



2022

SHIZUOKA BANK GROUP INTEGRATED REPORT

Economic Overview of Shizuoka Prefecture

Industrial Characteristics

Shizuoka Prefecture is situated midway between the two major consumer markets and industrial centers of Japan — the Nagoya region plus the Osaka-Kyoto region to the west, and the Yokohama-Tokyo region to the east. Because of this location at a busy “crossroads” of the nation, it has historically developed into a significant center of manufacturing industry. The convenient location of Shizuoka Prefecture in transportation terms has caused the growth of a strong industrial base. The prefecture is one of the country’s leading manufacturing areas. The wide variety of industries represented within Shizuoka has led to it being dubbed “the industrial department store.” Corporations active in Shizuoka include world-leading enterprises such as Toyota, Honda, Suzuki, and Yamaha, and the prefecture is renowned for its concentration of export-oriented manufacturing companies. Many of these firms have set up production subsidiaries overseas, which are creating a growing international

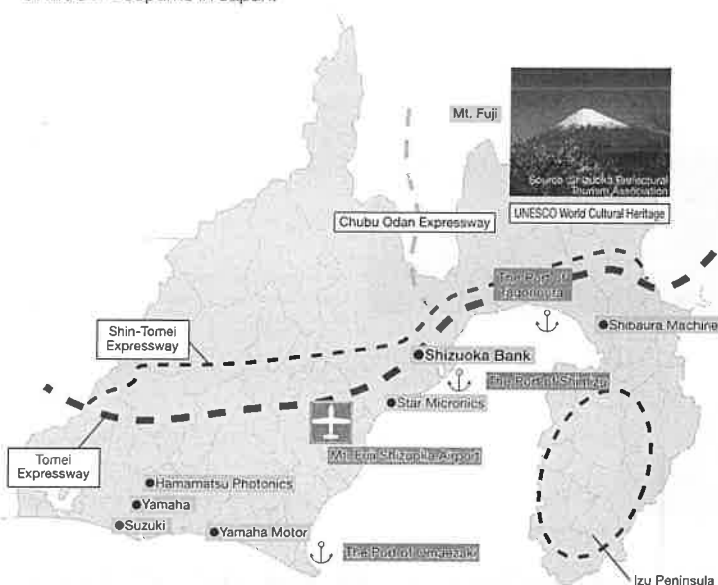
aspect to the regional economy. We expect that Shizuoka prefecture will be more internationalized, stimulating the interchange of people and ideas with the major urban centers of Eastern Asia, and act as an important driving force for the regional economy.

In recent years the prefectural authorities have been operating a number of schemes to encourage companies in the medical treatment, pharmaceuticals, chemicals, and optical technology industries, among others, to set up operations in the so-called “Shizuoka Triangle Research Cluster” (spread across the prefecture’s eastern, central, and western districts) as a means of developing a next-generation industrial base.



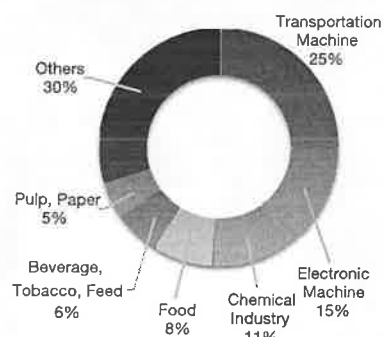
Economy in Shizuoka Prefecture and Current State

- Positions as distribution hub between Tokyo and Osaka/Nagoya.
- Represents leading manufacturing prefecture in Japan.
- Owns a lot of export-driven companies handling machinery of transportation and musical instruments and etc.
- Has many representative tourist locations with rich natural resources.
- The Izu Peninsula was certificated 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.



Industrial structure in Shizuoka Prefecture

- 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 listed companies with HQs in Shizuoka Prefecture

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

*As of the end of Mar. 2022

Economic scale of Shizuoka Prefecture

- Accounts for 3% share of all-Japan and ranks 10th in the scale of economy in Japan.
- Has greater GDP than total GDP of 4 prefectures in Shikoku or 3 prefectures in Hokuriku.
- Its GDP is ranked next to those in Kazakhstan, Algeria, and Hungary.

Shizuoka Prefecture indices

	Share of all-Japan	National ranking
Population	3.63m 2.9%	10th of 47 (2020)
No. of households	1.61m 2.7%	10th of 47 (2021)
Nominal prefectural GDP	JPY 17.5tn 3.1%	10th of 47 (FY2018)
Per-capita income	JPY 3.432m -	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	180k tons 5.7%	4th of 47 (2020)
No. of industrial locations	54 6.5%	3rd of 47 (2020)
No. of new housing starts	21k 2.5%	10th of 47 (2021)

Shizuoka Prefecture economic scale

Prefectural GDP (FY2018, Nominal)		
Rank	Prefecture/Region	(US\$ billions)
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)	(US\$ billions)
55	Kazakhstan	179.3
56	Algeria	175.4
57	Hungary	160.4
-	Shizuoka Prefecture	157.5
58	Kuwait	138.2
59	Ukraine	130.9

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

Shizuoka Bank Group at a Glance

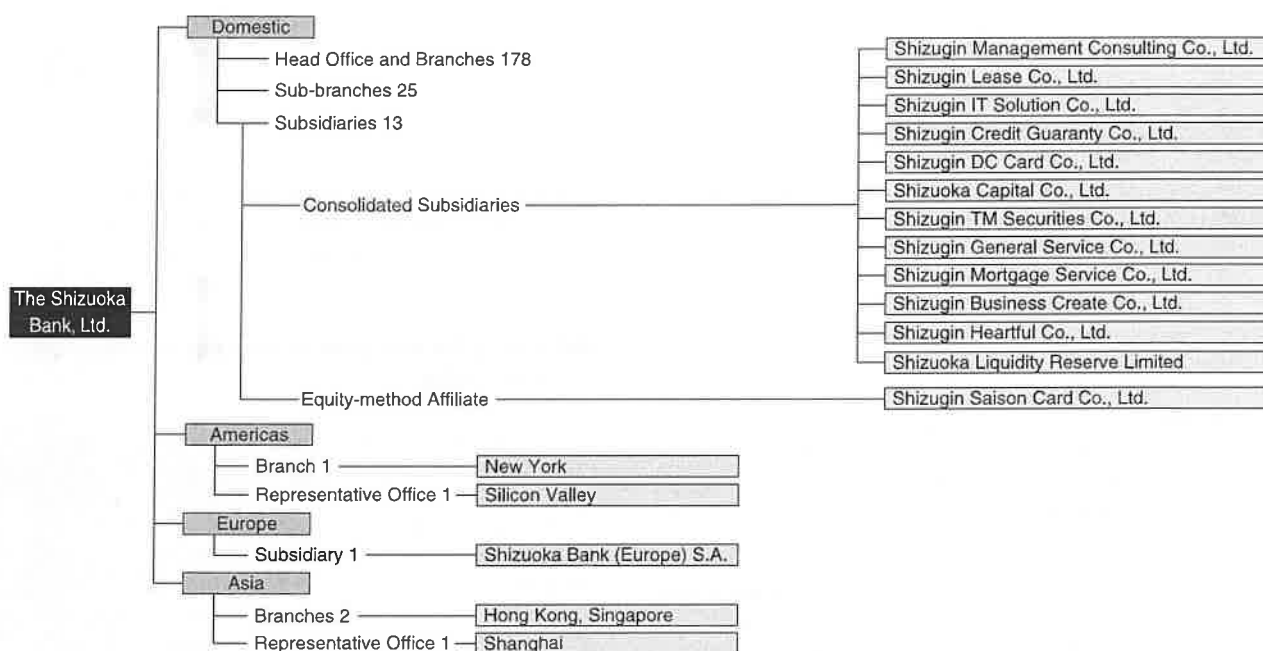
NURTURING THE VISION OF A PROSPEROUS COMMUNITY

True to a corporate philosophy, which aims to “expand dreams and affluence with our community,” the Shizuoka Bank Group makes an ongoing contribution to the development of the region around Shizuoka Prefecture, which forms the core of its business base. This corporate philosophy incorporates not only an economic dimension but also a cultural one: living in harmony with the local communities and the people we serve, sharing prosperity with them as a home-grown local banking group and a member of the regional community, and also helping local people to live more fulfilling lives.

A FIRST-CLASS REGIONAL BANK GROUP

The Shizuoka Bank Group comprises Shizuoka Bank and thirteen Group companies, and is one of the largest regional banking groups in Japan. Centered on Shizuoka Bank with the Head Office, 177 branches and 25 sub-branches, the Group serves the needs of customers not only within Shizuoka Prefecture, its home region, but also in three major economic centers in Japan, namely Tokyo, Osaka, and Nagoya, all of which are comparatively nearby. For overseas operation, the Bank operates in New York, Silicon Valley, Brussels, Hong Kong, Singapore, and Shanghai.

The Structure of the Shizuoka Bank Group (As of July 1, 2022)



* Other than the above-mentioned Group companies, Monex Group, Inc. and Commons Asset Management, Inc. are equity-method affiliates of Shizuoka Bank.

Contents

Economic Overview of Shizuoka Prefecture	1
Shizuoka Bank Group at a Glance	2
Message from the President	3
CFO Message	11
Dialogue between CEO and Outside Director	15
Shizuoka Bank Group's Value Creation Process	21
14th Medium-term Business Plan "COLORs"	23
Realizing Sustainability Management	25
Transformation to a Holding Company Structure	27
Financial Highlights	33
Non-Financial Highlights	34
Alliance with Regional Banks	35
Initiatives for SDGs	37
Initiatives for the Environment	39
Human Capital Strategy	43

Strengthening of Corporate Governance	51
Thorough Enforcement of Compliance and Risk Management	56
Region-based Relationship Banking	60
Meet needs of corporate customers	61
Support for Overseas Business Development	63
Strategic Investment	65
Independent Auditor's Report	67
Consolidated Balance Sheet	72
Consolidated Statement of Income	73
Consolidated Statement of Comprehensive Income	73
Consolidated Statement of Changes in Equity	74
Consolidated Statement of Cash Flows	75
Notes to Consolidated Financial Statements	76
Key Consolidated Financial Indicators	99
The Shizuoka Bank	102

Message from the President

Aiming to be a Corporate Group Committing itself to the Future of the Region and Producing Growth of the Region

Responding to change as a driving force for increasing sustainability

The impact of the coronavirus disease (COVID-19) has already lasted for two and a half years, and is showing signs of becoming further prolonged. In addition, the upsurge in raw material prices, fuel prices, and logistics prices are weighing heavily on corporate earnings. These factors, combined with multiple domestic and overseas factors that include the invasion of Ukraine by Russia, China's zero-COVID policy, the rapid interest rate hike in the U.S., and the issue of the weakening yen, have resulted in the economic situation remaining unpredictable, as evidenced by the number of corporate bankruptcies (national) in the period from January to June 2022 showing a year-on-year increase for the first time in two years.

While responding to these current conditions is an urgent issue, it is essential from the perspective of sustainability to not only deal with the long-standing social issue of the super-aging society, but also to respond to digitalization, decarbonization, and other so-called "changes of the times" that are irreversible and mark a departure from the world as we once knew it. These changes are accelerating day by day, resulting in concerns that all businesses, without exception, will fall behind over time if they do not take swift action with a view to the future. What is important is simply not to be pessimistic about the situation, but to find opportunities amid the changes that will lead to the future of the company, and turn these into a driving force for increasing sustainability. This should be the key to overcoming the impasse and turning the situation around.

In order to realize the creation of a sustainable local community, I would like to see the Shizuoka Bank Group, as

an involved party, combine the strengths of the Group as a whole and increase our endeavors while making it our core business to support the resolution of issues faced by local communities and customers.

■Entering the final year of the 14th Medium-term Business Plan

The 14th Medium-term Business Plan "COLORs," the three-year plan we have been working on since April 2020 in order to achieve sustainable growth together with the region in any era or business environment, has entered its final year. During the period of the plan, we established for the first time our 10-year Vision of committing ourselves to the region from a longer-term perspective, and we are aiming to "change to a problem-solving corporate group assisting regional customers with hands-on support," which is our Medium-term Business Plan Vision, with this being our role over the three years in order to realize this vision. We designated the first year of the 14th Medium-term Business Plan as the year to change "mind," and the second year as the year to change "action," and we focused our efforts on both financial support and business support during the unprecedented economic crisis brought about by the COVID-19 pandemic. In fiscal 2022, the final year of the plan and the year for realizing achievements, we are working on various measures with the aim of becoming a group that customers initially consult on any issues and needs for the future, based on solid relationships of trust with the region and with customers (see Figure 1, P.5).



Progress of the 14th Medium-term Business Plan

In this section, I would like to explain the three basic strategies and the 10-year strategy while reviewing the results for fiscal 2021 with regard to the progress of the 14th Medium-term Business Plan.

■Basic Strategy 1: Group Sales Strategy

In terms of the Group Sales Strategy, we focused on the three needs of "banking," such as deposits and loans, "corporate" for corporate customers, and "life-plan" for individual customers, and worked closely with each individual customer in efforts to assist them in solving their problems (see Figure 2).

Firstly, as common initiatives for "banking needs" and "corporate needs," in addition to focusing on cash flow support for customers affected by the COVID-19 crisis, we extended support from the four perspectives of "cash flow and management improvement," "business reconstruction," "core business support," and "business succession," based on the results of interviews regarding business conditions and needs in anticipation of the post-COVID-19 era. In terms of "cash flow support," as over 30% of recipients of "zero-zero loans" (virtually interest-free, unsecured loans), which are a support measure offered in a public-private partnership, have begun repayments, we responded to consultations based on actual management situations, and also engaged in detailed responses, such as providing additional loans to customers accounting for approximately 40% of those. In addition, in terms of "management improvement," we increased the number of personnel in the Business Support Department at

the headquarters by 20% to strengthen the structure. We also selected some 190 recipients whom we recognized as needing hands-on support, and provided in-depth support in accordance with the situations faced by each company. In fiscal 2022, we will strengthen our support by increasing the number of recipients to approximately 230.

Furthermore, we worked on a wide range of activities, including subsidy application support for "business restructuring," such as entry into new fields and business sector and business line transition, support for challenges such as business facilitation and structural reform through personnel placement services for management personnel and work-ready personnel, etc., and support for "business succession," which is a social problem facing local communities.

With regard to "corporate needs," in addition to these initiatives, we strengthened our response to trends that will significantly transform the industrial structure, including digitalization and decarbonization, from the perspective of regional sustainability.

Firstly, as a response to the rapid digital shift in society, we collaborated with Shizugin IT Solution Co., Ltd., a Group company, to launch digitization support services starting from fiscal 2021 aimed at improving the profitability and productivity of local companies by improving operational efficiency through systems introduction, promoting workstyle reforms by utilizing cloud services, and other measures. At the same time, in order to strengthen our support as a group, we are also focusing our efforts on human resources development, aiming to develop 700 personnel within the Bank by 2030 who can appropriately coordinate issues and needs with solutions.

In addition, interviews with approximately 2,600 customers conducted from August to September 2021 revealed that

[Figure 1]

Aim to "change to a problem-solving corporate group" in the 14th Medium-term Business Plan with a view to realize the picture targeted in the long term (10-year Vision)

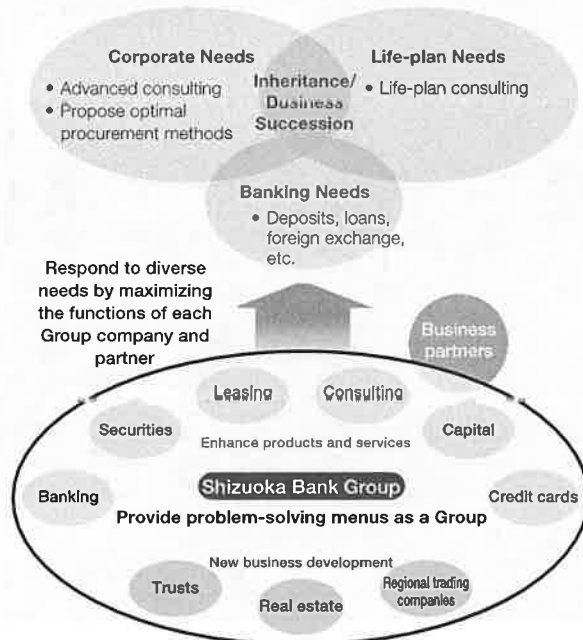
Picture Targeted in the Long Term (10-year Vision)

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



[Figure 2] Basic Strategy 1: Group Sales Strategy

Get into a habit of promoting sales by gathering all strength in the Group



some 70% of companies have not yet embarked on decarbonization, which is becoming increasingly important on a global scale, and we are seeking to broaden our problem-solving menus and strengthen our support in this area. To this end, in October 2021, we established sustainability finance targets for fiscal 2030 (cumulative investments and loans of 2 trillion yen, including environment-related finance of 1 trillion yen), and in fiscal 2021, we focused our efforts on promoting SDGs and decarbonization in the region through Positive Impact Finance (PIF) for small and medium-sized enterprises (SMEs), and loans such as Sustainability Linked Loans. In addition, in April 2022, we set up the Industrial Transformation Support Project Team in order to strengthen problem-solving support with an eye on changes in the industrial structure. Going forward, we intend to make advances with cross-regional consideration on how to understand the supply chain and identify challenges and ways to support businesses.

In recognition of its support for business operators leveraging their strengths in PIF for SMEs and relationship banking, the Bank was awarded the "Silver Award (Minister of the Environment Award)," the highest ranking for regional banks in the indirect finance category, at the Ministry of the Environment's 3rd ESG Finance Awards Japan announced in February 2022.

With regard to "life-plan needs," we are strengthening our sales structure to provide one-stop support for asset building, asset management, and asset succession in anticipation of an era of 100-year lifespans, based on the perspective of finance gerontology*.

Firstly, for the medium- to long-term asset building of our customers, we focused our efforts on sales of packaged products for those new to investing, both through face-to-face sales and remotely, in collaboration with one of the Group company, Shizugin TM Securities, and our equity-method affiliate, Monex Group.

In addition, for asset succession, the Bank launched testamentary trust services in April 2021, in addition to offering inheritance measures utilizing life insurance. Our policy by doing so is to strengthen our support, including proposals for potential needs, in all aspects of asset building, asset management, and asset succession, not only by handling testamentary trusts but also by identifying total assets.

In fiscal 2022, although we expect the environment surrounding our customers to become increasingly severe due to multiple domestic and overseas factors, we aim to improve our profitability autonomously by working together as a group to solve the various issues facing customers in each area of "banking," "corporate," and "life plan."

■ Basic Strategy 2: Innovation Strategy

Under the Innovation Strategy, we made progress in three main areas: "digital transformation," "global strategy," and "strategic investment and cross-industry collaboration" (see Figure 3).

Regarding "DX" first of all, our goal is to realize the transformation of the Group itself (CX) with the aim of enhancing corporate value over the medium to long term, and we are creating new business and deepening existing business by utilizing data and digital technology. In fiscal 2021, in order to strengthen non-face-to-face channels, we proceeded with system development that expands the functions of mobile

apps and contact centers, and we have also started building a corporate portal site aimed at expanding channels for corporate clients, which is scheduled to commence operation in September 2022.




In addition, as well as starting system development for data utilization, which is becoming increasingly important in management strategy, we have made progress toward eliminating 90% of the more than 6,000 paper forms in order to realize digitalization and paperless operations through workflow transformation, and have eliminated approximately 50% of this figure so far.

Next, in the "global strategy," we reviewed the roles of our overseas offices amid significant changes in the environment surrounding our overseas business. In addition to integrating the Los Angeles Branch into the New York Branch, we became the first regional bank to establish a "Silicon Valley Representative Office" as a hub for collecting information on advanced technology and businesses for start-up firms, and changed the Singapore Representative Office into the Singapore Branch to serve as a headquarters for benefiting from the growth of Asia.

Going forward, we will continue to make maximum use of our overseas network, which is one of the Group's strengths, and will strengthen the profitability of our overseas business by promoting projects and engaging in mutual use of overseas bases with other regional banks.

In the "strategic investment and cross-industry collaboration," we aim to provide high-quality services that the Group cannot provide on its own. In fiscal 2021, we launched new initiatives through cross-industry collaboration, including the joint development of a matching website for home buyers and housing companies in collaboration with iYell, a home loan tech company. In addition, we are working to diversify our earnings by securitizing and purchasing housing loan bonds from ARUHI Corporation and au Jibun Bank, with which we collaborate on loan operations. The knowledge and expertise we have gained through cross-industry collaboration, which we have promoted as an individual initiative of the Group, will lead to investment effects beyond the framework of cross-industry collaboration, including the building of networks with start-up companies and developing "businesses for start-up firms," that are expected to be the next growth drivers.

[Figure 3] Basic Strategy 2: Innovation Strategy

	Existing business fields	New business fields
Existing methods and expertise		Global Strategy  <ul style="list-style-type: none"> • Develop non-Japanese financing projects • Gather the latest information and bring it back to Japan • Harpoon growth markets
New methods and expertise	Digital Transformation  <ul style="list-style-type: none"> • Operations BPR • Smartphone financial services • Utilize information 	Strategic Investment and Cross-Industry Collaboration  <ul style="list-style-type: none"> • Monetization of existing partnership schemes • New strategic alliances

* A study that researches issues and solutions related to economic activities, including consumption, asset management, and investment by the elderly. Emphasis is placed on creating a virtuous cycle that extends the lifespan of both health and assets.



■ Basic Strategy 3: Business Portfolio Strategy

Under the Business Portfolio Strategy, we mainly promoted initiatives in the “human resources strategy” and “Market & Tokyo strategy” (see Figure 4).

Firstly, in the “human resources strategy,” we are accelerating initiatives to allocate human resources, develop human resources, and reform the corporate culture in line with the basic strategies and 10-year strategy in our 14th Medium-term Business Plan. In fiscal 2021, we undertook reforms to the personnel management system for the first time in 20 years in order to reform the business model by developing human resources so that each individual officer and employee is able to keep trying (challenge) while thinking and acting independently (autonomy) and accepting various opinions and values of others (diversity).

In addition to being the first financial institution to reform the personnel evaluation system, changing it from the conventional goals management system to a mechanism that evaluates

OKR and Value (see P. 44), we developed an environment in which employees can envisage their desired career and take on the challenge of realizing it, including by expanding the system for side businesses and concurrent service at companies both within and outside the Group, as well as by setting up an internal venture program. We received 59 applications for the internal venture program, and I feel encouraged that we are gradually fostering a culture of taking on challenges.

If we are to assist customers in solving the diverse problems they face, we need to have a high level of expertise, as well as knowledge and insight in a wide range of fields, including liberal arts. For this reason, we positioned fiscal 2022 as “the first year of recurrent human resources development for the Group,” and our policy is to actively invest in human resources in order to raise the knowledge and skills of each individual and transform diversity into a driving force for the organization by actively implementing re-learning for officers and employees at all levels, regardless of position.

Next, in the “Market & Tokyo strategy,” market credit investment and loans for asset building, which we have been working on since the 12th Medium-term Business Plan, continued to contribute to earnings as a revenue driver. In market credit investment in particular, while finance-related fee income dwindled after growing significantly in fiscal 2020 due to special market factors, income and expenditure on loans increased, partly due to enhanced promotion of non-recourse real estate loans in collaboration with The Yamanashi Chuo Bank. In addition, overall earnings increased due in part to increased exits from private equity (PE) investments, which we continue to invest in from a medium- to long-term perspective, while RORA (Return on Risk Assets) has also improved. Our policy is to continue to diversify earnings while ensuring the soundness of assets.

[Figure 4] Basic Strategy 3: Business Portfolio Strategy



Toward the realization of the 10-year Vision

In fiscal 2021, we accelerated various initiatives aimed at realizing our 10-year Vision from the perspective of sustainable growth for both the region and the Group (see Figure 5).

■Alliances with regional banks

Alliances with regional banks seek to enhance service menus by utilizing the management resources of both banks, expand revenue by improving the level of service, and reduce costs while firmly maintaining the independent management of each bank as well as maintaining the customer bases and brands that both bank groups have built over many years, and they share the common goal of realizing sustainable growth together with the regions in which they are rooted.

The Shizuoka Yamanashi Alliance, which began in October 2020, is expected to revitalize tourism and logistics with the full opening of the Chubu Odan Expressway in August 2021, and is also developing collaborative measures among ten subcommittees responsible for regional revitalization. We have set a cumulative revenue target for both banks of 10 billion yen over five years; however, by crystallizing the results of various measures, the combined benefits of the alliance in fiscal 2021 amounted to approximately 2.2 billion yen, or approximately 6.1 billion yen on a five-year basis, progressing at a faster pace than planned.

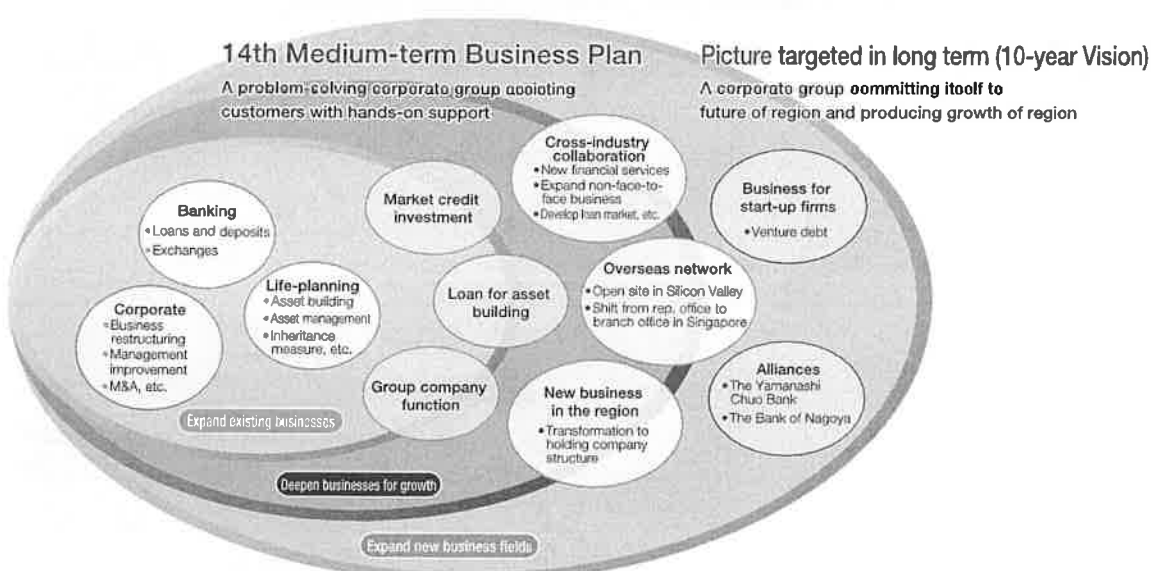
In the field of market credit investment in particular, in addition to advancing collaboration on the finance front, including a coordinated response to non-recourse real estate

loans, jointly structured syndicated loans, and co-financing related to regional revitalization and businesses for start-up firms, the steady progress of both the expansion of the customer base and sales performance at the Shizugun TM Securities Yamanashi Head Office that opened in April 2021 is driving the benefits of the alliance.

In addition, at the individual business talks held from the perspective of regional revitalization, 75 out of approximately 600 talks resulted in contracts, demonstrating the benefits of the alliance in a wide range of fields.

The most important theme of the Shizuoka Nagoya Alliance, which started in April 2022, is responding to the structural transformation of local industry, which is a common issue for both Shizuoka Prefecture and Aichi Prefecture, amid the acceleration of irreversible changes such as digitalization and decarbonization that will significantly transform industry structures. The alliance will mutually utilize the knowledge and networks of The Bank of Nagoya in its pioneering support for the automotive industry, and the support services of the Shizuoka Bank Group, including in business succession, M&A, and business restructuring. The policy is to expand sales channels in a wide area, and develop customer support, including for business restructuring and business change and closure, through collaboration between both bank groups. Similar to the Shizuoka Yamanashi Alliance, the two banks have set a cumulative earnings target of 10.0 billion yen over a five-year period, including these initiatives, through collaborative measures among ten subcommittees, and aim to autonomously improve profitability by promoting initiatives that contribute to the sustainable growth of the regions.

[Figure 5] To realize 10-year Vision



Establishing a holding company with a view to the future of the region

■ Business for start-up firms

In June 2021, based on the extensive network with start-up companies obtained through cross-industry collaboration and fund investment, we set up the Start-up Supporting Project Team based in Tokyo with the aim of developing new business fields through investments and loans and business support for start-up companies. We are working to improve our knowledge and expertise, and further build our network in collaboration with our Silicon Valley Representative Office.

From October 2021, we started handling debt financing for start-up companies, and by March 2022 had accepted a cumulative total of approximately 100 projects, leading to the execution of 11 loans amounting to 1.5 billion yen. We will continue to gain expertise while diversifying schemes, including financing for deep tech start-up (first in Japan) utilizing the Ministry of Economy, Trade and Industry's loan guarantee system, as the only regional bank certified to do so, and the execution of loans with stock acquisition rights.

Going forward, we will develop business for start-up firms into a growth driver for the Group, and as well as returning the networks gained to the region, we intend to build an ecosystem where industries that will revitalize the region will be born and grow, while further enhancing initiatives such as "TECH BEAT Shizuoka," which we have co-sponsored with Shizuoka Prefecture since 2019.

■ Transitioning to a holding company structure

Beginning with the 9th Medium-term Business Plan launched in fiscal 2005, the Shizuoka Bank Group has formulated its medium-term business plans on a consolidated basis and worked to strengthen Group management under the keywords of collaboration with, and autonomy for, Group companies. As a result, the combined ordinary profit from Group companies grew to 10.0 billion yen.

In the current 14th Medium-term Business Plan, we have established the theme of "finding a way out from banking-centered operations," with the aim of further advancing collaboration among the Group, and we have promoted the creation of a system that enables us to provide customers with a variety of financial services that lean less heavily on banking services, while understanding each other's business perspectives, including HR interaction among the Bank and Group companies on a scale of 200 personnel, and appointing branch manager-level employees and officers of other Group companies as presidents of Group companies (see Figure 6). However, there are limits to strengthening cooperation as equal partners when the only organizational structure is that of parent company and subsidiary. Furthermore, it was also difficult to further expect independent and non-organic growth of each company, such as expansion of the non-bank customer base and business expansion through M&A.

[Figure 6] Transformation of the business model

	Medium-term Business Plan					
	9th (FY2005-2007)	10th (FY2008-2010)	11th (FY2011-2013)	12th (FY2014-2016)	13th (FY2017-2019)	14th (FY2020-2022)
Reinforce management as a group	Reinforce management as a group (Independence/Collaboration)					
	Began the first Group management plan (9th Medium-term Business Plan)		Shizugun Management Consulting Co., Ltd. became a wholly-owned subsidiary	Group companies became wholly-owned subsidiaries * Excluding Shizuoka Capital Co., Ltd.		Appointing Bank branch manager-level employees as presidents of subsidiaries Began Group HR interaction Transitioning to a holding company structure (from October 2022)
New business domains		Began developing new business domains in light of changes in the environment surrounding existing business domains	Established Tokyo Banking Division III * Currently the Credit Investment Group Began offering loans for asset building	Began offering new credit card loans Began offering loans to small-scale business operators	Began offering discretionary investment management (packaged service)	Established Start-up Supporting Project Team Began offering venture debt
				Cross-industry collaboration		
Returning leading-edge technologies to regions incorporating it			Developed high-quality services that cannot be provided by the Bank alone	Investment in venture capital funds		
	Began transitioning to open system architecture			Began developing next-generation core system	Held cross-industry collaboration meetings Established Innovation Promoting Office	Held TECH BEAT Shizuoka Opened Silicon Valley Representative Office Started operation of next-generation core system



On the other hand, the needs of the region and our customers are becoming more diverse and sophisticated, and we are entering an era in which the functions of existing Group companies alone cannot meet those needs. Under these circumstances, the revision of the Banking Act in November 2021 simplified the procedures for starting a new business under certain conditions. Therefore, in order to further strengthen the independence (autonomy) of, and collaboration between, each Group company, expand new business domains that will contribute to the growth of the region while strengthening governance, and maximize the value of all stakeholders (local communities, customers, shareholders, officers and employees), we decided to transition to a holding company structure in October 2022.

The company name "Shizuoka Financial Group" expresses our gratitude and pride as a company founded in Shizuoka and our unchanging presence as a corporate group that provides comprehensive financial functions.

For the purpose of further enhancing cooperation and synergies within the Group, among other things, the incorporation of the holding company will initially involve the reorganization of a total of five companies – Shizugin Management Consulting, Shizugin Lease, Shizuoka Capital, Shizugin TM Securities, and Monex Group, an equity-method affiliate, – into the holding company's directly invested companies.

In addition, by making the holding company a company with audit and supervisory committee, and increasing the sophistication of the corporate governance structure from the perspectives of both supervision and execution, the Bank intends to make the governance structure flexible and robust, and create a highly objective and transparent management structure.

■ Significance of existence and growth potential of regional financial institutions

For one year from June 2021, I had the opportunity to serve as Chairman of the Regional Banks Association of Japan. During my tenure, what I constantly considered was what sustainability is, and what we need to do to realize it, from all angles, whether in terms of regional financial institutions including the Shizuoka Bank Group, or the region and customers. Over this past year, I have had more opportunities to access information about member banks, and I have seen and heard of many creative initiatives involving regional trading companies, agricultural finance, support for regional DX, and more, being developed in the regions where each bank has its roots. What I strongly felt was the scope of the mission and significance of existence that regional financial institutions need to fulfill in order to realize regional sustainability, and the potential for growth as a regional bank. Today, at a time when society and the economy are at a major turning point, there must be a role to play for banking groups that have points of contact with various industries and business sectors. Now is the time to support the region and customers, and provide backing for the transformation.

The same applies to the Shizuoka Bank Group. We intend to work together with everyone to open up the future of a region full of dreams and hopes, while demonstrating the comprehensive financial functions of the Group and turning all environmental changes into a driving force that will increase the sustainability of the region and ourselves.

I would be grateful for your continued understanding and support in the years ahead.

CFO Message

While fulfilling our social mission as a regional financial institution, we will engage in financial management and capital policy to enhance corporate value.



Minoru Yagi
Deputy President & CFO

1. Current Performance and Outlook

Results for fiscal 2021

Fiscal 2021, the second year of the 14th Medium-term Business Plan, saw a combination of factors affecting the domestic and overseas economies, including the prolonged spread of COVID-19, rising prices due to the upsurge in raw material prices and fuel prices, among others, and the situation in Ukraine. In this context, the Shizuoka Bank Group united as a group to focus its efforts on providing both financial support and business support in order to fulfill its social mission as a regional financial institution.

On a non-consolidated basis, other operating profit decreased by 12.6 billion yen year on year, mainly due to the recording of a loss on sale of foreign bonds as a result of the sharp rise in U.S. interest rates since the beginning of the year, corresponding to the Bank's fourth quarter, and gross operating profit and net operating profit both decreased. However, core gross operating profit excluding market investment rose by 10.6 billion yen year on year, and core net operating profit (excluding gains and losses on cancellation of investment trusts) increased by 4.4 billion yen year on year, mainly due to an increase in interest on yen-based loans from the provision of cash flow support during the COVID-19 pandemic, and an increase in interest and dividends on securities.

Net income rose by 0.6 billion yen year on year due to a decrease in the disposal of non-performing loans and the sales of strategic shareholdings and partial shares in the Monex Group for the purpose of allocating for expenses related to the next-generation core system.

On a consolidated basis, in addition to the factors that contributed to a decrease in non-consolidated net operating profit, both the combined ordinary profit of Group companies and the profit (loss) of entities accounted for using the equity method decreased, resulting in both ordinary profit and net income decreasing for the first time in two years.

(Unit: Billion yen)

■ Consolidated	FY2021	Year-on-year change
Ordinary profit	54.2	-9.1
Net profit attributable to owners of the parent	41.6	-2.0
■ Non-consolidated		
Gross operating profit	134.7	-3.8
(Core gross operating profit)	144.3	+10.6
Including net interest income	124.5	+9.8
Including other operating profit	-5.5	-12.6
Expenses (-)	88.2	+3.8
Core net operating profit (excluding gains and losses on cancellation of investment trusts)	53.3	+4.4
Provision of general allowance for loan losses (-)	2.6	-0.9
Net operating profit	43.8	-6.7
Special profit and loss	1.5	+0.5
Including disposal of non-performing loans (-)	2.9	-5.3
Including gain (loss) on stocks	3.5	-4.4
Extraordinary profit and loss	4.5	+7.1
Including gain on sales of shares of subsidiaries and affiliates	6.0	+5.3
Net income	36.1	+0.6
Credit-related costs (-)	5.5	-6.1

2. Financial Management

Results outlook for fiscal 2022

The consolidated ordinary profit plan for fiscal 2022 is 76.0 billion yen, a downward revision of 4.0 billion yen from the target of 80.0 billion yen in the 14th Medium-term Business Plan. This is due to credit-related costs of 11.0 billion yen, which is an increase of 4.0 billion yen from the initial plan (7.0 billion yen), taking into account the impact of the prolonged COVID-19 pandemic as well as the impact of the current economic situation, including soaring raw material and fuel prices, on the region and our customers.

Key points for achieving the plan include improving earnings through a review of investment securities management, increasing profits from fees and commissions, and increasing Group company earnings through the resolution of customers' issues.

In terms of securities investment management, we aim to improve earnings by segmenting management into "market operations"^{*1} and "medium- to long-term portfolio"^{*2}. In market operations, we anticipate improvements due to Japanese government bond asset swaps and capital gains on investment securities, in addition to the carry income from yen bonds. In medium- to long-term portfolio management in ALM operations, we anticipate carry income from yen bonds and income from the management of investment trusts, etc., where stable earnings can be expected.

In addition, in order to increase revenue from fees and commissions, etc. and Group company earnings, we will promote sustainability-related fee income and business matching centered on support for decarbonization, establish new loan product fees, and promote problem-solving business by way of further strengthening Group collaboration in anticipation of the transition to a holding company structure, thereby aiming to achieve the plan.

Going forward, in order to fulfill our social mission as a regional financial institution, we will engage in financial support and business support, as well as focus on resolution of social issues facing our customers from the perspective of regional sustainability, thereby leading to the sustainable growth of both the region and the Group.

^{*1} Market operations: pursue periodic revenue by using short-term market marketable procurement as a source of funds

^{*2} Medium- to long-term portfolio: secure stable income gain in the future by using the loan-deposit gap as a source of funds from the perspective of ALM

Level of expenses (approach to OHR)

The Shizuoka Bank has consistently targeted an optimum level of consolidated OHR (expenses ratio) of 55% or greater. It is our policy to engage in strategic investment from a medium- to long-term perspective, should consolidated OHR fall below this level.

Since the next-generation core system began operation in January 2021, we have increased the weight of strategic investments, including DX promotion. However, our policy is to manage expenses at a certain level following the peak in fiscal 2021.

Credit-related costs

We planned for credit-related costs of 13.0 billion yen in fiscal 2021, taking into account the increase associated with the COVID-19 pandemic. However, these costs came significantly lower than the plan at 5.5 billion yen. Meanwhile, as mentioned above, we plan costs of 11.0 billion yen in fiscal 2022, taking into account the current business environment.

Shizuoka Bank calculates the general allowance for loan losses based on long-term average losses, in addition to forecasts of the expected loss for the average remaining life of loans, etc., in order to maintain a stable level of allowance that encompasses business cycles. Moreover, for large borrowers to whom the level of credit exceeds a certain amount, we record a preventative allowance based on future cash flow, in order to prepare for future losses. We also give these borrowers appropriate credit ratings that reflect not only their financial condition but also qualitative information. This allows us to record an allowance for loan losses that adequately prepares us for the occurrence of losses. Likewise in the case of a specific allowance for loan losses, we reflect any change in a borrower's financial condition in its credit rating whenever needed, and record a suitable allowance as appropriate.

(Unit: Billion yen)

Results forecast for fiscal 2022		FY2022 forecast	Year-on-year change	Initial plan for FY2022 (Medium-term Business Plan)
Consolidated	Ordinary profit	76.0	+21.8	80.0
	Net profit attributable to owners of the parent	54.0	+12.4	56.5
	ROE	4.7%	+0.9 pt	5% or above
	OHR	56.5%	-7.7 pt	Around 55%
	CET1 ratio	15.2%	-0.8 pt	14% or above
Non-consolidated	Gross operating profit	151.7	+17.0	144.4
	Expenses (-)	87.7	-0.5	83.8
	Ordinary profit	64.5	+19.2	67.0
	Net income	45.0	+8.9	46.7
	Credit-related costs (-)	11.0	+5.5	7.0

Soundness of the loan asset portfolio

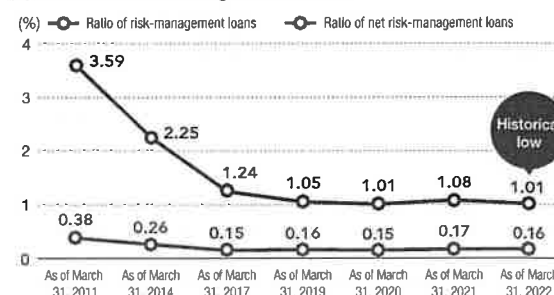
The balance of risk-management loans (loans disclosed under the Financial Reconstruction Act*) peaked after the 2008 financial crisis at 243.4 billion yen. This has now dropped to a level of approximately 100.0 billion yen, as a result of our effort focused on supporting customers to improve management and complete corporate rehabilitation, business change and closure.

Risk management loans increased in fiscal 2020, mainly due to an increase in loans guaranteed by credit guarantee associations to customers with low credit ratings in the context of the COVID-19 crisis. However, they decreased in fiscal 2021 due to a reduction in loans to bankrupt borrowers.

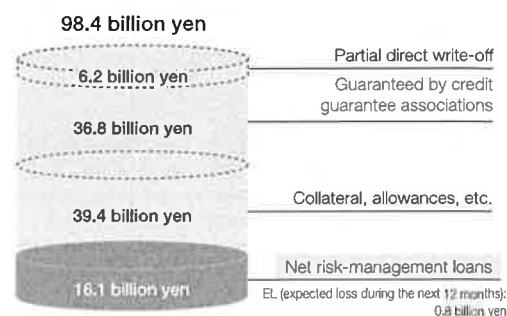
* Unified to the standards for loan disclosure under the Financial Reconstruction Act from March 31, 2022 in accordance with revisions to the Banking Act Enforcement Regulations.

The balance of net risk-management loans, after deducting guarantees, collateral, etc., stands at 16.1 billion yen, less than the level of net income. Expected loss (EL) from net risk-management loans within the next 12 months is also low, at 0.8 billion yen. While continuing to focus efforts on financial support for customers, we will strive to maintain the soundness of loan receivables through initiatives such as management improvement support.

Ratio of risk-management loans



Net risk-management loans



3. Capital Policy

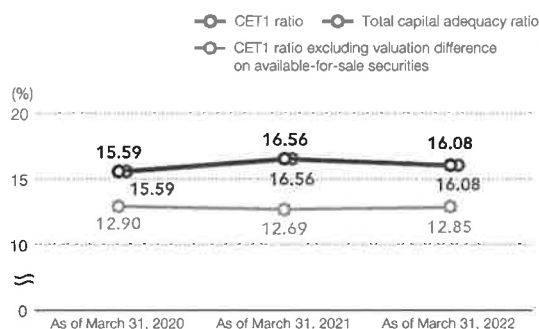
Basic policy

To ensure the soundness of the asset portfolio, we utilize our Risk Appetite Framework (page 58) to control each measure within the levels indicated under the regulations and take appropriate risks, including investment, for sustainable growth, while fulfilling our social mission as a regional financial institution.

Capital adequacy ratio

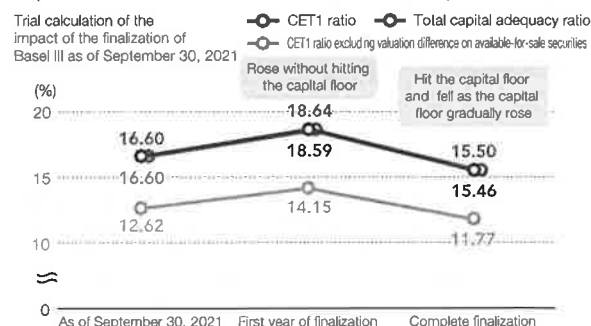
In fiscal 2021, the consolidated capital adequacy ratio fell by 0.48 percentage points year on year to 16.08%, due to a decrease in shareholders' equity resulting from a decrease in the valuation difference on available-for-sale securities*¹ caused by a downturn in the stock market. In addition, the level given the probable fluctuation pursuant to the full adoption of Basel III*² on September 30, 2021 is 15.50%. Going forward, we will continue to strive to improve capital efficiency at the same time as achieving a balance between investment in growth areas to strengthen profitability, and shareholder returns, while maintaining financial soundness, which is one of the Shizuoka Bank's strengths.

Capital adequacy ratio (consolidated basis)



Capital adequacy ratio

(Basel III finalization criteria: consolidated)



*¹ The difference between the carrying amount and fair valuation of securities other than trading securities and shares of subsidiaries and affiliated companies, etc.

*² Regulations issued by the Basel Committee on Banking Supervision requiring banks engaged in international business to strengthen their capital, for the purpose of preventing a recurrence of the global financial crisis.

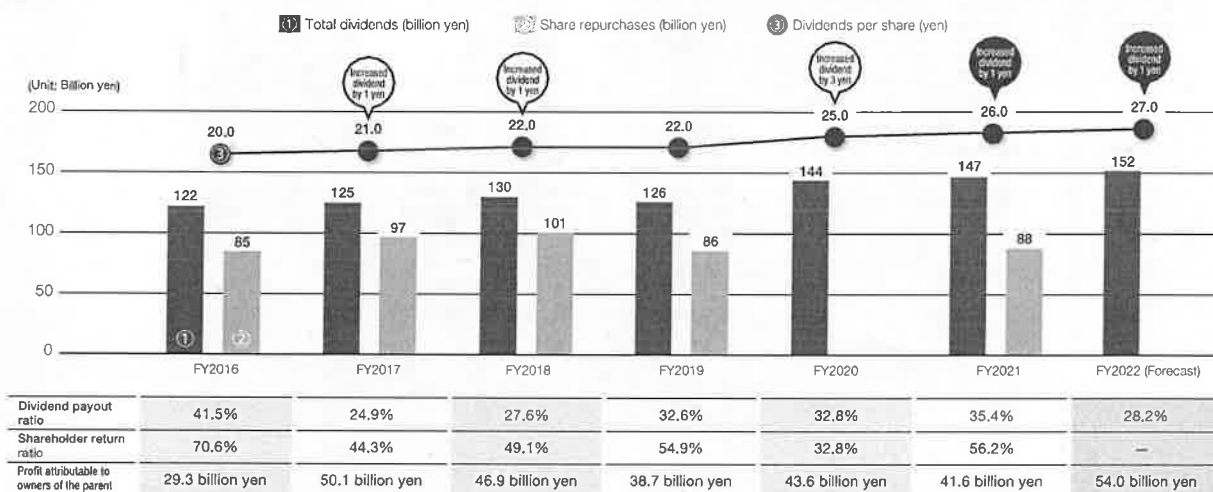
Shareholder returns policy

Under the 14th Medium-term Business Plan, we target a shareholder return ratio of "50% or more over the medium- to long-term" on a consolidated basis. In fiscal 2021, in addition to conducting share repurchases (8.8 billion yen), we increased dividends by 1 yen per share, resulting in a return ratio of 56.2%.

We further plan to increase the dividend by 1 yen in fiscal 2022. The Bank has never decreased its dividends. We will continue striving to provide stable and substantial returns through stable dividends and flexible share repurchases.



■ Distribution of profits to shareholders

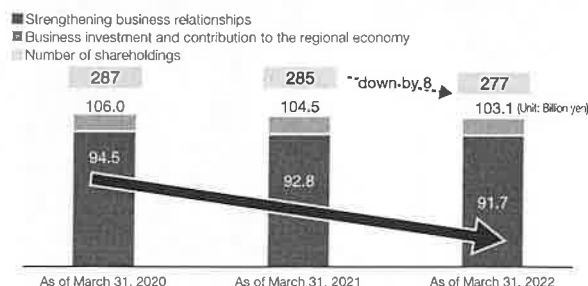


Policy on the maintenance and elimination of strategic shareholdings

The Shizuoka Bank has established a Policy on Strategic Shareholdings, setting forth its basic policy to reduce strategic shareholdings. The Bank will only maintain those shareholdings deemed meaningful from the three perspectives of "business investment," "strengthening business relationships," and "contribution to the regional economy."

Both the balance of strategic shareholdings at acquisition cost and the number of shareholdings are steadily decreasing. We plan to continue to implement measures to shrink these shareholdings based on a consideration of the purposes they serve, using some of the gain on sales as funding for expenses related to the next-generation system.

■ Level of strategic shareholdings at acquisition cost*



We will continue to strive to enhance dialogue with all our shareholders and other stakeholders, and implement financial management and capital policy to achieve sustainable growth and increase corporate value for the Shizuoka Bank Group. I look forward to your continued understanding and support in these efforts.

Dialogue between CEO and Outside Director



Katsunori Nakanishi
Chairman & CEO

Kazuto Tsubouchi
Director

Developing an Attractive and Sustainable Region

– The role of the Shizuoka Bank Group –

The Bank's Chairman & CEO Mr. Katsunori Nakanishi talks with Mr. Kazuto Tsubouchi, who has served as Outside Director since June 2020, about the role the Shizuoka Bank Group should play in developing an attractive and sustainable region.

Generating innovation in Shizuoka

Tsubouchi: I've been estranged from Shizuoka ever since I moved to Tokyo to attend university, but I have always wanted to contribute to the development of my local community. It was right about the time that I was thinking about this that Chairman Nakanishi as the chairman of the Shizuoka Employers' Association asked me to give a lecture, and this was the beginning of my relationship with Shizuoka Bank.

Nakanishi: Yes, that was January 2020. I remember you gave a lecture on 5G, which was about to start up in spring that year.

Tsubouchi: Since that time, Shizuoka Bank has been aware of the issues involved with environmental changes such as digitalization, and has taken on the challenge of new initiatives that other companies lacked. I believe one of those is TECH BEAT Shizuoka*.

Nakanishi: Yes, that's right. We have held TECH BEAT Shizuoka jointly with Shizuoka Prefecture since 2019, with two major goals.

One is to generate innovation in Shizuoka Prefecture, which is a "manufacturing town." Shizuoka Prefecture is one of Japan's leading "manufacturing prefectures," with extremely high technological capabilities in the manufacturing sector, and where many end products are manufactured.

Tsubouchi: In addition to industrial machinery and industrial tools, many companies manufacture medical equipment.

Nakanishi: The prefecture has developed into a major hub for the manufacturing industry. Recently, however, advances in leading-edge technologies such as AI and IoT have meant that the manufacturing industry is also one where machinery is connected by the Internet, and it is no longer a stand-alone industry. Shizuoka Prefecture has weakened its efforts in this area, and that's become a problem.

Tsubouchi: As you say, in Europe and the U.S., manufacturing sites have evolved significantly by sharing data and organically linking supply chains.

Nakanishi: TECH BEAT Shizuoka is the perfect opportunity to match the manufacturing industry and the leading-edge technologies of startup companies, leading to innovation.

Tsubouchi: I see. TECH BEAT Shizuoka is sponsored jointly with Shizuoka Prefecture, but I think that such initiatives involving local government are rare, even in Japan.

Nakanishi: Another thing I wanted to achieve was to connect Shizuoka Prefecture with the rest of the world, and increase literacy in leading-edge technology. As the chairman of the Shizuoka Industrial Foundation, I have come into contact with managers in a variety of industries, including the manufacturing industry, and for the past several years I have felt strongly that the region as a whole lacks literacy with respect to leading-edge technology. At TECH BEAT Shizuoka, leading-edge startup companies in various fields gather together similarly to a trade fair, so by participating in these events and creating opportunities for different experiences, we can expect to raise the level of literacy.

Tsubouchi: So that's why the word "TECH" is part of the name.

Nakanishi: The event has been held seven times so far, and in addition to the startup companies in the Tokyo metropolitan area where Shizuoka Bank has built a network, experts from Silicon Valley, Taiwan and other countries have given lectures, providing various leading-edge technologies and knowledge to business operators in Shizuoka Prefecture. Holding the event in real life has become difficult due to the spread of COVID-19, but in the meantime, we have come up with a number of alternatives, and the options for online business talks have also increased. There seems to have been a rethinking of the value of actually coming, seeing, touching, and talking.

Tsubouchi: Looking back at the past two years during the COVID-19 pandemic, we have been able to go ahead and hold business talks even though it has been difficult to gather a large number of participants together, and the fruits of these are gradually emerging. I believe that continuing these talks will lead to high expectations for future business development.

Nakanishi: The accumulation of these sort of successes are important. For example, the presence or absence of a symphony orchestra or a professional soccer team greatly affects the promotion of music and sport in that region. In that sense, committing to continuing this technology fair should help improve the literacy of the entire region.

Tsubouchi: I think it is extremely significant to actually come into contact with leading-edge technology. In my previous job (NTT DOCOMO), when the mobile 5G standard was commercialized, many customers asked me "What can we do with 5G?" However, when they witnessed the high-speed,

* A leading-edge technology fair matching startups with companies within Shizuoka Prefecture, sponsored jointly with Shizuoka Prefecture since 2019



large-capacity communication technology, people with technological expertise started coming up with new ideas for services. I believe that the implementation of such ideas leads to innovation and strengthens the power of industry.

Nakanishi: Combining different technologies leads to the creation of new value. This is exactly the concept of "new combinations (innovation)" advocated by Schumpeter.

Tsubouchi: Exposure to new technology can be inspirational. I think this matching fair is an extremely interesting initiative in the sense that it provides opportunities.

What added value does Shizuoka Bank bring to the region?

Nakanishi: I feel that regional financial institutions have an extremely important role to play in making the region more attractive and sustainable. What society needs in the future is open innovation rather than self-sufficiency.

Tsubouchi: Yes, I agree. In that sense, I think it is possible to facilitate matching between companies with the intervention of a neutral presence, such as a bank. Banking platform functions such as TECH BEAT Shizuoka were an interesting discovery for me.

Nakanishi: The Shizuoka Bank Group has a history of traditionally engaging in business matching. We are working on TECH BEAT Shizuoka with a strong awareness that it will never be simply a trade fair or exhibition.

Tsubouchi: From the perspective of considering in what fields we can contribute to society using the expertise we have gained to date, as well as improving the literacy of the region, banks have long had an extremely powerful function as a regional platform that can match companies with human resources. I believe it is the power of the brand we have built thus far that makes people think "If Shizuoka Bank makes that recommendation, let's listen to them," or "If it's an introduction from Shizuoka Bank, we can't go wrong."

Nakanishi: At the matching events we sponsor, we try to ensure that both parties, including the participating companies, do not lose trust in one another and are happy to have participated.

Tsubouchi: I think there is a sense that "it is safe to dance on a stage sponsored by the Shizuoka Bank Group," as opposed to us having an image of being a bank that exists simply for the purpose of loan consultations.

Putting "the spirit of altruism" into action

Tsubouchi: The vision of the 14th Medium-term Business Plan is to "change to a problem-solving corporate group." I strongly empathize with the phrase, "We want to be a group that customers initially consult, into the future," which expresses this vision. There are times when you need money urgently, and times when you want to save. Sometimes you want to invest, and sometimes there are times you receive an inheritance. At each life stage, we need not only money but also information, legal knowledge, and definite advice. If the Bank can provide this in a centralized manner, customers will stay with Shizuoka Bank's services for a long time, and their level of satisfaction should increase.

Nakanishi: In other words, you're saying it's all about information and trust. I have always valued the phrase "the spirit of altruism," and have repeatedly stated it to officers and employees. There is no added value in the work of a bank itself. We support our customers and receive part of the added value of their business growth in the form of interest and fees. That is why we have to take action that benefits the other party. We can grow together with the region by putting "the spirit of altruism" into action. This is what I have been saying.

Tsubouchi: For me, "the spirit of altruism" was embodied in the support for our customers during the COVID-19 pandemic. We became close to customers' management and reduced their risk of bankruptcy not only by supporting their cash flow but also by supporting management improvement and business restructuring. It is my opinion that, ultimately, this has created added value for our customers and will eventually be returned to the Group.

Nakanishi: In the face of the COVID-19 pandemic, we have been increasing the number of personnel in the Business

Support Department and strengthening support for our customers. Even at the time of the 2008 financial crisis, our response was to increase the number of support personnel in order to support the regional economy and survive the crisis, and I am glad that this way of thinking has become firmly rooted in the Bank.

Tsubouchi: The prosperity of the region leads to the prosperity of the Group. This trend is rooted in our DNA.

In order to grow together with the region

Tsubouchi: In the 14th Medium-term Business Plan, we have established a 10-year vision of transforming ourselves into "a corporate group producing growth of the region." I felt that this was an excellent, attainable goal. On the other hand, when we think about the future of financial institutions, I believe we must increase profitability overall through the allocation of resources we have cultivated so far into various fields in the face of the decline in our core business earnings, which are the sources of so-called settlement functions and interest rate differentials between deposits and loans

Nakanishi: The balance between supply and demand has changed, and we are now in an era where simply providing loans will not give us the support of customers. In order to be chosen by customers, we need to add value other than financing, such as understanding a company and providing advice, or providing useful information that other banks do not.

Tsubouchi: In that sense, Shizuoka Bank possesses the latent power of "human resources" that create added value. As we plan to transform into a holding company structure, I believe it will become important to shift management resources, including those among Group companies, to fields that will create added value for customers.

Tsubouchi: Another important point is systems. The next-generation core system, which forms the foundation of DX, is now in operation, and we are finally at the stage of the full-scale deployment of DX. We have a clear direction to focus our efforts on the three fields of human resources, organization, and systems, and all that remains is for us to move forward with a sense of urgency.

Nakanishi: It may be better to think of system investment as something that aligns with the future, but there are some aspects that do not go quite as planned. However, even so, I believe that in order to secure profits, we must not neglect investment in new initiatives and systems, or investment in human resources. I feel that this style of not neglecting investment, and the culture of continuing to take on the challenges of new initiatives have traditionally been passed down from generation to generation and are deeply rooted in the organization.

Tsubouchi: The new personnel management system has just started operation. Assuming that more outstanding human resources will emerge over the next five to ten years, we will make a plan covering ten to twenty years and ask ourselves when we should decide on the direction of management. I think making the decision to move in that direction is an extremely difficult one.

Nakanishi: I agree. If we do not adapt quickly to changes in the world with respect to the issues of human resources,

organizations, and systems, we will soon be left behind. I believe that we need to maintain that sense of crisis.

Toward becoming a well-being organization with diversity and inclusion

Tsubouchi: What I found interesting from the perspective of human capital management is the hiring of overseas nationals.

Nakanishi: In around 2008, before the global financial crisis, a series of small and medium-sized enterprises entered Southeast Asia against the backdrop of the rapid appreciation of the yen. That is what prompted me to support overseas expansion, so I visited the locations there about once a month and concluded business alliances with several banks in Southeast Asia. After that, I dispatched employees to affiliated banks. It was when I was supporting the local subsidiary of a customer that I felt that it was necessary to develop human resources not only able to support the local area but also the



Profile

Kazuto Tsubouchi

Born in Shizuoka Prefecture on May 2, 1952. Graduated from the University of Tokyo, Faculty of Law in 1976. Joined Nippon Telegraph and Telephone Public Corporation (currently NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT)) in the same year, and was appointed General Manager, Kanazawa Branch of NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION in 2000. In 2006, he became Member of the Board of Directors, Senior Vice President, Managing Director of Accounts and Finance Department of NTT DOCOMO, INC., and in 2012 he was appointed Member of the Board of Directors, Senior Executive Vice President, Chief Financial Officer (CFO) of NTT DOCOMO, INC. In 2015, he took on the role of President, Foundation for MultiMedia Communications (retired in 2018), and in 2018 he was appointed Chairman, Information & Telecommunication Equipment Constructor's Association (retired in 2020). After serving in these posts, he was appointed Director of Shizuoka Bank (part-time) in June 2020.

operations within Japan, and so I actively recruited overseas nationals, including international students in Shizuoka Prefecture.

Tsubouchi: So you're saying that the diversification of customer needs led to the hiring of overseas nationals. It goes without saying that the recruitment of employees who are overseas nationals itself is not the purpose of the recruitment, but my expectation is that we will practice true diversity by considering how and where each individual's ability can be utilized in Group business while looking at their aptitudes.

Nakanishi: Speaking of diversity, I feel there is a tremendous amount of diversity in terms of age. I believed that if people from a wide range of age groups engaged in discussions within a single committee, many different opinions would be voiced, and so at the end of my tenure as president, I created an organization called the 10-Year Committee.

Tsubouchi: I see. That was the start of the 10-Year Committee.

Nakanishi: I told everyone that I wanted the 10-Year Committee to be a committee that values "how officers and employees working at the bank will be happy in 10 years" rather than discussing "how banking jobs will change in 10 years." I wanted the committee to think about Shizuoka Bank in terms of what we would today call "wellbeing," and to be a committee that would consider such matters.

Tsubouchi: Officers and employees of different generations and different values can be happy in their own way.

Nakanishi: That's right. That's why I talked about "diversity and inclusion" and not just diversity. These two words are combined into one word, otherwise wellbeing cannot be realized.

Thinking about the holding company structure

Nakanishi: One of the decisive factors in transforming into a holding company structure was the progress in deregulation due to the revision of the Banking Act, which expanded the scope of business of Group companies. Management styles have also changed significantly. In the past, the same manager was responsible for both the "exploration of knowledge" and the "deepening of knowledge," but this is becoming more and more difficult today when the world is undergoing such drastic changes. Therefore, with the holding company structure, I would like to create a situation in which the holding company is responsible for exploration, while the business companies (subsidiaries) focus on deepening. I believe that creating an optimal overall structure in which both of these aspects function well will lead to the success of the holding company structure.

Tsubouchi: I think you're right. Perhaps it can also be described as "resource allocation mapping." When entering new fields with potential, we need to optimally allocate limited resources such as personnel, funds, and technology, to the areas where they are needed. A holding company is required to have the function of mapping the optimal solution considering the balance and risks of the Group as a whole. That will likely be the most important aspect of Group management.

Nakanishi: I see. It seems that this point is also connected to the low productivity that is a problem for Japanese companies. Many companies have not built a solid organization such as a task force, so they are in a state of being engaged in the processes of planning and management in addition to business execution. By transitioning to a holding company structure, I believe that the Shizuoka Bank Group will be able to pursue the roles of planning, management, and governance more than ever before.

Tsubouchi: The operation of the Board of Directors of a holding company is also extremely important.

Nakanishi: When I think about the future of the Board of Directors, I would like to change the way we operate, such as holding discussions while listening to the appropriate opinions of Outside Directors, whilst engaging in major deliberations, like an advisory board.

Tsubouchi: Yes, you're right. I think it is necessary and meaningful to have a process whereby we can reconcile each other's opinions on specific themes through relatively free discussion without establishing preconditions.

Nakanishi: Of course, when formulating a medium-term business plan, I believe that we must come to a firm agreement with regard to the extent of decision-making.

Tsubouchi: I agree with that direction. From another point of view, there is the issue of compliance. In the sense that a holding company controls or enforces compliance, we must also establish a proper system for reporting.

Nakanishi: For example, if you talk about matters that should be controlled on site at a meeting of the Board of Directors, they will become uncontrollable. After all, I think it's very important for the Board of Directors to fully discuss the role it should play, and aim to create a Board of Directors that functions on that level.

Tsubouchi: Under these circumstances, the ability of the CxO to ascertain what proposals will be discussed to what extent at meetings such as those held by the Executive Committee, which is positioned under the Board of Directors, and whether or not they will be submitted to the Board of Directors is an extremely important aspect. That is because if all proposals were submitted to the Board of Directors, the Board would never be ready.

Nakanishi: I agree. Since it's necessary to have the reports of the executive division widely known, I think it would be good to expand the channels a little. However, what is important here is to make a clear distinction between areas of common understanding and areas of discussion. We tend to assume that discussion comes to end when there is a common understanding, but with a holding company, that's the point where the discussion begins.

Tsubouchi: I think that's absolutely true. There is also the question of what kind of knowledge and ideas can be offered in order to participate in the discussion. My understanding is that Directors must have the ability to discern this.

Opportunities for officers and employees to expand possibilities

Nakanishi: I believe that the transition to a holding company structure will bring dreams and a sense of excitement to officers and employees, but I also think they will experience



some anxiety over what will happen to their own work. One of the issues we must address is how to listen carefully to those concerns and turn them into a sense of excitement while eliminating the elements of anxiety.

Tsubouchi: I have witnessed many holding companies from the outside, but it is my opinion that the transition to a holding company structure presents a great opportunity for officers and employees in that the fields in which they can be active will expand. This recent transition to a holding company will open up new possibilities. I think that young people in particular have a strong desire to take on the challenges of work that they have not yet experienced, including outside their own company, and I believe that the Shizuoka Bank Group has the foundations to take on such challenges.

Nakanishi: I agree. Currently, we are working to expand the range of careers for officers and employees through HR interaction among Group companies. We have already begun developing the next-generation human resources, including selecting employees in their 40s at the level of branch managers as presidents of Group companies.

Tsubouchi: I believe that is exactly what HR interaction is. When a person returns after engaging in a variety of work and gaining experience at other companies in the Group, they find they have grown in ways they could not have imagined. Although there are restrictions on the composition of personnel, etc., the range of coverage by managers at Group companies is often broader than that at the Bank. Growth acceleration can be expected if officers and employees gain experience by being seconded from the Bank to Group companies or from Group companies to the Bank. In other words, Group companies function as institutions for the mutual development of human resources.

Nakanishi: For example, in order for officers and employees who want to devise ways to use their time according to their life stage, such as child-raising, to carve out diverse careers, we will enhance various systems at each company and operate a system for work changes and transfers among Group companies with different occupations, such as sales and administrative work. I think that the format of the so-called ecosystem has finally been created along with the evolution of Group management. However, I strongly feel that the operation of this system requires a personnel perspective that promotes the growth of the entire organization while looking at each individual officer and employee.

For the development of our hometown, Shizuoka

Nakanishi: Lastly, let me ask what you would like to do in the future as an Outside Director.

Tsubouchi: Firstly, I am delighted to be able to participate in the management of the Shizuoka Bank Group as a Director in this turbulent environment and in a period of great change. In addition, I would like to focus my efforts on two things in particular. First of all, I have had the experience in my previous work of starting out with a government-owned company (Nippon Telegraph and Telephone Public Corporation), which was then privatized and listed, including on overseas markets, and then I managed the group under a holding company structure. I hope that I can utilize this experience in the future management of the Shizuoka Bank Group.

Nakanishi: Yes. I would definitely like to see you make the most of that experience in the holding company structure going forward. What is the second point?

Tsubouchi: The second is that movements in finance, especially the banking business, are very similar to those of the telecommunications business in which I was involved. Both can be said to be services that create value by moving and connecting information, and they are both industries that have built up a high degree of public nature and social trust under regulations and discipline. The wave of technological innovation related to information arrived first in the world of communications, and significantly changed the competitive and regulatory environments. However, I believe that those changes have finally become an even bigger wave, which has now reached the banking industry. The search for new revenue sources utilizing the brand resources that we have cultivated is very similar, and I believe that there are many fields in which the experience and knowledge I have gained in the world of telecommunications can be useful.

Nakanishi: That's reassuring to hear. I look forward to what lies ahead.

Tsubouchi: Going forward, the question is, in what areas will the Shizuoka Bank Group find a way forward, grow its business, and return the results to stakeholders? I think this is an extremely challenging and rewarding matter, and I am committed to making a contribution. It is also my hope that this will lead to the regional development of my hometown of Shizuoka.

Shizuoka Bank Group's Value Creation Process

Corporate Philosophy **Expand dreams and affluence with our community.**

Input

Activity

Financial Capital

A sound financial and earnings foundation

- BIS capital adequacy ratio: 18.06%
- Credit ratings: A1 (Moody's), A- (Standard & Poor's)

Human Capital

Diverse professional personnel

- Group employees: 8,468
- Small and medium enterprise management consultants: 65
- 1st grade Certified Social Professionals -of Financial Planning-: 331

Social and Relationship Capital

Abundant points of contact with our customers

- Within Shizuoka Prefecture: 171 bases
- Outside Shizuoka Prefecture: 30 bases
- Collaboration with companies over the boundaries of industries
- TECH BEAT Shizuoka participants: 21,000+ people

Intellectual Capital

Our knowledge as a comprehensive financial institution with close ties to the region

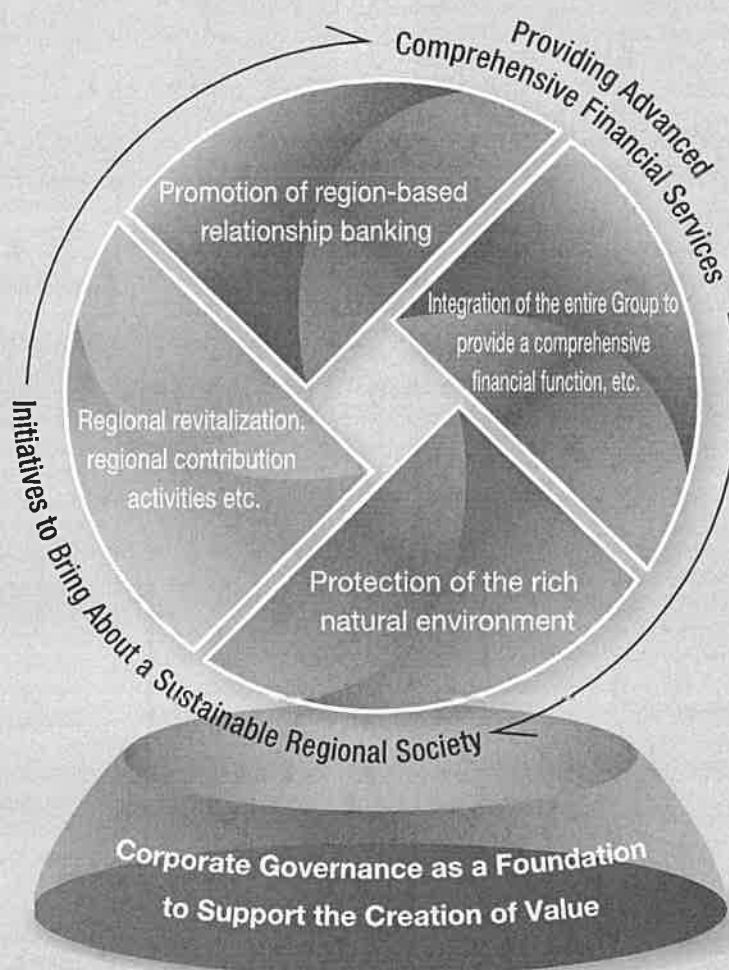
- Shizuoka Bank ranked 1st among regional banks in customer satisfaction survey (2011)
- Ranked 1st among regional banks in customer satisfaction survey (2012)
- Ranked 1st among regional banks in customer satisfaction survey (2013)

Natural Capital

The region's rich tourism resources

- Most sightseeing prefecture for education within Japan (according to a 2011 survey by the certified NPO Homestay Return Support Center)
- Accommodation facilities using hot springs: No.1 in Japan

Achieving Sustainable Growth Together with the Region



Outcome

Region

- Sustainable development
- Revitalization of the regional economy
- Realizing a decarbonized society

Customers

- Problem solving, optimal solutions
- High convenience
- Unshakable trust

Shareholders

- Enhancement of medium- to long-term corporate value
- Highly transparent disclosure of information, including non-financial information
- Proactive discussion

Employees

- Work satisfaction and awareness of growth
- Diverse working styles
- Work-life balance

Vision



Attractive Region

- Attractive place to live in
- Attractive place to work in
- Attractive place to visit



Attractive Shizuoka Bank Group

- Sustainable business model
- Corporate culture that encourages employees to be proud of their region and their company



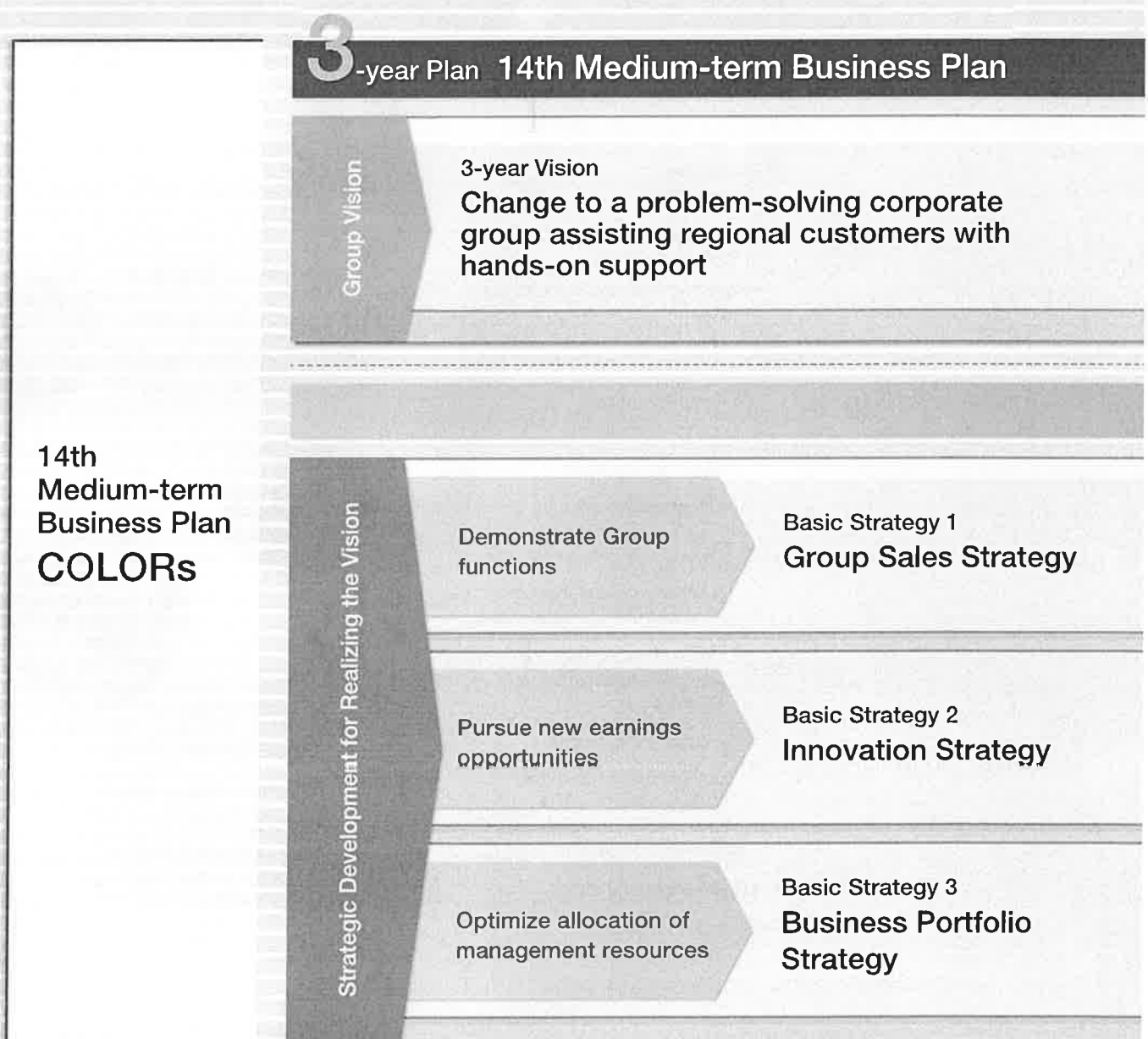
14th Medium-term Business Plan

COLORs

Aspirations behind the name

We aim to find a way out of the traditional “banking-centered” sales style, and realize a new style where everyone in Shizuoka Bank Group works together in providing solutions to diversified needs of the region and customers from various angles.

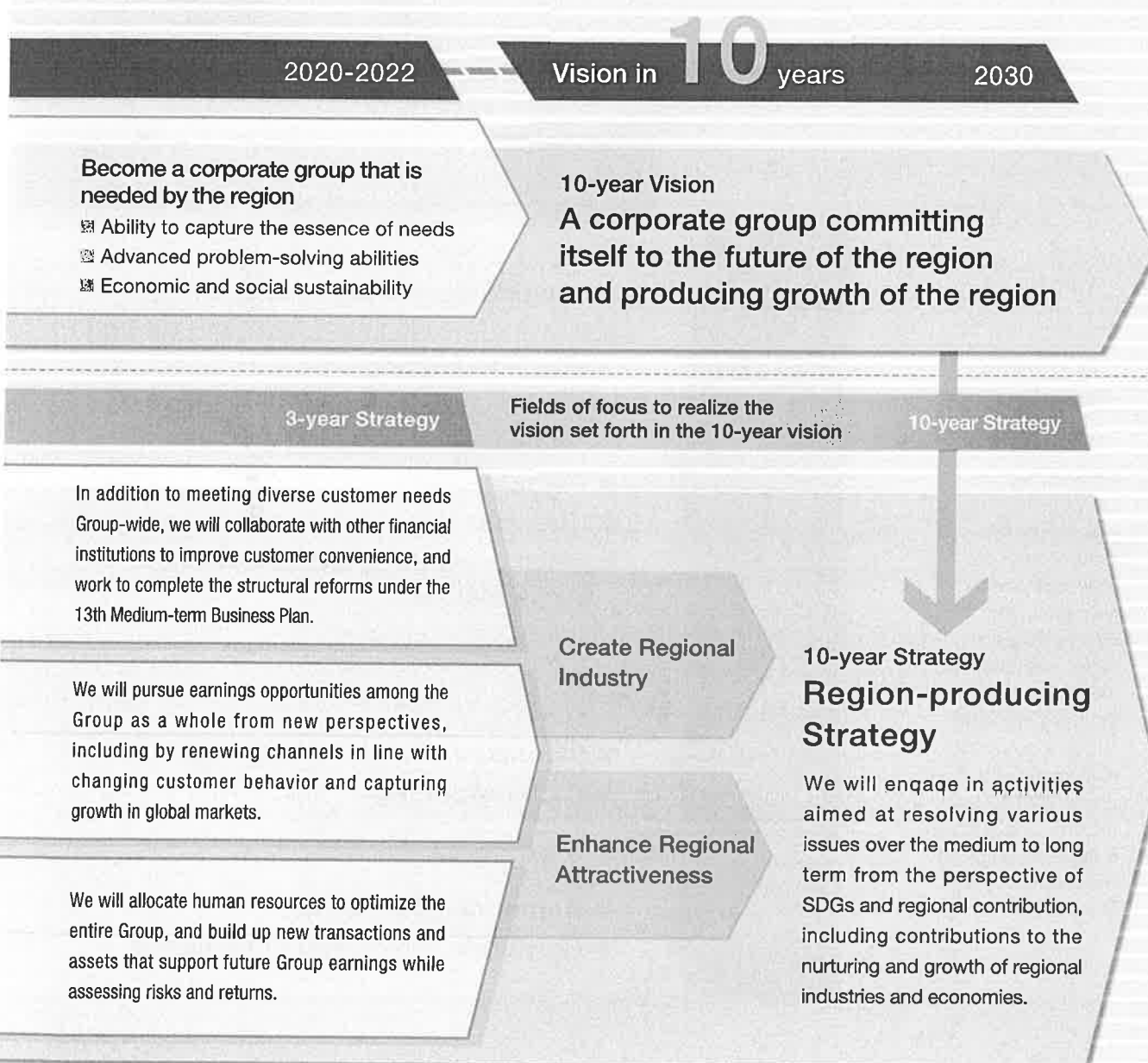
The name also incorporates our desire to further strengthen initiatives towards diversity and SDGs.



Target performance indicators
(Fiscal 2022 / consolidated basis)

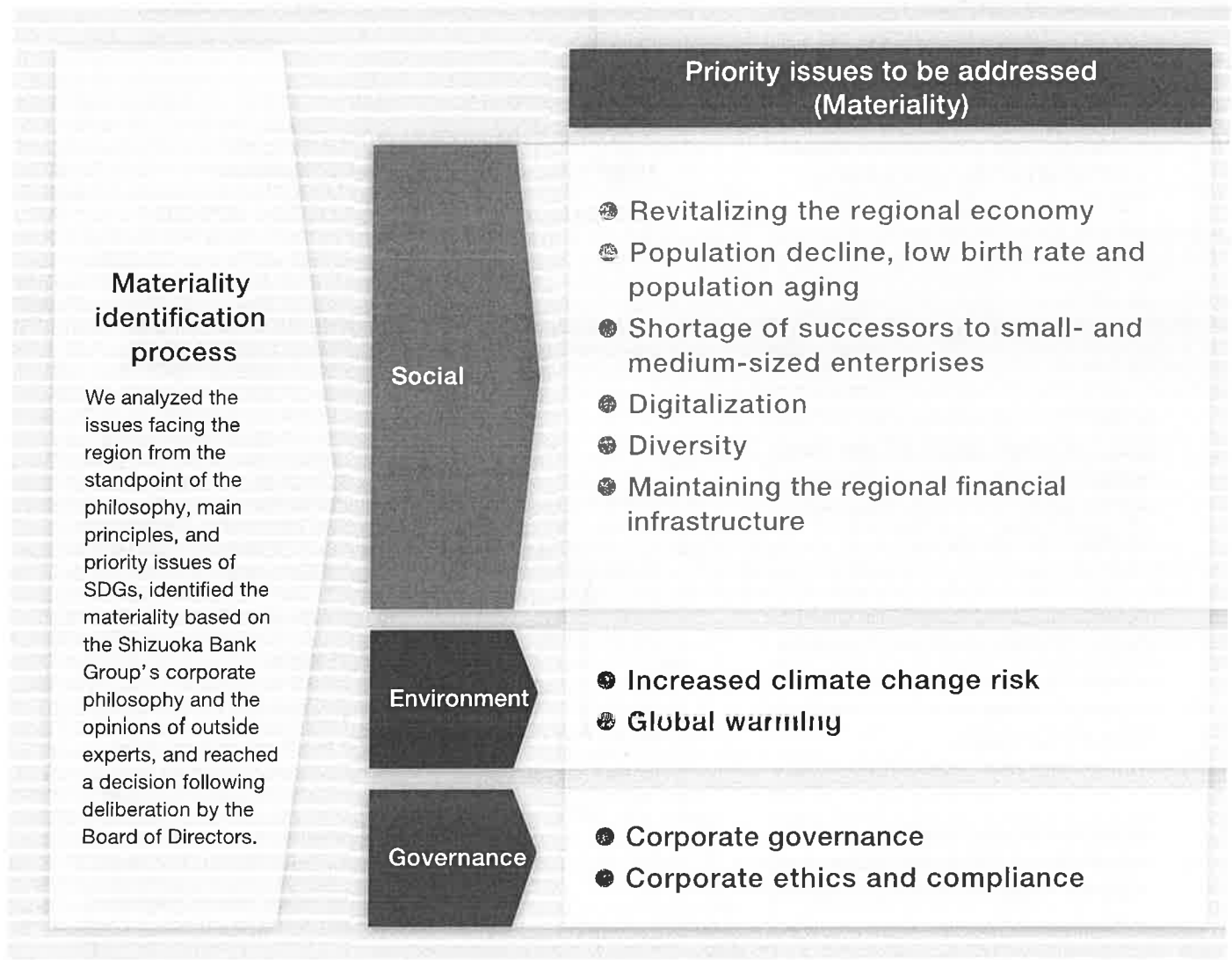
		Targets of the 14th Mid-Term Management Plan	Targets in the Business Plan for FY2022*
Profitability	Ordinary profit	¥80.0 billion or more	¥76.0 billion
	ROE	5% or more	4.7%
Financial soundness	Common equity Tier 1 ratio	14% or more	15.2%
Other	OHR	Around 55%	56.5%
	Shareholder return	50% or more over the medium to long term	50% or more over the medium to long term

*Reviewed based on changes in the environment and other factors since the 14th Mid-Term Management Plan was formulated (announced in May 2022)



Realizing Sustainability Management

When formulating the 14th Medium-term Business Plan, the Shizuoka Bank Group identified the priority issues (materiality) that must be addressed in order to realize a sustainable society and maintain and enhance corporate value, and reflected these in our management strategy.



SUSTAINABLE DEVELOPMENT GOALS



Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs) were adopted unanimously at the UN summit in September 2015.

A set of 17 goals and 169 targets were set as development goals to be achieved by 2030 by the international community including developed countries.

SDGs are universal goals applicable to all countries for resolving social issues, such as poverty, hunger, and other issues, including the environment, gender equality, energy, and the working environment. SDGs need to be addressed by a global partnership involving all stakeholders, including governments, civil society, and the private sector.

Related SDGs



Main initiatives in the 14th Medium-term Business Plan

Basic Strategy 1

- 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

Basic Strategy 2

- Device-free financial services
- Technological innovation through investment in venture companies

Basic Strategy 3

- Diverse working styles, participation and advancement of women, diversified human resources, and respect for human rights

10-year Strategy

- Returning of networks with startup companies to the region
- Enhance regional attractiveness by utilizing regional platforms

- Promotion of environmentally friendly financial services
- ESG investment and utilization of green bonds
- Response to climate change

- Advanced corporate governance
- Strengthened measures against money laundering

Transformation to a Holding Company Structure

Shizuoka Bank Group will establish "Shizuoka Financial Group, Inc." in October 2022 and shift to a holding company structure.

SHIZUOKA FINANCIAL GROUP

Ambitions Expressed in the Company Name

The company name represents our thoughts that we keep our gratitude to various stakeholders who have helped us grow since our foundation in Shizuoka and our pride as a company headquartered in Shizuoka, and that our existence as a corporate group providing comprehensive financial services is a universal one while the whole Group intends to expand into new business fields by transformation to a holding company structure.

Background and Purpose of Transformation to a Holding Company Structure

In light of various changes in the business environment, the Shizuoka Bank Group has enhanced its financial function to solve customers' challenges while increasing its combined strength as a financial group, as well as developing new business fields and working on projects, such as expanding businesses in the Tokyo Metropolitan area and collaborating with entities from outside the Group's industry.

While we have pursued sustainable growth by always keeping in mind a sound yet innovative management, we believe that we must respond even more appropriately in the future to the movement towards deregulation in banking services and to the accelerating changes in the business environment.

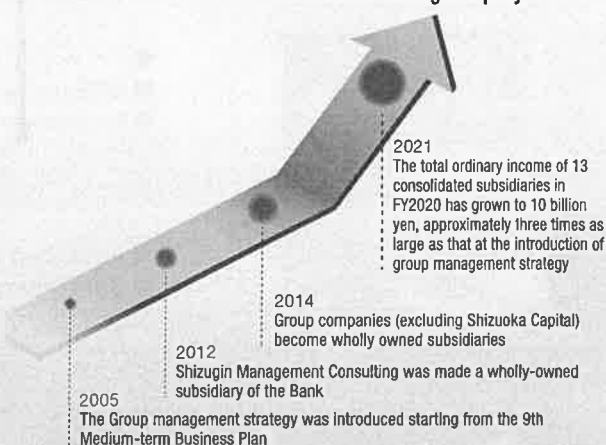
Based on these circumstances, the Shizuoka Bank (the "Bank") has decided that it needs to transform to a holding company structure in order to build a resilient management structure, which will enable the Group to further contribute to the wellbeing of all stakeholders, including the community, customers, employees, and shareholders, and to continue its sustainable growth.

[Approach so far]



October 2022

Transformation to a Holding Company Structure



Corporate Philosophy

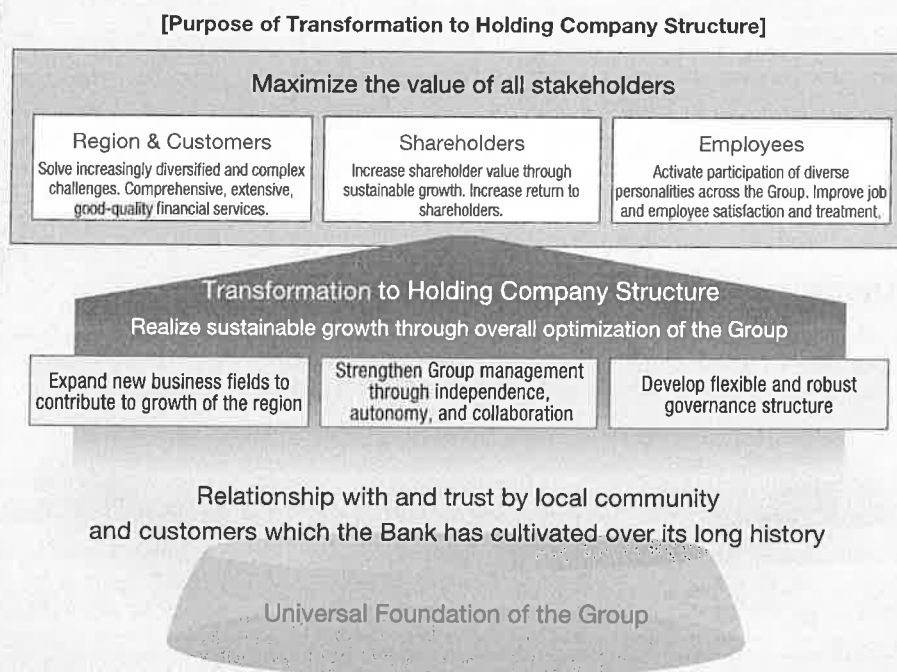
Expand dreams and affluence with our community.

The Group's corporate philosophy under the holding company structure remains the same as the current corporate philosophy. The philosophy broadly represents guideline to the future for the Group and all of those who work there; to share future dream with the region and to realize true affluence. The Group will keep assisting people in realizing their dreams in lives and businesses by providing high-quality services as a comprehensive financial institution in the region.

10-year Vision

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

The Shizuoka Bank Group's 14th Medium-term Business Plan, which started in April 2020, contains the 10-year Vision, under which the Group is committed to the growth of industry and economy in the region from a medium- to long-term perspective for the purpose of realizing the corporate philosophy. By reinforcing its combined strength as a problem-solving corporate group through the transformation to a holding company structure, the Group intends to further contribute to the bright future of the region.

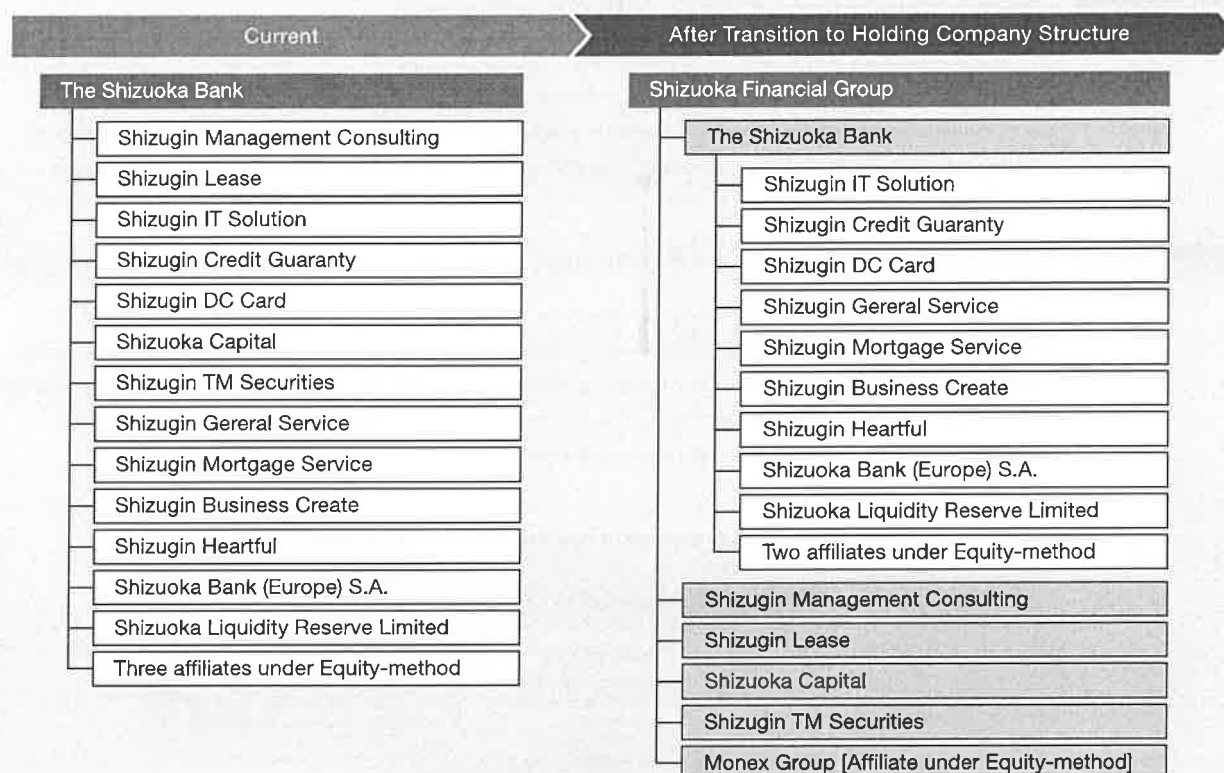


By transforming to a holding company structure, the Bank intends, from a long-term perspective, to expand into new business fields that will contribute to regional growth and to further expand the existing lines of business and the customer base. The Bank is going to increase the Group's combined strength as a problem-solving corporate group by further enhancing the group management that the Bank has worked on thus far and by increasing the presence of each group company, through balancing between unifying force (i.e., cooperation) and centrifugal force (i.e., independence and autonomy) under the Holding Company.

The Bank also plans transformation from a bank-dependent business model, by developing an environment where employees, who will actually work on those measures, will be even more proud and satisfied with their work than before, and by cultivating an organizational culture where new ideas and innovations will be generated, through promoting diversity management.

Group Structure after Transition to Holding Company Structure

For the purpose of further enhancing cooperation and synergies within the Group, among other things, the incorporation of the Holding Company will be followed by reorganization of a total of five companies – four of the Bank's consolidated subsidiaries (Shizugin Management Consulting Co., Ltd., Shizugin Lease Co., Ltd., Shizuoka Capital Co., Ltd., and Shizugin TM Securities Co., Ltd.) and one of the Bank's equity-method affiliates (Monex Group, Inc.) -- into the Holding Company's directly invested companies, by such means as transferring all shares held by the Bank in these companies to the Holding Company as dividends in kind.



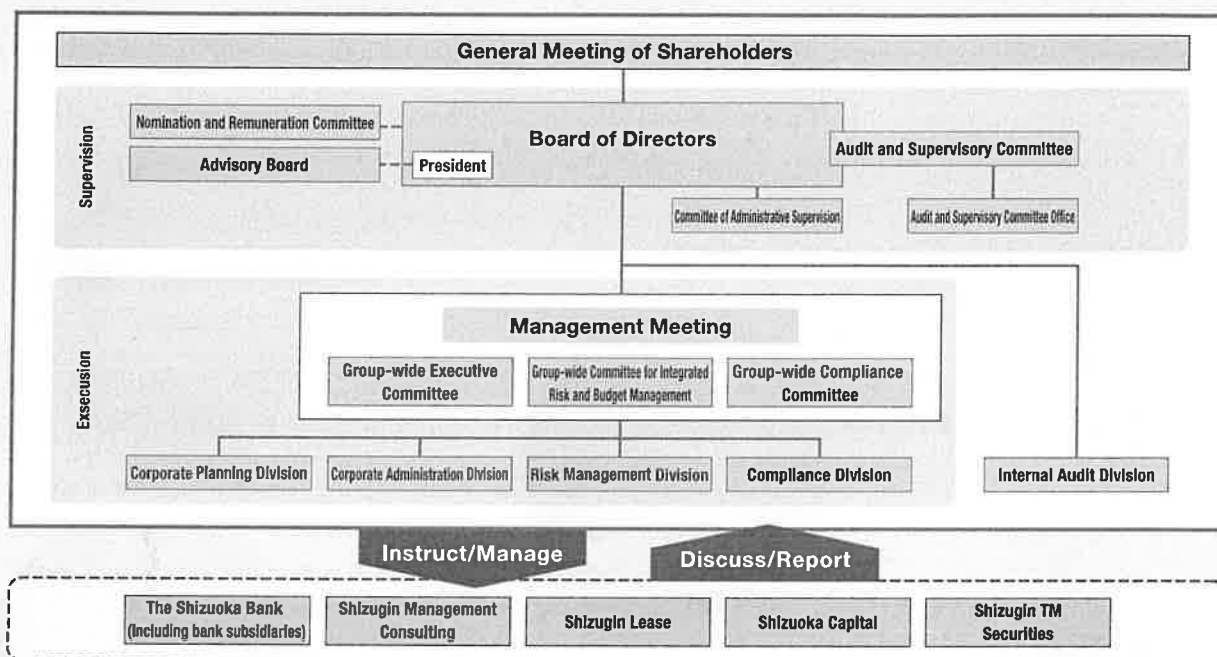
Direction of Strategy under Holding Company Structure

Shizuoka Financial Group intends to further develop and accelerate the existing efforts. The 1st Medium-term Business Plan under the holding company structure is based on the policy of realizing the "maximization of the value of all stakeholders," which is the purpose of the transformation to a holding company structure, through the following four basic strategies.



Corporate Governance Structure

By making the Holding Company a company with audit and supervisory committee, the Bank intends to sophisticate the corporate governance from both offensive and defensive perspectives in order to make the governance structure flexible and robust in line with the expectations of stakeholders, and to create a highly objective and transparent management structure.

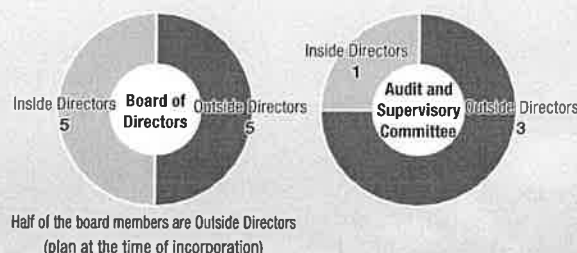


Corporate Profile of Shizuoka Financial Group, Inc.

Description of business	Business administration of banks and of companies whose ownership the Company is permitted by the Banking Act to acquire, and all businesses incidental or relating to the business set forth in the preceding item Other businesses which a bank holding company is permitted by the Banking Act																				
Location	1-10, Gofukucho, Aoi-ku, Shizuoka-shi																				
Representative and officers scheduled to take office	<table border="0"> <tr> <td>Representative Director (Chairman)</td><td>Katsunori Nakanishi (Currently Chairman & CEO of Shizuoka Bank)</td></tr> <tr> <td>Representative Director (President)</td><td>Hisashi Shibata (Currently President & COO of Shizuoka Bank)</td></tr> <tr> <td>Director</td><td>Minoru Yagi (Currently Deputy President & CFO of Shizuoka Bank)</td></tr> <tr> <td>Director</td><td>Yutaka Fukushima (Currently Director & Senior Managing Executive Officer of Shizuoka Bank)</td></tr> <tr> <td>Director</td><td>Kumi Fujisawa (Currently Outside Director of Shizuoka Bank)</td></tr> <tr> <td>Director</td><td>Kazutoshi Inano (Currently Outside Director of Shizuoka Bank)</td></tr> <tr> <td>Director (Audit & Supervisory Committee Member)</td><td>Koichi Kiyokawa (Currently Director & Senior Executive Officer of Shizuoka Bank)</td></tr> <tr> <td>Director (Audit & Supervisory Committee Member)</td><td>Motoshige Itoh (Currently Outside Director of Shizuoka Bank)</td></tr> <tr> <td>Director (Audit & Supervisory Committee Member)</td><td>Kazuto Tsubouchi (Currently Outside Director of Shizuoka Bank)</td></tr> <tr> <td>Director (Audit & Supervisory Committee Member)</td><td>Naomi Ushio (Currently Outside Audit & Supervisory Board Member of Shizuoka Bank)</td></tr> </table>	Representative Director (Chairman)	Katsunori Nakanishi (Currently Chairman & CEO of Shizuoka Bank)	Representative Director (President)	Hisashi Shibata (Currently President & COO of Shizuoka Bank)	Director	Minoru Yagi (Currently Deputy President & CFO of Shizuoka Bank)	Director	Yutaka Fukushima (Currently Director & Senior Managing Executive Officer of Shizuoka Bank)	Director	Kumi Fujisawa (Currently Outside Director of Shizuoka Bank)	Director	Kazutoshi Inano (Currently Outside Director of Shizuoka Bank)	Director (Audit & Supervisory Committee Member)	Koichi Kiyokawa (Currently Director & Senior Executive Officer of Shizuoka Bank)	Director (Audit & Supervisory Committee Member)	Motoshige Itoh (Currently Outside Director of Shizuoka Bank)	Director (Audit & Supervisory Committee Member)	Kazuto Tsubouchi (Currently Outside Director of Shizuoka Bank)	Director (Audit & Supervisory Committee Member)	Naomi Ushio (Currently Outside Audit & Supervisory Board Member of Shizuoka Bank)
Representative Director (Chairman)	Katsunori Nakanishi (Currently Chairman & CEO of Shizuoka Bank)																				
Representative Director (President)	Hisashi Shibata (Currently President & COO of Shizuoka Bank)																				
Director	Minoru Yagi (Currently Deputy President & CFO of Shizuoka Bank)																				
Director	Yutaka Fukushima (Currently Director & Senior Managing Executive Officer of Shizuoka Bank)																				
Director	Kumi Fujisawa (Currently Outside Director of Shizuoka Bank)																				
Director	Kazutoshi Inano (Currently Outside Director of Shizuoka Bank)																				
Director (Audit & Supervisory Committee Member)	Koichi Kiyokawa (Currently Director & Senior Executive Officer of Shizuoka Bank)																				
Director (Audit & Supervisory Committee Member)	Motoshige Itoh (Currently Outside Director of Shizuoka Bank)																				
Director (Audit & Supervisory Committee Member)	Kazuto Tsubouchi (Currently Outside Director of Shizuoka Bank)																				
Director (Audit & Supervisory Committee Member)	Naomi Ushio (Currently Outside Audit & Supervisory Board Member of Shizuoka Bank)																				
Capital	90,000 million yen																				
Stock exchanges where stocks are listed	Tokyo Stock Exchange Prime Market																				

Composition of Board Members

Directors supervise management with independence and objectivity based on the extensive experience and professional insight of outside directors.



For Further Growth as a Comprehensive Financial Group

To date, we have grown into a comprehensive financial group that boasts the top level of profitability among regional banks through the efforts of each company within the Group in providing highly specialized financial services and ensuring the smooth banking operation.

After the transition to a holding company structure, we will further strengthen group management and aim for further group-wide growth by refining each company's ability to address local issues.



Expansion Into New Business Fields

Aiming for sustainable development of the region and creation of business opportunities for the Group, we will accelerate our efforts toward new business fields from local issues as a starting point.

Credit Guarantees

- Shizugin Credit Guaranty

Credit Cards

- Shizugin DC Card
- Shizugin Saison Card (equity-method affiliate)

Group Productivity Enhancement

- Shizugin General Service
- Shizugin Mortgage Service
- Shizugin Business Create
- Shizugin Heartful

Role of Each Company

Holding Company

Aim to continuously enhance corporate value by overseeing management strategies that accurately reflect social changes, strengthening group management, allocating management resources in an optimal manner, and co-creating value with our stakeholders.

Subsidiary of Holding Company

Accelerate the group-wide growth by responding to various local issues while enhancing the diversity and expertise of its services, and by expanding its own business fields and customer base.

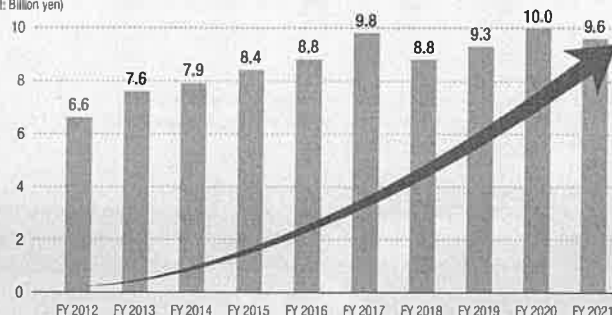
Bank's Subsidiary, etc.

Further strengthen cooperation with banks and group companies to support group-wide growth by expanding products and services and improving of business quality.

Performance of Group Companies

Group companies have strengthened their collaboration with the Bank and responded to diversified customer needs. As a result, the combined ordinary profit of the Bank's 13 consolidated subsidiaries is one of the greatest among regional banks.

(Unit: Billion yen)

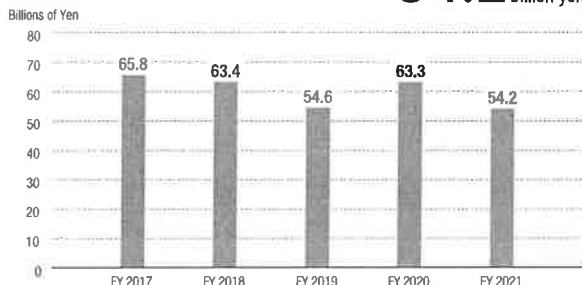


Financial Highlights

Main Items

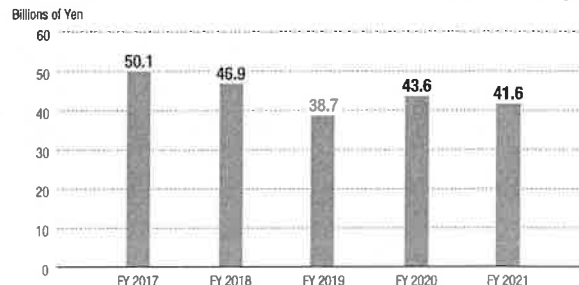
Ordinary profit (consolidated)

54.2 billion yen



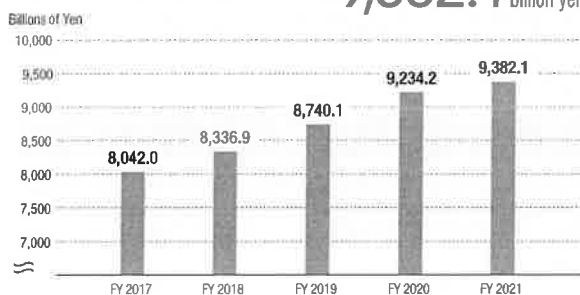
Net profit attributable to owners of the parent

41.6 billion yen



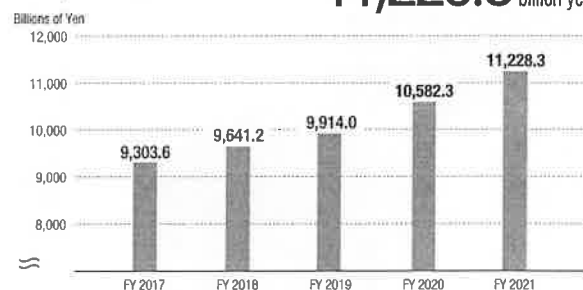
Balance of total loans (average balance, non-consolidated)

9,382.1 billion yen



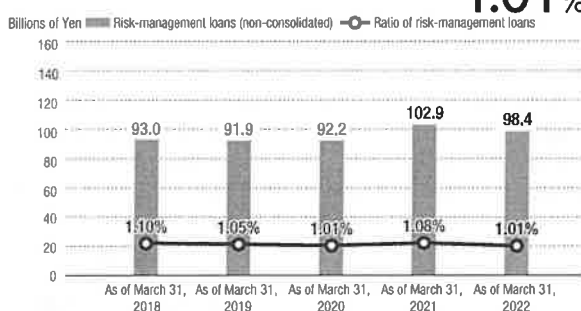
Total deposits (average balance, non-consolidated)

11,228.3 billion yen



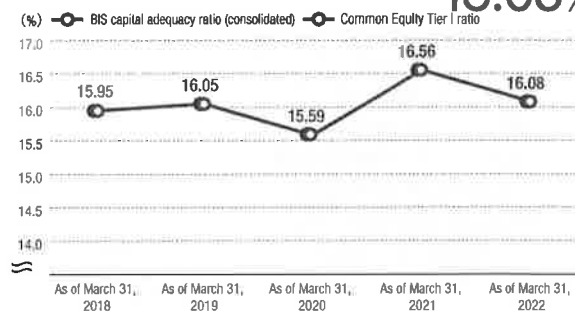
Ratio of risk-management loans (non-consolidated)

1.01%



BIS capital adequacy ratio (consolidated)

16.08%



* 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.

Credit Ratings (Moody's) (As of July 1, 2022)

A1

	Long-term rating	Short-term rating
Moody's	A1	P-1
Standard & Poor's	A-	A-2
Rating and Investment Information, Inc.	AA-	-

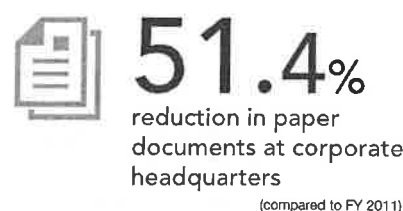
Shareholder return ratio (10-year average, consolidated)

47.7%

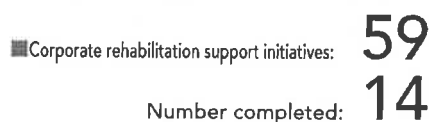
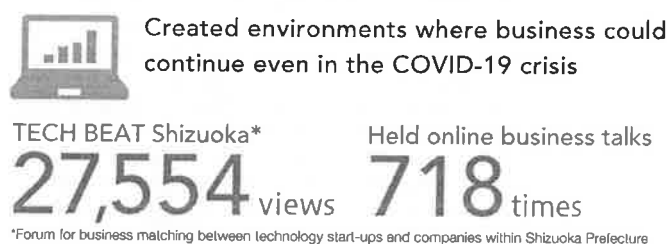
Important Items	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2012-FY 2021 (10-year average)
Dividend per share	21.0 yen	22.0 yen	22.0 yen	25.0 yen	26.0 yen	-
Dividend payout ratio	24.9%	27.6%	32.6%	32.8%	35.4%	26.7%
Shareholder return ratio	44.3%	49.1%	54.9%	32.8%	56.2%	47.7%

Non-Financial Highlights (results for fiscal year 2021)

Environment



Social



External Recognition

Certification under the Act on Promotion of Women's Participation and Advancement in the Workplace



"Eruboshi"
Certified as an outstanding company for initiatives related to the participation and advancement of women

Certification under the Act on Advancement of Measures to Support Raising Next-Generation Children



"Platinum Kurumin"
Certified as a company engaged in initiatives towards a high level of support for parenting

Certified Health & Productivity Management Organization Recognition Program



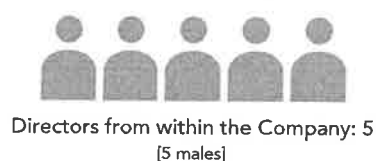
"Certified Health & Productivity Management Organization (large enterprise category)"

健康経営優良法人
Health and productivity

Governance

(As of July 2022)

Composition of the Board of Directors



Representative Directors: 3
Executive Directors: 2

Composition of the Audit & Supervisory Board



Alliance with Regional Banks



静岡・山梨
アライアンス

Shizuoka-Yamanashi Alliance

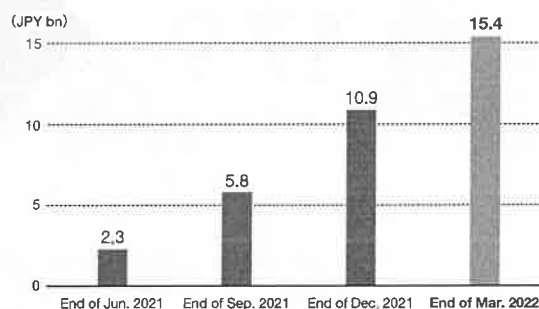
Shizuoka Bank concluded a comprehensive business alliance "Shizuoka Yamanashi Alliance" with Yamanashi Chuo Bank on October 28, 2020.

Aiming at economic development in Shizuoka and Yamanashi Prefectures through cooperation mainly in the area of regional revitalization, both bank groups are working on a wide range of cooperative measures, including the opening of the "Shizugin TM Securities Yamanashi Head Office" and holding individual business meetings with clients of the two banks.

Collaboration in Securities Services

Shizugin TM Securities Yamanashi Head Office, which opened in April 2021, provides value-added products and services to customers in Yamanashi Prefecture and the Tokyo metropolitan area through referrals from Yamanashi Chuo Bank. As of March 31, 2022, the number of accounts and balance of customer asset in the Office totaled approximately 1,900 and approximately 15.4 billion yen, respectively.

Customer assets in Yamanashi Head Office



Collaboration in Supporting Start-ups

The two banks executed a co-financing for MaaS business (see page 66 for details), and provided the first co-financing for the construction of a shared villa in Yamanashi Prefecture, which was the first co-financing for a project related to regional revitalization.

The two banks will continue to cooperate in addressing the financing needs of Start-ups that will lead to the development of the region.



Initiatives to Activate Interaction between Shizuoka and Yamanashi Prefectures

With the full opening of the Trans-Chubu Expressway in August 2021, nonresidential population in both prefectures is expected to increase even more than before.

The two banks have installed commemorative panels in their respective head office sales departments to coincide with the opening. In addition, the two banks are working to further revitalize the local economy by participating in merchandising events co-hosted by the two prefectures and conducting campaigns by the credit card companies within the two banks' groups.



Establishment of "Shizuoka-Yamanashi Mirai Growth Support Fund"

In May 2022, the two bank groups jointly established a business succession fund to support business succession and restructuring of our business partners.

We will leverage the extensive networks of both banks to ensure the continuity and further development of local businesses, while actively working to revitalize and strengthen the competitiveness of the local economy.

- Name of Fund Shizuoka-Yamanashi Alliance Investment Limited Partnership (Nickname: Shizuoka-Yamanashi Mirai Growth Support Fund)
- Total amount of funds JPY 2.0 bn
- Investors
 - limited partner
 - Shizuoka Bank, Yamanashi Chuo Bank, Shizugin Management Consulting Co., Ltd
 - General partner
 - Shizuoka Capital Co., Ltd

Shizuoka Bank Group mutually shares management resources and local information with our partner financial institutions, aiming at solving local issues and achieving sustainable growth for both bank groups.



Shizuoka Nagoya Alliance

Shizuoka Bank concluded a comprehensive business alliance "Shizuoka Nagoya Alliance" with the Bank of Nagoya on April 27, 2022.

Both bank groups have positioned our response to the structural transformation of the automobile industry and other regional industries as our most important theme, and will leverage the management resources of both bank groups to achieve sustainable growth for the region and ourselves.



Objective and Background

- Shizuoka and Aichi Prefectures have not only strong economic ties as neighboring prefectures but also have a characteristic in common that the manufacturing industry accounts for a higher percentage of the prefecture's gross prefectural product than in other prefectures, with automobiles and other transportation machinery accounting for a particularly high percentage.
- We recognize that irreversible changes that will significantly transform the industrial structure of the region, such as decarbonization and digitalization, are accelerating, and that the role of regional financial institutions in supporting these changes will become even more important for the sustainable growth of the economies of the two prefectures. The two banks share an awareness of these issues and have been discussing specific ways to collaborate.
- As a result, the two banks agreed that a comprehensive business alliance would enable them to expand their service menus by utilizing their respective management resources, increase profits by raising the level of their services, and reduce costs by sharing administrative work, etc., with a sense of speed and effectiveness, while maintaining the customer bases and brands built up over the years while adhering to their respective independent management, concluding the alliance.

Outline of the Alliance

In this alliance, the two banks work on various measures with a sense of speed while maintaining their management independence and unique corporate brands and customer bases.

- i) Strengthen support for clients in major industries in both prefectures
- ii) Contribute to local communities and capture new profit-earning opportunities by matching the needs of customers of both banks
- iii) Expand of service menu by utilizing mutual management resources such as group company functions
- iv) Reduce cost through the sharing of various systems and back-office operations
- v) Develop human resource through the dispatch of trainees, human resource exchanges, and joint training programs

Etc.

Initiatives for SDGs

Services

Region-based Relationship Banking



- Solutions for Various management Issues
- Smooth Supply of Funds to Companies in the Region → P60-62
- Meet needs of corporate customers
- Support for overseas business development → P63-64
Strategic Investment → P65-66
- Regional revitalization
 - Coordinate among industry, government, academia, etc. and facilitate the development of businesses that contribute to regional development
 - Hosting the Shizuoka Kids Academy, an event for elementary school children in the region, where they can learn about local history, culture and industries
- Support for business restructuring and turn-around
Support business restructuring and turn-around of customers through building business plans, alliances with external agencies, and utilizing business regeneration fund
256 companies completed business turn-around since 2005 and secured local employment for 26,507 people, maintaining a vibrant local economy.

Life-plan Support for our Customers

- Proposals personally tailored to each individual customer
We provide a full range of products and services to meet customers' financial needs for each life event, such as starting work, getting married, giving birth or buying their own home
- Inheritance solutions and asset succession support
We present a range of services related to inheritance and advancements, allowing customers wishing for a smooth succession to spend their old age in security

Environment

Shizuoka Bank Group Environmental Policy

→ P39

Response to Climate Change (Initiatives to Support the TCFD Recommendation)



→ P40-42

Investment and Loan Policy for Specific Sectors



In April 2021, we established the "Investment and Loan Policy for Specific Sectors" in order to make prudent decisions on investments and loans that are likely to contribute to negative impacts on the environment and society, and to reduce or avoid such impacts.

The Policy clarifies our resolution that we in principle do not invest in and loan to coal-fired power generation that is considered to have high environmental effect, and our policy against cluster bombs, inhumane weapons manufacturing, palm oil plantation development, and deforestation.

Investment and Loan Policy for Specific Sectors (excerpt*) Coal-fired Power Generation

Initiatives for environmental protection, climate change, and sustainable energy are positioned as some of the most important social missions of financial institutions.

Shizuoka Bank Group actively supports renewable energy projects while not investing in and loaning to new coal-fired power generation in principle.

Positive Impact Finance



The Shizuoka Bank, with the cooperation of the Shizuoka Economic Research Institute, has established a framework for small and medium-sized enterprises (SMEs) to evaluate the spillover effect of corporate activities on the regional economy, and contribute to resolving unique regional issues. In January 2021, we concluded the first ever positive impact finance contract with an SME in Japan.

We will continue to fulfill our responsibilities as a regional financial institution, striving for sustainable development in the region.

*What is positive impact finance?

In positive impact finance, we engage in a comprehensive analysis of the impacts of corporate activities on each facet of the environment, society and economy, and fund initiatives aimed at enhancing positive impacts and reducing negative impacts.

We use degree of contribution to the achievement of the SDGs as our performance indicator, and disclose information on these initiatives.

Addressing Environmental Issues through Financial Operations



We support our customers' environmental protection initiatives in various ways by utilizing our comprehensive financial functions.

- Consulting on gaining certification for environmental management systems
- ECO Account
 - A part of reduced costs by not issuing a bank book is donated to groups that promote environmental protection.
- "Fujisan" Time Deposit * Fujisan = Mt. Fuji
 - All interest on the deposit is donated to groups that promote environmental protection.)

Reducing the Environmental Impact of the Shizuoka Bank Group



As a part of the environmental protection activities, we are working to reduce CO2 emissions in order to mitigate global warming.

- Reduction of energy consumption
- Reduction of paper usage
- Recycling of paper
- Zero emissions
- Green purchasing
 - Prioritize purchase of environmentally conscious products for use as novelties
- Introduction of advanced energy-saving facilities
- Introduction of eco-friendly cars

Reinforcing Employee Efforts to Tackle Environmental Issues in the Community and at Home



We are reinforcing our employees' efforts to tackle environmental issues in the community and at home by conducting an awareness survey on the mitigation of global warming and disseminating information on the environment.

- Small Kindness Movement
 - Voluntary activities, including tree planting, forest maintenance, and clean-ups. Administrative offices are established within a group company to facilitate employees' vigorous involvement.
- Shizugin Furusato* Environmental Protection Fund Charitable Trust
 - Financial support is provided through the Trust to individuals and groups in Shizuoka Pref. that promote environmental protection.

*Furusato = hometown

Social

Diversity

→ P47-49



Countermeasures against Financial Crime

- Compensation system for victims of financial crimes
 - Compensation for losses attributable to counterfeit or unauthorized use of stolen cards
 - Compensation for losses attributable to unauthorized withdrawals using stolen bankbooks
 - Compensation for losses attributable to unauthorized withdrawals using online banking services
- Various security measures
 - Cash card security measures
 - PIN Code Reset Service on ATMs, issuing of IC cash cards which are difficult to counterfeit
 - Online security measures
 - Implementation of strict personal identification, countermeasure

against phishing and spyware

Sophisticated authentication by the use of one-time password

Development of Human Resources in the Region



- Financial education
 - Organizing bank visits and providing presentations for elementary, junior high, and high school students
- Holding a financial quiz competition for high school students
- Acceptance of internships

Promotion of Culture and Sports

- Holding of concerts featuring leading artists from Japan and abroad
- Holding of performances of rakugo, the traditional Japanese performing art of comic storytelling
- Sponsorship of children's soccer competitions and baseball competitions

Countermeasures against Large-scale Disasters



- Establishment of a system for ensuring business continuity
 - A business continuity plan (BCP) has been established for continuation or early recovery of critical operations in the event of a large-scale disaster or the outbreak of an infectious disease posing a high risk. The BCP is reviewed and updated on a continuous basis.
 - Measures are taken to protect buildings from earthquakes, and private power generation systems, emergency communication equipment, and other materials and equipment for disaster countermeasures are installed.
 - The Emergency Countermeasures Office is located at the headquarters to enable us to assist people in the region in the event of a disaster.
- Countermeasures against tsunami
 - When rebuilding a branch in an area that may be affected by a tsunami, the new building will be designed such that the roof is higher than the expected height of the tsunami.
 - A staircase is installed enabling direct access from outside the branch to the roof so that anyone can use it as a safe haven in the event of a disaster.

Raising Awareness about Human Rights



- Provision of education and training about human rights to new employees and employees at various levels

Governance

Further Strengthening of Corporate Governance

→ P51

Thorough Enforcement of Compliance and Risk Management

→ P56

Countermeasures to Prevent Money Laundering and Provision of Funds to Terrorists

→ P57

Initiatives for the Environment

Based on our corporate philosophy, which aims to “expand dreams and affluence with our community,” the Shizuoka Bank Group protects the rich and comfortable natural environment in our hometown and contributes to the realization of a sustainable society not only by considering the environment in our own corporate activities but also by actively addressing environmental issues through our core business centering on finance in the local community.

Message from an Outside Director

Sustainability has become a major theme for local communities and businesses. Responses to climate change received particular attention last year. At the COP26 summit, the leading nations of the world made significant commitments toward decarbonization, with Japan also deciding to reduce carbon emissions to zero by 2050 and greenhouse gas emissions by 46% by 2030 compared with 2013 levels. Under these circumstances, attention is focused on how to achieve these goals at the level of individual companies and regions.

Responding appropriately to climate change issues is essential for the sustainability of our society. If society as a whole is not sustainable, the region will not be sustainable; nor will individual companies. The issue of climate change needs to be addressed as a corporate sustainability issue and as a sustainability issue for the region.

As a leading financial institution in the region, the Shizuoka Bank Group is expected to play an important role in supporting these efforts. In order to do so, it is important

for us to demonstrate a willingness to be at the forefront in tackling these issues. The Group has set ambitious targets of realizing carbon neutrality by 2030 in Scope 1 and Scope 2. These targets further strengthen previous goals, and signal the Group's willingness to further increase its focus on addressing climate change.

Information disclosure is also an important part of companies' response to climate change. Companies must share accurate information on corporate activities with shareholders, employees, customers and other stakeholders. The Shizuoka Bank Group is making efforts to actively promote information disclosure in response to the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures). I hope that more in-depth information will be disclosed in the future.

As I already mentioned, in responding to climate change issues, it is necessary for the region as a whole to put in place a system to realize its goals. Regional financial institutions are expected to play a major role in strengthening and accelerating such regional initiatives. It is my hope that the Shizuoka Bank Group will contribute to regional initiatives, including through lending and other core business activities. The Group has set a goal of achieving 2 trillion yen in sustainable finance by 2030, and it goes without saying that the steady implementation of such goals will be effective in promoting climate change responses throughout the region.

The environment surrounding climate change issues is changing dramatically. Difficult factors are also increasing, including soaring resource prices due to the Ukraine crisis. This is why I hope that the Shizuoka Bank Group will further strengthen its response as it steadily proceeds with its climate change response in the region.



Motoshige Itoh
Director

■ Shizuoka Bank Group Environmental Policy

1. Compliance with relevant laws and regulations: We comply with laws and regulations related to the environment. We also take a sincere approach to the requirements from domestic and international guidelines for realization of sustainable society, reflecting it in our corporate activities.
2. Reduction of environmental impact: We strive to reduce our environmental impact by introducing new technologies and renewable energy and promoting energy and resource conservation.
3. Development of products and services: We contribute to realization of sustainable society together with our business partners by developing environmentally friendly products and services.
4. Recognition of climate change risks: We recognize that the impact of climate change will continue to be a management risk for the Shizuoka Bank Group in the future and strive to enhance our risk management and information disclosure. We also set specific environmental targets and work to achieve them.
5. Enlightening activities: We engage in environmental conservation activities as a company, raising awareness of environmental issues among each and every executive and employee of the Shizuoka Bank Group and leading to actions that contribute to realization of sustainable society.
6. Governance: We report to management on the status of our initiatives for environmental conservation and climate change and verify their effectiveness. In addition, we strive to enhance our efforts through repeated communication with each stakeholder.

Response to Climate Change (disclosure based on TCFD recommendations)



In March 2020, the Shizuoka Bank announced its support for the TCFD* Recommendations. We will work together as a Group to help the region smoothly shift to a decarbonized society as well as proceed with analyses on climate change scenarios and enhance our information disclosure.



*Task Force on Climate related Financial Disclosures

1 Governance

Revision of Environmental Policy in Shizuoka Bank Group

With our recognition that the impact of climate change is a business risk for the Shizuoka Bank Group, we revised our group-wide environmental policy in April 2021 to clarify our intention to contribute to realizing a sustainable society through our main business.

Each company within the Shizuoka Bank Group will continue its initiatives to improve the precision of its GHG emissions measurements and to reduce GHG emissions while working to realize a sustainable society through its own services.

Reinforcement of the governance structure following the transformation to a holding company structure

To date, in Shizuoka Bank, the Board of Directors has overseen and verified the effectiveness of measures and policy decisions and progress toward the realization of a sustainable society.

With the transformation to a holding company structure, we plan to establish a "Sustainability Promotion Council (provisional name)" within the holding company (Shizuoka Financial Group Inc.) as an organization to deliberate on measures to respond to climate change, realize diversity, and contribute to sustainability in the region.

After the transformation to a holding company structure, we will aim to implement more flexible and effective measures by reporting the contents to the Board of Directors and other management meetings after discussions at this meeting.

2 Strategy

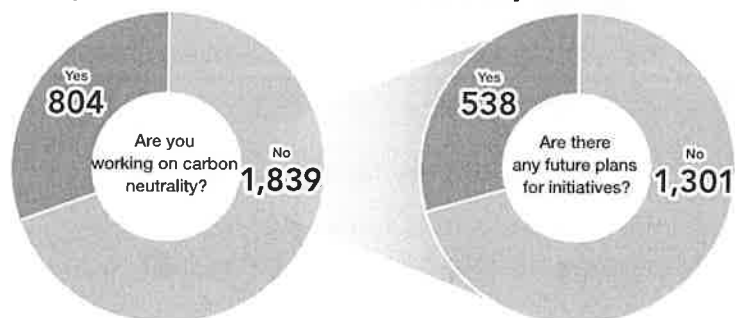
In order to realize a decarbonized society, the market size of businesses related to climate change is expected to grow. We support customers' capital investment and use of leasing to decrease GHG emissions, and actively support their review of business operations for transition to a decarbonized society through funding and consulting.

Engagement (interview activities) with local companies

In September 2021, we conducted a series of interviews regarding carbon neutrality initiatives, primarily targeting companies in Shizuoka Prefecture, and received responses from 2,643 companies.

It turned out that 70% of the companies have not yet begun to take actions while 30% have already taken concrete measures. According to this result, we intend to continue our awareness-raising activities and support in the region.

■ Responses to our interview on carbon neutrality initiatives



Scenario analysis and risk perception associated with climate change

Shizuoka Bank is working to advance scenario analysis on risks of climate change based on the knowledge and expertise which it gained by participating in a project in FY2021 by the Ministry of the Environment to support pilot programs for scenario analysis on risk and opportunity of climate in line with TCFD recommendations.

In FY2021, we conducted analysis on physical risk covering flooding in Shizuoka Prefecture and scenario analysis covering the paper manufacturing industry and the automobile and its accessory parts manufacturing industry. We will continue to expand the field of enhancing our analysis in the future.

Besides, as energy-related sectors (electricity, gas, energy, etc.) account for 1.4% of Shizuoka Bank's carbon-related assets in its credit balance, we will continue to analyze the impact of these sectors.

The risks associated with climate change for the Shizuoka Bank Group, as identified through the scenario analysis, are as follows.

■ Scenario Analyze

1. Transition Risk

Target Sector	Paper manufacture ^(*)	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	

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

2. Physical Risk

Scope of coverage	Calculate credit costs related to risk of damage for building and business continuity for SMEs in Shizuoka Pref. ^(*)	Calculate building damage costs and credit costs for mortgage borrowers in Shizuoka Pref.
Scenario	RCP8.5 in the IPCC WGII 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	

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

■ Risk Perception

Transition Risk	short term	Impact of energy price fluctuations on customers' business performance
	mid-long term	Impact of introduction of carbon tax, regulations, etc. on customers' business performance
Physical Risk	Short and mid-long term	Damage to collateral values and changes in customers' business performance due to expansion in the scale and frequency of floods

3 Risk Management

Investment and Loan Policy for Specific Sectors

In April 2021, we established our Investment and Loan Policy for Specific Sectors which articulates that in principle we do not fund coal powered electricity generation due to high environmental impact.

4 Indicators and goals

Executive Sustainable Finance of 2 trillion yen (Cumulative amount executed until FY2030)

We have set a target to execute a cumulative total of 2 trillion yen in sustainable finance by FY2030 (113.3 billion yen in FY2021).

Reduce the balance of investments and loans for coal-fired power generation to zero (by FY2040)

We have set a target to reduce the balance of investments and loans for coal-fired thermal power generation to zero by around FY2040.

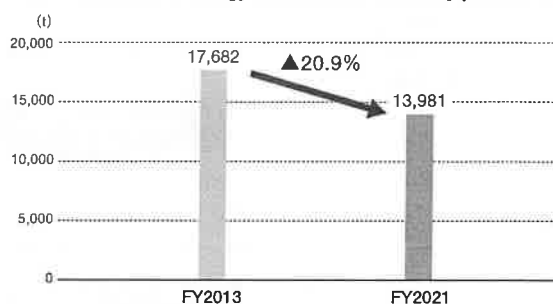
(The balance of investments and loans for coal-fired power generation at the end of March 2022 was 18.1 billion yen, or 0.15% of total outstanding credit.)

Achieve carbon neutrality in FY2030

Under the "Shizuoka Bank Group Environmental Policy," the Shizuoka Bank Group has been working to reduce its environmental impact by setting a target of "reducing GHG emissions by 60% from the fiscal 2013 level" in fiscal 2030. In order to accelerate our efforts to realize a decarbonized society in the region, we have raised the target to "achieve carbon neutrality in fiscal 2030" (Scope 1 and 2), aiming for net zero GHG emissions in the Shizuoka Bank Group.

GHG emissions in FY2021 were 13,981 tons (-20.9% compared to FY2013) due to the introduction of renewable energy at the Headquarters and Training Center in September 2021.

■ CO₂ emissions by the Shizuoka Bank Group (in accordance with the standards for energy conservation statutory periodic reports)



Installation of "Shizugin Solar Park" (off-site corporate PPA)

Aiming to achieve carbon neutrality, the Shizuoka Bank Group has decided to newly build a energy solar power plant, "Shizugin Solar Park," in Shizuoka City.

This is an off-site corporate PPA* with Chubu Electric Power Group to introduce renewable energy with additionality (the effect of encouraging new capital investment in renewable energy).

*An abbreviation for "Power Purchase Agreement," which refers to the purchase of electricity from a power generation facility located offsite in a remote area.

Outline of the Shizugin Solar Park

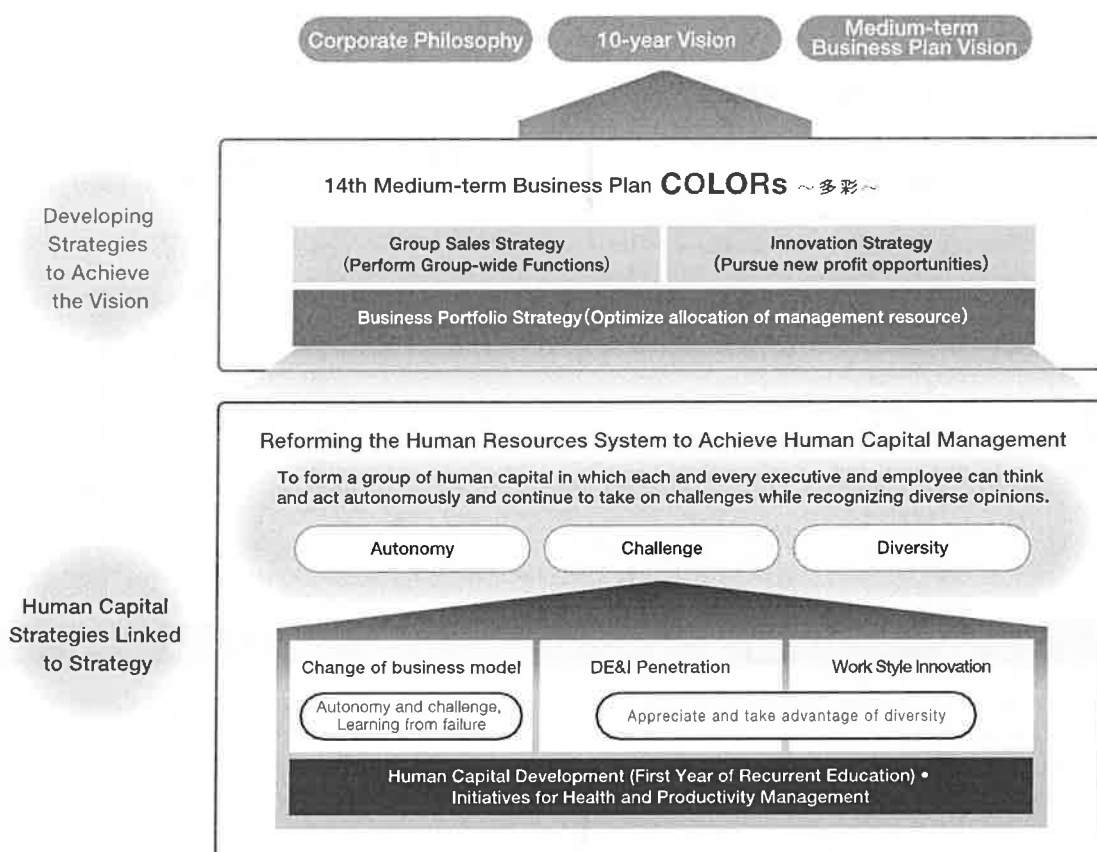
- ① Start of operation September 2023 (scheduled)
- ② Off-Site Corporate PPA Agreement
 - Date of conclusion May 20, 2022
 - Concluding party Chubu Electric Power Miraiz Co.
- ③ Annual power generation amount:
 - approx. 2,900,000 kWh/ year (panel output: 1,995 kW)
- ④ Location: Miho, Shimizu-ku, Shizuoka City
- ⑤ Installer Chubu Electric Power Co.
- ⑥ Site area: Approximately 23,000 square meters
- ⑦ Amount of GHG emission reduction:
 - 1,100 tons per year (estimated)



Human Capital Strategy

In order to continue to embody our corporate philosophy in the midst of drastic changes in the environment surrounding local communities and customers, it is important to change the awareness and behavior of each and every officer and employee who supports the Group.

Based on this recognition, we completely revised our personnel system in October 2021, aiming to form a group of human capital in which each and every executive and employee can think and act autonomously and continue to take on challenges while recognizing diverse opinions under the 14th Mid-Term Management Plan.



Overall Satisfaction in Employee Attitude Survey

Employee Attitude Survey

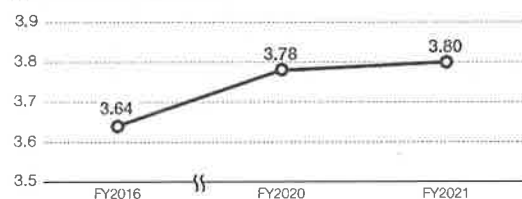
Since fiscal 2008, we have conducted an employee attitude survey. By absorbing the candid opinions of executives and employees, including their diversifying attitudes toward employment, work, and the organization, we grasp and identify management issues from the human capital perspective and reflect them in management and human capital strategies.

What is Overall Satisfaction?

The average of the five factors of "fulfillment at work," "adaptation to work," "satisfaction with workplace," "satisfaction with superiors," and "loyalty to the company" is taken as the overall satisfaction level and measured (on a scale of 1 to 5).

In FY2021, "satisfaction with workplace" and "satisfaction with superiors" were high, resulting in the highest ever overall satisfaction 3.80.

Overall Satisfaction



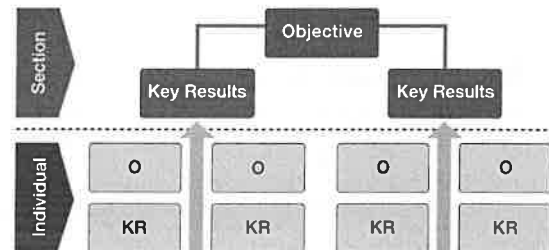
Change of Business Model

In order to keep up with the ever-increasing speed of environmental changes and to continue practicing daily actions consistent with our corporate philosophy, we have introduced a personnel evaluation system consisting of "OKRs" and "Values". By setting forth challenging and attractive "dreams" and "ideal states" as OKRs that will bring happiness to all stakeholders, and by aligning the vector of everyone's thoughts with management vision, we aim to take on the challenge of autonomous change that will open up the future of the region.

Introduction of OKR

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

Each team and each officer and employee has a dream or vision that they want to realize for their stakeholders as an "O". They also set "KR" at the moonshot level toward that ideal, and are evaluated not only the degree of achievement, but also the attitude of challenge. In the OKR setting, we provide opportunities for a flat and free exchange of ideas in order to align the organization and the individual with what they want to achieve.



Three Values

In order to realize our corporate philosophy and group vision, we have established three keywords, "Value," as the value standards that we should embody in our daily actions, and we encourage our executives and employees to act in accordance with these values by communicating them to each other.

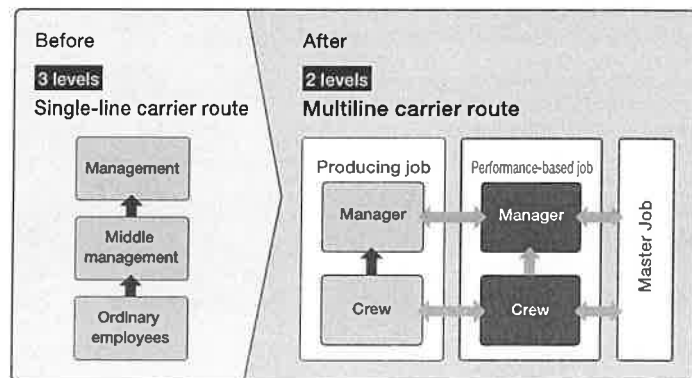
Go Wild!	Be Innovative!	Do Collaboration!
A state of repeated "learning from challenges and failures" with "ambitions for change"	A state of ongoing "self-reformation" that aims for creation from disruption through repeated "search for knowledge".	A state of continuous creation of "added-value through collaboration" with "flat relationship" where opinions are freely exchanged.

Flattening of hierarchy and establishment of new career routes

We have reorganized our job group hierarchy into two levels in order to activate flat communication, clarify roles, and promote autonomy for each and every executive and employee.

We have also established a new career route that allows each individual to choose a career autonomously according to his or her values.

Producing Job	Engage in works designated by the Bank
Performance-based Job	Engage in works where high performance is expected based on the wishes of the individual
Master Job	Professionals in specific fields who can do well both inside and outside the group



Creation of an Intra-company Venture Program

In order to instill "autonomy and challenge" and "learning from failure," and to link the awareness of change to action, we have established an Creation of an intra-company venture program in which employees create and work on their own business ideas.

In its first year, the program received 59 applications from a wide range of age groups. We will link this to future commercialization and reform of the group's operations.

Introduced Intra-company Social Media "Cheer*Chat"

We have introduced "Cheer*Chat," an intra-company social media for executives and employees to express their appreciation and praise to each other on a daily basis, in order to foster a culture of mutual recognition.

The hashtag function is also used to spread the "Value," etc.



Human Capital Development (First Year of Recurrent Development for Group-wide Human Capital)



Anticipating realization of "autonomy," "challenge," and "diversity," which are aimed through the personnel system reform, and the transformation to a holding company structure scheduled for October 2022, we have designated FY2022 as the "first year of recurrent development for group-wide human capital" and are working to develop human capital who can respond to the rapidly changing VUCA era, where prediction is difficult.

"My Career Design System" (Intra-company Recruitment)

We are expanding the "My Career Design System," which supports each executive and employee in designing his or her own career.

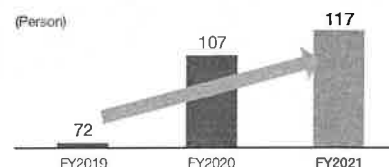
External Dispatch/Internal Trainee

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.

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.

Number of applicants to the My Career Design System



Transfer System Among Group Companies

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

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.

Side-job / Second Business

Actively support side-job and dispatch to other companies for second business in order for executives and employees to achieve self-fulfillment and acquire broad expertise and human network.

External Dispatch (Development Bank of Japan, Inc.)

In the Structured Finance Department, which I belong to, I am involved in structuring project finance for domestic infrastructure, while also working hard to acquire know-how on arrangement and build relationships within and outside the bank. In the future, I would like to take on the challenge of overseas infrastructure and investment projects, and grow into a human capital capable of creating new profit-earning opportunities.



Ai Suzuki

Dispatch to Regional Companies (Manufacturing Industry)

I am involved in accounting in the Administration Department and am also in charge of cost control. It is a great experience for me to understand business and management issues from the customer's perspective. I feel again that banks are reliable for small and medium-sized businesses as they can provide a lot of information, and I will strive to be a banker who can grow together with my customers by working to solve their problems.



Kenta Suzuki

"Value-up Program"

Provide financial support for efforts related to capacity development with the aim to encourage employees to raise awareness of "thinking" and "acting" on one's own career, as well as to acquire a broad perspective and knowledge.

"Meet-up Program"

Provide financial support for participation in cross-industrial social gathering and regional events with the aim to encourage employees to cultivate multifaceted perspectives from information that cannot be obtained in daily work, such as outside cultures and ways of thinking, to enhance human skills and to form human networks.

System to Certify Intra-company Qualification

Have a system to certify intra-company qualification with clarification on required public qualifications and skills to solve customers' problems, where each individual is evaluated as one of the four ranks of "Diamond," "Platinum," "Gold," and "Silver" based on his or her public qualifications and skills, and such information is used as reference for selection in the My Career Design System, in order to encourage realization of hopes and dreams.

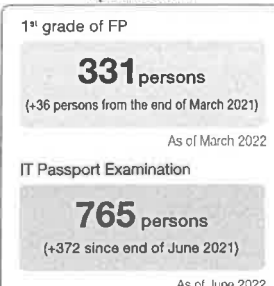
Four ranks



Certification Requirements



One example of the numbers of official qualification holders

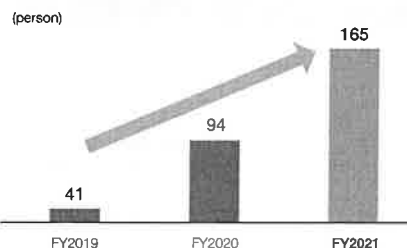


Developing Next Generation Leaders

We provide education and develop human capital for the future in a planned manner. In addition, we provide opportunities to build new human networks and enhance "perspective and knowledge" of executives and employees as well as to encourage their autonomy and challenge by letting them interact with human capital outside the Shizuoka Bank Group, such as at business schools, as part of the "External Interaction" program.



■ Number of Participants in Leadership Development Courses



Develop "Digital Human Capital"

We are working to improve the group-wide IT literacy and to develop professional human capital capable of utilizing advanced technology.

As part of this effort, we are promoting the acquisition of IT Passport examination by all executives and employees by FY2030, and as of June 2022, 765 employees have this certification.

Regarding the development of specialized human capital, we increased the number of employees dispatched outside the Bank to IT and DX fields, and established new side jobs and educational programs in digital-related headquarters divisions.

■ FY2021 External Dispatch (PKSHA Technology)

I felt the need to deepen my knowledge of the digital domain, so I took on the challenge of an external dispatch.

Experiencing firsthand the advanced technology and business model and being exposed to the unique corporate culture of a start-up company gave me the opportunity to update my work values. I will continue to improve my own skills to provide new value to regional customers and the Bank.



Kazumi Matsushita

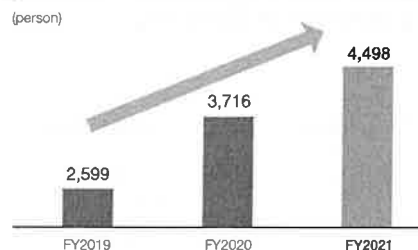
Shizugin Group Open College (Liberal Arts)

We provide opportunities to "re-learn in new areas" such as seminars on liberal arts, IT/DX, green, and diversity, to promote "exploration of knowledge" of executives and employees and to improve their attractiveness as human capital.

- Shu Yamaguchi (Independent researcher)
- Tetsuo Tsuchiya (Executive Director, Workman)
- Yutaka Matsuo (Professor at the University of Tokyo)
- Koichi Omae (Dancer with artificial legs)
- Peter D. Pedersen (Social Designer) ● Kohei Saito (Philosopher)
- Ken Noguchi (Alpinist) ● Yoshie Komuro (Representative of Work-Life Balance)
- Fumiaki Ikeno (Senior Fellow, Stanford University)
- Kyoko Iwasaki (Gold medalist) ● Yukiho Suenaga (Art Thinking)
- Akemi Nakamura (Representative of Hyakushokuya), etc.

Main
Lecturers
(FY2021)

■ Number of participants in Open College



Support for Growth and Retention of Younger Human Capital

We have introduced a retention support system (mentor system, anchor system, etc.) for younger human capital in order to enhance support for early career development from learning the basics as a working member of society. By providing opportunities for younger human capital to interact with senior employees at different levels and in different jobs, we are building a follow-up system and fostering a culture of human capital development to help staff members take root in their jobs.

1-on-1 Meeting

We have introduced 1-on-1 meetings to foster a culture of human capital development through communication between supervisors and subordinates, and by extension, through the revitalization of communication within the workplace. We aim to deepen the relationship of trust between supervisors and subordinates, and to create an organization where subordinate thinks and acts on his or her own by allowing them to lead 1-on-1 meetings.

Scholarship Repayment Support Program

We have introduced "Scholarship Repayment Support Program" since April 2020. We aim at improving job satisfaction and contributing to solving the social issue of scholarship repayment burdens by providing repayment support to younger employees based on their years of service.

Penetration of DE&I (Diversity, Equity & Inclusion)

We will further promote "DE&I," the creation of unprecedented ideas and new sensibilities by appreciating and crossing the diverse backgrounds, careers, and values of each and every executive and employee, leading to the development of regional communities, sustainable growth of the Group, and enhancement of corporate value.

FY2019	FY2020	FY2021	FY2022
<ul style="list-style-type: none"> ● Launched "Workstyle Innovation" initiatives (Introduction of flextime system (with core hours), abolition of dress code, introduction of telecommuting etc.) ● Established Shizugin Heartfull 	<ul style="list-style-type: none"> ● Side Jobs (side jobs within the Group) started ● Shizugin Heartful Obtained certification as a special subsidiary company ● Became the first regional bank to join "The Valuable 500" ● Started Sports & Arts Recruitment 	<ul style="list-style-type: none"> ● Launched "Workstyle Innovation2.0" initiatives (Introduction of full flextime system (no core time), introduction of lifestyle select system, etc.) ● Promote side and dual jobs outside the Group ● Expansion of employment opportunities for experienced human capital (Raise the maximum age of employment for rehired employees to 70, and develop new jobs that make use of skills and experience) ● Shizugin TM Securities was Approved as an Affiliated subsidiary exception ● Started recruiting para-athletes ● High school graduate recruitment resumes ● Endorsed the "100% Paternity Leave Declaration" and the "30% Challenge by 2030" ● Received "Fujinokuni Family Education Support Promotion Company" award. 	<ul style="list-style-type: none"> ● Introduced cafeteria plan

Diversification of Human Capital

In addition to our traditional efforts to promote the women empowerment and expand employment of people with disabilities, we are actively accepting human capital with diverse knowledge and experience by promoting the activities of experienced human capital, hiring Mid-career professionals, global recruiting of foreigners and foreign students, accepting second jobs from other companies, recruiting highly specialized professional human resources, recruiting sports and art (para-athletes), and resuming high school graduate recruitment.

Initiatives to Expand Diversity

Mid-career Recruitment

Actively recruit people with experience in financial and non-financial fields who can make an immediate impact in order to respond to increasingly complex customer needs*.

Global Recruiting

Strengthen global recruitment to secure human capital with problem-solving skills, both domestically and internationally in order to respond to economic globalization.

Acceptance of Side Job from Other Industries

Employ side-job workers from other industries and promote their activities through flexible work styles such as remote work in order to actively embrace knowledge not available within the Group.

Promotion of Experienced Human Capital

Expand opportunities for experienced human capital by raising the maximum age limit for rehired employees and developing new job functions, in order to pass on business know-how and raise the level of skills.

Initiatives to Expand Regional Employment

Sports & Arts Recruitment (4 hires in 2021 and 3 in 2022)

To secure human capital with new knowledge and experience beyond finance and to create local employment, we hire athletes who belong to local sports organizations, etc.



Support for Para-athletes

In June 2021, we hired a para-athlete, Hidefumi Wakayama, a wheelchair rugby player who won a bronze medal at the Tokyo Paralympics.



Recruitment of High School Graduates (7 in 2021 and 3 in 2022)

We have resumed hiring high school graduates for the first time in 28 years.

They are able to balance their university studies while working at the Bank, thereby fostering human capital and creating jobs in the region.



*206 hires in FY2021, including 15 career hires (85 career hires enrolled)

Shizuoka Bank Group has set targets for the ratio of women, non-Japanese, and mid-career hires in management positions to ensure diversity in the appointment of core human resources, and is promoting human capital development and environmental improvements to achieve these targets, which are disclosed in the Corporate Governance Report.

Initiatives for Women Empowerment

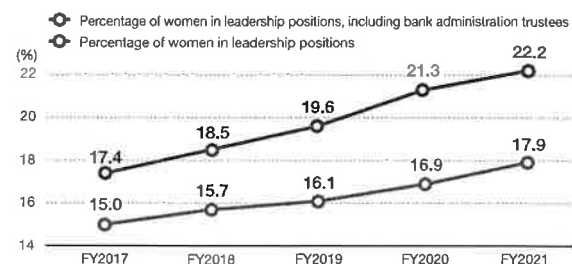
In order to promote the women empowerment, we aim to achieve a ratio of at least 22% of women in leadership positions (managers at the section manager level and above) by the end of March 2024 and 40% by the end of March 2031, while focusing on the development of human capital for the career development and management of women and actively assigning and appointing women to these positions.

Percentage of Female Executives

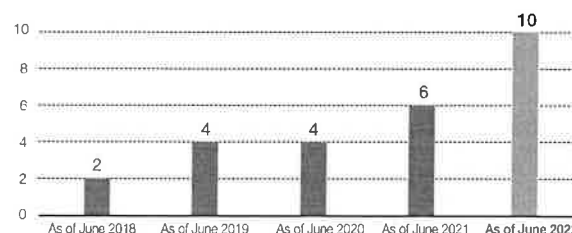
We support the "Challenge to 30% by 2030" promoted by the Japan Business Federation, which aims to increase the percentage of women on the Executive Officers to 30% or more by 2030.

Shizuoka Bank has one female outside director and one female outside auditor, and one female was appointed as an Executive Officer in April 2022. At group companies, one female was appointed as Representative Director in June 2022.

Percentage of women in leadership positions



Number of female executives in the whole group (including outside directors and executive officers)



Michiko Ohashi
Executive Officer and
General Manager of
Head Office

Shizuoka Bank Group has been striving to create a comfortable work environment for women. These days, almost no women leave their jobs because of marriage, childbirth, or childcare, and an increasing number of women are working as branch general managers and managers. What is important in the promotion of Women Empowerment is to understand the situation of female executives and employees, to foster an organizational culture that meets their needs, and to increase the number of options for working styles in which women can play an active role. I hope that all working women officials will have the courage to believe in their own potential and take on the challenge of a new stage, rather than narrowing their possibilities because of a lack of precedent or experience. By moving up to a new stage, you will be able to see a wonderful view that you could not see before. Promoting diversity, including women empowerment, is essential not only to enhance corporate value but also to build a prosperous society. Let's work together for the benefit of our customers and regional communities.

Achieved 100% Paternity Rate

In October 2021, childcare-related measures were collectively referred to as the "Ikusapo (child care) Program (p. 50)" and various programs were newly established or expanded.

In addition, we held seminars on cooking, childcare, and other topics to encourage men's participation in household chores, and conducted training for all managers in accordance with the revision of the Child Care and Family Care Leave Law. We will continue to make efforts to support the essential use of childcare leave.

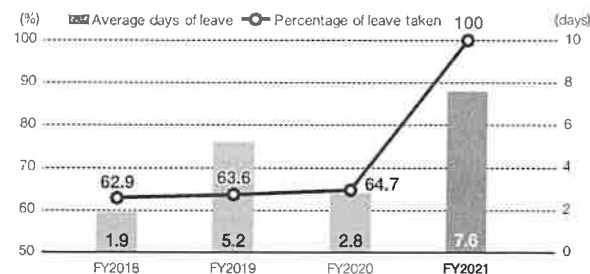
Special Leave for Declaration of Childcare Dad

Flexible leave for men to take between 10 and 20 days within 8 weeks of child birth.

Money to Support Households with Dad Taking Childcare Leave

100 thousand yen is paid to households in which a man takes childcare leave of at least one month.

Percentage of men taking childcare leave



Initiatives to foster a culture of DE&I (Diversity, Equity & Inclusion)

Establishment of Diversity Promotion Committee

In June 2021, a Diversity Promotion Committee was established to promote activities related to DE&I.

Comprised of diversified human capital (career hires, global hires, side-job employees, sports & arts hires, experienced human capital, etc.), the group is committed to deepening understanding and awareness among executives and employees to ensure diversity, fairness and inclusion in the group over the medium to long term, and to recommend measures to address cross-organizational issues.

Measures Implemented

- Appointed a person("ally") in charge of diversity promotion in each department.
- Roundtable discussions by theme, such as childcare participation, etc.
- Networking beyond the workplace Implemented E-learning and position-specific training to promote understanding of DE&I

Workshop Topics Addressed

- Unconscious Bias
- Men's participation in childcare in accordance with the revision of the Child Care and Family Care Leave Law Intra-personal diversity LGBTQ and corporations (co-sponsored by Shizuginship)

Supporting the Success of People with Disabilities

Shizugin Heartful was established in October 2019 for the purpose of creating a work environment where people with disabilities can work with peace of mind while feeling rewarded and fulfilled, and to actively support their participation in society.

As of April 2022, the employment rate of persons with disabilities (group total) is 2.46%, exceeding the legally mandated employment rate (2.3%).

In addition, we endorse the concept of "The Valuable 500," an international initiative to promote the success of people with disabilities, and became the first Japanese regional bank to join this initiative.



Introduction of Group Companies

Shizugin Heartfull Co., Ltd.

Main Businesses

Preparation, printing and binding of various documents

Employees with disabilities, mainly graduates of special needs schools, are active in the company. We are entrusted by Shizuoka Bank and others with clerical work such as making business cards, issuing bills and checkbooks, and disposing of confidential documents. We actively support the independence and social participation of people with disabilities.

Eradication of Harassment

To enhance the happiness and satisfaction of executives and employees, we are strengthening our efforts to eradicate harassment. In addition, through training for all managers and workplace-based study sessions, supervisors and subordinates discuss gaps in mutual awareness, etc., in order to build a favorable work environment and improve communication.

Initiatives for Health and Productivity Management



We position the maintenance and promotion of the health of executives and employees as an important management issue, and under the leadership of management, we have established a basic policy, the "Health and Productivity Management Declaration," and are actively working to create a comfortable work environment and support the health of executives and employees.

With regard to mental health measures, we are working to enhance our mental health care system by establishing a consultation system with industrial health staff and supporting the return to work of employees who have taken leave. In addition, we are working on various health promotion measures, such as distributing wearable devices to all executives and employees to prevent lifestyle-related diseases, with the aim of realizing "well-being" for each and every employee.



Work Style Innovation



In order to realize even more flexible work styles for all executives and employees, we have developed and promoted Work Style Innovation, an initiative that began in August 2019, and introduced a full flextime system as well as a lifestyle select system that allows employees to choose their relocation and job classification.

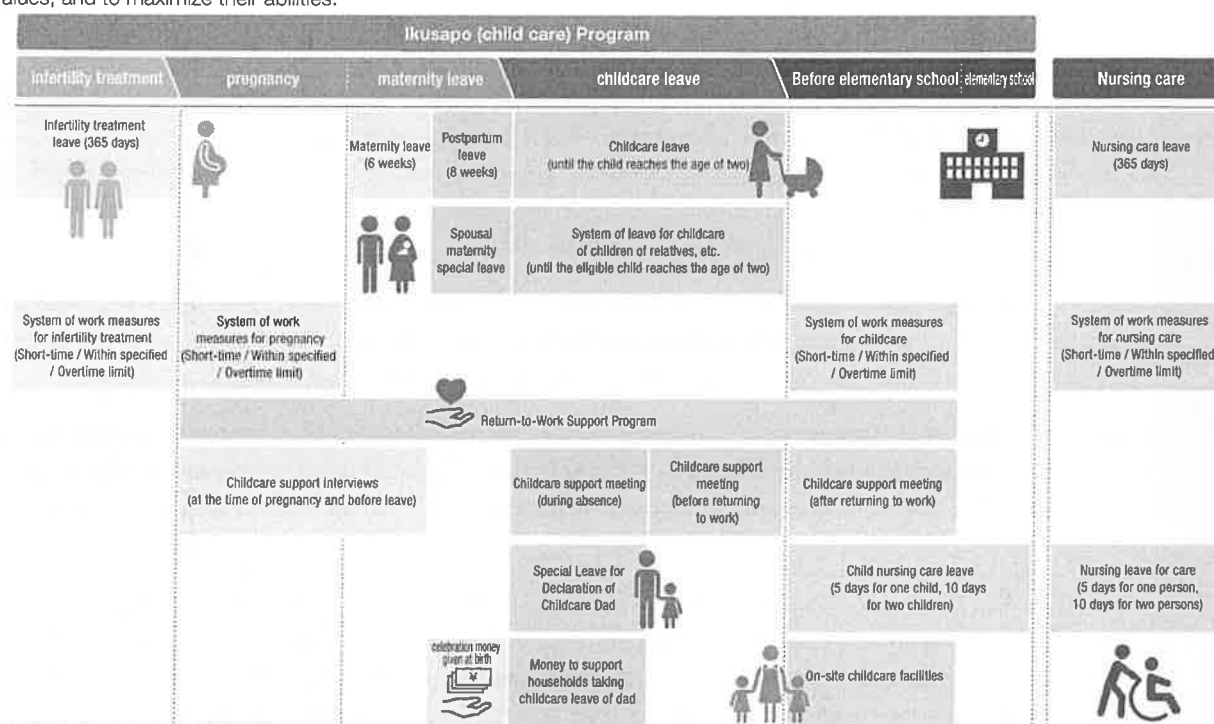
In addition, in FY2021, we participated in a workcation demonstration experiment as a model company for the Japan Tourism Agency's "New Travel Style Promotion Project."

Related Systems of Work Style Innovation

- Full Flextime System
- Lifestyle select system (relocation, change in job classification)
- Promotion of side jobs within and outside the Group
- Telecommuting and tele-work
- Promotion of experienced human resources
- System of leave of absence and work measures for relearning, etc.
- Spousal leave system for overseas postings
- Abolition of dress code

Support for Balancing Work and Personal Life

We are expanding our support system to enable executives and employees to realize work styles that suit their career development and values, and to maximize their abilities.



"Well-happi (Well-being! Happy!) program"

This program aims to revitalize the company's organization and improve productivity by raising health awareness and developing healthy behavioral habits in each and every executive and employee. The program promotes autonomous health initiatives through a system in which points awarded for health-enhancing actions can be used for benefit programs.

- Introduction of the "Calomama Plus", mobile-app for health management
- Introduction of "Cafeteria Plan"
- Expansion of benefit menu to match lifestyles and values (e.g., subsidies for physical examinations, tie-ups with sports facilities and lodging facilities)

"Eco-chari (bicycle) Support System"

The program encourages employees to switch means of commuting from cars and buses to bicycles by subsidizing the cost of purchasing bicycles in order to support health improvement, reduce environmental impact, and maintain transportation functions in the event of a disaster.

Strengthening of Corporate Governance

Shizuoka Bank Group is strengthening its management systems to enhance corporate value.



Basic Approach to Corporate Governance

Shizuoka Bank aims to build a group-wide resilient management structure that will enable sustainable growth, as well as to further contribute to the happiness of all stakeholders, including local communities, customers, employees, and shareholders.

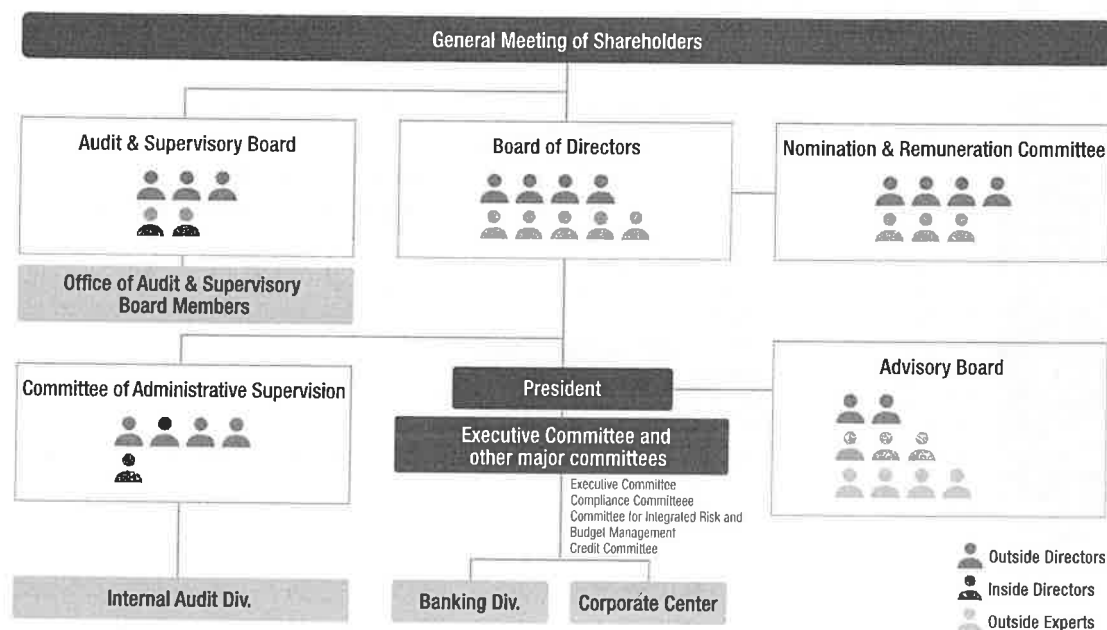
We will further enhance corporate governance based on the basic concept of "separation of supervision and execution," working to build a corporate governance system that our stakeholders demand.

■ Corporate Governance Policies

1	The Shizuoka Bank establishes a suitable date to hold general meetings of shareholders and publishes notices of these meetings (including English translations) on the Shizuoka Bank website. By continually implementing initiatives such as these aimed at a more vigorous general meeting of shareholders and the smooth exercise of shareholders' voting rights, we will secure the rights and equality of shareholders.
2	So that the Shizuoka Bank can continue to be a financial institution that is trusted and chosen by all stakeholders, including shareholders, region, customers, and employees, we will strive for balance in corporate management by addressing diverse viewpoints, including economic, social, and environmental perspectives, and work towards enhancing sustainability.
3	The Shizuoka Bank will engage in appropriate disclosure based on the Banking Act, Financial Instruments and Exchange Act, and other laws and regulations, as well as securities listing regulations of Japanese stock exchanges. In addition, we will strive to disclose information voluntarily, including non-financial information, to ensure the soundness and transparency of management.
4	In addition to appointing several independent officers and drawing on the functions of the Nomination & Remuneration Committee (an optional committee consisting of a majority of outside directors), the Advisory Board (a management advisory committee consisting mainly of external specialists) and the Committee of Administrative Supervision (a committee to reinforce supervision of the execution of duties, with members including all outside directors), the Shizuoka Bank strives to strengthen its corporate government system through continuing consideration of optimal systems for the Bank, including the evaluation of other modes of governance apart from that of a company with an Audit & Supervisory Board.
5	The Shizuoka Bank engages in constructive dialogue with shareholders through proactive investor relations activities, in order to contribute to the sustained growth and enhanced corporate value over the medium to long term.

Structure Supporting Corporate Governance

■ Corporate Governance System (as of July 1, 2022)



Board of Directors

The Board of Directors consisting of 9 directors (including 4 outside directors who are independent officers as stipulated by the Tokyo Stock Exchange Inc.) is responsible for management-level decision-making and supervision. The Board of Directors decides important management strategies, such as medium-term business plans and operational plans, and basic policies relating to compliance and risk management. It also oversees the execution of operations.

Audit & Supervisory Board

The Shizuoka Bank has adopted the Audit & Supervisory Board Member system of governance. The Audit & Supervisory Board consists of 5 Audit & Supervisory Board members (including 3 outside Audit & Supervisory Board members who are independent officers). Audit & Supervisory Board members audit directors' performance of their duties based on the auditing standards for Audit & Supervisory Board members.

Optional Committees to Strengthen Corporate Governance

Nomination & Remuneration Committee

The Bank has established a Nomination & Remuneration Committee where outside directors compose of a majority of members, with outside Audit & Supervisory Board members participating as observers. The Nomination & Remuneration Committee responds to enquiries on matters such as the nomination of officers, and discusses matters such as the development of senior management, in order to further enhance objectivity and transparency in the selection and development of senior management.

Moreover, from the perspective of further enhancing transparency in the determination of officers' compensation, and to increase the fairness and acceptability of the compensation decision process, the Nomination & Remuneration Committee also sets standards for compensation, and deliberates on matters including the allocation of performance-linked compensation, as an optional body to determine compensation, authorized by the Board of Directors.

Committee of Administrative Supervision

The Committee of Administrative Supervision has been established to reinforce supervision of execution of operations by the Board of Directors. This committee, consisting mainly of directors who are not involved in execution of operations and are selected by the Board of Directors, monitors the situation of the execution of operations by the executive departments, and requests improvement if necessary.

Advisory Board (Management Advisory Committee)

In response to enquiries by the President, the Advisory Board deliberates on the validity and appropriateness of important matters of corporate governance, including matters pertaining to all aspects of management, and any issues related to management.

Enhancing the Effectiveness of Corporate Governance

■ Initiatives to Strengthen Corporate Governance

FY2007	Introduced performance-linked compensation and stock compensation-type stock options
FY2008	Established the Advisory Board (optional organizational body)
FY2013	Established the Committee of Administrative Supervision. Appointed one outside director
FY2015	Introduced a directors' retirement benefit system based on a points system linked to share price Established a Remuneration Committee Started the discussion meeting for independent officers Began effectiveness evaluations of the Board of Directors as a whole Appointed two outside directors
FY2020	Introduced a restricted share-based compensation system Introduced mandate contracts for executive officers Established the Nomination & Remuneration Committee Appointed three outside directors
FY2021	Announced the start of consideration of transformation to a holding company structure (scheduled for October 2022) Appointed four outside directors

Strengthen Corporate Governance System by Leveraging the Expertise of Outside Officers

By utilizing the knowledge of independent outside directors and outside auditors in corporate governance, we are making constant efforts to strengthen our corporate governance system, which is oriented toward the "separation of supervision and execution".

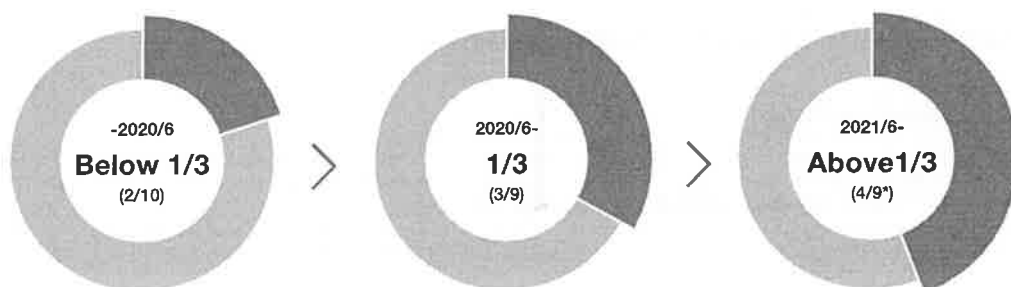
In order to promote more active discussions at meetings of the Board of Directors and other meetings, we provide opportunities to explain the Group's business operations, management plans, corporate governance structure, and other matters to outside directors and auditors at the time of their appointment or at other times.

In addition to distributing materials of the Board of Directors meetings in advance, we provide explanations in advance by posting materials of the Executive Committee and other meetings on terminals that can be viewed from outside the Company.

Discussion meetings for independent officers have been held several times every year since fiscal 2015.

In addition, we strive to enhance the provision of information on business execution divisions by providing opportunities for exchange of opinions between independent directors and officers and employees.

■ Ratio of outside directors to all directors



*as of the end of Jun. 2022

■ Discussion meetings involving independent officers in recent years

FY2019

Discussion meeting for Independent officers (twice)
Discussion meeting with representative directors (once)
Discussion meeting with general managers of business units in charge of each area (once)
Discussion meeting with general managers of branches

FY2020

Discussion meeting for independent officers* (3 times)
*One of these sessions was on the topic of Evaluating the Effectiveness of the Board of Directors
Discussion meeting with representative directors (twice)
Discussion meeting with Female Employees (once)

FY2021

Discussion meeting for independent officers* (3 times)
*One of these sessions was on the topic of Evaluating the Effectiveness of the Board of Directors
Discussion meeting with representative directors (once)
Discussion meeting with Headquarter Executive Division (twice)

Functioning of the Board of Directors in the Realization of the Group-wide Management Strategy

Shizuoka Bank Group aims to strengthen group management and develop new businesses that contribute to regional growth, in addition to providing sound financial intermediary functions to the community, etc., based on a flexible and strong governance structure that serves as the foundation for sustainable growth.

The Board of Directors is charged with the mission of overseeing the execution of operations based on the diverse expertise of the entire group, leading to the sustainable growth of stakeholders and the group.

The Board of Directors as a whole ensures an appropriate balance by allowing each director and auditor to fulfill their roles from the perspectives of "management," "society and the economy," and "business" from a comprehensive perspective based on the knowledge they have gained from their professional backgrounds and other experiences.

■ 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 & CEO	●	●	●		●	●
Hisashi Shibata	President & COO		●	●		●	
Minoru Yagi	Deputy President & CFO		●	●		●	
Yutaka Fukushima	Director & Senior Managing Executive Officer			●		●	
Koichi Kiyokawa	Director & Senior Executive Officer			●		●	
Kumi Fujisawa	Outside Director	●		●	Innovation		●
Motoshige Itoh	Outside Director	●			Environment		
Kazuto Tsubouchi	Outside Director	●			IT		●
Kazutoshi Inano	Outside Director	●	●	●		●	●
Hiroki Saito	Full-time Auditor			●		●	
Mitsuru Kobayashi	Full-time Auditor			●		●	
Yoshihiro Yamashita	Outside Auditor			●		●	
Naomi Ushio	Outside Auditor	●			Diversity		
Isamu Nakamura	Outside Auditor		●			●	

Initiatives for Improvement Utilizing the Evaluation of the Effectiveness of the Board of Directors as a Whole

Since fiscal 2015, we have conducted an evaluation of the effectiveness of the Board of Directors as a whole each fiscal year, and the results are used to improve its effectiveness.

In fiscal 2021, with the involvement of an outside specialist firm, we conducted a questionnaire survey of directors and

auditors, and the Board of Directors held discussions and evaluations to further improve the effectiveness of the system based on the opinions of outside directors at the meeting for exchange of opinions with independent directors.

	FY2019	FY2020	FY2021
Initiatives	<ul style="list-style-type: none"> ① Ensure time for discussion of medium- to long-term management issues ② Enhance prior explanations to outside directors and audits 	<ul style="list-style-type: none"> ① Hold meetings for exchange of opinions between independent directors and the sales field ② Hold governance study sessions for board members held by outside lecturers ③ Establish the Nomination & Remuneration Committee 	<ul style="list-style-type: none"> ① Ensure opportunities for discussion within and outside the Board of Directors prior to the resolution of important matters ② Let some outside officers participate in internal committees as observers
Issues	<ul style="list-style-type: none"> ① Enhance opportunities for communication between outside directors and the sales field ② Clarify of issues in deliberations 	<ul style="list-style-type: none"> ① Activate discussion on appropriate risk-taking ② Enhance information provided to outside directors and audits regarding executive divisions 	<ul style="list-style-type: none"> ① Activate discussion of group management perspectives ② Enhance information provided to outside directors and audits regarding business sites

Compensation Structure for Directors to Enhance Corporate Value

Basic Policy on Directors' Compensation

- ① The compensation system shall be designed to include appropriate incentives and encourage morale and desire for enhanced performance, the motivation to increase corporate value, and shareholder-oriented management, to achieve sustainable and stable growth for the Shizuoka Bank Group.
- ② The compensation system shall function to control risk-taking within appropriate bounds, as well as maintain and enhance sound management practices, in view of the Shizuoka Bank Group's responsibility to engage in appropriate management and administration as a highly public institution.
- ③ The fairness and objectiveness in the process for determining compensation, etc. shall be ensured, under appropriate supervision from the Board of Directors, including the involvement of the Nomination & Remuneration Committee, while respecting the resolutions of the General Meeting of Shareholders.

In addition to fixed monetary compensation, directors' compensation comprises performance-linked compensation, stock compensation-type stock options and a directors' retirement benefit based on a points system linked to share price. This system of compensation encourages morale and desire for enhanced performance, the motivation to increase corporate value, and shareholder-oriented management.

The upper limits of each component of compensation were determined by resolutions of the 101st, 109th, and 114th Annual General Meetings of Shareholders held in June 2007, June 2015,

and June 2020, respectively. The Board of Directors is entrusted to allocate each component of compensation by the general meeting of shareholders that adopted each component. Restricted share-based compensation and the points for directors' retirement benefits based on a points system linked to share price are allocated by resolution of the Board of Directors. By resolution of the Board of Directors, the Nomination & Remuneration Committee is entrusted to allocate fixed monetary compensation and performance-linked compensation.

■ Composition of Directors' Compensation*¹

	Basic compensation (cash)	Performance-linked compensation, etc. (cash)		Non-monetary compensation (stock)
	① Fixed monetary compensation	② Performance-linked compensation	③ Directors' retirement benefits based on a points system linked to share price	④ Restricted share-based compensation
Upper limits/ Total for all directors	No more than 300 million yen per year	An amount corresponding to the level of net income, not exceeding ¥140 million	No more than 50,000 points per year (each point is worth one share)	No more than 50 million yen and 50,000 shares per year
proportion* ²	60%	20%	10%	10%

*¹ Excluding outside directors and non-executive directors.

*² The percentage of compensation under (3) and (4) is calculated based on past Shizuoka Bank stock price levels and other factors. The percentage will vary depending on the amount of compensation under compensation plan (2) and Shizuoka Bank's stock price.

Performance-linked Compensation

The Bank has introduced a system of performance-linked compensation, indexed to net income attributable to owners of the parent, aimed at encouraging morale and desire for enhanced performance among directors (excluding outside directors and part-time directors).

Restricted Share-based Compensation System

The Bank has introduced a restricted share-based compensation system under which common stock with certain transfer restrictions is granted, with the aim of providing incentives to directors (excluding outside directors and part-time directors) to work on the sustainable enhancement of corporate value, and to promote the further sharing of value with shareholders.

Directors' retirement Benefits Based on a Points System Linked to Share Price

The Bank has introduced a system of directors' retirement benefits based on a points system linked to share price, where retiring directors receive a monetary amount linked to the share price, with the aim of further strengthening the incentive for directors to increase corporate value during their terms of office. Directors (except for outside directors and part-time directors) are allotted a specific number of points each year. Upon retirement, directors receive an amount in cash equivalent to their accumulated points multiplied by the average share closing price of Shizuoka Bank during the six-month period immediately prior to retirement.

Thorough Enforcement of Compliance and Risk Management

The Shizuoka Bank Group is engaged in initiatives to further strengthen its compliance and integrated risk management systems in order to respond accurately and appropriately to changes in the business environment, as well as factors such as the diversification and increasing complexity of operations.

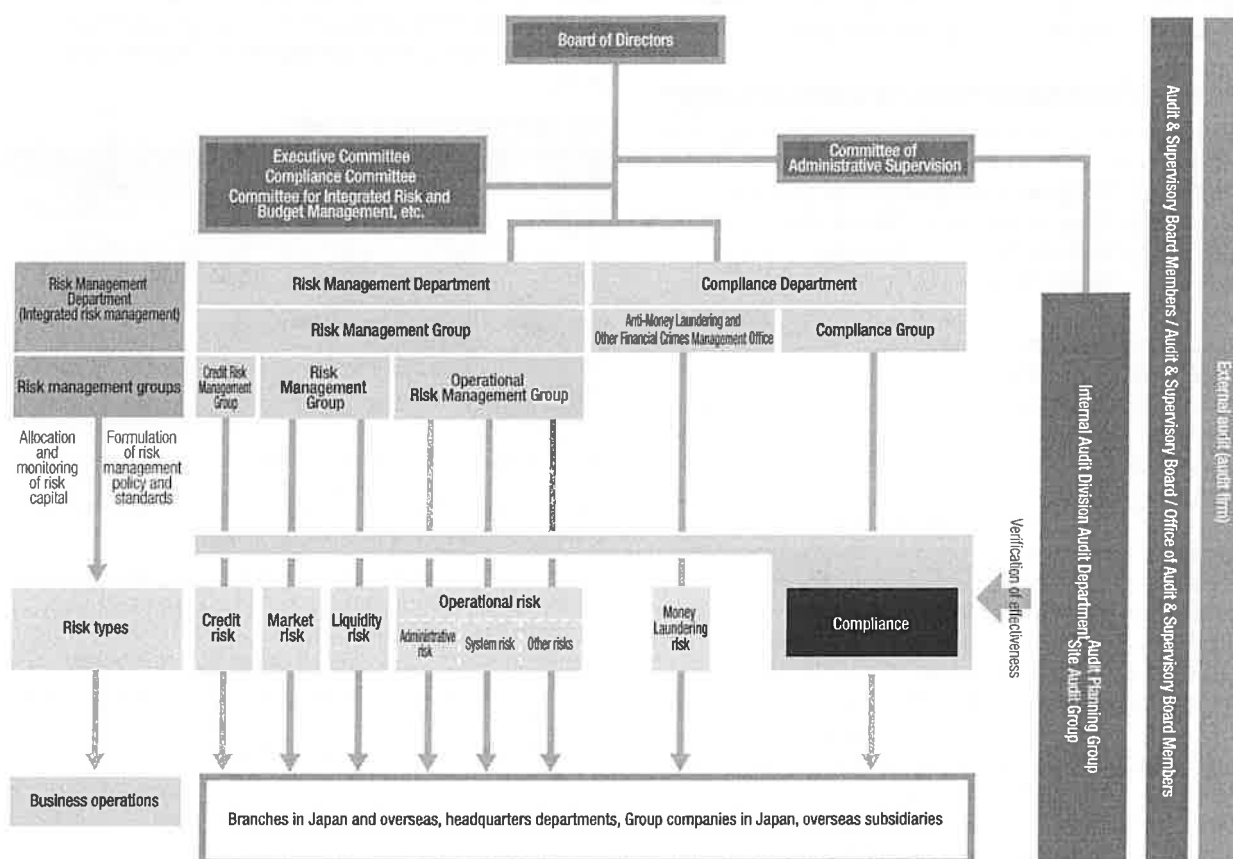
Basic Compliance Policy

As a member of the local community, the Shizuoka Bank Group complies with laws, regulations, and social norms and embraces a spirit of fair play. To achieve a harmonious relationship with the community for further

development, the Bank has established an Ethical Charter, which sets out the Bank's basic compliance policy.

Ethical Charter	
Gaining Trust	We are constantly aware of the importance of the Bank's social responsibility and public mission. As a banking group, we strive to build unshakable trust through sound business management.
Compliance with Laws, Regulations and Rules	In the conduct of our business, we comply with laws, regulations, and Company rules, and on the basis of honesty and fairness, we adhere to social norms as a member of society.
Social Etiquette and Fair Play	As executives and employee of the Shizuoka Bank Group, we contribute to the development of the local community by fostering a strong social etiquette and a spirit of fair play.
Breaking Contact with Anti-Social Forces	The Shizuoka Bank Group adamantly rejects the unreasonable demands made by anti-social forces and groups that offend public order and morals and absolutely refuses to deal with such groups.
Active Communication	We actively communicate with stakeholders and cooperate with them to build a strong compliance system.

Shizuoka Bank Group's Compliance and Risk Management Systems



Compliance System

At the Shizuoka Bank Group, the Board of Directors formulates the Compliance Program, which is an annual action plan.

The Compliance Committee, chaired by the President and consisting of directors and other executives, meets monthly to deliberate on important compliance-related matters and assess the operation of the compliance system across the Shizuoka Bank Group, including the progress toward achievement of the goals of the Compliance Program. The committee reviews and revises the Compliance System as deemed necessary.

The Compliance Department monitors the functioning of the compliance system through integrated management of compliance-related information to prevent possible compliance violations and strengthen the compliance system. Compliance Officers and officers responsible for the management of risk-bearing products assigned to the Compliance Department provide guidance to the Bank's branch offices and conduct monitoring, through on-site checks.

Compliance managers and compliance promoters are assigned to all branches of the Bank, headquarters departments, and Group companies where they conduct compliance inspections and draft reports on day-to-day business operations. The Audit Department of the Internal Audit Division verifies the appropriateness and effectiveness of the compliance system.

Cultivating Compliance-centered Corporate Culture

Management is actively involved in compliance activities to enhance awareness of all employees of the Shizuoka Bank Group concerning compliance. For example, directors directly give instructions about compliance, taking the opportunity of branch managers' meetings and visits to branch offices.

The Bank's measures to foster and raise compliance awareness include the following:

Shizugin Compliance Book

The Bank has established standards of conduct vis-à-vis laws and regulations that must be observed in the execution of day-to-day business activities. The Shizugin Compliance Book, which is on the enterprise network for reference by all officers and employees of the Shizuoka Bank Group, provides clear explanations concerning the relevant laws and regulations.

"Opinion Box" Internal Reporting System

For early detection and remediation of compliance-related issues, such as violation of laws and regulations, the Bank has established the "Opinion Box," an internal reporting system via which all executives and employees of the Shizuoka Bank Group can directly report, so as to enhance the self-corrective function.

Reports can be made to the Executive in charge of compliance, the Compliance Management Department, and attorneys' offices by phone, in writing, by email, or

through groupware regardless of whether anonymous or not. The content of the postings will be handled by "trade call response personnel" who are legally obligated to maintain confidentiality, and the name of the person making a report will not be disclosed without his or her consent. In order to encourage use of the Opinion Box, it is stipulated that under no circumstances are executives or employees permitted to seek to identify the person reporting and no one who reports shall be treated unfavorably.

Compliance Education and Training

The Bank conducts ongoing educational activities for the practice of compliance, such as training for executives and employees and the holding of monthly study groups at branches.

Countermeasures to Prevent Money Laundering and Provision of Funds to Terrorists

The importance of countermeasures to combat money laundering and the provision of funds to terrorists is increasing in recent years, as an issue that Japan and the international community must tackle. The Shizuoka Bank regards these issues not only in terms of compliance, but also in terms of coping with the risks, which may develop into management issues. As such, the Shizuoka Bank Group is making a concerted effort to enhance the effectiveness of such countermeasures, with initiatives to strengthen its preparedness such as the establishment of the Anti-Money Laundering and Other Financial Crimes Management Office in April 2018.

Shizuoka Bank's Control Systems

Category	Department	Role
First line of defense (sales division)	Branches, loan centers etc.	Proper understanding and accurate executing of policy and procedures
Second line of defense (management departments)	Anti-Money Laundering and Other Financial Crimes Management Office, Department responsible at headquarters	Monitoring and support of the first line of defense (sales division)
Third line of defense (Internal Audit Division)	Audit Department	Verification of the effectiveness of countermeasures to combat money laundering and the provision of funds to terrorists

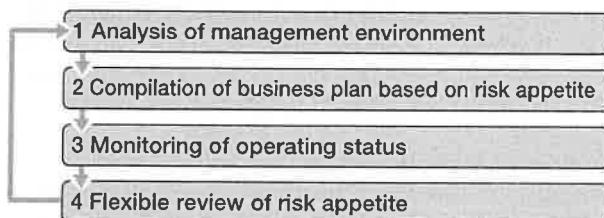
The control system established by the Shizuoka Bank is based on the idea of "three lines of defense" indicated in the "Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism" established by the Financial Services Agency.

The Shizuoka Bank will continue to cooperate with related government departments and agencies to strengthen countermeasures to combat money laundering and the provision of funds to terrorists, aiming to eliminate criminal organizations and activities from the Bank's finances, and continuing to provide safe and convenient financial services.

Risk Appetite Framework (RAF)

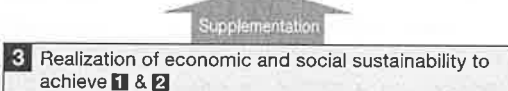
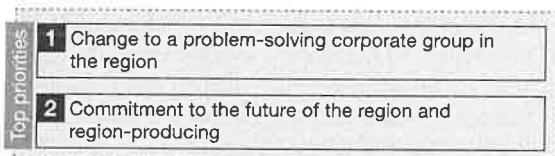
The Shizuoka Bank Group has clarified the risk appetite (types and amount of risks that the Group is willing to take) in order to realize its corporate philosophy and management targets, and uses RAF as a method of corporate administration and risk management.

The specific process is shown in the table below. The aim is to use RAF to realize optimum risk return and achieve the medium- to long-term growth of the Shizuoka Bank Group.



14th Medium-term Business Plan Group Risk Appetite Basic Policy

- ① By prioritizing the use of management resources and risk-taking with regard to initiatives in the region that is our management base, and strategically allocating resources with a focus on human resources in particular, we will transform into a corporate group that can provide diversified solutions and enhance our presence in the region.
- ② To continue to exist as a corporate group that is needed by the region, we will complement our earnings by taking risks to increase earnings through risk capital allocation (investments and loans in growth areas and fields).



Integrated Risk Management Systems

The Shizuoka Bank Group has established a basic framework, including definitions of risk, an organizational structure for risk management, and specific risk control procedures based on the Basic Risk Management Regulations, which lay down the fundamental principles that underlie our approach to risk management.

To ensure an appropriate balance between raising earnings levels and financial sustainability, the Bank's risk management is based on the allocation of risk capital as an integral part of its integrated risk management system.

The allocation of risk capital is a mechanism to

ensure the soundness of management by keeping risk within a manageable range. Shizuoka Bank defines core shareholder's equity as capital for allocation and allocates it to all departments involved in business execution. Even if market risk, credit risk and other risks were to materialize, the resulting losses would be controlled within the bounds of shareholders' equity.

Credit Risk Management System

The Credit Risk Management Group of the Risk Management Department is responsible for overall management of credit risk relating to the Shizuoka Bank Group's operations both in Japan and overseas in order to maintain and enhance the soundness of the Group's loan asset portfolio. In the Bank's internal rating system, including its borrower credit rating system, which is the foundation stone of its credit risk management, the Credit Risk Management Group of the Risk Management Department is responsible for the design of the system and supervision of its operation; the Credit Planning Group of the Business Support Dept is responsible for the day-to-day operation of the credit rating system; and the Risk Management Group of the Risk Management Department is responsible for verification of the appropriateness of the system. Mutual checks and balances among these three units facilitate greater precision and proper functioning of the Bank's internal ratings system.

The Credit Risk Management Group uses statistical methods to quantify latent credit risk in the Bank's loan portfolio. In this way, the Bank accurately assesses the amount of future risk, monitors the concentration of loans to particular large borrowers or specific industries, and thus controls the portfolio to avoid excessive credit risk.

The Audit Department, which is organizationally independent of the Banking Division, the Business Support Department, and the Risk Management Department, audits the appropriateness and effectiveness of the design and operation of the credit risk management system.

Market Risk Management System

In market transactions, the Shizuoka Bank Group limits the amount of risk capital allocated and sets various restrictions, such as on gains or losses from valuation of investment securities, and on the amount of exposure or loss depending upon the risk profile of each transaction or financial instrument. In this way, the Group keeps market risk within certain defined levels.

For banking account transactions, centering on deposits, loans, and investment securities, the Business Strategy Planning and ALM Group of the Corporate Planning Department formulates the hedging policies based on current risk conditions and on the outlook for interest rates so as to keep risk volume within a certain range, and these policies are deliberated at the Committee for Integrated Risk and Budget Management.

The organization of the market operations is strictly separated into departments conducting transactions (front office: Treasury Department, etc.), administrative and control departments (back office: Treasury & International Operations Center of the Operations Planning Department), and an independent risk management department (middle office: Risk Management Group of the Risk Management Department) for mutual checks and balances. Moreover, the Audit Department, which is independent of the departments responsible for executing transactions, verifies the effectiveness of the mutual checks and balances between these three departments.

Liquidity Risk Management System

The Shizuoka Bank Group has separate yen and foreign currency-denominated financing management departments (Fund & Foreign Exchange Group of the Treasury Department, Treasury & International Operations Center of the Operations Planning Department, etc.), and a liquidity risk management department (Risk Management Group of the Risk Management Department) that is entirely independent of the financing management departments. In this way, the Bank has put in place a system that provides mutual checks and balances. The Fund & Foreign Exchange Group of the Treasury Department, which is one of the financing management departments, controls fundraising requirements within procurable levels to avoid excessive fundraising. We conduct stable fund management activities, paying close attention to market conditions. Moreover, the liquidity risk management department monitors the status of financing management departments and assesses the stability of the assets-liabilities structure.

To handle unforeseen circumstances, we proactively prepared an emergency cash flow management system, assuming four stages of emergency: "Stage 1 (preventive stage)"; "Stage 2 (attention required stage)"; "Stage 3 (liquidity concern stage)"; and "Stage 4 (insufficient liquidity stage)". We predefined countermeasures and authorized persons for each stage, thereby forming a structure capable of swiftly responding to issues should they arise.

With regard to market liquidity risk, the liquidity risk management department routinely monitors the status of highly liquid asset holdings that can be easily monetized. The front office addresses market liquidity risk by selecting investment assets based on their liquidity and setting limits on specific stocks and holding periods.

Operational Risk Management System

Each risk category is managed by a dedicated unit of the Bank, while the Operational Risk Management Group of the Risk Management Department is responsible for overseeing and managing operational risk throughout the Shizuoka Bank Group. In line with our basic policies on operational risk management, we are

taking steps to strengthen our operational risk management system through a range of measures including the compilation and analysis of internal loss data and the implementation of a risk control self-assessment. The Audit Department, which is organizationally independent from any of the units that it audits, verifies the effectiveness of the risk management system through on-site inspection, etc.

Administrative Risk Management

The Shizuoka Bank Group has established the Administrative Risk Management Rules that include the Group's basic policy for administrative risk management and executes operations in accordance with the rules. For administrative incidents that occur, we take preventive steps by according priority to measures for incidents involving higher risk to reduce administrative risk. In response to diversification of operations and increasing transaction volumes, we are promoting the shifting of the administrative function at our branches to a shared services center and the introduction of IT systems to enhance efficiency and thus avert operational risk.

System Risk Management

The Shizuoka Bank Group positions IT systems as a part of information assets. We have established the Basic Policy for Information Asset Security Measures (Security Policy) that includes our basic policy for dealing with system risk. We are implementing various security measures based on the Standards for Information Asset Security Measures (Security Standards) to ensure secure operation of the IT systems.

Prompt and Appropriate Disclosure

To ensure prompt and appropriate provision of corporate information to the Bank's stakeholders, the Bank conducts comprehensive information disclosure in accordance with the Banking Law and the Financial Instruments and Exchange Act and the securities listing regulations of the Japanese stock exchanges. The Bank also conducts voluntary proactive disclosure by appropriately disclosing information in a consistent, transparent, and impartial manner.

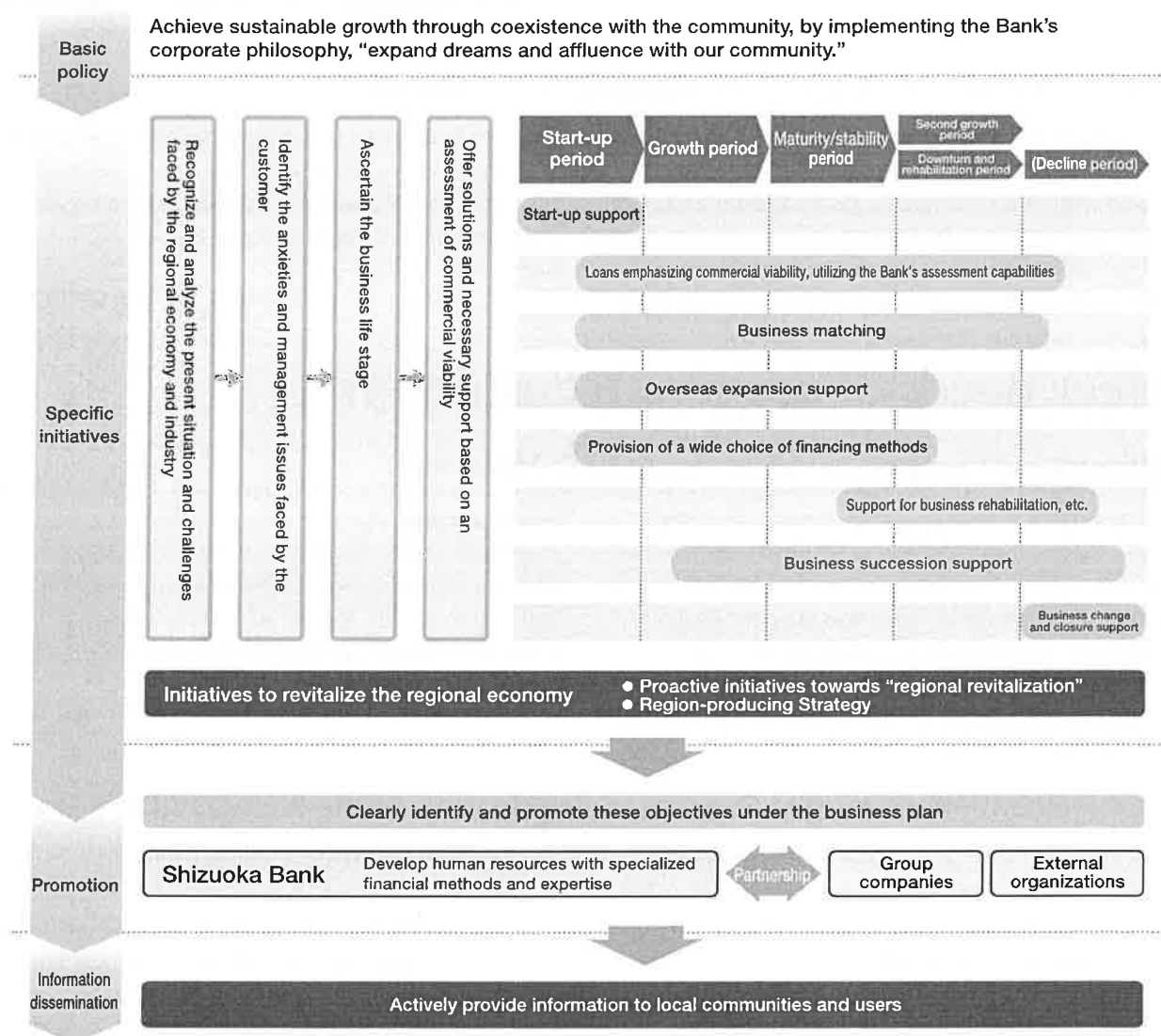
The Information Disclosure Regulations, which set out the policy, procedures, and systems, on information disclosure (Information Disclosure Policy), have been determined by the Board of Directors. In accordance with the Information Disclosure Regulations, the Corporate Planning Department centrally manages various information generated by each group, and the information is disclosed after implementing the predetermined approval procedure according to the specified authorization classification. To maintain prompt and appropriate disclosure, when necessary, the Corporate Planning Department confers with the Compliance Department and the auditing firm, while the Internal Audit Division periodically verifies the appropriateness and effectiveness of the systems and operational administration concerning disclosure.

Region-based Relationship Banking

Basic Policy

Region-based relationship banking is a business model whereby financial institutions cultivate long-term relationships with customers and offer financial services based on their grasp of customer needs obtained through the relationships.

The Shizuoka Bank Group's basic policy on region-based relationship banking is to "achieve sustained growth in tandem with the region by adhering to the Bank's corporate philosophy, 'expand dreams and affluence with our community.'" By putting this corporate philosophy into practice under the medium-term business plan and annual plans, we are promoting region-based relationship banking and aim to achieve sustained growth by cultivating mutually beneficial relationships with our customers in the region through the provision of value-added services attuned to their needs.



Solutions for Various Management Issues

The Shizuoka Bank will support vitalization of the regional economy and development of customers' businesses over the medium to long term by offering high-value-added solution services and financing attuned to the development phase. When providing support, we utilize an extensive network encompassing Group companies and external partners to offer management support and resolve management issues facing customers engaged in business operations.



Smooth Supply of Funds to Companies in the Region

The Bank works on activation of regional economy by assisting increase in business value of companies and solo proprietors who support regional economy and by stably providing funds for business.

The Bank continues assisting increase in business value by supporting growth of customers and providing

appropriate solutions to management issues, as well as providing funds for business to even more customers by promoting loans without overly depending on collateral or guarantee based on proper evaluation of sustainability and prospects.

Meet needs of corporate customers

Support for Companies Amid the COVID-19 Crisis

Shizuoka Bank is working with customers that have been impacted by the spread of COVID-19 by providing attentive support in response to their specific needs and challenges, not limited to cash flow support. As the COVID-19 crisis persists long term, we have built systems to respond flexibly to customers' increasingly diverse needs, establishing specialized teams to provide effective partnership-style support.

Cash flow support

In addition to providing a total of 19,976 COVID-19-related loans amounting to 605.6 billion yen as of the end of March 2022, we provide priority support for customers' cash flow through the flexible adjustment of borrowing conditions.

Management Improvement Support in Anticipation of the Post-COVID-19 Era

Shizuoka Bank established a Business Management Support Group in 2003. It is actively engaged in supporting customers' management improvement, over and beyond cash flow support.

While the spread of COVID-19 had a significant impact on many customers, we strengthened our support system by gradually increasing the number of staff in charge in the Group by approximately 20%.

In FY2021, we supported 764 customers (excluding sound borrowers) with business improvement support, supported 681 customers with planning and monitoring,

and improved the borrower risk category of 30 customers.

By considering the post-COVID-19 Era, we will provide full support for our customers' business continuity by focusing more than ever on providing management improvement support in an accompanying style with close relationship with our customers.

Business Succession and M&A

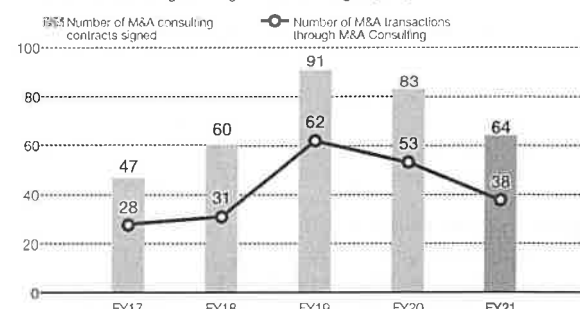
With the increasing age of business proprietors, smooth business succession has become a social issue. In this context, we make maximum use of the Shizuoka Bank Group's problem-solving abilities, including our consulting and funding functions, to support business succession for our customers.

We not only understand proprietors' intentions and the direction of future business development, but also matters outside the immediate scope of the business such as the family structure and situation, working with Shizugin Management Consulting, tax accountants and other external specialists to support our customers as they carry out business succession within the same family or M&A.

Through the management of business succession funds, we also support the capital policy of our customers, in ways such as aggregating shareholdings dispersed within and outside families, and responding to demand for the temporary holding of shares.

M&A consulting

Collaboration with Shizugin Management Consulting Co., Ltd.



* Regarding the "number of M&A transactions through M&A Consulting," where separate contracts are concluded with both the acquiring company and the company being acquired, these are counted as two contracts.

"Shizuginship" for Young Managers

Shizuginship is a membership service that the Bank launched in April 2007. It provides a learning and networking opportunity for young managers who will be the next generation of business leaders.

In addition to lectures, seminars and other events, Shizuginship members can access useful information through the dedicated website.

Business of Solution on Human Resources

Shizuoka Bank is engaged in the business of solution on human resources, having obtained a license for fee-based job placement services in July 2020.

We provide appropriate solutions to our customers' management issues by offering various consultations on "human resources" such as recruitment, succession planning, and human resource management.

In September 2021, we concluded a "Collaboration Agreement" with Yamaha Motor regarding the exchange of human resources with the aim of revitalizing the

regional economy. We introduce regional companies that seek immediate human resources with rich practical experience to Yamaha Motor and support the matching of human resources.

Shizuoka Bank Group will work together as a bridge for human resources in the region, and by implementing initiatives to mobilize human resources and create employment opportunities, aim to revitalize the regional economy and realize a sustainable regional society.

Advanced Technology / Business Matching TECH BEAT Shizuoka

In July 2019, jointly with the Shizuoka Prefectural government, the Bank held a large-scale trade show TECH BEAT Shizuoka, with the aim of promoting collaboration between companies in Shizuoka Prefecture and start-up companies in the Tokyo Metropolitan area, and linking this collaboration to the vitalization of industries in the prefecture and the creation of new industries.

In addition to "TECH BEAT Shizuoka" targeting all

industries, "TECH BEAT Shizuoka for Blue and Green Economy" was held in August 2021 in conjunction with Shizuoka Prefecture's Open Innovation Initiative, which promotes industry-academia-government-finance collaboration.

A series of 7 events have been held so far, attracting a total of 31,000 participants and 1,158 business negotiations.

Established a Project Team to Support Industrial Transformation

In order to contribute to the sustainable growth of industries that support the regional economy, Shizuoka Bank Group has established the "Industrial Transformation Support Project Team" to provide

support to client companies in resolving issues such as digitalization and decarbonization with an eye toward the transformation of the regional industrial structure.

Support for Overseas Business Development

Support for Overseas Business Development

We have established a support system to provide a wide range of consultation services to customers who are considering expanding overseas or already doing business overseas, both domestically and internationally. We utilize the overseas network of the Shizuoka Bank Group to capture growth opportunities in global markets and strengthen the dissemination of information to customers.

Support Systems within Japan

Staff responsible for forex solutions, featuring bank personnel with overseas service experience, are stationed in the Bank's International Department, which is engaged in the planning and supervision of support for overseas business development.

Staff responsible for forex solutions cooperate with domestic branches to respond to diverse customer needs, for example providing information on the overseas investment environment, support for expanding sales channels, and financing for overseas businesses.

In addition, they provide information on a broad range of issues, not limited to finance, for customers entering overseas markets for the first time, including lifestyle, accommodation and education for Japanese staff stationed overseas.

Support Systems Overseas

To support customers in the development of their overseas business, the Shizuoka Bank Group has six overseas offices: two in the U.S. (New York and Silicon Valley), one in Europe (Brussels), and three in Asia (Hong Kong, Singapore, and Shanghai).

In Asia where robust economic growth is continuing, in addition to the Bank's own offices, we have established a network covering the region through business alliances with local financial institutions, providing hands-on support from overseas expansion to local business development.

Many of our customers are developing their businesses in Thailand, Vietnam, and Indonesia. The Bank has dispatched its staff to these countries to provide customers proactive support in local business expansion.

Support Menu for Overseas Business Development

•Consultation on overseas business development

The Bank provides the latest information and fine-tuned services to meet diverse customer needs, including overseas business development, transactions with foreign companies, and foreign investment.

•Support for export and import transactions

Capitalizing on its experience and overseas network, the Bank facilitates customers' transactions.

•Financing services

The Bank provides advice on a range of financing schemes for customers' local subsidiaries overseas, including cross-border loans from domestic branches, and stand-by letters of credit to facilitate loans in local currency from our partner financial institutions.

•Guidance on foreign exchange, including overseas remittance and forex risk hedging

Topics

Established "Singapore Branch" and "Silicon Valley Representative Office"

Aiming to strengthen our overseas support system, including support for our customers' overseas expansion, we have established "Singapore Branch" and "Silicon Valley Representative Office".

Shizuoka Bank Group is committed to supporting a wide range of overseas businesses, including the overseas expansion and local business development of regional customers.

Our network bases in Asia, with base in Singapore (since 1992) in ASEAN region and with bases in Hong Kong (since 1985) and Shanghai (since 1995) in East Asia, has been supporting companies entering those regions.

The Singapore Branch has been promoted from a representative office to a branch in order to cover the ASEAN region more extensively than before and to strengthen the system that enables more flexible activities.

Our network of offices in the North America, with bases in Los Angeles (since 1982) and New York (since 1987), has been supporting companies that are entering the region.

With the establishment of the Silicon Valley Representative Office, the deposit and loan business of the Los Angeles Branch has been terminated, and the New York Branch, the successor branch, has served customers' needs in all of the U.S. and other countries in North and Central America.



Singapore Branch

Shizuoka Bank Group's Overseas Network (6 Overseas Offices, 16 Partner Financial Institutions)

As of July 1, 2022

Shizuoka Bank (Europe) S.A.

● **France (Montrouge)**

Business alliance:
Crédit Agricole S.A.

Silicon Valley Representative Office

New York Branch

● **Mexico (Mexico City)**

Business alliance:
BBVA Bancomer S.A.

Network in Asia

● **China (Beijing, Shanghai)**

Business alliance:
China Construction Bank
Bank of Shanghai

● **Shanghai Representative Office**

1 employees (total of 2 staff)

● **Thailand (Bangkok)**

2 dispatched employees
Business alliance:
Kasikorn Bank (2 employees)
Bangkok Bank

● **India (Mumbai)**

Business alliance:
State Bank of India

● **South Korea (Seoul, Daegu)**

Business alliance:
Shinhan Bank
Daegu Bank

● **International Business Dept. (Shizuoka)**

Planning and supervision of support
for overseas business development
Overseas Business Support
Office: 4 staff
Support for overseas business
development and advice on trade
Forex Solutions: 4 staff

● **Taiwan (Taipei)**

Business alliance:
Chinatrust Financial Holding

● **Hong Kong Branch**

Supervision of the Bank's bases in Asia
7 employees (total of 14 staff)

● **Vietnam (Hanoi)**

1 dispatched employee
Business alliance:
Joint Stock Commercial Bank for Investment and
Development of Vietnam (BIDV) (1 employee)
ANZ Vietnam

● **Philippines (Manila, Makati)**

Business alliance: Bank of the Philippine Islands
BDO Unibank

● **Singapore Branch**

7 employees (total of 13 staff)

● **Indonesia (Jakarta)**

1 dispatched employee
Business alliance: P.T. Bank CIMB Niaga Tbk (1 employee)
P.T. Bank Resona Perdania

Strategic Investment

To create new added value, we have been actively working with companies from different industries since our capital and business alliance with Monex Group in 2014.

In order to achieve sustainable growth together with the region, we aim to build an ecosystem that creates new businesses by building a network with startup companies that possess advanced technology and by returning advanced technology to the region.

Cross-industry Collaboration

Aiming for sustainable growth starting with the creation of a new business model, Shizuoka Bank Group is working with companies from other industries, including Monex Group, Money Forward, Hoken no Madoguchi, and Aruhi.

In October 2021, we concluded a basic agreement for collaboration with iYell, a housing loan tech start-up, and as the first step of the collaboration, "Tatepita Shizuoka," a website matching customers who are considering purchasing homes with housing companies, went into full-scale operation in June 2022.

We will continue to actively promote cross-industry collaboration as an initiative to create new added value that is not an extension of the traditional banking business.

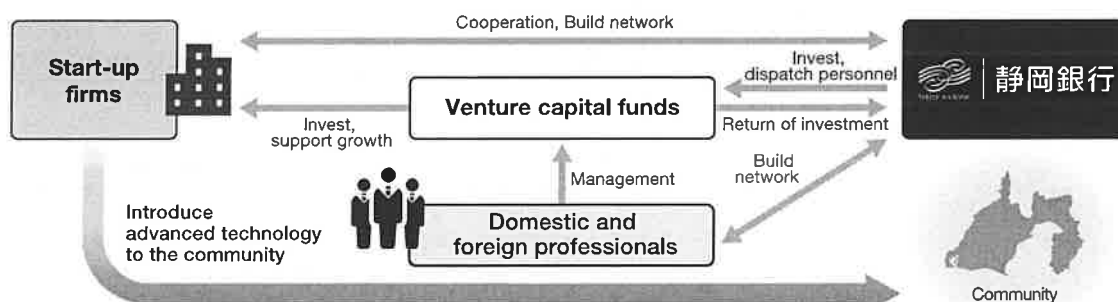
■ Efforts in cross-industry collaboration so far



Build Ecosystem for Regional Innovation

In order to achieve sustainable growth with the region, it is necessary not only to protect local industries, but also to work to create new businesses.

To this end, Shizuoka Bank Group is building a network with start-up firms by investing in venture capital funds and dispatching employees, with the aim of creating an ecosystem that returns advanced technology to the region and creates new businesses.



Networking with Start-up Firms

To date, we have invested in 398 start-up firms through a cumulative total of 19.7 billion yen in 15 funds.

We utilize this network of start-up firms to develop new businesses, and through activities such as "TECH BEAT Shizuoka," we are working to connect local communities with start-up firms.

In July 2019, as part of a collaboration with a venture capital fund, we established Turn The Tide Corporation, which provides consulting services in fields not previously handled by Shizuoka Bank Group, and made it a wholly owned subsidiary in March 2022.

Turn The Tide Inc.



Turn The Tide

An intra-company start-up firm established by investment from the venture capital fund Global Catalyst Partners Japan and workers on loan from Shizuoka Bank Group with the aim of speedily establishing new businesses.

Working business of solving corporate and community issues with a different approach than finance, centered on services related to the soundness of corporate financial statements.

Business for Start-up Firms

"Start-up Supporting Project Team" was newly established in June 2021 to strengthen businesses for start-up firms, and has started venture debt in October 2021.

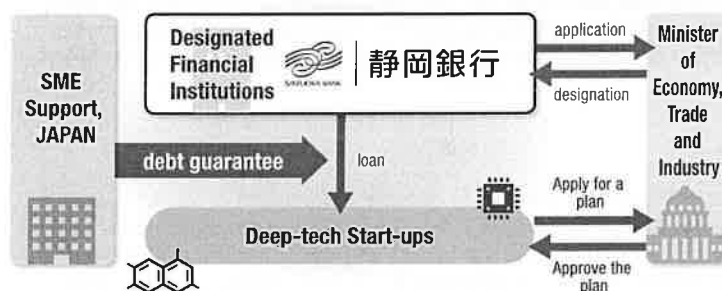
We are working on a variety of projects, including loans to deep-tech start-ups under the METI's debt guarantee program, the only regional bank to be designated as such, and loans with stock acquisition rights.

In the future, we intend to support the revitalization of local economies by developing networks with start-up companies that will lead the next generation, as well as with local communities and customers, to create new collaborations and innovations, and to develop businesses for start-up firms as one of the new growth drivers for the Group.

Utilize the Debt Guarantee Program Implemented by METI

In September 2021, Shizuoka Bank was designated as a financial institution under the "Debt Guarantee Program for Private-sector Loans to Deep-tech Start-ups (Large-scale R&D)," established by the METI to promote the creation of new industries and the establishment and growth of venture companies.

In March 2022, we utilized this program to provide a syndicated loan with Yamanashi Chuo Bank to WHILL Corporation, which is engaged in the development of short-distance mobility.



Requirements for Plan Approval Details of Debt Guarantee

- Amount of loan / 300 million yen or more in principle
- Term of loan / More than 3 years in principle
- Debt guarantee ratio / 50%
- Term of guarantee / 10 years for equipment finance, 5 years for others in principle (Based on SME Support, JAPAN's guarantee review)

TOPICS

Initiatives at the Silicon Valley Representative Office

In November 2021, we became the first regional bank in Japan to open a representative office in Silicon Valley to gather information on advanced technologies and initiatives in the region.

In addition, through information exchange and networking with venture capital funds and other organizations, we intend to contribute to the revitalization of local industry and economic growth by collaborating with advanced companies with promising future prospects and growth potential and introducing advanced technology to local companies.





Deloitte Touche Tohmatsu LLC
AOI TOWER
17-1 Koya-machi, Aoi-ku
Shizuoka-shi, Shizuoka 420-0852
Japan
Tel: +81 (54) 273 8091
Fax: +81 (54) 273 8166
www.deloitte.com/jp/en

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The Shizuoka Bank Ltd.:

Opinion

We have audited the consolidated financial statements of The Shizuoka Bank Ltd. and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2022, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 2 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Member of
Deloitte Touche Tohmatsu Limited

Determination of amounts of loans written-off and allowance for loan losses	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>As disclosed in Note 3, "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Allowance for loan losses" to the consolidated financial statements, the Group determines the allowance for loan losses in accordance with its write-off and allowance standards. In addition, the quality of loans is assessed to determine the category of borrowers by the branches and the Credit Supervision Department, with a subsequent audit performed by the Credit Examination Department, which is independent of these branches and departments, in accordance with the Group's policy and rules for self-assessment of asset quality. The Group recorded the allowance for loan losses of ¥ 53,382 million for loans and bills discounted of ¥ 9,502,197 million on the consolidated balance sheet as of March 31, 2022.</p> <p>The Group determines the category of borrowers comprehensively considering the information of each borrower, including financial information, future forecasts, loan contract terms, transaction histories and other qualitative information. Among them, future forecasts include business plans developed by the borrowers such as budgets, medium-term management plans and business improvement plans.</p> <p>In particular, in addition to the determination of the category of borrowers, for loans to certain large borrowers for which the allowance for loan losses is determined using the Discounted Cash Flow ("DCF") method, the Group records the allowance for loan losses by estimating the cash flows from collection of principals and interests of the loans based on the borrowers' business plans.</p> <p>As disclosed in Note 4, "SIGNIFICANT ACCOUNTING ESTIMATE (Recording of allowance for loan losses)" to the consolidated financial statements, the borrowers' business plans involve uncertainty since they include assumptions related to future forecasts such as sales projections, estimated cost reduction and</p>	<p>Our audit procedures included the following, among others:</p> <ul style="list-style-type: none"> ● We made inquiries and inspected related documents to test the design and operating effectiveness of controls over the Group's assessment of the reasonableness of the significant assumptions used in the borrowers' business plans based on the analysis of business plans and their progress. ● To test the reasonableness of the significant assumptions used in the business plans of specific borrowers, we evaluated the sufficiency and reliability of information used by the Group and performed the following procedures using information from external and other sources: <ul style="list-style-type: none"> ➢ We evaluated the reasonableness of the sales projections used in the borrowers' business plans by comparing them with historical sales results, recent status of customer orders received including the impact of COVID-19 and the market environment. ➢ We evaluated the reasonableness of the estimated cost reduction used in the business plans in terms of whether they were consistent with the sales projections and whether targets and methods for cost reduction were clearly defined. ➢ We evaluated whether the expected repayment of loans used in the business plans was supported by reasonable estimates of the cash flows which were consistent with the sales projections and the estimated cost reduction.

<p>expected repayment of loans. In particular, the sales projections are estimated based on assumptions regarding the impact of COVID-19 as well as market growth potential and price trends in the industry where the Group operates. Therefore, such estimates involve high level of uncertainties and judgment made by the Group.</p> <p>Based on the above, we identified as a key audit matter the reasonableness of the significant assumptions such as sales projections used in the business plans of certain large borrowers on which the Group intensively depends in determining their category of borrowers and in estimating future cash flows among large borrowers to which the DCF method is applied in determining the allowance for loan losses.</p>	<p>➤ We evaluated the need to revise the business plans by comparing them with the historical results and testing the Group's causal factor analysis for borrowers showing high divergence.</p>
--	---

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in Integrated Report, but does not include the consolidated financial statements and our auditor's report thereon. Integrated Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC

August 2, 2022

Consolidated Balance Sheet

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries March 31, 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2022	2021	2022
Assets:			
Cash and due from banks (Notes 14 and 32)	¥ 2,275,851	¥ 2,097,487	\$ 18,595,073
Call loans and bills bought (Note 32)	71,382	150,926	583,236
Monetary claims bought	38,352	31,524	313,360
Trading assets (Notes 6 and 32)	14,756	18,464	120,570
Money held in trust (Note 7)	104,800	104,100	856,279
Securities (Notes 8, 14, and 32)	2,337,933	1,954,159	19,102,322
Loans and bills discounted (Notes 9, 14, 15, and 32)	9,502,197	9,303,121	77,638,677
Foreign exchanges (Note 10)	11,176	14,474	91,321
Lease receivables and investment assets (Note 30)	82,847	83,747	676,910
Other assets (Notes 11 and 14)	333,157	192,273	2,722,101
Tangible fixed assets (Note 12)	54,790	57,611	447,674
Intangible fixed assets (Note 12)	46,574	50,051	380,545
Asset for retirement benefits (Note 20)	14,309	13,057	116,915
Deferred tax assets (Note 29)	3,283	3,159	26,824
Customers' liabilities for acceptances and guarantees (Note 13)	80,241	55,644	655,617
Allowance for loan losses (Note 32)	(53,382)	(53,901)	(436,168)
Allowance for investment losses	(44)	(54)	(362)
Total Assets	¥14,918,227	¥14,075,848	\$121,890,901
Liabilities and Equity:			
Liabilities:			
Deposits (Notes 14, 16, and 32)	¥11,557,215	¥11,145,906	\$ 94,429,408
Call money and bills sold (Note 32)	177,528	102,210	1,450,513
Payables under repurchase agreements (Notes 14 and 32)	296,764	357,952	2,424,740
Payables under securities lending transactions (Note 32)	72,701	143,311	594,016
Trading liabilities (Note 6)	3,329	3,016	27,204
Borrowed money (Notes 14, 17, and 32)	1,364,889	890,515	11,151,973
Foreign exchanges (Note 10)	2,402	609	19,629
Bonds payable (Note 18)	37,118	33,783	303,278
Bonds with stock acquisition rights (Note 18)	36,717	33,213	300,000
Borrowed money from trust account	198	214	1,619
Other liabilities (Note 19)	130,214	119,631	1,063,932
Liability for retirement benefits (Note 20)	3,768	3,423	30,792
Provision for directors' retirement benefits	383	357	3,132
Provision for losses from reimbursement of inactive accounts	845	786	6,904
Provision for contingent losses	1,255	1,369	10,259
Provision for point program	417	460	3,414
Reserves under special laws	11	11	95
Deferred tax liabilities (Note 29)	63,976	78,052	522,730
Acceptances and guarantees (Note 13)	80,241	55,644	655,617
Total Liabilities	13,829,979	12,970,470	112,999,264
Equity: (Notes 21, 22, 23, and 37)			
Capital stock,			
authorized, 2,414,596 thousand shares;			
issued, 595,129 thousand shares in 2022 and 595,129 thousand shares	90,845	90,845	742,264
in 2021			
Capital surplus	54,884	54,884	448,435
Subscription rights to shares	318	330	2,599
Retained earnings	769,036	743,157	6,283,489
Treasury stock-at cost,			
30,980 thousand shares in 2022 and 21,086 thousand shares in 2021	(29,030)	(20,371)	(237,195)
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	200,804	235,111	1,640,694
Deferred gains or losses on hedges	193,717	231,196	1,582,784
Foreign currency translation adjustments	223	(98)	1,827
Defined retirement benefit plans	4,226	1,212	34,531
	2,637	2,800	21,550
Total	1,088,247	1,105,378	8,891,636
Noncontrolling Interests	1,388	1,419	11,348
Total Equity	1,088,247	1,105,378	8,891,636
Total Liabilities and Equity	¥14,918,227	¥14,075,848	\$121,890,901

See notes to consolidated financial statements.

Consolidated Statement of Income

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2022	2021	2022
Income:			
Interest Income:			
Interest on loans and discounts	¥ 98,033	¥ 99,171	\$ 800,989
Interest and dividends on securities	27,532	21,860	224,959
Other interest income	2,621	1,247	21,421
Subtotal	128,187	122,279	1,047,369
Fees and Commissions	72,855	71,955	595,271
Trading Income	3,451	3,553	28,203
Other Operating Income (Note 23)	23,153	12,504	189,177
Other Income (Note 24)	20,031	21,396	163,671
Total Income	247,679	231,689	2,023,692
Expenses:			
Interest Expense:			
Interest on deposits	2,207	3,409	18,032
Interest on borrowings and rediscounts	158	932	1,298
Other interest expense	3,597	4,754	29,393
Subtotal	5,963	9,096	48,724
Fees and Commission Payments	41,594	39,746	339,852
Other Operating Expenses (Note 25)	28,659	5,463	234,163
General and Administrative Expenses (Note 26)	97,629	93,715	797,690
Other Expenses (Note 27)	15,031	22,974	122,817
Total Expenses	188,878	170,997	1,543,248
Income before income taxes	58,801	60,691	480,444
Income Taxes: (Note 28)			
Current	15,730	21,209	128,529
Deferred	1,347	(4,240)	11,013
Total income taxes	17,078	16,969	139,543
Net Income	41,722	43,722	340,901
Net Income Attributable to Noncontrolling Interests	87	83	712
Net Income Attributable to Owners of the Parent	¥ 41,635	¥ 43,638	\$ 340,188

	Yen	U.S. Dollars (Note 2)
Per Share: (Note 35)		
Basic net income	¥73.27	\$0.59
Diluted net income	70.54	0.57
Cash dividends applicable to the year	26.00	0.21

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2022	2021	2022
Net Income	¥ 41,722	¥ 43,722	\$ 340,901
Other Comprehensive Income (Loss): (Note 34)			
Valuation difference on available-for-sale securities	(37,433)	76,975	(305,853)
Deferred gains or losses on hedges	330	(501)	2,699
Foreign currency translation adjustments	2,548	2,064	20,819
Defined retirement benefit plans	(163)	2,678	(1,334)
Share of other comprehensive income in associates	295	196	2,418
Total other comprehensive income (loss)	(34,422)	81,414	(281,250)
Comprehensive Income (Loss)	7,300	125,136	59,650
Total Comprehensive Income (Loss) Attributable To:			
Owners of the parent	¥ 7,328	¥124,960	\$ 59,879
Noncontrolling Interests	(28)	176	(229)

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2022

	Thousands					Millions of Yen							
	Number of Shares of Common Stock Outstanding	Capital Stock	Capital Surplus	Subscription Rights to Shares	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income						Total
							Valuation Difference on Available -for-Sale Securities	Deferred Gains or Losses on Hedges	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans		Noncontrolling Interests	Total Equity
Balance, April 1, 2020	605,129	¥90,845	¥54,884	¥361	¥721,793	¥(30,125)	¥154,363	¥407	¥(1,103)	¥121	¥991,549	¥1,245	¥992,794
Cash dividends, ¥22.00 per share					(12,627)						(12,627)		(12,627)
Net income attributable to owners of the parent					43,638						43,638		43,638
Purchase of treasury stock (1 thousand shares)						(0)					(0)		(0)
Disposal of treasury stock (141 thousand shares)					(27)	136					108		108
Retirement of treasury stock (10,000 thousand shares)	(10,000)				(9,619)	9,619							
Net changes other than shareholders' equity				(30)			76,833	(506)	2,316	2,678	81,291	173	81,464
Balance, March 31, 2021	595,129	¥90,845	¥54,884	¥330	¥743,157	¥(20,371)	¥231,196	¥(98)	¥1,212	¥2,800	¥1,103,958	¥1,419	¥1,105,378
Balance, April 1, 2021	595,129	¥90,845	¥54,884	¥330	¥743,157	¥(20,371)	¥231,196	¥(98)	¥1,212	¥2,800	¥1,103,958	¥1,419	¥1,105,378
Cumulative effects of changes in accounting policies					(662)						(662)		(662)
Balance, April 1, 2021 (as restated)	595,129	90,845	54,884	330	742,495	(20,371)	231,196	(98)	1,212	2,800	1,103,296	1,419	1,104,715
Cash dividends, ¥26.50 per share					(15,088)						(15,088)		(15,088)
Net income attributable to owners of the parent					41,635						41,635		41,635
Purchase of treasury stock (10,000 thousand shares)						(8,759)					(8,759)		(8,759)
Disposal of treasury stock (106 thousand shares)					(6)	100					94		94
Net changes other than shareholders' equity				(12)			(37,479)	322	3,013	(163)	(34,319)	(30)	(34,350)
Balance, March 31, 2022	595,129	¥90,845	¥54,884	¥318	¥769,036	¥(29,030)	¥193,717	¥223	¥4,226	¥2,637	¥1,086,858	¥1,388	¥1,088,247

	Thousands of U.S. Dollars (Note 2)											
	Capital Stock	Capital Surplus	Subscription Rights to Shares	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income						Total
						Valuation Difference on Available -for-Sale Securities	Deferred Gains or Losses on Hedges	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans		Noncontrolling Interests	Total Equity
Balance, April 1, 2021	\$742,264	\$448,435	\$2,703	\$6,072,046	\$166,446	\$1,889,016	\$(807)	\$9,909	\$22,884	\$9,020,007	\$11,598	\$9,031,605
Cumulative effects of changes in accounting policies				(5,410)						(5,410)		(5,410)
Balance, April 1, 2021 (as restated)	742,264	448,435	2,703	6,066,635	(166,446)	1,889,016	(807)	9,909	22,884	9,014,596	11,598	9,026,194
Change during the period												
Cash dividends, \$0.21 per share				(123,281)						(123,281)		(123,281)
Net income attributable to owners of the parent				340,188						340,188		340,188
Purchase of treasury stock					(71,572)					(71,572)		(71,572)
Disposal of treasury stock				(52)	823					771		771
Net changes other than shareholders' equity			(104)			(306,231)	2,635	24,622	(1,334)	(280,412)	(249)	(280,662)
Balance, March 31, 2022	\$742,264	\$448,435	\$2,599	\$6,283,489	\$(237,195)	\$1,582,784	\$1,827	\$34,531	\$21,550	\$8,880,288	\$11,348	\$8,891,636

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2022	2021	2022
I. Operating Activities:			
Income before income taxes	¥ 58,801	¥ 60,691	\$ 480,444
Adjustments for:			
Income taxes paid	(24,863)	(16,342)	(203,149)
Depreciation and amortization	19,460	13,411	159,001
Impairment losses	634	2,853	5,185
Loss (gain) on change in equity	(549)		(4,489)
Equity in (earnings) losses of affiliated companies	(1,953)	(3,517)	(15,958)
Increase (decrease) in allowance for loan losses	(518)	8,814	(4,238)
Increase (decrease) in allowance for investment losses	(10)	(1)	(85)
Increase (decrease) in asset and liability for retirement benefits	(907)	(21,265)	(7,412)
Increase (decrease) in provision for directors' retirement benefits	25	(43)	209
Increase (decrease) in provision for reimbursement of inactive accounts	59	(439)	482
Increase (decrease) in provision for contingent losses	(113)	(78)	(927)
Increase (decrease) in provision for point program	(42)	39	(345)
Interest income	(128,187)	(122,279)	(1,047,369)
Interest expense	5,963	9,096	48,724
Losses (gains) on securities	581	(13,460)	4,752
Losses (gains) on money held in trust	(74)	(51)	(611)
Losses (gains) on sale of fixed assets	827	453	6,759
Net decrease (increase) in trading assets	3,678	(4,034)	30,056
Net increase (decrease) in trading liabilities	314	(1,096)	2,566
Net decrease (increase) in loans and bills discounted	(139,929)	(351,362)	(1,143,306)
Net increase (decrease) in deposits	338,159	1,025,853	2,762,965
Net increase (decrease) in borrowed money	470,519	216,443	3,844,429
Net decrease (increase) in due from banks (excluding deposits paid to Bank of Japan)	55,012	49,537	449,483
Net decrease (increase) in call loans	84,917	19,362	693,824
Net decrease (increase) in monetary claims bought	(6,827)	4,296	(55,786)
Net increase (decrease) in call money	67,228	(37,280)	549,296
Net increase (decrease) in payables under repurchase agreements	(98,604)	18,356	(805,660)
Net increase (decrease) in payables under securities lending transactions	(85,729)	143,311	(700,458)
Net decrease (increase) in foreign exchanges (assets)	3,387	(2,534)	27,678
Net increase (decrease) in foreign exchanges (liabilities)	1,792	(13)	14,645
Net decrease (increase) in lease receivables and investment assets	449	(1,966)	3,671
Increase (decrease) in straight bonds-issuance and redemption	(306)	(844)	(2,507)
Net increase (decrease) in borrowed money from trust account	(16)	(15)	(133)
Interest and dividends received	127,454	123,636	1,041,381
Interest paid	(6,013)	(11,753)	(49,135)
Other-net	(13,518)	2,526	(110,452)
Total Adjustments	672,298	1,049,611	5,493,085
Net Cash Provided by (Used in) Operating Activities	731,100	1,110,303	5,973,529
II. Investing Activities:			
Purchases of securities	(2,890,158)	(1,269,099)	(23,614,335)
Proceeds from sales of securities	2,207,985	879,374	18,040,572
Proceeds from redemptions of securities	194,399	163,428	1,588,364
Increase in money held in trust	(700)	(100,100)	(5,719)
Purchases of tangible fixed assets	(4,518)	(4,197)	(36,920)
Purchases of intangible fixed assets	(9,522)	(12,655)	(77,805)
Proceeds from sales of tangible fixed assets	677	850	5,533
Increase in investments in affiliated companies	(1,200)		(9,805)
Proceeds from sales of shares of affiliated companies accounted for by the equity method	8,263	2,200	67,520
Net Cash Provided by (Used in) Investing Activities	(494,773)	(340,197)	(4,042,594)
III. Financing Activities:			
Dividends paid	(15,062)	(12,605)	(123,072)
Dividends paid to noncontrolling interests	(2)	(2)	(20)
Purchases of treasury stock	(8,759)	(0)	(71,572)
Proceeds from sales of treasury stock	0	0	0
Net Cash Provided by (Used in) Financing Activities	(23,825)	(12,608)	(194,664)
IV. Foreign Currency Translation Adjustments on Cash and Cash Equivalents	2	1	20
V. Net Increase (Decrease) in Cash and Cash Equivalents	212,504	757,498	1,736,290
VI. Cash and Cash Equivalents, Beginning of Year	1,917,339	1,159,840	15,665,815
VII. Cash and Cash Equivalents, End of Year	¥2,129,843	¥1,917,339	\$17,402,105

See notes to consolidated financial statements.

Cash and due from banks in the consolidated balance sheets at March 31, 2022 and 2021, are reconciled with cash and cash equivalents in the consolidated statements of cash flows as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 2)
	2022	2021	2022
Cash and due from banks	¥2,275,851	¥2,097,487	\$18,595,073
Due from banks other than the Bank of Japan	(146,007)	(180,148)	(1,192,968)
Cash and cash equivalents, end of year	¥2,129,843	¥1,917,339	\$17,402,105

Notes to Consolidated Financial Statements

THE SHIZUOKA BANK, LTD. and Consolidated Subsidiaries Year ended March 31, 2022

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared from the accounts maintained by The Shizuoka Bank, Ltd. (the "Bank") and its subsidiaries (the "Group") in accordance with the provisions set forth in the Companies Act of Japan (the "Companies Act"), the Japanese Financial Instruments and Exchange Act, the Banking Act of Japan, and the Accounting Guideline for Banks in Japan stated by the Japanese Bankers' Association, and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards (IFRS).

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

2. JAPANESE YEN AND U.S. DOLLAR AMOUNTS

As permitted by the Japanese Financial Instruments and Exchange Act, Japanese yen amounts less than one million and U.S. dollars amounts less than one thousand have been omitted. As a result, the totals shown in the accompanying consolidated financial statements and the notes (both in yen and U.S. dollars) thereto do not necessarily agree with the sum of the individual account balances.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥122.39 to \$1, the approximate rate of exchange at March 31, 2022. Such translation should not be construed as a representation that Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation:

The accompanying consolidated financial statements as of March 31, 2022, include the accounts of the Bank, its 13 significant subsidiaries, and three companies accounted for by the equity method.

Under the control and influence concepts, those companies in which the Bank, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

For investments in the remaining unconsolidated subsidiaries and associated companies, if the equity method of accounting had been applied, the effect on the accompanying consolidated financial statements would not be material.

The difference between the cost of an acquisition and the fair value of net assets of the acquired subsidiary at the date of acquisition is charged to income when incurred.

All significant intercompany accounts and transactions have been eliminated in consolidation. All material unrealized profits resulting from intercompany transactions are eliminated.

Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements:

The accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either IFRS or generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; and (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and (e) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign subsidiary elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

Trading-purpose transactions:

"Transactions for trading purposes" (the purpose of seeking to capture gains arising from short-term fluctuations in interest rates, currency exchange rates or market prices of securities, and other market-related indices or from gaps among markets) are included in "Trading assets" and "Trading liabilities" on a trade-date basis.

Trading securities and monetary claims purchased for trading purposes recorded in these accounts are stated at market value, and trading-related financial derivatives are stated at the amounts that would be settled if they were terminated at the end of the fiscal year.

Profits and losses on transactions for trading purposes are shown as "Trading income (expense)" on a trade-date basis.

Securities:

Held-to-maturity debt securities, which are expected to be held-to-maturity with the positive intent and ability to hold to maturity, are stated at amortized cost computed using the straight-line method. Available-for-sale securities, which are not classified as either trading account securities or held-to-maturity debt securities, are stated at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Available-for-sale securities whose fair value cannot be reliably determined are stated at cost, determined by the moving-average method.

For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

Tangible fixed assets:

Tangible fixed assets are stated at cost, less accumulated depreciation. Depreciation of tangible fixed assets owned by the Bank is computed mainly using the declining-balance method over the estimated useful lives, while the straight-line method is applied to structures acquired on or after April 1, 2016.

The range of useful lives is principally from three to 50 years for buildings and from two to 20 years for equipment.

Depreciation of tangible fixed assets owned by consolidated subsidiaries is principally computed using the declining-balance method over the estimated useful lives of the assets.

Lease assets under lease transactions, in which ownership of the lease property is not deemed to be transferred to the lessee, are depreciated by the straight-line method over the lease term.

The residual value is zero or the guaranteed value if specified in the lease contracts.

Impairment loss:

The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

Software:

The Bank and its consolidated subsidiaries in Japan amortize internal-use software development costs using the straight-line method over the useful life (five years).

Allowance for loan losses:

The amount of the allowance for loan losses is determined based on management's judgment and assessment system. This system reflects the past experience of credit losses; possible future credit losses; business experience of credit losses; possible future credit losses; business and economic conditions; the character, quality, and performance of the portfolio; and other pertinent indicators.

The Group implemented a self-assessment system to monitor the quality of its assets. The quality of all loans is assessed by branches and the Credit Supervision Department, in accordance with a subsequent audit by the Credit Examination Department, in accordance with the Group's policy and rules for self-assessment of asset quality.

The Group has established a credit rating system under which its borrowers are classified into five categories. The credit rating system is used for self-assessment of asset quality. All borrowers are classified into five categories for self-assessment purposes – "normal," "caution," "possible bankruptcy," "virtual bankruptcy," and "legal bankruptcy."

Legal bankruptcy:

Borrowers who are legally or formally bankrupt, such as bankruptcy or special liquidation.

Virtual bankruptcy:

Borrowers virtually in the same situation as legal bankruptcy.

Possible bankruptcy:

Borrowers who are not currently bankrupt, but are likely to fall into bankruptcy in the future.

Caution:

Borrowers who have problems with lending conditions or reimburse performance, have sluggish or unstable business conditions.

Management required:

Borrowers in "caution" whose loans require management (being with restricted loans and loans overdue for more than three months).

Normal:

Borrowers who are recognized as having good business conditions and no particular financial problems.

- (a) For loans to borrowers classified as legal bankruptcy or virtual bankruptcy, the Group fully provides the net amount of loans and estimated collectible amounts by collateral or guarantees. Regarding loans to borrowers classified as possible bankruptcy, a specific reserve is provided to the necessary extent for the net amount of loans and estimated collectible amounts by collateral or guarantees.
- (b) For the borrower with certain loan amounts classified as possible bankruptcy or being with restructured loans, if cash flows from collection of principals and interests can be reasonably estimated, the Group provides the difference between the present value of these cash flows discounted at the initial contractual rates and the book values of loans (the "DCF" method). For other loans, a general allowance is provided based on anticipation of the expected loss for the average remaining life of loans, etc. The loss ratio over a certain period in the past, and the expected loss amount is calculated by adjusting the loss ratio considering future projections.
- (c) For the borrower with certain loan amounts classified as caution or management required, the Group provides the difference between the present value of these cash flows discounted at the initial contractual rates and the book values of loans (the "DCF" method) if cash flows from collection of principals and interests can be reasonably estimated.
- (d) For loans to borrowers classified as normal, caution and management required, a general allowance is provided based on anticipation of the expected loss for the average remaining life of loans, etc. The loss ratio is calculated based on the average value of the actual loan loss ratio over a certain period in the past, and the expected loss amount is calculated by adjusting the loss ratio considering future projections.

Grouping in calculating loss ratio

In calculating loss ratio, borrowers are divided into consumer loan borrowers and business-lending borrowers. Business-lending borrowers are classified into two categories of normal (upper normal and lower normal), three categories of caution (upper caution, lower caution, and management required), and one category of legal bankruptcy, for a total of seven categories.

A certain period of time in which the expected loss amount is expected in the future

Allowance for loan losses is recorded based on anticipation of the expected loss ratio for the period corresponding to the average remaining period of receivables (the average remaining period is seven years for consumer loan borrowers, among business loan borrowers of (d) above, about three to five years for "normal," about three years for "caution," and about four years for "management required" and "possible bankruptcy" of (b) above).

Revision of expected loss ratio due to future prospects, etc.

In the current consolidated fiscal year, the expected loss ratio has been revised for "management required," but the impact on allowance for loan losses is minor.

The consolidated subsidiaries provide based on anticipation of the expected loss for loan losses at the amount deemed necessary to cover such losses, principally based on past experience.

Allowance for investment losses:

The allowance for investment losses is provided at a necessary amount based on the estimated possible losses on investments.

Retirement and pension plans:

The Bank and certain consolidated subsidiaries have lump-sum retirement benefit plans, a contributory funded defined benefit pension plan, and a noncontributory funded pension plan.

The projected benefit obligations are attributed to periods on a straight-line basis. Actuarial gains and losses are amortized on a straight-line basis over 10 years within the average remaining service period. Past service costs are recognized in the applicable year.

Provision for losses from reimbursement of inactive accounts:

The provision for losses from reimbursement of inactive accounts, which are derecognized as liabilities under certain conditions, is provided for possible losses on future claims of withdrawal based on historical reimbursement experience.

Provision for retirement benefits to directors:

The provision for retirement benefits to directors is provided for the payments that have occurred up to the end of the fiscal year to pay for retirement benefits to directors.

Provision for contingent losses:

The provision for contingent losses is provided for the estimated future payments to credit guarantee corporations due to the implementation of a loss-sharing system.

Provision for point program:

The provision for the point program is provided for the reasonably estimated future usage of points given to credit card customers.

Reserves under special laws:

Reserves under special laws are reserves for financial product transaction liabilities in accordance with Section 1, Article 46-5 of the Japanese Financial Instruments and Exchange Act.

Asset retirement obligations:

An asset retirement obligation is recorded for a legal obligation imposed either by law or contract that results from the acquisition, construction, development, and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made.

Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

Leases:

Lessor

For financing leases in which the Bank is lessor, sales and cost of sales are accounted for when lease payments are paid.

Stock options:

The accounting standard for stock options requires companies to measure the cost of employee stock options based on the fair value at the date of grant and recognize compensation expense over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to nonemployees based on the fair value of either the stock options or the goods or services received. In the balance sheet, the stock options are presented as stock acquisition rights as a separate component of equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions. In addition, the standard allows unlisted companies to measure options at their intrinsic value if they cannot reliably estimate fair value.

Translation of foreign currencies:

Assets and liabilities, which are payable or receivable in foreign currencies, are converted into Japanese yen at the rates prevailing at each balance sheet date.

The financial statements of the consolidated subsidiaries outside Japan are translated into Japanese yen at the current exchange rate at each balance sheet date, except for equity, which is translated at the historical exchange rate.

Differences arising from such translation are shown as "Foreign currency translation adjustments" in a separate component of equity.

Income taxes:

The Bank and its consolidated subsidiaries in Japan allocate income taxes based on the asset and liability method.

Deferred income taxes are recorded to reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. These deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

Derivatives and hedging activities:

All derivative transactions, except those entered into for hedging purposes, are recognized as either assets or liabilities and measured at fair value, with gains or losses on derivative transactions recognized in the consolidated statement of income.

For derivative transactions used for hedging purposes, the methods of hedge accounting are as follows:

(a) Transactions to hedge against interest rate risk

Transactions to hedge against interest rate risk affecting the financial assets and liabilities of the Bank are accounted for using deferral hedge accounting as stipulated in the Japanese Institute of Certified Public Accountants (JICPA) Industry Committee Practical Guideline No. 24, October 8, 2020, "Accounting and Auditing Treatments on the Application of Accounting Standards for Financial Instruments in the Banking Industry." Regarding the effectiveness of a hedging relationship under fair value hedging, a portfolio of hedged items, such as deposits or loans with common maturities, is matched with a group of hedging instruments, such as interest rate swaps, which offset the effect of fair value fluctuations of the hedged items by identified maturities, and are designated as a hedge of the portfolio. The effectiveness of the fair value hedge is assessed by each group. Also, the effectiveness of a cash flow hedge is assessed on the basis of the correlation between the base interest rate index of the hedged cash flow and that of the hedging instrument.

Special hedging treatment is applied for interest rate swaps.

(b) Transactions to hedge against foreign exchange fluctuation risk
Deferral hedge accounting is applied to hedges against foreign exchange fluctuation risks associated with foreign currency-denominated monetary assets and liabilities, stipulated in the JICPA Industry Committee Practical Guideline No. 25, October 8, 2020, "Accounting and Auditing Treatments of Accounting Treatments on Foreign Currency Transactions in the Banking Industry."

The effectiveness of currency swap transactions, exchange swap transactions, and similar transactions hedging foreign exchange risks of monetary assets and liabilities denominated in foreign currencies is assessed by comparison of the foreign currency position of the hedged monetary assets and liabilities and the hedging instruments.

In order to hedge the foreign exchange risk of foreign currency-denominated available-for-sale securities (except bonds), the Bank applies the "general method," using market value hedges in accordance with certain conditions, namely the stipulation in advance of which foreign currency-denominated securities are to be hedged, and the existence in foreign currency of a spot-forward liability in excess of the acquisition cost of the relevant foreign currency-denominated securities.

Consolidated statement of cash flows:

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash and due from the Bank of Japan.

Per share information:

Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits. The average number of common shares used in the computation was 568,191 thousand shares for 2022 and 574,004 thousand shares for 2021.

Diluted net income per share reflects the potential dilution that could occur if the outstanding stock options were exercised. Diluted net income per share assumes full exercise of the outstanding stock options at the beginning of the year (or at the time of grant).

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years, including dividends to be paid after the end of the year.

**4. SIGNIFICANT ACCOUNTING ESTIMATE
(Recording of allowance for loan losses)**

(1) Carrying amounts

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Allowance for loan losses	¥53,382	¥53,901	\$436,168

(2) Information on the significant accounting estimate

(a) Calculation method

The calculation method of allowance for loan losses is listed in "Allowance for loan losses" of "3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES."

(b) Main assumptions

There are concerns about the impact on the repayment ability of borrowers due to the effect of the COVID-19 pandemic. However, an allowance for loan losses is calculated based on the assumptions that there will be no significant impact on borrower's category of the Group. Regarding the assumptions about the effects of COVID-19, there are no changes compared to the description on previous fiscal year's Integrated Report.

Assumptions are made in determining the impact on borrower's category, future forecasts, such as sales forecasts, cost reduction, and borrower's repayment schedules on business plan used for the classification of borrower's category and the estimate of future cash flow based on cash flow estimate method.

Future forecasts, such as sales forecasts, cost reduction, and borrower's repayment schedules on business plan are determined based on the impact of COVID-19 and market growth potential and price trends in the industry to which the borrower belongs.

(c) The impact on the consolidated financial statements for the next fiscal year

If the original assumption for estimates changes because of the change in management environment for borrowers, including the situation of COVID-19, the balance of allowance for loan losses may fluctuate due to the change in borrower's category, cash flow estimates, and expected loss ratio, and it may affect the consolidated financial statements for the next fiscal year.

5. CHANGES IN ACCOUNTING POLICIES

(Application of accounting standards for revenue recognition)

The "Accounting Standards for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; the "ASRR") and related rules have been applied since the beginning of the current fiscal year. Pursuant to the ASRR, the Group has recognized revenue at the time of transfer of control over promised goods or services to the customer in the amount expected to be received by the Group in exchange for those goods or services.

As a result, the point in time at which certain fees and commissions are recognized as revenue has been changed from the time of receipt to the time of provision of goods or services.

Pursuant to the transitional treatment set forth in the proviso of Paragraph 84 of the ASRR, the ASRR and related rules have been applied starting from the balance at the beginning of the current fiscal year, by reflecting, in retained earnings at the beginning of the current fiscal year, the cumulative impact of applying these new accounting policies retrospectively from the beginning of the current fiscal year. However, using the method set forth in Paragraph 86 of the ASRR, these new accounting policies have not been applied retrospectively to contracts for which substantially all of the revenue was recognized in accordance with the treatment that had prevailed before the beginning of the current fiscal year. In addition, using the method set forth in item (1) of the second sentence of Paragraph 86 of the ASRR, all changes in contracts that occurred before the beginning of the current fiscal year have undergone accounting treatment based on the contractual conditions after reflecting all changes in the contracts, and the cumulative impact of these changes has been reflected in retained earnings at the beginning of the current fiscal year.

The results indicate that the impact of the changes described above is minor for the current fiscal year.

(Application of accounting standards for fair value measurement)

The "Accounting Standards for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; the "ASFVM") and related rules have been applied since the beginning of the current fiscal year. Pursuant to Paragraph 8 of the ASFVM, the fair value adjustment method used to determine the fair value in derivative transactions has been revised to maximize the use of observable inputs estimated from derivatives and others traded in the market. This revision was made as a result of the application of the ASFVM and related rules. Pursuant to the transitional treatment set forth in the second sentence of Paragraph 20 of the ASFVM, the Group has reflected, in retained earnings at the beginning of the current fiscal year, the cumulative impact of applying these new accounting policies retrospectively from the beginning of the current fiscal year.

As a result, retained earnings decreased by ¥531 million, trading assets by ¥28 million, other assets by ¥730 million, trading liabilities by ¥1 million, other liabilities by ¥0 million, deferred tax liabilities by ¥226 million, and net assets per share by 92 sen, each at the beginning of the current fiscal year.

6. TRADING ASSETS AND LIABILITIES

Trading assets and liabilities at March 31, 2022 and 2021, consisted of the following:

(a) Trading assets

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Trading securities:			
Japanese government bonds	¥ 62	¥ 168	\$ 514
Local government bonds	533	1,933	4,356
Industrial bonds	437	344	3,572
Foreign securities		243	
Subtotal	1,033	2,689	8,444
Financial derivatives:			
Other (Note)	4,224	3,775	34,513
Subtotal	4,224	3,775	34,513
Other trading assets:			
Commercial paper	9,499	11,999	77,613
Subtotal	9,499	11,999	77,613
Total	¥14,756	¥18,464	\$120,570

(b) Trading liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Trading security derivatives:			
Other (Note)		¥ 1	
Subtotal		1	
Financial derivatives:			
Other (Note)	¥3,329	¥3,015	\$27,204
Subtotal	3,329	3,015	27,204
Total	¥3,329	¥3,016	\$27,204

Note: Other in assets and liabilities represents unrealized gains and losses, respectively.

7. MONEY HELD IN TRUST

Money held in trust at March 31, 2022 and 2021, consisted of the following:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2022				
Money held in trust classified as:				
Held-to-maturity	¥4,800	¥1		¥4,801
Money held in trust classified as:				
Available-for-sale	100,000			100,000

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2021				
Money held in trust classified as:				
Held-to-maturity	¥4,100	¥0		¥4,100
Money held in trust classified as:				
Available-for-sale	100,000			100,000

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2022				
Money held in trust classified as:				
Held-to-maturity	\$39,218	\$8		\$39,227
Money held in trust classified as:				
Available-for-sale	817,060			817,060

Note: "Available-for-sale" is jointly managed money trust.

8. SECURITIES

Securities at March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Japanese government bonds	¥ 600,379	¥ 191,398	\$ 4,905,457
Local government bonds	205,854	146,882	1,681,954
Corporate bonds	426,713	365,292	3,486,505
Corporate stocks	412,395	447,013	3,369,517
Other securities	692,591	803,573	5,658,887
Total	¥2,337,933	¥1,954,159	\$19,102,322

As of March 31, 2022 and 2021, securities included equity investments in unconsolidated subsidiaries and affiliated companies that amounted to ¥22,166 million (\$181,111 thousand) and ¥21,952 million, respectively.

In addition to securities, the following table presents details of trading securities and commercial paper classified as trading assets and negotiable certificates of deposit classified as cash and due from banks.

Information regarding each category of the securities classified as trading, available-for-sale, and held-to-maturity at March 31, 2022 and 2021, was as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2022				
Securities classified as:				
Trading				¥ 10,532
Available-for-sale:				
Equity securities	¥ 98,071	¥289,738	¥ 534	387,275
Debt securities	1,159,836	896	7,512	1,153,220
Others	681,861	14,198	22,395	673,665
Held-to-maturity	79,726	44	111	79,658

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2021				
Securities classified as:				
Trading				¥ 14,689
Available-for-sale:				
Equity securities	¥ 99,569	¥323,211	¥ 290	422,490
Debt securities	634,372	2,474	1,525	635,321
Others	783,774	13,305	9,937	787,142
Held-to-maturity	69,066	101	42	69,125

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2022				
Securities classified as:				
Trading				\$ 86,057
Available-for-sale:				
Equity securities	\$ 801,302	\$2,367,340	\$ 4,366	3,164,275
Debt securities	9,476,565	7,323	61,379	9,422,508
Others	5,571,222	116,014	182,982	5,504,254
Held-to-maturity	651,409	359	912	650,857

Available-for-sale securities sold during the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen		
Year Ended	Proceeds from Sales	Total Amount of Gains on Sales	Total Amount of Losses on Sales
March 31, 2022			
Equity securities	¥ 4,286	¥ 2,789	¥ 0
Debt securities	974,924	2,566	8,560
Others	1,278,992	13,385	24,428
Total	¥2,258,203	¥18,740	¥32,989

Year Ended March 31, 2021	Millions of Yen		
	Proceeds from Sales	Total Amount of Gains on Sales	Total Amount of Losses on Sales
Equity securities	¥ 9,101	¥ 7,489	
Debt securities	243,727	1,419	¥ 154
Others	649,306	11,968	7,654
Total	¥902,135	¥20,877	¥7,809

Year Ended March 31, 2022	Thousands of U.S. Dollars		
	Proceeds from Sales	Total Amount of Gains on Sales	Total Amount of Losses on Sales
Equity securities	\$ 35,024	\$ 22,792	\$ 2
Debt securities	7,965,718	20,967	69,943
Others	10,450,135	109,364	199,597
Total	\$18,450,878	\$153,124	\$269,544

Marketable available-for-sale securities whose fair value significantly declines in comparison with their acquisition cost and whose fair value of the securities will not recover to their acquisition cost are written down and accounted for as impairment losses.

The Bank recognizes securities as having significantly declined when their fair value is more than 30% below their acquisition cost.

Impairment losses on marketable available-for-sale equity securities for the years ended March 31, 2021, were ¥146 million.

9. LOANS AND BILLS DISCOUNTED

Loans and bills discounted at March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Bills discounted	¥ 18,243	¥ 14,941	\$ 149,062
Loans on bills	129,716	132,696	1,059,859
Loans on deeds	8,363,418	8,172,846	68,334,166
Overdrafts	990,819	982,637	8,095,589
Total	¥9,502,197	¥9,303,121	\$77,638,677

Loans under bankruptcy proceedings, past-due loans on which interest payments are waived from borrowers who are financially assisted by the Bank, loans past due for three months or more (except for loans under bankruptcy proceedings and past-due loans), and restructured loans at March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Claims provable in rehabilitation from bankruptcy and equivalents	¥ 17,425	¥ 21,972	\$ 142,379
Doubtful claims	68,961	69,396	563,457
Loans past due for three months or more	353	776	2,885
Restructured loans	13,777	13,091	112,567
Total	¥100,517	¥105,237	\$821,290

Notes: 1. Loans past due for three months or more include loans for which payments of principal or interest are delinquent by three months or more as calculated from the day following the contracted payment date, but do not include loans under bankruptcy proceedings or past-due loans.
2. Restructured loans include loans for which certain conditions have been relaxed for the benefit of the borrower (through means, such as the reduction or elimination of interest payments, the deferral of principal repayments, or the relinquishment of claims) with the goal of supporting the recovery of borrowers that have fallen into financial difficulty, and thereby promoting the recovery of the loan.

Bills discounted are accounted for as financial transactions in accordance with the JICPA Industry Audit Committee Report No. 24. As of March 31, 2022 and 2021, the Bank had the right by contract or custom to sell or repledge bills discounted and foreign exchange bills bought and their total face values were ¥18,439 million (\$150,665 thousand) and ¥15,384 million, respectively.

10. FOREIGN EXCHANGES

Foreign exchange assets and liabilities at March 31, 2022 and 2021, consisted of the following:

(a) Assets

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Due from foreign banks	¥ 9,756	¥13,417	\$79,716
Foreign exchange bills bought	196	443	1,603
Foreign exchange bills receivable	1,224	613	10,001
Total	¥11,176	¥14,474	\$91,321

(b) Liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Foreign exchange bills sold	¥ 3	¥253	\$ 25
Foreign exchange bills payable	2,399	356	19,603
Total	¥2,402	¥609	\$19,629

11. OTHER ASSETS

Other assets at March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Accrued income	¥ 11,257	¥ 10,328	\$ 91,984
Derivative products	28,794	20,310	235,264
Guarantee deposits	1,943	1,941	15,877
Others	291,162	159,693	2,378,974
Total	¥333,157	¥192,273	\$2,722,101

12. TANGIBLE FIXED ASSETS AND INTANGIBLE FIXED ASSETS

Tangible fixed assets and intangible fixed assets at March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Tangible fixed assets:			
Buildings	¥ 24,325	¥ 26,094	\$198,750
Land	19,001	19,921	155,250
Lease assets	26	27	215
Construction in progress	985	923	8,053
Other tangible fixed assets	10,452	10,644	85,403
Subtotal	54,790	57,611	447,674
Intangible fixed assets:			
Software	46,191	49,608	377,415
Other intangible assets	383	442	3,129
Subtotal	46,574	50,051	380,545
Total	¥101,365	¥107,662	\$828,219

Tangible fixed assets are stated at cost, less accumulated depreciation of ¥119,521 million (\$976,559 thousand) and ¥117,456 million in 2022 and 2021, respectively.

As of March 31, 2022 and 2021, deferred gains for tax purposes of ¥9,033 million (\$73,812 thousand) and ¥9,365 million, respectively, on tangible fixed assets sold and replaced with similar assets have been deducted from the cost of newly acquired tangible fixed assets.

The Group reviewed its long-lived assets for impairment as of March 31, 2022 and 2021. As a result, the Group recognized impairment losses of ¥634 million (\$5,185 thousand) and ¥2,853 million at March 31, 2022 and 2021, respectively, as other expenses for certain branches and an idle property in Shizuoka prefecture, caused by decreasing in a cash flow from operating activities, declining in land price, or the decision to consolidate branches.

The impairment losses were composed of ¥409 million (\$3,341 thousand) on land, ¥80 million (\$658 thousand) on buildings, and ¥145 million (\$1,185 thousand) on other fixed assets for the year ended March 31, 2022, and ¥2,853 million were composed of ¥1,292 million on land, ¥983 million on buildings, and 577 million on other fixed assets for the year ended March 31, 2021.

Upon calculating the amount of impairment losses, in principle, based on the complementarity of cash flows, the Group recognizes each individual branch as cash-generating units divided by certain areas. Idle property is recognized individually.

The impairment losses would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the DCFs from the continued use and eventual disposition of the asset or the net selling price at disposition quoted from a third-party vendor.

The DCFs were calculated using a discount rate of 3.0% and the net selling price was calculated by deducting the estimated disposal cost from the evaluation based on the real estate appraisal standards.

13. CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

All contingent liabilities for acceptances and guarantees are recorded and reflected in acceptances and guarantees. Customers' liabilities for acceptances and guarantees have been recorded and reflected as assets in the consolidated balance sheet, representing the Bank's right of indemnity from the applicant.

The respective amounts of "Acceptances and Guarantees" and "Customers' Liabilities for Acceptances and Guarantees" are netted in accordance with the appendix forms of "Banking Act Enforcement Regulations" (Ministry of Finance Ordinance No. 10, 1982).

Liabilities for guarantees on corporate bonds included in securities, which were issued by private placement (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act) as of March 31, 2022 and 2021, amounted to ¥30,088 million (\$245,840 thousand) and ¥28,893 million, respectively.

14. ASSETS PLEDGED

Assets pledged as collateral and their relevant liabilities at March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Assets pledged as collateral:			
Trading assets	¥ 2,999	¥ 7,999	\$ 24,510
Securities	1,104,080	1,009,377	9,021,002
Loans and bills discounted	817,620	557,209	6,680,448
Other assets	96,766	42,278	790,641
Relevant liabilities to above assets:			
Deposits	¥ 45,865	¥ 36,124	\$ 374,749
Payables under repurchase agreements	296,764	357,952	2,424,740
Payables under securities lending transactions	72,701	143,311	594,016
Borrowed money	1,325,129	848,034	10,827,104

In addition to the above, the Bank has provided ¥19,821 million (\$161,955 thousand) and ¥23,090 million in securities and ¥244 million (\$2,000 thousand) and ¥221 million in due from banks and ¥5,750 million (\$46,985 thousand) in other assets as collateral for foreign exchange settlements and certain other transactions and as security for futures transactions at March 31, 2022 and 2021, respectively.

Guarantee deposits on office space, cash collateral paid for financial instruments, and cash collateral paid to central counterparty are included in other assets in the amount of ¥1,943 million (\$15,877 thousand) and ¥1,941 million at March 31, 2022 and 2021, in the amount of ¥9,631 million (\$78,697 thousand) and ¥10,181 million at March 31, 2022 and 2021, in the amount of ¥60,800 million (\$496,772 thousand) and ¥60,800 million at March 31, 2022 and 2021, respectively.

15. LOAN COMMITMENTS

Overdraft agreements and agreements for loan commitments are agreements under which the Bank pledges to lend funds up to a certain limit when applications for advances of loans are received from customers, provided there are no violations of the terms written in the agreements.

The balances of loans undisbursed under these agreements at March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Undisbursed loan commitments outstanding:			
Loans due within one year	¥1,729,933	¥1,768,137	\$14,134,600
Loans due over one year	120,741	121,593	986,529
Total	¥1,850,675	¥1,889,731	\$15,121,129

Many of these agreements terminate without loans being disbursed, and thus, the balance of loans as yet undisbursed will not necessarily affect the future cash flow of the Bank or its consolidated subsidiaries. The Bank or its consolidated subsidiaries can refuse to advance loans and reject applications that have been received or can reduce the maximum amounts under the agreements for reasonable reasons, such as changes in the financial situation and preservation of credit. In addition, at the time the agreements are entered into, borrowers may, when necessary, be required to provide collateral, such as real estate or securities, and after the agreements have been signed, the state of the borrower's business and other factors may be assessed regularly in accordance with in-house procedures. Moreover, agreements can be revised, if necessary, and steps, such as the formulation of measures to preserve credit, may be taken.

16. DEPOSITS

Deposits at March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Current deposits	¥ 597,023	¥ 604,226	\$ 4,878,039
Savings deposits	6,861,189	6,541,688	56,060,050
Deposits at notice	30,616	31,442	250,151
Time deposits	3,132,651	3,255,005	25,595,650
Negotiable certificates of deposit	157,266	69,105	1,284,958
Other	778,468	644,437	6,360,556
Total	¥11,557,215	¥11,145,906	\$ 94,429,408

17. BORROWED MONEY

At March 31, 2022 and 2021, the weighted-average annual interest rates applicable to borrowed money were 0.03% and 0.02%, respectively.

Borrowed money consists of borrowings from financial institutions. Annual maturities of borrowed money as of March 31, 2022, were as follows:

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2023	¥ 947,810	\$ 7,744,180
2024	207,093	1,692,078
2025	14,711	120,205
2026	191,658	1,565,968
2027 and thereafter	3,615	29,540
Total	¥1,364,889	\$11,151,973

18. BONDS PAYABLE

Bonds at March 31, 2022 and 2021, consisted of the following:

		Millions of Yen		Thousands of U.S. Dollars
	Rate (%)	2022	2021	2022
Unsecured convertible bonds with Three-month stock acquisition rights, payable U.S. dollar in U.S. dollars, due January 2023	Libor minus 0.5%	¥36,717	¥33,213	\$300,000
The Bank's first bonds payable in U.S. dollars (only for qualified institutional investors)		2,549	2,513	20,830
The Bank's bonds payable in U.S. dollars due December 2023	3.31	34,568	31,269	282,447
Total		¥73,835	¥66,996	\$603,278

The coupon amount of Shizuoka Bank, Ltd.'s first U.S. dollar-denominated bonds (only for qualified institutional investors), which are discounted bonds, is ¥2,640 million (\$21,572 thousand).

Annual maturities of bonds as of March 31, 2022, were as follows:

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2023	¥36,717	\$300,000
2024	37,118	303,278
2025		
2026		
2027		
Total	¥73,835	\$603,278

The following is a summary of the terms for conversion and redemption of the convertible bonds with stock acquisition rights:

	Conversion Price	Number of Shares of Common Stock (thousand)	Exercise Period
Unsecured convertible bonds with stock acquisition rights, payable in U.S. dollars, due January 2023	\$13.876	21,620	From February 8, 2018 to January 11, 2023

The conversion price is subject to adjustment for certain subsequent events, such as the issuance of common stock or disposal of treasury stock at less than market price, and stock splits.

19. OTHER LIABILITIES

Other liabilities at March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Income taxes payable	¥ 3,962	¥ 13,328	\$ 32,378
Accrued expenses	7,091	7,809	57,937
Unearned income	16,730	15,996	136,696
Derivative products	37,778	18,398	308,671
Cash collateral received for financial products	11,658	5,780	95,258
Other	52,993	58,318	432,990
Total	¥130,214	¥119,631	\$1,063,932

20. RETIREMENT AND PENSION PLANS

The Bank and certain consolidated subsidiaries have severance payment plans for employees. Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service, and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Bank or from certain consolidated subsidiaries in Japan and annuity payments from a trustee.

1. The changes in defined benefit obligation for the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Balance at beginning of year	¥ 62,083	¥ 63,869	\$ 507,262
Current service cost	1,675	1,721	13,687
Interest cost	607	624	4,961
Actuarial gains and losses	457	221	3,737
Benefits paid	(3,797)	(4,482)	(31,031)
Others	129	129	1,061
Balance at end of year	¥ 61,155	¥ 62,083	\$ 499,679

2. The changes in plan assets for the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Balance at beginning of year	¥ 71,717	¥ 52,237	\$ 585,973
Expected return on plan assets	1,256	1,092	10,262
Actuarial gains and losses	178	3,482	1,461
Contributions from the employer	1,062	1,704	8,682
Contribution to retirement benefit trusts	200	16,000	1,634
Benefits paid	(2,847)	(2,927)	(23,264)
Others	128	128	1,053
Balance at end of year	¥ 71,696	¥ 71,717	\$ 585,802

3. Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Funded defined benefit obligation	¥ 59,618	¥ 60,427	\$ 487,118
Plan assets	(71,696)	(71,717)	(585,802)
Total	(12,078)	(11,289)	(98,684)
Unfunded defined benefit obligation	1,537	1,656	12,561
Net liability (asset) arising from defined benefit obligation	(10,540)	(9,633)	(86,123)

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Liability for retirement benefits	¥ 3,768	¥ 3,423	\$ 30,792
Asset for retirement benefits	(14,309)	(13,057)	(116,915)
Net liability (asset) arising from defined benefit obligation	(10,540)	(9,633)	(86,123)

4. The components of net periodic retirement benefit costs for the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Service cost	¥ 1,675	¥ 1,721	\$ 13,687
Interest cost	607	624	4,961
Expected return on plan assets	(1,256)	(1,092)	(10,262)
Amortization of prior service cost	44	558	366
Others	37	22	308
Net periodic retirement benefit costs	¥ 1,109	¥ 1,834	\$ 9,061

5. Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Actuarial (gains) losses	¥(233)	¥3,820	\$(1,909)
Total	¥(233)	¥3,820	\$(1,909)

6. Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Unrecognized actuarial gains and losses	¥(3,767)	¥(4,000)	\$(30,780)
Total	¥(3,767)	¥(4,000)	\$(30,780)

7. Plan assets

(1) Components of plan assets

Plan assets consisted of the following:

	2022	2021
Debt investments	52%	52%
Equity investments	15%	17%
Cash and cash equivalents		
General account of life insurance companies	27%	28%
Others	6%	3%
Total	100%	100%

(2) Method of determining the expected rate of return on plan assets
The expected rate of return on plan assets is determined considering the long-term rates of return that are expected currently and in the future from the various components of the plan assets.

8. Assumptions used for the years ended March 31, 2022 and 2021, were set forth as follows:

	2022	2021
Discount rate	Mainly 1.0%	Mainly 1.0%
Expected rate of return on plan assets	0.8%-2.0%	0.8%-2.0%
Expected rate of salary increase	6.3%	6.3%

9. Defined contribution

The amounts to be contributed by the Bank and certain consolidated subsidiaries for the years ended March 31, 2022 and 2021, were ¥447 million (\$3,658 thousand) and ¥431 million, respectively.

21. EQUITY

Japanese companies are subject to the Companies Act. The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria, such as (1) having a board of directors, (2) having independent auditors, (3) having an audit and supervisory board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Bank cannot do so because it does not meet all the above criteria. The Companies Act permits companies to distribute dividends in kind (noncash assets) to shareholders subject to certain limitations and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act and the Banking Act provide certain limitations on the amounts available for dividends or the purchase of treasury stock.

(b) Increases/decreases and transfer of capital stock, reserve, and surplus

The Banking Act requires that an amount equal to 20% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends, until the total of the aggregate amount of the legal reserve and additional paid-in capital equals 100% of capital stock.

The Companies Act also provides that capital stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined using a specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

22. STOCK OPTIONS

The Bank's stock option plans grant options to directors to purchase certain shares of the Bank's common stock in the respective exercise periods.

Stock-based compensation expenses were ¥9 million for the years ended March 31, 2021.

The stock options outstanding as of March 31, 2022, were as follows:

Stock Options	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2007 Stock Option	8 directors	67,000 shares	2007.7.27	¥ 1 (\$0.01)	From July 28, 2007 to July 27, 2032
2008 Stock Option	8 directors	66,000 shares	2008.7.18	¥ 1 (\$0.01)	From July 19, 2008 to July 18, 2033
2009 Stock Option	8 directors	89,000 shares	2009.7.24	¥ 1 (\$0.01)	From July 25, 2009 to July 24, 2034
2010 Stock Option	8 directors	100,000 shares	2010.7.23	¥ 1 (\$0.01)	From July 24, 2010 to July 23, 2035
2011 Stock Option	8 directors	100,000 shares	2011.7.22	¥ 1 (\$0.01)	From July 23, 2011 to July 22, 2036
2012 Stock Option	8 directors	100,000 shares	2012.7.24	¥ 1 (\$0.01)	From July 25, 2012 to July 24, 2037
2013 Stock Option	8 directors	88,000 shares	2013.7.23	¥ 1 (\$0.01)	From July 24, 2013 to July 23, 2038
2014 Stock Option	8 directors	92,000 shares	2014.7.22	¥ 1 (\$0.01)	From July 23, 2014 to July 22, 2039
2015 Stock Option	7 directors	37,000 shares	2015.7.21	¥ 1 (\$0.01)	From July 22, 2015 to July 21, 2040
2016 Stock Option	7 directors	50,000 shares	2016.7.19	¥ 1 (\$0.01)	From July 20, 2016 to July 19, 2041
2017 Stock Option	7 directors	50,000 shares	2017.7.18	¥ 1 (\$0.01)	From July 19, 2017 to July 18, 2042
2018 Stock Option	7 directors	50,000 shares	2018.7.17	¥ 1 (\$0.01)	From July 18, 2018 to July 17, 2043
2019 Stock Option	7 directors	50,000 shares	2019.7.16	¥ 1 (\$0.01)	From July 17, 2019 to July 16, 2044

The stock option activity is as follows:

	2007 Stock Option	2008 Stock Option	2009 Stock Option	2010 Stock Option	2011 Stock Option	2012 Stock Option	2013 Stock Option	2014 Stock Option	2015 Stock Option	2016 Stock Option	2017 Stock Option	2018 Stock Option	2019 Stock Option
Year Ended March 31, 2021													
Non-vested													
March 31, 2020—Outstanding													50,000
Granted													
Vested													50,000
March 31, 2021—Outstanding													
Vested													
March 31, 2020—Outstanding	13,000	13,000	20,000	27,000	27,000	30,000	22,000	48,000	26,000	36,000	50,000	50,000	
Vested													50,000
Exercised									4,000	6,000	12,000	12,300	11,500
March 31, 2021—Outstanding	13,000	13,000	20,000	27,000	27,000	30,000	22,000	48,000	22,000	30,000	38,000	37,700	38,500
Year Ended March 31, 2022													
Non-vested													
March 31, 2021—Outstanding													
Granted													
Vested													
March 31, 2022—Outstanding													
Vested													
March 31, 2021—Outstanding	13,000	13,000	20,000	27,000	27,000	30,000	22,000	48,000	22,000	30,000	38,000	37,700	38,500
Vested													
Exercised											5,000	5,600	4,500
March 31, 2022—Outstanding	13,000	13,000	20,000	27,000	27,000	30,000	22,000	48,000	22,000	30,000	33,000	32,100	34,000
Exercise price	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)	¥ 1 (\$ 0.01)
Average stock price at exercise	¥ (\$)	¥ (\$)	¥ (\$)	¥ (\$)	¥ (\$)	¥ (\$)	¥ (\$)	¥ (\$)	¥ (\$)	¥ (\$)	¥ 883 (\$ 7.21)	¥ 883 (\$ 7.21)	¥ 883 (\$ 7.21)
Fair value price at grant date	¥ 1,153 (\$ 9.42)	¥ 1,057 (\$ 8.63)	¥ 875 (\$ 7.14)	¥ 704 (\$ 5.75)	¥ 709 (\$ 5.79)	¥ 743 (\$ 6.07)	¥ 1,135 (\$ 9.27)	¥ 1,079 (\$ 8.81)	¥ 1,351 (\$ 11.03)	¥ 730 (\$ 5.96)	¥ 899 (\$ 7.34)	¥ 888 (\$ 7.25)	¥ 733 (\$ 5.98)

23. VALUATION DIFFERENCE ON AVAILABLE-FOR-SALE SECURITIES

The breakdown of "Valuation difference on available-for-sale securities" posted in the consolidated balance sheet is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Valuation difference	¥274,392	¥327,239	\$2,241,948
Deferred tax liabilities	(80,252)	(95,665)	(655,708)
Amounts equivalent to difference on available-for-sale securities	¥194,139	¥231,573	\$1,586,239
Noncontrolling interests adjustment	¥ (275)	¥ (391)	\$ (2,253)
Share of valuation difference on available- for-sale securities in affiliated companies	¥ (146)	¥ 14	\$ (1,201)
Valuation difference on available-for-sale securities	¥193,717	¥231,196	\$1,582,784

24. OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Gains on foreign exchange transactions	¥ 3,822	¥ 1,647	\$ 31,231
Gains on sales of bonds	18,960	10,245	154,920
Gains on financial derivatives		243	
Other	370	367	3,025
Total	¥23,153	¥12,504	\$189,177

25. OTHER INCOME

Other income for the years ended March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Gains on sales of stocks and other securities	¥ 4,889	¥ 8,279	\$ 39,947
Equity in earnings of affiliated companies	1,953	3,517	15,958
Gains on disposal of fixed assets	34	252	284
Gains on sales of shares of affiliated companies accounted for by the equity method	5,494	649	44,893
Gain on change in equity	549		4,489
Other	7,110	8,697	58,097
Total	¥20,031	¥21,396	\$163,671

26. OTHER OPERATING EXPENSES

Other operating expenses for the years ended March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Losses on sales of bonds	¥28,609	¥5,463	\$233,755
Losses on redemption of bonds			
(Expenses of derivatives transactions)	49		408
Total	¥28,659	¥5,463	\$234,163

27. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Salary	¥33,369	¥32,979	\$272,650
Depreciation expenses	18,452	12,487	150,769
Other	45,806	48,247	374,270
Total	¥97,629	¥93,715	\$797,690

28. OTHER EXPENSES

Other expenses for the years ended March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Provision of allowance for loan losses	¥ 6,213	¥12,070	\$ 50,770
Losses on written-off claims	444	521	3,629
Losses on sales of stocks and other securities	1,192	99	9,746
Losses on devaluation of stocks and other securities	123	151	1,012
Losses on money held in trust	10		84
Losses on disposal of fixed assets	862	706	7,044
Impairment losses	634	2,853	5,185
Other	5,549	6,572	45,344
Total	¥15,031	¥22,974	\$122,817

29. INCOME TAXES

The Bank and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 29.9% for the years ended March 31, 2022 and 2021, respectively.

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Deferred tax assets:			
Allowance for loan losses	¥ 15,197	¥ 14,840	\$ 124,175
Provision for retirement benefits	5,000	4,795	40,855
Valuation loss on securities	4,190	5,059	34,242
Other	10,876	11,697	88,863
Less valuation allowance	(5,091)	(5,220)	(41,601)
Deferred tax assets	30,173	31,172	246,536
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(80,229)	(95,642)	(655,522)
Gain on establishment of employee retirement benefit trust	(5,079)	(5,201)	(41,500)
Securities returned from employee retirement benefit trust	(2,724)	(2,809)	(22,263)
Other	(2,833)	(2,410)	(23,155)
Deferred tax liabilities	(90,867)	(106,064)	(742,441)
Net deferred tax assets(liabilities)	¥(60,693)	¥ (74,892)	\$ (495,905)

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended March 31, 2022, with the corresponding figures for 2021, is as follows:

	2022	2021
Normal effective statutory tax rate	29.9%	29.9%
Change in valuation allowance	(0.2)	(2.8)
Dividends exempted for income tax purposes	(0.8)	(0.7)
Other	0.1	1.6
Actual effective tax rate	29.0%	28.0%

30. LEASES

(1) Financial Lease

(a) Lessor

The net lease investment assets are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Gross lease receivables	¥81,172	¥81,629	\$663,225
Estimated residual values	3,190	3,293	26,066
Unearned interest income	(6,746)	(6,789)	(55,122)
Lease investment assets	¥77,616	¥78,133	\$634,169

Maturities of lease receivables are as follows:

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
	2022	2022
2023	¥1,330	\$10,872
2024	1,126	9,201
2025	891	7,285
2026	589	4,817
2027	416	3,401
2028 and thereafter	1,250	10,217
Total	¥5,604	\$45,795

Maturities of lease payment receivables of lease investment assets are as follows:

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
	2022	2022
2023	¥22,191	\$181,317
2024	18,076	147,691
2025	14,107	115,264
2026	10,196	83,311
2027	8,079	66,010
2028 and thereafter	8,521	69,627
Total	¥81,172	\$663,225

(2) Operating Lease

(a) Lessee

The minimum rental commitments under noncancelable operating leases at March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Due within one year	¥ 743	¥ 712	\$ 6,075
Due after one year	752	841	6,149
Total	¥1,496	¥1,554	\$12,224

(b) Lessor

The future lease payment receivables under noncancelable operating leases at March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Due within one year	¥ 505	¥ 503	\$ 4,132
Due after one year	732	597	5,986
Total	¥1,238	¥1,101	\$10,118

31. SEGMENT INFORMATION

An entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

1. Description of Reportable Segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Committee for Integrated Risk and Budget Management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group's reportable segments consist of the banking operations and leasing operations. Banking operations consist of the banking business centered on deposits, loans, investment securities,

and exchange transactions. Leasing operations consist of lease transactions centered on finance leases.

2. Methods of Measurement of Ordinary Income, Profit (Loss), Assets, Liabilities, and Other Items for Each Reportable Segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 3, "Summary of Significant Accounting Policies."

3. Information about Ordinary Income, Profit (Loss), Assets, Liabilities, and Other Items

Year ended March 31, 2022	Millions of Yen						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking Operations	Leasing Operations	Total				
Ordinary income:							
Ordinary income from external customers	¥ 188,711	¥ 33,677	¥ 222,389	¥ 19,211	¥ 241,600		¥ 241,600
Ordinary income from intersegment transactions	4,200	1,424	5,624	4,051	9,676	¥ (9,676)	
Total	¥ 192,912	¥ 35,101	¥ 228,013	¥ 23,263	¥ 251,277	¥ (9,676)	¥ 241,600
Segment profit	¥ 45,114	¥ 1,582	¥ 46,696	¥ 10,060	¥ 56,757	¥ (2,538)	¥ 54,219
Segment assets	14,838,993	116,246	14,955,239	146,725	15,101,965	(183,738)	14,918,227
Segment liabilities	13,844,700	94,170	13,938,870	33,846	13,972,716	(142,736)	13,829,979
Other:							
Depreciation	18,562	1,027	19,589	218	19,807	(347)	19,460
Interest income	130,684	8	130,692	162	130,855	(2,668)	128,187
Interest expense	5,999	225	6,224	4	6,229	(266)	5,963
Equity in earnings of affiliated companies				1,953	1,953		1,953
Extraordinary income	6,009		6,009		6,009	69	6,078
Gain on disposal of non-current assets	34		34		34		34
Gain on sales of shares of subsidiaries and associates	5,974		5,974		5,974	(480)	5,494
Gain on change in equity						549	549
Extraordinary losses	1,495	1	1,496	0	1,496		1,496
Loss on disposal of non-current assets	860	1	861	0	862		862
Impairment losses	634		634		634		634
Investments in affiliated companies				19,462	19,462		19,462
Increase in property, plant and equipment and intangible assets	13,504	787	14,291	134	14,426	(384)	14,041

Year Ended March 31, 2021	Millions of Yen						
	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking Operations	Leasing Operations	Total				
Ordinary income:							
Ordinary income from external customers	¥ 176,307	¥ 33,186	¥ 209,494	¥ 21,292	¥ 230,787		¥ 230,787
Ordinary income from intersegment transactions	4,201	1,366	5,568	3,969	9,537	¥ (9,537)	
Total	¥ 180,508	¥ 34,553	¥ 215,062	¥ 25,261	¥ 240,324	¥ (9,537)	¥ 230,787
Segment profit	¥ 51,782	¥ 1,498	¥ 53,280	¥ 11,999	¥ 65,280	¥ (1,930)	¥ 63,349
Segment assets	14,035,355	112,696	14,148,052	185,431	14,333,483	(257,635)	14,075,848
Segment liabilities	13,016,628	91,670	13,108,299	35,628	13,143,928	(173,457)	12,970,470
Other:							
Depreciation	12,574	958	13,533	200	13,734	(322)	13,411
Interest income	124,142	8	124,150	218	124,368	(2,089)	122,279
Interest expense	9,209	219	9,428	5	9,433	(336)	9,096
Equity in earnings of affiliated companies				3,517	3,517		3,517
Investments in affiliated companies				19,106	19,106		19,106
Increase in property, plant and equipment and intangible assets	16,688	291	16,979	268	17,248	(396)	16,852

Thousands of U.S. Dollars							
Year ended March 31, 2022	Reportable Segment			Other	Total	Reconciliations	Consolidated
	Banking Operations	Leasing Operations	Total				
Ordinary income:							
Ordinary income from external customers	\$ 1,541,887	\$ 275,164	\$ 1,817,052	\$ 156,972	\$ 1,974,024		\$ 1,974,024
Ordinary income from intersegment transactions	34,319	11,639	45,959	33,103	79,062	\$ (79,062)	
Total	\$ 1,576,207	\$ 286,803	\$ 1,863,011	\$ 190,075	\$ 2,053,087	\$ (79,062)	\$ 1,974,024
Segment profit	\$ 368,610	\$ 12,931	\$ 381,541	\$ 82,203	\$ 463,745	\$ (20,739)	\$ 443,005
Segment assets	121,243,512	949,802	122,193,315	1,198,837	123,392,152	(1,501,250)	121,890,901
Segment liabilities	113,119,539	769,427	113,888,966	276,543	114,165,510	(1,166,245)	112,999,264
Other:							
Depreciation	151,664	8,391	160,056	1,785	161,842	(2,841)	159,001
Interest income	1,067,769	70	1,067,839	1,330	1,069,169	(21,800)	1,047,369
Interest expense	49,021	1,839	50,861	37	50,899	(2,174)	48,724
Equity in earnings of affiliated companies				15,958	15,958		15,958
Extraordinary income	49,101		49,101		49,101	566	49,668
Gain on disposal of non-current assets	284		284		284		284
Gain on sales of shares of subsidiaries and associates	48,816		48,816		48,816	(3,922)	44,893
Gain on change in equity						4,489	4,489
Extraordinary losses	12,219	8	12,227	2	12,229		12,229
Loss on disposal of non-current assets	7,033	8	7,042	2	7,044		7,044
Impairment losses	5,185		5,185		5,185		5,185
Investments in affiliated companies				159,021	159,021		159,021
Increase in property, plant and equipment and intangible assets	110,337	6,432	116,769	1,099	117,869	(3,143)	114,725

Note: "Reconciliations" are mainly eliminations of intersegment transactions.

4. Related information

(1) Information about services

	Millions of Yen					Thousands of U.S. Dollars				
	Lending Operations	Investment Operations	Leasing Operations	Other	Total	Lending Operations	Investment Operations	Leasing Operations	Other	Total
Year ended March 31, 2022	¥97,915	¥51,374	¥33,677	¥58,633	¥241,600	\$800,032	\$419,760	\$275,164	\$479,067	\$1,974,024
Year ended March 31, 2021	¥98,970	¥40,378	¥33,186	¥58,251	¥230,787					

(2) Information about geographical areas

(i) Ordinary income

The domestic share of ordinary income from external customers exceeds 90% of ordinary income in the consolidated statement of income, thus information is not presented.

(ii) Tangible fixed assets

The domestic share of tangible fixed assets exceeds 90% of tangible fixed assets in the consolidated balance sheet, thus information is not presented.

(3) Information about major customers

Ordinary income from a specific customer does not exceed 10% of ordinary income in the consolidated statements of income, thus information is not presented.

5. Information about impairment losses of assets

	Millions of Yen					Thousands of U.S. Dollars				
	Reportable Segment					Reportable Segment				
	Banking Operations	Leasing Operations	Total	Other	Total	Banking Operations	Leasing Operations	Total	Other	Total
Impairment losses of assets										
Year ended March 31, 2022	¥634		¥634		¥634	\$5,185		\$5,185		\$5,185
Year ended March 31, 2021	¥2,853		¥2,853		¥2,853					

32. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(Financial Instruments)

1. Information on financial instruments

(1) Policy for financial instruments

The Group provides comprehensive financial services, centering on banking, along with leasing and financial instruments trading. Its base of operations is Shizuoka Prefecture.

The Bank, the core business operator of the Group, provides a range of financial instruments, including deposits in Japanese yen, deposits in foreign currencies, Japanese government bonds, investment trusts, and personal pension insurance. It also provides stable financing for customers in the region through loans to individuals and lending operations for small and medium enterprises.

(2) Details of financial instruments and related risks

The financial assets of the Group consist primarily of loans and bills discounted to domestic customers and securities, including bonds and equity securities.

The loans and bills discounted are exposed to credit risk arising from potential default by borrowers. As about 60% of the loans and bills discounted are for customers in Shizuoka Prefecture, credit-related losses could occur on a large scale if the regional economic environment changes negatively or if a severe earthquake occurs.

The Group holds securities, such as debt securities (bonds), equity securities, and investment trusts under its investment policy focused on the safety and liquidity of the investment. These securities are exposed to risks of market price fluctuations associated with the credit standing of issuers and interest rate changes. If the prices of equity securities and other securities held decline, impairment losses or valuation losses could adversely affect the operating results and financial standing of the Group.

Financial liabilities consist primarily of deposits from domestic customers and funds raised in the call market. If the Group loses its credit status because of downgrades or other factors or if the market environment deteriorates, conditions for financing could worsen or transactions could be constrained.

The Group enters into derivative transactions for customer needs of hedging exchange rates or interest rates, and for asset and liability management (ALM) or hedging individual transactions to appropriately manage the market risks of the Group. The Group also conducts short-term trading transactions.

Derivatives mainly include interest rate swaps, currency swaps, and bond futures and are exposed to market risk that could cause losses in association with changes in interest rate markets and foreign exchange markets, as well as credit risk (counterparty risk), that is, the risk of default on the initial contract due to the bankruptcy of the counterparty or other factors. Between financial assets and financial liabilities, there are interest rate risks associated with mismatches of interest rates and terms.

(3) Risk management systems for financial instruments

(i) Integrated risk management system

Under the Basic Risk Management Regulations that stipulate the Group's basic risk management policy, the Group has established a basic framework, including an organizational structure for defining and managing risks and specific procedures for risk management.

To ensure a balance between profitability and financial soundness, the Group has introduced a management system based on a risk capital allocation at the core of integrated risk management.

The risk capital allocation is a system for avoiding excessive risk taking by setting risk limits below which the Group will be able to withstand losses on its own. This system allocates core regulatory capital to each operational department or section and controls risk so that if market, credit or other risks emerge, losses will be contained within the range of shareholders' equity.

(ii) Credit risk management system

Credit risk is the risk of incurring losses when collecting loans and bills discounted becomes difficult because of the worsening of borrowers' financial conditions.

The Credit Risk Management Group of the Compliance and Risk Management Department manages all credit risks associated with the Group's operations both in Japan and overseas in order to ensure the soundness of the Group's loan asset portfolio. The Bank's borrower credit rating system, which is an essential part of its credit risk management, together with other internal rating systems, is operated by the Credit Planning Group of the Business Support Department, designed and supervised by the Credit Risk Management Group, which is independent from the credit department (i.e., the Business Support Department), and verified for appropriateness of the system by the Risk Management Group of the Compliance and Risk Management Department. This structure has been designed such that the internal credit rating system will function appropriately through mutual checks and balances between these three groups.

In addition, the Audit Department checks whether credit risk management is conducted appropriately in accordance with the relevant rules, through such means as validation of the self-assessment process.

The Credit Risk Management Group uses statistical methods to quantify latent credit risks intrinsic to the Bank's entire loan portfolio. This enables the Bank to accurately assess the scale of potential risk, monitor any concentration of loans to particular large-scale borrowers or specific industries, and thus control the portfolio to avoid excessive credit risk.

The Bank's credit risk management status, together with the status of market risk management and liquidity risk management described below, is reported through monthly meetings of the Committee for Integrated Risk and Budget Management, which is chaired by the president, as well as through other channels of management.

(iii) Market risk management system

Market risk is the risk of incurring losses in association with changes in the prices of financial assets and liabilities that are caused by changes in interest rates, stock prices, and foreign exchange rates.

The Bank controls the degree of market risks within a certain range by setting limits about risk capital allocations, unrealized profits and losses, position, and sensitivity, and so on.

The Bank has established ALM hedge criteria for transactions in banking accounts, especially deposits, loans and bills discounted, and investment securities to control the degree of market risk within a certain range. The Business Strategy Planning and ALM Group of the Corporate Planning Department discusses ALM hedge policies based on the status of interest rate risks and interest rate outlook at meetings of the Committee for Integrated Risk and Budget Management.

The Bank has established a system of checks and balances in the market division by strictly separating trading departments and administration departments and by setting up an independent risk management department. The Audit Department, which is independent of departments subject to audit, checks the effectiveness of this system of checks and balances among the three departments.

The Bank and the Shizuoka Bank (Europe) S.A. measure the market risks (the estimation of possible losses) of financial assets and liabilities, such as securities and derivatives held in trading portfolios, and loans, securities, deposits, bonds payable, and derivative transactions held in banking portfolios, using Value at Risk (VaR). VaR is utilized for the quantitative analysis to manage market fluctuations.

A historical simulation model (a variance covariance model in 2012) is used for the measurement of VaR. The Bank performs backtesting comparing VaR calculated by the model and actual profit and loss, in order to determine whether the measurement model captures market risks with sufficient accuracy.

Nevertheless, VaR measures possible market risk amounts statistically calculated based on historical data and is unlikely to capture risks under significant market fluctuations not presumed.

The total amounts of market risks as of March 31, 2021 and 2020, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
VaR	¥124,547	¥146,483	\$1,017,629

The assumptions used to measure VaR are as follows:

Observation period: Five years

Confidence interval: 99%

Holding period: 125 days for banking transactions and 10 days for trading transactions

Demand deposits staying long term without withdrawal are estimated as core deposits and are reflected in the market risk measurement.

(iv) Liquidity risk management system

There are two types of liquidity risk: (1) financing risk, which is the risk of not being able to secure needed funds as a result of worsening market conditions and other factors, or incurring losses due to being forced to raise funds at much higher interest rates than usual; and (2) market liquidity risk, which is the risk of not being able to trade financial instruments, such as bonds, because of market turmoil or other factors or incurring losses due to being forced to trade financial instruments at far less favorable prices than usual.

The Bank has established a system of checks and balances by setting up fund management departments for financing in Japanese yen and in foreign currencies, and a liquidity risk management department that is independent of the fund management departments. The Treasury Department's Fund and Foreign Exchange Group, which is one of the fund management departments, controls amounts raised in markets within a range of amounts permitted to be raised so as to prevent excessive fund-raising in markets, and seeks stable financing, considering market circumstances. The Risk Management Group, which is the liquidity risk management department, assesses the stability of the asset and liability structure, including the status of the holding of liquid assets, and monitors the financing position and the status of management by the fund management departments.

To deal promptly with unforeseeable circumstances, the Bank has classified financing management in emergencies into four phases -- Phase 1 (prevention), Phase 2 (caution needed), Phase 3 (concern over liquidity), and Phase 4 (lack of liquidity) --, and has appointed authorized personnel and countermeasures for each phase in advance.

To manage market liquidity risk, the liquidity risk management department monitors the holding of liquid assets on a timely basis, and the front office chooses assets to be managed after taking into account their liquidity and sets limits by issue and by term.

(4) Supplementary explanation of the fair values of financial instruments

The fair values of financial instruments include values based on market prices. If there are no market prices, values are reasonably calculated. As these fair values are calculated based on certain assumptions, fair values could differ if different assumptions are used for calculation.

2. Fair values of financial instruments and a breakdown by level of the fair values of financial instruments

The carrying values and fair values of financial instruments, the difference between these values, and their fair values by level are as follows.

Please note that the table below does not include: (i) investment trusts subject to the transitional measures set forth in Paragraph 26 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019; the "Fair Value Measurement Implementation Guidance"); (ii) stocks or others without quoted market prices; or (iii) investments in partnerships subject to the transitional measures set forth in Paragraph 27 of the Fair Value Measurement Implementation Guidance (see (1)*1 and Note 3 below). Account items whose carrying values are of low significance have been omitted.

Financial Instruments Categorized by Fair Value Hierarchy

The fair value of financial instruments is categorized into the following three levels, depending on the observability and significance of the inputs used in making fair value measurements:

Level 1: Fair values measured by using quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Fair values measured by using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly

Level 3: Fair values measured by using unobservable inputs for the assets or liabilities

If multiple inputs are used that have a significant impact on the measurement of fair value, fair value is classified at the lowest level in the fair value measurement among the levels to which each of these inputs belongs.

(1) Financial instruments measured at the fair values in the consolidated balance sheet

March 31, 2021	Millions of Yen
Trading assets	
Trading securities	¥14,689
Securities	
Available-for-sale securities (*1)	1,694,627
Total assets	¥1,709,316
Derivative transactions (*2)(*3)(*4)	
Interest rate-related	¥2,900
Currency-related	628
Stock-related	(857)
Bond-related	(1)
Total derivative transactions	¥2,670

(*1) The table above does not include investment trusts subject to the transitional measures set forth in Paragraph 26 of the Fair Value Measurement Implementation Guidance.

These investment trusts are carried at ¥119,269 million (\$974,499 thousand) on the consolidated balance sheet.

(*2) The total of all derivative transactions recorded in trading assets and liabilities and other assets and liabilities

Net claims and liabilities arising from derivative transactions are presented in net amounts. Net negative amounts are marked with a bracket.

Transactions subject to special hedging treatment of interest rate swaps are valued together with the hedged transactions, and have thus been excluded from derivative transactions.

(*3) Of the derivative transactions, those subject to hedge accounting are carried at ¥2,300 million (\$18,792 thousand) on the consolidated balance sheet.

March 31, 2022	Millions of Yen			
	Level 1	Level 2	Level 3	Total
Trading assets				
Trading securities	¥62	¥10,469		¥10,532
Japanese government bonds	62			62
Local government bonds		533		533
Corporate bonds		9,936		9,936
Stocks				
Others				
Foreign bonds				
Securities				
Available-for-sale securities (*1)	1,024,344	836,983	¥139,484	2,000,812
Japanese government bonds	600,379			600,379
Local government bonds		196,601		196,601
Corporate bonds		216,780	139,459	356,239
Stocks	382,363	4,912		387,275
Others	41,602	418,688	25	460,315
Foreign bonds	41,602	418,595		460,197
Total assets	¥1,024,407	¥847,452	¥139,484	¥2,011,345
Derivative transactions (*2)(*3)(*4)				
Interest rate-related		¥1,632		¥1,632
Currency-related		(9,722)		(9,722)
Stock-related				
Bond-related				
Total derivative transactions		¥(8,089)		¥(8,089)

March 31, 2022	Thousands of U.S. Dollars			
	Level 1	Level 2	Level 3	Total
Trading assets				
Trading securities	\$514	\$ 85,542		\$86,057
Japanese government bonds	514			514
Local government bonds		4,356		4,356
Corporate bonds		81,186		81,186
Stocks				
Others				
Foreign bonds				
Securities				
Available-for-sale securities (*1)	8,369,511	6,838,656	\$1,139,674	16,347,842
Japanese government bonds	4,905,457			4,905,457
Local government bonds		1,606,356		1,606,356
Corporate bonds		1,771,225	1,139,468	2,910,694
Stocks	3,124,137	40,137		3,164,275
Others	339,915	3,420,937	205	3,761,058
Foreign bonds	339,915	3,420,178		3,760,094
Total assets	\$8,370,026	\$6,924,199	\$1,139,674	\$16,433,900
Derivative transactions (*2)(*3)(*4)				
Interest rate-related		\$13,338		\$13,338
Currency-related		(74,436)		(79,436)
Stock-related				
Bond-related				
Total derivative transactions		\$(66,098)		\$(66,098)

(*1) The table above does not include investment trusts subject to the transitional measures set forth in Paragraph 26 of the Fair Value Measurement Implementation Guidance.

These investment trusts are carried at ¥164,632 million (\$1,345,145 thousand) on the consolidated balance sheet.

(*2) The total of all derivative transactions recorded in trading assets and liabilities and other assets and liabilities

Net claims and liabilities arising from derivative transactions are presented in net amounts. Net negative amounts are marked with a bracket.

Transactions subject to special hedging treatment of interest rate swaps are valued together with the hedged transactions, and have thus been excluded from derivative transactions.

(*3) Of the derivative transactions, those subject to hedge accounting are carried at Δ¥14,638 million (Δ\$119,606 thousand) on the consolidated balance sheet.

(*4) These transactions include, among others, interest rate swaps designated as hedging instruments to reduce market fluctuation risk or foreign exchange fluctuation risk associated with loans to be hedged against. Deferred hedge accounting is applied to these transactions. The Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR (ASBJ PITF No. 40, March 17, 2022) is applied to these hedging relationships.

(2) Financial instruments not measured at the fair values in the consolidated balance sheet

Notes have been omitted for cash and due from banks, call loans and bills bought, call money and bills sold, payables under repurchase agreements, and payables under securities lending transactions, as the carrying values of these financial instruments approximate their fair values due to short payment terms.

March 31, 2021	Millions of Yen		
	Total	Carrying Value	Difference
Securities			
Held-to-maturity	¥69,066	¥69,125	¥58
Loans and bills discounted	9,303,121		
Allowance for loan losses (*)	(49,629)		
	9,253,491	9,292,243	38,751
Total assets	¥9,322,558	¥9,361,369	¥38,810
Deposits	¥11,076,800	¥11,076,913	¥113
Negotiable certificates of deposit	69,105	69,106	0
Borrowed money	890,515	890,351	(164)
Total liabilities	¥12,036,421	¥12,036,370	¥(51)

March 31, 2022	Fair Value				Carrying Value	Difference
	Level 1	Level 2	Level 3	Total		
Securities						
Held-to-maturity		¥10,796	¥68,861	¥79,658	¥79,726	¥(67)
Japanese government bonds						
Local government bonds		9,231		9,231	9,252	(20)
Corporate bonds		1,565	68,861	70,426	70,473	(46)
Others						
Foreign bonds						
Loans and bills discounted					9,502,197	
Allowance for loan losses (*)					(48,817)	
			9,467,153	9,467,153	9,453,380	13,772
Total assets		¥10,796	¥9,536,014	¥9,546,811	¥9,533,106	¥13,705
Deposits		¥11,400,009		¥11,400,009	¥11,399,949	¥60
Negotiable certificates of deposit		157,266		157,266	157,266	0
Borrowed money		1,329,879	¥34,044	1,363,924	1,364,889	(965)
Total liabilities		¥12,887,155	¥34,044	¥12,921,200	¥12,922,105	¥(905)

March 31, 2022	Thousands of U.S Dollars				Carrying Value	Difference
	Level 1	Level 2	Level 3	Total		
Securities						
Held-to-maturity		\$88,217	\$562,639	\$650,857	\$651,409	\$(552)
Japanese government bonds						
Local government bonds		75,427		75,427	75,598	(170)
Corporate bonds		12,790	562,639	575,429	575,811	(382)
Others						
Foreign bonds						
Loans and bills discounted					77,638,677	
Allowance for loan losses (*)					(398,865)	
			77,352,344	77,352,344	77,239,812	112,532
Total assets		\$88,217	\$77,914,983	\$78,003,201	\$77,891,221	\$111,980
Deposits		\$93,144,944		\$93,144,944	\$93,144,449	\$495
Negotiable certificates of deposit		1,284,959		1,284,959	1,284,958	0
Borrowed money		10,865,916	\$278,166	11,144,082	11,151,973	(7,890)
Total liabilities		\$105,295,820	\$278,166	\$105,573,986	\$105,581,381	\$(7,395)

(*) General and individual allowances for losses are excluded from the corresponding loans and bills discounted.

Note 1: Description of the valuation methodologies and inputs used for measurement of the fair value of financial instruments

Assets

Trading assets

The fair values of trading assets are classified into Level 1 if their unadjusted quoted prices in active markets are available. These trading assets primarily include Japanese government bonds. If the market is not active, the fair values of trading assets are classified into Level 2 even if their published quoted prices are used. These trading assets primarily include local government bonds and corporate bonds.

Securities

The fair values of securities are classified into Level 1 if their unadjusted quoted prices in active markets are available. These securities primarily include listed stocks and Japanese government bonds. If the market is not active, the fair values of securities are classified into Level 2 even if their published quoted prices are used. These securities primarily include local government bonds and corporate bonds. The fair values of securitized products (beneficial interests in trust) are classified into Level 3, because these fair values are measured based on prices obtained from third parties, and significant unobservable inputs are used to calculate these prices. The fair values of private placement bonds are classified into Level 3, because these fair values are measured by discounting at a discount rate commensurate with the bonds' internal rating, remaining term, and coverage ratio, and the discount rate is a significant unobservable input.

Stock acquisition rights are calculated using valuation techniques, such as the option valuation model. Major inputs include probability of listing. Since probability of listing is an unobservable input, the fair value of share acquisition rights is classified into Level 3.

Loans and bills discounted

The fair values of loans and bills discounted are measured at their present values, which are calculated separately for different categories created based on types and internal ratings of loans and bills discounted, the status of their collateral and guarantees, and their periods, by discounting the future cash flows of the principal and interest at the interest rate expected for similar new loans or at a discount rate calculated by reflecting credit risk, expense rate, etc., on market interest rate. The fair values of floating-rate loans and bills discounted are measured at their carrying values, because their carrying values approximate fair values if the borrowers' credit status has not changed significantly since disbursement, as they quickly reflect market interest rates. As for claims against borrowers classified as legal bankruptcy, virtual bankruptcy or caution, since the loan loss estimates have been calculated based on, among other things, the amounts expected to be recoverable from collateral and guarantees, the fair values of these claims approximate their carrying values minus the amount of allowance for loan losses on the consolidated balance sheet at the end of the fiscal year. The remaining amounts are deemed to be their fair values. These fair values are all classified into Level 3, since the discount rate is unobservable.

Liabilities

Deposits and Negotiable Certificates of Deposit

As for demand deposits payable immediately on demand at the end of the fiscal year, the amounts payable are deemed to be their fair values. The fair values of time deposits and negotiable certificates of deposit are measured at their discounted present value, which is calculated by classifying them based on their periods and discounting the future cash flows at the interest rate to be used when accepting new deposits. The fair values of deposits with short terms (up to one year) or floating interest rates are measured at their carrying values, since their carrying values approximate fair values. These fair values are classified into Level 2.

Borrowed money

The fair value of borrowed money is measured at its present value, which is calculated by classifying the borrowed money based on its period and by discounting the future cash flows at the interest rate expected for similar new borrowings. Floating rate borrowed money reflects market interest rates in short periods, and the credit standing of the Bank and its consolidated subsidiaries has not significantly changed since disbursement. Therefore, the carrying value of floating rate borrowed money approximates the fair value. The fair value of borrowed money with short terms (up to one year) is measured at its carrying value, since its carrying value approximates fair value. This fair value is classified into Level 3 if any significant unobservable input is used in its measurement, or otherwise into Level 2.

Derivative Transactions

The fair values of derivative transactions are classified into Level 1 if their unadjusted quoted prices in active markets are available. These derivative transactions primarily include bonds futures. However, since most derivatives are over the counter transactions without published quoted prices, their fair values are measured using valuation techniques, such as the present value technique and the option valuation model depending on the type of transaction and the maturity period. The main inputs used in those valuation techniques are interest rate, exchange rate, and volatility, among others. In addition, price adjustments are made based on the credit risk of the counterparty and that of the Bank. The fair values of these transactions are classified into Level 2 if no unobservable inputs are used or if the effect of the unobservable inputs used is insignificant. These transactions primarily include interest rate swaps and forward exchange contracts.

Note 2: Information on financial instruments measured at Level 3 fair values in the consolidated balance sheet

(1) Quantitative information on significant unobservable inputs (March 31, 2022)

Category	Valuation Technique	Significant Unobservable Input	Range of Input	Weighted Average of Input
Securities				
Corporate bonds				
Private placement bonds	Present value technique	Discount rates	0.2%~1.7%	0.5%
Other				
Stock acquisition rights	Option valuation model	Probability of listing	50.0%	50.0%

(2) Reconciliation between opening and closing balances and loss/gain on valuation recognized in profit/loss (March 31, 2022)

Millions of Yen							
	Balance at Beginning of Year	Recorded in Profit/Loss (*1)	Profit/Loss or Other Comprehensive Income Recorded in Other Comprehensive Income (*2)	Net Purchases, Sales, Issues, and Settlements	Transfers into Level 3 Fair Value	Transfers from Level 3 Fair Value	Balance at End of Year
Loss/Gain on Valuation of Financial Assets/Liabilities Recorded in Loss/Profit and Held on the Consolidated Balance Sheet Date							
Securities							
Available-for-sale securities							
Private placement bonds	¥30,289		¥(53)	¥1,194			¥31,430
Securitized products (beneficial interests in trust)	8,709	¥(3)	(381)	99,704			108,028
Stock acquisition rights			(0)	25			25
Thousands of U.S Dollars							
	Balance at Beginning of Year	Recorded in Profit/Loss (*1)	Profit/Loss or Other Comprehensive Income Recorded in Other Comprehensive Income (*2)	Net Purchases, Sales, Issues and Settlements	Transfers into Level 3 Fair Value	Transfers from Level 3 Fair Value	Balance at End of Year
Loss/Gain on Valuation of Financial Assets/Liabilities Recorded in Loss/Profit and Held on the Consolidated Balance Sheet Date							
Securities							
Available-for-sale securities							
Private placement bonds	\$247,483		\$(433)	\$9,759			\$256,809
Securitized products (beneficial interests in trust)	71,158	\$(25)	(3,120)	814,646			882,659
Stock acquisition rights			(3)	209			205

(*1) Included in "Interest Income" on the consolidated statement of income.

(*2) Included in "Valuation difference on available-for-sale securities" in "Other Comprehensive Income (Loss)" on the consolidated statement of comprehensive income.

(3) Description of process of fair value measurement

The Group has established policies and procedures for fair value measurement in middle departments and back-end departments. Once a fair value is measured, verification is performed about the validity of the valuation techniques and inputs used in the measurement of the fair value and the appropriateness of the classification of the fair value.

In calculating fair values, valuation models are used that most appropriately reflect the nature, characteristics, and risks of the individual assets.

Furthermore, when quoted prices obtained from a third party are used, the validity of these prices are verified by such appropriate methods as checking the valuation techniques and inputs being used and/or comparing the resulting fair values with fair values of similar financial instruments.

(4) Description of the impact of changes in significant unobservable inputs on fair values

The significant unobservable inputs used in the measurement of fair values of securitized products (beneficial interests in trust) are probability of default, loss given default, and prepayment rate. Significant increase (or decrease) in probability of default or loss given default will result in significant decrease (or increase) in fair values, whereas significant change in prepayment rate will result in significant decrease (or increase) in fair values, depending on the structure of the financial instrument.

The significant unobservable input used in the measurement of fair values of private placement bonds is discount rate. The discount rate is calculated according to the internal rating of the issuer, the remaining term, and the coverage ratio. Significant increase (decrease) in discount rate will result in significant decrease (increase) in fair values.

Probability of listing is the significant unobservable input used to calculate the fair value of share acquisition rights. A significant increase (decrease) in probability of listing will result in a significant increase (decrease) in fair value.

Note 3: Stocks and others without quoted market prices and investments in partnerships are measured as follows in the consolidated balance sheet. They are not included in "Available-for-sale securities" in the financial statements disclosed under the heading, "Fair values of financial instruments and a breakdown by level of the fair values of financial instruments" above.

	Millions of Yen		Thousands of U.S Dollars
	2022	2021	2022
Unlisted stocks (*1)(*2)	¥6,874	¥6,623	\$54,121
Investments in partnerships and others (*3)	67,641	46,671	381,333

(*1) Unlisted stocks are not included in the disclosure of fair value in accordance with Paragraph 5 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020).

(*2) The impairment losses on unlisted stocks for the years ended March 31, 2022 and 2021, are ¥123 million (\$1,012 thousand) and ¥4 million.

(*3) Investments in partnerships and others principally include investment partnerships. These are not included in the disclosure of fair value in accordance with Paragraph 27 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments."

These investments in partnerships and others include the investments in non-consolidated subsidiaries as of March 31, 2022 and 2021, of ¥2,572 million (\$21,022 thousand) and ¥2,845 million, among others.

Note 4: Maturity analysis for financial assets and securities with contractual maturities

	Millions of yen					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
March 31, 2022						
Due from banks	¥2,193,926					
Call loans and bills bought	71,382					
Securities:	75,505	¥ 166,411	¥ 289,437	¥ 57,125	¥ 525,765	¥ 712,335
Held-to-maturity securities	1,000	2,000	28,860	3,962	200	43,581
Available-for-sale securities	74,505	164,411	260,577	53,162	525,565	668,754
Loans and bills discounted (*1)(*2)	2,044,804	1,634,419	1,406,278	823,514	982,542	2,417,697
Total	¥4,385,618	¥1,800,830	¥1,695,715	¥880,639	¥1,508,308	¥3,130,032

	Millions of Yen					
	Due in One Year or Less	Due after One Year through Three Years	Due after Three Years through Five Years	Due after Five Years through Seven Years	Due after Seven Years through Ten Years	Due after Ten Years
March 31, 2021						
Due from banks	¥2,017,064					
Call loans and bills bought	150,926					
Securities:	44,707	¥ 235,246	¥ 186,683	¥ 53,180	¥ 122,981	¥ 765,691
Held-to-maturity	1,804	2,000	2,700	3,000	3,100	56,310
Available-for-sale	42,903	233,246	183,983	50,180	119,881	709,381
Loans and bills discounted	1,984,236	1,526,503	1,394,020	836,058	1,061,516	2,296,324
Total	¥4,196,935	¥1,761,749	¥1,580,703	¥889,239	¥1,184,497	¥3,062,015

	Thousands of U.S. Dollars					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
March 31, 2022						
Due from banks	\$17,925,704					
Call loans and bills bought	583,236					
Securities:	616,925	\$ 1,359,679	\$ 2,364,876	\$ 466,751	\$ 4,295,822	\$ 5,820,212
Held-to-maturity securities	8,170	16,341	235,803	32,378	1,634	356,085
Available-for-sale securities	608,754	1,343,338	2,129,072	434,372	4,294,188	5,464,127
Loans and bills discounted (*1)(*2)	16,707,280	13,354,190	11,490,139	6,728,606	8,027,963	19,754,040
Total	\$35,833,146	\$14,713,870	\$13,855,015	\$7,195,357	\$12,323,786	\$25,574,253

(*1) The amounts of loans and bills discounted without due dates, which have been excluded as of March 31, 2022 and 2021, are ¥106,591 million (\$870,916 thousand) and ¥113,211 million.

(*2) The amounts of loans and bills discounted for "possible bankruptcy," "virtual bankruptcy," and "legal bankruptcy," excluding those without due dates, which have been excluded as of March 31, 2022 and 2021, are ¥86,350 million (\$705,539 thousand) and 91,251 million.

Note 5: Maturity analysis for borrowed money and other interest-bearing debt

	Millions of yen					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
March 31, 2022						
Deposits	¥11,198,874	¥324,857	¥ 26,642	¥2,656	¥4,184	
Call money and bills sold	177,528					
Payables under repurchase agreements	296,764					
Payables under securities lending transactions	72,701					
Borrowed money	947,810	221,805	193,598	1,550	125	
Total	¥12,693,678	¥546,662	¥220,241	¥4,207	¥4,309	

	Millions of Yen					
	Due in One Year or Less	Due after One Year through Three Years	Due after Three Years through Five Years	Due after Five Years through Seven Years	Due after Seven Years through Ten Years	Due after Ten Years
March 31, 2021						
Deposits	¥10,783,601	¥327,113	¥28,598	¥2,133	¥4,458	
Call money and bills sold	102,210					
Payables under repurchase agreements	357,952					
Payables under securities lending transactions	143,311					
Borrowed money	667,008	212,997	8,737	1,484	287	
Total	¥12,054,084	¥540,111	¥37,336	¥3,618	¥4,745	

	Thousands of U.S. Dollars					
	Due in one year or less	Due after one year through three years	Due after three years through five years	Due after five years through seven years	Due after seven years through ten years	Due after ten years
March 31, 2022						
Deposits	\$ 91,501,546	\$2,654,280	\$ 217,686	\$21,704	\$34,190	
Call money and bills sold	1,450,513					
Payables under repurchase agreements	2,424,740					
Payables under securities lending transactions	594,016					
Borrowed money	7,744,180	1,812,283	1,581,817	12,669	1,021	
Total	\$103,714,997	\$4,466,564	\$1,799,504	\$34,374	\$35,211	

Note: Demand deposits are included in "Due in one year or less."

33. DERIVATIVES

Qualitative information on derivatives, such as the nature and the purpose of derivative financial instruments, is included in Note 31.

Derivative transactions to which hedge accounting is not applied at March 31, 2022 and 2021, consisted of the following

	Millions of Yen			
	Contract or Notional Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains (Losses)
March 31, 2022				
Listed:				
Bond futures				
Over the counter:				
Interest rate swaps	¥507,739	¥461,551	¥1,105	¥1,105
Currency swaps	80,270	63,018	84	84
Forward contracts	611,332	219,235	5,382	5,382
Currency options	279,638	234,787	(51)	2,707
Other	4,665	4,625	28	28

	Millions of Yen			
	Contract or Notional Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains (Losses)
March 31, 2021				
Listed:				
Bond futures	¥ 603		¥ (1)	¥ (1)
Over the counter:				
Interest rate swaps	353,958	¥254,553	1,174	1,174
Currency swaps	81,281	74,105	110	110
Forward contracts	518,797	195,751	3,657	3,657
Currency options	187,736	146,021	0	2,257
Other	4,981	4,711	30	30

	Thousands of U.S. Dollars			
	Contract or Notional Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains (Losses)
March 31, 2022				
Listed:				
Bond futures				
Over the counter:				
Interest rate swaps	\$4,148,538	\$3,771,151	\$9,031	\$9,031
Currency swaps	655,859	514,901	686	686
Forward contracts	4,994,958	1,791,285	43,977	43,977
Currency options	2,284,811	1,918,352	(417)	22,124
Other	38,123	37,796	230	230

Note: Derivatives included in the table above were measured at fair value, and the unrealized gains and losses were recognized in income.

Derivative transactions to which hedge accounting is applied at March 31, 2022 and 2021, consisted of the following:

	Millions of Yen			
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2022				
Principled treatment:				
Interest rate swaps	Securities classified as available-for-sale and deposits	¥ 92,821	¥72,821	¥ 527
Currency swaps	Loans, deposits, and securities in foreign currencies	141,581	97,786	(15,165)
Forward contracts	Loans, deposits, and securities in foreign currencies	17,449		
Shares forward contract sale	Shares of affiliated companies accounted for by the equity method			
Special hedging treatment:				
Interest rate swaps	Loans	63,507	52,960	

	Hedged Item	Millions of Yen		
		Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2021				
Principled treatment:				
Interest rate swaps	Securities classified as available-for-sale and deposits	¥120,953	¥120,731	¥ 1,726
Currency swaps	Loans, deposits, and securities in foreign currencies	108,919	93,020	(3,159)
Forward contracts	Loans, deposits, and securities in foreign currencies	15,941		(9)
Shares forward contract sale	Shares of affiliated companies accounted for by the equity method	8,336		(857)
Special hedging treatment:				
Interest rate swaps	Loans	68,230	43,930	

	Hedged Item	Thousands of U.S. Dollars		
		Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2022				
Principled treatment:				
Interest rate swaps	Securities classified as available-for-sale and deposits	\$ 758,403	\$594,991	\$ 4,306
Currency swaps	Loans, deposits, and securities in foreign currencies	1,156,807	798,973	(123,914)
Forward contracts	Loans, deposits, and securities in foreign currencies	142,572		1
Shares forward contract sale	Shares of affiliated companies accounted for by the equity method			
Special hedging treatment:				
Interest rate swaps	Loans	518,892	432,715	

Notes: 1. Principally, deferral hedge accounting is applied as stipulated in JICPA Industry Committee Practical Guideline No. 24, October 8, 2020, and No. 25, October 8, 2020.

2. The fair value of interest rate swaps with special hedging treatment is omitted as interest rate swaps and loans are treated unitary and their values are included in the fair value of loans and bills discounted in Note 31.

The fair values of listed transactions represent the closing price on the Tokyo Financial Exchange and other exchanges at the consolidated balance sheet date. The fair values of over-the-counter transactions are calculated mainly using the discounted present values or option-pricing models.

The contract or notional amounts of derivatives shown in the above table do not represent the amounts exchanged by the parties and do not measure the Bank's exposure to credit or market risk.

34. RELATED-PARTY TRANSACTIONS

Related-party transactions for the years ended March 31, 2022 and 2021, were as follows:

Related-Party Transactions with the Bank

Related Party	Category	Description of Transactions	Millions of Yen		Thousands of U.S. Dollars
			2022	2021	2022
Makizo Iio	Close relative of a director of Shizuoka Bank	Loans		¥ 207	
Kiyokawa Building Eiichiro Kiyokawa	Close relative of a director of Shizuoka Bank	Loans	¥ 162	¥ 161	\$1,329
Park View Asset Co., Ltd.	Company in which majority voting rights are held by director or close relative of a director of Shizuoka Bank	Loans	¥ 498	¥ 505	\$4,073
Kiyokawa Corporation	Company in which majority voting rights are held by director or close relative of a director of Shizuoka Bank	Loans	¥ 206	¥ 207	\$1,687
Kiyokawa Real Estate Co., Ltd.	Company in which majority voting rights are held by director or close relative of a director of Shizuoka Bank	Loans	¥1,170	¥1,300	\$9,559

Note: 1. Related-party transactions stated above are processed under equal conditions to transactions with general customers.
2. Amounts of loans are balances at the end of the fiscal year.
3. The balance at the end of the year is not reported for Mr. Makizo Iio due to his passing away during the fiscal year.
4. As for Park View Asset Co., Ltd., the relevant officer left office on June 18, 2021, due to which the balance at the end of the month of his departure is reported instead of the balance at the end of the year.

35. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) for the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Unrealized gain on available-for-sale securities			
Gains arising during the year	¥(66,519)	¥122,835	\$(543,502)
Reclassification adjustments to profit and loss	13,672	(13,833)	111,711
Amount before income tax effect	(52,846)	109,001	(431,791)
Income tax effect	15,413	(32,026)	125,938
Total	¥(37,433)	¥ 76,975	\$(305,853)
Deferred gains on derivatives under hedge accounting			
Gains arising during the year	¥ (1,446)	¥ (3,108)	\$ (11,817)
Reclassification adjustments to profit and loss	1,917	2,393	15,666
Amount before income tax effect	471	(715)	3,848
Income tax effect	(140)	213	(1,149)
Total	¥ 330	¥ (501)	\$ 2,699
Foreign currency translation adjustments			
Gains arising during the year	¥ 4,270	¥ 1,804	\$ 34,889
Reclassification adjustments to profit and loss	(1,647)		(13,464)
Amount before income tax effect	2,622	1,804	21,424
Income tax effect	(74)	259	(605)
Total	¥ 2,548	¥ 2,064	\$ 20,819
Defined retirement benefit plans:			
Adjustments arising during the year	¥ (278)	¥ 3,261	\$ (2,275)
Reclassification adjustments to profit and loss	44	558	366
Amount before income tax effect	(233)	3,820	(1,909)
Income tax effect	70	(1,141)	575
Total	¥ (163)	¥ 2,678	\$ (1,334)
Share of other comprehensive income in affiliated companies:			
Gains arising during the year	¥ 295	¥ 196	\$ 2,418
Reclassification adjustments to profit and loss			
Amount before income tax effect	295	196	2,418
Income tax effect			
Total	¥ 295	¥ 196	\$ 2,418
Total other comprehensive income	¥(34,422)	¥ 81,414	\$(281,250)

36. NET INCOME PER SHARE

Basic net income per share (EPS) for the years ended March 31, 2022 and 2021, is computed as follows:

Year ended	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net income attributable to Owners of the Parent	Weighted-Average Shares	EPS	
March 31, 2022				
Basic EPS:				
Net income available to common shareholders	¥41,635	568,191	¥73.27	\$0.598
Effect of dilutive securities:				
Interest expenses (excluding tax amount)				
Stock options		354		
Convertible bonds with stock acquisition rights		21,620		
Diluted EPS:				
Net income for computation	¥41,635	590,166	¥70.54	\$0.576

Year ended	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net income attributable to Owners of the Parent	Weighted-Average Shares	EPS	
March 31, 2021				
Basic EPS:				
Net income available to common shareholders	¥43,638	574,004	¥76.02	\$0.686
Effect of dilutive securities:				
Interest expenses (excluding tax amount)	48			
Stock options		376		
Convertible bonds with stock acquisition rights		21,482		
Diluted EPS:				
Net income for computation	¥43,686	595,863	¥73.31	\$0.662

37. SUBSEQUENT EVENTS

1. Appropriation of Retained Earnings

The following appropriation of retained earnings was authorized at the ordinary general shareholders' meeting held on June 17, 2022:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends,		
¥12.50 (\$0.10) per share	¥7,615	\$62,227
Total	¥7,615	\$62,227

2. Transition to a Holding Company Structure through a Sole Share Transfer

The Shizuoka Bank, Ltd. (the "Bank") adopted a resolution at its Board of Directors' meeting held this day to transform the Bank to a holding company structure, in which the holding company Shizuoka Financial Group, Inc. (the "Holding Company") will be the wholly owned parent company, by means of the Bank's sole share transfer (the "Share Transfer") effective as of October 3, 2022 (estimate) which has been approved at the Annual General Meeting of Shareholders scheduled for June 17, 2022, and has been approved by all relevant regulatory authorities.

1. Purpose of the Share Transfer

The environment surrounding financial institutions is changing significantly, such as changes in demographics and decrease in demand for funds caused by low birth rate and aging population, and diversification of individual lifestyles and values. In recent years, the roles of financial institutions have expanded as companies are expected to help resolve various social challenges, such as environmental issues and the progress of social inequality.

In light of these changes in the business environment, the Group has enhanced its financial function to solve customers' challenges while increasing its combined strength as a financial group, as well as developing new business fields and working on projects, such as expanding businesses in the Tokyo Metropolitan area and collaborating with entities from outside the Group's industry.

While the Group has pursued sustainable growth by always keeping in mind a sound yet innovative management believes that the Group

must respond even more appropriately in the future to the movement towards deregulation in banking services and to the accelerating changes in the business environment.

Based on these circumstances, the Bank has decided that it needs to transform to a holding company structure in order to build a resilient management structure, which will enable the Group to further contribute to the well-being of all stakeholders, including the community, customers, employees, and shareholders, and to continue its sustainable growth.

By transforming to a holding company structure, the Bank intends, from a long-term perspective, to expand into new business fields that will contribute to regional growth and to further expand the existing lines of business and the customer base. The Bank is going to increase the Group's combined strength as a problem-solving corporate group by further enhancing the group management that the Bank has worked on thus far and by increasing the presence of each group company, through balancing between unifying force (i.e., cooperation) and centrifugal force (i.e., independence and autonomy) under the Holding Company.

The Group also plans transformation from a bank-dependent business model, by developing an environment where employees, who will actually work on those measures, will be even more proud and satisfied with their work than before, and by cultivating an organizational culture where new ideas and innovations will be generated, through promoting diversified management.

In addition, by making the Holding Company a company with audit and supervisory committee, the Bank intends to sophisticate the corporate governance from both offensive and defensive perspectives in order to make the governance structure flexible and robust in line with the expectations of stakeholders, and to create a highly objective and transparent management structure.

Please note that, since the Bank will become a wholly owned subsidiary of the Holding Company as a result of the Share Transfer, the Bank's shares will be delisted. The Bank's shareholders will receive shares in the Holding Company in consideration of the Bank's shares. It is planned that the Holding Company will submit an application for listing its shares on the Prime Market of Tokyo Stock Exchange, Inc. (the "Tokyo Stock Exchange"). The listing date is scheduled for October 3, 2022, which is the date of registration of incorporation of the Holding Company (i.e., the effective date of the Share Transfer), although this depends on the examination by the Tokyo Stock Exchange. Therefore, it is the Bank's policy to substantially maintain the listing of its shares.

2. Summary of the Share Transfer

(1) Schedule for the Share Transfer

Record date for the annual general meeting of shareholders	Thursday, March 31, 2022
Board of Directors' meeting to approve the Share Transfer plan	Tuesday, May 10, 2022
Annual general meeting of shareholders to approve the share transfer plan	Friday, June 17, 2022
Date of delisting of the Bank's shares	Thursday, September 29, 2022 (estimate)
Date of registration of incorporation of the Holding Company (effective date)	Monday, October 3, 2022 (estimate)
Date of listing of the Holding Company's shares	Monday, October 3, 2022 (estimate)

The above schedule is subject to change due to necessity in the course of procedures for the Share Transfer.

(2) Method of the Share Transfer

The Share Transfer will take place by means of sole-share transfer in which the Bank and the Holding Company are the wholly-owned subsidiary in the Share Transfer and the wholly-owning parent company in the Share Transfer, respectively.

(3) Details of the allocation in the Share Transfer (share transfer ratio)

Company	Shizuoka Financial Group, Inc. (wholly-owning parent company in the Share Transfer)	The Shizuoka Bank, Ltd. (wholly-owned subsidiary in the Share Transfer)
Share transfer ratio	1	1

Notes: 1. Share transfer ratio

One share of the proposed Holding Company's common stock will be allotted and issued per share of the Bank's common stock held by its shareholders immediately before the Holding Company's acquisition of all issued shares of the Bank as a result of the Share Transfer (the "Base Time").

2. Share unit number

The Holding Company will adopt a share unit system in which the number of shares constituting one share unit is one hundred (100).

3. Basis for calculation of details of the allocation in the share transfer

(i) Basis of calculation of the share transfer ratio

In the Share Transfer, the single Holding Company will be incorporated as the wholly-owning parent company through a share transfer solely by the Bank, with no changes in shareholder composition between the Bank and the Holding Company at the time of the Share Transfer. For this reason and for the primary purpose of protecting the Bank's shareholders from any disadvantages, one share of the Holding Company's common stock will be allotted and issued per share of the Bank's common stock held by the Bank's shareholders.

(ii) Results, method, and basis of calculation by third-party institution

No calculation of the share transfer ratio has been undertaken by a third-party institution, since the Share Transfer involves a share transfer solely by the Bank as described in (i) above.

4. Number of new shares to be issued upon the Share Transfer (estimate)

595,129,069 shares of common stock (estimate)

However, the above number of new shares to be issued by the Holding Company will change if the total number of issued shares of the Bank changes before the Share Transfer becomes effective. Similarly, if any of the Bank's shareholders exercises the right to demand purchase of shares or if otherwise, the number of the Bank's treasury shares as of March 31, 2022, changes before the Base Time, then the number of new shares to be issued by the Holding Company may change. With respect to the treasury stock held by the Bank at the time when the Share Transfer becomes effective, one share of the Holding Company's common stock will be allotted and issued per share of that treasury stock. This will result in the Bank temporarily holding shares of the Holding Company's common stock. These shares will be promptly disposed of by the Bank in accordance with the provisions of applicable laws and regulations.

(4) Matters concerning share acquisition rights and bonds with share acquisition rights related to the Share Transfer

With respect to share acquisition rights (including those attached to bonds with share acquisition rights) issued by the Bank, each holder of share acquisition rights of the Bank will be issued and allotted share acquisition rights of the Holding Company on equal terms with, and in the same number as, the share acquisition rights of the Bank held by the holder.

The Holding Company will succeed to the obligations associated with bonds with share acquisition rights issued by the Bank. The Bank will provide guarantee for those obligations.

(5) The Holding Company's new listing

The Bank plans to submit an application for new listing (technical listing) on the Prime Market of the Tokyo Stock Exchange of shares of the Holding Company to be newly incorporated, with the date of listing scheduled for October 3, 2022. Since the Bank will become a wholly-owned subsidiary of the Holding Company as a result of the Share Transfer, the Bank will be delisted on the Prime Market of the Tokyo Stock Exchange on September 29, 2022, prior to the Holding Company's listing.

The date of delisting is subject to change as it will be determined pursuant to the applicable rules of the Tokyo Stock Exchange.

3. Overview of the wholly-owning parent company incorporated through a share transfer after the Share Transfer (estimate)

(1) Name	Shizuoka Financial Group, Inc.		
(2) Location	10, Gofukucho 1 -choume, Aoi-ku, Shizuoka-shi		
(3) Representatives and officers scheduled to take office	Chairman (Representative Director)	Katsunori Nakanishi	(Currently Chairman & CEO of The Shizuoka Bank)
	President & CEO (Representative Director)	Hisashi Shibata	(Currently President & COO of The Shizuoka Bank)
	Director	Minoru Yagi	(Currently Deputy President & CFO of The Shizuoka Bank)
	Director	Yutaka Fukushima	(Currently Director & Senior Managing Executive Officer of The Shizuoka Bank)
	Director	Kumi Fujisawa	(Currently Outside Director of The Shizuoka Bank)
	Director	Kazutoshi Inano	(Currently Outside Director of The Shizuoka Bank)
	Director (Audit & Supervisory Committee Member)	Koichi Kiyokawa	(Currently Director & Senior Executive Officer of The Shizuoka Bank)
	Director (Audit & Supervisory Committee Member)	Motoshige Ito	(Currently Outside Director of The Shizuoka Bank)
	Director (Audit & Supervisory Committee Member)	Kazuto Tsubouchi	(Currently Outside Director of The Shizuoka Bank)
	Director (Audit & Supervisory Committee Member)	Naomi Ushio	(Currently Outside Audit & Supervisory Board Member of The Shizuoka Bank)
	Note 1: Of the directors, Ms. Kumi Fujisawa and Mr. Kazutoshi Inano and of the directors (Audit & Supervisory Committee members), Mr. Motoshige Ito, Mr. Kazuto Tsubouchi, and Ms. Naomi Ushio are outside directors as defined in Article 2, item (15) of the Companies Act.		
	Note 2: With regard to Ms. Kumi Fujisawa, the director, her name in the domiciliary register is Kumi Tsunoda, whereas the name "Kumi Fujisawa" is used for professional purposes only.		
(4) Description of business	i. Business administration of the Bank and of companies whose ownership the Company is permitted by the Banking Act to acquire ii. Any and all businesses incidental or relating to the business set forth in the preceding item iii. Any other businesses which a bank holding company is permitted by the Banking Act to engage in other than those set forth in the preceding two items		
(5) Capital	¥90,000 million (\$735,354 thousand)		
(6) Fiscal year end	March 31		

4. Overview of accounting treatment applied to the Share Transfer

As the share transfer corresponds to "transactions under common control" for corporate accounting purposes, there will be no impact on profit or loss.

Key Consolidated Financial Indicators

Summary of Profits (Losses)

Years ended March 31	Millions of Yen			Percentage Change
	2022	2021	Increase (Decrease)	
Net interest income	¥122,224	¥113,182	¥ 9,041	7.9%
Net fees and commissions	31,260	32,208	(947)	(2.9)
Net trading income	3,451	3,553	(101)	(2.8)
Net other operating income	(5,505)	7,041	(12,546)	(178.1)
General and administrative expenses	97,629	93,715	3,913	4.1
Net other ordinary income	418	1,079	(661)	(61.2)
Ordinary profits	54,219	63,349	(9,130)	(14.4)
Income before income taxes	58,801	60,691	(1,890)	(3.1)
Income taxes:				
Current	15,730	21,209	(5,479)	(25.8)
Deferred	1,347	(4,240)	5,588	(131.7)
Net income	41,722	43,722	(1,999)	(4.5)
Net income attributable to noncontrolling interests	87	83	3	3.9
Net income attributable to owners of the parent	41,635	43,638	(2,002)	(4.5)
Comprehensive income	7,300	125,136	(117,836)	(94.1)

Breakdown of Net Interest Margin

Year ended March 31	Billions of Yen
	2022
Interest income	¥ 128.1
Average interest-earning assets	13,150.2
Average interest rate of interest-earning assets (%)	0.97
Interest expense (Note)	5.9
Average interest-bearing liabilities	12,935.8
Average interest rate of interest-bearing liabilities (%)	0.04
Net interest income	122.2

Note: Interest expense here excludes interest paid in relation to investment in money held in trust.

Net Other Operating Income

Years ended March 31	Millions of Yen		
	2022	2021	Increase (Decrease)
Gains on foreign exchange transactions	¥ 3,822	¥ 1,647	¥ 2,174
Gains/losses on government bonds	(9,648)	4,782	(14,430)
Gains on sales	18,960	10,245	8,714
Losses on sales	(28,609)	(5,463)	(23,145)
Gains/losses on derivative transactions	(49)	243	(293)
Proceeds from derivative transactions		243	(243)
Expenses for derivative products	(49)		(49)
Others	370	367	2
Gains/losses on other business	(5,505)	7,041	(12,546)
Other operating income	23,153	12,504	10,648
Other operating expenses	(28,659)	(5,463)	(23,195)

Loans Outstanding by Type of Borrower

March 31	Billions of Yen, Percentage of Shares			
	2022		2021	
Domestic branches:				
Manufacturing	¥1,545.2	16.65%	¥1,557.2	17.16%
Agriculture and forestry	9.0	0.10	9.1	0.10
Fishery	13.4	0.15	8.9	0.10
Mining and quarrying	13.5	0.15	13.9	0.15
Construction	261.4	2.82	256.6	2.83
Utilities	169.1	1.82	146.3	1.61
Telecommunications	51.1	0.55	64.5	0.71
Transportation and mail service	317.6	3.42	318.4	3.51
Wholesale and retailing	839.4	9.04	816.6	9.00
Finance and insurance	529.5	5.70	505.9	5.57
Real estate, lease, and rental	2,138.8	23.04	2,081.4	22.93
Medical, welfare, lodging, and other services	594.2	6.40	603.3	6.65
Local governments	112.0	1.21	116.8	1.29
Other	2,686.7	28.95	2,577.3	28.39
Subtotal	9,281.4	100.00	9,076.9	100.00
Overseas branches and offshore accounts:				
Governments and official institutions	4.4	2.01	4.6	2.04
Banks and other financial institutions	14.8	6.72	11.1	4.91
Other	201.5	91.27	210.4	93.05
Subtotal	220.7	100.00	226.2	100.00
Total	¥9,502.1		¥9,303.1	

Financial Rehabilitation Law Disclosure Claims

March 31	Millions of Yen		
	2022	2021	Increase (Decrease)
Claims provable in rehabilitation from bankruptcy and equivalents	¥ 17,425	¥ 21,972	¥(4,546)
% of total credit	0.18	0.23	(0.05)
Doubtful claims	68,961	69,396	(435)
% of total credit	0.71	0.73	(0.02)
Loans past due for three months or more	353	776	(423)
% of total credit	0.00	0.00	(0.00)
Restructured loans	13,777	13,091	685
% of total credit	0.14	0.13	0
Financial Rehabilitation Law Disclosure Claims total	100,517	105,237	(4,719)
% of total credit	1.04	1.11	(0.07)
Value covered with collateral, guarantees, etc.	84,368	89,055	(4,686)
Cover ratio(%)	83.93	84.62	(0.68)

- Notes: 1. Financial Rehabilitation Law Disclosure Claims are based on Article 19-2 of the Ordinance for Endorsement of the Banking Act. Because these loans are disclosed regardless of the presence or absence of collateral, guarantees, or other coverage, the figures shown do not represent unrecoverable amounts.
2. Loans past due for three months or more include loans for which payments of principal or interest are delinquent by three months or more, as calculated from the day following the contracted payment date, but do not include loans to bankrupt borrowers or past-due loans.
3. Restructured loans include loans for which certain conditions have been relaxed for the benefit of the borrower (through such means as the reduction or elimination of interest payments, the deferral of principal repayments, or the relinquishment of a portion of liabilities) with the goal of supporting the recovery of borrowers that have fallen into financial difficulty and thereby promoting the recovery of the loan.
4. Value covered with collateral, guarantees, etc., includes provisions in the specific reserve for possible loan losses. The covered value was stated on a possible disposal basis.

Allowance for Loan Losses

March 31	Millions of Yen	
	2022	2021
General allowance for loan losses	¥29,352	¥26,806
Specific allowance for loan losses	24,029	27,094
Total	¥53,382	¥53,901
[Loans on written-off claims for the year]	¥ [444]	¥ [521]

Financial Index

Years ended March 31	Consolidated			Nonconsolidated		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
Per share (Yen):						
Net income	¥ 73.27	¥ 76.02	¥(2.75)	¥ 63.57	¥ 61.82	¥ 1.75
Net assets	1,925.98	1,922.55	3.43	1,781.08	1,792.22	(11.14)
Cash dividends	26.00	25.00	1.00	26.00	25.00	1.00
Dividend payout ratio (%)				40.89	40.43	0.46
Return on equity (%) (Note)	3.80	4.16	(0.36)	3.55	3.62	(0.07)
Price-earnings ratio (%)	11.77	11.44	0.33	13.57	14.07	(0.50)

Note: The amount of net income returned as a percentage of the average balance of shareholders' equity.

Capital Adequacy Ratio

March 31	Billions of Yen			
	Consolidated		Nonconsolidated	
	2022	2021	2022	2021
1. Total capital ratio (%)	16.08	16.56	14.33	14.45
2. Tier 1 ratio (%)	16.08	16.56	14.33	14.45
3. Common equity Tier 1 ratio (%)	16.08	16.56	14.33	14.45
4. Total capital	965.3	990.4	872.8	905.5
5. Tier 1 capital	965.3	990.4	872.8	905.5
6. Common equity Tier 1 capital	965.3	990.4	872.8	905.5
7. Total risk-weighted assets	6,001.2	5,979.6	6,087.8	6,265.7
8. Total capital requirements	480.0	478.3	487.0	501.2
Leverage ratio (%)	7.37	7.94	6.70	7.27

- Notes: 1. Capital ratios were calculated both on a consolidated and nonconsolidated bases conforming to the Ministry of Finance guidelines, based on Article 14-2 of the Banking Act.
2. The Group adopted the Foundation Internal Rating-Based Approach to calculate credit risk assets and the Standardized Approach for operational risk, and applies the Market Risk Capital Regulations.
3. In addition, the leverage ratio, which was a complementary indicator of the equity ratio, was calculated both on consolidated and nonconsolidated bases, with the formula shown on the criteria, the 11th notice by Financial Services Agency in 2019, to judge the soundness of the leverage as a complementary indicator of the criteria on whether or not the adequacy of equity capital of the Bank is appropriate in light of the circumstances, such as the assets owned by the Bank, according to the provision of the Article 14-2 of Banking Act.

The Shizuoka Bank

Corporate Data

HEAD OFFICE

10, Gofukucho 1-chome, Aoi-ku,
Shizuoka-shi, Shizuoka 420-8761, Japan

HEADQUARTERS

2-1, Kusanagi-Kita, Shimizu-ku,
Shizuoka-shi, Shizuoka 424-8677, Japan
Phone: (81) 54-345-5411
URL: <https://www.shizuokabank.co.jp/>

NUMBER OF EMPLOYEES

(As of March 31, 2022)
2,810

DATE OF ESTABLISHMENT

March 1, 1943

INTERNATIONAL BUSINESS DEPT. INTERNATIONAL BUSINESS PROMOTION GROUP

Phone: (81) 54-345-5411
Fax: (81) 54-344-0090

OPERATIONS PLANNING DEPT. TREASURY & INTERNATIONAL OPERATIONS CENTER

Phone: (81) 54-345-5700
Fax: (81) 54-349-5501
SWIFT address: SHIZJPJT

DOMESTIC NETWORK

(As of July 1, 2022)
Head Office, 177 branches,
25 subbranches

OVERSEAS NETWORK

(As of July 1, 2022)
3 branches,
2 representative offices, and
1 subsidiary

Overseas Service Network

New York Branch

600 Lexington Ave,
4th Floor, New York,
NY 10022, U.S.A.
Phone: (1) 212-319-6260
Fax: (1) 212-319-6270

Hong Kong Branch

Suite 1010, 10th Floor, Chater House,
8 Connaught Road, Central, Hong Kong
S.A.R.,
People's Republic of China
Phone: (852) 2521-6547
Fax: (852) 2845-9257

Singapore Branch

10 Collyer Quay #09-08/10, Ocean
Financial Centre, Singapore
Phone: (65) 6225-3600
Fax: (65) 6225-9901

Shanghai Representative Office

Room 1813, Shanghai
International Trade Centre,
2201 Yan-An Road (West),
Chang Ning Qu, Shanghai,
People's Republic of China
Phone: (86) 21-6209-8115
Fax: (86) 21-6209-8116

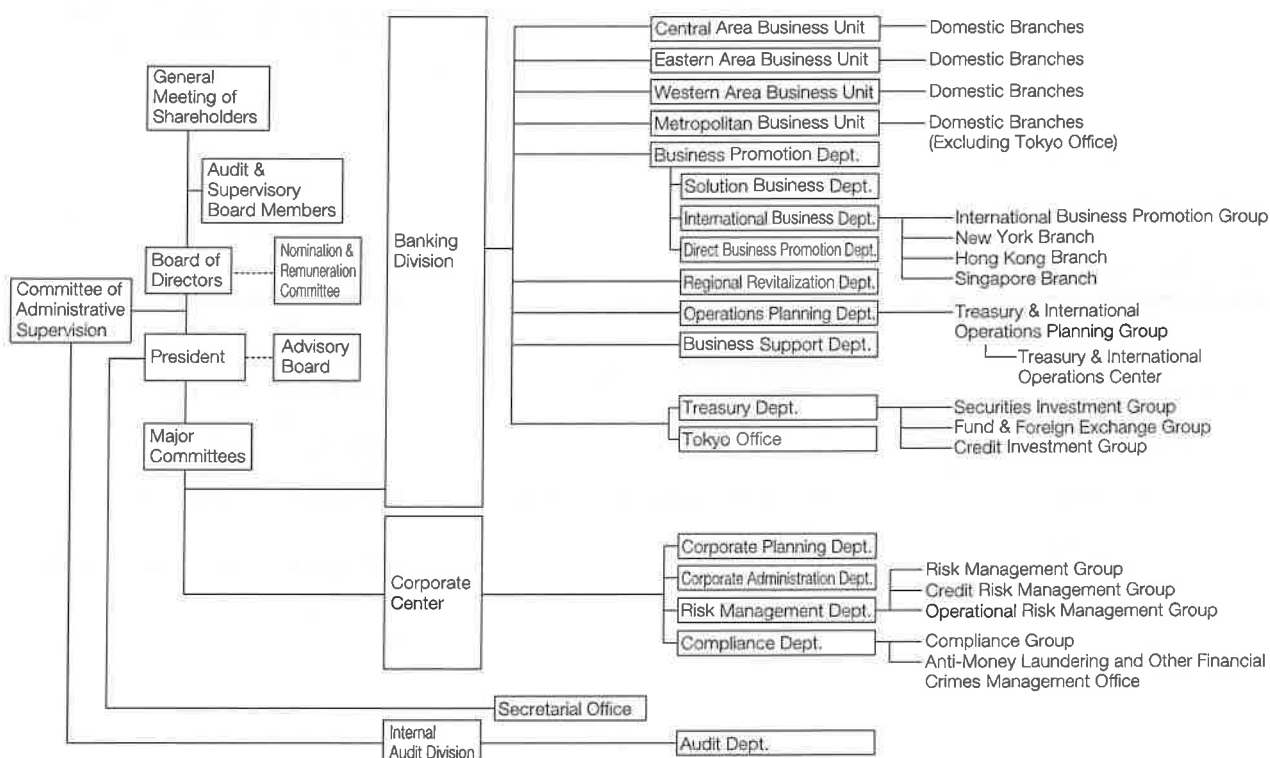
Silicon Valley Representative Office

873 Santa Cruz Avenue, Suite 204,
Menlo Park, CA, USA

Shizuoka Bank (Europe) S.A.

Rue Jules Cockx 8-10, Box 9, 1160
Auderghem, Brussels, Belgium
Phone: (32) 2-646-0470
Fax: (32) 2-646-2462

Organization Chart



Board of Directors and Audit & Supervisory Board

Chairman & CEO^{*1}

Katsunori Nakanishi

President & COO^{*2}

Hisashi Shibata

Deputy president & CFO^{*3}

Minoru Yagi

Director & Senior Managing Executive Officer

Yutaka Fukushima

Director & Senior Executive Officers

Koichi Kiyokawa

Directors

Kumi Fujisawa

Motoshige Itoh

Kazuto Tsubouchi

Kazutoshi Inano

Audit & Supervisory Board Members

Hiroki Saito

Mitsuru Kobayashi

Yoshihiro Yamashita

Naomi Ushio

Isamu Nakamura

^{*1}CEO=Chief Executive Officer

^{*2}COO=Chief Operating Officer

^{*3}CFO=Chief Financial Officer

(As of July 1, 2022)

Investor Information

CAPITAL STOCK (As of March 31, 2022)

Common stock..... ¥90,845 million

NUMBER OF SHARES (As of March 31, 2022)

Authorized..... 2,414,596,000 shares

Issued and outstanding..... 595,129,069 shares

NUMBER OF SHAREHOLDERS (As of March 31, 2022)

22,304

STOCK LISTING

First Section of the Tokyo Stock Exchange

TRANSFER AGENT

Japan Securities Agents, Ltd.

STOCK PRICE, TURNOVER

Annual high/low stock price (five years)

(Yen)

Years ended March 31	2018	2019	2020	2021	2022
High	1,252	1,153	901	924	965
Low	860	820	532	601	789

PRINCIPAL SHAREHOLDERS

The 10 largest shareholders of the Bank and their respective shareholdings at March 31, 2022, were as follows:

	Number of shares in thousands	Percentage of total shares outstanding
The Master Trust Bank of Japan, Ltd. (trust account)	88,368	15.66%
Nippon Life Insurance Company	29,745	5.27
Meiji Yasuda Life Insurance Company	29,117	5.16
Custody Bank of Japan, Ltd. (trust account)	24,758	4.38
Sumitomo Life Insurance Company	13,070	2.31
MUFJ Bank, Ltd.	11,884	2.10
The Dai-ichi Life Insurance Company, Limited	11,546	2.04
STATE STREET BANK WEST CLIENT - TREATY 505234	9,905	1.75
DAIICHI SANKYO COMPANY, LIMITED	9,000	1.59
SUZUKI MOTOR CORPORATION	7,000	1.24
Total	234,397	41.54%

Notes: 1. In addition to the above, the Bank holds 30,980 thousand treasury shares.

2. Numbers of shares have been rounded down to the nearest 1,000 shares.

3. Percentages of total shares outstanding have been calculated after subtracting the number of treasury shares from the total number of shares outstanding, with results being rounded down to two decimal places.

The Shizuoka Bank Group

Consolidated Subsidiaries

SHIZUGIN MANAGEMENT CONSULTING CO., LTD.

Corporate and financial management advisory services
Bill collection services

SHIZUGIN LEASE CO., LTD.

Leasing

SHIZUGIN IT SOLUTION CO., LTD.

Computer system development and operation

SHIZUGIN CREDIT GUARANTY CO., LTD.

Guarantee of housing loans, etc.

SHIZUGIN DC CARD CO., LTD.

Credit card and guarantee of consumer loans

SHIZUOKA CAPITAL CO., LTD.

Public-offering assistance
Support for corporate rehabilitation

SHIZUGIN TM SECURITIES CO., LTD.

Securities

SHIZUGIN GENERAL SERVICE CO., LTD.

Fee-based job placement services
General administration

SHIZUGIN MORTGAGE SERVICE CO., LTD.

Appraisal of real estate for loan collateral
Operation center for loans

SHIZUGIN BUSINESS CREATE CO., LTD.

Operation center for remittance and bill collection
Part-time employee management

SHIZUGIN HEARTFUL CO., LTD.

Making, printing, and binding of documents

SHIZUOKA BANK (EUROPE) S.A.

Finance and securities-related services

SHIZUOKA LIQUIDITY RESERVE LIMITED

Purchases of monetary receivables

Affiliates under Equity Method

SHIZUGIN SAISON CARD CO., LTD.

Credit card and prepaid card
Guarantee of consumer loans

* Other than the above-mentioned Group companies, Monex Group, Inc. and Commons Asset Management, Inc. are equity-method affiliates of Shizuoka Bank.

THE SHIZUOKA BANK, LTD.

<https://www.shizuokabank.co.jp/english/>

For more detailed
information, please
refer to our website.



