

***Results for FY2006 and  
Ninth Medium-Term Management Plan:  
“3C Plan: Challenge to Creation and Change” FY2005-FY2007***

**THE SHIZUOKA BANK, LTD.**

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SHIZUOKA BANK

2007.5.29



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***I. Results for FY2006***

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# Results for FY2006

¥ billions, %

Consolidated	FY 2006	YoY change	
		Increase/Decrease	Rate of change (%)
Ordinary revenue	226.4	+22.7	+11.2
Ordinary expenses	153.6	+8.1	+5.6
Ordinary profit	72.7	+14.6	+25.1
Net income	37.8	+4.8	+14.4

## Shizuoka Bank, Non-Consolidated

Ordinary revenue	192.4	+20.0	+11.6
Gross operating profit	133.5	+9.2	+7.4
Net interest income	112.0	+3.4	+3.1
Fees	17.8	+0.0	+0.1
Commissions	2.2	+0.7	+42.8
Other operating profit	1.5	+5.1	+141.7
(Bond-related income such as JGBs)	-1.6	+3.1	+66.7
Expenses	74.1	+0.9	+1.2
General transfer to loan loss reserves	-1.3	-3.8	-150.0
Net operating profit	60.8	+12.2	+25.1
Core net operating profit	61.0	+5.2	+9.3
Special profit and loss	6.0	+1.9	+46.4
Bad debt written-off	5.3	+3.1	+149.6
Gain on stocks	4.6	+1.1	+29.3
Gain on revision of retirement benefit	5.2	+5.2	+100.0
Ordinary profit	66.8	+14.1	+26.7
Extraordinary loss	-0.8	+0.0	+0.9
Net income before taxes	66.0	+14.1	+27.2
Corporate taxes	29.8	+9.2	+44.8
Net income	36.3	+4.9	+15.6

\*Core NOP=NOP + General transfer to loan loss reserves – Bond-related income such as JGBs

**Consolidated ordinary revenue**  
+ ¥22.7 billion (Up for three consecutive terms)

**Consolidated ordinary profit**  
+ ¥14.6 billion (Profitable for five consecutive terms)

**The record profit in consolidated ordinary profit and consolidated net income**

**Ordinary revenue**  
+ ¥20.0 billion (Up for three consecutive terms)

**Gross operating profit**  
+ ¥9.2 billion (Up for three consecutive terms)

### Top line growth

[Breakdown of net interest income]	FY2006	YoY change
Domestic operations division	108.6	+4.6
Of which, interest on loans	95.8	+8.5
Interest and dividends on securities	19.6	-0.4
Interest on deposits	5.8	+5.1
Overseas operations division	3.4	-1.2

**Net operating profit**  
+ ¥12.2 billion (Profitable for the first time in last two terms)

**Core net operating profit**  
+ ¥5.2 billion (Profitable for six consecutive terms)

**The record profit in net operating profit and core net operating profit**

**Ordinary profit**  
+ ¥14.1 billion (Profitable for five consecutive terms)

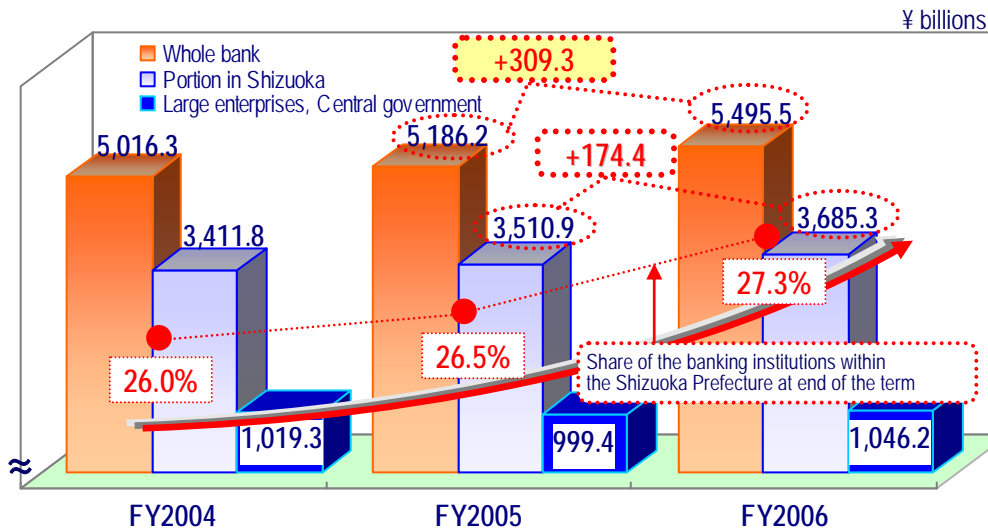
**Net income**  
+ ¥4.9 billion (Profitable for the first time in last two terms)

**The record profit in ordinary profit and net income**



# Lending

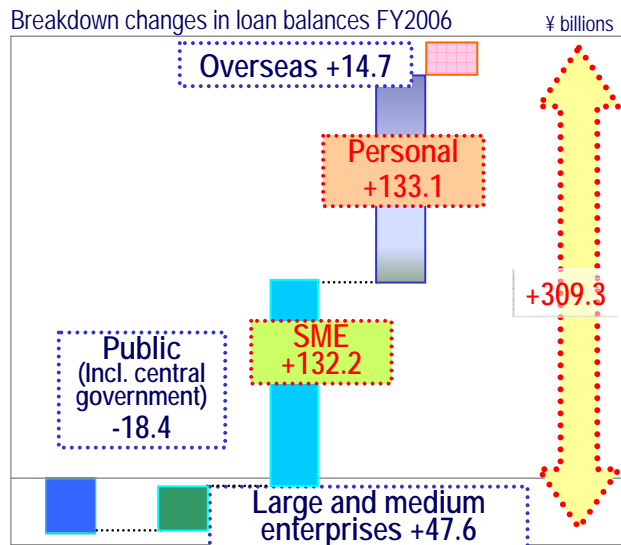
Total Loan Balances (Average Balances)



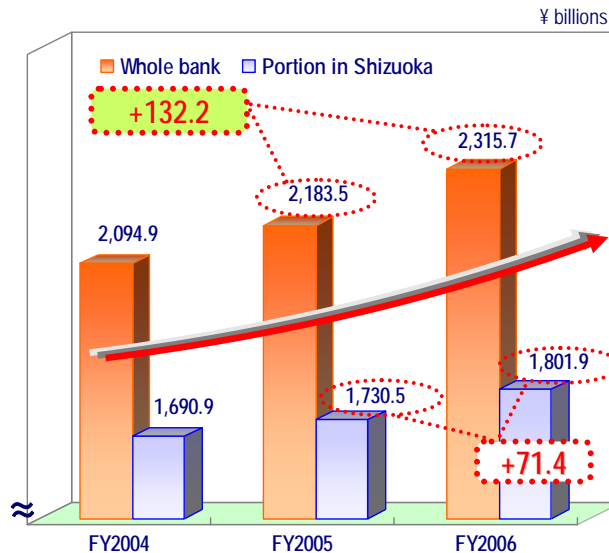
➤ Total loan balances (average balances) increased to ¥5,495.5 billion, up ¥309.3 billion (+6.0%) year-on-year.

- SME loan balances increased to ¥2,315.7 billion, up ¥132.2 billion (+6.1%) year-on-year.
- Personal loan balances increased to ¥1,683.0 billion, up ¥133.1 billion (+8.6%) year-on-year. (Consumer loan balances increased ¥144.5 billion (+9.5%) year-on-year.)
- Institutional loan including central government balances decreased to ¥155.7 billion, down ¥18.4 billion (-10.6%) year-on-year.

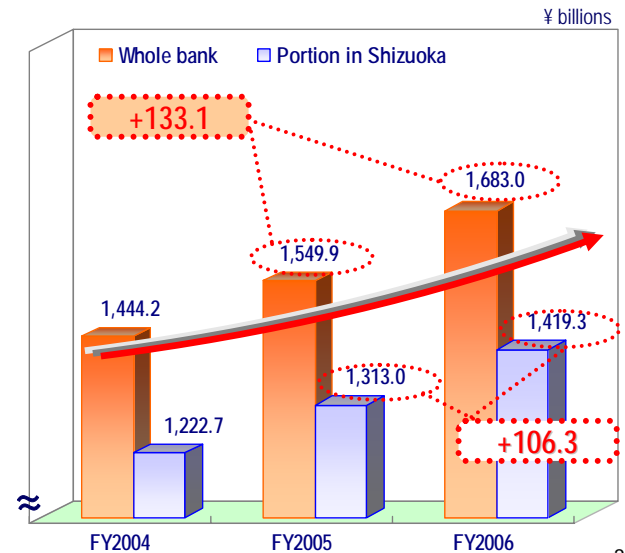
Changes in Loan Balances by Enterprises Size (Average Balances)



SME Loan Balances (Average Balances)



Personal Loan Balances (Average Balances)





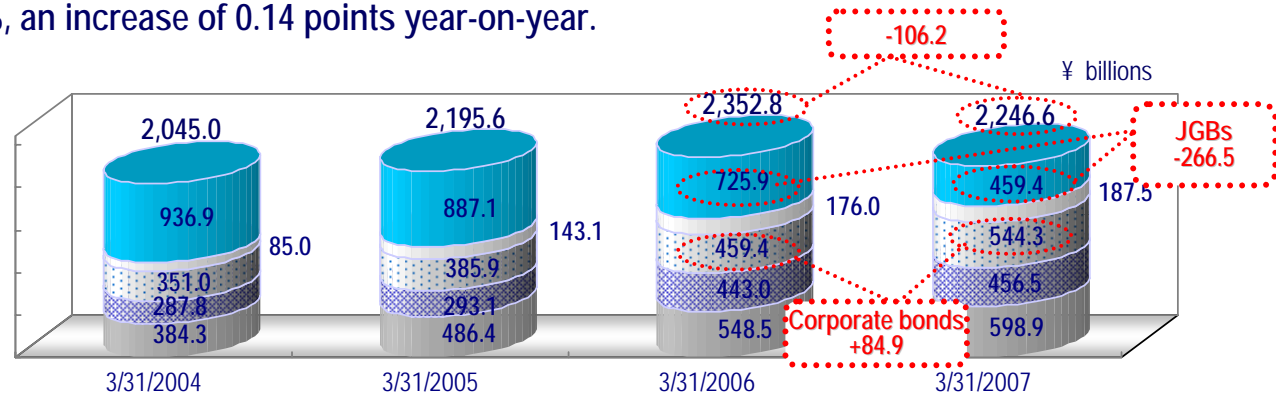
# Securities

- Balance of securities at the end of March 2007 was ¥2,246.6 billion, down ¥106.2 billion from March 2006.
- Security yield (average) was 1.83%, an increase of 0.14 points year-on-year.

## Security Portfolio

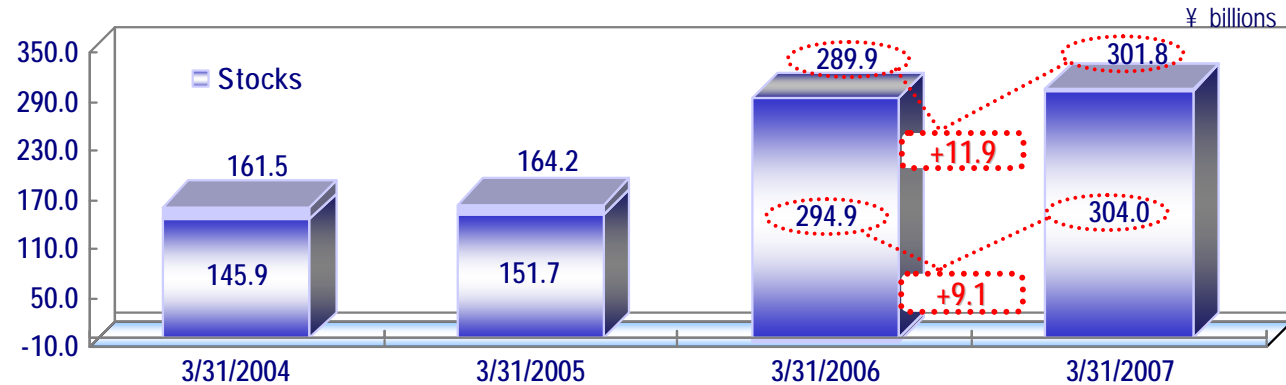
- Government bonds
- Municipal bonds
- ▨ Corporate bonds
- ▩ Stocks
- Other

(Other includes foreign-currency bonds.)



- Gain on revaluation of securities such as stocks, bonds and investment trusts at the end of March 2007 was a profit of ¥301.8 billion, up ¥11.9 billion from March 2006, including a gain of ¥304.0 billion from revaluation of stocks, up ¥9.1 billion from March 2006.

## Gain and Loss from Revaluation of Securities



Nikkei Stock Average (¥)	3/31/2004	3/31/2005	3/31/2006	3/31/2007
	11,715.39	11,668.95	17,059.66	17,287.65

- Average life of securities has been kept in a shorter period: 2.60 years for yen bonds and 1.67 years for foreign-currency bonds.

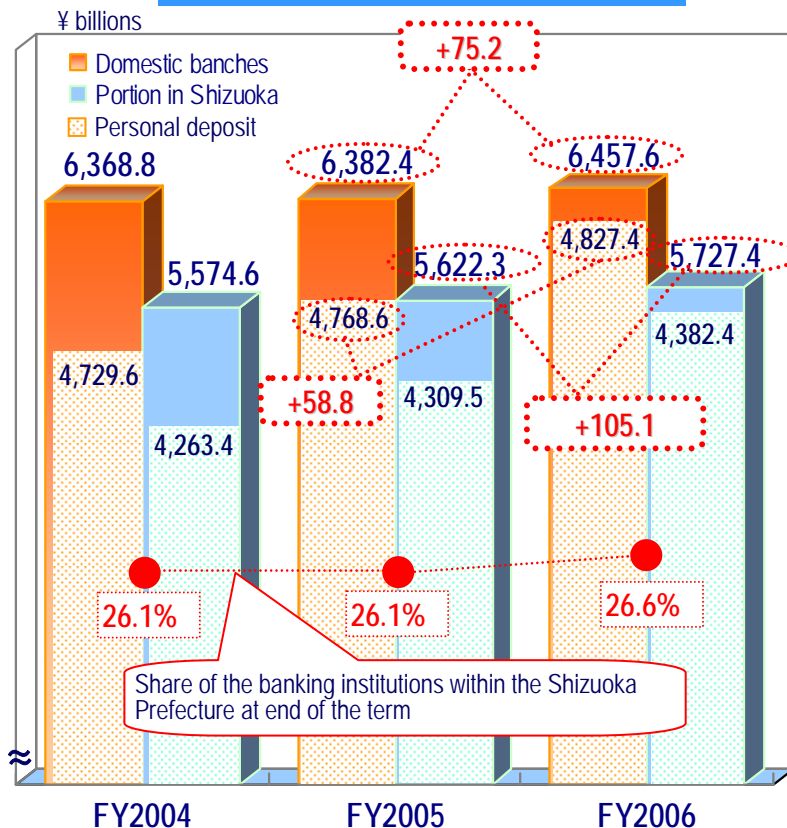
## Change in Average Life of Securities

	3/31/2004	3/31/2005	3/31/2006	3/31/2007
Yen Bonds	2.14	2.39	2.51	2.60
Foreign-Currency Bonds	1.43	2.07	1.83	1.67

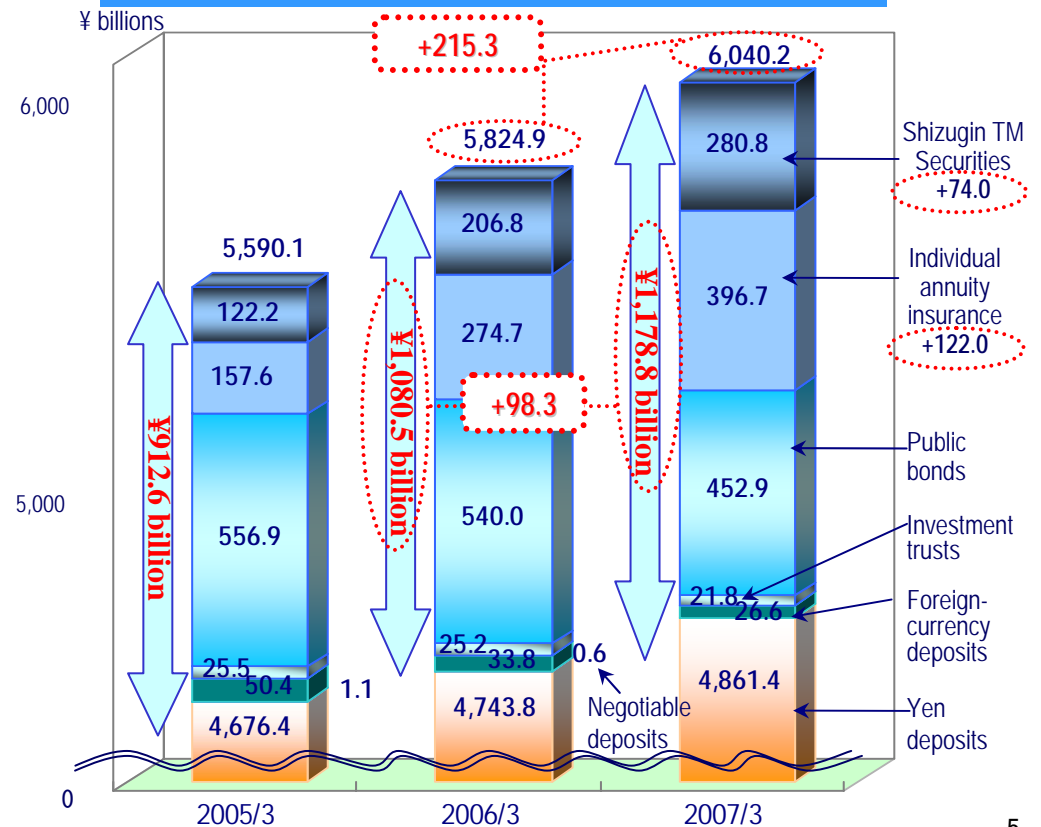
# Deposits and assets under management

- Domestic counter deposit balances (average balances) of FY2006 increased to ¥6,457.6 billion, up ¥75.2 billion year-on-year. Personal deposit balances (average balances) increased to ¥4,827.4 billion, up ¥58.8 billion year-on-year, and deposit balances within Shizuoka Pref. increased to ¥5,727.4 billion, up ¥105.1 billion. Negotiable Certificate of Deposit (NCD) increased to ¥220.4 billion, up ¥46.6 billion, domestic counter deposit balances including NCD increased to ¥6,678.0 billion, up ¥121.8 billion. From the perspective of profitability, we reduced offshore deposits (down ¥51.4 billion year-on-year). Thus total deposit balance decreased to ¥6,668.3 billion, up ¥17.3 billion year-on-year.
- Personal assets under management at the end of March 2007 (including the balance of Shizugin TM Securities) increased to ¥6,040.2 billion, up ¥215.3 billion from March 2006. With yen deposits and negotiable deposits factored out, personal assets under management increased to ¥1,178.8 billion, up ¥98.3 billion.

Deposit Balances (Average Balances)



Personal Assets under Management (Term-End Balances)

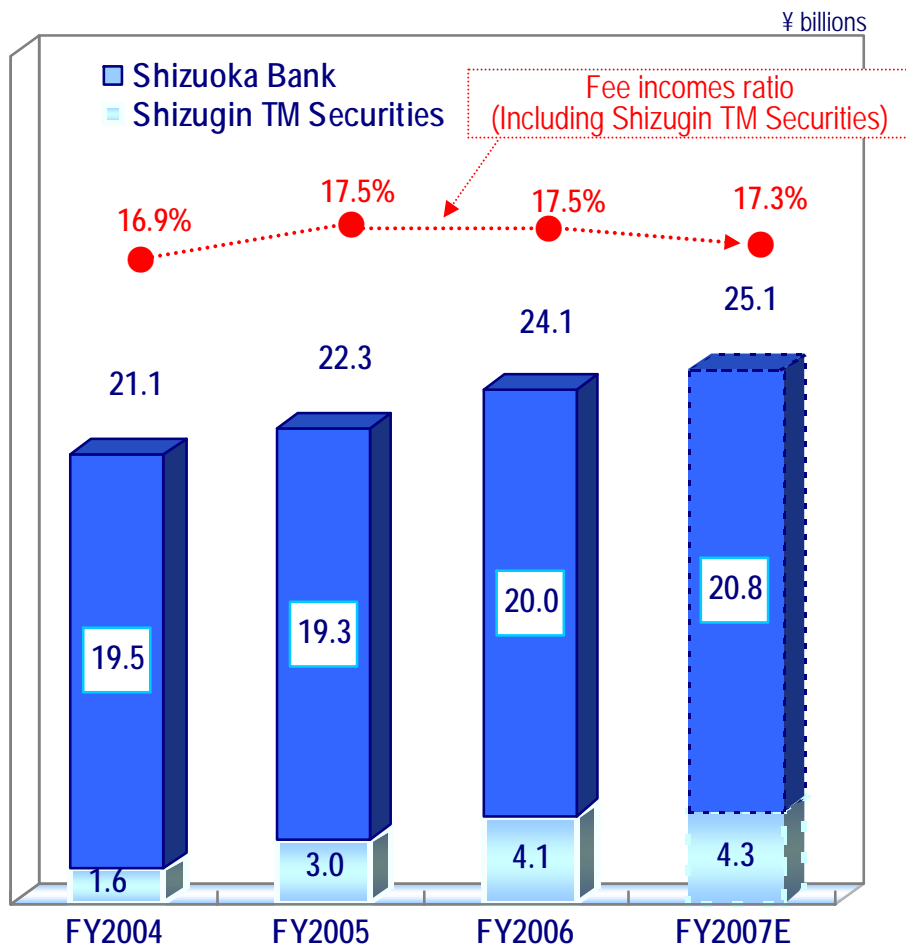




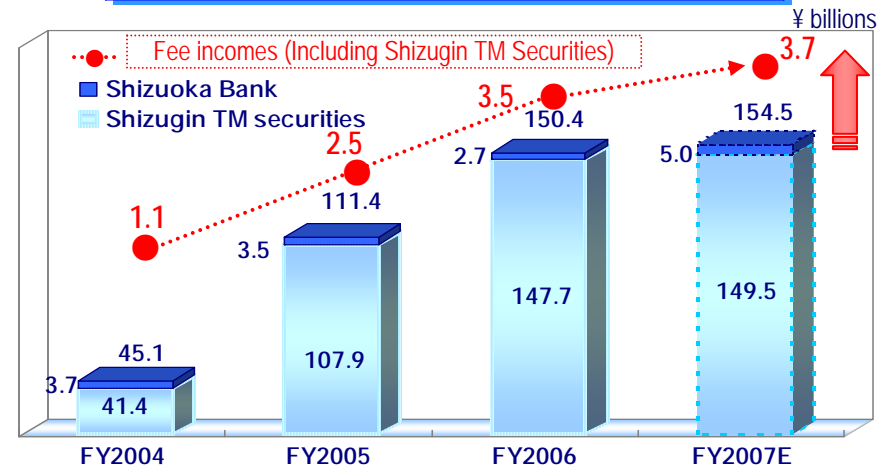
# Fee incomes

- While operating expenses increased, fee incomes did well in OTC sales of investment trust and insurance products.
- “Investment Trust Introduction Scheme” with Shizugin TM Securities contributed to earnings.
- OTC sales of insurance products remained high mainly among profitable variable annuity. (Top sales among regional banks in FY2006.)

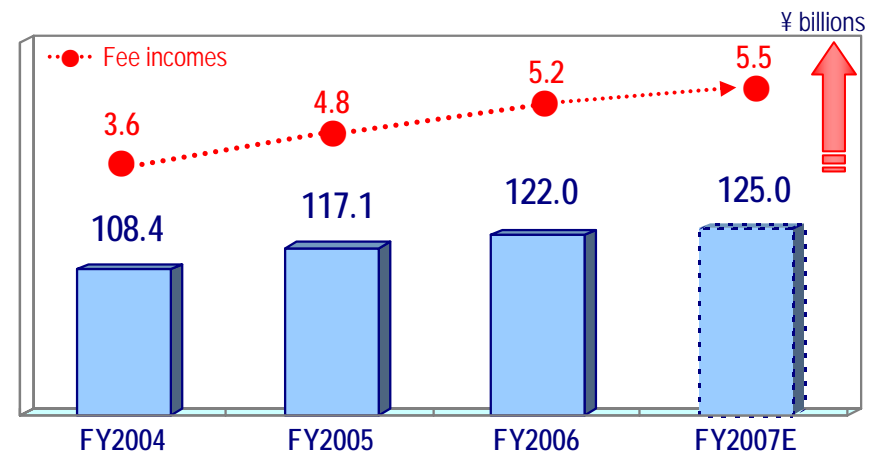
Fee Incomes (Shizuoka Bank / Shizugin TM Securities)



OTC Sales of Investment Trust



OTC Sales of Insurance Products





# Credit costs

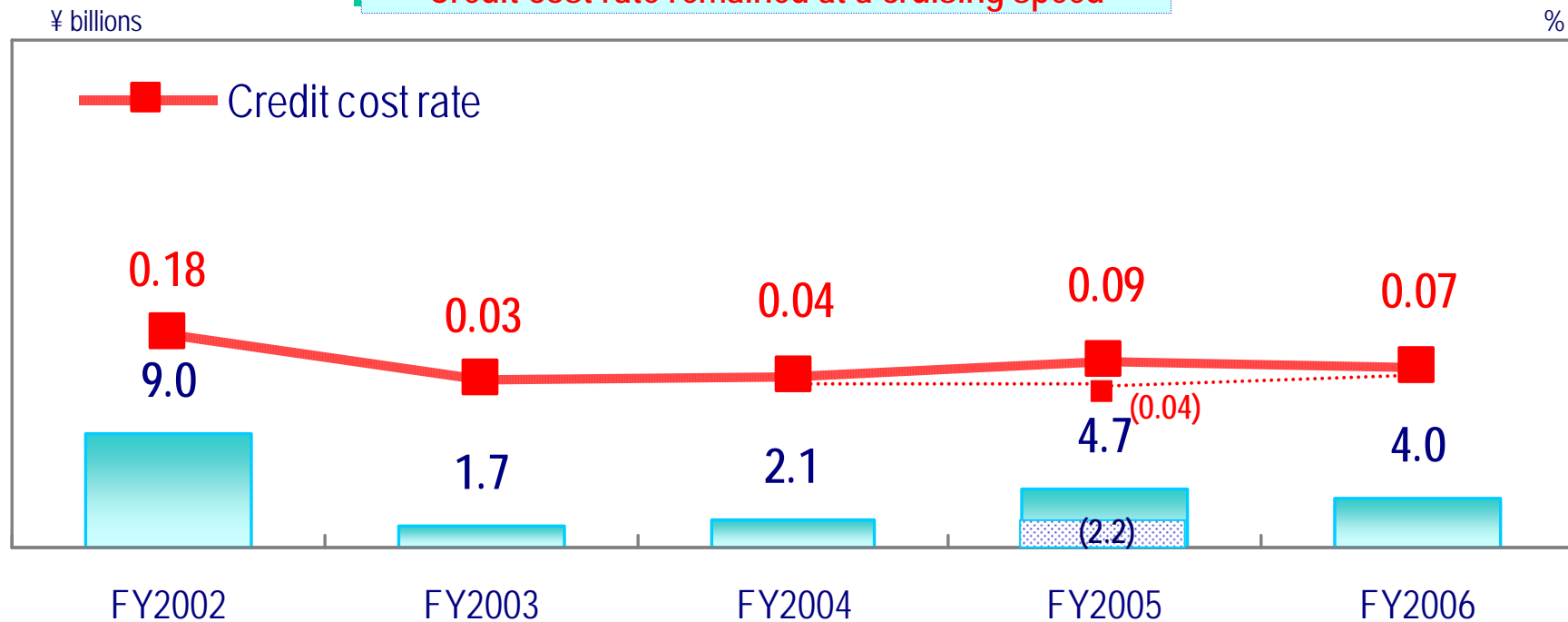
Credit costs: FY2006 ¥4.0 billion (- ¥0.7 billion year-on-year)

- ✓ General transfer to loan loss reserves: - ¥1.3 billion (- ¥3.8 billion YoY)
- ✓ NPL disposal: ¥5.3 billion (+ ¥3.1 billion YoY)
- (of which transfer to specific reserves ¥3.5 billion)

● Land price decline:	¥0.9 billion
● Change in debtor classification:	¥12.1 billion
● Reversal of specific reserves due to improvement in rating and loan recovery:	-¥9.5 billion
<b>Total:</b>	<b>¥3.5 billion</b>

## Credit Cost Trends

Credit cost rate remained at a cruising speed



\* Credit costs = NPL disposals + General transfer to loan loss reserves - Reversal of loan loss reserves  
 Credit cost rate = Credit costs / Average loan balance  
 FY2005 figures in parenthesis exclude special factors from revision of computation period for write-off ratio

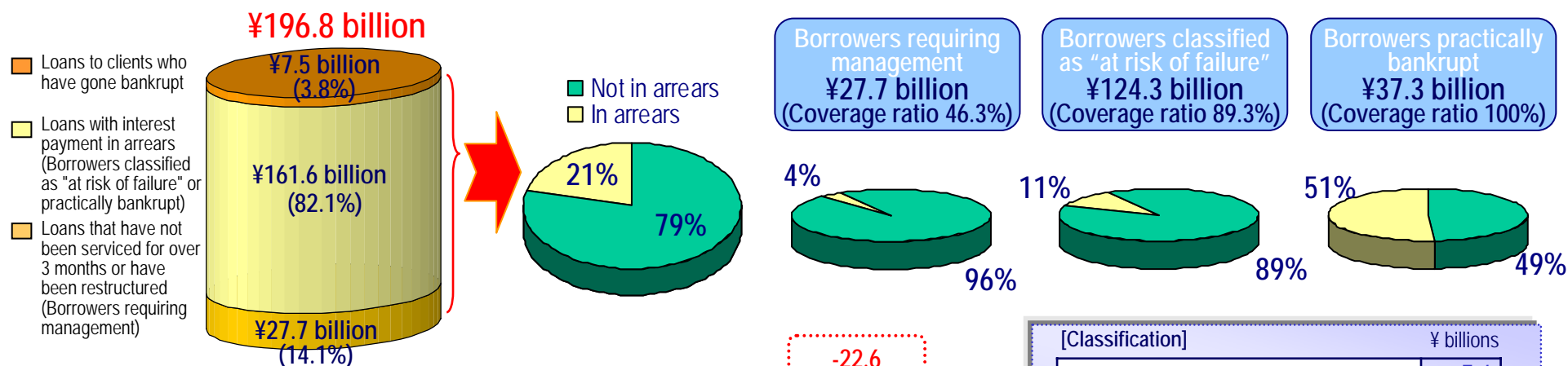
# Non-performing loans

Loans to borrowers classified as "at risk of failure" or in riskier categories: - ¥21.9 billion  
Restructured loans and loans overdue 3 months or longer: - ¥0.7 billion

## Risk-Management Loans Balance (Non-Consolidated Basis)

- Total risk-management loans outstanding at the end of March 2007 amounted to ¥196.8 billion (-¥22.6 billion from the end of March 2006).
- The ratio of risk-management loans stood at 3.45% (-0.65 points from the end of March 2006).
  - Total risk-management loans adjusted for ¥14.6 billion in written-off loans and ¥86.4 billion in loans guaranteed by credit guarantee corporations came to ¥95.7 billion; The risk-management ratio to total loans adjusted for that portion written-off came to 1.68% (-0.51 points from the end of March 2006).
- The coverage ratio stood at 85.7% (+2.6 points from the end of March 2006).

## Risk-Management Loans at the End of March 2007



## NPL Removal from the Balance Sheet

	FY2003	FY2004	FY2005	FY2006
New recognition (Net of NPL recognized due to threshold changes)	+82.3 (+71.1)	+55.9 (+55.9)	+55.6 (+55.6)	+48.9 (48.9)
Removal from the balance sheet (NPL to borrowers classified as "at risk of failure" or in riskier categories)	-80.6 (-68.0)	-86.4 (-57.1)	-86.1 (-69.0)	-71.5 (-60.4)
Risk-management loans	280.4	249.9	219.4	196.8

[Classification]	¥ billions
Borrowers requiring management	7.4
Borrowers classified as "at risk of failure"	32.3
Borrowers practically bankrupt or in bankruptcy	9.2

## Breakdown of ¥60.4 billion

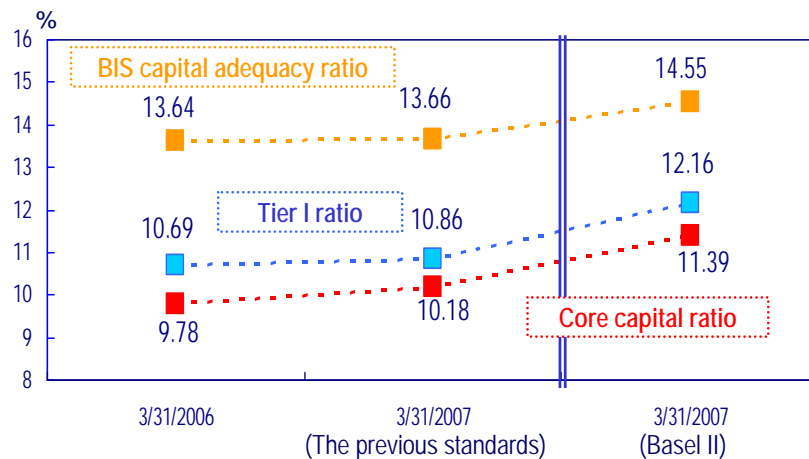
- ✓ Collected from borrower/set off against deposit account: ¥13.7 billion
- ✓ Collateral disposal/subrogated to guarantor: ¥21.1 billion
- ✓ Reclassified to better category: ¥11.1 billion
- ✓ Loans sold-off: ¥9.5 billion
- ✓ Written-off: ¥5.0 billion



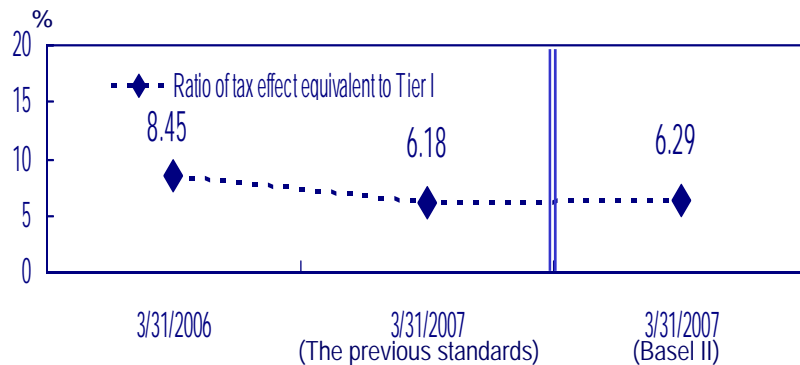
# Capital adequacy ratio

- The capital adequacy ratio as of the end of March 2007 calculated based on the Basal II standards (new standards) went up to 14.55%, reflecting a decrease in credit risk assets calculated based on the previous standards (the Foundation Internal Rating-Based Approach was adopted to measure credit risk, and the Standardized Approach was adopted to measure operational risk).
- More elaborate calculation techniques under Basel II have contributed to a significant decrease in the amount of certain credit risk assets, such as loans to highly rated businesses and residential mortgages.

**BIS Capital Adequacy Ratio (Consolidated Basis)**



\* Tier I capital minus the tax effect amount is called Core capital, and a capital ratio calculation where core capital is the numerator is called the Core capital ratio.



**Risk Assets**

Risk Assets	[The previous standards]			[Basel II]	
	3/31/06	3/31/07 (A)	Change	3/31/07 (B)	Compared to the amount based on the previous standards (B-A)
¥ billions					
Risk Assets	5,219.9	5,426.0	+206.1	4,754.9	-671.1
Credit risk assets	5,194.0	5,404.0	+210.0	4,462.0	-942.0
Amount equivalent to market risk	25.9	22.0	-3.9	22.0	-
Amount equivalent to operational risk	-	-	-	270.9	+270.9

**<Risk measurement techniques under Basel II>**

- Credit risk: Foundation Internal Rating-Based Approach
- Operational risk: Standardized Approach



## Dividend policy

- FY 2006 dividend ¥13.00/share achieved the highest level of regional banks (dividend payout ratio 25.4%, dividend yield 1.03%).
- Aim to maintain dividend payout ratio at approx. 25%, the highest payout ratio among main regional banks, by taking into account the market trends and operating performance.

### Dividend by Year

	FY2003	FY2004	FY2005	FY2006	FY2007E
Dividend per share (Yen )	7.00	8.50	10.00	13.00	13.00 (6.50)
Dividend yield (Dividend/stock price at the term end)	0.78%	0.78%	0.84%	1.03%	-

(Interim dividend)

### Profit Distribution to Shareholders

	FY2003	FY2004	FY2005	FY2006	¥billions, %	
Annual dividend (1)	5.0	6.0	7.1	9.2	FY97-FY06 (10 years)	
Purchase of treasury stock (2)	8.5	-	-	-	Accumulated total	55.8
Shareholder return (3)=(1)+(2)	13.5	6.0	7.1	9.2	Accumulated total	91.5
Net income (4)	26.6	35.0	31.4	36.3	Accumulated total	147.3
Dividend payout ratio (1)/(4)x100	18.7	17.2	22.6	25.4	Accumulated total	227.0
Shareholder return ratio (3)/(4)x100	50.8	17.2	22.6	25.4	Average	24.6
					Average	64.9



# Group business

## Shizuoka Computer Service

(IT systems)

Ordinary Revenue	¥5.7 billion
Ordinary Profit	¥0.3 billion

## Shizugin Management Consulting

(Management consulting)

Ordinary Revenue	¥0.4 billion
Ordinary Profit	¥0.2 billion

## Shizugin Lease

(Lease)

Ordinary Revenue	¥23.6 billion
Ordinary Profit	¥1.7 billion

## Shizugin Saison Card

(Credit card)

Ordinary Revenue	-
Ordinary Profit	-¥0.06 billion

\*Equity method affiliate

## Shizugin DC Card

(Credit card)

Ordinary Revenue	¥2.2 billion
Ordinary Profit	¥0.4 billion

- Group companies (consolidated subsidiaries 11/ equity method affiliate 1) achieved growth in both revenues and earnings, with ordinary revenue up ¥4.1 billion year-on-year to ¥48.2 billion and ordinary profit up ¥0.7 billion to ¥5.6 billion.
- Shizugin Saison Card Co., Ltd. started accepting applications for "ALL-S" credit cards in April 2007.
- Shizuoka Capital Company Limited became the first company in Japan to complete a program to support the restructuring of a company using corporate reconstruction funds funded by the Organization for Small & Medium Enterprises and Regional Innovation, Japan.

## Shizugin Credit Guaranty

(Credit guarantee)

Ordinary Revenue	¥1.2 billion
Ordinary Profit	¥0.8 billion

## Shizugin TM Securities

(Securities)

Ordinary Revenue	¥4.1 billion
Ordinary Profit	¥1.8 billion

## Shizuoka Capital

(IPO support, corporate revival support for SMEs)

Ordinary Revenue	¥0.5 billion
Ordinary Profit	¥0.07 billion

## Shizugin General Service

(Labor dispatch, document printing service)

Ordinary Revenue	¥3.4 billion
Ordinary Profit	¥0.1 billion

## Shizugin Business Create

(Currency exchange centralization)

Ordinary Revenue	¥3.6 billion
Ordinary Profit	¥0.01 billion

## Shizuoka Mortgage Service

(Real-estate collateral assessment, custody of claim document)

Ordinary Revenue	¥0.7 billion
Ordinary Profit	¥0.07 billion

## Shizuoka Bank (Europe)

(Banking and securities)

Ordinary Revenue	¥2.8 billion
Ordinary Profit	¥0.1 billion



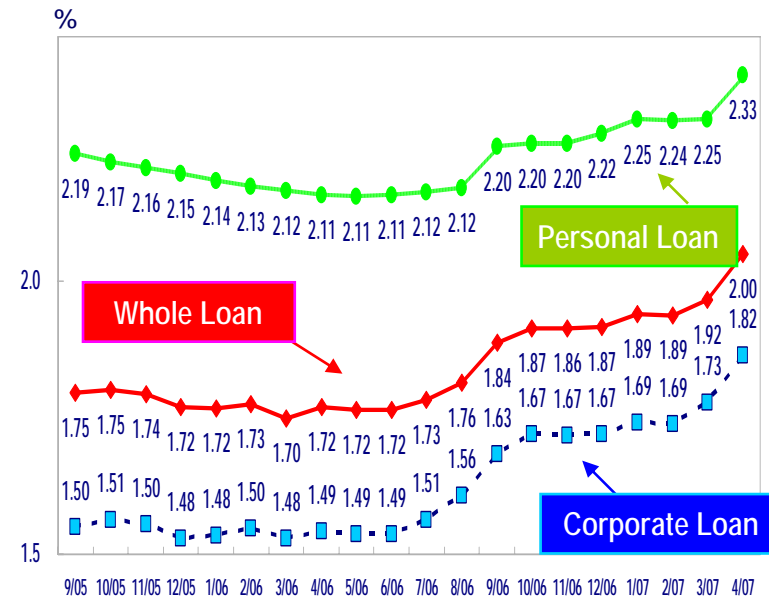
# Impact on the income of the interest rate increase

- The present loans and deposits structure promises continued improvements in the fund profit even in a rising interest rate environment.
- Interest rates remain on the upward trend since raise of policy interest rate in July 2006.

Change in Yen Loans/Deposits Structure (1-Month Comparison)

	[March 2006]		[April 2007]	
	Average balance (Component ratio)	Yield	Average balance (Component ratio)	Yield
Loans	5.2 (100.0)	1.70	5.5 (100.0)	2.00
Floating rates	3.8 (73.4)	1.68	4.0 (73.3)	2.05
Short-term and new long-term prime base rate	2.4 (47.1)	2.22	2.6 (46.9)	2.52
Market linked rate	1.2 (23.6)	0.55	1.3 (24.1)	1.06
Fixed interest	1.4 (26.6)	1.77	1.5 (26.7)	1.87

Changes in Loan Interest Rate (Month-Average)

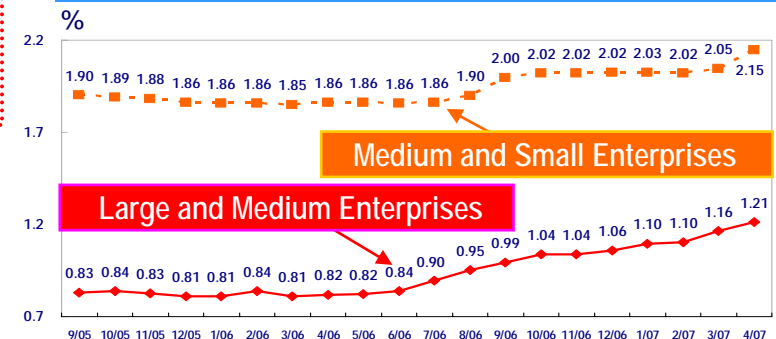


[Difference of yield]



	[March 2006]		[April 2007]	
	Average balance (Component ratio)	Yield	Average balance (Component ratio)	Yield
Deposits	6.6 (100.0)	0.01	6.8 (100.0)	0.21
Floating deposits	3.9 (59.7)	0.00	3.9 (57.7)	0.17
Time and savings deposits	2.5 (37.3)	0.03	2.6 (38.3)	0.25

Change in Corporate Loan Interest Rate by Firm Sizes

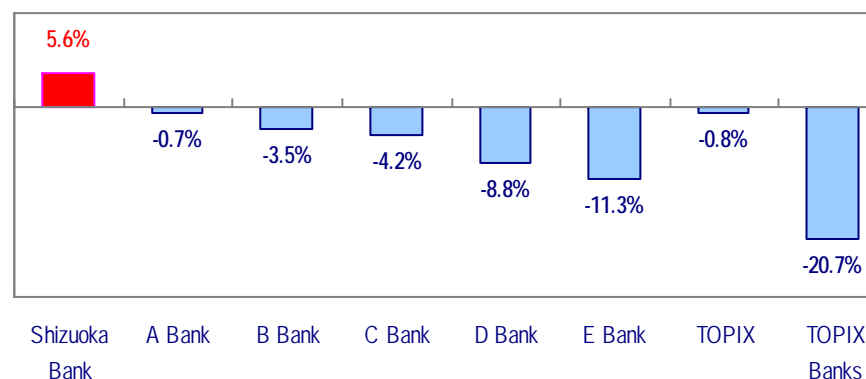


# Results of FY2005 and FY2006, and tasks for FY2007 (1)

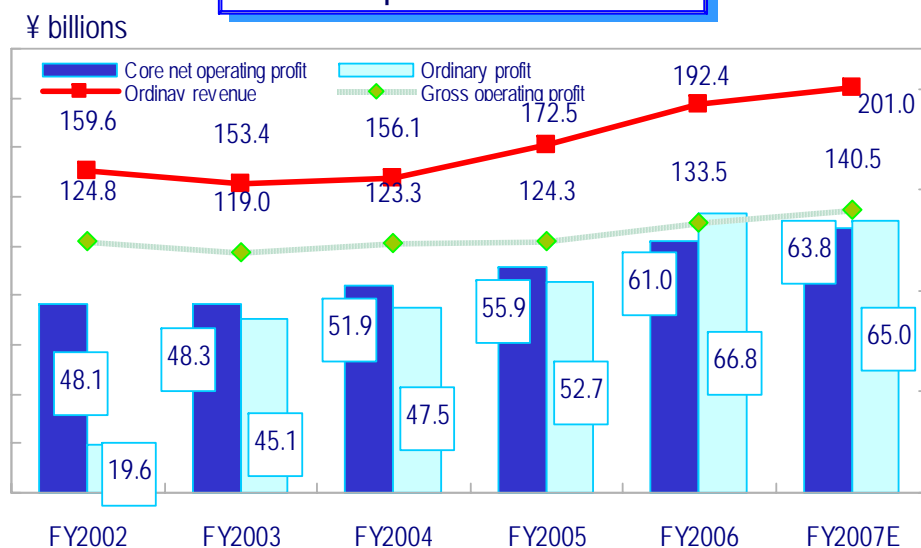
- With an improved top line, Shizuoka Bank achieved its profit target for the 9th (FY2006) medium-term management plan.
- Shizuoka Bank is the only regional bank in Japan whose stock price fluctuation ratio for FY2006 was up (rose by 5.6% from the end of March 2006 while the TOPIX Banks Index was down by 20.7%).
- Moody's long- and short-term ratings upgraded to "Aa3" and "P-1", finance rating of "C+" maintained the best rating among Japanese banks.

<Achievement of FY2006 Plan>	Plan	Actual
Consolidated ordinary profit	¥70.0 billion	¥72.7 billion
Non-consolidated core net operating profit	¥60.0 billion	¥61.0 billion
Consolidated net income	¥37.0 billion	¥37.8 billion
Consolidated ROE (Tier I)	6.17%	6.41%
Consolidated ROA	0.44%	0.43%
Consolidated OHR	56.0%	55.0%

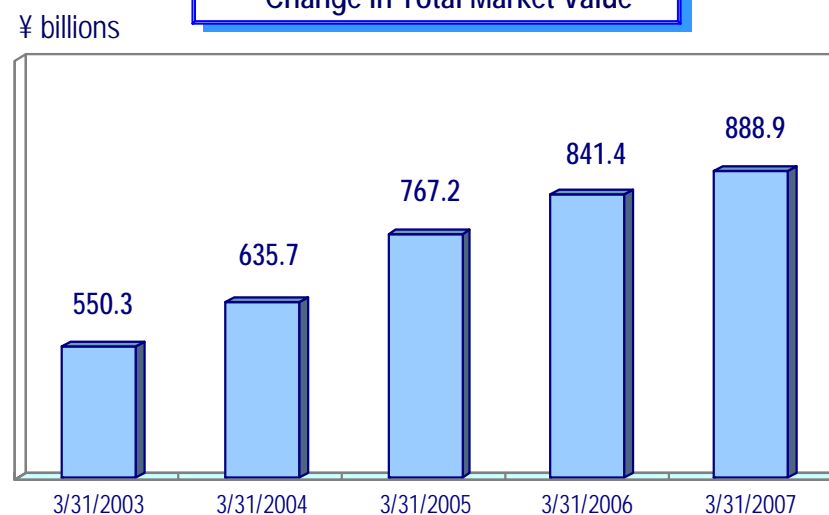
Percentage Change of Regional Bank Stock Prices (3/31/2006-3/30/2007)



Top-Line Growth



Change in Total Market Value



# Results of FY2005 and FY2006, and tasks for FY2007 (2)

## FY2005-FY2006 Key Initiatives

Improvement of products and services

- Establishment of Shizuginship (April 2007)
- Started accepting application for "All-S" credit card (April 2007)
- Launched Business station product "Business Passport" (January 2007)
- Launched upscale unsecured card loan "Upgrade" (August 2006)
- Launched unsecured loan exclusively for Shizuoka Bank mortgage borrowers "Next One" (July 2006)
- Issuance of "joyca" (March 2006)
- Holding of Shizugin@gricom (February 2006)
- Launch of "Good News," a principal-guaranteed variable annuity plan (October 2005)
- Launch of "Tanabata-Kibun," a risk-mitigating type investment trust (July 2005)
- Opened Internet banking branch (May 2007)
- Approval of the Foundation Internal Rating-Based Approach (for credit risk) and the Standardized Approach (for operational risk) (March 2007)
- Establishment of the Loan Business Center (January 2007)
- Established Shizugin Saison card (October 2006)
- Opened Atsugi branch (October 2006)
- Newly opened Toyohashi Loan Center (September 2006)
- Strengthened function of business station (February 2006)

FY2005

Reinforcement of business infrastructure

## Issues for FY2007

[Strengthening the earning capacity]

- Expanding dealings with corporate customers
- Responding to the needs of baby boomers and affluent individuals

[Improving efficiency]

- Further improving the risk management framework
- Strategic utilization of the management resources



## ***II. Initiatives for FY2007***

SHIZUOKA BANK



# Targets for FY2007, the final year of the medium-term management plan

## Management Targets for the Group

	FY2006 Actual	Initial Targets	Revised Targets
Earnings Targets	Consolidated ordinary profit	¥72.7 billion	¥60.0 billion → <b>¥70.0 billion</b>
	Non-consolidated core operating profit	¥61.0 billion	¥62.0 billion → <b>¥63.8 billion</b>
	Consolidated net income	¥37.8 billion	¥35.0 billion → <b>¥39.0 billion</b>
Efficiency Index	Consolidated ROE (Net income / Tier I)	6.41%	6.5% and more → <b>6.5%</b>
	Consolidated ROA (Net income)	0.43%	0.4% and more → <b>0.46%</b>
	Consolidated OHR	55.0%	Approx. 55% → <b>54.8%</b>
Soundness Index	Consolidated BIS capital adequacy ratio	10.86%	Approx. 10% → <b>10.91%</b>

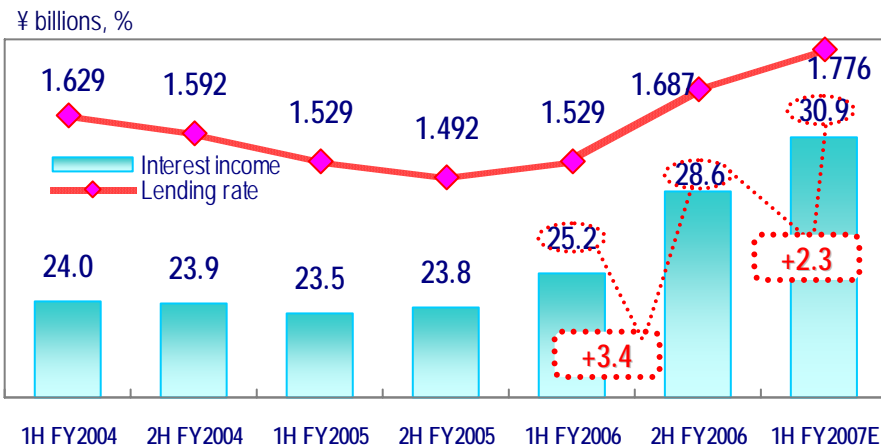
\*Former BIS standard



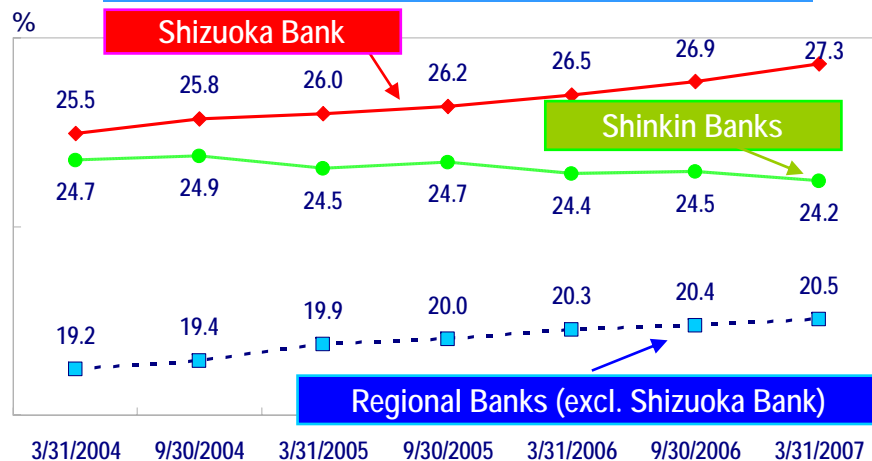
# Corporate banking initiatives

- The corporate division strengthened profitable loan assets, reflecting an increased loan portfolio and lending rate.
- New customer acquisition, increasing local share by providing active initiatives for business-matching.
- Establishing long-lasting relationship with customers through the Shizuginship School for the Next-Generation Management.

Corporate Division Yen Loan Interest Income and Lending Rate



Loan Share in Shizuoka Prefecture



## Projections for FY2007

Average yen loans balance: + ¥164.8 billion  
 Interest income: + ¥8.7 billion  
 Fee income earned: ¥2.8 billion

### [Key initiatives]

	FY2006 Actual	FY2007 Projected
Increased average balance in SME loans due to active initiatives for the middle credit risk group	+¥146.3 billion (Comparison with projection +0.4)	+¥102.7 billion
New client transactions earned (Excl. Tokyo, Nagoya, Osaka)	¥95.5 billion (1H ¥46.1 billion)	1H ¥57.0 billion
Loan transactions earned from business-matching	¥68.9 billion	¥70.0 billion
(No. of business-matching deals)	708	700
Fee income earned from derivative transactions with clients	¥1.9 billion	¥1.9 billion
Fee income earned from syndication and other fee schemes	¥0.5 billion	¥0.5 billion

### The Shizuginship School for the Next-Generation Management

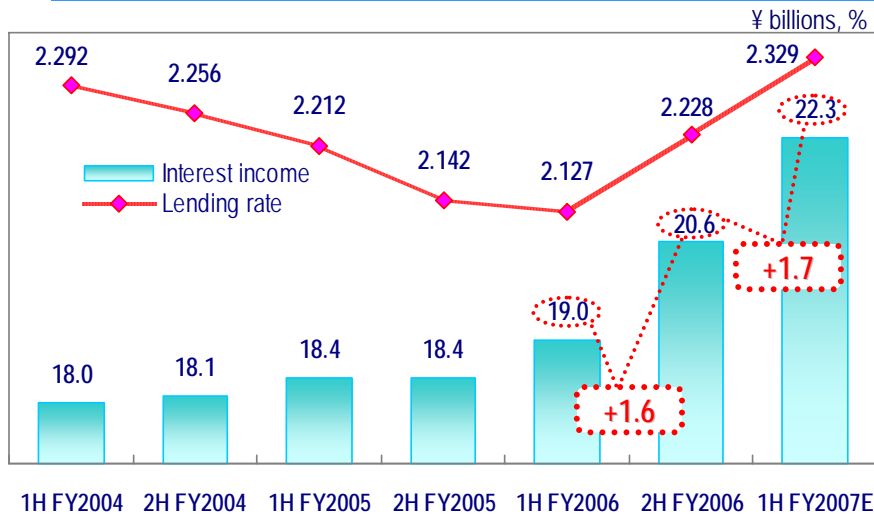
- Founded in April 2007, 990 members from 652 companies (at end of April 2007)
- Holding forums, seminars, social events
- Management/financial consultation through Internet, business backup



# Individual banking initiatives

- The individual division enjoyed improved earnings reflecting an increased portfolio of consumer loans originated mostly for housing.
- Further making efforts to tempt affluent individuals by reviewing leaders of each segment

Individual Division Yen Loan Interest Income and Lending Rate



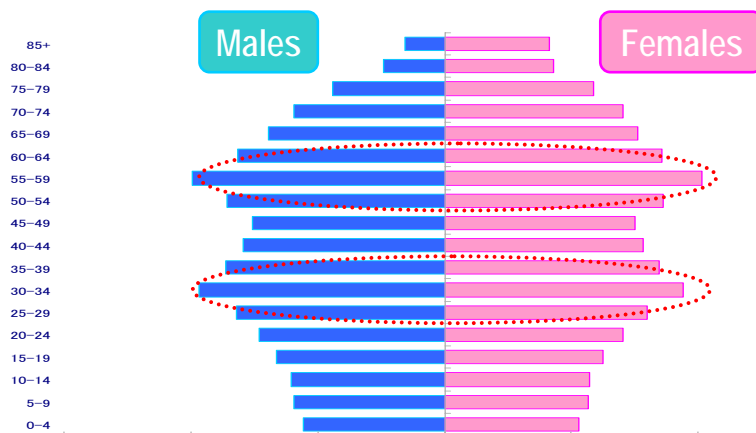
## Projections for FY2007

Average yen loans balance : + ¥117.3 billion  
 Interest income: + ¥5.4 billion  
 Income earned from sales of assets in custody  
 ¥7.8 billion

### [Key initiatives]

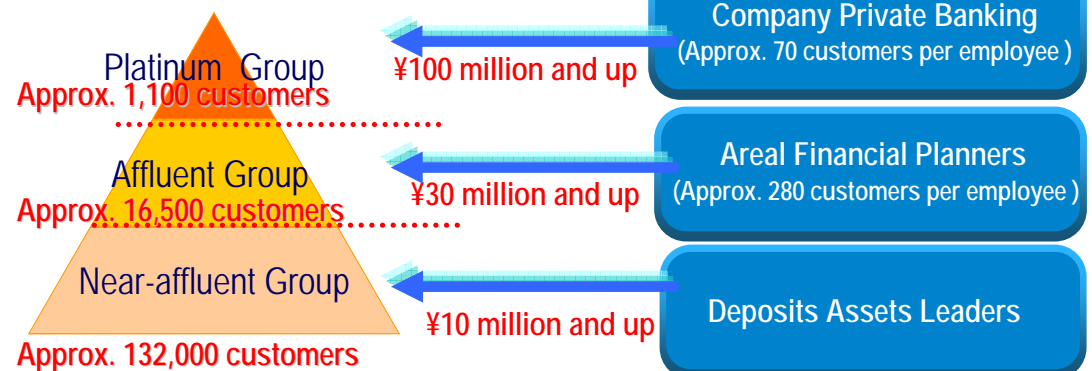
	FY2006 Actual	FY2007 Projected
Consumer loan buildup (Increase in the term-end balance)	+¥149.1 billion (Comparison with projection +28.4)	+¥123.4 billion
New credit line for "Next One" / "Upgrade"	¥20.2 billion	¥25.0 billion
Sales of investment trust products	¥149.7 billion	¥154.5 billion
Sales of personal pension insurance	¥122.0 billion	¥125.0 billion

### Demographic of Shizuoka Prefecture



Source: 2005 Statistics Bureau, Ministry of Internal Affairs and Communications

### Restructuring of Private Banking System





# Expanding channels

- Promoting functional enhancement by opening new branches in markets where growth is expected and by relocating existing branches to build new branches in order to expand Shizuoka Bank's market share in the local area and strengthen business in neighboring prefectures.
- Opening an internet branch to increase the opportunity to offer products and services to customers who cannot visit Shizuoka Bank during its business hours.

## Branch Channels

### [Domestic Total]

Branches	163
Loan Centers	15
Business Stations	7
<b>Total</b>	<b>185</b>

\* Virtual branches excluded.

### [Aichi/Osaka Area]

Branches	4
Loan Center	1

### [Western Shizuoka ]

Branches	59
Loan Centers	4
Business Stations	2

### [Central Shizuoka]

Branches	44
Loan Centers	4
Business Stations	3

### [Eastern Shizuoka]

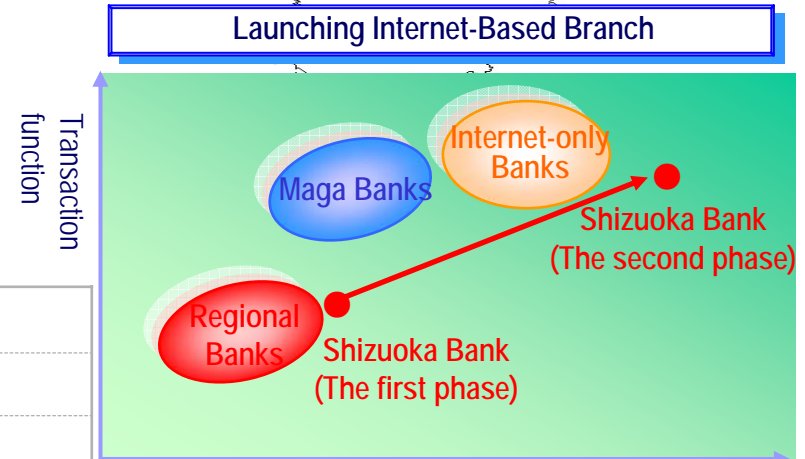
Branches	41
Loan Centers	5
Business Stations	2

### [Tokyo/Kanagawa Area]

Branches	15
Loan Center	1

## Direct Channels

Internet	Opened May 2007, general customers start transaction from July 2007
Credit cards	"joyca", "ALL-S", "LuLuCa"
CDs and ATMs	15,332 machines (Free ATM transaction affiliation/14,359 machines)





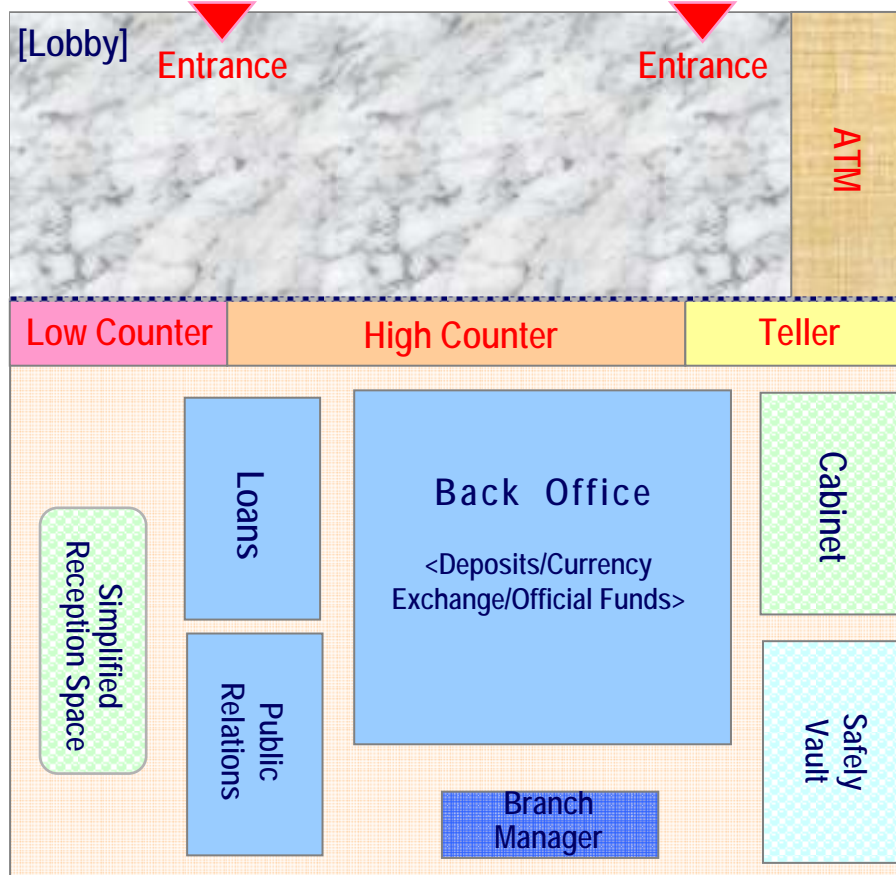
## Efforts to build branches specializing in front desk work

- Establishing branches specializing in front desk work by developing a new sales branch system and centralizing loan processing work

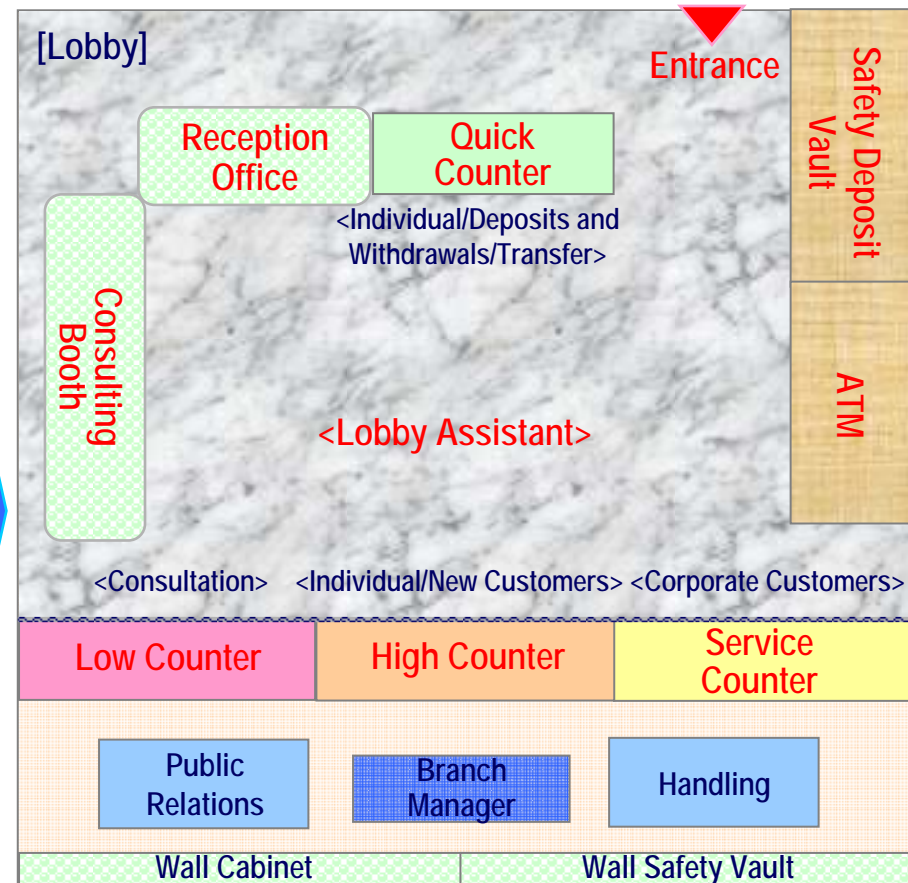
### Major achievements relating to sales branches

- Started operation of a sales support system (November 2006)
- Developed a new sales branch system (April 2007)
- Established a Loan Business Center (January 2007)

Current Branch Layout Design

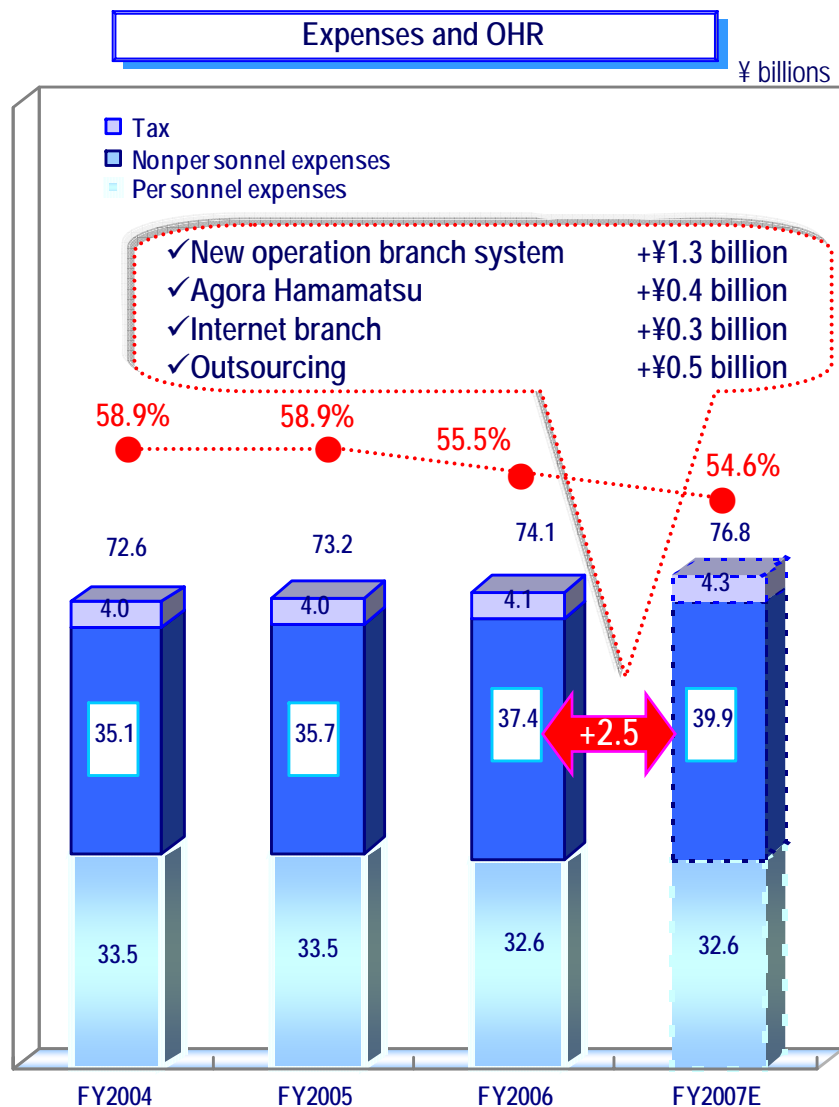


Aiming Branch Layout Design



# Expenses, investment and manpower planning

- System- and branch-related expenses are expected to increase in FY2007 for continuous expansion of the top line.
- OHR shall be maintained at 55%.



**Investment Amount (Accumulated Total)** (¥ billions)

	FY2005	FY2006 (In 2 years)	FY2007E (In 3 years)
Main investment			
Information infrastructure development	4.6	7.9	17.3
Branch-related	2.3	6.4	9.0
Total	6.9	14.3	26.3

## Main investment during the ninth medium-term management plan

- New operation branch system ¥6.9 billion
- Renewal of accounting-related hardware ¥4.1 billion
- Renewal of PCs/information system ¥3.0 billion
- Broadbandization of operating branch ¥1.9 billion
- Agora Hamamatsu ¥3.7 billion

**Change in the Number of Personnel** (Employees)

	3/31/2005	3/31/2006	3/31/2007	3/31/2008E
Shizuoka Bank	3,120	3,038	3,073	3,110
Of which bank employees	3,077	2,953	2,881	2,870
Create partners	43	85	192	240

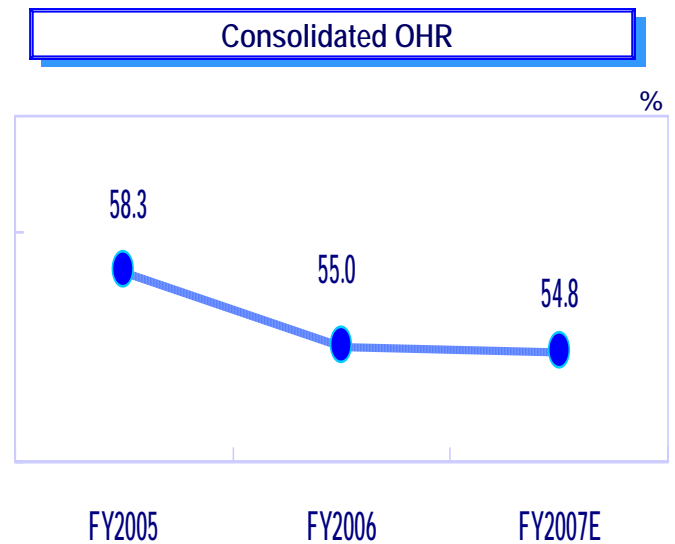
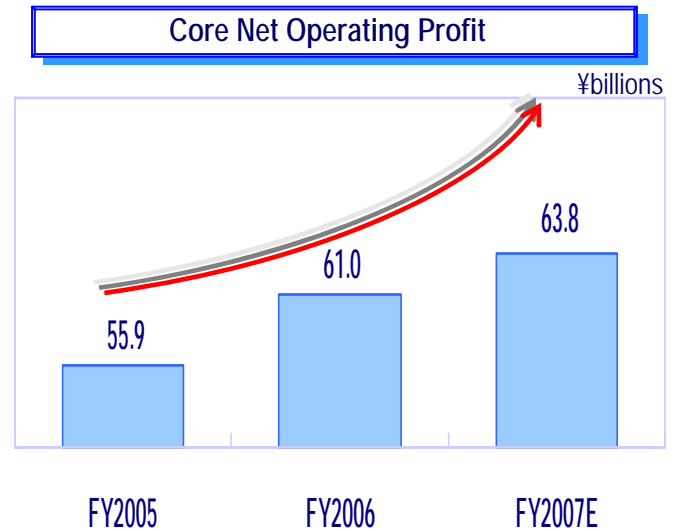


# Projected performance for FY2007

¥billions

Consolidated	FY2006	FY2007E	YoY change
Ordinary revenue	226.4	236.0	+9.6
Ordinary profit	72.7	70.0	-2.7
Net income	37.8	39.0	+1.2

Shizuoka Bank, Non-Consolidated	FY2006	FY2007E	YoY change
Ordinary revenue	192.4	201.0	+8.6
Gross operating profit	133.5	140.5	+7.0
Expenses	74.1	76.8	+2.7
General transfer to loan loss reserves	-1.3	-	+1.3
Net operating profit	60.8	63.7	+2.9
Core net operating profit	61.0	63.8	+2.8
Bad debt written-off	5.3	1.9	-3.4
Gain on stocks	4.6	3.0	-1.6
Ordinary profit	66.8	65.0	-1.8
Income taxes	29.8	26.1	-3.7
Net income	36.3	38.0	+1.7
Credit costs	4.0	1.9	-2.1



**The Record Profit**



## Future orientation of the management of the Shizuoka Bank Group (1) – the business environment the Group faces

### <Changes in the economic and social environment>

Falling birthrate and the aging population  
Retirement of baby boomers

Increasing gap between  
the rich and the poor

Widening economy  
Introduction of the regional system

### <Trends in the financial industry>

Birth of Postal Savings (Yucho Bank)  
Restructuring of governmental  
financial institutions

Mergers among regional  
financial institutions

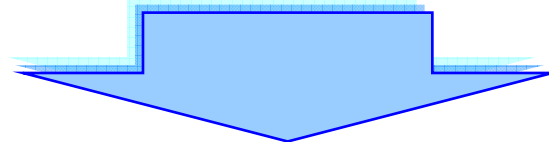
Polarization between urban  
and rural areas

### <Political demand>

Relaxation of regulations  
(Complete clearance of sales of insurance  
products by banks, banking agencies)

Introduction of Basel II and J-SOX

Implementation of the Financial  
Products Exchange Law



#### Customer

Improving customer  
satisfaction

#### Shareholder

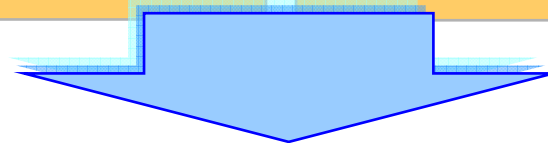
Improving corporate  
value

#### Local community

Improving presence

#### Employees

Improving engagement

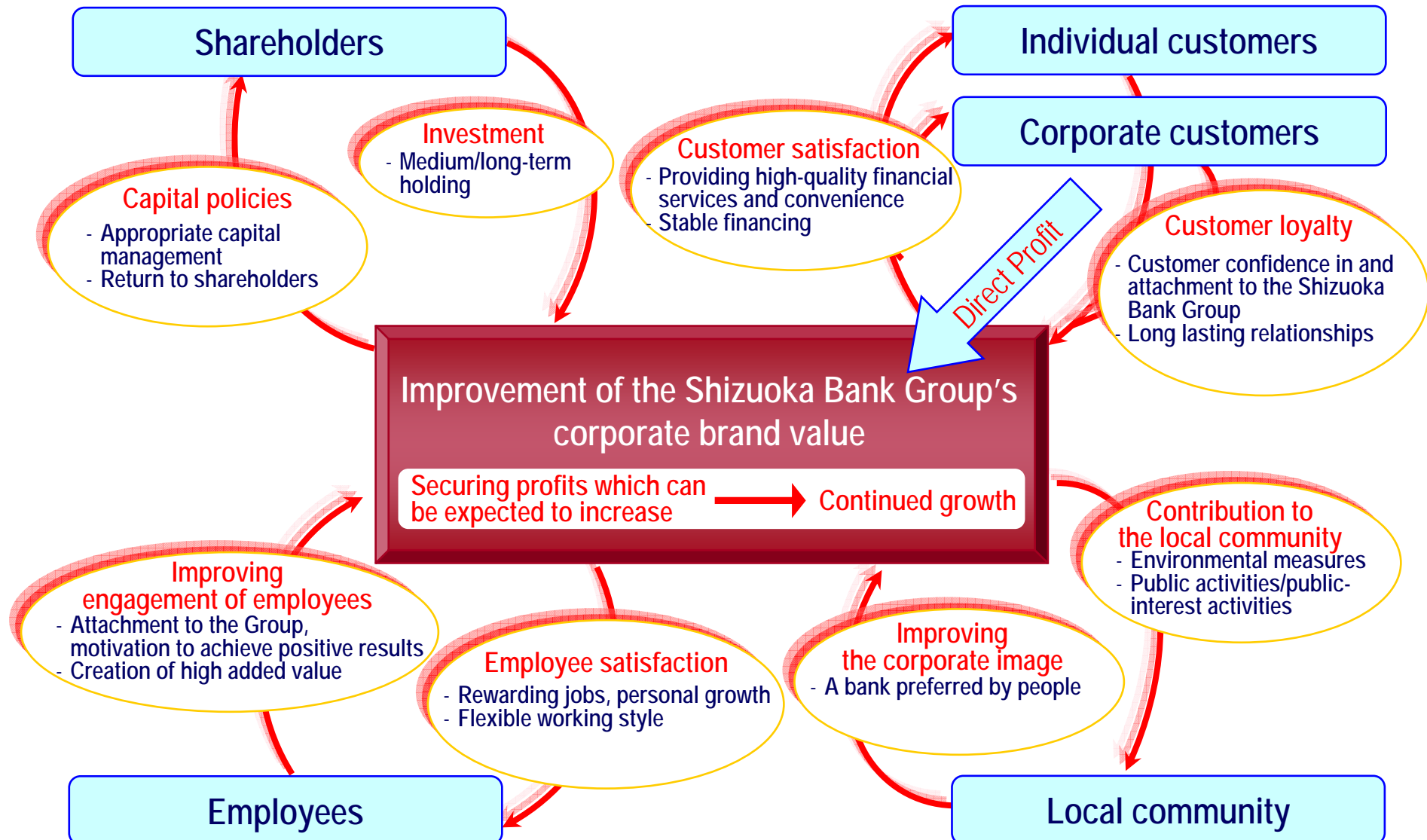


**The next medium-term management plan will be put into practice in FY2008.  
Shizuoka Bank aims to acquire a 30% share in the regional lending market.**



## Future orientation of the management of the Shizuoka Bank Group (2) – the operational direction

➤ The Shizuoka Bank Group aims to improve its corporate brand value by improving loyalty among all stakeholders.



## Advantages of economy of Shizuoka Prefecture (1)

<Size of economy> Shizuoka's economy is called a "3%, 10th-ranked economy," as on many indicators it comprises 3% of the national economy and ranks around 10th among the prefectures. The economy is strong by national standards.

	FY2003	FY2004	FY2005	FY2006
Prefectural GDP (¥ billions)	16,015.6	16,068.9	-	-
National GDP	493,747.5	498,280.4	503,336.8	-
Ranking in prefectural GDP	10 <sup>th</sup> /47	10 <sup>th</sup> /47	-	-
Prefectural manufactured goods shipments (¥ billions)	15,963.8	16,699.8	* 17,322.8	-
National manufactured goods shipments	273,734.4	284,472.1	* 295,606.4	-
Ranking in prefectural MGS	3 <sup>rd</sup> /47	3 <sup>rd</sup> /47	* 3 <sup>rd</sup> /47	-

Note: Based on fiscal-year data.

\* Based on preliminary data.

<Health of economy> Shizuoka's business failure rate is improving, as many businesses located there are financially healthier and stronger. Municipal government finances are sound, too, in national comparisons.

	FY2003	FY2004	FY2005	FY2006
Business failure rate (Shizuoka)	0.317%	0.320%	*0.169%	0.254%
Business failure rate (Nationwide)	0.417%	0.419%	*0.252%	0.285%
Ranking (The lower the rate, the higher the ranking)	7 <sup>th</sup> /47	7 <sup>th</sup> /47	* 8 <sup>th</sup> /47	21 <sup>th</sup> /47
The rate of loan claims subrogated to credit guarantee corporations (Shizuoka)	2.19%	1.76%	1.57%	1.87%
The rate of loan claims subrogated to credit guarantee corporations (Nationwide)	3.22%	2.74%	2.38%	2.37%
Ranking (The lower the rate, the higher the ranking)	15 <sup>th</sup> /47	12 <sup>th</sup> /47	7 <sup>th</sup> /47	10 <sup>th</sup> /47
Fiscal solvency index (Shizuoka)	62.4	63.7	65.3	-
Fiscal solvency index (Nationwide)	40.8	41.1	42.8	-
Ranking	5 <sup>th</sup> /47	5 <sup>th</sup> /47	6 <sup>th</sup> /47	-

Note: The failure rates are based on calendar-year data; all others fiscal-year data.

\* Data since April 2005 reflect only court-administered proceedings, excluding out-of-court bankruptcy settlements.

## Advantages of economy of Shizuoka Prefecture (2)

<Growth potential> Shizuoka sees new industries burgeoning as it hosts many enterprises exploring new business fields.

	FY2003	FY2004	FY2005	FY2006
No. of firms authorized for R&D business plan (*1) (Shizuoka)	41	21		
Ranking	4 <sup>th</sup> /47	5 <sup>th</sup> /47		
No. of firms approved for business innovation plan (*2) (Shizuoka)	191	174	194	172
No. of firms approved for business innovation plan (*2) (Nationwide)	3,995	4,322	4,421	4,053
Ranking	6 <sup>th</sup> /47	7 <sup>th</sup> /47	7 <sup>th</sup> /47	7 <sup>th</sup> /47
No. of firms authorized for new collaboration plan (*2) (Shizuoka)			6	5
No. of firms authorized for new collaboration plan (*2) (Nationwide)			160	161
No. of new facility locations (Shizuoka)	60	81	85	102
No. of new facility locations (Nationwide)	1,052	1,304	1,544	1,782
Ranking	1 <sup>st</sup> /47	1 <sup>st</sup> /47	3 <sup>rd</sup> /47	3 <sup>rd</sup> /47

\*1 Authorized under the former SMB Development Law.

\*2 Approved/authorized under the SMB New Business Operation Promotion Law; The current numbers approved for business innovation plan are as of the end of January 2007.

Note: The numbers of new facility locations are based on calendar-year data; all others on fiscal-year data.

<Regional employment & corporate earnings>

	FY2003	FY2004	FY2005	FY2006
Effective job opening to applicant ratio (Shizuoka) (times)	0.88	1.04	1.14	1.25
Effective job opening to applicant ratio (Nationwide)	0.64	0.83	0.95	1.06
Monthly average wages (Shizuoka) (thousand yen)	341	326	333	—
Monthly average wages (Nationwide) (thousand yen)	342	333	335	—
Ranking	6 <sup>th</sup> /47	15 <sup>th</sup> /47	6 <sup>th</sup> /47	—
Corporate earnings (compared year-on-year) (Shizuoka)	+14.1%	+15.4%	-0.5%	*+9.3%
Corporate earnings (compared year-on-year) (Nationwide)	+14.4%	+20.3%	+12.3%	*+6.2%

Note: The ratios are based on fiscal-years end, monthly data; the wages calendar-year data; the earnings fiscal-year data.

\*FY2006 projected.



This document includes statements concerning future business results. These statements do not guarantee future business results, but contain risks and uncertainties. Please note that future business results may differ from targets for reasons such as changes in the business environment.