

Financial Results for the 1Q of FY2011

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President

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静岡銀行



Contents

Shizuoka Prefecture - Our Operational Base

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

Results for the First Quarter of FY2011

● Results for the 1Q FY2011 and forecasts for FY2011	.....	3
● Net interest income	.....	4
● Difference between loan and deposit interest rates	.....	5
● Loans	.....	6
● Securities	.....	7
● Deposits	.....	8
● Fee incomes and customer assets	.....	9
● Expenses	.....	10
● Credit costs	.....	11
● Risk-management loans	.....	12
● Capital adequacy ratio	.....	13
● Shareholder return	.....	14
● Share buybacks	.....	15

Reference

● Creating an earnings model (1) Loans, deposits	.....	16
● Creating an earnings model (2) securities	.....	17
● Creating an earnings model (3) Corporate banking (regional finance)	.....	18
● Creating an earnings model (4) Retail banking (consumer loan growth, customer assets)	.....	19
● Improved productivity IT infrastructure, overhauled work processes	.....	20
● Loans by industries	.....	21
● Allocation of risk capital	.....	22
● Group companies	.....	23

***Shizuoka Prefecture –
Our Operational Base***



Economic scale of Shizuoka Prefecture

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

Shizuoka Prefecture indices

	Share of all-Japan		National ranking
• Population	3.76 m	2.9%	10th of 47 (2010)
• No. of households	1.44 m	2.6%	10th of 47 (2010)
• Real prefectural GDP	JPY 19 tn	3.4%	10th of 47 (FY2008)
• Per-capita income	JPY 3.215 m	-	3rd of 47 (FY2008)
• No. of business establishments	190k	3.2%	10th of 47 (2009)
• Amount of shipments of manufactured goods, etc.	JPY 15 tn	5.6%	2nd of 47 (2009)
• Agricultural output	JPY 208.6 bn	2.5%	16th of 47 (2009)
• Marine production volume	180k tons	4.4%	6th of 47 (2009)
• Industrial locations	41	5.2%	4th of 47 (2010)
• New housing starts	25k	3.1%	10th of 47 (2010)

Shizuoka Prefecture economic scale

Prefectural GDP (2008, Nominal)		
Rank	Prefecture/Region	(US\$ billions)
9	Fukuoka Prefecture	174.4
10	Shizuoka Prefecture	159.2
11	Ibaraki Prefecture	111.4
—	4 prefectures of Shikoku	127.4
—	3 prefectures of Hokuriku	118.8
GDP comparison with various countries (2008)		
Rank	Country	(US\$ billions)
49	Algeria	170.2
50	Philippines	167.5
51	Egypt	164.8
—	Shizuoka Prefecture	159.2
52	Hungary	155.4
53	Kuwait	148.0

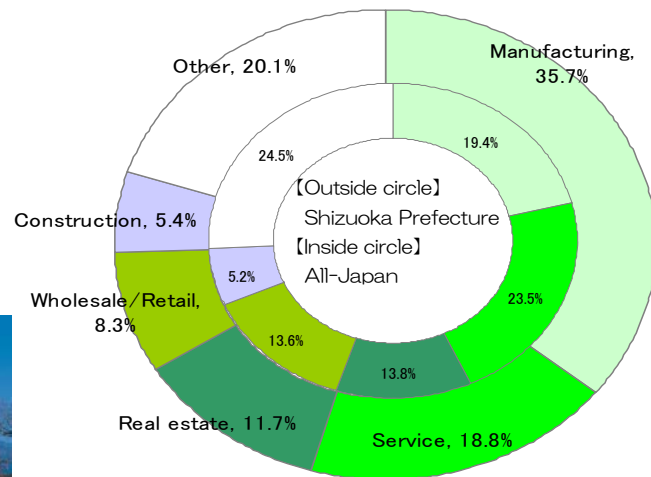
*Sources: Economic and Social Research Institute (ESRI)

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, handling machinery of transportation and music instrument.
- Has many of representative tourist locations coming from its rich natural environment.

Percentage distribution of Shizuoka Prefecture GDP by industry

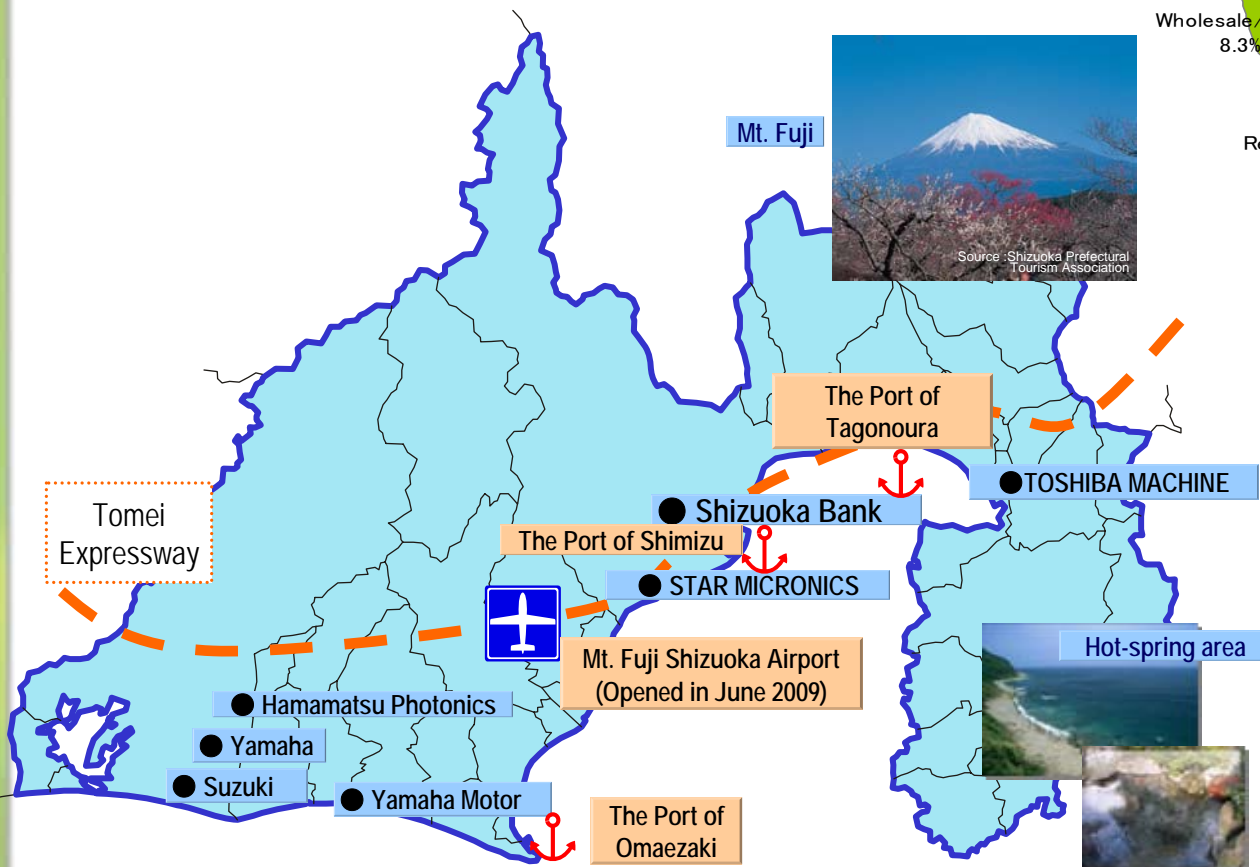


Source: Cabinet Office, Government of Japan, FY2008

No. of listed companies with HQs in Shizuoka Prefecture

Listing	No. of companies
TSE 1 st section	25
TSE 2 nd section	10
Mothers	2
Nagoya Stock Exchange 2 nd section	1
Jasdaq	21
Total	59

*As of end Jun. 2011. Companies listed on more than one exchange counted as TSE-listed



*Results for the First Quarter
of FY2011*



Results for the 1Q FY2011 and forecasts for FY2011

Consolidated

	(JPY bn)	
	FY2010	YoY change
Ordinary revenue	209.0	-5.5
Ordinary profit	64.2	+10.3
Net income	36.2	+3.4

Down for 3 consecutive terms

Up for 2 consecutive terms

Up for 2 consecutive terms

FY2011E		YoY change
	210.0	+1.0
	64.5	+0.3
	37.0	+0.8

1Q FY2011		
	YoY change	Progress
	59.4	+4.3
	23.9	+5.0
	14.4	+4.0

Shizuoka Bank, Non-Consolidated

	(JPY bn)	
	FY2010	YoY change
Ordinary revenue	179.3	-6.7
Gross operating profit	151.4	-0.6
Net interest income	128.2	-1.1
Fees and commissions	14.2	-1.5
Bond-related income such as JGBs	6.6	+1.4
Expenses (-)	81.0	+1.6
General transfer to loan loss reserves (-)	-1.3	-9.6
Net operating profit	71.7	+7.4
Actual net operating profit *	70.4	-2.3
Core net operating profit **	63.8	-3.6
Bad debt written-off (-)	10.8	-4.1
Gain on stocks	-1.2	-4.1
Ordinary profit	58.7	+8.2
Extraordinary loss	-0.6	-1.0
Net income	35.4	+3.2
Credit costs (-)	9.6	-13.7

Down for 3 consecutive terms

First decrease in 7 periods

Up for 2 consecutive terms

Up for 2 consecutive terms

Up for 2 consecutive terms

FY2011E		YoY change
	173.0	-6.3
	148.2	-3.2
	125.9	-2.3
	16.4	+2.2
	4.0	-2.6
	81.9	+0.9
	-5.7	-4.4
	72.0	+0.3
	66.3	-4.1
	62.3	-1.5
	10.7	-0.1
	1.0	+2.2
	60.0	+1.3
	0	+0.6
	36.0	+0.6
	5.0	-4.6

1Q FY2011		
	YoY change	Progress
	51.3	+3.4
	42.4	+0.6
	34.2	+1.2
	3.6	+0.3
	5.1	+0.1
	20.8	-0.3
	0	+0.7
	21.7	+0.2
	21.7	+0.9
	16.6	+0.8
	0.4	-1.9
	-1.7	-0.2
	22.1	+4.7
	0.2	+0.7
	13.9	+3.8
	-2.2	-3.8

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

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

Net interest income

• Net interest income in 1Q FY2011: JPY 34.2bn (+ JPY 1.2bn YoY)

Domestic operations division: JPY 30.8bn (+ JPY 0.8bn YoY), Overseas operations division: JPY 3.4bn (+ JPY 0.4bn YoY)

Breakdown of net interest income

(JPY bn)	1Q FY2010	1Q FY2011	Increase/ Decrease
Total	33.0	34.2	+1.2
Domestic operations division	30.0	30.8	+0.8
Of which, Interest on loans	26.2	25.4	-0.7
Interest and dividends on securities	5.8	6.6	+0.8
Interest on deposits (-)	1.9	1.2	-0.7
Overseas operations division	3.0	3.4	+0.4

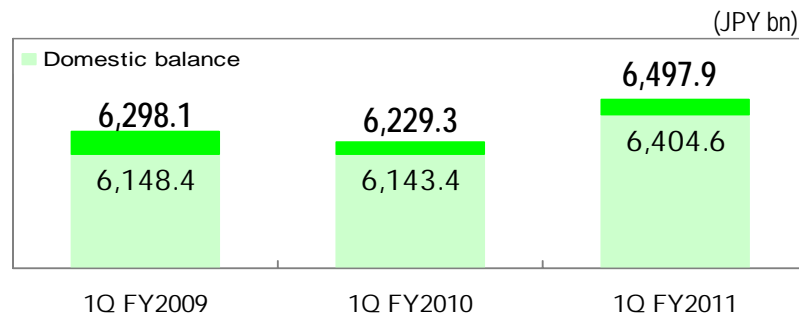
Domestic operations division

(%)	1Q FY2010	1Q FY2011	Increase/ Decrease
Loan rate	1.72	1.61	-0.11
Deposit rate	0.11	0.06	-0.05
Yield on securities	1.79	1.73	-0.06

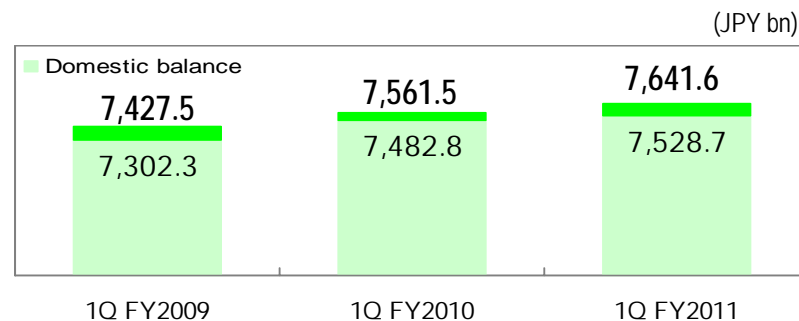
Overseas operations division

(%)	1Q FY2010	1Q FY2011	Increase/ Decrease
Investment/funds rate difference	1.55	1.80	+0.25

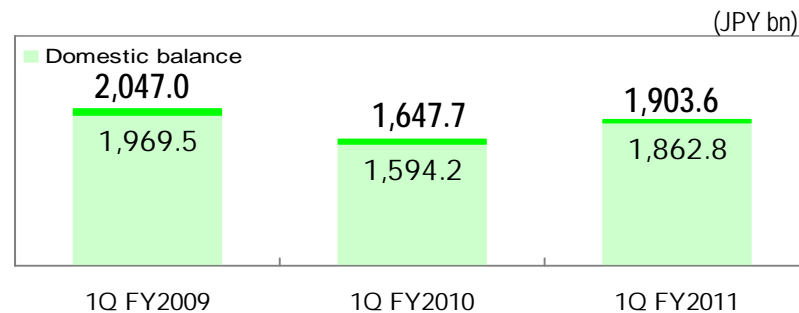
Loan balances (average balances)



Deposit balances (average balances)



Securities (average balances)





Difference between loan and deposit interest rates

- Difference between loan and deposit interest rates at the end of June 2011 dropped 0.02 points from the end of March 2011

Changes in yen-denominated loans and deposit structure

[Monthly comparison of average balances and interest rates]

	[March 2011]		-0.02	[June 2011]		(JPY tn, %)
	Average balance (% of total)	Interest rate		Average balance (% of total)	Interest rate	
Loans	6.3 (100.0)	1.63		6.3 (100.0)	1.61	
Floating interest	4.8 (75.6)	1.58		4.8 (75.7)	1.56	
Short-term / new long-term prime rate standard	3.0 (47.5)	2.03		3.0 (47.5)	2.00	
Market-linked	1.7 (26.7)	0.74		1.7 (26.6)	0.73	
Fixed interest	1.5 (24.4)	1.80		1.5 (24.3)	1.76	

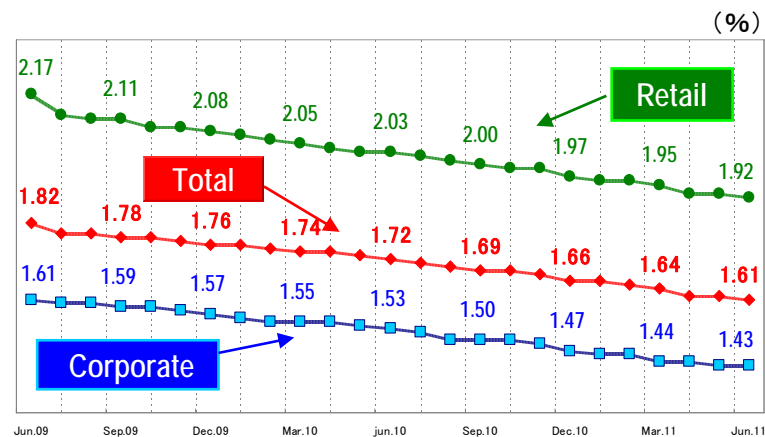
[Difference between loan and deposit interest rates]

	[March 2011]		+1.57	[June 2011]		+1.55
	Average balance (% of total)	Interest rate		Average balance (% of total)	Interest rate	
Deposits	7.4 (100.0)	0.06		7.4 (100.0)	0.06	
Liquid deposits	4.0 (54.2)	0.02		4.0 (54.0)	0.02	
Term deposits	3.0 (40.0)	0.12		3.0 (40.9)	0.12	

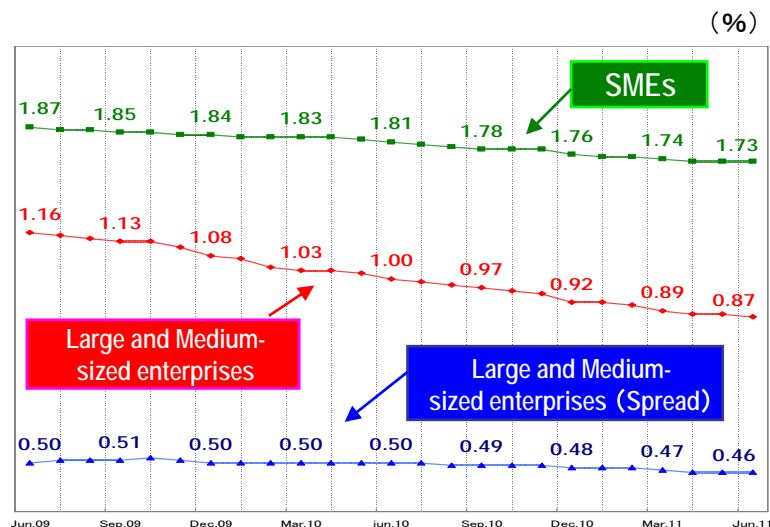
±0.00

* Deposits include NCDs

Loan interest rates (monthly average)



Trends in Corporate loan interest rates by company size

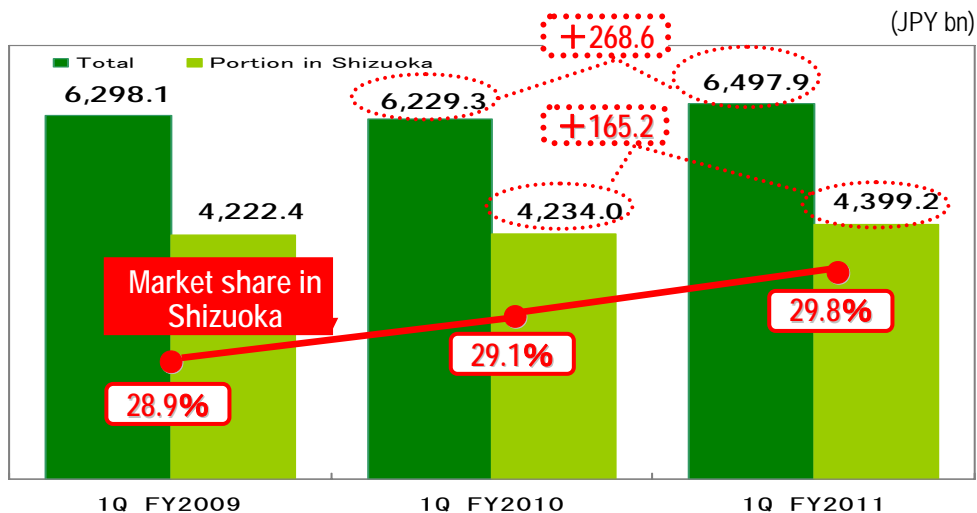




Loans

- Loan balances (average balances) of 1Q FY2011: JPY 6,497.9bn, up JPY 268.6bn (+4.3%) year-on-year

Loan balances (average balances)



[SME loan balances]

Average balances increased to JPY 2,618.0bn by JPY 72.3bn (+2.8%) year-on-year.

[Retail loan balances]

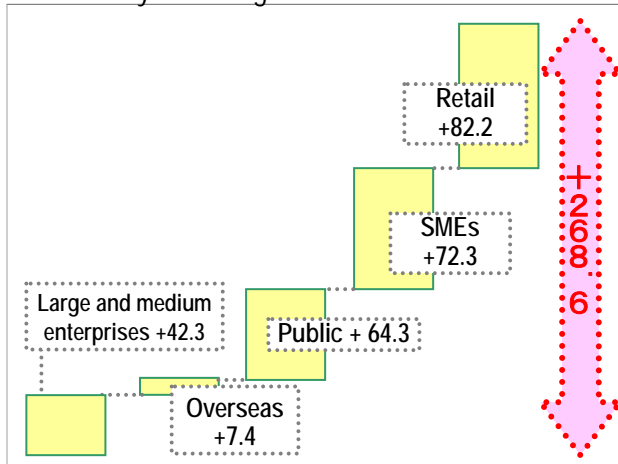
Average balances increased to JPY 2,214.6bn by JPY 82.2bn (+3.9%) year-on-year.

Loan balances (term-end balances):

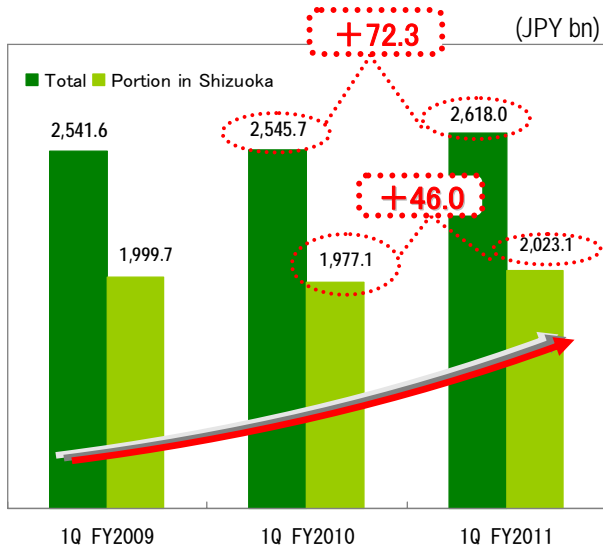
JPY 6,536.8bn, up 241.6bn (+3.8%) year-on-year

Breakdown of changes in total loan balances (average balances)

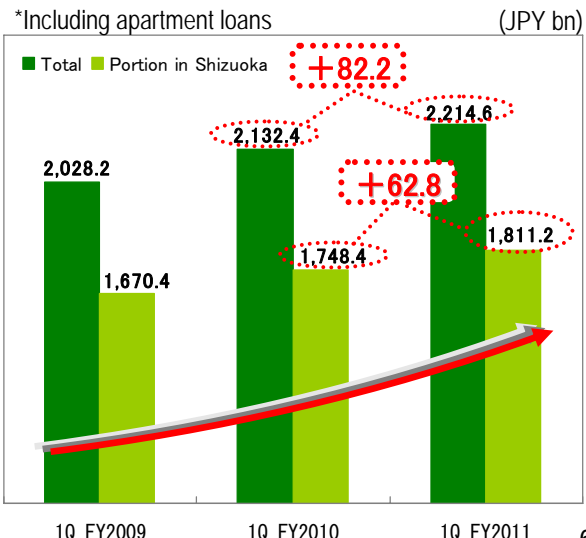
Year-on-year changes (JPY bn)



SME loan balances (average balances)



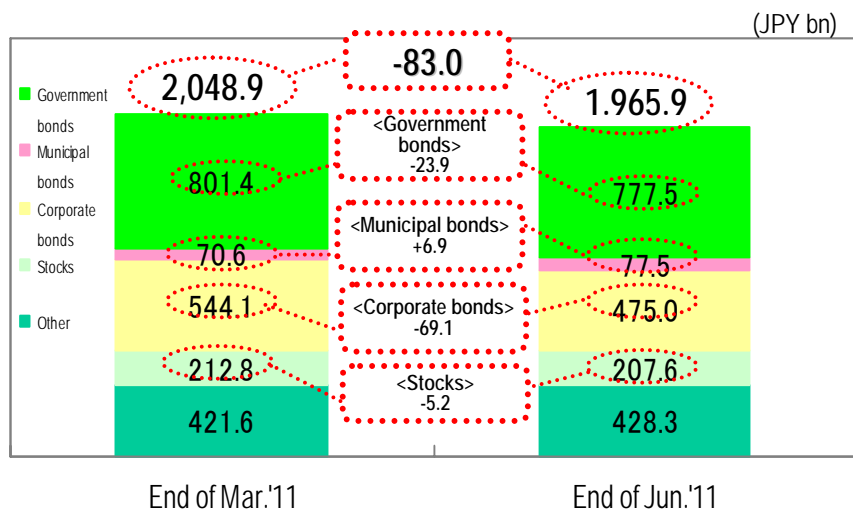
Retail loan balances (average balances)



Securities

- Total balance of securities : JPY 1,965.9bn (- JPY 83.0bn from the end of March 2011)
- Securities revaluation profit and loss : JPY 108.6bn (+ JPY 5.4bn from the end of March 2011)
- Gains and losses from bond-related income such as JGBs : JPY 5.1bn (+ JPY 0.1bn year-on-year),
- Gains and losses from stocks : - JPY 1.7bn (- JPY 0.3bn year-on-year)

Security portfolio



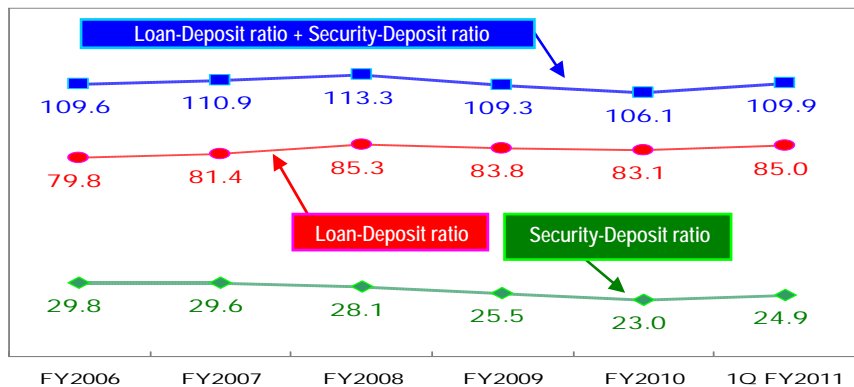
Average duration to maturity / gains and losses from revaluation of securities

	End of Mar. '11	End of Jun. '11
Duration of yen denominated bonds	5.03y	5.21y
Duration of foreign currency denominated bonds	2.18y	1.33y
Gains and losses from the revaluation of securities	JPY 103.2bn	JPY 108.6bn
Stocks	JPY 90.3bn	JPY 86.8bn
Nikkei stock average	JPY 9,755.10	JPY 9,816.09

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

(JPY bn)	1Q FY2010	1Q FY2011	Increase/Decrease
Gains and losses from JGBs	5.0	5.1	+0.1
Gain on sale of JGBs	5.3	5.5	+0.2
Loss on sale of JGBs (-)	0.3	0.4	+0.1

Loan-Deposit ratio / Security-Deposit ratio



Breakdown of gains and losses from stocks

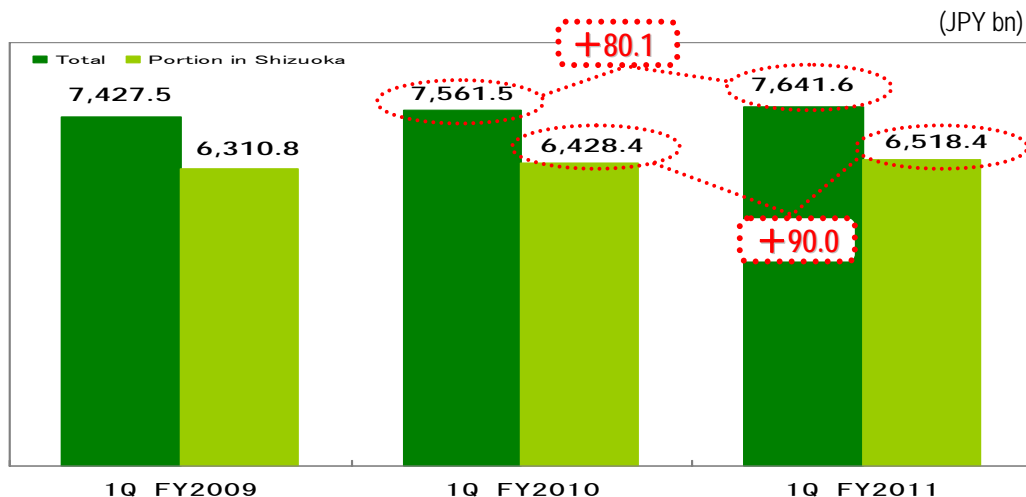
(JPY bn)	1Q FY2010	1Q FY2011	Increase/Decrease
Gains and losses from stocks	-1.4	-1.7	-0.2
Gain on sale of stocks	0.0	0.0	-0.0
Loss on sale of stocks (-)	-	0.0	+0.0
Devaluation of stocks (-)	1.5	1.6	+0.1



Deposits

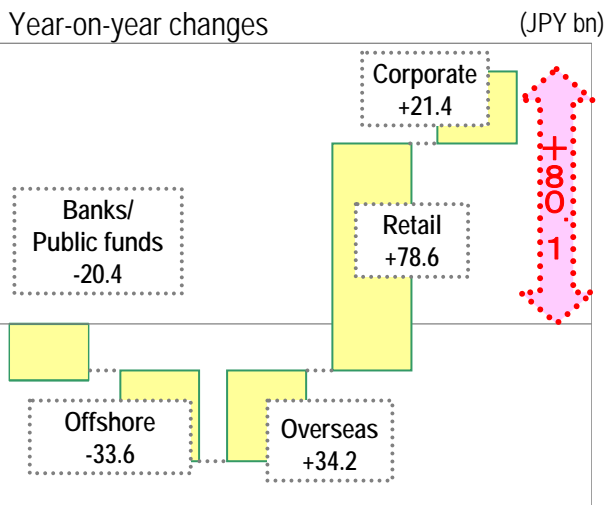
• Deposit balances in 1Q FY2011: JPY 7,641.6bn (average balances), up JPY 80.1bn (+1.1%) year-on-year

Deposit balances (average balances)

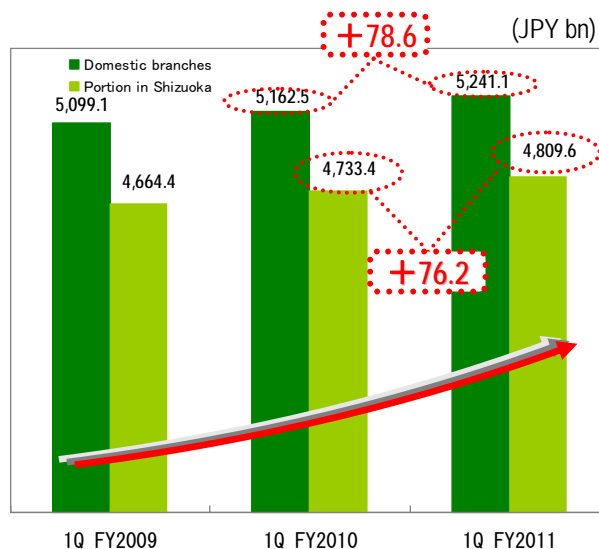


- **Deposit balances in Shizuoka Prefecture:**
JPY 6,518.4bn, up JPY 90.0 bn (+1.4%) year-on-year
- **Retail deposit balances:**
JPY 5,241.1bn, up JPY 78.6 bn (+1.5%) year-on-year
- **Corporate deposit balances:**
JPY 1,940.2bn, up JPY 21.4 bn (+1.1%) year-on-year

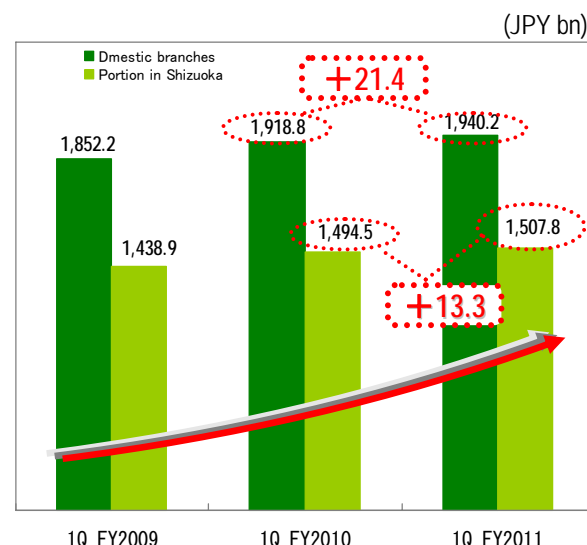
Breakdown of changes in deposit balances (average balances)



Retail deposit balances (average balances)



Corporate deposit balances (average balances)



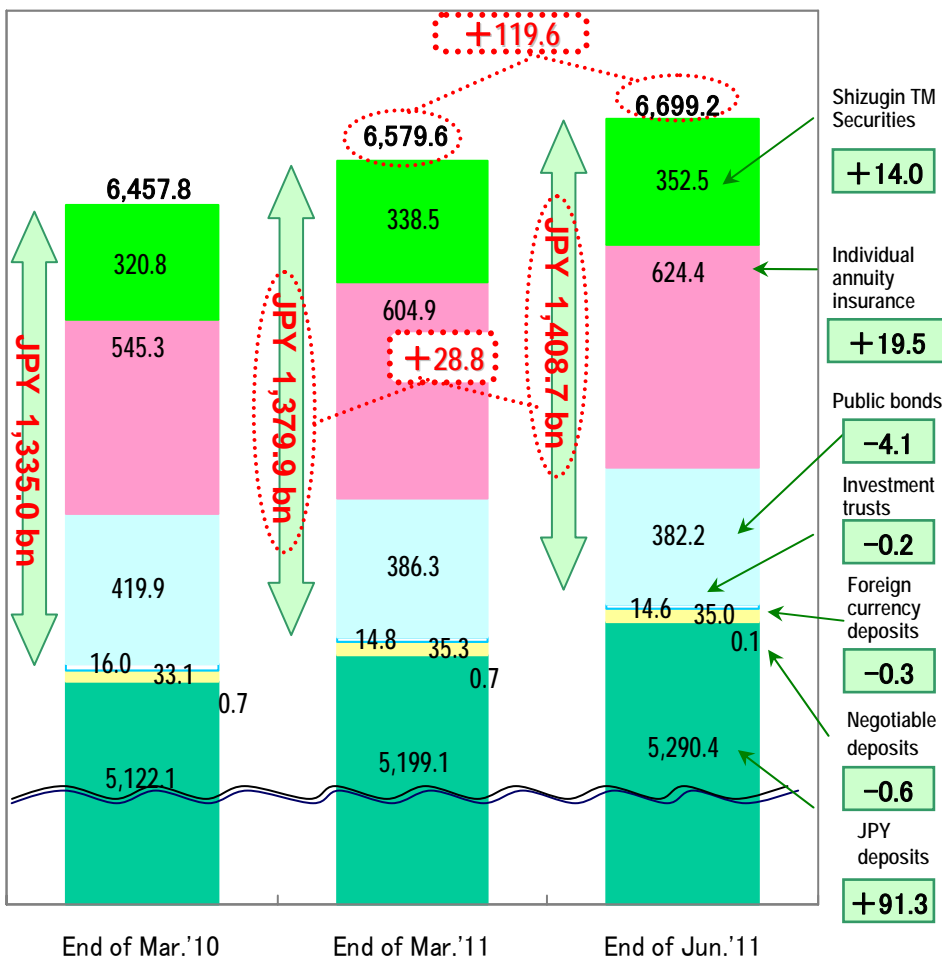


Fee incomes and customer assets

- Customer assets at the end of June 2011 (including the balance of Shizugin TM Securities) was JPY 6,699.2bn, up JPY 119.6bn from the end of March 2011.
Balance of customer assets JPY 1,408.7bn, up JPY 28.8bn from the end of March 2011
- Sales amounts for individual annuity insurance and investment trust in 1Q FY2011 change at the pace more than pre-Lehman level

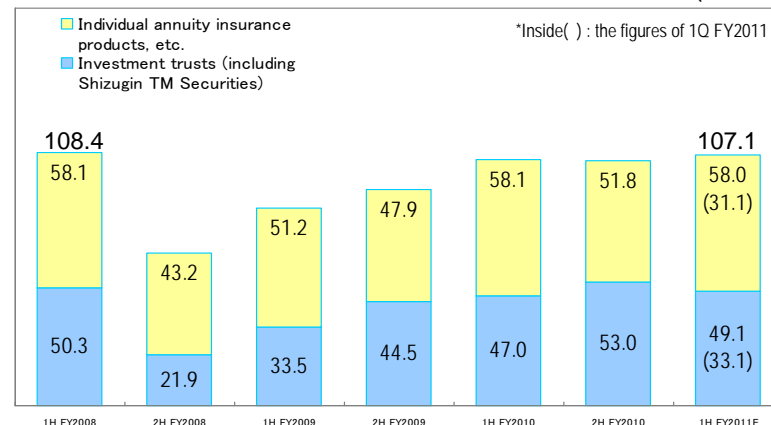
Customer assets (term-end balances)

(JPY bn)



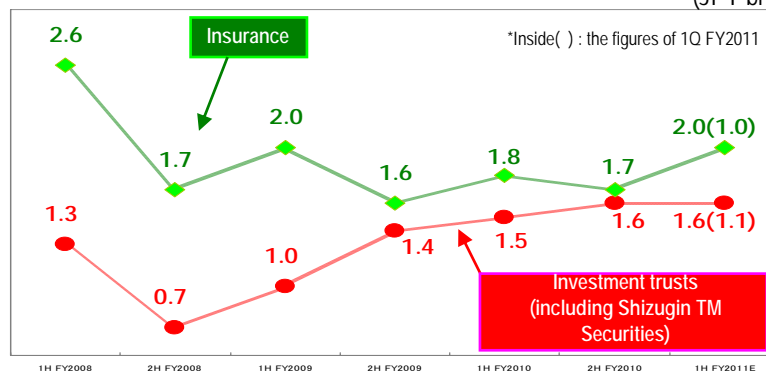
Sales of investment trusts & insurance products

(JPY bn)



Fee income from sales of investment trusts & insurance products

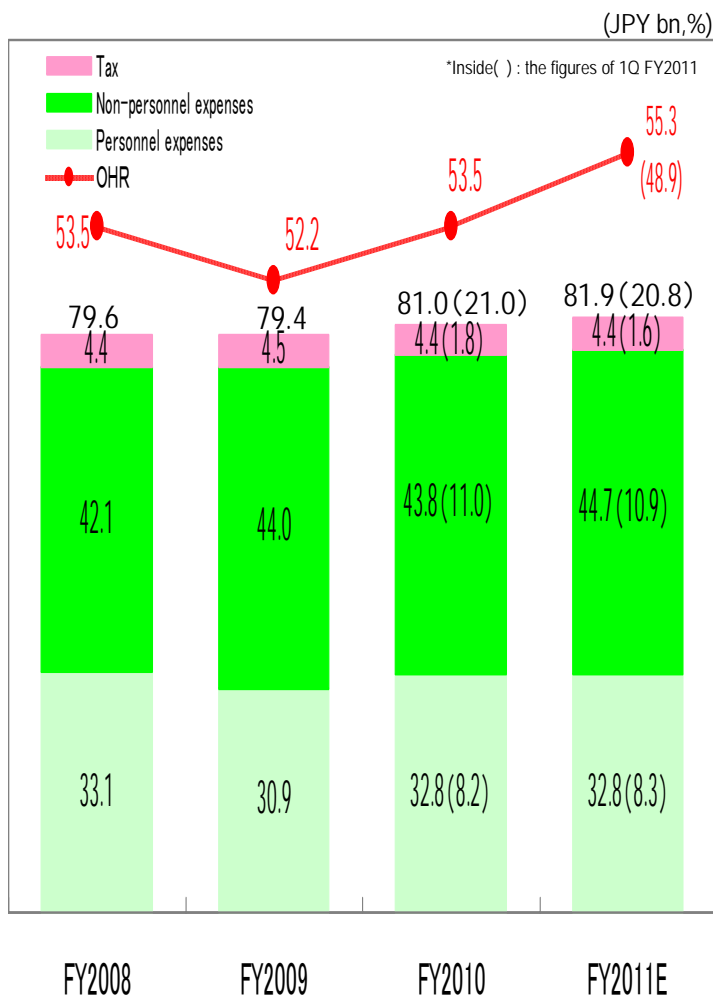
(JPY bn)



Expenses

- Expenses in 1Q FY2011: JPY 20.8bn (-JPY 0.2bn year-on-year)
- OHR in 1Q FY2011 (Non-consolidated): 48.9% (-1.3 percentage points year-on-year)

Expenses and OHR



Non-personnel expenses

(JPY bn)	FY2008	FY2009	FY2010	1H FY2011E	1Q FY2011
Non-personnel expenses	42.1	44.0	43.8	22.5	10.9
System-related	13.0	14.4	14.4	7.3	3.7
Outsourcing	7.9	8.0	7.9	4.0	2.0
Others	21.2	21.6	21.5	11.2	5.2

[Reference] Number of personnel

(Employees)	End-Mar. '08	End -Mar. '11	Change from end-Mar. '08	End of Mar. '14 (estimated)
Front office	2,411	2,989	+578	3,116
Of which bank employees	1,794	2,205	+411	2,325
Back office/assisting	1,693	1,097	-596	989
Of which bank employees	548	90	-458	35
HQ, loan operations centers and other	1,060	885	-175	855
Of which bank employees	509	560	+51	535
Shizuoka Bank	5,164	4,971	-193	4,960
Of which bank employees	2,851	2,855	+4	2,895
Total Group employees	7,037	7,067	+30	7,049



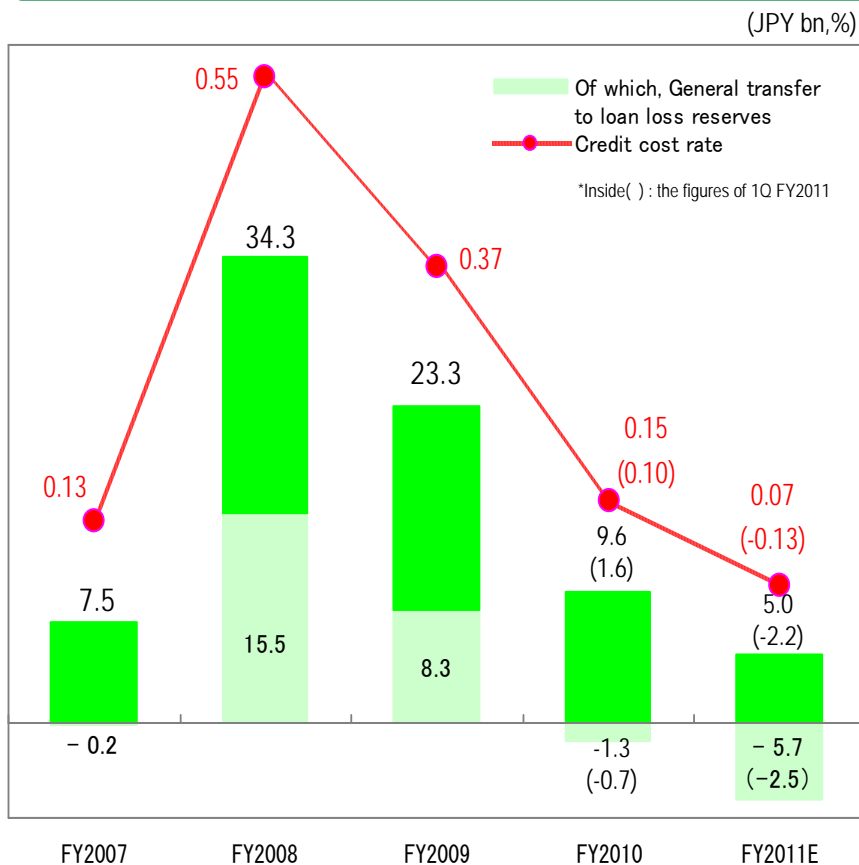
Credit costs

• **Credit costs in 1Q FY2011: JPY -2.2bn (- JPY 3.8bn year-on-year),
Credit cost rate: -0.13% (-0.23 percentage points year-on-year)**

* **General transfer to loan loss reserves : - JPY2.5bn (- JPY 1.8bn year-on-year)**
NPL disposal: JPY0.4bn (- JPY 1.9bn year-on-year)
of which, * transfer to specific reserves : -JPY0.04bn (- JPY 2.0bn year-on-year)

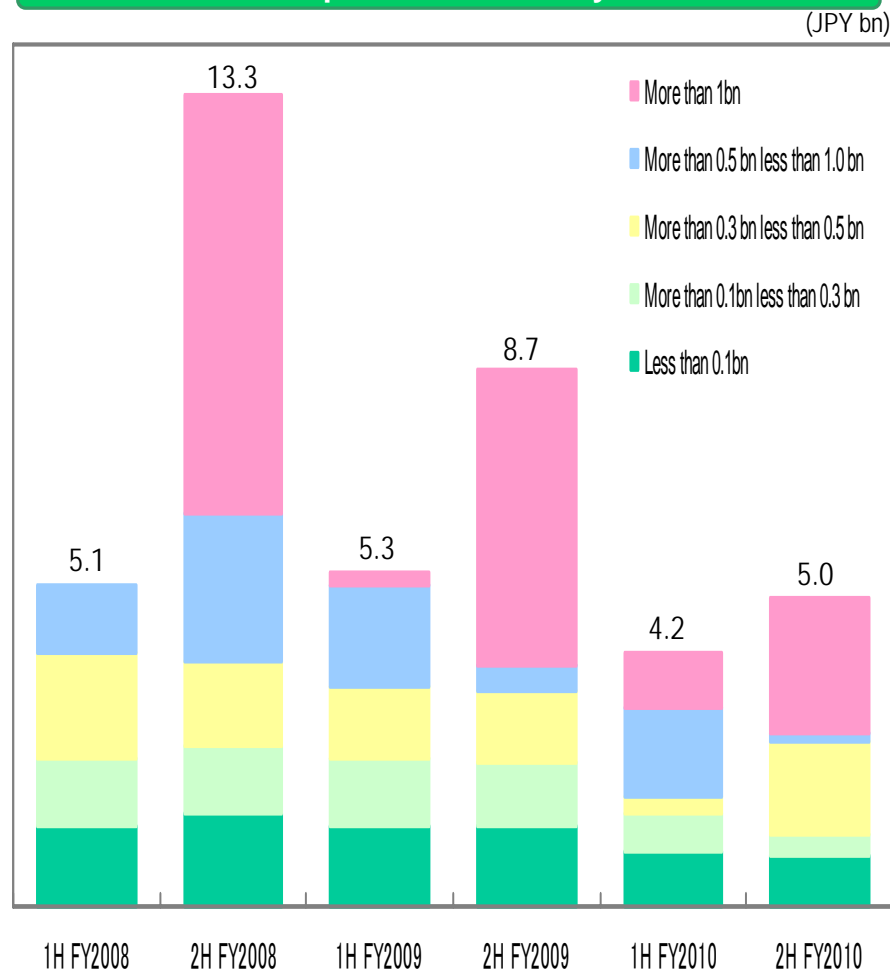
*These transactions are summed up and booked as a reversal of bad debt reserve in extraordinary profit or loss

Credit cost and credit cost rate trends



*Credit costs = NPL disposals + General transfer to loan loss reserves
 Credit cost rate = Credit costs / Average loan balance

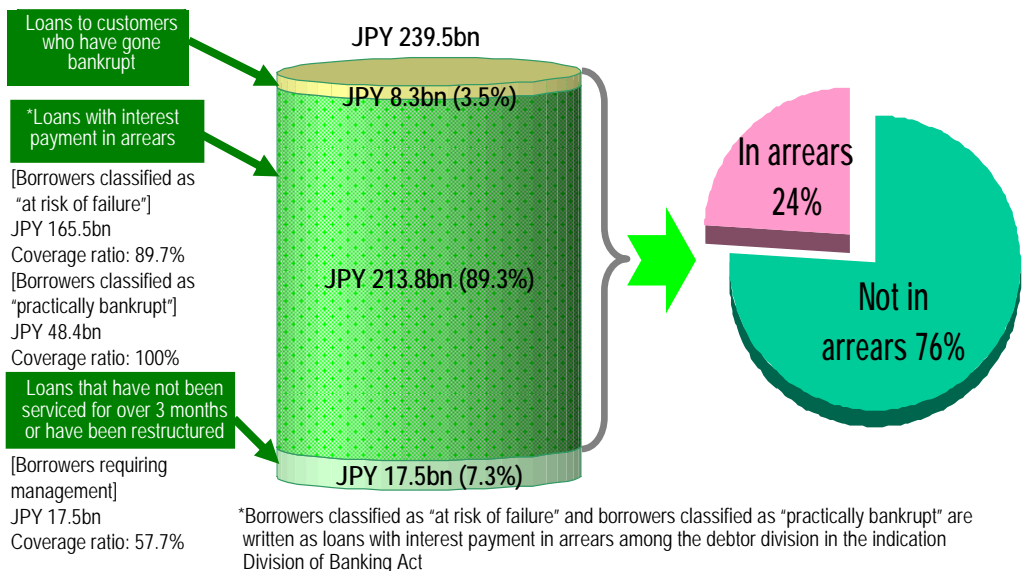
New transfer to specific reserves by credit balance



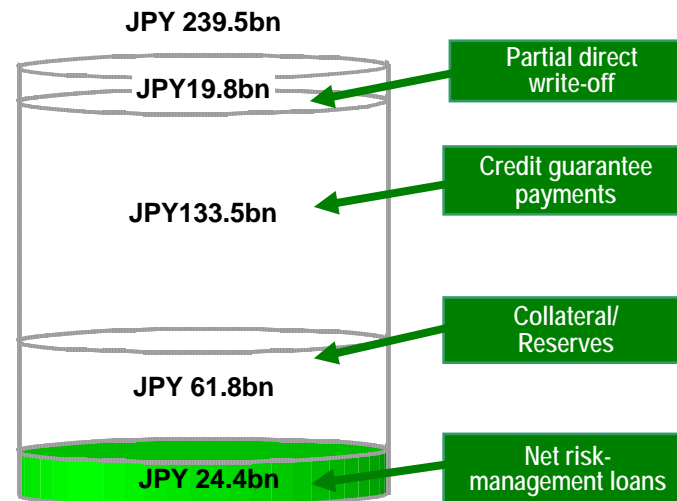
Risk-management loans

- **Total risk-management loans (Non-consolidated):** JPY 239.5bn (down JPY 3.0bn from the end of March 2011)
- **The ratio of risk-management loans:** 3.66% (up 0.02 percentage points from the end of March 2011)
- **Net risk-management loans (Non-consolidated):** JPY 24.4bn (down JPY 1.9bn from the end of March 2011)
- **The ratio of net risk-management loans:** 0.37% (down 0.03 percentage points from the end of March 2011)

Risk-management loans at the end of Jun. 2011



Net risk-management loans

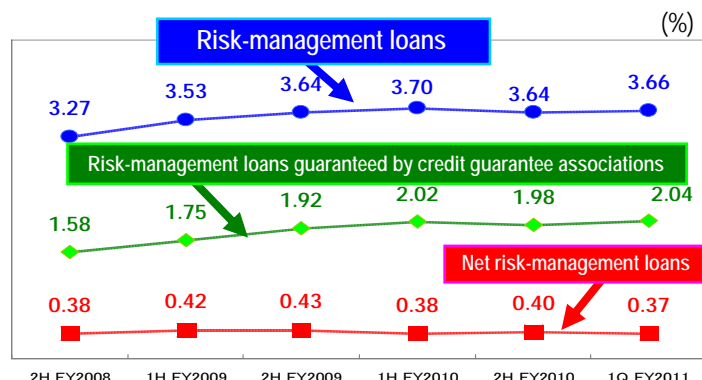


NPL removal from the balance sheet

(JPY bn)	FY2010	1Q FY2011	
New NPLs	+72.1	+14.5	
Removal from the balance sheet (NPL to borrowers classified as "at risk of failure" or in riskier categories)	-59.1 (-55.1)	-17.5 (-15.3)	-3.0
Risk-management loans	242.5	239.5	

[Breakdown of JPY 15.3 bn]	
	(JPY bn)
Collected from borrower/ set off against deposit account	2.9
Collateral disposal/ subrogated to guarantor	5.7
Reclassified to better credit category	6.7
Loans sold-off	0.0
Direct write-off of loans	0.0

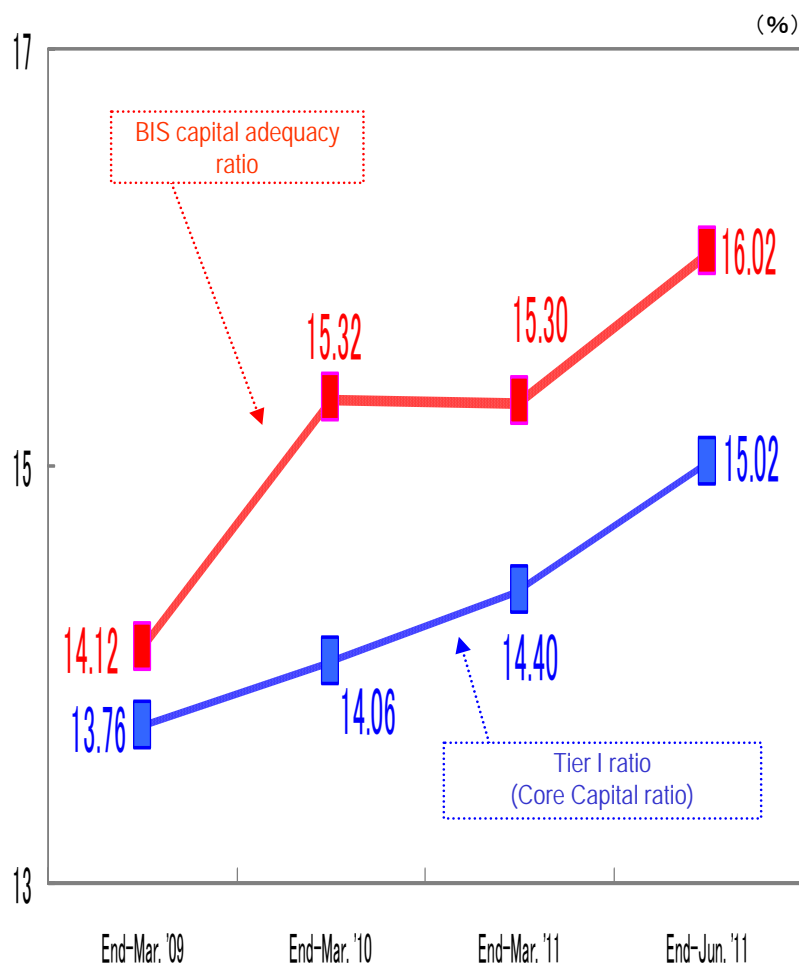
The ratio of risk-management loans



Capital adequacy ratio

- The Basel II capital adequacy ratio at the end of June 2011 was 16.02% (Up 0.72 percentage points from the level at the end of March 2011)
- Tier I ratio (core capital ratio) was 15.02% (Up 0.62 percentage points from the level at the end of March 2011)
- As a result of 2nd “Quantitative Impact Study (QIS)” as of the end of September 2010, the level greatly exceeds the requirement of Basel III

BIS capital adequacy ratio (consolidated basis)



Changes in capital and risk-adjusted assets

	End-Mar. '09	End-Mar. '10	End-Mar. '11	End-Jun. '11	Change from end-Mar. '11
Capital*	623.4	687.8	686.1	689.5	+3.4
Tier I	607.8	631.4	645.9	646.3	+0.4
Tier II	29.1	67.6	50.7	53.6	+2.9
Risk-adjusted assets	4,414.8	4,488.9	4,482.9	4,301.3	-181.6
Total credit-risk-adjusted assets	4,094.6	4,166.3	4,162.8	3,980.1	-182.7
Amount corresponding to market risk	24.8	20.5	16.5	17.6	+1.1
Amount corresponding to operational risk	295.4	302.1	303.6	303.6	±0.0
Adjusted floor amount	-	-	-	-	-

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

Outlier ratio (Non-consolidated basis)

Size of maximum risk	Tier I + Tier II	Outlier ratio
58.1	669.8	8.68

Shareholder return

- In FY2010, dividend per share was JPY 13 (dividend payout ratio 24.85%, dividend yield 1.88%)
- Aim to maintain “dividend payout ratio at approx. 25%, the highest payout ratio among main regional banks” in FY2011, and plan to distribute dividend (annual) per share of JPY 13 (dividend payout ratio: around 23.7%) in accordance with market trends and operating performance
- Executed share buyback for 20 million shares (acquisition amount of JPY 14.6bn) during the 1Q FY2011

Dividend trends

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

(JPY, %)

*Interim dividend

Profit distribution to shareholders

	FY2008	FY2009	FY2010	FY2011E	FY '01 – '10 (10 years)
Annual dividend (1)	9.1	9.1	8.8	8.5	Accumulated total 72.9
Purchase of treasury shares (2)	—	4.0	15.0	* 14.6	Accumulated total 71.5
Shareholder returns (3)=(1)+(2)	9.1	13.1	23.8	23.1	Accumulated total 144.5
Net income (4)	12.8	32.1	35.4	36.0	Accumulated total 264.8
Dividend payout ratio (1)/(4)x100	70.85	28.20	24.85	23.68	Average 27.55
Shareholder return ratio (3)/(4)x100	70.85	40.64	67.22	—	Average 54.56

(JPY bn, %)

*Purchase amount of treasury shares in FY2011 is an actual amount for the 1Q FY2011

Share Buybacks

- Share buybacks have been carried out continuously since FY1997, with the number of shares bought back totaling 151 million as of the end of June 2011
- Executed share buyback for 20 million shares(acquisition amount of JPY 14.6bn) during the 1Q FY2011

Historical share buybacks

	Shares bought back (thousand shares)	Purchase amount of treasury shares (JPY mn)	Number of shares cancelled (thousand shares)	Cancellation amount (JPY mn)	Shareholder return ratio (*) (%)
FY1997	7,226	9,997	7,226	9,997	90.3
FY1998	6,633	9,142	6,633	9,142	86.7
FY1999	8,357	9,143	8,357	9,143	51.4
FY2000	24,954	23,281	24,954	23,281	152.0
FY2001	8,234	8,267	8,234	8,267	165.4
FY2002	29,928	23,107	—	—	229.4
FY2003	10,712	8,566	30,000	23,381	50.8
FY2004	—	—	—	—	17.1
FY2005	—	—	—	—	22.5
FY2006	—	—	—	—	25.3
FY2007	10,000	12,621	10,000	10,130	61.8
FY2008	—	—	—	—	70.8
FY2009	5,000	3,996	5,000	4,638	40.6
FY2010	20,000	14,980	20,000	15,957	67.2
Cumulative total	131,044	123,102	120,404	113,938	62.8
FY2011	** 20,000	** 14,575	—	—	—

* Shareholder return ratio = (annual dividend + purchase of treasury share) / net income x 100

** Purchase amount of treasury shares in FY2011 is an actual amount for 1Q FY2011

Reference

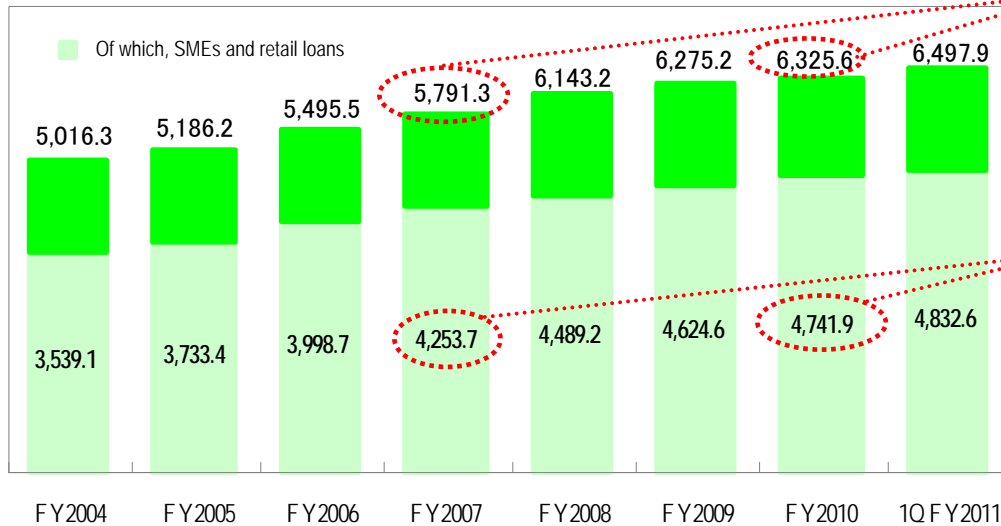
Creating an earnings model (1)

Loans, deposits

- From FY2008 to FY2010, loans grew by JPY 534.3bn and deposits by JPY 496.5 billion in a well-balanced manner. Growing trends is maintained in the 1Q of FY2011
- The total of the loan-deposit ratio and security-deposit ratio remains 100% or more

Changes in average loan balances

(JPY bn)



Total loan balances (averages) + JPY 534.3bn

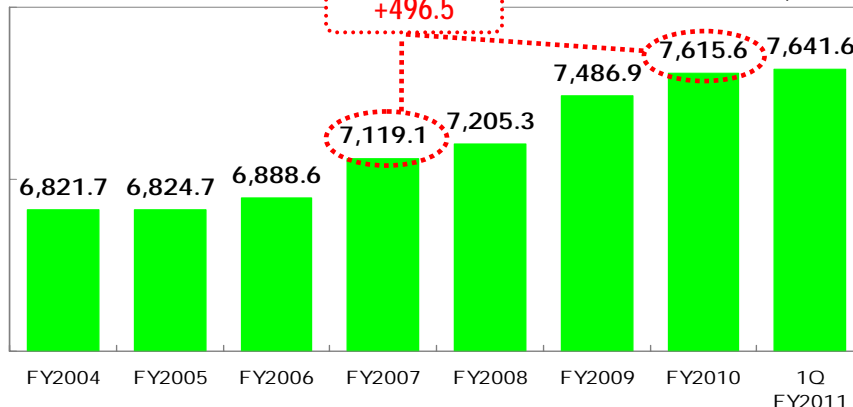
- In the six-year period from the start of the 9th Medium-term Business Plan, total loan balances increased by approx. JPY 1.3 trillion. The increasing tendency is maintained in the 1Q of FY2011
- Loan balances of 1Q FY2011: JPY 6,497.9bn, up JPY 172.3bn from FY2010

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

- Increase in loan balances resulted mostly from SME and retail lending. The bank implemented a policy to curb low-spread lending in the Tokyo metropolitan area.
- SMEs Loan balances of 1Q FY2011: JPY 4,832.6bn, up JPY 90.7bn from FY2010

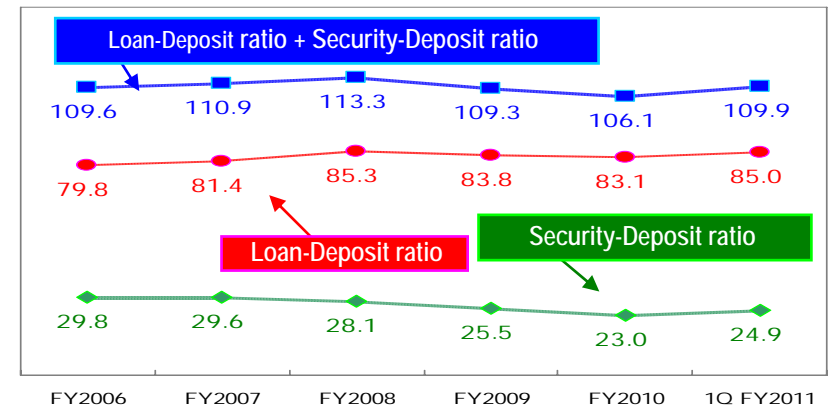
Changes in average deposit balances

(JPY bn)



Loan-Deposit ratio / Security-Deposit ratio

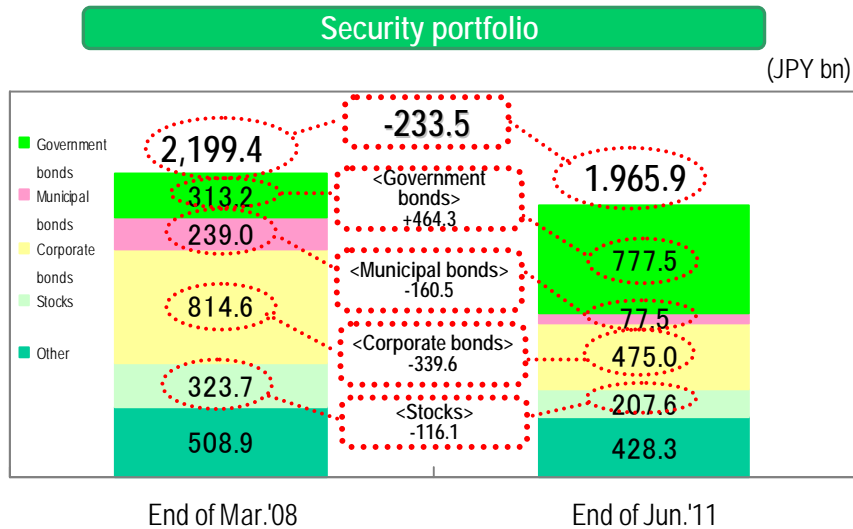
(%)



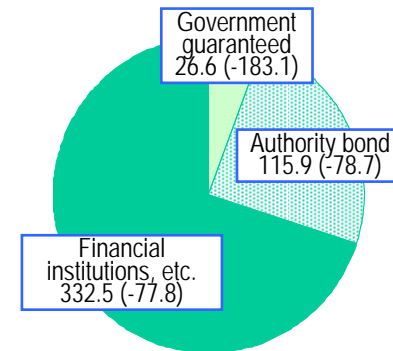
Creating an earnings model (2)

securities

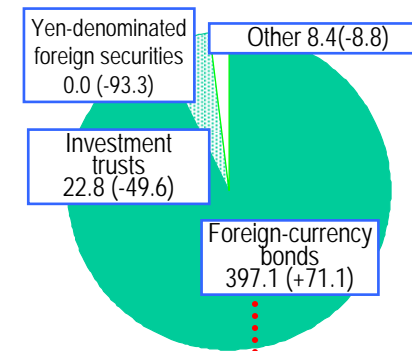
- Part of the portfolio realized the capital gain through timely dealing as to the market price, by having improved the loan-deposit ratio, and as a result, procuring the investment resources partly from the market.
- From FY2008 to FY2010, Bond-related income such as JGBs grew by JPY13.1bn



Breakdown of "Corporate bonds" category
JPY 475.0bn
(down JPY339.6 bn from the end of March 2008)



Breakdown of "Other" category
JPY 428.3bn
(down JPY 80.6bn from the end of March 2008)



* Figures in parenthesis are changes from the end of Mar. 2008

Changes in securities-related gains and losses

(JPY bn)

	FY2007 (A)	FY2008	FY2009	FY2010 (B)	(B) - (A)	1Q FY2011
Interest and dividends on securities	38.6	35.0	31.1	30.7	-7.9	9.9
Bond-related income such as JGBs	-6.5	0.1	5.2	6.6	+13.1	5.1
Total	32.1	35.1	36.3	37.3	+5.2	15.0

Breakdown of mortgage bonds

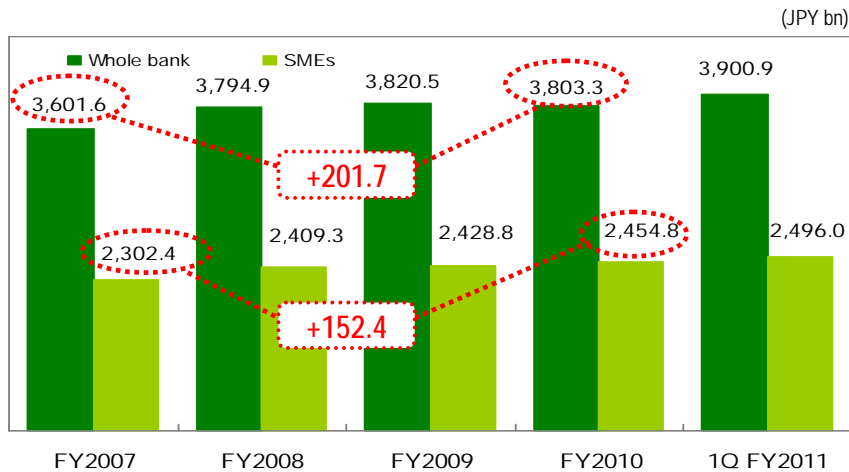
(JPY bn)	Breakdown of mortgage bonds		Gains and losses from the revaluation of bonds
	(Book value)	Change from end-Mar. 10	
Ginnie Mae	361.5	+132.5	+8.2
Fannie Mae	0.0	-3.8	-
Freddie Mac	0.0	-30.1	-

Creating an earnings model (3)

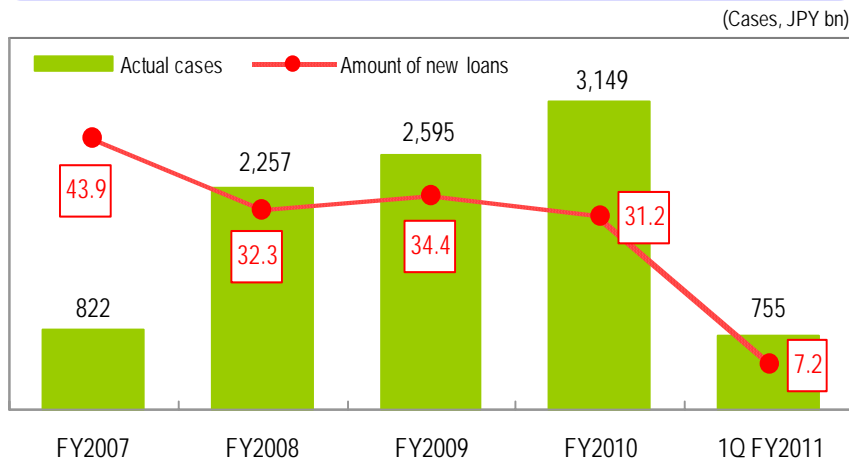
Corporate banking (regional finance)

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

Total corporate loan balances (averages)

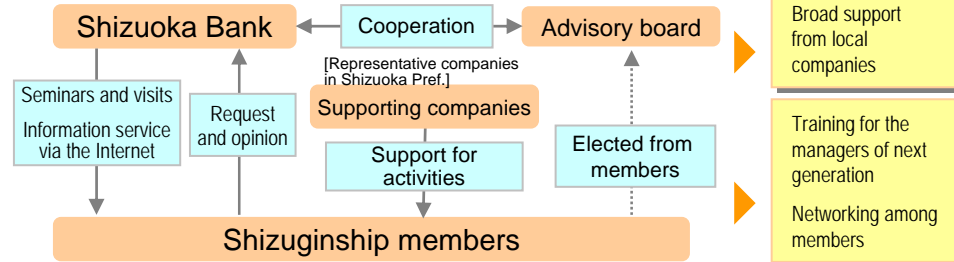


Progress of business matching deals and the amount of new loans



"Shizuginship" – training club for the next generation managers

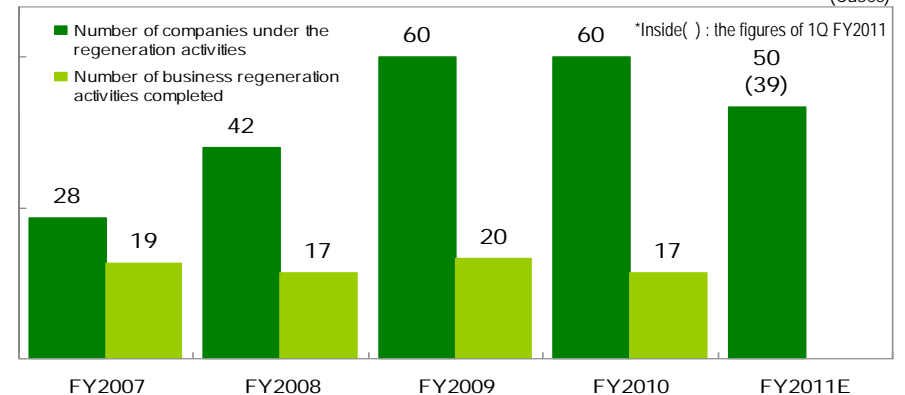
- In March 2011, "Shizuginship" was commended by Tokai Local Finance Bureau for its progressive approach



	FY2009	FY2010	1Q FY2011
No. of members	869 companies/ 1,307members	883 companies/ 1,328members	861 companies/ 1,299members
No. of participants for seminars and visits	3,052 members	2,984 members	821 members

Business regeneration activities

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

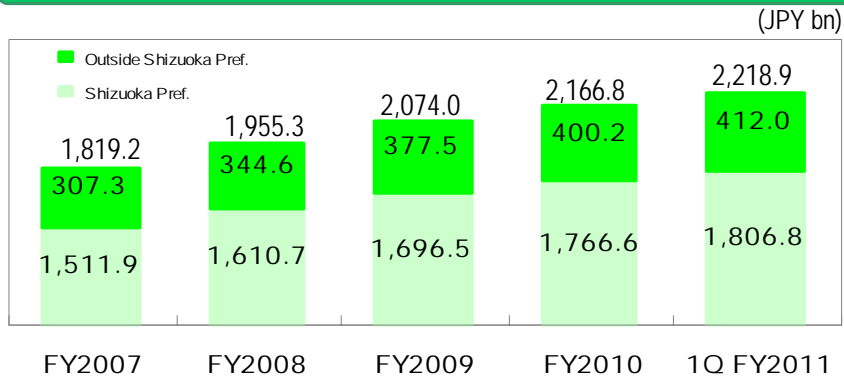


Creating an earnings model (4)

Retail banking (consumer loan growth, customer assets)

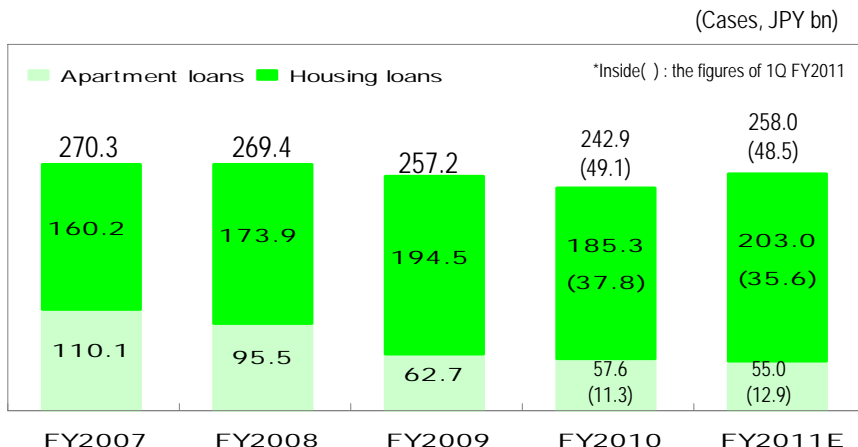
- Consumer loan balances have exceeded JPY 2 trillion due to branches enhancements and increases in personnel involved with housing loans
- With regard to sales focused on customer assets, Shizuoka Bank has become one of the top-level banks in terms of sales of the savings-based pension insurance through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

Consumer loan balances (averages)

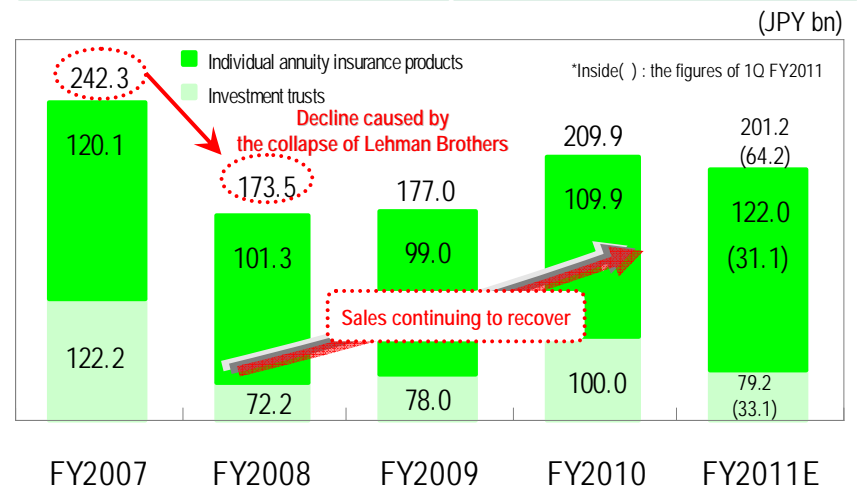


Channels (No. of branches)	23	⇒	23	⇒	25	⇒	25	⇒	25
No. of personnel	211	⇒	220	⇒	239	⇒	241	⇒	234

The amount of housing-related loans



Investment trusts and individual annuity insurance products



Effort to strengthen customer assets sales

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

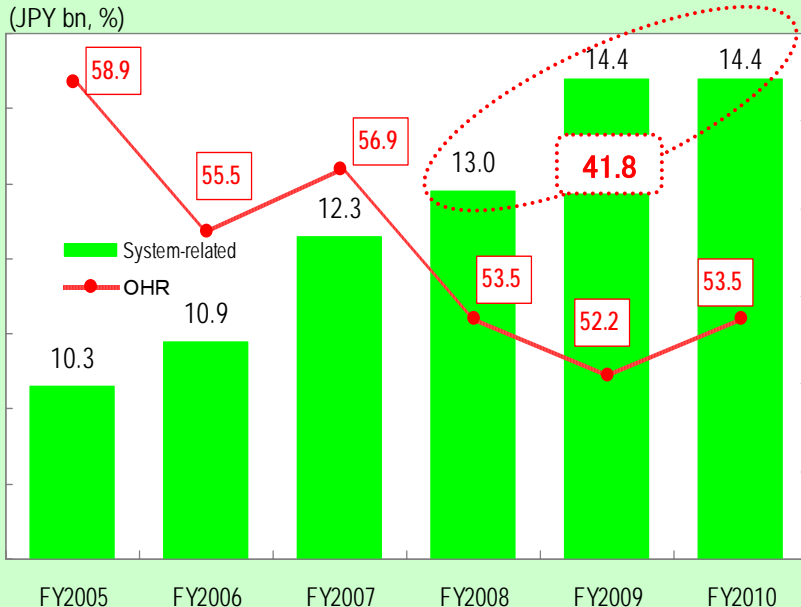
Improved productivity

IT infrastructure, overhauled work processes

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

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

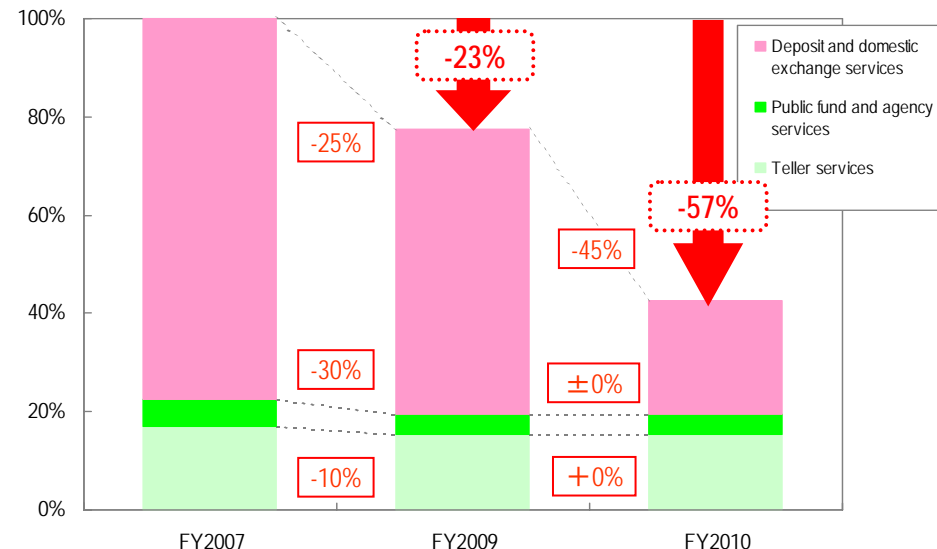
System-related expenses and OHR



Number of personnel

(Employees)	End-Mar. '08	End -Mar. '11	Change from end-Mar. '08	End of Mar. '14 (estimated)
Front office	2,411	2,989	+578	3,116
Of which bank employees	1,794	2,205	+411	2,325
Back office/assisting	1,693	1,097	-596	989
Of which bank employees	548	90	-458	35
HQ, loan operations centers and other	1,060	885	-175	855
Of which bank employees	509	560	+51	535
Shizuoka Bank	5,164	4,971	-193	4,960
Of which bank employees	2,851	2,855	+4	2,895
Total Group employees	7,037	7,067	+30	7,049

Workload reduction at branches





Loans by industries

- Business loans to industries such as real estate, construction, leasing, money lending and investment each account for less than 10% of lending for all industries. There is no concentrated exposure to any of these specially designated industries
- Expected Loss (EL) amounts to JPY 12.0bn for all industries (JPY 1.0bn for real estate and JPY 0.8bn for construction)
- Unexpected Loss (UL) amounts to JPY 43.2bn for all industries

Breakdown of business loans to the specially designated industries

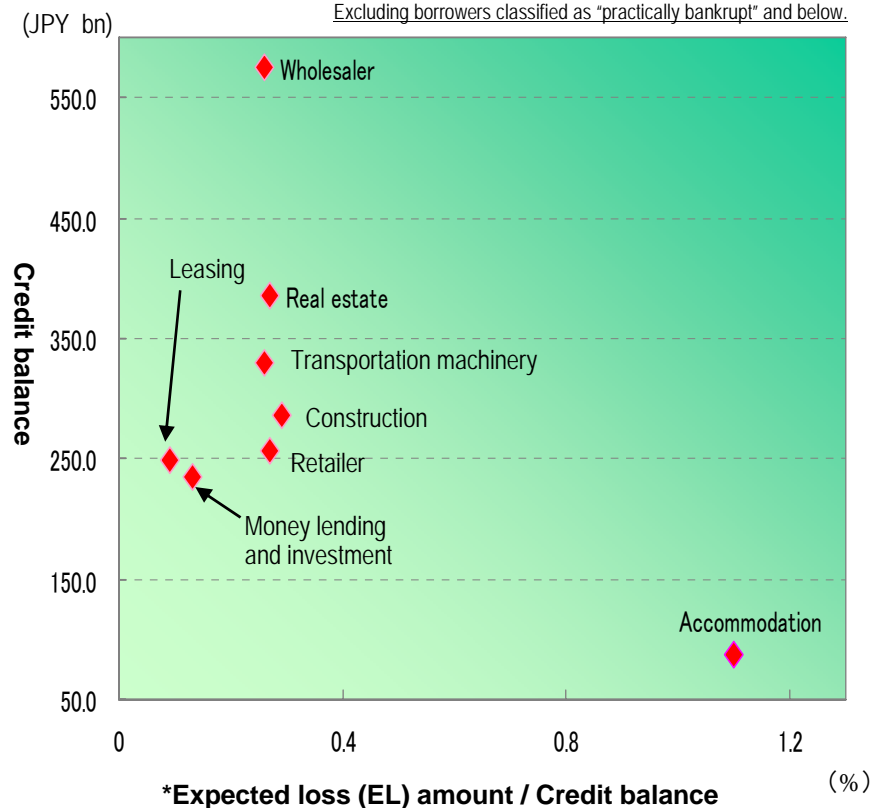
[Credit balance (as of the end of June 2011)]

(JPY bn, %)

	Balance	Composition ratio	YoY change
All industries	4,596.5	100.0	-136.0
Real estate	385.1	8.4	+0.7
Construction	286.7	6.2	-28.6
Leasing	249.0	5.4	-1.1
Money lending and investment	235.6	5.1	-14.4
Wholesaler	575.0	12.5	-6.2
Transportation machinery	330.3	7.2	-16.8
Retailer	256.1	5.6	-8.1
Accommodation	86.8	1.9	+2.5

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

Excluding borrowers classified as "practically bankrupt" and below.



Allocation of risk capital

- Allocation of risk capital for the first half of FY2011 amounted to JPY 595.1bn, of which JPY 113.5bn was allocated to credit risk, JPY 178.4bn to market risk, JPY 24.3bn to operational risk, and JPY 278.9bn to buffer capital, etc
- For the 1Q FY2011, JPY 49.1bn was used by the Branch sales division, and JPY 106.7bn by the Treasury division

Allocation source	(JPY bn)	Risk capital allocated	Risk capital used	Ratio of risk capital used	
Core capital 595.1 (End of March 2011 basis)	Credit risk 113.5	Branch sales division	80.0	49.1	61%
	Market risk 178.4	Treasury division	205.1	106.7	52%
		[Of which, policy investment]	[115.5]	[74.2]	[64%]
	Operational risk 24.3	[Of which, overseas branches]	[4.5]	[1.0]	[23%]
		Consolidated subsidiaries	6.8	3.4	50%
	Buffer capital, etc. 278.9	Operational risk	24.3	24.3	100%
		Sub total	316.2	183.4	58%
		Buffer capital, etc.	278.9	—	—
	Total	595.1	183.4	31%	

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

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

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

Group companies

- Group companies increased both revenue and profits: The total ordinary revenue of 11 consolidated subsidiaries increased to JPY 12.3bn (up JPY 1.0bn year-on-year) and the ordinary profit of JPY 1.8bn (up JPY 0.7bn year-on-year)

(JPY bn)

Company name	Business	Ordinary revenue	Ordinary profit		
			YoY change	YoY change	
Shizugin Management Consulting Co., Ltd.	Corporate and financial management advisory services	0.1	+0.0	0.0	+0.0
Shizugin Lease Co., Ltd.	Leasing	6.1	+0.2	0.5	+0.1
Shizuoka Computer Service Co., Ltd.	Computer services, accounting	1.3	+0.1	0.1	+0.0
Shizugin Credit Guaranty Co., Ltd.	Guarantee of loans	0.4	+0.1	0.3	+0.2
Shizugin DC Card Co., Ltd	Credit card and guarantee of consumer loans	0.5	-0.0	0.1	+0.0
Shizuoka Capital Co., Ltd.	Public-offering assistance Support for corporate rehabilitation	0.1	-0.0	0.0	-0.0
Shizugin TM Securities Co., Ltd.	Securities	1.3	+0.5	0.5	+0.3
Shizuoka Bank (Europe) S.A.	Finance and securities-related services	0.2	+0.1	0.0	+0.0
Shizugin General Service Co., Ltd.	Part-time employee management, etc.	0.8	-0.1	0.0	-0.0
Shizuoka Mortgage Service Co., Ltd.	Appraisal of real estate for loan collateral, etc.	0.4	+0.1	0.0	-0.0
Shizugin Business Create Co., Ltd.	Operation center for remittance and bill collection, etc.	1.2	+0.0	0.0	-0.0
Total (11 companies)		12.3	+1.0	1.8	+0.7
Shizugin Saison Card Co., Ltd.*	Credit card services, credit guarantee	0.3	+0.0	0.0	+0.1

*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.