

Results for the First Half of FY2009 and the 10th Medium-term Business Plan

# ***Dream TEN—New challenges***

November 26, 2009  
Katsunori Nakanishi  
President

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# ***I. Results for the First Half of FY2009***

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# Results for the first half of FY2009

Consolidated (JPY bn, %)	First half FY2009	YoY change	
		Increase/ Decrease	Rate of change (%)
Ordinary revenue	107.8	-7.4	-6.4
Ordinary expenses (-)	79.1	-15.5	-16.4
Ordinary profit	28.7	+8.1	+39.0
Net income	17.5	+5.7	+48.9

Shizuoka Bank, Non-consolidated (JPY bn, %)	First half FY2009	YoY change	
		Increase/ Decrease	Rate of change (%)
Ordinary revenue	93.8	-7.7	-7.6
Gross operating profit	75.1	+1.7	+2.3
Net interest income	64.5	+0.4	+0.7
Fees	7.5	-1.0	-11.3
Commissions	0.4	-0.5	-56.7
Other operating profit	2.7	+2.8	-
(Bond-related income such as JGBs)	2.0	+3.0	-
Expenses (-)	41.5	+1.2	+2.9
Core net operating profit *	31.7	-2.4	-7.2
General transfer to loan loss reserves (-)	2.4	-0.3	-12.0
Net operating profit	31.3	+0.9	+2.8
Special profit and loss	-3.7	+7.6	+67.1
Bad debt written-off (-)	4.8	+0.3	+7.6
Gain (loss) on stocks	1.5	+9.1	-
Ordinary profit	27.5	+8.5	+44.6
Extraordinary loss	0.5	+1.0	-
Net income before taxes	28.0	+9.5	+51.1
Corporate taxes (-)	10.7	+3.7	+54.0
Net income	17.3	+5.7	+49.5

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

**Gross operating profit:**  
Continued growth for 6 periods, record high

**Net interest income:**  
Continued growth for 5 periods, record high

[Shizuoka Bank, Non-Consolidated]

Gross operating profit JPY 75.1 bn (+ JPY 1.7 bn YoY)

Core net operating profit JPY 31.7 bn (- JPY 2.4 bn YoY)

Net operating profit JPY 31.3 bn (+ JPY 0.9 bn YoY)

[Breakdown of net interest income] (JPY bn)	First half FY2009	YoY change
Domestic operations division	59.2	-0.1
Of which, Interest on loans	55.0	-4.0
Interest and dividends on securities	10.5	-0.3
Interest on deposits (-)	5.9	+4.3
Overseas operations division	5.3	+0.5
<b>Total</b>	<b>64.5</b>	<b>+0.4</b>

[Reference]

[Breakdown of credit costs] (JPY bn)

Credit costs (-)	7.2	±0
Of which, General transfer to loan loss reserves	2.4	-0.3
Transfer to specific reserves	3.9	±0

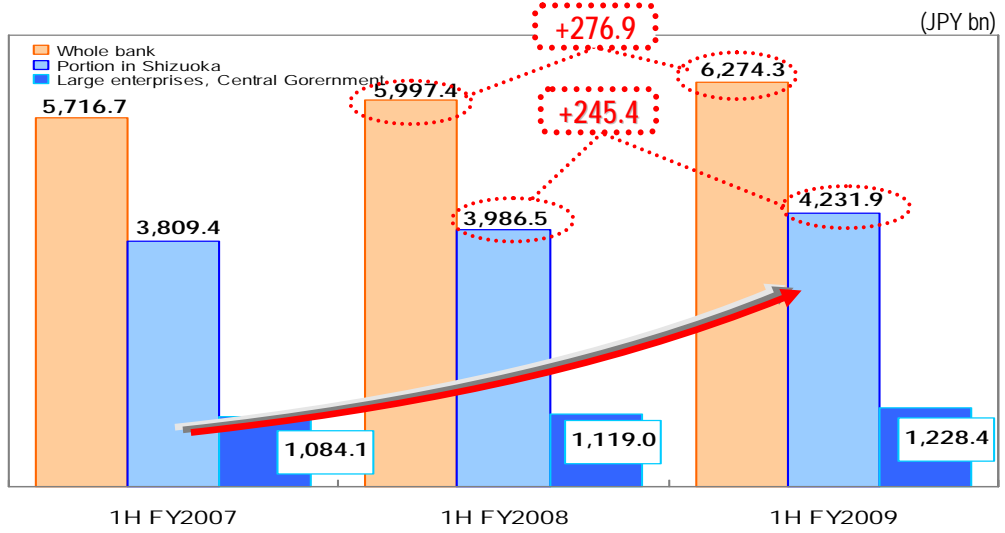
[Breakdown of gain (loss) on stocks] (JPY bn)

Gain (loss) on stocks	1.5	+9.1
Of which, Gain (loss) on sale of stocks	1.7	+1.4
Written-off of stocks (-)	0.2	-7.7



# Lending

## Total loan balances (average balances)



• Total loan balances (average balances) of First Half FY2009 increased to JPY 6,274.3 bn, up JPY 276.9 bn (+4.6%) year-on-year

### [SME loan balances]

Average balances increased to JPY 2,545.8 bn, up JPY 41.9 bn (+1.6%) year-on-year.

### [Retail loan balances]

Average balances increased to JPY 2,040.0 bn, up JPY 120.3 bn (+6.2%) year-on-year.

[Balance of credit guarantee payments] Average balance: JPY 673.0 bn

• Urgent arrangements in Shizuoka Prefecture

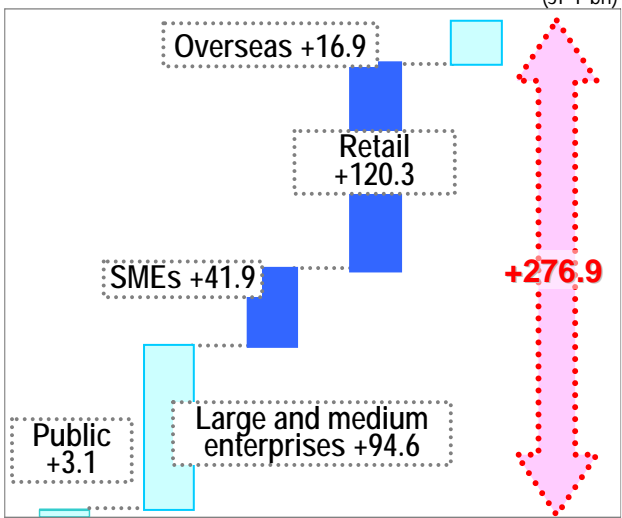
Number of payments: 11,352 cases / JPY 263.9 bn

[Reference] Number of application: 11,432 cases / JPY 290.0 bn

(Share on a value basis: 43.7%)

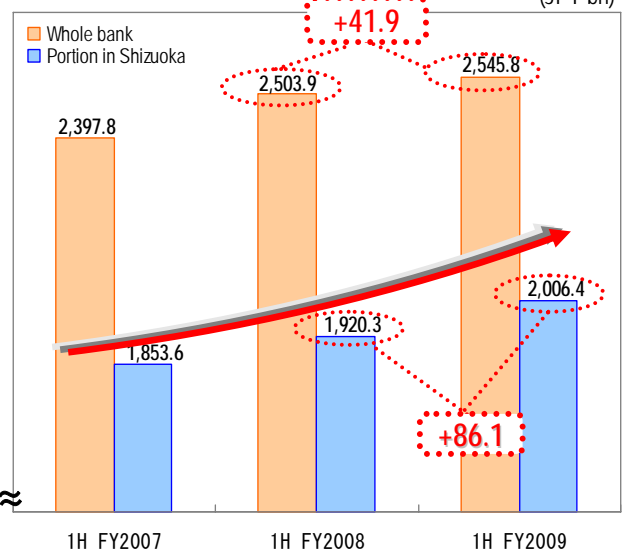
## Breakdown of changes in loan balances (average balances)

[Breakdown of year-on-year changes in loan balances (1H FY2009)] (JPY bn)



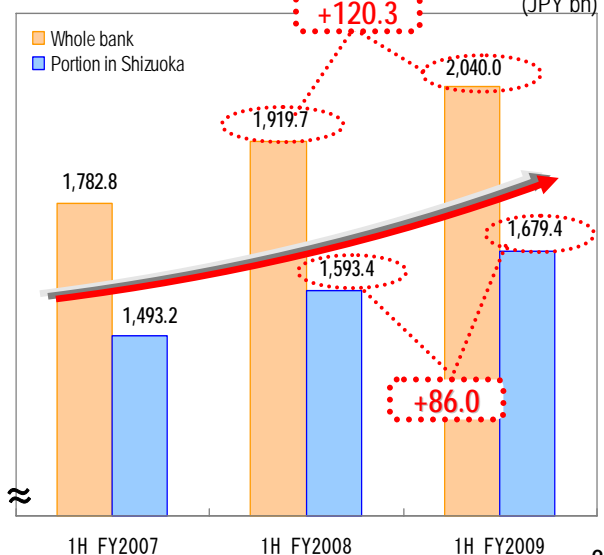
## SME loan balances (average balances)

\* Excluding regional government owned corporations (JPY bn)



## Retail loan balances (average balances)

(JPY bn)



# Loans by industries

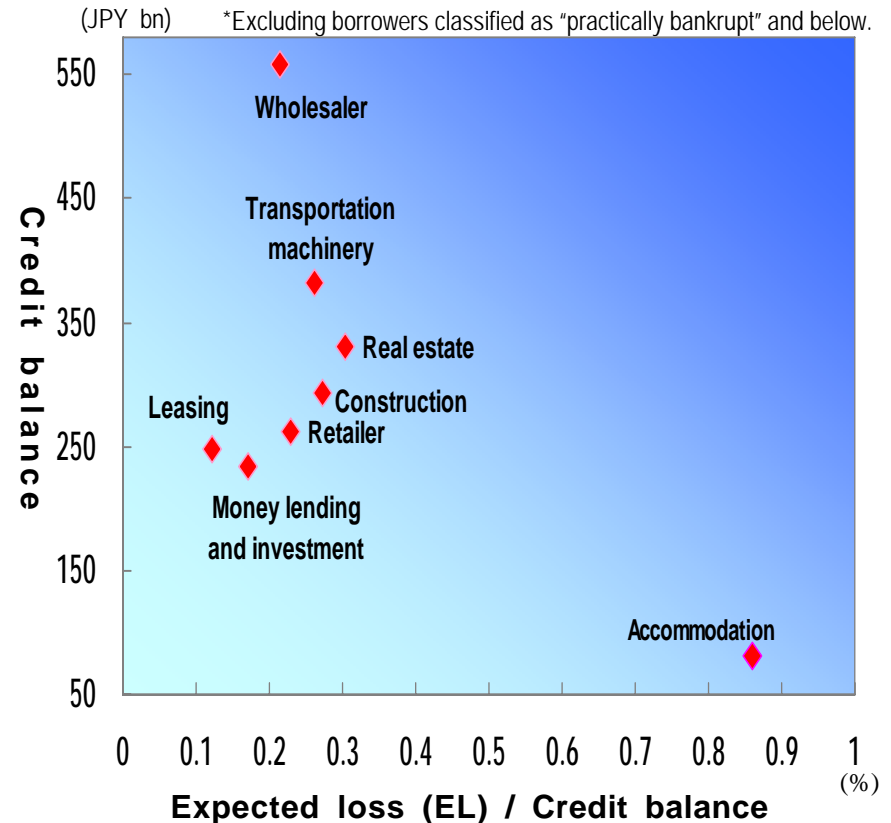
- Business loans specially to industries such as real estate, construction, money lending, investment and leasing businesses each account for less than 8% of lending. There is no concentrated exposure to any of these industries.
- Expected loss (EL) amounts to only JPY 11 bn for all loans (JPY 0.96 bn for real estate, JPY 0.79 bn for construction).
- Unexpected Loss (UL) amounts to JPY 63.4 bn for all loans.

## Breakdown of business loans to the specially designated industries

[Credit balance (as end of September 2009)]

	Balance	Composition ratio	YoY change
Whole industries	4,496.1	100.0	+9.5
Real estate	330.0	7.3	+3.4
Construction	293.4	6.5	+9.5
Leasing	247.5	5.5	-28.8
Money lending and investment	234.4	5.2	-82.8
Wholesaler	558.5	12.4	-15.4
Transportation machinery	382.7	8.5	+121.9
Retailer	261.6	5.8	-34.4
Accommodation	81.4	1.8	+0.7

[Estimated credit balance vs. expected loss\*]





# Credit costs

Credit costs: First Half FY2009 JPY 7.2 bn ( $\pm$ JPY 0 bn year-on-year), Credit cost rate: 0.22% (-0.01% year-on-year)

## [Breakdown of credit costs]

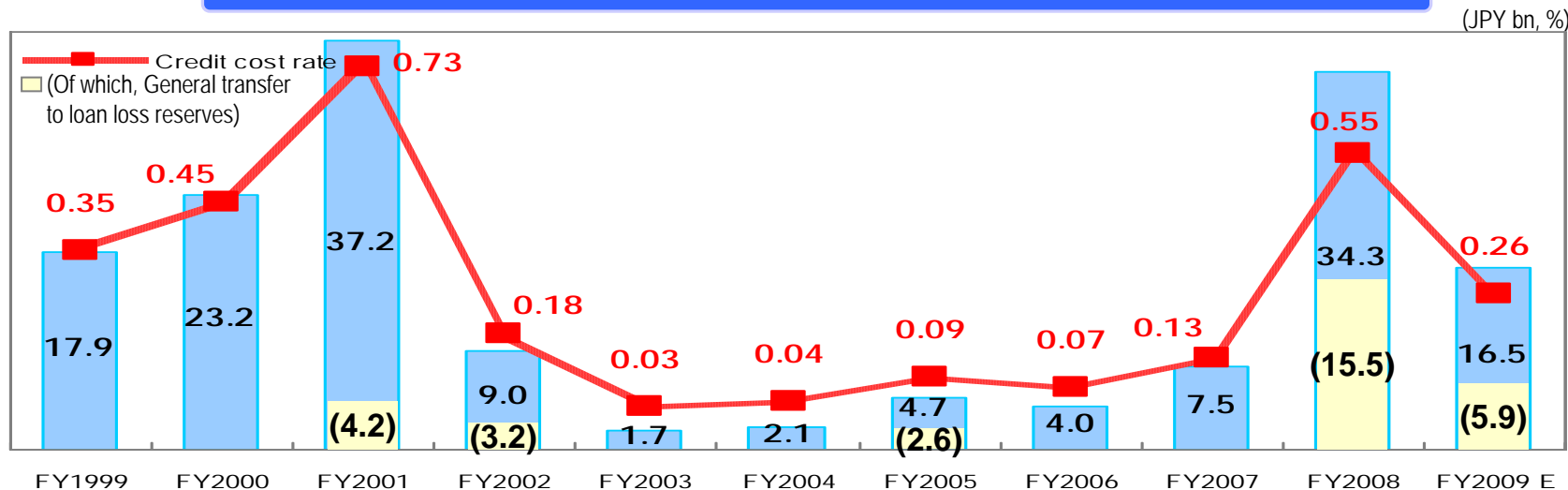
- General transfer to loan loss reserves: JPY 2.4 bn (- JPY 0.3 bn YoY)
- NPL disposal: JPY 4.8 bn (+ JPY 0.3 bn YoY)  
 (of which, transfer to specific reserves: JPY 3.9 bn) ( $\pm$ JPY0.0 bn YoY)

## [First half of FY comparison]

(JPY bn, %)	1H FY2006	1H FY2007	1H FY2008	1H FY2009
Credit costs	3.4	4.9	7.2	7.2
Credit cost rate	0.12	0.16	0.23	0.22

- Change in debtor classification: JPY 7.0 bn
  - Decline of collateral value: JPY 0.7 bn
  - Reversal of specific reserves due to improvement in rating and loan recovery : - JPY 3.8 bn
- Total: JPY 3.9 bn

## Credit cost and credit cost rate trends



\*Credit costs = NPL disposals + General transfer to loan loss reserves - Reversal of loan loss reserves,

Credit cost rate = Credit costs / Average loan balance

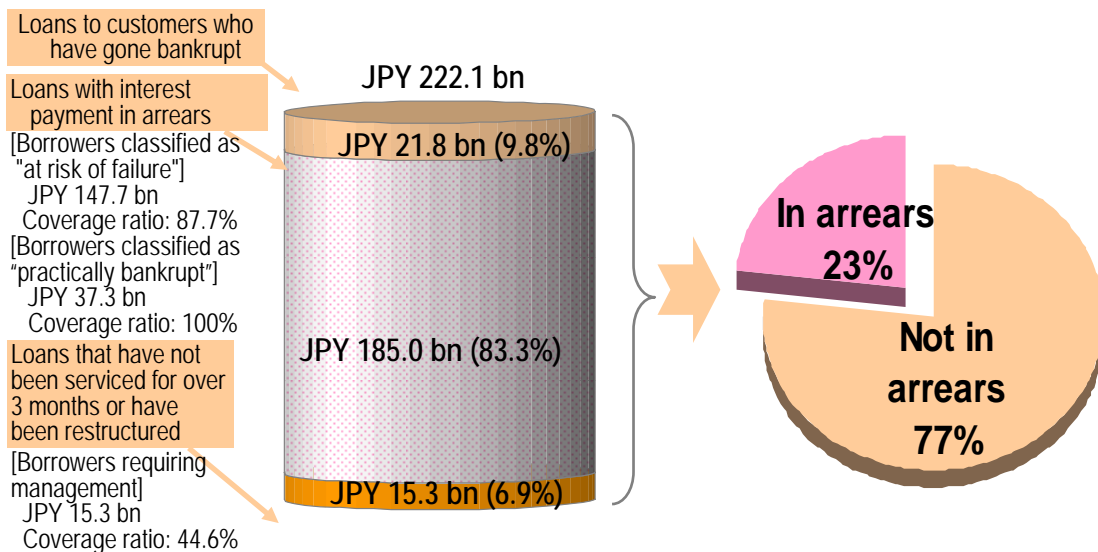
Figures after FY2007 NPL disposal include transfer to other contingent loss reserves

# Non-performing loans

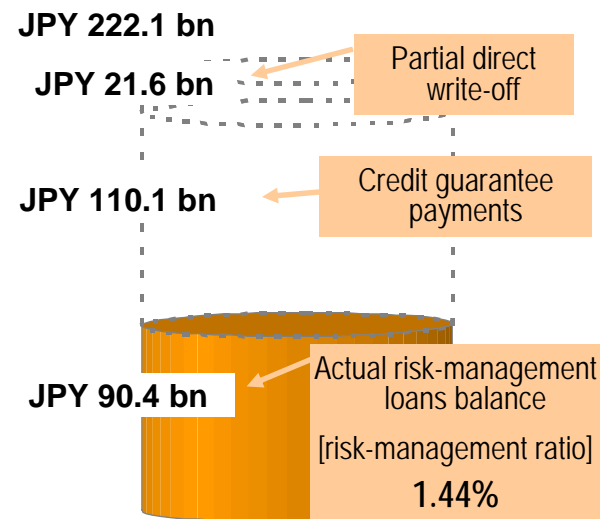
## Risk-management loans balance (Non-consolidated basis)

- Total risk-management loans outstanding at the end of September 2009 amounted to JPY 222.1 bn (up JPY 13.9 bn from the end of March 2009)
  - Loans to borrowers classified as "at risk of failure" or in riskier categories: + JPY 14.8 bn/ Restructured loans: - JPY 0.9 bn
- The ratio of risk-management loans stood at 3.53% (up 0.26 points from the end of March 2009)
  - Total risk-management loans adjusted for JPY 21.6 bn in written-off loans and JPY 110.1 bn in loans guaranteed by credit guarantee corporations came to JPY 90.4 bn; Actual risk-management loans: 1.44% (+0.06 points from the end of March 2009)
- Coverage ratio (by collateral and guarantee): 88.0% (down 0.4 points from the end of March 2009)

## Risk-management loans at the end of September 2009



## Actual risk-management loans



## NPL removal from the balance sheet

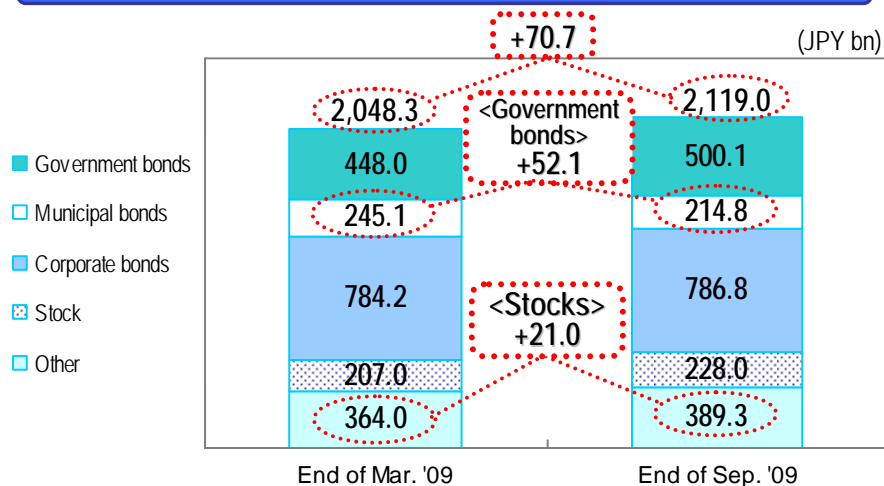
	FY2007	FY2008	1H FY2008	1H FY2009
New recognition of NPLs	+69.3	+89.2	+35.1	+46.9
Removal from the balance sheet (NPL to borrowers classified as "at risk of failure" or in riskier categories)	-70.6 (-60.0)	-76.5 (-53.2)	-31.6 (-27.1)	-33.0 -30.4
Risk-management loans	195.5	208.2	199.0	222.1

[Breakdown of JPY 30.4bn]	(JPY bn)
Collected from borrower/ set off against deposit account	6.2
Collateral disposal/ subrogated to guarantor	12.6
Reclassified to better category	9.1
Loans sold-off	2.2
Written-off	0.3



- Balance of securities at the end of September 2009 was JPY 2,119.0 bn. ( up JPY 70.7 bn from the end of March 2009).
- Gain on revaluation of securities such as stocks, bonds and investment trusts at the end of September 2009 was a profit of JPY 120.1 bn (up JPY 55.9 bn from the end of March 2009) , including gain on the revaluation of stocks of JPY 102.0 bn (up JPY 33.4bn from the end of March 2009)

## Security portfolio



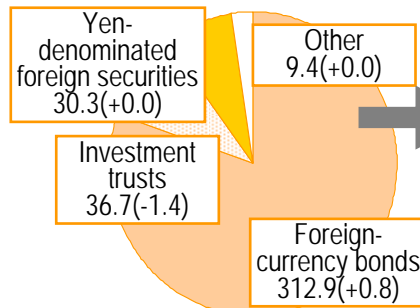
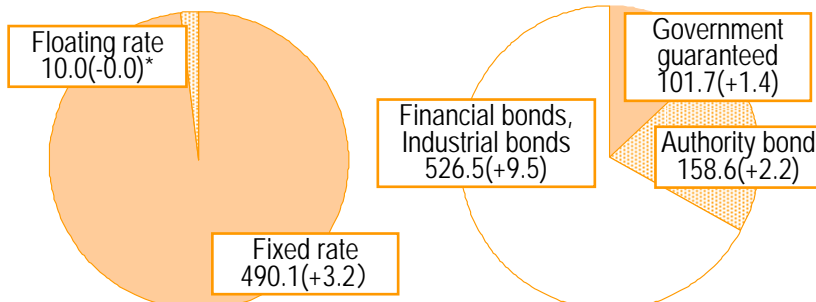
## Yield and average duration to maturity

	End of Mar. '09	End of Sep. '09
Duration of yen denominated bonds	3.90 y	4.09 y
Duration of foreign currency denominated bonds	1.09 y	2.19 y
Gains and losses from the revaluation of securities	JPY 64.2 bn	JPY 120.1bn
Stocks	JPY 68.6 bn	JPY 102.0 bn
Nikkei stock average	JPY8,109.53	JPY10,133.23

Breakdown of "Government bonds" category JPY 500.1 bn (YoY change +JPY 52.1 bn)

Breakdown of "Corporate bonds" category JPY 786.8 bn (YoY change +JPY 2.6 bn)

Breakdown of "Other" category JPY 389.3 bn (YoY change +JPY 25.3 bn)



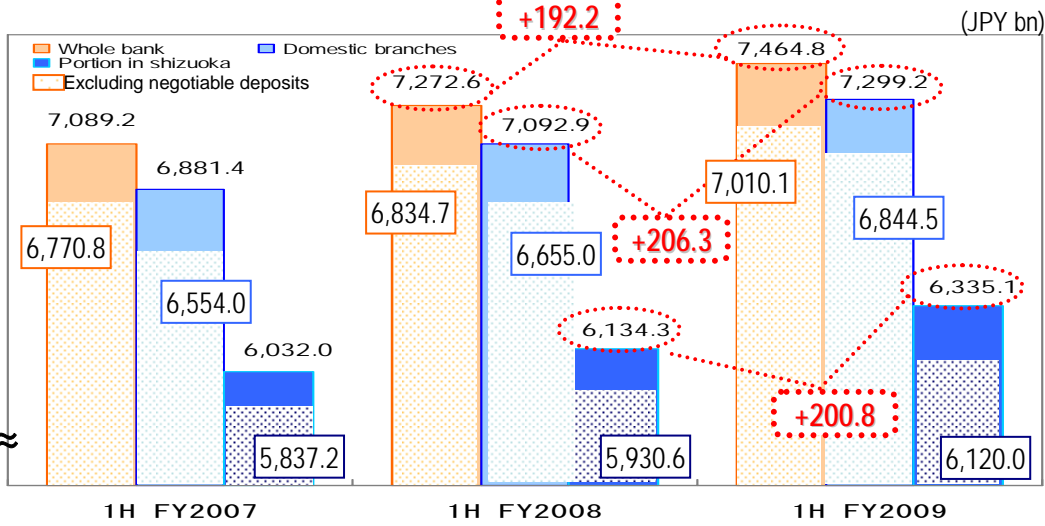
Breakdown of mortgage bonds (JPY bn)

	(Book value)	Change from End-Mar. '09	Profit or loss from valuation
Ginnie Mae	250.8	+62.2	+0.2
Fannie Mae	2.4	-0.8	+0.0
Freddie Mac	21.6	-5.1	+0.1

\* Figures in parenthesis are profit or loss from valuation  
 \* Fair value of floating-rate bonds is evaluated by market value as in the past.

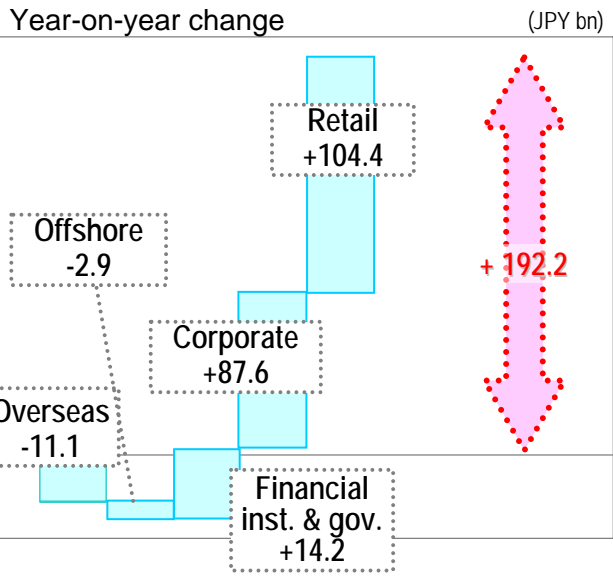
# Deposits

## Deposit balances (average balances)

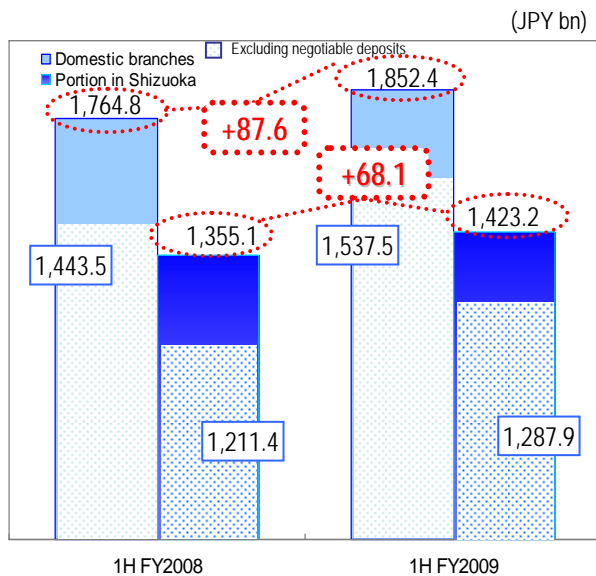


- **Deposit balances including negotiable deposits in First Half FY2009:**  
**JPY 7,464.8 bn (average balances)**  
**up JPY 192.2 bn (+2.6%) year-on-year**
- **Deposit balances in Shizuoka Prefecture:**  
 JPY 6,335.1 bn, up JPY 200.8 bn (+3.3%) year-on-year.
- **Corporate deposit balances:**  
 JPY 1,852.4 bn, up JPY 87.6 bn (+5.0%) year-on-year.
- **Retail deposit balances:**  
 JPY 5,125.3 bn, up JPY 104.4 bn (+2.1%) year-on-year.
- **Deposit-loan ratio: 84.05%**

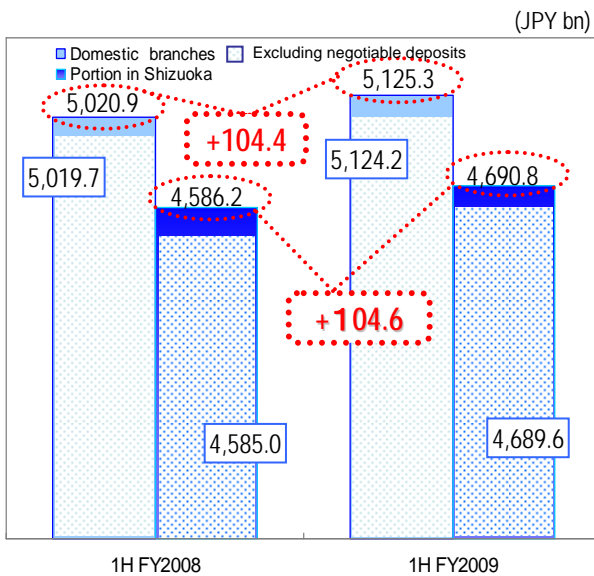
## Breakdown of changes in deposit balances (average balances)



## Corporate deposit balances (average balances)



## Retail deposit balances (average balances)





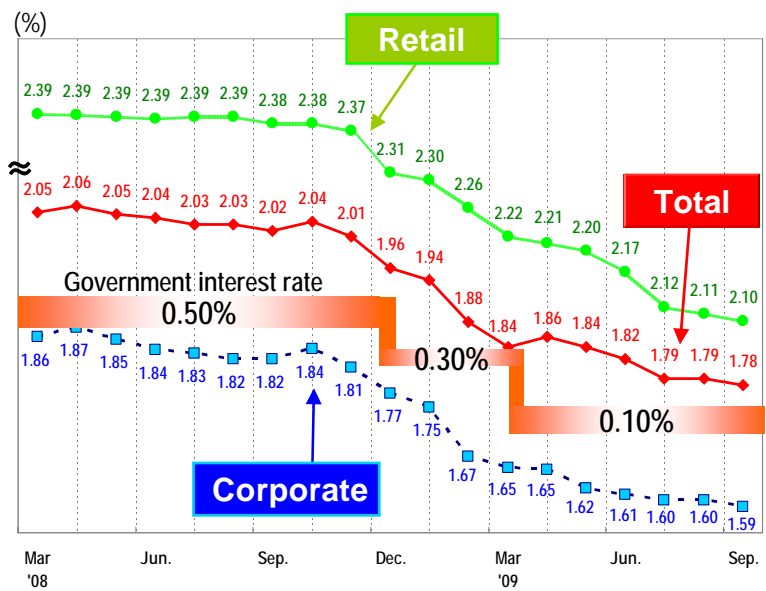
# Difference between loan and deposit interest rate

- Difference between loan and deposit interest rate in September 2009 dropped 0.03 points from the end of March 2009.

Changes in yen-denominated loans and deposit structure (Mar. 09 - /Sept. 09 comparison)

	March 2009		-0.06	September 2009 (JPY tn, %)	
	Average balance (% of total)	Interest rate		Average balance (% of total)	Interest rate
<b>Loans</b>	6.2 (100.0)	1.84		6.1 (100.0)	1.78
<b>Variable interest</b>	4.4 (71.4)	1.80		4.4 (71.8)	1.72
Short-term/new long-term prime rate standard	2.7 (43.6)	2.19		2.8 (45.3)	2.11
<b>Market-linked</b>	1.6 (26.2)	1.09		1.5 (25.0)	0.95
<b>Fixed interest</b>	1.8 (28.6)	1.95		1.7 (28.2)	1.93

Loan interest rates (monthly average)

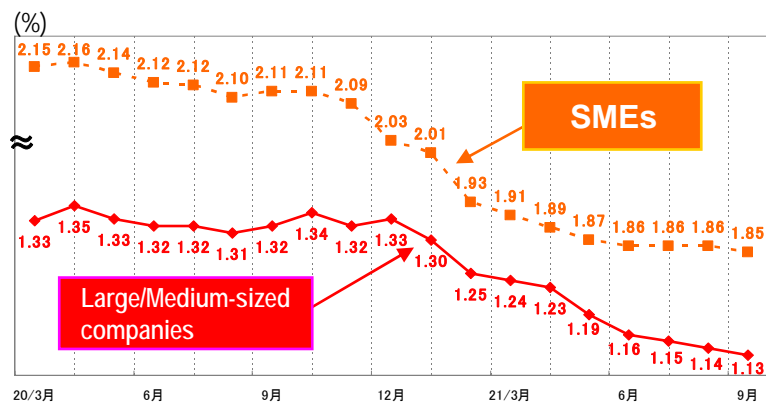


Difference between loan and deposit interest rate



	March 2009		+1.66	September 2009	
	Average balance (% of total)	Interest rate		Average balance (% of total)	Interest rate
<b>Deposits</b>	7.1 (100.0)	0.18		7.3 (100.0)	0.15
<b>Liquid deposits</b>	3.9 (55.4)	0.02		3.8 (52.8)	0.02
<b>Term deposits</b>	2.8 (41.1)	0.37		3.0 (40.7)	0.32

Trends in corporate loan interest rates by company size



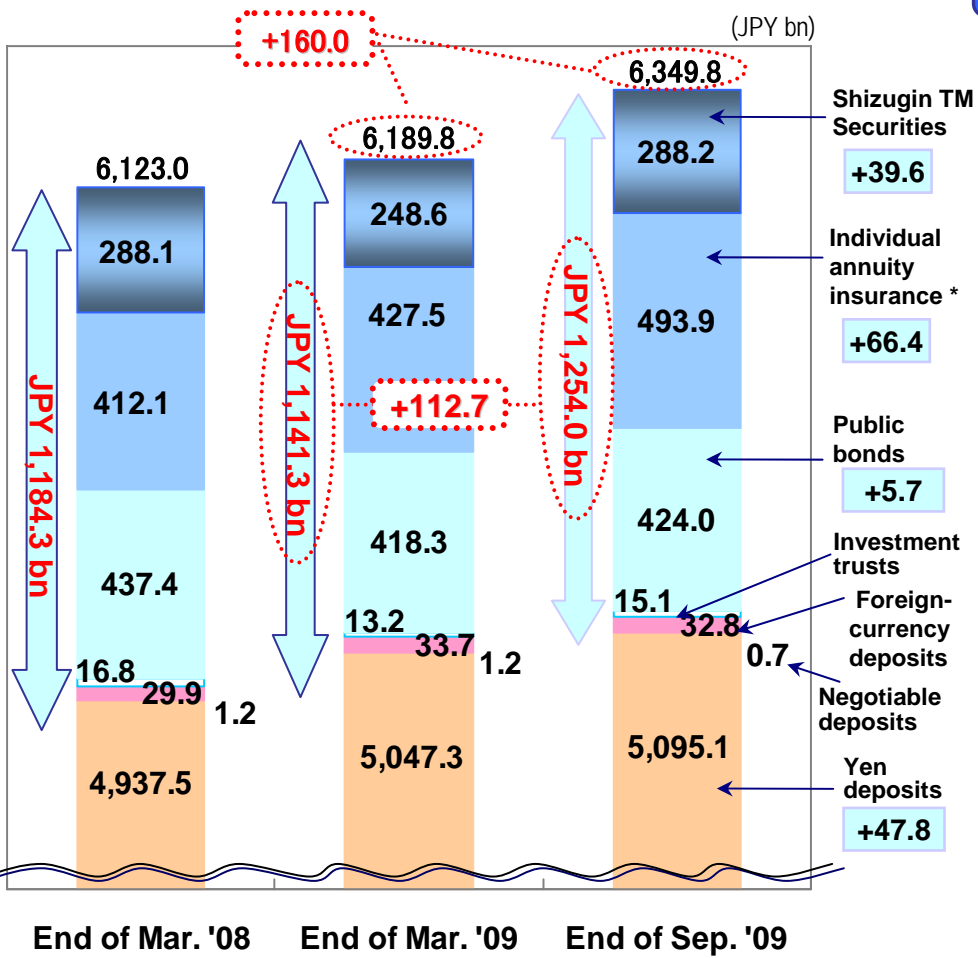
\* Deposits include NCDs

-0.03

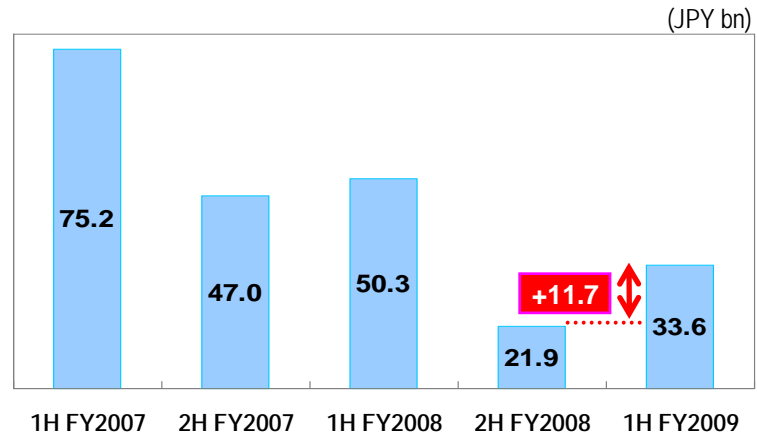
# Customer assets

- Balance of individual customers' assets in custody at the end of September 2009 (including the balance of Shizugin TM Securities) increased to JPY 6,349.8 bn, up JPY 160.0 bn from the end of March 2009. With yen deposits and negotiable deposits factored out, assets in custody increased to JPY 1,254.0 bn, up JPY 112.7 bn from the end of March 2009.
- OTC sales of insurance products ⇒ Variable annuities reminded top-level sales among regional banks.

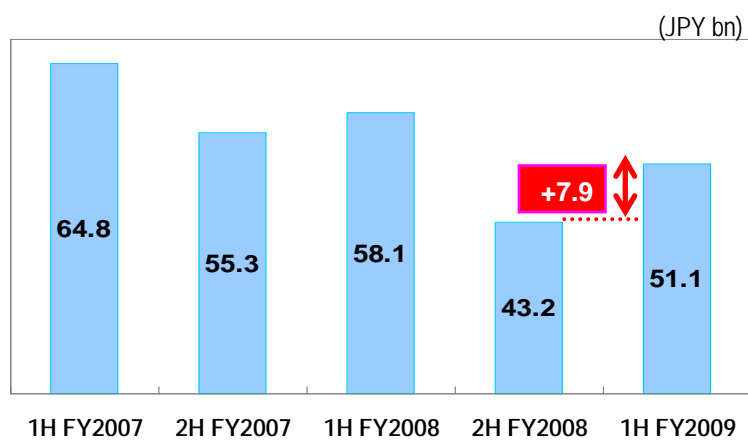
## Retail customer assets (term-end balances)



## Sales of investment trusts (including Shizugin TM Securities)



## OTC sales of Individual annuity insurance products



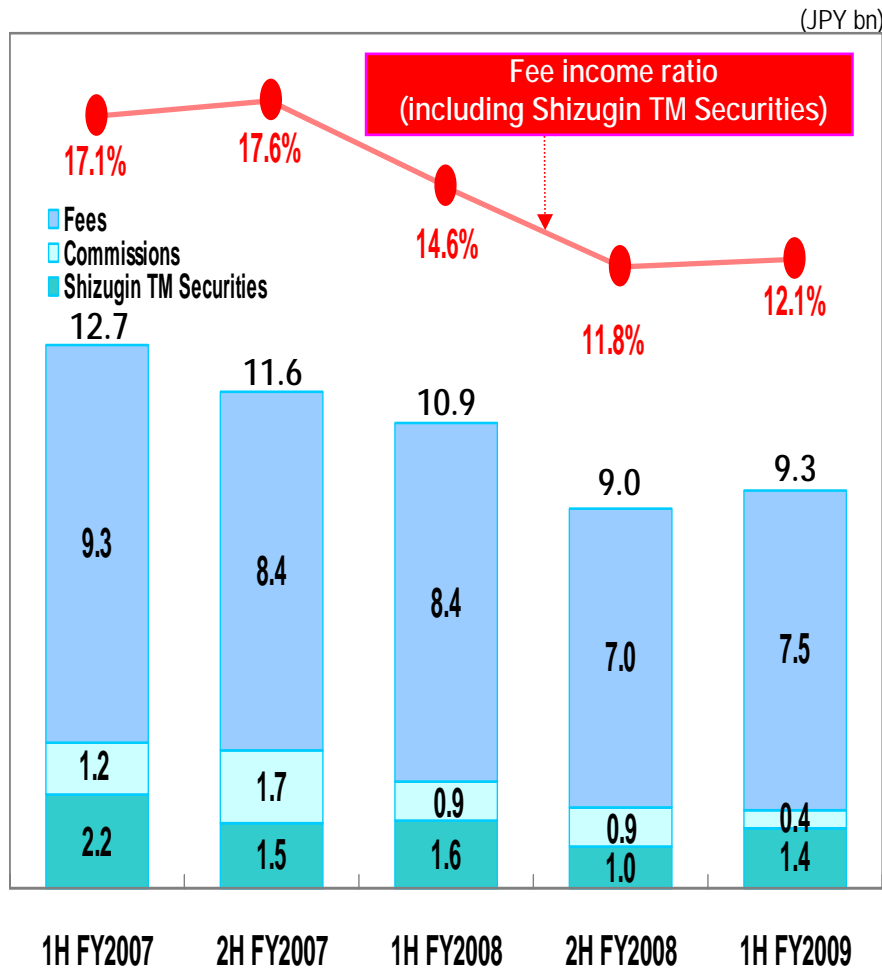
\*Figures of individual annuity insurance are the balance of remaining contracts.



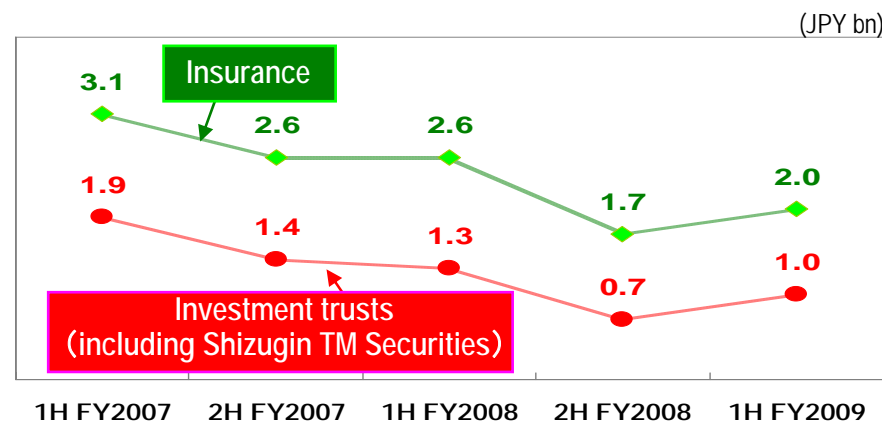
# Fee incomes

- Sales commission fee from investment trusts and individual annuity insurance products increased , but fee incomes remained at a low level however .
- Fee income ratio during the first half of FY2009 was 12.1%.

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



## Fee income from sales of investment trusts and insurance products



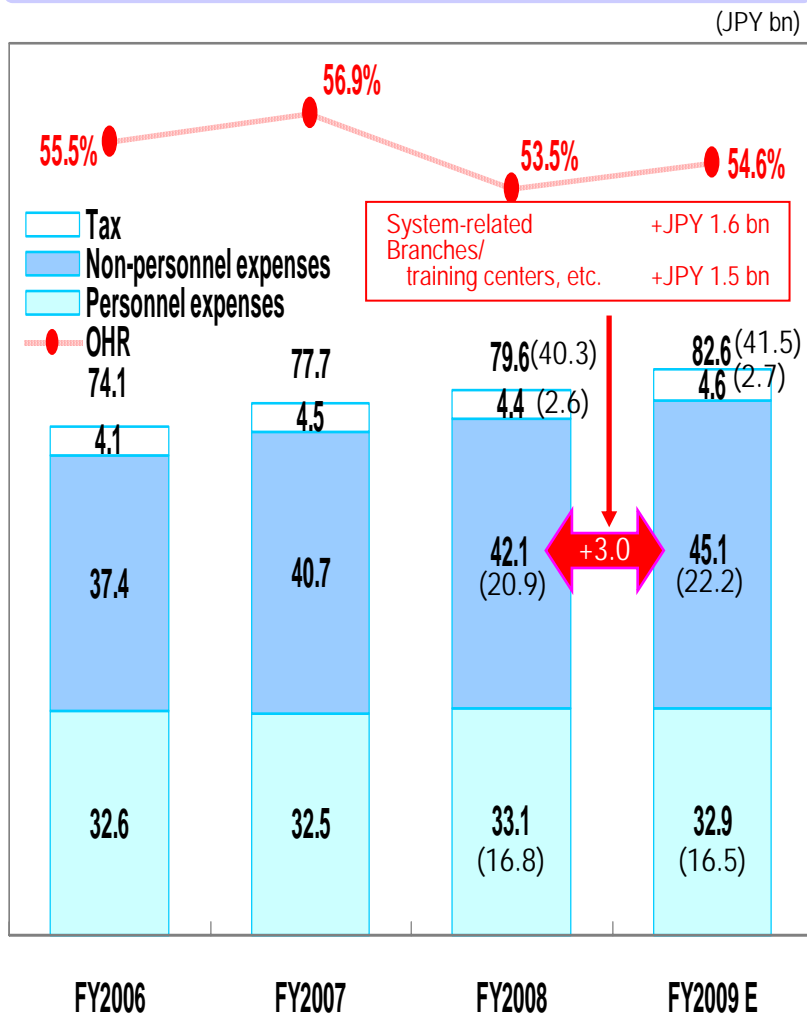
## Fee income and expenses

[Non-consolidated]	1H FY2009	Year-on-year change
Fee income	JPY 12.0 bn	- JPY 1.1 bn
Agents' fees (OTC insurance sales commission, etc.)	JPY 2.2 bn	- JPY 0.6 bn
Misc. fees received	JPY 4.7 bn	+ JPY 0.3 bn
Fee expenses	JPY 4.2 bn	+ JPY 0.3 bn
Misc. fees paid	JPY 1.7 bn	+ JPY 0.2 bn

# Expenses

- Expenses in First Half FY2009: Non-personnel expenses: JPY 22.2 bn, personnel expenses: JPY 16.5 bn, tax: JPY 2.7 bn => JPY 41.5 bn (up JPY 1.2. bn year-on-year, down JPY 0.8 bn from the estimation)
- FY2009 expenses are expected to rise due to increases in operational efficiency in order to raise branch productivity, and by introducing measures to promote operations.
- OHR in First Half FY2009 : 55.2% , OHR in FY2009 (estimated): 54.6%

## Expenses and OHR



## Non-personnel expenses

(JPY bn)	FY2007	FY2008	1H FY2009
Non-personnel expenses	40.7	42.1	22.2
System-related	12.3	12.9	7.2
Outsourcing	7.5	8.0	4.0
Others	20.9	21.2	11.0

## [Reference] Investment amount

(JPY bn)	FY2007	FY2008	1H FY2009
System-related	12.7	7.1	1.7
Branches/training centers, etc.	2.3	6.4	7.0
Total	15.0	13.5	8.7

\*Cash-out basis

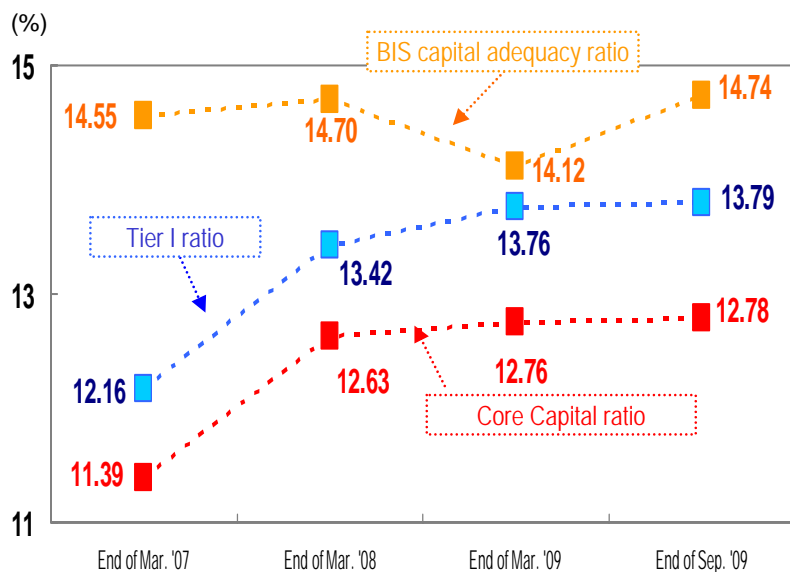
\* Figures in parentheses are expenses in the first half of fiscal years.



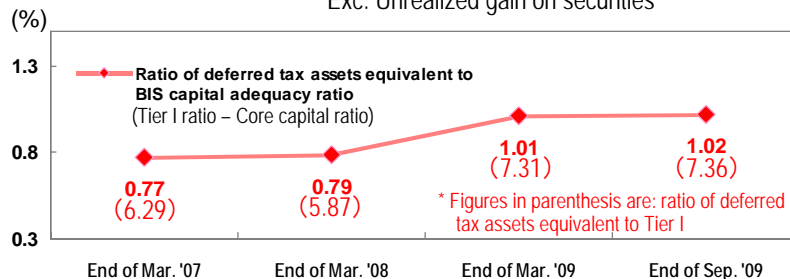
# Capital adequacy ratio

- The Basel II capital adequacy ratio (provisional) at the end of September 2009, increased by 0.62 percentage points from the level at the end of March 2009, to 14.74% due to an increased in Tier I from increased income, and an increase in Tier II from gain on revaluation of securities.
- Tier I ratio was 13.79%, increased by 0.03 percentage points, core capital ratio was 12.78%, increased by 0.02 percentage points from the level at the end of March 2009.

## BIS capital adequacy ratio (Consolidated basis)



[Reference]  
 Core Capital Ratio = Tier I - Amount corresponding to deferred tax assets\*  
 \* Exc. Unrealized gain on securities



## Changes in capital and risk-adjusted assets

(JPY bn)

	End-Mar. '07	End-Mar. '08	End-Mar. '09	End-Sep. '09	Change from End-Mar. '09
Capital	691.9	650.4	623.4	664.5	+41.1
Tier I	578.5	593.8	607.8	621.7	+13.9
Core Capital	542.1	558.9	563.3	575.9	+12.6
Tier II	136.5	79.1	29.1	55.0	+25.9
Risk-adjusted assets	4,754.9	4,423.2	4,414.8	4,505.2	+90.4
Total credit-risk-adjusted assets	4,462.0	4,089.5	4,094.5	4,184.2	+89.7
Amount corresponding to market risk	22.0	22.0	24.8	22.3	-2.5
Amount corresponding to operational risk	270.9	283.7	295.4	298.7	+3.3
Adjusted floor amount	-	28.0	-	-	-

Note: The calculation methods in Basel II employs the FIRB for credit risk and the Standardized approaches for operational risk.

## Outlier ratio (Non-consolidated basis)

Size of maximum risk	Tier I + Tier II	Outlier ratio
JPY 77.0 bn	JPY 652.1 bn	11.8%



# Shareholder returns

- The interim dividend per share for First Half FY2009 is JPY 6.50. (dividend payout ratio: approx. 30%)
- In FY2009, aim to maintain “dividend payout ratio at approx. 25%, the highest payout ratio among main regional banks” and plan to distribute dividend (annual) per share of JPY 13 by taking into account the market trends and operating performance.

## Dividend trends

(JPY, %)

	FY2005	FY2006	FY2007	FY2008	FY2009 Forecast
Dividend per share (annual)	10.00	13.00	13.00	13.00	13.00 ( 6.50* )
Dividend yield (Dividend/share price at end of FY)	0.84 %	1.03 %	1.10 %	1.47 %	—

\*Interim dividend

## Profit distribution to shareholders

(JPY bn, %)

	FY2005	FY2006	FY2007	FY2008	FY '99 – '08 (10 years)
Annual dividend (1)	7.1	9.1	9.1	9.1	Accumulated total 64.4
Purchase of treasury stock (2)	—	—	12.6	—	Accumulated total 85.0
Shareholder returns (3)=(1)+(2)	7.1	9.2	21.8	9.1	Accumulated total 149.4
Net income (4)	31.4	36.3	35.2	12.8	Accumulated total 242.6
Dividend payout ratio (1)/(4)x100	22.57%	25.39%	25.96%	70.85%	Average 26.54 %
Shareholder return ratio (3)/(4)x100	22.57%	25.39%	61.82%	70.85%	Average 61.57 %



## ***II. Progress of the 10th Medium-term Business Plan***

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# Targets for the 10th Medium-term Business Plan

		[FY2009 (Estimated)]	[FY2010 (Final Year)]
Earnings Targets	Consolidated ordinary profit	JPY 52.8 bn	<b>JPY 65.0 bn</b>
	Non-consolidated core net operating profit	JPY 65.5 bn	<b>JPY 65.0 bn</b>
	Consolidated net income	JPY 30.8 bn	<b>JPY 35.0 bn</b>
Efficiency Index	Consolidated ROE (Net income/Tier I)	5% level	<b>6% level</b>
	Consolidated ROA (Net income/Total assets)	0.35% or greater	<b>0.4% or greater</b>
	Consolidated OHR (Expenses/Gross operating profit)	Approx. 55%	<b>Approx. 55%</b>
Soundness Index	Consolidated BIS capital adequacy ratio (Tier I ratio)	Approx. 13.0%	<b>Approx. 12.0%</b>



# Corporate banking initiatives – regional finance

- Promote business matching services and “Shizuginship,” which has the aim of nurturing next-generation managers, and contributes to expand customers’ business and trains successors.
- Apply various methods of revitalization, especially to companies that have a large impact on the local economy, and support their efforts for quick and smooth revitalization.

## Business matching

[Number of successful business matching deals and the amount of new loans]

	FY2007	FY2008	1H FY2009
Actual cases	822	2,257	1,215
Amount of new loans	JPY 44.0 bn	JPY 32.3 bn	JPY 16.2 bn



## Shizugin:ship

- No. of members:  
(As of end of September 2009)  
750 companies, 1,142 members
- No. of participants for seminars and visits: 1,624



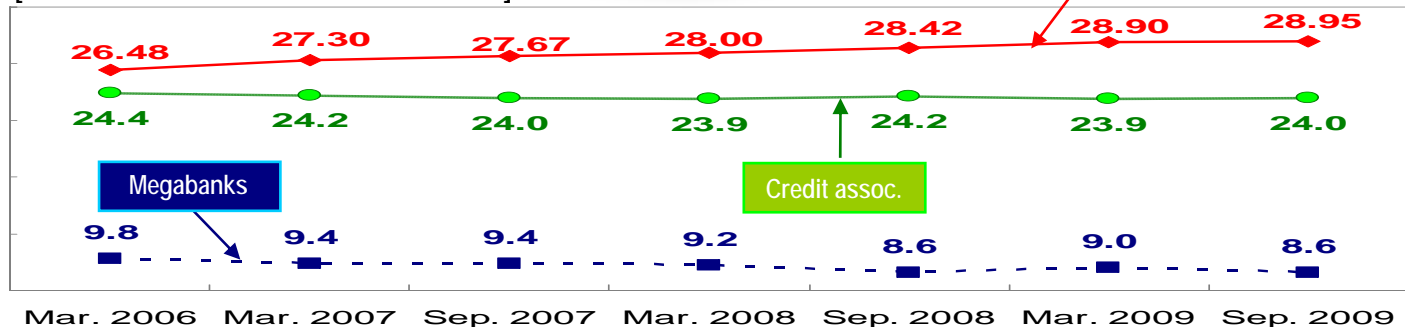
## Management improvement Business regeneration

[Number of business regeneration activities completed]

	FY2007	FY2008	1H FY2009
Cases	19	17	13



[Share of Loans in Shizuoka Prefecture]





# Retail banking initiatives

## Deposits

<Stable deposits>  
Annuity, direct salary deposit, cumulative deposits



- Internet Branch (As of End of Sep. 2009)  
No. of accounts: approx. 16,800  
Deposit balance: JPY 17.0 bn

## Credit card

<joyca>  
Total number of "joyca" holders surpassed 300,000 in July 2009



- Started selling "Entetsu Card" in July 2008

## Assets in custody

<Cooperation with Shizugin TM Securities>  
New financial instruments/ Expand our customer base



- Started insurance consulting business in August 2009

## Consumer loan

<Strengthen centralized loan centers>  
Loan Operations Centers, Loan desks



- Newly established "Hamamatsu Station-South Loan Center" in June 2009
- Newly established "Atsugi Loan Desk" in November 2009

"Gathering deposits" Structure

Consulting in accordance with the life-cycle of customers



# Improving productivity

- Introduced a revolutionary office layout for branches specialized in counter services.
- Shift personnel to counter services.

\*Incl. temporary and dispatched employees, etc.

[Number of personnel] (Employees)	End of Mar. '08	End of Mar. '09	End of Mar. '11 Plan
Front office	2,411	2,685	2,925
Of which bank employees	1,794	1,982	2,165
Back office/assisting	1,693	1,506	752
Of which bank employees	548	325	115
HQ, loan operations centers and other	1,060	1,096	963
Of which bank employees	509	534	470
Shizuoka Bank (A)	5,164	5,287	4,640
Of which bank employees	2,851	2,841	2,750
Total number of employees at Group companies, etc (B)	1,873	1,927	2,540
<b>Total Group employees (A + B)</b>	<b>7,037</b>	<b>7,214</b>	<b>7,180</b>



Naruko branch in a new building reopened at a new location on June 15, 2009.



# Projected performance for FY2009

- **Gross operating profit is expected to grow: Continues to grow for 6 periods, record high.**
- **Core net operating profit expects the first decrease in 9 periods, while ordinary profit and net income increase for the first time in 3 periods.**

[Net operating profit] First increase in 3 periods (record high), [Core net operating profit] First decrease in 9 periods.

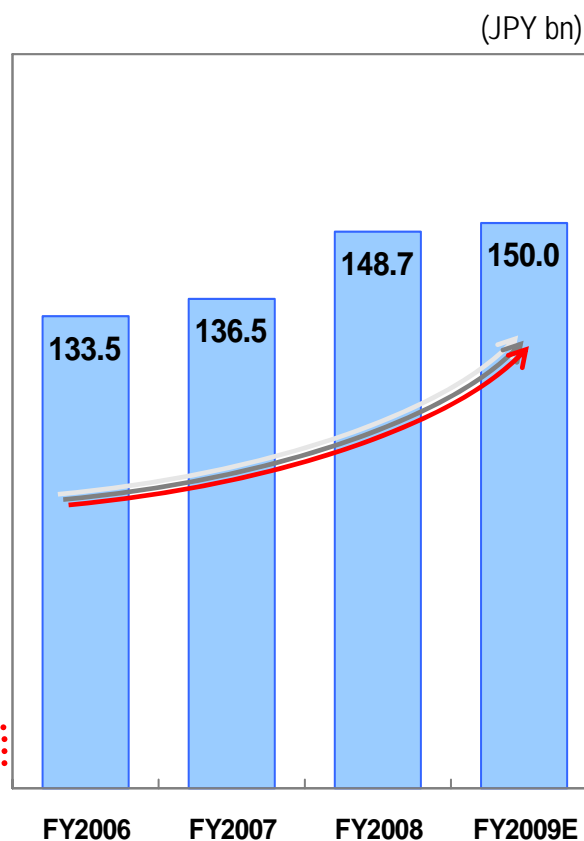
[Ordinary profit] First increase in 3 periods, [Net income] First increase in 3 periods.

<b>Consolidated</b> (JPY bn)	FY2008	FY2009E	YoY change
Ordinary revenue	232.2	211.0	-21.2
Ordinary profit	20.0	52.8	+32.8
Net income	13.0	30.8	+17.8

<b>Non-Consolidated</b> (JPY bn)	FY2008	FY2009E	YoY change
Ordinary revenue	205.4	185.0	-20.4
Gross operating profit	148.7	150.0	+1.3
Expenses (-)	79.6	82.6	+3.0
Core net operating profit	69.0	65.5	-3.5
General transfer to loan loss reserves (-)	15.5	5.9	-9.6
Net operating profit	53.7	61.5	+7.8
Bad debt written-off (-)	18.8	10.6	-8.2
Gain on stocks	-17.5	1.7	+19.2
Ordinary profit	16.9	50.5	+33.6
Net income	12.8	30.5	+17.7

Credit costs (-)	34.3	16.5	-17.8
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## Gross operating profit (Non-consolidated)



# ***Data Section***

*Dream with you.*



SHIZUOKA BANK

静岡銀行



# Economy of Shizuoka Prefecture

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

	FY2005	FY2006	FY2007	FY2008
Prefectural GDP	16,602.2	16,866.4	16,830.6 (*)	16,405.8 (*)
National GDP	503,186.7	510,924.7	515,857.9	—
Ranking in prefectural GDP	10th/47	10th/47	—	—
Prefectural manufactured goods shipments (MGS)	17,322.7	18,234.7	19,410.2	18,996.4 (*)
National MGS	295,800.3	314,834.6	336,756.6	334,016.0 (*)
Ranking in prefectural MGS	3rd/47	3rd/47	3rd/47	3rd/47 (*)

No. of new facility locations (Shizuoka)	85	102	124	144
No. of new facility locations (Nationwide)	1,544	1,782	1,791	1,631
Ranking	3rd/47	3rd/47	1st/47	1st/47

Note: Manufactured goods shipments (MGS) is based on calendar-year data.

\* Based on preliminary data.

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

No. of new facility locations (Shizuoka) in 1H FY2009 is 20 (5th/47), Nationwide total is 434.

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

By region, Eastern part of Shizuoka Pref.: 0.43 times, Central part of Shizuoka Pref.: 0.45 times, Western part of Shizuoka Pref.: 0.32 times.

Since February 2009, the ratio has been below national average.

(times)

	Dec. 2008	Jan. 2009	Feb. 2009	Mar. 2009	Apr. 2009	May 2009	Jun. 2009	Jul. 2009	Aug. 2009	Sep. 2009
Shizuoka Pref.	0.83	0.69	0.56	0.46	0.42	0.40	0.39	0.38	0.38	0.39
Nationwide	0.73	0.67	0.59	0.52	0.46	0.44	0.43	0.42	0.42	0.43





# Changes in borrower categories

## Classification of debtors from March 2009 to September 2009 (Non-consolidated)

(JPY bn)

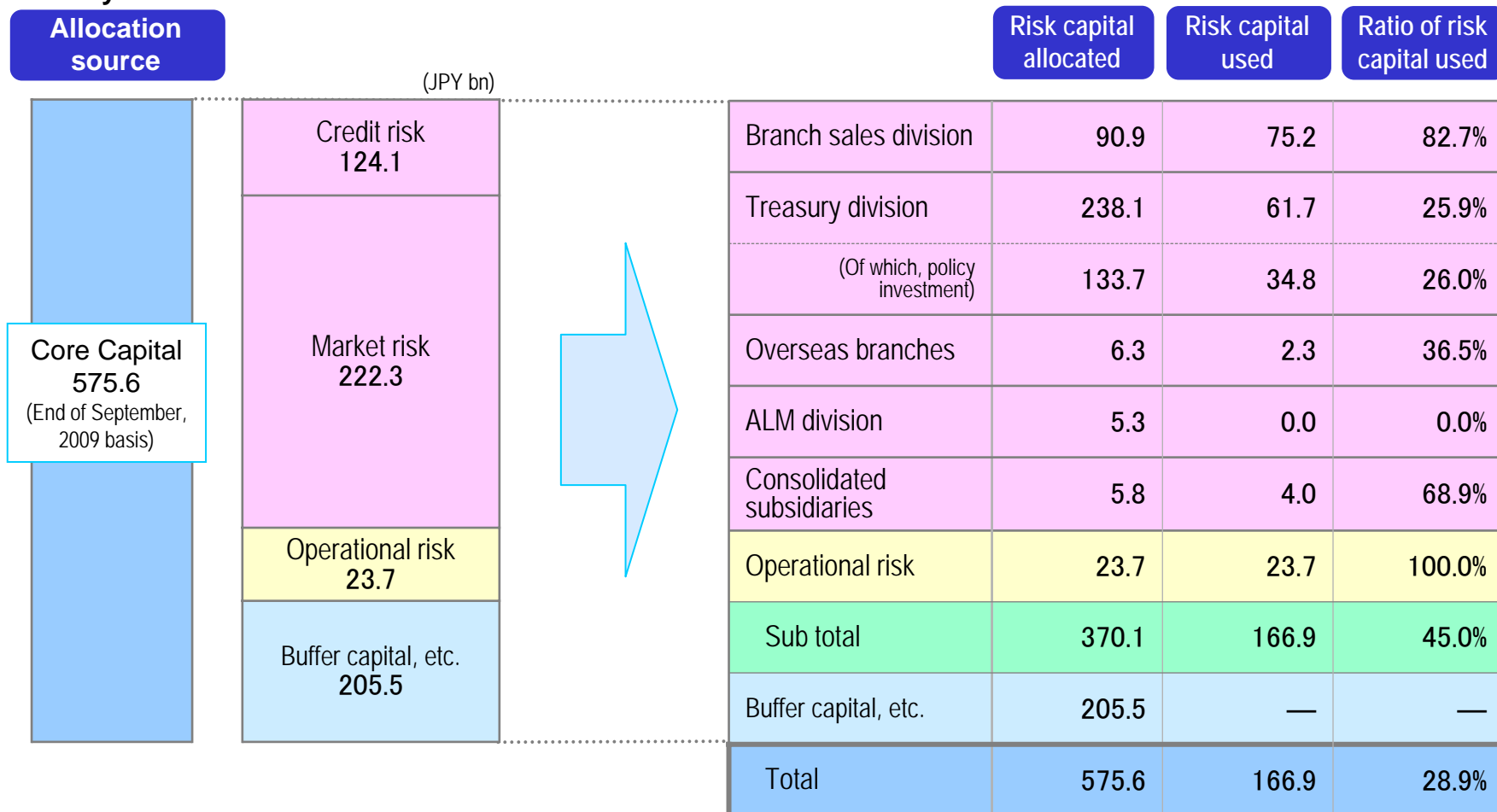
		Initial balance A	End of September 2009							Default amount B+C+D E	Default ratio E/A	Provision for loan loss allowance F
			Sound borrowers	Borrowers requiring careful monitoring	Borrowers requiring management	Borrowers classified as "at risk of failure" B	Borrowers practically bankrupt C	Borrowers that have gone bankrupt D	Others (Note 2)			
End of March 2009	Sound borrowers	5,241.6	4,830.3	188.6	3.1	4.1	1.0	0.8	213.7	5.9	0.11%	1.1
	Borrowers requiring careful monitoring	1,037.3	103.7	855.3	3.0	29.0	4.9	1.4	39.9	35.3	3.40%	3.1
	Borrowers requiring management	25.1	0.3	2.0	17.5	3.4	0.5	0.6	0.8	4.5	18.05%	1.0
	Borrowers classified as "at risk of failure"	137.6	0.4	8.1	0.2	114.1	9.3	2.7	2.8			
	Borrowers practically bankrupt	33.4	0.0	0.3	—	0.8	26.0	1.9	4.3			
	Borrowers that have gone bankrupt	21.8	0.0	0.1	—	1.1	0.0	19.0	1.6			

- Recording standards: Credit balances are as of the end of March 2009, and changes in loans by the end of September 2009 are not considered.
- Show in "Others" are the off-balance-sheet amounts of loans to borrowers that ceased to be our customers.



# Allocation of risk capital

- Allocation of risk capital for the first half of FY 2009 amounted to JPY 575.6 bn, of which JPY 124.1 bn was allocated to credit risk, JPY 222.3 bn to market risk, JPY 23.7 bn to operational risk, and JPY 205.5 bn to buffer capital, etc.
- For the first half of FY 2009, JPY 75.2 bn was used by the Branch sales division, and JPY 61.7 bn by the Treasury division.



\* Risk capital used = VaR

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

- **Group Companies decreased both revenue and profits: The total ordinary revenue of 11 consolidated subsidiaries declined to JPY 22.4 bn (a JPY 0.1 bn decrease year-on-year) and an ordinary profit of JPY 1.3 bn (a JPY 0.6 bn decrease year-on-year).**

(JPY bn)

Company name	Business	Ordinary revenue	Ordinary Profit (Loss)	
			YoY change	YoY change
Shizugin Management Consulting	Management consulting	0.1	-0.1	-0.0
Shizugin Lease	Leasing	11.3	+1.2	0.1
Shizuoka Computer Service	Computer services, accounting	2.7	-0.2	0.1
Shizugin Credit Guaranty	Credit guarantee	0.7	0.1	0.4
Shizugin DC Card	Credit card services Credit guarantee	1.1	0.0	0.2
Shizuoka Capital	Listing consultancy SME support	0.2	-0.1	0.0
Shizugin TM Securities	Financial instruments business	1.4	-0.1	0.3
Shizuoka Bank (Europe)	Banking & financial instruments business	0.3	-0.8	0.1
Shizugin General Service	Staff dispatch	1.7	-0.1	0.0
Shizuoka Mortgage Service	Bank valuation of real estate collateral survey services	0.4	0.0	0.0
Shizugin Business Create	Centralized processing of transactions such as transfer and collection, etc.	2.4	0.0	0.0
<b>Total (11 companies)</b>		<b>22.4</b>	<b>-0.2</b>	<b>1.3</b>
Shizugin Saison Card*	Credit card services	0.3	+0.2	-0.3

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



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.