

Presentation for Investors

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静岡銀行

Contents

Shizuoka Prefecture - Our Operational Foundation

● Economic scale of Shizuoka Prefecture	1
● Economy in Shizuoka Prefecture and current state	.....	2

Distinguishing feature of Shizuoka Bank

● Loans	.....	3
● Deposits	.....	4
● Profit levels and improvement of productivity	.....	5
● Region-based Relationship Banking	.....	6

Results of 3Q FY2014

● Results of 1H FY2014 - Consolidated and Nonconsolidated	.....	7
● Results of 3Q FY2014 - Consolidated and Nonconsolidated	.....	8
● Net interest income and loan rate	.....	9
● Loans (average balance)	.....	10
● Initiatives for Corporate Banking	.....	11
● Initiatives for Retail Banking	.....	12
● Deposits	.....	13
● Customer assets and fee incomes	.....	14
● Securities	.....	15
● Credit-related Costs	.....	16

● Risk-management loans	.....	17
● Expenses	.....	18
● Capital adequacy ratio	.....	19
● Shareholder return	.....	20

Progress in the 12th Medium-term Business Plan

● Progress in the 12 th Medium-term Business Plan	21
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Projected performance in FY2014

● Projected performance in FY2014	22
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Reference

● Overview of the 12 th Medium-term Business Plan	23
● Loans (term-end balance)	24
● Loans - Loans by industries	.....	25
● Initiatives for Corporate Banking - Global network	.....	26
● Allocation of risk capital	.....	27
● Shareholder return - Share buybacks, Trends in EPS/BPS	.....	28
● Group companies	.....	29
● Shizugin TM Securities Co., Ltd.	.....	30
● Group strategy - Increase in ownership ratio	.....	31
● Active investments - Capital and business alliance with Monex Group, Inc.	.....	32

***Shizuoka Prefecture –
Our Operational Foundation***

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 the Czech, Pakistan, and Algeria

Shizuoka Prefecture indices

	Share of all-Japan		National ranking
•Population	3.72 m	2.9%	10th of 47 (2013)
•No. of households	1.52 m	2.7%	10th of 47 (2013)
•Nominal prefectural GDP	JPY 15.6 tn	3.1%	10th of 47 (FY2011)
•Per-capita income	JPY 3.162 m	-	2nd of 47 (FY2011)
•No. of business establishments	180 K	3.2%	10th of 47 (2012)
•Amount of shipments of manufactured goods, etc.*	JPY 15.3 tn	5.4%	3rd of 47 (2013)
•Agricultural output	JPY 213.8 bn	2.5%	16th of 47 (2013)
•Fishery production volume	190 k tons	5.2%	3rd of 47 (2013)
•No. of industrial locations*	77	4.1%	6th of 47 (2013)
•No. of new housing starts	30 k	2.9%	10th of 47 (2013)

* Based on flash reports

Shizuoka Prefecture economic scale

Prefectural GDP (2011, Nominal)		
Rank	Prefecture/Region	(US\$ billions)
9	Fukuoka Prefecture	227.0
10	Shizuoka Prefecture	196.9
11	Ibaraki Prefecture	145.0
-	4 prefectures of Shikoku	175.3
-	3 prefectures of Hokuriku	150.4
GDP comparison with countries (2011)		
Rank	Country (Region)	(US\$ billions)
47	Czech	216.1
48	Pakistan	213.6
49	Algeria	199.4
-	Shizuoka Prefecture	196.9
50	Kazakhstan	188.1
51	Iraq	185.8

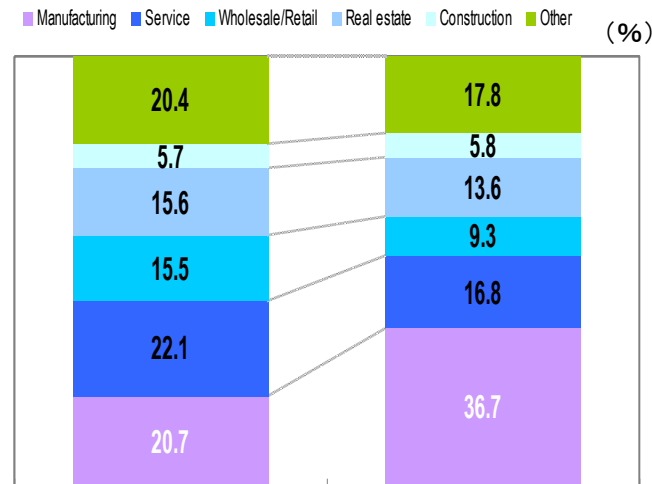
*Sources: Economic and Social Research Institute (ESRI)

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

Percentage distribution of Shizuoka Prefecture GDP by industry

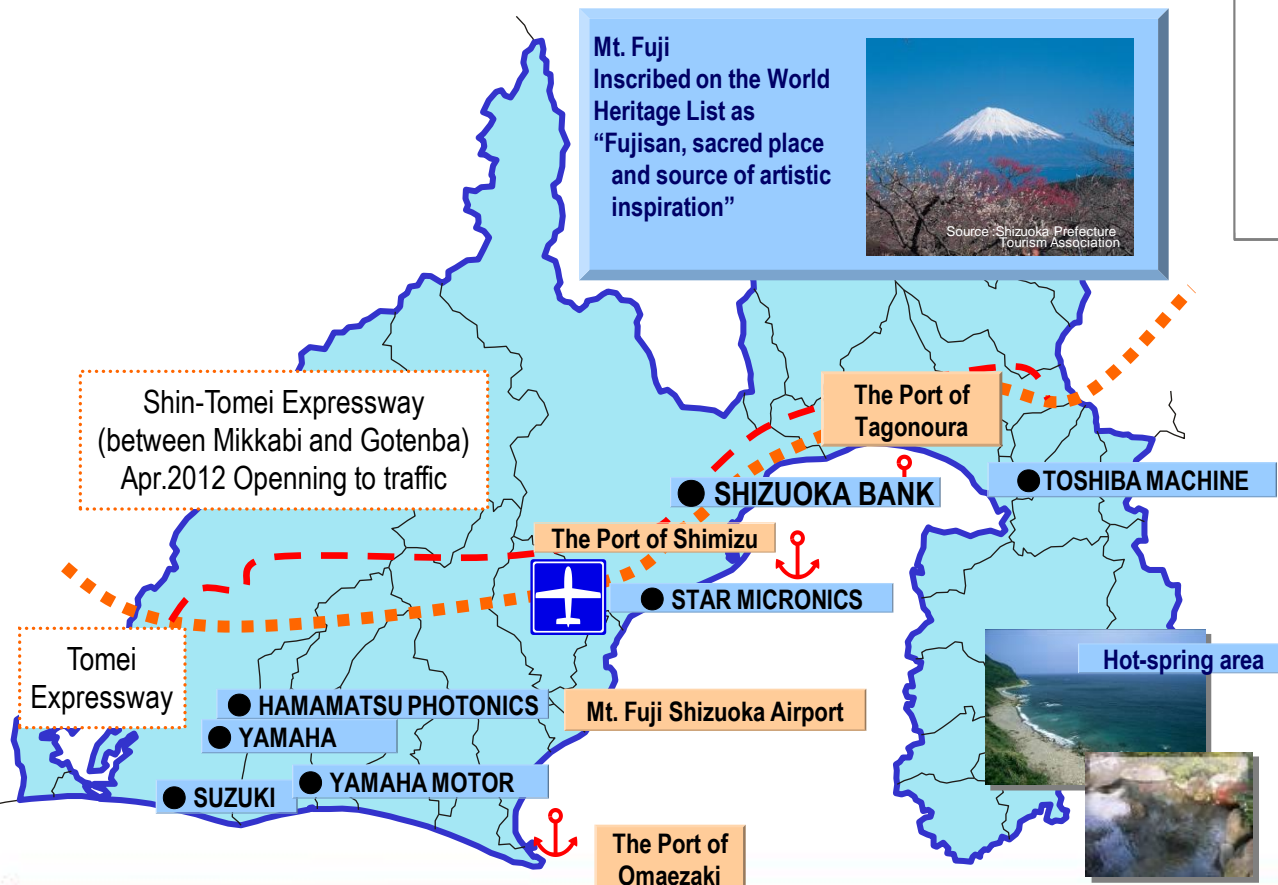


All-Japan Shizuoka Pref.
Source: Cabinet Office, Government of Japan, FY2011

No. of listed companies with HQs in Shizuoka Prefecture

Listing	No. of companies
TSE 1 st section	22
TSE 2 nd section	12
Mothers	1
Jasdaq	18
Total	53

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

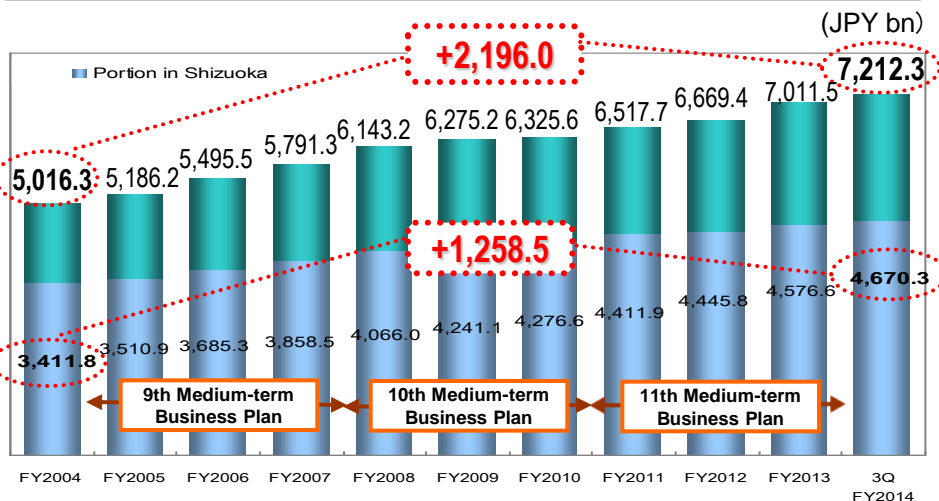


***Distinguishing feature of
Shizuoka Bank***

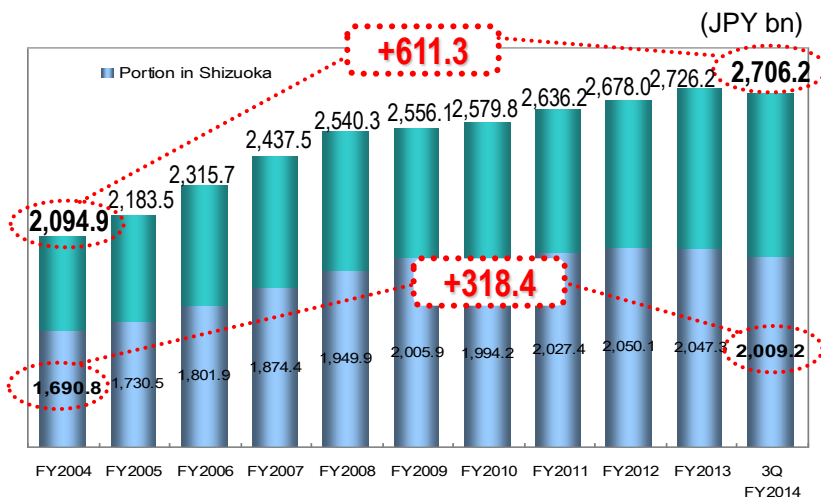
Loans

- Total loan balance (average) increased by JPY 2,196.0bn from FY2004, of which JPY 1,258.5bn in Shizuoka Pref.
- SME loan balance: +JPY 611.3bn, consumer loan balance: +JPY 1,108.5bn

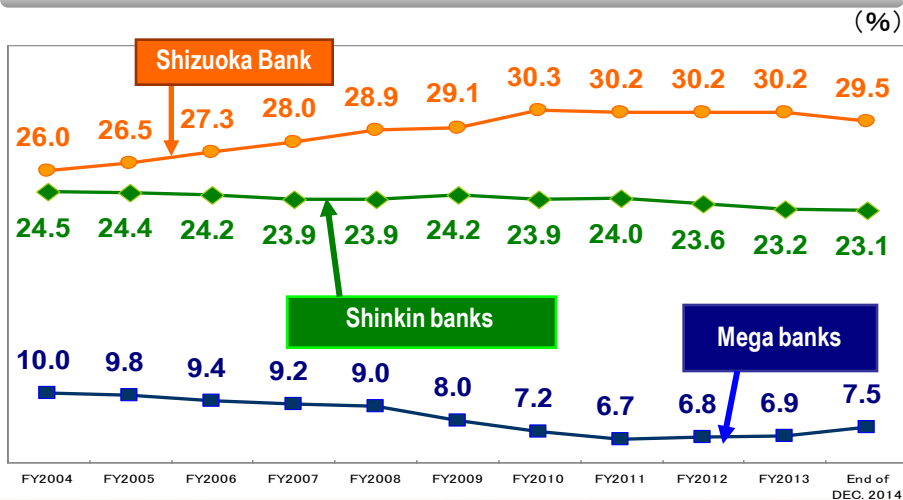
Total loan balance (average balance)



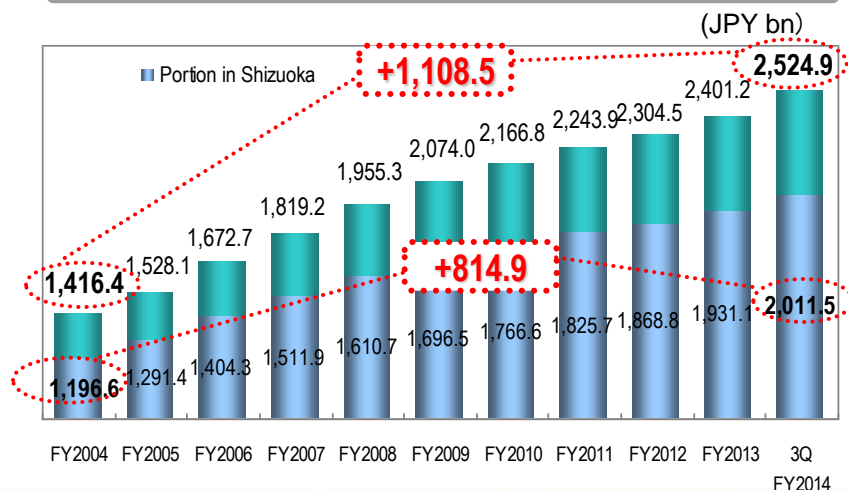
SME loan balance (average balance)



Share of loans in Shizuoka Prefecture



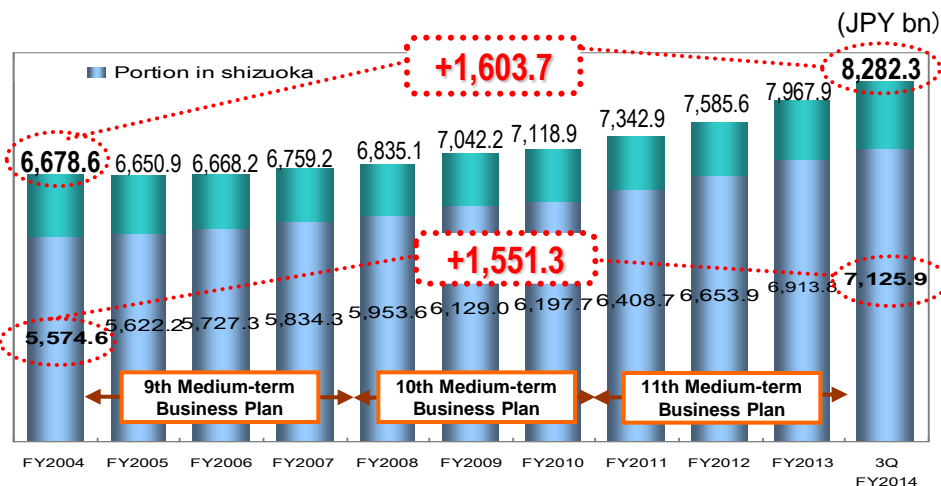
Consumer loan balance (average balance)



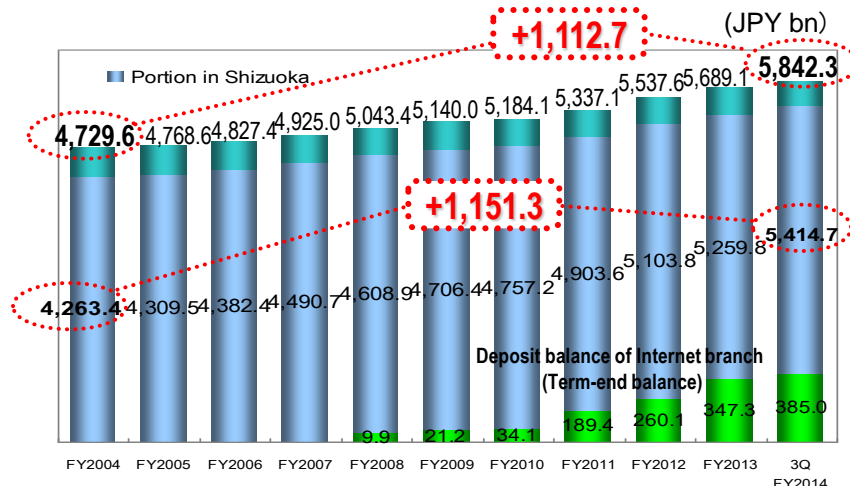
Deposits

- Total deposit balance (average) increased by JPY 1,603.7bn from FY2004, of which JPY 1,551.3bn in Shizuoka Pref.
- Has kept high Loan-Deposit ratio, 87.1%, while increasing both loan and deposit

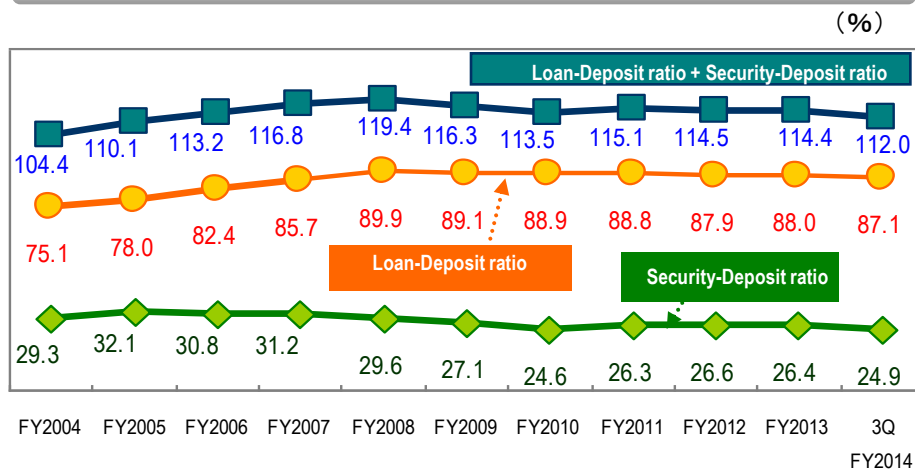
Deposit balance (average balance)



Retail deposit balance in domestic branches (average balance)



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



External ratings

- Has received higher credit ratings from two overseas agencies, Moody's and Standard & Poor's, and one Japanese agency, R&I

	Long-term Ratings	Short-term Ratings	Financial Strength
Moody's	A1	P-1	C+
Standard & Poor's	A+	A-1	a+ *
R & I	AA	-	-

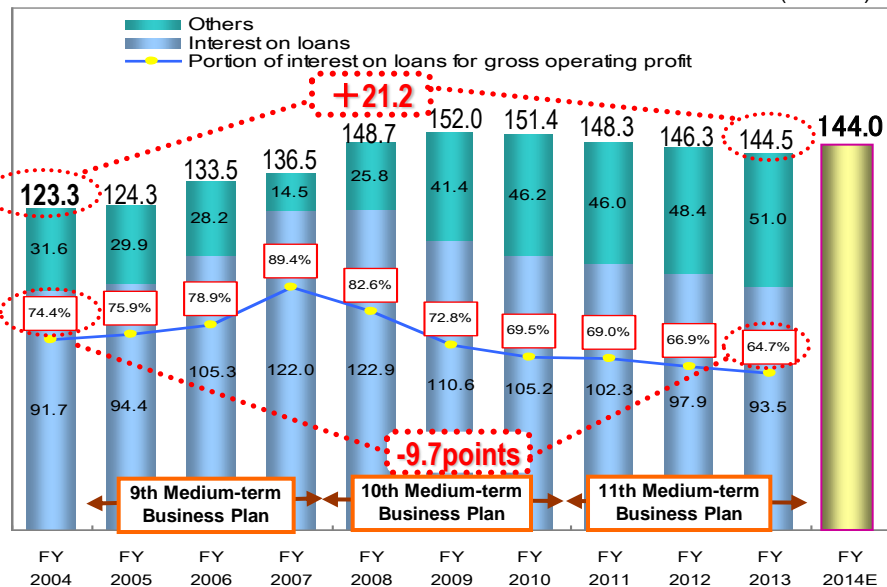
* Stand-Alone credit Profile

Profit levels and improvement of productivity

- Gross operating profit stably increased totally over JPY 20bn for 9 years
- Productivity improvement led by IT investment and BPR has contributed to strict cost control and stable surplus in net income

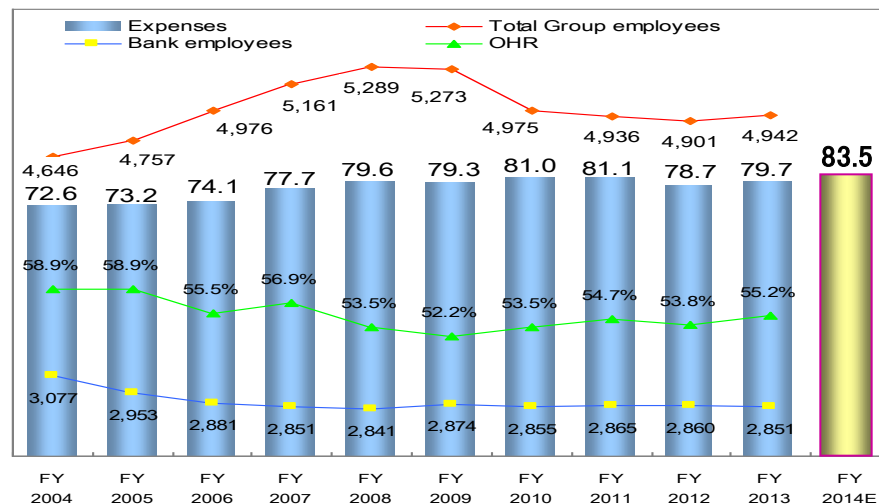
Gross operating profit and interest on loans

(JPY bn)



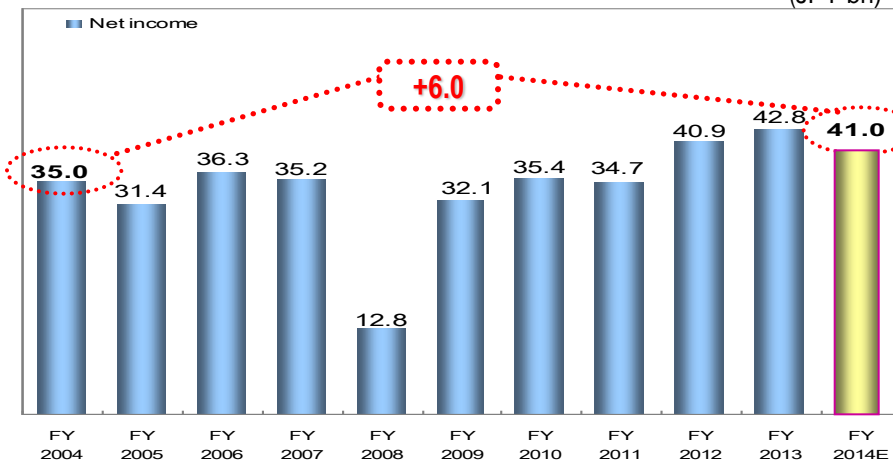
Expenses and number of personnel

(JPY bn, Employees)



Net income

(JPY bn)



Improvement of productivity

<9th Medium-term Business Plan>

- Launch of active IT investment and centralized processing BPR
- Introduced new terminals at sales branches
- Upgraded loan support system
- Centralized processing for loan back-office workload (Centralized storage of loan bookkeeping and debt documents)

<10th Medium-term Business Plan>

- Increased efficiency through IT investment and the expansion of centralized processing
- Back-office workload reduced at sales branches by 60%
- Repositioned back-office staff in sales positions

<11th Medium-term Business Plan>

- Extended productivity improvements to the front office workload
- Reduce workload for consumer loan sales staff by 60%

<12th Medium-term Business Plan>

- Started the operation of new SHIZUGIN Headquarter Tower (since Jan. 2015)
- Established new work-style (Free-Address, Paper-less)

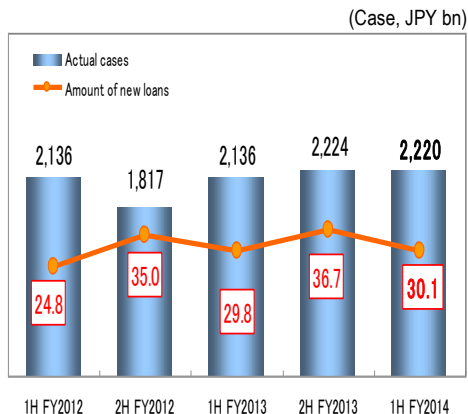
Region-based Relationship Banking

- Have further developed the relationship with customers by providing three pillars of solutions, that are, business matching services, support for business restructuring and turn-around, and “Shizuginship”

Business matching services

- Supporting our customers to expand their business by creating new sales opportunities

【Trend in case】



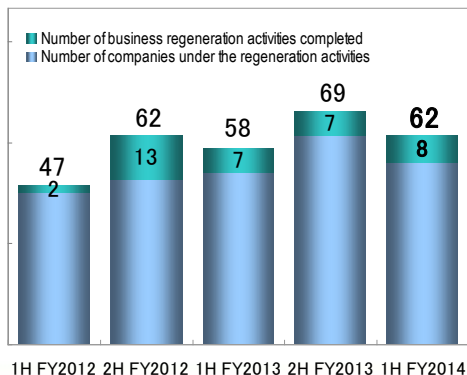
- Have regularly held Shizugin @gricom (agricom), a business networking event to link companies in the agricultural, forestry and fisheries sector and the food processing sector with buyers since February 2006.
- Have held 11th Shizugin @gricom (agricom) in July 2014

⇒ Closed 17 deals on the day

Support for business restructuring and turn-around

- Reviewing of terms of repayment and utilizing external agencies and business regeneration fund to support business restructuring and turn-around

(Case)

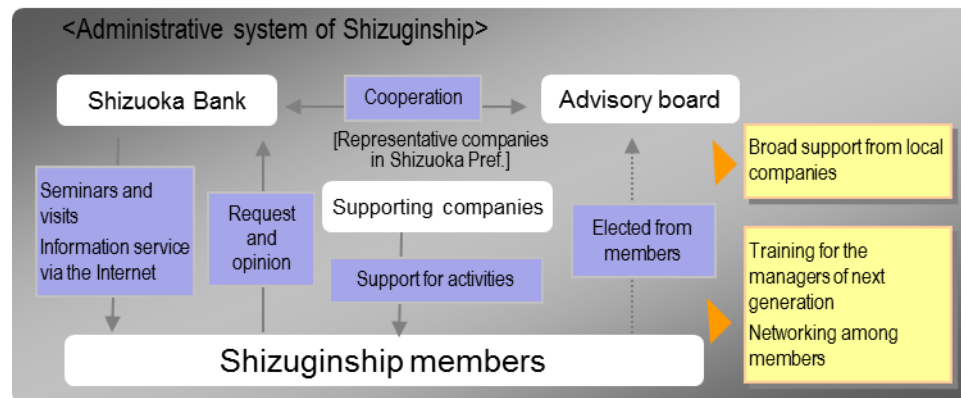


- From 2005, completed roughly 160 case of business restructuring

Maintained local economy by upholding about 13,000 employments

“Shizuginship” – training club for the next generation managers

- A membership-based service aimed at developing local businesses and the Shizuoka Prefecture economy by improving the management skills of young managers earmarked as future business leaders
- Launched in April 2007, Shizuginship provides learning and networking opportunities to members
- Support Companies, consisting of leading companies in Shizuoka provide opportunities of site visits and dispatch lecturers to support
- Shizuginship has been managed in harmony with regional society



【No. of member: (As of the end of December 2014)】

- 833 companies, 1,254 members
- No. of participant for seminars and visits of 3Q FY2014 : 1,152

【Activity achievement in FY2014】

Content	Activity achievement
Divisional Forum (Central / Eastern / Western area)	3 Forums
Lectures by top executive and specialists	8 lectures
Seminar	Total 12 courses
• executive program	1 course
• middle management program	10 courses
• basic program	1 course



Results of 3Q FY2014

Results of 1H FY2014 – Consolidated and Nonconsolidated

Consolidated

	(JPY bn, %)	1H FY2014	YoY change	
			Increase/Decrease	Rate of change
Ordinary revenue		112.6	-12.4	-10.0
Ordinary profit		37.0	-9.0	-19.6
Net income		24.2	-5.1	-17.3

Nonconsolidated

	(JPY bn, %)	1H FY2014	YoY change	
			Increase/Decrease	Rate of change
Ordinary revenue		95.4	-12.2	-11.3
Gross operating profit		79.2	-1.3	-1.7
Net interest income		58.2	-10.1	-14.8
Fees and commissions		7.7	+0.1	+1.4
Trading income		0.2	-0.1	-39.6
Other operating profit		13.0	+8.8	+210.8
[Bond-related income such as JGBs]		(12.3)	(+8.7)	(+238.8)
Expenses	(-)	41.1	+0.3	+0.8
Actual net operating profit		38.1	-1.7	-4.2
Net operating profit		38.1	-1.7	-4.2
Special profit and loss		4.1	+1.9	+88.4
Bad debt written-off	(-)	0.3	-0.2	-42.6
Gain on reversals from loan loss reserves		1.4	-1.2	-46.3
Gain (loss) on stocks		2.8	+2.9	-
Ordinary profit		42.2	+0.3	+0.6
Net income		19.8	-7.3	-26.9

Overview: Results of 1H FY2014–Nonconsolidated

Ordinary revenue -JPY 12.2bn YoY (First decrease in 2 periods)

- Ordinary revenue declined JPY 12.2bn year on year to JPY 95.4bn, mainly due to decrease in interest income (-JPY 9.8bn) and gain on sale of JGBs (-JPY 4.8bn).

Gross operating profit -JPY 1.3bn YoY (First decrease in 2 periods)

- Gross operating profit declined JPY 1.3bn year on year to JPY 79.2bn reflecting a decrease in net interest income (-JPY 10.1bn) due to a decrease in gain on cancellation of investment trusts, despite other operating profit increased (+JPY 8.8bn), mainly reflecting an increase in bond-related income such as JGBs.

Net operating profit -JPY 1.7bn YoY (First decrease in 6 periods)

- Net operating profit declined JPY 1.7bn year on year to JPY 38.1bn, mainly due to a decrease in gross operating profit (-JPY 1.3bn) and an increase in expenses (+JPY 0.3bn)

Ordinary profit +JPY 0.3bn YoY (Continued increase in 2 period)
Record High

- Ordinary profit rose JPY 0.3bn to JPY 42.2, mainly due to an increase in gain (loss) on stocks, although gain on reversals from loan loss reserves decreased JPY 1.2bn.

Net income -JPY 7.3bn YoY (First decrease in 2 periods)

- Net income decreased JPY 7.3bn to JPY 19.8bn due to an increase in loss on valuation of stocks of subsidiaries and affiliates (-JPY 8.7bn) reflecting a decline in stock price of an equity method affiliate

Results of 3Q FY2014 – Consolidated and Nonconsolidated

Consolidated (JPY bn, %)	3Q	3Q	YoY	Progress
	FY2013	FY2014	change	(year basis)
Ordinary revenue	174.3	168.0	-6.3	78.1
Ordinary profit	62.0	57.6	-4.4	77.8
Net income (Excluding Gains on negative goodwill)	39.7 (39.7)	37.9 (35.6)	-1.8 (-4.1)	79.7

Nonconsolidated (JPY bn, %)	3Q	3Q	YoY	Progress
	FY2013	FY2014	change	(year basis)
Ordinary revenue	148.3	141.5	-6.7	78.6
Gross operating profit	114.3	117.1	+2.8	81.3
Net interest income	98.9	91.0	-7.9	—
Fees and commissions	11.2	11.5	+0.3	—
Trading income	0.5	0.4	-0.1	—
Other operating profit	3.7	14.2	+10.5	—
[Bond-related income such as JGBs]	(3.0)	(13.6)	(+10.6)	—
Expenses (-)	60.7	61.0	+0.3	73.1
Actual net operating profit	53.6	56.1	+2.5	—
Net operating profit	53.6	56.1	+2.5	92.7
Special profit and loss	2.6	5.5	+2.9	—
Bad debt written-off (-)	0.6	0.4	-0.2	—
Gain on reversals from loan loss reserves	2.8	0.7	-2.1	—
Gain (loss) on stocks	0.1	5.2	+5.1	—
Ordinary profit	56.1	61.5	+5.4	96.2
Net income	36.5	33.1	-3.3	80.8

Acquired wholly ownership of group companies

- Increased ownership ratio in a planned way from 2012, and 11 group companies, except Shizuoka Capital became direct wholly owned subsidiary of Shizuoka Bank July 2014.

Gains on negative goodwill	JPY 2.3bn (FY2014)
Increase in consolidated net income	Approx. +JPY 2.3 bn per year
Rise in Consolidated/Nonconsolidated ratio	+0.05x

Overview:-Results of 3Q FY2014-Nonconsolidated

Ordinary revenue -JPY 6.7bn YoY

- Ordinary revenue declined JPY 6.7bn year on year to JPY 141.5bn, mainly due to decrease in interest income (-JPY 7.3bn) and gain on sale of JGBs (-JPY 3.7bn).

Ordinary profit +JPY 5.4bn YoY **Record High**

- Ordinary profit rose JPY 5.4bn YoY to JPY61.5, mainly due to an increase in gain (loss) on stocks, although gain on reversals from loan loss reserves decreased JPY 2.1bn.

Net income -JPY 3.3bn YoY

- Net income decreased JPY 3.3bn YoY to JPY 33.1bn due to an increase in loss on valuation of stocks of subsidiaries and affiliates (-JPY 8.5bn) reflecting a decline in stock price of an equity method affiliate

Net interest income and loan rate

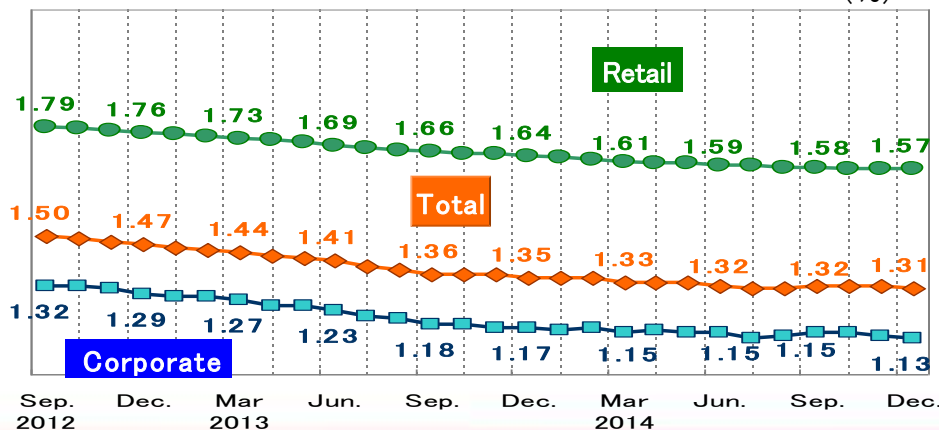
- Net interest income of 3Q FY2014: JPY 91.0bn (-JPY 7.9bn YoY)
- The interest on loans is about to increase, since loan volume compensates for decline of interest rate

Break down of net interest income

(JPY bn)	3Q FY2013	3Q FY2014	Increase/Decrease
Total	98.9	91.0	-7.9
Domestic operations	88.5	80.1	-8.4
Of which, Interest on loans	67.7	65.0	-2.7
Interest and dividends on securities (of which interest on bonds (of which gain on cancellation of investment trust, etc)	23.8 (7.0) (12.4)	17.6 (4.9) (7.4)	-6.2 (-2.1) (-5.0)
Interest on deposits (-)	3.1	3.0	-0.1
Overseas operations	10.4	10.9	+0.5
Of which, Interest on loans	2.9	4.0	+1.1
Interest and dividends on securities	9.3	8.5	-0.8

Loan rates (monthly average)

(%)



Loan and Deposit rate

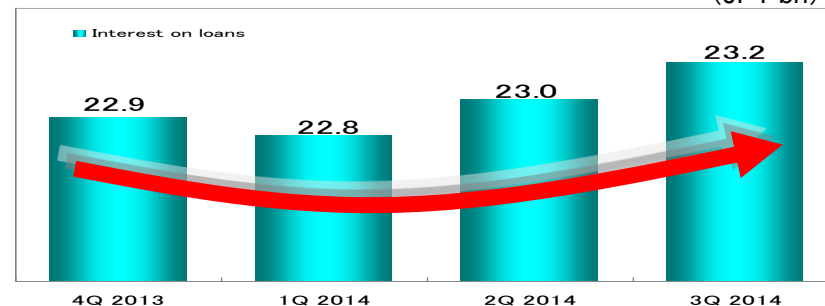
[Domestic Operations] (%)	3Q FY2013	3Q FY2014	Increase/decrease
Loan rate	1.37	1.29	-0.08
Deposit rate	0.05	0.04	-0.01
Yield on securities	1.94	1.47	-0.47

[Overseas Operations]

Spread between investments and Procurements	1.06	0.91	-0.15
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Interest on loans (Quarterly period)

(JPY bn)



Portfolio of yen denominated loans as end of Dec. 2014

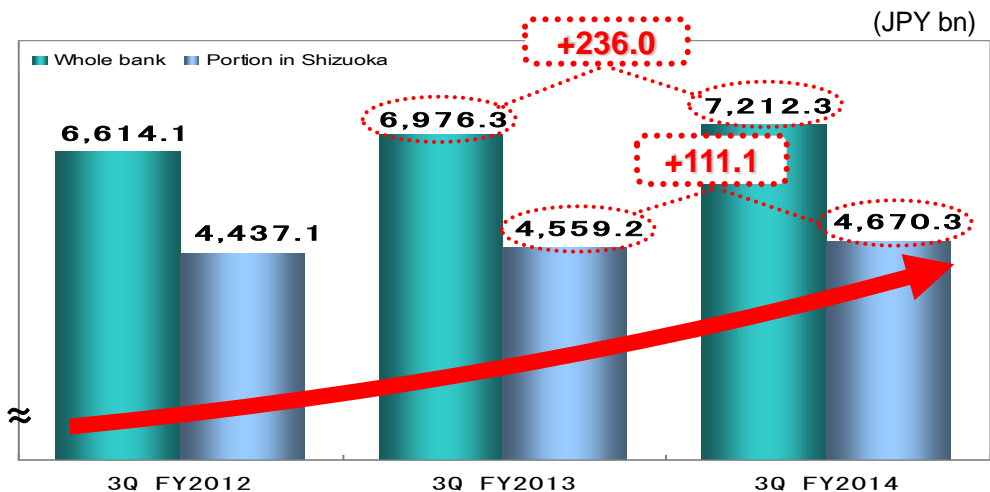
- Increase 1.0% in short-term interest rate will result in increase JPY19.0bn in net interest income

(JPY bn, %)	Average balance	Share	Average interest rate
Loans	6,724.5	100.0	1.30
Of which floating rate	5,187.0	77.1	1.29
Of which fixed rate	1,537.5	22.9	1.34

Loans (average balance)

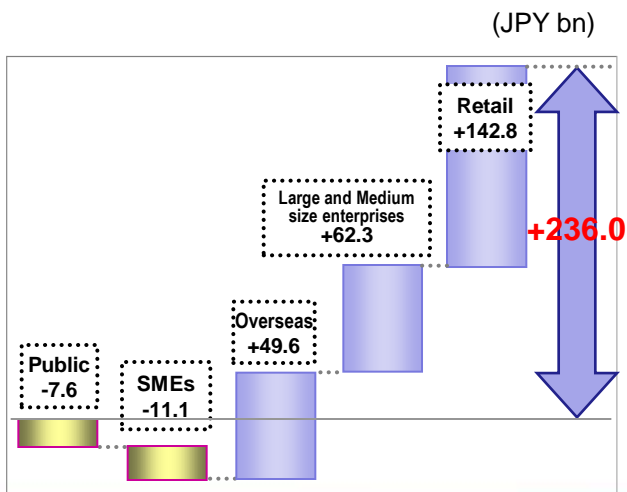
● Total loan balance (average balance) of 3Q FY2014 : JPY 7,212.3bn, up JPY 236.0bn (+3.4%) YoY

Total loan balance (average balance)

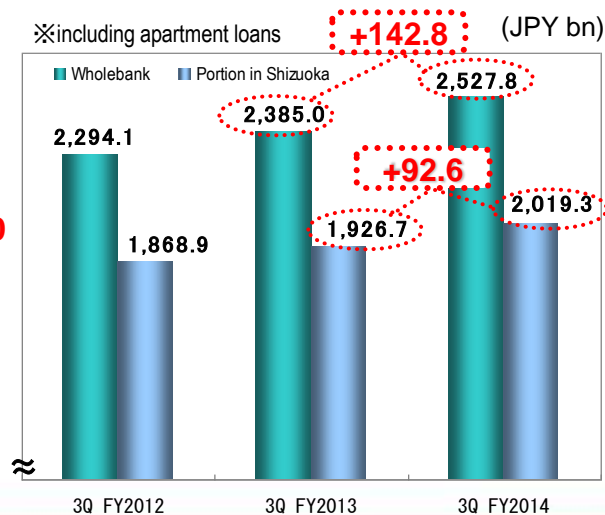


	Average balance	YoY change	Annual growth rate
Total loan balance	7,212.3bn	+236.0bn	+3.4%
Retail loan balance	2,527.8bn	+142.8bn	+6.0%
Large and Medium size enterprises	1,518.0bn	+62.3bn	+4.3%
SMEs loan balance	2,706.2bn	-11.1bn	-0.4%

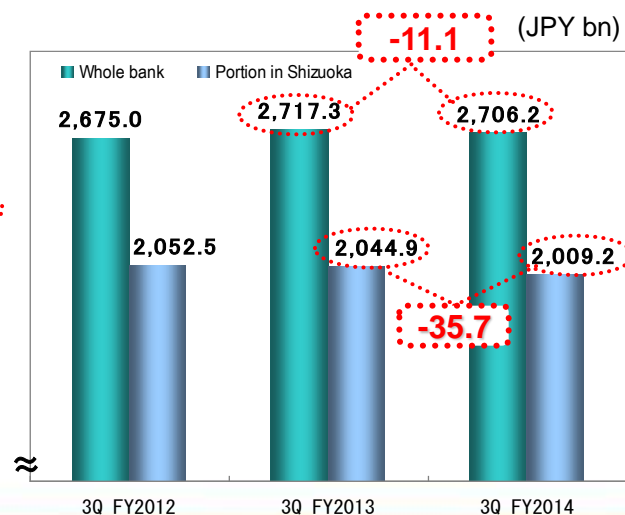
Breakdown of year-on-year change in total loan balance (average balance)



Retail loan balance (average balance)



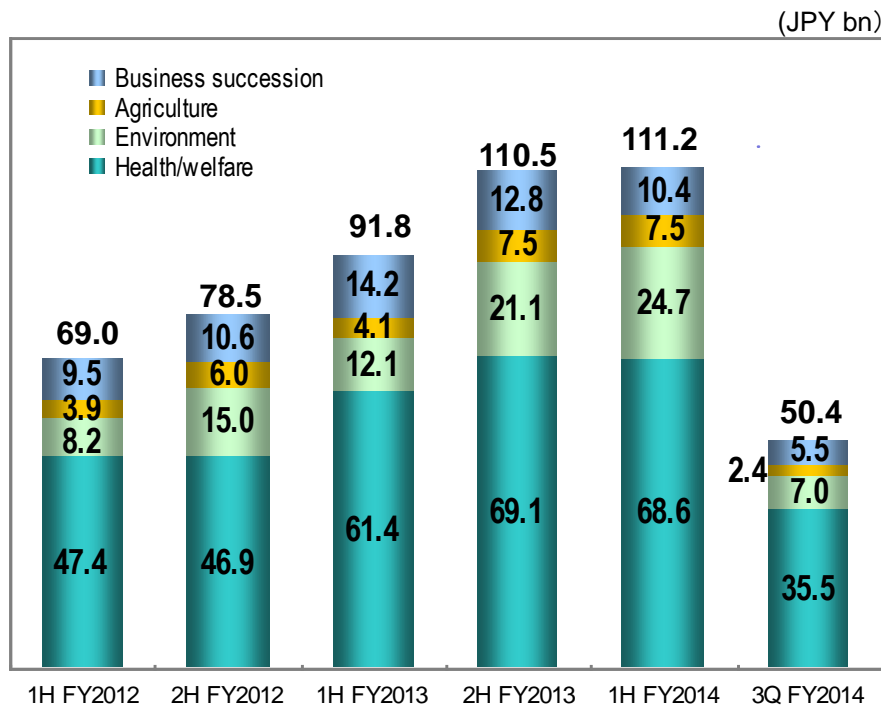
SMEs loan balance (average balance)



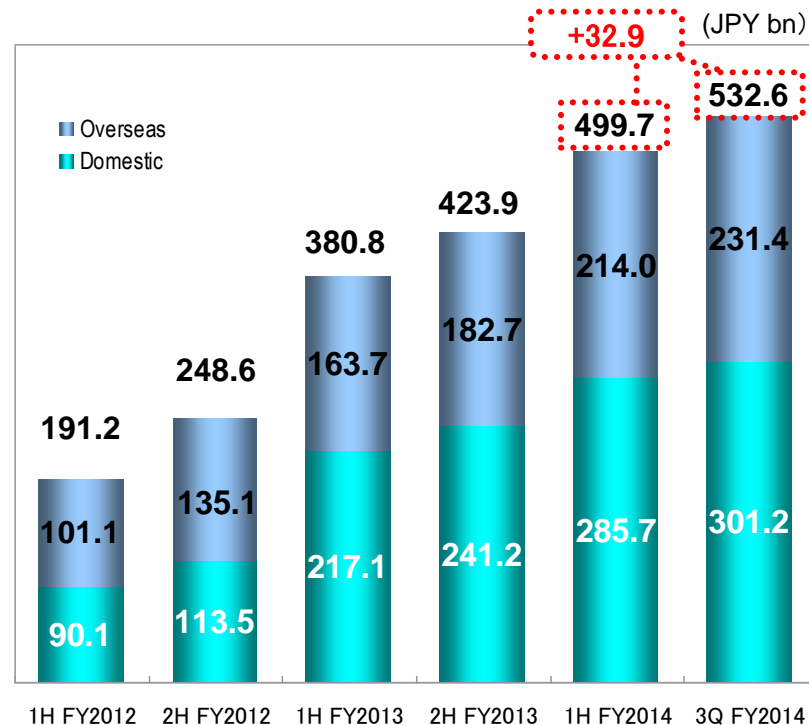
Initiatives for Corporate Banking

- Posted specialized human resources on growing fields, centered on health/welfare
- Active support for customer's overseas entrance boosted loan in foreign currency to JPY 532.6bn, up JPY 32.9bn YoY

Loans for growth and untapped fields



Loan balance in foreign currency (average balance)



Measures to support new business creation

Set up "Entrepreneur Support Desk" in Oct. 2014

Allocate a specialist to the desk to advance information providing and branches' effective support for entrepreneurs

"Shizugin Entrepreneur Awards" 14 winners out of a total of 333 applicants received prizes in the past 2 rounds

The 3rd round will be held in FY2014

Establish the new honors of "Woman entrepreneur award" and "Rookie award" in addition to the honors of "The highest award" and "Award for excellent work"

⇒ Fully utilize the Group's capabilities, such as sales channel development and consulting services, to actively support business growth of all the applicants

[Ref.] Initiatives for business turn-around

Original loan schemes aimed at customers working to turn around their businesses

- Provide operating funding to clients that are working closely with Shizuoka Bank to improve management and turn around their businesses

Business Support Fund: 97 cases / JPY 2,619 mil

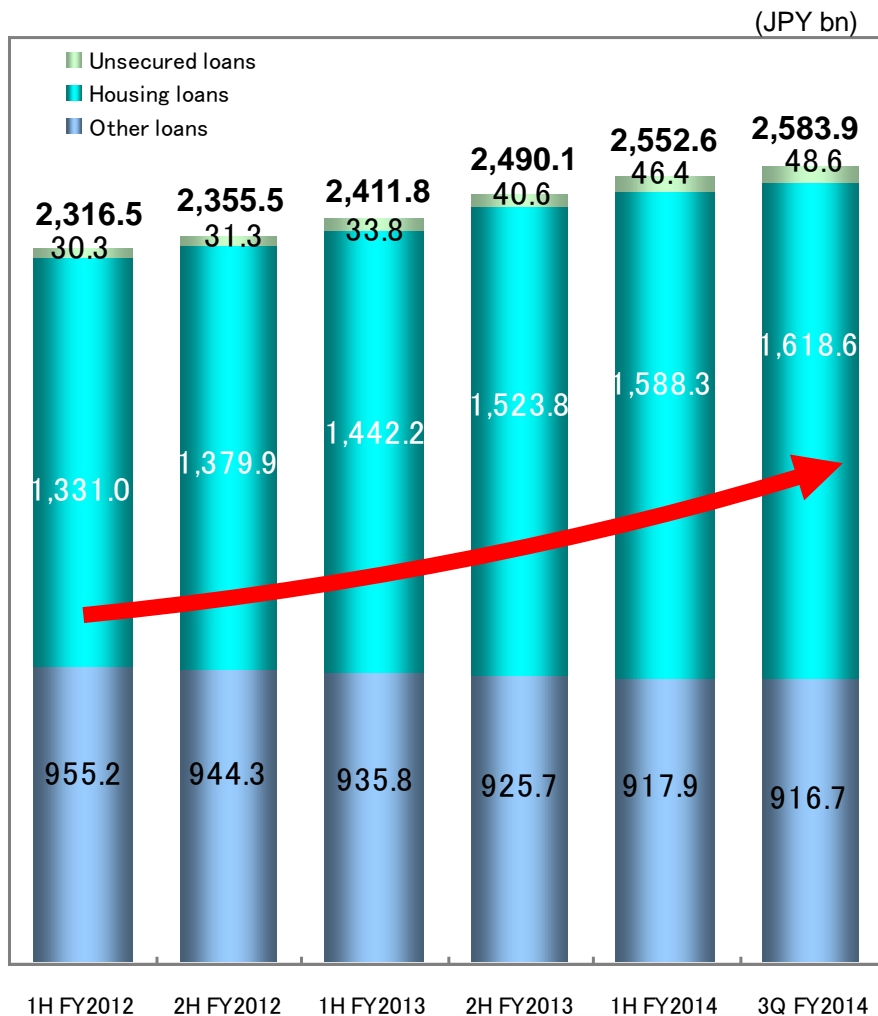
Business turn-around Fund: 193 cases / JPY 6,167 mil

Total: 290 cases / JPY 8,786 mil (cumulative amount)

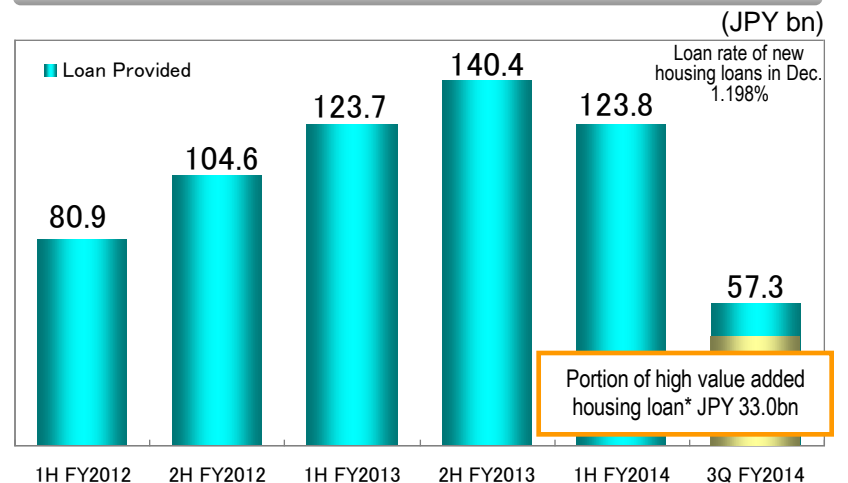
Initiatives for Retail Banking

- Customer loan balance (term-end balance of 3Q FY2014) increased to JPY 2,583.9bn, mainly due to an increase in housing loans
- Though having effect of rise in consumption tax, maintained upward trend of loan balance by making reasonable amount of both housing loans and unsecured loans

Consumer loan balance (term-end balance)

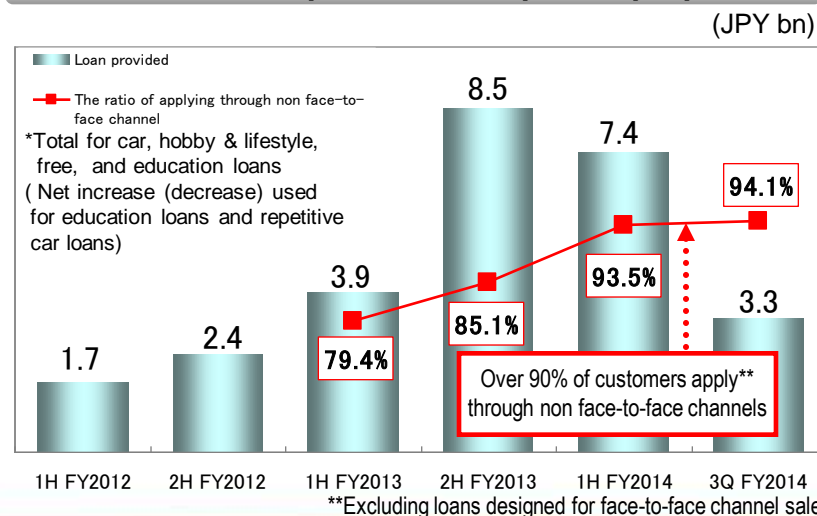


Housing loan provided



*High value added housing loan : housing loan with insurance for 8 medical conditions and with insurance "Shizugin 8 medical conditions plus"

Unsecured loan provided for specific purpose*

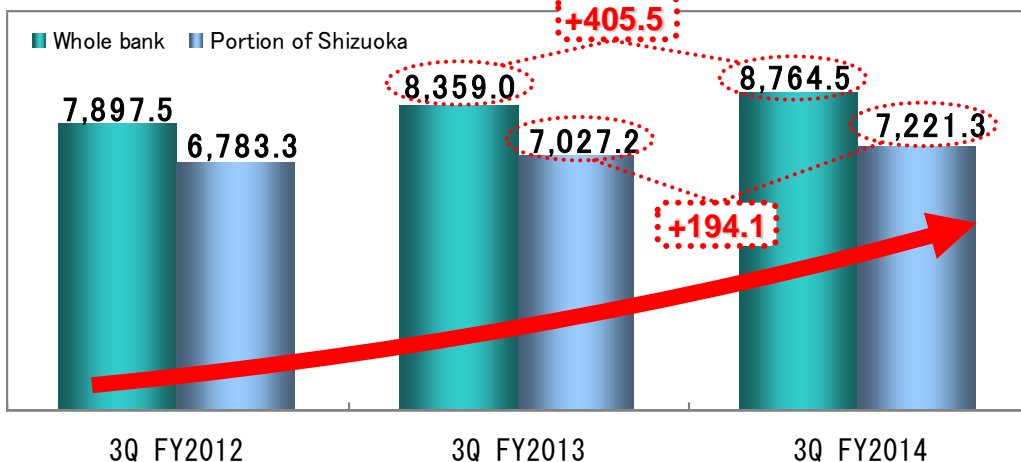


Deposits

- Deposit balance (average balance) of 3Q FY2014: JPY 8,764.5bn, up JPY 405.5bn(+4.9%) YoY
- Loan-Deposit ratio (excluding NCD):87.1%, remained high

Deposit balance (average balance)

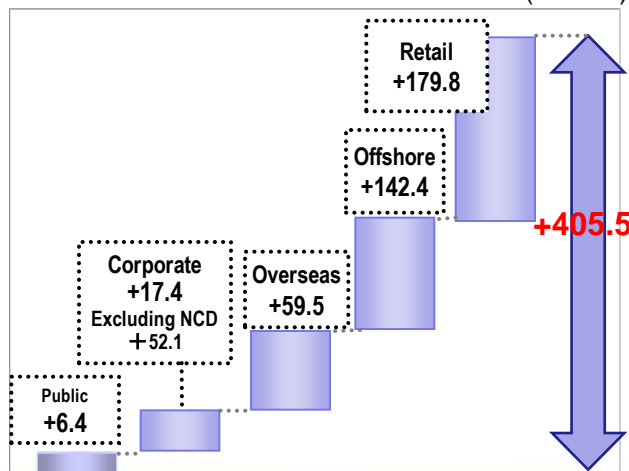
(JPY bn)



	Average balance	YoY change	Annual growth rate
Total deposit balance	8,764.5bn	+405.5bn	+4.9%
Deposit balance in Shizuoka	7,221.3bn	+194.1bn	+2.8%
Corporate deposit balance	2,006.4bn	+17.4bn	+0.9%
Retail deposit balance	5,842.4bn	+179.8bn	+3.2%
Portion in Internet branch	379.1bn	+90.8bn	+31.5%

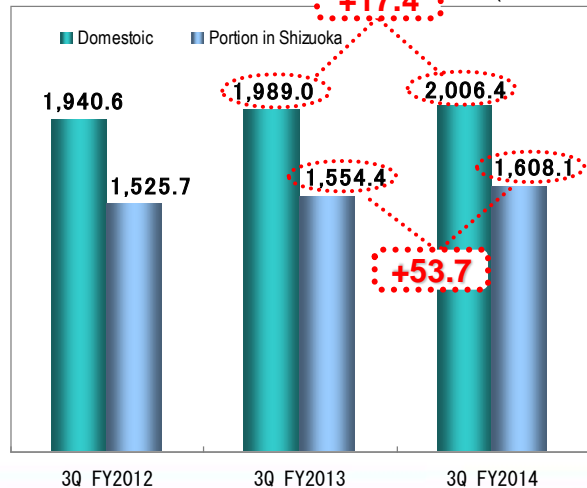
Breakdown of year-on-year changes in deposits balance (average balance)

(JPY bn)



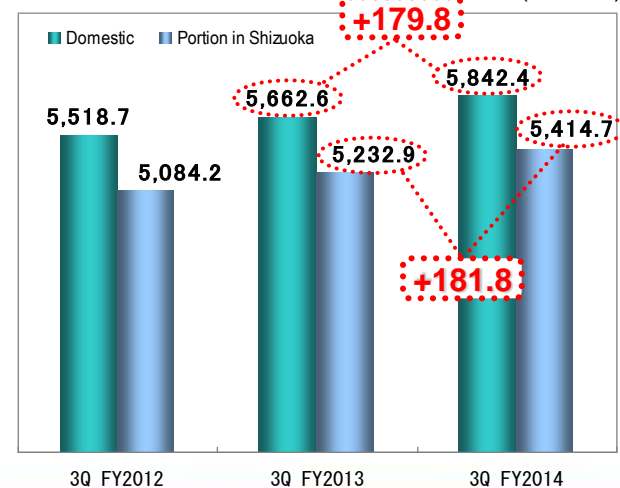
Corporate deposit balance (average balance)

(JPY bn)



Retail deposit balance (average balance)

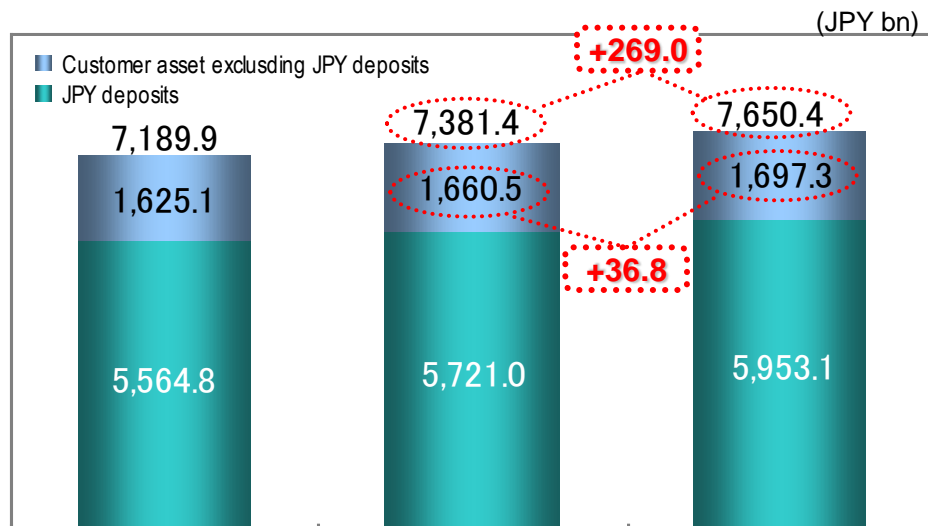
(JPY bn)



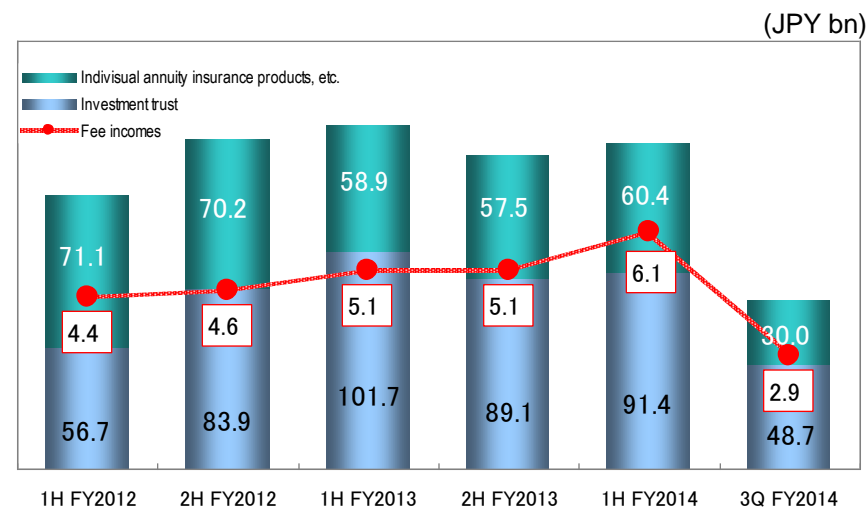
Customer assets and fee incomes

- Customer assets (including the balance of Shizugin TM Securities) was JPY 7,650.4bn (+JPY 269.0bn from the end of March 2014), of which balance of customer asset, excluding JPY deposits, was JPY 1,697.3bn (+JPY36.8bn)

Customer assets (term-end balance)

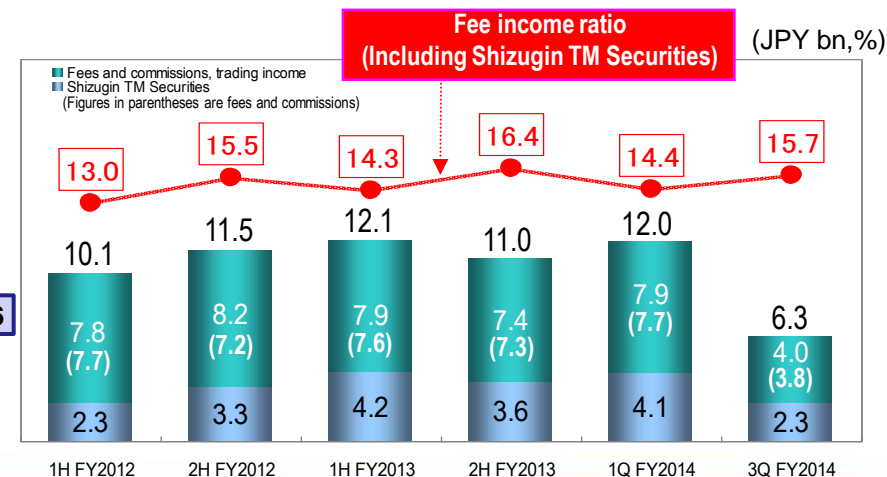


Sales and fee income from offering investment trust and insurance products



End of Mar.'13 End of Mar. '14 End of Dec. '14
(JPY bn)

Fee incomes (Shizuoka Bank / Shizugin TM Securities)



Customer asset excluding JPY deposits	End of Mar. '14	End of Dec. '14	Increase /decrease
Individual annuity insurance	949.3	973.9	+24.6
Public bonds	215.9	152.3	-63.6
Investment trusts	15.1	18.4	+3.3
Foreign currency deposits	29.9	29.1	-0.8
Shizugin TM Securities (Portion of Investment trust)	450.2 (335.0)	523.6 (396.3)	+73.4 (+61.3)
合計	1,660.5	1,697.3	+36.8

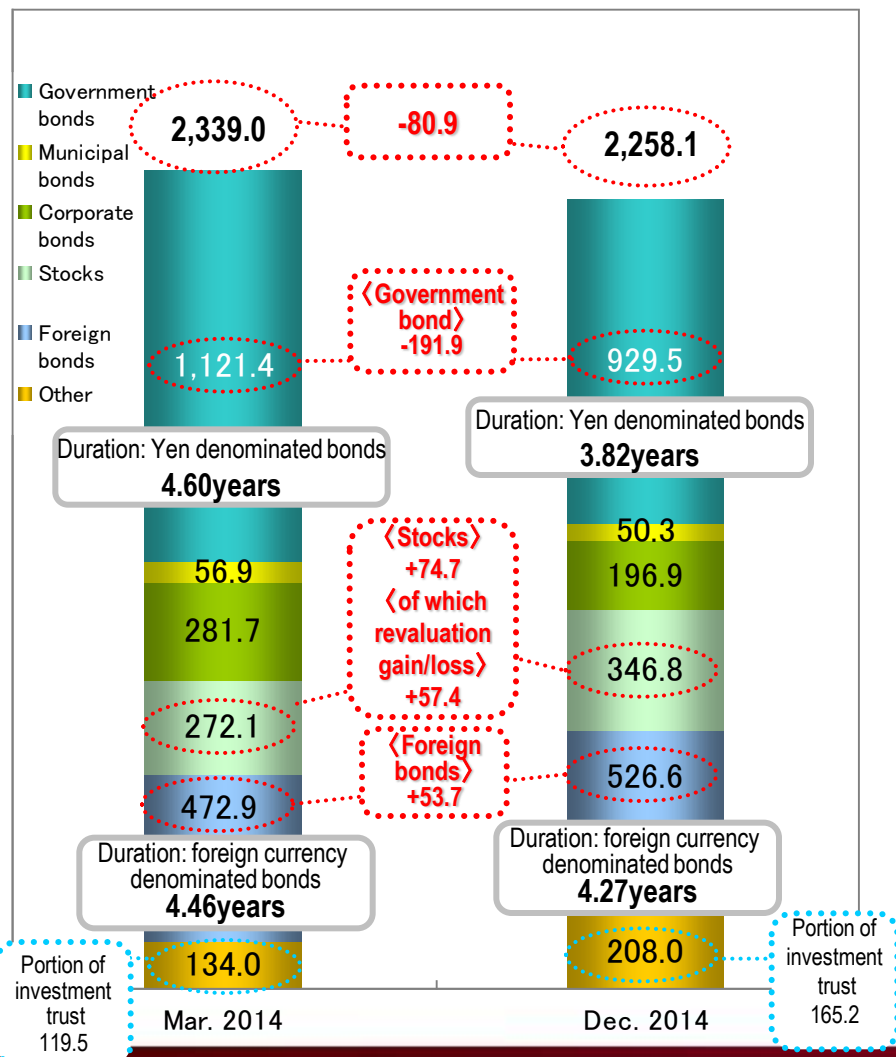
+64.6 (Total increase in Customer asset excluding JPY deposits)

Securities

- Total balance of securities (term-end balance) : JPY2,258.1bn (-JPY 80.9bn from the end of March 2014)
Gains and losses from the revaluation of securities: JPY249.6bn (+JPY 69.0bn from the end of March 2014)
- Secured JPY 13.6bn capital gains from timely trade of JGBs, keeping up with the market trend

Securities

(JPY bn)



Gains and losses on securities

(JPY bn)	3Q FY2013	3Q FY2014	Increase/Decrease
Gains and losses on JGBs	3.0	13.6	+10.6
Gain on sale of JGBs	18.3	14.6	-3.7
Loss on sale of JGBs (-)	15.3	1.0	-14.2
Gains and losses on stocks	0.1	5.2	+5.1
Gain on sale of stocks	0.1	5.2	+5.1
Devaluation of stocks (-)	0.0	0.0	0.0
Interest and dividends on securities	33.1	26.0	-7.1
Gain on cancellation of investment trusts, etc	12.4	7.4	-5.0

Gains and losses from the revaluation of securities

(JPY bn)	End of Mar. 2014	End of Dec. 2014	Increase/Decrease
Gains and losses from the revaluation of securities	180.6	249.6	+69.0
Stocks	153.7	211.0	+57.4

[Ref.] 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 5,677	JPY2.34bn
Yen-denominated bonds	5-year JGB	0.33%	JPY4.50bn
Foreign-currency bonds	10-year US Treasury Note	2.48%	JPY2.50bn

Credit-related Costs

- Credit-related costs in 3Q FY2014: -JPY 0.3bn(+JPY1.9bn YoY), Credit-related cost rate: -0.004%(+0.04%)
- Credit-related cost subsequently remained at low levels

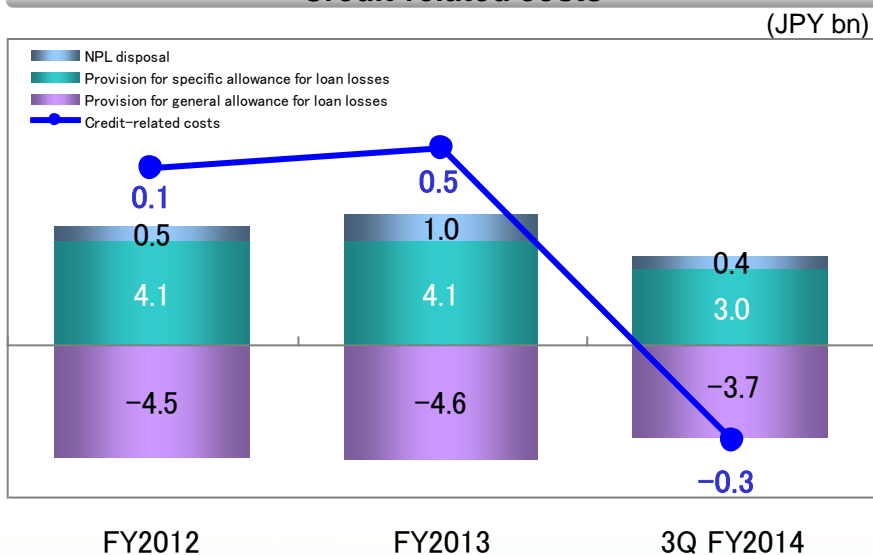
Breakdown of credit-related costs

(JPY bn)	3Q FY2013	3Q FY2014	YoY change
NPL disposal (1)	0.6	0.4	-0.2
Gain on reversals from loan loss reserves* (2)	2.8	0.7	-2.1
Provision for general allowance for loan losses	-4.3	-3.7	+0.6
Provision for specific allowance for loan losses	1.5	3.0	+1.5
Total (1)-(2)	-2.2	-0.3	+1.9

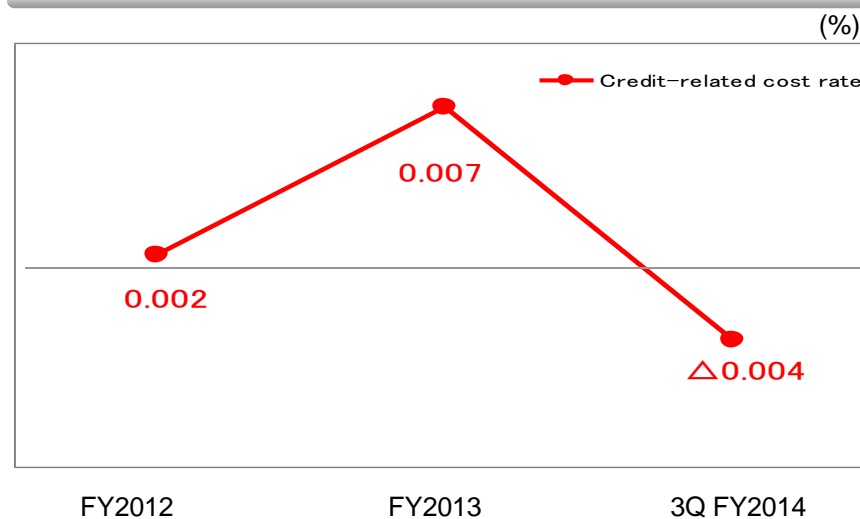
*Gain on reversals from loan loss reserves is the net amount for provision for general allowance for loan losses and provision for specific allowance for loan losses

(JPY bn)	
Changes in credit rating, etc	5.9
Decrease in the value of collaterals	0.3
Upgrade of credit rating, decrease in loan and credit balances by foreclosure, etc	-3.2
Total	3.0

Credit-related costs



Credit-related cost rate

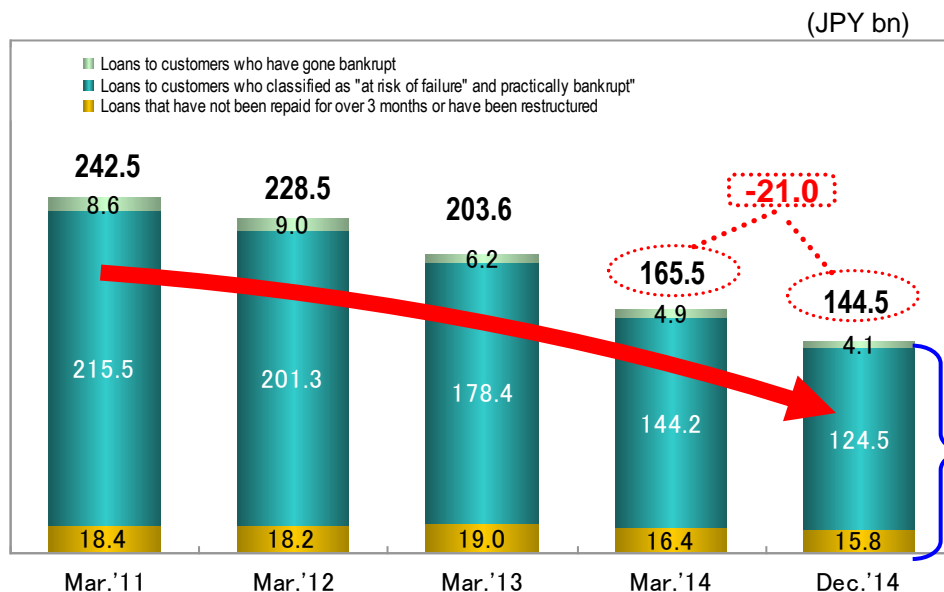


* Credit-related cost rate = Credit-related costs / Average loan balance

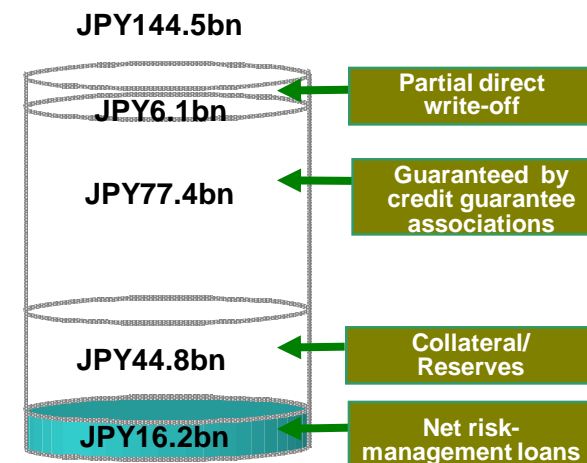
Risk-management loans

- Total risk-management loans : JPY 144.5bn, the ratio of risk-management loans: 1.94%
- Net risk-management loans : JPY 16.2bn, the ratio of net risk-management loans: 0.22%
- Maintained soundness of the bank's asset

Trends in Risk-management loans



Net risk-management loans



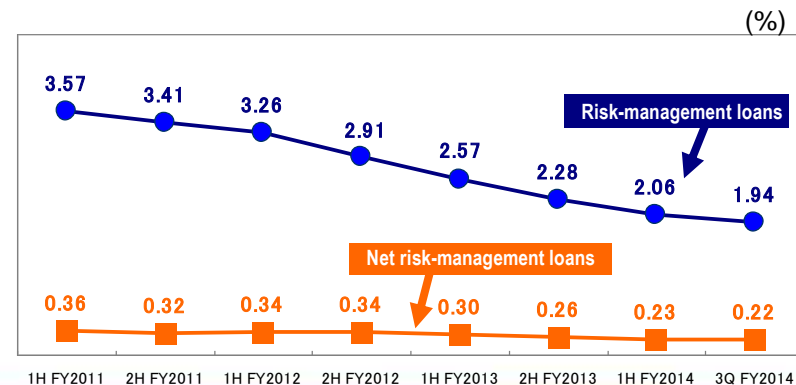
NPL removal from the balance sheet

(JPY bn)	FY 2013	1H FY2014	3Q FY2014
New recognition of NPLs	+33.5	+13.5	+7.5
Removal from the balance sheet (NPL to borrowers classified as "at risk of failure" or riskier categories)	-71.6 (-63.2)	-28.8 (-26.2)	-13.1 (-12.3)
Risk-management loans	165.5	150.2	144.5

[Breakdown of JPY 12.3bn]

(JPY bn)	Value
Collected from borrower/set off against deposit account	2.1
Collateral disposal/subrogated to guarantor	4.2
Reclassified to better categories	6.0
Loans sold-off	-
Direct write-off of loans	-

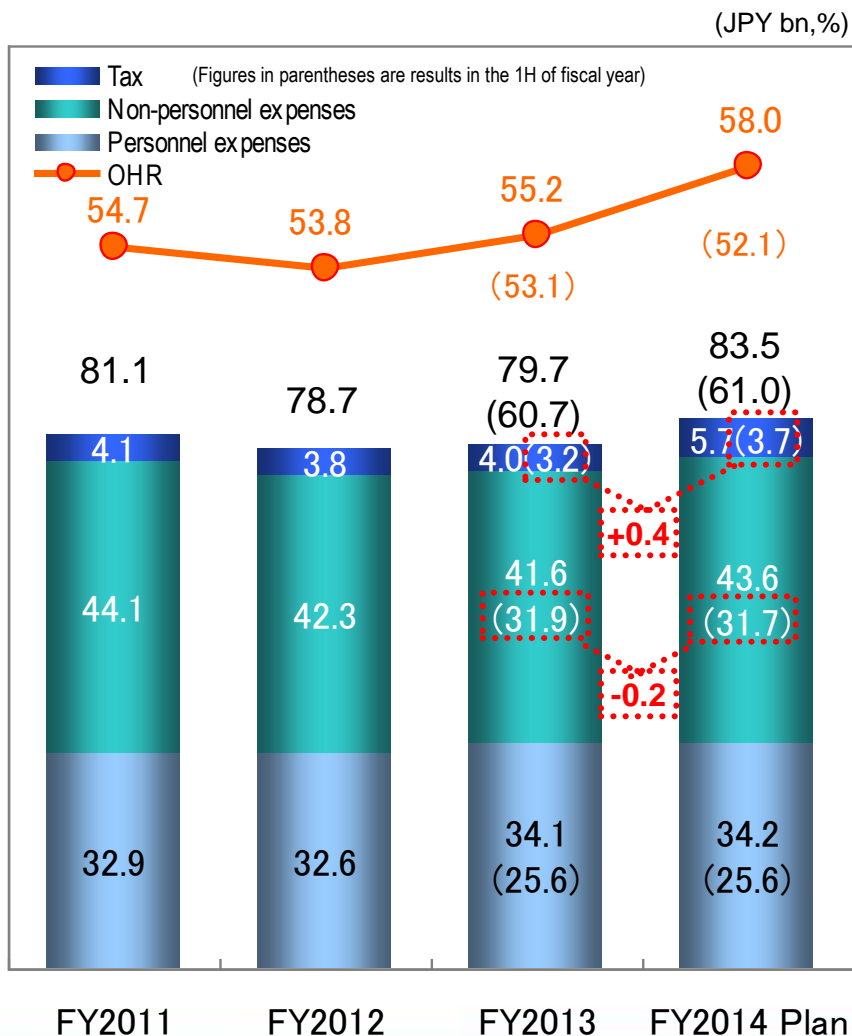
The ratio of risk-management loans



Expenses

- Expenses in 3Q FY2014: JPY 61.0bn (+JPY 0.3bn YoY)
- While making strategic invests to support growth in top line, we try to achieve cost reduction

Expenses and OHR (annual basis)

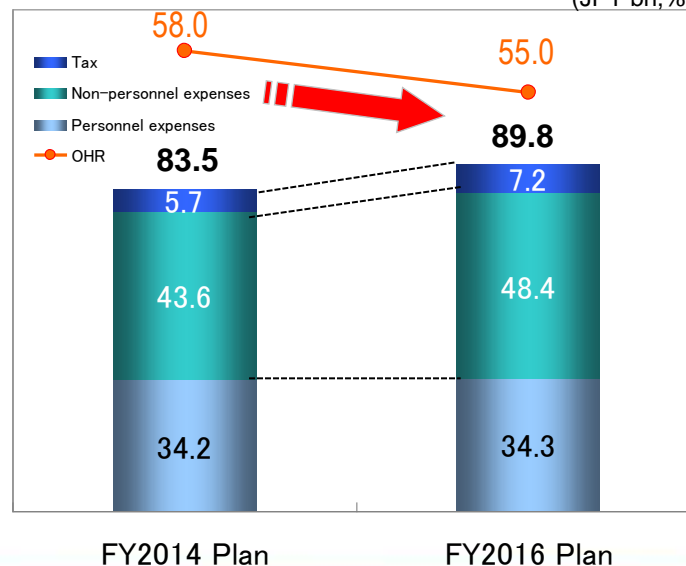


Active investments in 12th Medium-term Business Plan

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

Despite rising costs, we expect to maintain the overhead ratio at around 55% in FY2016 (final year of medium-term business plan), supported by growth in the top line.



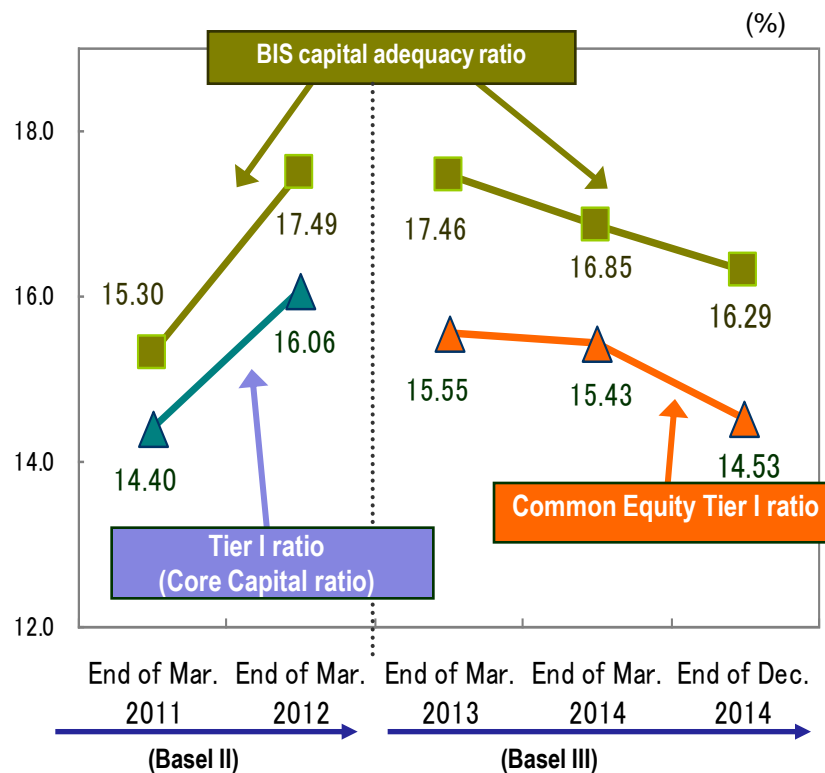
Capital adequacy ratio

- The Basel III capital adequacy ratio at the end of Dec. 2014 was 16.29%.

Common Equity Tier I ratio : 14.53%

(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)



Changes in capital and risk-adjusted assets

【Basel III】	(JPY bn)	End-Mar. '14	End-Dec. '14	Change from end-Mar. '14
		Capital*	782.9	833.4	+50.5
Common Equity Tier I		716.8	743.6	+26.8
Other Tier I		0.7	4.0	+3.3
Tier II		65.4	85.8	+20.4
Risk-adjusted assets		4,643.6	5,115.1	+471.5
Total credit-risk adjusted assets		4,333.2	4,806.3	+473.1
Amount corresponding to market risk		12.7	11.7	-1.0
Amount corresponding to operational risk		297.7	297.1	-0.6

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

Outlier ratio (nonconsolidated basis)

Amount of maximum risk	Tier I+Tier II	Outlier ratio
JPY 32.6bn	JPY 790.6bn	4.126%

[Estimation based on criteria in the Basel III text released in December 2010 (End-Mar. 2014 basis)

- Liquidity coverage ratio: 110.5%(Regulatory level 100% and over)
- Net stable funding ratio: 125.7%(ditto over 100%)
- Leverage ratio: 6.82%(ditto 3% in trial period)

Shareholder return

- Target of shareholder return ratio in 12th Medium-term Business Plan: 50% or more in medium term
- In FY2014, we bought back 10 million shares at JPY 11.3bn from July 1st to July 24

Dividend trends

- Plan to pay annual year dividend of JPY 16.00 per share for FY2014, JPY 8.00 for each interim and year-end dividend

	FY2011	FY2012	FY2013	FY2014E
Annual dividend per share	JPY 13.50	*JPY 15.00	JPY 15.50	JPY 16.00 (8.0)
Dividend yield	1.58%	1.42%	1.53%	—

*Include 70th anniversary dividend

(Interim dividend)

Profit distribution to shareholders

(JPY bn,%)

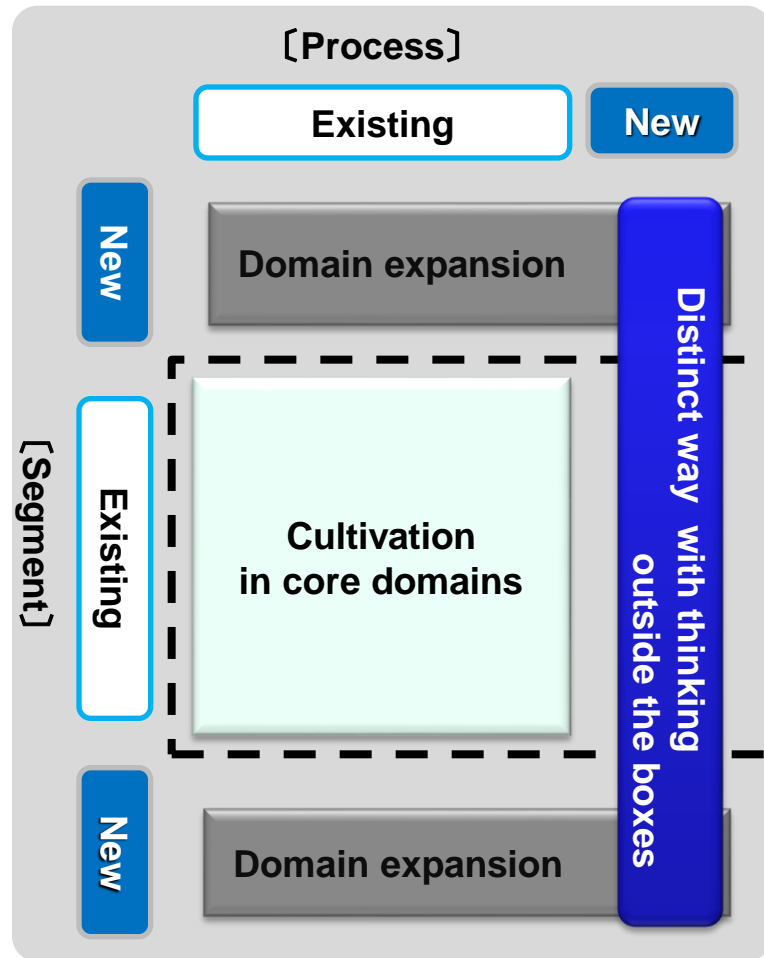
	FY2011	FY2012	FY2013	FY2014E	FY '09 – '13 (5years)
Annual dividend (1)	8.9	9.7	9.7	9.9	Accumulated total 46.2
Repurchase of shares (2) (Shares bought back: million shares)	14.6	8.2	22.7	*11.3	Accumulated total 64.4
Shareholder returns (3)=(1)+(2)	23.5	18.0	32.4	21.2	Accumulated total 110.6
Net income (4)	34.7	40.9	42.8	41.0	Accumulated total 185.8
Dividend payout ratio (1)/(4)x100	25.54	23.78	22.78	24.14	Average 24.85
Shareholder return ratio (3)/(4)x100	67.60	43.93	75.73	51.74	Average 59.53

*The amount in FY2014 is only an actual amount in 3Q FY2014

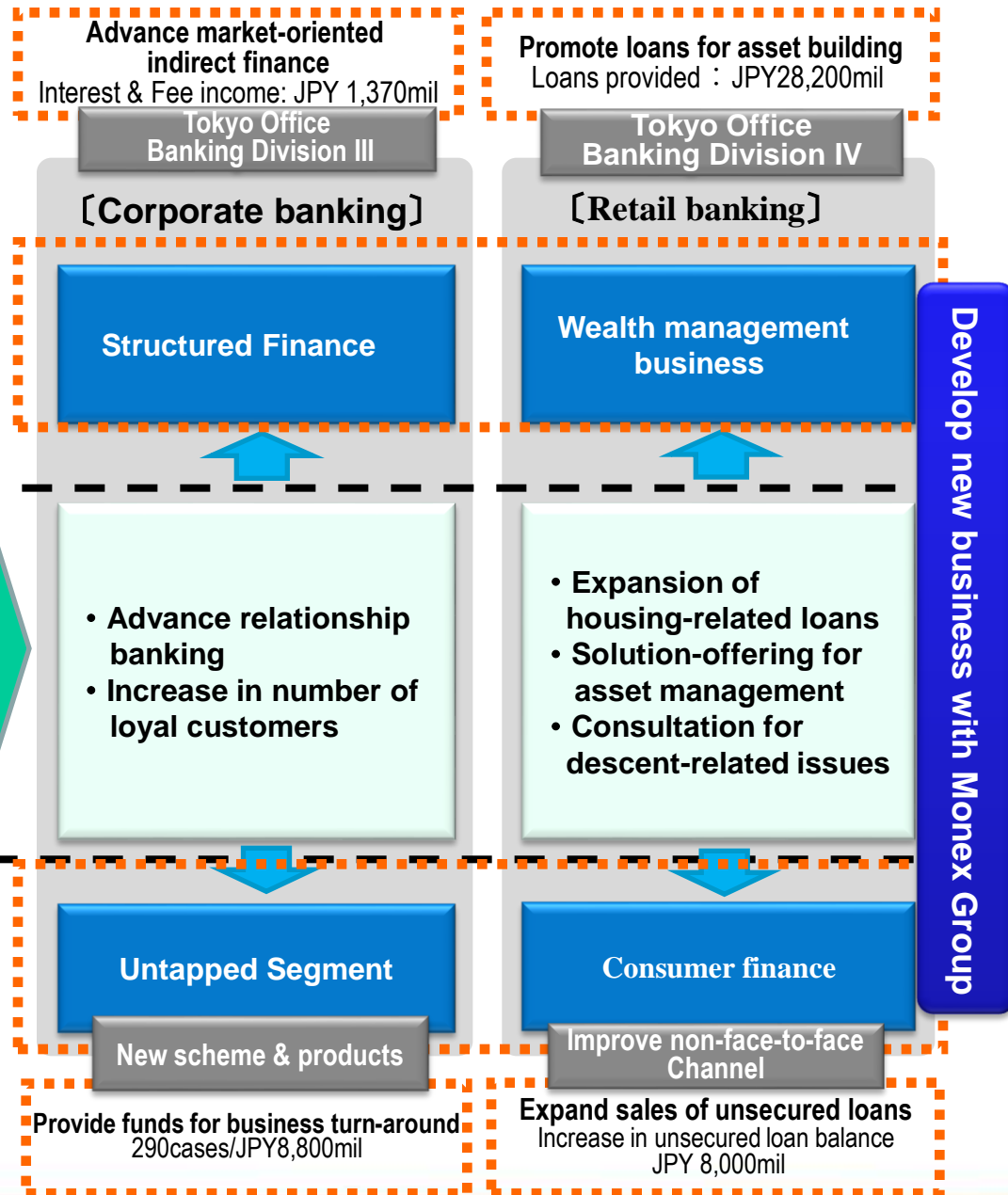
***Progress
in the 12th Medium-term Business Plan***

Progress in the 12th Medium-term Business Plan

Challenge on the new business field in 12th Medium-term business plan



...New business Field



Projected performance in FY2014

Projected performance in FY2014

Nonconsolidated	(JPY bn)	FY2013	FY2014E	Change from FY2013
Ordinary revenue		186.1	180.0	-6.1
Gross operating profit		144.5	144.0	-0.5
Expenses (-)		79.7	83.5	+3.8
Net operating profit		64.7	60.5	-4.2
Ordinary profit		67.2	64.0	-3.2
Net income		42.8	41.0	-1.8

	(JPY bn)	FY2013	FY2014E	Change from FY2013
Credit-related costs		0.5	0.9	+0.4
Provision for general allowance for loan losses		-4.6	-3.0	+1.6
Bad debt written-off		5.1	3.9	-1.2
Provision for specific allowance for loan losses		4.1	3.0	-1.1

Consolidated	(JPY bn)	FY2013	FY2014E	Change from FY2013
Ordinary revenue		220.9	215.0	-5.9
Ordinary profit		74.7	74.0	-0.7
Net income		46.7	47.5	+0.8

References

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

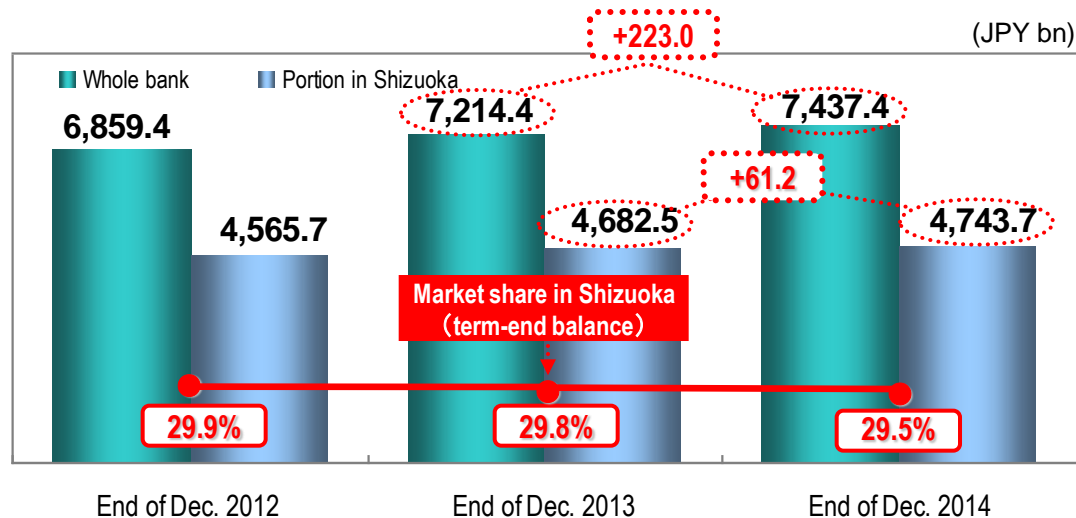
Target figures (consolidated)

	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

Loans (term-end balance)

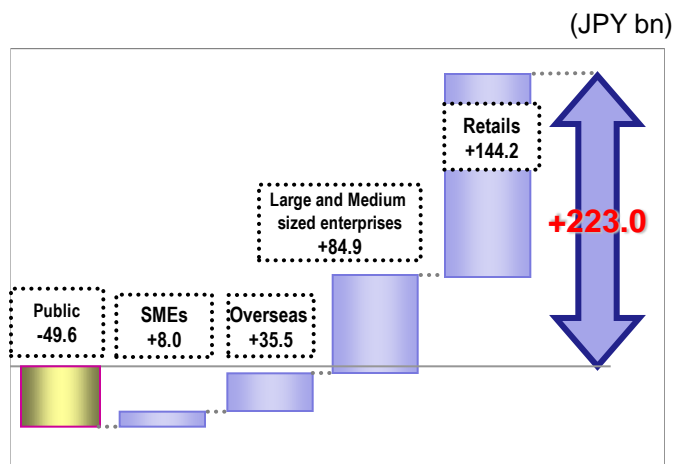
● Total loan balance (term-end balance) of 3Q FY2014: JPY 7,437.4bn, up JPY 223.0bn (+3.1%) YoY

Total loan balance (term-end balance)

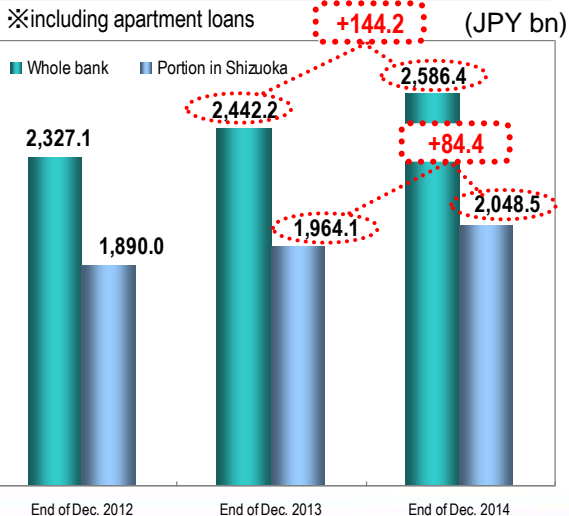


	Term-end balance	YoY change	Annual rate
Total loan balance	7,437.4bn	+223.0bn	+3.1%
SMEs loan balance	2,831.1bn	+8.0bn	+0.3%
Retail loan balance	2,586.4bn	+144.2bn	+5.9%
Large and Medium sized enterprises	1,595.5bn	+84.9bn	+5.6%

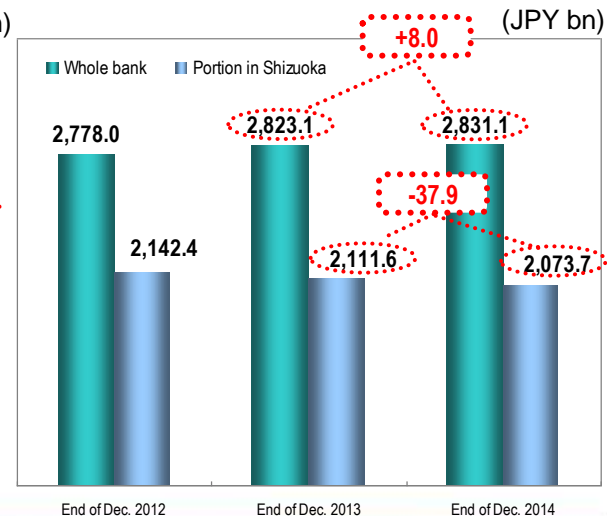
Breakdown of year-on-year change in total loan balance (term-end balance)



Retail loan balance (term-end balance)



SMEs 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 4.0bn (JPY 0.8bn for real estate and JPY 0.3bn for construction)
- Unexpected Loss (UL) for all industries : JPY 40.6bn

Contemporary status of business loans to particular industries

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

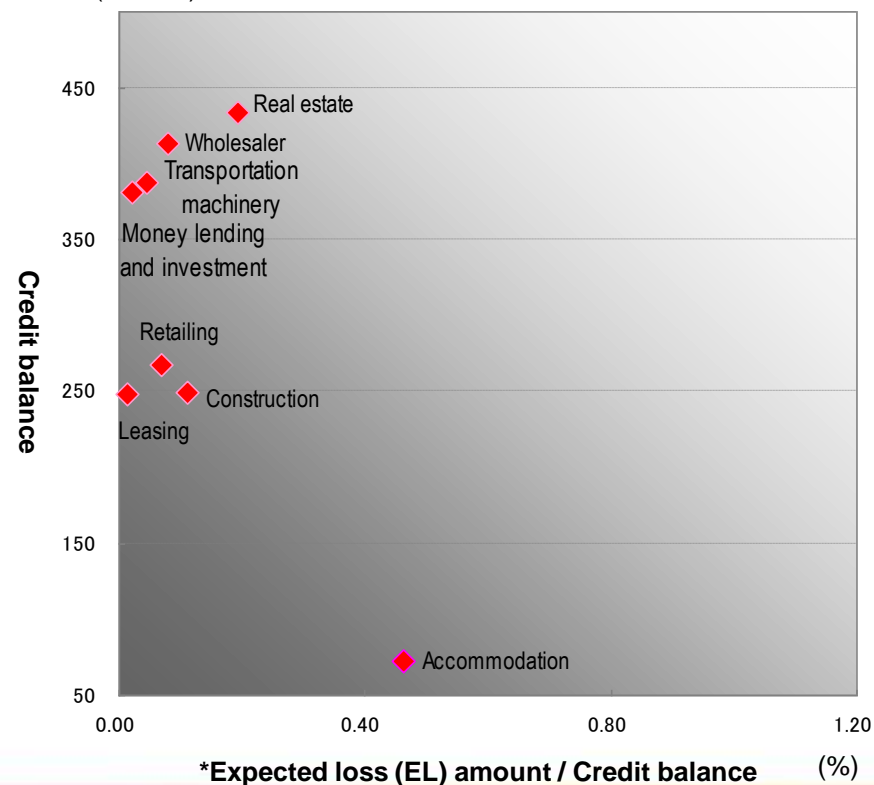
(JPY bn, %)

	Balance	Composition ratio	YoY change
All industries	4,995.7	100.0	+24.5
Real estate	433.1	8.7	+10.5
Wholesaler *	413.6	8.3	-15.8
Money lending and investment	381.6	7.6	+80.9
Transportation machinery	387.3	7.8	+16.6
Construction	248.9	5.0	-24.1
Retailer	267.6	5.4	-8.7
Leasing	247.9	5.0	-5.4
Accommodation	72.3	1.4	-5.0

* excluding a general trading companies

[Credit balance vs. expected loss rate*]

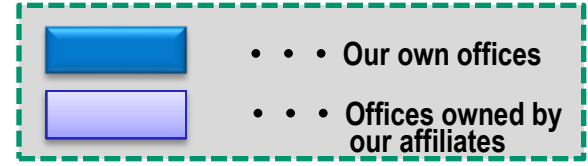
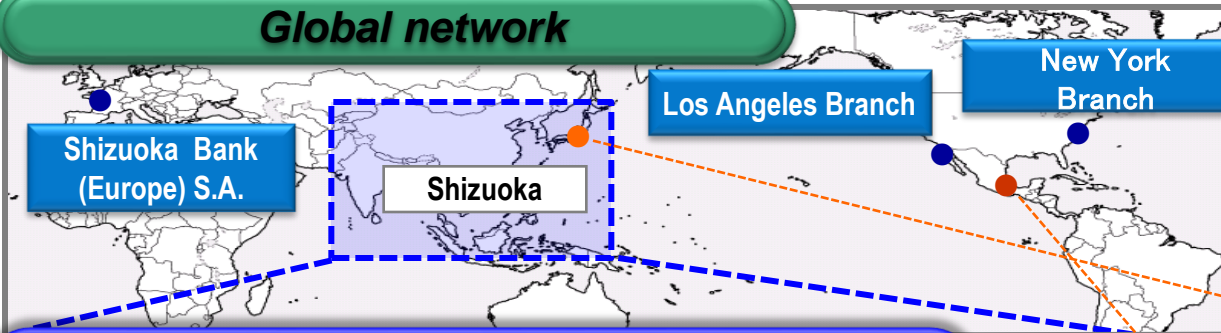
(JPY bn) Excluding borrowers classified as "practically bankrupt" and below



Initiatives for Corporate Banking – Global network

- Proactively support customer's overseas entry with 12 allied banks in 8 countries/regions in Asia by a group of 29 staffs in the local
- Made a new business alliance with BBVA Bancomer in Mexico where more customers expand their operations

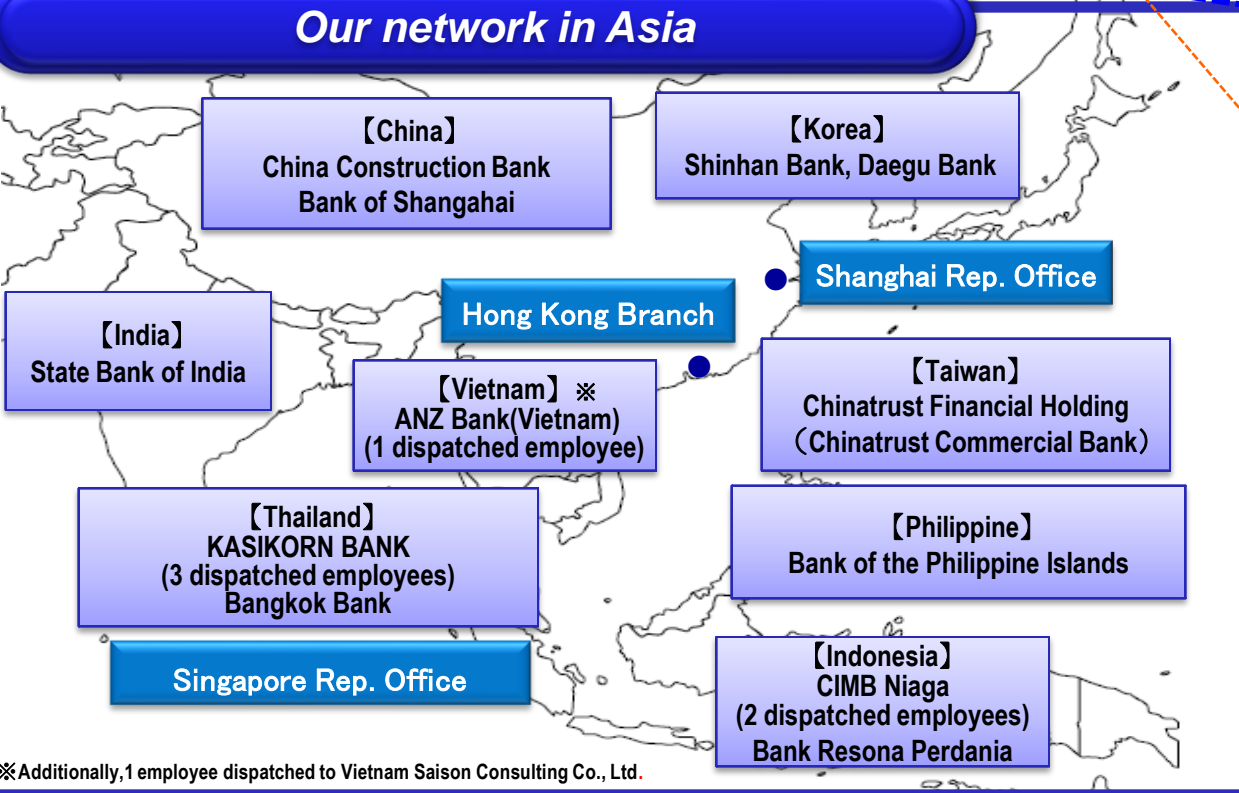
Global network



International Department

- Manage and control for overseas strategy
- Support Customers for overseas expansion

Our network in Asia



【New partner bank】

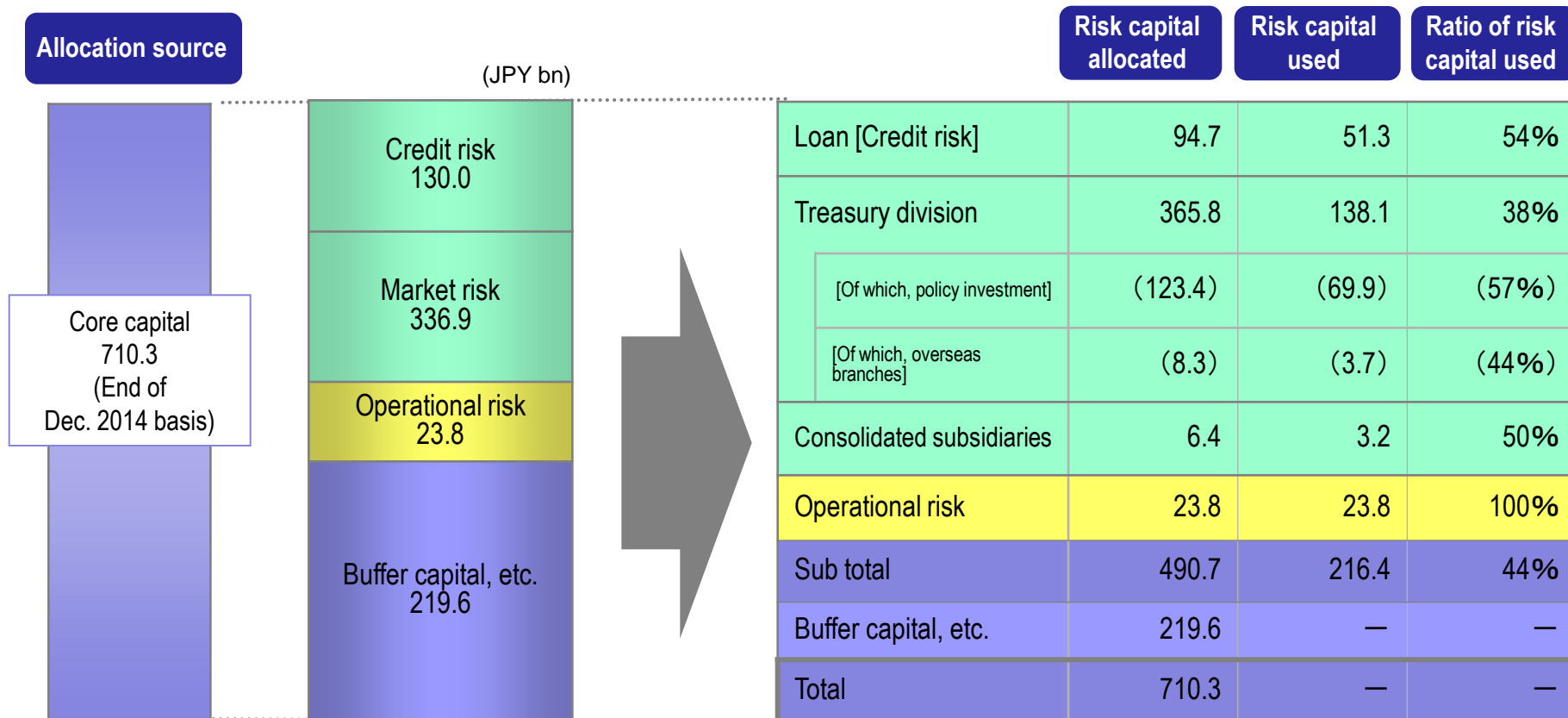
【Mexico】
BBVA Bancomer
 (28 Nov. 2014)

Made a new business alliance with BBVA Bancomer that boosts of being the largest in Mexico where is expected that customer's expansion gradually increase due to major car manufacturer's expansion

※Additionally, 1 employee dispatched to Vietnam Saison Consulting Co., Ltd.

Allocation of risk capital

- Allocation of risk capital for the 3Q FY2014 amounted to JPY 710.3bn, of which JPY 130.0bn was allocated to credit risk, JPY 336.9bn to market risk, JPY 23.8bn to operational risk, and JPY 219.6bn to buffer capital, etc
- JPY 51.3bn for loans [credit risk] and JPY 138.1bn for the Treasury division was used for the 3Q FY2014



- Core capital=common equity TIRE I (Basel III standard), excluding other marketable securities valuation difference
- Risk capital amount= $\langle \text{Market risk} \rangle + \text{VaR}$
 - $\langle \text{Credit risk} \rangle = (1) \text{UL}$ (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

- We have regularly bought back shares since FY1997, with a total of 191 million shares repurchased over the same period (supporting steady increases in EPS and BPS)

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
FY2014	10,000	11,315	—	—	—	—	—
Total	191,044	179,874	140,404	128,891		—	—

*The amount in FY2014 is only an actual amount by the end of Dec. 2014

Group companies

- The total ordinary revenue of 11 major consolidated subsidiaries was JPY 38.1bn (+ JPY 0.8bn YoY) and the ordinary profit was JPY 5.6bn (-JPY 0.4bn YoY)

(JPY bn)

Company name	Business	Ordinary revenue	Ordinary Profit		
			YoY change	YoY change	
Shizugin Management Consulting Co., Ltd.	Corporate and financial management advisory services	0.8	+0.1	0.1	+0.1
Shizugin Lease Co., Ltd.	Leasing	18.4	+0.2	1.0	-0.2
Shizuoka Computer Service Co., Ltd.	Computer system development and operation	3.9	+0.3	0.1	-0.0
Shizugin Credit Guaranty Co., Ltd.	Guarantee of housing loans, etc.	1.6	-0.1	1.1	-0.1
Shizugin DC Card Co., Ltd.	Credit card and guarantee of consumer loans	1.4	+0.0	0.3	-0.1
Shizuoka Capital Co., Ltd.	Public-offering assistance Support for corporate rehabilitation	0.2	-0.2	0.0	-0.2
Shizugin TM Securities Co., Ltd.	Securities	6.4	+0.5	2.8	+0.1
Shizuoka Bank (Europe) S.A.	Finance and securities-related services	0.4	-0.0	0.1	-0.0
Shizugin General Service Co., Ltd.	Fee-based job placement service, general administration	0.7	-0.0	0.0	-0.0
Shizugin Mortgage Service Co., Ltd.	Appraisal of real estate for loan collateral Operation center for loans	1.2	+0.0	0.0	-0.0
Shizugin Business Create Co., Ltd.	Operation center for remittance and bill collection	3.1	-0.1	0.0	+0.0
Total(11 companies)		38.1	+0.8	5.6	-0.4
Shizugin Saison Card Co., Ltd.*	Credit card and guarantee of consumer loans	1.4	+0.3	0.1	+0.1

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

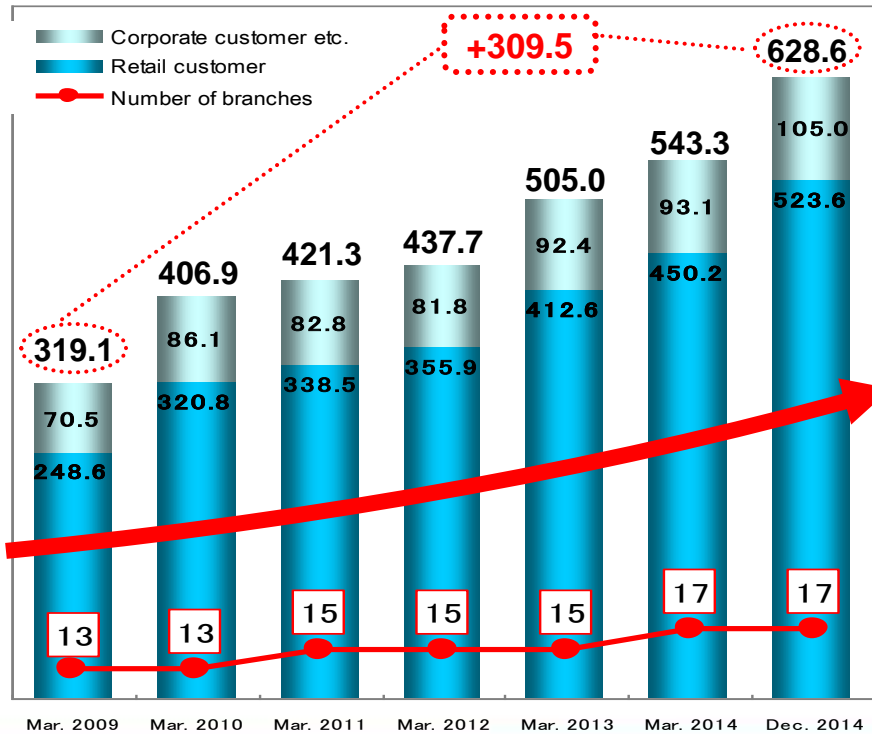
Shizugin TM Securities Co., Ltd.

- Growth in top line of Shizugin TM Securities Co., Ltd (securities subsidiary) contributed highly to group business performance
- Customer asset: JPY 628.6bn, increased by 309.5bn from the end of Mar. 2009 after Lehman Shock

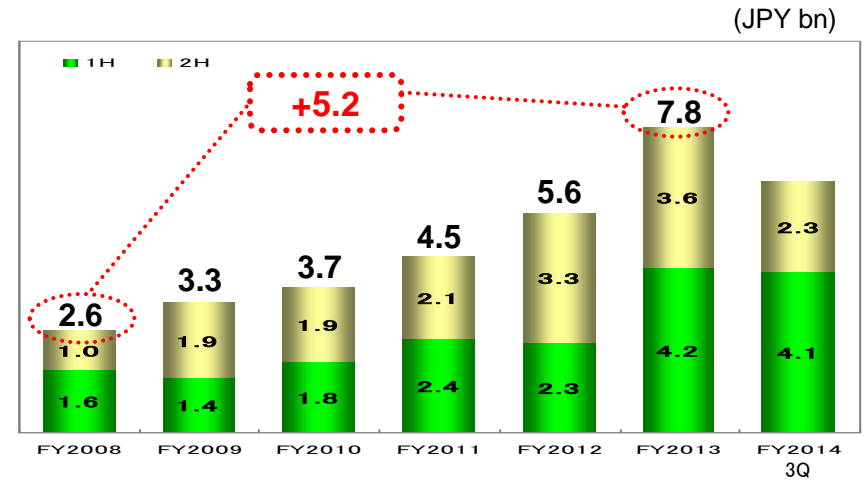
【Overview of Shizugin TM Securities, Co., Ltd.】

Establishment : December 2000
 Capital Stock : JPY 3.0bn
 Number of Branches : 17 (End of Dec. 2014)

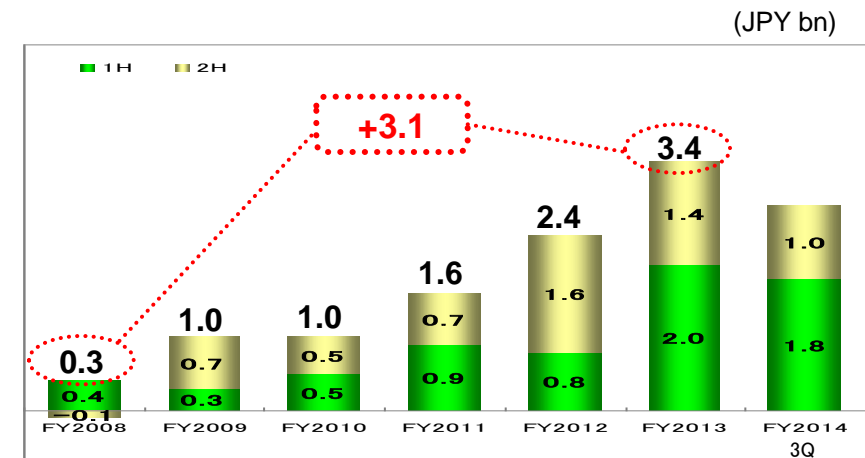
Customer asset (year-end balance) and number of branches



Ordinary revenue



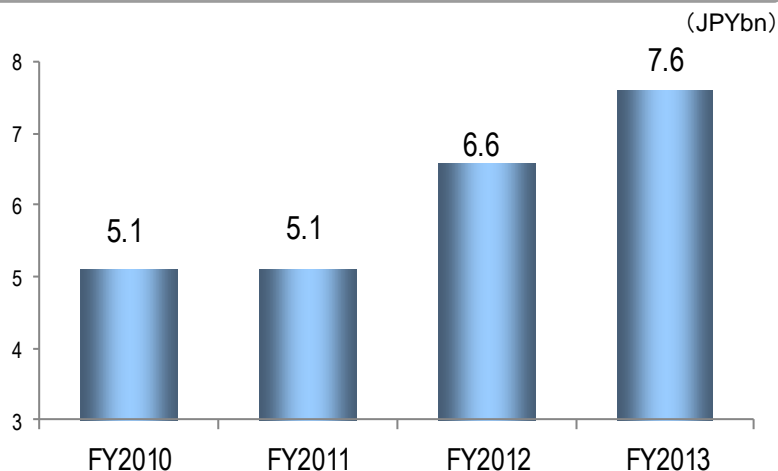
Ordinary profit



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 order to expand consolidated net income and closely tie up consolidated subsidiaries. We currently have direct wholly ownership in 11 subsidiaries excluding Shizuoka Capital Co., Ltd.

Total ordinary profit of consolidated subsidiaries



Gains on negative goodwill

Gains on negative goodwill in 1Q FY2014 : JPY 2.3 bn

Increase in consolidated net income

Positive impact of roughly JPY 2.3bn per year

Increase in consolidated/nonconsolidated ratio

Increase by roughly 0.05x due to rise in consolidated net income

Consolidated subsidiaries	Ownership ratio	Consolidated subsidiaries	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%**	Shizuoka Liquidity Reserve Limited.***	100.00%

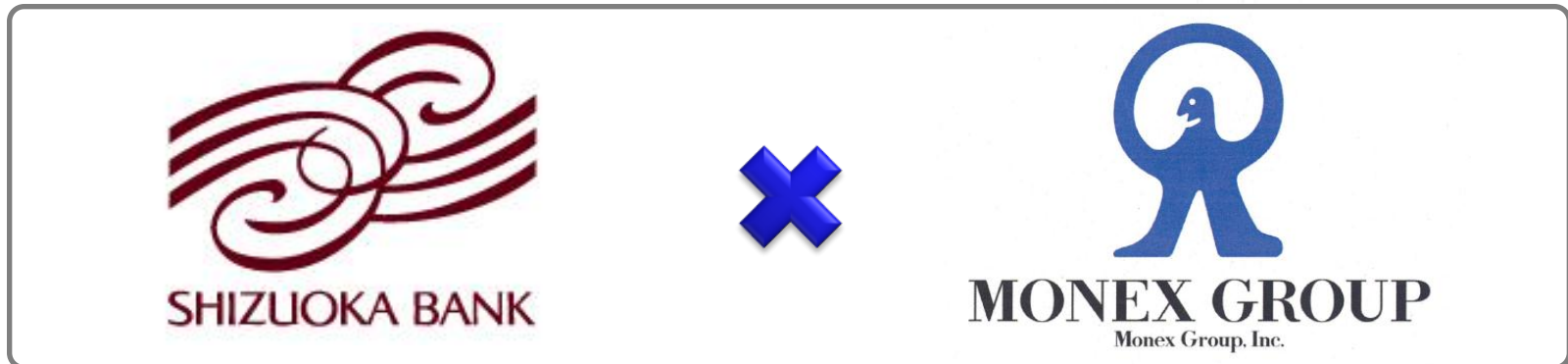
*Increase in ownership ratio

**Consolidated basis

*** SPC, established in Aug. 2014

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 : JPY987,044 millions
Headquarters : Kojimachi, Chiyoda-ku, Tokyo
Overseas Branches : Florida, Beijing, Hong Kong, Sidney, London, Costa Rica
Rating : BBB (JCR)

(as of Sep, 2014)

**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.**



SHIZUOKA BANK

静岡銀行