

# Results of FY2011 and Progress of 11th Medium-term Business Plan “MIRAI—Future”

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# Results of FY2011 (1)

Shizuoka Bank, Non-consolidated  (JPY bn, %)	FY2011	YoY change	
		Increase/ Decrease	Rate of change
Ordinary revenue	174.8	-4.5	-2.5
Gross operating profit	148.3	-3.1	-2.1
Net interest income	127.3	-0.9	-0.7
Fees and commissions	14.8	+0.2	+1.7
Trading income	0.0	+0.3	+113.1
Other operating profit	6.2	-2.8	-30.9
[Bond-related income such as JGBs]	7.4	+0.8	+12.6
[Gain (loss) on derivative products]	-2.4	-3.5	-321.3
Expenses (-)	81.1	+0.1	+0.1
Actual net operating profit *	67.2	-3.2	-4.6
Core net operating profit **	59.7	-4.1	-6.4
General transfer to loan loss reserves (-)	—	+1.3	—
Net operating profit	67.2	-4.5	-6.3
Special profit and loss	-4.9	+8.2	+62.7
Bad debt written-off (-)	1.0	-9.8	-90.7
Gain on reversals from loan loss reserves	0.7	+0.7	—
Gain (loss) on stocks	-2.9	-1.7	-147.4
Ordinary profit	62.3	+3.6	+6.2
Extraordinary profit and loss	0.0	+0.7	+105.1
Net income before taxes	62.3	+4.3	+7.4
Corporate taxes (-)	27.7	+5.0	+22.1
Net income	34.7	-0.7	-2.0
[Excluding impact of reduction in the tax rate]	[38.2]	[+2.9]	[+8.2]

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

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

**Ordinary revenue** **-JPY 4.5bn YoY** (Continued decrease in 4 periods)

- Ordinary revenue decreased JPY 4.5bn year on year to JPY 174.8bn due to a decline in interest income of JPY 2.5bn and a drop in other operating revenue of JPY 2.4bn.

**Gross operating profit** **-JPY 3.1bn YoY** (Continued decrease in 2 periods)

- Gross operating profit declined JPY 3.1bn year on year to JPY 148.3bn, reflecting a decline in other operating profit of JPY 2.8bn due to a deterioration of JPY 3.5bn in gain (loss) on derivative products arising from bond hedge trades.

**Net operating profit** **-JPY 4.5bn YoY** (First decrease in 3 periods)

- Net operating profit declined JPY 4.5bn to JPY 67.2bn due to the decrease in gross operating profit and the booking of reversals on general loan loss reserves under special profit and loss\*.

\* Reversals on general loan loss reserves, with the addition of transfer to specific reserves, was booked as gain on reversals from loan loss reserves under special profit and loss.

**Ordinary profit** **+JPY 3.6bn YoY** (Continued increase in 3 periods)

- Ordinary profit increased JPY 3.6bn year on year to JPY 62.3bn due to a decline of JPY 9.8bn in bad debt written off, although gain (loss) on stocks deteriorated JPY 1.7bn.

**Net income** **-JPY 0.7bn YoY** (First decrease in 3 periods)

- Net income declined JPY 0.7bn year on year to JPY 34.7bn, mainly reflecting the impact of reduction in the corporate tax rate (corporate taxes: +JPY 3.6bn).



# Results of FY2011 (2)

## Shizuoka Bank, Consolidated

(JPY bn, %)

	FY2011	YoY change	
		Increase/Decrease	Rate of change
Ordinary revenue	205.1	-3.9	-1.9
Ordinary profit	68.8	+4.6	+7.2
Net income	37.2	+1.0	+2.9
Comprehensive income	60.3	+41.2	+216.6

## Consolidated / Non-consolidated ratio

	FY2011	YoY change
Ordinary profit	1.10 times	+0.01 times
Net income	1.07 times	+0.05 times

## Ordinary revenue (Consolidated)

Continued decline for 4 periods

## Ordinary profit (Consolidated)

Continued increase in 3 periods

## Net income (Consolidated)

Continued increase in 3 periods

## Consolidated Subsidiaries (11 companies)

Shizugin Management Consulting Co., Ltd.  
 Shizugin Lease Co., Ltd.  
 Shizuoka Computer Service Co., Ltd.  
 Shizugin Credit Guaranty Co., Ltd.  
 Shizugin DC Card Co., Ltd.  
 Shizuoka Capital Co., Ltd.  
 Shizugin TM Securities Co., Ltd.  
 Shizugin General Service Co., Ltd.  
 Shizugin Mortgage Service Co., Ltd.  
 Shizugin Business Create Co., Ltd.  
 Shizuoka Bank (Europe) S.A.

## Equity-method Affiliates(1 company)

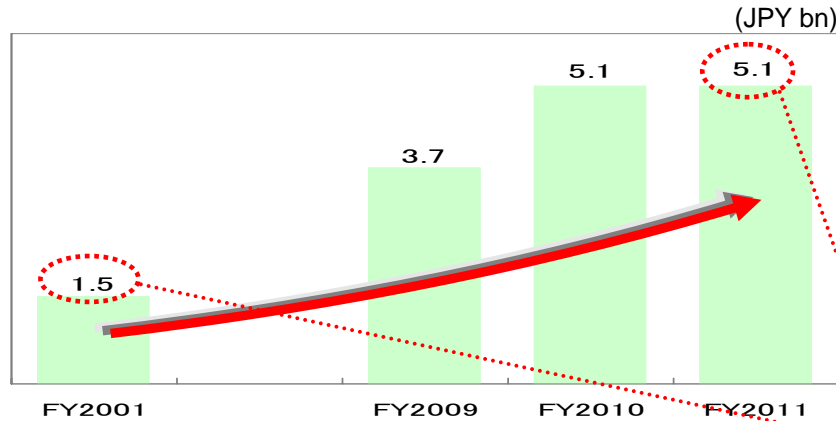
Shizugin Saison Card Co., Ltd.



# Group strategy – Increase of equity stakes in consolidated subsidiaries –

- Consolidated subsidiaries increased the total of their ordinary profit by 3.4 times over 10 years since FY2001
- Raising our equity stakes in consolidated subsidiaries boosts profitability on a consolidated basis

## Sum of combined ordinary profit at consolidated subsidiaries (FY2001–11)



### ◆ Enhance overall financial services

- Shizugin TM Securities
- Shizugin Management Consulting, and other group companies

### ◆ Reinforce governance in group management

- Introduce earnings performance-linked systems to consolidated subsidiaries and other initiatives

Boosted the sum of combined ordinary profit by JPY 3.6bn (3.4x) over the last decade (FY2001–11)

## Impact of increasing equity stakes in subsidiaries on consolidated earnings

### Gains on negative goodwill

- ◆ Gains of JPY 12.8bn to be booked as special gains in FY2012

### Increase in consolidated net income

- ◆ Positive impact of roughly JPY 1.3bn per year (based on FY2011 results)

### Increase in consolidated/non-consolidated ratio

- ◆ Increase by roughly 0.04x due to rise in consolidated net income (based on FY2011 results)

Improve profitability on a consolidated basis due to increase in equity stakes



# Net interest income

• Net interest income of FY2011: JPY 127.3bn (- JPY 0.9bn YoY)

Domestic operations : JPY 114.7bn (- JPY 1.0bn YoY), Overseas operations : JPY 12.5bn (+ JPY 0.1bn YoY)

## Breakdown of net interest income

(JPY bn)	FY2010	FY2011	Increase/ Decrease
<b>Total</b>	<b>128.2</b>	<b>127.3</b>	<b>-0.9</b>
<b>Domestic operations division</b>	<b>115.8</b>	<b>114.7</b>	<b>-1.0</b>
Of which, Interest on loans	103.9	100.6	-3.3
Interest and dividends on securities	18.2	18.9	+0.7
Interest on deposits (-)	6.3	4.7	-1.6
<b>Overseas operations division</b>	<b>12.4</b>	<b>12.5</b>	<b>+0.1</b>

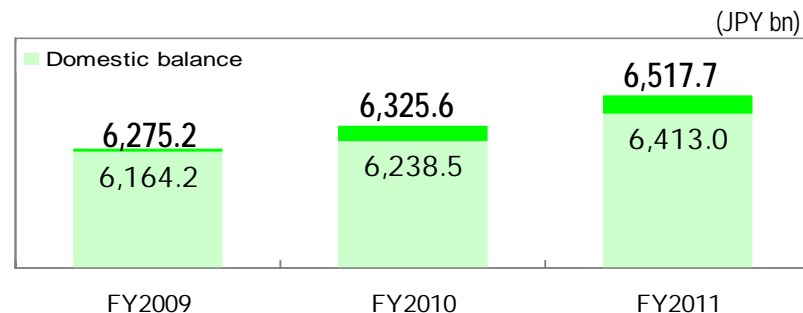
## Domestic operations division

(%)	FY2010	FY2011	Increase/ Decrease
<b>Loan rate</b>	<b>1.68</b>	<b>1.58</b>	<b>-0.10</b>
Deposit rate	0.08	0.06	-0.02
Yield on securities	1.31	1.22	-0.09

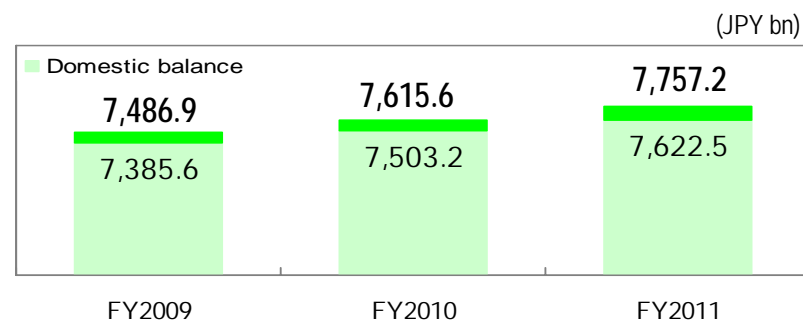
## Overseas operations division

(%)	FY2010	FY2011	Increase/ Decrease
<b>Investment/funds rate difference</b>	<b>1.54</b>	<b>1.58</b>	<b>+0.04</b>

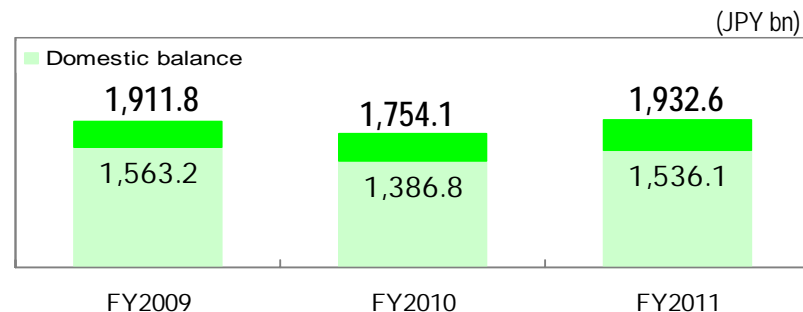
## Loan balance (average balance)



## Deposit balance (average balance)



## Securities (average balance)





# Difference between loan and deposit interest rates

- Difference between loan and deposit interest rates at the end of March 2012 was 1.48% , dropped 0.08 points from the end of March 2011

## Changes in yen-denominated loans and deposit structure

[Monthly comparison of average balance and interest rates]

	[March 2011]		[March 2012]		(JPY tn, %)
	Average balance (% of total)	Interest rate	Average balance (% of total)	Interest rate	
Loans	6.3 (100.0)	1.63	6.4 (100.0)	1.55	-0.08
Floating interest	4.8 (75.6)	1.58	4.9 (77.5)	1.50	
Short-term / new long-term prime rate standard	3.0 (47.5)	2.03	3.0 (47.8)	1.95	
Market-linked	1.7 (26.7)	0.73	1.8 (28.4)	0.70	
Fixed interest	1.5 (24.4)	1.80	1.4 (22.5)	1.71	

	[March 2011]		[March 2012]		(JPY tn, %)
	Average balance (% of total)	Interest rate	Average balance (% of total)	Interest rate	
Deposits	7.4 (100.0)	0.07	7.7 (100.0)	0.07	+0.00
Liquid deposits	4.0 (54.2)	0.02	4.2 (53.9)	0.02	
Term deposits	3.0 (40.0)	0.13	3.2 (41.7)	0.13	

[Difference between loan and deposit interest rates]

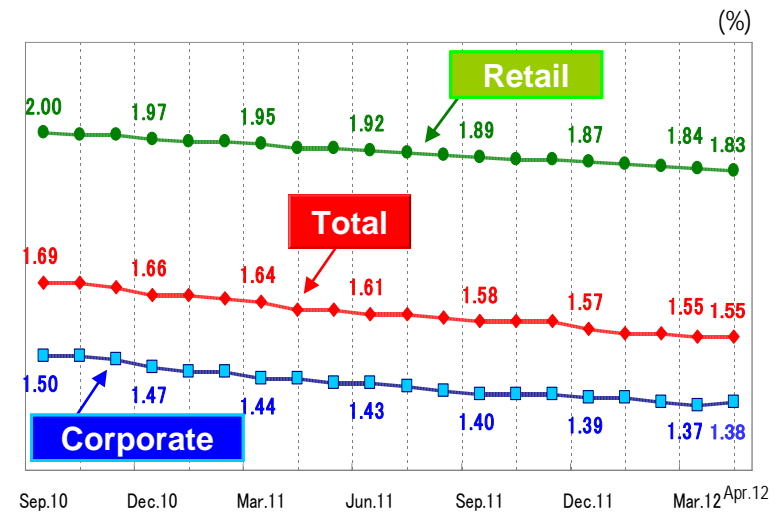
+1.56

-0.08

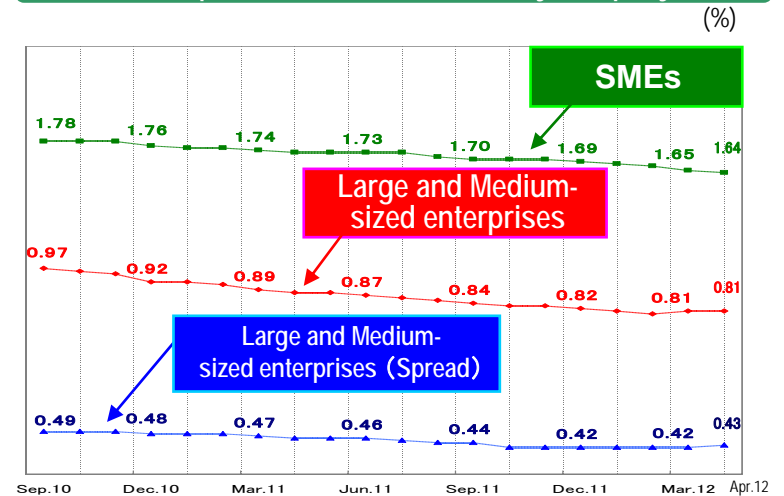
+1.48

\* Deposits include NCDs

## Loan interest rates (monthly average)



## Trends in Corporate loan interest rates by company size



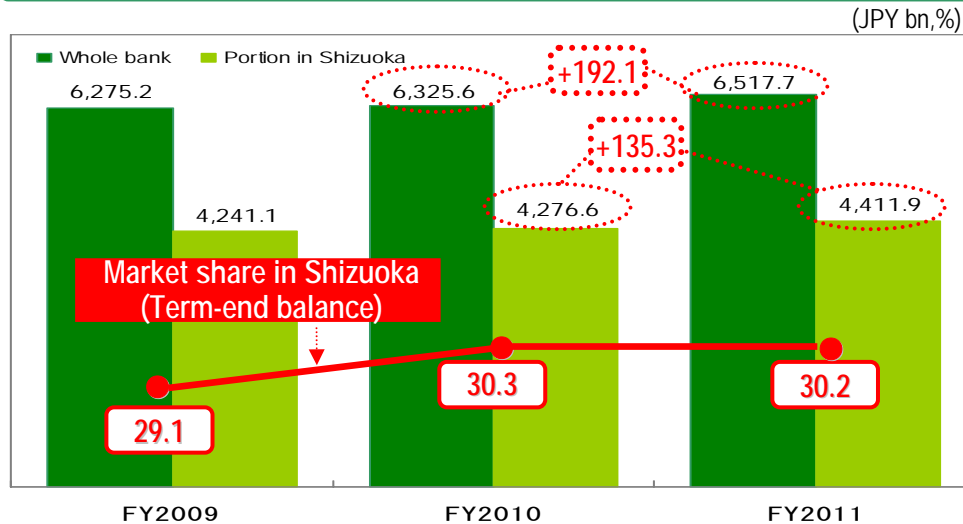




# Loans

• Loan balance (average balance) of FY2011: JPY 6,517.7bn, up JPY 192.1bn (+3.0%) YoY

## Loan balance (average balance)



### [SME loan balance]

Average balance increased to JPY 2,636.2bn, by JPY 56.4bn (+2.2%) YoY

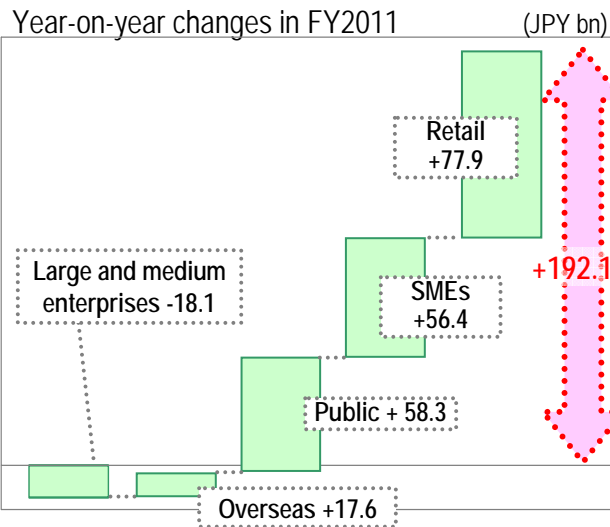
### [Retail loan balance]

Average balance increased to JPY 2,240.0bn, by JPY 77.9bn (+3.6%) YoY

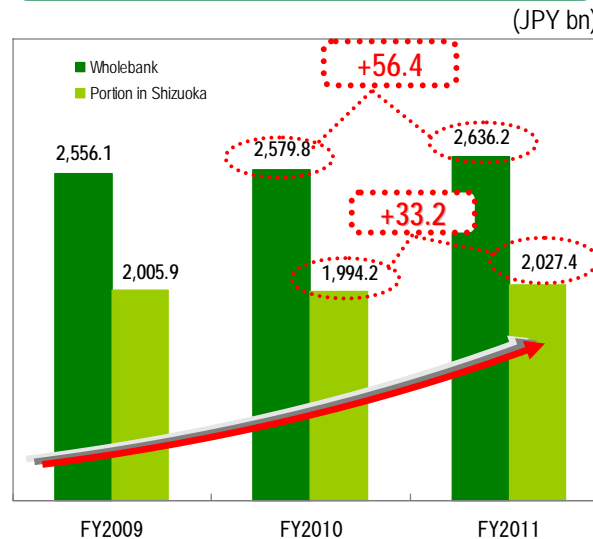
Total loan balance (term-end balance) increased to JPY 6,694.9bn, by JPY 35.7bn YoY

Of which, Large and medium enterprises: -107.1bn  
SMEs: +55.7bn  
Retail: +68.7bn

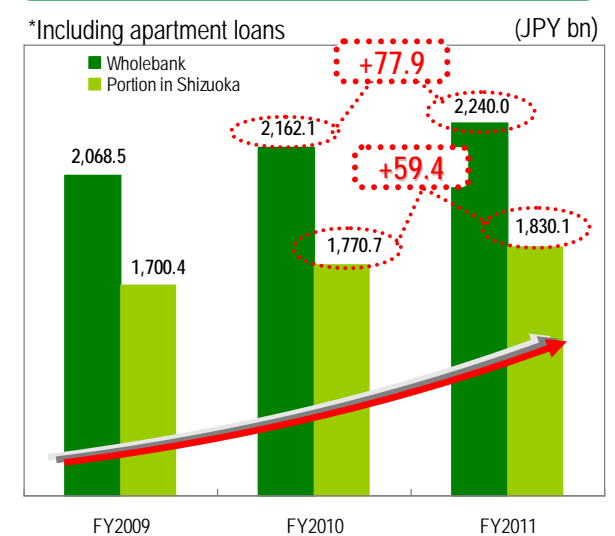
## Breakdown of changes in total loan balance (average balance)



## SME loan balance (average balance)



## Retail loan balance (average balance)





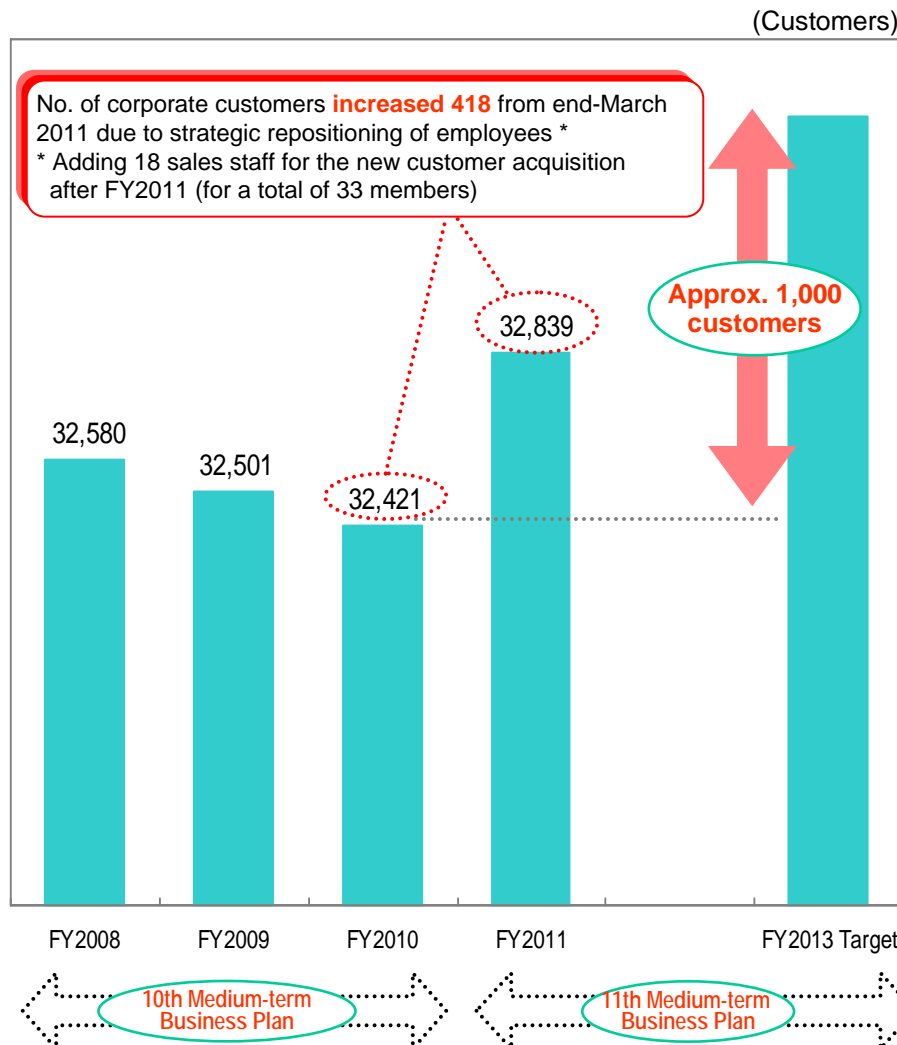


# Corporate banking initiatives (1)

– Acquisition of new corporate customers, initiatives in growth and untapped fields –

- As of end-March 2012, the number of corporate customers increased by 418 YoY
- We keep working to generate new demand for funds by stepping up initiatives in “growth and untapped fields” and by offering tailored solutions; the goal is to expand the customer base and increase market share

## Number of corporate customers



## Solution approach to growth and untapped fields

Health and welfare

- ◆ Provide information and identify needs through seminars run(7times for FY2011) by Shizuoka Bank
- ◆ Strengthen the specialized team for the health field by adding 3 sales staff (total of 7 members)

→ Loans provided for health and welfare businesses of FY2011: JPY 58.9bn (of which, 1H 25.9bn, 2H 33.0bn)

Environment

- ◆ Respond to the needs of customers in the environmental field with:
  - Loans and privately placed bonds with environmental ratings
  - ISO consulting work (Shizugin Management Consulting Co., Ltd.)

→ Loans provided for environmental projects of FY2011: JPY 13.1bn (of which, 1H 6.8bn, 2H 6.3bn)

Agriculture [Food business]

- ◆ Participate in trade shows, develop sales channels, help agricultural producers move into up or down-stream (8 team members now qualified as agricultural business advisors)
- ◆ Work with Shizuoka Prefecture Agricultural Credit Guarantee Fund Association to meet the funding needs of agricultural producers

→ Loans provided for agricultural projects of FY2011: JPY 10.8bn (of which, 1H 3.6bn, 2H 7.2bn)



# Corporate banking initiatives (2) – Strategies in Asia –

- Further strengthened our support network for customers in Asia through tie-ups with local financial institutions
- Achieved steady progress in the areas of lending and foreign exchange by using the strong network and by responding appropriately to the diverse needs of customers

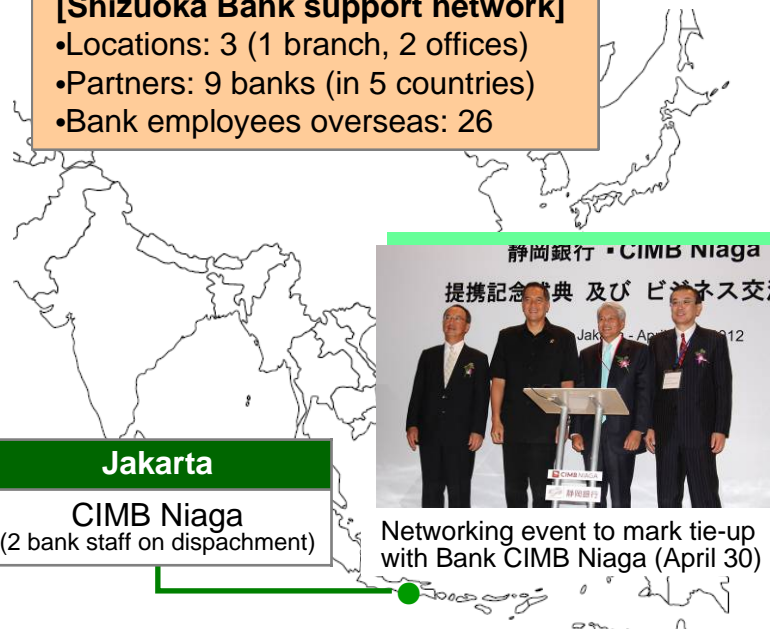
## Expanding our network in Asia

### New partner institutions in FY2011

Tie-up date	Financial institution name
April 2011	Bank Resona Perdania (Indonesia) ANZ Bank Ltd. (Vietnam)
November	Shinhan Bank Limited (South Korea)
December	CIMB Niaga (Indonesia)

### [Shizuoka Bank support network]

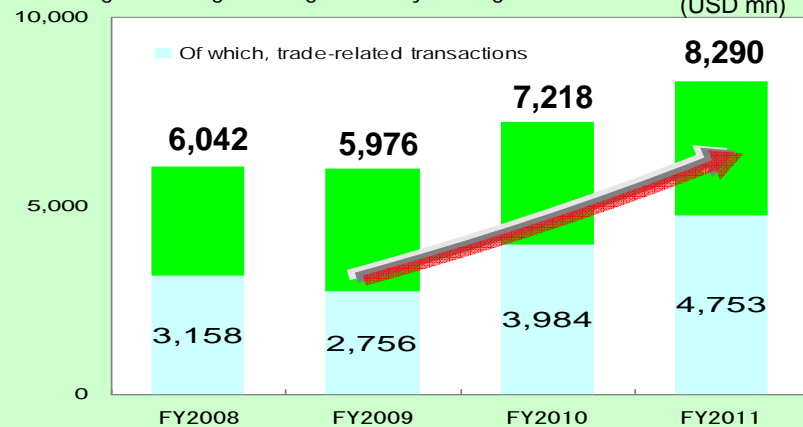
- Locations: 3 (1 branch, 2 offices)
- Partners: 9 banks (in 5 countries)
- Bank employees overseas: 26



## Results of initiatives in FY2011

- Helped 50 companies move into overseas markets (+33 YoY)  
 ⇒FY2011  
 Loans for customers' overseas entrance: JPY 16.2bn  
 Domestic loans: JPY 7.2bn
- Achieved the record-high volume of foreign exchange transactions by appropriate response to customer needs for overseas remittance, opening local bank accounts and other services.

<Foreign exchange trading / ordinary trading revenues> (USD mn)



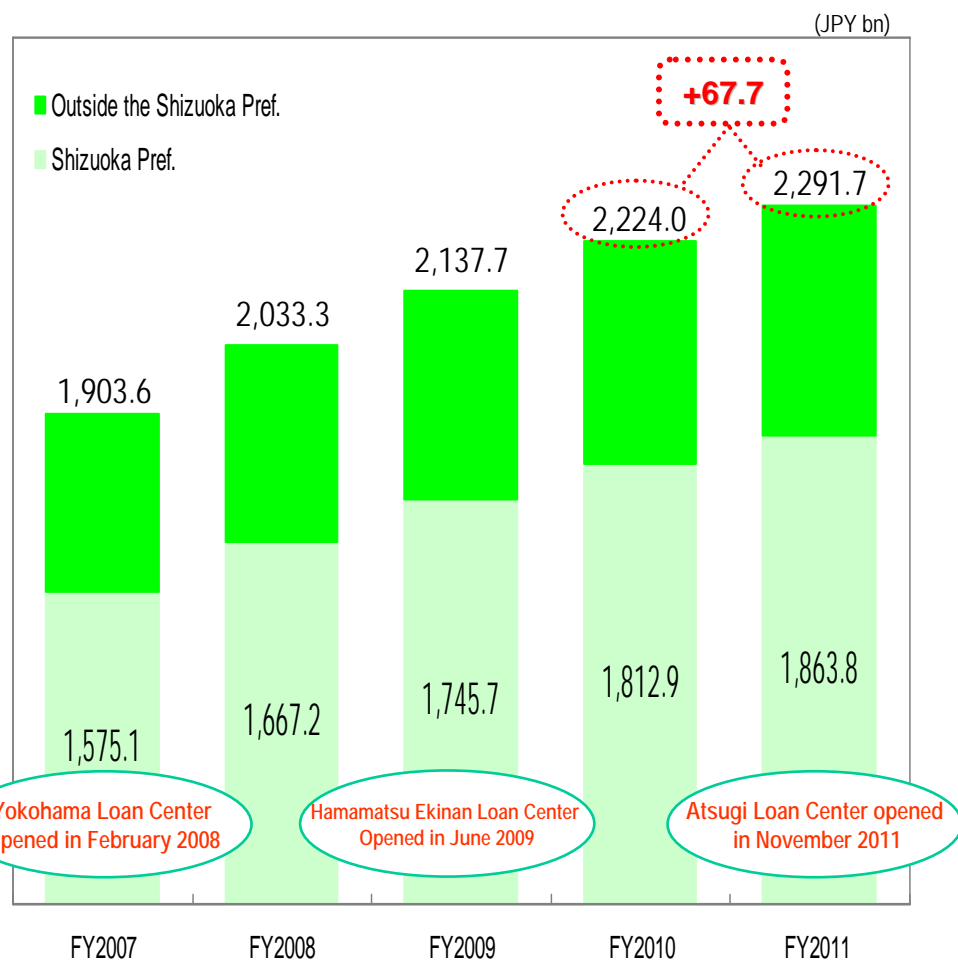
- Acquired Loans for overseas projects guaranteed by the Japan Bank for International Cooperation (JBIC) and Nippon Export and Investment Insurance (NEXI)



# Retail banking initiatives – Consumer loan –

- Consumer loan balance continues to grow by JPY 67.7bn from end-Mar. 2011 to JPY 2,291.7bn at end-Mar.2012
- We continue to boost growth in the consumer loan balance by increasing sales sites, reforming business processes to increase productivity and reduce costs

## Consumer loan balance (term-end balance)



## Initiatives

Business processes

- ◆ Reduced processing time for workload of consumer loan by approx. 20% in FY2011  
(Under the 11th business plan: reduce the processing time by 60%)

Maintain competitiveness by boosting the profitability of housing loans through increase in productivity and cost reduction

Loan rates

- ◆ Introduced an loan rate point system as a performance incentive for consumer loan sales staff

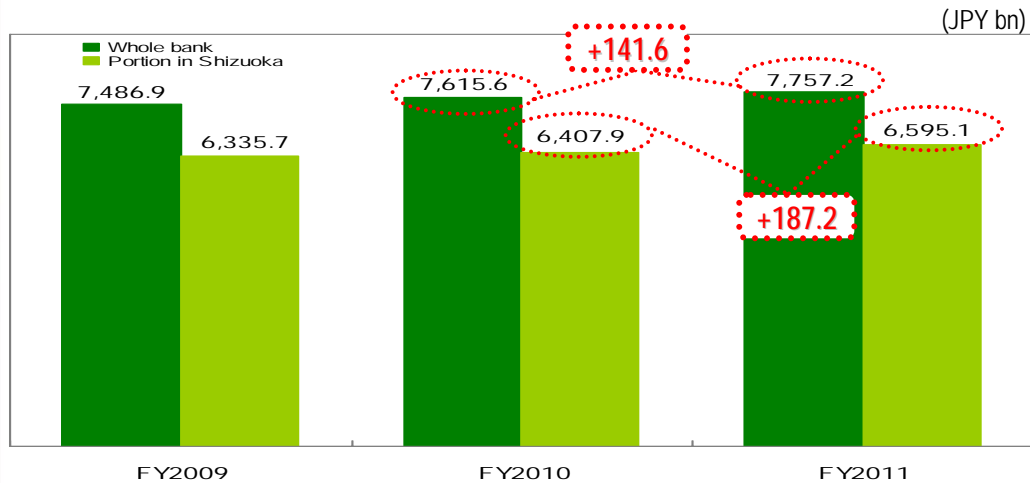
FY2011  
Average rate for new housing loans: 1.271%



# Deposits

- Deposit balance in FY2011: JPY 7,757.2bn (average balance), up JPY 141.6bn (+1.9%) YoY

## Deposit balance (average balance)



- Deposit balance in Shizuoka Prefecture:

JPY 6,595.1bn, up JPY 187.2 bn (+2.9%) YoY

- Retail deposit balance:

JPY 5,337.3bn, up JPY 152.5 bn (+2.9%) YoY

[Average balance of Internet branch: JPY 72.4bn, up JPY 46.5bn YoY]

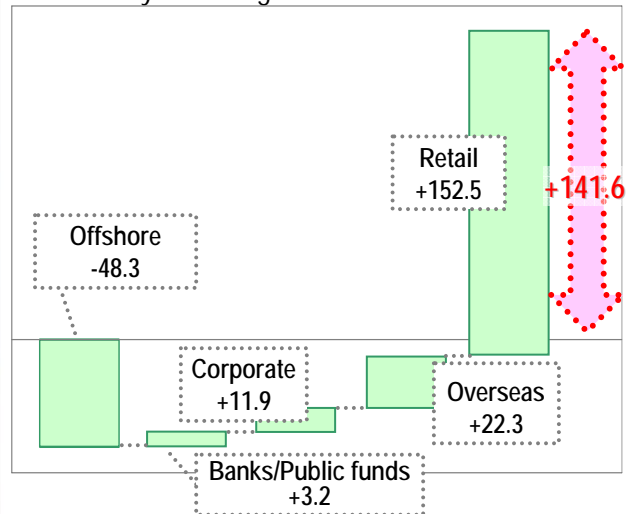
- Corporate deposit balance:

JPY 1,967.9bn, up JPY 11.9 bn (+0.6%) YoY

[Excluding NCD : up JPY 100.9bn (+6.2%) YoY]

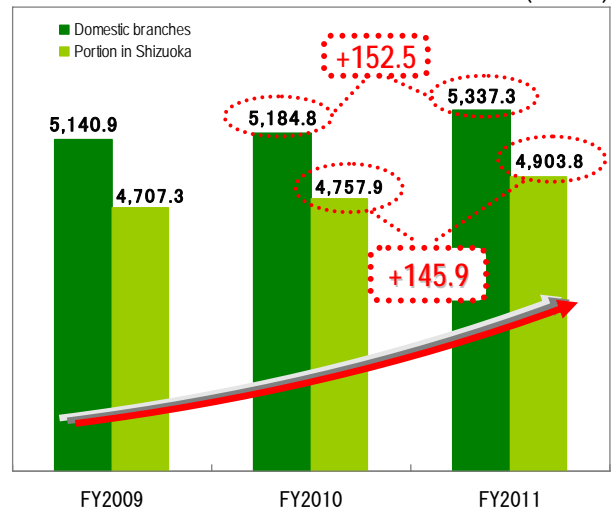
## Breakdown of changes in deposit balance (average balance)

Year-on-year changes in FY2011 (JPY bn)



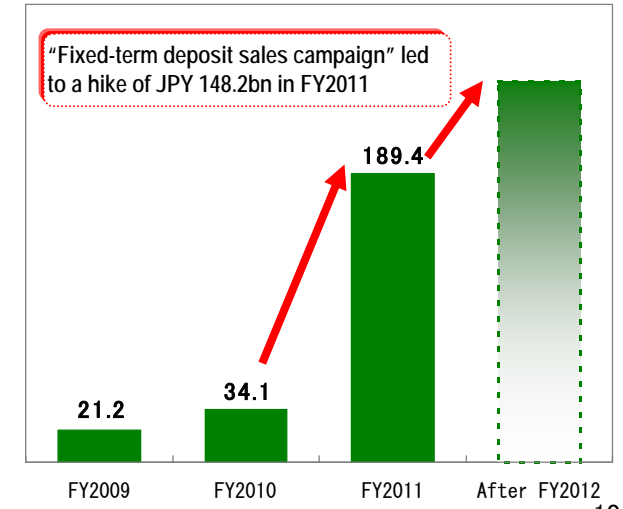
## Retail deposit balance (average balance)

(JPY bn)



## Deposit balance of Internet branch (Term-end balance)

(JPY bn)

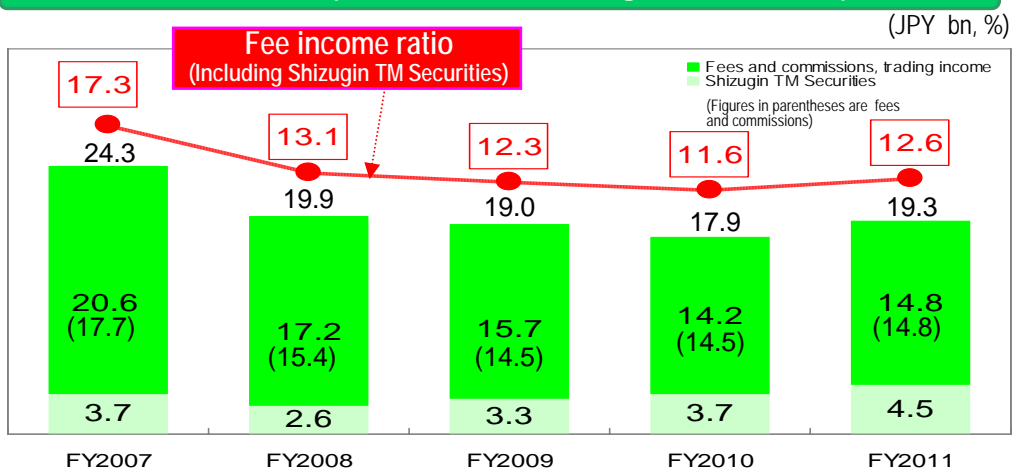




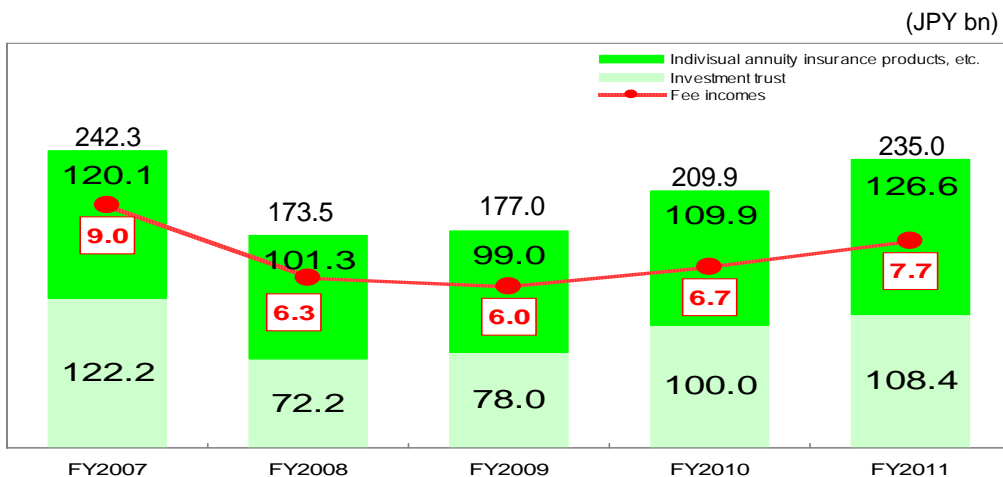
# Fee incomes and customer assets

- Fee incomes (total of Non-consolidated Fees and commissions and trading income) in FY2011: JPY 14.8bn(+0.6bn YoY)
- Customer assets at the end of March 2012 (including the balance of Shizugin TM Securities) was JPY 6,935.6bn, up JPY 356.0bn from the end of March 2011, of which balance of customer asset was JPY 1,461.9bn, up JPY 82.0bn from the end of March 2011

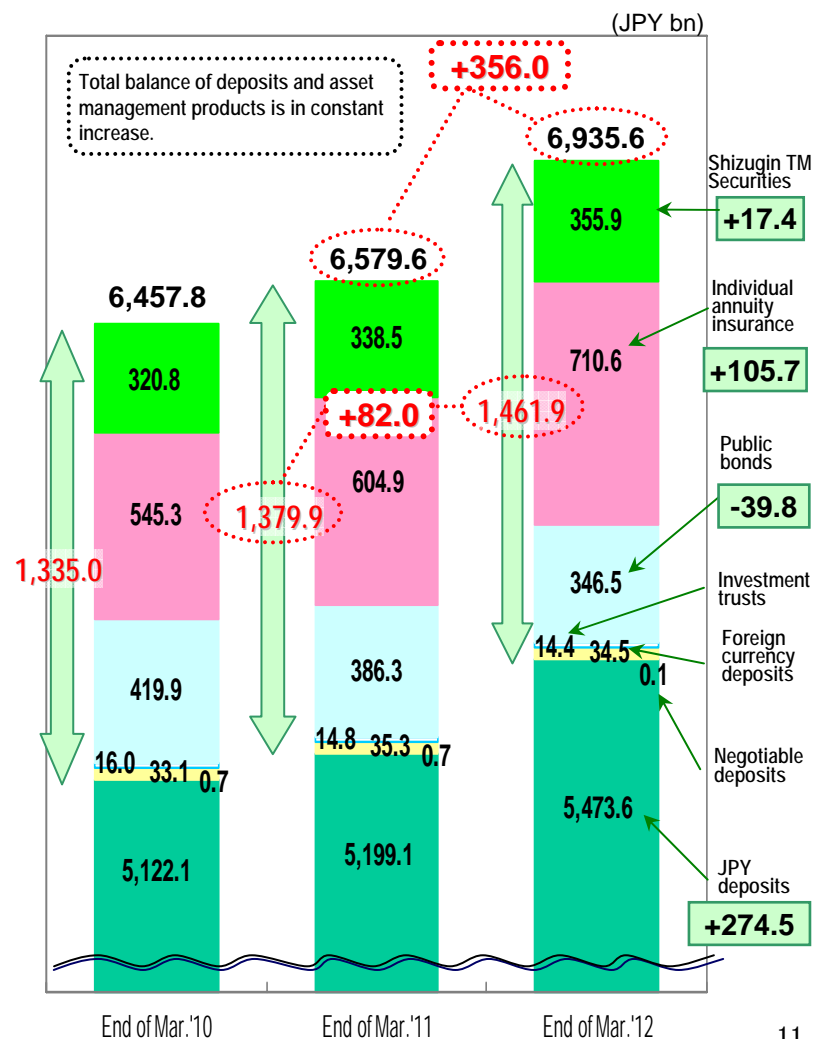
## Fee incomes (Shizuoka Bank / Shizugin TM Securities)



## Sales and fee income from sales of investment trust and insurance products



## Customer assets (term-end balance)





# Credit-related costs

- Credit-related costs in FY2011: JPY 0.3bn (-JPY 9.3bn YoY), Credit-related cost rate: 0.004% (-0.15 percentage points YoY)
- Reserved (new) allowances for loan loss based on DCF method in the first half and fourth quarters of FY2011 to stabilize impact of credit-related cost

## Breakdown of credit-related costs in FY2011

(JPY bn)	FY2010	FY2011	YoY
<b>General transfer to loan loss reserves</b>	-1.3	-3.8	-2.5
Transfer to specific reserves	7.8	3.1	-4.7
Charge for sharing of Responsibilities with credit guarantee association ,etc.	3.1	1.0	-2.1
<b>Total</b>	<b>9.6</b>	<b>0.3</b>	<b>-9.3</b>

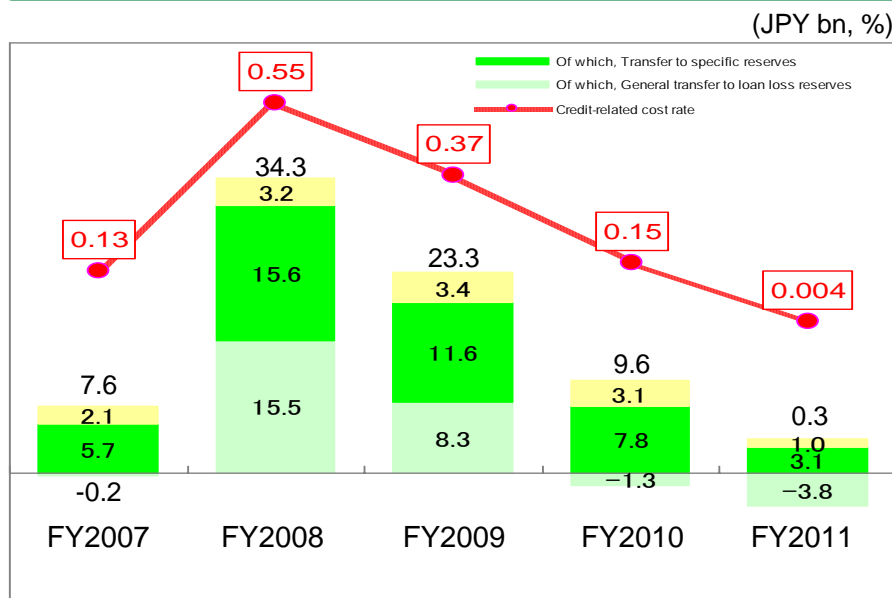
\* General transfer to loan loss reserves and transfer to specific reserves in FY2011 are not disclosed in statements of income

[Breakdown of general transfer to loan loss reserves]	
Of which, amount due to change in calculation methods	-5.4
<b>Adoption of the DCF method</b>	<b>8.7</b>
Decline in loan loss ratio and other factors	-7.1
<b>Total</b>	<b>-3.8</b>

### ◆ Calculating the impact on FY2012 credit-related costs due to the adoption of the DCF method

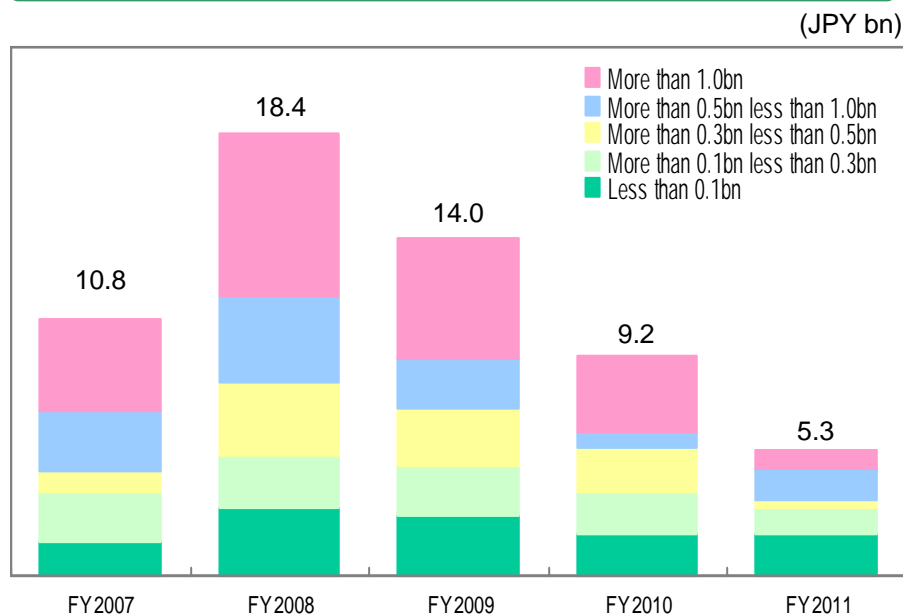
Reduction in credit risk  
Expected loss (EL) -JPY 1.3bn, Unexpected loss (UL) -JPY 5.6bn

## Credit-related cost and credit-related cost rate trends



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

## New transfer to specific reserves by credit balance



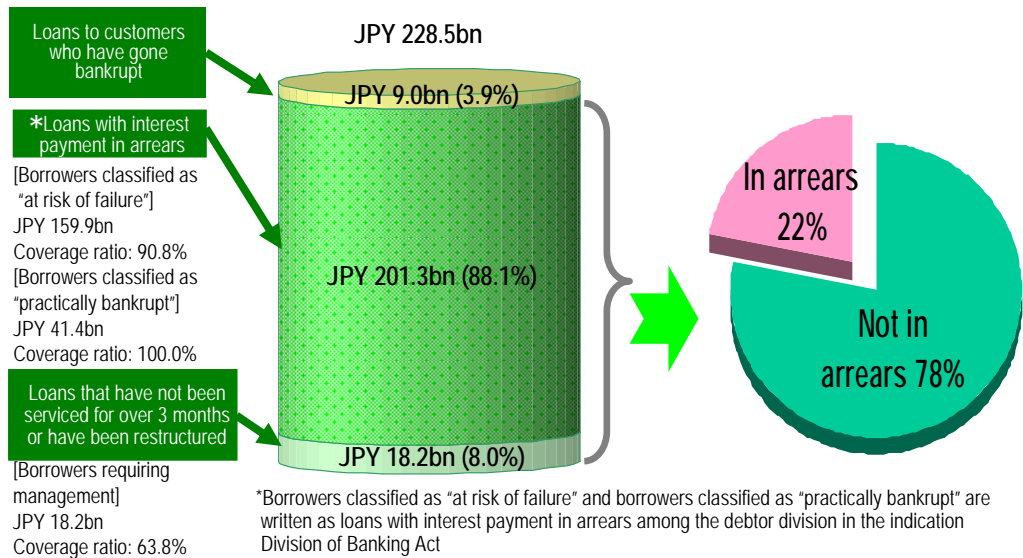




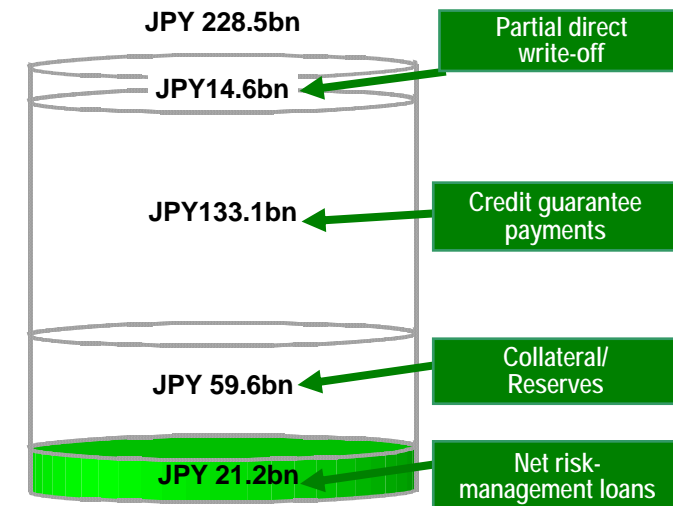
# Risk-management loans

- **Total risk-management loans (Non-consolidated): JPY 228.5bn (down JPY 14.0bn from the end of March 2011)**
- **The ratio of risk-management loans: 3.41% (down 0.23 percentage points from the end of March 2011)**
- **Net risk-management loans (Non-consolidated): JPY 21.2bn (down JPY 5.1bn from the end of March 2011)**
- **The ratio of net risk-management loans: 0.32% (down 0.08 percentage points from the end of March 2011)**

## Risk-management loans at the end of Mar. 2012



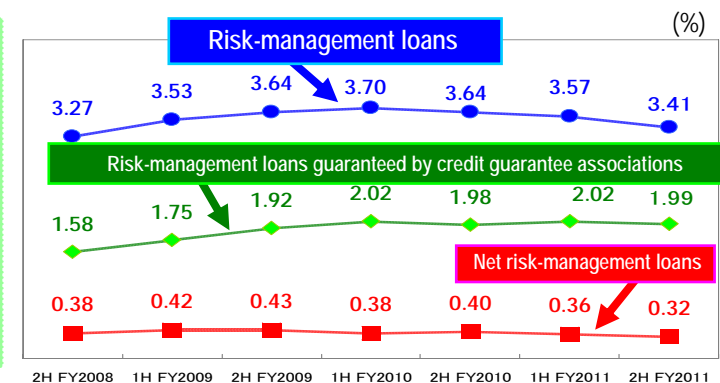
## Net risk-management loans



## NPL removal from the balance sheet

(JPY bn)	FY2010	FY2011	[Breakdown of JPY 60.7 bn] (JPY bn)	
New recognition of NPLs	+72.1	+52.9	Collected from borrower/ set off against deposit account	10.6
Removal from the balance sheet (NPL to borrowers classified as "at risk of failure" or in riskier categories)	-59.1 (-55.1)	-66.9 (-60.7)	Collateral disposal/ subrogated to guarantor	20.9
<b>Risk-management loans</b>	<b>242.5</b>	<b>228.5</b>	Reclassified to better category	19.6
			Loans sold-off	6.0
			Direct write-off of loans	3.6

## The ratio of risk-management loans







# Securities

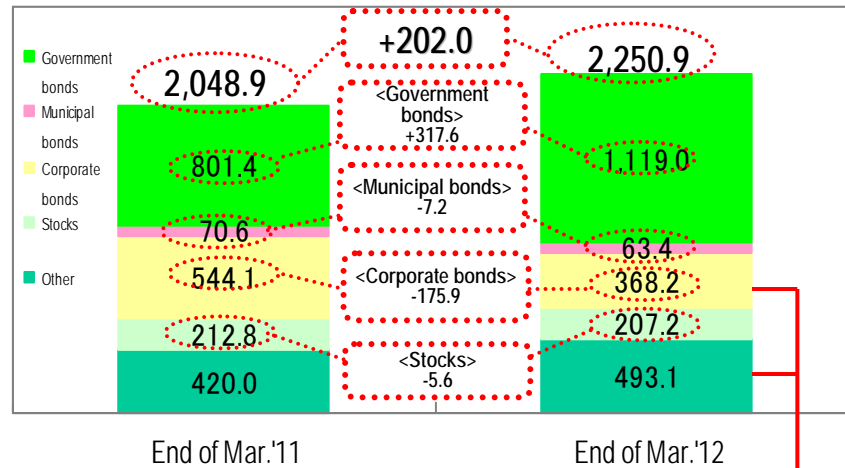
- Total balance of securities
- Securities revaluation profit and loss

- Gains and losses from bond-related income such as JGBs
- Gains and losses from stocks

: JPY 2,250.9bn (+ JPY 202.0bn from the end of March2011)  
 : JPY 127.6bn (+ JPY 24.4bn from the end of March2011)  
 : JPY 7.4bn (+ JPY 0.8bn YoY)  
 : - JPY 2.9bn (- JPY 1.7bn YoY)

## Security portfolio

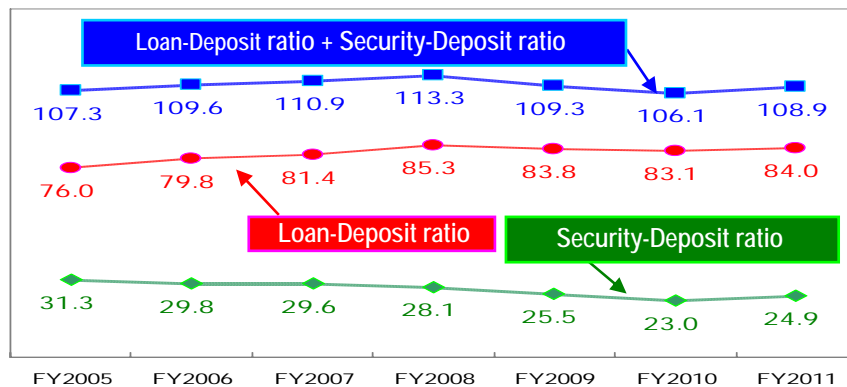
(JPY bn)



Breakdown of corporate bond and other category are indicated to 22pages

## Loan-Deposit ratio / Security-Deposit ratio

(%)



## Average life of bonds / gains and losses from revaluation of securities

	End of Mar. '11	End of Mar. '12
Average life of yen denominated bonds	5.03y	5.25y
Average life of foreign currency denominated bonds	2.18y	3.45y
Gains and losses from the revaluation of securities	JPY 103.2bn	JPY 127.6bn
Stocks	JPY 90.3bn	JPY 88.1bn
Nikkei stock average	JPY 9,755.10	JPY 10,083.56

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

(JPY bn)	FY2010	FY2011	Increase/Decrease
<b>Gains and losses from JGBs</b>	6.6	7.4	+0.8
Gain on sale of JGBs	12.2	11.0	-1.2
Loss on sale of JGBs (-)	5.3	3.5	-1.8
Devaluation of JGBs (-)	0.3	0.1	-0.2

## Breakdown of gains and losses from stocks

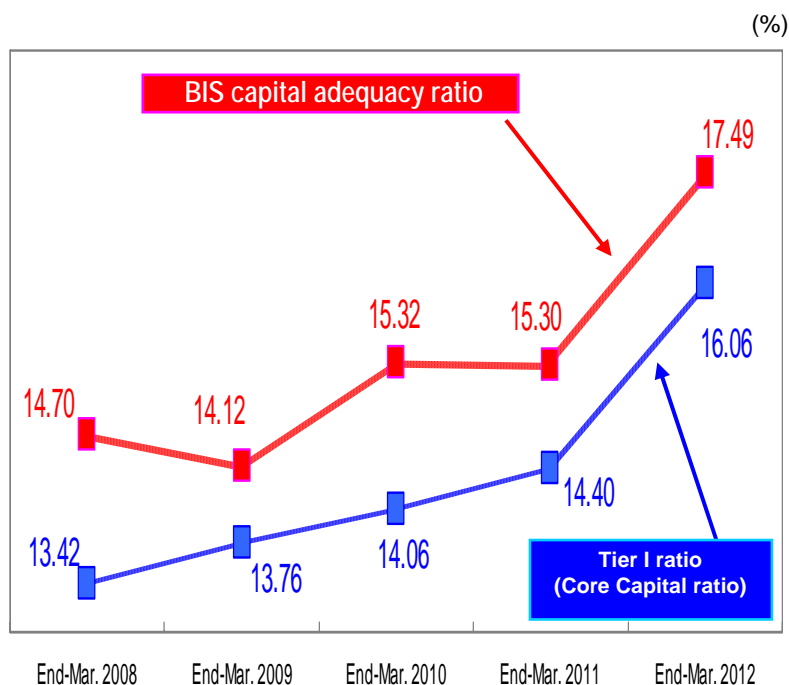
(JPY bn)	FY2010	FY2011	Increase/Decrease
<b>Gains and losses from stocks</b>	-1.2	-2.9	-1.7
Gain on sale of stocks	0.5	0.1	-0.4
Loss on sale of stocks (-)	0.1	0.0	-0.1
Devaluation of stocks (-)	1.6	3.0	+1.4



# Capital adequacy ratio

- The Basel II capital adequacy ratio at the end of March 2012 was 17.49%. (+2.19 percentage points from the level at the end of March 2011)
- Tier I ratio (core capital ratio) was 16.06%. (+1.66 percentage points from the level at the end of March 2011)
- Based on criteria in the Basel III text released in December 2010, the end-September 2011 the level of capital adequacy ratio exceeded regulatory levels

## BIS capital adequacy ratio (consolidated basis)



[Calculation based on criteria in the Basel III text released in December 2010 (End-September 2011 basis)]

- Capital adequacy ratio: 16.0% (Regulatory level 10.5%)
- Tier I ratio : 15.9% ( ditto 8.5%)
- Core Tier I ratio : 15.8% ( ditto 8.5%)

## Changes in capital and risk-adjusted assets

(JPY bn)

	End-Mar. '09	End-Mar. '10	End-Mar. '11	End-Mar. '12	Change from end-Mar. '11
Capital*	623.4	687.8	686.1	719.9	+33.8
Tier I	607.8	631.4	645.9	661.1	+15.2
Tier II	29.1	67.6	50.7	63.3	+12.6
Risk-adjusted assets	4,414.8	4,488.9	4,482.9	4,114.8	-368.1
Total credit-risk adjusted assets	4,094.6	4,166.3	4,162.8	3,800.4	-362.4
Amount corresponding to market risk	24.8	20.5	16.5	14.2	-2.3
Amount corresponding to operational risk	295.4	302.1	303.6	300.2	-3.4

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

## Outlier ratio (Non-consolidated basis)

(JPY bn,%)

Size of maximum risk	Tier I + Tier II	Outlier ratio
18.2	691.5	2.6



# Shareholder return (1) – Dividend –

- Plan to increase the year-end dividend for FY2011 by JPY 0.50 per share to JPY 7.00 (annual dividend of JPY 13.50 per share) because of emphasizing returns to shareholders and the outlook for earnings and other factors
- Plan to increase FY2012-end dividend by JPY 1.00 per share to mark Commemorative 70th anniversary dividend, raising the total annual dividend to JPY 15.00 per share

## Dividend trends

(JPY)

	FY2009	FY2010	FY2011	FY2012E
Dividend per share (annual)	13.00	13.00	13.50	15.00 (7.00* )

\*Interim dividend

## Profit distribution to shareholders

(JPY bn, %)

	FY2009	FY2010	FY2011	FY '02 – '11 (10 years)
Annual dividend (1)	9.1	8.8	8.9	Accumulated total 77.3
Repurchase of shares (2)	4.0	15.0	14.6	Accumulated total 77.8
Shareholder returns (3)=(1)+(2)	13.1	23.8	23.5	Accumulated total 155.1
Net income (4)	32.1	35.4	34.7	Accumulated total 291.7
Dividend payout ratio (1)/(4)x100	28.20	24.85	25.54	Average 26.49
Shareholder return ratio (3)/(4)x100	40.64	67.22	67.60	Average 53.17



## Shareholder return (2) – Share Buybacks ,Trends in EPS/ BPS –

- Share buybacks have been continuously carried out since FY1997, with the 151million of shares bought back as of the end of March 2012. 20 million shares was bought back in FY2011 and cancelled in May 2012
- EPS and BPS have risen steadily, reaching record-high levels in FY2011 due to our growth strategy and share buybacks

### Historical share buybacks

	Shares bought back (thousand shares)	Repurchase amount of shares (JPY mn)	Number of shares cancelled (thousand shares)	Cancellation amount (JPY mn)	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	(20,000)	(14,953)	67.6	52.44	1,097.55
Cumulative total	151,044	137,677	120,404 (140,404)	113,938 (128,891)	63.2	—	—

\* Figure in parentheses are amount including an actual amount cancelled in May 2012



# 70<sup>th</sup> Anniversary of Foundation

- **Mark 70 years in business on March 1, 2013.**  
Plan to hold a number of commemorative events to thank all our stakeholders.
- **Continue to strive to meet the expectations and trust of the local community by contributing to development of the regional economy.**

## ✓ **Commemorative 70th anniversary dividend (FY2012 year-end dividend)**

- **In addition to the ordinary dividend, we plan to pay a commemorative dividend of JPY1.00 per share, raising the total annual dividend to JPY15.00 per share.**

**[Dividend per share]**

(JPY)

Record date	First Half End-Sep. 2012	Year-end End-Mar. 2013	Annual
Projected dividend for FY2012 (Of which, commemorative 70th anniversary dividend)	7.00 ( - )	8.00 (1.00)	15.00 (1.00)

## ✓ **Initiatives to mark 70 years in business**

- **Raise of equity stakes in consolidated subsidiaries to make them wholly owned subsidiaries**
- **Shizugin scholarships for Asian students studying in Japan**
- **Recruiting scheme aimed at overseas students in Japan**
- **Commencement of platting a new headquarters building:**  
To improve our capability to respond to disasters and boost productivity  
by reforming work styles

**And other various initiatives**

# Projected performance for FY2012



# Projected performance for FY2012

Consolidated (JPY bn)	FY2011		FY2012E		Change from FY2011
Ordinary revenue	205.1		207.0		+1.9
Ordinary profit	68.8		69.0		+0.2
Net income	37.2		55.5		+18.3

Non-Consolidated (JPY bn)	FY2011		FY2012E		Change from FY2011
Ordinary revenue	174.8		177.0		+2.2
Gross operating profit	148.3		147.2		-1.1
Expenses (-)	81.1		80.6		-0.5
Net operating profit	67.2		68.5		+1.3
Actual net operating profit	67.2		66.6		-0.6
Special profit and loss	-4.9		-4.5		+0.4
Ordinary profit	62.3		64.0		+1.7
Net income	34.7		40.0		+5.3

	FY2011		FY2012E		Change from FY2011
Credit-related costs (JPY bn)	0.3		3.9		+3.6
General transfer to loan loss reserves	(-3.8)*		-1.9		(+1.9)*
Bad debt written-off	1.0		5.8		+4.8
transfer to specific reserves	(3.1)*		4.0		(+0.9)*
Gain on reversals from loan loss reserves(-)**	0.7		—		—

\* Figures in parentheses are not disclosed in statements of income

\*\* Gain on reversals from loan loss reserves = General transfer to loan loss reserves + Transfer to specific reserves



# Reference



# Loans (1) - Loans by industries

- Business loans to industries such as real estate, construction, leasing, money lending and investment each account for less than 9% of lending for all industries. There is no concentrated exposure to any of these specially designated industries
- Expected Loss (EL) amounts to JPY 10.4bn for all industries (JPY 1.0bn for real estate and JPY 0.9bn for construction)
- Unexpected Loss (UL) amounts to JPY 39.5bn for all industries

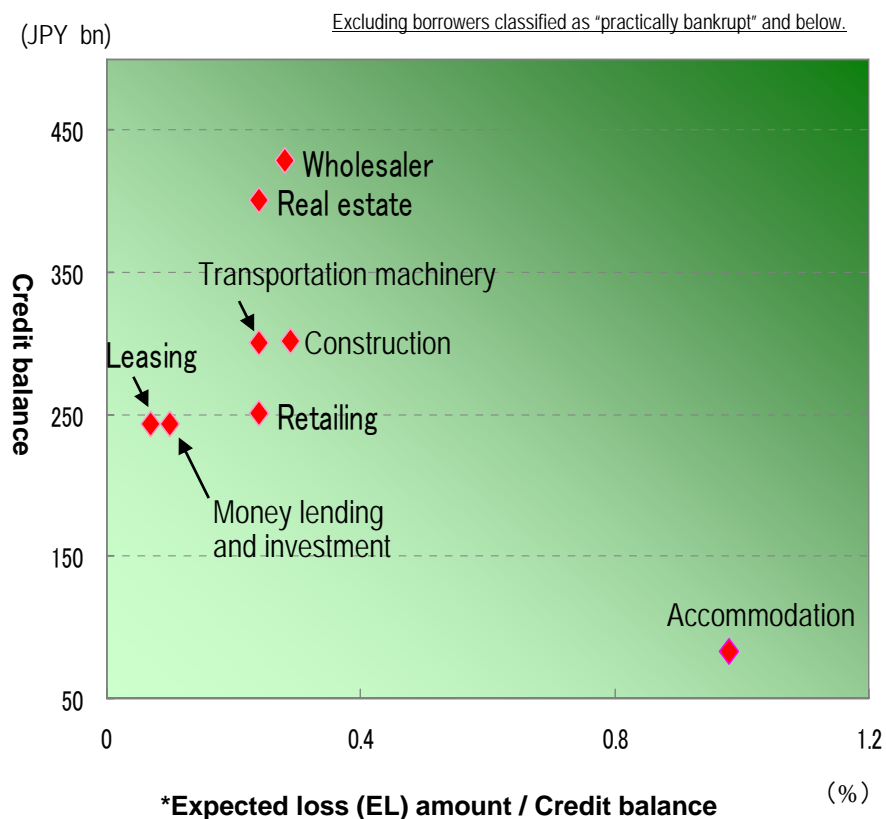
## Breakdown of business loans to the specially designated industries

[ Credit balance (as of the end of March 2012) ]

	Balance	Composition ratio	YoY change
All industries	4,648.9	100.0	-28.8
Real estate	401.1	8.6	+25.7
Construction	302.1	6.5	-3.6
Leasing	243.5	5.2	-6.5
Money lending and investment	243.0	5.2	-6.9
Wholesaler *	428.7	9.2	+21.1
Transportation machinery	301.0	6.5	-44.4
Retailer	251.3	5.4	-8.3
Accommodation	83.3	1.8	+0.4

\* excluding a general trading company

[ Credit balance vs. expected loss rate\* ]





# Loans (2)

– Borrowers with modified lending conditions on the basis of “Act on facilitation of succession of management of SMEs”

## Disclosure according to Act on Facilitation of Succession of Management of SMEs (accumulated results from Dec. '09 to Mar. '12)

### <Executed changes of lending conditions>

	Number of cases	Executed amounts
Loans for SMEs	59,136	JPY 1,451.5bn
Housing loans	1,410	JPY 23.1bn

Several details were counted for the same borrower.  
In addition to that, each time continued, loans with bullet repayment was posted as “executed changes of lending conditions”.

Of which, borrowers with changes in lending conditions by reducing payment on term

For borrowers classified as careful monitoring or in riskier categories who made changes in lending conditions by reducing payment on term

	Numbers of borrowers for which lending conditions were modified	Credit balance	
			Of which non-protected amount
Loans for SMEs	*1 2,169	JPY 227.8bn	JPY 74.9bn
Housing loans	794	JPY 12.7bn	*2 JPY 3.2bn
Total	2,963	JPY 240.6bn	JPY 78.1bn

Expected Loss
JPY 4.5bn
JPY 0.1bn
JPY 4.6bn

General transfer to loan loss
JPY 10.2bn
JPY 0.4bn
JPY 10.5bn

• 5.1% of total borrowers of business loans

\*1 Including loans for apartments

• Executed credit balance JPY 240.6bn (3.6% of total lending)  
Of which, non-protected amount JPY 78.1bn (1.2% of total lending)

\*2 Non-protected amount of housing loan was calculated on the basis of our collection performance

• Expected Loss (JPY 4.6bn) was managed within the range of “general transfer to loan loss balance” (JPY 10.5bn)



# Securities

- As of end-March 2012, exposure to the European market totaled JPY 24.9bn (bonds: JPY 6.6bn, loans: JPY 15.0bn, other: JPY 3.3bn), with France, Germany, U.K. and Belgium accounting for most of the total
- All bonds (excluding bonds in investment trust portfolios) and borrowers have credit ratings of "A or higher" from an external credit rating agency\*

\*Standard & Poor's ratings as of end-March 2012

## Exposure to the European market (final risk basis)

[Consolidated]

(JPY bn)

	Bonds			Loans		Others	Total
		Of which, public institutions	Of which, financial institutions		Of which, financial institutions		
France	0.1	0.0	0.0	15.0	15.0	0.0	15.1
Germany	2.8	2.7	-	-	-	0.1	2.9
U.K.	0.2	0.1	-	-	-	2.7	2.9
Belgium	3.4	3.4	-	-	-	0.5	3.9
Italy	0.1	0.0	-	-	-	-	0.1
Others	0.1	0.0	-	-	-	-	0.1
<b>Total</b>	<b>6.6</b>	<b>6.2</b>	<b>0.0</b>	<b>15.0</b>	<b>15.0</b>	<b>3.3</b>	<b>24.9</b>

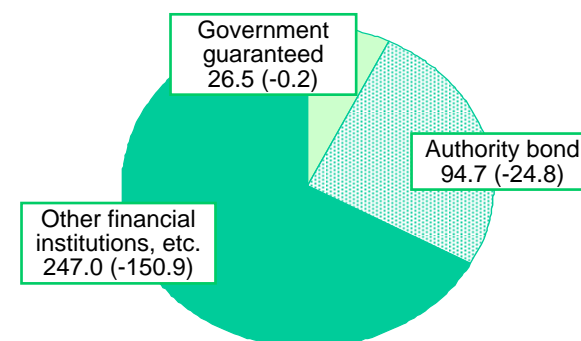
- Figures in the table do not include JPY 16.8bn in loans to Japanese companies
- Others: Total for repurchase agreements, money deposited, and derivatives trading [Forex rates]

JPY/EURO 109.69, JPY/USD 82.19, JPY/GBP 131.34, JPY/CHF 91.02

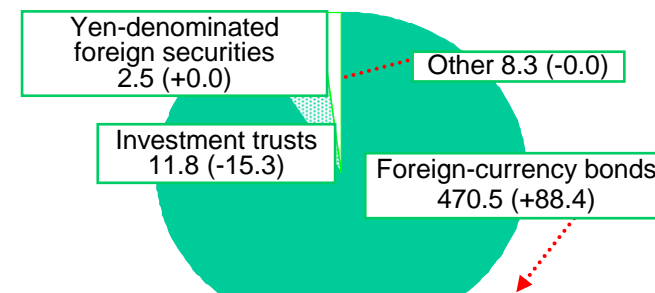
## Breakdown of corporate bonds and other securities

\*Figures in the parentheses show changes from end-Mar. 2011

**"Corporate bonds" category JPY 368.2bn (-JPY175.9 bn)**



**"Other securities" category JPY 493.1bn(+JPY 73.1bn)**



Of which, breakdown of mortgage bonds

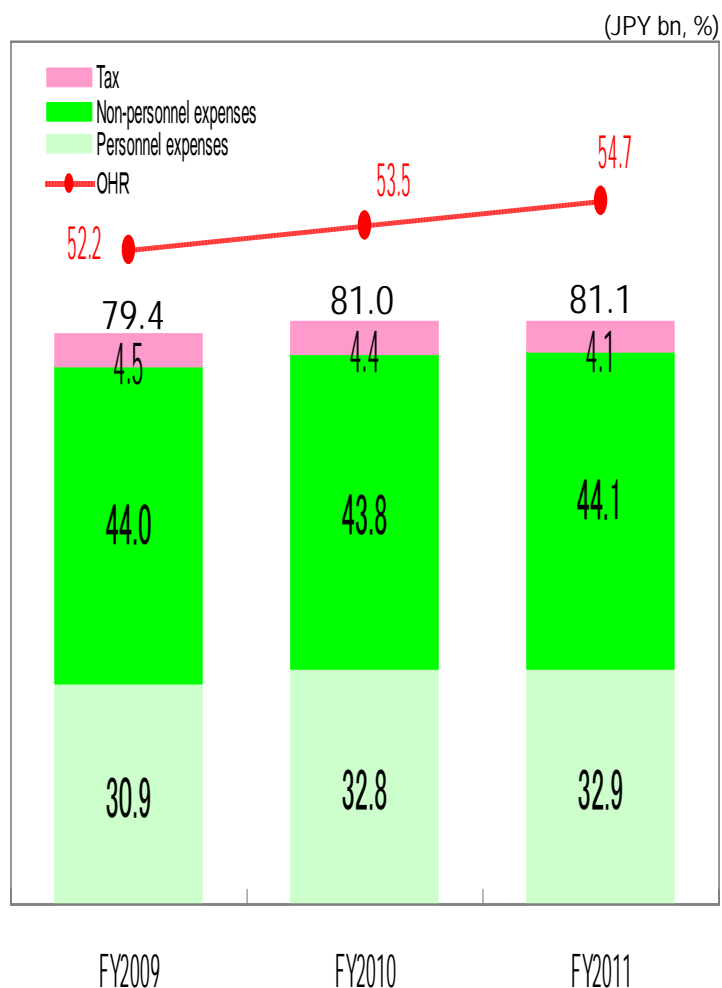
(JPY bn)	(Book value)	Change from end-Mar. 2011	Gains and losses from the revaluation of bonds
Ginnie Mae	394.7	+39.8	+16.0



# Expenses

- Expenses in FY2011: JPY 81.1bn (+JPY 0.1bn YoY)
- OHR in FY2011 (Non-consolidated): 54.7% (+1.2 percentage points YoY)

## Expenses and OHR



## Amount of investments

(JPY bn)	FY2009	FY2010	FY2011	YoY change
Amount of investments	10.9	11.0	6.6	-4.4
Software	2.7	4.7	2.7	-1.9
Building	6.0	4.1	1.0	-3.0
Movable property	1.5	1.7	1.4	-0.3

## [Reference] Number of personnel

(Employees)	End -Mar. '11	End -Mar. '12	Change from end-Mar. '11
Front office	2,781	3,046	+265
Of which bank employees	2,011	2,246	+235
Back office/assisting	1,314	1,000	-314
Of which bank employees	286	59	-227
HQ, loan operations centers and other	880	890	+10
Of which bank employees	558	560	+2
Shizuoka Bank (A)	4,975	4,936	-39
Of which bank employees	2,855	2,865	+10
Total number of employees at Group companies, etc (B)	1,990	2,003	+13
Total Group employees (A + B)	6,965	6,939	-26

\*Incl. temporary and dispatched employees, etc.



# Allocation of risk capital

- To ensure capital adequacy, we allocate risk capital based on projected stress events
- Ratio of risk capital used after excluding stress events is 77.6%

Allocation source (JPY bn)	Risk capital allocated			Risk capital used d	Ratio of risk capital used		
	a	<b>&lt;Breakdown of a &gt; Risk capital used taking into account stress events b</b>	c (a-b)		d / a	Excluding stress events d / c	
Core capital 612.0 (End-Dec. 2011 basis)	Market risk	201.2	95.5	73.4	36.5%	69.4%	
	Credit risk	111.8	40.0	58.9	52.7%	82.1%	
	Operational risk	24.2	—	24.2	100.0%	100.0%	
	Subtotal	337.2	135.5	201.7	156.5	46.4%	77.6%
	Buffer capital	274.8	—	—	—	—	—
	Total	612.0	—	—	—	—	—

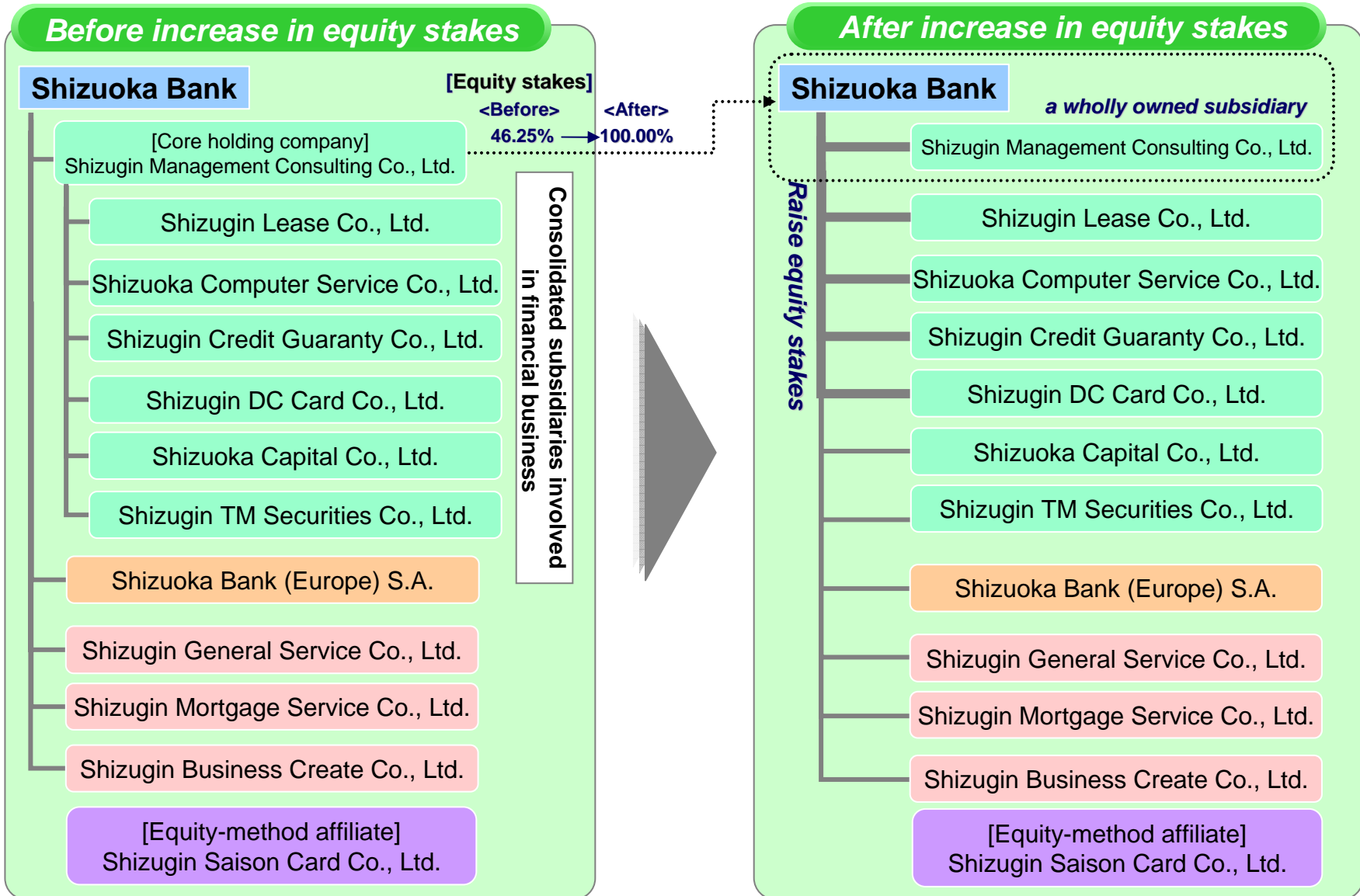
- Core capital = common stock + retained earnings – asset outflow – intangible assets – prepaid pension cost
- Risk capital used = <Lending> | VaR | + Disposal amounts of NPLs  
 <Investment securities> | VaR |  
 <Others> | VaR |
- Buffer capital is kept aside for emergencies such as the anticipated Great Tokai Earthquake and other unquantifiable risks.

Risk capital has been allocated in consideration of stress factors and peak holdings of securities



# Group companies (1)

- We aim to integrate the management of subsidiaries and parent companies and further strengthen Group governance by making core holding company Shizugin Management Consulting a wholly owned subsidiary and by increasing equity stakes in the other consolidated subsidiaries







## Group companies (2)

- The total ordinary revenue of 11 consolidated subsidiaries increased to JPY 47.4bn (up JPY 1.4bn YoY) and the ordinary profit of JPY 5.1bn (maintained flat as of FY2010)

(JPY bn)

Company name	Business	Ordinary revenue	Ordinary Profit		
			YoY change	YoY change	
Shizugin Management Consulting Co., Ltd.	Corporate and financial management advisory services	0.3	+0.1	0.0	+0.1
Shizugin Lease Co., Ltd.	Leasing	24.1	+0.1	1.3	-0.6
Shizuoka Computer Service Co., Ltd.	Computer services, accounting	5.0	+0.3	0.2	-0.1
Shizugin Credit Guaranty Co., Ltd.	Guarantee of loans	1.6	+0.3	1.2	+0.4
Shizugin DC Card Co., Ltd.	Credit card and guarantee of consumer loans	1.9	-0.1	0.6	-0.0
Shizuoka Capital Co., Ltd.	Public-offering assistance Support for corporate rehabilitation	0.5	-0.3	0.2	-0.3
Shizugin TM Securities Co., Ltd.	Securities	4.5	+0.8	1.6	+0.6
Shizuoka Bank (Europe) S.A.	Finance and securities-related services	0.6	+0.1	0.0	-0.1
Shizugin General Service Co., Ltd.	Part-time employee management, etc.	3.0	-0.2	0.0	-0.0
Shizugin Mortgage Service Co., Ltd.	Appraisal of real estate for loan collateral, etc.	1.4	+0.5	0.0	-0.0
Shizugin Business Create Co., Ltd.	Operation center for remittance and bill collection, etc.	4.5	-0.2	0.0	+0.0
<b>Total (11 companies)</b>		<b>47.4</b>	<b>+1.4</b>	<b>5.1</b>	<b>+0.0</b>
Shizugin Saison Card Co., Ltd.*	Credit card services, credit guarantee	1.1	+0.1	0.0	+0.3

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



# Economy of Shizuoka Prefecture

<Size of economy> Economy of Shizuoka Prefecture is called a “3%, 10th-ranked economy,” as on many indicators it makes up 3% of the national economy and ranks around 10th among the 47 prefectures. The economy is strong by national standards. (JPY bn)

	FY2007	FY2008	FY2009	FY2010
Prefectural GDP (nominal)	17,044.3	16,452.7	15,140.5	15,417.6 (*)
National GDP (nominal)	525,263.1	505,016.3	474,040.2	475,757.8 (*)
Ranking in prefectural GDP	10 <sup>th</sup>	10 <sup>th</sup>	10 <sup>th</sup>	—
Prefectural manufactured goods shipments (MGS)	19,410.3	19,177.7	15,051.0	—
National MGS	336,756.6	335,578.8	265,259.0	—
Ranking in prefectural MGS	3 <sup>rd</sup>	3 <sup>rd</sup>	2 <sup>nd</sup>	—

No. of new facility locations (Shizuoka)	124	144	44	41 (*)
No. of new facility locations (Nationwide)	1,791	1,630	867	786 (*)
Ranking	1 <sup>st</sup>	1 <sup>st</sup>	5 <sup>th</sup>	4 <sup>th</sup> (*)

Note: Manufactured goods shipments (MGS) and No. of new facility locations are based on calendar-year data; all others on fiscal-year data.

\* Based on flash reports.

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

Although the ratio had been below national average since February 2009, the ratio has exceeded national average since February 2012. (Times)

	Jun. 2011	Jul. 2011	Aug. 2011	Sep. 2011	Oct. 2011	Nov. 2011	Dec. 2011	Jan. 2012	Feb. 2012	Mar. 2012
Shizuoka Pref.	0.56	0.60	0.62	0.64	0.65	0.66	0.68	0.70	0.76	0.79
Nationwide	0.63	0.65	0.66	0.67	0.68	0.69	0.71	0.73	0.75	0.76

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.