

Financial Results for the 1Q of FY2013

August, 2013

Katsunori Nakanishi
President
Shizuoka Bank, Ltd.



静岡銀行



Contents

Distinguishing feature of Shizuoka Bank

● Trends in loan balance	....	1
● Region-based Relationship Banking	....	2
● High reliability of Shizuoka Bank	....	3

Results of the 1Q FY2013

● Results of FY2012	....	4
● Results of the 1Q FY2013	....	5
● Difference between loan and deposit interest rates - Changes in Loans and Deposits portfolio	....	6
● Loans (average balance)	....	7
● Loans (term-end balance)	....	8
● Initiatives for Corporate Banking - Network in Asia	....	9
● Initiatives for Corporate Banking - Solution-based approach	....	10
● Initiatives for Retail Banking - Consumer loan	....	11
● Deposits	....	12
● Fee incomes and customer assets	....	13
● Securities	....	14
● Credit-related costs	....	15

● Risk-management loans	....	16
● Expenses	....	17
● Capital adequacy ratio	....	18
● Shareholder return (1) – Dividend	....	19
● Shareholder return (2) - Share buybacks , Trends in EPS/ BPS	....	20

Reference

● Progress of 11th Medium-term Business Plan “MIRAI — Future”	....	21
● Loans - Borrowers with modified loan conditions on the basis of “Act on facilitation of succession of management of SMEs ”	....	22
● Improvement of productivity (1) - BPR	....	23
● Improvement of productivity(2) - Result from Improvement of productivity	....	24
● Allocation of risk capital	....	25
● Capital policy - Euro-dollar convertible bonds issued	....	26
● Group companies	....	27

*Distinguishing feature of
Shizuoka Bank*



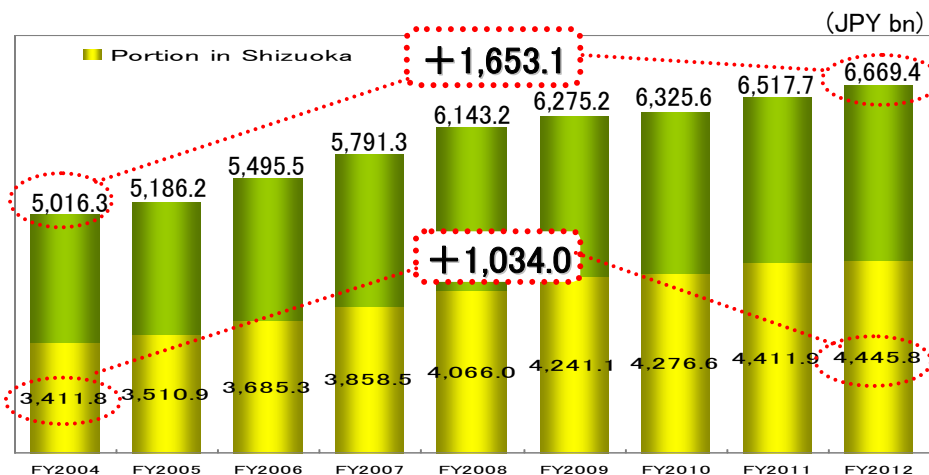
静岡銀行



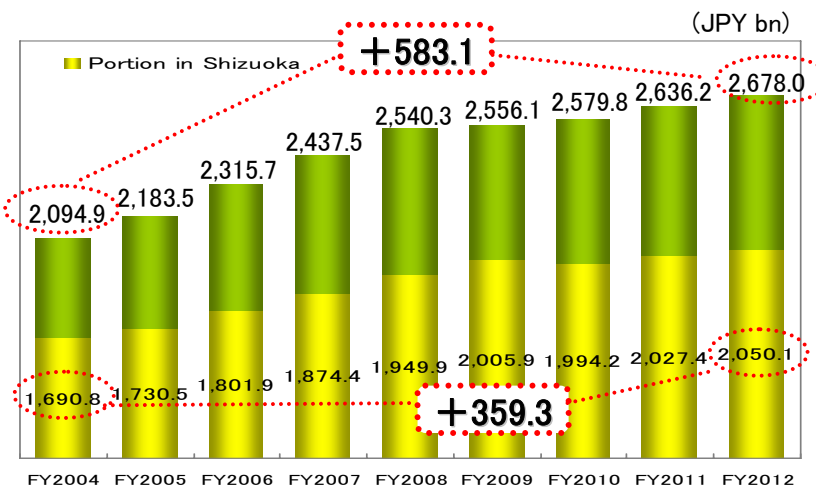
Trends in loan balance

- From FY2004, total loan balance (average) increased by JPY 1,653.1bn, of which JPY 1,034.0bn in Shizuoka Pref.
- SME loan balance: +JPY 583.1bn, consumer loan balance: +JPY 888.1bn

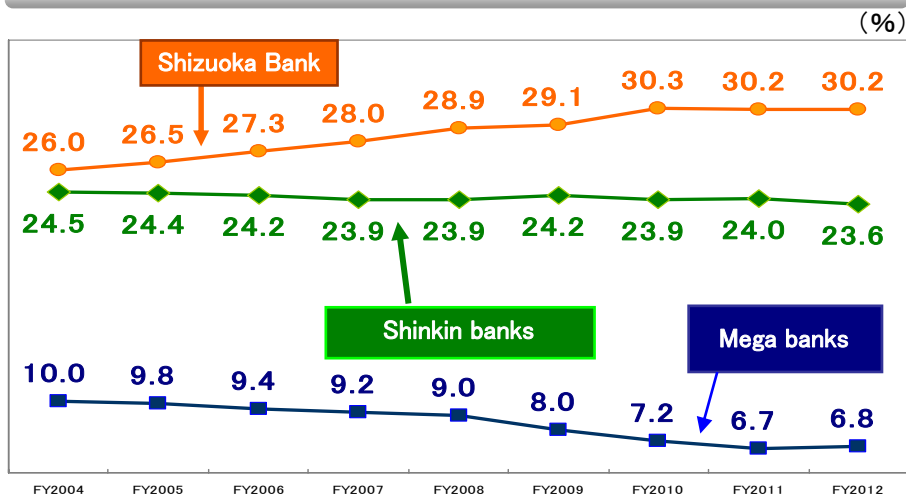
Total loan balance (average balance)



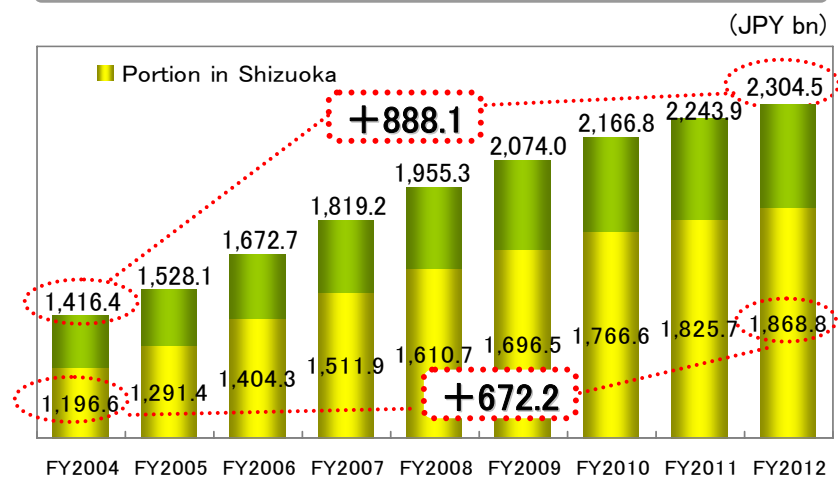
SME loan balance (average balance)



Share of loans in Shizuoka Prefecture



Consumer loan balance (average balance)



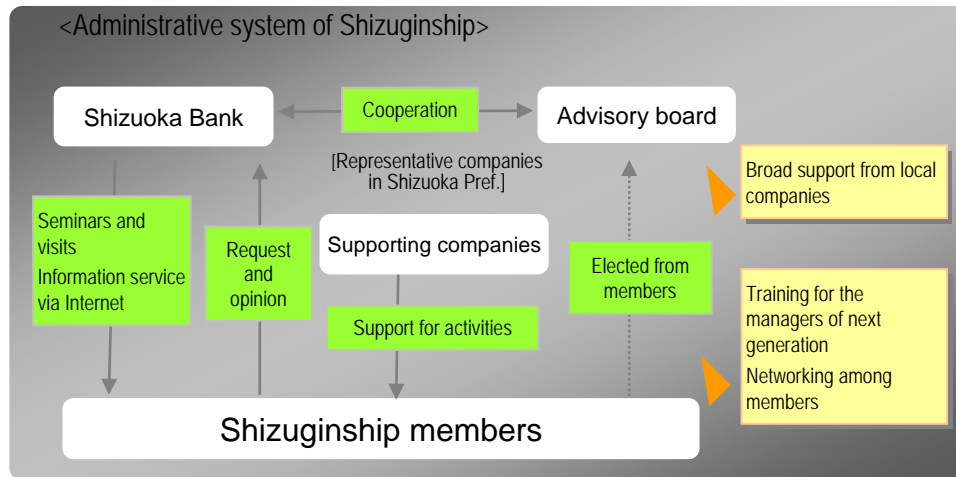


Region-based Relationship Banking

- Have further developed the relationship with customers by providing three pillars of solutions , that are, business matching services , “Shizuginship” , and support for business restructuring and turn-around
- The advanced approaches differentiated ourselves, resulting in the growth of market shares in Shizuoka Pref.

“Shizuginship” – training club for the next generation managers

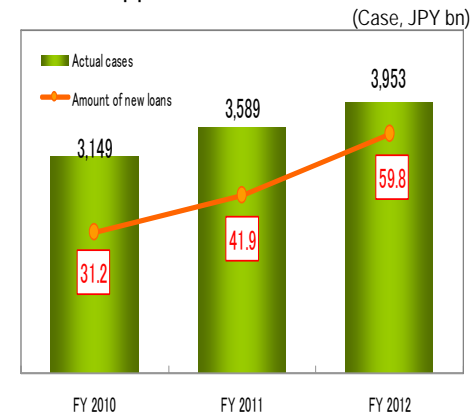
- Offering opportunities of learning and networking for younger managers, who will contribute to the development of community’s future
- No. of member: (As of the end of March 2013)
855 companies, 1,287 members
- No. of participant for seminars and visits of FY2012 : 2,575



- This program is managed hand in hand with the region to train the next generation of business leaders. Suzuki, Yamaha, and other leading companies in Shizuoka Prefecture have joined the program. They dispatch instructors, open their facilities for study tour and provide other support to the program.

Business matching services

- Supporting our customer’s business expansion by creating new sales opportunities

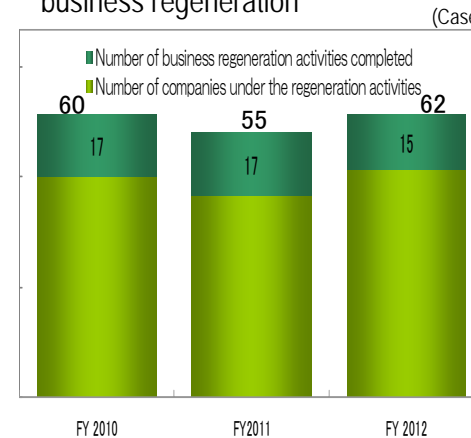


- Have regularly held Shizugin @gricom (agricom), a business networking event to link companies in the agricultural, forestry and fisheries sector and the food processing sector with buyers since February 2006.

⇒ Our aim is to support the development of Shizuoka Prefecture’s food sector by helping food companies develop their sales channels

Support for business restructuring and turn-around

- In addition to M&A and DDS, utilizing external organization for business regeneration



- In addition to pinpoint efforts to help individual companies turn-around their businesses, we work with other financial institutions and government agencies on broader initiatives to revitalize the regional economy. These initiatives include revitalizing local downtowns and hot spring resorts.



High reliability of Shizuoka Bank

- Has received higher credit ratings from three major credit rating agencies ,including two overseas and one Japanese
- Has kept the highest Moody's long-term ratings, Aa3, as creditworthy as that of JGB, among Japanese banks

External ratings (As of July 1, 2013)

	Long-term Ratings	Short-term Ratings	Financial Strength
Moody's	A a 3	P-1	C+
Standard & Poor's	A+	A-1	a+*
R & I	AA	-	-

* Stand-Alone credit Profile

Results of the 1Q FY2013





Results of FY2012

Consolidated	(JPY bn, %)	FY2012	YoY change	
			Increase/Decrease	Rate of change
Ordinary revenue		203.1	-2.0	-1.0
Ordinary profit		71.3	+2.5	+3.6
Net income		57.0	+19.8	+53.2
Comprehensive income		93.6	+33.3	+55.3

Non-consolidated	(JPY bn, %)	FY2012	YoY change	
			Increase/Decrease	Rate of change
Ordinary revenue		171.0	-3.8	-2.2
Gross operating profit		146.3	-2.0	-1.4
Net interest income		120.3	-7.0	-5.5
Fees and commissions		14.9	+0.2	+1.3
Trading income		1.0	+1.0	+2,629.9
Other operating profit		10.0	+3.8	+61.4
[Bond-related income such as JGBs]		9.7	+2.3	+30.9
Expenses (-)		78.7	-2.4	-3.0
Actual net operating profit *		67.6	+0.4	+0.6
Core net operating profit **		57.9	-1.9	-3.2
General transfer to loan loss reserves (-)		—	—	—
Net operating profit		67.6	+0.4	+0.6
Special profit and loss		-2.4	+2.5	+50.9
Bad debt written-off (-)		0.5	-0.5	-49.3
Gain on reversals from loan loss reserves		0.4	-0.3	-48.3
Gain (loss) on stocks		-0.6	+2.3	+79.1
Ordinary profit		65.2	+2.9	+4.6
Corporate taxes (-)		23.9	-3.8	-13.6
Net income		40.9	+6.2	+18.0

Ordinary revenue -JPY 2.0bn YoY (Continued decrease in 5 periods)

Ordinary profit +JPY 2.5bn YoY (Continued increase in 4 periods)

Net income +JPY 19.8bn YoY (Continued increase in 4 periods)

Ordinary revenue -JPY 3.8bn YoY (Continued decrease in 5 periods)

- Ordinary revenue decreased by JPY 3.8bn year on year to JPY 171.0bn, mainly due to JPY 6.5bn decline in interest income.

Gross operating profit -JPY 2.0bn YoY (Continued decrease in 3 periods)

- Gross operating profit decreased by JPY 2.0bn year on year to JPY 146.3bn, due to a fall in net interest income of JPY 7.0bn, although other operating profit rose JPY 3.8bn year on year due to an increase in bond-related income such as JGBs (+JPY 2.3bn).

Ordinary profit +JPY 2.9bn YoY (Continued increase in 4 periods)

- Ordinary profit increased by JPY 2.9bn year on year to JPY 65.2bn, mainly reflecting an improvement of JPY 2.3bn in gain (loss) on stocks and a decline of JPY 0.5bn in bad debt written off.

Net income +JPY 6.2bn YoY (First increase in 2 periods)

- Net income increased by JPY 6.2bn year on year to JPY 40.9bn, mainly due to a decline of JPY 3.8bn in corporate taxes related to a change in the corporate tax rate.

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

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



Results of the 1Q FY2013

Consolidated (JPY bn, %)	1Q FY2012	1Q FY2013	YoY change	Progress
Ordinary revenue	57.4	75.0	+17.6	* 33.6
Ordinary profit	23.2	35.5	+12.3	49.3
Net income [Excluding Gains on negative goodwill]	27.4 (14.5)	23.2 (23.2)	-4.2 (+8.7)	51.6
Non-consolidated	1Q FY2012	1Q FY2013	YoY change	Progress
Ordinary revenue	49.7	65.7	+16.0	* 34.6
Gross operating profit	43.4	53.1	+9.7	36.6
Net interest income	31.6	39.6	+8.0	—
Fees and commissions	3.7	3.5	-0.2	—
Trading income	0.0	0.2	+0.2	—
Other operating profit	8.1	9.8	+1.7	—
[Bond-related income such as JGBs]	8.3	9.6	+1.3	—
Expenses (-)	20.5	20.5	-0.0	26.2
Actual net operating profit	22.9	32.6	+9.7	—
Core net operating profit	14.6	23.0	+8.4	—
General transfer to loan loss reserves (-)	—	—	—	—
Net operating profit	22.9	32.6	+9.7	47.9
Special profit and loss	-1.1	0.5	+1.6	—
Bad debt written-off (-)	0.3	0.2	-0.1	—
Gain on reversals from loan loss reserves	0.5	0.7	+0.2	—
Gain (loss) on stocks	-1.4	-0.2	+1.2	—
Ordinary profit	21.8	33.1	+11.3	49.4
Net income	13.8	21.9	+8.1	52.1

* Gains on negative goodwill by increasing equity stakes in Group companies in 1Q FY 2012 : JPY12.9bn

[Breakdown of net interest income]	1Q FY2013	YoY change
Total	39.6	+8.0
Domestic operations	36.2	+7.8
Interest on loans	22.6	-1.5
Interest and dividends on securities (Gain on cancellation of investment trusts)	14.6 (9.5)	+9.1 (+9.5)
Interest on deposits (-)	1.1	-0.2
Overseas operations	3.4	+0.2
Interest on loans	0.8	+0.3
Interest and dividends on securities	3.3	+0.1
[Bond-related income such as JGBs]	1Q FY2013	YoY change
[Bond-related income such as JGBs]	9.6	+1.3
Gain on sale	15.9	+7.7
Loss on sale (-)	6.3	+6.3

*Revisions to earnings forecasts already factored in



Difference between loan and deposit interest rates

— Changes in Loans and Deposits portfolio

- Difference between loan and deposit interest rates at the end of Jun. 2013 dropped 0.03 points from the end of Mar. 2013
- Estimated net interest income increases by approximately JPY 1.7bn given 0.1% rise in every short-term interest rate (End-June 2013 basis)

Changes in yen-denominated loans and deposit structure

[Comparison of monthly average balances and interest rates] (JPY tn, %)

<Reference>	[March 2008]	[March 2013]	[June 2013]
	Average balance (% of total)	Interest rate	
Loans	5.8 (100.0)	2.04	
Floating interest	4.2 (71.8)	2.07	
Fixed interest	1.6 (28.2)	1.96	
Deposits	7.1 (100.0)	0.27	
Of which Liquid deposits	4.0 (56.3)	0.16	
Of which Term deposits	2.7 (38.7)	0.38	

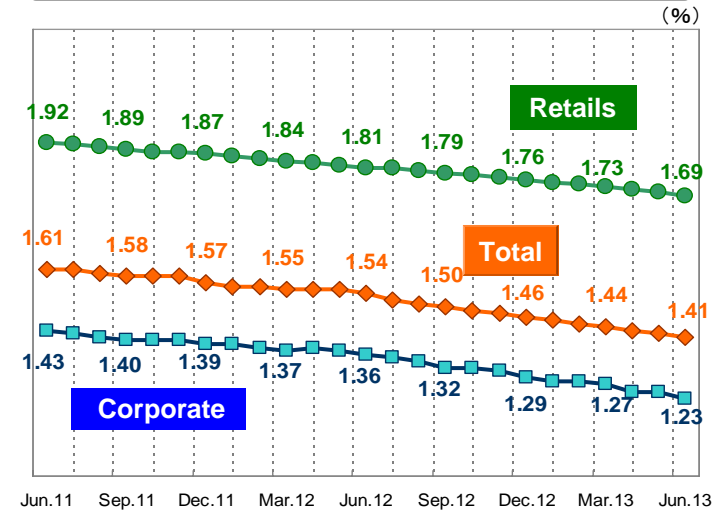
	[March 2013]	[June 2013]
	Average balance (% of total)	Interest rate
Loans	6.5 (100.0)	1.44
Floating interest	5.0 (77.2)	1.41
Fixed interest	1.5 (22.8)	1.52
Deposits	7.9 (100.0)	0.05
Of which Liquid deposits	4.2 (53.6)	0.02
Of which Term deposits	3.3 (41.1)	0.09

	[June 2013]	
	Average balance (% of total)	Interest rate
Loans	6.5 (100.0)	1.41
Floating interest	5.0 (76.5)	1.39
Fixed interest	1.5 (23.5)	1.45
Deposits	7.8 (100.0)	0.05
Of which Liquid deposits	4.2 (54.1)	0.02
Of which Term deposits	3.3 (42.3)	0.10

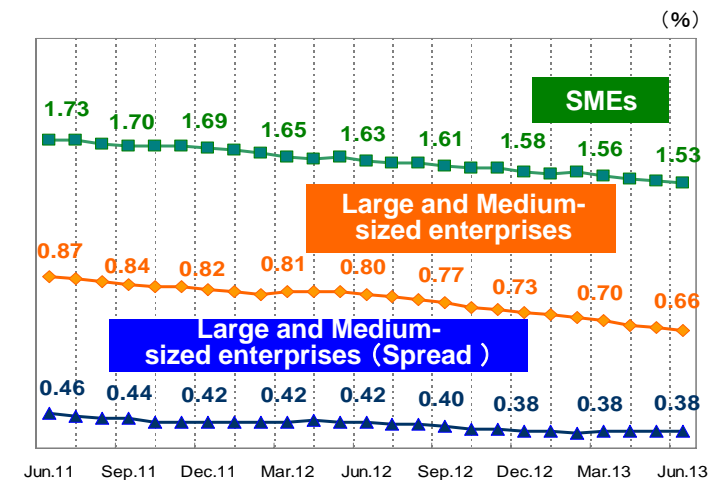
Difference between loan and deposit interest rates

+1.39 ← -0.03 → +1.36

Loan interest rates (monthly average)



Trends in Corporate loan interest rates by company size

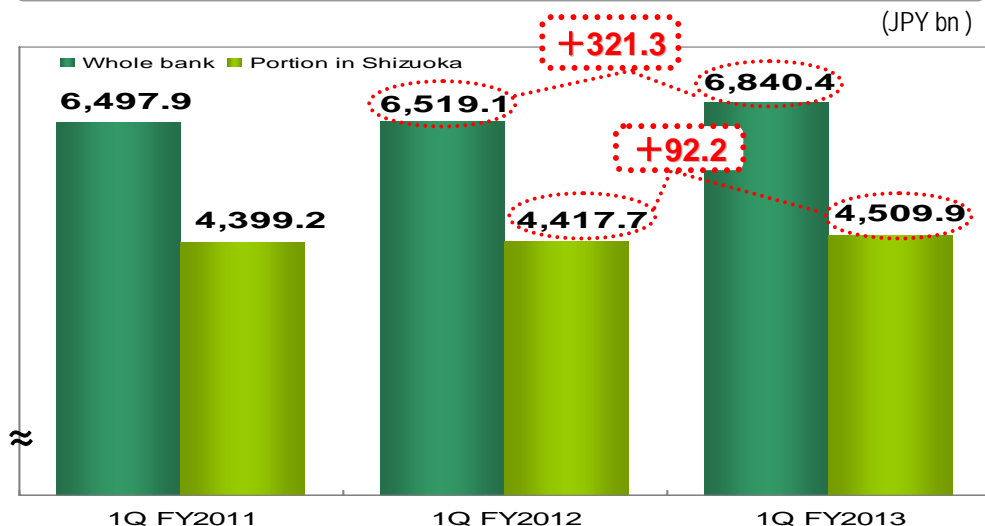




Loans (average balance)

• Total balance (average balance) of 1Q FY2013: JPY 6,840.4bn, up JPY 321.3bn (+4.9%) YoY

Total loan balance (average balance)



[SME loan balance]

Average balance decreased by JPY -0.5bn YoY to JPY 2,669.1bn

[Retail loan balance]

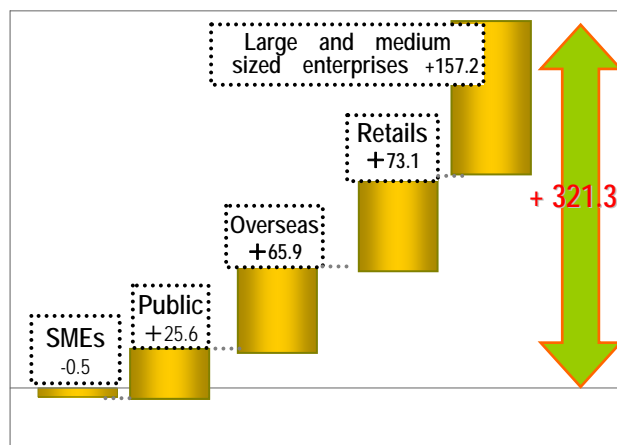
Average balance increased by JPY 73.1bn (+3.2%) YoY to JPY 2,354.4bn

[Large and Medium sized enterprises loan balance]

Average balance increased by JPY 157.2bn (+12.5%) YoY to JPY 1,418.6bn

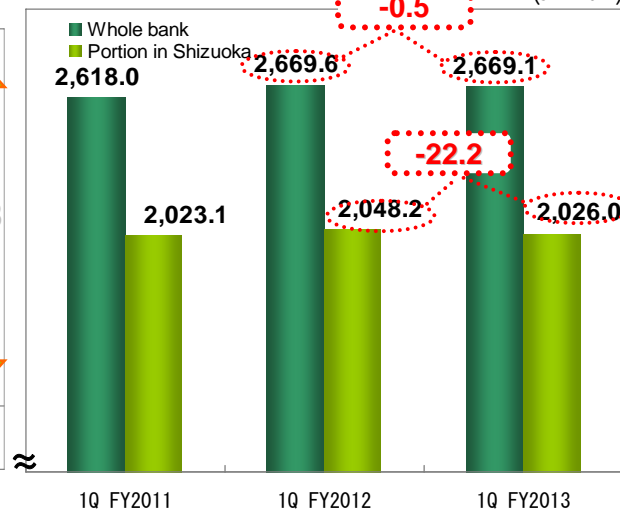
Breakdown of year-on-year change in total loan balance (average balance)

(JPY bn)



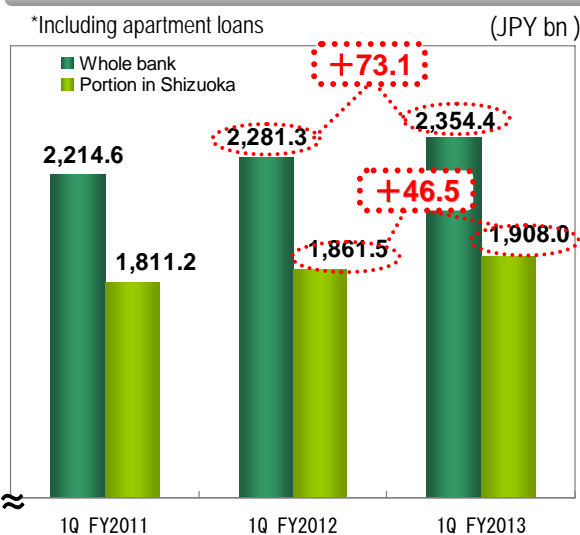
SME loan balance (average balance)

(JPY bn)



Retail loan balance (average balance)

(JPY bn)

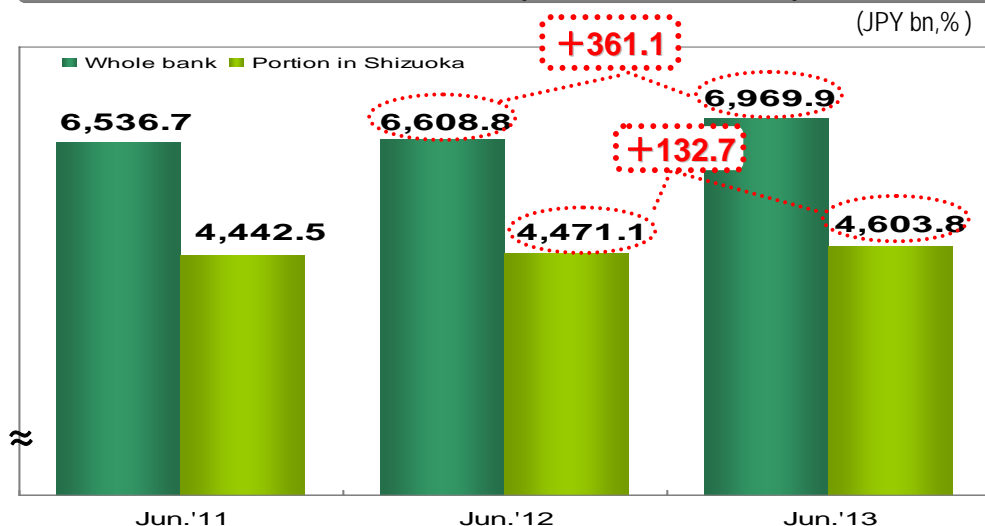




Loans (term-end balance)

- Total loan balance (term-end balance) of 1Q FY2013: JPY 6,969.9bn, up JPY 361.1bn (+5.5%) YoY

Total loan balance (term-end balance)



[SME loan balance]

Term-end balance increased by JPY 17.1bn (+0.6%) YoY to JPY 2,750.9bn

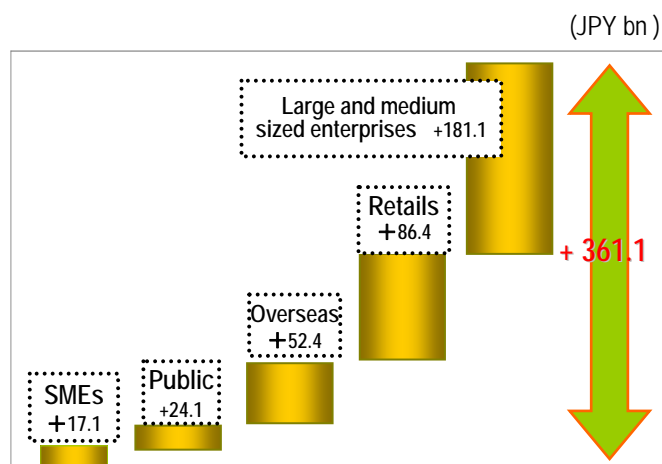
[Retail loan balance]

Term-end balance increased by JPY 86.4bn (+3.8%) YoY to JPY 2,375.0bn

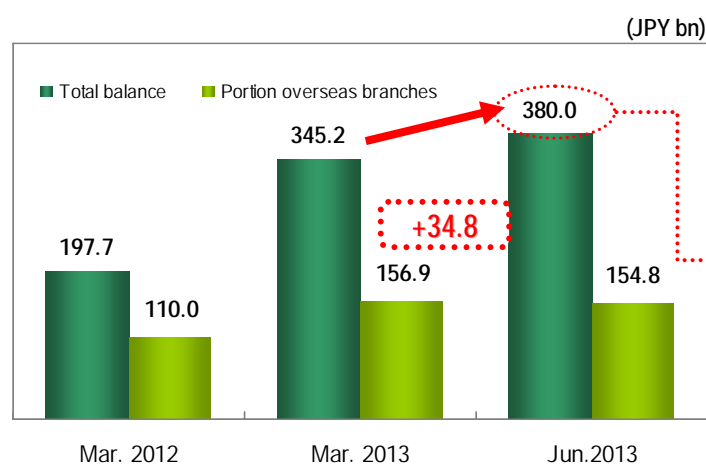
[Large and Medium sized enterprises loan balance]

Term-end balance increased by JPY 181.1bn (+14.2%) YoY to JPY 1,454.8bn

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



Loan balance in foreign currencies (term-end balance)



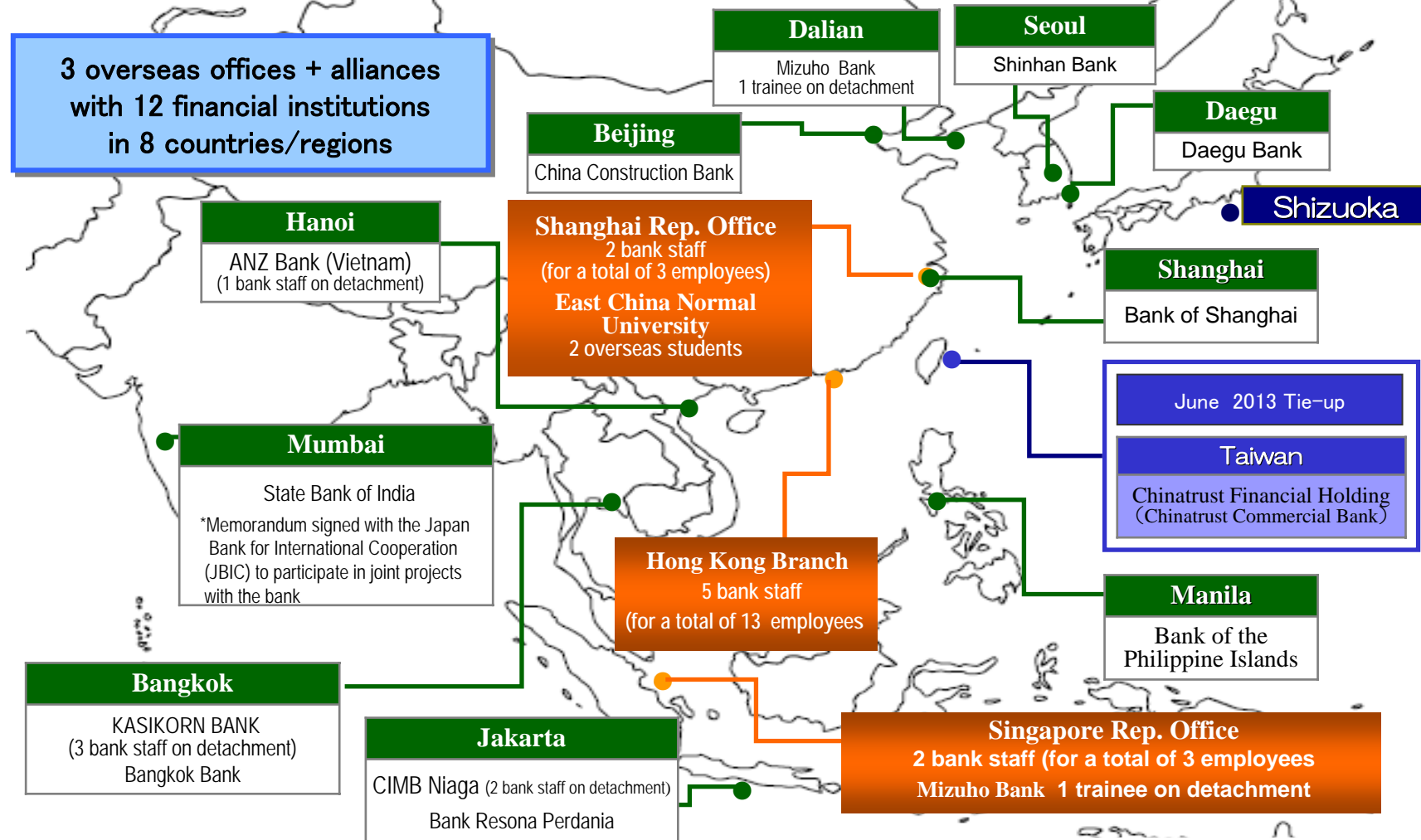
Breakdown by currency (JPY bn)

US dollars	354.4
Euro	13.7
Baht	7.9
Others	4.0
Total	380.0



Initiatives for Corporate Banking – Network in Asia –

- Building a strong overseas network through alliances with local financial institutions
- Achieve steady progress in the areas of loan and foreign exchange by responding appropriately to the diverse needs of customers
- Loans for customer's overseas entrance: JPY 4.8bn in 1Q FY2013
- Our support for clients' overseas expansion dedicate to develop relationship with our clients, so that we acquire JPY 3.7bn of domestic loans in 1Q FY2013



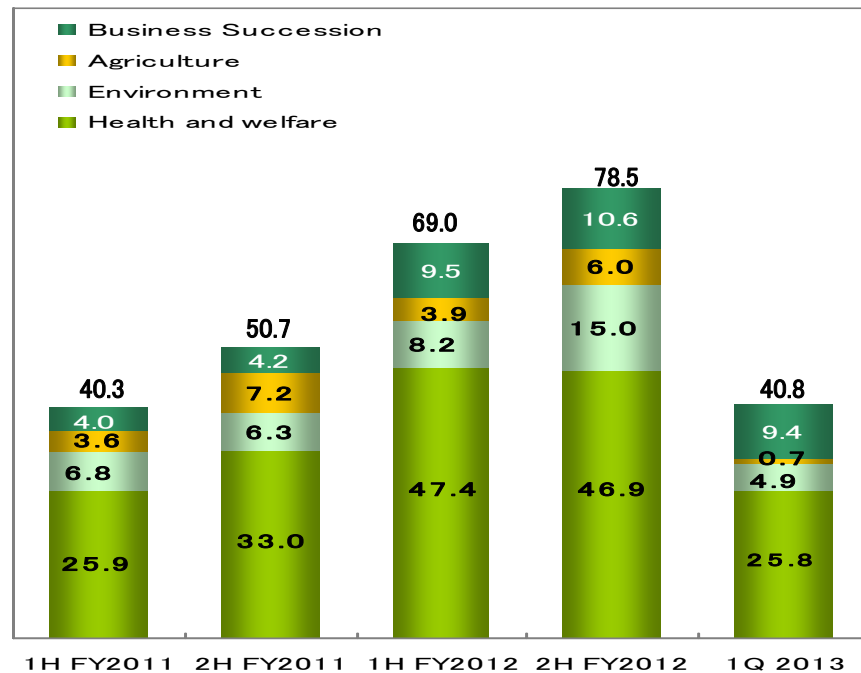


Initiatives for Corporate Banking

– Solution-based approach–

- Continue to work on generating new demand for funds by actively implementing initiatives in growing and untapped fields and by offering tailored solutions

Solution-based approach to growth and untapped fields



Measures to support new business creation

Launch of the Shizugin Entrepreneur Awards (Commemorative Project for 70th Anniversary)

< Objectives >

Provide recognition to entrepreneurs with innovative business plans and support the development of new businesses to help revitalize the local economy

Health and welfare

- ◆ Provide information and identify needs through seminars run by Shizuoka Bank
- ◆ Consult companies to develop their business plans (Supported by a 12-person team of qualified Medical Management Specialists)

Environment

- ◆ Provide financial support for the installation of environmental-related equipment
- ◆ Help companies access government supports

Agriculture

- ◆ Support for customer's participation in trade shows and development of sales channels and help agricultural producers move into up or down-stream (Support from 12 team members qualified as agricultural business advisors)

Business Succession

- ◆ Target key clients and fulfill their needs for business succession by working with Group companies and external organizations such as "the Shizuoka Prefecture Business Continuity Support Center"

7 winners out of a total of 246 applicants received prizes
[Total prize amount to JPY 10 million]

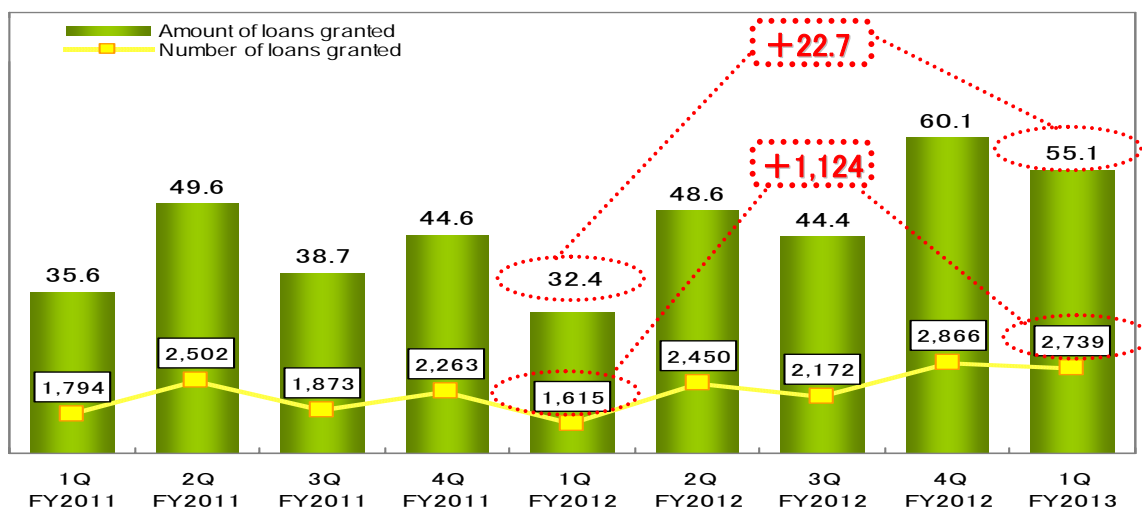
⇒ Fully utilize the Group's capabilities, such as sales channel development and consulting services, to actively support business growth of all the applicants



Initiatives for Retail Banking – Consumer loan –

- Rush in housing demand ahead of the rise in the consumption tax and productivity gains driven by business process reforms propped up growth in housing loans

Trend in housing loans granted



- ✓ The value of housing loans granted in 1Q FY2013 increased by JPY 22.7 billion YoY to JPY 55.1 billion, partly reflecting a rush in housing demand ahead of proposed hikes in consumption tax.
- ✓ Average rate for housing loans granted in 1Q FY2013 : 1.077% (-0.069% compared with FY2012)
- ✓ The number of housing loans granted also increased, supported by productivity improvement through business process reforms. In 1Q FY2013, the number of loans granted rose by 1,124 YoY to 2,739.

Initiatives

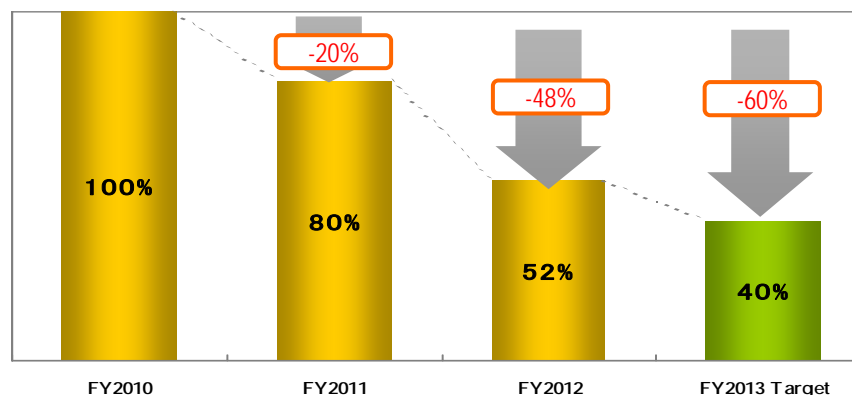
◆ Promoted New value-added products released on FY2012

- Home loans including insurance for 8 medical conditions (plus 2 special provisions)
The loan balance provided on 1Q FY2013 : 28.5bn

New value-added products that target potential customer needs and boost the bank's competitive advantage

Reduced processing time for workload of consumer loan

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

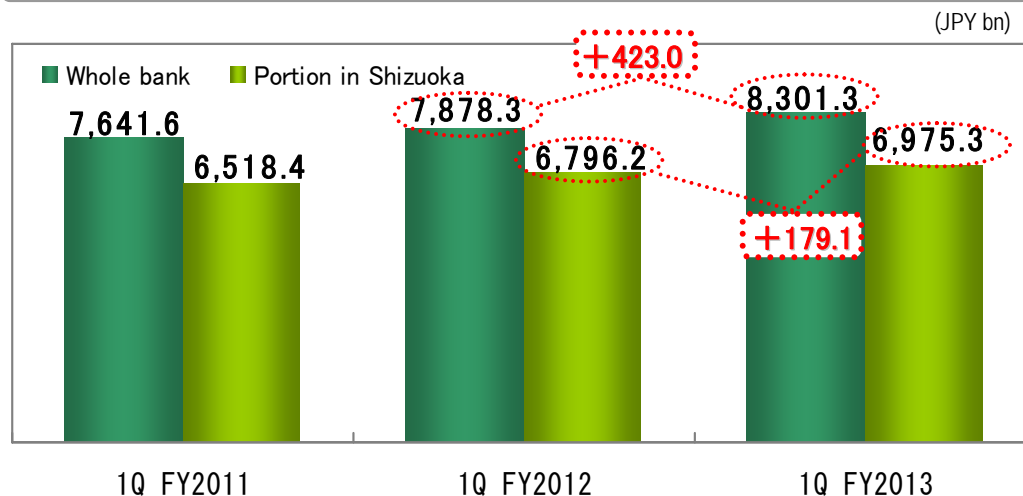




Deposits

- Deposit balance of 1Q FY2013: JPY 8,301.3bn (average balance), up JPY 423.0bn (+5.4%) YoY

Deposit balance (average balance)



[Deposit balance in Shizuoka Prefecture]
Average balance increased by JPY 179.1bn (+2.6%) YoY to JPY 6,975.3bn

[Retail deposit balance]

Average balance increased by JPY 99.1bn (+1.8%) YoY to JPY 5,598.1bn

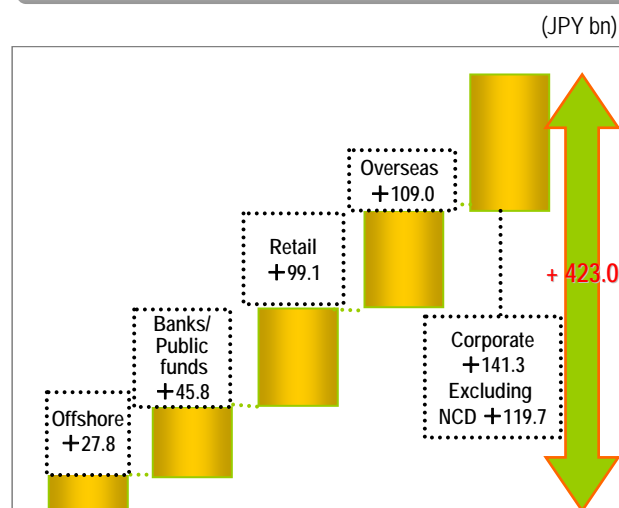
[Average balance of Internet branch: JPY 258.8bn, up JPY 70.5bn YoY]

[Corporate deposit balance]

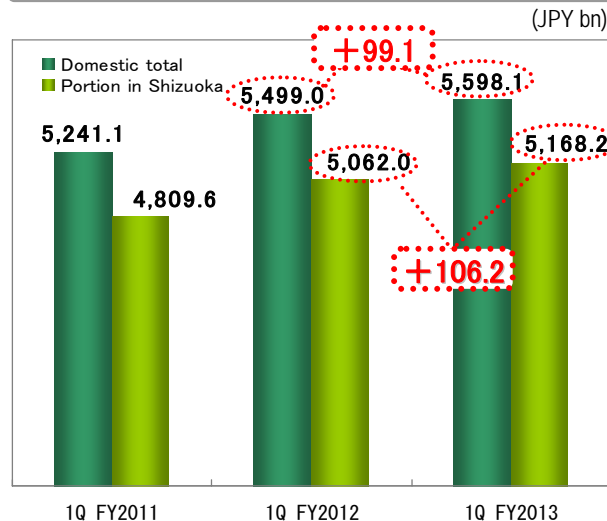
Average balance increased by JPY 141.3bn (+7.3%) YoY to JPY 2,067.8bn

[Excluding NCD : up JPY 119.7bn (+6.8%) YoY]

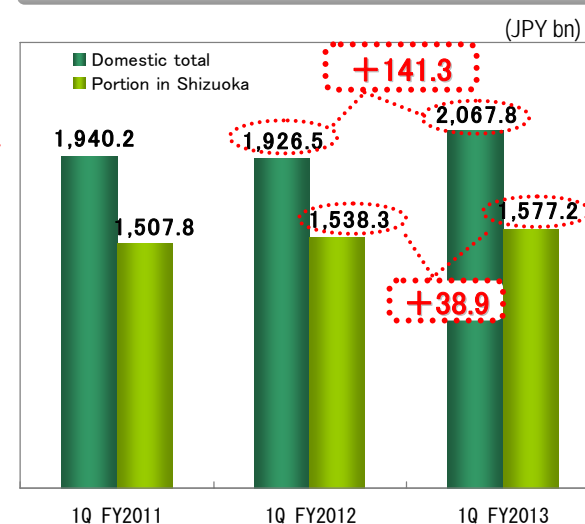
Breakdown of year-on-year changes in deposits balance (average balance)



Retail deposit balance (average balance)



Corporate deposit balance (average balance)

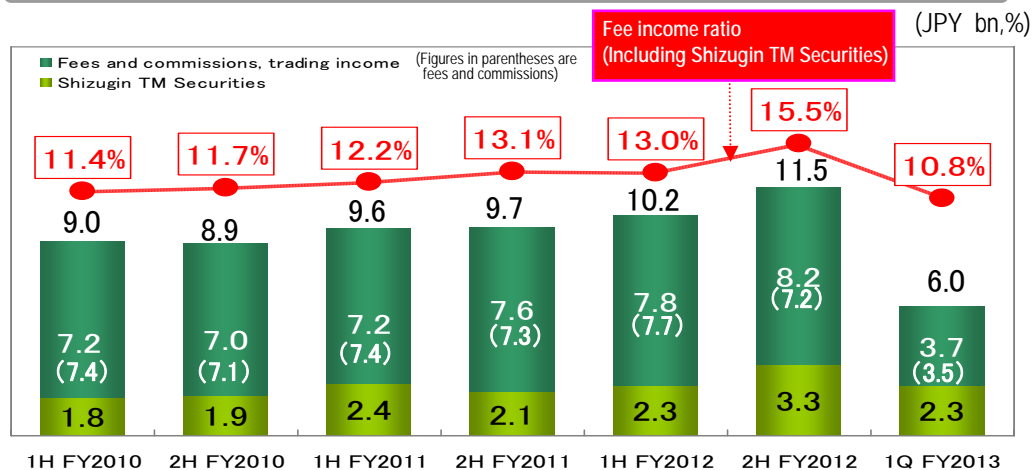




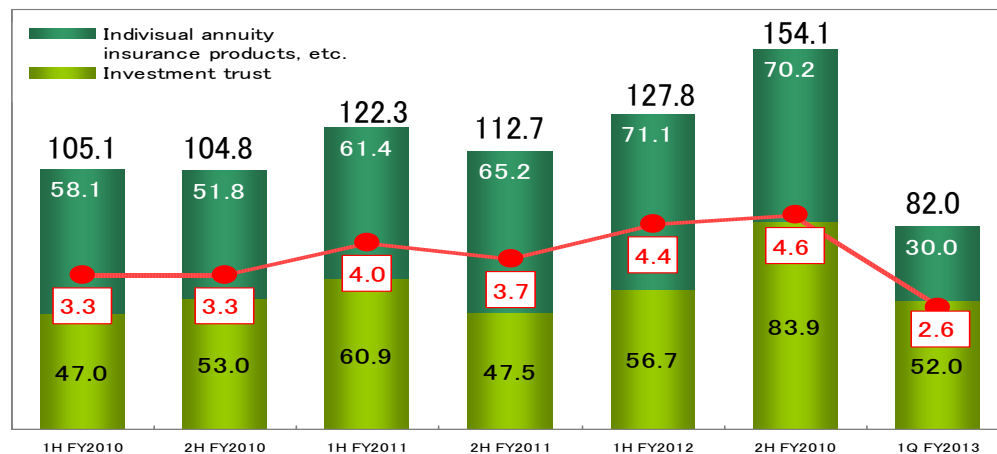
Fee incomes and customer assets

- Fee incomes of 1Q FY2013: JPY 6.0bn, of which ordinary revenue of Shizugin TM Securities of 1Q FY2013: JPY 2.3bn
- Customer assets at the end of June 2013 (including the balance of Shizugin TM Securities) was JPY 7,287.1bn, up JPY 97.2bn from the end of March 2013, of which balance of customer asset excluding JPY deposits was JPY 1,626.4bn, up JPY 1.3bn

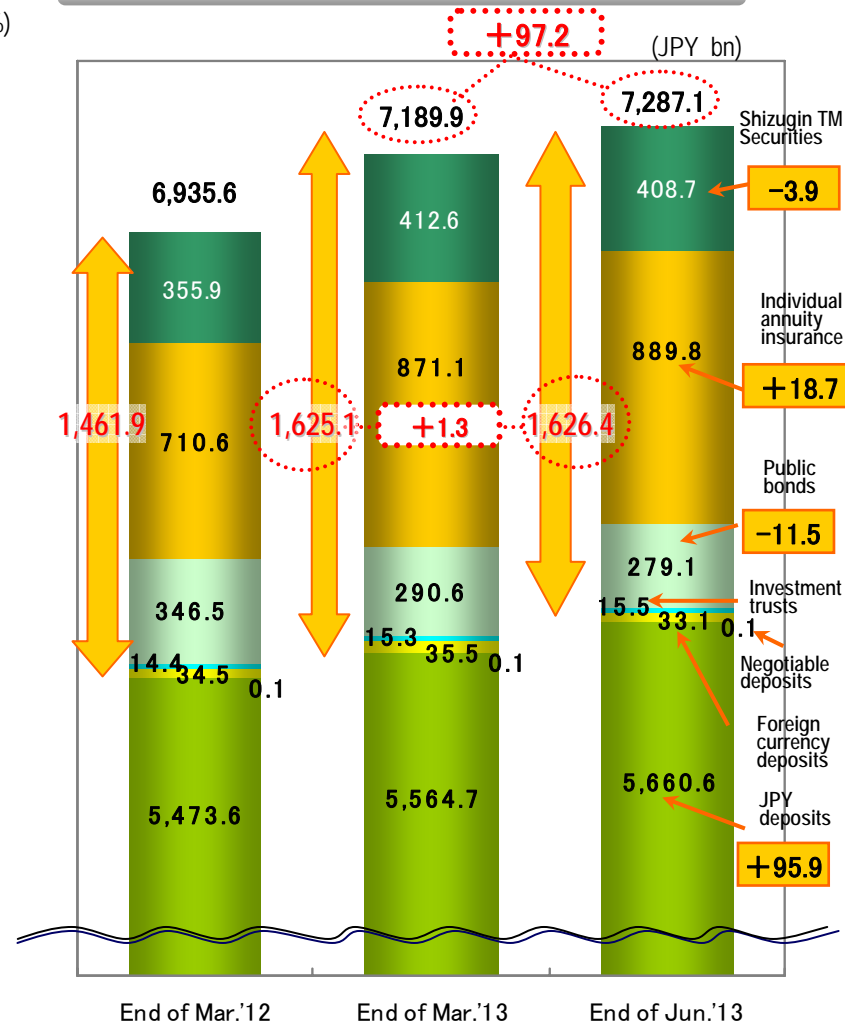
Fee incomes (Shizuoka Bank / Shizugin TM Securities)



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



Customer assets (term-end balance)



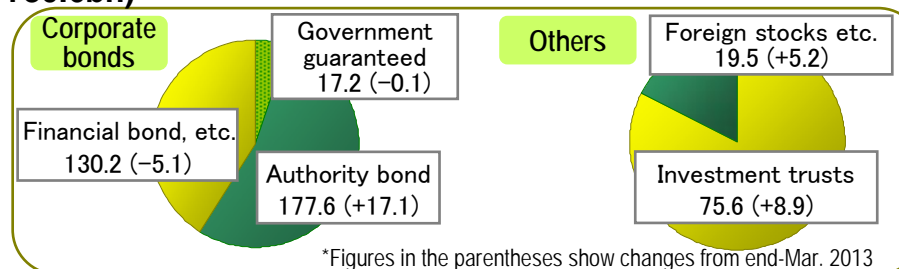
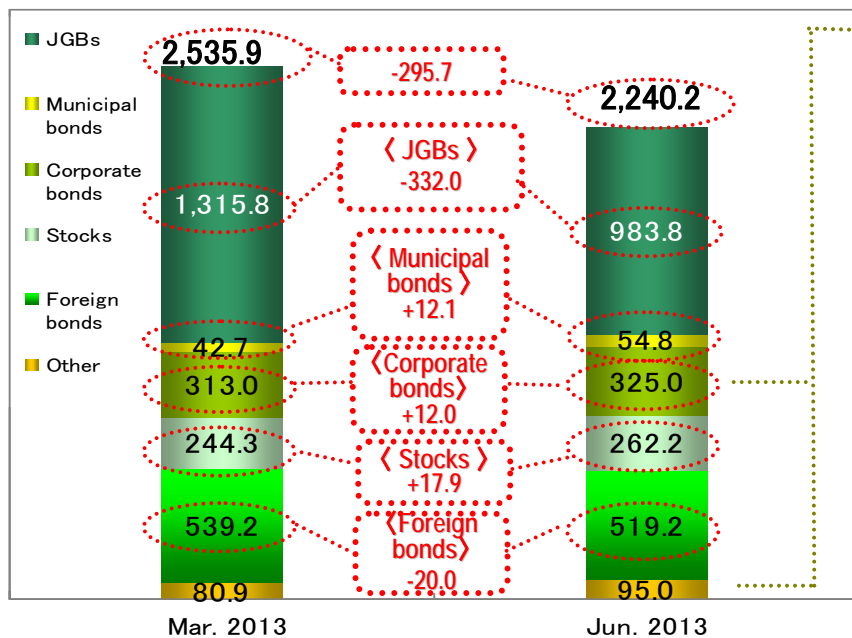


Securities

- Total balance of securities : JPY 2,240.2bn (-JPY 295.7bn from the end of March 2013)
- Securities revaluation profit and loss : JPY 149.9bn (-JPY30.6bn)

Security portfolio (term-end balance)

(JPY bn)



gains and losses from securities

(JPYbn)	1Q FY2012	1Q FY2013	Increase/Decrease
Gains and losses from JGBs	8.3	9.6	+1.3
Gain on sale of JGBs	8.3	16.0	+7.7
Gains and losses from stocks	-1.4	-0.2	+1.2
Devaluation of stocks (-)	1.4	0.3	-1.1
Gains and losses from the revaluation of securities	108.5	149.9	+41.4
Stocks	66.2	141.0	+74.8
Nikkei stock average	JPY9,006.78	JPY13,677.32	-
Average life of yen denominated bonds	4.62y	4.21y	-0.41y
Average life of foreign currency denominated bonds	3.51y	4.66y	+1.15y

[Foreign bonds]

(JPY bn)	End of Jun. '13	Change from end-Mar. '13
US national bonds	137.8	+59.8
Ginnie Mae	292.2	-129.5
French bonds	61.3	+43.0
Corporate bonds / International institution bonds	27.9	+6.7
Total	519.2	-20.0

All corporate bonds have been rated A or higher by external rating agencies

Break-even level of revaluation gains or losses / 10BPV

*TOPIX10point	Levels at which revaluation gains and losses is zero	10BPV
Stocks	Nikkei stock average JPY 5,908	*JPY 2.38bn
Yen-denominated bonds	5-year JGB 0.41%	JPY 6.21bn
Foreign-currency bonds	10-year US Treasury Note 2.487%	JPY 2.64bn



Credit-related costs

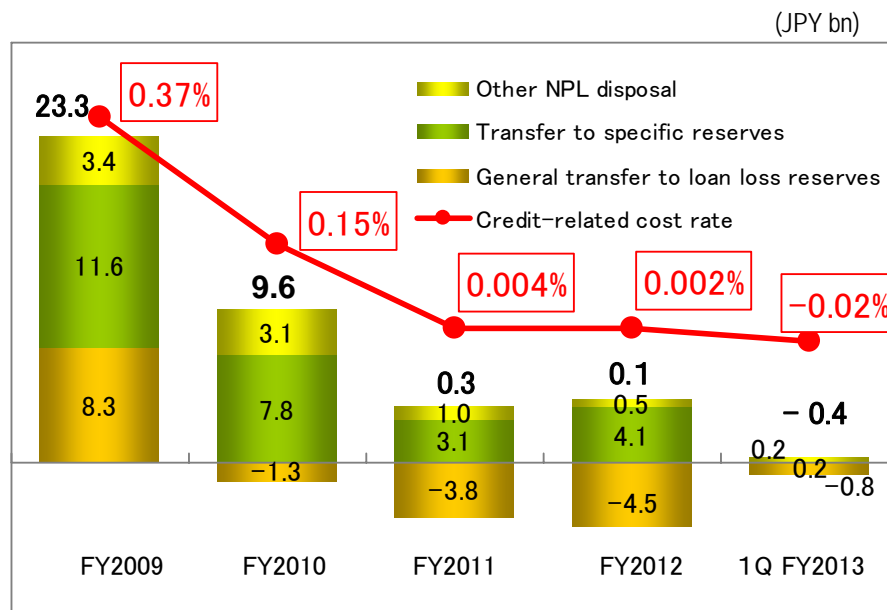
● Credit-related costs in 1Q FY2013: -JPY 0.4bn, Credit-related cost rate: -0.02%

Breakdown of credit-related costs

(JPY bn)	1Q FY2012	1Q FY2013	YoY change
General transfer to loan loss reserves	-1.1	-0.8	+0.3
Transfer to specific reserves	0.6	0.2	-0.4
Other NPL disposal	0.3	0.2	-0.1
Total	-0.2	-0.4	-0.2

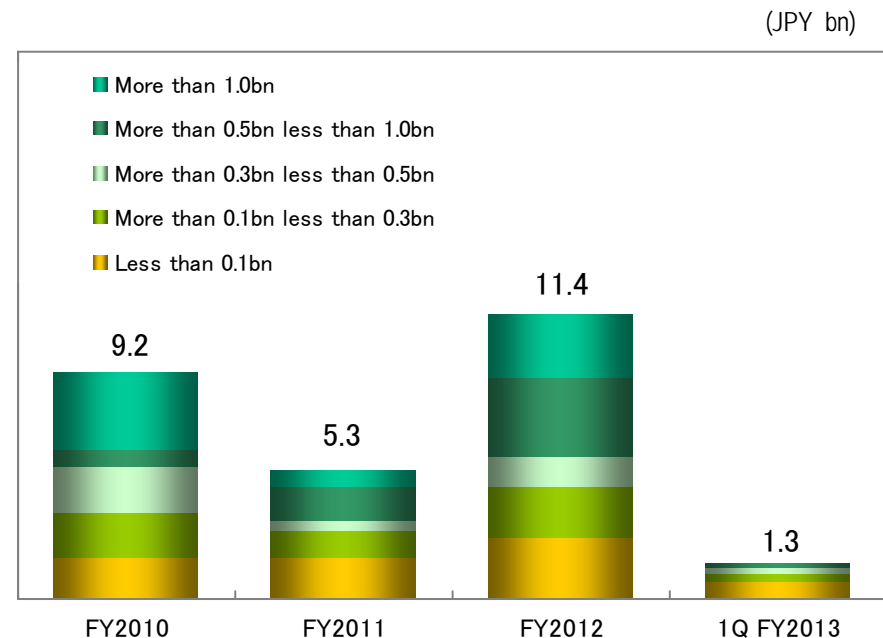
* According to accounting rule, general transfer to loan loss reserves was booked as gains on reversals from loan loss reserves in the statements of income, because the gains on reversals from general transfer exceeded the loss from transfer to specific reserves and others.

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 per borrower

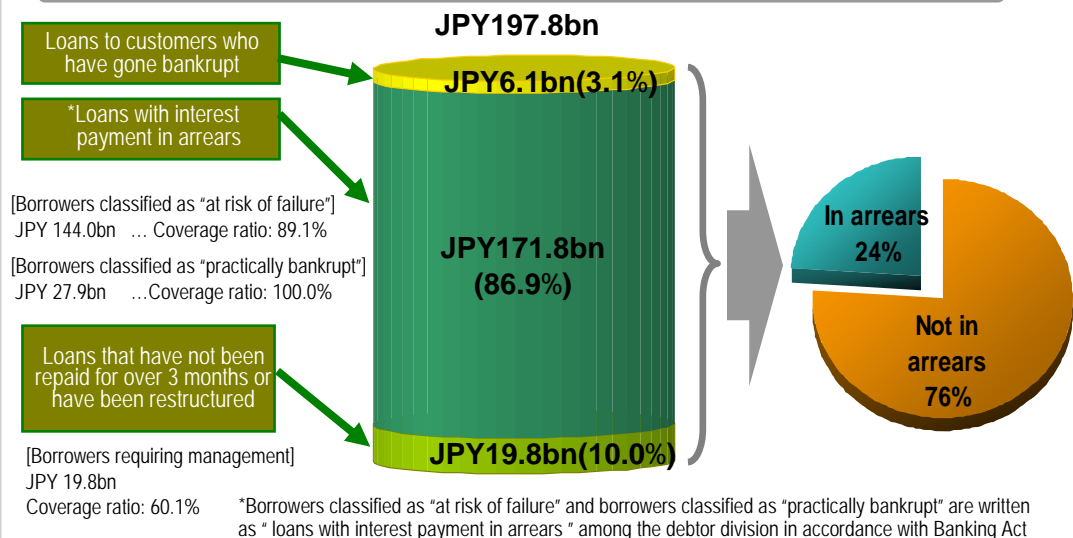




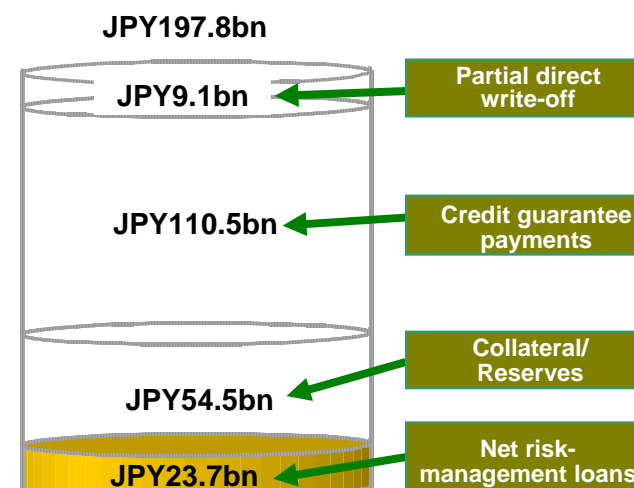
Risk-management loans

- Total risk-management loans (Non-consolidated): JPY 197.8bn (–JPY 5.7bn from the end of March 2013)
- The ratio of risk-management loans: 2.83% (–0.08 percentage points)
- Net risk-management loans (Non-consolidated): JPY 23.7bn (–JPY 0.1bn)
- The ratio of net risk-management loans: 0.34% (+0.00 percentage points)

Risk-management loans at the end of Jun. 2013



Net risk-management loans



NPL removal from the balance sheet

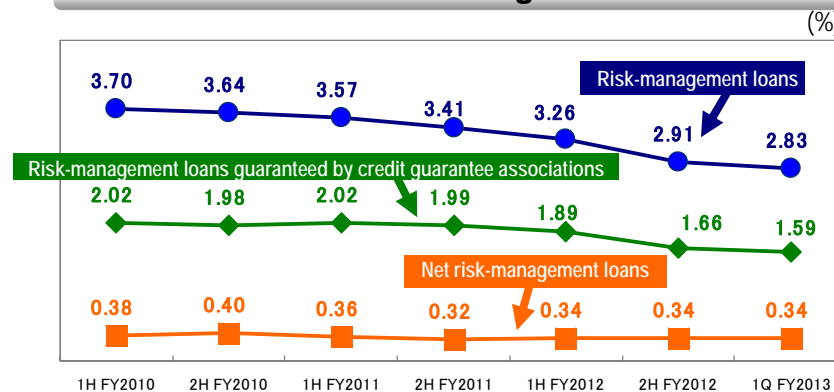
(JPY bn)	FY2012	1Q FY2013
New recognition of NPLs	+46.5	+10.5
Removal from the balance sheet (NPL to borrowers classified as "at risk of failure" or riskier categories)	-71.4 (-66.9)	-16.2 (-14.7)
Risk-management loans	203.5	197.8

-5.7

[Breakdown of JPY 14.7 bn] (JPY bn)

Collected from borrower/ set off against deposit account	2.7
Collateral disposal/ subrogated to guarantor	6.7
Reclassified to better categories	5.3
Loans sold-off	0.0
Direct write-off of loans	0.0

The ratio of risk-management loans

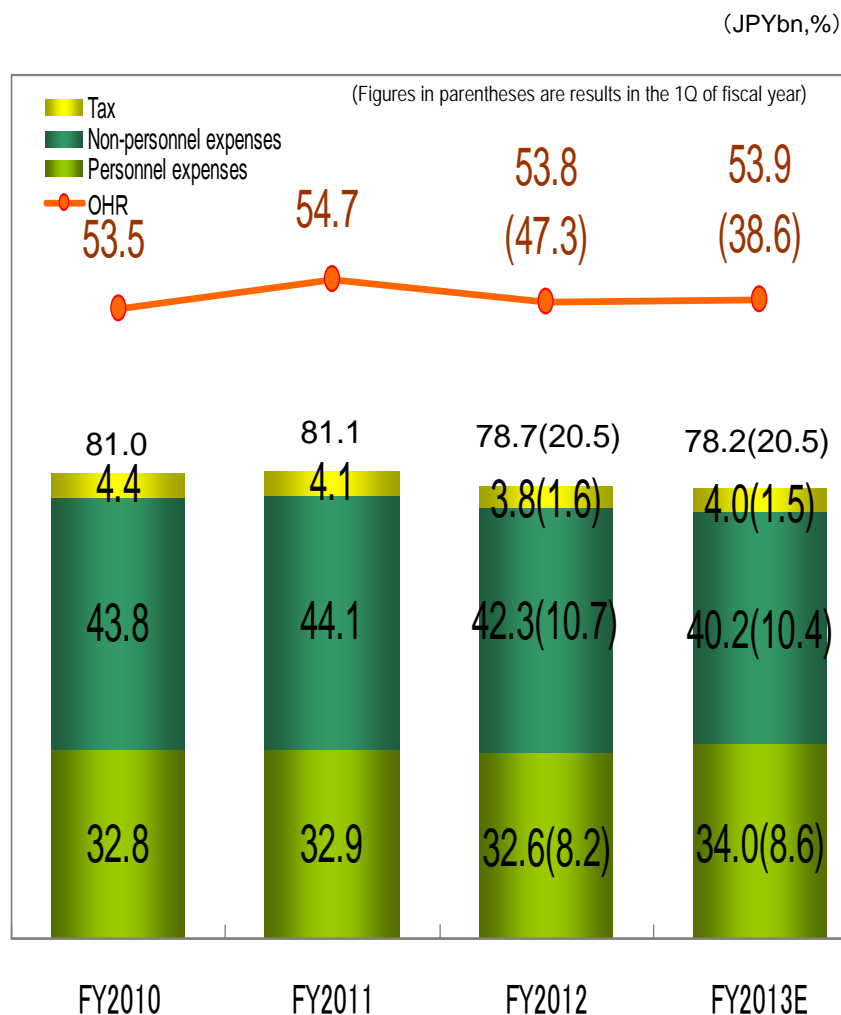




Expenses

- Expenses in 1Q FY2013: JPY 20.5bn (Steady YoY)
- OHR in 1Q FY2013 (Non-consolidated): 38.6% (-8.7 percentage points YoY)

Expenses and OHR



Amount of investments

(JPYbn)

	FY2011	FY2012	1Q FY2013
Amount of investments	6.6	7.5	1.0
Software	2.7	3.5	0.5
Building	1.0	1.6	0.2
Movable property	1.4	1.1	0.1

<Reference > Building the new headquarters

Improve our capability to respond to disasters and boost productivity by changing work styles

Investment	JPY 22.0bn (planned)
Completion date	October 2014

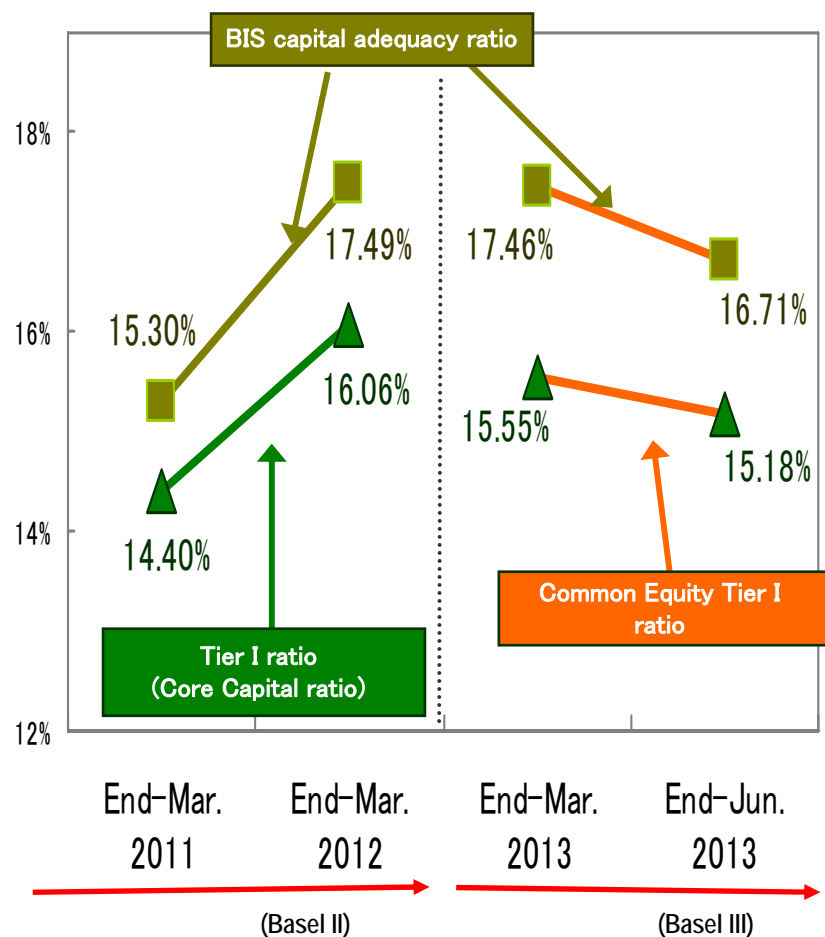




Capital adequacy ratio

- The Basel III capital adequacy ratio at the end of June 2013 was 16.71%. (-0.75 percentage points from the level at the end of March 2013)
- Common Equity Tier I ratio : 15.18%(-0.37 percentage points)

BIS capital adequacy ratio (consolidated basis)



Changes in capital and risk-adjusted assets

【Basel III】	(JPY bn)	End-Mar. '13	End-Jun. '13	Change from end-Mar. '13
Capital*		768.5	754.3	- 14.2
Common Equity Tier I		684.3	685.1	+0.8
Other Tier I		-	0.1	+0.1
Tier II		84.2	69.1	- 15.1
Risk-adjusted assets		4,400.1	4,511.7	+111.6
Total credit-risk adjusted assets		4,093.2	4,203.2	+110.0
Amount corresponding to market risk		11.5	13.1	+1.6
Amount corresponding to operational risk		295.4	295.4	±0

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

[Reasons for change]

Loans to corporate sector	-20.5
Equities, etc.	+14.0
Estimated gains / losses (investment trusts, etc.)	+48.5
Other (unrealized gains / losses on securities, etc.)	+59.1
Adjustment account, etc.	-10.0

Outlier ratio (Non-consolidated basis)

Amount of maximum risk	Tier I+Tier II	Outlier ratio
JPY 37.5bn	JPY 721.8bn	5.2%



Shareholder return (1) – Dividend

- Paid FY2012–end dividend by JPY 1.00 per share as commemorative 70th anniversary dividend, raising the total annual dividend to JPY 15.00 per share
- Plan to pay an annual dividend of JPY 15.00 per share (comprising an interim dividend of JPY 7.50 and a year–end dividend of JPY 7.50) for FY2013
- Executed the repurchase of 20 million shares at JPY 22.6bn in 1Q FY2013

Dividend trends

(JPY)

	FY2010	FY2011	FY2012	FY2013E
Dividend per share (annual)	13.00	13.50	* 15.00	15.00 (** 7.5)

*Include 70th anniversary dividend

**Interim dividend

Profit distribution to shareholders

11th Medium-term Business Plan

(JPY bn)

	FY2010	FY2011	FY2012	FY2013E	FY '03 – '12 (10 years)
Annual dividend (1)	8.8	8.9	9.7	9.4	Accumulated total 81.9
Repurchase of shares (2)	15.0	14.6	8.2	*22.6	Accumulated total 63.0
Shareholder returns (3)=(1)+(2)	23.8	23.5	18.0	32.1	Accumulated total 144.9
Net income (4)	35.4	34.7	40.9	42.0	Accumulated total 320.3
Dividend payout ratio (1)/(4)x100	24.85%	25.54%	23.78%	22.45%	Average 25.57%
Shareholder return ratio (3)/(4)x100	67.22%	67.60%	43.93%	76.36%	Average 45.23%

*The amount of repurchase of shares in FY2013 is an actual amount by the end of 1Q FY2013

Shareholder return ratio 62.50%
(FY2011~ FY2013E)



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

- Share buybacks have been continuously carried out since FY1997, cumulating the 161million of shares bought back by the end of March 2013
- Executed the repurchase of 20 million shares at JPY 22.6bn in 1Q FY2013

Historical share buybacks

	Shares bought back (thousand shares)	Repurchase amount of shares (JPY mil)	Number of shares cancelled (thousand shares)	Cancellation amount (JPY mil)	Shareholder return ratio (%)	EPS(JPY)	BPS(JPY)
FY1997	7,226	9,997	7,226	9,997	90.3	20.39	587.56
FY1998	6,633	9,142	6,633	9,142	86.7	20.12	627.64
FY1999	8,357	9,143	8,357	9,143	51.4	34.14	650.95
FY2000	24,954	23,281	24,954	23,281	152.0	23.73	792.16
FY2001	8,234	8,267	8,234	8,267	165.4	10.26	742.73
FY2002	29,928	23,107	—	—	229.4	16.56	721.33
FY2003	10,712	8,566	30,000	23,381	50.8	37.20	831.76
FY2004	—	—	—	—	17.1	49.41	875.93
FY2005	—	—	—	—	22.5	44.24	1,019.15
FY2006	—	—	—	—	25.3	51.20	1,077.85
FY2007	10,000	12,621	10,000	10,130	61.8	49.89	997.20
FY2008	—	—	—	—	70.8	18.34	903.32
FY2009	5,000	3,996	5,000	4,638	40.6	46.01	998.21
FY2010	20,000	14,980	20,000	15,957	67.2	51.75	1,016.34
FY2011	20,000	14,575	—	—	67.6	52.44	1,097.55
FY2012	10,000	8,239	20,000	14,953	43.9	62.79	1,204.31
Cumulative total	161,044	145,916	140,404	128,891	61.3		
FY2013	20,000	22,642	—	—	—		

*The amount in FY2013 is an actual amount by the end of 1Q

Reference





Progress of 11th Medium-term Business Plan “MIRAI—Future”

- The bank generally made steady progress toward the 11th Medium-term Business Plan and shareholder return targets (totals for three years)

		FY2011-2013 plan totals	Results for FY2011-2012	Progress rate
Consolidated	Ordinary revenue	610.0	408.2	66.9%
	Ordinary profit	196.0	140.1	71.4%
	Net income	112.0	94.2	84.1%
Non-consolidated	Gross operating profit	452.0	294.5	65.1%
	Expenses (-)	246.0	159.8	64.9%
	Actual net operating profit	206.0	134.8	65.4%
	Ordinary profit	185.0	127.5	68.9%
	Net income	110.0	75.5	68.6%
	Increase in average loan balance	+530.0	+343.9	64.8%
	Increase in average deposit balance	+450.0	+372.2	82.7%
	Shareholder return ratio	50% or more for a long term	54.8%	—



Loans - Borrowers with modified loan conditions on the basis of “Act on facilitation of succession of management of SMEs”

Borrowers with reduction of loan payment at the end of Mar. 2013

Borrowers classified as careful monitoring or in riskier categories who made changes in loan conditions by reducing payment on term

	Numbers of borrowers for which loan conditions were modified	Credit balance		Expected Loss	General transfer to loan loss
			Of which non-protected amount		
Loans for SMEs	*1 2,995	JPY 303.7bn	JPY 95.0bn	JPY 4.3bn	JPY 10.7bn
Housing loans	917	JPY 14.7bn	*2 JPY 3.4bn	JPY 0.0bn	JPY 0.2bn
Total	3,912	JPY 318.4bn	JPY 98.4bn	JPY 4.3bn	JPY 10.9bn

7.2% of total borrowers of business loans

*1 Including loans for apartments

Credit balance executed JPY 318.4bn (4.6% of total loans)
Of which, non-protected amount JPY 98.4bn (1.4% of total loans)

*2 Amount of non-protected housing loans was calculated on the basis of our collection performance

• Expected Loss (JPY 4.3bn) was managed within the range of “general transfer to loan loss balance” (JPY 10.9bn)

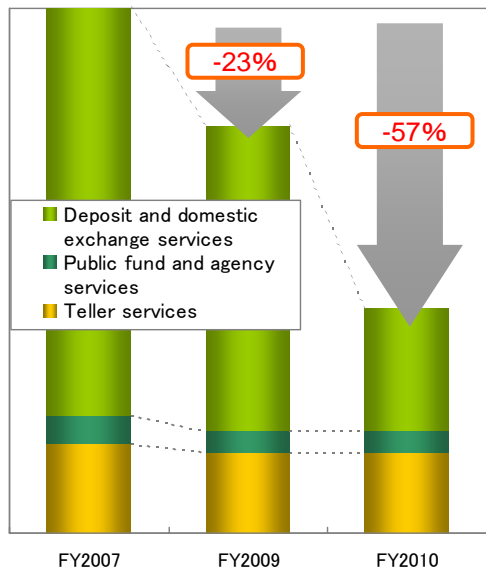


Improvement of productivity (1) - BPR

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

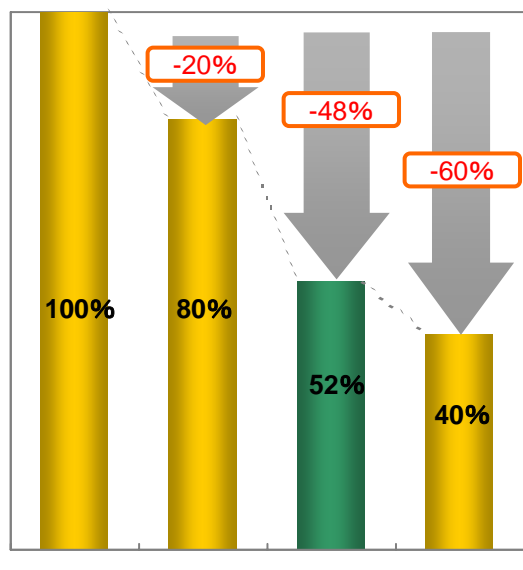


Workload reduction of branches



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

Reduced processing time for workload of consumer loan



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

Number of personnel

	End-Mar. 2008	End-Mar. 2012	End-Mar. 2013	Change from end-Mar. 2008
Front-office	2,411	3,046	3,070	+ 659
Of which, bank employees	1,794	2,246	2,261	+ 467
Back-office/assisting	1,693	1,000	942	-751
Of which, bank employees	548	59	44	-504
Shizuoka Bank	5,164	4,936	4,901	-263
Of which, bank employees	2,851	2,865	2,860	+ 9



Improvement of productivity (2) - Result from Improvement of productivity

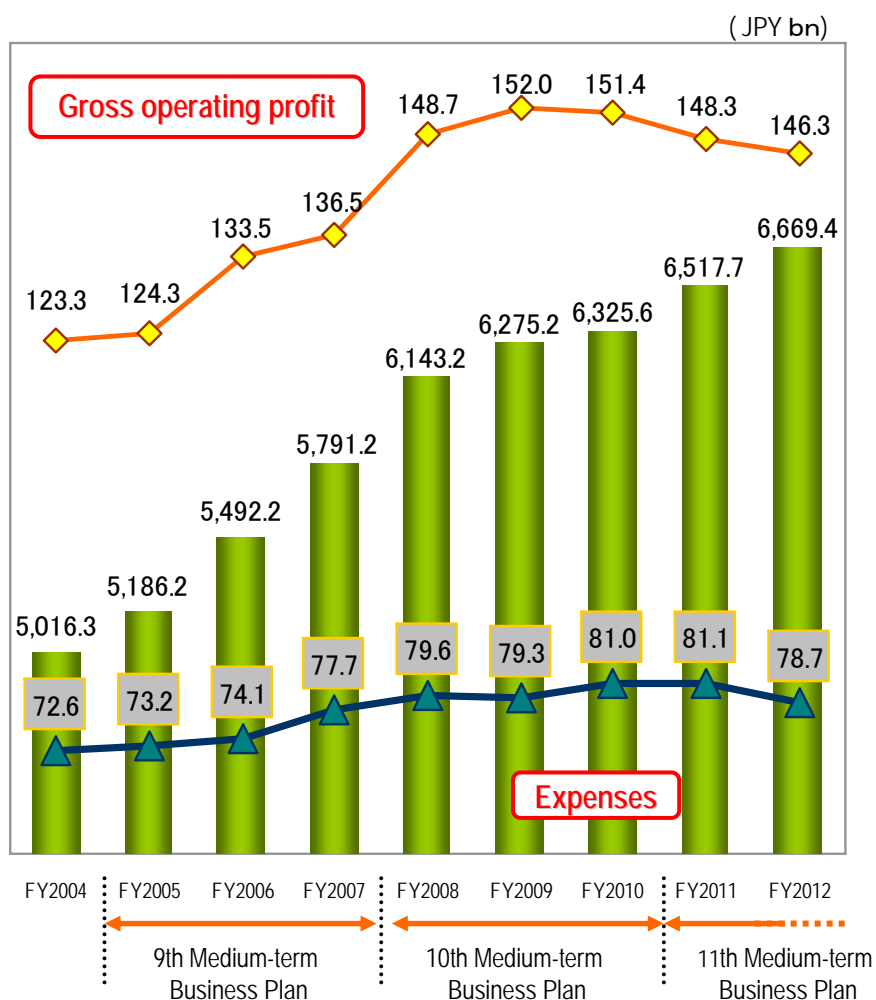
- Delivered stable growth in profit, loans and deposits while controlling costs through improvement of productivity

Improve productivity

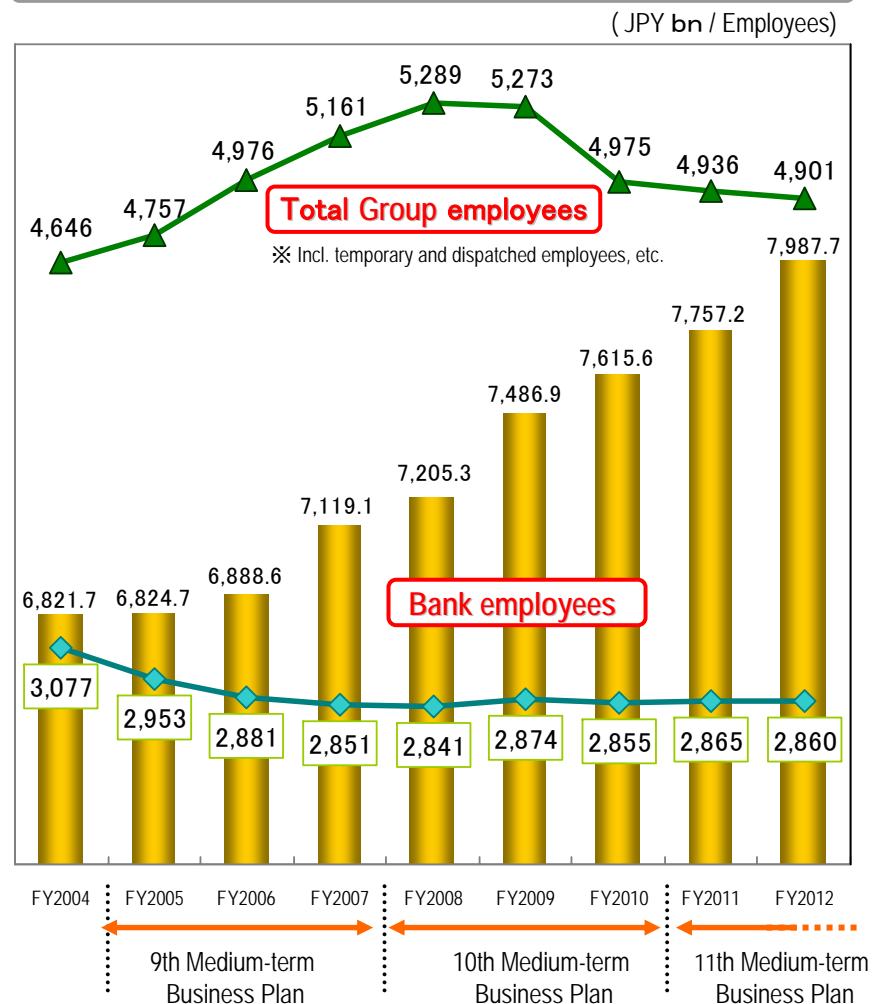
Increase front-office staff
Enhance the sales force

Deliver stable growth in profit,
loans and deposits

Loan balance (average balance)



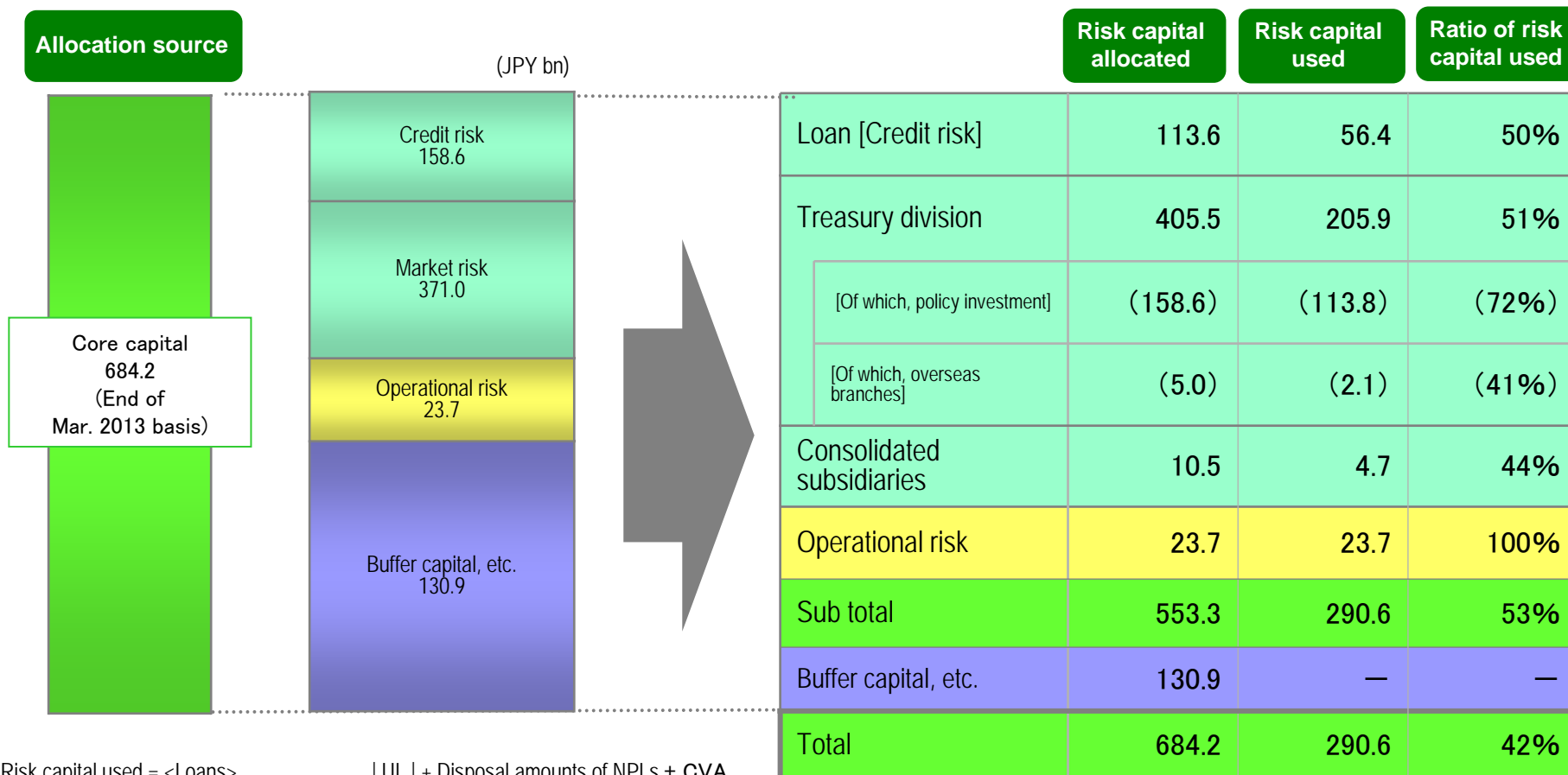
Deposit balance (average balance)





Allocation of risk capital

- Allocation of risk capital for the 1H FY2013 amounted to JPY 684.2bn, of which JPY 158.6bn was allocated to credit risk, JPY 371.0bn to market risk, JPY 23.7bn to operational risk, and JPY 130.9bn to buffer capital, etc
- JPY 56.4bn for loans [credit risk] and JPY 205.9bn for the Treasury division was used for the 1H FY2013



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

*Core capital =Basel III Common Equity Tier I

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



Capital policy - Euro-dollar convertible bonds issued

- In April 2013, Shizuoka became the first Japanese bank to issue zero coupon euro-dollar convertible bonds
- This instrument was designed to be high debt profile, with conditions that limit the impact of dilution

Summary of euro-dollar convertible bonds

<Summary of bond issue>

Amount	\$500 million
Maturity	5 years
Coupon	0% (zero cost)
Objective	Respond to rising demand for foreign currency loans which corporate customers spend on the development of their overseas operations and realize our growth by increasing loan assets

Scheme designed to limit dilution of shareholder value

1. Contingent convertible clause (co-co clause)

Investors are prevented from converting to the stock for 4 years and 9 months after the issue date unless the stock trades at 130% of the conversion price or higher

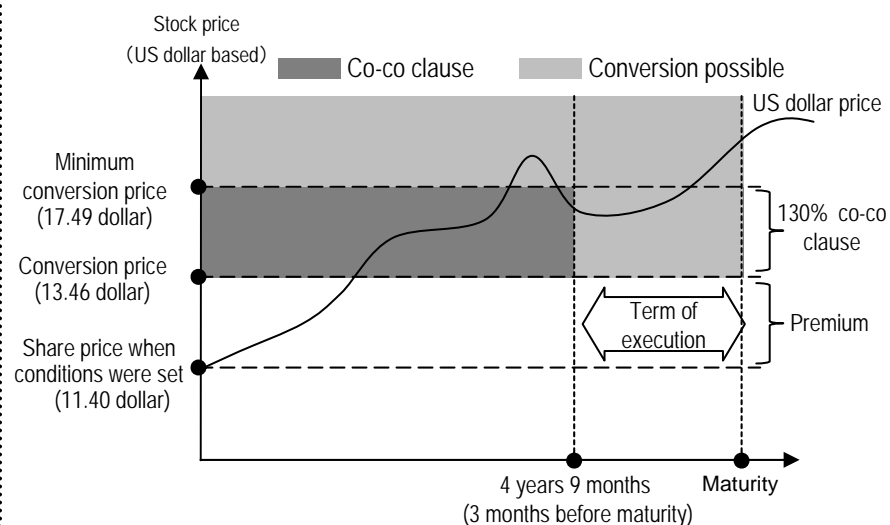
2. Clause determining face value cash settlement

In the case of conversion 4 years and 9 months after from issue date, U.S. dollar cash values are granted for face value, and shares for the value exceeding 100 of parity*
 *U.S. dollar price ÷ conversion price

3. Share buybacks (20 million shares)

Share buybacks are executed to offset the impact of dilution by raising capital efficiency

【Diagram of scheme to limit dilution】





Group companies

- The total ordinary revenue of 11 consolidated subsidiaries increased to JPY 13.0bn (up JPY 1.2bn YoY) and the ordinary profit of JPY 2.5bn (up JPY 0.9bn YoY)

(JPY bn)

Company name	Business	Ordinary revenue	Ordinary Profit		
			YoY change	YoY change	
Shizugin Management Consulting Co., Ltd.	Corporate and financial management advisory services	0.2	+0.1	0.0	+0.0
Shizugin Lease Co., Ltd.	Leasing	6.4	+0.3	0.5	- 0.0
Shizuoka Computer Service Co., Ltd.	Software development and sales	1.0	- 0.1	0.0	- 0.0
Shizugin Credit Guaranty Co., Ltd.	Guarantee of housing loans, etc.	0.5	+0.0	0.4	+0.0
Shizugin DC Card Co., Ltd.	Credit card and guarantee of consumer loans	0.4	+0.0	0.1	- 0.0
Shizuoka Capital Co., Ltd.	Public-offering assistance Support for corporate rehabilitation	0.1	+0.0	0.1	+0.0
Shizugin TM Securities Co., Ltd.	Securities	2.3	+1.2	1.2	+0.9
Shizuoka Bank (Europe) S.A.	Finance and securities-related services	0.2	+0.1	0.1	+0.1
Shizugin General Service Co., Ltd.	Fee-Charging Employment Placement Businesses, etc	0.2	- 0.5	0.0	- 0.0
Shizugin Mortgage Service Co., Ltd.	Appraisal of real estate for loan collateral Operation center for loans	0.4	+0.0	0.0	- 0.0
Shizugin Business Create Co., Ltd.	Operation center for remittance and bill collection Part-time employee management	1.1	+0.0	0.0	- 0.0
Total (11 companies)		13.0	+1.2	2.5	+0.9
Shizugin Saison Card Co., Ltd.*	Credit card and guarantee of consumer loans	0.4	+0.1	0.0	- 0.0

*A company to which the equity method of accounting is applied. 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.