

Results of FY2014

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**Katsunori Nakanishi
President
Shizuoka Bank, Ltd.**



静岡銀行

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Result of FY 2014

Results of FY2014 -Nonconsolidated

Nonconsolidated (JPY bn, %)	FY2014	YoY change	
		Increase/ Decrease	Rate of change
Ordinary revenue	175.4	-10.7	-5.7
Gross operating profit	144.5	-0.0	-0.0
Net interest income	114.7	-11.5	-9.1
Fees and commissions	15.6	+0.8	+5.5
Trading income	0.6	+0.1	+19.6
Other operating profit	13.5	+10.6	+361.3
[Bond-related income such as JGBs]	13.1	+11.2	+578.0
Expenses (-)	81.5	+1.8	+2.2
Actual net operating profit *	63.0	-1.8	-2.8
General transfer to loan loss reserves (-)	—	—	—
Net operating profit	63.0	-1.8	-2.8
Special profit and loss	4.1	+1.7	+66.5
Bad debt written-off (-)	0.5	-0.4	-45.8
Gain on reversals from loan loss reserves	0.1	-0.4	-86.1
Gain (loss) on stocks	5.3	+2.5	+91.1
Ordinary profit	67.1	-0.1	-0.2
Extraordinary profit and loss	-0.9	-0.1	-14.5
Net income before taxes	66.1	-0.3	-0.4
Corporate taxes (-)	23.6	-0.1	-0.3
Net income	42.6	-0.2	-0.4

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

Ordinary revenue -JPY 10.7bn YoY (First decrease in 2 periods)

- Ordinary revenue declined JPY 10.7bn year on year to JPY 175.4bn, mainly due to declines in interest income (-JPY 10.8bn) and gain on sale of JGBs (-JPY 4.3bn), although increased gain on sale of stocks (+JPY 2.5bn).

Gross operating profit -JPY 0.0bn YoY (Continued decrease in 5 periods)

- Although increased in other operating profit (+JPY 10.6bn) and fees and commissions (+JPY 0.8bn), gross operating profit was broadly flat year on year to JPY 144.5bn due to a drop in net interest income (-JPY 11.5bn), which was mainly due to an decrease in gains on cancellation of investment trusts.

Net operating profit -JPY 1.8bn YoY (Continued decrease in 2 periods)

- Net operating profit declined JPY 1.8bn year on year to JPY 63.0bn, mainly due to an increase in expenses (+JPY 1.8bn).

Ordinary profit -JPY 0.1bn YoY (First decrease in 6 periods)

- Ordinary profit declined JPY 0.1bn year on year to JPY 67.1bn, due to declines in net operating profit and gain on reversals from loan loss reserves (-JPY 0.4bn), although reflecting an improvement in gain (loss) on stocks (+JPY 2.5bn).

Net income -JPY 0.2bn YoY (First decrease in 3 periods)

- Although a special corporation tax for reconstruction abolished, net income declined JPY 0.2bn to JPY 42.6bn, due to a break of deferred tax assets by lowering the effective corporate tax rate.

Results of FY2014 -Consolidated

- Ordinary profit rose JPY 0.4bn YoY to JPY 75.1bn **Recorded High**
- Shizugin TM Securities Co., LTD. (securities subsidiary) contributed highly to group business performance and consolidated revenue built on solid growth (Shizugin TM Securities Co., LTD : Ordinary profit in FY2014 : JPY 4.0bn, +0.6bn YoY)

Consolidated (JPY bn, %)	FY2014	YoY change		Contents
		Increase/ Decrease	Rate of change	
Ordinary revenue	211.6	-9.3	-4.2	First decrease in 2 periods Mainly due to decrease in interest income and gain on sale of JGBs.
Ordinary profit	75.1	+0.4	+0.6	Continued increase in 6 periods [Recorded High] Due to increase in gain on sale of stocks and decrease in loss on sale of JGBs.
Net income (Excluding gains on negative goodwill)	49.9 (47.6)	+3.2 (+0.9)	+6.9 (+2.1)	First increase in 2 periods Contribution amount of increase in ownership ratio: JPY2.3bn
Comprehensive income	137.6	+90.4	+191.3	First increase in 2 periods Due to increase in valuation difference on marketable securities.

Consolidated / Nonconsolidated ratio

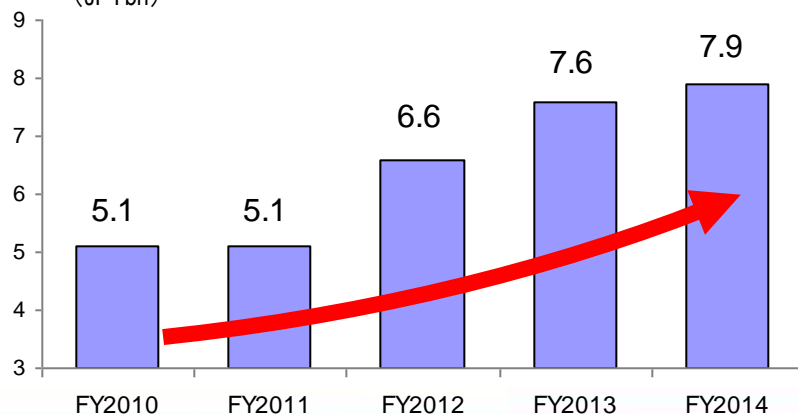
Consolidated / Nonconsolidated ratio rose due to group business performance.

	FY 2014	YOY change Increase/Decrease
Ordinary profit	1.11 times	+0.00times
Net income (Excluding gains on negative goodwill)	1.17times (1.12times)	+0.08times (+0.03times)

Group Companies

【Total ordinary profit of consolidated subsidiaries】

(JPYbn)



【Increase in ownership ratio】

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 11 subsidiaries excluding Shizuoka Capital Co., Ltd.

Gains on negative goodwill

Booking gains on negative goodwill, JPY 2.3bn in FY2014

Increase in consolidated net income

Positive impact of roughly JPY 2.4bn per year (based on FY2014 results)

Increase in consolidated/nonconsolidated ratio

Increase by roughly 0.06x due to rise in consolidated net income (based on FY2014 results)

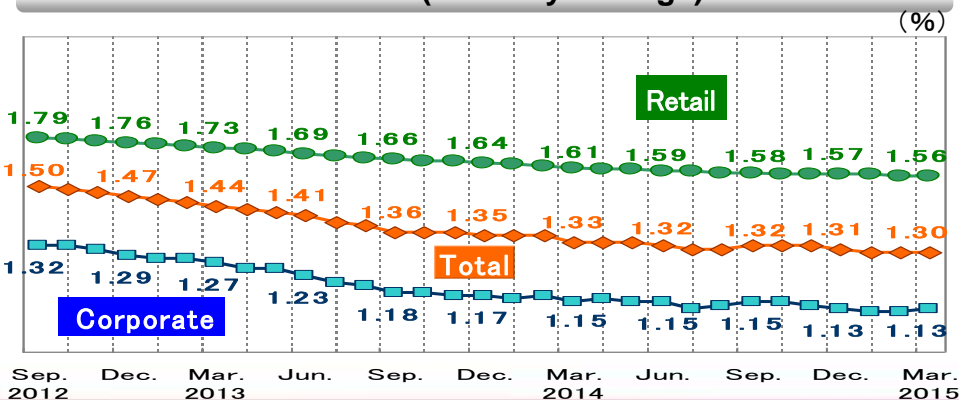
Net interest income and loan rate

- Net interest income of FY2014: JPY 114.7bn (-JPY 11.5bn YoY)
- The interest on loans is about to increase, due to high-rate customer loan volume

Break down of net interest income

(JPY bn)	FY2013	FY2014	Increase/Decrease
Total	126.2	114.7	-11.5
Domestic operations	113.9	104.2	-9.7
Of which, Interest on loans	89.6	86.3	-3.3
Interest and dividends on securities	27.9	21.2	-6.7
Interest on deposits (-)	4.0	3.9	-0.1
Overseas operations	12.3	10.5	-1.8
Of which, Interest on loans	3.9	5.5	+1.6
Interest and dividends on securities	10.8	7.3	-3.5
【Ref.】			
Gains and losses on JGBs	1.9	13.1	+11.2
Gain on sale of JGBs	19.0	14.6	-4.4
Loss on sale of JGBs(-)	17.0	1.5	-15.5

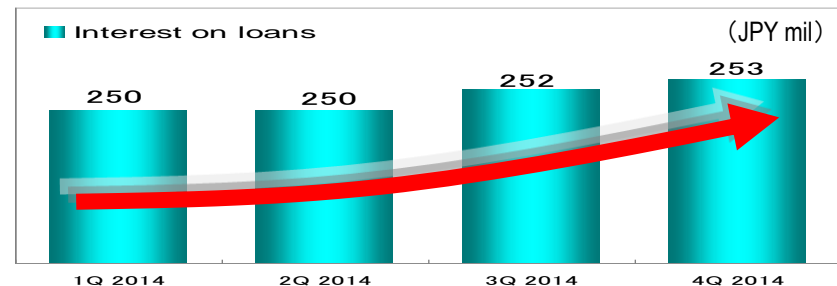
Loan rates (monthly average)



Loan and Deposit rate

(%)	FY2013	FY2014	Increase/decrease
〔Domestic Operations〕			
Loan rate	1.36	1.29	-0.07
Deposit rate	0.05	0.04	-0.01
Yield on securities	1.74	1.35	-0.39
〔Overseas Operations〕			
Spread between investments and Procurements	0.93	0.62	-0.31

Interest on loans per day (Quarterly period)



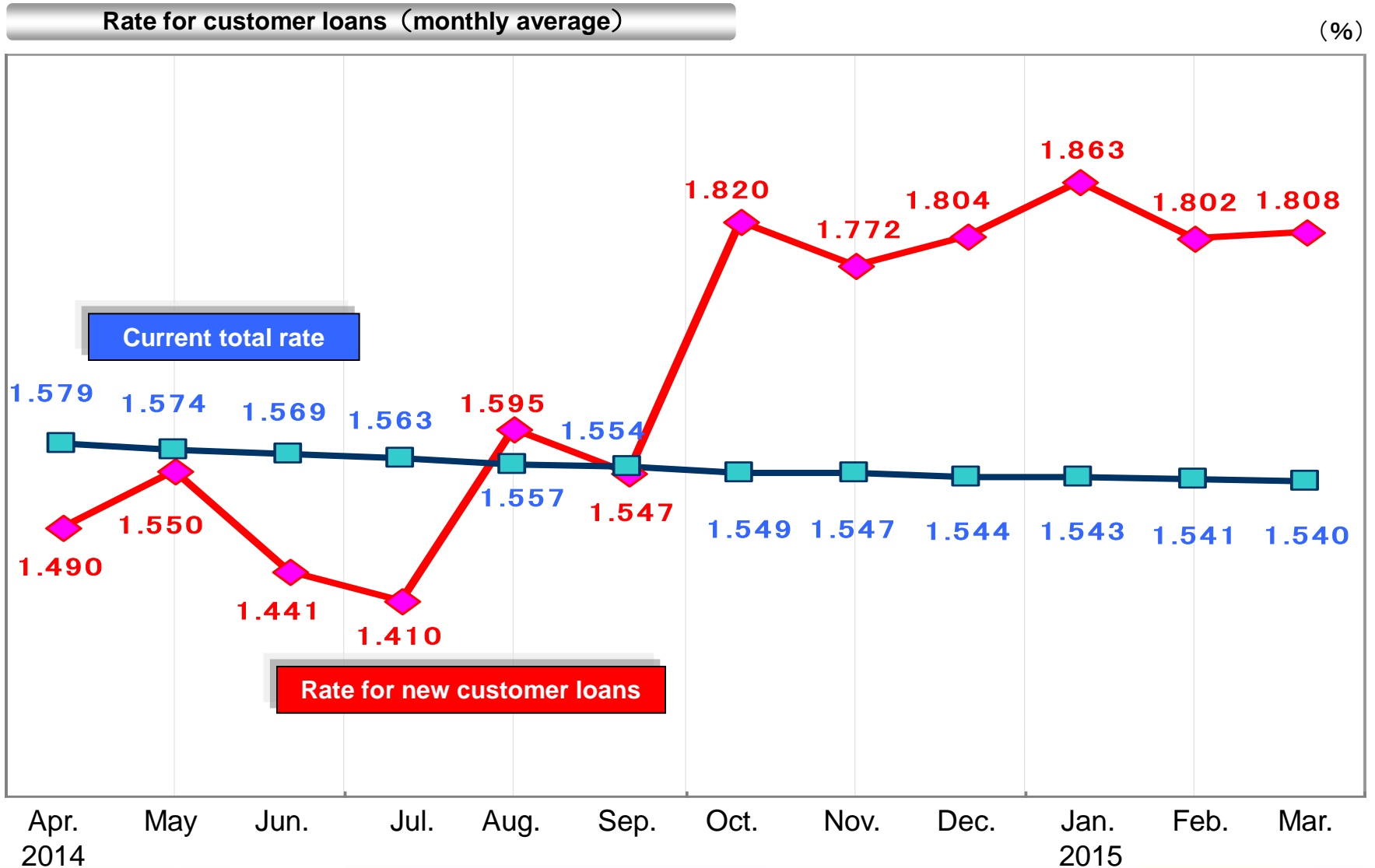
Portfolio of yen denominated loans as end of Mar. 2015

- Increase 1.0% in short-term interest rate will result in increase JPY20.0bn in net interest income

(JPY bn,%)	Average balance	Share	Average interest rate
Loans	6,704.5	100.0	1.30
Of which floating rate	5,178.6	77.2	1.30
Of which fixed rate	1,525.9	22.8	1.32

Loan rate for Retail Banking

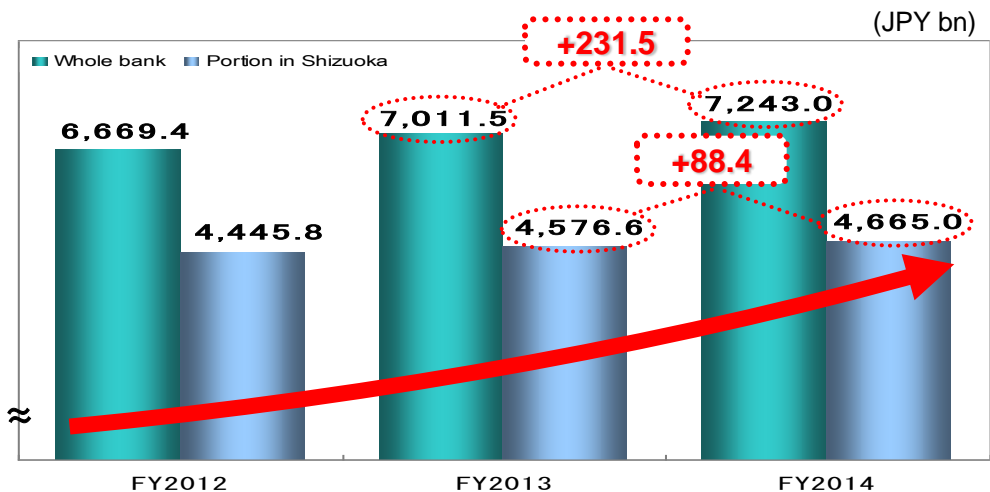
- Rate for customer loans is about to go up, since rate for new customer loans exceeded current total rate Oct. 2014



Loans (average balance)

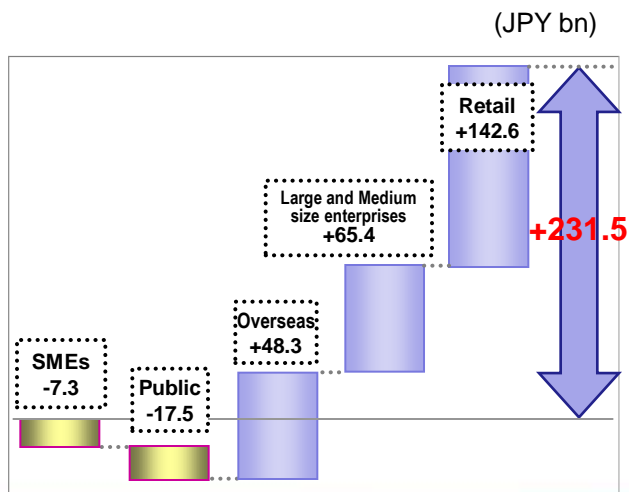
● Total loan balance (average balance) of FY2014 : JPY 7,243.0bn, up JPY 231.5bn (+3.3%) YoY

Total loan balance (average balance)

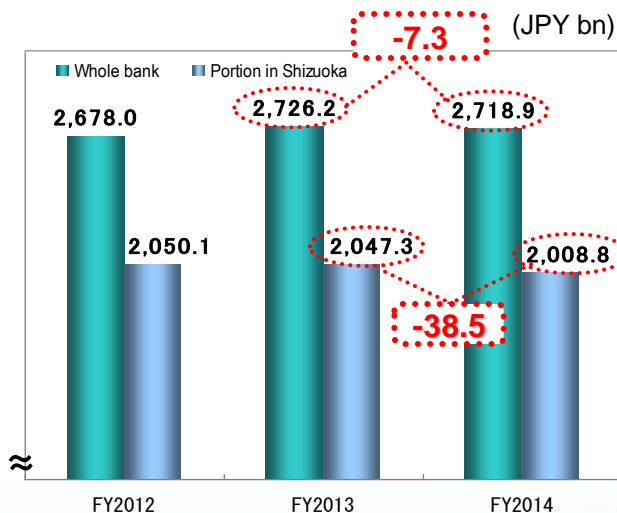


	Average balance	YoY change	Annual growth rate
Total loan balance	7,243.0bn	+231.5bn	+3.3%
SMEs loan balance	2,718.9bn	-7.3bn	-0.3%
Retail loan balance	2,543.4bn	+142.6bn	+5.9%
Large and Medium size enterprises	1,531.3bn	+65.4bn	+4.5%

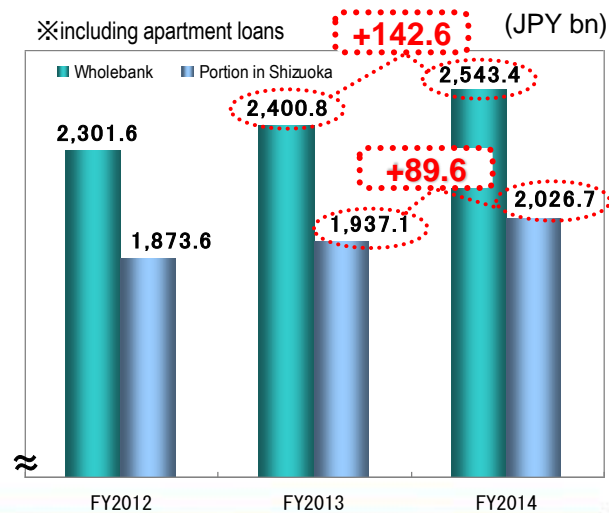
Breakdown of year-on-year change in total loan balance (average balance)



SMEs loan balance (average balance)



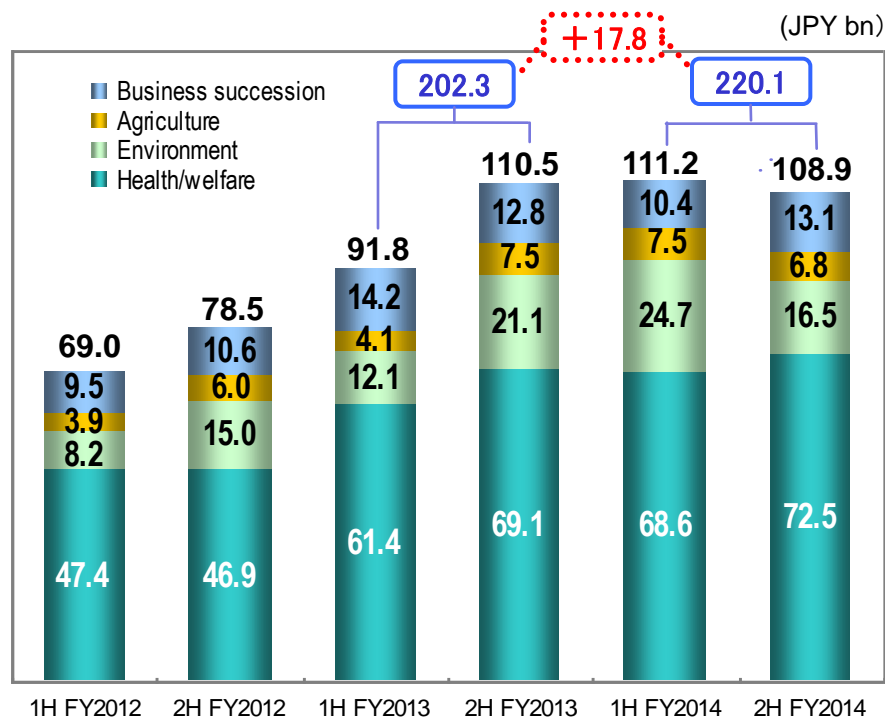
Retail loan balance (average balance)



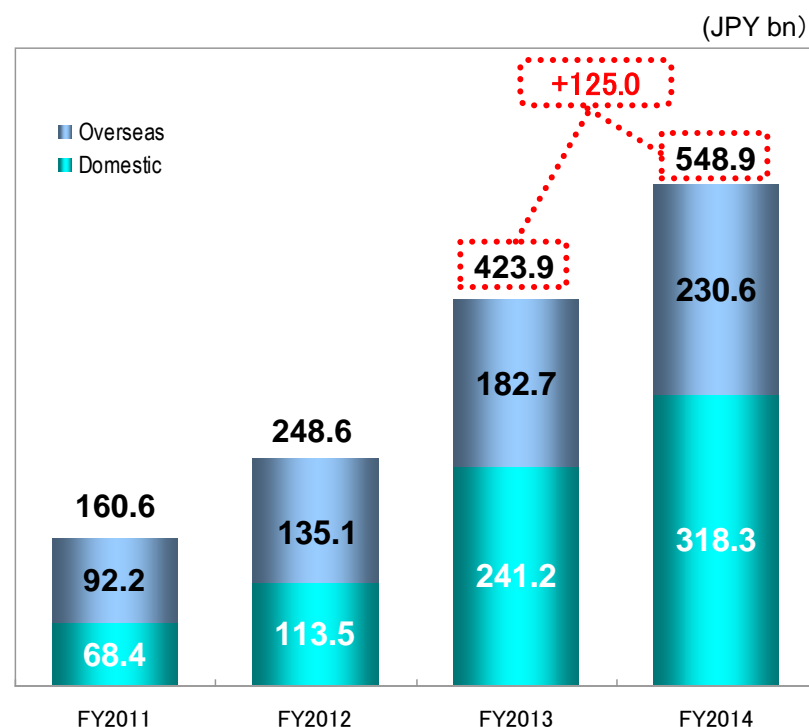
Initiatives for Corporate Banking

- Posted specialized human resources on growing fields, such as health/welfare
- Active support for customer's overseas expansion boosted loan in foreign currency to JPY 548.9bn, up JPY 125.0bn YoY

Loans for growth and untapped fields



Loan balance in foreign currency (average balance)



Measures to support new business creation

“Shizugin Entrepreneur Awards” 20 winners out of a total of 435 applicants received prizes in the past 3 rounds

The 3rd was 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

Lorn and Investment for 14 winners (of 1st and 2nd round)
Lorn:18cases/JPY222mil Investment:3cases/JPY44mil

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:100cases/JPY2,691mil

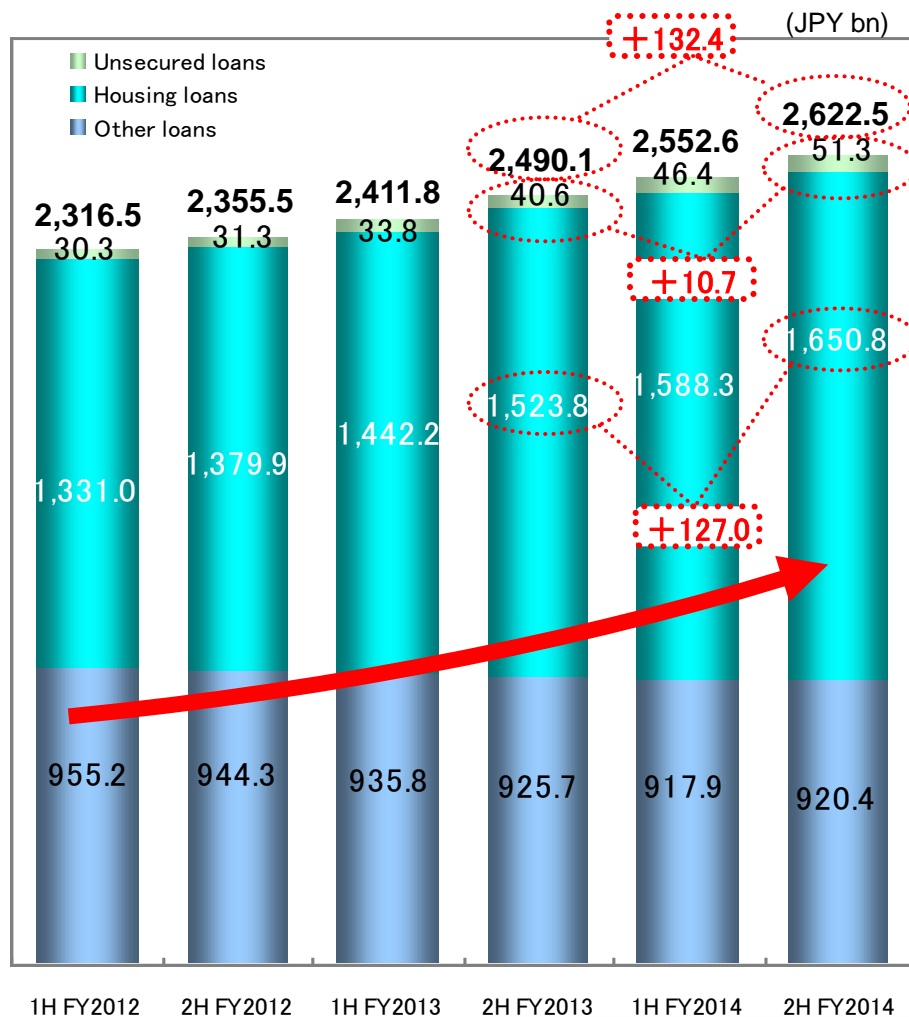
Business turn-around Fund:218cases/JPY6,835mil

Total: 318cases/JPY9,526mil (cumulative amount)

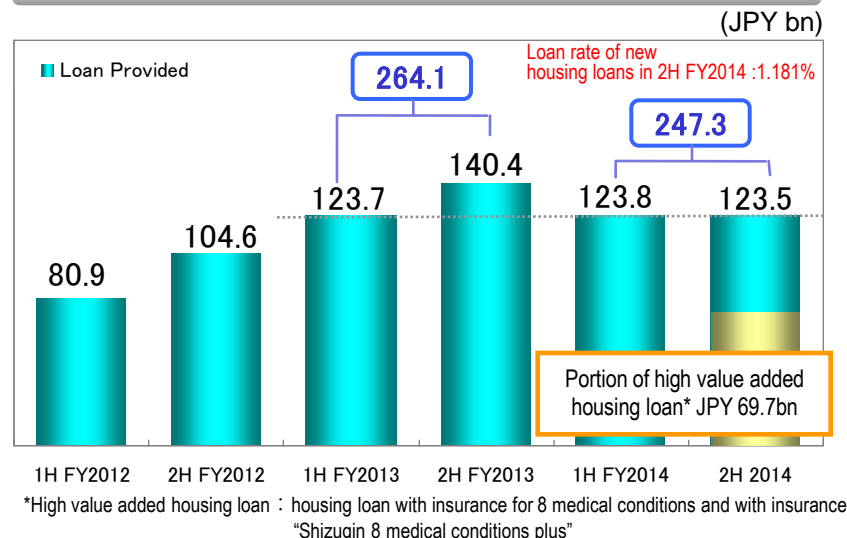
Initiatives for Retail Banking

- Customer loan balance (term-end balance of FY2014) increased to JPY 2,622.5bn, 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

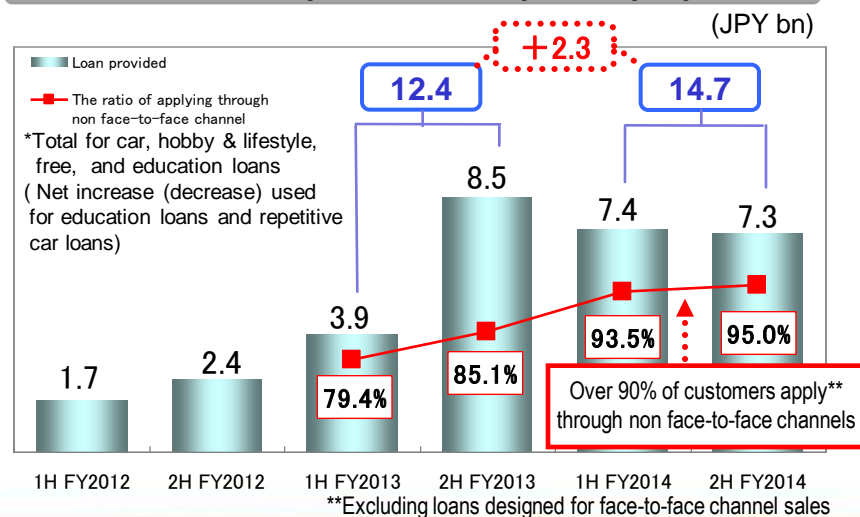
Consumer loan balance (term-end balance)



Housing loan provided



Unsecured loan provided for specific purpose*

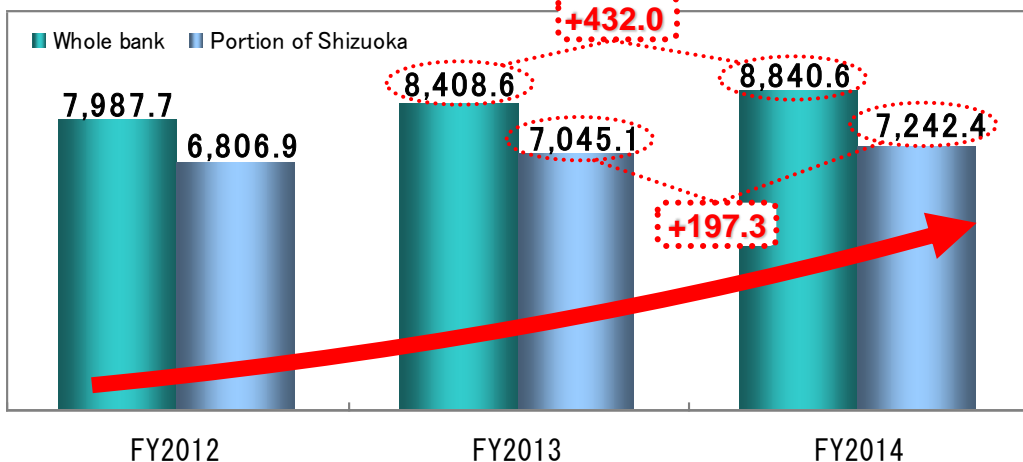


Deposits

- Deposit balance (average balance) of FY2014: JPY 8,840.6bn, up JPY 432.0bn(+5.1%) YoY
- Loan-Deposit ratio (excluding NCD):86.8%, remained high

Deposit balance (average balance)

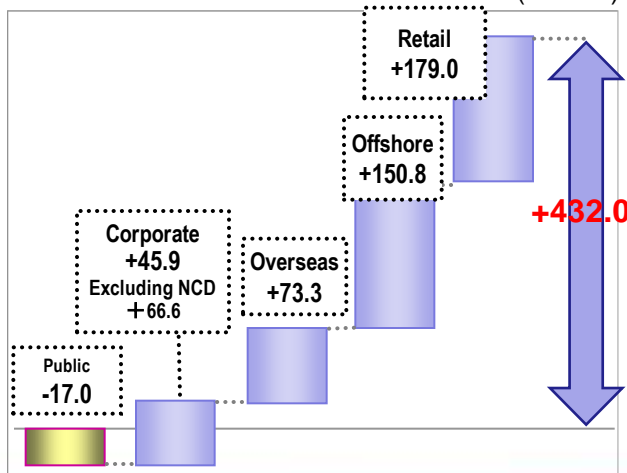
(JPY bn)



	Average balance	YoY change	Annual growth rate
Total deposit balance	8,840.6bn	+432.0bn	+5.1%
Deposit balance in Shizuoka	7,242.4bn	+197.3bn	+2.8%
Corporate deposit balance	2,023.9bn	+45.9bn	+2.3%
Retail deposit balance	5,868.1bn	+179.0bn	+3.1%
Portion in Internet branch	383.3bn	+80.9bn	+26.8%

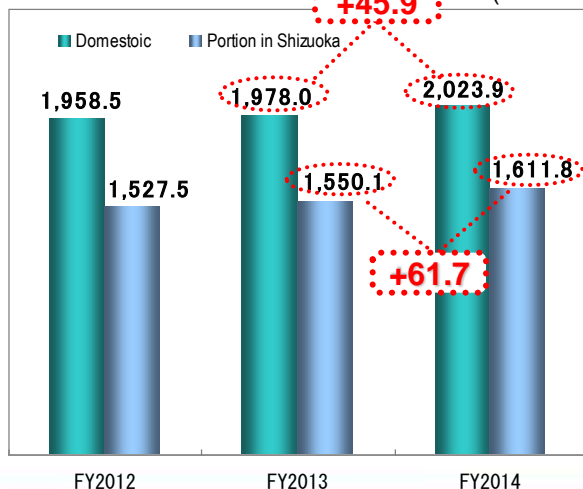
Breakdown of year-on-year changes in deposits balance (average balance)

(JPY bn)



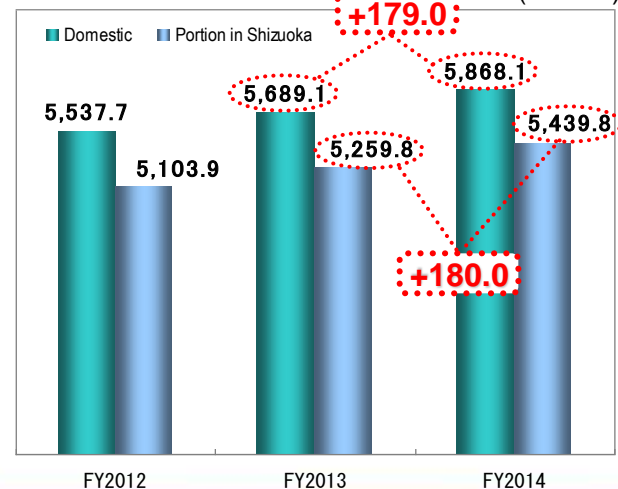
Corporate deposit balance (average balance)

(JPY bn)



Retail deposit balance (average balance)

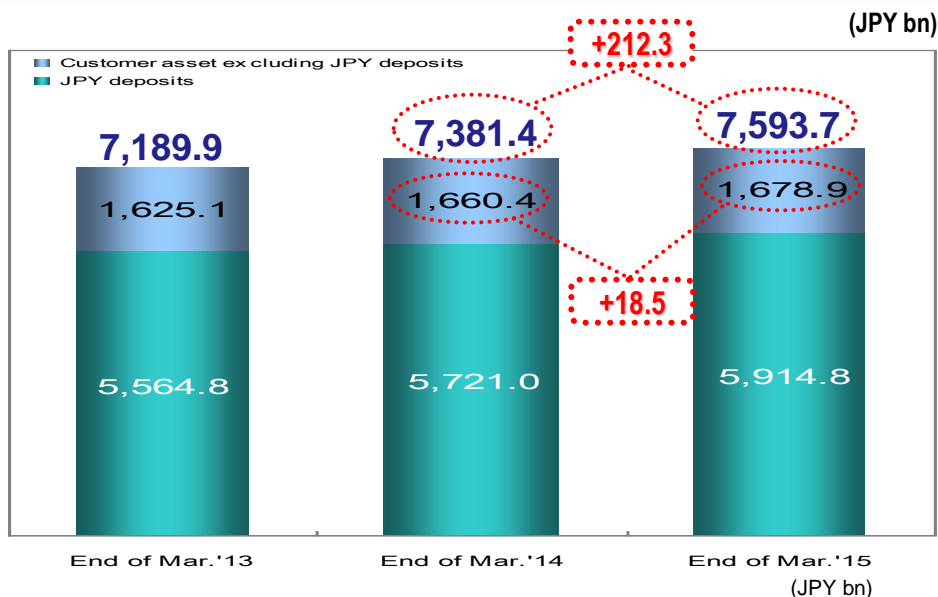
(JPY bn)



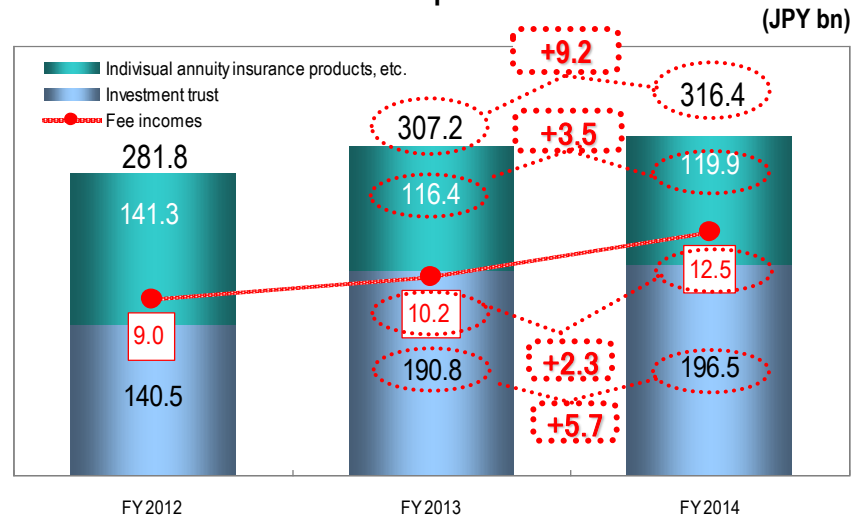
Customer assets and fee incomes

- Customer assets (including the balance of Shizugin TM Securities) was JPY 7,593.7bn (+JPY 212.3bn from the end of March 2014), of which balance of customer asset excluding JPY deposits was JPY 1,678.9bn (+JPY18.5bn)
- Sales of investment trusts and insurance balanced increase by assets / sales / fees

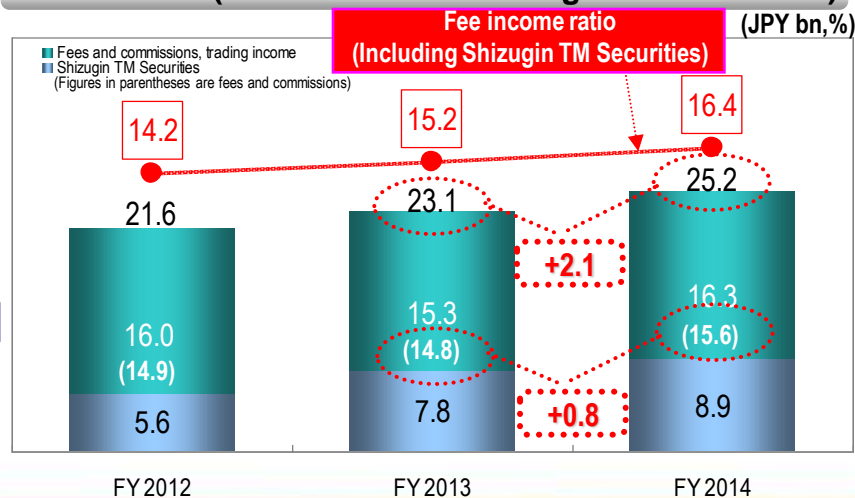
Customer assets (term-end balance)



Sales and fee income from offering investment trust and insurance products



Fee incomes (Shizuoka Bank / Shizugin TM Securities)



Customer asset excluding JPY deposits	End of Mar. '14	End of Mar. '15	Increase /decrease
Individual annuity insurance	949.3	951.8	+2.5
Public bonds	215.9	134.4	-81.5
Investment trusts	15.1	20.3	+5.2
Foreign currency deposits	29.9	28.8	-1.1
Shizugin TM Securities (Portion of Investment trust)	450.2 (335.0)	543.6 (414.3)	+93.4 (+79.3)
Total	1,660.4	1,678.9	+18.5

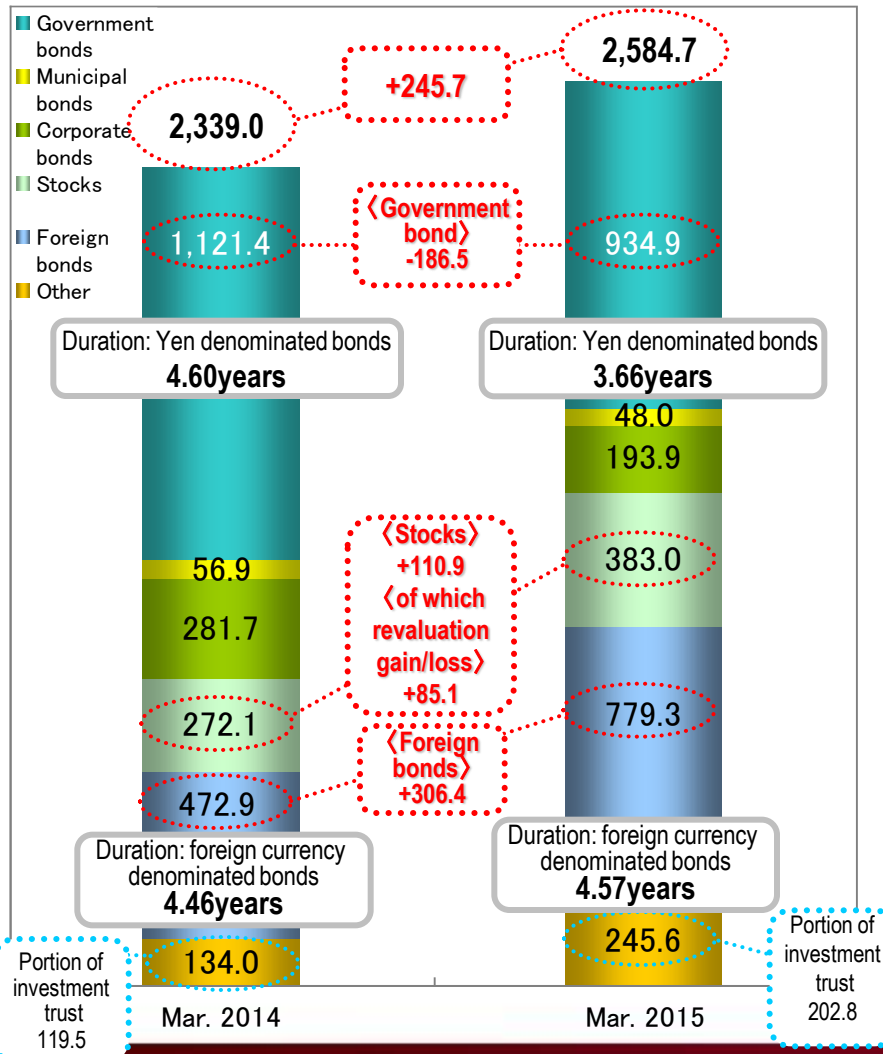
+84.5 (Total increase from FY2012 to FY2014)

Securities

- Total balance of securities (term-end balance) : JPY2,584.7bn (+JPY 245.7bn from the end of March 2014)
- Gains and losses from the revaluation of securities: JPY285.5bn (+JPY 104.9bn from the end of March 2014)
- Secured JPY 13.1bn capital gains from timely trade of JGBs, keeping up with the market trend

Securities

(JPY bn)



Gains and losses on securities

(JPY bn)	FY2013	FY2014	Increase/Decrease
Gains and losses on JGBs	1.9	13.1	+11.2
Gain on sale of JGBs	19.0	14.6	-4.4
Loss on sale of JGBs (-)	17.0	1.5	-15.5
Gains and losses on stocks	2.8	5.3	+2.5
Gain on sale of stocks	2.8	5.3	+2.5
Interest and dividends on securities	38.7	28.4	-10.3
Gain on cancellation of investment trusts, etc	12.5	7.3	-5.2

Gains and losses from the revaluation of securities

(JPY bn)	End of Mar. 2014	End of Mar. 2015	Increase/Decrease
Gains and losses from the revaluation of securities	180.6	285.5	+104.9
Stocks	153.7	238.8	+85.1

[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 5,738	JPY2.32bn
Yen-denominated bonds	5-year JGB	0.34%	JPY4.32bn
Foreign-currency bonds	10-year US Treasury Note	2.30%	JPY3.82bn

Credit-related costs

- Credit-related costs in FY2014: JPY 0.4bn, Credit-related cost rate: 0.006%
- Credit-related costs subsequently remained at low levels

Breakdown of credit-related costs

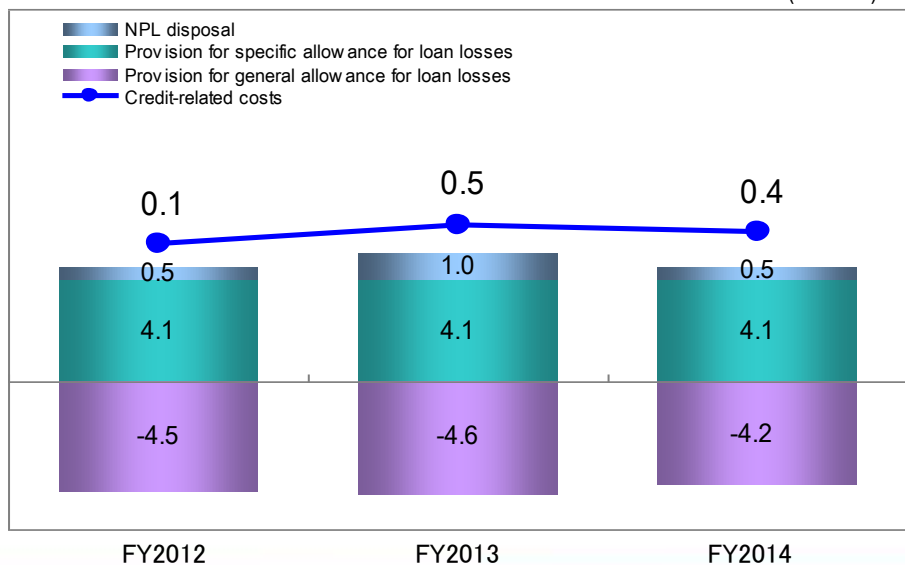
(JPY bn)	FY2013	FY2014	YoY change
NPL disposal (1)	1.0	0.5	-0.5
Gain on reversals from loan loss reserves* (2)	0.5	0.1	-0.4
Provision for general allowance for loan losses	-4.6	-4.2	+0.4
Provision for specific allowance for loan losses	4.1	4.1	+0.0
Total (1)-(2)	0.5	0.4	-0.0

(JPY bn)	
Changes in credit rating, etc	7.9
Decrease in the value of collaterals	0.5
Upgrade of credit rating, decrease in loan and credit balances by foreclosure ,etc	-4.3
Total	4.1

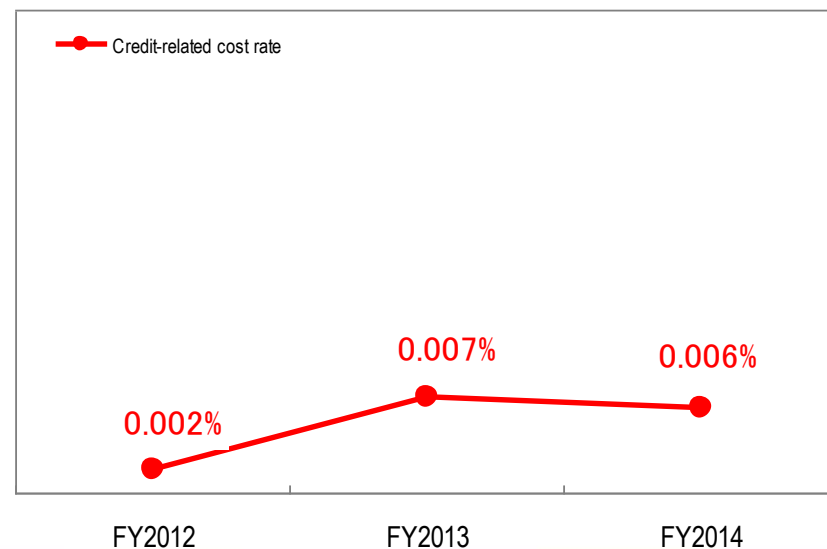
*Gain on reversals from loan loss reserves is the net amount for provision for general allowance for loan losses and provision for specific allowance for loan losses

Credit-related costs

(JPY bn)



Credit-related cost rate

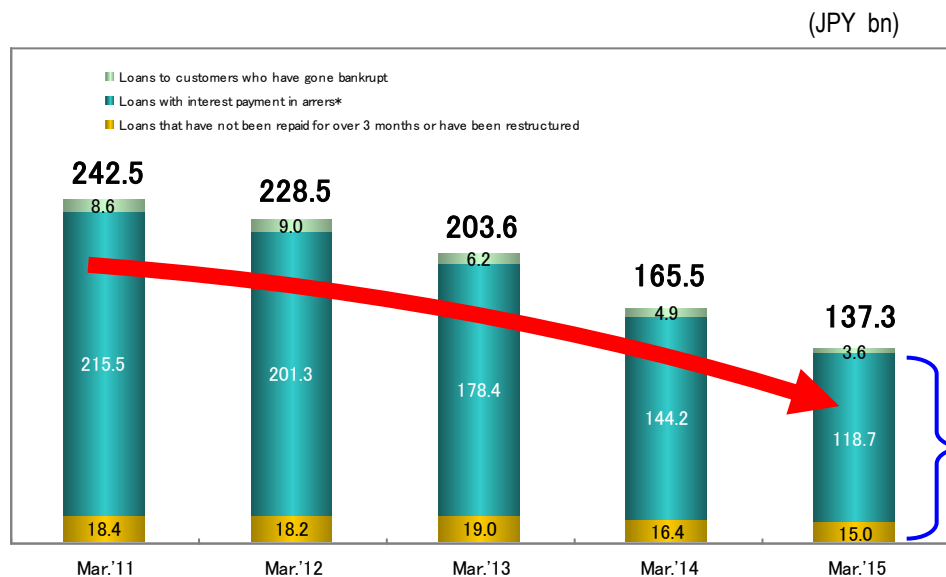


* Credit-related cost rate = Credit-related costs / Average loan balance

Risk-management loans

- Total risk-management loans : JPY 137.3bn (-JPY 28.2bn YoY, the ratio of risk-management loans: 1.85%)
- Net risk-management loans : JPY 15.4bn (-JPY 3.8bn YoY, the ratio of net risk-management loans: 0.20%)
- Properly controlled our asset quality, and the balance of risk-management loans peaked out from JPY 242.5bn, the maximum after Lehman Shock.

Trends in Risk-management loans

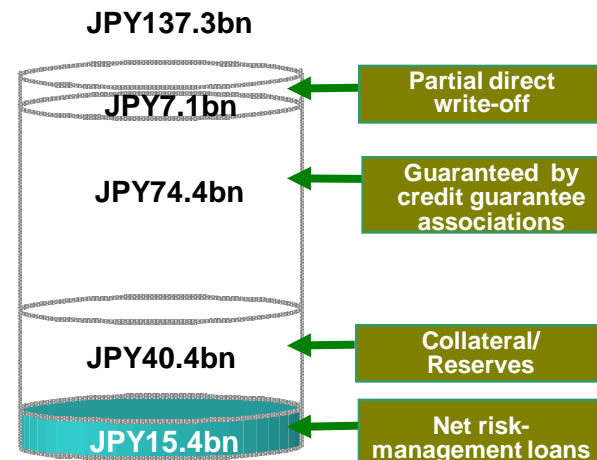


*Borrowers classified as "at risk of failure" and borrowers classified as "practically bankrupt" are written as "loans with interest payment in arrears" among the debtor division in accordance with Banking Act

[Delinquency ratio]



Net risk-management loans



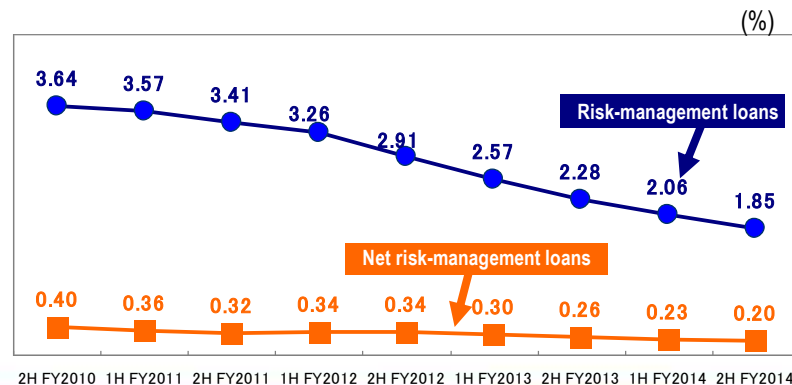
NPL removal from the balance sheet

(JPY bn)	FY2013	FY2014
New recognition of NPLs	+33.5	+27.2
Removal from the balance sheet (NPL to borrowers classified as "at risk of failure" or riskier categories)	-71.6 (-63.2)	-55.4 (-51.1)
Risk-management loans	165.5	137.3
		-28.2

[Breakdown of JPY 51.1bn]

(JPY bn)	
Collected from borrower/ set off against deposit account	6.5
Collateral disposal/ subrogated to guarantor	18.2
Reclassified to better categories	19.7
Loans sold-off	5.9
Direct write-off of loans	0.8

The ratio of risk-management loans

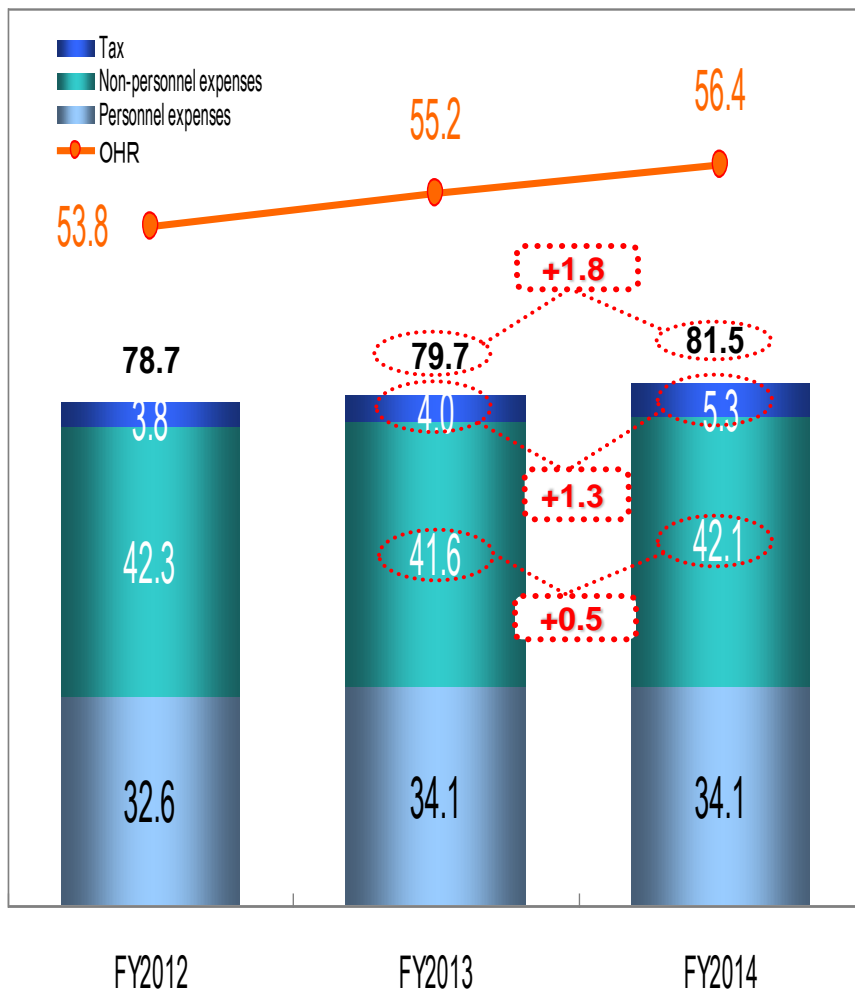


Expenses and active investments

- Expenses in FY2014: JPY81.5bn (+JPY 1.8bn YoY, effect of rise in consumption tax: +JPY 0.8bn, -JPY 2.0bn against our plan)
- OHR in FY2014 (Nonconsolidated): 56.4% (+1.2 percentage points YoY)

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

Started the operation of new SHIZUGIN Headquarter Tower (since Jan. 2015)



【SHIZUGIN Headquarter Tower】



【Television Conference System】



【Free Address】

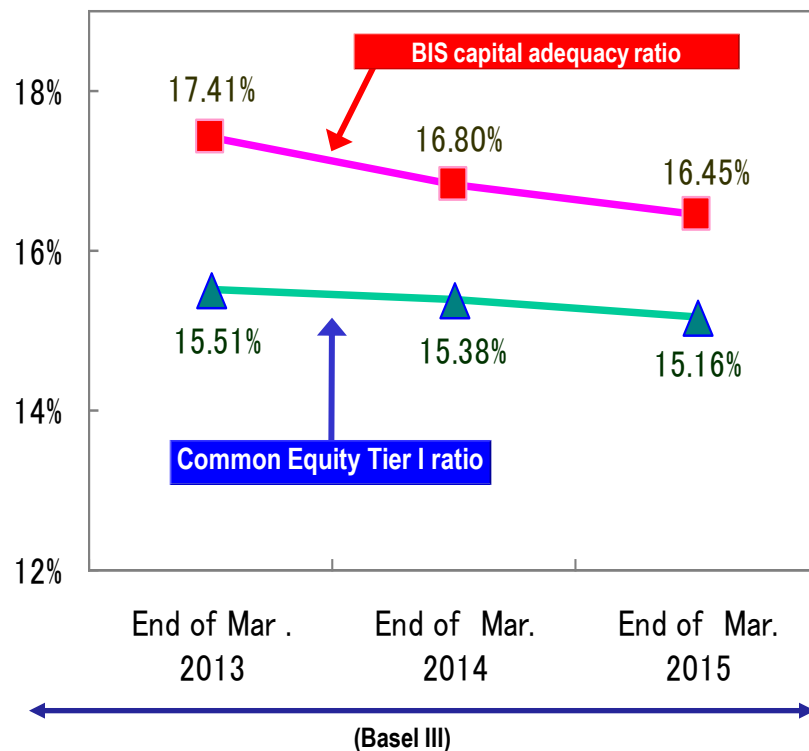
Capital adequacy ratio

- The Basel III capital adequacy ratio at the end of Mar. 2015 was 16.45%.

Common Equity Tier I ratio : 15.16%

(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 43.6bn	JPY 808.1bn	5.4%

Changes in capital and risk-adjusted assets

【Basel III】	(JPY bn)	End-Mar. '14	End-Mar. '15	Change from end-Mar. '14
		Capital*	782.8	854.4
Common Equity Tier I		716.8	787.3	+70.5
Other Tier I		0.7	1.9	+1.2
Tier II		65.3	65.2	-0.1
Risk-adjusted assets		4,659.2	5,192.0	+532.8
Total credit-risk adjusted assets		4,348.8	4,884.5	+535.7
Amount corresponding to market risk		12.7	11.3	-1.4
Amount corresponding to operational risk		297.7	296.2	-1.5

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

[Other index related to the Basel III]

(End-Mar. 2015 basis)

- Liquidity coverage ratio: 122.9% (Regulatory level 60% and over)
- Leverage ratio: 6.89% (ditto 3% in trial period)

(End-Sep. 2014 basis trial calculation)

- Net stable funding ratio: 125.2% (Regulatory level 100% and over)

Shareholder return

- Target of shareholder return ratio in 12th Medium-term Business Plan: 50% or more in medium term
- Plan to pay a year-end dividend of JPY 8.00 per share for FY2014 and annual dividend of JPY 20.00 per share for FY2015
- FY2014 ROE (Consolidated Net income basis) : 5.74%, average ROE in 5years : 5.89%

Dividend trends

	FY2011	FY2012	FY2013	FY2014	FY2015E
Annual dividend per share	JPY 13.50 (6.5)	*JPY 15.00 (8.0)	JPY 15.50 (7.5)	JPY 16.00 (8.0)	JPY 20.00 (10.00)

*Include 70th anniversary dividend

(Interim dividend)

Profit distribution to shareholders

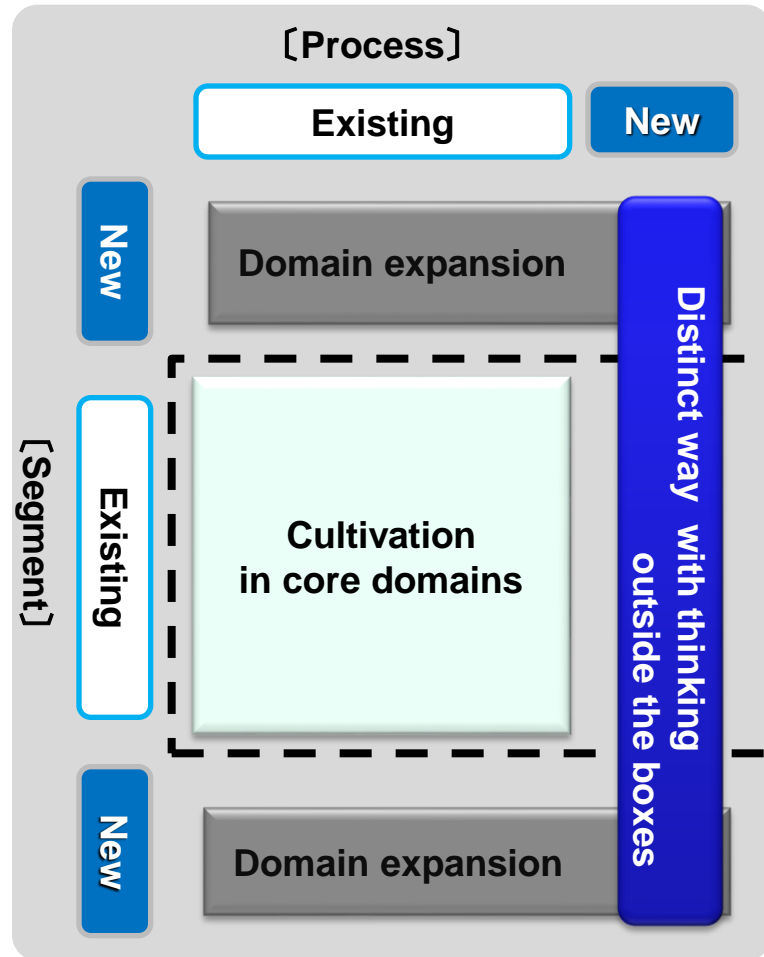
(JPY bn,%)

	FY2011	FY2012	FY2013	FY2014	FY '05 – '14 (10years)
Annual dividend (1)	8.9	9.7	9.7	9.9	Accumulated total 90.6
Repurchase of shares (2) (Shares bought back: million shares)	14.6 (20)	8.2 (10)	22.7 (20)	11.3 (10)	Accumulated total 88.4
Shareholder returns (3)=(1)+(2)	23.5	18.0	32.4	21.2	Accumulated total 179.0
Net income (4)	34.7	40.9	42.8	42.6	Accumulated total 344.0
Dividend payout ratio (1)/(4)x100	25.54	23.78	22.78	23.24	Average 26.32
Shareholder return ratio (3)/(4)x100	67.60	43.93	75.73	49.82	Average 52.01
					Average in 5years
ROE (Consolidated : Net income basis)	5.23%	7.43%	5.78%	5.74%	5.89%

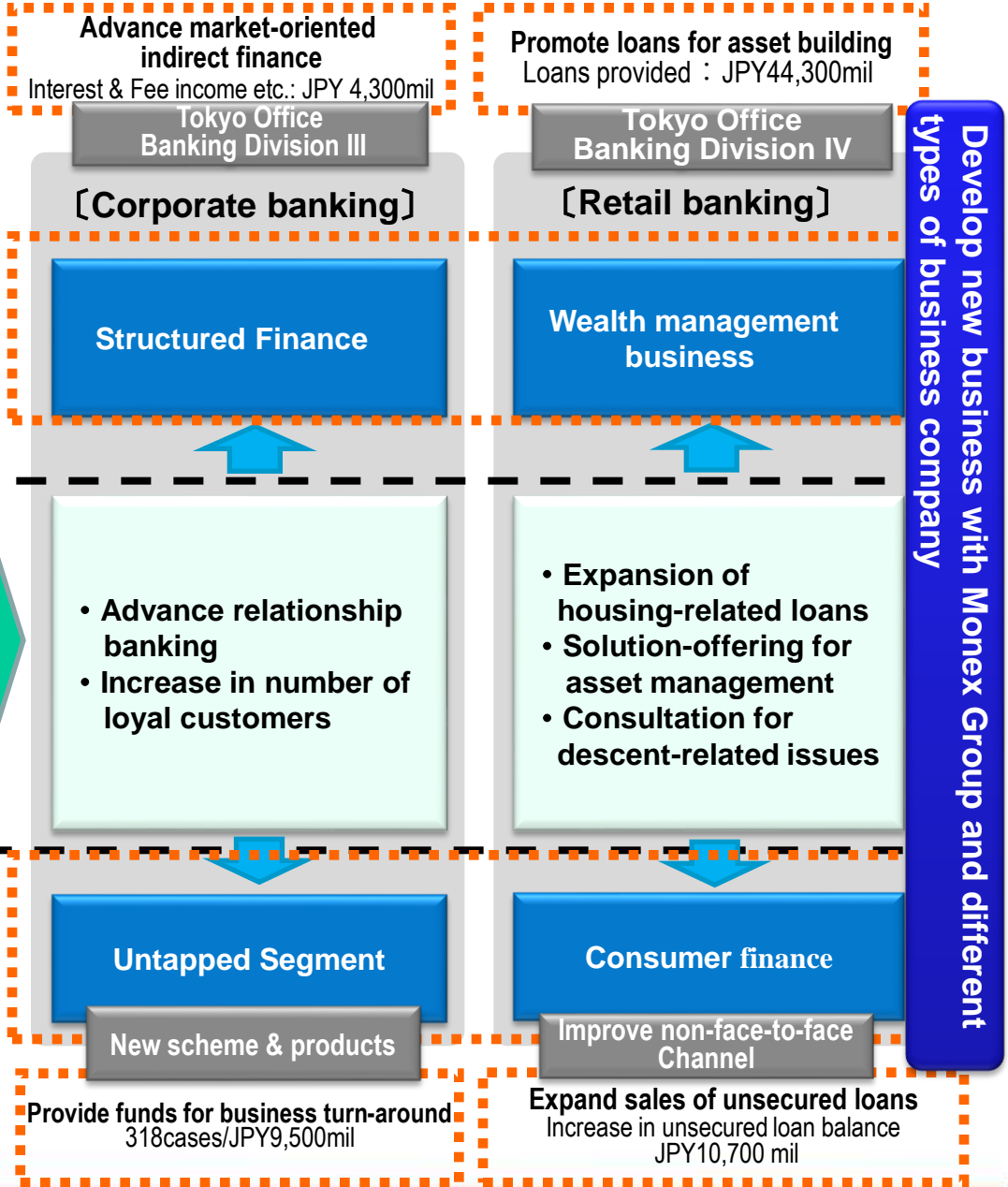
***Progress
of the 12th Medium-term Business Plan***

Progress of the 12th Medium-term Business Plan

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



...New business Field



Projected performance in FY2015

Projected performance in FY2015

Nonconsolidated	(JPY bn)	FY2014	FY2015E	Change from FY2014
Ordinary revenue		175.4	180.0	+4.6
Gross operating profit		144.5	147.1	+2.6
Expenses (-)		81.5	81.1	-0.4
Net operating profit		63.0	66.0	+3.0
Ordinary profit		67.1	68.0	+0.9
Net income		42.6	44.0	+1.4

	(JPY bn)	FY2014	FY2015E	Change from FY2014
Credit-related costs (-)		0.4	1.2	+0.8
NPL disposal (-)		0.5	1.2	+0.7
Gain on reversals from loan loss reserves		0.1	0.0	-0.1
Provision for general allowance for loan losses (-)		-4.2	-2.0	+2.2
Provision for specific allowance for loan losses (-)		4.1	2.0	-2.1

Consolidated	(JPY bn)	FY2014	FY2015E	Change from FY2014
Ordinary revenue		211.6	217.0	+5.4
Ordinary profit		75.1	77.0	+1.9
Net income		49.9	50.0	+0.1

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

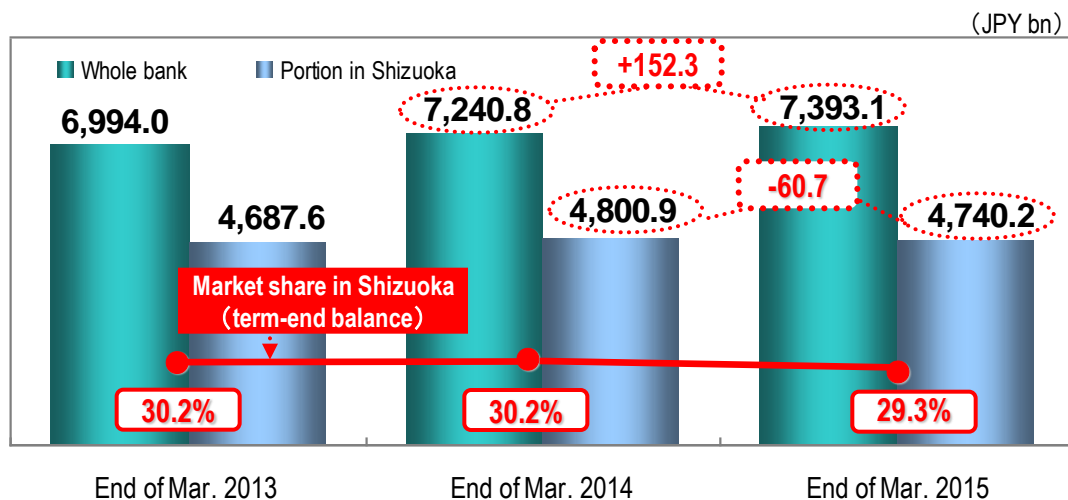
Target figures (consolidated)

	12 th Medium-term Business Plan	
	FY2014	FY2016 plan
Ordinary profit	75.1	80.0 or more
Net income	49.9	50.0 or more
Common Equity Tier I ROE	6.34%	6% level
Consolidated ROE	5.74%	-
OHR	55.7%	Around 55%
Common Equity Tier I ratio	15.16%	Around 14%
Shareholder return	49.82%	50% or more in medium term

Loans (term-end balance)

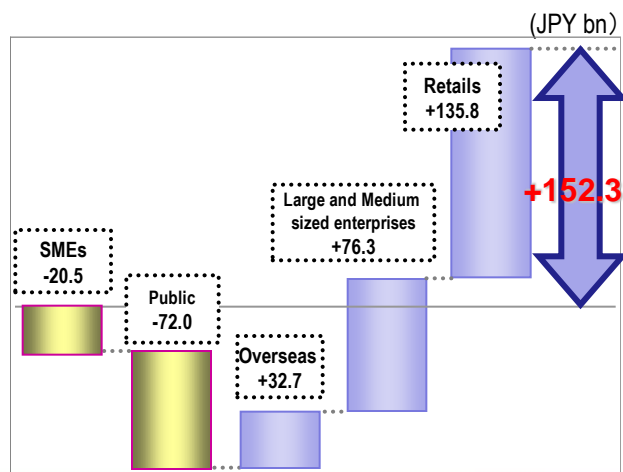
- Total loan balance (term-end balance) of FY2014: JPY 7,393.1bn, up JPY 152.3bn (+2.1%) YoY

Total loan balance (term-end balance)

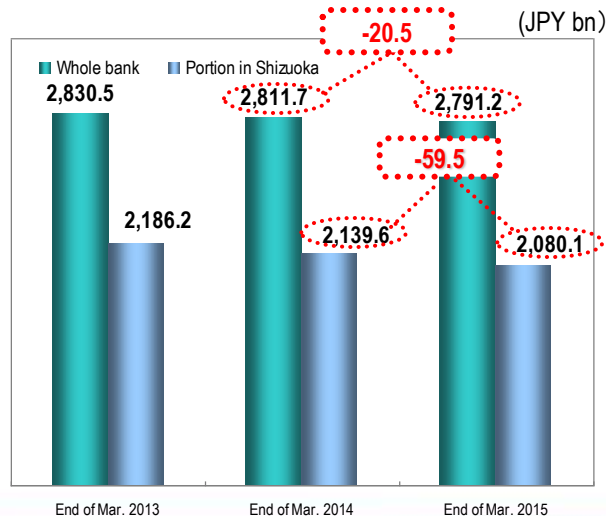


	Term-end balance	YoY change	Annual rate
Total loan balance	7,393.1bn	+152.3bn	+2.1%
SMEs loan balance	2,791.2bn	-20.5bn	-0.7%
Retail loan balance	2,627.5bn	+135.8bn	+5.5%
Large and Medium sized enterprises	1,555.5bn	+76.3bn	+5.2%

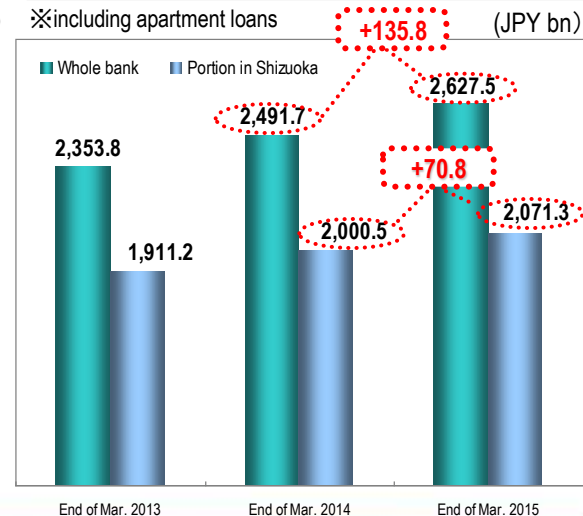
Breakdown of year-on-year change in total loan balance (term-end balance)



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 4.1bn (JPY 0.8bn for real estate and JPY 0.3bn for construction)
- Unexpected Loss (UL) for all industries : JPY 42.9bn

Contemporary status of business loans to particular industries

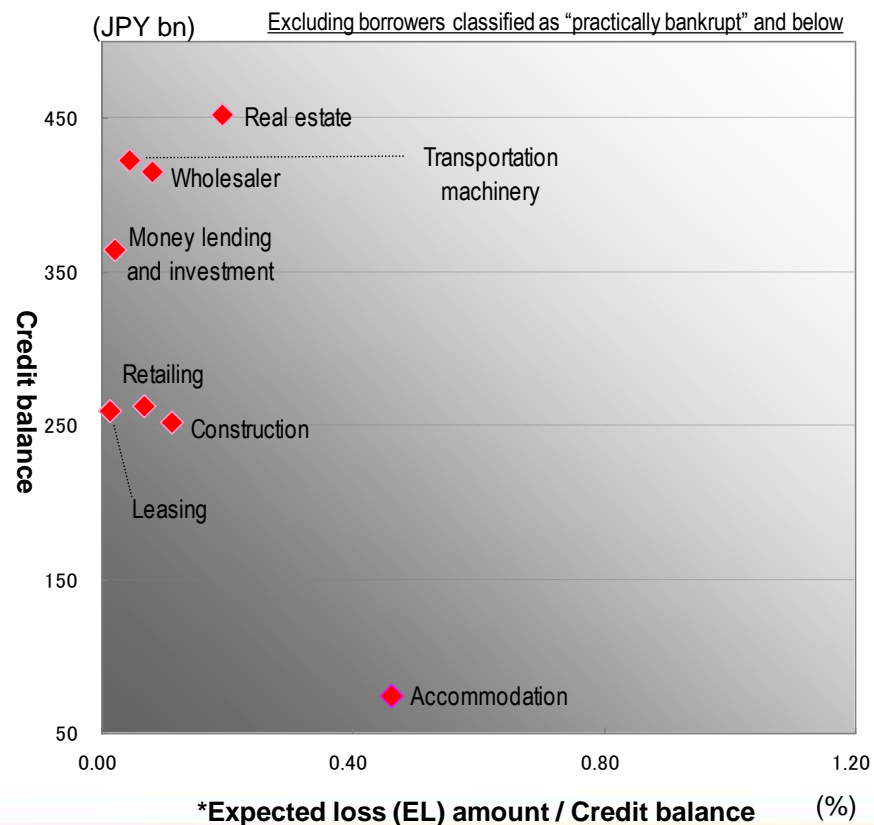
[Credit balance (as of the end of Mar. 2015)]

(JPY bn, %)

	Balance	Composition ratio	YoY change
All industries	5,036.8	100.0	-2.3
Real estate	452.8	9.0	+24.0
Wholesaler *	415.3	8.2	-12.2
Money lending and investment	365.0	7.2	+11.0
Transportation machinery	422.6	8.4	+45.1
Construction	251.9	5.0	-14.7
Retailer	262.6	5.2	-7.9
Leasing	259.6	5.2	+18.7
Accommodation	74.0	1.5	-1.9

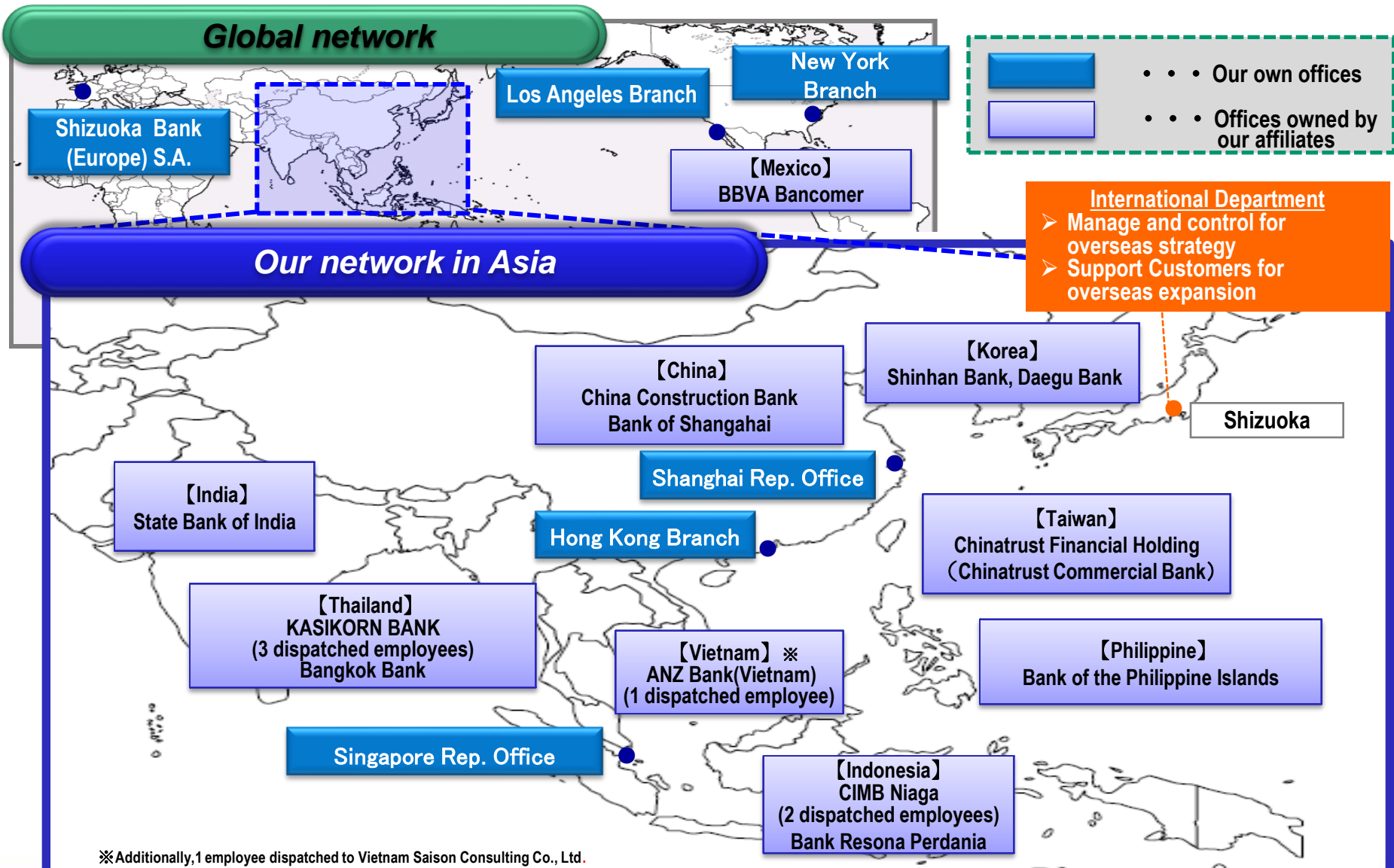
* excluding a general trading companies

[Credit balance vs. expected loss rate*]



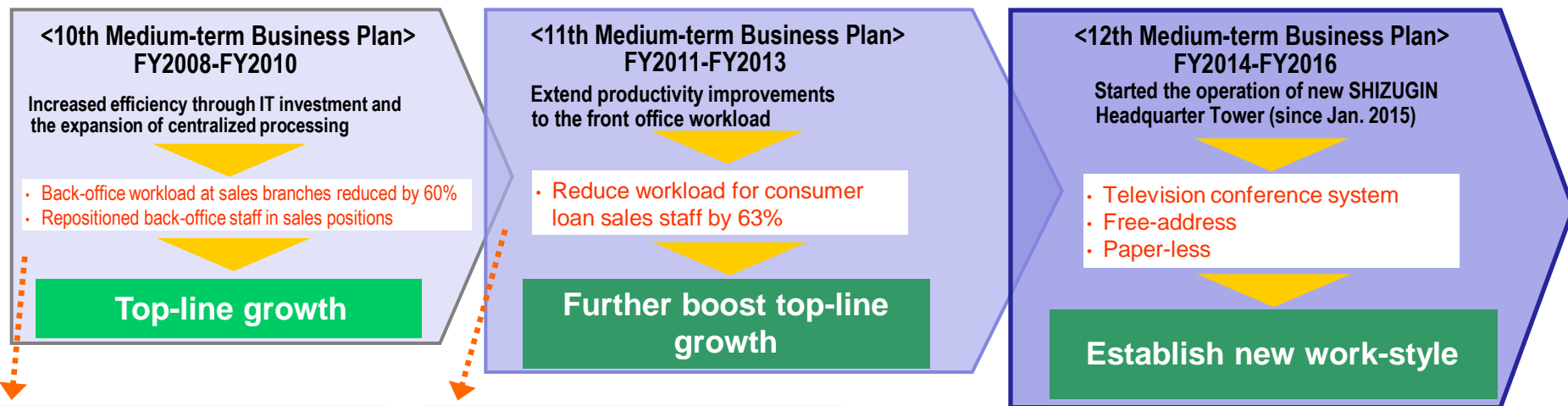
Initiatives for Corporate Banking – Global network

- Global network (3branches/2rep.offices/1subsidiary) and 12 partner banks in 8 countries/region in Asia
- Made a new business alliance with BBVA Bancomer in Mexico Nov. 2014



Improvement of productivity - BPR

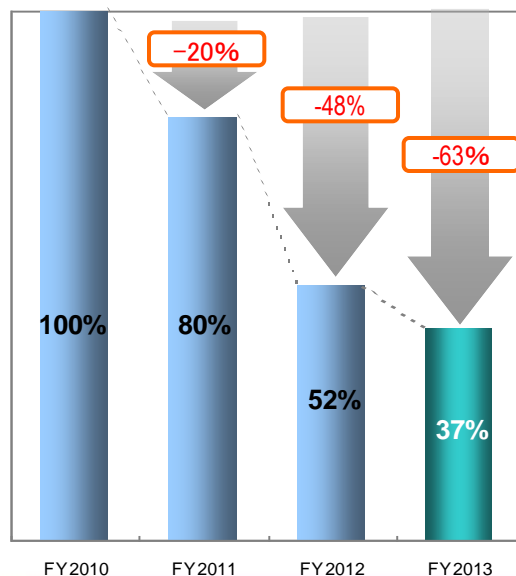
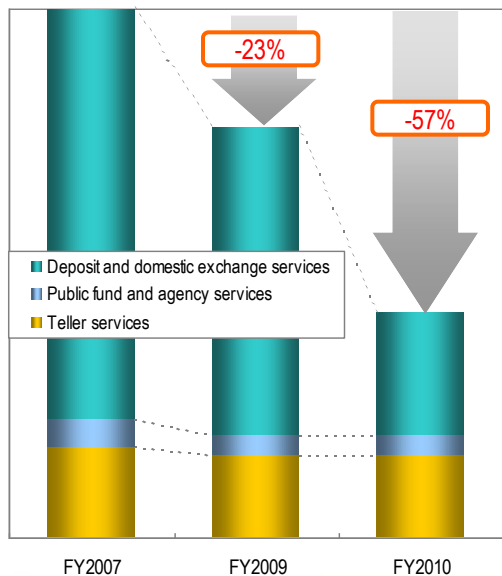
- An ongoing BPR program increased front-office staff without boosting the overall headcount
→ make it possible to achieve sustainable top-line growth



Workload reduction of branches

Reduced processing time for workload of consumer loan

Number of personnel



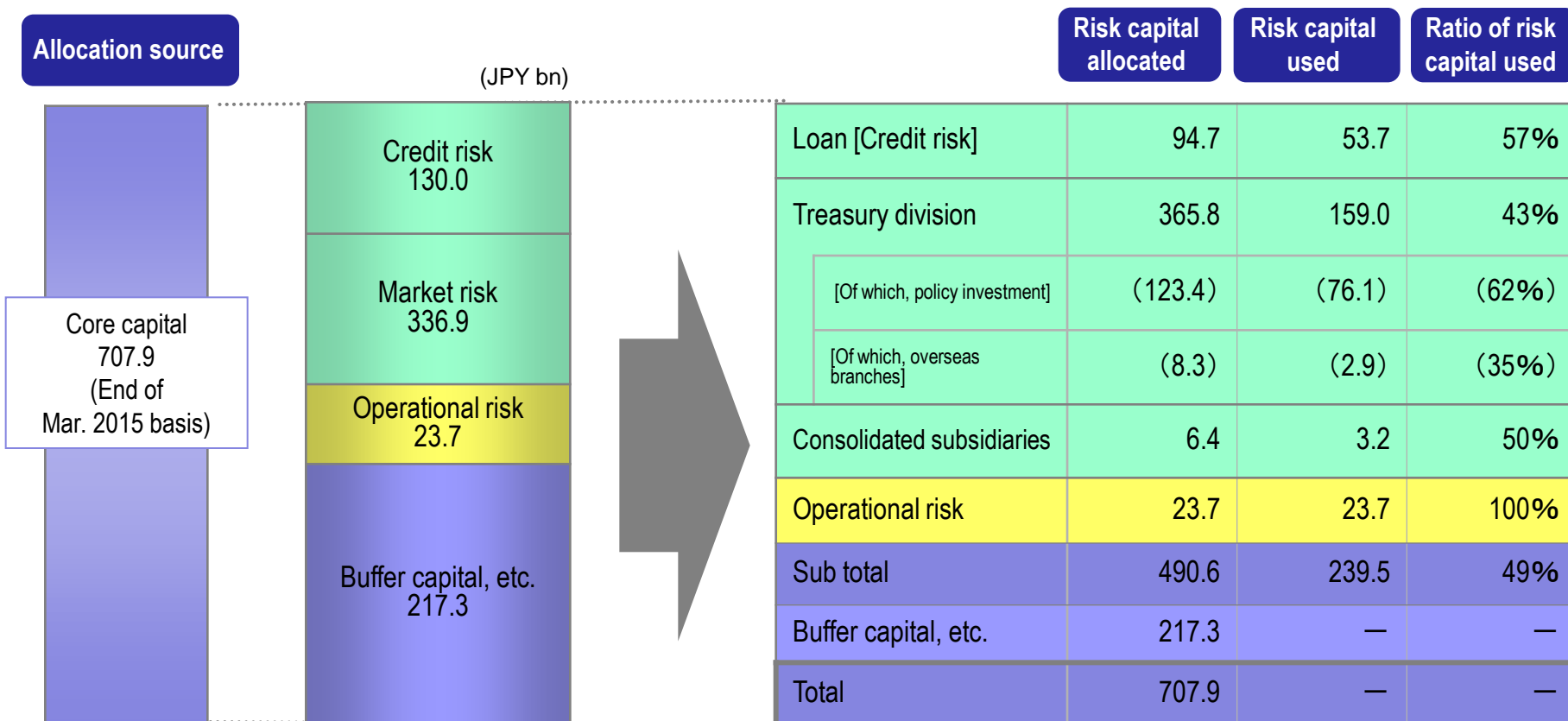
	End-Mar. 2008	End-Mar. 2013	End-Mar. 2014	End-Mar. 2015	Change from end-Mar. 2008
Front-office	2,411	3,070	3,128	3,027	+616
Of which, bank employees	1,794	2,261	2,262	2,235	+441
Back-office/assisting	1,693	942	925	958	-735
Of which, bank employees	548	44	35	32	-516
Shizuoka Bank	5,164	4,901	4,942	4,915	-249
Of which, bank employees	2,851	2,860	2,851	2,830	-21

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

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

Allocation of risk capital

- Allocation of risk capital for the 2H FY2014 amounted to JPY 707.9bn, of which JPY 130.0bn was allocated to credit risk, JPY 336.9bn to market risk, JPY 23.7bn to operational risk, and JPY 217.3bn to buffer capital, etc
- JPY 53.7bn for loans [credit risk] and JPY 159.0bn for the Treasury division was used for the 2H FY2014

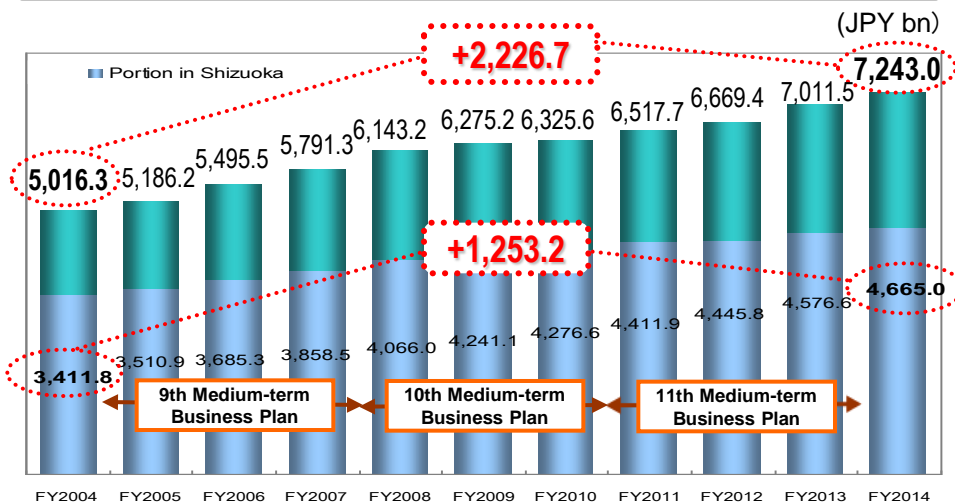


- Core capital=common equity TIRE I (Basel III standard), excluding other marketable securities valuation difference
- Risk capital amount= $\langle \text{Market risk} \rangle \left| \frac{\text{VaR}}{\text{UL}} \right|$
 $\langle \text{Credit risk} \rangle$ (1) $\left| \frac{\text{UL}}{\text{UL}} \right|$ (loan balance includes bad debt written off, CVAs)
 (2) Basel III capital requirement amount (designated loan claims, securitization transactions, 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.

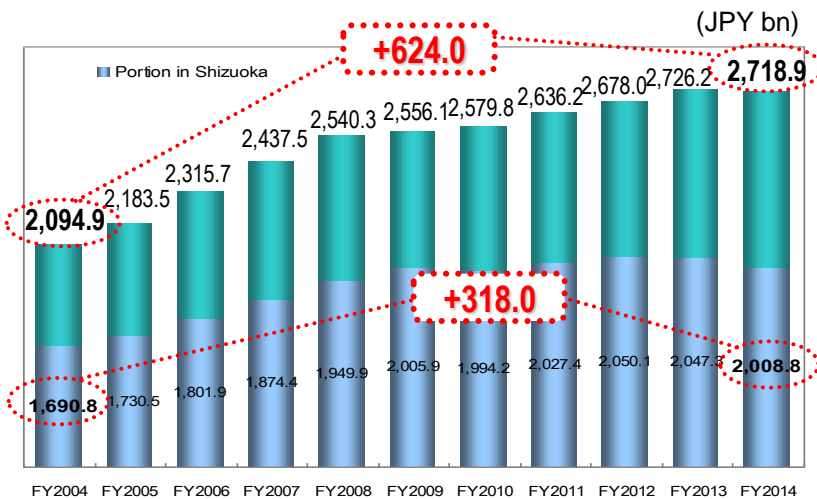
Loans

- Total loan balance (average) increased by JPY 2,226.7bn from FY2004, of which JPY 1,253.2bn in Shizuoka Pref.
- SME loan balance: +JPY 624.0bn, consumer loan balance: +JPY 1,123.8bn

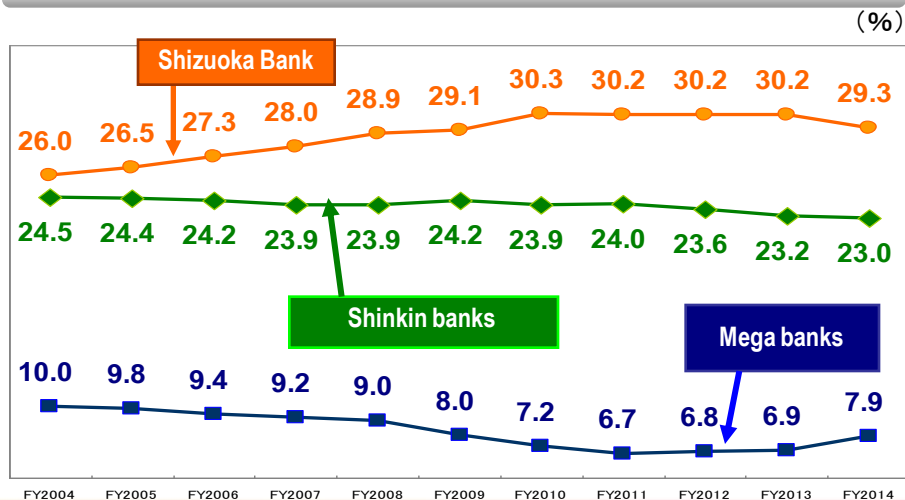
Total loan balance (average balance)



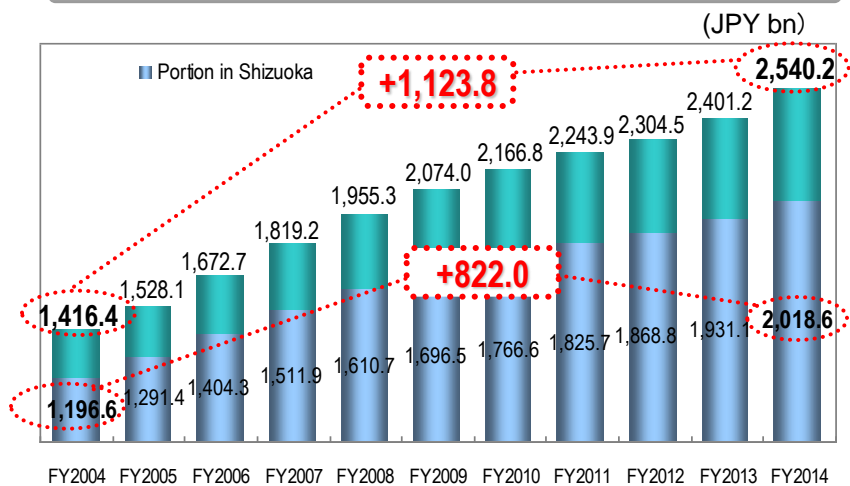
SME loan balance (average balance)



Share of loans in Shizuoka Prefecture



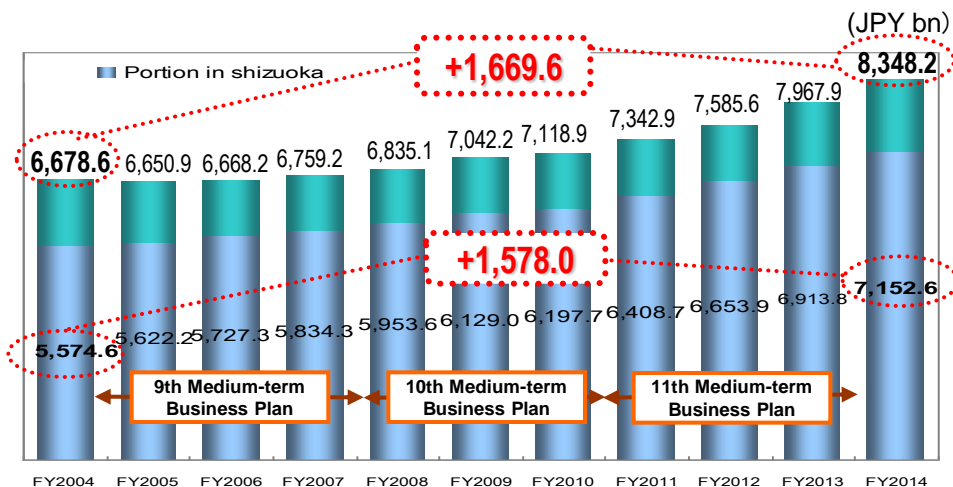
Consumer loan balance (average balance)



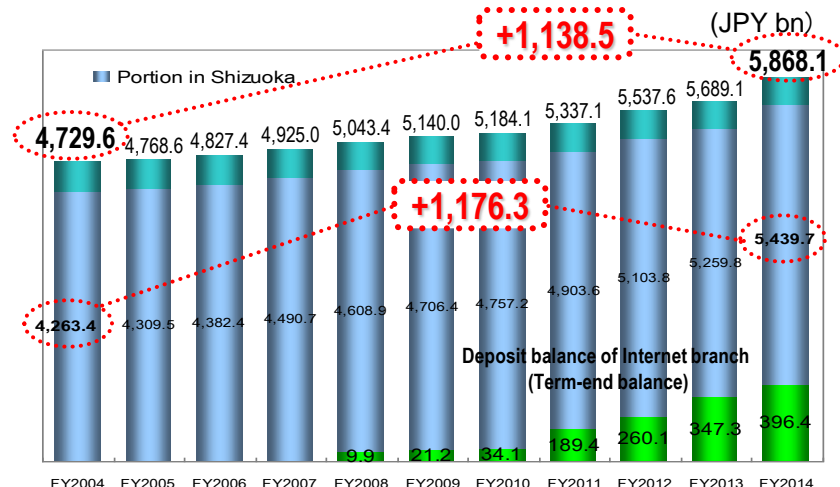
Deposits

- Total deposit balance (average) increased by JPY 1,669.6bn from FY2004, of which JPY 1,578.0bn in Shizuoka Pref.
- Has kept high Loan-Deposit ratio, 86.8%, while increasing both loan and deposit

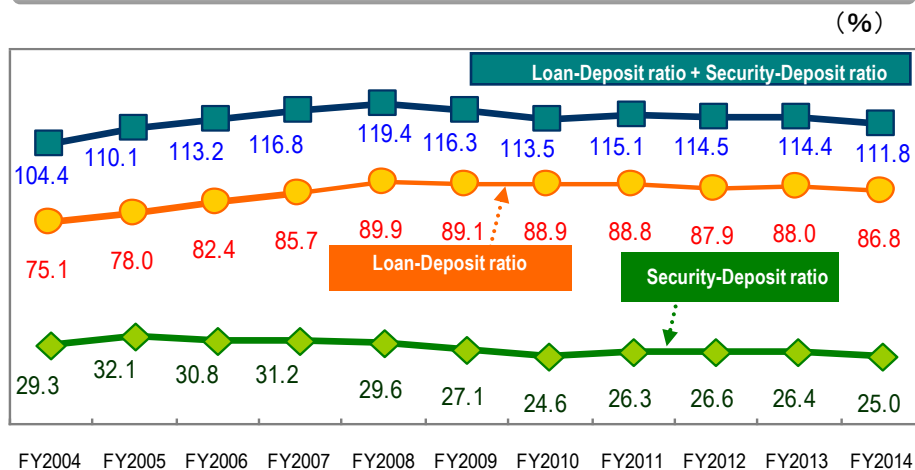
Deposit balance (average balance)



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	-
Standard & Poor's	A+	A-1	a+ *
R & I	AA	-	-

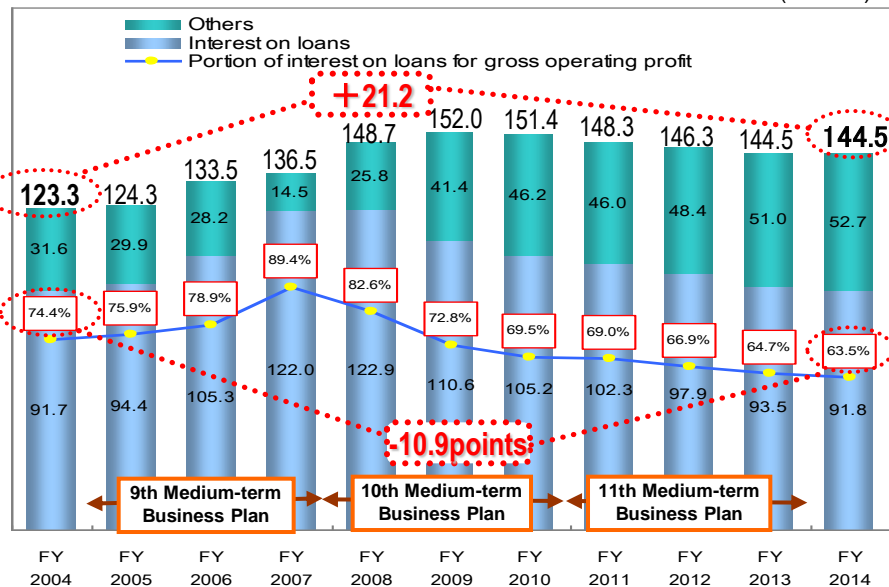
* Stand-Alone credit Profile

Profit levels and improvement of productivity

- Gross operating profit stably increased totally over JPY 20bn for 10 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)



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>

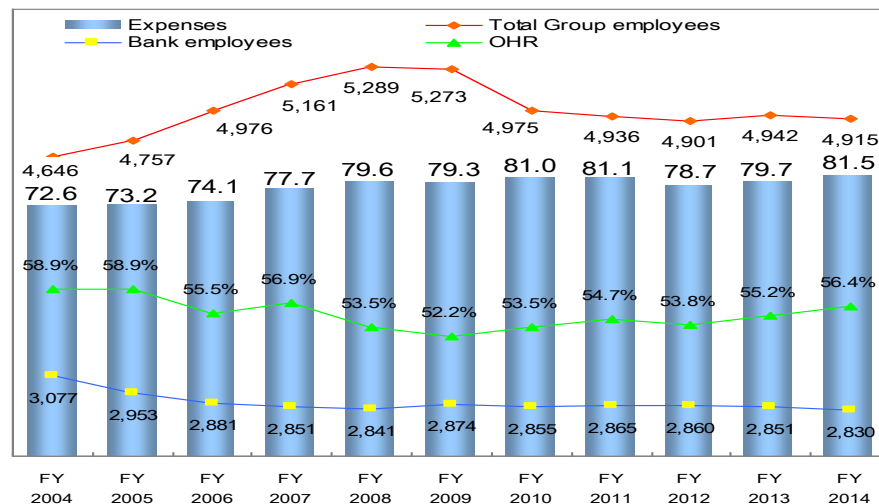
- Extended productivity improvements to the front office workload
 - Reduce workload for consumer loan sales staff by 60%

<12th Medium-term Business Plan>

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

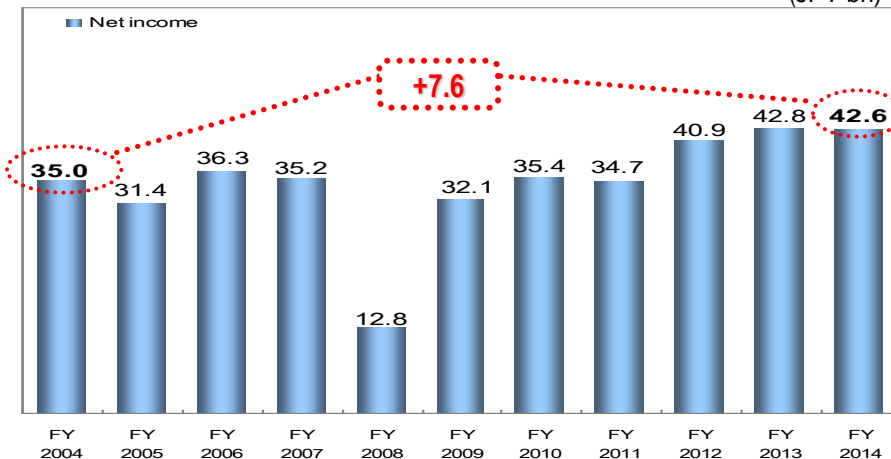
Expenses and number of personnel

(JPY bn, Employees)



Net income

(JPY bn)



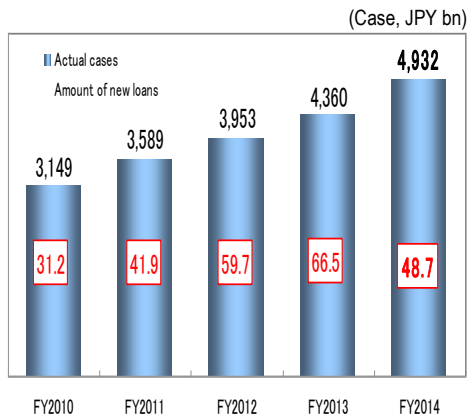
Region-based Relationship Banking

- 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]



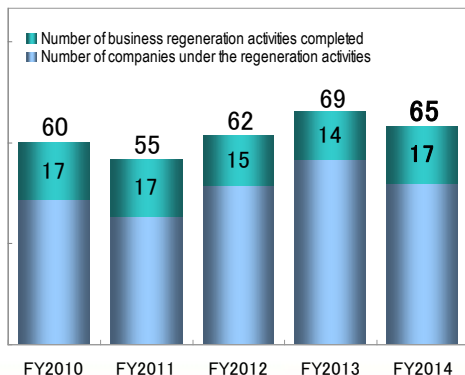
- Have regularly held Shizugin @gricom (agricom), a business networking event to link companies in the agricultural, forestry and fisheries sector and the food processing sector with buyers since February 2006.
- Have held 11th Shizugin @gricom (agricom) in July 2014

⇒ 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)

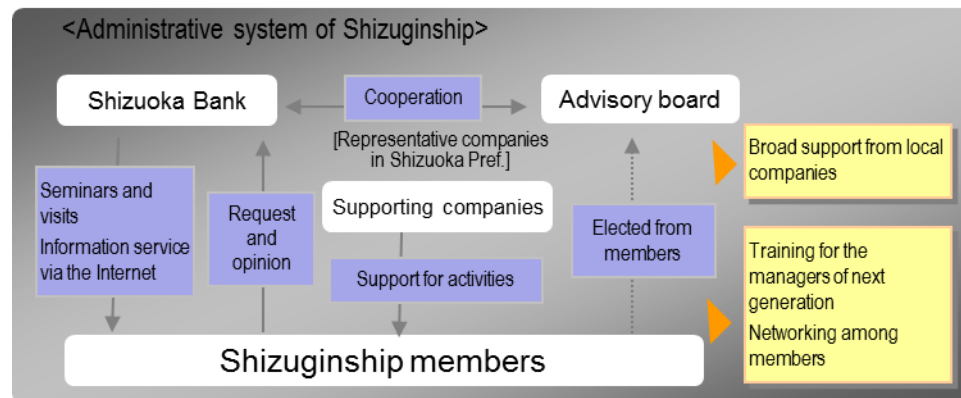


- From 2005, completed roughly 170 case of business restructuring

Maintained local economy by upholding about 14,000 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 March 2015)]

- 832 companies, 1,250members
- No. of participant for seminars and visits of FY2014 : 1,580

[Activity achievement in FY2014]

Content	Activity achievement
Divisional Forum (Central / Eastern / Western area)	4 Forums
Lectures by top executive and specialists	10 lectures
Seminar	Total 39courses
• executive program	6 course
• middle management program	31 courses
• basic program	2 course

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	—	—	49.8	68.46	1,440.68
Total	191,044	179,874	140,404	128,891		—	—

Group companies

- The total ordinary revenue of 11 major consolidated subsidiaries was JPY 51.1bn (+ JPY 1.2bn YoY) and the ordinary profit was JPY 7.9bn (+JPY 0.3bn 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	1.1	+0.1	0.1	+0.0
Shizugin Lease Co., Ltd.	Leasing	24.3	+0.1	1.4	-0.1
Shizuoka Computer Service Co., Ltd.	Computer system development and operation	5.1	+0.2	0.1	-0.0
Shizugin Credit Guaranty Co., Ltd.	Guarantee of housing loans, etc.	2.3	+0.1	1.6	-0.1
Shizugin DC Card Co., Ltd	Credit card and guarantee of consumer loans	1.8	-0.0	0.4	-0.0
Shizuoka Capital Co., Ltd.	Public-offering assistance Support for corporate rehabilitation	0.4	-0.1	0.1	-0.1
Shizugin TM Securities Co., Ltd.	Securities	8.9	+1.1	4.0	+0.6
Shizuoka Bank (Europe) S.A.	Finance and securities-related services	0.5	-0.1	0.1	-0.0
Shizugin General Service Co., Ltd.	Fee-based job placement service, general administration	0.9	-0.0	0.0	-0.0
Shizugin Mortgage Service Co., Ltd.	Appraisal of real estate for loan collateral Operation center for loans	1.7	+0.1	0.0	+0.0
Shizugin Business Create Co., Ltd.	Operation center for remittance and bill collection	4.0	-0.2	0.0	+0.0
Total(11 companies)		51.1	+1.2	7.9	+0.3
Shizugin Saison Card Co., Ltd.*	Credit card and guarantee of consumer loans	1.9	+0.3	0.1	+0.0

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

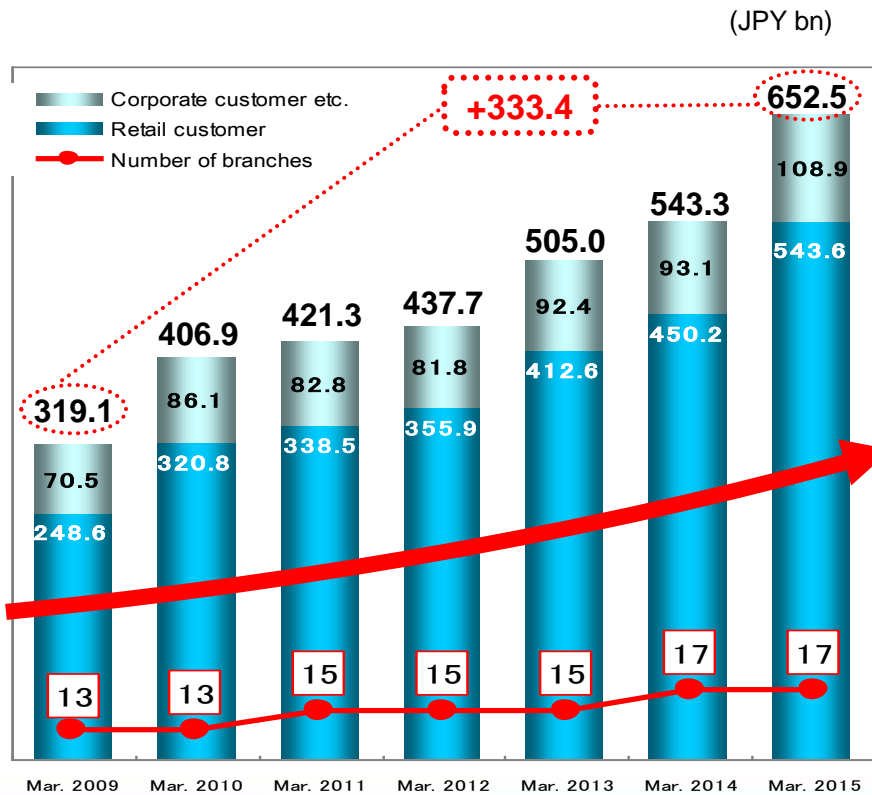
Shizugin TM Securities Co., Ltd.

- Growth in top line of Shizugin TM Securities Co., Ltd (securities subsidiary) contributed highly to group business performance
- Customer asset: JPY 652.5bn, increased by 333.4bn from the end of Mar. 2009 after Lehman Shock

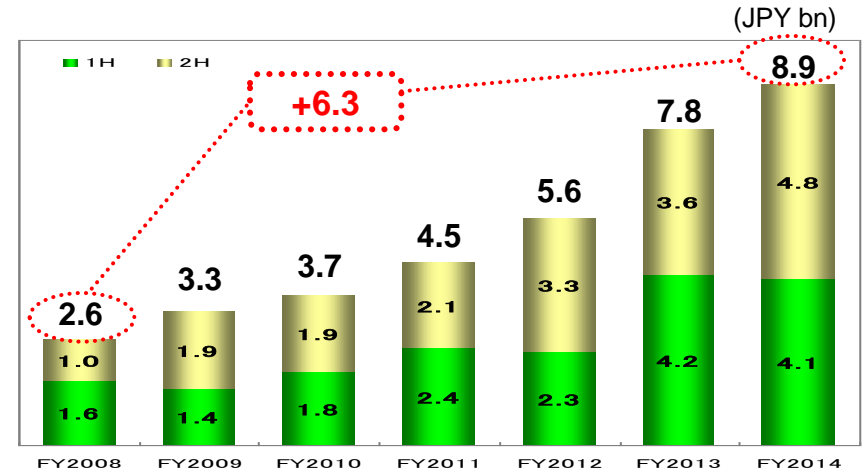
【Overview of Shizugin TM Securities, Co., Ltd.】

Establishment : December 2000
 Capital Stock : JPY 3.0bn
 Number of Branches : 17 (End of Mar. 2015)

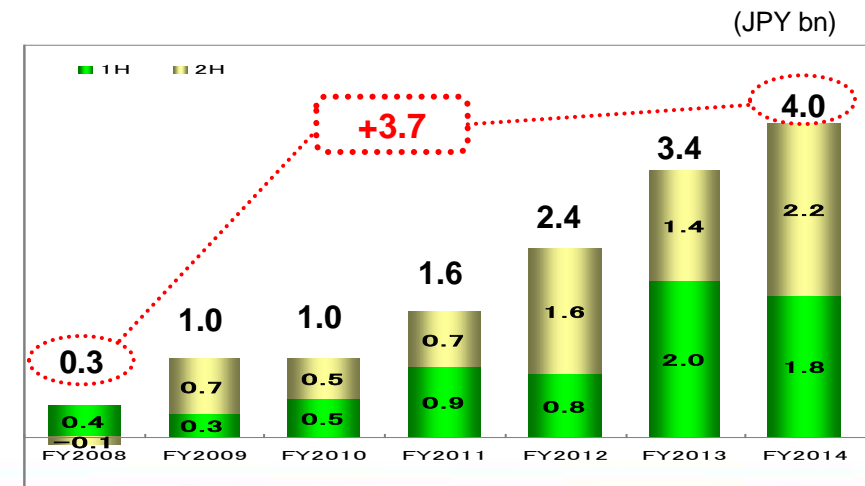
Customer asset (year-end balance) and number of branches



Ordinary revenue



Ordinary profit



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 Philippine, Pakistan, and Algeria

Shizuoka Prefecture indices

	Share of all-Japan		National ranking
•Population	3.71 m	2.9%	10th of 47 (2014)
•No. of households	1.52 m	2.7%	10th of 47 (2014)
•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	200 k tons	5.3%	4th of 47 (2014)
•No. of industrial locations*	119	4.8%	4th of 47 (2014)
•No. of new housing starts	26 k	2.8%	11th of 47 (2014)

* 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	Philippine	224.1
48	Pakistan	213.6
49	Algeria	199.4
-	Shizuoka Prefecture	196.9
50	Kazakhstan	188.1
51	Romania	186.1

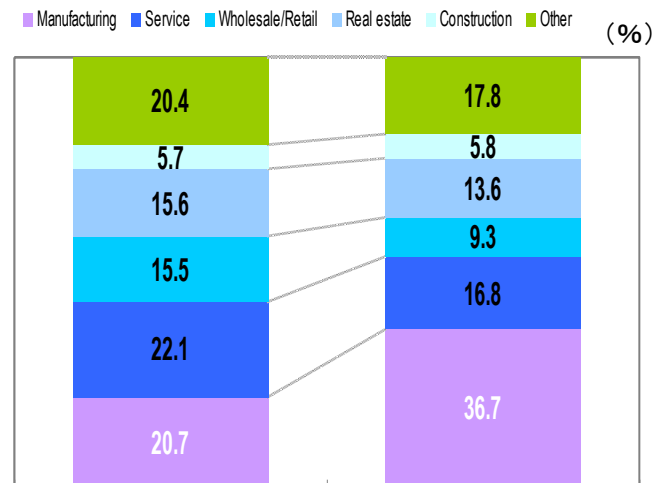
*Sources: Economic and Social Research Institute (ESRI)

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

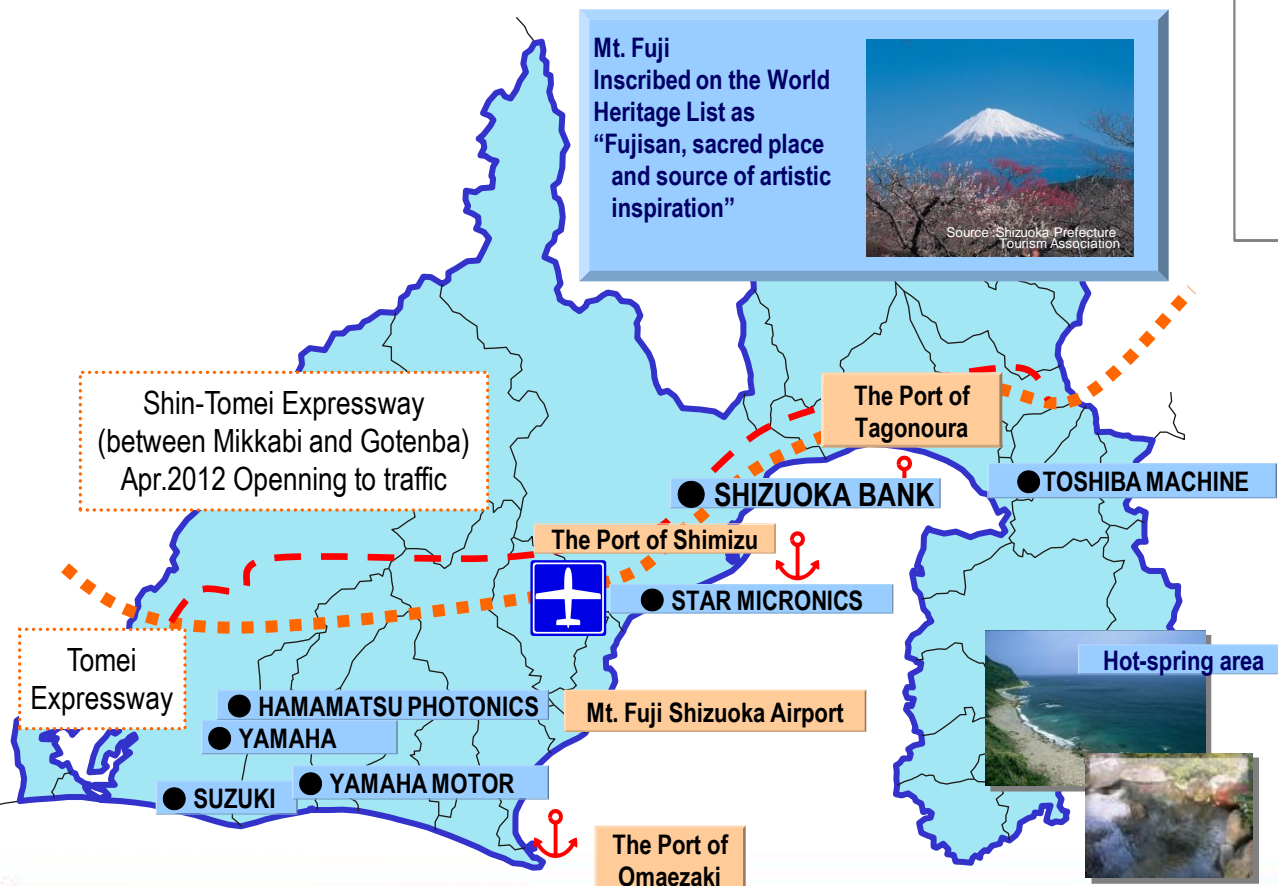


All-Japan Shizuoka Pref.
Source: Cabinet Office, Government of Japan, FY2011

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



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.



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