

# Results for FY2010 and Overview of 10th Medium-term Business Plan

## *“Dream TEN — New challenges”*

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# Results for FY2010 (1)

Shizuoka Bank, Non-consolidated  (JPY bn, %)	FY2010	YoY change	
		Increase/ Decrease	Rate of change
Ordinary revenue	179.3	-6.7	-3.6
Gross Operating Profit	151.4	-0.6	-0.4
Net interest income	128.2	-1.1	-0.9
Fees and commissions	14.5	+0.0	+0.1
Trading income	-0.3	-1.5	-123.8
Other operating profit (Bond-related income such as JGBs)	9.0 6.6	+2.0 +1.4	+28.4 +26.1
Expenses (-)	81.0	+1.6	+2.1
Actual net operating profit *	70.4	-2.3	-3.1
Core net operating profit **	63.8	-3.6	-5.4
General transfer to loan loss reserves (-)	-1.3	-9.6	-115.3
Net operating profit	71.7	+7.4	+11.4
Special profit and loss	-13.0	+0.8	+5.9
Bad debt written-off	10.8	-4.1	-27.3
Gain (loss) on stocks	-1.2	-4.1	-139.8
Ordinary profit	58.7	+8.2	+16.2
Extraordinary profit and loss	-0.6	-1.0	-264.2
Net income before taxes	58.0	+7.1	+14.0
Corporate taxes (-)	22.7	+3.9	+20.8
Net income	35.4	+3.2	+10.1

\* Actual NOP=NOP + General transfer to loan loss reserves

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

**Ordinary revenue** -JPY 6.7bn YoY (Continued decrease for 3 periods)

- JPY 179.3bn was posted, a decrease of JPY 6.7bn year-on-year, with the decrease in proceeds from fund management, the main cause of which was the decline in both domestic and international interest rates.

**Gross operating profit** -JPY 0.6bn YoY (First decrease in 7 periods)

- While other operating profit grew, an increase of JPY 2.0bn year-on-year, due mainly to an increase in bond-related income such as JGBs (up JPY 1.4bn YoY), gross operating profit stood at JPY 151.4bn (down JPY 0.6bn YoY) as a result of declines in net interest income (down JPY 1.1bn YoY) and in trading income (down JPY 1.5bn YoY).

**Net operating profit** +JPY 7.4bn YoY (Continued growth for 2 periods)

- Despite an increase in expenses (up JPY 1.6bn year-on-year), net operating profit amounted to JPY 71.7bn, an increase of JPY 7.4bn year-on-year, supported by growth in bond-related income such as JGBs and a reversal of general loan loss reserves.

**[Record highest profit]**

**Ordinary profit** +JPY 8.2bn YoY (Continued growth for 2 periods)

- JPY 58.7bn was posted, an increase of JPY 8.2bn year-on-year, due to an increase in net operating profit.

**Net income** +JPY 3.2bn YoY (Continued increase for 2 periods)

- JPY 35.4bn was posted, an increase of JPY 3.2bn year-on-year, despite a decrease of "Extraordinary profit and loss"



# Results for FY2010 (2)

Shizuoka Bank, Consolidated  (JPY bn, %)	FY2010	YoY change	
		Increase/ Decrease	Rate of change
Ordinary revenue	209.0	-5.5	-2.5
Ordinary profit	64.2	+10.3	+19.1
Net income	36.2	+3.4	+10.4
Comprehensive income	19.0	-57.9	-75.3

Consolidated / Non-consolidated ratio	FY2010	YoY change
Ordinary profit	1.09 times	+0.03 times
Net income	1.02 times	+0.01 times

Ordinary revenue (Consolidated)	Continued decline for 3 periods
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Ordinary profit (Consolidated)	Continued increase in 2 periods
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Net income (Consolidated)	Continued increase in 2 periods
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## Consolidated Subsidiaries (11 companies)

Shizugin Management Consulting Co., Ltd.  
 Shizugin Lease Co., Ltd.  
 Shizuoka Computer Service Co., Ltd.  
 Shizugin Credit Guaranty Co., Ltd.  
 Shizugin DC Card Co., Ltd.  
 Shizuoka Capital Co., Ltd.  
 Shizugin TM Securities Co., Ltd.  
 Shizugin General Service Co., Ltd.  
 Shizuoka Mortgage Service Co., Ltd.  
 Shizugin Business Create Co., Ltd.  
 Shizuoka Bank (Europe) S.A.

## Equity-method Affiliates

Shizugin Saison Card Co., Ltd.



# Net interest income

• Net interest income in FY2010: JPY 128.2bn (- JPY 1.1bn YoY)

Domestic operations division: JPY 115.8bn (- JPY 2.0bn YoY), Overseas operations division: JPY 12.4bn (+ JPY 0.8bn YoY)

## Breakdown of net interest income

(JPY bn)	FY2009	FY2010	Increase/ Decrease
<b>Total</b>	<b>129.3</b>	<b>128.2</b>	<b>-1.1</b>
<b>Domestic operations division</b>	<b>117.8</b>	<b>115.8</b>	<b>-2.0</b>
Of which, Interest on loans	108.6	103.9	-4.7
Interest and dividends on securities	20.4	18.2	-2.2
Interest on deposits (-)	10.7	6.3	-4.4
<b>Overseas operations division</b>	<b>11.6</b>	<b>12.4</b>	<b>+0.8</b>

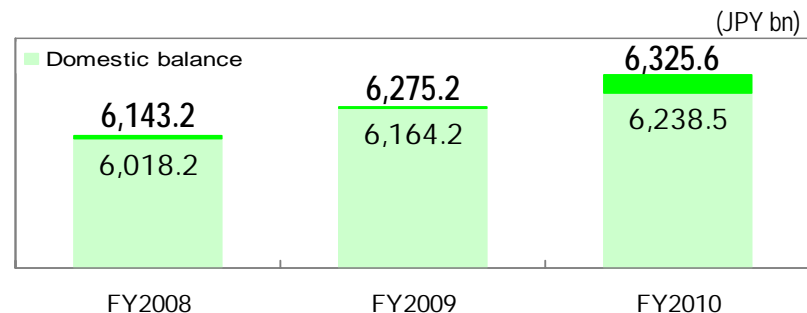
## Domestic operations division

(%)	FY2009	FY2010	Increase/ Decrease
<b>Loan rate</b>	<b>1.77</b>	<b>1.68</b>	<b>-0.09</b>
Deposit rate	0.14	0.08	-0.06
Yield on securities	1.30	1.31	+0.01

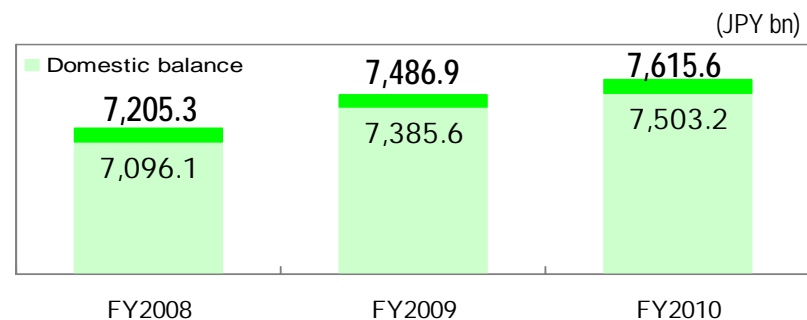
## Overseas operations division

(%)	FY2009	FY2010	Increase/ Decrease
<b>Investment/funds rate difference</b>	<b>1.56</b>	<b>1.54</b>	<b>-0.02</b>

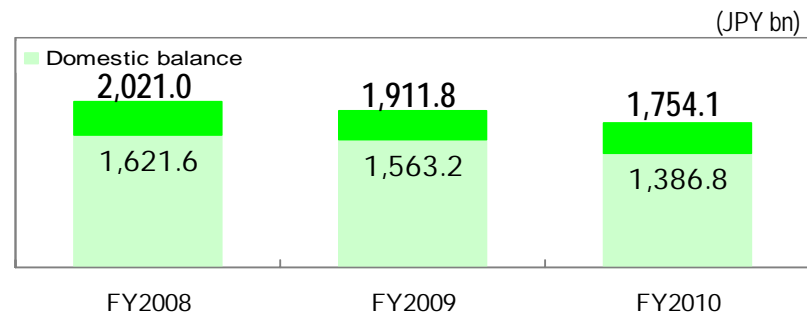
## Loan balances (average balances)



## Deposit balances (average balances)



## Securities (average balances)





# Difference between loan and deposit interest rates

- Difference between loan and deposit interest rates at the end of March 2011 dropped 0.05 points from the end of March 2010

## Changes in yen-denominated loans and deposit structure

[Monthly comparison of average balances and interest rates]

	[March 2010]		[March 2011]		(JPY tn, %)
	Average balance (% of total)	Interest rate	Average balance (% of total)	Interest rate	
Loans	6.1 (100.0)	1.74	6.3 (100.0)	1.63	-0.11
Variable interest	4.5 (73.7)	1.67	4.8 (75.6)	1.58	
Short-term / new long-term prime rate standard	2.9 (46.8)	2.08	3.0 (47.5)	2.03	
Market-linked	1.6 (25.4)	0.86	1.7 (26.7)	0.74	
Fixed interest	1.6 (26.3)	1.91	1.5 (24.4)	1.80	

[Difference between loan and deposit interest rates]

	[March 2010]		[March 2011]		(JPY tn, %)
	Average balance (% of total)	Interest rate	Average balance (% of total)	Interest rate	
Deposits	7.2 (100.0)	0.12	7.4 (100.0)	0.06	+1.62
Liquid deposits	3.9 (53.9)	0.02	4.0 (54.2)	0.02	
Term deposits	3.0 (41.3)	0.24	3.0 (40.0)	0.12	

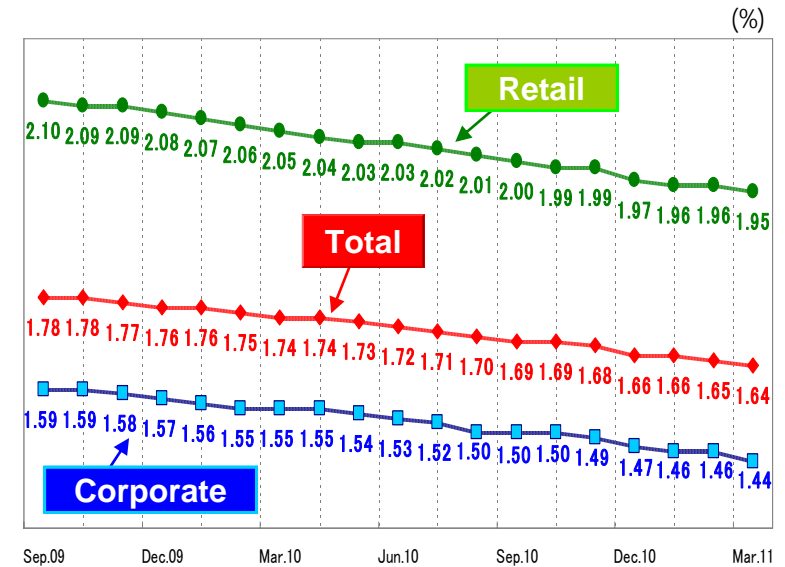
\* Deposits include NCDs

-0.06

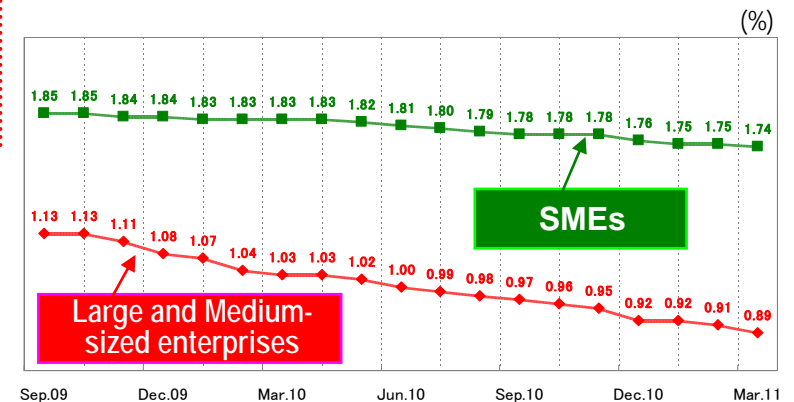
-0.05

+1.57

## Loan interest rates (monthly average)



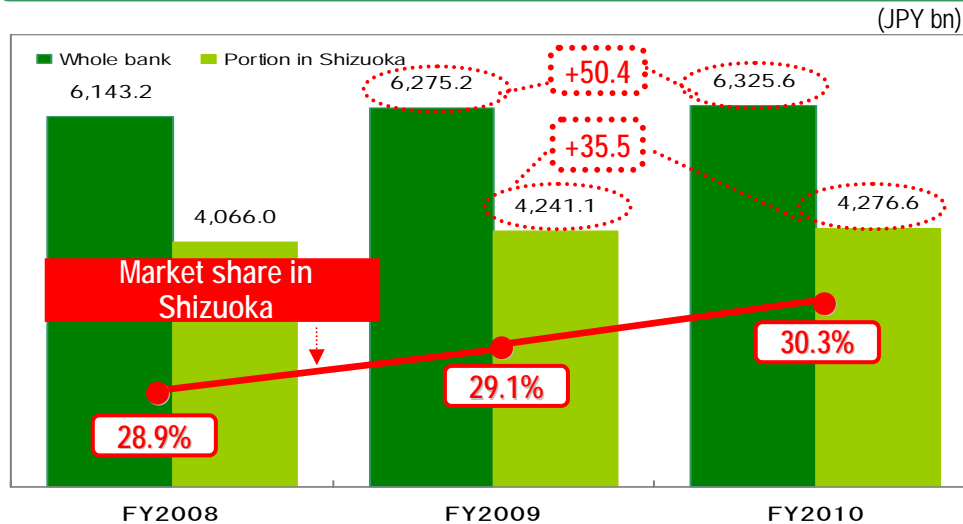
## Trends in Corporate loan interest rates by company size



# Loans

- Loan balances (average balances) of FY2010: JPY 6,325.6bn, up JPY 50.4bn (+0.8%) year-on-year

## Loan balances (average balances)



## [SME loan balances]

Average balances increased to JPY 2,579.8bn, up JPY 23.7bn (+0.9%) year-on-year.

## [Retail loan balances]

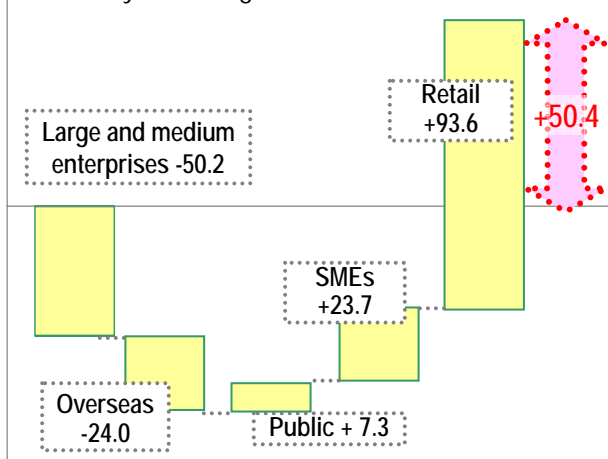
Average balances increased to JPY 2,162.1bn, up JPY 93.6bn (+4.5%) year-on-year.

## Loan balances (term-end balances):

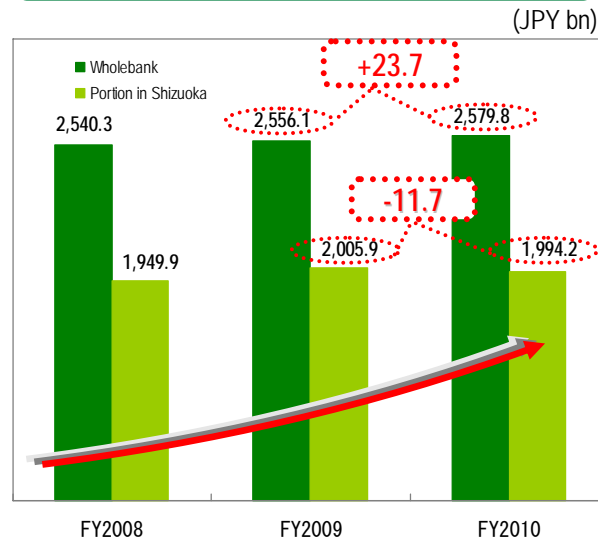
JPY 6,659.2bn, up 357.8bn (+5.7%) year-on-year

## Breakdown of changes in total loan balances (average balances)

Year-on-year changes in FY2010 (JPY bn)

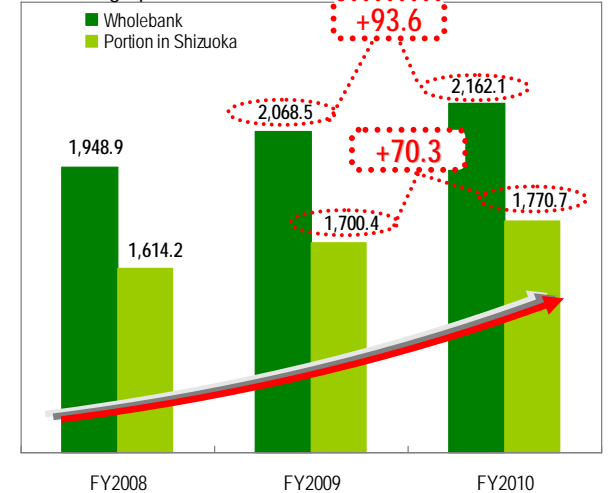


## SME loan balances (average balances)



## Retail loan balances (average balances)

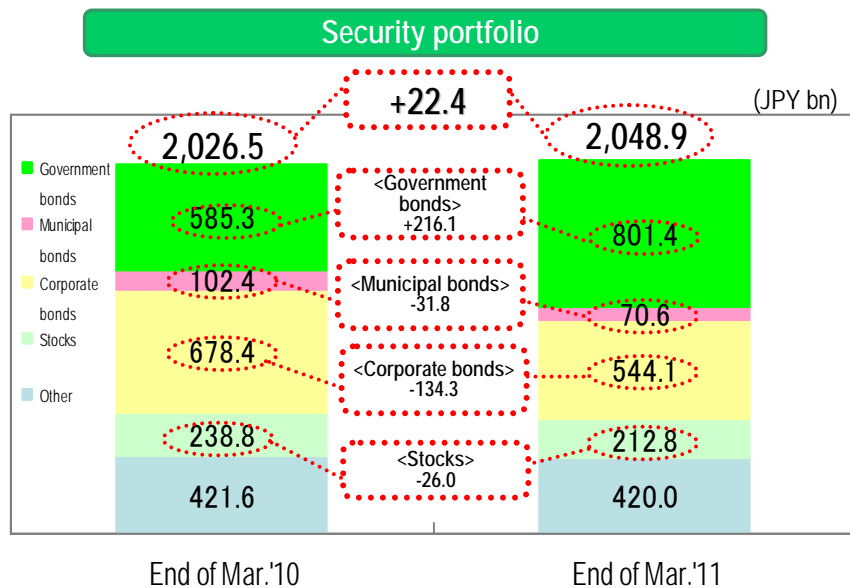
\*Including apartment loans (JPY bn)





# Securities

- Total balance of securities : JPY 2,048.9bn (+ JPY 22.4bn from the end of March2010)
- Securities revaluation profit and loss : JPY 103.2bn (- JPY 30.0bn from the end of March2010)
- Gains and losses from bond-related income such as JGBs : JPY 6.6bn (+ JPY 1.4bn year-on-year),
- Gains and losses from stocks : - JPY 1.2bn (- JPY 4.1bn year-on-year)



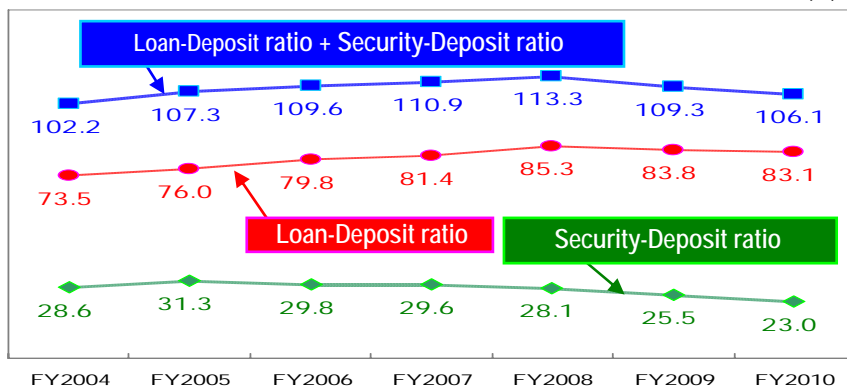
### Average duration to maturity / gains and losses from revaluation of securities

	End of Mar. '10	End of Mar. '11
Duration of yen denominated bonds	4.73y	5.03y
Duration of foreign currency denominated bonds	2.60y	2.18y
Gains and losses from the revaluation of securities	JPY 133.2bn	JPY 103.2bn
Stocks	JPY 114.5bn	JPY 90.3bn
Nikkei stock average	JPY 11,089.94	JPY 9,755.10

### Breakdown of gains and losses from Bond-related income such as JGBs

(JPY bn)	FY2009	FY2010	Increase/Decrease
<b>Gains and losses from JGBs</b>	5.2	6.6	+1.4
Gain on sale of JGBs	9.8	12.2	+2.4
Loss on sale of JGBs (-)	3.1	5.3	+2.2
Devaluation of JGBs ( - )	1.6	0.3	-1.3

### Loan-Deposit ratio / Security-Deposit ratio



### Breakdown of gains and losses from stocks

(JPY bn)	FY2009	FY2010	Increase/Decrease
<b>Gains and losses from stocks</b>	2.9	-1.2	-4.1
Gain on sale of stocks	3.6	0.5	-3.1
Loss on sale of stocks ( - )	0.6	0.1	-0.5
Devaluation of stocks ( - )	0.1	1.6	+1.5

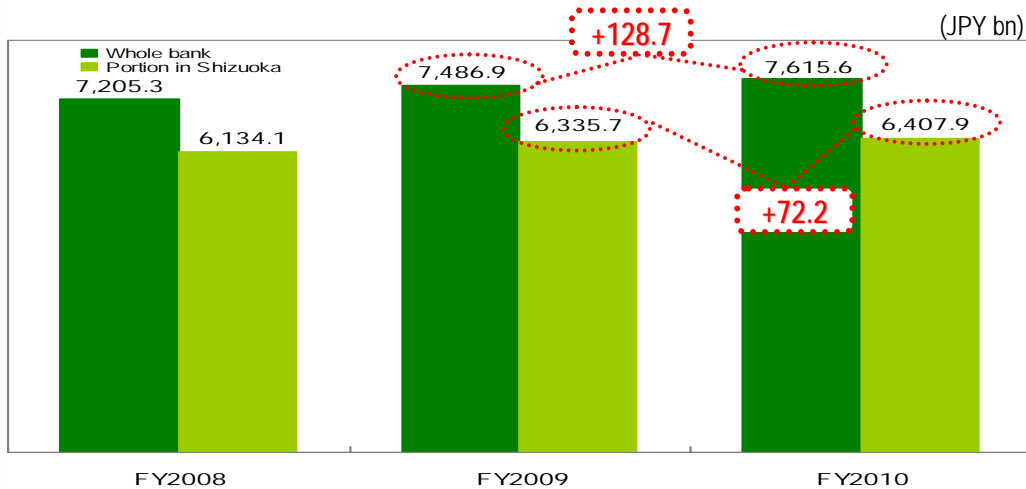




# Deposits

- Deposit balances in FY2010: JPY 7,615.6bn (average balances), up JPY 128.7bn (+1.7%) year-on-year

## Deposit balances (average balances)



- Deposit balances in Shizuoka Prefecture:

JPY 6,407.9bn, up JPY 72.2 bn (+1.1%) year-on-year

- Retail deposit balances:

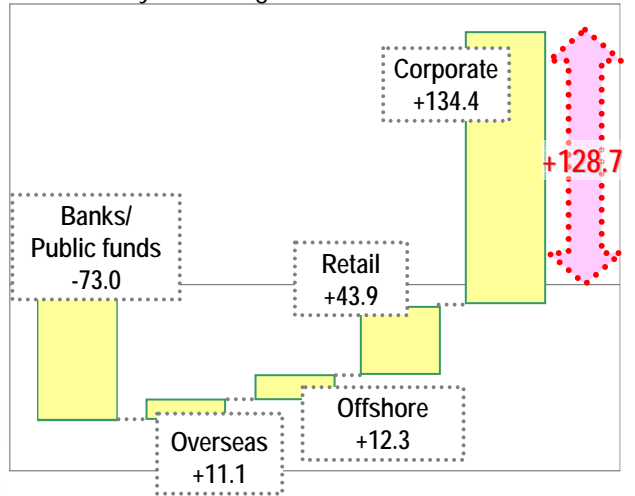
JPY 5,184.8bn, up JPY 43.9 bn (+0.9%) year-on-year

- Corporate deposit balances:

JPY 1,956.0bn, up JPY 134.4 bn (+7.4%) year-on-year

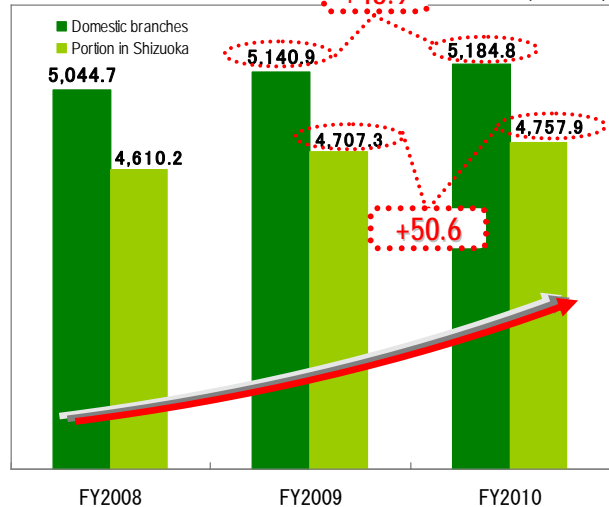
## Breakdown of changes in deposit balances (average balances)

Year-on-year changes in FY2010 (JPY bn)



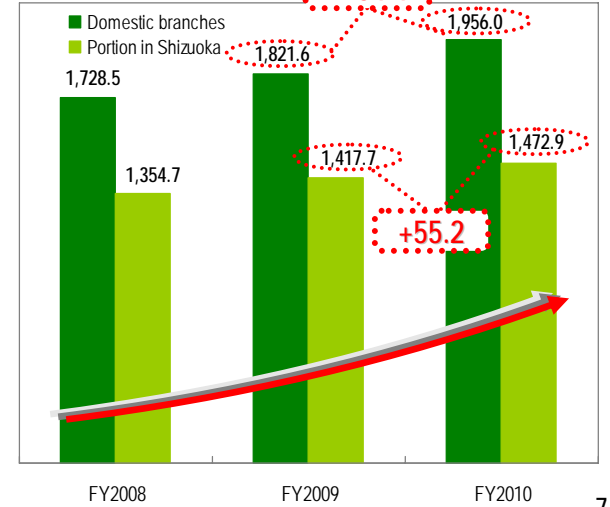
## Retail deposit balances (average balances)

(JPY bn)



## Corporate deposit balances (average balances)

(JPY bn)

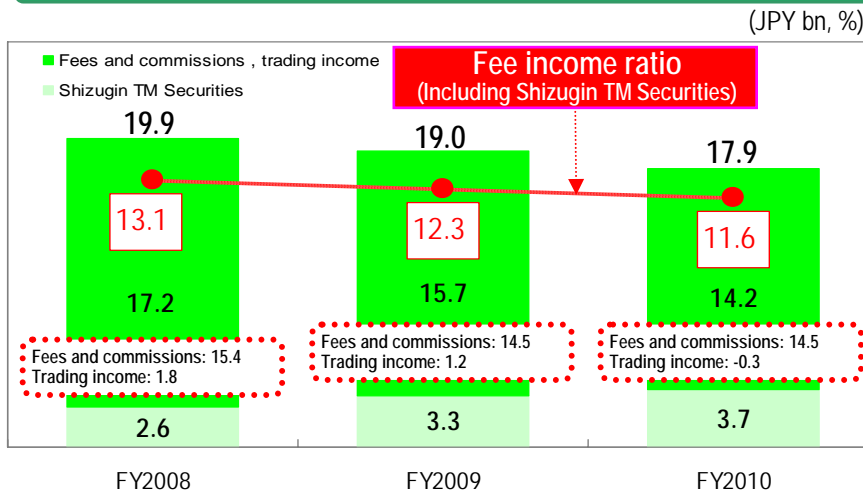




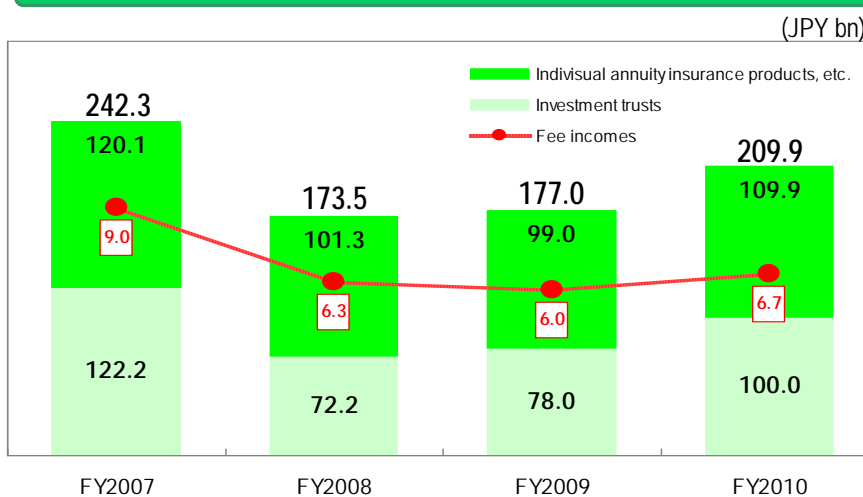
# Fee incomes and customer assets

- Fees and commissions in FY2010 at JPY 14.5bn, trading income down JPY 0.3bn
  - Customer assets at the end of March 2011 (including the balance of Shizugin TM Securities) was JPY 6,579.6bn, up JPY 121.8bn from the end of March 2010.
- Balance of customer assets JPY 1,379.9bn, up JPY 44.9bn from the end of March 2010

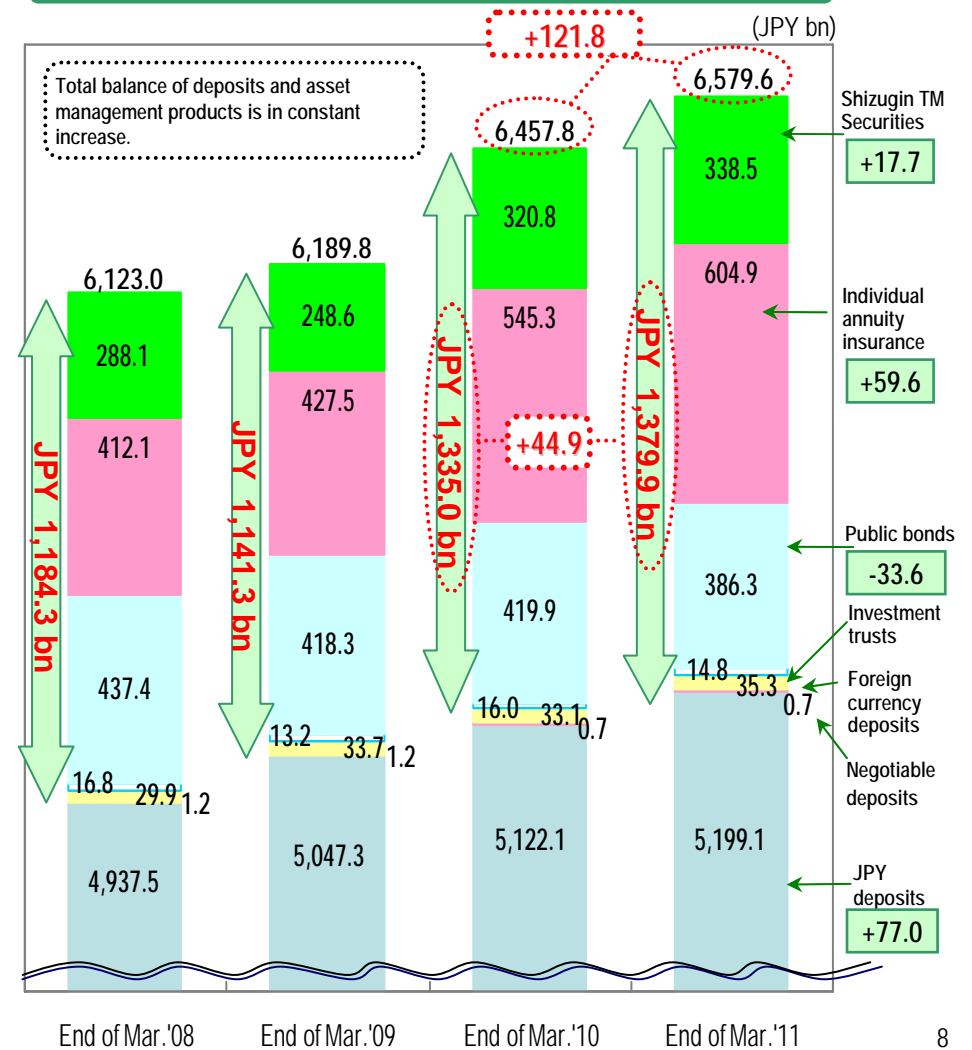
## Fee incomes (Shizuoka Bank / Shizugin TM Securities)



## Sales and fee income from investment trusts & insurance products



## Customer assets (term-end balances)

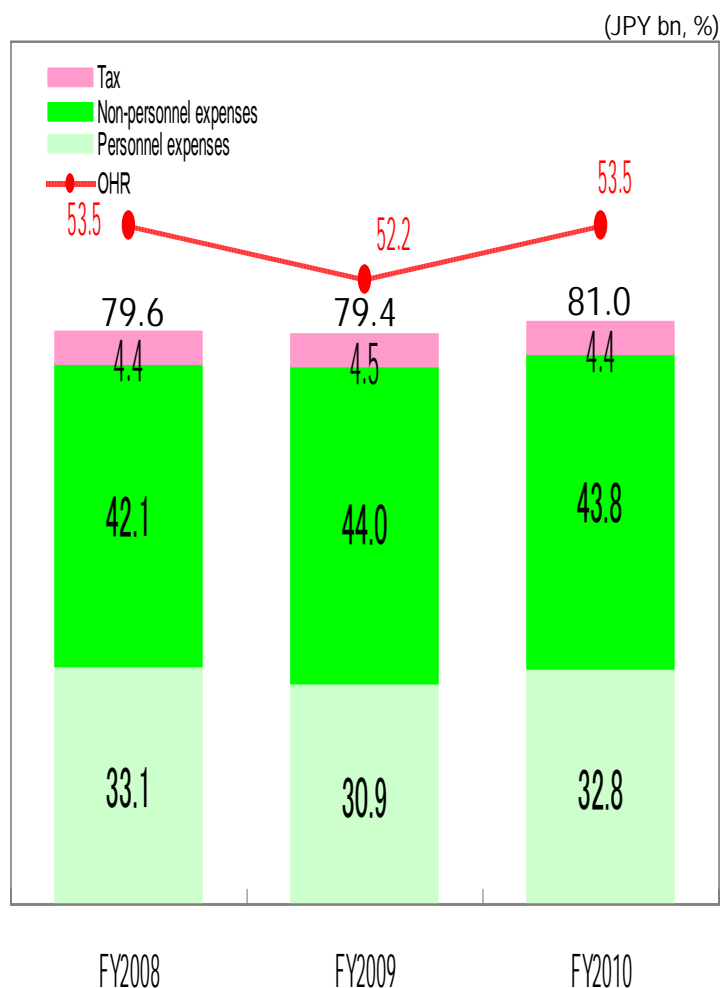




# Expenses

- Expenses in FY2010: JPY 81.0bn (+JPY 1.6bn year-on-year)
- OHR in FY2010 (Non-consolidated): 53.5% (+1.3 percentage points year-on-year)

## Expenses and OHR



## Non-personnel expenses

(JPY bn)	FY2008	FY2009	FY2010	YoY change
Non-personnel expenses	42.1	44.0	43.8	-0.2
System-related	13.0	14.4	14.4	+0.0
Outsourcing	7.9	8.0	7.9	-0.1
Others	21.2	21.6	21.5	-0.1

## [Reference] Number of personnel

(Employees)	End-Mar. '08	End -Mar. '11	Change from end-Mar. '08
Front office	2,411	2,989	+578
Of which bank employees	1,794	2,205	+411
Back office/assisting	1,693	1,097	-596
Of which bank employees	548	90	-458
HQ, loan operations centers and other	1,060	885	-175
Of which bank employees	509	560	+51
Shizuoka Bank (A)	5,164	4,971	-193
Of which bank employees	2,851	2,855	+4
Total number of employees at Group companies, etc (B)	1,873	2,096	+223
Total Group employees (A + B)	7,037	7,067	+30

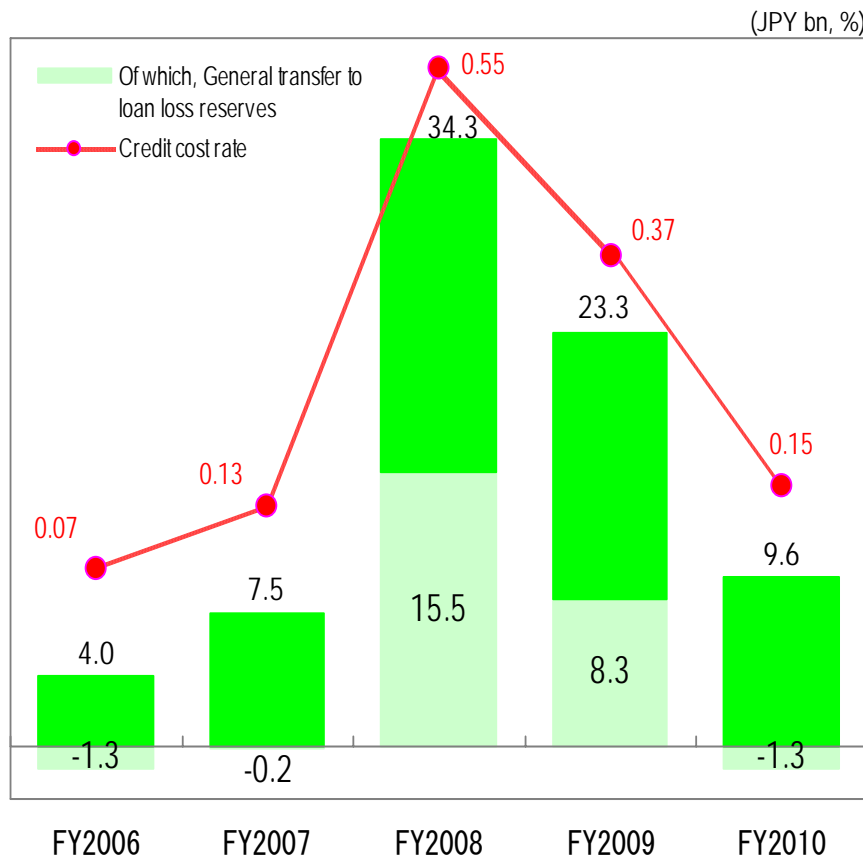
\*Incl. temporary and dispatched employees, etc.



# Credit costs

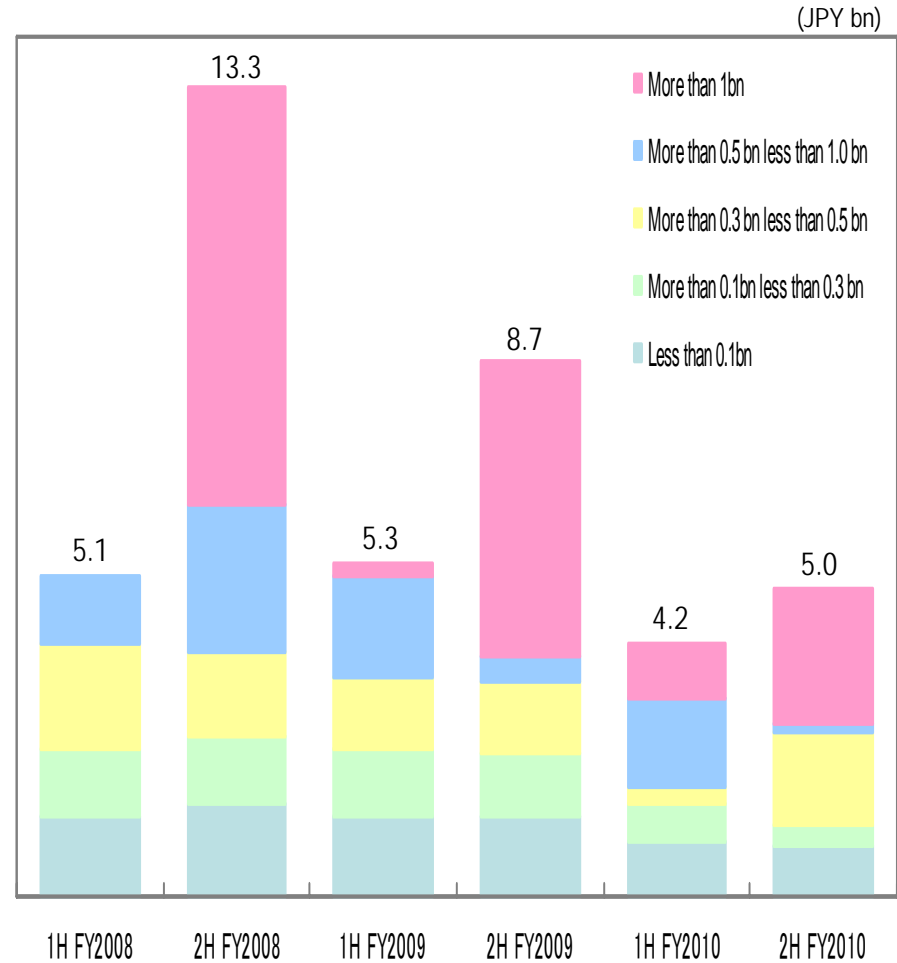
- **Credit costs in FY2010: JPY 9.6bn (- JPY 13.7bn year-on-year),  
Credit cost rate: 0.15% (-0.22 percentage points year-on-year)**
- **General transfer to loan loss reserves: - JPY 1.3bn (- JPY 9.6bn year-on-year)**
- **NPL disposal: JPY 10.8bn (- JPY 4.1bn year-on-year)**  
of which, transfer to specific reserves: **JPY 7.8bn (- JPY 3.8bn year-on-year)**

**Credit cost and credit cost rate trends**



\*Credit costs = NPL disposals + General transfer to loan loss reserves  
 Credit cost rate = Credit costs / Average loan balance  
 From FY2007, NPL disposal includes transfer to other contingent loss reserves related to the credit guarantee association joint responsibility system.

**New transfer to specific reserves by credit balance**

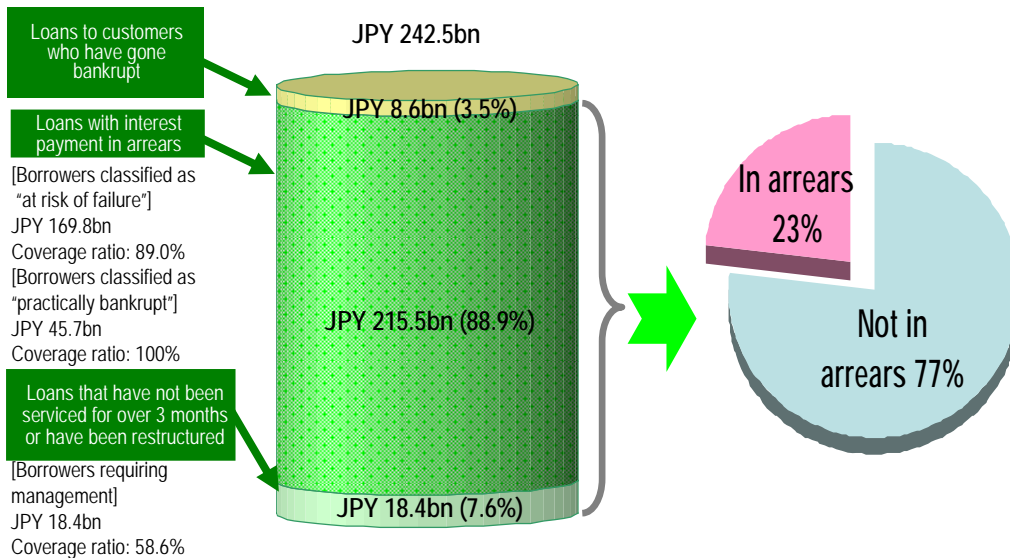




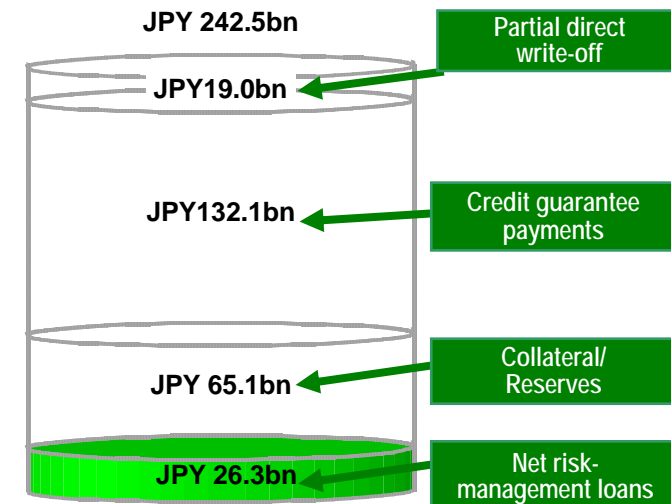
# Risk-management loans

- **Total risk-management loans (Non-consolidated): JPY 242.5bn** (up JPY 13.0bn from the end of March 2010)
- **The ratio of risk-management loans: 3.64%** (maintained flat as of the end of March 2010)
- **Net risk-management loans (Non-consolidated): JPY 26.3bn** (down JPY 0.7bn from the end of March 2010)
- **The ratio of net risk-management loans: 0.40%** (down 0.03 percentage points from the end of March 2010)

## Risk-management loans at the end of Mar. 2011



## Net risk-management loans



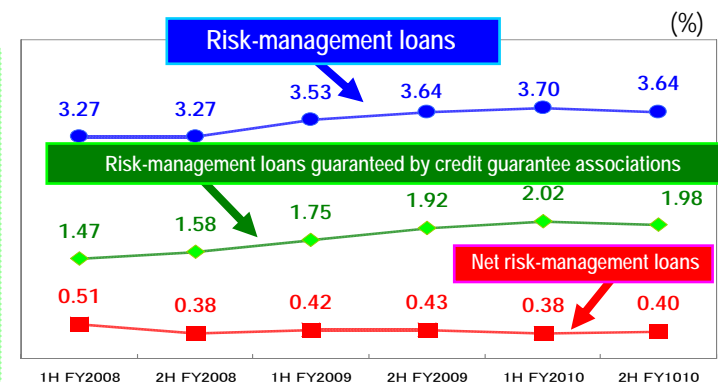
## NPL removal from the balance sheet

(JPY bn)	FY2009	FY2010	
			* Of which credit guarantee payments + JPY 10.9bn
New recognition of NPLs	+97.7	+72.1	
Removal from the balance sheet (NPL to borrowers classified as "at risk of failure" or in riskier categories)	-76.4 (-69.5)	-59.1 (-55.1)	
<b>Risk-management loans</b>	<b>229.5</b>	<b>242.5</b>	

[Breakdown of JPY 55.1 bn] (JPY bn)	
Collected from borrower/ set off against deposit account	10.7
Collateral disposal/ subrogated to guarantor	20.6
Reclassified to better category	14.1
Loans sold-off	8.4
Direct write-off of loans	1.3

## The ratio of risk-management loans





# Borrowers with modified lending conditions on the basis of Act on facilitation of succession of management of SMEs

## Disclosure according to Act on Facilitation of Succession of Management of SMEs (accumulated results from Dec. '09 to Mar. '11)

### <Executed changes of lending conditions>

	Number of cases	Executed amounts
Loans for SMEs	32,927	JPY 814.8bn
Housing loans	770	JPY 12.0bn

Several details were counted for the same borrower.  
In addition to that, each time continued, loans with bullet repayment was posted as "executed changes of lending conditions".

Of which, borrowers with changes in lending conditions by reducing payment on term

For borrowers classified as careful monitoring or in riskier categories who made changes in lending conditions by reducing payment on term

	Numbers of borrowers for which lending conditions were modified	Credit balance	
			Of which non-protected amount
Loans for SMEs	1,630	JPY 185.8	JPY 64.6bn
Housing loans	547	JPY 8.8bn	JPY 2.8bn
Total	2,177	JPY 194.6bn	JPY 67.4bn

Expected Loss
JPY 3.9bn
JPY 0.1bn
JPY 4.0bn

General transfer to loan loss
JPY 5.8bn
JPY 0.2bn
JPY 6.0bn

• 3.9% of total borrowers of loans for SMEs

• Executed credit balance JPY 194.6bn (2.9% of total lending)  
Of which, non-protected amount JPY 67.4bn (1.0% of total lending)

• Expected Loss (JPY 4.0bn) was executed within the range of "general transfer to loan loss balance" (JPY 6.0bn)

\*1 Including loans for apartments

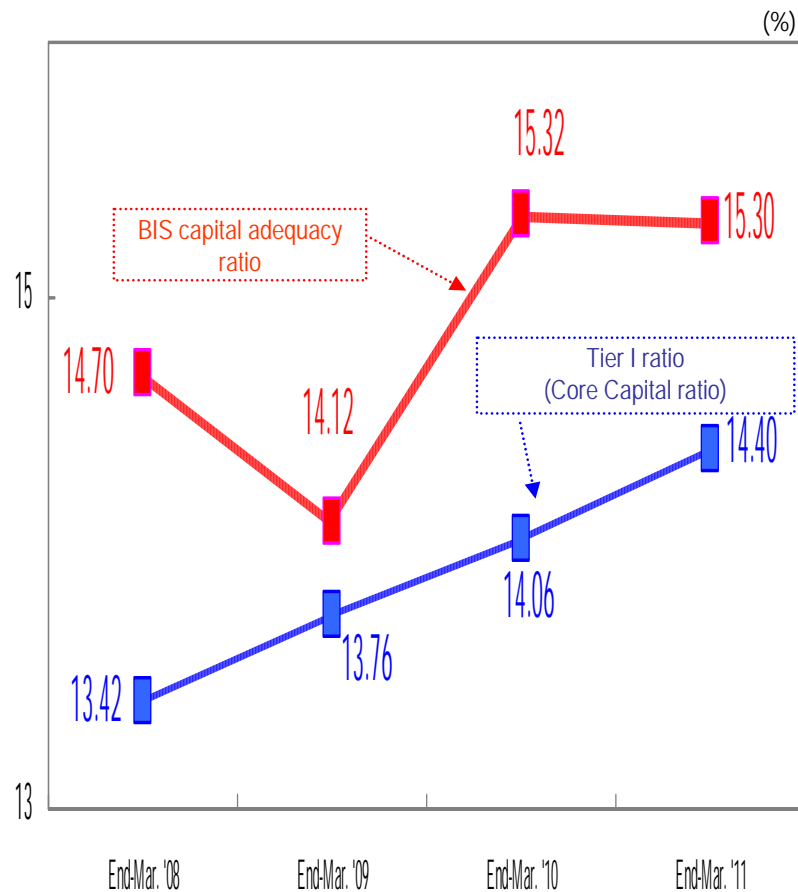
\*2 Non-protected amount of housing loan was calculated on the basis of our collection performance



# Capital adequacy ratio

- The Basel II capital adequacy ratio at the end of March 2011 was 15.30% (Down 0.02 percentage points from the level at the end of March 2010)
- Tier I ratio (core capital ratio) was 14.40% (Up 0.34 percentage points from the level at the end of March 2010)

BIS capital adequacy ratio (consolidated basis)



Changes in capital and risk-adjusted assets

(JPY bn)

	End-Mar. '08	End-Mar. '09	End-Mar. '10	End-Mar. '11	Change from end-Mar. '10
Capital*	650.4	623.4	687.8	686.1	-1.7
Tier I	593.8	607.8	631.4	645.9	+14.5
Tier II	79.1	29.1	67.6	50.7	-16.9
Risk-adjusted assets	4,423.2	4,414.8	4,488.9	4,482.9	-6.0
Total credit-risk-adjusted assets	4,089.5	4,094.6	4,166.3	4,162.8	-3.5
Amount corresponding to market risk	22.0	24.8	20.5	16.5	-4.0
Amount corresponding to operational risk	283.7	295.4	302.1	303.6	+1.5
Adjusted floor amount	28.0	-	-	-	-

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

Outlier ratio (Non-consolidated basis)

(JPY bn, %)

Size of maximum risk	Tier I + Tier II	Outlier ratio
81.0	667.3	12.1



# Shareholder return

- In FY2010, dividend per share was JPY 13 (dividend payout ratio 24.85%, dividend yield 1.88%)
- Aim to maintain “dividend payout ratio at approx. 25%, the highest payout ratio among main regional banks” in FY2011, and plan to distribute dividend (annual) per share of JPY 13 (dividend payout ratio: around 23.7%) by taking into account the market trends and operating performance
- In April 2011, an announcement of the acquisition of treasury stock was made (20 million shares in total, [maximum] acquisition amount of JPY 16.0bn, to be acquired during the period from April 6 to June 23, 2011 )

## Dividend trends

(JPY, %)

	FY2007	FY2008	FY2009	FY2010	FY2011 Forecast
Dividend per share (annual)	13.00	13.00	13.00	13.00	13.00 (6.50* )
Dividend yield (Dividend/share price at end of FY)	1.10	1.47	1.59	1.88	—

\*Interim dividend

## Profit distribution to shareholders

(JPY bn, %)

	FY2007	FY2008	FY2009	FY2010	FY '01 – '10 (10 years)
Annual dividend (1)	9.1	9.1	9.1	8.8	Accumulated total 72.9
Purchase of treasury shares (2)	12.6	—	4.0	15.0	Accumulated total 71.5
Shareholder returns (3)=(1)+(2)	21.8	9.1	13.1	23.8	Accumulated total 144.5
Net income (4)	35.2	12.8	32.1	35.4	Accumulated total 264.8
Dividend payout ratio (1)/(4)x100	25.96	70.85	28.20	24.85	Average 27.55
Shareholder return ratio (3)/(4)x100	61.82	70.85	40.64	67.22	Average 54.56



# Overview of 10<sup>th</sup> Medium-term Business Plan

*Dream with you.*



SHIZUOKA BANK

静岡銀行



# Targets for 10th Medium-term Business Plan

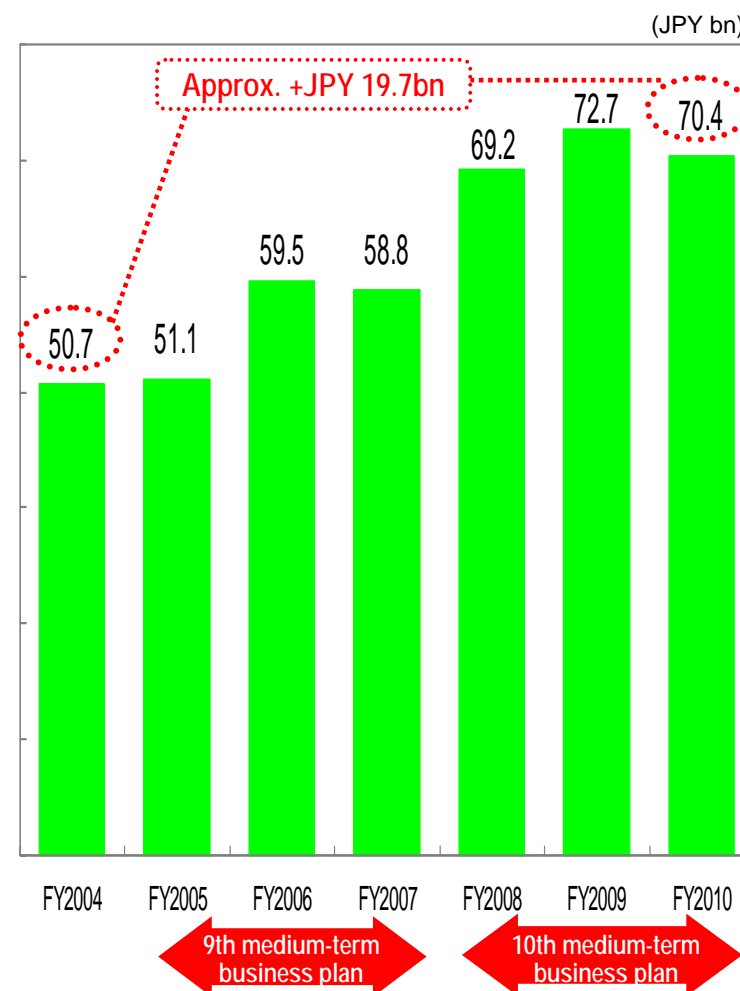
-Profit targets, efficiency and financial soundness indicators-

- Although the 10th Medium-term Business Plan period proved to be the one with severe business environment, represented by the financial market turmoil triggered by the collapse of Lehman Brothers, Shizuoka Bank achieved profit levels befitting its position as a top-ranked regional bank through efforts to expand its regional market share, based on the promotion of regional finance, and productivity enhancement.

## Targets and results for the 10th medium-term business plan

		(JPY bn)	FY2010 Medium-term BP target	FY2010 actual
Profit targets	Consolidated ordinary profit		65.0	64.2
	Consolidated net income		35.0	36.2
	Non-consolidated core net operating profit		65.0	63.8
Efficiency indicators	Consolidated Tier I ROE		6% level	5.59%
	Consolidated ROA		0.4%	0.39%
	Consolidated OHR		Around 55%	53.27%
Financial soundness indicators	Consolidated Tier I ratio		Around 12%	14.4%

## Changes in actual net operating profit



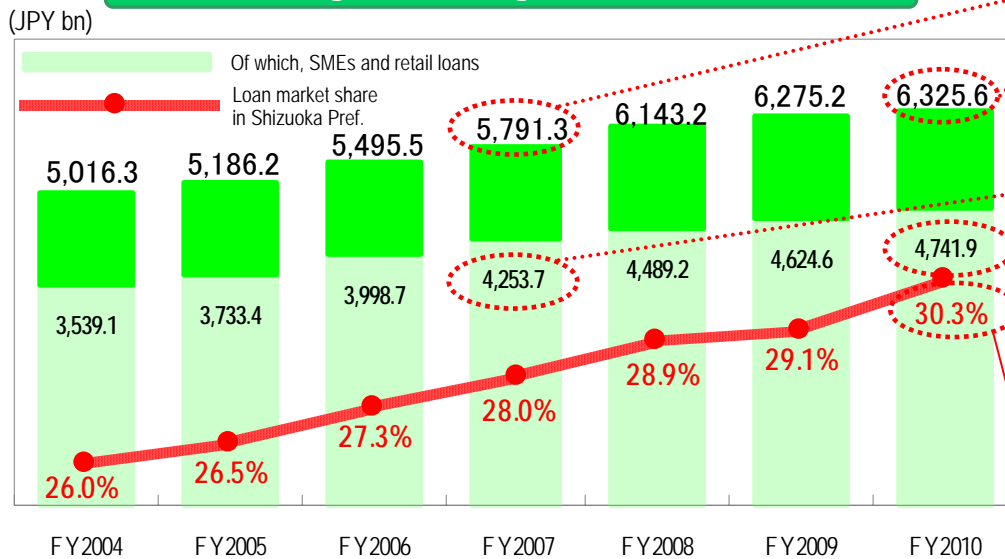


# Creating an earnings model (1)

## Loans, deposits, securities

- From FY2008 to FY2010, loans grew by JPY 534.3bn and deposits by JPY 496.5 billion in a well-balanced manner. Loan market share in Shizuoka prefecture expanded into 30.3%.
- Bond-related income such as JGBs grew as a result of flexible securities investment management

### Changes in average loan balances



**Total loan balances (averages) + JPY 534.3bn**

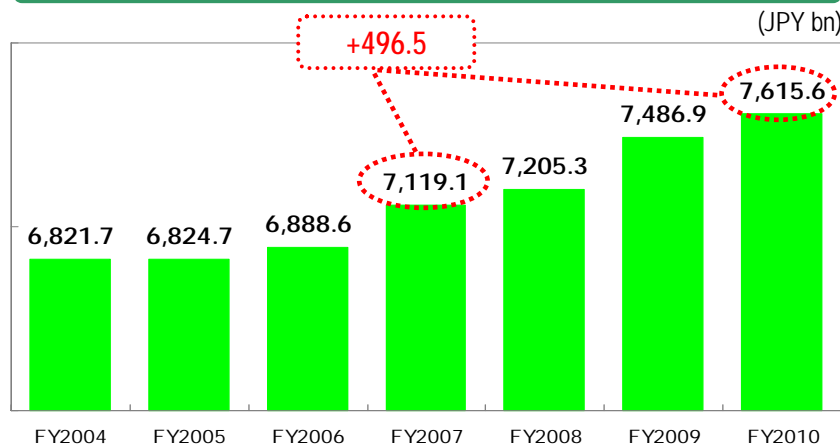
In the six-year period from the start of the 9th Medium-term Business Plan, total loan balances increased by approx. JPY 1.3 trillion.

**SME and retail loan balances (averages) + JPY 488.2bn**

Increase in loan balances resulted mostly from SME and retail lending. The bank implemented a policy to curb low-spread lending in the Tokyo metropolitan area.

The portion of loan balances in Shizuoka prefecture stood at 30.3% as of the end of March 2011, achieving the target of 30.0% set under the 10th Medium-term Business Plan.

### Changes in average deposit balances



### Changes in securities-related gains and losses

(JPY bn)

	FY2007 (A)	FY2008	FY2009	FY2010 (B)	Increase/Decrease (B)-(A)
Interest and dividends on securities	38.6	35.0	31.1	30.7	-7.9
Bond-related income such as JGBs	-6.5	0.1	5.2	6.6	+13.1
<b>Total</b>	<b>32.1</b>	<b>35.1</b>	<b>36.3</b>	<b>37.3</b>	<b>+5.2</b>

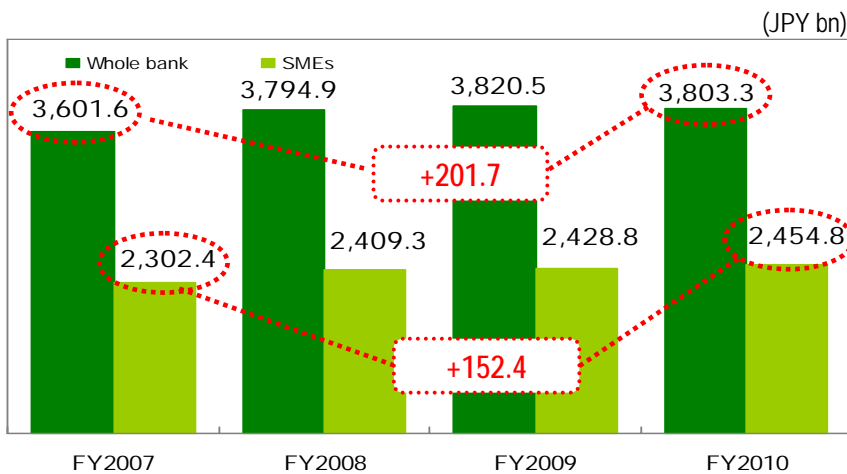


# Creating an earnings model (2)

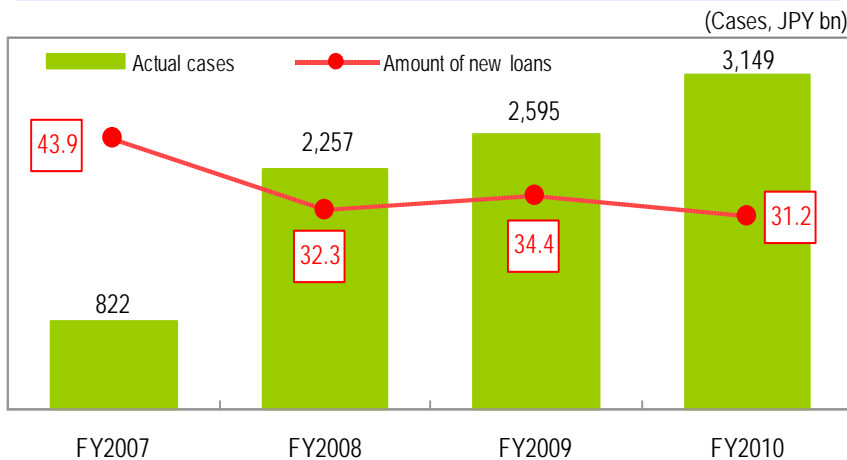
## Corporate banking (regional finance)

- In corporate banking, Shizuoka Bank has built its unique business model driven by relationship enhancement that has been pursued through sophisticated initiatives based on three pillars: business matching; training club for the next-generation of managers “Shizuginship”; and support for corporate management improvement and business rehabilitation. The results of those initiatives have been materializing steadily in the form of growth in SMEs loans.

### Total corporate loan balances (averages)

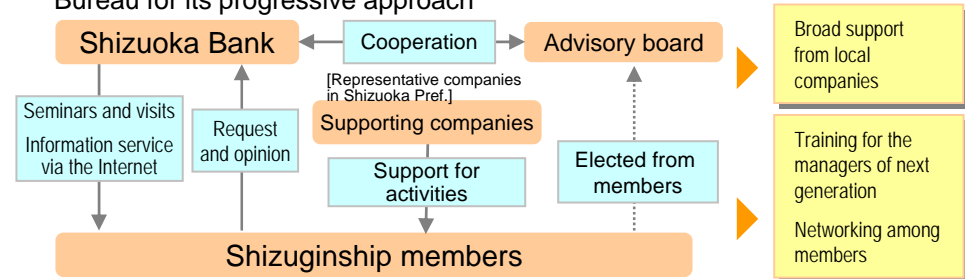


### Progress of business matching deals and the amount of new loans



### “Shizuginship” – training club for the next generation managers

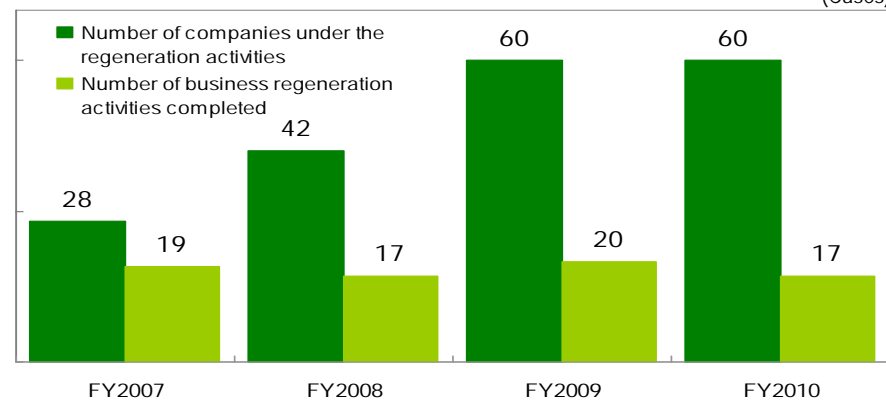
- In March 2011, “Shizuginship” was commended by Tokai Local Finance Bureau for its progressive approach



	FY2008	FY2009	FY2010
No. of members	760 companies/ 1,153 members	869 companies/ 1,307 members	883 companies/ 1,328 members
No. of participants for seminars and visits	3,021 members	3,052 members	2,984 members

### Business regeneration activities

- In addition to M&A and DDS, Shizuoka Prefecture SME Rehabilitation Support Council’s technique is utilized for business regeneration.





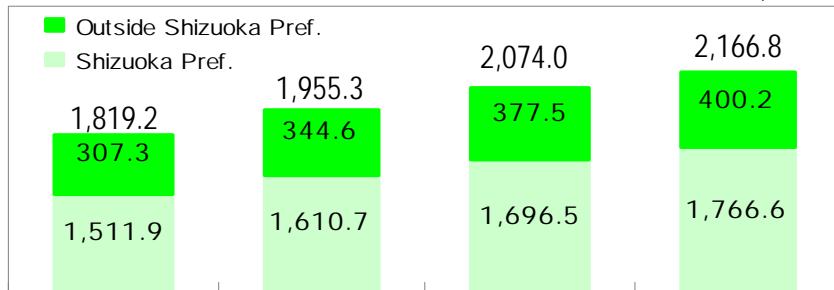
# Creating an earnings model (3)

## Retail banking (consumer loan growth, customer assets)

- Consumer loan balances have exceeded JPY 2 trillion due to branches enhancements and increases in personnel involved with housing loans
- With regard to sales focused on customer assets, Shizuoka Bank has become one of the top-level banks in terms of sales of the savings-based pension insurance through the introduction of the business officer system for wealthy clients and the establishment of the insurance consultation desk

### Consumer loan balances (averages)

(JPY bn)

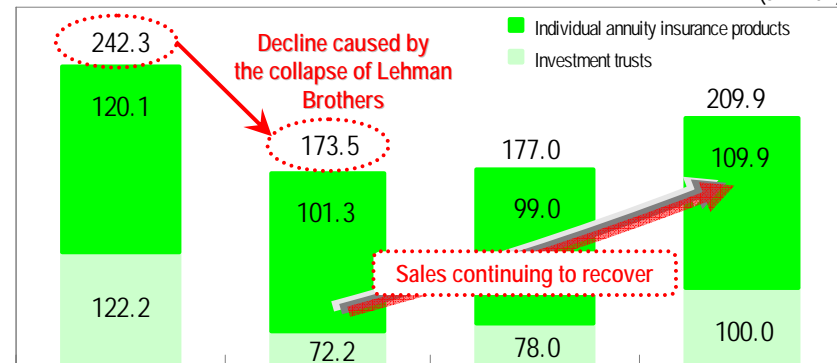


FY2007      FY2008      FY2009      FY2010

Channels (No. of branches)	23	⇒	23	⇒	25	⇒	25
No. of personnel	208	⇒	218	⇒	230	⇒	230

### Investment trusts and individual annuity insurance products

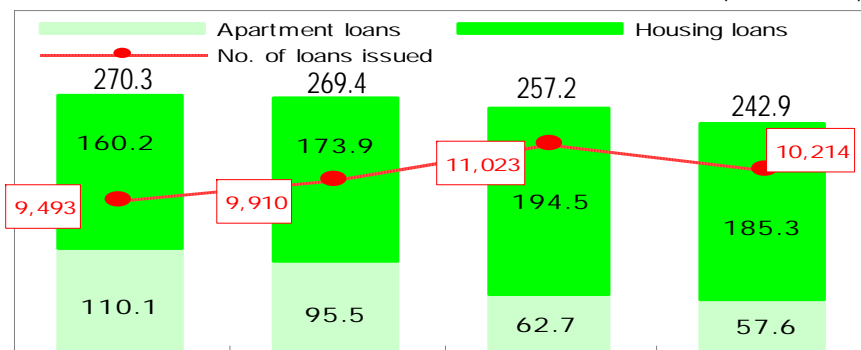
(JPY bn)



FY2007      FY2008      FY2009      FY2010

### The amount of housing-related loans

(Cases, JPY bn)



FY2007      FY2008      FY2009      FY2010

### Effort to strengthen customer assets sales

- Launch of the business officer system for wealthy clients (from Apr. 2009)
- Broaden the product lineup, such as cancer insurance agency services (from Feb. 2009) and non-investment insurance (from Aug. 2009)
- Launch of insurance consulting and sales services and the establishment of an insurance consultation desk (Aug. 2009)
- Introduce a financial product sales support system at all branches (Jan. 2011)



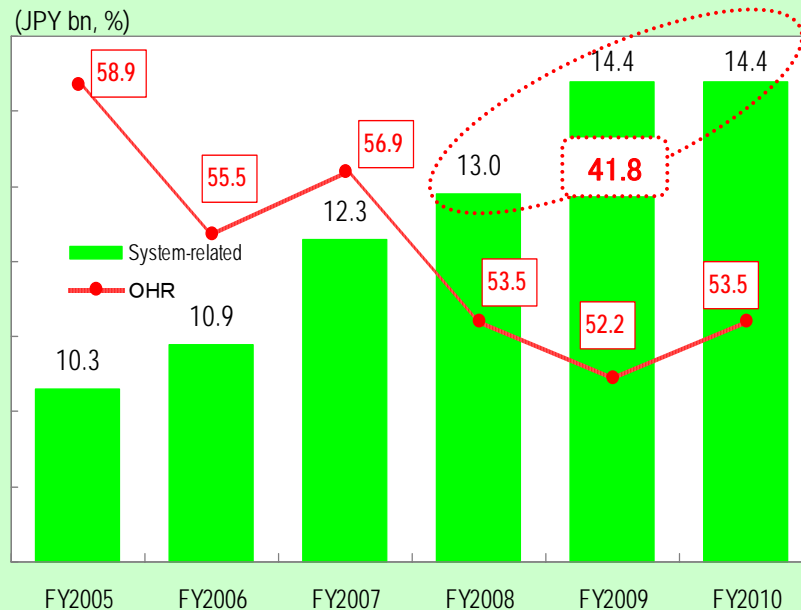
# Improved productivity

IT infrastructure, overhauled work processes

## Productivity improvement targets under the 10th Medium-term Business Plan

- Achieve top line growth by reforming operational processes, based on aggressive investment, and allocating personnel to front office
  - Developed IT infrastructure by allocating JPY 41.8bn, equivalent to over 30% of non-personnel expenses for the three-year period, to IT system expenses
  - Created an advanced BPR capable of reducing back-office workload at branches by 57%
  - Reallocated at 578 back-office staff to front office in order to enhance the sales force

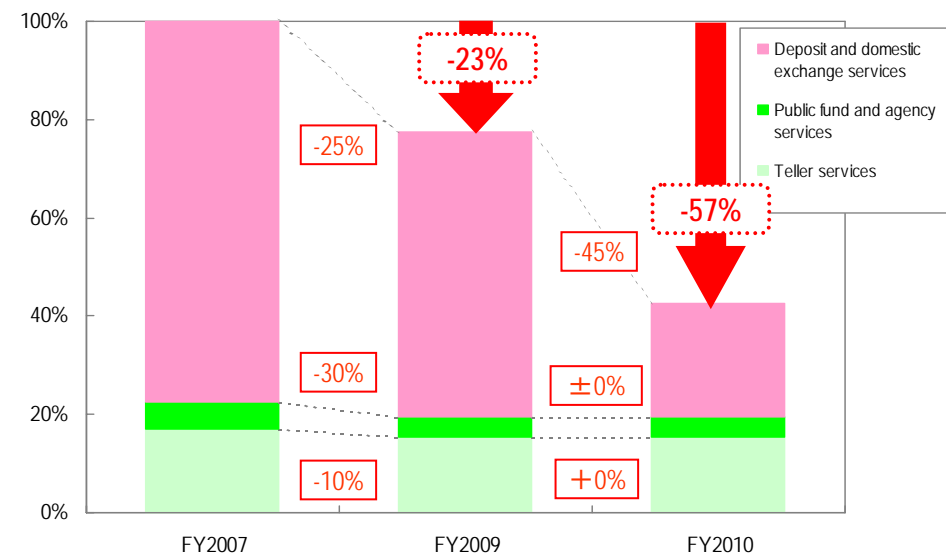
## System-related expenses and OHR



## Number of personnel

(Employees)	End of Mar. '08	End of Mar. '11	Change from end of Mar. '08
Front office	2,411	2,989	+578
Of which bank employees	1,794	2,205	+411
Back office/assisting	1,693	1,097	-596
Of which bank employees	548	90	-458
HQ, loan operations centers and other	1,060	885	-175
Of which bank employees	509	560	+51
Shizuoka Bank (A)	5,164	4,971	-193
Of which bank employees	2,851	2,855	+4
Total number of employees at Group companies, etc (B)	1,873	2,096	+223
Total Group employees (A + B)	7,037	7,067	+30

## Workload reduction at branches





# Capital Policy

- Due to selling of existing shares in January 2010, ratio of the number of shares owned by individual shareholders rose to 18.6% (up 1.9 percentage point from the end of March 2009) and achieved “Increasing number of individual shareholders in the region”
- In April 2011, an announcement of the acquisition of treasury stock was made. (20 million shares in total, [maximum] acquisition amount of JPY 16.0bn, to be acquired during the period from April 6 to June 23, 2011 )

## Shareholder return

(JPY bn, %)	4-year total of 8 <sup>th</sup> business plan	3-year total of 9 <sup>th</sup> business plan	3-year total of 10 <sup>th</sup> business plan	
Dividend (1)	20.6	25.4	26.9	
Purchase of treasury stock (2)	39.9	12.6	19.0	
Net income (3)	81.7	102.8	80.3	
Dividend payout ratio (1) / (3)	25.21	24.71	33.53	
Shareholder return ratio (1) + (2) / (3))	74.05	36.96	57.16	
	(JPY)	FY2004	FY2007	FY2010 Forecast
Annual dividend per share	8.50	13.00	13.00	

## Number of shareholders

	March 2009	March 2010	March 2011	Change from March 2009
Total number of shareholders	23,584	28,806	27,137	+3,553
Number of individual shareholders	22,082	26,998	25,430	+3,348
Ratio of the number of shares owned by individual shareholders	16.7%	19.1%	18.6%	+1.9 points

## Strategies for capital policy

Jan. 2010	Sold the existing shares	<ul style="list-style-type: none"> <li>• Number of shares offered: 29,900,000 shares (incl. over-allotment of 3,900,000 shares)</li> <li>• Personal shareholders increased by approx. 5,000 (as of the end of March 2010) ⇒ “Increase in local individual shareholders” (diversified the field of investors)</li> </ul>
Mar. 2010	Share buyback for 5 million shares	<ul style="list-style-type: none"> <li>• Prevention of dilution of shareholder value and improvement of shareholder return (due to the release of treasury stock to partially satisfy the demand for shares from the over-allotted.)</li> </ul>
May-Jun. 2010	Share buyback for 10 million shares	<ul style="list-style-type: none"> <li>• Further efforts to raise capital efficiency and improve shareholder return (shareholder return via improving EPS, etc.)</li> </ul>
Aug.-Sep. 2010	Share buyback for 10 million shares	



# Projected performance for FY2011

<b>Consolidated</b>	(JPY bn)	FY2010	FY2011E	
				YoY change
Ordinary revenue		209.0	202.0	-7.0
Ordinary profit		64.2	64.5	+0.3
Net income		36.2	37.0	+0.8

<b>Shizuoka Bank, Non-Consolidated</b>	(JPY bn)	FY2010	FY2011E	
				YoY change
Ordinary revenue		179.3	173.0	- 6.3
Gross operating profit		151.4	148.2	-3.2
Expenses (-)		81.0	81.9	+0.9
General transfer to loan loss reserves (-)		-1.3	-5.7	-4.4
Net operating profit		71.7	72.0	+0.3
Actual net operating profit		70.4	66.3	-4.1
Bad debt written-off (-)		10.8	10.7	-0.1
Gains and losses from stocks		-1.2	1.0	+2.2
Ordinary profit		58.7	60.0	+1.3
Net income		35.4	36.0	+0.6
Credit costs (-)		9.6	5.0	-4.6



# *Reference*



# Loans by industries

- Business loans to industries such as real estate, construction, leasing, money lending and investment each account for less than 10% of lending for all industries. There is no concentrated exposure to any of these specially designated industries
- Expected Loss (EL) amounts to JPY 13.2bn for all industries (JPY 1.2bn for real estate and JPY 1.1bn for construction)
- Unexpected Loss (UL) amounts to JPY 46.6bn for all industries

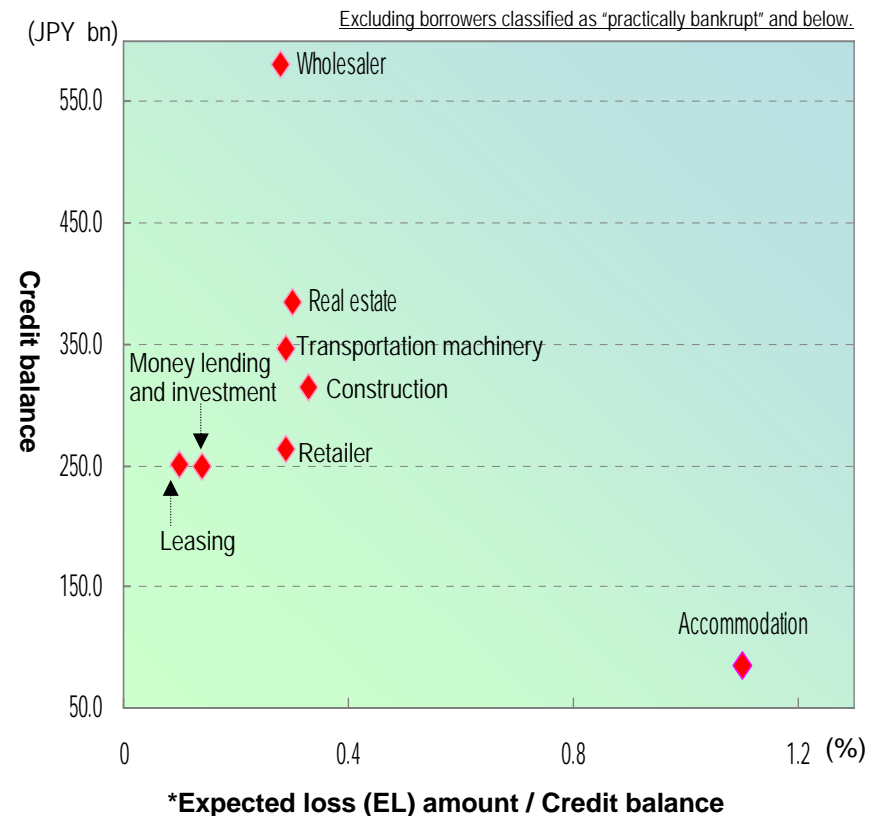
## Breakdown of business loans to the specially designated industries

[ Credit balance (as of the end of March 2011) ]

(JPY bn, %)

	Balance	Composition ratio	YoY change
All industries	4,732.5	100.0	+273.9
Real estate	384.4	8.1	+43.0
Construction	315.3	6.7	+12.6
Leasing	250.1	5.3	+18.9
Money lending and investment	250.0	5.3	+11.8
Wholesaler	581.2	12.3	+37.8
Transportation machinery	347.0	7.3	-7.6
Retailer	264.2	5.6	+9.8
Accommodation	84.3	1.8	+1.1

[ Credit balance vs. expected loss rate (\*) ]

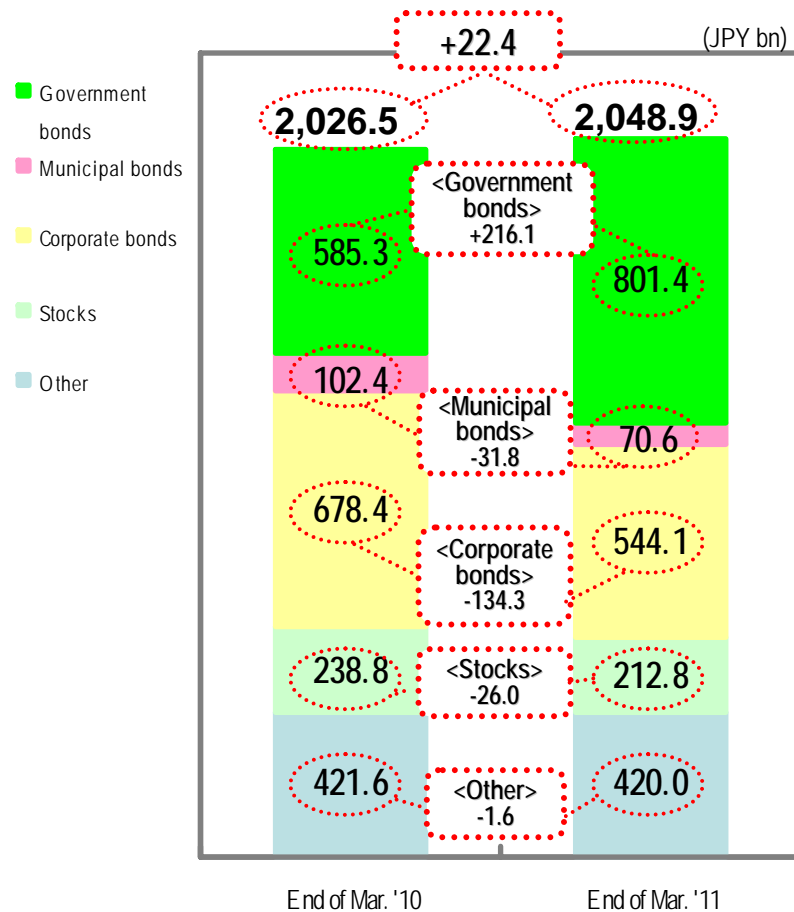




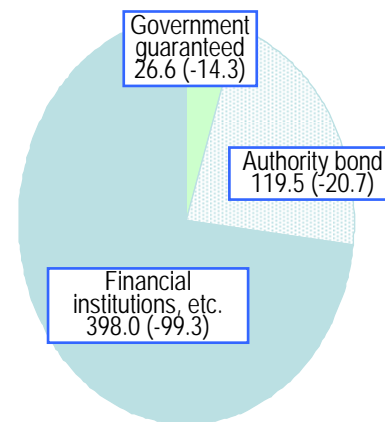
# Securities

- Balance of securities at the end of March 2011 was JPY 2,048.9bn (up JPY 22.4bn from the end of March 2010)
- Gain on revaluation of securities at the end of March 2011 was a profit of JPY 103.2bn (down JPY 30.0 bn from the end of March 2010)

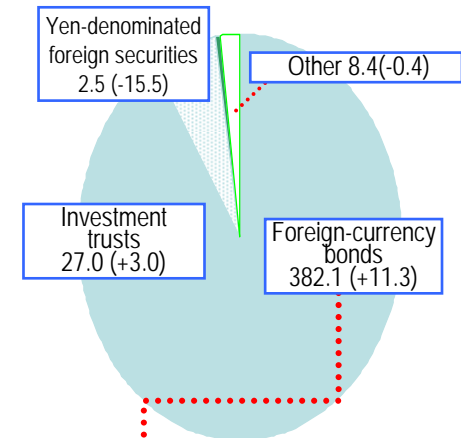
## Security portfolio



Breakdown of "Corporate bonds" category  
JPY 544.1bn  
(YoY change -JPY134.3 bn)



Breakdown of "Other" category  
JPY 420.0bn  
(YoY change -JPY 1.6bn)



\* Figures in parenthesis are changes from the end of Mar. 2010

	Breakdown of mortgage bonds (JPY bn)		
	(Book value)	Change from end-Mar. 10	Gains and losses from the revaluation of bonds
Ginnie Mae	354.9	+44.3	+2.3
Fannie Mae	0	-2.0	—
Freddie Mac	0	-18.2	—



# Shareholder return

- Share buybacks have been carried out continuously since FY1997, with the number of shares bought back totaling 131 million as of the end of March 2011
- In April 2011, an announcement of the acquisition of treasury stock was made. (20 million shares in total, [maximum] acquisition amount of JPY 16.0bn, to be acquired during the period from April 6 to June 23, 2011 )

## Historical share buybacks

	Shares bought back (thousand shares)	Purchase amount of treasury shares (JPY mn)	Number of shares cancelled (thousand shares)	Cancellation amount (JPY mn)	Shareholder return ratio (*) (%)
FY1997	7,226	9,997	7,226	9,997	90.3
FY1998	6,633	9,142	6,633	9,142	86.7
FY1999	8,357	9,143	8,357	9,143	51.4
FY2000	24,954	23,281	24,954	23,281	152.0
FY2001	8,234	8,267	8,234	8,267	165.4
FY2002	29,928	23,107	—	—	229.4
FY2003	10,712	8,566	30,000	23,381	50.8
FY2004	—	—	—	—	17.1
FY2005	—	—	—	—	22.5
FY2006	—	—	—	—	25.3
FY2007	10,000	12,621	10,000	10,130	61.8
FY2008	—	—	—	—	70.8
FY2009	5,000	3,996	5,000	4,638	40.6
FY2010	20,000	14,980	20,000	15,957	67.2
Cumulative total	131,044	123,102	120,404	113,938	62.8

\*Shareholder return ratio = (consideration for share buybacks + dividends paid) / net income x 100



# Allocation of risk capital

- Allocation of risk capital for the second half of FY2010 amounted to JPY 592.0bn, of which JPY 125.2bn was allocated to credit risk, JPY 180.3bn to market risk, JPY 24.2bn to operational risk, and JPY 262.3bn to buffer capital, etc
- For the second half of FY2010, JPY 58.5bn was used by the Branch sales division, and JPY 41.0bn by the Treasury division

Allocation source	(JPY bn)	Risk capital allocated	Risk capital used	Ratio of risk capital used	
Core capital 592.0 (End of December 2010 basis)	Credit risk 125.2	Branch sales division	90.0	58.5	65%
	Market risk 180.3	Treasury division	208.7	41.0	20%
		[Of which, policy investment]	[85.0]	[0.0]	[0%]
	Operational risk 24.2	[Of which, overseas branches]	[4.2]	[1.4]	[33%]
		Consolidated subsidiaries	6.8	3.7	55%
	Buffer capital, etc. 262.3	Operational risk	24.2	24.2	100%
		Sub total	329.7	127.4	39%
		Buffer capital, etc.	262.3	—	—
		<b>Total</b>	<b>592.0</b>	<b>127.4</b>	<b>22%</b>

\*Risk capital used = <Lending> | VaR | + Disposal amounts of NPLs  
<Investment securities> | VaR | - Valuation profits  
<Others> | VaR |

\*Core capital = common stock + retained earnings - asset outflow - intangible assets - prepaid pension cost

\*Buffer capital is kept aside for emergencies such as the anticipated Great Tokai Earthquake and other unquantifiable risks.



# Group companies

- Group companies increased both revenue and profits: The total ordinary revenue of 11 consolidated subsidiaries increased to JPY 46.1bn (up JPY 1.1bn year-on-year) and the ordinary profit of JPY 5.1bn (up JPY 1.4bn year-on-year)

(JPY bn)

Company name	Business	Ordinary revenue	Ordinary profit	
			YoY change	YoY change
Shizugin Management Consulting Co., Ltd.	Corporate and financial management advisory services	0.2	-0.1	-0.1
Shizugin Lease Co., Ltd.	Leasing	23.9	+1.2	1.9
Shizuoka Computer Service Co., Ltd.	Computer services, accounting	4.8	-0.4	0.3
Shizugin Credit Guaranty Co., Ltd.	Guarantee of loans	1.3	+0.0	0.8
Shizugin DC Card Co., Ltd.	Credit card and guarantee of consumer loans	2.1	-0.1	0.6
Shizuoka Capital Co., Ltd.	Public-offering assistance Support for corporate rehabilitation	0.8	+0.3	0.5
Shizugin TM Securities Co., Ltd.	Securities	3.7	+0.4	1.0
Shizuoka Bank (Europe) S.A.	Finance and securities-related services	0.4	-0.1	0.1
Shizugin General Service Co., Ltd.	Part-time employee management, etc.	3.2	-0.2	0.0
Shizuoka Mortgage Service Co., Ltd.	Appraisal of real estate for loan collateral, etc.	0.9	+0.1	0.0
Shizugin Business Create Co., Ltd.	Operation center for remittance and bill collection, etc.	4.7	-0.0	0.0
<b>Total (11 companies)</b>		<b>46.1</b>	<b>+1.1</b>	<b>5.1</b>
Shizugin Saison Card Co., Ltd.*	Credit card services, credit guarantee	1.0	+0.3	-0.3

\*A company to which the equity method of accounting is applicable. Operations commenced in April 2007.



# Economy of Shizuoka Prefecture

<Size of economy> Economy of Shizuoka Prefecture is called a “3%, 10th-ranked economy,” as on many indicators it makes up 3% of the national economy and ranks around 10th among the 47 prefectures. The economy is strong by national standards.

(JPY bn)

	FY2007	FY2008	FY2009	FY2010
Prefectural GDP	17,044.3	16,452.7	15,091.6 (*)	—
National GDP	525,263.1	505,016.3	—	—
Ranking in prefectural GDP	10 <sup>th</sup>	10 <sup>th</sup>	—	—
Prefectural manufactured goods shipments (MGS)	19,410.3	19,177.7	15,051.0 (*)	—
National MGS	336,756.6	335,578.8	265,259.0 (*)	—
Ranking in prefectural MGS	3 <sup>rd</sup>	3 <sup>rd</sup>	2 <sup>nd</sup>	—

No. of new facility locations (Shizuoka)	124	144	44	41 (*)
No. of new facility locations (Nationwide)	1,791	1,630	867	786 (*)
Ranking	1 <sup>st</sup>	1 <sup>st</sup>	5 <sup>th</sup>	4 <sup>th</sup> (*)

Note: Manufactured goods shipments (MGS) and No. of new facility locations are based on calendar-year data; all others on fiscal-year data.

\* Based on flash reports.

<Effective job opening to applicant ratio (seasonally-adjusted) >

Although the ratio has been below national average since February 2009 , the gap is narrowing in these days

(Times)

	Jun. 2010	Jul. 2010	Aug. 2010	Sep. 2010	Oct. 2010	Nov. 2010	Dec. 2010	Jan. 2011	Feb. 2011	Mar. 2011
Shizuoka Pref.	0.49	0.49	0.51	0.51	0.52	0.53	0.54	0.58	0.60	0.61
Nationwide	0.52	0.53	0.54	0.55	0.56	0.57	0.58	0.61	0.62	0.63

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.