

Frequently Asked Questions



SHIZUOKA BANK

Below are FAQs in and after the financial results briefing on February 3rd, 2017.

Q1	<p>Why was bond-related income such as JGBs negative, and what is the Bank's securities management policy going forward?</p> <ul style="list-style-type: none"> Valuation losses on foreign bonds, mainly U.S. treasuries, arose due to U.S. interest rates rising higher than anticipated. The Bank quickly cut its losses via write off from the perspective of ensuring a degree of freedom and maneuverability in its management of securities going forward. Although it was possible to secure interest income by retaining ownership of foreign bonds, priority was given to maintaining the soundness of the securities portfolio. In terms of the basis for this management decision, with regard to shareholdings, as the number of shares available for sale increased due to cross-share cancellation requests from large-lot financial institution shareholders, this timing also enabled us to seize the opportunity to realize unrealized gains by selling when share prices were high. "Others (foreign bonds/investment trusts)" within valuation gains and losses from the revaluation of securities amounted to JPY -17bn as of December 31, 2016, which was reduced to JPY -1.1bn as of January 31, 2017. The valuation loss nearly cancelled due to market disruption. Also, as of January 31, 2017, the level of valuation gains and losses from the revaluation of securities increased from December 31, 2016. We believe this disposal enabled the Bank to achieve the early removal of future risk factors. Going forward, our policy will be to rebuild our securities portfolio while paying attention to market trends. 																																																														
A1	<table border="1"> <thead> <tr> <th rowspan="2">(JPY bn)</th> <th>3Q</th> <th>3Q</th> <th rowspan="2">Increase/Decrease</th> </tr> <tr> <th>FY2015</th> <th>FY2016</th> </tr> </thead> <tbody> <tr> <td>Gains on investment trust</td> <td>11.7</td> <td>3.1</td> <td>-8.6</td> </tr> <tr> <td>Gains and losses on bonds such as JGBs</td> <td>9.2</td> <td>-11.9</td> <td>-21.1</td> </tr> <tr> <td> Gains on sell of bonds such as JGBs</td> <td>19.4</td> <td>13.9</td> <td>-5.5</td> </tr> <tr> <td> Loss on sell of bond such as JGBs (-)</td> <td>10.2</td> <td>25.8</td> <td>+15.6</td> </tr> <tr> <td>Gains and losses on stocks</td> <td>3.2</td> <td>14.9</td> <td>+11.7</td> </tr> <tr> <td> Gain on sell of stocks</td> <td>3.2</td> <td>14.9</td> <td>+11.7</td> </tr> <tr> <td> Devaluation of stocks (-)</td> <td>0.0</td> <td>0.0</td> <td>+0.0</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th></th> <th>End of Mar. 2016</th> <th>End of Sep. 2016</th> <th>End of Dec. 2016</th> <th>End of Jan. 2017</th> </tr> </thead> <tbody> <tr> <td>Gains and losses from the revaluation of securities (Unrealized)</td> <td>+227.3</td> <td>+216.0</td> <td>+231.4</td> <td>+239.8</td> </tr> <tr> <td> Stocks</td> <td>+204.6</td> <td>+206.2</td> <td>+241.7</td> <td>+237.7</td> </tr> <tr> <td> Bonds</td> <td>+12.5</td> <td>+10.9</td> <td>+6.7</td> <td>+3.2</td> </tr> <tr> <td> Others (Foreign bonds etc.)</td> <td>+10.1</td> <td>-1.1</td> <td>-17.0</td> <td>-1.1</td> </tr> </tbody> </table>				(JPY bn)	3Q	3Q	Increase/Decrease	FY2015	FY2016	Gains on investment trust	11.7	3.1	-8.6	Gains and losses on bonds such as JGBs	9.2	-11.9	-21.1	Gains on sell of bonds such as JGBs	19.4	13.9	-5.5	Loss on sell of bond such as JGBs (-)	10.2	25.8	+15.6	Gains and losses on stocks	3.2	14.9	+11.7	Gain on sell of stocks	3.2	14.9	+11.7	Devaluation of stocks (-)	0.0	0.0	+0.0		End of Mar. 2016	End of Sep. 2016	End of Dec. 2016	End of Jan. 2017	Gains and losses from the revaluation of securities (Unrealized)	+227.3	+216.0	+231.4	+239.8	Stocks	+204.6	+206.2	+241.7	+237.7	Bonds	+12.5	+10.9	+6.7	+3.2	Others (Foreign bonds etc.)	+10.1	-1.1	-17.0	-1.1
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Q2	<p>What is the target for shareholder returns?</p>																																			
A2	<p>The 12th Medium-Term Business Plan targeted a shareholder return ratio of about 50% over the medium term.</p> <p>In addition to the annual dividend forecast for FY2016 of JPY 20 per share, the Bank purchased its treasury stocks in Oct–Nov 2016.</p> <ul style="list-style-type: none"> • Purchase period: Oct. 3–Nov. 10, 2016 • Number of shares purchased: 10mn, purchase amount: JPY 8,496mn <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 30%;">(JPY bn)</th> <th style="width: 15%;">FY2014</th> <th style="width: 15%;">FY2015</th> <th style="width: 15%;">FY2016E</th> <th style="width: 25%;">FY'06 – FY'15 (10years)</th> </tr> </thead> <tbody> <tr> <td>Annual dividend (1)</td> <td>9.9</td> <td>12.3</td> <td>12.2</td> <td>Accumulated total 95.8</td> </tr> <tr> <td>Purchase of shares(2) (Shares purchase: million shares)</td> <td>11.3 (1.0)</td> <td>7.0 (0.5)</td> <td>8.5 (1.0)</td> <td>Accumulated total 95.4</td> </tr> <tr> <td>Shareholder returns (3)=(1)+(2)</td> <td>21.2</td> <td>19.3</td> <td>20.7</td> <td>Accumulated total 191.1</td> </tr> <tr> <td>Net income (4)</td> <td>42.6</td> <td>44.0</td> <td>32.0</td> <td>Accumulated total 356.6</td> </tr> <tr> <td>Dividend payout (1)/(4)×100</td> <td>23.24%</td> <td>27.91%</td> <td>38.04%</td> <td>Average 26.85%</td> </tr> <tr> <td>Shareholder return ratio (3)/(4)×100</td> <td>49.82%</td> <td>43.82%</td> <td>64.60%</td> <td>Average 53.60%</td> </tr> </tbody> </table>	(JPY bn)	FY2014	FY2015	FY2016E	FY'06 – FY'15 (10years)	Annual dividend (1)	9.9	12.3	12.2	Accumulated total 95.8	Purchase of shares(2) (Shares purchase: million shares)	11.3 (1.0)	7.0 (0.5)	8.5 (1.0)	Accumulated total 95.4	Shareholder returns (3)=(1)+(2)	21.2	19.3	20.7	Accumulated total 191.1	Net income (4)	42.6	44.0	32.0	Accumulated total 356.6	Dividend payout (1)/(4)×100	23.24%	27.91%	38.04%	Average 26.85%	Shareholder return ratio (3)/(4)×100	49.82%	43.82%	64.60%	Average 53.60%
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