

Results of FY2013

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静岡銀行

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Results of FY2013

Results of FY2013 -Nonconsolidated

Nonconsolidated (JPY bn, %)	FY2013	YoY change	
		Increase/ Decrease	Rate of change
Ordinary revenue	186.1	+15.1	+8.8
Gross operating profit	144.5	-1.8	-1.2
Net interest income	126.2	+5.9	+4.9
Fees and commissions	14.8	-0.1	-0.8
Trading income	0.5	-0.5	-48.9
Other operating profit	2.9	-7.1	-70.8
[Bond-related income such as JGBs]	1.9	-7.8	-80.1
Expenses (-)	79.7	+1.1	+1.4
Actual net operating profit *	64.7	-2.8	-4.2
General transfer to loan loss reserves (-)	—	—	—
Net operating profit	64.7	-2.8	-4.2
Special profit and loss	2.5	+4.9	+204.3
Bad debt written-off (-)	1.0	+0.5	+90.4
Gain on reversals from loan loss reserves	0.5	+0.1	+25.9
Gain (loss) on stocks	2.8	+3.4	+562.2
Ordinary profit	67.2	+2.0	+3.1
Extraordinary profit and loss	-0.8	-0.5	-125.3
Net income before taxes	66.4	+1.6	+2.4
Corporate taxes (-)	23.6	-0.3	-1.2
Net income	42.8	+1.9	+4.6

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

Ordinary revenue +JPY 15.1bn YoY (First increase in 6 periods)

- Ordinary revenue rose JPY 15.1bn year on year to JPY 186.1bn, mainly due to increases in interest income (+JPY 5.7bn) and gain on sale of JGBs (+JPY 6.5bn).

Gross operating profit -JPY 1.8bn YoY (Continued decrease in 4 periods)

- Although net interest income rose (+JPY 5.9bn), mainly reflecting an increase in gains on cancellation of investment trusts, gross operating profit declined JPY 1.8bn year on year to JPY 144.5bn due to a drop in other operating profit (-JPY 7.1bn), which was mainly due to an increase in loss on sale of JGBs.

Net operating profit -JPY 2.8bn YoY (First decrease in 2 periods)

- Net operating profit declined JPY 2.8bn year on year to JPY 64.7bn, mainly due to a decline in gross operating profit and an increase in expenses (+JPY 1.1bn), which included an increase in advertising expenses (+JPY 0.7bn).

Ordinary profit +JPY 2.0bn YoY (Continued increase in 5 periods) **Record High**

- Ordinary profit rose JPY 2.0bn year on year to JPY 67.2bn, mainly reflecting an improvement in gain (loss) on stocks (+JPY 3.4bn).

Net income +JPY 1.9bn YoY (Continued increase in 2 periods) **Record High**

- Although extraordinary profit and loss declined (-JPY 0.5bn), net income increased JPY 1.9bn to JPY 42.8bn, partly due to a decline in total income taxes (-JPY 0.3bn).

Results of FY2013 -Consolidated

- Shizugin TM Securities Co., LTD. (securities subsidiary) contributed highly to group business performance and consolidated revenue built on solid growth
- Achieved both ordinary profit and net income targets on consolidated basis in the 11th Medium-term Business Plan

Consolidated	(JPY bn, %)	FY2013	YoY change		Contents
			Increase/ Decrease	Rate of change	
Ordinary revenue		220.9	+17.7	+8.7	First increase in 6 periods Ordinary revenue rose due to increase in both interest income and gains on the sale of JGBs
Ordinary profit		74.7	+3.4	+4.8	Continued increase in 5 periods Record High Ordinary profit of both Shizuoka Bank and total of group subsidiaries marked record high
Net income (Excluding gains on negative goodwill)		46.7	-10.2 (+2.7)	-18.0 (+6.0)	First decrease in 5 periods Contribution amount of increase in ownership ratio: JPY 1.9bn <small>*Shizuoka Bank increased its ownership ratio of consolidated subsidiaries in FY2012</small>
Comprehensive income		47.3	-46.3	-49.5	First decrease in 2 periods Comprehensive income decrease due to decline in valuation difference on marketable securities and in net income

Consolidated / Nonconsolidated ratio

	FY2013	YoY change Increase/ Decrease
Ordinary profit	1.11times	+0.02times
Net income (Excluding gains on negative goodwill)	1.09times	-0.30times (+0.01times)

Profit targets in 11th Medium-term Business Plan

(JPY bn, %)	FY2013 plan (The 11 th Medium-term Business Plan)	FY2013	Achievement rate
Consolidated ordinary profit	74.0	74.7	100.9
Consolidated net income	46.0	46.7	101.5

Net interest income

- Net interest income of FY2013: JPY 126.2bn (+JPY 5.9bn YoY)
- Despite interest on loans was on a downward trend due to decline in loan rate, net interest income rose in YoY basis due to large increase in interest and dividends on securities

Breakdown of net interest income

(JPY bn)	FY2012	FY2013	Increase/ Decrease
Total	120.3	126.2	+5.9
Domestic operations	109.0	113.9	+4.9
Of which, Interest on loans	95.4	89.6	-5.8
Interest and dividends on securities	18.2	27.9	+9.7
Interest on deposits (-)	4.6	4.0	-0.6
Overseas operations	11.3	12.3	+1.0
Of which, Interest on loans	2.5	3.9	+1.4
Interest and dividends on securities	11.1	10.8	-0.3

Domestic operations

(%)	FY2012	FY2013	Increase/ Decrease
Loan rate	1.49	1.36	-0.13
Deposit rate	0.06	0.05	-0.01
Yield on securities	1.16	1.74	+0.58
(Excluding cancellation of investment trust, etc.)	1.14	1.01	-0.13

Overseas operations

(%)	FY2012	FY2013	Increase/ Decrease
Spread between Investments and Procurements	1.13	0.93	-0.20

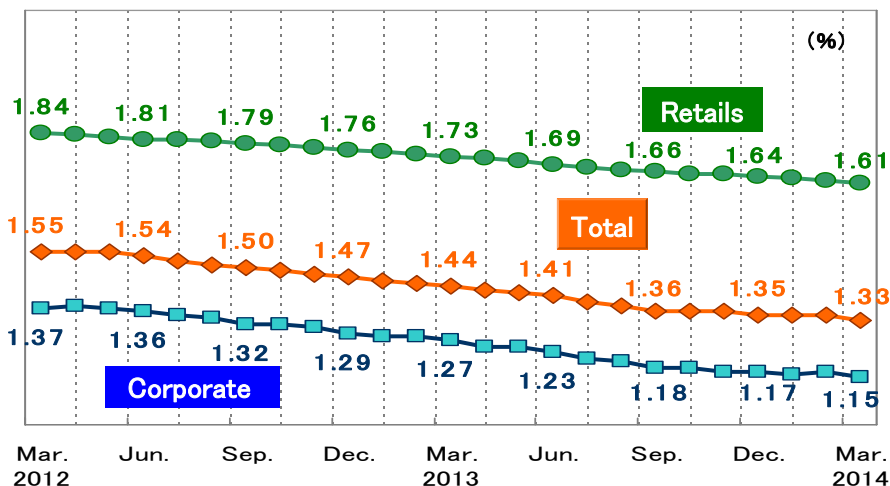
Trends in Interest and dividends on securities (Domestic operations)

(JPY bn)	FY2012	FY2013	Increase/ Decrease	Contents
Interest and dividends on securities	18.2	27.9	+9.7	Increase in gain on cancellation of investment trust boosted interest and dividends on securities despite decrease in interest on bonds
Interest on bonds	11.6	9.8	-1.8	Reduced the balance of securities, centered on JGBs, of which absolute level of interest rate remained row, to control risk volume
Gain on cancellation of investment trust, etc	0.7	12.5	+11.8	Cancellation of investment trusts, mainly index tracker investment trusts, in phase of share price rising

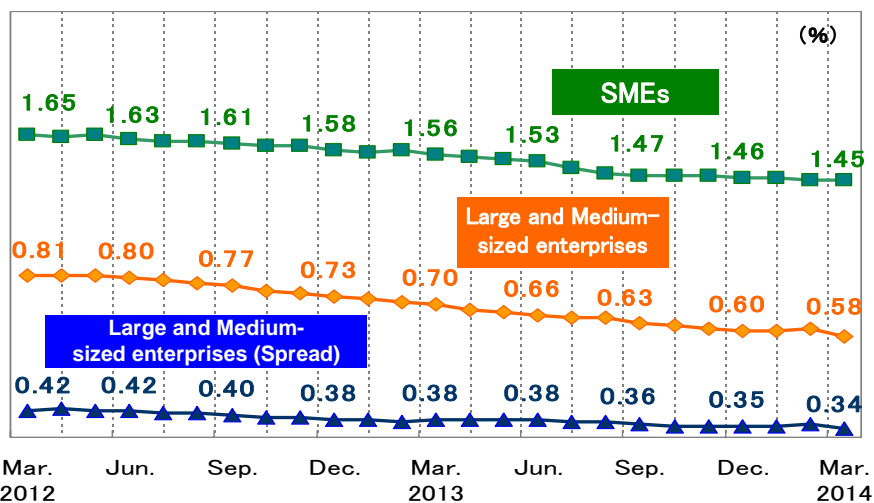
Loan rate

- Loan rate at the end of Mar. 2014 dropped 0.11 points from the end of Mar.2013
- The decline in interest rates on loans to SMEs contracted, with the drop in spreads now leveling off

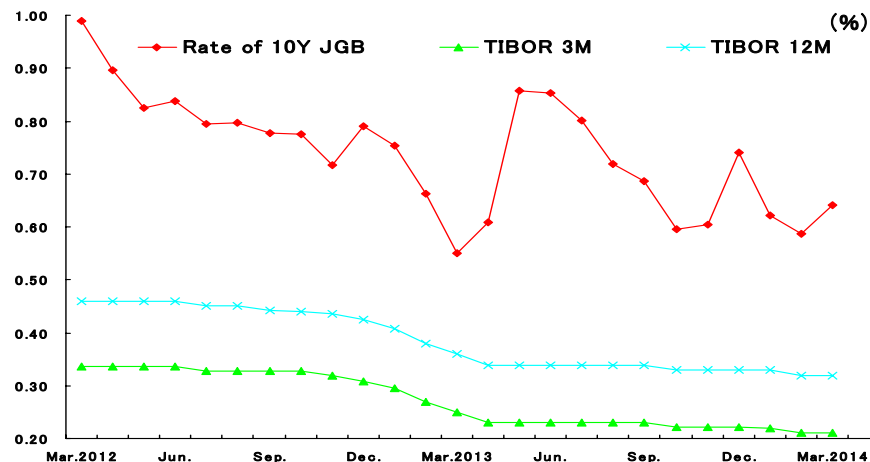
Loan interest rates (monthly average)



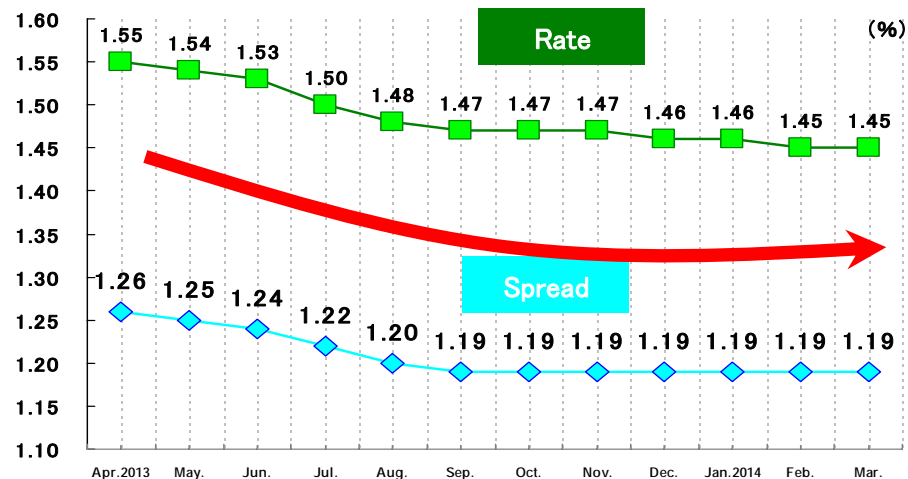
Trends in Corporate loan interest rates by company size



[Reference] Trends in market interest rate



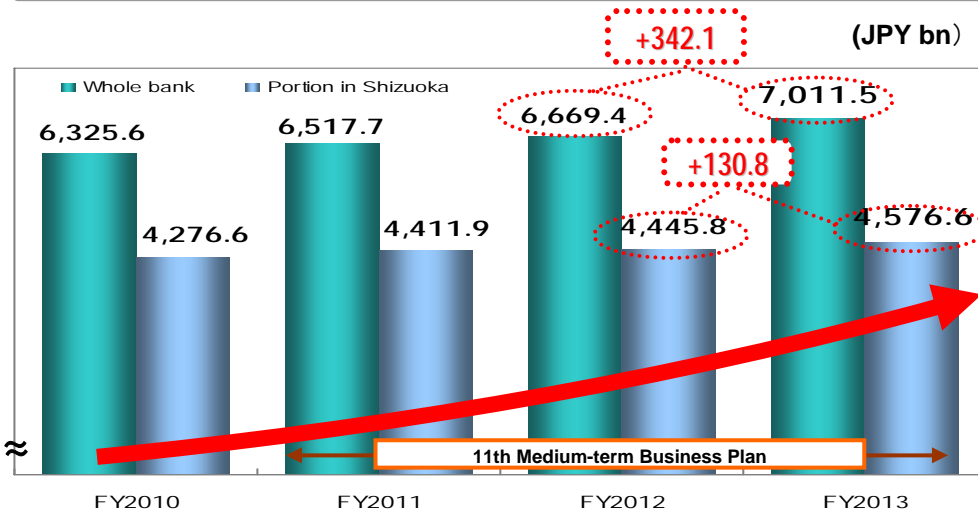
SMEs loan rate and spread



Loans (average balance)

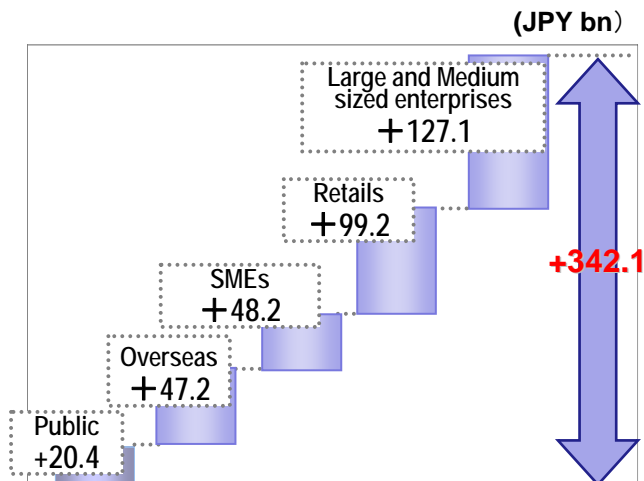
- Total loan balance (average balance) of FY2013: JPY 7,011.5bn, up JPY 342.1bn (+5.1%) YoY
Balanced increase by JPY 685.9bn by Size of Firm, including retail, in 11th Medium-term Business Plan

Total loan balance (average balance)

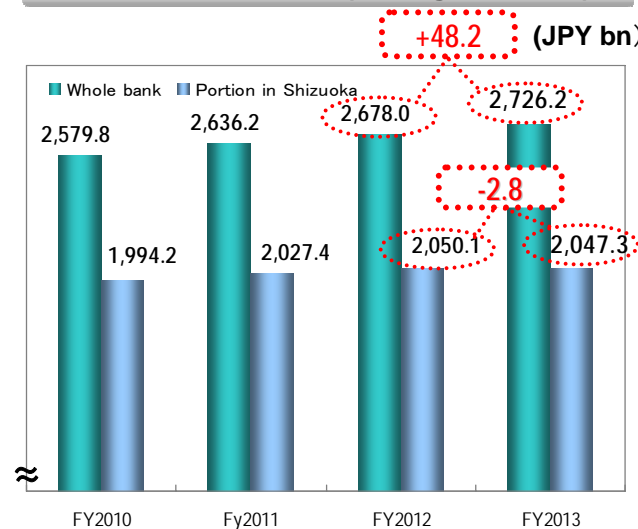


	Average balance	YoY change	In 11 th Medium-term Business Plan
Total loan balance	7,011.5bn	+342.1bn +5.1%	+685.9bn
SMEs loan balance	2,726.2bn	+48.2bn +1.8%	+146.4bn
Retail loan balance	2,400.8bn	+99.2bn +4.3%	+238.7bn
Large and Medium sized enterprises	1,465.8bn	+127.1bn +9.5%	+124.3bn

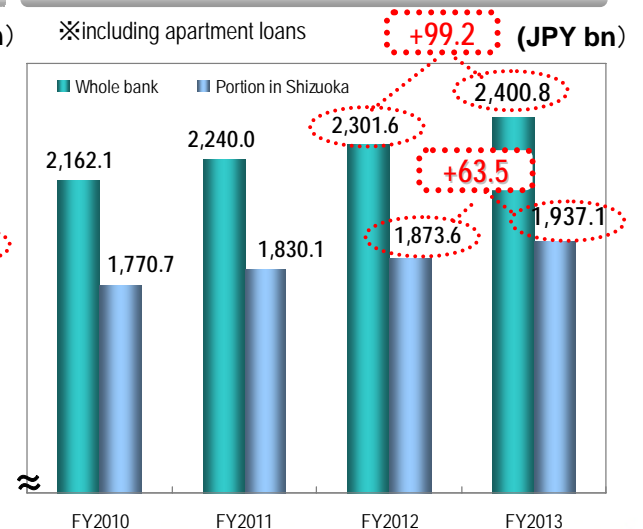
Breakdown of year-on-year change in total loan balance (average balance)



SMEs loan balance (average balance)

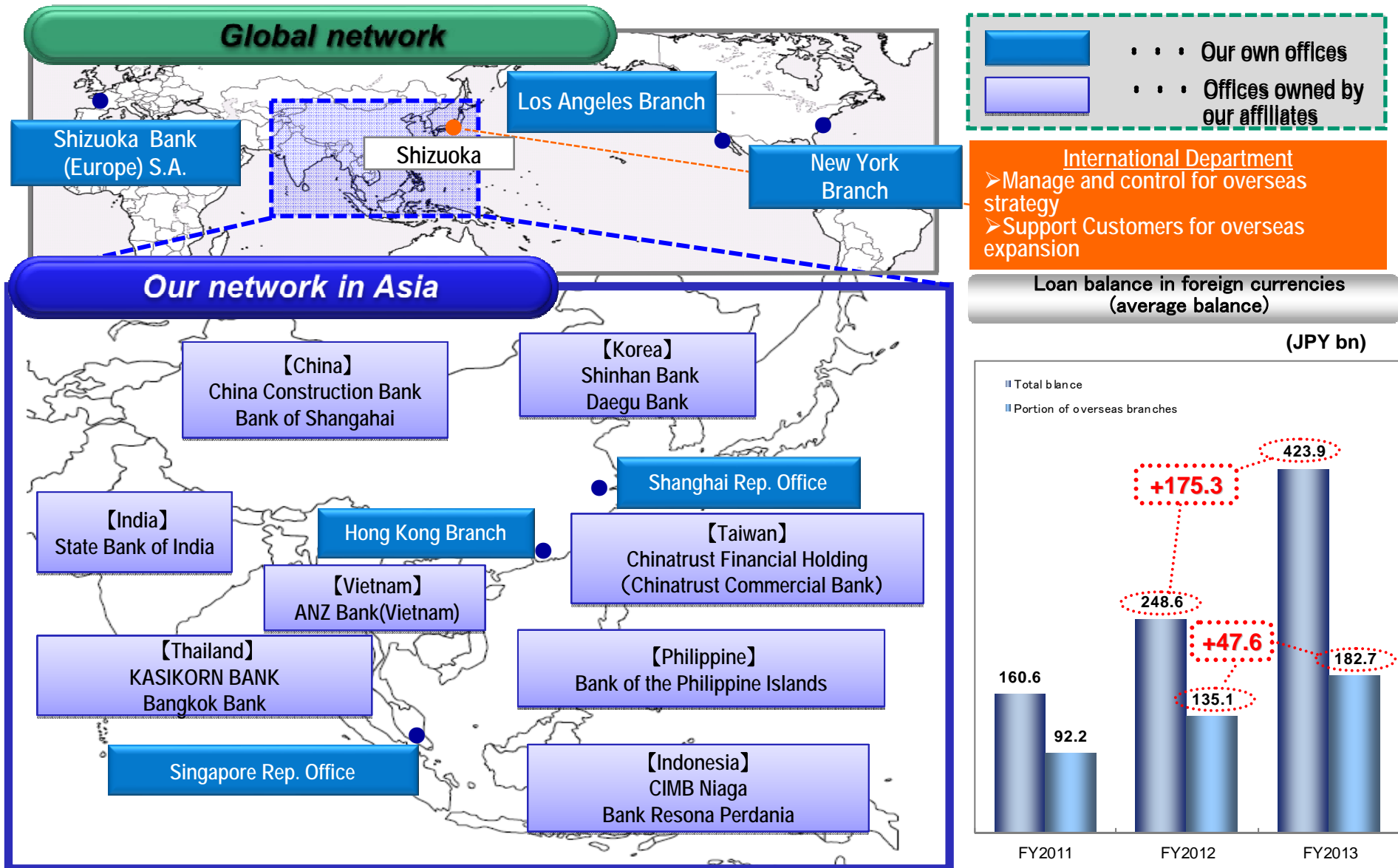


Retail loan balance (average balance)



Initiatives for Corporate Banking –Support for customers’ overseas entrance–

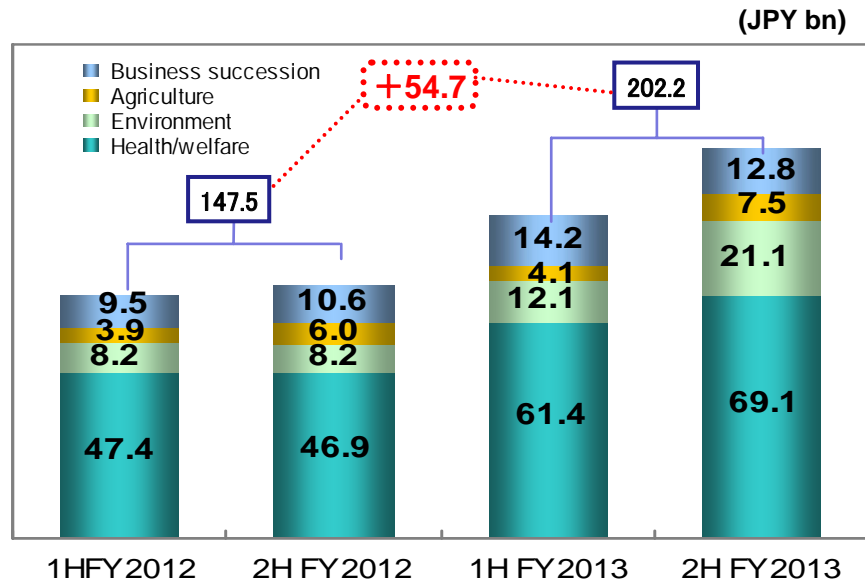
- Strengthening of support for customers’ overseas entrance and utmost utilization of global network were related to performance



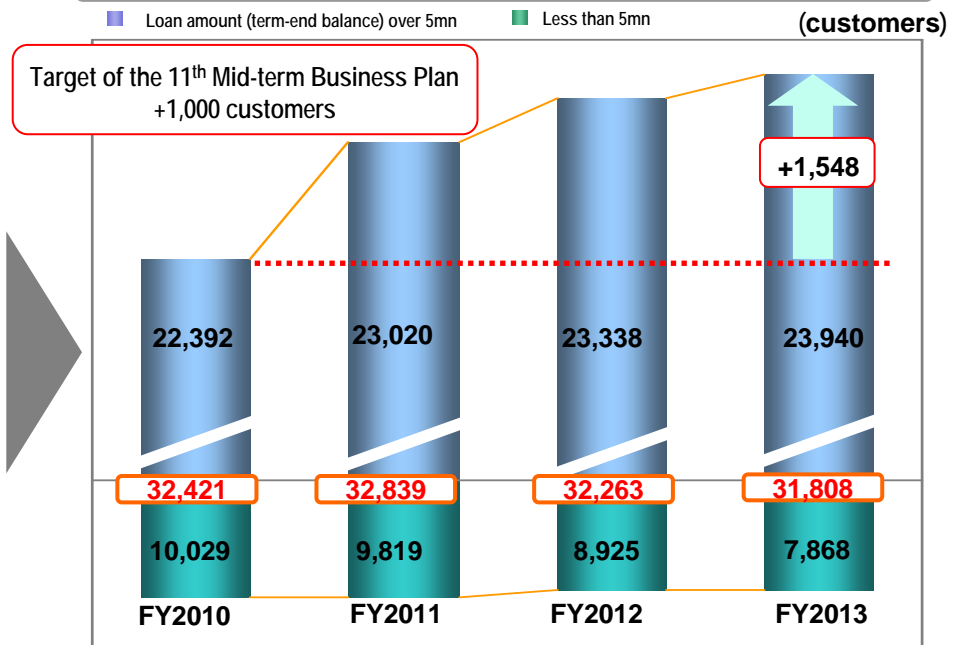
Initiatives for Corporate Banking – Solution-based approach, Acquisition of new corporate customers –

- Provided tailored solutions, centered in growth fields, to generate new demand for funds and to reinforce relationship with customers for expanding business foundation of the bank
- As of end-March 2014, the number of corporate customers was up 1,548 from the start of the 11th Medium-term Business Plan

Loans for growth and untapped fields



Number of corporate customers



Measures to support new business creation

2nd the Shizugin Entrepreneur Awards

- Aiming at revitalization of regional economy by supporting growth of awarded entrepreneurs
 - 7 winners out of a total of 87 applicants will receive prizes [Total prize amount to JPY 5 million]
 - ⇒ Fully utilize the Group's capabilities, such as sales channel development and consulting services, to actively support business growth of all the applicants

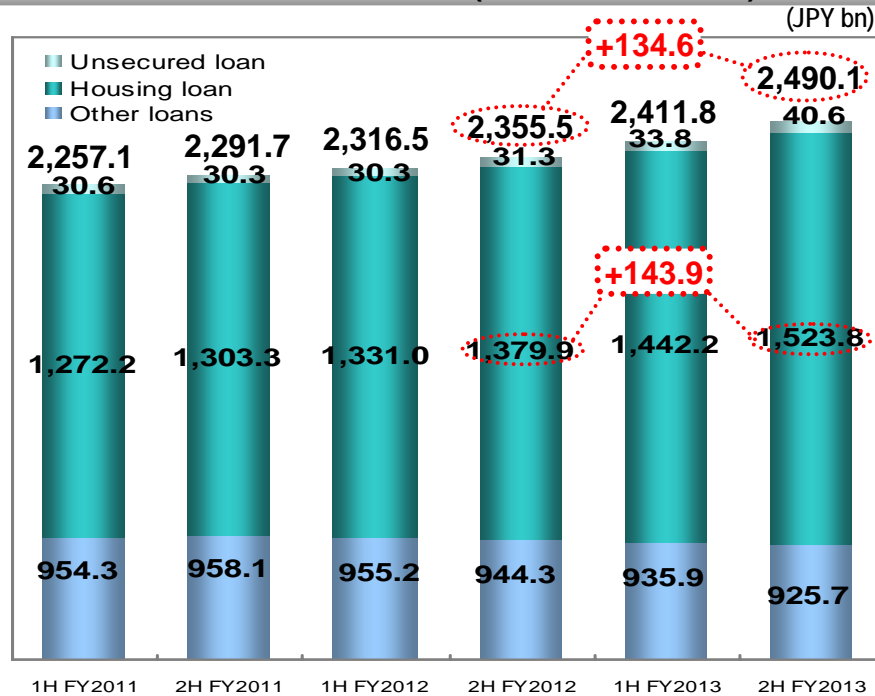
[Reference] Business support fund

- An original loan scheme aimed at customers working to turn around their businesses
- Launched April 2013
- 72 loans total of JPY 1,995mn in FY 2013
- Average interest rate: 4.2%

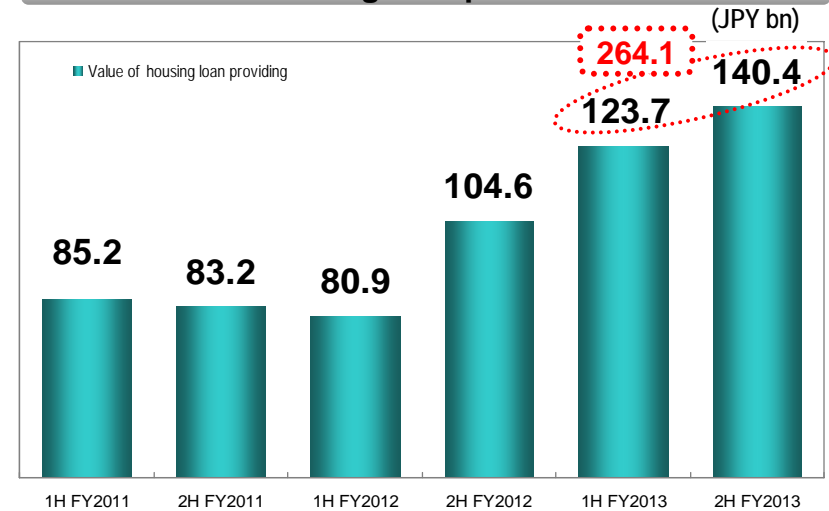
Initiatives for Retail Banking - Housing loan

- Consumer loan balance (term-end balance) of FY2013: JPY 2,490.1bn, up JPY 134.6bn (+5.7%) YoY
- Favorable increase in both housing loan and unsecured loan

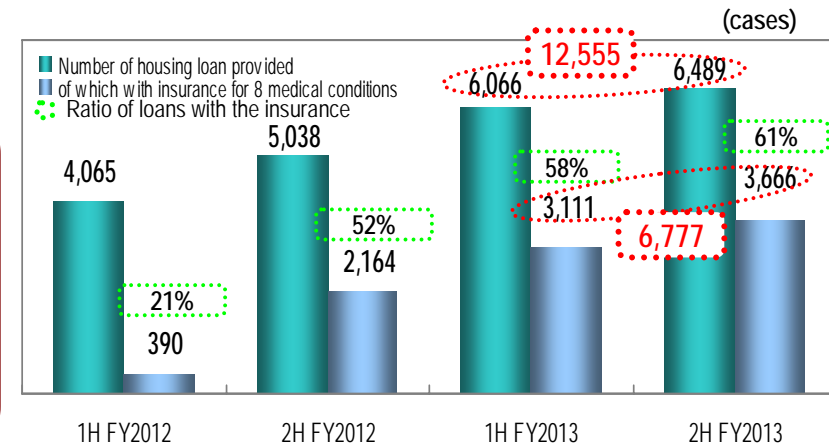
Consumer loan balance (term-end balance)



Housing loan provided



Number of housing loans (total) provided and of which with insurance for 8 medical conditions



Actions to expand Housing loans

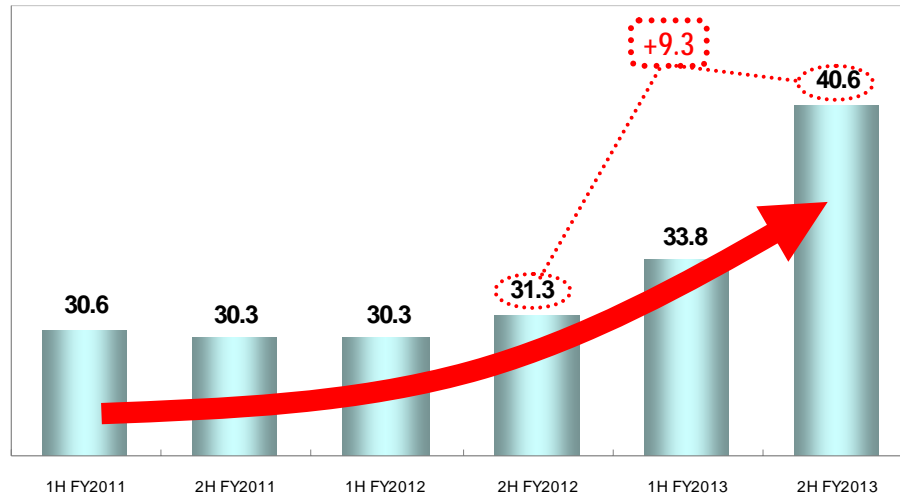
- Housing loan balance(term-end balance) of FY2013:JPY 1,523.8bn, up JPY 143.9 (+10.4%)
- Captured rush demand before increase in consumption tax and marked record high in value of housing loan provided
- Executed BPR to reduce processing time of loans
Increase in time used for sales led to rise in number of loans
Number of housing loan providing : 12,555 cases (+3,452cases YoY)
- Amount of increase in housing loan balance is the highest level among those of major regional banks
- Appearing new product "Housing loan with insurance for 8 medical conditions" effectively via wide range of mass medias
- Interest rate of new housing loans of FY 2013: 1.039%

Initiatives for Retail Banking - Unsecured loans

- Unsecured loan balance (term-end balance) of FY2013: JPY 40.6bn, up JPY 9.3bn (+30.0%) YoY
- Unsecured loans provided for specific purposes of FY2013: JPY 12.4bn, up JPY 8.3bn(+200.8%) YoY

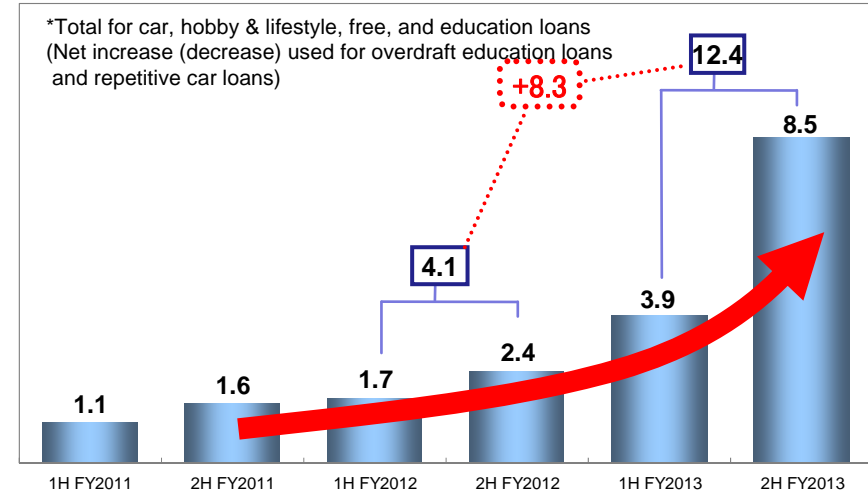
Unsecured loan balance (term-end balance)

(JPY bn)



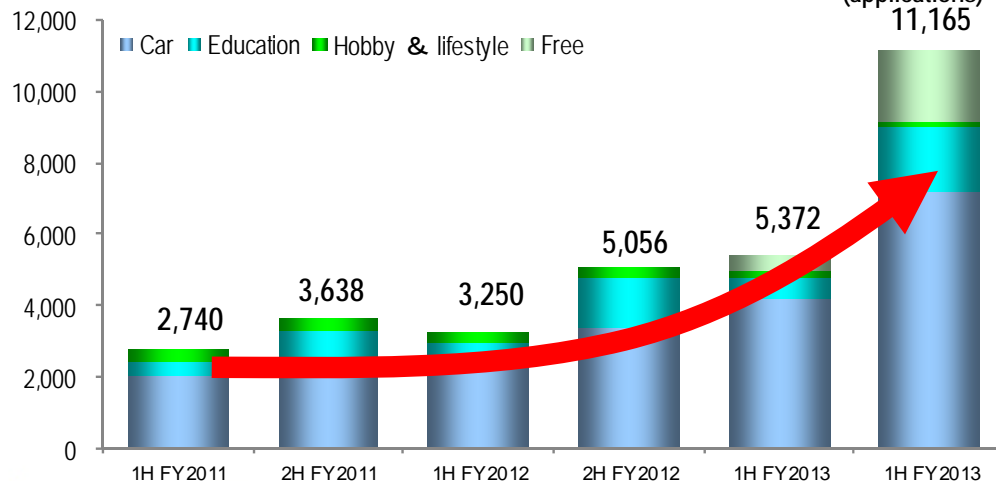
Unsecured loans provided for specific purposes*

(JPY bn)



Applicants of loans for specific purposes received

(applications)



Actions to expand unsecured loans

Car loan and Education loan

- Expansion of loan amount limit captured big deals
- Introduction of secondary loan guarantee system expanded customer base

Card loan

- Attract customers' attention strategically with TV commercials and web ads

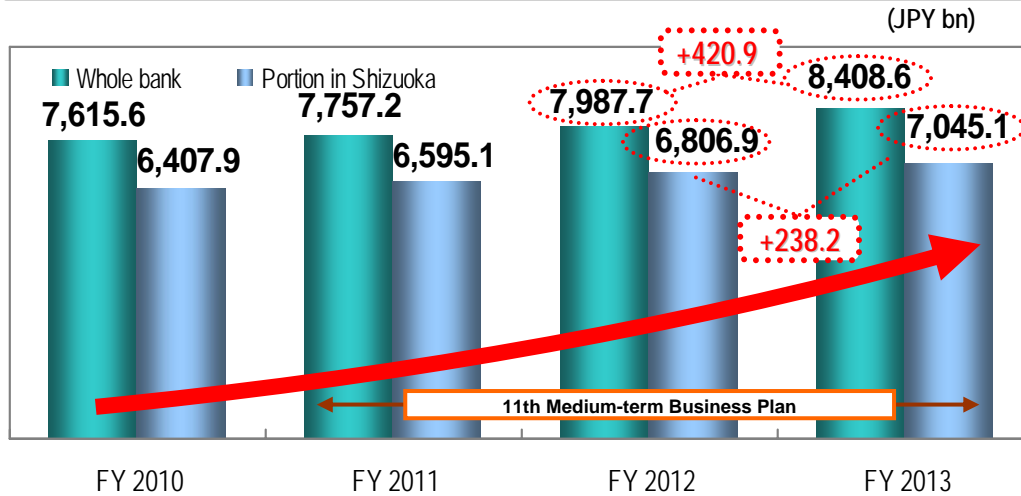
Website renewal

- Web site renewal increased number of loan applications
Number of applications via web site: 10,312 (3.1x YoY)

Deposits

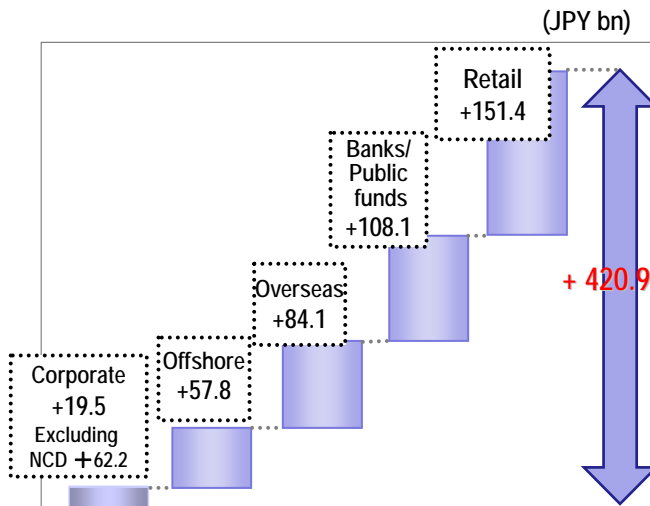
- Total deposit balance in FY2013: JPY 8,408.6bn (average balance), up JPY 420.9bn (+5.3%) YoY
- Maintained upward trend in 11th Medium-term Business Plan period: +JPY 793.0bn

Deposit balance (average balance)

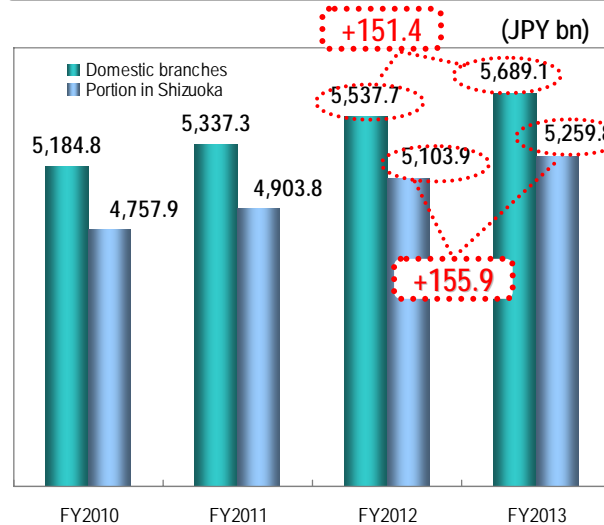


	Average balance	YoY change	In 11 th Medium-term Business Plan
Total deposit balance	8,408.6bn	+420.9bn +5.3%	+793.0bn
Deposit balance in Shizuoka	7,045.1bn	+238.2bn +3.5%	+637.2bn
Retail deposit balance	5,689.1bn	+151.4bn +2.7%	+504.3bn
Deposit balance of Internet branch	302.3bn	+97.7bn +47.8%	+275.5bn
Corporate deposit balance	1,978.0bn	+19.5bn +1.0%	+22.0bn

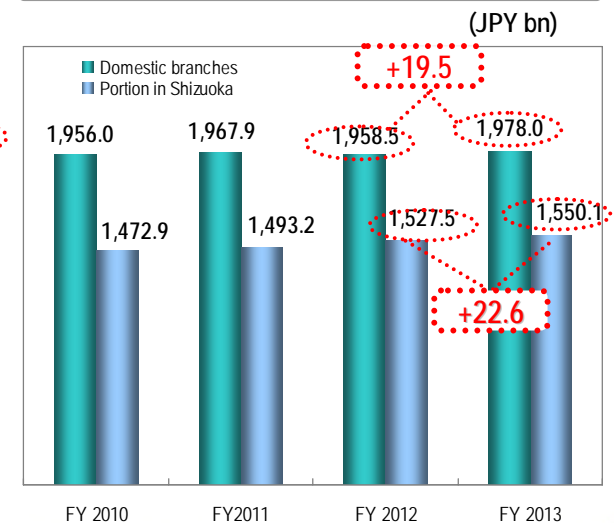
Breakdown of year-on-year changes in deposits balance (average balance)



Retail deposit balance (average balance)



Corporate deposit balance (average balance)

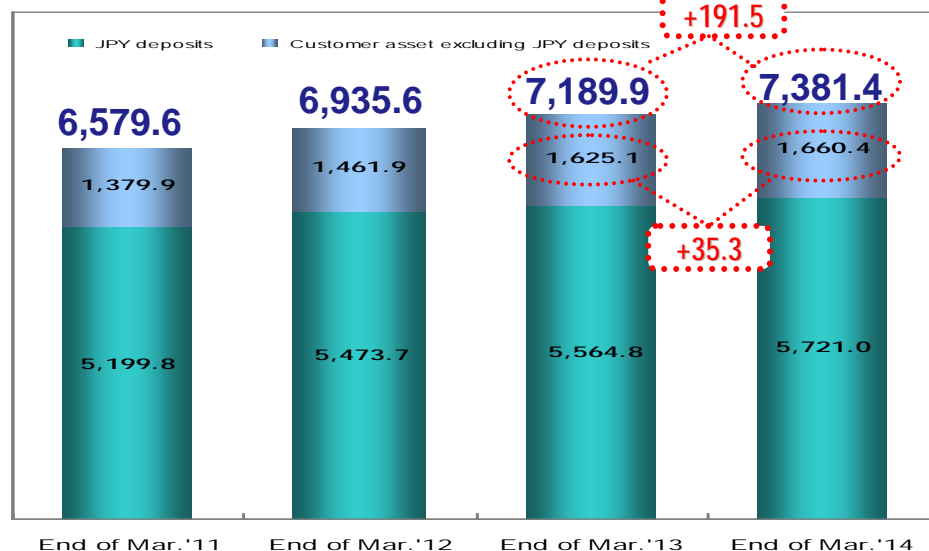


Customer assets and fee incomes

- Customer assets (including the balance of Shizugin TM Securities) was JPY 7,381.4bn (+JPY 191.5bn from the end of March 2013), of which balance of customer asset excluding JPY deposits was JPY 1,660.4bn (+JPY35.3bn)
- Fee income (including Shizugin TM Securities) : JPY 23.1bn (+JPY 1.5bn YoY)

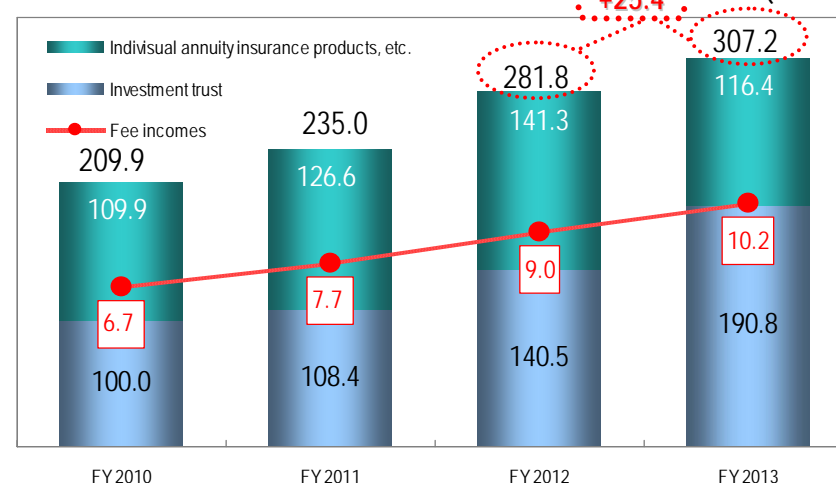
Customer assets (term-end balance)

(JPY bn)



Sales and fee income from offering investment trust and insurance products

(JPY bn)

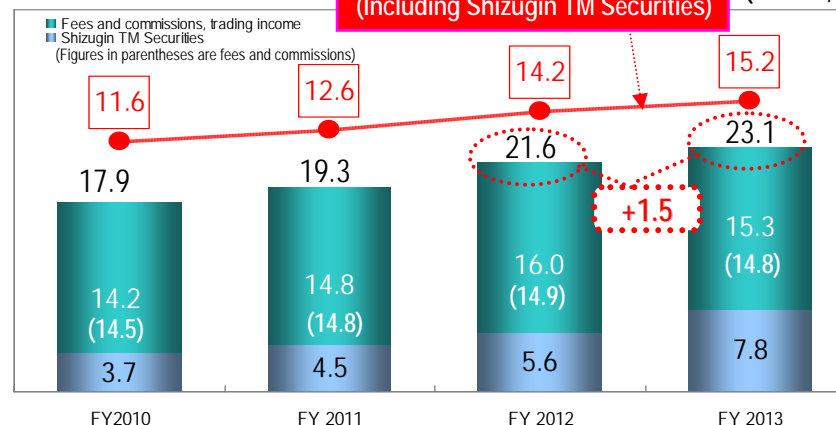


Fee incomes (Shizuoka Bank / Shizugin TM Securities)

Customer asset excluding JPY deposits	End of Mar.'11	End of Mar.'12	End of Mar.'13	End of Mar.'14
Individual annuity insurance	604.9	710.6	871.1	949.3
Public bonds	386.3	346.5	290.6	215.9
Investment trusts	14.8	14.4	15.3	15.1
Foreign currency deposits	35.3	34.5	35.5	29.9
Shizugin TM Securities	338.5	355.9	412.6	450.2
Total	1,379.9	1,461.9	1,625.1	1,660.4

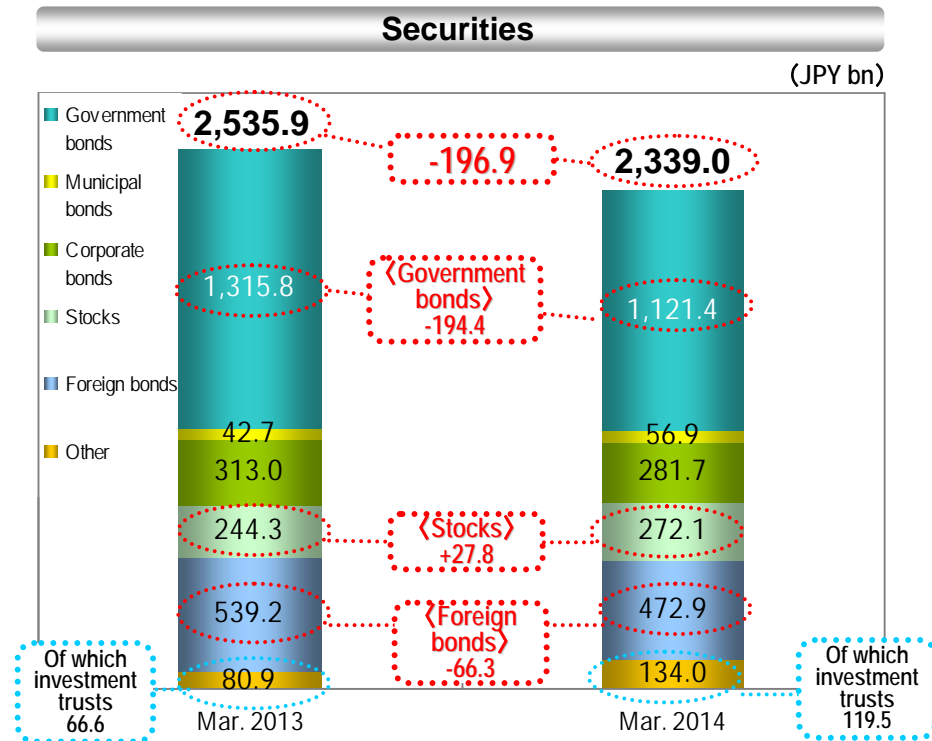
Fee income ratio (Including Shizugin TM Securities)

(JPY bn,%)



Securities

- Total balance of securities (term-end balance) : JPY2,339.0bn (-JPY 196.9bn from the end of March 2013)
- Gains and losses from the revaluation of securities: JPY180.6bn (+JPY 0.1bn from the end of March 2013)
- Reduced balance centered on JGB, of which absolute level of interest rate remained low, to control risk value



(JPY bn)	End of Mar. 2013	End of Mar. 2014	Increase/Decrease
Gains and losses from the revaluation of securities	180.5	180.6	+0.1
Stocks	122.9	153.7	+30.8
Nikkei stock average	JPY12,397.91	JPY14,827.83	—
Average life of yen-denominated bonds	5.24y	4.60y	-0.64y
Average life of foreign-currency denominated bonds	3.97y	4.46y	+0.49y

Gains and losses on securities

(JPY bn)	FY2012	FY2013	Increase/Decrease
Gains and losses on JGBs	9.7	1.9	-7.8
Gain on sale of JGBs	12.5	19.0	+6.5
Loss on sale of JGBs (-)	2.7	17.0	+14.3
Gains and losses on stocks	-0.6	2.8	+3.4
Gain on sale of stocks	0.4	2.8	+2.4
Devaluation of stocks (-)	0.9	0.0	-0.9

Yield improvement of foreign bond portfolio in switching

Switching amount	Yield improvement	Annual improvement effect
500bn	× +0.7%	≒ 3.5bn

- Switching in upward phase of interest improved expected annual earning of portfolio by JPY 3.5bn

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

	Loan-Deposit ratio	Security-Deposit ratio	Loan-Deposit ratio + Security-Deposit ratio
FY 2013	88.0%	26.4%	114.4%

Break-even level of revaluation gains or losses / 10BPV

	Levels at which revaluation gains and losses is zero		TOPIX10P/10BPV
Stocks	Nikkei stock average	JPY 5,966	JPY2.33bn
Yen-denominated bonds	5-year JGB	0.36%	JPY6.74bn
Foreign-currency bonds	10-year US Treasury Note	2.96%	JPY2.30bn

Credit-related costs

- Credit-related costs in FY2013: JPY 0.5bn(+JPY 0.4bn YoY), Credit-related cost rate: 0.007% (+0.005 percentage points YoY)
- Credit-related cost subsequently remained at low levels

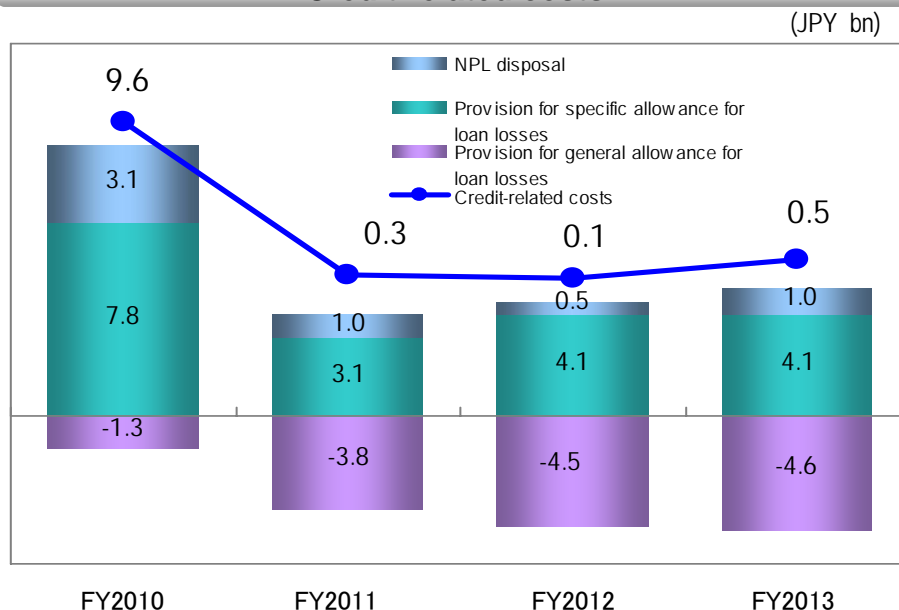
Breakdown of credit-related costs

(JPY bn)	FY2012	FY2013	YoY change
NPL disposal (1)	0.5	1.0	+0.5
Gain on reversals from loan loss reserves* (2)	0.4	0.5	+0.1
Provision for general allowance for loan losses	-4.5	-4.6	-0.1
Provision for specific allowance for loan losses	4.1	4.1	±0
Total (1)-(2)	0.1	0.5	+0.4

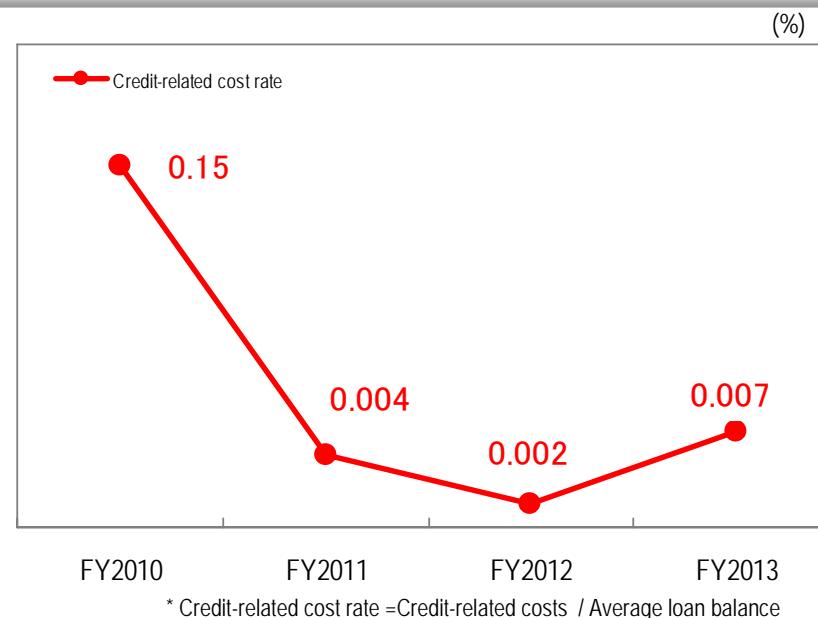
(JPY bn)	
Changes in credit rating, etc	9.0
Decrease in the value of collaterals	0.5
Upgrade of credit rating, decrease in loan and credit balances by foreclosure ,etc	-5.4
Total	4.1

*Gain on reversals from loan loss reserves is the net amount for provision for general allowance for loan losses and provision for specific allowance for loan losses

Credit-related costs



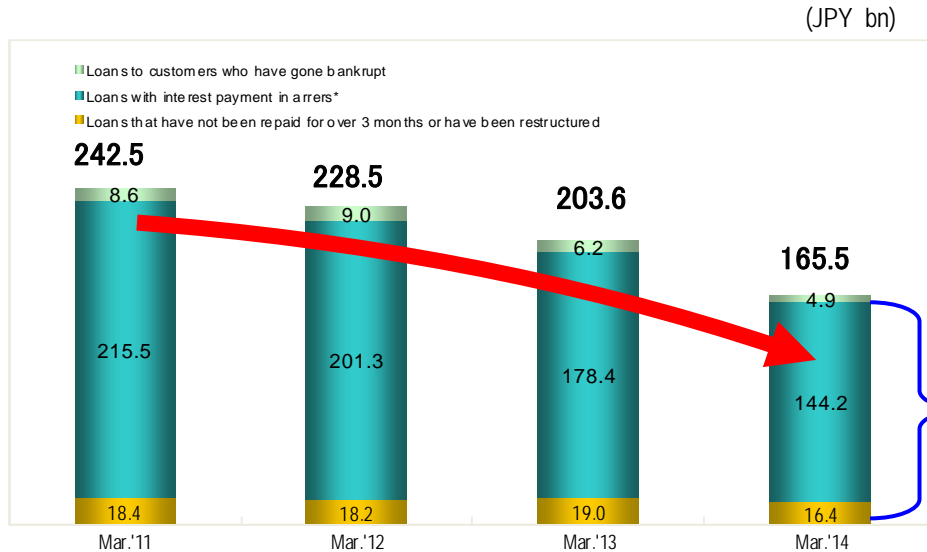
Credit-related cost rate



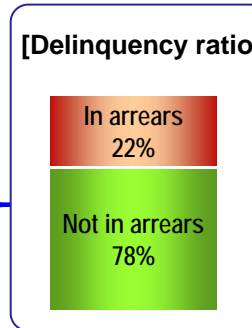
Risk-management loans

- Total risk-management loans : JPY 165.5bn, the ratio of risk-management loans: 2.28%
- Net risk-management loans : JPY 19.2bn, the ratio of net risk-management loans: 0.26%
- Properly controlled our asset quality, so that the balance of risk-management loans peaked out from JPY 242.5bn, the maximum after Lehman Shock.

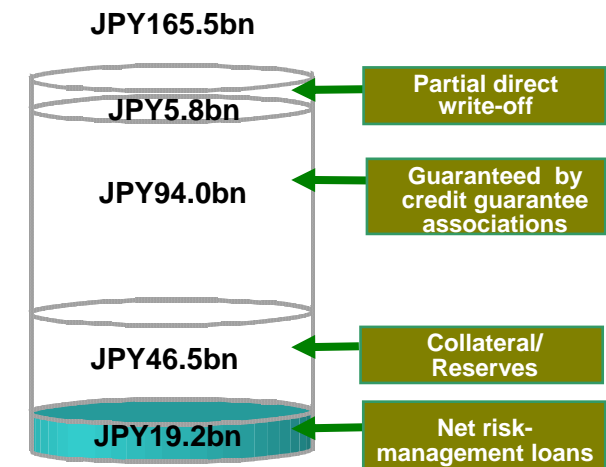
Trends in Risk-management loans



*Borrowers classified as "at risk of failure" and borrowers classified as "practically bankrupt" are written as "loans with interest payment in arrears" among the debtor division in accordance with Banking Act



Net risk-management loans



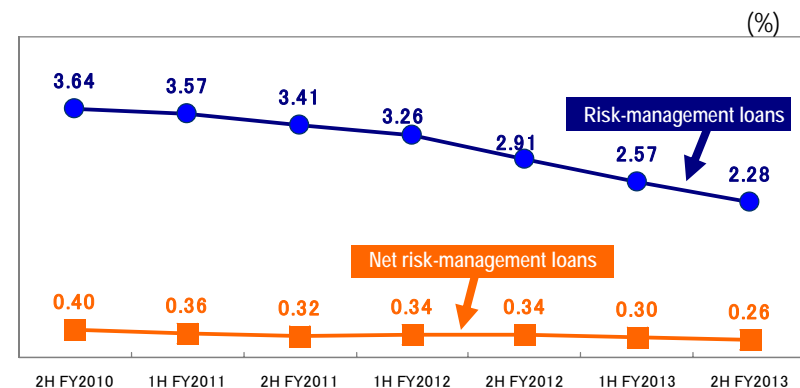
NPL removal from the balance sheet

(JPY bn)	FY2012	FY2013
New recognition of NPLs	+46.5	+33.5
Removal from the balance sheet (NPL to borrowers classified as "at risk of failure" or riskier categories)	-71.4 (-66.9)	-71.6 (-63.2)
Risk-management loans	203.6	165.5

-38.1

(JPY bn)	Value
Collected from borrower/set off against deposit account	11.7
Collateral disposal/subrogated to guarantor	21.6
Reclassified to better categories	23.1
Loans sold-off	6.1
Direct write-off of loans	0.7

The ratio of risk-management loans

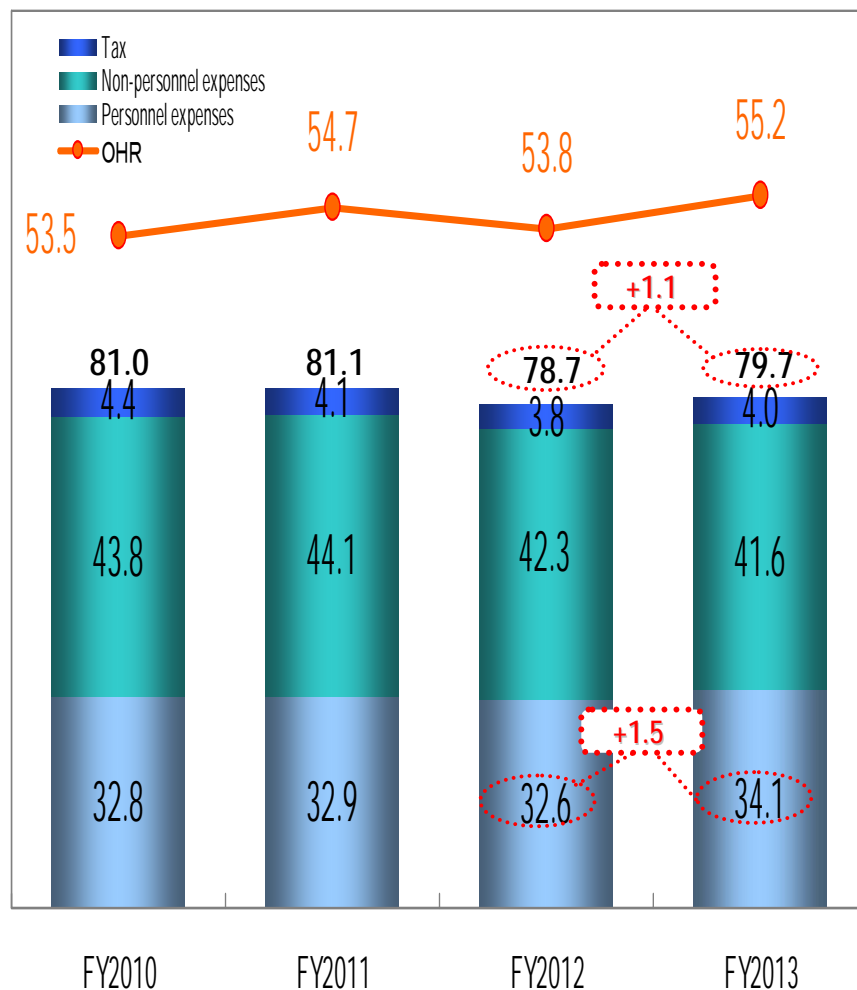


Expenses and active investments

- Expenses in FY2013: JPY 79.7bn (+JPY 1.1bn YoY)
- OHR in FY2013 (Nonconsolidated): 55.2% (+1.4 percentage points YoY)
- Controlled annual expenses around JPY 80bn during 11th Medium-term Business Plan period, while boosting both deposit and loan balance

Expenses and OHR (annual basis)

(JPYbn,%)



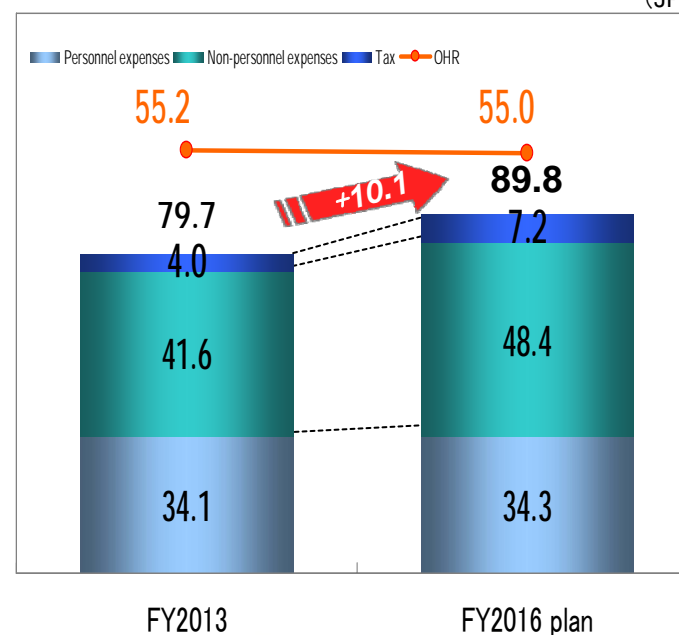
Active investments in 12th Medium-term Business Plan

System-related	Approx. JPY 30bn
Construction of branches and new HQ	Approx. JPY 25bn
New businesses	Approx. JPY 45bn
Total	Approx. JPY 100bn

Projected expenses in 12th Medium-term Business Plan

Growth in topline offsets increase in expenses, resulting in keeping OHR around 55%

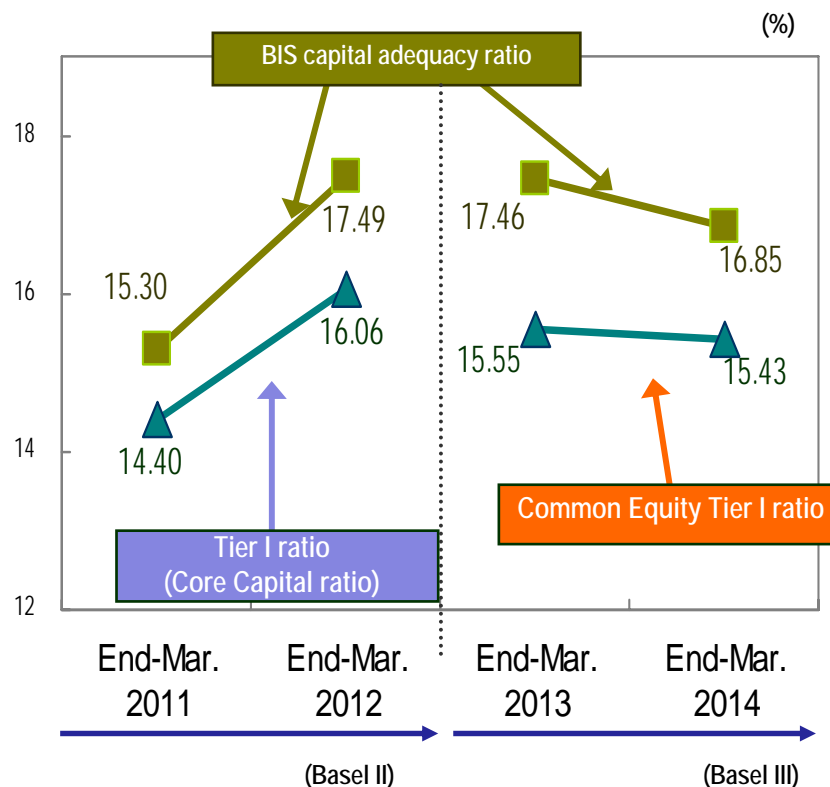
(JPYbn,%)



Capital adequacy ratio

- The Basel III capital adequacy ratio at the end of Mar. 2014 was 16.85%.
Common Equity Tier I ratio : 15.43%
(From the end of Mar. 2013, we adopted to Basel III criteria for the calculation of capital adequacy ratio)

BIS capital adequacy ratio (consolidated basis)



Outlier ratio (nonconsolidated basis)

Amount of maximum risk	Tier I+Tier II	Outlier ratio
JPY 38.2bn	JPY 747.9bn	5.1%

Changes in capital and risk-adjusted assets

【Basel III】	(JPY bn)	End-Mar. '13	End-Mar. '14	Change from end-Mar. '13
Capital*		768.5	782.9	+14.4
Common Equity Tier I		684.3	716.8	+32.5
Other Tier I		-	0.7	+0.7
Tier II		84.2	65.4	-18.8
Risk-adjusted assets		4,400.1	4,643.6	+243.5
Total credit-risk adjusted assets		4,093.2	4,333.2	+240.0
Amount corresponding to market risk		11.5	12.7	+1.2
Amount corresponding to operational risk		295.4	297.7	+2.3

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

[Estimation based on criteria in the Basel III text released in December 2010 (End-September 2013 basis)]

- Liquidity coverage ratio: 103.2%(Regulatory level 100% and over)
- Net stable funding ratio: 123.4%(ditto over 100%)
- Leverage ratio: 6.73%(ditto 3% in trial period)

Capital policy -Shareholder return

- Shareholder return ratio in 11th Medium-term Business Plan(FY2011~ FY2013): 62.36%
- Target of shareholder return ratio in 12th Medium-term Business Plan(FY2014~ FY2016): 50% or more of shareholder return in medium term

Dividend trends

- Plan to pay a year-end dividend of JPY 8.00 per share for FY2013
- Plan to pay annual year dividend of JPY 16.00 for FY2014

(JPY)

	FY2011	FY2012	FY2013E	FY2014E
Annual dividend per share	13.50 (6.5)	*15.00 (8.0)	15.50 (7.5)	16.00 (8.0)

*Include 70th anniversary dividend

(Interim dividend)

Profit distribution to shareholders

(JPY bn,%)

	FY2011	FY2012	FY2013E	FY '04 - '13 (10years)
Annual dividend (1)	8.9	9.7	9.7	Accumulated total 86.7
Repurchase of shares (2) (Shares bought back: million shares)	14.6 (20)	8.2 (10)	22.7 (20)	Accumulated total 77.1
Shareholder returns (3)=(1)+(2)	23.5	18.0	32.4	Accumulated total 163.8
Net income (4)	34.7	40.9	42.8	Accumulated total 336.5
Dividend payout ratio (1)/(4)x100	25.54	23.78	22.78	Average 25.76
Shareholder return ratio (3)/(4)x100	67.60	43.93	75.73	Average 48.66

Shareholder return ratio 62.36%(FY2011~ FY2013E)

***Overview of the 12th Medium-term
Business Plan***

Overview of the 12th Medium-term Business Plan

The 12th Medium-term Business Plan (12th MBP)

Name of the plan

「TOBIRA ~ Open a Gate for the Next」

Group vision

「Shizugin」 that ventures on the new possibilities

Guideline for action ~ We aim to be the best regional bank in the world with taking 「Breakthrough」 to heart

Basic strategies

Top line Growth

- Refine region-based relationship banking
- Challenge on the new business fields and profitable opportunities

Operational system

- Build the flexible and robust operating structure

Branding

- Add more value to 「Shizugin」 brand

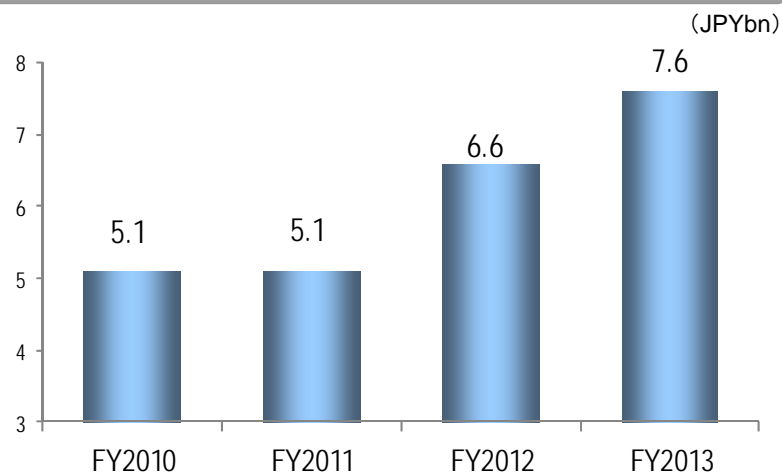
Target figures (consolidated)

	11 th Medium-term Business plan	12 th Medium-term Business Plan
	FY2013 plan	FY2016 plan
Ordinary profit	74.0	80.0 or more
Net income	46.0	50.0 or more
Common Equity Tier I ROE	6.56%	6% level
OHR	54.7%	Around 55%
Common Equity Tier I ratio	15.25%	Around 14%
Shareholder return	50% or more in medium term	50% or more in medium term

Group strategy – Increase in ownership ratio

- Total of ordinary profit of group subsidiaries increased by 50% in 11th Medium-term Business Plan
- Raised the ownership ratio of 6 consolidated subsidiaries, such as Shizugin Lease Co., Ltd., to 100% in April 2014 in order to expand consolidated net income and closely tie up consolidated subsidiaries. We currently have full controlled ownership in 10 subsidiaries excluding Shizuoka Capital Co., Ltd.

Total ordinary profit of consolidated subsidiaries



Gains on negative goodwill

Projected to book gains on negative goodwill, JPY 2.0bn in FY2014

Increase in consolidated net income

Positive impact of roughly JPY 0.5bn per year (based on FY2013 results)

Increase in consolidated/nonconsolidated ratio

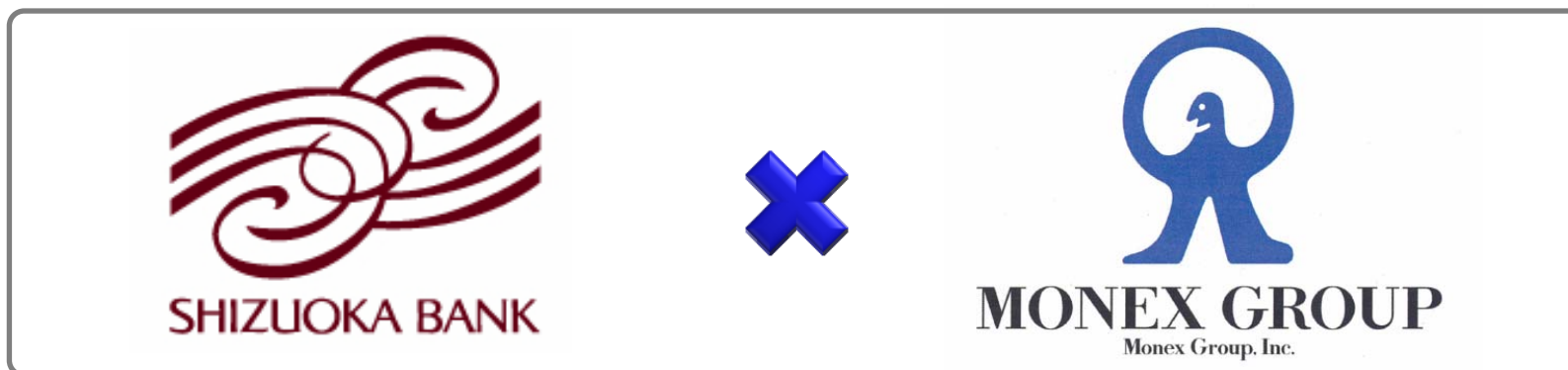
Increase by roughly 0.02x due to rise in consolidated net income (based on FY2013 results)

Consolidated subsidiaries	Consolidated ownership ratio	Consolidated subsidiaries	Consolidated ownership ratio
Shizugin Management Consulting Co., Ltd.	100.00%	Shizugin TM Securities Co., Ltd.*	100.00%
Shizugin Lease Co., Ltd.*	100.00%	Shizuoka Bank (Europe) S.A.	100.00%
Shizuoka Computer Service Co., Ltd.*	100.00%	Shizugin General Service Co., Ltd.	100.00%
Shizugin Credit Guaranty Co., Ltd.*	100.00%	Shizugin Mortgage Service Co., Ltd.	100.00%
Shizugin DC Card Co., Ltd.*	100.00%	Shizugin Business Create Co., Ltd.	100.00%
Shizuoka Capital Co., Ltd.*	50.00%		

*Increase in ownership ratio

Active investments - Capital and business alliance with Monex Group, Inc.

The Shizuoka Bank, Ltd. and Monex Group, Inc. held a capital and business alliance on April 2, 2014



Combine our respective resources to bring the best user experience to our customers and boost the overall quality of our financial services

Create a unique and improved financial experience for our retail customers, through actively implementing leading edge technology and ideas in the online space

Got 20% of stakes in Monex Group from ORIX Corporation and so on



Add Monex Group as equity method affiliate

【Outline of Monex Group】

Monex Group, with its affiliates, is the only online securities group in the world that has a retail customer base in Japan, the United States, and China (Hong Kong), and provides online financial services for individual investors as its principal business

Date of Incorporation : August, 2004

Capital : JPY 10,394 millions Total assets : JPY929,431 millions

Headquarters : Kojimachi, Chiyoda-ku, Tokyo

Overseas Branches : Florida, Beijing, Hong Kong, Sidney, London, Costa Rica

Rating : BBB (JCR)

(as of March, 2014)

A committee led by senior management at both companies has been established to examine the details of a business alliance

Projected performance in FY2014

Projected performance in FY2014

Nonconsolidated	(JPYbn)	FY2013	FY2014E	Change from FY2013
Ordinary revenue		186.1	190.0	+3.9
Gross operating profit		144.5	145.6	+1.1
Expenses (-)		79.7	84.8	+5.1
Net operating profit		64.7	62.7	-2.0
Ordinary profit		67.2	64.0	-3.2
Net income		42.8	41.0	-1.8

	(JPYbn)	FY2013	FY2014E	Change from FY2013
Credit-related costs		0.5	1.4	+0.9
Provision for general allowance for loan losses		-4.6	-1.9	+2.7
Bad debt written-off		5.1	3.3	-1.8
Provision for specific allowance for loan losses		4.1	2.0	-2.1

Consolidated	(JPYbn)	FY2013	FY2014E	Change from FY2013
Ordinary revenue		220.9	225.0	+4.1
Ordinary profit		74.7	74.0	-0.7
Net income		46.7	47.5	0.8

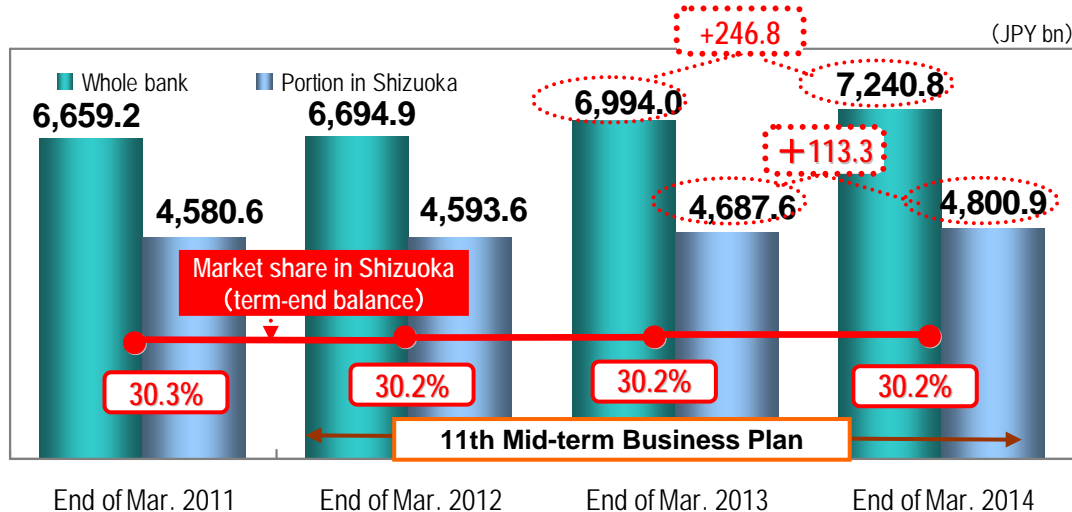


Reference

Loans (term-end balance)

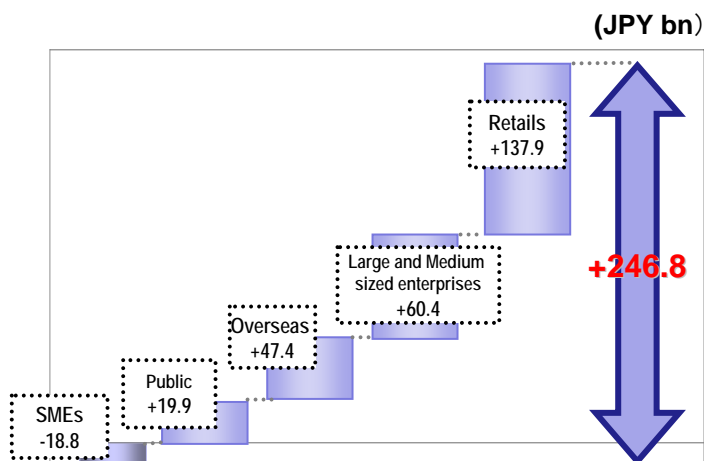
- Total loan balance (term-end balance) of FY2013: JPY 7,240.8bn, up JPY 246.8bn (+3.5%) YoY
- Increased by JPY 581.6bn in 11th Midium-term Business Plan

Total loan balance (term-end balance)

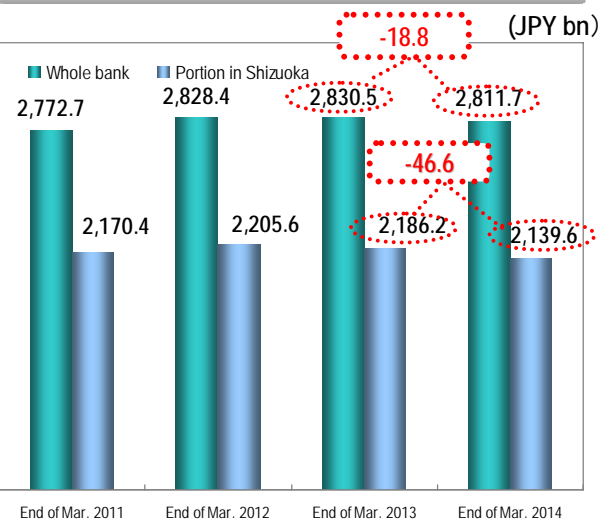


	Term-end balance	YoY change	In 11 th Medium-term Business Plan
Total loan balance	7,240.8bn	+246.8bn +3.5%	+581.6bn
SMEs loan balance	2,811.7bn	-18.8bn	+39.0bn
Retail loan balance	2,491.7bn	+137.9bn +5.9%	+272.2bn
Large and Medium sized enterprises	1,479.0bn	+60.4bn +4.3%	+115.5bn

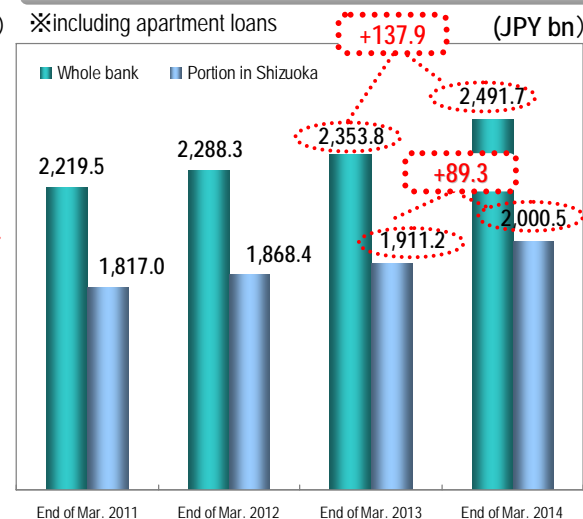
Breakdown of year-on-year change in total loan balance (term-end balance)



SMEs loan balance (term-end balance)



Retail loan balance (term-end balance)



Loans - Loans by industries

- Business loans to each industry such as real estate, construction, leasing, money lending and investment account for less than 9% of loan balance for all industries respectively. There is no concentrated exposure to any of these specific industries
- Expected Loss (EL) for all industries : JPY 5.5bn (JPY 1.2bn for real estate and JPY 0.4bn for construction)
- Unexpected Loss (UL) for all industries : JPY 55.5bn

Contemporary status of business loans to particular industries

[Credit balance (as of the end of Mar. 2014)]

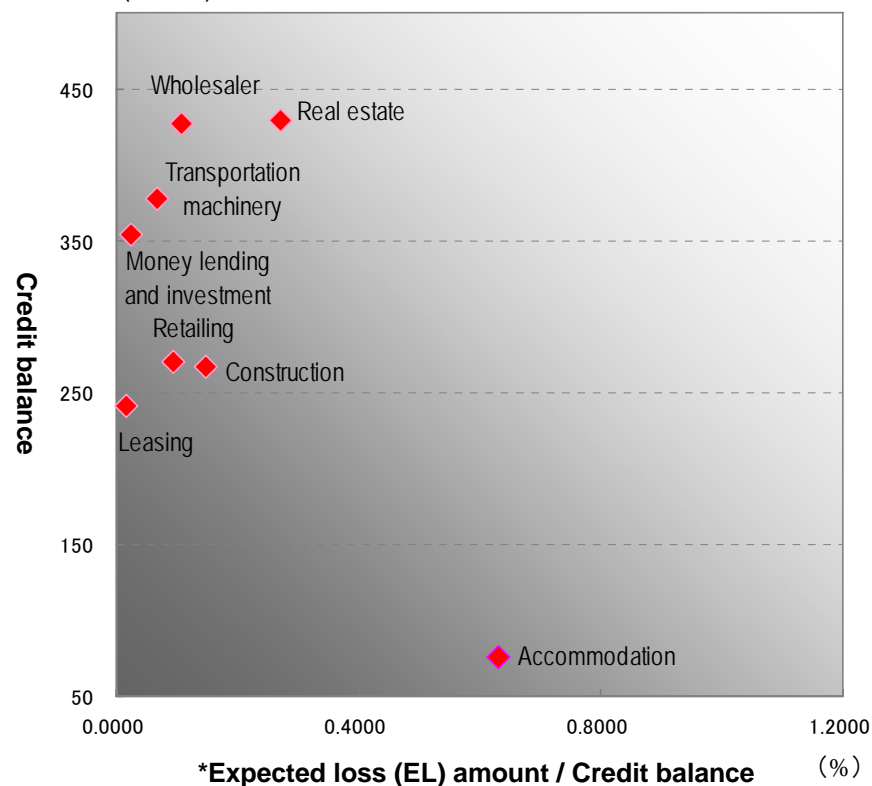
(JPY bn, %)

	Balance	Composition ratio	YoY change
All industries	5, 039.1	100.0	+53.7
Real estate	428.8	8.5	+5.5
Wholesaler *	427.5	8.5	-13.8
Money lending and investment	354.0	7.0	+18.8
Transportation machinery	377.5	7.5	+30.4
Construction	266.7	5.3	-23.2
Retailer	270.4	5.4	+15.9
Leasing	241.0	4.8	-10.8
Accommodation	75.9	1.5	-7.1

* excluding a general trading companies

[Credit balance vs. expected loss rate*]

(JPY bn) Excluding borrowers classified as "practically bankrupt" and below

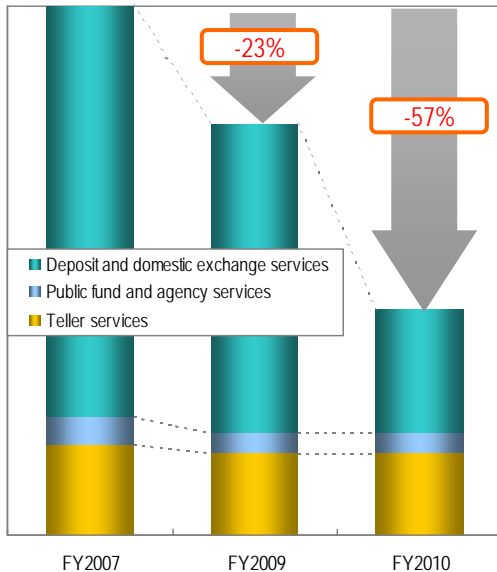


Improvement of productivity - BPR

- An ongoing BPR program increased front-office staff without boosting the overall headcount
→ make it possible to achieve sustainable top-line growth

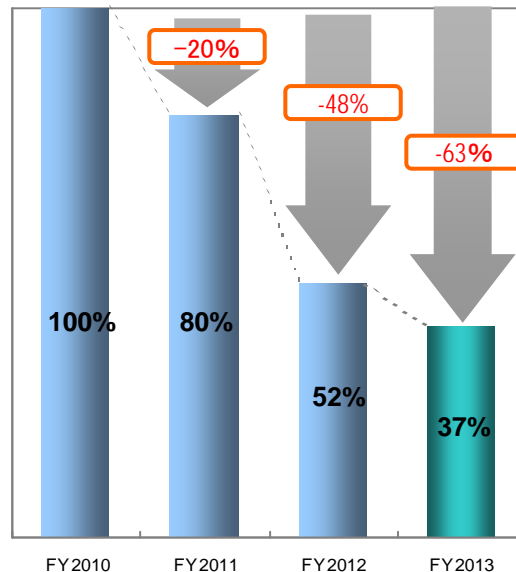


Workload reduction of branches



*Assume the amount of business in the FY2007 is set to 100

Reduced processing time for workload of consumer loan



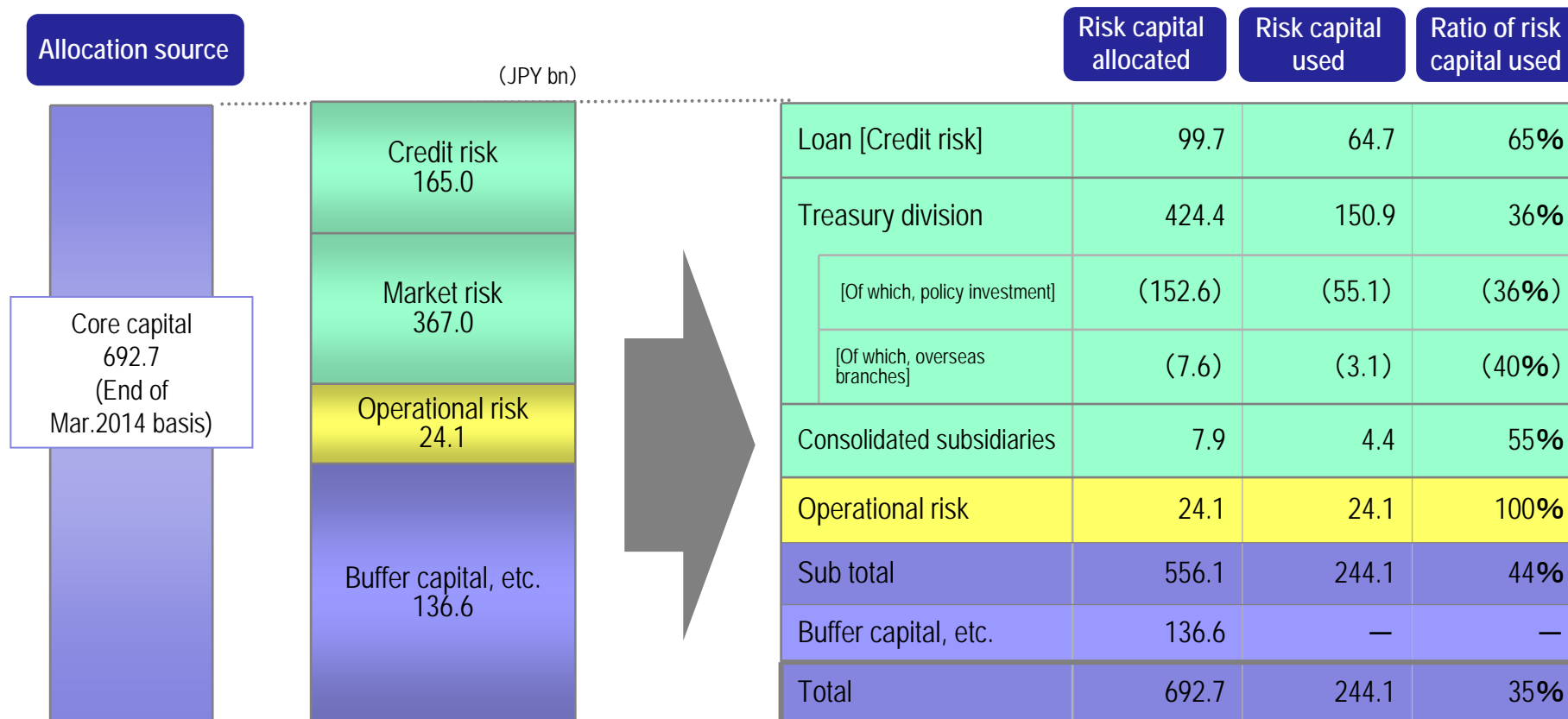
* Assume the amount of business in the FY2010 is set to 100

Number of personnel

	End-Mar. 2008	End-Mar. 2013	End-Mar. 2014	Change from end-Mar. 2008
Front-office	2,411	3,070	3,128	+717
Of which, bank employees	1,794	2,261	2,262	+468
Back-office/assisting	1,693	942	925	-768
Of which, bank employees	548	44	35	-513
Shizuoka Bank	5,164	4,901	4,924	-240
Of which, bank employees	2,851	2,860	2,851	±0

Allocation of risk capital

- Allocation of risk capital for the 2H FY2013 amounted to JPY 692.7bn, of which JPY 165.0bn was allocated to credit risk, JPY 367.0bn to market risk, JPY 24.1bn to operational risk, and JPY 136.6bn to buffer capital, etc
- JPY 64.7bn for loans [credit risk] and JPY 150.9bn for the Treasury division was used for the 2H FY2013



- Core capital=common equity Tire I (Basel III standard), excluding other marketable securities valuation difference
- Risk capital amount= $\langle \text{Market risk} \rangle \quad | \text{ VaR } |$
 $\langle \text{Credit risk} \rangle \quad (1) \quad | \text{ UL } |$ (loan balance includes bad debt written off, CVAs)
 (2) Basel III capital requirement amount (designated loan claims, credit linked loan, securitization transactions, investment trusts, and investment funds)
 $\langle \text{Operational risk} \rangle$ Amount equivalent to operational risk
- Buffer capital is kept aside for emergencies such as the anticipated Great Earthquake and other unquantifiable risks.

Shareholder return - Share Buybacks , Trends in EPS /BPS

- Share buybacks have been continuously carried out since FY1997, cumulating the 181million of shares bought back by the end of March 2014
- EPS and BPS have steadily appreciated with growth strategy and share buybacks

Historical share buybacks

	Shares bought back (thousand shares)	Repurchase amount of shares (JPY mil)	Number of shares cancelled (thousand shares)	Cancellation amount (JPY mil)	Shareholder return ratio (%)	EPS(JPY)	BPS(JPY)
FY1997	7,226	9,997	7,226	9,997	90.3	20.39	587.56
FY1998	6,633	9,142	6,633	9,142	86.7	20.12	627.64
FY1999	8,357	9,143	8,357	9,143	51.4	34.14	650.95
FY2000	24,954	23,281	24,954	23,281	152.0	23.73	792.16
FY2001	8,234	8,267	8,234	8,267	165.4	10.26	742.73
FY2002	29,928	23,107	—	—	229.4	16.56	721.33
FY2003	10,712	8,566	30,000	23,381	50.8	37.20	831.76
FY2004	—	—	—	—	17.1	49.41	875.93
FY2005	—	—	—	—	22.5	44.24	1,019.15
FY2006	—	—	—	—	25.3	51.20	1,077.85
FY2007	10,000	12,621	10,000	10,130	61.8	49.89	997.20
FY2008	—	—	—	—	70.8	18.34	903.32
FY2009	5,000	3,996	5,000	4,638	40.6	46.01	998.21
FY2010	20,000	14,980	20,000	15,957	67.2	51.75	1,016.34
FY2011	20,000	14,575	—	—	67.6	52.44	1,097.55
FY2012	10,000	8,239	20,000	14,953	43.9	62.79	1,204.31
FY2013	20,000	22,642	—	—	75.7	67.84	1,257.63
Total	181,044	168,558	140,404	128,891		—	—

Group Companies

- The total ordinary revenue of 11 consolidated subsidiaries increased to JPY 49.8bn (up JPY 1.5bn YoY) and the ordinary profit of JPY 7.6bn (up JPY 1.0bn YoY)

(JPY bn)

Company name	Business	Ordinary revenue	YoY change	Ordinary Profit	YoY change
Shizugin Management Consulting Co., Ltd.	Corporate and financial management advisory services	1.1	+0.7	0.1	+0.0
Shizugin Lease Co., Ltd.	Leasing	24.2	-0.6	1.5	-0.3
Shizuoka Computer Service Co., Ltd.	Software development and sales	4.9	+0.2	0.2	-0.0
Shizugin Credit Guaranty Co., Ltd.	Guarantee of housing loans, etc.	2.2	+0.5	1.6	+0.3
Shizugin DC Card Co., Ltd.	Credit card and guarantee of consumer loans	1.9	+0.1	0.5	-0.0
Shizuoka Capital Co., Ltd.	Public-offering assistance Support for corporate rehabilitation	0.5	-0.0	0.2	-0.1
Shizugin TM Securities Co., Ltd.	Securities	7.8	+2.1	3.4	+1.0
Shizuoka Bank (Europe) S.A.	Finance and securities-related services	0.6	+0.1	0.1	+0.1
Shizugin General Service Co., Ltd.	Fee-Charging Employment Placement Businesses, etc	0.9	-1.8	0.0	-0.0
Shizugin Mortgage Service Co., Ltd.	Appraisal of real estate for loan collateral Operation center for loans	1.6	+0.1	0.0	+0.0
Shizugin Business Create Co., Ltd.	Operation center for remittance and bill collection	4.3	+0.1	0.0	-0.0
Total(11 companies)		49.8	+1.5	7.6	+1.0
Shizugin Saison Card Co., Ltd.*	Credit card and guarantee of consumer loans	1.6	+0.3	0.1	+0.1

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

Economic scale of Shizuoka Prefecture

- Accounts for 3% share of all-Japan. Ranks 10th in the scale of economy among prefectures
- Has greater GDP than total GDP of 4 prefectures in Shikoku or 3 prefectures in Hokuriku
- Compared to countries ,its GDP is ranked next to Ireland, Philippines, and the Czech Republic

Shizuoka Prefecture indices

	Share of all-Japan		National ranking
●Population	3.75 m	3.0%	10th of 47 (2012)
●No. of households	1.46m	2.7%	10th of 47 (2012)
●Nominal prefectural GDP	JPY 15.8tn	3.2%	10th of 47 (FY2010)
●Per-capita income	JPY 3.100 m	-	3rd of 47 (FY2010)
●No. of business establishments	190K	3.2%	10th of 47 (2012)
●Amount of shipments of manufactured goods, etc.	JPY 15.5tn	5.2%	3rd of 47 (2012)
●Agricultural output	JPY 211.4bn	2.5%	16th of 47 (2012)
●Fishery production volume	220k tons	5.9%	3rd of 47 (2012)
●No. of industrial locations(*)	77	4.1%	6th of 47 (2013)
●No. of new housing starts	30k	2.9%	10th of 47 (2013)

* Based on flash reports

Shizuoka Prefecture economic scale

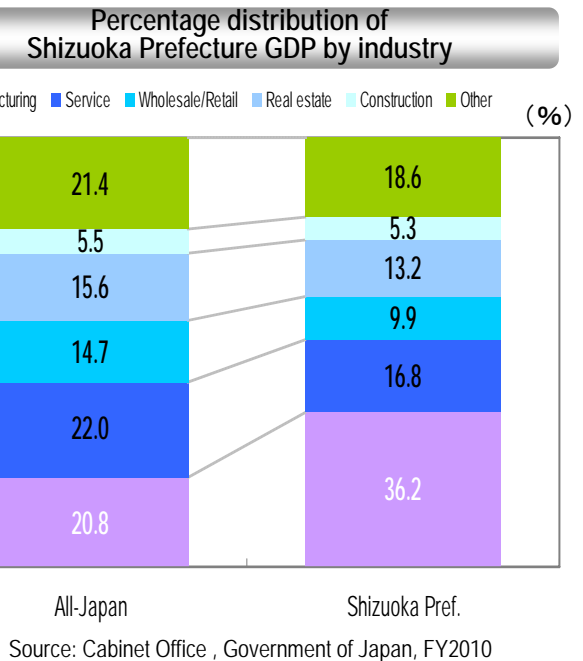
Prefectural GDP (2010, Nominal)		
Rank	Prefecture/Region	(US\$ billions)
9	Fukuoka Prefecture	210.5
10	Shizuoka Prefecture	184.0
11	Ibaraki Prefecture	130.6
-	4 prefectures of Shikoku	156.8
-	3 prefectures of Hokuriku	139.3
GDP comparison with countries (2010)		
Rank	Country (Region)	(US\$ billions)
45	Ireland	207.6
46	Philippines	199.6
47	The Czech Republic	198.9
-	Shizuoka Prefecture	184.0
48	Pakistan	176.9
49	Rumania	164.8

*Sources: Economic and Social Research Institute (ESRI)

Cabinet Office , Government of Japan

Economy in Shizuoka Prefecture and current state

- Positioned as distribution hub between Tokyo and Osaka/Kyoto
- Represents leading manufacturing prefecture in Japan
- Owns a lot of export-driven companies related to handling machinery of transportation and music instrument and so forth
- Has many of representative tourist locations coming from its rich natural environments



No. of listed companies with HQs in Shizuoka Prefecture

Listing	No. of companies
TSE 1 st section	23
TSE 2 nd section	11
Mothers	1
Jasdaq	19
Total	54

*As of end Mar. 2014, companies listed on more than one exchange were counted as TSE-listed

**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.**