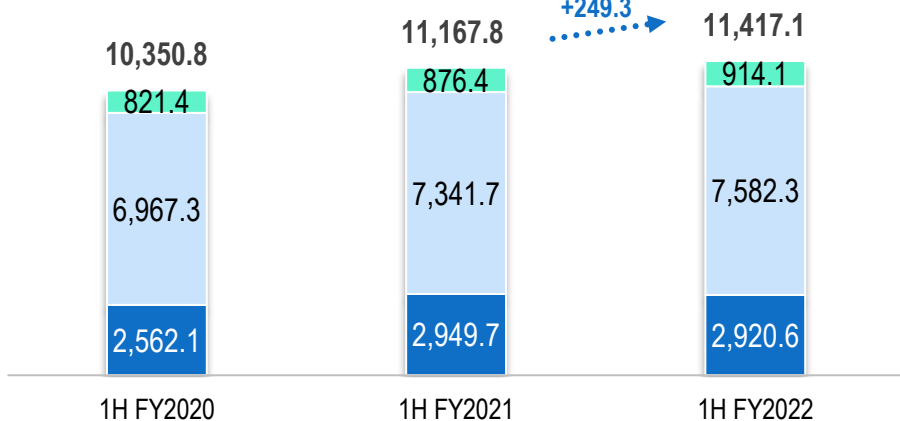
Deposit balance by region

■ Inside the Shizuoka Pref. ■ Outside the Shizuoka Pref. ■ Overseas, etc

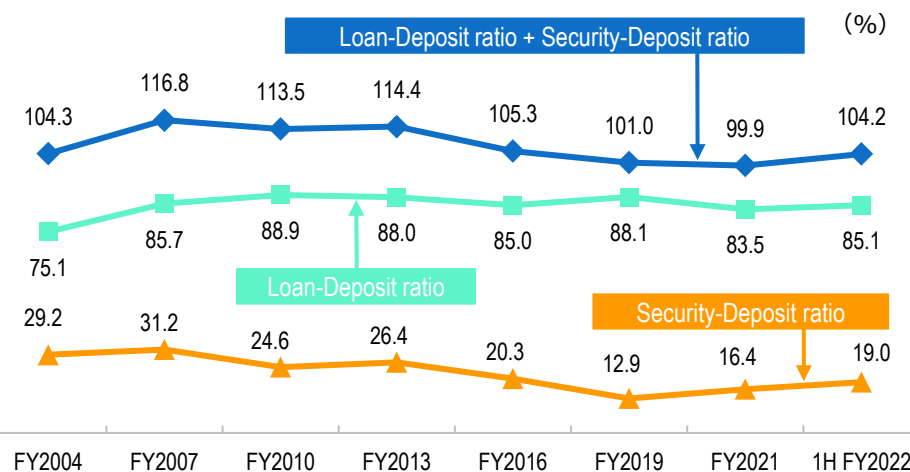


Deposit balance (average balance)

■ Corporate ■ Retail ■ Public&Overseas, etc (JPY bn)

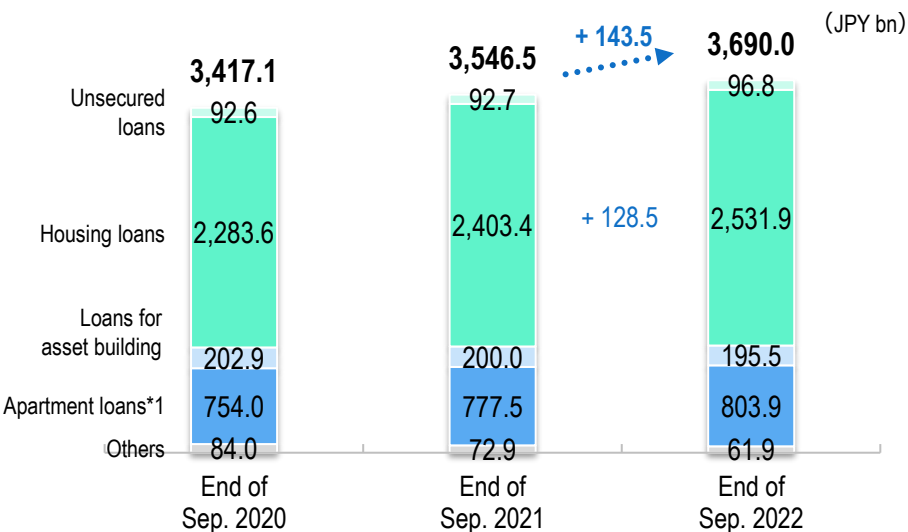


Loan-Deposit ratio / Security-Deposit ratio (excluding NCD)



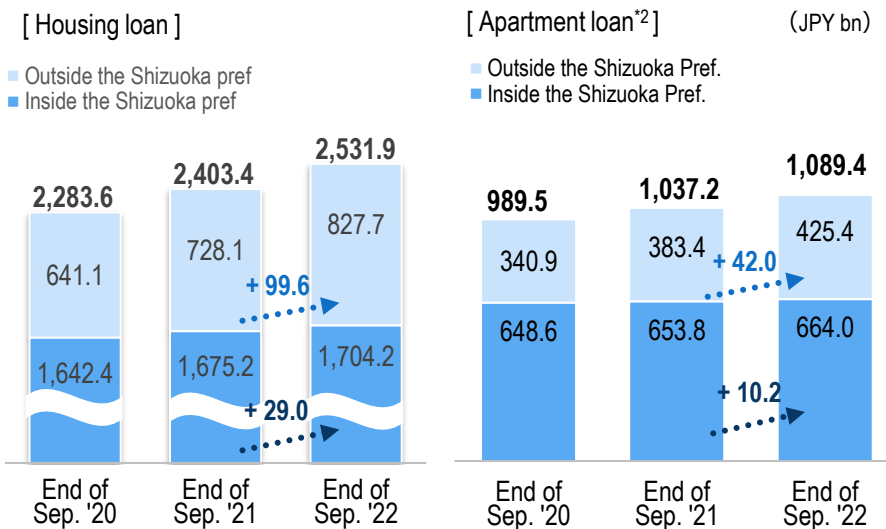
Consumer loan balance (term-end balance) increased mainly due to increase in housing loan balance

Consumer loan balance (term-end balance)

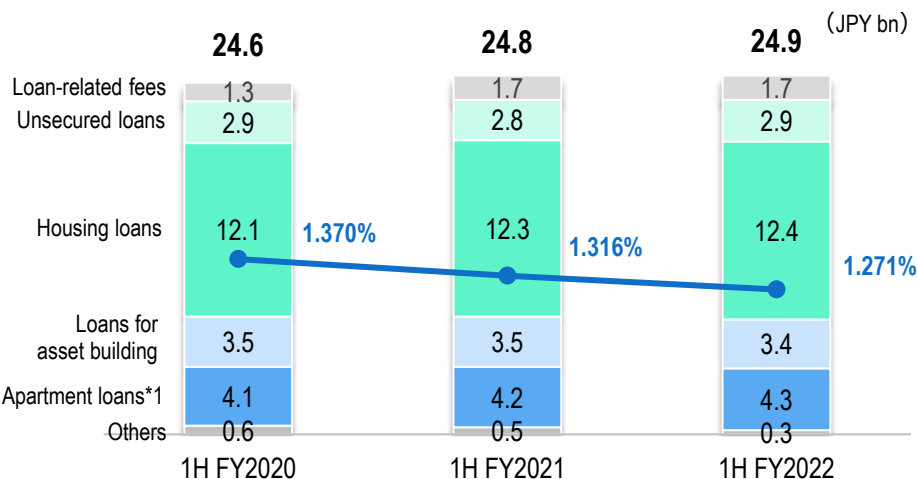


*1 Apartment loans (excluding loan to corporates) *2 Apartment loans (including loan to corporates)

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 Sep. 2020	End of Sep. 2021	End of Sep. 2022
Housing loans	0.14%	0.13%	0.10%
Apartment loans*2	0.06%	0.16%	0.04%
Loans for asset building	0.18%	0.18%	0.43%

[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)	1H FY2020	1H FY2021	1H FY2022	YoY
[Consolidated]Fees and commissions	16.0	15.7	19.1	+3.3
[Nonconsolidated]Fees and commissions	8.3	7.8	11.0	+3.2
Fees and commissions incomes	16.0	15.9	17.1	+1.2
Fees and commissions expenses (-)	7.7	8.1	6.1	*-2.0

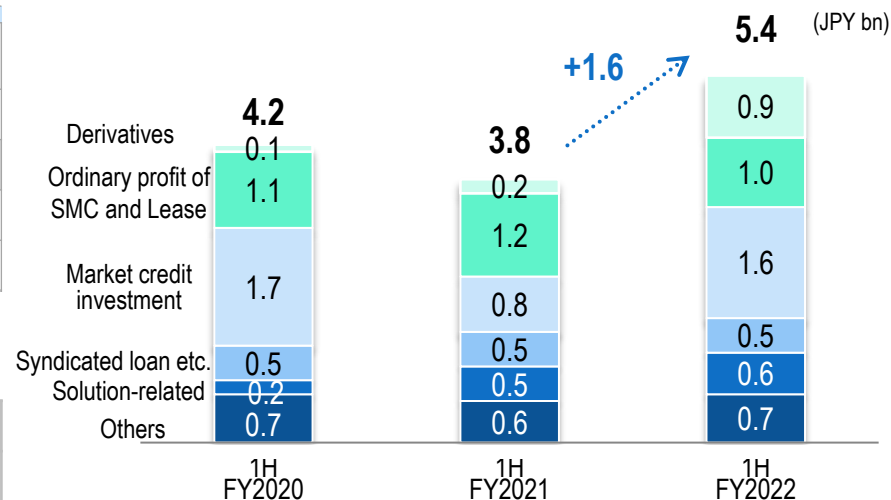
*Effects of changes in account (Group credit life insurance dividends+1.3, Investment funds expenses -0.8)

[Major items]

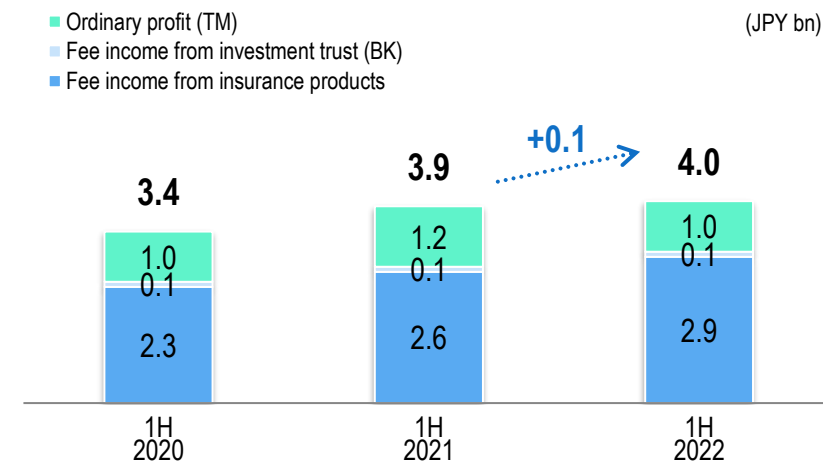
Fee incomes from wholesale	3.1	2.4	3.5	+1.0
Related to market credit investment	1.7	0.8	1.6	+0.8
Syndicated loan, etc.	0.5	0.5	0.5	-0.0
Solution-related (Business matching, support for subsidy, etc.)	0.2	0.5	0.6	+0.1
Others (covenants loan, etc.)	0.7	0.6	0.7	+0.1
Other fees on loans	1.7	2.1	1.8	-0.2
Fee incomes on customer assets	2.4	2.7	3.0	+0.3
Investment trust	0.1	0.1	0.1	-0.0
Insurance products	2.3	2.6	2.9	+0.3
Net profit on exchange	3.0	2.9	2.6	-0.3

[Nonconsolidated]Trading income	0.4	0.5	0.9	+0.4
Derivatives	0.1	0.2	0.9	+0.7

Fee incomes from wholesale (including group companies)



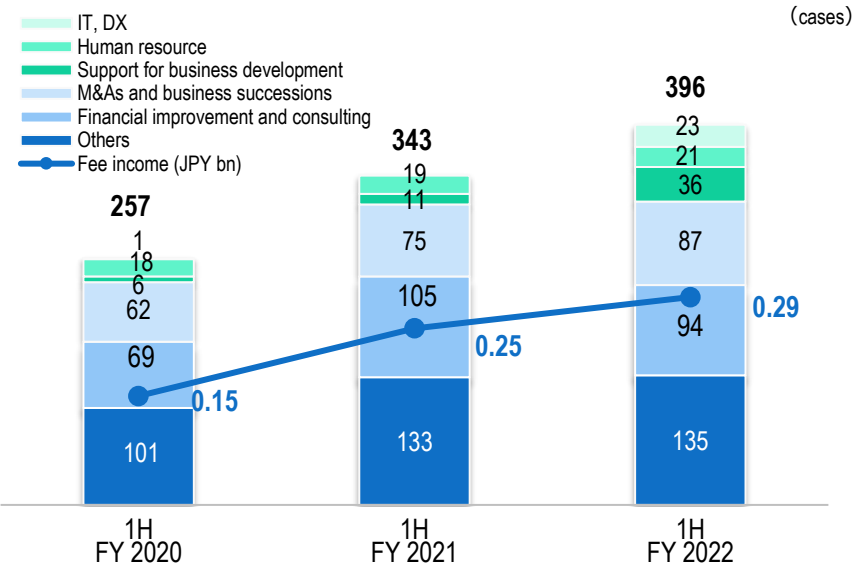
Fee incomes on customer assets (including group companies)



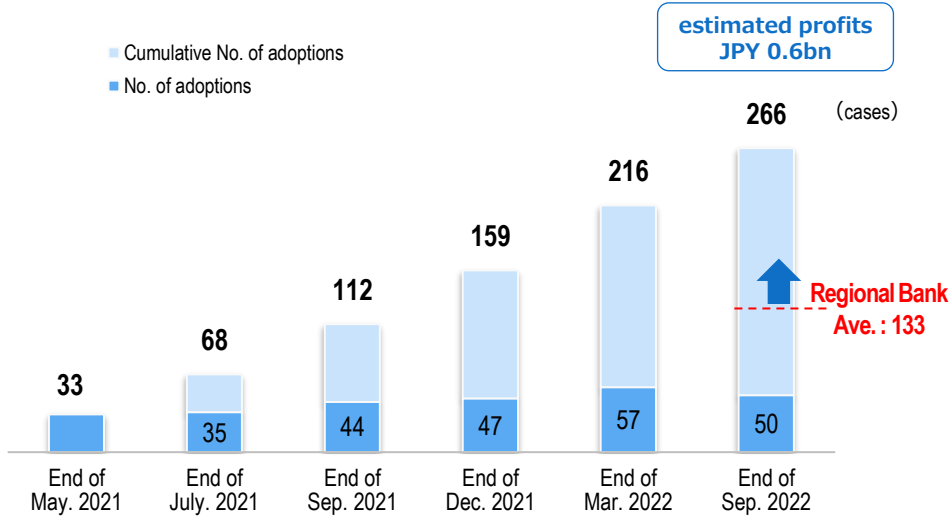
Meet needs of corporate customers

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

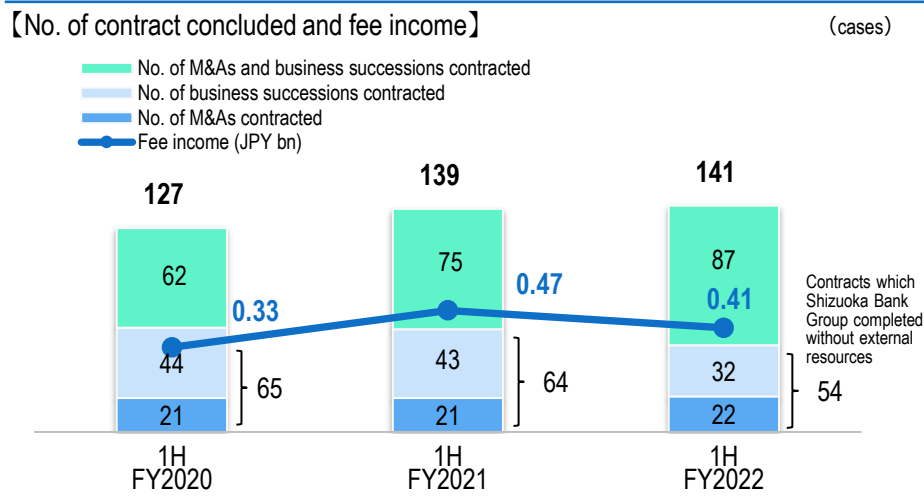
Business matching (introduction of business partners) Main business



Business restructuring Main business



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



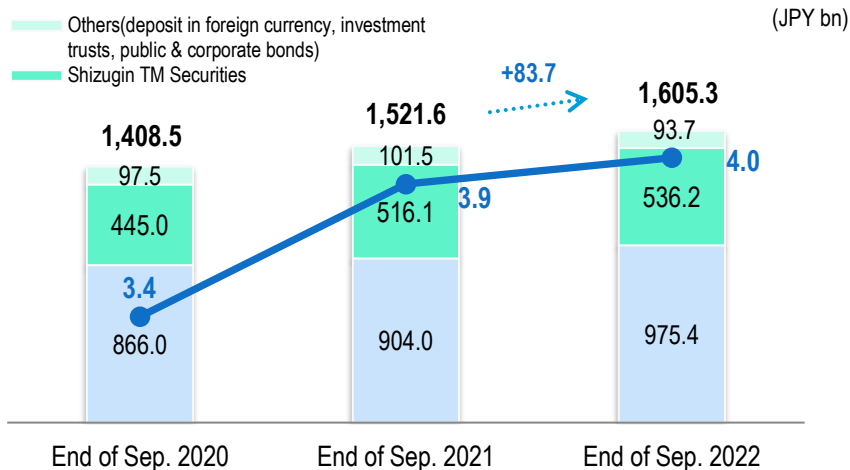
Support for business improvement Cash position, business improvement

	FY2020	FY2021	1H FY2022
M&A (recover-type, relief-type, etc.)	19 companies	21 companies	15 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	19 loans, JPY 2.8bn
Use of revitalization funds	1 case	1 case	0 case
No. of business restructuring support initiatives	58 cases	59 cases	55 cases
No. of projects completed	12 cases	14 cases	7 cases

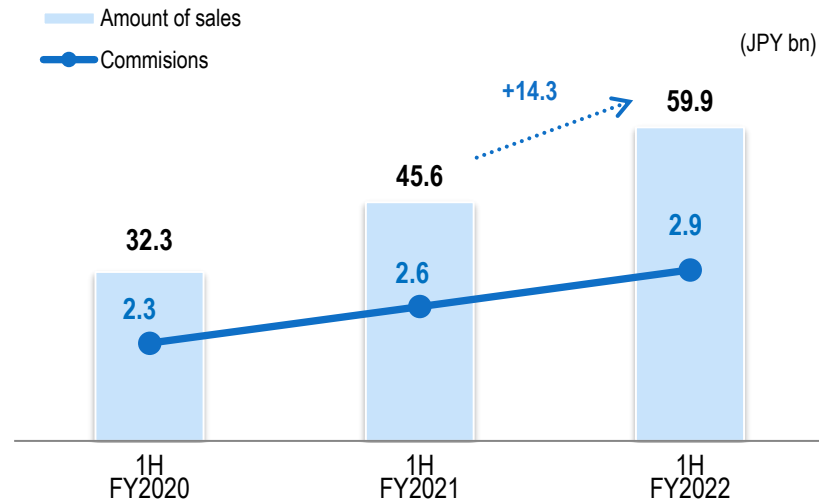
* Co-financing with equity subordinated loans from JFC

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

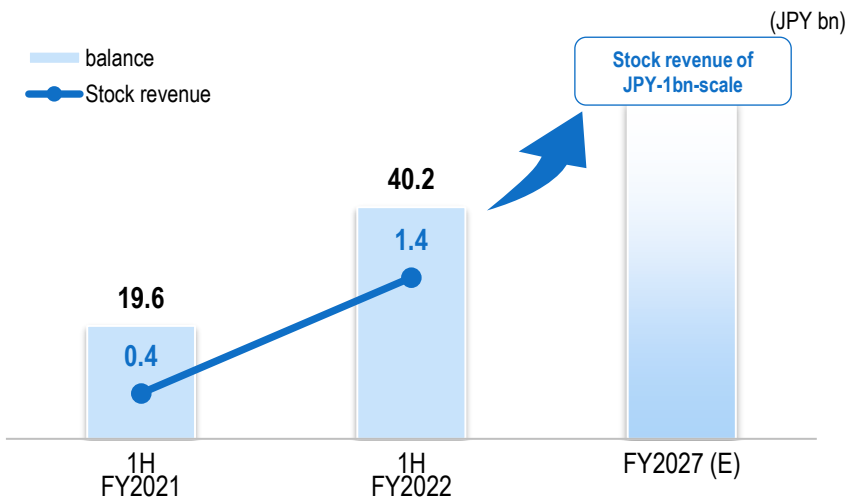
Customer assets excluding JPY deposits (term-end balance)



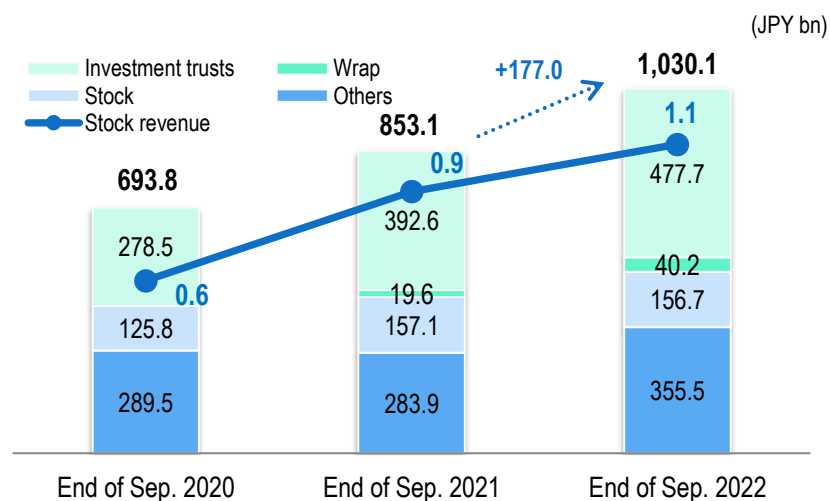
Amount of sales and commissions in insurance



Results of “Shizugin Wrap” (Balance and Stock revenue)



Customer assets of Shizugin TM Securities

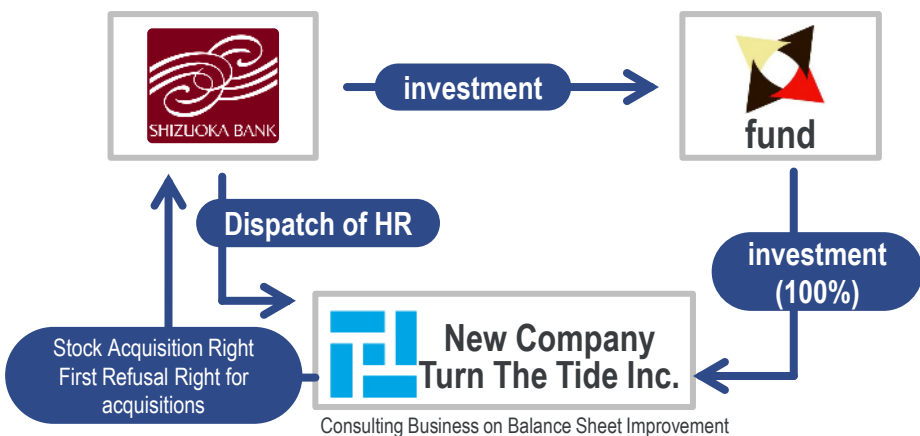


Expand venture business by utilizing the established network

Type of industry of invested firms
(End of Sep.2022 16 fund Approx. JPY 23.4bn)

Type of industry	No. of firms
For corporate, SaaS	100
Fin Tech	62
Medical, nursing care, biotechnology	59
AI, data analysis	31
Manufacturing, robotics, IoT	24
Others	173
Total	449

Initiatives with the SSI model



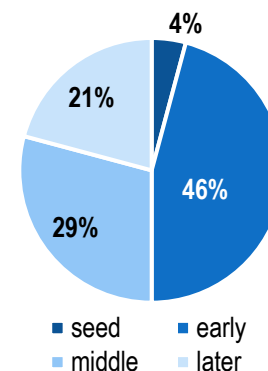
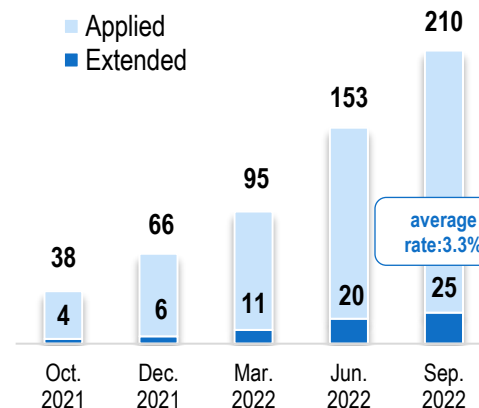
Turn The Tide Inc. was established by utilizing the GCPJ Fund's new business model (SSI)

Venture Debt

(Execution amount as of the end of Sep. 2022: approx. 3.5 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. 1,300**



Expanding high-value-added business through cross-industrial collaboration

Amount of investment JPY 21.3bn (Unrealized gains JPY +12.4bn), Collaboration Income JPY 8.8bn

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



[Total results by the end of Sep.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**

Provision of new financial services (Collaboration and Investment Income JPY 3.6bn)



[Total results by the end of Sep.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**

New businesses in housing loan market (Collaboration Income JPY 1.2bn)



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

- ✓ **Diversify mortgage business** (ARUHI・au JIBUN Bank)
 → Guarantee balance JPY 17.3 bn,
 Amount of RMBS around JPY 110bn
- ✓ Provide **online matching services with house builder** and customer → Launched “Tatepita-Shizuoka” (iYell)

Revitalization of region

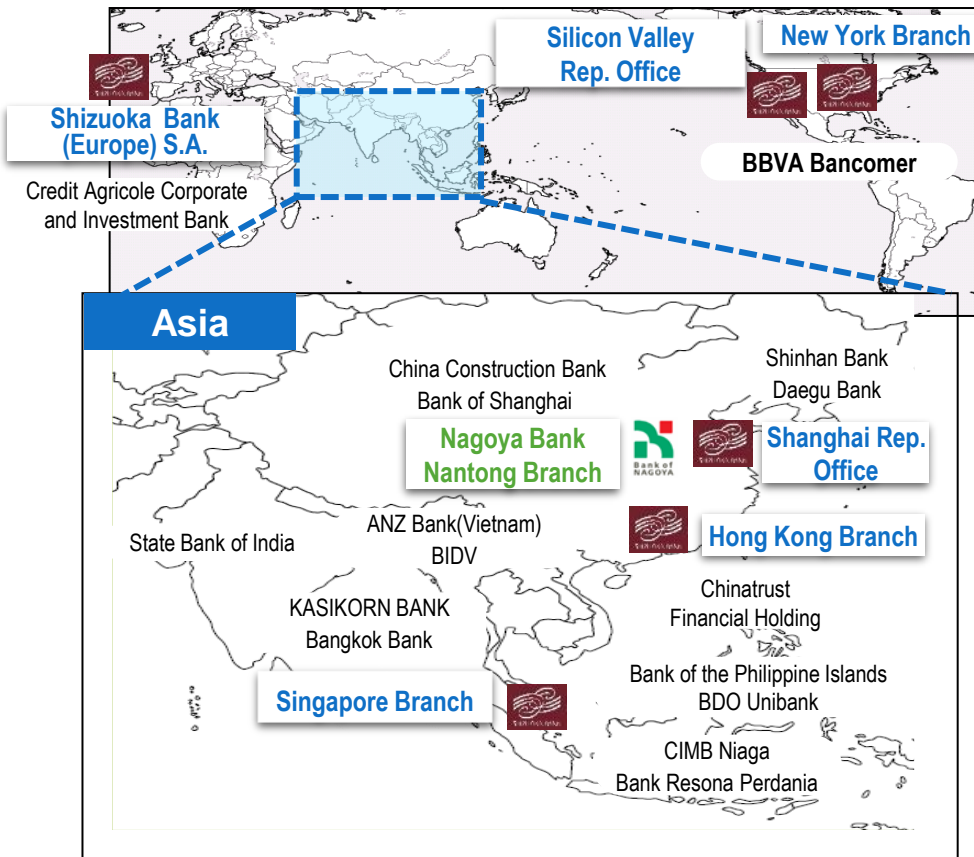


- ✓ Revitalize local tourism business [asoview]
- ✓ Promote effective utilization of idle assets (vacant houses, etc.) [ADDRESS]
 → **Accelerate collaboration that contributes to regional revitalization**

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 Sep. 2022: JPY 99.1 bn (+32.3 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
Number of interviews by the end of Sep. 2022:
Cumulative total of approx. 350 interviews

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

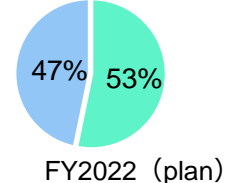
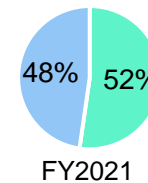
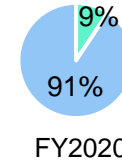
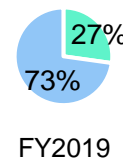
[Expected Effects (total until FY2023)]

	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

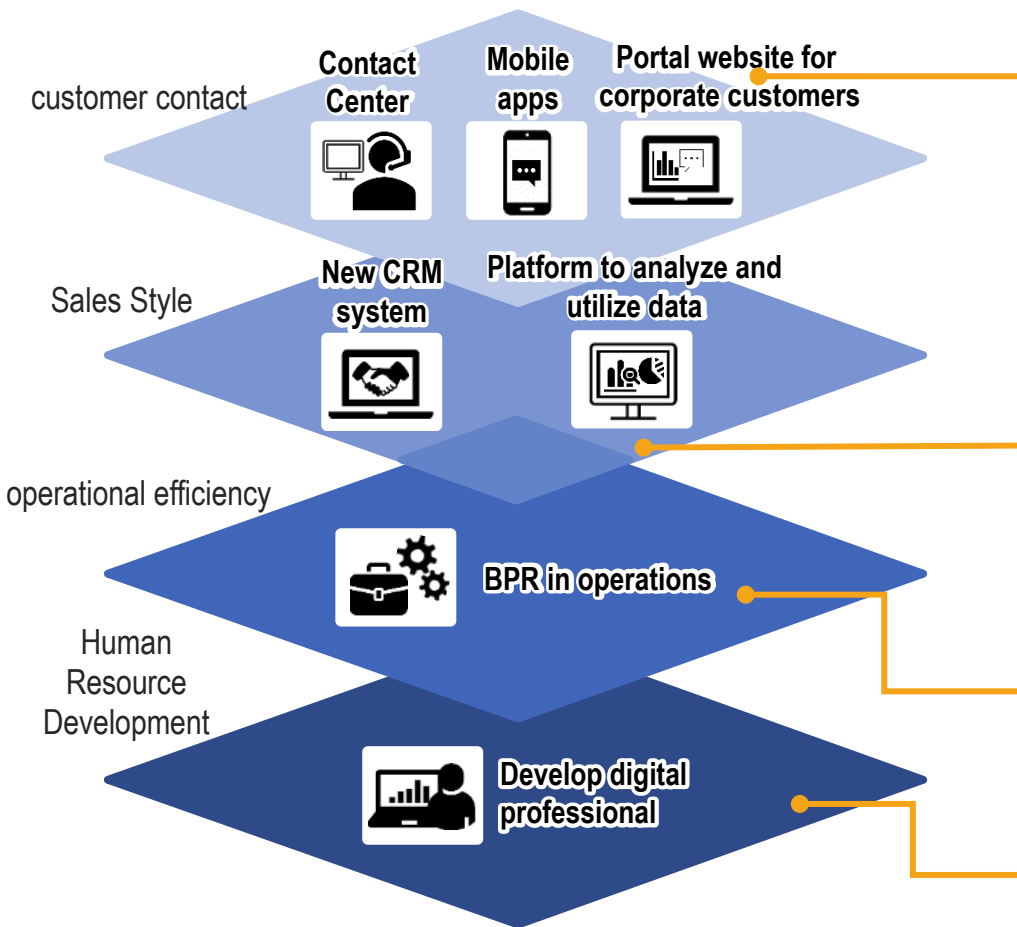
[System Investment (Excluding Next-Generation-System-related cost)] (JPY bn)

	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 Sep. 2022)
- Launched the corporate portal site “Shizugin Business Portal” (started in Sep. 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



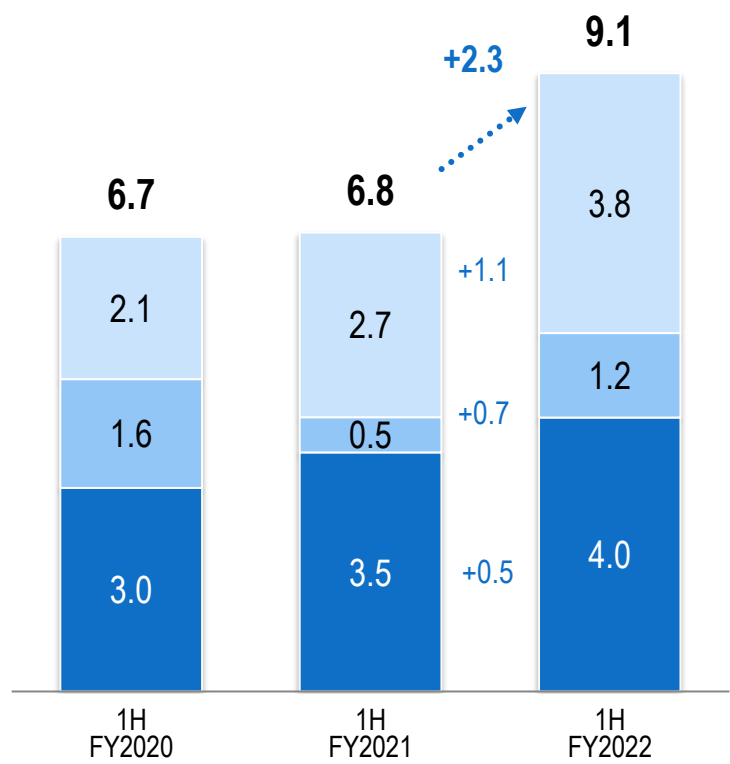
Apr. 2022
Obtained certification as a “DX certified business operator” from METI

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

Earnings from market credit investment increased mainly due to increase in fee income

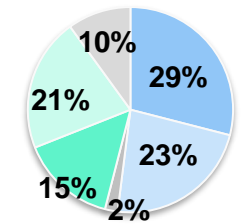
Earnings from market credit investment

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



Profitability indicators of SF loan	1H FY2021	1H FY2022	YoY
ROA (Return on Assets)	1.07%	1.08%	+0.01pt
RORA (Return on Risk-Weighted assets)	1.93%	1.84%	-0.09pt

Breakdown of SF loan by loan type (Average balance in 2Q FY2022: JPY 738.3bn)

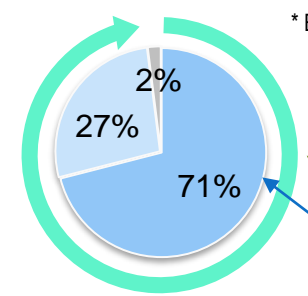


- Corporate credit risk (senior)
- Corporate credit risk (mezzanine)
- Asset finance
- Project finance
- Real estate non-recourse loan
- Securitized loan (CLO etc.)

CLO balance (As of the end of Sep. 2022)
JPY 96.4bn (24 contracts, JPY 4.0bn 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

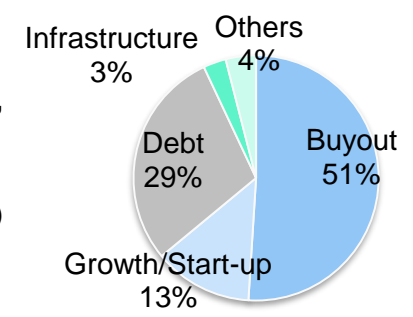


- Performing (Equivalent to or higher than single A)
- Performing (Lower than single A)
- Non-performing or lower

98% are classified as "Performing"
71% are equivalent to or higher than single A

* Average LTV is 59.1% 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 : 101
(Of which 42 are international)



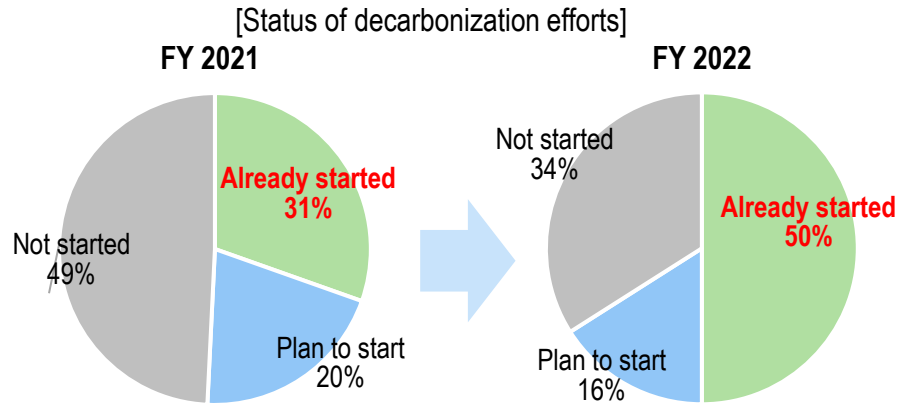
Initiatives for Sustainability Management

(Climate Change Response, Human Capital)

Promote support for main businesses and expansion of services lineup in response to issues through interviews with customers 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.

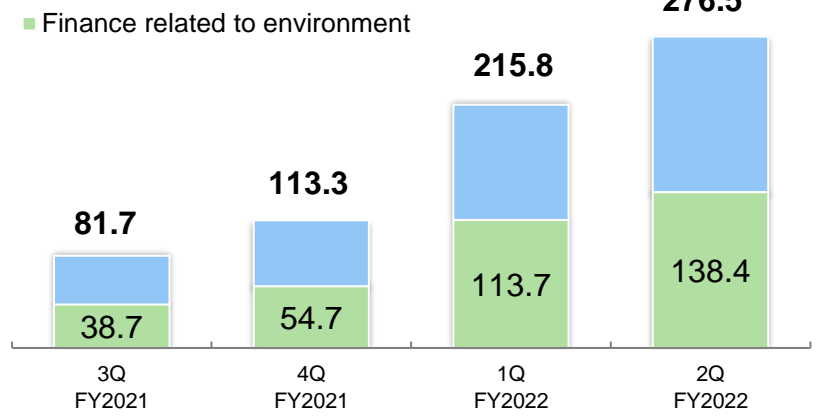
The project will support the achievement of KPIs set at the time of sustainable finance execution. In addition, by working to visualize and measure the economic ripple effects of the identified impacts, the project will further promote and disseminate sustainable finance

Promoting Sustainable Finance

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

	Target In FY2022	Results In 1H FY2022	Progress rate to annual target
Sustainable Finance	JPY 115.0bn	JPY 163.2bn	141 %
Finance related to environment	JPY 57.5bn	JPY 83.7bn	145 %

[Cumulative amount of sustainable finance executed] (JPY bn)



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

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 Emissions (t-CO2)</caption> <thead> <tr> <th>Fiscal Year</th> <th>Scope 2</th> <th>Scope 1</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>FY2013</td> <td>17,046</td> <td>636</td> <td>17,682</td> </tr> <tr> <td>FY2018</td> <td>15,541</td> <td>619</td> <td>16,160</td> </tr> <tr> <td>FY2019</td> <td>14,757</td> <td>516</td> <td>15,273</td> </tr> <tr> <td>FY2020</td> <td>14,129</td> <td>548</td> <td>14,677</td> </tr> <tr> <td>FY2021</td> <td>13,345</td> <td>636</td> <td>13,981</td> </tr> </tbody> </table>	Fiscal Year	Scope 2	Scope 1	Total	FY2013	17,046	636	17,682	FY2018	15,541	619	16,160	FY2019	14,757	516	15,273	FY2020	14,129	548	14,677	FY2021	13,345	636	13,981
Fiscal Year	Scope 2	Scope 1	Total																						
FY2013	17,046	636	17,682																						
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FY2020	14,129	548	14,677																						
FY2021	13,345	636	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

Investment in human capital (1) - Change of Business Model

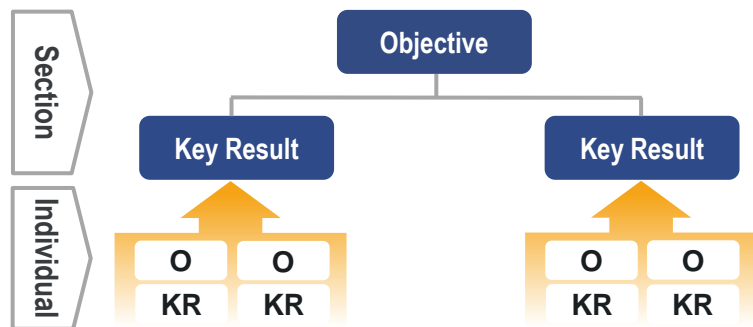
Implemented personnel system reforms with the keywords of “autonomy,” “change,” and “diversity” to realize human capital management

Introduction of OKR

Autonomy

Challenge

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

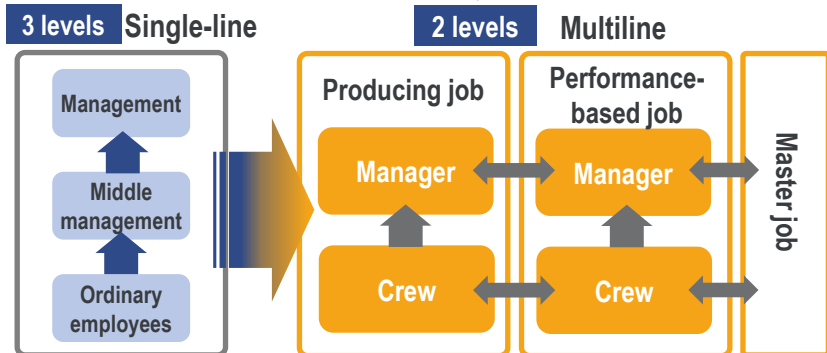


establishment of new career routes

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



Promote Side-job and Second Business*

Autonomy

Challenge



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

*Total users during FY2020 – 1H FY2021: 29

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

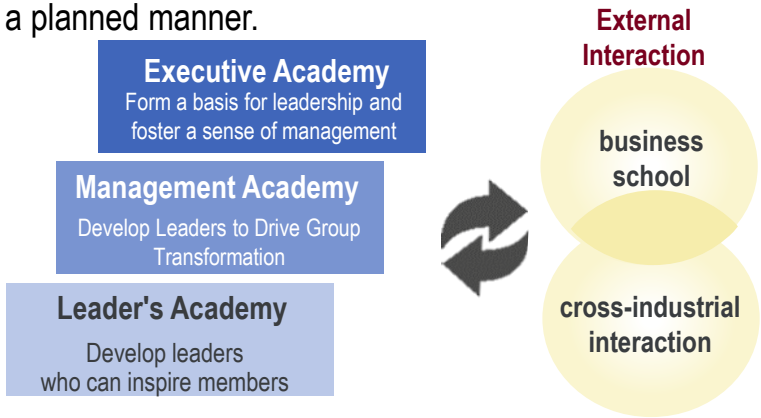


Investment in human capital (2) - develop human resources

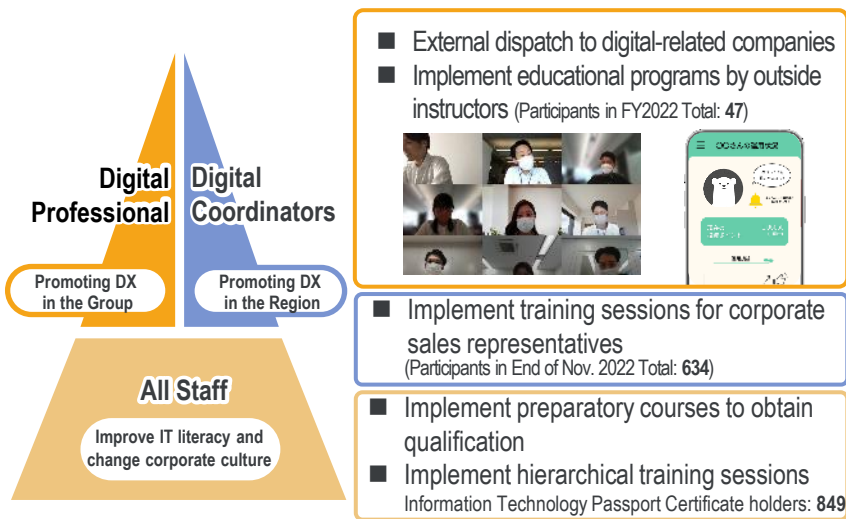
Implemented personnel system reforms with the keywords of “autonomy”, “challenge”, and “diversity” to realize human capital management

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.

59

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.

72

*Total users during FY2019 – End of Nov. 2022



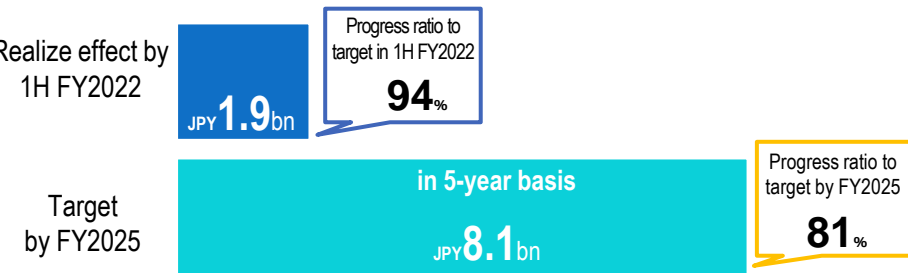
Alliance with regional banks



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 1H FY2022]

- Cooperation in the field of market credit investment
Extend real estate non-recourse loans (9 loans, JPY 57.3bn)
- Jointly arrange syndicated loans (12 loans, JPY 19.5bn)

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 1H FY2022]

- Amounts of sales of customer asset: JPY 29.5bn
- Balance of customer asset: JPY 23.8bn



<Yamanashi Chuo Bank Head Office Sales Dept.>

Initiatives with involving local community

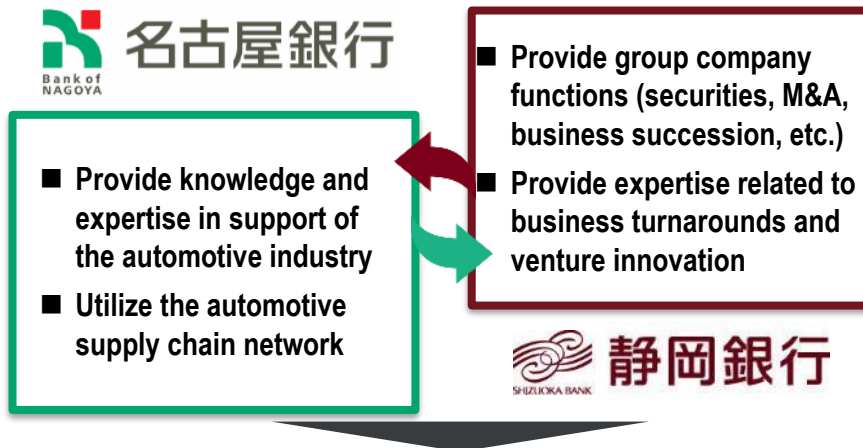
- Events for individual business talks for customers: 17 times
- Contracts of business matching completed: 82 / Contract Rate 12.4%

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)

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
2 case / JPY 6.2bn
- Jointly invest in VC
2 case / JPY 2.6bn

Determination of Alliance Logo and Character

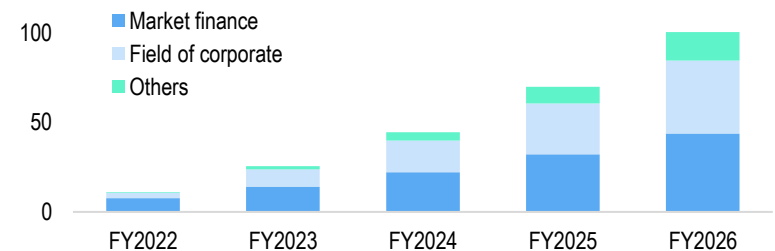
- Derived from the childhood name "Takechiyo" of Tokugawa Ieyasu, a great man of Shizuoka and Aichi.
- He has the armor in the motif of Fuji and the golden orca of Nagoya Castle.

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 2.6bn in 1H FY2022 (JPY 4.7bn 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



Collaboration at the job officer ceremony

Showed the video introduction the attractions of both regions by broadcasting both bank's ceremony

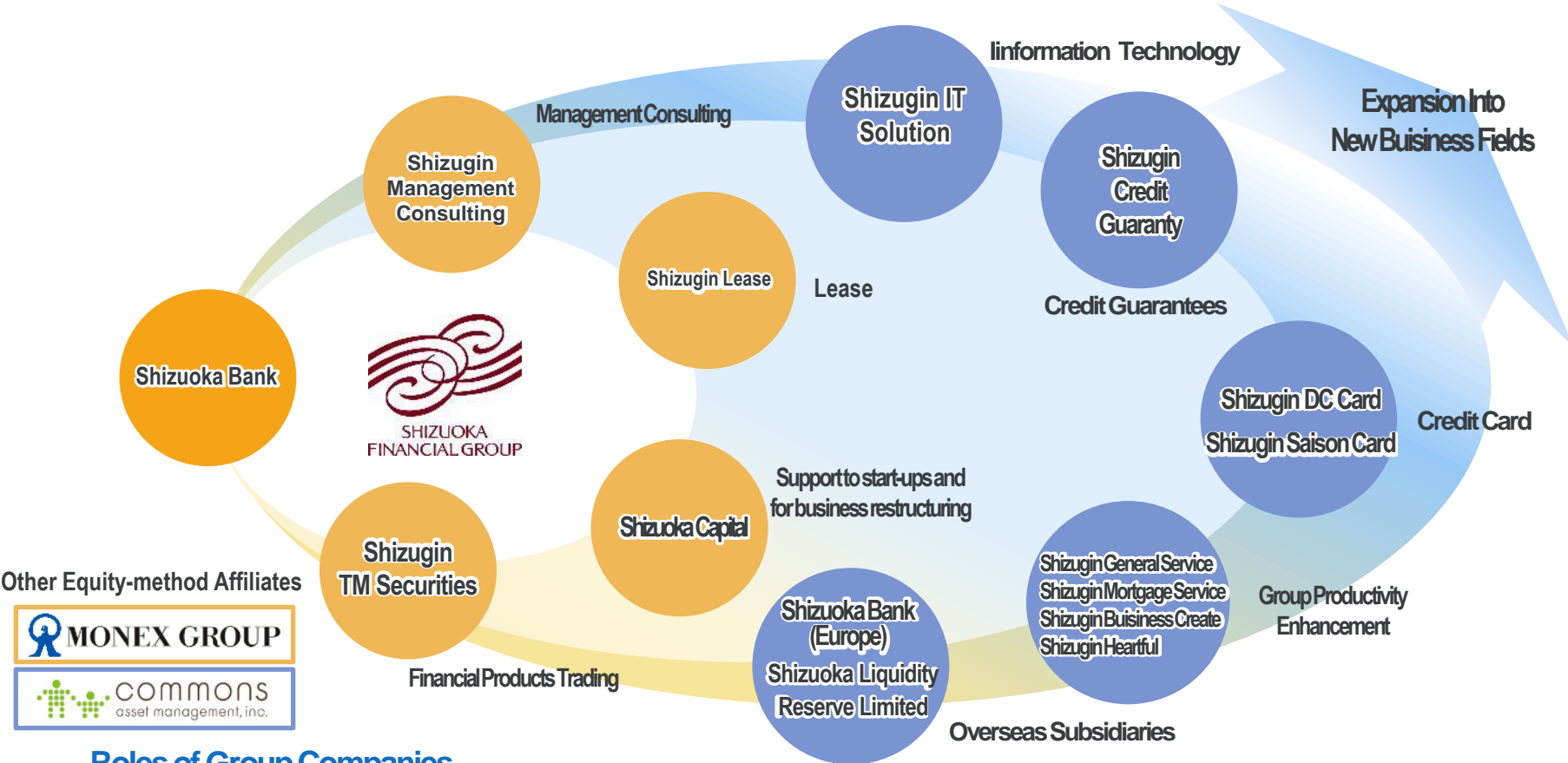


Transformation to a Holding Company Structure

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



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

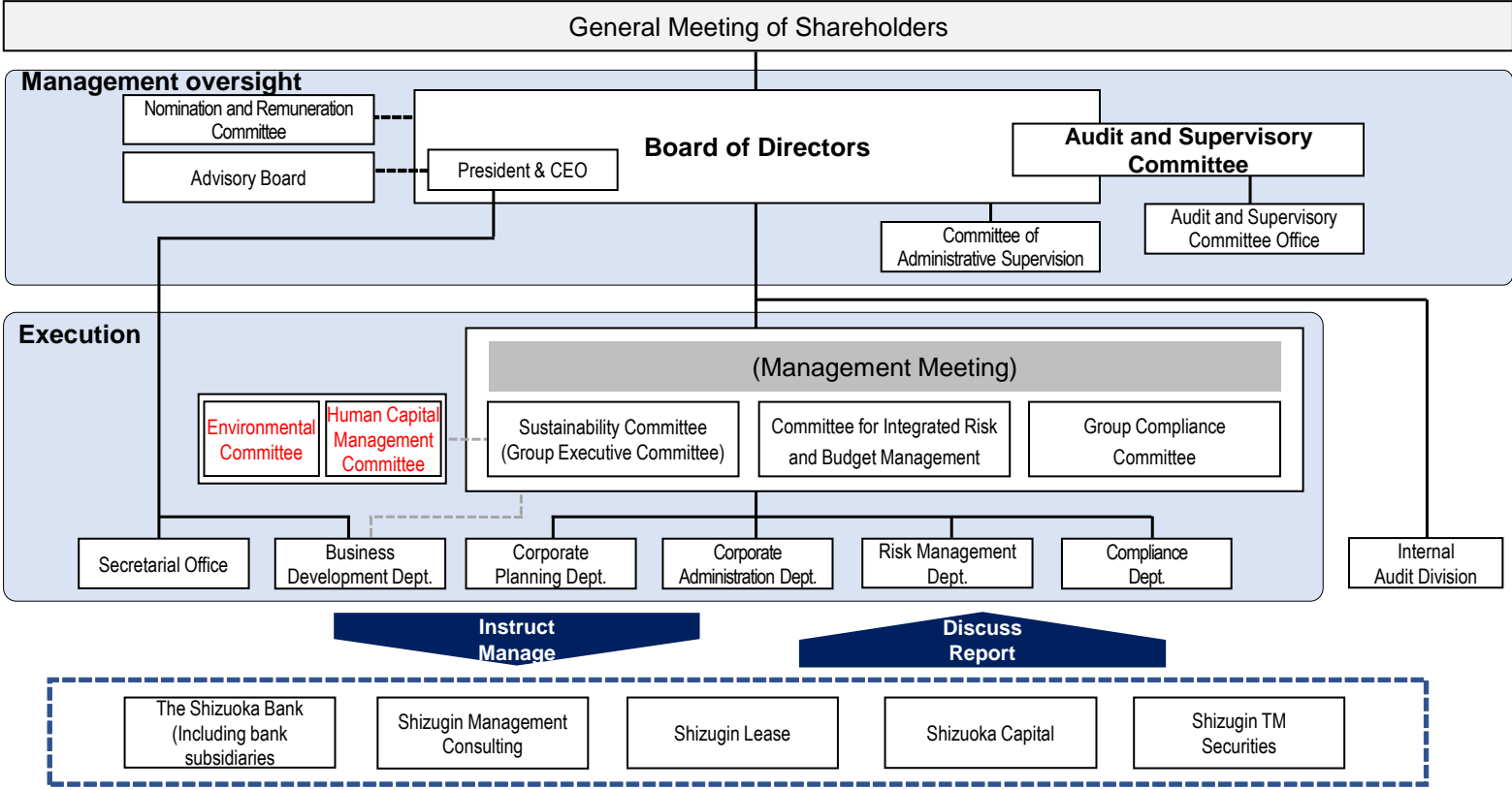
Bank's Subsidiary, etc.

Support group-wide growth

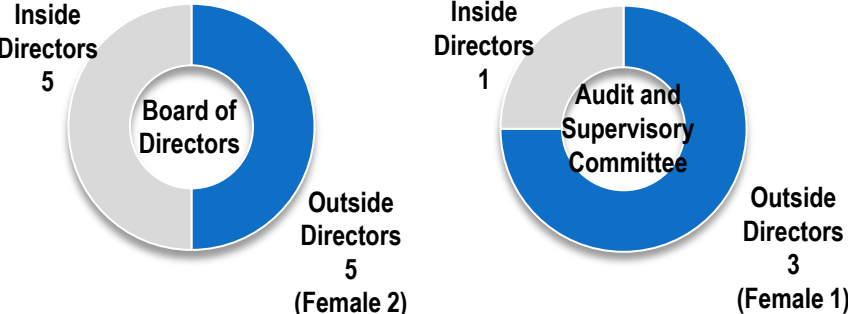
- Further strengthen cooperation with banks and group companies
- Expand products and services and improve of business quality

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

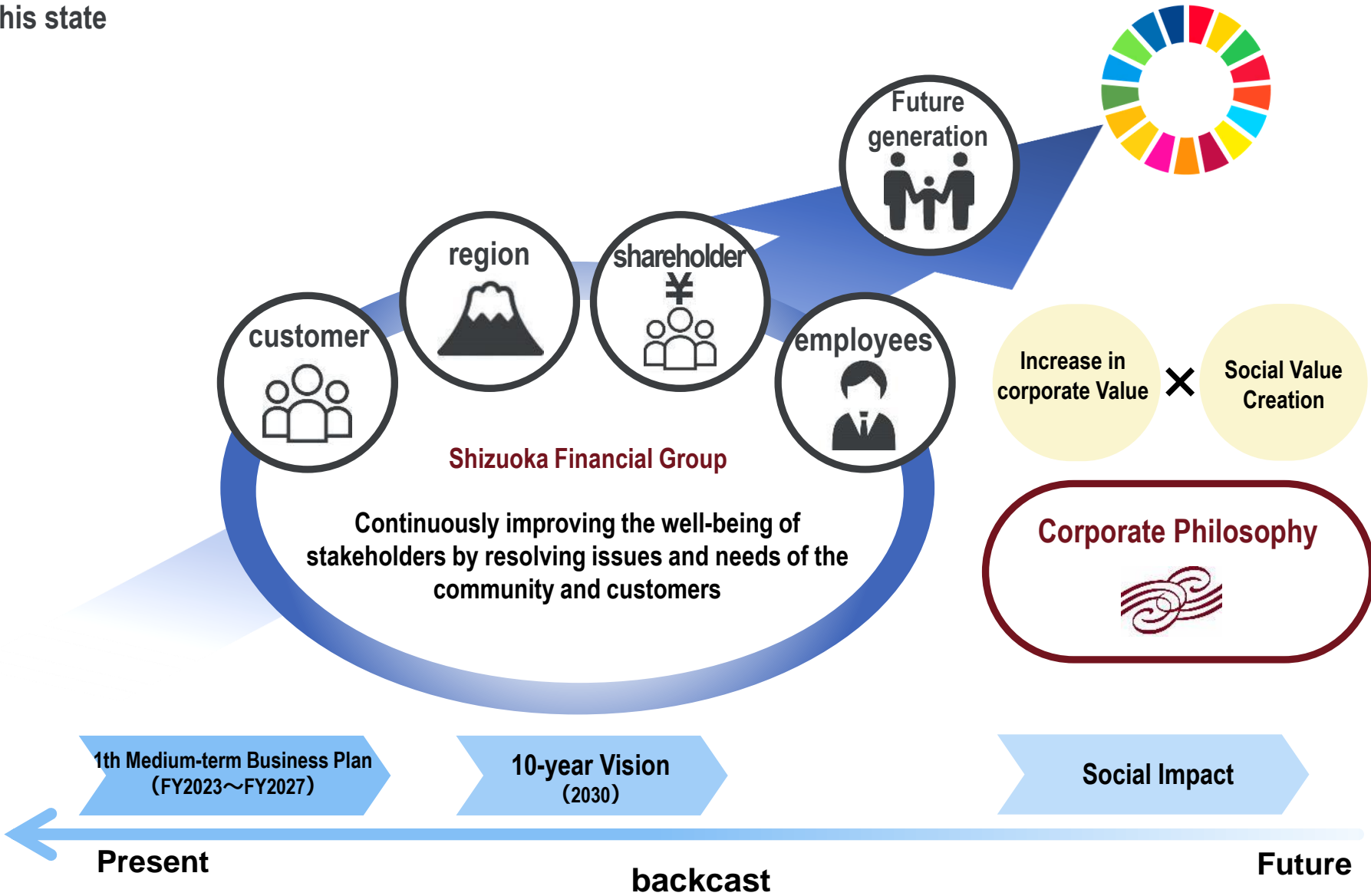
Chairman	Katsunori Nakanishi
President (Representative Director)	Minoru Yagi
Director & Senior Managing Executive Officer (Representative Director)	Yutaka Fukushima
Director	Hisashi Shibata
Director & Senior Executive Officer	Toshiyasu Takizawa
Audit & Supervisory Board Members	Hiroki Saito
Audit & Supervisory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

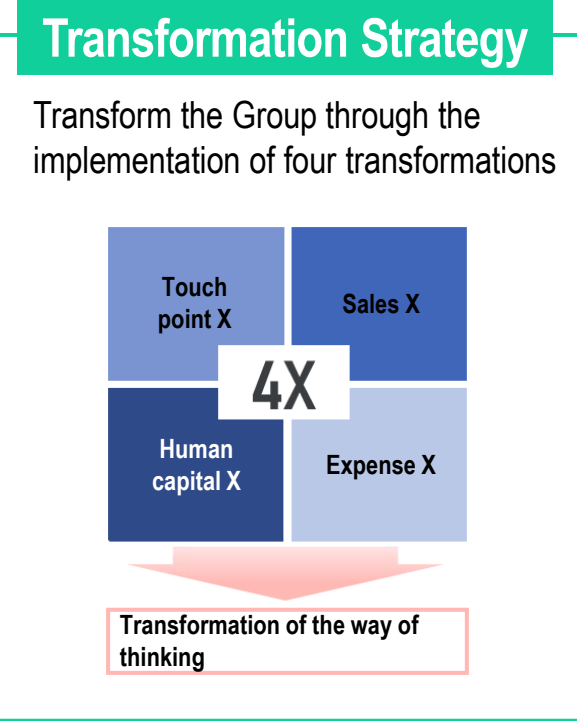
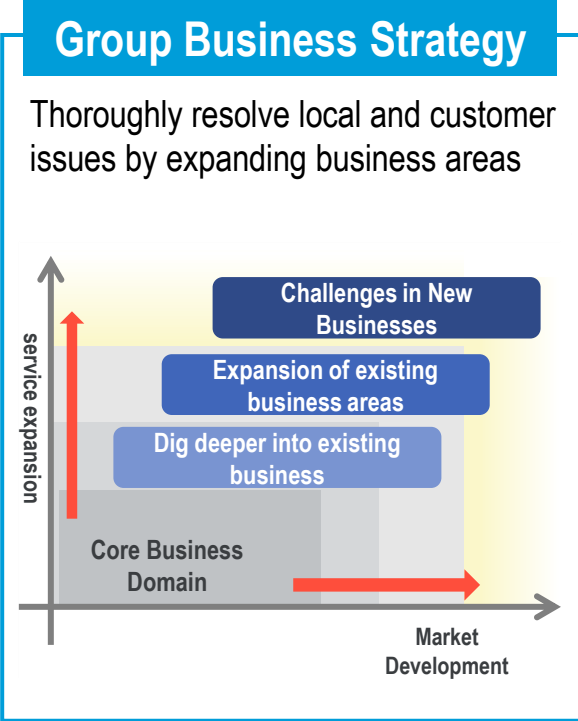
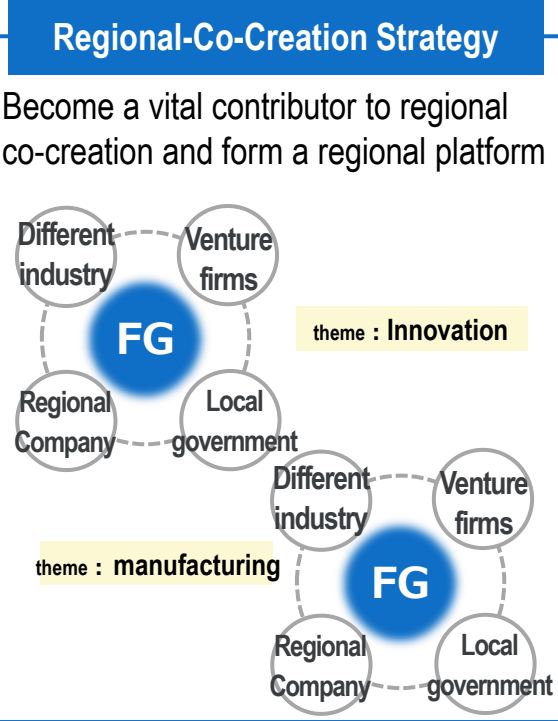
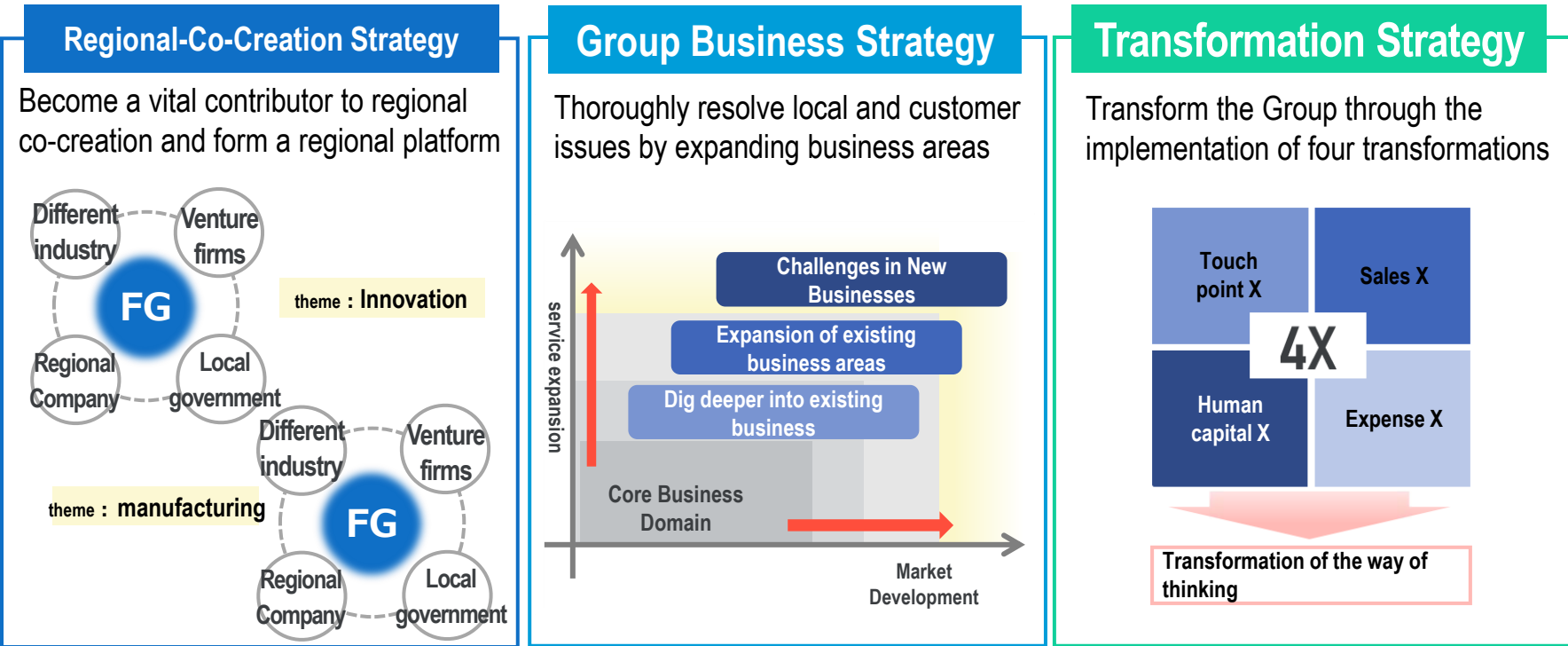
SFG 1th Medium-term Business Plan(1) - Way of thinking

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

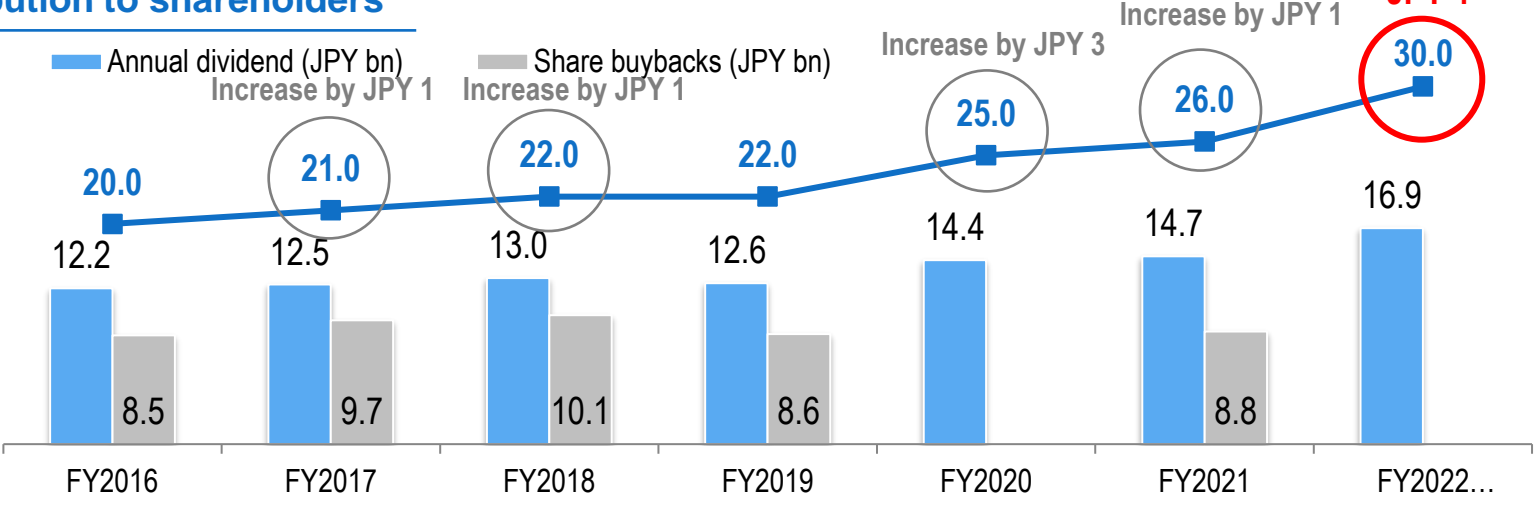


Capital Policy

Shareholder return

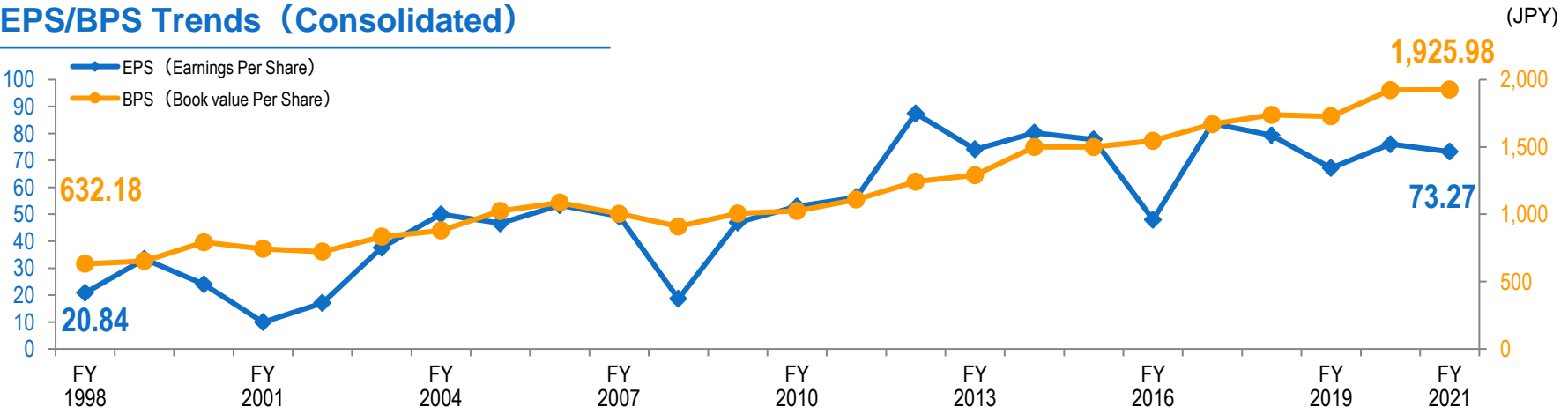
Aim at achieving target of “shareholders return ratio of 50% or higher in medium and long term” through constant dividend and flexible share buyback

Profit distribution to shareholders



Dividend payout ratio	41.5%	24.9%	27.6%	32.6%	32.8%	35.4%	31.3%
Shareholder return ratio	70.6%	44.3%	49.1%	54.9%	32.8%	56.2%	31.3%
Profit attributable to owners of the parent	JPY 29.3bn	JPY 50.1bn	JPY 46.9bn	JPY 38.7bn	JPY 43.6bn	JPY 41.6bn	JPY 54.0bn

EPS/BPS Trends (Consolidated)




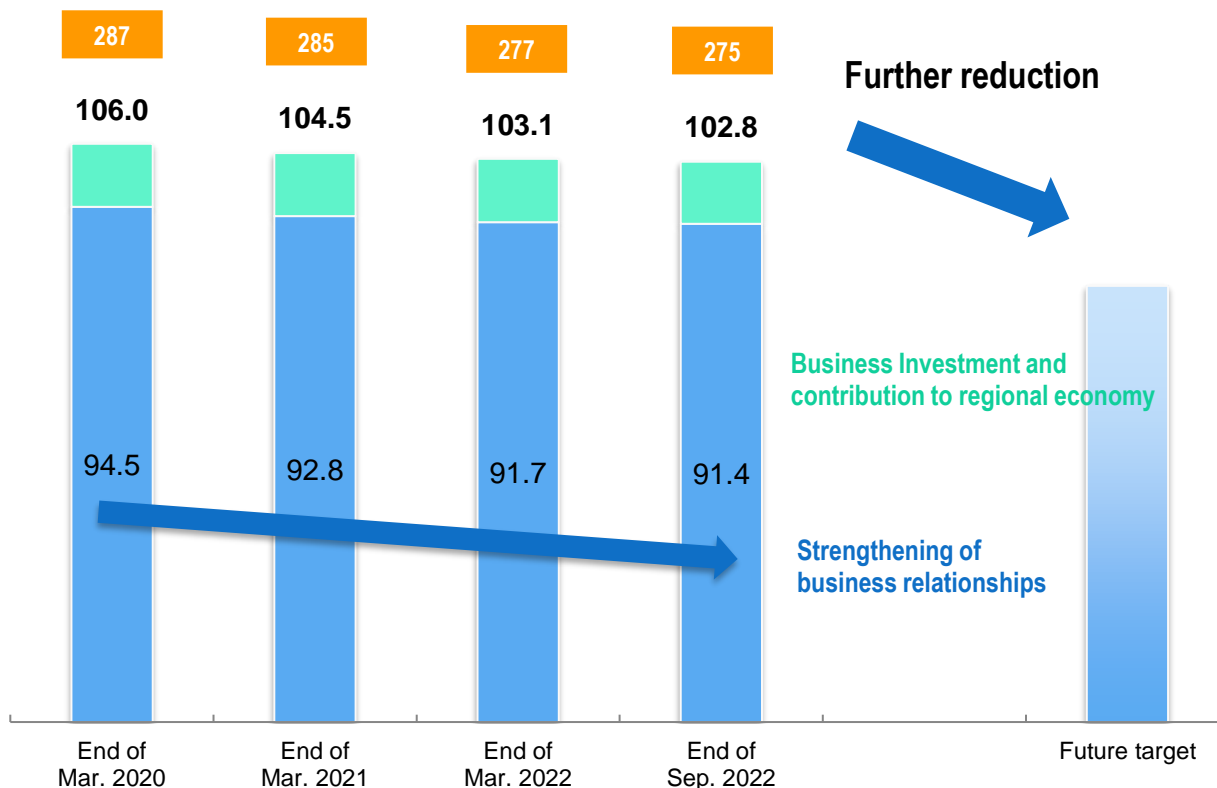
Strategic shareholdings

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)	Profit (loss) on sales	
		Acquisition cost basis	*2
FY2020	8.9	1.6	7.3
FY2021	4.2	1.5	2.7
1H FY2022	10.8	1.9	8.8
total	23.9	5.0	18.8

*2 Excluding amortization

[The amount agreed to sell](28 companies)

	Estimated sale amount (JPY bn)	Valuation profit and loss	
		Acquisition cost basis	
End of Sep. 2022	37.7	11.5	+ 26.2

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
Conduct scenario analysis (transition risk and physical risk) through projects supported by the Ministry of the Environment, etc.	By 2022/2
Establish target on Sustainable Finance (JPY 2tn in total by FY2030) Results in 1H FY2022 : JPY 163.2bn (Progress rate to annual target: 141%)	2021/10
Conduct interviews to regional companies on decarbonization	2022/9

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)	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: #f1c40f; 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 Bank 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: #f1c40f; 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: #f1c40f; 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: #e74c3c; 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"



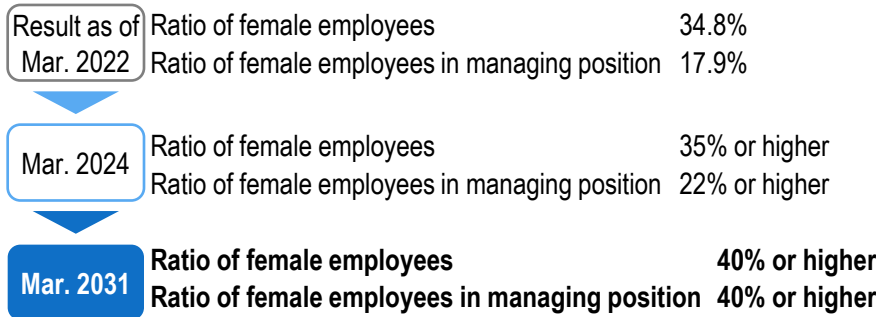
- The Shizuoka Bank and Shizugin IT Solution were recognized as "the 2022 Certified Health and Productivity Management Organization (large enterprise category)" in Mar. 2022 for various initiatives to maintain and enhance employees' health, such as creating favorable environment and supporting employees'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



Women Empowerment



Formulate action plan in accordance with Women's Advancement Promotion Law



- Appoint a female as Executive Officer at the Bank for the first time in Apr. 2022
- Appoint a female as President at Shizugin Heartful in Jun. 2022
- Besides, there are 6 female executives in 4 Group companies (*)
 - * Shizugin General Service (1 Director & Executive Officer), Shizugin Mortgage Service (1 Director & Executive Officer and 2 Executive Officer), Shizugin Business Create (1 Executive Officer), Shizugin Heartful (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]



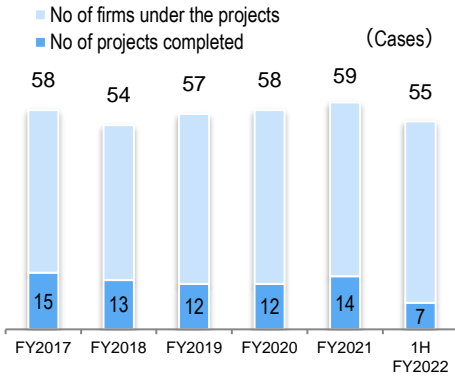
[Outdoor upstairs to rooftop] 51

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

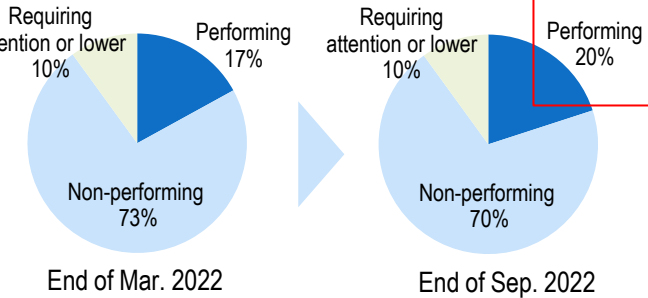


Has completed business restructuring for about 290 firms since FY2005

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.

[Credit rating]



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

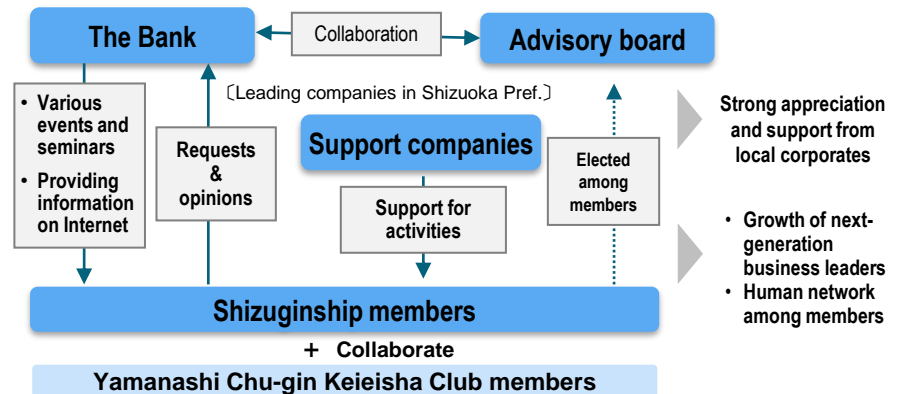
No. of employees + 433

“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.
- Expanded collaboration with a similar club offered by Yamanashi Chuo Bank

[Structure of Shizuginship]

【No. of members】 At the end of Sep. 2022 / 692 corporates, 1,024 people
 【No. of participants in activities in FY2022】 Total 395people



ESG/SDGs (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	43 130



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
- The partner will be selected in Nov. 2022 after the first and second round of selection, and presentation.

Launched a three-bank collaboration program



- Launch a common preferential service based on the "Agreement on Cooperation for Tourism Promotion in Fuji, Hakone and Izu Areas" concluded with Yokohama and Yamanashi Chuo Bank, Ltd.
- Offer preferential services to customers who present their cash cards issued by each of the three banks at 24 participating facilities in Shizuoka, Kanagawa and Yamanashi Pref

- Started in Jul. 2022
- Seven facilities in Shizuoka Pref. participate
- Aim to promote tourism in the wider region



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- Sep. 2022)]

	Total	Shizuoka Bank	Yamanashi Chuo Bank
No. of events	20	-	-
No. of application	690	480	210
No. of participants	498	320	178
No. of business talks	705	465	240



*Includes projects not related to Yamanashi Chuo Bank

ESG/SDGs (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

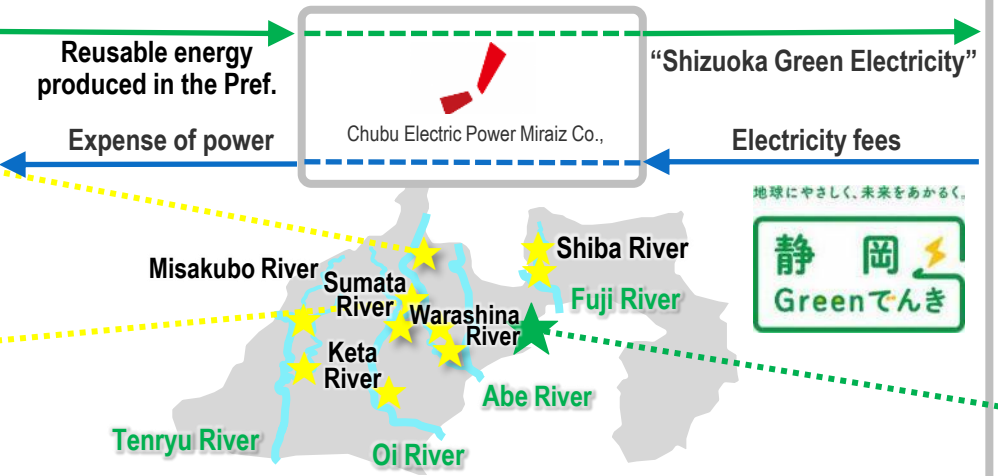
Hydroelectric power plants owned by Chubu Electric Power Group (extract)



Hatanagi Daiichi Plant



Ikawa Plant



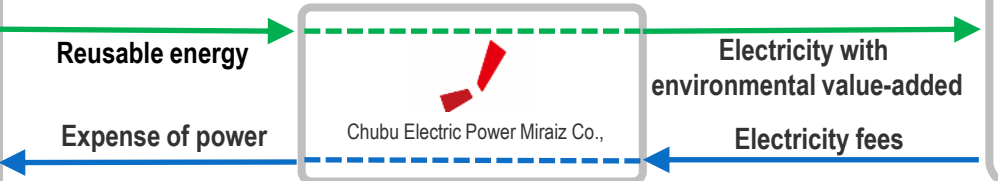
SHIZUOKA BANK 静岡銀行

静岡 Greenでんき

[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)

Mega solar power plant to be constructed by Chubu Electric Power Group (Miho)

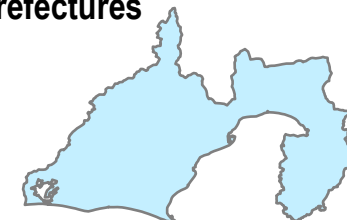




Reference

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

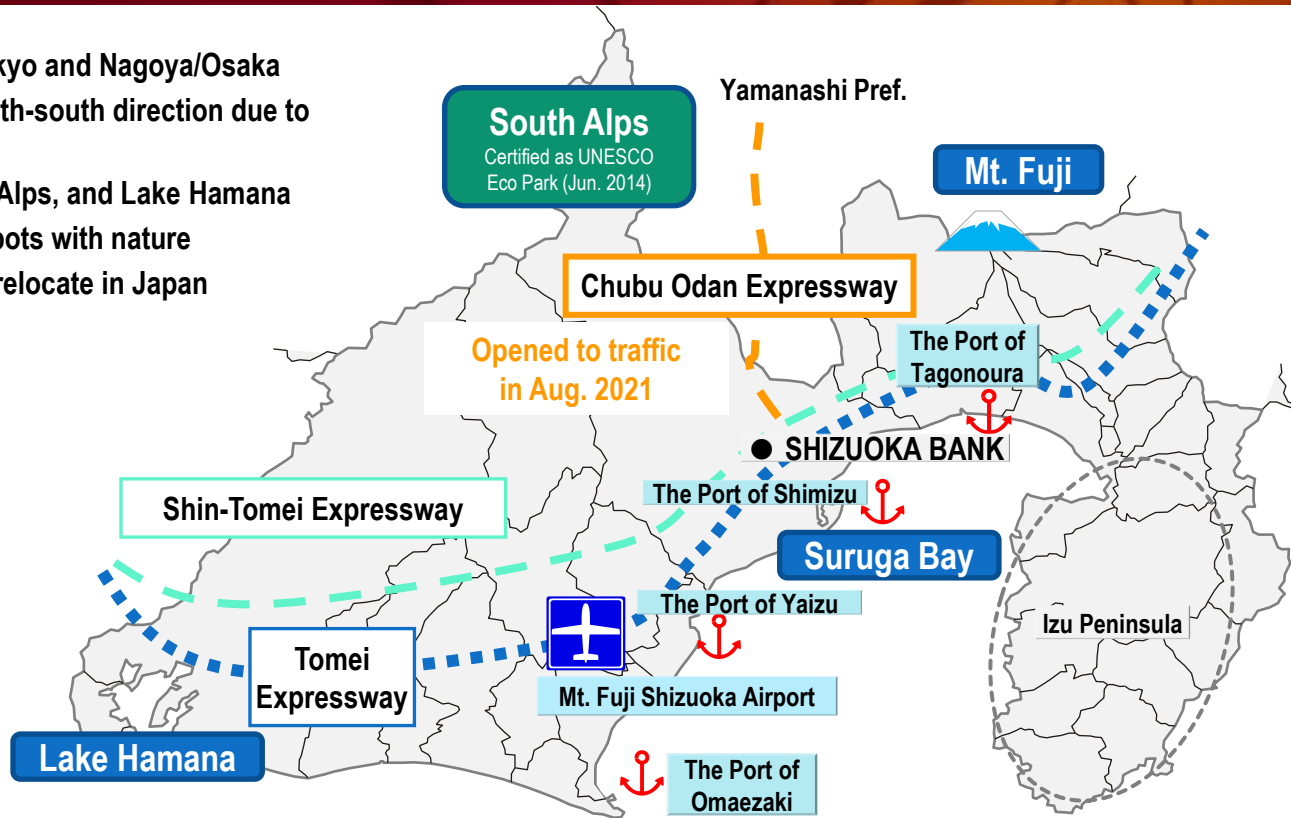
- Position as distribution hub between Tokyo and Nagoya/Osaka
- More convenient in transportation in north-south direction due to open of Chubu Odan Expressway
- Own rich nature such as Mt. Fuji, South Alps, and Lake Hamana
- One of the best Japanese sightseeing spots with nature
- Rank high in survey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



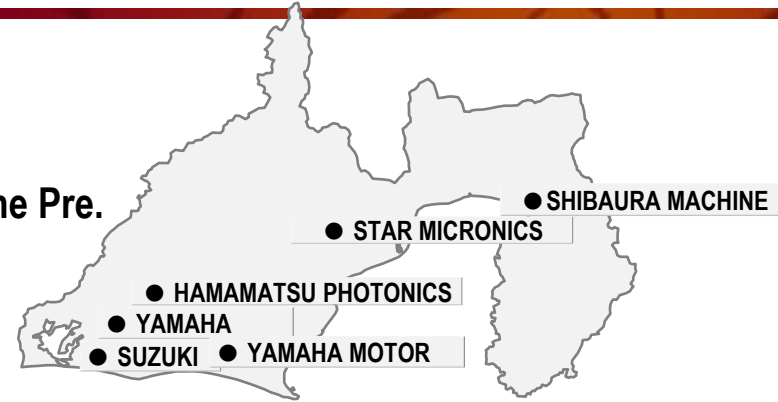
Izu Peninsula awarded Global Geopark status by UNESCO

- 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



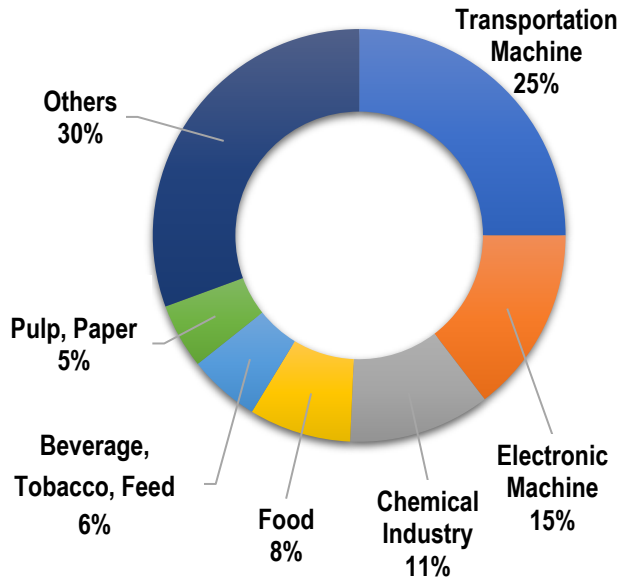
Attractiveness of Shizuoka Pref. (2) – Industry, Economy

- 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	3 rd	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	3 rd
Medical devices	365.4	1 st
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.

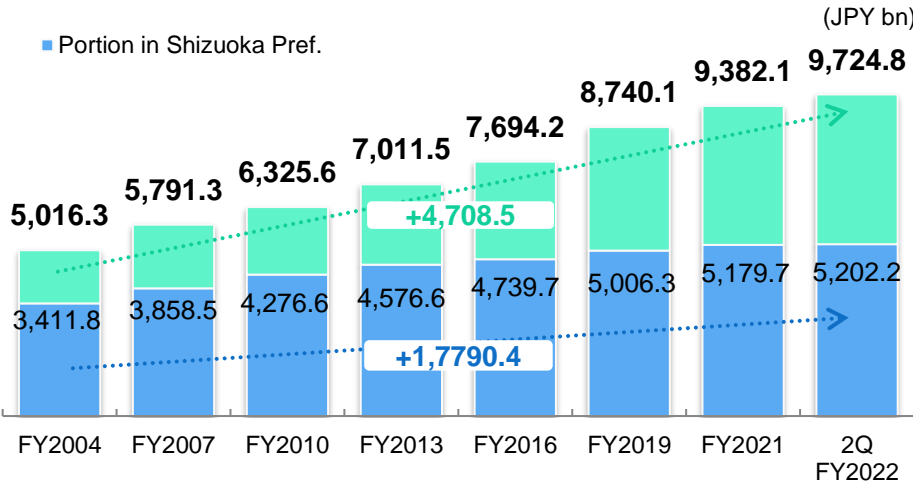


Source: website of center for next generation cars Hamamatsu

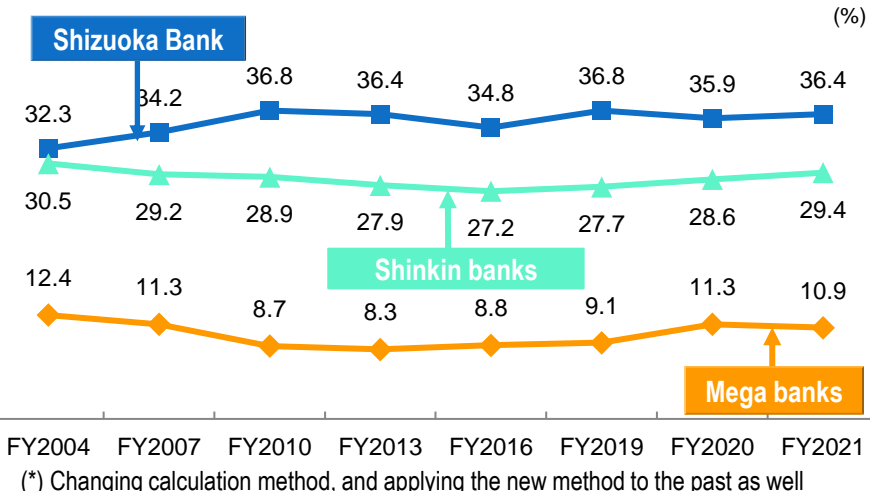
Historical data of loans and deposits

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

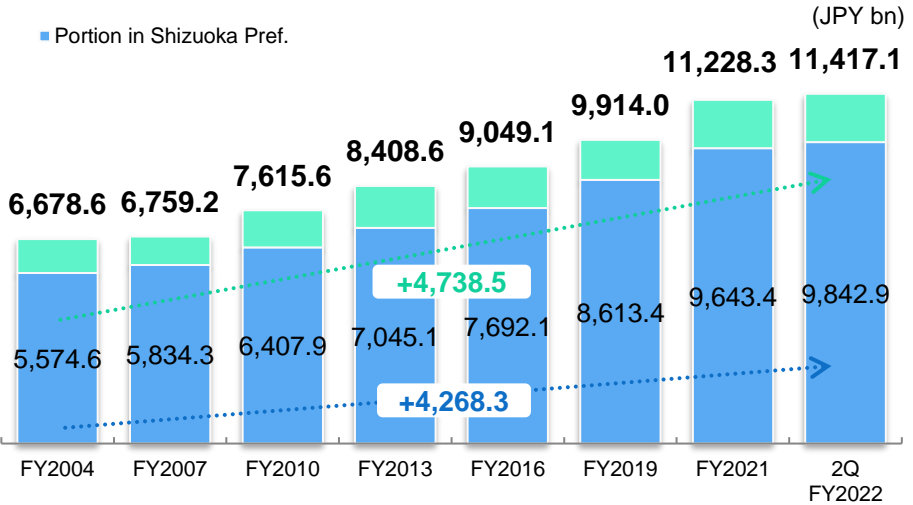
Total loan balance (average balance)



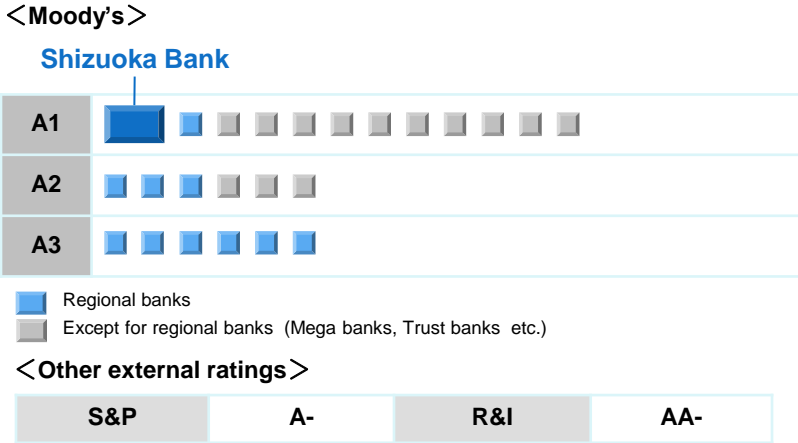
Share of loans in Shizuoka Prefecture (*)



Deposit balance (average balance)



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



Loans – Loans by industries

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

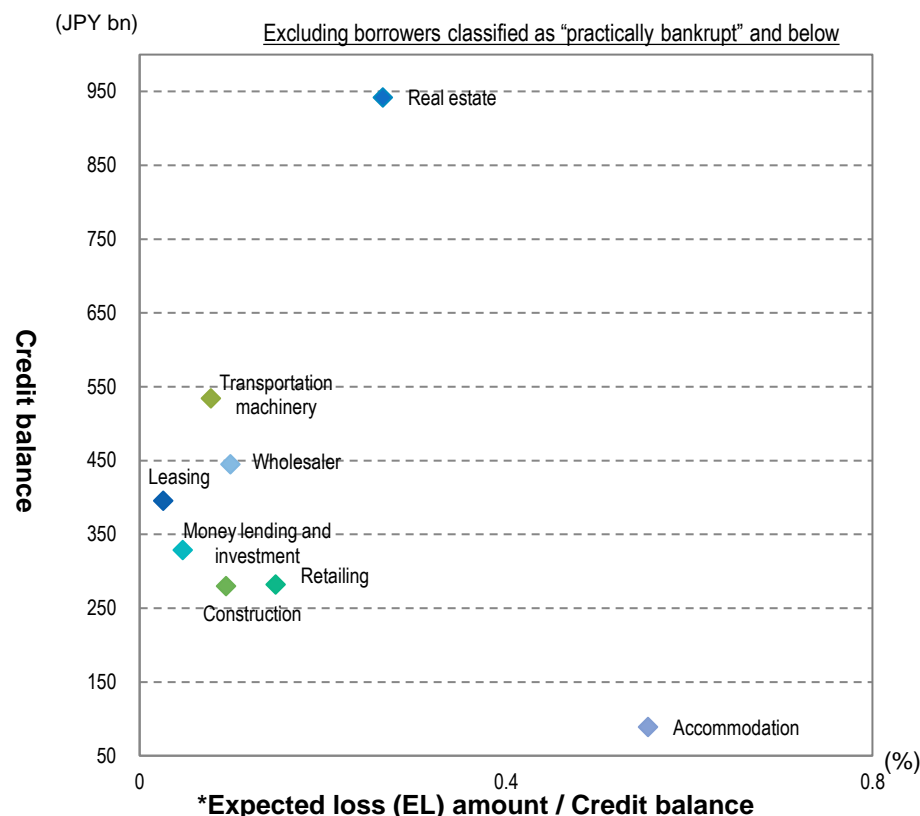
[Credit balance (as of the end of Sep. 2022)] (JPY bn, %)

	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

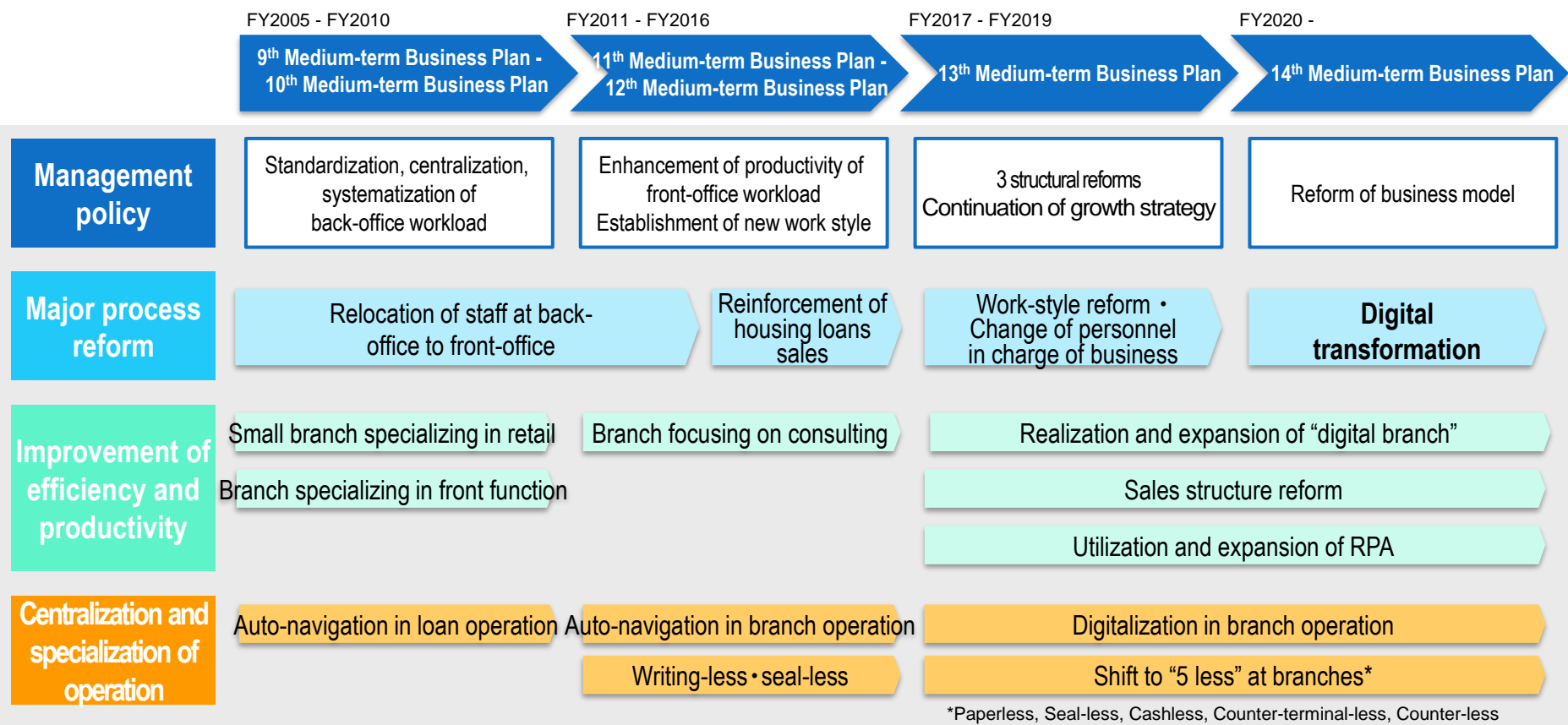
(*2) excluding a general trading companies

[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

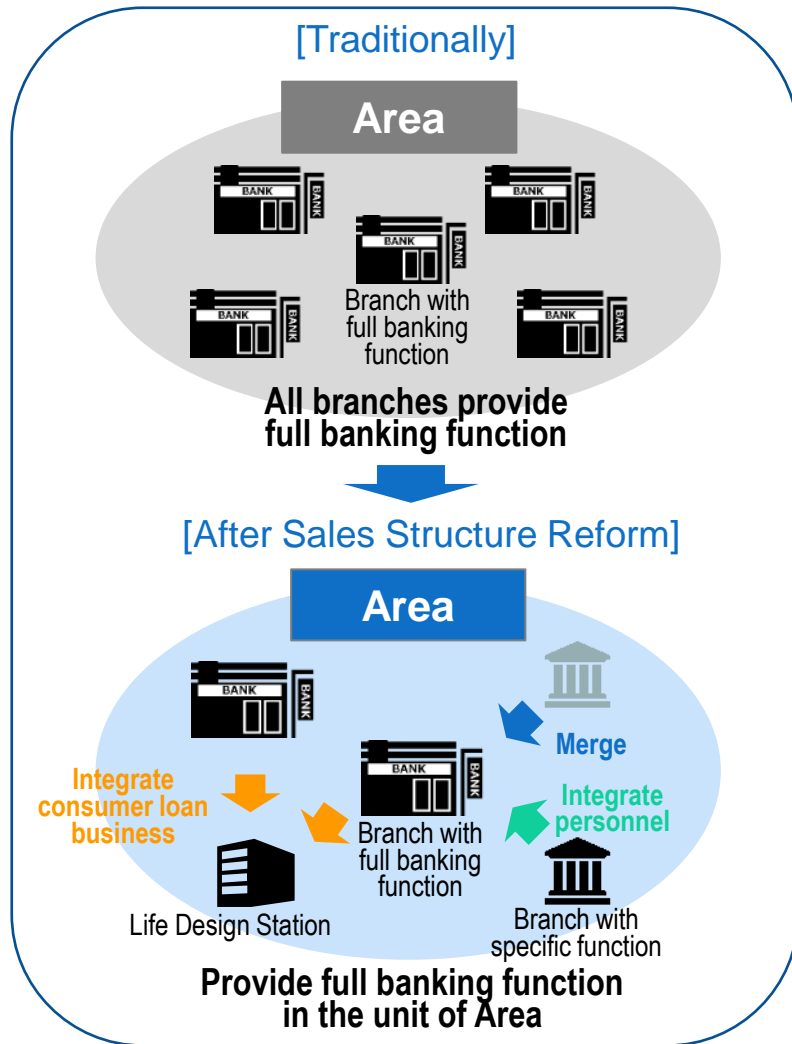
Reduced by 63%

(Comparison between FY2010 and FY2013)

Branch Strategy

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-)



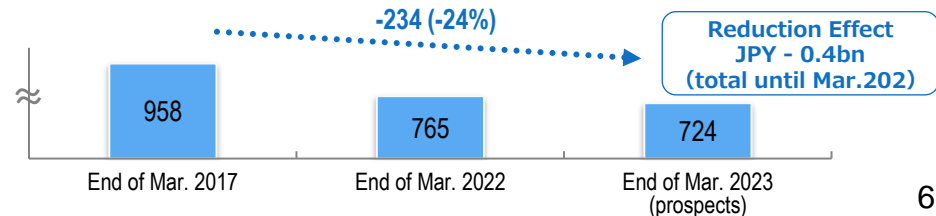
[Achievements]

	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

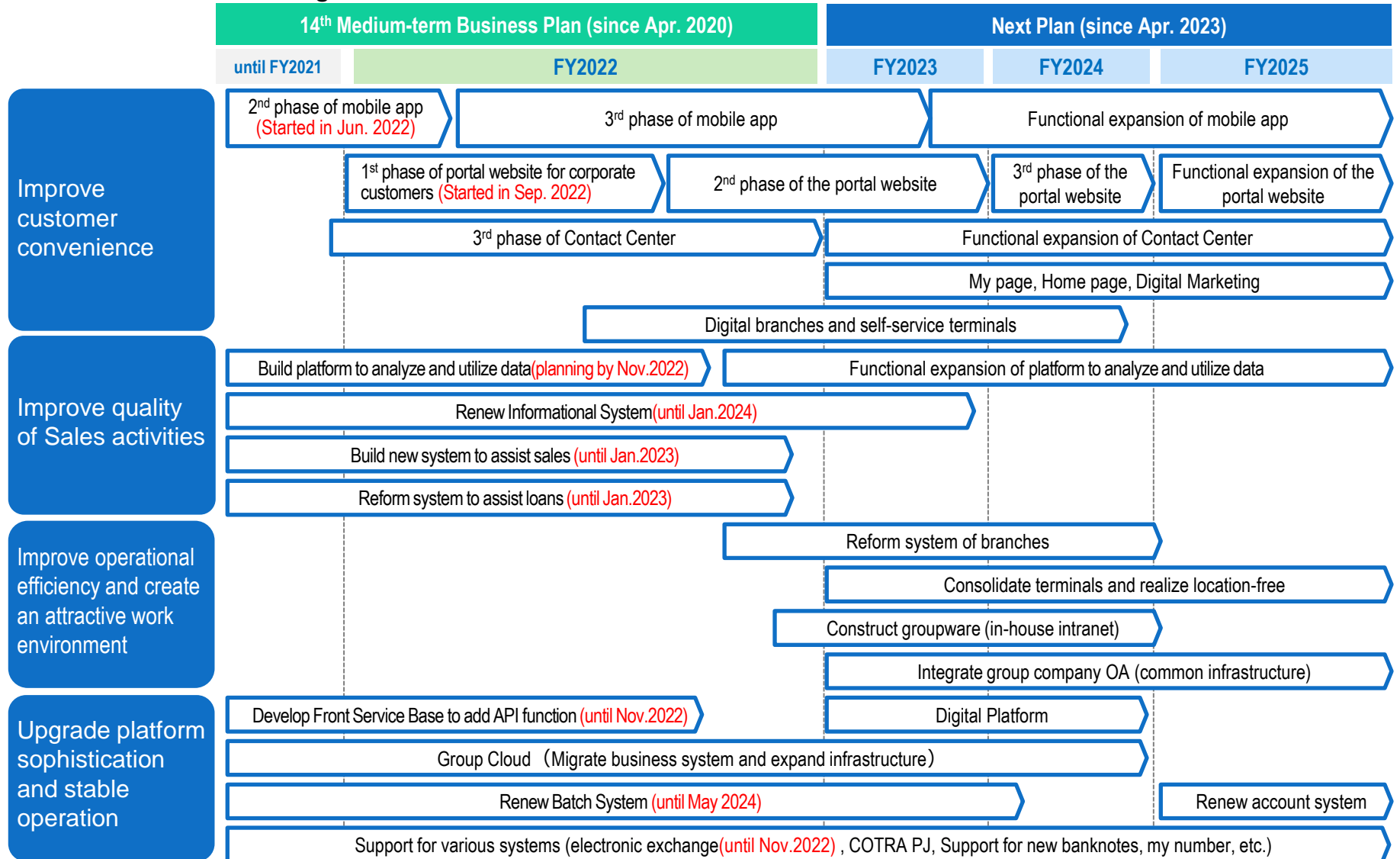
- Relocated and opened the Asaba Branch in the Asaba Shopping Town "PADDY". Continue to exist with lighter branch functions and maintain a network of locations. (Nov. 2022)
- Form appropriate ATM network based on situation of utilization

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

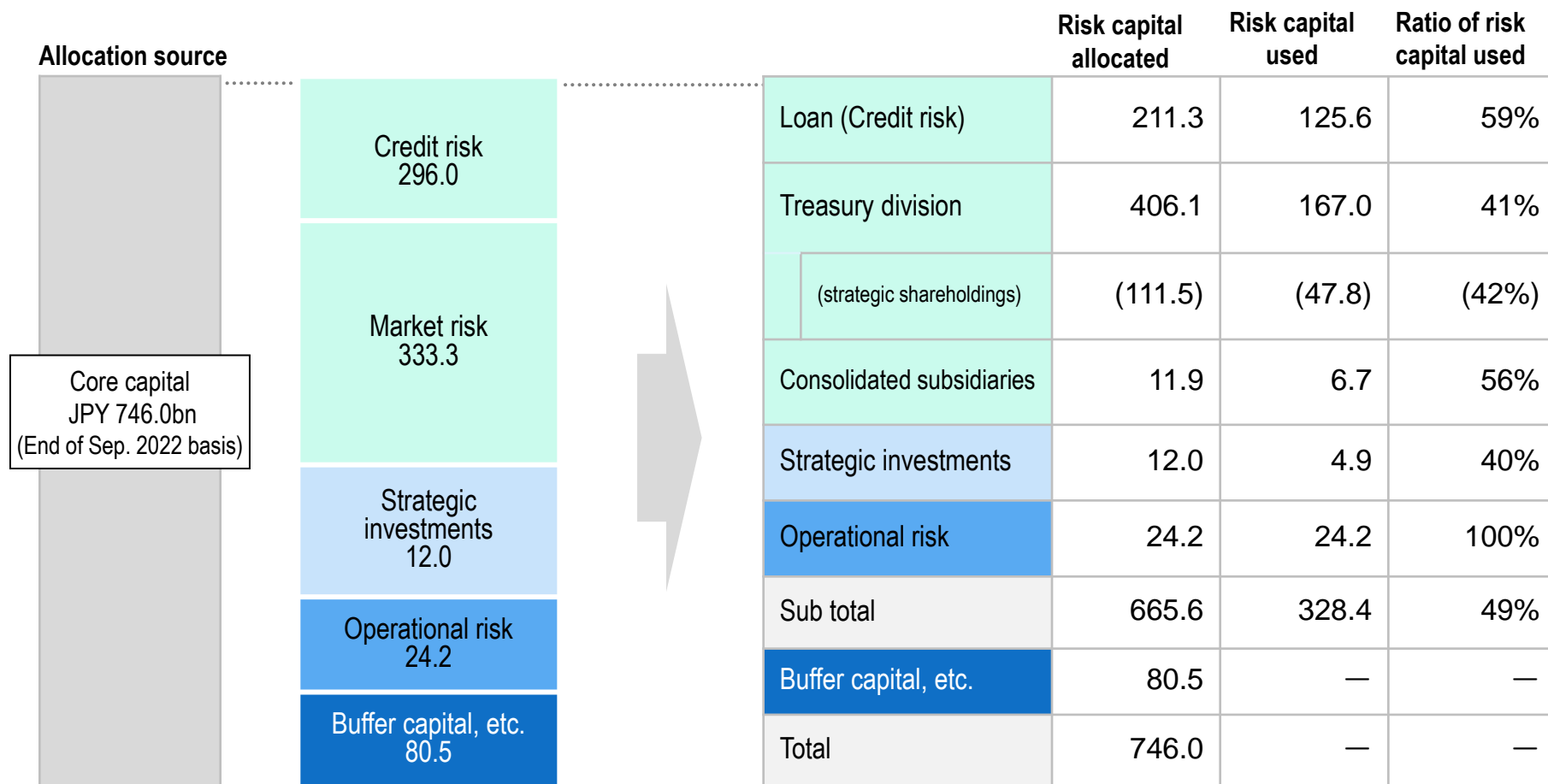


Policy to build and use system infrastructure

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

In 1H FY2022, the total ordinary profit of 13 consolidated subsidiaries was JPY 4.9bn(down JPY 0.2bn YoY)

(JPY bn)

Company name	Business	1H 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	0.8	-0.1
Shizugin IT Solution Co., Ltd.	Computer system development and operation	0.2	+0.0
Shizugin Credit Guaranty Co., Ltd.	Guarantee of housing loans, etc.	2.1	+0.1
Shizugin DC Card Co., Ltd	Credit card and guarantee of consumer loans	0.4	+0.0
Shizuoka Capital Co., Ltd.	Public-offering assistance Support for corporate rehabilitation	0.2	+0.0
Shizugin TM Securities Co., Ltd.	Securities	1.0	-0.2
Shizuoka Bank (Europe) S.A.	Finance and securities-related services	-0.1	-0.0
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(13 companies)		4.9	-0.2

(Ref.) Affiliates under equity method of accounting

Shizugin Saison Card Co., Ltd.	Credit card, prepaid card, and guarantee of consumer loans	0.1	+0.1
Monex Group, Inc.	Holding stocks of companies practicing securities and so on	* 2.1	-16.2

*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 <Nonconsolidated> (Yen)	BPS <Nonconsolidated> (Yen)	DPS <Nonconsolidated> (Yen)
FY1997	7,226	9,997	7,226	9,997	—	20.4	587.6	6.0
FY1998	6,633	9,142	6,633	9,142	84.1	20.1	627.6	6.0
FY1999	8,357	9,143	8,357	9,143	52.6	34.1	651.0	6.0
FY2000	24,954	23,281	24,954	23,281	150.3	23.7	792.2	6.0
FY2001	8,234	8,267	8,234	8,267	170.5	10.3	742.7	6.0
FY2002	29,928	23,107	—	—	222.1	16.6	721.3	7.0
FY2003	10,712	8,566	30,000	23,381	50.2	37.2	831.8	7.0
FY2004	—	—	—	—	16.9	49.4	875.9	8.5
FY2005	—	—	—	—	21.4	44.2	1,019.2	10.0
FY2006	—	—	—	—	24.3	51.2	1,077.9	13.0
FY2007	10,000	12,621	10,000	10,130	62.6	49.9	997.2	13.0
FY2008	—	—	—	—	69.7	18.3	903.3	13.0
FY2009	5,000	3,996	5,000	4,638	39.8	46.0	998.2	13.0
FY2010	20,000	14,980	20,000	15,957	65.7	51.8	1,016.3	13.0
FY2011	20,000	14,575	—	—	63.0	52.4	1,097.6	13.5
FY2012	10,000	8,239	20,000	14,953	31.5	62.8	1,204.3	15.0
FY2013	20,000	22,642	—	—	69.3	67.8	1,257.6	15.5
FY2014	10,000	11,315	—	—	42.4	68.5	1,440.7	16.0
FY2015	4,767	6,999	—	—	40.2	71.4	1,436.5	20.0
FY2016	10,000	8,496	20,000	20,578	70.6	40.0	1,470.1	20.0
FY2017	10,000	9,736	—	—	44.3	72.5	1,579.0	21.0
FY2018	10,000	10,069	30,000	30,530	49.1	72.1	1,638.2	22.0
FY2019	10,000	8,623	10,000	10,139	54.9	58.1	1,620.3	22.0
FY2020	—	—	10,000	9,619	32.9	61.8	1,792.2	25.0
FY2021	10,000	8,759	—	—	56.2	63.6	1,781.1	26.0
Total	245,811	232,557	210,404	199,758	—	—	—	—



This document includes statements concerning future business results.

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

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

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